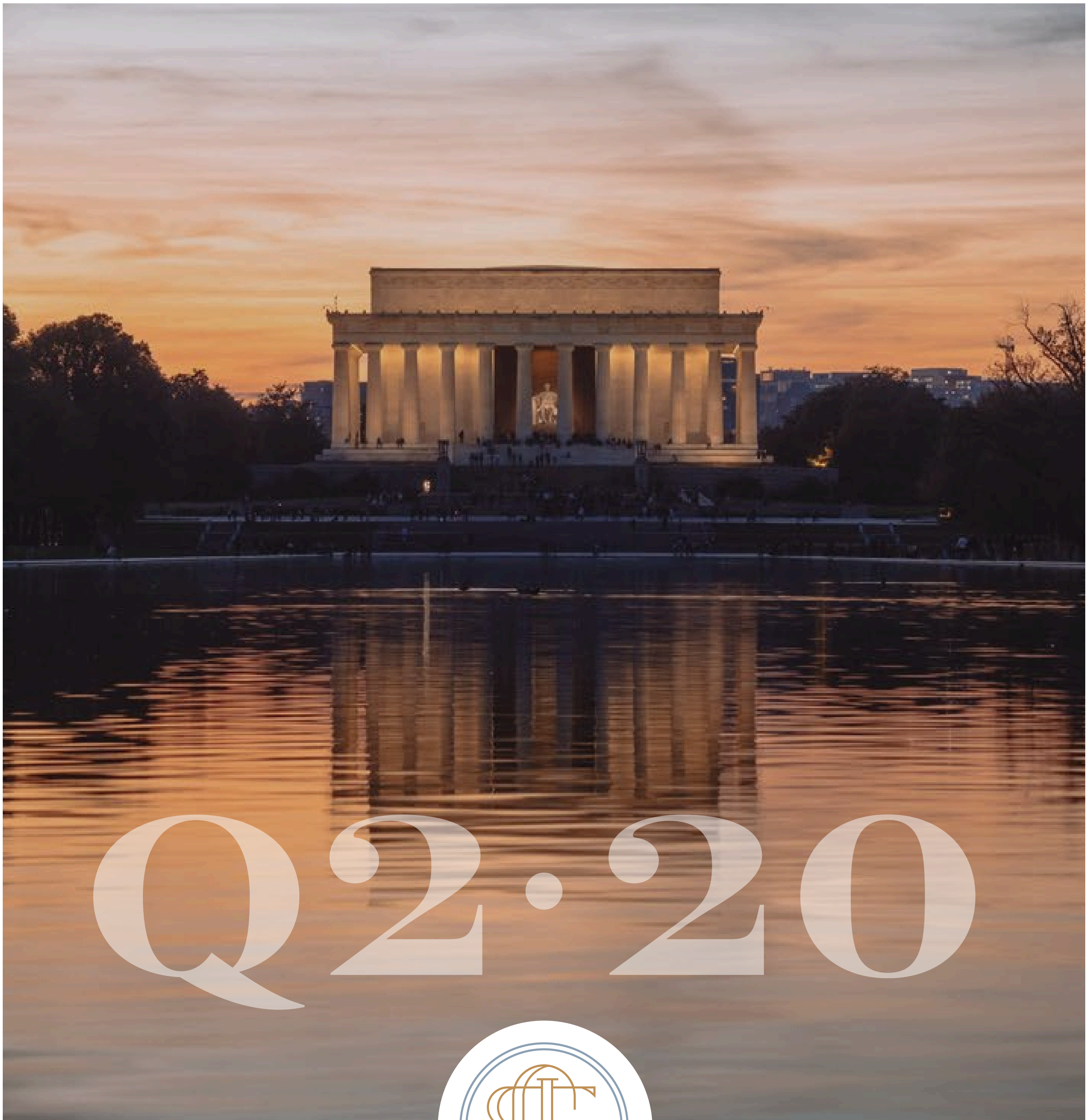
QUARTERLY MARKET REVIEW

SECOND QUARTER 2020



SARGENT

INVESTMENT GROUP

JULY 20, 2020

Dear Investors,

Congratulations on making it through the first half of the year among one of the most volatile six month periods in the history of the markets. Similar to last quarter, this was another one for the history books. However, unlike Q1, the second quarter brought a terrific and very welcomed market recovery. In an effort to highlight the volatility of our current environment we would like to recap recent history before we discuss what may be on the horizon. The S&P 500 finished 2019 with 30% plus in gains and started 2020 with an additional 5% move higher over the first month and a half. In the middle of February the markets began to key in on the potential catastrophic implications of the novel coronavirus and promptly began to decline while our government took drastic measures in an attempt to combat the spread of the virus. By late March the S&P had sold off approximately 33.5%, finishing the first quarter near the lows. Again, the government took drastic measures, although this time aimed at supporting the economy through swift and sizable fiscal and monetary policy, inspiring an amazing snap back in the markets. From trough to peak the S&P rallied over 40% in approximately two months. The net result of these remarkable reactions by the market was to finish the first half of the year a mere 3% lower than where it began on January 1st. As is often the case, simply looking at the numbers doesn't necessarily tell the full story.

Unlike most major drawdowns in equities, and contrary to what basic investing principles would suggest, recent market volatility did not reward what we know as well-balanced portfolios. Returns on dividend-paying stocks with inexpensive valuations (commonly called value stocks) have not been as positive as returns on stocks of the companies considered to be aggressive growers which, on the surface, appear to be quite expensive. Moreover, while the S&P 500 Index returned -3.1% for the first half of the year, performance was extremely concentrated. The 20 largest names in the S&P 500, including the likes of Amazon, Apple, Microsoft and Google posted an average return of 13.6% in the first half, while the "smaller" 480 names in the Index produced an average return of -11.5%. That is a difference of over 25% in just 6 months!

Just as it was impossible to predict that kind of historic divergence in performance, it is equally difficult to predict when value stocks may outperform growth stocks. What we do know is that over time the largest companies in the market do not always remain the leaders, as seen below:

1999

Top 10 Stocks in S&P 500 Index	*Portfolio Weight (%)*
Microsoft Corporation	4.89
General Electric Company	4.12
Cisco Systems, Inc.	2.84
Walmart Inc.	2.50
Exxon Mobil Corporation	2.26
Intel Corporation	2.23
Lucent Technologies Inc.	1.9
IBM Corporation	1.58
Citigroup Inc.	1.52
America Online, Inc.	1.37

2019

Top 10 Stocks in S&P 500 Index	*Portfolio Weight (%)*
Apple Inc.	4.58
Microsoft Corporation	4.5
Alphabet Inc.	2.99
Amazon.com, Inc.	2.88
Facebook, Inc. Class A	1.85
Berkshire Hathaway Inc. Class B	1.66
JPMorgan Chase & Co.	1.63
Johnson & Johnson	1.43
Visa Inc. Class A	1.20
Procter & Gamble Company	1.16

Source: FactSet

For this reason, our accounts are generally more balanced not only between stocks and fixed income, but also include large and small growth and value stocks, depending on each client's risk orientation. This is not to say that we diversify just for the sake of diversification. We believe that if our clients' accounts are balanced in line with their risk preference, and if appropriate rebalancing takes place, attractive returns will follow over the long term. Below is another table which we believe to be visually effective in illustrating this point.

																2005 - 2019	
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Ann.	Vol.
EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Fixed Income 6.1%	Large Cap 9.0%	REITs 22.2%
Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	Cash 0.5%	REITs 8.3%	EM Equity 22.1%
DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap -3.1%	Small Cap 7.9%	Comdty. 18.6%
REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. -4.5%	EM Equity 7.8%	Small Cap 17.7%
Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	High Yield -4.7%	High Yield 7.2%	DM Equity 17.3%
Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	EM Equity -9.7%	Asset Alloc. 6.6%	Large Cap 14.0%
Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	DM Equity -11.1%	DM Equity 5.3%	High Yield 10.9%
High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Small Cap -13.0%	Fixed Income 4.1%	Asset Alloc. 10.0%
Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	REITs -13.3%	Cash 1.3%	Fixed Income 3.4%
Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	Comdty. -19.4%	Comdty. -2.6%	Cash 1.0%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

This chart lists various asset classes from best performing to worst performing in each column. The years are at the top of the columns and one can see the fifteen year average performance and volatility in the final two columns to the right. The most obvious visual attribute of this table is its chaotic and random pattern, which again speaks to the challenge of predicting future performance of asset classes. Another clear attribute is the relatively consistent performance of the balanced asset allocation, as designated by the white boxes trending through the middle of the table. What this shows us is that although a balanced portfolio is never to be the top performer in a given year, it is likewise never going to be at the bottom of the list. Moreover, looking at the last two columns to the right, we can see the balanced portfolio achieves above average performance (the straight average of the 9 individual asset classes being 5.4%) while assuming well below average risk (only one other asset class being less volatile if one doesn't include cash).

Year to date 2020 has proven to be historically volatile, with plenty of unknowns remaining on the horizon. As equity markets are essentially back to flat on the year, we will look to take advantage of the second quarter's strength to make sure portfolios are appropriately balanced for the next few months as well as for the longer term. Addressing this question of appropriate balance, we are reminded of the quote from legendary investor John Templeton; "Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria". Trying to predict shorter term market movements is impossible, although in an attempt to determine where we may be in that cycle, it certainly doesn't feel like euphoria (with the exception of some of the aforementioned names). From where we sit, it feels like the markets are somewhere between skepticism and optimism, and although there are plenty of things that could go wrong, if a few of them go right, this economy may have room to run. A recovery in the economy would likely also serve as the catalyst for the reversal of performance between value and growth stocks. In summary, all of these factors highlight why we will continue to focus on appropriate balance. As always, and particularly during times like these, we appreciate the trust and confidence you have placed with us and are here working for you.

Regards,

Chris	Ricardo	Brian
CHRISTOPHER SARGENT	**RICARDO ROSENBERG**	**BRIAN McGREGOR**
Principal	Principal	Principal

Please note our attached Form CRS - Customer Relationship Summary, a new regulatory disclosure, that we are distributing to all of our existing clients. Please feel free to contact us if you have any questions on any of the information that has been provided.

Important Considerations:
The views and opinions expressed are for informational purposes only as of the date of writing and may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations to buy or sell securities. The information provided is taken from sources we believe to be reliable but it has not been independently verified. All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time. Past performance is not a guarantee of future results.

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