



# Capital Markets Snapshot

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# Global Market Summary

Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	2488	-2.1%	-3.7%	-3.7%	-23.0%
Dow Jones Industrials Average	21052	-2.7%	-3.9%	-3.9%	-26.2%
NASDAQ Composite	7373	-1.7%	-4.2%	-4.2%	-17.8%
MSCI Emerging Markets Index	831	-1.3%	-2.0%	-2.0%	-25.4%
MSCI EAFE Index	1487	-4.0%	-4.6%	-4.6%	-27.0%
MSCI All Country World Index	425	-2.6%	-3.8%	-3.8%	-24.7%
MSCI Europe Index	1276	-2.8%	-4.8%	-4.8%	-28.4%

Global Rates Summary

	Apr 3, 2020	Mar 31, 2020	Dec 31, 2019
3-Month Treasury Yield	0.10%	0.11%	1.55%
2-Year Treasury Yield	0.23%	0.23%	1.58%
10-Year Treasury Yield	0.62%	0.70%	1.92%
30-Year Treasury Yield	1.24%	1.35%	2.39%
30-Year Fixed Mortgage	3.33%	3.50%	3.74%
German 10-Year Bund Yield	-0.44%	-0.47%	-0.18%

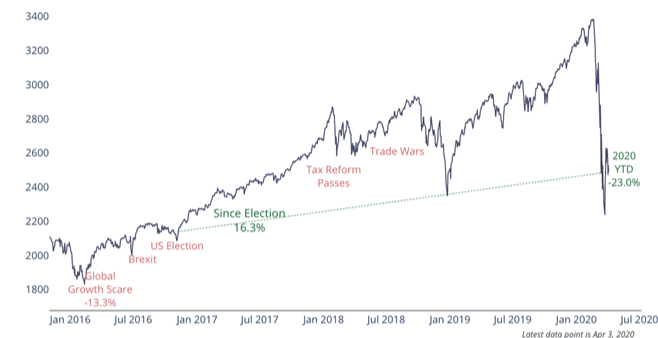
Sector Performance

Index	WTD	MTD	QTD	YTD
Energy	5.4%	2.6%	2.6%	-49.8%
Cons. Stap.	3.5%	1.6%	1.6%	-12.0%
Healthcare	2.0%	-2.1%	-2.1%	-14.9%
Comm.	-1.4%	-4.3%	-4.3%	-20.8%
Technology	-2.0%	-4.2%	-4.2%	-15.9%
S&P 500	-2.1%	-3.7%	-3.7%	-23.0%
Materials	-3.8%	-5.4%	-5.4%	-30.6%
Industrials	-4.5%	-4.7%	-4.7%	-30.8%
Cons. Disc.	-4.7%	-5.0%	-5.0%	-23.6%
Real Estate	-6.2%	-5.6%	-5.6%	-24.3%
Financials	-6.8%	-5.8%	-5.8%	-36.3%
Utilities	-7.1%	-6.7%	-6.7%	-19.9%

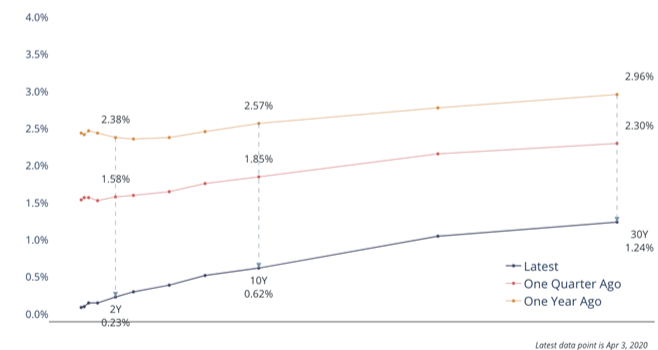
Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	100.58	1.5%	1.5%	4.3%
Euro	1.08	-1.6%	-1.6%	-3.8%
Chinese RMB	7.09	0.0%	0.0%	-1.8%
Japanese Yen	108.50	-0.5%	-0.5%	0.2%
British Pound	1.23	-1.1%	-1.1%	-7.5%
WTI Oil	25.32	23.6%	23.6%	-58.5%
Brent Oil	29.87	32.2%	32.2%	-55.0%

S&P 500



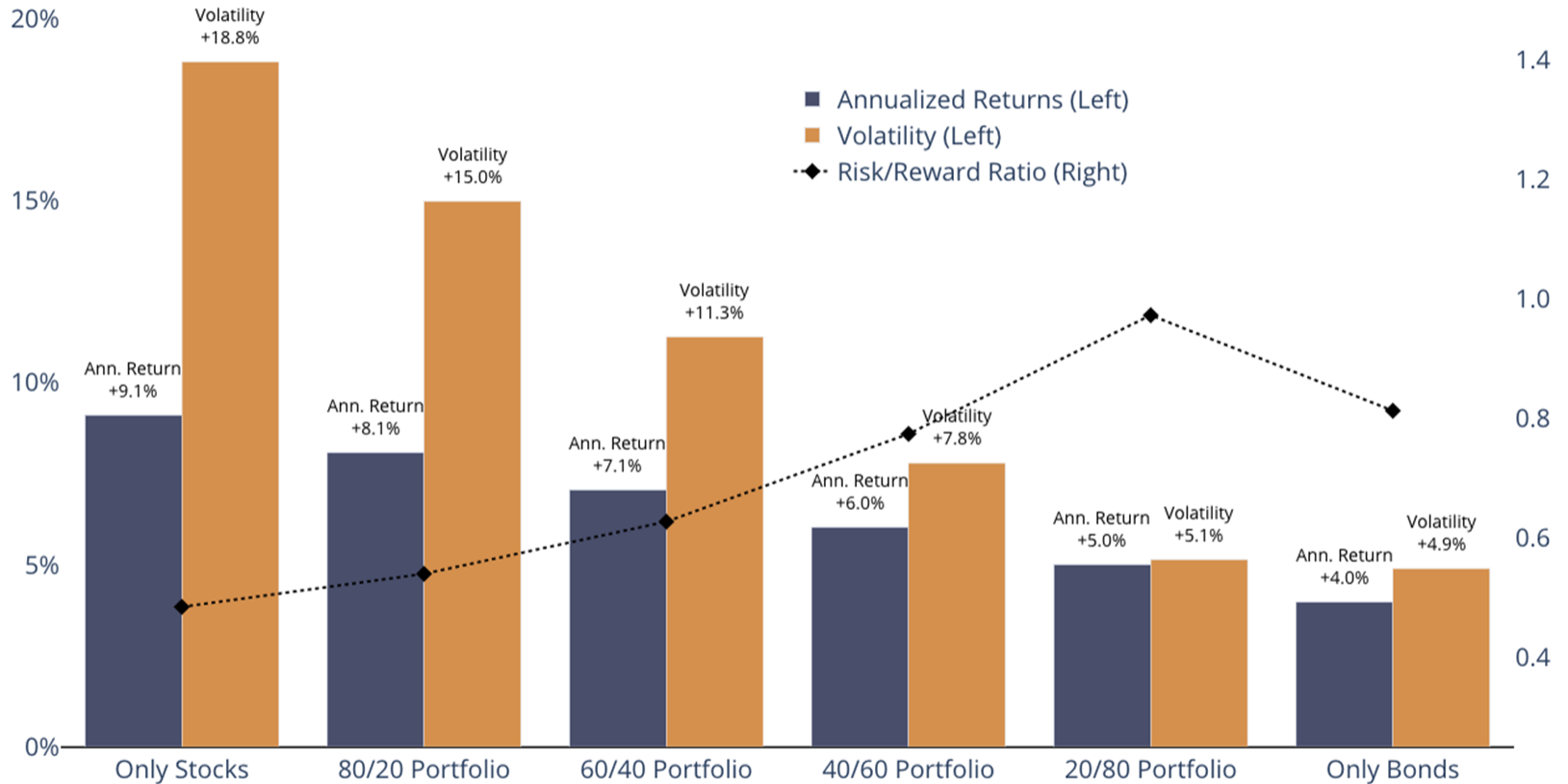
U.S. Treasury Yield Curve



Sources: Clearnomics, Refinitiv

# Portfolio Risk/Reward

Returns and standard deviations over the past 15 years across hypothetical stock/bond asset allocation portfolios, before fees and other expenses



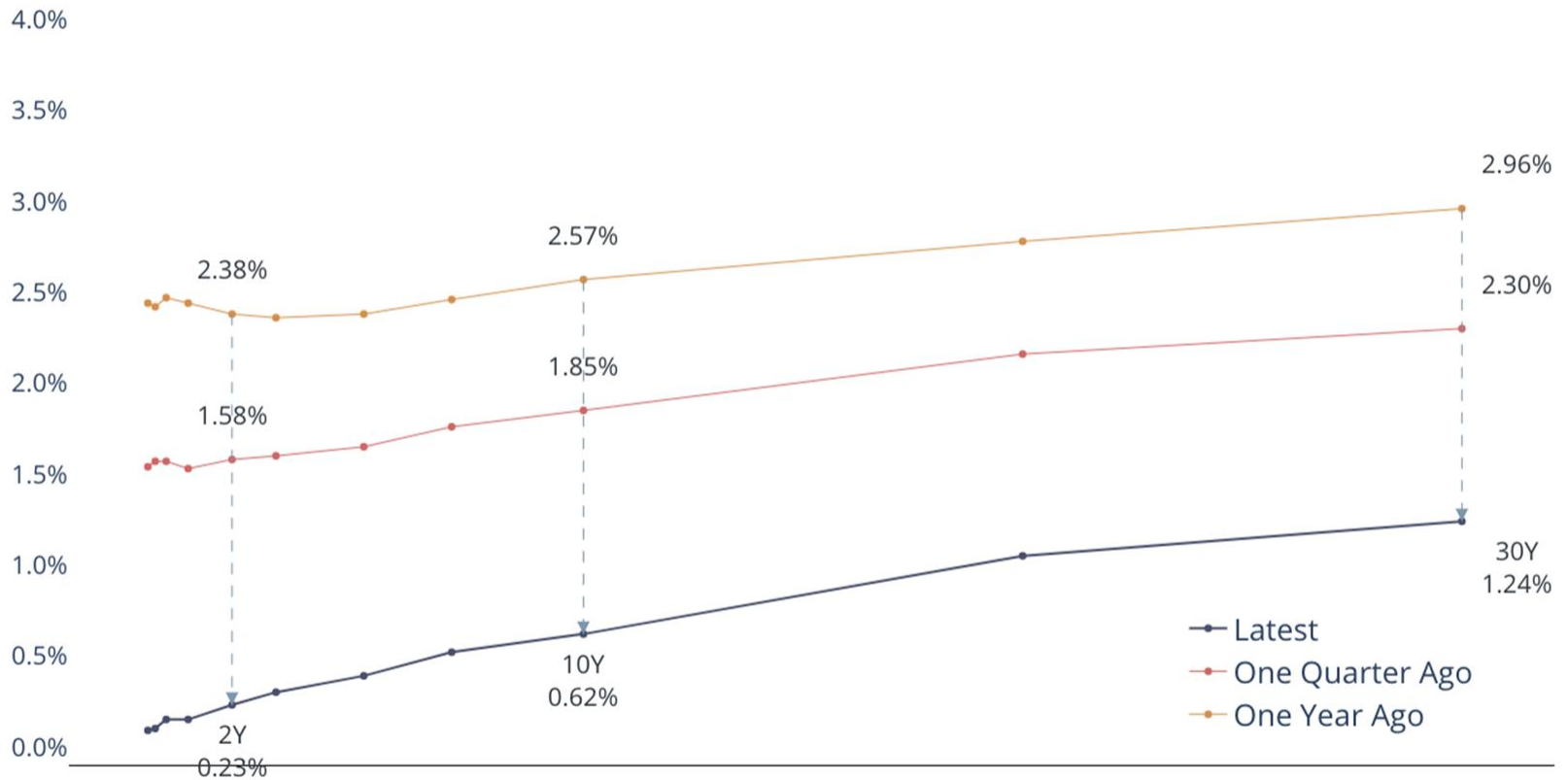
Latest data point is Apr 2020

- This chart shows the historical risk and return profiles of various stock/bond portfolios.
- For instance, while an all-stock portfolio has the highest return, it also has the highest volatility.
- Selecting the best stock/bond allocation depends on personal characteristics and financial goals.

Source: Clearnomics, Refinitiv

# Treasury Yield Curve

*The shape of the U.S. Treasury curve last year versus today*



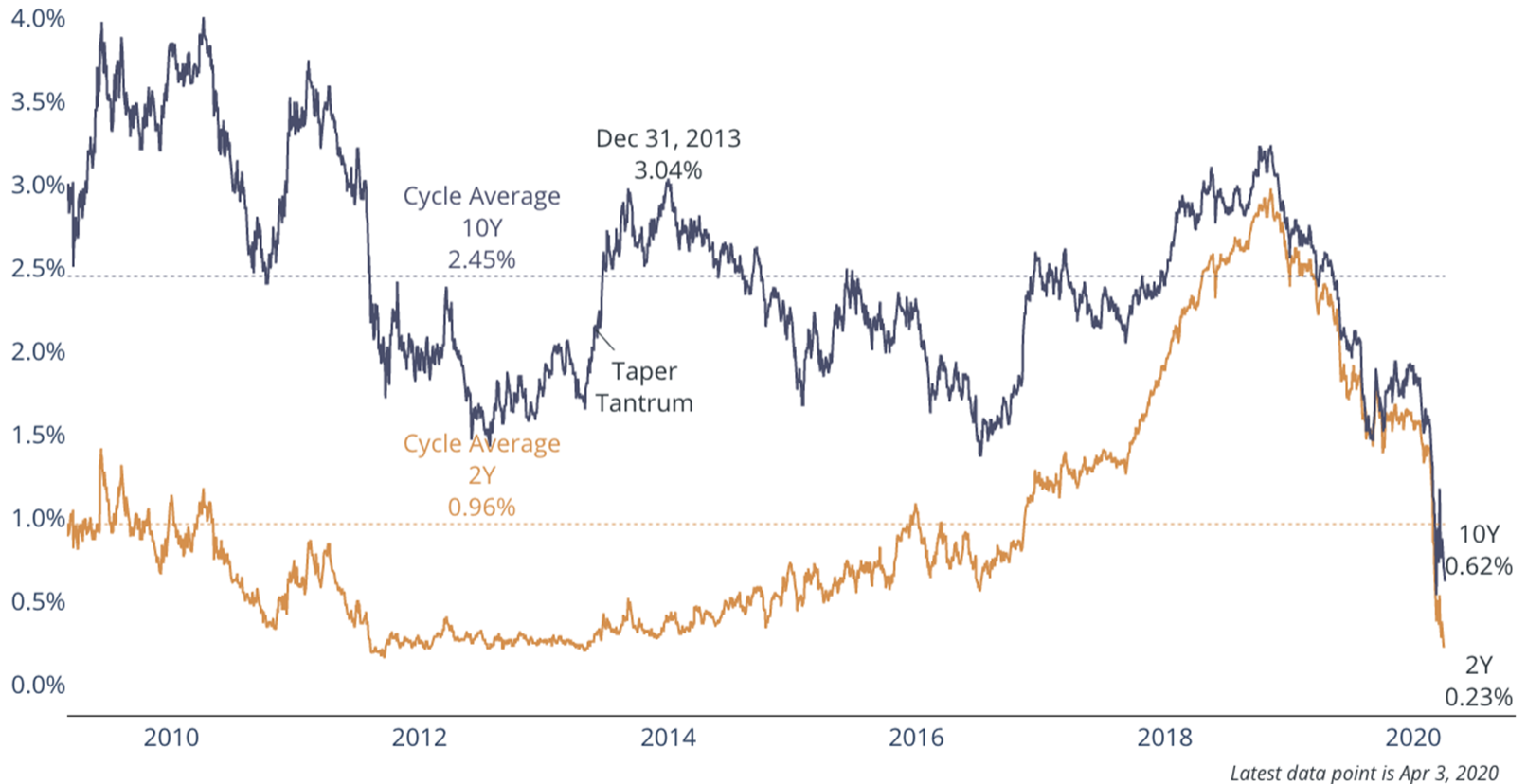
*Latest data point is Apr 3, 2020*

- The yield curve is extremely flat due to falling interest rates.
- An inverted yield curve is a closely-watched recession indicator.
- Rates have also fallen across the yield curve due to economic uncertainty from the new coronavirus.

Source: Federal Reserve

# Interest Rates

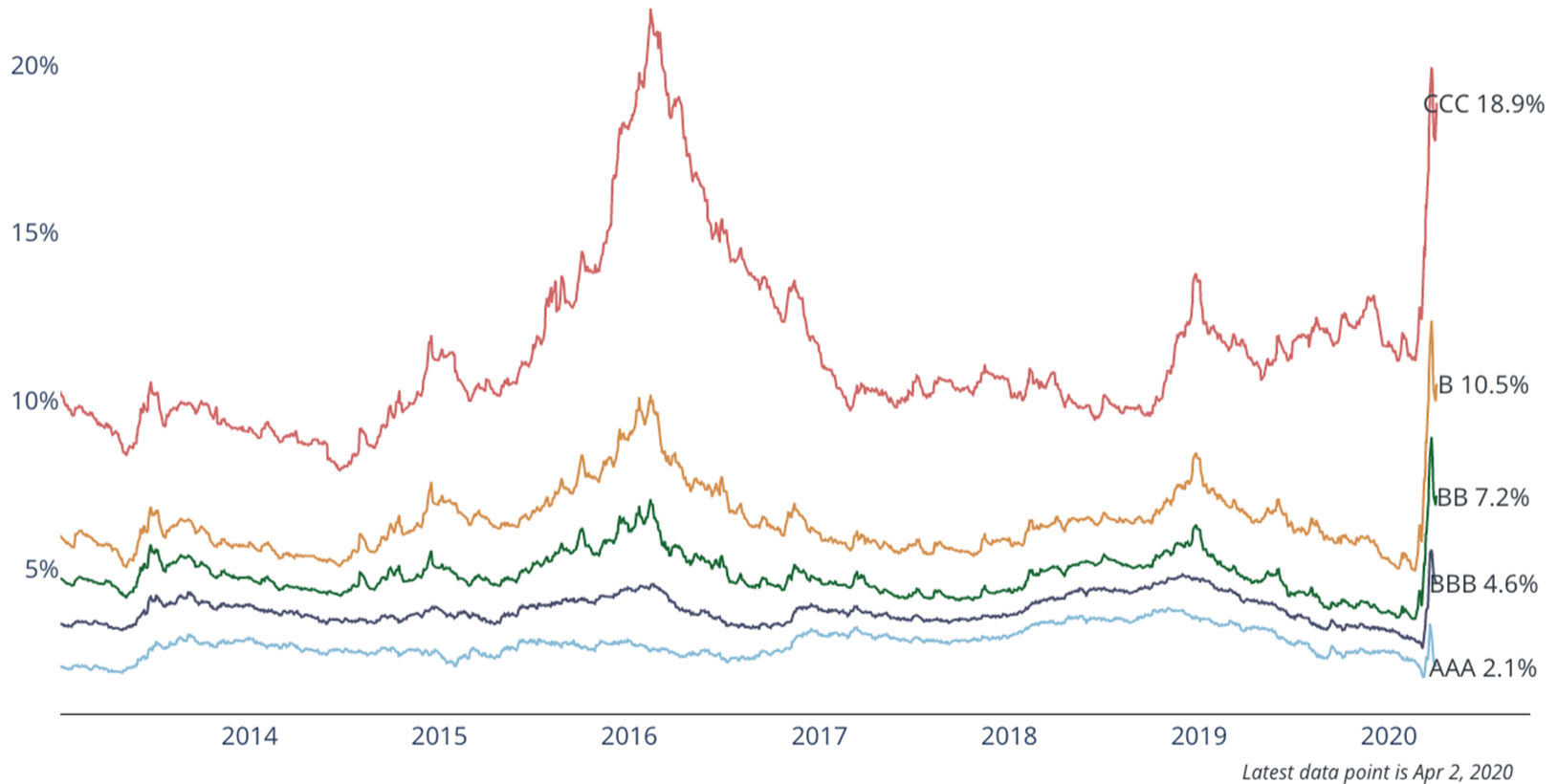
*10-year and 2-year yields since 2012*



- Long-term interest rates have plummeted in 2020 due to public health concerns and economic uncertainty.
- The 10-year Treasury yield continues to hover at historically low levels due partly to Fed rate cuts.
- Interest rates could remain low as uncertainty over economic growth hangs over financial markets.

Source: Federal Reserve

# U.S. Corporate Bond Yields



- Corporate bond spreads have widened recently due to global market volatility.
- Over the past decades, corporate bonds - especially high yield - was an attractive way to generate income.
- Corporate bonds are an important portfolio diversifier to stock market and government bond holdings.

Source: Merrill Lynch Bond Indices

# Global Stock Market Performance

S&P 500, MSCI EAFE, and MSCI EME. Prior 2 years

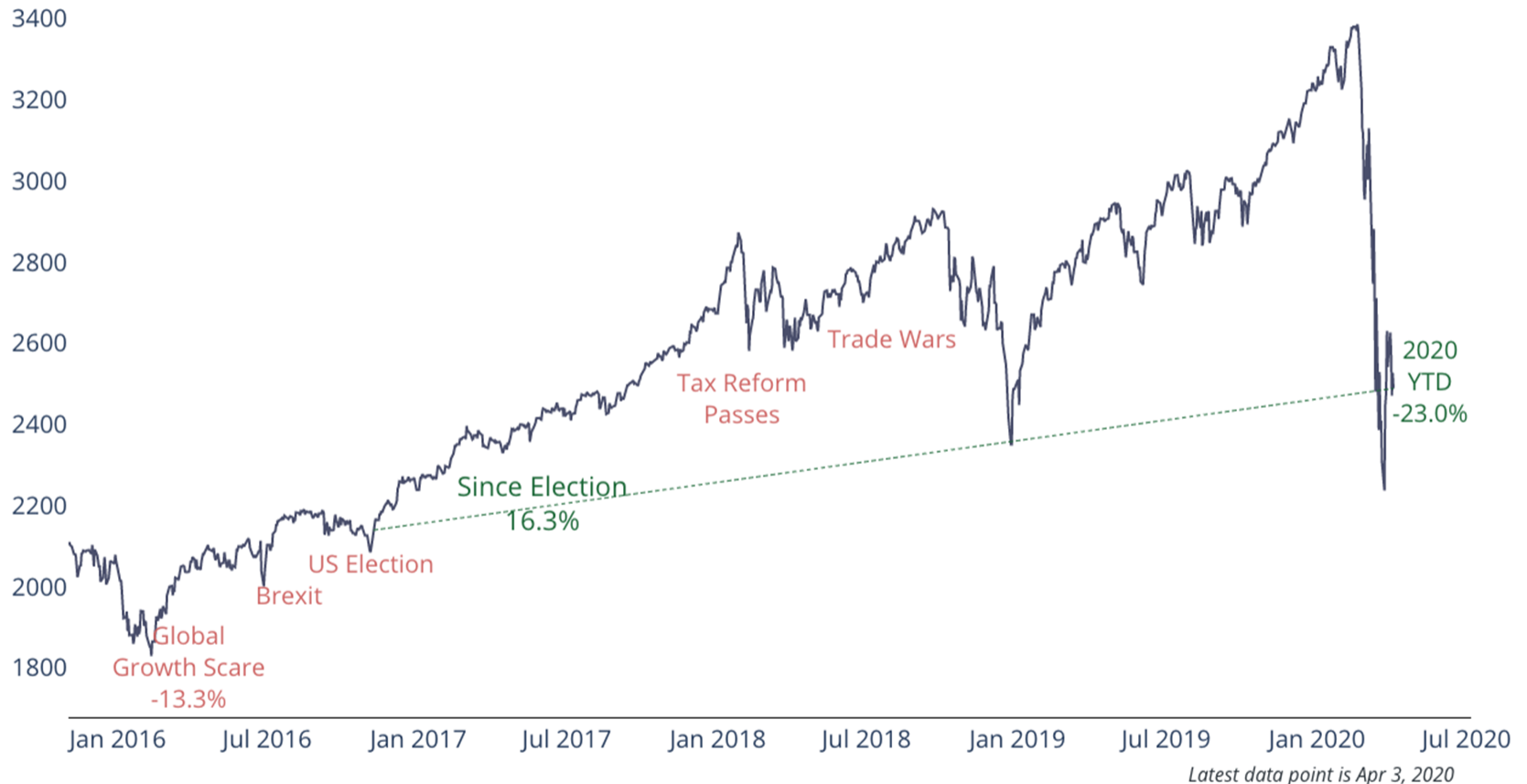


- The new coronavirus have pushed global markets into bear territory.
- While volatility has spiked and economic growth may slow, long-term investors should maintain perspective.
- There are still significant long-term benefits from staying diversified across global markets.

Source: MSCI, Standard and Poor's, Refinitiv

# Stock Market Performance

*S&P 500 Index, recent period*



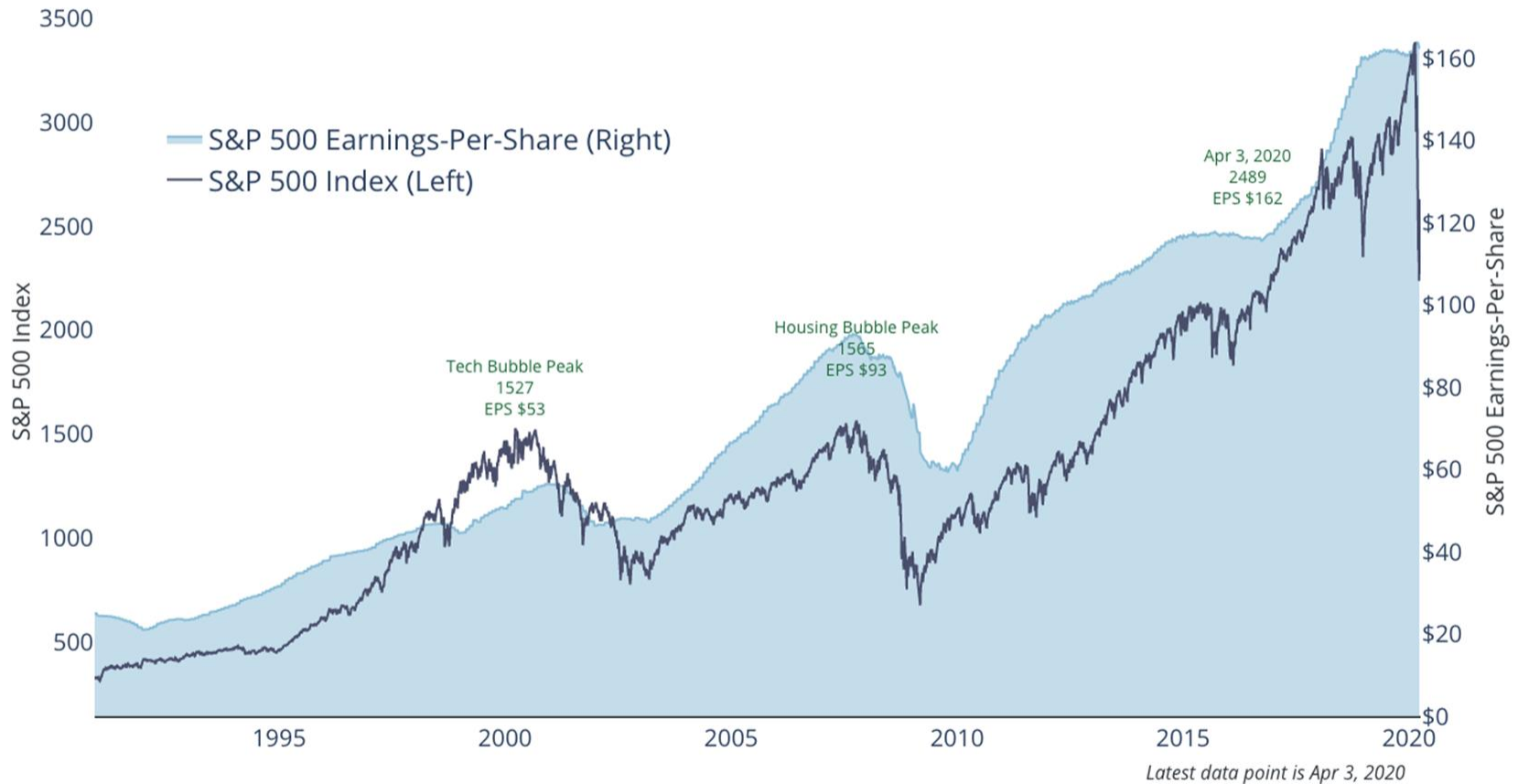
- The stock market performed well in 2019 but has become volatile due to the spread of the coronavirus.
- Uncertainty remains high as the health and economic implications unfold.
- For long-term investors, it is important to maintain the proper perspective and look past short-term volatility.

Source: Standard & Poor's



# The Stock Market and Earnings

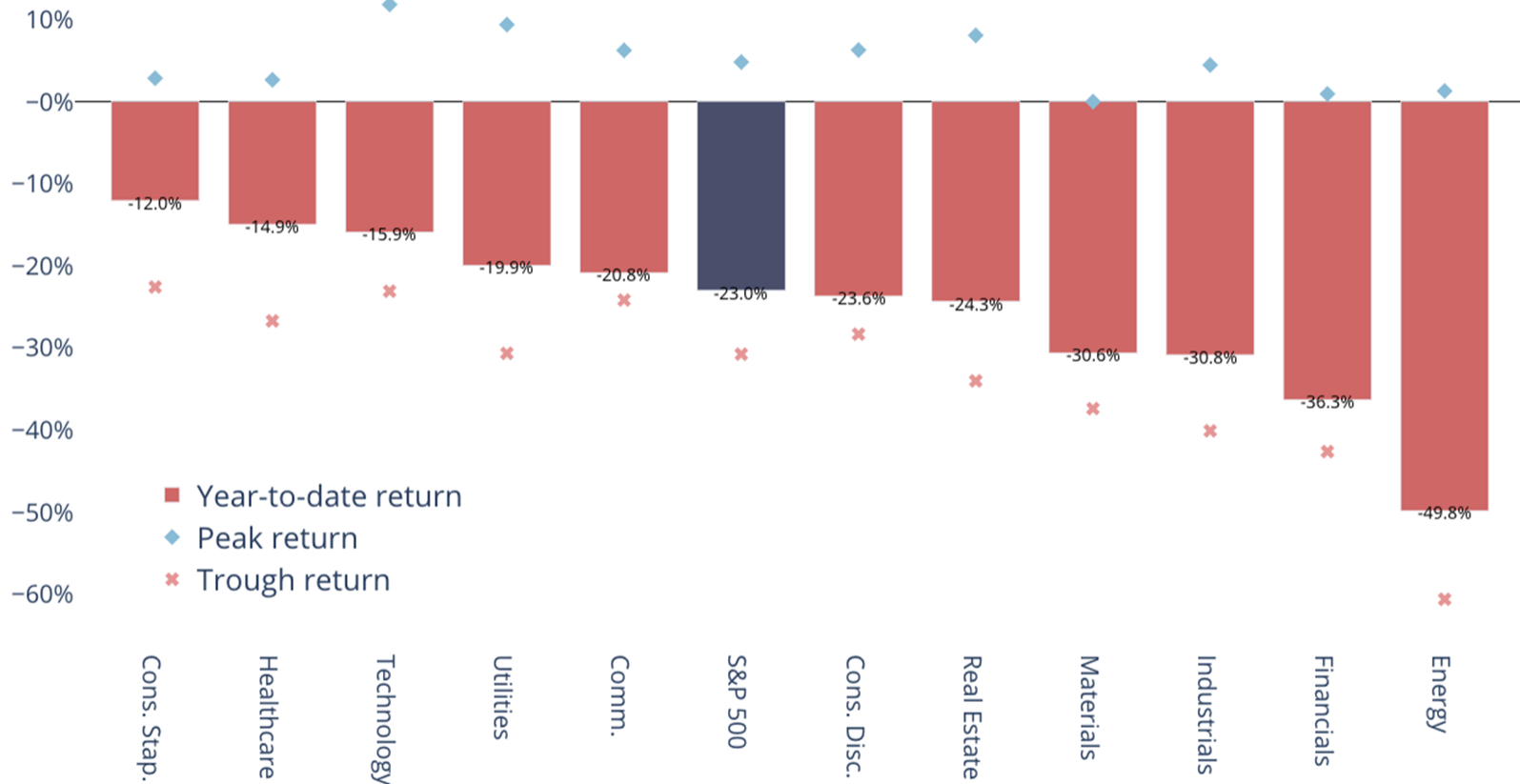
*S&P 500 Index price and trailing earnings-per-share since 1990*



- This chart shows the S&P 500 index alongside its trailing 12 months earnings-per-share.
- Over the long run, the stock market tends to follow earnings. If earnings are rising, investors are willing to pay more per share.
- Earnings, in turn, tend to track economic growth. Thus, a healthy economy tends to result in a rising stock market.

# Sector Returns – Year-to-Date

*S&P 500 sector year-to-date, peak and trough returns*

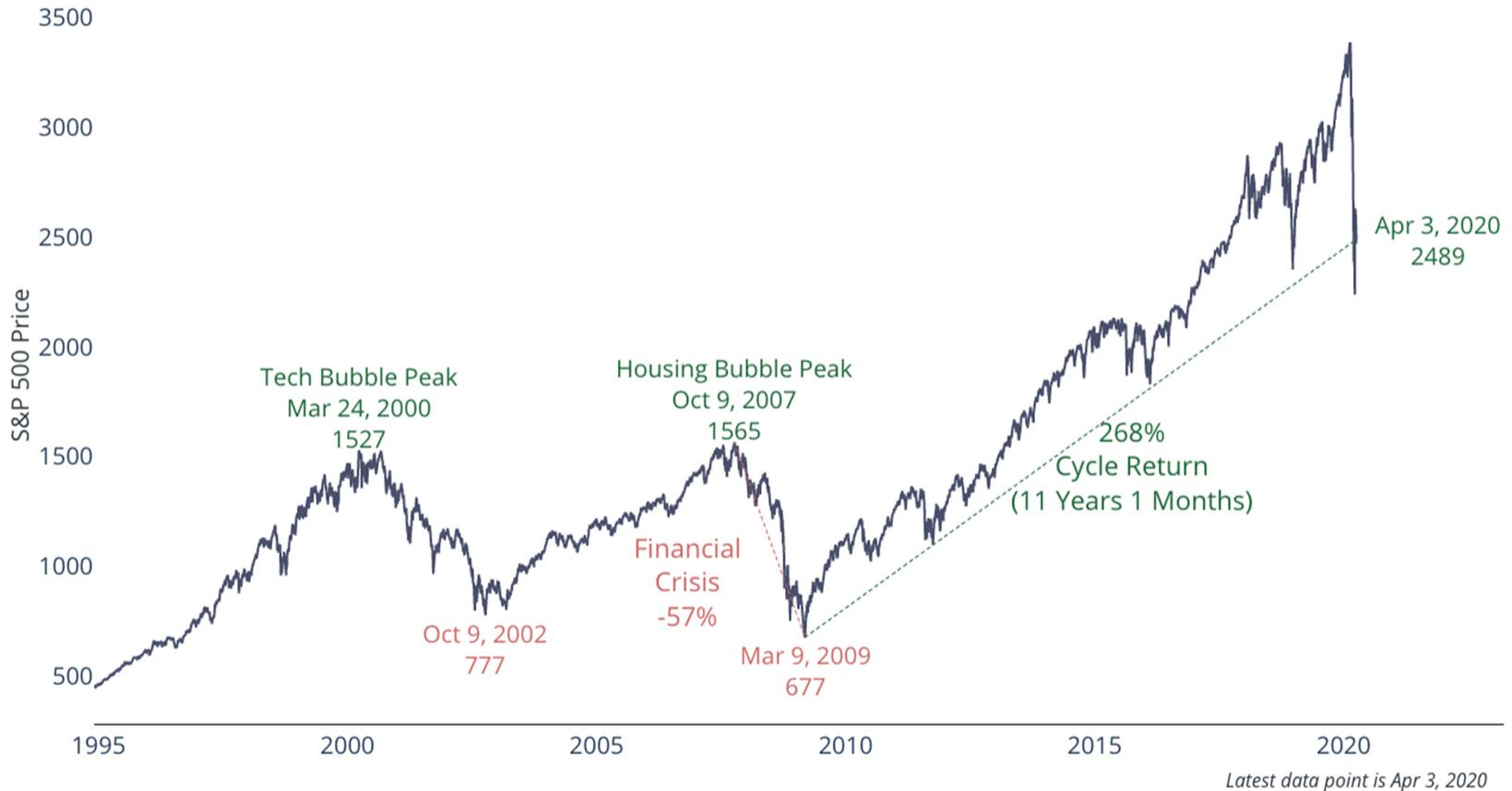


- Stock market sectors performed extremely well in 2019 but have fallen into bear territory in 2020.
- Technology-driven sectors have still led the pack while health care and energy trailed.
- Most investors should continue to benefit from broad diversification across sectors and industries.

Source: Clearnomics,  
Standard & Poor's,  
Refinitiv

# Stock Market Cycles

S&P 500 Index since 1995

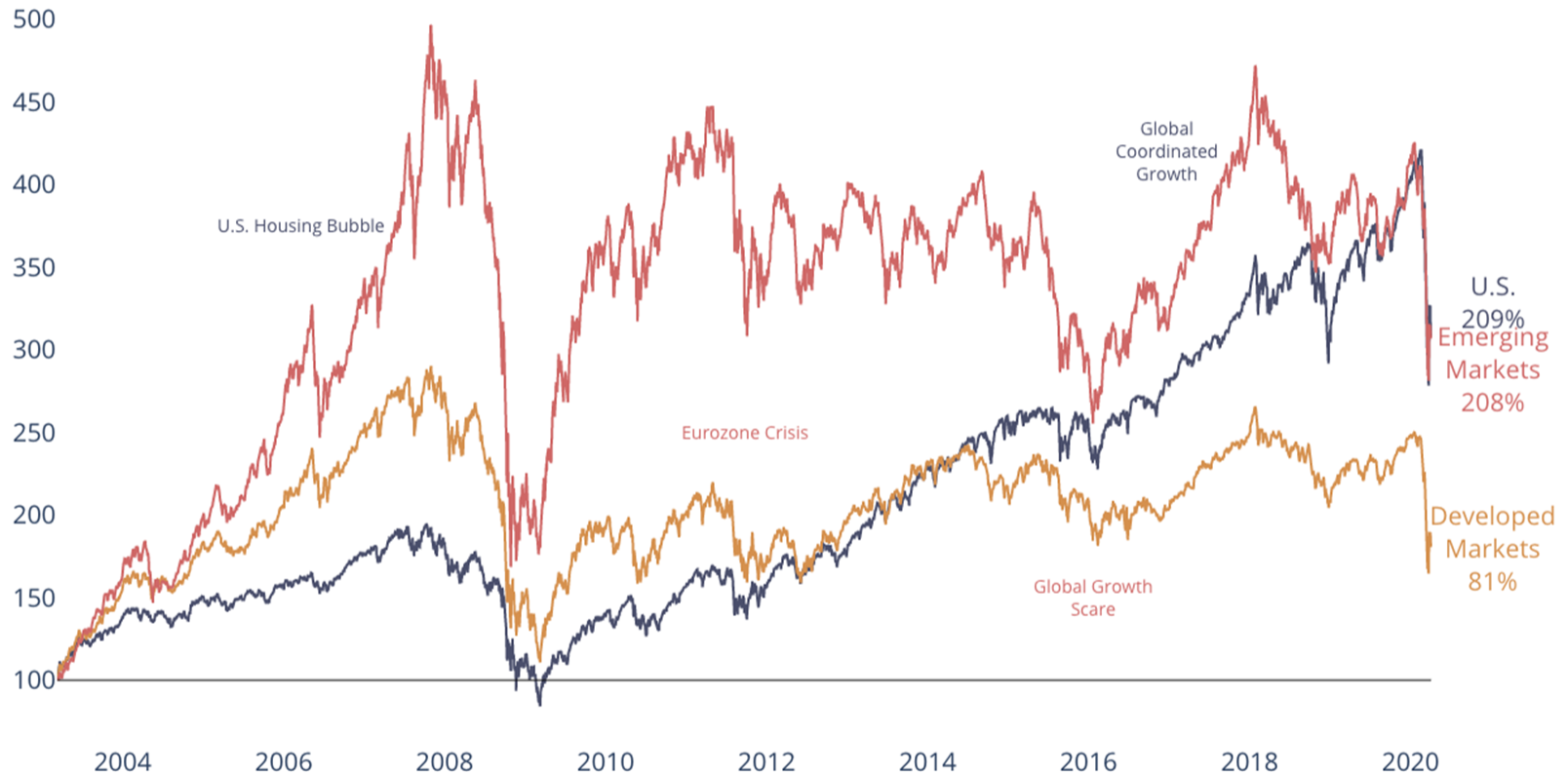


- This bull market that began in 2009 lasted 11 years until the recent pullback due to the coronavirus.
- The bull market was driven by slow and steady economic growth, rising corporate earnings, and low interest rates.
- While uncertainty has increased, overcoming emotions and staying invested is one of the most important principles of investing.

Source: Standard & Poor's

# Global Stock Market Cycles

*S&P 500, MSCI EAFE, and MSCI EME. Prior 2 cycles, since 2003*



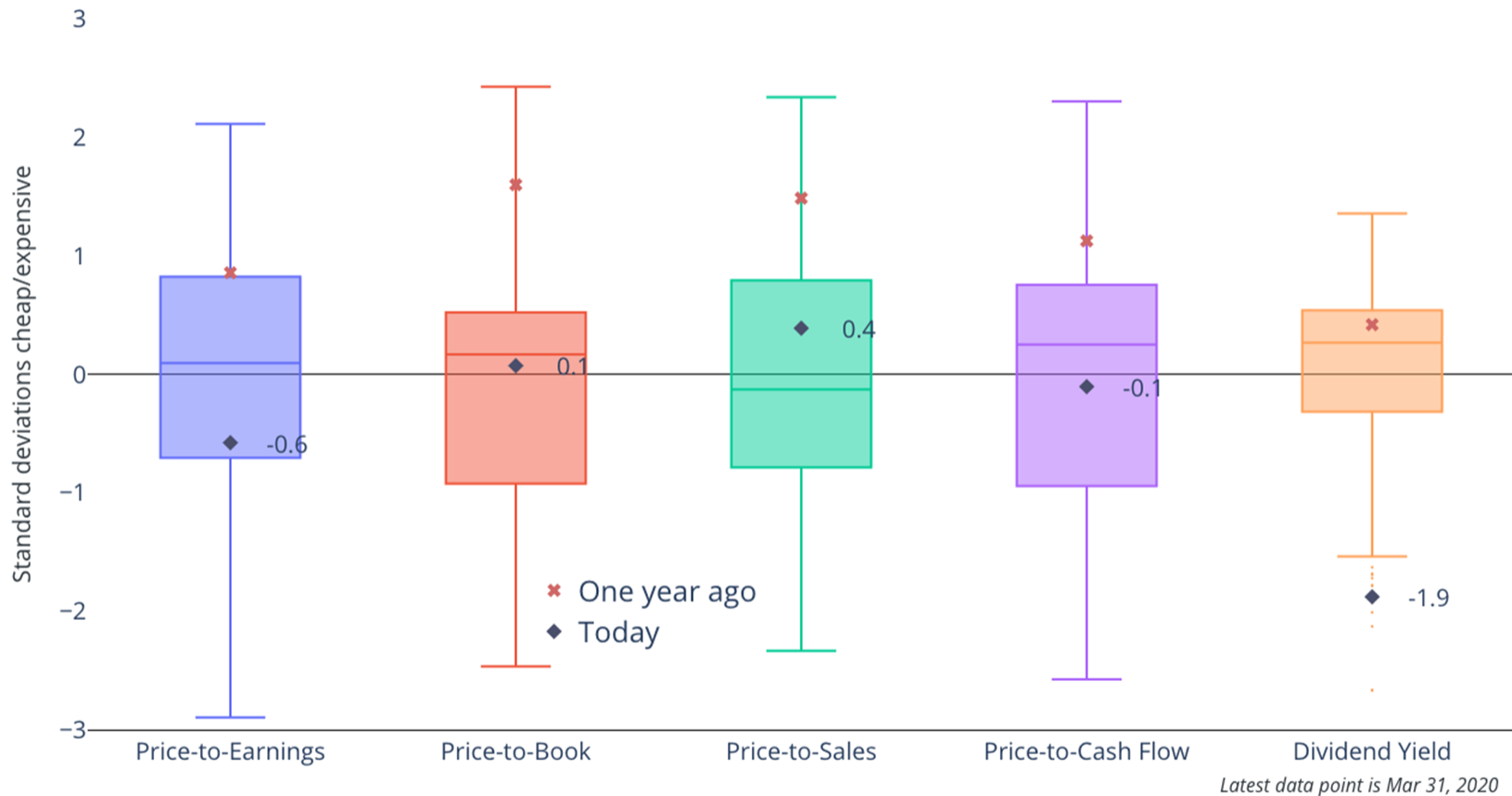
*Latest data point is Apr 3, 2020*

- Global markets have performed well over the past two market cycles, despite recent volatility.
- However, it is clear that each market behaves in unique ways. EM is clearly the most volatile of the three regions.
- Investors who stay disciplined have historically been rewarded over the long run.

Source: MSCI, Standard and Poor's, Refinitiv

# Stock Market Valuations

*S&P 500 Index valuations today, one year ago, and ranges since 2003*



- U.S. stock valuations have fallen as indices have fallen into bear market territory.
- Valuations are now at their most attractive level in years. However, it is unclear how quickly earnings will recover.
- Investors should remain properly diversified both in the U.S. and abroad.

Source: Refinitiv

# Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

**MSCI EME** is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

**Consumer sentiment** indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

## **Asset Class Performance and Asset Classes Relative to U.S.**

**Stocks charts:** The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 30% U.S. Large Cap, 10% Small Cap, 15% International Developed Equities, 5% MSCI Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

**Portfolio Risk/Reward and Portfolio Drift Since 2009** charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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