

Market Update and Q&A

REDW Wealth LLC expertise.

April 24, 2020 Presented by:

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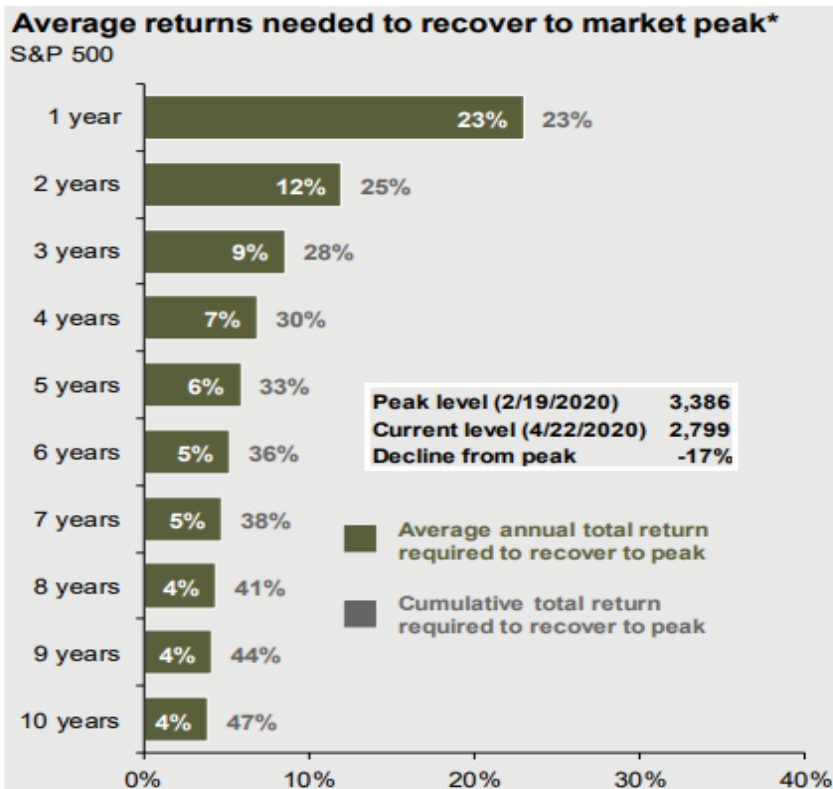
- Welcome
- Bear Markets
- What Comes Next
- 2020 Required Minimum Distributions (RMDs)
- Questions & Answers

REDW Wealth LLC Bear Markets

Asset class performance around bear markets

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principles



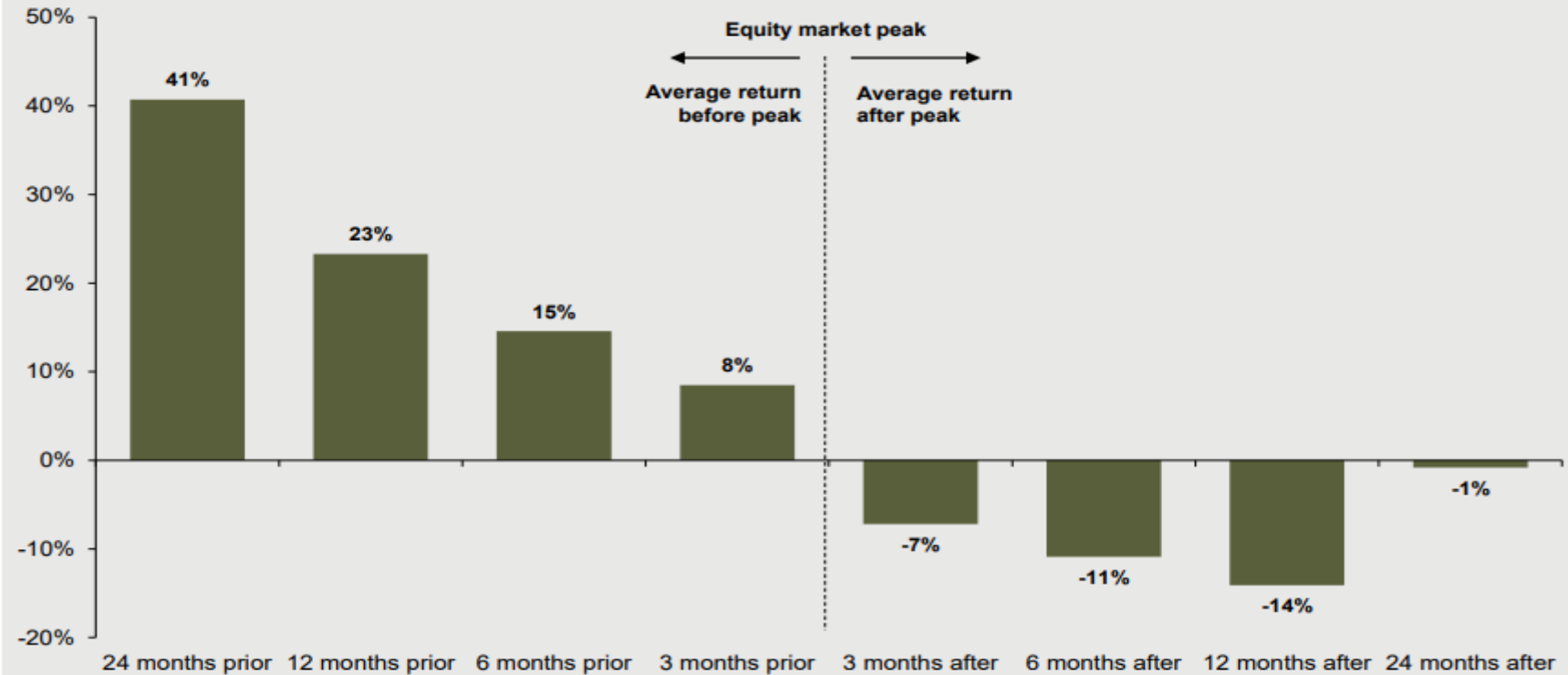
Source: Bloomberg, Barclays, CME, FactSet, Standard & Poor's, MSCI, J.P. Morgan Global Index Research, J.P. Morgan Asset Management. Indices: S&P 500: S&P 500 Index; DM Equity: MSCI EAFE; EM Equity: MSCI EM; U.S. HY: Bloomberg US High Yield; U.S. IG: Bloomberg US Corporate Investment Grade Index; U.S. Treasuries: Bloomberg US Treasury Index; U.S. Dollar: US Dollar Index (DXY); Gold (NYM \$/oz) continuous contract; Cash: US Treasury 3M Bellwether. All data are total returns and are in USD. *Assumes 2% dividend yield throughout. **Previous four bear markets are the GFC ('08-'09), tech-bubble ('00-'01), 1990 and the flash crash ('87). Drawdowns are measured from market peak to market trough. EM equity returns do not include the 1987 bear market due to data availability. Past performance is not indicative of future returns. Guide to the Markets – U.S. Data are as of April 22, 2020.

Equity market performance around bear markets

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Average return leading up to and following equity market peaks

S&P 500 total return index, 1945 - 2019



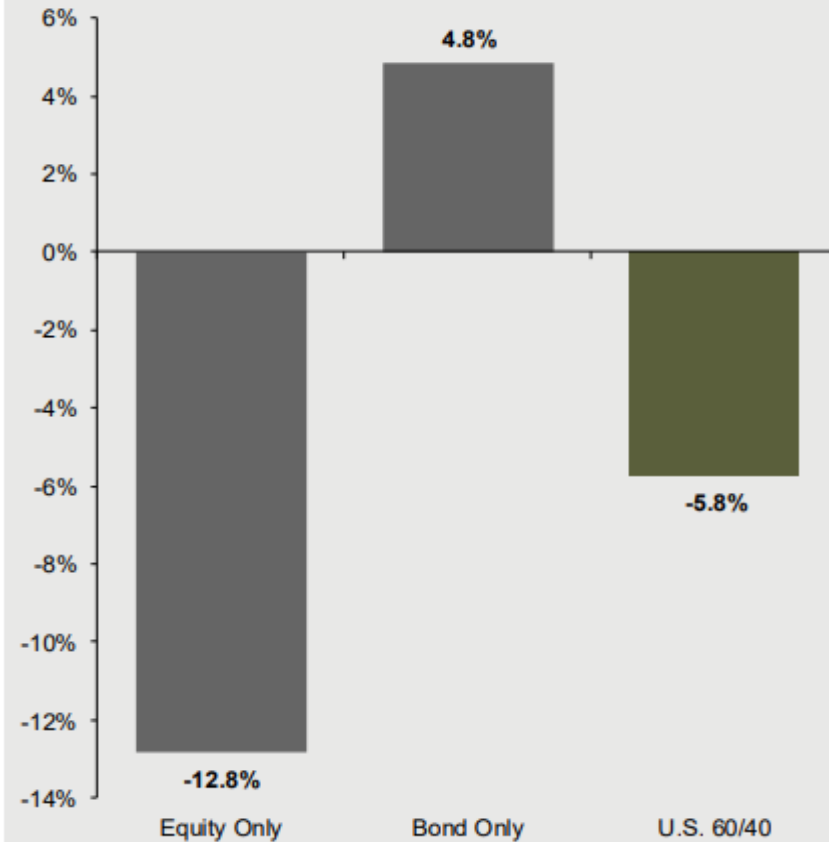
Source: FactSet, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. Chart is based on return data from 11 bear markets since 1945. A bear market is defined as a decline of 20% or more in the S&P 500 benchmark. Monthly total return data from 1945 to 1970 is from the S&P Shiller Composite index. From 1970 to present, return data is from Standard & Poor's *Guide to the Markets - U.S.* Data are as of March 31, 2020.

principles

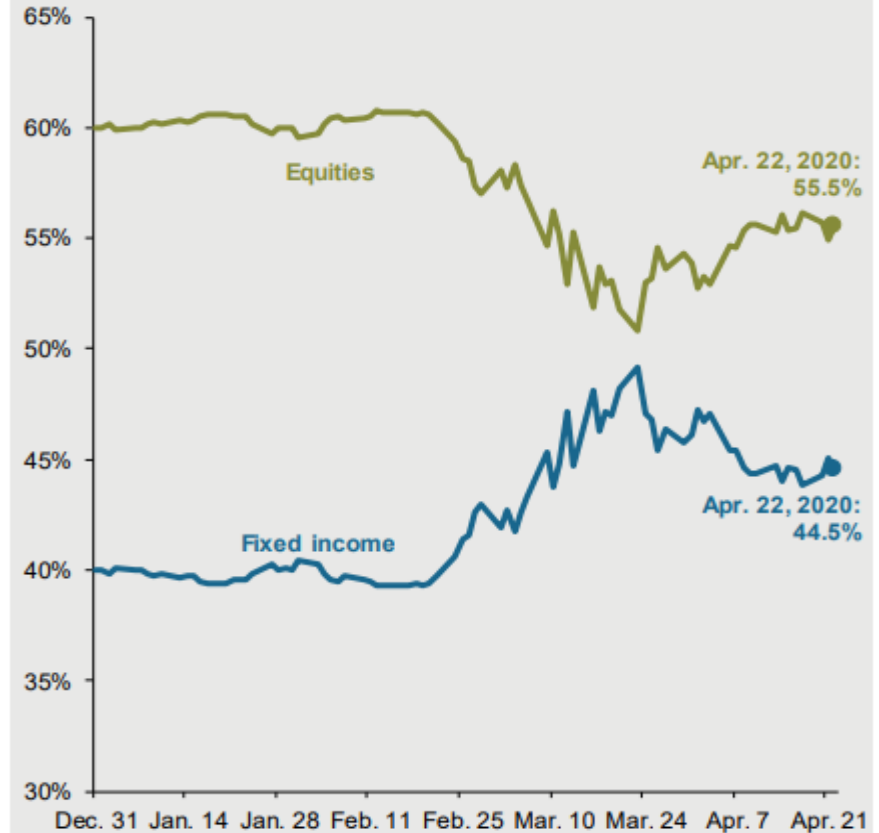
Diversification benefits and forced rebalancing

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Stock, bond and 60/40 portfolio returns since 12/31/19
S&P 500 and Bloomberg Barclays U.S. Aggregate total return indices



60/40 portfolio without rebalancing since 12/31/19
S&P 500 and Bloomberg Barclays U.S. Aggregate total return indices



Source: Bloomberg, Barclay's, FactSet, Standard & Poor's, J. P. Morgan Asset Management. Guide to the Markets - U.S. Data are as of April 22, 2020.

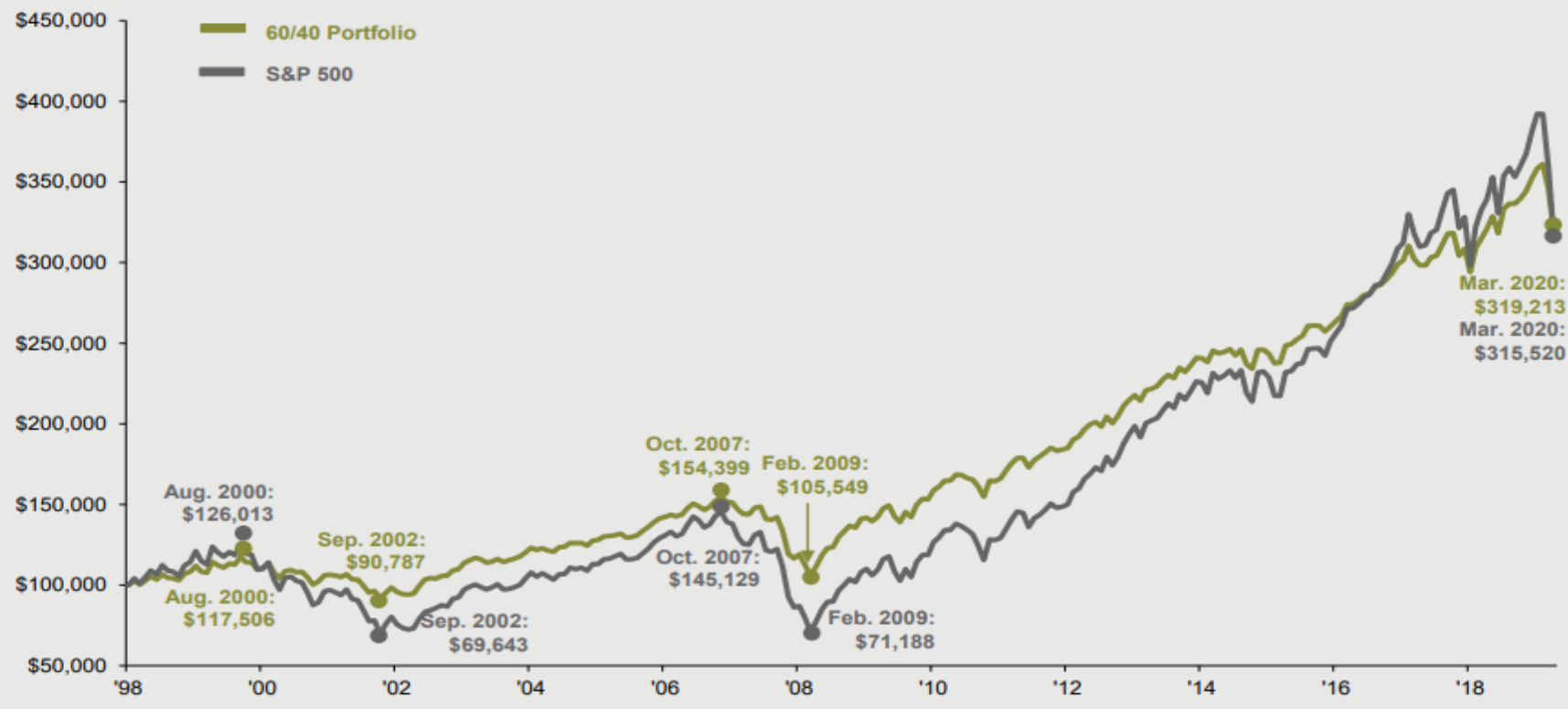
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The importance of limiting losses

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S&P 500 index and 60/40 stock and bond portfolio

Growth of \$100,000 investment starting in December 31, 1998, monthly



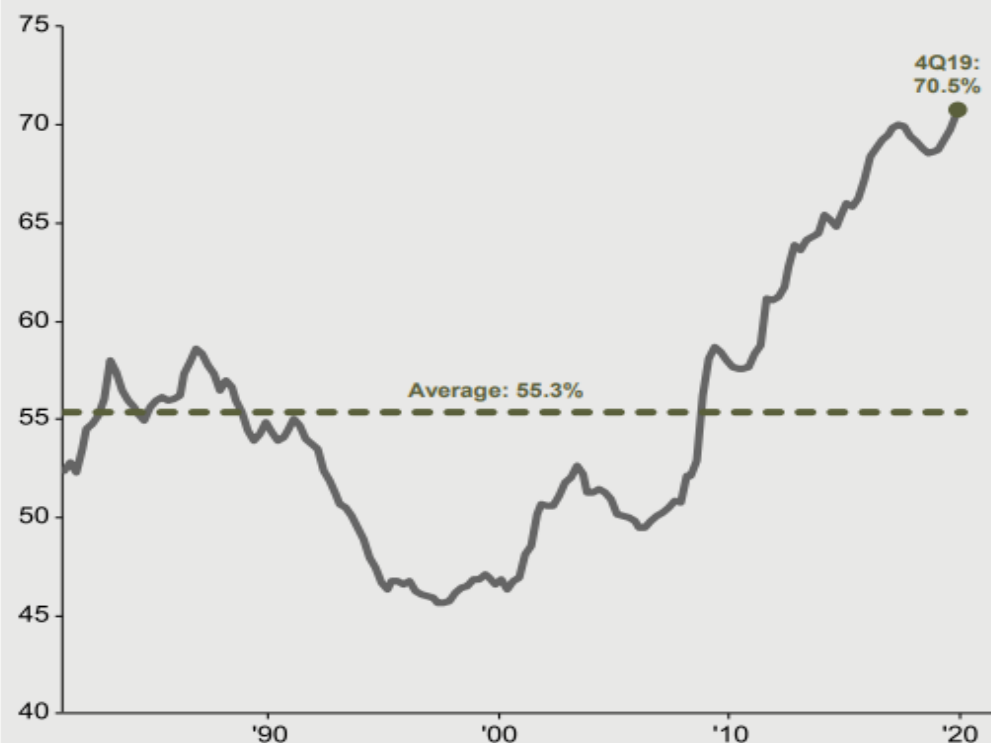
Source: Standard & Poor's, Barclays, Bloomberg, FactSet, J.P. Morgan Asset Management. Returns are cumulative, and are based on total return indexes. The 60/40 portfolio assumes 60% in the S&P 500 total return index and 40% in the Bloomberg Barclays US Aggregate total return index. The 60/40 portfolio is rebalanced quarterly. Past performance is not indicative of future returns. Guide to the Markets - U.S. Data are as of March 31, 2020.

Investing principles

Cash accounts

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M2 money supply as a % of nominal GDP



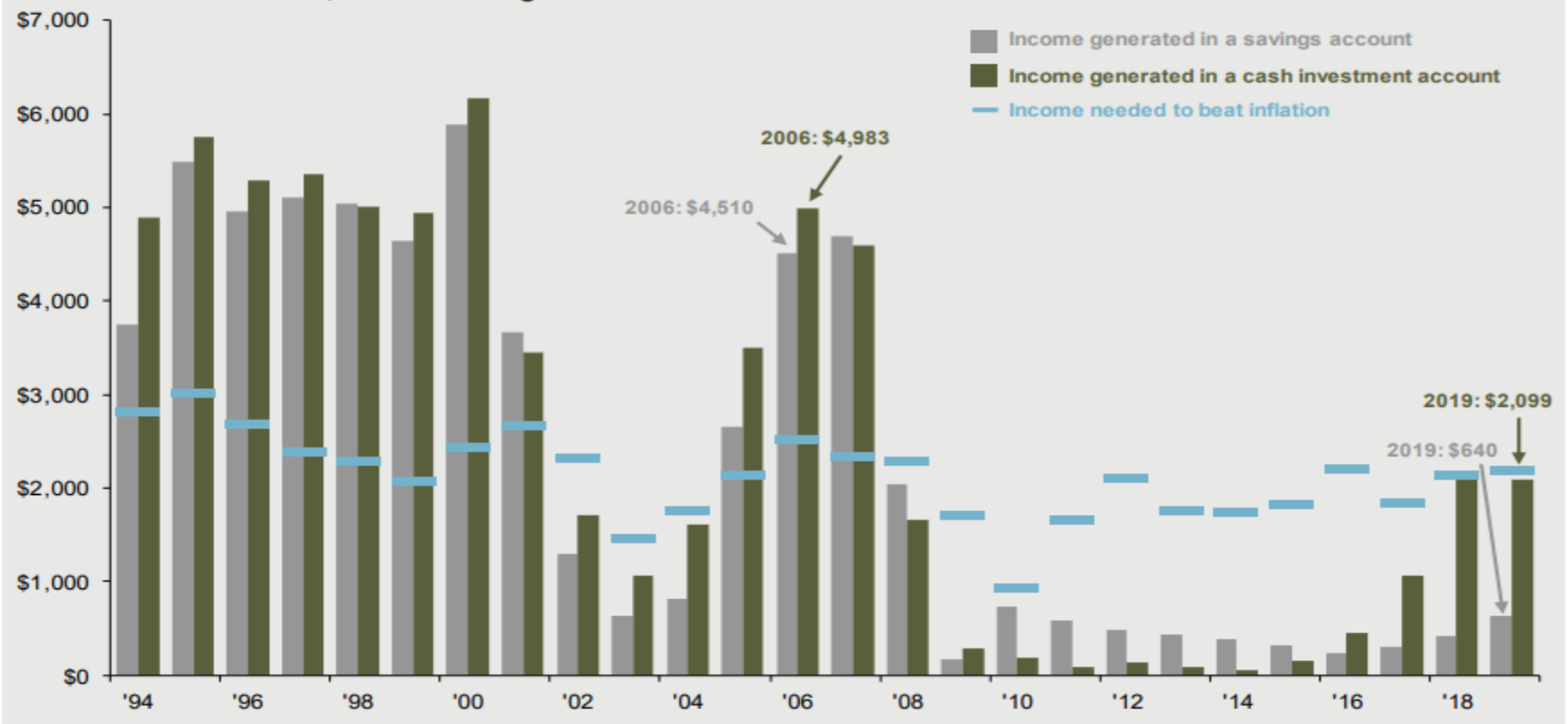
Money supply component	USD billions	Weight in money supply
M2-M1	\$11,516	79.0%
Retail MMMFs	\$1,004	6.9%
Savings deposits	\$9,935	68.2%
Small time deposits	\$578	4.0%
Institutional MMMFs	\$2,262	15.5%
Cash in IRA & Keogh accounts	\$795	5.5%
Total	\$14,573	100.0%

Source: BEA, Federal Reserve, St. Louis Fed, FactSet, J.P. Morgan Asset Management. All cash measures obtained from the Federal Reserve are latest available seasonally adjusted month averages. All numbers are in billions of U.S. dollars. Small-denomination time deposits are those issued in amounts of less than \$100,000. All IRA and Keogh account balances at commercial banks and thrift institutions are subtracted from small time deposits. IRA and Keogh account balances at money market mutual funds are subtracted from retail money funds. Past performance is not indicative of comparable future results. Guide to the Markets – U.S. Data are as of March 31, 2020.

Cash account returns

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Income earned on \$100,000 in a savings account vs. a cash investment account*



Source: Bankrate.com, FactSet, Federal Reserve System, J.P. Morgan Asset Management.
 *Savings account is based on the national average annual percentage rate (APR) on money-market accounts from Bankrate.com from 2010 onward. Prior to 2010, money market yield is based on taxable money market funds return data from the Federal Reserve. Investment account return is based on the average yield-to-worst on a 6-month U.S. Treasury over the calendar year. Annual income is for illustrative purposes and is calculated based on the 6-month Treasury yield and money market yield on average during each year and \$100,000 invested. Past performance is not indicative of comparable future results.
 Guide to the Markets – U.S. Data are as of April 22, 2020.

investing principles

REDW Wealth LLC What Comes Next?

- Staging in the “All Clear”
 - Different states will move at different rates
 - Information feed back loop
- General Social Changes
 - Social Distancing as a way of life
 - Masks in public?
 - Will we ever shake hands again?
- Assess Different Approaches
 - Counting the Cost
 - Sweden vs. Denmark
 - Voluntary vs. Mandatory

- **Supply Chain Diversity**
 - Each country/region to decide on its strengths
 - Efficiency / Redundancy dynamic to change
- **Incentivize Insourcing**
 - Changes to taxes and regulations
 - Define key industries
 - Productivity Gains

Innovation Will Be Key

- Telecommute / Telemedicine
 - Bandwidth
 - Medical wearables – Remote diagnostics
- AI and Machine Learning
 - Diagnostics
 - Modeling and response
- Flexible Manufacturing
 - Ability to re-tool quickly
 - Be closer to end demand

Innovation Will Be Key

- Delivery Methods
 - Drones and other autonomous delivery
 - Communications and energy storage
- Productivity Gains – Not Everyone can Telecommute
 - Address relative population differences
 - Social distancing on the factory floor

REDW Wealth LLC 2020 RMDs

The CARES Act waived RMDs for 2020 with some caveats:

- If you took your RMD early in January, you're out of luck
- If you took your Inherited IRA RMD already, you're out of luck
 - rollover rule doesn't apply
- If you took your RMD in monthly payments, you can return one of those back to your IRA
 - once per 12 month rollover rule applies

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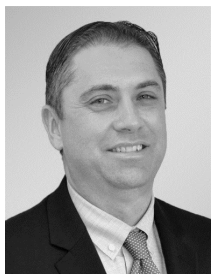
- If you took your RMD on or after February 1st, you're in luck and can return back to your IRA
 - 60 day rollover rule extended to July 15th
- If you haven't taken your RMD from your IRA or Inherited IRA yet, you're in luck and don't have to for 2020
 - No catch up to take in future years



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