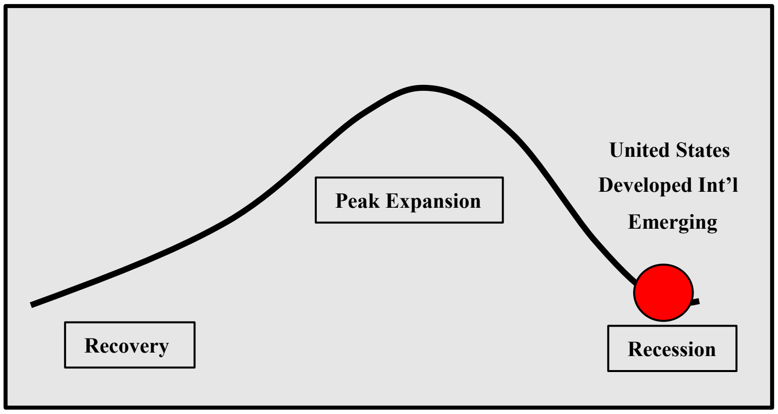
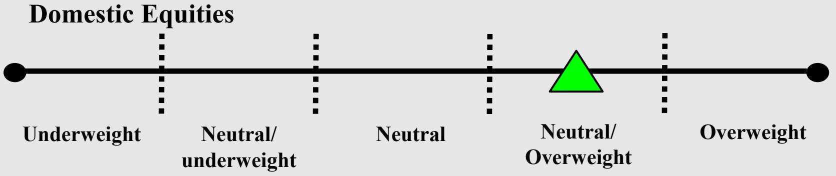
Cyclical Economic Outlook



The global economy's pathway back to expansion, be it fashioned as a V, U, W (our best guesstimate) or some other profile (soup ladle or Nike swoosh) is predicated upon the containment of the coronavirus and the effectiveness of historic stimulus measures enacted by the Federal Reserve, U.S. Congress, and other world governments. It has never been more necessary to think about the intersection of global economics, biotechnology, and health care when forecasting the future activity of the world's economy. Volatile swings in securities prices on a near daily basis demonstrate the sensitivity to the perceived success or failure of measures to suppress the virus and corresponds to a continuous readjustment of expectations for a timeline to re-open. Unfortunately, we stand at a point where it is virtually impossible for businesses of nearly all types to determine the resolution of the massive imbalances to supply/demand especially given sky-high unemployment numbers and large amounts of the economy still on work stoppage. The bipartisan $2.3T CARES Act is an indispensable bridge for millions to await the reboot of the domestic economy. This, combined with a Federal Reserve now able to make direct asset purchases in the trillions of dollars sets-up for a sizeable recovery upon the end of the cordon sanitaire.

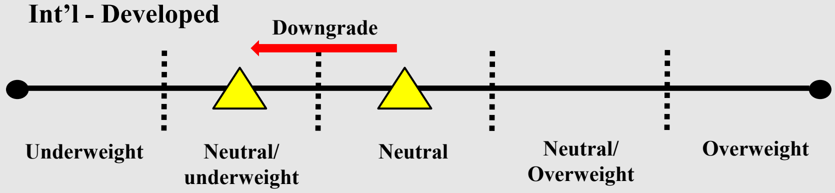
Asset Class Ratings

Domestic Equities



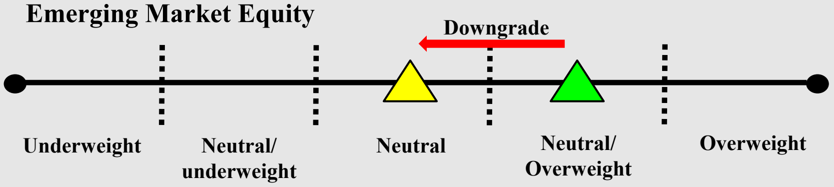
- Although 2020 is fraught with challenges, U.S. stocks currently remain the most reasonable choice as returns in the recovery should be bolstered by the historic fiscal and monetary response.
- Importantly, insider buying has increased substantially in addition to a higher-than-expected level of CEO optimism reported in early April.

Int'l - Developed



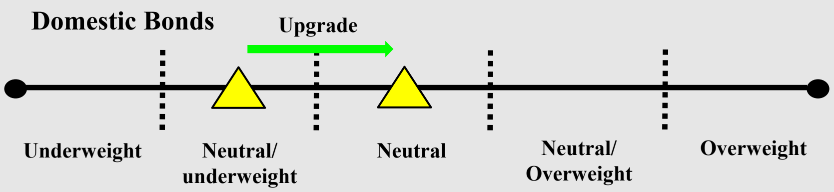
- We've downgraded our rating in this category to neutral/underweight. The potency of the measures taken by ECB and BOJ to buoy these economies is questionable given the negative interest rate policies pre-coronavirus.
- Further stimulus is good, but likely to only be marginally effective as a global economic slowdown weighs particularly heavy on these export-heavy economies.

Emerging Market Equity



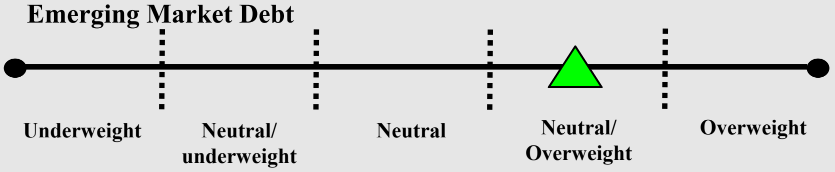
- While progress in trade negotiations (U.S. & China, USMCA) seemed to position EM for some favorable returns, the halt in the world's economy put that idea to rest. EM countries are also disproportionately exporters of natural resources like oil, and can expect reduced global demand and prices for these goods.
- While EM equities are cheap on a price-to-book basis (1.2x, similar to 2015 and 2009), we still believe the most prudent action is to reduce some exposure.

Domestic Bonds



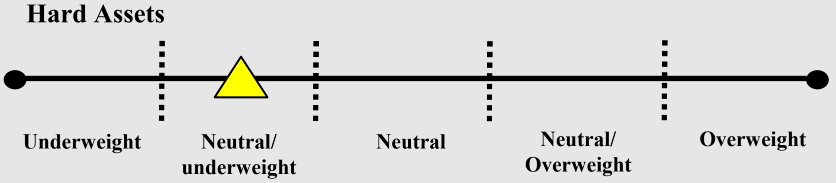
- The sudden onset of the global recession has lowered all interest rates, but fear and uncertainty are likely to keep rates low for a while.
- Accordingly, we are upgrading our outlook to neutral even with yields at reduced levels; the unknowns hoisted upon the global economy forces investors to take caution.

Emerging Market Debt



- The accommodative stance of global central banks in combination with emerging market debt credit spreads at some of their widest amounts (590 bps as of 4/23/20) since 2009 make this asset class appealing.
- This asset class can provide favorable exposure to the eventual resurgence in the global economy and has some extra yield should that timetable suffer further delays.

Hard Assets



- Inflation expectations continue to point to sub-2% levels for sometime to come and WTI contracts for delivery in May 2020 went "negative" in their pricing reflecting a huge supply/demand mismatch for oil.
- Federal Reserve actions however are unquestionably inflationary and given how cheap real assets have become, we think there remains the potential to have upside should the economy reboot faster than what appears to be the consensus U-shaped expectation.