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## Market Review

August 11, 2020

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### Market Commentary

The broad market indices are back near their prior highs led by technology and internet-based companies who have proven their mettle and benefitted from the acceleration in trends including work-from-home, e-commerce and direct streaming.

Notwithstanding, present economic conditions are in stark contrast to what prevailed back in February, attested by the underperformance of the banking sector. Government assistance programs are masking the reality of a double-digit unemployment rate and a shrinking economy. Unprecedented monetary policy actions are also acting as a backstop to financial calamity.

Economic activity will improve as lockdowns are lifted and countries reopen. The longer businesses operate under sub-optimal conditions, the higher the likelihood for permanent impairment. Physical distancing will remain in place until a vaccine is found and made widely available. Continued policy support is required until economies become self-sustaining.

With interest rates expected to remain near zero over the foreseeable future, stocks that can provide a steady and growing dividend are especially attractive. Be patient and wait for market dislocations to invest in financially strong companies in attractive secular growth industries.