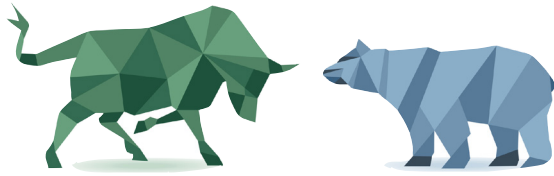


Braeburn Observations



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LOWRY'S 12/31/2020

Investors are best served by staying the course and putting new money to work in the strongest Sectors. Any pause or pullback that persists into the new year will likely result in another opportunity to buy.

U.S. MARKETS

The major indexes hit all-time highs but ended the week mixed, with small and mid caps recording losses. The Dow Jones Industrial Average added 407 points to finish the week at 30,606—a gain of 1.3%. The technology-heavy NASDAQ Composite rose for a third consecutive week, up 0.7%. By market cap, the large cap S&P 500 added 1.4%, while the mid cap S&P 400 and small cap Russell 2000 retreated -0.4% and -1.5%, respectively.

INTERNATIONAL MARKETS

International markets were also mixed. Canada's TSX and the United Kingdom's FTSE 100 retreated -1.1% and -0.6%, respectively, but the rest of the major international markets finished to the upside. France's CAC 40 rose 0.5%, while Germany's DAX added 1.0%. Markets were particularly strong in Asia where China's Shanghai Composite surged 3.3% and Japan's Nikkei rallied 2.9%. As grouped by Morgan Stanley Capital

International, developed markets tacked on 0.8% while emerging markets gained 3.1%.

U.S. ECONOMIC NEWS

The number of Americans filing for first-time unemployment benefits fell last week. The Labor Department reported initial jobless claims declined by 19,000 to 787,000. Economists had expected claims to rise to 828,000. The number of people receiving benefits across all unemployment programs dropped to 19.6 million, a reduction of 800,000. However, the four-week moving average of claims, smoothed to iron-out the weekly volatility, rose by 17,750 to 836,750. Analysts noted that the slow roll-out of the vaccine and the resurgence in cases continues to weigh on the economy. John Ryding, economic advisor at Brean Capital stated, "There is no real improvement in the data."

Home prices surged across the nation as more people fled the cities for the suburbs, a recent survey showed. The S&P CoreLogic Case-Shiller 20 large city home price index rose at a 7.9% annual pace in October—its fastest rate in six years. That's up 1.3% from the prior month. A broader measure by Case-Shiller that covers the entire country, meanwhile, showed an even

larger 8.4% increase in home prices over the past year. That's also up sharply from 7.0% in the prior month. Prices have risen at the fastest clip since 2014 owing to record-low mortgage rates and a sharp rise in the number of people heading for the suburbs. A small supply of homes for sale has also been a contributing factor. The biggest yearly increases in home prices took place in Phoenix (12.7%), Seattle (11.7%) and San Diego (11.6%). The smallest increases occurred in New York (6.0%), Chicago (6.3%) and Las Vegas (6.4%).

An indicator of future home sales fell for a third consecutive month in November, data from the National Association of Realtors (NAR) showed. The NAR's index of pending home sales, in which a contract has been signed but has not yet closed, dropped 2.6% in November. Still, compared to last year, pending sales are up more than 16%. Declines were seen across all major regions with the largest decrease occurring in the West. The Northeast was next, followed by the Midwest and South. The pending home sales index is the latest report to illustrate the difficulties home buyers are encountering in the housing market these days. Lawrence Yun, the NAR chief economist, said in the report, "The market is incredibly swift this winter with the listed homes going under contract on average at less than

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The *Braeburn Observations* is our means of sharing with clients and interested parties what it is we are reading in our research. These are research items, news and statistics that are being considered as we make investment decisions for our clients. Items noted do not necessarily drive an investment decision in and of itself. We are trying to make the best decisions we can given all that we are looking at. We also highlight key financial metrics that will provide a "point in time" glimpse of how the financial markets are behaving. Again, it is often the trend in these metrics and/or anticipated movements that drives our decision making in our clients' portfolios. All observations are taken at a point in time and should not be used to infer our opinion or to rely upon as a matter of fact that we are currently acting upon.

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a month due to a backlog of buyers wanting to take advantage of record-low mortgage rates.”

A measure of business conditions in the Chicago region rose in December, bucking a trend in other parts of the country where growth slowed amid

the resurgence in coronavirus cases. The Institute for Supply Management (ISM) reported its Purchasing Managers' Index for Chicago edged up 1.3 points to 59.5—its first increase in three months. Readings above 50 indicate an expanding economy. The subindexes that measure employment

and production both improved, but growth in new orders slipped. Most companies stated they were holding off on spending plans for the new year until the effectiveness of the coronavirus vaccine is known.

About Our Research Sources

Barron's – Since 1921 Barron's has provided investment analysis and insight in its weekly publication and, in recent times, it's continuously updated web site. Barron's provides a wide range of perceptives, expert analysis and interviews with financial and investment professionals.

Investor's Business Daily (IBD) – A daily newspaper designed for the individual investor. All of its products and features are based upon the CAN SLIM Investing System developed by its founder William J. O'Neil. This system identifies the seven common characteristics what winning stocks display. For more on this see his book "How to Make Money in Stocks."

Lowry's – Based out of Miami, Florida, Lowry's is the oldest continuously published Technical Investment Advisory service in the US. Their work, which gives insight into the underlying supply and demand dynamics of the market, is based upon a daily examination of all stocks on the New York Stock Exchange and Nasdaq Stock Market. Lowry's has pioneered work in the statistical analysis of upside and downside volume statistics including their exclusive measure of buying and selling pressure.

Mauldin Economics - Best selling author, analyst and financial writer, John Mauldin, taps into his network either directly or through the reams of high-level research he's privy to on a regular basis, to assist in identifying the smartest investments for today's markets; then carefully screened and evaluated by a team of ace analysts.

Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven, cyclical and seasonal tendencies.

The Fat Pitch - an acclaimed blog that the Business Insider ranks on their annual list of the Top Finance People to Follow. The blog is written by Urban Carmel who has had a long career in financial markets. This blog discusses trends he sees and the business of managing money.

The Sherman Sheet - published by W. E. Sherman and Co., of St. Louis MO. Bill Sherman is a long-time professional money manager who developed an in-depth expertise in computerized analysis and statistical measurements over the years, and is a recognized expert in several areas of the investment universe.

Value Line – Founded in 1931, Value Line is an unbiased research firm providing intuitive investment research on companies, industries, markets and economies. Value line provides astute fundamental research, trending information and historical data that allows for shrewd decision making.

Zacks – Founded in 1978 by Len Zacks, PhD. MIT, Zacks is an investment research firm pioneering work in the area of corporate earnings estimate revisions and stock performance. Zacks believes, and Braeburn agrees, that Earnings Estimate Revisions are the most powerful force impacting stock prices.

