Market Performance Update

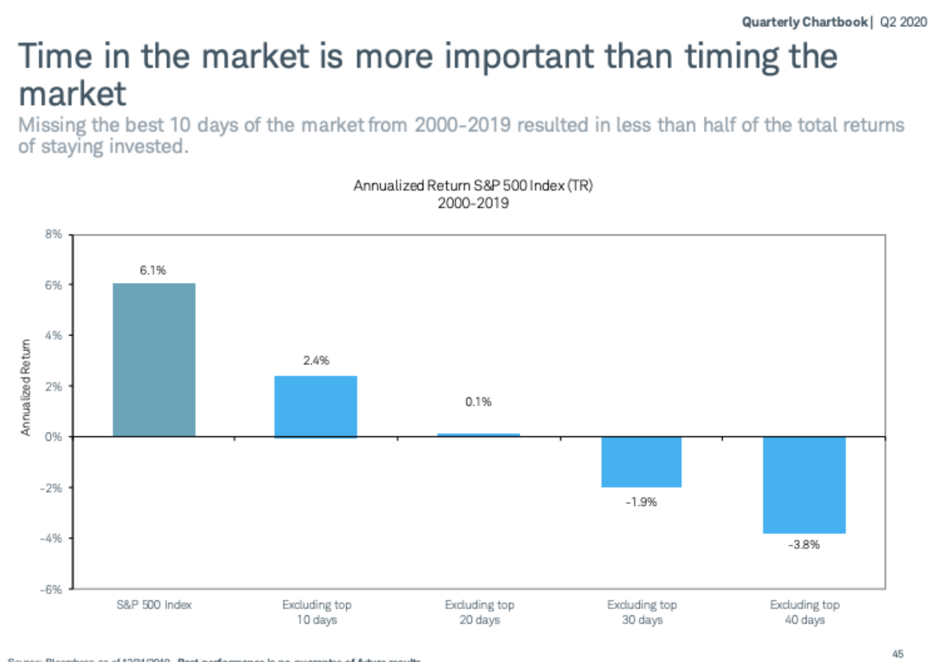
May 1, 2020

MAY 1 MARKET UPDATE: Not out of the woods yet, but there are “green shoots”

Dear clients,

Hopefully you are staying safe and doing as well as possible in the current environment. We wanted to provide an update from our previous email.

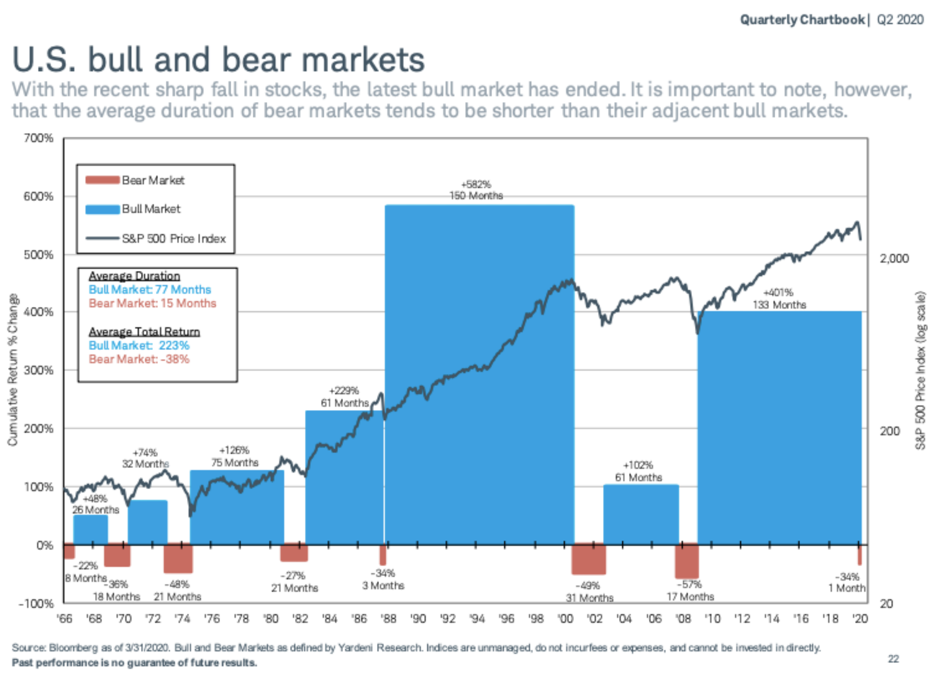
Financial markets have come off their best monthly surge in over 30 years, with the S&P 500 gaining more than 12.7% in April, while the Dow advanced 11.1%. Market lows that were witnessed March 23rd seem to be holding firm, as hope for coronavirus treatment, coupled with unprecedented policy response, has helped markets recover. While we are witnessing improving market conditions, unemployment numbers continue to rise, as the economic fallout from COVID-19 persists. 1 million people in the U.S. have now tested positive for the virus, which has disrupted business cycles and supply chains globally. We expect this to be further reflected in Q2 data. The rally to some may seem ahead of fundamentals, as unemployment recently topped 30 million workers, but as we have mentioned previously, the financial markets are a forward discounting mechanism. Despite this, it’s important to not try to “time” the market, but focus more on time *in*



the market to achieve long-term goals.

The Federal Reserve this week signaled that extreme quantitative easing will remain, and not to expect any interest rate increases for the foreseeable future. Stimulus programs that were recently rolled out as part of the CARES ACT, including $349 billion for Paycheck Protection Program (PPP), followed by a second $310 billion allocated for employers, seems to be cushioning the economic fallout. Despite this, the economic slowdown and contango in the commodities markets, continue to have a drag on oil. For the first time ever, we witnessed negative WTI futures as demand has slumped.

There are bright spots on the horizon. Many states have begun to partially reopen, while others have announced plans to do so in phases. We view this as a positive, with the caveat that re-openings need to happen safely and are going to require widespread testing and distribution of treatment in order to prevent a second-wave in the fall. There continues to be rapid progress on the drug therapy front, as many drug manufacturers have begun to release early positive testing results. It is becoming more likely that a U-shaped recovery will occur, with negative growth occurring in the first part of the year, followed by strong second-half growth as businesses and the economy as a whole reopen.



Our models continue to inch closer to the record highs that we witnessed February 19th in the financial markets, as we are outperforming the broader indexes by a significant margin. We remain committed to maintaining diversified portfolios for you, as periods of short-term volatility, have ultimately led to higher returns historically.

We will continue to update you as more news develops. Should you have any questions, please feel free to reach out to us.