FROM THE DESK OF THE CIO

Domestic Affects Now Being Felt

March 15, 2020

COVID-19 civil and economic effects are now more front and center in the U.S.

Containment strategies and fiscal support have arrived. We believe there is more of both to come.

The bad news is economic visibility remains poor, although we still believe the problem will be transitory.

Dear Clients:

We are now beginning to experience the civil and economic ramifications of COVID-19, as the disease moves west and U.S. cases accumulate. While economic forecasts are likely to change a bit over the next several weeks, we have seen some investment banks begin to reduce projections for Q1 and Q2 GDP. Given the emerging COVID-19 containment efforts and the related impacts on the economy, we believe a technical recession in the U.S. (two quarters of GDP contraction) may be the most likely scenario. However, we also believe the COVID-19 problem could be transitory and a material Q3 GDP rebound may be possible.

While population health and the stability of the healthcare system are primary concerns, worries extend to wide-ranging negative impacts on most business sectors of the U.S. economy. The closing of stores, slowing of business activity, shuttering of schools and universities, etc., will clearly grind on the economic system. We are paying close attention to the economic trajectory as well as the case data we are seeing on COVID-19.

Recent monetary and fiscal levers that have been shifted by U.S. and global policymakers have been helpful as a first step in stabilizing the system. We anticipate more will be done, particularly in the U.S. Our hope is the Trump Administration will target fiscal support efforts in areas of the economy hardest hit by this economic shock. Even if further measures are announced however, we do not believe they will completely forestall capital market volatility as economic visibility remains poor. We believe additional equity market pressure may be on the horizon until the length and breadth of the disease becomes more clear. We will closely watch the global progression of the disease for signs of an eventual bottoming, although we are probably a bit removed from that condition.

Meanwhile, many client portfolios have continued to come under some pressure, given the lack of firm, economic visibility and the material risk-aversion that has resulted. Equity markets have continued to gyrate wildly, credit spreads have widened, and most commodity prices have fallen materially. Notably, we have worked to systematically reduce equity exposure in client portfolios during the course of this drawdown. We stand ready to further reduce exposure as conditions warrant.

Importantly and prior to the onset of this extreme volatility, we had already taken steps to ensure our bond exposure was positioned as a buffer against equity risk. That is, we sought to align our bond allocation closer to

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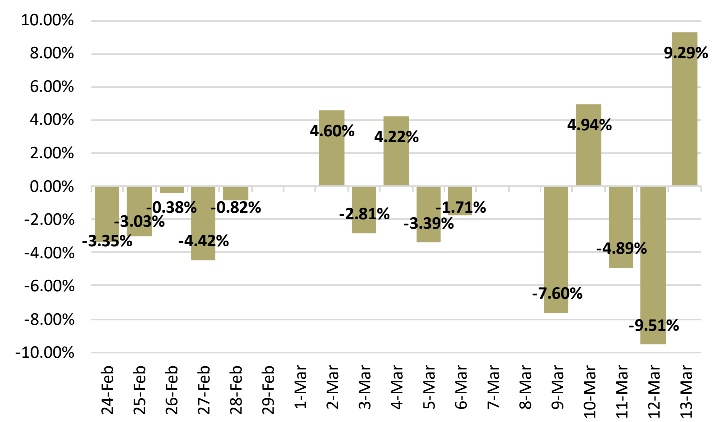
that of the Bloomberg Barclays U.S. Aggregate Bond Index. Year-to-date, through March 13th, the U.S. Aggregate index is up 2.36%. A risk-balanced approach is often overlooked by many, but paramount in times such as these. Our job is to ensure a diversified, disciplined strategy is employed in the client portfolios we manage and we seek the same in managers we select.

Figure 1: S&P 500 Index Daily Price Returns
Source: Bloomberg



While downside pressure in equities has been material, proper core bond exposure in a multi-asset portfolio has provided some offset.

Table 1: Recent Equity and Bond Index Total Returns
Source: Bloomberg; *Returns through March 13, 2020

	January	February	March*	YTD*
S&P 500 Index	-0.40%	-8.23%	-8.13%	-15.73%
BBG Barc U.S. Agg Bond Idx	1.92%	1.80%	-1.34%	2.36%

Finally, we understand current market volatility differs from that to which participants have grown accustomed in recent years. However, our risk-mitigation focus on portfolio management and manager selection is designed for such an environment; one that may generate heightened concern among clients. We seek to offset that concern via our investment process. Should you have any questions regarding our investment philosophy, or seek additional clarity on current conditions, feel free to contact us directly.

Sincerely,

Marc A. Zabicki

Chief Investment Officer

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All opinions and views mentioned in this report constitute our judgments as of the date of writing and are subject to change at any time. We will not advise you as to any change in figures or views found in this report.

Our judgement or recommendations may differ materially from what may be presented in a long-term investment plan. Investors should consult with an investment advisor to determine the appropriate investment strategy and investment vehicle. Investment decisions should be made based on the investor's specific financial needs and objectives, goals, time horizon and risk tolerance.

Stock investing involves risk including loss of principle.

The S&P 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing the major sectors of the U.S. economy.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment grade fixed-rate bond market, including both government and corporate bonds.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Except for the historical information contained in this report, certain matters are forward-looking statements or projections that are dependent upon risks and uncertainties, including but not limited to such factors and considerations such as general market volatility, global economic risk, geopolitical risk, currency risk and other country-specific factors, fiscal and monetary policy, the level of interest rates, security-specific risks, and historical market segment or sector performance relationships as they relate to the business and economic cycle.

Economic and other investment forecasts set forth may not develop as predicted and there can be no guarantee that strategies mentioned will be successful.

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