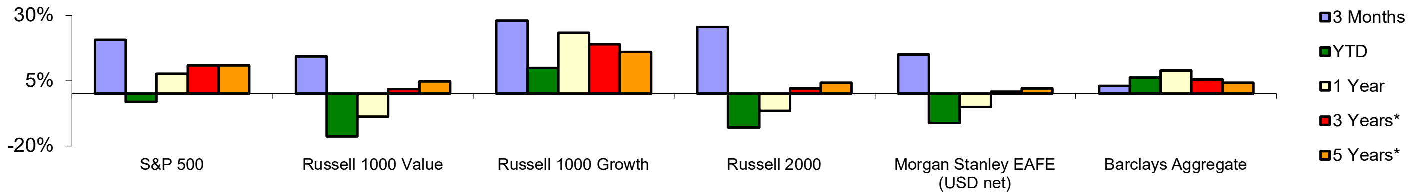
Timberline Investment Management, LLC

MARKET OVERVIEW 06/30/20

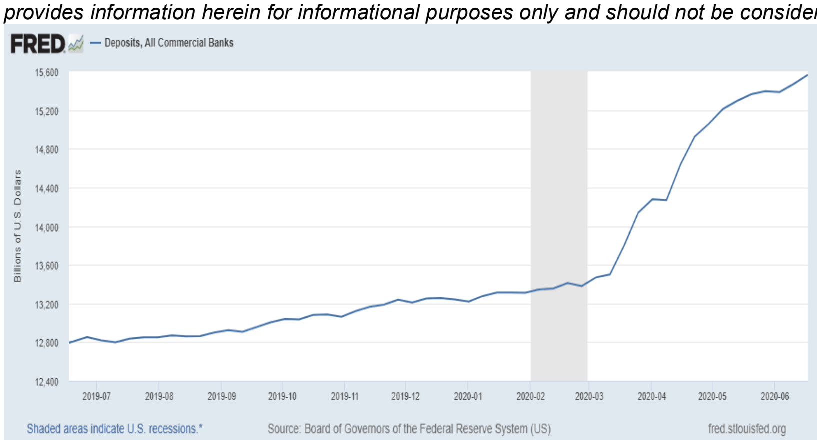
Market Description	Index	3 Months	YTD	1 Year	3 Years*	5 Years*
General Stock Market	S&P 500	20.54%	-3.08%	7.51%	10.73%	10.73%
Large Company Value	Russell 1000 Value	14.29%	-16.26%	-8.84%	1.82%	4.64%
Large Company Growth	Russell 1000 Growth	27.84%	9.81%	23.28%	18.99%	15.89%
Small Companies	Russell 2000	25.42%	-12.98%	-6.63%	2.01%	4.29%
International Stocks	Morgan Stanley EAFE (USD net)	14.88%	-11.34%	-5.13%	0.81%	2.05%
General Bond Market	Barclays Aggregate	2.90%	6.14%	8.74%	5.32%	4.30%



ECONOMIC OVERVIEW

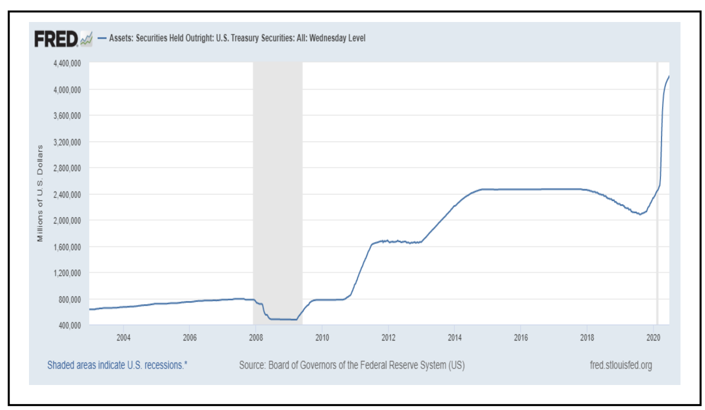
	Statistic	Most Recent*	3-month Prior	3-month Change	12-month Prior	12-month Change
Long-term Rates	10-year Treasury Yield	0.66%	0.70%	**-5.71%**	2.00%	**-67.00%**
Short-term Rates	Effective Fed Funds Rate	0.08%	0.80%	**-90.00%**	2.40%	**-96.67%**
Consumer Inflation	Consumer Price Index	256.394	258.678	**-0.88%**	256.092	**0.12%**
Wage Growth	Average Hourly Earnings	29.37	28.69	**2.37%**	27.96	**5.04%**
Job Growth	Total Non-farm Payrolls	138,513	150,073	**-7.70%**	151,739	**-8.72%**
Average Workweek Hours	Avg. Weekly Work Hours	34.5	34.1	**1.17%**	34.4	**0.29%**
Economic Output	Gross Domestic Product	21,099	21,340	**-1.13%**	21,540	**-2.05%**

Economic data is the most recent available as of date of publication. Data is from sources believed to be reliable but is not guaranteed and is subject to revision without notice. Data is provided for your analysis and used at your own risk. Market returns greater than 1 year are annualized. Timberline provides information herein for informational purposes only and should not be considered an investment recommendation.



DEPOSITS AT COMMERCIAL BANKS (1 year) - This is pretty amazing. Monetary and fiscal stimulus programs are certainly contributing to large sums of money sitting in bank accounts. Also to be considered is a desire for safety, the lack of yield in quality bonds, and depressed spending by many. This liquidity is a potential source of purchasing power in many ways if and when risk perceptions improve.

TREASURIES BOUGHT BY THE FED (16 years) – Compared to the 2008 crisis (big grey bar), current Fed stimulus intervention has been huge.



CREDIT SPREADS – Credit spreads imply an improvement in the outlook for investment risk but the level still points to an element of caution that remains in the markets.

Data sources: Frank Russell, Ishares, St. Louis Federal

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Through the first half of 2020, one of the worst quarters in stock market history was just followed by one of the best quarters in history.

A focus on the recent past is not always a good idea for investment plans. However, the past months of deep pandemic tragedies, disruptions, and developments point to some persistent factors that should be helpful in formulating investment ideas. Knowing you, I am sure many will find some or all of the following to be rather obvious. For starters, we understand the nature of the virus and are more prepared to treat it. There has been enormous stimulus from fiscal and monetary sources with open consideration for more if needed. Academia and industry have dedicated considerable resources to the development of effective therapies and vaccines that appear to be promising. Add to this to the partial reopening of the economy and numbers confirming some improvements, we experienced the mentioned strength of 2q20.

Despite the progress of 2q20, we still have an economy that is quite far from recovered and virus cases are now on the rise for a number of reasons. None of this was a secret late in the quarter yet market conditions remained firm. Time will tell if this is an overly optimistic market, but it looks like investors are building on the positive developments of the recent past, looking past the current weakness of many earnings reports, and banking on the ultimate development of an effective treatment for Covid-19. The treatment part of this equation is clearly on the minds of investors as evidenced by market reactions to product trial announcements. The timing of a hoped approval is a topic that many are rightfully cautious to talk about. Far be it that this unqualified writer with a business degree should weigh in on this, but I believe we are 2 to 8 months from a treatment that can meaningfully start walling-off Covid-19. I'm using the term "walling-off" as there will be caution with a treatment that lacks a long-term safety record and, if my source is correct, a population that gets flu shots at a rate of 40% to 50% of the total population.

At this point, let me circle back to the markets and note that sweet spot of the equity markets were large-cap technology companies that supported decentralized work and home-related commerce/activities. Despite recent strength, most broad benchmarks ended up with negative 6-month returns while large-cap growth and large-cap technology benchmarks finished in positive territory. It makes sense that such companies gained investor attention but it will be interesting to see how sustainable this attention is when and if an effective treatment is developed and the value of companies depressed by viral conditions get a new lease on life. There is also growing political concerns over the size and power of technology firms. Another item to consider is the investment potential of companies developing therapies and vaccines. It is great that there are dozens of products under trial but with so much attention, need, and approval risk, it is difficult to project an economic outcome for developers even if success is achieved. It is my thought that investment portfolios need to be oriented for both current success and the potential of economic recovery associated with treatment success that may be very difficult to time. Politics remain an open item as well.

In closing, let me express again my sincere thanks for your trust and business. It is a privilege no matter the circumstances of the times. Stay safe and well.

Gregg Giboney, CFA
President & Portfolio Manager
Investment Advisor Representative