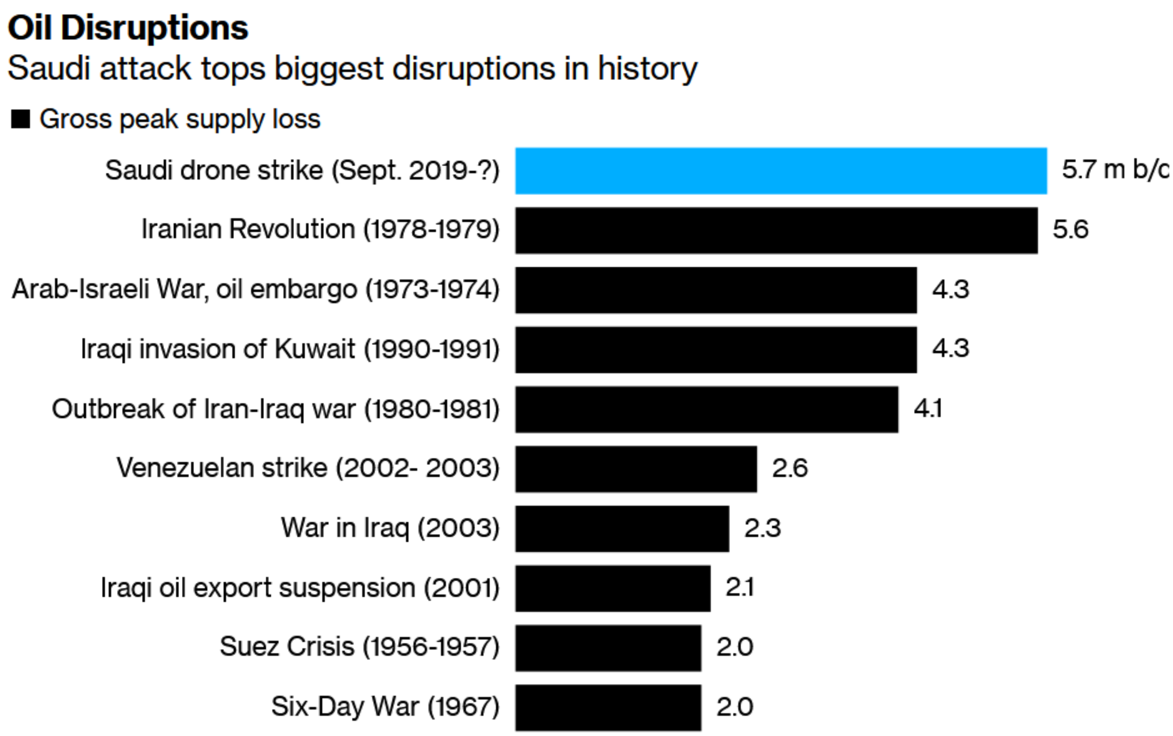
KARMIN CAPITAL

September 2019 – The Risks of Complacency

For months, Saudi Arabia's energy infrastructure has withstood periodic drone attacks from Iranian proxies in Yemen and Iraq without suffering material damage. Despite the heightened risk of a major strike to critical energy assets, oil markets have barely blinked (in fact oil prices have edged lower) as energy investors have focused more on sluggish supply/demand fundamentals than the increasing tensions in the Middle East. This all changed over the weekend following alleged Iranian cruise missile and drone strikes on Saudi Arabia's Abqaiq crude oil processing plant – perhaps the most critical piece of oil infrastructure in the world – that has temporarily reduced Saudi oil output by roughly 50%, or the equivalent of 5% of daily global oil consumption.[1] With oil prices surging close to 15% as of the time of this writing (one of the largest one-day gains in the last 30 years),[2] it is clear that investors had underpriced geopolitical risks in the energy market.



Perhaps investors grew complacent with the consensus analysis that oil prices were unlikely to meaningfully rise given abundant global supplies, elevated inventories and disappointing demand growth. While, the risk of a geopolitical shock like the Abqaiq attack has increased over the last year as Saudi Arabia's proxy war with Iran has escalated, that risk has been easy to ignore given that it never materialized until this weekend.

This illustrates the tendency of investors and markets to extrapolate the status quo into the future despite the ever-present probability that the future will be markedly different than the past.

Investing with the consensus often proves to be profitable, as markets are generally efficient at pricing in current and expected future trends. However, future trends are always subject to change, and when they suddenly do, investors are typically caught off guard. In such instances, volatility usually spikes as investors quickly reposition their portfolios for the revised investment outlook. While we generally respect consensus expectations, we try not to become too complacent in our analysis, as complacency may leave our portfolios subject to unexpected shocks that we'd rather avoid. **As we survey markets, there are a number of areas outside the energy sector where we think investors have grown too complacent and could face a harsh awakening should data or expectations shift.** The point of reviewing these areas is not to encourage a dramatic repositioning of our portfolios, but to beware of potential risks and reinforce the argument for portfolio diversification.

1. Growth/Momentum vs. Value/Cyclicals; and Large Cap vs. Small Cap

As low interest rates have persisted, with concerns about a potential recession rising, investors have bid up assets that they perceive to be safer (such as large cap and defensive stocks) at the expense of assets that exhibit greater volatility (such as small cap stocks and cyclicals). Additionally, given the concerns over long-term economic growth, investors have paid premium valuations for growth firms (largely technology and consumer discretionary companies) at the expense of value firms (such as financials, energy, industrials and materials). As the rise of passive and factor-based investing strategies have proliferated (both among retail and institutional investors), these trends have been exacerbated by the steady flow of capital into large cap, growth, low volatility and momentum strategies.[3] The result has been an enormous performance and valuation gap between large-cap and small cap stocks, as well as growth/momentum and value/cyclical stocks. Please see the addendum for examples of stocks impacted by factor-based investing in growth, momentum, quality, low volatility and value strategies.

As highlighted by JPMorgan in June, the gap between the price to earnings ratio (PE Ratio) of value stocks and the broader S&P 500 reached its 1999 low earlier this summer, while the PE Ratio spread between value stocks and expensive stocks (or those with high valuations – typically growth firms) reached its second lowest level since the peak of the technology bubble in 2000.[4] As an aside, European value stocks are trading at an even cheaper valuation than those in the U.S.

Value Record Cheap vs Market and Historically

Figure 34: Fwd P/E Spread – Value vs Market

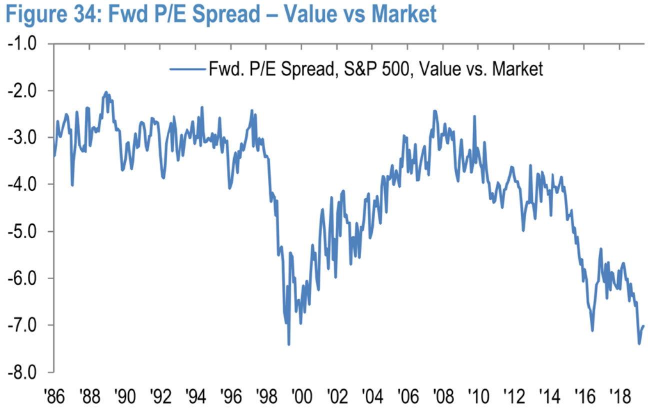
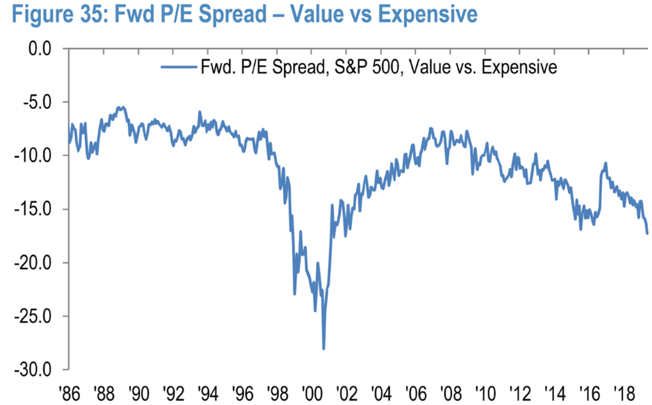


Figure 35: Fwd P/E Spread – Value vs Expensive



Similarly, the PE Ratio gap between value and momentum stocks, as well as value and low volatility stocks reached historic extremes by the end of August this year.[5]

Figure 5: Fwd P/E Spread: Momentum vs Value

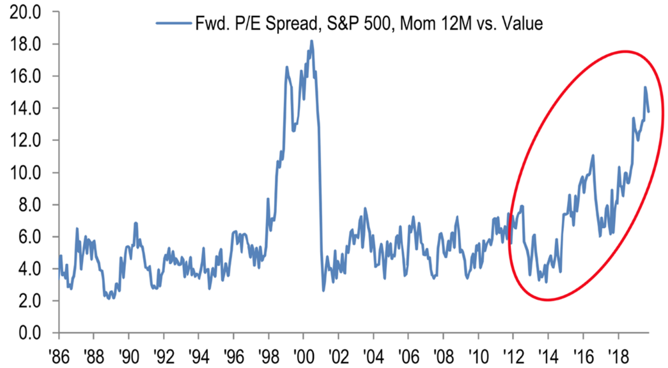
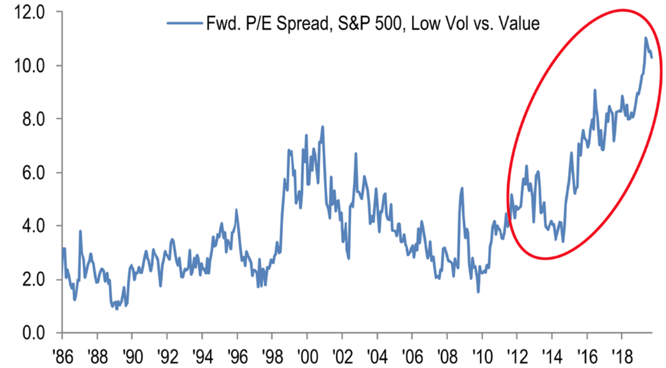
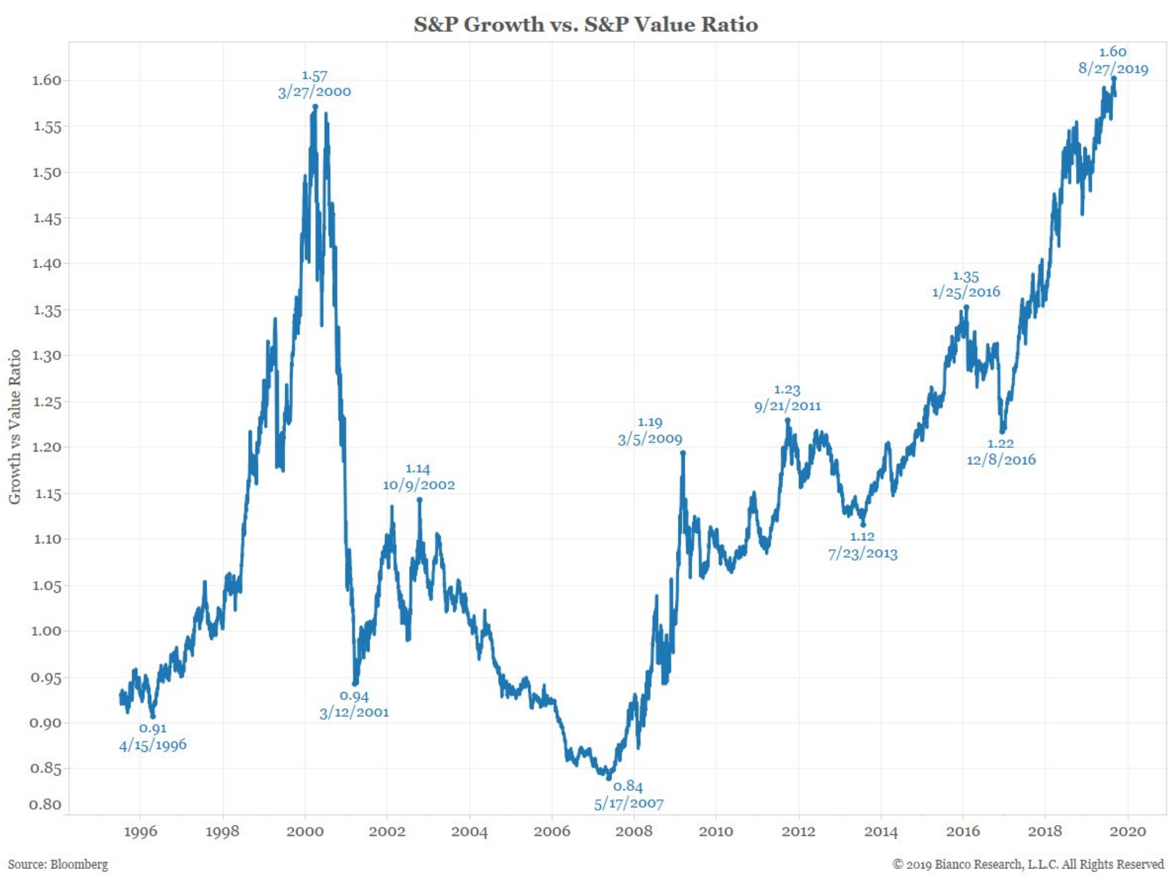


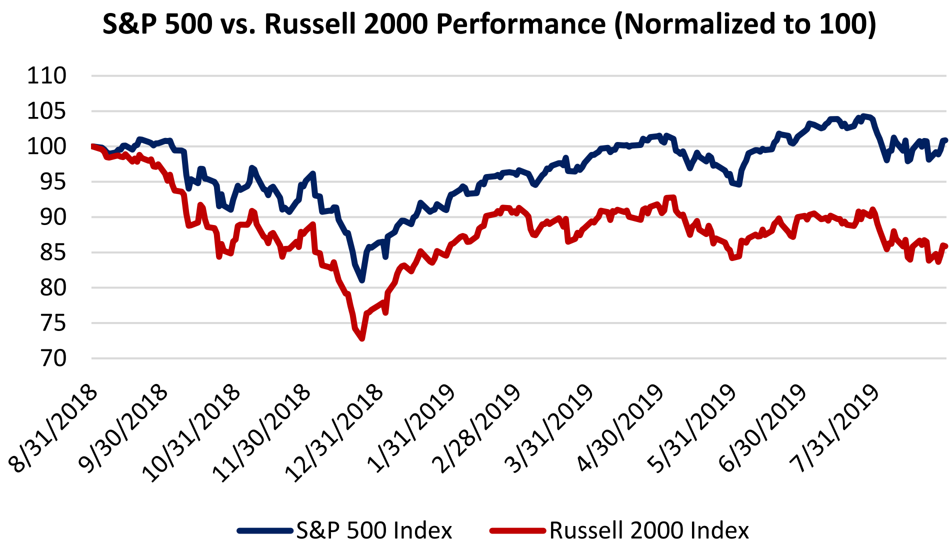
Figure 6: Fwd P/E Spread: Low Vol vs Value



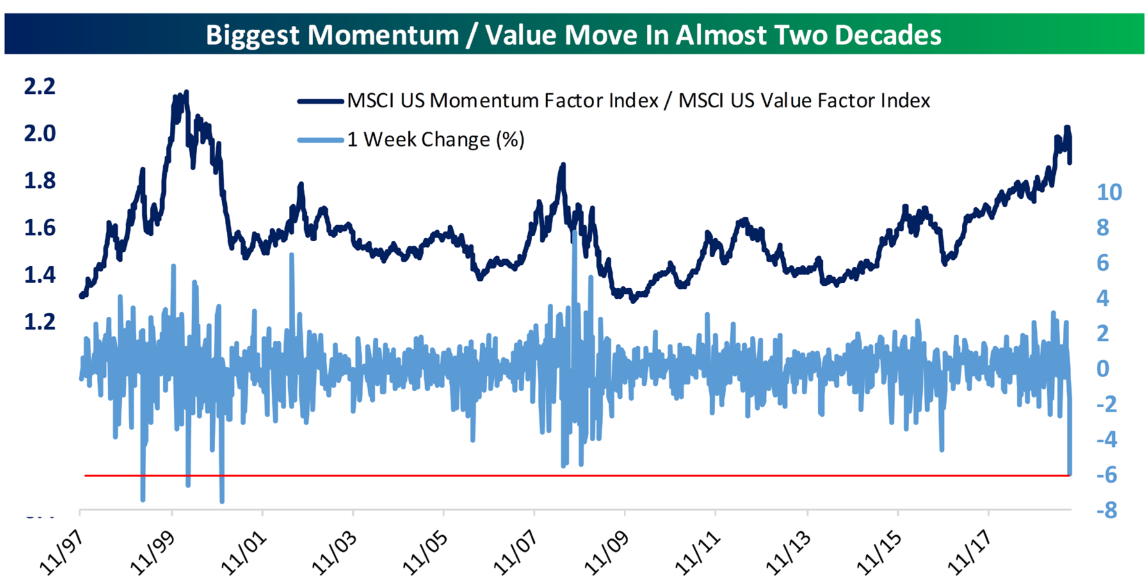
Likewise, the ratio between the S&P 500 Growth Index and S&P 500 Value Index just reached its all-time high.[6] While history is unlikely to repeat, growth dramatically underperformed value after the last peak in 2000.



As investors have sought refuge in large cap stocks amidst the uncertain policy and economic backdrop, the performance of the S&P 500 and Russell 2000 Index (which tracks 2,000 small cap stocks) has significantly diverged over the last year. For the twelve months ending August 31, 2019, the S&P 500 was flat compared to down 15% for the Russell 2000.[7]



As economic data released in early September surprised to the upside (with 10-Year Treasury yields sharply rising from a multi-year low of 1.45% back to 1.84%),[8] investors re-assessed their economic growth expectations and quickly rotated out of overweight positions in growth and momentum stocks into value and small caps. In fact, momentum stocks had their worst week relative to value stocks in the last two decades (for the week ended September 13th), underperforming by 6%.[9] Similarly, the Russell 2000 Index of small cap stocks has returned over 6% this month (through September 16) vs. 2.5% for the S&P 500.[10]



The stock market gyrations so far this month show the risk of massively overweighting a certain investment style (in this case large cap growth and momentum stocks) under the assumption that present conditions will persist into the future. While unlikely to be as severe as last week, we think that the rotation out of large cap growth and momentum stocks and into value and small caps is likely to continue if the economic outlook steadily improves.

2. Overweight Technology

Another consensus long for investors over the past decade has been large cap technology stocks (which are the largest holdings of growth-based strategies). This investment has provided terrific returns as firms such as Apple, Amazon, Google, Facebook and Microsoft matured into global leaders in their various markets. As depicted in the chart below from Gavekal Research, the 10 largest stocks in the market rarely maintain their leadership position over the following decade.[11] The consensus investor beliefs (shown in the grey boxes below) that drove stocks to top market cap positions in each decade turned out to be poor frameworks for portfolio positioning in the subsequent decades.

The top 10 stocks by market cap seldom make it to the end of the next decade

1980	1990	2000	2010	2019 - June
IBM	NTT	Microsoft	Exxon Mobil	*Microsoft (US$1.035trn)*
AT&T	Bank of Tokyo-Mitsubishi*	General Electric	PetroChina	*Amazon (US$936bn)*
Exxon	Industrial Bank of Japan	NTT DoCoMo	Apple Inc.	*Apple (US$913bn)*
Standard Oil	Sumitomo Mitsui Banking*	Cisco Systems	BHP Billiton	*Google (US$766bn)*
Schlumberger	Toyota Motor	Wal-Mart	Microsoft	*Facebook (US$538bn)*
Royal Dutch	Fuji Bank	Intel	ICBC	*Alibaba (US$421bn)*
Mobil	Dai-Ichi Kangyo Bank	NTT	Petrobras	*Tencent (US$412bn)*
Atlantic Richfield	IBM	Exxon Mobil	China Construction Bank	Johnson & Johnson (US$371bn)
General Electric	UFJ Bank*	Lucent Technologies	Royal Dutch Shell	JP Morgan Chase (US$360bn)
Eastman Kodak	Exxon	Deutsche Telekom	Nestlé	Exxon Mobil (US$320bn)

* Merged entities

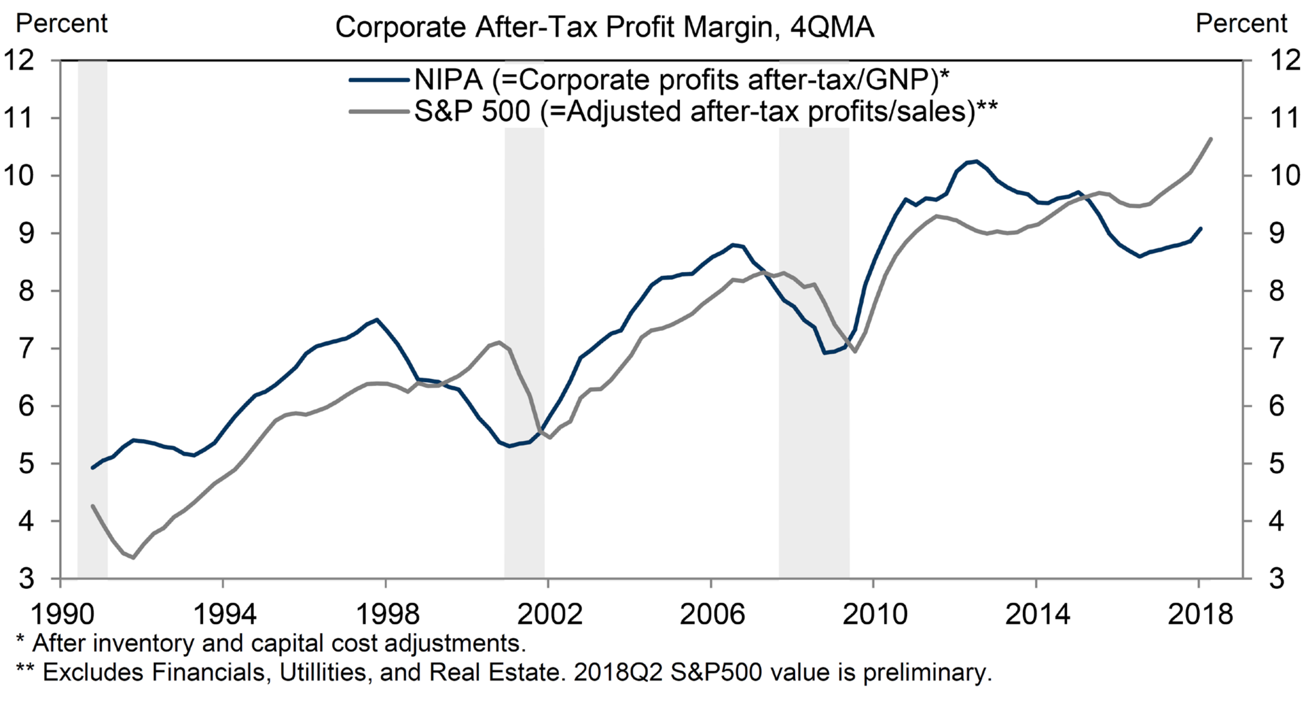
1980	1990	2000	2010	2019 - June
Prominent beliefs: peak oil; US businesses are better run	Prominent beliefs: Japan is going to take over the world	Prominent beliefs: this time is different; US is big TMT boom winner	Prominent beliefs: peak oil, China is taking over the world	US is the cleanest dirty shirt; tech will deliver growth thanks to monopoly
Underweight the US and energy	Underweight Japan and banks	Underweight the US and TMT	Underweight China and commodities	*Fifth time lucky?*

While we are not predicting the demise of today's large cap technology companies, we doubt that they will enjoy the same level of returns over the ensuing 10 years as they have in the past 10. It is unrealistic that companies worth upwards of $1 trillion can compound annual sales and earnings growth above 10% in perpetuity, or that their stock prices can appreciate even more every year. Furthermore, today's large cap tech firms (with the exception of Microsoft) are facing heightened regulatory and political scrutiny due to their market dominance and alleged anticompetitive behavior (for a deeper review of these risks, please see our June 2019 and March 2018 letters).

While today's leading technology stocks are terrific firms and important holdings in many of our portfolios, we think investors who own them need to re-set realistic return expectations. Both their sheer size and the challenging political and regulatory environment are likely to serve as performance headwinds.

3. New Era of Elevated Corporate Profitability

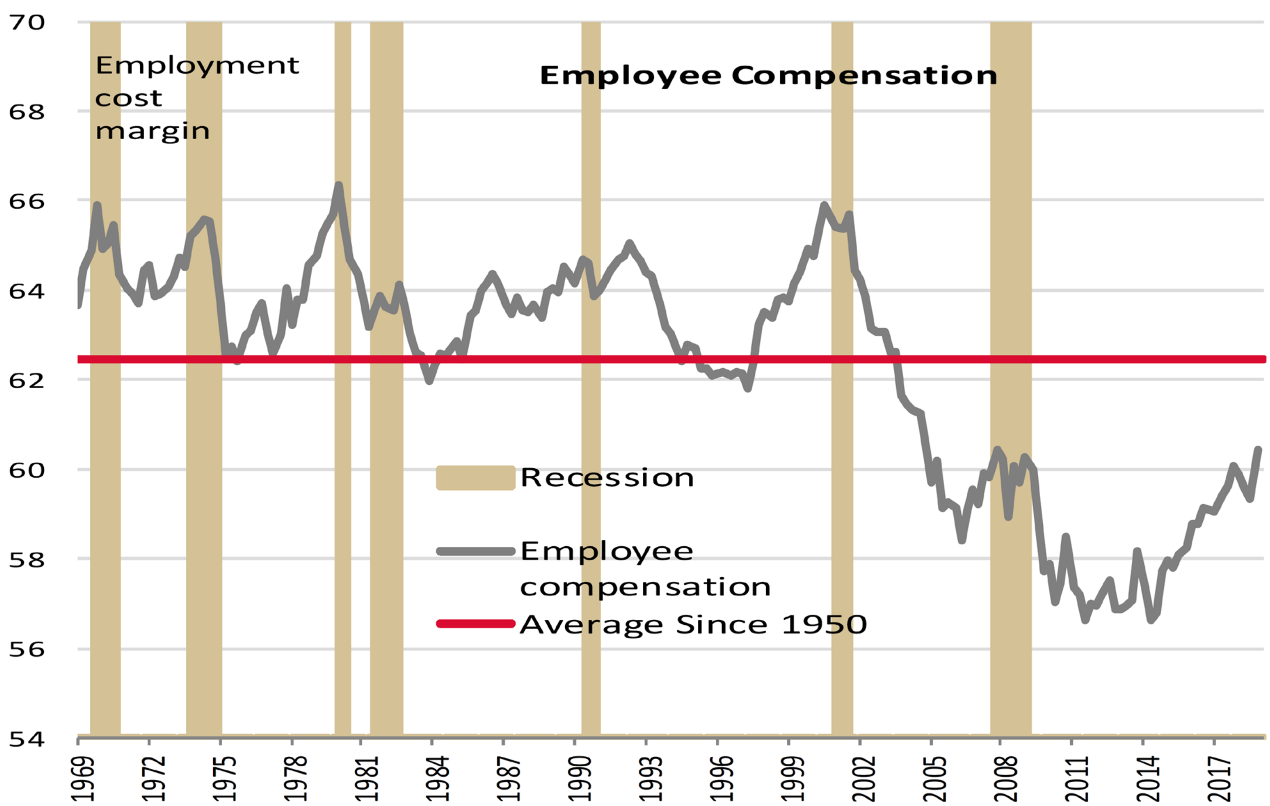
Market returns are driven by two factors: profits and multiples. The higher a company's profits and the higher the price to earnings multiple an investor is willing to pay for such profits, the higher the stock price will be. Conversely, lower profits and lower multiples drive stocks lower. While the S&P 500 does not trade at an extreme price to earnings multiple (18.1x expected profits in 2019 and 16.4x expected profits in 2020), profit levels for S&P 500 stocks are at an all-time high. Per the chart below from Goldman Sachs, the profit margin for the S&P 500 has nearly tripled since 1990 to 11% today, while U.S. economy-wide profit margins (as reported in the national income and product accounts, or NIPA) are close to their all-time highs as well.[12] The difference between the two measures is likely due to the fact that the S&P 500 is comprised of the largest firms in the economy which tend to have significant pricing power, both with respect to the prices they can charge customers for goods and services and their input costs (such as labor and materials). Expanding profit margins have been key to the rise in U.S. equity markets. However, there are growing signs that the current level of profitability is at risk of contracting.



Source: Standard and Poor's, Bureau of Economic Analysis, Goldman Sachs Global Investment Research

As shown in the chart below from Societe Generale, labor's share of corporate revenue – though below its average since 1950 – has been steadily rising since 2014.[13] With unemployment close to all-time lows at 3.7%,[14] we expect employee compensation to continue rising as firms seek to retain and attract workers in a tight labor market. Additionally, we are at a moment in our national political discourse where both major parties (but far more so Democrats than Republicans) are increasingly questioning the presumed capitalist tenets of shareholder primacy and the drive for profits as popularized by economists such as Milton Friedman close to 40 years ago. The fact that the Business Roundtable felt it necessary to release a statement on August 19th saying that the purpose of a corporation encompasses not only seeking to earn profits, but also to "push for an economy that serves all Americans,"[15] shows that the U.S. capitalist pendulum may be swinging from shareholder primacy to "stakeholder" primacy.

Labour share of corporate revenue



Source SG Cross Asset Research/Economics, BEA NIPA profit data, Twitter

We are not passing judgment on this trend; we only want to highlight that corporate constituencies such as employees, customers, suppliers and communities may stand to gain over shareholders. On a related note, the United Auto Workers strike at General Motors' U.S. factories over wages and benefits (which began on September 16th) –

its first strike in 12 years – is perhaps a sign that the era of shareholder primacy and elevated corporate profitability has peaked or is passing.[16] If that is the case, U.S. markets will face the headwind of slowing profit growth as employee wages and benefits consume a higher share of corporate sales.

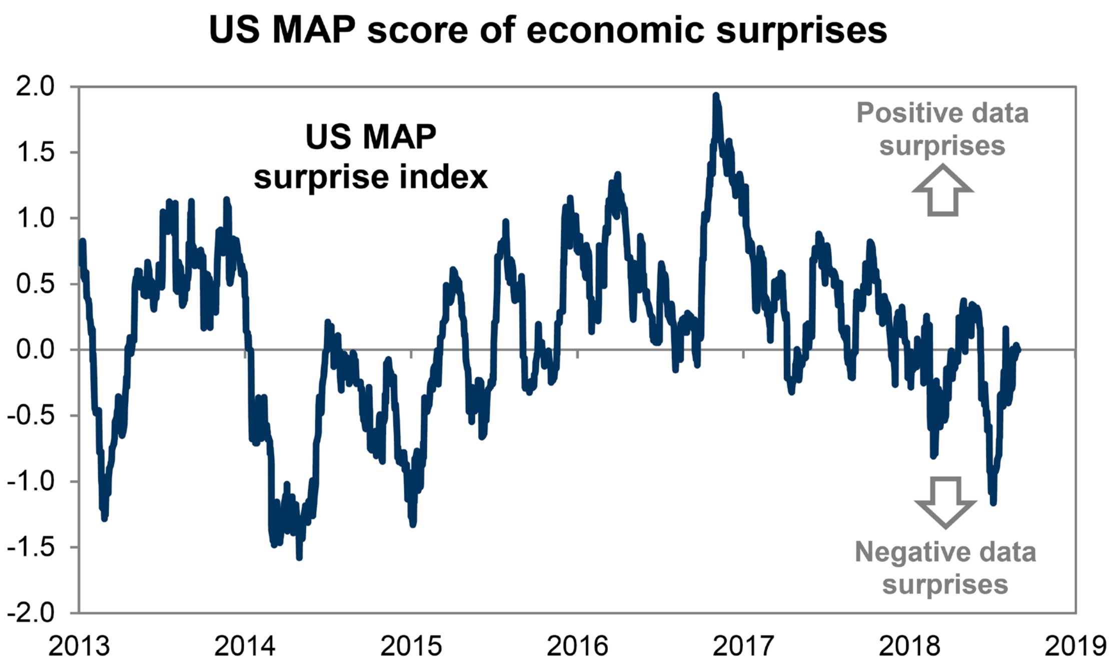
4. Buy Bonds, They Only Go Up

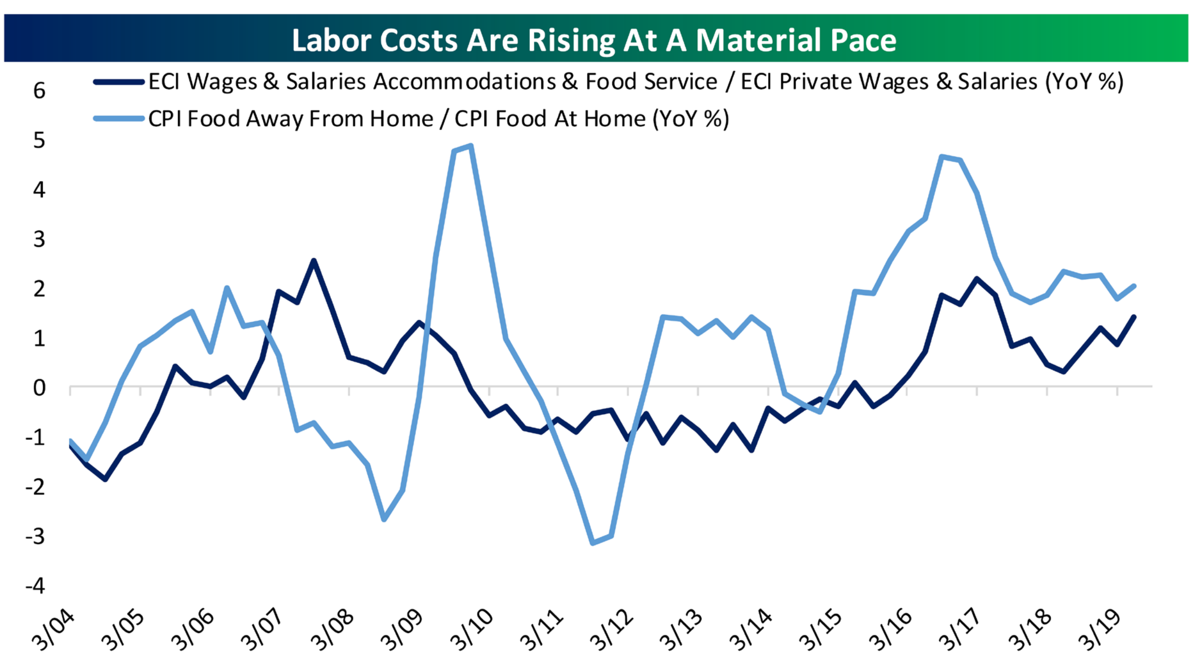
Over the last year, bonds yields have resumed their 30-year trend of falling as investors lost confidence in economic growth prospects, feared the impact of an escalating U.S.-China trade war and became more concerned about deflation than inflation. The flight to the safety of government bonds reached a crescendo this past August when President Trump lashed out at the Federal Reserve and threatened China with a substantial increase in tariffs. Beginning this month, however, bonds have sold off and yields have sharply risen as economic data in the U.S. has surprised to the upside, and as Mr. Trump has toned down his trade rhetoric and fired his National Security Advisor, John Bolton – perhaps an indication of a more conciliatory approach to international relations.

U.S. 30-Year, 10-Year and 2-Year Government Bond Yields Begin to Recover from August Lows[17]

While we are hesitant to call for a long-term bottom in bond yields, there is a substantial risk in purchasing fixed income securities at such low yields, as small changes to the economic growth and inflation outlook can result in steep price declines, or principal losses (especially for negative yielding bonds). To be clear, if you purchase a U.S. Treasury and hold that security to maturity, you will not lose money (assuming the government doesn't default). As shown in the below charts from Goldman Sachs and Bespoke Investment Group, U.S. economic data have recently surprised to the upside while inflation trends – particularly for labor costs – are rising.[18] Although the

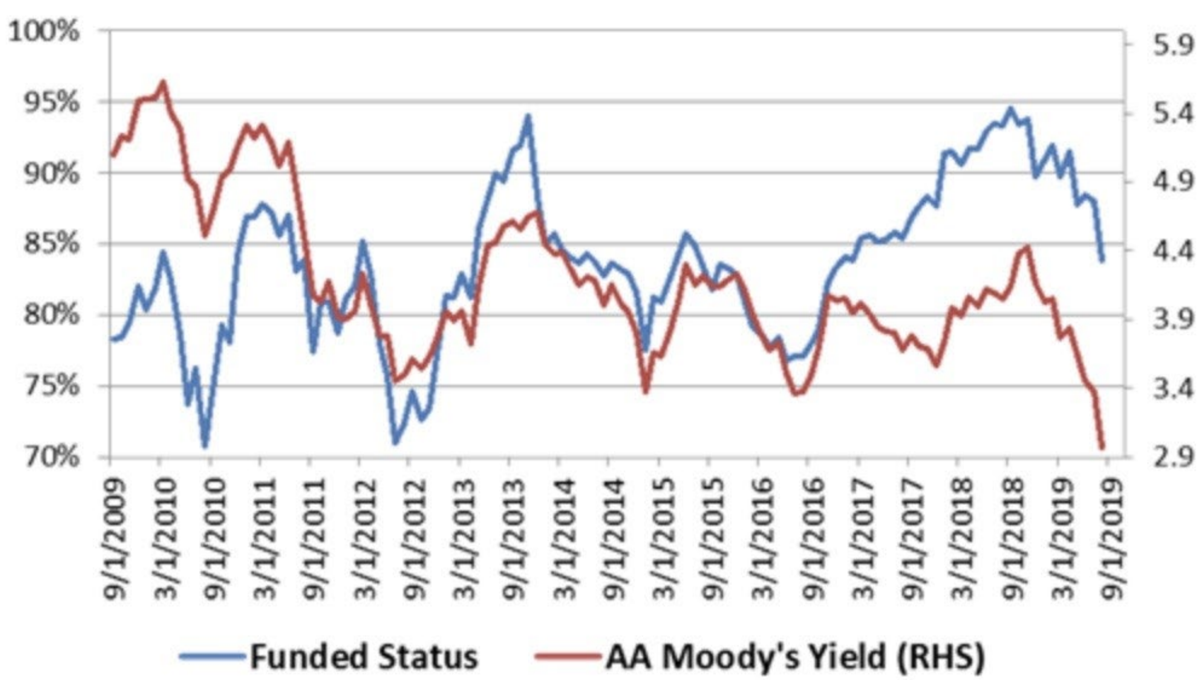
Federal Reserve is expected to cut interest rates 1-3 more times this year, we think the long-term outlook for bonds is not attractive at current levels as they underprice the risk of potential inflation and overprice the risk of a potential recession. As with the crowding in growth and momentum stocks, we think that bond buyers at current levels face the risk of a sharp positioning unwind if economic data continues to show signs of stabilization.





Furthermore, despite President Trump's pleas for lower interest rates, the political appetite for substantially lower rates is likely low. As U.S. society ages, with baby boomers entering retirement, millions more Americans will depend on savings income to support their lifestyles. Long-term interest rates at zero (as in Europe and Japan) would be devastating for this large cohort of society. As shown below, the decline in interest rates on government and corporate bonds, has had a detrimental impact on the funded status of corporate pensions, which have fallen from 89.4% funded as of December 31, 2018, to 83.8% funded as of August 31, 2019.[19] State and national finances are far worse. As interest rates decline, the amount of long-term liabilities for pensions increases and return assumptions must be lowered. This is all the more reason to be suspicious of what seems like a consensus call for lower bond yield forever.

Funded Status vs AA Moody's Yield – (9/1/2009 – Today)



The purpose of this letter isn't to encourage radical changes to our portfolios; rather, we want to highlight the risks of complacent thinking based on consensus expectations. We believe holding quality companies for the long-term is the best way to build and compound wealth. However, at times where positioning is extreme – such as the current gap between growth and value stocks, and large cap and small cap stocks – we think (1) it makes sense to build positions that would benefit from the likely reversion to fair value and (2) to the extent one needs to raise cash, to sell highly valued positions.

One area of the market where we think we can offer differentiated advice is in small cap stocks that tend to be underfollowed and under-owned by many investors – both professional and retail alike. While there is a higher risk of volatility in owning these firms as opposed to large cap companies, we think having exposure to them in our portfolios makes sense (particularly now given their recent underperformance. For typical retail investors, most advisers won't advocate owning small cap stocks because it involves career risk. We sympathize with the fact that it is far easier to invest in large cap companies that are typically not as volatile and are far more correlated with movements in the S&P 500 or Dow Jones Industrial Average, which most investors focus on in comparing their returns against the market. However, we strongly believe that allocating to out of favor and attractively valued opportunities (whether that is in small cap stocks or value firms) is not only a good method of obtaining higher returns, but also helps to improve portfolio diversification and decrease overall risk. Thus, as we have discussions with you in the coming months and review portfolios, we may suggest increasing positions in what are currently underappreciated and undervalued parts of the market. As always, please feel free to reach out to discuss this letter, your portfolio or the markets in general.

Sincerely,

Peter Karmin	Stuart Loren
Managing Member	Director

Addendum: Stocks Exposed to Factor-Based Investing

1. Top 25 Holdings of iShares Russell 1000 Growth ETF (IWF)

Stock	Name	Sector	ETF Weight (%)
MSFT	Microsoft Corp	Information Technology	3.0
AAPL	Apple Inc	Information Technology	2.8
AMZN	Amazon.com Inc	Consumer Discretionary	2.3
FB	Facebook Inc	Communication Services	2.1
GOOG	Alphabet Inc	Communication Services	2.0
GOOGL	Alphabet Inc	Communication Services	2.0
V	Visa Inc	Information Technology	1.9
MA	Mastercard Inc	Information Technology	1.8
UNH	UnitedHealth Group Inc	Health Care	1.7
CSCO	Cisco Systems Inc	Information Technology	1.7
BA	Boeing Co/The	Industrials	1.7
MRK	Merck & Co Inc	Health Care	1.5
PEP	PepsiCo Inc	Consumer Staples	1.4
HD	Home Depot Inc/The	Consumer Discretionary	1.2
KO	Coca-Cola Co/The	Consumer Staples	1.2
ADBE	Adobe Inc	Information Technology	1.1
COST	Costco Wholesale Corp	Consumer Staples	1.0
CRM	salesforce.com Inc	Information Technology	0.8
PYPL	PayPal Holdings Inc	Information Technology	0.8
NFLX	Netflix Inc	Communication Services	0.8
ACN	Accenture PLC	Information Technology	0.8
ORCL	Oracle Corp	Information Technology	0.8
TXN	Texas Instruments Inc	Information Technology	0.7
UNP	Union Pacific Corp	Industrials	0.6
AVGO	Broadcom Inc	Information Technology	0.6

Source: Bloomberg (Sept. 17, 2019)

2. Top 25 Holdings of iShares Edge MSCI USA Momentum Factor ETF (MTUM)

Stock	Name	Sector	ETF Weight (%)
PG	Procter & Gamble Co/The	Consumer Staples	3.0
MA	Mastercard Inc	Information Technology	2.8
V	Visa Inc	Information Technology	2.3
MSFT	Microsoft Corp	Information Technology	2.1
DIS	Walt Disney Co/The	Communication Services	2.0
CSCO	Cisco Systems Inc	Information Technology	2.0
CMCSA	Comcast Corp	Communication Services	1.9
MRK	Merck & Co Inc	Health Care	1.8
SBUX	Starbucks Corp	Consumer Discretionary	1.7
PYPL	PayPal Holdings Inc	Information Technology	1.7
ABT	Abbott Laboratories	Health Care	1.7
AMT	American Tower Corp	Real Estate	1.5
AVGO	Broadcom Inc	Information Technology	1.4
HON	Honeywell International Inc	Industrials	1.2
DHR	Danaher Corp	Health Care	1.2
TMO	Thermo Fisher Scientific Inc	Health Care	1.1
CRM	salesforce.com Inc	Information Technology	1.0
QCOM	QUALCOMM Inc	Information Technology	0.8
LLY	Eli Lilly & Co	Health Care	0.8
MDLZ	Mondelez International Inc	Consumer Staples	0.8
APD	Air Products & Chemicals Inc	Materials	0.8
NOW	ServiceNow Inc	Information Technology	0.8
WM	Waste Management Inc	Industrials	0.7
ECL	Ecolab Inc	Materials	0.6
NSC	Norfolk Southern Corp	Industrials	0.6

Source: Bloomberg (Sept. 17, 2019)

3. Top 25 Holdings of iShares Edge MSCI USA Quality Factor ETF (QUAL)

Stock	Name	Sector	ETF Weight (%)
AAPL	Apple Inc	Information Technology	3.0
JNJ	Johnson & Johnson	Health Care	2.8
MA	Mastercard Inc	Information Technology	2.3
FB	Facebook Inc	Communication Services	2.1
MMM	3M Co	Industrials	2.0
V	Visa Inc	Information Technology	2.0
PEP	PepsiCo Inc	Consumer Staples	1.9
XOM	Exxon Mobil Corp	Energy	1.8
NKE	NIKE Inc	Consumer Discretionary	1.7
DIS	Walt Disney Co/The	Communication Services	1.7
TJX	TJX Cos Inc/The	Consumer Discretionary	1.7
BKNG	Booking Holdings Inc	Consumer Discretionary	1.5
BLK	BlackRock Inc	Financials	1.4
TXN	Texas Instruments Inc	Information Technology	1.2
GOOG	Alphabet Inc	Communication Services	1.2
MMC	Marsh & McLennan Cos Inc	Financials	1.1
AMGN	Amgen Inc	Health Care	1.0
GOOGL	Alphabet Inc	Communication Services	0.8
PGR	Progressive Corp/The	Financials	0.8
ITW	Illinois Tool Works Inc	Industrials	0.8
COST	Costco Wholesale Corp	Consumer Staples	0.8
ACN	Accenture PLC	Information Technology	0.8
TROW	T Rowe Price Group Inc	Financials	0.7
AFL	Aflac Inc	Financials	0.6
ATO	Atmos Energy Corp	Utilities	0.6

Source: Bloomberg (Sept. 17, 2019)

4. Top 25 Holdings of Invesco S&P 500 Low Volatility ETF (SPLV)

Stock	Name	Sector	ETF Weight (%)
RSG	Republic Services Inc	Industrials	3.0
DUK	Duke Energy Corp	Utilities	2.8
ES	Eversource Energy	Utilities	2.3
CNP	CenterPoint Energy Inc	Utilities	2.1
EVRG	Evergy Inc	Utilities	2.0
ETR	Entergy Corp	Utilities	2.0
AEP	American Electric Power Co Inc	Utilities	1.9
NEE	NextEra Energy Inc	Utilities	1.8
EXC	Exelon Corp	Utilities	1.7
WM	Waste Management Inc	Industrials	1.7
WEC	WEC Energy Group Inc	Utilities	1.7
XEL	Xcel Energy Inc	Utilities	1.5
DTE	DTE Energy Co	Utilities	1.4
CMS	CMS Energy Corp	Utilities	1.2
PEP	PepsiCo Inc	Consumer Staples	1.2
USB	US Bancorp	Financials	1.1
SRE	Sempra Energy	Utilities	1.0
D	Dominion Energy Inc	Utilities	0.8
PEG	Public Service Enterprise Grou	Utilities	0.8
LNT	Alliant Energy Corp	Utilities	0.8
CTXS	Citrix Systems Inc	Information Technology	0.8
FE	FirstEnergy Corp	Utilities	0.8
EQR	Equity Residential	Real Estate	0.7
ED	Consolidated Edison Inc	Utilities	0.6
MDLZ	Mondelez International Inc	Consumer Staples	0.6

Source: Bloomberg (Sept. 17, 2019)

5. Top 25 Holdings of iShares Russell 1000 Value ETF (IWD)

Stock	Name	Sector	ETF Weight (%)
BRK/B	Berkshire Hathaway Inc	Financials	3.0
JPM	JPMorgan Chase & Co	Financials	2.8
XOM	Exxon Mobil Corp	Energy	2.3
JNJ	Johnson & Johnson	Health Care	2.1
PG	Procter & Gamble Co/The	Consumer Staples	2.0
T	AT&T Inc	Communication Services	2.0
BAC	Bank of America Corp	Financials	1.9
VZ	Verizon Communications Inc	Communication Services	1.8
DIS	Walt Disney Co/The	Communication Services	1.7
CVX	Chevron Corp	Energy	1.7
INTC	Intel Corp	Information Technology	1.7
PFE	Pfizer Inc	Health Care	1.5
WFC	Wells Fargo & Co	Financials	1.4
WMT	Walmart Inc	Consumer Staples	1.2
C	Citigroup Inc	Financials	1.2
MDT	Medtronic PLC	Health Care	1.1
MCD	McDonald's Corp	Consumer Discretionary	1.0
PM	Philip Morris International In	Consumer Staples	0.8
UTX	United Technologies Corp	Industrials	0.8
CMCSA	Comcast Corp	Communication Services	0.8
HD	Home Depot Inc/The	Consumer Discretionary	0.8
NEE	NextEra Energy Inc	Utilities	0.8
LIN	Linde PLC	Materials	0.7
DHR	Danaher Corp	Health Care	0.6
CVS	CVS Health Corp	Health Care	0.6

Source: Bloomberg (Sept. 17, 2019)

Citations and Disclosures

[1] Bloomberg; International Energy Agency (Sept. 16, 2019).
[2] Bloomberg (Sept. 16, 2019).
[3] By large cap strategies, we mean exchange traded vehicles (or ETFs) or institutional strategies that track either the S&P 500 of Russell 1000 Indices. By growth strategies, we mean ETFs or institutional strategies that track either the S&P 500 or Russell 1000 Growth Indices, as well as technology dominant ETFs such as the Invesco QQQ Trust Series (or QQQ), which tracks the Nasdaq 100 Index. By low volatility strategies, we mean ETF products or institutional strategies that hold baskets of stocks exhibiting lower than average price volatility, such as the Invesco S&P 500 Low Volatility ETF (SPLV), which holds the 100 least volatile stocks in the S&P 500. Finally, by momentum strategies, we mean ETFs or institutional strategies holding baskets that exhibit positive stock price, revenue growth and/or earnings trends, such as the iShares Edge MSCI USA Momentum Factor ETF (or MTUM). In addition to these four groups, companies with consistent dividends and quality balance sheets, earnings and cash flows have benefitted from significant ETF and factor-based investing inflows.
[4] J.P.Morgan Global Equity Strategy and Quantitative Research (June 7, 2019).
[5] J.P.Morgan Global Equity Strategy and Quantitative Research (Sept. 12, 2019).
[6] Bianco Research (Sept. 10, 2019).
[7] Bloomberg.
[8] Bloomberg (as of Sept. 16, 2019).
[9] Bespoke Investment Group (Sept. 13, 2019).
[10] Bloomberg (Sept. 16, 2019).
[11] Gavekal Research, *An Investment Thesis for the 2020s* (July 8, 2019).
[12] Goldman Sachs Economic Research (Aug. 18, 2019).
[13] Societe Generale (Sept. 12, 2019).
[14] U.S. Bureau of Labor Statistics (Sept. 6, 2019).
[15] Business Roundtable (Aug. 19, 2019), accessible at: https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans.
[16] The Wall Street Journal, *United Auto Workers Go on Strike at GM's U.S. Factories* (Sept. 16, 2019).
[17] Bloomberg (Sept. 17, 2019).
[18] Goldman Sachs Global Investment Research (Sept. 10, 2019); Bespoke Investment Group (Sept. 12, 2019).
[19] Milliman, Bloomberg, MS Interest Rate Structuring Group (Sept. 9. 2019). The Milliman Pension Funding Index tracks the funded status of the 100 largest Defined Benefit Corporate Pension in the U.S.

Investing involves risks, including the possible loss of principal and fluctuation of value. Past performance is no guarantee of future results.

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