
FREEDOM STREET
PARTNERS

# ALONG FREEDOM STREET

FROM THE EXECUTIVE TEAM

Ah, summer, one of the most patriotic times of the year. We look forward to this for many reasons, but especially because of the Fourth of July and the ample opportunity the holiday brings to hear one of our country's most meaningful songs: the national anthem. This much-beloved tune has its roots firmly planted in our national history – and in the experience of one American, Francis Scott Key.

Attempting to negotiate the release of an imprisoned doctor, Key, an attorney, sailed out into the Chesapeake Bay to meet with the British fleet in September 1814. Detained overnight, he and the doctor watched, horrified, as 1,800 rockets and bombs rained over Fort McHenry. The British had moved on Baltimore. Although defeat seemed imminent – fated, even – when dawn finally broke after the long night, Key saw a sight we all know well: the American flag, standing tall, still fighting.

Awestruck, Key scribbled down a poem whose words would become "The Star-Spangled Banner," and later that same month, his writing found its way into a Baltimore newspaper. Ironically set to the melody of a British tune, the song later became popular with the armed forces and was formally adopted as the American national anthem in 1931.

Perhaps the above story is one you know well. We know that's true for us. Yet, every time we recall it – especially around this time of year – we can feel its importance. As the July Fourth holiday comes and goes, we hope you celebrate our freedom in the way you most enjoy, whether at a large gathering, a smaller celebration, or otherwise. Oh, and we hope you find the opportunity to belt out a round or two of our national anthem. We know we will.

*continued on page 2*

## *In this Issue*

# *Clients, Growth and Community*

## GROWTH

**From our Headquarters in Chesapeake, VA we added the following new employees:**

Julie Melrose
Transition Consultant, LWO, Registered Representative, RJFS

Kristy McDonald
Director of Operations, FSP, Branch Associate, RJFS

Ian Andrews
Marketing Coordinator, FSP

Amanda Manupella
Administrative Coordinator, FSP

**From our Downtown Suffolk, VA office we welcome** Shawna Tucker, Client Services Administrator, RJFS and Anthony Piglowski, Client Relationship Manager, RJFS.

Ginny Koontz of our Culpeper office and her husband, Michael, welcomed a new baby boy! Michael Lane was born on May 25th weighing 8lbs 2oz and 21 in long.

Congratulations to Seth Liskey from our Staunton, VA office and his beautiful new wife, Irina. They were married on June 5th!

## CLIENTS


We held our first in-person event in over a year, and it was a huge success! The rain wasn't going to stop our clients! We had over 130 attendees! This is one of our favorite events that Freedom Street Partners hosts as we get the opportunity to show our gratitude and share in fellowship with each and every one of you!

Here at Freedom Street Partners, we talk a lot about Life, Wealth, and Optimization. One way to support this vision is by providing valuable content through in-person Town Hall meetings.


Soon we hope to get back to this "live"... but in the meantime, here's a fantastic interview Scott Danner held with Jim Harshaw focusing on LIFE and two common topics...success and failure... and the significance of both!


For Wealth and Optimization, here's a market update where Reed Sloat and Pat Coyle (Hartford Funds) dive into discussions on inflation, the market, and other trending topics.

## COMMUNITY

Freedom Street Partners sponsored and participated in the Boys & Girls Clubs of Southeast Virginia's 2nd Annual Golf Classic on Tuesday, June 15, 2021, at Bayville Golf Club.


Freedom Street Partners also participated in the Annual CulpeperFest where hundreds gathered to reunite with friends and check out the latest happenings and upcoming special events from dozens of businesses in the community.

Amanda Rosenstein was recognized for her leadership role as the LEAD ESMHL Instructor with Trails of Purpose, a charitable organization for Veterans that provides fellowship and a safe environment in which horses and humans can thrive.

Freedom Street Partners was the signature sponsor for the Women's Lift Event in Culpeper, VA, on May 5th. The event hosts inspirational speakers, activities and networking. This year's theme was "Reconnecting."

Andrew Gregory started a fantastic new hobby in March. He became a licensed private pilot!


Congratulations to Anthony Piglowski on his magazine feature in July!

## *Upcoming Events*

### CULPEPER BBQ

August 5th at the Old House Vineyards Lakeside Pavilion located at 18351 Corkys Lane, Culpeper, VA 22701.

# PASSING DOWN A PASSION

## THOUGHTFULNESS – AND PLANNING – WILL CREATE A LEGACY THAT CELEBRATES THE LIFE YOU LIVED

Everyone's legacy looks different. For some, it's passing down something tangible to be remembered by. For others, it's furthering a cause close to the heart. For all, it should be about sharing your life's passions with the people who matter most.

Heirs may not want your big brown furniture, but they do want to know about you – and what in life excites you most. They want to learn why you love guitars or music in general. They want to understand the reasons you care so deeply about environmental issues. Whatever gives you zest in life can take many different forms and should be shared and honored.

With some consideration and preparation, you can incorporate the loves of your life into your legacy, allowing you to live on beyond your years.

### *Make it Meaningful*

When most people plan for what they'll pass on to family, they think about money and other tangible assets. But there's more to it than that. Your children and grandchildren want to feel that spark of connection. (That's apparent by the 30 million people who have taken a DNA test and started their own research about their family's history.) You're here now and can share your interests with your family. By sharing the story behind them, you can give them the true sense of appreciating and understanding you.

There are so many aspects of you – the family side, the career side, the civic side – and you can connect the dots through your legacy. There are some very personal things that make you the person you are, and those who call you "grandpa" might not know those things about you.

As life caught up to you over the years, some of your hobbies may not have had your full focus. In retirement, many people revisit old pastimes – so it's a good time to reignite those interests yourself. It may inspire you to incorporate them back into your life with the intention of passing them to family or sharing them with the wider community and younger generations.

### *Let Your Light Shine Through*

Imparting your passions will take some thought and a plan of action. Start by pondering these suggestions.

**Integrate it into everyday life.** Just as your passions can be the simple pleasures of life that you enjoy, like painting or gardening, your gestures to share them with others don't always have to be grand. For example, ask your children or grandchildren to come to your art studio for a painting session or plant veggies and herbs in the community garden. Involving your family in regular activities that incorporate your interests exposes them consistently and will become engrained in how they think about you.

In the vein of regular exposure, the appreciation for your hobbies will build among family members as they see your excitement for them. It will conjure good feelings and happy memories. There's a curiosity to learn about your journey with these interests – whether it's creating something with your hands or getting involved in philanthropic causes.

**Write it down.** Talking about your pursuits probably comes naturally because it's incorporated in your daily life. Don't stop socializing about your passions, but also consider writing about them and why they're important to you. This is something that can be kept and passed down through generations.

Feeling creative? Create a scrapbook of how your passion has evolved through the years. That would be fun for you to reflect on – and reinforce your enthusiasm – as you put it together.

**Gift something special.** Gift-giving is probably the first way you think about sharing your interests. But consider getting creative with your gifting. If your passion is woodworking, for example, make each grandchild a puzzle or a playhouse when they're little. Then, as they get older, think about gifting tools to teach them woodworking. Those tools may become prized possessions over time, regardless of how deep they get into the craft. They'll revel in the memories of you teaching them how to plane or bevel with the tools you gave them.

*Ask your children or grandchildren to come to your art studio for a painting session or plant veggies and herbs in the community garden.*

As you consider sharing your craft with those outside your family, think about philanthropic efforts associated with your passion. For instance, you might leave financial gifts to an artists' guild, art studio or gallery that celebrates your woodworking craft, or donate to a local high school to upgrade their woodworking shop as a nod to the teacher who got you into it in the first place.

To pass down your passion in a meaningful way, it will take thoughtfulness, creativity and organization. But these efforts will be worth it to ensure your legacy will be remembered the way you want. It will give your family warm memories of you that will celebrate the life you lived and offer a glimpse to others of your spirit and generosity.

## *NEXT STEPS*

As you consider:

- Reflect on what you desire your family to know about (the whole) you
- Share stories surrounding your passions in regular interactions with people who matter most
- Talk to your advisor about how to best gift assets that align with the vision of your legacy. ✦

*Sources: slate.com; nextavenue.org*

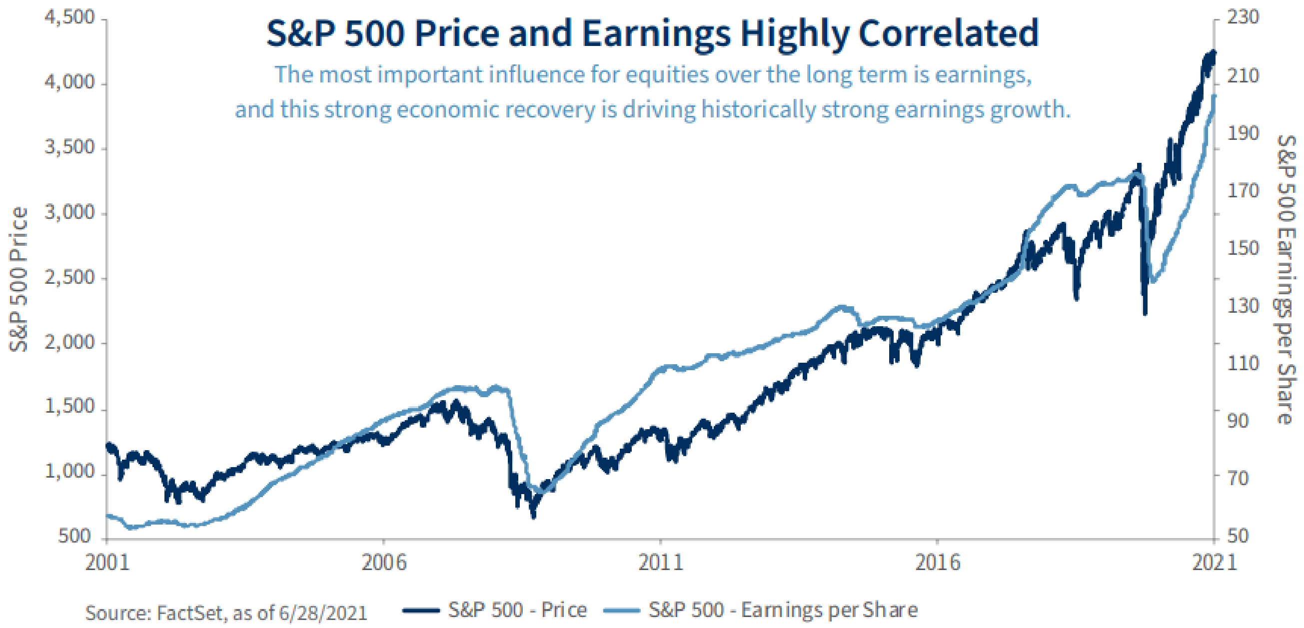
# INVESTMENT COMMENTARY

FROM OUR INVESTMENT COMMITTEE

## *Equity Market*

Rapid vaccinations (more than two-thirds of US adults have received at least one dose) have spurred a sharp reduction in daily new COVID cases and hospitalizations since the start of the year. This has resulted in a swift economic reopening which, boosted by enormous amounts of stimulus, is likely to push 2021 economic growth to its fastest pace in almost 40 years. This economic momentum remains, with manufacturing and services surveys continuing to advance at very strong levels. In fact, the sharp rate of recovery is creating inflation concerns for investors as supply has been unable to meet this heightened demand. This dramatic demand versus supply imbalance could last for months, but we believe it should abate over time as stimulus ebbs and supply chains untangle. Productivity growth (due to economic digitization) should also help offset inflationary pressures, and S&P 500 corporate margin estimates continue to climb higher. Importantly, the Fed is expected to remain accommodative as the labor market recovery still has a way to go, and rate hikes will come because the economy is strong. The risk of overtightening remains minimal.

The most important influence for equities over the long term is earnings, and this strong economic recovery is driving historically strong earnings growth. First quarter earnings season posted one of the strongest upside surprises in history with S&P 500 earnings growth finishing up 49% year-over-year (more than double the 21.6% consensus expectation). This is leading to markedly higher earnings revisions for 2021 and 2022, with upside to estimates remaining in our view. In fact, we believe S&P 500 earnings will hit $200 in 2021 (45% growth year-over-year and ahead of the current $190 consensus estimate). As earnings continue to recover, elevated valuation multiples should normalize in the back half of the year. The S&P 500 currently trades at a 25x P/E multiple (down from a 28x peak) which we believe will move directionally toward pre-pandemic levels (~22x) by year end. The upshot is that we do not believe this normalization in valuation will outweigh robust earnings growth, providing further upside to equities – this $200 earnings estimate and 22x P/E assumption results in a base case S&P 500 target of 4,400 by year end.



## *Bond Market*

Basic economics dictates that high product demand translates to higher prices. Over the past 12 months, there has been enormous demand for bonds as investors seek relative safety and reliability. The chart below puts the past year's bond purchasing in perspective as it shows annual net fund flows into fixed income funds since 2013, versus the past 12 months.

**Net Mutual Fund & ETF Flows**

| ($ in millions) | Municipal | Taxable |
|---|---|---|
| 2013 | (55,130) | 4,796 |
| 2014 | 29,571 | 69,165 |
| 2015 | 20,315 | 10,237 |
| 2016 | 32,850 | 158,948 |
| 2017 | 30,983 | 351,139 |
| 2018 | 8,843 | 106,768 |
| 2019 | 102,554 | 335,546 |
| 2020 | 54,468 | 396,740 |
| 2021 (as of 5/5/21) | 43,300 | 261,833 |
| **Last 12 Months** | **120,261** | **787,394** |

*Sources: Bloomberg LP, Raymond James*

Funds that focus on municipal bonds have experienced ~$120 billion of net inflows since this time last year. That's $120 billion in municipal bonds that fund managers have had to go out into the market and purchase. Looking at the annual totals provides some context as to how large this number is. The average net inflows for years 2013-2020 were just over $28 billion per year. That puts the last 12 months at over 4 times the annual average. The highest annual total was in 2019, with just over $100 billion in net inflows. The past 12 months represent a >16% increase above the 2019 total. There is a large amount of money chasing a limited supply of bonds. This is a major contributing factor driving municipal prices up (yields down) over the past year.

Taxable bond funds have experienced similarly huge levels of net inflows. The $787 billion in net inflows is almost double the highest annual total since 2013 and is nearly 4.5 times the annual average. While there are no simple and direct cause-and-effect relationships when it comes to the investment landscape, the sheer amount of money flowing into fixed income over the past year helps to explain current interest rate and spread levels.

## *Washington Policy*

After more than a year of pandemic-related market uncertainty, attention is turning to the recovery stage of US policymaking and the more than $4 trillion in infrastructure and social program spending outlined by the Biden administration earlier this year. While negotiations are highly in flux and divergent outcomes cannot be fully ruled out, current indications are that an infrastructure package in the $2 trillion to $3 trillion range, with about $1 trillion in deficit spending, is likely by the end of this year or early next year.

Broadly, we expect a final package to cover three main pillars: traditional infrastructure (such as roads, bridges, and highways); investment in US domestic manufacturing through clean energy and next-generation technology supply chains; and investment into social infrastructure via an extension of the recently-enacted Child Tax Credit expansion and increased funding for education. Along these lines, we expect Congress to take select portions of the American Jobs Plan (AJP) and American Families Plan (AFP) and pair them with associated tax adjustments to raise revenue, tilted more toward corporate tax changes.

The question remains, where do we go from here? The path forward will be guided by political decisions, particularly on the size of the package (large, single bill, or separate attempts) and whether it advances with bipartisan support or by a Democratic only reconciliation push requiring only a simple majority in the Senate. These factors will influence the final provisions of the infrastructure package, and should be monitored as legislation is crafted into the fall.

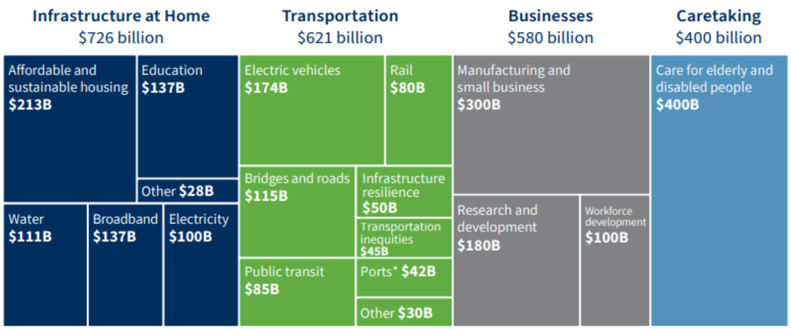
*continued on next page*

## *Washington Policy* *(continued)*

### WHAT'S PROPOSED VS. WHAT'S POSSIBLE

From a high level perspective, Biden's American Jobs Plan (AJP) proposes around $2.3 trillion over ten years, with the core of the package targeting traditional transportation infrastructure and domestic manufacturing capability. The plan also envisions around $100 billion each for water, electricity, broadband, and education infrastructure. We view these provisions as the most likely to pass in a final package given overall strong bipartisan support, but the scope of the funding for these priorities remains a moving target. We also see a foreign policy angle to this aspect of Biden's infrastructure agenda that raises the political urgency around an infrastructure bill. The domestic manufacturing aspect of the proposal is directly aimed at securing the ability for the US to remain economically competitive with China. As such, Biden's strategy can be viewed as putting the US on the footing to sprint ahead, rather than hold China back, through economic policy. Biden's proposal seeks significant investment (around $250 billion) in domestic research and development of next-generation technologies. Specific sectors targeted for funding are semiconductor manufacturing, as well as clean energy technologies including: energy storage, carbon capture, hydrogen, advanced nuclear, rare earth separation, wind, and biofuel. Expect this to be a significant selling point by the administration as it looks to secure bipartisan support for Biden's infrastructure agenda.

**Estimated Spending on the Proposed American Jobs Plan**




Source: White House, Overview of "American Jobs Plan," as proposed, March 31, 2021
*Airports, water transit, and ports

The second phase of Biden's policy reforms — the American Families Plan (AFP) — focuses more on social programs with around $1.8 trillion in spending and tax credits. Broadly, the plan envisions $500 billion toward education and around $450 billion for childcare programs and paid leave. The plan also proposes extending the expanded Child Tax Credit (CTC) under the American Rescue Plan through 2025, tying it to the expiration of the personal tax code provisions of the 2017 tax law. However, there are potential issues with the education, childcare, and expanded leave provisions in the AFP under reconciliation rules, as these may be viewed more as policy provisions than spending/revenue. As such, we view the bulk of the programs under the AFP as more politically challenging to work into a final package, thus they are more likely to be Democratic campaign proposals tied to the 2022 midterms.

Overall, we view the two plans as a menu of policy options for lawmakers to debate and advance in a legislative package. We see the most likely final bill having a core focus on traditional infrastructure, tied to several AFP priorities – most likely an extension of the CTC and some new education funding. This brings the final spending total to the $2 trillion to $3 trillion range, depending on the final funding levels for individual provisions.

## *Conclusion*

While the economic recovery has continued to make significant progress, we still believe that a properly diversified portfolio is the best way to achieve financial goals versus focusing on market noise and headlines. Following a tailored financial plan that you and your financial advisor have constructed is the best way to remain disciplined during periods of uncertainty. It may seem difficult to set emotions aside during uncomfortable market conditions, but remembering the "why" behind the investment plan you have implemented is essential in its success. If we think about different milestones experienced in life (our first real job, buying our first home, getting married, or even retirement), generally our long-term investing goals don't change, even though circumstances may have. Maintaining this mentality will help avoid making unneeded investment changes during periods of market noise and uncertainty. If you become unsure and are not sure what actions you should take or feel lost in managing your own portfolio, contact your advisor or our team as we can help guide you to a successful financial future. ✦

# 10 TIPS FOR A FULFILLING RETIREMENT

FINALLY SAID ADIEU TO YOUR 9-TO-5? THESE SUGGESTIONS CAN HELP YOU CRAFT A SUCCESSFUL, SATISFYING RETIREMENT.

According to the MIT AgeLab, Americans can expect to live about 8,000 days in retirement – a period of 22 years, and roughly as long as other major life stages.

How do you plan to fill those two decades of possibility? One psychologist suggests focusing on 10 key areas to help round out the life you're looking for.

## *Get a job*

Branch out from your old career and pursue a long-held passion, perhaps start a business. While the prospect of building something new may be daunting, consider the decades of experience, success, passion and emotional intelligence you would bring to a new venture. Working may not seem appealing at first, but it can create a routine instead of dramatically going from 40 hours a week to zero. You continue to earn income, stay atop of changes in your field and continue to see those you've worked with for years. The benefits of staying in touch with people you care about go beyond the emotional aspects of keeping yourself busy or entertained, according to research from the Yale Medical Group.

## *Get social*

An active social life can lead to lower risks of heart problems and high blood pressure, fewer incidences of cancer, and deter osteoporosis and rheumatoid arthritis. Perhaps most important, it strengthens connections in your brain, lowering your risk for Alzheimer's and mental health issues.

Focus on areas that enhance your existing relationships and make room for new ones. Establish weekly game nights with friends or Sunday dinners with family, for example. Studies show having friends and family for entertainment and support significantly enhances a retiree's quality of life.

## *Exercise*

Take a yoga or aerobics class. Swim. Even walking around your neighborhood can create opportunities to introduce yourself to others. It's crucial to keep your mental and physical health a priority. And don't forget to relax! You've earned it! Take time for yourself when you need to, and take those naps if you want.

## *Stay young at heart*

Take up an old hobby or find a new one. Learn welding or Spanish, play a new instrument. Perhaps even train for a triathlon, now that you have time to do so. One financial expert suggests investing time into three to four “hobbies on steroids” will ignite your creative or productive passions.

The point is to plan and embark on a new adventure every week, even if that’s tutoring an elementary student in math or trying a new restaurant. Find something that keeps your brain firing and your heart happy.

## *Learn*

A desire for lifelong improvement may prompt you to spend time exploring new ideas, languages, instruments or hobbies. If you really want to dive in, consider that Harvard and Stanford have established online learning programs for leaders who have already distinguished themselves during their careers.

## *Find a furry friend*

Pets often become part of a family, greeting you when you return home, offering unconditional companionship, as well as health and social benefits. Just be sure to carefully research the time, energy and costs that go into being a responsible pet parent. If you prefer, there are lower maintenance robotic – yet realistic – versions.

## *Gather*

Places of worship can connect you to others with similar values and lifestyles and may extend your life. Blue Zones researcher Dan Buettner and the National Geographic Society found that attending religious services was common among the centenarians they studied.

## *Explore*

Why not invest in experiences and indulge your wanderlust while you have the energy and resources to do so? Consider joining a travel club geared toward like-minded adventurers, who may literally be in the same boat as you.

## *Feast*

Spend time with great friends savoring a meal, relishing how food and drink (not necessarily alcoholic) awakens the senses and increases your quality of life. Culinary experiences not only indulge the senses, but also can create delicious memories with those you care about.

## *Be kind*

Acts of kindness make everyone feel good. Contribute time, talent and, yes, even money to support a cause close to your heart. Perhaps become a docent at your favorite art museum. You’ll likely meet fellow retirees and make a difference at the same time. ✦

*Sources: Yvette Guerrero, Ph.D., University of California, San Francisco, “Psychological and Emotional Aspects of Retirement: Planning for a Successful Transition”; Cardinal & Gray Society; T. Rowe Price; Forbes; The New York Times, “Thriving at Age 70 and Beyond”; Employee Benefit Research Institute; U.S. News & World Report, “How to be happier in retirement”; Hartford Funds/MIT’s AgeLab; money.usnews.com; marketwatch.com; verywellmind.com; madfientist.com; thinksaveretire.com; usatoday.com; investopedia.com*

FREEDOM STREET PARTNERS


516 Innovation Drive, Suite 205
Chesapeake, VA 23320
T: 757.977.0998 T: 757.977.0997 F: 866.843.6727

1889 Governor's Pointe Drive
Suffolk, VA 23436
T: 757.529.2617 F: 757.745.7777

11350 Random Hills Rd, Suite 800
Fairfax, VA 22030
T: 571.529.6205 F: 877.811.5175

6525 Morrison Blvd, Suite 115
Charlotte, NC 28211
T: 704.594.5990 F: 866.843.6727

2000 Hillpoint Blvd N, Suite 200
Suffolk, VA 23434
T: 757.809.2130 F: 866.457.2130

5 Middlebrook Ave.
Staunton, VA 24401
T: 540.712.0288 F: 540.609.2034

7047 Lee Hwy, Suite 308
Chattanooga, TN 37421
T: 423.386.5751 F: 423.386.5774

604 S. Main Street
Culpeper, VA 22701
T: 540.825.4611 F: 866.843.6727

3651 Mars Hill Rd, Suite 700
Watkinsville, GA 30677
T: 678.661.0003 F: 855.303.8070

6111 Shallowford Rd, Suite 103
Chattanooga, TN 37421
T: 423.424.3330 F: 423.424.3338

7 West Jackson Street
Pinckneyville, IL 62274
T: 618.357.5226 F: 618.357.9010

704 Brushy Creek Rd.
Easley, SC 29642
T: 864.810.6369 F: 864.523.6625

429 Gunter Ave, Suite A
Guntersville, AL 35976
T: 256.202.1200 F: 256.571.9933