Global Market Investment Returns
June 30, 2020

		June 2020	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities	S&P 500	1.99%	-3.08%	7.51%	10.73%	10.73%	13.99%
U.S. Small Cap Equities	Russell 2000	3.53%	-12.98%	-6.63%	2.01%	4.29%	10.50%
Energy Infrastructure Equities	Alerian US Midstream Energy Index	-4.51%	-33.28%	-36.31%	-12.36%	-9.34%	-
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	1.84%	-22.01%	-17.71%	-1.99%	2.45%	8.27%
Global Equities	MSCI All Country World Index	3.20%	-6.25%	2.11%	6.14%	6.46%	9.16%
International Developed Equities	MSCI EAFE	3.41%	-11.34%	-5.13%	0.81%	2.05%	5.73%
Emerging Market Equities	MSCI Emerging Markets	7.35%	-9.78%	-3.39%	1.90%	2.86%	3.27%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	0.63%	6.14%	8.74%	5.32%	4.30%	3.82%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	0.82%	2.08%	4.45%	4.22%	3.93%	4.22%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	0.98%	-3.80%	0.03%	3.33%	4.79%	6.68%
Floating Rate Loans	S&P/LSTA Leveraged Loan	1.17%	-4.61%	-1.99%	2.07%	2.89%	4.17%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	1.01%	0.61%	0.71%	2.52%	2.89%	1.98%

- Global equity markets edged higher in June as businesses began to reopen and central banks flooded their economies with stimulus.
- For the quarter, the MSCI All Country World Index gained 19.2%, which was predominantly supported by U.S. equities that were up 20.5%.
- Despite the strong second quarter recovery, global equities remain almost universally down for the first half, and headwinds persist.
- The primary headwind is solvency. According to JP Morgan "the Federal Reserve and other central banks have been clear that they can only lend, not spend, and so won't necessarily be able to save companies that face solvency concerns, rather than just liquidity concerns."
- Another headwind is the virus itself, which has not been contained; this is especially true in emerging markets where cases are spiking.
- On the bright side, the S&P 500 Index appears to be pricing in a V-shaped economic recovery, but individual sector returns are varied.
- The market barometer shows a clear diversion between value and growth companies, which are down 17% and up 6% YTD, respectively.
- In terms of valuation, U.S. value, international developed and emerging markets equities are priced best; U.S. growth is trading at 58x (P/E).
- Within fixed income markets, all categories performed well in June, but lower quality bonds and bank loans remain negative year-to-date.
- In the corporate bond market, spreads for investment grade, high yield and loans have begun to normalize, but defaults have increased.
- As for yields, the 10-year U.S. Treasury and Barclays Aggregate yields have compressed 1.4% and 1.2% over the past 12-months, respectively, while U.S. corporate high yield bond and U.S. bank loan yields have increased over the same period.
- Global bonds advanced in June as sovereign yields fell and the U.S. dollar weakened.

Source: eVestment Analytics, Eaton Vance *Monthly Market Monitor*, JP Morgan *Guide to the Markets,* WSJ, FactSet, Alerian

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Canadian Economic & Currency Update June 30, 2020

<u>Economic Update</u>

- The U.S. dollar weakened 1.1% against the Canadian dollar in June.
- According to Statistics Canada, the Canadian economy experienced its worst monthly growth decline on record after GDP fell 11.6% in April; economic growth declined 7.5% in March. The scope of economic deceleration in April was unprecedented, with manufacturing down 22.5% and automotive output falling 97.7%. Construction also contracted by 22.9%, while the accommodation/food services and sports-related entertainment industries declined more than 40%.
- Looking ahead, we see adequate monetary and fiscal accommodation to support the gradual recovery of the Canadian economy. A positive sign is that Statistics Canada's initial flash estimate points to 3.0% growth in May. The country's aggressive quarantine and business closures caused the contraction in economic growth, but should enable a faster business reopening schedule in June and July.

Date Range	USD to CAD	+/-
YTD	1.2962-1.3617	+5.1%
1-Year	1.3092-1.3617	+4.0%
3-Years	1.2982-1.3617	+4.9%

$USD 1,000,000
=
$CAD 1,360,229

@1.36022
(07/07/2020)

CAD Profile	
Inflation Rate	1.60%
Interest Rate	0.25%
Information	http://www.bankofcanada.ca

Sources: xe.com, FinancialPost, bankofcanada.ca, Nasdaq.com, Statistics Canada

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Copper Price History & Outlook

June 30, 2020

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides ten years of price history.

The chart embedded in the bottom left hand corner provides a zoomed-in image of the 2020 TYD copper price movement.

The current price of copper, as of July 7, 2020, is $2.75 per pound. Copper began the year priced at $2.80 per pound, before falling 25%, or $0.70 per pound, to 2.10% on March 23, 2020. The commodity has recovered 31%, or $0.65, since the March low.

Copper Price Outlook

The rebound in copper extended into June, with the commodity gaining $0.65 per pound since the March low. Copper is currently down 1.8%, year-to-date, through July 7th.

The rebound continues to align with the rapid recovery of global stock markets, and has also been driven by broad investor optimism and massive fiscal and monetary stimulus from China, the commodity's top consumer.

However, analysts at Citi suggest the commodity is overvalued and likely to stabilize or, possibly, pull back. Specifically, Citi argues that: "The copper rally over the past month has occurred against a backdrop of flat to falling equity prices and bond yields, leaving copper looking overvalued based on these historical relationships. Overall, we stick with our very near-term price point target, though we see a window for a pullback and ultimately we recommend buying on the dips."

Sources: Barron's, Citi, RJO Futures, International Copper Study Group, Macrotrends, S&P Global, gov.capital

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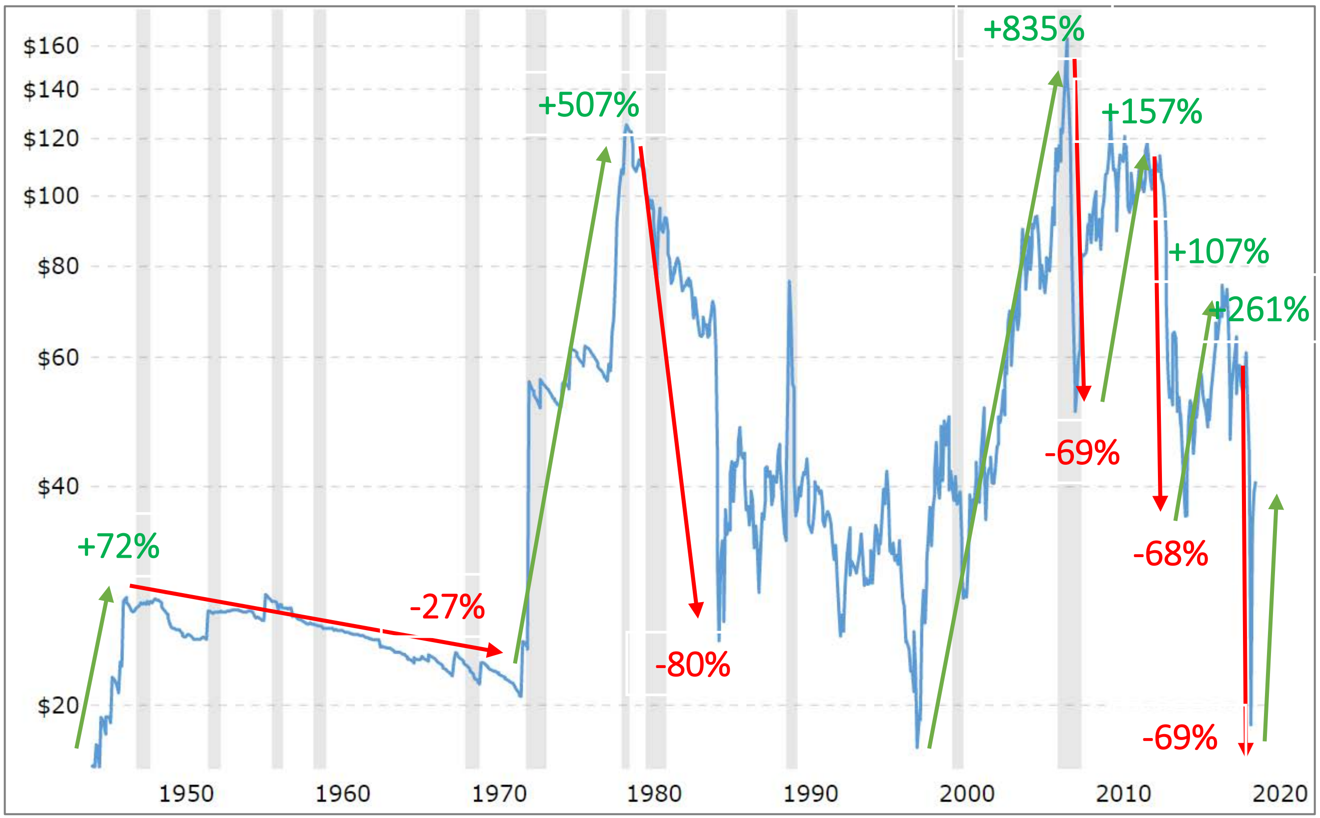
The chart below shows the historical daily West Texas Intermediate (WTI or NYMEX) crude oil prices per barrel, which is displayed in U.S. dollars. The chart provides 30 years of price history, and includes shaded columns to reflect past U.S. economic recessions.

Oil began 2020 priced at $61.14 per barrel before falling to $11.26 on April 21, 2020. From the January 7th peak to the April 21st trough, oil prices declined 69%. Oil prices have since recovered 261%, or $29.37 per barrel.

The current price of oil, as of July 7, 2020, is $40.63 per barrel.



Sources: Macrotrends, Forbes, WSJ.com

Oil Price Outlook

WTI oil has recovered approximately 64% of its price decline after the January high. This is direct result of a historically fast decrease in U.S. crude oil supply, which is easing a global oil surplus. However, oil's push back over $40 per barrel will likely not be enough for financially strained shale producers. For many, prices have not risen enough to relieve the strain of debt taken on during the boom period. As shale producers have continued to cut production to support prices, most are finding that this time they are unable to "pump their way out of trouble."

As of this writing, weekly U.S. output has fallen from 10.5 million barrels per day, down from 13 million. This production slide marks the biggest 11-week drop on record. Renewed demand for oil as businesses gradually reopen, combined with extended production cuts by OPEC, should support higher prices in the months ahead. However, there will likely be bifurcation between well capitalized producers and those with too much debt.