SAM NEWS

1st Quarter 2021 Report
April 2021

COVID One-Year Milestone

Economic Restart Accelerates- Life After COVID-19?

It is hard to believe that a full year has passed since COVID 19 came to America. We have endured the global pandemic, hundreds of thousands of related American deaths, a government-mandated business shutdown, the biggest economic contraction since the Great Depression, the fastest bear market in history, the fastest bull market in history, a contentious election, and effective vaccines in record time. Calendar year 2021 has gotten off to an interesting start- beginning with an assault on the Capitol building, a second impeachment trial, an additional $1.9 trillion economic stimulus package, and now a substantial percentage of Americans that are fully vaccinated. Stock returns have remained positive in the first quarter proving that the U.S. economy is resilient and will bounce back as it always has. We view the path out of the Covid-19 shock as a "restart" – not a typical business cycle "recovery." Previous SAM newsletters have covered why it is never really "different this time" and long-term investors have been rewarded for staying the course. We are thankful for our clients' continued trust and confidence during these tough times.

1st Quarter 2021 INVESTMENT REPORT

The broad U.S. stock market notched multiple all-time records during the first quarter of the year. Stocks, as measured by the S&P 500 rose 6.2% through March 31st. The tech heavy Nasdaq Composite held onto quarterly gains of 2.8%, small company stocks as represented by the Russell 2000 rose 12.7%, and the DOW 30 gained 8.3% for the quarter. International stocks as measured by the MSCI EAFE Index gained 2.8%. The Bloomberg Barclays Capital Aggregate Bond Index declined 3.4% as longer-term interest rates began to rise in anticipation of an improving economy.

INVESTMENT INDICES

All numbers listed are total returns (including dividends) and are percentage gains or losses.

	1st Qtr.	2020	2019
Dow 30	8.3%	9.7%	25.3%
S&P 500	6.2%	18.4%	31.5%
Nasdaq Composite	2.8%	43.6%	35.2%
Russell 2000	12.7%	20.0%	25.5%
MSCI EAFE (Int'l stocks)	2.8%	5.4%	18.4%
Barclays Capital Aggregate (Bonds)	-3.4%	7.5%	8.7%

These are not the rates of return for SAM accounts, but are shown as a historical benchmark for various asset classes. SAM does not guarantee account performance. Accounts may lose value. Information taken from sources believed to be reliable, but its accuracy cannot be guaranteed.

SAM Outlook and Strategy on the following pages.

Last Chance to Fund Retirement Plans For Tax Year 2020

In general, most retirement plans must be funded by May 17th this year to be considered for the 2020 tax year. This applies to traditional IRAs, ROTH IRAs, SEP IRAs, SIMPLE IRAs, and most formal retirement plans. If you have not funded your retirement account for 2020 and are still planning on contributing, you should do this as soon as possible. If you have questions about how to make your contribution, please contact our office toll-free at 877-658-5193 and we will be glad to assist you.

ANNUAL ADV OFFER

We recently filed our annual updating amendments to our U.S. Securities & Exchange ADV Part I, ADV Part II, and Customer Relationship Summary (CRS). The only material changes were to update our regulatory assets under management and to list Don DeBernardi as the Chief Compliance Officer as Mike Ryan is no longer with our company. Our annual U.S. SEC filings can always be accessed online at https://adviserinfo.sec.gov/.

Upcoming Holidays

Good Friday, April 2nd
Memorial Day, May 31st
Independence Day (observed) July 5th

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SAM OUTLOOK

Great progress on the vaccine front has led to widespread optimism about a full economic reopening later this year. The stock market is a leading economic indicator and the continued rise in stocks is telling us that investors believe the economy is improving-resulting in rising corporate earnings. A few economists have now predicted that the U.S. will have the highest annual gross domestic product (GDP) growth rate since 1984! The leading economic data points that we track on a regular basis continue to come in stronger each month. I have heard references to a return to the "roaring 2020s" as people return to normal life- spending, traveling, and celebrating in excess. Consumer spending still makes up the majority of U.S. GDP and with a lot of pent-up demand and record amounts in savings (soon, total household savings could top $2 trillion, or 4.7% of GDP), this economic re-start is likely to be highly powerful and underestimated.

The biggest threat to the stock market during the first quarter turned out to be rising interest rates. The 10-Year U.S. Treasury Bond yield has risen from around 1% in January to 1.7% today. As interest rates rise, bond prices fall which has resulted in the broad Bloomberg Barclays Aggregate Bond index losing 3% so far in 2021. The losses are less for municipal and mortgage bonds, more for long-term Treasuries and investment-grade corporate debt. Even after rising from 0.52% in August to 1.7% recently, 10-year Treasury yields are less than the 1.9% at the outset of 2020. Nevertheless, investors were spooked by the rapid rise in yields along with the fear that rising interest rates could spark inflation. So far, the Federal Reserve remains unconcerned about inflation and has indicated that they will keep short term rates low for some time to support the recovering economy.

SAM STRATEGY

We are continually monitoring the vaccine rollout and economic restart progress as it pertains to our investments. We have been asked by many clients why their portfolios had positive returns last year despite the impact of the pandemic on so many individuals and small businesses that they see in their communities. Our answer has been that this has been a "K-shaped" recovery that has had winners (upward progress, top of "K") and losers (downward progress, bottom of "K"). Fortunately, individuals that were able to keep their jobs, own a home, and own an investment portfolio have seen their net worth rise- perhaps substantially- since the beginning of the pandemic. My best explanation is that the companies that we own are some of the largest, most financially stable companies in the world that have been able to remain open. Many companies have thrived in this environment- think "stay at home" companies like Target, Zoom, DocuSign, Amazon, Teladoc, Netflix, etc.

The stock portion of our portfolios has continued to perform in line with our expectations, but the bond portion still presents the biggest challenge going forward in this ultra-low interest rate environment. We continue to own the types of bonds that should be <u>less</u> impacted by rising interest rates and also own several actively managed bond mutual funds and exchange traded funds to aid in navigating this environment. We have continued to maintain the maximum exposure to stocks within each of our four basic management strategies and plan to re-balance in the coming months. Staying the course and making subtle but meaningful investment changes over the past year has proven wise.

Annual Review Appointments

We are continually scheduling annual account review appointments and many of our fully vaccinated clients are now preferring to meet in person again. If we have not met this year and you would like to set an appointment, please call our office toll-free at 877-658-5193 and we will meet with you right away. We can schedule a telephone review, Zoom review, or an in-person meeting at your home or our office.

Important Reminder

Please remember to review your current investment strategy listed at the top of your enclosed graphical reports. The strategy listed there corresponds to the investment strategy that we have on file for your account and this determines how it is being managed and invested. The most common are Aggressive All Equity (100% stock), Aggressive Stock & Bond (70% in stocks to 100% in stocks), Balanced Stock & Bond (30% in stocks to 70% in stocks), and Conservative Stock & Bond (0% in stocks up to 30% in stocks). If you have a title that says Customized Portfolio, that means your account has been customized in some way from our standard four management strategies- normally at your specific request. If you have any questions about your account strategy, please do not hesitate to call our office. We can review this over the phone or schedule a time to get together in person.

We sincerely appreciate your business. Our team strives to provide excellent customer service to all of our valued customers. Sending new clients our way is the best possible compliment we can receive. If you know of someone who may benefit from our service, please do not keep us a secret.

"Take chances, make mistakes. That's how you grow." - Mary Tyler Moore