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QUARTERLY MARKET INSIGHTS
1ST QUARTER 2020



OPEC'S OIL PRICE WAR

In early March, the collapse of oil production negotiations among the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC countries, such as Russia, sent U.S. West Texas Intermediate (WTI) crude oil prices nosediving to around \$20 per barrel by the end of the first quarter. OPEC+ (OPEC plus non-OPEC countries) met in the first week of March to review their current oil production limit agreement that was set in December and would expire on April 1. The agreement in December deepened oil production cuts to 1.7 million barrels per day (bpd) from 1.2 million bpd. The prevailing view among investors was that, at a minimum, OPEC+ would extend their current production cuts through 2020 to support oil prices amid expectations for significantly weaker oil demand due to the global economic effects of measures taken to mitigate the COVID-19 pandemic.

Heading into the meeting, the price of U.S. WTI crude oil had already declined 23.39% from \$61.06 on December 31 to a closing price on March 4 of \$46.78 per barrel. Oil price weakness prior to the meeting was largely driven by expectations for the COVID-19 outbreak and subsequent quarantines to weigh heavily on oil demand. For example, S&P Global Ratings estimated the pandemic could reduce global air passenger traffic by up to 30% in 2020. Prior to the virus outbreak, the International Energy Agency (IEA) projected global oil demand would grow by 825,000 bpd in 2020 to 100.8 million bpd. The pandemic led the IEA to revise its oil demand forecast lower in March to a conservative 90,000 bpd decline in 2020, the first annual decline since 2009. The IEA's revision was partially based on their estimate for a deep contraction in Chinese oil consumption, which had been projected to account for 60% of global demand growth in 2020.

On March 5, OPEC reached a preliminary agreement for its 13 member countries to cut production by an additional one million bpd through the end of June. The agreement also proposed non-OPEC nations, primarily Russia, cut production by another 500,000 bpd. The agreement was contingent on cooperation from non-OPEC countries. On Friday, March 6, Russian officials rejected OPEC's proposal for additional production

cuts and left the meeting. Media reports indicated Russia's decision was due to their belief that OPEC's efforts to limit oil supply to support prices were unintentionally benefitting U.S. shale producers that had increased production and taken market share in recent years. The collapse of the three-year old OPEC+ alliance meant that members were no longer bound to production ceilings and could ramp up supply.

Saudi Arabia's displeasure with Russia's decision led to reciprocal production increases over the following weekend between the two countries. Saudi Arabia said it would increase production and slashed the price it charges oil customers by \$6-\$8 per barrel, its largest single price cut in 30 years. Saudi officials said the price cut was aimed at taking Russia's market share and indicated plans to increase production to 13 million bpd in April from 9.7 million bpd in January. Russia said it would quickly increase production by 500,000 bpd. The escalating situation resulted in the price of U.S. WTI falling by as much as a third on Monday, March 9, before settling \$10.15 lower at \$31.13 per barrel, marking a 24.59% decline, which was the largest daily decline since the 1991 Gulf War. U.S. WTI continued to decline throughout March as the situation worsened, finishing March at \$20.48 per barrel and resulting in a 66.46% decline in the first quarter.

On April 2, President Trump said Russia and Saudi Arabia were close to reaching a deal to cut oil production after he spoke with Russian President Vladimir Putin and Saudi Arabia's Crown Prince Mohammed Bin Salman. U.S. WTI prices rebounded to around \$28 per barrel in early April on hopes for the U.S. to mediate a truce, yet optimism for a deal waned after the OPEC+ virtual summit was postponed by a few days. Additionally, Saudi Arabia's national energy company, Saudi Aramco, showed it has not yet been affected by U.S. influence after it raised production to a record level of nearly 19 million bpd in the first week of April. If the OPEC+ April summit fails to produce a deal, oil could remain subdued until OPEC's next scheduled meeting in June.

ECONOMY

U.S. ECONOMIC CONDITIONS TUMBLE AS PANDEMIC WREAKS HAVOC

Although fourth quarter U.S. Gross Domestic Product (GDP) increased at an annual rate of 2.1% in the final revision from the Commerce Department, economists and investors are not paying much attention to what happened in the U.S. economy more than three months ago. Most are now trying to anticipate the impact the spreading coronavirus is having on global growth. The U.S. economy showed strengthening signs in January with several economic reports coming in better than expected. The U.S. Conference Board Leading Economic Index (LEI) surprised to the upside in January with a 0.8% gain. The substantial jump turned the six-month growth rate slightly positive after falling by 1.4% in the previous month. The rebound in the January LEI was an encouraging sign of the economic expansion's resilience, but the resurgence of COVID-19 cases outside mainland China reduced the prospects of another strong reading for most of the underlying components.

Crisis-era actions by the U.S. Federal Reserve and accelerated plans for large scale fiscal stimulus dominated headlines in March. Fed policymakers implemented an emergency 1.00% cut, reducing the policy rate to a range of 0.00% - 0.25% and announced plans to purchase \$700 billion of Treasury and Agency bonds. The Fed also announced a resumption of its Commercial Paper Funding Facility to provide short-term loans to companies to continue operations. This type of funding proved to be an important financial market backstop from 2007 to 2009. The Fed also enhanced U.S. dollar liquidity to other major global central banks to help ease dollar funding stress.

Congress passed legislation for a massive \$2.2 trillion relief package which translates to approximately 10% of

ECONOMIC INDICATORS	LATEST	3MO PRIOR	CHANGE*
REAL GDP (QoQ ANNUALIZED)	2.1%	2.1%	-
TRADE BALANCE	-39.9	-43.8	▲
UNEMPLOYMENT RATE	4.4%	3.5%	▼
NON-FARM PAYROLLS	-701K	184K	▼
ISM MANUFACTURING	49.1	47.8	▲
ISM NON-MANUFACTURING	52.5	54.9	▼
RETAIL SALES (LESS AUTOS)	-0.2%	-0.2%	-
INDUSTRIAL PRODUCTION	0.6%	0.9%	▼
HOUSING STARTS	1599M	1381M	▲
CONSUMER PRICE INDEX (YoY)	2.3%	2.1%	▼
CONSUMER CONFIDENCE	120.0	128.2	▼
EXISTING HOME SALES	5.77M	5.32M	▲
CONSUMER CREDIT	22.33B	7.41B	▼
CRUDE OIL PRICE	20.48	61.06	▲

Source: Bloomberg. Past performance does not guarantee future results. *The change arrow is indicative of a positive or negative change in the economic nature of the data series. For example, a downward-pointing change arrow assigned to the crude oil price field will correspond with an increase in the actual price of crude oil over the last three months. This is because a short-term increase in the price of crude oil has historically been detrimental to U.S. economic growth.

U.S. GDP. The main provisions of the legislation include significantly expanding unemployment insurance benefits; one-time stimulus checks to individuals based on income; and funding for local governments, small businesses, specific industries including health care and airlines, and companies deemed important for national security. Whether the actions by the Fed and Congress will be enough to quickly bring the economy back from this sharp decline will depend upon the severity and the length of time it takes to reopen the economy.

ECONOMY CONTINUED

EMPLOYMENT AND MANUFACTURING

The U.S. economy shed 701,000 jobs in March, abruptly ending 113 straight months of employment growth, as stringent measures to control the COVID-19 outbreak closed businesses and factories. According to the Labor Department, this marked the largest monthly decline since March 2009. More than half the jobs lost were at restaurants and bars, among the first businesses to shut their doors. The unemployment rate for March rose to 4.4% from 3.5% in February, the largest one-month increase in the unemployment rate since 1975. Due to the timing of surveys, these figures do not fully capture the millions of unemployment insurance claims individuals filed in the last two weeks of March. Jobs lost in recent weeks and additional expected losses this spring could push the U.S. unemployment rate to record highs.

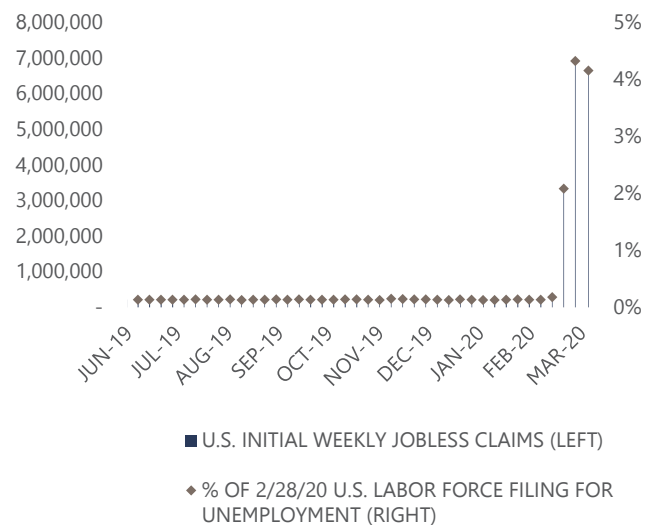
U.S. manufacturing activity contracted in March as the measures to contain COVID-19 continue to pressure the economy. The ISM manufacturing index fell to 49.1 last month from 50.1 in February, weighed down by a steep decline in new orders and production. Activity in the U.S. services sector also slowed in March, as the ISM non-manufacturing index fell to 52.5 from 57.3 in February. A reading of 50 or higher indicates expansionary activity while below 50 signals contraction. These activity indicators may not capture the full extent of the virus' impact on the economy, suggesting that future data on the sector could worsen.

HOUSING

U.S. housing starts took a step back in February after gaining in the prior four months, thanks to a sharp decline in the construction of multi-family housing units. A 6.7% rise in single-family housing starts was overshadowed by a drop of 17% in the multi-family homebuilding units.

Building permits also tumbled from the 13-year high numbers reported in January. The housing market had regained its footing after hitting a soft patch beginning the first quarter of 2018 through the second quarter of 2019 as mortgage rates declined. That recovery is likely to be interrupted by the coronavirus, which has upended life for Americans, leading to widespread job losses as well as a steep recession. However, unlike in the 2008 financial crisis, the housing market in the U.S. is not overbuilt, making it less likely that a large volume of vacant properties will drive down home values. Rising home values and stricter lending standards have also meant that homeowners are sitting on historically high amounts of home equity.

JOBLESS CLAIMS SURGE TO RECORD LEVELS



Source: Bloomberg. Past performance does not guarantee future results.

BEAR MARKET EMERGES FROM AN 11-YEAR HIBERNATION

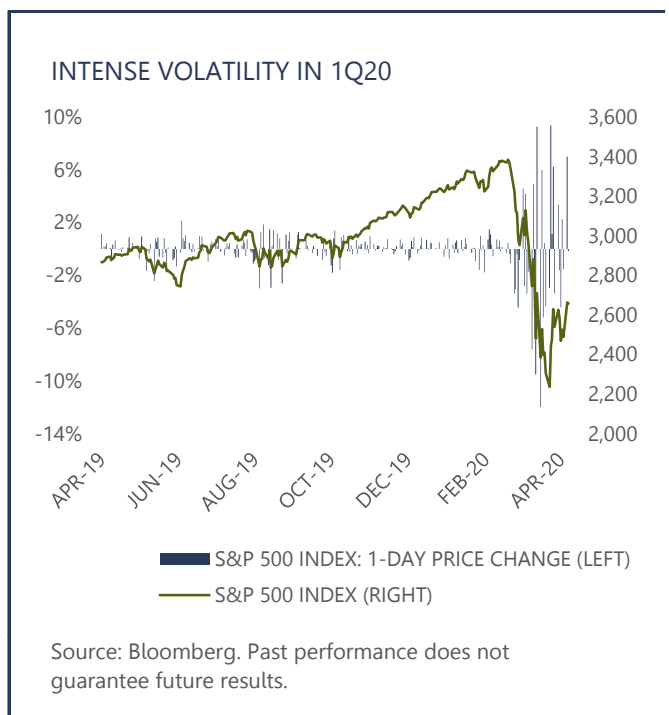
What began as a promising opening to 2020 for equity markets quickly dissolved into the worst quarterly performance for the Dow Jones Industrial Average and S&P 500 Index since 1987 and 2008, respectively. The weakness was broad based, as all eleven sectors in the S&P 500 declined by at least 12.2% amid building concerns surrounding the economic effects of ongoing public health efforts to contain the spread of COVID-19 across the world. Although major U.S. equity indexes clawed back about one-third of their year-to-date declines in the last week of March, they still endured one of the sharpest bear markets in history during the quarter. From February 19 to March 23 the S&P 500 fell 33.9%, while the Dow plummeted 36.7%. According to data assembled by Cornerstone Macro, detailing the historical returns of bear markets and recoveries in the U.S. over the 124-year period from 1896 to present, the median peak-to-trough drawdown is roughly 35% and the length of time required for the market to recover its previous high is about 29 months.

During the 19 trading sessions from February 27 to March 24 the S&P 500's average daily percentage movement in either direction was 5.18% compared to an average of 0.71% for the 38 trading sessions in 2020 prior to March 9. Broad equity market volatility, as measured by the CBOE Volatility Index (VIX) surged to a closing level of 82.7 on March 16, which surpassed the previous record of 80.9 set in the depths of the global financial crisis on November 20, 2008.

The steep losses and swelling volatility experienced by major U.S. indexes were likely driven by several major factors. First, extreme uncertainty related to investors discounting in stock prices the potentially dire economic impacts of the COVID-19 outbreak. Secondly, some level

of forced selling from certain market participants with specific mandates related to leverage ratios most likely amplified downside price action. Lastly, the eruption of a crude oil production war in early March between top global producers Saudi Arabia and Russia spurred a collapse in U.S. oil prices towards \$20 per barrel and applied enormous pressure on energy stock prices.

Even during such a challenging quarter, shares of 33 S&P 500 companies rose as investors expressed views that their businesses were best positioned to navigate the COVID-19 outbreak and aftermath. Many of the companies are in industries where customer demand might largely withstand



EQUITY CONTINUED

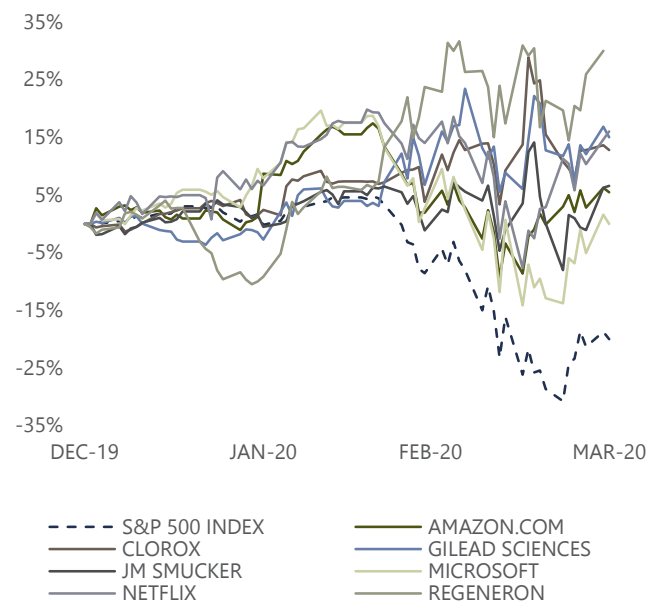
or potentially benefit from social distancing measures such as e-commerce, grocers, household products, food, home entertainment, and technology to facilitate working from home. Pharmaceutical companies working on treatments for the virus were among the best performing stocks during the first quarter. Two of the top five S&P 500 performers were pharmaceutical companies viewed as being the farthest along with treatment development, Regeneron Pharmaceuticals (+30.04%) and Gilead Sciences (+16.10%). Other pharmaceutical companies with positive quarterly returns that are working on virus treatments include Vertex Pharmaceuticals (+8.68%), Biogen (+6.62%), and Eli Lilly (+6.11%). Clorox (+13.53%) was another top performer due to strong demand for its household cleaning products.

Two of the S&P 500's largest three members, Microsoft (+0.33%) and Amazon (+5.51%), posted positive quarter returns as multiple segments of their businesses saw increased demand amid the quarantines. Microsoft said remote working led to the number of users of its workplace collaboration software, Teams, more than doubling to 44 million. Meanwhile, the user base of its video calling application, Skype, grew 70% to 40 million. Microsoft also experienced a jump in demand for its online gaming platform Xbox Live and its Azure cloud computing business which includes remote data storage and software applications. Amazon announced it planned to hire an additional 100,000 employees within its e-commerce delivery network in order to meet the surge in customer demand. Similar to Microsoft, Amazon's cloud computing segment, AWS, is expected to benefit from the increase in companies working remotely by providing some of the technology infrastructure behind companies such as Zoom and Slack.

Other bright spots in the equity market included companies that are part of the stay-at-home economy. Video streaming company Netflix (+16.05%) and

videogame maker Activision Blizzard (+0.10%) fared well relative to the broad market amid expectations for increased consumer demand for at-home entertainment. Finally, food makers J. M. Smucker (+7.47%) and Hormel (+3.93%) benefitted from the expectation that consumers would stock up on packaged food products with relatively long shelf lives.

NOTABLE RELATIVE WINNERS IN 1Q20



Source: Bloomberg. Past performance does not guarantee future results.

FED LIQUIDITY SURGE PROVIDES STABILIZATION

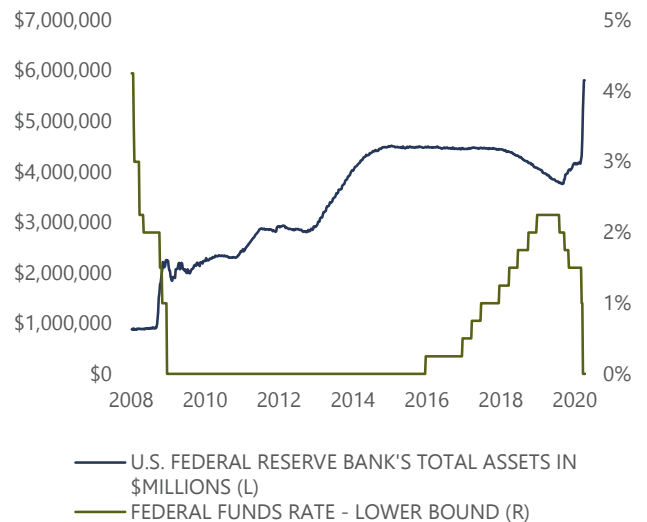
The U.S. Federal Reserve operates in accordance with its mandate from Congress “to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates.” In the first quarter of 2020 both stable prices and maximum sustainable employment in the U.S. economy had come under attack from the COVID-19 pandemic. In response, policymakers implemented a series of crisis-era measures to stabilize liquidity and the flow of credit to large parts of the U.S. fixed income markets.

In less than two weeks during the first half of March, the Federal Open Market Committee (FOMC) cut its policy rate from a range of 1.50% - 1.75% to the zero bound of 0.0% - 0.25%. Policymakers launched a \$700 billion quantitative easing program designed to purchase \$500 billion of U.S. Treasury bonds and \$200 billion of agency mortgage-backed securities. On March 23, the FOMC announced additional measures to bolster the bond markets. To support the corporate bond market, the Primary Market Corporate Credit Facility is designed to help ensure that corporate issuers have continued access to credit. The Secondary Market Corporate Credit Facility is designed to promote an orderly functioning of the corporate bond market. Both facilities will only buy corporate bonds from issuers that are rated investment grade until at least September 30, 2020. The primary facility will purchase corporate bonds maturing in four years or less while the secondary facility will purchase corporate bonds maturing in five years or less. To support the municipal bond market, the Federal Reserve said it would expand the existing Commercial Paper Funding Facility to also include high quality, tax-exempt municipal debt until at least March 2021.

Leading up to the Federal Reserve’s series of measures, most of the U.S. fixed income market was experiencing an acute deterioration of liquidity driven by concerns about

large financial institutions’ growing reluctance to accept even the highest quality securities as collateral to extend short-term credit. In secondary bond markets, many participants were forced to sell even the highest rated investment grade bonds to raise cash, yet could not find willing buyers at prices that had existed the previous day. At various points in the second half of March, bid-ask spreads, the difference in price between what a broker is willing to buy (bid) and sell (ask) any given security, began to widen significantly for even U.S. Treasury securities and AAA-rated corporate bonds. Widening bid-ask spreads are generally a telltale sign of worsening liquidity in secondary markets. Many of these Federal Reserve programs helped improve the liquidity problems across

THE RESUMPTION OF CRISIS-ERA FED POLICIES



Source: Bloomberg. Past performance does not guarantee future results.

investment-grade bond markets in the final week of March and first week of April.

From a credit perspective, the realized and anticipated effects of the COVID-19 pandemic have considerably weakened many corporate bond issuers' balance sheets, resulting in an increase of yields relative to U.S. Treasury bonds with similar maturities. Issuers in the energy, commercial real estate, retail and travel-related industries have seen their bonds exhibit the most pronounced signs of increased risk. The balance sheets of energy companies rely on the price of oil being above their break-even cost of production in order to be profitable. According to a Dallas Federal Energy survey produced in May 2019, the average breakeven oil price in the U.S. is between \$48 to \$54 per barrel. The price of U.S. crude oil at the end of the first quarter of 2020 was \$20.48, well below this break-even price range. Producers may be able to bring down the break-even price by lowering costs; however a sustained oil price of under \$40 per barrel could pose an insurmountable challenge for large parts of the U.S energy industry.

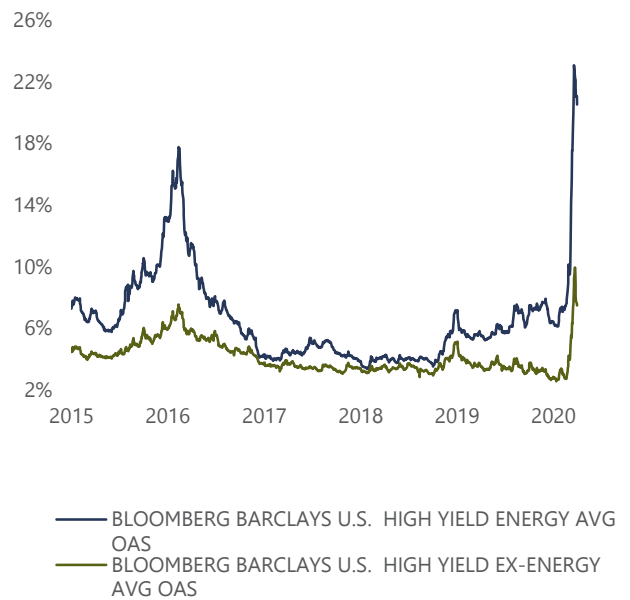
Shifting to the real estate industry, companies engaged in the leasing and operation of commercial and residential properties rely on collecting rent to fund cash flows and interest payments on outstanding debt. Amid the partial shutdown of the domestic economy, there are growing concerns that some tenants will struggle to make rent payments.

In the municipal bond market, the Fed's extension of its Commercial Paper Funding Facility to include high quality municipal debt has mitigated some worries. Nonetheless, concerns still exist for less creditworthy states, counties and cities exposed to a potential bout of declining property values and/or sales tax revenues.

Additionally, many municipalities have had to substantially increase their borrowing and spending to help fund projects related to the coronavirus pandemic.

In the current environment, we believe it makes sense to focus fixed income portfolio exposure on those areas of the bond market within the remits of the various Federal Reserve facilities recently implemented. From a credit perspective, we believe a prudent course of action is to focus on upgrading the quality of portfolio exposure with balance sheet quality and business model resiliency top of mind. With regard to interest rate exposure, the current environment of ultra-low interest rates argues for a duration profile moderately below benchmark.

HIGH YIELD ENERGY SPREADS HAVE SHARPLY WIDENED



Source: Bloomberg. Past performance does not guarantee future results.

OUTLOOK

FLATTENING CURVES AND BUILDING BRIDGES

The word *unprecedented* has been used incessantly to describe many of the factors currently affecting the global public health, economic and financial markets landscapes in the wake of the COVID-19 virus. If we consider all of what has occurred in the first quarter of 2020, it might just be the case that the English language cannot offer a better adjective to ascribe meaning to our current state of affairs.

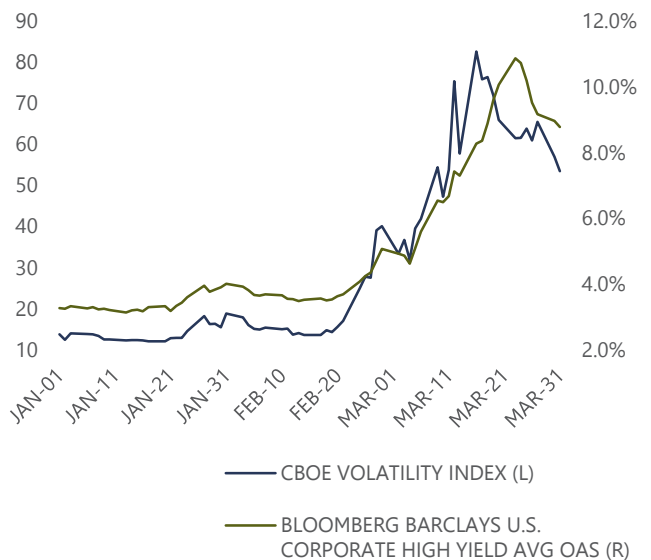
Originating in Wuhan, China, a virus previously unknown to humanity has swept across the world infecting over one million people from mid-December to the first week of April. Increasingly rigorous social distancing efforts by governments and citizens to contain and mitigate community spread of the virus have led to a sudden and sharp slowdown of activity in most major global economies largely unparalleled in modern times. Building fears about the adverse economic impact of these efforts to “flatten the curve” of COVID-19 infections drove one of the quickest bear markets in modern history, as the S&P 500 Index plummeted 33.9% from February 19 to March 23. A sweeping \$2 trillion bipartisan relief package passed by a once helplessly divided U.S. Congress helped spur the benchmark to surge 15.5% in the final six trading days of the quarter. Equal in size to 10% of annual GDP, this package includes direct cash payments to many Americans, up to \$350 billion of potentially forgivable small business loans and \$50 billion of loans to the domestic airline industry.

In the second half of March, the U.S. Federal Reserve unleashed a flurry of crisis-era measures designed to inject much-needed liquidity into large swathes of overnight funding markets, money markets and markets for commercial paper, corporate bonds and municipal bonds. The swift responses of U.S. monetary and fiscal policymakers notwithstanding, initial signs have emerged of a record-breaking surge in unemployment in recent weeks headlined by nearly 10 million American workers filing for unemployment insurance in the weeks ending March 21 and March 28. Unfortunately, this enormous amount of job losses should be somewhat expected given approximately 17 million Americans (about 10% of

the domestic labor force) worked in the leisure and hospitality industries in February according to the U.S. Bureau of Labor Statistics data.

Given the circumstances, how should we think about determining an appropriate outlook for the economy and markets? First and foremost, the duration, magnitude and effectiveness of the mitigation efforts in the U.S. to contain the spread of COVID-19 will almost certainly be the largest determinant in establishing an initial timeframe for taking the first steps toward a resumption of normal economic activity in the U.S. Secondly, the speed and effectiveness of increased testing for the virus in America will be critical for isolating infected cases, confirming recovered cases and building a framework for Americans to resume normal economic activity like commuting to the office or enjoying a meal at restaurant. We are encouraged by recent signs of stabilization in the daily growth rates of confirmed cases and active cases in several large Western democracies

STRESS IN RISK MARKETS RECEDING



Source: Bloomberg. Past performance does not guarantee future results.

OUTLOOK CONTINUED

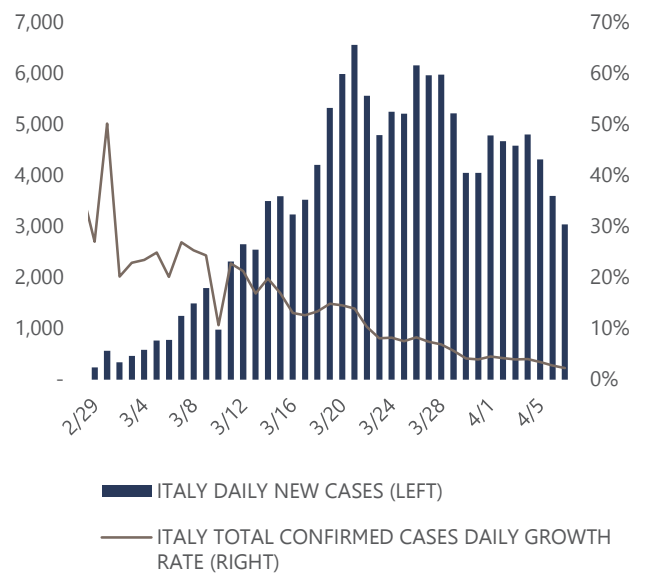
including Italy, Spain and Germany. Many American public health officials believe the U.S. COVID-19 timeline is between one and two weeks behind those European countries.

In our view, it remains too early to claim visibility on the contours of a realistic timeframe for a peak in U.S. COVID-19 cases. In the meantime, measures taken by the U.S. Federal Reserve have stabilized large parts of short-term funding and investment grade credit markets. Probably more importantly, the \$2 trillion Congressional relief package should provide a financial lifeline to American workers and businesses. While the current public health situation in the U.S. and other major economies remains highly uncertain, we believe the measures taken by policymakers have likely built a bridge for the domestic economy to cross in order to begin the process of recovery once the rate of confirmed cases in the U.S. and across the world subsides and testing increases.

As long-term investors, we believe it is important to focus on clients' long-term portfolio objectives and risk tolerances. This is especially imperative during periods of market stress that characterize the current environment. In our view, the speed and magnitude of the decline in equity markets and government bond yields in the first quarter combined with the recent large-scale efforts from the U.S. Federal Reserve and Congress summarized above justify a modestly higher target allocation to equities in client portfolios than we recommended for most of 2019. In the current environment of ultra-low bond yields, we believe the total return prospects of high-grade fixed income securities relative to their equity counterparts are weaker now than they have been in several years. As such, we believe the fixed income allocation of client portfolios should be slightly lower than our recommended targets during 2019. Across asset classes, our focus over the next several quarters will be on making recommendations to upgrade the quality

of portfolio components in an effort to minimize exposure to areas of the economy which might face significant business model impairments.

COVID-19 STATISTICS
ITALY



Source: Bloomberg. Past performance does not guarantee future results.

ECONOMIC OUTLOOK AND INVESTMENT POLICY

ECONOMIC FACTORS	CURRENT OUTLOOK
U.S. GDP Growth	The Bloomberg consensus economists' expectations for full-year 2020 U.S. GDP growth has declined to -1.2% from 1.8% in January.
Federal Funds Rate	As of April 9, Fed funds futures markets project only a 5% probability of one 0.25% rate hike for the remainder of 2020.
Inflation	Bond market participants' expectations for average annual U.S. inflation over the next five years declined to 11-year lows in March.
Employment	The hiring plans of U.S. small businesses dropped in March to their lowest levels since August 2016.
Consumer Confidence	A wave of layoffs in the leisure and hospitality industries and steep declines in equity prices will likely weigh on consumer sentiment in the near term.
Oil	Despite Saudi Arabia and Russia's agreement to pause their production war, weakened global demand will likely continue to weigh on oil prices.
Housing	The Fed's recent commitment to purchase an unlimited amount of agency mortgage-backed securities should help stabilize the housing market.
International Economies	Bloomberg consensus economists' expectations project the euro zone and Japanese economies to contract in 2020 by 1.8% and 2.1%, respectively.

	MINIMUM	NEUTRAL	MAXIMUM	
FIXED INCOME				CURRENT OUTLOOK
Core Bonds				In an environment of ultra-low bond yields, we believe the total return prospects of high-grade fixed income securities relative to their equity counterparts are weaker now than they have been in several years. As such, we believe the fixed income allocation of client portfolios should remain underweight relative to the mid-point of our strategic range, but with a slightly lower target weight than we recommended during 2019. Within our core fixed income sleeve, we recommend a reduction in the target allocation to investment-grade floating-rate corporate securities, as it seems increasingly apparent that the U.S. Federal Reserve and other major global central banks are unlikely to engage in interest rate hikes any time soon. While stress in below investment-grade credit markets remains elevated, we believe a moderate level of exposure remains reasonable given our view that a significant amount of default risk is likely incorporated in current spreads exhibited by high yield bonds and bank loans.
TIPS				
Non-Investment Grade				
International				

	MINIMUM	NEUTRAL	MAXIMUM	
EQUITIES				CURRENT OUTLOOK
Large Cap				We believe the speed and magnitude of the decline in equity markets and government bond yields in March combined with the recent large-scale crisis-era measures taken by the U.S. Federal Reserve and Congress justifies a slightly higher allocation to equities than we recommended in 2019. While we acknowledge that economic and market uncertainty has significantly increased amid efforts to mitigate the COVID-19 pandemic, the gap between expected future returns in equity markets and bond markets has widened to a point where we believe this recommendation makes sense for long-term investors. Amid such an environment of elevated uncertainty, we view an overweight to U.S. large capitalization stocks as appropriate given their size, scale and diversification relative to other areas of the global equity market. While U.S. midcap stocks do not fit all of these criteria, we believe an overweight to this area of the market makes sense given particularly compelling relative valuations.
Mid Cap				
Small Cap				
Developed International				
Emerging Markets				

	MINIMUM	NEUTRAL	MAXIMUM			
ALTERNATIVES*				CURRENT OUTLOOK		
	CAP PRES	IWSG	BAL	GWSI	GROWTH	As most global equity markets entered bear market territory in March, price volatility surged to levels not seen since the depths of the 2008-2009 global financial crisis. Meanwhile, developed market bond yields have plunged to historically low levels as many investors scramble to increase their exposure to safe-haven assets. Despite an unprecedented combination of monetary and fiscal stimulus provided by U.S. policymakers, we expect risk asset volatility to remain elevated throughout 2020. In our view, government bonds are most likely more than fairly valued, while the broad equity asset class is exposed to significant economic uncertainty related to COVID-19 mitigation efforts. As such, we recommend that client portfolios include an overweight to alternative investments that have demonstrated an ability to provide enhanced portfolio diversification over full market cycles. Our diversified alternatives portfolios, as seen in the table to the left, are designed to decrease the risk profile of our five investment objective-based portfolios (CAP PRES, IWSG, BAL, GWSI, GROWTH).
Global Real Estate						
Global Infrastructure						
Hedged Equity						
Arbitrage						

The above minimum/neutral/maximum recommendations represent MainStreet Advisors' current positions relative to our Strategic Asset Allocation ranges. Views expressed have a 6-12 month horizon and are those of the MSA Investment Committee.

*Cap Pres: Capital Preservation, IWSG: Income with some growth, Bal: Balanced, GWSI: Growth with some income

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