

Market commentary

U.S. ECONOMICS

- Nonfarm payrolls grew by just 49,000 jobs in January, missing the median economist estimate of 105,000 jobs. The pace of the labor market recovery has slowed in recent months, and total nonfarm payrolls remain about 10 million below their level in January 2020. The unemployment rate fell from 6.7% to 6.3%, primarily due to another 406,000 workers leaving the labor force.
- In the fourth quarter, U.S. real GDP contracted -2.5% year-over-year, and marked its largest contraction since 1946. Looking ahead, the IMF has projected U.S. GDP to grow 5.1% in 2021, and 2.5% in 2022.
- The NAHB Housing Market Index fell for the second straight month in January, indicating cooling single-family homebuilder confidence. The decline in sentiment suggests that single-family housing starts may decelerate in the near-term.

U.S. EQUITIES

- The S&P 500 Price Index fell -1.0% over the first month of the year.
 The price index reached record highs of 3855 on January 25th before quickly selling off to 3714 to close the month in the red.
- With 37% of S&P 500 companies reporting earnings, 82% have posted positive earnings surprise. Despite the average earning beat of roughly 13.6% so far, earnings for the overall Index are down -2.3% over the full year.
- Of the companies who have reported fourth quarter results, five sectors are reporting year-over-year earnings growth. The materials, information technology, and financials sectors have experienced the largest year-over-year earnings growth.

U.S. FIXED INCOME

- The Federal Reserve stood by its accommodative policy as the pace of the economic recovery moderated. The Federal Open Market Committee left both the range for federal funds (0-0.25%) and the pace of monthly purchases of Treasuries and agency mortgage-backed securities (\$120B) unchanged in January's meeting. Policymakers noted the pace of the recovery was dependent on the course of the virus and progress on inoculation.
- The Biden administration unveiled a \$1.9 trillion economic relief proposal, which included stimulus checks, additional unemployment benefits, and rental and small business assistance.
- On a year-over-year basis, both headline and core CPI rose 1.4% just under the expectation of 1.5%. Services, which accounts for roughly 60% of the core inflationary basket, rose 1.3% over the year, and marked the slowest growth in prices since late 2010.

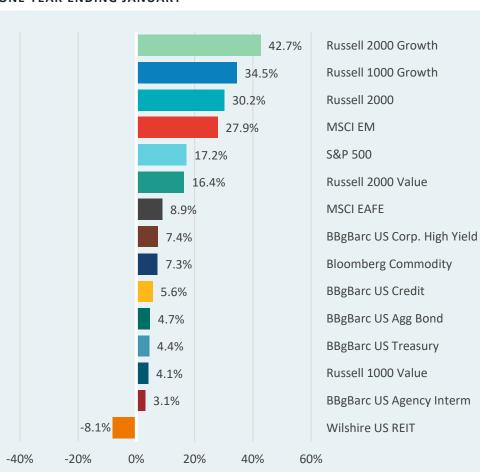
INTERNATIONAL MARKETS

- The global vaccination campaign picked up steam over the course of the month, though progress has varied widely from country to country. The number of vaccine doses administered around the globe grew from just over 10 million to just over 98 million.
- MSCI EM Asia (+4.3%) was the top performing index among the major global equity indices. Only U.S. small-cap stocks (Russell 2000 +5.0%) performed better over the course of the month.
- Italian yields fell 10 basis points to 0.5% and Germany yields rose 10 basis points to -0.5%. The spread between Italian and German bonds is a key metric of political risk and is testing new lows.

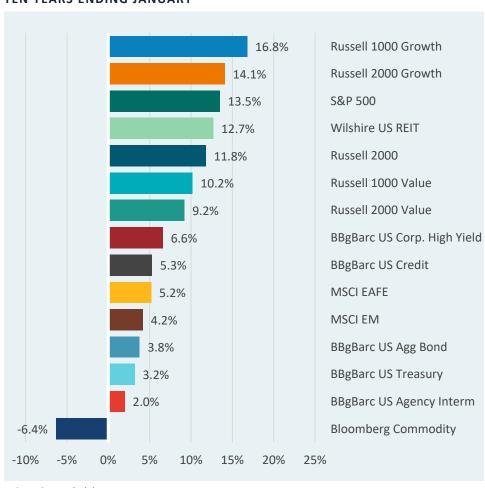


Major asset class returns

ONE YEAR ENDING JANUARY



TEN YEARS ENDING JANUARY



*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 1/31/21

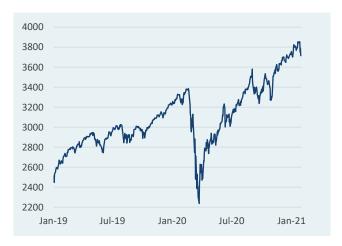
Source: Morningstar, as of 1/31/21



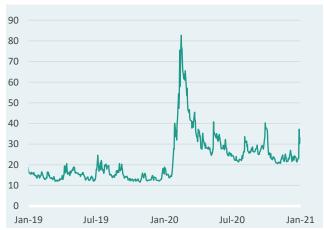
U.S. large cap equities

- The S&P 500 Index started the year in the red and ended the month down -1.0%. The sectors that proved to be the biggest headwinds for the index over the month were the consumer staples (-5.2%), industrials (-4.3%) and Materials (-2.3%) sectors.
- Only four S&P 500 sectors posted a positive return in January, and the energy (+3.8%), health care (+1.4%), and real estate (+0.5%) sectors were the top performers. The Real Estate and Energy sectors are the lowest-weighted in the overall index and were unable to provide much support for performance.
- Consumer staples stocks (-5.2%) lagged consumer discretionary stocks (+0.4%) by 5.6%. Consumer discretionary stocks tend to do well when the economy is strong, and people have more money to spend while consumer staples stocks tend to perform better in more uncertain economic environments.
- Volatility rose over the month of January and the VIX Index of implied volatility spiked 14.2 points on January 27th to an intra-month high of 37.2 points. The Index closed the month at 33.1 more than 45% higher than where the index closed the month before.

S&P 500 PRICE INDEX

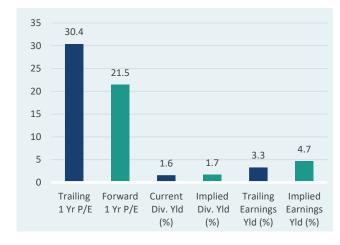


IMPLIED VOLATILITY (VIX INDEX)



Source: CBOE, as of 1/31/21

S&P 500 VALUATION SNAPSHOT



Source: Bloomberg, as of 1/31/21

Domestic equity size and style

- Small-cap equities (Russell 2000 Index +5.0%) extended their rally and outperformed large-cap equities (Russell 1000 Index -0.8%) in a volatile month for the U.S. equity market. By month-end, the 1-year trailing outperformance of small-caps relative to large-caps (+10.3%) was the largest since early 2017.
- Bullish speculation from retail investors on Robinhood sparked squeezes on a number of heavily-shorted small-cap companies. GameStop and several other stocks saw price gains of several hundred percent before plunging back to more-normal levels.
- Growth stocks (Russell 3000 Growth -0.4%) etched out a higher return than value style stocks (Russell 3000 Value -0.5%) in January. The sectors which are more heavily-weighted in the value index, such as consumer staples, industrials and financials performed poorly over the month.
- Within small cap stocks, the value factor (Russell 2000 Value +5.3%) outperformed the growth factor (Russell 2000 +4.8%). The outperformance of value was likely aided by strong returns in energy and losses in lower-weighted information technology companies.

VALUE VS. GROWTH RELATIVE VALUATIONS



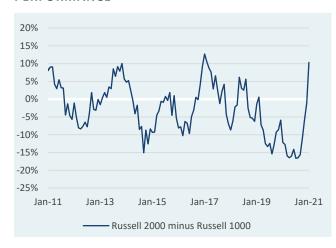
Source: FTSE, Bloomberg, as of 1/31/21

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 1/31/21

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

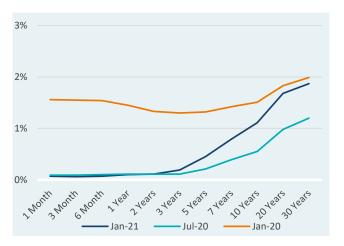




Fixed income

- The yield curve continued to steepen in January, as the 30-year U.S. Treasury yield rose 22 basis points to 1.87% and the 2-year yield fell another basis point to 0.11%. Historically, steepening of the yield curve has represented a positive sign for future economic growth and inflation.
- The five-year breakeven inflation rate rose 20 basis points to 2.2%, indicating that the market has priced inflation to come in around 2.2% per year over the next five. However, the Fed has also added a massive amount of TIPS to its own balance sheet, which could be contributing to the surge in priced inflation.
- High yield credit spreads compressed another two basis points to 3.8% over the month of January. The ICE BofA US High Yield Index Option-Adjusted Spread is now only 56 basis points above the lowest level since the Global Financial Crisis.
- High investor appetite for junk bonds has pushed yields on CCC-rated debt to the lowest level in history (ICE BofA CCC & Lower US High Yield Index 7.8%). It appears that in the current environment, investors have shown a willingness to reach out in terms of credit quality for a chance at boosting returns.

U.S. TREASURY YIELD CURVE



NOMINAL YIELDS



BREAKEVEN INFLATION RATES



Source: Morningstar, as of 1/31/21

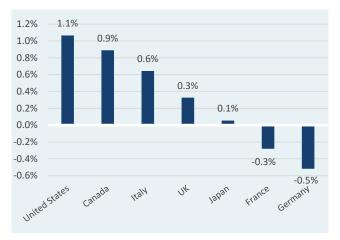
Source: Bloomberg, as of 1/31/21



Global markets

- Global equities (MSCI ACWI -0.5%) took a step back in January, and international developed equities (MSCI EAFE -1.1%) underperformed. Countries in the Eurozone (MSCI Europe -1.4%) underperformed other international developed countries including the U.K. (MSCI UK -0.2%) and Japan (MSCI Japan -1.0%).
- Emerging market equities outperformed global equities over the month. The MSCI Emerging Markets index posted a +3.1% return, supported by Chinese equities, which posted a +7.4% return in U.S. dollar terms. China is likely to be the only major economy to avoid real GDP contraction in 2020.
- The U.S. Dollar Spot Index advanced 72 basis points while the Yen depreciated -1.4% relative to the U.S. dollar. The weaker Yen provided headwinds for U.S. investors in Japanese equities as the MSCI Japan Local Index outperformed the return experienced by unhedged U.S. investors in Japanese equities by 1.4%.
- U.S. credit outperformed global risky credit in January.
 While the BBgBarc U.S. Agg Bond Index faded -0.7% over the month, it held up better than hard-currency denominated emerging market debt (JPM EMBI Global Diversified Index -1.1%).

GLOBAL SOVEREIGN 10-YEAR YIELDS

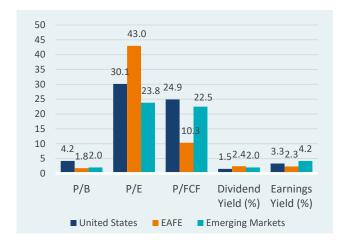


U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 1/31/21

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 1/31/21



Commodities

- The Bloomberg Commodity Index rose +2.6% in January. Grains (+7.6%) and energy (+5.5%) continued their run higher and helped the index post a positive return over the month. The Precious Metals sector (-1.6%) presented the largest headwinds for the broad commodity basket.
- The Bloomberg Energy Sub-Index (+5.5%) showed positive returns over the month predominately due to rising gasoline prices. Brent crude oil prices gained +7.9% over the month as Saudi officials committed to voluntary output cuts. By month-end, oil was trading above the fiveyear average price of \$55.61 per barrel.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	2.6	2.6	2.6	7.3	(2.3)	1.9	(6.4)
Bloomberg Agriculture	4.8	4.8	4.8	29.0	3.0	0.3	(5.5)
Bloomberg Energy	5.5	5.5	5.5	(29.1)	(17.4)	(6.7)	(15.2)
Bloomberg Grains	7.6	7.6	7.6	33.9	4.8	(0.5)	(5.1)
Bloomberg Industrial Metals	0.0	0.0	0.0	25.5	0.0	9.5	(3.7)
Bloomberg Livestock	1.4	1.4	1.4	(12.8)	(10.1)	(6.6)	(5.5)
Bloomberg Petroleum	7.2	7.2	7.2	(25.0)	(12.9)	(0.4)	(10.7)
Bloomberg Precious Metals	(1.6)	(1.6)	(1.6)	19.7	10.6	9.9	1.4
Bloomberg Softs	0.1	0.1	0.1	8.5	(3.5)	(2.3)	(10.3)

Source: Morningstar, as of 1/31/21

- The Bloomberg Grains sub-index was the top-performing asset class and posted its sixth consecutive month of gains. Prices for front-month corn futures contracts (+13.9%) rose for the sixth consecutive month, and the price of corn has risen 58.2% over the last six months. Front-month contracts for soybeans (+4.2%) rose for the seventh consecutive month and over this time period prices have risen 62.9%.
- Precious metals (-1.6%) were the only major commodities sub-index to post a negative return over the month. Gold sold off over the month and spot prices declined -2.2% to \$1848 per ounce.

COMMODITY PERFORMANCE



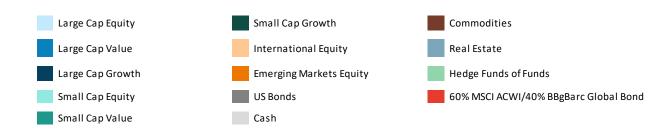


Appendix



Periodic table of returns

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	5-Year	10-Year
Small Cap Value	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	38.5	5.3	22.2	16.8
Small Cap Equity	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	34.6	5.0	20.2	14.1
Small Cap Growth	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	21.0	4.8	16.7	13.6
Emerging Markets Equity	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	20.0	3.1	16.5	11.8
Commodities	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	18.3	2.6	15.0	10.2
Cash	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	14.0	0.0	12.3	9.2
Real Estate	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	10.3	0.0	10.7	9.0
60/40 Global Portfolio	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	7.8	-0.6	10.1	6.6
US Bonds	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	7.5	-0.7	8.8	5.2
Large Cap Growth	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	4.6	-0.7	5.9	4.2
Large Cap Equity	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	2.8	-0.8	4.9	3.8
Large Cap Value	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	1.6	-0.9	4.0	3.2
Hedge Funds of Funds	-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	0.5	-1.0	1.1	0.6
International Equity	-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	-3.1	-1.1	1.9	-6.4

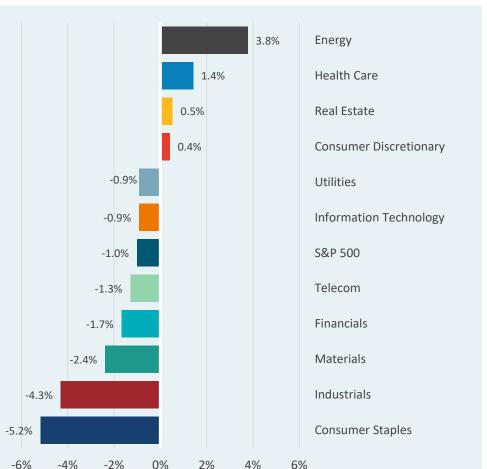


Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, BBgBarc US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, BBgBarc Global Bond. NCREIF Property Index performance data as of 12/31/20.

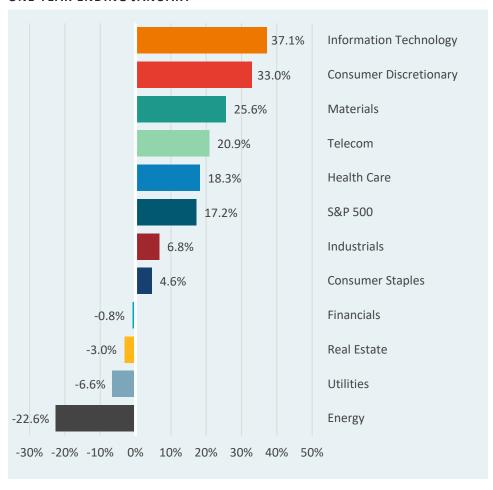


S&P 500 sector returns

QTD



ONE YEAR ENDING JANUARY



Source: Morningstar, as of 1/31/21

Source: Morningstar, as of 1/31/21



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	(1.0)	(1.0)	(1.0)	17.2	11.7	16.2	13.5	BBgBarc US TIPS	0.3	0.3	0.3	9.1	6.3	4.8	3.8
S&P 500 Equal Weighted	(0.8)	(0.8)	(0.8)	14.0	8.5	14.1	12.3	BBgBarc US Treasury Bills	0.0	0.0	0.0	0.6	1.6	1.2	0.7
DJ Industrial Average	(2.0)	(2.0)	(2.0)	8.5	7.1	15.5	12.4	BBgBarc US Agg Bond	(0.7)	(0.7)	(0.7)	4.7	5.5	4.0	3.8
Russell Top 200	(1.0)	(1.0)	(1.0)	20.6	13.4	17.4	14.2	Duration							
Russell 1000	(0.8)	(0.8)	(0.8)	19.8	12.5	16.7	13.6	BBgBarc US Treasury 1-3 Yr	0.0	0.0	0.0	2.6	2.9	1.8	1.3
Russell 2000	5.0	5.0	5.0	30.2	11.1	16.5	11.8	BBgBarc US Treasury Long	(3.6)	(3.6)	(3.6)	6.2	9.7	6.0	7.6
Russell 3000	(0.4)	(0.4)	(0.4)	20.5	12.4	16.7	13.5	BBgBarc US Treasury	(1.0)	(1.0)	(1.0)	4.4	5.3	3.1	3.2
Russell Mid Cap	(0.3)	(0.3)	(0.3)	17.7	10.1	14.9	12.1	Issuer							
Style Index								BBgBarc US MBS	0.1	0.1	0.1	3.2	4.2	2.8	3.0
Russell 1000 Growth	(0.7)	(0.7)	(0.7)	34.5	19.9	22.2	16.8	BBgBarc US Corp. High Yield	0.3	0.3	0.3	7.4	6.1	9.0	6.6
Russell 1000 Value	(0.9)	(0.9)	(0.9)	4.1	4.4	10.7	10.2	BBgBarc US Agency Interm	(0.1)	(0.1)	(0.1)	3.1	3.5	2.3	2.0
Russell 2000 Growth	4.8	4.8	4.8	42.7	16.5	20.2	14.1	BBgBarc US Credit	(1.2)	(1.2)	(1.2)	5.6	6.7	6.1	5.3
Russell 2000 Value	5.3	5.3	5.3	16.4	5.1	12.3	9.2								
INTERNATIONAL EQUITY								OTHER							
Broad Index								Index							
MSCI ACWI	(0.5)	(0.5)	(0.5)	17.0	7.9	13.6	8.9	Bloomberg Commodity	2.6	2.6	2.6	7.3	(2.3)	1.9	(6.4)
MSCI ACWI ex US	0.2	0.2	0.2	14.0	3.1	10.5	4.8	Wilshire US REIT	0.5	0.5	0.5	(8.1)	4.8	5.7	12.7
MSCI EAFE	(1.1)	(1.1)	(1.1)	8.9	2.2	8.8	5.2	CS Leveraged Loans	1.3	1.3	1.3	3.5	4.1	4.6	5.0
MSCI EM	3.1	3.1	3.1	27.9	4.4	15.0	4.2	Alerian MLP	5.8	5.8	5.8	(23.0)	(13.7)	(3.2)	(1.8)
MSCI EAFE Small Cap	(0.4)	(0.4)	(0.4)	15.3	3.0	11.1	7.7	Regional Index							
Style Index								JPM EMBI Global Div	(1.1)	(1.1)	(1.1)	2.6	4.7	6.9	6.2
MSCI EAFE Growth	(1.4)	(1.4)	(1.4)	17.4	7.5	11.7	7.3	JPM GBI-EM Global Div	(1.1)	(1.1)	(1.1)	2.9	1.1	6.4	1.5
MSCI EAFE Value	(0.8)	(0.8)	(0.8)	0.2	(3.2)	5.8	2.8	Hedge Funds							
Regional Index								HFRI Composite	0.9	0.9	0.9	13.3	5.1	6.9	4.2
MSCI UK	(0.2)	(0.2)	(0.2)	(7.2)	(3.4)	3.8	2.8	HFRI FOF Composite	(1.0)	(1.0)	(1.0)	9.4	3.7	4.9	3.2
MSCI Japan	(1.0)	(1.0)	(1.0)	14.9	4.1	10.3	6.4	Currency (Spot)							
MSCI Europe	(1.4)	(1.4)	(1.4)	6.5	1.3	7.9	4.8	Euro	(0.7)	(0.7)	(0.7)	9.6	(0.8)	2.3	(1.2)
MSCI EM Asia	4.3	4.3	4.3	40.2	7.7	17.2	7.2	Pound Sterling	0.5	0.5	0.5	4.2	(1.2)	(0.6)	(1.5)
MSCI EM Latin American	(6.7)	(6.7)	(6.7)	(14.8)	(8.0)	8.4	(3.7)	Yen	(1.4)	(1.4)	(1.4)	3.5	1.4	2.9	(2.4)

Source: Morningstar, HFRI, as of 1/31/21



Detailed private market returns

Comparison to public market index returns

11.0
11.9
14.6
16.0
12.7
13.3
9.4
13.7
4.3
5.6

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	0.5	6.6	7.9	12.2
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	(18.2)	0.2	3.9	7.9

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	3.7	6.4	8.2	10.2
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	1.7	3.4	4.1	4.1
Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Private Real Assets Pooled IRRs Global Nature Resources ***	1 Year (20.2)	3 Year (7.5)	5 Year (2.8)	10 Year (0.0)
Global Nature Resources ***	(20.2)	(7.5)	(2.8)	(0.0)
Global Nature Resources *** Global Infrastructure	(20.2)	(7.5)	(2.8)	(0.0)

Source: Pooled IRRs are from Thompson Reuters C/A and Time-weighted Returns are from Investment Metrics, as of September 30th, 2020. 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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