



CAPITAL MANAGEMENT GROUP

HLM Short Take – February 25, 2020

Historically, we believe equity markets do not fare well amidst uncertainty. The recent outbreak of the Coronavirus has fostered considerable scientific and economic uncertainty. Therefore we cannot predict with any reasonable conviction how long the virus will last nor how much it will spread. We also cannot confidently assess the degree or how long global supply chains will be disrupted.

We can, however look back at previous epidemics such as SARS and Swine Flu. In both of those cases, markets suffered in the short-term but came back to make new highs. Although we can't analyze the current crisis in terms of market severity, we believe the hit to earnings may be for just one or two quarters.

In addition to the Coronavirus outbreak which we believe will be a short-term impact, the recent rise in the polls of the leading Democratic presidential candidate could have a longer term impact on the market.

We are monitoring these developments closely and will make investment adjustments when we deem necessary.

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HLM Capital Management Group is a separate entity from WFAFN. CAR #0220-03891

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Stocks are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities. There is no guarantee that dividend-paying stocks will return more than the overall stock market. Dividends are not guaranteed and are subject to change or elimination.

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