Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 7.19% in August, marking the best August for the index since 1986.
- Within the S&P, nine of 11 sectors posted positive returns. Information Technology did the best, returning 12.01% and the recent tech rally offset weakness in other sectors. Consumer Discretionary followed, returning 9.52%. Meanwhile, the Utilities sector was the worst performer of the month, returning -2.65%.
- By market capitalization, small-caps (Russell 2000) returned 5.63%, large-caps (Russell 1000 Index) returned 7.34% and mid-caps (Russell Mid Cap Index) returned 3.52%. Growth stocks outperformed Value stocks across both small- and large-caps.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 4.28%, as world economies continued to rebound. Developed markets ex-U.S., represented by the MSCI EAFE Index, returned 5.14%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 2.21% in August.
- Within the ACWI ex-U.S. Index, 10 of 11 sectors posted positive returns. Consumer Discretionary did best, returning 10.47%, followed by Industrials, returning 8.49%. The Utilities sector was the worst performer, returning -0.60%, followed by Information Technology, which returned 0.81%.
- Within the ACWI ex-U.S. index, Japan performed best during the month, returning 7.61%. EM Latin America was the worst-performing region during the month, returning -6.21%.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned -0.81% in August. During the month, credit spreads continued to tighten. However, the negative return was due to rates generally rising from two years out to the 30-year part of the treasury curve. The 10- and 30-year treasuries widened by 16 basis points (bps) and 28 bps respectively. Treasuries, agencies and investment-grade (IG) corporates produced negative returns, while agency mortgage pools and asset-backed securities were slightly positive.
- IG credit within the Aggregate returned -1.27%. Within the IG credit spectrum, AAA-rated bonds returned -0.68%, AA-rated bonds returned -1.62%, A-rated bonds returned -1.58%, and BBB-rated bonds returned -1.03%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 0.95% in August.
- Yields steadily climbed across the U.S. Treasury Yield curve in August.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs), represented by FTSE NAREIT Index, rose 0.78% in August. Performance was positive in five of nine real estate sectors. Lodging/Resorts did the best, returning 11.55%. The worst-performing REIT sector of the month was Industrial, returning -2.91%.
- The active contract for West Texas Intermediate (WTI) crude increased to $42.61/barrel in August from $40.27/barrel at the end of July, after a bigger-than-expected draw in U.S. crude stockpiles. Meanwhile, solid U.S. and Chinese factory activity fueled optimism of a recovery from the pandemic.

Items to Watch

- The number of new daily COVID-19 cases reported in the U.S. has been decreasing since the start of August. However, the percentage of COVID-19 tests that are positive remains above the World Health Organization's recommended limit for reopening (5%) in 27 U.S. states. Even though the number of new daily cases in the U.S. has started to decline, some regions – including Europe – are now facing a second wave.
- Congressional negotiations relating to a new coronavirus relief bill have generally stalled. In addition, a $600 per week enhanced unemployment benefit and a moratorium on evictions from federally backed housing expired in late July, while the window to apply for Paycheck Protection Program small business loans closed in August. Those that have lost their jobs are now back on traditional, much less generous, unemployment benefits. Without further fiscal stimulus or a vaccine, the jobless are likely to struggle in the face of a potentially prolonged period of inactivity due to the pandemic.
- The economy regained 1.4 million jobs in August and the unemployment rate posted a surprisingly large drop to 8.4%, suggesting an economic recovery is still plowing ahead even if the pace of growth has slowed since the start of the summer.
- The Federal Reserve (Fed) announced a major policy shift at the end of August, saying that it is willing to allow inflation to run hotter than normal in order to support the labor market and the broader economy. Fed Chairman Jerome Powell's new policy framework comes after 18 months of review by the interest rate-setting Federal Open Market Committee and marks a tweak from targeting 2% inflation to now allowing for undershoots and overshoots that would see inflation average 2% over time.

Total Return of Major Indices as of 08/31/2020

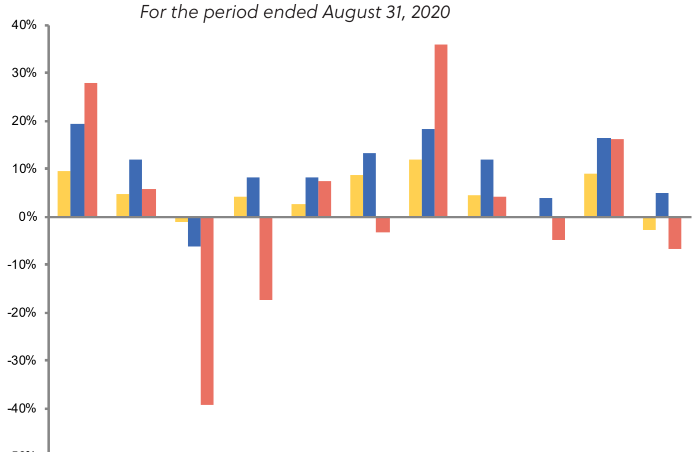
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	7.19%	13.23%	9.74%	21.92%
Russell 3000	7.24%	13.33%	9.39%	21.43%
Russell 2000	5.63%	8.56%	-5.54%	6.00%
Russell 1000	7.34%	13.63%	10.43%	22.49%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	4.28%	8.93%	-3.05%	8.32%
MSCI EAFE	5.14%	7.59%	-4.61%	6.13%
MSCI Emerging Markets	2.21%	11.34%	0.45%	14.49%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg Barclays U.S. Agg	-0.81%	0.67%	6.85%	6.47%
Bloomberg Barclays Global Agg	-0.15%	3.03%	6.11%	5.54%
Bloomberg Barclays U.S. HY	0.95%	5.68%	1.67%	4.71%
Alternatives	**MTD**	**QTD**	**YTD**	**1 YR**
FTSE NAREIT Equity	0.78%	4.86%	-14.76%	-12.92%
Bloomberg Commodity	6.75%	12.83%	-9.36%	-4.79%

Economic Indicators

Domestic	Current	Previous Month
Unemployment Rate (%)	8.4%	10.2%
Initial Jobless Claims (4 week average)	991.8 K	1069.3 K
CB Leading Economic Indicators	1.4	3.0
Capacity Utilization	70.6%	68.5%
GDP (annual growth rate)	-31.7%	-5.0%
University of Michigan Consumer Confidence	74.1	72.5
New Home Starts	901 K	791 K
Existing Home Sales	5.9 MM	4.7 MM
Retail Sales (YoY)	1.9%	0.6%
U.S. Durable Goods (MoM)	11.4%	7.7%
Consumer Price Index (YoY)	1.0%	0.6%
Producer Price Index (MoM)	0.7%	0.0%
Developed International*	**6/30/2020**	**3/31/2020**
Market GDP (annual rate)	-11.0%	-1.2%
Market Unemployment	7.5%	6.4%

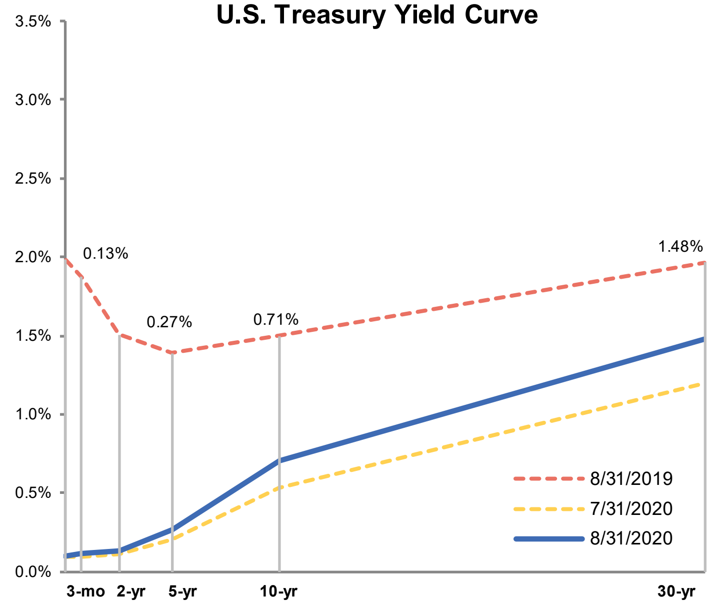
Stock Market Sector Performance (S&P 500)

For the period ended August 31, 2020



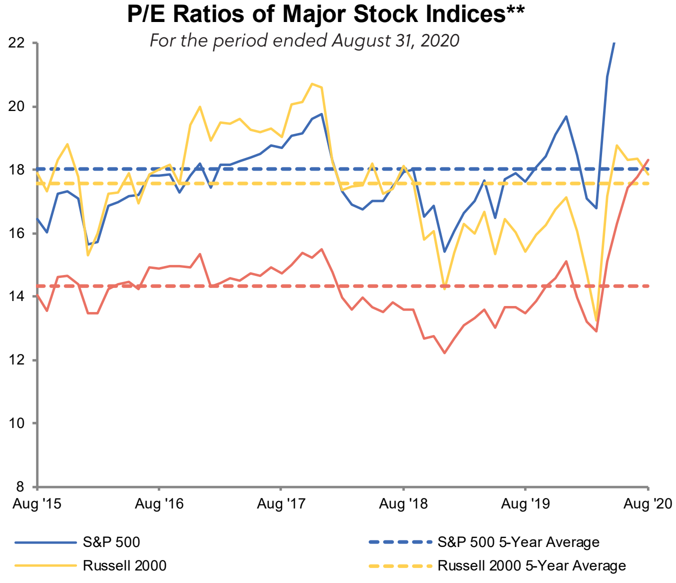
	Cons. Disc.	Cons. Staples	Energy	Financial	Hlthcare	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	9.52%	4.74%	-1.02%	4.29%	2.67%	8.62%	12.01%	4.42%	0.05%	9.06%	-2.65%
QTD	19.38%	12.03%	-6.09%	8.22%	8.20%	13.34%	18.30%	11.80%	4.04%	16.47%	4.96%
YTD	28.01%	5.69%	-39.28%	-17.37%	7.32%	-3.25%	35.99%	4.07%	-4.84%	16.12%	-6.73%

U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended August 31, 2020



Source: Bloomberg. Data as of August 31, 2020, unless otherwise noted.
*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of June 30, 2020 due to release dates of numerous countries.
**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.