FIRST MERCHANTS

PRIVATE WEALTH ADVISORS

THE LONG VIEW

2021 BUSINESS VISION

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“Our Vision of enhancing the financial wellness of the diverse communities we serve frames our purpose and drives our actions. From my desk to yours, thanks for our partnership and your trust as we continue the pursuit of your prosperous and secure financial future.

MARK HARDWICK *CEO, First Merchants Corporation*

LETTER FROM PRIVATE WEALTH ADVISORS PRESIDENT

ON BEHALF OF OUR TEAM, I invite you to enjoy our annual perspective in "The Long View." While we build this publication to illustrate how we help clients build long-term financial success, this year it resonates with the reality of 2020…it has been a Long Year.

MICHAEL JOYCE
President

In my perspective, the word for 2020 has been "volatility." Our business often focuses on volatility in the capital markets, but this year volatility has dominated our health care system amid a global pandemic. We've also seen the political volatility of a presidential election year, the economic volatility of shutdowns and stay-at-home orders and the social volatility of the civil unrest that erupted across our great nation. In a year marked by a range of volatility, it would be easy to find yourself sidetracked and knocked off your life's course. As your partner, we have worked hard to make sure our team's focus is where it needs to be: on our clients and their pursuit.

In the Wealth Advisory business, we know our clients' wealth is not simply about money but what it allows them to achieve – impact, freedom, family, legacy. Our client conversations this year have taken a decided turn toward these goals. Beyond a stated return or beating a benchmark, this has been a year marked by a more holistic view of what wealth allows our clients to accomplish.

IMPACT
How can I make the greatest contribution to my community and those most in need?

FREEDOM
What holds me in place or allows me autonomy in my daily life?

FAMILY
How do I choose to affect those who mean the most to me?

LEGACY
How can my influence for good live beyond me?

We are committed to helping our clients answer these questions by building attentive relationships and thoughtfully applying our technical expertise. While 2020 has been an unprecedented year, our team brings hundreds of years of experience to the table to guide our clients in their pursuit.

We know time is among your most precious assets, and our team appreciates your investment in enjoying "The Long View." While much has changed in 2020, our commitment to you and your goals has never wavered. It's why our team has worked so hard this year, both in the office and at home, and it's our privilege to be your partner in pursuit of a secure financial future.

STAY HEALTHY. STAY SAFE. STAY POSITIVE.

MICHAEL JOYCE
President
Private Wealth Advisors

PRIVATE WEALTH ADVISORS MISSION

WE PARTNER WITH INDIVIDUALS, FAMILIES AND ORGANIZATIONS to provide comprehensive solutions and personal service in pursuit of a secure financial future. With more than **100 PROFESSIONALS**, our team administers assets in excess of **$4 BILLION** – we are experts in private wealth who bring dedicated expertise to our clients as attorneys, CFAs, CFPs, CTFAs, CRPSs, CPAs and ChFCs.

We create value for our clients through:

POWERFUL LOCAL RESOURCES

We deliver broad advisory capabilities through local, engaged and empowered leaders.

COMPREHENSIVE AND COORDINATED APPROACH

We surround our clients with a team of experts to deliver financial solutions focused on their long-term financial success.

STANDARD OF EXCELLENCE

We deliver proactive service and client advocacy as we look to build powerful, intergenerational relationships.

“

Even when we serve as trustee or manage a portion of our clients’ investments, we consider our clients’ full financial pictures to ensure their overall assets and liabilities fit strategically with their goals, both short and long term. To best serve our clients, we consider both sides of their balance sheet, taxes, asset protection and wealth transfer plans.

AUDREY MISTOR
Managing Director, Wealth Management

We build lasting relationships with our clients and their families.

“ With First Merchants Private Wealth, it’s all about their people. Obviously, they have a good platform of solutions to offer for a bank of their size. But what I’ve found over the years, what’s held me to First Merchants and their Private Wealth services, is the relationship with the team. I have seen them progress from trust into private wealth advisors, which has been absolutely phenomenal. They’ve attracted talented people.

TERRY *Client since 1985*

“ Terry has been with First Merchants Private Wealth for 35 years. Over the years, we’ve supported him in money management, financial planning, fiduciary administration, helping his family secure a financial future, planning for retirement and securing a new retirement home.

MICHAEL JOYCE *President, Private Wealth Advisors*

“ My entire family highly values our relationship with First Merchants. They are very good listeners, always trying to understand our individual goals and needs. They are excellent advisors and administrators and clearly realize that we want solid, long term investing, not speculation or stock churning. They never hesitate to offer sensible advice and always conduct themselves in a highly ethical and honest manner. We are grateful not only for their sound financial advice but also their consistent, personal attention, a combination that would be less likely in a larger firm.

HARRY *Client since 1987*

“ Harry’s family is a four generation client of First Merchants. We value his relationship and are excited to continue working with his family with new support for his children and grandchildren.

TERRY BLAKER *Senior VP & Director, Investment & Portfolio Management*

“ If you are going to entrust your money to the people in a firm, you have to have a relationship of some sort. You don’t do it because they are going to make you all kinds of money. It starts with trust. And I very much got that from First Merchants. During the pandemic shut down, the First Merchants team came to our aid quickly. Not just my direct contact, but the entire team. They suggested some very smart options. I’m happy they did. It helped me stay a customer.

LARRY *Client since 2016*

“ Larry’s needs are complex. A greater team at First Merchants focuses on individual solutions for him and his family. As things change both in the world, but also in his goals, we come up with new suggestions and plans for his consideration.

MIKE DAUGHERTY *Senior Wealth Advisor*

YEAR-IN-REVIEW: 2020 MARKET SUMMARY

IF YOU'RE FEELING WHIPLASH from being an investor during 2020, you aren't alone. In many respects, the past year felt like it lasted a decade – and financial markets and the economy swung at an accelerated pace to match with several years' worth of activity condensed into one. It felt like we were witnessing a full market cycle at 2x speed. In fact, by some measures that would be an understatement.

On February 19, the S&P 500 notched a new all-time high as 3,386 Covid-19 cases were rapidly accelerating in China, but market participants were optimistic toward containment of the spread, given that there were only 15 recorded cases in the United States. Within just three weeks, on March 10, the World Health Organization declared the coronavirus crisis a global pandemic, and a cascade of event cancellations and lockdown measures across the nation ensued. One day later, the S&P 500 entered into bear market territory, down over 20% from its peak, just 16 market days after posting its all-time high. It marked the fastest move into a bear market on record. The whiplash continued, as the equity market collapse in the U.S. would only last another seven market days from that point, with the S&P 500 bottoming on March 23 with a loss of 34% from its high.

Meanwhile, the severity of the economic decline and the human health toll in the U.S. was just starting to materialize as markets bottomed. In April, the sweeping layoffs and furloughs wrought by a shock to supply chains and consumer demand in the wake of lockdowns resulted in an increase in unemployment of over 17 million compared to February, reversing a decade of job gains. The total number of unemployed citizens hit 23.1 million, and the unemployment rate reached 14.7%, well past the peak of 10.0% in October of 2009 during the global financial crisis. U.S. economic output plummeted in the second quarter with GDP growth declining 33.2% on an annualized basis, but the green shoots of the economic recovery were already sprouting by early May.

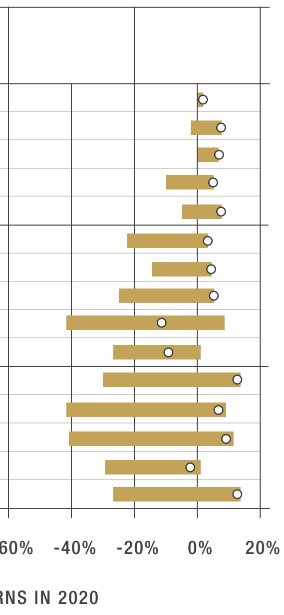
Despite the tremendous depth and speed of the economic shock in the coronavirus recession, the recovery has occurred at an equally blistering pace, though economic output remains below pre-crisis levels. Through October, more than 12 million U.S. payrolls were added back to the economy, meaning that in just six months the economy recovered the same number of jobs that were added back over the course of about five years in the wake of the Great Recession. The key to such a recovery was preventing delayed consumer demand from becoming demand destroyed, thereby preventing temporary job losses from becoming permanent.

Given that, the most important factor in laying the foundation for the economic and market recovery was the speed with which central banks and governments around the world intervened with stimulus at a scale far greater than used in any past crisis. In the U.S., the Federal Reserve quickly slashed short-term rates down to zero and announced on March 23 plans to purchase bonds and backstop credit markets to ease their liquidity that seized up in March and threatened to turn a recession into a more severe and drawn-out financial crisis. Soon after, confidence in the recovery gained another boost as the U.S. government provided direct fiscal aid through the CARES Act to bridge the gap in lost income as businesses were forced to close and payrolls were slashed. All told, the U.S. government alone has unleashed $2.4 trillion in spending to date to combat the pandemic and its economic toll, with more likely yet to come.

Of course, the pandemic wasn't the only cause of market anxiety in 2020 as the nation grappled with social unrest, trade tensions and a contentious presidential and congressional election cycle. Although many market participants feared a market unraveling amid the election uncertainty, financial markets continued to demonstrate resilience and climbed to new highs in November as Joe Biden

TOTAL RETURNS BY ASSET CLASS IN 2020 VS. MAX DRAWDOWN

		ASSET CLASS	LOW	2020 YTD TOTAL RETURN	HIGH
RISK-CONTROL	FIXED INCOME	CASH & CASH EQUIVALENTS	0.00%	**0.54%**	0.54%
		U.S. AGGREGATE BOND	-0.62%	**7.36%**	7.90%
		U.S. SHORT/INTER. GOV./CREDIT	-0.00%	**6.22%**	6.22%
		U.S. MUNICIPALS	-9.36%	**5.29%**	5.29%
		GLOBAL AGGREGATE BOND	-3.90%	**7.75%**	7.75%
RISK ASSETS	ALTERNATIVES	U.S. HIGH YIELD BOND	-20.56%	**4.18%**	4.18%
		U.S. PREFERRED SECURITIES	-13.42%	**4.93%**	4.94%
		U.S. REAL ESTATE	-22.70%	**5.12%**	5.36%
		COMMODITIES	-40.34%	**-10.57%**	6.60%
		MLPS	-26.25%	**-7.71%**	0.96%
	EQUITIES	U.S. LARGE CAP EQUITIES	-30.43%	**14.02%**	14.52%
		U.S. MID CAP EQUITIES	-40.70%	**6.70%**	9.08%
		U.S. SMALL CAP EQUITIES	-40.42%	**10.41%**	12.54%
		INTERNATIONAL DEVELOPED EQUITY	-28.86%	**-1.18%**	2.49%
		EMERGING MARKET EQUITY	-27.05%	**12.62%**	14.81%



*RETURNS FOR YEAR-TO-DATE PERIOD AS OF 11/30/2020. SOURCES: FACTSET, FIRST MERCHANTS PRIVATE WEALTH ADVISORS

YEAR-IN-REVIEW:
2020 MARKET SUMMARY

was confirmed as president-elect, with investor sentiment aided by positive vaccine developments.

As the ground dropped out from beneath many industries and workers in this pandemic, stimulus has provided a bridge to the other side of the crisis and promising vaccine developments have brought the other side within sight. We are not out of the woods yet, as many companies are not back to business as usual and the effects of the late fiscal support from Congress are not yet known. However, this year has once again demonstrated the resilience and adaptability of humankind in the face of crisis. Financial markets have reflected this resilience as you can see in the chart on page 11 showing how most asset classes have rebounded strongly off of first quarter lows.

When it comes to takeaways for investment strategy from such a wild ride of a year, 2020 demonstrated the importance not only for staying the course with a long-term perspective and avoiding investment decisions driven by emotion in times of turbulence, but also for being adaptable and forward-looking to account for structural shifts in our ways of life that are often born from periods of crisis. At First Merchants Private Wealth Advisors, we have long held a focus on investing in companies and institutions that demonstrate an ability to be self-sustaining with manageable levels of debt and that maintain competitive advantages that limit the prospects of disruption over the long term. This focus is especially crucial in times of economic duress. However, while we maintain our core investment philosophy, we will also respond and adapt to the new opportunities and challenges facing our clients in the years ahead, whether that is the impact of changing consumer preferences and business habits across industries, new monetary policies in an era of ultra-low interest rates or changing political landscapes.

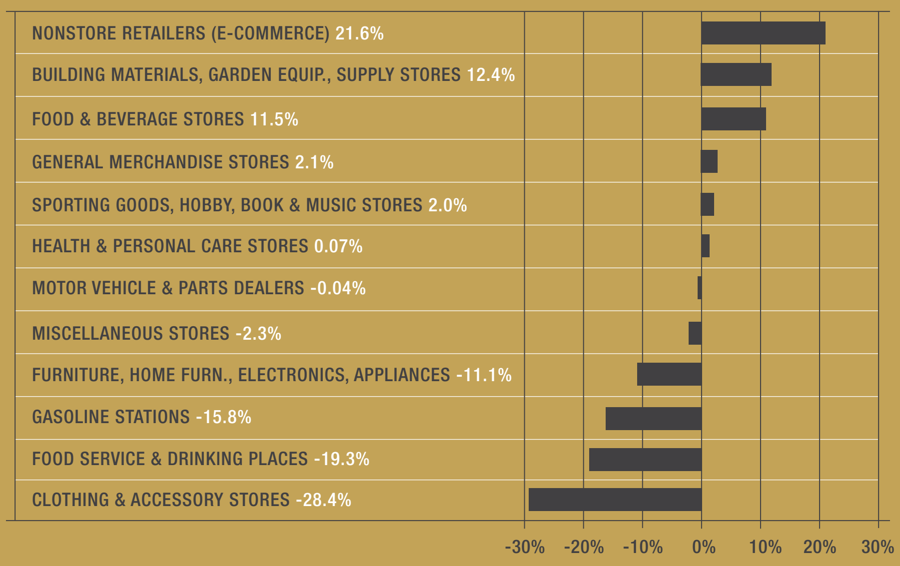
Key Themes

AN UNEVEN RECOVERY WITH LONG-TERM IMPLICATIONS

Although U.S. retail sales have returned to pre-crisis levels, the composition of those retail sales in 2020 has been much different from sales in prior years, as shown in the chart at right, indicating an uneven recovery under the surface. E-commerce, home improvement retail and grocery stores have been among the winners in capturing consumer wallet share, subsidized by cuts to spending at restaurants, apparel stores and gas stations. Equity markets have reflected the uneven nature of the recovery, as stocks leveraged to the "work-from-home" theme – many of them growth-oriented technology stocks – outperformed cyclical, economically sensitive stocks for most of the year. Certainly some of the pandemic trends and ways of life will prove transitory, at least in part.

RETAIL SALES COMPONENTS

CHANGE (%) FOR 10/31/2020 YTD PERIOD VS. 10/31/2019 YTD PERIOD



SOURCES: U.S. CENSUS BUREAU, FIRST MERCHANTS PRIVATE WEALTH ADVISORS

People will one day return in greater capacity to restaurants, international travel, sporting events and theme parks, though those spaces may look different.

However, certain efficiencies born from this crisis will remain. The adoption of broad, secular trends that had been gaining momentum coming into this year was expedited in many cases as individual consumers and businesses alike were forced to consider alternatives to their traditional day-to-day habits. For consumers, that may mean more lasting adoption of e-commerce, food and grocery delivery, streaming, and the like. For businesses, many firms may look to rationalize spending on their physical office footprint and business travel and increase spending on cloud services and enhancing their digital presence. Each of these changing habits not only has direct implications to the companies involved in those industries but also generates ripple effects to their suppliers and other stakeholders as well.

"Acceleration" is not only a fitting theme to describe the path of markets and the economy in 2020, but it is also an apt descriptor for the shifts in consumer and business behavior around the world that will have lasting imprints on our society and economy well beyond this year.

THE BIG GET BIGGER

Another trend in motion that gathered greater steam in 2020 was the rising influence of large technology companies. Within U.S. equity markets, technology heavyweights outpaced the pack in 2020 due to exposure to at-home trends and greater certainty in their competitive positions and ability to grow in a period of uncertainty and disruption. Falling interest rates provided a further boost to the tech names and other growth-oriented stocks as the cost of capital fell and a lower discount rate increased the value of future cash flows.

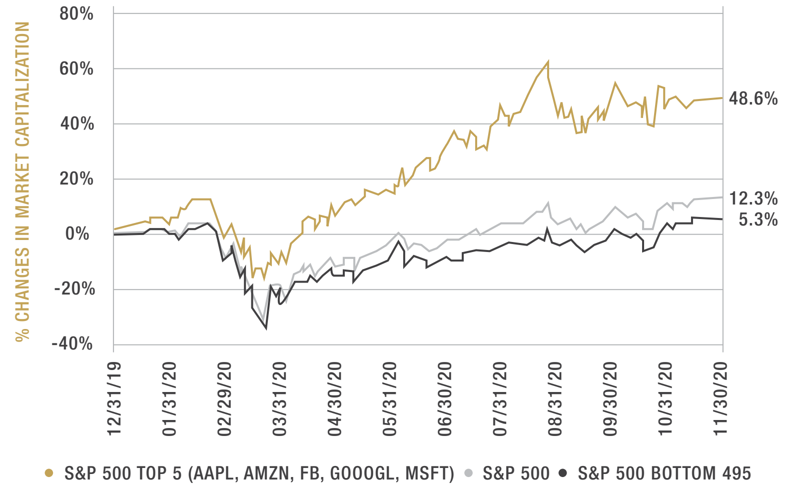
YEAR-IN-REVIEW:
2020 MARKET SUMMARY

On a collective basis, the market capitalization of the top 5 names in the S&P 500 (Apple, Amazon, Facebook, Google owner Alphabet and Microsoft) grew by nearly 50% year-to-date through the end of November. Meanwhile, the other 495 names in the index had collective market cap growth of just over 5%.

The increased scale of the top 5 has driven greater prominence within the S&P 500, with their total weight growing from 16% to start the year to over 21% as of the end of November. As such, the return potential for the index at large is increasingly dependent on the fate of these companies.

BRAD REYNOLDS
Managing Director
Client Services & Support

MARKET CAP GROWTH



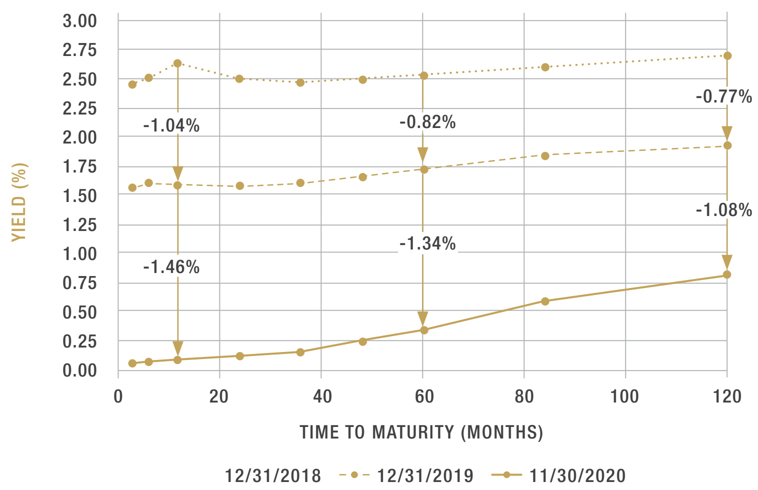
SOURCES: STANDARD & POOR'S, FIRST MERCHANTS PRIVATE WEALTH ADVISORS

INTEREST RATES CONTINUE THEIR DESCENT

Central banks around the world slashed short-term rates in 2020 to ease financial conditions in response to the economic shock from the pandemic. The Federal Reserve, who cut the federal funds rate effectively to zero from 1.5% in the first quarter, has guided for sustained low rates for the foreseeable future with little potential for rate hikes in the next three years to allow for continued healing of the labor market and to encourage a pick-up in inflation, which has remained stubbornly dormant.

Lower interest rates are generally supportive of risk assets, like equities, as fixed income real yields (i.e. after inflation) have become less attractive and slipped below zero in many cases, thereby forcing many investors into riskier alternatives in the hunt for yield and positive real returns. The decline in rates explains a large portion of strong equity market returns in 2020 and in 2019.

U.S. TREASURY CURVE



SOURCES: FACTSET, FIRST MERCHANTS PRIVATE WEALTH ADVISORS

“To our clients: Thank you for staying dynamic in the shift of working with our team over this past year.

To our teammates: Despite not being featured in this year’s Business Vision due to the pandemic and a focus on your health and safety, our Private Wealth leadership team recognizes your dedication in partnering with our clients. We are grateful to each of you sitting across Illinois, Indiana, Ohio and Michigan. We look forward to better days ahead.”

MICHAEL JOYCE *President, Private Wealth Advisors*

SOLUTIONS IN FOCUS

OUR TEAM COVERS DISCIPLINES IN Investment Management, Financial and Estate Planning, Private Banking, Fiduciary Administration and Retirement Plan Services. Our clients are supported by more than 100 professionals who manage assets in excess of $4 billion.

SERVICES OF PRIVATE WEALTH:

Financial and Estate Planning and Fiduciary Services

Financial and estate planning is often one of the most overlooked areas of personal financial management, but one of the most important. Virtually all of life's necessities and goals have a financial component.

Our professionals engage with you to understand your unique situation and offer appropriate financial strategies and solutions in support of your life plans. As directed by you, our trust and planning professionals work as a team with your other advisors, such as attorneys, CPAs and other individuals upon whom you rely.

Virtually all of life's necessities and goals have a financial component. Our professionals engage with you to understand your unique situation and offer appropriate financial strategies and solutions to support your life plans.

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Author Alan Lakein said, "Planning is bringing the future into the present, so that you can do something about it now." Our team of experts at First Merchants Private Wealth Advisors will assist you in planning for your needs, to help you and your family achieve a secure financial future.

DAVID BRECHBUHL
Director, Client Development

BRETT FISHER
Director
First Merchants Investment Services

SERVICES OF PRIVATE WEALTH:

Investment Management

It all starts with a conversation, talking to our clients and developing personal investment policy statements. Then, we create tailored portfolios to meet the goals and needs of clients while still executing our fiduciary responsibility. We provide clients with diversified equity and fixed-income portfolio management as well as access to our portfolio research and management teams. With fee-based asset management and the sound advice that comes from a disciplined buy and sell philosophy, no one manages your investments better.

SERVICES OF PRIVATE WEALTH:

Corporate Retirement Plan Services

A successful retirement program is one of the most important benefits you can offer your employees. Regardless of the size of your business or the type of plan you need, First Merchants can assist. We will advise you through every step in starting up a plan or transferring an existing plan to one of our experts.

First Merchants offers many types of retirement plan options and will help you determine the ideal solution for your business. Advantages of a retirement plan include potential employer tax benefits, attracting and retaining quality employees and providing secure retirement for employers and employees.

SERVICES OF PRIVATE WEALTH:

Private Banking

Private Banking is dedicated to providing exclusive banking services for our clients. We offer personal cash management with preferred depository accounts. Custom financing is a vital component of your personal balance sheet. Our tailored lending includes portfolio lines of credit, home equity lines of credit, specialized mortgages, and financing for personal and professional investment.

We understand preservation and protection of your wealth is of the utmost importance to you and your family.

Today's world requires an investment of your time to meet demanding personal and business schedules. Your financial needs are dynamic and change over time. Private Banking understands the financial attention you need and deserve and will serve as your trusted financial partner to meet your individual financing and liquidity goals.

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It is such a privilege to join our clients in their pursuit of a secure financial future, bringing to life the team approach we offer from our wealth and banking professionals to our clients each and every day.

NANCY LEMING
Director, Private Banking

TERRY BLAKER
Director
Investment & Portfolio Management

2021 OUTLOOK

LAST YEAR WE STARTED OUR COMMENTARY ON THE OUTLOOK FOR 2020 WITH THIS STATEMENT: "In this business of investing other's hard-earned money, it is amazing how some things change nearly overnight and other things never seem to change. It is also amazing how wrong the forecasters usually are each year." As all of you know, 2020 did not turn out as any of us expected. In early 2020, things were looking pretty good and hopes were high that the very long economic recovery and bull market might continue for another year. However, a little microscopic virus changed all that, sending us into one of the deepest recessions on record. As we look ahead into 2021 and beyond, we are again hopeful, but this time for a recovery from a brutal 2020 that once again reminded us of the downside of risk and fundamentally changed the world as we knew it.

As this is written in late 2020, there appears to be a light at the end of the tunnel as several new vaccines or therapies are expected to finally bring this wicked invisible enemy we call COVID-19 more under control. The U.S. economy was the envy of the world in early 2020 and we hope that underlying strength will help us pull out of the COVID crisis. However, we have to first navigate through several more months of how to live and work in a world restricted by the virus. While the stock market rallied in the fall of 2020 on positive health care news, declining unemployment and stimulus efforts, we all should know that the second part of the recovery will probably be the hardest. The virus and its effects may very well linger longer than any of us want and definitely longer than the most optimistic forecasts. The body blow the U.S. suffered will not be healed quickly. Small businesses and even larger ones serving customers in the restaurant, lodging and entertainment industries will struggle to adapt and survive, and many will

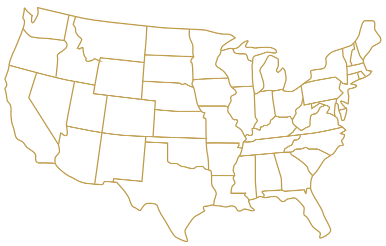
2021 OUTLOOK

falter in 2021. There are still large numbers of Americans struggling, and many of those were or are employed by small businesses who just are unable to withstand the pandemic.

As we head into 2021, there are many uncertainties, just as there has been at EVERY point in recent history. COVID-19 has brought unprecedented uncertainty to investors, and further volatility cannot be ruled out. There are multiple reasons for optimism but also a long list of problems, many of which have only been magnified by the pandemic. We do not intend to inundate you with forecasts but will instead point out issues that the investment team will be monitoring.

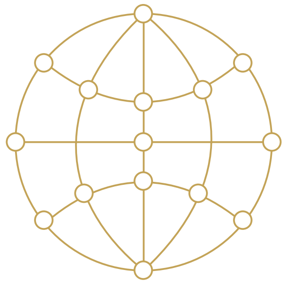
LOWER FOR LONGER

While inflation may creep slightly higher, we expect inflation to remain very modest for a very long time despite concerns of mounting debt loads and extraordinarily easy monetary policies. Interest rates that were low before the pandemic have fallen to new lows as investors expect the Federal Reserve and other central banks to remain on hold for not just months, but years. Chairman Jerome Powell has said, "We're not even thinking about thinking about raising rates." Even though interest rates have historically had a habit of surprising investors, we just do not believe the current environment will allow interest rates to rise significantly for an extended period. While low interest rates will provide support to stocks and the housing industry, extended low rates dampen income for millions of savers and retirees and create a headwind for pension funds and many financial institutions. Low rates mean that the typical 60% equity/40% bond investment portfolio will produce less income, and bonds will not provide as an effective hedge against stock declines as they have historically.



U.S. GROWTH

We believe the rising threat of COVID-19 will dampen growth through the first months of 2021, but then expect the U.S. to show very strong economic growth later in 2021 when the risk of the pandemic fades and consumers are likely to be eager to get out and spend again. However, the trauma of 2020 may lead many to continue to save a larger part of their income. There remains a chance of more fiscal stimulus being injected into the economy, especially if the virus surges over the winter months. While the odds of major fiscal stimulus is lessened by a divided government, the need for fiscal stimulus is largely a bipartisan issue as many across the nation are hurting.



GLOBAL GROWTH

Global economic growth, after a temporary rebound, will still remain dreadfully slow in following years in established economies due to demographic and other reasons. The European banking system will remain on life support, and the European Union will continue to wrestle with problems too numerous to mention. China's growth may continue to slow, and the Japanese economy will struggle in the hope of emerging from three decades of being stuck in neutral. For this reason, we will continue to underweight international equity exposure but favor emerging markets over developed markets.

EMPLOYMENT

Employers cut some 22 million jobs in the early months of the pandemic, and like a light switch we were able to bring back 12 million jobs once the economy reopened. Recovering the next 10 million jobs, however, poses a far greater challenge – one that could take years. As many businesses rethink their business models, one common takeaway is they don't need as many workers. As adjustments are made, the number of permanent job losses may increase. A recent Wall Street Journal survey found that more than half of the surveyed economists and CEOs do not expect the job market to fully recover until 2023 or later.

TRADE ISSUES

We remain an interconnected world, and global trade is extremely complicated with many issues to consider. It remains to be seen what changes in trade policies are made under new U.S. leadership, but it is safe to say that trade issues will continue to be an important issue for many years. Hopefully leaders can continue to push for intellectual property protections and fairness in all trade deals. Even though trade disputes may slow economic growth, at least here in the U.S. they are not expected to shave more than a few tenths off GDP growth or push the U.S. economy into a recession.

2021 OUTLOOK

DEBT PRESSURES

As we said last year, easy money policies around the world have certainly led to increased risks in the financial system. Low rates have caused investors to reach for yield, leading to stretched valuations in some assets while also encouraging both consumers and corporations to take on higher debt loads. Any economic or market downturn could be magnified as debt holders or ill-advised investors scramble as times turn against them. Central banks will find it incredibly difficult to unwind these programs as global markets have become “addicted” to the easy money policies.

LONG TERM TRENDS

We will also continue to look further out on the horizon than next quarter’s earnings to attempt to identify the long-term trends that can revolutionize economic or industrial sectors and determine long-term winners. In health care, the progress of vaccines and therapies will be monitored as well as what adjustments a divided Washington may try to make to health care policies. We continue to see health care as a sector that will show above average growth as advances are made in biotech and as the population ages. We also believe that many technology companies will bring forth advances in artificial intelligence, cloud utilization, energy evolution, self-driving cars and other technologies that will disrupt some companies and revolutionize others. We also will continue to evaluate emerging markets and innovative leaders that may emerge outside the developed markets.

In 2021, the investment team at First Merchants will be watching these issues closely. The events of 2020 remind us again that there are things we can control and those we cannot. We also know that we have to separate the short-term “noise” from the significant news with long- term implications.

One thing that will not change is that we will continue to focus on individual companies that have managements that have historically used shareholder capital efficiently, have high quality balance sheets, pay sustainable dividends, possess pricing power, and have strong cash flows and underlying earnings growth that can weather an economic slowdown.

The second thing that remains the same is that diversification across asset classes is the best way to manage the risks in one’s portfolio. However, given the very low starting yields on bonds, investors may also need to seek alternative ways of diversifying their portfolios to realize attractive returns and income generation over the next several years.

Our goal in all this is to do all we can to partner with our clients to provide comprehensive solutions and personal service in the pursuit of what we all want for ourselves and our families—a secure financial future.

While we remain cautiously optimistic about the prospects for the U.S. economy and the equity markets, we also want to stress that investors should expect subdued returns and bouts of volatility that might rock those investors without a solid and reasonable long-term financial plan. Numerous studies have shown that the average investor has done far worse than the average mutual fund has done, primarily due to jumping in and out of the market and not having a good long-term plan that puts emotion aside and instead focuses on long-term goals.

Based on 2020 restrictions, our greater team throughout Illinois, Indiana, Michigan and Ohio were not photographed.

YOU SPEND YOUR TIME ACHIEVING GOALS, MAKING MEMORIES and creating a legacy. We help protect that hard-earned lifestyle by preserving and growing your assets. Our team works with you to clarify your financial goals and help you achieve them through the expertise of our local, engaged and empowered advisors.

Left to right:

DAVID BRECHBUHL
Director
Client Development

AUDREY MISTOR
Managing Director
Wealth Management

TERRY BLAKER
Senior VP & Director
Investment & Portfolio Management

MICHAEL JOYCE
President
Private Wealth Advisors

BRAD REYNOLDS
Managing Director
Client Services & Support

NANCY LEMING
Director
Private Banking

BRETT FISHER
Director
Investment Services

First Merchants
Private Wealth Advisors

Indianapolis | Columbus | Fort Wayne | Lafayette | Lakeshore | Monroe | Muncie

firstmerchants.com