

Dear Clients,

As 2020 is at the half-way mark, for many of us our world is feeling less familiar, less safe and less friendly compared to the past. We have adapted to modified routines and there has been a lot less socialization. Technology usage has skyrocketed. Depending on where you live, wearing a mask in public is now part of everyday life. Cleanliness and safety (perceived or real) from microorganisms, rules the day. Travel, especially internationally, remains constrained. Many government leaders are back to their old tricks of blaming foreigners for problems and stoking division at home. Many of us and/or family members and friends have heightened anxieties about health and financial issues. There is the persistent background thought of when will it finally be safe again to return to 2019. If the virus is not bad enough there is plenty more to induce anxiety. The widespread global protests, amplification of social issues on-line and in the media and an upcoming US election battle that seems certain to further divide the US internally and from the rest of the world. Bravo to all of you who have remained optimistic and persevered. The atmosphere is heavy though this too will pass.

Despite the immense challenges of the last 6 months, I remain optimistic. I think we live in fortunate times. The opportunities for progress on a societal and individual level may never have been greater. There are challenges indeed and the road ahead is neither straight nor clear, but the tools to solve many of humanities “problems” are at hand. This gets lost in the cloud of social and traditional media which continue to polarise issues, evoke fear and distrust and heighten anger. In the newsletter that follows I will cover, why the stock market level makes sense (to me), COVID-19 from a non-health professional and some commentary on global affairs and internal news at White Lighthouse.

During a recent weekend I was able to enjoy a fabulous time with my family on a lake and celebrate Father’s Day and my 51st birthday. It has also been a period of great reflection on how I arrived at this point and what I would like to make of the next couple of decades professionally and personally as the two are very deeply intertwined.

We have been working on business planning for the future of White Lighthouse and unlike some of our closest competitors, I have no desire to sell out to a larger firm. We want to maintain the highest level of professionalism and ethics while building a platform that can survive the current generation. This will require an expansion of staff, adding of complementary services and keeping our professional skills and client centric service levels at the leading edge of the industry. Ideas have been flowing from many places and more suggestions from our clients are always welcome.

A lot of the history and the issues we are facing have now been well documented and animated in a recently completed [IMD](#) case study about White Lighthouse. I am grateful to Professor Leleux for persevering with this entrepreneurial and financial services case study. For many of us who have been taught by the case method during our MBAs, myself included, it was a dream to do something interesting enough in your career that someone would invest the time to document

your successes and failures in order to teach others. I am excited to attend the live teaching of the case, hopefully before the end of 2020!

As I wrap up the introduction, I would like to thank another client, Dr. K who recently introduced me to the podcast "[Making Sense](#)" by Sam Harris. Most of the episodes are interviews of well-spoken and well-educated thought leaders who will provoke you to question your beliefs and understanding. If you are open to it, you will find plenty to agree and disagree with and be prepared to have your pre-conceived ideas challenged. The most impactful for me was the June 12th monologue #207, "Can we pull back from Brink?" which bravely covers the George Floyd killing and its aftermath with a thoughtful and mindful analysis.

I agree with Mr. Harris that anyone with any audience or public platform [which is most of us with any social media profile] now has a heightened level of anxiety of being wrongly labelled or publicly shamed for expressing an opinion. Facts and data seem to be less relevant and freedom of speech and thought are being stifled. As a society we are going to need much more rational middle of the political spectrum participation in public and private dialogue to avoid entering a new era of McCarthyism where "treason" is being replaced by Political Correctness.

Thank you again to all our clients for the trust you place in our advice. Our role as your advisors is a passion to serve you well. The responsibility to be there through the ups and downs that we experience globally and that each of you have individually is the motivation that drives us. I hope you enjoy the latest edition of the White Lighthouse newsletter.

Stock Markets – Reverse Shocks to the System - Do current Stock Market Valuations Make Sense?

What is going on with the level of the stock market? I must have heard this over a hundred times in the past two months from the media, clients and friends. The market is disconnected from economic reality with so many people unemployed. But, is it?

How can we be almost at the same level on the S&P 500 as the start of the year with all the destruction related to the shut-down of economies around the world? During the last several months the number of humbled billionaire hedge fund investors and analysts from Wall Street have been "surprised" by the strength of the stock market recovery. Yet, here we are the end of June, "Depression" does not appear in the headlines anymore as it did almost daily for several weeks and "double dip" has disappeared from the journalist's language. Personally, I am waiting to see how long it takes for the markets to reach their new high so we can update my favorite S&P chart on market shocks. It seems like we have a reasonable chance of having a faster recovery than the post Lehman crash...And I think the level of the S&P 500 makes a lot of sense...let me explain.

On June 26th (sorry I am writing this a few days before the end of the quarter) the S&P 500 is down 6.9% for the year. What the Index hides is the divergence of the different sectors of stocks.

The reason for the “recovery” is because investors are rational. While returns were highly correlated, as they always are in a crash, up until the low around March 23, since then investors have, rightly, segmented the companies whose profits will be stable or increase versus those who have more risk. Thanks to Dr. Edward Yardeni for his [charts and research](#) as well as to [Fidelity Research](#):

Remember, the S&P 500 represents 505 of the largest publicly traded companies listed in the United States and here is a chart that I compiled on how the sector performance looks:

Year to Date June 26, 2020 Performance		
Sector	Performance	Weighting
S&P 500	-6.90%	100%
Consumer Discretionary	3.40%	10.53%
Consumer Staples	-9.50%	7.13%
Energy	-39.20%	2.92%
Financials	-26.50%	10.44%
Health Care	-4.30%	15.23%
Information Technology	10.80%	26.21%
Materials	-11%	2.53%
Industrials	-18.60%	7.96%
Real Estate	-12.80%	2.84%
Communication Services	-4.20%	10.97%
Utilities	-14.60%	3.24%

*Performance 6/26/2020, Weighting 5/31/2020
 Performance Source Yardeni Research
 Weighting Source - Fidelity Research

The largest sector, information technology was also the best performer and consumer discretionary another large component, which includes internet marketing firms is also positive year to date. Health Care and Communication services, two other large sectors were only down slightly. We see, unsurprisingly, energy was down the most along with financials and industrials, but over all their weightings are only about 20% of the S&P 500 Index.

So far, the recovery from the crash in February in March is really looking quite logical. Investors are buying tomorrow’s profits combined with today’s sentiment. It is generally estimated that the stock market is about 6 months ahead of the economy and I would say this sector analysis sheds a lot of light on why we are where we are today. Are we in a bubble or an extreme bubble? I don’t think so.

The current P/E ratio of the S&P 500 is about 24, somewhat high based on historical standards but not off the charts. The current dividend yield on the S&P 500 is 1.96% and on the ten-year

treasury bond, it is 0.7%. If your investment horizon is ten years or longer, do you want to be a lender or an owner of equity? I am guessing we will see a relatively “normal” decade of stock market returns rather than the ultra-pessimistic guesses of a lost decade coming up.

Another large driver of stock market prices are the level of interest rates. Interest rates remain low, and the Fed has been given most of the credit for the current level of the S&P 500. I would have to give the Fed credit for stabilizing the financial system. The Trillions of dollars, Euros, Francs etc. of government stimulus certainly help.

However, I think it is investors who are driving the level of stocks, rationally. Technology and health care will likely continue to be growth leaders for the decade to come, but many of the other sectors that have been beaten down, will also recover in a post COVID-19 economy. It may take some of them a couple of years, but I think we may see some, very welcomed, inflation before 2-3 years go by. And if you are worried about inflation (I am not) stocks tend to be a relatively good inflationary hedge too, so do not rush to load up on gold, bitcoin and other potential hedges against inflation.

One last observation as it relates to the information technology sector. While I believe that the likes of Amazon, Microsoft, Google, Facebook, Intel, Apple and the like will continue to drive growth, I also am reminded of the trust busting era starting with the presidency of Teddy Roosevelt. Standard Oil, Carnegie Steel, JP Morgan (Northern Securities Company) and many others were consolidating power which was of great concern to the governments of the time. In addition to government action, the market may challenge some of these tech titans. Facebook is probably the most vulnerable of the tech titans and just recently they have been facing increased economic pressure as several large companies are “temporarily” pulling advertising due to the proliferation of hate speech and other objectionable content.

Could we see a forced break-up of some of these technology companies, other government constraints or a major fall due to competition or a crumbling business model? I don't think it is a question of if, but when and how. I am not concerned in a way that would make me want to divest of this sector, it is just a risk that I think is out there that could put a temporary brake on the growth of some companies, not the sector as a whole.

Global Affairs – Have we entered a new Era of Anti-Globalization?

In 1945 the United Nations (UN) was founded as a replacement to the League of Nations. The UN's primary objectives are the keep peace in the world, develop friendly relations among countries, to help nations work to improve the lives of poor people and to be a center for coordinating the activities necessary to achieve these goals. In 1995, the World Trade Organization (WTO), the largest international economic organization, was founded as a replacement to the General Agreement on Trades and Tariffs and Trade (GATT) which itself was founded in 1948. These organizations and several others have played a large role in encouraging communications and cooperation between countries and helped to set the framework for an unprecedented period in the exchange of good, services and economic migration.

The [World Health Organization](#) and the [World Economic Forum](#) look closely at the relationship between infectious disease and its impact on health and economic systems. Government responses to many crises often lead to increasing nationalism and xenophobia. A couple of weeks ago the Economist explored “[the new world order](#)” which highlights that under the Trump Administration, the US is turning decidedly inward with respect to its relationship with international organizations and many of its former allies. This is leaving a leadership vacuum, which in itself may not be bad; but times of uncertainty like this can cause unexpected changes that impact many of us who have become accustomed to the relative ease of travel and moving from one country to another. This risks of both positive and negative changes on international cooperation or conflict are certain to rise in the coming years.

World trade as a percentage of GDP [is almost 60%](#). From 1970 until the financial crises, world trade as a % of GDP grew from about [25% to over 60%](#) and after a sharp fall in 2009, this recovered unsteadily. The aftermath of the COVID-19 pandemic is likely to have considerable repercussions in the arena of global trade of goods and services, presenting both risks and opportunities for companies and individuals. Why is this important for us as investors?

Two broad and competing theories/attitudes when building an investment portfolio with international diversification go something like this. [NB: This would be a great research project for any of you who have kids at university looking for a finance project at the Masters or PhD level.]

- I can or want to invest in only US based companies. There are so many large US based companies that already do business in so many countries around the world, so I am going to be geographically diversified and don't need to invest outside the US.
- I don't want to invest too much in US companies (and the dollar). I want to invest more or less in X country or X currency because I see too much political, economic or other risks in the US or other places.

While both of ideas have kernels of truth, I see this through a different lens. Large publicly traded companies around the developed world do a large part of their business in US Dollars and this has increased since the financial crises. The dollar's dominance is not being challenged as much as anticipated by the Euro, The Yuan or any other currency.

The country location of a large company's headquarters or the currency you can buy their stock in, plays a relatively small role in its value creating abilities. For example, Nestle, Novartis and Roche combined make up about 65% of the Swiss Market Index (SMI). Does an investment in the SMI give you broad exposure to the CHF or Swiss economy? A lot less than you may think; buying into the Swiss Market Index is really an investment primarily in the global Food, Health Care and Financial Sectors.

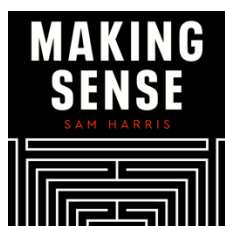
Without the rigour of statistical analysis, my observations are that the business sector where a company operates, along with their execution of business strategy plays a much bigger role in

valuations compared to the country and currency where their stock is listed. Currencies are more important as a unit of measure and for near term spending.

If we are heading into an era of reversing globalization how may this impact valuations? The short answer is it is uncertain though probably riskier than in 2019. Will the on-shoring of manufacturing or services to Europe or the US from say China create or destroy stock market value or just shift the economic benefits? I think the travel, transport and energy sectors will be the most impacted (slowest to recover) in a post COVID-19 / reduced globalization economy. Investors have already determined this and so these sectors may have some of the largest growth potential and/or increased bankruptcies.

What is also true is that executives at multi-national companies are already skilled at adapting to political uncertainty around the globe. I do not see any need for a change in an index-based investment strategy based on these global trends; though I expect there will be increased frictions in the movement of people, goods and services.

Interesting links from this newsletter:



[Click to listen](#)

Join Sam Harris as he explores some of the most important questions about the human mind, society, and current events.
- Making Sense



[Click to read](#)

Global Leadership is Missing in Action
- The Economist



[Click to read](#)

Performance 2020: S&P 500/400/600 Sectors
- Yardeni.com



[Click to read](#)

Globalization and Infectious Diseases: A Review of the Linkages
- World Health Organization



[Click to read](#)

Could coronavirus bring about the 'waning of globalization'?
-World Economic Forum



[Click to read](#)

World trade as a percentage of GDP
- Trading Economics

COVID-19 – Crystal Ball from a non-health professional

Most of us are keeping up with the headlines and statistics regarding COVID 19 and how it affects the rules in our local community. Many of us are also global travellers and so we are also interested in the evolving policies of multiple states and countries. News headlines and dedicated websites give us infection rates and mortality statistics, what is the latest pharma company to start a medical trial and which government official is being helpful or politicising the response to the virus. While

I am not sure I can add too much to this discussion, the following major themes are directing how I am thinking about the future and incorporating this uncertainty into advice and decision making.

1. I think the idea of a “2nd wave” does not make sense. COVID-19 is a virus that will be more of a continuum like the common cold or the flu. It is here to stay, it will not be easily eradicated, humanity will have to learn to live with its presence.
2. There will be several vaccines that will help to limit the impact of COVID-19 but just like annual flu vaccinations do not protect everyone, the same will be true here. Hopefully effective vaccines will be widely available in 12-18 months or less. Vaccine effectiveness will improve over time, the first round of vaccines may not be as high quality as ones that have more rigorous research and testing.
3. Monoclonal antibodies, many of which are in clinical trials, seem like they will lead to effective prophylaxis for front line workers, high risk individuals and if given early enough to people who have become infected with the virus.
4. Treatments, testing and containment will all likely continue to improve to give lower mortality rates than what we have seen and should help to prevent most medical systems from being overrun.
5. Governments will do everything they can to avoid a total shutdown of the economy as we have seen in the past several months. The damage from that level of shutdown will likely be too great to replicate. Only a considerably higher mortality rate from a more virulent virus would likely lead to a return to the level of shutdown we have seen.
6. If you are in a high-risk group due to age or health reasons, you will need to remain most vigilant until you can be vaccinated or receive a monoclonal antibody treatment. This could be at least another 12 months.
7. If you regularly come into contact with family, friends, colleagues or others who are in a high-risk group, your behaviour will likely have to stay modified. A lot will depend on how the government where you live decides what behaviours are acceptable or not. As well, the businesses you work for or frequent will have their own rules that may be stricter.
8. If you are not in a high-risk group or regularly in contact with people in a high-risk group, you understand and are willing to accept the risks, and you desire to return to “normal” you will still be confronted with many impacts and restrictions. There will be frustration.
9. One parallel experience is how traveling and security in large buildings/venues changed after September 11th. A lot of actions/interactions will change considerably, some will return to “normal” faster than others and eventually many changes will be incorporated into everyday life. There will be lasting impacts of COVID-19 and the path to normalcy will have many twists and turns.
10. Global travel, transport and trade will likely take longer than we hope to return to normal.

Ultimately, the post COVID-19 economy will be stronger than it was 6 months ago. It is hard today to guess how long that will take, I would say less than 2 years. The world is awash in liquidity, interest rates are low and there is a lot of change that will take place in both big and small businesses. This has been and will continue to be substantial increases in government spending. I think we will enter a period that will eventually feel like a post-war expansion with the following themes:

1. Supply chains will be diversified geographically, and many businesses will choose, even if they are not compelled by governments, to source products close to where they are needed. This will be likely be bad for the largest exporters like China and Germany and possibly the US too.
2. The retail shopping experience will continue to evolve. A lot of people still like to shop in stores so this activity will not disappear, it will just be forced to adjust even more quickly to the competition from on-line retailers and the persistent worries of shoppers.
3. Many new business models will mature or appear, especially around the idea of remote delivery services. This will impact not only health care, but also government services, (think voting, courts, administration), legal services, education, physical fitness etc. Not all of this will be superior to in-person delivery, many things will be tried.
4. Office spaces will be re-configured and while telecommuting will be more widely available, people will realize that technology has still not arrived to replace the in-person experiences of socialization and team building.
5. Technology and data driven firms will continue to grow faster than most other traditional sectors. Their growth will be profitable and give them immense influence; governments will seek to contain this.
6. The trend towards increased ESG investing also happens to be tech and data friendly and I think this will also impact valuations in these sectors.
7. There will be a greater opportunity and threat for countries to work together or to come into conflict. Covid-19 responses will impact many of the elections of the next couple of years as well as legislative initiatives, trade and global mobility.
8. Educational institutions from pre-schools through universities will choose to try new methods of teaching and facilities management.

Institutional and individual reactions to COVID-19 in 2020 will likely be one of the most studied events of the next century. Once enough progress has been made on the medical front and travel returns to “normal” and then to historically high levels, we will be amid exciting times of change and growth. I believe there will be an even greater appreciation of the work of scientists and engineers. People’s faith in government however will be further tested, in this area I see higher risks too.

While all this high-level analysis may be interesting, it will really be the daily impacts for each of that will matter most. On this note, we do know that many of our clients tested positive for COVID-19 and have since recovered. We hope that you, your families, and friends remain in good physical and emotional health. We are unlikely to be halfway through this marathon, be prepared for a longer return to “normal”.

White Lighthouse Investment Management (WLIM) Information

We have been busy this year! During the first and second quarter we had 4 audits. 3 routine ones in Switzerland which all completed normally and our first ever examination in the US by the Securities and Exchange Commission (SEC). The exam is now, after 4 months, completed and it was a positive learning experience. The 3 senior examiners were all professional and quite helpful in answering our questions. The exam was comprehensive, and the focus was clearly on adherence to regulations and consumer protection.

The results of the audit were a request for a minor change to the way we review and store employee’s personal trade information and some minor reporting statistics that appear on our ADV forms. [Our latest filings can always be found on our web-site, in Sharefile and with the [SEC](#).] We also learned that we did not come up under the SEC’s risk-based review, but rather we were on a list of firms that have never been visited, a new audit initiative at the SEC. I am very thankful to our team who worked diligently to provide the examiners everything that was requested while simultaneously maintaining a high level of client service and flexibility.

One new requirement of the SEC, starting from July 1, 2020 is that for clients we must now provide a “Customer Relationship Summary” (CRS) document which will now be the last two pages of the reference section of our newsletter. The CRS contains a lot of the same information that is available in other sections of our SEC filings (this is apparently intentional) and focuses on services, compensation and pricing, our legal obligations and where clients can go for more information.

We have taken the last several months to do a strategic review of White Lighthouse and how we serve our clients and I am happy to give you a brief preview of some anticipated changes coming over the next few quarters.

1. We have been interviewing and expect to hire a couple more younger planners
2. We plan to add staff with international US tax expertise.
3. We expect to add or facilitate several related services. The most important of these will be US and Swiss tax preparation.

Updates to our [services page](#) are expected to appear in September before the next newsletter arrives.

Finally, we have had some staff turnover. Marina Hernandez and Jeff Haindl have decided to pursue other interests. We thank them for the service they provided to White Lighthouse clients and wish them the best of luck in their future endeavours.

Keeping your Information up to date with your Custodians

At WLIM we strive to provide excellent service to all our clients around the globe. To serve you efficiently we rely on having your most up to date personal information and documents. Please let us know of any recent changes to your personal information including the following:

Contact Information

- Home/Legal Address
- Mailing Address (If different from Home/Legal address)
- Temporary Relocation
- Phone numbers (Home, Mobile, Business)
- Email address

Legal

- Civil Status: Marriage/Divorce/ Widowhood
- Name changes
- Citizenship(s)

Beneficiaries

- IRA and other Retirement Account Beneficiaries
- Transfer on Death Account Beneficiaries
- Creation of a New Trust

Employment Status

- Job Changes
- Job location address
- Retirement
- Disability
- Sabbatical

Documents

- New Passport(s)
- New Green Card

To learn how to update or get help updating these items please email our colleague Otto Rivera at orivera@white-lighthouse.com.

Market Wrap up for the 2nd Quarter of 2020

The S&P500 and Dow Jones Industrial Average were up 16.6% and 15% for the first second quarter of 2020 and are down 4% and 10% year to date. The Canadian market was up 14% for Q2 but down 9% for the year. The Swiss Market Index (SMI) was up 7% for the quarter and is down 5% for the year. The FTSE was up 8% and the DAX and CAC40 were up 19% and 11% respectively for the quarter with the 3 indexes down 18%, 7% and 17% for the year. The dollar decreased by 1.5% against the Swiss Franc and decreased by 2% against the Euro for the quarter. Gold was up 11% for the quarter and is up 18% year to date. The Shanghai Index was up 8% for the quarter and is down 2% year to date. The current Federal Funds remains at close to 0%.

Conclusion

As I conclude this newsletter I would like to thank and commend so many of our clients who have expressed their appreciation and gratitude and who have offered us suggestions for improvement. You have remained grounded, calm and rational throughout one of the most difficult periods in recent memory. While we have had a lot of questions about stock market levels, hopefully more clearly answered above, we had only a handful of clients who expressed great concern over the stock market movements, and several dozen who decided to invest more into their long-term portfolios. We continue to see our small business owner clients adapt and prepare to thrive in the post-COVID economy. As always, please get in contact with any of our team members if we can help you.

Stay healthy and well and we hope to start seeing more of you in person before too long!

Jonathan

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Permanent Reference Information

1. Sharefile: How to access your White-Lighthouse Quarterly Reports & Other Public Information
2. Annual Privacy Policy & Form ADV Brochure Updates
3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)
4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 72
5. Annual IRA Contributions for US Citizens with earned income
6. Tax Reporting

1. Accessing Quarterly Reporting & Other Documents - Sharefile

All Clients of White Lighthouse Investment Management are entitled to have an account on our private server. Your account can be accessed at this link: <https://wlim.sharefile.com>. If you have forgotten your username or password or would like an additional account for your spouse or other family member, please let us know. As a best practice for the security of your information we strongly recommend that you enable 2-factor authentication with your Sharefile account. It is now required and Sharefile will force weak passwords to be changed.

Your quarterly reports are generally ready before the end of 2nd working day of each quarter and will be copied to your private folders. Historical reports are also retained. The completion of the quarterly reporting is announcement but a short e-mail where you will also find the quarterly newsletter attached. Additionally, every client has on-line access and receives paper or electronic account information directly from the custodian bank or brokerage firm where the accounts are established. If you notice any discrepancies or have any questions on our reports, please be in contact as soon as you can, and we will research the questions.

White Lighthouse Investment Management does not hold custody of your assets and receiving reports both from us and your custodian is for your protection.

In addition to quarterly reporting other information available on Sharefile is:

- a. Prior Newsletters
- b. The latest ADV forms filed with FINRA for both Individuals and the Firm
- c. Privacy Policy
- d. Trade Errors and Proxy Voting Policies
- e. Proxy Votes
- f. Reference Material (e.g. how to read our reports)
- g. Clients may also store information in their private folders, especially if this is information, they would like me to keep on record.

If there is any other information you would like to see in the Public section of this system, please let us know.

2. Annual Privacy Policy & Form ADV Brochure Updates

The SEC (US Securities Regulations from the Securities and Exchange Commission) requires us to circulate, at least annually, our latest Privacy Policy and to inform you that our ADV Part 2 Brochures are available. You may request any of these documents in electronic or paper format. We will leave our Privacy Policy at the end of this reference section in each newsletter and allow this to serve as a regular reminder of our updated ADV forms. These filings change periodically throughout the year and for any material changes we will also announce them in our newsletter.

In the United States, if you would like to read additional disclosure and background information on any investment advisor, broker or firm, you can find more information at this link: http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx

3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)

October 15th is the annual deadline for filing of the FBAR reports for US citizens who have non-US financial accounts worth more than \$10,000 at any time during the year. For Overseas Americans, this form seems rather intrusive, but it is mandatory and the fines for failure to file and failure to report income from these accounts are severe. The FBAR form is being replaced by the new form FINCEN 114.

Starting back on July 1, 2013, these forms must be submitted electronically, paper versions of the forms will not be accepted in the future. Please check with your tax preparer to see if you or they will be filing the FBARs for you. Below are some links where you can read more. The first one is ironic. The place that you go to file your forms is headed by “Financial Crimes Enforcement Network”; as though having accounts overseas makes you guilty until proven innocent by filing your forms:

FINCEN link – Where forms can be filed:

http://bsaefiling.fincen.treas.gov/Enroll_Individual.html

IRS Announcement:

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-%28FBAR%29>

4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 72 (formerly 70.5 and for individuals who turned 70.5 in 2019 or earlier)

Most US taxpayers who have IRA, 401k, 403b or similar accounts will be required to make an annual distribution by December 31st from their accounts or face a 50% penalty of the required amount from the IRS. For many of these accounts the broker will calculate the RMD amount for you and remind you about making the distribution. We can help to manage this process for you and arrange for the distributions to be sent out by check, transferred to a bank account, or transferred to an investment account. We generally make these distributions, unless otherwise

requested or needed for income, in the 4th quarter. Monthly, quarterly, or on-demand distributions can also be arranged.

RMD amounts are re-calculated each year based on the account value on December 31st and IRS tables related to the ages of the account holders. Some accounts (e.g. inherited IRAs) often do not have RMD calculations from the broker since these can have somewhat more complicated distribution formulas. Other accounts such as Roth IRA's are not subject to RMDs.

If you have any questions about Required Minimum Distributions, please let us know.

5. Annual IRA Contributions for US Citizens with earned income

If you are a US taxpayer with earned income in 2019 or 2020 you might be able to contribute to an IRA account. If your employer pension plan is not tax qualified in the US (e.g. most plans outside the US) then regardless of your income, you will be able to make a "deductible" contribution to your IRA account. There are many different types of IRA accounts, Traditional, Roth, SEP etc. The general contribution limit for employees \$6000 per individual per year and \$7000 if you are over 50 years of age in both 2019 and 2020.

You generally have until April 15th of the following tax year to contribute, though this deadline can be extended for SEP (generally for self-employed or employees of the self-employed) IRA contributions.

IRA Accounts are a great way to supplement your Retirement savings. For many clients, we help to make regular annual IRA contributions from their brokerage accounts to their IRA accounts. If you would like assistance with this or if you have any questions on whether your current year contributions have been made, please get in contact.

6. Tax Reporting US, Switzerland & All jurisdictions.

At White Lighthouse Investment Management, we encourage all clients to meet all their tax reporting and payment requirements in whichever local, state, or federal jurisdictions they must report and pay tax to. We are not tax advisors. We do not file tax returns for clients and cannot offer legal advice in respect to taxes though we know many competent advisors who can.

What we can do is help you and/or your tax advisor(s) to determine your taxable events for any given time-period using reporting directly from your bank or brokerage firm and/or from our own reporting systems. Don't ever hesitate to ask for our assistance here as our information systems contain a vast amount of information and flexibility in reporting with respect to your accounts.

At White Lighthouse Investment Management, we do have an in depth understanding of US taxes and use this knowledge to help our clients make good decisions. In addition, we understand the complications of cross border rules with respect to US citizens and taxpayers that live overseas, non-Americans living in the US and mixed nationality couples. We also have a good working knowledge of the Swiss taxation system.

Additionally, we can engage in tax planning both inside your investment portfolio and outside. This may have to do with what types of investments to buy or sell which investments belong in which accounts, the timing of events or gift and estate taxation. This type of planning work can be done together with you or in conjunction with other professionals such as tax advisors or estate planning attorneys.

If you have accounts with us in the United States, your most common tax reports (1099s) are generally ready by the middle to end of February. These will include dividends, income, capital gains, and losses and now my management fees that have come out of taxable accounts. Other information that will be reported will be IRA distributions. For IRA contributions, the form 5498 is generally produced by your brokerage firm but this is often done well after your tax return has been filed. If you have contributed don't forget to report it to your tax advisor.

For Swiss resident account holders who have accounts at Swissquote, by default, we started last year to request the bank to produce their official tax report. The bank charges 100 CHF plus VAT for this report. A few clients have opted out of this which may make sense when there are very few taxable events in each year. If you would like to opt out or confirm if you have done so already, please let us know.

Jonathan Lachowitz, CFP®

PRIVACY STATEMENT- 2020

White Lighthouse Investment Management, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by White Lighthouse Investment Management. We have never disclosed information to nonaffiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringement of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer).
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about transactions between you and third parties, and information from other sources as needed to provide our services on your behalf.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

White Lighthouse Investment Management, Inc.
Business Continuity Plan 2020 – Client Copy

White Lighthouse Investment Management, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do by phone, email or Skype, you should call our office manager Kathleen Quintero 201-394-9067 or go to our website at <https://www.white-lighthouse.com/who-we-are> . and contact another member of the team. If you cannot access us through either of those means, please contact your custodian or use your on-line log in to access your accounts.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; critical supplier and counter-party impact; regulatory reporting; and assuring our customers access to their funds and securities if we are unable to continue our business.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single location of our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. Since our firm is a “virtual firm” and our employees are all in different locations, the likelihood of this type of disruption effecting our whole business in minimal. If the significant business disruption is so severe that it prevents us from remaining in business, our clients can contact the custodian directly by phone, access their account online or if available use their checking and debit card capabilities to access funds.

For more information – If you have questions about our business continuity planning, you can contact us at 508-471-4431 or email: lachowitz@white-lighthouse.com or kquintero@white-lighthouse.com

Customer Relationship Summary

White Lighthouse Investment Management is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to enable individuals to research firms and financial professionals at investor.gov/crs. This site also provides educational materials about broker-dealers, investment advisers, and investing and we recommend that you visit this site as part of your decision-making process on choosing a financial services provider. We are happy to answer any questions that you may have about our firm, pricing and services.

<p>What investment services and advice can you provide me?</p>	<p>We offer investment advisory, financial planning and comprehensive wealth management services to retail investors. Our specialty is serving international clients and global families including overseas Americans, non-Americans living in the United States and clients who require a global perspective.</p> <p>In order to provide investment advice, we conduct a discovery process to understand the clients' income and net worth, their goals, risk tolerance and other factors that inform the investment policy that guides the design and management of clients' portfolios. We create diversified portfolios with a custom designed asset allocation mostly composed of low-to moderate cost, high quality, liquid investments, mostly in the form of exchange traded funds from companies like Vanguard, BlackRock (iShares) and others though we may use or retain individual securities, mutual funds and bonds. We recommend the opening of securities brokerage and retirement accounts through independent custodians and use their trading platforms to manage investments. We do not work with annuities, insurance products and do not facilitate alternative investments like hedge funds, private equity and direct real estate holdings.</p> <p>We monitor our client accounts and investments every three months at a minimum and provide more frequent monitoring as needed or in agreement and coordination with the client. Our clients have the option to give our firm discretion to buy and sell securities on their behalf according to a mutually agreed asset allocation in the client's best interest. This authority can be given by the client at the start of the relationship and it will be active until a time where the client decides to withdraw it and notifies us. If the client decides not to give our firm discretion to buy and sell securities on their behalf, they need to understand that it is them who make the ultimate decision regarding the purchase and sale of investments.</p> <p>We provide financial planning services such as tax, retirement and estate planning, with a focus on US cross-border issues, either on project basis for clients who we do not manage assets, or on an ongoing basis for investment management clients and wealth management clients. Examples of specialized financial planning services include outbound and inbound US planning due to international relocations, business planning for professionals and owners with operations in multiple countries; rental real estate planning in and outside the USA; expatriation(surrendering US citizenship or green cards) and naturalization planning; estate and tax planning for beneficiaries of foreign trusts or complex structures and tax compliance review, including IRS international compliance programs.</p> <p>We have a minimum annual fee of \$7,500 for new clients though the minimum may be higher or lower based on service level or special circumstances.</p> <p>For additional information, please see our website at www.white-lighthouse.com and Form ADV 2a.</p>	<p>Conversation Starters: <i>Given my situation, should I choose an investment advisory service? Why or why not?</i></p> <p><i>How will you choose investments for me?</i></p> <p><i>What is your relevant experience, including your licenses, education and other qualifications?</i></p> <p><i>What do these qualifications mean?</i></p>
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<p>What fees will I pay?</p>	<p>For on-going investment management services, clients will pay (quarterly in arrears after the end of each calendar quarter) a percentage of assets under management and/or a fixed fee. In some cases, the client will only pay a fixed fee. For Project work, clients will only pay a fixed fee or an hourly fee.</p> <p>If you are charged a percentage of assets under management, the more assets that are in your account, the higher your fee will be and the firm and individual advisors may therefore have an incentive to encourage you to increase the amount of assets in your accounts under our management. All White Lighthouse fees are stated in the contract for services. There are other costs to clients associated in working with us that could include custodian fees, trading fees, interest, wire or asset transfer fees, tax reporting fees and product level fees such as the fees charged inside of an exchange traded fund or mutual fund</p> <p>More details on our Fees can be found on our ADV 1 Section 5E, ADV 2a Pages 4-6 and on our web site www.white-lighthouse.com/pricing</p> <p>You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.</p>	<p>Conversation Starters: <i>Help me understand how fees and costs might affect my investments. If I give you \$10,000.00 to invest, how much will go to fees and costs and how much will be invested for me?</i></p>
<p>What are your legal obligations to me when acting as my investment adviser?</p> <p>How else does your firm make money and what conflicts of interest do you have?</p>	<p>When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours.</p> <p>At the same time, the way we make money is charging fees based on a percentage of the amount of assets under our management. This creates some conflicts with your interests. You should understand and ask us about these conflicts because they may affect the recommendations or advice, we provide you. Here is an example to help you understand what this means: If we recommend you to move money or financial securities into an account that we manage the more the account will be worth and the higher your fee will be. More specifically, if we make a recommendation to rollover your employer retirement plan into an IRA account managed by our firm your fees paid to us will increase since we will be managing more assets.</p> <p>Our firm does not receive compensation based on recommendations of products or any other advice or services. The firm does not have or offer any kind of proprietary products.</p>	<p>Conversation Starters: <i>How might your conflicts of interest affect me, and how will you address them?</i></p>
<p>How do your Financial Professionals make money?</p>	<p>Our financial professionals are compensated through a salary and/or direct revenue earned by the firm from the clients the advisors service and may receive standard benefits such as health insurance, retirement fund contributions and expense reimbursement for normal and customary business expenses. Advisors therefore earn a higher salary directly based on the amount of investments they advise on or manage. When doing project work, our advisors may earn more money based on the time spent on a project.</p> <p>Our advisors do not earn any compensation based on products sold, sales commissions. Neither the firm nor the individual advisors receive compensation based on recommendations of products or any other advice or services.</p>	
<p>Do you or your financial professionals have legal or disciplinary history?</p>	<p>No, none of our financial professionals have any legal or disciplinary history.</p> <p>Visit investor.gov/crs for a free and simple search tool to research us and our financial professionals.</p>	<p>Conversation Starters: <i>As a financial professional, do you or anyone on your team have disciplinary history? For what type of conduct could an advisor get a record for discipline?</i></p>
<p>Additional Information</p>	<p>For additional information about our services, visit our website: http://www.white-lighthouse.com/</p> <p>If you would like additional, up-to-date information or a copy of this relationship summary, please call +1 508 471 4431 or e-mail Kathleen Quintero at kquintero@white-lighthouse.com</p>	<p>Conversation Starters: <i>Who is my primary contact person? Is he or she a representative of an investment adviser? Who can I talk to if I have concerns about how this person is treating me?</i></p>