



THOUGHTS FROM THE FOUNDER: For the clients that have trusted Nepsis, Inc. with their money, you have heard me say over and over again, “Volatility is Your Friend.”

As I often say, “Our clients do NOT invest in the stock market, they invest in businesses. The stock market is nothing more than the greatest tool ever created to take advantage of investing in great businesses over time!”

Once again, a massive correction in the 2020 “Stock Market” provided an unbelievable opportunity to buy great businesses on sale! Over the last 25 years, I have seen many corrections including the dot.com bubble correction, 9/11 and the financial crisis of 2008. In each scenario, as in every other correction, it provided opportunities to invest in great companies OVER TIME!

Clearly, the “Covid correction” was no different. After a tremendous 2019, investors could have easily assumed that 2020 would have, or should have been a year for more muted returns. However, the reality is, **INVESTING IS A PROCESS OVER TIME!**



MARK PEARSON
President & CIO

**As I often say, we must rely on what we call the “Four Keys to Successful Investing.”
Philosophy Strategy Flexibility Transparency[®]**

The very quick and harsh pullback in company values in 2020, provided what I believe was the greatest opportunity since I started in this business more than 25 years ago.

We have seen tremendous value increases in 2019 and 2020 in our client’s portfolios. Our belief, whether a portfolio is going up or down, is in the process! While we saw tremendous value increases in many of the companies we purchased and owned through the Covid correction, I have remained committed to the following practices:

I will continue to “Stick to the Knitting”.

I will continue to be unemotional about short term noise and irrational moves in company prices.

I will continue to stick to the “Four Keys to Successful Investing.”

We encourage you to do the same. Rather than allowing emotions to take control, trust the process.

While history will mark 2020 as a year to forget, Nepsis remains steadfast in its commitment to helping our clients achieve “ULTIMATE CLARITY.”

“INVESTORS
MAKE THE
MOST MONEY IN
BEAR MARKETS;
THEY JUST
DON’T REALIZE
IT AT THE TIME.”

– SHELBY DAVIS

If you have questions regarding your investment objectives, risk tolerance or other aspects of the businesses you own in your portfolio, please contact your advisor for guidance. Thank you again for your continued confidence and support of “Nepsis” as we look forward to getting back to normal in 2021.

Respectfully,
Mark Pearson
Founder & CIO
Nepsis, Inc.

WELCOME TO THE ROARING 20s... THE ROARING 2020s THAT IS!

Charles D. Etzweiler, MBA, CIMA®, CMT
Senior Vice President of Research

For many of us in public speaking, whenever we are in need of a quote filled with wit or cleverness, we need to look no further than the famed baseball legend Yogi Berra. When asked later in his career by the sports press about the prospects of the upcoming New York Yankee season, Yogi responded, *“The future ain’t what it used to be.”* Berra was simply suggesting that his current view of the near future was not what it was in comparison to earlier in his career.

Although Yogi meant this as a less desirable prediction of the future, I would like to put a positive spin on his remark as it pertains to our new year and propose **“Welcome to the future none of us ever dreamed of.”**

Each generation based on how they perceive technological advancements try to gauge what lies ahead. I grew up in the 1960s and 70s and vividly remember watching the first Lunar Landing on July 20, 1969. I remember building a plastic model replica of the Super-sonic Transport Concorde aircraft with my dad. Moreover, because we had recently landed on the moon and probably because we watched way too many reruns of *Lost in Space*, *The Jetsons* and *Star Trek*, our view of the future included moon bases, flying cars and personal robots that would serve our every need. Fifty years ago, we dreamed of big things with a widespread vision of the future, focusing on the physical machines that would propel us to fly higher and move faster.



Predictions of the future are often off the mark, as visions of what lies ahead are confined based on the technological advancements we are aware of at that particular point in time. The predictions of creative visionaries are typically limited simply by the brain’s capacity to dream with no such constraints while the actual future evolves.

We were wrong about the future, as the world has not advanced in the manner that many thought it would. Looking back 50 years ago, the dreams of scientific progress did not include the great advancements the world enjoys today, such as information access, streaming entertainment, global social connection, instant money transfer and palm-sized communication devices. The great news is that the world is far more efficient and connected than we ever dreamed of. Granted, we can’t beam each other up to the mother ship or physically move at warp speed, but more importantly, our live images of us can, and so can the data we wish to transmit. Our bodies may not speed through the air in George Jetson’s flying sedan, but our thoughts, pictures and ideas can now travel around the world at the speed of light. Instead of moving people through space, we have found far more value and effectiveness by moving data around on Earth. As in many areas of life, we did not get what we wanted; rather we got what we needed. In the decade of the 2020s, we may lament the lack of flying cars but greatly laud having the world’s encyclopedia via a Google search literally in the palm of our hand. Simply put, the world is far more advanced, efficient and connected than we could have ever dreamed possible. Because of this massive transition in how we access information, we believe like the legendary football coach George Allen that, **“The Future is Now!”**

NEPSIS, Inc.

8674 Eagle Creek Circle, Minneapolis, MN 55378
(952) 746-2003 • Fax: (952) 746-2006
www.InvestWithClarity.com | Blog: www.InvestingWithClarity.com

©Copyright 2021. Advisory services offered through Nepsis, Inc.: An SEC Registered Investment Advisor.

ELECTION ASSESSMENT

Nepsis Research Team

ELECTION RESULTS – ALTHOUGH OUTRIGHT GRIDLOCK DID NOT OCCUR, WE WOULD LIKE TO PROPOSE THAT “QUASI-GRIDLOCK” IS PRESENT IN D.C. Yes, the Democratic Party controls all three silos of government with both Georgia Senate races flipping to their way; however, the pathway to a Blue Wave scenario that was once thought likely, still is not present in our estimation.



The Market has spoken and has given its “stamp of approval” on the backdrop in our Nation’s Capital. Whether it may be your political preference or not, the collective mindsight of tens of millions of investors we refer to as the “Market” feels comfortable based on the following:

ECONOMIC POLICY BACKDROP – THE TRIFECTA OF POLICY THAT IS IN PLACE IN OUR ESTIMATION PROVIDES A VERY STRONG BACKDROP THAT WILL PERMIT STOCKS TO CONTINUE AS OVERWEIGHTS IN OUR RESPECTIVE MODELS:

1. Low Corporate Taxes:

The belief that Corporate Tax Policy likely remains in a period of Status Quo, i.e. no major revisions to what is in place today at the 21% rate. Investors certainly favor lower corporate taxes as they elevate the bottom line and hopefully, company stock prices.

Source: <https://www.patriotsoftware.com/blog/accounting/corporate-tax-rate/#:~:text=Currently%2C%20the%20federal%20corporate%20tax%20rate%20is%20set%20at%2021%25.>

2. Federal Government Spending:

Although not the major Stimulus Bazooka that was imagined under a Blue Wave Scenario, a \$2 Trillion deal is likely, that would include infrastructure spending, extended unemployment benefits and funds for worker retraining. Investors certainly favor the open spigot from our friends in D.C.

3. Accommodative Federal Reserve:

Not only is the Fed in a holding pattern with Z.I.R.P. (Zero % Interest Rate Policy), but they are also committed to buying bonds of all stripes and colors. This includes Treasury, Mortgage and Corporate debt. Investors certainly favor a dovish Fed, and based on comments from Jay Powell and the recent appointment of former Fed Chair Janet Yellen as Treasury Secretary, accommodation remaining in full force for the next two years is highly likely.



SPOTLIGHT - CYBERARK (NASDAQ: CYBR)



The Investment Committee

Who is CyberArk? CyberArk is the #1 provider in privileged access management, a critical layer of IT security that protects data, infrastructure and assets across the enterprise—on premises, in the cloud, on endpoints and throughout the DevOps pipeline. <https://www.cyberark.com/solutions/>

To find out specifically what CYBR offers that its competition does not, we refer to the source and see how the company defines itself.

Taken directly from its website located at <https://www.cyberark.com/privileged-access-management/>, CyberArk's proprietary service is known as Privileged Account Management or PAM and seeks to assist companies and governments in preventing their privileged account information from being compromised. CyberArk states that:

"Privileged accounts can be found in every networked device, database, application, and server on-premises, in cloud and ICS environments, and through the DevOps pipeline. Privileged users have the "keys to the kingdom" and, in the case of a cyberattack or data breach, privileged credentials can be used to cause catastrophic damage to a business." Humans and machines – have all-powerful access to confidential data and systems. Privileged accounts can grant overly broad access rights, far beyond what is needed for the user to perform their job function, which makes them dangerous if they're not managed effectively. Privileged accounts have shared administrative access, making their users anonymous. Privileged accounts go unmonitored and unreported and, therefore, unsecured. After initial access, attackers can obtain domain-level admin credentials within 3 days, and you may not discover it for the next 3 months. Privileged access is pervasive throughout the organization and can be difficult to discover, secure and manage without the right tools. A PAM solution can help organizations locate their privileged accounts, eliminate credential theft and collect audit information. CyberArk continues to grow their subscription services, allowing their recurring revenue to advance at a 40% pace annually."

Based on an independent analysis by CFRA which can be found at <https://advisor.marketoscope.com/#/stocks/details/319030/CYBR/Quantitative/powerSearch>, ticker CYBR:

"Together with its subsidiaries, CYBERARK develops, markets, and sells software-based security solutions and services for organizations to safeguard and monitor their privileged accounts.

The company's solutions include Core Privileged Access Security for risk-based credential security and session management with add-on options for least privilege server and domain controller protection, as well as secure remote vendor access to privileged access security; Application Access Manager for secrets management for application types and non-human identities; and Endpoint Privilege Manager for least privilege and credential theft protection for workstations. It also provides Sensitive Information Management solution, and software maintenance and support, and professional services.

The company offers its products to financial services, manufacturing, insurance, healthcare, energy and utilities, transportation, retail, technology, and telecommunications industries, and government agencies through a direct sales force, as well as distributors, systems integrators, value-added resellers, and managed security service providers. It operates in the United States, Europe, the Middle East, Africa, the Asia Pacific, Japan, Latin America, and Canada. CyberArk Software Ltd. was founded in 1999 and is headquartered in Petah Tikva, Israel."

WE BELIEVE CYBR TO BE A CORE HOLDING OF OUR MODEL PORTFOLIOS AND HOPEFULLY, IT WILL BE A COMPONENT FOR THE LONG TERM.

NEPSIS, Inc.

8674 Eagle Creek Circle, Minneapolis, MN 55378
(952) 746-2003 • Fax: (952) 746-2006
www.InvestWithClarity.com | Blog: www.InvestingWithClarity.com

©Copyright 2021. Advisory services offered through Nepsis, Inc.: An SEC Registered Investment Advisor.

ATTAINING CLARITY FOR THE NEW YEAR

Nepsis Financial Planning Team

One of the challenges of financial planning is the simple fact that no one can predict the future. Proper planning must consider a range of circumstances and outcomes and then answer the question of how those impact your financial goals.

A valuable New Year's planning exercise is to visualize varying degrees of a market correction and think through your emotions and reaction. If your portfolio value fell by 10% in a relatively short amount of time, how would you feel and what would you do? Would you be very concerned, somewhat concerned, or not concerned at all? How would you react at -20%, -30%, or -40%? Would you stay with your current investment allocation or would you make changes? Would you be prepared to take advantage of the opportunities created by volatility?



The reality is that market volatility is normal. It is also inevitable, even if no one can be certain about its magnitude or timing. Accepting this reality can help you avoid making mistakes due to an emotional reaction. This same exercise should also be applied to unexpected life events such as job loss, illness, unplanned expenses, etc. It is important to write down your answers for how you would handle each situation and keep this as a part of your financial plan throughout the year. Thinking through some of the what-ifs is an important part of attaining the clarity needed to approach the New Year with confidence.

The Secret of New Year's Resolutions

It is widely reported that most New Year's resolutions die within the first 30 days of January. This information is often presented to imply that New Year's resolutions are a foolish exercise. Yet a 2015 Washington Post article* citing research by psychology professor John Norcross states, "Here's some good news, though: At six months, people who make New Year's resolutions are more than 10 times as likely to keep them as people who don't follow the annual tradition."

At first, this seems self-evident. Of course a person who didn't make a New Year's resolution will not have kept it. However, further evaluation reveals a key component for success... making the resolution in the first place! Any effort to achieve something begins with the aspiration to do so.

This is the spirit behind proper financial planning. Having the future you want starts with assessing your priorities and setting a plan of action for accomplishing your goals. **Even though we are beyond New Year's Day, it's not too late to start on your own plan.**

*<https://www.washingtonpost.com/news/to-your-health/wp/2015/01/07/its-january-7-and-a-quarter-of-us-have-already-abandoned-our-new-years-resolutions/>

As Nepsis, Inc. continues to grow, we appreciate your continued confidence and support. We believe successful investing requires Investing with Clarity[®]. We look forward to continually providing you with the Clarity needed to be a successful investor long-term.



Respectfully,

Mark Pearson
President, Founder & CIO
Nepsis, Inc.

CHECK US OUT ON SOCIAL



NEPSIS INC.



NEPSIS, INC



@NEPSISINC



@INVESTWITHCLARITY

NEPSIS, Inc.

8674 Eagle Creek Circle, Minneapolis, MN 55378
(952) 746-2003 • Fax: (952) 746-2006
www.InvestWithClarity.com | Blog: www.InvestingWithClarity.com

©Copyright 2021. Advisory services offered through Nepsis, Inc.: An SEC Registered Investment Advisor.