TRIVANT

CUSTOM PORTFOLIO GROUP, LLC

April 2020

Quarterly Insights

EXECUTIVE SUMMARY

We Are Staying The Course In An Unprecedented Situation

The coronavirus crisis is like no other we have ever faced, and it is too soon to understand its ultimate toll on society - health, psychological and economic. In our portfolio management experience, we have navigated through rough waters many times - but never a global shutdown. As your "financial physicians", we are here to guide you through the situation in a calm, rational and organized manner.

For this report, we are deviating from our usual format. There is only one investment topic to discuss: why and how we are staying the course in the midst of the crisis.

While we are not medical experts, we anticipate it will be several months before things settle down. The news will likely get worse before it gets better. We expect continued market volatility. This is an exceptionally tough time to be an investor.

We believe that stocks are the best place to be in the long-term. History has proven this over and over again.

During extremely challenging times, remember that you are invested for the long-term. Discipline and patience will prove to be a virtue. It always has.

John Barber, CFA

Dan Laimon, MBA

Michael Harris, CFA, CFP®

First Quarter 2020

In This Issue

www.trivant.com

1-866-4-TRIVANT

toll free

The World Is Closed And The Markets Have Been Hit Hard

Due to the coronavirus outbreak, US and global economies have effectively been shut down. There are '"stay at home" orders for almost everyone. Not surprisingly, the markets have been hit hard due to tremendous uncertainty regarding company operations and future earnings. Markets hate uncertainty.

Equity Index Performance

Index	Q1 2020	2019
S&P 500 (Domestic)	**(19.60%)**	**31.49%**
MSCI EAFE (Foreign) *	**(22.83%)**	**22.01%**
MSCI Emerging Markets	**(23.60%)**	**18.42%**
MSCI EMU (European Monetary Union)	**(26.77%)**	**23.20%**
MSCI Japan	**(16.79%)**	**19.61%**

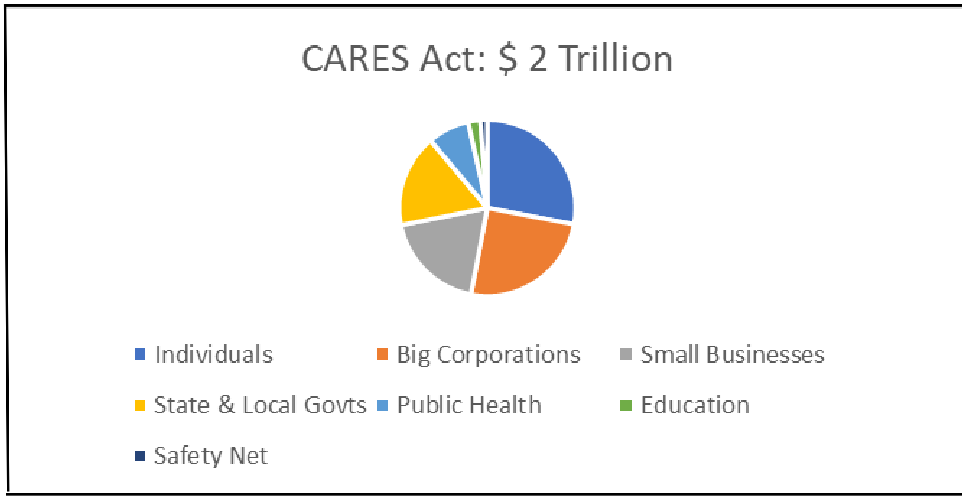
* Europe, Australia and the Far East

There was some relief in the bond market. The Bloomberg Barclay's Aggregate Bond Index, aided by Fed purchases (see upcoming section), rose 3.14% in Q1 (it rose 8.68% in 2019).

In Response To The Crisis, We Have Unprecedented Levels Of Government Stimulus

1. Congress

On March 27, President Trump signed a massive $ 2 trillion emergency spending bill into law. The CARES Act (Coronavirus Relief Bill) is the largest stimulus package in US history to help individuals and businesses. To put the Act in perspective, its magnitude equates to roughly 10% of the US GDP (source: World Bank).



CARES Act: Breakdown

	$ Billions
Individuals	560
Big Corporations	500
Small Businesses	377
State & Local Govts	340
Public Health	153
Education	44
Safety Net	26
TOTAL	**2,000**

2. The Fed

The Fed has also taken ultra-aggressive actions to fuel the economy:

A. The Fed Funds Target Rate

Entering March, the Fed Rate was 1.5%. On March 3, it was cut to 1.0%. On March 15, it was cut to 0%. Right now, the Fed Funds Target Rate is 0% - 0.25%.

B. Quantitative Easing (QE)

QE is a monetary policy where the Fed purchases government securities from the market in order to increase the money supply and encourage lending and investment. It was $101B a month and scheduled to cease in April. QE has been revived. On March 15, the Fed announced $700B of purchases over the next few months ($500B in Treasurys, $200B in Mortgage-Backed Securities). There will be more to come.

C. Emergency Lending To Banks

The rate of Fed emergency lending to banks was slashed to 0.25% (it was 1.50%).

There are four reasons we are staying the course:

1. The Coronavirus Crisis Is Anticipated To Peak In The Short-Term
2. The Market Has Historically Performed Well Over The Long-Term
3. The Market Tends To Out-Perform In Expansive Monetary Conditions
4. It Is Impossible To Time The Market: You Have To Be In It To Win It!

The Coronavirus Crisis Is Anticipated To Peak In The Short-Term

According to a published report on March 31 from the University of Washington's Institute of Health Metrics and Evaluation (IHME), the coronavirus crisis should subside by July 4. While there are extreme challenges right now, the health crisis is projected to be short-term versus long-term. We invest for the long-term.

The Market Has Historically Performed Well Over The Long-Term

In the last 100 years, the US stock market has had an annual return of roughly 10% (the "baseline rate"). The century has endured two world wars, countless regional scuffles, assassinations of global leaders, nuclear detonations, recessions and depressions, impeachments, numerous scandals, asset bubbles, terrorism, and other external shocks. The market will overcome the coronavirus. Betting against the baseline (going to cash) is a bad bet to take, and an increasingly bad bet the longer your investment time horizon. Why? You can't time the market. It is a virtual certainty you will miss periods of great returns while sitting in cash and dramatically reduce your long-term investment results.

Rolling 10-Year Period	Annualized Return	Total Return
2010 - 2019	13.56%	256.66%
2000 - 2009	(0.96%)	(9.20%)
1990 - 1999	18.18%	431.42%
1980 - 1989	17.55%	403.76%
1970 - 1979	5.84%	76.40%
1960 - 1969	7.82%	112.32%
1950 - 1959	19.36%	486.93%
1946 - 1949	9.16%	140.23%
Average: Last 8 Decades (The Baseline)	11.11%	186.80%

The Market Tends To Out-Perform In Expansive Monetary Conditions

In an effort to quickly bolster the US economy, the Fed has acted in an "expansive" versus "restrictive" manner. It has lowered its target rate to zero, increased its purchases of government securities (quantitative easing) and stepped up its emergency lending to banks. These actions serve to increase the money supply, as does the government CARES Act. The market tends to out-perform in "expansive monetary conditions".

US Stock Market Performance Under Different Monetary Conditions: January 1966 to December 2013

	All Monetary Conditions (576 Months)	Expansive Monetary Conditions (172 Months)	Indeterminate Monetary Conditions (209 Months)	Restrictive Monetary Conditions (195 Months)
S&P 500 Return	10.56%	15.18%	11.10%	5.89%

Source: "Invest With The Fed" (Maximizing Portfolio Performance By Following Federal Reserve Policy)

US Stock Market Performance Under Different Monetary Conditions: Last Five Years

Year	S&P 500 Return	Expansive Monetary Conditions	Indeterminate Monetary Conditions	Restrictive Monetary Conditions
2016	12.00%		X	
2017	21.80%		X	
2018	(4.40%)			X
2019	31.49%	X		
2020	?	X		

It Is Impossible To Time The Market: You Have To Be In It To Win It!

We have said countless times that it is impossible to time the market. Nowhere is this more evident than when we look at the "Top 5 Days" of performance in a given calendar year. No one knows when these big "up days" will occur - they are random. You have to be in it to win it!

Year	Annual Perf.	Top 5 Days
2019	31.45%	10.94%
2018	- 4.38%	15.05%
2017	21.83%	5.66%
2016	11.96%	11.57%
2015	1.38%	13.46%
2014	13.69%	10.05%
2013	32.39%	9.64%
2012	16.00%	11.20%
2011	2.11%	22.31%
2010	15.06%	17.87%
2009	26.46%	28.65%
2008	-37.00%	49.63%
2007	5.50%	14.31%
2006	15.80%	9.90%
2005	4.91%	8.45%

Missing The Top 5 Days Of Q1 2020 Would Have Cost You 41.26%!

We Are Holding High Quality Companies

During times of economic uncertainty, we want to hold "high quality" companies. These are the "blue chip" companies that have been around a long time and are leaders in their respective industries. These are the companies that have a proven history of success and earnings ability. They have survived and prospered in all phases of the business cycle - and we expect them to continue to do so. Here are some characteristics of "high quality" companies:

1. Strong Balance Sheets

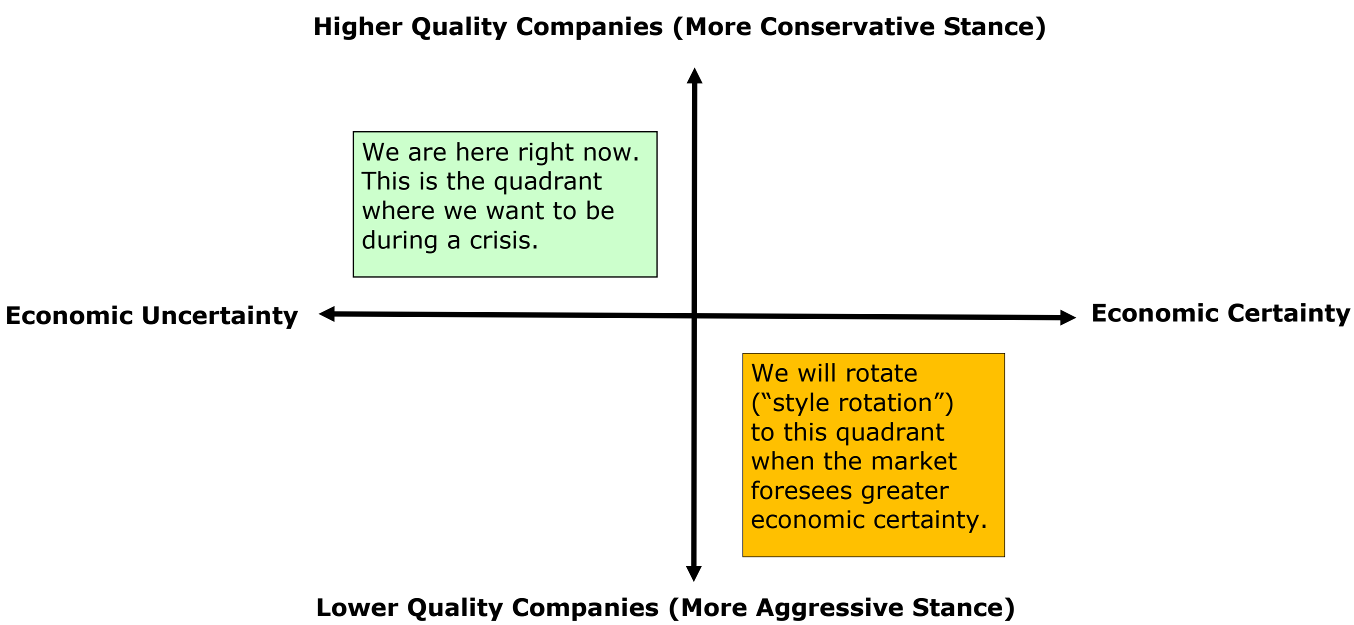
- More-than-adequate cash to withstand negative business conditions
- Reasonable levels of debt
- Manageable levels of accounts receivable

2. Great Ability To Adapt

- Strong management/leadership/vision
- Have the human and financial resources to adjust to changing business conditions
- Can "right size" their operations as needed

3. Consistent Demand For Products/Services

- Consumers are loyal
- Revenues are consistent through various phases of the business cycle or "economic shocks"

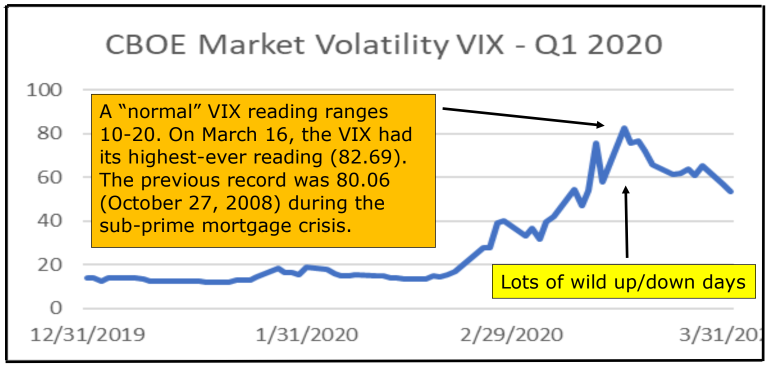


Bad Headlines

Brace yourself for bad headlines regarding increased coronavirus diagnoses, the death toll, medical equipment shortages, health care challenges, business difficulties, consumer stress and high unemployment.

More Market Volatility

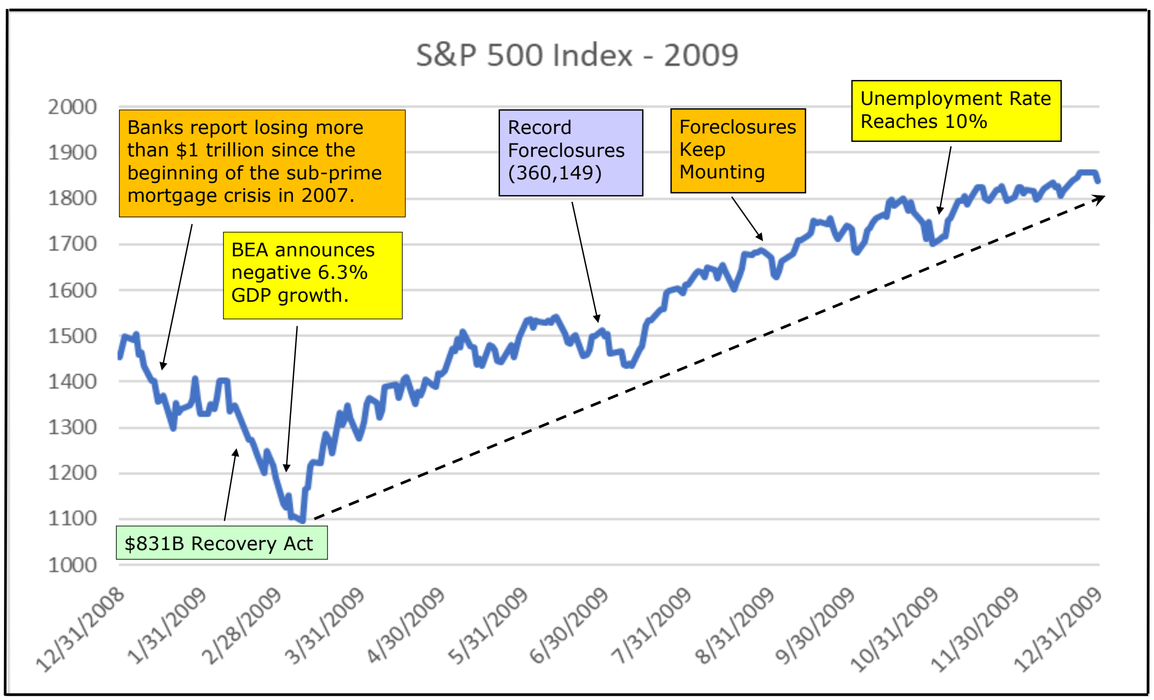
The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) represents the market's expectation of 30-day forward-looking volatility (risk). Known as the "investor fear gauge", the VIX rises in times of stress and lessens as investors become more complacent. It hit a historic high in March. Expect more volatility.



Stocks Will Lead The Economy And Rise During A Recession

The stock market is called a "leading economic indicator" because it tries to predict the near-term future direction of the economy. It indicates where investors think the economy is going, not where it is at the moment. Right now, the economy is literally shut down. It won't be that way forever - but it could be for a few months. Health experts predict the coronavirus crisis should subside by July 4 (see page 3). The market will anticipate the economic recovery six months out and price securities accordingly. Therefore, we believe the market will look beyond the bad headlines - not without high volatility - and eventually trend upward.

The paradox of a rising market amidst bad news was evident in 2009. Recall the housing bubble that burst into the sub-prime mortgage crisis in 2008. The Q4 2008 headlines were downright scary - the $700B Troubled Asset Relief Program (TARP) was passed to deal with the credit crisis and save the banks. The Fed lowered its target rate to zero (from 1.75%). Washington Mutual was seized by regulators (the biggest bank failure in US history). Things continued to be ugly through Q1 2009 - and then the market moved ahead of the news.



January 1 to March 9
-24.64%

Q1 2009
-11.01%

2009 (Year In Total)
+26.46%

Bottom (March 9) to Year End
+67.80%

Under the edict from the State of California, "Finance" is designated as an essential service. Our office is open (not to the public). We have taken the precautions to keep a "social distance" between us within the office and to rotate working in the office and remotely. At least one of us is in the office during business hours. At least one of us is working remotely during business hours. We have the full technological capability to operate in either place. Please be assured that there has been no disruption in our service to you.

Your portfolio is invested in high quality companies. We anticipate future portfolio adjustments when we move to a more aggressive stance. The exact timing of these actions is yet to be determined, but we know they are on the horizon. Whenever we make the moves, there is one thing of which we are reasonably sure: you will feel quite uncomfortable about them! This is the nature of style rotation.

We are going through a very unusual series of events. It is highly likely that "not everything will return to normal". Instead, there will be a "new normal" - and we want your portfolio to be best positioned for the "new normal".

We are doing our best to remain healthy, and we know you are doing the same. This is an exceptionally difficult time to be an investor. Thank you for the confidence and trust you have placed with us.

We will continue to closely monitor the market and adjust your portfolio as needed. Please feel free to contact us anytime to discuss questions or comments you may have. We will keep you informed of portfolio progress.

Respectfully submitted,

TRIVANT

CUSTOM PORTFOLIO GROUP, LLC

John Barber, CFA Dan Laimon, MBA Michael C. Harris, CFA, CFP®

Disclaimer

The information presented herein is intended for informational purposes only. All views are subject to change based on updated indicators. The recommendations made in this publication are made without regard to individual suitability. Investors should consider their own needs and objectives before making any investment decision.

Commentary in this review reflects our portfolio strategy. Many of our clients have different objectives and circumstances which are reflected in unique portfolio considerations. Please note that accounts may not contain all elements of the strategy discussed here. Additionally, individual client customizations and start dates may preclude certain elements of this strategy from being implemented.

Past performance is no guarantee of future results. A risk of loss is involved with investments in stock markets.