

Market Chart Book WM Research



A look at Equity Markets, Economic Data, and Interest Rates

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Please refer to slide 43 of this report for detailed disclosure and certification information.



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Major Market Equity Returns

Global Q2 gains, most markets remain lower YTD

Index	2Q20	2020 YTD	2019
Russell 2000	25.4%	-13.0%	25.5%
S&P Mid Cap 400	24.1%	-12.8%	26.2%
S&P 500	20.5%	-3.1%	31.5%
DJ Industrial Average	18.5%	-8.4%	25.3%
MSCI Emerging Markets	18.2%	-9.7%	18.9%
MSCI EAFE (Developed)	15.1%	-11.1%	22.7%

Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

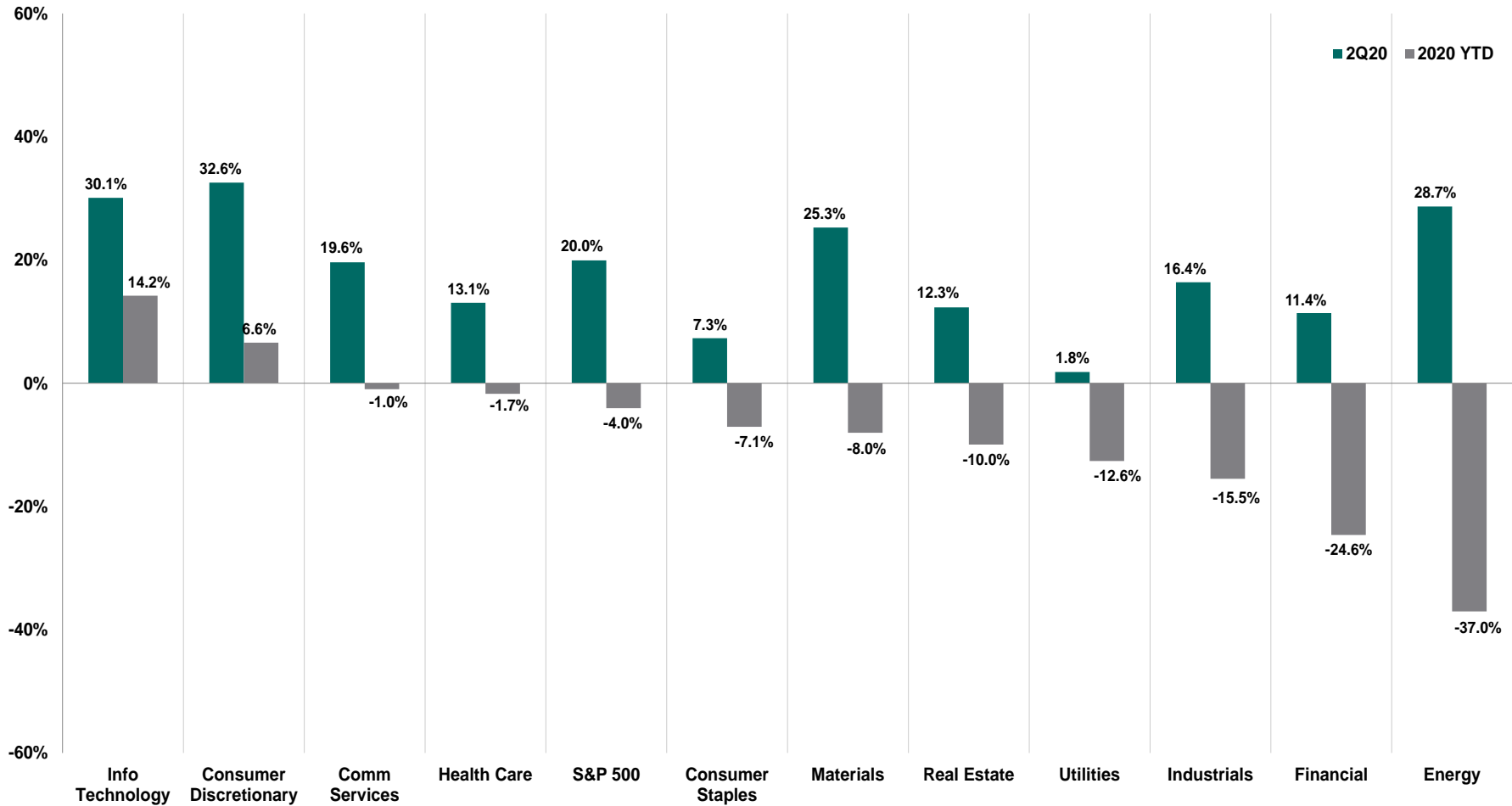
The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. You may not invest directly in an index. Past performance is not an indicator of future results.

Data source: FactSet; through 6/30/20 (foreign markets in U.S. dollar terms)



S&P 500: Sector Performance

All sectors higher in Q2, two positive YTD



Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income.

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Data source: FactSet; through 6/30/20



S&P 500: Sector Performance Quilt

Sector leadership rotates; supports diversification over time

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD	10-YEAR ANNUALIZED RETURN
Real Estate 32.32%	Utilities 19.98%	Financials 28.82%	Consumer Discretionary 43.08%	Real Estate 30.19%	Consumer Discretionary 10.11%	Energy 27.36%	Information Technology 38.83%	Health Care 6.47%	Information Technology 50.29%	Information Technology 14.95%	Information Technology 20.49%
Consumer Discretionary 27.66%	Consumer Staples 13.99%	Consumer Discretionary 23.92%	Health Care 41.46%	Utilities 28.98%	Health Care 6.89%	Telecom Services 23.49%	Materials 23.84%	Utilities 4.11%	Communication Services 32.69%	Consumer Discretionary 7.23%	Consumer Discretionary 18.19%
Industrials 26.71%	Health Care 12.73%	Real Estate 19.74%	Industrials 40.68%	Health Care 25.34%	Consumer Staples 6.60%	Financials 22.80%	Consumer Discretionary 22.98%	Consumer Discretionary 0.83%	Financials 32.13%	Communication Services -0.31%	Health Care 15.72%
Materials 22.20%	Real Estate 11.39%	Telecom Services 18.31%	Financials 35.63%	Information Technology 20.12%	Information Technology 5.92%	Industrials 18.86%	Financials 22.18%	Information Technology -0.29%	Industrials 29.37%	Health Care -0.81%	Consumer Staples 11.79%
Energy 20.46%	Telecom Services 6.27%	Health Care 17.89%	Information Technology 28.43%	Consumer Staples 15.98%	Real Estate 4.68%	Materials 16.69%	Health Care 22.08%	Real Estate -2.22%	Real Estate 29.01%	Consumer Staples -5.66%	Real Estate 11.77%
Telecom Services 18.97%	Consumer Discretionary 6.13%	Industrials 15.35%	Consumer Staples 26.14%	Financials 15.20%	Telecom Services 3.40%	Utilities 16.29%	Industrials 21.03%	Consumer Staples -8.38%	Consumer Discretionary 27.94%	Materials -6.92%	Industrials 11.76%
Consumer Staples 14.11%	Energy 4.72%	Materials 14.97%	Materials 25.60%	Industrials 9.83%	Financials -1.53%	Information Technology 13.85%	Consumer Staples 13.49%	Communication Services -12.53%	Consumer Staples 27.61%	Real Estate -8.53%	Utilities 11.31%
Financials 12.13%	Information Technology 2.41%	Information Technology 14.82%	Energy 25.07%	Consumer Discretionary 9.68%	Industrials -2.53%	Consumer Discretionary 6.03%	Utilities 12.11%	Financials -13.03%	Utilities 26.35%	Utilities -11.14%	Communication Services 10.58%
Information Technology 10.19%	Industrials -0.59%	Consumer Staples 10.76%	Utilities 13.21%	Materials 6.91%	Utilities -4.85%	Consumer Staples 5.38%	Real Estate 10.85%	Industrials -13.29%	Health Care 20.82%	Industrials -14.64%	Materials 9.85%
Utilities 5.46%	Materials -9.75%	Energy 4.61%	Telecom Services 11.47%	Telecom Services 2.99%	Materials -8.38%	Real Estate 3.39%	Energy -1.01%	Materials -14.70%	Materials 24.58%	Financials -23.62%	Financials 9.68%
Health Care 2.90%	Financials -17.06%	Utilities 1.28%	Real Estate 1.60%	Energy -7.78%	Energy -21.12%	Health Care -2.69%	Telecom Services -1.25%	Energy -18.10%	Energy 11.81%	Energy -35.34%	Energy 0.21%
Energy		Materials		Industrials		Consumer Discretionary		Consumer Staples		Health Care	
Financials		Information Technology		Real Estate		Communication Services		Utilities			

The chart above shows the total returns for the 11 GICS sectors represented in the S&P 500. Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

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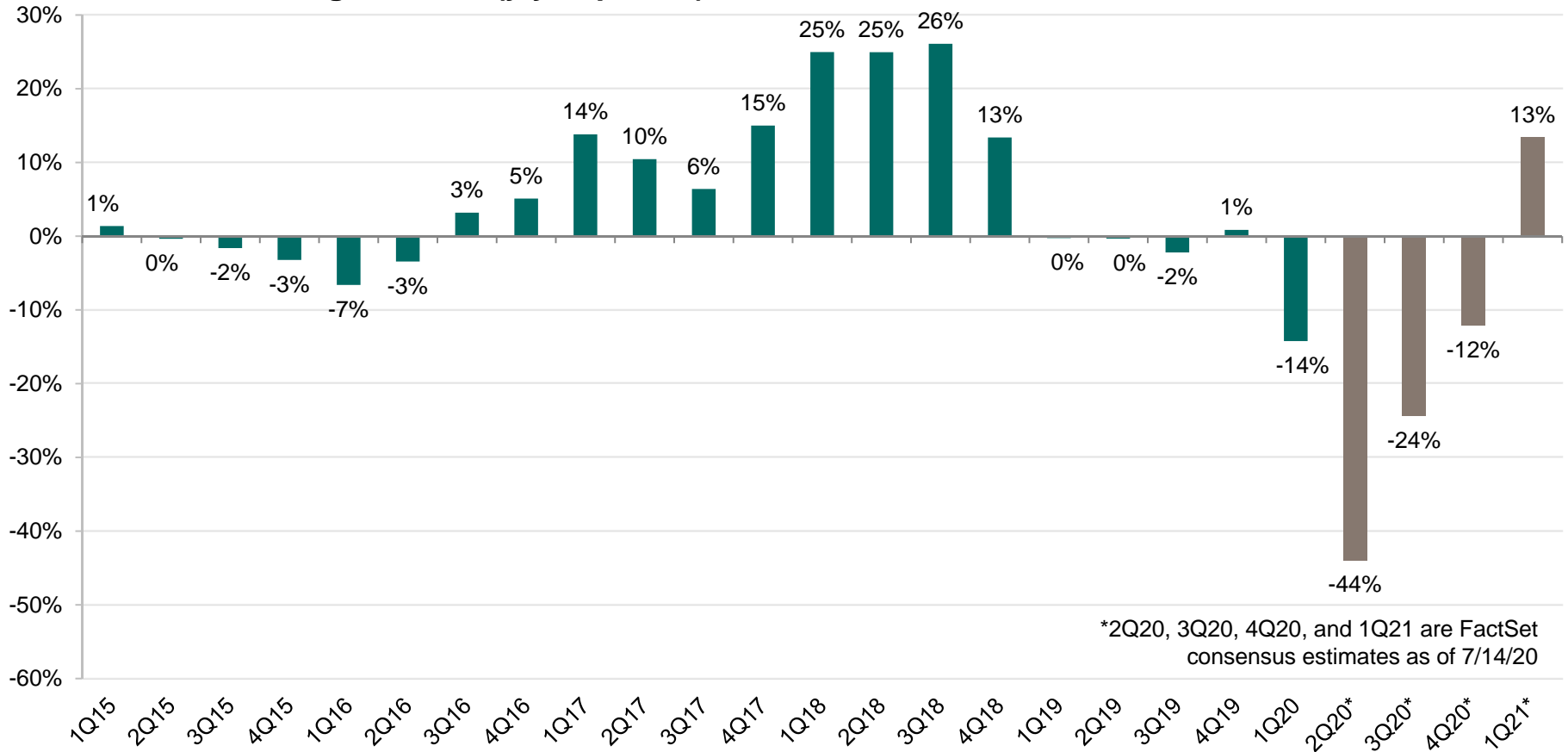
Data source: FactSet; through 6/30/20



S&P 500: Earnings Growth

COVID-19 to drive lower Y/Y earnings, Q2 expected low point

S&P 500 Earnings Growth (y/y, reported)



The chart above displays reported quarterly operating earnings per share (EPS) growth for the S&P 500 index in green. Estimated quarterly growth figures for the next four quarters are displayed in grey and use consensus EPS estimates, which are the combined estimates of analysts covering each company included in the index.

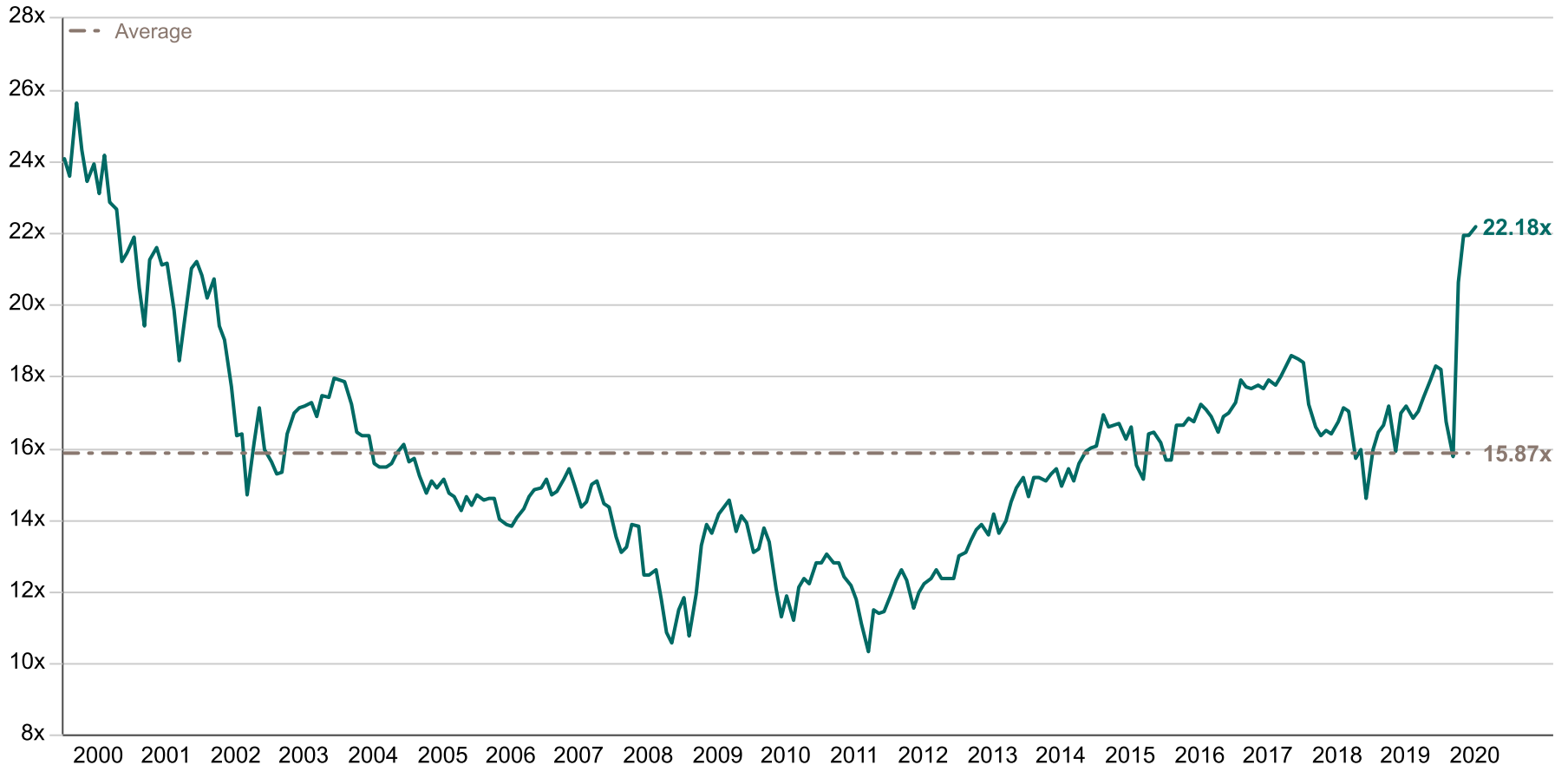
Data source: FactSet; through 7/14/20



S&P 500: Valuation P/E - estimated

Elevated P/E (highest since 2001) as earnings fall

S&P 500 Next Twelve Months P/E



The forward S&P 500 price-to-earnings ratio (P/E) is a valuation measure, calculated by dividing the price of the S&P 500 index over the weighted average earnings per share (EPS) estimate of each company in the index. Earnings are based on "forward" consensus estimates expected over the next 12 months (NTM).

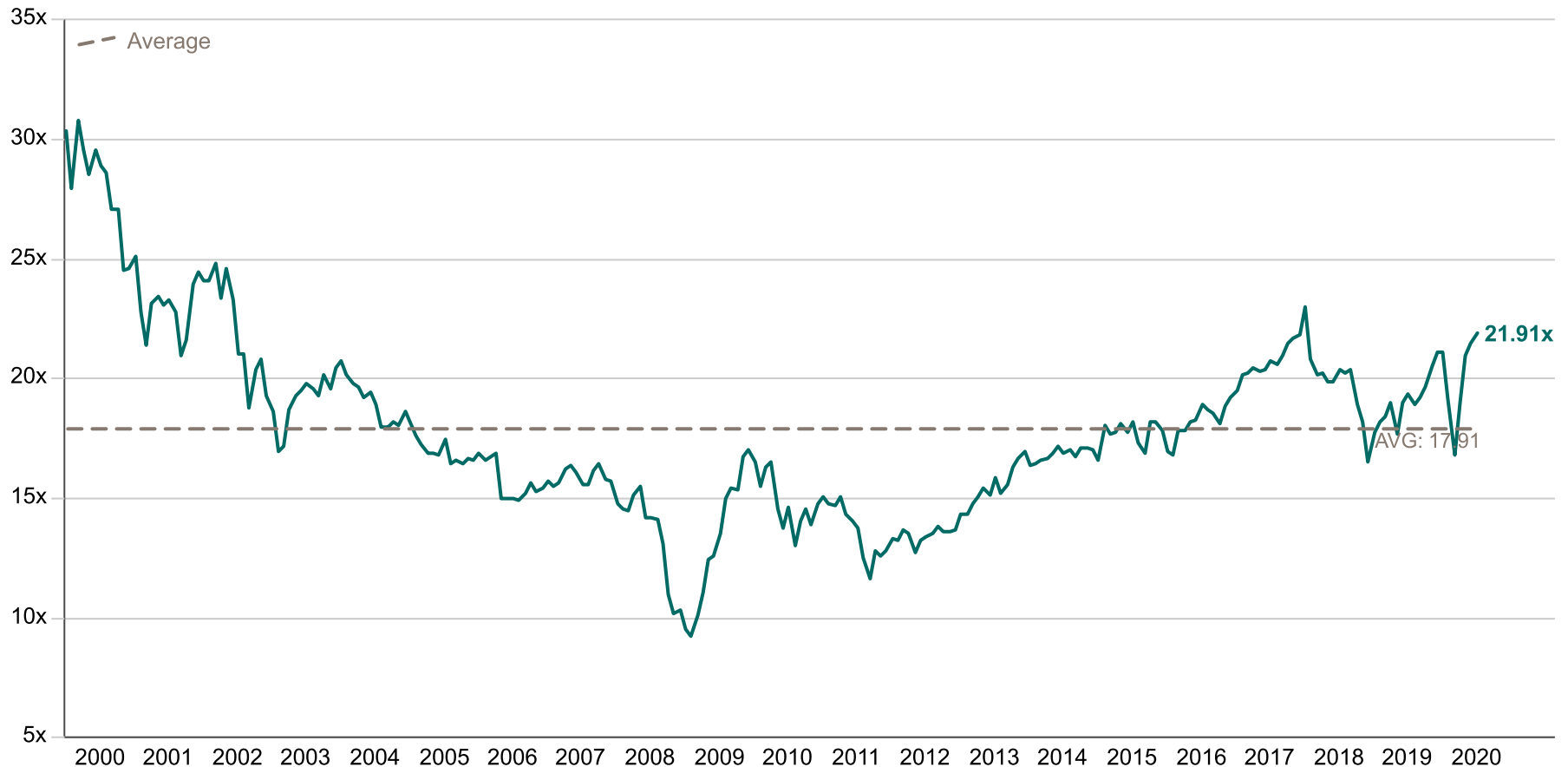
Data source: FactSet; through 7/13/20



S&P 500: Valuation P/E - trailing

Trailing P/E has spiked following Q1 lower earnings

S&P 500 Trailing Twelve Months P/E



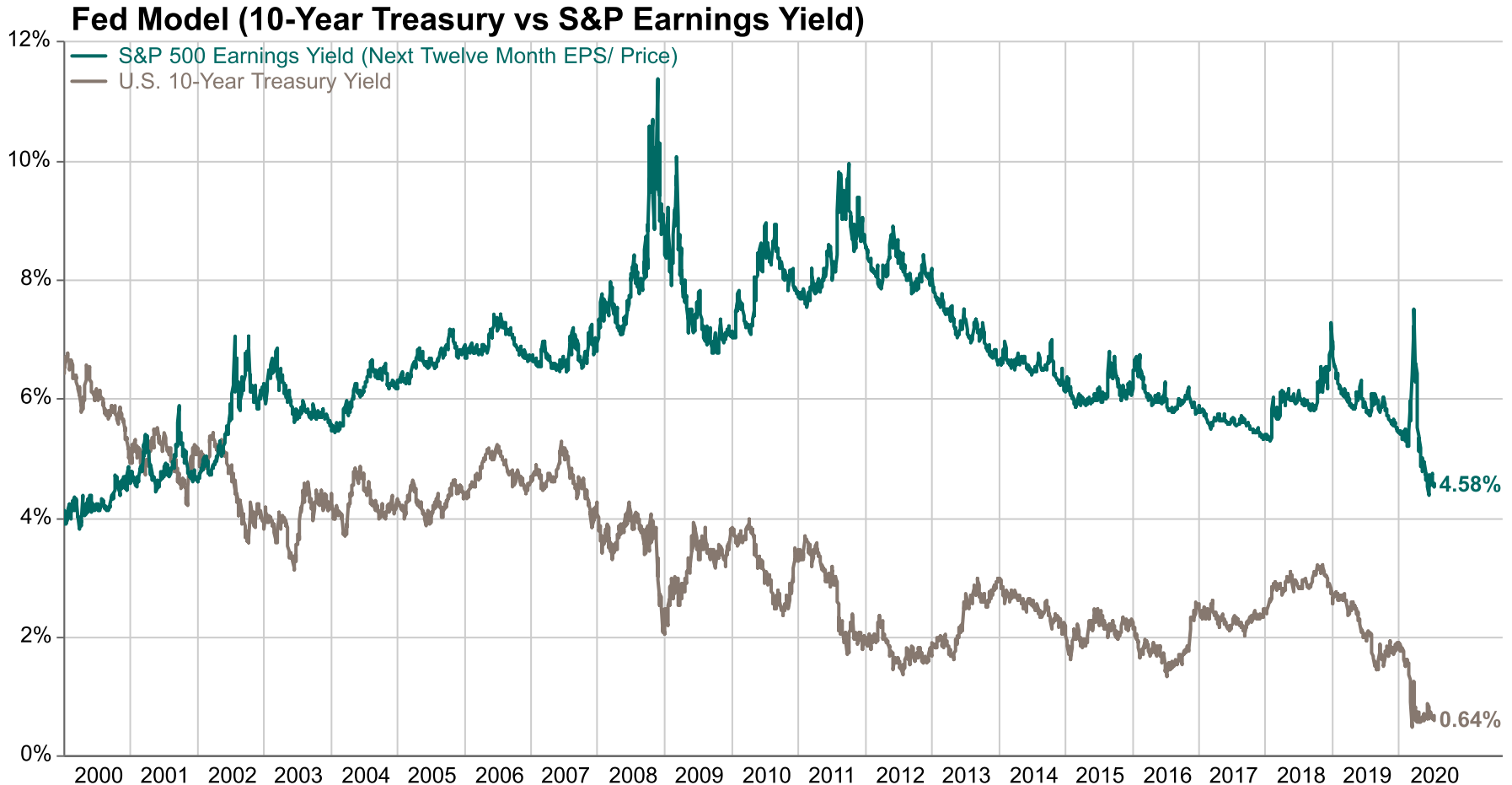
The forward S&P 500 price-to-earnings ratio (P/E) is a valuation measure, calculated by dividing the price of the S&P 500 index over the weighted average earnings per share (EPS) estimate of each company in the index. Earnings are based on "forward" consensus estimates expected over the next 12 months (NTM).

Data source: FactSet; through 7/13/20



S&P 500: Earnings Yield

Equities remain undervalued vs. bonds despite low earnings



The S&P 500 earnings yield is a valuation measure calculated by dividing the weighted average earnings per share (EPS) estimate of each company in the S&P 500 index over the price of the index. Earnings are based on "forward" consensus estimates expected over the next 12 months.

The yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment.

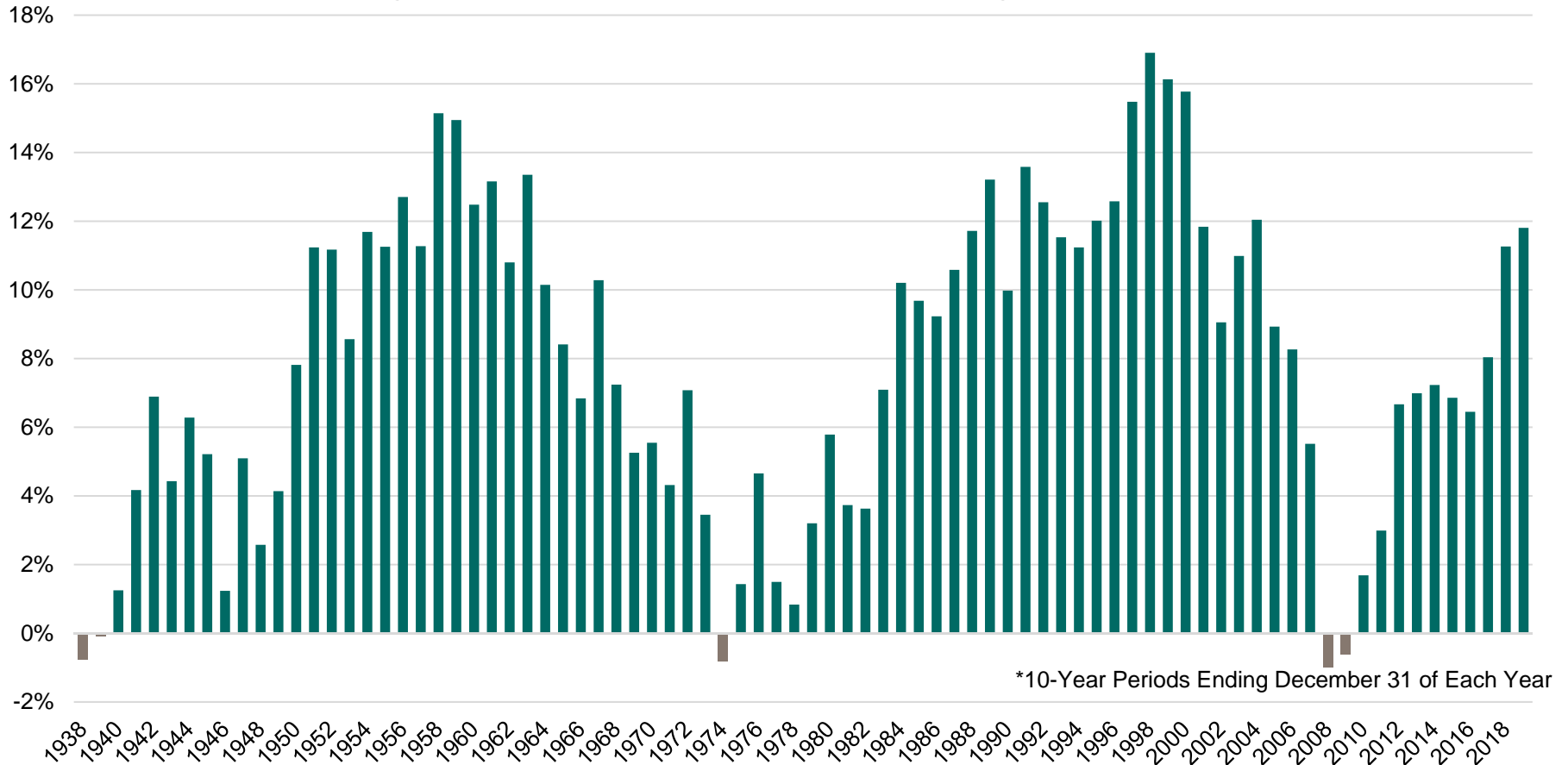
Data source: FactSet; through 7/13/20



S&P 500: Annual Total Returns

10-year returns show the benefits of equities over time

S&P 500 Index Average Annual Price Returns (10-Year Rolling)



This chart suggests that it is rare for long-term investors in equity markets to experience a negative total return if they buy and hold for at least 10 years. Within these 10-year periods, however, markets are volatile and in the interim investors can experience significant drawdowns.

Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income.

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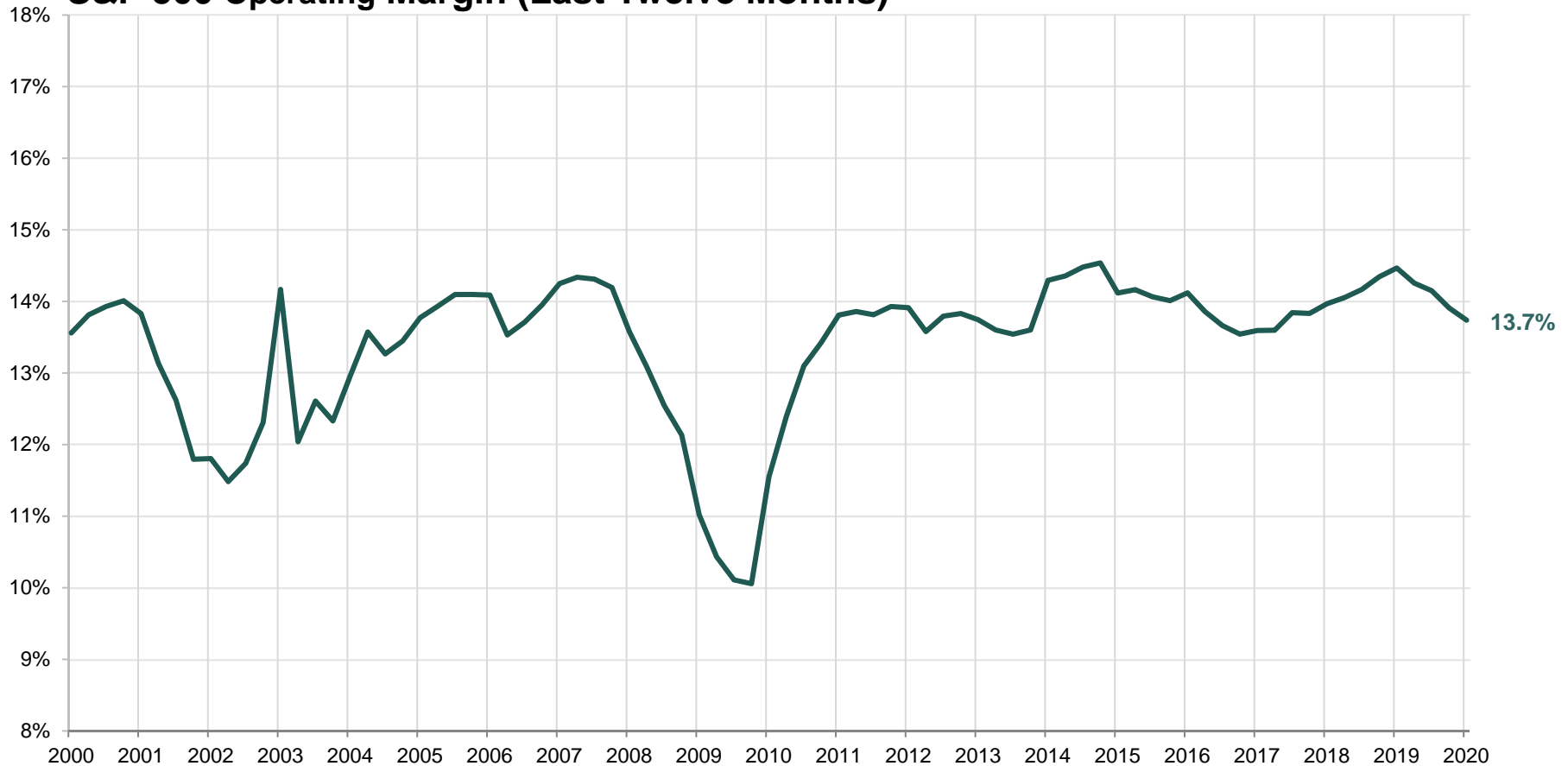
Data source: FactSet; through 12/31/19



S&P 500: Operating Margin

Margins peaked in 2019, will continue lower in 2020

S&P 500 Operating Margin (Last Twelve Months)



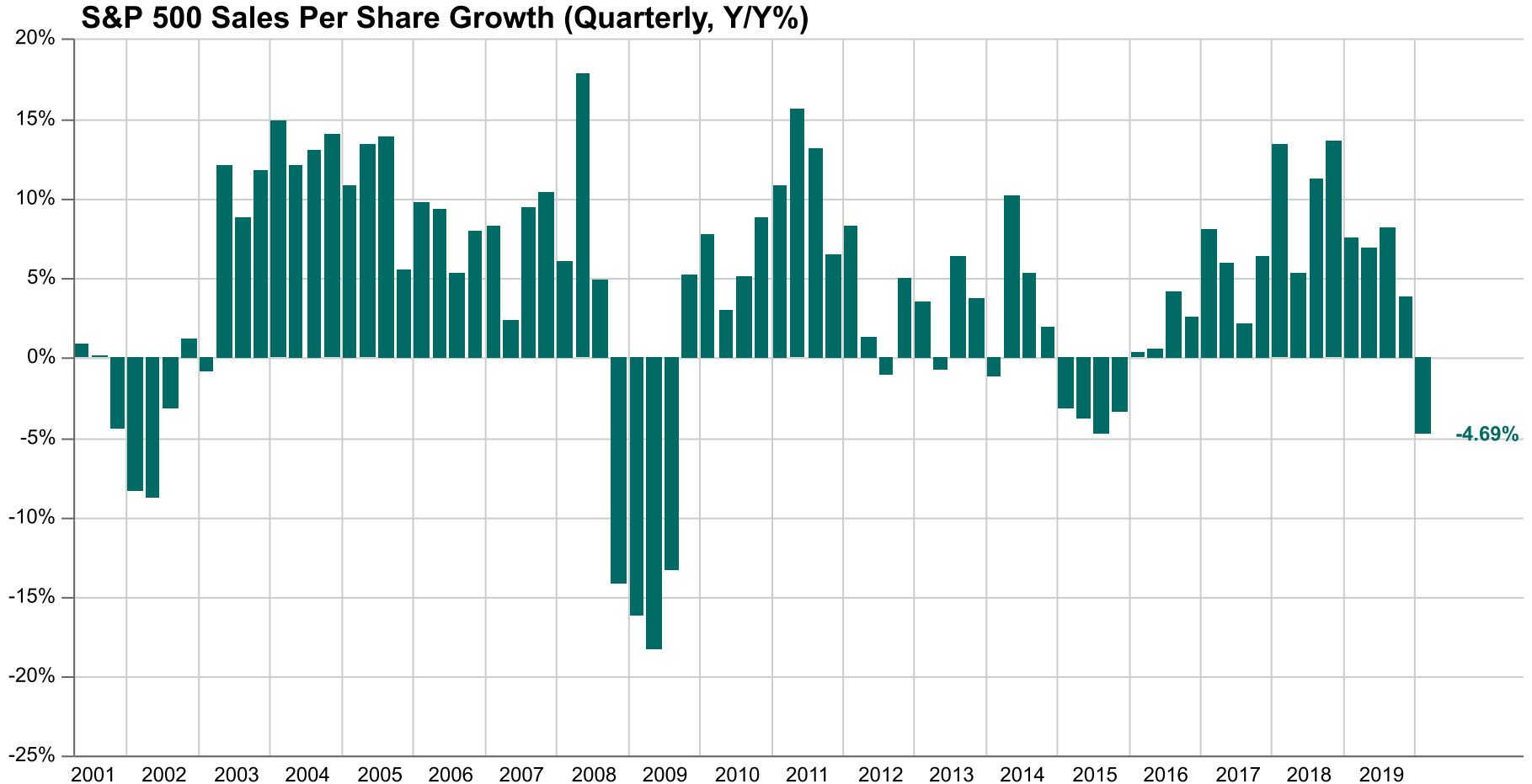
S&P 500 Operating Margin is a measure of operating income for S&P 500 companies as a percentage of revenue. The chart above shows the weighted average S&P 500 EBIT margin for companies within the index on a last twelve months basis.

Data source: FactSet; through 3/31/20



S&P 500: Sales Per Share Growth

COVID recession has caused lower sales



S&P 500 Sales Per Share is a measure of sales divided by outstanding shares reported by S&P 500 companies. The chart above shows the year-over-year growth rate for sales per share for the index on a quarterly basis.

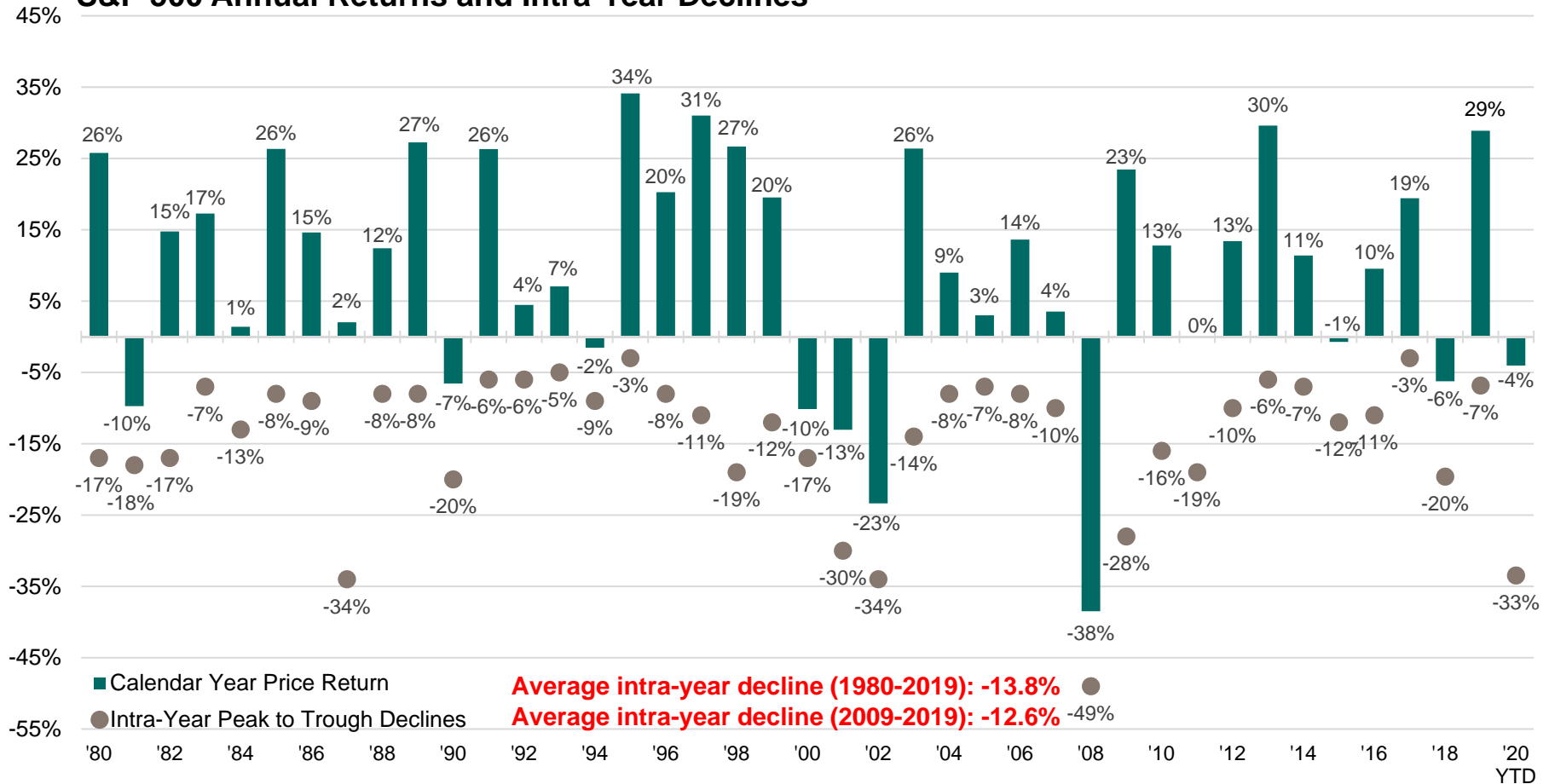
Data source: FactSet; through 3/31/20



Volatility: Staying the Course

Intra-Year corrections are common even in bull markets

S&P 500 Annual Returns and Intra-Year Declines



Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income.

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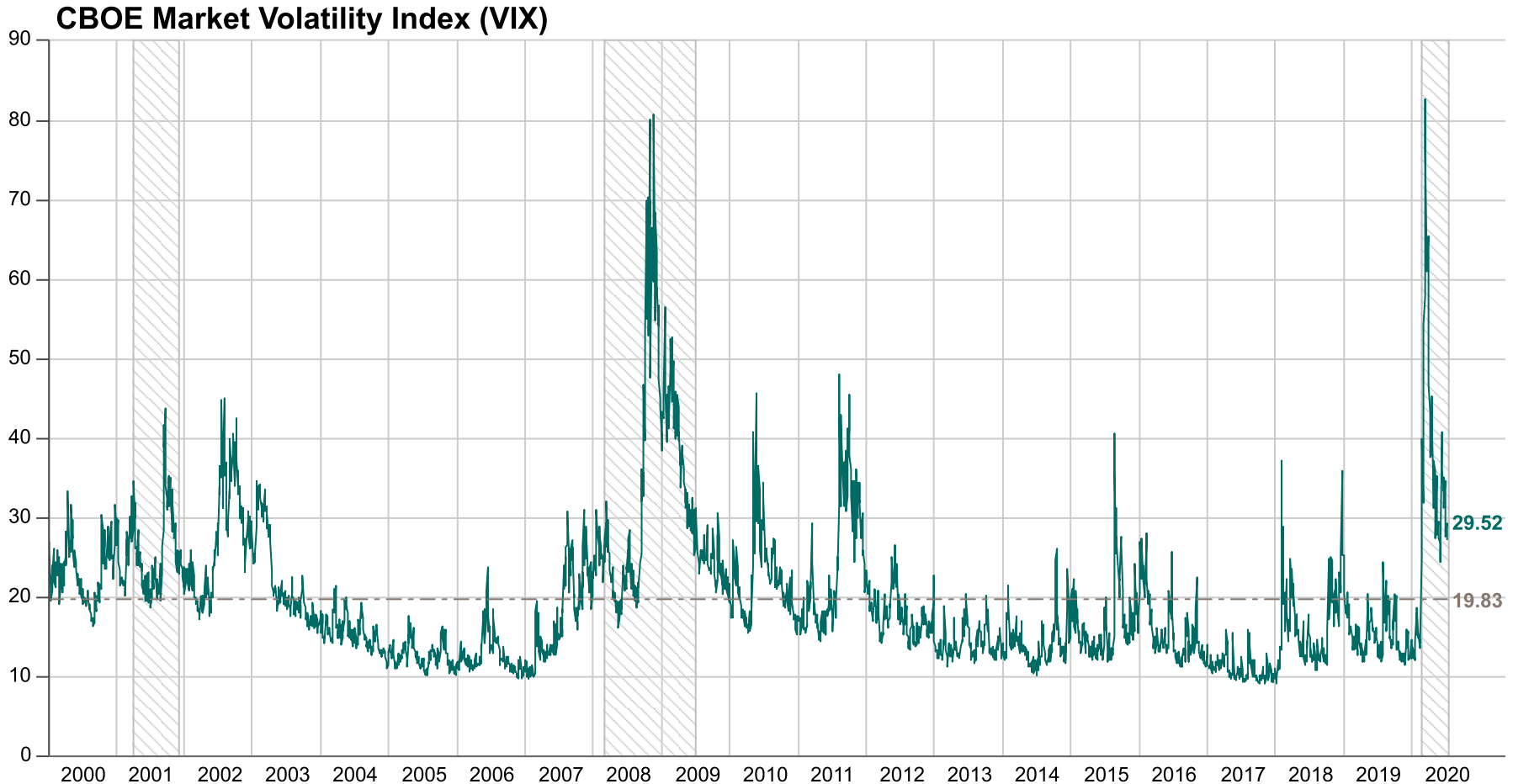
Data source: FactSet; through 6/30/20



DAVIDSON
WEALTH MANAGEMENT

CBOE Market Volatility Index

Volatility below March 2020 extremes, remains elevated



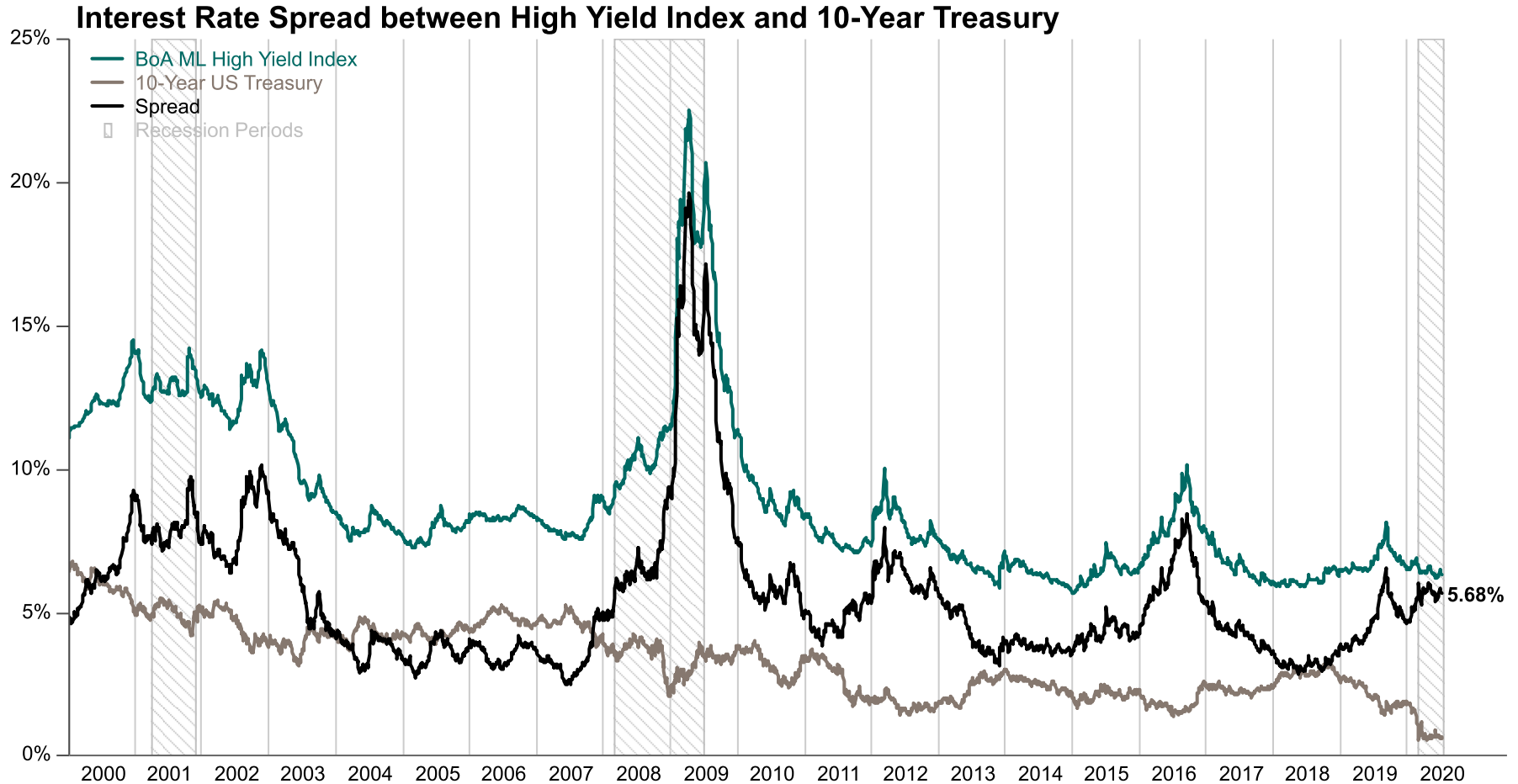
The CBOE Market Volatility Index (VIX) is a widely followed barometer of equity market volatility. The index is derived from price inputs of S&P 500 index options and is designed to reflect the market's expectation of 30-day forward-looking volatility.

Data source: FactSet; through 7/13/20



U.S. Interest Rates: High Yield Spread

Spreads near multi-year highs, potential credit concern



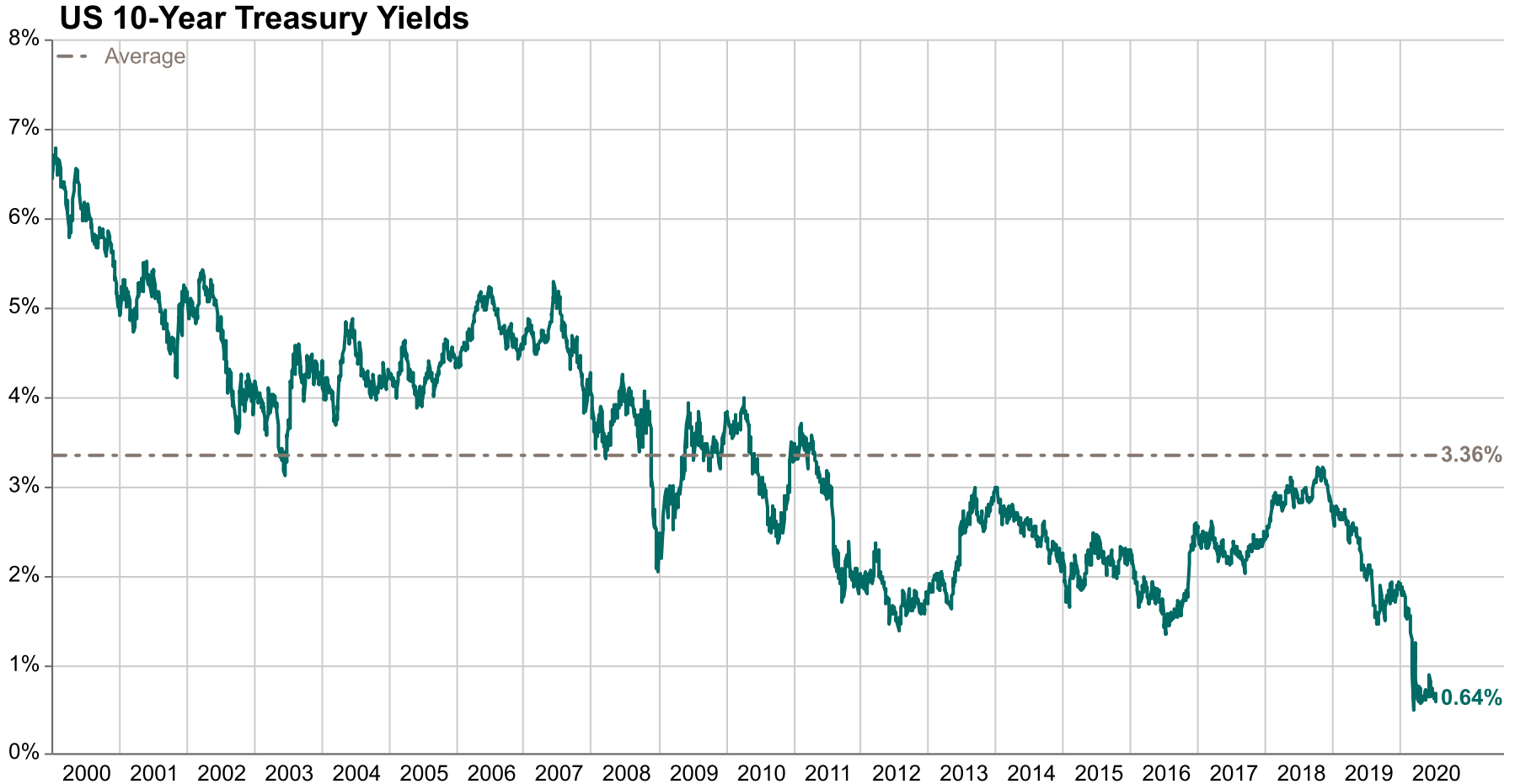
Shown are historical yields earned on two fixed income securities. The BoA ML High Yield Index is shown to display the yield on a basket of various higher-yielding fixed income securities. Yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment. The spread is the difference in yield between the two securities, which can be used to interpret the premium investors require to take on the difference in risk between the two.

Data source: FactSet; through 7/13/20



U.S. Interest Rates: 10-Year Treasury

Long-term yields remain at record low despite economic restart



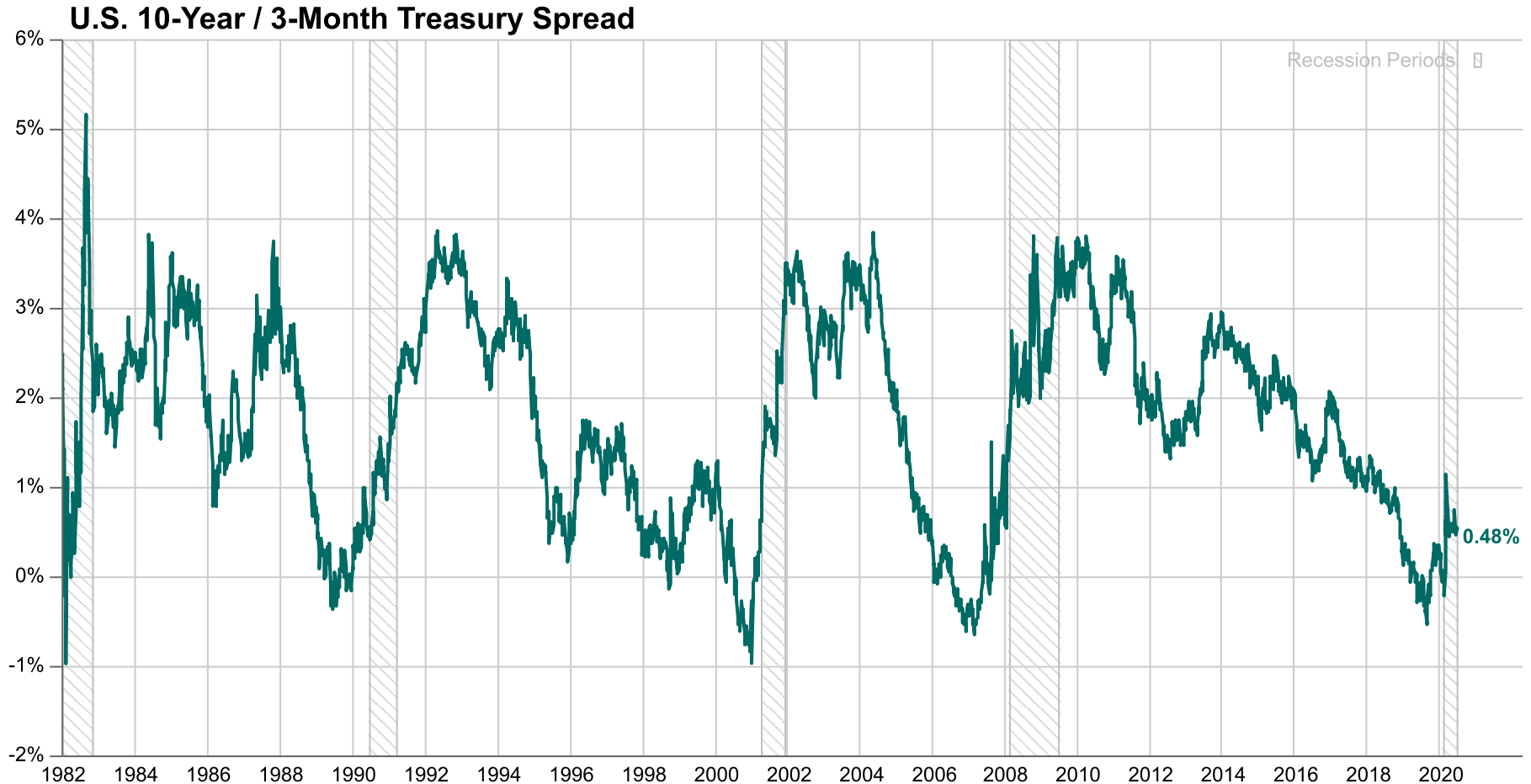
The yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment.

Data source: FactSet; through 7/13/20



U.S. Interest Rates: 10-Yr / 3-Mos

Positive sloping curve, predicts improving economy



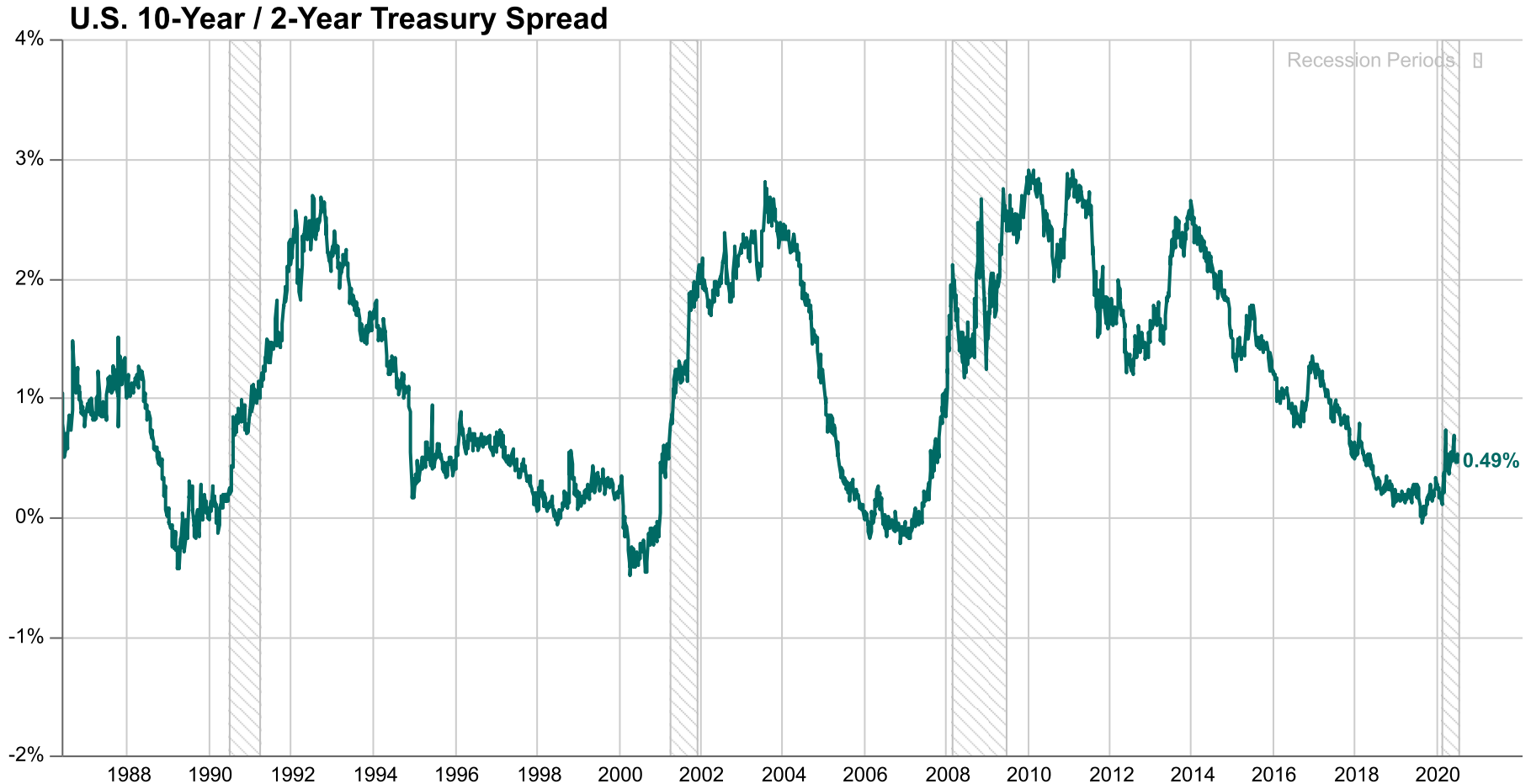
Yield of the 10-year and 3-Month U.S. Treasury bonds are widely followed barometers of the current U.S. interest rate environment. The spread is the difference in interest rates between the two securities.

Data source: FactSet; through 7/13/20 (recession periods shaded)



U.S. Interest Rates: 10-Yr / 2-Yr

Key long-term vs. short-term yield spread has widened



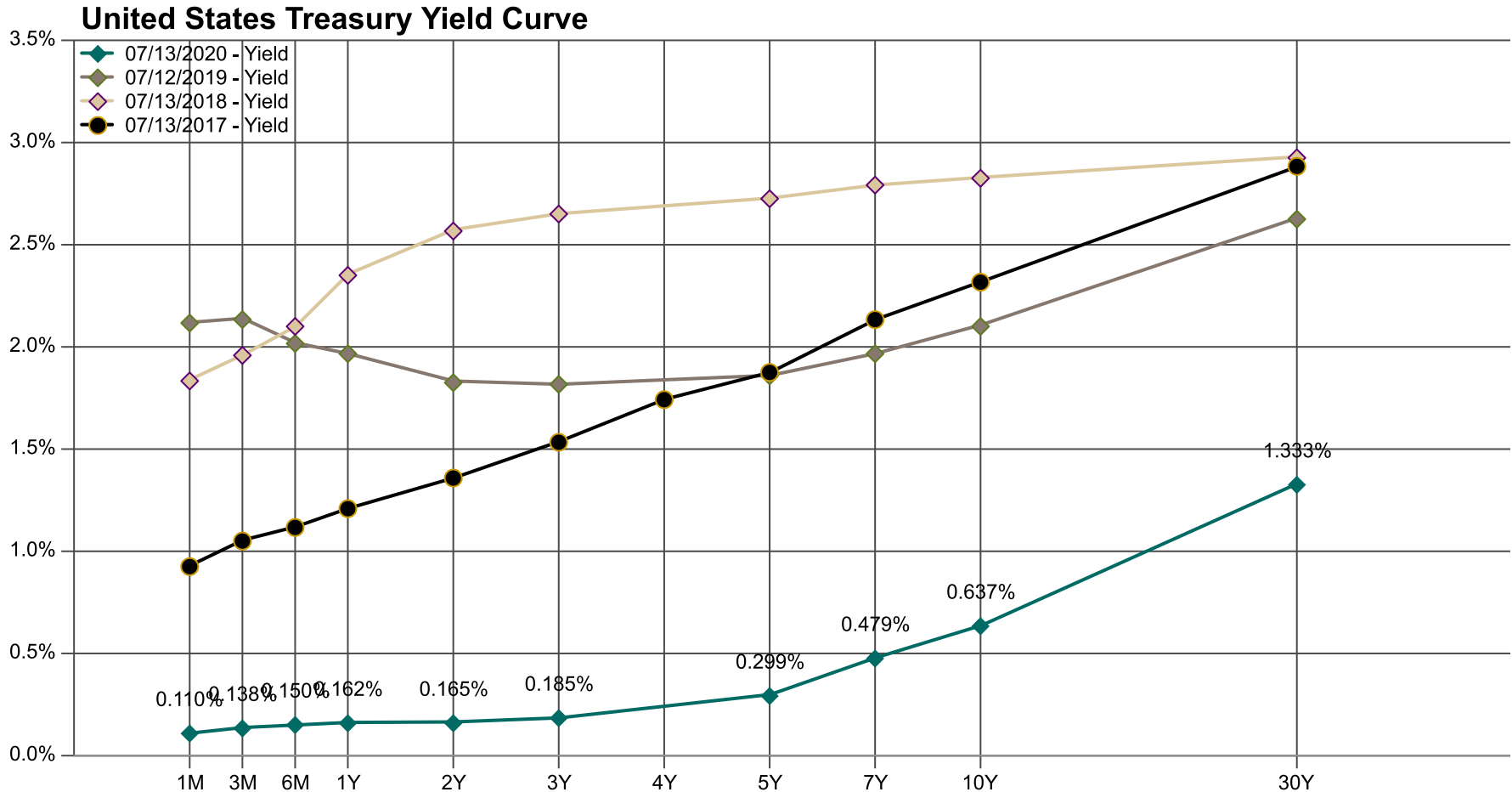
Yield of the 10-year and 2-Year U.S. Treasury bonds are widely followed barometers of the current U.S. interest rate environment. The spread is the difference in interest rates between the two securities.

Data source: FactSet; through 7/13/20 (recession periods shaded)



U.S. Treasury Yield Curve

Yields at multi-year lows across the curve



The chart above shows the yield curve of U.S. Treasury bonds on various dates. Yield curve displays the market interest rate across different contract lengths for U.S. Treasury bonds, indicating the relationship between the interest rate and the time ("term") to maturity. Yield curve "inversion" occurs when a shorter-term bond has a higher yield than a longer-term bond, and is seen as a historically reliable predictor of a future recession.

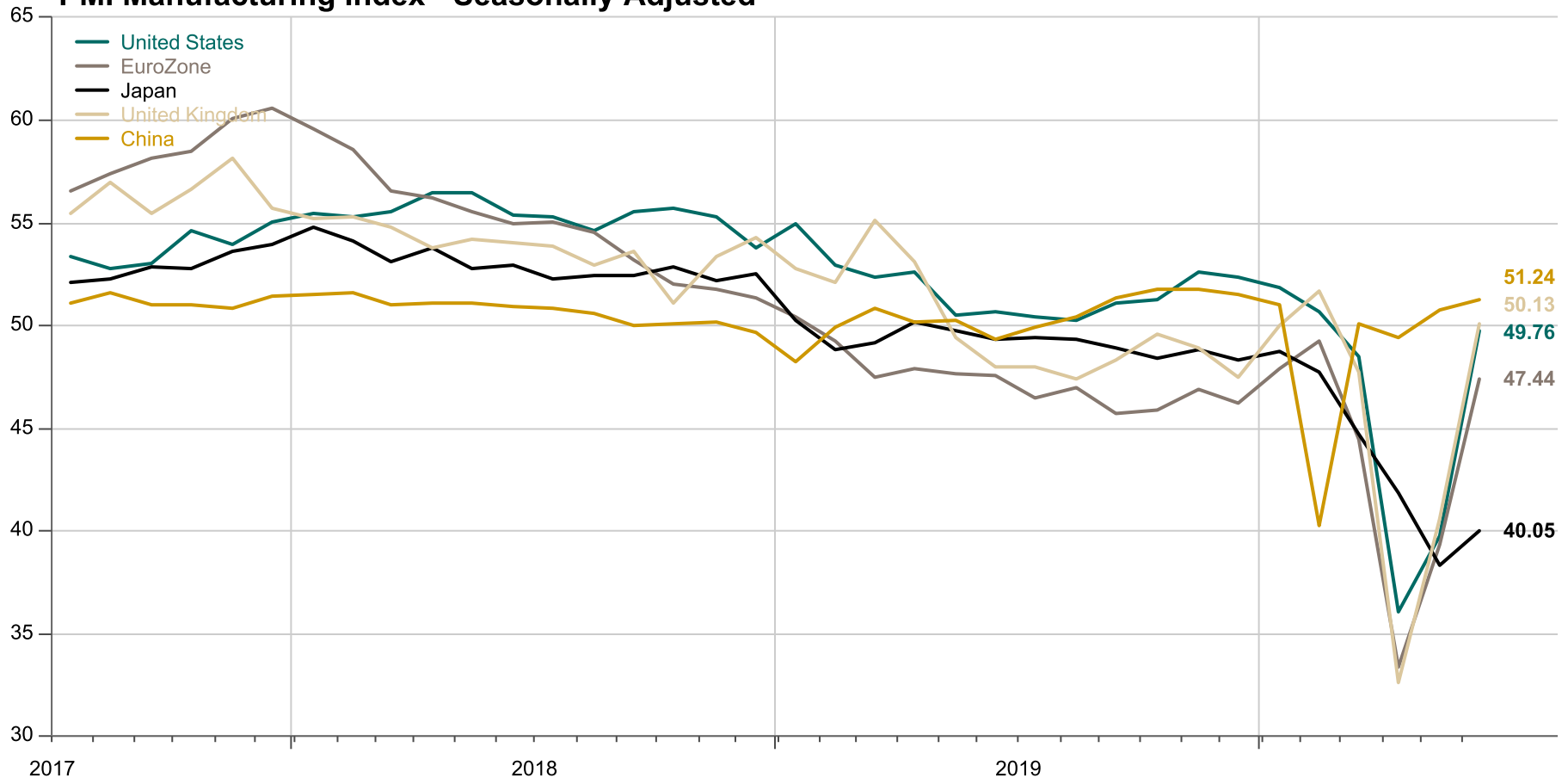
Data source: FactSet; through 7/13/20



Global Manufacturing Surveys

Major economies recovering after recession lows

PMI Manufacturing Index - Seasonally Adjusted



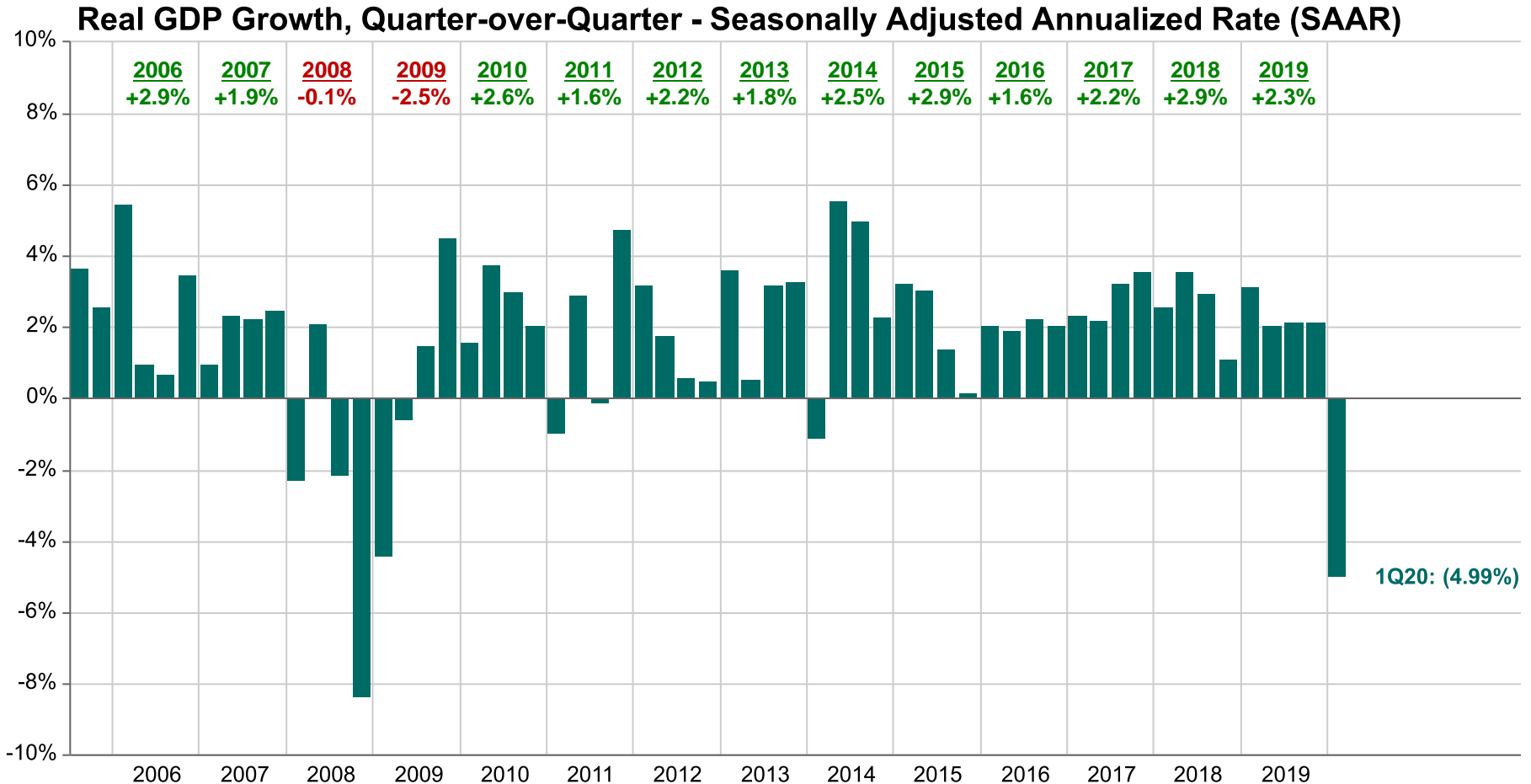
A Purchasing Managers' Index (PMI) is an indicator of the outlook for the manufacturing (PMI – Manufacturing) and services (PMI – Services) sectors of the economy. The index is based on a wide survey of company executives in these sectors. A reading above 50 indicates expectation for expansion compared to the previous month; a reading below 50 suggests contraction. Seasonally adjusted (SA) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. United States and Euro Zone data is provided by IHS Markit, Japan data is provided by Nikkei, United Kingdom data is provided by the Chartered Institute of Procurement & Supply, and China data is provided by Caixin.

Data source: FactSet; through 6/30/20



U.S. GDP Quarterly

Expect Q2 GDP decline, recession likely ends in Q3



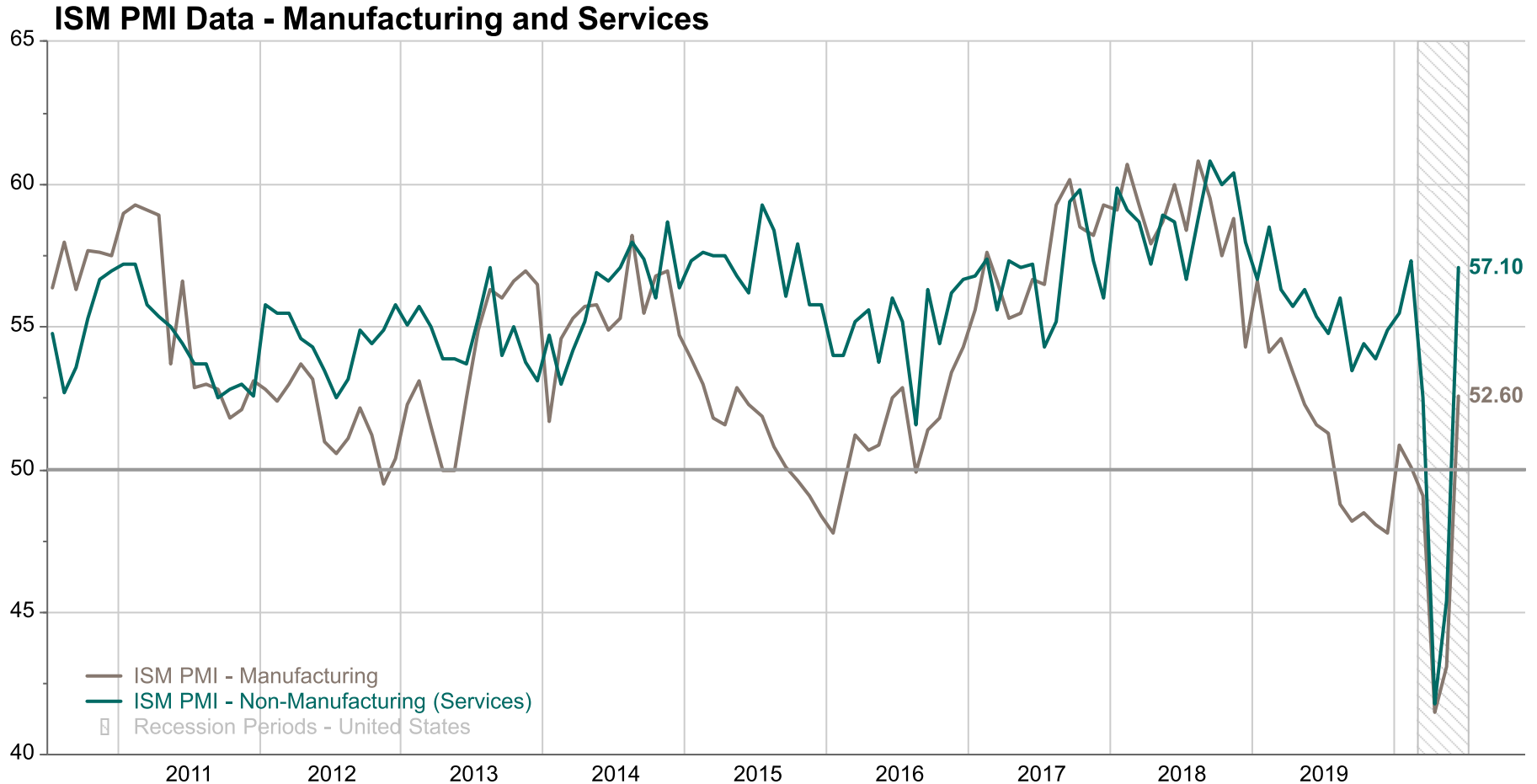
Gross Domestic Product (GDP) is one of the primary economic indicators used to gauge the overall health of the economy and measures the total dollar value of all goods and services produced over a specific time period. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet; through 3/31/20; SAAR = Seasonally Adjusted Annualized Rate



U.S. Economic Surveys

Surveys reflect expansion following recession declines



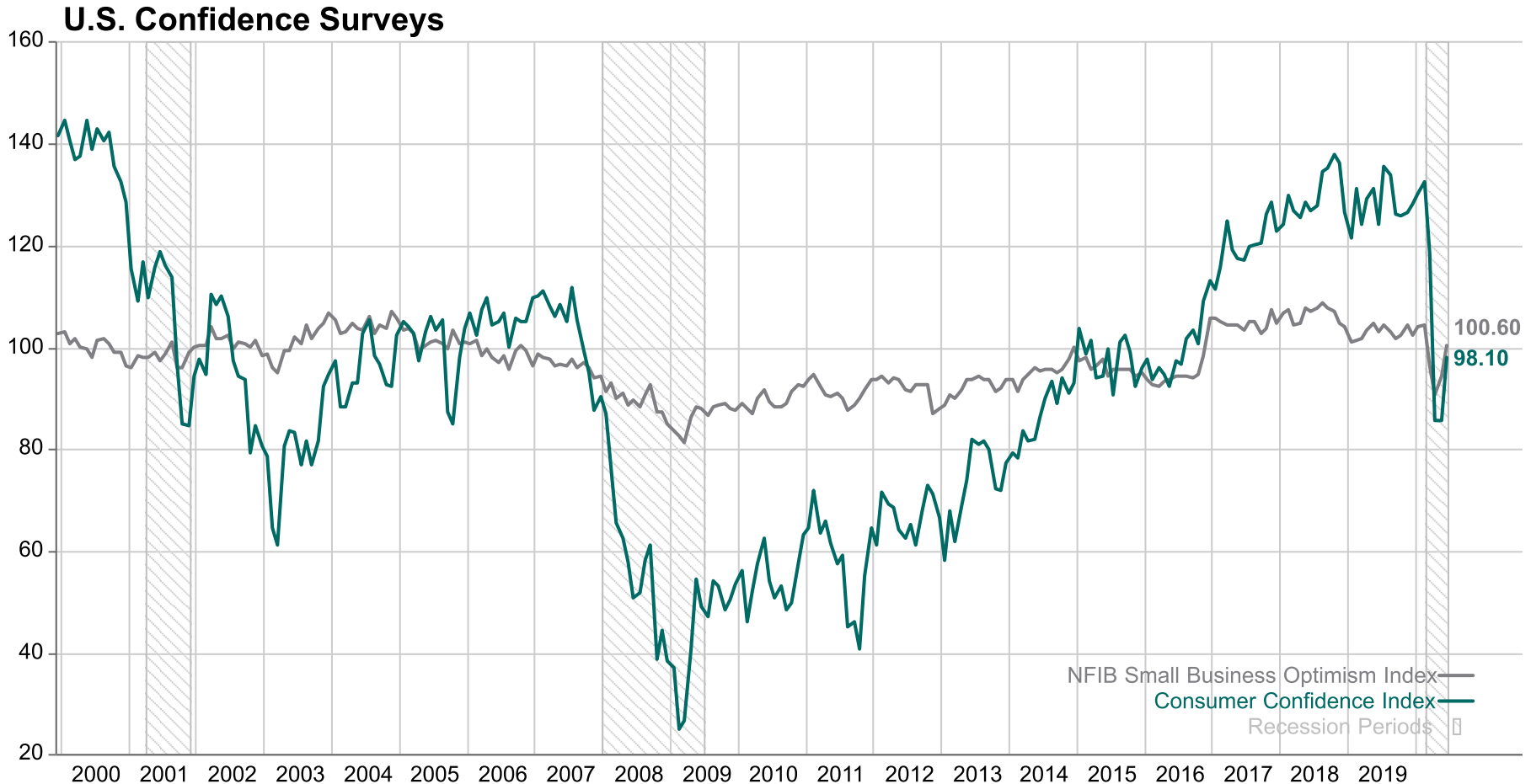
The ISM Purchasing Managers' Index (PMI) is an indicator of the outlook for the manufacturing (ISM PMI – Manufacturing) and services (ISM PMI – Services) sectors of the economy. The index is based on a wide survey of company executives in these sectors. A reading above 50 indicates expectation for expansion compared to the previous month; a reading below 50 suggests contraction

Data source: FactSet; ISM PMI – Manufacturing data through 6/30/20 ISM PMI – Non-Manufacturing data through 6/30/20



U.S. Confidence Surveys

Both surveys plunged in Q1, modest improvement in Q2



NFIB Index is based on 10 survey indicators. The NFIB Research Foundation has collected Small Business Economic Trends data from a sample of members from the National Federation of Independent Business (NFIB). Source: National Federation of Independent Business (NFIB)

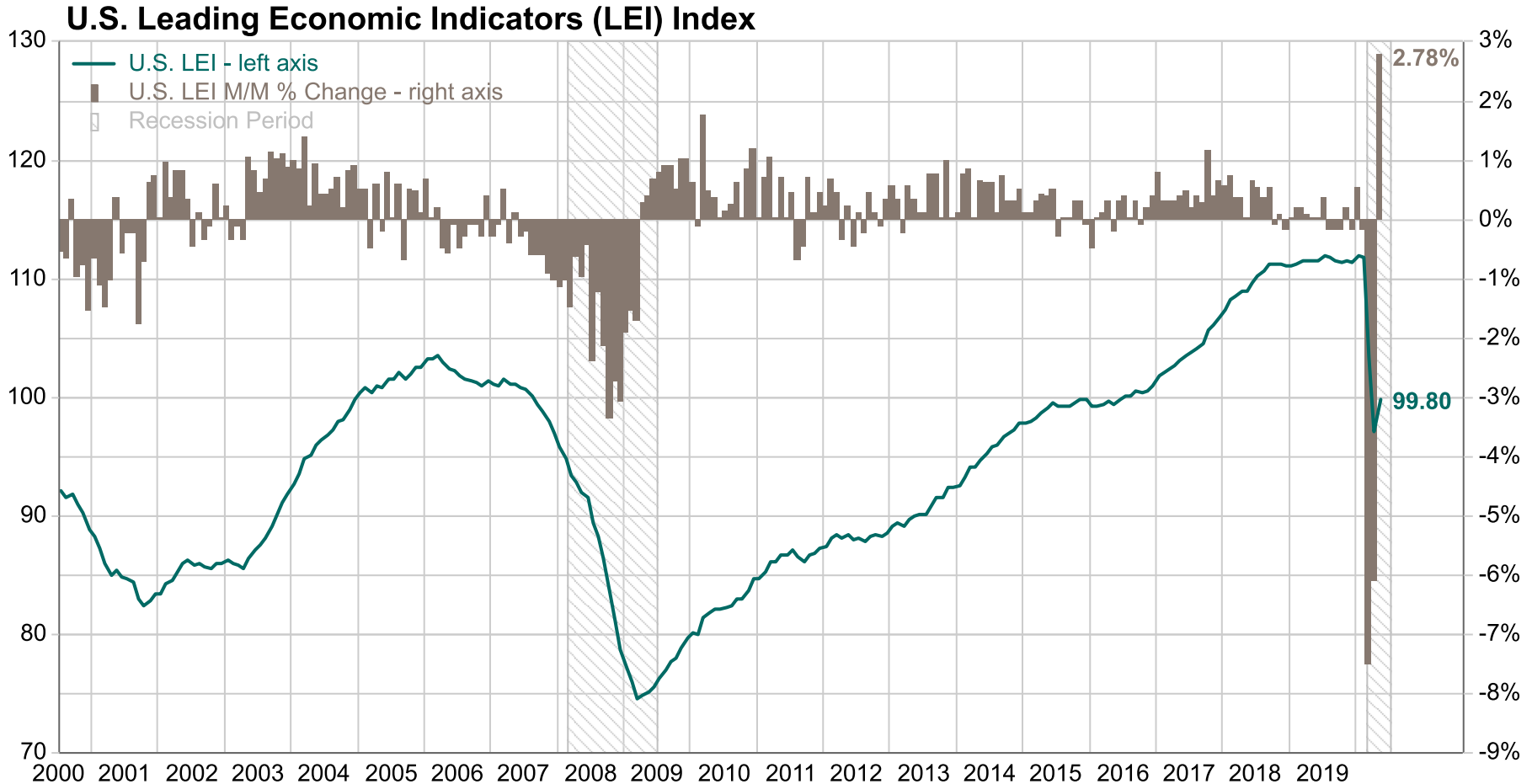
The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. The Conference Board's Consumer Confidence Survey is a monthly measure of the public's confidence in the health of the U.S. economy.

Data source: FactSet; NFIB Small Business Optimism Index data through 6/30/20; Consumer Confidence data through 6/30/20



Conference Board Leading Index

Initial shock has past, but uncertain recovery ahead



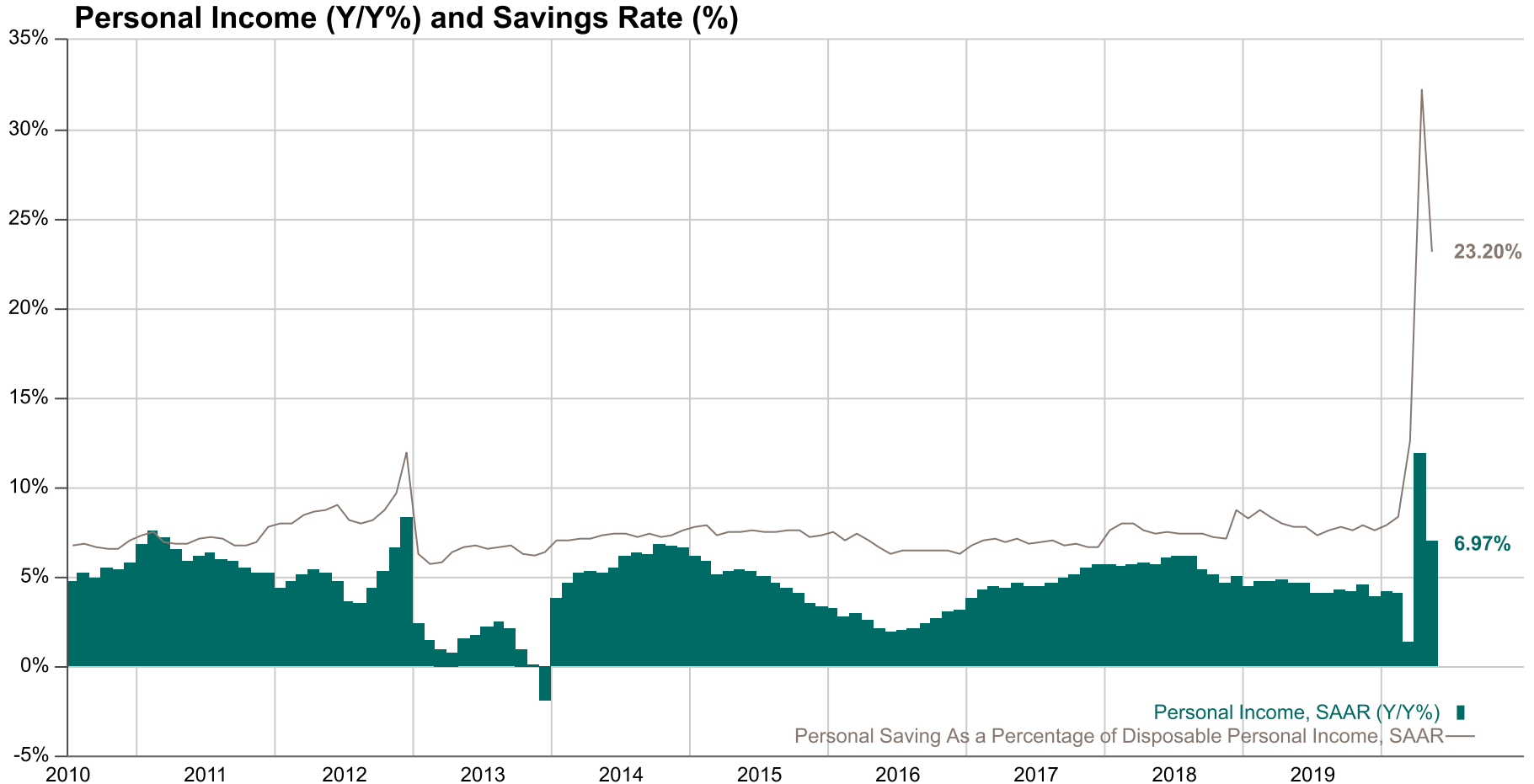
The Conference Board Leading Economic Index® is a composite average of ten widely-followed leading (forward-looking) economic indicators, and is meant to summarize and reveal common turning point patterns in the data.

Data source: FactSet; through 5/28/20



U.S. Personal Income & Savings

Income boosted by government stimulus, headwinds remain



The Bureau of Labor Statistics compiles U.S. labor statistics from two monthly surveys. Personal Income measures the income people receive from wages and salaries, Social Security, and other government benefits, dividends, business ownership, and other sources. Personal Savings as a % of Disposable Personal Income is the percentage of disposable personal income minus consumer outlays times the saving rate to disposable income after the payment of taxes. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

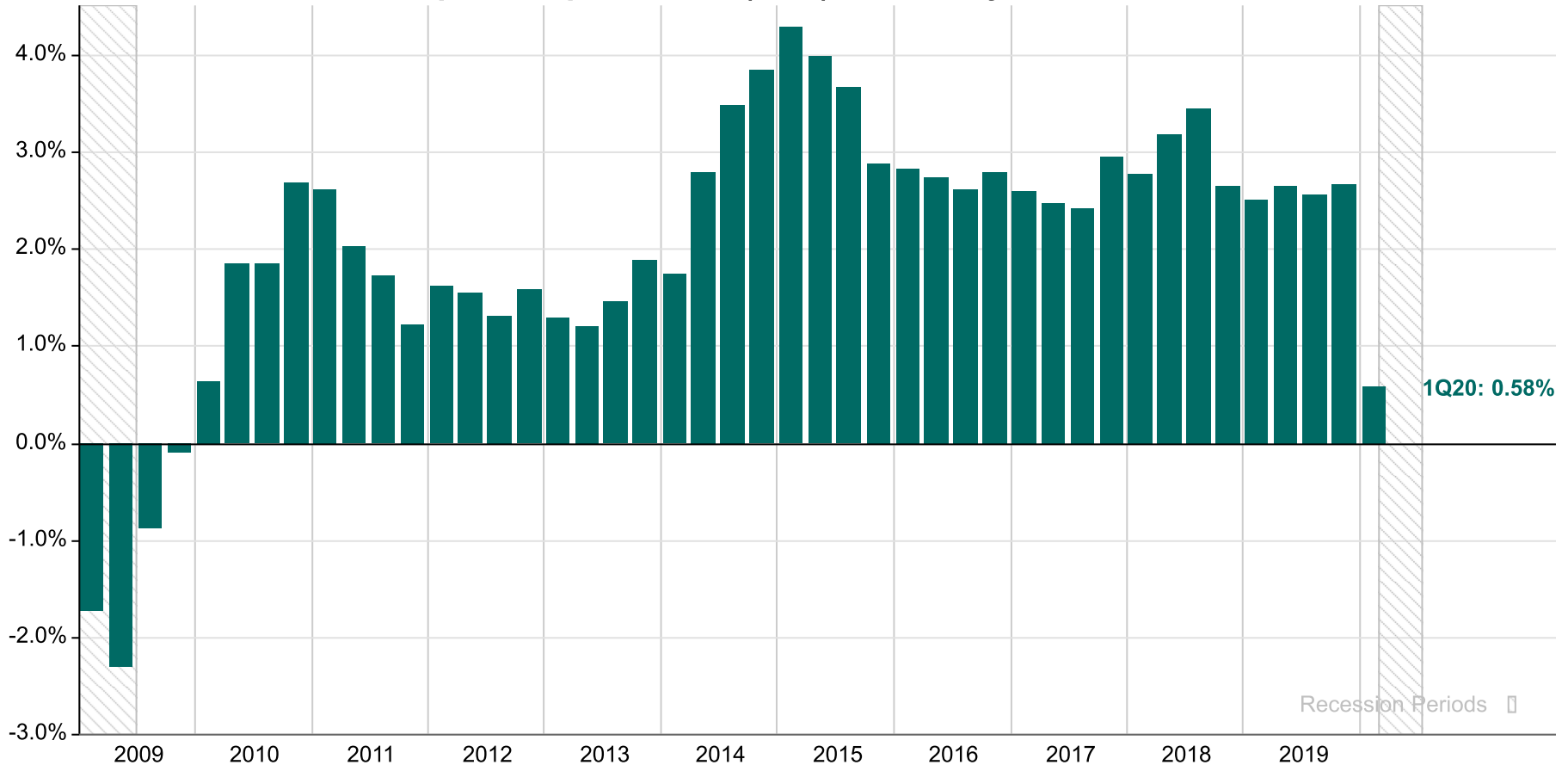
Data source: FactSet; through 5/29/20



U.S. Consumer Spending-Quarterly

Q1 weakness continued in Q2, to remain subdued

U.S. Personal Consumption Expenditures (PCE) - Quarterly Y/Y%



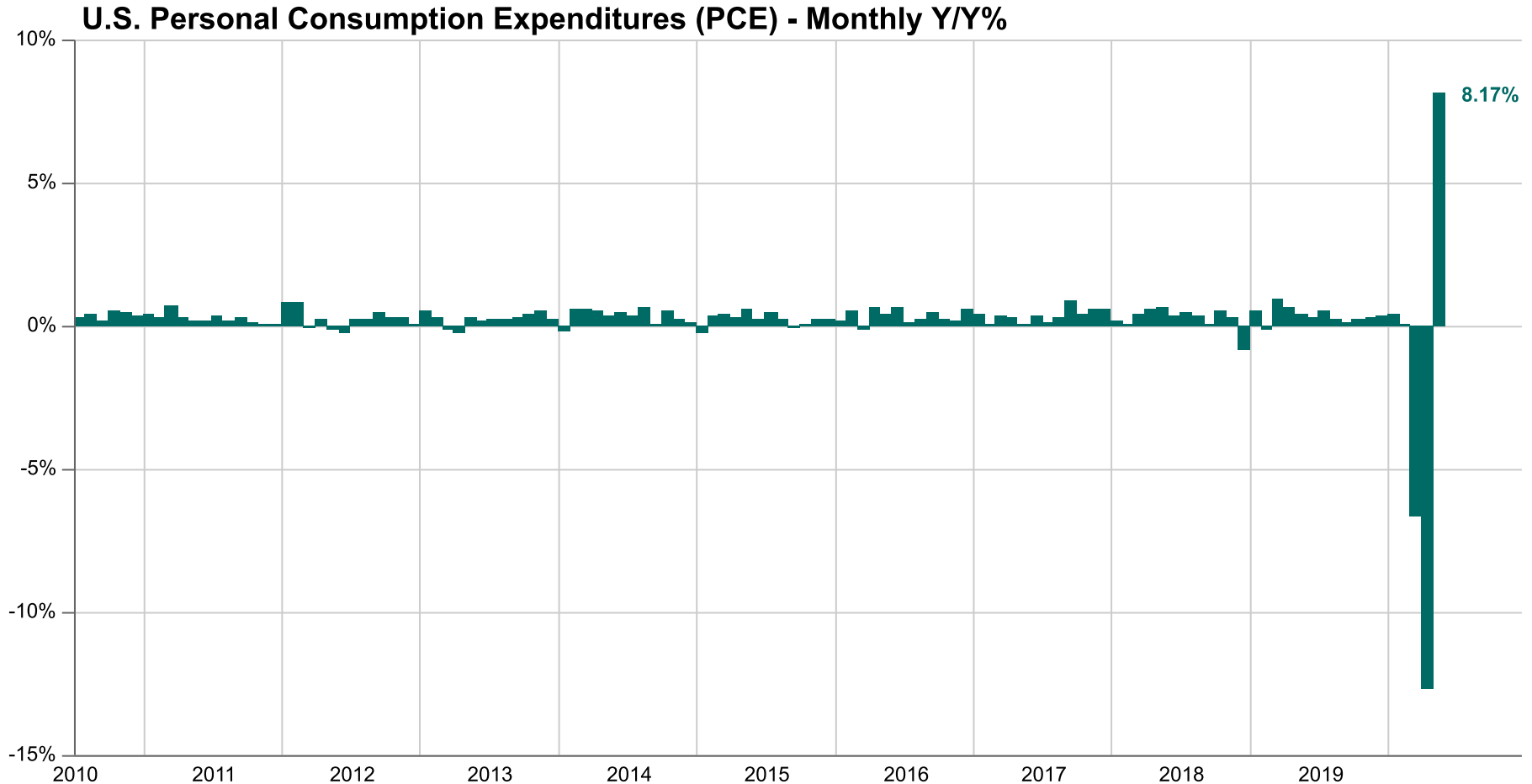
U.S. Personal Consumption Expenditures (PCE) is an indicator of the growth in consumer spending. It measures the amount of money Americans spend on goods and services.

Data source: FactSet; through 3/31/20



U.S. Consumer Spending-Monthly

Huge declines March/April, May reflects lockdown relief



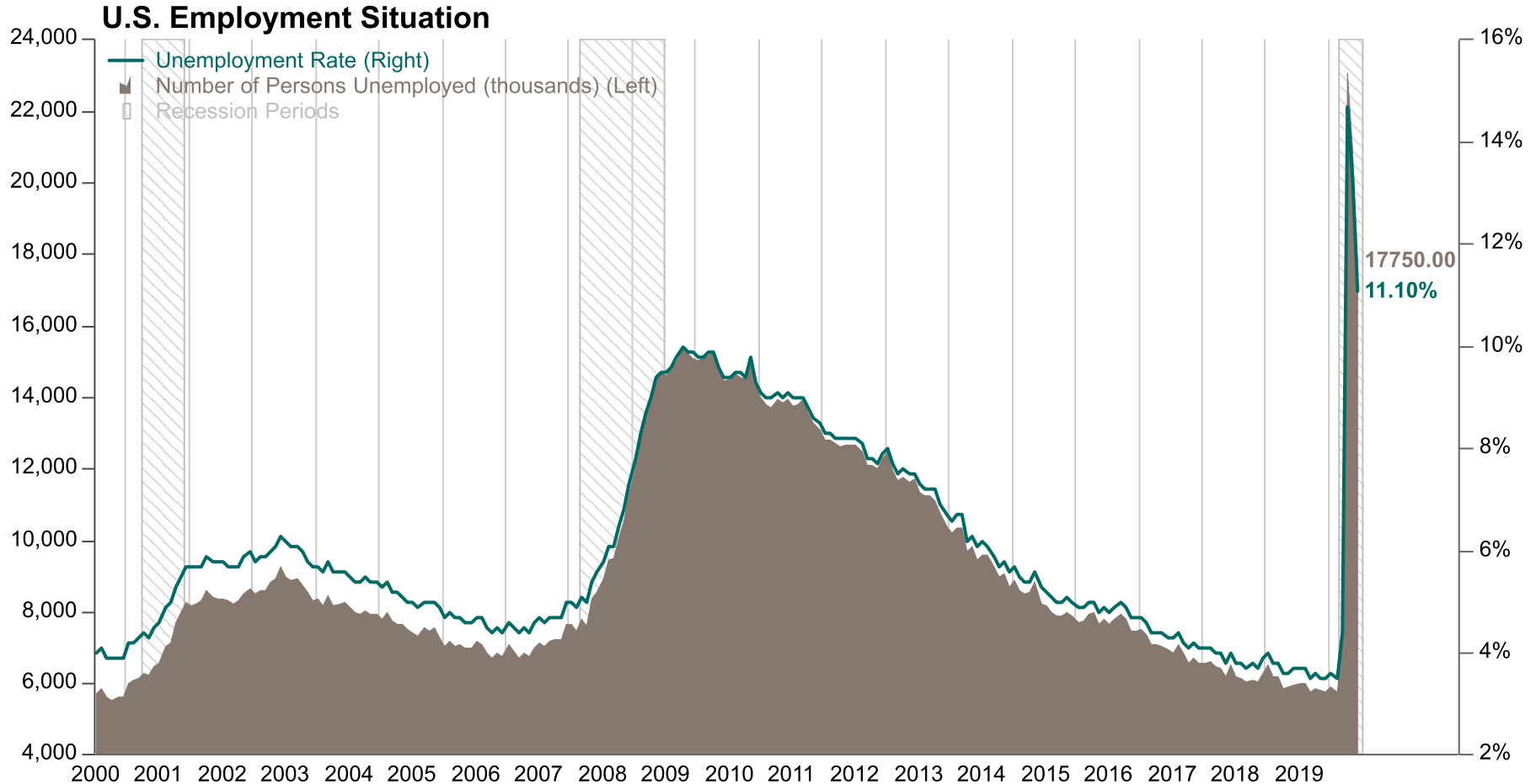
U.S. Personal Consumption Expenditures (PCE) is an indicator of the growth in consumer spending. Monthly data is reported in the Personal Income and Outlays release from the U.S. Bureau of Economic Analysis. It measures the amount of money Americans spend on goods and services.

Data source: FactSet; through 5/29/20



U.S. Number of Unemployed & Rate

Jobs rebound in April & May, but only 1/3 recovered



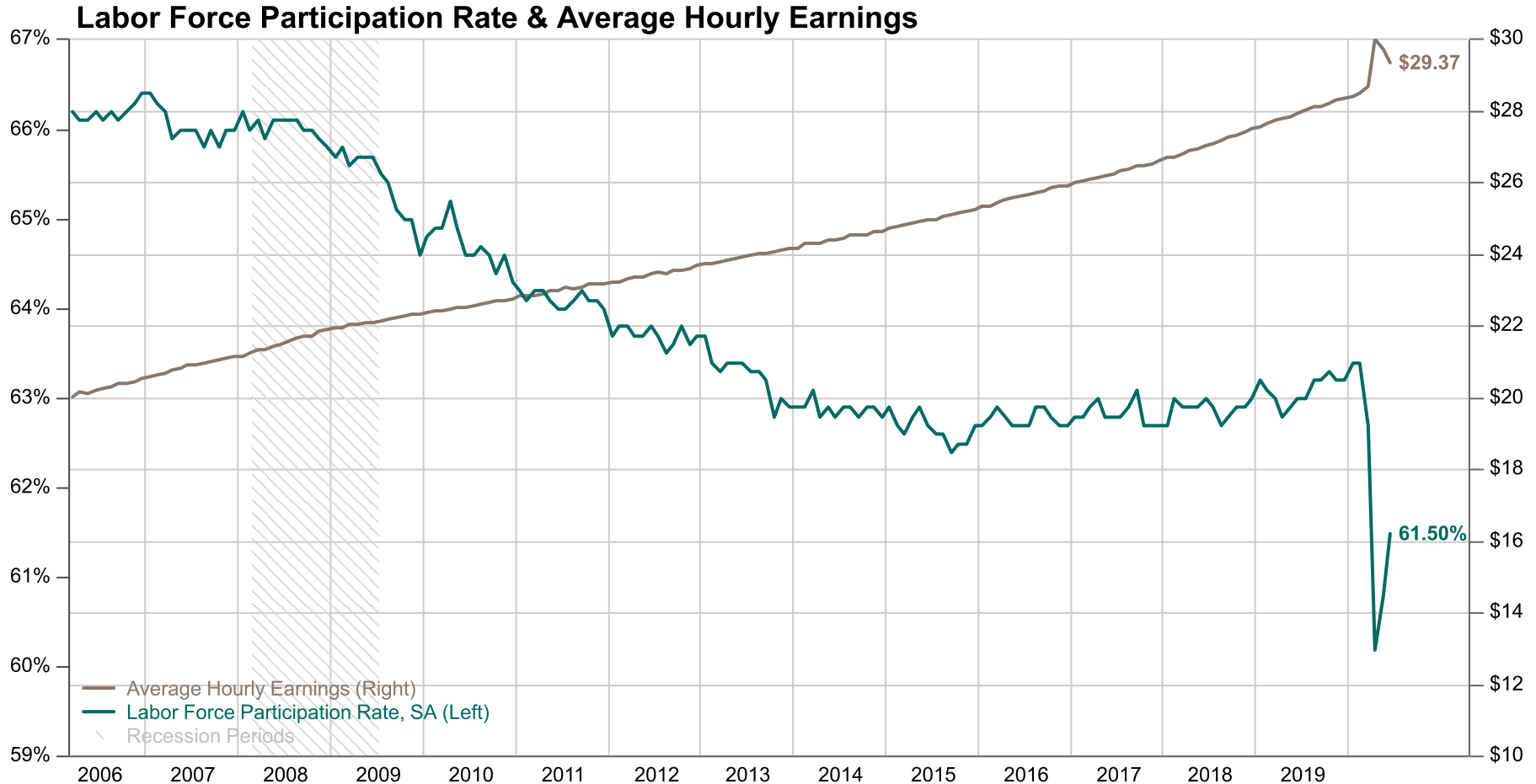
The Bureau of Labor Statistics compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics; the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey are drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

Data source: FactSet; through 6/30/20



U.S. Wages & Participation Rate

Wages boosted as low earners lead layoffs, participation weak



The Labor Force Participation Rate measures the percentage of total people who are either employed or actively looking for work in relation to the total working age population. Average Hourly Earnings is the average amount employees make per hour in a given month.

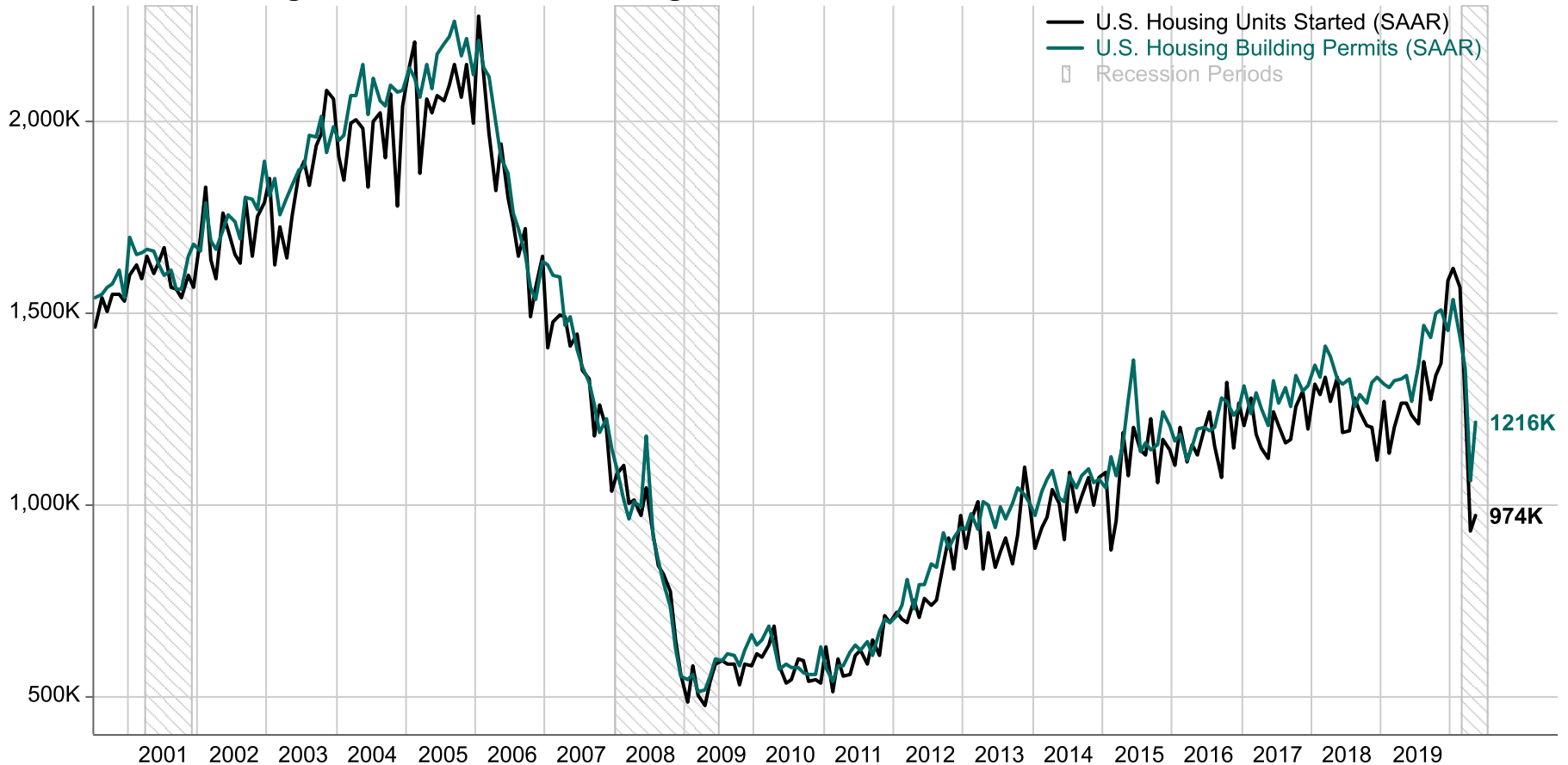
Data source: FactSet; through 6/30/20



Housing Starts

Steep COVID decline, recent improvement

U.S. Housing Starts and U.S. Building Permits - Thousands



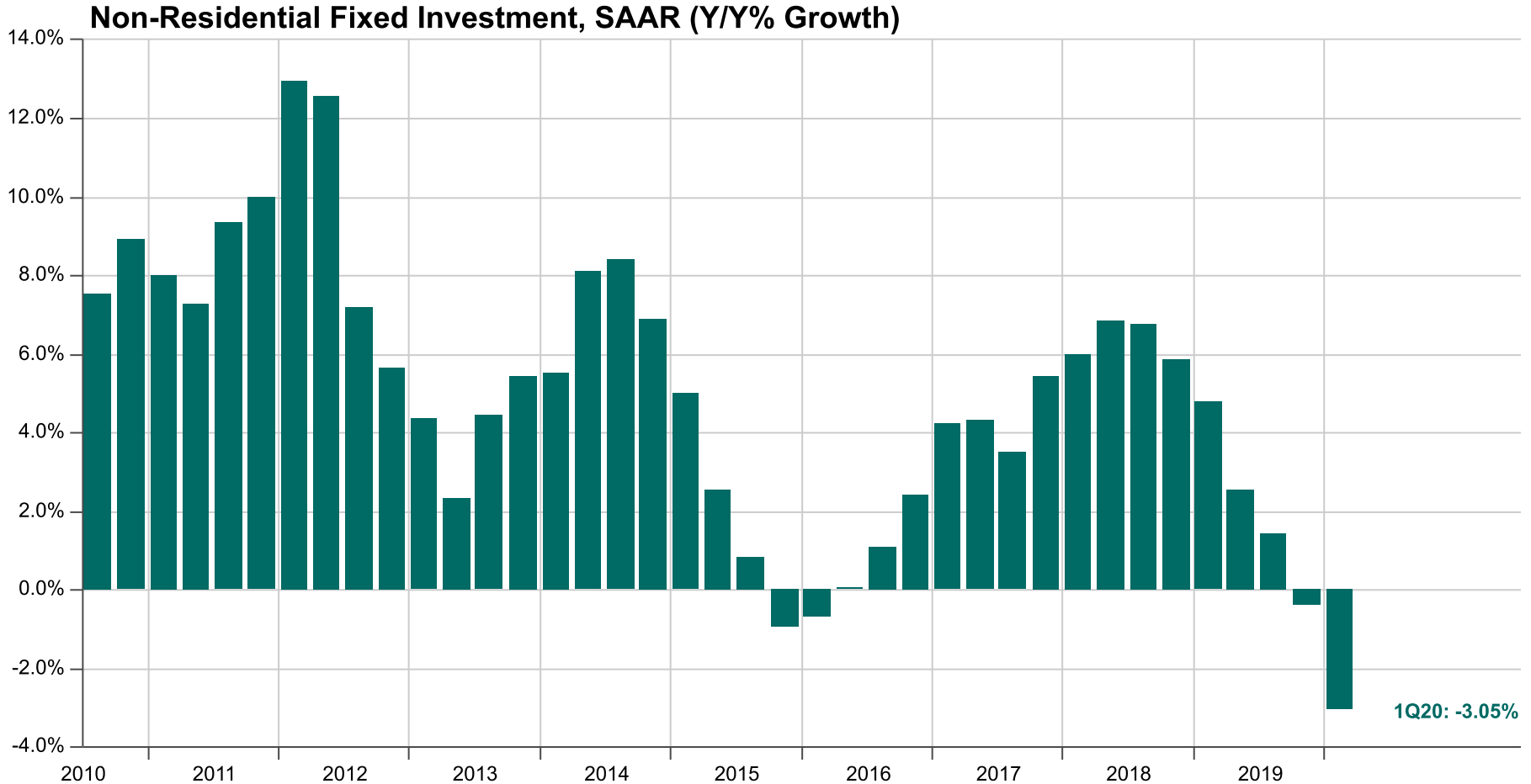
The U.S. Census Bureau compiles data related to housing starts, permits, and completions to present a comprehensive picture of housing in the United States. Housing Starts are the number of privately-owned new houses on which construction has been started in a given period; Housing Building Permits are the number of new housing units authorized by building permits within the period; and, Housing Units Completed are the number of private-owned new houses on which construction has been completed in the period. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet; through 5/29/20



Business Fixed Investment

Capital investment remains weak on cautious business outlook



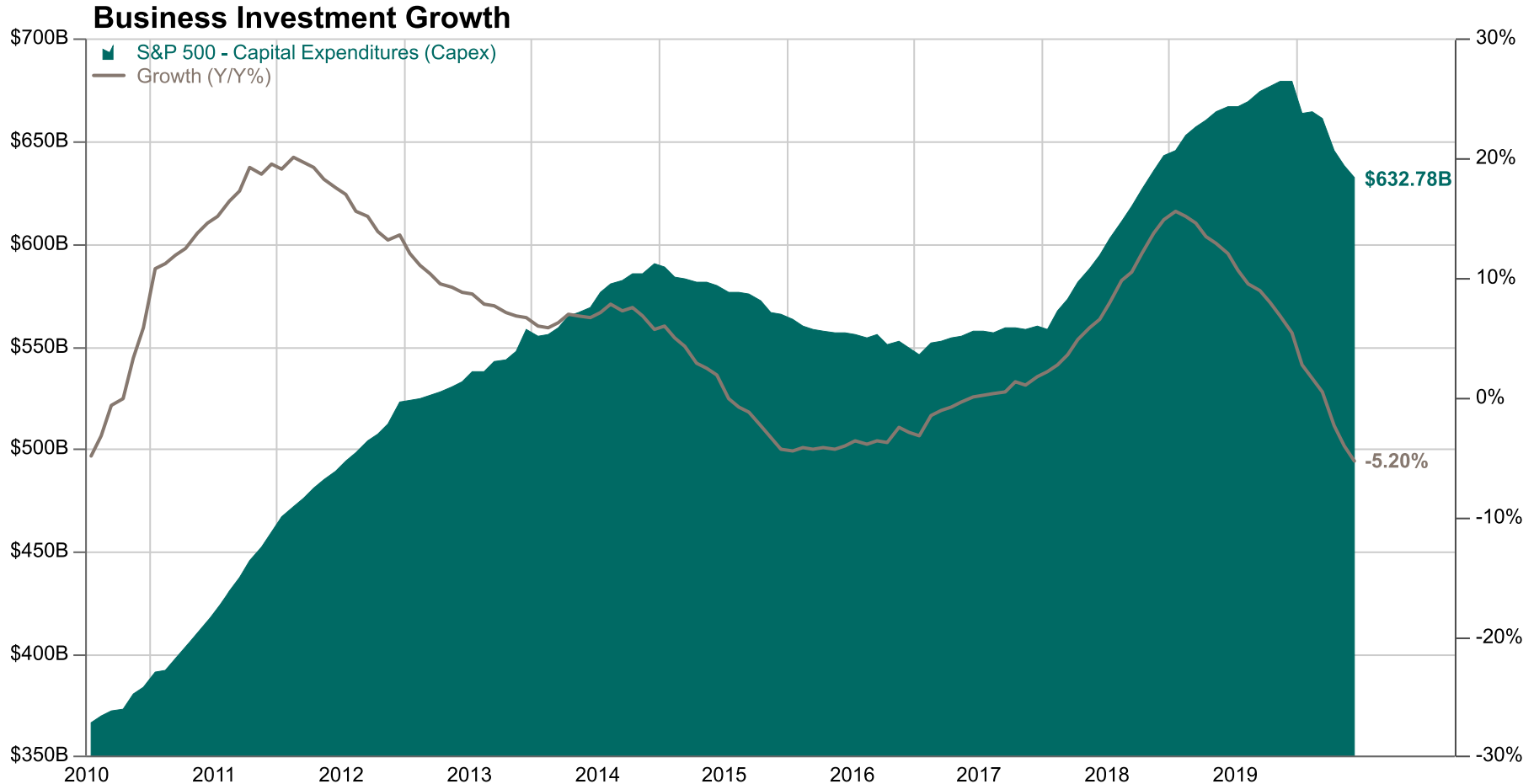
Non-residential fixed investment is an indicator U.S. corporate capital expenditures (capex), measured by the amount spent on structures, equipment, and software. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet; through 3/31/20



Business Investment Growth

Growth peaked in 2019, still declining in 2020



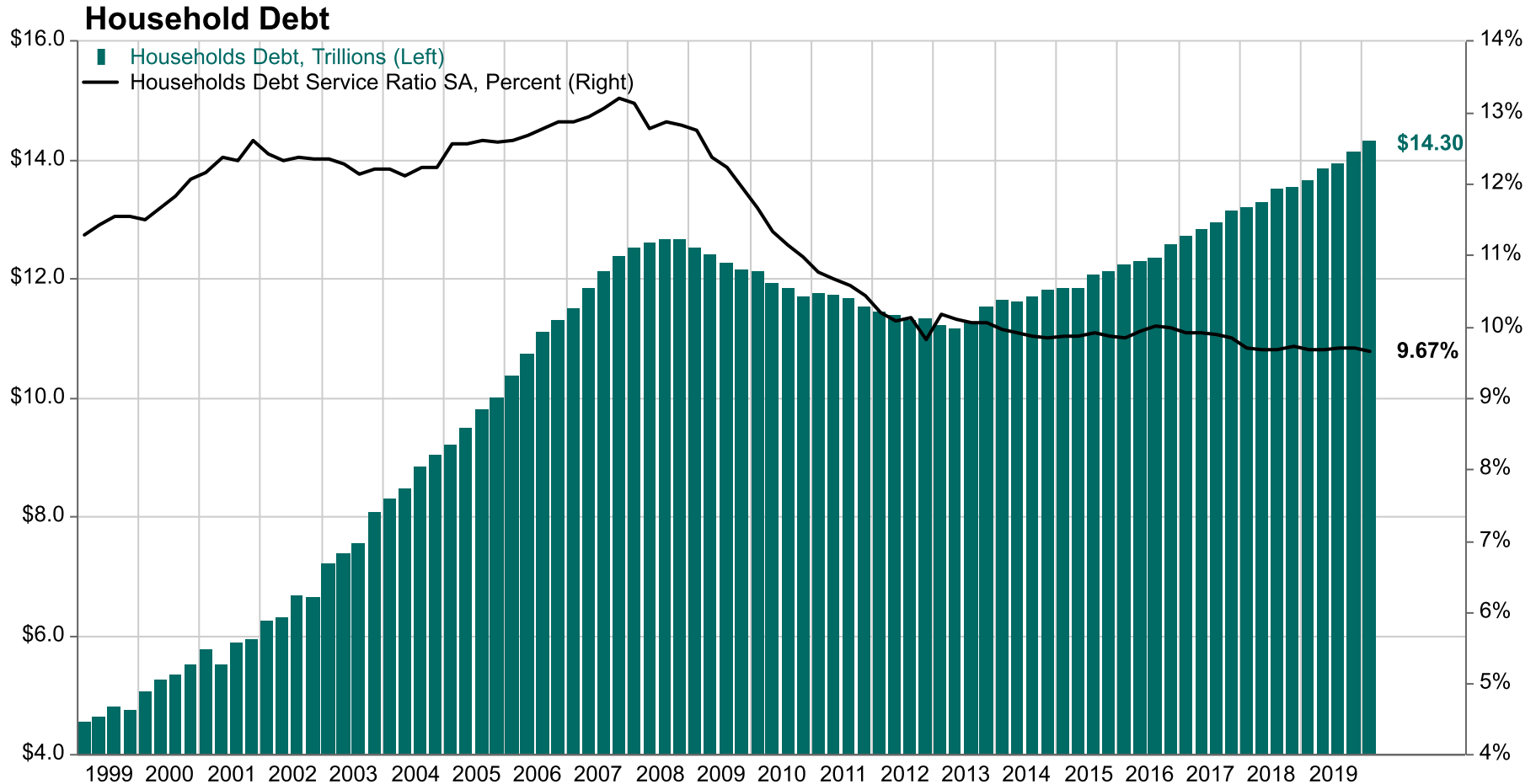
The chart shows the dollar level of capital expenditures (business investment) for all S&P 500 members over the most recent prior twelve months reported in SEC filings. The line graph growth rate compares the twelve month total ending each month to the twelve month period for the same period one year ago. Capital expenditure growth is one sign that companies have a positive outlook for their businesses.

Data source: FactSet; through 6/30/20



Household Debt: Service Ratio

Expect higher debt ratios, but consumer remains healthy



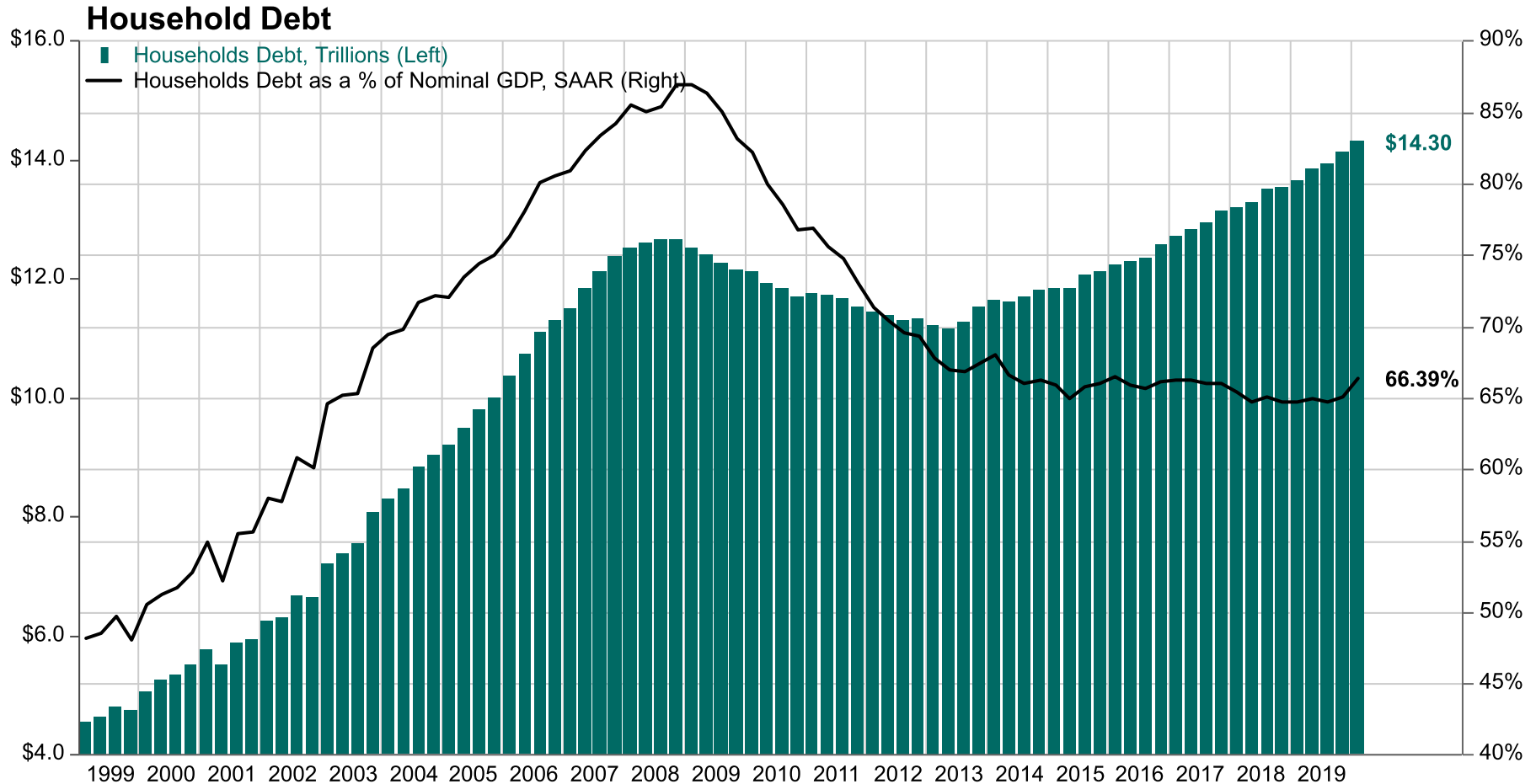
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. Further breakdown of the components of Household Debt can be found on Slide 32. Household Debt Service Ratio is the total required debt payment per period divided by total disposable income. Seasonally adjusted (SA) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet; through 3/31/20; Household Debt Service Ratio = total required household debt payment / total disposable personal income



Household Debt: As % of GDP

Expect temporary spike in 2020, well below 2008 levels



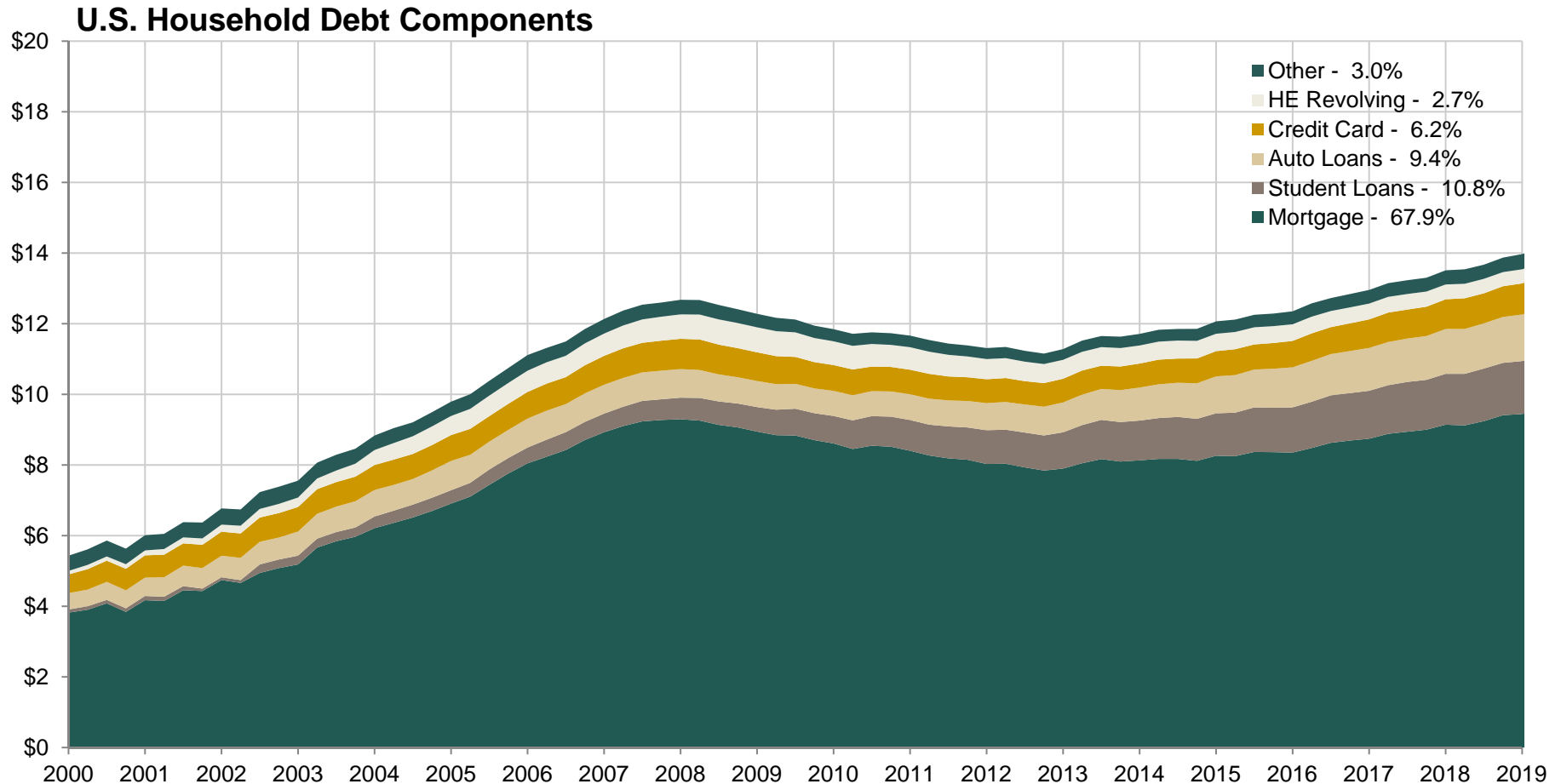
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. Further breakdown of the components of Household Debt can be found on Slide 32. Household Debt as a % of Nominal GDP is the percentage of total Household Debt to the total national nominal gross domestic output. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet; through 3/31/20



Household Debt: Major Components

Mortgages largest portion of household debt, student loans #2



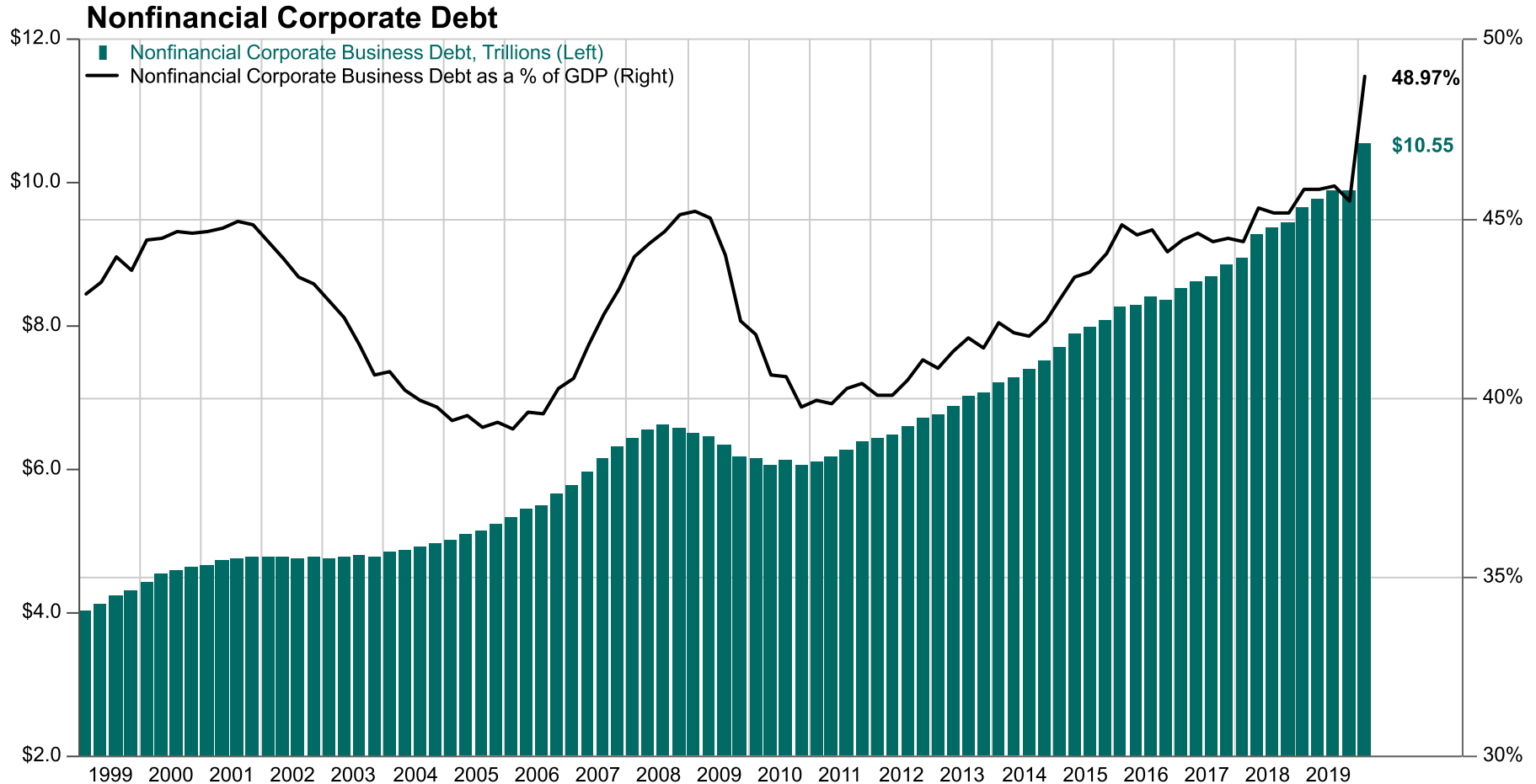
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. The chart above displays each component of Household Debt as a % of total Household Debt.

Data source: FactSet; through 3/31/20



Nonfinancial Corporate Debt

Corporate debt surges in 2020, an increasing risk



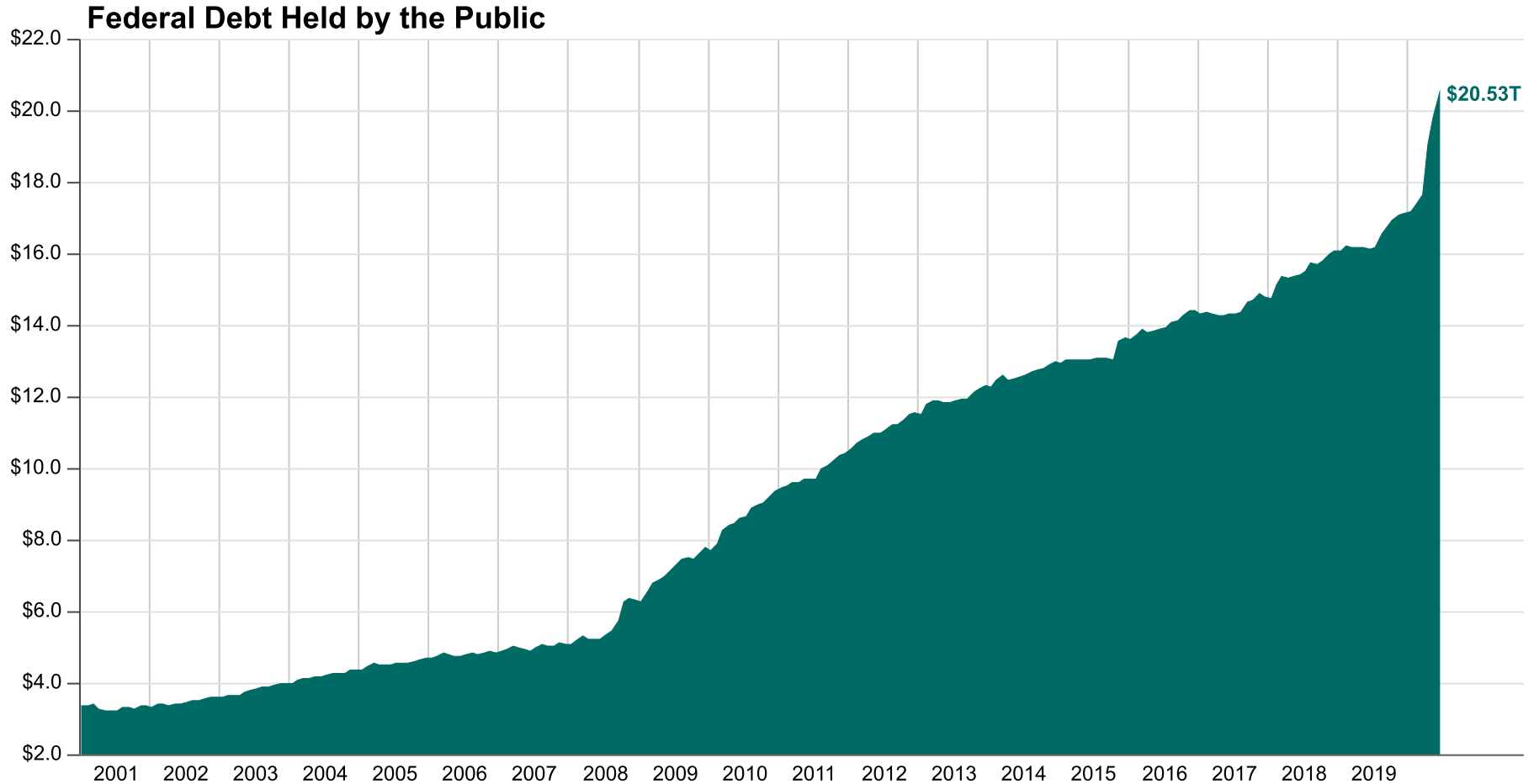
Nonfinancial Corporate Business Debt is the amount of debt held by all private and public, non-financial companies. Nonfinancial Corporate Business Debt as a % of GDP is the percentage of nonfinancial corporate debt to the total gross domestic product.

Data source: FactSet; through 3/31/20



Federal Debt: Total Value

COVID deficit worsens, more spending to come



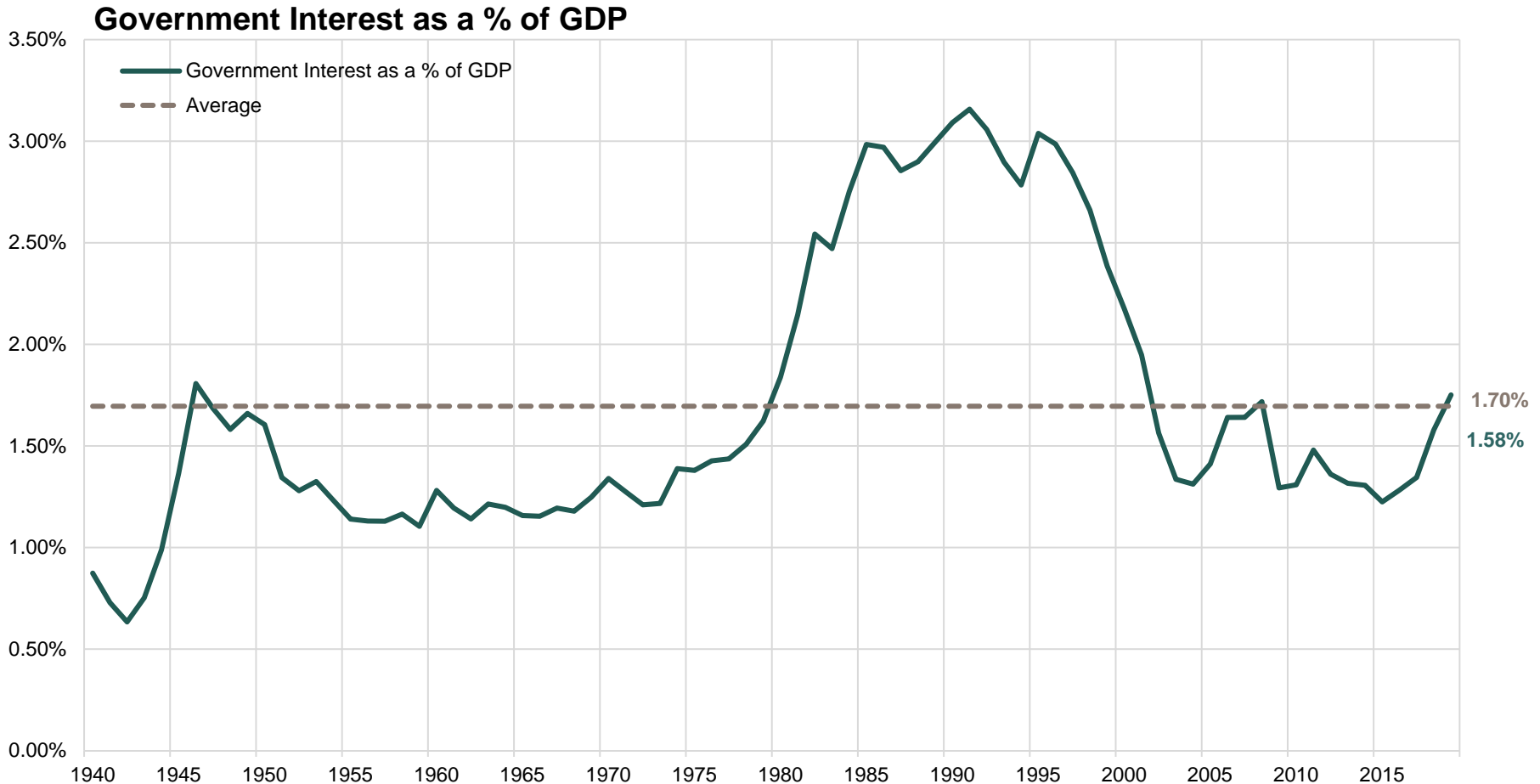
Federal Debt Held by the Public is the debt owed by the U.S. government held by individuals, corporations, state or local governments, Federal Reserve Banks, foreign governments, and other entities outside the U.S. government.

Data source: FactSet; through 6/30/20



Federal Debt: Government Interest

Low rates keep interest burden low, but debt rising



Government Interest as a % of GDP is the total amount of interest paid by the U.S. government on outstanding debt as a percentage of gross domestic product.

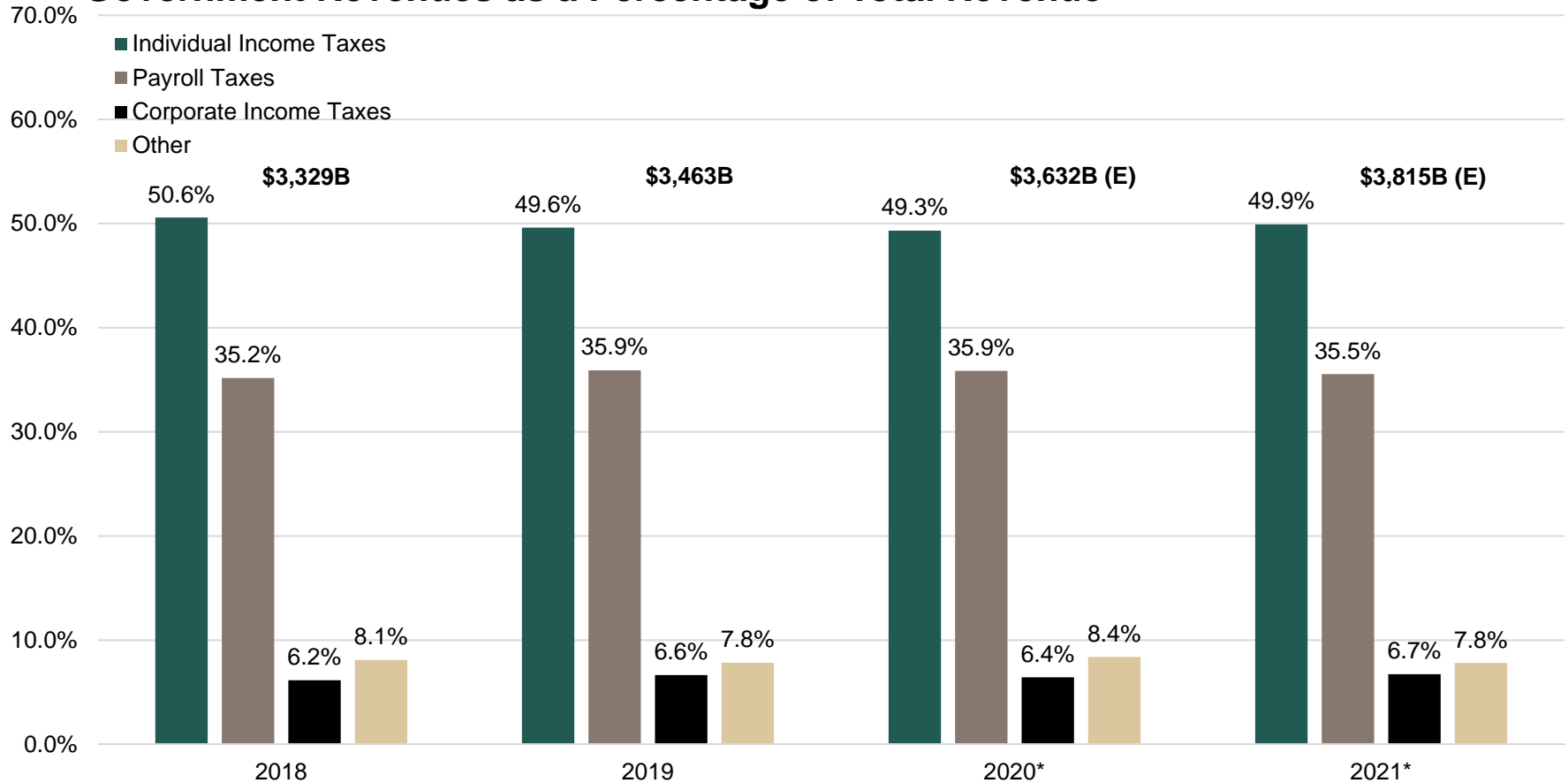
Data source: Federal Reserve Bank of St. Louis; through 12/31/19



U.S. Federal Revenue: Sources

Through June, receipts down 13% Y/Y, expect lower numbers

Government Revenues as a Percentage of Total Revenue



The above chart shows the percentage of total government revenues attributable to each source of government income.

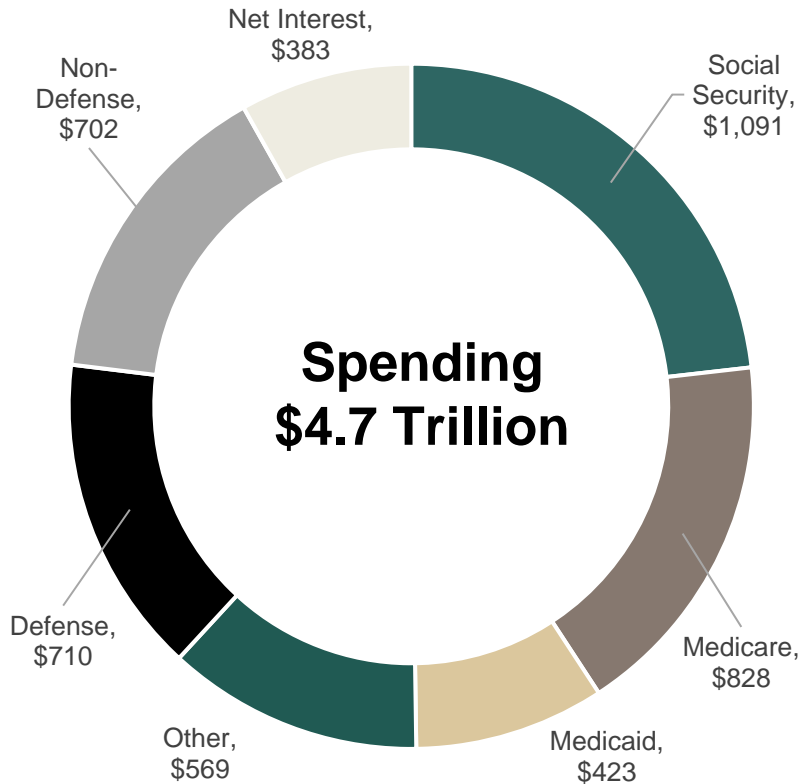
Data source: Congressional Budget Office data through 12/31/19; projections as of 3/6/20; *2020 and 2021 are budget projection for Fiscal 2020 ending 9/30/20 and Fiscal 2021 ending 9/30/21



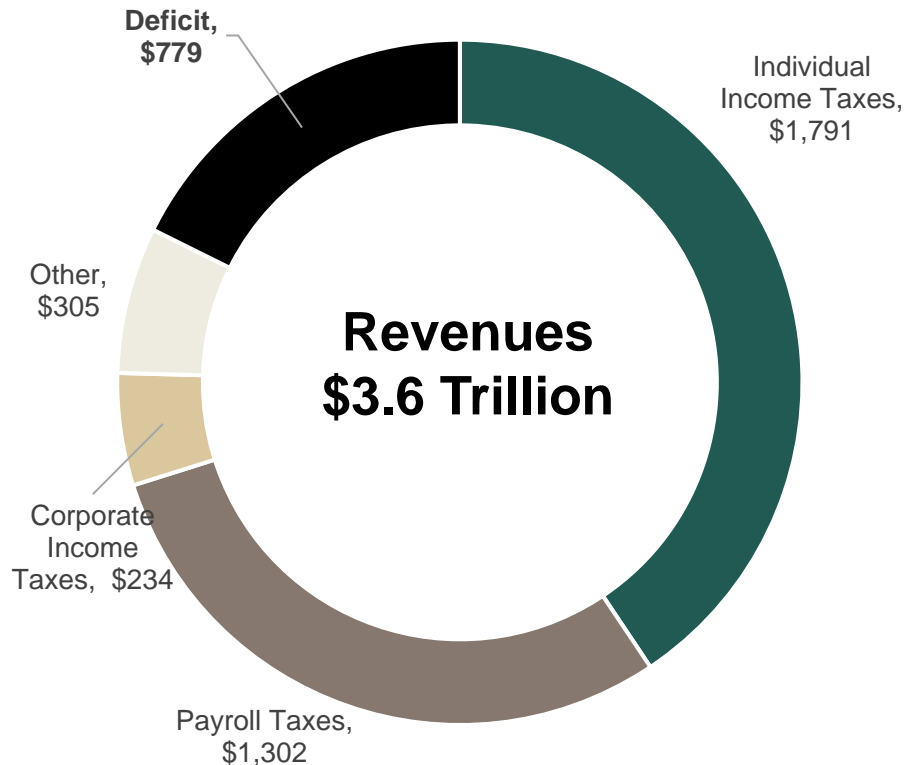
U.S. Federal Income Statement

COVID response has swelled 2020 deficit to \$2.7 trillion

**CBO Baseline Projection of Outlays
(2020, Billions)**



**CBO Baseline Projection of Revenue
(2020, Billions)**



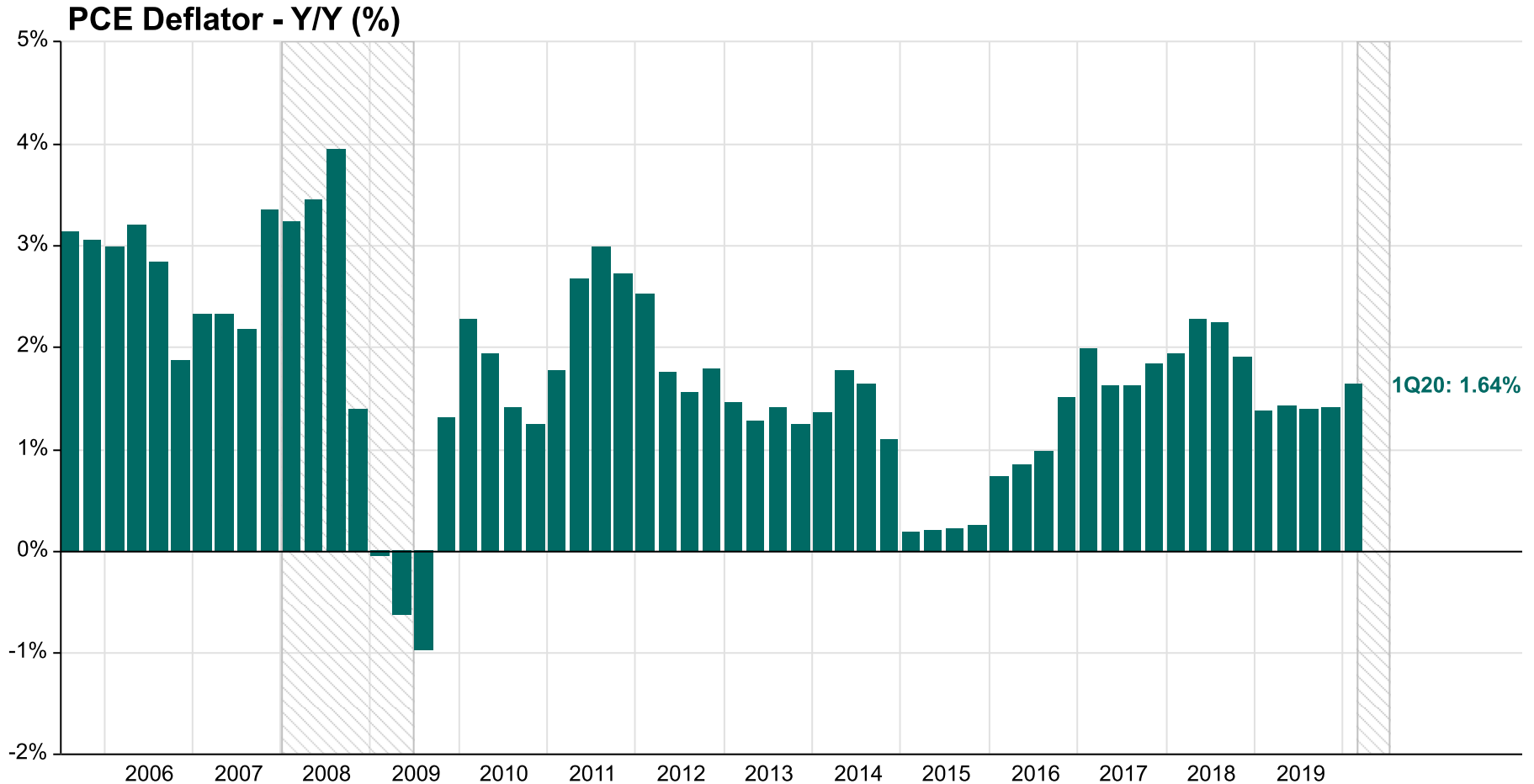
The above chart shows the Congressional Budget Office's (CBO) projection of U.S. government outlays and sources of revenue. The deficit shown in the chart on the right is the difference between government spending and revenue. Data is adjusted by the CBO to account for offsetting receipts and timing shifts. Due to COVID, "Other" spending and deficit will be higher.

Data source: Congressional Budget Office data and projections as of 3/6/20 (2020 YTD deficit updated as of 6/30/20)



U.S. Inflation

PCE inflation below Fed's 2.0% target; watching closely



U.S. Personal Consumption Expenditures (PCE) Deflator is an index that measures the prices paid by consumers for goods and services. The chart above shows the year-over-year (Y/Y) change in the index on a quarterly basis.

Data source: FactSet; through 3/31/20



U.S. Dollar Index

Dollar weaker following COVID-19 shutdown



The U.S. Dollar Index (DXY) is an index that measures the value of the U.S. dollar relative to a basket of foreign currencies, primarily those of trade partners. An increase in the DXY indicates the U.S. dollar has appreciated relative to the currency of its trade partners; a decrease in the DXY indicates the U.S. dollar has depreciated relative to the currency of its trade partners.

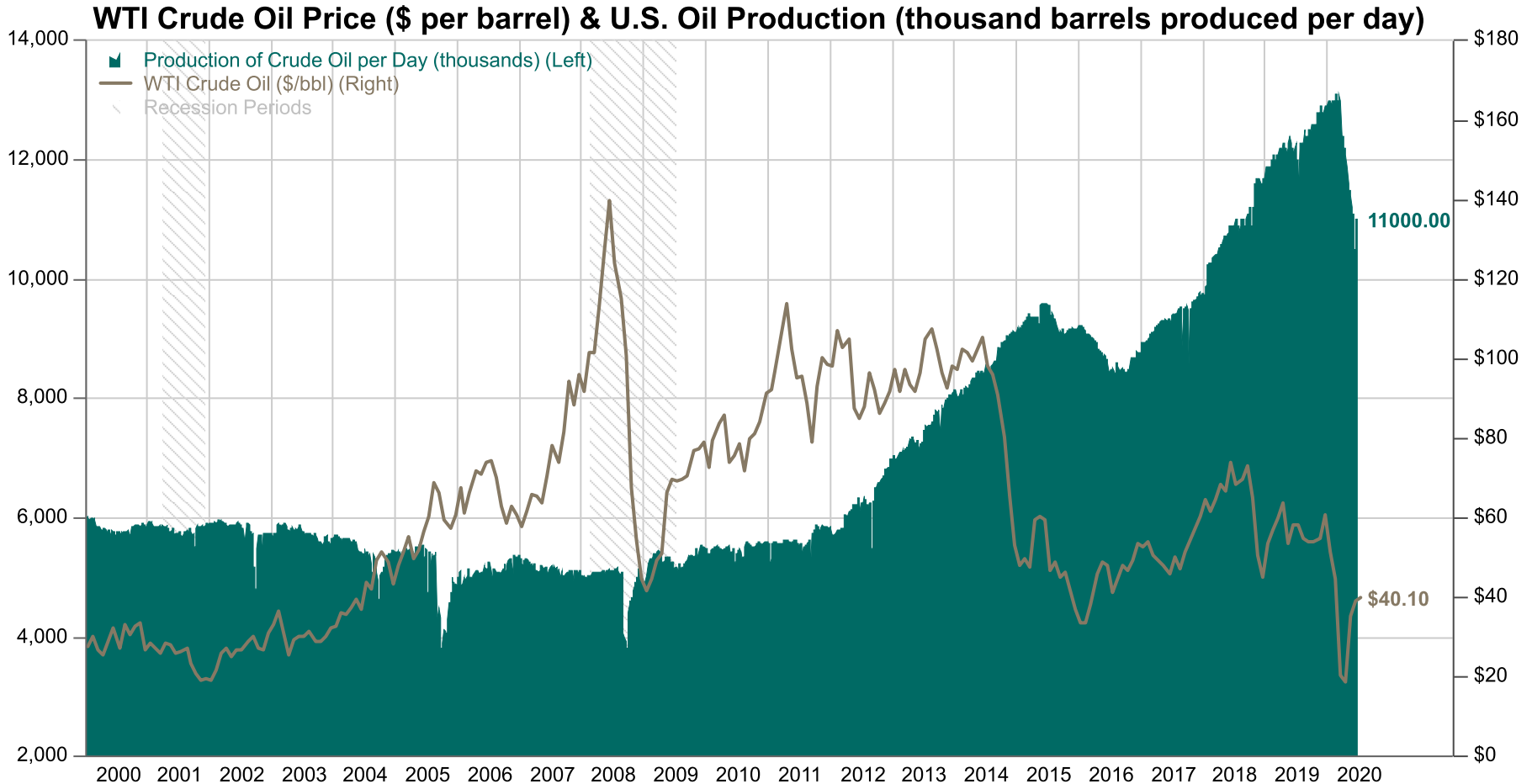
Data source: FactSet; through 7/13/20



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WEALTH MANAGEMENT

U.S. Oil Production & Prices

Supply down, recovering demand, prices off lows



The price per barrel of Western Texas Intermediate (WTI) Crude Oil is the most commonly followed price of oil sold from the United States. West Texas intermediate is the name associated with the grade of the oil and is the underlying commodity of New York Mercantile Exchange's oil futures contracts. U.S. Oil Production is the amount of barrels of oil produced per day within the United States (in thousands) as reported by the U.S. Energy Information Administration (EIA).

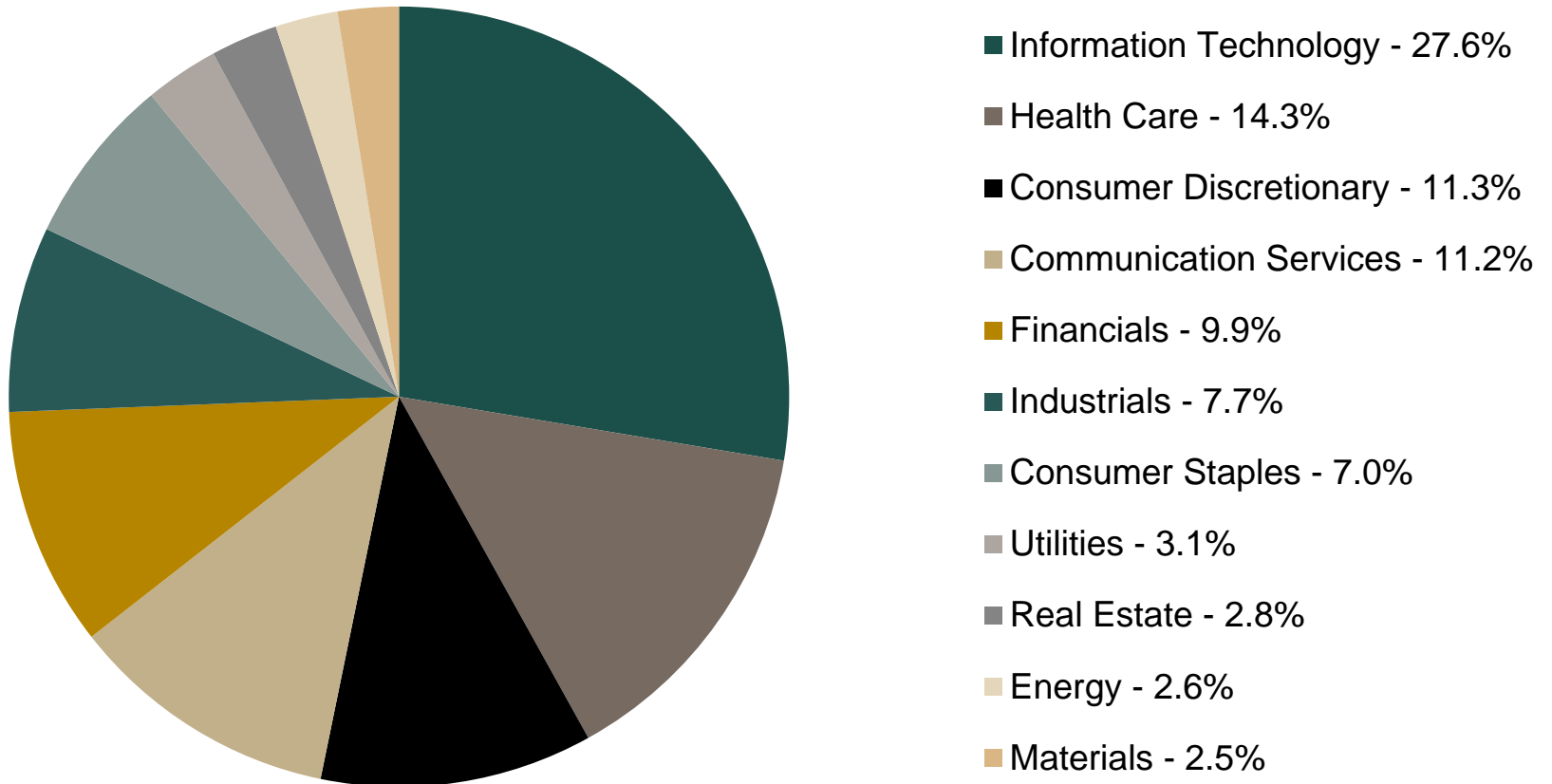
Data source: FactSet; WTI Crude Oil Price through 7/13/20, U.S. Oil Production through 6/26/20



U.S. Equity Market: Sector Weights

Technology rally drives index weighting to multi-year high

S&P 500 Sector Weightings



The chart above represents the sector allocation of the S&P 500 index.

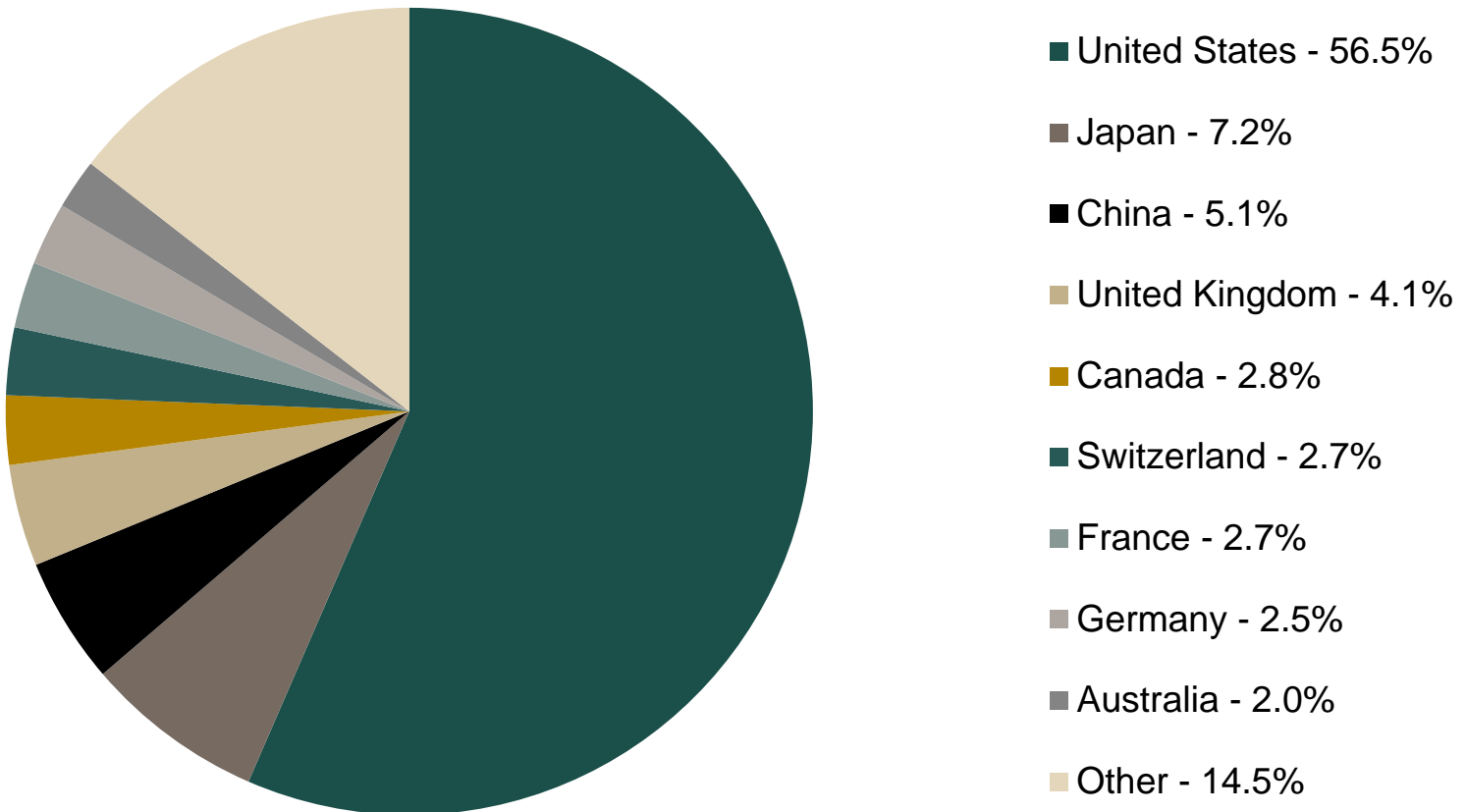
Data source: FactSet, Standard & Poor's; as of 7/10/20



Global Equities: Country Weights

Current geographic weightings

Weights in FTSE Global All Cap Index



The FTSE Global All Cap Index is an equity index meant to replicate the geographic allocation of global equities based on market value.

Data source: Factset, FTSE Russell, FTSE Global All Cap Index; as of 7/10/20

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