



GOLDENSTONE
WEALTH MANAGEMENT

Varshney & Villegas Private Investments

The 2021 FORECAST: Markets and Economy POST COVID-19, POST ELECTION, POST RECESSION





GOLDENSTONE WEALTH MANAGEMENT

Varshney & Villegas Private Investments

"Your Stepping Stone To A Golden Life"



2021 – THE YEAR OF RECOVERY AND HEALING – AND A NEW BULL MARKET

TAILWINDS – SOFT LANDING

- Markets closed out 2020 on strong note
- Great year for Bitcoin, SPACS, IPOS
- Economic growth, unemployment, retail sales, consumer/business confidence, PMIs
- HOUSING MARKET strong
- Federal reserve Monetary policy and US Treasury fiscal stimulus
- K Shaped recovery, structural changes
- Earnings Season HAS BEEN GREAT
- INTEREST RATES AND INFLATION STILL LOW
- THIS IS THE FIRST YEAR OF THE BULL CYCLE after shortest recession on record





2021 – THE YEAR OF RECOVERY AND HEALING – AND A NEW BULL MARKET

HEADWINDS

- ❖ VACCINE ROLLOUT IS SLOW
- ❖ US TREASURY YIELD HAS CROSSED 1.4%
- ❖ 1% increase in rates – 12% loss in Buying Power
- ❖ OUR FEDERAL DEFICIT IS IN EXCESS OF \$3 TRILLION, AND THE FEDERAL DEBT AT 100% OF GDP
- ❖ \$15 trillion in sovereign debt that is negative yielding
- ❖ Too much stimulus may be inflationary
- ❖ COMMODITY PRICES (SILVER, COPPER, LUMBER) ALL INDICATE HIGH INFLATIONARY PRESSURES
- ❖ UNEMPLOYMENT CLAIMS STILL ELEVATED
- ❖ CHINA HAS BECOME STRONGER DURING THE COVID CRISIS WITH EUROPE AND REST OF



2020A WILDRIDE

Best/worst days for the S&P 500 since 1950

Best Days

Calendar Days	S&P 500 Gain	Return 1 year later†
10/13/08	11.6%	7.0%
10/28/08	10.8%	10.9%
3/24/20	9.4%	?
3/13/20	9.3%	?
10/21/87	9.1%	9.8%
3/23/09	7.1%	42.7%
4/6/20	7.0%	?
11/13/08	6.9%	20.0%
11/24/08	6.5%	29.8%
3/10/09	6.4%	59.2%
11/21/08	6.3%	36.4%
3/26/20	6.2%	?
3/17/20	6.0%	?
7/24/02	5.7%	16.4%
9/30/08	5.4%	-9.4%
Average	7.6%	22.3%

Worst Days

Calendar Days	S&P 500 Decline	Return 1 year later†
10/19/1987	-20.5%	23.1%
3/16/2020	-12.0%	?
3/12/2020	-9.5%	?
10/15/2008	-9.0%	20.8%
12/01/2008	-8.9%	35.9%
09/29/2008	-8.8%	-4.1%
10/26/1987	-8.3%	23.5%
10/09/2008	-7.6%	17.8%
3/9/2020	-7.6%	?
10/27/1997	-6.9%	21.5%
08/31/1998	-6.8%	38.0%
01/08/1988	-6.8%	15.3%
11/20/2008	-6.7%	45.1%
05/28/1962	-6.7%	26.7%
08/08/2011	-6.7%	25.2%
Average	-8.9%	24.1%

Sources: BlackRock; Morningstar as of 9/30/20. Returns are principal returns, dividends not included. U.S. stocks are represented by the S&P 500 Index and the IA SBBI US Lrg Stock USD Index, an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. Past performance does not guarantee or indicate future results. †Average returns and returns 1-year following each period are for illustrative purposes only. Markets are volatile and investments made in those markets can and do fluctuate. Investors should not expect historical returns shown to be a guarantee of future expected performance.

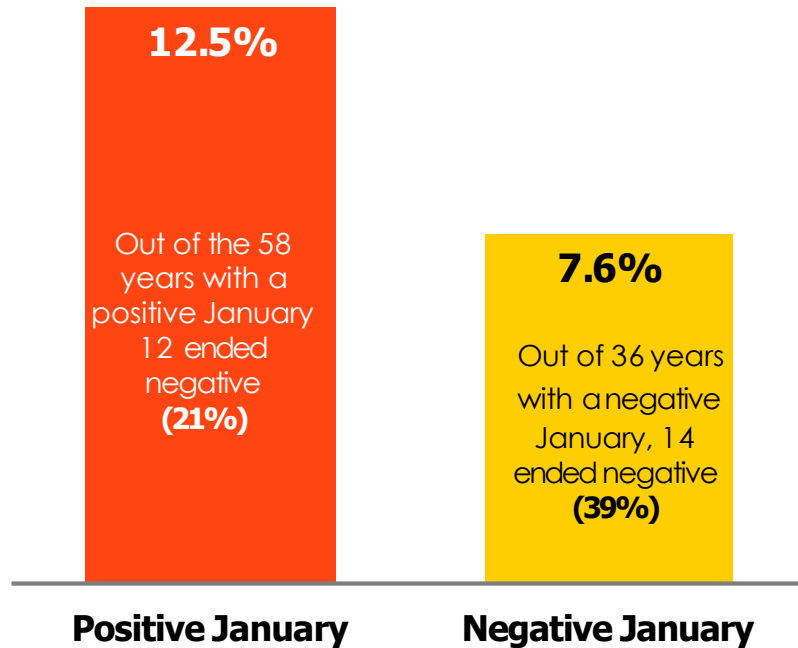
JANUARY MARKET RETURNS

So goes January, so goes the year?

Annual percentage returns

Average return following January

Return of the remaining 11 months, per calendar year, since 1926



Average returns since Financial Crisis

(1/1/2009 – 1/1/21)

	January return	Return forest of year (11 mo)
2021	-1.01	?
2020	-0.04	18.45
2019	8.01	21.73
2018	5.73	-9.56
2017	1.90	19.56
2016	-4.96	17.81
2015	-3.00	4.52
2014	-3.46	17.76
2013	5.18	25.87
2012	4.48	11.03
2011	2.37	-0.25
2010	-3.60	19.36
2009	-8.43	38.10

→ 6 of the last 12 Januarys have been negative, but all 6 finished the year higher

Source: Morningstar as of 1/31/21. U.S. Stocks represented by the S&P 500 Index after 1979 and by the IASBBI US Lrg Cap Index before 1979. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.



WTF??

Goldenstone 2021 Year-End Targets

- Our 2021 S&P 500: 4300
- Federal Funds Rate: 0-0.25%
- 10 Year Yield: 1.5%
- Oil: \$55
- Gold: \$1,800
- US Dollar: Stronger
- US GDP growth: 5%
- US Unemployment Rate: 6%
- S&P 500 Earnings: \$175



BlackRock

Decoding the Markets

Investing for 2020 and Beyond

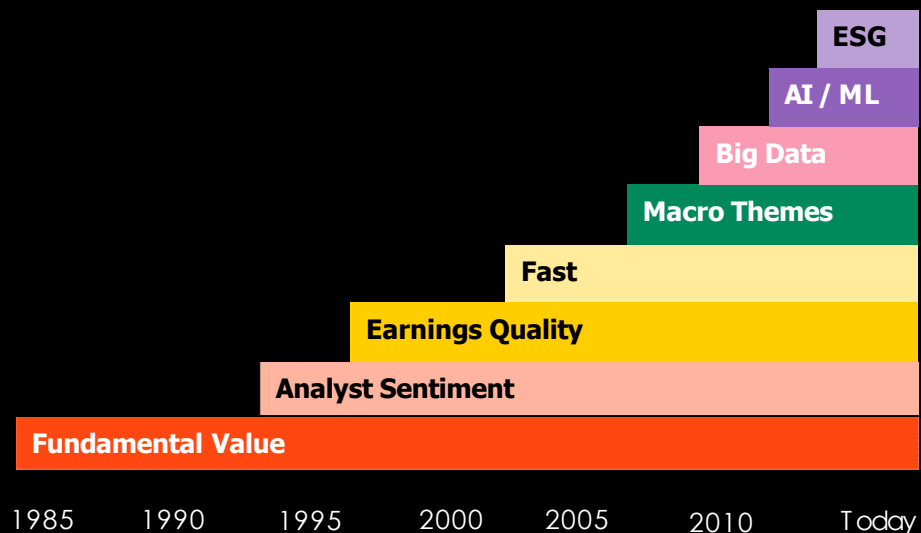
Systematic Active Equity

Systematic Active Equity (SAE) Platform

Summary

- **Philosophy:** We believe better and more differentiated investment insights, driven by new data and new techniques, are necessary to best seek investment success
- **Goal:** Deliver consistent and differentiated alpha, excess returns that are largely un-associated with smart beta factors and/or other active managers
- **Culture:** Scientific and transparent, building new tools and leveraging new data to develop differentiated insights
- **History & Scale:** Over 30-year of innovation across global equity markets.* Approx. 90 dedicated investment professionals

Adding new sources as markets and data evolve



SAE platform AUM: \$126B USD

Long Only
\$116 billion

Alpha Tilts (Regional / Global)
Advantage Series (Regional / Regional Styles / Global)

High Conviction Alpha
\$6 billion

Alpha Advantage (Regional / Global)
Absolute Return (Regional / Global)

Outcome
\$4 billion

Income (Global)
ESG/Impact (Regional / Global)
Defensive Alpha (Global)

AUM in USD as of 30 September 2020

*Including time within Barclays Global Investors and Wells Fargo Nikko Investment Advisors

The world has changed: Snapshot of last five years

- Digital world = big data
- Advances in Machine Learning & Artificial Intelligence now allow realistic simulations in high dimensional spaces
- Ability to measure thousands of relevant attributes in real-time: consumer behaviors, product developments, company trends, regional features, etc
- New opportunities for forecasting & building portfolios

Everything measurable will be measured

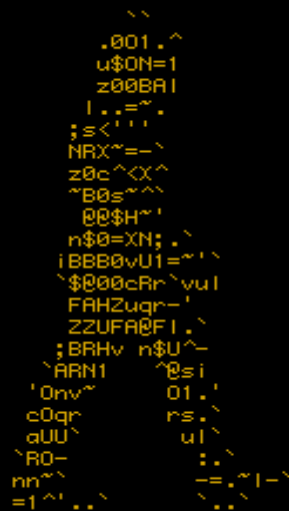
**News, broker reports,
fillings, blogs**

Experts

Field visits

Government statistics

Intentions, emotions



Natural language processing

Big crowd

Satellite images & GPS

Nowcasting

Search trends

What type of stocks does SAE invest in?

Stocks underpinned by attractive fundamentals

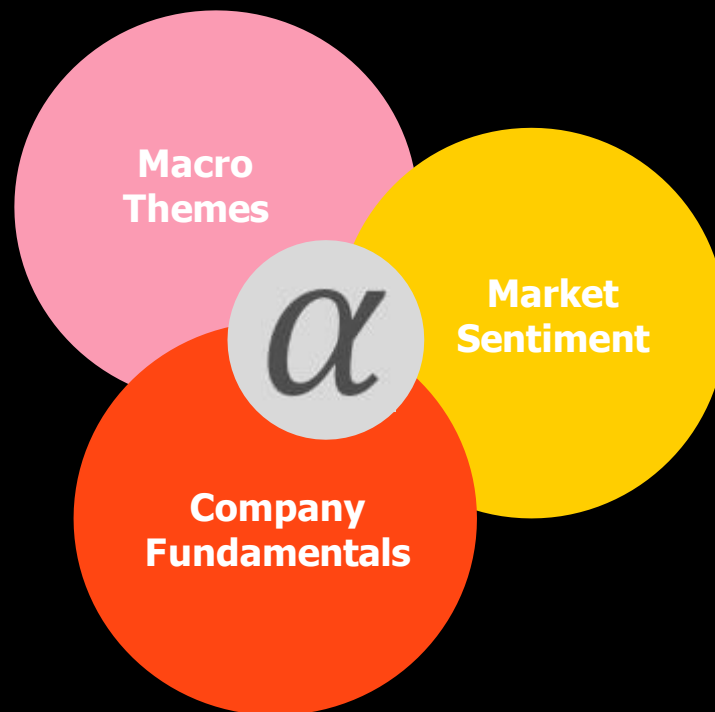
- Improving & persistent profits
- Rising earnings expectations
- Attractive valuations

Stocks supported by positive sentiment and market activity

- Views of market participants such as analysts
- Positioning of other investors and expectations of future flows
- Trading opportunities arising from short term liquidity effects
- Relationships between stocks and other asset classes

Stocks with positive exposure to macro themes

- Domestic economic conditions
- Exporters exposed to the external macro backdrop
- Industries, countries & styles
- Includes beta timing model



*SAE has 30 years of experience in understanding the drivers of equity returns**

“

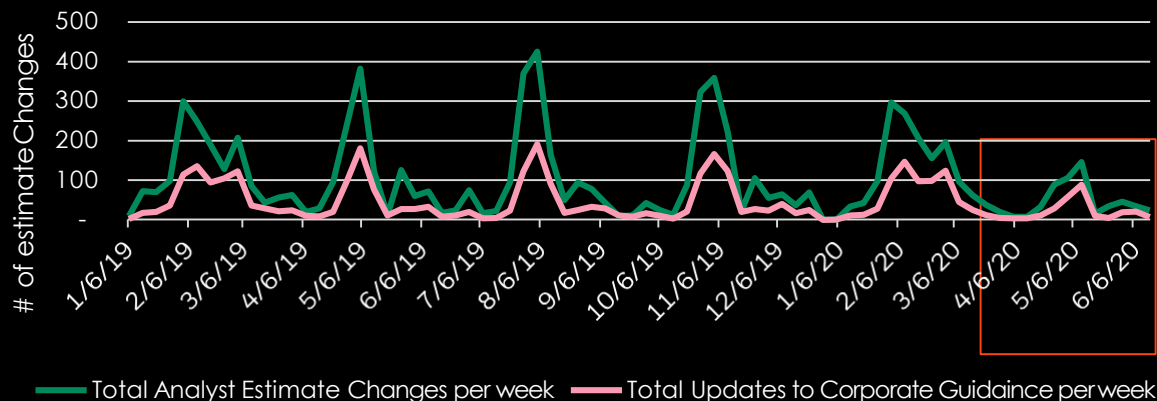
Alternative Data is going to become the new oxygen in the investment process.”

Source: Jeff Shen, Co-CIO of Systematic Active Equities.

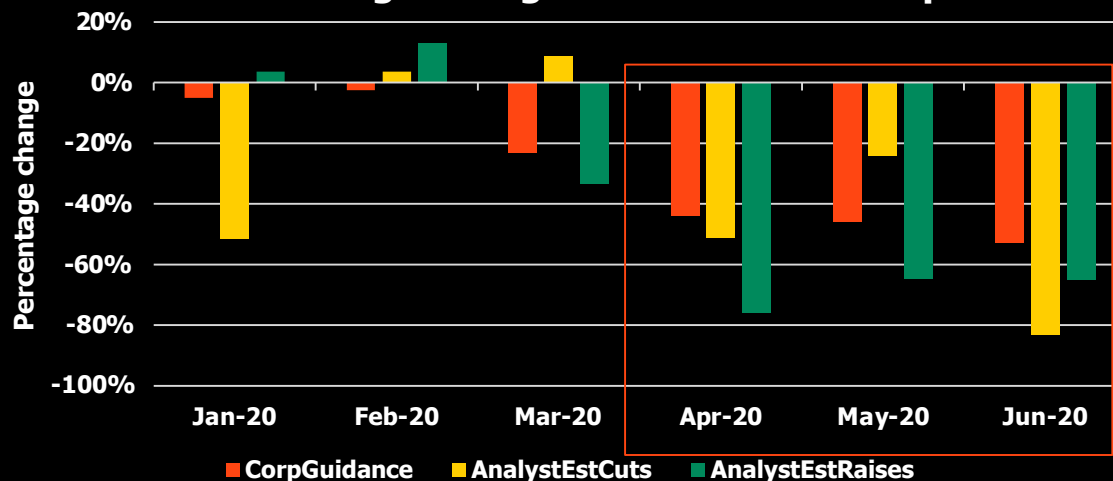
Traditional data during Covid-19

- SAE believes that the COVID-19 crisis underlined the need for a diversified library of alternative data sources.
- Some **traditional data sources became less relevant** as COVID-19 began to impact the US population and US Economy.
- We observe a large decline in the frequency of updates to both corporate guidance (pink) and analyst estimates (green).
- During both April and May 2020, **Sellside analysts produced ~70% fewer updates**, vs the same period in 2019 (for US all cap universe).
- Investors that relied on such traditional sources of investment data were using data that had become somewhat stale.

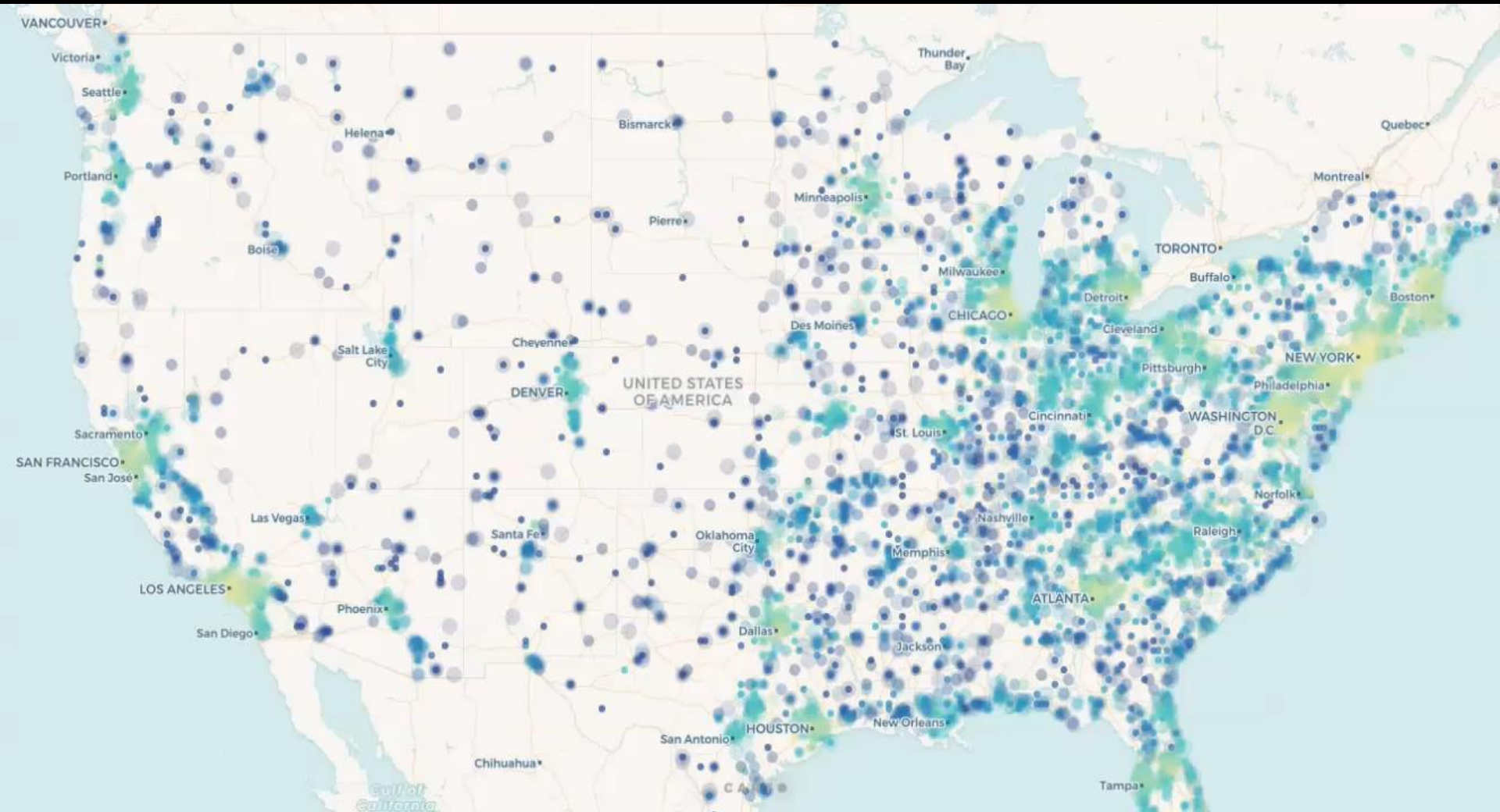
Updates per week Analyst estimates and corporate guidance



Percentage Change YoY in number of updates

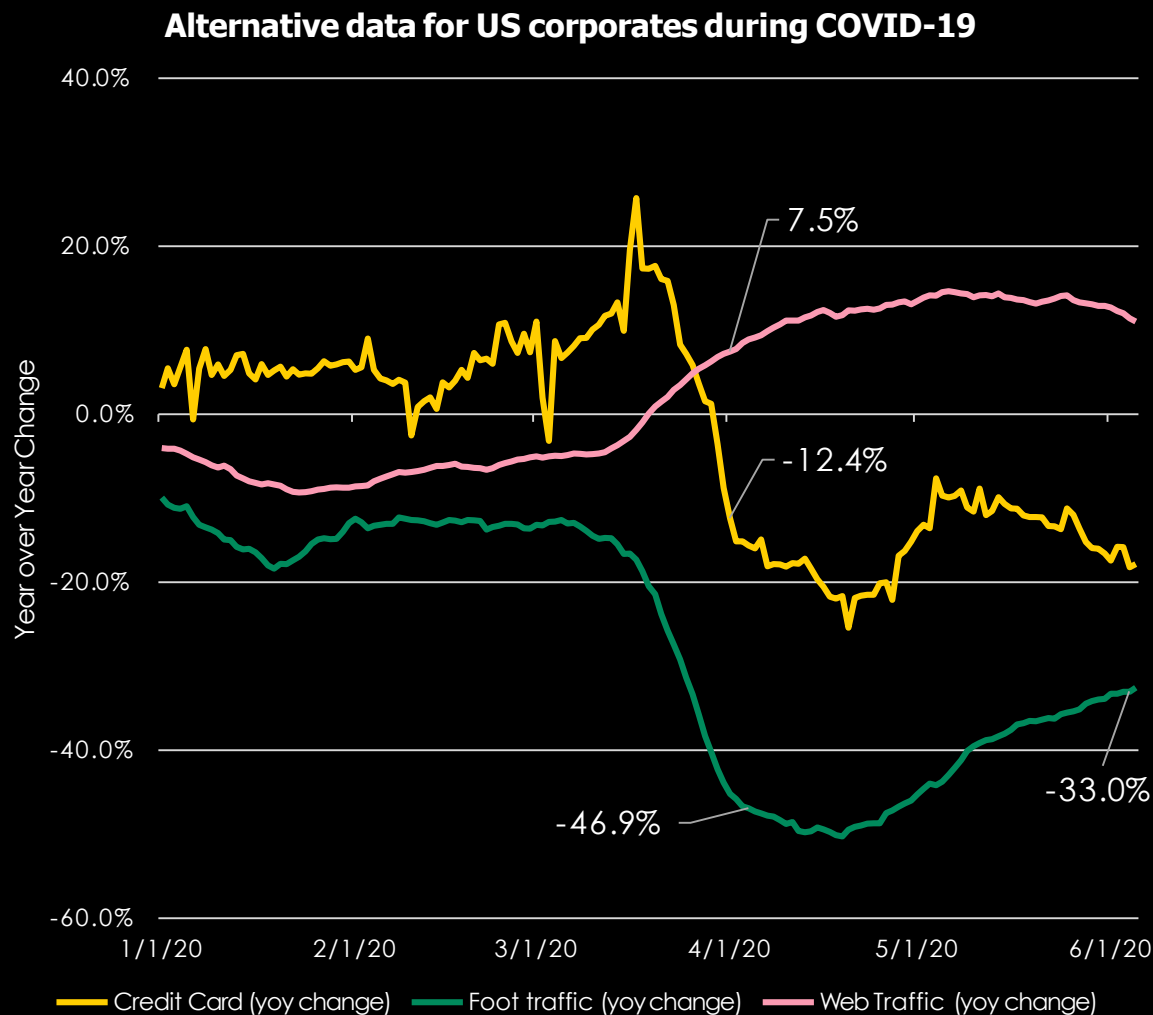


Forecasting Same Store Sales Growth Using Geo Location Data



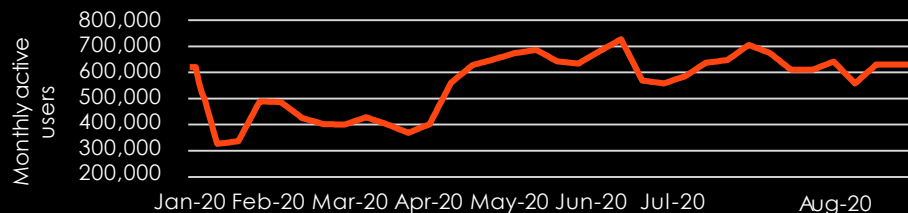
Alternative Data during Covid-19

- In contrast, we observed that alternative data sources were quite relevant during the COVID-19 market crisis.
- These sources provided a timely and crucial understanding of firm fundamentals.
- These data sources are very difficult to on-board and decipher in the best of times.
- And no single data source is enough to best measure firm performance.
- For example, investors that relied only on foot traffic could have missed important shifts, observable via web traffic and credit card transactions.

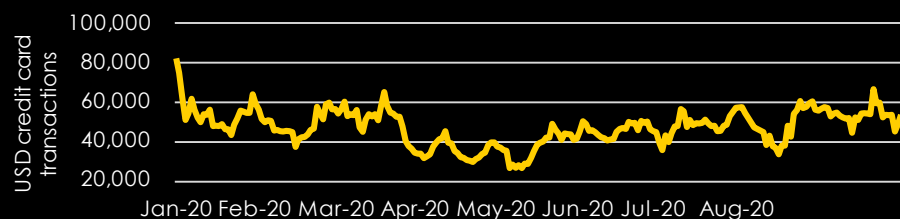


Case Study – Power of alternative data

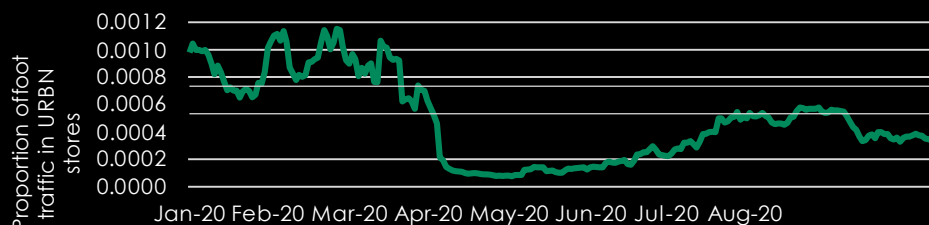
Clothing Retailer– Mobile App Users



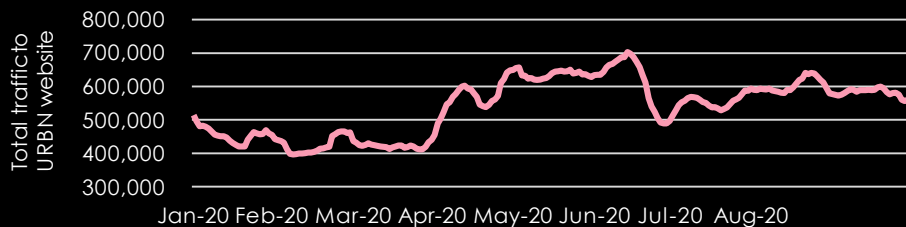
Clothing Retailer – Credit Card Spending



Clothing Retailer – Foot Traffic



Clothing Retailer – Web Traffic



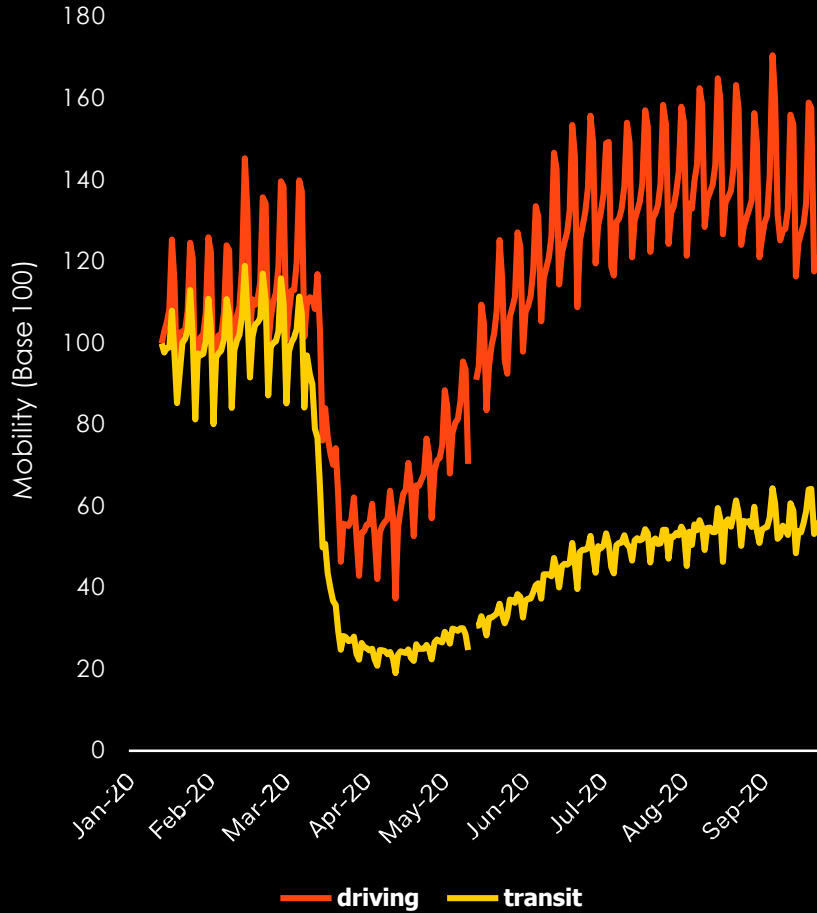
Clothing Retailer Cut to Sell, citing 'Ghost Town' Stores

- The Clothing Retailer fell 7% after a downgrade, largely driven by what analyst saw in the NYC store (almost no customers & boarded up windows).
- SAE alternative data looked much less bearish, with an increase in app users, foot traffic rebounding, e-receipts strong, web traffic still elevated, and credit card spending good, if declining slightly
- Stock rose after the broker downgrade due to delivering better than expected Q2 results, with sales beating the highest analyst estimate.

*Source: Bloomberg & Loop Capital Markets. Research report as 20th July 2020. All other data as at 27th August. Company shown for illustrative purposes only.

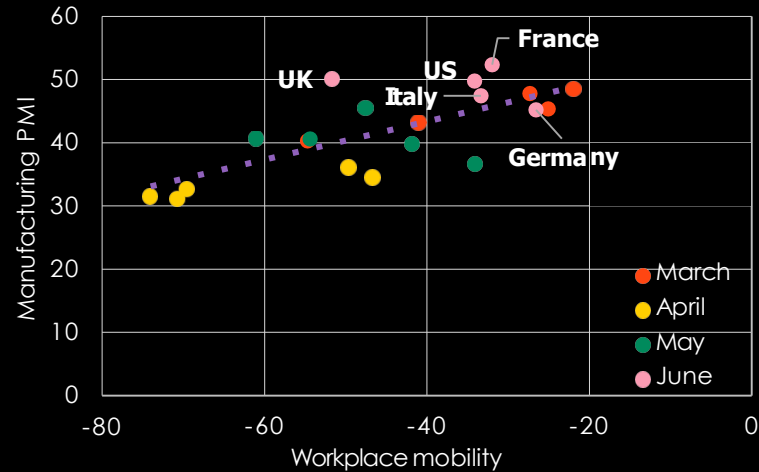
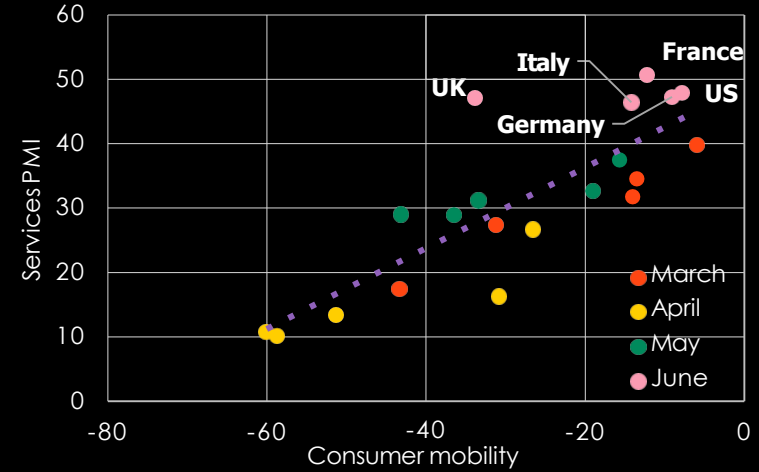
Mobility Data: A snapshot of economic activity

USA Mobility



Source: Google, as of 22 September 2020. The chart maps Google mobility data based on the average of the retail and recreation, workplace and transit categories
 Find out more at: <https://www.google.com/covid19/mobility/>

Pick up in activity is beyond what predicted by improving mobility trends



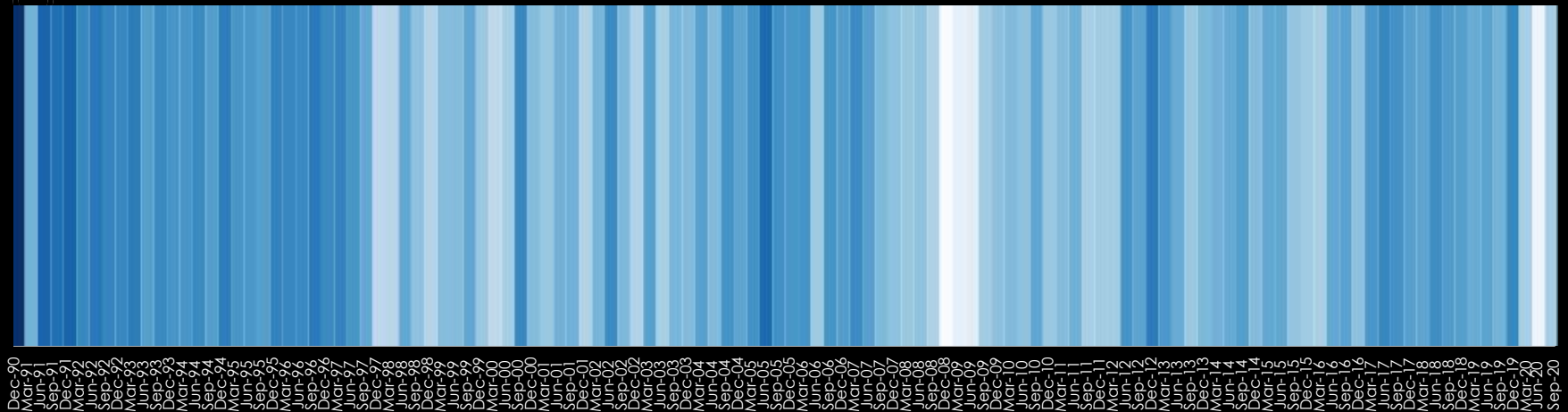
Source: BlackRock Investment Institute, Haver, Markit July 2020.

Using Technology to Better Understand Market Environment

BlackRock Most Similar Index

(Current vs. Previous Quarters)

■ Most similar ■ Least similar



	Week	Month	Quarter
1	1991-07-14	1990-12-31	1990-12-31
2	2005-05-01	1990-11-30	1991-06-30
3	2005-05-15	1991-07-31	1991-12-31
4	1990-12-30	2005-05-31	2005-09-30
5	2005-05-08	2005-04-30	1991-09-30

	Week	Month	Quarter
6	1990-12-23	2018-04-30	1992-06-30
7	2018-04-08	1991-11-30	2012-12-31
8	1990-12-16	2012-11-30	1996-09-30
9	1990-12-02	1991-05-31	1993-03-31
10	1990-12-09	1996-03-31	1994-12-31

Source: BlackRock, as of 24 September 2020. The Most Similar Index (MSIM) seeks to measure the economic environment based on a proprietary set of micro and macro economic data metrics. The chart compares the current MSIM reading with historical quarterly periods. Darker shades of blue implies that the economic environment is more similar to the current economic environment. Lighter shades of blue or white implies that the environment is less similar to the current economic environment.

Our mission is to deliver Consistent, Differentiated, Alpha

We have a Research Driven investment culture which constantly innovates in seeking to generate alpha

Our passion is combining insight and technology in seeking to deliver differentiated investment returns across the broadest possible opportunity set

We systematically implement these insights into portfolios in a risk-managed and cost-controlled manner with a goal to deliver consistent returns over time

Systematic Active Equity Platform Goals

Consistent Alpha

Systematic process

- ▶ Risk Managed
- ▶ Cost Controlled
- ▶ Only take compensated risks
- ▶ High IR

Differentiated Alpha

- ▶ Differentiated capability
- ▶ Differentiated data sources

Clients need Alpha, not just Exposure



**1720, Sir Isaac Newton
lost a fortune in the
South Sea Company, the
hottest stock in England.**

Newton concluded...

*[That he] 'can calculate the
motions of the heavenly bodies,
but not the madness of people.'*

**“We don’t have to be
smarter than the rest.
We have to be more
disciplined than the rest.”**

-Warren Buffett



GOLDENSTONE

S&P 500 Chart

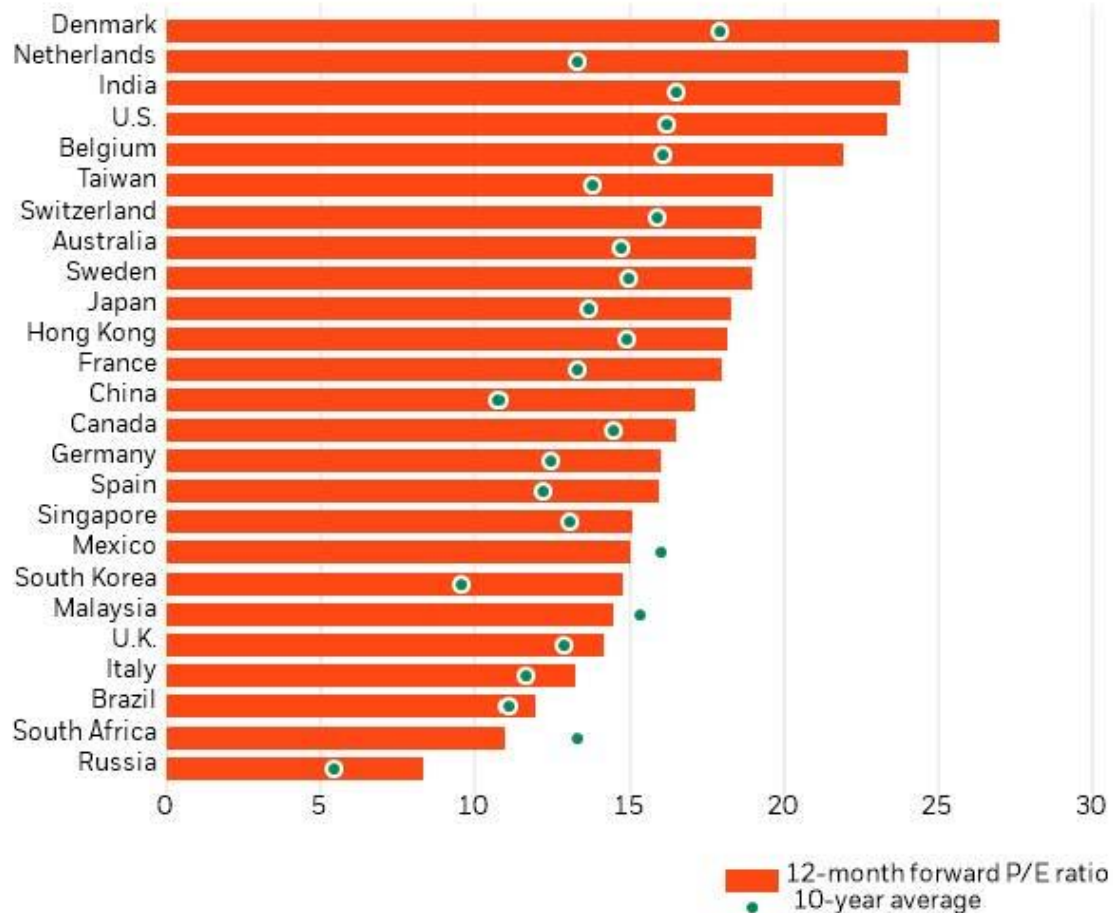
(From Oct. 2007 - Present)



Data Source: Macrotrends



Equity valuation by market



Source: Refinitiv Datastream, MSCI and BlackRock Investment Institute. Jan 29, 2021

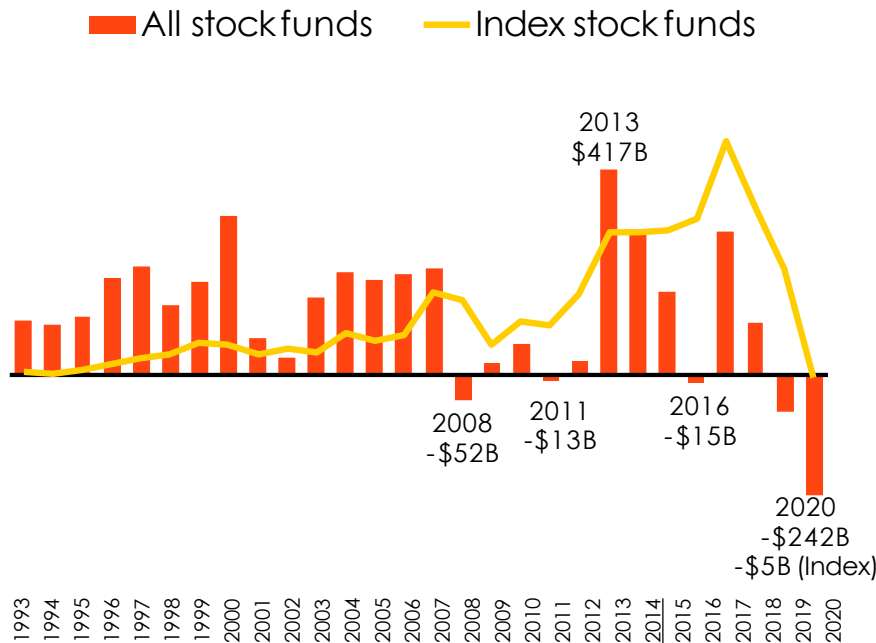
Notes: The bars show the current 12-month forward P/E ratios of MSCI country indexes. The dots show the 10-year average for each market. The P/E ratios are calculated using I/B/E/S earnings estimates for the next 12 months. The markets shown are the largest 25 by market cap as of June 2015.

RECORD OUTFLOWS IN STOCK FUNDS

Record outflows in stock funds

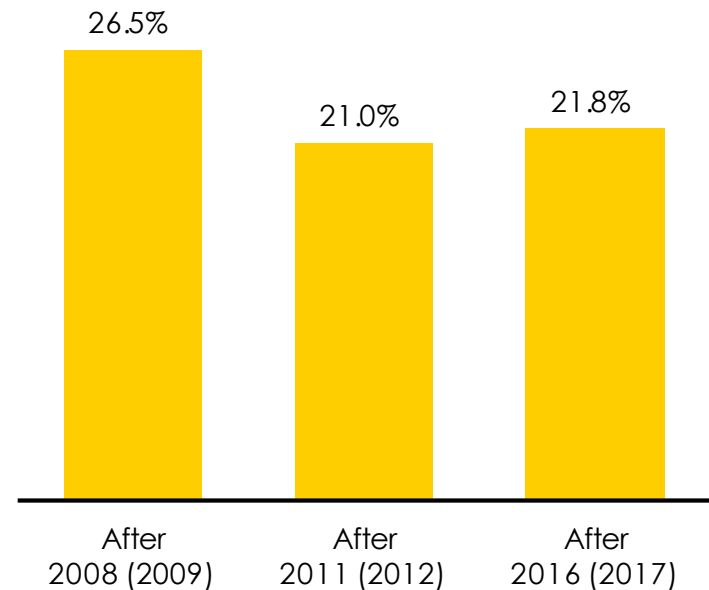
(even index funds)

Stock mutual fund and ETF flows by year



U.S. stock performance following a year when stock funds had outflows

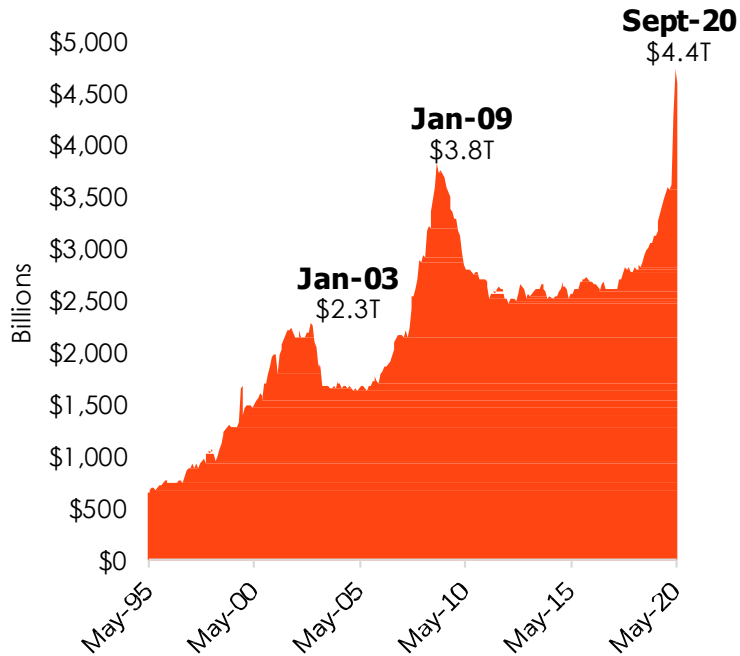
S&P 500 index



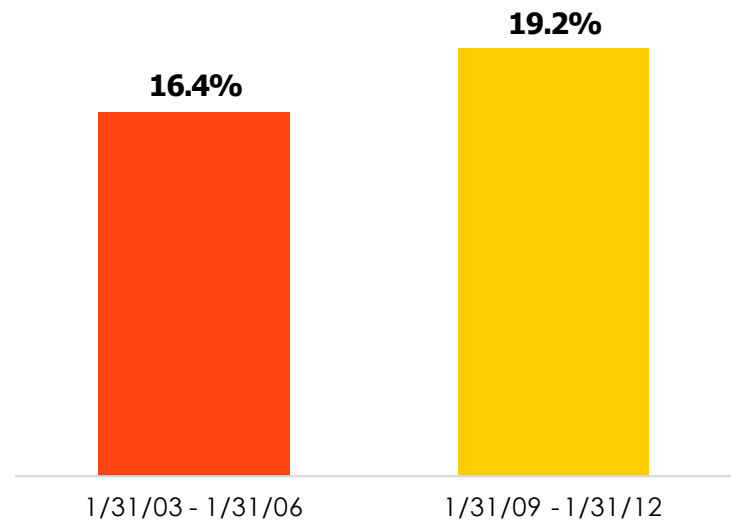
Source: Morningstar as of 9/30/20. Stock mutual funds and ETFs are represented by Morningstar Broad Equity Category. Stock market represented by the S&P500 Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

Record assets in money market funds

Money market fund assets
(6/1/95 – 9/30/20)



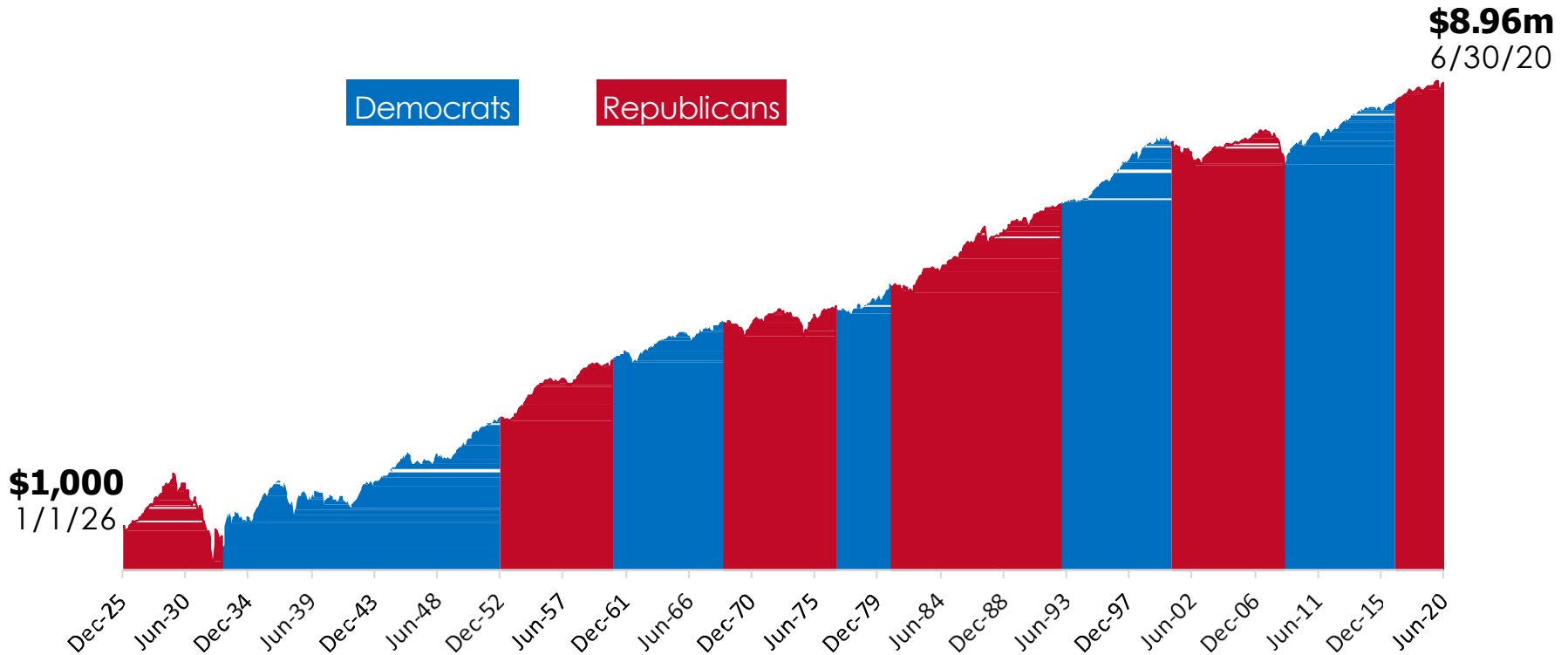
3-year U.S. stock performance following a peak in money market fund assets
Average annual performance



Morningstar as of 9/30/20. U.S. stocks represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

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Stocks have continued higher regardless of presidential party



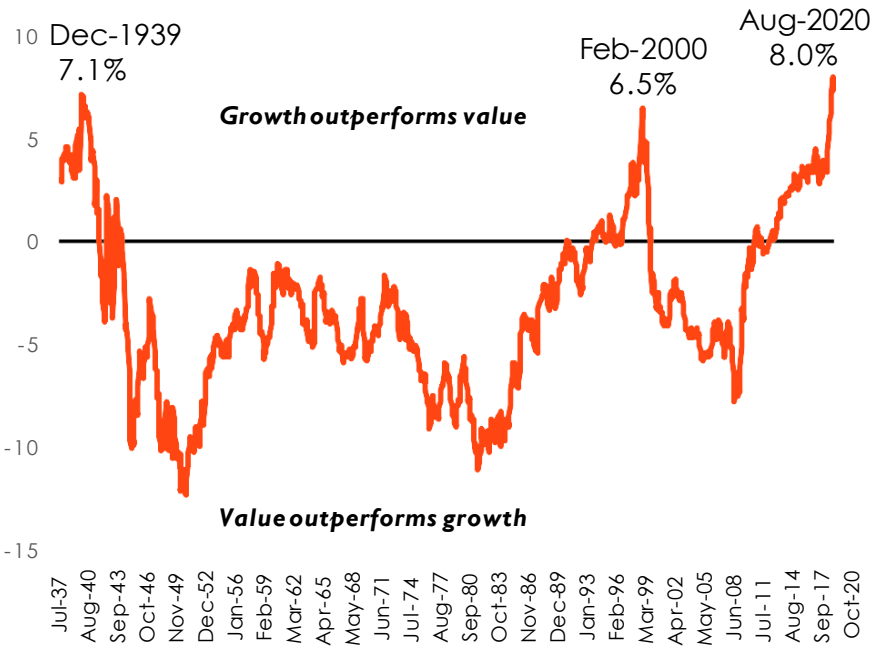
Morningstar as of 6/30/20. Stock market represented by the S&P500 Index from 1/1/70 to 6/30/20 and IASBBI U.S. largecap stocks index from 1/1/26 to 1/1/70. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

STOCKSAFTERTHE REBOUND

Largest growth cycle in history

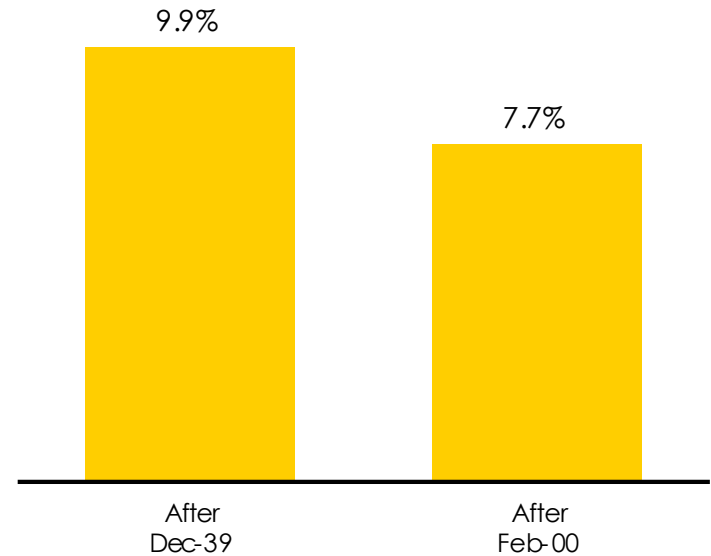
Outperformance of indices flips back and forth

Large growth index returns minus large value index returns,
10-year average annual rolling returns 7/1/37 – 9/30/20



Large value outperforms after previous peaks in large growth outperformance

Average annual outperformance for 10 years after date,
large value index returns minus large growth index returns



Source: Morningstar as of 9/30/20. Large growth index represented by the Russell 1000 Growth TRUSD Index from 1/1/87 to 9/30/20 and Fama-French Large Growth TR index from 7/1/37 to 1/1/87. Large value index represented by the Russell 1000 Value TRUSD Index from 1/1/87 to 9/30/20 and the Fama-French Large Value TR index from 7/1/37 to 1/1/87. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

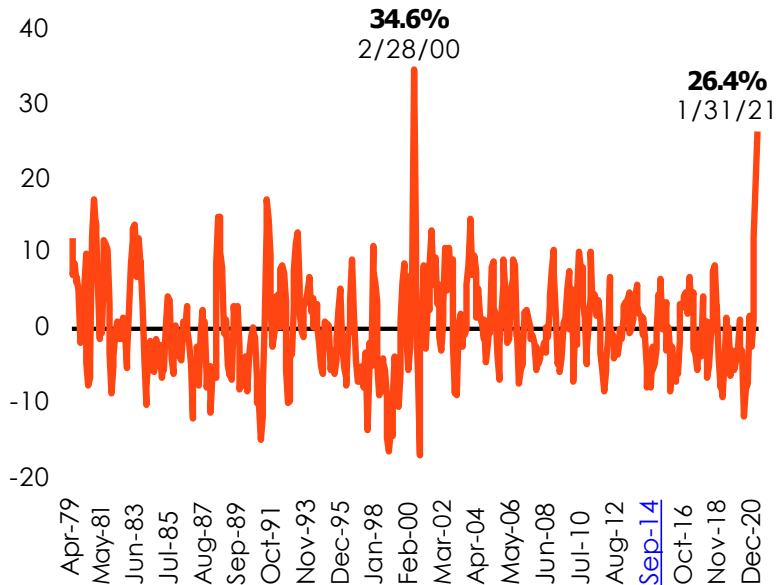
SMALLCAPSTOCKS

Historic bounce back in small caps

Small capstocks outperformed large caps in 2020 for the first time in 4 years

Historic small cap outperformance over large cap stocks in the last 4 months

(4-month rolling performance, 1979-1/31/2021)



Top 10 periods of small cap outperformance

(4-month rolling performance, 1/1/79- 1/31/21)

	Top 10: (Sm cap- Lg cap)	3 years later: (Sm cap- Lg cap)
Feb-00	34.6%	0.4%
Jan-21	26.4%	?
Dec-20	19.1%	?
Aug-80	17.3%	7.1%
Mar-91	17.2%	6.5%
Mar-88	14.9%	-8.8%
Apr-88	14.9%	-9.4%
Aug-03	14.7%	3.5%
Apr-91	14.6%	6.4%
Oct-80	14.2%	3.8%

Source: Morningstar as of 1/31/21. Large cap stocks are represented by the S&P 500 Index. Small-cap stocks are represented by the Russell 2000 TRUSD Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

BONDS AND RECORD LOW INTEREST RATES

A diversified portfolio can work even though it never feels good

Last 20 years

40% U.S. stocks, 10% international stocks, 5% small cap stocks, 5% emerging market stocks, 30% U.S. bonds, 10% high yield bonds

Years	S&P 500	Diversified Portfolio	
2000–2002†	-18.4%	-6.8%	▶ "I lost money"
2003–2007	82.9%	80.1%	▶ "I didn't make as much"
2008	-37.0%	-24.0%	▶ "I lost money"
2009–2019	351.0%	195.9%	▶ "I didn't make as much"
2020†	-30.4%	-20.7%	▶ 🙄 "I lost money"
2020‡	51.8%	30.0%	▶ 🙄 "I didn't make as much"
Total Return	247.1%	253.5%	▶ 🙄 "Diversification can work even when it feels like its losing"
Gr \$100K	\$347,100	\$353,530	

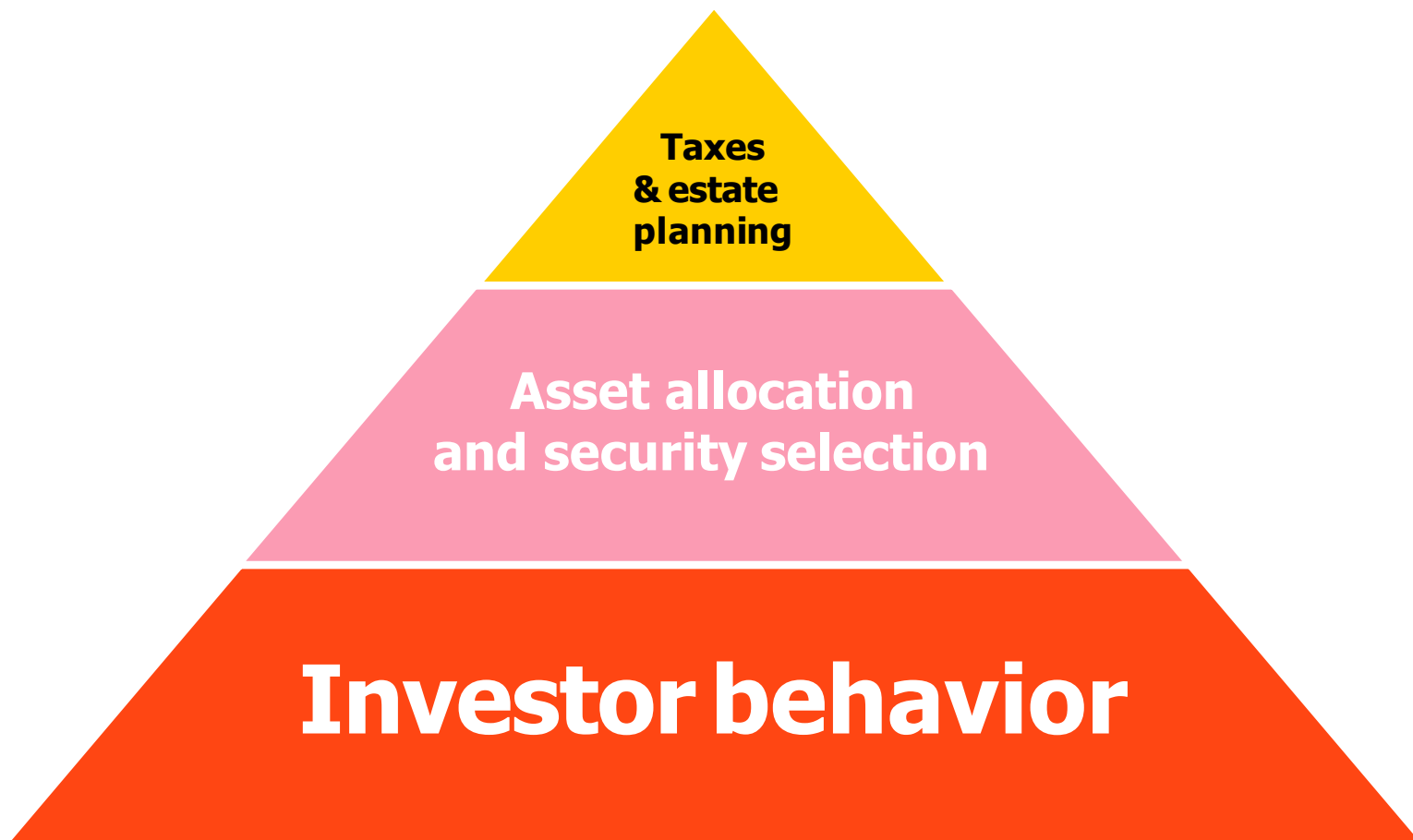
Source: Morningstar as of 9/30/20. †Performance is from 10/1/2000 to 12/31/02. ††Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 9/30/20. Diversified Portfolio is represented by 40% S&P 500 Index, 10% MSCI EAFE Index, 5% Russell 2000 Index, 30% Bloomberg Barclays US Aggregate Bond Index, and 10% Bloomberg Barclays US Corporate High Yield Index, 5% FTSE Emerging Stock Index. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.



The psychology of investing

Keeping calm amid market turbulence

Keys to investment success

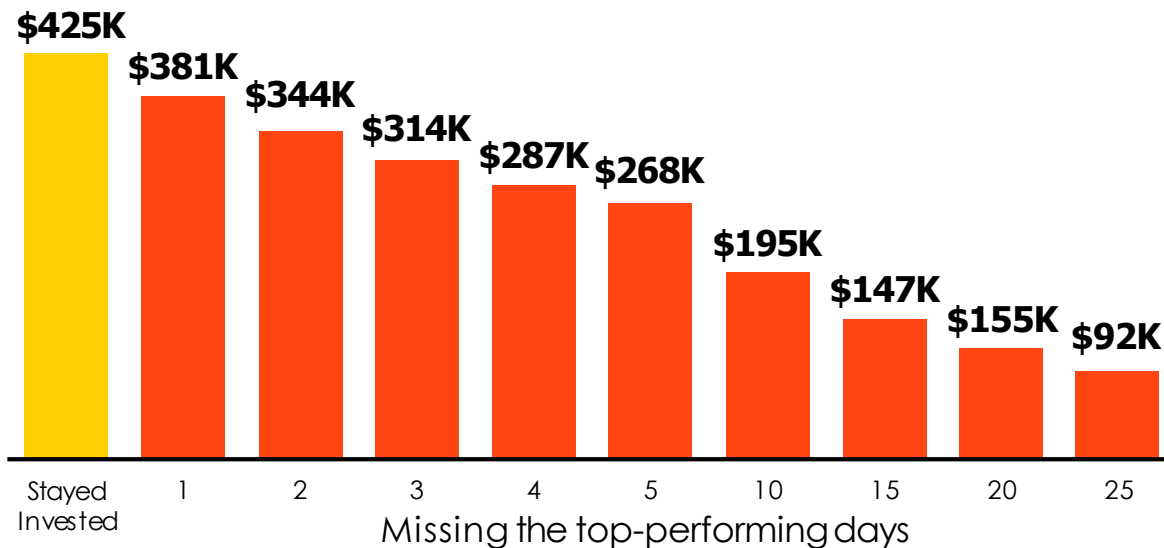


MARKETTIMING

It's time in the market, not timing the market

Missing top-performing days can hurt your return

Hypothetical \$100,000 investment in the S&P 500 Index over the last 20 years (2001-2020)



Don't miss out when markets snap back

22 of the 25 worst days in the market were within one month of one of the 25 best days

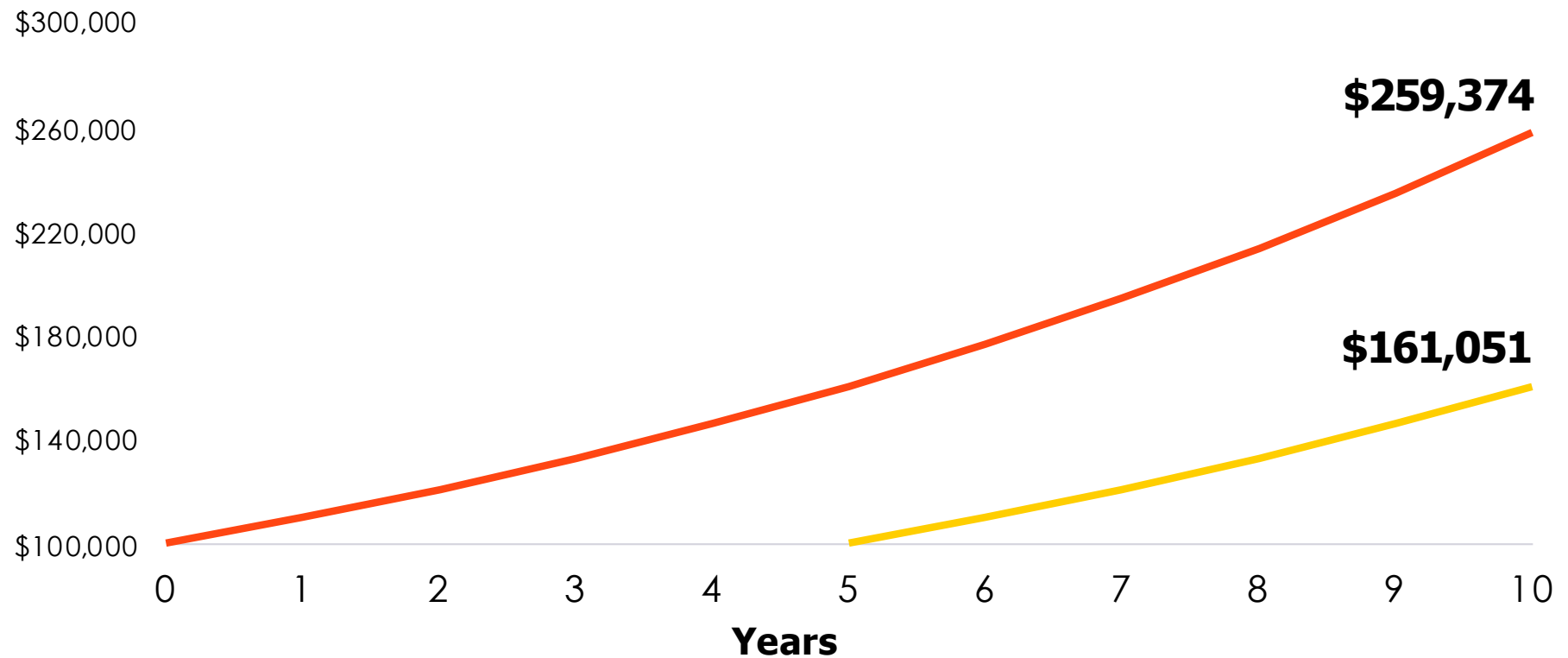
Source: BlackRock; Bloomberg as of 12/31/20. Stocks are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Past performance does not guarantee or indicate future results. It is not possible to invest directly in an index.

Waiting for the “right time to invest” can leave you behind



Compound interest... “*The eighth wonder of the world*” – Albert Einstein

Hypothetical growth of \$100,000 assuming 10% annual yield



Source: BlackRock as of 12/31/19. For illustrative purposes only.

“Be fearful when others are greedy. Be greedy when others are fearful.”

-Warren Buffett

Building Discipline





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So... What Now?



- Take Control of Your Wealth Today!!
- For Low Cost 401(k) Plans, Holistic Premier Asset Management, and Financial Planning, reach out to *Sanjay Varshney*
 - Email: Sanjay@GoldenstoneWealth.com
- For Media Relations Services reach out to *Kellie DeMarco*
 - Email: Kellie@KellieDeMarco.com

www.goldenstonewealth.com

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30 Years Experience *Roth IRAs* *Foundations* *Unbiased*

Custom-Tailored
Wealth Maximization



Trusted *Respected*
Confidence

GOLDENSTONE
WEALTH MANAGEMENT

Varshney & Villegas Private Investments

401Ks *Trusts* *SEPs*
Roth IRAs *Estate Plans*
Independent *Renowned*

Financial Planning *Fiduciary* *No Commissions*
Retirement Planning *No Conflict of Interest*

Your Stepping Stone To A Golden Life

Important Information

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal.

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