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There may not be sufficient adjectives in the English language to describe the first half of 2020. The past six months have been packed with significant, even generation-shaping, news and events. In most years, the ongoing geo-political trade war or domestic social unrest would be the lead story. However, the COVID-19 pandemic continues to dominate headlines and attention as the world emerges from the intentional shutdown of much of the global economy. Investors have been forced to navigate this tumultuous terrain absent the benefit of historical context as a guide. While many market moving variables will play out in the second half of 2020, likely none will steal the spotlight from the pandemic.

What a difference a quarter makes. In the first quarter of 2020, the longest running bull market on record ended abruptly. Once investors appreciated the magnitude of the economic shutdown caused by COVID-19, stocks sold off precipitously. At its nadir, the S&P 500 declined 31 percent from its high point.

Fearing economic carnage, the Federal Reserve catalyzed the markets. On March 23rd, the Fed pledged to do whatever it takes to keep the economy from collapsing. This commitment provided the requisite confidence needed and investors wasted little time capitalizing on the Fed's aggressive posture. Between March 23rd and June 8th, the S&P 500 advanced 44 percent, marking the largest historic gain for this time period.

Despite the massive second quarter rally, investors have been discriminating. Those companies well-positioned to thrive in the new post-pandemic economic normal have been handsomely rewarded. Conversely, deep cyclical and more economically sensitive companies were largely excluded from the rally.

The Riverbridge portfolios performed absolutely and relatively well over the first six months of 2020. Several factors help explain the compelling performance of our portfolio companies. Healthy balance sheets featuring little debt provide our companies the ability, if necessary, to endure a prolonged economic shutdown. Many of our portfolio companies provide a mission critical product or service that continues to be consumed even in a reduced economic state. The last, and perhaps most compelling factor, is that our companies are well positioned for the new economic normal that will emerge when the pandemic recedes.

The second half of 2020 promises to be eventful. Investors will carefully monitor the trajectory of the Coronavirus spread and a possible second wave. The global economic reopening process will not be linear. Setbacks will likely occur, potentially requiring temporary retreats or pauses in restarting certain activities. The presidential election also looms large over the markets as the outcome could dramatically shift policy should one party control Congress and the Executive branch.

The Riverbridge investment team will continue to focus on companies possessing a strategic market position which are not overly dependent on favorable economic conditions for growth

Our investment disciplines serve to lessen the impact of economic shocks. Regardless of short-term perils that may emerge and serve to disrupt the markets, we remain focused on the long-term success of our portfolios and our clients. Thank you for the opportunity to serve as your investment advisor.

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