Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), rebounded in April, returning 12.82%. COVID-19 continues to spread across the globe, though the number of new cases is beginning to decline in many areas, and governments are forming plans to reopen their economies.
- Within the S&P, all 11 sectors posted positive returns. Energy did best, returning 29.78% and recovering some of the extreme losses suffered in early April. Consumer Discretionary returned 20.55% mainly on the strength of Amazon.com, Inc., which returned over 45% and comprised about 40% of the sector's market cap. Utilities, the worst performer, returned 3.22% followed by Consumer Staples, returning 6.86%, as investors sought opportunities outside of traditionally defensive sectors.
- By market capitalization, mid-caps (Russell Mid Cap Index) returned 14.36%, small-caps (Russell 2000) returned 13.74%, and large-caps (Russell 1000 Index) returned 13.21%. Growth stocks outperformed value stocks across all capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 7.58%, as governments and central banks stepped in to support their economies. The spread of COVID-19 started to slow in developed markets outside of the U.S. Developed markets ex-U.S., represented by the MSCI EAFE Index returned 6.46%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 9.16% in April.
- Within the ACWI ex-U.S. Index, five of the 11 sectors posted positive returns. Financials did best, returning 5.39%, followed by Real Estate, returning 3.50%. The Utilities sector was the worst performer, returning -1.50%, followed by Consumer Staples with a return of -0.70%.
- Within the ACWI ex-U.S. Index, Canada held up best during the month, returning 12.35%. The UK was the worst-performing region during the month, returning 5.14%.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned 1.78% in April as the Federal Reserve's (Fed) extensive response to economic conditions led many investors to seek opportunities in fixed income markets.
- Investment Grade (IG) and High Yield (HY) spreads declined sharply as the Fed committed to buying IG corporate bonds and some HY bonds (if the issuer had an IG rating prior to March 22). IG credit within the Aggregate returned 4.58%. Within the IG credit spectrum, AAA-rated bonds returned 1.05%, AA-rated bonds returned 2.50%, A-rated bonds returned 4.35%, and BBB-rated bonds returned 5.93%. HY, represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 4.51%.
- Yields were relatively flat across the U.S. Treasury Yield curve in April, with the 2-year and 10-year yields falling five basis points (bps) and three bps, respectively.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs), represented by FTSE NAREIT Index, rose 8.30% in April. Performance was positive in eight of nine real estate sectors. Retail did best, returning 14.78%. The worst-performing REIT sector of the month was Self-Storage, returning -6.72%.
- The active contract for West Texas Intermediate (WTI) crude fell to $18.84/barrel in April from $20.48/barrel at the end of March. Although oil prices recovered somewhat after plummeting to record lows, the commodity still faces a bleak near-term future in which demand is historically low, and excess supply leading to running out of storage space.

Items to Watch

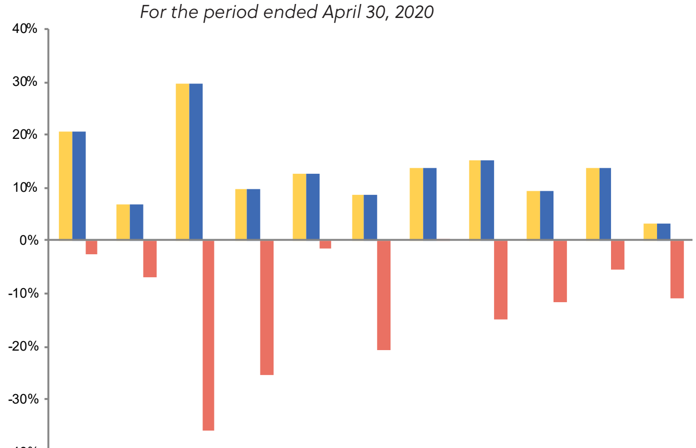
- As new cases of COVID-19 began to decline in April, states in the U.S. began to form plans to reopen their economies. Although the first businesses reopened in early May, the economic data released is showing the extent of the economic damage suffered in March. The first gross domestic product (GDP) reading for the first quarter of 2020 came in at -4.8%, worse than expectations of between -2.5% and -4.0%. The unprecedented economic shutdown is poised to take a much greater toll on second quarter GDP, with most economists forecasting a decline of between 20% and 40%.
- A recent development to watch is the disconnect between U.S. equity prices and economic fundamentals. The stock market rallied throughout April and into May, on the back of fiscal and monetary stimulus measures and reopening measures across the U.S. The market appears to be assuming that a "V-shaped" recovery is underway, discounting the deteriorating economic fundamentals. The unemployment rate is now at its highest rate on record, and U.S. GDP has plummeted, with economists expecting much sharper contractions for the second quarter of 2020. Consumer spending and manufacturing activity have also fallen off significantly. Investors will be watching to see what shape the recovery eventually takes.
- The U.S. government continued its unparalleled policy support in April. The Fed committed to unlimited government bond purchases, as well as purchases of IG corporate bonds and ETFs, and some high yield bonds and ETFs. Congress also passed a $484 billion stimulus package aimed at small business aid and funding for hospitals and testing.
- The April employment situation report was historically grim, with the unemployment rate falling to 14.7%, the highest rate in the statistic's 72-year history. The economy also lost 20.5 million jobs, with all broad business sectors seeing declines. Investors are waiting to see how severe an impact the rise in unemployment will have on the economy beyond the near-term. Much of the severity will depend on how successfully and quickly economies can reopen.

Total Return of Major Indices as of 04/30/2020				
Domestic Equity	**MTD**	**QTD**	**YTD**	**1 YR**
S&P 500	12.82%	12.82%	-9.30%	0.85%
Russell 3000	13.24%	13.24%	-10.43%	-1.05%
Russell 2000	13.74%	13.74%	-21.09%	-16.41%
Russell 1000	13.21%	13.21%	-9.68%	0.07%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	7.58%	7.58%	-17.55%	-11.51%
MSCI EAFE	6.46%	6.46%	-17.84%	-11.34%
MSCI Emerging Markets	9.16%	9.16%	-16.60%	-12.00%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg Barclays U.S. Agg	1.78%	1.78%	4.98%	10.84%
Bloomberg Barclays Global Agg	1.96%	1.96%	1.63%	6.56%
Bloomberg Barclays U.S. HY	4.51%	4.51%	-8.75%	-4.11%
Alternatives	**MTD**	**QTD**	**YTD**	**1 YR**
FTSE NAREIT Equity	8.30%	8.30%	-21.27%	-14.53%
Bloomberg Commodity	-1.55%	-1.55%	-24.71%	-24.42%

Economic Indicators		
Domestic	**Current**	**Previous Month**
Unemployment Rate (%)	14.7%	4.4%
Initial Jobless Claims (4 week average)	4173.5 K	5035 K
CB Leading Economic Indicators	-6.7	-0.2
Capacity Utilization	72.7%	77.0%
GDP (annual growth rate)	-4.8%	2.1%
University of Michigan Consumer Confidence	71.8	89.1
New Home Starts	627 K	741 K
Existing Home Sales	5.3 MM	5.8 MM
Retail Sales (YoY)	-1.4%	4.2%
U.S. Durable Goods (MoM)	-14.7%	1.1%
Consumer Price Index (YoY)	1.5%	2.3%
Producer Price Index (MoM)	-1.1%	-0.9%
Developed International*	**12/31/2019**	**9/30/2019**
Market GDP (annual rate)	0.6%	1.3%
Market Unemployment	4.3%	4.4%

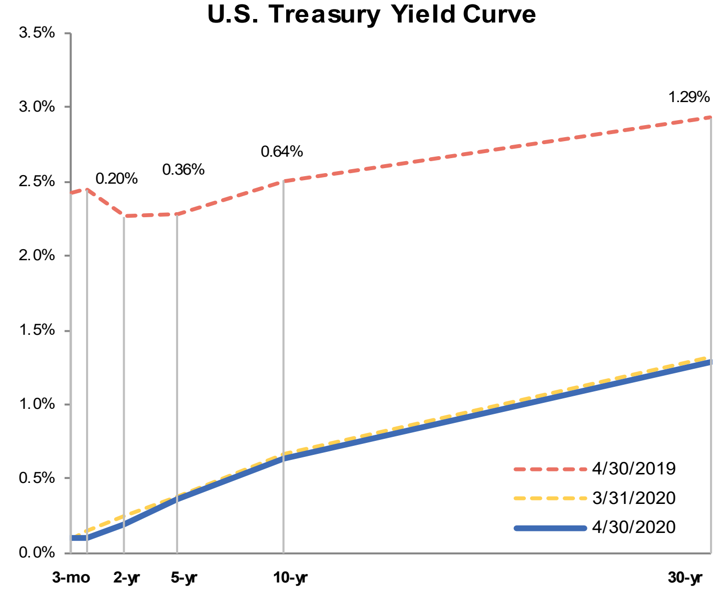
Stock Market Sector Performance (S&P 500)

For the period ended April 30, 2020



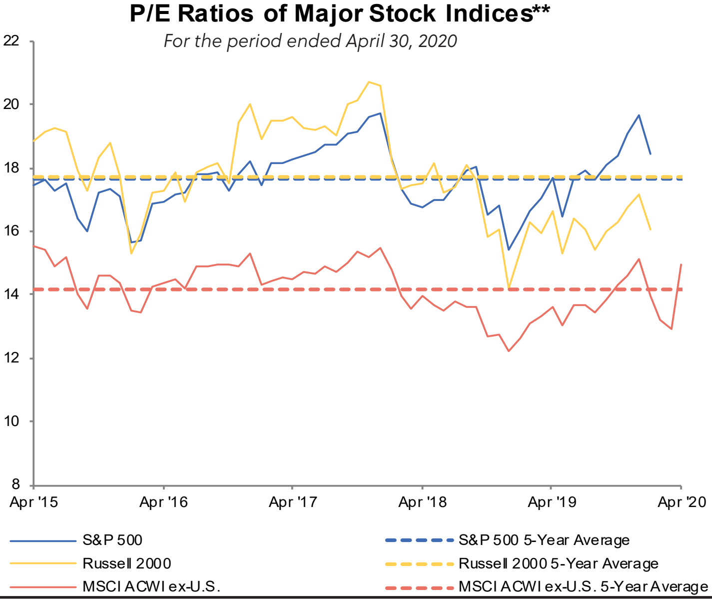
	Cons. Disc.	Cons. Staples	Energy	Financial	H'lth care	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	20.55%	6.86%	29.78%	9.58%	12.65%	8.73%	13.80%	15.31%	9.47%	13.82%	3.22%
QTD	20.55%	6.86%	29.78%	9.58%	12.65%	8.73%	13.80%	15.31%	9.47%	13.82%	3.22%
YTD	-2.71%	-6.76%	-35.70%	-25.43%	-1.63%	-20.68%	0.22%	-14.83%	-11.56%	-5.47%	-10.72%

U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended April 30, 2020



Source: Bloomberg. Data as of April 30, 2020, unless otherwise noted.
*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of December 31, 2019 due to release dates of numerous countries.
**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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