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**VIEWS FROM CAMELBACK MOUNTAIN**

*Looking Toward the Future*

This New Year's letter is a lot more personal in light of a number of milestones that we have reached during 2019. During the year, Rose and I both turned 65. Our younger daughter, Jennifer, married her fiancé, Chris, who is wonderful. Our older daughter, Stephanie, and her husband, Michael, (also wonderful) presented us with our first grandchild, Lucas Harry Correia. We are also close to settling my late mother's estate after an arduous 2+ year journey with our friends at the Internal Revenue Service. L. Roy Papp & Associates admitted two additional full partners, Judi Macias and Matt Baum and promoted Jennifer Thornton to Portfolio Associate. The firm also welcomed two new support staff members, Erin Schumacher and Karen Bahling.

Our firm has always looked toward the future for our investments, but with the milestones cited above, our perspective has changed a bit. Of course, we remain committed to providing the absolute best service and careful focus on selecting and maintaining great investments for the long term. However, our perspective has also now broadened to focusing on the long term for both our family and the firm.

From a family perspective, Rose and I need to retain assets and income for us to be comfortable as we move into our later years. We've always been focused on providing for future generations and for the many wonderful charitable entities that we're involved in. Planning for the kids, and now grandkids, got a lot easier several years ago when tax law changes permitted large tax free inter-family transfers. Given the current political uncertainty and the sunset provisions in place to change the estate tax laws on December 31, 2025 the planning environment could become more challenging. As important as the financial considerations are, we're also focused on providing a legacy of family values which our parents have taught us, and we have tried to instill in our kids. As they and their families grow and mature, we will be focused on these important family issues in the coming years.

Relative to L. Roy Papp & Associates, neither Rose nor I plan on going anywhere anytime soon. We love our work, our clients, and our colleagues at the firm. We find the work challenging, exciting, and rewarding. With our growing family, Rose and I intend to work remotely from La Jolla approximately eight weeks out of the year, but we're easily accessible by phone, and with a little luck, even video conferencing. We're not the only ones at the firm who are growing older. Jeff Edwards has been with us 32 years and Julie Hein is a relative new-comer at 29 years. Julie and her husband also welcomed their first grandchild earlier this year. Admitting new partners and adding support staff is our first step at building more continuity for the future.

2019 was an outstanding year for financial markets all around the world. The economy here in the U.S. is particularly healthy and we're optimistic about corporate earnings as we head into 2020. Stock prices are not cheap, having hit multiple new highs throughout the year and most frequently in December. We are optimistic that the stock market can continue to grow at least modestly from current levels with likely earnings growth over the next few years. We would be happy with a 5-8% return from stocks after a great 2019. We don't currently see any significant evidence of a recession on the near-term horizon. With the strength of the markets this year, we are planning modest rebalancing and adjustments to some holdings in the coming year, but we need to be very sensitive to the tax cost of changes in taxable accounts. Parts of the economy are changing rapidly, and some individual industries are experiencing dramatic change with great opportunities for the winners and catastrophic consequences for the losers. Throughout all the change, the United States remains the leader in technology, innovation, and in long-term opportunities. We're excited about the future, but as always, we need to be careful.

Any of us at the firm are available to discuss planning that you may wish to consider for your family and, as always, for charitable gifting strategies to optimize all the tax benefits available to generous philanthropic donors.

All of us here at L. Roy Papp & Associates wish you and your families a happy, healthy, and prosperous New Year.

Warmest Regards,

A handwritten signature in blue ink, appearing to read "Harry Papp", written in a cursive style.

Harry Papp  
Managing Partner  
December 31, 2019