BEARING
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April 9, 2021

Dear Client:

Typically when I sit down to write you this letter, I make an inventory of the timely issues that affect markets and/or our perceptions of those markets and how, if at all, they will affect our investment portfolios. So, I focus on the 3 constituent groups that affect the economy. Those groups are: a) the Consumer, b) the Corporations, and c) the Federal Reserve Bank. Then we can zoom-out to broaden our perspective on present conditions and what to look for going forward.

No one can say they didn't notice the stock market rally that defied the early stages of the pandemic. Know that the root cause of the rally wasn't due to a quick & optimistic outlook for overcoming Covid. It was due to a massive infusion of financial support by "the Fed", showered on almost every business sector in America. Trillions of dollars were lent, given, leveraged, and tendered to public and private companies with impunity. As of this month, our Unemployment Rate[1] was announced to be 6%. Yet there are still between 8 and 9 million citizens qualified but haven't yet found work.

There are countless known economic perils that result from putting so much cash in the hands of Americans. After all, they were given that check by our government so they will not just survive but spe nd…putting that money into the economy. Bypassing all the algebra, we know that Inflation becomes a factor. Why - with more dollars chasing a fixed level of supply of goods & services, prices are bound to go up (inflate). To influence the rate of inflation (as best they can) the Fed will slide interest rates up in hopes that higher rates cool down the economy and reach a supply-demand balance we can all afford.

Stocks that do best in low interest-rate cycles are what we refer to as "growth stocks". The high-tech sector epitomizes this style of stocks. When rates begin to rise, the "value stocks" get juiced. Certain value stocks would fall under the "Industrial", "Energy" or the "financial" sector.

With a 50% chance of being correct, market speculators are crowing over the inflating market "bubble", upon which the technology stock prices have been grown. Those fixating on the demise of tech stocks are moving into industrial sector names (like Caterpillar, Deere, etc), which are gaining strength.

[1] U.S. Bureau of Labor Statistics, April 2, 2021.

The strongest performing stock sector over 2020 within the **S&P500 Index** was Technology. The weakest was Energy. As of this writing the Energy sector boasts the highest year-to-date return, while Healthcare is lowest. The average return for Technology sits in the middle of the pack (11 sectors).

The changes highlighted above show what I refer to as "the undertow" in the stock market. These changes are significant, but they're still in the early stage of this current market cycle. To some of these changes, we have responded by rotating some of our stock models. To others, we remain vigilant for confirmation before we react.

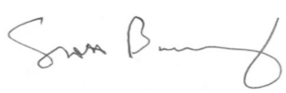
I look in the coming months for "headwinds", in the forms of higher income & estate tax legislation. With present estimates for corporate income tax increases by 33% (increasing from 21% to 28%), this likely dampens hiring and prolongs the need to fund unemployment claims. And economists seem to lack conviction over their estimates of the financial impacts of our failure to bolster key supply chain operations, along with the burdens of accommodating a growing population of new immigrants.

Still, some of our most renowned financial forecasters repeatedly echo their **calls for a robust economy in 2021 and more continued growth that will endure through 2022**.

Somebody's right when everybody's wrong. Fortunately, we gear ourselves to focus firmly on market signals, and remain ready to deploy our risk management system—the D.R.E.A.M. System when it's warranted.

We completed our move into our new offices this past weekend. I'm very grateful for the help our staff during the process, as well as your patience with us during this transition.

Thank you for the trust you've placed in us. May 2021 be a year for celebrating the health of our nation & all it's citizens.



Scott Bussy
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