STARBOARD ADVISORS
YOUR RIGHT OF WAY
A DIVISION OF KELLEHER FINANCIAL ADVISORS, LLC

Starboard Advisors
The Navigator, Vol. 10
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In This Addition:

ENDURING

Through endurance we conquer.
– Ernest H. Shackleton

I have admired Ernest Shackleton and looked to his legacy for inspiration my entire adult life – his words ring true today more than ever. From the halls of Starboard, our thoughts and prayers go out to those friends and families we serve, many of which have been affected directly or indirectly by what has become the greatest health crisis in a generation.

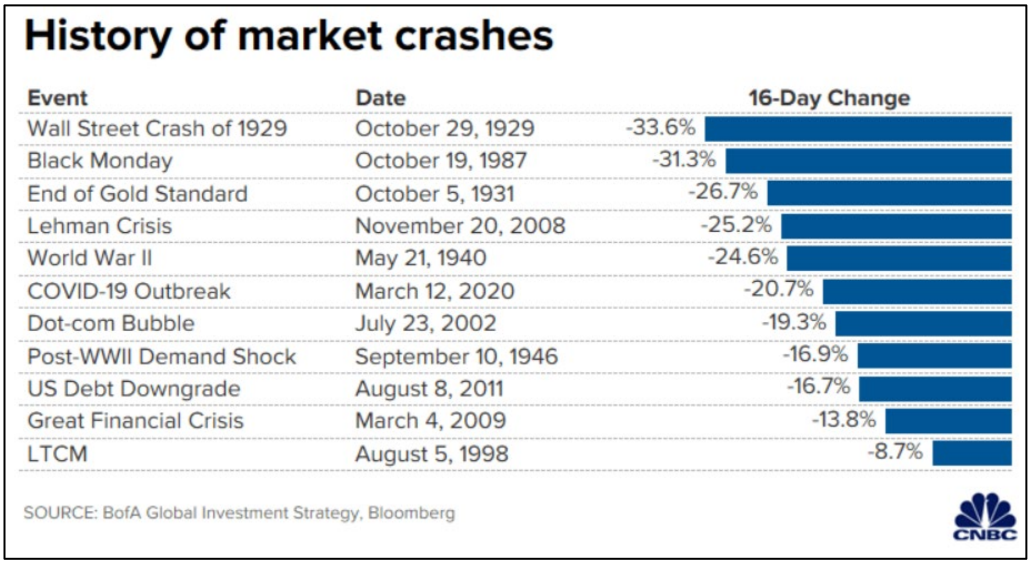
The COVID-19 virus has imparted fiscal carnage on the global economy and stock markets not seen since the Great Depression. During the most recent valley, the S&P 500 was down over -30% (WSJ) with no asset classes other than cash escaping the sell off and very few companies insulated from what was a "generational crash". From an economic perspective, the sheer velocity of events and market moves will be remembered as the calling card for this current crisis.

If you stick around long enough, you'll see everything in the market and it took me to 89 years of age to throw this one into the experience.

– Warren Buffett, March 2020

First Things First & Looking Back to Look Forward

At Starboard we are in general consensus that before we begin "forecasting" with any amount of accuracy and more importantly before managers try and determine corporate earnings for U.S. companies, there are a handful of key measuring points that need to be achieved including:



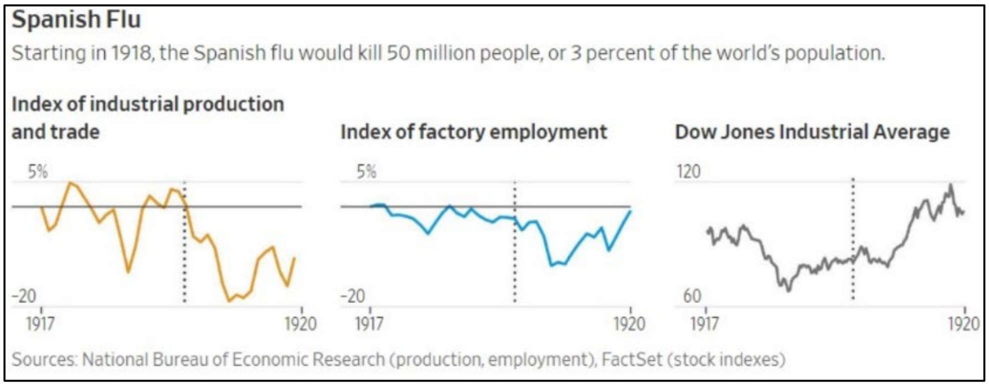
1. A slowing and containment of new virus cases and a greatly reduced mortality rate.

2. The health care system needs to stabilize. Although I don't think it be can be said that U.S. hospitals and urgent care broke, they were severely bent in many areas and remain under pressure. Healthcare needs to normalize back to serving the American public on a routine and sustainable basis.

3. A vaccine for COVID-19 along with treatment and/or preventative drugs will be required and brought to market as soon as possible, both for the general population's physical and mental health.

4. Comprehensive and sustainable testing needs to be implemented to help coordinate care, assess exposures, and assuage nervous citizens.

Until the above front-line concerns are fully or at least partially met it will be difficult to move forward socially or economically, period. If we were to step out too early or too late, we risk stumbling into a recovery resembling an elongated and messy "W". Fortunately, the U.S. and the world are in fact making strides in all of the above allowing us to "look around the corner" to what may potentially lie ahead. One of the first charts that caught my attention at the height of panic was the adjacent exhibit from the WSJ reminding me of the prescient fact that the stock market is a *leading indicator* whereas economic data (i.e. jobless claims, unemployment rate, GDP, etc.) is a *trailing indicator*. The height of the Great Influenza was in the fall of 1918, marked here by the dashed vertical line. It was a tipping point for plummeting industrial production and unemployment, however the stock market rebounded sharply after collapsing in the months *before* the peak of the pandemic. As news media from all different sources drone on with unprecedented negative economic data in the coming weeks, keep this in mind.



The Kitchen Sink, a Consumer Based Economy and Why It's Not 2008

The U.S. is very much a consumer-based economy that was shut down (voluntarily) overnight leading to all of the "historic" economic indicators we've been reading and hearing about. However, a silver lining (again assuming we stabilize medically) is that the consumer can rebound rather quickly and hopefully with some pent-up demand. The fact is no one knows how Americans or other populations will react. We have largely subscribed to the philosophy that the economic rebound will not be as sharp as the plummet, but will never the less take place at a high velocity (the common thread to the economic portion of this crisis). A recovery will most certainly be full of starts and stops, but directionally it should be moving "up" in the coming months.

The biggest factor in jumpstarting the U.S. economy and in turn the consumer, is what one of our Investment Committee members has endearingly called the "Kitchen Sink Approach" in reference to the Federal Reserve and Congressional actions already in motion totaling +$8Billion, and counting. An additional stimulus package is in the works set to arrive in early June, hopefully to coincide with a softening of the quarantine and social distancing restrictions in most of the country. How and who will repay all of this money is for another discussion, but one thing for sure is it will be spent and certainly contribute to getting the economy back on its feet.

Many have drawn comparisons of the current economic crisis to the 2008 recession and although the price declines and pervasive fear that creeped into the system are certainly similar, the health of the banking system and overall economy going into this crash could not be more different.

As my old colleague Bob Kahn advised me:

"The problem with debt is it *never* goes away."

Debt of course was the single biggest factor that devastated the economy for so many years after the Great Financial Crisis of '08. It was everywhere and most prevalent in people's homes where homeowner equity in many cases became "negative" with real estate prices collapsing and was further compounded by skyrocketing unemployment. To top off an already perfect storm, financial institutions were in peril – literally unable to provide their overnight funding requirements leading many household names to fail or be sold at fire sale prices. Incredible piles of debt, corporate financial excess, and poor regulations were at the heart of this and almost succeeded in bringing down the entire financial system. Today, none of those scenarios are nearly as present as they were in 2008. The economy was humming starting at the beginning of this year and our banks are generally in excellent financial shape, well capitalized and ready to assist borrowers. Consumers were by in large financially healthy, and unemployment was at a record low. Thus, in our view, there's room for a little optimism - even the most ardent pessimists would have to concede this.

Are There Any Changes That Need to be Made in My Portfolio?

Over the last month we have spoken to many clients and families, sometimes to simply check in and at other items with specific action items. For the majority of families we serve, clients saw a limited amount of trading activity that generally fell into one of three categories:

1. Where strategic cash for the purposes of reinvestment was set aside, we have been "nibbling" and putting money to work to take advantage of discounted stock prices,

2. We raised cash from some of our bond managers (lower risk to no risk) to avoid further price volatility created from unstable credit markets and

3. We exchanged a portion of money from our international and emerging market managers to our U.S. based active stock managers and S&P 500 Index funds.

Our Investment Committee's thought process was to take advantage of the fact that nearly all "risk assets" went down similar amounts during the panic days of late March and it provided a window to swap dollar for dollar (at depressed prices) into higher quality holdings, based in the U.S. that we believe will better endure the U.S. and world economy in the coming few years. Although every family has a unique allocation, thematically, the above represents our change in investment philosophy since the beginning of the year. We will remain cautious over the near-term horizon as we continue to assess the cumulative impact of economic losses over time. A well thought out and equally timely response will be the key.

We have worked especially hard on this most recent issue of the Navigator to update clients and communicate the latest changes that may be affecting our collective worlds. My colleagues at Starboard and the Kelleher Family Office have more details to share below which I think you will find of interest and may be of help as you chart your course through this new environment. If I haven't already, I look forward to speaking or video conferencing with you in the near future.

My very best,

Bart

Barton W. Weisenfluh, CFP ®
Founder & President

ON TO THE MARKETS

We are pleased to be partnering with the Kelleher Family Office and their holding company Wall Street Access Corp and **Kelleher Financial Advisors**. *Together and in collaboration with our* **Investment Committee** *we will be providing quarterly (and as needed) commentary on the capital markets.* ***Thomas Burnett, CFA, Vice Chairman and Director of Research at Kelleher Financial Advisors****, will be helping lead the charge for this portion of our client communications.*

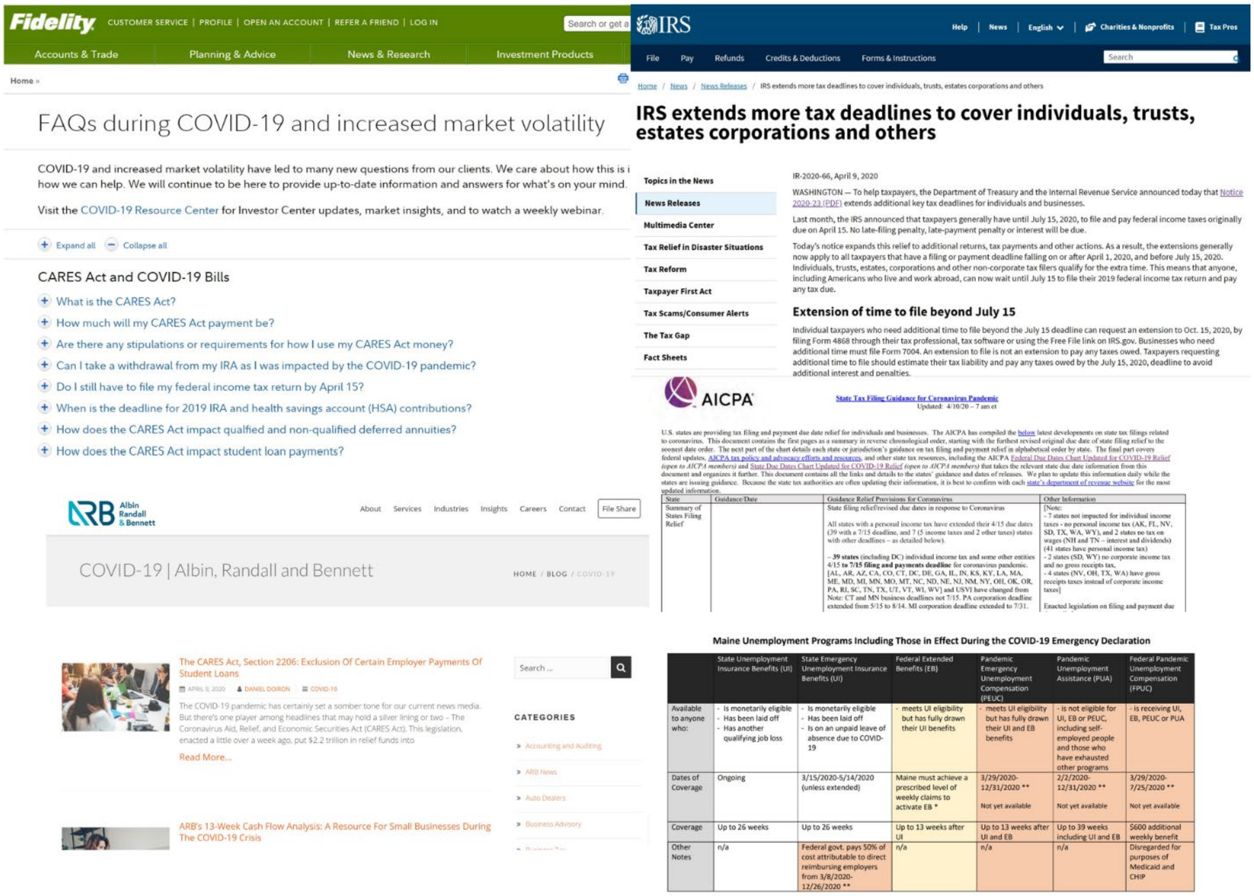
INDEX	% Change YTD as of 03/31/2020
Dow Jones Industrial AVG. (TR)	-23.2%
S/P 500 Index (TR)	-19.8%
Nasdaq Composite	-14.2%
Nikkei Tokyo	-20.0%
China (Shanghai)	-9.8%
DAX Germany	-25.0%
CAC 40 France	-26.5%
FTSE UK	-24.8%
Gold $ per oz.	4.1%
Crude Oil per bbl	-66.4%
RATE on Ten-Year T Bond	0.68%
VIX Volatility Index Change	63.0%

Source: WSJ

To paraphrase and misquote Charles Dickens in "A Tale of Two Cities", it was the worst of times and the worst of times. First quarter market performance was the worst for any quarter since 2008 and the worst first quarter of any year in the history of the Dow Jones and S/P 500 Indexes. The negative impact of the Coronavirus on economic activity and future corporate profits was felt across the globe. Stocks and commodities fell sharply as the virus spread with unchecked energy. Economic pressures have decimated consumption and employment forcing companies to institute layoffs, cut dividends and stock buybacks, and curtail investment and expansion plans. Some analysts are looking for second quarter GDP to shrink by an annual rate of 20 to 25%. For the 2020-year, corporate earnings will decline dramatically, and price-earnings ratios will rise accordingly. Investors need to prepare for bleak earnings and employment news as the economy attempts to adjust to the unexpected negative impact of the virus outbreak. We will get through this dark period, but it will take more time to see the first "light in the tunnel."

COVID-19: WHERE TO FIND ANSWERS TO YOUR QUESTIONS

With all the changes in the markets and federal and state regulations due to COVID-19, it may be overwhelming trying to navigate the plethora of information available.



Here are some links we have found helpful:

Fidelity.com posted "CARES Act and COVID-19 Bills"

Albin, Randall & Bennett, CPAs has a section on their website devoted to COVID-19. They have great posts and links to forms you may need.

IRS.gov Has the latest federal tax filing deadlines

AICPA.org Gives an overview of how each state has modified their tax filing requirements.

Maine.gov Posted an explanation of unemployment programs and any changes.

VIRTURAL STARBOARD

Webinar and Conference Call

RM REYNDERS, MCVEIGH CAPITAL MANAGEMENT, LLC JENSEN INVESTMENT MANAGEMENT

On March 30, 2020 Starboard Advisors was joined by Charlton "Chat" Reynders, Chairman & CEO at Reynders McVeigh Capital Management and Kevin Walkush, Portfolio Manager at Jensen Investment Management for a conference call and webinar, "The COVID-19 Impact: A Discussion and & Outlook on the US Economy and Long-Term Investing". If you would like to hear a recording of the call, you can **[find it on our website.]()**

Open for business!

We are still open for business and are able to receive phone calls, mail, and faxes with little disruption.

Even though we are not in the office together, the Crew at Starboard still continues to collaborate virtually.

Likewise, while we are postponing in-person meetings, Bart is available for FaceTime, Zoom, and other types of virtual meetings.

COMING UP!

Webinar: Keys to Prevailing Through Stock Market Declines

Bart has been asked to be a panalist alongside Kelleher Financial Advisor's Chief Investment Officer, Colleen Kelleher Sorrentino and Capital Group|American Fund's Stephen May. The webinar will be on Tuesday, April 21st at 2:00pm EDT. If you are interested in joing this webinar you can **view the details and access the registration link here.**

ABOUT US

Definition of Star•board: *Starboard is the traditional nautical term for the "right" side of a ship's hull and represented by the color green for navigational purposes. In addition, sailing vessels must give the "right of way" to sailboats on starboard tack (where the wind is coming over the right side of the vessel) and be provided clearance for safe passage.*

Starboard Advisors was founded by Barton Weisenfluh and partners with the Kelleher Family Office and their RIA, Kelleher Financial Advisors, LLC. The firm provides a dedicated platform exclusively serving families as a single point of accountability for the stewardship of their financial lives.

The Kelleher Family business interests were founded by Denis Kelleher and have grown into a diversified financial service firm with a reputation as one of the best managed and best capitalized independent firms in the industry. Today the entrepreneurial spirit is alive and well where the second generation, led by Sean Kelleher, continues to press on with secure and sustained growth with likeminded professionals.