TRIBORO
Investment Management

All Cap Core
Portfolio Commentary

SECOND QUARTER 2020

Uncertainty Everywhere

This is not the time to be complacent. We felt the market was overvalued at the start of the year. Today stocks are at similar valuations while the effects of the coronavirus will cause long lasting damage to the economy. Real estate, retail and restaurants will likely never return to where they were in 2019. Unemployment will remain high while the extended benefits will expire in July. The premature re-opening of the economy in certain states will prolong the crises.

We continue to position the portfolio to reflect this. We have increased our position in consumer staples, gold and companies that can benefit from the increase in work, shopping and entertainment online.

Portfolio Analysis

The Triboro All Cap Portfolio had a very good quarter. The strategy was +22.32% (gross of fees) vs +20.54% for the S&P 500 Index. The portfolio had higher than normal turnover as we adjusted the portfolio to reflect the changes in the economy due to the coronavirus.

Positive & Negative Contributors to Performance

Our best performing sectors in Q2 were Technology and Consumer Discretionary. Technology benefitted from increased online demand. In consumer discretionary we benefitted from selecting stocks with a strong online presence.

JOYY Inc. (YY) is a social media platform based in China. The stock increased 66% during Q2 as the company beat earnings and revenue guidance.

eBay Inc. (EBAY) is an online global commerce company. The stock rose 50% after we purchased it in mid-April. eBay has benefited from a rise in online sales due to the coronavirus.

The worst performing stock in Q2 was F5 Networks, Inc (FFIV). The stock declined 1.2% since we purchased it in mid-May.

We eliminated positions in Delta Airlines (DAL), The Walt Disney Co (DIS), Eaton Vance (EV), HP Inc (HPQ), Shoe Carnival (SCVL) and US Foods (USFD) during Q2. We have no exposure to the real estate sector.

Many of the valuation metrics we traditionally use will not work at his point in time due to lack of predictability of future earnings. We will continue to search for stocks to invest in that can do well in the current economic environment. Currently we are looking for companies with little or no debt that have improving business fundamentals.

Executive Summary

- We will continue to add more defensive names to the portfolio in 2020 as we predict a weakening US equity market during the second half of the year.

- We continue to adapt our process to the current economic situation.

We appreciate your business and our team is always available to assist with questions or to explore a deeper conversation.

Regards,

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