SAM NEWS

2nd Quarter 2021 Report
July 2021

Stock Gains Continue

Dow Jones Industrial Average Celebrates 125 Years

The Dow Jones Industrial Average made its debut 125 years ago on May 26th. The DJIA began with just 12 industrial companies, grew to 20 in 1916 and expanded a second time to 30 in 1928. Over time, the companies within the DJIA have changed to better represent the economy and U.S. industries at large. As you know from many of our previous writings, we tend to follow and benchmark our stock performance to broader indices like the S&P 500 which is made up of the 500 largest publicly traded U.S. companies. However, the DJIA tends to be the index quoted most frequently on the nightly news. Despite all of the major setbacks- U.S. recessions (25), stock market crash of 1929-1932, multiple wars, the dot-com bubble, the 2008-2009 financial crisis, pandemics, etc. the DJIA has consistently rewarded investors and demonstrates the power and virtue of long-term investing.

2nd Quarter 2021 INVESTMENT REPORT

U.S. stocks ended the second quarter at all-time record highs. U.S. stocks, as measured by the S&P 500 rose 8.5% during the second quarter. The tech heavy Nasdaq Composite added 9.5%, small company stocks as represented by the Russell 2000 were up 4.3%, while the DOW 30 gained 5% for the quarter. International stocks as measured by the MSCI EAFE Index also advanced 2.8%. The Barclays Capital Aggregate Bond Index rose 1.8% as bond prices stabilized.

INVESTMENT INDICES

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

	YTD	2nd Quarter	2020
Dow 30	**13.8%**	**5.0%**	**9.7%**
S&P 500	**15.3%**	**8.5%**	**18.4%**
Nasdaq	**12.5%**	**9.5%**	**43.6%**
Russell 2000	**17.5%**	**4.3%**	**20.0%**
MSCI EAFE (Int'l stocks)	**7.3%**	**2.8%**	**5.4%**
Barclays Aggregate (Bonds)	**-1.6%**	**1.8%**	**7.5%**

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 page.

Annual Review Appointments

We are beginning to set more in-person reviews and prospect meetings with clients! It has been wonderful to spend time 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.

Introducing Will Boyer

We are pleased to announce the addition of Will Boyer to the SAM team. Will went to Yosemite High School and is a recent graduate from Fresno State, where he earned his degree in business administration with a finance emphasis. He served on the Fresno State student managed investment funds team, which manages over $6 million in endowment funds for the Fresno State Foundation. Will is excited to work where he grew up in our very own mountain community.

Upcoming Stock Market Holidays

Independence Day, July 5th
Labor Day, September 6th

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SAM OUTLOOK

With each passing day, the U.S. economy is being reborn. As of this writing, the majority of people over the age of 12 in the U.S. (60+%) have had at least one vaccination dose and COVID cases are plummeting. In California, June 15th marked the day of the state's major economic re-opening plan. All around us we can see the signs of pent-up demand for goods, services, homes, vehicles, travel, and experiences. While this is frustrating if you are trying to have something repaired, attempting to purchase a house, RV, boat, or electric bike, this all translates into incredible economic activity, rising corporate earnings, and ultimately stock prices (your overall portfolio value).

This economic recovery is very different from previous recoveries. Economists are comparing the pandemic more to a natural disaster rather than to a typical economic downturn or recession. Consumers have trillions in extra savings, businesses are struggling to hire workers, and the economy still has a lot of policy support in the form of low interest rates, etc. Analysts predict that the U.S. gross domestic product (GDP) will reach or exceed the path that it was projected to follow had the pandemic not occurred by the end of this calendar year.

Congress acted quickly and with very substantial support through multiple rounds of stimulus, expanded unemployment benefits, and the Paycheck Protection Program (PPP). Total congressional support will total around $5.1 trillion or 4.4% of GDP through 2024. All of this translates to a faster and more powerful economic recovery with fewer lingering effects than we would be dealing with if we were emerging from a typical recession. It would be very unusual to have a "double-dip" recession- especially with the financial conditions that are in place now. We anticipate continued economic expansion over the coming years.

SAM STRATEGY

We continually review the economic data as it is released and virtually all of the data points are trending positively or strengthening. These indicators bolster the fact that we remain fully invested in stocks to the limits allowed by each of our four basic management strategies. With the outlook for the economy predicted to be strong, stock prices should follow. We have not had a pullback or correction for some time and any future pullback could be caused by a number of different factors. We would view any near-term decline in the market as an opportunity to add new money to your accounts.

Our international holdings are still underperforming relative to our U.S. investments; however, we continue to see great potential for international going forward. As we have covered in previous newsletters, the fundamentals of international companies as a whole look stronger than U.S. companies. At some point- perhaps soon- international stocks will outperform and enhance our overall account performance. We are monitoring the bond portion of our portfolios closely as interest rates have bottomed out and have now begun to rise. The broad Barclays Aggregate Bond Index is down 1.6% so far for 2021. In general, our bond investments are holding their principal value and are continuing to pay a reasonable amount of income in this ultra-low-rate environment.

We sincerely appreciate your continued trust and confidence during these challenging times. If you know of someone who may benefit from our service, please pass along our contact information. As always, there is no cost for an initial consultation.

Required Minimum Distributions Reinstated

Clients with required minimum distribution (RMD) requirements did not have a mandatory withdrawal in 2020 due to the CARES Act. For 2021, RMDs will again be required. For anyone born before June 30, 1949 you were required to begin RMDs at age 70 ½. Under the SECURE Act of 2019, those born after June 30, 1949 do not have to begin RMDs until age 72. As always, we maintain a list of clients with RMD requirements and will be in contact with affected clients later in the year. If you have questions about your specific RMD requirement, please call our office. You may also consider setting an appointment with your CPA or tax preparer to plan for the additional 2021 income resulting from your RMD.

Barron's Cryptocurrency Article

We have received an increasing number of questions about cryptocurrency from our clients lately. Some of the questions are out of pure curiosity and general knowledge, but many seem to be driven by FOMO- the Fear Of Missing Out. Instead of reinventing the wheel, we decided to license a recent article from Barron's that closely aligns with our thoughts. We hope that you enjoy the enclosed article and encourage you to contact our office with follow up questions. Currently, we have no direct cryptocurrency exposure in our client accounts.