

• Firm Update by Jim Steffen, CFP®, President



The Client Experience. It's defined as the sum of the interactions between an organization and a client over the duration of their relationship. Also known as "CX," there are consultants, conferences, books and podcasts all devoted to enhancing the CX. Businesses don't exist without clients. A better CX leads to a more loyal client which ultimately creates a stronger business. Creating an exceptional experience is an ongoing process and should be constantly reviewed and refined. At Trott Brook we are always thinking about our CX. We've made several enhancements to our process this year, rethinking our approach from our introduction meeting all the way to the presentation of advice and our deliverable. All with the objective of creating an extraordinary CX and ultimately allowing our clients to reach their goals and dreams.

Part of the value we provide is organization. There are so many moving parts, data points, documents, figures and assumptions that make up one's finances. It can be a daunting task to get your arms around it all. How would you rate your level of financial organization on a score of 1 to 10? How about for your spouse? One spouse typically vastly "outscores" the other. Our client database tells me that we have had 34 clients pass away over the years. As a result, we gain more experience working with widows and widowers every year. The time to get your financial house in order is now. We think about financial planning in six distinct categories: financial position, risk, investments, retirement management, tax and estate planning. The challenge is assembling all aspects of those six categories into one well organized document. We believe we have done this and have recently released this service to a small number of clients. The response has been overwhelmingly positive. "This is exactly what we need," and "this is so valuable," both are comments we frequently hear. We will continue to build this deliverable for our client base on an ongoing basis, however if you'd like to learn more now, please let me know.

Included with this newsletter is your invitation to the 15th Annual Trott Brook Benefit Bash. It is hard to believe this event started with a hundred people listening to music and eating hot dogs in the park! Now over 50 businesses help sponsor an event that will have over 1,700 people in attendance, six food trucks, a Queen tribute band and most importantly, raise over \$26,000 for charity. Again, the Ann Talle Anoka Area Chamber of Commerce Scholarship Fund and Youth First Community of Promise will be the beneficiaries. The Chamber will award scholarships to the best and brightest students in our community while Youth First will help those high school graduates that are under-served and need the most help. We are proud of what the Benefit Bash has become and thankful for all the great companies that have partnered with us to raise over \$160,000 since 2005! We hope you'll join us on August 22nd....it should be the biggest bash yet!

**UPCOMING
EVENTS...**

15th Annual Trott Brook Benefit Bash
Thursday, August 22nd

• Commentary by Ted Erhart, CFP®, Chief Investment Officer



Wow, what a snap back! We ended 2018 on a very sour note. In the 4th quarter last year, stock prices in the US slid about 20% before bottoming just before Christmas. So far, 2019 has been a much different story. We began the year with the best quarterly start since 1998 as measured by the S&P500. Stock prices got choppy in the 2nd quarter on renewed fears of trade tensions with China and Mexico. As those fears subsided, prices in the US rallied to new highs.

However, I should point out the highs aren't all that high relative to previous peaks reached in January and October 2018. Take a look at the three market peaks over the past 18 months for the Dow Jones Industrial Average:

January 26, 2018: 26,617

October 3, 2018: 26,828

July 15, 2019: 27,359

Translation...in percentage terms, the DJIA has gone almost nowhere for a year-and-a-half. The picture outside of the United States is actually worse. Global stock indices peaked in January 2018 and still haven't retraced those highs.

So what is going on? The short answer is growth has slowed materially around the world. At the beginning of last year, the story being told was "synchronized global growth." This year, the story has flipped to, "synchronized global slowdown." Particularly in Europe and China, economic data has shown consistent signs of weakening. The picture in the United States is much more mixed. Confidence levels of consumers and business executives have been falling, industrial output has slowed notably and corporate profits have been varied throughout the year.

On the flip side, the unemployment rate remains at a 50-year low, businesses are still hiring and household debt remains significantly below the levels reached ahead of the 2008 financial crisis. It's a very mixed bag indeed.

I'll leave you with the most important trait for investment success...patience. In my experience, investors start to get antsy after 18-24 months of little to no growth. Unfortunately, that is just part of the game. There have been many periods throughout history where stock prices bounced around sideways for years. As an investor, this is essential to remember. In fact, from 2000-2009, stock prices in the US were flat. That is ten years of no growth! But looking back to 1990, the Dow Jones Industrial Average began the year at 2,749. As I write this, the Dow is over 27,000. In, other words, despite a ten-year slump occurring in the middle of this last 30-year period, the DJIA has increased by about 10-fold since 1990, not including dividends. As they say, patience is a virtue.



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Jim & Lisa Steffen

It was a long cold winter, a wet cool spring and it's back to school in less than a month! The older we get it seems the faster the months go by. Thankfully we were able to escape the Minnesota winter a couple times. Lauren and her friend met us in Cancun and we spent Spring Break in Riviera Maya. The weather was beautiful...pool, golf, eat and repeat. Knowing that the high school golf season is typically cut short by bad weather, we planned to take some of Tommy's high school golfing buddies to Arizona for Easter so they could play without hats and rain gear. They played 36 holes a day as they got their game in shape for the upcoming season. As predicted, the first six golf matches were cancelled so they were glad they got some practice time in the desert. Tommy had a successful season and qualified for the State High School Golf Tournament. It was a great experience for him to feel the pressure of having a fifty-person gallery follow him around for two days. He tied for 30th out of 87 and hopes to improve his performance next year! Lauren successfully completed her freshman year at Liberty University and made the dean's list. She was home for five days before she flew to Chicago where she is working this summer. She has an internship with Lisa's brother's property management company and continues to enjoy her independence. Jim spent Memorial Day with her for some quality father/daughter time enjoying the Chicago sites by foot, by bike and by Segway! Lauren was able to make it home for the 4th of July and all 17 of the Steffen's spent the week at the family cabin in Minong, Wisconsin. Home life has been pretty quiet with Lauren gone and Tommy working a couple jobs, playing golf and spending time with his girlfriend. Lisa has the garden's looking better than ever and Jim sneaks out on the River after work every chance he gets. In just a few weeks we'll be taking Lauren back to Lynchburg to help her get settled into a new dorm room. Hopefully the sophomore drop off will be less emotional than last year! Tommy will be starting his junior year at Legacy and will be back on the school soccer team. Hopefully we get some extra weeks of summer before the leaves turn and the snow falls!



Ted Erhart

This past winter and spring were relatively low-key. It was the third year in a row my wife and I didn't escape the cold. I had a spring snow goose hunt booked in Nebraska, but it was canceled because of the "bomb-cyclone" weather system that flooded much of the Midwest in March. Of course the biggest news of 2019 is the birth of our second daughter, Julia, on July 1st. At home we're still settling into our new schedule. It certainly is a busy time of life between a soon-to-be three-year old, the baby and energetic hunting dog. I'll consider it a successful summer if I'm able to knock out a few projects at home. One of the most amazing things to observe over the last six months is the growth and change in my oldest daughter, Avery. Her language and physical coordination have developed substantially. It is fun to see but also makes parenting a lot more work! My wife, Kelly, is glad her pregnancy is over and ready to get back to doing some of the things she loves, namely, riding horses. I expect she'll be back into it full swing by next spring. In the not so-distant future she'll have two little riding partners to join her.



Nikki Cellette

Sunshine and water...two of my favorite things which I continue to enjoy this summer! My family just came home from our annual weeklong vacation with all of our relatives at Auger's Resort in Motley. We took full advantage of visiting with the nine cabins of cousins that we only see once a year! This year we also felt very fortunate that Zach was still able to attend the entire week. He graduated in May from the Electrical Lineman Program of Minnesota State in Wadena. He is now employed full time at a telecommunications company in Ham Lake. His goal is to start an apprenticeship position in the near future while living at home to save money. Brooklyn has taken interest in two more sports this summer besides hockey. She is now on the Elk River U12 Lacrosse team and taking golf lessons at The Links at NorthFork. She is loving both newly found sports! (As if we weren't busy enough with just hockey.) Her and I started a new tradition this year with creating a summer bucket list. Unfortunately, time is going so fast only one-fourth of it is complete. We did check off our list recently a four-mile kayak trip on the Whitefish Chain. It was important to both of us to do this for a charity that holds close to our hearts. George is golfing whenever humanly possible which has been quite difficult this year. Have a wonderful summer and I hope to see you at the 15th Annual Benefit Bash!

A more balanced approach