



Market Commentary Large Cap Core Portfolio Update

April 5, 2021

Dear Clients/Friends:

The first quarter of 2021 has been quite eventful for the stock market. With COVID vaccine deployment accelerating during the quarter, increased economic activity, fiscal stimulus, and an extraordinarily accommodative Federal Reserve moved stock prices higher.

We took advantage of this strong market to opportunistically trim or exit a few more positions than normal. Some of these sales were the result of stock prices hitting our target after many years of ownership. Sales falling into this category include J.P. Morgan, Facebook, and the SPDR S&P Biotech ETF. While each investment has been a solid performer and may continue to increase in a rising market, they also carry idiosyncratic risks that could negatively affect their stock prices going forward.

While we typically anticipate a 3-5 year hold period when entering new positions, our time horizon can change due to rapid shifts in prices or real-world events that have a significant impact on the intrinsic value (good or bad). With the manic nature of the market today, where a handful of stocks or industries move rapidly higher only to lose favor mere days or weeks later, we have been pushed to move quicker than normal to capitalize on these parabolic stock price moves in a few instances. Sales of Discovery Inc. and Texas Pacific Land (TPL) fall into this category.

Discovery's brief rise of over 150% year-to-date by mid-March allowed us to sell our position at a price level we targeted to be several years from now. After our sale, a highly leveraged hedge fund was forced to liquidate its position and the shares retreated over 40%. As we continue to like the company's business prospects, the price decline may allow us an opportunity to get back into this company at a more attractive price.

Similarly, we purchased Texas Pacific Land in December 2020 with a view the stock could more than double in value in five years. Just three months after our purchase, renewed interest in the company and the rapid market shift toward energy stocks pushed TPL shares higher by more than 120%. As part of our risk management process, we cut our position in half, though we would be willing to add back these shares should short-term investor sentiment toward energy investments become less positive.

While we try to be sensitive to the tax consequences of our sales, capitalizing on these moves has caused us to realize a higher than normal amount of capital gains – with some of the gains treated as short-term gains for tax purposes. Unfortunately (or fortunately depending on your perspective)

DEERFIELD OFFICE
570 Lake Cook Road
Suite 100
Deerfield, IL 60015

CHICAGO OFFICE
120 South LaSalle Street
Suite 1440
Chicago, IL 60603

312.778.7700 main
312.778.7701 fax
www.parksideinv.com



April 5, 2021

there are not significant losses to be taken within the portfolio to offset these gains. As it's still early in the year, we will update if we believe taxable gains for all of 2021 will be meaningfully higher than you experienced over the last few years.

The sales noted above have generally caused us to hold a higher level of cash in portfolios at quarter-end – a move to capitalize on future price swings should an existing portfolio holding or new investment prospect come under pressure for unwarranted reasons. We believe the existing portfolio continues to be well positioned for both the recovering economy in the short-term and interesting secular growth opportunities over the longer term.

Please contact either of us if you have any questions. We thank you for your continued trust.

Sincerely,

Alan Cole

President

Chris Engelman

Managing Director

Disclosure: *The information contained in this message is intended to provide general information only and should not be construed as an offer of specifically tailored individualized advice or results. The securities identified and described do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. With any investment, there is the possibility of loss as well as gain. Past performance is not indicative of any specific investment or future results.*

Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. All statements other than statements of historical fact are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," and "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those discussed in such forward-looking statements.

PARKSIDE INVESTMENTS, LLC
312.778.7700 main
312.778.7701 fax
www.parksideinv.com

Page 2 of 2