HAHN CAPITAL MANAGEMENT, LLC
REGISTERED INVESTMENT ADVISORS

Mid Cap Equity Strategy **3rd Quarter 2020 Commentary**

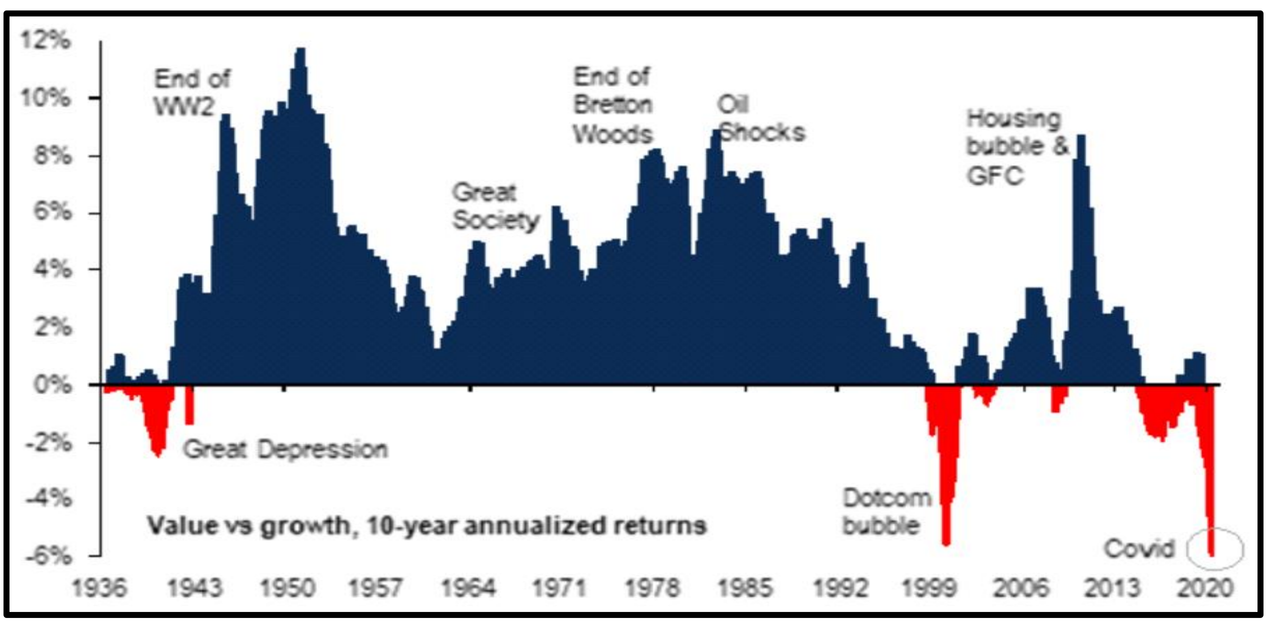
A Lopsided Market

Even with a divisive presidential election on the horizon and COVID-19 maintaining a menacing grip on global commerce, the S&P 500® managed to reach a new all-time high in the 3rd quarter.

Although stocks retreated moderately in September, the S&P 500 index was still up more than 8% for the quarter and about 4% year-to-date – recovering from a 20% 1st quarter slide. In fact, the market even shrugged off the president's virus diagnosis with a decline of less than 1% on the day the news was reported.

While the economy remains in a recession – with millions of people still unemployed from pandemic-related layoffs – there have been signs of recovery, with businesses across America reopening and the employment picture slowly brightening. The strengthening economy is not the only factor contributing to the stock market rebound. An unprecedented stimulus effort by Congress and the Federal Reserve (Fed) to inject trillions of dollars into the economy has helped pump up the market's performance. But the Fed policy has also driven bond yields to historic lows, with most government bonds paying less than 1%.

"Nothing is so obnoxious as someone else's good luck." The team at Hahn Capital has learned to embrace the echo of F. Scott Fitzgerald as we have witnessed an accelerating, climactic explosion upward in the share prices of high growth stocks relative to value over the past few years. We (the Hahn Team) are staring across the sound at the green light on Daisy Buchanan's dock, envious and infuriated at the good fortune of our growth stock investing peers. The truth is that a few key factors, the COVID-19 pandemic, the huge decline in long-term interest rates and the enormous liquidity created by that interest rate decline have fueled a tech stock led growth rally that has surpassed the 1998-2000 "Internet Bubble."



Source: Leuthold Group

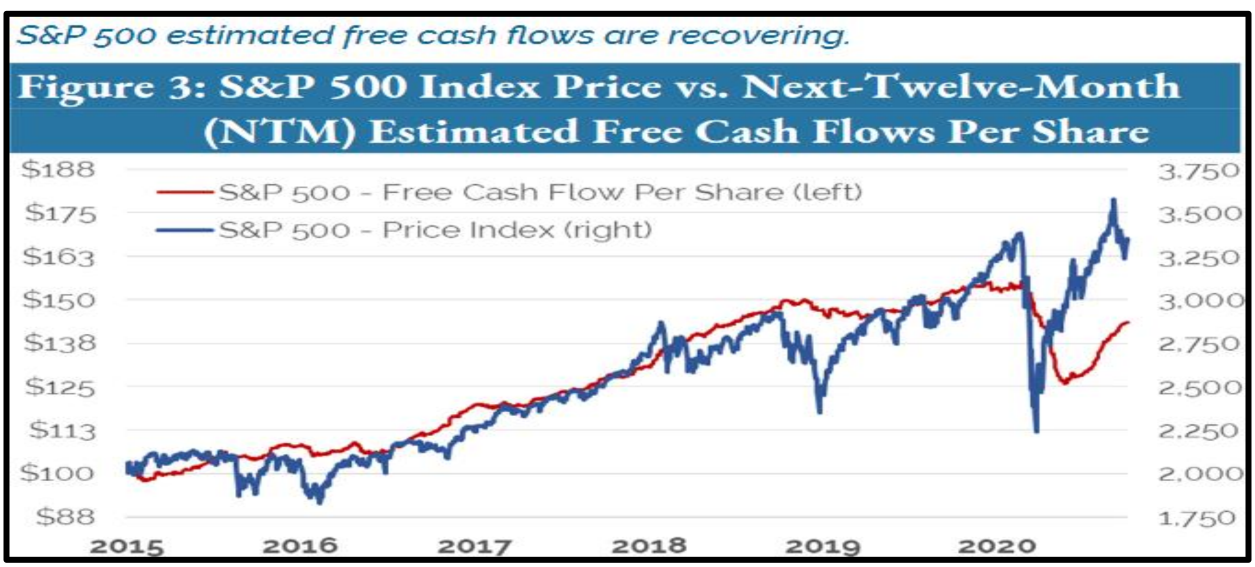
It would be easy to hide behind the frustration that charts like the one above elicits, but as analysts, we are compelled to dispassionately examine the environment and find ways to profit from that analysis. Ultimately, we expect part of the legacy of COVID-19 will be its role as an accelerant of transformation and value destruction, creation, and transfer across industries, jurisdictions, and real property. Adding some additional numerical context for the current year provides stark relief around the phenomenon that we have been witnessing over the course of the post-pandemic stock market year. The following tables shows the stunning year-to-date divergences between value and growth style indices.

YTD	Value	Blend	Growth
Large	-11.6%	5.6%	24.3%
Mid	-12.8%	-2.3%	13.9%
Small	-21.5%	-8.7%	3.9%

Source: JP Morgan

The interesting and most important question that we have been analyzing is why has such a dramatic dispersion in style returns occurred? The stereotypical growth investors will point to creative destruction (Facebook, Amazon, Netflix and Google) while the value investor counterpart will exclaim that this is just a new investing bubble driven by excess Fed-sponsored liquidity and subsequent excess financial market speculation.

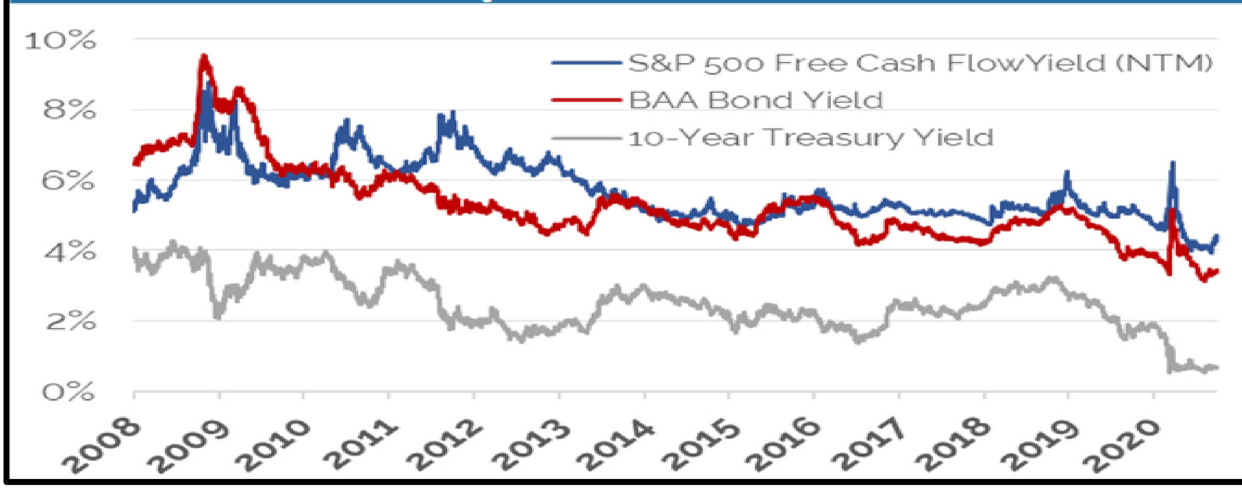
After recovering sharply from the March lows, the S&P 500 Index sold off somewhat toward end of the third quarter. In contrast to falling prices, fundamentals, as measured by estimates for next-twelve-month (NTM) free cash flows, have continued to move higher for the overall market despite the challenging environment and severe headwinds faced by a number of companies.



Source: Bloomberg

One significant factor in the rally has been the steep long-term decline in interest rates; in other words, as the risk-free rate has declined, the relative attractiveness of equities in general has increased and the greater the duration of the equity asset (the "growthier" the underlying business is) the greater the impact on valuation. The following chart shows the BAA Bond Yield vs Equity Yields (the P/E, effectively) since 2006. All stocks should have higher P/E or EV/EBIT multiples and the longer the tail (of growth), the greater the impact.

Figure 4: S&P 500 Free Cash Flow Yield vs. BAA & 10-Year Treasury Bond Yields



Source: Bloomberg

However, the global pandemic crisis has not treated all industries equally. Many technology companies have been key enablers of "work from home," the fundamentals of many different industries have changed due to disruptions to our pre-pandemic way of life. In order to better understand the very asymmetric impact of the pandemic, we dissected the S&P 500 and isolated a group of roughly 60 "hard-hit" companies that made up slightly over 10% of the value of the S&P 500 Index at year-end 2019, but that accounted for 80% of the reduction in NTM free cash estimates through the third quarter of 2020. In terms of valuation, the free cash flow yield on NTM estimates for this hard-hit group of stocks has plummeted from around 5.2% at year-end 2019 to about 2.5% as of September 30 due to the enormous near-term decline in profitability. On the other side of the market, several very large stocks have become richly valued and this too is distorting the overall S&P 500 Index valuation. While there are a number of stocks where this is the case, if we look at just the combination of Amazon, Netflix, and Microsoft, their average NTM free cash yield of 2.3% is also significantly depressing the overall S&P 500 figure given their large size. If both groups of stocks are excluded from the broader index, the yield on the remaining universe increases to 4.6% (See Figure 5). For comparison's sake, if we make the similar adjustments for the Russell Mid-Cap Index (U.S. FSV) the earnings yield is almost 6%.

Figure 5: S&P 500 Free Cash Yield on Next-Twelve-Month (NTM) Projected Free Cash Flows

Source: Bloomberg

All told, interest rates have been a major driver of increased valuations, while many industries have been disproportionately impacted by the global health crisis (and a select few have benefitted in opposite degree). The impact of richly valued companies across all market capitalization ranges has been profound and represents a substantial risk to investors involved in those companies as well as to "passive" investors who own the whole index.

Quarterly Performance

Our **preliminary return** for the Hahn Capital Management Mid-Cap Value Composite was 2.55% gross of fees in the third quarter of 2020. For the quarter, we underperformed our primary benchmark, the Russell Mid-Cap Value Index, by 3.55 percentage points. For the quarter, sector allocations to Energy, Utilities (no holdings), Healthcare, Consumer Staples (no holdings), and Industrials contributed positively (relative to the benchmark), while those to Real Estate, Communication Services (no holdings), Materials, Consumer Discretionary, Information Technology, Financials, and Cash detracted. The most significant relative performers during the quarter were Equinix (EQIX), SLM Corp (SLM), LabCorp (LH), and PVH Corp (PVH), while the most significant underperformers were Hexcel (HXL), Euronet Worldwide (EEFT), EastWest Bancorp (EWBC), and Keysight Technologies (KEYS).

Hahn Capital Quarterly Performance Attribution – 3Q20

QTD HCM vs. Russell Mid-Cap Value Index - Quarter Ended 09/30/2020

LINKED PERFORMANCE BY SECTORS

BENCHMARK: Russell Midcap Value Index
PORTFOLIO: Model Account

GICS Sector	PORT Weight	BENCH Weight	DIFF Weight	PORT Return	BENCH Return	DIFF Return	SECTOR SELECT	STOCK SELECT	ACTIVE CONTR	PASSIVE CONTR	TOTAL CONTR
Real Estate	17.35%	10.67%	6.68%	3.72%	0.11%	3.61%	-0.40%	0.62%	0.22%	0.00%	0.22%
Industrials	17.35%	16.94%	0.41%	0.04%	11.76%	-11.72%	0.03%	-2.01%	-1.98%	0.00%	-1.98%
Financials	16.17%	15.19%	0.97%	-1.21%	2.40%	-3.60%	-0.04%	-0.61%	-0.65%	0.00%	-0.65%
Information Technology	15.13%	9.60%	5.53%	1.39%	4.93%	-3.55%	-0.06%	-0.57%	-0.63%	0.00%	-0.63%
Health Care	14.08%	7.77%	6.31%	8.22%	8.04%	0.18%	0.08%	0.02%	0.10%	0.00%	0.10%
Consumer Discretionary	10.01%	11.59%	-1.58%	9.06%	14.58%	-5.52%	-0.13%	-0.47%	-0.60%	0.00%	-0.60%
Materials	2.43%	6.85%	-4.42%	16.08%	13.09%	2.99%	-0.28%	0.06%	-0.22%	-0.01%	-0.23%
Energy	1.57%	4.01%	-2.43%	-11.43%	-16.24%	4.82%	0.58%	0.09%	0.67%	0.01%	0.68%
Communication Services	0.00%	3.91%	-3.91%	0.00%	15.38%	-15.38%	-0.33%	0.00%	-0.33%	0.00%	-0.33%
Consumer Staples	0.00%	4.47%	-4.47%	0.00%	4.74%	-4.74%	0.07%	0.00%	0.07%	0.00%	0.07%
Utilities	0.00%	9.02%	-9.02%	0.00%	4.33%	-4.33%	0.19%	0.00%	0.19%	0.00%	0.19%
Cash	5.91%	0.00%	5.91%	0.04%	0.00%	0.04%	-0.38%	0.00%	-0.38%	0.00%	-0.38%
Total Portfolio				**2.85%**	**6.40%**	**-3.55%**	**-0.68%**	**-2.86%**	**-3.54%**	**-0.01%**	**-3.55%**

HAHN CAPITAL MANAGEMENT, LLC

MODEL PORTFOLIO REVIEW

As of September 30, 2020

YTD PERFORMANCE ATTRIBUTION ANALYSIS

Notable Performers by Sector

HCM vs. Russell Mid-Cap Value Index

HCM Attribution Analysis - Quarter Ended September 30, 2020 vs Russell Midcap Value Index							
GICS Sector	Average Port. Weight	Benchmark Weight	Over/ Underweight	Contribution Return	Actual Return	Stock Alpha	Sector Alpha
Real Estate	17.59%	12.78%	4.81%	-0.48%	-1.47%	3.66%	-0.63%
Industrials	17.56%	13.65%	3.91%	-4.37%	-21.99%	-2.94%	0.15%
Financials	15.90%	16.57%	-0.67%	-4.39%	-24.85%	-0.17%	0.19%
Information Technology	14.31%	8.40%	5.91%	-1.96%	-15.31%	-1.78%	0.67%
Health Care	13.35%	7.85%	5.50%	0.90%	4.40%	-0.26%	0.89%
Consumer Discretionary	10.68%	9.51%	1.17%	-3.31%	-26.39%	-1.56%	-0.34%
Materials	2.15%	6.94%	-4.80%	0.37%	24.07%	0.32%	-0.61%
Energy	1.62%	4.22%	-2.60%	-0.79%	-42.02%	0.24%	1.40%
Communication Services	0.00%	3.92%	-3.92%	0.00%	0.00%	0.00%	-0.50%
Consumer Staples	0.00%	4.91%	-4.91%	0.00%	0.00%	0.00%	-0.42%
Utilities	0.00%	11.24%	-11.24%	0.00%	0.00%	0.00%	-0.26%
Cash	6.83%	0.00%	6.83%	0.04%	0.57%	0.80%	0.80%
Total Portfolio						**-2.49%**	**1.34%**

HCM Model Portfolio – Relative Performance by Stock – Quarter Ended Mar 31, 2020

MODEL PORTFOLIO REVIEW

As of September 30, 2020

Attribution Analysis - Notable Performers by Sector & Stock

Notable Performers by Sector

Quarter Ended 09/30/2020 - Portfolio vs Russell Midcap Value Index

Top Four Holdings Total Attribution			Bottom Four Holdings Total Attribution			Top Four Sectors Total Attribution			Bottom Four Sectors Total Attribution		
1	EQUINIX INC	0.41%	1	HEXCEL CORP	-1.02%	1	Energy	0.68%	1	Industrials	-1.98%
2	SLM CORP	0.34%	2	BECTON DICKINSON AND CO	-0.49%	2	Real Estate	0.22%	2	Financials	-0.65%
3	AGILENT TECHNOLOGIES INC	0.24%	3	EURONET WORLDWIDE INC	-0.46%	3	Utilities	0.19%	3	Information Technology	-0.63%
4	LABORATORY CRP OF AMER HLDGS	0.19%	4	EAST WEST BANCORP INC	-0.36%	4	Health Care	0.10%	4	Consumer Discretionary	-0.60%

Year-to-Date Ended 09/30/2020 - Portfolio vs. Russell Midcap Value Index

Top Four Holdings Total Attribution			Bottom Four Holdings Total Attribution			Top Four Sectors Total Attribution			Bottom Four Sectors Total Attribution		
1	EQUINIX INC	2.30%	1	EURONET WORLDWIDE INC	-1.76%	1	Real Estate	3.03%	1	Industrials	-2.79%
2	ALEXANDRIA REAL ESTATE EQUIT	0.73%	2	HEXCEL CORP	-1.67%	2	Energy	1.64%	2	Consumer Discretionary	-1.90%
3	MID-AMERICA APARTMENT COMM	0.59%	3	AIR LEASE CORP	-1.19%	3	Not Classified	0.80%	3	Information Technology	-1.11%
4	FIRST REPUBLIC BANK/CA	0.51%	4	BECTON DICKINSON AND CO	-0.89%	4	Health Care	0.63%	4	Communication Services	-0.50%

HCM MID-CAP VALUE COMPOSITE PERFORMANCE HISTORY

% Annualized Returns As of 09/30/2020	3Q 2020	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception 06-30-88
HCM Gross of Fees	2.46%	-8.48%	2.91%	6.37%	5.69%	10.27%	13.18%
HCM Net of Fees	2.21%	-9.43%	1.88%	5.32%	4.65%	9.69%	12.08%
Russell Mid Cap Value Index	6.40%	-7.30%	0.82%	6.38%	6.63%	9.71%	10.69%
Russell Mid Cap Index	7.46%	4.55%	7.13%	10.13%	9.37%	11.76%	11.14%

Link to: HCM Performance Disclosures

PORTFOLIO ACTIVITY

New Positions

Formula One (FWONK) - FWONK owns the exclusive commercial rights to the Formula One World Championship. Two contracts underpin FWONK's business: (1) its 100-year agreement with the FIA which granted FWONK the exclusive commercial rights to the brand, and (2) the Concorde Agreement which ties the race teams to FWONK in exchange for variable prize payments. FWONK operates a high recurring revenue business (>80% of its revenue is contractual over 3-7yr terms and include annual price escalators), with a >90% variable cost structure (the largest portion being its "team payments" to the race teams). Because FWONK only owns the commercial rights to the Formula One Championship and is not responsible for the operating costs associated with hosting the championship, it has very limited needs for physical capital and because of its monopoly position, it generates negative working capital. These two aspects lead to very low capital intensity for the business and very high ROIC (>50%).

FWONK has a long history (>70 years) as the pinnacle of auto racing and a massive global fan base – it has ~1.9B cumulative TV viewers annually with the average race drawing 80-100M TV viewers (compared to the average Super Bowl audience of 100-110M viewers). This viewership count ranks FWONK above any US sport and below only the Olympics, FIFA World Cup, and the UEFA Champions League globally. With no close competitors or substitutes on a global scale, FWONK has a durable franchise that should continue to draw motorsport enthusiasts for decades to come, just as it has in the past.

FWONK has a strong balance sheet - during normal times, it maintains an interest coverage ratio of ~2.0x, but even with COVID and no racing for six months, FWONK should generate ~$200M of adj EBITDA (which converts to FCF at > 95%), more than covering its ~$125M in annual interest expense (a testament to the resiliency of the business model). This provides the business with ample liquidity to make future acquisition and return capital to shareholders through share repurchases. The business itself is run by a highly capable management team with a long track record of shareholder value creation. FWONK is a part of John Malone and Greg Maffei's cable/media empire ("Liberty Media"), whose track record of shareholder returns puts them in a unique category amongst the best managers in the business world. Liberty Media purchased FWONK in 2016 from PE firm CVC Capital Partners and FWONK's long-time owner/operator Bernie Ecclestone. Liberty saw an opportunity to utilize its vast media experience to improve the operations of the business and grow the popularity of the sport, to do this, they brought in an experienced global media management team (the first in the company's history).

There are numerous growth opportunities for the management team to execute on as 2021 marks a major milestone in the sport's history. Beginning in the 2021 season, the race teams will be subject to new sporting and financial regulations that will make the sport more equitable and competitive. This should lead to more entertaining races and a more attractive sport for both fans and manufacturers. FWONK is significantly under-monetized vs other sports and these changes should increase the marketability of the sport, allowing FWONK to execute more attractive broadcasting and advertising contracts.

FWONK presents an opportunity to invest in a best-in-class business model, management team, and balance sheet at a reasonable valuation - a rarity in today's market. Given our outlook for the company's growth prospects and earnings power, we believe our entry price will result in above market returns over the long-term.

Xilinx, Inc. (XLNX) – Xilinx, Inc. is a semiconductor chip design company headquartered in San Jose, California. It specializes in Field Programmable Gate Array (FPGA) chips, which is a niche market dominated by itself and Altera (acquired by Intel in 2015). Together, Xilinx and Altera are estimated to have nearly 90% of the market with Xilinx having the larger share at 50%.

Unlike conventional semiconductor chips that once fabricated have fixed and unchangeable circuitry, FPGAs are novel in that their hardware circuitry can be changed and altered (hence the name of Xilinx's primary competitor, Altera). Since their invention in the early 1980s, FPGA chips have enabled customers to prototype chip designs and bring products to market faster. Customers could ship products earlier because the use of FPGAs enabled them to revise their products as needed later.

In the first few decades of their existence, Xilinx and Altera competed vigorously and primarily on the basis of who could get to the next process node generation faster. Smaller nodes mean more transistors and logic gates per chip, which meant more value to the customer. About a decade ago, however, the FPGA industry began to evolve. First, Xilinx innovated a new System on Chip (SoC) combining its traditional FPGA with an ARM processor and opening new use cases. Then Intel acquired Altera in 2015 further integrating their products in the server market. Over the past ten years, Xilinx has continued to advance beyond Altera and is now believed to be three generations ahead of Altera. At the same time, it appears that Intel's ownership of Altera has led Altera to focus more on the server market, potentially at the expense of other areas.

Looking forward, Xilinx has recently announced the next phase of their evolution, in the form of the Versal product line. This new product line combines even more components onto chips fabricated on the smallest process node available today (7nm). Management believes that this is such a step change advance that they have named it an entirely new product category: Adaptive Compute Acceleration Platform (ACAP). ACAP chips will be extremely useful and valuable for a number of important and growing applications, from accelerating data centers to automotive vision to artificial intelligence.

In light of current elevated market valuations, we believe we acquired XLNX shares at a discount to its very promising prospects.

Positions Reduced

Wabtec Corp. (WAB) - We reduced our position in Wabtec as the company continued to experience some weakness in both OEM and aftermarket segments of its business. The implementation of precision scheduled railroading by Wabtec's key Tier 1 rail carrier customers as well as generalized weakness in some industrial and energy markets has made it difficult for Wabtec to achieve the aggressive margin targets that the company had set for itself. In addition, the public transit market will likely remain under pressure for some period of time as the effects of the COVID-19 pandemic continue to impact utilization rates for many of Wabtec's largest customers.

Positions Reduced

Equinix (EQIX) – We slightly reduced our position in Equinix during the quarter as this datacenter real estate owner had outperformed so materially over the past 6 months that it had become a greater than 5% position in the portfolio. In keeping with our long-held risk management principles, we reduced it, but remain materially overweight this stock. Demand for secure, robust and redundant data centers that are co-located with other large datacenter users is exploding due to the growth in demand for cloud computing, e-commerce and other demands for network interconnection. As the global leader, Equinix maintains a significant pricing and demand premium relative to its competitors and continues to increase market share and drive profitability through scale and organic expansion.

Positions Sold

Pioneer Natural Resources (PXD) – While there is no questioning Pioneer's long-term asset value, the world remains awash in oil, even after OPEC made significant cuts to production in reaction to the Covid-19 driven negative impact on oil demand. We had been hopeful that Pioneer would have sold itself to a global major oil company, but the positive impact of such a deal would be minimal in the current environment in the oil industry. As a reference point, energy giant ConocoPhillips has been widely reported as having acquisition talks with Pioneer's rival and peer Concho Resources; however, the expected premium paid to Concho shareholders has been reported as "low double digits" or a range of 10-15%. Accordingly, upon news of the announced deal talks, Concho's stock rallied only slightly less than 10%. The window for large premium energy acquisitions based on reserve growth by the larger independent shale oil producers like Pioneer and its peers seem to have passed. Oil production remains an asset-intensive business, and while Pioneer is best in class, it may well have missed its window to sell based on its large and long-lived oil reserves. It's a disappointing end to what has otherwise been a very successful long-term investment for our portfolio.

Outlook

Looking forward, there are clearly pockets of the market that have become extremely aggressively valued, among them some of the largest companies in the world. Table 4 (below) shows the extreme valuations of a number of companies, ordered by size. The largest stock on the list, Amazon, trades at roughly double the overall market's multiple of free cash flow. Tesla is valued at $400 billion, yet it is expected to generate only $2.4 billion of free cash flow and less than $30 billion of revenue in the next twelve months. Companies like Netflix and Uber are valued at substantial sums but remain loss-making on a free cash flow basis despite their scale. There are also a number of newly-listed stocks that trade at extraordinarily aggressive multiples: Zoom Video is worth $134 billion against forecast free cash flow of $1 billion and revenues of just over $3 billion for its fiscal year ending 2020; Shopify's $125 billion valuation is underpinned by negligible free cash flow and projected revenue of only $2 billion; recent IPO Snowflake (notable for an investment made by Berkshire Hathaway briefly before the IPO) is worth nearly $70 billion versus annualized first half revenue of just $500 million. Valuations such as these are clearly discounting extremely optimistic futures and offer very little margin of safety should the aggressive fundamental growth implied by current valuations not be achieved. A tempering of enthusiasm and an unwinding of elevated valuations in these stocks would pose a drag to overall market returns.

Table 4: Select Expensively Valued Stocks ($ figures in billions)

Name	Market Cap	Sales (NTM)	FCF (NTM)	Price/ Sales	Price/ FCF
Amazon	$1,577	$318.5	$38.1	5.0	41
Microsoft	$1,592	$143.4	$49.2	11.1	32
Tesla	$399	$28.9	$2.4	13.8	168
NVIDIA	$334	$12.2	$5.8	27.3	58
Adobe	$235	$12.8	$5.7	18.4	41
PayPal	$231	$20.1	$6.5	11.5	36
Salesforce	$228	$19.5	$4.8	11.7	47
Netflix	$221	$23.8	$-1.0	9.3	-232
Zoom*	$134	$3.2	$1.1	41.3	126
Shopify	$123	$1.9	$.2	63.4	515
ServiceNow	$93	$4.2	$1.6	22.2	59
Snowflake**	$69	$0.4	$-0.1	143.5	-667
Uber	$64	$17.3	$-1.7	3.7	-37
Twilio	$35	$1.4	$0.0	25.4	5,182
Zscaler	$19	$0.4	$0.1	44.3	239
S&P 500* **	**$3,336**	**$1,426**	**$144**	**2.3**	**23**

Source: Bloomberg

The recent IPO of Snowflake (SNOW) provides a great example of the market's current state of euphoria. Snowflake's core business is a promising cloud-based data storage and analytics service termed "data warehouse-as-a-service." SNOW went public on September 16 at a vastly oversubscribed level of $120/share, its share price more than doubled the first day of trading and has since settled at ~$240/share. At an $85 billion fully diluted market capitalization on $400mm in trailing twelve-month sales, Snowflake is valued at ~212x revenue. Assuming Snowflake will, in 10 years, trade at 30x earnings and earn 15% net margins, revenues would have to grow by a factor of 122x for investors to earn just a 10% annual rate of return.

These assumptions would require that Snowflake grow revenues significantly faster than any non-biotech public company has in history.

The market's recent exuberance remains a conundrum. Through the past 100-odd years there is no real historical precedent for the current disconnect between markets and the economy. There are still over 30 million Americans still receiving unemployment benefits and are far from economic normalization. As recent as the week ending October 2, initial jobless claims totaled 840,000, higher than at any point during the 2008-2009 financial crisis. Yet, markets remain eager to look past the current environment and are aggressively pricing in a quick resumption of pre-Covid operating performance along with strong growth earnings growth ahead. Certainly, there have been winners and losers in terms of individual companies due to the pandemic; however, the broad market valuations continue to be overly aggressive. The range of potential outcomes going forward remains extraordinarily wide and highly uncertain, yet markets appear to be assuming the best-case scenario as a given. At current levels, the risk/reward for US equities appears quite unappealing, broadly speaking, and our patience and caution with respect to changing our portfolio dramatically reflects this caution as well as the relative cheapness of our portfolio to the market.

Presently, there are three prominent risk factors for equity returns going forward:

- Valuations. Current index-level valuations have only been exceeded during a brief period in 1999-2000; currently, the median US stock has never been more expensive. Using multiples based on 2019 earnings to adjust for COVID-19 impacts, both of these statements still hold true.
- Corporate Profit Margins. Using 2019 earnings as a base, operating margins for US companies stand at all-time-highs and are two standard deviations above historical norms. Risk factors such as wage growth, a trend towards de-globalization/onshoring, inflation, and stronger anti-trust enforcement could force corporate profit margins to revert towards their historical means.
- Potential Tax Reform. The rising odds of a democratic takeover of the executive office AND Congress portends a future with higher corporate taxes and generalized tax reform aimed at reversing many of the corporate tax reductions implemented under the current administration. There is additional risk of increased capital gains tax rates to match that of ordinary income.

Sincerely,

John Schaeffer
President and CIO

Michael Whitfield
Dir. of Research and Co-Portfolio Manager