

Open-End Net Fund Flows (\$)	6/20	5/20	YTD (Jun)
Equity	-63.06B	-38.61B	-234.65B
Taxable Bond	55.71B	38.01B	-74.31B
Municipal Bond	11.18B	5.14B	-8.24B
Hybrid	-2.30B	-2.72B	-56.30B
Taxable Money Market	-129.64B	32.87B	1.00T

Key Interest Rates	7/31/20	12/31/19	7/31/19
Federal Funds Target Rate	0.25%	1.75%	2.25%
ICE LIBOR (3-Month)	0.25%	1.91%	2.27%
2-Year T-Note	0.11%	1.57%	1.87%
10-Year T-Note	0.53%	1.92%	2.02%
Bond Buyer 40	3.53%	3.63%	3.67%

Commodities/U.S. Dollar	7/20	YTD	12 Mo.
U.S. Dollar Index (DXY)	-4.15%	-3.15%	-5.25%
Refinitiv/CC CRB Excess Ret.	4.15%	-22.66%	-19.51%
Crude Oil/WTI (per Barrel)	2.55%	-34.05%	-31.26%
Natural Gas (per million BTUs)	2.86%	-17.81%	-19.28%
Gold Bullion (Ounce)	9.01%	28.87%	37.63%

Total Return Performance

U.S. Stock Indices	7/20	YTD	12 Mo.
S&P 500	5.64%	2.38%	11.94%
DJIA	2.51%	-6.14%	0.83%
NASDAQ 100	7.41%	25.55%	40.37%
S&P MidCap 400	4.61%	-8.75%	-3.55%
Russell 2000	2.77%	-10.58%	-4.61%
Russell 3000	5.68%	2.00%	10.92%

U.S. Styles/Market Caps	7/20	YTD	12 Mo.
S&P 500 Growth	6.99%	15.47%	24.54%
S&P 500 Value	3.66%	-12.44%	-2.73%
S&P MidCap 400 Growth	6.11%	0.58%	5.38%
S&P MidCap 400 Value	2.73%	-18.82%	-13.42%
Russell 2000 Growth	3.44%	0.27%	5.98%
Russell 2000 Value	2.06%	-21.93%	-15.94%

Foreign Stock Indices (USD)	7/20	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.66%	-9.13%	-1.72%
MSCI Emerging Markets NET	8.94%	-1.72%	6.55%
MSCI Europe NET	3.84%	-9.43%	-1.29%
MSCI BRIC NET	9.62%	1.34%	10.34%
MSCI EM Latin America NET	10.95%	-28.14%	-25.15%
Nikkei 225	-0.76%	-4.49%	5.73%

Bloomberg Barclays Bond Ind.	7/20	YTD	12 Mo.
U.S. Treasury: Intermediate	0.32%	6.16%	7.61%
GNMA 30 Year	-0.26%	3.38%	4.78%
Municipal Bond (22+)	2.36%	4.10%	6.51%
U.S. Aggregate	1.49%	7.72%	10.12%
Intermediate Corporate	1.50%	5.80%	8.58%
U.S. Corporate High Yield	4.69%	0.71%	4.14%
Global Aggregate	3.19%	6.27%	7.85%
EM Hard Currency Aggregate	3.58%	2.70%	5.03%

Sources: Bloomberg, Bloomberg Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

We know that the U.S. economy and stock market have appeared disconnected for the better part of the past four months due to the COVID-19 pandemic. While the economy is now officially in recession, the major large company stock indices are either closing in on their previous all-time highs, or in the case of the Nasdaq 100 Index, established a new all-time high in July, according to Bloomberg. That seems counterintuitive. Keep in mind that 56% of the Nasdaq 100 Index was comprised of technology stocks at mid-year (See Stock Market for more perspective). Tech companies have benefitted from the work-from-home and e-learning mandates as many consumers upgraded their computers and broadband.

Stock Market

The S&P 500 Index ("index") closed at 3,271.12 on 7/31/20, just 3.40% below its all-time closing high of 3,386.15 on 2/19/20, according to Bloomberg. That is amazing considering the scope of the drop in U.S. GDP in Q2'20. The S&P 500 Index posted a total return of 5.64% in July. Ten of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Consumer Discretionary, up 9.00%, while the worst showing came from Energy, down 5.13%. Year-to-date through July, the S&P 500 Index posted a total return of 2.38%. Five of the 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 21.41%, while the worst showing came from Energy, down 38.65%. While S&P 500 Index earnings have been adjusted much lower for 2020 since the start of the year, 2021 projections are up significantly. As of 12/30/19, Bloomberg's 2020 and 2021 consensus earnings estimates for the S&P 500 Index stood at 9.02% and 10.72%, respectively. As of 7/31/20, those same two estimates were -20.64% and 24.84%, respectively. A Bloomberg survey of 17 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 3,108 as of 7/17/20, according to its own release. The highest estimate was 3,500 while the lowest estimate was 2,750. As we noted above, technology stocks have delivered the best returns of the major sectors through the first seven months of 2020. The biggest tech stocks in the Nasdaq 100 Index are gobbling up more and more of its total market capitalization (cap). As of 7/22/20, six technology companies accounted for 49% of its market cap, meaning the other 94 companies constituted the remaining 51%, according to CNBC. And, those same six companies made up 41% of the Nasdaq Composite Index, which is comprised of more than 2,700 companies.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 7/31/20 at 0.53%, down 13 basis points (bps) from its 0.66% close on 6/30/20, according to Bloomberg. The yield stood 172 bps below its 2.25% average for the 10-year period ended 7/31/20. As we have noted in the past, the low interest rate climate that we have enjoyed for so long should continue to be a win-win for bond investors (See YTD bond returns in the adjacent table), providing that inflation remains subdued. When you factor in the trillions of dollars of monetary and fiscal stimulus that the Federal Reserve ("Fed") and Congress have appropriated in recent months to help mitigate the economic fallout from the COVID-19 pandemic, one must wonder if rising inflation could be a natural byproduct of all this stimulus down the road. The yield spread between U.S. and foreign government bonds is not nearly as wide as it was just a few months ago. We believe the drop in the yield on the 10-year T-note is one of the main reasons why the U.S. dollar lost some its relative strength over the past three months, as measured by the U.S. Dollar Index (DXY).

Takeaway

A recent survey by Bankrate found that Americans favor stocks when investing long-term, according to its own release. When investing money that would not be needed for more than a decade, 28% of those polled selected stocks over other options, up from 20% a year ago. Real Estate, which was last year's top pick, was a close second at 26%, followed by cash investments (savings accounts or CDs) at 18%. Gold and other precious metals appealed to 14% of respondents. Both bonds and cryptocurrency came in at 4%. The Fed seems committed to keeping its benchmark lending rate low for an extended period of time. In doing so, the Fed is sending a message to investors, either directly or indirectly, that they are going to have to assume more risk to achieve higher returns moving forward. Historically, two of the top-performing assets classes have been stocks and real estate.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	3386.15	2/19/2020	1047.22	8/26/2010	3271.12	-3.40%	2.38%	1.85%
S&P 500 Growth	2239.36	7/31/2020	541.51	8/26/2010	2239.36	0.00%	15.47%	1.11%
S&P 500 Value	1301.02	1/17/2020	494.97	10/3/2011	1107.14	-14.90%	-12.44%	2.97%
S&P MidCap 400	2106.12	2/20/2020	718.25	8/24/2010	1863.91	-11.50%	-8.75%	1.91%
S&P MidCap 400 Growth	1004.45	2/20/2020	315.35	8/24/2010	965.44	-3.88%	0.58%	1.12%
S&P MidCap 400 Value	692.20	1/16/2020	252.35	10/3/2011	547.23	-20.94%	-18.82%	2.93%
S&P 100	1518.94	2/19/2020	474.77	8/26/2010	1504.93	-0.92%	5.57%	1.82%
DJIA	29551.42	2/12/2020	9985.81	8/26/2010	26428.32	-10.57%	-6.14%	2.46%
NASDAQ 100	10952.08	7/20/2020	1767.43	8/31/2010	10905.88	-0.42%	25.55%	0.80%
Russell 2000	1740.75	8/31/2018	595.59	8/24/2010	1480.43	-14.95%	-10.58%	1.74%
Russell 2000 Growth	1142.13	2/19/2020	326.97	8/24/2010	1086.23	-4.89%	0.27%	0.62%
Russell 2000 Value	2049.42	8/22/2018	804.33	10/3/2011	1485.32	-27.52%	-21.93%	2.94%
Russell 3000	1984.26	2/19/2020	615.90	8/26/2010	1909.89	-3.75%	2.00%	1.77%
MSCI World Net (ex U.S.) (USD)	6499.50	1/17/2020	3369.63	10/4/2011	5838.31	-10.17%	-9.13%	2.97%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	296.25	1/21/2016	518.47	-9.55%	-1.72%	2.47%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	19779.40	-54.65%	-31.07%	3.16%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1234.44	-41.87%	-17.25%	6.52%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	191.48	-21.88%	-12.10%	1.41%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	474.54	-42.97%	10.65%	2.16%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.16	3/19/2020	1.88	-22.34%	-0.46%	2.00%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3173.55	-25.17%	-10.09%	3.78%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1242.61	-19.54%	-9.22%	2.52%
S&P 500 Consumer Discretionary	1145.81	7/31/2020	237.16	8/30/2010	1145.81	0.00%	16.88%	1.01%
S&P 500 Consumer Staples	665.35	2/14/2020	272.95	8/30/2010	642.01	-3.51%	0.91%	2.76%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	272.09	-63.09%	-38.65%	6.42%
S&P 500 Utilities	359.13	2/18/2020	152.93	8/8/2011	309.12	-13.93%	-4.20%	3.34%
S&P 500 Financials	516.21	1/2/2020	151.85	10/3/2011	399.06	-22.69%	-20.77%	2.69%
S&P 500 Banks	383.30	1/2/2020	105.73	8/22/2011	245.58	-35.93%	-33.82%	4.23%
FTSE NAREIT All Equity REITs	835.20	2/14/2020	371.48	10/3/2011	687.53	-17.68%	-9.99%	3.90%
S&P 500 Health Care	1244.95	7/29/2020	325.08	8/31/2010	1228.58	-1.31%	4.54%	1.66%
S&P 500 Pharmaceuticals	768.14	1/21/2020	280.44	8/30/2010	734.92	-4.32%	0.10%	2.73%
NYSE Arca Biotechnology	6142.97	7/20/2020	1001.60	11/25/2011	5657.48	-7.90%	11.78%	0.29%
S&P 500 Information Technology	1942.39	7/31/2020	328.12	8/31/2010	1942.39	0.00%	21.41%	1.16%
Philadelphia Semiconductor	2147.55	7/30/2020	307.49	8/31/2010	2136.41	-0.52%	16.64%	1.54%
S&P 500 Telecom Services	192.99	7/20/2020	111.24	8/23/2010	191.69	-0.67%	6.47%	1.14%
S&P 500 Industrials	718.21	2/12/2020	243.24	8/26/2010	605.88	-15.64%	-10.93%	2.26%
S&P 500 Materials	401.59	1/26/2018	179.78	10/3/2011	379.77	-5.43%	-0.34%	2.13%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	154.53	-32.50%	45.17%	0.52%
Refinitiv/CC CRB Excess Return	370.56	4/29/2011	106.29	4/21/2020	143.69	-61.22%	-22.66%	N/A
ICE BofA Perpetual Preferred	293.45	2/17/2020	146.25	8/8/2011	293.21	-0.08%	1.83%	4.56%
ICE BofA U.S. High Yield Constrained	472.87	2/20/2020	245.55	8/13/2010	465.49	-1.56%	-0.33%	6.06%

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