THE ROCKBRIDGE TEAM:

Craig Buckhout, CFA, CPWA
Anthony Farella, CFP®
Patrick Rohe, CFP®
Edward Barno, CPWA
David Carroll, CFP®
Ethan Gilbert, CFA, CFP®
Nicholas Stancato, CFP®
Kevin Sullivan, CFP®
Claire Kobylanski
Mike Antonacci, J.D.
Zach DeBottis
Patricia Edwards
Julie Murfitt
Julia Conlan
Robert Ryan, Ph.D.
Edward Petronio, Ph.D.

Our vision at Rockbridge is to provide our clients with unrivaled financial advice; building lifelong relationships and empowering them to fully enjoy their lives.

We believe the success we share with our clients is driven by a relentless focus on our culture and core values: Honesty, Curiosity, Discipline and Excellence.

8 Best/Worst Uses of Your Time? *by the Rockbridge Team*

For better or worse, most of us have more time than usual to engage in new or different pursuits in 2020. Even if you're as busy as ever, you may revisit routines you have long taken for granted. Here are eight of the most and least effective ways to spend your time shoring up your financial well-being.

Best Practice: Stay the Course
Your investment habits should remain unchanged. Build a low-cost, globally diversified investment portfolio with the money you've earmarked for future spending. Structure it to represent your best shot at achieving your financial goals by maintaining an appropriate balance between risks and expected returns. Stick with it, in good times and bad.

Top Time-Waster: Market Timing and Stock Picking
Market theory provides several rational explanations as to why markets have been ratcheting upward during socioeconomic turmoil. Mostly, market prices continuously reset according to "What's next?" expectations, while the economy is all about "What's now?" realities. If you're trying to keep up with the market's manic moves … stop doing that. You're wasting your time.

Best Practice: Revisit Your Rainy-Day Fund
How is your rainy-day fund doing? Right now, you may be realizing how helpful it's been to have one, and/or how unnerving it is to not have enough. Use this time to establish a disciplined process for replenishing or adding to your rainy-day fund.

Top Time-Waster: Stretching for Yield
Instead of focusing on establishing adequate cash reserves, some investors shift their "safety net" positions to other investments that promise higher yields for similar levels of risk. Unfortunately, this strategy ignores the overwhelming evidence that risk and expected return are closely related. Stretching for extra yield on your stable holdings inevitably renders them riskier than they should be.

Best Practice: Evidence-Based Portfolio Management
Focus your time and energy on an evidence-based strategy that maximizes risk adjusted returns. Create a mix of stocks and bonds that's appropriate for you. Periodically rebalance your portfolio to keep it on target. Adjust your risk profile if your personal goals change. Lastly, structure your portfolio for tax efficiency, and use low-cost, broadly diversified funds.

Top Time-Waster: Playing the Market
Some investors pursue "get rich quick" schemes with active bets and speculative ventures. Evidence suggests you're better off patiently participating in efficient markets as described above, rather than trying to "beat" them through risky, concentrated investments. Over time, gambling on the market will be a losing strategy for many retirement investors.

Rockbridge Investment Management, LLC
220 South Warren Street, 9th Floor, Syracuse, NY 13202
Phone: 315-671-0588
www.rockbridgeinvest.com

8 Best/Worst Uses of Your Time? *Continued*

Best Practice: Personalized Financial Planning
There is never a bad time to tend to your personal wealth, but it can be especially important – and comforting – when life has thrown you for a loop. Focus on strengthening your financial well-being rather than fixating on the uncontrollable around us. We continue to proactively assist clients with portfolio management, retirement planning, tax-planning, stock options, business successions, estate planning, beneficiary designations, insurance coverage, college savings plans, and more.

Top Time-Waster: Fleeing the Market
While younger investors may be spending their time "playing" the market, retirees may be tempted to abandon it altogether. This move carries numerous risks. If your financial plan relies on a portfolio that generates inflation protected income, your best option is to stick with your plan and participate in market returns. What about getting out until the coast seems clear? Unfortunately, as we've seen this year, the market's best returns come quickly and when least expected. Plus, selling stock positions early in retirement drives additional risk on future expected returns.

Could you use even more insight on how to spend your time on your investments? Please reach out to us any time. We'd love to suggest financial best practices that are tailored to your particular situation. ◆

It Doesn't Take a Genius *by Ethan Gilbert*

Our own Ethan Gilbert wrote a blog article about the decision making processes of a good investor. What he found is that geniuses, like Sir Issac Newton, often fall victim to the same mistakes and cognitive biases as the average investor. Newton said, "I can calculate the motions of the heavenly bodies, but not the madness of people." Given the uncertainty in the global economy today, do you have some questions about market valuations and risk? Do today's stock prices of certain companies seem eerily similar to the South Sea Company of 1720? Be sure to read the full article on our blog at www.rockbridgeinvest.com/financial-common-sense. As always, please reach out to your financial advisor if you have any investment or financial planning questions. ◆

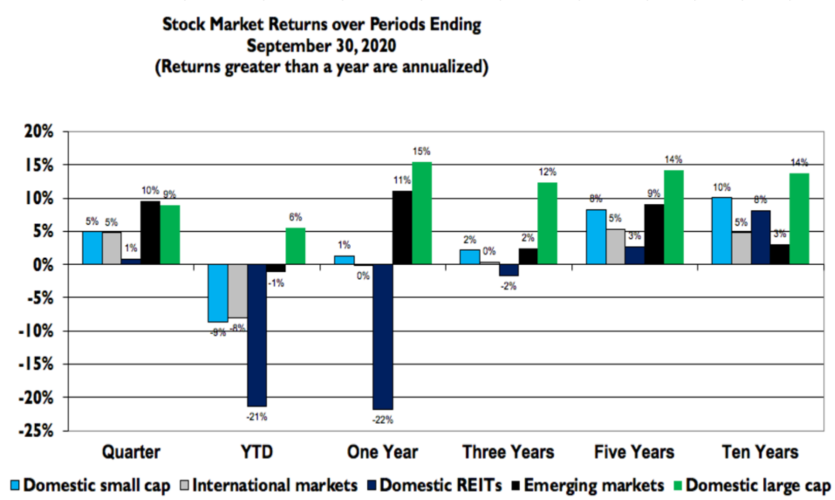
Check out our Blog!

Market Commentary *by Bob Ryan*

Stock Markets

Stocks continued to come back from their sharp declines earlier in the year. Over the September quarter, stocks are up across the board – Domestic Large-Cap stocks and Emerging Markets are up 9%. Since December 31st, a diversified global portfolio is off 8% year-to-date excluding the Domestic Large-Cap market, which is driven by the largest tech companies. Returns from domestic stocks continue to exceed those of non-domestic stocks.

Value stocks are priced based on expected earnings from assets in place while growth stocks reflect expected earnings mainly from future investments.



Rockbridge Investment Management, LLC
220 South Warren Street, 9th Floor, Syracuse, NY 13202
Phone: 315-671-0588
www.rockbridgeinvest.com

Market Commentary *Continued*

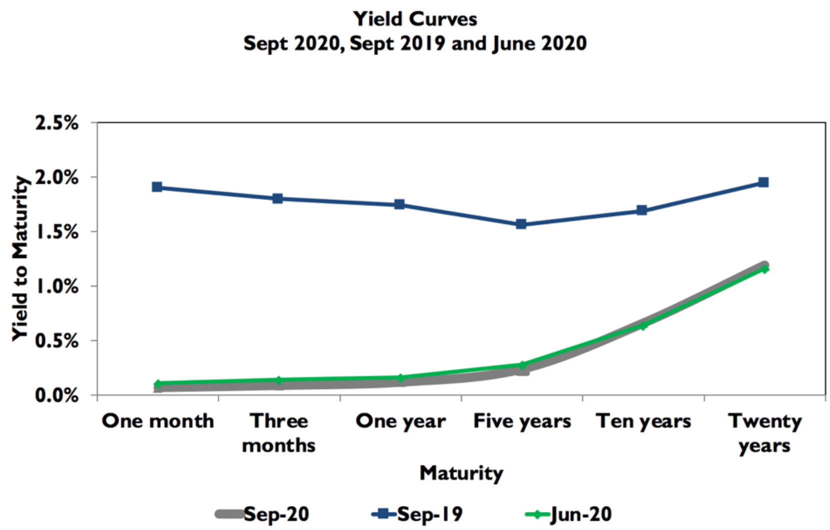
Research shows that markets tend to overprice these future earnings. Yet, there has been a significant discount to value stocks in recent periods, which is especially pronounced in the year-to-date numbers.

Looking back over a long history the average difference in five-year returns between a blended index and a value index is close to zero. The historical variability is such that a discount to value stocks of more than 5%, such as we experienced over the most recent five-year period, is clearly an outlier.

Results over the past quarter show the stock market continuing to shrug off the economic and political uncertainties of today. The well-worn observation that the stock market is not the economy continues to resonate as stocks are based on expectations well into the future.

Bond Markets

The Yield Curve to the right shows the pattern of observed returns from holding bonds to term across several maturities. Today, these Treasury yields go from essentially zero to a little above 1% across a twenty-year spectrum - little change from last quarter which explains the essentially flat bond returns regardless of maturity over the period. On the other hand, look how yields have fallen over the past twelve months in response to the Fed providing the market with liquidity. This change explains bond returns over the past year that run from 4% to 11% - the longer the time to maturity, the greater the return.



In response to ongoing economic uncertainties the Fed is keeping interest rates low and doing all it can to ensure liquidity. These activities result in a yield on 10-year inflation adjusted Treasuries of a negative 1%, which means investors are essentially paying the Treasury to hold their money. While these negative yields have been the case since February, it does not seem sustainable over a long period.

Dealing with Today's Unconventional Markets

It is difficult to reconcile today's investment landscape with established expectations – negative real interest rates; massive government spending with little impact on inflation; some stocks trading at PE ratios well above 30 times trailing twelve-month earnings; sharp discount to value stocks; large variances in returns among several markets. Today's conditions reflect the external shock of the Coronavirus pandemic; we have fewer clues as how things might look on the other side.

Massive government spending without inflation is inconsistent with conventional wisdom. Inflation did not happen with the 2008 financial crisis and is not happening now. The view from the Fed is that interest rates and bond yields will remain low. The only way to do better is to take risk – either credit risk, interest rate risk, or liquidity risk, which oftentimes is difficult to access. Yet, because bond results remain uncorrelated with stocks, they are important to managing a portfolio's risk. While fulfilling that role, we need to accept an essentially zero return for the time being.

The Fed's actions mean bonds are not attractive causing investors to turn to the stock market for expected positive returns thereby increasing the demand for these assets. Today's stock market is driven by the largest tech companies. While other markets have come back to some extent from the sharp fall-off in March, it is just these tech companies that explain much of the results of the S&P 500 Index.

Market Commentary *Continued*

With some stocks beginning to look pricey and anemic bond returns assured, there is a strong urge to take profits in stocks and move to the sidelines until the investment environment improves. History has shown this is not a good idea. Moving away from established allocations due to a worry of the investment environment is "market timing," which everyone acknowledges rarely works out.

There is no reason to think this time is different. Yet, just like a hot fudge sundae, market timing is something you know you should avoid but it is hard to do. History tells us to establish commitments based on long-term risk objectives, rebalance regularly, but expect a bumpy ride. ◆

Rockbridge Spotlight

We are both excited and humbled to be named one of CNY Business Journal's "Best Places to Work" for 2020. It's truly an honor to receive this award; it wouldn't be possible without the passion and dedication of our talented team. Thank you all.

In addition, our CEO, Patrick Rohe, was recognized as one of CNY Business Journal's "40 under Forty". Patrick's leadership and commitment to a world-class client experience have been key components of Rockbridge's growth and success. Well deserved, Patrick! ◆

Returns from Various Markets

The following table shows the returns from various markets over periods ending September 30, 2020:

Market/Asset Class	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
FIXED INCOME							
3-Month US Treasury Bills	0.04%	0.64%	1.10%	1.69%	1.20%	0.64%	1.59%
Bloomberg Barclays US Agg Bond	0.62%	6.79%	6.98%	5.24%	4.18%	3.63%	5.01%
Bloomberg Barclays 1-5 Yr Credit	0.82%	4.20%	5.07%	3.89%	3.26%	2.88%	4.38%
DOMESTIC STOCKS							
S&P 500	8.93%	5.57%	15.15%	12.28%	14.15%	13.74%	6.42%
S&P 500 Value	4.79%	-11.47%	-2.68%	4.18%	8.84%	10.35%	5.47%
S&P 500 Growth	11.75%	20.61%	30.64%	19.08%	18.36%	16.53%	6.94%
Russell 2500	5.88%	-5.80%	2.24%	4.45%	8.97%	10.81%	7.93%
Russell 2500 Value	3.54%	-18.35%	-12.58%	-2.68%	4.66%	8.02%	8.02%
Russell 2500 Growth	9.37%	11.58%	23.37%	13.33%	14.18%	14.06%	7.05%
MSCI US REIT	1.63%	-17.12%	-17.76%	0.31%	3.99%	7.90%	9.04%
INTERNATIONAL STOCKS							
MSCI EAFE	4.80%	-7.09%	0.49%	0.62%	5.26%	4.62%	3.58%
MSCI Emerging Markets	9.56%	-1.16%	10.54%	2.42%	8.97%	2.50%	7.84%
U.S. Consumer Price Index	0.82%	1.15%	1.23%	1.74%	1.78%	1.75%	2.04%

Note: These results were developed by simulating past returns in the various markets included in each benchmark, assuming the reinvestment of dividends and other earnings. The BofA Merrill Lynch 3-Month U.S. Treasury Bill Index represents money market/cash; the Bloomberg Barclays US Aggregate Bond Index represents the total U.S. bond market; the Bloomberg Barclays 1-5 Yr Credit Index represents the U.S. corporate bond market; the S&P 500, S&P 500 Value Index and S&P 500 Growth Index represent the domestic large-cap market; the Russell 2500, Russell 2500 Value Index and Russell 2500 Growth Index represent the domestic small-cap market; the MSCI U.S. REIT Index represents the U.S. real estate market; the MSCI EAFE Index represents the developed international equity market; the MSCI Emerging Markets Index represents international emerging markets. Benchmark Portfolio returns include Real Estate and Emerging Markets allocations beginning in July 2011. Benchmark Portfolio returns do not include allocations to these asset classes prior to June 30, 2011. Benchmark portfolio returns include Corporate Bond Market as of January 1, 2019 and do not include an allocation to this asset class prior to this. This data is presented to show the long-term relationship between returns at various levels of investment risk. It is not intended to present performance results experienced by clients of Rockbridge Investment Management, but is intended to provide a benchmark against which actual performance might be judged. Also, readers should recognize that future investments would be made under different economic conditions. It should not be assumed that future investors would experience returns, if any, comparable to those shown above. The information given is historic and should not be taken as any indication of future investment results.

Rockbridge Investment Management, LLC
220 South Warren Street, 9th Floor, Syracuse, NY 13202
Phone: 315-671-0588
www.rockbridgeinvest.com