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QUARTERLY NEWSLETTER 1Q 2021

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MARKET HIGHLIGHTS:

- The economy started the year on a positive note, as vaccines were more broadly distributed and businesses continued to reopen.
- Manufacturing climbed to its best level since 1983 and has expanded for 10 straight months.
- The Fed remained accommodative, both on rates and other policy tools. The fed funds rate is projected to stay at its 0.00%–0.25% range through at least 2023.
- Fixed income markets posted their worst returns since 1981 amid a sharp rebound in growth expectations and burgeoning fears of higher inflation.
- Value stocks markedly outperformed Growth in Q1. Investors also demonstrated a preference for low quality factors.
- The unemployment rate fell to 6.2%, but there are still approximately 8 million fewer jobs compared to February 2020.

NEWSLETTER HIGHLIGHTS:

Have You Been Vaccinated?
— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

Many of our clients have been vaccinated which is great news! Happy to share that both Margarita and I have also received the COVID-19 vaccination. I am amazed how the vaccines have been distributed so quickly. The manufacturers, transport experts and those who distribute are incredibly efficient. We appreciate their efforts and continue to be proud of all front-line workers. The instant I received the first shot, I said a prayer for all the people who did not live to receive a vaccine. I am convinced that if you have an illness, if you live long enough, there will be a cure for it.

INDEX PERFORMANCE *3/31/2021*

	Q	YTD	1 Year
Aggressive Allocation	4.29%	4.29%	45.82%
Balanced Allocation	2.44%	2.44%	34.19%
Conservative Allocation	0.58%	0.58%	22.68%
S&P 500 TR	6.17%	6.17%	56.35%
Russell 2000 TR	12.70%	12.70%	94.85%
Barclays U.S. Agg Bond TR	-3.37%	-3.37%	0.71%
MSCI EAFE NR USD	3.60%	3.60%	5.15%

	As of 3/31/2021	As of 3/31/2020
10 year Treasury	1.74%	0.70%
Barclays 1-3m Treasury/Cash	0.15%	0.05%
Price of oil	$59.16	$20.48
Real GDP YoY % charge	-2.4%	2.3%
U.S. Unemployment Rate	6.2%	3.5%

The aggressive allocation is made up of 50% S&P 500 TR, 8% Russell 2000 TR, 18% Barclays U.S. Agg Bond TR, 22% MSCI EAFE NR USD and 2% cash. The balanced allocation is made up of 39% S&P 500 TR, 5% Russell 2000 TR, 35% Barclays U.S. Agg Bond TR, 16% MSCI EAFE NR USD and 5% cash. The conservative allocation is made up of 29% S&P 500 TR, 2% Russell 2000 TR, 53% Barclays U.S. Agg Bond TR, 9% MSCI EAFE NR USD and 7% cash. All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

MARKET REVIEW
— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

The first quarter ended positive in the economy with the S&P 500 index posting 6.2%.

Value stocks (fundamentals) were up 9.8% whereas Growth stocks (future earnings) were 0.3%. Last year the growth stocks were the big winners.

The economic sectors that were losers in 2020 are now the winners. Financial services posted 15.99%, Real Estate 9.02%, Energy 30.85% and Industrials 11.4% whereas Technology was (1.97%), this flip flop is an ongoing occurrence.

NEE (NextEra) was $77.15 on 1/4/21 and $75.61 a share on 3/31/21. The year-to-date return is (1.49%). It has been a while since this stock has not outperform the Utility sector and the S&P 500 index. The ice storm in Texas really impacted the stock price.

Inflation for now is still low at 1.68% and the Federal Reserve is expected to not increase interest rates this year.

US Bonds in the first quarter were negative. The Barclays US Aggregate Bond Index posted a negative (3.37%).

Unemployment, which in April 2020 jumped to 14.8%, is now at 6.2% and, according to Goldman Sachs, is expected to drop to 4.1% by 12/31/21.

Gold and bonds were the safe haven in 2020 with the economic meltdown are selling off as people feel more confident and positive about the market.

As the quarter closed on 3/31/21, about one in six US residents have been vaccinated translating to 150 million shots administered. The rapid vaccine distribution has renewed hope that we can move forward as a nation. We are starting to see more people hitting the highways and going back to regular air travel which will boost the economy this summer. Overall, the reality is that the economy has been recovering faster than originally projected.

The $1.9 Trillion Bail-Out — By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

The latest stimulus package dubbed the American Rescue Plan totaled $1.9 trillion, $1,900,000,000,000, of which $465 billion were direct payments to individuals. In the past year there have been three stimulus checks handed out in the amounts of $1,200, $600 and $1,400. If you got the funds, what did you do with it? Did you spend it, save it or invest it? Did you really need it?

Since March 2020 it is estimated that as a nation, Americans accumulated $1.6 trillion in excess savings, a direct result of not eating out, the lack of vacation travel and extra stimulus checks. However, we actually are spending the money and at a greater rate than other nations, with the American trade deficit having grown 50% compared to where it was before the lock down. Consumer spending is already driving our economy to recovery and I believe this round of stimulus aid will likely overheat it. This may result in higher inflation which hasn't been a concern for several years. We are already seeing this with rising interest rates.

The massive hole that is the federal government deficit will force an increase on corporate taxes. There is a push to not only raise taxes on capital gains but also to create a transaction tax on buying and selling investments.

So, the $1.9 trillion dollar question is: did we really need such a large amount for the latest bail-out? Only time will tell.

INTERSTING STATS: Unexpected Relief from Student Loans — By Steven Tonkinson, CFP®, AIF®, CFS®

For more than 42 million borrowers with federal student loans, the COVID-19 pandemic brought unexpected relief of a break in payments. The pause on interest accumulation alone has saved borrowers roughly $4.8 billion a month. Last March the Education Department put most federal student-loan payments on hold and set interest rates to zero. One year, and three stimulus bills later, the Biden administration extended the payment suspension and interest waiver until September 30.

As a result, close to 20 million borrowers currently have their loans in forbearance. The median student debt borrower was 34 years old. Last year, the average disbursement of federal student-loan debt for graduate and undergraduate students was $11,077.

Total outstanding student debt stood at $1.56 trillion in the 4th quarter of 2020, up $9 billion from the prior quarter. The student loan and interest freeze has offered young Americans the ability to make ends meet, pay down debts and take care of other responsibilities. An increase in credit scores suggest more young people are paying down other debt. Some have even been able to build up their savings.

We have worked with many of our clients' children and grandchildren over the years to help them understand their financial affairs and provide guidance and strategies to improve their situation. We pride ourselves in being that sound board for your family and providing sound advice on all your financial matters.

SOUND ADVICE: What is Margin Debt — By Steven Tonkinson, CFP®, AIF®, CFS®

In essence it's the money that investors borrow from stockbrokers to buy securities when they cannot or do not want to fund the entire purchase with cash. Margin debt is sometimes overlooked but is a key part of the stock market that is particularly pertinent right now.

Say, for example, an investor wants to purchase 100 shares at $50 each for a total of $5,000 but only has or wants to invest $2,500. That person can buy the rest on margin. Investors use margin to get more bang for their investing buck. Margin can increase your purchasing power but brokers typically charge interest. And if the individual starts losing money on the investment, the broker might ask for more cash as security or collateral. Investors who don't have the required additional cash may be forced to close out their positions at a loss.

At the end of January, customer margin debt at U.S brokers regulated by FINRA, jumped to $799 billion from $562 billion a year earlier.

When there is a lot of margin debt concentrated in a few stocks, those stocks tend to see wild price swings, which we have seen quite a bit this first quarter.

2021 Advisor Ranking

For 2021, Forbes has listed only 35 advisors in the City of Miami of the thousands that offer financial services and Rick has been ranked #5. He has moved a few spots since 2019 when he was ranked #16.

Each advisor—selected by SHOOK Research—is chosen based on an algorithm of qualitative and quantitative criteria, including: in-person interviews; industry experience; compliance records; revenue produced; and assets under management.

While most advisors on this list have minimum account size anywhere from $1million to $3 million, we pride ourselves having no minimum account size.

**See disclosure section for Forbes Best-In-State disclosure

Planning for Incapacity
– By Kristina Shamonina, CFP®
Certified Senior Advisor (CSA)®

Watching your spouse or a close loved one develop Alzheimer's or other form of dementia is especially heartbreaking. Some may have mild symptoms, such as limited memory loss, while others may have severe impairment and, as a result, an impacted ability to take care of their even most basic needs. Dementia can raise financial concerns at any stage; a few missed payments due to mild memory issues, for example, may trigger late fees and property repossessions, while erroneous or even outright fraudulent transactions due to the lack of capacity to make appropriate financial decisions will drain the family's resources. What can you do to stop that from happening?

One way to protect the family assets is to have the impaired person create a Durable Power of Attorney (Durable POA) in the early stages of the illness and name their spouse or another trusted individual(s) as their agent, or attorney-in-fact. Durable POA remains in effect when incapacitation occurs. Ideally, Durable POA should be a part of everyone's backup (or estate) plan, regardless of current health status, because as we age our risks of illness and incapacitation increase. Note that not all powers of attorney are created equal; some may give limited, very specific powers and others cover a broad range of transactions in legal, financial and medical matters. In case of diminishing mental capacity, the Durable POA will likely need to be very broad. An attorney will have to be consulted to create a Durable POA (or review an existing one) and ensure it suits your particular situation. Keep in mind, however, that only a mentally competent person can create a POA. Once a person is incapacitated, signing legal documents is no longer possible.

If there is no Durable POA and your loved one becomes incapacitated, you may have to ask the court to appoint a legal guardian or conservator (dependent on your state's law). You will need to file paperwork with the court stating that your loved one lacks capacity and, therefore, needs a guardian/conservator to make decisions on their behalf. Once a guardian/conservator is appointed, they will be responsible for managing the impaired person's financial and other matters. The court will require the guardian/conservator to maintain records and provide reports on how they are performing their duties. Guardianship/conservatorship should be considered as a last resort because it is a time-consuming, costly and not very private process which may take an emotional toll on the family. A Durable POA is preferable, whenever possible.

If you start noticing signs of diminished mental capacity in your loved ones, please seek guidance from a family law attorney right away. Careful planning early on will save the family a great deal of financial and emotional distress down the road, when it will matter the most.

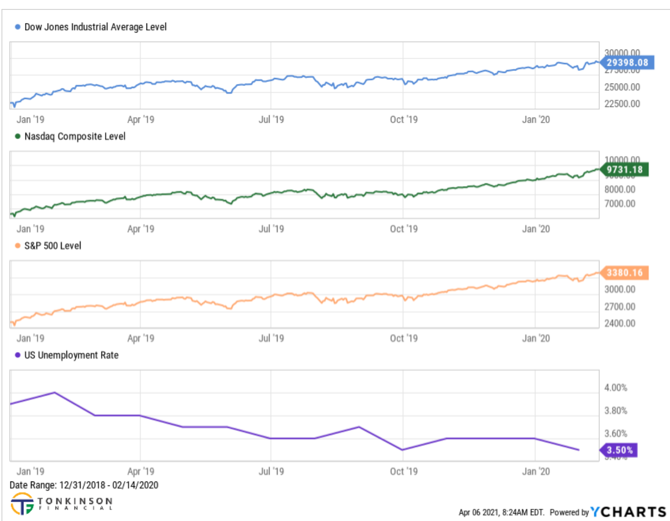
One Year Into a New Bull Market — By Tom Saul, Investment Analyst and Co-Portfolio Manager

It's been one full year since the stock market crash on March 23rd, 2020, and a few months more since the novel coronavirus, COVID-19, was first identified. Little did we know how much the world, our daily habits, *and our portfolios*, would be changed.

Here, we reflect on the past year through data and visuals that illustrate the extent of COVID-19's impact on the market and our lives. Here's how far we've come:

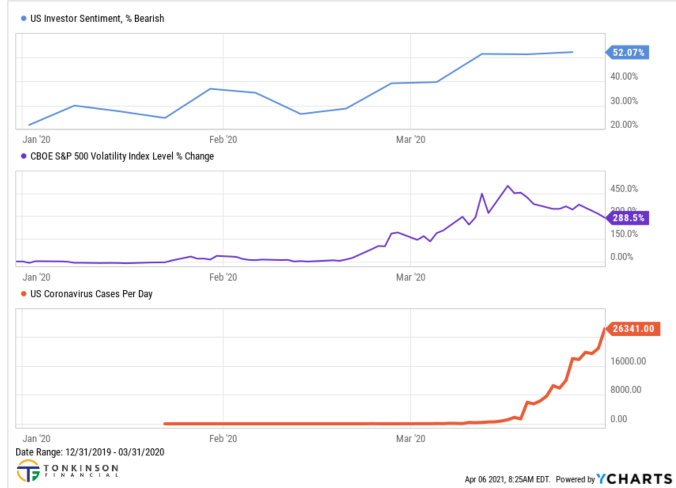
2019: When the World Was Still Normal

Remember going into the new decade with such high hopes? Even in early 2020, when COVID-19 first reached U.S. shores, the bull market carried on with business as usual. The Dow, NASDAQ, and S&P 500 set record high after record high through late February. Meanwhile, the unemployment rate similarly moved in one direction: lower.



March 2020: The Sky Falls

In March alone, US Coronavirus cases per day jumped from six to 26,000. As case numbers rose, the world shut down and markets crashed. The CBOE S&P 500 Volatility Index (VIX) reached an all-time high, even beyond those seen during the 2008 financial crisis, and US investors became considerably more bearish.

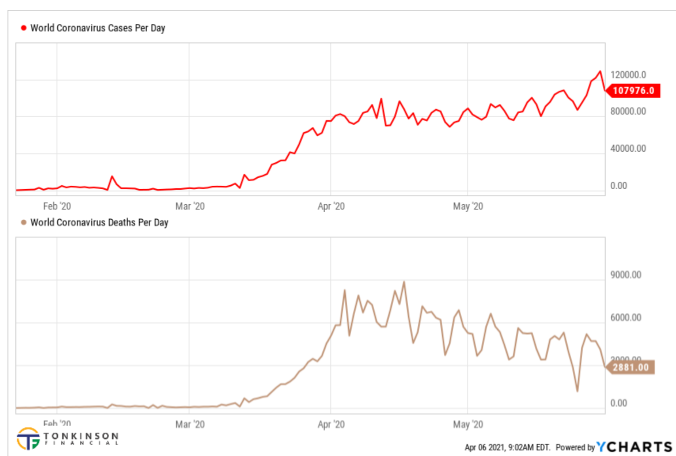


BEACH stocks (**B**ooking, **E**ntertainment, **A**irlines, **C**ruise Lines, **H**otels & Resorts) lost over half their value in just a matter of days.

Only 36 names in the S&P 500 finished positive in the first quarter of 2020. The few safe havens were mostly pandemic-response stocks like cleaning products, pharmaceuticals, and pizza stocks for what would unknowingly be a lot of movie nights at home to come.

Spring 2020: The Quarantine Economy

The world began a coordinated effort to "flatten the curve". At the end of May, worldwide deaths trended downward, as did both deaths and daily cases in the U.S.

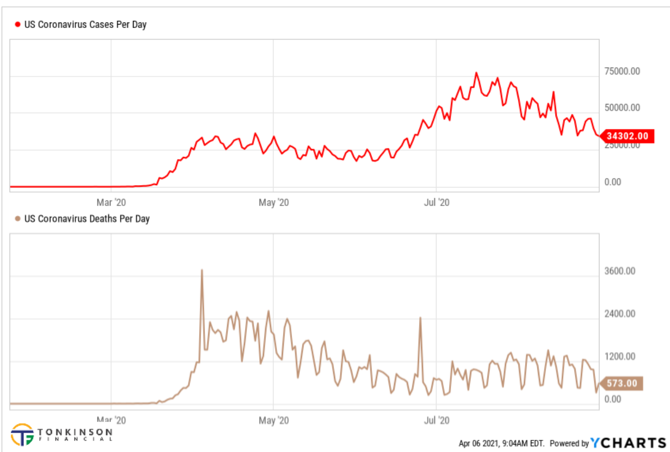


U.S. equities significantly bounced off their lows, despite the unemployment rate skyrocketing from 4.4% in March to 13.3% in May. Investors piled into an array of "stay-at-home" stocks.

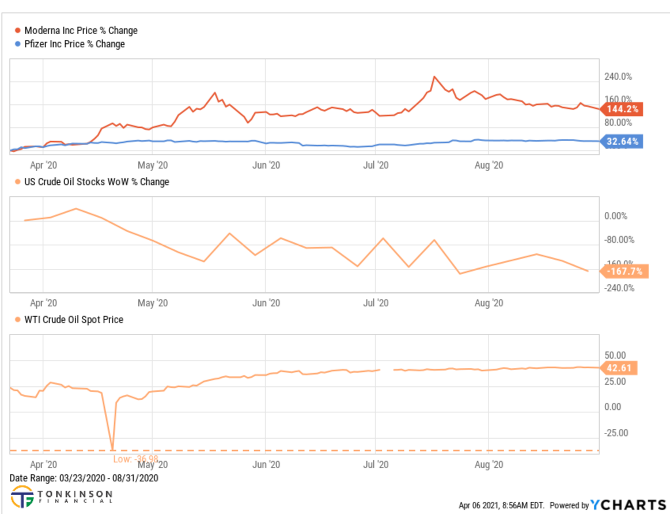
Tech stocks boomed as well thanks to "work-from-home" becoming more mainstream. The NASDAQ steadily outperformed the Dow as growth stocks—mostly big tech names—outperformed value.

Summer 2020: The Second Wave

Deaths in both the U.S. and around the world flattened out; however, cases resurged in summer 2020, reaching as many as 77,255 per day through a stunted economic reopening.

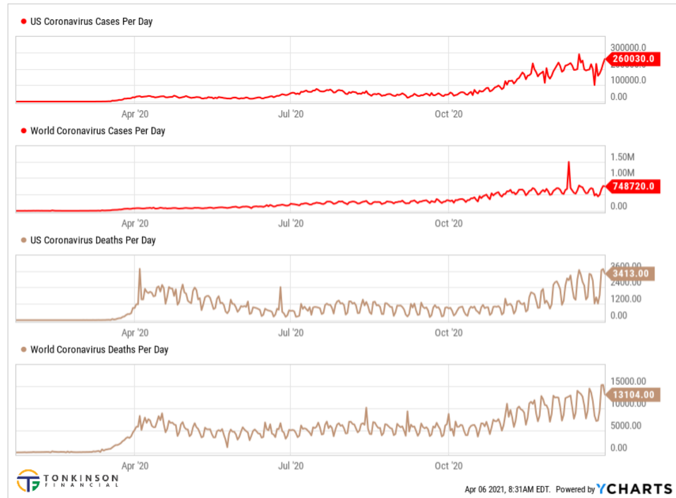


Pharmaceutical companies Moderna (MRNA) and Pfizer (PFE) published promising clinical trial data on COVID-19 vaccines, sending their shares up. Crude oil prices went negative in a rare economic twist and took U.S. crude oil stocks down with them.

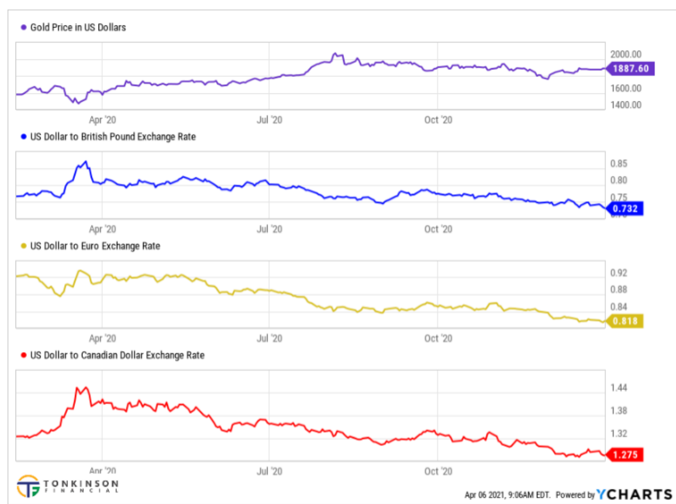


Late 2020: The Dark Winter

If March and late summer looked bleak, October through the rest of 2020 was quite dire. Daily cases in the U.S. ramped up to multiple hundreds of thousands through year's end, and deaths per day rose along with them.



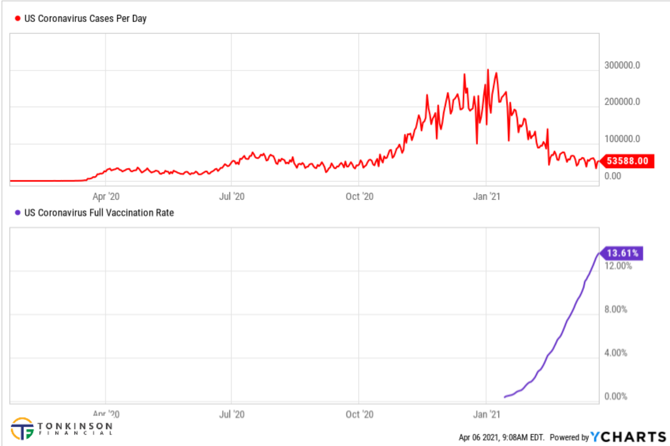
Before 2020 was over, the U.S. Treasury issued a second round of stimulus checks to Americans. The combined $450 billion spent by the Treasury on two rounds of stimulus payments helped weaken the U.S. dollar, prompting many to turn to alternative storer of currency.



Also at year's end, the FDA approved both the Moderna and Pfizer vaccines. Which brings us to…

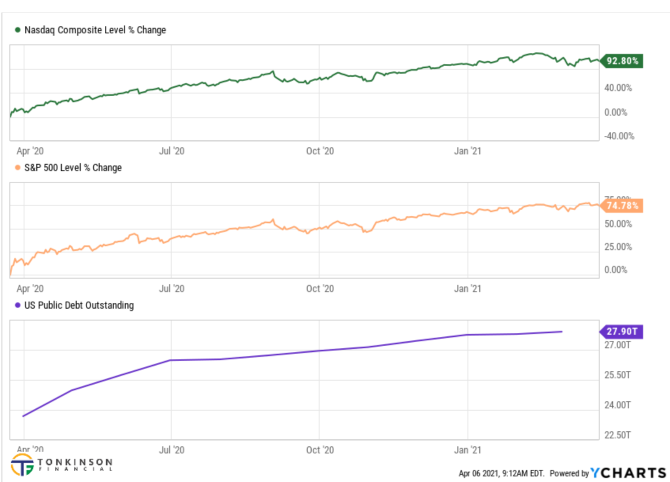
2021: The Vaccination Era

At long last, there was light at the end of the tunnel. Approved COVID-19 vaccines were rolled out in January, and one-tenth of the U.S. population became fully vaccinated within two months. The "Dark Winter" waned as well, as daily cases dropped to end-of-summer levels.



As vaccines boosted confidence in an economic comeback, investors rotated out of growth and into value. The Dow also overtook the NASDAQ in late Q1 2021.

The Treasury then issued a *third* round of stimulus checks at a rate of $1,400 per individual in March, though less Americans qualified for the third-time charm. The one number investors are keeping an eye on is the U.S. public debt outstanding, which has increased almost 18% since the first round of payments.



Nonetheless, it's hard to believe all these events transpired in only a year's time. Despite all the coronavirus cases, economic woes, and global uncertainty, it's amazing to think how far and fast markets have come since the crash last March.

Even though we're not totally out of the woods yet, many didn't think we would have progressed back to normal at this rate. It helps to put these narratives in perspective.

Why ALL Students Should Fill Out a FAFSA Form – By Lucy Foerster, Client Relations Coordinator

Are your children or grandchildren considering plans for higher education whether it be a trade school or college/university? "How do we pay for this?" is a very common question when thinking of higher education. There are lots of ways to answer to this question and we want to point out one possible direction. Every year, high school grads walk away from billions in free federal grant money that could help pay for college, according to NerdWallet. Why? Because they don't fill out the Free Application for Federal Student Aid, aka the FAFSA®.

What is the FAFSA form?

The FAFSA is a form that the federal government, states, colleges and other organizations use to award financial aid. Submitting this form is key to accessing grants, scholarships, work-study programs and federal student loans. Many people believe they won't qualify for aid; this isn't true as most applicants qualify for some aid, regardless of their family's earnings. The FAFSA actually has no income cap, students can apply regardless of the size of their family income.

What exactly is on the form?

Questions stick to the following five main buckets of information: student demographics, school selection, dependency status, parent demographics, and financial information. Many find the form intimidating but don't get discouraged as the form has been streamlined over the years.

Post-Submission

After an application gets reviewed students find out what kind of federal aid is available for them. Additionally, any schools that were noted on the application will be sent a copy of the 'Student Aid Report' to determine how much (if any) financial aid can be offered at their level. It is important to review and compare all the offers as they can vary.

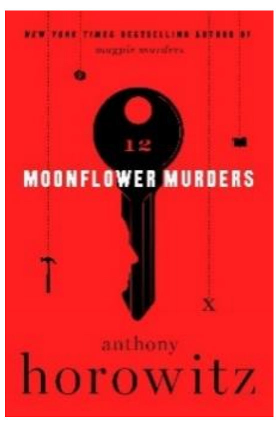
Don't forget that each year your student is in school they must refill out a FAFSA form, it does not renew on its own. You won't really know if your student qualifies for financial aid unless they try. They have nothing to lose and everything to gain.

Visit www.studentaid.gov for more information and for access to an online application.

Book Review: *Moonflower Murders* — By Margarita Tonkinson, Associate

Anthony Horowitz is a prolific English novelist and screenwriter specialized in mystery and suspense. He has authored over 50 books including Magpie Murders, two Sherlock Holms novels, a James Bond book, Alex Rider series for young adults, among many others. He has written for TV Foyles's War, Agatha Christie's Poirot, Midsomer Murders, Collision, Injustice, and New Blood.

Moonflower Murders is Anthony Horowitz' latest novel (2020) and another great mystery that will not have you disappointed. It is a murder book within a murder book which is titled *Atticus Pünd Takes the Case*. A classic whodunnit! It is practically impossible for the reader not to work along the lead character to solve the mystery or mysteries! The reading is easy and there is more than one puzzle to solve.



Some of the main characters are from *The Magpie Murders*, one of Horowitz early novels, although it appears to be a sequel, there is no need to read it in order to follow this story. Susan Ryeland, our first repeat character, recently retired from book editing and has been hired as an amateur detective to find a woman that has disappeared. The second character is now deceased Allan Cohen, the writer of the inside book *Atticus Pünd Takes the Case*, who during his research for the book met the "real-life" individuals he used in his novel under fictitious names. The third character is German Jewish detective Atticus Pünd, whose personality reminds you of Hercule Poirot in the Agatha Christie's mysteries, who is highly intelligent, liked by everyone, very meticulous, and prides himself on understanding the inner workings of the human psyche.

After unsuccessfully searching for clues, Susan finally decides to read *Atticus Pünd Takes the Case*. It was humorous, an eye opener, and a bit disconcerting to me of her sharp, honest and hard criticism of the book of which she had been the editor. When I first read it, I did not notice those issues and then I realized she was right. However, I was so involved in the story that I did not notice them. It is a lesson I hope to remember.

Hope you enjoy this two-in-one mystery!

COMMUNITY EVENTS

Maine Lobster Feast

The 10th Annual Woody Foundation Maine Lobster Feast presented by Tonkinson Financial took place on March 4th. The event showcased the partnership between The Woody Foundation and Shake-A-Leg Miami, the only adaptive watersport facility in South Florida.

Florida International University

We are proud to share that Rick was nominated to be on the board of directors for the FIU Foundation. Their mission is to provide opportunities to enhance its teaching, research, and outreach programs; and guarantees ethical stewardship of the gifts received. A project that Rick is most proud to support is the construction for the new chapel on campus.

ANNOUNCEMENTS

Kristina becomes Certified Senior Advisor (CSA)®

We are happy to share that after several months of preparation, Kristina has successfully passed the Certified Senior Advisor (CSA)® Exam and became a Certified Senior Advisor® in March. She is most excited to add this designation and the wealth of knowledge it came with to her professional qualifications, and hopes for it to be of value to our clients.

Earners of the Certified Senior Advisor (CSA)® designation have demonstrated advanced knowledge in the multiple processes of aging. CSAs have a broad-based knowledge of the health, social and financial issues that are important to older adults. Through certification, Certified Senior Advisors agree to uphold the highest ethical standards for the benefit and protection of the health and welfare of older adults.

Sarah and Steven's Wedding

On February 20th, Sarah and Steven said their vows in front of a small group of family and friends, as the sun set on beautiful Clearwater Beach, where Sarah grew up. The happy couple hopes to honeymoon after Sarah graduates from medical school this May.

IRS Extends Tax Filing and Payment Deadline

Federal income tax filing deadline for the 2020 tax year has been extended from April 15 to May 17.

The IRS is automatically extending the filing deadline for all individual taxpayers, as well as extending the deadline for 2020 federal income tax payments. Any unpaid balances after May 17 will accrue interest and penalties. This extension does not apply to estimated tax payments due on April 15.

It is important to note that a federal tax filing extension does not necessarily equate to a state tax filing extension. As such, it is important that you confirm the tax filing deadline in your state, as well as any other state in which you are required to file a return.

Disclosures:

Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered by through CES Insurance Agency. This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Please contact your financial professional for more information specific to your situation. Past performance does not guarantee future results.

Investing in individual stock involves principal risk – the chance that you won't get all the money back that you originally invested—market risk, underlying securities risk, and secondary market price. Talk to your financial advisor before making any investing decisions.

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is no guarantee of future results.

Certificates of deposits (CDs) typically offer a fixed rate of return if held to maturity, are generally insured by the FDIC or another government agency, and may impose a penalty for early withdrawal.

DJ Industrial Average (DJIA): Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value—one that has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are invested to reflect the actual performance of the underlying securities. NASDAQ Composite Index: Measures the performance of all issues listed on the NASDAQ Stock Market, except for the rights, warrants, units and convertible debentures. Barclays Capital Global Aggregate Bond: This index provides a broad-based measure of the global investment-grade, fixed-rate debt markets. Citigroup 3-month T-Bill: Measures monthly return equivalents of yield averages that are not marked to market. The 3-month Treasury Bill Indexes consist of the last three 3-month T-Bill issues. MSCI China: This free-float adjusted capitalization-weighted index is designed to measure the performance of China-based equities. MSCI EAFE (Morgan Stanley Capital International Europe, Australia, Far East): This index is a capitalization-weighted index that tracks the total return of common stocks in 21 developed-market countries within Europe, Australia and the Far East. MSCI Emerging Markets EMEA: This index captures large and mid-cap representation across 8 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). With 139 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Russell 2000: This index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. Standard and Poor's (S&P) 500: This index tracks the performance of 500 widely held, large-capitalization U.S. stocks. S&P Consumer Discretionary: A market capitalization weighted index that tracks the performance of consumer discretionary companies. S&P Consumer Staples: A market capitalization weighted index that tracks the performance of consumer staples companies. S&P Energy: A market capitalization weighted index that tracks the performance of energy companies. S&P Health Care: A market capitalization weighted index that tracks the performance of health care companies. S&P Materials: A market capitalization weighted index that tracks the performance of materials companies. S&P Technology: A market capitalization weighted index that tracks the performance of technology companies. S&P Utilities: A market capitalization weighted index that tracks the performance of utility companies.

The 2021 ranking of the Forbes' Best–in–State Wealth Advisors1 list was developed by SHOOK Research and is based on in–person and telephone due–diligence meetings to evaluate each advisor qualitatively and on a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria (including assets under management and revenue generated for their firms). Overall, approximately 32,725 advisors were considered, and 5,000 (approximately 15.3 percent of candidates) were recognized. The full methodology that Forbes developed in partnership with SHOOK Research is available at https://urldefense.proofpoint.com/v2/url?u=http3A__www.forbes.com&d=DwIFg&c=5qaU24EmuIpfzgwXAWUyHfhV6KzVMOip5exfSC7BVM&r=ImaVzsC_56sD5vERHsdpCKqD0EPEzZrXjR1s2gsQCI&m=Jj286a7lFdbBVbHnerJjv8Y1xTaHLnoyX6_Snncu7g&s=BSkl9Z-1mMJF1F76x9SivtiiyWEKYLlDXByc5x743ug&e=