

Market Pulse

from the Investment Advisory Group

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In Focus

Global equities advanced for the second consecutive week with most major regions showing strength. International developed markets, which tend to have more value-oriented and economically-sensitive sectors, led the pack followed by US and emerging markets equities. In the US, we saw cyclical sectors outperform following positive news regarding the COVID-19 vaccine. Part of the reason for this rally was that some of these sectors, especially energy and financials, had been hit the hardest by the pandemic-related economic fallout and stand to benefit the most from a return to normalcy.

As we wrote in a recent *Market Perspective*, we believe a lot of the market move over the last two weeks has been a tension release following positive vaccine news as well as moving past election night. While we believe markets could be heading for a digestion period near term, we still believe we are in the early stages of a multi-year economic expansion. Our work shows that after moves similar to what we have seen over the past two weeks, market returns have been mixed over shorter time periods. However, stocks have historically provided double digit gains 12 months later on average. Our weight-of-the-evidence approach leads us to believe the primary market trend remains higher.

Taking a holistic view, we continue to recommend an averaging-in approach for those investors who are looking to work excess cash into the markets. We would also advocate being more aggressive on pullbacks.

A Look Back

A Look Ahead

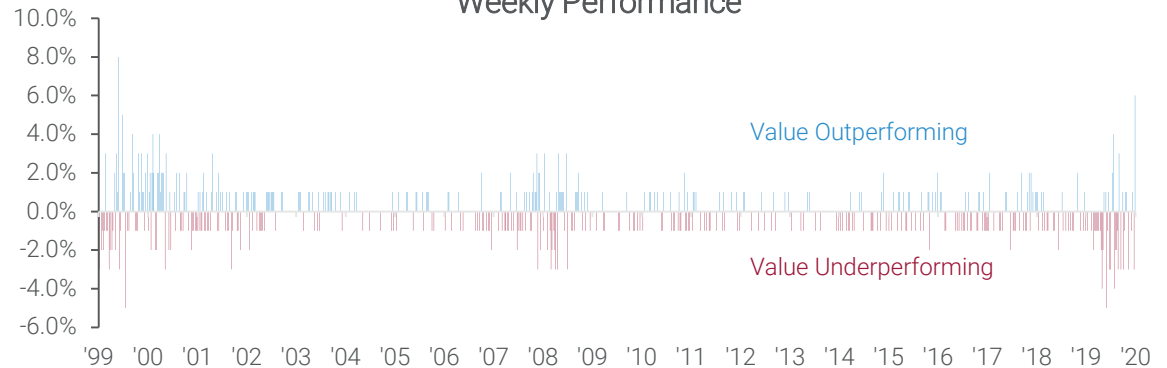
- Global stocks finished the week in positive territory, driven by strength in international developed markets as European and UK stocks marched higher.
- Following last week's positive vaccine news from Pfizer/BioNTech, Moderna released early data regarding their COVID-19 vaccine that found its efficacy rate at over 94%.
- New COVID-19 cases reached record levels over the last week, though we still do not expect the resurgence to derail the US economic recovery.

- President-elect Biden and Vice President-elect Harris will deliver remarks on Monday regarding the post-pandemic economic recovery as well as discuss longer-term growth.
- Federal Reserve (Fed) Vice Chair Richard Clarida will give a speech on US monetary policy on Monday.
- It is a busy data week, with a particular emphasis on housing: Building Permits, Housing Starts, Existing Home Sales, as well as the Leading Index, Retail Sales, and Empire Manufacturing are on tap.

Chart of the Week: Global Value Stocks Outperform Growth by Most Since 2000

Global stocks rallied after encouraging news from Pfizer and BioNTech about a COVID-19 vaccine. This optimism led global value stocks to outperform global growth stocks by the most since April 2000. Value stocks, which tend to be more economically-sensitive, would likely have the most to gain from a faster-than-expected economic recovery. That said, we caution that growth versus value is a story of sectors, not just growth or value as a whole.

Global Value vs. Global Growth Stocks: Weekly Performance



Data Source: SunTrust IAG, Bloomberg. Global Growth = MSCI ACWI Growth Index, Global Value = MSCI ACWI Value Index.

As of Nov 13, 2020

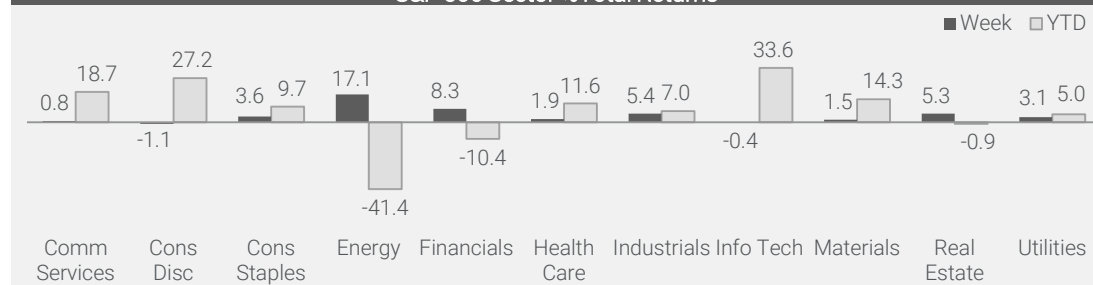
Index % Total Return	Week	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	2.26	10.03	7.36	8.83	13.64
S&P 500	2.21	9.74	6.82	12.77	17.94
MSCI EAFE (net)	3.89	12.32	7.83	0.18	3.62
MSCI Emerging Markets (net)	1.03	7.72	9.94	8.66	16.23
Dow Jones Industrials	4.19	11.36	6.33	5.37	8.55
NASDAQ Composite	-0.55	8.41	5.93	31.84	39.11
FTSE NAREIT All Equity REITs Index	6.90	11.50	7.76	-5.46	-3.09
Bloomberg Commodity Index	1.24	2.63	4.07	-8.51	-6.04
Bloomberg Barclays Aggregate	-0.14	0.35	-0.10	6.68	7.23
ICE BofA US High Yield	0.46	2.59	3.07	2.76	5.05
Bloomberg Barclays Municipal Bond Blend 1-15 Year	0.05	0.53	0.27	3.64	4.46
ICE BofA Global Government xUS (USD Unhedged)	-1.04	0.71	1.04	6.37	7.33
ICE BofA Global Government xUS (USD Hedged)	-0.29	-0.16	0.15	3.23	3.24
JP Morgan GBI-EM Global Diversified Composite	0.40	4.12	4.56	-2.05	1.92

Rates (%)	11/13/20	9/30/20	6/30/20	3/31/20	12/31/19
Fed Funds Target	0.25	0.25	0.25	0.25	1.75
Libor, 3-Month	0.22	0.23	0.30	1.45	1.90
T-Bill, 3-Month	0.09	0.10	0.15	0.10	1.54
2-Year Treasury	0.17	0.13	0.14	0.19	1.57
5-Year Treasury	0.40	0.27	0.28	0.37	1.69
10-Year Treasury	0.89	0.68	0.65	0.68	1.91
30-Year Treasury	1.64	1.45	1.40	1.31	2.38
Bloomberg Barclays Aggregate (YTW)	1.23	1.18	1.25	1.59	2.31
Bloomberg Barclays Municipal Bond Blend 1-15 Year	0.96	0.96	1.16	1.75	1.53
ICE BofA US High Yield	5.05	5.76	6.84	9.24	5.41
Currencies	11/13/20	9/30/20	6/30/20	3/31/20	12/31/19
Euro (\$/€)	1.18	1.17	1.12	1.10	1.12
Yen (¥/\$)	104.64	105.53	107.89	107.96	108.68
Pound (\$/£)	1.32	1.29	1.24	1.24	1.32
Commodities	11/13/20	9/30/20	6/30/20	3/31/20	12/31/19
Crude Oil (WTI)	40.13	40.22	39.27	20.48	61.06
Gold	1,886	1,896	1,801	1,597	1,523
Volatility	11/13/20	9/30/20	6/30/20	3/31/20	12/31/19
CBOE VIX	23.10	26.37	30.43	53.54	13.78

U.S. Style % Total Returns (Russell Indexes)

Week			YTD		
Value	Core	Growth	Value	Core	Growth
5.69	1.99	-1.27	-2.72	13.88	29.75
6.02	3.22	-1.55	-1.76	8.46	23.22
9.17	6.13	3.41	-6.92	5.76	17.68

S&P 500 Sector % Total Returns



Data Source: SunTrust IAG, FactSet

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Commonly used acronyms: SAAR = seasonally adjusted annual rate; MoM = month-over-month change; QoQ = quarter-over-quarter change; YoY = Year-over-year change; K = thousands; M = millions.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

S&P 500 Information Technology Index –a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

The CBOE Volatility Index® (VIX®) is a measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

MSCI ACWI Index (MSCI All Country World) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

MSCI EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Bloomberg Barclays Global Aggregate Index is an index of investment grade debt including treasury, government-related, corporate and securitized debt, from 24 local currency benchmarks.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

The ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, US dollar denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

The Bloomberg Barclays Municipal Bond Blend 1-15 Year (1-17 Yr) is an index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

The Bloomberg Dollar Spot Index tracks a basket of 10 leading global currencies versus the US Dollar.

The ICE BofAML Global Government ex US Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency excluding all securities denominated in US dollars.

JP Morgan GBI-EM Global Diversified Composite is a comprehensive emerging market debt index that tracks local currency bonds issued by Emerging Market governments.

The Bloomberg Commodity Index is a composition of futures contracts on physical commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock.

The FTSE NAREIT All Equity REITs Index is a free-float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the NYSE, AMEX and NASDAQ.

HFRX Global Hedge Fund Index is defined to be representative of the overall composition of the hedge fund universe.

HFRX Equity Hedge Index is an index that tracks equity hedge strategies that maintain both short and long positions in equity and equity derivative securities.

HFRX Macro Index is an index that tracks private hedge funds where the process is predicated on movements in underlying economic variables.

HFRX Absolute Return Index is an index that is designed to be representative of the overall composition in the hedge fund universe.

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It is not possible to invest directly in an index.

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