LUTHER KING CAPITAL MANAGEMENT
301 COMMERCE STREET, SUITE 1600
FORT WORTH, TEXAS 76102
817/332-3235
METRO 817/429-6256 FAX 817/332-4630

April 17, 2020

Dr. Greta Zeimetz
Executive Vice President
AAPL
800 Fournier Street
Fort Worth, TX 76102

Dear Greta:

Enclosed with this letter you will find the American Association of Professional Landman investment appraisals for the period ending March 31, 2020. This includes a listing of current holdings, recent transactions, asset mix, dividends, and portfolio yield. The summary page following delineates pertinent financial data for each portfolio.

The first quarter was heavily influenced by two major events, the COVID-19 virus and oil price collapse, both of which had a significant impact on investor sentiment and our firm's economic outlook for the year. The resulting business closures have negatively impacted overall economic activity on a level previously not experienced. The immediate result has been widespread unemployment, economic dislocations, and a sharp falloff in corporate profits. As holders of publicly traded stocks the valuations of your holdings have been negatively impacted and given the lack of predictability in regards to timing and magnitude of economic recovery, volatility within the marketplace recently reached unprecedented levels.

What became very obvious as conditions unfolded was the importance of owning companies with high quality managements, strong balance sheets, and business integrity. Those that are dominant in their market niche should come out of the current crisis with even stronger market share positions. Given our long stated preference for companies with these characteristics our firm feels clients are positioned to weather the current situation. We have reviewed all holdings to determine their financial viability and concluded the issues held have the ability to withstand the anticipated level of economic disruption. We are also working with our in-house research team to identify likely secular shifts in economic activity that will occur as a result of recent events and hopefully can identify new holding candidates which can take advantage of potential changes which will occur in both business and consumer spending.

Our insight into the timing of the normalization of our economy, similar to others, is limited, but we are comfortable with the long-term positioning of the holdings within your portfolio. Although government and industry play important roles, the U.S. consumer remains the core domestic economic engine and their physical and financial well-being will be a primary determinant of the depth and duration of this economic shock. In addition to the virus, the upcoming presidential election and other geopolitical events will likely generate elevated market volatility for some time.

Additional thoughts regarding the economy and capital market environment are more fully discussed in the attached "First Quarter 2020 Review" which is enclosed. Please contact me or any member of our team if you have any questions or comments regarding the enclosed material or our investment strategy.

Sincerely,

Paul W. Greenwell
Vice President-Principal

PWG/tlm

Enclosures

cc: Mr. Harold Carter
Mr. Don Clark
Ms. Amanda Johnson

AAPL LANDMAN
INVESTMENT PORTFOLIOS
March 31, 2020

ASSET ALLOCATION

	Market Value	Equities	% of Portfolio	Fixed Income	% of Portfolio
AAPL Operating Cash Custody	$ 26,421,289	$ 18,273,429	69.2	$7,290,784	27.6
AAPL Education Foundation Revocable Trust	3,588,293	2,485,201	69.3	887,046	24.7
Landman Scholarship Trust	6,489,431	4,510,424	69.5	1,664,194	25.6
NAPE Expo Charities Fund	946,423	709,677	75.0	204,521	21.6

*INVESTMENT PERFORMANCE**

	FIRST QUARTER			YEAR-TO-DATE		
	Total Portfolio (01/01/20 - 03/31/20)	Equities Only (01/01/20 - 03/31/20)	Standard & Poor's 500 Index (01/01/20 - 03/31/20)	Total Portfolio (01/01/20 - 03/31/20)	Equities Only (01/01/20 - 03/31/20)	Standard & Poor's 500 Index (01/01/20 - 03/31/20)
AAPL Operating Cash Custody	(17.0) %	(22.6) %	(19.6) %	(17.0) %	(22.6) %	(19.6) %
AAPL Education Foundation Revocable Trust	(17.6)	(23.3)	(19.6)	(17.6)	(23.3)	(19.6)
Landman Scholarship Trust	(17.0)	(22.6)	(19.6)	(17.0)	(22.6)	(19.6)
NAPE Expo Charities Fund *(Inception Date: 07/10/2019)*	(18.4)	(22.8)	(19.6)	(18.4)	(22.8)	(19.6)

* *Investment performance results are gross of investment management fees and include realized and unrealized gains and losses and dividends and interest.*

Quarterly Statement

AAPL Operating Cash Custody

Quarterly Statement: 03/31/2020

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AAPL Operating Cash Custody

Summary of Investments

	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Cash Equivalents					
CASH INSTRUMENTS	857,075.28	857,075.28	3.2	12,342	1.4
Total Cash Equivalents	**857,075.28**	**857,075.28**	**3.2**	**12,342**	**1.4**
Equities					
COMMUNICATION SERVICES	1,346,500.60	1,397,222.20	5.3	31,280	2.2
CONSUMER DISCRETIONARY	887,020.10	2,161,620.00	8.2	28,896	1.3
CONSUMER STAPLES	605,326.74	802,770.00	3.0	23,294	2.9
ENERGY	709,835.19	451,170.00	1.7	26,310	5.8
FINANCIALS	1,785,269.20	1,862,033.48	7.0	93,219	5.0
HEALTH CARE	2,247,256.45	4,785,116.50	18.1	29,568	0.6
INDUSTRIALS	1,238,105.07	2,159,861.75	8.2	47,674	2.2
INFORMATION TECHNOLOGY	2,008,317.02	3,072,805.00	11.6	23,948	0.8
MATERIALS	1,065,524.03	1,556,460.00	5.9	32,280	2.1
Total Equities	**11,893,154.40**	**18,249,058.93**	**69.1**	**336,469**	**1.8**
Fixed Income					
MUTUAL FUNDS - BONDS	7,203,617.14	7,290,784.43	27.6	147,980	2.0
Total Fixed Income	**7,203,617.14**	**7,290,784.43**	**27.6**	**147,980**	**2.0**
TOTAL INVESTMENTS	**$19,953,846.82**	**$26,396,918.64**	**99.9%**	**$496,791**	**1.9%**
Accrued Interest		**0.00**	**0.0**		
Accrued Dividends		**24,370.00**	**0.1**		
TOTAL PORTFOLIO		**$26,421,288.64**	**100.0%**		

Quarterly Statement

AAPL Education Foundation Revocable Trust

Quarterly Statement: 03/31/2020

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AAPL Education Foundation Revocable Trust

Summary of Investments

	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Cash Equivalents					
CASH INSTRUMENTS	216,046.73	216,046.73	6.0	3,111	1.4
Total Cash Equivalents	**216,046.73**	**216,046.73**	**6.0**	**3,111**	**1.4**
Equities					
COMMUNICATION SERVICES	161,723.19	155,719.68	4.3	4,272	2.7
CONSUMER DISCRETIONARY	154,836.87	305,349.40	8.5	3,720	1.2
CONSUMER STAPLES	73,440.88	93,050.00	2.6	2,805	3.0
ENERGY	116,258.00	72,274.00	2.0	4,512	6.2
FINANCIALS	267,189.51	261,859.00	7.3	13,360	5.1
HEALTH CARE	322,828.65	650,713.00	18.1	4,240	0.7
INDUSTRIALS	214,403.89	301,287.00	8.4	7,154	2.4
INFORMATION TECHNOLOGY	306,068.27	446,256.00	12.4	3,562	0.8
MATERIALS	139,220.28	195,274.50	5.4	4,040	2.1
Total Equities	**1,755,969.54**	**2,481,782.58**	**69.2**	**47,665**	**1.9**
Fixed Income					
MUTUAL FUNDS - BONDS	881,768.16	887,045.80	24.7	18,004	2.0
Total Fixed Income	**881,768.16**	**887,045.80**	**24.7**	**18,004**	**2.0**
TOTAL INVESTMENTS	**$2,853,784.43**	**$3,584,875.11**	**99.9%**	**$68,781**	**1.9%**
Accrued Interest		**0.00**	**0.0**		
Accrued Dividends		**3,418.00**	**0.1**		
TOTAL PORTFOLIO		**$3,588,293.11**	**100.0%**		

Quarterly Statement

Landman Scholarship Trust

Quarterly Statement: 03/31/2020

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Landman Scholarship Trust

Summary of Investments

	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Cash Equivalents					
CASH INSTRUMENTS	314,812.88	314,812.88	4.9	4,533	1.4
Total Cash Equivalents	**314,812.88**	**314,812.88**	**4.9**	**4,533**	**1.4**
Equities					
COMMUNICATION SERVICES	299,797.97	308,198.44	4.7	8,160	2.6
CONSUMER DISCRETIONARY	263,333.13	566,849.80	8.7	7,488	1.3
CONSUMER STAPLES	174,166.95	220,110.00	3.4	6,589	3.0
ENERGY	195,059.85	126,464.00	1.9	7,842	6.2
FINANCIALS	436,493.07	446,166.60	6.9	21,822	4.9
HEALTH CARE	523,391.96	1,112,291.00	17.1	7,166	0.6
INDUSTRIALS	340,109.18	524,539.00	8.1	12,367	2.4
INFORMATION TECHNOLOGY	532,382.78	816,543.00	12.6	6,696	0.8
MATERIALS	272,746.12	383,135.00	5.9	8,068	2.1
Total Equities	**3,037,481.01**	**4,504,296.84**	**69.4**	**86,198**	**1.9**
Fixed Income					
MUTUAL FUNDS - BONDS	1,700,606.30	1,664,194.09	25.6	33,778	2.0
Total Fixed Income	**1,700,606.30**	**1,664,194.09**	**25.6**	**33,778**	**2.0**
TOTAL INVESTMENTS	**$5,052,900.19**	**$6,483,303.81**	**99.9%**	**$124,509**	**1.9%**
Accrued Interest		**0.00**	**0.0**		
Accrued Dividends		**6,127.00**	**0.1**		
TOTAL PORTFOLIO		**$6,489,430.81**	**100.0%**		

Quarterly Statement

NAPE Expo Charities Fund

Quarterly Statement: 03/31/2020

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NAPE Expo Charities Fund

Summary of Investments

	Total Cost	Market Value	% of Total Portfolio	Est. Annual Income	Current Yield %
Cash Equivalents					
CASH INSTRUMENTS	32,225.42	32,225.42	3.4	464	1.4
Total Cash Equivalents	**32,225.42**	**32,225.42**	**3.4**	**464**	**1.4**
Equities					
COMMUNICATION SERVICES	84,064.74	68,942.00	7.3	1,720	2.5
CONSUMER DISCRETIONARY	97,566.98	76,130.80	8.0	1,080	1.4
CONSUMER STAPLES	32,455.50	29,015.00	3.1	871	3.0
ENERGY	25,010.00	14,492.00	1.5	1,032	7.1
FINANCIALS	107,646.22	69,004.12	7.3	3,452	5.0
HEALTH CARE	189,235.77	173,082.50	18.3	1,032	0.6
INDUSTRIALS	98,620.49	80,738.25	8.5	1,961	2.4
INFORMATION TECHNOLOGY	135,719.82	123,130.00	13.0	1,060	0.9
MATERIALS	82,640.33	73,927.25	7.8	1,567	2.1
Total Equities	**852,959.85**	**708,461.92**	**74.9**	**13,775**	**1.9**
Fixed Income					
MUTUAL FUNDS - BONDS	205,459.12	204,520.57	21.6	4,151	2.0
Total Fixed Income	**205,459.12**	**204,520.57**	**21.6**	**4,151**	**2.0**
TOTAL INVESTMENTS	**$1,090,644.39**	**$945,207.91**	**99.9%**	**$18,390**	**1.9%**
Accrued Interest		**0.00**	**0.0**		
Accrued Dividends		**1,215.25**	**0.1**		
TOTAL PORTFOLIO		**$946,423.16**	**100.0%**		

LKCM FUNDS

LKCM Fixed Income Fund

March 31, 2020

Fund Facts

CUSIP:	501885404	**Investment Objective:**	The Fund seeks current income.
Ticker Symbol:	LKFIX	**Managers:**	Joan M. Maynard, Scot C. Hollmann, CFA, CIC, Mark L. Johnson, CFA, CIC
Inception Date:	12/30/1997		
Minimum Investment:	$2,000	**Web:**	www.lkcmfunds.com
Portfolio Turnover Rate*	11%	**Phone:**	1-800-688-LKCM

LKCM Fixed Income Fund

About The Adviser

Luther King Capital Management Corporation was founded in 1979 and provides investment management services to investment companies, employee benefit plans, endowments, foundations, pension and profit sharing plans, trusts, estates, and high net-worth individuals.

Portfolio Managers

Joan M. Maynard is the lead portfolio manager of the LKCM Fixed Income Fund and oversees the investment team responsible for the LKCM Fixed Income Fund. Ms. Maynard joined Luther King Capital Management in 1986 and serves as Principal, Vice President and Portfolio Manager.

Scot C. Hollmann, CFA, CIC, is a member of the investment team reponsible for the LKCM Fixed Income Fund. Mr. Hollmann joined Luther King Capital Management in 1983 and serves as Principal, Vice President and Portfolio Manager.

Mark L. Johnson, CFA, CIC, is a member of the investment team responsible for the LKCM Fixed Income Fund. Mr. Johnson joined Luther King Capital Management in 2002 and serves as Principal, Vice President and Portfolio Manager.

Contact us at
1-800-688-LKCM
www.lkcmfunds.com

Performance

Returns as of 03/31/20

	Expense Ratio				Average Annual Total Returns				
	Net[1]	**Gross**	**3 Month**	**YTD**	**1YR**	**3YR**	**5YR**	**10YR**	**Since Incept 12/30/97**
LKCM Fixed Income Fund	0.50%	0.78%	-0.76%	-0.76%	3.05%	2.55%	2.10%	2.71%	4.17%
Bloomberg Barclays Interm. Gov/Credit Bond Index			2.40%	2.40%	6.88%	3.79%	2.76%	3.14%	4.53%
Lipper Short Intermediate Invest. Grade Debt Funds Indx			-0.74%	-0.74%	2.65%	2.28%	1.92%	2.55%	3.83%

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 1-800-688-LKCM. The fund imposes a 1.00% redemption fee on shares held less than 30 days, and if reflected, the fee would reduce the performance shown.

Top Ten Holdings**

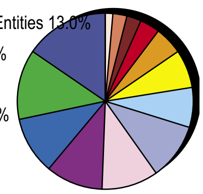
			(% of Net Assets)
Danaher Corp.	3.35%	09/15/25	2.08%
Enterprise Products Operating, LLC	3.75%	02/15/25	1.97%
Amazon.com, Inc.	2.50%	11/29/22	1.86%
Emerson Electric Co.	3.15%	06/01/25	1.84%
Bristol-Myers Squibb Co.	3.63%	05/15/24	1.82%
Thermo Fisher Scientific, Inc.	4.15%	02/01/24	1.75%
Burlington Northern Santa Fe, LLC	3.00%	03/15/23	1.74%
Oracle Corp.	3.25%	11/15/27	1.68%
Trimble Inc.	4.15%	06/15/23	1.65%
Family Dollar Stores, Inc.	5.00%	02/01/21	1.61%

**Excludes Cash and Equivalents.

The composition of the Fund's holdings and sector weightings are subject to change and are not recommendations to buy or sell any securities.

Sector Weightings

- Financials 15.6%
- U.S. Government Sponsored Entities 13.0%
- U.S. Government Issues 10.7%
- Health Care 10.6%
- Communication Services 10.5%
- Industrials 10.5%
- Information Technology 7.4%
- Energy 7.1%
- Consumer Discretionary 5.2%
- Real Estate 3.7%
- Cash & Equivalents 2.7%
- Materials 2.6%
- Consumer Staples 0.4%



Fixed Income Quality Distribution

	(% of Net Assets as of 03/31/20)
BBB	33.7%
AA	32.6%
A	28.2%
BB	1.9%
B	0.9%
Non-Rated	0.0%

Portfolio Composition

	(% of Net Assets)
Fixed Income	97.3%
Cash Equivalents	2.7%

*Fiscal year to date from 1/1/20 to 03/31/20.

The fixed income quality distribution uses the Standard and Poor's scale. Bond ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'C' ("junk"), which is the lowest grade.

The Funds' investment objectives, risks, charges, and expenses must be considered carefully before investing. The Funds' summary and statutory prospectuses contain this and other important information about the Funds. Please read the summary and statutory prospectuses carefully before investing. To obtain a hardcopy, please call 1-800-688-LKCM. Read carefully before investing.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.

[1]Expense ratios above are as December 31, 2018, the Fund's prior fiscal year end, as reported in the Fund's current prospectus. Luther King Capital Management has contractually agreed to waive all or a portion of its management fee and/or reimburse the Fund through May 1, 2021 to maintain designated expense ratios. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. Investment performance for the last quarter is based upon the net expense ratio.

The Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index is an unmanaged market value weighted index measuring both the principal price changes of, and income provided by, the underlying universe of securities that comprise the index. The Lipper Short Intermediate Investment-Grade Debt Funds Index is an unmanaged index generally considered representative of short intermediate investment grade mutual funds tracked by Lipper, Inc. You cannot invest directly in an index.

The Fund is distributed by Quasar Distributors, LLC.

LUTHER KING CAPITAL MANAGEMENT

FIRST QUARTER 2020 REVIEW

Our hearts and thoughts reach out to you during this pandemic and we wish you and your family good health during this extraordinary time. When Luther founded the firm over forty years ago, a cornerstone principle was that Luther King Capital Management is the *clients'* firm, and it is important for you to know that *your* firm is doing well. While we have always made significant investments in technology and team members, for much of the past decade we have also been purposefully engaged in constructing an information technology architecture and business process design that would enable the firm to operate seamlessly in the event of a disruptive business environment. These investments have paid dividends this quarter, as we have been able to practice social distancing while caring for our clients' assets with the same capabilities and intensity that are at the heart of the firm's culture.

The events of the first quarter have been well documented in the press, beginning with the December 31st notification by China to the World Health Organization of several cases of unusual pneumonia in Wuhan, a city of eleven million people. By January 7th officials announced they had identified a novel virus belonging to the coronavirus family which was named COVID-19. Within twelve days, the first case surfaced in the U.S. in Washington State. It was challenging for citizens, governments, and investors to understand the appropriate scale of the emerging human tragedy. Over the past two decades four other disease outbreaks have garnered global attention, beginning with SARS in 2002-03, Swine Flu in 2009-10, MERS in 2012, and Ebola in 2014-16. Tragically, the virulent profile of the novel coronavirus soon pointed to a pandemic that could potentially overwhelm healthcare services wherever it took root. The only response available to public health officials was to limit social contact with the aim of severely reducing the rate of infection in a population. However, the necessity of "flattening" the epidemiology curve through social distancing would require idling the country's economic engine. The result has precipitated the nation's first recession by proclamation.

LKCM
LUTHER KING CAPITAL MANAGEMENT

ECONOMY

It is challenging to recall an economic reversal in such a compressed timeline as is currently unfolding. Exiting last year, economic growth was anticipated to accelerate modestly in the first half of 2020, driven by higher consumer spending which represents approximately 70% of the economy. Consumers entered the year in exceptional shape. The unemployment rate was hovering near a 50-year low, wages were rising faster than inflation, and consumer debt, as a percent of disposable income, had fallen 28% from its 2007 peak. Initial jobless claims recorded a new cycle low of 201,000 in January, and housing activity gained momentum with February existing home sales registering the highest level in over twelve years.

Unfortunately, the only available course of action for the government to combat the emergence of this biological crisis involves bringing much of the economy to a near standstill. As a result, the economic impact is more analogous to a hurricane making landfall, except on a national scale. There are simply no comparison points; we have never before had such a long period of mandated economic inactivity. While imperfect, perhaps the best two analogs for the current economic environment are what occurred in the Chinese economy during the SARS epidemic and the U.S. recession that began in 1957. During the 2003 SARS episode, China established strict measures to halt the spread of disease similar to its response to COVID-19. During the second quarter of 2003 Chinese quarter-over-quarter economic growth slowed from 12% to 3%, but rebounded in the third quarter to nearly 16% after the virus waned. Growth then stabilized around 10% following the sharp rebound from pent-up demand.

Domestically, the economy entered into recession in August of 1957, which was linked to a sharp worldwide economic downturn that engulfed Europe as well. Auto sales in the U.S. fell 32% from peak to trough in 1957-58, and areas of the economy such as home construction slowed in response to interest rate increases in 1955 and 1956. Real GDP fell 4.0% in the fourth quarter of 1957 and another 10.0% in the first quarter of 1958. Of note, the 1957-1958 recession was exacerbated by a novel influenza which was identified in Singapore in 1957 and reported in coastal cities in the U.S. by the summer of 1957. This viral outbreak was sufficiently widespread to impact the number of workers that were ill at any one time during the epidemic, negatively impacting consumer activity. In the cases of the SARS economic impact on China and the 1957-1958 domestic recession, the slowdowns were significant, but the recovery spurred by pent-up demand was almost equally as strong.

CAPITAL MARKETS

Tumultuous capital markets are a reflection of several factors interacting in combination, including the wide dispersion of possible economic outcomes. In many ways, market volatility creates a feedback loop as price discovery is distorted by forced selling. The relative scale of passive investment vehicles such as index funds and ETFs account for a much greater share of trading in the current bear market, and as a result, their influence in setting short-term prices are therefore notably higher. One measure of market volatility, the VIX index, registered an all-time high in March. Changes in the complexion of the shareholder base in which many investors essentially “rent” market exposure in contrast to “owning” shares of companies, when buffeted by substantial economic uncertainty, resulted in the market sinking into a bear market in a record sixteen days.

Our best thinking at the moment is that this period will consist of three stages with an epilogue. The synopsis of the first stage is that capital markets begin to stabilize as policymakers recognize the gravity of the economic challenge. The second stage involves overwhelming monetary and fiscal stimulus to cushion the economic impact. Finally, equities put in a durable bottom which will most likely necessitate a clear inflection in the coronavirus battle. There will also be an epilogue in response to the current economic and societal trauma including bankruptcies, regionalization of supply chains, and other economic consequences.

The immediacy of the economic impact of COVID-19 has been very challenging for capital markets to digest, resulting in historic levels of volatility. Even the largest and most liquid areas of the capital markets, such as U.S. Treasury securities and large capitalization domestic equities, have registered historical price dislocations. A normally functioning market brings together potential buyers and sellers of equities or bonds at a market-clearing price and quantity. Against a placid backdrop, there is generally equilibrium of the quantity of capital that buyers and sellers wish to transact very near the most recent clearing price. The result is that assets exchange hands with very little market impact. Most recently, the Standard & Poor’s 500 Index displayed this pattern in 2017 when the maximum drawdown from peak to trough at any point during the year was 2.8%.

In times of financial stress, the character of the market clearing process can be profoundly altered. For example, buyers and sellers may significantly reduce the amount of capital that they are willing to commit at a given price level. The result is a less liquid market that is susceptible to significant price swings, brought about in part by asset owners that are forced to sell assets in order to reduce leverage or, if outside the U.S., to raise U.S. dollars to service debt obligations. As liquidity dissipates in smaller areas of the capital markets such as high yield bonds or small capitalization stocks, asset owners shift to selling highly liquid assets; in essence, selling what they can rather than what they want. This phenomenon leads to a sharp rise in correlations across both asset classes and within asset classes, resulting in a market phase best described as indiscriminant selling. We quickly entered this phase of the market bottoming process in March.

As we previously noted, the response by policymakers has been swift and significant by historical standards. In many ways, the Great Financial Crisis of 2008 can be credited for influencing the Federal Reserve's monetary response to the current pandemic. A key lesson taken from the Great Financial Crisis was that, when monetary policy options are limited, it is best to move early and aggressively. Indeed, almost the entirety of the Federal Reserve's playbook from the Great Financial Crisis has been placed into motion. Further, the Federal Reserve has been quick to innovate and launch programs that were not employed during the Great Financial Crisis. The Federal Reserve actions to date deserve high marks in our opinion, which are preventing a liquidity crisis from fanning the flames on an even larger credit crisis.

The fiscal policy response was always going to be a challenge to calibrate and therefore was likely to require multiple iterations. The roughly $2 trillion CARES Act (Coronavirus Aid, Relief and Economic Security Act) is intended to speed relief across the American economy. This aid package from Congress is meant to keep businesses and individuals afloat during an unprecedented halt on the majority of American life. In scale, the CARES Act represents slightly shy of 10% of annual GDP. Importantly, the CARES Act will provide assistance to consumers and small businesses alike with the intention of being able to resume the economic engine as soon as deemed prudent.

The final stage involves creating a durable bottom for equities, which will likely depend on a clear inflection in the coronavirus battle. This turning point is expected to include a combination of elements, such as a decrease in the growth rate of infections both domestically and in other global hot spots, such as Italy. We believe strongly in the ingenuity of biomedical professionals who are currently focused on treatments and vaccines, as well as other critical diagnostics including antibody tests. The effort to combat COVID-19 is akin to a modern day Manhattan Project. Sophisticated modeling built on extensive data of population infections is likely central to the long-term equation. A population, on whatever scale, with the most complete testing profile has the best understanding of the coronavirus. While the challenge to respond to the pandemic domestically with ubiquitous testing is daunting, we appear to be making headway.

We believe the significance of current events for businesses, policymakers, and consumers will result in strategic, policy, and behavioral changes in the future. While it is impossible to understand all the shifts that may lie ahead, we believe that several trends will likely accelerate in the future. For example, the Tohoku earthquake and tsunami that struck the northeast coast of Japan in 2011 highlighted the vulnerabilities in the global supply chain. Over twenty percent of the world's advanced silicon wafer production was interrupted, along with automobile assembly in Germany, Spain, France, and the U.S. due to the impact on component manufacturers in Japan. This disruption set in motion the regionalization of supply chains, or supply chain redundancies, that have only been spurred by recent trade tensions and now a global health crisis.

Although investors often associate a bottom in the equity market as a single event, it more closely resembles a process. Typically, the bottoming process begins when it appears that the economic prospects are likely to take a turn for the better. If history is a guide, the equity market will turn higher well ahead of better economic data and unequivocal improvement in the pandemic battle. Once a durable bottom is in place, market rallies generally become sustainable as investors gain conviction that the economic outlook will consistently improve. Our conviction for the steps necessary for an eventual market recovery is higher than our understanding of how the country reaches the finale of the pandemic. However, we remain deeply convinced of the nation's ingenuity and resiliency to address the current challenges.

CONCLUSION

The longest economic expansion on record has come to a close. A key contributor to the longevity of the expansion was its very modest growth rate compared with prior cycles. However, this tepid growth was accompanied by vulnerability that the economy could be pushed into recession with little effort. In fact, an exogenous shock striking the U.S. economy at a time of vulnerability has been one of the most plausible recessionary scenarios for some time. Unfortunately, the tragic emergence of a global health crisis provided the necessary spark to shock the economy into recession. The Great Financial Crisis was insidious because it centered on a bubble in nonproductive assets (housing) financed by banks, which resulted in a negative multiplier effect. The current recessionary shock may well be more severe in terms of important economic data such as GDP growth and unemployment.

However, the pace of recovery is also likely to increase more quickly compared to the aftermath of the Great Financial Crisis.

The two most important variables of this downturn, severity and duration, remain unknowable. Our investment strategy of focusing on what we believe to be high quality, competitively advantaged companies with strong cash flows and robust balance sheets will enable your portfolio holdings to weather this downturn. Further, the strength of your portfolio holdings have historically benefitted from previous downturns through taking market share, making opportune acquisitions, or securing advantageous financing from a position of strength. Risk abounds as the world struggles to grasp the magnitude of the pandemic and its potential economic impact. Elevated volatility across capital markets is to be expected as the market bottoming process continues to unfold. As always, we remain disciplined in our investment approach and will continue to seek opportunities to best position client portfolios through the business cycle.

*FINANCIAL MARKET TOTAL RETURN**

	First Quarter 2020	**Six Months Ending 03/31/20**	**One Year Ending 03/31/20**	**Annualized Return Two Years Ending 03/31/20**	**Annualized Return Three Years Ending 03/31/20**	**Annualized Return Five Years Ending 03/31/20**
Standard & Poor's 500 Index	(19.60%)	(12.31%)	(6.98%)	0.92%	5.10%	6.73%
Russell 2000 Index	(30.61%)	(23.72%)	(23.99%)	(11.93%)	(4.64%)	(0.25%)
Value Line Composite Index	(35.44%)	(31.20%)	(32.12%)	(17.82%)	(10.21%)	(5.19%)
Dow Jones Industrial Average	(22.73%)	(17.58%)	(13.38%)	(2.35%)	4.42%	6.86%
NASDAQ (OTC) Composite	(13.91%)	(3.15%)	0.78%	5.58%	10.45%	10.76%
Bloomberg Barclays Capital Gov't/Credit Intermediate Bond Index	2.40%	2.78%	6.88%	5.56%	3.79%	2.76%

* *Total Return Includes Income*

Michael C. Yeager, CFA
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