

Market commentary

U.S. ECONOMICS

- The ISM Manufacturing PMI jumped from a contractionary level of 43.1 in May to 52.6 in June—its highest level since April 2019. This was the largest 1-month move since 1980. The new orders, production, and price components of the index rebounded to expansionary levels while employment and new export orders improved but remained in contractionary territory.
- In May, the Pending Home Sales Index increased 44.3% month-overmonth, marking the largest gain since 2001. Pending home sales—a forward-looking economic indicator that tends to lead actual sales by about 45 to 60 days—remained down -10.4% year-over-year.
- Unemployment declined from 13.3% in May to 11.1% in June. The Congressional Budget Office estimated that the main jobless rate may end the year near 10.5%.

U.S. EQUITIES

- The S&P 500 Index ended the month of June up 2.0%. The S&P 500 Price Index hit intra-month highs of 3,232 on June 8th, which marked the first time the index achieved a positive year-to-date return since the sell-off began in February.
- As of June 29th there were 34 states with a COVID-19 reproductive rate above 1.0, an indication that the virus continues to spread. States in the South and in the Sun Belt are seeing a resurgence in cases, and are taking lockdown steps reminiscent of March and April, only weeks after state governors reopened their economies.
- According to FactSet, the estimated S&P 500 year-over-year decline in earnings for Q2 is -43.8%. If this decline were to materialize, it would mark the largest decline in earnings since Q4 2008 (-69.1%).

U.S. FIXED INCOME

- The Federal Reserve is considering a new monetary policy tool to help keep interest rates low and strengthen short-term rate forward guidance with the use of yield-caps. Yield-curve control may be a way to hold bond yields low with less intervention.
- The Federal Reserve identified 794 companies whose bonds will be bought directly to support the market for corporate debt. The Fed now also owns \$6.8 billion in corporate bond ETFs, making it a top 5 holder of some of the largest investment-grade bond ETFs.
- U.S. Fed officials warned of uncertainty surrounding the ability to reopen the economy safely and stressed the need for "highly accommodative monetary policy and sustained support from fiscal policy". Benchmark short-term rates remained near zero.

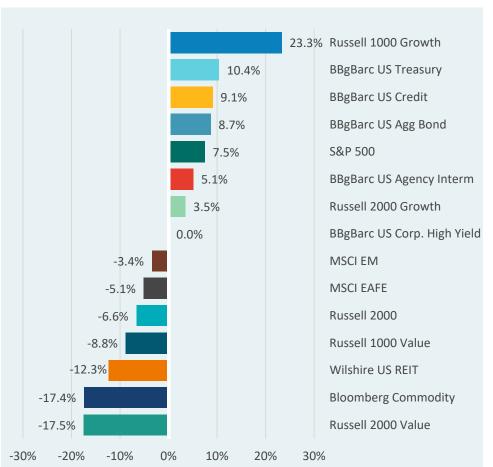
INTERNATIONAL MARKETS

- The Trump administration placed restrictions on U.S. exports to Hong Kong in response to a Chinese law aimed at tightening control over the territory. The restrictions apply to only 2.2% of U.S. exports, but sanctions on China could further unravel an already-fragile agreement between the economic powerhouses.
- Eurozone seasonally-adjusted unemployment slightly increased to 7.4% in May, below expectations of 8.2%. German unemployment rose to 6.3% in May.
- Markit PMI readings showed activity contracted at a slower pace than in prior months. World services PMIs in developed countries such as Japan (45.0), China (58.4), and Germany (47.3) all improved. The PMI reading in France (50.7) rose above 50.0, indicating services activity expansion.

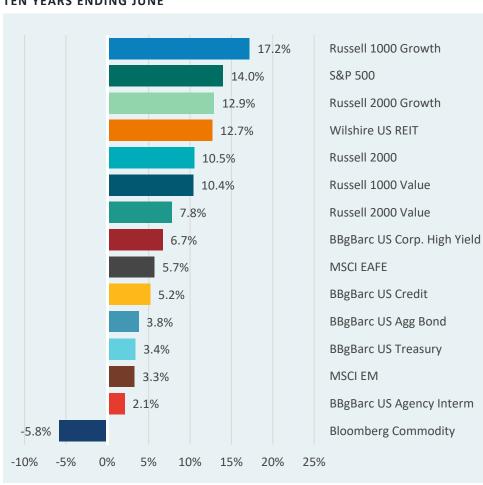


Major asset class returns

ONE YEAR ENDING JUNE



TEN YEARS ENDING JUNE



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 6/30/20

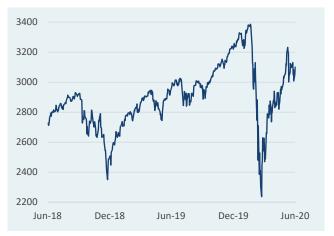
Source: Morningstar, as of 6/30/20



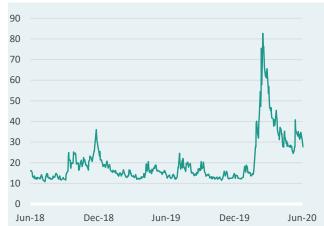
U.S. large cap equities

- The S&P 500 Index continued to climb in June and returned 2.0%. Despite reaching a positive year-todate return in the middle of the month, the index remained down -3.1% year-to-date.
- According to FactSet, at month end the S&P 500 forward P/E ratio was 21.8, an increase of 20% from where the measure stood at the end of first quarter. This is well above the 5-year (16.9) and 10-year averages (15.2). The forward 12-month EPS estimate decreased by -12.7% over the same time period.
- In June, the S&P 500 sectors performed very differently. Six of the eleven major sectors contributed positively to returns. Information Technology (+7.1%) led the index higher for the third consecutive month. Consumer Discretionary (+4.9%) was a top performing sector within the index.
- Moves in the CBOE VIX Index have moderated in the past month. The long-term average of the VIX Index stands around 19. The index has remained above that level since late February, reaching a high point of 82.7 on March 16th and closing the month at 30.4.

S&P 500 PRICE INDEX



IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 6/30/20

S&P 500 VALUATION SNAPSHOT

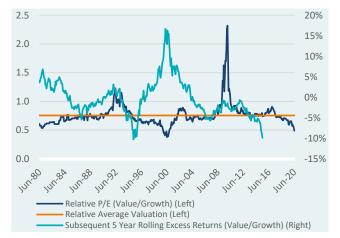


Source: Bloomberg, as of 6/30/20

Domestic equity size and style

- Growth stocks beat value stocks for the 9th consecutive month. The Russell 3000 Growth Index (+4.3%) outperformed the Russell 3000 Value Index (-0.5%). While value stocks remain historically cheap, a compelling catalyst for a turnaround in value stocks relative to growth is yet to be seen.
- Economic data-sensitive cyclicals outperformed the less-sensitive defensive stocks again this month. The MSCI USA Cyclicals - Defensives Total Return Spread Index returned 6.2%.
- Small-cap equities (Russell 2000 Index +3.5%) outperformed large-caps (Russell 1000 Index +2.2%) during the month. The outperformance in small-cap stocks was likely attributed to the relatively larger weight of the healthcare sector within that index.
- The S&P 500 Momentum Index outperformed the S&P 500 Index by +0.7% in June. Moving forward, investors may be looking more towards fundamentals as valuations have expanded considerably over the rebound from the equity market lows in March.

VALUE VS. GROWTH RELATIVE VALUATIONS



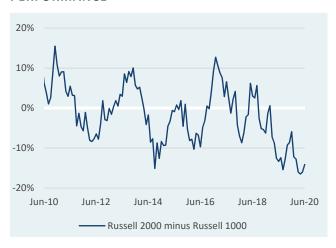
Source: Russell, Bloomberg, as of 6/30/20

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 6/30/20

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

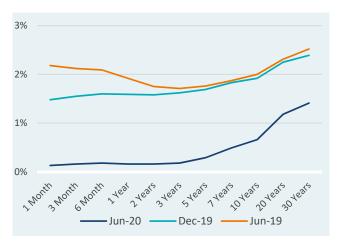




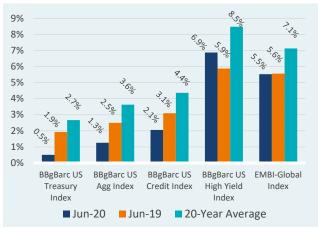
Fixed income

- The Bloomberg Barclays U.S. Credit Index returned +1.8% in June, bringing its second quarter return to +8.2%. At month-end, the index remained down -4.8% year-to-date. Yield for the index was 1% lower relative to this time last year.
- After depreciating materially relative to trade-weighted currency pairs between mid-May and mid-June, the
 U.S. dollar stabilized. The Bloomberg Dollar Spot Index fell -0.9% in June.
- Global risky credit performed well again in June. Hardcurrency denominated emerging market debt (JPM EMBI Global Diversified Index) returned +3.5% and outperformed local-currency denominated emerging market debt (J.P. Morgan GBI-EM +0.5%).
- Five-year breakeven inflation rates rose another 0.4% from May. In March, liquidity in Treasuries exceeded that of TIPS and caused a decline in breakeven inflation. As the TIPS liquidity crunch eased, breakeven inflation rates have recovered.

U.S. TREASURY YIELD CURVE

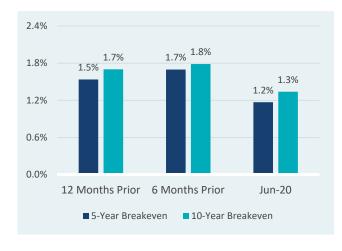


NOMINAL YIELDS



Source: Morningstar, as of 6/30/20

BREAKEVEN INFLATION RATES



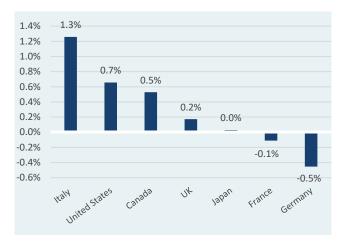
Source: Bloomberg, as of 6/30/20



Global markets

- The U.S. Major Currency Index—a measure of value for the U.S. dollar relative to a basket of major trading partner currencies—is now 4.0 points off the recent April high of 113.8 as the dollar has depreciated. The index last peaked in February 2002 at 116.6 points before sliding to 89.0 points through January 2004.
- The European Union ruled that it would deny U.S. citizens entry to Europe due to COVID-19 concerns.
 Some are wondering if this move will have political and economic ramifications as Europe and the United States begin a new round of trade negotiations.
- Emerging market equities (MSCI EM +7.4%)
 outperformed both international developed equities (MSCI EAFE +3.4%) and US equities (Russell 3000 +2.3%). Within the MSCI EM Index, Asian companies (MSCI EM Asia +8.2%) outperformed Latin American companies (MSCI EM Latin America +5.3%) in U.S. dollar terms.
- The Euro appreciated 1.0% relative to the dollar in June, benefiting from global risk-on sentiment, as well as the recovery in European asset prices. The MSCI Europe Index posted a 6.2% return in June.

GLOBAL SOVEREIGN 10-YEAR YIELDS



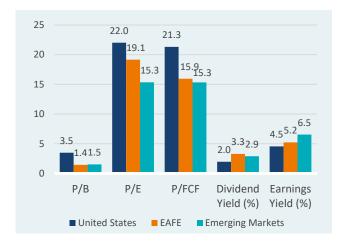
Source: Bloomberg, as of 6/30/20

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 6/30/20

MSCI VALUATION METRICS (3-MONTH AVG)





Commodities

- The Bloomberg Commodity Index continued to rise in June, and returned 2.3%. Petroleum (+9.6%) recouped more losses from the beginning of the year, helping the overall index higher. Industrial Metals (+6.9%) have also staged a comeback as countries begin to restart production. Copper returned +11.9% in June.
- Oil prices stabilized but traded in a relatively narrow range. WTI crude started the month at \$35.49 a barrel and closed the month at \$39.27. Domestic crude stockpiles have risen as gasoline consumption remains at the weakest seasonal level in more than 20 years.
- The Bloomberg Livestock Index (-8.5%) saw losses this month as Chinese customs officials hinted that the country could raise barriers for meat imports, due to fears of COVID-19 outbreaks within meat processing plants. Demand for meat has fallen from continued restaurant closures which have driven prices lower.
- The Bloomberg Precious Metals Index posted a +2.2% return in June. Gold continued its bull run, up 2.8% this month, marking the highest price per ounce since 2011.
 Gold was worth \$1781 per ounce at the end of the month.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	2.3	5.1	(19.4)	(17.4)	(6.1)	(7.7)	(5.8)
Bloomberg Agriculture	1.8	(4.8)	(14.2)	(13.8)	(10.5)	(9.6)	(4.0)
Bloomberg Energy	2.2	9.8	(46.3)	(45.7)	(14.4)	(18.9)	(15.8)
Bloomberg Grains	0.2	(6.3)	(13.0)	(15.8)	(11.2)	(11.6)	(4.2)
Bloomberg Industrial Metals	6.9	12.3	(8.4)	(6.4)	(1.4)	(0.0)	(2.9)
Bloomberg Livestock	(8.5)	(8.6)	(34.3)	(33.7)	(16.6)	(11.1)	(6.1)
Bloomberg Petroleum	9.6	25.8	(49.8)	(46.1)	(10.1)	(16.6)	(11.3)
Bloomberg Precious Metals	2.2	15.0	13.8	24.2	9.9	6.7	2.2
Bloomberg Softs	6.1	0.6	(16.3)	(12.9)	(10.9)	(7.6)	(6.4)

Source: Morningstar, as of 6/30/20

COMMODITY PERFORMANCE





Appendix



Periodic table of returns

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	5-Year	10-Year
Lar	ge Cap Growth	38.7	66.4	31.8	14.0	25.9	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	9.8	15.9	17.2
	US Bonds	27.0	43.1	22.8	8.4	10.3	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	6.1	10.5	14.0
	Real Estate	20.3	33.2	12.2	7.3	6.7	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	0.7	7.0	12.9
	Cash	19.3	27.3	11.6	3.3	1.6	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	0.4	6.9	10.5
Hedge	e Funds of Funds	16.2	26.5	7.0	2.8	1.0	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	-2.3	5.5	10.4
60/40) Global Portfolio	8.7	21.3	4.1	-2.4	-6.0	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.4	-2.3	4.6	9.8
Lar	rge Cap Equity	15.6	24.3	6.0	2.5	-5.9	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.0	-2.8	4.3	7.8
Sma	all Cap Growth	4.9	20.9	-3.0	-5.6	-11.4	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	-3.1	4.3	6.8
Emergi	ing Markets Equity	1.2	13.2	-7.3	-9.1	-15.5	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	-9.8	2.9	5.7
Inter	rnational Equity	-2.5	11.4	-7.8	-9.2	-15.7	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	-11.3	2.1	3.8
Sm	nall Cap Equity	-5.1	7.3	-14.0	-12.4	-20.5	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	-13.0	1.4	3.3
La	rge Cap Value	-6.5	4.8	-22.4	-19.5	-21.7	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	-16.3	1.3	2.7
C	Commodities	-25.3	-0.8	-22.4	-20.4	-27.9	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	-19.4	1.1	0.6
Sm	nall Cap Value	-27.0	-1.5	-30.6	-21.2	-30.3	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-23.5	-7.7	-5.8

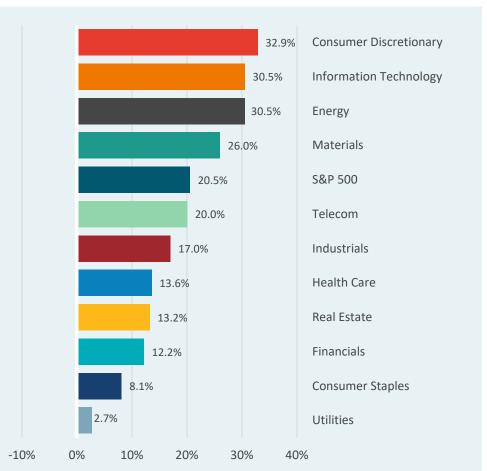


Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 3/31/20.

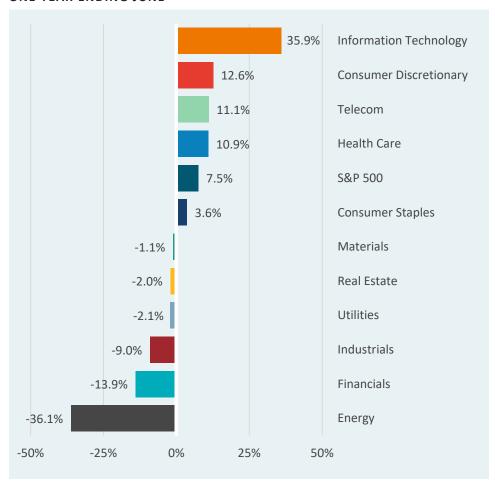


S&P 500 sector returns

QTD



ONE YEAR ENDING JUNE



Source: Morningstar, as of 6/30/20

Source: Morningstar, as of 6/30/20



Detailed index returns

DOMESTIC EQUITY								FIXED INCOME							
	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year		Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index								Broad Index							
S&P 500	2.0	20.5	(3.1)	7.5	10.7	10.7	14.0	BBgBarc US TIPS	1.1	4.2	6.0	8.3	5.0	3.7	3.5
S&P 500 Equal Weighted	1.6	21.7	(10.8)	(3.2)	5.4	7.1	12.6	BBgBarc US Treasury Bills	0.0	0.0	0.7	1.7	1.8	1.2	0.7
DJ Industrial Average	1.8	18.5	(8.4)	(0.5)	9.1	10.6	13.0	BBgBarc US Agg Bond	0.6	2.9	6.1	8.7	5.3	4.3	3.8
Russell Top 200	2.4	20.9	(0.5)	11.2	12.5	11.9	14.6	Duration							
Russell 1000	2.2	21.8	(2.8)	7.5	10.6	10.5	14.0	BBgBarc US Treasury 1-3 Yr	0.0	0.2	3.0	4.1	2.7	1.9	1.3
Russell 2000	3.5	25.4	(13.0)	(6.6)	2.0	4.3	10.5	BBgBarc US Treasury Long	0.1	0.2	21.2	25.4	12.0	9.3	7.7
Russell 3000	2.3	22.0	(3.5)	6.5	10.0	10.0	13.7	BBgBarc US Treasury	0.1	0.5	8.7	10.4	5.6	4.1	3.4
Russell Mid Cap	1.8	24.6	(9.1)	(2.2)	5.8	6.8	12.3	Issuer							
Style Index								BBgBarc US MBS	(0.1)	0.7	3.5	5.7	4.0	3.2	3.1
Russell 1000 Growth	4.4	27.8	9.8	23.3	19.0	15.9	17.2	BBgBarc US Corp. High Yield	1.0	10.2	(3.8)	0.0	3.3	4.8	6.7
Russell 1000 Value	(0.7)	14.3	(16.3)	(8.8)	1.8	4.6	10.4	BBgBarc US Agency Interm	0.1	0.8	3.7	5.1	3.3	2.5	2.1
Russell 2000 Growth	3.8	30.6	(3.1)	3.5	7.9	6.9	12.9	BBgBarc US Credit	1.8	8.2	4.8	9.1	6.1	5.5	5.2
Russell 2000 Value	2.9	18.9	(23.5)	(17.5)	(4.3)	1.3	7.8								
INTERNATIONAL EQUITY	,							OTHER							
Broad Index								Index							
MSCI ACWI	3.2	19.2	(6.3)	2.1	6.1	6.5	9.2	Bloomberg Commodity	2.3	5.1	(19.4)	(17.4)	(6.1)	(7.7)	(5.8)
MSCI ACWI ex US	4.5	16.1	(11.0)	(4.8)	1.1	2.3	5.0	Wilshire US REIT	2.3	10.6	(17.8)	(12.3)	0.2	5.7	12.7
MSCI EAFE	3.4	14.9	(11.3)	(5.1)	0.8	2.1	5.7	CS Leveraged Loans	1.3	9.7	(4.8)	(2.3)	2.1	4.6	5.0
MSCI EM	7.4	18.1	(9.8)	(3.4)	1.9	2.9	3.3	Alerian MLP	(8.2)	47.2	(38.3)	(44.1)	(18.3)	(13.6)	(1.4)
MSCI EAFE Small Cap	1.4	19.9	(13.1)	(3.5)	0.5	3.8	8.0	Regional Index							
Style Index								JPM EMBI Global Div	3.5	12.3	(2.8)	0.5	3.6	5.3	6.0
MSCI EAFE Growth	3.2	16.9	(3.5)	4.2	5.9	5.5	7.8	JPM GBI-EM Global Div	0.5	9.8	(6.9)	(2.8)	1.1	2.3	1.6
MSCI EAFE Value	3.6	12.4	(19.3)	(14.5)	(4.4)	(1.6)	3.5	Hedge Funds							
Regional Index								HFRI Composite	1.9	9.0	(3.5)	(0.6)	2.1	2.3	3.7
MSCI UK	1.4	7.8	(23.3)	(17.7)	(3.9)	(2.5)	3.9	HFRI FOF Composite	1.3	7.2	(2.3)	(0.2)	2.0	1.4	2.7
MSCI Japan	(0.0)	11.6	(7.1)	3.1	3.0	3.4	6.1	Currency (Spot)							
MSCI Euro	6.2	19.6	(12.7)	(7.7)	(0.9)	1.6	5.0	Euro	1.0	2.4	0.1	(1.4)	(0.5)	0.2	(0.9)
MSCI EM Asia	8.2	17.8	(3.5)	4.9	4.1	4.8	5.8	Pound	(0.1)	(0.4)	(6.7)	(2.9)	(1.7)	(4.7)	(1.9)
MSCI EM Latin American	5.3	19.1	(35.2)	(32.5)	(7.2)	(3.2)	(3.8)	Yen	(0.1)	0.1	0.7	(0.1)	1.4	2.6	(2.0)

Source: Morningstar, HFR, as of 6/30/20



Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	11.9	13.0	10.0	11.9
Global Private Equity Direct Funds *	17.6	16.5	13.3	14.3
U.S. Private Equity Direct Funds *	18.8	16.7	13.7	15.6
Europe Private Equity Direct Funds *	18.8	20.4	15.0	12.2
Asia Private Equity Direct Funds *	12.6	13.4	11.9	13.2
Public Index Time-weighted Returns				
MSCI World	27.7	12.6	8.7	9.5
S&P 500	31.5	15.3	11.7	13.6
MSCI Europe	23.8	9.8	5.1	5.2
MSCI AC Asia Pacific	19.4	10.8	6.9	6.1

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	9.1	9.8	10.4	13.1
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	26.0	8.1	7.2	11.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	9.0	9.2	8.3	11.1
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	10.7	4.3	4.1	4.7

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	(5.8)	0.2	(0.4)	3.3
Global Infrastructure	10.3	12.3	11.3	9.8
Public Index Time-weighted Returns				
S&P Global Natural Resources	17.2	7.9	4.8	1.6
S&P Global Infrastructure	27.0	11.3	6.6	7.7

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of December 31st, 2019. All returns in U.S. dollars.

^{***} Includes Private Equity Energy, Timber and Upstream Energy & Royalties.



^{*} Includes Buyout, Growth Equity and Venture Capital.

^{**} Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.

Notices & disclosures

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