

*Performance plus peace of mind. That's the First Fiduciary Advantage.*

## A Strong Start to 2021

Mary F.  
Anderson, CFA  
President

William S.  
Henry  
Chief Operating Officer

Andrew J.  
Givens, CFA  
Senior Analyst

### HIGHLIGHTS

- First Fiduciary initiated positions in industry leaders, Waste Management and Oracle.
- COVID-19 vaccine rollout and \$1.9 trillion stimulus bill helped push U.S. markets higher.

As COVID-19 vaccines were rolled out in the United States and abroad, economic activity steadily picked up, helping drive gains in the stock market during the first quarter. The stocks that performed best were those hurt the most last year by coronavirus-fueled lockdown measures, specifically banks, energy, and consumer discretionary. Along the same line, the stocks that fared poorly were the software and internet companies that had been helped by 2020's stay-at-home orders. First Fiduciary portfolios delivered strong gains as value significantly outperformed growth. We believe our portfolios of market leaders should continue to benefit from a strengthening economy in the balance of 2021.

Congress passed a \$1.9 trillion stimulus bill late in the quarter. While the measures were much needed for millions of families still coping with the pandemic, inflation signals are evident from the sizable liquidity added to the financial system. The rate on 10-year Treasuries rose sharply from 0.92% at the end of 2020 to 1.75% by the end of the first quarter of 2021. Material price increases in various commodities, including lumber, oil, and base metals, occurred as well. It is still too early to tell if inflationary pressures are here to stay or just a temporary by-product of global supply chains stretched beyond their breaking points due to COVID-19. Regardless, we expect increased volatility in the near-term as companies adjust to new realities. We believe the high-quality companies in First Fiduciary portfolios have the pricing power to offset increased input prices.

During the quarter, First Fiduciary initiated positions in Waste Management, Inc. (WM) and Oracle Corporation (ORCL). WM is the largest provider of waste management services (garbage & recycling) in the United States with annual revenue exceeding \$16 billion. We are attracted to the company's recession-proof business model, its reasonable valuation, and its growing dividend. Oracle is one of the world's largest enterprise software companies with annual revenue exceeding \$40 billion. The company's Enterprise Resource Planning (ERP) software is a mission-critical solution that empowers thousands of companies to better plan, budget, and report their financial results. We believe the market underappreciates the pivot occurring within Oracle's business as the company rapidly transitions clients to its cloud offerings.

First Fiduciary is optimistic that the economy will continue to strengthen throughout 2021. We believe there is major pent-up consumer demand for both goods and services as life returns to normal. Our focus remains on the search for leading companies trading at attractive prices. We believe this approach will continue to help our clients grow wealth without undertaking excessive risk.