

MARKET OUTLOOK | FRANCIS J. PERFETUO, JR., CFA

Happy Fall from your team at Veritas!

As we enter the 4th quarter I wanted to connect with you about the current headlines, ongoing concerns, and provide an update on market performance:

- In the news:
 - In September, the unemployment rate dropped to 7.9%, which is still too high but far below the peak of 14.7% in April ¹
 - The September readings of the ISM Manufacturing Index and the ISM Services Index continue to show health and growth in the U.S. manufacturing and services sectors ²
 - After 5 months in a row of positive equity market performance that produced a remarkable market recovery from the March lows, we finally saw some softness in September
- Concerns / Risks
 - We are not there yet, but confidence is building that a vaccine will be approved and available by year end 2020
 - Congress is continuing daily negotiations for another stimulus package that the “market” is hoping for
 - Political uncertainty with the upcoming presidential election next month – not just about the final outcome but also about the vote counting process and if it will drag on for weeks
- Market Performance for both the month of September and the full 3rd Quarter of 2020 (July 1 – Sept 30) ³
 - Despite September being our first negative month since March 2020, the full 3rd Quarter of 2020 was very strong:
 - S&P 500 (US Large Caps): September -3.8% / 3rd Quarter +8.9%
 - Russell 2000 (US Small Caps): September -3.3% / 3rd Quarter +4.9%
 - MSCI EAFE (International Developed): September -2.6% / 3rd Quarter +4.8%
 - MSCI EM (Emerging Markets): September -1.6% / 3rd Quarter +9.6%
 - ICE BofAML US Corp & Govt 1-10 Yr A-Rated (Bonds): September 0.0% / 3rd Quarter +0.4%
 - HFRX Global Hedge Fund Index (Alternative Investments): September n/a / (July 1 – Aug 31) +3.76% ⁴



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I will continue to monitor all developments with a particular focus on the upcoming election, stimulus talks, COVID-19 vaccines, and the economic landscape.

As always, thank you for your trust and confidence in our Team!

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¹ Source: Bureau of Labor Statistics
² Source: Institute for Supply Management
³ Source: Blackrock
⁴ Source: HedgeFundResearch.com

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