Foresight
Capital Management Advisors, Inc.

NAPFA-REGISTERED FINANCIAL ADVISOR

AIF® Accredited Investment Fiduciary®

Newsletter 3Q 2020 & Market Summary

Since the Covid 19 pandemic began in March 2020 the U.S. has come full circle through the shortest lived recession to enter the next recovery period of the economy. The Foresight Mutual Fund Model returns at June 30, 2020 are as follows: Conservative -3.80%, Moderate -4.68%, and Aggressive -3.79%. The markets are rebounding nicely after bottoming in March at -33%. The S&P 500 is -3.08% and foreign investments are -11.07% at June 30, 2020.

Foresight employees have been busy studying during this time….

Welcome our newest accomplishments and employees at Foresight

Justin Littleton, AAMS ®
Manager of Compliance and Operations
New AAMS® designation

Laurie S. Stegenga
CPA, PFS, CFP®, AIF®, CEPA
President
New CEPA designation

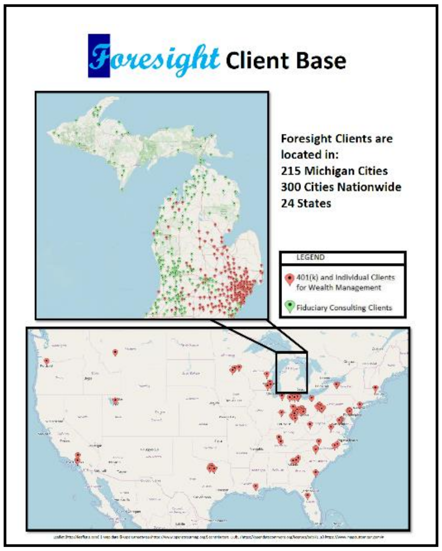
Deanna Mouat
Lead Para Planner/Assistant Financial Analyst recently graduated with bachelors in Finance

Dillon Schroeder
College Intern
Eastern Michigan University

Cody McCullough
College Intern
Northwood University

Foresight Client Appreciation Golf Outings:

Foresight is hosting two upcoming golf outings at Brookside Golf Course in Saline. We piloted the first Foresight Client Appreciation outing in July and successfully played 9-holes best-ball foursomes which ended with an investment update and luncheon. Everyone had their own cart, we had social distancing, masks were worn, and we safely enjoyed a nice round of golf! If you are interested in attending one of the next outings please email us at consultant@fcmadvisors.net and we will save you a spot! We are keeping these events to very small groups so please rsvp if you wish to attend. It will be on a first come basis as there are limited spaces available. The next Foresight Golf Outings will be Tuesday, August 25th or Thursday, September 17th Tee off is at 9:00 am and lunch is served at 11:30. We hope you can join us!



FCMA Mutual Fund Model Returns
June 30, 2020

Conservative Model	-	3.80%
Moderate Model	-	4.68%
Aggressive Model	-	3.79%

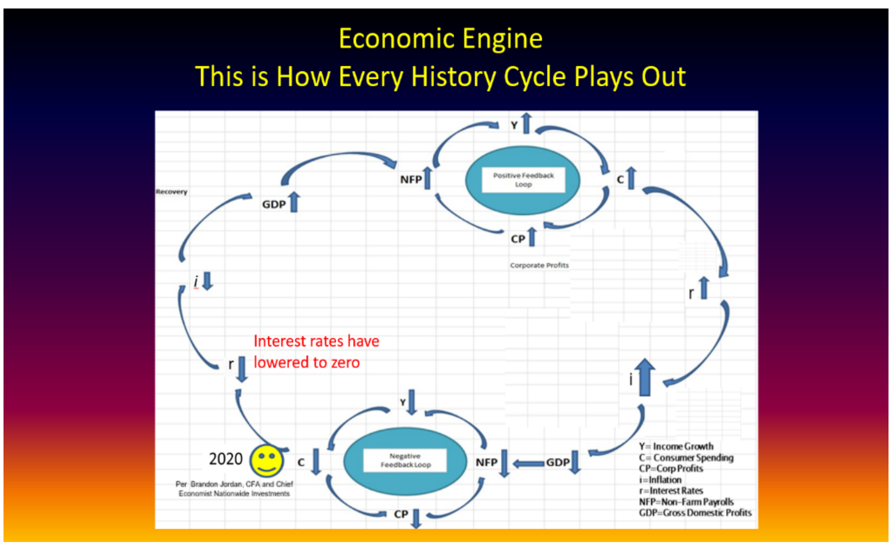
Indexes:

S&P 500 Index	-	3.08%
MSCI EAFE Foreign	-	11.07%
10Yr T-Bond Index	+	6.14%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of fees.

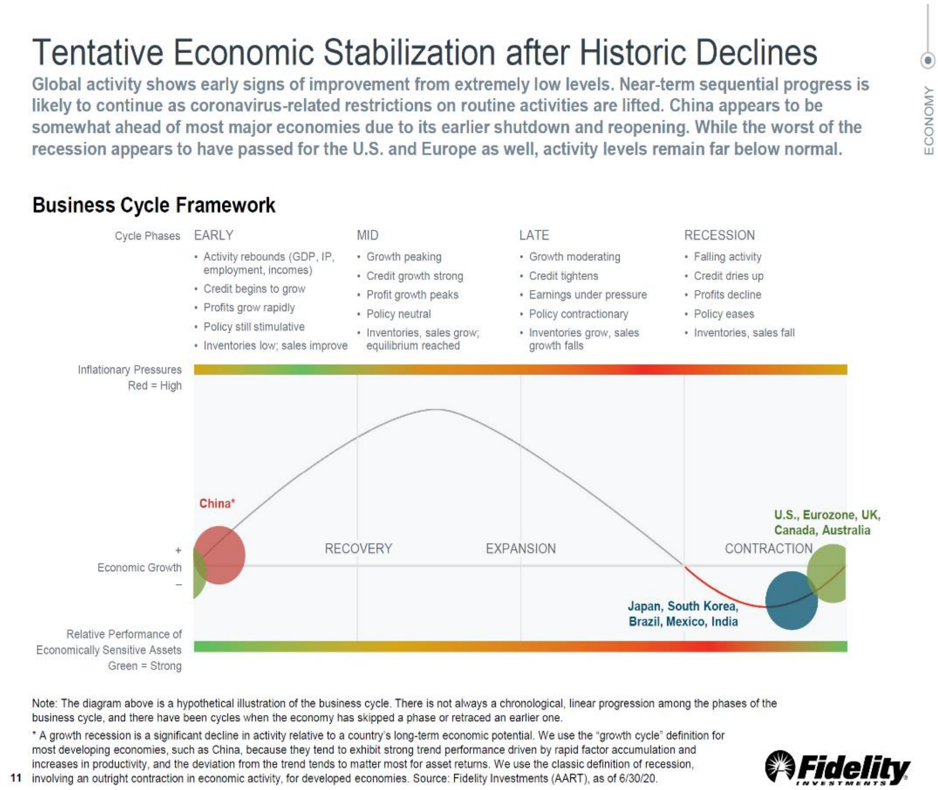
Foresight's Outlook and Portfolio Strategies

These are challenging and unimaginable times for our families, communities, and country. Every corner of the world has changed drastically over the past few months, and we are all adapting to the new normal ways of connecting with our loved ones, friends, and co-workers. The Recession of 2020 is believed to have come and gone as the shortest-lived recession in history! The U.S. is now entering the beginnings of an economic recovery.



Will it be a "V" shaped recovery or a "W" recovery is yet to be-determined. Liz Ann Sanders from Schwab in a webinar held on July 14, 2020 says, remember the beginning of W is a V and she quoted Sir John Templeton who famously said, "Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria." The Covid 19 pandemic certainly has us all fairly pessimistic from listening to all the bad news daily. However, there is a bright spot with the market and it's the rate at which it is recovering! I believe it says something for how strong the U.S. was coming into this pandemic and recession. The speed at which the Federal Stimulus packages were implemented was certainly quicker than in the

2008 recession. The stimulus checks kept commerce going, despite the skyrocketing unemployment which reached 14.7% with 17.75 million without work in April, but the increased $600 of unemployment pay and stimulus checks of $1,200 certainly assisted and has bridged the Covid time. Currently unemployment is at 11.1% as of June 30, 2020. The Fidelity chart to the right, shows the U.S. which is the green dot through the recession contraction period on the right side of the chart. Then notice on the left of the chart the tip of the green dot is beginning the ascent of the recovery phase just behind China. The Federal Reserve has lowered interest rates to zero and is expected to keep interest rates at zero until 2022. Inflation is expected to stay low and increase slightly as we move forward into recovery. The U.S. GDP for 1Q 2020 was -5% and is expected to be negative in 2Q as well. However, according to Factset the S&P 500 stocks have posted better than expected with 81% beating or meeting their EPS and 71% have beat or met their revenue targets through 2Q 2020!



The upcoming elections, no matter which party is elected, it is believed there is one thing that can be counted on to happen, which is taxes are likely to increase. Therefore, it is very important to consider Roth conversions and saving into Roth IRA and Roth 401(k)/403(b)'s over the next couple of years before the tax rates are hiked. Please contact Foresight if you have any questions regarding the Roth savings ideas and we can help you determine what makes sense for your situation.

Covid 19 has sent the globe into a pandemic beyond imagine and has economists and global leaders all seeking the best way to navigate the ever-changing landscape economically. Health officials seem to change guidance as well because Covid 19 is said to be a very tricky virus. Family members in the medical field have recommended focusing on the Covid death rates going forward rather than the number of Covid cases reported. It is believed the health profession has learned quite a bit about treating Covid 19 and has enough therapeutic treatments that death rates should begin to decline despite the increased number of Covid cases. Some hospitals are able to save 95% of the Covid victims now so the odds are in your favor. CBS News on March 2nd

stated that it is expected 70% of the world population will get Covid 19 before the vaccination is found. So, we are all in this together and need to be as safe as possible about our loved ones and our lives, until safer days abound.

The CARES Act committed $2.2 trillion which aided businesses with PPP funds, stimulus checks of $1,200 each for workers and dependents, and $600 extra weekly for unemployment relief. All this happened at record speed in March and April 2020 as the Covid 19 virus was shutting down the U.S. The good news is the HEALS Act is soon to give more federal stimulus and is expected to be enacted in August 2020. The HEALS Act in the range of $1 to $3 trillion will focus on extending the unemployment relief but at an extra $200-$400 per week, give incentives for return to work, add additional stimulus checks of $1,200 for workers and dependents, and provide aid to schools and municipalities. Negotiations are underway and this is expected to become law in the August September timeframe.

Most economists believe the recession has ended and we are in the start of a recovery phase so Foresight has begun to move the portfolios into their normal post-recession risk level allocations to seize the opportunities. We see opportunities in technology, foreign and emerging markets, U.S. small and mid cap stocks, U.S large growth stocks, convertible bonds, TIPS, and gold. We continue to monitor the stock portfolios weekly and have stop-losses on most double-digit gains within the stock portfolios. The Foresight portfolios for 2Q 2020 focused on defensive safe value holdings to weather the Covid 19 pandemic, but now we are looking to the future as the economy heals and where the next growth areas will be. We have reduced U.S. stocks and added more foreign stocks. In fixed income we reduced long term bonds and are adding convertible bonds. Please contact us if you have any questions about your portfolios. As we approach the election time this fall, we will likely be raising the cash allocation during the 3Q and continue to protect the portfolios with stop losses on stocks with high unrealized gains. We will be focused on portfolio safety during this time, keeping in mind that historically election years are positive and 6-8 months following a recession markets are historically positive.

Foresight Planning Ideas

CARES ACT 2020: RMDs have been waived for 2020. You can take hardship withdrawals up to $100k from your 401(k)/403(b) plan if effected by Covid 19 with no 10% penalty. Loans can be up to $100k from your 401(k) or 403(b) plan if taken by September 27, 2020. There will be up to a $300 charitable deduction in 2020 for contributions to 501(c)3 organizations. The PPP-Paycheck Protection Plan is available for companies to obtain grant and loan funds through August 8, 2020.

HEALS ACT 2020: Soon to be law is focusing on extending extra unemployment funds, adding another $1200 stimulus check, and might aid schools and municipalities.

Michigan No-Fault Auto Insurance Law Changed: On July 1, 2020 the no- fault auto law changed in Michigan. Law makers in an effort to lower auto insurance costs, now require drivers to choose at what level of PIP-Personal Injury Protection their auto insurance will cover them and passengers for medical bills should an accident occur. A few highlights are auto insurance in Michigan now only covers people living in your residence. Guest riders and out of state students no longer are covered. If negligent occurs in an accident, increased lawsuits will occur because more drivers will be reducing their auto insurance PIP coverage. It is now highly recommended that drivers purchase an additional personal liability insurance policy in addition to their auto insurance to protect them should their auto insurance coverage fall short. We strongly encourage you to understand this law before renewing your auto insurance.

SECURE ACT 2019: The recently passed SECURE Act has led to many changes in the retirement landscape. Most noticeably, the RMD required beginning date age for individuals turning 70 ½ after 12/31/2019 has changed to 72 years old. In addition to the later required RMD beginning date, individuals can now continue to contribute to an IRA passed 70 1/2 if they have working wages. However, a trade-off of the SECURE Act is that non-spouse beneficiaries of IRA's (inherited IRA's) must now distribute the entire account balance by the end of the 10-year period preceding the passing of the individual they are inheriting the IRA from. Another addition from the SECURE Act is that part-time employees now have easier access to participating in their company's retirement plan by working either 1,000 hours a year or by working at least 500 hours for three consecutive years. Please visit https://www.congress.gov/bill/116th-congress/house-bill/1994 for more information.

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. We are offering a series of GoToMeetings this fall to learn more about the steps necessary to see what your business is worth before pursuing an exit or discussions with potential buyers. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

IRS Contribution Limits increase for 2020: *401(k),403(b), and 457 savings limits for 2020 rise $500 up to $19,500 deferral max and for 50+ $26,000 deferral, and IRA limits remain the same at $6,000 and if age 50+ $7,000. HSA limits rise for single $50 up to $3,550 and for family up $100 to $7,100 and if 55+ up to $8,100.*

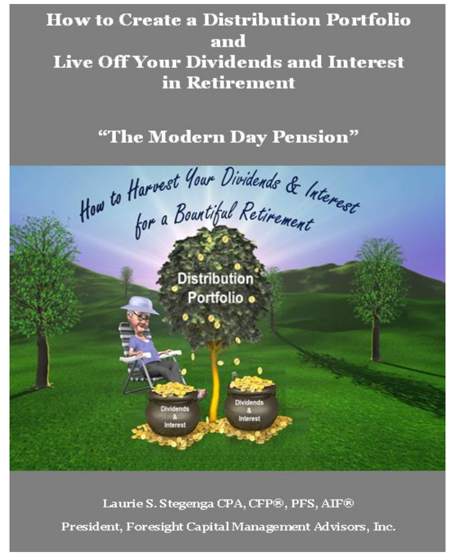
Alert on Writing Dates: *The year 2020 should always be written out in its entirety because if you only write 20 then someone could back date your document by simply writing any number after the 20 and it becomes back dated!*

Estates Risk that Needs to Be Addressed regarding Passwords: With Covid 19 risks we are recommending everyone review their trusts, wills, and estate plan to be sure everything is in order. Many of you have wills and trusts, however there is a very important list of your Passwords and Logins that need to be added to your documents. More and more elderly are leaving without this documented and loved ones have a big mess to resolve! Even though the trust is in place if you do not have a list of what the estate has because everything is an electronic statement and passwords are needed to locate these statements then it is very hard for a trustee to move forward. My recommendation is to make a very accurate list, and update this yearly, of all your passwords, user-ids, and logins to everything, even your cell phone password and attach this list to your trust documents. At least this way your loved ones have a starting point. It would be a shame to leave something behind in the cyber electronic world because there was no password to unlock the assets.

New Fiduciary Vetted Annuities are now available at Foresight: The NAPFA organization has worked to create a series of annuities that Foresight, a fee only registered investment advisory firm, can continuously rebalance quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities grow between 6%-7% over the next 10 years, which will double the investment during this time. Contact us at 877-429-4680 for more information.

The New Foresight Whitepaper released January 2020!

Foresight is pleased to announce our newest published piece which details the key steps of how to invest your portfolios for retirement! Most people work all their lives saving money in their employers' 401(k), 403(b), and 457 plans. When they are nearing retirement, they do not realize it is best to transform these portfolios from mutual fund portfolios into distribution portfolios! The reason for doing this is the key message of our latest white paper titled, "The Modern Day Pension – How to Create a Distribution Portfolio and Harvest Your Dividends and Interest for a Bountiful Retirement".



New Health Savings Accounts - HSAs with Foresight: Foresight now offers HSA accounts for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening an HSA = Health Savings Account with Foresight. The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us.

Foresight's Web Portal Reporting: The Web Portal is for your protection and information security. We want our communication to be timely and beneficial to you. Go to https://fp.morningstar.com. If you have any access issues, please call or email us at 1-877-429-4690 or mgallagher@fcmadvisors.net.

Roth 401(k)'s should be rolled to an IRA before age 72: it is wise to roll these funds to a Roth IRA before you turn 72 because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 72 then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Roth IRA Ideas: If interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $6k in a Non-deductible IRA, and $7k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com, Noblepension.com, or Sentinelgroup.com retirement participant. For individual clients at TD Ameritrade access Advisorclient.com for Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to https://fp.morningstar.com. If you have any difficulty accessing your account, please email or contact us.

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Market Update
(all values as of 06.30.2020)

Stock Indices:

Dow Jones	25,812
S&P 500	3,100
Nasdaq	10,058

Bond Sector Yields:

2 Yr Treasury	0.16%
10 Yr Treasury	0.66%
10 Yr Municipal	0.86%
High Yield	6.81%

YTD Market Returns:

Dow Jones	-9.55%
S&P 500	-4.04%
Nasdaq	12.11%
MSCI-EAFE	-12.59%
MSCI-Europe	-14.03%
MSCI-Pacific	-10.25%
MSCI-Emg Mkt	-10.73%
US Agg Bond	6.13%
US Corp Bond	5.03%
US Gov't Bond	7.20%

Commodity Prices:

Gold	1,798
Silver	18.55
Oil (WTI)	39.61

Currencies:

Dollar / Euro	1.12
Dollar / Pound	1.23
Yen / Dollar	107.39
Dollar / Canadian	0.73

Macro Overview

Concern has elevated regarding the possibility of a second wave of COVID-19 infections following a surge in cases across the country. Markets, however, continued to shrug off dismal economic data amid pandemic worries, as a sporadic easing of restrictions targeting businesses came about. The second quarter, which ended June 30th, saw a rebound in all eleven sectors of the S&P 500 Index, a reversal following the first quarter of the year.

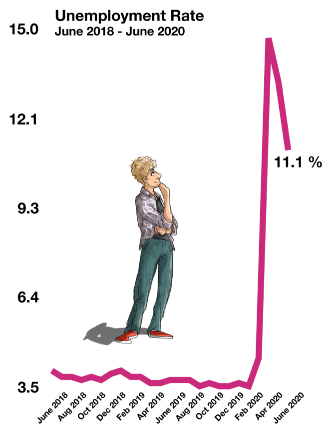
The increase in new coronavirus cases in various states and cities has escalated anxiety among investors and market analysts. Fear of a second wave of infections has led to re-closures by some cities and businesses, inflicting further harm on already struggling businesses. The variance of methods being utilized by states and cities continues to be vastly inconsistent.

The World Health Organization (WHO) suggested that certain countries and regions reinstate lockdowns in order to stem an acceleration of the pandemic. The WHO also believes that the United States and the world will eventually need to learn to live with virus outbreaks and the turmoil that accompanies them.

The Federal Reserve is placing safeguards in place, should a second wave of infections emerge which could further debilitate economic activity. The safeguards include two newly created lending programs to facilitate liquidity for cities and businesses across the country. The Municipal Liquidity Facility provides essential funds to cities and municipalities suffering from the financial fallout of the outbreak, and the Main Street Lending Program provides loans to small and mid-sized businesses.

The Department of Labor acknowledged that it misclassified 4.9 million non working people as newly employed for the month of May. The May employment data was initially questioned by economists and market analysts, yet propelled equity markets when released. Such data mishaps can place Labor Department data as well as data from other government entities into question. June employment data revealed a decrease in the unemployment rate, propelled by a resurgence in restaurant, hospitality, and leisure jobs.

The European Union (EU) remained closed to U.S. travelers this past month despite borders opening up to residents from other countries as of late June. In response to the steady increase of reported COVID-19 cases within U.S. borders, the EU extended the original July 1st travel ban suspension noting epidemiological factors as the justification.



The Congressional Budget Office (CBO) estimates that the virus outbreak will cost the U.S. economy $7.9 trillion over the next ten years. The uncertainty of how the virus may evolve and when a vaccine is introduced will alter cost estimates. (Sources: Fed, CBO, U.S. Treasury, CDC, Labor Department, WHO)

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25% OF WORKERS AGES 16 TO 24 LOST THEIR JOBS FROM FEBRUARY TO MAY

Equities Remain Resilient – Domestic Equity Update

Equities rebounded in the second quarter, with all eleven sectors of the S&P 500 Index positive for the quarter. Sectors with the most advancements included consumer discretionary, energy, materials and technology. Economists and analysts believe that the upswing in these sectors is representative of an economic recovery, yet hinged on the risk of a second outbreak wave.

The technology heavy Nasdaq Index has outperformed the S&P 500 and the Dow Jones Industrial Index both year to date and for the second quarter. Some stock analysts believe that the disparity in performance is reminiscent of the dot-com expansion 20 years ago. (Sources: S&P, Nasdaq, Dow Jones, Bloomberg)

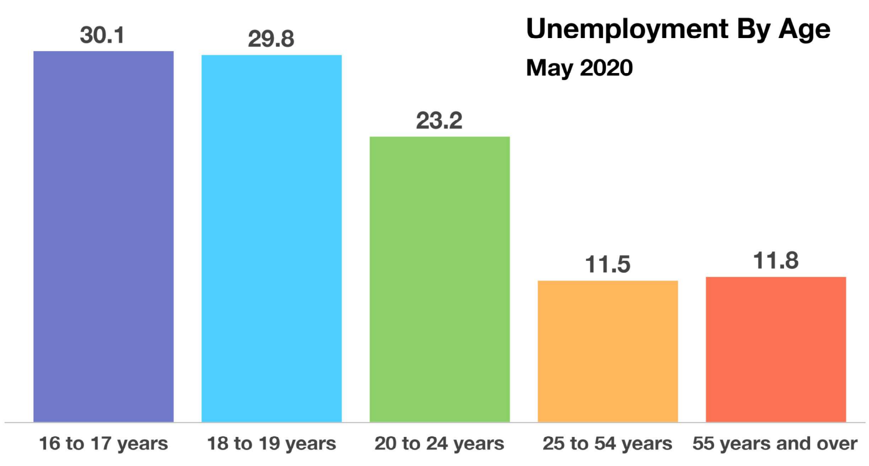
Rates Stabilize In June – Fixed Income Overview

Federal Reserve buying of debt securities continued in the second quarter under the Secondary Market Corporate Credit Facility program, which was established to maintain liquidity in the bond markets. Individual corporate bonds and ETFs have been part of the Fed's buying program, which was launched in mid-June. Bonds purchased so far include debt issues from both investment grade and non-investment grade rated companies.

Corporate and government bonds continued to post positive returns in the second quarter, as yields stabilized following the dramatic drop in yields during the first quarter of the year. The benchmark 10-year Treasury bond yield closed at 0.66% at the end of June, helping to boost consumer lending and mortgage rates. (Sources: Treasury Dept., Federal Reserve, Bloomberg)

Unemployment Hits Young Workers Hardest – Labor Market Overview

Unemployment has hit younger workers the hardest, with roughly 25% of workers ages 16 to 24 losing their jobs from February to May due to the virus outbreak. Traditional sectors employing mostly younger workers, such as leisure, hospitality, and restaurants, have suffered dramatic drops in business activity since the outbreak.



Current conditions brought about by the pandemic have made it even more challenging for high school and college students, as well as graduates, to find short term and summer job positions.

Younger workers 16-19 years of age are experiencing unemployment rates as high as 30%, more than double the rate this same time last year. Teenagers are seeing nearly triple the amount of unemployed compared to all other age groups nationally, which is 11.1% unemployment as of the most recent data reported by the Department of Labor. (Sources: DOL, BLS)

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UNLIKE PPP LOANS, MAIN STREET LOANS ARE NOT GRANTS AND CAN'T BE FORGIVEN

Fed Main Street Loan Program – Stimulus Program Overview

In addition to the stimulus loan programs brought about by the CAREs Act, the Federal Reserve has introduced its own stimulus program known as the Main Street Loan Program.

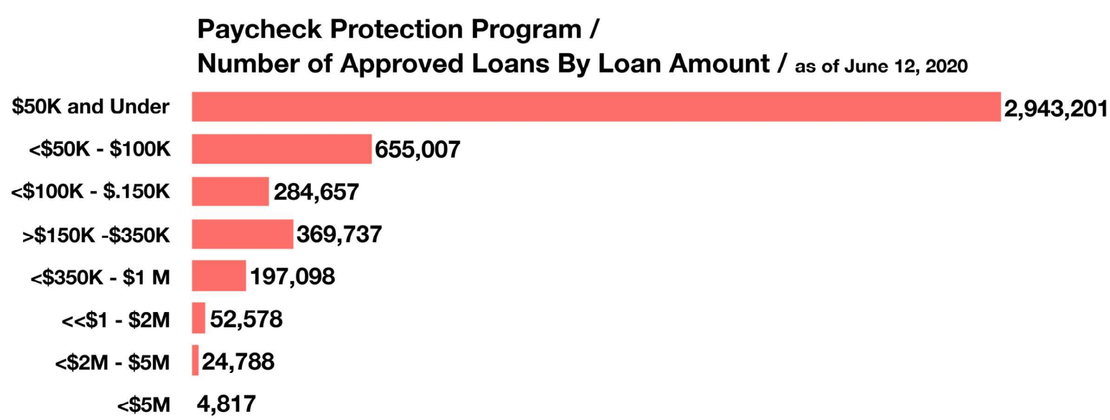
The program is designed to help credit flow to small and medium sized businesses that were in sound financial condition before the onset of COVID-19, and are recovering from, or adapting to, the impacts of the pandemic. The program offers 5-year loans, with floating rates, and deferred principal and interest payments to assist businesses facing temporary cash flow interruptions. Loans range in size from $250,000 to $300 million, offering a wide range supporting a broad set of business entities. Different from PPP loans, Main Street Program loans are not grants and can't be forgiven.

The Fed is participating in the lending process by taking a 95% interest in the loans issued, while lenders retain 5% of the loans. The unusual tactic of taking an interest in the loans allows the Fed to actually assume a risk in the loans issued. Businesses can inquire about eligibility for a Main Street Program loan by accessing the Fed's link https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm. (Source: Federal Reserve Bank of Boston)

Small Business Loan Program Still Has Funds – Stimulus Program Review

Three months following the administration's launch of pandemic relief programs, major debates have arisen in response to the remaining surplus of undirected funds in conjunction with the Paycheck Protection Program (PPP). The program was established to assist small businesses with critical funds in order to remain in business during the pandemic.

PPP loan measures have been taken and proposed by congressional members considering the excuse of loans $150,000 or less, which represents nearly 85% of all PPP loans, in order to minimize the burden while utilizing a minimal proportion of the Paycheck Protection Program's overall expenditure.



After the Small Business Administration's approval of increased loans, the program's outlays are the largest financial outlay within COVID-19 spending. Loan applications have shown promising results to nearly 81% of PPP loan applicants, many reporting having already received the funds.

Unless extended by Congress, the Paycheck Protection Program stopped accepting new loan applications on June 30, 2020. As of June 12, 2020, the SBA reported that over 4.5 million PPP loans had been approved, with an average loan amount of $113,000. (Sources: SBA, congress.gov, NFIB)

IRAS AND 401(K)S ARE ALLOWED TO HAVE WITHDRAWALS UP TO $100,000

Tapping 401k & Retirement Plan Assets During The Crisis – Retirement Planning

Provisions initiated by the CAREs Act allows for the withdrawal of retirement plan assets with waived penalties and minimized tax liabilities. During the current tax year, retirement account owners will be able to withdraw funds from 401k plans, tax deferred plans, and IRAs without any penalties. Loan limitations on company sponsored 401k plans will also be relaxed, allowing employees to take larger loan amounts. Required Minimum Distributions (RMD)s are also being waived for 2020 distributions.

Section 2202 under the CAREs Act enacted on March 27, 2020, provides for special distribution options and rollover rules for retirement plans and IRAs. Under the revised rules, IRA owners and retirement plan participants are allowed to withdraw up to $100,000, but must meet certain criteria to qualify. The IRS notes the following as criteria to meet:

<u>You are diagnosed with the coronavirus (COVID-19); Your spouse is diagnosed with the coronavirus (COVID-19); You experience adverse financial consequences as a result of being quarantined, furloughed, laid off, or having reduced work hours all due to COVID-19; Unable to work due to a lack of child care as result of COVID-19; Experience adverse financial consequences as a result of closing a business or loss of hours as a result of COVID-19.</u>

Distributions from IRAs and qualified plans will have the 10% penalty waived but are still taxed at the individual owner's corresponding tax rate. Qualified distributions up to the $100,000 maximum are for distributions made between January 1, 2020 and December 30, 2020. Taxes on distributions may be paid over a three year period starting with the year in which the initial distribution was made. Distributions may also be repaid back to an IRA or qualified plan over a three year period to avoid any tax consequences. (Source: https://www.irs.gov/newsroom/coronavirus-related-relief-for-retirement-plans-and-iras-questions-and-answers)

Mortgage Foreclosure Moratorium Extended – Housing Market Update

In an effort to help keep homeowners and renters suffering from financial burdens due to the pandemic in their homes, federal foreclosure and eviction moratoriums are being extended to August 31, 2020 from the original expiration date of June 30th. FHA-insured single family mortgages backed by the U.S. Department of Housing & Urban Development (HUD), will have an extension on moratoriums until the end of June. So, the expiration on moratoriums depends on what entity insures the mortgage loan. Lenders of unpaid mortgages during the moratorium, are required to halt foreclosure actions and suspend any foreclosure proceedings that may have been in process. Evictions of residents renting from homeowners in moratorium, are also forbidden until the expiration of the moratorium.

It is suggested that homeowners continue to make mortgage payments during the moratorium period. If unable to, then homeowners may seek forbearance on the payments via a provision in the CAREs Act. Homeowners affected by the coronavirus pandemic with a federally-backed loan can delay or reduce mortgage payments for up to a year. Homeowners that don't have a government backed loan may get forbearance at the discretion of their mortgage lender. (Sources: Fannie Mae, Freddie Mac, HUD)

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THE NATION'S UNEMPLOYMENT RATE SKYROCKETED TO 14.7% IN APRIL

Low Rates Supplement Economy – Fixed Income Update

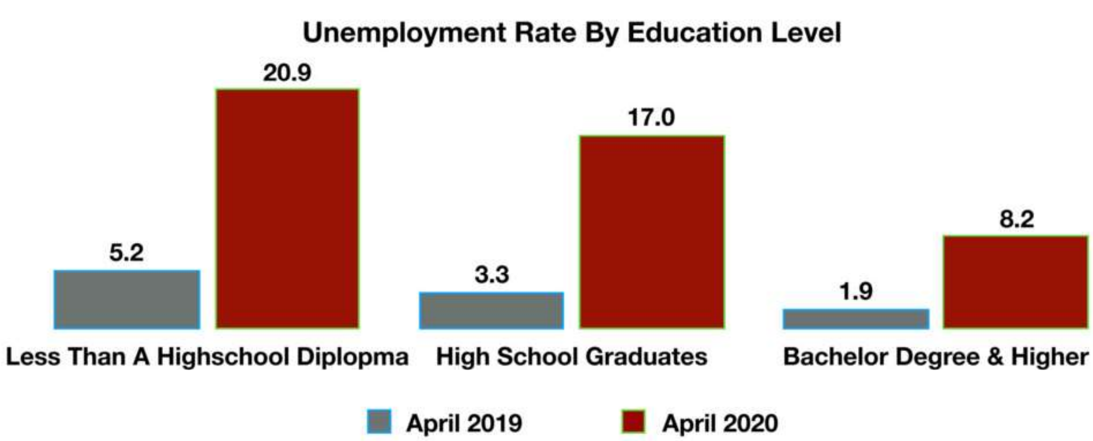
Interest rates held steady in May, with the benchmark 10-year Treasury bond yielding 0.65% at the end of May. The continued low-rate environment is helping to sustain certain industries in the form of low loan rates, such as for autos and homes. Talk of negative rates in the U.S. became more commonplace as other developed economies continued to drive their rates to near zero and below with the objective of stimulating economic activity. The Fed chair reiterated the central bank's stance on negative rates, stating that it was not a target for the time being. The Fed is opposed to negative rates because of the detrimental effects it imposes on money market funds, government funding calculations and banks. Investment grade bond issuance surpassed $1 trillion worth of new debt since the beginning of the year, an amount that wasn't reached last year until November. The Fed's announcement to purchase $750 billion of corporate debt as part of its stimulus program has stimulated new activity as demand has increased.
(Sources: Treasury Dept., Federal Reserve Bank)

Where Unemployment Is Hitting The Hardest – Labor Market Demographics

The nation's unemployment rate skyrocketed to 14.7% in April, representing the largest percentage of unemployed workers since the great depression, when the rate reached 25% in 1933. The pandemic's affect on the labor force has been extensive and rapid, resulting in a dramatic increase in the unemployment rate.

What has truly made this spike in unemployment unique is the fact that all sectors of the economy have been affected, along with all income and education levels. Data compiled by the Department of Labor show that all income and education levels fell considerably in April 2020. Unemployment has historically been highest for non-high school graduates and recent high school graduates, relative to those with bachelor and masters degrees who traditionally see the lowest unemployment rates.

Unemployment for non-high school grads rose to over 20% in April, up from 5.2% in April 2019, while workers with a bachelors degree and higher experienced 8.2% unemployment in April. The surprise with the latest unemployment numbers for higher educated workers was the exponential increase from a year earlier,
when only 1.9% were unemployed. Economists view this as a validation of the profound effect the pandemic has had on the labor market. (Source: Department ofn Labor)



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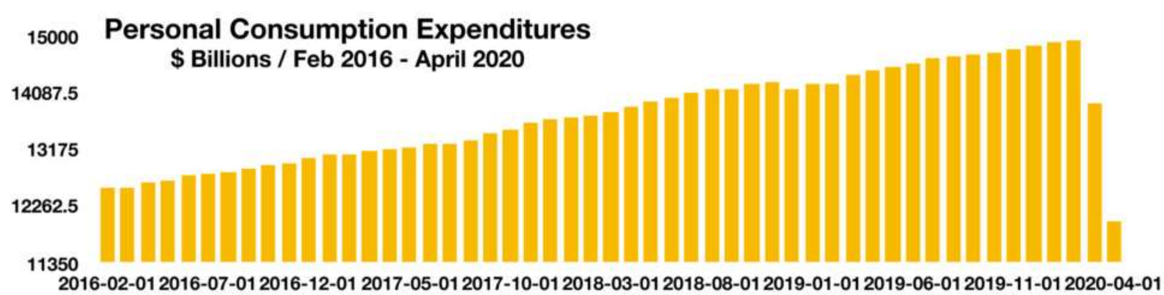
68% OF JOBLESS WORKERS ARE BRINGING HOME MORE THAN WHAT THEIR JOB WAS PAYING THEM

Consumers Spending Much Less – Consumer Behavior

Recovery to the economy has become hinged on the ability of the American consumer to regain confidence and start spending again. What consumers spend on goods and services represents roughly 70% of Gross Domestic Product (GDP). The Commerce Department, which tracks what consumers spend money on and how much they spend each month, reported the largest monthly drop in Personal Consumption Expenditures (PCE) since data tracking began in 1959. March PCE saw a 7.5% decline in consumer expenditures, as the pandemic restrained discretionary spending leading to a drop in over $1.1 billion in expenditures. Expenditures composing the PCE Index include automobiles, food, housing, furniture, health care, and clothing.

Consumer behavior has been altered since the pandemic began, with a drop for certain items such as cars, furniture, and clothing, yet with an increase in food purchases at grocery stores. Many believe that it may be months before there is a better gauge of what consumers will be buying and where the demand may be.

(Source: U.S. Commerce Department)



Over Half of Unemployed Making More Than When Employed – Employment Update

The National Bureau of Economic Research released findings of a study examining the amount of unemployment benefits recipients are being paid. The study found that roughly 68% of jobless workers are bringing home more than what their job was paying them. The combination of state and federal unemployment benefits have been extremely generous with the passage of the $2.2 trillion CAREs Act. Unemployment benefit payments replaced an average of 134% of lost wages for the average jobless worker. State unemployment benefits vary as to how long they last, however the federal unemployment benefits of $600 per week are due to expire at the end of July. Findings from the study show that lower income workers have benefited the most from the enhanced unemployment payments, whose jobs may not be there when they return to work, due to the industries affected employing lower wage workers.

(Source: National Bureau of Economic Research)