Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

August 31, 2020

The Monthly Letter covers two topics this month. First, we review the fundamentals of the U.S. Housing Market. The aging of the Millennials into their prime home buying years coupled with the flight from cities due to the pandemic, drove the Housing Market to new heights over the past few years. Despite this year's capstone to an almost decade long boom, storm clouds are gathering on the horizon. As a result, after turning Positive on Housing in late 2011, we are turning Neutral to Negative on the sector after almost nine years, as a storm approaches that will unleash itself over the next few years. Second, in June, we wrote about inflation and the large amount of kindling that could ignite into real inflation in the 2020s. (Please see *Inflation: The Campfire Stands Primed and Ready* published on June 30, 2020.) Recent data indicate the kindling has been lit and could lead to a real bonfire as the decade progresses. And Third, as always, we close with brief comments of interest to our readers.

Housing: Millennials & Boomers, There's No Place Like Home, and What If The Economy Recovers?

> "*Click your heels together three times and say: 'There's no place like home' and you will be there.*"
>
> Glinda, Good Witch of the North, to Dorothy
> The Wizard of Oz, 1939

Despite a pandemic, a recession, and high unemployment, the Housing Market roared ahead this year. Driven by demographics and mortgage rates at 1950s levels, demand for existing homes stands at levels last seen in 2006 while prices continue to set records. Homebuilder orders exploded, while buyers hunted down scant listings. For those involved in the Housing Market, Boom Times are back.

To understand how things got here and where they likely will go over the next few years, a look at the profile of the Millennials stands in order and how it compares to the Baby Boomers at a similar stage in life. According to the Pew Research Center, Millennials are now the largest adult generation in the electorate with 83.7 million people. Their average age is 31.5 years old. Over 39% possess a college degree compared to just 25% of Baby Boomers. Only 8% have not graduated from high school. The median household income was $71,000+ in 2018. The average age at first marriage is 29 (30 for men and 28 for women). This is 2 years later than Baby Boomers. And with marriage occurring later, so are children, with a similar lag. But with Millennials now in their prime home buying years and children

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

rounding out the home, they are feeling the same tug for suburbia as the Boomers. It is just occurring 2 years later as with marriage and children. In summary, Life Cycle Economics continues to play out. (Please see https://www.pewsocialtrends.org/essay/millennial-life-how-young-adulthood-today-compares-with-prior-generations .)

Given their size in the economy and state of life cycle, it should come as no surprise that the Millennials stand a major factor in the Housing Market. In 2020, Realtor.com projects Millennials to purchase over 50% of homes that transact. How this interplays with the Housing Market can be seen in the following statistics. First, Home Ownership Rates have soared as Millennials flee the urban landscape for suburbia, much as the boomers did before them:

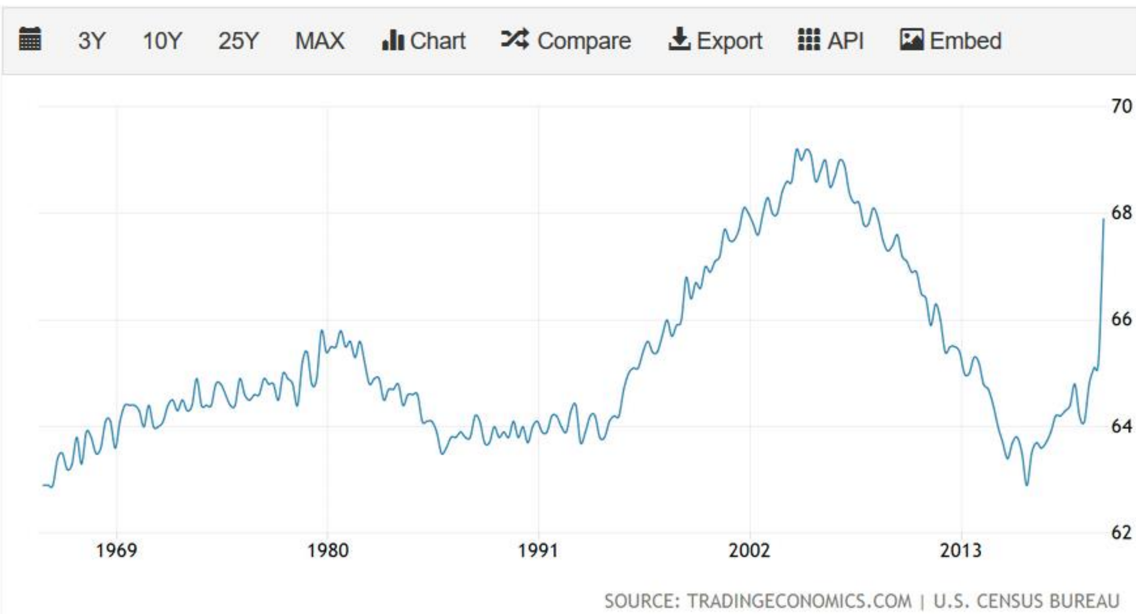


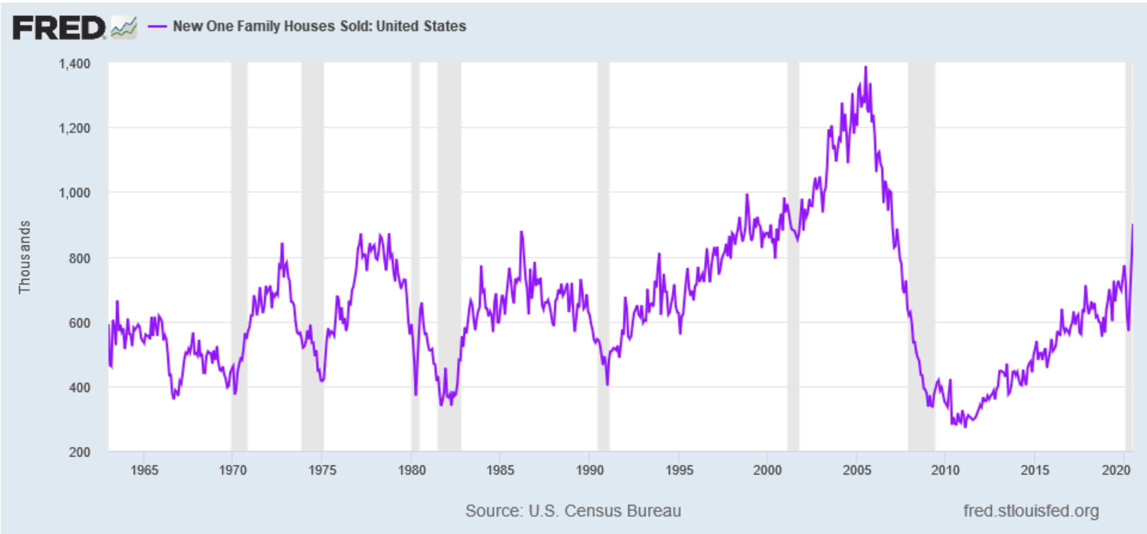
Chart courtesy of tradingeconomics.com.

As the above chart makes clear, Home Ownership Rates are approaching the peaks seen in 2006 – 2007. This spike is being driven by the flight from the city due to the pandemic and a big increase in home purchases:

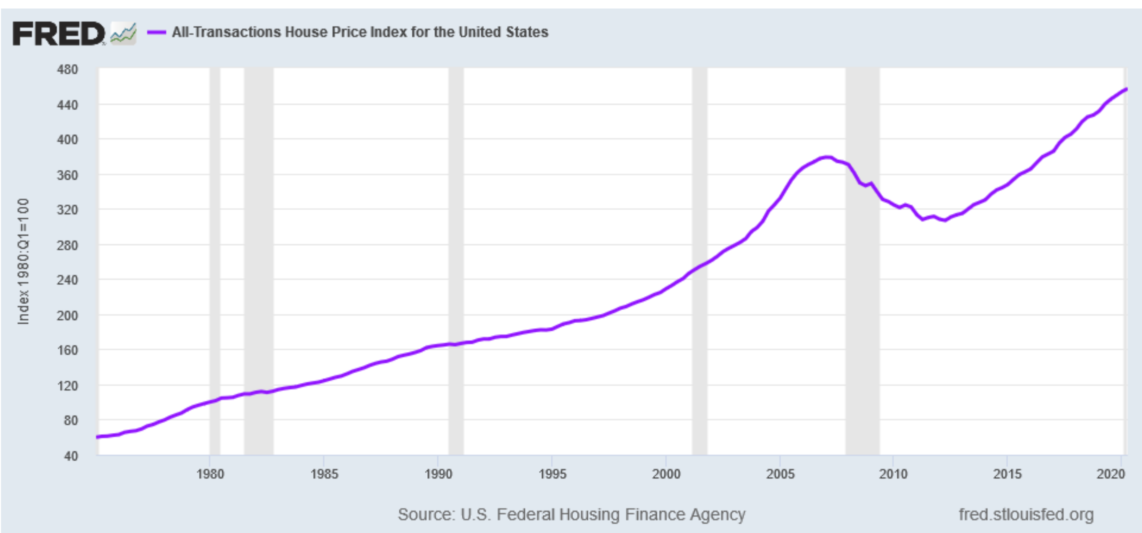
Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com



Home purchases in places like Westchester County, a suburban county outside New York City, rose over 40% this year. This spike in demand now equals the peak demand levels seen in the late 1990s, 1986 – 1987, 1977 – 1978, and 1973. This level was only exceeded during the Housing Bubble from 2003 – 2007. Due to the spike in demand, Home Prices continue to soar, reaching record levels that comfortably exceed the peak reached in 2007:

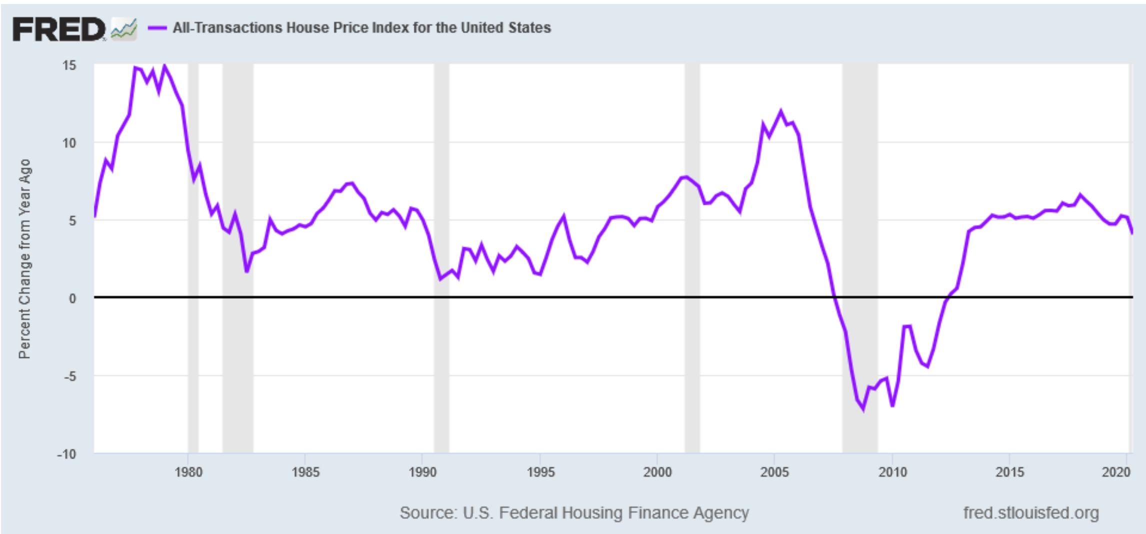


Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

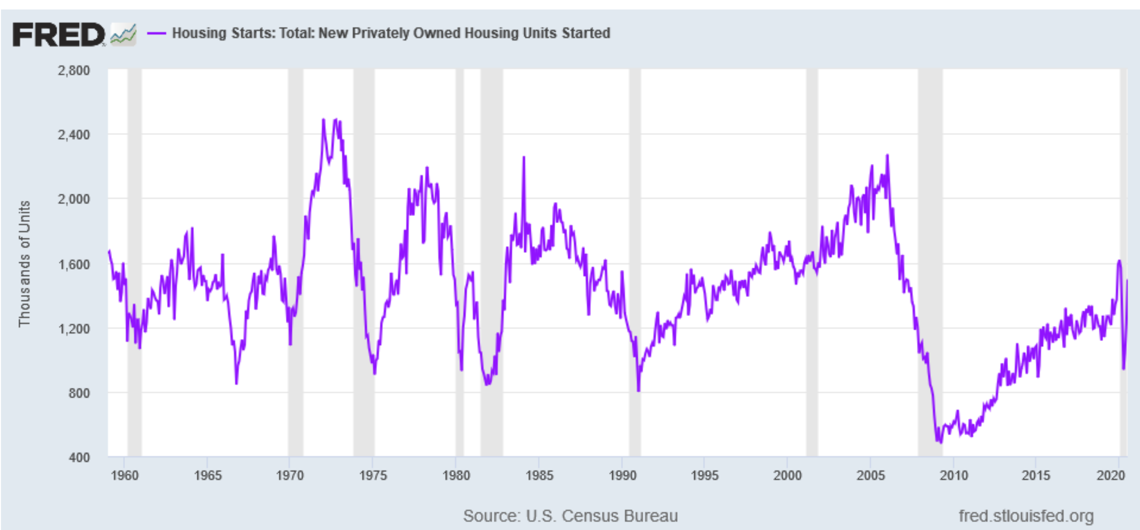
Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

This rise mirrors the rise that occurred from 1993 – 2003, after the last housing bust. Prices continue to rise at a clip that exceeds income growth, increasing 4.4% - 5.4% year-over-year, depending on the price index used:



With prices rising at a rapid rate, Homebuilders continue to increase Housing Starts, which finally rose to normalized replacement demand levels of 1.5 million units per year:

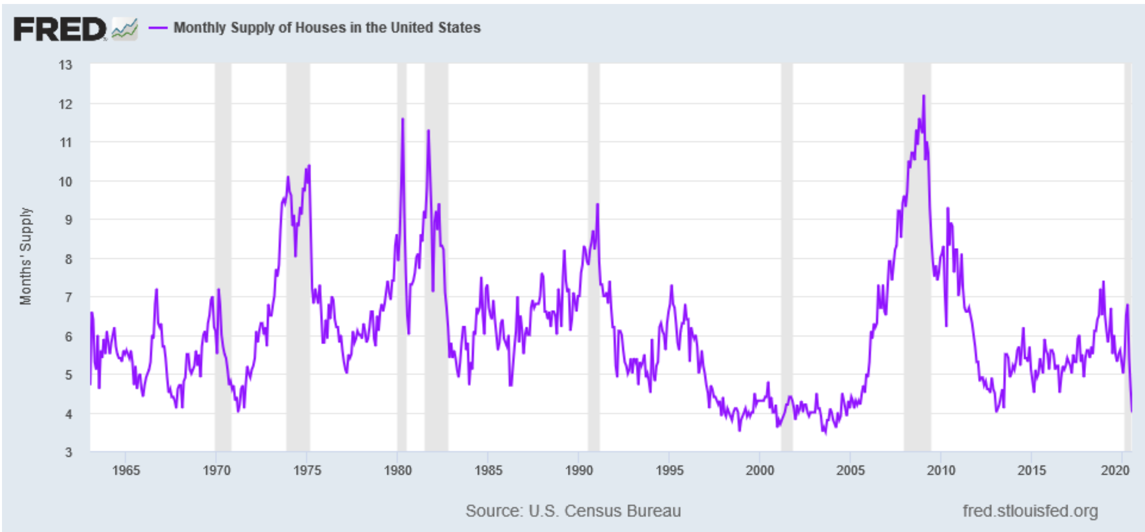


Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

Despite Housing Starts normalizing, months supply of New Single Family Homes collapsed due to the spike in demand:



For the Millennials and those supplying them houses, There's No Place Like Home.

Of course, the price of Housing depends on three factors. the supply from builders coupled with the demand from buyers, the income and employment of the buyers, and the level of interest rates. As is clear above, builders continue to race to catch up with demand. According to the public homebuilders, demand for their homes rose over 20% year over year. They continue to increase their construction to meet this demand level. Housing Starts nationally continue their rise. And demand for Manufactured Homes, the alternative to stick built houses, continues to recover toward levels last seen in the 1990s. Against this backdrop, however, sits a statistic that belies trouble ahead. Mortgage Delinquencies continue to soar. They reached 6.1% in April and 7.76% in May, according to property research firm Black Knight. (Please see https://www.cfo.com/the-economy/2020/06/u-s-mortgage-delinquency-rate-jumps-to-7-76/ .) As a result, there were 4.3 million homes behind in their payments compared to just 2.0 million in March. And according to the Mortgage Bankers Association, this reached 8.22% in June. (Please see: https://www.mba.org/2020-press-releases/august/mortgage-delinquencies-spike-in-the-second-quarter-of-2020 .) With a foreclosure moratorium in place through August 2020 from Fannie Mae, Freddie Mac, and the FHA due to the pandemic, foreclosures activity should pick up this fall.

As to employment and income, the government's PPP and EIDL programs provided a life line to businesses that otherwise would have laid off employees in droves. In addition, certain legislation

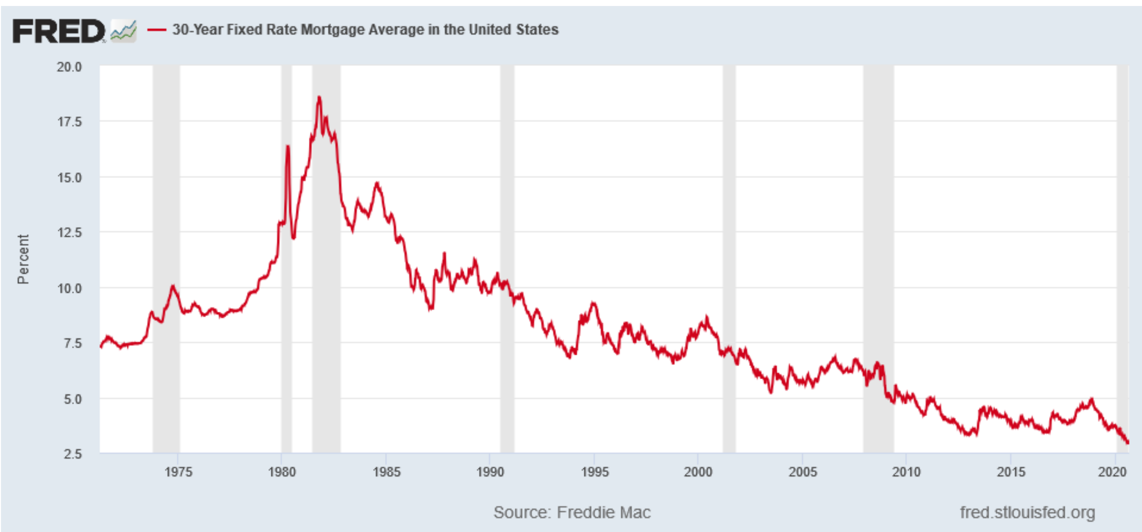
Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

prevented industries, such as the airlines, from laying off workers. With those programs coming to an end and businesses having used up the cash provided by the government, layoffs will begin in earnest shortly. Unlike the restaurant workers and hotel employees with low income levels that typically rent, this will effect those with significant home ownership. Thus, the normal recession adjustments, that were delayed by the government programs, will appear with all their unpleasant consequences, as businesses right size their costs to their revenues. And while these businesses will eventually need these workers, that may not occur until late 2021 or sometime in 2022.

Lastly, mortgage rates collapsed as the Federal Reserve entered into a massive QE program, exploding money and buying securities well down from the normal of high grade treasury bills and bonds. The impact is clear:



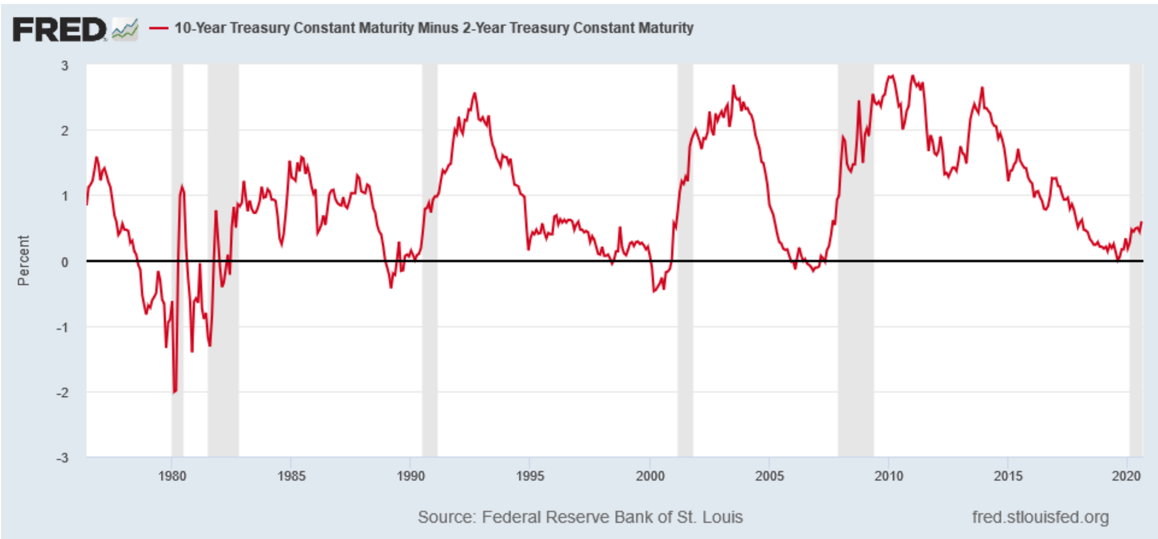
The Federal Reserve's actions drove mortgage rates from their 3.4% - 4.6% range since the last recession to just 2.90% today. In other words, the Federal Reserve drove the mortgage payment per $100,000.00 in debt from $477.42, at 4.0%, the midpoint of the range over the past 10 years, to $416.23. In percentage terms, mortgage payments are just 87% of where they stood in May, 2019 for the same amount of debt. Of course, if you are a homebuyer with a relatively fixed amount of income, the drop in mortgage rates over the past year allowed you to buy a house priced 15% above what you could afford a year ago. And with Millennials making up over 50% of homebuyers, all of a sudden, they could afford a house they could not before. Thus, the rush to exit cities and buy homes.

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

Of course, pandemics end and economies recover. And what typically occurs in recoveries will happen. Rates will rise and spreads will increase. There already exist harbingers of this trend in the interest rate world as US Economic Activity continues to normalize. The 10 Year – 2 Year Treasury Spread, which briefly went below zero in September, 2019, now stands at 0.51%, a level last seen in April, 2018. And should the economy recover, there exists no reason this spread could not exceed 1% or even approach and exceed 2%, as the long term chart below demonstrates:



Thus, Mortgage Rates, if they maintain their current relationship to U.S. Treasury Rates could easily reach 4.0% or more in the next 12 – 18 months.

With a feeding frenzy occurring in the home buyer market today, much like a school of piranhas consuming an unfortunate meal, little appears that could go wrong for the Housing Market. However, storm clouds have begun to appear on the horizon. These include rising delinquencies, looming foreclosures, future increases in homeowner unemployment, increasing Housing Starts, and rising Mortgage Rates. And while Millennials continue to buy homes today, a rise in rates would ration out a portion of today's buyers and force those left to buy less house. All these factors appear set to play out over the next year. And with economic activity continuing to head towards normalized levels, the question for the Housing Market becomes: What If The Economy Recovers? (Data from Pew Foundation, tradingeconomics.com, Federal Reserve Economic Database, FHFA, and public data combined with Green Drake Advisors analysis.)

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

O Inflation, Inflation, Wherefore Art Thou Inflation?

"O Romeo, Romeo, Wherefore art though Romeo?
Deny thy father and refuse thy name.
Or, if thou wilt not, be but sworn my love,
And I'll no longer be a Capulet."

Juliet from her Balcony with Romeo hiding in her garden.
Act 2, Scene 2
Romeo and Juliet, 1597
William Shakespeare

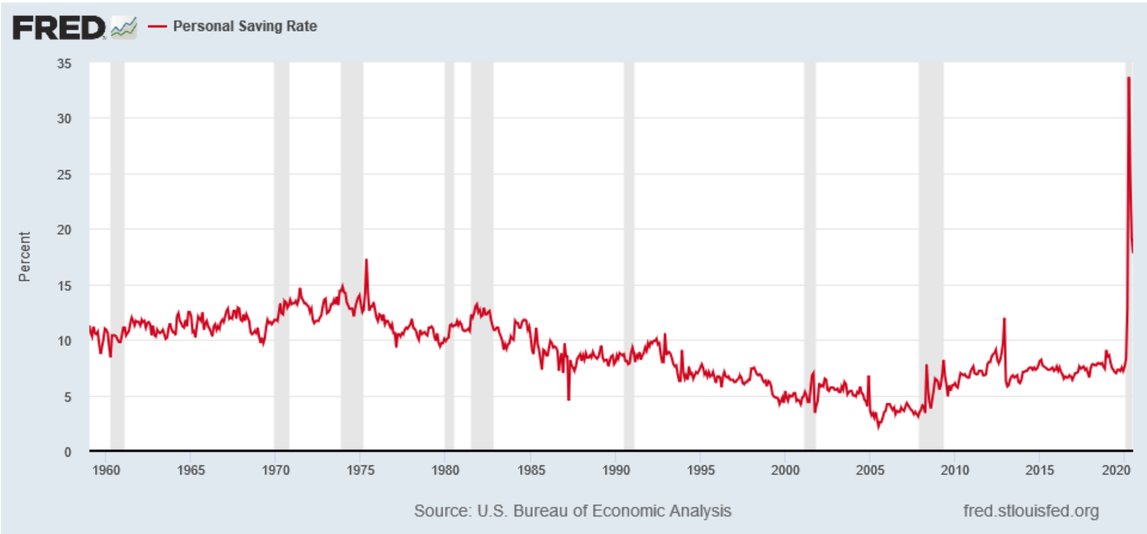
With the Federal Reserve creating copious amounts of money, the question remains, why did inflation not ignite. As laid out earlier this year, the massive explosion in Personal Savings offset much of the Fed's money creation. In addition, when examined in perspective of several years, the amount of money created merely offset the contraction in money engineered by the Federal Reserve from 2017 to 2019 and supplied the normal amount of currency needed to support economic growth. Thus, reported inflation should remain quiescent for the time. The question posed was: what happens when the economy recovers and the Personal Savings returns to the economy from the mattresses where it is stored. The outcome was likened to the 1940s, which experienced inflation of over 5% per annum over the decade after a decade of deflation in the 1930s, with one post-war year showing strong double digit inflation. For those with a few gray hairs, it looked much like what was experienced during the 1970s.

Well, the Personal Savings Rate fell over the last few months from 33%, where it peaked, back to 17% currently, as the following chart illustrates.

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com



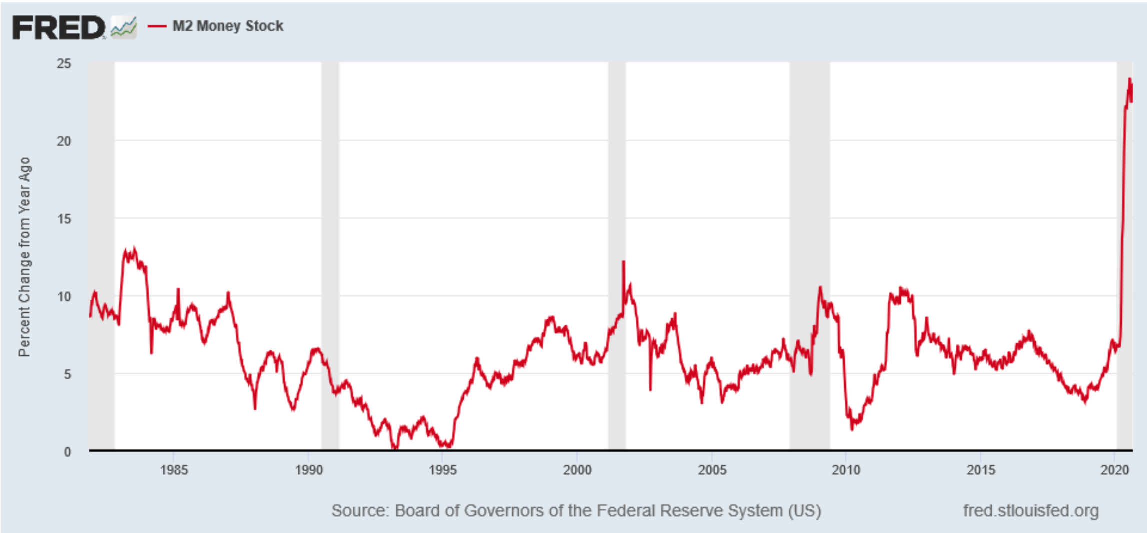
And, as predicted several months ago, it appears that this money found its way into the real economy, as Retail Sales recovered to pre-Pandemic levels and Home sales took off, along with sales of the associated goods needed for a Home. Other data, such as the volume of food goods rising 3.9% year over year, confirm this data.

In addition to this money finding its way into the real economy, the Federal Reserve continues to print copious amounts of money. For example, M2 grew from $15.5 trillion in March to $18.4 trillion in the latest data or almost 20% over the past six months. Alternatively, to put this into perspective, the Fed added money equivalent to ~15% of GDP. The following chart of MZM growth, the broadest measure of money, on a year over year basis, makes clear how aggressively the Fed acted:

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com



Despite all this money sloshing around the system, according to the latest government statistics, the CPI only grew 1.0% year-over-year in July. And the PPI fell 0.4% over the same time frame. In other words, according to the government, there exists no inflation.

But, as the Bard might say, "Something is rotten in Denmark." or, in this case, the United States. For data outside the government's control appear to indicate otherwise. The following Table lists real world data that impact the average American:

Item	***Year Over Year Price Change***
John Deere Tractor	*+4+%*
Owens Corning Insulation	*+4.5-5.0%*
Prescription Drug Prices	*+5.2%*
Quick Service Restaurants	*+11.3%*
Airline Fares	*+10%+*
Lumber	*+100%*
Copper	*+18%*
Commercial Waste Disposal	*+4%-5%.*
Home Prices	*+5.4%*
Carpet	*+5%*
Engineered Floors	*+5% - 8%.*
Branded Food Prices	*+3.9%*
Auto Prices	*+3.9%*

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

As the above data indicate, real world prices demonstrate a markedly different picture than that shown by the official statistics. And they further indicate real signs of inflation in the economy not reported by the government.

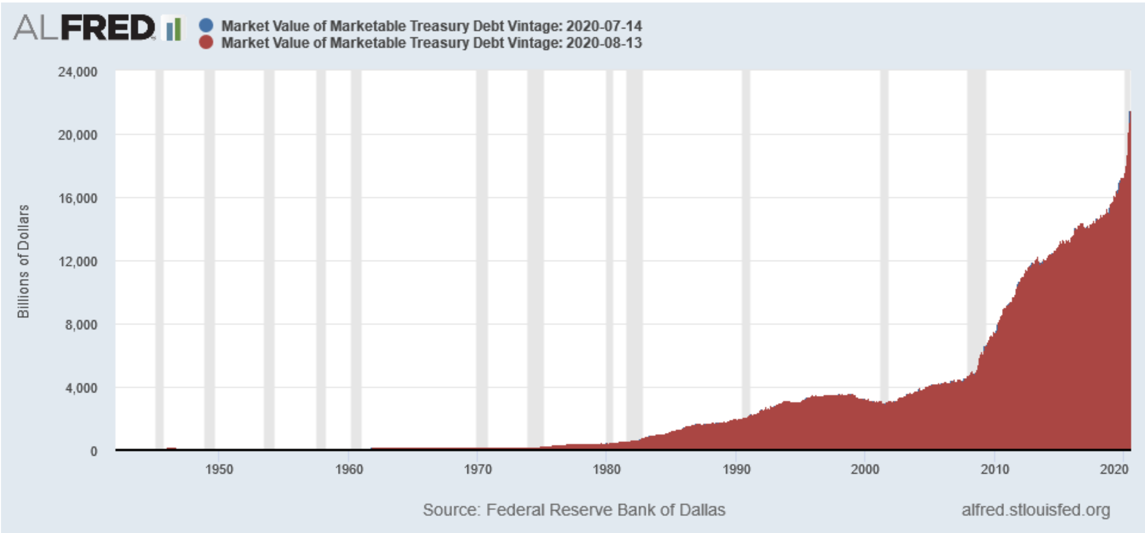
To add fuel to this fire, the Federal Reserve just changed its official policy. As Chairman Jerome Powell announced at Jackson Hole in his keynote speech, the Federal Reserve is going to Average Inflation Targeting. This means, in practice, that they will allow a period of above average inflation should the inflation statistics stand below average for a period of time. In other words, they created policy cover to allow inflation to rise, as the U.S. Government desires. (Please see the following link to the Federal Reserve website https://www.federalreserve.gov/newsevents/speech/powell20200827a.htm for Chairman Powell's speech and https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications.htm for the official Review of Monetary Policy.)

The reason the U.S. Government desires Inflation to rise stands twofold. First, as analyzed in 2015, with the government now tying all payments to citizens to the CPI Index, such as Social Security and Disability Benefits, there exists an economic incentive to understate true inflation to reduce the government's real payments. In other words, if the payments rise less than inflation, what the government truly pays its citizens shrinks over time. Due to this, while Baby Boomers will receive real payments, that gradually shrink, under these programs over the next 10 – 20 years, Millennials likely will find that programs, such as Social Security, will provide supplemental income at best, due to the continual drop in their ability to buy the same basket of goods in the economy. Hopefully, Social Security will still cover any Medicare premiums that the Millennials must pay when they retire. Second, with the US Government running large budget deficits consistently over the past decade, at the same time as economic growth slowed markedly, the country's outstanding Debt rose at a rapid rate. With the pandemic this year, the government entered into massive deficit spending, which only exploded the Debt, as the following chart shows:

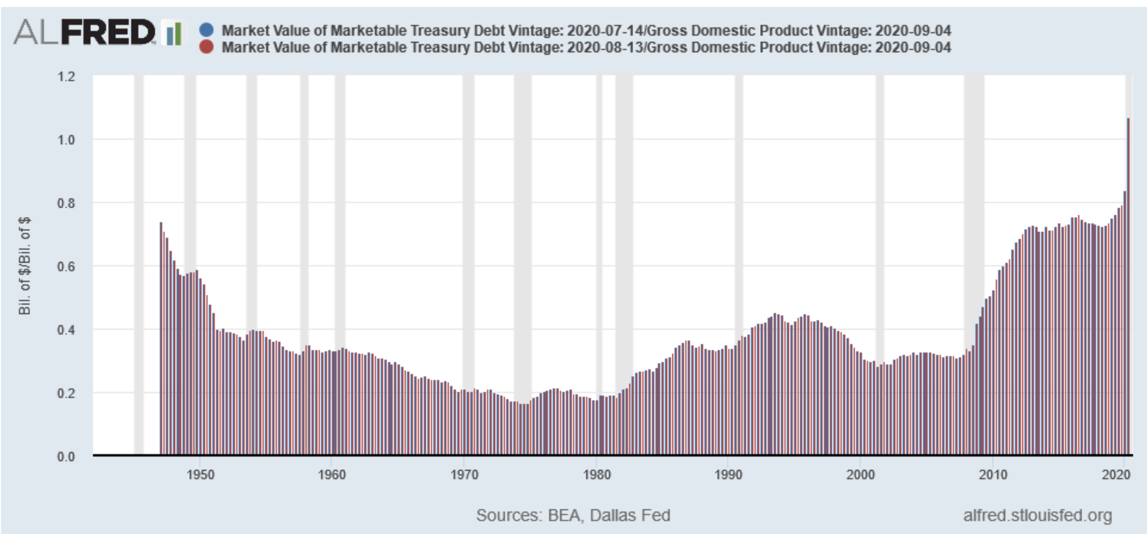
Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com



Debt spending by governments makes sense if the economy grows at a rate, so that the debt relative to GDP does not get out of control and the interest costs of that debt remain bearable. However, as the following chart shows, US Debt to GDP now stands at over 100%, the highest level since World War II:



And with the budget deficit projected at a mere 8.6% for 2021, according to the Congressional Budget Office, this number should continue to rise.

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

Green Drake™ Advisors, LLC
175 Strafford Avenue, Suite One
Wayne, PA 19087
(610) 687-7766 Voice
(610) 300-3211 Fax

www.greendrakeadvisors.com

For those unfamiliar with U.S. economic history, the United States possesses a long and illustrious history of using Inflation to solve its spending and debt problems. This started with the Revolutionary War, when the Continental Congress issued copious amounts of currency called Continentals to pay for the war. Unfortunately, this was not backed by any asset and eventually saw its value drop over 99% from 1775 to 1779. It led to the famous saying "Not Worth a Continental". (Please see *Not Worth a Continental: A Brief History Lesson & The Coming Inflation* published on January 31, 2013.) The U.S. experienced similar bouts of Inflation after the War of 1812, the Civil War, World War I, World War II, and the Vietnam War. For those who lived through the 1940s, the value of a US Dollar dropped 46% over the decade, as a citizen could only buy 54% of the goods they could in 1940 with a US Dollar in 1950. For those who lived through the Inflationary 1970s, as did the Baby Boomers as well as their parents, the value of a US Dollar dropped 67% over the decade. There exists a famous magazine cover from Time Magazine from 1980, prior to Paul Volcker crushing inflation, showing a dollar only bought 33% of the goods in 1980 that it could in 1970.

Given the above date and U.S. economic history, the government appears set to embark on another round of inflation. Already, the Federal Reserve put in place official policies for the United States to support creating higher Inflation. And with Debt to GDP exceeding 100% and set to rise further coupled with the massive social obligations the government committed to paying, the incentive to move down this pathway continues upward. The only policy tool lacking stands Yield Curve Control, in which the government, through the Federal Reserve, controls interest rates in order for interest payments by the government to remain reasonable and not explode upward as markets adjust to higher inflation. This also ensures that the government can continue to rollover its debt and not experience a debt crisis. For creditors, well, that is another story. As occurred from the 1770s to 1970s, they did not fare so well. In fact, one might say the government's gain came at their expense. And one can re-envision the scene in Romeo and Juliet, where Juliet calls out to the night lamenting her missing Romeo and Romeo responds as they pour forth their true love, replaced with the following line, with the U.S. Government standing in for Juliet and saying: "O Inflation, Inflation, Wherefore Art Thou Inflation?". And, much to its relief, hearing the sweet, sound of a voice in the darkness cry out, answering: "Call me but love, and I'll be new baptized. Henceforth I never will be Inflation." (Data from Federal Reserve, U.S. Census Bureau, company reports, and company press releases combined with Green Drake Advisors analysis plus a liberal interpretation of William Shakespeare.)

Have I Got a Stock For You; Oh To Be A Farmer; and Shooting For The Sky

Finally, we close with brief comments on Have I Got A Stock For You, Fence Row To Fence Row, and Shooting For The Sky. First, according to data from Refinitiv, U.S. IPO Activity continues to heat up. Numerous companies, such as Palantir and AirBNB, continue to file to go public, as public valuations

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.

continue to soar. First day appreciation stands at almost 25%, above the recent peak year of 2014 and potentially exceeding the Dot Com peak year of 2000. With over $70 billion already issued this year and the number of IPOs filed, 2020 IPOS stand on track to exceed the record amount raised in 2000. With more and more companies headed to the public markets, we see stock brokers saying: Have I Got A Stock For You. Second, despite mediocre crop prices, due to the pandemic, U.S. farmers appear set to see their net cash income rise in 2020 by ~4.5%. For this fortuitous outcome, they need to thank the U.S. Government who provided the industry with $37.2 billion in payments this year compared to just $14.7 billion last year, due to disaster assistance for COVID relief. This is despite the epicenter of the pandemic occurring in major cities across the U.S. Oh To Be A Farmer. And Third, Manufactured Home Shipments are climbing once more. According to the U.S. Census Bureau, shipments rose 4.9% Year Over Year in July, after falling just 2.5% in June. August sales appear set to rise double digits. For manufacturers such as Skyline Champion, the largest in the industry, they appear to be Shooting For The Sky.

In Closing

Should you have any questions on how the above issues or the items discussed in our accompanying cover letter impact your family's financial position or your business's future as well as the potential actions you could take in response, please do not hesitate to contact us. We welcome the opportunity to discuss this with you.

Yours Truly,

Paul L. Sloate
Chief Executive Officer
& Senior Advisor

Steve Rodia
President
& Senior Advisor

Confidential – Do not copy or distribute. The information herein is being provided in confidence and may not be reproduced or further disseminated without Green Drake Advisors, LLC's express written permission. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities or investment services. The information presented above is presented in summary form and is therefore subject to numerous qualifications and further explanation. More complete information regarding the investment products and services described herein may be found in the firm's Form ADV or by contacting Green Drake Advisors, LLC directly. The information contained in this document is the most recent available to Green Drake Advisors, LLC. However, all of the information herein is subject to change without notice. ©2020 by Green Drake Advisors, LLC. All Rights Reserved. This document is the property of Green Drake Advisors, LLC and may not be disclosed, distributed, or reproduced without the express written permission of Green Drake Advisors, LLC.