

Market Commentary^{1,4}

NEWS FLASH:

Market Commentary	1-2
S&P 500 Signs of Risk	2
The Market Pros and Cons	3
The Shape We Are In Economic Recoveries	3
Announcements and Accomplishments	4
Help Wanted	5
Foley Crew	6

Thomas G. Foley
Managing Director
Private Wealth Advisor

Keith W. Hier
Senior Vice President
Private Wealth Advisor

Shelly Staats
Relationship Manager

Harry Sommers
Private Wealth Manager
Director of Financial Planning

Justin Kaufman
Director of Client Services and Operations

Margaret Hobza
Client Relations Associate

You work hard for your money.

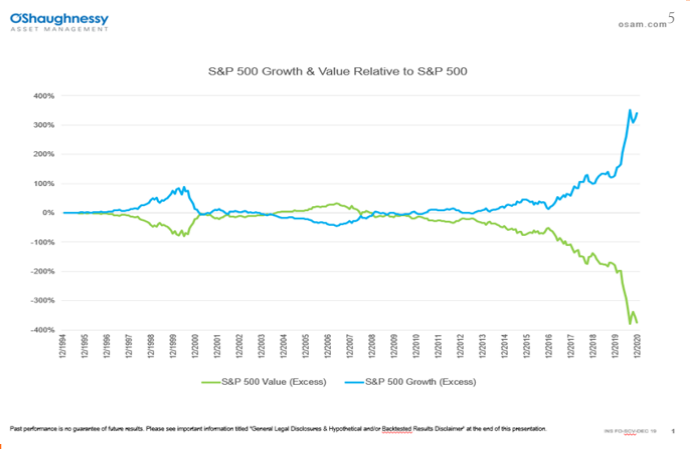
We'll work hard to help protect it.

2020 included an early stock market rally followed by one of the fastest and deepest selloffs in stock market history. In addition, 2020 is the only time that we have seen a V shape recovery in stock market history (normally you would see 1,2,3,4, steps forward followed by 1,2,3 steps back in a repetitive manner over the course of months if not years). Much of the rally can be attributed to The Federal Reserve, who along with the US Government poured a historic amount of money back into the economy to thwart the shutdown. This tidal wave of cash provided the fuel for a stock market rally. Rule #1 is to never fight the Fed and it is the #1 rule for a reason as the Fed, once again, imposed its will on the market.

The other major story of 2020 was the tale of two stock markets with the gap between Growth and Value stocks is at historic levels surpassing the heights last seen in the late 1990's. Importantly, these gaps started to close in the 4th Quarter of 2020, and we are now seeing the market broadening out to include Small and Medium stocks as well as International companies. Large Value likewise has seen a strong bounce. This trend has continued into early 2021 and we expect the market to continue to rotate.

For 2021, many market veterans see limited opportunity in Growth stocks generally but especially some of the large high-flying tech / tech related names. Yet FOMO (fear of missing out) continues to drive momentum without any consideration to valuations. We foresee this ending poorly for a number of the most popular names. History has shown again and again that significant concentration among a few names in the SP 500 usually signifies greater risk.

Conversely, we see continued opportunity in Large Value, International and Small/Medium stocks with a valuation bias. Valuations among numerous Large Value sector remain modest



FORBES BEST IN STATE -3 YEARS IN A ROW-



Hightower Omaha is pleased to announce Tom Foley was named to Forbes' 2021 list of Best-In-State Advisors.

(Industrials) and in some case downright cheap (Oil and Financials). The gap between US and international stock valuations, while improving, remains historically wide and dollar is weakening. Small and Medium stocks require prudent selection, but many offer solid opportunities.

1. (www.ycharts.com, 2021)

2. (BEA.Gov, 2021)

3. (Lucia Mutikani, 2021)

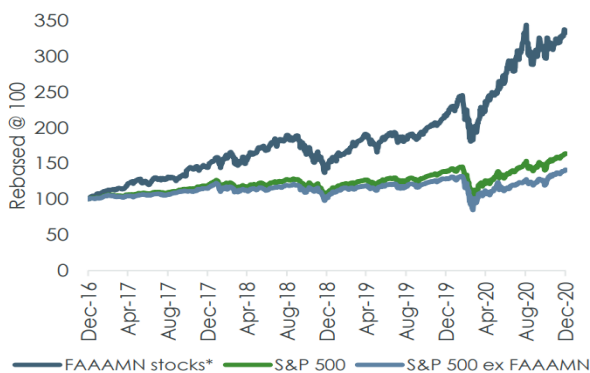
4. (Hoffower and Lichtenberg 2021).

5.(O'Shaughnessy, 2020)

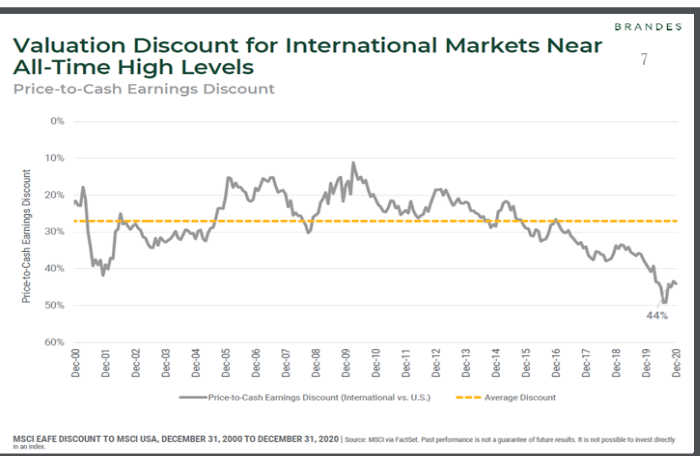
Given the current imbalances in the market and the economy, we all should expect extra volatility. Importantly, volatility normally drives the market rotation at hand. We must not forget that we live in a world of economic cycles so we need to always expect, and position our portfolios, for rotation. Finally, it should be noted that the stock market is ahead of the economy, so one of the keys for 2021 will be how much ground the economy recovers to catch up versus the stock market.

The Economy The economy likewise came to a historic stop, falling over 31% in the second quarter of 2020 with a loss of over 20 million jobs. This was followed historic rally of 33%+ in the third quarter. We have recovered more than half of the jobs initially lost (leaving unemployment at 6.3%) but have of approximately another 10 million jobs to go. With the second wave of the virus arriving in late Fall, the 4th Quarter saw a pronounced slowdown which resulted in year to year negative growth for 2020. That said this depressed starting point combined with the vaccines being widely distributed should set up the US economy for strong robust growth later in the Spring and throughout the Fall and Winter of 2021. We expect to see strong economic gains later this year as pent up demand is unleashed upon the economy.

FAAAMN* stocks explain most of U.S. returns 6



Source: Refinitiv DataStream, as of Dec. 2020. *Facebook, Apple, Amazon, Alphabet, Microsoft, Netflix - based on growth in market value. Congressional Budget Office, IMF, Goldman Sachs Global Investment Research.



6. (Fidelity, 2020)

7. (Brandes, 2020)

Figure 14: Top 5 Concentration of the S&P 500 8



Source: Figure 13: Gary Schilling Research, *Insight*, 1/2021. Figure 14: Goldman Sachs, *2021 US Equity Outlook*, 11/11/2020.

Top 5 Concentration of the S&P 500⁵

Bonds and Interest Rate Risk Interest rates while already low in January 2020 were reduced even further to 0% for overnight money and the 10 yr. Treasury bond was pushed down by the Fed to just over .5%. Recently the 10 year has bounced up to 1.3% reminding investors that the bond market currently has a significant risk and paltry returns. We have few good choices and conservative investors have major challenges. That said this too will pass, so this key should be to manage the risk first and returns second. National CDs are not worth forgoing the liquidity and conservative funds should remain in cash to be opportunistic should we see bond market volatility create an opportunity. Inflation hedged corporate bonds can play a role, as can short institutional preferred. Importantly, most of the government's recent actions look to be driving inflation up, so it is critical to keep maturities short. While we see signs of excess (concentration, margin) and speculation (Gamestop, increased day trading (www.businessinsider.com/whats-a-day-trader-retail-gamestop-reddit-change-wall-street-2021-1), we continue to believe that valuations remain our best tool to manage market risk. It is the price that you pay that ultimately determines your long run returns. Risk management often leads one to forgo bragging rights but avoiding the big fall will once again enable the tortoise to win the race.

Tom Foley

Managing Director, Private Wealth Advisor

02/25/2021

“QUOTABLE”

“CORE PRICES ARE NOW UP 2.0% OVER THE PAST 12 MONTHS, AND TRENDING HIGHER.”

—BRIAN WESBURY, FIRST TRUST ADVISORS L.P.

8. (Goldman Sachs, 11/2020)

9. (Wesbury and Stein, First Trust Advisors, L.P., 2020)

The Market Pros and Cons

Pros

- Multiple vaccines have been approved
- Consumer has significant savings and pent up demand
- Added stimulus was recently passed and more seems to be pending
- Low interest rates will continue to boost economic activity and housing
- Innovation and adoption of technology continues to positively impact the economy
- Merger and Acquisition activity is increasing to exploit valuation gaps in the market
- The Federal Reserve remains supportive to economic activity

Cons

- Mutations of the Virus
- Inflation is picking up
- Trade Wars remain active
- Signs of speculative trading
- activity
- Unemployment remains high
- Small business closures

Dr. Anthony Fauci has been the Director of ¹¹ the National Institute of Allergies and Infectious Diseases since 1984. Fauci, 79 years old, has served 6 Presidents-Reagan, Bush 41, Clinton, Bush 43, Obama, Trump-and has managed the USA's efforts to prevent, diagnose and treat-HIV/AIDS, Ebola, Zika, SARS, and COVID-19. His agency's budget in the current 2020 fiscal year is \$5.9 billion
 —Brad Pitt—

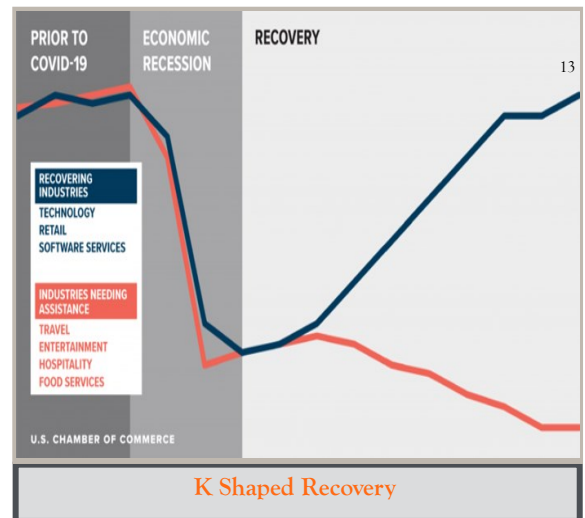
MISSING THE BEST-The total return for the S&P 500 over the last 30 years (1991-2020) was a gain of 10.7% per year (total return). If you missed the best 24 percentage gain days over the last 30 years (i.e. , 24 days in total, not 24 days per year), the +10.7% annual gain falls in half to a +5.3% annual gain. ¹²

The Shape We Are In -Economic Recoveries ¹⁴

Stock market recoveries as well as economic recoveries often take different shapes. These shapes are often represented by the media as a letter. Importantly, economic and market recoveries rarely follow the same trajectory in parallel as stock markets also reflect a large swath of emotion and confidence. Over time they merge and reflect one another but rarely do so in the short run. This is why investing is a mixture of both Art and Science.

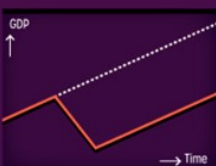
The mainstream media are calling the current economic recovery a "V" shape recovery as we saw a historically dramatic fall off in economic activity followed by some of the strongest economic gains ever seen. Conversely, most economists think we are in a K shape recovery as the economic impact is dramatically different depending on the type of job you have and how client facing your work is. Some of us are doing well, maybe even very well, but a large segment of the population is facing real struggles and hardship.

As to the other letters, most economists consider the 1930's and recent recovery from the credit crisis to be L shape recoveries - long draw out affairs. U shape recoveries are often used to describe the recovery in 1970's and for some, the Savings and Loan Crisis in the early 1990's. The W economic recovery is symbolic of a double dip recession like the early 80's.



The Many Shapes of Economic Recovery ¹⁴

L-SHAPE RECOVERY



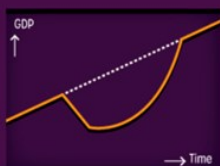
Sharp decline in the economy, followed by a slow recovery period.

DURATION/Several years



Worst and most dramatic type, also considered a depression.

U-SHAPE RECOVERY



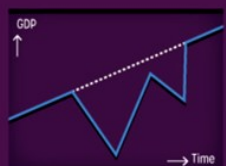
A more gradual drop in the economy, which stagnates for a while before a relatively healthy rise.

DURATION / 1-2 years



Economy takes a few quarters to bounce back

W-SHAPE RECOVERY



Sharp decline in the economy, a (false) rapid recovery, another period of sharp decline, then full recovery.

DURATION / 2 years



Also called a "double dip" recession.

V-SHAPE RECOVERY



Sharp decline in the economy, followed by a rapid recovery back to previous peak.

DURATION / <1 year



Considered the best-case recession scenario.

Given the roll-out of the vaccine, the stimulus enacted late last year, and businesses' ability to adapt under adversity, we anticipate much faster growth in the second quarter of the year and real GDP growth of 4.0% (Q4/Q4) for 2021 versus 2.5% for 2020.

—Brain S Wesbury ,
 First Trust Advisors
 L.P.—

10. (Keith Hier, 2021)

12.(BTN Research, MFS By The Numbers 5/11/2020)

14. (Ghosh, VisualCapitalist.com, 2020)

11.(Brad Pitt, 2020)

13. (U.S. Chamber of Commerce, 2020)

15. (Brain Wesbury, 2021)

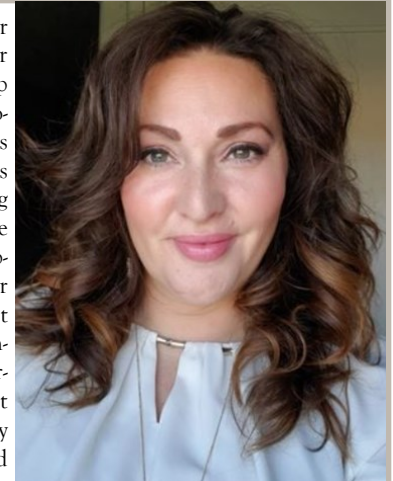
Announcements and Accomplishments

Justin joined the Hightower Omaha team in July of 2020 as the Director of Client Services and Operations. Justin will help better position Hightower Omaha for continued growth by designing and overseeing scalable, streamlined operations processes as well as implementing exemplary client experience. Justin has spent the last 13 years working in various Technology Training and Consulting roles. He has also been a regular presenter at a number of regional and national events within the financial



industry. He currently holds the Series 7 and 66 licenses, as well as the Behavioral Financial Advisor designation. Outside of working in the financial services industry, Justin is also a proud husband to Caroline and father of 2 - Carter, 6 and Lillian, 2. He plays rhythm/lead guitar in a local Irish band called the Shenanigans with his father, brother and their longtime friends, the Burkes. Other hobbies include golf, basketball and working on pencil portraits for friends and family.

In January of 2021, Hightower Omaha welcomed Shelly a 22 year industry veteran, as a Relationship Manager. Shelly is excited to provide financial planning services and on-going investment advice as well as managing our marketing and social media. Her experience as an Advisor and in client support further enhances Hightower Omaha's business development and Client Service team. She enjoys getting to know clients personally to see how she can best help them reach their goals. Shelly holds her Series 7, Series 66 and Insurance License. Shelly is a wife and Mother of 3, Grant (17), Cooper (14) and Hannah (9). Outside of work Shelly enjoys camping, fishing, photography, gardening and cooking and she loves a good dive bar, preferably with live music. Shelly also serves on several volunteer boards in her community. One of her passions is working with animals. She has been a member of Missouri Valley Boxer Club and Rescue for over 20 years and was formerly a dog trainer at Nebraska Humane Society.



Harry Sommers¹⁶

Earns his Financial Behavioral Specialist (FBS) and Certified Exit Planning Advisor (CEPA) designations



FBS: I have always found the reasoning behind our everyday actions to be fascinating, especially in relationship to our money. My goal in working through this 40-week MBA styled program was to learn how to help people: question their subconscious beliefs around money, understand what creates anxiety around money, find solutions to reduce these stressors and support others in making thoughtful decisions, assist in identifying/defining personal goals, and address behavioral biases that might lead to harmful decision making.

CEPA: True Exit Planning involves much more than helping an owner and their family sell their business. Real Exit Planning is based on the Value Acceleration methodology, which is a process that helps the business owner(s) understand their businesses current market value, areas of opportunity for growth and risk protection today. This means developing a team of professionals to support the owner(s) by: providing owners with direction and accountability, guiding owners in understanding the wealth needed to achieve their financial goals, coaching owners in developing personal goals and setting realistic expectations, assisting owners with the transition from their business towards their "third act" in life, and much more

Here are some reasons we as a team felt it was important to develop our knowledge in this area:

- ▶ 83% of middle market business owners either do not have a transition plan (49%) or "have" a plan that has not been documented or communicated (34%)
- ▶ 40% of survey respondents do not have a plan that covers "forced" exits
- ▶ Two thirds of all respondents were not aware of all of their exit options
- ▶ 12 months after selling, 3 out of 4 owners "profoundly regretted" the decision to sell
- ▶ 93% of business owners have no formal life after plan

Roth IRAs for Children¹⁷

You can open a Roth IRA for a child who has taxable earned income⁴ Helping a young person fund an IRA—especially a Roth IRA— can be a great way to give them a head start on saving for retirement. That's because the longer the timeline, the greater the benefit of tax-free earnings. Although it might be nearly impossible to persuade a teenager with income from mowing lawns or babysitting to put part of it in a retirement account, gifting money to cover the contribution to a child or grandchild can be the answer—that way they can keep all of their earnings and still have something to save.

That's still well below the annual gift tax exemption (\$15,000 per person in 2021 or with gift splitting, a married couple could gift their child \$30,000 a year.)

The Fidelity Roth IRA for Kids, specifically for minors, is a custodial IRA. This type of account is managed by an adult until the child reaches the appropriate age for the account to be transferred into a regular Roth IRA in their name. This age varies by state. Funds in the custodial IRA do not count toward assets when considering Expected Family Contributions for college. Bear in mind that once the account has been transferred, the account's new owner would be able to withdraw assets from it whenever they wished, so be sure to educate your child about the benefits of allowing it to grow over time and about the rules that govern Roth IRAs.

16.(Cooper, 2013)

17. (Fidelity Investments, 02/09/2021)

Help Wanted!

Referrals

At Hightower Omaha, we pride ourselves on taking care of our clients and creating comprehensive, personalized wealth management and strategies. If you are in need of services outside of your investments, we would be happy to provide referrals of trusted professionals that have assisted our clients previously. If you know of someone that you think would benefit from any of our services, please let us know and we would be honored to give them a call.

Account Maintenance

With many things going to digital, it's easy to forget to call us to update your address, email or phone number. Just give us a call and we will be happy to prepare a letter for your signature and update that information for you.

Did you know?

Did you know Hightower Omaha is on social media? We post market information, investment commentary, personal moments all on three different social media platforms. Part of Shelly's role here at Hightower is to post educational, pertinent, and thoughtful content to keep you informed. Follow us on Twitter, Facebook and LinkedIn at Hightower Omaha.

 [Follow us on Twitter](#)

 [Follow us on Facebook](#)

 [Follow us on LinkedIn](#)

Disclosures:

HighTower Omaha is a team of investment professionals registered with HighTower Securities, LLC, member FINRA, and SIPC & HighTower Advisors, LLC a registered investment advisor with the SEC. All securities are offered through HighTower Securities, LLC and advisory services are offered through HighTower Advisors, LLC.

No investment process is free of risk and there is no guarantee that the investment process described herein will be profitable. Investors may lose all of their investments. Past performance is not indicative of current or future performance and is not a guarantee. Carefully consider investment objectives, risk factors and charges and expenses before investing.

HighTower Advisors do not provide tax or legal advice. This material was not intended or written to be used or presented to any entity as tax advice or tax information. Tax laws vary based on the client's individual circumstances and can change at any time without notice. Clients are urged to consult their tax or legal advisor before establishing a retirement plan.

These materials are solely informational. In preparing these materials, we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public and internal sources. HighTower shall not in any way be liable for claims and make no expressed or implied representations or warranties as to their accuracy or completeness or for statements or errors contained in or omissions from them.

The information contained herein has been obtained from sources believed to be reliable, we cannot guarantee its accuracy or completeness neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.

The above summary/prices/quotes/statistics have been obtained from sources believed to be reliable, but we cannot guarantee their accuracy or completeness. Past performance is no guarantee of future results.

Sources:

1. [www.ycharts.com](https://ycharts.com/indicators/10_year_treasury_rate) (2020, February 19). Retrieved February 19, 2021 from https://ycharts.com/indicators/10_year_treasury_rate
2. [www.BEA.gov](https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate) (2021, January 28). Retrieved February 21, 2021 from <https://www.bea.gov/news/2021/gross-domestic-product-4th-quarter-and-year-2020-advance-estimate>
3. Mutikani, Lucia (2021, January 7). U.S. Economy Loses Jobs as COVID-19 Hammers Restaurants, Bars. Retrieved February 19, 2021 from <https://www.reuters.com/article/us-usa-economy/us-economy-sheds-jobs-in-december-unemployment-rate-at-6-7-idUSKBN29D0J9?l=0>
4. Hoffer, Hillary and Lichtenberg, Nick (2021, January 30). GameStop Investors May Have Transformed Day Trading Forever. Retrieved February 19, 2021 from <https://www.businessinsider.com/whats-a-day-trader-retail-gamestop-reddit-change-wall-street-2021-1>
5. Green, Matt (2020, February 24). O' Shaughnessy Asset Management.
6. Fidelity Investments. (2020, December 31). Year in Review. Retrieved March 4, 2021 from https://www.fidelity.ca/cs/Satellite/doc/year_in_review_2020.pdf
7. Ferrara, Joseph (2020, December). Brandes
8. Schaffer Cullen (2020, December). Global Insights High Dividend Value Q4 2020 Commentary.
9. Wesbury, Brian and Stein, Robert (2021, February 17). The Producer Price Index (PPI) Rose 1.3% in January. Retrieved February 17, 2021 from <https://www.ftportfolios.com/blogs/EconBlog/2021/2/17/the-producer-price-index-ppi-rose-1.3percent-in-january>
10. Hier, Keith (2020, February).
11. Pitt, Brad (2021, February 22). Dr. Fauci says he won't see his children until they are also vaccinated. Retrieved February 25, 2021, from <https://www.newsweek.com/dr-anthony-fauci-children-vaccinated-1570945>
12. BTN Research, (2020, May 11). MFS By The Numbers
13. Clark, Suzanne (2020, October 3). What Is the K-Shaped Recovery? Retrieved February 23, 2021, from <https://www.uschamber.com/series/above-the-fold/what-the-k-shaped-recovery>
14. Wesbury, Brian (2021, January 28). Real GDP Growth. Retrieved February 17, 2021 from <https://www.ftportfolios.com/retail/blogs/economics/index.aspx?ID=5815&Print=Y>
15. Ghosh, Iman (2020, September 16). Shapes of Recovery: When Will the Global Economy Bounce Back? Retrieved February 24, 2021 from <https://www.visualcapitalist.com/shapes-of-recovery-when-will-the-global-economy-bounce-back/>
16. Cooper, Chris (2013) 2013 Northeast Ohio State Chapter of the Exit Planning Institute "State of Owner Readiness" Survey Full Report. Retrieved February 26, 2021 from https://f.hubspotusercontent40.net/hubfs/6863690/Content%20Library/Research/State%20of%20Owner%20Readiness/State_of_Owner_Readiness_EPI_September_2013.pdf
17. Fidelity Investments. (2020, February 9) "7 Things You May Not Know About IRA's" Fidelity Viewpoints 2/09/2021. Retrieved February 26, 2021 from https://www.fidelity.com/viewpoints/retirement/IRA-things-to-know?ccsource=Twitter_Retirement&sf243110743=1

Planning for Your Success

Our Goal is to help each of you achieve your personal investment goals. For some, it's funding a certain retirement lifestyle or creating a college fund for your kids or grandkids. For others, it's creating a legacy to pass along to family or charity. Others are in the building and accumulation phase of life. We believe we can help each of you accomplish your long term goals by establishing and adhering to a comprehensive financial plan, and we believe this because daily we bear witness to a lifetime of ef

The Foley Crew

The Foley Family – Paige is geared up for her last high school tennis season and her out of state college decision looms large. Georgia hopes to play varsity tennis with her sister this season, and is Starbucks obsessed! Cal is still in Lincoln living his best life, and he is working to get his real estate license. Tamara has learned to make bread which has been wonderful for the family. Tom has been remembering how much he misses spending time with family, friends, and going to concerts.

The Hier Family – Keith is dreaming of his next mountain adventure and doing well along with MJ and the 4 kids. They enjoyed the recent snow and have a few trips planned this summer to Wyoming. Crosby (10) did well at indoor soccer, Poppy (5) is a ballet and dance regular, Gus (4) is all about Nintendo, and Azalea (4) is usually pretending to be some type of animal. No one really sleeps but that's nothing new.

The Kaufman Family—To start 2021, Carter (6) became the first member of the Kaufman family to break a bone in a sledding accident. We're happy to report he's mostly unphased and steadily on the mend. Justin, Caroline, and Carter agree that the most recent covid-era family photos were a resounding success. Lillian (2) is undecided. Justin was disappointed that his ice golf tournament had been postponed and has been practicing his swing on virtual reality courses.



Marg – Marg has learned new ways to connect with the team and new ways to work and grow in her role. She has been working remotely since March 2020 and is excited at the thought of receiving a vaccine. Marg has enjoyed the feeling of a simpler life but also feels a sadness when she remembers missing opportunities to travel, attend weddings, celebrate births and visit grandchildren. With the onset of spring only weeks away, Marg is anxious to engage in outdoor activities again and opportunities to enjoy nature.

Harry—Harry used the time, while social distancing, to complete both his Financial Behavioral Specialist (FBS) and Certified Exit Planning Advisor (CEPA) designations. In addition, he has finished up a few more of his MBA courses and will graduate in July. What Harry has considered his biggest success of 2020 is that he was able to go home and spend some very meaningful time with his family.

Will – Will joined the HighTower Omaha team in early June as our team Intern. He is currently a Junior at Creighton University where he studies Finance and Technology. Outside of work and school, Will enjoys exploring his hometown of Omaha with his friends and spending time in the outdoors skiing, jogging and playing basketball.



The Staats Family— Shelly is working on a CGC (Canine Good Citizenship) and Scent Work title with her Doberman, Spencer and considering Fast CAT, a new AKC sport. Jeff is anxiously preparing for his annual Texas hog hunt. Hannah (9) is wrapping up her first Basketball season and Girls Scout Cookie season has begun. Cooper (14) is almost finished with his Basketball season and is kicking off Track and Trap season. He has also gotten his School Lerner's permit. Grant (17) has been busy with Track and has been staying active with FBLA activities.