DM MONTHLY REPORT
April 2020

PORTFOLIO ACTIVITY

In March, we made several moves to fortify portfolios, not least of which was eliminating the bulk of our remaining energy holdings near the start of the downturn.

FEATURE STOCKS
Health Care & Pharma

Posting very modest declines, many health-related stocks were relatively strong during March, a month that saw the broad S&P 500 retreat by 12.5%. DM Foreign Equity's significant exposure to the space helped to cushion the impact of the market blow across the rest of the mandate. Below are updates for some of these names, along with their March returns:

PHARMACEUTICALS

Johnson & Johnson (-3%) at end of March, announced a COVID-19 vaccine candidate with trials expected in September.

Novartis (-2%) pledged to donate 130m doses of hydroxycholorquine for COVID-19 trials.

OTHER HEALTH CARE RELATED COS.

Becton Dickinson (-3%) its BD MAX molecular diagnostic platform is being used by BioGX to develop a higher capacity COVID-19 test.

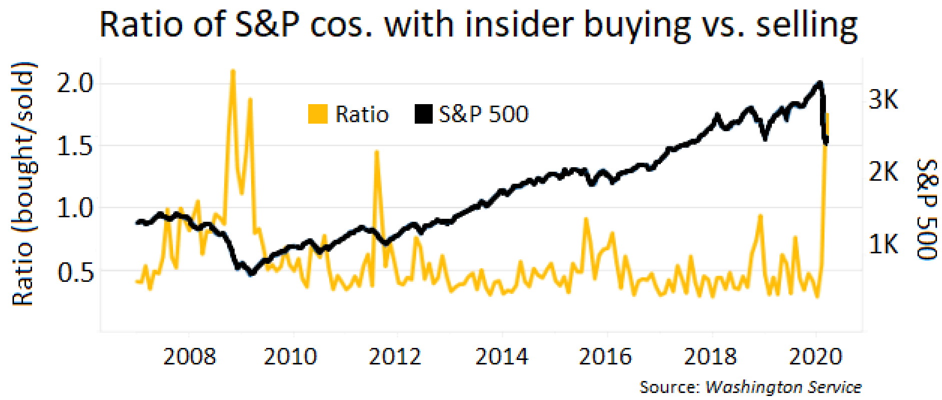
Danaher (-4%) received first FDA approval for a fast, point-of-care COVID-19 test.

Thermo-Fisher Sci. (-3%) early in crisis, FDA granted emergency approval of company's COVID-19 diagnostic; plans to ship 5m/day.

CVS (0%) benefitting from high demand for healthcare products.

IN BEAR MARKETS, STOCKS RETURN TO THEIR RIGHTFUL OWNERS

Hard to say whether JP Morgan included corporate insiders as "rightful owners" when he said those words more than a century ago, but it certainly appears that executives are happy to take up the stock that other investors have been recently fleeing. In fact, as the chart below indicates, the number of S&P companies experiencing insider buying vs. those registering selling (gold line) is at its highest level since the depths of the financial crisis.



Though they have no better insight as to where the market will bottom than anyone else, it is encouraging that those with the closest look at the value of corporate America find current price levels attractive.

Speaking of market bottoms, the recent rout had us thinking back to the 2008/09 plunge and the futility of trying pick the perfect moment to deploy new capital during that period. To be sure, there are many differences between that economic deepfreeze and this one, not least of which is the fact that we could still meet for coffee back then! But there are similarities too, including the pervasive worry that a recovery might be measured in years rather than months, the Federal Reserve's extreme loosening of monetary policy, and massive fiscal infusions provided by the US Congress and other major economy lawmakers.

By mid-November 2008, the S&P 500 had fallen to 741, fully 52% below the high it had reached a year earlier. In the midst of bank bailouts, investment dealer failures, and corporations visiting Washington cap in hand, however, the index staged a sharp turnaround which would lift it all the way back to 944 by January of 2009, leading many to believe that the worst was over and that the financial crisis had been fully priced into stocks. Unfortunately, it wasn't to be and the S&P skidded again, dropping to its rather ominous crisis low of 666 in early March, sapping investor confidence and causing many to give up entirely. In just over five years, though, the index would pass through 2000 and, in the end, it really made little difference if one invested in November, March, or even January – *as long as they invested*. It's impossible to say where we are along the progression of the current drawdown but, even if we're not yet at its absolute end, we have a strong suspicion that five years from now it won't matter all that much.