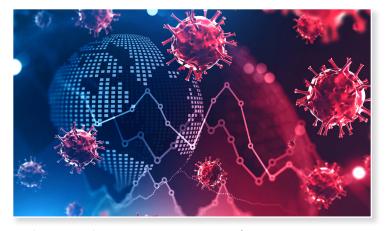


Conference Call Summary

Joe Terril, Terril & Company, Featured Speaker

Overall, the global economy is doing well, considering that COVID-19 affected almost every country in the world, and countries are taking different approaches to try to address the problem. We saw a reasonably good recovery in China, which was the first major industrial country to reopen, and then we saw a similar thing in South Korea. Recently, it's Europe's turn. Economies in Europe are much more open than in the United States. Industrial production figures recently released in Italy and France were impressive. Although they aren't yet back to pre-pandemic levels, they are 85% of the way. We expect that trend to continue. If we can get to the other side of the pandemic, we expect demand levels to exceed pre-virus levels. It appears there is pent up demand all over the world after quarantine.



In the United States, our economic figures are improving and continue to do well, being adjusted, of course, for the fact that we still have perhaps 50% of our economy shut down. Retail sales, housing figures, employment figures, and durable goods orders are all okay, and perhaps even higher than what people expected considering current circumstances.

We remain bullish. Since the pandemic started, we have envisioned a V-shaped economic recovery. There is no recent evidence to change our view. Where the world is open for business, economic results are excellent. We need to get the virus under control

world-wide. While it is frustrating that medical experts cannot reach a consensus, it is encouraging to see that other countries around the world do have this virus under control. We believe the United States is going to do the same thing, so that makes us optimistic.



Investment markets continue to move three steps forward and two steps back. Each time there is a closing, as most recently in California, the market worries there will be another complete shutdown around the country. On the other hand, as information about vaccine developments publish, the market turns around and goes the other way. Additionally, as investors see economic figures in the United States, they conclude the figures are better than anticipated, all things considered, and the market moves higher.

We continue to hold stocks that are tied to the economy and companies that pay good dividend yields. As long as the Fed keeps interest rates at zero, the dividend yields will become attractive. As confidence grows that dividends are going to hold and not be cut, we anticipate valuations of good dividend-paying companies to move sharply upward.

We are living in volatile times, but we remain optimistic. We are confident that investment prices are recovering and will, in the next six to nine months, be back to new high watermarks.

ClientQuestions

Question: Joe, is the NASDAQ a bubble? Tech stocks seem to have no top.

Answer: The valuations being put on companies like Tesla, Netflix, Amazon and others make no sense. For example, if you pay the current price for Tesla, it is essentially implying that you believe that Tesla is worth more than all other automobile manufacturing companies in the world put together. Your choice, own 100% of Tesla or 100% of Toyota, General Motors, Ford, Mercedes Benz, and Fiat Chrysler, collectively? You can have all the companies or you can have Tesla. To us, there is no question.

It is a similar situation with Netflix, a company that has never generated any positive cash flow in the history of the company and survives year-to-year by increasing debt. While Netflix continues to sign up subscribers, its costs continue to escalate for the content it provides. Would you rather own 100% of Netflix or a package of \$40 billion cash, plus all of the Walt Disney Company? With Walt Disney, you get all of the theme parks, movie productions studios, film library (including the Star Wars and Avengers series), retail outlets, ABC television, ESPN, and HULU. From our viewpoint, Netflix can't possibly be worth more than the package of cash plus Disney.

So, yes, to a great extent, the big glamour stock portion of the NASDAQ is a bubble. When it pops, we don't know, but it will pop. In the last few days, industrial companies are outperforming the NASDAQ, with the Dow being up a couple hundred points recently while the NASDAQ was down all day. We believe we will see money rotate out of the glamour companies back into the banks and industrial companies.

Question: Is a second wave of the virus slowing down the economy?

Answer: Yes, the second wave of the virus appears to be mildly slowing things down in the United States economy, although not as much as expected. We look to airline bookings as an example. When COVID-19 hit, the airline business basically stopped. In the normal economy (prior to the pandemic), approximately 2.1 to 2.2 million people a day were going through TSA security checkpoints. At the worst of the virus, in early April 2020, less than 100,000 people a day were going through TSA security checkpoints. Into May, June, July, it has been improving week by week. Last week, TSA reported 720,000 people a day. Yesterday Delta had their earnings call. When asked if the second wave was causing flight cancellations, management's response was that rates are flat and are no longer increasing. There seems to be enough worry and concern about the second wave that people are back to being a little more cautious.

Question: How long do you expect interest rates to stay sub 1%?

Answer: We anticipate interest rates staying below 1% for another year. We are currently formulating plans for how we are going to handle the higher rates of inflation that are sure to come from the \$5 trillion or more printed money pumped into the economy by the Federal Reserve Bank. With higher rates of inflation will come higher interest rates. Around the world, most countries decided to have their Central Bank inject excess reserves into their economies. That must result in higher rates of inflation. There is no free lunch, meaning you can't just have \$5 trillion free and clear, without devaluing the rest of the currency. So, we think the Fed will hold interest rates at zero for the next year, but, at some point, inflation will pick up. As inflation picks up, that will test the Federal Reserve to see if they will continue to leave interest rates at zero. If, in fact, we are correct that the virus will be behind us at the end of the year and the economy is really doing well, we think the Fed will be more inclined to raise interest rates. They will be forced by the higher rates of inflation. However, that is probably a year off from now.



Monthly conference calls with time for your questions about the state of the markets are just one of the many personalized services offered by Marine Bank's Investment Management Team. This **Market**Watch update is a summary of our monthly call.



Our next monthly conference call will be:
August 19th 2020
September 16th 2020
October 21st 2020
at 10:30 a.m.

To participate, dial **1.866.210.1669**

When prompted, enter code **8558354#**

Email your questions to Annette in advance: amcclure@ibankmarine.com



Investments are subject to risk, including possible loss of principal. Investments are not deposits of or guaranteed by Marine Bank, and are not insured by the FDIC.

between the company and its clients.



Marine Bank's
Annette McClure
Executive Vice President
Trust & Investment Management
amcclure@ibankmarine.com
217.726.0661



John "Joe" Terril President of Terril & Company, a St. Louis based, independent wealth management firm. Terril & Company has been overseeing retirement plans, IRAs and individual investment portfolios for over 37 years, an important keystone of Terril & Company's philosophy remains ensuring no conflicts of interest exist