3Q

2020

Quarterly Investment Commentary

Summary of Quarterly Market Performance

By: Kendra Rasner

Finding Balance

Friedrich Ludwig Jahn has often been called the "German father of gymnastics." During his time as a secondary school teacher in Berlin during the early 1800's he invented most of the standard gymnastics equipment used today, including the parallel bars, rings, horizontal bar, and the balance beam. Nearly 150 years later the balance beam competition was included in the individual Olympic medal events for the first time in 1952. Like many things this year, the 2020 summer Olympic Games were postponed due to the coronavirus pandemic. So, while spectators must wait until July of 2021 to choose their favorite beam routine, the markets have been working on a balancing act of their own.

This year has certainly been one for the history books and quarter three was no exception. Despite a pullback in September, the tech driven recovery that began in quarter two continued to drive stocks higher leading most major economies into early-cycle recovery in quarter three. Both the United States and Europe saw a boost in consumer and business confidence as employment conditions improved.

U.S. equities extended their incredible recovery off the March 23rd lows. A record-breaking month for U.S. large cap stocks in August, marked only the 5th time in history that the S&P 500 index traded to a new all-time high while still in a defined economic recession. Ultimately this erased all of the losses incurred in quarter one, with the S&P 500 ending the quarter up nearly 9.0%. The tech heavy NASDAQ Composite posted double digit returns of just over 11.0% for the quarter, edging out year to date returns upwards of 25%. Meanwhile, the Dow Jones Industrial Average remained slightly negative year-to-date at the end of September. However, the index charged upward during the quarter and boasted positive returns of 11.45%.

Dispersion in stock performance continued as growth names like Apple, Microsoft, Amazon and Facebook sustained their upward trend and value continued to lag. The consumer discretionary and technology sectors again posted double digit returns for the quarter and remain the top performing sectors year to date, while energy and financials continued to underperform. Driven in large part by China's continued economic recovery, emerging market equities outpaced international developed equities. Emerging market bonds also ticked higher adding 2.7% for the quarter.

After a solid jump in quarter two, U.S. bonds had a relatively muted quarter. The Federal Open Market Committee (FOMC) restated their commitment to support the U.S. economy and voted to maintain the target range of 0.00-0.25% for the federal funds rate. The U.S dollar declined, and precious metals moved higher, with silver standing out as the top performer for the second quarter in a row.

The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) ticked down in August but remained well above its five year average as uncertainty grew around the upcoming U.S. presidential election and coronavirus concerns loomed in the background. After a drastic swing down to start the year and one of the fastest recoveries on record, markets remained resilient in quarter three as they continued their move upward. **OM**

Old Mission **Investment** Company
Old Mission **Trust** Company

Trust Administration
Private Wealth Management
Investment Services
Retirement Plan Services

880 Munson Ave, Suite B
Traverse City, Michigan 49686

web: www.omtrust.com
Tel: 866.587.4100

Return information provided as of September 30, 2020. Data provided by Morningstar Direct, and Morningstar Office.

OLD MISSION **INVESTMENT** COMPANY
OLD MISSION **TRUST** COMPANY

Trust Administration
Private Wealth Management
Investment Services

880 Munson Ave, Suite B
Traverse City, Michigan 49686

web: www.omtrust.com
Tel: 866.587.4100