

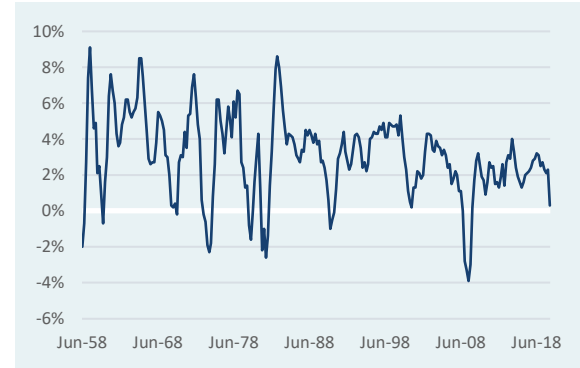
Capital Markets Snapshot

April 20th to May 1st, 2020

U.S. Economy

- GDP contracted at an annualized quarterly rate of -4.8% in Q1 2020 but remained +0.3% above its Q1 2019 level. Consumption (-7.6%), and non-residential investment (-8.6%) led the contraction while net exports provided support as the trade deficit narrowed.
- Core personal consumption expenditures, the Fed's preferred inflation gauge, grew 1.7% from the prior year in March (exp. 1.6%), beneath the Fed's 2.0% target.
- Another 8.3 million Americans filed for unemployment in readings over the last two weeks, bringing the six-week total to over 30.3 million, or roughly 19% of the labor force.

U.S. REAL GDP GROWTH (YEAR-OVER-YEAR)

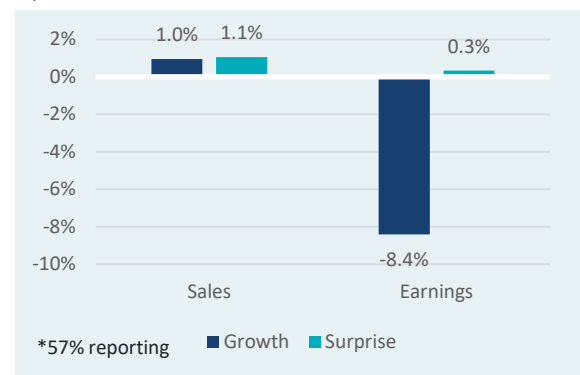


Source: BEA, as of 3/31/20

U.S. Markets

- U.S. equity performance was mixed in a choppy several weeks of trading. Large-cap equities (S&P 500 Index) declined 1.5% over the period, and small-cap equities (Russell 2000 Index) gained 2.6%.
- With 57% of S&P 500 companies reporting Q1 earnings, aggregate sales and earnings growth have come in at +1.0% and -8.4%, respectively. Top-line growth has exceeded expectations by 1.1%, while bottom-line contraction has been +0.3% better than feared.
- The Federal Reserve's balance sheet swelled by another \$300B over the last two weeks to reach \$6.7 trillion. Most of the growth has come from QE purchases and U.S. dollar liquidity swaps.

Q1 2020 S&P 500 INDEX EARNINGS

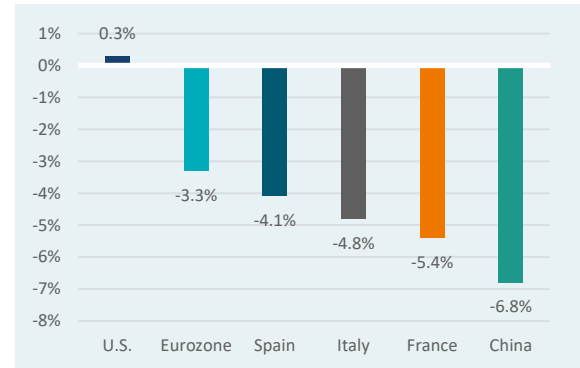


Source: Standard & Poor's, Bloomberg, as of 5/1/20

International Economy

- Q1 GDP readings in the Eurozone illuminated the economic devastation wrought by the coronavirus and both France and Italy entered economic recession. Year-over-year, GDP declined -3.3% in the Eurozone, -4.1% in Spain, -4.8% in Italy, and -5.4% in France.
- German unemployment claims rose by 373,000, increasing the number of people out of work to 2.64 million, and bringing the unemployment rate to 5.8%. Additionally, the IFO's employment barometer declined from 93.4 to 86.3 in April, a historic low.
- The ECB cut the cost of funding for banks in the bloc to 0.50% below its -0.50% deposit rate, incentivizing the flow of liquidity.

Q1 2020 GDP GROWTH (YEAR-OVER-YEAR)



Source: Bloomberg, as of 3/31/20

International Markets

- Over the period, emerging market equities (MSCI EM Index +1.8%) and international developed equities (MSCI EAFE Index +1.0%) outperformed U.S. large cap equities (S&P 500 Index -1.5%).
- On April 20th, WTI crude oil futures contracts plunged as low as -\$37 as investors unable to take receipt of physical oil due to a lack of storage capacity were forced to sell front-month exposure and reposition farther out along the futures curve.
- Over the year-to-date, Verus' preferred currency beta benchmark, the MSCI Currency Factor Mix Index, has outperformed the currency portfolio of the MSCI ACWI ex USA Index by 2.5%.

WTI CRUDE OIL (\$/BBL)



Source: Bloomberg, as of 5/1/20



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Capital Markets Snapshot

MARKET PERFORMANCE

Equities

	Last Two Weeks 4/20/2020 - 5/1/2020		April		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	-1.49	32.54	12.82	41.34	9.67	41.96	-11.83	53.45
Russell 2000 TR USD	2.57	47.47	13.74	59.19	9.38	59.74	-24.10	62.54
MSCI ACWI NR USD	-0.29	27.61	10.71	33.64	8.32	34.05	-14.82	42.61
MSCI EAFE NR USD	0.98	24.40	6.46	28.31	5.06	28.18	-18.92	33.73
MSCI EM NR USD	1.76	22.02	9.16	24.23	8.19	24.06	-17.34	34.32

Fixed Income

Barclays US Treasury US TIPS TR USD	0.66	5.33	2.78	6.96	2.51	6.93	4.24	11.81
Barclays US Treasury TR USD	0.07	3.96	0.64	5.00	0.56	4.89	8.81	9.23
Barclays Long Term US Treasury TR USD	0.24	14.20	2.02	17.39	1.96	16.98	23.28	29.30
Barclays US Agg Bond TR USD	0.12	2.41	1.78	3.22	1.66	3.21	4.86	7.26
Barclays US Credit TR USD	-0.08	3.43	4.58	7.24	4.28	7.27	1.00	12.36
Barclays High Yield Corporate TR USD	-1.45	8.42	4.51	15.40	4.31	15.09	-8.92	16.66
JPM EMBI Global Diversified TR USD	0.09	9.31	2.25	10.26	2.40	10.01	-11.30	19.28

Other

Bloomberg Commodity TR USD	-2.23	26.27	-1.54	22.95	-1.85	22.41	-24.71	22.44
Wilshire US REIT TR USD	-2.83	39.67	8.43	61.15	4.77	61.06	-22.08	63.73
MSCI Currency Factor Mix ER USD	-0.33	4.14	-0.36	3.78	-0.45	3.70	0.71	4.34

Source: Morningstar, Data as of last available market close, Top/bottom two highlighted.

ECONOMIC DATA - RELEASED

Date	Country	Event	Freq	Period	Surv(M)	Actual	Surprise
04/20/20	US	Chicago Fed Nat Activity Index	M	Mar	-3.0	-4.2	-0.9
04/21/20	GE	ZEW Survey Expectations	M	Apr	-42.0	28.2	4.1
04/21/20	US	Existing Home Sales MoM	M	Mar	-9.0%	-8.5%	0.1
04/22/20	EC	Consumer Confidence	M	Apr A	-20.0	-22.7	-0.9
04/22/20	JN	Jibun Bank Japan PMI Services	M	Apr P	--	22.8	--
04/23/20	EC	Markit Eurozone Manufacturing PMI	M	Apr P	38.0	33.4	--
04/23/20	EC	Markit Eurozone Services PMI	M	Apr P	22.8	11.7	-2.9
04/23/20	US	Initial Jobless Claims	W	18-Apr	4500k	4427k	-0.1
04/23/20	US	Markit US Services PMI	M	Apr P	30.0	27.0	-0.8
04/28/20	US	Conf. Board Consumer Confidence	M	Apr	87.0	86.9	0.0
04/29/20	US	GDP Annualized QoQ	Q	1Q A	-4.0%	-4.8%	-0.4
04/29/20	GE	Retail Sales MoM	M	Mar	-8.0%	-5.6%	0.5
04/30/20	EC	Unemployment Rate	M	Mar	7.8%	7.4%	-1.0
04/30/20	US	PCE Core Deflator YoY	M	Mar	1.6%	1.7%	0.2
05/01/20	US	ISM Manufacturing	M	Apr	36.0	41.5	1.7

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
05/04/20	IT	Markit Italy Manufacturing PMI	M	Apr	40.3	30.0	1.6
05/04/20	EC	Sentix Investor Confidence	M	May	-42.9	-28.0	8.7
05/04/20	US	Factory Orders	M	Mar	0.0%	-9.5%	2.0
05/05/20	GE	Factory Orders WDA YoY	M	Mar	1.5%	-10.2%	10.8
05/06/20	IT	Markit Italy Services PMI	M	Apr	17.4	9.0	1.3
05/06/20	EC	Retail Sales YoY	M	Mar	3.0%	-5.0%	4.1
05/06/20	GE	Industrial Production WDA YoY	M	Mar	-1.2%	-8.9%	3.3
05/07/20	IT	Retail Sales MoM	M	Mar	0.8%	-15.0%	1.3
05/07/20	US	Initial Jobless Claims	W	2-May	3839k	3000k	472.3
05/07/20	US	Continuing Claims	W	25-Apr	17992k	19600k	432.7
05/08/20	US	Change in Nonfarm Payrolls	M	Apr	-701k	-21600k	4841.6
05/08/20	US	Unemployment Rate	M	Apr	4.4%	16.0%	0.0
05/12/20	US	NFIB Small Business Optimism	M	Apr	96.4	88.0	6.9
05/12/20	US	CPI Ex Food and Energy YoY	M	Apr	2.1%	1.7%	0.1
05/15/20	US	Retail Sales Advance MoM	M	Apr	-8.7%	-10.0%	3.7

Source: Bloomberg



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