EUBEL BRADY & SUTTMAN
ASSET MANAGEMENT

"Unequaled Personalized Service"

March 13, 2020

Lately, we have all been inundated with information about a new coronavirus, COVID-19. The impact of this virus on businesses, the economy, and society in general is not precisely known. As you might suspect, this uncertainty breeds fear and in some cases panic. Considering these uncertainties, we want to assure you of EBS's continuity of service as the virus runs its course, and share our investment approach and actions during such turbulent times. We briefly address these matters below.

Long before COVID-19 became an issue, EBS had business continuity plans in place to ensure that personnel can operate remotely with minimal or no interruption in times of unusual circumstances. We have complete access to needed information remotely. These plans have been periodically tested to ensure our readiness. You would continue to call our main number and ask to be transferred, per usual.

Turning to investments, if you missed our recently published three-part series titled "A Fire Drill for Market Volatility" we strongly encourage you to read each piece at www.ebs-asset.com/firedrill. The timing was prescient. These publications were designed to help EBS clients deal with extreme market environments. Events like the arrival of COVID- 19 foster emotional swings in humans and raise the risk of investment missteps which put long-term investment objectives in jeopardy. The knee-jerk tendency to sell after prices drop should be avoided (the opposite of the old adage "buy low and sell high"). Otherwise, temporary losses can become permanent losses.

Prior to the recent market turmoil, we largely maintained a defensive position in our equity and balanced investment strategies. That means stock exposure in portfolios was lower than long term targets and fixed income investments avoided excessive interest rate and credit risk. On the equity front, stock market valuations were expensive and there were few attractive buy candidates, in our view. By contrast, stocks today are dramatically lower, valuations are better, and we are deploying funds into stocks. It's not that stocks are ultra-cheap; they are simply better value propositions (in our eyes) even if recession is upon us and offer a better margin of safety than before. On the fixed income front, treasury yields are lower, but some segments of corporate bond yields have risen and more opportunities exist. Historically, dislocations associated with viruses were short-lived, and we believe this one will be as well.

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Although the economic picture is murky, we have confidence in the long-term resiliency in corporate profitability, which is the true driver of stock valuations. As a result, if the stock market stabilizes or trends lower, we will likely continue with measured buying. Moving forward, the biggest key to our joint success will be staying composed and objective as a client/investment manager team. Among other things, this will require patience as we wait for the market price to reflect the value we believe underlies our investments.

In summary, delivering our personalized investment management services are job one for us and we are prepared to efficiently carry on, even if it requires team members to work remotely. On the investment front, we remain disciplined, methodical and calculated in selectively taking advantage of investment opportunities as they arise. Opportunities to invest in quality companies at attractive price-to-value relationships are emerging for the first time in several years. In our opinion, actions taken today will set the stage for compounding more attractive stock returns in the coming five to seven years. If folks are sitting on excess capital, we believe it is a good time to put it to work. Feel free to call with questions, comments or both. We are happy to help.

Sincerely,

Robert J. Suttman, II
President