



April 10, 2020

Dear Money Management Client:

I'm sure everyone is well versed on the Corona virus, so the enclosed delightful large cash balances at quarter end should be comforting. That said, I'll jump right into our plans for all that cash. This week we started buying some great companies, which should perform nicely over the coming years. We still expect a lot more near-term volatility and possibly a re-test of the lows because we need a treatment protocol for dealing with the virus and eventually a vaccine. But the stock market is a discounting machine and all the problems are getting priced in.

“Don't fight the Fed!” There is an abundance of worldwide central bank accommodation, as well as G7 government multi trillion-dollar spending programs on the way. We're obviously going to have a disgusting second quarter GDP print, but who doesn't know that already. All the money coming is going to be sloshing around and looking for a home. And the best, most comfortable homes, are equities.

When the Fed starts to taper, which they will do when the economy gains footing, it will likely be time to start selling. You must buy when you're miserable and sell when it's wonderful.

Everything we've learned about business cycles, the boom/bust stuff, is being nullified by the FED, ECB, BOE and BOJ. In their infinite wisdom, they have decided to save the day, when wealth is threatened. Until one day, hopefully after I'm gone, when they go too far, and the world loses confidence!

After this past week's bear market rally, I was expecting a re-test of the lows, which is typical in a recession. But now I'm not so sure. This past Thursday's FED \$2.2 trillion additional loan package is just too much. The FED's balance sheet is now almost \$7 trillion and headed to \$9 trillion. That's just too much money sloshing around. They are buying everyone's treasury bonds, municipal bonds, and high yield debt. All those sellers are sitting on a mountain of cash and they won't leave it idle for long.

In summary, everyone has an opinion, but nobody knows. What we do know, is that the FED and governments have now thrown the kitchen sink at this. Don't fight the Fed! We're going to get positioned for a late 2020 or 2021 recovery.

As always, we remain committed to a conservative investment philosophy, which emphasizes the preservation of capital. If you have any questions or would like to discuss your portfolio, please do not hesitate to call.

Very truly yours,

Clay Campbell, CPA