



# LVS ADVISORY

Investment Results	Full Year 2019	Full Year 2020	Year-To-Date 2021	Since Inception <sup>1</sup>
<b>LVS Growth</b>	-	<b>65.1%</b>	<b>17.6%</b>	<b>94.1%</b>
<i>Benchmark: S&amp;P 500 Total Return Index</i>	-	<i>17.8%</i>	<i>11.4%</i>	<i>31.2%</i>
<b>LVS Defensive</b>	<b>9.3%</b>	<b>15.5%</b>	<b>4.0%</b>	<b>31.1%</b>
<i>Benchmark: S&amp;P Long-Only Merger Arb Index</i>	<i>6.1%</i>	<i>4.7%</i>	<i>2.4%</i>	<i>13.7%</i>

Note: results presented gross of advisory fees and net of brokerage commissions. Investment results are as of April 16, 2021.

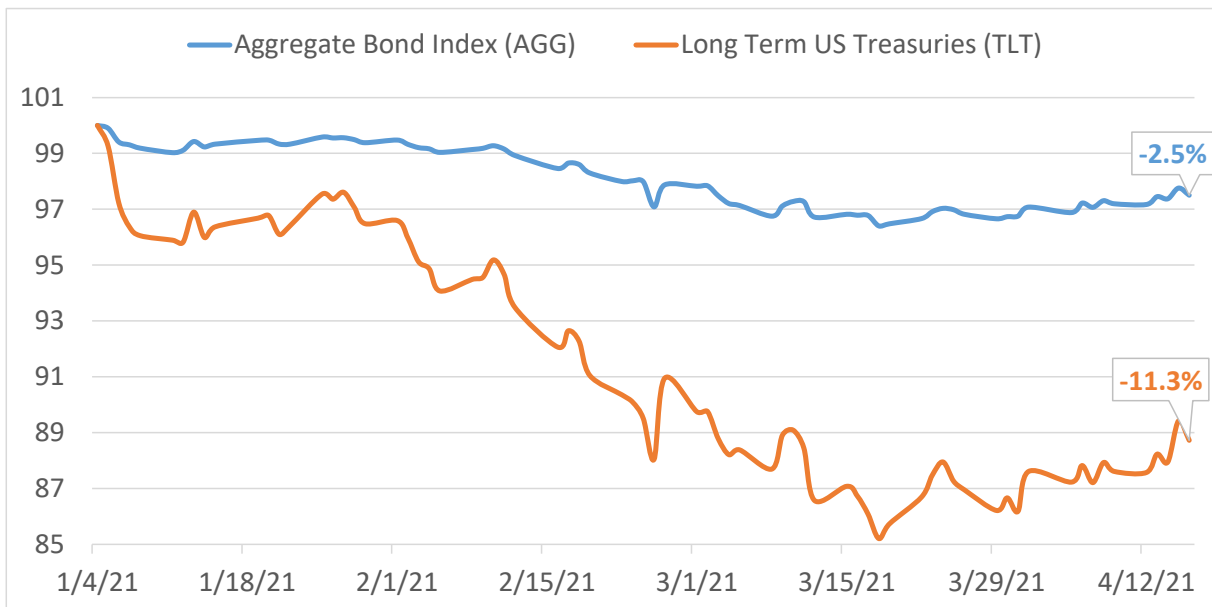
(1) LVS Defensive was inceptioned on January 1, 2019. LVS Growth was inceptioned on January 1, 2020.

April 19, 2021

Dear Investors,

2021 is off to a blistering pace. As covid-19 vaccines are beginning to roll out on a massive scale, we are starting to see clear signs of economic recovery. This positive economic news has been reflected in the stock market which is already up more than 10% this year. The LVS Growth Portfolio has more than kept pace with the broader market, posting year-to-date gains exceeding 17%.

While the stock market continues to roar, the bond markets have started the year with a whimper. The aggregate bond index is down more than 2% so far this year and long-duration US Treasury bonds are down more than 10%. However, it should be noted that this negative move comes after strong gains for bonds in 2020.



Source: Yahoo Finance.



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The movement in stocks and bonds makes sense in context. The world shut down in 2020 creating a sharp economic recession. Governments responded by soaking the economy with stimulus money and low interest rates. As the economy recovers, significant pent-up demand will lead to a surge in consumer spending, leading to earnings growth for many economically sensitive companies (this is good for stocks). As people spend money, they may bid up the price of goods, leading to inflation and eventually, higher interest rates (this is bad for bonds).

This has created a conundrum for risk-averse investors. Do you continue to hold bonds which may see price continue to drift lower? Do you hold excess cash which may lose purchasing power due to rising inflation? Or do you take more risk and buy stocks?

There are some options but they tend to be non-traditional. There are certain asset classes and investment strategies that retain low-risk characteristics and do not take on direct interest rate risk – the LVS Defensive strategy aims to do this. Although at the end of the day, every investment decision has trade-offs (liquidity, tax efficiency, incremental risks) and the solution is always going to depend on the investor's specific circumstances.

## Many attractive investment opportunities

Some market commentators believe the stock market is in a speculative bubble and should be avoided. Despite the strong price performance of stocks, I continue to find many attractive investment opportunities.

I recently appeared on the Chit Chat Money podcast where I discussed some of the investments that I have been researching lately. If you would like to hear this discussion [you can click here to listen on apple podcasts](#) or [click here to listen on Spotify](#). I hope you find the conversation interesting and insightful!

Best regards,



Luis V. Sanchez CFA

## ABOUT LVS ADVISORY



LVS Advisory is a full-service financial advisory firm providing active investment management, financial planning, and institutional investment research services for individuals, families, and institutions. Luis V. Sanchez CFA is the Founder and Managing Partner of LVS Advisory. Luis' professional experience includes working in investment banking, consulting, and investment management. Luis is a licensed Investment Adviser Representative and a CFA Charterholder. LVS Advisory LLC is a Registered Investment Adviser based in New York City.





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