INVESTMENT MANAGER JACK MURPHY OF LEVIN EASTERLY SPEAKS AT ANNUAL CHIEF INVESTMENT OFFICER SUMMIT

End of the Post-Financial Crisis World Poses Risks for a New Generation of Investors

Gives Top Stock Picks for an Uncertain Age

Advises Crowd Not to Get Bit by FAANGs

NEW YORK, May 20, 2019 – At the 10th annual Chief Investment Officer Summit in New York, Jack Murphy, CIO of Levin Easterly Partners, said that government intervention following the financial crisis was a sedative on the economy and markets that is wearing off, leaving a new generation of investors that is awakening without memory of risk. These were Murphy's first public remarks as CIO of Levin Easterly, the long-only asset management firm that was launched last month through Easterly's acquisition of the institutional investment business of Levin Capital Strategies.

Describing Levin Easterly's strategy, Murphy said, "We have always run essentially the same playbook, which is to find value through predictive research, generating good stock selection decisions. We've done it in war and peace, through rising and falling rates and in both recession and growth, and so we have a proven track record of making money in a consistent, repeatable fashion. We don't need to do big sector bets or big binary bets, which is where so many managers run into trouble."

Murphy Provided Attendees with Top Picks for an Uncertain Age

Murphy told attendees that he believes there are times, such as now, when the market wants certainty. When people buy business momentum at any valuation and sell business uncertainty at any valuation, it offers a great opportunity for Levin Easterly, which is an active manager that acts decisively. In these uncertain times, Murphy outlined stocks he thinks make sense right now, including:

1. GENERAL MOTORS (NYSE: GM): "Shares of GM are down, but it has a good dividend yield, an improved balance sheet, a de-risked pension plan and

considerable free cash flow. It has invested in a potentially game-changing automated driving company and is coming out with new crossovers, SUVs and pickups in line with consumer tastes," said Murphy.

2. KRAFT HEINZ (Nasdaq: KHC): "When Kraft and Heinz merged to create Kraft Heinz, the company used zero-based budgeting to cut costs. It failed to invest in its products and now, despite pre-merger margins and free cash flow, shares are down by two-thirds. Kraft Heinz is going to have to invest in its top line, perhaps by monetizing familiar brands. If it does so, it will be rewarded; in the meantime, shareholders can earn a 5% dividend yield while they wait," said Murphy.

3. WALMART (NYSE: WMT): "Walmart is the world's biggest retailer, and it's solidly in command of its markets, supply chains and industry trends. What's most significant is Walmart's pivot towards technology and e-commerce, which can enable it to compete effectively with Amazon," Murphy added.

4. NOKIA (NYSE: NOK): "We believe Nokia will show continued improved execution in future earnings reports, especially with regard to the profile of the upcoming 5G cycle and improved cash flow from operations. Further, Nokia's balance sheet should continue to support a high degree of stock repurchase, supplemented by further restructuring. Nokia also trades significantly below comparable companies and also offers investors a 4% dividend," said Murphy.

5. BIO-RAD LABORATORIES (NYSE: BIO): "Bio-Rad produces products used by the life sciences and clinical diagnostics industries. We believe BIO's 35% stake in Sartorius AG has great value. In addition, BIO's five-year restructuring and ERP implementation could drive upside to its 20% 2020 margin goal. We also believe that they will continue to excel on effective sales and margin execution," said Murphy.

Don't Get Bitten by the FAANGs

Murphy advised audience members about the dangers of getting bitten by the FAANGs right now. "The so-called FAANG companies (Facebook, Amazon, Apple, Netflix and Google) are alike in offering game-changing technology, but their financials are dissimilar enough that investors ought to be wary," he added.

Amazon (Nasdaq: AMZN) trades at about 80 times free cash flow. Apple (Nasdaq: AAPL), on the other hand, has $150 billion of net cash on its books and – discounting employee stock compensation – trades at around 50 times free cash flow. "You can have problems if you make a mistake at 50 times free cash flow, but they are likely to be a lot less severe than if you make one at 80 times free cash flow," said Murphy.

Looking Ahead: China, Growth and the 2020 Elections

Murphy addressed major geopolitical issues such as China trade, the perceived global slowdown and the 2020 U.S. elections. He believes that pressure is building on the U.S. to make a deal with China, and that, accordingly, negotiations are taking place in the media in advance of a U.S. election year. As a result, he expects that a clean win for America on trade is less likely.

Murphy believes that the outcomes of China, global growth and the U.S. elections are the kind of binary bets that are best avoided, saying, “We don’t usually try to hit home runs. That’s not our business. But you *can* take advantage of consensus when *it* makes a binary bet. And that’s where you can invest in something like Pfizer on one side of the portfolio or Caterpillar (NYSE: CAT) on the other side, where its China business will continue to grow over time.”

About Levin Easterly

Levin Easterly is a private asset management firm specializing in serving institutions with approximately $6.1 billion of AUM. The firm is focused on bottom-up, fundamental research with the goal of preserving capital and generating profit consistently through all market environments. For more information, please visit Levin Easterly at https://LevinEasterly.com.

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