2021 MID YEAR REVIEW AND TOWN HALL MEETING

Frank Lavin CLU,CHFC,CFP
Paul A Castagna CLU,MBA
Frank Lavin II, MSFP

DISCOVER A NEW WAY

EXECUTIVE SUMMARY

- Dow returned 12.5% S & P returned 14.4%, the NASDAQ returned 12.7% while the small cap Russell 2000 returned over 17% for the First Half of 2021.
- Despite inflation concerns (more on this later), rates remain low, as fiscal (infrastructure bill, e.g.) and monetary (Fed) policy support continues.
- For most of us, it's Boom, Zoom, and Consume. Pent-up demand continues to drive growth, likely through next year.
- There are always things to be worried about, and manage through (either FOMO, more diversification, future growth, downside risk, to name a few). Columbus Advisors has added additional strategies to mitigate many of these.

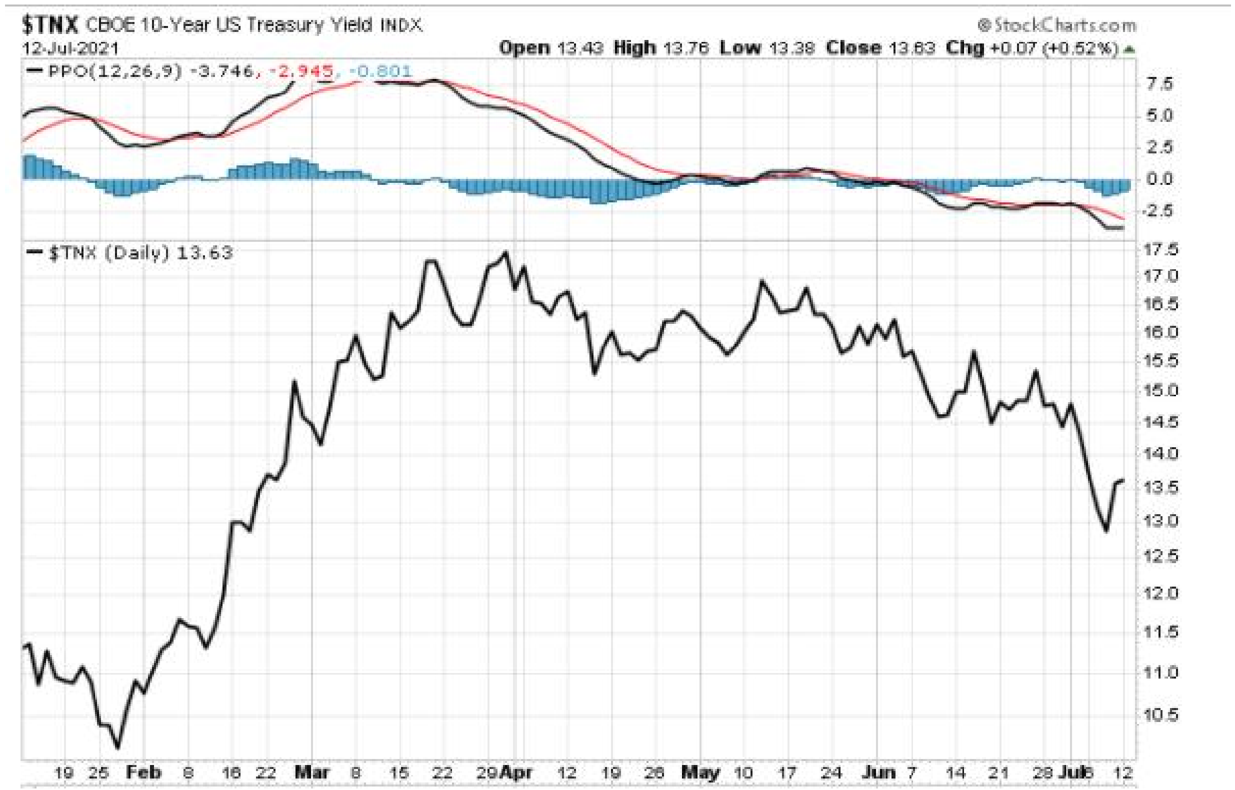
EXECUTIVE SUMMARY CONTINUED

- The post-pandemic economies and markets, both here and abroad are likely to be permanently changed. On the one hand, all of this government debt may result in higher taxes and slower growth.
- The closest historical era to which we can point may be the post WWII world- the whole world needed to pay for the war efforts, and rebuild.
- We will also likely continue to experience a "pandemic dividend," a hastening of secular trends in the usage of technology, workplace changes, spending habits, healthcare innovation.
- Sixteen months ago, the whole came to a halt due to a new virus; since then, multiple vaccines have been invented and 2B people have received at least one dose.

LEADERSHIP CHANGED FROM SMALL AND MID CAP STOCKS BACK TO LARGE TECHNOLOGY STOCKS

VALUE STOCKS GAVE WAY TO GROWTH STOCKS

INTEREST RATES WHICH ADVANCED SIGNIFICANTLY STARTED TO DECLINE



DECLINING INTEREST RATES WE BELIEVE ARE RESPONSIBLE FOR THE SHIFT

From Smaller stock leadership back to large cap tech focused issues

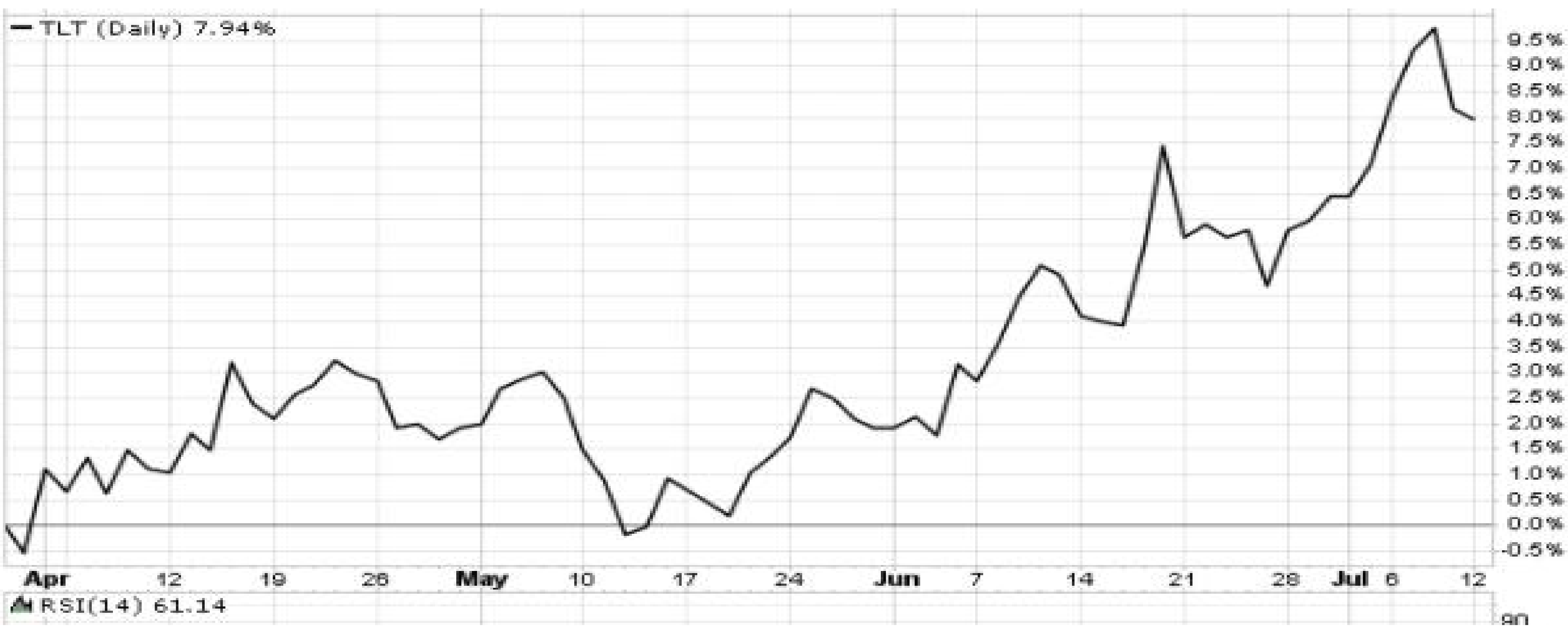
From Value oriented stocks back to Growth oriented stocks.

WHY HAVE INTEREST RATES GONE DOWN?

We believe that bond investors are no longer fearful that inflation will continue to surge and is transitory.

Bond investors may feel that economic growth is less than stock investors.

DECLINING RATES RESULTED IN RISING BOND PRICES AND WAS CAPTURED IN PART BY DORSEY WRIGHT TACTICAL BOND MANAGER



OUR OPINION ON INTEREST RATES

- The recent decline in rates was simply a retreat from the exaggeration of inflation worries that have receded.
- While we think that they are likely to stay relatively low by historical standards. they should start increasing as the economy grows. Rising rates that result from non-inflationary growth would not sink stocks.
- We expect similar advances and declines in rates to what we have witnessed given the type of economic recovery we are in from Covid. This is an opportunity for tactical bond managers like Dorsey Wright.

FINANCIAL MARKETS AND ECONOMY ON BALANCE POSITIVE

Strengths

- Vaccinations helping to open worldwide.
- Pent up demand.
- Interest rates still very low and favor stocks.
- Entertainment, traveling, retailing, etc. opening up.
- Stimulus checks short term very positive.
- Continued liquidity support from the Federal reserve positive for stocks.
- Sectors that lagged have perked up nicely indicating a more measured approach to investing.

Concerns

- Inflation from wage growth and supply chain disruption. Canary in the coal mind or transitory?
- Excessive government spending and what happens next?
- High valuations of stocks.
- Investors concerned that there is growth after the catch up from shut down.
- New variants of virus.
- Summer and early fall doldrums short term negative.

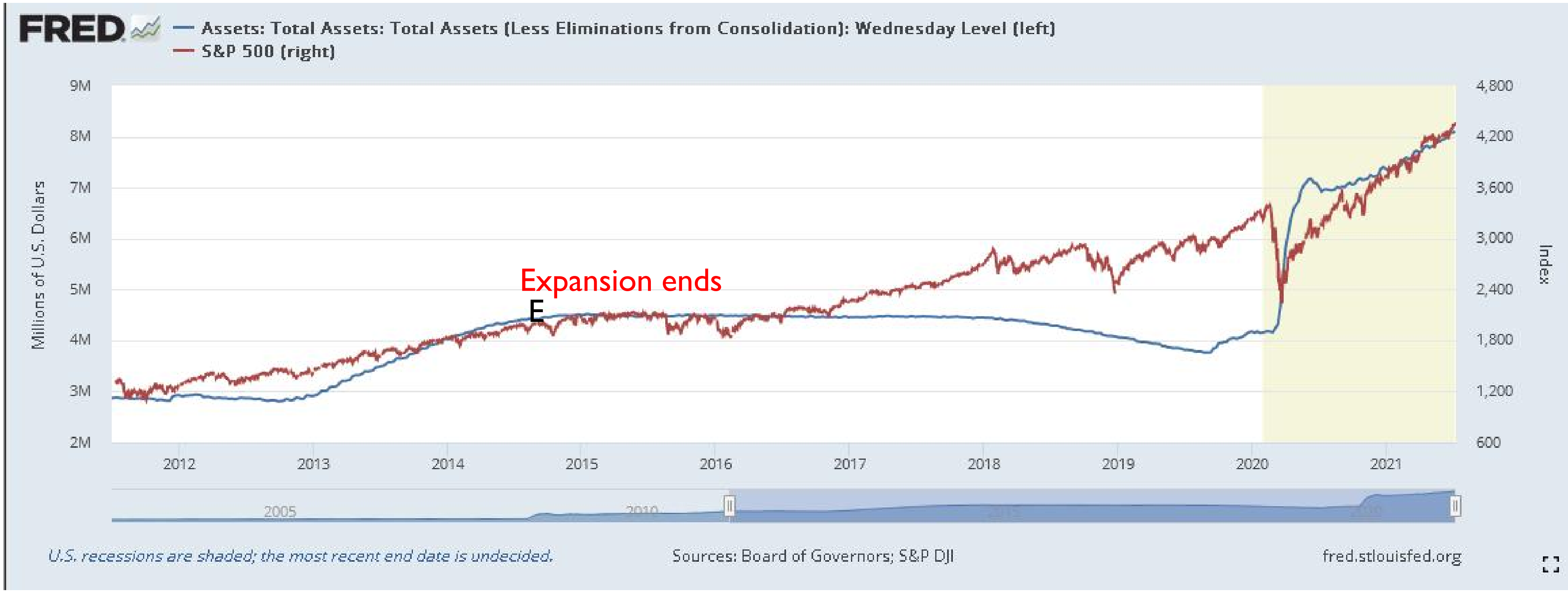
SHORT TERM NERVOUSNESS DOES EXIST IN THE STOCK MARKET

- We think it is more technical than systemic- Market has moved far and fast and just needs to digest its gains.
- We are in a seasonally weak period historically for financial markets that is likely to last through October.
- We would not be surprised to see a pullback and that would be constructive to longer term growth.
- The move back to growth from value has resulted in the large cap tech stocks dominating the market recently- Poor breath or participation by only a few stocks.

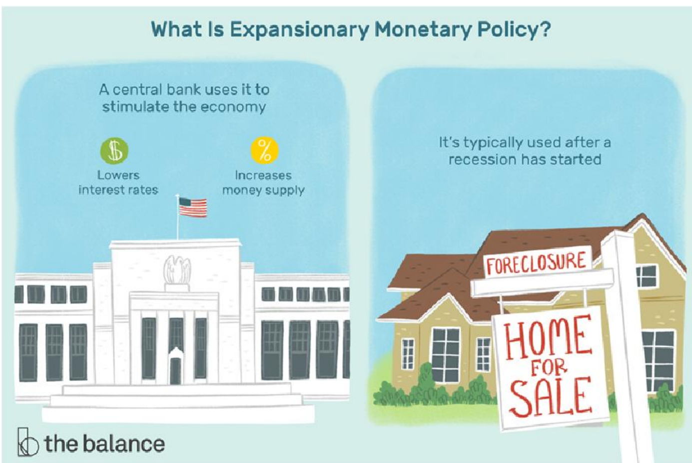
OUR OPINION ON STOCKS AND ECONOMY

- While we are experiencing some short-term inflationary pressure, the longer-term inflation worry seems to be subsiding and that is positive.
- The monetary expansion by Federal Reserve and is good for stocks. We expect it to continue and eventually will end.
- The market will continue to look to see growth in earnings vs. catch up. It is priced now for growth and disappointing growth would not be good.
- The market is likely to continue to rise in the fourth quarter on a wall of worry.

THE FEDERAL RESERVE CONTINUES TO BE ACCOMMODATIVE AS THEY INJECT LIQUIDITY.



OUR OPINION ON FEDERAL RESERVE MONETARY EXPANSION



- If it continues the market should be biased to the upside.
- The monetary expansion was huge and must end at some point.
- Stocks will likely pull back at that time and stay in a narrow trading range for some time.
- We think that any downturn resulting from pull back will be short lived because the Fed is not going to do it in a weak economy. The economy should carry the market eventually.

A WORD ON BONDS

- Your overall bond portfolios continue to be the "spinach" and your anchor in your portfolio.
- Bond market returns added significantly to your portfolios last year.
- We are adding the Government bond-oriented tactical bond program Dorsey Wright to clients' overall bond strategy to give us opportunities when government bond yields change. This adds an opportunity during stock market meltdowns and when rates overshoot on the upside and decline as they did recently. This diversification in the overall bond portfolio is helpful.
- Corporate bonds got their big move last year. We expect to get modest returns on them this year.

Inflation — Not the End of the World

Stocks Have Done Reasonably Well During Inflationary Periods

	Stocks	Bonds	Cash	Inflation
1930s	-0.9%	4.0%	1.0%	-2.1%
1940s	8.5%	2.5%	0.5%	5.5%
1950s	19.5%	0.8%	2.0%	2.0%
1960s	7.7%	2.4%	4.0%	2.3%
1970s	5.9%	5.4%	6.3%	7.1%
1980s	17.3%	12.0%	8.8%	5.5%
1990s	18.0%	7.4%	4.8%	3.0%
2000s	-1.0%	6.3%	2.7%	2.6%
2010s	13.4%	4.1%	0.5%	1.8%

Source: Awealthofcommonsense.com. For illustrative purposes only. Past performance is not indicative of future results.

Inflation — Stocks and Corporate Bonds Have Done OK

. . . And Have Outpaced Bonds and Cash

Average Return in Years with Rising Inflation			
S&P 500 (includes dividends)	3-month T Bill	U.S. Treasury Bond	Baa Corporate Bond
7.4%	**4.7%**	**5.3%**	**5.9%**

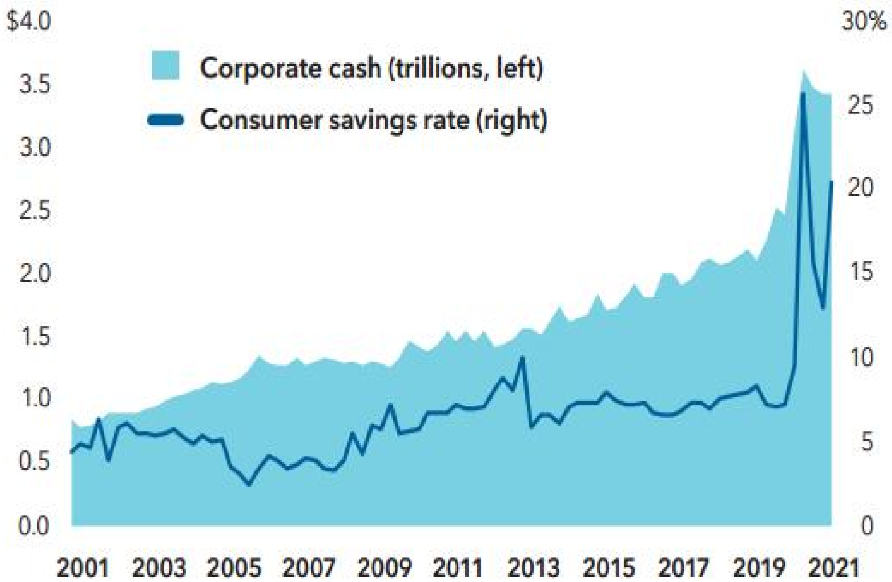
Source: Stern.nyu.edu and St. Louis Fed. For illustrative purposes only. Past performance is not indicative of future results.

Secular Bull Market Still Alive

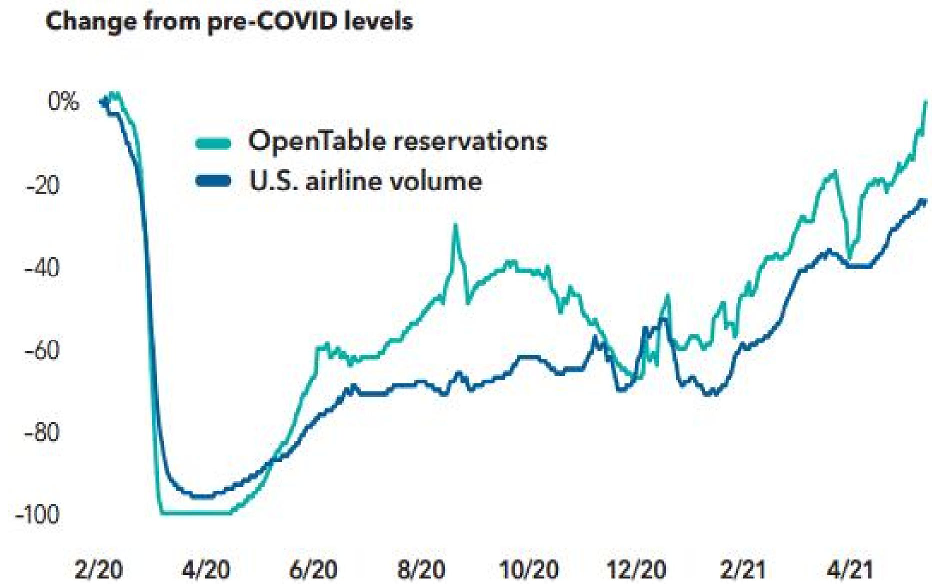
Source: Bloomberg

U.S. outlook: Boom, zoom and consume

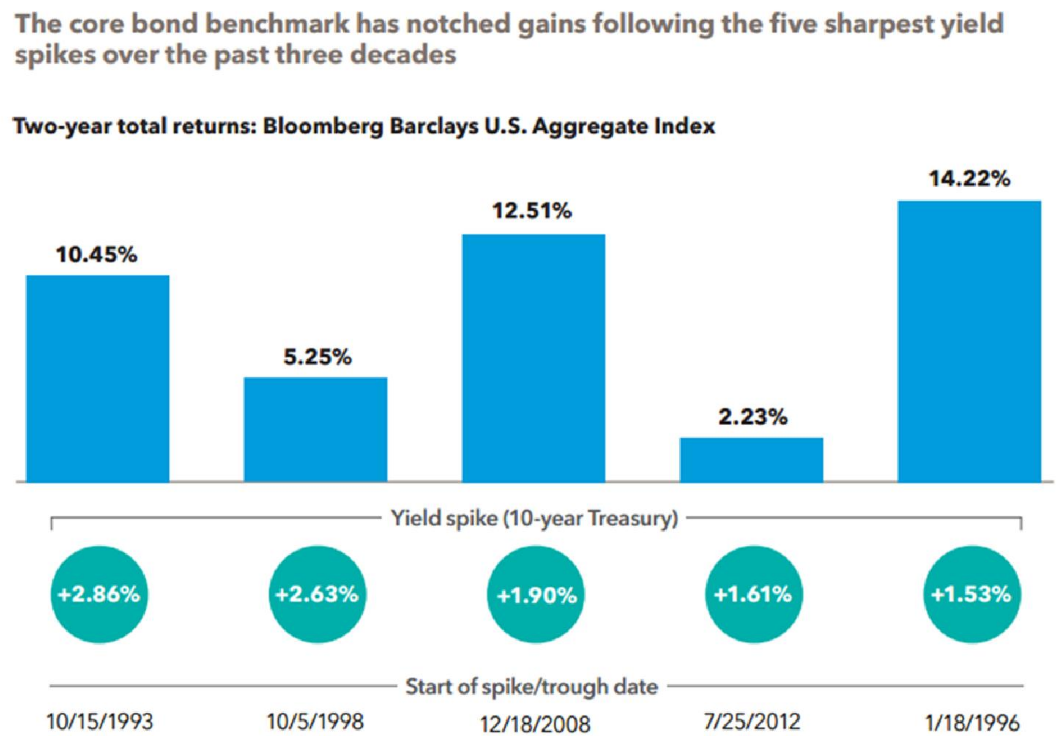
Consumers have trillions tucked under their mattresses ...

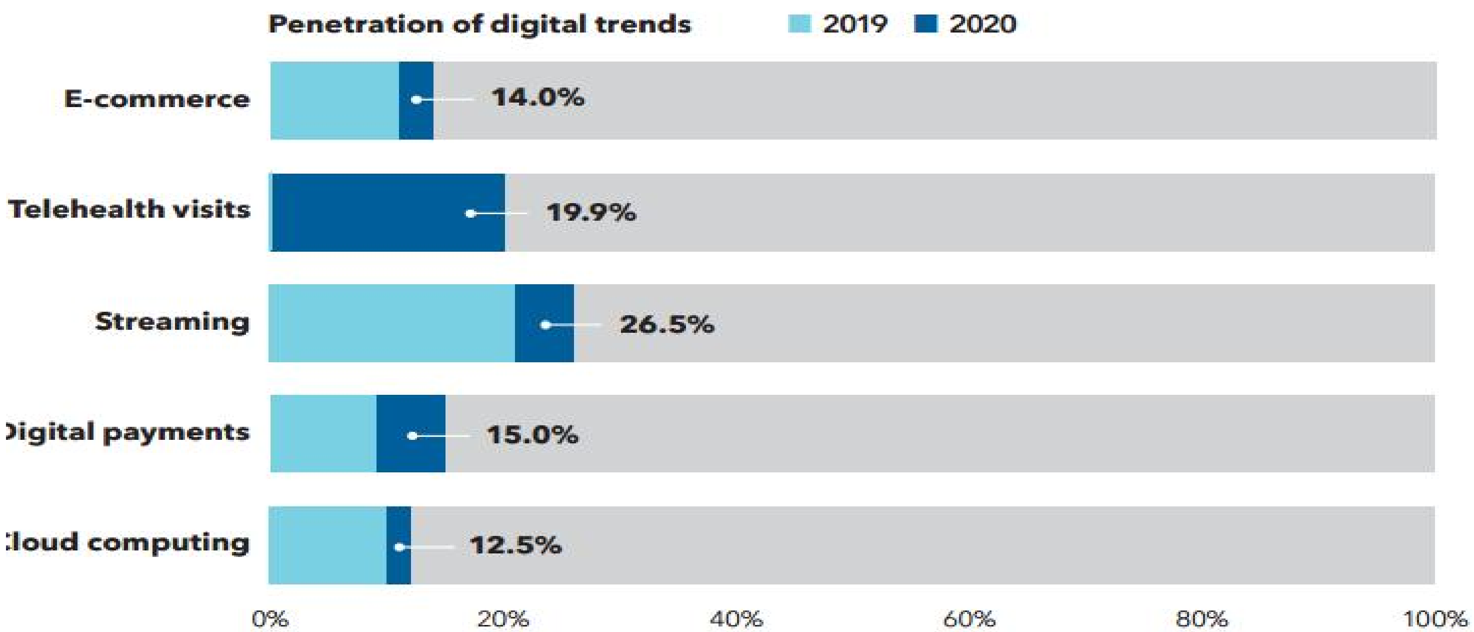


... and they're scheduling long-delayed vacations



Even if you worry about rising yields, core bonds have shown resilience

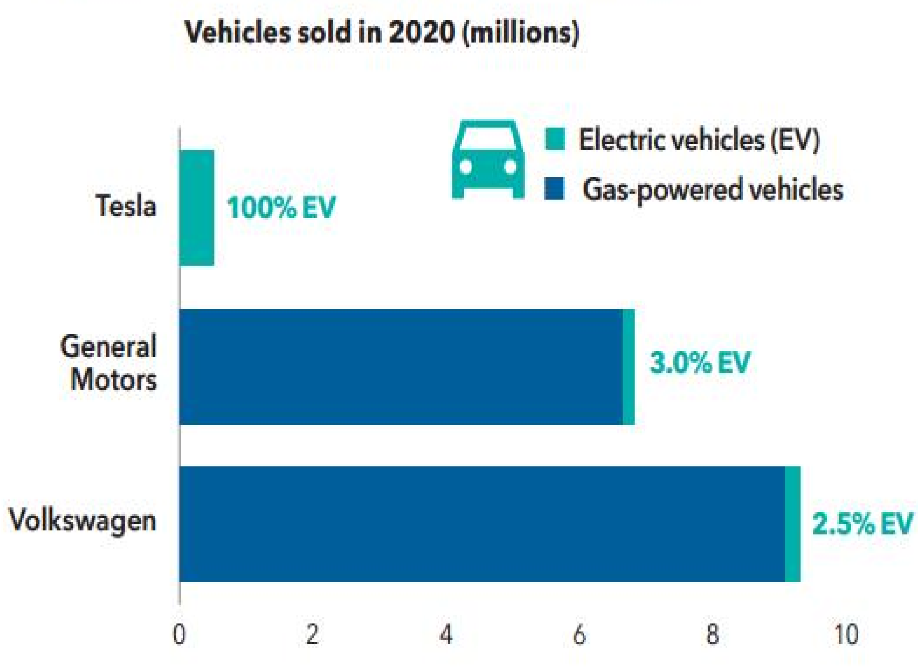




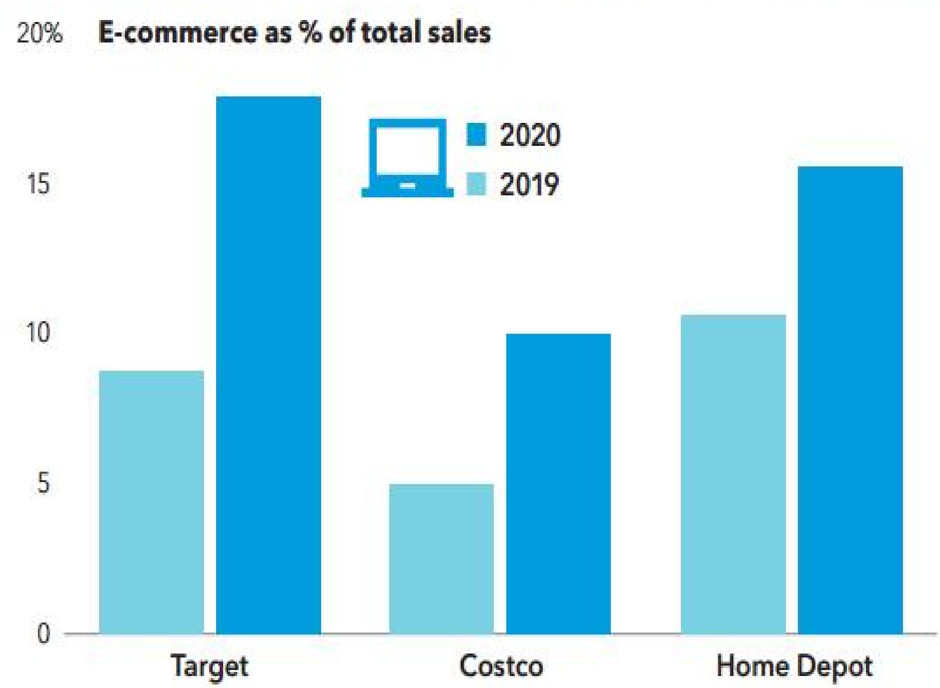
The great digital acceleration still has room to run

Defying disruption, established companies adapt and thrive

The electric vehicle race is just getting started



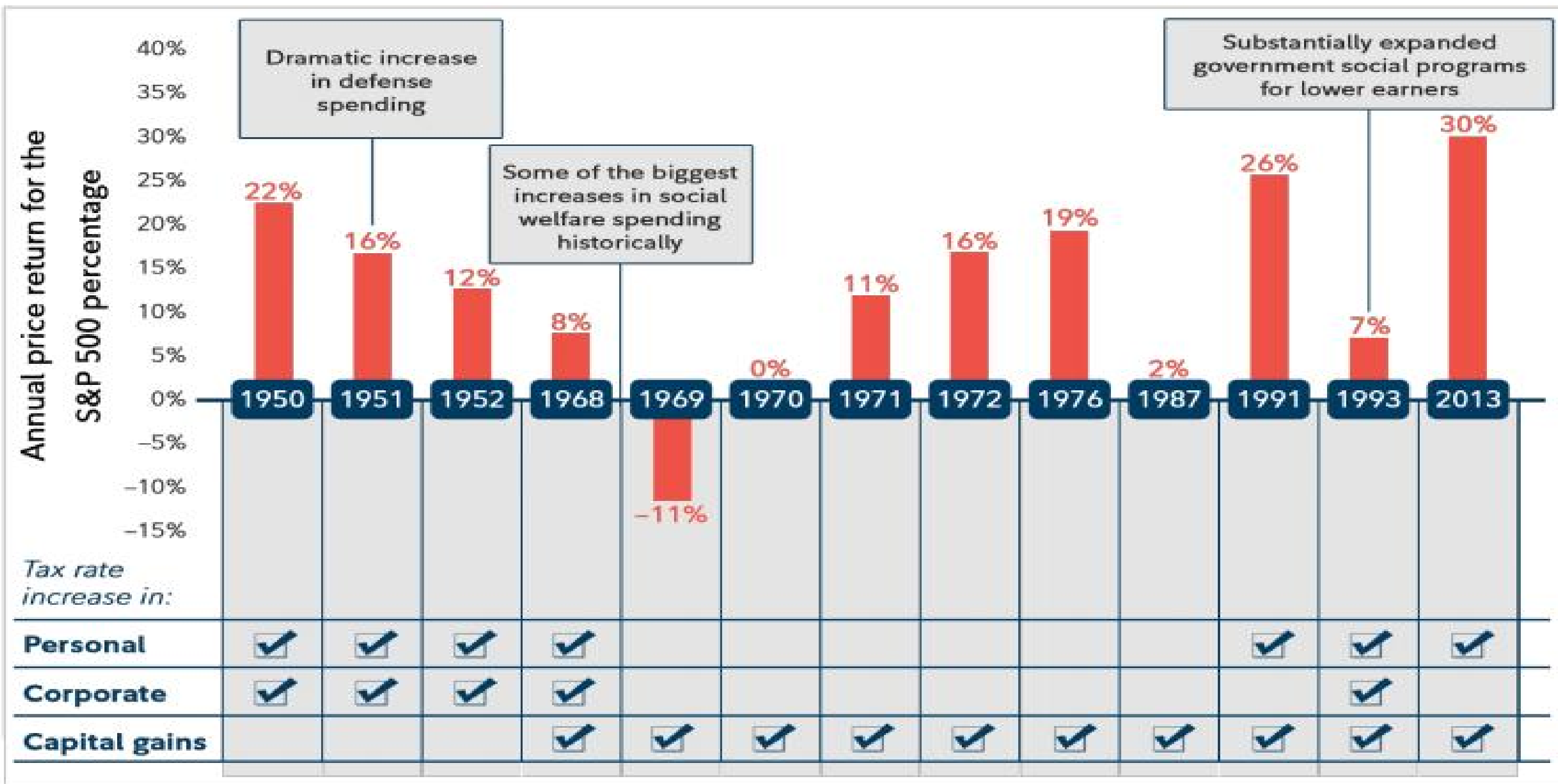
Many traditional retailers have stepped up their digital game



POTENTIAL TAX INCREASES ON THE HORIZON

- The first proposal is to raise the corporate income tax rate from 21 percent to 28 percent.
- The second proposal is to raise the top marginal tax rate to 39.6 percent on individuals earning $400,000 or more.
- Lastly, there is a proposal to apply ordinary income tax rates, including the proposed 39.6 percent rate, to the capital gains of individuals with more than $1 million in taxable income.

S&P 500 PERFORMANCE IN TAX HIKE CONDITIONS



Source: Fidelity

- Since 1950, there have been 13 instances of tax increases and the S&P 500 index had positive or flat returns 12 of the 13 times despite the tax increase.
- How? - Tax hikes don't happen in a vacuum.
- Other economic factors, such as ongoing stimulus and an accommodative Fed, can counterbalance the influence of higher taxes.
- In short, taxes matter, but not necessarily for their forecasting ability.

COLUMBUS ADVISORS
INVESTMENT MANAGEMENT DIVERSIFICATION

- We found that we were underutilizing client's "risk budget" by the way Columbus Tactical Stocks have been managed.
- In conducting studies, we found that incorporating additional investment strategies were able to smooth returns and strengthen performance while remaining within the constructs of our risk models.
- We have already begun making making portfolio changes for client portfolios. We will add more "color" to these additions in a specific video and written communication and, of course, inform you and obtain your consent and understanding before making any changes.
- We will send these slides to you.

WHY USE MULTIPLE STOCK MANAGEMENT STRATEGIES?

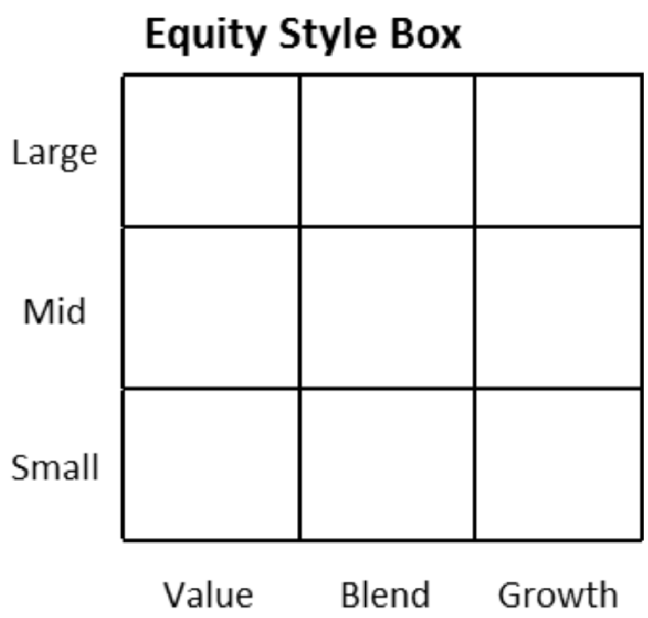
- Diversification of investment management approaches brings the risk down that any one strategy will create a major influence on the portfolio.
- There are many different methods of portfolio management. Each strategy has its strengths and weaknesses.
- Generally, different strategies have strong or weak performance during different market environments.
- Using several of the strategies **in addition to Columbus Tactical** tends to increase and to smooth returns over time, an historical basis.

STOCK STRATEGIES ADDED TO COLUMBUS INVESTMENT STRATEGIES

- Clark Opportunity- For the stock portion of the strategy, uses the "relative strength" approach. For stocks looks at core market sectors for intermediate trends and uses exchange traded funds to keep the cost down. Columbus Tactical invests in shorter term trends. Clark will do better in mega trends that have long lasting results. Clark does not use a "cash" trade so its drawdown would be expected to be larger.
- Savos High Dividend- Invests in dividend paying stocks and bonds that behave like stocks. Generally, this strategy generates more income than the other strategies. Savos **is not trend following**, instead they do fundamental analysis on the securities in which it invests in and does not look at trends. The presence of larger income relative to the total return does bring the volatility down. Savos does not use an all-cash trade and its capital drawdown would be expected to be greater than Columbus tactical. Savos primarily invests in individual stocks.
- The addition of these two different strategies tend to smooth the returns making up for some of the weakness of the Columbus Tactical while keeping the drawdown of overall capital within the goals targeted.

CLARK CAPITAL OPPORTUNITY STRATEGY

- Relative strength and trend analysis driven model.
- Longer trends than Columbus tactical.
- Rotates among equity "style boxes."
- Pivoted to value stock (as opposed to growth stocks)last year and has stayed in value.
- Also, rotated into small and mid-cap.
- Managed by Clark Capital, in whom we have great trust and confidence.



SAVOS HIGH DIVIDEND STRATEGY FOR LARGER ACCOUNTS

- Individual stock strategy (40-60 securities).
- Uses factors of value, momentum, and dividend to drive positioning.
- Seeks a dividend yield of 150% of S&P 500.
- Long track record of strong performance.

ADDITIONAL BOND STRATEGY
DORSEY WRIGHT TACTICAL FIXED INCOME

- Different approach than current bond strategy.
- Rotates among various bond sectors when relative strength deems favorable.
- Always maintains at least 40% in government treasuries but can go up to 100% when models signal.
- Have performed extremely well.

DORSEY WRIGHT BOND STRATEGY

- This strategy has a more diversified approach than Clark Tactical Bonds.
- At least 40% of the bonds are always in one or more Government Bond ETF's.
- It can invest a portion in high quality corporate bonds, high yield bonds, convertible bonds and emerging market bonds.
- This strategy had done exceptionally well during major stock market downturns and allows us to take more stocks in our allocation. Its historical performance during these stock sell offs dampened overall drawdown of capital.

NASDAQ
DORSEY
WRIGHT

ADDITIONAL STRATEGIES SUMMARY

- For those clients who have been with Columbus Advisors a few years, they would have experienced portfolio construction changes, and the addition and subtraction of different strategies over time. You may have arrived just after our last major updating.
- Adding multiple approaches for the stocks is likely to smooth the results of that portion of the portfolio dedicated to stocks.
- Each of the stock strategies has its strength and weaknesses. The strategies complement each other.
- The addition of Dorsey to the bond portion of the portfolio is likely to result in a large offset of stock market drawdowns during the most turbulent markets.

KEY POINTS

- While we may see some consolidation or a correction, we are in a very positive environment for stocks (bull market) for all of the reasons mentioned- Fed, economy opening, lasting effects from the pandemic.
- We continue to monitor Inflation as a potential disruptor, and we don expect to see the disastrous, spiking inflation of the late 70's/early 80's that most of us remember with a good degree of fear.
- WWII analogy- In order to beat Hitler, we probably built more planes, tanks and ships than was ultimately needed. In order to beat Covid, we probably have overspent. Taxes will have to go up to ay for this massive effort. Will growth pay a price in the decade ahead? We don't know, but probably.
- For now, it's Boom, Zoom and Consume.
- Columbus is responding by adding additional strategies.
- Thank you for your business and trust.