

Monthly Market Commentary

We hope that you had a Happy Thanksgiving! While it was certainly a different Thanksgiving this year, we hope that you could still give thanks for all that you are thankful for. We are thankful for our health, family, staff, and all of those that continue to instill trust in us year after year.

Risk assets performed well globally in the month of November with election uncertainty starting to fade and more concrete evidence of a viable vaccine from multiple companies shining light at the end of the tunnel. November saw strong flows into risk assets globally and marks the first month of positive relative flows into equities broadly. Breadth in equity markets has also started to improve with more companies participating in the rally compared to a select few mega caps that drove most of the performance until September. Volatility remains elevated relative to historic norms but is starting to stabilize. If this path continues, risk assets should continue to perform well. Having said that, in the near term, the resurgence of the virus remains a concern and may have some negative impact on sentiment and mobility, indirectly hurting consumption.

As we approach the end of the year, it is important for us to provide an outlook over the next 12 months rather than just the short term. The economy should continue to improve in the first half of the year as we compare against distressed levels of economic activity earlier this year. GDP for 4th quarter is expected to improve to -1.5% YoY and should accelerate to almost 8% YoY by the second quarter of 2021. Given the economic backdrop, we expect inflation to pick up and yields to move slightly higher. We have adjusted our portfolios over the last few months to reflect this expectation and actively add risk when opportunities arise.

This year is one that will go down into the history books! While the year 2020 will be referred to as the year of the pandemic, we are optimistic that the year 2021 will be the year we return to our normal way of life. May you and your family have a Merry Christmas and a Happy New Year!

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