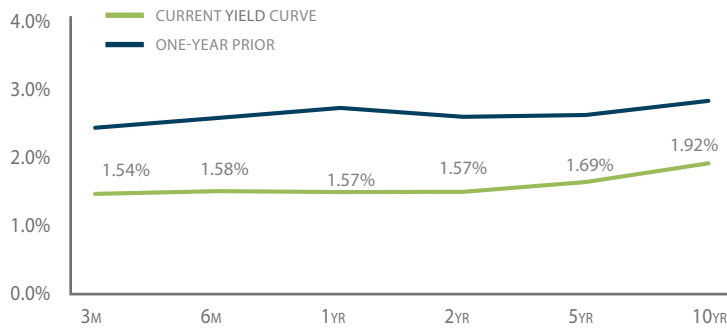




SD FIT MARKET UPDATE

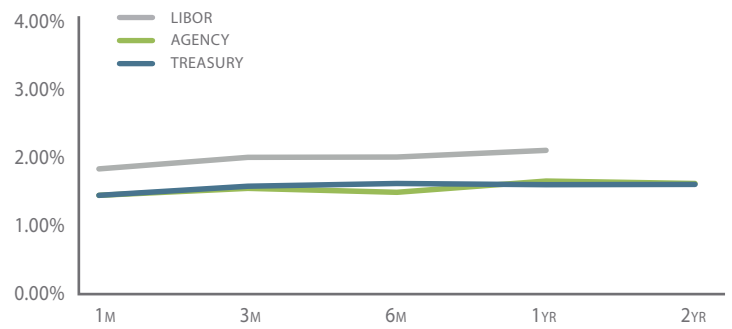
JANUARY 2020

Historical Yield Curve



Source: Bloomberg Finance L.P. 12/31/19

Indicative Rates



Source: Bloomberg Finance L.P. 12/31/19. Rates do not reflect transaction fees.

FEATURED MARKET DATA

Strong Returns Across Asset Classes in 2019

Following a difficult end to 2018, investors enjoyed very strong investment returns across all asset classes in 2019. Actions by the Federal Reserve were the primary catalysts for pushing both stock and bond prices substantially higher. In January 2019, the Fed paused its rate hikes and then reversed policy with three so-called “insurance” rate cuts in July, September and October. The Fed’s policy reversal pushed interest rates down and bond returns up. The Fed’s actions also refueled investors’ risk appetites as corporate bonds outperformed Treasuries and equity markets soared in the U.S. and globally.

Source: Prudent Man Advisors, Bloomberg

TOTAL RETURNS

Index	2019 Return
Barclays US Aggregate	8.7%
S&P 500	28.9%
Russell 2000	23.7%
NASDAQ	35.2%
STOXX Europe 600	20.8%
Nikkei 225	19.8%

Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
CPI (YoY)	12/11/19	NOV	2.0%	2.1%	1.8%
Core CPI (YoY)	12/11/19	NOV	2.3%	2.3%	2.3%
Existing Home Sales	12/19/19	NOV	5.44m	5.35m	5.44m (R)
Personal Income	12/20/19	NOV	0.3%	0.5%	0.1% (R)
Personal Spending	12/20/19	NOV	0.4%	0.4%	0.3%
Chicago Fed National Activity Index	12/23/19	NOV	-0.33	0.56	-0.76 (R)
Consumer Confidence	12/31/19	DEC	128.5	126.5	126.8 (R)
Change in Nonfarm Payrolls	01/10/20	DEC	156K	--	254K
Unemployment Rate	01/10/20	DEC	3.5%	--	3.5%

Source: Bloomberg Finance L.P. 1/2/20

RECENT NEWS

Steeper Curve Signals Optimism for 2020

A popular bond market indicator signaled its strongest level in more than a year. The 10-year US Treasury yield increased to near 1.92% as of December 31, 2019, helping steepen the yield curve (the difference between 10-year and 2-year US Treasury yields) to its highest level since October 2018. This is a significant change since August when for two weeks, the US yield curve inverted and investors feared a recession may be looming. Expectations for a phase-one trade deal with China in January are a major reason for the optimism in U.S. and global markets, where rates have also moved higher. Positive comments by Fed members regarding the economy’s health may also be boosting markets.

Source: Wall Street Journal

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