



CLIENT UPDATE

Why We Are Investing Today

January 22, 2021

Many have noticed a market continuing to rise. While this has been true after a large decline on the first trading day of 2021, the 'melt up' as some call it is one to watch carefully. For those who realize we have been selling and increasing our cash position during this past few weeks, you may wonder why 'all the buying' took place today. Let's make it clear:

Key points about our latest rebalance:

- We have invested in specific areas of the market: We are focusing on a few equity sectors such as industrial and energy and short/intermediate term bonds. We have also invested in a few specific dividend paying stocks in order to capture the yields they offer.
- We have offset much of any equity positions with an opposing directional Exchange Traded Fund (ETF) that works opposite of a few select indices. The intent here is to use this as a hedge and protect in the event of a swift decline as discussed in our latest Shot Clock Market Minute video ([here](#))
- We have invested in a number of alternatives to cash which will allow for quick adjustments into a heavier equity allocation in the event the market does decline.

As investors, it is sometimes difficult to be patient. As we have tried to communicate to you recently, the patient investor typically wins. Know that we appreciate your trust in our process. We have been very patient over the past several months as the market has drifted higher. The uncertainty surrounding the virus and the election coupled with our analysis of the markets caused us to be leery of what may happen. Factor in that corporate earnings are down almost 5% from a year ago, unemployment numbers continue to be high, and interest rates continue to be low, and you begin to see a picture of a market that one may consider irrationally moving higher. As has happened a number of times in the past, this sets up for the potential of a relatively significant correction. Rest assured that we are prepared for this. Will it happen? We don't know for sure but we are working hard for you to protect your portfolios as best we can in the event that it does.

In conclusion - we suggest you do your best to **NOT WATCH THE MEDIA** and relate the stock market movement to how your portfolio is doing or how it may impact your financial plan. You hire us to do this on your behalf and we are working diligently to do so as your fiduciary!

Thanks for your trust in working with me and the EWM team!



IMPORTANT DISCLOSURES

No current or prospective client should assume that the future performance of any specific investment, investment strategy (including investments and/or investment strategies recommended by the adviser), will be equal to past performance levels. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. The information presented herein is intended for educational purposes only, and is in no way intended to be interpreted as investment advice. In considering the information presented, readers should consult their own professional advisers, as there is no substitute for personalized investment or tax advice. Any charts, graphs, or visual aids presented herein are intended to demonstrate concepts more fully discussed in the text of this brochure, and which cannot be fully explained without the assistance of a professional from Econ Wealth Management.