[Slide 2] **Communication Services - The “\_\_\_ Remotely” Portfolio**

**Components**:

AT&T, T, $213 billion market capitalization

Charter Communications, CHTR, $120 billion

Comcast, CMCSA, $170 billion

Verizon Communications, VZ, $ 235 billion

**Investment Thesis**: Harold suspects the mass shift to working, studying, entertaining remotely from home will not subside immediately. Even as the lockdowns lift, the lack of a vaccine and reticence on the part of employers, schools and other businesses to return to pre-COVID-19 operating procedures will lag if not fail to materialize. Harold thinks a communications services portfolio consisting of the two dominant cell phone carriers (T & VZ) as well as and two leading national cable providers (CMCSA & CHTR) should benefit from this trend and potentially outperform the broader market.

  

[Slide 3] **Financials – A ‘Stimulating’ Portfolio**

**Components:**

Bank of America, BAC, $200 billion market capitalization

Goldman Sachs, GS, $600 billion

PayPal, PYPL, $170 billion

Visa, V, $ 235 billion

**Investment Thesis**: While Harold is concerned about the long-term effect of the $2.8 trillion in aggregate fiscal stimulus (so far) and $2.5 trillion expansion of the Federal Reserve balance sheet to support the economy during the pandemic, he believes the enormous infusion of liquidity and fiscal relief could make financials a compelling sector to invest in for the short-term. Banks have been provided $669 billion in Treasury-backed, forgivable small business loans to disburse and will be central to a broader recovery. Harold chose BAC a sit is the universal bank with the widest footprint. Online payments leader PYPL and V, the world’s largest credit card provider, offer ample exposure to the increasing shift to online and digital purchases. A significant improvement in consumer spending from extremely low levels during the depths of the crisis should boost these stocks strongly. The economic disruption could also accelerate M&A as firms may be forced to combine to shore up weakened balance sheets and extract cost efficiencies while the regulatory environment is favorable. The world’s leading pure play investment bank, GS, was added to help the portfolio benefit from this trend.

 

 

[Slide 4] **Food – A Truly Essential Portfolio**

**Components**:

Archer Daniels Midland, ADM, $20 billion market capitalization

ConAgra, CAG, $16 billion

Hormel, HRL, $25 billion

Tyson Foods, TSN, $ 22 billion

**Investment Thesis**: In a time of segmenting workers by ‘essential’ or ‘non-essential’, Harold thinks a purely non-discretionary industry like food has the potential to generate strong performance whether the economy struggles to regain traction or not. Even if COVID-19 has shifted consumption away from restaurants and in favor of grocery stores and delivery services. Accordingly, Harold two dominant food processing companies (ADM, TSN) and two major packaged foods companies (CAG, HRL).

  

[Slide 5] **Pharma – A Pandemic-Proof Portfolio**

**Components**:

Abbott Laboratories, ABT, $160 billion market capitalization

Johnson & Johnson, JNJ, $390 billion

Merck, MRK, $195 billion

Pfizer, PFE, $210 billion

**Investment Thesis**: Harold wants to ensure he has more than one non-discretionary portfolio option to evaluate. Like food, the pharma industry is essential and during a severe health crisis, he thinks the industry tailwinds would be strong as the country intensifies its focus on maintaining good public health. ABT, JNJ, MRK and PFE represent a wide swath of the US-based pharma sectors. However, Harold is reticent to make a specific binary bet on the winner of a vaccine to fight the SARS-coV-2 virus, which is why he excluded Gilead from the portfolio. In the event the economic recovery stalls, these leading pharma companies would also provide a strong defensive play if the market rolls over.

   

[Slide 6] **The Hedge Portfolio – In Case the Worst is Yet to Come**

**Components**:

Bitcoin, BTC, $165 billion market capitalization

Ether, ETH, $23 billion

SPDR Gold Shares, GLD, $42 billion

iShares Silver Trust, SLV, $14 billion

**Investment Thesis**: Harold insists we also test a basket of investments that could present non-correlated characteristics to portfolios with widely-held equities. He selected the two major cryptocurrencies (BTC, ETH) along with two major funds tracking major precious metals (GLD, SLV). Though Bitcoin and Ether have not surpassed high watermarks set in 2017, Harold believes this presents a good investment opportunity for the chance there is mainstream adoption and bull run. Bitcoin has a unique value proposition replicating the scarcity gold and silver but in a digital fashion. Bitcoin boasts a fixed supply cap of 21 million coins, arguably a hedge against exploding budget deficits and extreme monetary policy as evidenced by crashing Treasury yields. The Ethereum network is underway a several year transition period to move from a Proof of Work model to Proof of Stake model. To participate in Proof of Stake, holders lock their Ether in a smart contract thus lowering available circulating supply. Gold has been universally trusted as a defense against hyperinflation, chaotic monetary policy and economic uncertainty for thousands of years in addition to its use for jewelry and in some industrial applications. Though gold has traditionally been favored over silver in expressing these themes, Harold also wanted silver (SLV) represented due to the extreme 114 gold-to-silver ratio which is significantly above long-term averages in case of short-term retracement toward the 20-year average of 60.

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