

Steve Keck

From: Kelly Sullivan <Kelly.Sullivan@neamgroup.com>
Sent: Friday, March 13, 2020 12:39 PM
To: Alie Causey
Cc: Steve Keck
Subject: [EXTERNAL] Market Update

Hi Alie –

Just wanted to give you a few thoughts given the recent volatility.

- Equities entered bear market territory yesterday with the Dow, S&P, and Nasdaq all down over 20% from recent highs set on Feb 19th – the first time since the financial crisis.
- Treasury rates have hit all-time lows with the entire curve trading below 1% for the first time ever earlier this week. 30yr rates are now back above 1% but the rest of the curve is still below 1%.
- Markets are expecting an additional 100 bps cut to the Fed Funds rate by April which would bring it back to 0% for the first time since 2015.
- Financial conditions are tightening substantially.
- Corporate spreads are at the widest levels since this bout of volatility started. Spreads over Treasuries have widened, on average, from +90 in early February to +222 today.
- Preferreds have fallen 8-15%.

These are certainly interesting times (or so the Chinese proverb goes...). While markets have indeed been volatile, our recommendation remains to keep perspective and focus on long term objectives (i.e. investment income, EBAA strategic targets, etc.); this will pass. While our policy had been defensive coming into this volatility, with spreads now substantially wider, we are now becoming more constructive on risk.

For perspective, the Q1 to date return on your portfolio as of last night (3/12) is currently +1.62%, or 169bps over the benchmark return of -0.70%.

Thanks and if you have any questions or would like to discuss, please do not hesitate to reach out.

Best,
Kelly

Kelly E. Sullivan, CFA



New England Asset Management, Inc. 74 Batterson Park Road, Farmington, CT 06032
direct 860 409 3256 **cell** 203 550 9993 **email** kelly.sullivan@neamgroup.com
www.neamgroup.com

Partnership at Work™

This email constitutes an advertisement for our products and services under federal law. You may instruct us not to send any future email advertisements by replying to this message and writing "unsubscribe" in the subject line or clicking on the link below and providing the requested contact information: <http://www.neamgroup.com/default.asp?unsubscribe=yes>

All e-mail sent to or from this address will be received by the New England Asset Management, Inc. (NEAM) e-mail system. As a result, this e-mail may be archived by NEAM and may be reviewed by someone other than the sender or recipient. Subject to that exception, this e-mail, including attachments may contain confidential and/or legally privileged information and is intended for the named person/company. Unauthorized disclosure, copying or use of this information may be unlawful and is prohibited. If you are not the intended recipient, please delete this message and notify the sender.