ULRICH

04.01.20

ADAPTATION

That is the name of the game. We are all having to adapt to what's being dubbed the "new normal." Those who are able are practicing "WFH" or Work From Home days, and sharing Wi-Fi access with their children who are completing their school year via online learning. Children are very adaptable and resilient, and it appears they are also resilient to the Coronavirus. Being adaptable is critical to survival. As an example, there are species of frogs that can actually change their sex if the percentage of males and females becomes unbalanced in order to ensure the species will survive. While we are far from that, this virus does appear to be changing certain demographics.

As Americans, we have had to adapt the definition of freedom. Freedom to travel, freedom to gather, freedom to hit the gym, and freedom to buy more than 3 bags of pasta have all been taken from us. We will get through this, and once again American strength and ingenuity will persevere. Everyone is having to adjust their routines and the ways in which we live. Restaurants have moved to delivery, curbside, and to-go overnight, with waiters turned drivers in an attempt to keep staff employed. School districts have adapted school buses from student transportation to meal delivery vehicles for low income students stuck at a home. Convention centers, hotels, and cruise ships are adapting into makeshift hospitals to combat the virus. During this lockdown, I have personally taken it upon myself to help support our local restaurants and have been ordering out as much as I can. Unfortunately, while I sit here typing and eating my yummy brisket grilled cheese sandwich, I realize I might be adapting to a larger waistline.

The stock market is adapting to ever-changing data, expectations of how deep and long a recession will be, and the on again, off again fiscal response from Congress. Moreover, the Fed is adapting daily to issues in the bond market and providing massive amounts of liquidity and support to calm and normalize trading. This support has been critical to bring order back to the markets, where spreads in high quality instruments have gapped out to historical levels (sending bond prices down), due to massive selling and unwinding of portfolios.

While most investors hold bonds for safety and income, they are having to adapt to the fact that traditional bonds can actually be volatile and provide little income at current rates. As a firm, we are adapting our income generation strategies, as in this "balanced bear" market, a 60/40 portfolio loses on both equities and bonds. Private credit markets adapted after 2008 when the banking industry collapsed, and regulations made lending more difficult. These non-bank—banks filled the gaps of many lending needs and provided better yields than the traditional fixed income marketplace.

While this sell-off has been painful, we do believe a bottoming is near and recovery is on the horizon. Whether that is a "U" a "V", an "L" or a "W" remains to be seen, but we will recover. Despite social distancing, this pandemic is bringing us together as a nation. Private and public industry collaboration is working to bring about a vaccine, and corporate America is jumping in by converting their manufacturing plants to accommodate the production of masks and ventilators. Americans are committed to flattening the curve and getting us through this difficult period as quickly as possible.

As with any crisis, fear is heightened. It's times like these that we have to remind ourselves that the sky has never fallen. This too will pass, the stars will come out, and the sun will shine again.

Regards,

John P. Ulrich, CFP®
President

Whitney E. Solcher, CFA®
Chief Investment Officer

Equity Markets

U.S.

The S&P 500 Index plunged 19.6% in the first quarter, its worst quarterly return since the Global Financial Crisis. After falling more than 30% from peak to trough in just a few weeks, the Index rallied 20% going into quarter-end. Every sector experienced double-digit declines, with Information Technology (-11.9%), Consumer Staples (-12.7%), and Health Care (-12.7%) feeling the least pain. Financials (-31.9%) and Energy (-50.5%) fell the most. Financials were hurt by sharp declines in interest rates, and Energy's performance reflected plummeting oil prices. Oil prices tumbled 66%, with WTI Crude ending the quarter at $20.48, down from roughly $60 at the start of the year. From a style viewpoint, growth significantly outperformed value (Russell 1000 Growth: -14.1%; Russell 1000 Value: -26.7%). Growth indices benefited from Technology exposure while Value struggled with relatively heavy weights in Energy and Financials. Large cap (Russell 1000: -20.2%) outperformed small cap (Russell 2000:-30.6%). Small value (Russell 2000 Value: -35.7%) saw the sharpest decline.

Global ex-U.S.

Global ex-U.S. equity indices fell sharply in the first quarter; the MSCI ACWI ex-USA Index dropped 23.4%. Across developed markets, Canada (-28%), the U.K. (-30%), and Australia (-34%) were among the worst performers while Japan (-17%) fared better, in relative terms. Modest appreciation of the U.S. dollar versus a basket of developed market currencies acted as a headwind for U.S. investors. As in the U.S., growth (MSCI ACWI ex-USA Growth: -18%) outperformed value (MSCI ACWI ex-USA Value: -29%). Also mirroring performance in the U.S., Health Care (-9%) was a top-performing sector while Energy (-38%) was the worst.

Emerging markets equities (MSCI EM: -23.6%) also sold off with currency depreciation being a key driver. Collectively, Latin American countries fell 46% in U.S. dollar terms and 32% in local currency terms. Russia dropped 36% in U.S. dollars (-22% local) and South Africa fell 41% (-24% local). India sank 32% (-27% local) while China performed relatively well, down only 10% in the quarter in U.S. dollar terms.

Fixed Income

U.S. Treasury yields fell to record lows in March as investors sought safety and the Fed cut rates to 0%-0.25%. The 10-year U.S. Treasury yield reached a low in March of 0.31% before closing the quarter at 0.70%, down sharply from the year-end level of 1.92%. Most sectors underperformed U.S. Treasuries, hurt both by challenging liquidity conditions as well as a flight to safety. While the Bloomberg Barclays US Aggregate Bond Index rose 3.1% for the quarter, results were driven largely by performance of the Treasury sector (+8.2%). Corporates (-3.6%) and most securitized sectors underperformed U.S. Treasuries. The quality bias was evident in the return for the AAA-rated component (+5.8%) versus BBBs (-7.4%). TIPS (Bloomberg Barclays TIPS: +1.7%) sharply underperformed nominal Treasuries as expectations for inflation sank. The 10-year breakeven spread ended the quarter at 87 bps, down sharply from 177 bps at year-end. High yield corporate bonds (Bloomberg Barclays High Yield: -12.7%) fell sharply and ended the quarter with a yield-to-worst of 9.4% though it topped 10% in mid-March, the highest level since the GFC. Excluding the beleaguered Energy sector, high yield fell 9.1%. Leveraged loans performed even worse (S&P LSTA: -13.0%) and both high yield and loans experienced heavy outflows.

Developed ex-U.S. market returns were relatively flat in broad terms. The Bloomberg Barclays Global Aggregate ex-US Index fell 2.7% unhedged but rose 0.5% on a hedged basis as the U.S. dollar strengthened modestly against a basket of currencies. Emerging market debt underperformed in the risk-off environment. The U.S. dollar-denominated JPM EMBI Global Diversified Index dropped

13.4%, with returns varying across its 60+ constituents. Emerging market currencies were also under pressure. Local currency emerging market debt, as measured by the JPM GBI-EM Global Diversified Index, fell 15.2% in the quarter, with several local market returns in Latin America dropping about 20% (Brazil, Mexico, and Colombia) and South Africa down 29%.

Tax-Exempt

The municipal bond market experienced extreme volatility in March that is somewhat masked in first quarter returns. The broad Bloomberg Barclays Municipal Bond Index fell 0.6% in the quarter, but notably the index dropped 3.6% in March. Record outflows and a dramatic decline in liquidity drove yields in the muni market sharply higher in mid-March. Yields reversed course going into quarter-end on the back of Fed announcements that lent support to the market. Cross-market valuations between U.S Treasuries and AAA-rated munis reached unprecedented levels in March; 5-year AAA municipal yields rose nearly 200 bps during the month to nearly six times the yield of a comparable 5-year U.S. Treasury note. Not surprisingly, higher quality outperformed (AAA: +0.5%; BBB: -4.7%) for the quarter. While fundamentals of some sectors will be challenged in the wake of the economic downturn and downgrades may ensue, recent government stimulus programs should help to mitigate any near-term pressure on finances.

Real Assets

Real asset returns were significantly challenged during the first quarter of 2020, March in particular, as almost the entire space (except gold and TIPS) experienced performance not seen since the Global Financial Crisis. The MLP space (Alerian MLP Index: -57%) and energy-related stocks (S&P 1200 Energy Index: -44%) were among the worst hit as Russia and Saudi Arabia engaged in an oil price war smack in the middle of a global pandemic that was already poised to cripple near-term energy demand. Both listed infrastructure (DJ-Brookfield Global Infrastructure Index: -21%) and real estate (FTSE Nareit Equity Index: -27%) were also hampered by the outlook and immediate impact of the COVID-19 pandemic. Given the sell-off in the fixed income markets, credit in particular, it's likely that many investors fled these sectors to take advantage of higher nominal yields elsewhere. Meanwhile, the impact on real estate is likely to be varied as several sectors are acutely sensitive to the fallout from the coronavirus (e.g., Retail, Hospitality) while other property sectors such as Industrial, Storage, and Office should be more insulated. One silver lining, pun intended, was gold, which served its usual safe-haven role during the depths of March and throughout the first quarter; the Bloomberg Gold sub-Index rose 4.5% in the first quarter while equities of most companies tasked with mining the shiny metal were not so fortunate (GDX-Van Eck Gold Miners ETF: -14.5%).

Ticker	Name	Mar-31 Return	MTD Return	YTD Return	Feb-2020 monthly Return	Mar-29-2019 To Mar-31-2020 Return
Capital Growth						
RU30INTR	Russell:3000 Index	(1.50)	(13.75)	(20.90)	(8.19)	(9.13)
RU10INTR	Russell:1000 Index	(1.56)	(13.21)	(20.22)	(8.17)	(8.03)
RU10GRTR	Russell:1000 Growth	(1.33)	(9.84)	(14.10)	(6.81)	0.91
RU10VATR	Russell:1000 Value	(1.85)	(17.09)	(26.73)	(9.68)	(17.17)
RUMCINTR	Russell:Midcap Index	(1.90)	(19.49)	(27.07)	(8.69)	(18.31)
RU25INTR	Russell:2500 Index	(1.11)	(21.70)	(29.72)	(8.39)	(22.47)
RU25GRTR	Russell:2500 Growth	(1.28)	(17.72)	(23.22)	(6.78)	(14.40)
RU25VATR	Russell:2500 Value	(0.96)	(24.93)	(34.64)	(9.64)	(28.60)
RU20INTR	Russell:2000 Index	(0.44)	(21.73)	(30.61)	(8.42)	(23.99)
RU20GRTR	Russell:2000 Growth	(0.56)	(19.10)	(25.76)	(7.22)	(18.58)
RU20VATR	Russell:2000 Value	(0.30)	(24.67)	(35.66)	(9.72)	(29.64)
SPTRSUPR	S&P:1500	(1.53)	(13.08)	(20.57)	(8.34)	(8.51)
SPTR	S&P:500	(1.59)	(12.35)	(19.60)	(8.23)	(6.98)
SPTRMDCP	S&P:400 Mid Cap	(1.06)	(20.25)	(29.70)	(9.49)	(22.51)
SPTRSMCP	S&P:600 Small Cap	(0.06)	(22.40)	(32.64)	(9.61)	(25.89)
M1WDU	MSCI:ACWI ex US	0.73	(14.48)	(23.36)	(7.90)	(15.57)
M1WOU	MSCI:World ex US	0.26	(14.12)	(23.26)	(8.88)	(14.89)
FTS5DXUSM	FTSE:Dev ex US Idx	0.34	(13.78)	(23.06)	(8.81)	(14.38)
M1EA	MSCI:EAFE	0.07	(13.35)	(22.83)	(9.04)	(14.38)
SPADRTR	S&P:ADR Index	0.14	(15.97)	(25.56)	(8.15)	(18.50)
M1EF	MSCI:EM	1.99	(15.40)	(23.60)	(5.27)	(17.69)
M1EASC	MSCI:EAFE Small Cap	1.01	(17.24)	(27.52)	(9.80)	(18.15)
M1WD	MSCI:ACWI	(0.60)	(13.50)	(21.36)	(8.08)	(11.25)
M1WO	MSCI:World	(0.94)	(13.23)	(21.05)	(8.45)	(10.39)
Real Assets						
LBUTTRUU	Blmbg:TIPS	(0.83)	(1.76)	1.69	1.38	6.85
BCOMTR	Blmbg:Commodity TR Idx	(0.33)	(12.81)	(23.29)	(5.04)	(22.31)
SPGSCITR	S&P GSCI	0.35	(29.43)	(42.34)	(8.39)	(41.01)
SPTRGL15	S&P:1200 Materials Idx	0.01	(13.43)	(26.15)	(9.72)	(18.86)
SPTRGL10	S&P:1200 Energy Idx	4.38	(29.09)	(44.38)	(13.72)	(45.33)
FNRETR	FTSE:NAREIT Equity Index	(1.80)	(21.92)	(27.30)	(8.01)	(21.26)
AMZX	Alerian:MLP Index	9.21	(47.23)	(57.19)	(14.05)	(60.95)
AMZX	Alerian:MLP Index	9.21	(47.23)	(57.19)	(14.05)	(60.95)
SPGCGC	S&P:Gold Spot Price Ix	(2.84)	1.91	4.83	(1.34)	22.96
DJBGIT	DJB:Glbl Infrastructure	(0.99)	(15.69)	(20.94)	(7.58)	(12.09)
Fixed Income						
LBUSTRUU	Blmbg:Aggregate	(0.10)	(0.59)	3.15	1.80	8.93
LF98TRUU	Blmbg:HY Corp	0.64	(11.46)	(12.68)	(1.41)	(6.94)
LMBITR	Blmbg:Municipal	(0.44)	(3.63)	(0.63)	1.29	3.85
LBUTTRUU	Blmbg:TIPS	(0.83)	(1.76)	1.69	1.38	6.85
LG38TRUU	Blmbg:Glb Agg xUSD	(0.47)	(3.22)	(2.68)	(0.20)	0.74
SBNUU	FTSE:Non-USD WGBI	(0.74)	(2.88)	(1.88)	(0.06)	1.79
SBNUC	FTSE:Non-USD WGBI Hdg	(0.51)	(1.75)	1.30	0.94	6.14
SPBDAL	S&P:LSTA Lev Loan	2.01	(12.36)	(13.05)	(1.32)	(9.13)
G1O2	ML:Treas 1-3 Yr	0.01	1.38	2.81	0.87	5.43
G0O1	3 Month T-Bill	(0.00)	0.29	0.57	0.15	2.26

CAPITAL MARKETS REVIEW & OUTLOOK

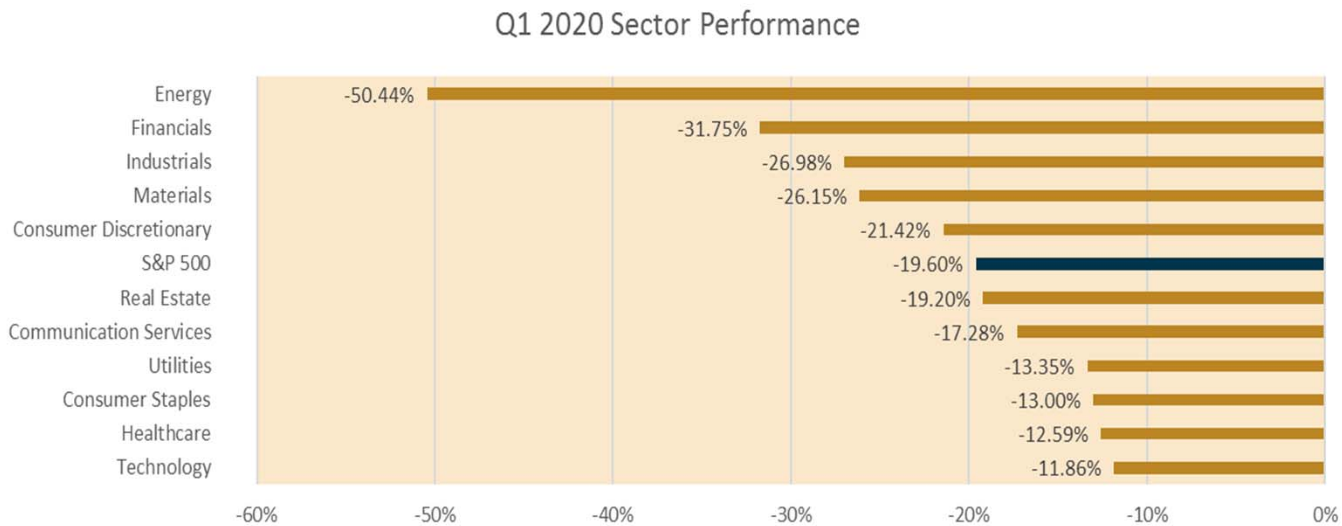
First Quarter 2020

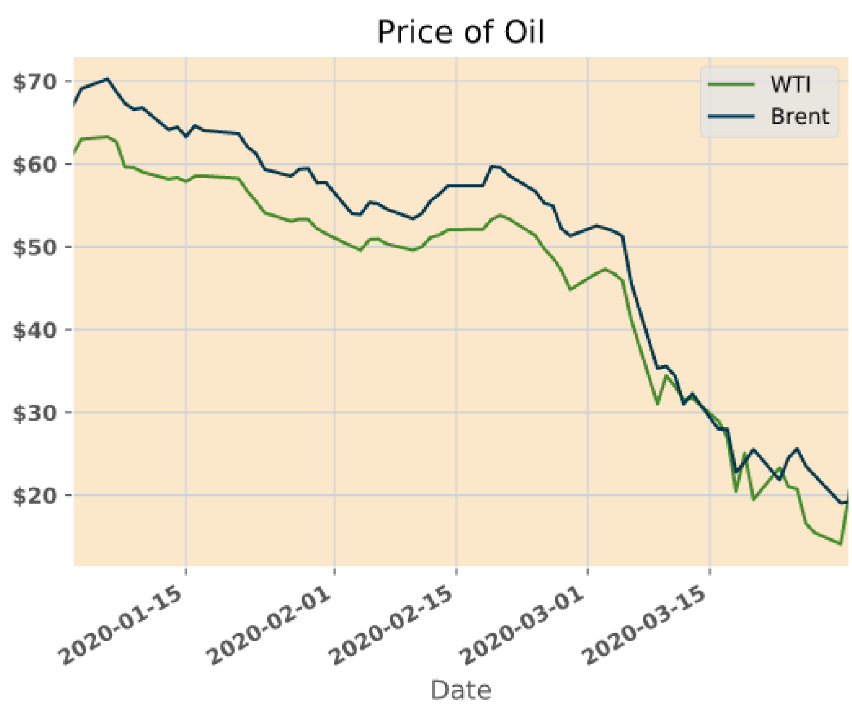
MAJOR MARKET INDICES (AS OF 3/31/2020)

Domestic Equity	2020 Q1	YTD	1 Year	Annualized 5 Year	10 Year	P/E Ratio TTM
S&P 500	-19.6%	-19.6%	-7.0%	6.7%	10.5%	17.9
Russell 3000	-20.9%	-20.9%	-9.1%	5.8%	10.1%	17.4
Russell 1000 Value	-26.7%	-26.7%	-17.2%	1.9%	7.7%	13.2
Russell 1000 Growth	-14.1%	-14.1%	0.9%	10.4%	13.0%	23.7
Russell 1000	-20.2%	-20.2%	-8.0%	6.2%	10.4%	17.6
Russell 2000	-30.6%	-30.6%	-24.0%	-0.2%	6.9%	13.0
Russell 2500	-29.7%	-29.7%	-22.5%	0.5%	7.7%	13.6
International Equity	**2020 Q1**	**YTD**	**1 Year**	**Annualized 5 Year**	**10 Year**	**P/E Ratio TTM**
MSCI ACWI Ex US	-23.3%	-23.3%	-15.1%	-0.2%	2.5%	13.0
MSCI EAFE	-22.7%	-22.7%	-13.9%	-0.1%	3.2%	13.9
Emerging Markets	-23.6%	-23.6%	-17.4%	0.0%	1.0%	11.8
Fixed Income	**2020 Q1**	**YTD**	**1 Year**	**Annualized 5 Year**	**10 Year**	**Yield**
Barclays Aggregate	3.1%	3.1%	8.9%	3.4%	3.9%	1.6%
Barclays Universal	1.3%	1.3%	7.2%	3.4%	4.0%	2.4%
Other	**2020 Q1**	**YTD**	**1 Year**	**Annualized 5 Year**	**10 Year**	**Value**
US Dollar	2.8%	2.8%	1.8%	0.2%	2.0%	$99.05
WTI	-59.5%	-59.5%	-66.8%	-16.1%	-13.3%	$20.48
Gold	3.1%	3.1%	22.0%	5.6%	3.4%	$1,591

- 2020 looked like we were continuing the robust growth of 2019 until the great COVID-19 catastrophe proved to be more fluid then first anticipated.
- As cases began to grow in the US, markets took notice, and panic ensued across all sectors as borders were closed and announcements from the CDC and the WHO intensified.
- Growth continued to outperform Value, despite the run on consumer staples, but technology, communication services, biotech and all things FAANG were beneficiaries of the pandemic.
- Small caps suffered greater than their larger cap cousins, and domestic equities outperformed international
- Despite the Barclay's Aggregate reporting positive returns, most bond investors saw negative performance, with a strong sell-off across the bond market, primarily driven by liquidity issues amongst massive amounts of unwinding by leveraged sellers.
- Oil was crushed, while the dollar and gold remained positive.

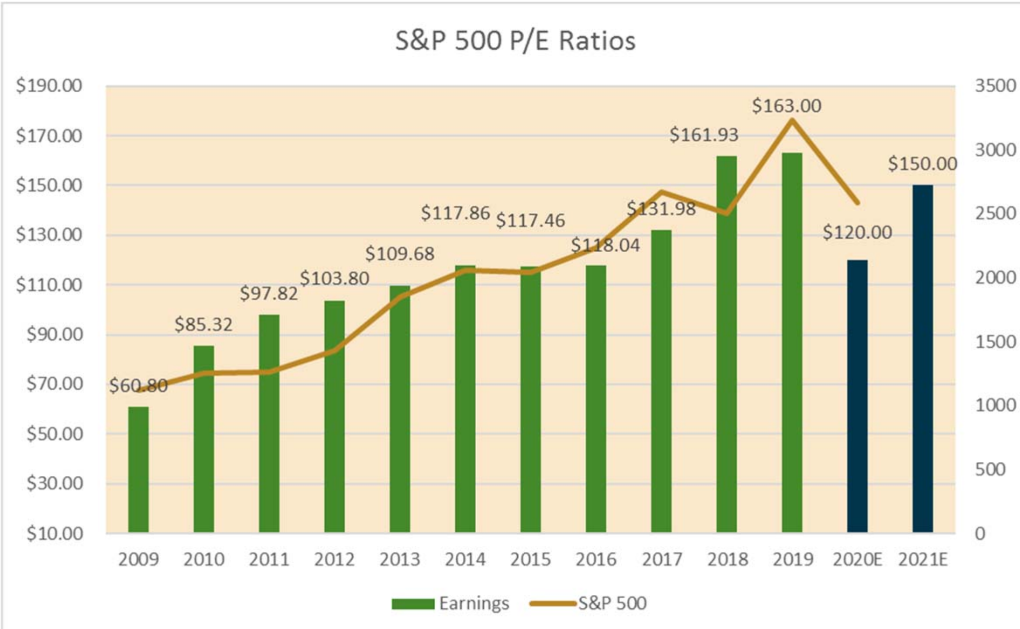
SECTOR PERFORMANCE

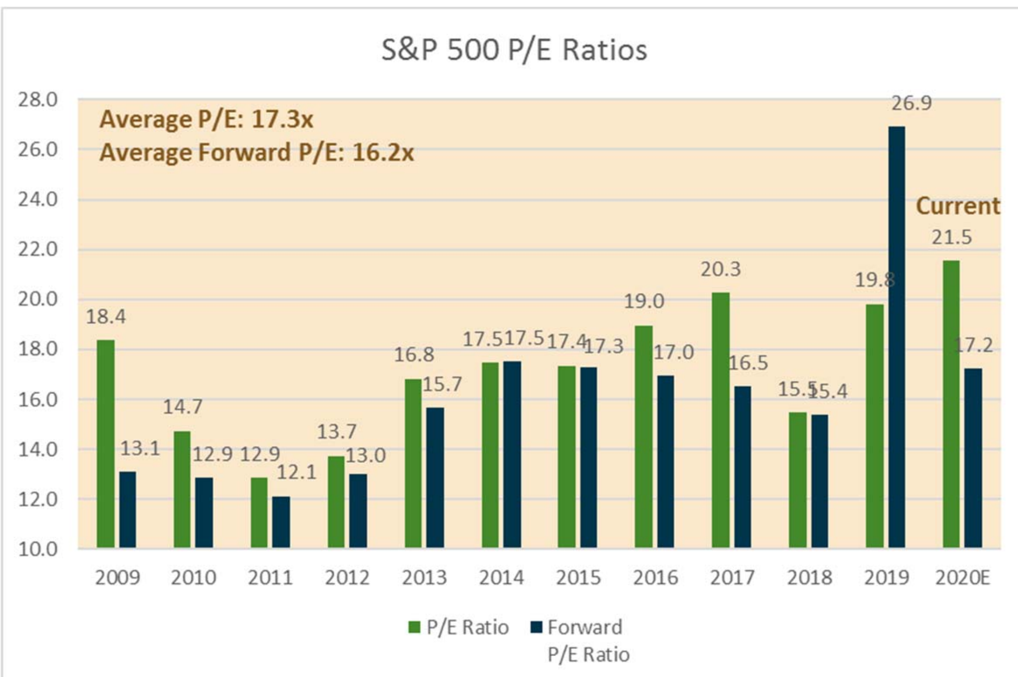




- The world was hit with a double whammy between the Coronavirus contagion and OPEC's announcement that Russia and Saudi Arabia could not reach an agreement, flooding an additional 2 million bbd (barrels per day) on the market.
- Technology, healthcare and consumer staples held up the best during the downturn.

EARNINGS AND VALUATION

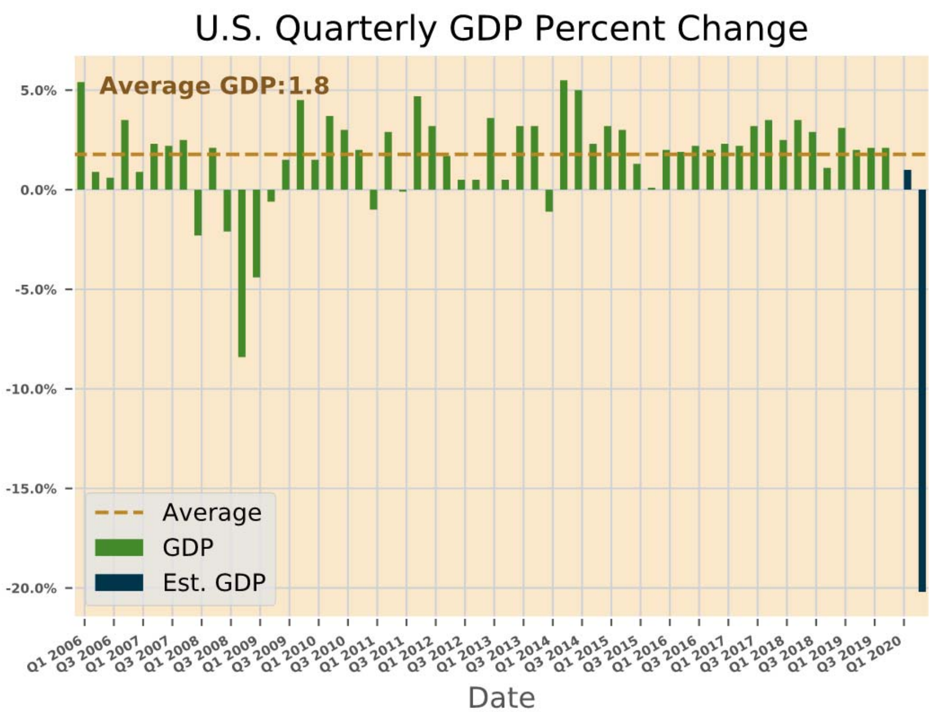




- Prior to the recent sell off, earnings projections for 2020 were relatively flat.
- Currently the markets are trying to price in the effect the Coronavirus will have on earnings, and how long (Q2 and Q3?) earnings will be affected.
- Currently the street varies in expectations between -8% to -30%, which makes valuations uncertain until more data becomes available.

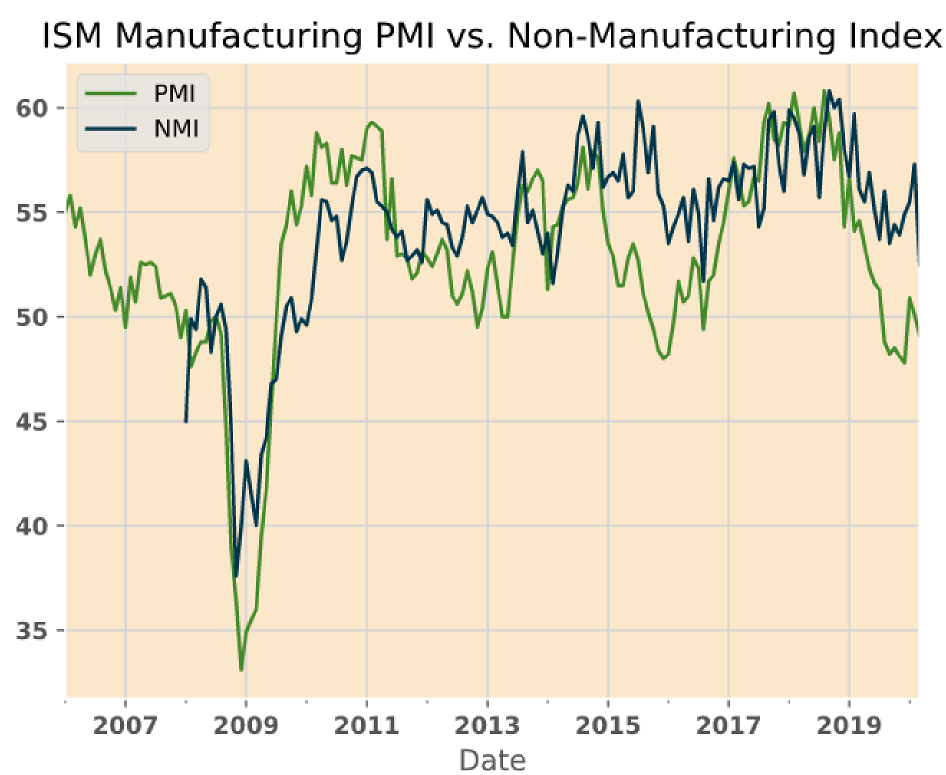
Source: Yardeni Research, Ulrich Investment Consultants

GROSS DOMESTIC PRODUCT



Estimates:
2020 Q1 – 1.0%
2020 Q2 – (20.2%)

Estimates for GDP have fallen sharply, though the effect of government stimulus may help to offset some growth lost from reduced consumption, of which generally comprises 70% of domestic GDP.



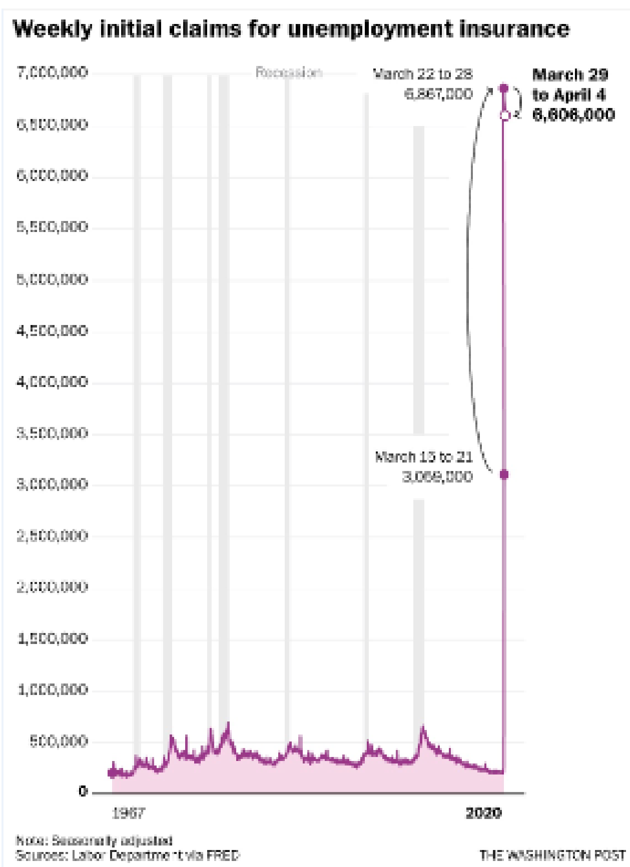
The Service (non-manufacturing) index turned sharply lower to 52.5, however, we expect a larger impact to be shown in April. Meanwhile, manufacturing entered into contraction at 49.1 with the production component reading 47.7 (readings below 50 signal contraction).

Source: Federal Reserve Economic Database, Yardeni Research, Ulrich Investment Consultants

GLOBAL ECONOMICS & TRADE

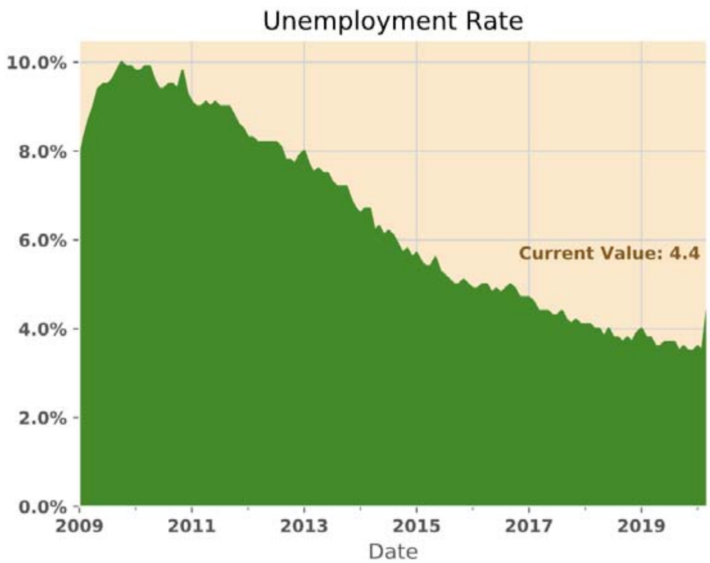
	GDP QoQ	GDP YoY	Core CPI YoY	Retail Sales	Industrial Production	Policy Rate	10Y Yield	Govt Debt/GDP	Jobless Rate
United States	2.10%	2.30%	2.40%	4.30%	0.00%	0.25%	0.70%	106.10%	4.40%
Euro Zone	0.10%	1.00%	1.00%	3.00%	-1.90%	-0.23%	n/a	85.10%	7.30%
China	1.50%	6.00%	1.00%	-20.50%	-13.50%	4.05%	2.63%	50.50%	3.62%
Japan	-1.60%	-0.40%	0.60%	1.70%	-4.70%	-0.10%	0.02%	238.20%	2.40%
Germany	0.00%	0.40%	1.50%	6.40%	-1.20%	-0.23%	-0.46%	60.90%	3.20%
United Kingdom	0.00%	1.10%	1.70%	0.00%	-2.90%	0.10%	0.36%	81.70%	3.90%
France	-0.10%	0.80%	1.30%	3.40%	-2.80%	-0.23%	0.01%	98.10%	8.10%
India	1.10%	4.70%	n/a	n/a	2.00%	4.40%	6.14%	69.62%	7.80%
Italy	-0.30%	0.00%	0.70%	5.70%	-0.10%	-0.23%	1.53%	134.80%	9.70%
Brazil	0.50%	1.70%	3.21%	4.70%	-0.40%	3.75%	7.90%	77.22%	11.60%
Canada	0.10%	1.50%	1.80%	3.40%	-1.04%	0.25%	0.70%	90.60%	5.50%
Russia	0.80%	2.10%	2.40%	4.70%	3.30%	6.00%	6.78%	14.60%	4.60%
South Korea	1.20%	2.20%	0.70%	-2.30%	11.40%	0.75%	1.51%	36.60%	3.30%
Australia	0.50%	2.20%	1.60%	2.30%	3.80%	0.25%	0.89%	40.70%	5.10%
Spain	0.50%	1.80%	1.10%	1.80%	-1.30%	-0.23%	0.81%	95.50%	13.80%
Mexico	0.00%	-0.30%	4.15%	2.70%	-1.90%	6.50%	7.18%	46.00%	3.60%
Indonesia	-1.74%	4.97%	2.87%	-0.80%	3.00%	4.50%	8.10%	29.80%	5.28%
Turkey	1.90%	6.00%	11.65%	9.60%	7.90%	9.75%	13.77%	30.40%	13.70%
Switzerland	0.30%	1.50%	-0.10%	0.30%	1.60%	-0.75%	-0.29%	27.70%	2.90%
As of	*12/31/2019*	*12/31/2019*	*2/29/2020*	*2/29/2020*	*2/29/2020*	*3/31/2020*	*3/31/2020*	*12/31/2019*	*3/31/2020*

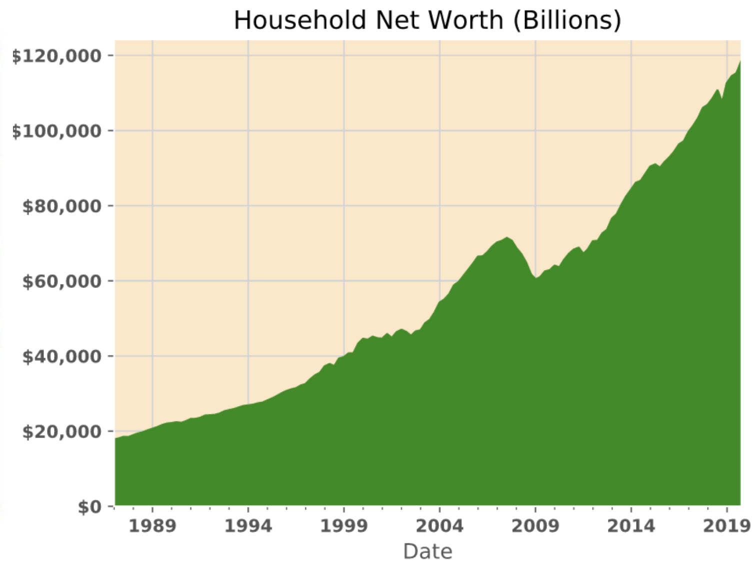
Source: Koyfin, Ulrich Investment Consultants

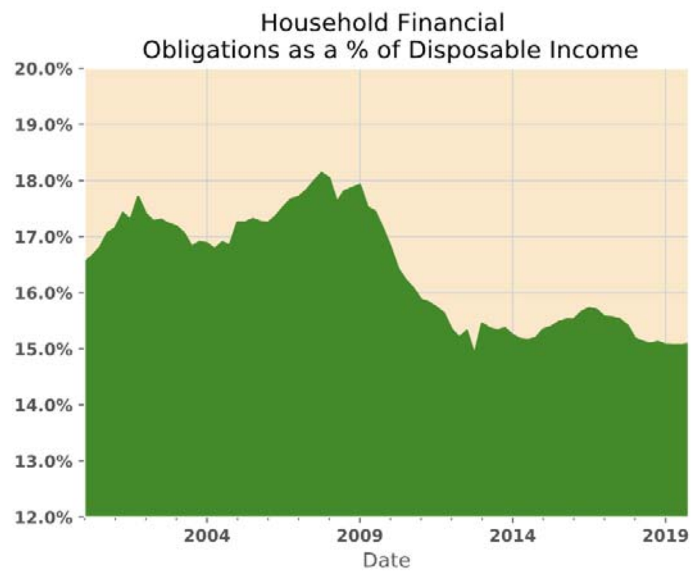


- Industrial production around the globe was already feeling strain prior to the Coronavirus and now China is showing double digit declines.
- Millions of U.S. citizens have applied for unemployment with many employers citing improved unemployment benefits for workers vs. keeping them hired. The full affect has not rolled up into the jobless rate, which could also reach double digits.

THE STATE OF THE US CONSUMER



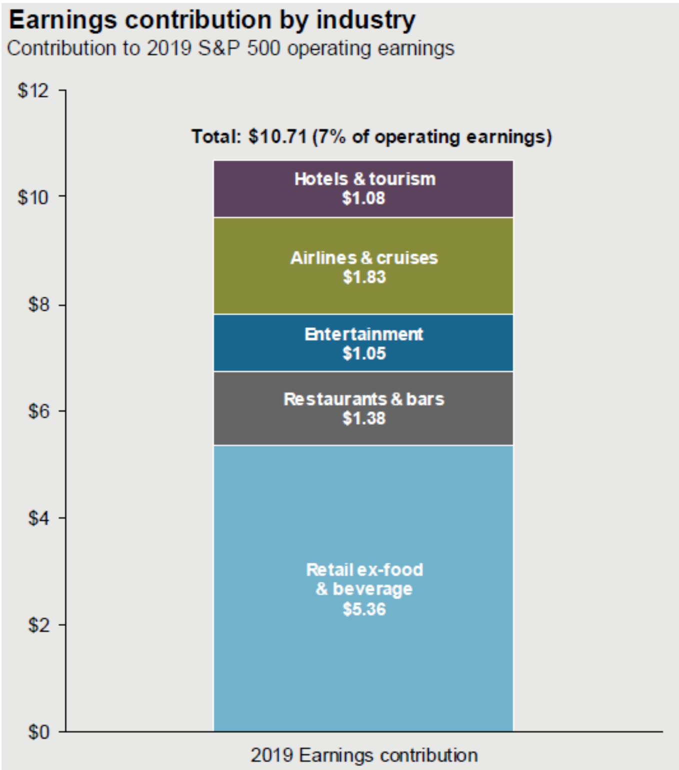




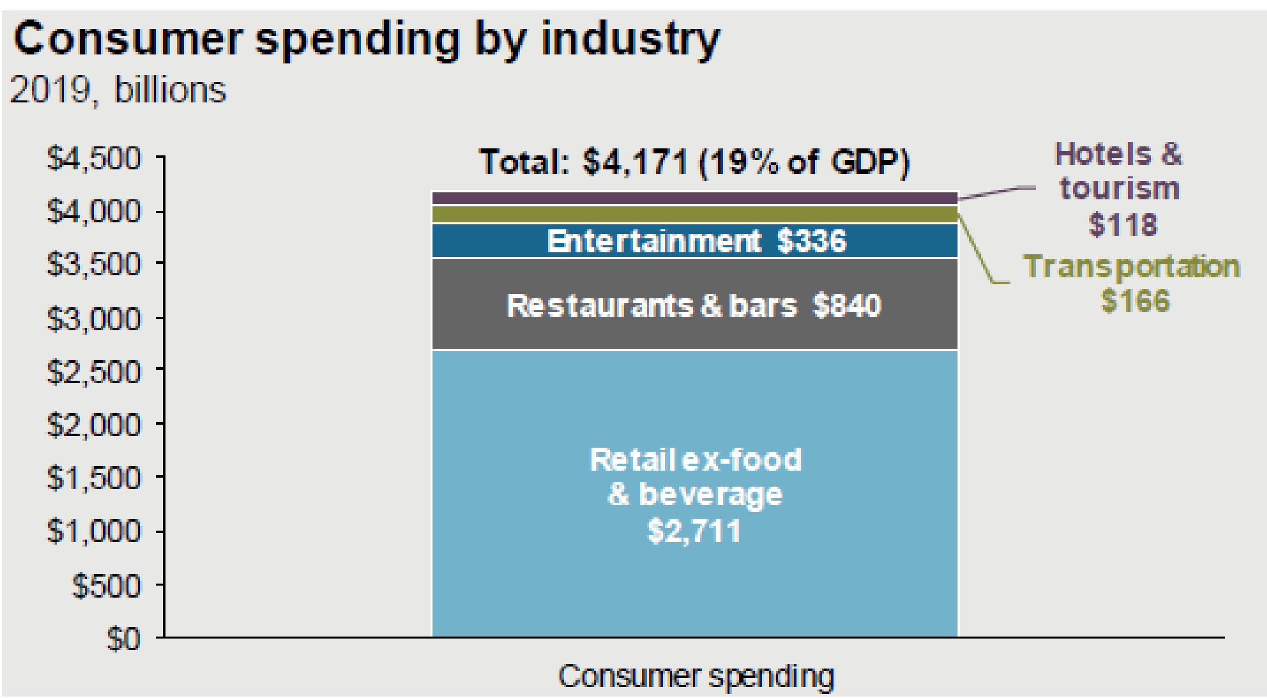
- This self imposed recession, has turned consumers into warriors by "drafting" them to stay at home and fight the virus.
- Despite entering this crisis with very strong consumer numbers, sentiment is expected to fall drastically (March numbers are taken mid month), but the consumer "expectations" index is expected to fall from 108.1 to 80.2.

Source: Federal Reserve Economic Database, Ulrich Investment Consultants

THE CONSUMER AND GDP

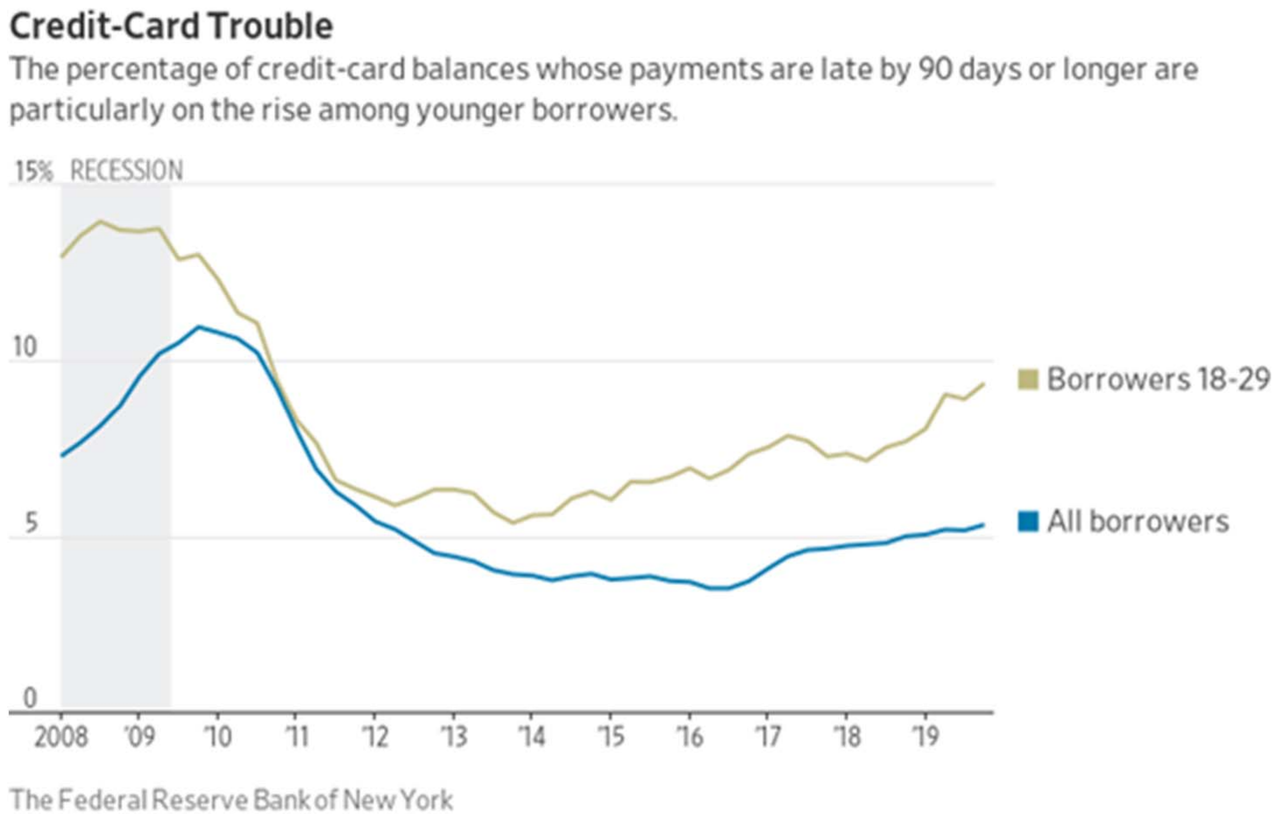


- While the most affected industries only comprise 7% of operating earnings, they constitute roughly 20% of total consumer spending.
- In turn, these industries also employ millions of consumers, who are now forced to reduce their spending.
- While monetary and fiscal stimulus have increased to roughly 20% of GDP, there is no way of knowing how quickly consumption will return to previous levels, if ever.



Source: J.P. Morgan

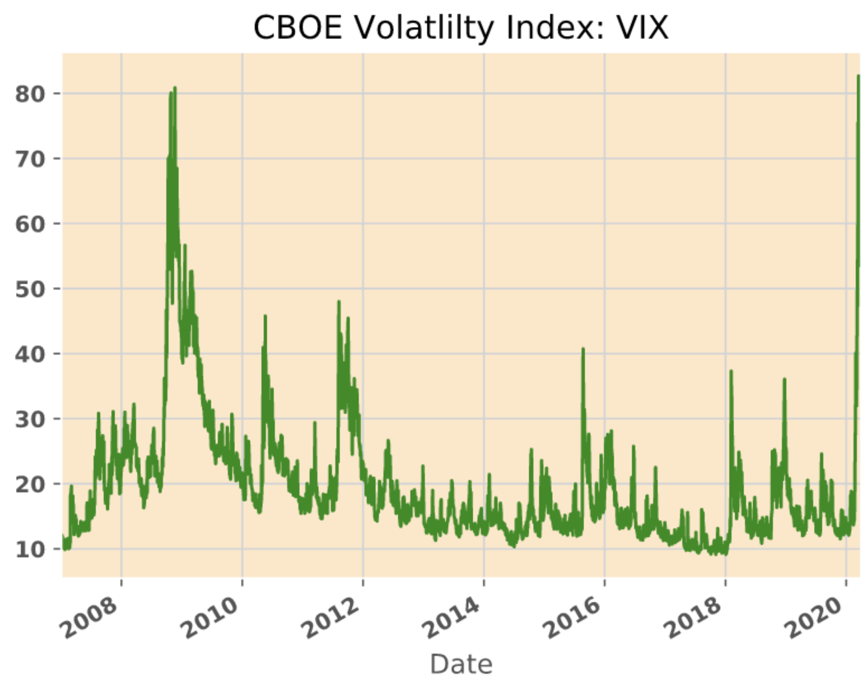
CONSUMER DEBT



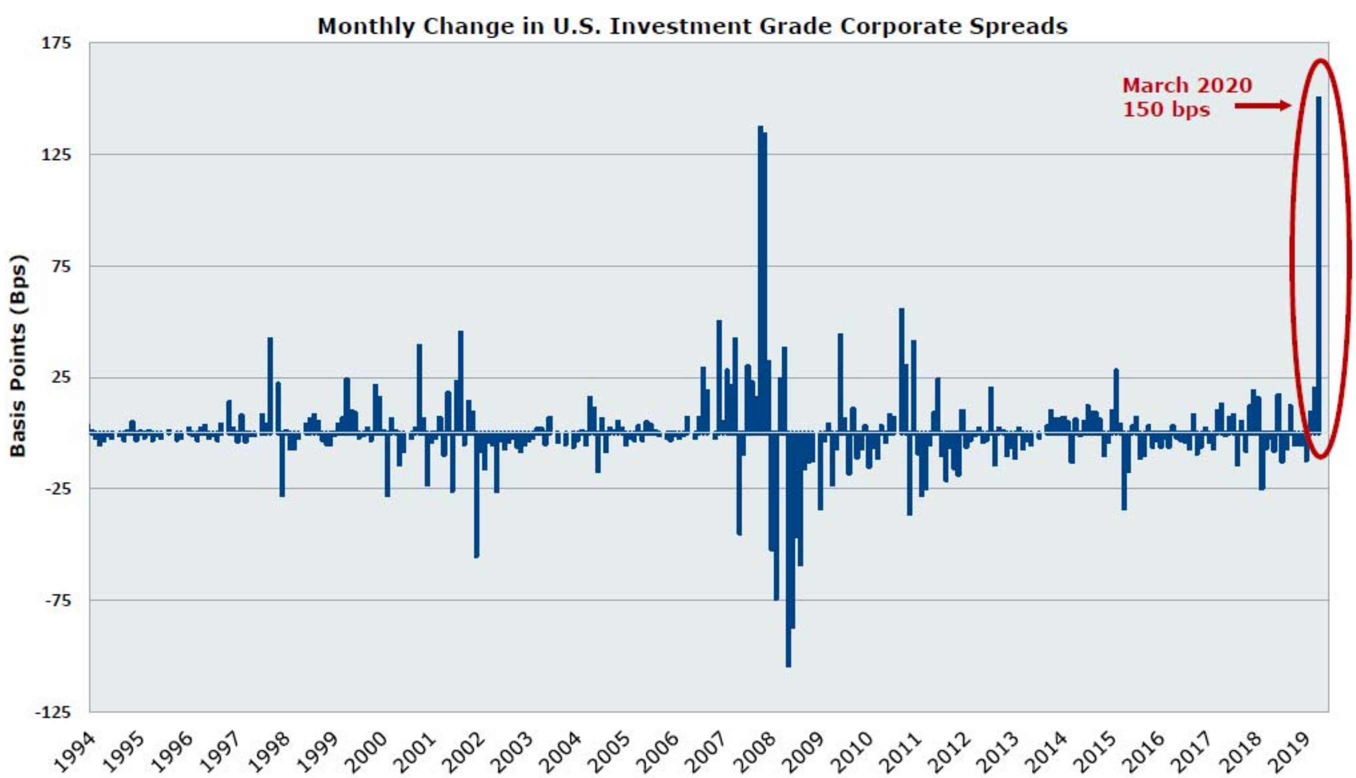
- While overall debt levels have been coming down for years, the recent robust economy has enticed consumers to spend more and increase their credit card debt.
- Unfortunately, those consumers aged from 18-29 have borrowed more rapidly, are among those more likely to be laid off. In addition, this demographic is also more likely to carry significant student debt.

Source: The Wall Street Journal

UNPRECEDENTED PANIC

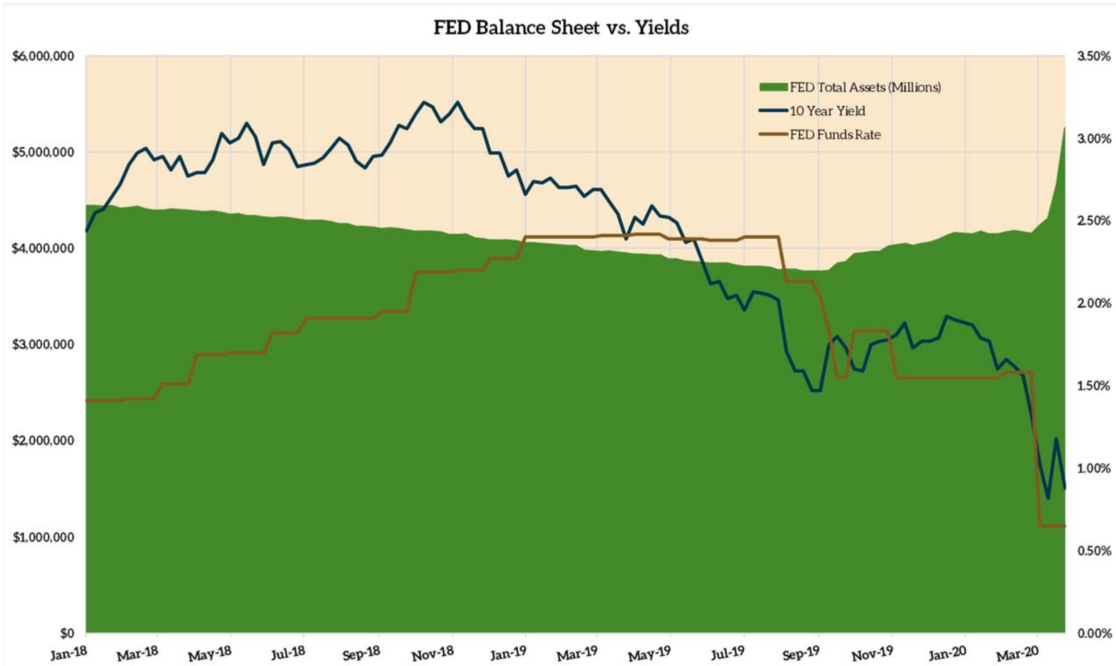


- Equity markets and bond markets alike fell in tandem, sending the "fear indicator", the VIX index, to levels not seen since 2008.
- Meanwhile, corporate spreads surpassed levels from the Great Recession.

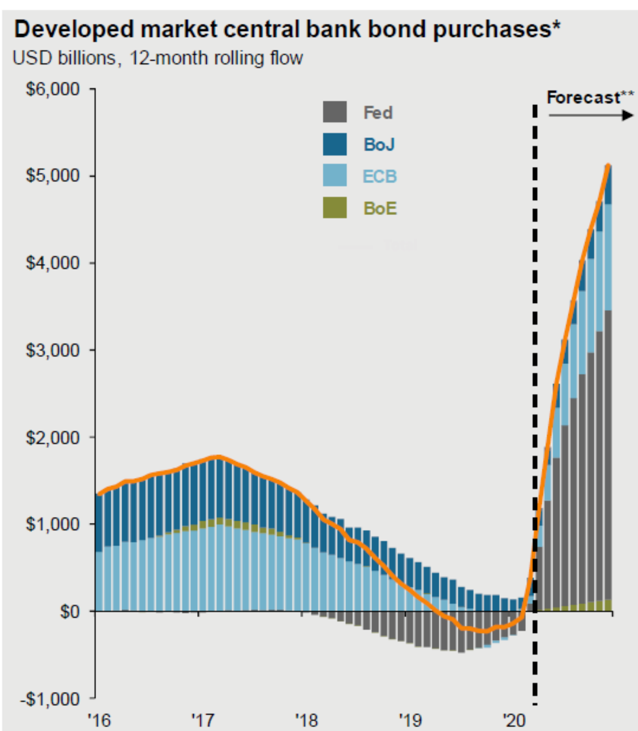


Source: Yahoo Finance, Baird Advisors

UNPRECEDENTED RESPONSE



- While the Fed had already begun expanding its balance sheet in 2019 to ease credit conditions, market illiquidity demanded extreme intervention alongside fiscal policy.

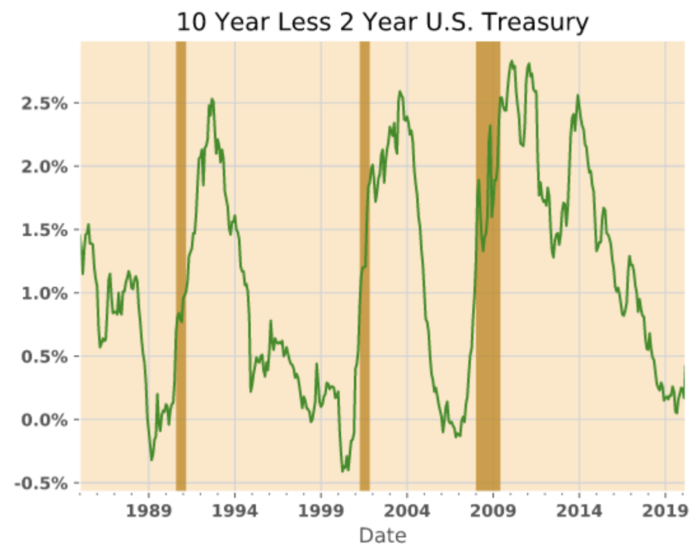


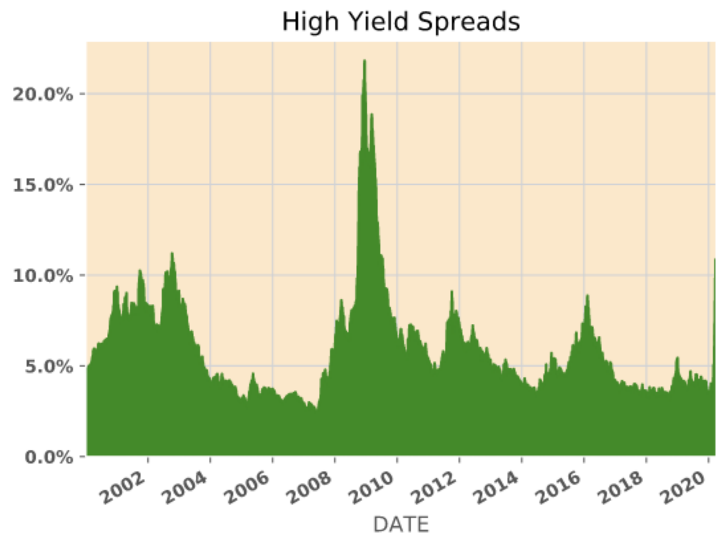
Coronavirus Aid, Relief, and Economic Security Act

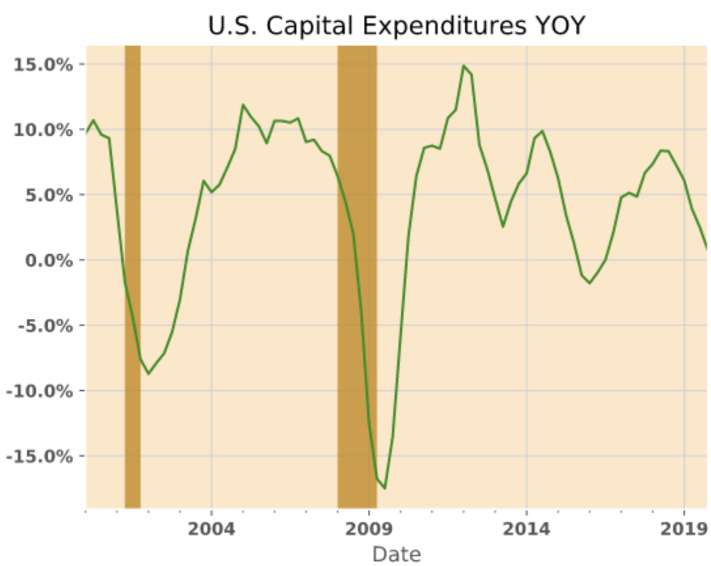
Amount ($ bn)	Measure
$290	One-time stimulus checks amounting to $1,200 per adult and $500 per child up to certain income limits
$260	Enhanced, expanded and extended unemployment benefits, adding $600 per week to every unemployment check for 4 months, expanding program to cover contractors and self-employed and extending program to 39 weeks from 26 weeks
$510	Loans to distressed businesses, cities and states. Includes $29 billion for airlines, $17 billion for firms deemed important for national security and $454 billion as backstop for loans to other businesses, cities and states
$377	Small business relief, largely in the form of "forgivable loans" for spending on payroll, rent and utilities
$150	Direct aid to state and municipal governments
$180	Health-related spending
$516	Other spending and tax breaks
$2.283 trillion	**~10.8% of GDP**

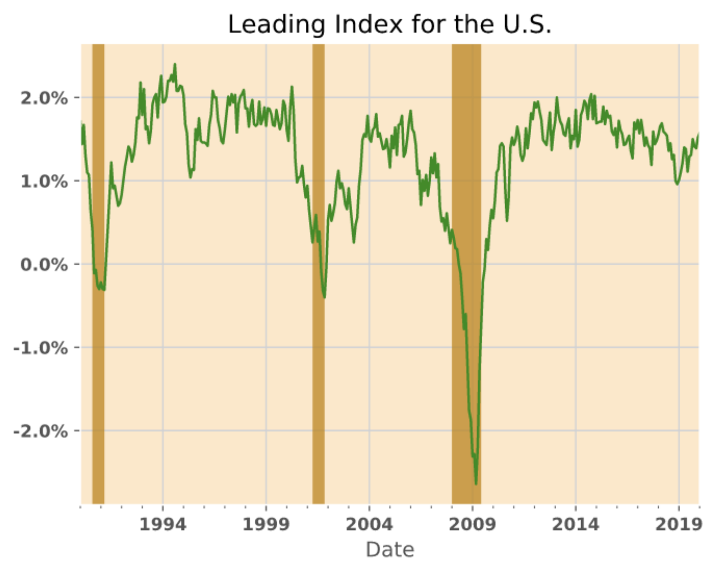
Source: Federal Reserve Economic Database, J.P. Morgan, Ulrich Investment Consultants

US ECONOMIC INDICATORS







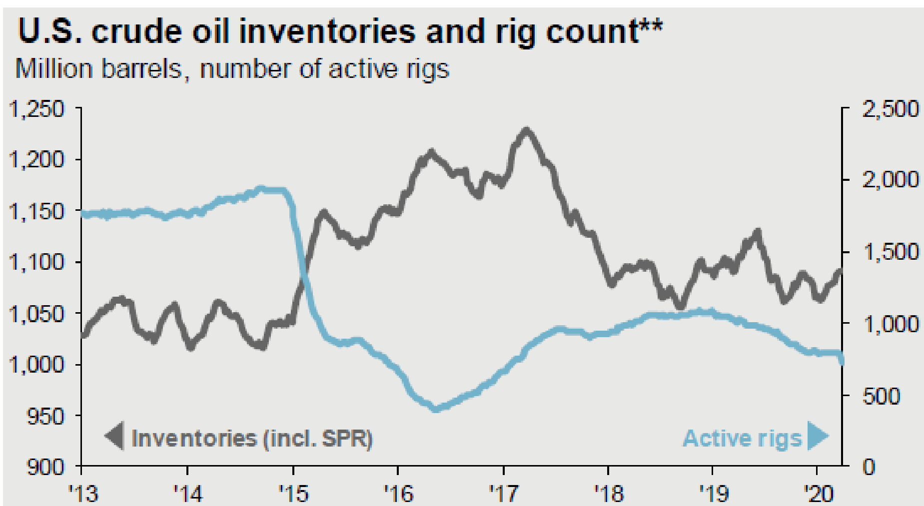


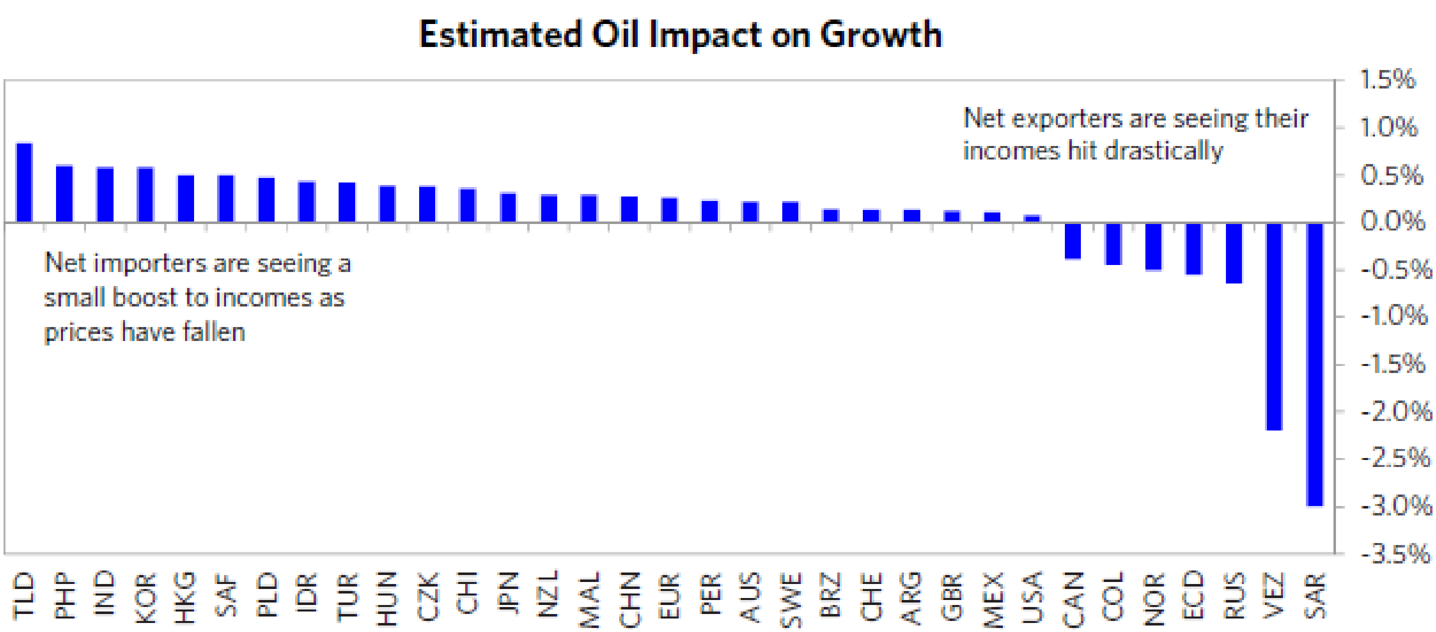
- The speed of this medical crisis has outpaced any previous financial crisis, and therefore the pain has not yet fully presented itself in U.S. economic statistics.

Source: Federal Reserve Economic Database, Ulrich Investment Consultants

OIL AND COVID

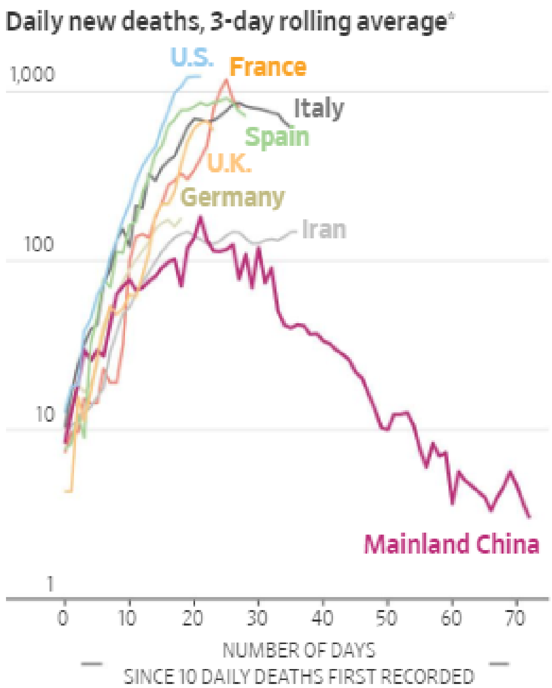
- COVID-19 has only exacerbated the oil crisis, by reducing global consumption from 100 million bbd to 70-80 million bbd.
- While low oil prices can help consumers, as an energy independent country, more jobs are negatively impacted by low oil prices than ever before.





Source: J.P. Morgan, Callan

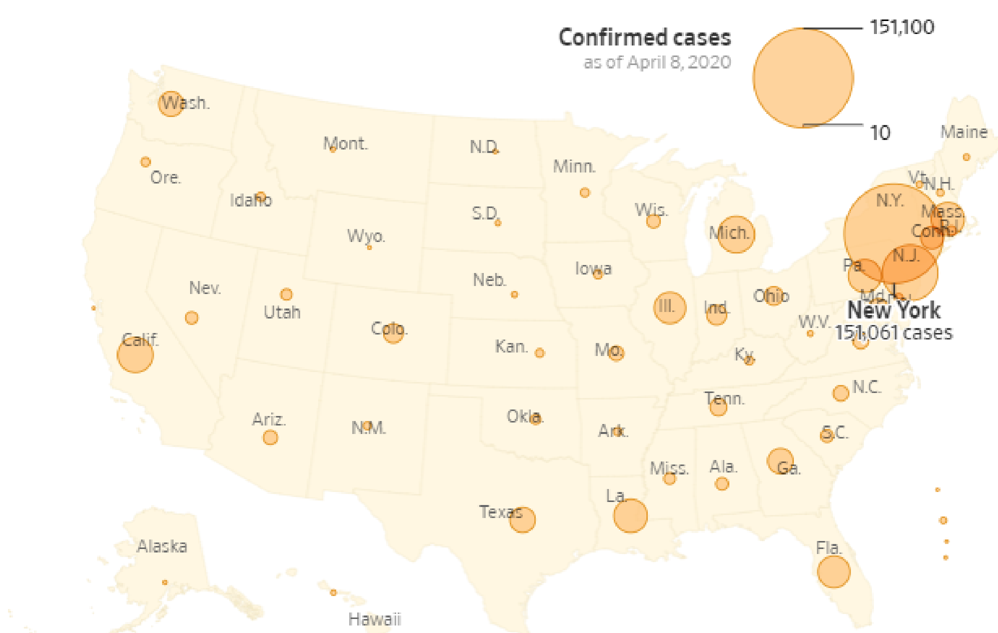
THE GOOD NEWS?



- The Peak is close, if not already here, and social distancing and travel restrictions appear to be containing "hot spot" areas.

429,052
confirmed cases in the U.S.

14,695
total deaths in the U.S.

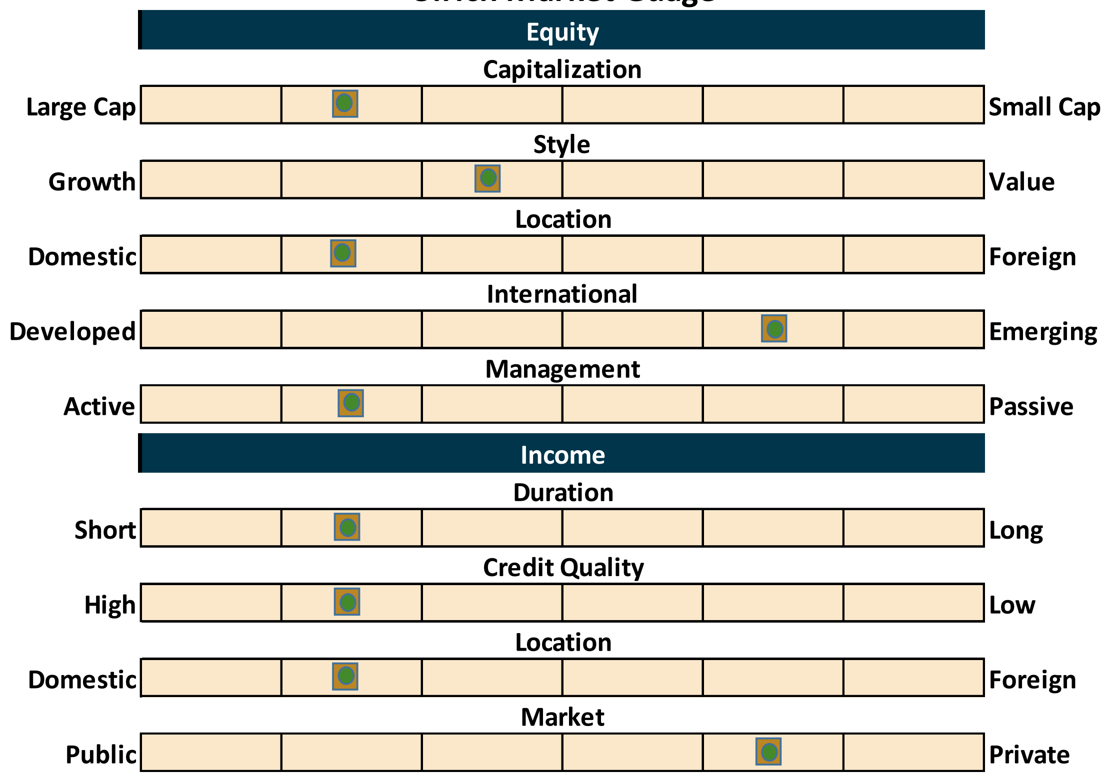


Source: Johns Hopkins Center for Systems Science and Engineering

Source: The Wall Street Journal

SUMMARY AND OUTLOOK

Ulrich Market Guage



- Despite significant interruptions in the market place, our overall thesis regarding portfolio asset allocation is little changed.
- We are taking this opportunity to tax loss harvest, upgrade positions and rebalance in areas of dislocation.
  - ➢ We remain overweight to U.S. equity over international, overweight equities over bonds, and overweight technology, innovation and consumer service sectors.
  - ➢ We have tilted market cap downward, and will continue to do so.
  - ➢ Emerging markets look more attractive compared to developed countries based on growth expectations and current valuation.
  - ➢ Active management is becoming more important as earnings should be a greater determinant of performance going forward.
- While global interest rates and inflation remain depressed, “real” yields in the non-bank market continue to offer much more attractive sources of yield
  - ➢ We continue to diversify our income producing assets to incorporate a broader range of asset classes with less duration and interest rate risk
- We do expect volatility to continue as more economic data emerges and as we near the 2020 election.