

PERFORMA



Q3 2020

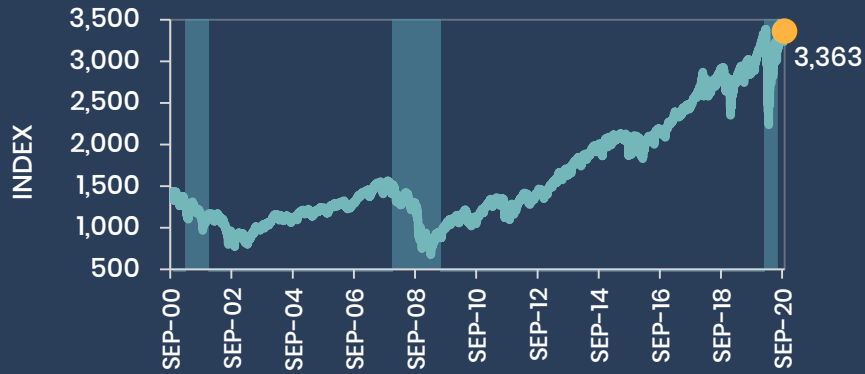
QUARTERLY MARKET UPDATE



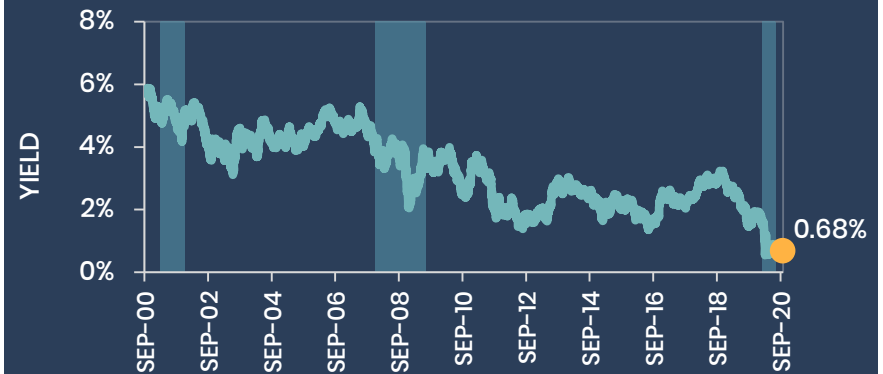
QUARTERLY MARKET UPDATE

MARKET PERFORMANCE | 20 YEARS THROUGH Q3 2020

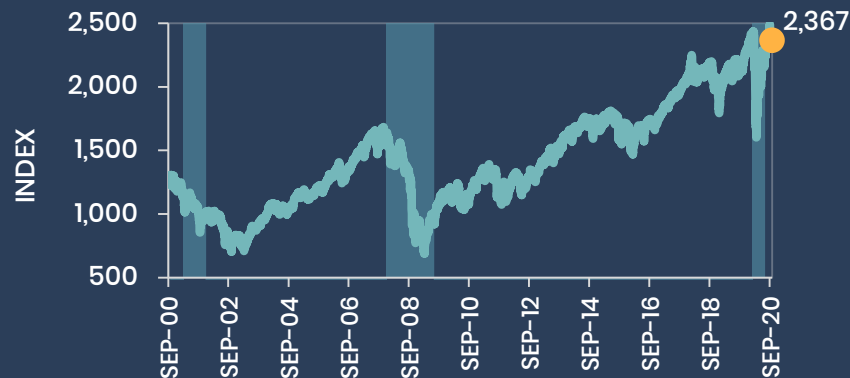
U.S. EQUITIES | S&P 500



RATES | 10-YR U.S. TREASURY YIELD



GLOBAL EQUITIES | MSCI WORLD



COMMENTS

- THE S&P 500 RETURNED 8.93% FOR THE QUARTER AND IS NOW UP 15.14% FOR THE TRAILING YEAR.
- THE YIELD ON 10-YR U.S. TREASURIES INCREASED 3 BASIS POINTS DURING THE QUARTER AND IS DOWN -98 BPS FOR THE TRAILING YEAR.
- THE MSCI WORLD INDEX RETURNED 8.05% FOR THE QUARTER AND IS NOW UP 11.01% FOR THE TRAILING YEAR.

 = RECESSION

QUARTERLY MARKET UPDATE

MARKET PERFORMANCE | Q3 2020

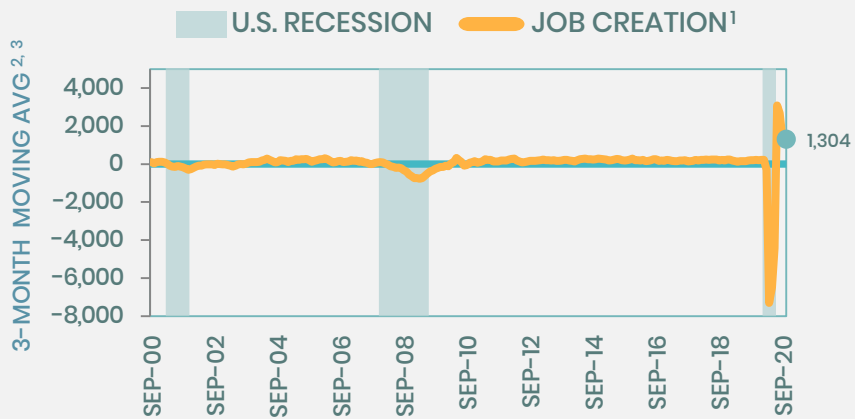
	MACRO			FIXED INCOME			EQUITY			
TIME PERIOD	US\$ ¹	10-YR U.S. TREASURY (BPS)	OIL ²	CASH ³	INTERMEDIATE GOV/CREDIT ⁴	HIGH YIELD ⁵	S&P 500	MSCI WORLD	RUSSELL 2000	RUSSELL 3000
QTD	-3.60%	3	2.42%	0.03%	0.62%	4.72%	8.93%	8.05%	4.93%	9.21%
TRAILING 1-YR	-5.53%	-98	-25.61%	0.96%	6.32%	2.35%	15.14%	11.01%	0.37%	14.99%

- U.S. INTEREST RATES, ACROSS THE YIELD CURVE, DID REMARKABLY LITTLE DURING Q3 WITH THE FEDERAL RESERVE EXPECTED TO BE ON HOLD THROUGH 2023. MEANWHILE, THE U.S. DOLLAR CAME UNDER FURTHER SELLING PRESSURE VERSUS OTHER MAJOR CURRENCIES BEFORE FINDING SOME FOOTING IN SEPTEMBER.
- FIXED INCOME STRATEGIES HAD A POSITIVE Q3, WITH HIGH YIELD LEADING THE WAY. DURING THE QUARTER, TREASURY MARKET VOLATILITY PLUNGED TO HISTORIC LOWS WHILE SPREADS HELD IN DESPITE DRIFTING WIDER IN SEPTEMBER AS BROADER EQUITY MARKETS CAME UNDER PRESSURE.
- THE SHARP REBOUND IN RISK MARKETS CONTINUED DURING Q3. IMPRESSIVE QTD RETURNS CAME DESPITE THE SEPTEMBER SELLOFF AS THE MARKET QUICKLY WORKED THROUGH EXTREMELY OVERBOUGHT CONDITIONS.

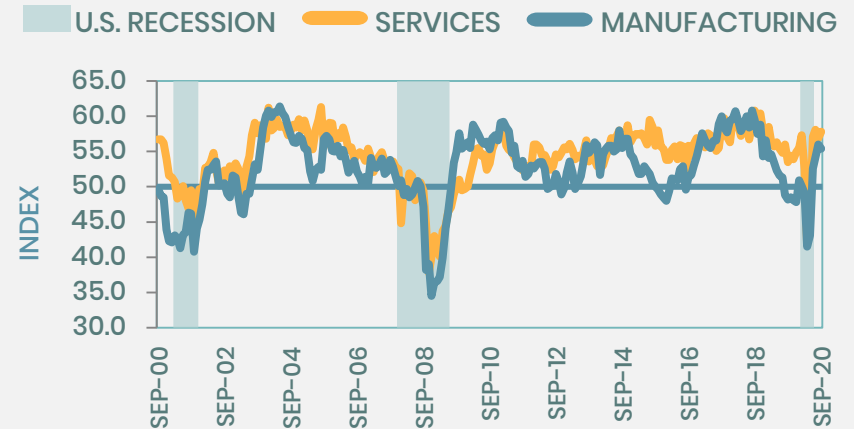
QUARTERLY MARKET UPDATE

ECONOMIC INDICATORS | 20 YEARS THROUGH Q3 2020

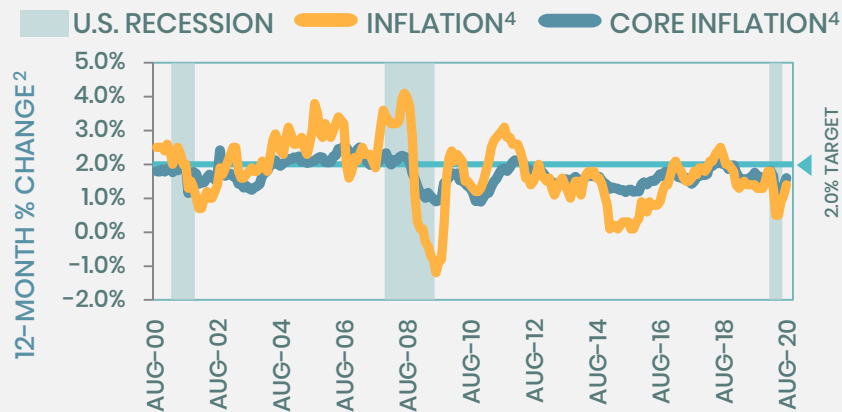
LABOR MARKET | JOB CREATION



ECONOMIC ACTIVITY | ISM SURVEYS



INFLATION



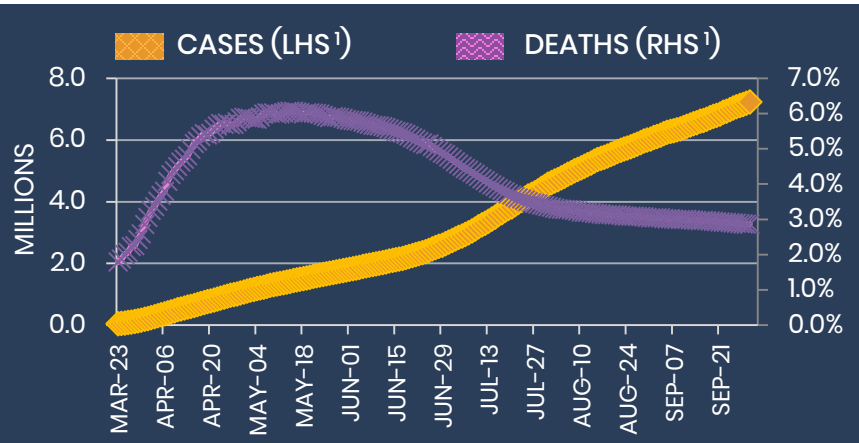
COMMENTS

- THE LABOR MARKET HAS SHOWN FURTHER, ALBEIT SLOWING, IMPROVEMENT.
- READINGS ON THE MANUFACTURING AND SERVICE SECTORS HAVE BEEN IN EXPANSIONARY TERRITORY SINCE JUNE.
- MEASURES OF INFLATION HAVE SURPRISED TO THE UPSIDE RECENTLY BUT REMAIN WELL BELOW THE FED'S TARGET.

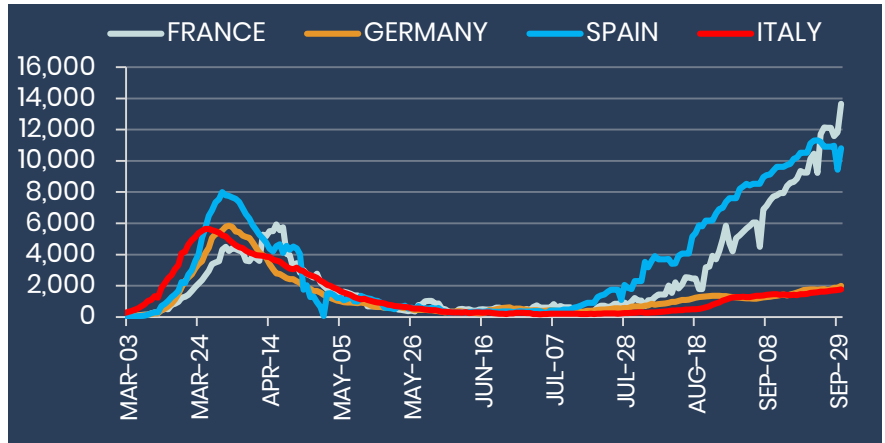
QUARTERLY MARKET UPDATE

PANDEMIC DATA | MARCH 2020 – SEPTEMBER 2020

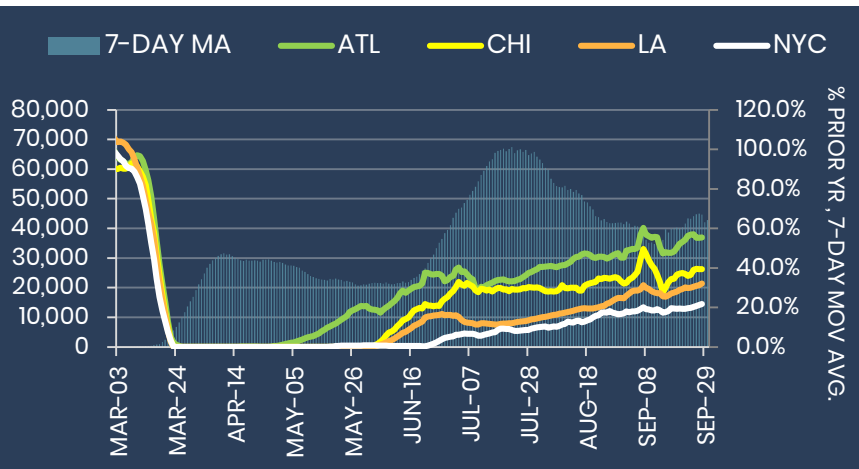
U.S. | TOTAL CASES & DEATH RATES



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



U.S. | RESTAURANT RESERVATIONS



COMMENTS

- CONFIRMED CASES IN THE U.S. ARE ON THE RISE AGAIN AFTER TRENDING LOWER SINCE THE MID-SUMMER PEAK.
- SPAIN AND FRANCE ARE ALSO SEEING AN UPTICK IN CASES AS THE VIRUS REMAINS A SOURCE OF UNCERTAINTY.
- U.S. RESTAURANT RESERVATIONS HAVE BEEN TRENDING HIGHER SINCE THE REOPENING BUT REMAIN WELL BELOW LEVELS SEEN ONE YEAR PRIOR. NYC REOPENED INDOOR DINING AT 25% IN SEPTEMBER.

SOURCE: BLOOMBERG, OPENTABLE

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

QUARTERLY MARKET UPDATE

KEY THEME SUMMARY | Q3 2020

1. GLOBAL PANDEMIC

- THE PRESIDENT AND FIRST LADY HAVE TESTED POSITIVE FOR COVID-19.
- THE RECENT UPTICK IN CONFIRMED COVID CASES IS ONLY THE LATEST REMINDER THAT THE PANDEMIC IS NOT YET OVER.
- THE RACE FOR A COVID VACCINE CONTINUES AS THE MARKET AWAITS DATA FROM PHASE III TRIALS.
- RAPID TESTING IS GAINING MOMENTUM AS A USEFUL TOOL IN THE BATTLE AGAINST COVID.

2. ECONOMIC ACTIVITY

- WE ARE THROUGH THE SHARPEST CONTRACTION OF OUR LIFETIME AND THE SUBSEQUENT REBOUND IN ECONOMIC ACTIVITY. NOW THE MORE CHALLENGING PART OF RECOVERY HAS BEGUN.
- HIGH FREQUENCY INDICATORS (LIKE RESTAURANT BOOKINGS, HOTEL RESERVATIONS, AND AIR PASSENGER TRAVEL) HAVE IMPROVED POST LOCKDOWN, BUT REMAIN WELL BELOW PRE-PANDEMIC LEVELS.
- WITH ECONOMIC GROWTH BEGINNING TO SHALLOW OUT, IT IS CLEAR A MORE ROBUST AND LASTING RECOVERY IS VIRUS DEPENDENT.

3. SPOTLIGHT ON D.C.

- THE OPENING OF A SUPREME COURT SEAT AND TRUMP'S POSITIVE TEST RESULT HAVE ONLY ADDED TO AN ALREADY CHAOTIC SITUATION IN WASHINGTON.
- WITH INCREASING MISINFORMATION SURROUNDING THE VOTING PROCEDURES FOR THE UPCOMING PRESIDENTIAL ELECTION, MARKETS ARE CONCERNED ABOUT A CONTESTED AND PROTRACTED ELECTION OUTCOME.
- THE ELECTION IS ONLY WEEKS AWAY AND STIMULUS TALKS REMAIN IN LIMBO AS LAWMAKERS LET ADDITIONAL UNEMPLOYMENT BENEFITS EXPIRE IN JULY.

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