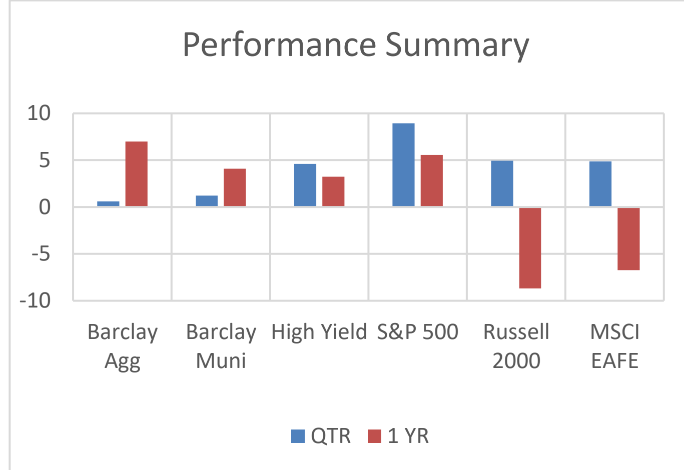


Despite declining in September, global stocks delivered solid gains for the third quarter. **Improving economic data, central bank support and progress on COVID-19 therapies and vaccines aided the 'risk-on' market environment.** U.S. stocks generally outpaced foreign developed market stocks, while emerging market stocks outperformed overall for the quarter. Government bond yields were mixed, and global bond returns generally advanced. In the U.S. core bonds were up slightly, while more aggressive high-yield bonds outperformed.

U.S stocks struggled in September, posting their worst monthly results since March. However September's decline didn't derail the quarterly returns. **Strong third-quarter returns combined with the second-quarter rally gave U.S. stocks their best six-month performance since 2009.** Year-to-date large cap stocks are in positive territory while small stocks remain negative. In terms of style, value stocks underperformed growth for the quarter, and year-to-date the disparity in returns is extremely wide, over 35%. The growth versus value disparity has been similar in the foreign markets.

U.S. Treasury yields showed little change for the month and third quarter. The yield on the 10-year Treasury note rose from 0.66% on June 30th to 0.69% on September 30th, and core bonds finished the quarter up 0.62%. **Longer-term inflation expectations increased sharply for the quarter, and Treasury Inflation Protection bonds (TIPs) outperformed.** Returns on global bond outperformed U.S. bonds as yields generally declined amidst slowing economic data and a resurgence in COVID-19 infections.

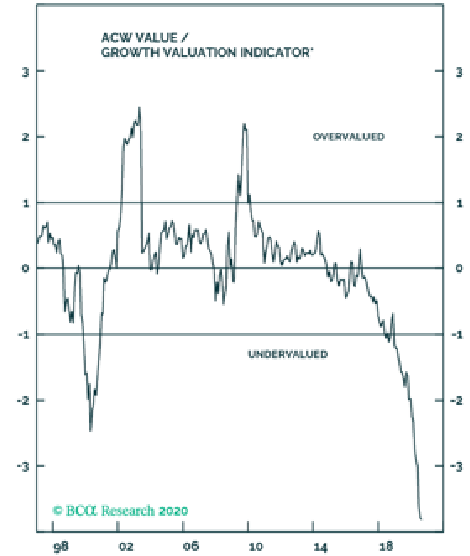
During the quarter, the Federal Reserve confirmed it will keep interest rates low for several years, and allow periods of higher inflation in an effort to support economic growth. The level of monetary and fiscal stimulus is unprecedented and likely to distinguish this cycle from the last one. There is still some uncertainty about extending fiscal benefits prior to the election, however the combined effect of zero rates around the world and the 13.1% of GDP committed by G20 nations to fiscal stimulus this year continues to fuel a powerful economic recovery.

The Glass is Half-full:

When considering financial markets it is usually easier to make the negative case for why things can go wrong, then to project what could go right. In fact, the current "wall of worry" has been a key factor in the stock market's recent positive performance. Simply turn on the TV or get on social media and you'll quickly be immersed in reasons for negative outcomes, such as: COVID-19 is increasing and a second (or third) wave is likely, the country is fragmented and the potential for a contested election is high, our politicians can't agree on stimulus and small to mid-size businesses are hurting, the country's debt is sky-rocketing, stock valuations are high, the list goes on and on. These are all genuine concerns, however they don't paint a complete picture. **Given this, we chose to highlight some reasons why the 'glass is half-full' for financial markets in the coming year, see below.**

Economy: there's no doubt global growth faces near-term challenges from a resurgence in the COVID-19 virus and the failure of politicians to reach a fiscal stimulus deal. However, growth should turn up next year as a vaccine and therapeutics become available and fiscal policy turns stimulative again. It is highly likely a vaccine will be available by the first or second quarter of 2021, boosting consumer and business confidence, and helping to open the economy. We believe our politicians have no appetite for fiscal austerity and the odds of a fiscal stimulus package getting approved will go up sharply post the election. As mentioned above, the level of monetary and fiscal policy is unprecedented and should lead to continued economic growth. According to Goldman Sachs, global economic growth will be down 3.9% this year, but up 6.6% in 2021 and 4.4% in 2022, not too shabby!

Valuation: it is true that valuations for the broad U.S. stock market are high, and have only been surpassed by the market highs in 1999 and 1929. **However, that doesn't tell the whole story because valuations are being heavily skewed by large concentrations in technology and communications stocks.** As an example, the top five stocks in the S&P 500, Facebook, Amazon, Apple, Microsoft and Alphabet (GOOG) represent almost 25% of the index. The concentration in the NASDAQ index is even worse, with the top five stocks comprising over 42% of the index. **While valuations for these stocks are very high, there are many other stocks and sectors trading at very attractive valuations.** For example, value stocks are extremely cheap relative to growth stocks. The accompanying chart from BCA research shows just how extreme the relative valuations have become. Other than value stocks, we also see good valuation in foreign developed, emerging and small-cap stocks.



* BASED ON RELATIVE PRICE/BOOK, PRICE/EARNINGS, AND DIVIDEND YIELDS.
SOURCE: IBES / THOMSON REUTERS AND MSCI INC. (SEE COPYRIGHT DECLARATION)

Investor Positioning:

As we look ahead, here are some thoughts on how investors should position their portfolios in the coming year.

Election: we believe the impact of elections are often overestimated, that being said here are a few thoughts. **As we write, the most likely outcome based on polls and prediction markets is a "Blue Wave", meaning that Joe Biden wins the presidency, Democrats pick-up a majority in the Senate and retain their majority in the House**. This likely leads to a sizeable increase in corporate income tax, substantially easier fiscal policy (up to $2.2 trillion), modestly higher interest rates, reduced risk of renewed trade escalation, anti-trust regulation, and a firmer global growth outlook over the next year. **All of which may contribute to a rotation from growth to value stocks.**

Currencies: The U.S. dollar is likely to decline relative to other currencies over the next year. Mainly due to a lower difference in interest rate differentials with the rest of the world, stronger global growth (the U.S. dollar is a counter-cyclical currency) and a widening trade deficit.

Global asset allocation: we think there may be some uncertainty as we approach the election, so having liquidity and cash on hand may be an opportunistic bet. **Longer term we expect stocks and alternative assets to handily outperform bonds.**

Stocks: we expect strong economic growth, monetary and fiscal stimulus, a weaker U.S. dollar and a potential vaccine will cause investors to shift from the "Pandemic trade" to the "reopening trade." Value stocks should outperform growth, cyclicals to outperform defensives and foreign stocks to outperform U.S. stocks.

Bonds: interest rates should begin to modestly increase, favoring lower duration assets (less interest rate risk). We expect credit (investment grade, high-yield and emerging market bonds) to outperform high-quality U.S. Treasury bonds. As a hedge against inflation TIPs make sense.

Commodities and alternatives: we expect commodities and alternative assets to outperform bonds and potentially stocks. Given the extremely low interest rates available on cash and bonds, exposure to this category makes a lot of sense.

Closing Thoughts:

No one knows for sure how events will play out over the next year, which is a key reason we base much of our long-term investment decisions on valuations and not short-term forecasts. As you read through our asset class commentary on the next page, keep in mind, our recommendations are driven by current valuations and long-term expected returns. Which are much easier to evaluate than short-term economic forecasts, profit recoveries, virus trends, etc. Please let us know if you have any questions or would like to discuss.

Asset Class		* ↔ Neutral weight ↓ Underweight ↑ Overweight
Equities	***View****	***Comments***
U.S. Large Cap	↓	Valuation on the broad stock market is high. However, it's important to note the market is highly bifurcated, with many growth stocks trading at extremely high valuations and many value stocks trading at modest to cheap valuations. With the economy on the path to recovery, we would underweight growth and overweight value in portfolios.
U.S. Small/Mid Cap	↔	We are neutral on small/mid-cap stocks. Smaller cap stocks have lagged their large-cap brethren and should catch-up in performance based on a recovering global economy.
International Developed	↑	Valuations are attractive relative to U.S. stocks. We like broad exposure to the foreign markets and would overweight dividend paying stocks in this low interest rate environment.
Emerging Markets	↑	Valuations are very attractive for the long-term. Emerging markets tend to be volatile and are always susceptible to further selloffs, but in a global economic recovery with low rates, a declining US dollar, and ample liquidity they should outperform

Fixed Income		
Investment Grade	↓	With the 10- year treasury yield near all-time lows, we are under-weight core bonds. We recommend keeping some exposure for disciplined risk management and diversification purposes.
High-Yield Bonds	↔	We went overweight high-yield in late March, but have since reduced our rating to neutral as yields spreads have narrowed the past couple of months. As long as the economy is improving and rates are low, HY will perform well but it is no longer a cheap asset class.
Municipal Bonds	↔	We are neutral to positive on municipal bonds relative to Treasury bonds and they remain attractive for high tax-bracket investors.
TIPS	↔	Inflation break-evens are low and TIPs are a hedge for higher inflation. We are comfortable holding a position in tax-deferred accounts as a long-term hedge against inflation, and would favor them over traditional treasury bonds.
Floating-Rate Loans	↔	Similar to HY bonds, we were overweight FRLs in late March, but have reduced our rating back to neutral as valuations have risen. We have some concern that rates aren't likely to increase any time soon, limiting the appeal of the floating rate feature.
Emerging Markets	↔	This asset class can be volatile but also provides opportunity. Interest rates in many EM markets are significantly higher than in the U.S.; we get some exposure thru our core bond managers and don't anticipate buying any direct positions.

Alternatives		
Absolute-Return/Alternatives	↑	We like this asset class and have raised our rating back to overweight given the strong rally in stocks and bonds. We like alternative funds as a way to hedge volatility and improve the risk vs reward in portfolios.
REITs	↓	REITs have rallied since the March lows and we are underweight in portfolios. We think many REITs may be structurally impaired in the future as a result of shifts in work habits and technology growth caused by the virus.
Commodities/Gold	↑	We view commodities as an effective way for long-term investors to diversify their portfolios and hedge against higher inflation. Commodities have been in a long-term bear market and when this cycle bottoms, we see significant upside. Gold and silver have performed well as a hedge and small positions are reasonable in portfolios.

U.S. Stocks
Market Performance, Third Quarter 2020

Index	Q3 2020	1 YR
S&P 500	8.93%	5.57%
Russell 1000	9.47%	6.40%
Russell 1000 Value	5.59%	(11.58%)
Russell 1000 Growth	13.22%	24.33%
Russell Midcap	7.46%	(2.35%)
Russell 2000	4.93%	(8.69%)

Source: Morningstar

- Stocks sold off in September, but still managed to have strong returns for the quarter.
- Growth stocks outperformed value for the quarter and have a huge performance edge YTD, over 35%. With the economy improving and the upcoming election we expect value stocks to outperform in the coming year and longer-term.
- Small-cap stocks were positive for the quarter but have lagged YTD. However with the economy growing we expect their relative performance to improve in the coming year.

International Stocks
Market Performance, Third Quarter 2020

Index	Q3 2020	1 YR
MSCI EAFE	4.88%	(6.73%)
MCSI EME	9.70%	(0.91%)
MSCI BRIC	10.51%	2.24%

Source: Morningstar

- Foreign developed markets had solid returns in the quarter, while emerging market stocks outperformed in an improving global macro environment.
- Twin deficits (trade and fiscal) in the US are ballooning, interest rate differentials are lower and the global economy is improving which should lead to a lower US $ (the dollar is counter-cyclical). If the Dollar sells-off we think it will be a catalyst for better foreign stock performance. Emerging markets, particularly value stocks, may offer the best absolute return potential over the next 5 years.

Fixed Income

Market Performance, Third Quarter 2020

Index	Q3 2020	1 YR
Vanguard Total Bond Index	0.59%	6.93%
Barclays Muni Bond	1.23%	4.09%
Barclays US Corp High-Yield	4.60%	3.25%
JPM GBI- EM Global Diversified	0.61%	(1.45%)
iShares TIPS Bond	2.97%	10.01%
BofA Merrill Lynch 3 month Treasury Note	0.04%	1.14%

Source: Morningstar

- Core bonds were basically flat for the quarter. With interest rates at current levels performance we expect lower future returns and are underweight core bonds.
- High-yield bonds have rallied sharply and we are neutral. In more aggressive accounts we think they have the potential to outperform as long as we avoid an economic downturn.

Alternative Assets

Market Performance, Third Quarter 2020

Strategies	Q3 2020	1 YR
PIMCO All Asset	2.53%	0.84%
AQR Diversified Arbitrage	7.76%	12.99%
JPMorgan Hedged Equity	4.76%	13.30%
Vanguard REIT	1.31%	(12.26%)
BNY Mellon Global Real Return	4.44%	4.99%

Source: Morningstar

- Most alternatives performed well in the quarter and significantly outperformed bonds. We are selectively bullish on alternatives and believe they can add substantial value to portfolios in the current environment.
- We like alternative assets as a strategic way to reduce risk and increase absolute returns in portfolios. We plan to maintain a position in alternative assets unless we see a significant pullback in traditional assets. We expect alternatives to significantly outperform bonds over the full market cycle.

Appendix:

Benchmark Definitions

U.S. Equity		Description
S&P 500	Index	The index includes 500 leading US companies and captures approximately 80% coverage of available market capitalization.
Russell 1000	Index	The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe and includes approximately 1000 of the largest securities. The Russell 1000 represents approximately 92% of the U.S. market.
Russell 1000 Value	Index	The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.
Russell 1000 Growth	Index	The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
Russell Midcap	Index	The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.
Russell 2000	Index	The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
International Equity		**Description**
MSCI EAFE	Index	The EAFE (Europe, Australasia, Far East) index consists of 21 developed market country indexes, excluding the US & Canada. It is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets.
MCSI EME	Index	The index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets and includes 23 emerging market countries in the index.
MSCI BRIC	Index	The index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the following four emerging market country indexes: Brazil, Russia, India and China.

Fixed Income		Description
Vanguard Total Bond Index	Index Fund	This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.
Barclays Aggregate Bond	Index	The U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM pass-through bonds), ABS, and CMBS sectors.
Barclays Muni Bond	Index	The U.S. Municipal Indices cover the USD-denominated long term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.
Barclays US Corp High-Yield	Index	The index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market and excludes Emerging Markets debt.
JPM GBI- EM Global Divers	Index	The index tracks returns for actively traded external debt instruments in emerging markets. Included in the index are US-dollar denominated Brady bonds, Eurobonds, and traded loans issued by sovereign entities.
iShares TIPS Bond	ETF	The iShares TIPS Bond ETF seeks to track the investment results of an index composed of inflation-protected U.S. Treasury bonds.
BofA Merrill Lynch 3 month Treasury Note	Index	The 3-month US Treasury Note Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue.
Alternative Assets		**Description**
PIMCO All Asset All Authority	Mutual Fund	The investment seeks maximum real return, consistent with preservation of real capital and prudent investment management. The primary benchmark for the fund is the S&P 500, with a secondary objective of Consumer Price Index +650 basis points.
AQR Diversified Arbitrage	Mutual Fund	The investment seeks long-term absolute (positive) returns. It invests in a diversified portfolio of instruments, including equities, convertible securities, debt securities, loans, warrants, options, other types of derivative instruments.
JPMorgan Hedged Equity	Mutual Fund	The investment seeks to capture the majority of the returns associated with equity market investments, while exposing investors to less risk than other equity investments. The fund invests in a broadly diversified portfolio of common stocks, while also selling index call options and purchasing index put options.

Alternative Assets		Description
Vanguard REIT	ETF	The investment seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs.
BNY Mellon Global Real Return	Mutual Fund	The fund allocates its investments among global equities, bonds and cash, and, generally to a lesser extent, other asset classes, including real estate, commodities, currencies and alternative or non-traditional asset classes and strategies, primarily those accessed through derivative instruments.