Capital Markets Snapshot

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TOWNSEND Asset Management Corp.

Global Market Summary

Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	3477	3.8%	3.4%	3.4%	7.6%
Dow Jones Industrials Average	28586	3.3%	2.9%	2.9%	0.2%
NASDAQ Composite	11579	4.6%	3.7%	3.7%	29.1%
MSCI Emerging Markets Index	1117	3.3%	3.3%	3.3%	0.2%
MSCI EAFE Index	1896	2.2%	2.2%	2.2%	-6.9%
MSCI All Country World Index	580	2.8%	2.6%	2.6%	2.6%
MSCI Europe Index	1630	1.8%	2.2%	2.2%	-8.6%

Global Rates Summary

	Oct 9, 2020	Sep 30, 2020	Dec 31, 2019
3-Month Treasury Yield	0.10%	0.10%	1.55%
2-Year Treasury Yield	0.16%	0.13%	1.58%
10-Year Treasury Yield	0.79%	0.69%	1.92%
30-Year Treasury Yield	1.58%	1.46%	2.39%
30-Year Fixed Mortgage	2.87%	2.90%	3.74%
German 10-Year Bund Yield	-0.53%	-0.52%	-0.18%

Sector Performance

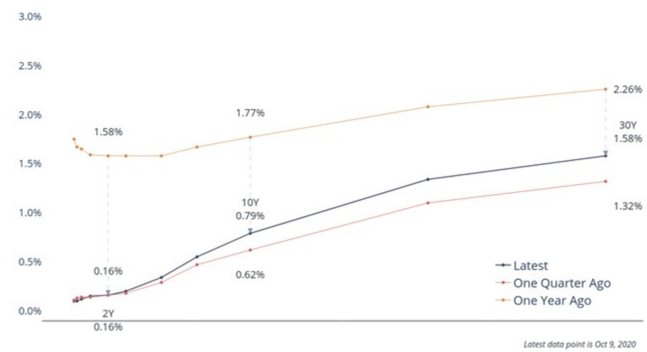
Index	WTD	MTD	QTD	YTD
Materials	5.1%	4.5%	4.5%	8.3%
Energy	5.0%	2.7%	2.7%	-48.8%
Technology	4.6%	2.9%	2.9%	31.2%
Utilities	4.6%	6.9%	6.9%	-1.8%
Healthcare	4.1%	2.6%	2.6%	6.3%
Industrials	4.0%	4.8%	4.8%	-0.8%
Cons. Disc.	3.9%	4.3%	4.3%	27.8%
S&P 500	3.8%	3.4%	3.4%	7.6%
Financials	3.7%	4.7%	4.7%	-18.0%
Cons. Stap.	2.7%	2.6%	2.6%	4.5%
Comm.	2.2%	1.6%	1.6%	9.3%
Real Estate	1.4%	4.6%	4.6%	-4.7%

Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	93.06	-0.9%	-0.9%	-3.5%
Euro	1.18	0.8%	0.8%	5.3%
Chinese RMB	6.71	1.4%	1.4%	3.6%
Japanese Yen	105.66	-0.1%	-0.1%	2.8%
British Pound	1.30	0.5%	0.5%	-1.9%
WTI Oil	41.04	2.4%	2.4%	-32.8%
Brent Oil	43.42	5.9%	5.9%	-34.5%

S&P 500

U.S. Treasury Yield Curve

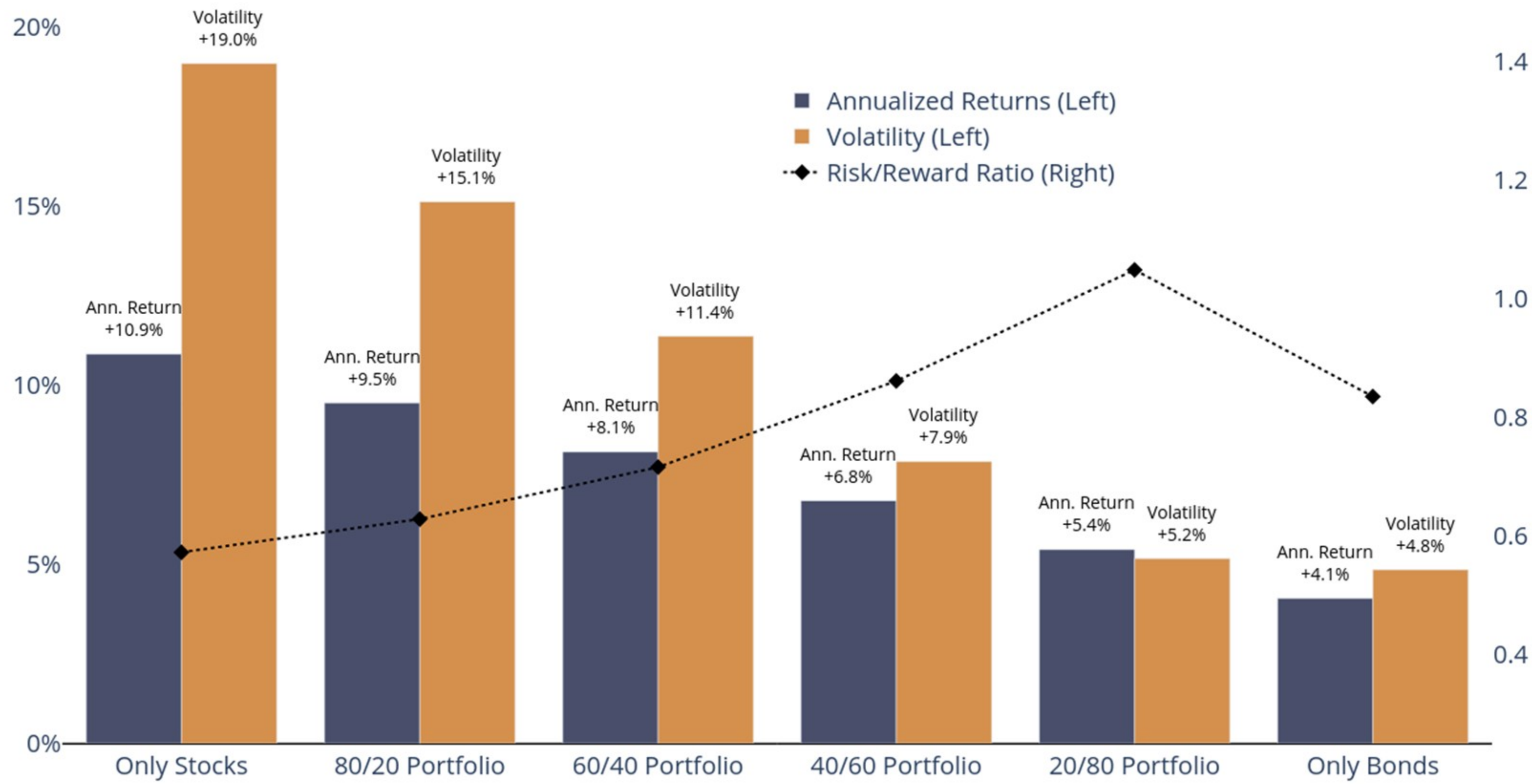


Sources: Clearnomics, Refinitiv

Asset Allocation

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 Oct 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

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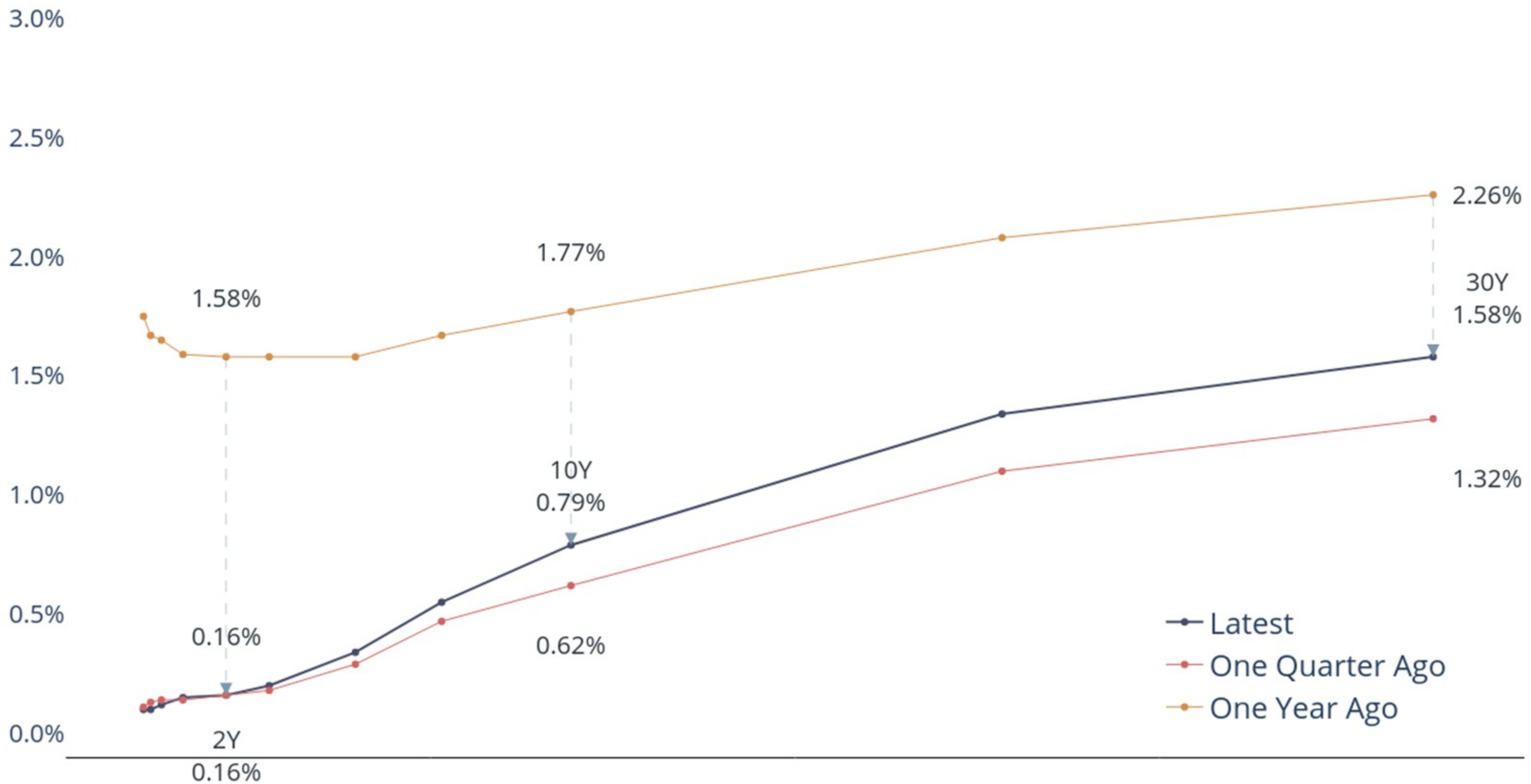
Interest Rates

Treasury Yield Curve

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



Latest data point is Oct 9, 2020

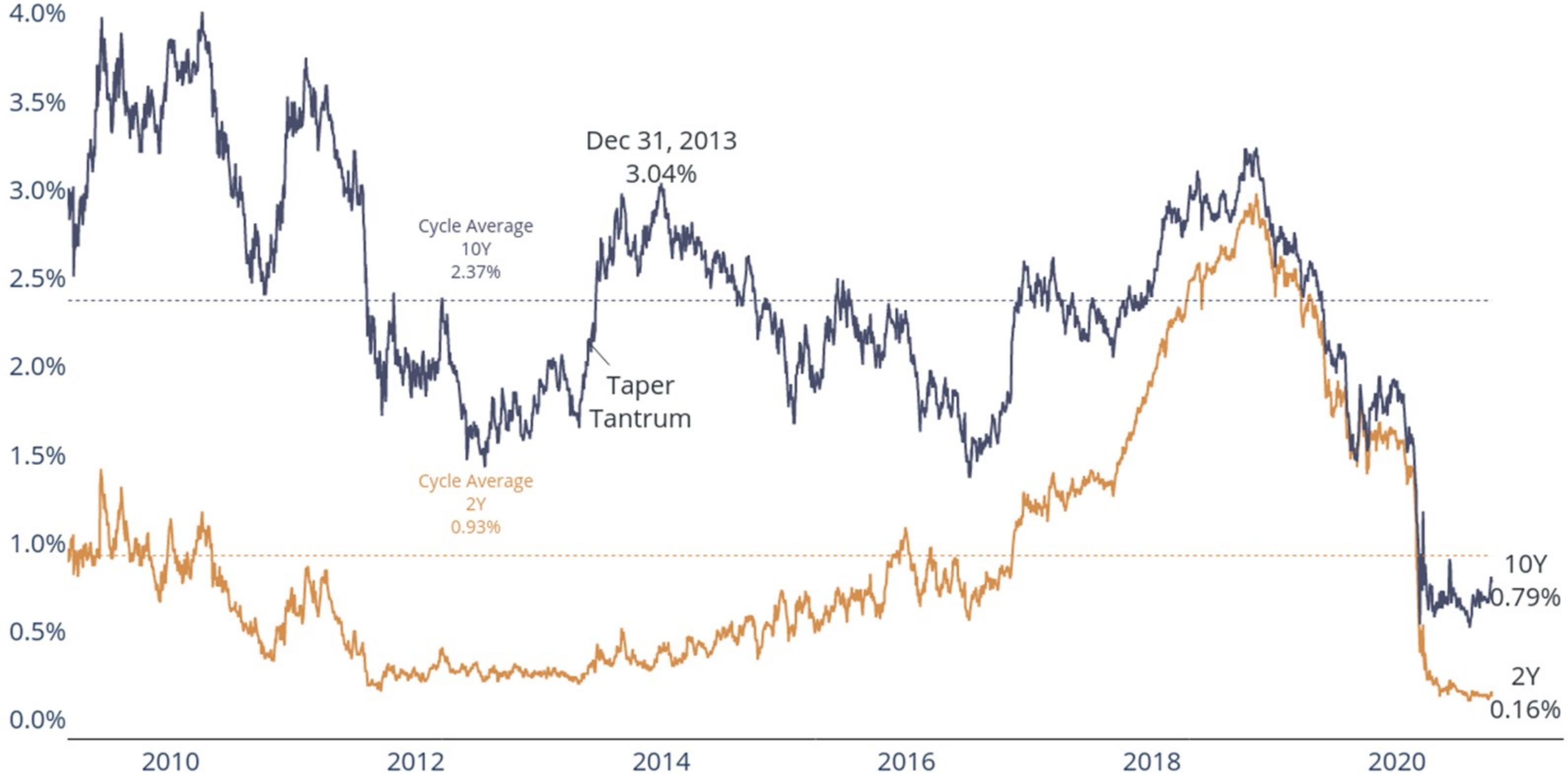
- The yield curve is still flat due to falling long-term interest rates.
- However, the yield curve is no longer inverted since the Fed cut rates to zero.
- Economic uncertainty due to COVID-19 will likely keep interest rates across the yield curve low for some time.

Source: Federal Reserve

Interest Rates

Interest Rates

10-year and 2-year yields since 2012

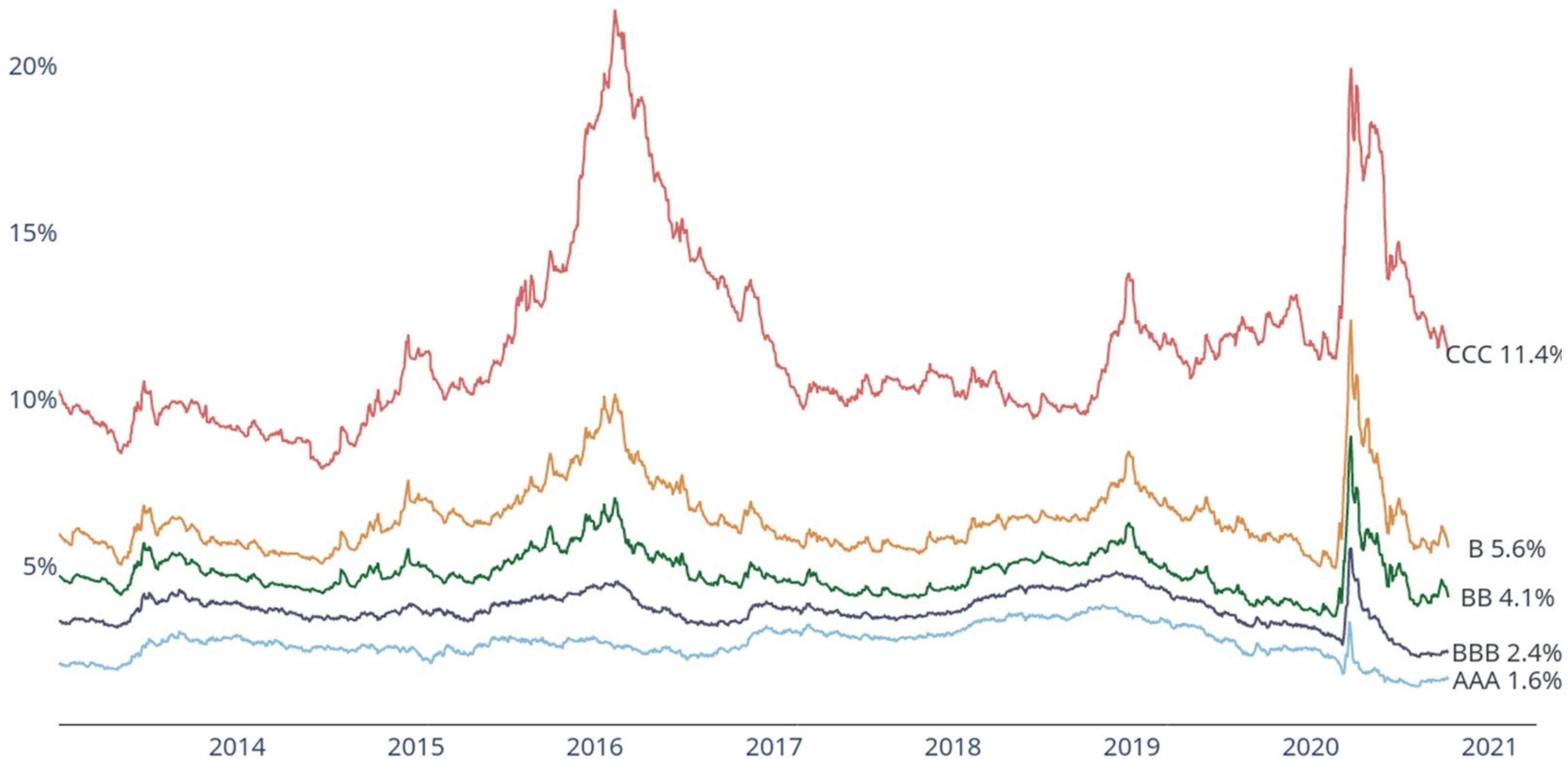


Latest data point is Oct 9, 2020

- Long-term interest rates have plummeted in 2020 due to the pandemic 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



Latest data point is Oct 8, 2020

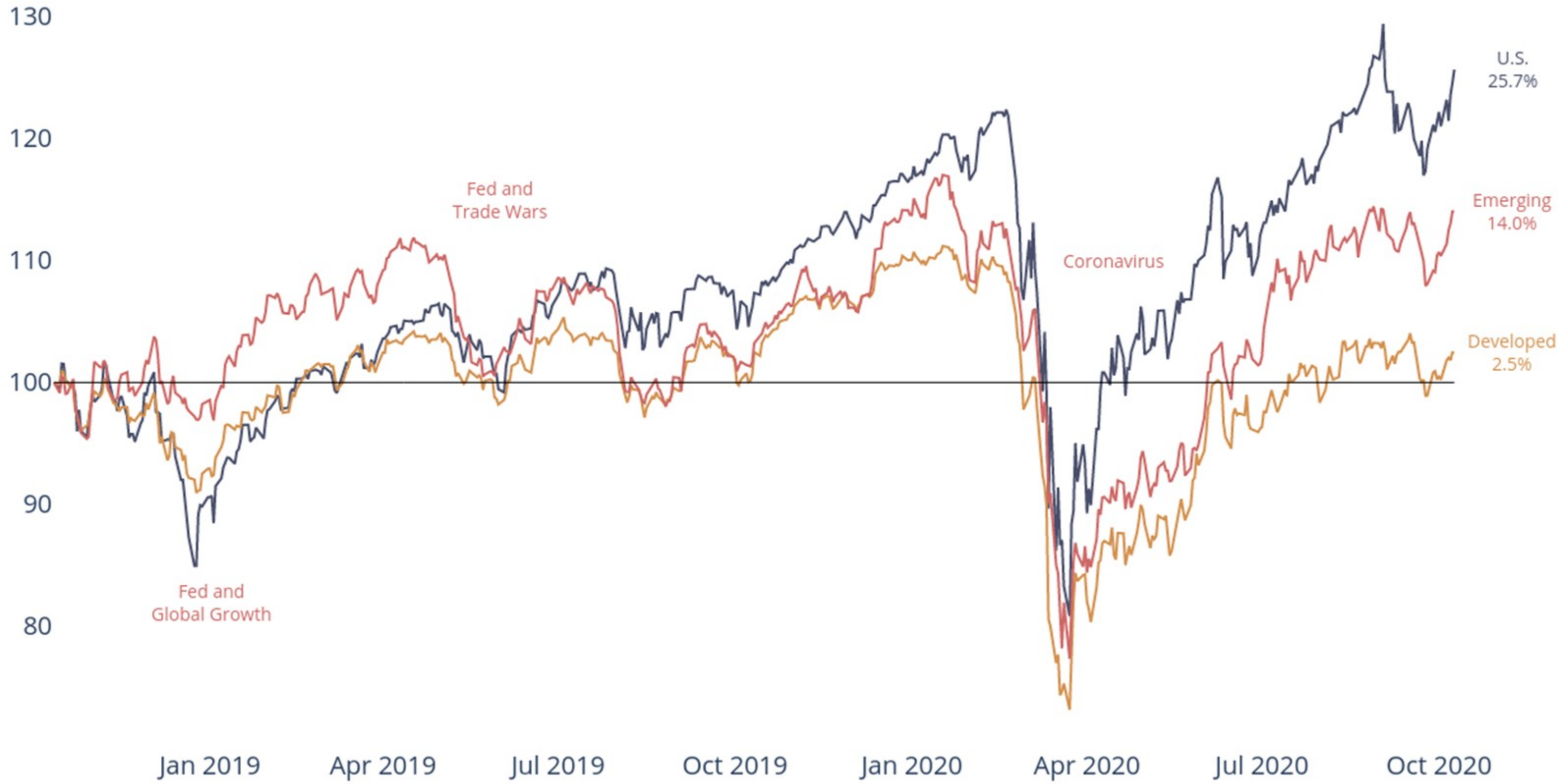
- Corporate bond spreads have widened recently due to global market volatility.
- Over the past decades, corporate bonds - especially high yield - was an attractive way to generate income.
- Corporate bonds are an important portfolio diversifier to stock market and government bond holdings.

Source: Merrill Lynch Bond Indices

Global Markets

Global Stock Market Performance

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



Latest data point is Oct 9, 2020

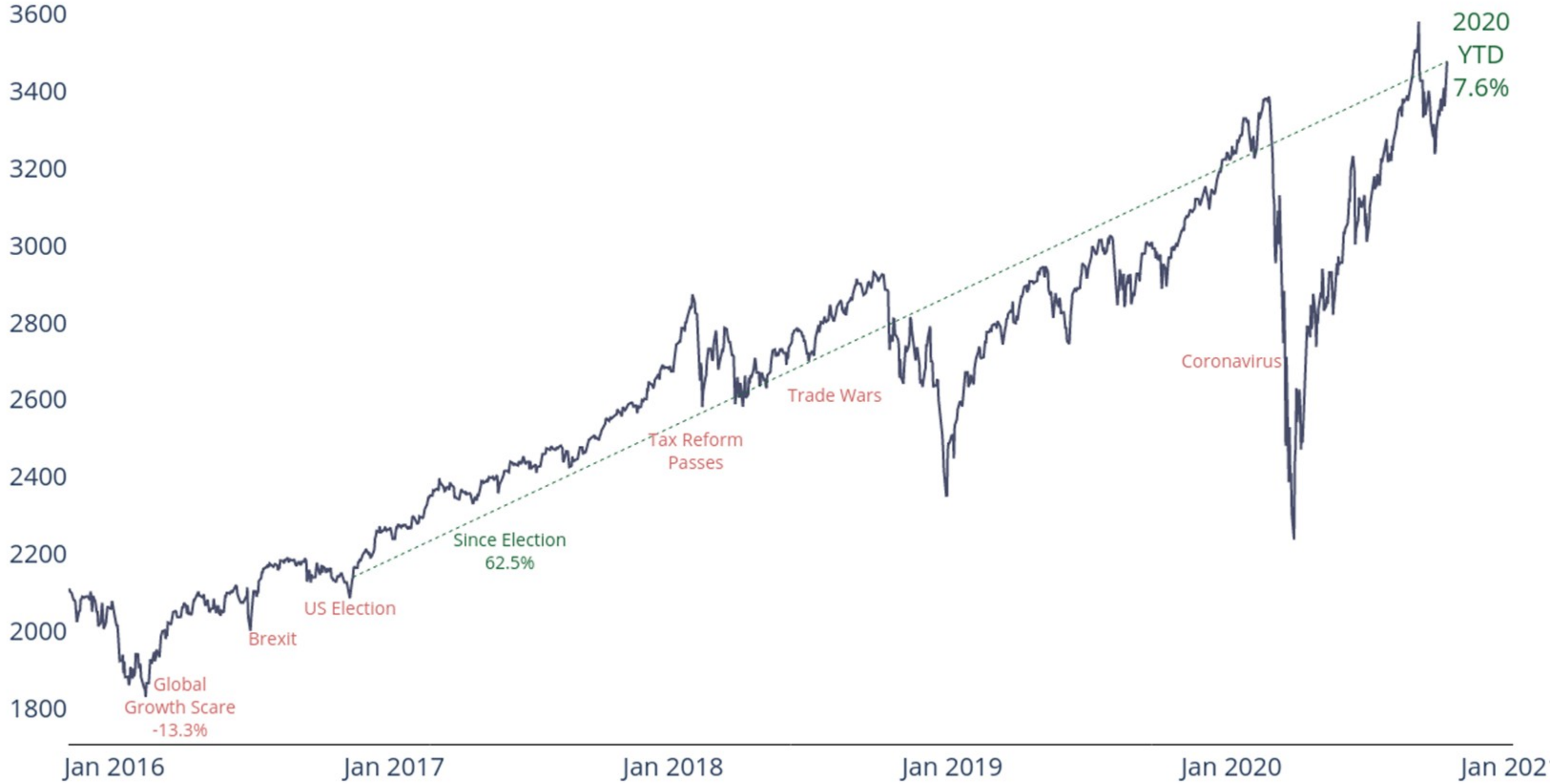
- The pandemic has resulted in significant uncertainty for the stock market in 2020.
- While volatility has spiked and economic growth may slow, long-term investors should maintain perspective.
- There are still significant long-term benefits from staying diversified across global markets.

Source: MSCI, Standard and Poor's, Refinitiv

U.S. Stock Market

Stock Market Performance

S&P 500 Index, recent period



Latest data point is Oct 9, 2020

- The stock market rebounded quickly from the pandemic-induced bear market.
- However, uncertainty remains high due to the uneven economic recovery and sectors like tech.
- For long-term investors, it is important to maintain the proper perspective and look past short-term volatility.

Source: Standard & Poor's

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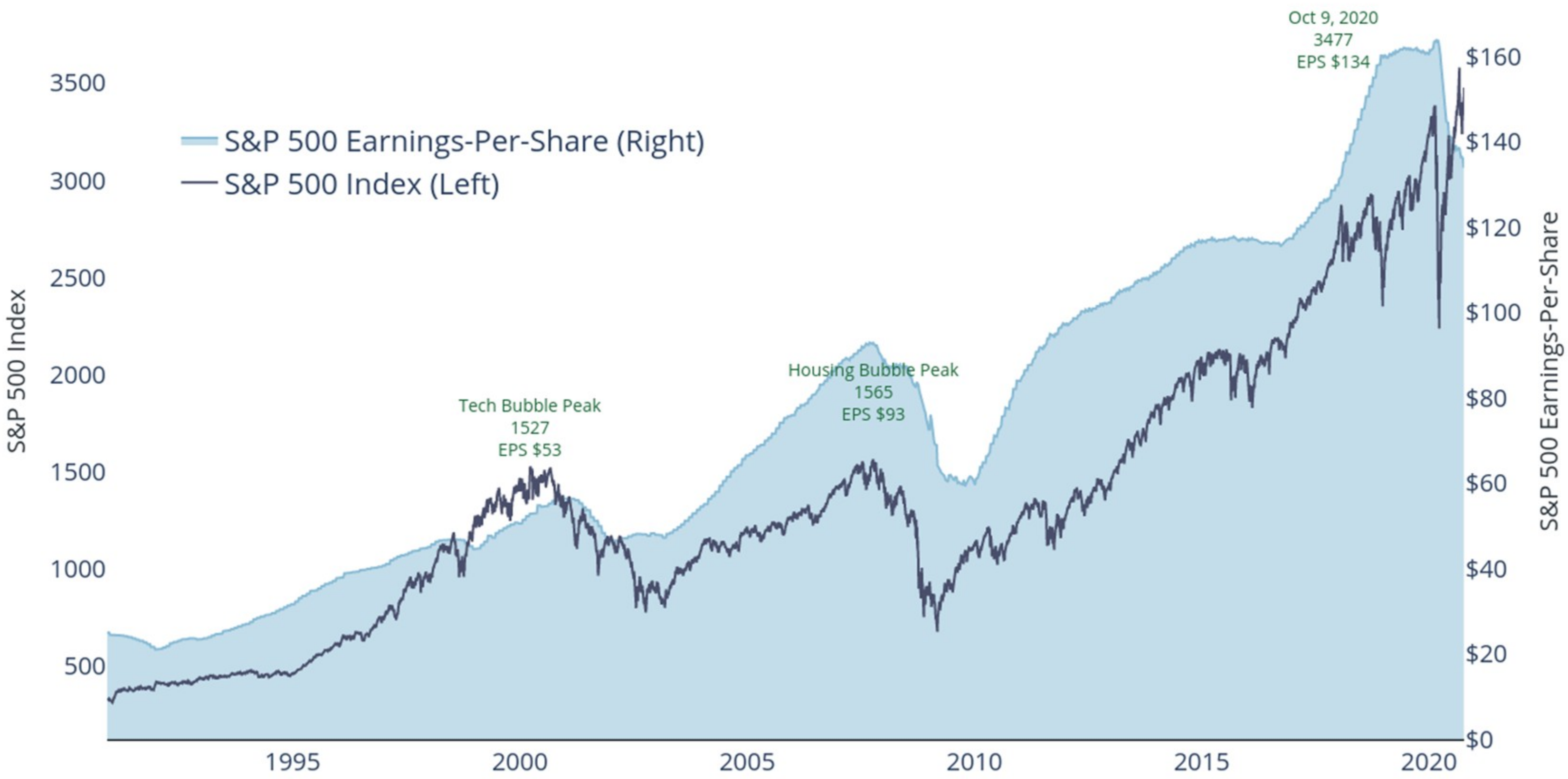
U.S. Stock Market

The Stock Market and Earnings

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



Latest data point is Oct 9, 2020

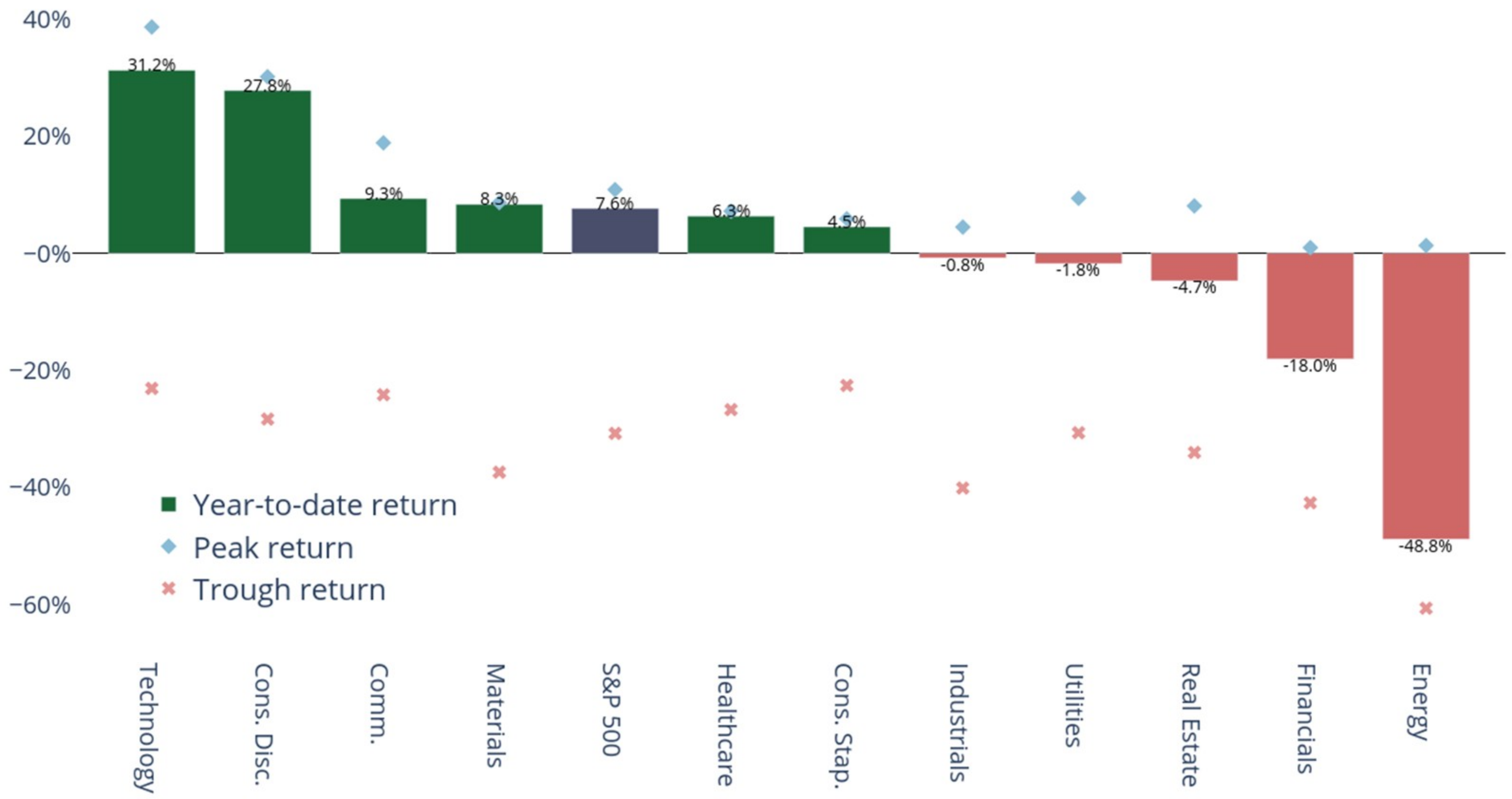
- This chart shows the S&P 500 index alongside its trailing 12 months earnings-per-share.
- Over the long run, the stock market tends to follow earnings. If earnings are rising, investors are willing to pay more per share.
- Earnings, in turn, tend to track economic growth. Thus, a healthy economy tends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

Source: Refinitiv, Standard & Poor's

U.S. Stock Market

Sector Returns – Year-to-Date

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



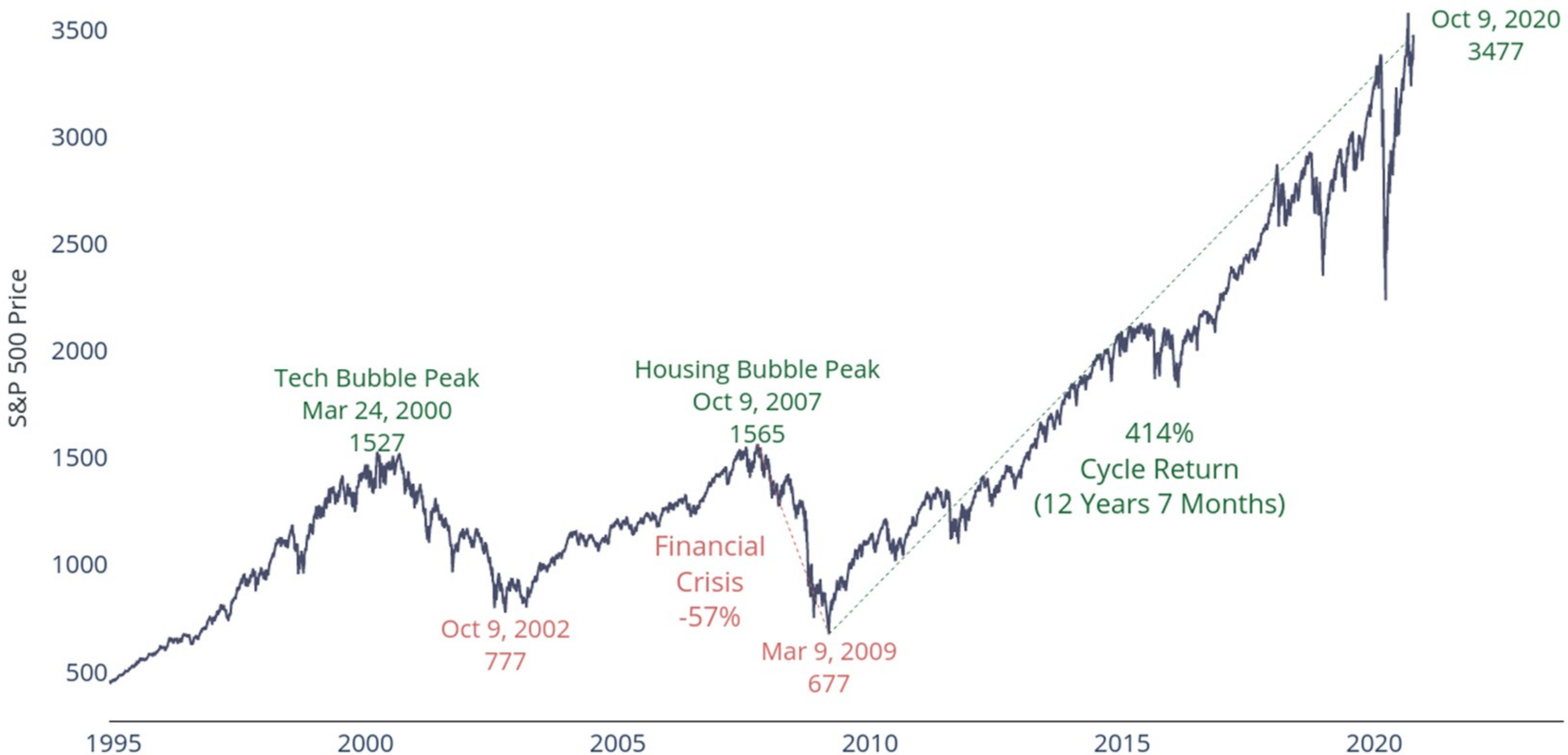
- Stock market sectors have performed differently from one another during the pandemic.
- Technology-driven sectors have led the pack while energy and financials have trailed.
- Most investors should continue to benefit from broad diversification across sectors and industries.

Source: Clearnomics, Standard & Poor's, Refinitiv

U.S. Stock Market

Stock Market Cycles

S&P 500 Index since 1995



Latest data point is Oct 9, 2020

- This bull market that began in 2009 lasted 11 years until the COVID-19 pandemic.
- 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

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Global Markets

Global Stock Market Cycles

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

Latest data point is Oct 9, 2020

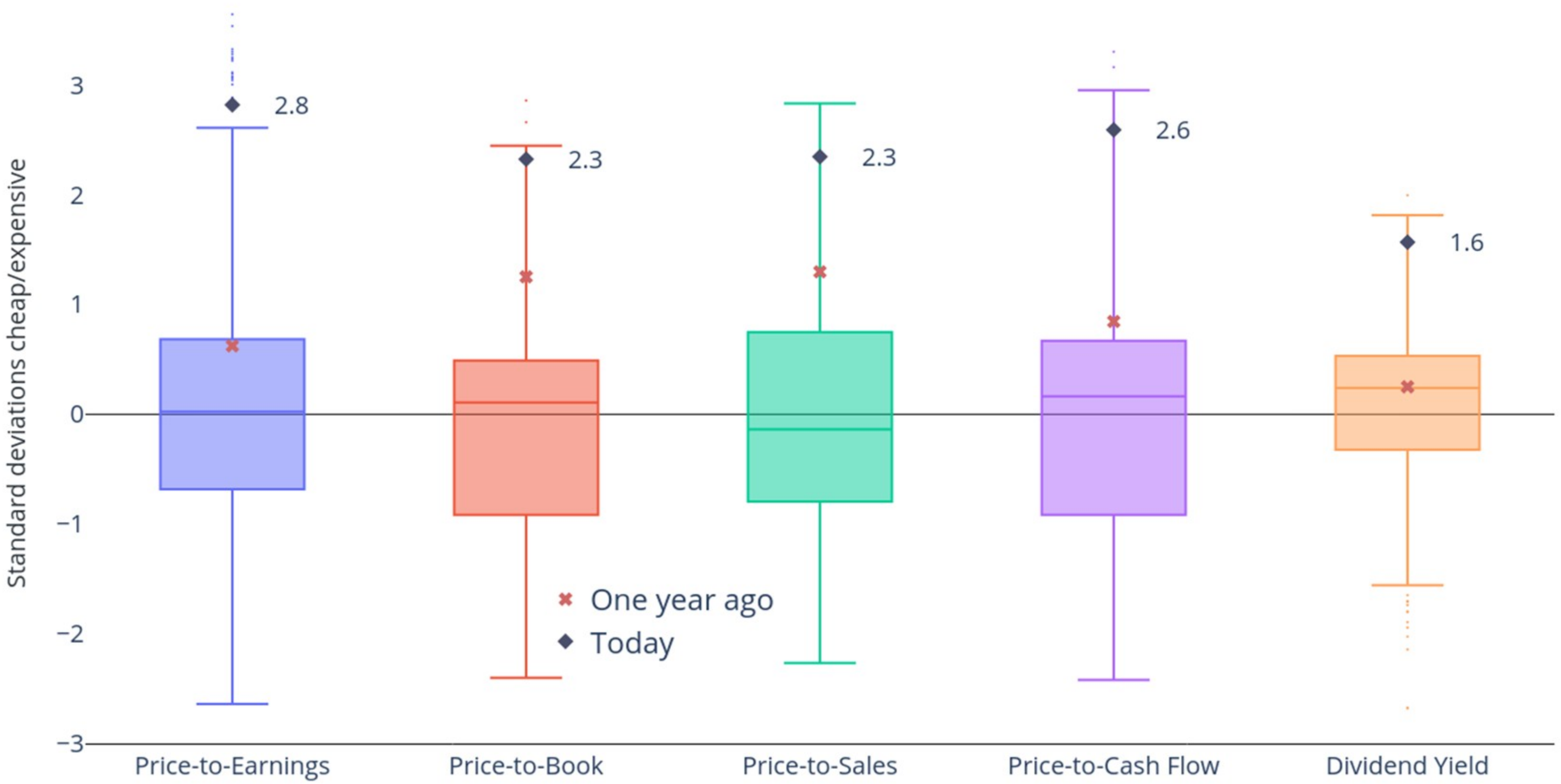
- Global markets have performed well over the past two market cycles, despite recent volatility.
- However, it is clear that each market behaves in unique ways. EM is clearly the most volatile of the three regions.
- Investors who stay disciplined have historically been rewarded over the long run.

Source: MSCI, Standard and Poor's, Refinitiv

U.S. Stock Market

Stock Market Valuations

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



Latest data point is Oct 6, 2020

- U.S. stock valuations have become expensive as earnings estimates have fallen due to COVID-19
- Valuations are now at their most expensive level in years. Earnings may not recover until the end of 2021.
- 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 **AAII Investor Sentiment** index is based on a weekly survey conducted by AAII.

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 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% 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.

Clearnomics Disclosures

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