

MEMORANDUM

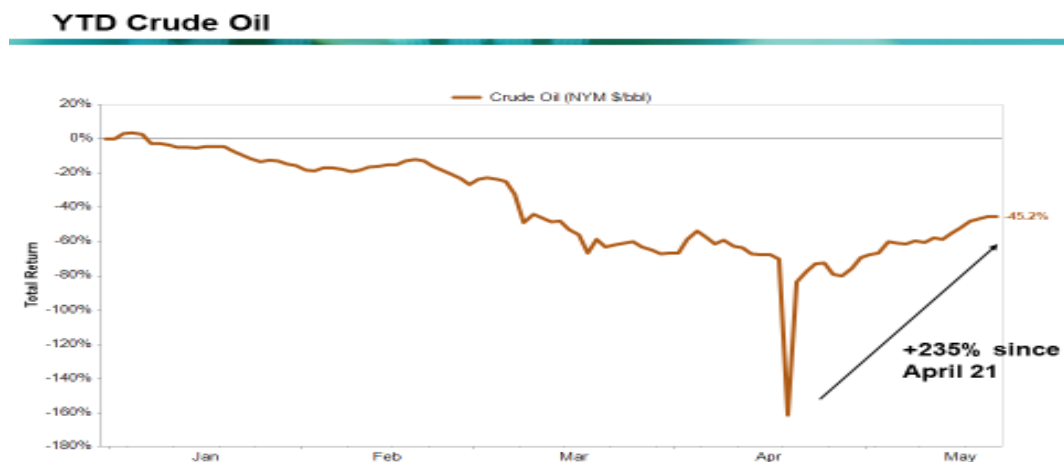
Update May 22, 2020

“Heroism doesn’t always happen in a burst of glory. Sometimes small triumphs and large hearts change the course of history”

Mary Roach (American Author)

As we approach Memorial Day weekend, this quote seems quite appropriate for paying tribute to the day-to-day heroes across health and home care, grocery, food and baked goods processing, transportation, postal, and power who manufacture and deliver goods to our secure, at-home environments. We add these people to the traditional Memorial Day tribute to our fallen and current heroes in the armed services protecting our rights and freedom.

The last update memo we wrote discussed the sharp rebound in the markets for the month ended April, following the March liquidity crisis and drawdown in all risk assets. May, month to date, has followed a similar path to the April recovery, albeit less robust, with positive results across most financial assets. Included in the May rebound were energy related assets, with oil back up above \$30/barrel. All of this occurred within the continued backdrop of negative economic news, including declines in consumer sentiment and retail sales, alongside increases in unemployment and bankruptcy filings.



Equity Markets:

Month to date, the broad U.S. equity markets are up approximately 2% with large and mid-capitalization stocks leading the way. Growth has continued to outperform value significantly in the month despite the rebound in energy. The year to date differential now exceeds 22%, a level not seen in a year since the tech rally of 1999. Non U.S. markets are also positive with the EAFE up 1.2% and emerging markets up 0.8%.

Fixed Income Markets:

Bonds have not moved much during the month with the Barclays Aggregate up 0.1%. High yield continues to rebound, up 2.0% month to date and bank loans have also posted positive returns month to date. Of note, Treasury bonds, which was one of the only positive sectors in the first quarter, are down -0.3% month to date.

Looking Ahead:

Earnings season is complete for the quarter and as expected the news was very negative. Interestingly, the majority of S&P 500 companies announced they would no longer be providing guidance for the balance of 2020. This illustrates the level of uncertainty we face moving through the balance of the year. The pace of reopenings varies from state to state and the economists will be closely tracking consumer and business activity as the second quarter comes to a close.

As we contemplate and celebrate Memorial Day along with our families, colleagues and communities, we wish good health for all of our clients. Segal Marco continues to work diligently to support your needs.

Segal Marco Advisors