

Summer 2021

WEALTH MANAGEMENT MIDWEST, INC Quarterly Investment Newsletter

As I See It

In the first half of 2021, the U.S. economy powered forward faster than nearly anyone had expected. Speed can be exhilarating, but it can also be dangerous. In our view, the overall economic picture remains sound and will likely support strong profit growth and additional stock market gains. But the pace of reopening also creates new hazards: supply chains are stressed, some labor shortages have emerged, inflation is heating up—at least temporarily—and asset prices look expensive compared to historical figures.

Markets are always forward looking, and we help you keep your eyes on the road ahead. The next stretch may be a fast one and will have its share of opportunities, but also new risks to navigate. As always, sound financial advice can be as important as ever to help steer you through the environment and put in the miles toward meeting your long-term financial goals.

The U.S. economy has surprised nearly everyone to the upside as it speeds along—thanks to vaccinations, reopenings, and record stimulus. The growth rate of the U.S. economy may have peaked in the second quarter of 2021, but there is still plenty of momentum left to extend above-average growth into 2022. Despite the natural challenges of ramping back up, the recovery still seems capable of providing upside surprises, and in the end, we could have our best year of real GDP growth since the early 1980s.

Although higher taxes and more regulation are likely coming, an extraordinary amount of support from the Federal Reserve (Fed) and more than \$5 trillion in fiscal stimulus so far (with more coming) should continue to support the stock market and economy for the rest of 2021.

Speaking of the stock market, we expect the robust economic recovery to continue to drive strong earnings growth and support further gains for stocks. Don't forget though, after a more than 90% gain off the March 23, 2020, lows for the S&P 500 Index, some choppy action during the historically challenging year two of a bull market would be perfectly normal.

Turning to bonds, it has been a historically tough year, as yields surged earlier this year. Should the economy continue to improve, the door would be open for stocks to continue to do quite well, but we will always appreciate bonds' important role in a portfolio as a source of income and as a potential diversifier during equity declines.

The first half has been a good one for investors. While the road ahead may bring more gains in the second half, it might be a bumpy ride.

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Quarterly Investment Newsletter



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As I See It-Continued From Page 1

Let's stay healthy and positive, please contact me if you have any questions.

Sincerely,

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David Purdy

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Meet the newest addition to the Purdy family. This is our Toy Manchester terrier puppy we named "Tidbit". Tidbit came from a special breeder in New Jersey. We had been on a list for a while and were surprised when the breeder called and wanted to place the 9-week-old puppy with us. There is certainly a lot of work training a young pup, they have so much to learn in the first months of life. Hopefully, as he gets older and more trained, he will be a performance dog. The plan is when he gets older, he will compete in Fast Cat, Agility, Barn Hunt, breed conformation and whatever other activities he might enjoy. He is an outgoing, active energetic handful, and he has certainly been enjoying his new life in Minnesota.

The six main value propositions that Wealth Management Midwest provides:

Organization. We will help bring order to your financial life, by assisting you in getting your financial house in order (at both the "macro" level of investments, insurance, estate, taxes, etc., and also the "micro" level of household cash flow).

Accountability. We will help you follow through on financial commitments, by working with you to prioritize your goals, show you the steps you need to take, and regularly review your progress towards achieving them.

Objectivity. We bring insight from the outside to help you avoid emotionally driven decisions in important money matters, by being available to consult with you at key moments of decision-making, doing the research necessary to ensure you have all the information, and managing and disclosing any of our own potential conflicts of interest.

Proactivity. We work with you to anticipate your life transitions and to be financially prepared for them, by regularly assessing any potential life transitions that might be coming, and creating the action plan necessary to address and manage them ahead of time.

Education. We will explore what specific knowledge will be needed to succeed in your situation, by first thoroughly understanding your situation, then providing the necessary resources to facilitate your decisions, and explaining the options and risks associated with each choice.

Partnership. We attempt to help you achieve the best life possible but will work in concert with you, not just for you, to make this possible, by taking the time to clearly understand your background, philosophy, needs and objectives, work collaboratively with you and on your behalf (with your permission), and offer transparency around our own costs and compensation.

MINDSET

It's all about mindset.

From the moment you wake up to the moment you rest your head at night. Everything is up to you. Your emotions, your thoughts, your perceptions, your reactions. Every moment.

Promotion-Addition-Departure



We are pleased to announce that Danielle Urman has been awarded the promotion to Client Services Manager. Danielle's variety of experience in customer strategies,

service, and communications, along with her years of experience with our company, made her an excellent candidate for this position. I encourage you all to congratulate her as she takes on this new role in our office.

Please join us in welcoming Rhonda Boudewyns to the Wealth Management Midwest team as our Client Services Assistant.



Rhonda's 30+ years knowledge and experience in customer service, sales, and marketing makes for a great addition to our team! Rhonda comes to us as an alumni of the investment advisory industry and looks forward to helping our clients work towards their financial goals by providing seamless customer service.

Rhonda has been a resident of the Forest Lake area for 25 years and is looking forward to now working in the area as well.

Getting to know Rhonda:

Hometown – Little Canada, MN

Favorite Holiday – Christmas

Favorite TV Show – Enjoys streaming action dramas & documentaries.

Favorite Food – "Where's the beef?"; absolutely LOVES a great steak!

Hobbies – cooking, scrapbooking

Heroes – Her husband & best friend, Phil

Best Advice – "When nothing goes right, go left!"

We want to let everyone know that Kayla Hauble has decided to step away from her position with our firm to take a break and focus on finding



ways to bring happiness to others. We fully respect her decision and wish her all the best.

Since Kayla joined our firm, she has been a valuable member of our team. Her hard work and contribution, including the extended hours of dedication are greatly appreciated. We will all miss Kayla's charm, professionalism, kindness, and strength.

The new AccountView mobile App and desktop portal offers enhanced security with 2- factor authentication. We are making it easier to view what is most important on the go with the mobile app. The New AccountView 2.0 has an enhanced dashboard making it easier to get the information you are looking for and stay up to date with your short-term and long-term goals, along with many other great features.



If you are interested in this new platform, please contact Danielle at danielle.urman@lpl.com or call 651-464-2664, and we can help enroll you.

Wealth Management Midwest: Mission & Vision

Mission

To inspire our clients to make sound financial choices, avoid costly mistakes, and live their best financial life.

Vision

Our industry needs leadership to move forward and be reshaped into a valued and supportive role in our clients' lives. We will help lead this change by committing to always do what we believe is in our clients' best interest. Our clients must have faith that our advice is drawn from our knowledge and desire to help them work towards their unique goals.

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Food for Thought From the Desk of Chad Olson, President/Operations Manager

What is a Fiduciary?

Since day one of opening Wealth Management Midwest's doors over 20 years ago, we have always been fiduciaries, the highest standard in our industry. In fact, we were fiduciaries before it became widespread news in the media. Many times, prospective clients ask if we are fiduciaries before they even schedule an initial meeting because they don't want to consider an advisor who is not a fiduciary. Most, if not all, our clients know we are fiduciaries but still ask 'exactly what is a fiduciary'? A fiduciary is a person (or entity) acting on behalf of another party who must put that party's interests ahead of their own. Imagine that concept. Putting a client's interest ahead of their own! Who would want to associate with an advisor who wouldn't put the client's interest ahead of their own? I have been putting our client's interest ahead of our own since I entered the business back in 1994 working alongside of Dave. It became official in 2001 when we started Wealth Management Midwest, passed the required fiduciary licensing, and aligned with LPL Financial, a firm that offered a fiduciary platform. Typically, people who make financial, medical, or legal decisions on another's behalf are fiduciaries. Common examples of fiduciaries are found in respected professions including doctors, lawyers and accountants. An individual acting as trustee of a trust also has a fiduciary duty on behalf of trust beneficiaries, and even corporate officers owe a fiduciary duty to their company's shareholders. In each of the preceding examples, adherence and infractions are regulated under the rule of law. A fiduciary must continue to put their client's interest first, even when it may conflict with their own (i.e. compensation or related benefit). Wealth Management Midwest is proud to be a fiduciary!



Congratulations to Gene Hallberg, the 2021 Forest Lake 4th of July Parade Grand Marshal. I have enjoyed a personal and business relationship with Gene for over 30 years and couldn't be happier for him!



photo courtesy of Cliff Buchan

Social Security

Payments could rise over 6% next year!

Workers who aren't getting an equally large raise are essentially seeing their buying power decrease. Luckily for retirees, Social Security benefits get a cost-of-living adjustment (COLA) each year.

At the current pace of inflation, the Senior Citizens League estimates that the COLA bump would be 6.1% in 2022. That would be the highest increase since the early 1980s for Social Security recipients.

The more than 65 million Americans on Social Security rolls won't know the actual 2022 COLA bump until the Social Security Administration announces the rate in October. Once COLA is confirmed, it will go into effect in January 2022.

Source: [Fortune.com](https://www.fortune.com) 2021

From the guitar vault of Dave Purdy:

“To Hell and Back”



For fun, I thought I would share the story of one of the more interesting guitars in my collection, a Charvel Custom Shop burned guitar. Eddie Van Halen made Charvel guitars famous in the 70's. I originally purchased this new Charvel from a boutique guitar shop, Makin Music in Chicago. Upon receiving the guitar, I noticed the guitar would not tune properly. My guitar tech John Brown informed me that the bridge was drilled wrong, and that the guitar would not intonate properly.



After no response from the Charvel/Jackson Custom Shop warranty department, I sent a next day letter to Mike Kotzen, manager of the Charvel/Jackson custom shop in Corona, California. Charvel/Jackson is owned by Fender Music Company. Mike called my cell phone immediately. I explained the problem and he said he felt bad about my situation. He said he was going to make things right. They would build a completely new guitar, one of a kind. And Chip Ellis, Eddie Van Halen's dedicated guitar builder would do it personally. It took over a year to get this instrument, but during that time Mike invited me to visit the Charvel Custom Shop in Corona, CA. I got to meet Chip Ellis and see this guitar being built. Fender owns Charvel and a highlight of my

visit was Mike getting me into a special room, visiting the vault and seeing the original 1950's blueprints from Leo Fender for the Stratocaster and Telecaster guitars. The hot look for custom guitars at the time was “road worn/relic”. So, after numerous coats of pearl white paint, the guitar and neck were burned by a blow torch in Chip Ellis's backyard in Temecula, CA. The parts were rusted with an acid solution to look aged, giving it that vintage cool look.

Chip Ellis only had one project apart from building guitars exclusively for Eddie Van Halen during this time....and it was this guitar. (See the pictures of Chip burning this guitar in his backyard.) The name Chip gave this guitar is appropriately called “To Hell and Back”. The back plate on this guitar is signed by Grover Jackson the original owner of Charvel/Jackson Guitars.



Life Lessons On The Farm

By
Dave Purdy

I grew up on a 520-acre cattle farm “Lost Lake Land & Cattle” in Fox Creek, not far from Balsam Lake, Wisconsin. There isn’t a day that goes by when I don’t use a ‘learned-on-the-farm’ lesson in my work. And when I run into others who share the farm childhood...instant camaraderie. Discussions of daily chores, what farm animals you took care of, how many morning chores were done. The list goes on and on. There’s even a Facebook page called “Just Farm Kids” who labels itself as a group for those of us who grew up on the farms and are darn proud of it. (And who love tractors)

If I could add to that title, I’d say “Those of us who grew up on the farm, are proud of it AND how those lessons shaped us into the people we are today.” Everyone has a unique story of how their childhood shaped them. Farm kids share many. ‘Make hay while the sun shines’ is one. On our farm we had beef cattle, pigs, chickens, and a couple of horses. Doing chores with my mom and brothers, Chip and Eric, was a fact of life. It didn’t matter how late you were up the night before, the next day brought with it chores that had to be done. Period. Having a challenging day? The cattle, crops and Mother Nature didn’t care that you’re having a challenging day. The cattle need to eat, and the hay must be baled. A hard work ethic was built each and every morning.

Going hand in hand, the lesson of ‘the person who plants the garden doesn’t always get to eat the lettuce’ was another. All of us worked hard on that farm for one end result. To keep the farm and family going. That was the job. The end goal. The big sales number to hit. We were the ones that toiled the most, but that did not mean at the end of the day we benefited the most. However, we loved our family farm. It was our home. Love the work. Love the process.

‘Always have a backup plan’ is a good one for the uncertainties in life and work. Even if the farmers are expecting a good crop, that doesn’t mean everything is going to go their way. Flooding, drought, disease and other challenges in life always hover close to a family farm. We all deal with uncertainties in our lives. Back-up plans are good to have whether you’re a farmer or in the wealth management business. Working hard doesn’t always mean the financial reward will be there in the end. But you can plan for life’s little mishaps. By the way, ‘having a prepped toolbox’ helps with this, also! Whether it’s farm tools or management skills, having the toolbox and its tools sharpened and ready to go at a moment’s notice helps.



There were some tasks on the farm that were challenging. I didn’t necessarily love them at the time. The building and tearing down fences was one. Another, in the winter when the pipes would freeze, and my brother’s and I would have to trek to the insulated pump house and thaw the pipes with a blowtorch. That wasn’t fun. But it had to be done. ‘Just because a job stinks does not mean there isn’t something to be learned from it’. Find the lesson in something that doesn’t seem worth your time. It’s there.

Little did I know at the time, growing up on the farm, I was attending the best business school on work ethic available. Class in session – 365 days of the year! The work was rewarding and educational...but on going. It was just a part of life. A great life.



This spring, it was back to normal! At least a bit. We have been able to return to many activities we missed last year, like RV trips, dog shows and getting together with family and friends. I was fortunate to take a weeklong motorcycle trip with my younger brother, Eric. We went through all the Upper Peninsula of Michigan, and then to Door County where we visited friends. It was amazing! And during the entire trip we had no rain. If you haven't experienced the U. P, and Door County, it's well worth the trip. Gibson and Gnatt have been busy on the dog show circuit.

Gnatt achieved big titles in both Barn Hunt-Crazy 8 Platinum (he is the only Manchester in the country with this title) and FastCat-DCAT. Gibson achieved his Crazy 8 Platinum and RATCH, making him a Barn Hunt Champion. Both dogs are qualified for the Barn Hunt Nationals and will be competing in Springfield, MO. later this year. Lori has been busy on the dog show circuit showing in agility, Barn Hunt and FastCat, as well as judging a couple trials, one locally and the other in Minot, ND. We have many other shows coming up this summer and are also looking forward to a couple RV trips.



Happy Summer everyone, I hope it has been a good one! Mine has been busy with many fun things going on. I went camping along the St. Croix River, spent 4th of July in Orr, MN., went to a couple car shows, and I got to meet my newest nephew, Jackson. Tom and I bought a boat earlier this summer and that has been a huge highlight of our summer. We go boating just about every weekend. This is a picture of us camping along the St. Croix River. I hope you all enjoy the rest of your summer.

Happy summer everyone! It feels so great as we get back to more of a "normal" and see so many of your smiling faces again! My family and I recently drove up to Two Harbors, Minnesota, for a short family trip. We went to Split Rock Lighthouse and Gooseberry Falls State Park and toured the Glensheen Mansion which is always one of Ashley's favorite things to do in Duluth. We had a great little cottage right on the North Shore and spent time just enjoying the beauty of Lake Superior. Aria and Brielle finished Kindergarten and 3rd grade this year and are excited for summer! They each have summer birthdays, so we are looking forward to inviting friends and family to celebrate. My brother, Chris, came up for a few days in June and stayed at our house. He lives in Alabama with his family, and this was the first extended time we have spent together in many years. My girls loved having a chance to spend real time with their uncle Chris.





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David E. Purdy
Founder, CEO
2012 • 2013 • 2014 • 2015 • 2016 • 2017 • 2018 • 2019 • 2020 • 2021

Award based on 10 objective criteria associated with providing quality services to clients such as credentials, experience, and assets under management among other factors. Wealth managers do not pay a fee to be considered or placed on the final list of 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 Five Star Wealth Managers.

