

EXECUTIVE SUMMARY

- In 1Q, security selection was modestly favorable relative to the S&P 1000 as lower-beta stocks held up relatively well amid unprecedented volatility. Sector allocation had a modestly favorable effect driven by an overweight allocation to Utilities and an underweight allocation to the Consumer Discretionary sector. In the end, the U.S. SMID Cap Low Volatility Strategy outperformed its benchmark, the S&P 1000 Total Return Index.
- Capital markets, health care systems, and national governments continue to deal with the impact of a novel coronavirus, which causes the disease dubbed Covid-19. In the U.S., the S&P 500 Index experienced the fastest drop in U.S. history – falling over 33% in 23 trading sessions as investors attempted to price the uncertainty associated with this pandemic.
- Currently, President Donald Trump is considering his “biggest decision” regarding when and how to begin lifting the social-distancing measures currently in place. The decision entails a tradeoff between public health and economic health and the effects of any actions or inactions are certain to have a profound impact on life in the U.S. and capital markets around the world.

ATTRIBUTION ANALYSIS

Security selection was favorable as investors dumped riskier positions in favor of defensive ones. CCOI was a rare beneficiary of the coronavirus outbreak since its broadband connectivity offerings are in higher demand as more business is being conducted remotely. DEA shares rose over the quarter as investors favored the safety of cash flows from government leases. Similarly, CACI posted a gain over the quarter since its backlog of lucrative federal contracts make it recession resistant. GPMT came under extreme pressure as investors sought to avoid exposure to the commercial mortgage and real estate industry amid concerns of lease defaults. PARR faces several challenges with the de-facto dissolution of OPEC creating uncertainty for future oil prices as well as tepid gasoline demand and near-record inventories. Like GPMT, RWT fell as investors sought to exit exposure amid concerns for the commercial and residential mortgage space.

TOP 3	BOTTOM 3
CCOI	GPMT
DEA	PARR
CACI	RWT

PORFOLIO ACTIVITY

The Low Volatility SMID Cap Portfolio is rebalanced quarterly and securities are bought and sold during the rebalance. The following positions were bought and sold during the most recent rebalance after the quarter's end (3/31/20).

BOUGHT	SSTK	DRQ	EIG	NYCB	GMED	HMSY	UTHR	WSO	HTLD	CSGS	TR	NEU	WDFC
SOLD	ARI	AVA	BMI	CNMD	FCPT	GPMT	INVA	KAMN	PARR	PMT	RWT	VVI	WEN

OUTLOOK AND POSITIONING

Investors have been in awe of how quickly events surrounding the outbreak of a novel coronavirus have unfolded and the ensuing repricing in stocks. Unlike most economic shocks, there is no precedent to this crisis and thus no reference point for guidance on how to discount the risks. While we don't know what the future holds in respect to the impact from public health policies, we do know that once the dust settles investor focus will once again turn to corporate earnings. As a result of unprecedented U.S. equity market volatility, 13 of the 30 positions in the U.S. SMID Cap Low Volatility Strategy were identified for replacement at the Strategy's standard 40th percentile threshold during the most recent rebalance. While do not view this level of turnover as common, we expect that Strategy turnover may remain elevated if historically high levels of volatility persist.

COMPOSITE RETURNS

As of 3/31/2020	Since Inception 1/1/17*	QTD	YTD	1 Year	3 Year*
Low Volatility SMID (Gross)	1.51%	-27.29%	-27.29%	-18.85%	0.08%
Low Volatility SMID (Net) [^]	1.13%	-27.36%	-27.36%	-19.09%	-0.33%
S&P 1000 Total Return Index	-3.23%	-30.58%	-30.58%	-23.52%	-4.46%

*Annualized Returns.

Performance is presented gross and net of advisory fees. [^]Net return is calculated using the weighted average quarterly fee for the underlying accounts for each period. Past performance is not indicative of future returns. The U.S. Dollar is the currency used to express performance.

Gyroscope Capital Management Group, LLC, an investment advisor, does business as Gyroscope Capital Management Group and was founded in 2006.

Gyroscope Capital Management Group, LLC ("GCMG") claims compliance with the Global Investment Performance Standards (GIPS®).

The SMID Low Volatility Composite includes all portfolios that are at least 90% invested in our 30 stock portfolio that focuses on small and mid cap equities with low-beta and low volatility and for comparison purposes is measured against the S&P 1000 Total Return Index. The S&P 1000 Index is a market-capitalization-weighted index which combines the S&P MidCap 400 and S&P SmallCap 600 to form an investable benchmark for the mid-to-small-cap segment of the U.S. equity market.

Prospective clients and other interested parties can obtain a copy of the Compliant Presentation and/ or a list of the firm's composite descriptions by contacting Robert Carr by phone at 1-239-219-0550 or by email at rcarr@gyroscopicapital.com.

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