January 21, 2020

DCA MARKET OUTLOOK

Current Market View

The US markets have broken out from the choppiness they experienced for most of 2019. The US FED has added back (temporarily?) hundreds of billions of dollars to its balance sheet. The FED is buying virtually all short-term assets (primarily, US T Bills, with a duration of 6 months or less), in order to provide liquidity to the overnight lending markets (characterized as, Repo Operations). There is concern that this market condition is reflective of stress in the financial system. Our take is that the banks and their use of capital is constrained by certain parts of the regulatory apparatus created by, Dodd- Frank. While this may seem a bit wonky, our belief is that the FED is attempting to keep the Repo rate in line with the banks' interest payment rate for their reserves held at the FED. This appears to be the case, currently. The FED will, eventually, have to change its short-term methodology. Our belief is QE4, will replace the current strategy. This change in operational procedure will likely cause a market correction, though, our expectation is that any such weakness should be bought.

Equity bourses around the world are experiencing record breaking performance. This is reflective, in our opinion, of a move to supportive central bank policy by the US, ECB, PBOC, BOJ and other monetary authorities around the world. While the US economy has remained stable, worldwide economies have languished, and some could even be characterized as in recession. Our working thesis is that the aggressiveness of the world's central banks will result in an economic recovery. The " Truce" in the trade war between the US and China can only be a positive if it continues. Interestingly, a recovery in the world's economy, should result in a weaker US Dollar. A lower US Dollar will reduce the strain of debt repayment across the globe, since most debt is Dollar denominated; this, too, is stimulative. The lending mechanism may begin to be repaired as cross currency bank lines begin to function with US Dollar hedging costs decreasing. Negative rates should move towards a positive slope, banking regimes, particularly in Europe, should begin to develop a more robust earnings profile, which, again , is a positive for growth.

We are painting a, potentially, explosive economic scenario. There are risks (INFLATION) and, at some point, higher interest rates that would become an impediment to growth. Our belief is that a repair of the global financial system would be WELCOMED! A freer flow of capital could only create greater opportunity for the US and its trade partners.

FWIW, we are mindful of BREXIT. This may be a short-term negative for the markets, though, again, we view it as a long term positive. We also have concerns regarding, IRAN, and this has to be monitored.

Tactically, the firm retains its core positions in the public portfolio, is adding new companies and is retaining cash, as well as bond exposure to take advantage of opportunities that come from reactive downturns in the market. Using the DJIA as a reference point, we believe the market may move as low as 26,500 and depending upon FED, as well as global central bank actions, could move to new highs in 2020 towards 35,000. Interest rates, using the 10-year for our purposes, are likely to have bottomed and should move higher; we expect the 10-year rate to move within a range of 1.65% to 2.50%.

DCA continues to seek out and make investments in private opportunities, executing on its longer-term outlook. Private market opportunities that we are pursuing are beginning to reflect an improving macroeconomic picture. In 2H19 and early 1Q20 to date, pre-money valuations remain at a premium in

the technology and healthcare verticals, likely impacted by the continued flow of capital. We anticipate a very active and buoyant IPO market in 2020.