



Trust Company of Vermont Quarterly Update **OCTOBER 2023**

Brattleboro ■ Burlington ■ Rutland ■ Manchester
Employee-owned & Vermont-based tcvermont.com

The significance of a logo



**Chris
Cassidy**
CEO

ANYONE WHO HAS seen TCV account statements, letterhead, business cards or company apparel has undoubtedly seen our company logo. If you look closely, you might notice that we have introduced some subtle updates to the logo, while keeping the three plum-colored mountains initially chosen at our founding twenty-five years ago. The changes got me thinking about the significance of the logo and how it came to be.

Our logo has a few different layers of meaning. First, the mountains symbolize Vermont, and our commitment to serving the state's communities. As an employee-owned and locally controlled organization, we are structured to remain a Vermont-based company in perpetuity.



The choice to depict three mountains is multi-faceted. When the company was founded, there were three physical locations: Brattleboro, Burlington, and Rutland. We still operate in all three of these communities today. In addition, we have added a Manchester office. Unlike institutions with little client engagement, we pride ourselves on being accessible to our clients. Having physical offices where clients can meet with us in person is an important element of the service that we offer.

In addition to physical offices, the mountains represent three important areas of our business: investments, trust administration, and operations. While many institutions focus only on investment

management, Trust Company of Vermont has always prided itself on emphasizing all three of these areas equally. Consequently, each mountain in our logo is the same size. TCV's Executive Committee includes the Chair's of the Investment Committee, the Trust Administration Committee, and the Head of our Operations Department, because we feel all three of these functions should have a voice when making important management decisions.

The plum color harkens back to the Vermont National Bank days before the creation of TCV. As legend has it, two VNB trust officers, who both later became Founders of TCV, were to give a presentation to a board to win a large account. Nanette Stevens and Rich Pearce, without prior coordination, both arrived at the meeting in plum attire. The presentation was a success, they landed the account, and plum was already considered a lucky color when Trust Company of Vermont was founded.

Personally, as a proud graduate of Brattleboro Union High School, I was accustomed to wearing plum uniforms, and was excited to come to a company where plum is the featured color. My favorite shirt in my closet is a TCV plum polo with our logo in white.

Those three plum-colored mountains mean a lot to us. Like our logo, Trust Company of Vermont remains true to our roots while welcoming the considered changes that keep us fresh. ■

“Good times never seem so good...”



Chris
Lafayette
CFA

“BULL MARKETS CLIMB a wall of worry” is a notion seasoned investors are likely familiar with. If not, they should be after this year. Put simply, the saying means that stocks often go up as investors worry about a known market risk in what feels like an uncertain time. This phenomenon is so pervasive in stock market history that to cement the concept in your mind, I’d suggest belting out a modified version of the lyrics from Neil Diamond’s classic “Sweet Caroline.” Take a deep breath and sing, “good times never seem so good,” like you were well into the night at a good friend’s wedding.

By most accounts, the biggest contributors to the S&P 500’s 18.1% decline in 2022 were the Russia-Ukraine conflict, surging inflation, and the Federal Reserve’s desire to slow the economy by increasing interest rates. All these issues remain unresolved in 2023, yet the S&P 500 index has rebounded 16.9%, as of this writing.

The stock market never flashes an all-clear signal, telling investors that it’s safe to buy stocks at any given time. Rather, in retrospect, it’s often periods of high perceived risk, like March of 2009 when the US financial system was on the brink of collapse, or March of 2020 when the country was experiencing record GDP declines, that would have proven timely buying opportunities. Most of the time, we find the

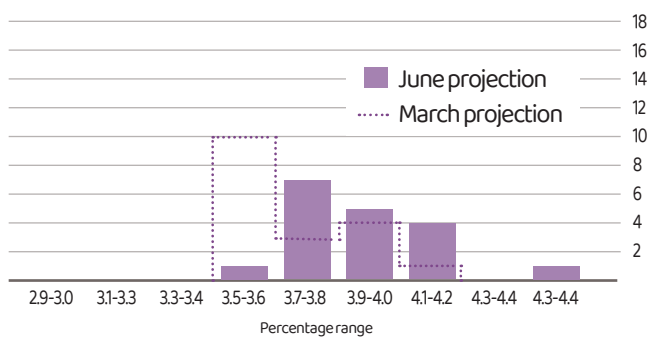
market as a whole is neither extremely over- nor underpriced, but rather certain pockets are doing better than others, and investors are left with mixed signals about what they should be doing.

Periodicals offering investment advice suggest that at various points in time one should be either “in” or “out” of the market to capture or avoid the future movement of stocks. While this type of thinking dominates newspaper headlines and CNBC, very few investment managers have been able to employ a timing approach consistently and successfully over time. The problem is, first, you have to predict an event which in itself has countless variables contributing to an outcome, and second, you have to predict how the market will react should that event indeed occur.

Certainly, some economic news has come in better than expected in 2023: businesses have remained incredibly resilient, inflation, while still high, has slowed, and supply chain stress has eased. But not all data has surprised to the upside: interest rates have moved higher than expected and the Fed seems determined to keep these rates higher for longer. Such rate increases, and the resulting impact on the economy, could portend a recession. Finally, irrespective of all the economic data, stock indices seem most impacted by the unexpected enthusiasm surrounding artificial intelligence this year.



FOMC projections for core PCE inflation 2023



This commentary might make it seem that investing is a completely unpredictable exercise, where sometimes bad news is good news for stocks and outcomes are completely random. However, at Trust Company of Vermont, our approach is not focused on particular events that may or may not determine the market's trajectory. Instead, we invest with thoughtful analysis, attempting to own companies that will make it through the inevitable difficult economic times, contribute to the innovation that drives America, and maintain strong corporate governance, such that shareholders will participate in the rewards.

Our stock-specific focus doesn't mean that we ignore macroeconomic indicators. In 2022, we looked closely at how rising interest rates would impact each stock that we own and whether the Russia-Ukraine conflict would slow delivery of products and services in certain sectors. We are aware that just because the stock market is less concerned about a recession this year, doesn't mean that it is any less of a threat to stock prices than it was last year – if anything, it's likely the opposite. However, by building diversified portfolios of strong companies, we are able to stay invested in the face of worry, knowing that in the long term this allows us to reap the market's full rewards.

If we go back to the idea of a friend's wedding and make an analogy to the stock market, we can imagine that good and bad songs represent good and bad years for stocks. Importantly, at this wedding the band isn't taking requests, and the songs change abruptly from one to another. If our goal is to maximize enjoyment of the evening, the only way to ensure that we are dancing to all our favorite tunes is to stay on the floor while the duds play. There will be some tough songs to dance to, but it will all be worth it when you find yourself singing "Sweet Caroline" at some point in the night. ■



Best wishes, Chris!



Please join us in congratulating Chris Chapman on his retirement!

Chris has been an invaluable employee-owner of TCV for twenty-one years. His extensive knowledge, attention to detail, and caring demeanor have been the foundation of his exemplary service and commitment to our clients, company, and community. Whether solving a complex estate matter, completing financial plans, or simply helping a neighbor in need, Chris' office light has commonly been seen well after others have left for the day. While his knowledge, loyalty and friendship will be missed by employee-owners and clients alike, we wish Chris every happiness in his well-deserved free time as he plans to travel and spend more time with his family.

Well deserved.

Did you know?

NEW FOR 2023
SIMPLE and SEP IRAs
now have ROTH options.
Contact us for more
information, **we can help.**

Set it & forget it

Is your estate plan ever really done?



Lisa
Counsell

ARE ANY OF YOU GARDENERS?

I am. Vegetables, not just flowers.

Winter is long. By April my fingers are itching to be in the dirt. I spend as much time as the weather will allow in my garden pulling weeds, turning and amending the soil, all the non-planting tasks required of a gardener. Then I have to sit on my hands to keep from planting until after Memorial Day! I have a modest-sized garden, so I no longer plant frost-hardy, early spring vegetables. I wait for my favorites: tomatoes, potatoes, brussels sprouts, peppers, zucchini, eggplant, and squash.

There is nothing more satisfying than finally surveying my hard work once the seedlings are in nice, neat, weed-free rows.

And then . . . summer happens.

At present, I am drowning in tomatoes and zucchini, peppers and eggplant. A great problem to have, but my garden is no longer a nice, neat, orderly picture. It's full of weeds, the tomatoes have overgrown their stakes, and the cosmos has decided to take over! As every year, I am reminded that gardening is not a "set it and forget it" hobby.

Estate planning is not unlike gardening. It is a big task, often overwhelming, but always a great relief to survey completed and signed documents, everything neatly outlined in black and white. And then . . .

LIFE happens.

There are many reasons you might be advised to revisit and "tend" your estate plan.

Early planning often includes a relatively simple Will, Power of Attorney, and Advance Directive for

Healthcare. Young people are often prompted to do this planning as part of entering a committed, long-term relationship that might include marriage, buying a home, and beginning to accumulate financial assets. Typically, the consideration of adding a trust to an estate plan comes somewhat later in life.

A common occasion for the first review and possible modification of an estate plan would be the birth of a child. No longer are you planning only for yourself and your spouse/life partner. Now, at least one new concern is guardianship for your children should something happen to you.

As we age, a multitude of events might trigger revision, amendment, or restatement of estate planning documents. You might find that your assets have grown and diversified to such an extent that more complex tax planning is warranted. Your beneficiaries might change for any number of reasons, including birth, death, divorce, or new charitable goals.

So, to answer the question in the title of this article: No, you should never consider your estate plan as done. The easy rule of thumb is that any significant life or asset change should be considered in the context of your existing estate plan. At the same time, your documents can be brought up to date to account for any changes in the law that might affect them.

While we cannot draft revisions and amendments, our trust administration team has a wealth of knowledge that can be helpful in considering any potential change. We are happy to partner with you and your attorney to strategize and provide administrative perspective. Our focus is on making the process easier for you so that you can get back to enjoying the more important things in life, like gardening perhaps! ■