Market Commentary

March 16, 2020

Dear Clients and Friends:

Given the ongoing market panic, we wanted to follow up on our note from the end of February. As concern about a health pandemic has increased, U.S. equity markets have entered bear territory, technically defined as greater than a 20% drop from market highs.

The level of panic experienced last week and into today in equity, fixed income and commodity markets has not been seen since 2008's Financial Crisis. Importantly, last week, the U.S. Federal Reserve Bank provided additional liquidity to help keep the financial system functioning at a time where stresses were showing up even in the U.S. government bond market as sellers of U.S. Treasury bonds overwhelmed participants willing to buy. Our federal government has also begun to address remedies to the hardest hit citizens and business industries in order to attempt to prevent the economic fallout from deteriorating into a much longer-term recession. Despite these actions, volatile times such as now create dramatic price dislocations that are not rationally based on intermediate-term economic fundamentals, but reflect the temporary absence of a normally functioning market.

While market stress levels are similar to those last experienced during the Financial Crisis, the current pandemic crisis is very different than 2008. During the Financial Crisis, there was significant systematic risk that put the banking system in jeopardy and created tremendous uncertainty about how the financial system would survive. Today, through multiple measures that each of us is taking in our everyday lives, the overwhelming majority of even those who contract the virus will get through the healthcare portion of this crisis. However, the unintended consequence of our changing behavior is that economic activity is temporarily grinding to a halt.

As for economic and market stress, although the timing/duration is highly uncertain, there is a clear path forward once the health crisis subsides which includes a combination of lower interest rates, broad tax incentives and government payments to companies and individuals that were the most impacted by the pandemic. Many of these responses were successfully tested during the Financial Crisis, and some will be new to help ease specific issues faced today. Though we expect markets to be volatile through the spring, all of these measures should help to eventually spur economic growth in the second half of 2020 and lead to a market recovery in anticipation of this growth.

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As we approach April, we also want to assure you that we have and will continue to maintain adequate liquidity in your account by holding sufficient cash and short-term bonds to cover tax payments and your other potential near-term liquidity needs.

Finally, Parkside has taken appropriate precautions to ensure business continuity and the safety of our team. We have always had the capacity to work remotely and will continue to be responsive to you in a timely manner.

Should you have any questions, please contact any of us on the Parkside team. And most importantly, we hope that you and your families remain healthy.

Sincerely,

Alan Cole — Chris Engelman

President — Managing Director

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