Biggest Dangers and Opportunities

- Biggest Risks We See
  - Overvaluation of Equities
  - Potential Continued Rising Interest Rates
  - Excessive deficit spending and debt
  - Continued Covid Risks (variants and long-term vaccine efficacy)
- Biggest Opportunities We See
  - Equities with strong valuation and quality that have strong pricing power and will benefit from the reopen
  - Equities with special situations (innovative new products)
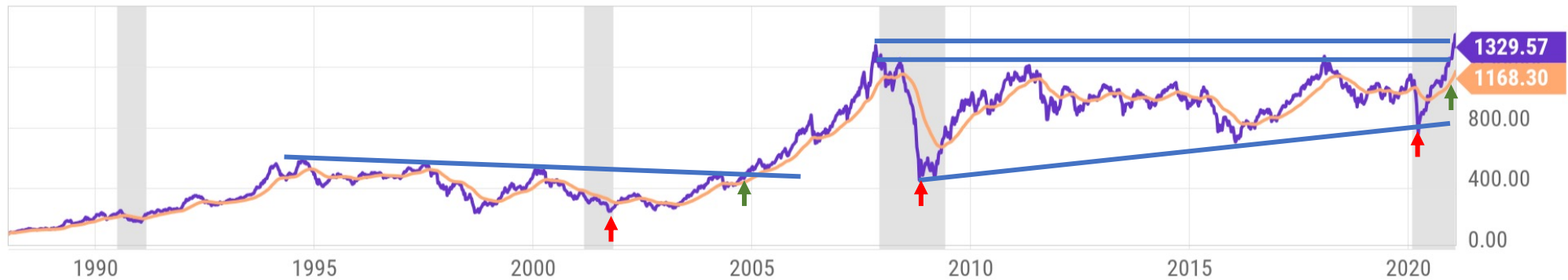 - Alternatives that benefit from potential currency devaluation "real assets"

Current Actions

- Reducing or exiting positions:
  - Exiting lower quality speculative growth stocks that rallied big (e.g. Novavax ($NVAX), Stamps.com ($STMP), Enphase ($ENPH))
  - Trimming or exiting high quality stocks that are significantly overvalued (e.g. Goldman Sachs ($GS), Nike ($NKE), Nvidia ($NVDA))
  - Underweighting fixed income
  - Trimmed Gold to Buy Agricultural Commodities and Bitcoin
- Investing incremental capital in three main categories:
  - Equities:
    - Good valuation & benefiting from reopen
    - Special situation with new products and services
  - Commodities/Alternatives:
    - Agriculture, base materials, precious metals and Bitcoin (e.g. ($DBA), ($VALE), ($GBTC))
  - Fixed Income:
    - Inflation-protected
    - Short term high yield
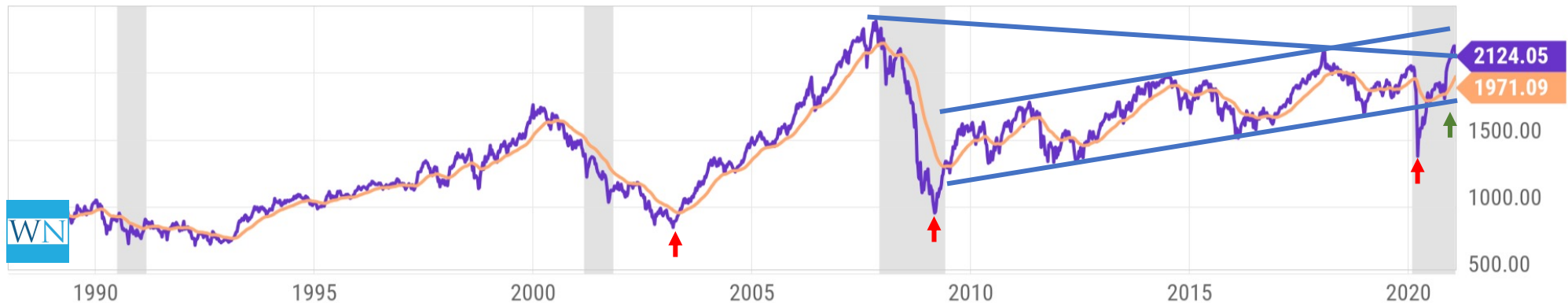
S&P 500 Level (USD)
S&P 500 200-Day Exponential Moving Average (USD)

No price progress in US stocks while Emerging Markets and Developed Market Stocks Make new Highs

US Stocks in Strong Uptrend While Int'l Stocks Struggle

3714.24
3458.57

MSCI Emerging Markets Level (USD)
MSCI Emerging Markets 200-Day Exponential Moving Average (USD)

1329.57
1168.30

MSCI EAFE Level (USD)
MSCI EAFE 200-Day Exponential Moving Average (USD)

2124.05
1971.09

WN

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs.
(Source: FactSet)

Stock prices are rising faster than earnings growth

— Price   — Forward 12-Month EPS

XBI: SPDR S&P Biotech ETF @ NYSE (Daily bars)
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04/26/2021 = 138.96 (+4.66)

174.79
149.24
139.36
128.44
126.26

138.96
6.569M

Up Close   Down Close   Volume

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