

## Market Facts and Figures from Q2 2020

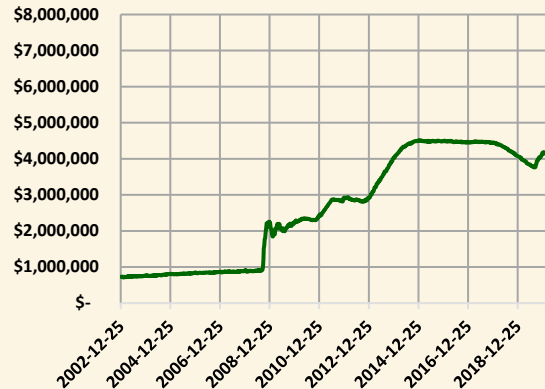
*In the US, smaller growth stocks were the top performers in the second quarter.*

2020 2Q US Returns (Russell Indices)

	Value	Core	Growth
Large	14.3%	21.8%	27.8%
Mid	20.0%	24.6%	30.3%
Small	18.9%	25.4%	30.6%

*US Federal Reserve assets have nearly doubled since August, passing the \$7 trillion mark in June.*

US Federal Reserve Assets (\$mil)



## Best and Worst Markets

### Developed Markets

Top 3	2020 2Q	Bottom 3	2020 2Q
Australia	28.91%	Singapore	9.54%
New Zealand	28.06%	Hong Kong	9.16%
Germany	26.54%	United Kingdom	7.79%

### Emerging Markets

Top 3	2020 2Q	Bottom 3	2020 2Q
South Africa	27.15%	Colombia	9.81%
Czech Republic	24.10%	Qatar	7.21%
Indonesia	23.96%	Egypt	7.07%

### Frontier Markets

Top 3	2020 2Q	Bottom 3	2020 2Q
Zimbabwe	62.18%	Jordan	-9.54%
Argentina	43.70%	Trinidad & Tob.	-10.79%
Kazakhstan	27.20%	Bahrain	-11.38%

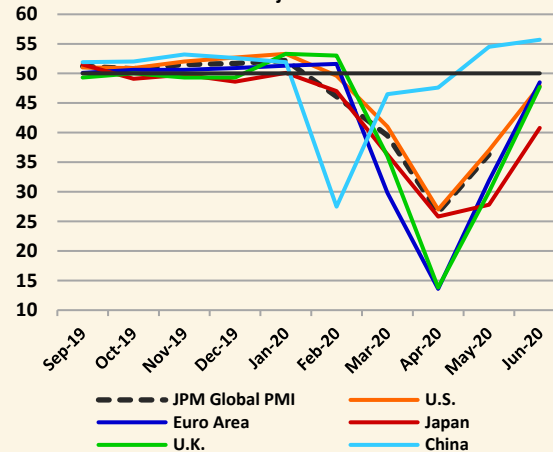
*The S&P 500 surged 45% in just 53 trading days between March 23rd and June 8th.*

S&P 500 TR Daily Values



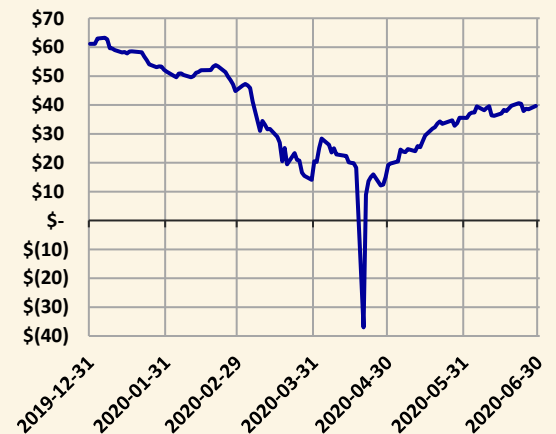
*Developed Market PMI values plummeted in March and April as virus-related lockdowns took hold.*

PMI Readings Since Sept 2019  
Select Major Markets



*Oil prices rebounded significantly over the course of the second quarter.*

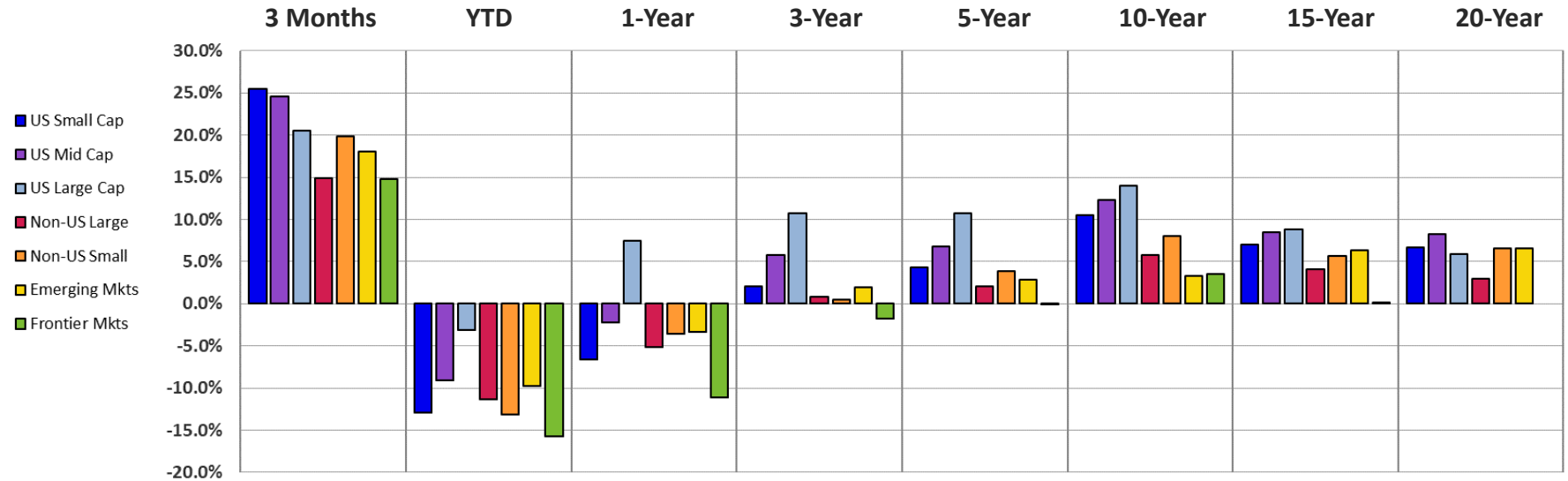
WTI Oil Price Per Barrel: 2020 YTD



Sources: Morningstar Advisor Workstation, fred.stlouisfed.org, www.eia.gov

## World Equity Performance

Quarter Ending June 30, 2020

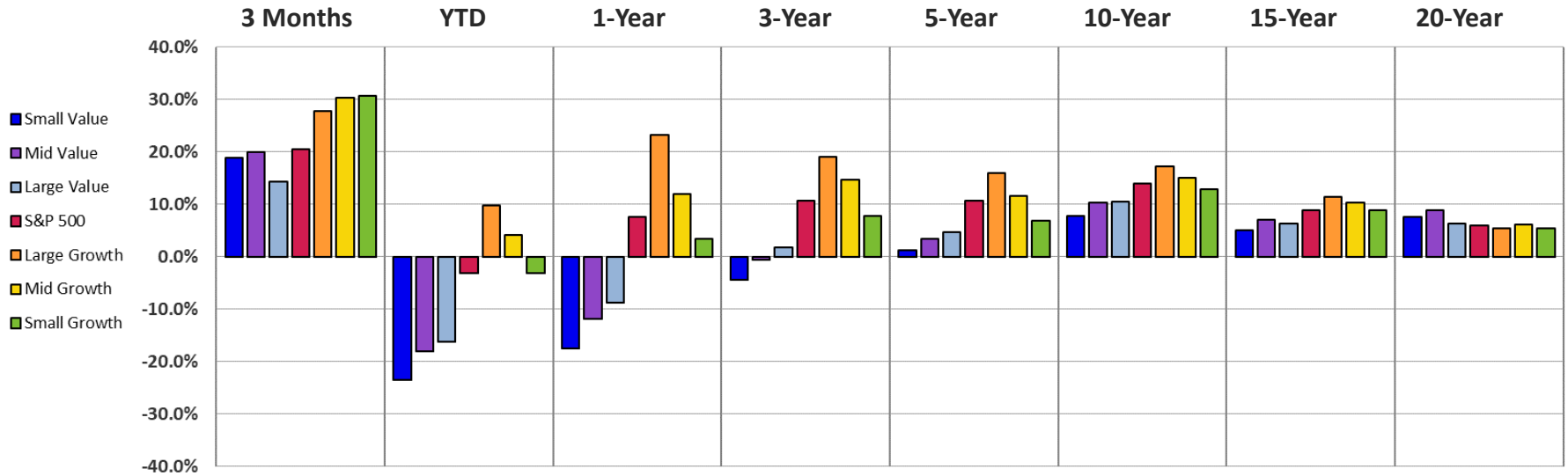


Category	3 Months	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year
<b>US Small Cap</b>	25.4%	<b>-13.0%</b>	<b>-6.6%</b>	2.0%	4.3%	10.5%	7.0%	6.7%
<b>US Mid Cap</b>	24.6%	<b>-9.1%</b>	<b>-2.2%</b>	5.8%	6.8%	12.3%	8.5%	8.2%
<b>US Large Cap</b>	20.5%	<b>-3.1%</b>	7.5%	10.7%	10.7%	14.0%	8.8%	5.9%
<b>Non-US Large</b>	14.9%	<b>-11.3%</b>	<b>-5.1%</b>	0.8%	2.1%	5.7%	4.1%	2.9%
<b>Non-US Small</b>	19.9%	<b>-13.1%</b>	<b>-3.5%</b>	0.5%	3.8%	8.0%	5.7%	6.5%
<b>Emerging Mkts</b>	18.1%	<b>-9.8%</b>	<b>-3.4%</b>	1.9%	2.9%	3.3%	6.3%	6.6%
<b>Frontier Mkts</b>	14.7%	<b>-15.8%</b>	<b>-11.2%</b>	<b>-1.8%</b>	<b>-0.1%</b>	3.5%	0.2%	

Global stock markets came roaring back in the second quarter, with all major categories up 14% or more. However, the gains were not quite enough to offset all of the first quarter's losses, so indexes remain negative for the year-to-date.

## U.S. Equity Style Performance

Quarter Ending June 30, 2020

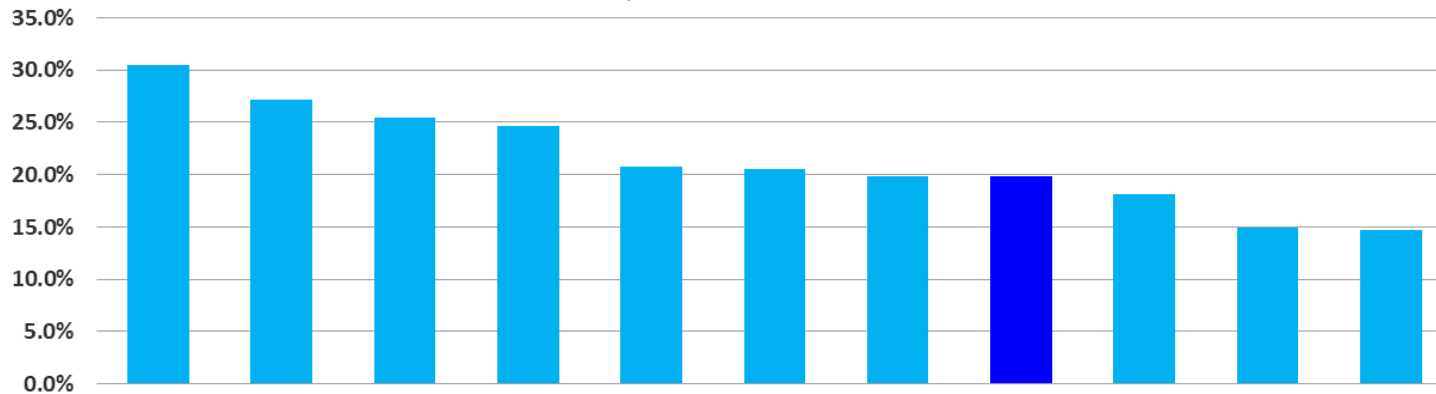


<b>Small Value</b>	18.9%	<b>-23.5%</b>	<b>-17.5%</b>	<b>-4.3%</b>	1.3%	7.8%	5.0%	7.7%
<b>Mid Value</b>	19.9%	<b>-18.1%</b>	<b>-11.8%</b>	<b>-0.5%</b>	3.3%	10.3%	7.0%	8.9%
<b>Large Value</b>	14.3%	<b>-16.3%</b>	<b>-8.8%</b>	1.8%	4.6%	10.4%	6.2%	6.3%
<b>S&amp;P 500</b>	20.5%	<b>-3.1%</b>	7.5%	10.7%	10.7%	14.0%	8.8%	5.9%
<b>Large Growth</b>	27.8%	9.8%	23.3%	19.0%	15.9%	17.2%	11.3%	5.5%
<b>Mid Growth</b>	30.3%	4.2%	11.9%	14.8%	11.6%	15.1%	10.3%	6.2%
<b>Small Growth</b>	30.6%	<b>-3.1%</b>	3.5%	7.9%	6.9%	12.9%	8.8%	5.3%

In the US, growth stocks continued their run of very strong performance relative to value stocks. Mid cap and small cap growth stocks performed best in Q2, returning over 30%. Weekly new unemployment claims rocketed to previously unheard of levels in March and April as virus-related shutdowns took hold, but the market responded positively as the rate of job losses slowed considerably and most states attempted to re-open their economies in the latter half of the quarter.

## Equity Performance Breakdown

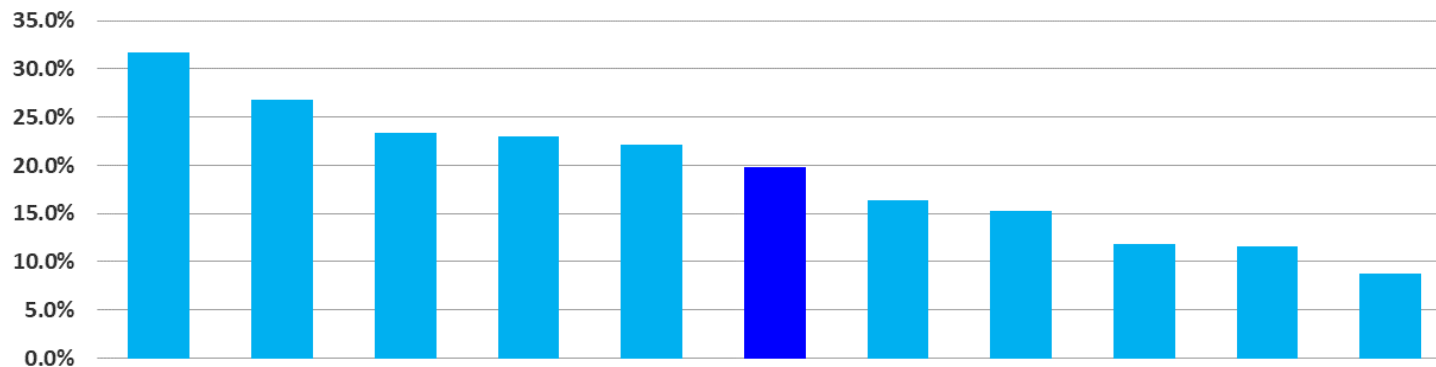
### 2020 2Q World Index Returns



	Russell Micro Cap	MSCI Emrg Small Cap	Russell 2000	Russell Mid Cap	S&P 100	S&P 500	MSCI EAFE Small Cap	MSCI ACWI IMI	MSCI Emerging Markets	MSCI EAFE	MSCI Frontier Markets
<b>2020 2Q Return</b>	30.5%	27.1%	25.4%	24.6%	20.8%	20.5%	19.9%	19.8%	18.1%	14.9%	14.8%

After suffering the biggest losses in Q1, small cap stocks were among the biggest winners in Q2. US micro caps (+30.5%), emerging market small caps (+27.1%) and US small caps (+25.4%) were the top-performing indexes, and non-US developed small caps also performed well (+19.9%). The US equity indexes continued to outperform most non-US benchmarks.

### 2020 2Q Country Returns for the MSCI ACWI IMI

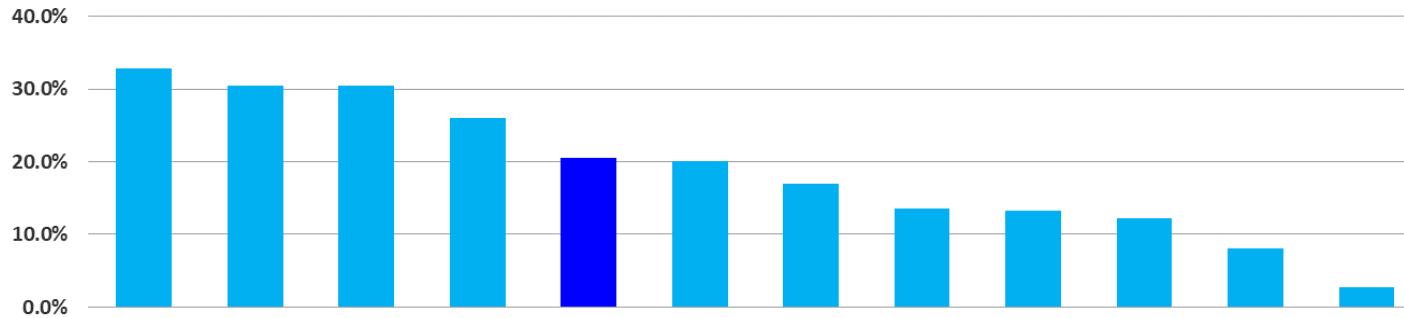


	Australia	Germany	Taiwan	Canada	U.S.	MSCI ACWI IMI Index	France	China	Japan	Switzerland	United Kingdom
<b>2020 2Q Return</b>	31.7%	26.8%	23.4%	23.0%	22.1%	19.8%	16.4%	15.2%	11.8%	11.7%	8.8%
<b>Weight in ACWI</b>	2.0%	2.5%	1.6%	2.8%	56.9%	-	2.8%	4.6%	7.4%	2.7%	4.1%

Among the 10 largest countries in the MSCI ACWI IMI index, it was Australia that led the pack in Q2, buoyed by a rebound in some commodity prices - Oil doubled from roughly \$20 to \$40 per barrel over the course of the quarter, Copper rose about 23%, Iron Ore prices rose 20%, and Gold increased about 13%. The German market also posted strong returns, aided by their effective virus containment efforts and their relatively strong economic position within the EU. The UK and Japanese markets were the notable laggards in the second quarter.

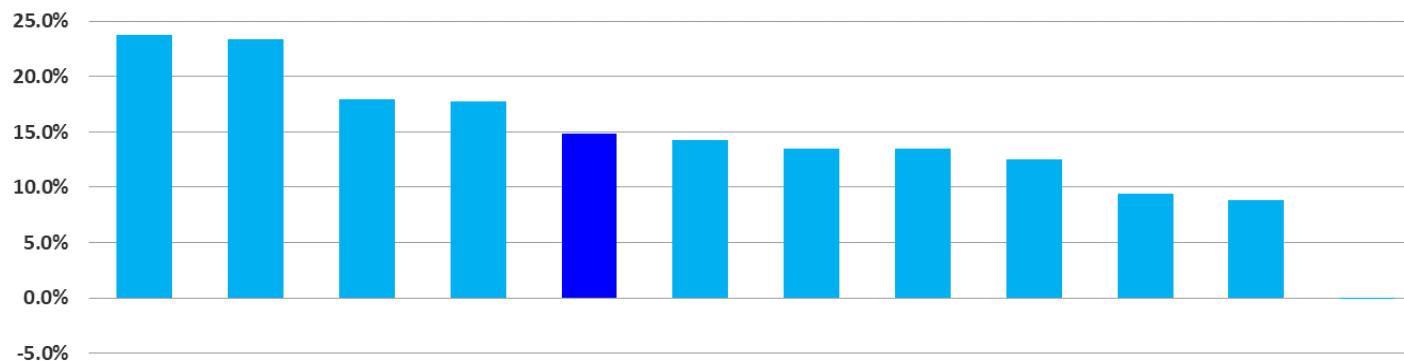
## Equity Performance Breakdown

### 2020 2Q Sector Returns for the S&P 500



	Consumer Discretionary	Technology	Energy	Materials	S&P 500 Index	Communic. Services	Industrials	Health Care	Real Estate	Financials	Consumer Staples	Utilities
<b>2020 2Q Return</b>	32.9%	30.5%	30.5%	26.0%	20.5%	20.0%	17.0%	13.6%	13.2%	12.2%	8.1%	2.7%
<b>Weight in S&amp;P</b>	10.8%	27.5%	2.8%	2.5%	-	10.8%	8.0%	14.6%	2.8%	10.1%	7.0%	3.1%

### 2020 2Q Sector Returns for the MSCI EAFE



	Materials	Technology	Industrials	Consumer Discretionary	MSCI EAFE Index	Health Care	Communic. Services	Financials	Utilities	Consumer Staples	Real Estate	Energy
<b>2020 2Q Return</b>	23.8%	23.4%	17.9%	17.8%	14.9%	14.2%	13.4%	13.4%	12.5%	9.4%	8.8%	0.0%
<b>Weight in EAFE</b>	7.3%	8.3%	14.5%	11.3%	-	14.5%	5.4%	16.1%	4.0%	12.0%	3.2%	3.4%

The Consumer Discretionary sector experienced the biggest rebound in the second quarter, as many businesses re-opened and adapted their business practices to serve customers in the new COVID-19 world. However, it remains to be seen what impact the late-quarter surge in virus cases will have on the US consumer sector. The Energy sector also rallied strongly along with oil prices. Technology stocks continued to perform well, as companies seek to provide solutions that meet the demands of living in the era of “social distancing.”

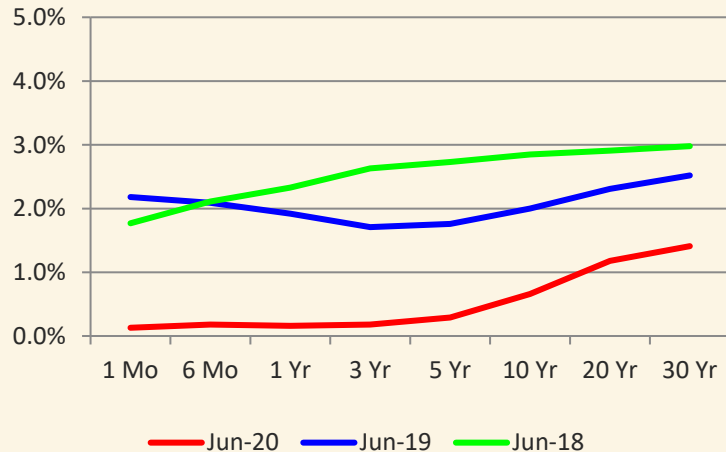
Technology was also a leading sector in the non-US markets, along with Materials and Industrials. More defensive sectors such as Utilities, Consumer Staples and Real Estate lagged. As of the end of the quarter, virus containment efforts have been fairly successful across Europe, Japan, the UK and Canada, providing hope to investors that their economies can continue on the path to a resumption of normal economic activity.

## Fixed Income Performance

Fixed Income Rates of Return		2020 2Q	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>	BBgBarc US Aggregate TR	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%
	BBgBarc US Govt/Credit TR	3.71%	7.21%	10.02%	5.87%	4.74%	4.13%
<b>Intermediate Indices</b>	BBgBarc US Int Agg TR	2.13%	4.67%	6.60%	4.28%	3.40%	3.14%
	BBgBarc US Govt/Credit Int TR	2.81%	5.28%	7.12%	4.43%	3.46%	3.13%
<b>Government Only Indices</b>	FTSE 3 Month Treasury	0.14%	0.52%	1.56%	1.72%	1.15%	0.61%
	BBgBarc US Govt 1-3 Yr TR	0.26%	2.99%	4.12%	2.71%	1.86%	1.36%
	BBgBarc US Govt Int TR	0.55%	5.75%	7.01%	4.09%	2.97%	2.51%
	BBgBarc US TIPS TR	4.24%	6.01%	8.28%	5.05%	3.75%	3.52%
	BBgBarc US Govt Long TR	0.28%	20.97%	25.14%	11.96%	9.21%	7.71%
<b>Municipal Indices</b>	BBgBarc US Municipal TR	2.72%	2.08%	4.45%	4.22%	3.93%	4.22%
	BBgBarc US Municipal 1 Yr TR	1.22%	1.28%	2.16%	1.81%	1.42%	1.14%
	BBgBarc US Municipal 10 Yr TR	2.88%	2.47%	4.74%	4.37%	4.16%	4.47%
	BBgBarc US Municipal 20 Yr TR	2.56%	2.05%	5.06%	5.22%	4.81%	5.30%
<b>Mortgage Backed Indices</b>	BBgBarc US MBS TR	0.67%	3.50%	5.67%	3.97%	3.23%	3.06%
<b>Corporate Bond Indices</b>	BBgBarc US Credit TR	8.22%	4.82%	9.07%	6.14%	5.54%	5.24%
	BBgBarc US High Yield TR	10.18%	-3.80%	0.03%	3.33%	4.79%	6.68%
<b>World Bond Indices</b>	FTSE World Government Bond	2.04%	4.08%	4.60%	3.98%	3.70%	2.37%
	BBgBarc EM USD Sovereign TR	10.75%	-1.83%	0.95%	3.56%	5.13%	5.97%

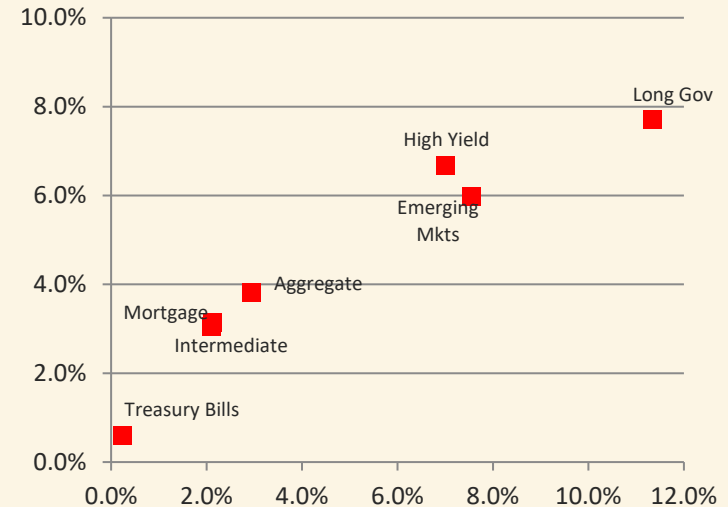
Source: Morningstar Advisor Workstation

### United States Yield Curve

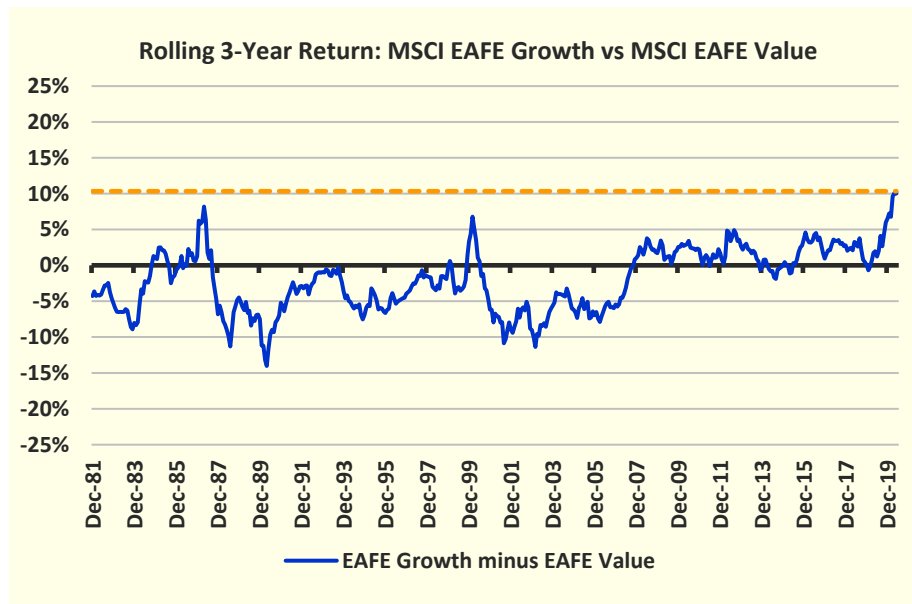
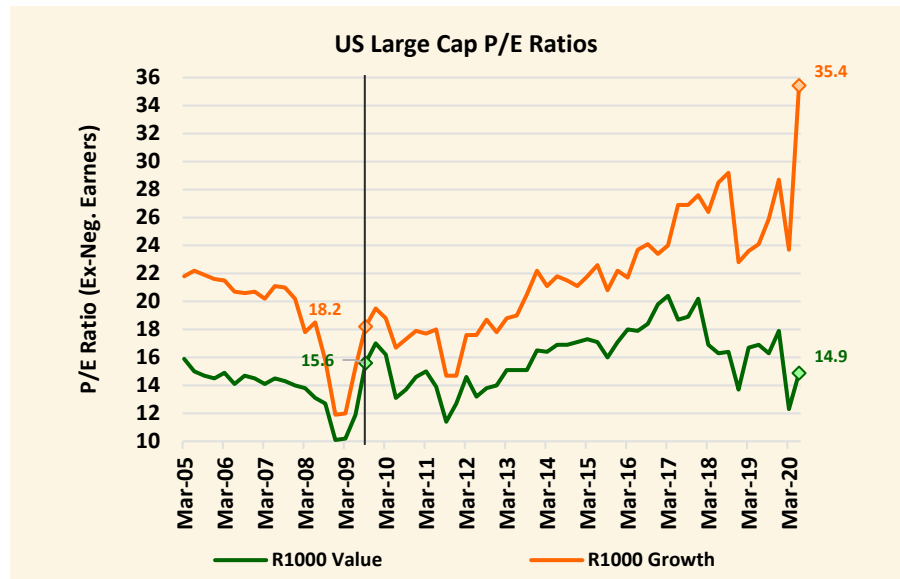
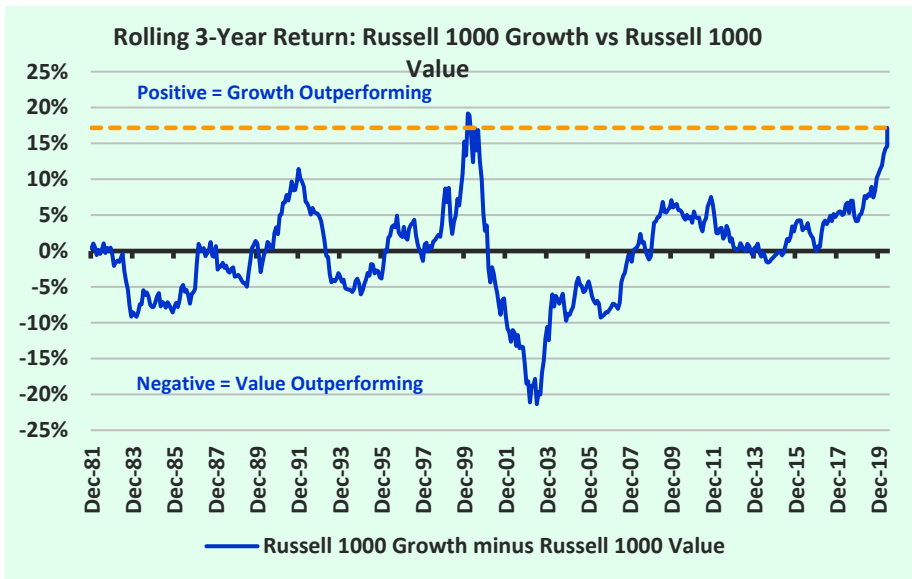


Source: United States Federal Reserve

### 10 Yr Risk vs Return - Selected Indices



## MARKET MICROSCOPE – Growth's Outperformance Versus Value Approaching “Tech Bubble” Level



Across the global equity markets, the outperformance of growth relative to value is at or approaching an all-time high. Since mid-2009 (immediately after the Global Financial Crisis), the P/E of US large value stocks is almost unchanged, while the P/E of large growth stocks has nearly doubled.

The charts on the left show the rolling 3-year returns for US and Non-US large cap stocks since the inception of the Russell indices. In the US, the Russell 1000 Growth index outperformed the Russell 1000 Value by an annualized 17.2% for the 3-year period ending 6/30/2020 – a level of outperformance that almost matches the peak of the Tech Bubble. Non-US large growth stocks outperformed value by 10.3%, an all-time high. The pattern is similar for U.S. small cap and emerging markets stocks.

The P/E ratio (ex-negative earners) of the Russell 1000 Growth Index now sits at 35.4X, more than double that of the Russell 1000 Value Index.