



Tower Wealth Partners
March 31, 2021 Update

Spring is in the air! We are seeing the sprouting of flowers and budding of trees. It was a long cold winter with plenty of snow for many of us living in the north east. So we are grateful for the changing of the season and the warmer weather.

2020 turned out to be the volatile year that we thought it would be - but for all the wrong reasons. COVID was the story. Everything else seemed to play second fiddle including the election which is what drove us to expect volatility for last year. Like our long cold winter, COVID has been draining and challenging to us all. Now that we are into the second year of dealing with it, we are ready for the "changing of the season!" We would argue that even with COVID, spring is in the air. Warmer weather is coming. Between vaccinations and the U.S. approaching herd immunity, along with the summer sun allowing for more fresh outdoor air activities, better days are ahead.

With that being said, the stock markets have seasons too. We have had a long run in the equity markets with growth and technology stocks leading the way. But like mentioned before, change is in the air. A rotation is occurring. We are seeing a shift to include other areas of the markets that may have been perhaps left behind in recent past. We have been fortunate to capitalize on the momentum of the markets from moves that we made in March of 2020. We now face the need to harvest some of the blessings and we have been diligent to wait for a full year before harvesting so that the gains will be considered long term and taxed more favorably. We are at this very moment in the midst of trading our models to account for the new opportunities that lie ahead in the marketplace. While doing so, we continue to reflect on risk and how best to keep it at bay. Our shift will include pairing back large growth stocks while introducing more small and mid-sized companies to the lineup. We will tilt the percentages to include more value stocks. The models will have a small increase in their international holdings which was a space we have been light on for the past year. While these shifts may sound plentiful, we view it as making

tactical adjustments to account for where the new opportunities are and more importantly, avoiding unnecessary risk by holding positions that are moving out of favor.

The forecast is not just clear and sunny for the year. No, we will face many storms and anticipate the need to continue to make slight adjustments to our models. We are adjusting to a new administration and listening to the experts on policy to map out our course of action. Interest rates are historically low, and it appears that they will stay there for some time. In our opinion, inflation is on the horizon and we have accounted for how best to position our models to weather that storm. A final thought to consider is you, the consumer. Yes, that is all of us! Do not underestimate the consumer. In normal times without lockdowns, the average American household saves roughly 6-8%* of their income. In April of 2020 that number climbed to over 30%* as a direct result of the inability to spend. In our opinion at some point and maybe even this summer we can anticipate more opportunity for the consumer to spend and spend they will. We feel this spending will finally give us the stimulus that the economy needs, and the markets are expecting. We are accounting for this in our planning and will be watching with great anticipation as the country continues to open back up for business.

At Tower Wealth Partners, our team is here for you. We are ready, willing, and able to help you, along with any family or friends who may need our guidance. So, for now, enjoy the robins, flowers and beautiful sunshine while we continue to work diligently behind the scenes for your benefit.

Blessings and stay safe everyone!

Your team at
Tower Wealth Partners

*U.S. Bureau of Economic Analysis

DARIN KOSS, CFP®, AAMS®
Wealth Management Advisor
Managing Partner, Tower Wealth Partners
DKOSS@TOWERWP.COM

JARED F. KOHL, RICP®
Wealth Management Advisor
Partner, Tower Wealth Partners
JKOHL@TOWERWP.COM

JIM THOMAS, CIMA®
Research & Trading Specialist
JTHOMAS@TOWERWP.COM

HALEY KOSS, AAMS®
Wealth Management Advisor
HKOSS@TOWERWP.COM