

		<u>Aug 2020</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
U.S. Large Cap Equities	S&P 500	7.19%	9.74%	21.94%	14.52%	14.46%	15.16%
U.S. Small Cap Equities	Russell 2000	5.63%	-5.53%	6.02%	5.03%	7.65%	11.53%
Energy Infrastructure Equities	Alerian US Midstream Energy Index	1.38%	-34.49%	-33.66%	-12.04%	-7.66%	-
U.S. Real Estate Equities	Dow Jones U.S. Select REIT Index	0.70%	-18.84%	-17.67%	-0.72%	3.32%	7.83%
Global Equities	MSCI All Country World Index	6.12%	4.75%	16.52%	8.99%	10.21%	9.90%
International Developed Equities	MSCI EAFE	5.14%	-4.61%	6.13%	2.34%	4.72%	5.88%
Emerging Market Equities	MSCI Emerging Markets	2.21%	0.45%	14.49%	2.83%	8.66%	3.76%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	-0.81%	6.85%	6.47%	5.09%	4.33%	3.65%
U.S. Tax-Exempt Fixed Income	Barclay's Municipal Aggregate	-0.47%	3.31%	3.24%	4.09%	3.99%	3.98%
High Yield Fixed Income	Barclay's U.S. Corporate High Yield	0.95%	1.67%	4.71%	4.88%	6.45%	6.90%
Floating Rate Loans	S&P/LSTA Leveraged Loan	1.49%	-1.29%	0.89%	3.02%	3.74%	4.34%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	0.29%	5.38%	4.58%	2.84%	3.80%	1.80%

- U.S. stocks led global equities higher in August, returning 7.2%, which improved the year-to-date result to 9.7%.
- The rally has been driven predominantly by the Information Technology sector, which has gained 36.0% year-to-date.
- On an equal-weighted basis, rather than a market cap-weighted basis, the S&P 500 Index remained down 2.3% through August 31st.
- From a valuation perspective, the “value” index remained more attractively priced compared to the “core” and “growth” indexes.
- Energy infrastructure equities notched a gain in August and remained attractively priced; Alerian U.S. Midstream Index yielded 9.4%.
- U.S. REIT’s also gained incrementally in August, adding 0.7%, as considerable uncertainty remained about the lodging and retail sectors.
- Foreign equities lagged the U.S. market but were still up over 2% in August. International developed and emerging markets equities were more fairly valued at month-end, but we remain cautious due to high rates of COVID-related unemployment and varying PMI data.
- U.S. long bonds, especially Treasuries and Agency bonds, lost value in August as intermediate and long yields rose. U.S. government and muni bonds remain very expensive with a high level of rate risk. Intermediate to short credit appears to be the best value of an expensive lot.
- High Yield, with a more modest four-year duration, continued to gain as spreads narrowed to near historic averages. We consider High Yield to still have fair value. Floating Rate Loans have been hurt by low interest rates but could benefit from a pickup in inflation expectations.
- International bonds gained as the dollar declined against several major currencies, including the Euro and Canadian dollar.

Economic Update

- The U.S. dollar weakened 2.6% against the Canadian dollar in August.
- Employment rose by 246,000 (+1.4%) in August, compared with 419,000 (+2.4%) in July. Combined with gains of 1.2 million in May and June, this brought employment to within 1.1 million (-5.7%) of its pre-COVID February level. Canada's unemployment rate declined to 10.2% in August, after reaching a record high of 13.7% in May.
- Manufacturing sales grew by 20.7% in June, while retail sales grew by 23.7% over the same time period.
- Following a strong rebound in June, merchandise trade continued to strengthen in July, bolstered by higher shipments of motor vehicles and parts, as well as energy products. Almost 90% of July's increase in trade activity reflected higher trade flows with the United States. Overall trade activity in July was 5% below pre-COVID levels.



Date Range	USD to CAD	+/-
YTD	1.2962-1.30313	+0.53%
1-Year	1.3313-1.30313	-2.1%
3-Years	1.2373-1.30313	+5.3%

\$USD 1,000,000
 =
\$CAD 1,303,130
@1.30313
(08/31/2020)

CAD Profile	
Inflation Rate	1.70%
Interest Rate	0.25%
Information	http://www.bankofcanada.ca

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides 20 years of price history as well as past recession.

The chart embedded in the bottom right hand corner provides a zoomed-in image of the 2020 YTD copper price movement.

The price of copper as of August 31st was \$3.06 per pound. Copper began the year priced at \$2.80 per pound, before falling 25%, or \$0.70 per pound, to \$2.10 on March 23, 2020. The commodity has fully recovered from the March low.



Copper Price Outlook

Per the credit rating agency ICRA: "International copper prices have increased sharply by over 40% in the last four months, despite the uncertainties on global macroeconomic health, post outbreak of the COVID-19 pandemic. Contrary to the prevailing sentiments, international copper prices are currently running at a level which is the highest in the last 16 months. The increase in prices is a result of disruptions in the copper supply chain, especially in the form of lower mine output. The pandemic is estimated to have resulted in a sharp drop in the production of copper ore during Q2 CY2020, which has resulted in a shortage of the metal. Almost 50% of the copper ores mined globally originates in South America, which has been severely impacted by the pandemic. The resulting restrictions has reduced ore production and the prevailing situation may continue in the near term. The restricted availability of the metal is fueling prices upwards in ICRA's opinion."

The chart below shows the historical daily West Texas Intermediate (WTI or NYMEX) crude oil prices per barrel, which is displayed in U.S. dollars. The chart provides 30 years of price history, and includes shaded columns to reflect past U.S. economic recessions.

Oil began 2020 priced at \$61.14 per barrel before falling to \$11.26 on April 21, 2020. From the January 7th peak to the April 21st trough, oil prices declined 69%. Oil prices have since recovered 272%, adding \$30.60 per barrel.

The current price of oil, as of August 31, 2020, is \$42.61 per barrel.



Sources: Macrotrends, Forbes, WSJ.com

Oil Price Outlook

“High coronavirus case numbers in several major economies will blunt the recovery of an oil market already beleaguered by low demand, the International Energy Agency (IEA) stated in August.

In its monthly oil market report, the IEA forecast a sharper contraction in global demand for 2020 for the first time in several months. The agency expects global demand to contract by 8.1 million barrels this year, 140,000 barrels more than in last month’s report.

The IEA said that the downgrade reflected the stalling recovery in transport activity and stubbornly high Covid-19 infection rates. Aviation activity was down by two-thirds last month from its normal July levels, while “the virus continues to impact road transport as people avoid nonessential trips and working from home remains the norm in much of the West,” the Paris-based organization added.

Global supply increased by 2.5 million barrels a day in July, with Saudi Arabia ending its voluntary additional cuts. In addition, U.S. and Canadian production are starting to rise again, the report said. At the same time, the nations of the OPEC+ alliance agreed last month to soften production cuts starting Aug. 1, putting an extra two million barrels a day into the market.”

—WSJ, 8/13/20

