

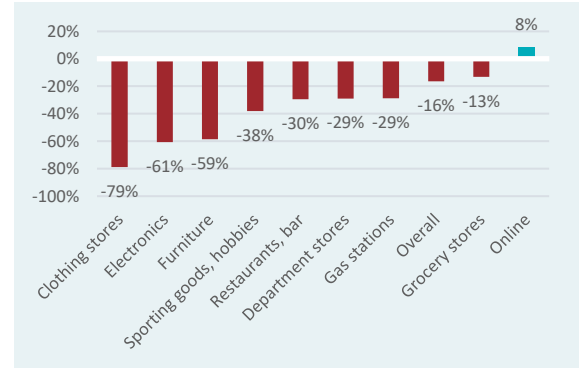
Capital Markets Snapshot

May 4th to May 15th, 2020

U.S. Economy

- The unemployment rate rose to 14.7% in April, a post-World War II record level. The Bureau of Labor Statistics stated that the rate would have been about 5% higher if companies had reported employees absent for “other reasons” as on temporary layoff.
- Core CPI (excluding food and energy) grew only 1.4% year-over-year in April, marking the slowest growth in the core basket since April 2011. Price declines over the month were most significant for car and truck rentals (-16.6%), and airline fares (-15.2%).
- Retail sales skidded -16.4% in April (-21.5% YoY) as consumers stayed home. Pickups in online sales (+8.4%) provided support.

U.S. RETAIL SALES GROWTH (APRIL 2020)

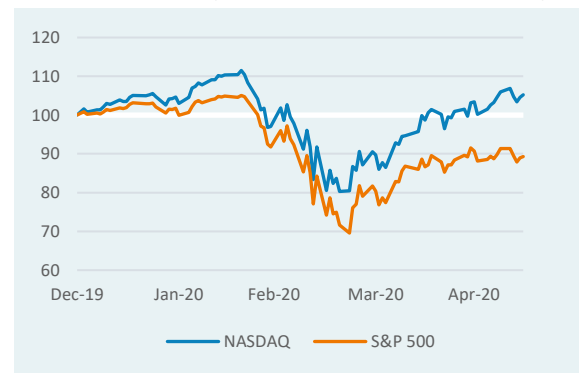


Source: U.S. Census Bureau, as of 4/30/20

U.S. Markets

- U.S. large-cap equities returned 1.3% over the period, mostly due to mega-cap tech companies. As of May 15th, the S&P 500 Index was down -10.7% YTD and -15.0% from prior peaks. Over the same periods, the tech-heavy NASDAQ was +5.2% and -5.6%.
- The Federal Reserve continued to provide liquidity through its active programs, and opened its new corporate credit facility last week, buying \$305 million in corporate debt ETFs. Over the last two weeks, the Fed balance sheet grew from \$6.7T to \$7.0T.
- Fed funds futures pricing indicates negative interest rates by March 2021, despite Fed messaging that they are not on the table.

PERFORMANCE (INDEXED 12/31/2019=100)

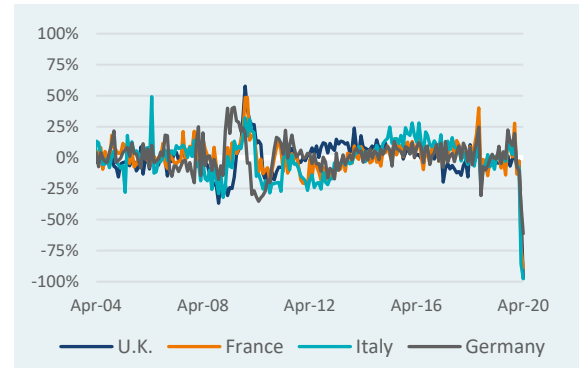


Source: Bloomberg, as of 5/15/20

International Economy

- Services purchasing managers' indices fell to historically low levels in April, reflecting the global sudden economic stop. Markit's Eurozone and U.S. Services PMIs fell to 12.0 and 26.7 respectively.
- Fractures in Europe between the fiscally austere North and the harder-hit South reemerged as the European Commission debated joint debt issuance, and the financing of unprecedented stimulus.
- Auto sales collapsed across Europe in the month of April. Relative to April 2019, new car registrations fell 97.5% in Italy, 97.3% in the U.K., and 88.8% in France. In the U.K., only 4,321 new cars were sold and only 871 of those cars were sold to private buyers.

EUROPEAN NEW CAR REGISTRATIONS (YOY)



Source: Various, Bloomberg, as of 4/30/20

International Markets

- International developed equities (MSCI EAFE Index -2.3%) underperformed emerging market equities (MSCI EM Index -1.6%) and U.S. equities (S&P 500 Index +1.3%) over the period.
- The price of a barrel of WTI crude oil picked up from \$19.78 to \$29.43. Gradual economic reopening, as well as an announcement from Saudi Arabia that it would cut production by one million barrels per day starting June 1st both supported the recovery.
- Hard-currency denominated emerging market debt (J.P. Morgan EMBI Global Diversified Index +2.4%) outperformed within the fixed income space, as Latin American sovereign yields declined.

HARD-CURRENCY E.M. DEBT YIELDS



Source: J.P. Morgan, as of 5/15/20

Capital Markets Snapshot

MARKET PERFORMANCE

Equities

	Last Two Weeks 5/4/2020 - 5/15/2020		MTD		QTD		YTD	
	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
S&P 500 TR USD	1.29	20.03	-1.54	23.62	11.08	36.26	-10.69	50.89
Russell 2000 TR USD	-0.20	34.74	-4.01	37.71	9.17	52.73	-24.25	60.07
MSCI ACWI NR USD	0.06	16.25	-2.10	18.60	8.39	29.50	-14.77	40.58
MSCI EAFE NR USD	-2.33	21.75	-3.62	21.28	2.61	26.22	-20.81	32.58
MSCI EM NR USD	-1.63	20.39	-2.50	19.66	6.43	22.99	-18.69	33.04

Fixed Income

Barclays US Treasury US TIPS TR USD	0.40	4.19	0.13	4.23	2.92	6.16	4.66	11.24
Barclays US Treasury TR USD	0.11	5.28	0.04	5.02	0.67	4.93	8.93	8.88
Barclays Long Term US Treasury TR USD	-0.32	18.12	-0.38	17.19	1.64	17.07	22.88	28.29
Barclays US Agg Bond TR USD	0.00	3.99	-0.11	3.83	1.66	3.45	4.86	6.97
Barclays US Credit TR USD	-0.23	6.04	-0.52	5.87	4.03	7.00	0.76	11.83
Barclays High Yield Corporate TR USD	0.15	5.26	-0.03	5.08	4.47	12.81	-8.78	15.83
JPM EMBI Global Diversified TR USD	2.36	7.28	2.51	6.92	4.82	9.17	-9.21	18.44

Other

Bloomberg Commodity TR USD	1.57	18.60	1.25	17.79	-0.30	21.06	-23.53	22.10
Wilshire US REIT TR USD (as of 5/14/2020)	-7.22	35.51	-10.35	35.87	-2.78	54.86	-27.69	61.49
MSCI Currency Factor Mix ER USD	-0.54	2.43	-0.63	2.31	-0.99	3.33	0.17	4.18

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
05/04/20	IT	Markit Italy Manufacturing PMI	M	Apr	30.0	31.1	0.7
05/04/20	EC	Sentix Investor Confidence	M	May	-28.0	-41.8	-1.6
05/04/20	US	Factory Orders	M	Mar	-9.7%	-10.3%	-0.3
05/05/20	GE	Factory Orders WDA YoY	M	Mar	-10.2%	-16.0%	-0.5
05/06/20	IT	Markit Italy Services PMI	M	Apr	9.0	10.8	1.3
05/06/20	EC	Retail Sales YoY	M	Mar	-5.0%	-9.2%	-1.0
05/06/20	GE	Industrial Production WDA YoY	M	Mar	-8.9%	-11.6%	-0.8
05/07/20	IT	Retail Sales MoM	M	Mar	-15.0%	-20.5%	-4.2
05/07/20	US	Initial Jobless Claims	W	2-May	3000k	3169k	0.3
05/07/20	US	Continuing Claims	W	25-Apr	19800k	22647k	4.0
05/08/20	US	Change in Nonfarm Payrolls	M	Apr	-22000k	-20537k	0.5
05/08/20	US	Unemployment Rate	M	Apr	16.0%	14.7%	-0.8
05/12/20	US	NFIB Small Business Optimism	M	Apr	83.0	90.9	1.5
05/12/20	US	CPI Ex Food and Energy YoY	M	Apr	1.7%	1.4%	-2.4
05/15/20	US	Retail Sales Advance MoM	M	Apr	-12.0%	-16.4%	-1.4

ECONOMIC DATA - NEXT TWO WEEKS

Date	Country	Event	Freq	Period	Prior	Surv(M)	Std Dev
05/19/20	GE	ZEW Survey Expectations	M	May	28.2	30.0	8.7
05/19/20	US	Housing Starts MoM	M	Apr	-22.3%	-24.1%	7.7
05/19/20	UK	CPI Core YoY	M	Apr	1.6%	1.4%	0.2
05/21/20	UK	Markit/CIPS UK Services PMI	M	May P	13.4	22.1	11.1
05/21/20	US	Philadelphia Fed Business Outlook	M	May	-56.6	-40.0	7.0
05/21/20	US	Initial Jobless Claims	W	16-May	2981k	2425k	195.7
05/21/20	US	Markit US Services PMI	M	May P	26.7	32.3	7.0
05/21/20	UK	Retail Sales Ex Auto Fuel YoY	M	Apr	-4.1%	-18.9%	5.6
05/22/20	FR	Markit France Services PMI	M	May P	10.2	28.0	11.1
05/22/20	GE	Markit Germany Services PMI	M	May P	16.2	26.0	9.1
05/22/20	EC	Markit Eurozone Services PMI	M	May P	12.0	25.0	12.2
05/26/20	US	Conf. Board Consumer Confidence	M	May	86.9	88.3	0.0
05/29/20	US	Personal Income	M	Apr	-2.0%	-7.2%	8.2
05/29/20	US	Personal Spending	M	Apr	-7.5%	-10.9%	3.4
05/29/20	US	PCE Core Deflator YoY	M	Apr	1.7%	--	--

Source: Bloomberg



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