

July 1, 2021

Hello friends,

In my letter to you on 4/1/20, we were in the midst of a market panic. The Dow Jones had made a high on February 12th at 29,551, then preceded to retreat 10,960 points to a low of 18,591 on March 24th representing a decline of approximately 37%. On that April 1st date, I had absolutely no idea the Dow would rise 15,911 points to 34,502 where the market stands today at the midpoint of 2021.

In my April letter, I said that I would not succumb to the negative Covid news and instead use the market decline to add money into my favorite stocks while they were all trading at a substantially lower price. In the text of that letter, I published the closing price of six stocks and said that I would report back in a year about the performance. Fifteen months later, here are the six stocks with both the 3/31/20 and 6/30/21 prices, along with the percentage gain:

	<u>3/31/20</u>	<u>6/30/21</u>	<u>Gain</u>
Apple	71.28	136.96	92.14%
Nvidia	263.60	800.10	203.53%
Netflix	375.50	528.21	40.67%
Amazon	1949.72	3440.16	76.44%
Costco	285.13	395.67	38.77%
Microsoft	157.71	270.90	71.77%

On the date of last year's letter, I did not know that the disease would last as long as it has, and I had no clue that a vaccine would be developed in such a short period of time. And as I write to you today, I do not know if the disease has been cured or if we will be living in Covid fear for many years in the future. No one knows if the vaccine will protect us from the delta variant or if there will be a future variant of the variant.

The point of this discussion, it is impossible to predict tomorrow's news. Yet it is tomorrow's news that creates either anxiety or confidence for our investment portfolio. In January of 2020, I did not know that Covid would wreak havoc on everyone's life and investments. I only knew that the market was in panic mode, and it generally works out well to buy when others are selling. Then a year later in January of 2021, I also did not know that a vaccine would help to restore everything back to a semi-normal lifestyle or that the market would rally and continue to make new all-time highs.

So now, as investor confidence is strong, I am more inclined to be a seller. I prefer to raise cash into market strength. I have initiated several risk reduction measures in almost all accounts. Those strategies include increasing fixed income asset allocation by investing in tax free municipal bonds and/or bank CDs. I have purchased a short position for the S&P 500 by buying shares of SH. A short position gains value when the market declines and loses value as the market advances. Think of this short position as a hedge or a bit of portfolio insurance. The other risk reduction maneuver is to sell call options against existing stock positions. And finally, I am weeding out some of my underperforming stocks.

Without making it all too complicated, I like to buy when the market goes down, and I like to sell when the market goes up.

If you would like a better explanation about short sales, covered call writing or would like to review the risk level of your account, please let me know. I am always available for a friendly discussion. Happy 4th of July.

Sincerely,



Jim Aljian