



## MARKET COMMENTARY AND OUTLOOK | APRIL 2021

### MFA Prudent 10 Update

2020 was a market-shaping year. What began as one of the strongest U.S. economies in history, quickly turned south as the reality of the Covid-19 virus took hold towards the end of the first quarter. However, unique times created unique opportunities.

In March of 2020, The MFA Prudent 10 was created. We saw an opportunity to obtain “forever stocks” at historically low prices. At that time, these stocks were on average 47% below their most recent 52-week high and were 37% below their fair market value.

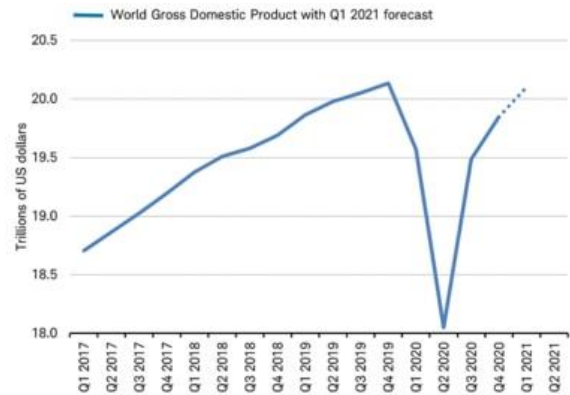
<b>Company</b>	<b>Ticker</b>	<b>2020 Gain/Loss<sup>1</sup></b>
Apple, Inc	AAPL	+76.71%
Amazon	AMZN	+71.6%
American Airlines	AAL	-0.54%
Boeing	BA	-35.78%
Citibank	C	-24.09%
Disney	DIS	+22.25%
Square <sup>2</sup>	SQ	+3.64%
Microsoft	MSFT	+38.48%
PNC	PNC	-7.09%
Exxon	XOM	-41.86%

Source: Morningstar

While it is impossible to determine the exact bottom of any market cycle, within the past five quarters, we’ve experienced the sharpest economic “V” in history – a deep recession followed by a rapid recovery.

The global vaccine rollout, expanding stimulus, and adaptations to the pandemic, along with an anticipation of a demand snapback as restrictions ease, have contributed to a continuing recovery from the COVID-19 crisis. As a result, we have seen some success in our Prudent 10 strategy.

<sup>1</sup> Gains/losses shown for securities listed are from January 1, 2020 to December 31, 2020; which are different from those experienced by MFA clients.



Source: Charles Schwab, World Bank data as of 4/9/2021.

One sector yet to recover, however, is travel and tourism. “From the start of the pandemic, airlines, hotels, and cruise lines all experienced significant declines in revenue, plummeting share prices, and uncertainty over their long-term future. But with vaccines now being rolled out, travel companies are (for the first time since February of last year) feeling a twinge of optimism. And if travel returns, then shares of travel companies will recover too.”<sup>3</sup> And with the European Union’s recent announcement that vaccinated Americans will be able to travel to Europe by summer, this optimism is likely to grow.

*“And if travel returns, then shares of travel companies will recover too.”*

Despite any success in strategically seized opportunities, a well-diversified portfolio gives our clients the best chance for financial success in any market environment, and we encourage our clients to stay focused on their goals while maintaining an appropriate amount of risk given their investment time horizon.

<sup>2</sup> Square was removed from MFA Model Portfolios at the end of June in 2020.

<sup>3</sup> Hyatt, John. Can Travel Stocks Recover in 2021?



## MARKET COMMENTARY AND OUTLOOK | APRIL 2021

### References:

Hyatt, John. Can Travel Stocks Recover in 2021?, Nasdaq, 19 Jan. 2021, [www.nasdaq.com/articles/can-travel-stocks-recover-in-2021-2021-01-19](http://www.nasdaq.com/articles/can-travel-stocks-recover-in-2021-2021-01-19).

Sonders, L., Kleintop, J., & Jones, K. (2021, April 16). Schwab market perspective: Springing forward. Retrieved April 27, 2021, from <https://www.schwab.com/resource-center/insights/content/market-perspective>.

### Disclosure:

MFA Wealth ("Firm") is an SEC registered investment adviser with its principal place of business in the Commonwealth of Pennsylvania. For information about the Firm's registration status and business operations, please consult MFA Wealth's Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Investment Advisory Services offered through MFA Wealth. Insurance products offered through unaffiliated third-party insurance companies.

This content is provided by MFA Wealth for informational purposes only. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance may not be indicative of future results and may have been impacted by events and economic conditions that will not prevail in the future. No portion of this commentary is to be construed as a solicitation to buy or sell a security or the provision of personalized investment, tax or legal advice. Certain information provided is derived from sources that MFA Wealth believes to be reliable; however, the Firm does not guarantee the accuracy or timeliness of such information and assumes no liability for any resulting damages.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your MFA account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your MFA accounts; and, (3) a description of each comparative benchmark/index is available upon request.

At MFA Wealth, we strive to provide unparalleled services and support. Our primary concern is serving our existing relationships. As a result, we regularly reach out to our clients to identify any changes to your financial or personal circumstances. This ongoing assessment is important to help clarify your investment ideas and identify your risk tolerance, which is the level of risk of loss you are willing and able to tolerate in order to achieve your investment goals. If your circumstances have recently changed or you feel that your current investment objective or risk tolerance is not right for you, please contact your Financial Advisor.

As a reminder, you should be receiving account statements directly from your qualified custodian at least quarterly. Statements should detail all transactions during the period. If you have any questions or are not receiving account statements at least quarterly, please contact us.