

WealthManagement

SOLUTIONS FOR YOUR LIFENEEDS™

Market Insights

A periodic newsletter from Idaho Trust Bank

The Coronavirus outbreak continues to have an intense impact on society as well as global financial markets. The 'social distancing' policy, which had been instituted to help mitigate the spread of the virus has begun to slowly relax restrictions in many regions. The economic impact of these actions has been profound and resulted in exceptionally high levels of unemployment. There is no definitive timeline as to when more normal social and work activities will fully resume and many states have varying policies.

Coronavirus

Containment measures used to halt the spread of Coronavirus have sharply curtailed economic activity over the past few months. A contraction in business levels is likely to continue into the third quarter but the worst of the decline will likely be in the second quarter as many states have begun to lift some activity restrictions (see chart on next page).

Given that businesses across the country have shuttered and residents have stayed at home to stop the spread of Covid-19, incoming global economic statistics should paint a difficult economic picture. Many countries have likely entered a recession, as a result of the virus mitigation efforts. Health officials, the private sector and consumers may remain cautious in the coming months. This means

Idaho Trust Bank offers total wealth solutions including its LifeNeeds™ investing process. LifeNeeds™ utilizes proven strategies and techniques delivered by a highly trained staff of wealth management professionals.

LifeNeeds™ wealth management accounts feature optimized asset allocations, robust security screening and Idaho Trust Bank's unique TacticLogic™ investment process. All of which are tailored to our clients' unique financial needs.

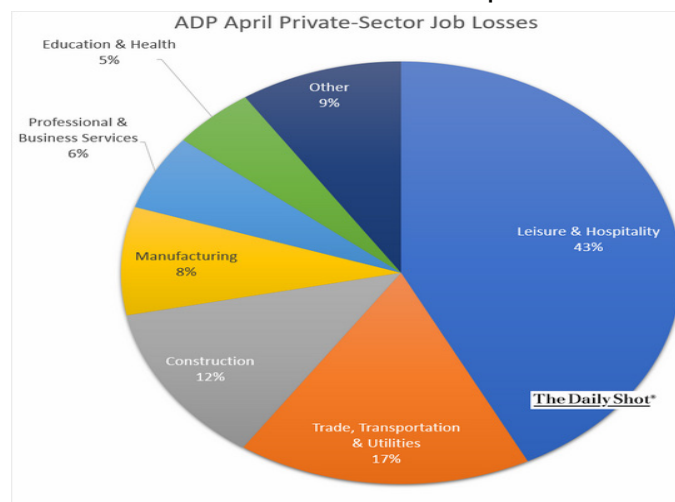
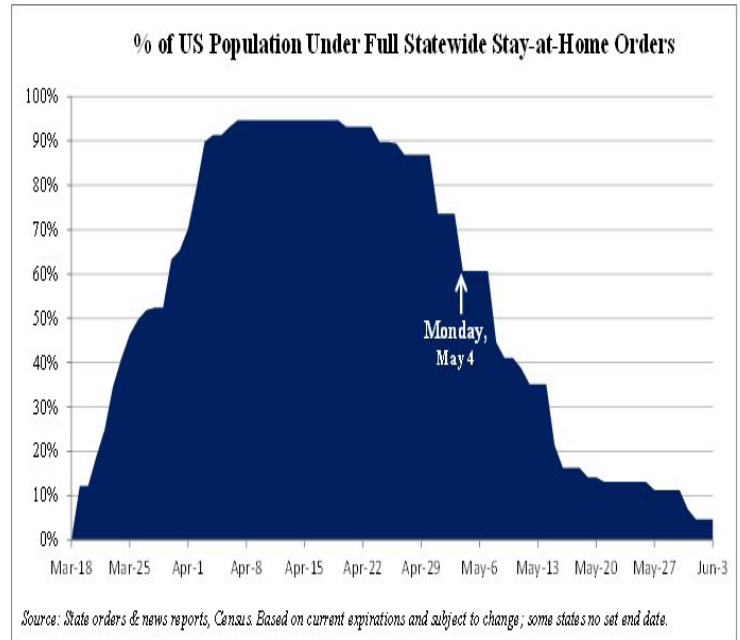
that while a good portion of lost activity may be regained quickly, some sectors will lag, leaving a considerable number of businesses and workers at risk, even after the virus transmission has subsided.

Economic Activity

The economic data has been very poor over the past few months. The number of Americans filing for unemployment claims has hit record levels. The pie chart below identifies the sectors that have experienced the largest amount of job losses.

Leisure & hospitality have been the hardest hit as virus mitigation efforts have severely reduced restaurant and travel related activities. Although according to the chart on the next page, a majority of the job losses are considered temporary with the likelihood that employees will be rehired once businesses and consumers begin to resume more normal activities.

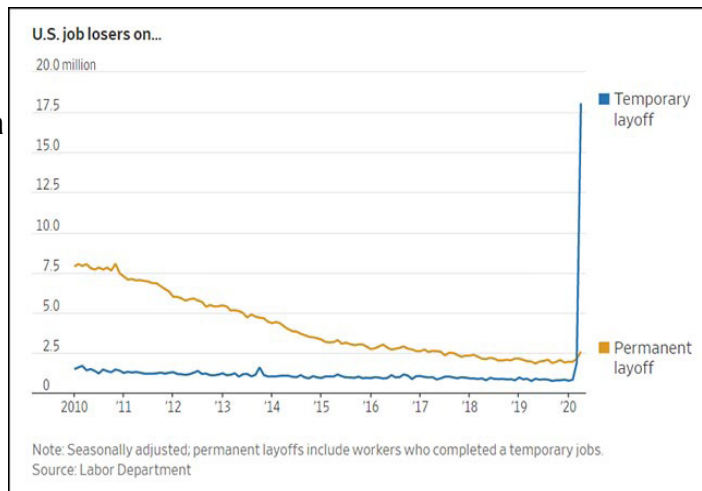
U.S. manufacturing was somewhat better in May as activity levels improved off an 11-year low, the strongest sign yet that the worst of the economic downturn was behind as businesses reopen, though the recovery from the Covid-19 crisis could take years. The U.S. Government revised the first-quarter GDP report downward from the initial reading of a decline of 4.8% to a decline of 5.0%. The second-quarter report will be released in late July. Many economists expect a severe contraction in economic activity. However, the speed at which the economy has slowed has rendered much of the traditional economic data, typically released with a lag of about a month, outdated before it has even been published.



The poor picture of business activity seems to be at odds with the improvement in the stock market over the past three months. It is important to keep in mind that the market declined sharply in the first few months of this year, forecasting the bad activity levels that we are currently experiencing. The improvement in the market performance is perhaps the

market predicting a strong recovery.

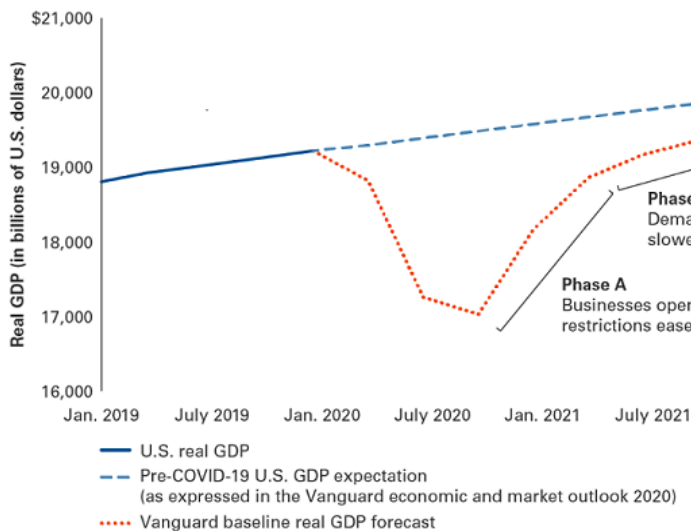
More recent economic data has shown some signs of hope. For example, Uber said that rides have risen for three-straight weeks and that traffic is up 40% from the trough. In the past few weeks, many fast food restaurants have experienced only modest year-over-year declines in customer traffic, which is an improvement from the sharp declines seen in April.



Conclusion

The economic contraction experienced in the U.S. has been profound affecting many segments of the population. Many are hopeful that it will be short-lived and economies around the world will be back on a positive track in 2021. However, at this point, there remain many unknowns surrounding coronavirus, which is likely to keep volatility levels elevated over the next few months at a minimum.

The initial rebound as businesses reopen should be strong but many industries, such as travel and leisure, will likely struggle with some restrictions and may take time to return to pre-Coronavirus activity levels



(see chart to the left). The possibility of a second wave spread of the virus is worrisome given that a vaccine is still a ways off. However, we believe that the long-term investment outlook has improved with lower valuations and strong economic activity is likely to resume next year.

S&P 500 Index

3 Month	3.59%
Year-to-Date	-4.98%
1 Year	12.82%
3 Year	10.21%
5 Year	9.84%

MSCI EAFE Net Index

3 Month	-3.73%
Year-to-Date	-14.26%
1 Year	-2.81%
3 Year	-0.37%
5 Year	0.79%

Barclays Aggregate Bond Index

3 Month	1.65%
Year-to-Date	5.47%
1 Year	9.42%
3 Year	5.06%
5 Year	3.94%

As of 5.31.2020

Boise Branch

888 W. Broad St.
Boise, Idaho
208.373.6500

Coeur d'Alene Branch

622 E. Sherman Ave.
Coeur d'Alene, Idaho
208.664.6448

Las Vegas Trust Office

2850 W. Horizon
Ridge PKWY, Ste 200
Henderson, Nevada
702.430.4747

Info@IdahoTrust.com
www.IdahoTrust.com

1. Consult an Idaho Trust Bank financial consultant for more details. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIP. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Investment accounts generally under \$300,000; Insurance and Annuities of all sizes.
2. Please see the Idaho Trust Bank Schedule for Fees. Investment accounts generally over \$300,000.
3. Please see the Idaho Trust Bank Schedule of Fees. Investment accounts generally over \$500,000. Certain products may be provided by a Financial Consultant of Idaho Trust Financial is utilized: (1) Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC; (2) Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial; and, (3) Idaho Trust Bank is a separate company from LPL Financial, Idaho Trust Bank does not provide tax or legal advice. Overlay Asset Management utilizes external and/or internal managers selected by Idaho Trust Bank.
4. Certain products may be provided by a Financial Consultant of Idaho Trust Financial. Securities and insurance products are offered through LPL Financial and its affiliates, Member FINRA/SIPC. Idaho Trust Bank is not a registered broker/dealer and has a brokerage affiliate arrangement with LPL Financial. Idaho Trust Bank is a separate company from LPL Financial. Idaho Trust Bank does not provide tax or legal advice.
5. Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, and differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fee before you invest.
6. Portfolios are illustrative only. ActualLifeNeeds™ Portfolios will vary from time to time as determined by Idaho Trust Bank. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest. Past performance is no guarantee of future results.

Exchange Traded Funds (ETF), mutual funds and individual stocks are subject to risks and fluctuate in value. Neither asset allocation nor diversification assure a profit or protect against loss. International investing involves special risks including increased volatility, political risks, differences in auditing and other financial standards. Small-cap stocks have historically experienced greater volatility than average. High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and higher risk of default. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Past performance is no guarantee of future results. For more information about performance of Idaho Trust Strategies and our performance calculation methodology, please contact us. Actual client performance may vary from the performance of model portfolios and/or any strategy. No representation is hereby made of the risk and/or return of any particular portfolio. There is no guarantee that any suggested investment strategy will work in any market. You should fully and carefully consider all objectives, risks, expenses and fees before you invest.

Portfolios are illustrative only. Actual LifeNeeds™ Portfolios will vary from time to time as determined by Idaho Trust Bank. The Idaho Trust investment strategies will vary from time to time as determined by Idaho Trust Bank. The information and analysis expressed herein are for general information only and are not intended to provide specific advice or recommendations for any individual or entity. Information contained herein has been obtained by sources we consider reliable, but is not guaranteed. Any opinions expressed are based on our interpretation of data available to us at the time of the original publication of the report. These opinions are subject to change at any time without notice.

NOT A DEPOSIT • NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT GUARANTEED BY THE BANK • MAY GO DOWN IN VALUE

Rev. 5.31.20 ©Idaho Trust Bank, 2020. All Rights Reserved.