In conversations with many of our clients, I understand that there is concern about the role that uncertainty and disruption, such as the coronavirus and market volatility, may have on our families and more broadly, our financial goals. As we have seen in past turbulent times, uncertainty that investors feel can sometimes lead to emotional investment decisions.

But history reminds us that emotional investing is not the most effective or healthiest approach. Smart investing begins with a financial plan that accounts for your goals, priorities, time horizon, and comfort with risk over the long-term. Which is why now may be a good time to speak with your Janney Financial Advisor to review and update your financial plan, discuss any anticipated changes or events in your life, assess your progress, and make sure you are on track toward achieving the outcomes you wish.

During these periods of uncertainty, a focus on what you can control—your personal investment strategy and financial plan—can provide you with peace of mind.

I also want to remind you about the value of Janney’s Online Access and its easy-to-use tools to keep your financial picture in clear view—particularly during unsettled times. Not only will you find information on your portfolio, but you can access your financial plan if you have completed one, and read the latest insights from Janney’s Investment Strategy Group.

Finally, as regulations in the financial industry continue to evolve, you’ll be hearing from us about the Securities and Exchange Commission’s Regulation Best Interest, how Janney is responding to these changes, and the positive impact we believe they will have on your relationship with your Janney Financial Advisor.

As always, we will continue to strive to put your best interests at the forefront of all we do, and we appreciate your ongoing trust. Remember, we all get caught up in the 24-hour news cycle; speaking with a trusted Financial Advisor is a good way to keep things in perspective.

At Janney, we’re here for you.

Sincerely,

— Timothy C. Scheve
President & Chief Executive Officer
COVID-19 Considerations for Investors

The year’s outcome, both regarding the economy and financial markets, likely will be determined by the direction the COVID-19 outbreak takes more than anything else.

Epidemics and natural disasters stop economic activity for a finite time, but they ultimately create pent-up demand that boosts economic growth in the quarters that follow—we just don’t know yet when that will be, and we don’t know when the market adjustments will be over. The uncertainty around such binary outcomes is hard to price for markets, which have already reacted severely, and more volatility will follow. Given how this virus is evolving—with no vaccine yet available to treat it—the risk associated with the economic damage that could be caused by an extended global pandemic remains elevated.

With myriad monetary and fiscal measures coming in to soften the blow, investors are encouraged to continue to align their exposure to risk assets with their tolerance for further downside until the situation becomes clearer. For now, our central scenario remains a global recession is avoided and economic activity will recover.

Bonds Provide Stabilization

In February, Treasury bond yields hit new all-time record lows on expectations of three more Federal Reserve (Fed) rate cuts to stave off economic slowing. Easier monetary policy reduces interest rates, provides economic stimulus, supports market confidence, and is good for a number of add-on effects; it also generally puts a floor under valuations of riskier bonds.

Janney’s Investment Strategy Group has advocated holding longer-term, higher-quality bonds in part as a hedge against the potential for volatility in risk asset markets, such as equities. The reason is simple: it is for situations exactly like the one we are facing today.

Holding high-quality, longer-term bonds provides diversification that stabilizes portfolio values in a downturn and opens up reallocation opportunities to rotate into cheaper risk assets.

The combination of much cheaper valuations in high yield and Federal Reserve support for the markets should help open up an opportunity to buy high yield for investors with the appropriate risk budget. Now that risk assets have retrenched substantially, it might be an appropriate time to consider rebalancing out of longer bonds and into riskier assets.

Looking for the Recovery

There’s been a rush to safety with a major drop in Treasury note and bond yields and a sudden aversion to cyclical areas of the equity market. At the end of February, all 11 S&P 500 sectors had year-to-date losses. Virus concerns arrived when technical and valuation issues left the market vulnerable to a pullback.

As has been widely documented, following previous health scares, the equity market has recovered relatively quickly. For example, the S&P 500, on average, was up 8.7% and 10% in the first 60 and 90 days following the first cases of Severe Acute Respiratory Syndrome (SARS), H1N1, Middle East Respiratory Syndrome (MERS), Ebola, and Zika viruses in the United States.

Nonetheless, the equity market remains vulnerable to the economic toll from the virus. This will be reflected in data to be released in coming months. However, the market is likely to look over the data trough and assume that in time much of the deterioration will be reversed. In the meantime, stock market volatility is likely to be greater than usual.

Time will tell.
Janney is providing this disclosure to inform you of some basic facts about purchasing securities on margin and to alert you to the risks involved with trading securities in a margin account. Before trading securities in a margin account, you should carefully review the margin agreement provided by Janney. Consult your Financial Advisor or contact Janney regarding any questions or concerns you may have with your margin account(s).

When you purchase qualified securities, you may pay for the securities in full, or you may borrow part of the purchase price from Janney. If you choose to borrow funds, you must open a margin account. The securities purchased as well as other securities in your margin account are Janney's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and as a result, we can take action, such as issuing a margin call and/or selling securities or other assets in any of your accounts held at Janney in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to Janney to avoid the forced sale of those securities or other securities or assets in your account(s).
- Janney can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements or Janney's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at Janney to cover the margin deficiency. You will also be responsible for any shortfalls in the account after such a sale.
- Janney can sell your securities or other assets without contacting you. Janney will attempt to notify our clients of margin calls, however, we are not required to do so. Even if Janney has contacted a client and provided a specific date by which the client can meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling the securities without notice to the client.
- In the event of a forced liquidation, you are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, Janney maintains the right to decide which security to sell in order to protect our interests.
- Janney can increase "house" maintenance margin requirements at any time, and we are not required to provide you with advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Failure to satisfy the call may require Janney to liquidate or sell securities in your account(s).
- You are not entitled to an extension of time on a margin call.

How Does Margin Work?

When utilizing margin to purchase securities, borrowed money is being used to fund the transaction. While market appreciation will increase your return on an investment, a depreciation may result in an increased loss greater than the amount of money originally supplied.

### TABLE: Impact of Decrease in Value

<table>
<thead>
<tr>
<th>Account Value</th>
<th>$10,000</th>
<th>$9,000</th>
<th>$8,000</th>
<th>$7,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin Loan</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Equity (value minus loan)</td>
<td>$5,000</td>
<td>$4,000</td>
<td>$3,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Equity Percent (equity divided by value)</td>
<td>50%</td>
<td>44%</td>
<td>38%</td>
<td>29%</td>
</tr>
</tbody>
</table>

When equity falls below the maintenance requirement and a margin call is issued, Janney will try to contact the client. As noted in the required disclosures listed at the beginning of this page, however, Janney can sell securities to meet a margin call at any time without notice. Janney can also change the maintenance requirements at any time without prior notification.

### Conclusion

While investors who use margin may increase the profit potential of investing, there are significant risks to margin borrowing that should be understood before embarking on a margin strategy. Your Janney Financial Advisor can provide you with further information and help guide you in making wise investment decisions. For more information on margin borrowing, there are several websites with valuable information, including the following:

- Financial Industry Regulatory Authority | http://www.finra.org

As always, we welcome any comments or questions. Please contact your Janney Financial Advisor or write to us at the following address:

**Margin Department/Disclosure Information**

Janney Montgomery Scott LLC
1717 Arch Street, Philadelphia, PA 19103

**ANNUAL DISCLOSURE STATEMENT TO ACCOUNTS APPROVED FOR MARGIN**

$2,000 when placing orders on margin. For most equity securities, which meet standards as defined in the regulation, this requirement is 50%—the investor must have 50% of the purchase amount by settlement date, plus Janney also requires the price of the stock to be above $5 per share. Some securities, including many U.S. Treasury issues, have lower margin requirements. Your Janney Financial Advisor can provide further information upon request.

When an investor borrows on margin, there is an ongoing minimum equity requirement called the maintenance requirement, usually 30%. In some cases, Janney may have a “house” requirement that is above 30%. For example, Janney has a maintenance requirement of 75% on certain stocks and 100% on others (100% means these securities are not eligible for margin). As another example, when a stock’s price falls below $4 per share, Janney applies a 100% maintenance requirement. If the value of the securities in a margin account falls so that the equity is below the maintenance requirement, a margin call will be issued requiring the client to deposit cash or acceptable collateral into the margin account to bring the equity value up to the required maintenance level. As noted earlier, Janney can change maintenance requirements at any time without prior notification.

### TABLE: Return on Investment

| New Value | $11,000 | $11,000 |
| Profit | $1,000 | $1,000 |
| Cash Investment | $10,000 | $5,000 |
| Return on Investment | 10% | 20% |

The above example demonstrates that an investor who makes a cash purchase either loses or gains 10%, while the margin investor loses or gains 20%. For this reason, investors who employ margin usually have a more aggressive approach to investing with a willingness to take a larger risk. Investors who use margin will also be charged interest on the borrowed amount as explained in the section titled “Margin Interest.” Before choosing to invest using margin, you should consult your Janney Financial Advisor to determine if the risk is appropriate for your investment objectives and risk tolerance.

Initial Margin Requirements and Maintenance Requirement

The initial margin requirement is the percentage amount required as initial equity from the investor. Federal Reserve Board Regulation T establishes a minimum account equity value of...
Rethinking Estate Planning

These changes mean that you should revisit your retirement income and estate planning to see what adjustments should be made. Your Janney Financial Advisor can help you determine your best action.

WHAT IS REG BI?

As the financial services industry evolves, it is placing a heightened emphasis on improving safeguards for investors, and standardizing the conduct of broker-dealers such as Janney and its Financial Advisors. While Janney always strives to work in your best interest, Regulation Best Interest (Reg BI) is ensuring that all financial professionals throughout the industry make recommendations that serve their clients first and foremost.

As Reg BI gets closer to implementation at the end of June 2020, you will be receiving Janney’s Relationship Summary (Form CRS), which is a brief, easy-to-understand summary of the services Janney offers, costs you may incur depending on the type of services you use, our obligations when making recommendations to you, and how Financial Advisors are compensated depending on the services provided, and more.

This document will also be available to you at any time in late June on our website, www.Janney.com. It will also be provided to you when you enroll in selected services or when certain recommendations are made to you.

If you have any questions regarding this information, please reach out to your Financial Advisor.