

Monthly Update

March 2020



Is There Any Good News Out There?

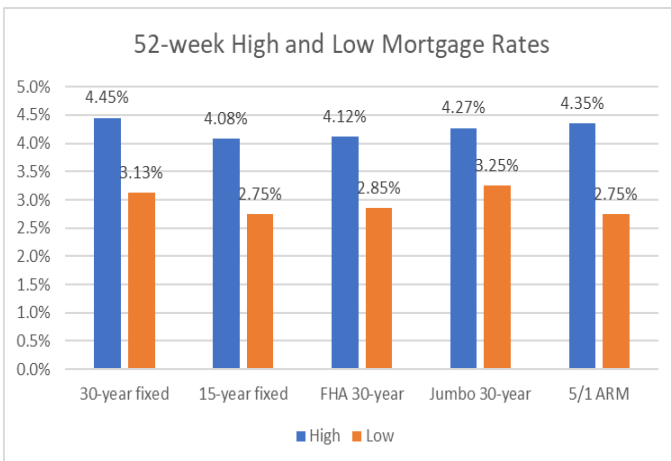
Mark R. Hoffman

CEO, Principal

Coronavirus. Equity market sell-off. Oil prices collapsing. UNC basketball team in shambles (I'm a Tarheel – this is a tragedy). Is there any good news? Well, if you have a mortgage, there is some good news. It almost doesn't matter how long ago you secured the mortgage or refinanced it. Refinancing it again now would almost assuredly save you a boat load.

I'm writing this article on the morning of March 9. Why would I tell you that? Because our all-time low interest rates are falling again huge. Live data on this is hard to get. My partner Trip was working with BNY Mellon on Friday to refinance one of our client's mortgages and for the first time in history, the bank didn't even issue rates – they couldn't price them. Let me reiterate for emphasis – this never happens.

So here is the best stab I have at this, using best available data (as of close of business 3/6). Mortgage News Daily puts out weekly surveys of average mortgage rates. Here is the picture over the past 52 weeks.



Thirty and fifteen year fixed mortgage rates have fallen ~1.3%. That's 1.3 percentage POINTS. The 5/1 Adjustable Rate Mortgage has fallen 1.6 percentage points. This is what I mean by "it doesn't matter when you last refinanced..." Mortgage brokers will tell you that if you can save 0.5-0.75%, you should refinance. We are way past that.

What does this mean from a "cash in your bank account" perspective? I played with some mortgage refinance calculators this morning. For every \$100,000 of mortgage, you could save \$72-86/month. That's \$864-\$1,032/year for every \$100,000 of mortgage that you have



(assumes 30-year fixed rate mortgage moving the rate from 4.45% to 3.13%). How much you save will vary some based on credit score, size of mortgage and of course, your starting mortgage rate. But these are very large numbers.

And there is another thing. Rates vary dramatically from lender to lender. On March 4, Mortgage News Daily found 30-year rates as high as 3.5% and as low as 2.875%.

The takeaway is this – if you haven't called your mortgage broker in the last week, call them. And I use the term mortgage broker intentionally. Those guys will shop the rates for you. Don't just call the bank you've been doing personal banking with for years. I'll bet you lunch you can do better. If you can get your broker on the phone (refinance activity is over 200% higher than it was last year), you will win. And goodness knows, we could all use a win right about now.

Mark is a co-founder of Lanier Asset Management and serves as its Chief Executive Officer. Prior to founding Lanier, he was a partner at The Boston Consulting Group. Mark is an honors graduate of The University of North Carolina at Chapel Hill with a BA in Economics, and holds an MBA from The Harvard Business School.

Key Points From Our Investment Meeting – 3/10/20

Macro Viewpoint

- Coronavirus is having a snowball effect on global markets as it continues to weaken supply and dampen demand.
- US equity markets have been in freefall as oil prices plummet and treasury yields drop to the lowest levels in history.

Asset Class Comments

- With fixed income rates at historic lows, should investors consider other options to buffer downside?
- The equity sector has collapsed due to cascading prices in oil. Are significant downgrades coming next?
- Bank stocks have been decimated over the last several weeks due to plummeting interest rates. Is there an opportunity here?

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Performance Update

Investment Vehicle	Total Return (%)							
	February	QTD	YTD	1-Year	Annualized			
					3-Year	5-Year	7-Year	10-Year
TRADITIONAL ASSETS								
Cash								
Vanguard Federal Money Market Reserve	0.1%	0.3%	0.3%	2.0%	1.8%	1.2%	0.9%	0.7%
Fixed Income								
Domestic (Barclays US Agg)	1.7%	3.7%	3.7%	12.5%	5.2%	3.7%	3.3%	3.9%
Vanguard Total Bond Market	1.7%	3.9%	3.9%	11.7%	4.9%	3.4%	3.1%	3.8%
RiverNorth Doubleline	0.0%	1.5%	1.5%	8.5%	4.5%	4.3%	4.2%	4.7%
Eaton Vance Floating Rate	-1.2%	-0.7%	-0.7%	2.7%	3.5%	3.8%	3.5%	4.3%
US Preferred Stock ETF	-4.5%	-3.0%	-3.0%	5.8%	3.3%	3.6%	4.4%	5.6%
High Yield (Barclays US Corp HY)	-1.5%	-1.9%	-1.9%	5.5%	4.0%	3.6%	3.6%	4.7%
Short Term High Yield	-1.0%	-1.3%	-1.3%	3.1%	3.6%	3.5%	3.4%	5.6%
Equities								
Domestic Large Cap (S&P 500 TR)	-8.4%	-8.6%	-8.6%	6.1%	7.7%	7.0%	10.0%	10.3%
S&P Equal Weight	-8.9%	-10.6%	-10.6%	1.2%	6.2%	6.4%	10.5%	11.8%
Domestic Mid Cap (S&P 400 TR)	-9.5%	-11.9%	-11.9%	-3.4%	3.3%	5.4%	9.0%	11.0%
Vanguard Mid-Cap ETF	-8.8%	-9.0%	-9.0%	3.5%	6.7%	6.4%	10.5%	11.9%
Domestic Small Cap (S&P 600 TR)	-9.6%	-13.2%	-13.2%	-7.7%	3.0%	5.9%	9.6%	11.6%
Vanguard Small-Cap ETF	-8.5%	-10.4%	-10.4%	-2.6%	6.7%	6.8%	10.3%	12.0%
Developed Intl. (MSCI EAFE)	-9.2%	-11.2%	-11.2%	-3.4%	1.7%	0.6%	3.0%	4.1%
MSCI EAFE	-7.8%	-10.4%	-10.4%	-0.8%	3.8%	1.9%	3.9%	4.7%
Emerging Intl. (MSCI EM)	-5.4%	-9.8%	-9.8%	-4.3%	2.9%	1.6%	0.9%	2.6%
Vanguard FTSE Emerging Markets ETF	-3.6%	-8.9%	-8.9%	-0.6%	4.0%	1.9%	1.6%	2.9%
Real Assets								
Real Estate (FTSE NAREIT US REIT)	-4.7%	-3.4%	-3.4%	9.4%	6.4%	6.0%	8.0%	11.5%
Mortgage Real Estate REIT ETF	-8.4%	-5.1%	-5.1%	6.4%	7.4%	7.7%	5.9%	7.7%
REIT ETF	-7.0%	-5.9%	-5.9%	7.7%	5.0%	5.3%	7.8%	11.3%
Commodities (Thomson Reuters/Jefferies CRB Index)	-8.8%	-18.7%	-18.7%	-8.6%	1.7%	-3.8%	-6.4%	-3.9%
DBC	-6.7%	-14.7%	-14.7%	-13.4%	-3.8%	-5.1%	-9.8%	-5.6%
BlackRock	-8.9%	-14.3%	-14.3%	-12.1%	-2.1%	-2.4%	-4.6%	-2.8%
Gold	-0.6%	3.8%	3.8%	19.7%	7.6%	5.0%	0.6%	4.0%
DIVERSIFYING STRATEGIES								
Hedge Funds								
HFRI WCI	-1.7%	-1.9%	-1.9%	3.4%	3.2%	2.8%	3.6%	3.9%
INFINITY*	0.2%	0.9%	0.9%	5.6%	4.0%	4.0%	5.6%	6.1%
Boston Partners Long/Short Equity	-6.4%	-10.9%	-10.9%	-6.8%	-7.2%	0.3%	0.9%	4.8%
Catalyst/Millburn Hedge Strategy								
Millennium*	0.4%	0.6%	0.6%	7.9%	7.1%	6.9%	8.5%	8.5%
Verition*	-0.2%	0.5%	0.5%	11.8%	8.4%	8.8%	10.5%	10.0%
Renaissance*	-7.1%	-7.1%	-7.1%	1.5%	7.8%	12.1%	12.1%	14.7%
Third Point*	-6.6%	-5.5%	-5.5%	3.3%	2.3%	2.2%	4.9%	8.0%
Lanier Hedge Fund*	-2.3%	-2.2%	-2.2%	4.9%	4.8%	6.0%	7.5%	8.5%
Boston Partners Global Long/Short	-6.3%	-9.6%	-9.6%	-7.7%	-3.3%	-0.4%	1.4%	2.3%

= Benchmarks
 = Lanier Selections

* For Accredited Investors

Our Team



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Carl W. Hafele, CFA, CPA
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John A. Hamilton
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Dr. Daniel L. Bauer
Financial Consultant



Sara B. Thomas, JD, CPA
Financial Consultant



Deidre M. Durbin
Chief Compliance Officer



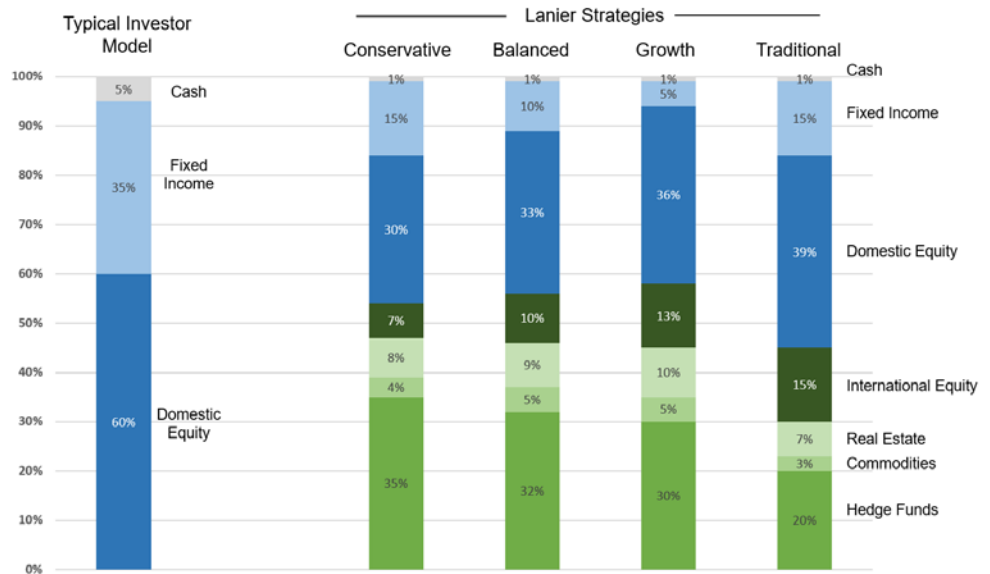
Stephanie E. Milby
Investment Associate

Building Confidence and Security in Your Financial Future



Our Approach

At Lanier, we believe that portfolios designed to deliver superior performance and lower correlation with the overall markets must decrease reliance on stocks and bonds and be complemented with a set of diversifying strategies and alternatives



Each of our clients has a unique set of needs (based on age, risk tolerance, income need, etc.) and an asset allocation model designed specifically to meet those needs. Consequently, actual client investment models can and do vary from the allocation percentages listed above.

Lanier Asset Management is an independent Registered Investment Advisory firm. Our mission: **To Build Confidence and Security in our Clients' Financial Future.** We use an open architecture investment structure to combine the best of proprietary and independent investment strategies. At Lanier, we deliver superior service and performance to our clients as a result of four distinguishing elements:

- **People:** we are an independent firm, providing objective advice from experienced investment professionals working in your best interests
- **Investment Philosophy:** we seek to smooth investment returns, providing superior investment performance and a significantly lower correlation to the overall market
 - Focus on projected returns rather than historic for all asset classes
 - Similar to the largest U.S. endowments
- **Investment Process:** combine active and passive management in traditional asset classes; complement with diversifying strategies/ alternatives
- **Conviction:** we believe in our approach – this is how we invest our own money

Past performance is no guarantee of future results. Investing entails risk, including possible loss of some or all principal. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges. It should not be assumed that your account holdings correspond directly to any comparative indices.

Lanier Asset Management, LLC ("Lanier") is an SEC registered investment adviser located in Louisville, Kentucky. The firm's CRD number is 150888. Certain Representatives of Lanier hold Series 7, 31, 63, and 65 Securities Licenses. Certain representatives of Lanier are also Registered Representatives offering securities through APW Capital, Inc., Member FINRA/SIPC. 100 Enterprise Drive, Suite 504, Rockaway, NJ 07866 (800) 637-3211.

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