

Economic Review and Outlook

2Q20

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Chief Investment Officer

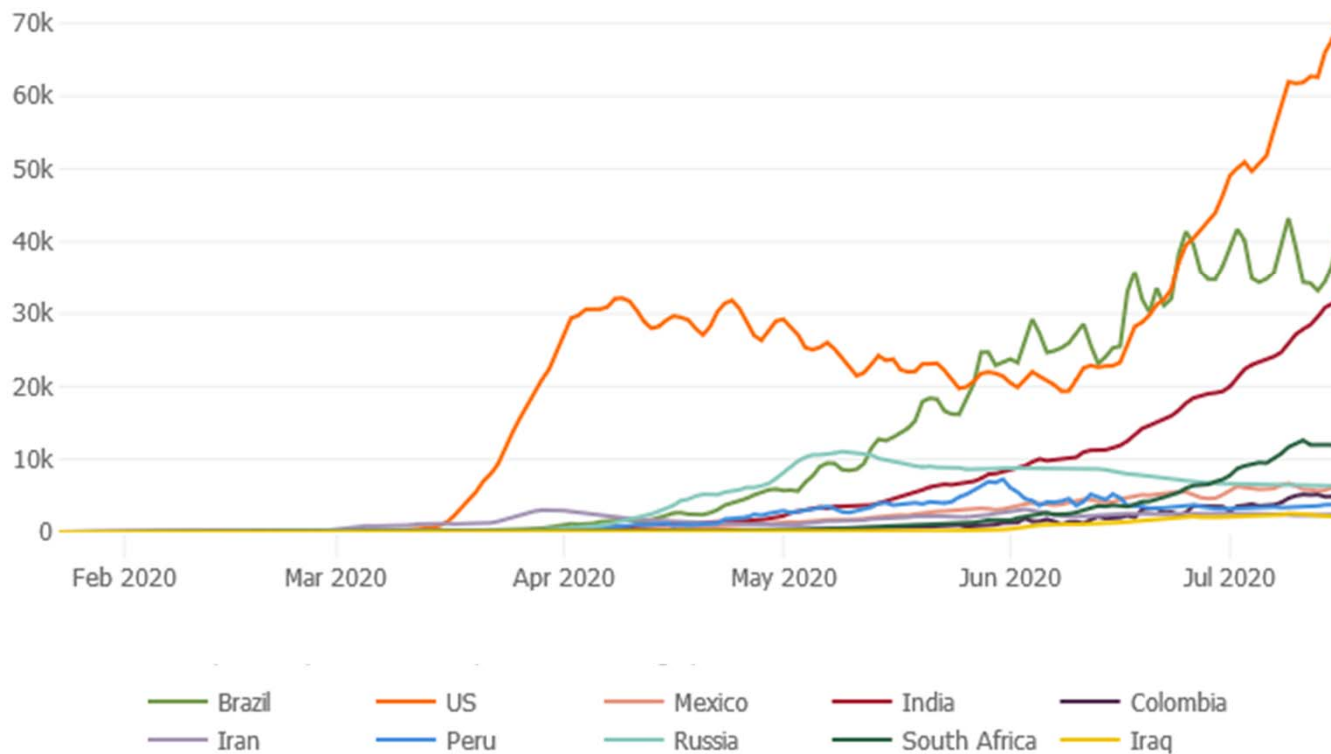
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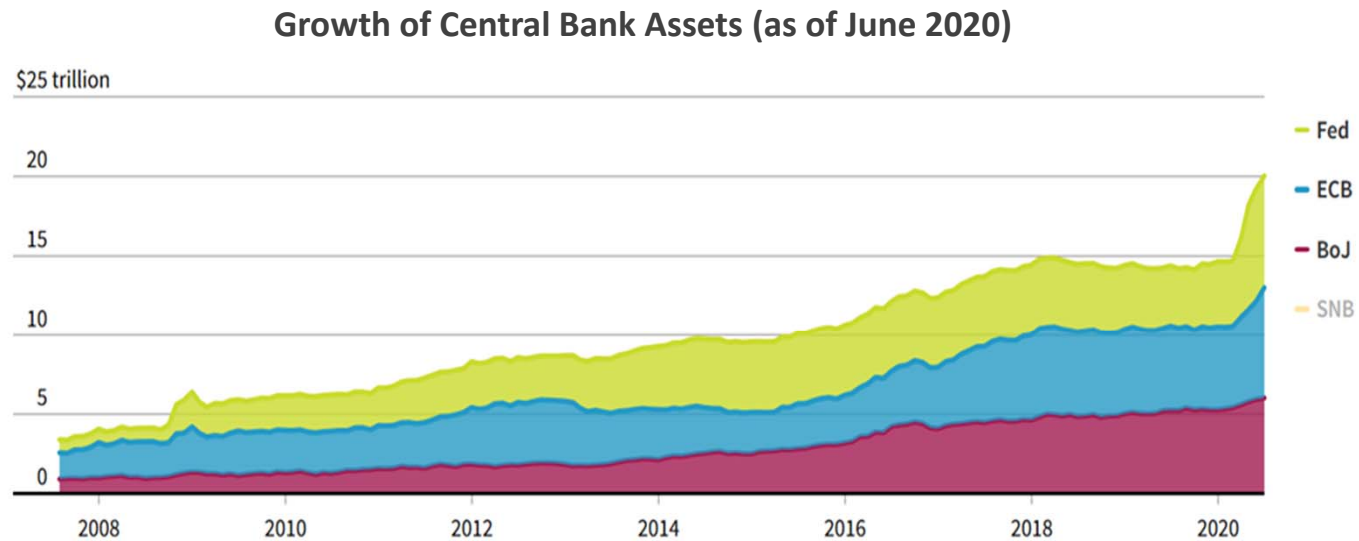
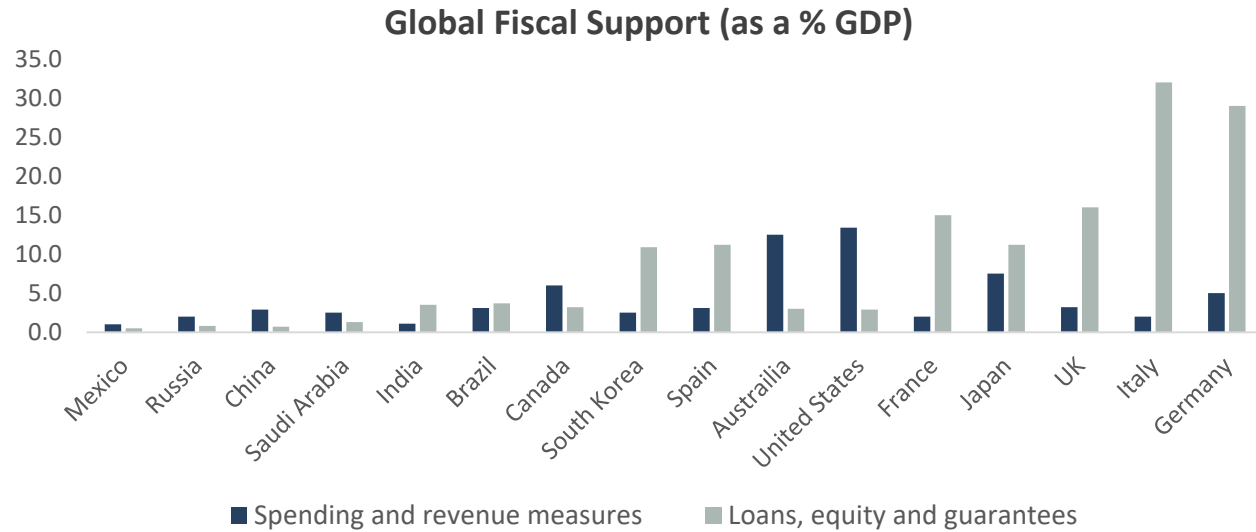
Virus Trajectory Will Determine Economic Outcome

- While many countries have controlled the virus, globally the virus is still progressing

Covid-19 Confirmed New Cases, Five-day Moving Average*



Extraordinary Global Fiscal and Monetary Policy Response to Bridge the Gap

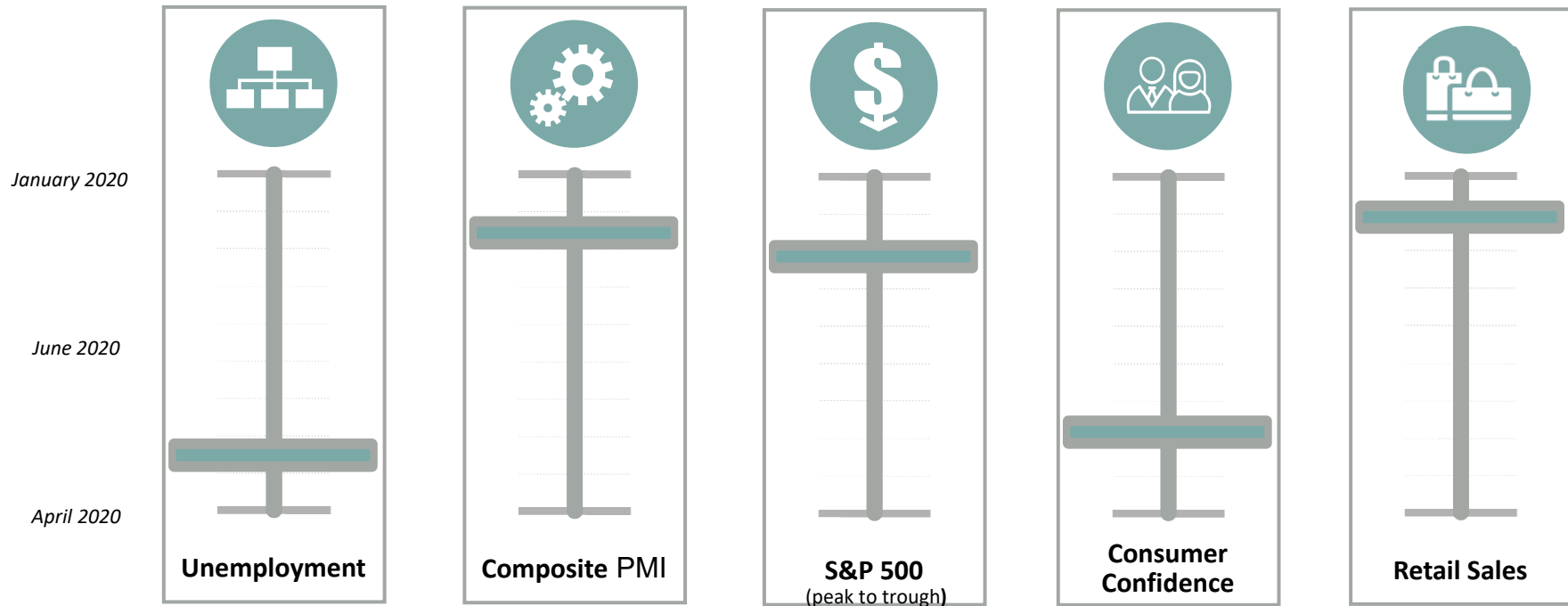


Sources: Reuters Graphics, IMF Fiscal Monitor



Improving US Indicators but Still a Way To Go

- Data could stall given increased virus outbreak in South and Mid-west



Business Sentiment Rebounding

- Business confidence is improving, but will fixed investment spending follow?

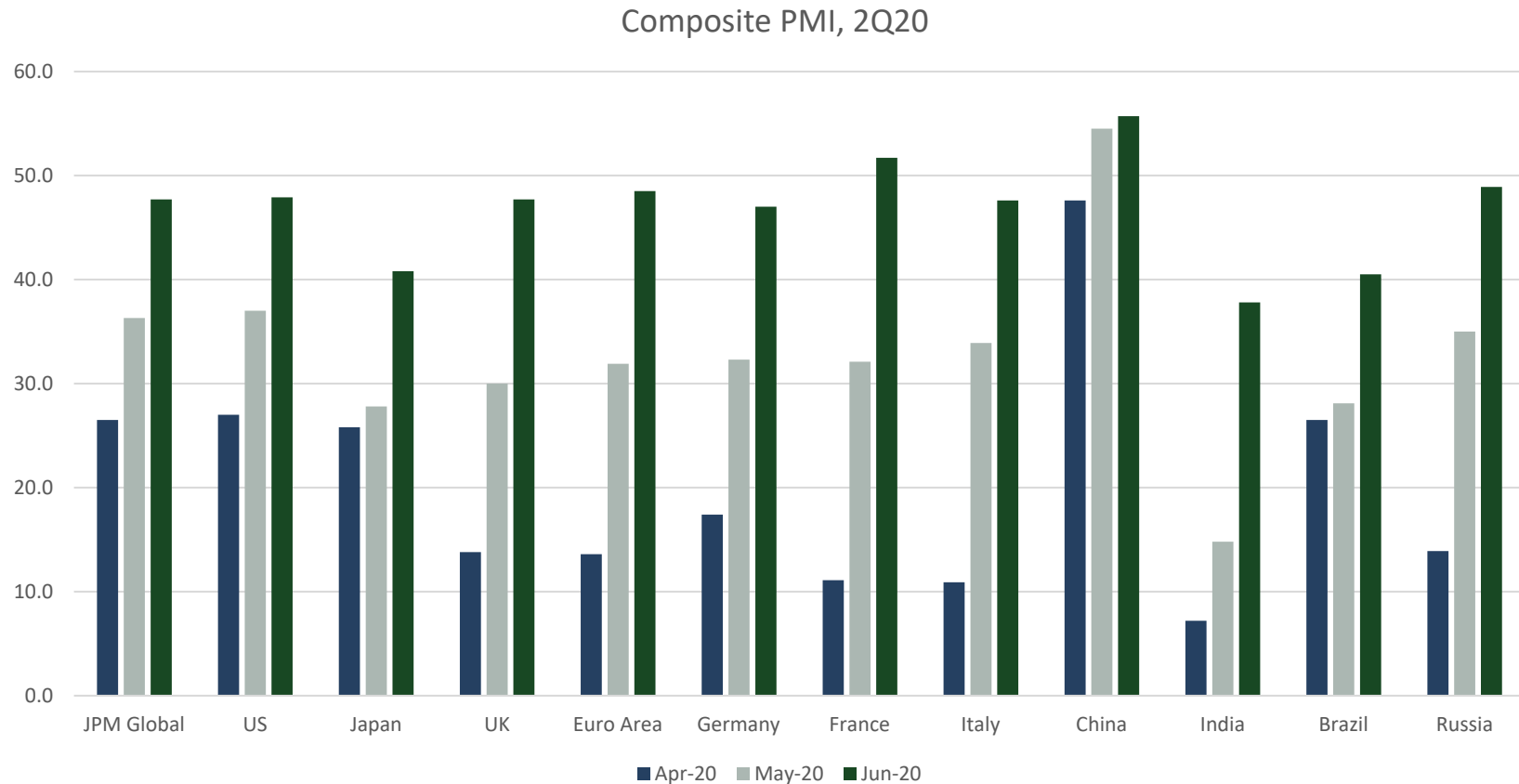


Sources: OECD (2020), Business confidence index (BCI) (indicator). doi: 10.1787/3092dc4f-en (Accessed on 20 July 2020)



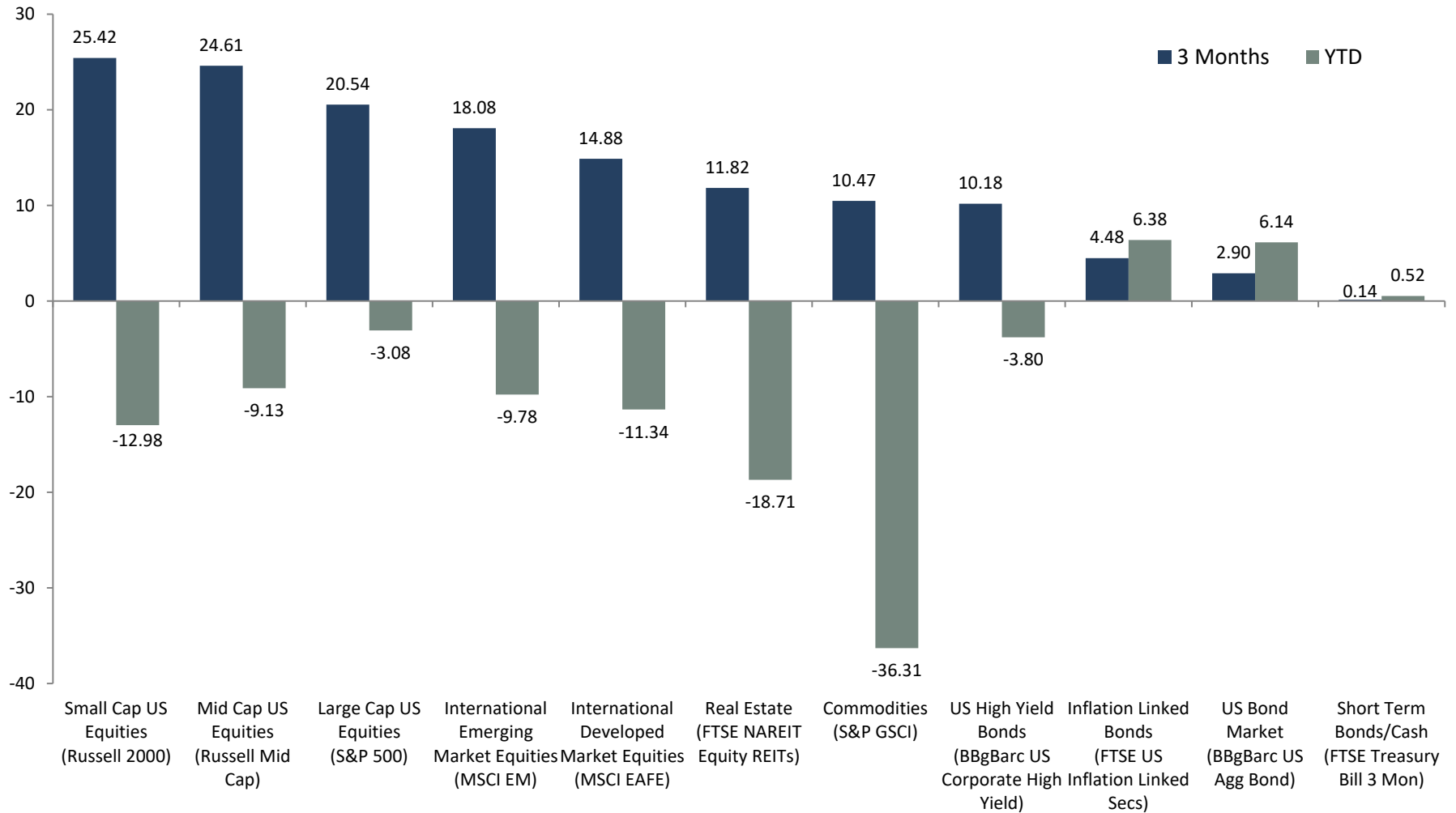
Global Economy on the Mend

- Global composite data shows improvement across manufacturing and service industries



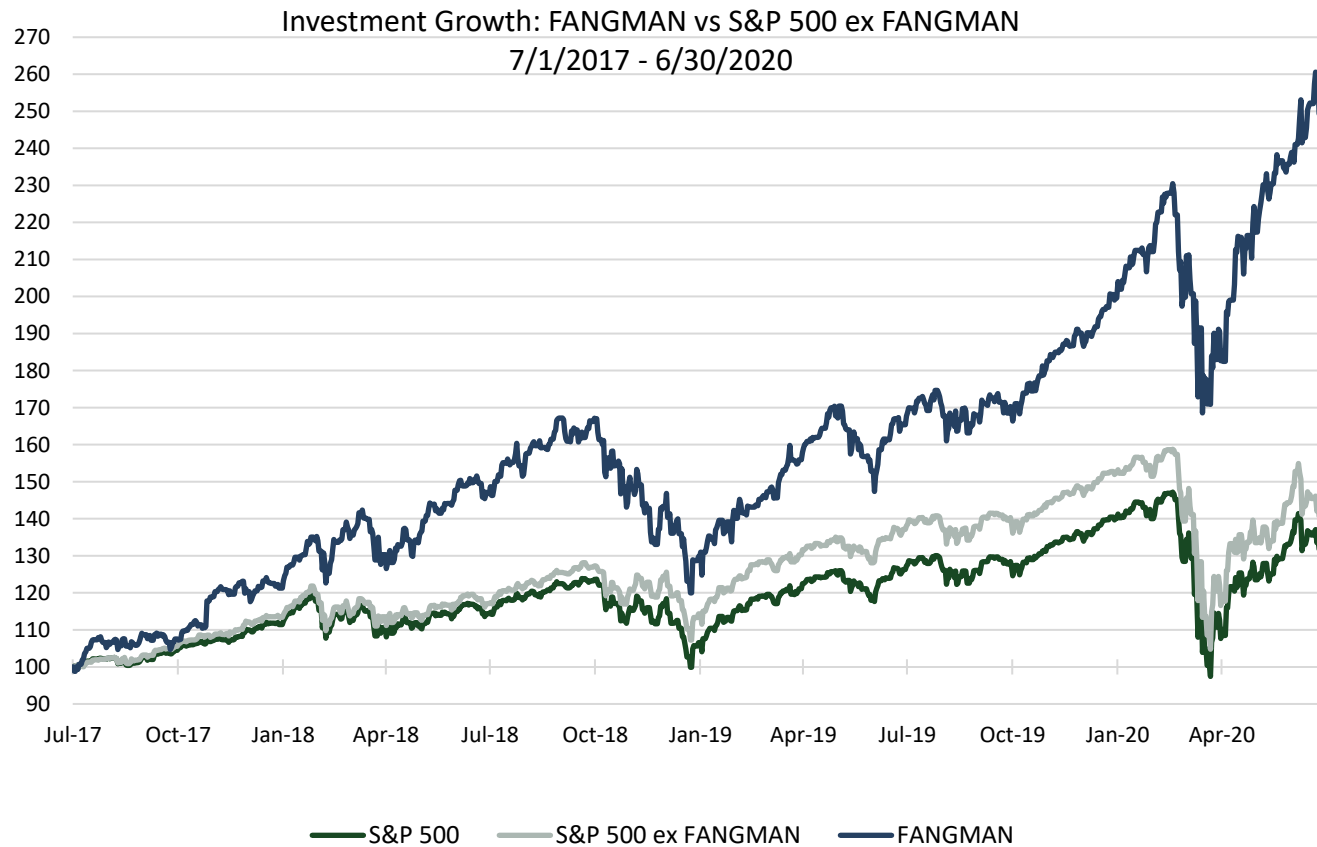
Asset Class Performance

Trailing Performance (%) as of June 30, 2020



Tech Stock Performance Relative to the Broader Market

- S&P 500 was up over 20% in the second quarter, propelled by tech stocks



* FANGMAN represents custom portfolio of Facebook, Amazon, Netflix, Google, Microsoft, Apple, and NVIDIA with their rescaled weights based on respective weights in S&P 500.



Financial Market Performance, as of June 30, 2020

DOMESTIC EQUITY

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
Broad Market	DJ Industrial Average	18.51	-8.43	-0.54	9.08	10.62	12.99
	S&P 500	20.54	-3.08	7.51	10.73	10.73	13.99
	NASDAQ Composite	30.95	12.67	26.94	19.14	16.36	18.25
	Wilshire 5000 Total Market	21.94	-3.30	6.78	10.13	10.27	13.74
Large Cap	Russell 1000	21.82	-2.81	7.48	10.64	10.47	13.97
	Russell 1000 Growth	27.84	9.81	23.28	18.99	15.89	17.23
	Russell 1000 Value	14.29	-16.26	-8.84	1.82	4.64	10.41
Mid Cap	Russell Mid Cap	24.61	-9.13	-2.24	5.79	6.76	12.35
	Russell Mid Cap Growth	30.26	4.16	11.91	14.76	11.60	15.09
	Russell Mid Cap Value	19.95	-18.09	-11.81	-0.54	3.32	10.29
Small Cap	Russell 2000	25.42	-12.98	-6.63	2.01	4.29	10.50
	Russell 2000 Growth	30.58	-3.06	3.48	7.86	6.86	12.92
	Russell 2000 Value	18.91	-23.50	-17.48	-4.35	1.26	7.82

Source: Morningstar

INTERNATIONAL EQUITY

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year	
Developed	MSCI ACWI	19.22	-6.25	2.11	6.14	6.46	9.16	
	MSCI ACWI Ex USA	16.12	-11.00	-4.80	1.13	2.26	4.97	
	MSCI EAFE	14.88	-11.34	-5.13	0.81	2.05	5.73	
	MSCI EAFE Growth	16.95	-3.53	4.15	5.91	5.52	7.78	
	MSCI EAFE Value	12.43	-19.27	-14.48	-4.43	-1.59	3.53	
	MSCI EAFE Small Cap	19.88	-13.11	-3.52	0.53	3.81	8.02	
	MSCI Europe	15.26	-12.78	-6.78	0.00	1.46	5.65	
	MSCI Europe Ex UK	17.66	-9.12	-2.95	1.27	2.87	6.22	
	MSCI Pacific Free	14.16	-9.01	-2.39	2.31	3.24	5.98	
	MSCI Pacific Free Ex Japan	20.19	-12.98	-12.74	0.82	2.68	5.65	
	MSCI Japan	11.61	-7.12	3.10	2.97	3.45	6.09	
	Emerging	MSCI EM	18.08	-9.78	-3.39	1.90	2.86	3.27
		MSCI BRIC	16.91	-7.55	-0.18	6.05	4.54	2.97
MSCI EM Latin America		19.10	-35.23	-32.46	-7.22	-3.22	-3.80	
MSCI EM Europe		18.63	-24.64	-17.05	0.67	1.30	-0.65	
MSCI EM Asia		17.82	-3.50	4.88	4.10	4.84	5.81	

FIXED INCOME

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
	BBgBarc US Agg Bond	2.90	6.14	8.74	5.32	4.30	3.82
	BBgBarc US Government	0.49	8.61	10.34	5.54	4.05	3.34
	BBgBarc US Credit	8.22	4.82	9.07	6.14	5.54	5.24
	BBgBarc US Govt/Credit Interm	2.81	5.28	7.12	4.43	3.46	3.13
	BBgBarc US Govt/Credit Long	6.23	12.82	18.91	10.32	8.98	7.84
	FTSE US Inflation Linked Secs	4.48	6.38	8.74	5.27	3.92	3.65
	BBgBarc EM USD Aggregate	10.00	-0.43	2.96	4.17	5.18	5.99
	BBgBarc ABS	3.54	3.32	4.68	3.34	2.67	2.57
	BBgBarc US MBS	0.67	3.50	5.67	3.97	3.23	3.06
	FTSE Treasury Bill 3 Mon	0.14	0.52	1.56	1.72	1.15	0.61
	ICE BofAML 1-3Y US Trsy	0.13	2.94	4.07	2.69	1.84	1.33
	BBgBarc US Corp Aaa	4.53	9.48	13.89	8.36	7.17	5.37
	BBgBarc US Corp A	7.18	6.46	10.47	6.36	5.73	5.28
	BBgBarc US Corp Baa	11.51	3.59	8.63	6.32	5.99	5.92
	BBgBarc US Corporate High Yield	10.18	-3.80	0.03	3.33	4.79	6.68
	BBgBarc US HY Caa	9.10	-13.32	-11.67	-1.86	2.58	5.81

Source: Morningstar

STABLE VALUE & MONEY MARKET

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
	Median Taxable Money Market Fund	0.12	0.47	1.50	1.70	1.13	0.64
	Average Stable Value Fund	0.57	1.17	2.45	2.31	2.11	2.15
	Consumer Price Index	-0.67	-0.15	0.30	1.52	1.44	1.64

Source: PEI

REAL ASSETS

	Index	3 Mos.	YTD	1 Year	3 Year	5 Year	10 Year
	FTSE NAREIT Equity REITs	11.82	-18.71	-13.04	0.03	4.06	9.05
	Bloomberg Commodity	5.08	-19.40	-17.38	-6.14	-7.69	-5.82
	S&P GSCI	10.47	-36.31	-33.90	-8.71	-12.54	-8.53

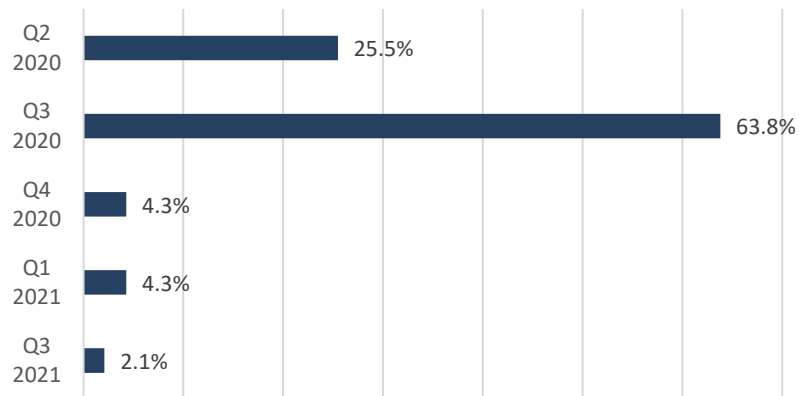
Source: Morningstar



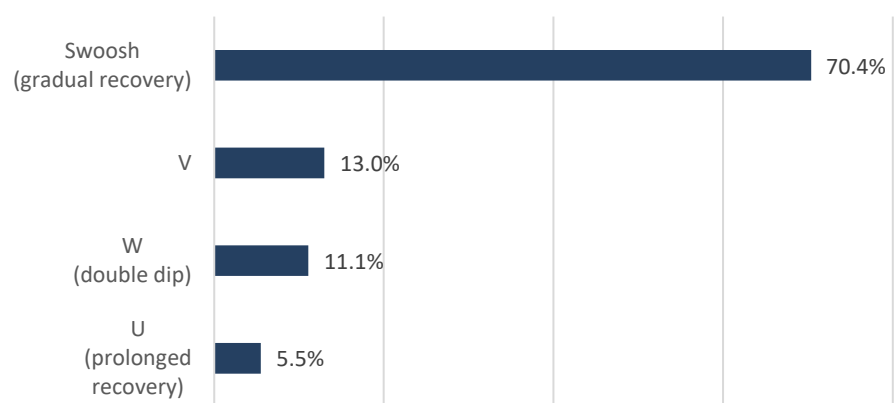
Short-term U.S. Economic Outlook; 3Q Recovery from Low Base

	Second Quarter 2020*	Third Quarter 2020*	Fourth Quarter 2020*	First Quarter 2021*
U.S. GDP	-31.9%	15.2%	6.8%	5.8%
Unemployment	11.1%	-	9.1%	-
CPI	0.4%	-	0.5%	-
Fed Funds	0.00-0.25%	00.0-0.25%	0.00-0.25%	0.00-0.25%

When do you expect economic recovery to start?



What will the economic recovery look like?



Global Projections for 2021 Recovery

Date	Estimator*	2Q Real GDP	3Q Real GDP	Factors
7/18/20	Federal Reserve Weekly Economic Index	-6.9%**	-	Increase in consumer confidence and steel production offset by monthly decline in retail sales
7/17/20	New York Fed Nowcast	-14.3%	+13.2%	Overall improvements in retail sales, manufacturing and employment from very weak base
7/17/20	Atlanta Fed GDP Now	-34.7%	-	Income improvement from unemployment insurance, trade recovery

International Monetary Fund Real GDP Forecast June 14, 2020 (annualized)	Current 2020 estimate/ (previous April 2020 estimate)	2021
Global	-4.9% / (-3.0%)	+5.4%
U.S.	-8.0% / (-5.9%)	+4.5%
EU	-10.2% / (-7.5%)	+6.0%
EM	-3.0% / (+1.0%)	+5.9%

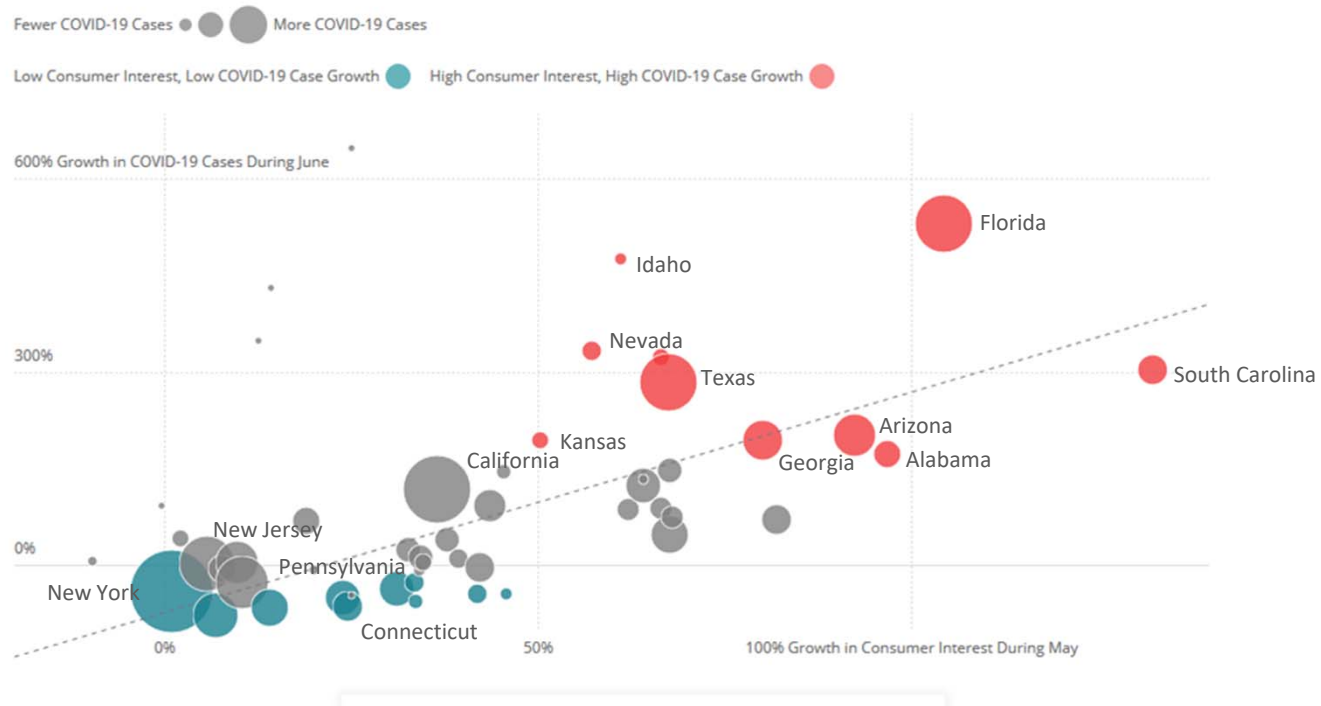
**Does not capture the impact or anticipate the future impact of CV-19 beyond its impact on currently released data and economic reports that are the source of GDP calculations in the relevant models. BEA Official Announcement is the first estimate for 1Q20.*

***The WEI is a new index created to reflect more immediate changes in the U.S. economy. The index includes ten weekly indicators of real economic activity that reflect consumption, employment, and consumer confidence data. The index is scaled to have the units of four-quarter percent change of real GDP. This data series differs from the N.Y. Fed's Nowcast, which reflects low-frequency data*



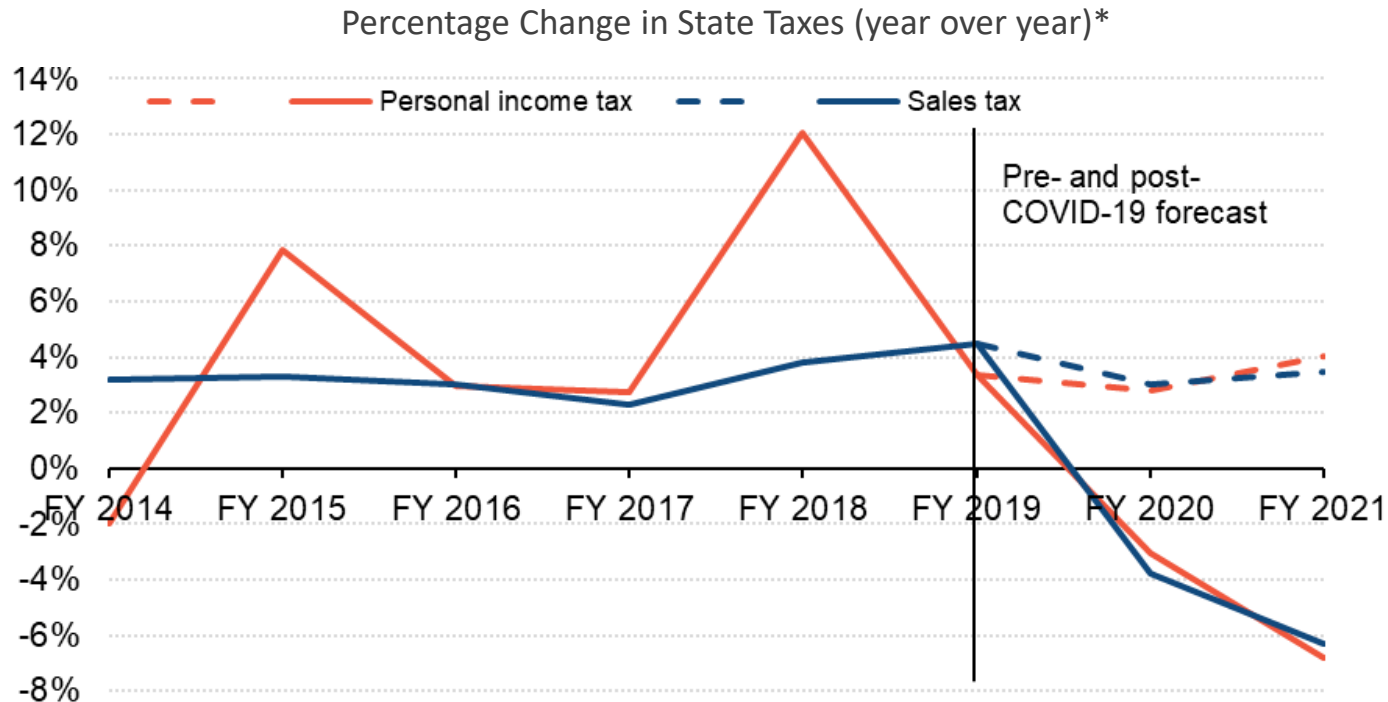
Risks to the Economic Outlook: Is Consumption Altered Permanently?

Change in Aggregate Interest on Yelp for Restaurants, Bars and Nightlife, and Gyms
Compared to Growth in New Coronavirus Cases*



- Consumption is about 70% of US GDP and virus control is a key to growth.
- Are consumer values altered permanently? What will become important to them in the future? Family? Friends? Health? Home?
- The implications for a reassessment of consumption and savings could permanently alter the US economy, with implications for housing, retail, and office space.

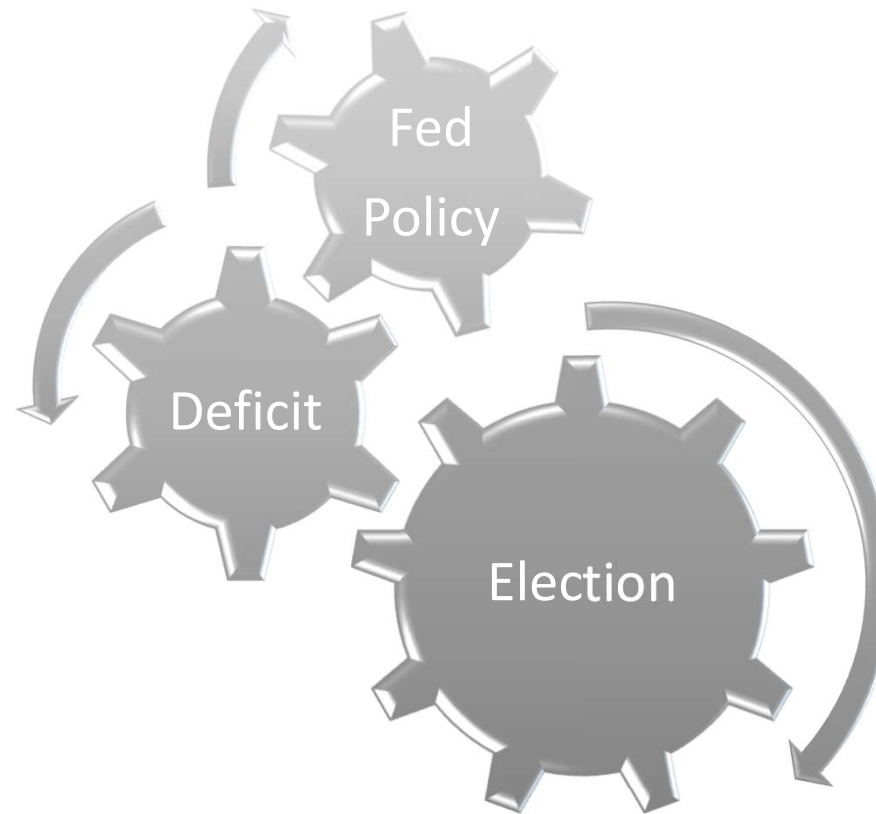
Risks to the Economic Outlook: The Impact on States



- State and local taxes dropped precipitously, putting state workers' jobs and their pensions at risk.
- Next phase of stimulus will most likely focus on support to the states, as well as other items;
 - Additional support to small businesses and low-income individuals
 - Unemployment relief may be extended but could include incentives for returning to work.



Risks to the Economic Outlook; Beyond Covid-19



- Post-election, will taxes and business regulation increase? What happens to trade policy?
- Does inflation follow global deficit and debt expansion?
- Although signaling low rates through 2021, does the Federal Reserve make a policy change if the recovery accelerates?