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CAPITAL ADVISORS LLC

“We Need a Bigger Boat”

Reviewing 1Q 2020

By Francisco Rodríguez-Castro,
President & CEO

May 7, 2020

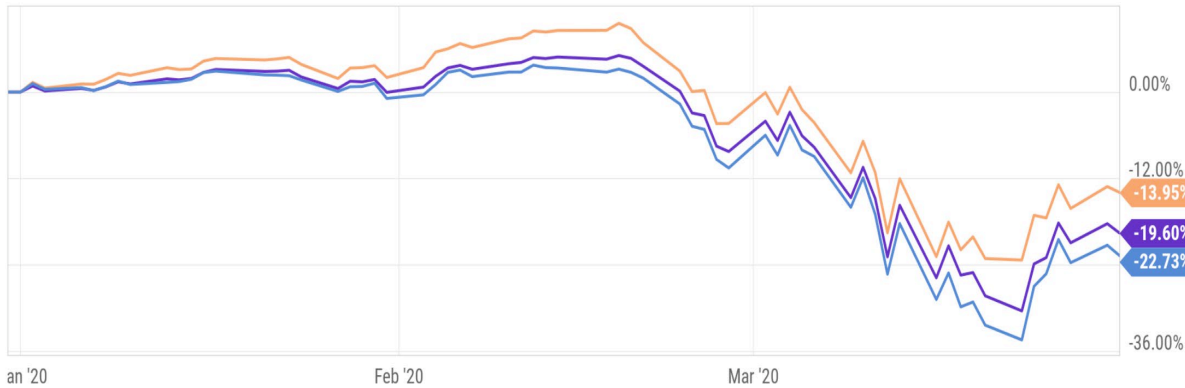


Stock Markets Performance

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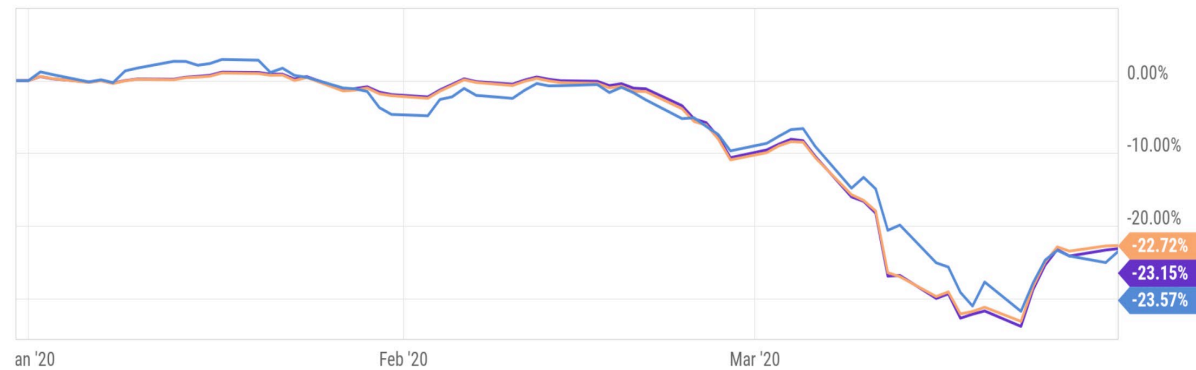


	VAL	ANN
● S&P 500 Total Return Level % Change	-19.60%	-58.31%
● NASDAQ Composite Total Return Level % Change	-13.95%	-45.27%
● Dow Jones Industrial Average Total Return Level % Change	-22.73%	-64.46%



US Markets	Q1 2020 Return
NASDAQ Composite Total Return	-13.95%
S&P 500 Total Return	-19.60%
Dow Jones Industrial Average Total Return	-22.73%

	VAL	ANN
● MSCI World Ex USA Total Return Level % Change	-23.15%	-65.21%
● MSCI EAFE Total Return Level % Change	-22.72%	-64.43%
● MSCI Emerging Markets Total Return Level % Change	-23.57%	-65.97%

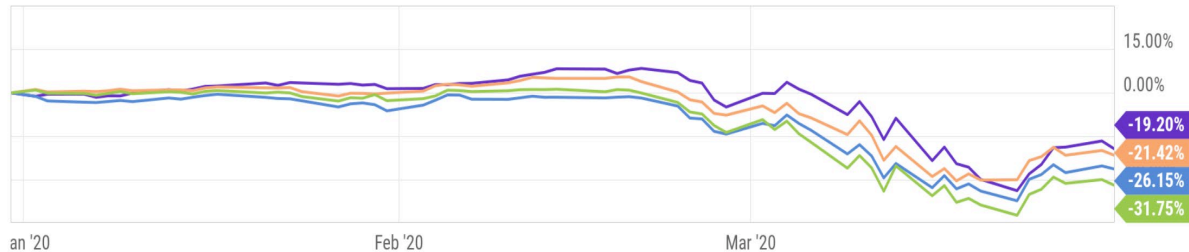


Global Markets	Q1 2020 Return
MSCI EAFE Total Return	-22.72%
MSCI World Ex USA Total Return	-23.15%
MSCI Emerging Markets Total Return	-23.57%

U.S. Sector Performance

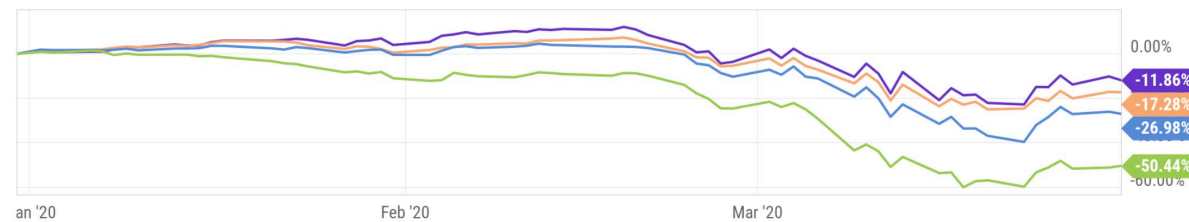


- Real Estate Select Sector SPDR® Total Return
- Consumer Discret Sel Sect SPDR® ETF Total Return
- Materials Select Sector SPDR® ETF Total Return
- Financial Select Sector SPDR® ETF Total Return



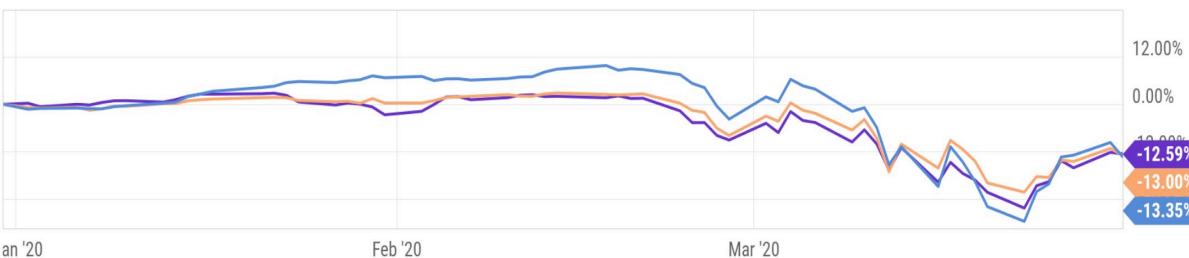
Cyclical Sectors	Q1 2020 Return
Real Estate Select Sector SPDR®	-19.20%
Consumer Discret Sel Sect SPDR® ETF	-21.42%
Materials Select Sector SPDR® ETF	-26.15%
Financial Select Sector SPDR® ETF	-31.75%

- Technology Select Sector SPDR® ETF Total Return
- Communication Services Sel Sect SPDR®ETF Total Return
- Industrial Select Sector SPDR® ETF Total Return
- Energy Select Sector SPDR® ETF Total Return



Sensitive Sectors	Q1 2020 Return
Technology Select Sector SPDR® ETF	-11.86%
Communication Services Sel Sect SPDR®ETF	-17.28%
Industrial Select Sector SPDR® ETF	-26.98%
Energy Select Sector SPDR® ETF	-50.44%

- Health Care Select Sector SPDR® ETF Total Return
- Consumer Staples Select Sector SPDR® ETF Total Return
- Utilities Select Sector SPDR® ETF Total Return



Defensive Sectors	Q1 2020 Return
Health Care Select Sector SPDR® ETF	-12.59%
Consumer Staples Select Sector SPDR® ETF	-13.00%
Utilities Select Sector SPDR® ETF	-13.35%

Asset Class Performance – Trailing Periods

	YTD Return %	1 Month Return %	3 Month Return %	6 Month Return %	1 Year Return %	Ann. 3 Year Return %	Ann. 5 Year Return %
US Treasuries	8.20%	2.89%	8.20%	7.34%	13.23%	5.82%	3.64%
Aggregate Bonds	3.15%	-0.59%	3.15%	3.33%	8.93%	4.82%	3.36%
Muni Bonds	-0.63%	-3.63%	-0.63%	0.10%	3.85%	3.96%	3.19%
US Growth Stocks	-14.10%	-9.84%	-14.10%	-4.98%	0.91%	11.32%	10.36%
S&P 500	-19.60%	-12.35%	-19.60%	-12.31%	-6.98%	5.10%	6.73%
World ex USA	-23.15%	-14.02%	-23.15%	-17.06%	-14.42%	-1.56%	-0.25%
Emerging Markets	-23.57%	-15.38%	-23.57%	-14.45%	-17.36%	-1.25%	0.01%
US Real Estate	-24.39%	-19.95%	-24.39%	-23.79%	-16.74%	-0.15%	1.60%
US Value Stocks	-26.73%	-17.09%	-26.73%	-21.30%	-17.17%	-2.18%	1.90%
US Small Cap	-30.61%	-21.73%	-30.61%	-23.72%	-23.99%	-4.64%	-0.25%
Commodities	-42.34%	-29.43%	-42.34%	-37.56%	-41.01%	-13.33%	-12.91%

Asset	Index
US Real Estate	Dow Jones US Real Estate Index Total Return
US Growth Stocks	Russell 1000 Growth Total Return
Commodities	S&P GSCI Total Return
US Small Cap	Russell 2000 Total Return
S&P 500	S&P 500 Total Return
US Value Stocks	Russell 1000 Value Total Return
World ex USA	MSCI World Ex USA Total Return
Emerging Markets	MSCI Emerging Markets Total Return
Aggregate Bonds	Barclays US Aggregate Total Return
Muni Bonds	Barclays Municipal Bond Total Return
US Treasuries	Barclays US Treasury Total Return

Asset Class Performance – Quarter by Quarter

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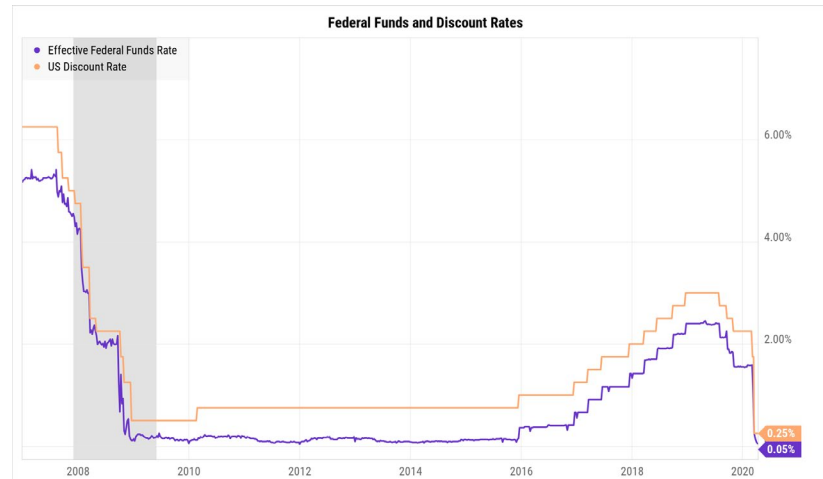


	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
US Treasury Bonds	8.20%	-0.79%	2.40%	3.01%	2.11%	2.57%	-0.59%	0.10%	-1.18%	0.05%	0.38%	1.19%	0.67%
US Aggregate Bonds	3.15%	0.18%	2.27%	3.08%	2.94%	1.64%	0.02%	-0.16%	-1.46%	0.39%	0.85%	1.45%	0.82%
Municipal Bonds	-0.63%	0.74%	1.58%	2.14%	2.90%	1.69%	-0.15%	0.87%	-1.11%	0.75%	1.06%	1.96%	1.58%
US Growth	-14.10%	10.62%	1.49%	4.64%	16.10%	-15.89%	9.17%	5.76%	1.42%	7.86%	5.90%	4.67%	8.91%
S&P 500	-19.60%	9.07%	1.70%	4.30%	13.65%	-13.52%	7.71%	3.43%	-0.76%	6.64%	4.48%	3.09%	6.07%
World Ex-US Stocks	-23.15%	7.91%	-0.85%	4.07%	10.60%	-12.73%	1.38%	-0.48%	-1.92%	4.29%	5.69%	5.87%	6.95%
Emerging Markets	-23.57%	11.93%	-4.11%	0.74%	9.97%	-7.40%	-0.95%	-7.86%	1.47%	7.50%	8.04%	6.38%	11.49%
US Real Estate	-24.39%	0.79%	7.30%	1.82%	17.08%	-5.97%	0.65%	7.78%	-5.91%	2.57%	1.13%	2.59%	3.22%
US Value	-26.73%	7.41%	1.36%	3.84%	11.93%	-11.72%	5.70%	1.18%	-2.83%	5.33%	3.11%	1.34%	3.27%
US Small Cap	-30.61%	9.94%	-2.40%	2.10%	14.58%	-20.20%	3.58%	7.75%	-0.08%	3.34%	5.67%	2.46%	2.47%
Commodities	-42.34%	8.31%	-4.18%	-1.42%	14.97%	-22.94%	1.34%	8.00%	2.19%	9.90%	7.22%	-5.46%	-5.05%

Federal Reserve Easing Activity

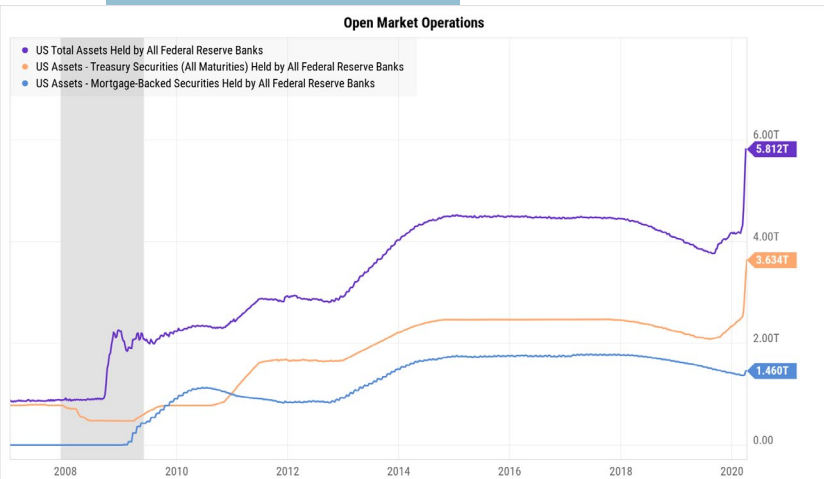
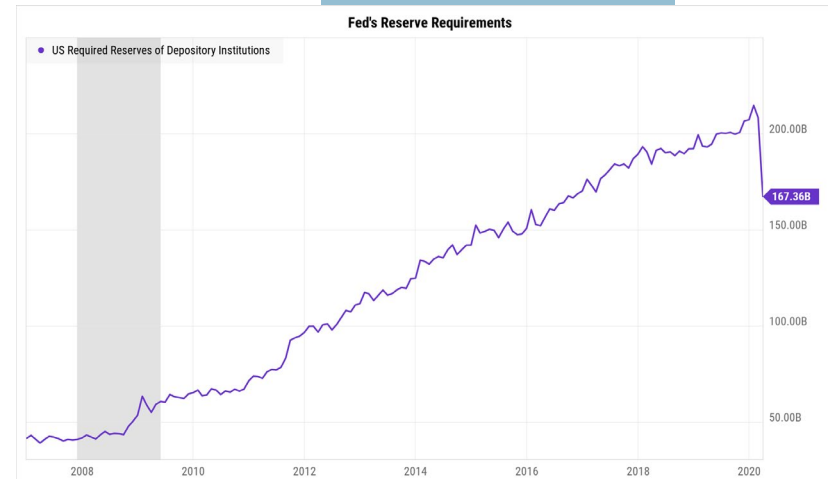


Buying
Assets in
Open
Market



Decreasing
Reserve
Requirements

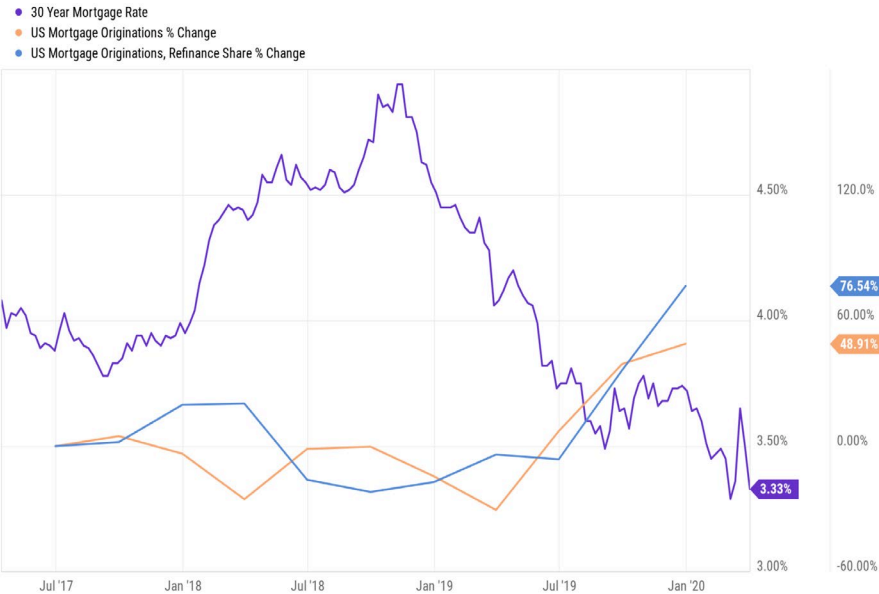
Lowering
Rates



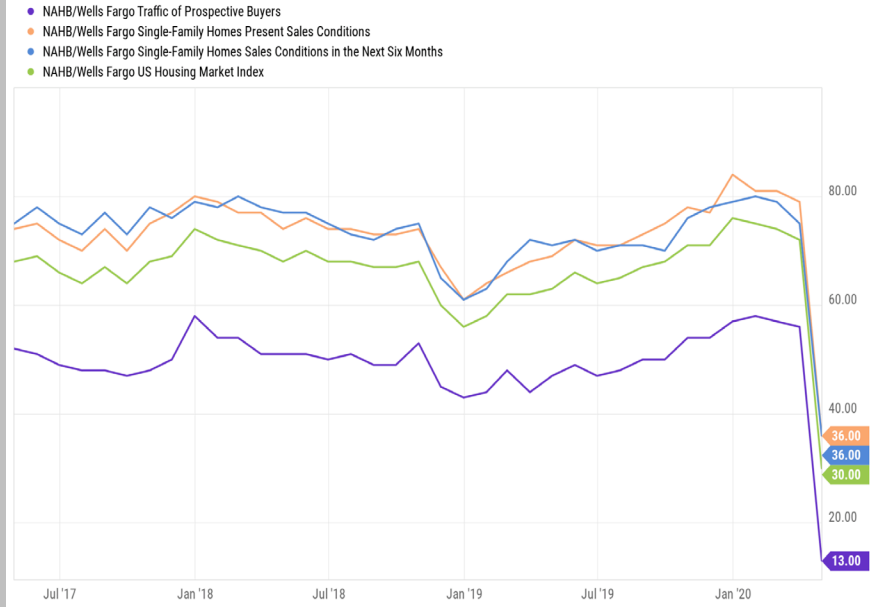
Housing Indicators



Mortgage Rates and Originations



NAHB Housing Sentiment & Components



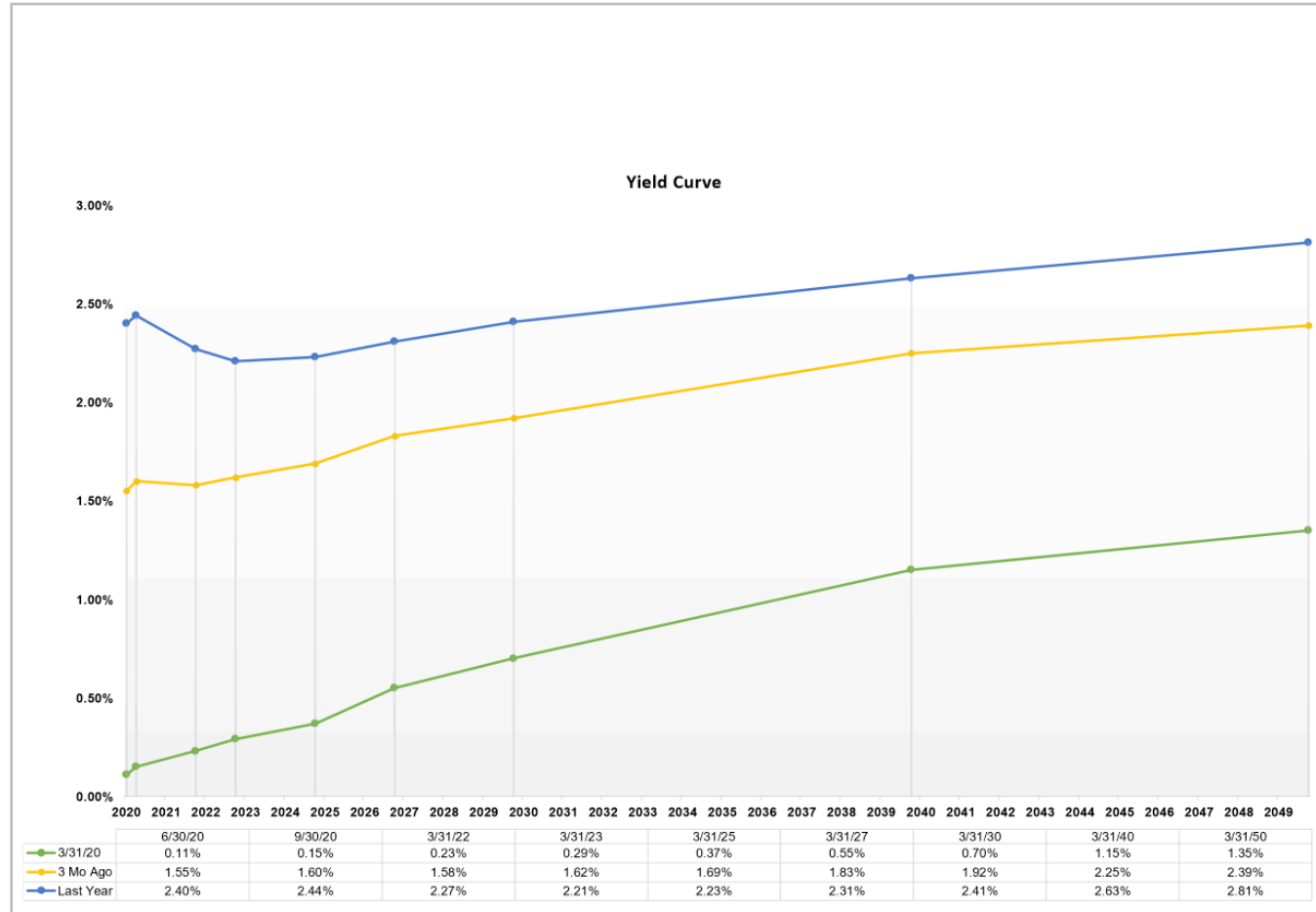
Indicator Review

Overall	Indicator Name	Last Release Date	Frequency	Value	1 Mo. Ago		3 Mo. Ago		1 Yr. Ago	
					1 Mo. Ago	% Change	3 Mo. Ago	% Change	1 Yr. Ago	% Change
▲	Case-Shiller Home Price Index: National	1/31/20	monthly	214.7	214	▲ 0.50%	212	▲ 1.37%	207	▲ 3.91%
▼	US Housing Starts	3/31/20	monthly	1,216	1,564	▼ -22.25%	1,601	▼ -24.05%	1,199	▲ 1.42%
▼	US Building Permits	3/31/20	monthly	1,353	1,452	▼ -6.82%	1,420	▼ -4.72%	1,288	▲ 5.05%
▼	US New Single Family Houses Sold	2/29/20	monthly	765	800	▼ -4.38%	700	▲ 9.29%	669	▲ 14.35%
▲	US Pending Home Sales Index	2/29/20	monthly	112	109	▲ 2.39%	109	▲ 2.76%	102	▲ 9.42%
▼	30 Year Mortgage Rate	4/9/20	weekly	3.33%	3.50%	▼ -4.86%	3.51%	▼ -5.13%	4.20%	▼ -20.71%
▲	US Households	12/31/19	monthly	124,208	123,827	▲ 0.31%	123,133	▲ 0.87%	122,556	▲ 1.35%

Interest Rates



Name	3/31/20	12/31/19	9/30/19	6/30/19
US High Yield CCC Effective Yield	18.21% ▲	11.78% ▼	12.20% ▲	11.78%
US High Yield B Effective Yield	9.99% ▲	5.28% ▼	5.77% ▼	6.16%
US High Yield BB Effective Yield	6.89% ▲	3.77% ▼	3.96% ▼	4.28%
US Corporate BBB Effective Yield	4.59% ▲	3.19% ▼	3.30% ▼	3.56%
US Corporate A Effective Yield	2.96% ▲	2.65% ▼	2.69% ▼	2.93%
US Corporate AAA Effective Yield	2.08% ▼	2.55% ▲	2.49% ▼	2.75%
US Corporate AA Effective Yield	2.08% ▼	2.55% ▲	2.49% ▼	2.75%
30 Year Treasury Rate	1.35% ▼	2.39% ▲	2.12% ▼	2.52%
10 Year Treasury Rate	0.70% ▼	1.92% ▲	1.68% ▼	2.00%
5 Year Treasury Rate	0.37% ▼	1.69% ▲	1.55% ▼	1.76%
1 Year Treasury Rate	0.23% ▼	1.58% ▼	1.63% ▼	1.75%
2 Year Treasury Rate	0.17% ▼	1.59% ▼	1.75% ▼	1.92%
6 Month Treasury Rate	0.15% ▼	1.60% ▼	1.83% ▼	2.09%
3 Month Treasury Rate	0.11% ▼	1.55% ▼	1.88% ▼	2.12%
Effective Federal Funds Rate	0.08% ▼	1.55% ▼	1.90% ▼	2.40%



Trade & Dollar Strength

Exports

	Total	QoQ	YoY	Canada	QoQ	YoY	Mexico	QoQ	YoY	EU	QoQ	YoY	China	QoQ	YoY	OPEC	QoQ	YoY
Total:	\$625.5 B	0.0%	0.0%	\$89.2 B	-1.7%	-1.9%	\$73.7 B	-4.0%	-5.6%	\$148.6 B	1.3%	5.9%	\$42.3 B	-9%	4%	\$19.8 B	0.7%	-15.0%
Goods:	\$413.2 B	-1%	-2%	\$73.2 B	-3%	-3%	\$65.4 B	-5%	-7%	\$81.2 B	0%	5%	\$27.8 B	-16%	5%	\$12.2 B	2%	-20%
Services:	\$212.3 B	1%	3%	\$16.0 B	3%	2%	\$8.3 B	-1%	2%	\$67.4 B	3%	6%	\$14.5 B	3%	3%	\$7.6 B	-1%	-14%

Imports

Total:	\$785.9 B	-2.3%	-3.8%	\$92.5 B	-3.6%	1.7%	\$99.9 B	-3.7%	-0.5%	\$182.1 B	-3.2%	2.1%	\$122.3 B	-9%	-18.9%	\$15.5 B	-6.4%	-31%
Goods:	\$637.7 B	-3%	-6%	\$83.2 B	-4%	1%	\$93.2 B	-4%	-1%	\$129.5 B	-4%	1%	\$117.5 B	-10%	-24%	\$12.9 B	-10%	-53%
Services:	\$148.1 B	2%	4%	\$9.3 B	-2%	3%	\$6.8 B	2%	10%	\$52.6 B	-2%	3%	\$4.8 B	0%	-3%	\$2.6 B	9%	-4%

• US Dollar to Euro Exchange Rate



• US Dollar to Chinese Yuan Exchange Rate



• US Dollar to Pound Sterling Exchange Rate



• US Dollar to Japanese Yen Exchange Rate



Leading Indicator Summary & Trends

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Indicator	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
10-2 Year Treasury Yield Spread	▲ 0.47%	▲ 0.34%	▼ 0.05%	▲ 0.25%	▼ 0.14%	▼ 0.21%	▼ 0.51%	▲ 1.25%	▼ 1.21%	▼ 1.50%	▲ 2.66%	▼ 1.53%	▼ 1.64%	▼ 2.69%	▲ 2.71%	▲ 1.49%	▲ 0.99%	▼ -0.11%
NY Fed Business Leaders Survey Current Business Activity	▼ -13.1	▼ 3	▼ 4.9	▼ 5.8	▲ 10.8	▼ 5.6	▲ 16.7	▼ -0.6	▼ 2	▼ 7.8	▲ 7.89	▼ -6.41	▼ -2.5	▲ 12.24	▲ 11.9	▼ -44	▼ -11.9	▲ 27.5
Philly Fed Manufacturing Activity Index	▼ -12.7	▼ 2.4	▲ 12.2	▼ 1.5	▲ 14.9	▼ 10.9	▲ 29.3	▲ 21.6	▼ -9.5	▲ 20.5	▲ 6.2	▲ 4	▼ 3.3	▼ 15.6	▲ 16.4	▼ -37.7	▼ -5.5	▼ -1.7
S&P 500 Return	▼ -19.60%	▲ 9.07%	▼ 1.70%	▼ 4.30%	▲ 13.65%	▼ -4.38%	▲ 21.8%	▲ 12.0%	▼ 1.38%	▼ 13.7%	▲ 32.4%	▲ 16.0%	▼ 2.11%	▼ 15.1%	▲ 26.5%	▼ -37.0%	▼ 5.49%	▲ 15.8%
US Index of Consumer Sentiment	▼ 71	▲ 99.3	▼ 93.2	▼ 98.2	▲ 98.4	▲ 98.3	▼ 95.9	▲ 98.2	▼ 92.6	▲ 93.6	▲ 82.5	▲ 72.9	▼ 69.9	▲ 74.5	▲ 72.5	▼ 60.1	▼ 75.5	▲ 91.7
US Change in Business Inventories (YoY)	▼ -0.07%	▼ 1.97%	▼ 3.43%	▲ 5.05%	▲ 4.83%	▲ 4.70%	▲ 3.31%	▲ 2.00%	▼ 1.42%	▼ 3.68%	▼ 3.93%	▼ 5.67%	▼ 7.84%	▲ 8.90%	▼ -9.21%	▼ -1.46%	▼ 5.58%	▲ 7.17%
US Housing Starts (Latest TTM)	▼ 15,157	▲ 15,573	▲ 14,806	▼ 14,660	▲ 14,672	▲ 14,995	▲ 14,506	▲ 14,128	▲ 13,281	▲ 11,992	▲ 11,138	▲ 9,405	▲ 7,343	▼ 7,026	▼ 6,648	▼ 10,800	▼ 16,102	▼ 21,743
US Building Permits (Latest TTM)	▲ 16,664	▲ 16,200	▲ 15,799	▼ 15,537	▼ 15,719	▲ 15,957	▲ 15,442	▲ 14,495	▲ 14,140	▲ 12,639	▲ 11,847	▲ 9,945	▲ 7,488	▼ 7,244	▼ 6,984	▼ 10,750	▼ 16,698	▼ 22,124
US Change in Retail Sales (YoY)	▼ -3.82%	▲ 5.96%	▲ 3.70%	▼ 3.28%	▲ 3.81%	▼ 1.08%	▲ 4.93%	▲ 3.65%	▼ 2.82%	▼ 2.92%	▼ 3.30%	▼ 4.31%	▼ 6.07%	▲ 6.87%	▲ 4.94%	▼ -12.75%	▼ 2.98%	▼ 4.40%

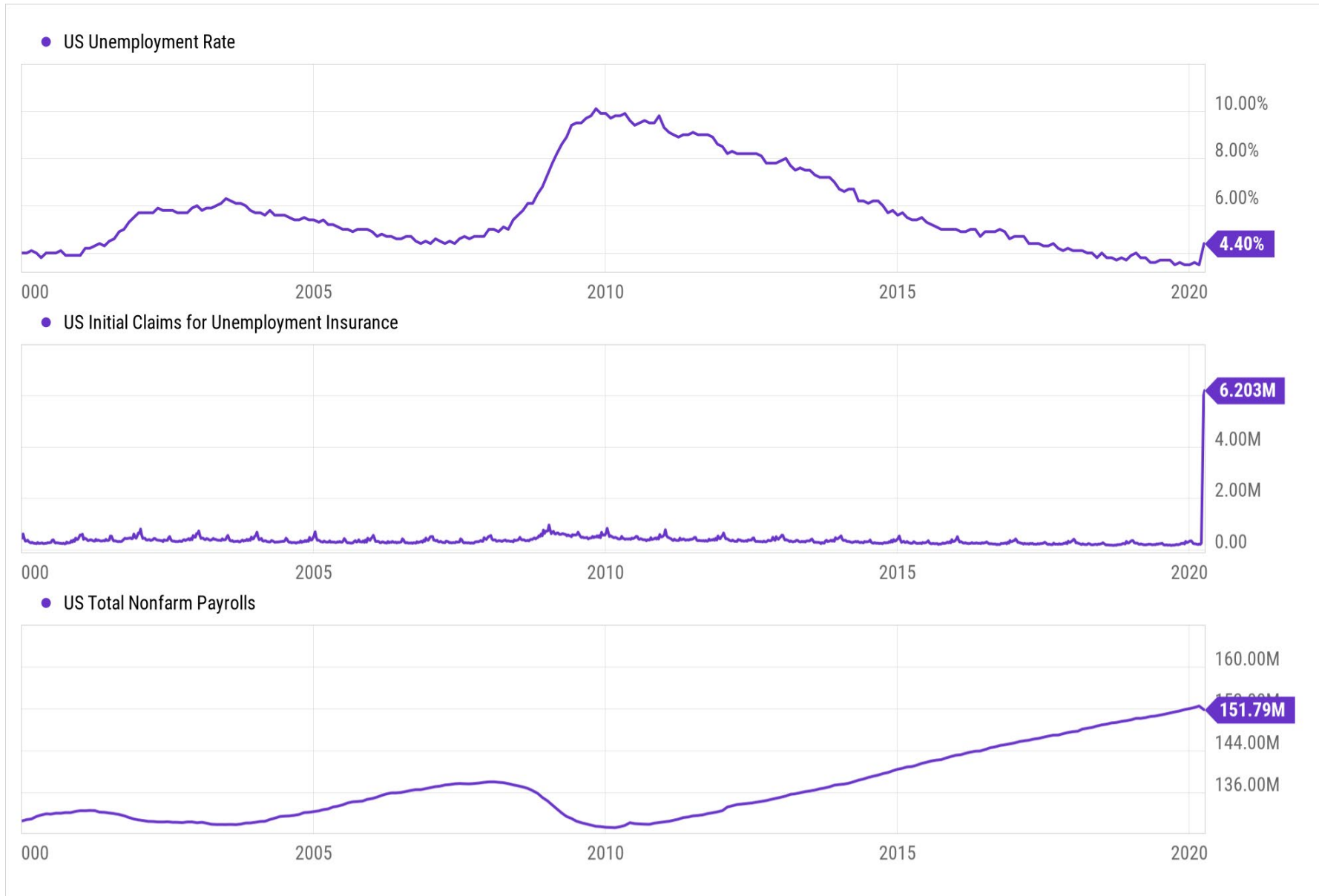
COVID-19 vs S&P 500



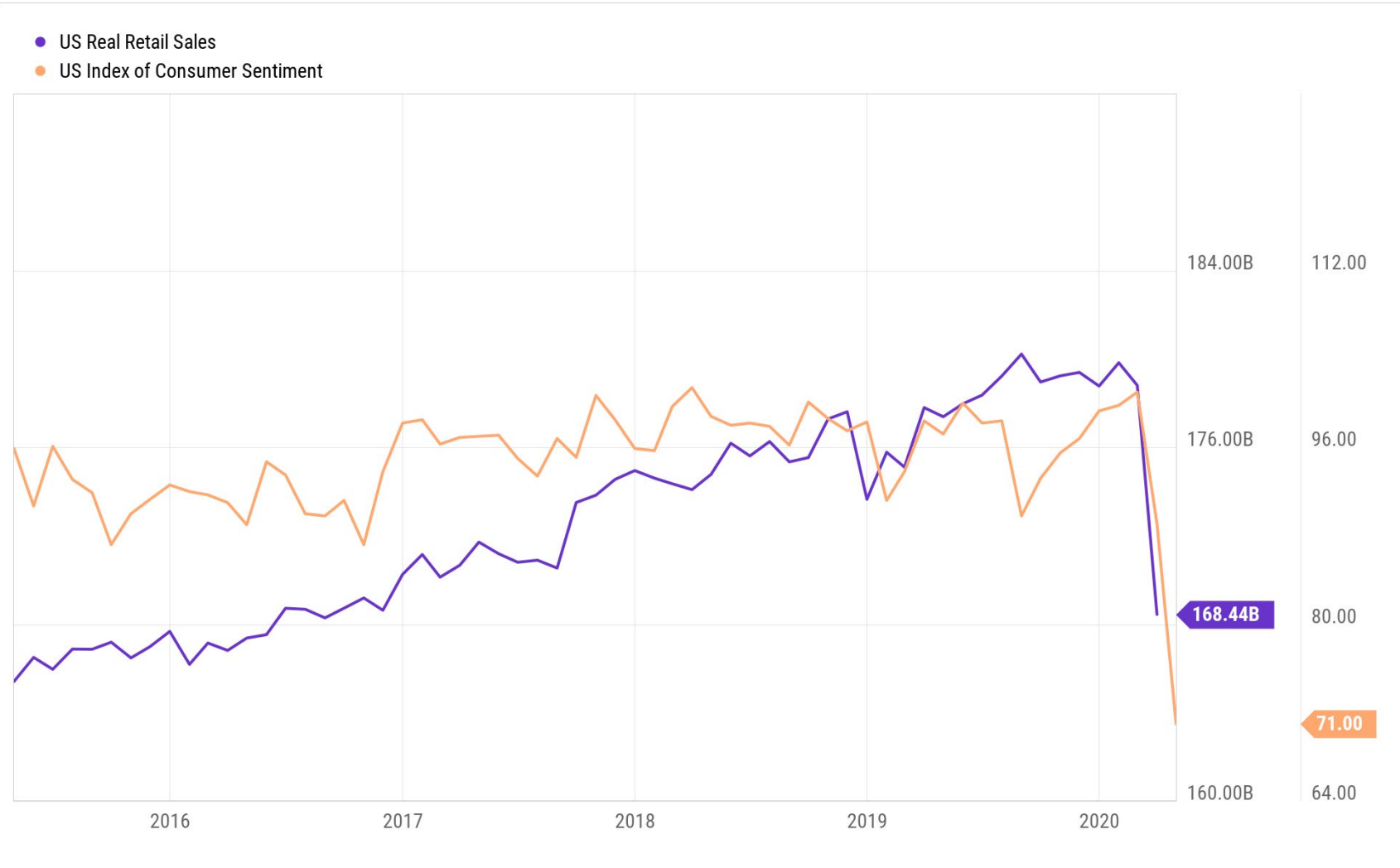
Coronavirus Cases and Global Market Decline



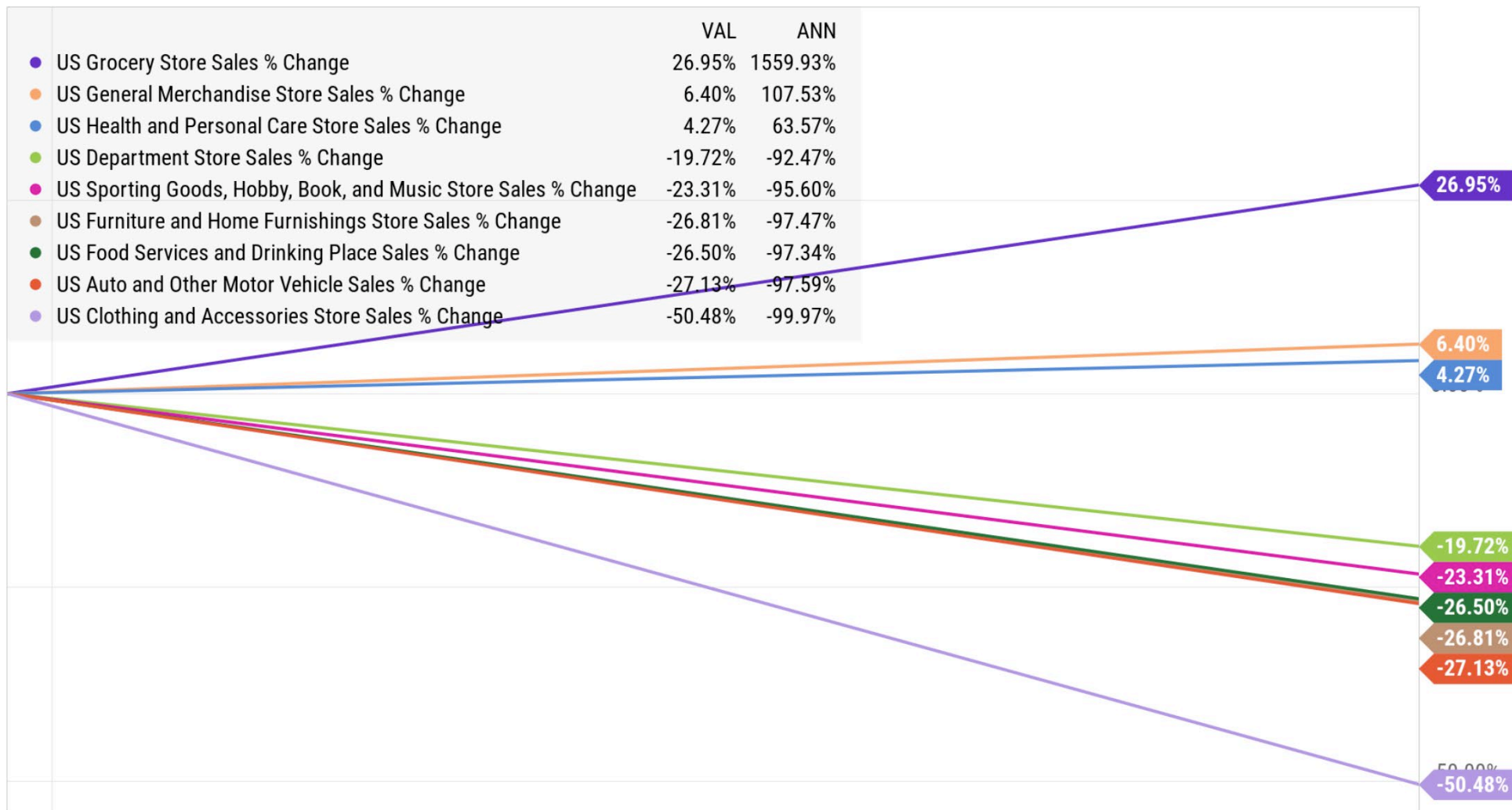
Employment Situation



Historic Decline in Retail Sales and Consumer Sentiment



Breaking Down Retail Sales



Mar '20

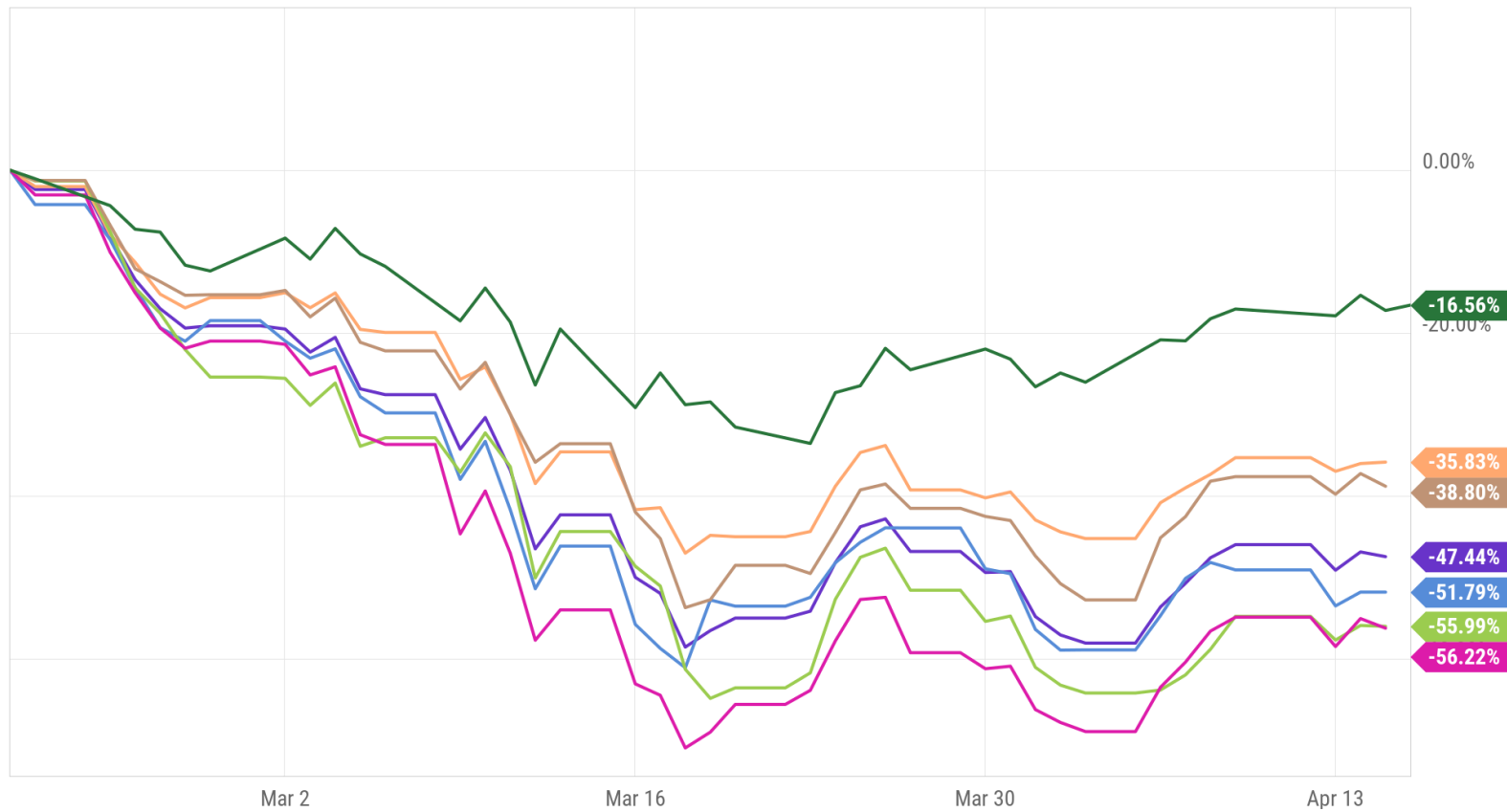
Source: Census Bureau

Especially Affected Industries



BEACH Stocks Analysis

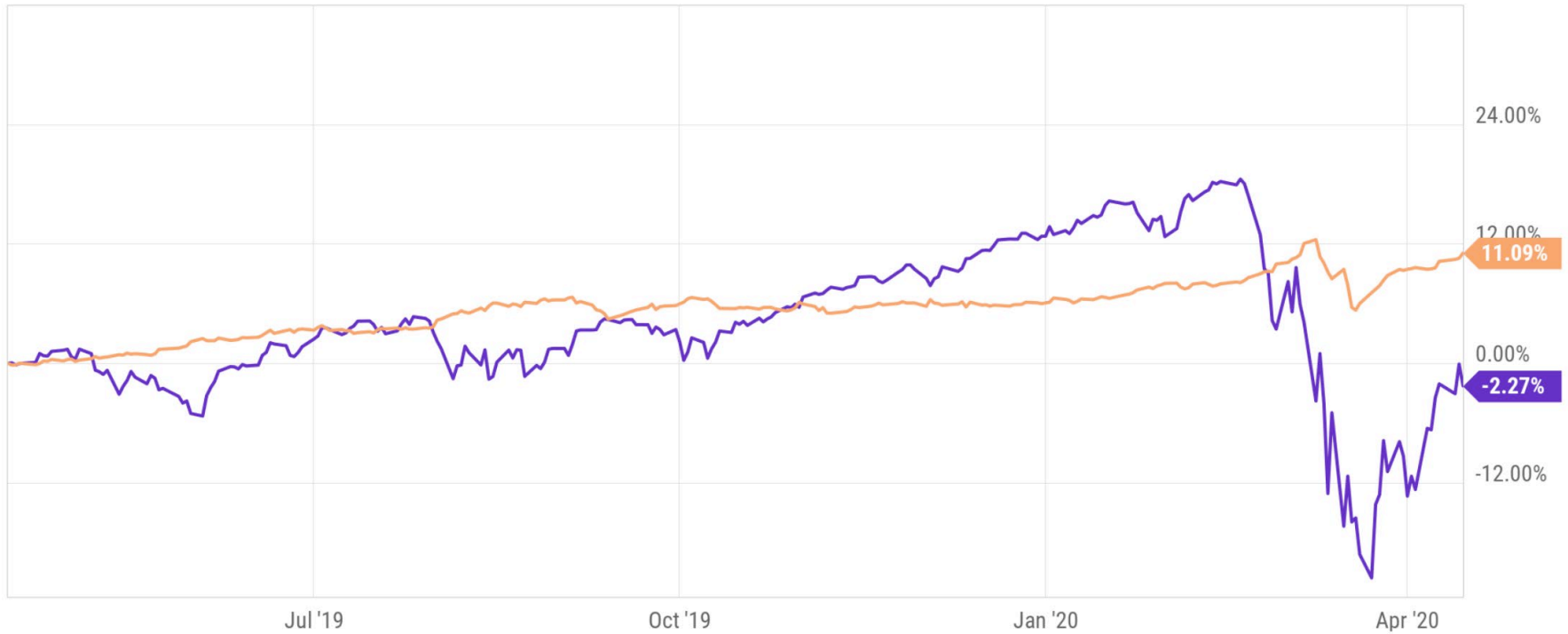
- BEACH Level % Change
- Booking Companies Level % Change
- Entertainment & Live Events Companies Level % Change
- Airlines Level % Change
- Cruise Lines & Casinos Level % Change
- Hotels & Resorts Level % Change
- S&P 500 Total Return Level % Change



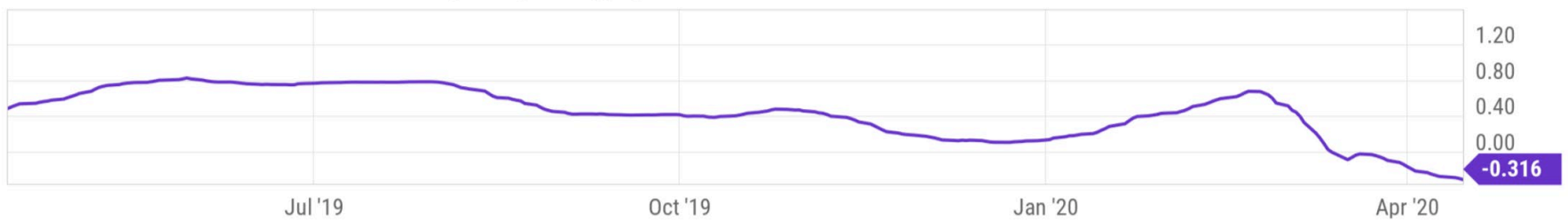
Stocks vs Bonds



- S&P 500 Total Return
- Bloomberg Barclays US Aggregate



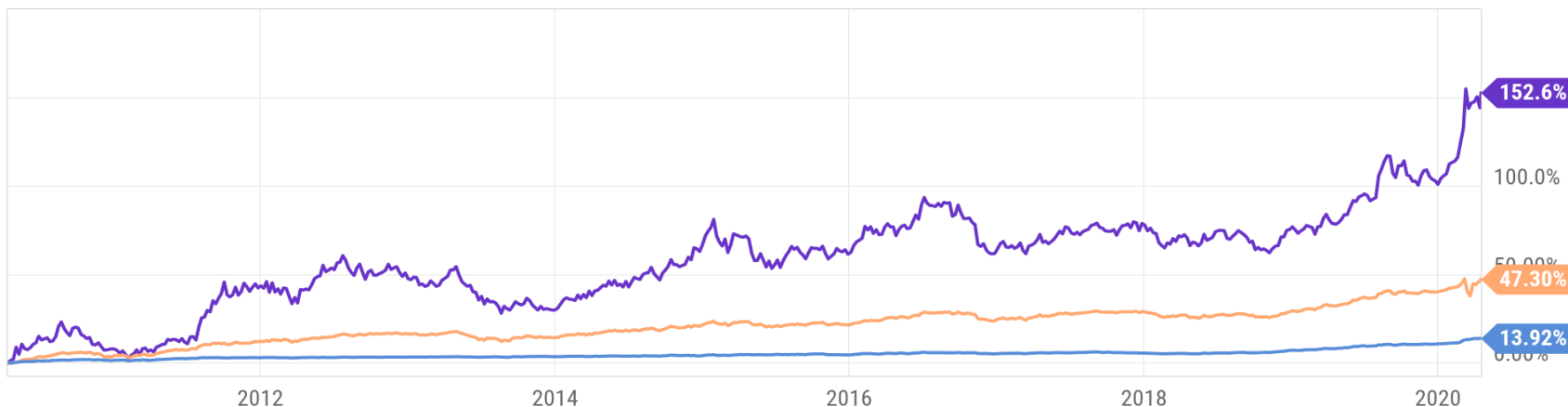
- Corr: S&P 500 Total Return Level, Bloomberg Barclays US Aggregate Total Return Level



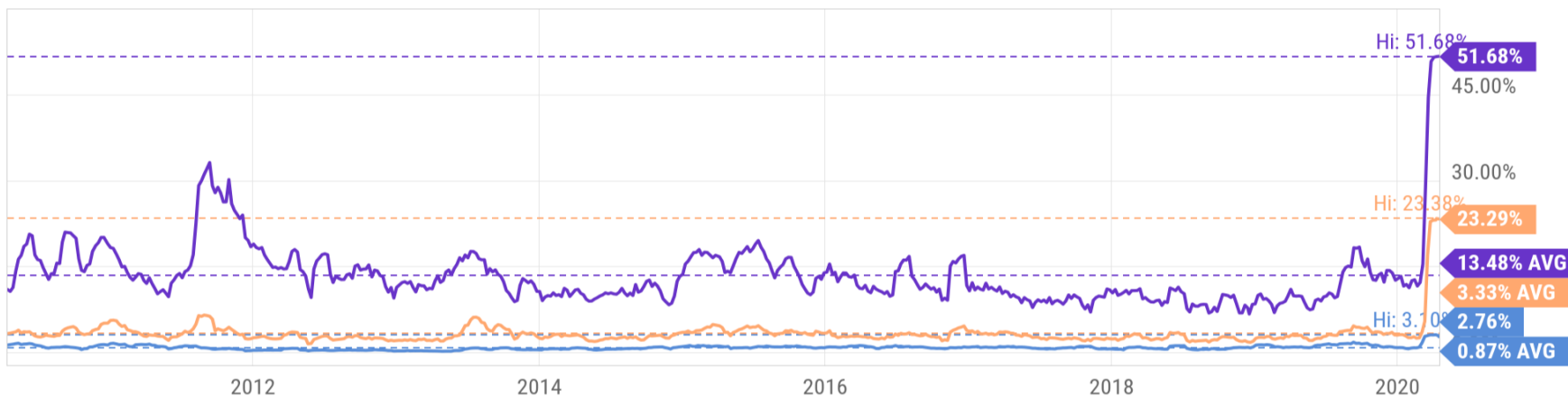
Bond Volatility



- iShares 20+ Year Treasury Bond ETF Total Return Price % Change
- iShares Core US Aggregate Bond ETF Total Return Price % Change
- iShares 1-3 Year Treasury Bond ETF Total Return Price % Change



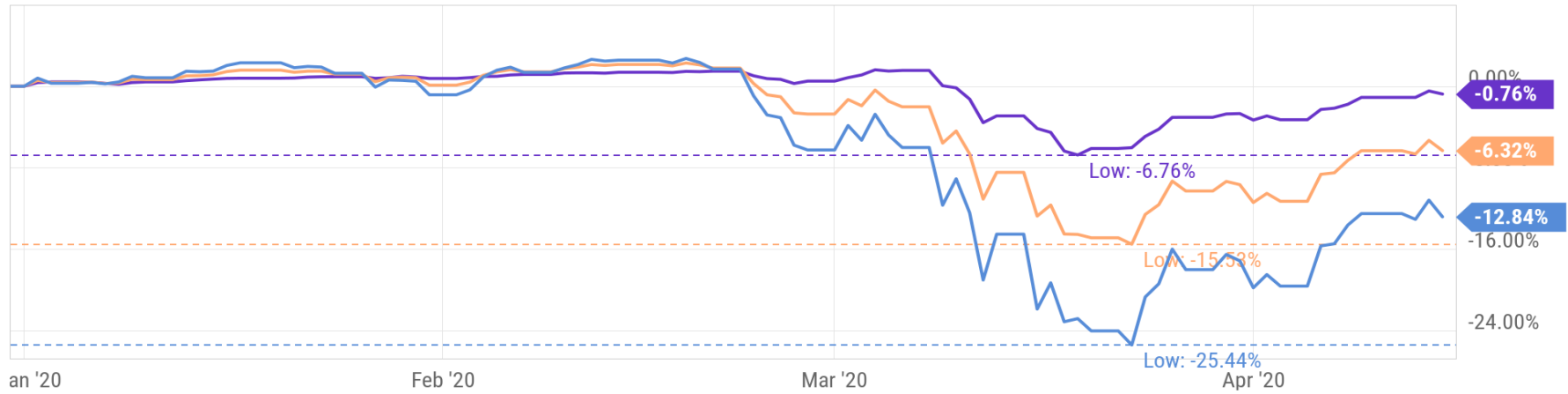
- iShares 20+ Year Treasury Bond ETF 30-Day Rolling Volatility
- iShares Core US Aggregate Bond ETF 30-Day Rolling Volatility
- iShares 1-3 Year Treasury Bond ETF 30-Day Rolling Volatility



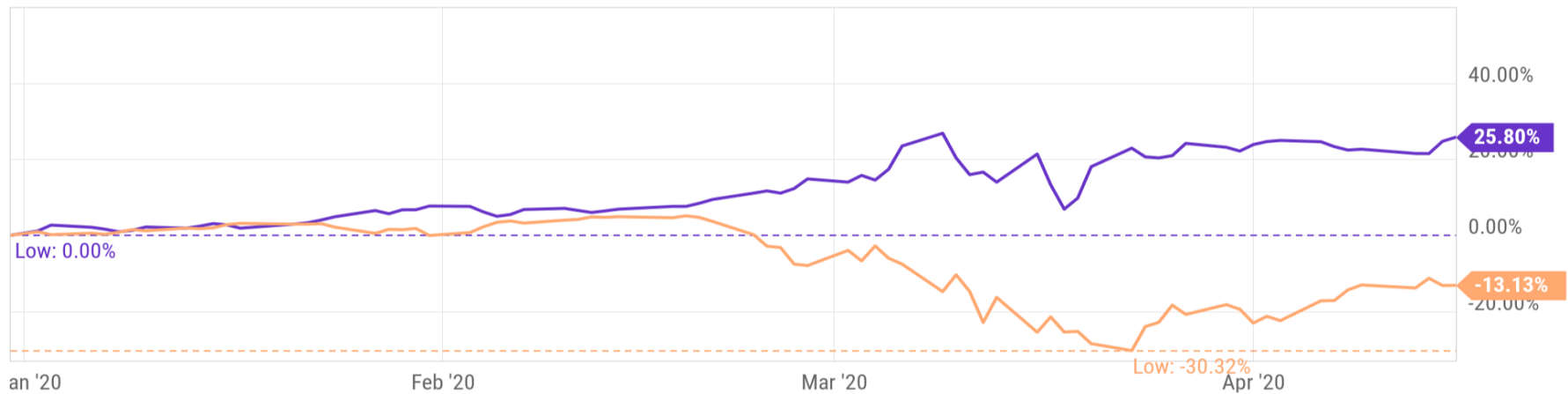
Diversification's Impact on Returns



	VAL	ANN
● Risk Test Model -Conservative (20/80) Level % Change	-0.76%	-2.61%
● Risk Test Model - Balanced (50/50) Level % Change	-6.32%	-20.15%
● Risk Test Model - Aggressive (80/20) Level % Change	-12.84%	-37.69%



	VAL	ANN
● iShares 20+ Year Treasury Bond ETF Total Return Price % Change	25.80%	118.81%
● SPDR® S&P 500 ETF Trust Total Return Price % Change	-13.13%	-38.14%





Birling Overview





FIRM OVERVIEW

Birling Capital is a boutique corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

Over the past two decades, our firm's principals have advised on more than 150 transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

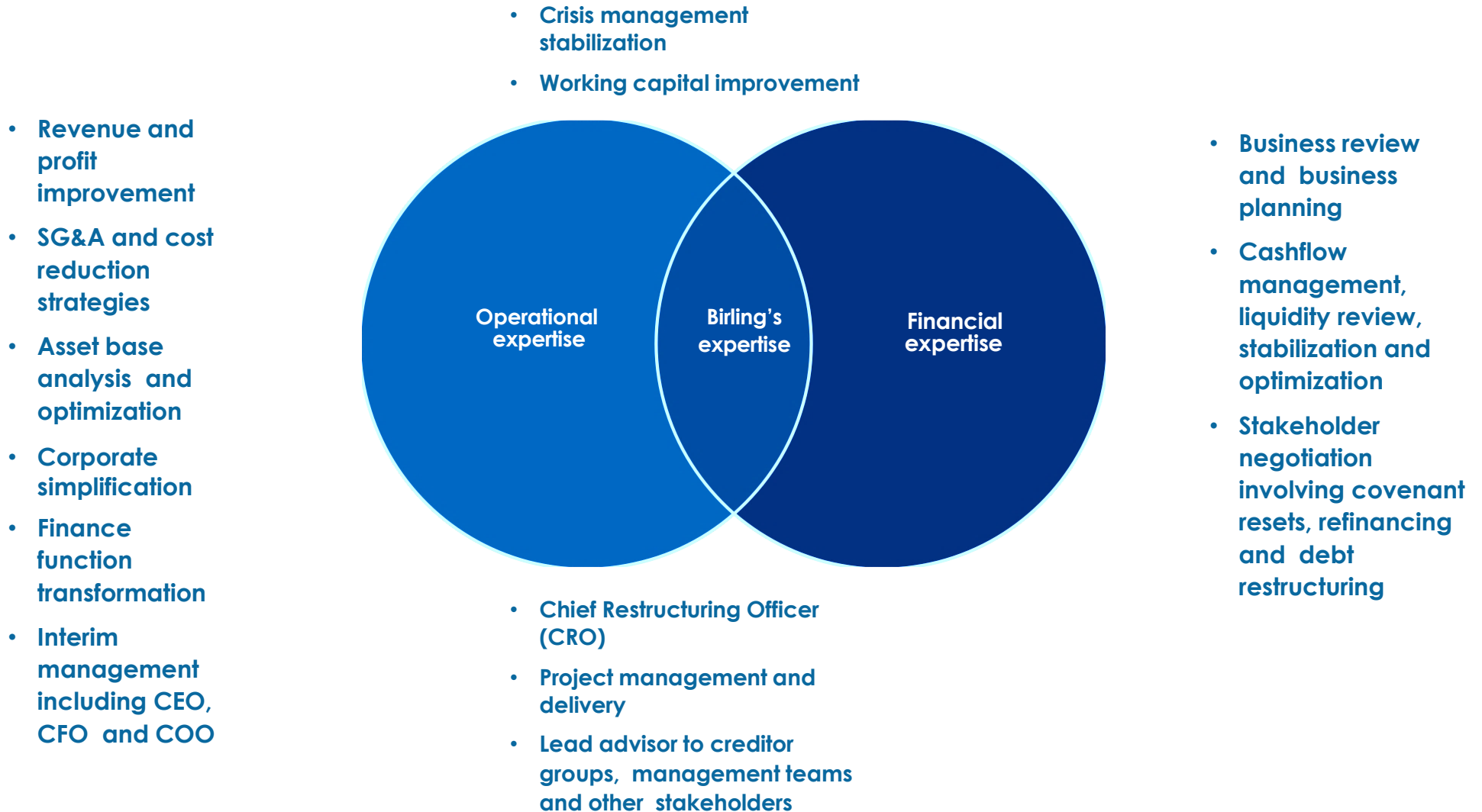
Our value proposition has been implemented with three critical ingredients for success:



- Unwavering Commitment to Client Service
- Unparalleled Degree of Professionalism and Senior-Level Attention
- Extraordinary Level of Industry Expertise



Our Integrated Approach



Birling combines both operational and financial expertise to provide a full service offering. This means we design the solutions and then work with our clients to implement them.



Products and Services

Consulting and Advisory Practice Focus

- Family Corporations & Entrepreneurs
- Financial Institutions & Credit Unions
- Higher Education and Universities
- Healthcare & Pharmaceuticals
- Government
- Media
- Insurance
- Hotels & Commercial Real Estate
- Tax Credit Consulting
- Manufacturing and Industrials
- Retail & Consumer Products
- Public Private Partnerships
- Distribution & Services
- Law 20/22 Segment





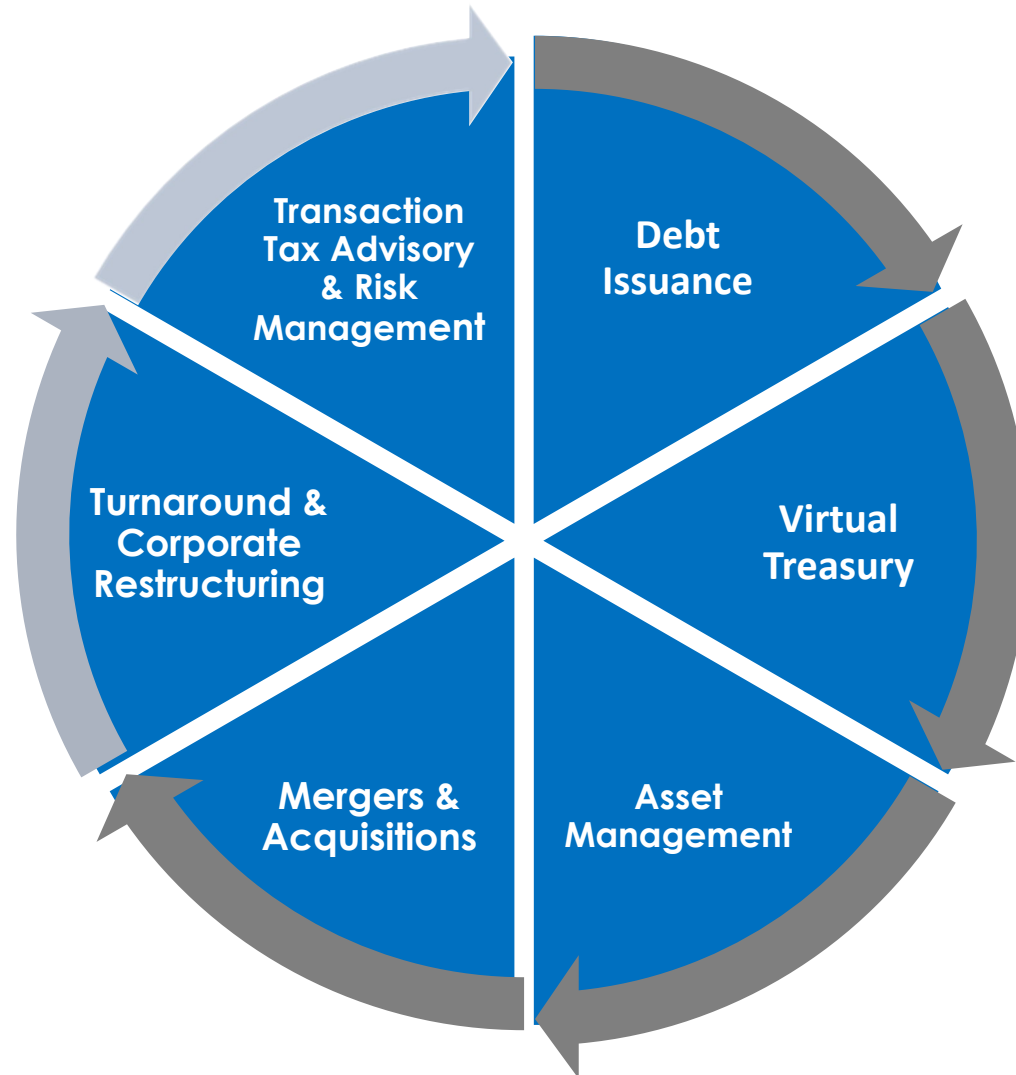
Products & Services

Corporate Financial Planning (CPF)

Birling offers its customers the service of corporate financial planning which consists of an objective and comprehensive report on the current financial situation and the development of strategies based on their goals and needs analysis. Taking into account from the income, financing needs, investment, economic development opportunities, public-private partnerships, evaluation of potential risks and other specific opportunities in each client. Think and plan long term can be a challenge when there are immediate financial pressures and uncertain income forecasts. Given the worsening economic conditions and economic pressures, the costs are rising faster than inflation, aging infrastructure and increasing expectations about service levels. The process can be difficult, but necessary to achieve financial sustainability.



Corporate Financial Planning (CPF)





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