

Major Developments This Week

- S&P 500 record high driven by technology shares
- Strong demand for new houses and new cars
- Democratic convention established their policy platform
- U.S. COVID cases and hospitalizations improving
- COVID flare ups in some parts of Europe
- Vaccines in late-stage trials due in the next 1-3 months, 50-60% willing to be vaccinated
- Consumer net worth reaches all time high
- Jobs recovery positive but slowing
- High savings will drive strong consumption spending despite high unemployment
- U.S. recovering faster than other countries

CNR Progress Playbook

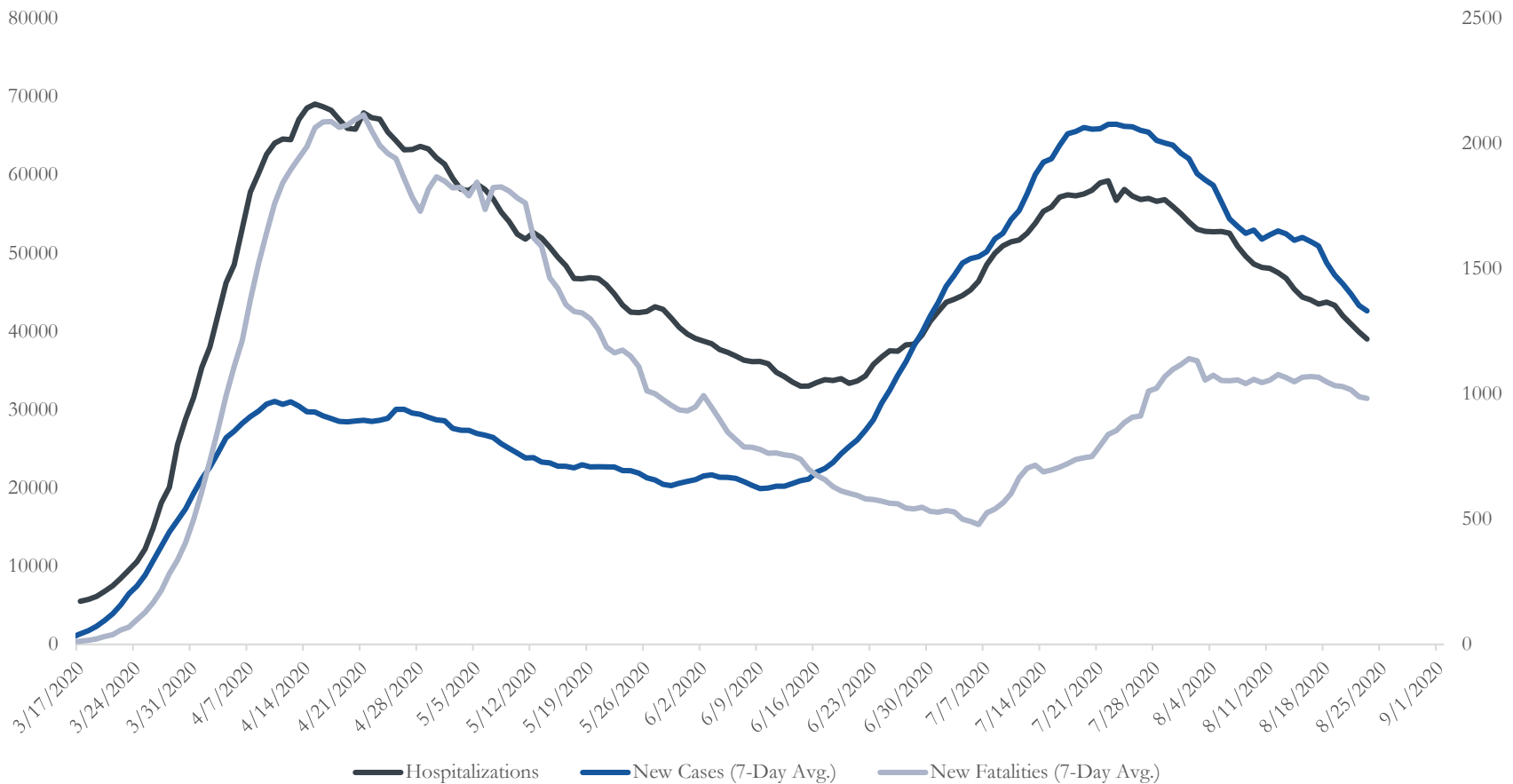
Investment Committee considering:

- Economic activity remains positive, modest detrend, but resilient
- Fiscal stimulus failure
- Global monetary and fiscal stimulus to last all year
- Continue to expect earnings will rebound 20% - 40% in 2021
- Equity valuations are high, risk of correction difficult to time
- Portfolio allocations continue to emphasize risk management
- Potential democratic policy change impacts on portfolios being considered
- Europe and US Mid and Small Caps stocks underperforming, maintain underweight
- Yields on Investment Grade and Treasuries low, Non Investment Grade yield still attractive
- Layoffs & bankruptcies for mid and large businesses

Cases & Hospitalizations continue downtrend

- Cases drop in Texas, Florida, Arizona
- Average fatalities less than 1,000 over 7 days first time in a month
- 90%+ U.S. population below transmission rate of 1

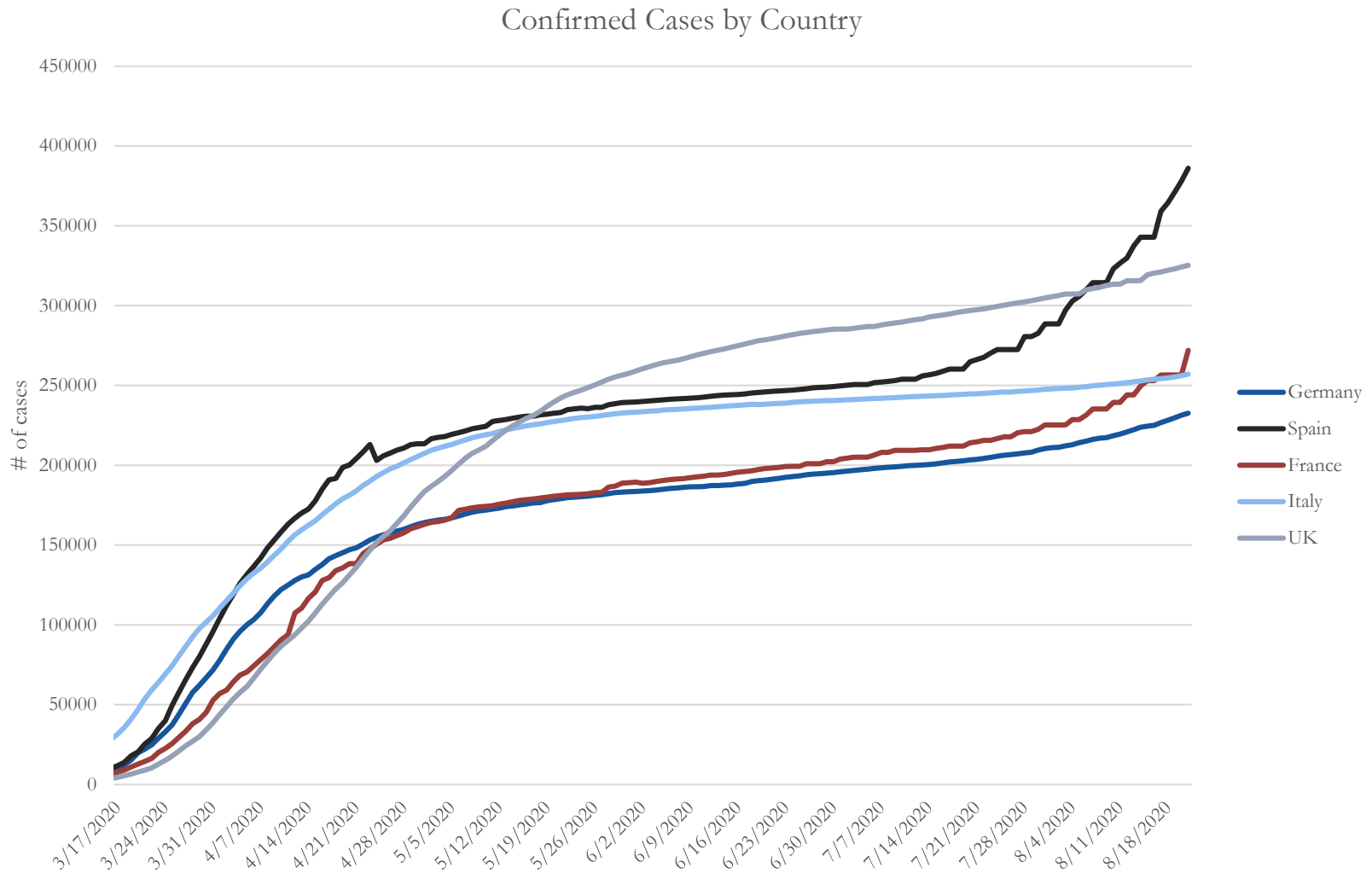
U.S. COVID-19 Statistics



Source: www.covidtracking.com

Cases Increase in Parts of Europe

- Gathering event driven, summer travel

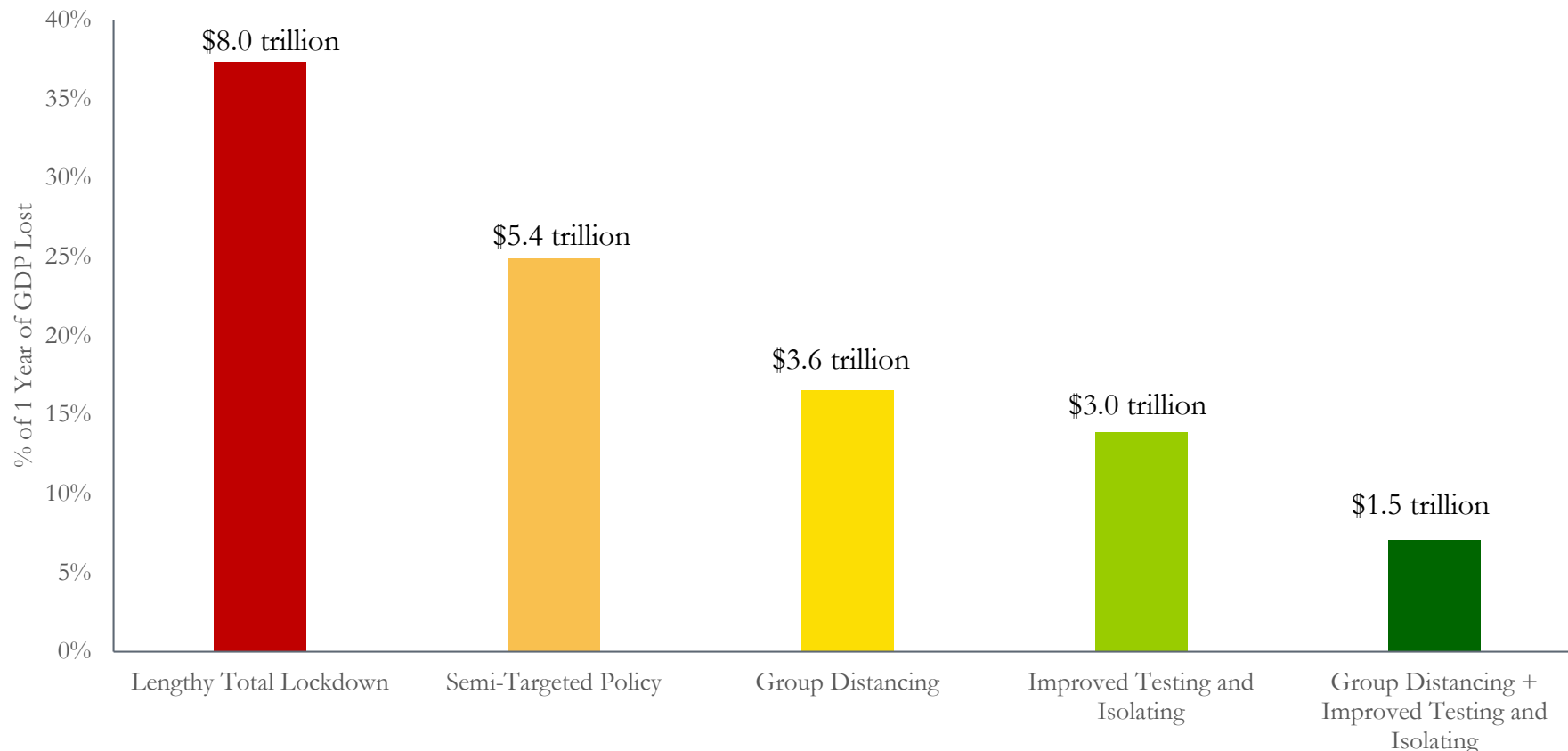


Source: Bloomberg

Targeted policies improve outcomes

- MIT paper: it is possible to achieve safety results of lockdowns with more targeted approaches
- Economic cost of lockdowns is orders of magnitude higher than targeted approaches

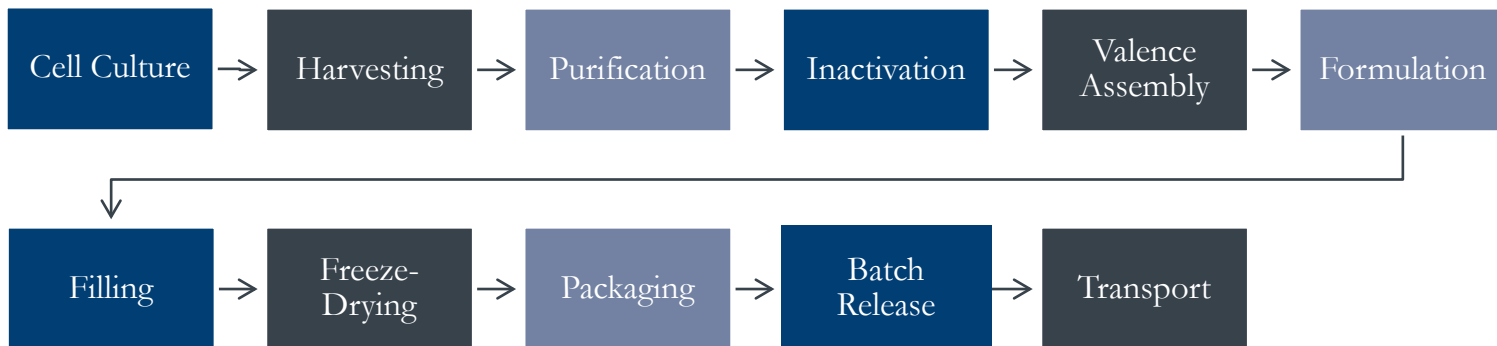
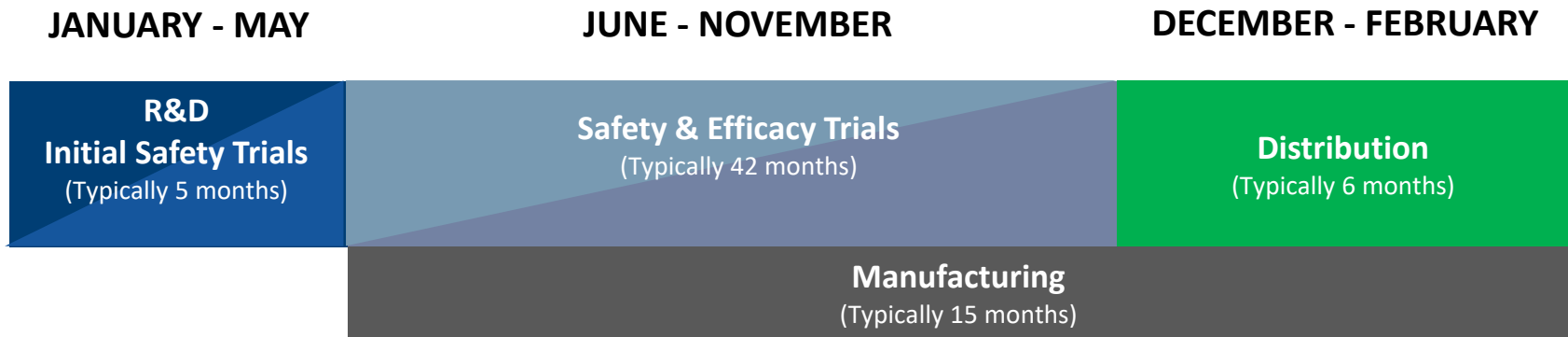
Economic Loss with Different Policies
(All Result in Mortality Rate of 0.2%)



Source: Acemoglu, D., Chernozhukov, V., Werning, I., Whinston, M. "Optimal Targeted Lockdowns in a Multi-Group SIR Model." NBER Working Paper. June 2020.

Operation Warp Speed - Vaccine

- Production and distribution process takes many months
- Suppliers setting up global supply chain ahead of FDA-approval
- Don't expect sizeable production and distribution until 2021



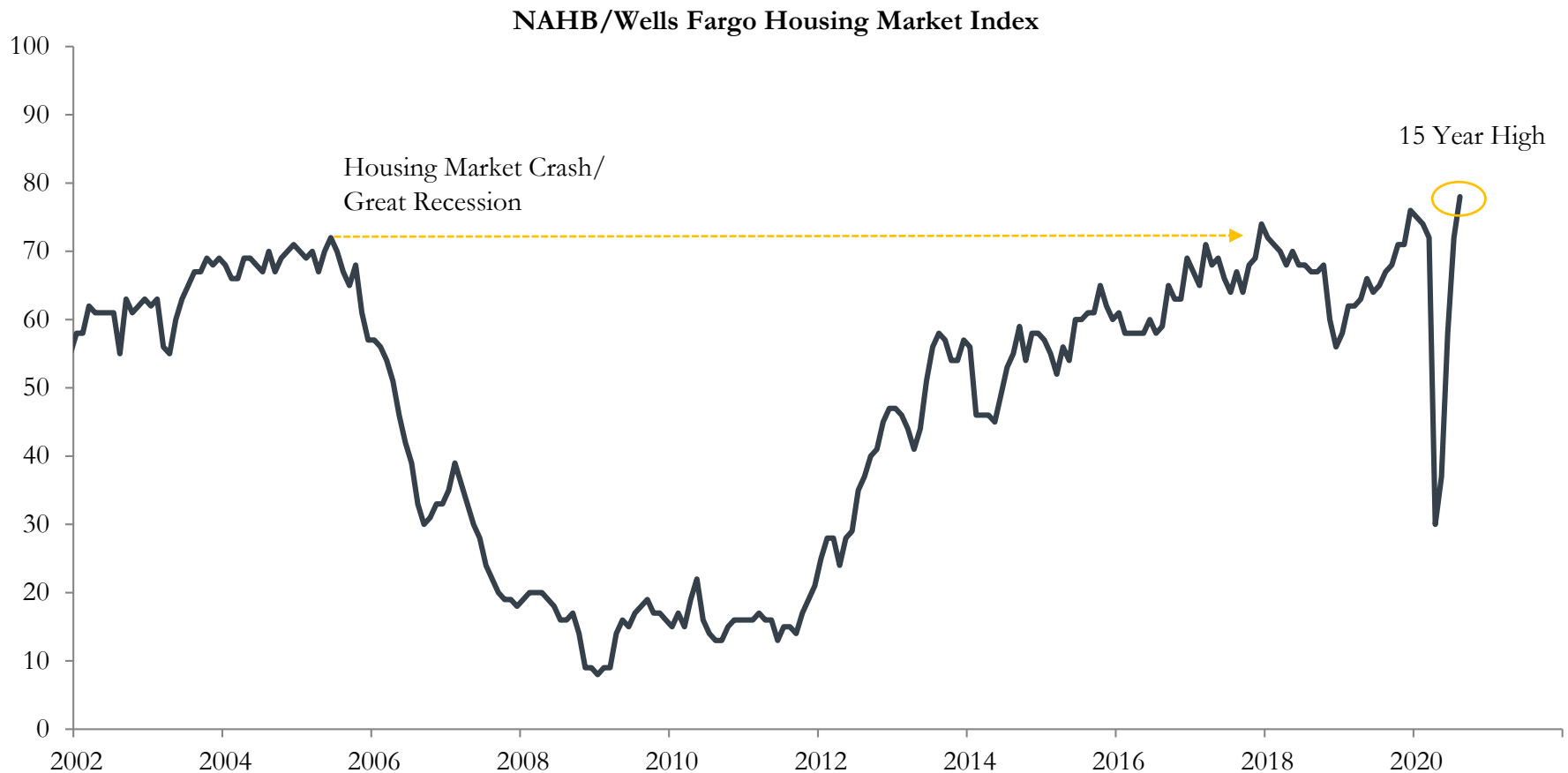
Source: CNR Research, Evercore ISI, US Department of Defense.

Government Funding Vaccine

Company	Sum of Funds (\$,M)	Used for
Novavax	\$1,600	Development (100M doses)
Johnson & Johnson	\$1,456	Development (100M doses)
Moderna	\$2,455	Development (100M doses)
Sanofi/GlaxoSmithKline	\$2,000	Development (100M doses)
Pfizer/NioNTech	\$1,950	Development (100M doses)
Oxford/AstraZeneca	\$1,200	Development (300M doses)
Regeneron	\$450	Development (anti-viral anti-body)
Emergent BioSolutions	\$628	Manufacturing
Grand River Aseptic Man	\$160	Manufacturing
Texas A&M University & FujiFilm	\$265	Manufacturing
McKesson Corp.	\$NA	Distribution
ApiJect	\$138	Distribution
Corning	\$204	Distribution
SiO2 Materials Science	\$143	Distribution
Grand Total	\$12,649	

Housing Didn't Get the Recession Memo

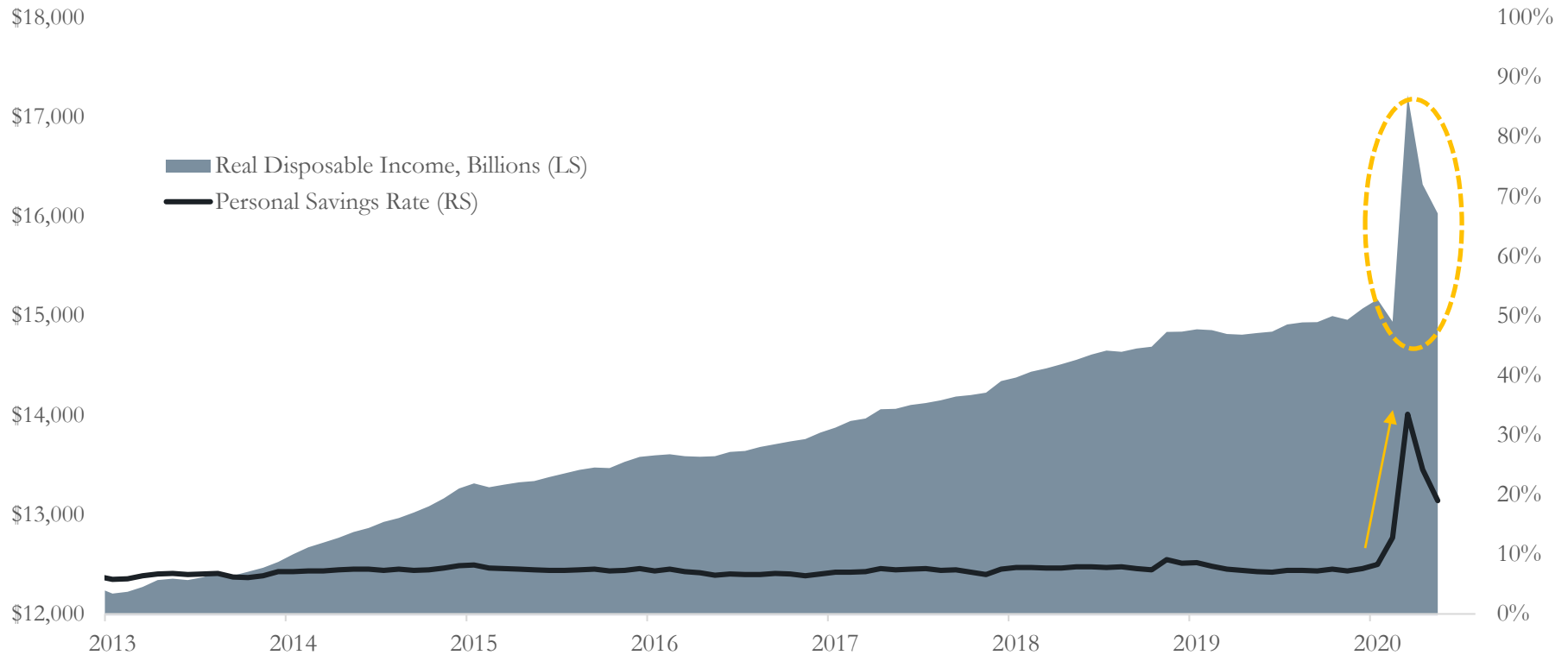
- This is the first recession that saw little to no impact in the housing market
- Given fundamentals, we believe housing will remain solid contributor to economic rebound



Source: NAHB/Wells Fargo Housing Market Index.
U.S. Census Bureau.

Despite Job Losses, Households Have Capacity to Spend

- Prompt and massive policy response has lifted household income to unprecedented levels
- How consumers spent their stimulus checks: 33% saved, 52% paid down debt, 15% spent
- A decline in savings to its Pre-Covid avg, would boost spending 11% even without any income gains



Source: St. Louis Fed

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Index Definitions

The Standard and Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The Bloomberg Barclays U.S. Corporate High Yield Index covers the U.S.-dollar denominated, non-investment grade, fixed-rate, taxable corporate bond market and includes securities with ratings by Moody's, Fitch and S&P of Ba1/BB+/BB+ or below.

The Swiss Re Cat Bond Index tracks the return for all outstanding USD denominated cat bonds. The index is based on Swiss Re pricing indications only.

The Bloomberg Barclays US Treasury Intermediate Index measures US dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with maturities of 1 to 9.9999 years to maturity.

The Dow Jones US Select Dividend Index includes a selection of stocks based almost entirely on dividend yield and dividend history. Stocks are also required to have an annual average daily dollar trading volume of more than \$1.5 million. These criteria help to ensure that the index represents the most widely traded of the markets highest-yielding stocks.

The MSCI Emerging Markets Index is a free-float weighted equity index that captures large and mid cap representation across Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.