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MONTHLY VANTAGE POINT

April 2020 Recap

At-A-Glance

The S&P 500 and Dow Industrials (+11.2%) had their strongest monthly returns in 33 years.

Among the three major U.S. equity indices, the tech-heavy Nasdaq Composite (+15.5%) performed best, having its largest monthly gain since June 2000.

April's historic performance was just the 12th month since WWII in which the S&P 500 gained over 10%. Only one other month, October 1974, had a double-digit rally followed a preceding month with a double-digit percentage loss.

Fixed-income markets stabilized in April, in large part due to aggressive Fed interventions and several fiscal economic relief packages that were signed into law.

Market Indices[1]	April	Year-to-Date
S&P 500	12.82%	-9.29%
Russell 3000	13.24%	-10.42%
Russell 2000	13.74%	-21.08%
MSCI EAFE	6.46%	-17.84%
MSCI Emerging Markets	9.16%	-16.60%
Barclays U.S. Aggregate Bond	1.78%	4.98%
Barclays U.S. Municipal Bond	-1.26%	-1.88%
Barclays U.S. Corporate High Yield	4.51%	-8.75%

[1]Morningstar Direct (all equity performance percentages are total return based, which include reinvested dividends)

Despite negative returns the final trading day in April, the S&P 500 posted its strongest month since January 1987.The benchmark index surged nearly 13% last month, reaching a level just 1.1% below the end of February. Remarkably, driven by four massive federal relief programs and expectations, the economy may soon begin to heal from the business closures, the S&P 500 has recovered more than 30.4% from its March 23-low.

Notwithstanding 233,400 worldwide deaths, the human toll and global economic damage caused by the still-spreading COVID-19 pandemic has been profound. The U.S. economy shrank at a 4.8% annualized pace during the first quarter, the first negative GDP reading since 2014 and the fastest pace of contraction since 1980. Following the late April report, Federal Reserve Chairman Jerome Powell warned that economic activity will contract far more aggressively during the second quarter.

In just six weeks' time, efforts to combat the spread of COVID-19 contagion have pushed over 30.2 million Americans to file for unemployment benefits. Moreover, household spending plummeted 7.5% in March, the steepest decline on record dating back to 1959. Aside from grocery runs, stay-at-home orders have kept most consumers from spending, which traditionally represents two-thirds of all economic activity.

Mid cap stocks performed best relative to large and small caps last month. The Russell Mid Cap surged 14.4% in April, while the small cap-focused Russell 2000 Index returned 13.7%. Large cap growth stocks outperformed their value counterparts last month, up 14.8% and 11.2% respectively.

As the sector performance table below illustrates, all 11 major sector groups posted gains in April. In one of the most unusual set of circumstances, the best performing sector in April was Energy (+29.8%), yet that same sector was also the worst performing on a year-to-date basis (-35.7%). Behind the data was the historically deep collapse in oil prices this year. Just ahead of their expiration, prices of oil futures contracts for May delivery turned negative for the first time ever. Emblematic of its critical role in supporting home-bound Americans, Technology was the only sector to post a year-to-date gain.

Foreign equity markets also recovered but underperformed relative to U.S. gains. The MSCI EAFE Index of developed nations' stocks (excluding the USA and Canada) gained 6.5% last month. In contrast, emerging markets equities outperformed, rising 9.2% in April. Globally, the MSCI All-Country World Index surged 10.7%, while the same index excluding the U.S. rose 7.6%.

U.S. Treasury prices were volatile last month, trading in a range from 0.77% to as low as 0.57% but finished little changed. The yield on 10-year notes began the month at 0.67% and finished April at 0.64%. The Bloomberg Barclays U.S. Government Index posted a fractional gain of just 0.63%, while the longer-term government bond index advanced 2.0%. Noting increased risk-appetites, investment-grade bonds of all types outperformed benchmark U.S. Treasurys, returning nearly 1.8%. Municipal bonds lagged, while non-investment grade high-yield corporate bonds recovered from a March loss, up a sharp 4.5%.

Top Performers – April	**Top Performers – YTD [1]**
Energy (+29.78%)	Technology (+0.22%)
Consumer Discretionary (+20.55%)	Healthcare (-1.63%)
Materials (+15.31%)	Consumer Discretionary (-2.71%)
Bottom Performers – April	**Bottom Performers – YTD [1]**
Industrials (+8.73%)	Industrials (-20.68%)
Consumer Staples (+6.86%)	Financials (-25.43%)
Utilities (+3.22%)	Energy (-35.70%)

[1] Morningstar Direct (all performance percentages are total return based, which include reinvested dividends)

This report is created by Cetera Investment Management LLC.

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Glossary
The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers 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 prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization 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 Index companies with higher price-to-book ratios and higher forecasted growth values.

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 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **MSCI ACWI** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The **MSCI ACWI** is maintained by Morgan Stanley Capital International (**MSCI**) and is comprised of stocks from 23 developed countries and 24 emerging markets.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March

1973, beginning with
a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

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