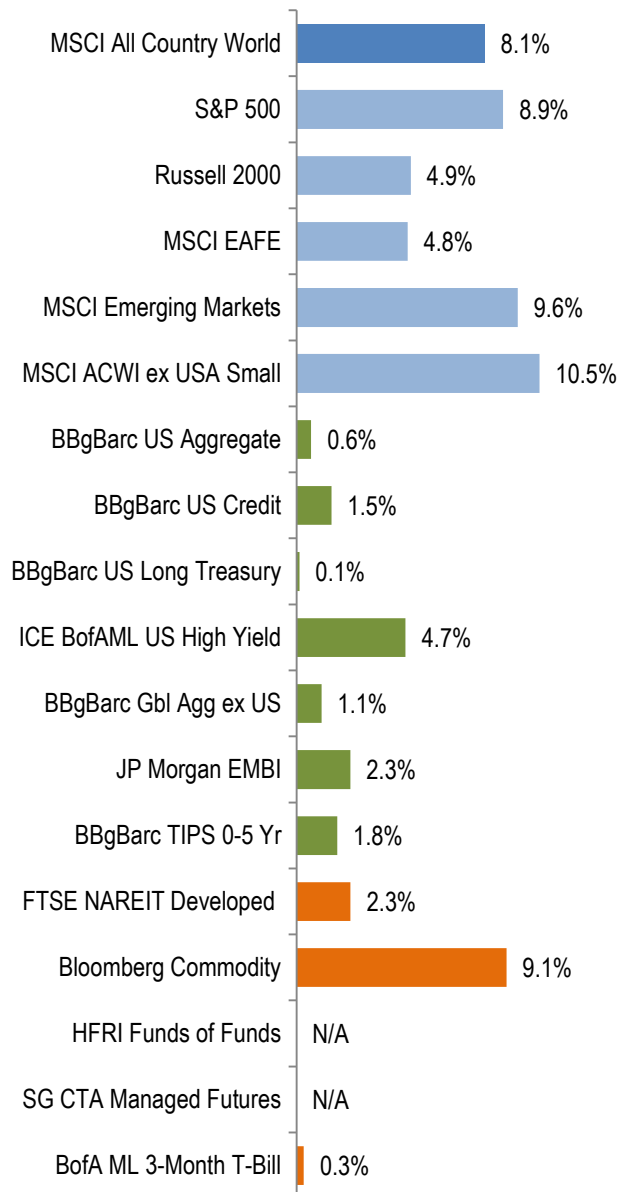


Third Quarter 2020



Third Quarter 2020: Tech Bubble 2.0?

Investors rode a \$20-trillion global stimulus tsunami to fresh highs over the summer before renewed concerns put a pause on the rally in September. July and August were a continuation of the rebound from the market bottom in late March, with risk assets, particularly technology-oriented shares, reflating amid better than expected data. September, meanwhile, saw a partial unwinding of the growth trade amidst investor concerns over a stalled economic relief bill in Congress, renewed coronavirus concerns, and market volatility surrounding the upcoming November election. Even with the market pullback, global markets were up 8% in the quarter and are now up 1% for the year.

The capital markets, which had rallied almost nonstop from the March lows until August, began to show signs of excess exuberance. Initial public offerings raised more money than at any point outside the tech bubble, high-yield debt has been issued at record low yields, and day traders poured money into technology darlings, increasingly through the use of options, that have contributed to wild price swings. Additionally, futures markets appear to be increasingly wary of a slow or contested election process, pricing in the most volatile November election period on record.

The September stock market adjustment had no corresponding rally in the bond market. Yields, which sit at record lows, were little changed in September, possibly due to the Federal Reserve's reassurance that they do not anticipate raising rates over the next two years. The Federal Reserve also announced a new operating framework in which they will allow inflation to "catch-up" for any past misses. Jerome Powell, using the customary Fed speak, provided few concrete details on how the FOMC might adjust monetary policy to meet the new framework.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
S&P 500	8.9%	5.6%	15.1%	12.3%	14.1%	9.2%
S&P 500 Value	4.8%	(11.5%)	(2.7%)	4.2%	8.8%	6.5%
S&P 500 Growth	11.8%	20.6%	30.6%	19.1%	18.4%	11.4%
Russell 2000	4.9%	(8.7%)	0.4%	1.8%	8.0%	7.0%
Russell 2000 Value	2.6%	(21.5%)	(14.9%)	(5.1%)	4.1%	4.9%
Russell 2000 Growth	7.2%	3.9%	15.7%	8.2%	11.4%	8.9%
MSCI EAFE (USD)	4.8%	(7.1%)	0.5%	0.6%	5.3%	3.7%
MSCI EAFE (Local)	1.2%	(9.4%)	(4.7%)	0.6%	4.8%	3.8%
MSCI Emerging Markets (USD)	9.6%	(1.2%)	10.5%	2.4%	9.0%	5.8%
MSCI Emerging Markets (Local)	8.6%	2.7%	12.5%	4.8%	9.6%	7.6%
BBgBarc US Aggregate	0.6%	6.8%	7.0%	5.2%	4.2%	4.5%
BBgBarc Long Treasuries	0.1%	21.3%	16.3%	11.9%	8.2%	7.4%
FTSE NAREIT Developed	2.3%	(19.1%)	(17.5%)	(0.5%)	3.0%	4.6%
HFRI Fund of Funds	N/A	N/A	N/A	N/A	N/A	N/A
BofA ML 3-Month T-Bill	0.1%	0.7%	1.2%	1.7%	1.2%	1.3%

Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data

Returns for periods longer than 1 year are annualized. HFRI and SG CTA returns are available on the 6th business day following month end.

The United Kingdom officially left the European Union after 47 years of membership and more than three years after it voted to do so in a referendum.

Europe faced its first major outbreak of COVID-19 as the number of reported cases in Italy grew from fewer than five to more than 150. In the Lombardy region, officials locked down 10 towns after a cluster of cases suddenly emerged.

The New York Stock Exchange paused trading for the first time since 1997 as the the S&P 500 Index plummeted 7% and marketwide circuit breakers kicked in.

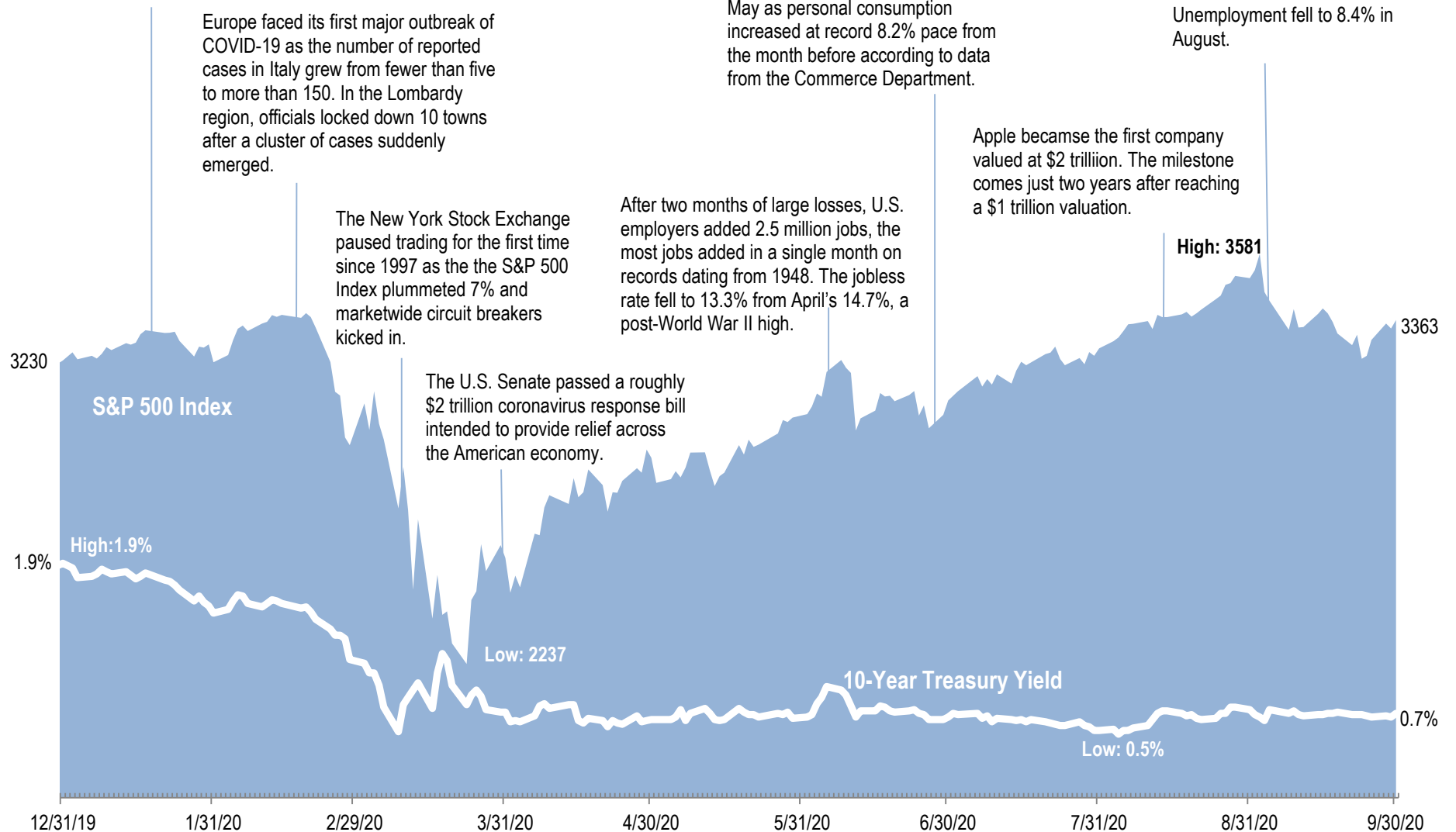
The U.S. Senate passed a roughly \$2 trillion coronavirus response bill intended to provide relief across the American economy.

U.S. consumer spending rebounded in May as personal consumption increased at record 8.2% pace from the month before according to data from the Commerce Department.

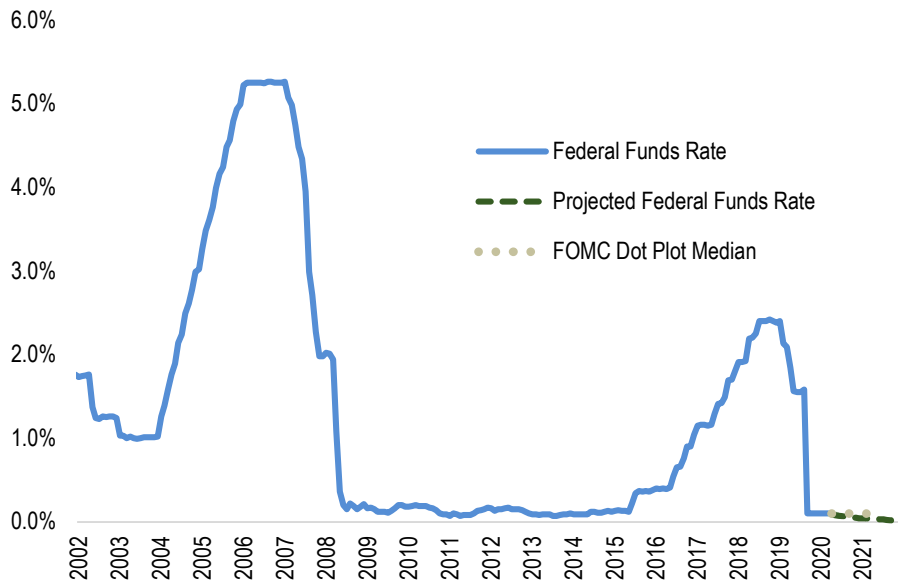
After two months of large losses, U.S. employers added 2.5 million jobs, the most jobs added in a single month on records dating from 1948. The jobless rate fell to 13.3% from April's 14.7%, a post-World War II high.

Unemployment fell to 8.4% in August.

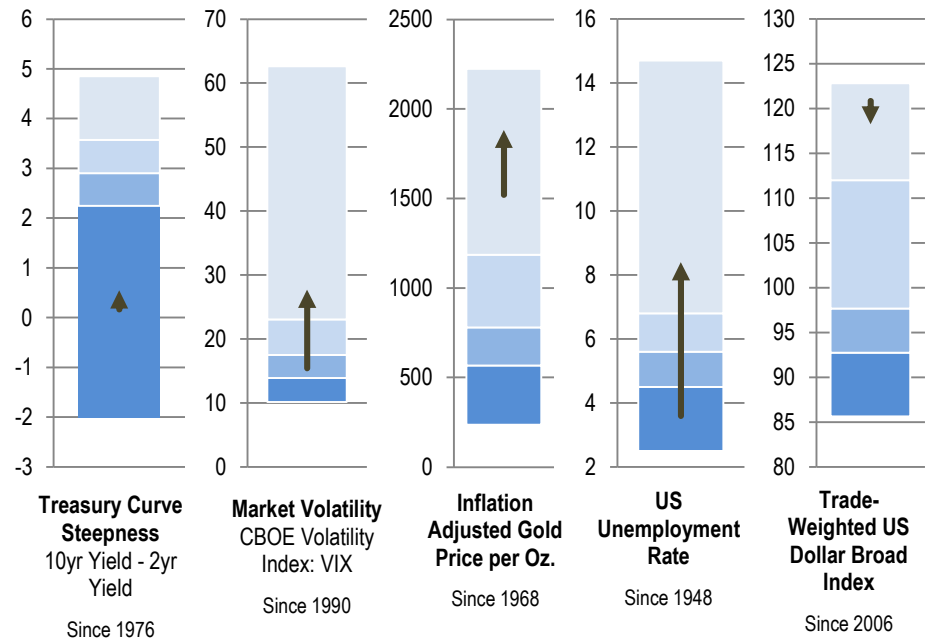
Apple became the first company valued at \$2 trillion. The milestone comes just two years after reaching a \$1 trillion valuation.



Federal Funds Rate

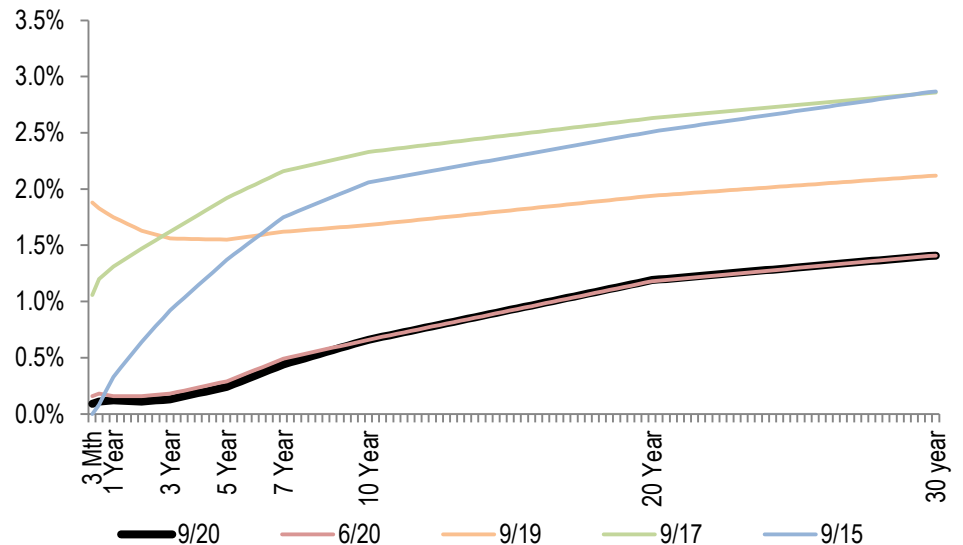


As of September 30, 2020



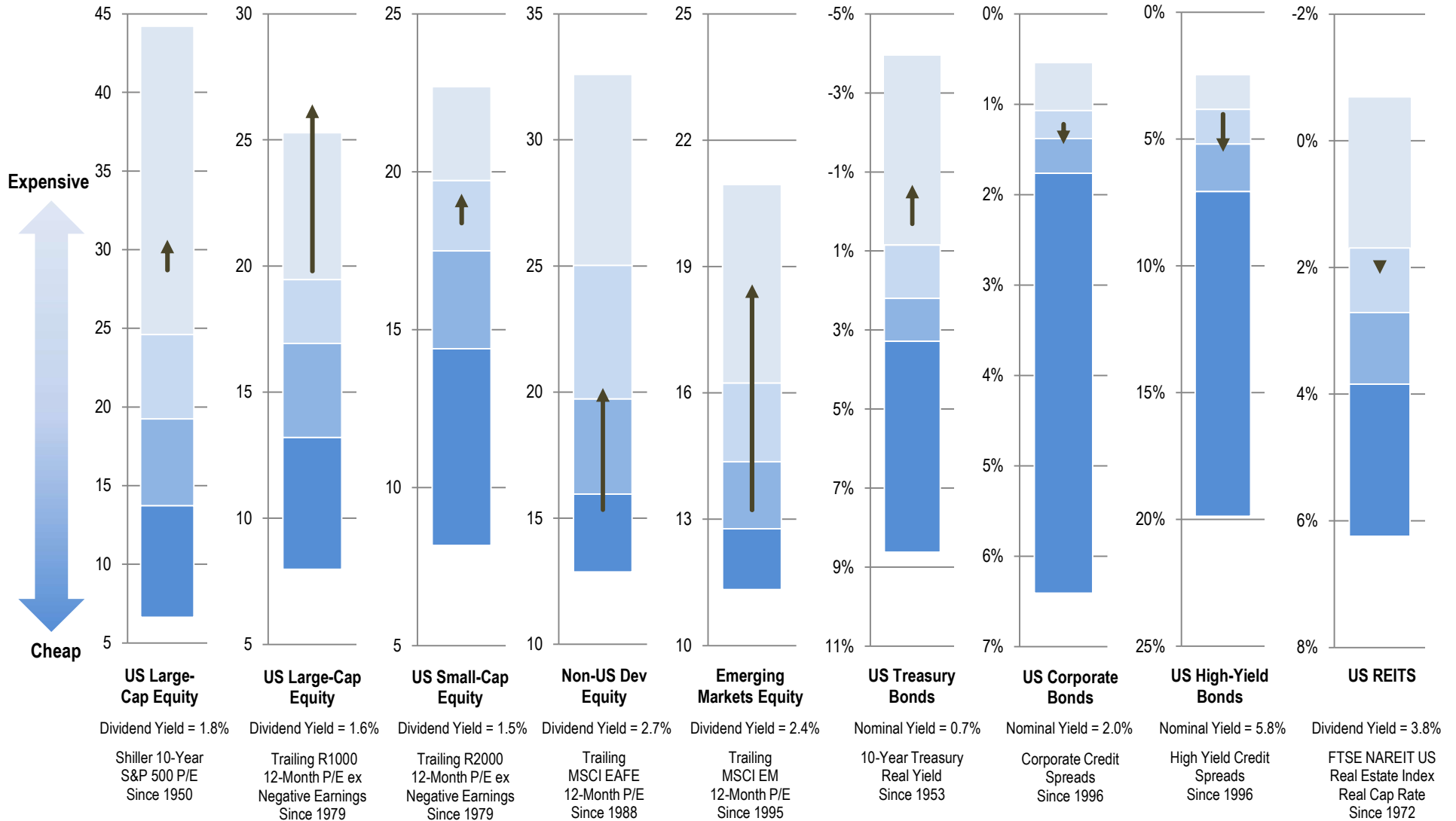
	9/2020	6/2020	9/2019	9/2017	9/2015
Market Inflation Expectations					
5 Year	1.5	1.2	1.4	1.7	1.1
10 Year	1.6	1.3	1.5	1.8	1.4
20 Year	1.8	1.6	1.6	1.9	1.5
CPI Year-over-Year	---	0.7	1.7	2.2	0.0
West Texas Crude Oil	40.5	39.3	54.1	51.7	45.1
Consumer Sentiment Index	78.9	78.1	93.2	95.1	87.2
US Corp Profits (% of GDP)	---	8%	9%	10%	9%
Real GDP Growth YoY	---	-31.4	2.6	2.9	1.5
Federal Funds Rate	0.05	0.05	2.04	1.15	0.14

US Treasury Yield Curve



Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data, CME Group
 Arrows in the top-right charts represent year on year change.

As of September 30, 2020



Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

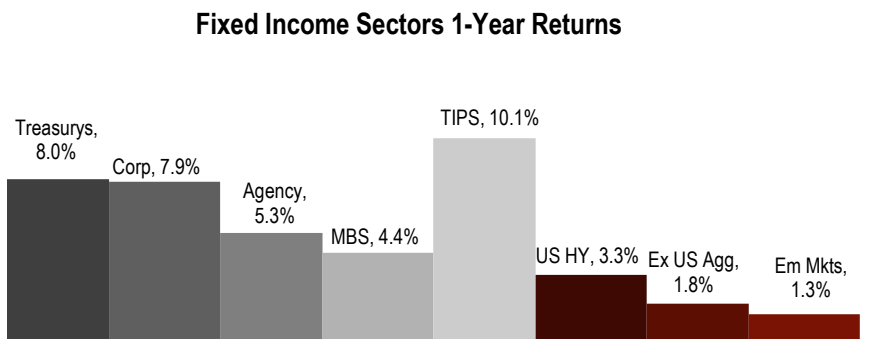
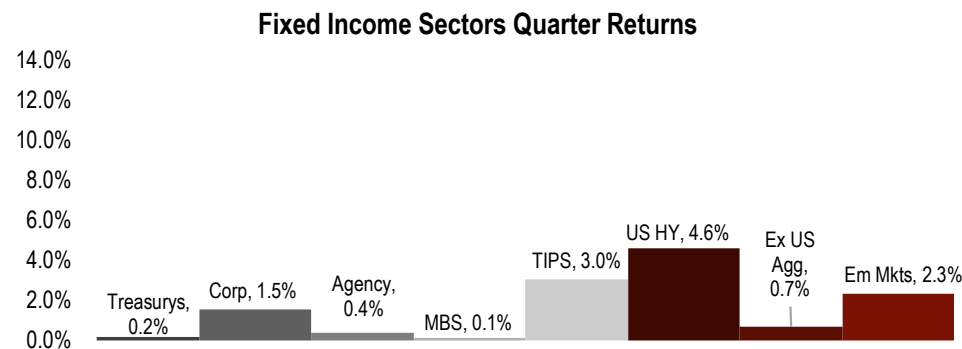
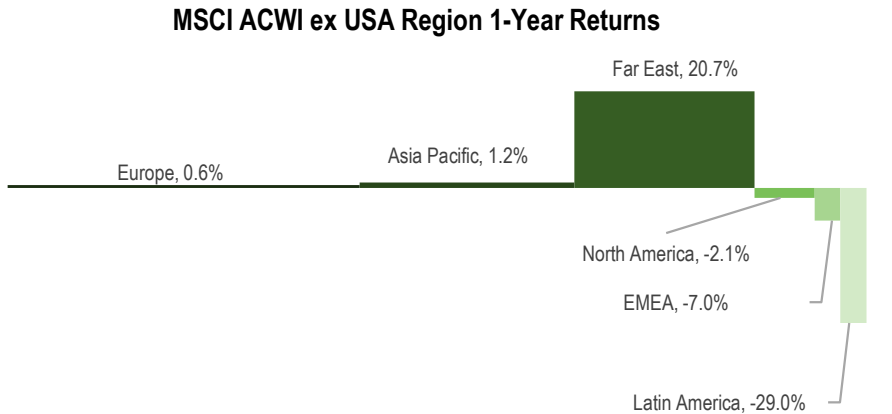
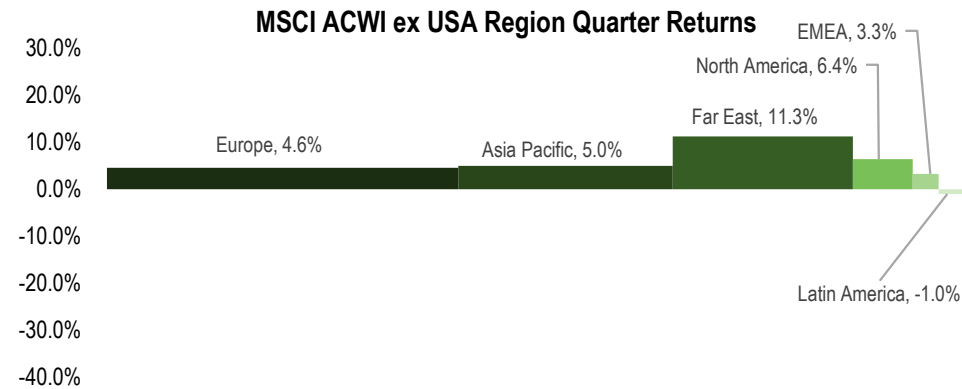
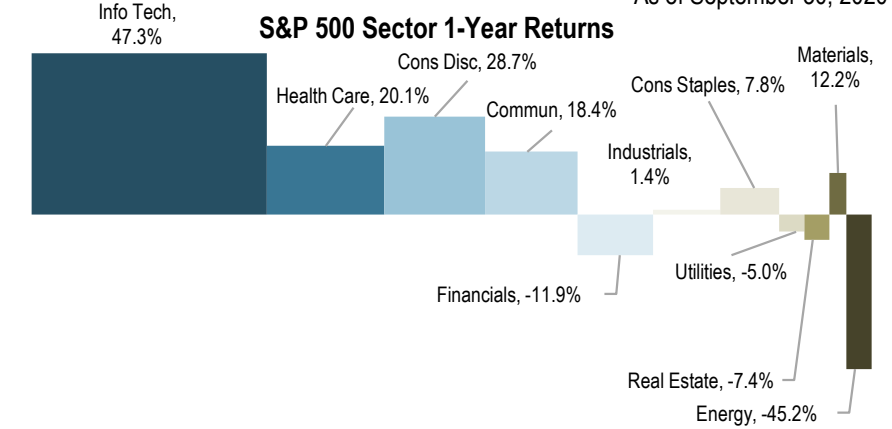
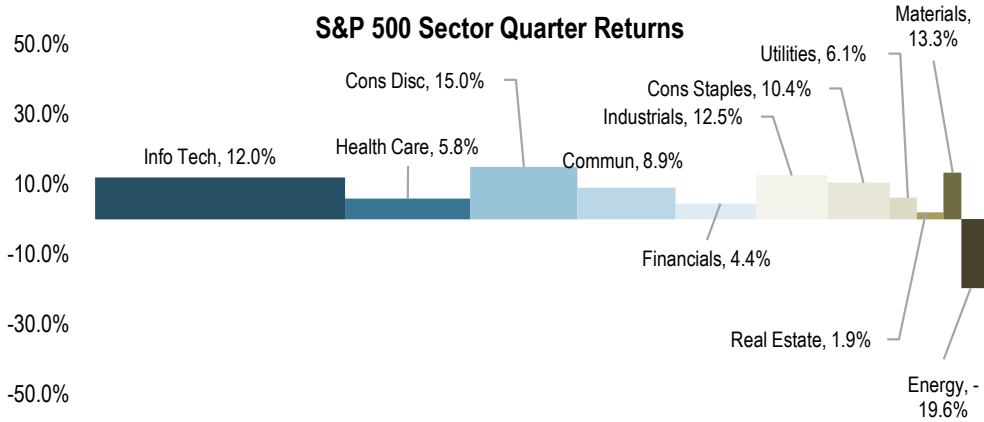
10-Year Treasury real yields are based on the constant maturity TIPS yields calculated by the Federal Reserve. Prior to 2003, real yields are calculated by adjusting the nominal yield with the prior 12-month change in core CPI-U.

Real cap rates are inflation adjusted using the applicable 10-year TIPS breakeven inflation rate. Prior to 2003, real cap rates are calculated by adjusting the cap rate with the prior 12-month change in the core CPI-U.

Sources: Sellwood Consulting LLC, Robert Shiller Data, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

Sector and Region Returns

As of September 30, 2020



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights.

Sources: Sellwood Consulting LLC, Morningstar Direct