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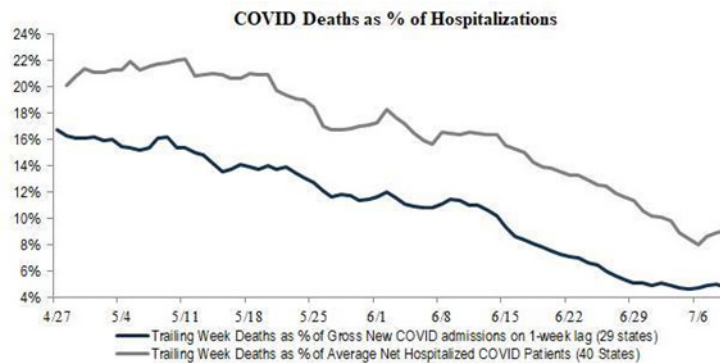
July 13, 2020

The S&P 500 returned over 20% for the three months ended June 30th, recording its best quarterly performance in over 20 years. Our equity accounts participated in the rally while balanced accounts delivered strong results consistent with their benchmarks. Of course, the market's gains came on the back of historic losses in the first quarter. That puts the S&P 500 at roughly a percentage point below breakeven for the year as of this writing. We consider this amazing in light of COVID-19 shutting down economies across the globe. We have previously detailed the many factors contributing to this resilience but to narrow it down:

- Central banks across the world created a massive wave of liquidity.
- The excess liquidity is finding its way into equities.

The most important thing that can be said about our outlook is that we see no evidence of this liquidity ending anytime soon. Since we recently communicated our view of the longer-term opportunities and risks created by the pandemic, we will focus on a near-term issue- the resurgence of new COVID-19 cases in the United States. The uptick has largely been centered in Sunbelt states. It has not yet caused a significant increase in deaths but we do not know if it will. What we do know is:

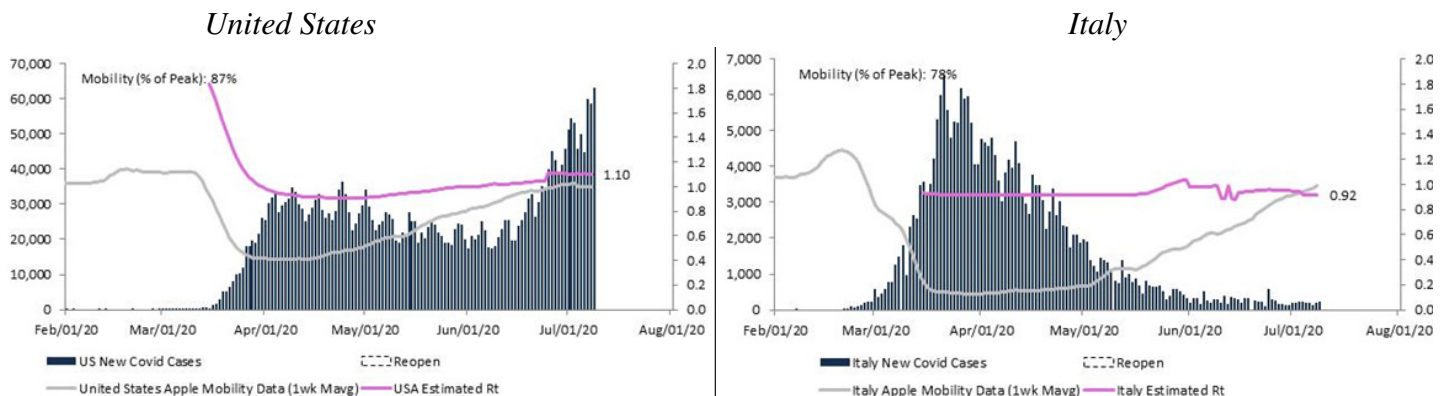
- The rise in new cases is being registered in predominantly younger people.
- Fatalities have disproportionately occurred in the older population with roughly 45% percent of all COVID deaths occurring in long-term care settings.
- Treatment efficacy has improved with experience.



Source: Evercore ISI. July 10, 2020.

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What we do not know but have confidence in is that the United States will “figure it out”. In other words, if Italy can keep the pandemic under control, our country can and will do so as well.



Source: Evercore ISI. July 10, 2020.

There is likely to be some economic setbacks in getting there but investors tend to view the glass as half-full while the liquidity wave is still in effect.

Accounts remain close to fully invested with large exposure in secularly growing properties. We have added some more cyclical exposure in companies benefitting from the normalization (re-opening) of the economy but have done so on an incremental basis.

We hope that all of our clients are safe and enjoy a well-deserved summer break.

Sincerely,

Craig B. Steinberg

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