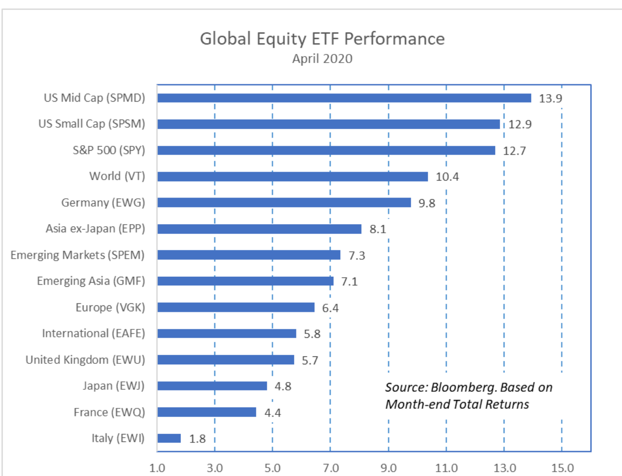
APRIL 2020 CAPITAL MARKET REVIEW

Against a deeply troubled economic and public health backdrop, the world's capital markets rebounded impressively in April. After a dramatic rout in March as the COVID-19 crisis spread from China to the rest of the world, global stocks rose over 10% in April while key segments of the US credit market also rallied. International stock and bond markets posted positive returns although not as strong as in the US. New jobless claims exceeding 30 million erased all of the job gains since the depths of the 2008 Financial Crisis. Coordinated stimulus efforts between Congress, the White House and the Federal Reserve have led to massive quantities of money being directly and indirectly injected into the US economy to rescue workers and businesses. And as the global economy took a pause and in the wake of OPEC's internal woes, futures contracts for May delivery of West Texas Intermediate crude oil went negative – although really only on paper, this technically meant you could be paid to take physical delivery of surplus oil in Cushing, OK.



Equity Markets*

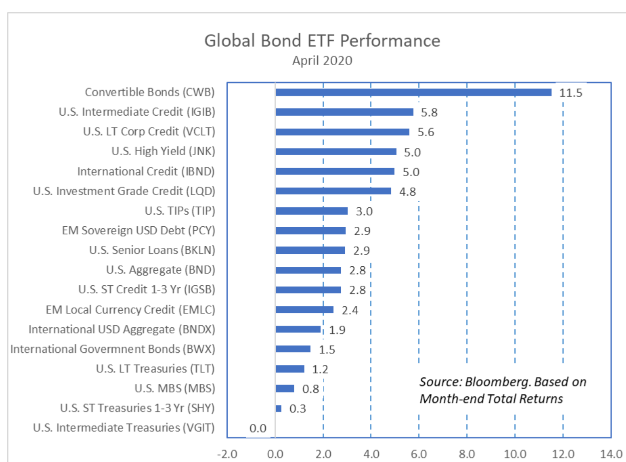
Global stocks rallied 10.4% after one of the worst monthly and quarterly routs in recent memory. US stocks outperformed with Mid Cap companies leading the way with nearly a 14% gain with Small & Large Cap stocks not far behind.

International equities posted positive gains but lagged the US. The strongest gain in US dollar terms in April was from Germany which rose 9.8%, followed by Asia-ex Japan which advanced 8.1%.

Bond Markets*

US corporate credit markets posted robust returns in April lead by convertible bonds which advanced an impressive 11.5%. Intermediate and Long-term corporate credit also posted strong gains of 5.8% and 5.6% respectively.

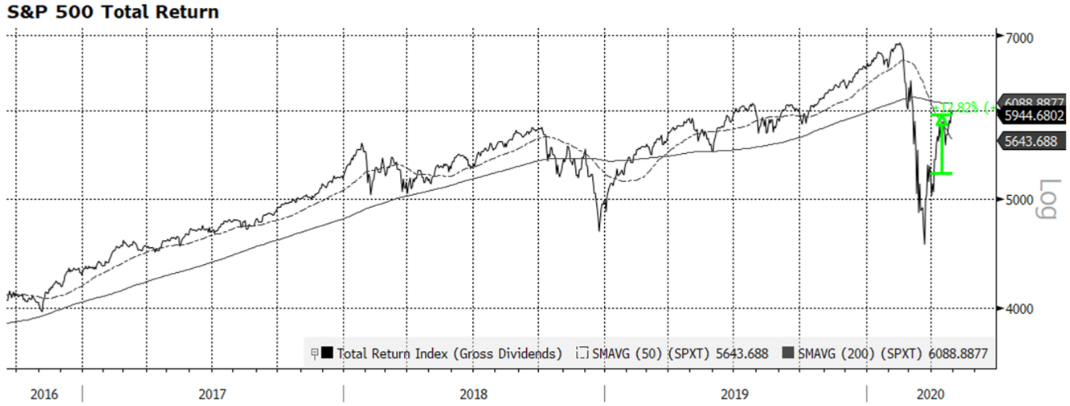
The U.S. dollar contracted a modest 0.36% in April, according to the Bloomberg Dollar Spot Index. That mild dollar weakness helped fuel gains in International Credit which gained 5.0% for the month.



As Dire U.S. Economic News Mounts, Stocks Continue to Recover

This past week we witnessed two of the worst US economic reports many of us have ever seen. On Wednesday, it was reported Q1 GDP contracted 4.8% on an annualized basis, and Thursday's unemployment report brought the total number of newly unemployed to over 30 million, consuming all of the jobs gains since the depths of the Great Recession. But, even with all the bad news on the economic front over the past several weeks, the US stock market as measured by the S&P 500 posted its strongest monthly gain since 1987.

At least for now, the stock market is looking beyond the current rut to the potential for prosperity on the other side. That is certainly reasonable considering the amount of monetary and fiscal stimulus being injected into the economy and capital markets as we have been discussing for several weeks. Against this backdrop we are still compelled to ask ourselves what the trigger for re-testing the March equity drop might be. It could be an acceleration of virus cases, a state-level bankruptcy or two, or China-related backlash or retaliation. Current state of mind – hopeful but watchful.



Source: Standard & Poors

See the WCM website for more market commentary or contact us with any questions.

PORTFOLIO POSITIONING

In terms of overall positioning, we are neutral equities and underweight fixed income. We are overweight cash. Within global equities in our core portfolio series, we are overweight the U.S. and Emerging Markets, and underweight all regions in developed international equity markets. Within fixed income, we are overweight in the U.S. with a preference for mortgages. We have no exposure to non-U.S. fixed income in our core series, and limited exposure in our ESG series. Our portfolios maintain lower duration than the benchmark. Our cash position is higher than our benchmark.

RISK OUTLOOK

- Economies around the globe are beginning to reopen, an encouraging sign but it remains to be seen how long the fallout will linger. Governments have undertaken forceful fiscal and monetary measures to support their respective economies. Oddly, the stimulus is a response to governments intentionally suppressing their economies in the midst of the COVID-19 virus.
- In the last week of April, the U.S. Labor Department announced initial jobless claims climbed to nearly 30 million, far surpassing all the jobs lost during the Financial Crisis. Reports are likely to continue to be even more painful in coming weeks.
- The U.S Federal Reserve balance sheet continues to grow. It has expanded $2.4 trillion since March 4th to $6.7 trillion, an astounding amount and rate of increase. The government's fiscal stimulus plan stands at $2.8 trillion. Taken together, over $5 trillion is being injected into the US economy, a staggering amount of liquidity that is aimed at slowing or even arresting the damage to the American economy, which we saw manifested in stock and bond prices in April. We expect to see even more monetary and fiscal stimulus yet to come.
- Permanent changes to consumer behavior and global supply chains are likely to evolve over coming months and years which could create further disruption but also opportunity as more sustainable and safe sources of goods and services emerge.
- Geopolitical risk is likely to escalate as Western nations and Asia ex-China re-evaluate their trade and diplomatic relations with China in the aftermath of the COVID-19 virus outbreak. China is resisting Western requests to disclose key information regarding the origins of the virus. In the eyes of the West, it is difficult to square China's lack of transparency with its desire to be partners and stakeholders on the global stage given the toll that the virus has taken on human life and the global economy.

KEY EVENTS IN MAY

Week 1

- 5/1 U.S.: Markit Composite PMI
- 5/1 U.S.: ISM Surveys
- 5/1 U.S.: Factory and Durable Goods
- 5/1 U.K.: Markit/CIPS Composite PMI

Week 2

- 5/3 China: Caixin Composite PMI
- 5/4 Eurozone: Markit Composite PMI
- 5/7 Japan: Household Spending
- 5/7 U.S.: Labor Market Statistics
- 5/7 Japan: PMIs
- 5/7 U.S.: Initial Jobless Claims
- 5/11 China: PPI & CPI

Week 3

- 5/12 U.K.: GDP & Industrial Production
- 5/12 U.S.: CPIs
- 5/13 Eurozone: Industrial Production
- 5/14 China: Industrial Production
- 5/14 Japan: PPIs
- 5/14 China: Retail Sales
- 5/15 U.S.: Industrial Production
- 5/15 U.S.: U of Michigan Sentiment Reports

Week 4

- 5/19 Japan: Industrial Production YoY
- 5/20 U.S.: FOMC Minutes
- 5/20 U.K. CPI, PPI & Retail Prices
- 5/21 U.S.: Markit Composite PMI
- 5/21 U.S.: Initial Jobless Claims
- 5/21 Japan: National CPI
- 5/22 Eurozone: PMIs

Week 5

- 5/26 U.S.: Consumer Confidence
- 5/26 China: Industrial Profits
- 5/28 U.S.: PCE Core Deflator
- 5/28 U.S.: Initial Jobless Claims
- 5/28 Eurozone: Consumer Confidence
- 5/28 Eurozone Confidence Surveys
- 5/31 Japan: Company Profits YoY
- 5/31 China: PMIs

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It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, style, index or strategy will provide positive performance over time.

Diversification and strategic asset allocation do not guarantee a profit nor protect against a loss in declining markets. All investments are subject to risk, including the loss of principal.

The information contained herein is based upon the data available as of the date of this document and is subject to change at any time without notice.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in U.S. and longer-established non-U.S. markets.

An investment in small/mid-capitalization companies involves greater risk and price volatility than an investment in securities of larger capitalization, more established companies. Such securities may have limited marketability and the firms may have more limited product lines, markets and financial resources than larger, more established companies.

Portfolios that invest in real estate investment trusts (REITs) are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.
Portfolios that invest a significant portion of assets in one sector, issuer, geographical area or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified portfolios.

Important Disclosures: Exchange-Traded Funds

Exchange-traded funds (ETFs) are investment vehicles that are legally classified as open-end investment companies or unit investment trusts (UITs) but differ from traditional open-end investment companies or UITs. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. This can result in the fund trading at a premium or discount to its net asset value, which will affect an investor's value. Shares of certain ETFs have no or limited voting rights. ETFs are subject to risks similar to those of stocks.

ETFs included in portfolios may charge additional fees and expenses in addition to the advisory fee charged for the Selected Portfolio. These additional fees and expenses are disclosed in the respective fund/note prospectus. For complete details, please refer to the prospectus.

For additional information regarding advisory fees, please refer to the Fee Summary and/or Fee Detail pages (if included with this report) and the program sponsor's/each co-sponsor's Form ADV Part 2, Wrap Fee Brochure or other disclosure documents, which may be obtained through your advisor.

Certain ETFs have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, investors in such ETFs will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to investors on an IRS schedule K-1. Investors should consult with their tax advisors in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

**The returns cited in charts on page 1 reflect total return performance of corresponding exchange traded funds*

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