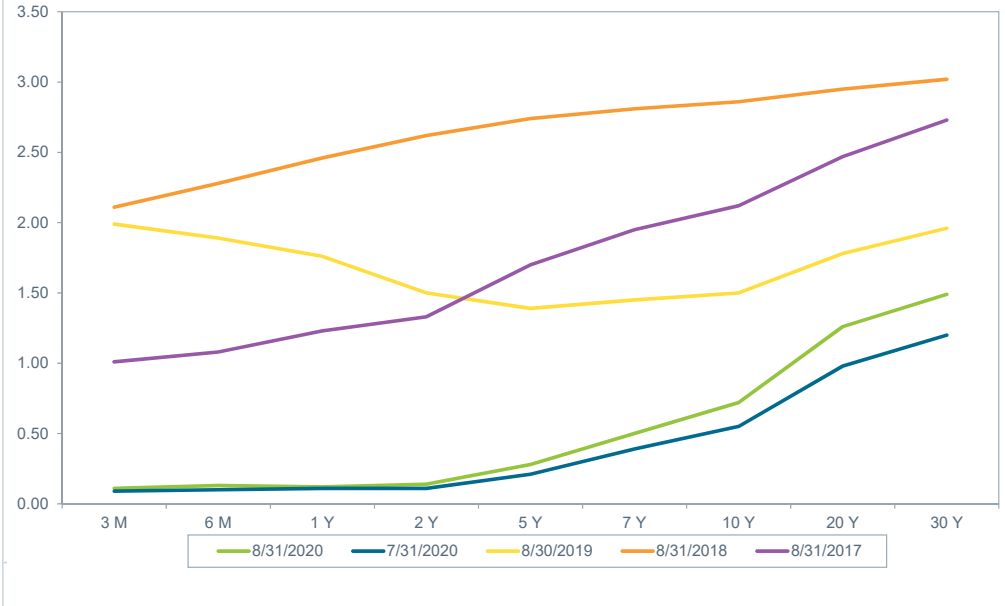


General Market Commentary

- The Federal Open Market Committee (FOMC) announced a new framework surrounding monetary policy. Charmain Powell stated that the Fed would tolerate inflation “moderately” above its 2% target after periods in which inflation had run below the 2% target, a strategy known as Flexible Average Inflation Targeting. Chairman Powell described the change in policy as a reflection of the FOMC’s opinion that a strong job market can be maintained without fears of large spikes in inflation. Many investors viewed this announcement as a positive development as it assured investors that the Fed would keep interest rates low for the foreseeable future.
- August was a very strong month for US equity markets, with all major indices finishing in positive territory. The S&P 500 Index reached its all-time high in August, driven by continued expectations of low interest rates coupled with strong corporate earnings. Better-than-expected economic data, declining COVID-19 cases, and optimism of a vaccine also spurred investor confidence.
- Developed international markets and emerging markets also experienced a positive month, with most major indices finishing with low to mid-single digit returns, largely driven by accommodative fiscal and monetary policy in multiple countries.
- Equity markets posted positive returns in August as the S&P 500 (Cap Wtd) Index returned 7.19% and the MSCI EAFE (Net) Index returned 5.14%. Emerging markets returned 2.21% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.81% in August, underperforming the -0.20% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.09%, as measured by the FTSE Non-US World Gov’t Bond Index.
- Public real estate, as measured by the FTSE NAREIT Eq REITs Index (TR), returned 0.78% in August and 5.25% over the trailing five-year period.
- The Cambridge US Private Equity Index returned -2.32% for the trailing one-year period and 9.20% for the trailing five-year period ending March 2020.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned 2.08% for the month and 5.50% over the trailing one-year period.
- Crude oil’s price increased by 5.81% during the month, but has decreased by 22.67% YoY.

Treasury Yield Curve (%)



Economic Indicators	Aug-20	Jul-20	Aug-19	10 Yr	20 Yr
Federal Funds Rate (%)	0.09 ▼	0.10	2.13	0.64	1.60
Breakeven Inflation - 5 Year (%)	1.70 ▲	1.43	1.36	1.72	1.82
Breakeven Inflation - 10 Year (%)	1.80 ▲	1.55	1.54	1.95	2.01
Breakeven Inflation - 30 Year (%)	1.84 ▲	1.64	1.60	2.07	2.24
Bloomberg US Agg Bond Index - Yield (%)	1.15 ▲	1.05	2.13	2.40	3.60
Bloomberg US Agg Bond Index - OAS (%)	0.57 ▼	0.60	0.48	0.53	0.63
Bloomberg US Agg Credit Index - OAS (%)	1.22 ▼	1.26	1.14	1.32	1.46
Bloomberg US Corp: HY Index - OAS (%)	4.77 ▼	4.88	3.93	4.78	5.47
Capacity Utilization (%)	71.42 ▲	71.14	77.84	76.59	76.74
Unemployment Rate (%)	8.4 ▼	10.2	3.7	6.2	6.0
PMI - Manufacturing (%)	56.0 ▲	54.2	48.8	53.8	52.5
Baltic Dry Index - Shipping	1,488 ▲	1,350	2,378	1,145	2,304
Consumer Conf (Conf Board)	84.80 ▼	91.70	134.20	94.59	91.31
CPI YoY (Headline) (%)	1.3 ▲	1.0	1.7	1.7	2.1
CPI YoY (Core) (%)	1.7 ▲	1.6	2.4	1.9	2.0
PPI YoY (%)	-1.5 ▲	-1.8	0.3	1.4	2.1
M2 YoY (%)	23.3 —	23.3	5.2	6.8	6.5
US Dollar Total Weighted Index	116.14 ▼	117.60	118.22	104.08	103.21
WTI Crude Oil per Barrel (\$)	43 ▲	40	55	70	62
Gold Spot per Oz (\$)	1,968 ▼	1,976	1,520	1,384	982

Treasury Yield Curve (%)	Aug-20	Jul-20	Aug-19	Aug-18	Aug-17
3 Month	0.11	0.09	1.99	2.11	1.01
6 Month	0.13	0.10	1.89	2.28	1.08
1 Year	0.12	0.11	1.76	2.46	1.23
2 Year	0.14	0.11	1.50	2.62	1.33
5 Year	0.28	0.21	1.39	2.74	1.70
7 Year	0.50	0.39	1.45	2.81	1.95
10 Year	0.72	0.55	1.50	2.86	2.12
20 Year	1.26	0.98	1.78	2.95	2.47
30 Year	1.49	1.20	1.96	3.02	2.73

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	7.19	13.23	9.74	21.94	14.52	14.46	13.80	15.16
Russell 2000	5.63	8.56	-5.53	6.02	5.03	7.65	7.89	11.53
MSCI EAFE (Net)	5.14	7.59	-4.61	6.13	2.34	4.72	4.46	5.88
MSCI EAFE SC (Net)	7.46	11.07	-3.49	10.66	2.61	6.79	7.12	8.58
MSCI EM (Net)	2.21	11.34	0.45	14.49	2.83	8.66	4.92	3.76
Bloomberg US Agg Bond	-0.81	0.67	6.85	6.47	5.09	4.33	4.12	3.65
ICE BofAML 3 Mo US T-Bill	0.01	0.03	0.63	1.27	1.72	1.20	0.86	0.64
NCREIF ODCE (Gross)	N/A	N/A	-0.60	2.22	5.66	7.31	9.07	10.80
FTSE NAREIT Eq REITs Index (TR)	0.78	4.86	-14.76	-12.92	1.30	5.25	7.03	8.73
HFRI FOF Comp Index	2.08	4.43	2.81	5.50	3.12	2.76	3.30	3.15
Bloomberg Cmtty Index (TR)	6.76	12.86	-9.04	-3.90	-3.13	-3.10	-7.13	-5.05

NCREIF performance is reported quarterly; MTD and QTD returns are shown as "N/A" on interim-quarter months and until available. Data shown is as of most recent quarter-end. Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.

