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Economy & Market Valuation

2020 has been a year full of surprises. Nobody could have predicted the events that unfolded in 2020. The stock market started very strong in Jan 2020 and it hit an all-time high in Feb 2020. Then a once in a lifetime event - the COVID-19 Pandemic - hit the world. The stock market entered severe bear market territory in March, dropping almost 35% from the peak. But we saw a very quick comeback. The stock market gained back all the losses by Aug 2020 and then made multiple new all-time highs during the course of the year. We saw spectacular returns for OCA clients in 2020, beating the S&P 500 index by miles. To provide you with some context, the S&P 500 return for 2020 is approx. 16% and OCA's Alpha model 2020 return is approx. 79%. Even we did not expect such a spectacular return for OCA clients. The factors that helped us achieve such a high performance are

- Timely increase of Cash in the portfolio
- Timely deployment of cash
- Superior selection of individual stocks that beat S&P 500 index
- Focus on high growth stocks

We do not expect a repeat of 2020's performance in 2021. The market has risen sharply since the March 2020 low without any 10% correction. We should be ready for a correction in 2021. In fact, we expect that market will see a correction in the near future. We do not expect that we can beat S&P 500 index every year. There will be years when the market is down, and we are down more than the market. We strive to beat the stock market as measured by S&P 500 in the long term which we define as a 5 to 10-year period. There will be years when we beat the S&P 500 by a huge margin, like we did in 2020, and there will be years when we do not beat the market.

We expect the US economy and the global economy to exhibit a strong recovery in 2021, especially in the second half of 2021. The COVID-19 vaccination rollout is expected to pick up speed in 2021 and the impact of COVID-19 will fade away. We are watching the economy, the trajectory of Covid-19 and its impact on the economy. We are almost fully invested in the US stock market right now and will make necessary changes whenever we deem fit.

The quarterly and annual returns (after fees) of our various models

Model name	Q4 2020	Year 2020
Alpha	23.36%	79.09%
Alpha Plus	27.38%	120.08%
Retirement	10.52%	19.57%
Income	7.14%	22.26%

The above returns are for a typical account that has not added or withdrawn money for the entire year.

Updates to our Investment Management Agreement (IMA)

We have made some updates to our IMA. We will be sending the new IMA our to all our clients for their signature via Adobe Sign. Please be on the lookout for an email from echosign@echosign.com

OCA Gives

At OCA, we understand the importance of giving back to the community. As a first step towards this process, we have donated 1% of our revenues to Habitat for Humanity (<https://www.habitat.org/>). We hope to increase our charitable giving over time.