

## Focus on the Basics

It's easy to become overwhelmed when faced with all the decisions that need to be made to ensure you select appropriate investments to help pursue your long-term investment goals. How do you choose the right combination of investments to help you work towards a goal that may be a decade away? The answer is to focus on the basics. Make sure you are getting these fundamentals right:

**- Don't wait – invest now.** To put the power of compounding to work for you, start investing now. It's easy to put off investing, thinking you'll have more money or more time at some point in the future. Typically, however, you'll be better off saving less now than waiting and saving more later. Consider the savings habits of a 20-year-old couple. The wife starts contributing \$2,000 per year to a tax-deferred investment, such as a 401(k) plan, when she is 20. After 10 years, she decides to stop investing and let her money grow until retirement. She has invested a total of \$20,000. Her husband starts investing when she stops, investing \$2,000 per year from the time he is 30 until he retires at age 65. Thus, he saves every year for 35 years, making a total contribution of \$70,000 – \$50,000 more than his wife. If they both earn 8% compounded annually, who will have the larger potential balance at age 65? Time and compounding of earnings favor the wife. Before paying any taxes, her balance would equal \$462,649, while her husband's balance would be \$372,204. (This example is provided for illustrative purposes only and is not intended to project the performance of a specific investment.)

**- Live below your means so you can invest more.** It's a basic fact that most people have trouble coming to grips with — the amount of money you have left over for investing is a direct result of

your lifestyle. Don't have any money left over for investing? Ruthlessly cut your living expenses – dine out less often, stay home rather than going away for vacation, rent a movie rather than going to the theater, cut out morning stops for coffee. Redirect all those reductions to investments. This should help significantly with your retirement. First, you'll be saving much more for that goal. Second, you'll be living on less than you're earning, so you'll need less for retirement.

**- Maintain reasonable return expectations.** When developing your financial goals, you'll typically decide how much you need, when you'll need the money, and how much you'll earn on those savings. Those factors will determine how much you need to save on an annual basis to reach your goals. The higher your expected return on investments, the less you need to save every year. However, if your assumed rate of return is significantly higher than your actual rate of return, you won't reach your goals. Thus, it's important to come up with reasonable return expectations. While past returns aren't a guarantee of future returns, you'll want to start by reviewing historical rates of return for investments you're interested in. You can then adjust those returns based on our expectations for the future. Assessing your progress every year will allow you to make adjustments along the way. If your return is lower than expected, you may need to increase saving

or change investment allocations.

**- Understand that risk can't be totally avoided.** All investments are subject to different types of risk, which can affect the investment's return. Cash is primarily affected by purchasing-power risk, or the risk that its purchasing-power will decrease due to inflation. Bonds are subject to interest-rate risk, or the risk that interest rates will rise and cause the bond's value to decrease, and default risk, or the risk that issuer will not repay the bond. Stocks are primarily subject to nonmarket risk, or the risk that events specific to a company or its industry will adversely affect a stock's price, and market risk, or the risk that a stock will be affected by overall stock market movements. These risks make some investments more suitable for longer investment periods and others more suitable for shorter investments periods.

**- Diversify your portfolio.** When stocks had above-average returns for an extended period, diversification acted as a drag on total return. By definition, allocating anything other than all of your portfolio to the best-performing asset lowers your return. But when stocks decline substantially, the disadvantage of investing only in one asset class becomes apparent. Typically, you do not know which asset class will perform best on a year-to-

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year basis. Diversification is a defensive strategy – it helps protect your portfolio during market down-turns and reduce your portfolio volatility. Diversify your investment portfolio among a variety of investment categories, such as stocks, bonds, cash, real estate, and others. Also diversify within investment categories.

**- Only invest in the stock market for the long term.** Stocks should only be considered by investors with an investment time frame of at least five years. Remaining in the market over the long term reduces the risk of receiving a lower return than you expected.

**- Don't try to time the market.** Timing the market is a difficult strategy to accomplish successfully since so many factors affect it. Remember that most people, including professionals, have difficulty timing the market with any degree of accuracy. Significant market gains can occur in a matter of days, making it risky to be out of the market for any length of time. Instead of timing the market, concentrate on setting an investment program that works in all market environments and you can stick with in good and bad times.

**- Pay attention to taxes.** Taxes are probably your portfolio's largest expense. Using strategies that defer income for as long as possible can make a substantial difference in the ultimate size of your portfolio. Some strategies to consider include utilizing tax-deferred investment vehicles (such as 401(k) plans and individual retirement accounts), minimizing portfolio turnover, selling investments with losses to offset gains, and placing assets generating ordinary income or that you want to trade frequently in your tax-deferred accounts.

Focusing on the fundamentals can help ensure you work toward your financial goals. If you need help with investing, please call.

## Personal Note

If you are like me, I'm guessing you are ready for the COVID-19 pandemic to be over. The past year has been a challenge for many of us as we have learned to embrace new experiences such as wearing masks, washing our hands constantly (Purell in the cup holder of every car!), and learning to maintain proper social distancing in places like Kroger and Publix. There have also been some sweet moments of family time that might never have happened without the pandemic. When the "stay at home" order hit Nashville in 2020, my wife, Cassie, and I had both of our daughters at home for about two months. Most of you know my oldest, Sarah, as my business partner and her younger sister, Tate, is a senior in college. To have both adult daughters at home with us for an extended visit was something we're not likely to experience again. And we were grateful for that time together. Another development that has evolved from the pandemic is the explosion of Zoom calls and video conferencing. I was not a fan of "virtual" meetings prior to the pandemic, but I have adapted to them quickly and find that this type of communication does have tremendous value. While I prefer in-person meetings, I expect getting together via Zoom or other social media applications will continue post-pandemic. I know we have connected with family via Zoom calls for holidays and birthdays that helped us maintain important connections with loved ones.

Maintaining and building strong personal connections are an important part of life and it appears that many folks are not allowing a pandemic to get in the way of this process. Have you ever developed a connection or a friendship with someone that you never anticipated? Ever had a relationship with someone that defied expectations, because on the surface, the two of you seemed so different?

I recently read a charming story about just such a relationship. A friendship between two unlikely individuals: 51-year-old rock legend Dave Grohl, from Los Angeles, and Nandi Bushell, a 10-year-old girl from Ipswich, England. Grohl first rose to fame as the drummer for the band Nirvana. From there, he founded The Foo Fighters. He can boast of hit records, sold-out concerts, and a Hall of Fame induction to his name. But last

year, he experienced something new in his long, illustrious career. A challenge to a drum battle.

Rock-and-roll is no longer what most kids listen to these days, but Nandi Bushell is an exception. After listening to a Beatles record, she fell in love with the drums and has posted many videos of herself playing on YouTube. Unfortunately, due to the pandemic, Nandi didn't really have anyone to play with. But when have obstacles ever stopped kids from doing what they love to do?

So, for her next YouTube video, Nandi played a cover of Dave Grohl's biggest hit: A song called Everlong first released in 1997.<sup>1</sup> And at the beginning of the video, she issued a challenge. Expertly twirling one stick while pointing the other directly at the camera, she announced: "*Dave Grohl, I challenge you to a drum-off!*"

Asked why she challenged an icon, Nandi's logic was refreshingly simple: "He's a drummer, he thrashes the kit really hard, which I like, so why not?"<sup>2</sup> My dream is to one day jam with Dave Grohl and all the Foo Fighters!"<sup>1</sup>

A few days later, Grohl's phone blew up thanks to an explosion of texts. They all said the same thing: *You've been called out by a 10-year-old, Dave. What are you going to do about it?* Grohl watched Nandi's video, amused. But no one would have blamed him if he had simply smiled, given the video a "Like", and moved on. After all, she is just a kid – forty years younger and virtually unknown, while he is a living legend. He also has a family of his own and is busy working on releasing a new album. No one would have noticed if he simply let the moment pass. Instead, Grohl recorded a video of his own.<sup>3</sup>

*"Nandi, in the last week, I've gotten at least 100 texts from people all around the world saying, 'This girl is challenging you to a drum-off. What are you going to do?' You're an incredible drummer! I'm really flattered that you've picked some of my songs to do for your videos, and you've done them all perfectly. So today, I'm going to give you something you may never have heard before. This is my*

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response to your challenge – so now the ball is in your court!” Nandi watched the video, listened to Grohl’s song – and two days later, recorded her own rendition of it, saying: “Dave Grohl, that was epic! It’s an honor to battle you!”<sup>4</sup>

Grohl watched her response and promptly conceded defeat. But their blossoming friendship didn’t end there. Soon, they were meeting each other over Zoom, and Grohl announced that he wrote a new song just for her. My favorite lyrics: “She’s got the power / She’s got the sound / Nandi on the drums makes the world go round!”<sup>5</sup>

Not to be outdone, Nandi wrote her own song, titled “Rock and Grohl”: “Rock n’ roll’s my love / Rock n’ roll’s my soul / Rock n’ Grohl will help me change the world!”<sup>6</sup>

Whatever genre of music you listen to, it’s impossible not to smile when you watch the two of these very different people – but very like souls – battle against each other. Their videos have now been watched by millions of people, and they’ve made plans for Nandi to realize her dream and play with the Foo Fighters

onstage as soon as the pandemic is over. “There’s something about seeing the joy and energy of a kid in love with an instrument,” Grohl says. “She’s...a force of nature. But [she has to play] at the end of the set because she’s going to steal the show!”<sup>2</sup>

I think there is something so valuable to learn from stories like this. Of course, not all of us are famous rock stars or fearless ten-year-olds. But it just goes to show that two people can be very different on the surface, and yet still enrich each other’s lives. Even when we’re separated by distance, age, gender, race, or anything else, finding what we *do* have in common can be a truly joyful experience. Sometimes, the friendships we least expect can be the most special. And sometimes, special moments and connections can arise, even during a pandemic.

1 <https://www.youtube.com/watch?v=MRvHI8tx8A>  
 2 “Dave Grohl, 10-Year-Old Nandi Bushell and One Very Epic Drum Battle,” The New York Times, November 9, 2020. <https://www.nytimes.com/2020/11/09/arts/music/dave-grohl-nandi-bushell-drums.html>  
 3 <https://www.youtube.com/watch?v=2RVjSlvTI5o&t=162s>  
 4 [https://www.youtube.com/watch?v=OZBQW2gE0Ew&feature=emb\\_title](https://www.youtube.com/watch?v=OZBQW2gE0Ew&feature=emb_title)  
 5 <https://www.youtube.com/watch?v=Wj3EdfXVSb8>  
 6 <https://www.youtube.com/watch?v=bOhxf6mBp7A>

## COMMUNITY SPOTLIGHT

Over the years, our team has provided assistance to Second Harvest in Nashville. We believe Second Harvest has done an excellent job meeting their mission: *We Feed Hungry People and Work to Solve Hunger Issues in Our Community.*

We also know there are many other wonderful organizations throughout Tennessee that benefit our local community. Going forward, this space will be dedicated to spotlighting different charities and organizations that are meaningful to us and who we will be assisting to improve our community. We hope you enjoy this new addition to our newsletter, and we welcome your feedback!

## Municipal Bonds

We offer the following bonds subject to prior sale or change in price as of February 18, 2021.

Ref No	Issuer	Maturity Date	Coupon	Yield to Maturity	Yield to Call	Call Date	Rating	Price
1	Wilson County TN	04/01/35	1.500	1.629	1.629	04/01/30	AA+	98.379
2	Franklin Cnty TN	05/01/34	3.000	2.085	1.233	05/01/27	Aa3	110.501
3	Gallatin TN	01/01/33	2.000	1.344	1.226	1/01/31	AA+	107.166
4	Franklin TN Spl Sch Dist	06/01/36	5.000	2.566	1.119	06/01/29	Aa1	130.589
5	Met Govt Nashville & Davidson Cnty	07/01/46	5.000	3.761	1.119	07/01/26	A3	120.128

Callable at 100% beginning of the call date above and every call date thereafter with 30 days notice.

In addition to the bonds listed, we have several other corporate bonds available. If you are looking for a specific bond or maturity, please feel free to contact me with your requests.

We are also interested in buying corporate bonds. If you have bonds for sale, please call me for a bid and details on how you can convert your present bonds to cash or alternative investments.

Finally, new bonds are coming to market every day. If you give me a call, I will be more than happy to go over current market offerings and conditions with you.

Although the information and statistics are not guaranteed, they have been obtained from reliable sources and are believed to be accurate. All put/call information may not be displayed and Wiley Bros.-Aintree Capital assumes no responsibility for such undisclosed features or omissions. All are subject to market conditions and/or prior sale.



# Why Have an Asset Allocation Strategy?

Your asset allocation strategy represents your personal decisions about how much of your portfolio to allocate to various investment categories, such as stocks, bonds, cash, and others. When stock market returns were above average for an extended period, investors did not have much interest in asset allocation. Then, the best strategy seemed to be only owning stocks. But investors are again focusing on asset allocation. Some of the advantages of an asset allocation strategy include:

**Providing a disciplined approach to diversification.** An asset allocation strategy is another name for diversification, and important strategy for reducing portfolio risk. Since different investments are affected differently by economic events and market factors, owning various types of investments helps reduce the chance that your portfolio will be adversely affected by a particular risk type.

**Encouraging long-term investing.** An asset allocation strategy is designed to control your portfolio long-term makeup. It should not change based on economic conditions or market fluctuations.

**Eliminating the need to time investment decisions.** Market timing is a difficult concept to implement. Not only do investment professionals have a difficult time accurately predicting the market's movements, but waiting for the perfect time to invest keeps many investors on the sidelines. With an asset allocation strategy, you don't have to worry about timing the market; you just have to ensure your investments stay within the proper percentages.

**Reducing the risk in your portfolio.** Investments with higher returns typically have higher risk and more volatility in year-to-year returns. Asset allocation combines more aggressive ones. This combination can help reduce your portfolio's overall risk.

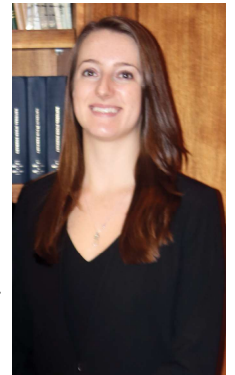
**Adjusting your portfolio's risk over time.** Your portfolio's risk can be adjusted by changing allocations for the different investments you hold. By anticipating changes in your personal situation, you can make those changes gradually.

**Focusing on the big picture.** Staying focused on your asset allocation strategy will help prevent you from investing in assets that won't help accomplish your goals. Rather than investing in a haphazard manner, it gives you a framework for making investments preferences.

Your asset allocation strategy will depend on a variety of factors unique to your situation, including your risk tolerance, return expectations, investment period, and investment preferences. Please call if you'd like to discuss asset allocation in more details.

# A Personal Note from Sarah:

The past few months, in addition to my full time job as a Financial Advisor, I have had the opportunity to help coach middle school girls' basketball. We were able to practice and play games against other schools, but it looked different than I ever imagined. Girls had to wear masks throughout practice and games in order to keep everyone as safe as possible. Just think? Having to sprint full speed while breathing through a mask! It's tough. I know how hard it can be since I was asked to scrimmage the high school girls' team, along with some fellow alumni. Let me tell you, playing against girls who are in peak shape is not easy. Add the mask and wow! Even tougher. The pandemic has affected everything, but it has been nice to still be able to work with the girls to improve their skills. I am grateful that I can work every day and continue my passion of coaching girls basketball. The season may be over, and I hope next year we can be maskless! Fingers crossed!



# A Personal Note from Allie:

Traveling to the beach is one of my husband, Jack, and I's favorite things to do. While the pandemic prevented our international beach travels planned for 2020, we were still able to safely find our way to the beaches of Destin and Amelia Island a few times last year. Having made it to 2021, we decided to venture further South. We just recently returned from what was supposed to be a quick weekend trip to the beach of Siesta Key. However, throw in a winter storm advisory ranging from New York to Texas, and things got a lot more interesting on the return home! As a Nashville native, I have had my share of disappointment in the lack of snow that typically shows up when the news is forecasting these snow storms in our area, so I did not exactly heed the warnings and predictions of our meteorologists. Next time, I'll think twice! Fortunately, after three canceled flights we were able to make it back home safely. Quite an adjustment from 80 degrees and sunny, to 18 and snowy!



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