



6-14-21

## WEEKLY UPDATE

### *Economic and Market Performance*

MARKET INDEX	CLOSE 6-11-21	WEEK GAIN/LOSS	Y-T-D GAIN/LOSS
<b>DJIA</b>	34,756,.39	-0.8%	+12.7%
<b>S&amp;P 500</b>	4,229.89	+0.4%	+13.1%
<b>NASDAQ</b>	13,814.49	+1.8%	+9.2%

Initial jobless claims filings declined for a sixth straight week to 376,000 claims thanks to rising labor demand during the economic recovery. Continuing claims dipped to 3.499 million. The Bureau of Labor Statistics reported that job openings in April surged to a record high of more than 9 million. A separate survey found that a record share of small business owners reported being unable to fill open positions in May.

The preliminary June reading for the University of Michigan Index of Consumer Sentiment increased to 86.4 from a final reading of 82.8 for May.

As the economy fully reopens from the pandemic, the cost of living surged in May, driving the pace of inflation to a 13-year high of 5%. Inflation is at the highest level since 2008, when the cost of oil hit a record \$150 a barrel. Before that, the last time inflation was as high as it is now was in 1991. Despite the higher inflation, interest rates moved downward during the week to 1.43% for the 10-year Treasury note. The bond market currently agrees with the Federal Reserve that inflation appears transitory and perhaps is peaking.

During the past week, the markets were mixed with the Dow down 0.8%, the S&P 500 gaining 0.4% to a record high and the NASDAQ up 1.8%.

### *HI-Quality Company News*



**Raytheon Technologies-RTX** has been awarded a \$3.12 billion indefinite-delivery/indefinite-quantity contract for F-15 Radar Eagle Vision. This contract provides for the production, modernization and support of the F-15 APG-82 radar system to rapidly deliver and stay aligned with the F-15 weapon system program. Work will be performed in El Segundo, California, and is expected to be completed June 8, 2036.



**T. Rowe Price Group-TROW** reported preliminary month-end assets under management of \$1.59 trillion as of May 31, 2021, representing an 8.4% increase since year end.



BROWN-FORMAN

**Brown-Forman-BFb** reported fourth quarter revenue rose 14% to \$812 million with net income and EPS each down 6% to \$120 million and \$.25, respectively. For the full fiscal 2021 year, revenues rose 3% to \$3.5 billion with net income and EPS each bubbling up 9% gains to \$903 million and \$1.88, respectively. Sales growth during the year was generated in all major geographic regions demonstrating the resilience of the company's brands in a difficult environment. Growth was driven by 4% underlying growth in the Jack Daniel's family of brands while premium bourbons maintained double-digit underlying sales growth with the tequila portfolio growing underlying net sales by 14%. Return on shareholders' equity for the year was a strong 34% driven by an industry-leading return on invested capital of nearly 20%. Free cash flow during the year increased 24% to \$755 million with the company paying \$338 million in dividends. Brown-Forman has paid dividends for 77 consecutive years and has increased the dividend for 37 straight years. Management is optimistic for fiscal 2022 as the operating environment continues to improve with the re-opening of on-premise locations and the increase in tourism. For fiscal 2022, the company anticipates mid-single digit growth in underlying sales and operating income.



**UPS-UPS** discussed its 2023 financial targets as follows: Consolidated revenue is expected to range from approximately \$98 billion to \$102 billion with consolidated adjusted operating margin ranging from approximately 12.7 percent to 13.7 percent. Cumulative capital spending from 2021–2023 is expected to approximate \$13.5 billion to \$14.5 billion. Adjusted return on invested capital is expected to range from approximately 26 percent to 29 percent.



The FDA approved **Biogen's-BIIB** Aduhelm (aducanumab) to treat patients with Alzheimer's disease using the Accelerated Approval pathway. This allows the FDA to approve a drug for a serious or life-threatening illness that may provide meaningful therapeutic benefit over existing treatments when the drug is shown to have an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit to patients and there remains some uncertainty about the drug's clinical benefit. This approval is significant in many ways. Aduhelm is the first novel therapy approved for Alzheimer's disease since 2003. Perhaps more significantly, Aduhelm is the first treatment directed at the underlying pathophysiology of Alzheimer's disease, the presence of amyloid beta plaques in the brain. The clinical trials for Aduhelm were the first to show that a reduction in these plaques—a hallmark finding in the brain of patients with Alzheimer's—is expected to lead to a reduction in the clinical decline of this devastating form of dementia.

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Our *HI*-quality companies combine financial discipline, operational efficiency and a common-sense approach to capital allocation to provide the pathway to significant shareholder returns.

If you have any questions, please let us know.

Sincerely,

*Ingrid R. Hendershot*

Ingrid R. Hendershot, CFA  
President