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

Starboard Advisors
The Navigator, Vol. 14
April 2021

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Carpe diem quam minimum credula postero

-Horace

"Seize the day, trusting as little as possible in the next one." - Horace

Carpe diem! It has been the rallying cry of investors everywhere as we entered into 2021. We closed 1QTR 2021 well ahead of record 2020 values with the S&P 500 up +6.1%. Despite a significant amount of future uncertainty, investors have embraced a glass is half full outlook and a "V" shaped or sharp "swoosh" looking economic bounce, post pandemic.

At Starboard we believe we're seeing measurable positive results from a two front war that has been waged for over 12 months on the COVID pandemic. The two-pronged approach of 1) a large-scale economic stimulus and 2) the race to herd immunity via mass vaccination will bring an end to the pandemic. COVID of course will linger on for years and mutate in various forms, but its time as a pandemic are numbered. Understanding these fronts and particularly their respective velocities are the two most important driving forces in the current investment markets.

A Two Front War

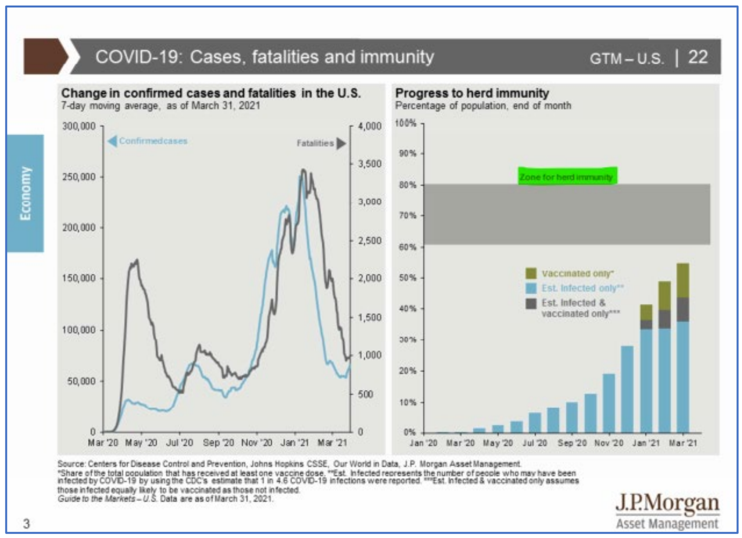
The course of the pandemic will be the course of the economic recovery.

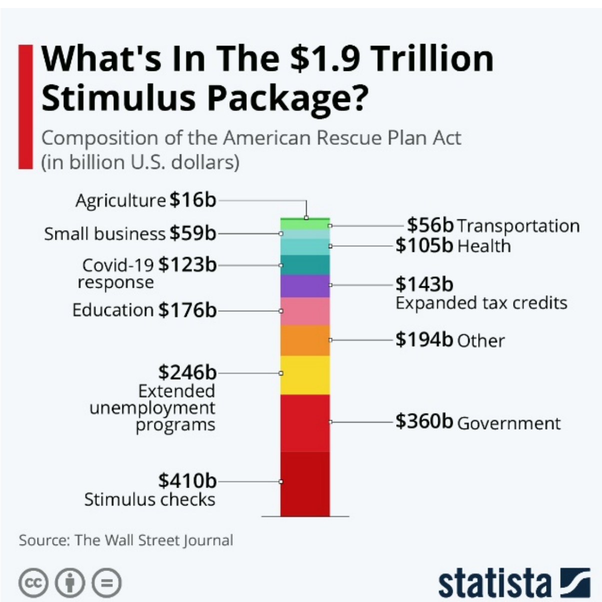
People Vaccinated	At Least One Dose	Fully Vaccinated
Total	127,743,096	80,609,818
% of Total Population	38.5%	24.3%
Population ≥ 18 Years of Age	126,640,197	80,360,022
% of Population ≥ 18 Years of Age	49.1%	31.1%
Population ≥ 65 Years of Age	43,975,610	35,334,081
% of Population ≥ 65 Years of Age	80.4%	64.6%

CDC | Data as of: April 16, 2021 6:00am ET. Posted: Friday, April 16, 2021 12:51 PM ET

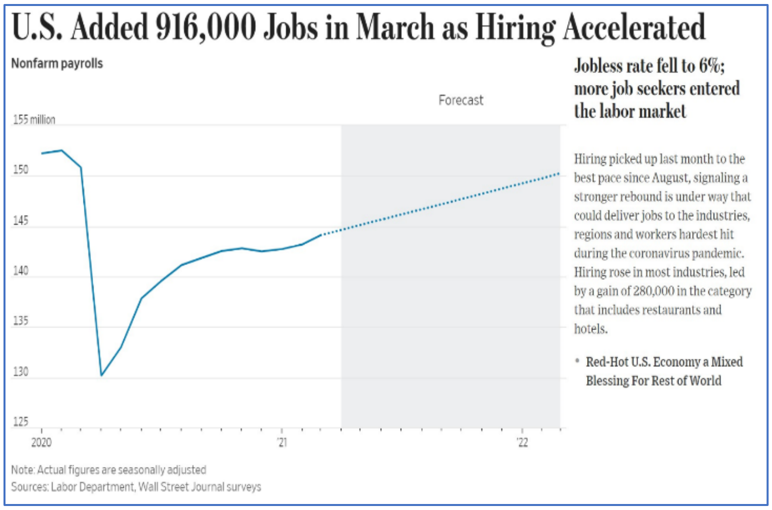
Close to 40% of Americans have had at least one vaccination shot as of April 16th. More importantly, over 80% of Americans age 65+ have had at least one shot with 2.5 Million doses/day being administered.

J.P. Morgan is making the case that herd immunity is within reach based on estimated infections and vaccinations topping over 50% of the US population. Regardless, progress is being made in "chunks" and laying the foundation for increased economic activity.

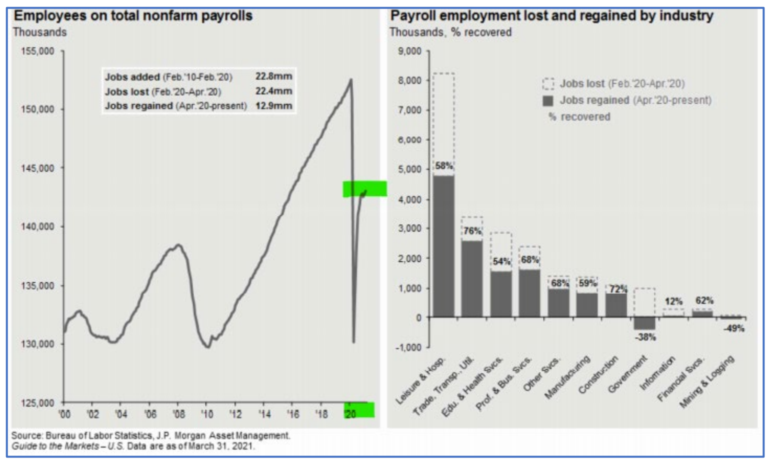




This past March debuted the $1.9 Trillion American Rescue Plan with the vast majority of it being put to work in the coming 6 months. The scope of the plan is like nothing this country has seen since WW2 and its accelerated pace is unparalleled.

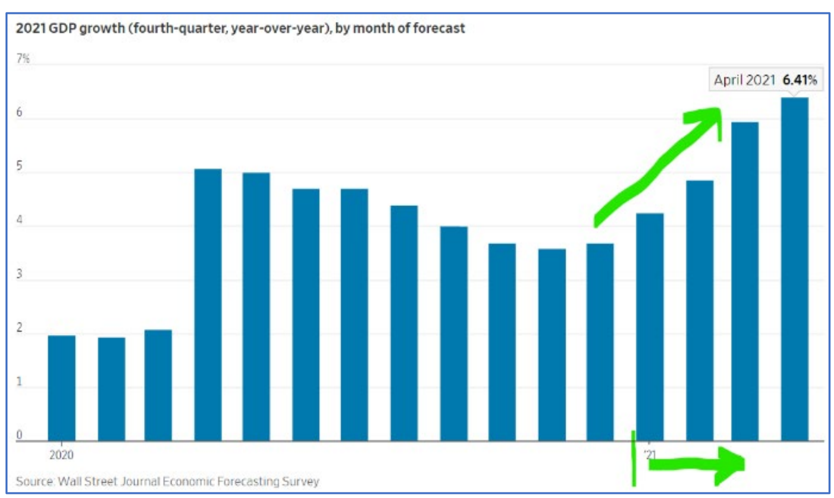


Early signs of economic progress are promising with job data from the first quarter. Hiring has accelerated and close to 13 Million or about 58% of the lost jobs since March 2020 have been recovered through the end of March 2021. Employment growth coupled with increased consumer spending and economic stimulus all point to year over year GDP growth of an eye watering +6% for the fourth quarter of 2021 (Source: WSJ).



What happened is, the consumer has so much money, they're paying down their credit card loans, which is good. Their balance sheet is in excellent, outstanding shape – coiled, ready to go and they're starting to spend money. Consumers have $2 trillion in more cash in their checking accounts than they had before COVID. – Jamie Diamond, April 2021

Looking Ahead

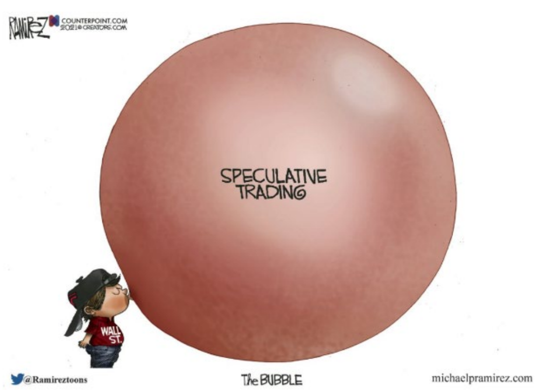


At Starboard we believe a lot of the above is "reflected" in current stock valuations, but more likely than not there is further room for price expansion. However, in the fairly near future, we also believe market returns will become more and more calibrated towards

2022 and the sustainability of growth and valuations will be paramount. Currently the S&P 500 is trading at 21X earnings – the closest it's been to the all time highs of the "dot com bubble" in 2000 (Source: JP Morgan). Some solace should be taken that the anticipated growth in earnings should help "compress" these valuations, but some of the mega cap stocks (particularly in technology) are, in our opinion, priced to perfection. Consequently, we are advising families to remain diversified in their holdings and have a clear understanding of their non risk/low risk assets such as cash and bonds.

Bubbles?

Investment bubbles are a topic frequent conversation amongst well-heeled investors but more often than not are difficult to time and fraught with complexities. Overreaction and or over aversion are frequent challenges to managing around them. We believe we're seeing signs of excess in crypto currencies, areas of big technology and in many areas of real estate. Of course, if you have been an investor in any of these silos of money, you've most likely done well. However, the challenge going forward is durability, sustainability, and predictability. There is no doubt that crypto currencies (and/or their underlying blockchain technology), big tech and real estate will play a part in client portfolios now and/or in the future, **but at what amounts ($ level of risk/investor) and pricing valuations are the key questions.** A thoughtful plan of diversification (without complete dilution) remains prudent while keeping investing emotions in check on tempting, but risky, short term profit grabs.



Wall Street people learn nothing and forget everything - Benjamin Graham

Cash is not trash and sometimes it's king

Over the past few months I have had numerous calls with clients and the number one topic has been "What do I do with my cash?" Investors are feeling the pinch of very low returns on their money market funds, savings accounts and CDs and there's an understandable desire to get the money "working". This has been compounded by Starboard's preference over the last 12 months to keep cash on hand vs. investing in bonds or further adding to fully allocated equity positions. One of our portfolio concerns has been a negative outcome in one of our most conservative assets – bonds. **In fact, that was the case for the 1QTR of 2021 with the Barclays US Treasury 1-3Yr Index posting a negative return for 1QTR 2021.** (Tamarac Data) Going forward our goal is to feather in client cash into suitable "safe harbor" investments that will ride out any financial storms we sail through. Until such time we are working on a family by family basis to optimize this portion of investment portfolios, but will continue to recommend the benefits of cash and short term bonds for their *guarantee of safety and liquidity* which for most of our clients is 3-5 years worth of cashflow in retirement. As Warren Buffet always says, "Cash is like oxygen. When you don't need it, you don't notice it. When you do need it, it's the only thing you need."

At Starboard we report investment returns with and without cash/bonds to help clients understand how their total returns are impacted by these safe harbor assets and in parallel help guide them in determining their level of absolute risk in the context of financial planning. Our underlying goal, as many clients have heard me say, is making sure we put families in a position <u>where they never have to sell a distressed asset for cashflow or an unexpected expense. In short, sell/raise cash when you can, not when you have to.</u>

Debt?

A sign in Atlanta showed the total U.S. debt nearing $28 trillion in December. Publicly held federal debt accounts for nearly $22 trillion of that sum. Source: pgpf.org

If you are looking for a splash of economic cold water, look no further than the national debt. Fiscal pressures will undoubtedly lead to tax increases and coupled with rising wage inflation pressures which could slow the 2022 economy down. We're certainly in historical territory with U.S. debt projected to hit 102% of the country's GDP (our highest since 1946). However, only $345 billion or 1.6% of GDP is the actual interest payment on that debt.

What is the more important factor in assessing the US's debt? Our opinion is the latter *ASSUMING* you're building an economy that's growing faster and stronger

Spring has sprung at Starboard

On a personal note, I received my first of two vaccine shots on April 13th in Portland, Maine. Surprisingly, for me, it was a bit of an emotional experience seeing the massive logistical operation in motion and so many volunteers pulling in the same direction calmly with a quiet determination and the helping hands of strangers everywhere. With the arrival of vaccinations we are increasingly seeing clients "in person" at their homes and in our offices on a case by case basis. We would welcome the opportunity to see all of the families we represent and look forward to visiting with you this spring, summer and fall. Please do not hesitate to get us on your calendar.

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 03/31/2021**
Dow Jones Industrial AVG. (TR)	8.1%
S/P 500 Index (TR)	6.1%
Nasdaq Composite	2.8%
Nikkei Tokyo	6.3%
China (Shanghai)	-0.9%
DAX Germany	9.4%
CAC 40 France	9.3%
FTSE UK	3.9%
Gold $ per oz.	9.5%
Crude Oil per bbl	21.9%
RATE on Ten-Year T Bond	1.74%
VIX Volatility Index Change	-14.9%

Source: WSJ

For the past several months, many observers have warned that record low interest rates have moved the bond market into a high-risk environment. In the first quarter of 2021, those predictions came true. The worst performing asset class was the Index of 20+year Treasury Bonds. The Index was down 14.9% in the quarter, making it the worst performing asset class out of the more than 100 followed by the Wall Street Journal. During the quarter, interest rates moved higher pushing bond prices lower. For example, the rate on the Ten-Year bond moved from 0.93% at the end of 2020 to 1.74% at the end of the March quarter. Investment grade corporate bonds did not escape the pressure from higher rates as that asset class was down 5.8%.

By comparison, stocks performed well. All three major Indexes (Dow, S/P 500, NASDAQ Comp.) traded at or near record high levels during the quarter. Small cap stocks performed well as the S/P 600 rose 17.9%, well above the larger equity indexes. The S/P Energy group rebounded from its weak 2020 showing with an increase of 29.3% in the quarter.

The US dollar also recovered from a weak 2020 performance and rallied 3.1% in the quarter. Commodities offered a mixed picture— oil and foodstuffs rallied, but gold was weaker.

The big story in the first quarter, however, was the rapid rise of interest rates and the collapse of prices in the long-term bond market. While stocks rallied in the quarter, investors must watch interest rates carefully as alternative fixed-income investments become more attractive.

EVENTS AND IN THE NEWS

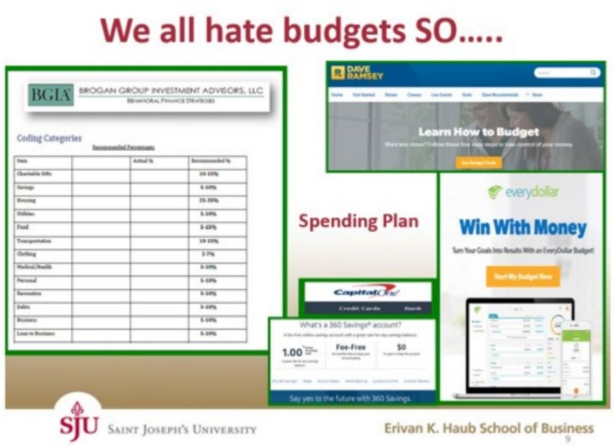
Welcome aboard, Ann Marie Liotta!

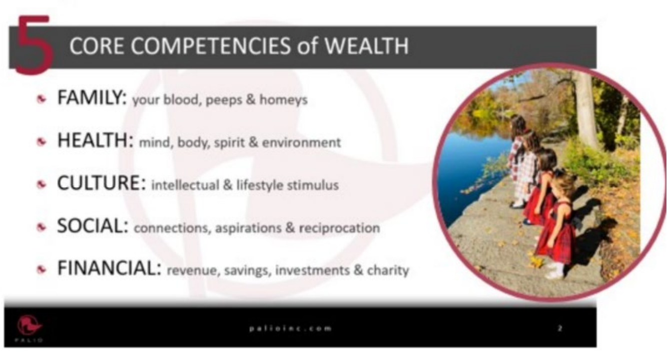
We are pleased to announce Starboard's Advisory Board Member, Ann Marie Liotta, CPA, AEP®. Ann Marie is an engaging specialist in domestic wealth planning and a results-driven wealth and tax strategist. Her significant and sophisticated hands-on experience and technical knowledge were gained over her 26-year professional career working within large New York-based financial services businesses as well as regional Philadelphia accounting firms.

Ann Marie joined Cohn Financial Group as a Wealth Strategist and Producer. She specializes in complex life insurance planning and is specialized in Private Placement Life Insurance (PPLI). Ann Marie works with high-net-worth families, individuals, RIA's and family offices throughout the United States. Prior to joining CFG, she worked at Lombard International for three years as their Head of Product Development and Wealth Structuring Services for the U.S. In her role at Lombard, she assisted internal and external partners with understanding private placement solutions and incorporating the solutions in existing and new wealth plans.

Prior to joining Lombard International, Ann Marie provided a full range of tax compliance and consulting services for individuals and families, where she headed up the Private Clients Services practice of Ernst & Young (EY) in Philadelphia. She practiced as a Certified Public Accountant for 23 years before joining the insurance industry five years ago. Ann Marie graduated Magna Cum Laude from Rutgers College School of Business. In addition to holding her insurance license, Ann Marie holds her CPA license in New York, New Jersey and Pennsylvania and is designated as an Accredited Estate Planner®. Ann Marie is a New Jersey State elected official and just completed her tenure on the Board of Education in Moorestown, New Jersey.

Webinar- "Financial Education for The Next Generation"





On February 24, 2021, Starboard Advisors and Kelleher Financial Advisors hosted a webinar, "Financial Education for The Next Generation". Bart and Colleen were joined by 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.** If you were unable to join us, **you can view the webinar here.**

Coming up!

We are preparing for our next webinar; stay tuned for future details.

1Q2021 PORTFOLIO APPRAISAL & PERFORMANCE REPORTS

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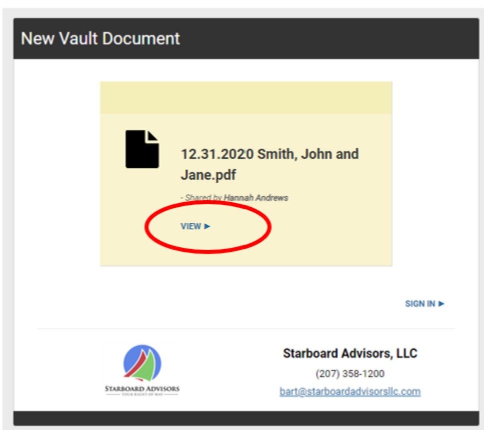
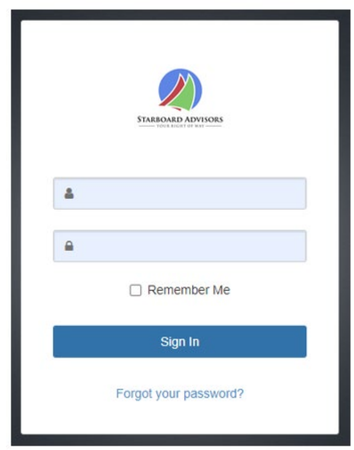
PORTFOLIO APPRAISAL & PERFORMANCE REPORT

1Q2021 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.

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.