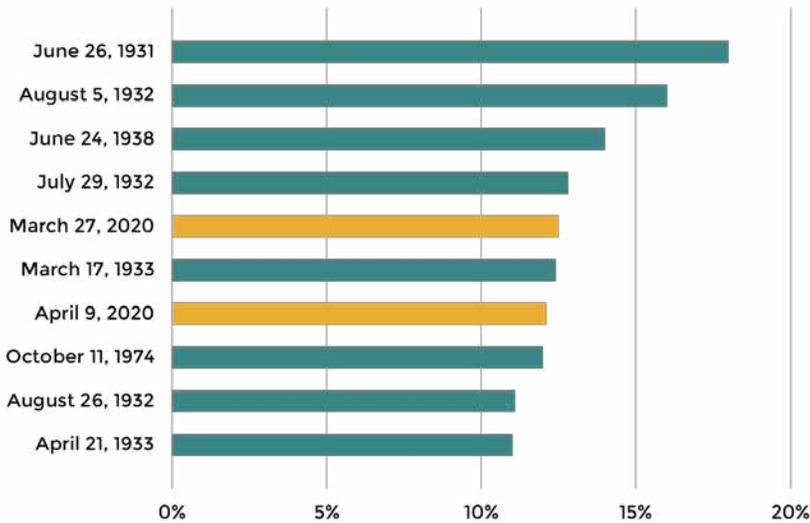




April 10, 2020

Global equity markets posted another big week of gains after the Federal Reserve detailed another round of programs to support the economy during the shutdown from the coronavirus pandemic. For the week, the S&P 500 index surged 12%, recording its biggest one-week gain since 1974 and the Dow Jones Industrial Average posted one of its biggest weekly gains on record (as illustrated below). Clearly, the Fed is throwing its full weight at confronting the economic fallout from the coronavirus pandemic.

**TOP 10 WEEKLY PERFORMANCE RESULTS  
DOW JONES INDUSTRIAL AVERAGE**



The central bank announced it would pump an addition \$2.3 trillion into segments of the economy, including support for small- and mid-sized businesses as well as loans to states, cities and municipalities. To put this in perspective, it is more than two times the amount they injected in 2008 during the financial crisis, and is in addition to the \$4 trillion committed in late March. While the Fed's efforts do not directly boost capital markets, their actions certainly reinforce the message that policy makers are ready to provide support to areas most negatively impacted by the pandemic. The Fed's actions further increased liquidity in the bond market and boosted stocks.

The Fed is anticipating that the latest moves, coupled with other lending programs and the slashing of the federal funds rate to 0%, will provide much-needed support to the U.S. economy. This actions comes at a time when job losses are surging, a recession is looming, and many businesses are being forced to close their doors. The Fed's overarching goal is to keep the economic shock, which is sure to be steep, from turning into a full-blown economic crisis.

Given the extreme uncertainty as to the length and depth of the health crisis and economic recession, we are continuously assessing potential risks and opportunities. That said, in periods of market distress, stock prices usually overshoot to the downside and subsequent recoveries can be just as explosive to the upside. In late March, we began rebalancing portfolios and simultaneously increasing large cap growth and emerging market Asia exposures. Although we were not confident that stocks had bottomed, we were comfortable rebalancing as this strategy has worked well in past after stocks' suffered rapid declines. We will continue to closely monitor market and economic data and make portfolio adjustments if we believe they are appropriate.

Please don't hesitate to contact us if you have any questions.