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FROM THE DESK OF THE CIO

Some Visibility Improvement

March 22, 2020

Domestic COVID-19 cases have been on the rise as governments take action to contain the virus' spread.

Last week's equity market drawdown (S&P 500 Index down 14.98%) rivaled losses last witnessed in 2008.

We believe, improving Covid-19 case trajectories in the Asia-Pacific and new GDP forecasts enhances visibility for investors.

Dear Clients:

Concerted efforts to test nationwide and further contagion domestically has caused a material rise in domestic Covid-19 cases over the last week. Cases in Europe have also grown, while active cases in parts of the Asia-Pacific are on a decline. U.S. federal, state and local governments have guided or mandated non-essential business closures and many companies have contributed by completely shutting down operations and/or keeping employees home. The efforts designed to constrain the spread of Covid-19 have necessitated the shutting-in of many parts of the U.S. economy. Economic forecasters are now beginning to roll out projections for a potentially steep, but short-lived domestic recession.

Monetary policymakers in the U.S. and elsewhere have continued to broaden accommodative programs designed to ease economic and market liquidity constraints. We await fiscal policy measures from Washington DC that may offer added support not only to businesses hardest hit by the crisis, but also to consumers as well. So far, financial liquidity appears relatively stable, likely due to the flexibility in aggregate corporate balance sheets as we entered this crisis. However, small and large business solvency issues are expected to arise and will remain a potential issue for the economy as a whole. Employees furloughed by the crisis remain as a top concern as well.

Capital markets have continued to come under pressure, and the S&P 500 Index turned in its worst week (3/16 through 3/20) since the financial crisis of 2008-2009. Indiscriminate selling of risk-based assets was on order for most of the week. However, we believe we are beginning to see some slight progress in recent market activity. For one, Treasury market movements have been more controlled and the 10-year Treasury yield has glided a bit hire as fear-based demand ebbed slightly.

Additionally, we have witnessed a few pockets of equity demand in the previously hardest-hit areas of the market, indicating some fundamental buying may be returning. And finally, we believe equity volatility may have already peaked as the Volatility Index (VIX) reached a closing high on 3/16 and retreated through the balance of last week (Figure 1). We will continue to look to Covid-19 case data and bond market conditions as a potential read-through to eventual equity activity. We are expecting additional market price swings, but recent developments may show the market is beginning the very early stages of a return to some order.

HB Retirement - We specialize in the investment design assistance and function of corporate retirement plans and wealth management for individuals. We provide insight and specialized support to assist you in managing your fiduciary obligations, and assist your employees with retirement planning.

Our last point is further supported, in our view, by the release of near-term GDP forecasts from a few financial intermediaries (see Table 1).. While an enormous drop in economic activity is expected, some forecasters are pointing to an economic rebound in the third quarter. Given China's Covid -19 case improvement and signs of returning economic strength, coupled with the possibility of a Q3 U.S. economic turn, we believe market participants may begin to look forward with improved clarity. For a forward-looking pricing mechanism like the financial markets, this could be good news. It is our expectation markets may price-in an eventual economic recovery before one becomes statistically evident.

Figure 1: CBOE Volatility Index (VIX) - Daily Closing Price
Source: Bloomberg

Historically, peaks in volatility and bottoms in equity prices do not perfectly coincide, so additional equity price weakness may be expected.

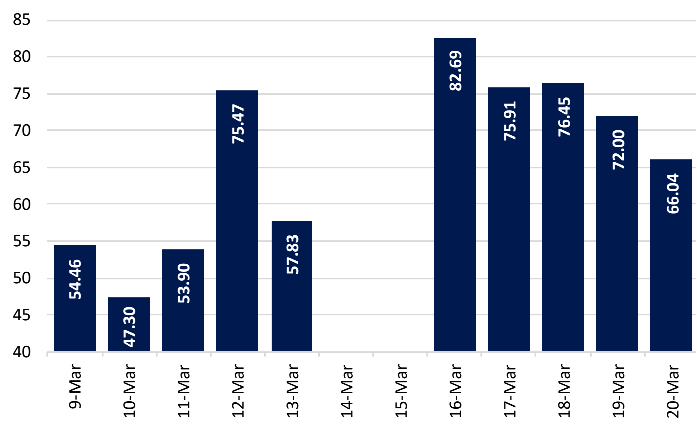

Table 1: Recently Issued U.S. GDP Forecasts
Source: Goldman Sachs, JP Morgan

We believe the release of near-term GDP forecasts, while immediately dire, may help provide markets with some "visibility" toward an eventual recovery.

	Q1 2020	Q2 2020	Q3 2020
Goldman Sachs	-6.0%	-24.0%	12.0%
JP Morgan	-4.0%	-14.0%	8.0%

Finally, it is important for you to know we are paying strict attention to the variables discussed here as well as others. It is our intent to navigate this condition as appropriately as possible and take action as conditions develop. As always, please feel free to contact your financial advisor should you seek additional information or wish to discuss your current financial plan.

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 CBOE Volatility Index® (VIX®) is meant to be forward looking, showing the market's expectation of 30-day volatility in either direction, and is considered by many to be a barometer of investor sentiment and market volatility, commonly referred to as "Investor Fear Gauge"

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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