FIRST QUARTER 2019

Wetherby INSIGHT

Newsletter Highlights

Investment Overview

- Economic and market data continue showing mixed signals. The Fed's decision to remain patient in considering additional interest rate hikes continues to support the case for staying invested in an environment where the economy remains largely on solid ground. Valuations, although not cheap, do not seem to reflect signs of dangerous asset bubbles. However, we remain wary of where we are in the economic cycle, risks that lurk beneath the surface as we look out further than 2019, and the dangers of investor complacency. Thus, we continue allocating capital using a balanced approach between risk assets and defensive strategies relative to long-term portfolio targets in order to help clients achieve their objectives while mitigating the risks of any severe impairment of capital.

Impact Update

- In March, members of the Wetherby New York City team were excited to volunteer with the GOOD+ Foundation. The foundation supports low-income families by providing essential goods to maintain the health and safety of their children.
- We formed a Diversity, Equity & Inclusion (DEI) Committee to focus on integrating these values across our work at Wetherby. Our vision is to cultivate an inclusive environment and culture that fosters growth, collaboration and acceptance; where we celebrate the diverse voices and perspectives of our employees; and where employees feel empowered to bring their full, authentic selves.

Financial Planning

- The financial planning section topic is "When does aging at home make sense?" Most people, when asked, want to continue living in their current home as they age. This is often called "aging in place." The article discusses issues to consider regarding aging in place and provides an overview of several alternatives.

WETHERBY NEWS

During the first quarter we hired Chanel Griffith, Investment Associate; Michael Prodromou, Investment Associate; and Trevor Sandner, Administrative Associate. Welcome Chanel, Michael and Trevor!

Holly Galbrecht, Wealth Manager, became a Retirement Income Certified Professional®, RICP®; and Wendy Lai, Investment Advisor, became a Certified Divorce Financial Analyst, CDFA®. Congratulations Holly and Wendy!

Congratulations to John Mell, Wealth Manager, who had his 15-year anniversary with Wetherby.

Investment Overview

By Bong Choi, CFA, CAIA, Director of Research

First Quarter Market Recap

Domestic Equities: U.S. equity markets rebounded significantly during the first three months of 2019, after a turbulent fourth quarter last year. As measured by the S&P 500, U.S. equities rose 13.6%, representing the best quarter since 2009 and the best first quarter in two decades. The strong rebound was largely attributed to an unexpectedly dovish shift by the Federal Reserve (The Fed) and increasing confidence regarding a potential resolution to ongoing U.S./China trade tensions. In addition, the U.S. continues to exhibit solid fundamentals: healthy employment data, slowing but still reasonable growth, and strong corporate earnings during the previous quarter.

International Equities: International equities also participated in the rally in Q1 with developed international equities as measured by the MSCI EAFE Index up 10.1% and emerging market equities as measured by the MSCI EM Index rising 10.0% for the quarter. The U.K. and the Eurozone continue to struggle with Brexit negotiations, but markets thus far have not reacted strongly to this lingering uncertainty. Moreover, international markets remained resilient in the face of macroeconomic data that suggests a global economic slowdown.

Commodities: Broad-based commodities as measured by the Bloomberg Commodity Index finished the quarter positive, rising 6.3%. The strong performance was driven primarily by a significant rebound in energy commodities and by a rally in industrial metals. Agriculture and grain commodities finished the quarter lower. Crude oil prices increased 29.4% during the first quarter. Prices were buoyed by limited supply due to falling oil rig counts in the U.S. and voluntary supply cuts by OPEC and other producers. In addition, tensions in the Middle East from U.S. sanctions on Iran and increasing violence in Libya continue to support oil prices.

Fixed Income: Fixed income markets generally performed well over the first quarter with the Bloomberg Barclays Aggregate Index returning 2.9%. Chairman Jerome Powell and the Federal Open Market Committee communicated a dovish message to the market after the March meeting, announcing that they did not anticipate making additional rate hikes for some time as the Committee exercises patience and assesses key economic data. The Fed also discussed plans to significantly slow the pace of its balance sheet reduction starting in May and cease any further reduction by September. U.S. Treasuries experienced strong performance as a result.

Table 1. *Market performance as of March 31, 2019*

	1Q2019	1-Year	3-Year Annualized
S&P 500	13.6%	9.5%	13.5%
MSCI ACWI ex-US	10.4%	-3.7%	8.6%
MSCI EAFE	10.1%	-3.2%	7.8%
MSCI EM	10.0%	-7.1%	11.1%
Bloomberg Commodities	6.3%	-5.3%	2.2%
Bloomberg Barclays US Aggregate Bond	2.9%	4.5%	2.0%

Source: Morningstar Direct

Outlook and Opportunities

Markets enjoyed strong first quarter performance because of the Federal Reserve's intentions to hold interest rates steady for the remainder of the year and cease its balance sheet reduction plan by September. In addition, confidence continues to grow that U.S. and Chinese trade negotiations will come to a resolution soon. After losing nearly 20% in a three-month span at the end of 2018, the S&P 500 bounced back to reach new all-time highs over the subsequent four months, rising 13.6% in the first quarter of 2019. It was the best quarter since 2009. Interestingly, since 1950, nine out of the last 10 times that the S&P 500 was up at least 10% during a first quarter, the rest of the year ended up positive.

The U.S. economy continues to reflect strength as exhibited by strong GDP growth in the first quarter of 3.2%, unemployment below 4%, and healthy corporate earnings. We believe we are late in the economic cycle, but the Fed's recent dovish statements may have effectively bought more time on the clock for risk assets. However, investors should understand that risks are also increasing. Strong recent momentum and the return of abnormally low volatility may reflect a level of investor complacency that is unsustainable in the long-term. The recent inversion of the yield curve suggests that recession risks may be rising. Our view, however, is that with few signs of overheating in the economy, the risk of recession in 2019 remains relatively low.

As for valuations, equity market valuations are not cheap, but the forward price-to-earnings multiple of the S&P 500 is at approximately 16.4x, which is its 5-year average. Going forward, evidence suggests that we may be shifting into the slow lane. As earnings are expected to slow, along with GDP growth globally, investors need to think about what will continue to propel markets from here on out. Progress regarding deregulation and infrastructure spending may provide additional fuel for what is likely to be the longest expansion in U.S. history.

We continue to position portfolios to participate in continued market growth while protecting client capital against potential downside risk. The strong V-shaped recovery

witnessed over the last several months provides evidence that the most important rule for investing with a long-term horizon is to remain invested with a consistent and diversified approach to asset allocation. We believe that fixed income provides strong portfolio protection during periods of significant market stress. Given historically tight credit spreads, we continue to express a relatively conservative stance in terms of duration and credit quality. Additionally, our Conservative Growth allocation seeks to provide attractive rates of return but with lower drawdown and volatility risk than equities over the long-term.

We believe that equities will remain the primary source of capital appreciation long-term, but our macroeconomic view leads us to maintain a neutral allocation to equities relative to long-term strategic targets, with broad diversification across sectors, styles, and geographies. Although the risks of unexpected spikes in inflation have receded recently, we continue to allocate to real asset strategies given the attractive valuations in certain sectors, the diversification benefits to portfolios, and the fact that unexpected inflation spikes are, by definition, difficult to predict.

The Powell Pivot

In December 2018, the Fed forecast that there would be two interest rate hikes in 2019. Three months later, on March 20, Fed Chairman Powell announced that the Fed would pause on any further interest rate hikes, signaling that rates would remain unchanged for the remainder of the year. In addition, he said the Fed would end its balance sheet reduction program by September. At the time of this writing, Wall Street odds suggest the possibility of a rate cut at some point in 2019. Given persistently low inflation and few signs of an overheating economy, the Fed's accommodative stance is hardly surprising. Nonetheless, Powell's message was more dovish than many expected, which has helped boost equity markets.

Although low inflation is supportive of equity markets, the Fed continues to struggle with inflation rates chronically below its long-term target. In January 2012, Fed Chair Ben Bernanke announced, for the first time, that the Fed was targeting a 2% inflation rate. Over the past seven years, inflation has averaged approximately 1.4%, putting in doubt that the Fed will achieve its goal. See Figure 1. As we have discussed in previous newsletters, one risk during the next downturn is that interest rates remain so low that the Fed's ability to cut rates, which is a key tool, is very limited; a negative interest rate policy, which exists in parts of Europe, would be considered a failure by the Fed, and we believe it would be a highly unlikely scenario.

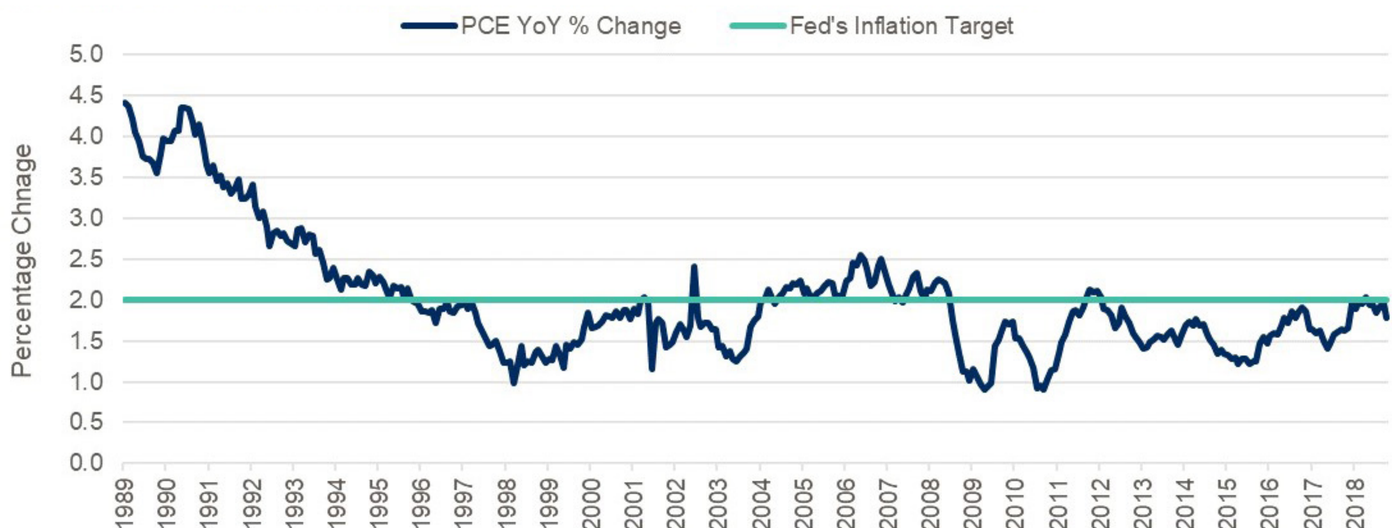
The Federal Reserve is currently embarking on a year-long review of its strategy and its toolkit regarding monetary policy to achieve its two primary goals of maximum employment and price stability, given the persistence of chronically low inflation. One potential solution is to use a 2% historical average inflation level, versus a more specific 2% target inflation rate. By implementing an inflation average, the Fed would effectively have more flexibility to let inflation run higher than average during growth periods and run lower than average during periods of economic stress. If such a policy were implemented, the monetary policy would remain accommodative in the near-term.

There are trade-offs to this strategy. The expectations that the Fed would remain accommodative could increase the risk of asset bubbles and unsustainable leverage levels. Moreover, the Fed would not have as robust a toolset to reduce rates during a recession since they would be limited to purchasing bonds to influence rates. Finally, in times of sharp inflation spikes, the Fed would likely be much slower to react.

Life in the Slow Lane?

During Chairman Powell's March statement, he did

FIGURE 1: PERSONAL CONSUMPTION EXPENDITURE PRICE INDEX (YoY % CHANGE)



Source: Bloomberg.

acknowledge that although the economy remains steady, there are risks of a global slowdown. The International Monetary Fund ("IMF") recently cut its forecast for global growth to the slowest rate since the Great Recession, with the prediction that the global economy would grow at 3.3% this year. Europe is expected to slow down materially due to Brexit negotiations dragging on, and this is likely to put pressure on Germany to loosen its economic policy. As a result, accommodative monetary policy outside the U.S. will continue. The ECB recently announced it would keep rates unchanged until at least the end of the year.

Interestingly, recently announced first quarter GDP figures were quite strong at 3.2%, even though forward GDP estimates are expected to slow. However, much of the strong growth was attributable to higher net exports and inventory investment, which tend to be more volatile than other components of GDP such as consumer spending. See Figure 2. The more important components of GDP, consumption and fixed investments, came in lower than Q4. And personal consumption, which comprises two-thirds of GDP historically, was the weakest in five years.

Evidence of a global economic slowdown is most pronounced abroad; GDP is slowing down in many major economies. The notable exception is China, which recently posted 6.4% GDP growth, slightly higher than expectations, due to recent stimulative measures. But even China GDP figures call for scrutiny. Like the U.S., Chinese GDP growth was boosted by a 1.5% contribution from net exports, whereas net exports represented only approximately 0.50% of fourth quarter 2018 GDP figures. This spike in net exports was due to several factors, such as exporters increasing shipments ahead of anticipated value-added tax cuts and cheaper oil prices lowering Chinese import figures.

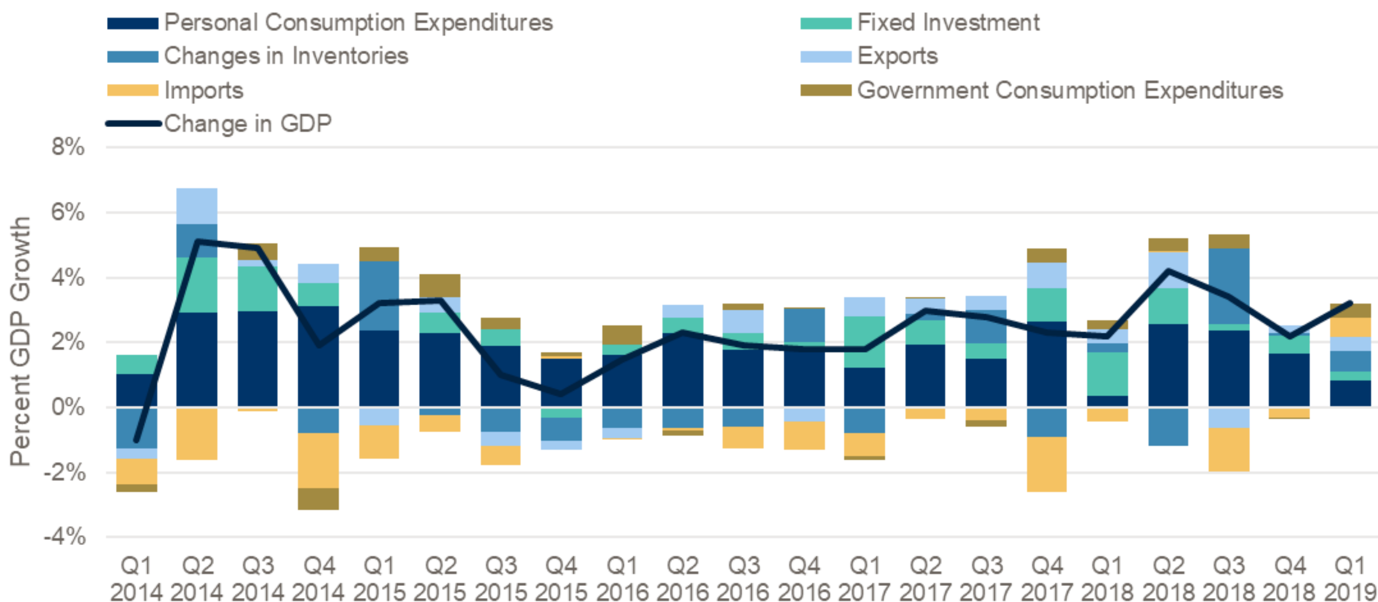
Going forward, earnings growth is also expected to slow down. Much of the strong earnings growth we've witnessed has been due to margin improvements. Investors should question whether margins can improve much further and whether revenue growth will be sufficiently robust to keep earnings growth as attractive as it has been the last several years. In fact, during the current earnings season, as of the writing of this newsletter, S&P 500 companies are reporting a net profit margin of 10.9%, which would indicate the first year-over-year decline since Q4 2016.

Cracks in the Foundation

The path of the current bull market has caused some cracks to form, as the decade-long expansion continues to age. Some of these have been surfacing within bond markets. The fixed income universe has witnessed a significant deterioration in credit quality over the last several years that could exacerbate a potential downturn. BBB-rated bonds, which are one credit rating above "junk"-rated bonds, comprise approximately half of the investment grade credit universe. This compares to BBB-rated credit representing one-third of the investment- grade market just 10 years ago. This increase in lower-graded bonds is partially attributable to the increase in M&A activity, which has helped the growth of risk assets during the same period. Additionally, although maturing BBB bonds represent only 2% of debt maturities in 2019, the BBB market will comprise 10% of the maturity wall in 2020. Another potential risk on the horizon is deteriorating underwriting standards in the environment of easy credit. Covenant quality, as measured by covenant scores calculated by Moody's Investor Service, has reached far lower levels than even at the height of the last bull market in 2007. See Figure 3.

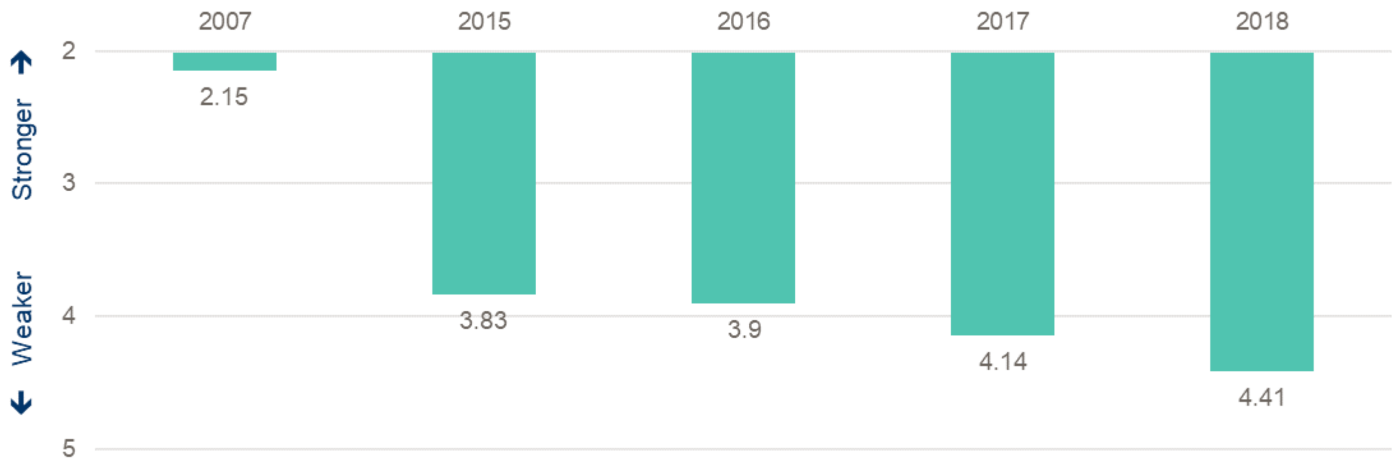
It should be of no surprise that during periods of low

FIGURE 2: GDP GROWTH BY COMPONENTS



Source: Bureau of Economic Analysis.

FIGURE 3: MOODY'S INVESTMENT COVENANT SCORES (Higher Scores Denote Weaker Covenant Quality)



Source: Moody's Investor Service.

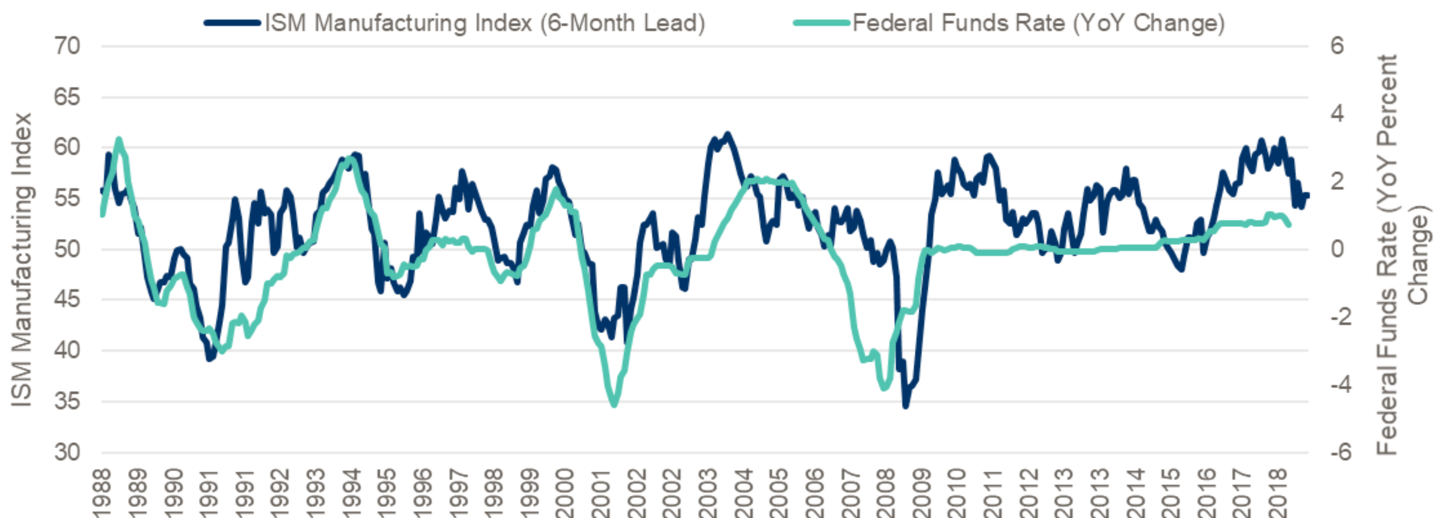
borrowing costs and loosening underwriting standards companies would take advantage of leverage to grow their businesses. However, even in the current credit-friendly environment, there are companies that have proven to be poor allocators of capital. According to Bank of America Merrill Lynch, the number of "zombie" companies (highly-indebted companies that do not make enough profit to cover interest payments) represented 13% of all companies in advanced economies, totaling 536 as of 2019. For comparison, there were 626 such companies during the Great Recession, and only 2% of companies were considered "zombies" in the 1980s.

Rumors of the Return of Rate Reductions

Not only has the Fed announced that it expects rates to stay unchanged for the rest of the year, but the market is predicting one rate cut during 2019. A more severe slowdown could cause the Fed to attempt to stimulate the economy. Historically, ISM manufacturing survey data has been a reliable leading indicator for understanding the path of interest rates. Federal Funds rates have moved relatively consistently with a six-month lag to ISM manufacturing survey results. See Figure 4. Although the last 10 years have proved anomalous due to the unprecedented quantitative easing program, if longer-term history is any indication, softening manufacturing would indicate that the Fed may indeed have reason to lower rates at some point in the future to prolong the current economic expansion.

Another potential development that could boost market growth is progress on deregulation. Discussions regarding revising the Volcker Rule, a regulation named after former Fed Chairman Paul Volcker that did away with banks' proprietary trading desks, are moving towards relaxing restrictions on some types of trades, potentially expanding banks' ability to invest in alternative investments, as well as easing credit lending rules. Whether or not any of these

FIGURE 4: FEDERAL FUNDS RATE VS. ISM MANUFACTURING DATA



Source: Bloomberg, Natixis.

potential revisions are approved and increase the risks to the financial system (the point of establishing the Volcker Rule was to reduce these risks in the first place) remains to be seen, but progress towards deregulation would nevertheless likely, at least temporarily, be a boon to risk markets.

Conclusion

Economic and market data continue showing mixed signals. The Fed's decision to be patient with additional interest rate hikes continues to support the case for staying invested in an environment where the economy remains largely on solid ground. Valuations, although not cheap, do not seem to reflect signs of dangerous asset bubbles. However, we remain wary of this stage in the economic cycle, the risks that lurk beneath the surface, and the dangers of investor complacency. Thus, we continue allocating capital using a balanced approach between risk assets and defensive strategies relative to long-term portfolio targets in order to help clients achieve their objectives while mitigating the risks of any severe impairment of capital.

Impact Update

By Justina Lai, Director of Impact Investing

New York City Office Service Event

In March, members of the Wetherby New York City team were excited to volunteer with the GOOD+ Foundation. The foundation supports low-income families by providing essential goods to maintain the health and safety of their children. Our team spent the afternoon folding, sorting, organizing and bundling various garments, lending a hand in the daily operations to help GOOD+ keep their administrative costs low. In total, the Wetherby volunteers organized 400 scratch mittens (designed to cover newborn hands to prevent their nails from scratching their sensitive skin) and 40 hats into 80 bundles for 199 kids. We also provided the GOOD+ Foundation with a monetary donation to help further their work in dismantling multi-generational poverty by pairing tangible goods with innovative services for low-income fathers, mothers and caregivers.

Diversity, Equity & Inclusion at Wetherby

Late last year, we formed a Diversity, Equity & Inclusion (DEI) Committee to focus on integrating these values across our work at Wetherby. Our vision is to cultivate an inclusive environment and culture that fosters growth, collaboration and acceptance; where we celebrate the diverse voices and perspectives of our employees; and where employees feel empowered to bring their full, authentic selves. We believe that our diversity drives us forward and enables us to build deeper long-term, caring and trusted relationships with our clients and our community.

This quarter, we have been working on embedding DEI into our organizational culture and increasing DEI engagement and advocacy across our senior leadership. In addition, we have been strengthening our recruitment pipeline by expanding our outreach, rewriting our job descriptions to incorporate more inclusive language and standardizing our candidate screening process to promote inclusivity and minimize unconscious bias. We have also been reviewing our culture, policies and practices in order to identify any barriers to full participation in the work environment. Finally, in recognition of the systemic lack of diversity in the financial services industry, we have been working to build external relationships of support to identify allies and to learn from and share best practices with other firms to help accelerate and sustain change throughout the broader ecosystem.

To commemorate Women's History Month in March, we hosted a potluck and luncheon where we shared food and stories of women who have influenced and inspired us. In honor of 2019's theme, "Visionary Women: Champions of Peace & Nonviolence," we highlighted the contributions and posted profiles of women who have led efforts to end war, violence and injustice and pioneered the use of nonviolence to change society. We enjoyed gathering over great food and with good company to celebrate such remarkable women including members of our own team!

GOOD+ Foundation

Wetherby teams packaging essential health and safety items for 199 kids from low-income families.

Women's History Month

We celebrated Women's History month in our offices with a potluck where we shared food and stories of women who have influenced and inspired us.

Financial Planning

When Does Aging at Home Make Sense?

By Holly S. Galbrecht, CFP®, RICP®

Most people, when asked, want to continue living in their current home as they age. This is often called "aging in place." As people get older, there comes a time to evaluate whether it makes sense to continue to live independently in their home. It may be possible to do so by making changes to the home environment and/or hiring help and services, but other factors such as community and friends are also important to consider.

Whether you are facing these decisions yourself or have friends or family members who are, this article discusses considerations for aging in place and provides an overview of the following alternatives: 1) Active Adult Communities 2) Cohousing Communities 3) Continuing Care Retirement Communities (CCRCs) 4) Assisted Living Facilities 5) Residential Care (Board and Care) Homes 6) Skilled Nursing Facilities. Resources to help you find additional information are included at the end.

Planning early, or at least having the conversation about whether to age in place, is important. We have found that clients who make decisions in advance experience the most successful transition. It is wise to plan ahead by understanding the options available to you so that you are prepared when your circumstances require you to leave your home.

Staying at Home

Aging in place in the current home can be possible by making changes to make the home safer and more comfortable. For example, lighting and color can be changed so that it is easier to see in the home. Railings in the hallway and grab bars in the bathroom can reduce the occurrence of falls. Rearranging closets, shelves and kitchen cupboards can make essential items easier to reach. If the home has stairs that are difficult to climb, it may be possible to install an elevator. You can hire help for tasks such as shopping, home maintenance, and bill pay; and you can hire caregivers for help with personal care. On-line services for transportation and meal and grocery delivery could be an important component of an age-in-place plan.

If the decision is made to stay at home, it is important to consider whether the community and neighborhood have the services that may be needed. One way to find referrals to service providers is through a Village Model organization. The Village Model is a network of community-based nonprofit membership organizations that serve seniors. A Village Model organization charges an annual membership fee that includes some free services and offers screened referrals to fee-based services, such as transportation and home care. Examples of Village Model organizations include San Francisco Village and Beacon Hill Village in Boston. People living in the same multi-unit building may choose to share services to help them age in place, thus creating their own naturally occurring retirement community.

One of the benefits of aging in place is being near long-time friends and neighbors, religious and social organizations, and familiar shopping and entertainment venues. However, as people age, they may have difficulty going out if they have to stop driving and they can feel isolated and lonely. People who age in place should make sure that there are appropriate transportation options available if their needs change. Rather than aging in place at home, some people may be able to move to another home in the same neighborhood or community, thus making the transition easier. When it no longer makes sense to stay at home, there are many alternatives.

Active Adult Communities

Active adult communities have age restrictions of 55 or 62 under federal law. An age 55 community requires that 80% of residents are age 55 or older. This allows for couples with a younger spouse or people who care for grandchildren. An age 62 community requires that everyone is age 62 or older. Homes in age-restricted communities can be for rent or purchase, and they are often less expensive than a similar home that is not in an age-restricted community. Age-restricted communities are normally quiet and secure and they may offer amenities, social activities and services, but they do not provide health care.

Cohousing Communities

Cohousing is an intentional community of private homes clustered around shared space. Cohousing offers a way for a senior to live independently while being part of a small community. Private homes in the cohousing community contain all the features of conventional homes, but residents also have access to extensive common facilities. Shared spaces typically feature a common house, which may include a large kitchen and dining area, laundry and recreational spaces. Shared outdoor space may include parking, walkways, open space and gardens.

Continuing Care Retirement Communities (CCRCs)

CCRCs provide three or more levels of care including independent living, assisted living and skilled nursing care. Residents can move from one level of care to another as their needs change, but most CCRCs require you to be in good health when you move in and some CCRCs have an age limit for entrants. CCRCs come in several models, ranging from facilities with large entrance fees that do not raise fees due to a move to the next level of care to facilities that charge no entrance fee but increase fees when residents need higher levels of care.

The monthly fees for a CCRC range from several hundred dollars to several thousand dollars per month, depending on the facility and the type of plan purchased. The entrance fee can range from $0 for a rental agreement to several hundred thousand dollars for an equity model in which residents buy into the facility. Some contracts provide a refund of all or part the entrance fee after the unit is resold or re-contracted for, and there is sometimes an option to share in the profit if the unit is resold at a higher amount. It's important to understand if and when the entrance fee you pay is refundable and how refunds or rebates are structured. A CCRC normally requires a resident to qualify financially.

Some expenses of a CCRC may be considered a medical expense and qualify for an income tax deduction. If you have long-term care insurance, you should coordinate the insurance policy with the CCRC contract so that you do not pay twice for the same service as a result of purchasing prepaid medical service through the assisted living contract.

Before signing a contract, carefully evaluate the CCRC paying attention to the following factors: entrance fees, monthly fees, insurance requirements, facilities, medical care and financial condition of the CCRC. Entering a CCRC is a big financial commitment and it entails risk, so make sure you carefully read any contract you are asked to sign and review it with your attorney.

Assisted Living Facilities

An assisted living facility is designed for individuals who require assistance with everyday activities, such as meals, medication management, bathing, dressing and transportation. They offer social activities and other services and amenities. A base monthly fee is charged, and you can usually pay for additional services, but there is typically no entrance fee. Long-term care insurance policies may cover some of the cost of assisted living. Some people in assisted living choose to hire their own caregivers rather than pay for additional care services offered by the assisted living facility.

Residential Care (Board and Care) Homes

A residential care (board and care) home is a residential home that is licensed by the state to provide care for seniors. The number of residents in a board and care home is usually six or fewer. Residential care homes provide meals and assistance with everyday activities, but they do not provide the amenities available at larger assisted living facilities. Long-term care insurance policies may cover some of the costs. The monthly cost of a residential care home is normally less than the cost of an assisted living facility.

Skilled Nursing Facilities

A skilled nursing facility provides 24-hour care and is available for short-term or long-term stays. Long-term care insurance may cover some of the cost. Medicare may pay for a Medicare-certified skilled nursing facility after a qualifying hospital stay (minimum three days). Medicaid will pay for qualified individuals at a Medicaid-certified skilled nursing facility.

Resources for Additional Information

- Village to Village Network can help you find or establish a virtual village through which you can find resources to help you age in place: https://www.vtvnetwork.org
- AARP Home Fit Guide: https://www.aarp.org/livable-communities/info-2014/aarp-home-fit-guide-aging-in-place.html
- National Association of Area Agencies on Aging: https://www.n4a.org/
- Cost of eldercare by region (home care, assisted living, nursing home): https://www.genworth.com/aging-and-you/finances/cost-of-care.html
- Eldercare Locator is a public service of the U.S. Administration on Aging connecting you to services for older adults and their families: https://eldercare.acl.gov/Public
- The Private Duty Home Care Association (PDHCA) is a national professional organization for private duty home care providers: http://pdhca.org/
- Family Caregiver Alliance: www.caregiver.org
- Aging Life Care Association, also known as geriatric care

management, is a holistic, client-centered approach to caring for older adults: https://www.aginglifecare.org/

- Cohousing Association has resources to help you find or start a cohousing community: http://www.cohousing.org/
- Commission on Accreditation of Rehabilitation Facilities (CARF) is the accreditation organization for Continuing Care Retirement Communities: www.carf.org
- California Advocates for Nursing Home Reform provides information on CCRCs: http://www.canhr.org/CCRC/
- Veterans Administration Geriatrics and Extended Care Service: https://www.va.gov/GERIATRICS/

Please contact your Wetherby team if you would like further information on aging in place and alternative living situations.

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While Wetherby intends to add value to our clients in non-investment related areas of tax and financial planning, we do not hold ourselves out to be practicing income tax professionals or estate planning attorneys. You should consult your tax advisor and/or estate planning attorney before implementation of any strategy.

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To the extent the Newsletters contain information about specific companies or securities, including whether they are profitable or not, such information is provided as a means of illustrating a potential investment thesis and is not reflective of any or all securities held by clients nor the experience of any client, which may be materially different from the performance of any investments discussed. Past performance is not indicative of future returns. Inherent in any investment is the potential for loss.

Wetherby manages portfolios according to each client's specific investment needs. Therefore, each client's portfolio has its unique set of circumstances and, consequently, investment results. It should not be assumed that performance returns described in this newsletter could be achieved. Accordingly, you should make no assumption or comparison based on these returns. This newsletter does not serve as the receipt of, or as a substitute for, personalized investment advice from Wetherby.

Should a reader have questions regarding the applicability of information presented to her/his individual situation, she/he is encouraged to consult with the professional adviser of her/his choosing. A copy of Wetherby's current ADV Part 2 discussing our advisory services, fees, and other relevant information is available upon request.

Please note that Wetherby's status as both a Certified B Corporation® and a Certified San Francisco Green Business is indicative of our commitment to enhanced social, environmental and governance standards and is not intended to represent an indication of Wetherby's investment capabilities or performance. For additional details regarding Certified B Corporations® please visit www.bcorporation.net; for additional details regarding San Francisco Green Business please visit www.sfenvironment.org/green-businesses.

The B Corp Best for the World Changemakers list is published by the nonprofit B Lab and determined by the verified score on the B Impact Assessment of Certified B Corporations as of June 1, 2018. The B Impact Assessment (BIA) is a free online tool designed to comprehensively measure the positive impact that businesses generate for their communities, customers, workers and environment. Only Certified B Corporations in good standing with a Reviewed Version 4 or 5 B Impact Assessment (including both phone and document reviews by B Lab Staff with scores transparent online) are eligible for inclusion. The Changemakers list honors Certified B Corps with the most verified improvements on questions across all impact areas in the B Impact Assessment over time. The algorithm used to calculate the Changemakers list assesses positive change made on individual questions. Efforts are made to to exclude what is termed "standards-based change," such as changes in score resulting from a company moving to a different track or version of the assessment. This leaves behind only genuine improvements a company has made, and honorees on the Best For The World: Changemakers list represent the top 20th percentile on this measure. Of the approximately 2,500 companies that were considered, 203 were honored representing approximately 8%. Please note that while Wetherby does not pay a fee to participate in the B Corp Best for the World rankings, we do pay fees to B Lab to maintain our B Corp certification. For additional information and methodology, please visit: https://bthechange.com/how-a-company-can-be-best-for-the-world-d4b22526afa3.

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