***Economic Summary***

In 2019, the capital markets of the U.S. had excellent performance across most asset classes. The S&P 500 had its strongest showing since 2013, posting a total return of 31.5% (CHART 1). This was in the face of multiple fears that could easily have upended the economy, including trade tensions with China, a slowdown in global manufacturing, Brexit, impeachment and Middle East tensions. But, as the adage goes, stocks climb a wall of worry. They certainly did in 2019.

The U.S. economy exited the year on a strong footing with Consumer Confidence (CHART 2) near all-time highs, unemployment at 50-year lows and inflation below the Federal Reserve's 2% target. Small business optimism (CHART 3) remains high and continues to move upward. Most economic statistics indicate that the solid economic growth of 2019 will be carried forward into 2020.

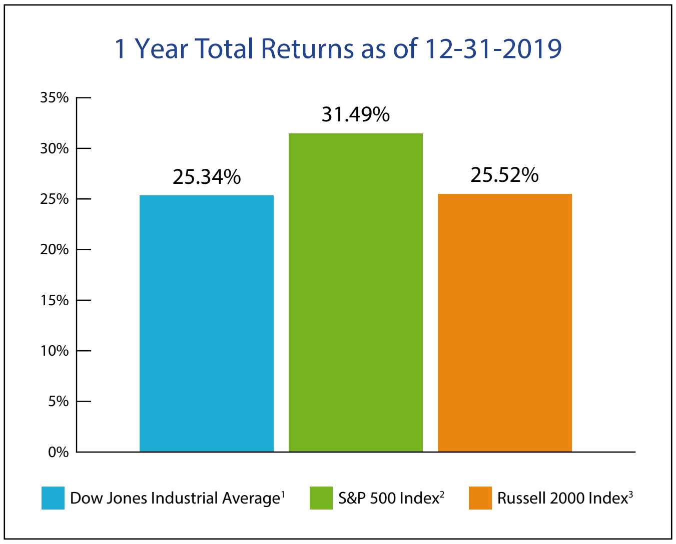


**Chart 1**

SOURCE: MORNINGSTAR DIRECT

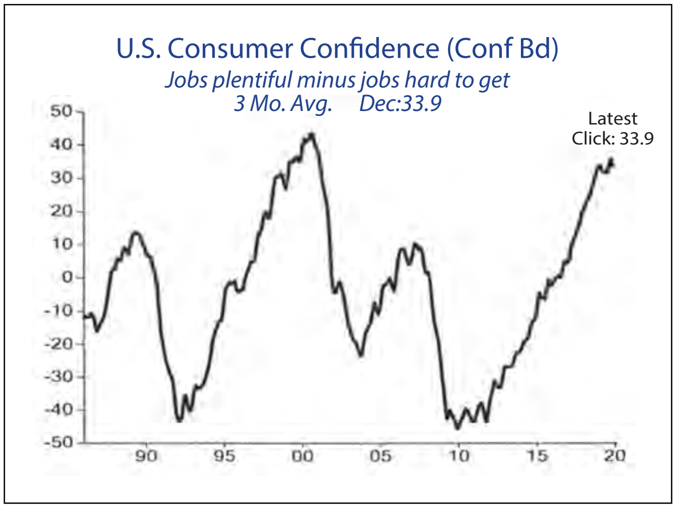


**Chart 2**

SOURCE: EVERCORE ISI

"SLIDES FOR ECO AUDIO 01/02" — JANUARY 2, 2020

**Past performance does not guarantee future results.** You cannot invest directly in an index.

[1] The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

[2] The S&P 500® Index is a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general.

[3] The Russell 2000® Index is an unmanaged index of the smallest 2,000 stocks in the Russell 3000® Index.

*The Bond Market*

It was a good year for bond investors, as interest rates declined and credit spreads tightened. The 10-year U.S. Treasury Note started the year yielding 2.7% and finished at 1.9%. The Federal Reserve implemented easy money policies in 2019 as they cut the short-term rate three times. Also, the Fed has begun to increase its balance sheet, under the guise of providing short-term liquidity to financial institutions. The Feds action has produced an upward sloping yield curve, which is a sign of a healthy economy.

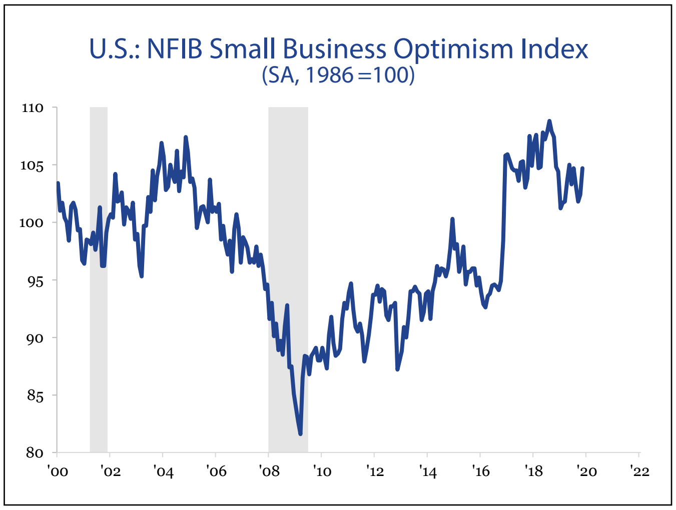


**Chart 3**

SOURCE: STRATEGAS RESEARCH PARTNERS
"QUARTERLY REVIEW IN CHARTS" — JANUARY 3, 2020

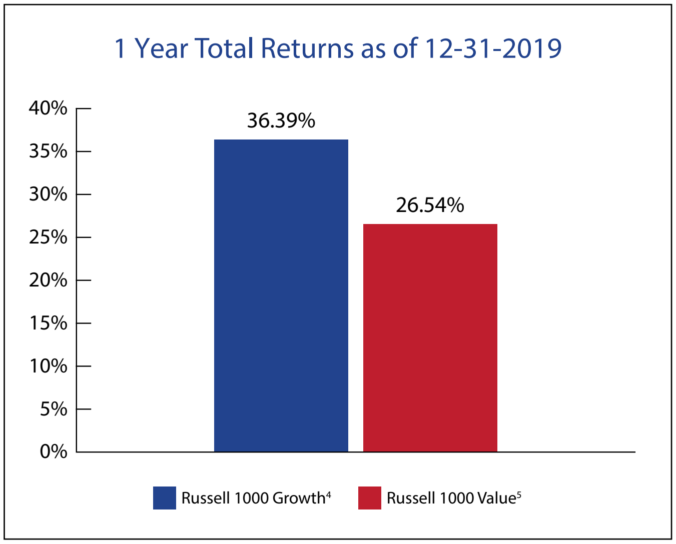


**Chart 4**

SOURCE: MORNINGSTAR DIRECT

**Past performance does not guarantee future results.** You cannot invest directly in an index.

[4] The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

[5] The Russell 1000® Value Index Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values.

***The Stock Market***

Growth stocks continued their outperformance over value issues in 2019, as the Russell 1000 Growth outpaced the Russell 1000 Value by nearly 10% (CHART 4). The performance in Growth was attributed to the large allocation to technology stocks, while Value lagged due to its larger exposure to the energy sector. Passive investing has greatly contributed to the divergence of returns in growth stocks due to the larger weighting that goes into outperforming stocks and less that goes to underperforming issues.

Corporate earnings, according to FactSet, are forecasted to increase 9.6% in 2020. Another potential driver for higher stock prices is the use of cash on corporate balance sheets (CHART 5). In the hands of good management, cash will be used in the shareholders' best interest, such as increasing dividends (CHART 6). Currently, the dividend payout ratio on the S&P 500 is below its long-term average by almost 12%. Additionally, corporations can buy back their own shares, which is more tax-efficient than dividends, and if done properly, can be accretive to shareholders.

Equity valuations are slightly above historical averages, but when equities are compared to bonds, they look like a strong buy (CHART 7). As shown in the chart, the current shareholder yield (SHARE BUYBACKS PLUS DIVIDENDS) is 5% and the 10-Year Treasury averaged 1.8% in December. If corporations increase dividends and buybacks, the case of owning stocks over bonds is compelling. Investors with a long-term perspective will be best served with a portfolio of well-run companies.

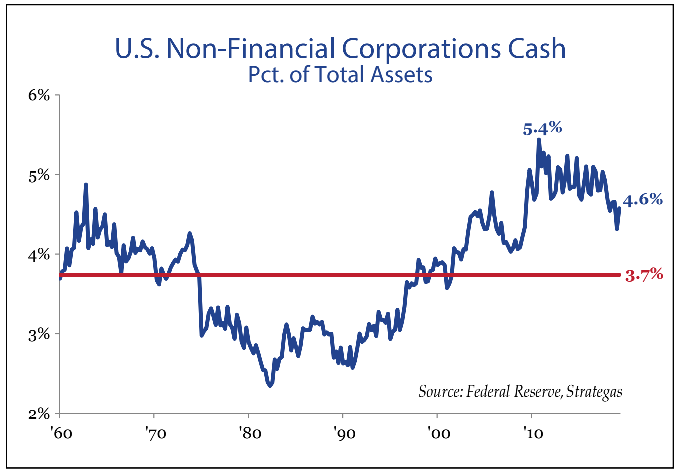


**Chart 5**

SOURCE: STRATEGAS RESEARCH PARTNERS
"QUARTERLY REVIEW IN CHARTS" – JANUARY 3, 2020

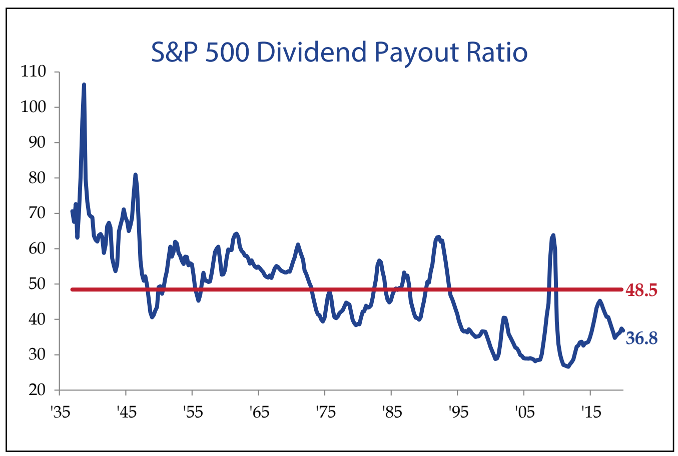


**Chart 6**

SOURCE: STRATEGAS RESEARCH PARTNERS
"QUARTERLY REVIEW IN CHARTS" – JANUARY 3, 2020

**Past performance does not guarantee future results.**

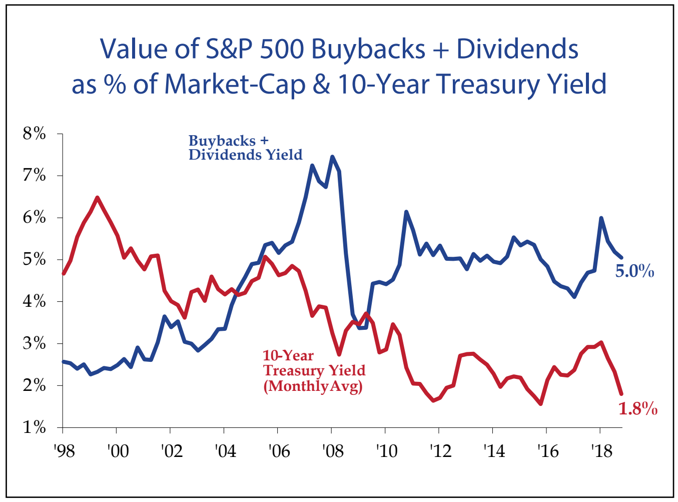


**Chart 7**

SOURCE: STRATEGAS RESEARCH PARTNERS
"QUARTERLY REVIEW IN CHARTS" — JANUARY 3, 2020