



The first quarter of 2021, the stock market rose due to continued optimism regarding the global recovery, and bond markets fell due to rising interest rates. Value stocks, including utility stocks were better performers, and growth stocks lagged. The last few months we deployed new investments in the utility sector, where the investment committee has emphasized income and a more conservative approach for our clients. This emphasis offered approximately 5% dividend yield on stocks like Con Edison and Southern Corporation and earned additional income from the option premium. Since we utilized a strike price on these utility stocks higher than the current market price, we were able to structure an additional 10% upside in capital appreciation. Net/Net the potential total return on these trades if the call options are exercised will exceed 15%. This trading strategy offers extremely attractive total returns, while taking half the risk of the S & P 500. (Risk as measured by Beta).

Going forward we continue re-evaluating our allocations and positions and are making changes that we think will benefit our clients' investment accounts. We are somewhat cautious because the full impact of the pandemic cannot be fully assessed yet and some areas of the stock market look overvalued. Since interest rates have been rising we have generally kept a modest percentage of portfolios in short-term floating debt instruments that yield as high as 4.25%. If interest rates rise, as we anticipate they will over the next year or two, these types of floating rate investments will offer higher income as well as hold their value versus fixed rate bonds.

On an aside, please consider the following:

- A) If you haven't refinanced your mortgage in the last 12 months, please contact your advisor. Quicken Loans will offer you discounts because you are a client of QFA and Schwab.
- B) If you haven't had your annual review with your advisor, please do so immediately as we have a lot to catch up on.
- C) If you haven't received your family cash flow proforma, please reach out to your advisor.
- D) If any major changes have occurred in your life, (i.e. loss of job, loss of business, purchase of a home, marriage, illness or death) please reach out to your advisor, as she/he will assist you in reformulating your financial plan.
- E) The firm and our clients have experienced good fortune during the last twelve months. We took more risk for clients when we called the bottom in stocks in April of 2020 (see broadcast), we have been refinancing clients during the lowest interest rate period on record (i.e. as low as 2.125% Interest Only on a 10 Year ARM), another financial advisor firm has hired us to offer our risk management program (Delta-Vega) to their clients on a sub-advisory role and we hired two other financial advisors. The executive committee at the firm have decided to share our good fortune: 1) feed over 125 homeless people in Silver Spring at Shepherd's Table on a quarterly basis, 2) donate 10 Dell desk top computers to single parent families in Montgomery and Prince George's Counties and 3) if you would like us to donate to your preferred charity, please email Mr. Rinaldi at jrinaldi@qfainc.com and send him your formal request. Please include the name, telephone and address of the non-profit.
- F) Our International Investment Intern Incubator Program (IIIP) is hiring interns over the summer. It is a highly competitive program and we have placed over 83 interns in high paying careers in the investment arena so far. This represents a 100% success in placements. If you have a family member you would like to nominate to our programs please do so as we have one more spot available for this summer. As a client, your referral would take priority.
- G) If you know someone that can use our help, feel free to refer them as we are offering referral discounts during financial literacy month (April through end of May) to you and the person being referred. This program will extend through the months of May and June 2020.
- H) Let us know if you would like a copy of Mr. Rinaldi's text book 'A beginning Guide to Alternative Assets'. In an effort to promote financial literacy and inclusion, the book is currently published in English/Chinese and English/Spanish. It will be available in English/Russian and English/Korean shortly.

Please know how much we appreciate you and feel free to call us with any questions or concerns. Your well-being is our priority.