KADES & CHEIFETZ LLC

INVESTMENT OVERVIEW

for the quarter ending March 31, 2020

Equities in Review

The first quarter of 2020 was the worst quarter to start a year in the history of the financial markets. After a robust 2019, stocks began the year by posting solid returns. The S&P 500 peaked at +5.1% for the quarter on February 19, then proceeded to drop 33.7% between February 19 and March 23 as COVID-19 and the related fear and uncertainty gripped the market, before a strong final week of the quarter resulted in the S&P 500 declining 19.6% for the quarter.

The Fed and central banks from around the globe have taken extreme measures to backstop the economy and provide liquidity. In the short-term, their actions have provided confidence to the markets.

Following are the quarterly, year-to-date and 5-year average returns for the six equity indexes that we track:

INDEX	DESCRIPTION	Quarter	Year-to-Date	5-Year Avg.
DJ Industrial Average	Large cap stocks	-22.70%	-22.70%	+ 6.90%
MSCI EAFE	Foreign stocks of developed nations	-22.80%	-22.80%	-0.60%
MSCI Emerging Markets	Foreign stocks of emerging nations	-13.90%	-13.90%	+ 2.20%
NASDAQ Composite	Growth-oriented large cap stocks	-14.00%	-14.00%	+10.70%
Russell 2000	Small cap stocks	-30.60%	-30.60%	-0.20%
S&P 500	Large cap stocks	-19.60%	-19.60%	+ 6.70%
Weighted Index Benchmark*	Diversified Equities	-21.00%	-21.00%	+ 4.50%

**The Index weighting is 20% each: DJ Industrial Average, NASDAQ Composite, S&P 500, and Russell 2000; and 10% each: MSCI EAFE and MSCI Emerging Markets.*

Other Important Data

For the twelve months ending March 31, 2020, inflation as measured by the CPI increased 1.5%, a notably smaller increase than the 2.3% increase for the twelve months ending February 29, 2020. The sharp decline in the gasoline index was the primary driver for this decline.

We believe the spread on the yield curve (the difference in yield between the 1-Year and 30-Year Treasury bond) is a reliable leading indicator of the likelihood of recession. During the first quarter, the spread widened to 1.18%. This spread is high by recent historical standards and primarily driven by the Fed cutting short term rates to near zero as one of the several steps it took to provide liquidity to the market. While the current spread itself does not necessarily indicate we are in recession, considering the slowdown of the global economy and the uncertainty surrounding the re-opening of the domestic and global economies, it is likely we are or will be in the midst of a recession.

- March 31, 2020 1.18%
- December 31, 2019 0.80%
- September 30, 2019 0.37%
- June 30, 2019 0.60%
- March 31, 2019 0.41%

Equities Looking Forward

Under normal circumstances, financial markets' short-term moves are often violent and unpredictable. In the current situation of crisis and uncertainty, the moves in the market have been more volatile than usual.

As the COVID-19 situation plays out, we assume the Fed and the world's central banks will attempt to continue fighting the economic impact of the pandemic with whatever resources and strategies they deem necessary. While this may help provide a short-term floor under stock prices, eventually stocks will trade based on the prevailing economic conditions.

From a longer-term view, stocks appear to be undervalued. However, the significant volatility projects to continue for the foreseeable future. For these reasons, we prefer to take a longer-term, asset allocation-based approach to portfolio management.

Hybrid and Hedging Assets

We believe that the Morningstar Moderate Risk Target Index offers the best benchmarks for hybrid and hedging assets. Returns are as follows:

INDEX	DESCRIPTION	Quarter	Year-to-Date	5-Year Avg.
Morningstar Moderate Risk	Hybrid (bonds and stocks)	-13.40%	-13.40%	+3.40%

Since the hybrid assets we own in our portfolios invest in a combination of securities including, but not limited to, bonds and stocks, the hybrid assets typically produce returns close to the average of the bond and stock index returns. This is the case for the quarter and for the annualized returns of the past five years.

Hedging assets like commodities or alternative strategies generally move with little, zero, or negative correlation to the bond and stock markets. We believe hedging assets should play a role in diversified portfolios because over the long-term, their limited or inverse correlation to bonds and stocks should reduce the volatility of overall portfolio returns.

Bonds

Bond prices rose significantly in the first quarter as investors sold stocks and fled to safe assets. The 10-Year Treasury began 2020 with a yield of 1.92% and finished the quarter with a yield of 0.70%, reflecting a tremendous shift of investments from stocks to bonds. The yield reached a low of 0.54% on March 9 and then recovered a bit during the second half of March. It seems reasonable to expect somewhat muted returns from bonds going forward, given the yields now are low compared to recent history. The quarterly and historical results for the bond indexes that we track are as follows:

INDEX	DESCRIPTION	Quarter	Year-to-Date	5-Year Avg.
Barclays Municipal Bond	I-T US Municipality Issues	+0.70%	+0.70%	+3.50%
Barclays US Aggregate Bond	I-T US Gov't and Corporate Issues	+3.20%	+3.20%	+3.40%
Morningstar TIPS	Inflation Protected Gov't Issues	+1.60%	+1.60%	+2.60%
Average of the Indexes	Diversified Fixed Income	+1.80%	+1.80%	+3.20%

The recent moves higher in bond prices seem to have the asset class overvalued in the short-term. However, it is important to remember the following, even when we feel bonds are overvalued:

- The prices of overvalued investments often go higher. This is especially true of bonds if the move is in response to a flight to safety amidst equity selling.
- Bonds always have a place in diversified portfolios to reduce volatility, preserve principal, and provide income.

Our Asset Allocation Philosophy

It is our philosophy that investors with long-term time horizons are best served by using a disciplined, diversified asset allocation approach (investing in bonds, hybrid and other hedging assets and stocks) rather than trying to time the markets. It is important to periodically review your asset allocation and your target allocation and to rebalance your assets among the classes to keep the allocation close to the target. We will address the issues specific to you when we review your situation in the coming months. In the interim, if you would like to discuss these issues, please contact us at howard@kadescheifetz.com or steve@kadescheifetz.com.

Reminders

Please contact Kades & Cheifetz LLC if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account. Our current disclosure statement is set forth on Parts 2A and 2B of Form ADV and is available for your review upon request.

Kades & Cheifetz LLC has provided this overview for internal use and for use by our clients. We have prepared it using sources believed to be reliable. We do not guarantee the accuracy of the sources. We reserve the right to change our opinions (expressed above) without notice.

You should be receiving statements at least quarterly from your custodian. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by Kades & Cheifetz LLC. If there are any questions or discrepancies, please contact us as soon as possible.

("Kades & Cheifetz"), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Kades & Cheifetz.

*Additionally, please remember to contact Kades & Cheifetz, **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing or evaluating or revising our previous recommendations and/or services, or if you want to impose, add, to modify any reasonable restrictions to our investment advisory services. Kades & Cheifetz shall continue to rely on the accuracy of information that you have provided. **Please Note:** unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective.*

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Kades & Cheifetz account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Kades & Cheifetz accounts; and, (3) a description of each comparative benchmark is available upon request.

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