

Second Quarter 2021 Summary

July 2, 2021

- Stock indices powered higher in Q2 as the uptrend remained intact. Global reopenings gained momentum and support broader optimism. Bonds rebounded nicely.
- GPM portfolios continued to perform well in Q2 as large-growth and technology sectors reasserted leadership, outperforming value and small-caps.

Markets

Reference Index Fund	Income Yield %	Q2 2021	YTD 2021	Performance for the Period			Average Annual Performance			
				2020	2019	2018	3 Yrs	5 Yrs	10 Yrs	15 Yrs
Short-Term Treasury Bond	0.1	-0.1	-0.2	4.0	3.6	1.4	2.9	1.6	1.3	2.4
Intermediate-Term Treasury Bond	0.7	1.1	-1.5	8.2	6.3	1.0	5.1	2.3	2.8	4.3
Intermediate-Term Investment Grade Bond	1.9	2.8	-0.8	10.4	10.5	-0.5	7.2	4.2	4.7	5.5
High-Yield Bond	3.0	2.4	2.3	5.4	15.9	-2.9	7.1	6.5	6.2	6.6
S&P 500 Stock ETF (SPY)	1.2	8.4	15.3	18.2	31.2	-4.6	18.5	17.5	14.7	10.6
Small-Cap Stock	0.9	5.6	16.3	19.0	27.2	-9.4	14.6	15.8	12.7	10.3
Total International Stock	2.4	5.5	9.7	11.2	21.4	-14.4	9.5	11.0	5.7	4.9

Except for SPY, data is for Vanguard funds. All returns include reinvested income. Income (dividend) yield shown is SEC format.

Commentary

Brief Recap

In an imperfect world, investor optimism is supported by the reopening of economies globally. After several months of digesting market leading gains from '17 through '20, high quality growth and technology stocks regained upward momentum in Q2. Bonds rebounded as the 10-year Treasury yield declined about 30 basis points from the 1.75% level set in March. High-yield and investment grade corporates outperformed.

In the second quarter, we saw some unwinding of big first quarter gains in previously hot segments of the value and lower-quality stock universe. Clearly, a significant population of investors still favor low quality merchandise as Bloomberg recently reported that since March, almost 100 unprofitable U.S. companies raised money through secondary offerings, twice as many as coming from profitable firms.

Outlook

We believe financial markets are digesting a rapid strengthening of the U.S. economy that is expected to expand about 6.5% this year from a depressed 2020. As the U.S. leads a global recovery, poorer nations seem to be falling further behind. With trillions of stimulus dollars in the system, Americans are able and excited to get out and spend more on restaurants, clothes, flights, and travel. The second half of 2021 will be interesting. Supply chain bottlenecks, while improving, continue to cause shortages, resulting in higher prices and inflation - which may prove to be transitory. Mixed signals from the Federal Reserve regarding inflation and interest rates surely factor into the mix. Strong corporate earnings, however, do support stock sentiment and we expect the healthy underlying business trends of our companies to continue driving solid growth in revenue, earnings, and cash flow.

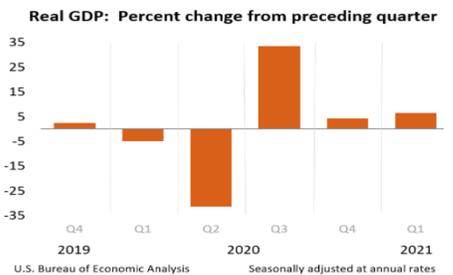
S&P 500 Stock Index



Corporate Bonds (Intermediate Term)



U.S. Real GDP



This document contains general information intended exclusively for GPM clients. The opinions and commentary presented reflect our best judgement at this time, are considered "forward-looking statements," and are subject to change at any time without obligation to update them. Actual future results may be different than our expectations. There can be no assurance that your investment objectives will be realized. Investing involves risk and losses can occur. Portfolio actions and positions discussed have been executed broadly in GPM managed accounts that hold individual securities and NOT in accounts that invest exclusively in ETF's or mutual funds. It should not be implied or assumed that every portfolio action was executed in, and position discussed, is held in every client account.

GPM Portfolios - Overview

Stock accounts are normally 100% invested for long-term growth in value and income. **Balanced accounts** hold stocks and bonds for a more conservative approach.

Our stock investment process is executed with discipline and consistency. We invest in high quality companies that we believe will, over time, provide attractive overall portfolio returns with less risk than the broad market.

Core GPM stock selection and ownership criteria:

1. A highly sustainable business that we understand, led by an agile management team with a long-term record of rewarding growth in sales, earnings, cash flow, dividends, and ultimately stock prices.
2. Product innovation and service superiority that enables demand creation and positions the company to compete and win worldwide.
3. Business visibility that supports reasonable forecasting.

Stock portfolios delivered highly satisfactory results in the second quarter and YTD. During the quarter we liquidated our position in Johnson and Johnson and slightly reduced Skyworks. We established a starter position in Texas Roadhouse, a high quality, casual restaurant operator that started in 1993, and has since grown to over 640 restaurants system-wide in 49 states and ten countries. We selectively boosted the size of several core positions including Apple, Charles Schwab, Adobe, and Costco. So far in 2021, eleven companies have increased cash dividends by amounts ranging from 7% to 39%.

At quarter-end, we held 28 stocks that we believe collectively position client portfolios to benefit from increasing consumer engagement as the economy reopening builds momentum and from six technology megatrends; 1) 5G infrastructure rollout; 2) Internet of things/IOT proliferation; 3) Everything cloud and data centers; 4) Electric vehicles; 5) Autonomous and driver assisted vehicles; 6) Artificial intelligence and machine learning.

Balanced portfolios performed very well in the quarter and YTD. All three portfolio components contributed positively to the quarter and YTD. **Stocks** were again the largest contributor as discussed above. **High Yield Bonds (HYB)** led all fixed income and contributed solid gains, supported by bullish sentiment about economic expansion, the expected decline in defaults as COVID risks abate, and the continuing appetite for income/yield. **Investment Grade Corporate Bonds** rebounded nicely in Q2 as yields came down from late March highs. Our bond component continues to be positioned with relatively short duration to capture reasonable income consistent with acceptable rate sensitivity given near-term uncertainty regarding sustainability of the uptick in inflation and Fed policy.

Stock Portfolio Insight

Portfolio Holdings By Sector

Asset Class	Allocation
Technology	36.88 %
Industrials	22.88 %
Consumer Cyclical	11.49 %
Financial Services	8.67 %
Healthcare	7.99 %
Communication Services	7.12 %
Consumer Defensive	4.00 %
Cash	0.96 %
Portfolio Total:	100.00 %

Portfolio Holdings By Equity Style

Equity Style	Allocation
Large Core	43.38 %
Large Growth	30.89 %
Mid Core	16.19 %
Large Value	4.96 %
Small Value	3.62 %
Uncategorized	0.96 %
Portfolio Total:	100.00 %

Dividend Increases

YTD 2021

11

Full Year 2020

20

Quarter-end data shown above closely approximates all GPM stock portfolios.

Our Portfolio Managers – Focused on High Quality Sustainable Growth Companies



Tim Griffin

- Portfolio Manager
- Research Analyst
- GPM founding shareholder - 1993



Mark Hogan

- Research Analyst
- Portfolio Manager
- GPM shareholder- joined team 2015