

Complacency Breeds Failure: Only the Paranoid Survive- Coronavirus Part 3

Black swan events, such as economic recessions and pandemics, are painful and frightening when we are in the midst of them, but also present great opportunities for historic change in governments, economies, and businesses. The Great Depression spurred the creation of the Federal Deposit Insurance Corporation (FDIC) to ensure that people would not risk losing their savings if their bank failed. It also was the catalyst behind social security and unemployment insurance. The proliferation of the newspaper business dates back to the smallpox epidemic in 1721. Concerned citizens flocked to pick up the *New England Courant* to receive updates on transmission and remedies, view announcements of quarantine restrictions, and peruse outbreak-related job openings.

Looking at a more recent example, the SARS pandemic of 2002-2004 could easily be credited for the launch of e-commerce worldwide through companies like Alibaba (in Asia), and Amazon. Much like what we are seeing with COVID-19, this growth stemmed from a fear of human contact and an anxiety around traveling.¹ From the turmoil experienced during the financial crisis of 2008, several innovative companies emerged as well. Square was founded to give merchants a more effective way to process credit card payments, making them less reliant on traditional banks. Airbnb formed when two roommates decided to rent out their loft to help them scrape by during this challenging time.

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Today we are once again being given the opportunity to change our world for the better, catalyzed by incredible fear and uncertainty. It is regrettable in our view that, as Americans, we continuously identify meaningful opportunities to solve decade-long problems in our society, only to see most of those opportunities squandered due to political dysfunction, bureaucracy, or sheer apathy. How many generational challenges can we go back in our history books and find quotes from governmental leaders that if you closed your eyes and did not look at the dates, you would swear they were in today's paper? *"We should measure welfare's success by how many people leave welfare, not by how many are added."*² This could easily be the headline of a Wall Street Journal article today (when I googled "income inequality in America" I got links to over 9 million items), but it was said over 48 years ago by Ronald Reagan when he was governor of California. Talk about kicking the can down the road!

All jokes aside, we are cautiously optimistic that out of the Coronavirus pandemic, we will again see monumental changes that better our world. Specifically, we see a once-in-a-lifetime opportunity to confront the world's fear of China, narrow the income inequality gap, bring back evidence-based dialogue in our political system, and remove the barriers that will usher in the next great productivity revolution in our economy. In this part, we will cover the first two opportunities: China and the wealth gap in the U.S.

CHINA

Building and maintaining a genuinely global system is not something any empire can attempt. In modern history, only two powers have been able to pull off this feat- the United States and Great Britain. Most casual and professional observers of international affairs fear a third is on the rise, China. Evidence supporting this concern is all around us. China's economy grew from the 7th largest economy in the world in 1996, to the 2nd largest in only 15 years. If growth rates hold, the Chinese economy is set to overtake the United States as the world's largest by 2030. Add together expansive investments in infrastructure, low wages, and rapid gains in productivity, and it is only a slight exaggeration to say that all supply chains lead to China in one way or another. In his book, *Dis-United Nations*, Peter Zeihan, argues that while there are many reasons China has become formidable in the world economy, especially in the supply chain portion, their economic structure, political structure, and culture make it highly unlikely that the communist country could ever cement itself as a true global agent.

China's regional supply network has fueled global growth for over two decades. This has made China, by far, the world's #1 exporter. The country's headline development program, "Made in China 2025," is meant to put this already unnatural economic growth on steroids. This program intends to put China in direct competition with the American growth engines of the past few decades- high technology and advanced engineering.

China's naval expansion has increased its' number of active-duty vessels to over 300, as America's self-imposed spending diet has reduced its' fleet to below that level. The Chinese military now fields a ballistic missile called the "Guam Killer," capable of striking America's primary western base.³ China's hacking and espionage activities have been highly successful in acquiring tech and making the various American intelligence commands look like baby boomers trying to figure out what Tik Toks are.

China has been very willing to use its large markets as a carrot or stick to show its geopolitical alignment. For example, it has been known to restrict its citizens from visiting South Korea. In the past, it has withheld supply of rare earth materials from Japan and limited its purchases of soybeans from the United States. From several perspectives, it would seem, China holds all the cards.

Such sentiment is not just wrong; it is hilariously so. To be blunt, China is doing it wrong. You can say what you want about America, but our strategy for global management has worked for over seven decades. Entice everyone to be on your team. Sufficient allure to draw everyone to your global system is not easily attained. America's strategy, therefore, has really been based on "bribes." Think of the American management strategy as having four pillars of success:⁴

- 1) **Ensure physical security for all.** While this is an expensive endeavor, both with money and with American lives, it has been essential for one primary reason- building trust within our coalition. It is a bit of a hoot to imagine China maintaining "Checkpoint Charlie" to protect the Germans from the Russians or getting involved in the Persian Gulf to keep the Iraqis out of Kuwait. Make no mistake, the United States is the only power that other countries want defending them. Part of this is that America has not been an occupying force, but a coalition builder. On the other hand, China has a long history of conflict and attempted occupations with its neighboring countries.
- 2) **Ensure maritime security for all.** No other country has the naval dominance the U.S. has maintained since WWII. This global footprint is not replicable by anyone, China included. So, while there may be some small incidents in the South China Sea and Taiwan Straits as the years go on, the U.S. Navy is well aware and well prepared to deal with Chinese military advances.

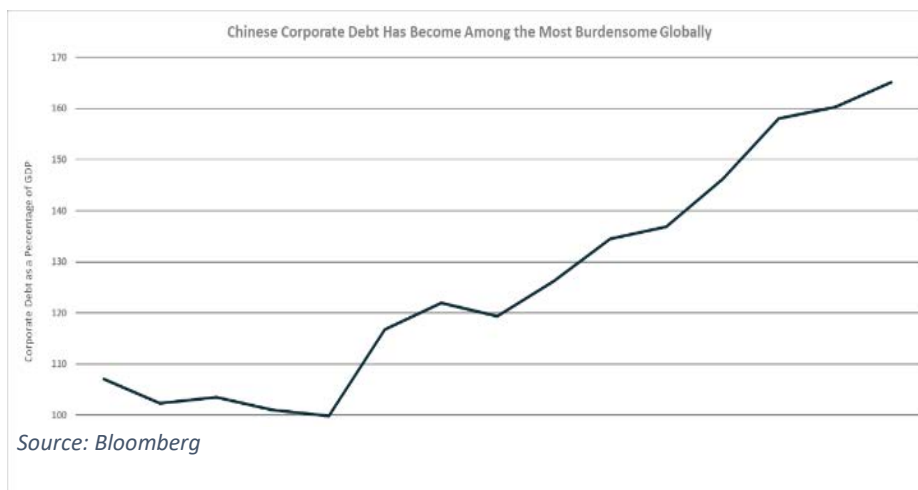
3) **Offer unfettered market access.** There is more to a global order than guns; there's butter. While America used its military strength to create the global market as we know it, it also granted access to its market- the single largest consumption-based market in the world- to all of its allies with few limitations. Talk about a "bribe!" It is impossible for China to replicate such unfettered access to their markets. The transformation of China's economy from a failing agrarian model to the second-largest economy in the world has been built on a mountain of debt, political control, and favoritism, and questionable (sometimes corrupt) business practices. China's loans that have gone bad in the "grow at all costs" strategy are estimated to total \$8.5 trillion. To put that in context, the total value of subprime loans that went into foreclosure during the financial crisis totaled \$600 billion.⁵ (see chart below)

For this and many other reasons, it is no wonder China is less than transparent when discussing foreign access to their market. Finally, take away the insatiable demand of the American consumer, and a China-led global order would consist of China gobbling up as much of the world's resources as possible and then shoving the resulting products down each region's throat. Thus, one could see how the attractiveness of a global order would wilt under China's control.

4) **Float a global currency.** Some 70% of global currencies are linked to the U.S. dollar. It is the connective tissue that binds over 90% of global trade exchanges.⁶ Simply, no one wants Venezuelan Bolivars, Iraqi Dinars, or even Chinese Yuan (not even the Venezuelan, Iraqi or Chinese businesses) to replace the stable, plentiful and dependable U.S. dollar as the world's reserve currency.

The idea that China- or anyone- can currently meet these criteria does not gel. And by anyone, I also mean the United States. Part of what made the institution of the global order possible back in the 1940s was that the world was wrecked! The American economy was the size of all other economies combined. Today the U.S. economy only represents about one-quarter of the global total. Thus, the "bribes" America made in the past to keep the order together now stretch to her limits. It is questionable that anyone can muster the number of carrots necessary to hold a global order together going forward. Still, we can all rest assured that, at present, China is certainly not capable of filling those shoes.

As for America, while dropping the torch (not handing it off) will create some fires and a far less stable world than we are used to living in, much will still go right for our country. While it is clear that America's views of the world have shifted- the "America First" of the hard right is reflexively hostile to the world; the "America First" of the



hard left is reflexively hostile to American involvement in the world; the "America First" of the middle just finds the world exhausting- in all three versions Americans believe the world is not our problem, and America's military strength will keep the world from hurting us. While this is a quite simplistic assessment with which many can find flaws, for the next couple of decades, this will be mostly true. While hard to fathom as we combat Covid-19, social unrest, and political revolution, America will once again achieve its aura as a "shining city upon a hill." In fact, it is quite academic. Even in the worst-case scenarios, America's trade disruptions will pale in comparison to others around the world, nor will they affect the American supply of energy or food. America's economic moat will deepen, as it will remain one of the only locales that have markets and security; a population; and financial stability.

Furthermore, while other states around the world deal with failure and radicalism, their most talented citizens will seek asylum somewhere- most likely in America. The last time challenges of this magnitude affected a country it was Germany, whose state grew so hateful in the 1930s that a young Albert Einstein felt compelled to defect and seek American citizenship. A generation of wildly educated people seeking an escape from dark futures will crave new homes somewhere you cannot reach by walking or swimming. Most will come to America. Just imagine the volume of Chinese skilled labor that will seek refuge when the Chinese dream proves ephemeral.⁷

[A WIDENING WEALTH GAP](#)

Wealth inequality can be traced back to 10,200 B.C. when societies began to farm land. Farming enabled families to collect wealth and pass it on, while those that did not have property to farm went without. So, needless to say, the impacts of a widening wealth gap are nothing new and have certainly been present all over the world.

The Covid-19 health crisis and the accompanying economic downturn have again focused us on the reasons we should all care about this disparity of income and wealth among Americans. Federal Reserve Chairman Jerome Powell noted that the current downturn "has not

fallen equally on all Americans," and in congressional testimony in June he warned that if the current crisis was not contained and eventually reversed, "the downturn could further widen gaps in economic well-being."⁸

The exacerbation from the pandemic can hopefully catalyze a genuine focus on addressing this issue. Low-income workers have seen very little wage growth since the last recession. While there has been much media coverage of late referencing the statistics that back up this gap, Reshma Kapadia captured it well in her recent Barron's cover story: *Why the Widening Wealth Gap is Bad News for Everyone*. "The top 1% of earners now account for a fifth of total income in the U.S., while the bottom half of earners account for just 13% of total income. Savings rates for the top 10% have risen over the past decades, while the other 90% has seen negative savings rates, leaving those earners with little to invest and often saddled with debt. And while a little more than half of U.S. households own some stock, usually through 401(k) plans, just 10% of households own 84% of the stock market, which means a swath of Americans did not reap the benefits of the last bull market." The pandemic will only widen this gap if left unchecked, and the facts are irrefutable. CNBC reported in May 2020, that households with income below \$40,000 were hit hardest by the pandemic. Almost 40% were laid off or furloughed according to the Federal Reserve. Just 13% of households with income over \$100,000 reported an employment disruption.⁹ Wealth provides a safety net. It allows people to take risks- with their investments or their careers. As many say, "wealth begets wealth" or "the rich get richer," and if you do not have it, you do not have means to withstand a shock.

In our view, this distance between the "haves" and the "have nots" also permeates our view of the shape of the economic rebound. There has been a widely popular "recovery alphabet," consisting mostly of Vs, Us, and Ws. We believe that the K may be the correct letter- indicating a two-pronged recovery. We are already seeing a sharp V-shaped recovery among the "haves," who can work from home and are spending now. Industries like Technology, eCommerce, Communications, certain areas of

Healthcare, have weathered the crisis well and continue to produce healthy revenue and profits. These segments of corporate America and the workforce define the upper portion of the “K.” For those who have lost jobs- notably lower-income workers- the road ahead may be much more difficult. Many of these lost jobs are in hard-hit sectors like leisure, transport, and retail, and typically are not accompanied by paid leave, health care, or 401(k) plans. Many of these jobs may not come back. These sectors and workers would represent the bottom portion of the “K.”

So, what is the solution? Many would say that the pendulum of inequality only swings two ways: to revolution or higher taxes. I would like to offer an alternative path. In January of 2019, we penned a piece titled, “2020 Vision – What do you see?” In it, we discussed ways in which we felt that capitalism in the United States should evolve to ensure broader access to the American dream. To date, there have been small steps taken to help change our system, mostly by private citizens. For example, the Rise of the Rest fund started by Steve Case, founder of AOL, recently closed a second round of funding for \$150 million. This fund is bringing capital to areas that are historically starved for access to seed funding for businesses, or are reliant on the SBA (for any who participated in the PPP, we all now know that unless you have a Ph.D. in Accounting, accessing funds from the SBA is near impossible). Other ideas like strengthening the banking system have been pursued but are seen to still benefit the rich over providing greater access to those in need of liquidity.

Thus, the new paradigm coming out of this pandemic may not be how to make changes within the system, but to fundamentally change the system itself. Joseph Schumpeter, one of the patron saints of capitalism, said that the creation of a new system requires the destruction of the old. When we discussed “reimagining capitalism,” we felt that tweaks to the existing system, which became overly leaning toward the Milton Friedman brand of capitalism- “profits at all costs”- could bring the American system back to a balance between de Tocqueville and Friedman. Well, it seems that the unconscious pursuit of profits will be another coronavirus casualty. The system

will not tilt; at this point it is already breaking. No surer is this evidenced than in the new heroes of the pandemic- many of which were considered low-paid and unskilled before; but are now known respectfully as essential. It will be interesting to see how corporate boards react the next time a CEO wants to pay these workers as little as possible in exchange for larger share buybacks, dividends, or executive pay packages. Moreover, we seem to have ended the era of economic incrementalism. The slow and slight improvements we articulated above do not cut it right now. The times demand systemic solutions greater than what we had before. It is too late to reimagine the old capitalism; capitalism must evolve and become greater.¹⁰

Chief Content Officer and Editor of Forbes, Randall Lane, wrote in his piece on Greater Capitalism in the June/July issue of the magazine, “If Friedman worshiped profits above all, this Greater Capitalism measures return on investment in all facets. Yes, it incorporates a large dose of the stakeholder economy that has slowly made headway over the past few years. But its roots will lie not in big companies but in small businesses and entrepreneurs who ask for little more than a fair chance and a level playing field. If practiced correctly, Greater Capitalism will encourage the kind of smart, long-term, accretive actions that lead to permanent solutions.” Three examples define a more exceptional form of capitalism:

- 1) **A focus on Opportunity v. Outcomes:** You can “teach a man to fish,” as the proverb says, but unless he has access to poles and baits, how will he ever have a fair chance to catch anything? It is true that the college graduation rate, especially among women and minorities, has increased tenfold in the last 80 years but has access to good-paying jobs, capital to start businesses, or the financial health of graduates increased correspondingly?

The virus has brought the need to focus more granularly on the availability of opportunities versus just on overall outcomes. Communities of color have suffered disproportionate death,

sickness, and joblessness and, while I applaud the efforts of our federal government to respond to the crisis in an expeditious and bipartisan manner (or at least the best version they can muster), the implementation of programs like PPP accentuated the cracks in the current system. In April, when the first \$350 billion tranche was clumsily doled out to the bigger, better-connected companies that knew how to play the game, it seemed that once again we would gloss over the fact that while the outcome (aid to small businesses) was successful on the surface, the opportunity to participate was far from universal.

Fortunately, billionaire Robert Smith was not going to let that happen again. Smith, the wealthiest self-made African American, identified the core problem that the PPP money was channeled through the Small Business Administration's electronic system- a system only the major banks could access. "But 70% of African-American communities do not have banks", Smith opined in a CNBC interview, "and even if they did, Smith estimated that 90% of African-American businesses are sole proprietorships lacking the clubby bank relationships that helped usher larger clients to the front of the line."¹¹ So, Smith went to where these small entrepreneurs access the financial system- credit unions, minority depository institutions, and over 1,000 community development banks- and paired them with the larger institutions using a software patch that one of his fintech companies designed. The result was during PPP's second tranche in May, 90,000 loans were processed in this manner.¹²

Blackstone founder, Steve Schwarzman, recently offered the idea that teacher salaries should be tax-free, incenting better talent into our primary public education system, an area we know America has fallen behind and is certainly not equally distributed or executed across all geographies and socioeconomic classes within our country.¹³

The actions of Smith, the ideas of Schwarzman, exemplify the type of bold initiatives we must enact now to affect change. It is no longer enough to acknowledge that our system is flawed or unfairly resourced. If the majority of American citizens feel that they cannot access equal opportunity, they will opt for equal outcomes (i.e., some form of socialism). It is clear to us that, once again, it will require the bold actions of private citizens to create the changes we need, as our government is too divided to coalesce around the type of swift and radical ideas that need to be pursued at this critical moment in history. We must fix these inequities this time- there is no further "room" for the proverbial can to be kicked.

- 2) **Stakeholders v. Shareholders:** Corporate America must shift its mindset and embrace the motto that if you are doing well, you should also be doing good. A company can be profitable, make sharp business decisions, and not compromise productivity while still being respectful, thoughtful, and compassionate. The pandemic has given corporate CEOs a chance to revive this mentality and prove to shareholders that it works. A few weeks ago, Airbnb founder Brian Chesky did something unprecedented: he laid off nearly 1,900 employees, or about 25% of his workforce- and received praise for it. The reasons were simple: kindness and respect. The company treated these ex-employees as people rather than collateral damage, and even dispatched its human resources department to assist laid off workers with finding new jobs.¹⁴

Just looking through our Merlin Wealth Management Equity Strategies, we find more admirable corporate citizens. Verizon held back cutting service for customers struggling to pay because of the pandemic, knowing how vital connectivity has been during the crisis for both work and for keeping in touch with loved ones.

Wal-Mart committed \$1 billion for special cash bonuses for hourly workers and hired 200,000 new workers, targeting those recently laid-off in hard-hit industries like restaurants and hospitality. Apple voluntarily closed stores around the world while continuing to pay hourly employees. The company also sourced more than 30 million masks and donated them to frontline medical workers.¹⁵

Crises can go two ways: They can worsen existing divisions, or they can stimulate a new generosity of spirit. A greater version of capitalism will demand the latter, now and going forward. As we can see from the actions of the great companies above, a conscious does not disqualify a company from being great; or its stock price from going higher. A company can make decisions that prioritize their employees, then customers, then society and then shareholders and still be innovative, exciting, dominant, and dynamic. In fact, I believe investors are already beginning to embrace such a pecking order.

- 3) **If Not Now, When?**: During the Democratic primary, a significant amount of air time was given to the subject of billionaires, their taxes and their philanthropy. Several presidential candidates advocated for a wealth tax, higher income taxes on the country's wealthiest citizens, and even for a tax on their idle philanthropic dollars. On the tax side, I think most billionaires have accepted as a foregone conclusion that they will be subject to some kind of tax increase no matter who wins the 2020 election, and while we feel that taking such a tax regime too far would suppress growth more than generate revenue, I am more interested in this discussion to focus on the criticisms being thrown at the philanthropic structures that many of American's wealthiest families utilize.

In short, much of the philanthropic infrastructure has invited this newly vocal scrutiny. While we do not believe that a tax on philanthropic dollars is constructive, we do feel that despite substantial

upfront tax breaks, the \$4 trillion mostly sitting around perpetually waiting for tomorrow's problems to arrive should be better motivated to help solve today's problems. How can we worry so much about tomorrow, and reserve so much capital to address problems we don't even know, when we have real challenges that can be solved today?¹⁶ Current law states that 5% of the assets from a charitable foundation must be distributed every year. Unfortunately, the majority of foundations treat this as a ceiling instead of a floor. In addition, there are approximately 730,000 donor-advised funds that also receive favorable tax benefits without the requirement for any annual outlays. The pandemic brings this problem into specific relief, and yet it is likely that most charitable portfolios have fallen in line with the general market, making the amount of required philanthropic funding available either flat or even diminished. Not the dynamic we would hope for at one of our greatest times of need.

A more constructive, and creative, way to potentially incent more of these philanthropic dollars into action would be for Congress to heed calls to double the minimum outlay for foundations and donor-advised funds, for at least the next three years, to 10%- a move that would put another \$200 billion to work.¹⁷ All around our community, we see challenges from food insecurity to a lack of proper job training- all of which could benefit significantly from our country's most successful entrepreneurs doubling their efforts (with both time and treasure) to help crack the code of these persistent societal headwinds.

What is at stake right now could not be greater. The current double whammy of economic strain and pandemic fear and anxiety has emboldened the extremes. During the Great Depression, our way of life was called into question by extremists, politicians and opportunists who said that

capitalism was finished- and that was before social media! Instead, a decade after the Great Depression, American businesses dominated the global economy, American workers attained a quality of life their parents and grandparents could only dream about, and our country was on its way to becoming the undisputed economic superpower in the world. We are at a similar crossroads right now, but in order to succeed and prosper like our ancestors, we must fight as hard as we ever have for a greater version of capitalism, or risk a continued societal fraying, and the sobering alternative that this could all be for naught.

[Merlin Wealth Management Thoughts on the Markets:](#)

Excerpts have been taken from [On the Markets, Eye of the Storm](#), by Jimmy Chang, June 2020

According to the Financial Times, the unprecedented lockdown has driven many into stock trading. Gamblers who cannot wager on professional sports have flocked to the stock market to get their fix. Data aggregation and analytics company Investnet Yodlee found that stock trading was among the most common uses for the government stimulus checks in practically every income bracket. Robinhood Markets, a stock app favored by millennials, saw daily trades up 300% from a year ago in March, and over half of its customers are first-time investors. It appears that stock trading has become a national lockdown pastime.¹⁸

The strong equity rally made these newly minted traders feel like investment geniuses while confounding many seasoned investors. How is it possible that the worst economic crisis since the Great Depression has resulted in a bear market lasting just 23 trading sessions (a 34% drawdown from February 20th to March 23rd)? Using the standard 20% threshold to label the stock market, the S&P 500 Index is now in the midst of a new bull market, having risen 36% since the March 23rd trough.¹⁹ We suspect that the current environment may turn out to be the eye of the storm- a serene setting with clear skies and light winds,

only to be followed by towering thunderstorms and gusty winds in due time.

Despite dire economic statistics such as 40 million job losses in America and a record collapse in retail sales, many households have not yet felt the brunt of the financial collapse thanks to generous government bailout checks. A study at the University of Chicago found that for 68% of unemployed workers, the combination of standard unemployment insurance and the extra \$600 of weekly Federal Pandemic Unemployment Compensation exceeds their lost earnings. On top of it, for many American households, there are the so-called Coronavirus stimulus checks of \$1,200 per adult and \$500 per child under the age of 17. For a family of four earning up to \$140,000 per year, that is a one-time check of \$3,400. Some households have further increased their cash flow by taking advantage of various forbearance programs to defer payments- credit cards, mortgages, utilities, student loans, and rents. This is all even more apparent when looking at the U.S. Personal Income measure, which actually accelerated during April and May while the economy dropped off a cliff.

On the business side, the \$669 billion Paycheck Protection Program (PPP) loans have kept many small businesses afloat. Most of the money was not distributed until late-April, and more was still being allocated through mid-May. Hospitals and various healthcare providers have also received more than \$70 billion of grants from the Department of Health and Human Services. Further, thanks to the Fed's unlimited purchase of financial assets, including junk bonds, the red-hot corporate bond market has enabled corporate America to raise money at a record pace to shore up liquidity. Year-to-date through May, more than \$1 trillion of corporate bonds have been issued, nearly as much as the entire 2019 calendar year.²⁰

While the stock market basks in the complacency of a liquidity-fueled rebound, one should not equate optimism with reality. Despite significant recoveries in many economic activities, the absolute levels are far from normal. For example, the daily air passenger count in the U.S. has surged 289% from the nadir in mid-April to as high

as 345,000 in late May. However, it is still down 85% from a year ago, and it may take years to get back to the pre-COVID-19 levels. Restaurants and retail shops across the country are reopening for business, but OpenTable forecasts that 25% of U.S. restaurants will close for good, and the pandemic will accelerate the demise of many retailers.²¹ Well-known brands such as Neiman Marcus, JC Penney, and J. Crew have all filed for bankruptcy. Most businesses will continue to operate in a belt-tightening mode rather than making new investments in the coming quarters. As a result, the Congressional Budget Office projects that the U.S. will likely exit 2020 with unemployment of 11.5%, which is still above the peak unemployment rate of 10% during the Great Financial Crisis.²²

At some point in the months ahead, we believe the post-lockdown euphoria will give way to the realization that while aggressive bailout efforts may have stunted the impact of an economic depression, we are still left with a deep recession. The insolvency wave will continue to crest, especially once forbearance starts to subside, and highly leveraged real estate and operating businesses begin to miss critical payments on loans. Depending on the rates of new infection and hospitalization in the fall months, the sharp recovery in economic statistics post-

lockdown may morph into a stagnant morass as part of the population continues to refrain from activities until they get vaccinated. Additionally, as we get closer to the 2020 Presidential Election, investors will no longer be able to ignore the policy risks for 2021 and beyond, not to mention the previously discussed tension with China.

In the final analysis, COVID-19 will remain a menace for the foreseeable future, and we must accept it as endemic. Our country is not capable of implementing a strategy similar to that of South Korea or New Zealand, where citizens are required by their governments to comply with measures designed with the goal of zero new cases. We are clearly not pursuing a cohesive or coordinated strategy to deal with the virus, instead leaving re-opening protocols to each individual state. Beyond the cavalier behavior that has ensued as states re-open, which are already leading to increased infections and hospitalizations, it is unfortunate that the debate about the right methods to deal with the virus and reignite the economy at the same time, or even the simple act of wearing a face mask in public, have become divisive red-blue issues. My concluding thought is that of business legend and Intel co-founder Andy Grove. "Complacency breeds failure; only the paranoid survive."

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¹ www.entrepreneur.com, Covid-19 Will Fuel the next Wave of Innovation by Hamza Mudassir 5/16/2020

² https://www.americanthinker.com/articles/2014/01/income_inequality_how_reagan_handled_it.html

³ Dis-United Nations, by Peter Zeihan. Chapter 2, Chapter 16

⁴ Dis-United Nations, by Peter Zeihan. Chapter 2, Chapter 16

⁵ Dis-United Nations, by Peter Zeihan. Chapter 2, Chapter 16

⁶ Dis-United Nations, by Peter Zeihan. Chapter 2, Chapter 16

⁷ Dis-United Nations, by Peter Zeihan. Chapter 2, Chapter 16

⁸ Why the Widening Wealth Gap is Bad News for Everyone by Reshma Kapadia. Barrons, 6/22/2020

⁹ <https://www.cnn.com/2020/05/14/40percent-of-low-income-americans-lost-their-jobs-in-march-according-to-fed.html>

¹⁰ Greater Capitalism by Randall Lane. Forbes June/July 2020

¹¹ Greater Capitalism by Randall Lane. Forbes June/July 2020

¹² Greater Capitalism by Randall Lane. Forbes June/July 2020

¹³ Greg Fleming interview with Stephen Schwarzman, Rockefeller Capital Management, 6/12/2020

¹⁴ Greater Capitalism by Randall Lane. Forbes June/July 2020

¹⁵ Top 25 Corporate First Responders. Barrons, June/July 2020

¹⁶ Greater Capitalism by Randall Lane. Forbes June/July 2020

¹⁷ Greater Capitalism by Randall Lane. Forbes June/July 2020

¹⁸ Rockefeller Capital Management Monthly Market Review, June 1, 2020, page 3

¹⁹ Rockefeller Capital Management Monthly Market Review, June 1, 2020, page 3

²⁰ Rockefeller Capital Management Monthly Market Review, June 1, 2020, page 3

²¹ Rockefeller Capital Management Monthly Market Review, June 1, 2020, page 4

²² Rockefeller Capital Management Monthly Market Review, June 1, 2020, page 4