

Friday, April 2, 2021

MAKING DOLLARS MAKE SENSE

NuWEALTH's Quarterly Market Summary

Stocks closed out the 1st Quarter of 2021 much as they began the year – at All Time Highs. All 4 stock indices were up on the Quarter and the S&P500 topped 4000 for the first time. The Russell 2K Small Cap Index turned in the best performance (**up 14%**) while the Dow was the laggard (**up only 5%**).

If you invested **\$500** in each of these indices on the 1st trading day of the year (January 4, 2021), you would have **profited \$55** in the case of the Russell 2K; but only **\$10** if you invested \$500 in the Nasdaq. While these gains are small, it's worth noting that none of these investments resulted in a loss.

\$500 Investment in RUSSELL 2K Index ETF (IWM) Yields \$55 Gain

INDEX	ETF	Q1 %Chg	Amount Invested	# of Shares	Buy 1/4/2021	Sell 4/1/2021	\$GAIN per Share	TOTAL GAIN
RUSSELL 2K	IWM	14%	392.11	2	196.06	223.74	27.68	\$55.37
S&P 500	SPY	7%	373.88	1	373.88	400.61	26.73	\$26.73
DOW JONES	DIA	8%	305.79	1	305.79	331.45	25.66	\$25.66
NASDAQ 100	QQQ	3%	313.75	1	313.75	324.57	10.82	\$10.82

If you had **\$500** to invest at the beginning of the year, you could have bought 2 shares of the IWM ETF for **\$392.11**. By April 2021, your investment would have generated a profit of **\$55.97**.

Even though markets sold off significantly in March, all 11 S&P500 Sectors (and their related ETFs) finished Q1 2021 in positive territory. The strongest sectors were Energy (XOP) which had a blockbuster quarter surging **46%**, Retail (XRT) up **39%**, and Financials-Regional Banks (KRE), up **29%**.

\$500 Investment in ENERGY Sector ETF (XOP) Yields \$216 Gain

SECTOR	ETF	Q1 %Chg	Amount Invested	# of Shares	Buy 1/4/2021	Sell 4/1/2021	\$GAIN p/Share	TOTAL GAIN
ENERGY - OIL & GAS EXPLORATION	XOP	46%	467.99	8	58.50	85.56	27.06	\$216.49
RETAIL	XRT	39%	450.25	7	64.32	89.51	25.19	\$176.32
ENERGY - SELECT	XLE	33%	492.72	13	37.90	50.31	12.41	\$161.31
FINANCIALS - REGIONAL BANKS	KRE	29%	467.56	9	51.95	66.82	14.87	\$133.82
HOME BUILDERS	XHB	24%	461.13	8	57.64	71.59	13.95	\$111.59
METALS	XME	21%	468.17	14	33.44	40.36	6.92	\$96.87
FINANCIALS - INTERNATIONAL BANKS	XLF	17%	471.67	16	29.48	34.47	4.99	\$79.85
SEMICONDUCTORS	SMH	16%	436.86	2	218.43	252.94	34.51	\$69.02
COMMUNICATIONS	XLC	13%	472.35	7	67.48	76.15	8.67	\$60.70
CONSUMER DISCRETIONARY	XLY	13%	451.79	3	150.60	169.42	18.82	\$56.47
INDUSTRIALS	XLI	12%	442.76	5	88.55	98.78	10.23	\$51.14
MATERIALS	XLB	10%	434.33	6	72.39	79.49	7.10	\$42.61
REAL ESTATE	IYR	9%	428.24	5	85.65	93.58	7.93	\$39.66
S&P 500	SPY	7%	373.88	1	373.88	400.61	26.73	\$26.73
EMERGING MARKETS	EEM	4%	465.02	9	51.67	53.86	2.19	\$19.72
TECHNOLOGY	XLK	4%	390.06	3	130.02	135.48	5.46	\$16.38
HEALTH CARE	XLV	3%	453.76	4	113.44	116.39	2.95	\$11.80
UTILITIES	XLU	2%	438.91	7	62.70	63.98	1.28	\$8.95
CONSUMER STAPLES	XLP	1%	472.13	7	67.45	67.98	0.53	\$3.73

If you were bullish on the Retail sector in January, you could have used your \$500 investment to buy 7 shares of the **XRT** ETF for a total cost of **\$450.25**. This would have generated a **\$176.32** profit for the quarter.

\$500 Investment in Retail Sector ETF (XRT) Call Option Yields \$2,743 Gain

If you wanted to invest in the Retail sector in a way that involved less risk and generated a higher return, you could have bought 1 Call Option contract in the Retail ETF XRT. Since XRT was trading at \$63.54 on January 4th, you would have bought the 64 Strike **XRT** Call Option, Expiring March 19, 2021, for **\$316.60**. By the end of March 2021, this investment would have generated a profit of **\$2,743** (a Return of **768%**). If the trade had gone against you, the most you would have lost is the **\$316.60** you paid to buy the Call Option.

Sector	Option	Q1 %Chg	\$ Amount Invested	# of Contracts	Buy 1/4/2021	Value at End of Q1 2021	TOTAL GAIN
RETAIL	XRT MARCH19th 64 CALL	39%	316.60	1	316.60	\$3,060	\$2,743.40