WINTHROP
WEALTH

Q3'2020 MARKET REVIEW & OUTLOOK

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OVERVIEW - THIRD QUARTER 2020

In the third quarter of 2020 financial markets continued to recover from the coronavirus induced selloff of February and March. While this was certainly positive, the pandemic is still having an ongoing impact on all our daily lives. Most importantly, we hope that you and your families are all staying safe and healthy.

Over the past several weeks, we have enjoyed speaking with many of you through phone calls or virtual meetings to provide updates to financial plans, the markets, and investment portfolios. Our entire team at Winthrop Wealth is here to help you navigate through these periods with proactive and customized solutions. Please do not hesitate to contact us if you need anything. We are committed to helping you live life to the fullest and we look forward to speaking with you again soon.

Please see some of our most recent market commentaries:

- **Winthrop Wealth Principles for Investing in the Stock Market**
- **Presidential Election**
- **The Federal Reserve**
- **Federal Debt**

Our goal with this piece is to provide a recap and analysis of the major financial events that occurred in the third quarter, and to offer context for our market outlook.

- **US Equity Markets:** The S&P 500 increased by +8.9% in the third quarter. After declining by -19.6% in Q1 the market rebounded by +20.5% in Q2 and +8.9% in Q3. We continue to highlight that 2020 has been a roller-coaster year as the S&P 500 fell by nearly -34% from February 19th to March 23rd before increasing by almost +52% since then. The market is now up by +5.6% for the year and it reached a new all-time high on September 2nd (S&P 500: 3,581 on 9/2/20).

- **US Fixed Income Markets:** The Bloomberg Barclays US Aggregate Bond index (Agg), which acts as a proxy for the investment-grade bond market, increased by +0.6% in the quarter as the decline in credit spreads and the flat interest rate environment were positive for returns (bond prices move inversely to interest rates and credit spreads).

- **Interest Rates:** Interest rates are at historically low levels and stayed there throughout the quarter. The 2-Year Treasury yield decreased from 0.15% to 0.13% while the 10-Year Treasury increased from 0.66% to 0.68%. The Federal Open Market Committee (FOMC) controls shorter term Treasury rates by setting the target federal funds rate range. The market controls long term Treasury rates as investor demand will vary based on future expectations of inflation and economic growth.
- **Credit Spreads:** Credit spreads are defined as the difference in yield between a US Treasury and another type of bond (corporate, high yield, mortgage, etc.) with a similar maturity. In the third quarter, credit spreads continued to decline but both high yield and corporate spreads remain elevated to their pre-Covid levels.

- **The Fed:** The big news from the Fed in the third quarter came in August as Chair Jerome Powell formally announced a change to the FOMC's Statement on Longer-Run Goals and Monetary Policy Strategy to reflect average inflation targeting. Essentially, this means that interest rates are likely to stay lower for a longer period of time. In fact, most FOMC participants do not expect to raise rates until at least 2024.

- **Fiscal Stimulus:** As of this writing, Congress has not been able to agree to an additional stimulus package. We expect that Congress will eventually reach an agreement, but at this point it may not arrive until after the election.

- **US Economy:** While the United States officially entered into a recession in February, the economy likely bottomed at some point in April and has been slowly recovering since. Going forward, the magnitude of reopening, consumer activity, and recovery in the labor market will vary based on the prevalence of Covid-19 cases. We firmly agree with the Fed's assessment that, "the path of the economy will depend significantly on the course of the virus."

- **US Equity Market Outlook:** Our short-term outlook is cautious given the stock market rapidly increased back to all-time highs despite several material risks. We shifted portfolios more defensively by trimming equities as the market continued to rise in July and August. At that point, the valuation (forward price-to-earnings ratio) of the S&P 500 reached the highest level since the tech bubble of the late 1990s. This does not mean that we are forecasting an imminent decline. Rather, we believe it is prudent portfolio and risk management to take some profits and be prepared for upcoming volatility. On the equity side, we are tilted toward high quality US large cap stocks (we allocate across regions, countries, market caps, factors, styles, sectors, and industries). On the fixed income side, we remain focused on achieving ballast, stability, and income while accounting for short-term cash needs. We will continue to utilize our time-tested investment process based on risk management, asset allocation, and security selection as we monitor new developments and maintain critical flexibility to take advantage of opportunities as they arise.

US EQUITY MARKETS

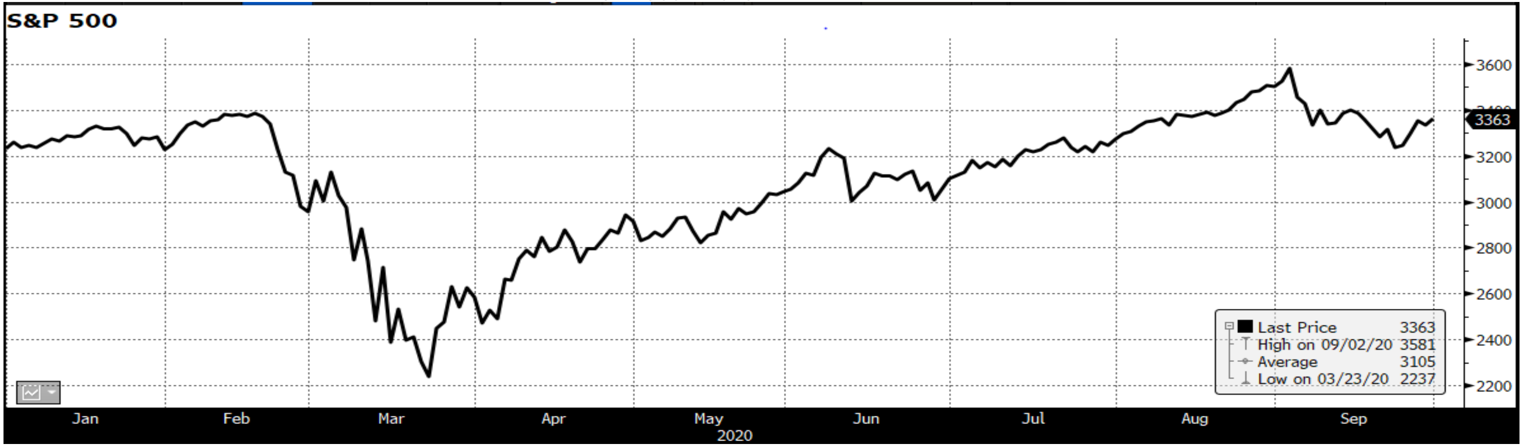
The S&P 500 increased by +8.9% in the third quarter. After declining by -19.6% in Q1 the market rebounded by +20.5% in Q2 and +8.9% in Q3. We continue to highlight that 2020 has been a roller-coaster year as the S&P 500 fell by nearly -34% from February 19th to March 23rd before increasing by almost +52% since then. The coronavirus has produced many unprecedented events, including both the fastest bear market and recovery in history. The market is now up by +5.6% for the year and it reached a new all-time high on September 2nd (S&P 500: 3,581 on 9/2/20).

- **Market Cap**: Large (S&P 500: +8.9%) outperformed Mid (S&P 400: +4.8%) and Small (Russell 2000: +4.9%).
- **Style**: Growth (Russell 1000 Growth: +13.2%) outperformed Value (Russell 1000 Value: +5.6%).
- **Sector**: Ten out of eleven sectors were positive for the quarter with Consumer Discretionary (+15.1%) and Materials (+13.3%) as the top performers, and Real Estate (+1.9%) and Energy (-19.7%) as the laggards.

US Equity Market Performance								
Broad Market	**3rd Quarter**	**YTD 2020**	**Style**	**3rd Quarter**	**YTD 2020**	**Sector**	**3rd Quarter**	**YTD 2020**
S&P 500	8.93%	5.57%	Russell 1000 Growth	13.22%	24.33%	Technology	11.95%	28.69%
Russell 3000	9.21%	5.41%	Russell 1000 Value	5.59%	-11.58%	Consumer Staples	10.38%	4.13%
Dow Jones Industrial Average	8.22%	-0.91%				Communication Services	8.94%	8.60%
Nasdaq	11.23%	25.40%				Utilities	6.14%	-5.68%
			Sector	**3rd Quarter**	**YTD 2020**	Health Care	5.87%	5.01%
Size	**3rd Quarter**	**YTD 2020**	Consumer Discretionary	15.06%	23.38%	Financials	4.44%	-20.25%
Mid Cap (S&P 400)	4.77%	-8.62%	Materials	13.31%	5.47%	Real Estate	1.92%	-6.77%
Small Cap (Russell 2000)	4.93%	-8.70%	Industrials	12.47%	-3.99%	Energy	-19.72%	-48.09%

The US equity market had a great summer as the S&P 500 increased by nearly 15% from the 4th of July through early September. The return over that period was predominantly driven by several mega-cap growth stocks (from 7/4/20 to 9/2/20 the Russell 1000 Growth index increased by +19.6% while the Russell 1000 Value index increased by +10.0%). Valuations in the mega-cap growth names became stretched and sentiment was a bit too overzealous as several companies increased significantly after announcing stock splits (stock splits do not increase the value of a company). As often happens, the stocks that led on the way up also led on the way down as the S&P 500 dropped by -3.8% in September with the Russell 1000 Growth down -4.7% and the Russell 1000 Value off by -2.5%. Rather than focus on the binary argument of growth or value, we prefer to construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Please see our **Client Question of the Month on Portfolio Diversification (October 2019)**. Going forward, the market will remain sensitive to new information on the following: covid cases, progress on treatments and vaccines, fiscal stimulus, monetary policy, economic data, and the upcoming election. *See below for our market outlook.*

S&P 500 - 2020



(Source: Bloomberg)

The Election's Impact on the Stock Market

The Presidential Election is only a few weeks away and as expected we have received several questions from our clients about our thoughts and the potential market impacts. We often stress that emotionally driven market timing decisions are value destructive over time. This is also especially true regarding presidential elections. History shows that pulling out of the stock market due to political concerns when either former President Obama or President Trump were elected was a major financial mistake. The market increased significantly under both Presidents (S&P 500 Return: President Obama +153%. President Trump: +68%).

Given that the upcoming election will have a higher percentage of mail-in votes than usual, it is possible that we will not know the result for days or even weeks. As a result, expect more volatility than usual. Keep in mind that market volatility is inevitable. There is always an upcoming event that could lead to market volatility or an upcoming decline. This year's election is no different. Please see our **Client Question of the Month on the Presidential Election**.

US FIXED INCOME MARKETS

The Bloomberg Barclays US Aggregate Bond index (Agg), which acts as a proxy for the investment-grade bond market, increased by +0.6% in the quarter as the decline in credit spreads and the flat interest rate environment were positive for returns (bond prices move inversely to interest rates and credit spreads). Bonds with higher credit risk were the outperformers as High Yield (+4.6%) and Corporates (+1.5%) had strong returns. Although other fixed income types including Securitized (+0.2%) and Munis (+1.2%) also generated positive results.

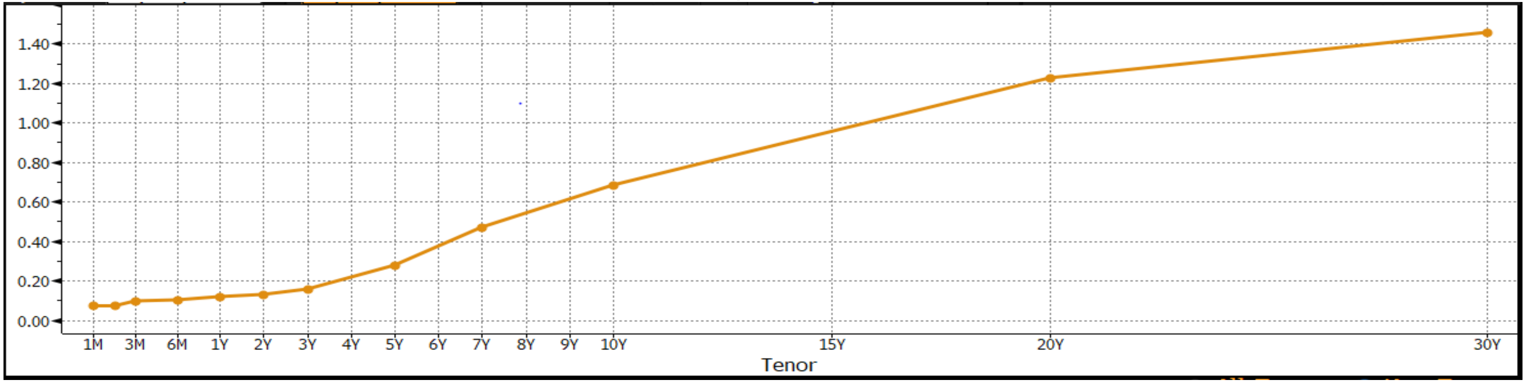
		Returns			Fundamental Estimates		
Bloomberg Barclays Index	**3rd Quarter**	**YTD 2020**	**2019**	**2018**	**Yield to Worst**	**Credit Spread (bps)**	**Duration**
Aggregate	0.62%	6.79%	8.72%	0.01%	1.2%	62	6.1
Treasury Bills	0.03%	0.52%	2.21%	1.83%	0.1%		0.1
Corporates	1.54%	6.64%	14.54%	-2.51%	2.0%	140	8.6
High Yield	4.60%	0.62%	14.32%	-2.08%	6.0%	537	3.7
Securitized MBS/ABS/CMBS	0.24%	3.86%	6.44%	0.99%	1.3%	68	2.3
Munis	1.23%	3.33%	7.54%	1.28%	1.3%		5.4

INTEREST RATES

Interest rates are at historically low levels and stayed there throughout the quarter. The 2-Year Treasury yield decreased from 0.15% to 0.13% while the 10-Year Treasury increased from 0.66% to 0.68%. The Federal Open Market Committee (FOMC) controls shorter term Treasury rates by setting the target federal funds rate range. The market controls long term Treasury rates as investor demand will vary based on future expectations of inflation and economic growth.

The yield curve is a graph of a Treasury bond's maturity and its rate of return for various time periods. The typical maturities referenced generally range from 3-Months to 30-Years. The yield curve does have a positive slope with long-term yields above short-term yields, although all maturities are at low levels.

Treasury Yield Curve



(Source: Bloomberg)

CREDIT SPREADS

Credit spreads are defined as the difference in yield between a US Treasury and another type of bond (corporate, high yield, mortgage, etc.) with a similar maturity. In a **March Update**, we pointed out several dislocations in the bond market, which were especially noticeable in the corporate and municipal markets. At the time, investors rushed to raise cash by selling their most liquid positions, including fixed income securities – this pushed bond prices down and credit spreads up. The Fed responded by quickly announcing several lending facilities, including novel programs to purchase corporate bonds and ETFs. How much influence does the Fed carry over financial markets? Credit spreads started to normalize right after the announcement of the new facilities but long before the Fed had a chance to implement them. In the third quarter, credit spreads continued to decline, however both high yield and corporate spreads remain elevated to their pre-Covid levels.

While the Fed has succeeded in stabilizing the bond market, for now, long-term risks remain. Corporations have rushed to issue debt to take advantage of lower bond yields and credit spreads (few of these corporations would have been able to raise capital in the debt markets without the Fed's intervention). While lower interest rates lead to lower debt servicing costs, someday these corporations will need to survive in an environment without the Fed's support. At Winthrop Wealth, this means concentrating on high quality issuers while maintaining a focus on achieving ballast, stability, and income from our fixed income.

THE FED - MONETARY STIMULUS

The Federal Reserve serves as the central bank of the United States and performs key functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment, stable prices, and moderate long-term interest rates. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our **Client Question of the Month on The Fed** which details the key entities and the impact monetary policy has on the economy, interest rates, and stock prices.

In response to the Covid-19 pandemic, the Fed established the most accommodative monetary policy environment in United States history. The Fed acted in three main ways: lowering interest rates, restarting their quantitative easing program, and creating thirteen emergency lending facilities.

Interest Rates		Balance Sheet		Commentary
Federal Funds Rate	Federal Funds Rate 2020 Change	Fed Balance Sheet	Fed Balance Sheet 2020 Change	September FOMC Statement
0 - 0.25%	-1.50% (Rate cuts on March 3rd and March 15h)	$7.1 Trillion	+ $2.9 Trillion	The Committee expects to maintain the target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time.

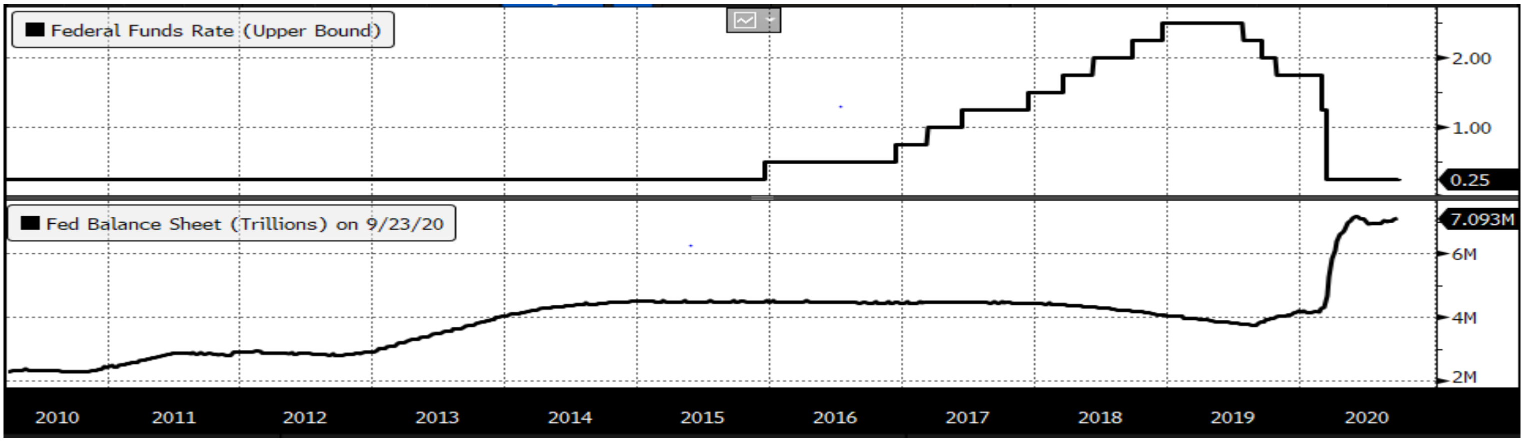
Interest Rates: The federal funds rate is currently at a range of 0% to 0.25% after the FOMC cut rates by-1.50% total in March, both times at unscheduled meetings. In August, Chair Powell formally announced a change to the FOMC's Statement on Longer-Run Goals and Monetary Policy Strategy to reflect average inflation targeting. Under the new policy, the FOMC now "seeks to achieve inflation that averages 2% over time." Essentially, it means that interest rates are likely to stay lower for a longer period of time. Most FOMC members do not expect to raise interest rates until at least 2024. Chair Powell has repeatedly stated, "we are not thinking about raising rates. We are not even thinking about thinking about raising rates." This will continue to help stimulate the economy by maintaining low interest rates on most loans.

Quantitative Easing Program: The Fed will continue purchasing about $80 billion in Treasuries and $40 billion Mortgage Backed Securities per month "to sustain smooth market functioning, thereby fostering effective transmission of monetary policy to broader financial conditions." The Fed's purchase will expand the size of its balance sheet and should help keep long-term interest rates low while ensuring that fixed income markets function smoothly.

Lending Facilities: The Fed announced thirteen emergency credit and liquidity facilities that are designed to provide stability to the financial system and support the flow of credit to households, businesses, and state and local governments. The facilities fall into two categories: stabilizing short-term funding markets and providing more-direct support for credit across the economy. They are capitalized by close to $500 billion from the US Treasury's Exchange Stabilization Fund (ESF) and can be levered to create over $4 trillion in lending capacity (most of the capital was provided in the CARES act).

The Fed's policies have helped aid the economy, lower interest rates, calm credit markets, and boost equity prices. Going forward, the Fed remains committed to using their full range of tools to support the economy for as long as is needed. The Fed's balance sheet has grown by nearly $3 trillion to over $7 trillion this year. In a recent 60 Minutes interview, Fed Chairman Powell said, "there is really no limit to what we can do with these lending programs and there is a lot more we can do to support the economy. We're not out of ammunition by a long shot." The investment adage, "don't fight the Fed" exists for a reason.

Federal Funds Rate (Upper Bound) and Fed Balance Sheet Size (Trillions)



(Source: Bloomberg)

FISCAL STIMULUS

As of this writing, Congress has not been able to agree to an additional stimulus package. After negotiations broke down, President Trump signed several executive orders, including one to offer $300 to $400 per week in enhanced unemployment benefits. The exact amount will vary by state and could take weeks to disperse. Democrats and Republicans seem to agree on the need for additional fiscal stimulus, but the two sides remain about $1 trillion apart on the size of the new bill. The most contentious issues are the size of the unemployment benefit and additional funding for state and local governments.

Fed Chair Powell has pushed Congress for additional fiscal support to supplement monetary stimulus. The Fed only has the power to lend, while Congress does have the authority to spend. Chair Powell stated that if additional fiscal stimulus is not presented then jobs could be harder to find, evictions and foreclosures will increase, and the economy could suffer long-lasting damage. We expect that Congress will eventually reach an agreement, but at this point it may not arrive until after the election.

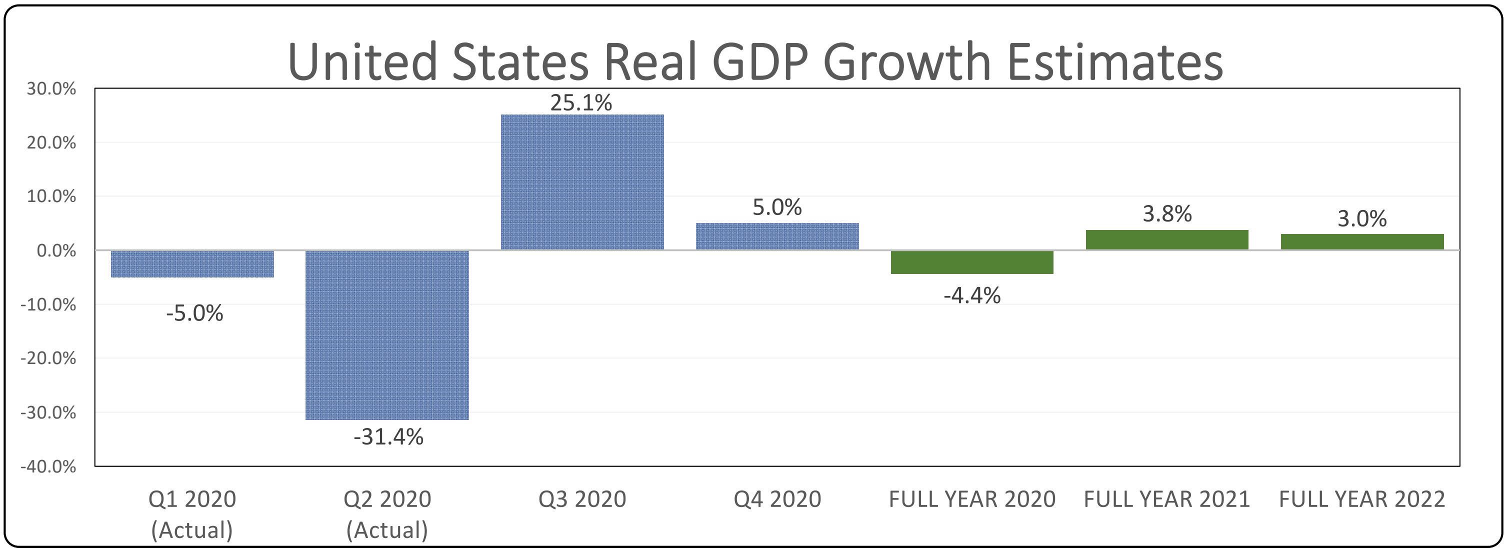
US ECONOMY

The United States entered into an economic recession in February, ending the longest expansion on record dating back to 1854. The economic expansion began in June 2009 and lasted 128 months. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee is charged with maintaining official records of expansions and recessions. The NBER defines a recession as a significant decline in economic activity (this is slightly different than the traditional definition of a recession as two consecutive quarters of decline in real GDP). An expansion is defined as a period where economic activity rises substantially. In their analysis, the NBER concluded that "the unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession, even if it turns out to be briefer than earlier contractions." Prior to the latest occurrence, the United States has experienced 11 recessions since 1945, with an average duration of 11 months. Given that this recession was caused by a forced shutdown of the economy, we expect that the duration will be the shortest on record.

The economy likely bottomed at some point in April and has been recovering since. Most estimates expect real GDP to reach its pre-pandemic level at some point in 2021 or early 2022. Going forward, the magnitude of reopening, consumer activity, and recovery in the labor market will vary based on the prevalence of Covid-19 cases. We firmly agree with the Fed's assessment that, "the path of the economy will depend significantly on the course of the virus." Here are some key data points we are monitoring to assess the health of the economy.

Consumer Spending: According to Goldman Sachs, high frequency data suggests that consumer spending reached 95% of the pre-virus level in late September, up from April's low of 80%. The US Census Bureau's measure of Retail Sales increased by +2.6% year-over-year in August, up from April's reading of -19.9%. Consumer spending data is critical as it drives about 70% of GDP.

Labor Market: The unemployment rate was 8.4% in August. Over the last 50-years, the highest reading was 14.7% in April 2020, while the lowest reading was 3.5% in September 2019. As of September, roughly half of the 22 million jobs that were lost in March and April have been regained. The Fed estimates that the unemployment rate will decrease to 4.0% in 2023.



EQUITY MARKET OUTLOOK

Our market outlook is typically based on four segments: Monetary Policy, Economic Growth, Corporate Earnings, and Valuation. In the current period, we added data on the Coronavirus and Fiscal Stimulus to help shape our viewpoint. The market rally since March was driven by progress on Covid, massive amounts of monetary and fiscal stimulus, and optimism on the reopening of the economy. Going forward, we can still count on an enormous amount of monetary stimulus from the Federal Reserve, however, the other areas are not as clear. Another round of fiscal stimulus appears deadlocked and it remains to be seen if a workable vaccine can arrive before a second wave of the virus. On top of all that, the presidential election is only a few short weeks away. We are expecting more volatility.

CORONAVIRUS UPDATE

Positive
Companies around the world are racing to develop treatments and vaccines and expand testing.

- **Testing:** The United States averaged over 900,000 new tests per day by the end of September.
- **Treatments and Vaccines:** According to the Milken Institute, there are currently 316 treatments in consideration and 213 potential vaccines in development. In the United States, there are currently 4 vaccines undergoing Phase III clinical trials.
- **Operation Warp Speed:** The Trump Administration is helping to fund and facilitate trials for several vaccines with the goal of having something deployable by late 2020 or early 2021.

Negative
Daily new cases remained around 40,000 per day by the end of the quarter. Also there is risk of a second wave in the fall/winter that coincides with flu season.

MONETARY POLICY

The Fed has established the most accommodative monetary policy environment in United States history.

- **Interest Rates:** The federal funds rate is currently at a range of 0% to 0.25%. Most FOMC members do not expect to raise interest rates until at least 2024.

- **Quantitative Easing Program:** The Fed will continue purchasing about $80 billion in Treasuries and $40 billion Mortgage Backed Securities per month “at least at the current pace to sustain smooth market functioning.”

- **Lending Facilities:** The Fed announced thirteen new credit and liquidity facilities that are designed to provide stability to the financial system and support the flow of credit to households, businesses, and state and local government.

ECONOMIC GROWTH

The United States entered into an economic recession in February. The Fed has repeatedly stated, “the path of the economy will depend significantly on the course of the virus.”

Positive
- According to Goldman Sachs, high frequency data suggests that consumer spending reached 95% of the pre-virus level in late September, up from April’s low of 80%.
- The unemployment rate decline to 8.4% in August, down from April’s 50-year high of 14.7%.

Negative
- The number of people currently unemployed remains high as about half of the 22 million jobs that were lost in March and April have been regained.
- Additional fiscal stimulus is likley needed and Congress has not been able to reach an agreement.

FISCAL STIMULUS

Congress has not been able to agree to an additional stimulus package. Democrats and Republicans seem to agree on the need for additional fiscal stimulus, but the two sides remain about $1 trillion apart on the size of the new bill.

The most contentious issues are the size of the unemployment benefit and additional funding for state and local governments.

We expect that Congress will eventually reach an agreement, but at this point it may not arrive until after the election.

CORPORATE EARNINGS

S&P 500 earnings are estimated to fall off a cliff in 2020, but are expected to recover in 2021. Earnings for certain companies, sectors, and industries will be more impacted than others.

- 2019 Actual: $163 (+1%)
- 2020 Estimate: $132 (-19%)
- 2021: Estimate: $166 (+26%)

Over long time periods, earnings drive stock prices.

VALUATION

Your view on whether the market is cheap, expensive, or about right depends on the earnings period you select. The P/E ratio is calculated as the current price divided by the earnings-per-share.

- Forward P/E (next 12-months): 20.7x.
- 2021 P/E: 19.7x.

Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

Our short-term outlook is cautious given the stock market rapidly increased back to all-time highs despite several material risks. We shifted portfolios more defensively by trimming equities as the market continued to rise in July and August. At that point, the valuation (forward price-to-earnings ratio) of the S&P 500 reached the highest level since the tech bubble of the late 1990s. This does not mean that we are forecasting an imminent decline. Rather, we believe it is prudent portfolio and risk management to take some profits and be prepared for upcoming volatility. On the equity side, we are tilted toward high quality US large cap stocks (we allocate across regions, countries, market caps, factors, styles, sectors, and industries). On the fixed income side, we remain focused on achieving ballast, stability, and income while accounting for short-term cash needs.

Key risks still include an increased spread of Covid-19, tensions between the US and China, and the upcoming elections. We expect increased volatility in the next several weeks especially due to the upcoming presidential election (particularly if the election winner is unknown for days or weeks). Our defensive positioning allows for greater flexibility to take advantage of opportunities that occur during volatile periods. We will continue to utilize our time-tested investment process as we monitor these new developments.

At Winthrop Wealth, we apply a total net worth approach to both comprehensive financial planning and investment management. Financial planning drives the investment strategy and provides a roadmap to each client’s unique goals and objectives. The comprehensive financial plan defines cash flow needs, is stress tested for various market environments, optimizes account structures, considers tax minimization strategies, and continuously evaluates financial risks as circumstances and/or goals change. The investment management process is designed to provide well-diversified portfolios constructed with a methodology based on prudent risk management, asset allocation, and security selection.

THIRD QUARTER 2020 MARKET RETURNS

US Equity

Index	3rd Quarter	YTD 2020	2019	2018	2017	2016	2015	3-Year	5-Year	10-Year	20-Year
S&P 500	8.93%	5.57%	31.48%	-4.39%	21.82%	11.95%	1.37%	12.27%	14.08%	13.68%	6.41%
Russell 3000	9.21%	5.41%	31.01%	-5.25%	21.12%	12.72%	0.47%	11.64%	13.64%	13.42%	6.57%
Dow Jones Industrial Average	8.22%	-0.91%	25.34%	-3.48%	28.11%	16.43%	0.21%	9.98%	14.01%	12.63%	7.48%
Nasdaq	11.23%	25.40%	36.74%	-2.81%	29.73%	8.97%	7.11%	21.10%	20.65%	18.19%	6.80%
S&P 400	4.77%	-8.62%	26.17%	-11.10%	16.23%	20.73%	-2.18%	2.88%	8.13%	10.44%	7.90%
Russell 2000	4.93%	-8.70%	25.49%	-11.03%	14.63%	21.28%	-4.41%	1.75%	8.04%	9.79%	6.86%
Russell 1000 Growth	13.22%	24.33%	36.39%	-1.51%	30.21%	7.07%	5.67%	21.68%	20.00%	17.21%	6.40%
Russell 1000 Value	5.59%	-11.58%	26.52%	-8.28%	13.64%	17.33%	-3.84%	2.62%	7.63%	9.87%	6.19%

International Equity

MSCI Index	3rd Quarter	YTD 2020	2019	2018	2017	2016	2015	3-Year	5-Year	10-Year	20-Year
EAFE	4.80%	-7.09%	22.01%	-13.79%	25.03%	1.00%	-0.81%	0.62%	5.12%	4.57%	3.58%
Europe	4.61%	-8.27%	23.20%	-16.90%	28.07%	1.34%	-1.42%	-1.74%	4.87%	3.73%	2.89%
Japan	6.94%	-0.68%	19.61%	-12.88%	23.99%	2.38%	9.57%	3.94%	6.99%	6.15%	2.14%
China	12.50%	16.45%	23.46%	-18.88%	54.07%	0.90%	-7.82%	7.87%	13.52%	6.54%	9.24%
Emerging Markets	9.56%	-1.16%	18.42%	-14.57%	37.28%	11.19%	-14.92%	2.42%	8.81%	2.40%	7.83%
ACWI ex US	6.25%	-5.44%	21.51%	-14.20%	27.19%	4.50%	-5.66%	1.16%	6.09%	3.94%	4.16%

US Fixed Income

Bloomberg Barclays Index	3rd Quarter	YTD 2020	2019	2018	2017	2016	2015	3-Year	5-Year	10-Year	20-Year
Aggregate	0.62%	6.79%	8.72%	0.01%	3.54%	2.65%	0.55%	5.24%	4.16%	3.63%	5.01%
Treasury Bills	0.03%	0.52%	2.21%	1.83%	0.81%	0.26%	0.03%	1.60%	1.13%	0.59%	1.50%
Corporates	1.54%	6.64%	14.54%	-2.51%	6.42%	6.11%	-0.68%	6.41%	5.97%	5.15%	6.10%
Securitized MBS/ABS/CMBS	0.24%	3.86%	6.44%	0.99%	2.51%	1.77%	1.47%	3.80%	3.04%	3.07%	#VALUE!
High Yield	4.60%	0.62%	14.32%	-2.08%	7.50%	17.13%	-4.47%	4.21%	6.83%	6.44%	7.21%
Munis	1.23%	3.33%	7.54%	1.28%	5.45%	0.25%	3.30%	4.28%	3.84%	4.01%	4.86%

US Equity Sectors

Index	3rd Quarter	YTD 2020	2019	2018	2017	2016	2015	3-Year	5-Year	10-Year	20-Year
Technology	11.95%	28.69%	50.29%	-0.29%	38.83%	13.85%	5.92%	28.10%	27.17%	20.50%	6.50%
Real Estate	1.92%	-6.77%	29.00%	-2.23%	10.85%	1.12%	1.24%	6.67%	7.12%	8.36%	
Industrials	12.47%	-3.99%	29.32%	-13.32%	21.01%	18.85%	-2.56%	4.50%	10.85%	11.53%	6.36%
Energy	-19.72%	-48.09%	11.81%	-18.10%	-1.01%	27.36%	-21.12%	-20.42%	-9.70%	-3.29%	2.25%
Consumer Discretionary	15.06%	23.38%	27.94%	0.82%	22.98%	6.03%	10.11%	20.47%	16.85%	18.15%	9.69%
Communication Services	8.94%	8.60%	32.69%	-12.53%	-1.25%	23.48%	3.40%	9.31%	10.75%	9.33%	2.95%
Consumer Staples	10.38%	4.13%	27.61%	-8.39%	13.49%	5.38%	6.60%	9.04%	9.40%	11.73%	9.03%
Utilities	6.14%	-5.68%	26.35%	4.11%	12.10%	16.29%	-4.84%	7.53%	10.59%	10.61%	5.76%
Materials	13.31%	5.47%	24.58%	-14.70%	23.84%	16.69%	-8.38%	6.22%	11.94%	9.29%	9.15%
Financials	4.44%	-20.25%	32.09%	-13.04%	22.14%	22.75%	-1.56%	-0.18%	7.75%	9.54%	2.30%
Health Care	5.87%	5.01%	20.82%	6.47%	22.08%	-2.69%	6.89%	11.08%	11.67%	15.39%	7.66%
				Calendar Year Returns					Annualized Returns		

DISCLOSURES

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The Barclays Capital U.S. Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.

The Barclays Capital Municipal Bond Index is a broad market performance benchmark for the tax-exempt bond market, the bonds included in this index must have a minimum credit rating of at least Baa.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.