I hope this update finds you well.

During the final quarter of last year, we communicated with you regularly our thoughts on the powerful forces that were exerting downward pressure on the equity markets and causing volatility to again raise its ugly head. At that time, we reiterated our thoughts on the economic, political, and geopolitical landscapes that were, in-part, responsible for the pressures but most decisively, we emphasized the importance of discipline, patience, and focus on fundamentals in overseeing assets entrusted to our management.

After the challenges of last year's 4th quarter, the two-month period since the end of the year has been one of the strongest beginnings to a year in equity market history! In fact, it is the best start to a year in approximately three decades. As you likely are aware, the S&P 500, Dow Jones Industrial Average and NASDAQ have recovered almost their entire decline since the highs of last year and, through the end of the week ending Friday, March 1st, are up on a price-only basis of +11.8%[i], +11.6%[ii] and +14.5%[iii] respectively. Small and Mid-Cap stocks, which you have exposure to, have performed even better[iv].

You may recall that we reduced portfolio equity investments by a modest amount late last summer when all looked "bright", and then modestly increased exposure in December when "all hope was gone". We are not traders and put little faith in "timing the market", however, when equity markets appear to be at or near high/low watermarks, we attempt to be opportunistic on your behalf without impacting our ***tax-efficient*** management approach.

We believe the recent recovery in equity market "health" and valuation is the result of a number of improving underpinnings, but most importantly the following: the change in the Federal Reserve Board's policy from one of hawkishness (raising rates) to one of a more "dovish" (a cessation to raising rates) posture; the expectation that trade tensions will be reduced by an agreement between China and the U.S.; that U.S. corporate profits and GDP will continue to grow; that inflation will remain at or below 2%; and that equity market valuations are moderate, particularly in light of current interest rates and inflation. As you know from previous communications, our outlook for these issues did not change.

While we maintain our optimistic view/expectations, we are not blind to the reality of some concerns. Global economic growth has clearly decelerated; U.S. Leading Economic Indicators ***may*** have peaked; housing and auto production, which have firmed recently, are still not as strong as one might expect at this point in an economic cycle; geopolitical tensions, which have eased, are still tenuous; and 2020 (an election year) is approaching.

With the above in mind, and in the midst of a meaningful equity recovery (the Bull Market will very shortly enter its ***10th*** year![v]), as the major equity markets again close in on their all-time highs, we will, as we have previously indicated, begin to again reduce equity exposure in favor of lower risk/lower volatility, and somewhat higher yielding investments to "lock-up" some profits and maintain portfolio balance.

Please let me know if you have any questions or comments and I look forward to meeting with you again soon.

My best,
Chandon

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[i] Barron's, March 4, 2019

[ii] Barron's, March 4, 2019

[iii] Barron's March 4, 2019

[iv] Barron's, March 4, 2019

[v] FactSet Research Systems, March 4, 2019 (10 yrs. 3/9/2009 to 3/9/2019)