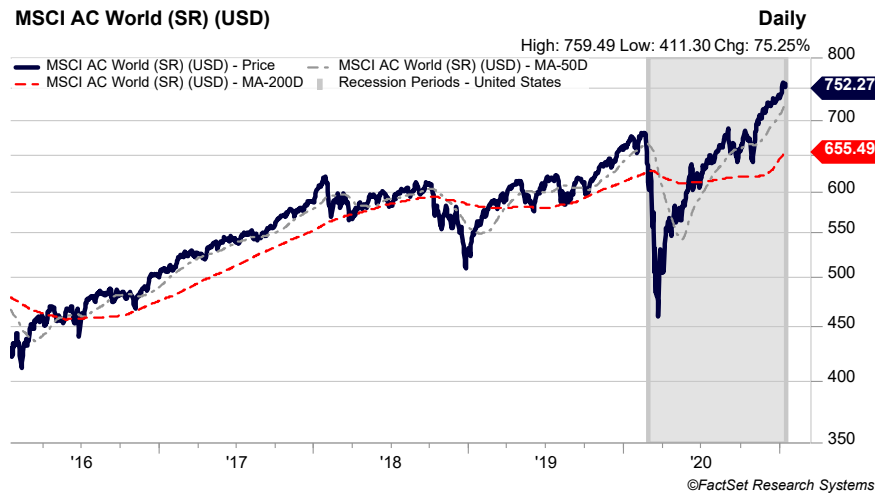


Monthly Chart Pack - Favorite Fifteen

Views from the Investment Policy Committee



January 15, 2021

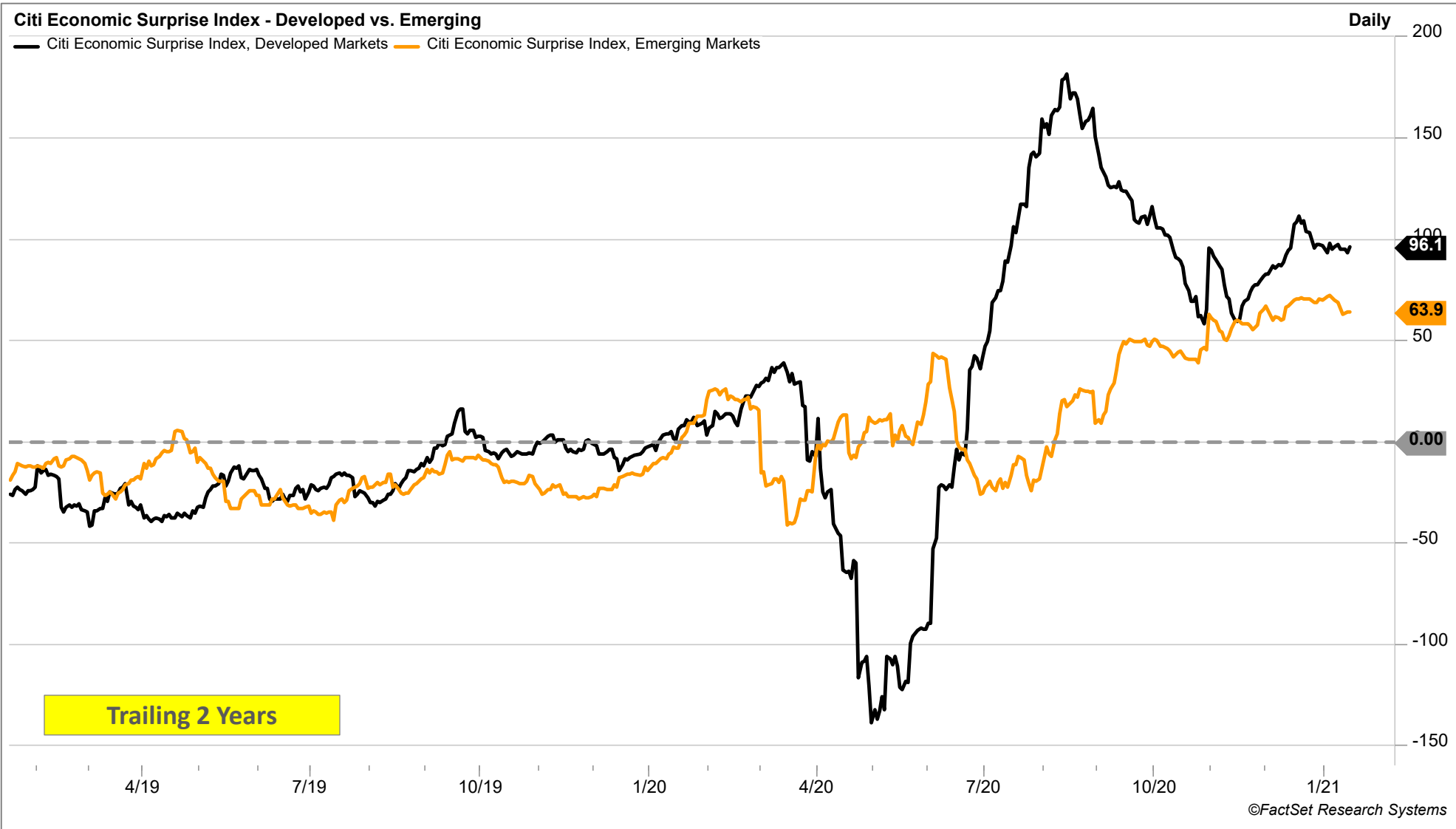
Purpose

- The Monthly Chart Pack – Favorite Fifteen is a brief collection of charts and data sets that are viewed regularly by many investors, it is NOT a set of recommendations
- This selection of 15 slides are a small subset of the graphs and data points that are viewed by the Investment Policy Committee each week in assessing the status of the business cycle and the health of financial markets
- Our study of the economic environment and market conditions inform our view for tactical positioning and may influence the security selection process
- We hope that you enjoy the Monthly Chart Pack – Favorite Fifteen, and recognize that the views and opinions expressed are capturing a moment in time and are subject to change without notice

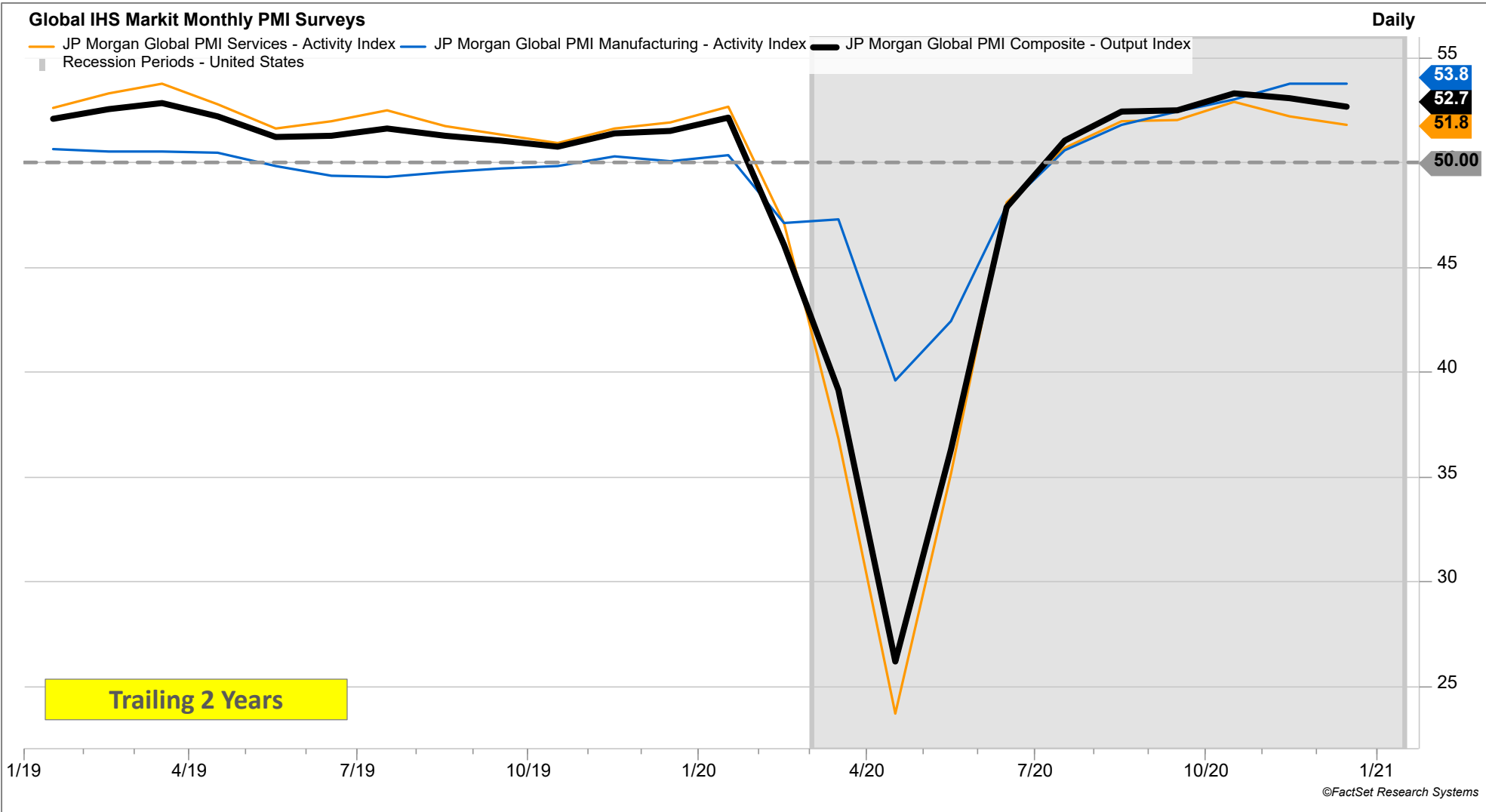


FT 300 Ranking July 2020

- The Citigroup Economic Surprise Indices are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual vs. Bloomberg median). A positive reading suggests data releases are showing better economic results than consensus had expected.

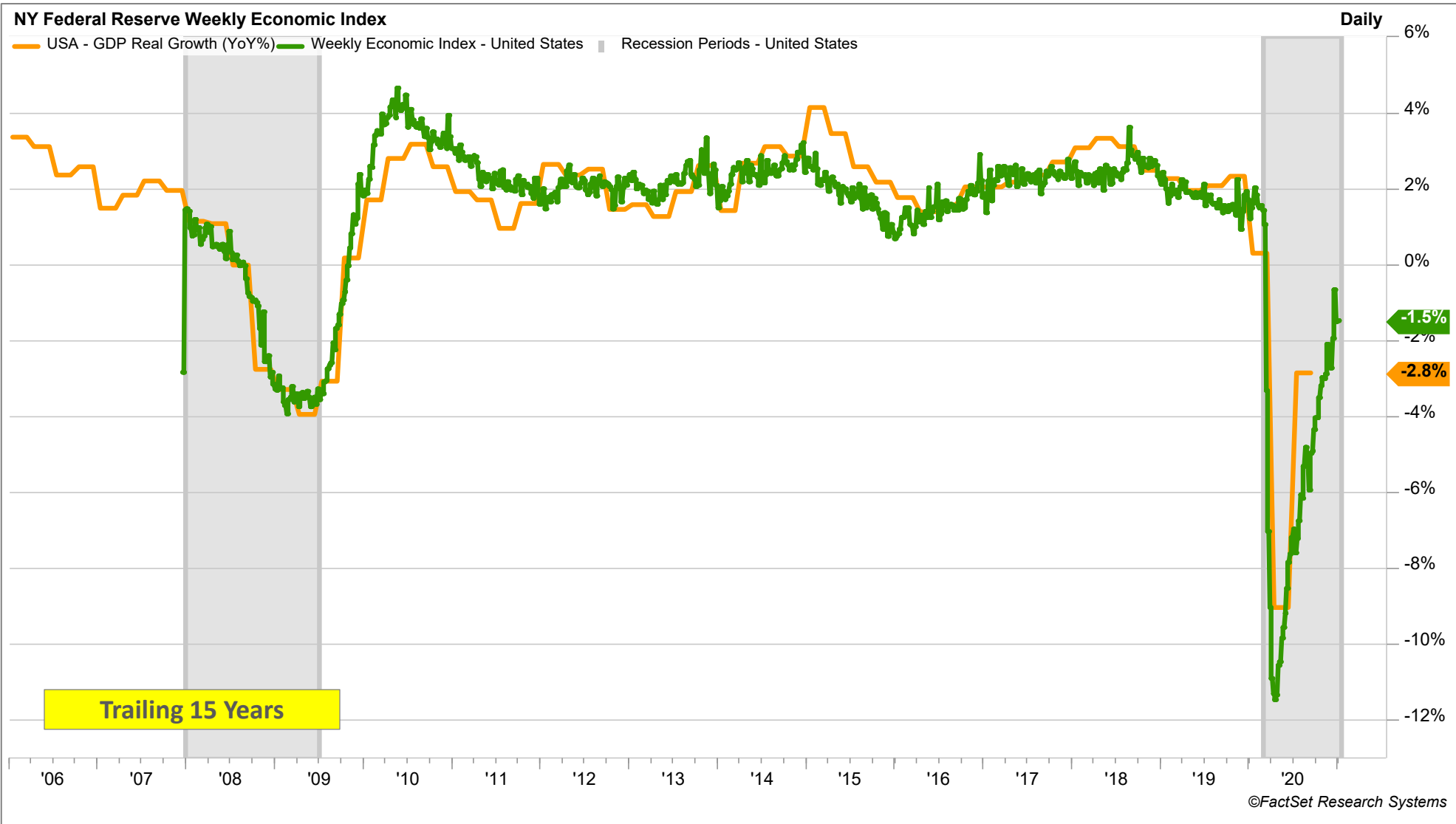


- The Purchasing Managers' Index Series are monthly economic surveys that provide an advance signal of what is happening in the real economy. They track activity variables such as output, new orders, supply times, employment and prices across key sectors.
- The Series cover 30 countries and 86% of global GDP. The PMI is a diffusion index with values above 50 signaling expansion and below 50 indicating contraction. The further from 50 the faster the rate of change indicated.

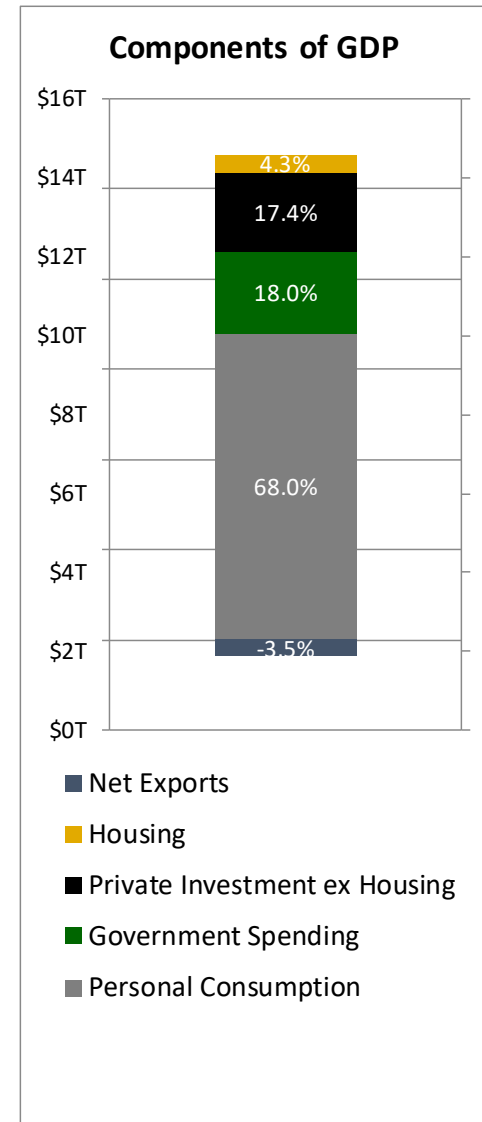
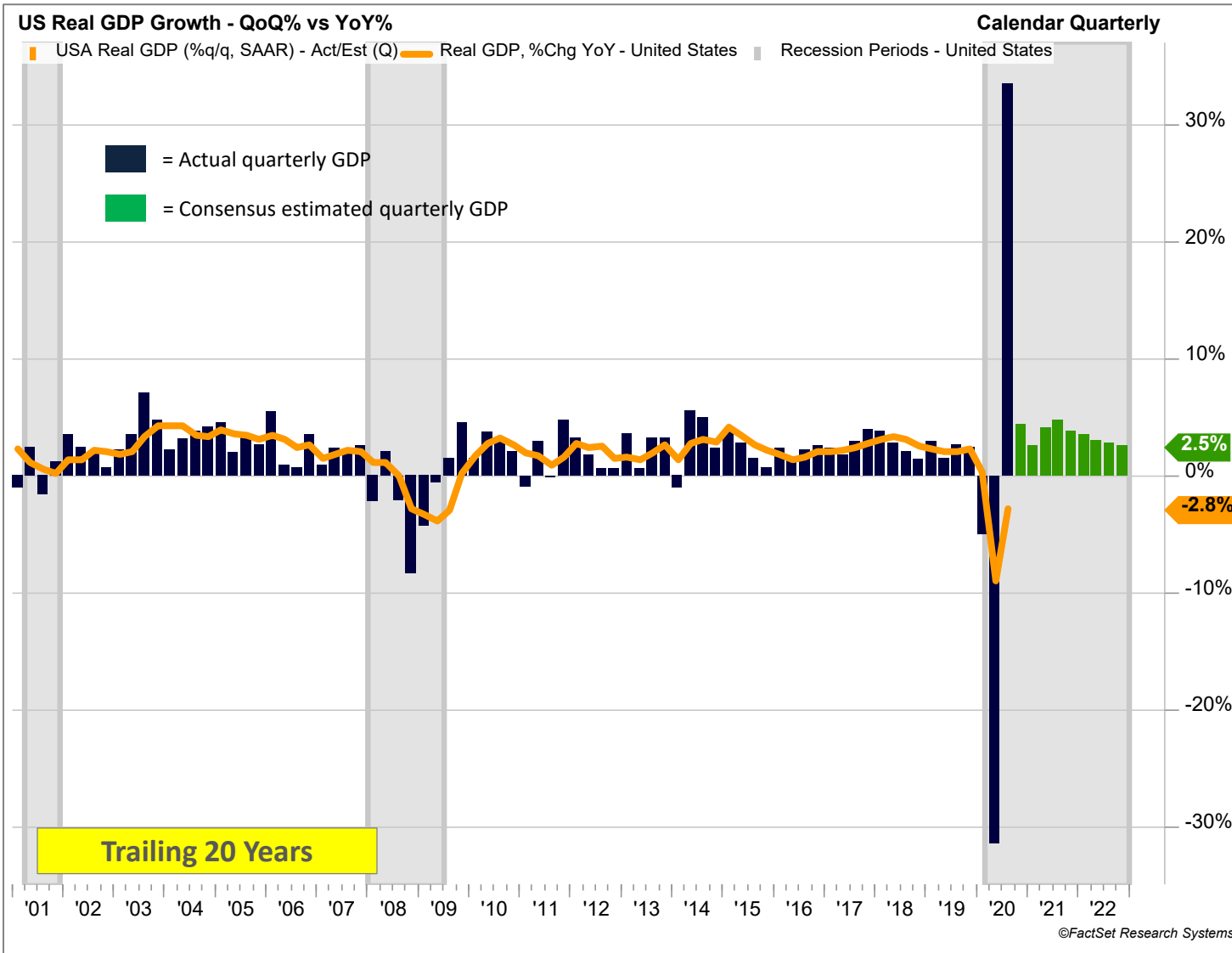


US Economic Activity Indicator

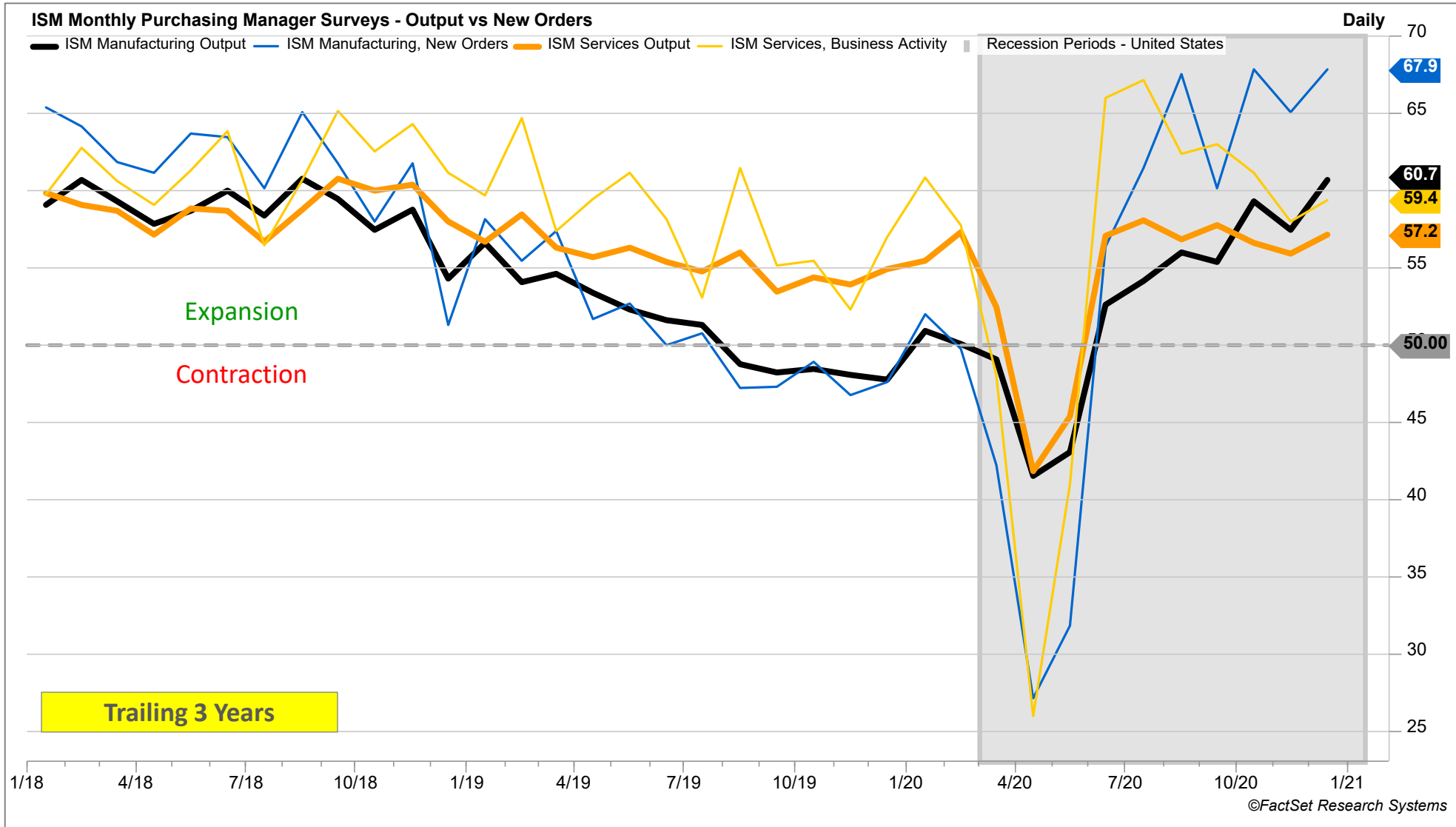
- The Weekly Economic Index is a set of ten high frequency indicators of real economic activity, scaled to align with the four-quarter real GDP growth rate. It represents the common component of series covering consumer behavior, the labor market, and production. The NY Federal Reserve Bank designed the WEI to be a real-time indicator of activity in the US economy. It leads the GDP report by approximately 3 months.



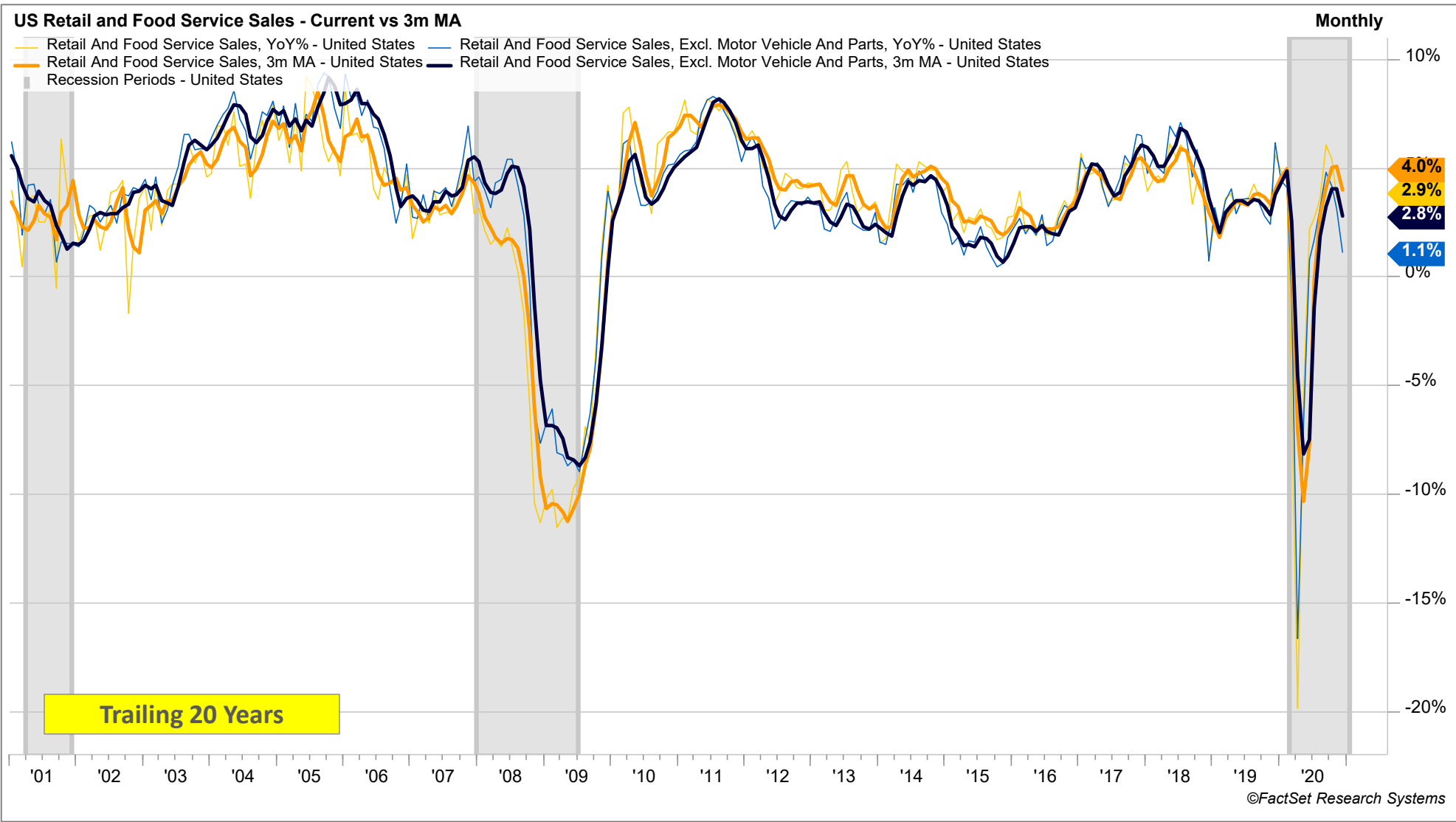
- Real Gross Domestic Product (GDP) is a macroeconomic statistic used to measure the value of goods and services produced by an economy in a specified period, adjusted for inflation. The Bureau of Economic Analysis (BEA) provides a quarterly report on GDP with headline data statistics representing annualized real GDP growth over the prior period. The report provides important detail on the components of GDP.



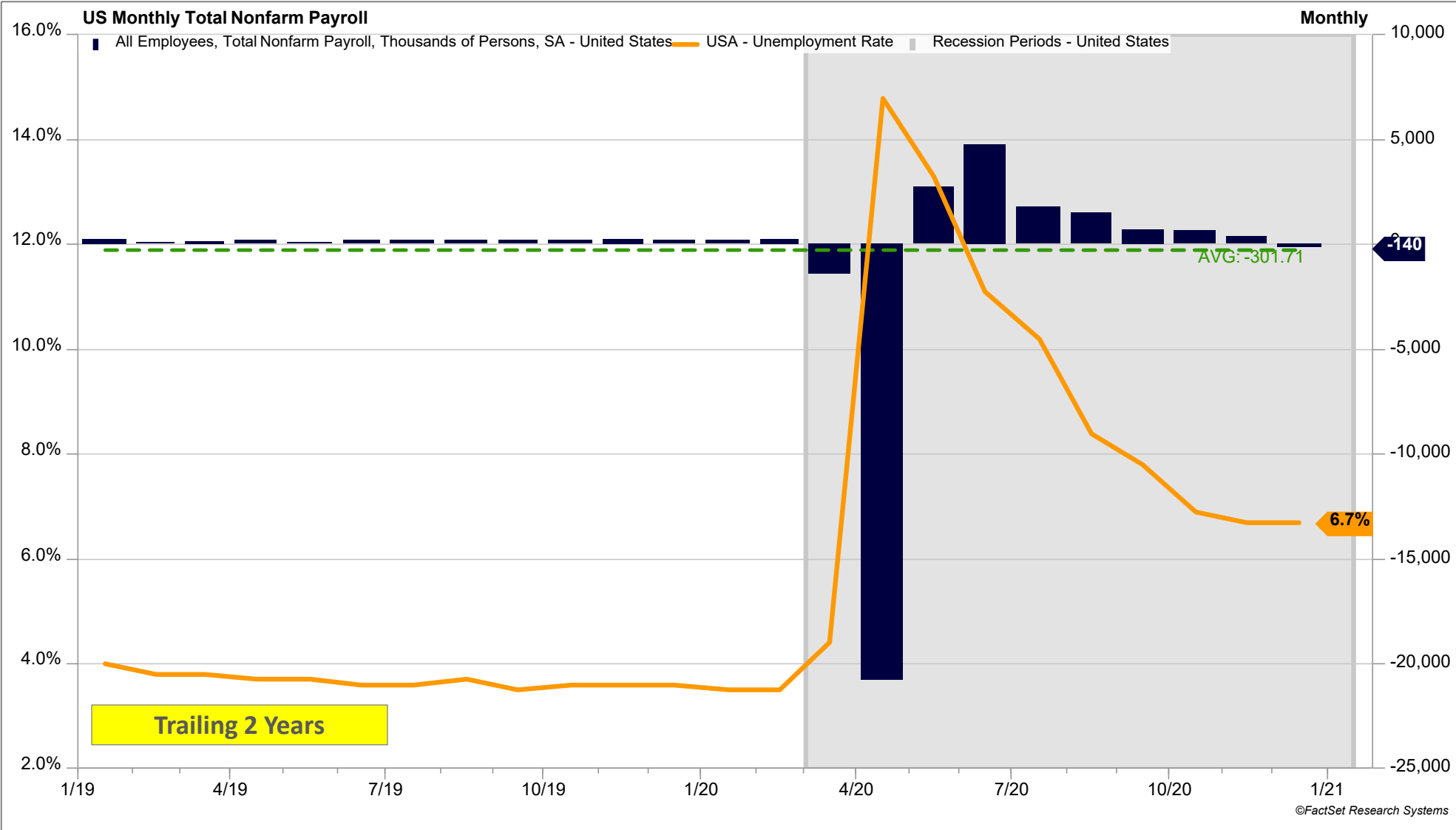
- The ISM Report on Business is based on a national survey of purchasing managers tracking changes in the Manufacturing and Services sectors. They have the properties of leading indicators and are convenient summary measures showing the prevailing direction and scope of change. Values above 50 signal expansion and below 50 indicate contraction. The further from 50 the faster the rate of change indicated.



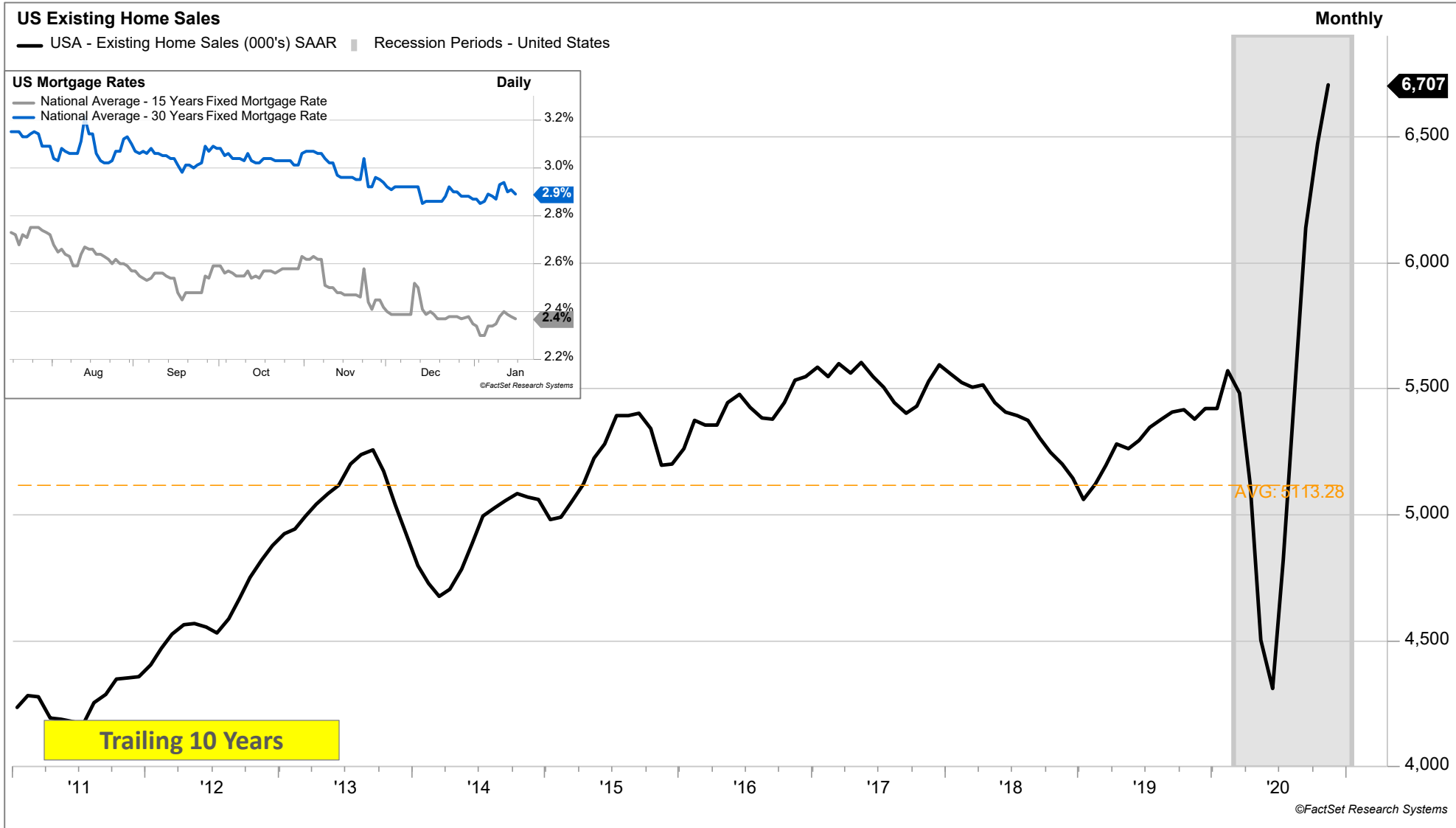
- The U.S. Census Bureau conducts the Advance Monthly Retail Trade and Food Services Survey, a random sampling of approximately 5,500 retail firms whose sales are weighted and benchmarked to represent the complete universe of over 3 million retailers in the United States. Monthly data is adjusted to accommodate seasonal variation, holidays and trading-day differences.



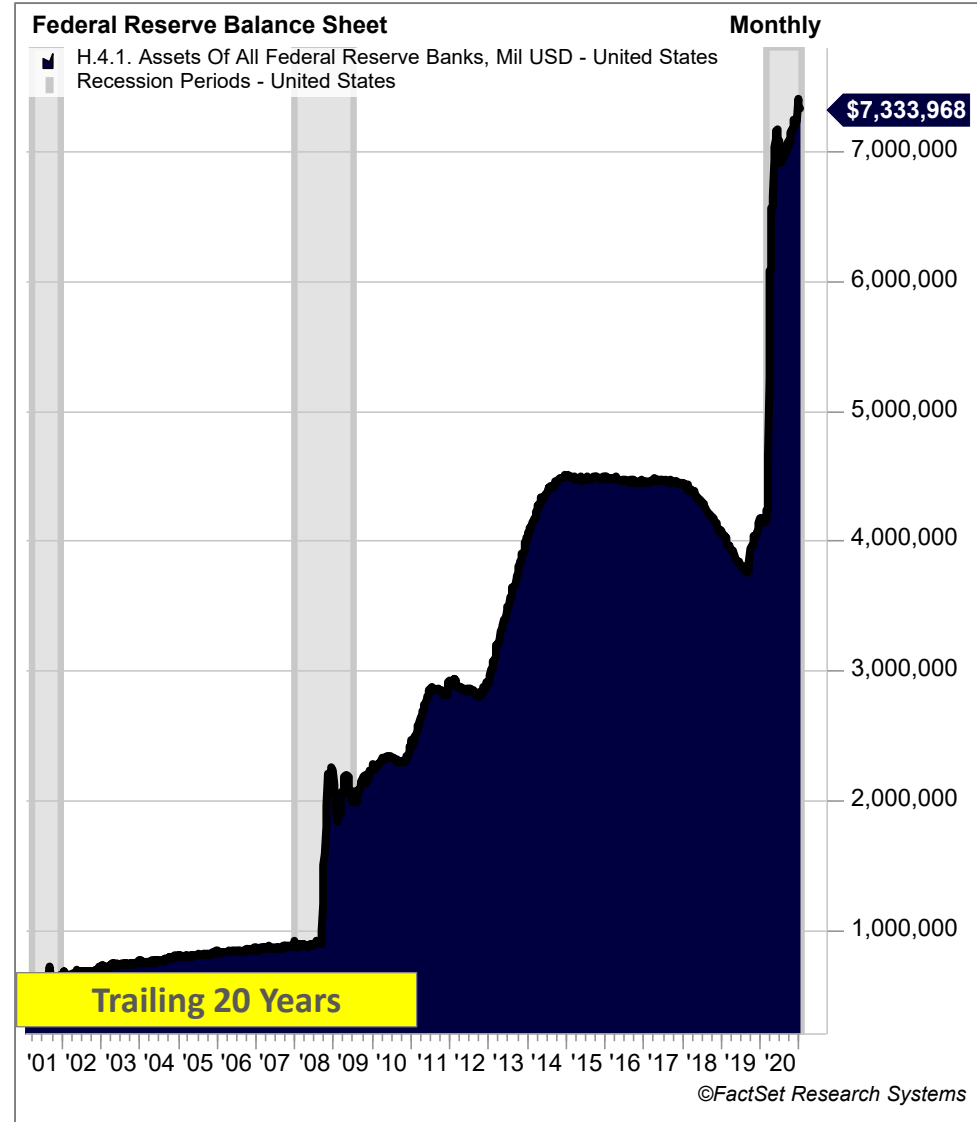
- The Bureau of Labor Statistics compiles and releases the “Employment Situation” report on the first Friday of each month. The Establishment Survey provides considerable detail around the nonfarm payroll statistics that incorporate sector-specific data and cover an estimated 80% of US business. The headline number is an estimate of the number of new nonfarm payrolls added to the national economy over the past month.



- The Existing Home Sales report is released monthly by the National Association of Realtors based on closed residential real estate transactions. It is a lagging indicator since people often make housing choices based on changes in interest rates and the time lag between commitment and transaction closing. The data presents transaction volume and pricing across four regions – Northeast, South, Midwest and West.

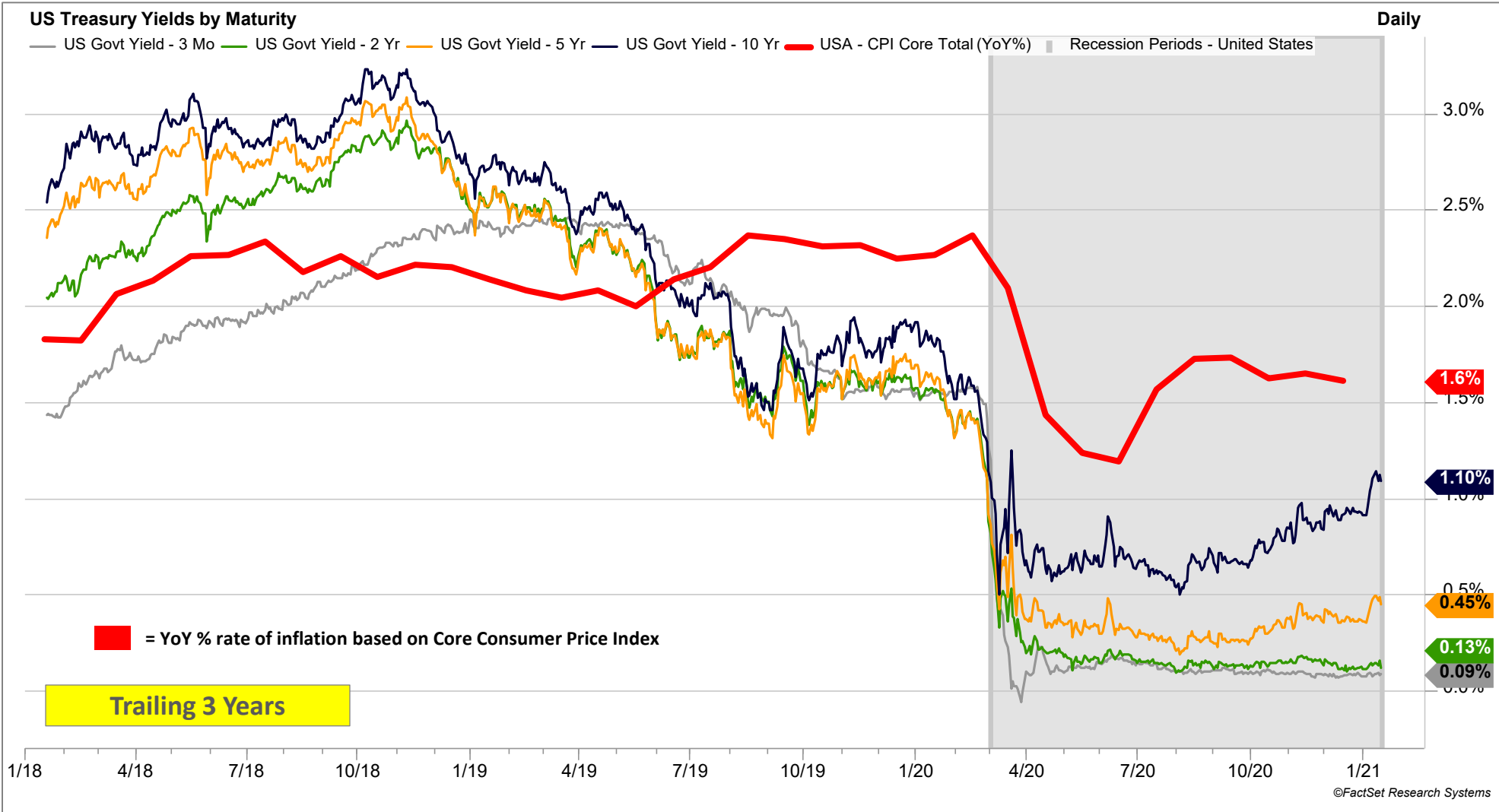


- The adage “Don’t Fight the Fed” has been a longtime truth for investors. The Federal Reserve adjusts the supply and cost (interest rates) of money available to the economy within its dual mandate of promoting economic growth while maintaining price stability. The Fed has many policy tools at its disposal. The influence of monetary policy on the prices of risk assets should not be underestimated.

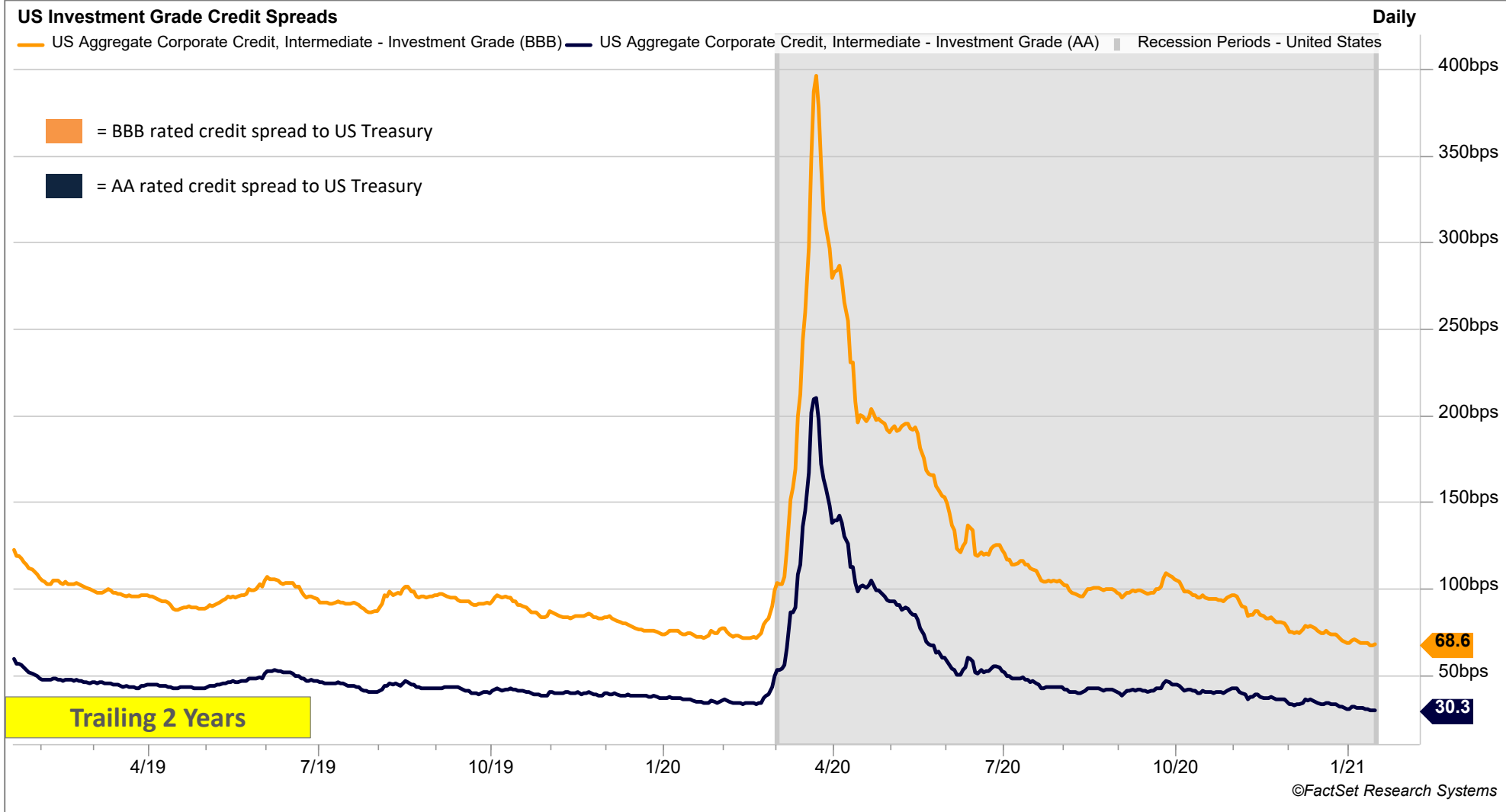


US Treasury Yields vs. Inflation

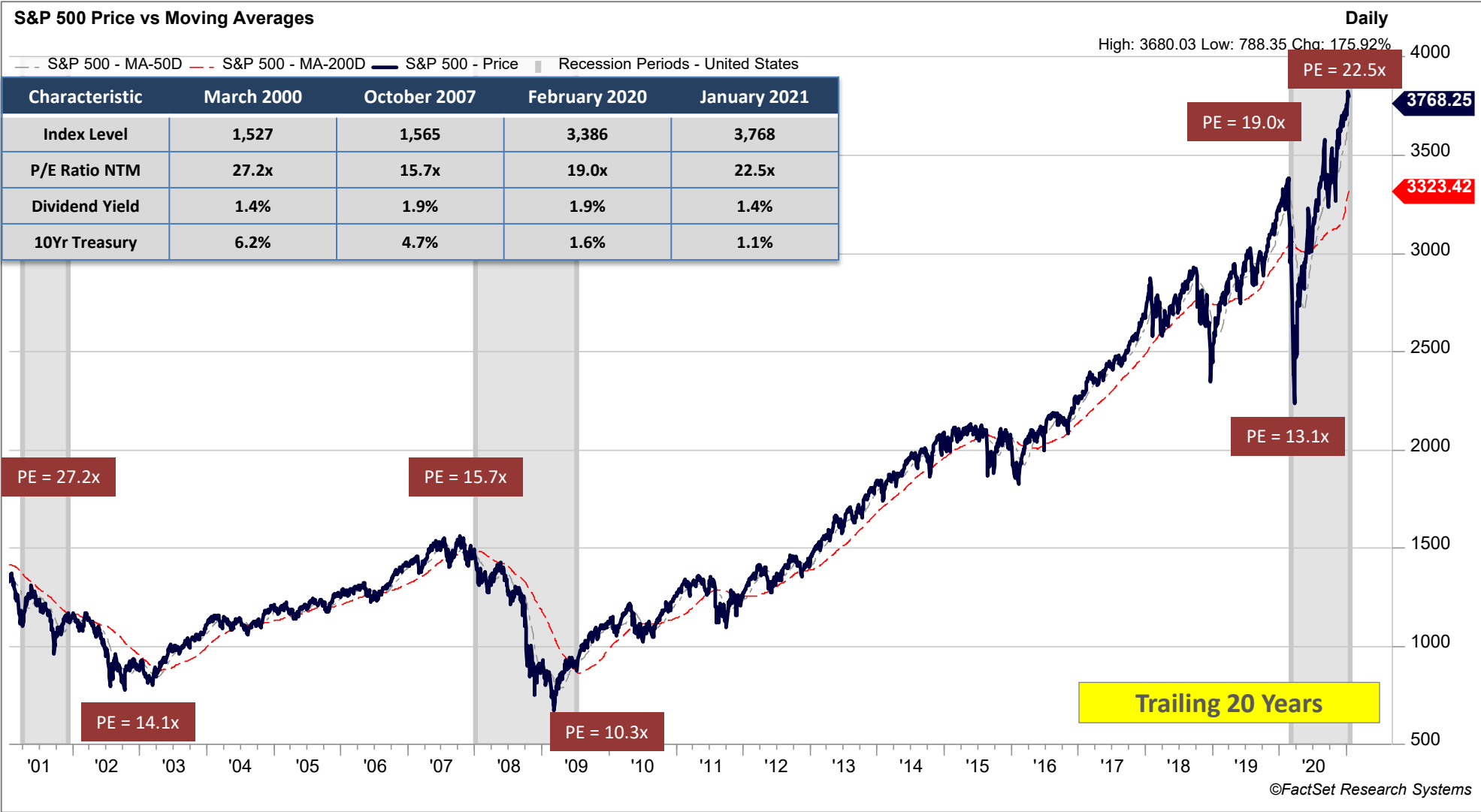
- Investors consider US Treasury Bonds to be free of default risk, leaving interest rate risk as the primary concern. Bonds are subject to interest rate risk, since rising rates will result in falling prices and vice-versa. The longer the maturity the greater the sensitivity to changes in rates.
- Interest rates respond to inflation - a bonds worst enemy. When prices in an economy rise, or are expected to rise, investors will demand a higher yield-to-maturity to compensate them for the erosion of purchasing power. This is of particular concern for longer dated bonds.



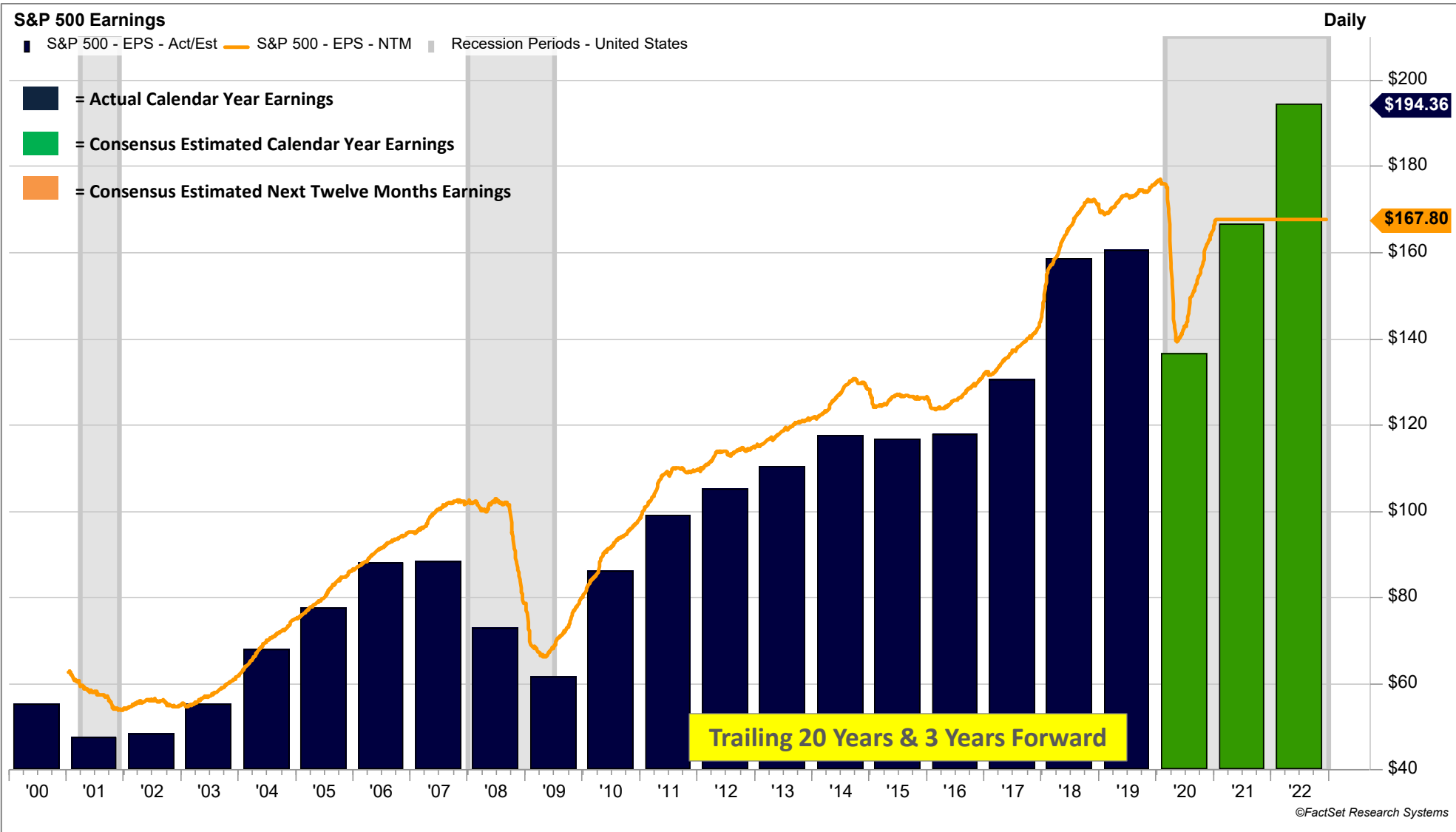
- A credit spread is the difference in yield between a US Treasury Bond (risk-free) and another bond of similar maturity. Corporate bonds, even for the most stable and highly rated companies, are considered to be riskier investments for which the investor demands compensation.
- Fluctuations in credit spreads are often a reflection of changing expectations around economic conditions and issuer default risk. Credit spreads can be a good barometer of economic health – widening (bad) and narrowing (good).



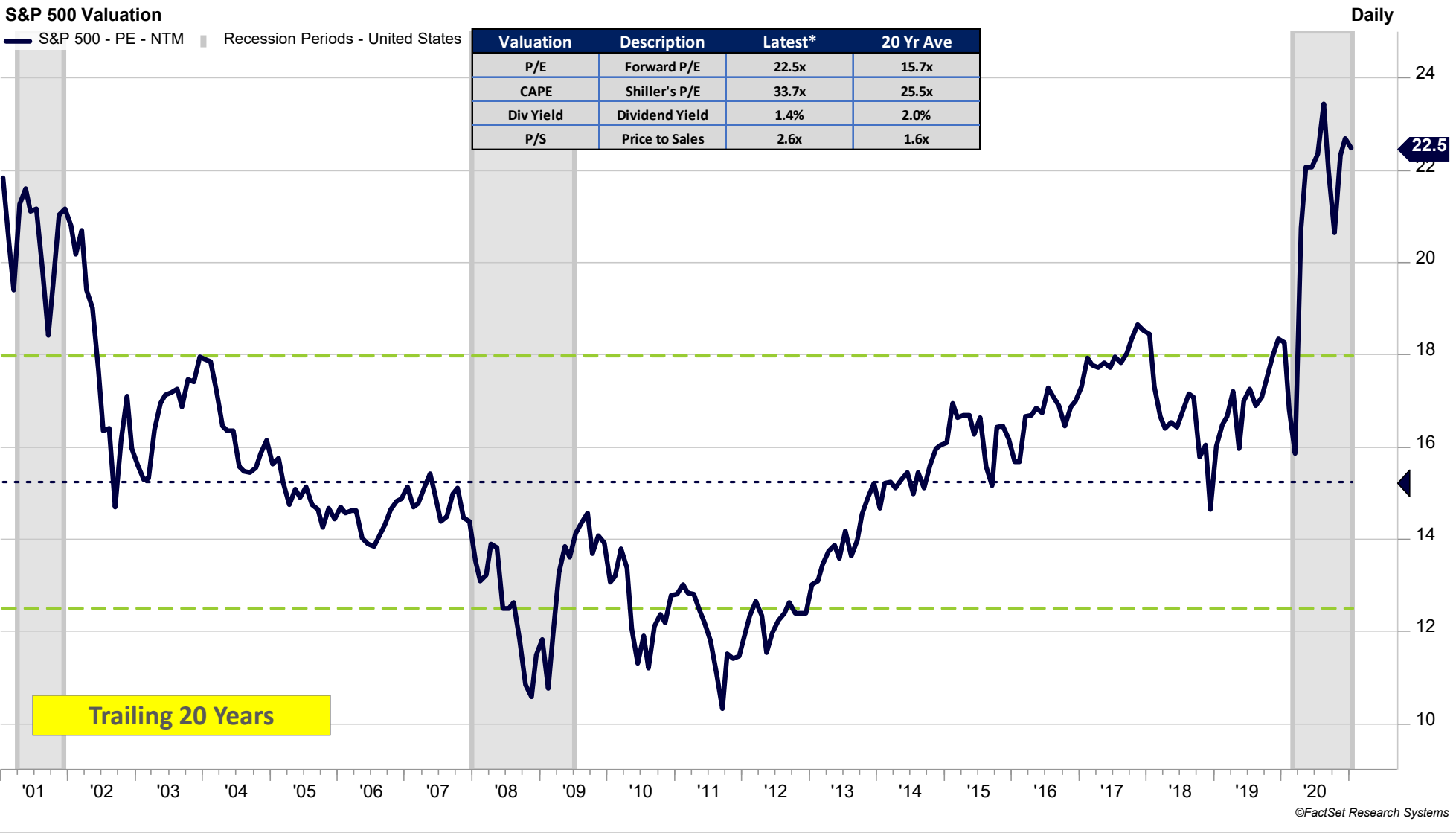
- The ability for companies to navigate their way through the ebb and flow of business cycles is a key determinant in the stream of profits available to investors. Over the long-term, stocks love profits and will follow their path.
- The price that investors are willing to pay to participate in the long-term stream of profits may be determined by an objective valuation process. But in the short-term, the price of stocks is frequently subject to the shifting investor sentiment between fear and greed.



- Stocks love profits. The long-term path of a stock market follows the investor expectations for higher earnings. Periods of earnings uncertainty tend to be met with market declines. But, as the outlook for profits improves, markets tend to look past the trough and toward the renewed earnings trajectory.

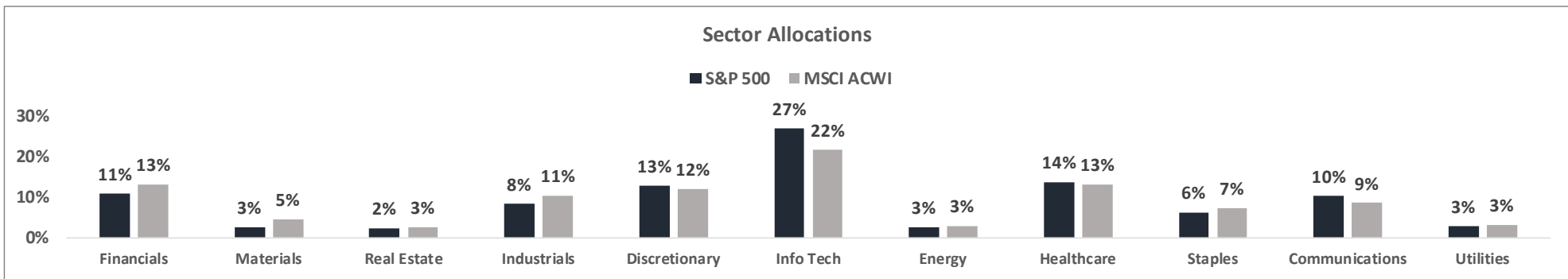


- Methods for valuing the stock market are plentiful, from using a simple Price/Earnings Ratio to employing a more complex model that contemplates future cash flows and discount rates. A wide variety of methods are used by investors everyday.
- The P/E ratio is used by investors to determine the relative value of a market against its own historical record or to compare markets over time.



- The Stock Market is a market of stocks that can be compartmentalized into sectors. Each sector has its own identity and characteristics that can be examined by investors.

	Financials	Materials	Real Estate	Industrials	Discretionary	Info Tech	Energy	Health Care	Staples	Communications	Utilities	S&P 500 Index
S&P 500 Weight	10.89%	2.72%	2.39%	8.38%	12.87%	26.98%	2.59%	13.81%	6.30%	10.32%	2.76%	100.00%
1M Rolling	8.68%	6.24%	0.44%	0.40%	3.78%	0.71%	7.13%	4.84%	-1.77%	-3.44%	0.70%	2.12%
3M Rolling	24.51%	15.11%	1.49%	10.15%	4.65%	5.16%	39.91%	9.97%	-0.03%	6.80%	0.34%	8.62%
YTD	4.88%	4.02%	-0.72%	0.22%	1.89%	-2.16%	12.76%	3.04%	-2.92%	-3.61%	0.40%	0.39%
1Y Rolling	3.42%	27.53%	-4.14%	8.58%	34.76%	35.73%	-24.34%	14.62%	6.50%	14.73%	-0.97%	16.66%
5Y Rolling	97.95%	118.73%	49.10%	95.89%	149.87%	266.29%	-5.38%	92.38%	57.15%	71.97%	72.48%	121.39%
3M Beta	1.07	0.99	0.83	0.99	0.97	1.18	1.67	0.78	0.60	1.06	0.66	1.00
1Y Beta	1.23	1.13	1.26	1.21	1.01	0.98	1.35	0.84	0.70	0.82	1.11	1.00
5Y Beta	1.20	1.08	0.70	1.17	1.15	1.07	1.69	0.78	0.59	0.88	0.32	1.00
Correlation to 10Y UST	0.59	0.46	0.22	0.57	0.36	0.41	0.43	0.20	0.29	0.49	0.23	0.47
RSI (Relative Strength Index)	72.6	66.6	53.7	53.8	64.6	45.2	72.1	77.0	36.1	42.2	59.8	60.0
NTM Earnings Growth	19.4%	30.1%	4.7%	72.6%	57.6%	14.6%	-1096.4%	10.3%	6.3%	14.0%	4.9%	21.8%
20Y Avg	8.2%	7.0%	3.5%	4.4%	5.2%	9.5%	11.3%	9.2%	6.6%	2.6%	1.2%	5.5%
Forward P/E	14.9x	21.5x	20.3x	24.0x	38.6x	26.8x	31.3x	16.9x	20.5x	22.7x	18.8x	22.5x
20Y Avg	12.5x	15.5x	17.2x	16.3x	18.8x	19.0x	16.7x	16.2x	17.8x	17.5x	14.6x	16.1x
Trailing P/E	17.7x	28.0x	21.3x	41.9x	61.1x	30.7x	-201.4x	18.7x	21.8x	25.9x	19.7x	27.4x
20Y Avg	15.5x	18.7x	18.7x	19.1x	22.5x	21.3x	9.8x	17.8x	19.3x	19.5x	15.3x	18.0x
Forward PEG	2.3x	1.0x	2.7x	3.2x	1.8x	2.0x	96.3x	1.7x	3.4x	1.4x	3.3x	1.8x
20Y Avg	1.2x	1.4x	2.0x	1.5x	1.1x	1.3x	6.2x	1.4x	2.0x	1.4x	2.9x	1.3x
Trailing PEG	2.7x	1.3x	2.9x	5.6x	2.8x	2.3x	-618.6x	1.9x	3.7x	1.6x	3.5x	2.3x
20Y Avg	1.5x	1.7x	2.2x	1.8x	1.3x	1.5x	-30.8x	1.5x	2.2x	1.5x	3.0x	1.5x
Dividend Yield	2.1%	1.9%	3.1%	1.6%	0.6%	1.0%	5.0%	1.7%	2.7%	1.0%	3.3%	1.6%
20Y Avg	2.2%	2.2%	3.5%	2.2%	1.4%	1.4%	2.8%	2.0%	2.6%	2.3%	3.9%	2.1%



		1 Month	3 Months	YTD	1 Year	Cumulative				
						3 Years	5 Years	10 Years	15 Years	20 Years
Equity	MSCI ACWI	2.77%	10.60%	1.23%	13.41%	33.03%	96.27%	184.65%	200.23%	232.02%
	MSCI USA	2.29%	9.45%	0.52%	19.62%	47.12%	127.19%	265.81%	311.22%	336.10%
	MSCI Europe	3.33%	12.40%	2.22%	-0.65%	9.86%	51.17%	93.94%	111.54%	119.32%
	MSCI Asia ex. Japan	9.77%	19.23%	5.90%	26.52%	30.16%	113.57%	113.50%	275.52%	547.92%
	MSCI Japan	5.03%	15.67%	3.16%	11.64%	10.13%	50.81%	145.12%	52.19%	108.33%
	MSCI Emerging Markets	8.98%	18.85%	5.52%	23.26%	30.20%	112.55%	105.17%	243.38%	686.94%
	Dow Jones Industrial Average	2.09%	8.69%	0.73%	8.59%	28.03%	117.29%	234.58%	311.24%	376.22%
	Nasdaq Composite	3.24%	11.17%	0.87%	41.63%	84.54%	205.60%	428.38%	554.92%	N/A
	S&P 500 Composite	2.12%	8.62%	0.39%	16.66%	43.30%	121.39%	258.04%	299.76%	324.39%
	S&P 500 Equal-Weighted	3.81%	16.10%	2.80%	14.65%	33.28%	107.36%	229.63%	313.33%	521.77%
	S&P 400 Mid-Cap	6.10%	21.46%	5.13%	18.69%	29.59%	107.16%	204.37%	297.41%	534.76%
	S&P 600 Small-Cap	9.15%	30.81%	8.34%	19.76%	30.83%	114.22%	226.04%	301.04%	594.83%
S&P 1500 Composite	2.53%	9.85%	0.87%	16.87%	42.02%	120.38%	253.16%	300.78%	346.54%	
Fixed Income	Bloomberg Barclays U.S. Aggregate	-0.41%	-0.12%	-0.76%	6.00%	16.59%	22.10%	44.47%	90.76%	154.15%
	Bloomberg Barclays U.S. Corporate Investment Grade	-0.37%	1.32%	-1.14%	7.77%	21.82%	36.31%	70.76%	128.39%	220.35%
	Bloomberg Barclays High Yield	1.10%	5.46%	0.35%	6.80%	19.49%	55.93%	91.15%	194.37%	339.12%
	Bloomberg Barclays Global Aggregate	-0.24%	2.09%	-0.82%	8.26%	14.07%	24.13%	31.97%	77.40%	151.65%
	JPM Emerging Markets USD	#N/A	#N/A	-2.14%	2.67%	12.59%	38.88%	67.55%	N/A	N/A

		1 Month	3 Months	YTD	1 Year	Annualized				
						3 Years	5 Years	10 Years	15 Years	20 Years
Equity	MSCI ACWI	2.77%	10.60%	1.23%	13.41%	9.98%	14.44%	11.03%	7.60%	6.18%
	MSCI USA	2.29%	9.45%	0.52%	19.62%	13.73%	17.84%	13.85%	9.89%	7.64%
	MSCI Europe	3.33%	12.40%	2.22%	-0.65%	3.18%	8.62%	6.85%	5.12%	4.00%
	MSCI Asia ex. Japan	9.77%	19.23%	5.90%	26.52%	9.18%	16.39%	7.88%	9.22%	9.79%
	MSCI Japan	5.03%	15.67%	3.16%	11.64%	3.27%	8.56%	9.38%	2.84%	3.74%
	MSCI Emerging Markets	8.98%	18.85%	5.52%	23.26%	9.19%	16.28%	7.45%	8.57%	10.87%
	Dow Jones Industrial Average	2.09%	8.69%	0.73%	8.59%	8.59%	16.79%	12.84%	9.89%	8.12%
	Nasdaq Composite	3.24%	11.17%	0.87%	41.63%	22.66%	25.03%	18.11%	13.35%	N/A
	S&P 500 Composite	2.12%	8.62%	0.39%	16.66%	12.74%	17.23%	13.60%	9.68%	7.49%
	S&P 500 Equal-Weighted	3.81%	16.10%	2.80%	14.65%	10.05%	15.70%	12.67%	9.92%	9.57%
	S&P 400 Mid-Cap	6.10%	21.46%	5.13%	18.69%	9.02%	15.68%	11.77%	9.63%	9.68%
	S&P 600 Small-Cap	9.15%	30.81%	8.34%	19.76%	9.37%	16.46%	12.55%	9.70%	10.18%
S&P 1500 Composite	2.53%	9.85%	0.87%	16.87%	12.40%	17.12%	13.45%	9.70%	7.77%	
Fixed Income	Bloomberg Barclays U.S. Aggregate	-0.41%	-0.12%	-0.76%	6.00%	5.25%	4.07%	3.75%	4.40%	4.77%
	Bloomberg Barclays Global Aggregate	-0.37%	1.32%	-1.14%	7.77%	6.80%	6.39%	5.50%	5.66%	5.99%
	Bloomberg Barclays High Yield	1.10%	5.46%	0.35%	6.80%	6.12%	9.29%	6.69%	7.46%	7.68%
	Bloomberg Barclays Global Aggregate	-0.24%	2.09%	-0.82%	8.26%	4.49%	4.42%	2.81%	3.90%	4.72%
	JPM Emerging Markets USD	#N/A	#N/A	-2.14%	2.67%	4.03%	6.79%	5.30%	N/A	N/A

Disclosure

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