Global Market Investment Returns December 31, 2019

		Dec 2019	4Q 2019	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities	S&P 500	3.02%	9.07%	31.49%	15.27%	11.70%	13.56%
U.S Mid Cap Equities	Russell Midcap	2.29%	7.06%	30.54%	12.06%	9.33%	13.19%
U.S. Small Cap Equities	Russell 2000	2.88%	9.94%	25.53%	8.59%	8.23%	11.83%
Master Limited Partnerships (MLP)	Alerian MLP	8.53%	-4.08%	6.56%	-4.45%	-7.00%	4.19%
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	-0.94%	-1.23%	23.10%	6.95%	6.40%	11.57%
Global Equities	MSCI All Country World Index	3.52%	8.95%	26.60%	12.44%	8.41%	8.79%
International Developed Equities	MSCI EAFE	3.25%	8.17%	22.01%	9.56%	5.67%	5.50%
Emerging Market Equities	MSCI Emerging Markets	7.46%	11.84%	18.44%	11.57%	5.61%	3.68%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.07%	0.18%	8.72%	4.03%	3.05%	3.75%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	0.31%	0.74%	7.54%	4.72%	3.53%	4.34%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	2.00%	2.61%	14.32%	6.37%	6.13%	7.57%
Floating Rate Loans	S&P/LSTA Leveraged Loan	1.61%	1.73%	8.64%	4.35%	4.45%	5.01%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	1.09%	0.67%	5.09%	4.36%	1.62%	1.50%

- Global equity markets delivered exceptional returns to investors in 2019, with the MSCI All Country World Index gaining 26.6%.
- These global equity results were the best in a decade, largely precipitated by broad monetary accommodation (interest rate cuts).
- The flood of central bank liquidity supported strong gains in both risk-off and risk-on asset classes- an unusual occurrence.
- Trade negotiations between the U.S. and China, as well as Brexit uncertainty and global growth deceleration, resulted in elevated levels of volatility; however, these headwinds were more than offset by strong earnings, a pickup in the service sector and employment resiliency.
- U.S. large cap equity was the best performing asset in 2019, returning 31.5% for the year; U.S. REITs also performed well, gaining 23.1%.
- Growth outperformed value in 2019 (36.4% vs. 26.5%), but is considered significantly overvalued with a P/E ratio of 23.1 (15.2 for value).
- Energy infrastructure capped off a volatile year with its best December result in more than 19 years; the Aerian gained 6.6% in 2019.
- Fixed income markets ebbed higher in December, with the exception of taxable investment grade bonds, which declined 0.1%.
- For the year, the broad fixed income market rallied alongside global equities, but as bond prices moved higher yields moved lower.
- The best performing fixed income investment was corporate high yield bonds, which gained 14.3%; default rates remained below average.
- Global bonds were positive for the year, but their return was suppressed by higher sovereign bond yields and a stronger U.S. dollar.

Source: eVestment Analytics, Eaton Vance *Monthly Market Monitor*, JP Morgan *Guide to the Markets,* WSJ

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Economic Update

- A recession is not expected in Canada in 2020 despite unresolved trade negotiations, Brexit uncertainly and global economic deceleration.
- Canadian economic growth is predicted to be positive but very modest in 2020, supported by a number of key fundamental strengths:
    - ✓ Canada has a healthy labor market (5.9% unemployment).
    - ✓ The housing market has mostly recovered and shows signs of stabilization.
- Consensus suggests the Canadian economy will grow by 1.8% in 2020, a modest uptick from the 1.7% growth rate in 2019.
- The Bank of Canada has held interest rates steady at 1.75% for more than a year, which is contrary to most developed central banks, and has provided no guidance to suggest it will raise rates in 2020.

Date Range	CAD to USD	+/-
December	0.7530-0.7714	+2.4%
1-Year	0.7329-0.7714	+5.3%
3-Years	0.7438-0.7714	+3.7%

$USD 1,000,000
=
$CAD 1,296,747

@1.2967
(01/06/2020)

CAD Profile	
Inflation Rate	1.60%
Interest Rate	1.75%
Information	http://www.bankofcanada.ca

Sources: xe.com, FinancialPost, bankofcanada.ca

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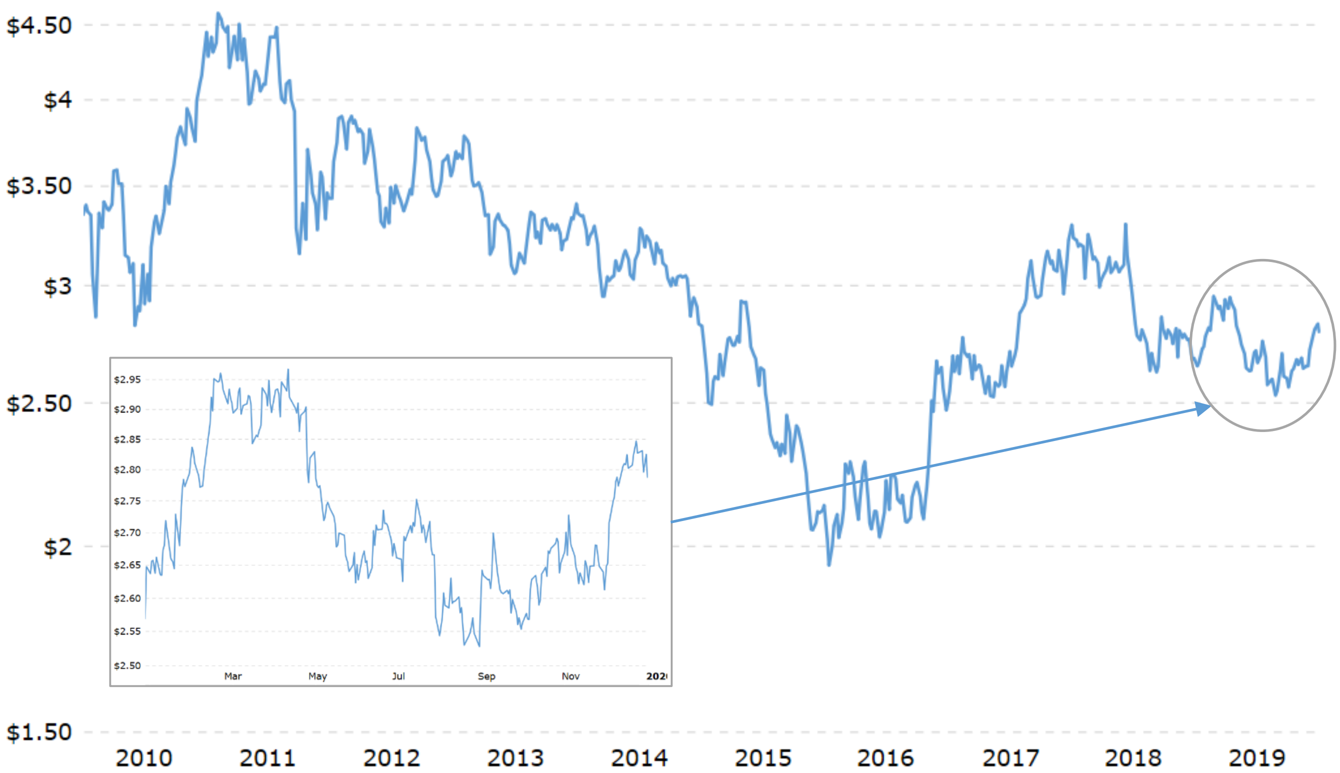
Copper Price History & Outlook

December 31, 2019

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides ten years of price history, and would include shaded columns to reflect past U.S. economic recessions, though there has been no recession over the past decade.

The chart embedded in the bottom right hand corner provides a zoomed-in image of the prior year's price movement of the commodity. The current price of copper, as of January 6, 2020, is $2.79 per pound. Copper began 2019 priced at $2.62 per pound and hit a high/low of $2.97/$2.53 on April 17th and August 23rd, respectively. **Copper gained 6.9% in 2019, or $0.18 per pound.**



Copper Price Outlook

Copper prices rallied throughout the first quarter of 2019, peaking in April before tumbling 14.8%.

The precipitous price drop was attributable to global trade uncertainly, and to a lesser extent an imbalance in supply and demand as a result of the global manufacturing recession, which resulted in inventory stockpiling.

Copper prices rallied in the fourth quarter from their low as trade negotiations progressed and the manufacturing sector showed some signs of improvement.

Copper is widely viewed as a barometer for the global economy. While we do not see a clear catalyst for a U.S. recession in 2020, we do see evidence to suggest the global economy is slowing. This may be partly offset by increased monetary stimulus, but if manufacturing remains weak and trade negations do not progress, it is likely copper prices will remain under pressure.

Sources: Barron's, Morgan Stanley, RJO Futures, International Copper Study Group, Macrotrends, S&P Global, gov.capital

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