BH | Beech Hill Advisors

March 31, 2021

Dear Clients,

The first quarter of 2021 continued the uptrend from 2020 and once again provided equity investors with strong returns as the major domestic indexes, the Dow Industrial and S&P 500, both finished at all-time highs, rising 8.26% and 6.15% respectively, while the technology heavy NASDAQ index lagged, returning 2.95% for the period. The broadening of leadership continues as investors preferred cyclical exposure and economically sensitive segments as the energy, financial, and industrial sectors outperformed while the 2020 growth leaders in the technology space trailed all industry groups. As we have stated in earlier commentary, the expanding and diversified leadership of market segments illustrates a strong investor conviction in the ongoing recovery. Our portfolios performed in line, with our more conservative income and balanced strategies outperforming growth for the quarter. We believe both the larger than anticipated fiscal stimulus measures being proposed, as well as a vaccine rollout exceeding expectations, encouraged investors to maintain an invested posture and position for a strong economic expansion in the near term.

Economic data points and projections continue to support a robust domestic recovery. The latest March US payroll data showed the addition of 916k jobs versus consensus estimate of 660k, with previous upward revisions of 156k and an unemployment rate dropping to 6%. FactSet data reports first quarter corporate earnings growth expectations have risen to 23.3% from the 15.8% forecast at the beginning of 2021 with double digit gains projected for the remaining quarters of 2021 while revenue growth expectations have increased to 6.3% from the 3.9% figure at the start of the quarter. Additionally, forecasted US GDP growth is estimated at 7% for the year while the unemployment rate is forecasted to approximate 5% by the end of the year. Adding further visibility, Fed Chairman Jerome Powell provided confirmation of the Fed's continued support of the recovery, assured us of a well- capitalized banking system, and that accommodative measures will not be removed until the economy has fully recovered and in a deliberate and transparent process. The combination of improving data and an accommodative Fed provide a supportive backdrop for an ongoing economic and investment gains.

Consequently, we continue to position portfolios for economic expansion, trimming back from our successful growth positions, and adding to undervalued sectors with cyclical exposure. We believe analyst estimates of near- term revenue and earnings growth will continue to be revised higher as pent-up demand and supply in the most negatively affected segments of the economy will experience surge growth as stimulus checks and accumulated savings are utilized as lockdown measures are relaxed, vaccine rates increase, and new Covid-19 cases decline. We are not without concerns, surging interest rates and/or inflation, growth constraining tax revisions, and geopolitical conflict are all at the forefront. On balance, we continue to believe the next few quarters will provide an improving economic backdrop and a receding pandemic. We are keeping the strategy simple unless economic or health data indicate otherwise.

Enjoy the onset of spring! Please do not hesitate to call if you have any questions.

Best regards,

Beech Hill Advisors