

PERFORMA



Q2 2020

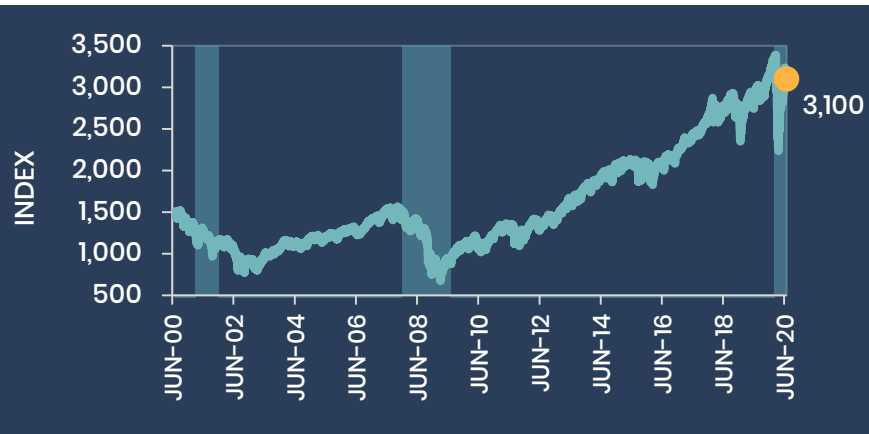
QUARTERLY MARKET UPDATE



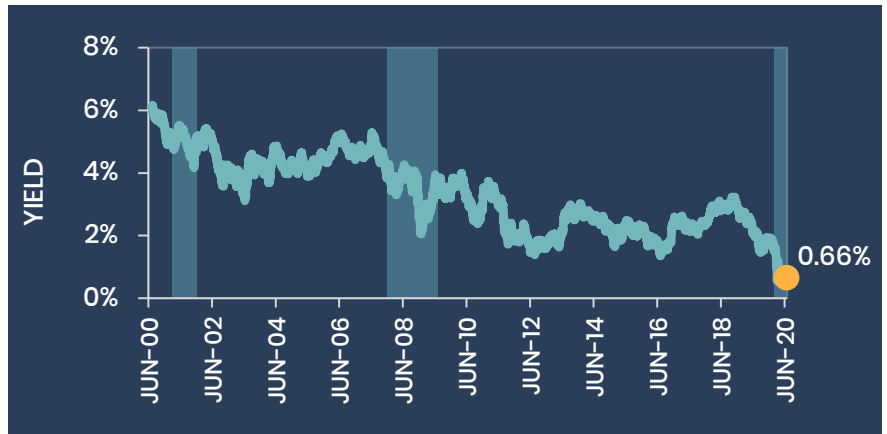
QUARTERLY MARKET UPDATE

MARKET PERFORMANCE | 20 YEARS THROUGH Q2 2020

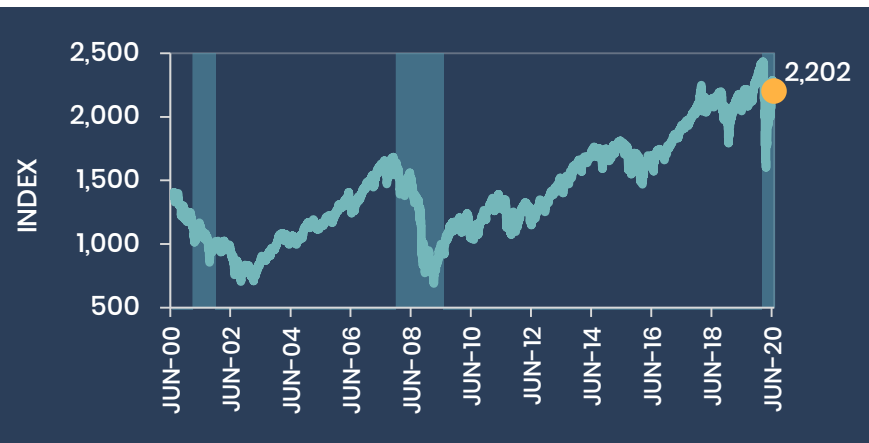
U.S. EQUITIES | S&P 500



RATES | 10-YR U.S. TREASURY YIELD



GLOBAL EQUITIES | MSCI WORLD



COMMENTS

- THE S&P 500 RETURNED 20.54% FOR THE QUARTER AND IS NOW UP 7.49% FOR THE TRAILING YEAR.
- THE YIELD ON 10-YR U.S. TREASURIES DECREASED -1 BASIS POINT (BPS) DURING THE QUARTER AND IS DOWN -135 BPS FOR THE TRAILING YEAR.
- THE MSCI WORLD INDEX RETURNED 19.57% FOR THE QUARTER AND IS NOW UP 3.43% FOR THE TRAILING YEAR.

 = RECESSION

QUARTERLY MARKET UPDATE

MARKET PERFORMANCE | Q2 2020

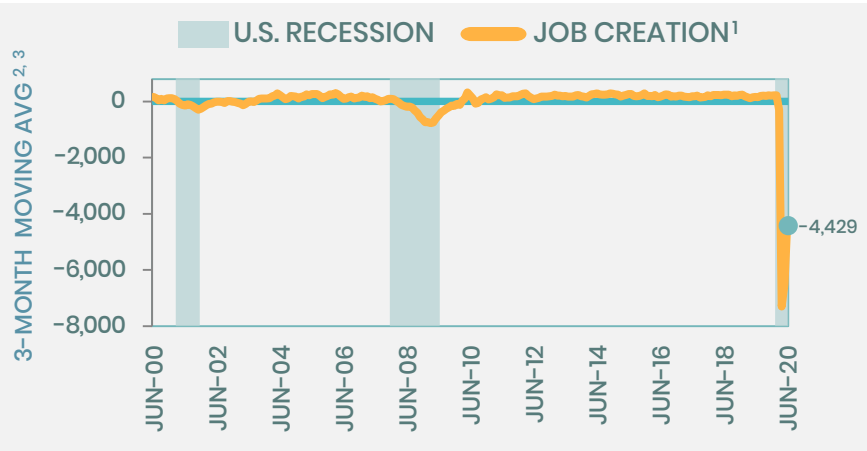
	MACRO			FIXED INCOME			EQUITY			
TIME PERIOD	US\$ ¹	10-YR U.S. TREASURY (BPS)	OIL ²	CASH ³	INTERMEDIATE GOV/CREDIT ⁴	HIGH YIELD ⁵	S&P 500	MSCI WORLD	RUSSELL 2000	RUSSELL 3000
QTD	-1.67%	-1	91.75%	0.02%	2.81%	9.58%	20.54%	19.57%	25.42%	22.03%
TRAILING 1-YR	1.31%	-135	-32.84%	1.47%	7.12%	-1.06%	7.49%	3.43%	-6.65%	6.52%

- THE FRONT WTI CRUDE OIL FUTURES CONTRACT PLUNGED INTO NEGATIVE TERRITORY BEFORE RECOVERING AND CLOSING THE QUARTER HIGHER. 10-YR U.S. TREASURY YIELDS SPENT MUCH OF THE QUARTER IN A TIGHT TRADING RANGE AS THE PROSPECT OF YIELD-CURVE CONTROL FACTORED INTO INVESTOR EXPECTATIONS.
- THE TREMENDOUS AMOUNT OF ACCOMMODATION PROVIDED BY THE FEDERAL RESERVE WORKED TO CALM INVESTORS, RESTORE MARKET FUNCTIONING AND SET THE STAGE FOR A SIGNIFICANT RALLY IN BOND SPREADS, RESULTING IN MEANINGFUL RETURNS FOR INVESTORS.
- WITH THE BACKING OF BOTH FISCAL AND MONETARY POLICY, INVESTORS WASTED NO TIME PILING BACK INTO RISK ASSETS AS THE S&P 500 BRIEFLY CLIMBED BACK INTO POSITIVE TERRITORY FOR THE YEAR BEFORE THE RALLY LOST STEAM AND FADED AT THE END OF JUNE.

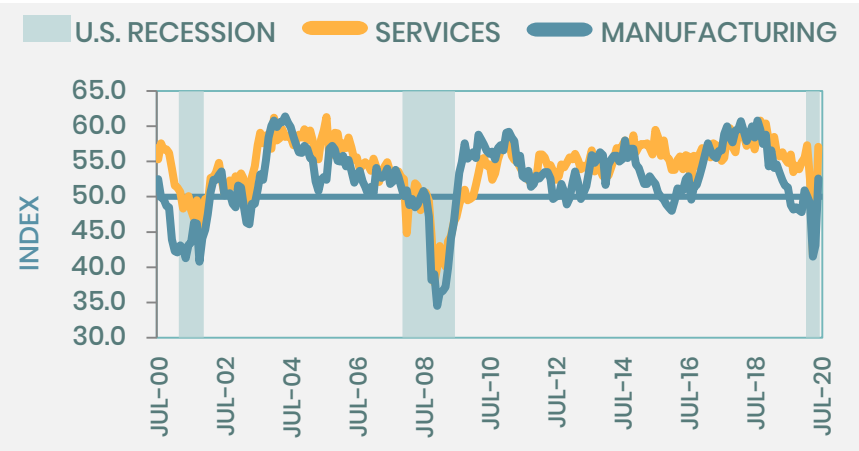
QUARTERLY MARKET UPDATE

ECONOMIC INDICATORS | 20 YEARS THROUGH Q2 2020

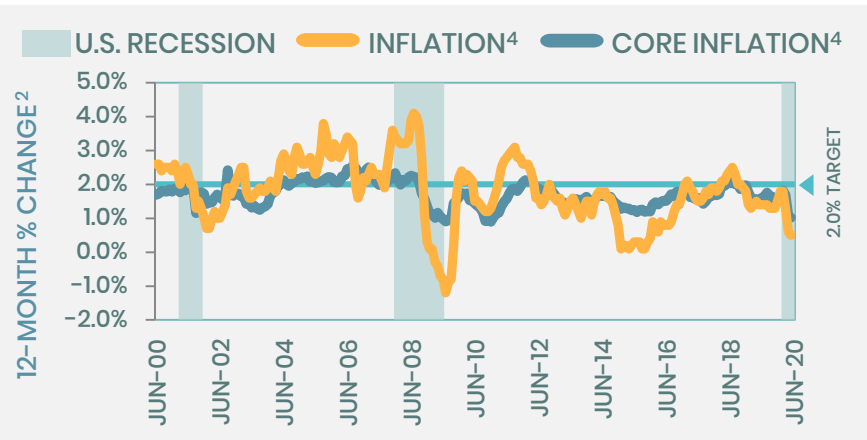
LABOR MARKET | JOB CREATION



ECONOMIC ACTIVITY | ISM SURVEYS



INFLATION



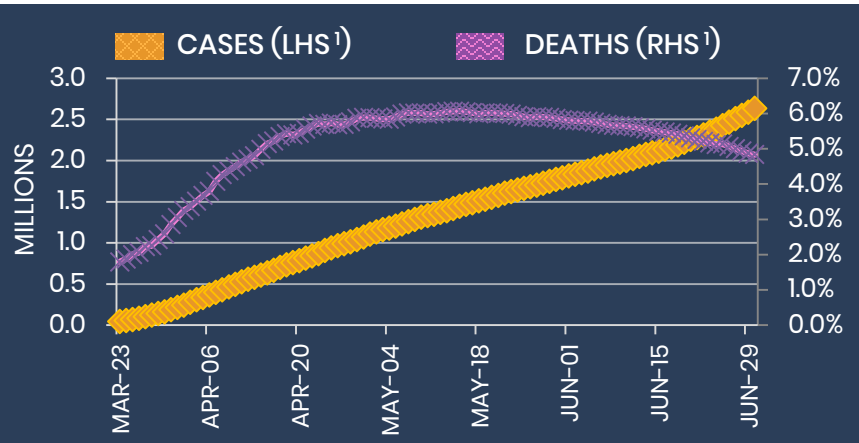
COMMENTS

- THE U.S. ECONOMY SHED SOME 20+ MILLION JOBS IN APRIL BEFORE POSTING TWO CONSECUTIVE MONTHS OF SOLID GAINS, ALTHOUGH MUCH WORK IS LEFT TO BE DONE.
- SIMILARLY, MANUFACTURING AND SERVICE SECTOR DATA DOVE DEEPLY INTO CONTRACTIONARY TERRITORY (READINGS <50) IN APRIL BEFORE REBOUNDING IN MAY AND JUNE.
- THE DISINFLATIONARY IMPACTS OF COVID SENT THE FED'S PREFERRED MEASURE OF INFLATION FURTHER BELOW THEIR 2% TARGET.

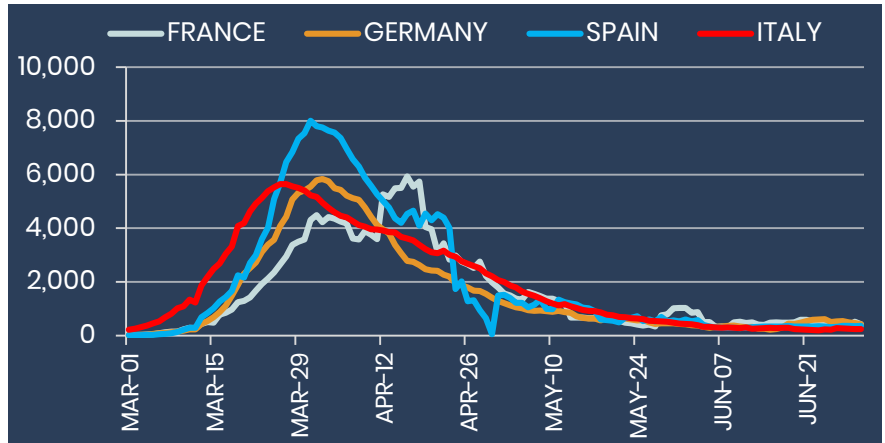
QUARTERLY MARKET UPDATE

PANDEMIC DATA | MARCH 2020 – JUNE 2020

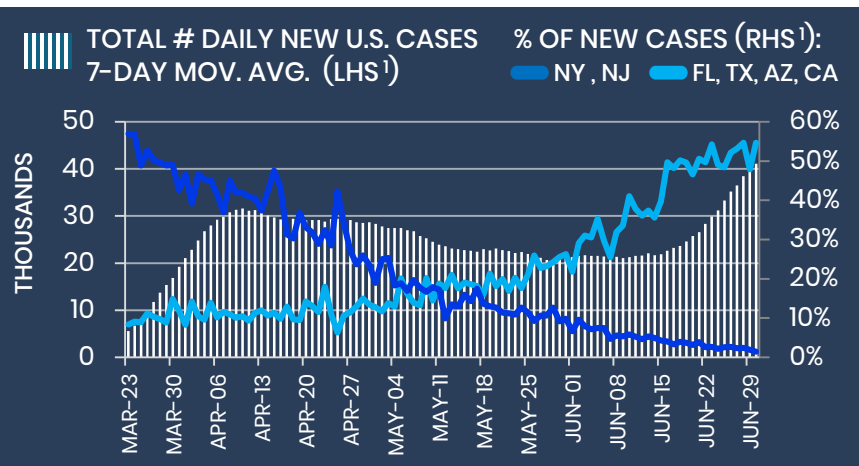
U.S. | TOTAL CASES & DEATH RATES



EU SNAPSHOT | 7-DAY MOV. AVG | DAILY NEW CASES



U.S. EPICENTER CASE DATA



COMMENTS

- AMID STATES REOPENING, CONFIRMED COVID CASES IN THE U.S. HAVE RESUMED THEIR UPWARD TREND, WHILE THE DEATH RATE CONTINUES TO GRIND LOWER.
- EUROPEAN COUNTERPARTS HAVE THUS FAR SHOWN THAT ECONOMIES CAN SAFELY REOPEN WITH APPROPRIATE MEASURES IN PLACE.
- IN LATE MARCH/EARLY APRIL, NY AND NJ ACCOUNTED FOR OVER HALF OF ALL CONFIRMED U.S. CASES; NOW FL, AZ, TX, AND CA HOLD THAT TITLE.

SOURCE: BLOOMBERG

¹LHS: LEFT HAND SIDE (AXIS) | RHS: RIGHT-HAND SIDE (AXIS)

QUARTERLY MARKET UPDATE

KEY THEME SUMMARY | Q2 2020

1. GLOBAL PANDEMIC

- THE RACE FOR A COVID-19 VACCINE CONTINUES AS LEADING EXPERTS REMAIN OPTIMISTIC.
- THE REOPENING OF THE U.S. ECONOMY HAS NOT GONE AS SMOOTHLY AS HOPED.
- A SURGE IN CASES IN THE SOUTH & WEST HAVE UNDERMINED CONFIDENCE AND SLOWED THE RECOVERY.
- TREATMENTS ARE IMPROVING AND IT IS CLEAR THAT TAKING APPROPRIATE MEASURES CAN CONTAIN AND LIMIT VIRUS SPREAD.

2. ECONOMIC ACTIVITY

- COVID SWIFTLY ENDED THE LONGEST RECORDED U.S. ECONOMIC EXPANSION.
- THE MAGNITUDE OF THE FALLOUT HAS SURPASSED EVEN THE MOST PESSIMISTIC OF EXPECTATIONS. APRIL IS POISED TO MARK THE LOW POINT IN ACTIVITY.
- ON THE POSITIVE SIDE, RESTAURANT BOOKINGS, HOTEL RESERVATIONS AND AIR PASSENGER TRAVEL HAVE ALL RECENTLY INCREASED (ALBEIT FROM SIGNIFICANTLY DEPRESSED LEVELS), INDICATING A WILLINGNESS ON THE PART OF U.S. CONSUMERS TO RE-ENGAGE.

3. POLICY RESPONSE

- WITH SUPPORT FROM FISCAL AND MONETARY AUTHORITIES, INVESTORS SCALED A DAUNTING WALL OF WORRY IN Q2.
- MONETARY POLICY IS PARTICULARLY ACCOMMODATIVE AS THE FEDERAL RESERVE REMAINS ACUTELY FOCUSED ON JOBS. DISCUSSIONS OF YIELD-CURVE CONTROL AND ENHANCED FORWARD GUIDANCE CONTINUE.
- THE CARES ACT PROVIDED \$600 WEEKLY BENEFIT PAYMENTS TO QUALIFIED INDIVIDUALS. THESE PAYMENTS ARE SET TO EXPIRE AT THE END OF JULY AND LAWMAKERS MUST DECIDE HOW TO PROCEED.

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