Starboard Advisors
The Navigator, Vol. 13
January 2021

In This Addition:

- "It's Times Like These…"
- Market Commentary
- Year-End Portfolio Appraisal & Performance Reports
- Events and In the News
    - Welcome, Neil Cataldi!
    - KFA Advisory Board Meeting
    - Webinars

It's times like these you learn to live again.

-Foo Fighters

Perhaps the best place to begin is where 2020 ended and 2021 began. It was a once in a generation year on so many levels that it will forever leave a layer of mental scar tissue on Americans.

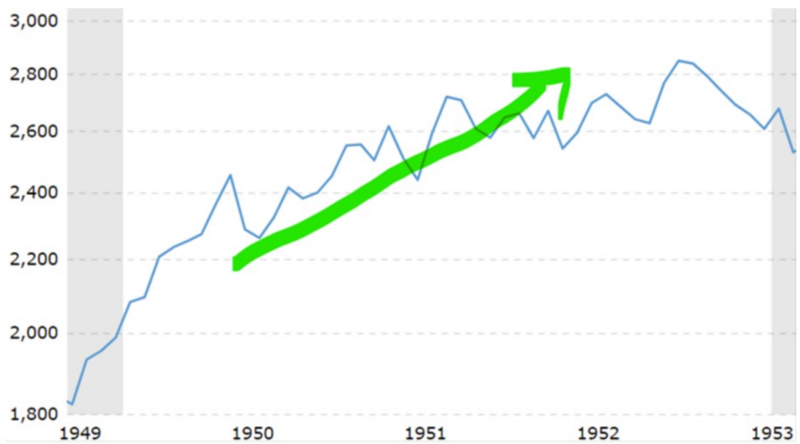
Unpacking 2020

Currently we rest atop historic highs on the equity markets, historic lows with rates in the bond markets, the actual economy is treading water, and most importantly we have far more clarity on the key topics of 1) American politics and 2) the course and treatment of COVID. With a certified election and new President, investors now have a handle on what to expect from governmental policy with many pundits pointing to a more middle of the road agenda once the dust settles on both sides. In addition, there are now multiple vaccines available that will finally dampen the spread of the pandemic, install consumer confidence and allow the world to reopen. Although it will not be overnight and numerous hurdles remain, we think the spring and summer will be a point at which the ever-expanding pandemic ball we've been pushing for over a year up hill will finally be going in a downward direction. The markets in 2020, that my colleague Tom Burnett will go into greater detail later on, held a generational rally from the depths of its March lows finishing +17%. {S&P 500 TR} (Source: WSJ)

2021 and the Course Ahead

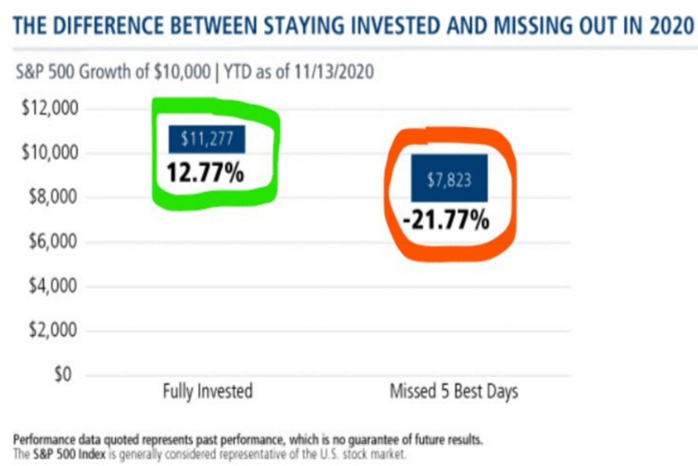
Upon reflection and looking ahead in 2021 here are a few things at Starboard we are keeping an eye on and/or will be particularly mindful of in the coming months and year:

History doesn't repeat itself. . . but it often rhymes. I recently was listening to a podcast on McCarthyism and the politics of the early 1950s. It was fascinating and eye opening to hear the level of political divisiveness throughout all pockets of American society. Lives were ruined by baseless claims, citizens at every level were paranoid and many acted (or failed to act) because of that fear in ways that were unimaginable just a few years back. In short, the political system was turned upside down. Despite the nonstop news coverage (it showcased one of the first Senate hearings covered on live television when networks had little else to cover) the stock market went on for a massive rally leading a primed economy. Investing is often best viewed with an unemotional eye – remaining focused on company fundamentals, earnings growth and valuations remain the key tenants to the long-term growth of capital. I would add this "unemotional eye" is also one of hardest disciplines to acquire.



Source: DIJA- Macrotrends.net

It's not timing the market it's *time in* the market. This is one of the oldest Wall Street proverbs and passed on to new investors year after year. 2020 was an exclamation point of this wise counsel, especially given that it was truncated within 365 days – a relatively short time horizon. As seen in the attached graph on the right, through mid-November, if you had missed the 5 best days of the market in 2020 in the S&P 500, you would have been down -21.77% vs, +12.77%! This spread improved slightly by year end, but not much. It is remarkable how much an investor's bottom-line performance is often driven by just a few days and serves as a powerful reminder. Although we are strong advocates of putting strategic cash to work on dips and being opportunistic, wholesale timing of risk assets does not work on a consistent basis and is fraught with the loss of capital, either in the short term or over longer periods.



Source: Calamos Investments, November 2020


Source: Seekingalpha.com

Chasing yield. A colleague in Boston shared with me a new favorite phrase on bond yields. "It's like picking up nickels in front of a steam roller." 1% per year is what you currently receive for a 10 Year US Treasury – to clarify, you are locked in at 1% for 10 years! Many would argue that currently, the 10 Year US Treasury is one of the riskiest investments you could own when weighed against future inflation, rising rates/crashing bond prices, and long-term opportunity cost. The byproduct of these federally induced low rates is investors chasing yield in investment vehicles, bank promotions, and insurance products. With few exceptions these alternatives contain substantially more credit risk, lock money in for longer periods of time and/or are based on historical averages that are not applicable. I had our trading desk look up new 1 Year CD offerings and the "best" yield we were able to price was 0.10% - that's 10 basis points! {as of 1/25/2021} Interest rates will rise at some point and bonds will eventually take back the more traditional role of modest returns and absolute safety. For now, they are only playing the role of the latter.

Is the glass half full? I have always subscribed to the belief that you have to be optimist to invest in the stock market. The case for investing in quality growth companies, with strong balance sheets, double digit earnings growth and world class management is as strong as ever. These will be the core holdings for the families we serve. The challenge of course, is finding these companies and the managers that oversee a balanced portfolio of these holdings. We believe we have them at Starboard for our clients and are constantly using our tools in financial planning to ensure clients have the appropriate runway of time to invest in equities and other risk assets while at the same time maintaining adequate contingency reserves in cash and short term bonds. Although stock valuations are far from historical lows, they are not approaching the highs of 1999 & 2000. In addition, interest rates will remain low providing solid footing for equity investors for the immediate future. Year over year earnings growth for portfolio holdings will serve as a key signal for the economy and markets in the coming 12 months. 2QTR and 3QTR 2021 earnings "comparisons" with 2020 should be relatively easy – however, expectations are high. Part of the recent market exuberance has been the expectation that the combination of a stimulus almost 3X the size of the one in 2009 and a snowballing vaccination effort coupled with an explosion of consumer confidence will fuel a significant expansion in a consumer-based economy. (Source: crfb.org and WSJ)

How the "stock market" may react to that is the $1Million question. Assuming we thread the "economic needle" as laid out above, stocks prices could continue to run OR they may tread water while the economy heats up – this in our opinion would be favorable outcome as the much-watched P/E ratio (price to earnings ratio for stock valuations) would come, down. Regardless, volatility will remain, political noise will be present, and investment losses pose threats to short term investors at almost every corner. The key will be weathering the storm while keeping an eye on the course to your next harbor.

A few words on speculation. The recent frenzied buying and selling in stocks like Gamestop (GME), AMC Entertainment (AMC) and other publicly traded companies should be a clear warning signal to investors and are fraught with perils, particularly the permanent loss of client capital. The trading activity associated particularly with GME is a classic Wall

Street story of "pumping a stock up" and then "dumping it" at a point in the future before/ahead of the masses. Although there is a valid story line of empowering retail investors (particularly against hedge funds), market manipulation either in "boiler rooms" or in online chat rooms will not be tolerated by the SEC which will seek to protect the life savings and retirement accounts of unsuspecting investors. Similar to 1999, if an investment sounds too good to be true -it is.

2021 at Starboard

Please read along further as we have several important updates and announcements from the halls of Starboard. Paperless reporting for year-end performance and consolidated reports are now available in secure online client vaults. Please keep an eye out for an email from our team if you haven't already signed up. For client meetings, we are mostly "seeing" families virtually by whatever format works best for them and invite clients to schedule a planning meeting at their convenience. In addition, we will continue to offer a series of webinars on a variety of topics throughout the year. From our crew to yours, please stay safe and be well.

My very best regards,

Bart

Barton W. Weisenfluh, CFP ®
Founder & President

ON TO THE MARKETS

We are pleased to be partnering with the Kelleher Family Office and their holding company Wall Street Access Corp and **Kelleher Financial Advisors**. *Together and in collaboration with our* **Investment Committee** *we will be providing quarterly (and as needed) commentary on the capital markets.* ***Thomas Burnett, CFA, Vice Chairman and Director of Research at Kelleher Financial Advisors****, will be helping lead the charge for this portion of our client communications.*

INDEX	% Change YTD as of 12/31/2020
Dow Jones Industrial AVG. (TR)	8.4%
S/P 500 Index (TR)	17.7%
Nasdaq Composite	43.6%
Nikkei Tokyo	16.0%
China (Shanghai)	13.9%
DAX Germany	3.5%
CAC 40 France	-7.1%
FTSE UK	-14.3%
Gold $ per oz.	24.6%
Crude Oil per bbl	-20.5%
RATE on Ten-Year T Bond	0.91%
VIX Volatility Index Change	64.4%

Source: WSJ

The Performance Table disguises the 2020 investor experience. In fact, the markets provided three distinct market environments. The first period through mid-February, was the calm before the storm when the equity markets slowly moved ahead. That "calm" period was broken sharply in March when the global Covid-19 outbreak hit the global markets and economies. Stocks sold off sharply through April before falling into the third stage. The rally which began in May-June propelled the three major US market indexes (Dow, S/P, NASDAQ) to record historical high levels. The US market performance was led by the tech- heavy NASDAQ Composite which rose more than 43% for the year. The more traditional Indexes, Dow and S/P rose just 8.4% and 17.7% respectively. Small stocks underperformed large ones as the S/P Small Cap 600 Index rose by 9.6%. The overseas markets were mixed with Asia's two main markets in Shanghai and Tokyo performing in line with the S/P 500 Index. In Europe, the Brexit uncertainty led to weaker markets in Germany, France, and the UK. The US dollar was weaker all year as the Federal Reserve acted aggressively to lower US interest rates. For the year, the US dollar Index fell by 5.1%.

Commodities presented a mixed picture. Gold and silver prices rose materially over the year with gold up more than 24% and silver up over 47%. Crude oil, however, fell by more than 20% for the year.

Bond prices benefited from lower interest rates and the Index of 20-year Treasury bonds rose 16.4%, including price appreciation.

The performance of the VIX Volatility Index mirrored the three stages of the equity market movements. In the first stage, through February, the VIX traded as low as 11-12, before spiking up to the 55-60 level during the March sell off. Later, as the markets recovered, the VIX traded down to the mid-20's before ending the year at 22.70.

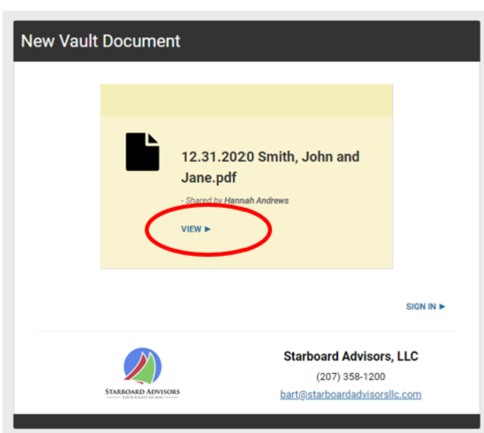
Investors who stayed the course through the uncertainties of Covid-19 and the US presidential election were rewarded, but 2020 will not be remembered positively by investors and workers who suffered through a weakened economy and rising unemployment.

2020 YEAR-END PORTFOLIO APPRAISAL & PERFORMANCE REPORTS

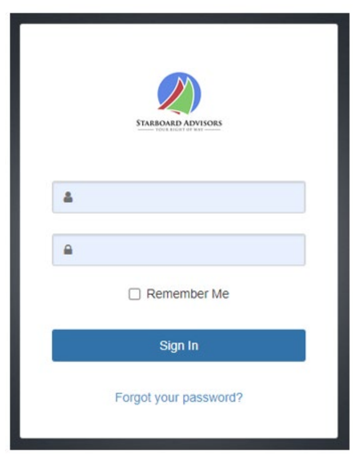
STARBOARD ADVISORS
YOUR RIGHT OF WAY
A DIVISION OF KELLEHER FINANCIAL ADVISORS, LLC

PORTFOLIO APPRAISAL & PERFORMANCE REPORT

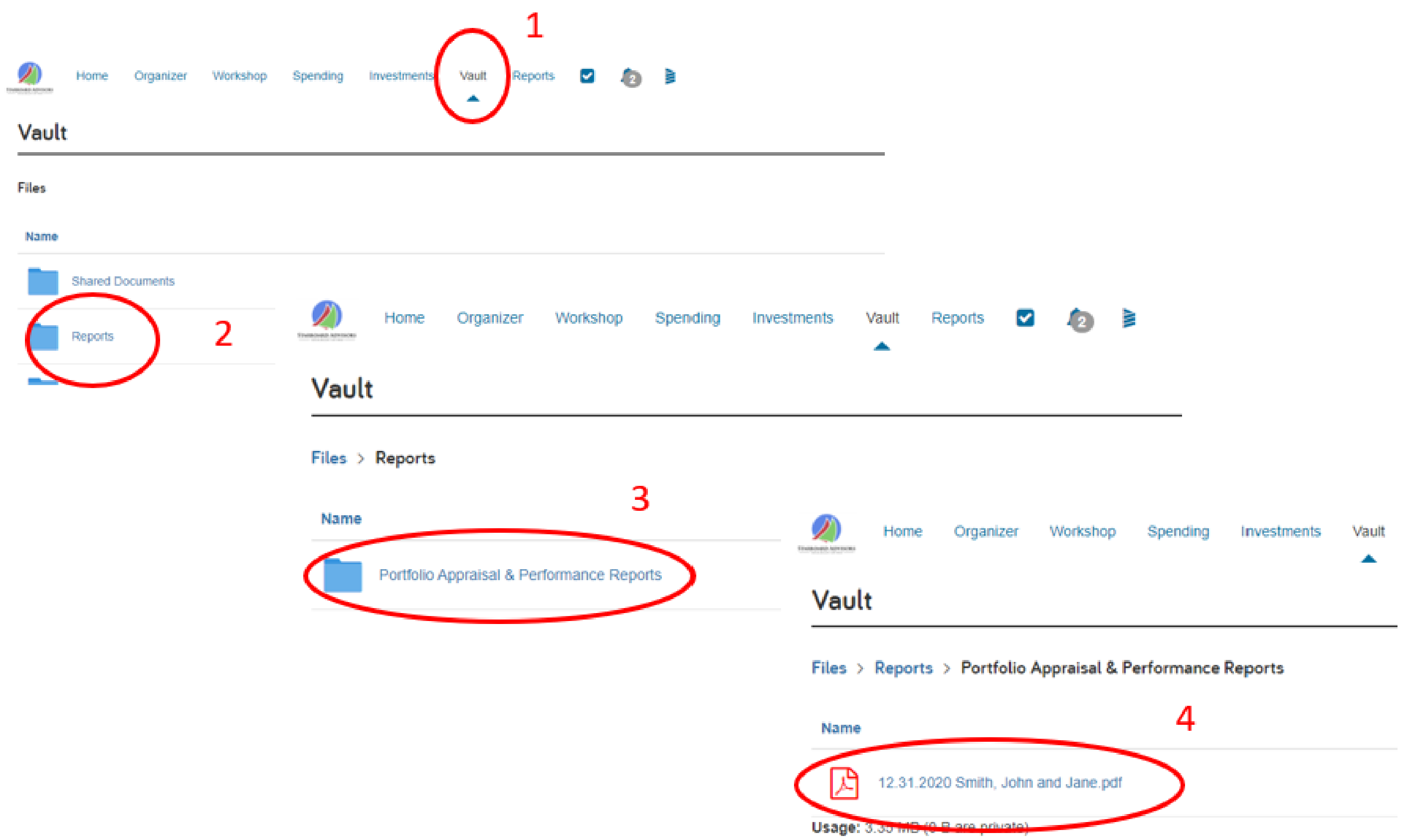
2020 Year-End Portfolio Appraisal & Performance Reports are now available. We will be uploading your reports to your online vault in Starboard's eMoney. Once your report is in your vault, you will get an email notification from "notification@emoneyadvisor.com" with the subject "New Vault Document".



From the email, click "View" and you'll be taken to the login in screen, (which can also be accessed by **clicking here**).



If you log in through the email notification link, you'll be taken directly to your vault From there, you can click on the name of the report you want to view. If you want to log in another time and view the report, you'll need to go to your vault first, by clicking "Vault" and then click through to "Reports"->"Portfolio Appraisal and Performance Reports" and then the report you wish to view.



Please contact **[Hannah]()** or **[Rita]()** if you have any questions or need assistance in accessing your report.

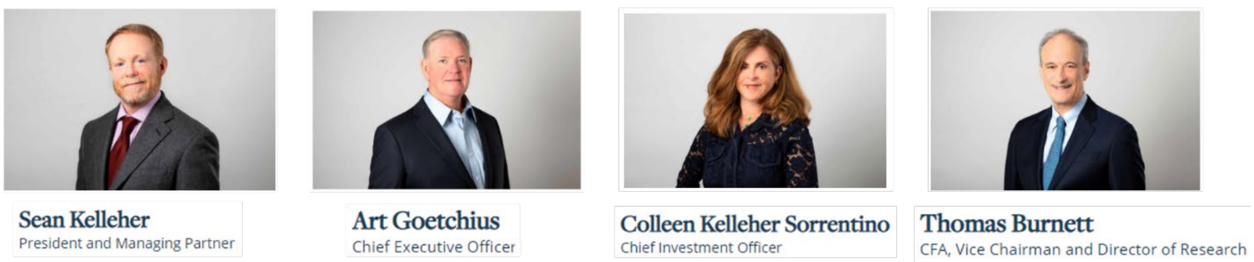
EVENTS AND IN THE NEWS

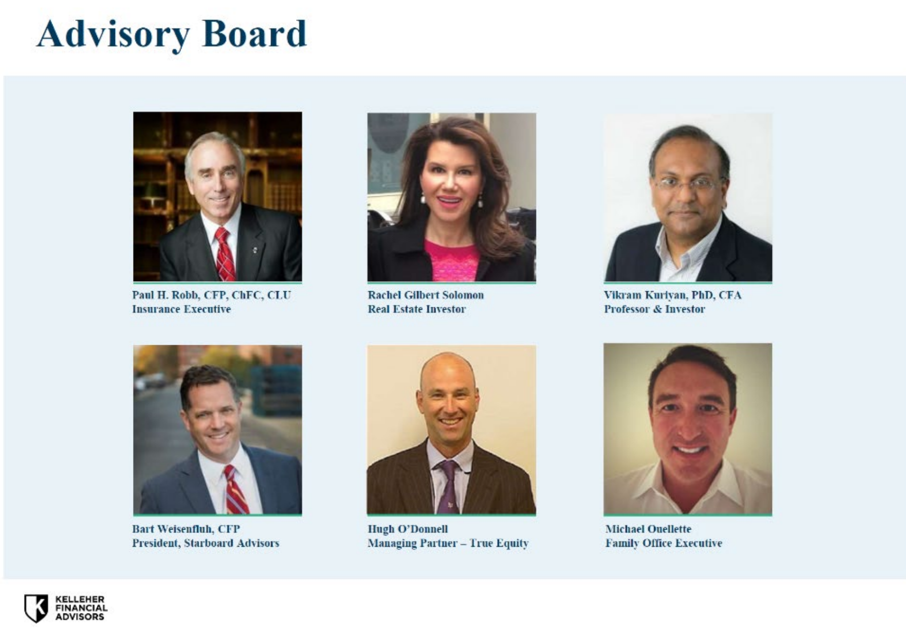
Welcome aboard, Neil Cataldi!

We are pleased to announce Starboard's newest Advisory Board & Investment Committee member, Neil Cataldi. Neil currently serves as Vice President and leads the investment process for $250Million+ in holdings at the Viking Group, a family office in Cherry Hill, NJ. Neil has over 20 years of Wall Street industry experience across equities, options,

alternatives, and Family Office governance. He began his career on the floor of the Philadelphia Stock Exchange where he worked for both TFM Investment Group and Goldman Sachs. He then worked as a derivatives strategist at Susquehanna International Group, generating stock and option trading ideas, mainly within the Consumer sector. Neil has also consulted for multiple private Family Offices managing a range of investments, including actively managed equity and fixed income portfolios, as well as the oversight and management of a large portfolio of hedge funds.

KFA Inaugural Advisory Board Meeting





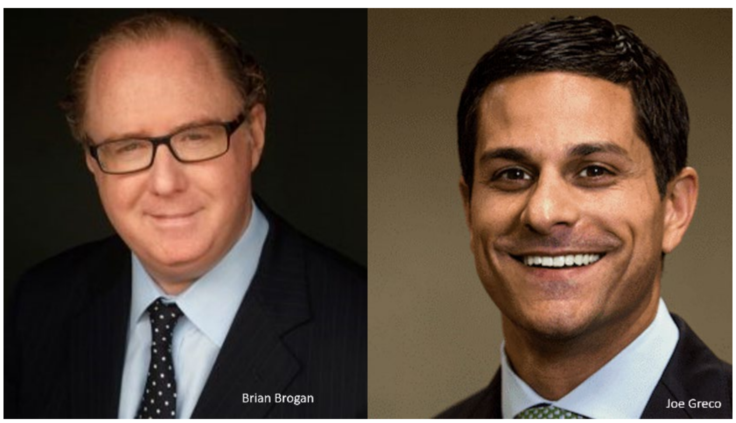
As an advisory board member for [Kelleher Financial Advisors](), Bart assisted in organizing and participating in the inaugural Advisory Board Meeting which was held on January 14, 2021. The agenda included a Kelleher Financial Advisors presentation and informational summary, 2020 business summary and strategic outlook, and discussion on next steps for the advisory board in 2021.

Webinar- “2021: Market Update & Outlook



On January 28, 2021, Starboard Advisors and Kelleher Financial Advisors hosted a webinar, for our clients and friends, **“2021: Market Update & Outlook”** Panelists Bart Weisenfluh, CFP ® and Colleen Kelleher Sorrentino, CFA were joined by Chat Reynders, Chairman & CEO of Reynders McVeigh Capital Management. If you were unable to join us, **you can view the webinar here.**

Coming up!



We are in the midst of preparing for our next webinar, **“Financial Education For The Next Generation”**, which will be on **Wednesday, February 24th at 1:00pm.** We are welcoming Brian Brogan, MS, CMT,CEPA,WFFA, Director of The Initiative for Family & Entrepreneurship at **Saint Joseph’s University in Philadelphia, PA** and Joe Greco, Entrepreneur and Executive **Coach of Palio, Inc. in New York.** Invitations are to follow.

ABOUT US

Definition of Star•board: *Starboard is the traditional nautical term for the "right" side of a ship's hull and represented by the color green for navigational purposes. In addition, sailing vessels must give the "right of way" to sailboats on starboard tack (where the wind is coming over the right side of the vessel) and be provided clearance for safe passage.*

Starboard Advisors was founded by Barton Weisenfluh and partners with the Kelleher Family Office and their RIA, Kelleher Financial Advisors, LLC. The firm provides a dedicated platform exclusively serving families as a single point of accountability for the stewardship of their financial lives.

The Kelleher Family business interests were founded by Denis Kelleher and have grown into a diversified financial service firm with a reputation as one of the best managed and best capitalized independent firms in the industry. Today the entrepreneurial spirit is alive and well where the second generation, led by Sean Kelleher, continues to press on with secure and sustained growth with likeminded professionals.