MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

JUNE 2020

- For the full month, all three major equity indexes increased
- The best performing S&P 500 sector in May was Information Technology
- U.S.-China tensions remain a concern, along with recent domestic unrest
- We are also cautious for the near term given a range of uncertainties along with an existing premium market valuation

Rebounding equity markets during May captured investor optimism that the worst may be behind the economy against a backdrop of continuing fiscal and monetary support from governmental policies. Market enthusiasm seemed to increase as the month progressed as pandemic lockdowns were lifted spurring equities to move into valuation bands that could be ahead of fundamentals. Investor optimism improved as seen in the VIX Index, or "fear gauge" which trended down from April levels in the mid-30's to about 27.5 at the end of May. For the full month, all three major equity indexes increased with the Dow Jones Industrial Average up 4.3%, the S&P 500® index up 4.5%, and the smaller cap weighted Russell 2000® up 6.4%.

The best performing S&P 500 sector in May was Information Technology which increased 6.8% followed by the Materials sector which was up 6.7%. The weakest performances in the month were posted by the Energy sector which increased 0.7% followed by the Consumer Staples sector which was up 1.4%. For the twelve-month period, the Information Technology sector was the best performer with a 36.5% increase followed by the Health Care sector which was up 19.0%, while Energy was the worst performer for the past twelve months with a 32.5% decrease followed by the Financial Services sector which was down 10.0%.

Investor optimism for a successful reopening sustained 'risk on' sentiment into month-end. While the tech sector drove the initial recovery, of late, leadership has rotated into former laggards - financials, cyclicals and smaller capitalization issues more sensitive to a pickup in business. Now, the unanswered question remains, what will the 'new normal' look like until there is further progress on COVID therapeutics and vaccines? And, given that a handful of mega tech stocks including Alphabet, Amazon.com, Apple, Facebook, and Microsoft represent ~20% of the S&P 500, what are the implications for the markets if these growth leaders experience profit taking? We sense that investors are positioned near term in 'no man's land' awaiting evidence of recovery, while new headwinds are surfacing as we head into the fall 2020 U.S. elections including unrest erupting in many U.S. cities over police brutality and relations with China fraying.

Where to from here?

U.S.-China tensions appear to be rising and remain a concern - look for heightened rhetoric into the November elections. Although reframing from threats for new sanctions, at the end of last month, President Trump dialed up pressure on China, announcing that the U.S. was ending preferential treatment of Hong Kong in response to China's new national security laws. The action revokes Hong Kong's special treatment as a separate territory from the rest of China that has sustained the region as a major international financial center.

After the Senate passed the Holding Foreign Companies Accountable Act the legislation has moved to the House of Representatives for consideration. If passed into law, this would require foreign companies listed on U.S. exchanges to certify that they are not owned or controlled by a foreign government - targeted at potentially de-listing Chinese stocks trading in the U.S. What the response by China's leadership could be remains unknown, although many surmise U.S. technology company operations in China could be impacted. In sum, we expect political rhetoric to move higher into the U.S. elections as both Republicans and Democrats compete by taking increasingly aggressive positions on China - which could affect global economics and markets.

Market valuations suggest investors are anticipating a fast-paced economic bounce back as economies are reopening. We sense the recovery will be uneven and extend into 2021 for GDP growth to turn positive. Now, the S&P 500 is trading at over 24x current year EPS and about 19x 2021 projections - well above historical trend line P/E multiples of 15-16x of forward earnings - which we view as fully valued. We sense that any bumps in the recovery road could leave markets susceptible to a pullback. Still, we remain confident stimulus efforts already forthcoming from central banks around the globe along with fiscal programs initiated by many governments will ultimately produce a solid economic recovery once vaccines and or therapeutics to manage COVID-19 become broadly available. As such, although we are cautious for the near term given a range of uncertainties and the existing premium market valuation, we continue to advocate scaling into select quality growth stocks possessing strong balance sheets, differentiated products and services remaining in demand, and, generating free cash flow supporting dividends.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	5/29/2020	12/31/2019	% Change YTD	4/30/2020	% Change (Monthly)
S&P Composite	3,044.31	3,230.78	-5.77%	2,912.43	4.53%
Dow Jones Industrials	25,383.11	28,538.44	-11.06%	24,345.72	4.26%
NASDAQ Composite	9,489.87	8,972.60	5.76%	8,889.55	6.75%
Russell 2000	1,394.04	1,668.47	-16.45%	1,310.66	6.36%
FTSE 100	6,076.60	7,542.44	-19.43%	5,901.21	2.97%
Shanghai Composite	2,852.35	3,050.12	-6.48%	2,860.08	-0.27%
Nikkei Stock Average	21,877.89	23,656.62	-7.52%	20,193.69	8.34%
Stoxx Europe 600	350.36	415.84	-15.75%	340.03	3.04%
MSCI Emerging Markets	930.35	1,114.66	-16.54%	924.94	0.58%
MSCI Emerging Markets Small Cap	824.71	1,037.81	-20.53%	806.79	2.22%

Performance of S&P 500 by Industry:	% of Index as of 05/29/20	1 Month	3 Month	Year to Date	12 Months
Consumer Discretionary	10.53%	4.86%	9.45%	1.62%	14.09%
Consumer Staples	7.13%	1.38%	1.78%	-6.37%	6.29%
Energy	2.92%	0.67%	-15.12%	-36.12%	-32.52%
Financials	10.44%	2.43%	-12.07%	-24.22%	-10.02%
Health Care	15.23%	3.11%	11.39%	0.84%	18.98%
Industrials	7.96%	5.13%	-7.80%	-17.08%	-5.73%
Information Technology	26.21%	6.83%	10.92%	6.66%	36.54%
Materials	2.53%	6.69%	5.36%	-9.71%	5.79%
Communication Services	10.97%	5.99%	5.63%	-0.41%	14.84%
Utilities	3.24%	3.90%	-3.76%	-8.01%	2.76%
Real Estate	2.84%	1.74%	-5.90%	-10.84%	-4.80%
S&P 500 (Absolute performance)	100%	4.53%	3.05%	-5.77%	10.62%

Interest Rates:	5/29/2020	12/31/2019	YTD Change (Basis Points)	4/30/2020	Month Change (BPS)
Fed Funds Effective Rate	0.05%	1.55%	-150	0.05%	0
Prime Rate	3.25%	4.75%	-150	3.25%	0
Three Month Treasury Bill	0.13%	1.53%	-140	0.12%	1
Ten Year Treasury	0.65%	1.92%	-126	0.64%	1
Spread - 10 Year vs 3 Month	0.52%	0.39%	13	0.52%	0

Foreign Currencies:	5/29/2020	12/31/2019	% Change YTD	4/30/2020	% Change (Monthly)
Brazil Real (in US dollars)	0.19	0.25	-24.7%	0.18	2.8%
British Pound (in US dollars)	1.23	1.33	-6.9%	1.26	-2.0%
Canadian Dollar (in US dollars)	0.73	0.77	-5.7%	0.72	1.2%
Chinese Yuan (per US dollar)	7.14	6.96	2.5%	7.06	1.0%
Euro (in US dollars)	1.11	1.12	-1.0%	1.10	1.3%
Japanese Yen (per US dollar)	107.83	108.61	-0.7%	107.18	0.6%

Commodity Prices:	5/29/2020	12/31/2019	% Change YTD	4/30/2020	% Change (Monthly)
CRB (Commodity) Index	367.12	401.58	-8.6%	353.23	3.9%
Gold (Comex spot per troy oz.)	1730.27	1517.27	14.0%	1686.50	2.6%
Oil (West Texas int. crude)	35.49	61.06	-41.9%	18.84	88.4%
Aluminum (LME spot per metric ton)	1526.25	1781.25	-14.3%	1459.00	4.6%
Natural Gas (Futures 10,000 MMBtu)	1.85	2.19	-15.5%	1.95	-5.1%

Economic Indicators:	4/30/2020	12/31/2019	% Change YTD	3/31/2020	% Change (Monthly)
Consumer Price Index	255.9	258.4	-1.0%	258.0	-0.8%
Producer Price Index	196.6	207.7	-5.3%	203.7	-3.5%
	Q1 2020	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**
GDP Growth Rate (Quarterly)	-5.00%	2.10%	2.10%	2.00%	3.10%
	April	**March**	**February**	**January**	**December**
Unemployment Rate (End of Month)	14.7%	4.4%	3.5%	3.6%	3.5%

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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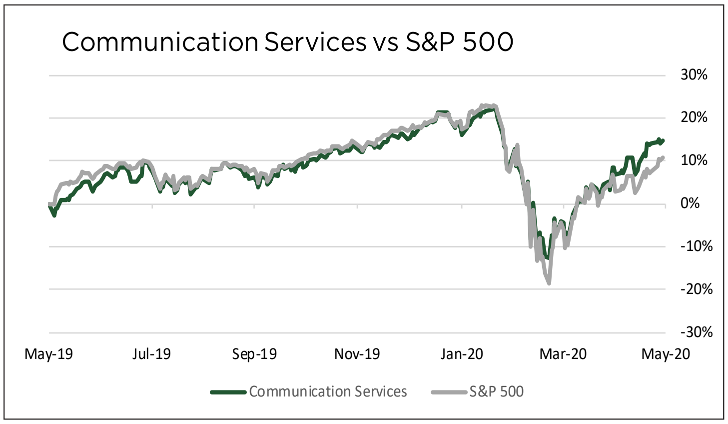
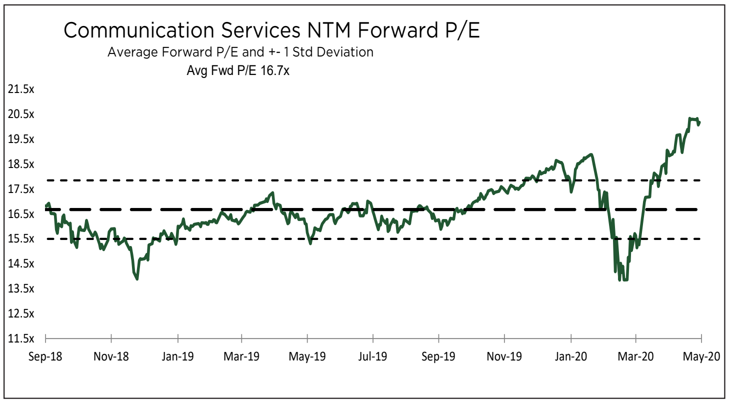
Sector Updates

COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.99%	5.63%	-0.41%	14.84%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	DISH Network Corp	26.5%
	News Corp - A	23.6%
	ViacomCBS Inc	20.2%
	News Corp - B	20.0%
	T-Mobile US Inc	13.9%
Laggards	CenturyLink Inc	-7.4%
	Discovery Inc - C	-4.0%
	Omnicom Group Inc	-3.9%
	Discovery Inc	-3.0%
	Verizon Comm.s Inc	-0.1%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$8.19	$8.19	$9.96
22.1x	22.1x	18.2x

Sector Update

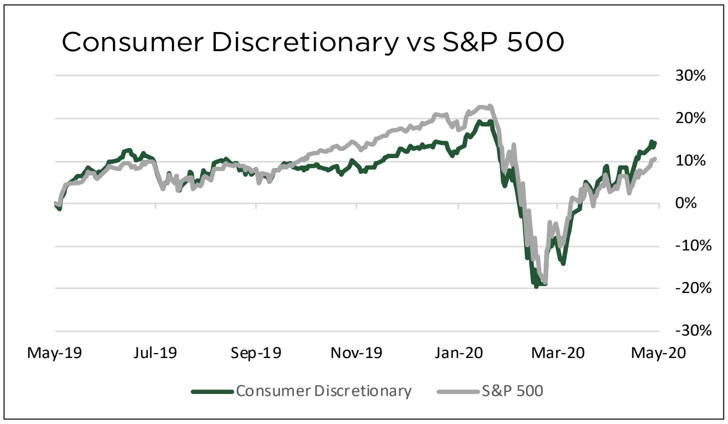
The Communications Services sector appreciated 5.99% in May and declined 0.4% year-to-date, compared to the S&P 500 index, which rose 4.53% in May and declined 5.77% year-to-date. Interactive Media and Services was the top performing sub-sector rising 7.6% in May and 7.8% year-to-date, with Alphabet and Facebook shares up 7% and 9.7% year-to-date.

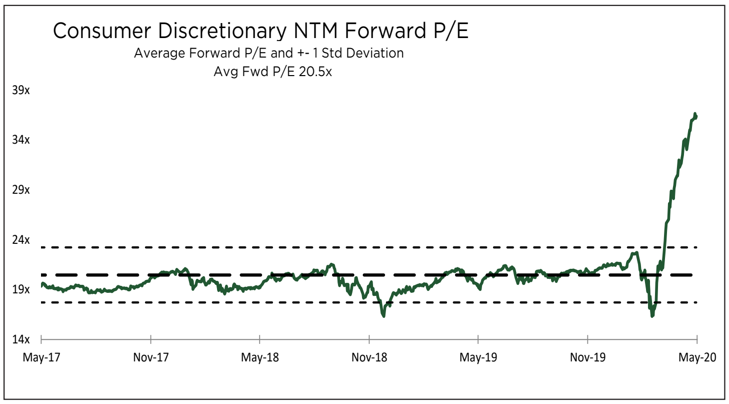
While Diversified Telecommunications lagged other sub-sectors (+0.4% in May and down 14.5% year-to-date), the closure of the T Mobile/Sprint merger contributed to the significant rise in T Mobile shares in May (+13.9%) and year-to-date (+27.5%). T Mobile's acquisition of Sprint provided it with 160 MHz of mid-band (2.5 GHz) spectrum. T Mobile plans to build out a nationwide 5G network based on its mid-band spectrum to serve most large urban markets within 12 to 18 months, up to 1.5 years ahead of AT&T and Verizon. Mid-band spectrum is the ideal 5G spectrum that can deliver a significant increase in average download speeds (8-13x faster than 4G) with peak speeds of 1 gigabit per second and a wireless signal that can travel several miles. AT&T and Verizon do not have mid-band spectrum but could purchase mid-band spectrum (in the 3.5-4 GHz range) in the C Band auction in December 2020. However, they may not be able to begin constructing mid-band networks until the fall of 2021, since satellite companies have until September 2021 to clear their spectrum.

DISH Network shares soared 27.5% in May as the closure of the T Mobile/Sprint merger could facilitate DISH's potential entry into the U.S. wireless market. DISH agreed to purchase Sprint's 9 million prepaid subscribers for $1.4 billion and 800 MHz spectrum for $3.6 billion. DISH will have the right to obtain wholesale access to T Mobile's network for seven years. DISH plans to build out its own nationwide 5G network that is expected to cover 70% of the U.S. population by 2023. DISH believes that its planned 5G wireless network will have a much lower cost structure than existing wireless networks due to its reliance on open standards, the cloud, and software defined network technology. DISH still needs to raise $10 billion to fund its 5G network construction.

The global stay at home and social distancing mandates issued by U.S. states and most countries in response to COVID 19 led to the closure of Comcast's Universal and The Walt Disney Corporation's theme parks. Disney reopened its Shanghai theme park on May 11 with reduced attendance (less than 30% of capacity), mandated masks for employees and guests, contact tracing, and other safe guards. Both Comcast and Disney plan to begin reopening their U.S. theme parks this summer with reduced attendance and other restrictions to safeguard employees and guests. Comcast and Disney theme parks contributed 28% and 40% of their profit in FY19. Comcast and Disney may need to operate their theme parks at reduced capacity as long as the COVID 19 virus remains a potential threat.

The Communications Services sector could continue to outperform the market if investors gravitate to underperforming media and telecommunications companies that have ample liquidity, strong free cash flow and attractive valuations.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.86%	9.45%	1.62%	14.09%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	L Brands Inc	36.2%
	Lowe's Cos Inc	24.4%
	Dollar Tree Inc	22.8%
	Lennar Corp	20.8%
	Tractor Supply Co	20.3%
Laggards	Under Armour Inc - A	-16.0%
	Under Armour Inc - C	-15.2%
	Nordstrom Inc	-14.1%
	Leggett & Platt Inc	-12.9%
	Tapestry Inc	-8.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$32.00	$19.97	$38.50
31.3x	50.2x	26.0x

Sector Update

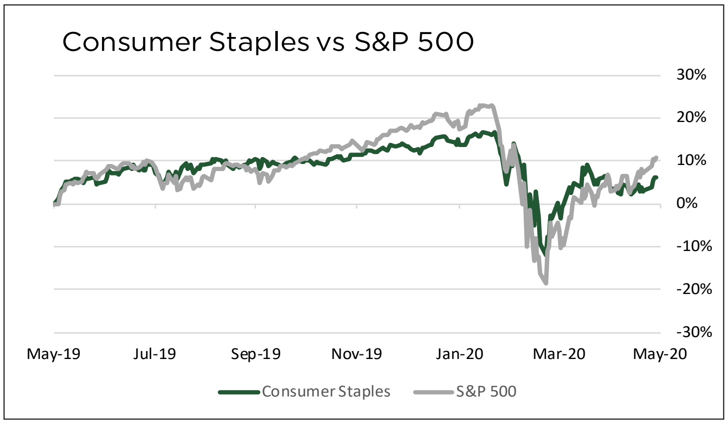
Stocks comprising the Consumer Discretionary sector charged back into positive territory on a year-to-date basis during May as investors appear to have been reassured around recovery potential as lockdowns are eased across the country. The sector has significantly outperformed the S&P 500 on both a year-to-date basis and trailing twelve month basis as seen in the accompanying table.

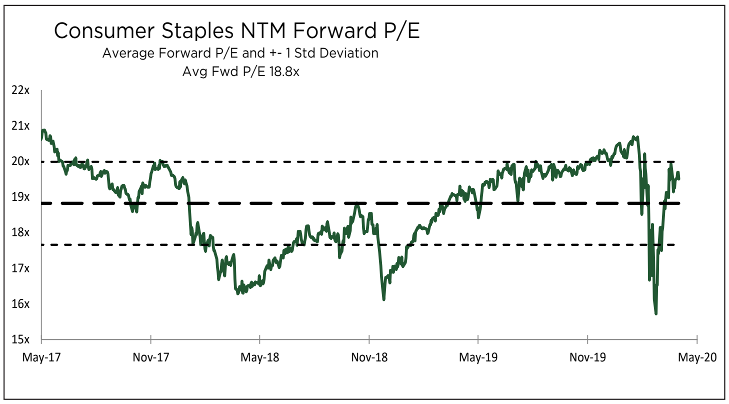
The resiliency of the American consumer was seen in rebounding consumer sentiment reported in late-May. Consumer sentiment sharply declined in March and April as reported by the University of Michigan reaching a low point of 71.8 in April reflecting pandemic related concerns. The May report at 72.3 represented a modest lift in sentiment benefiting from the strong levels of government intervention including stimulus check payments. We note that although sentiment has dropped sharply from highs in the 101 range earlier this year, the metric remains well above the lows seen during the 2008 financial crisis of 55.3. Likewise, consumer confidence ticked up in May coming in at 86.6 for the month which is up from a revised 85.7 reading in April according to the Conference Board.

The nationwide lockdown and high levels of unemployment have carried a toll on the retail sector, in particular, with the drag being seen in April retail sales which were reported during May. The Commerce Department reported that April retail sales dropped 16.4% with sales down in every category except online as consumers have shifted to ecommerce during shelter-in-place restrictions with internet sales up 8.4%. Gas stations were particularly hard hit down 29% for the month reflecting both the impact of less driving due to lockdowns and the effect of much lower gasoline prices. After a boost in March, April sales at grocery stores dropped 13% as consumers reined in stockpiling of key essentials.

Although down 6.2% versus the prior year, April new home sales picked up 0.6% versus March running at 623,000 homes on an annualized basis. The Northeast experienced a significant uptick in activity with sales advancing 9.7% month-on-month while the western U.S. saw a drop of 6.3%. Meanwhile, existing home sales were also reported in late May indicating that sales dropped 17.2% versus the prior year and 17.8% on a month-to-month basis. The supply of existing homes for sale was also quite weak dropping 19.7% versus last year to 1.47 million units. With a backdrop of low mortgage rates and stabilizing to increasing consumer sentiment with lockdowns being eased, the trend in home sales through the summer will be closely scrutinized for signs of potential improvement.

As lockdowns are eased across the U.S., consumers appear to be venturing out on the road again in greater numbers contributing to rising gasoline prices. Retail gasoline prices recovered during May running at about $2.05 per gallon at month-end which is above April levels at $1.87. We note that gasoline prices are still well below the prior year level of $2.91 per gallon providing some consumer discretionary spending support.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.38%	1.78%	-6.37%	6.29%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Monster Beverage Corp	16.3%
	Estee Lauder Cos Inc	11.9%
	McCormick & Co Inc	11.7%
	Clorox Co	10.6%
	Church & Dwight Co Inc	7.3%
Laggards	Coty Inc	-33.4%
	Molson Coors Bev. Co	-7.4%
	Lamb Weston Hold. Inc	-2.1%
	Sysco Corp	-2.0%
	Philip Morris Intl. Inc	-1.7%

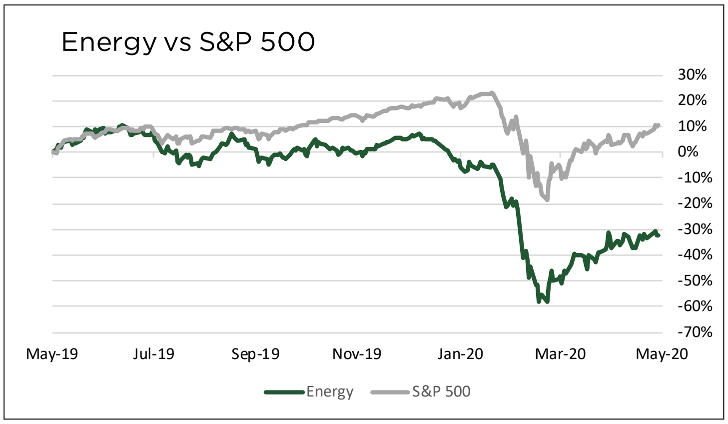
Consensus FY EPS / P/E

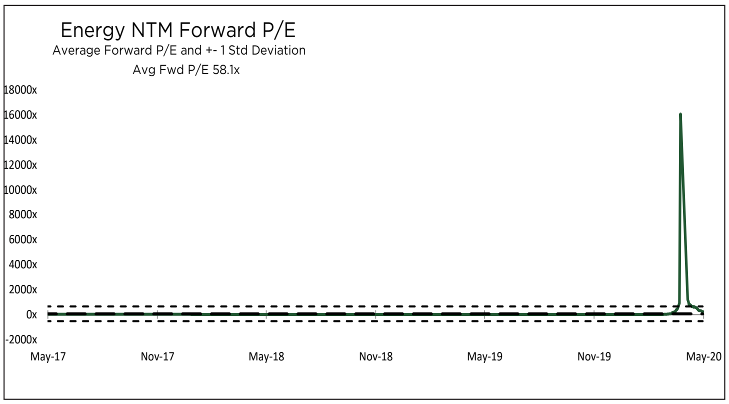
Last Year	Current Year	Next Year
$30.35	$29.31	$31.63
20.0x	20.7x	19.2x

Sector Update

The Consumer Staples sector reported an increase of 1.38% on average in May which lagged the S&P 500 Index that increased about 4.53%. Gains for the Personal Products segment continued to be the key contributor to performance for the sector during the month reflecting continued strong purchases by consumers for such items as toilet paper, soap and cleaners. Other sectors reported more modest gains for the month with the exception of tobacco. The Consumer Staples sector currently trades with a forward P/E on next year's earnings of about 19.2x which is moving towards the upper end of its historic trading range. We remain favorable towards owning stocks with well-positioned product portfolios in leading categories, offering strong balance sheets and cash flow generation, and operating with experienced management. In an ongoing lower rate environment, an investment in many of the Consumer Staples companies continues to offer an attractive dividend yield. Any shift in sentiment could result in a rotation out of the more defensive segments.

Key focus centers on the consumer behavior and shopping patterns, the growing use of e-commerce, inventory and product placement on retail shelves and resets, inventory levels and expectations as the coronavirus overhang lessens and environments begin to reopen. During the stay-at-home mandates, consumers were cooking, eating, drinking and snacking more at home. The key question is whether consumer behavior patterns have shifted and whether consumers will continue to navigate to purchase brands at an increasing pace for in-home consumption. At present, demand for many US packaged goods and beverages still continues to outpace current expectations and inventory levels. The longer-term behavior and the level of consumer pantry inventory replenishment remain key questions. At present, the threat to domestic meat processing and availability as a number of domestic plants shut down remains a top concern. While restaurants and on-premise establishments are beginning to re-open in the US, foodservice sales are expected to remain weak in Q2 and the debate of food-at-home vs out-of home remains a conversation. Those companies that have invested in their infrastructure, supply chain, and brands should emerge well-positioned with likely market share gains. Management remains a key factor to support successful execution in the current environment along with the strength of the balance sheet and cash flow generation.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.67%	-15.12%	-36.12%	-32.52%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	ONEOK Inc	22.6%
	Baker Hughes Co	18.4%
	Halliburton Co	11.9%
	Schlumberger Ltd	9.8%
	Marathon Petroleum Corp	9.5%
Laggards	Occidental Petrol. Corp	-22.0%
	Apache Corp	-17.5%
	TechnipFMC PLC	-16.9%
	Devon Energy Corp	-13.3%
	Marathon Oil Corp	-12.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$14.32	-$2.73	$6.95
20.4x	-107.0x	41.9x

Sector Update

As states began to re-open from lockdown during May, energy markets started the month in an upswing that was further strengthened as production cuts kicked in. The OPEC+ group had committed to a 9.7 million barrel per day production cut to commence in May which set the backdrop for the beginning of a move towards rebalancing. In early May, Saudi Arabia announced independently that the Kingdom would cut output by an additional one million barrels per day on June 1 which further strengthened the recovery in oil prices. This announcement brings Saudi Arabia to about 4.8 million barrels per day lower production than its prior peak level with June expected to be running at about 7.5 million barrels per day. Further encouraging news appeared towards month-end with reports appearing that the OPEC+ group will likely consider extending production cuts by as much as several more months.

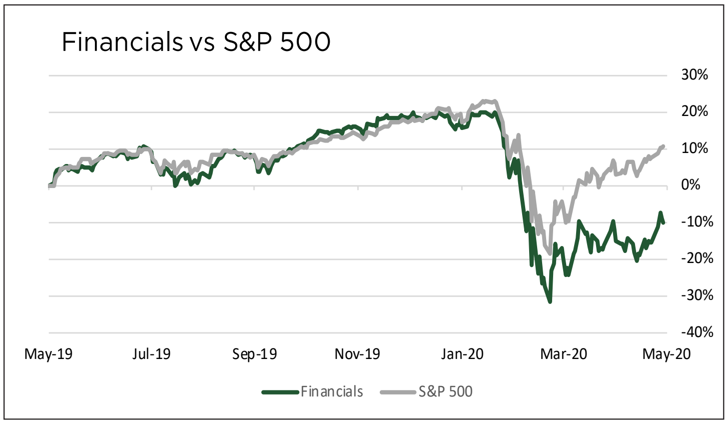
Oil prices during May rebounded sharply with WTI advancing from about $20 per barrel at the start of the month to finish at about $35 per barrel at month-end. The combination of widespread production cuts and the resumption of driving as lockdowns ended appeared to be the catalysts needed for the spike in oil prices which was the largest monthly increase on record. Further gains appear uncertain as factors ranging from the pace of renewed travel activities this summer and rising conflict with China are weighing on the oil price outlook.

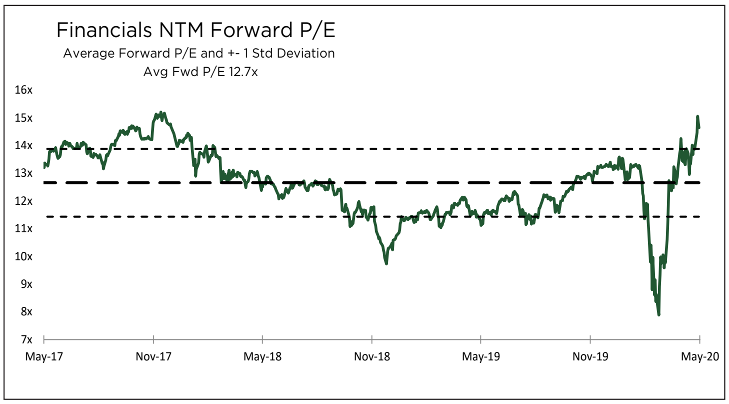
Gasoline demand is showing signs of improvement as lockdowns are lifted with gasoline prices rising during May. This follows the most challenging month for the gasoline industry on record with April deliveries down 31.1% according to the American Petroleum Institute. Retail gasoline prices recovered during May running at about $2.05 per gallon at month-end which is above April levels at $1.87. We note that gasoline prices are still well below the prior year level of $2.91 per gallon. With the summer driving season kicking off with the easing of lockdowns, further gains could be seen as the summer progresses.

The Baker Hughes oil rig count dropped sharply in the month coming in at 222 rigs on May 29 versus 325 rigs on May 1. Oil rig count was far below the prior year level of 800 rigs reflecting the rapid drop in rigs in operation due to the pandemic induced cutbacks. U.S. crude oil storage at 534 million barrels was up only slightly from last month's level of 528 million barrels reflecting the impact of lower production helping to moderate inventory growth against the demand drop during the pandemic lockdowns. We note that storage levels have been rebounding off the 2018 lows and are approaching highs seen in 2017.

Following the downturn seen in mid-2015 to the fall of 2016, U.S. crude oil production has been in a secular uptrend which continued through 2019 and into 2020 before reversing during the COVID-19 pandemic. The trough daily production seen in 2015 was in the 8.5 million barrels per day range and peaked earlier this year at about 13.1 million barrels per day before slipping to the April level of 12.1 million barrels per day and further declining to 11.4 million barrels per day in May.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.43%	-12.07%	-24.22%	-10.02%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Ameriprise Financial Inc	21.9%
	Arthur J Gallagher & Co	20.1%
	American Intl. Group Inc	18.2%
	Everest Re Group Ltd	14.6%
	Aon PLC	14.1%
Laggards	Unum Group	-13.2%
	Cincinnati Financial Corp	-10.4%
	People's United Fin. Inc	-9.8%
	Wells Fargo & Co	-8.9%
	Invesco Ltd	-7.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$31.84	$22.96	$31.55
12.2x	16.9x	12.3x

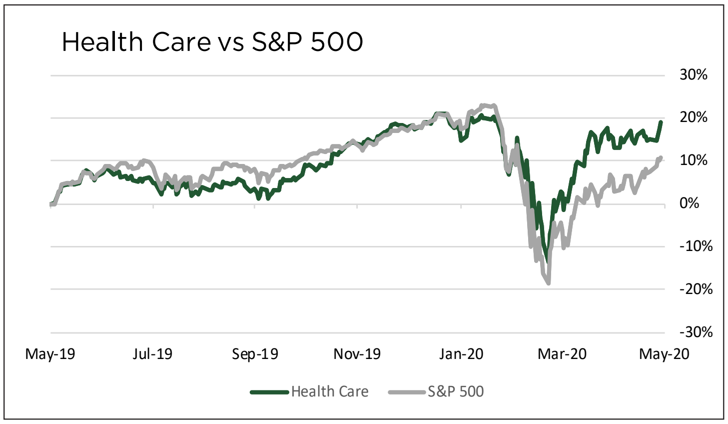
Sector Update

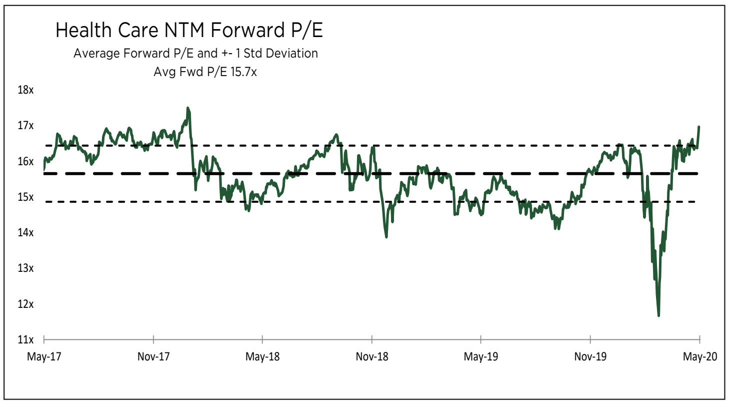
The Financials sector improved 2.43% in May, but continued to lag the S&P 500® that increased 4.53% for the month. Trailing twelve-month returns show a 10.02% decrease in the sector compared to a 10.62% gain in the major index. The sector's exposure to global macroeconomic shocks related to Coronavirus and pressure on interest sensitive revenue streams may continue to drive performance that lags the broader market despite recent cyclical rotation on re-opening optimism.

The Insurance, Capital Markets, and Consumer Finance sub-sectors posted 5.7%, 5.6%, and 5.0% gains in May, respectively. Banks and Diversified Financial services sub-sectors posted less than one percent declines for the month. Insurers and consumer credit firms gained on optimism that business interruption could end and credit losses showed no material erosion through the first five months of the year. Outside of Ameriprise Financial (AMP) that delivered better than expected results early in the month, the top performers in the sector were insurance companies that benefit from the resumption of business activity.

Recent performance has been encouraging, but looming uncertainties and the expiration of account forbearance and government stimulus, along with Q2 earnings and guidance likely to reflect a more fulsome impact of the COVID pandemic leave us on cautious footing regarding the sector.

Following reductions in current year earnings estimates, the Financials sector trades well above its average P/E of 12.8x current year earnings expectations. Utilizing 2021 estimates, the sector appears fairly valued compared to its average, particularly given macroeconomic and geopolitical uncertainty that could reverse sentiment toward the group in the back-half of 2020.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.11%	11.39%	0.84%	18.98%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	ABIOMED Inc	17.1%
	Regeneron Pharma. Inc	16.5%
	STERIS PLC	16.4%
	Agilent Technologies Inc	15.0%
	Vertex Pharma. Inc	14.6%
Laggards	Gilead Sciences Inc	-7.3%
	Amgen Inc	-4.0%
	HCA Healthcare Inc	-2.7%
	Becton Dickinson and Co	-2.2%
	Bristol-Myers Squibb Co	-1.8%

Consensus FY EPS / P/E

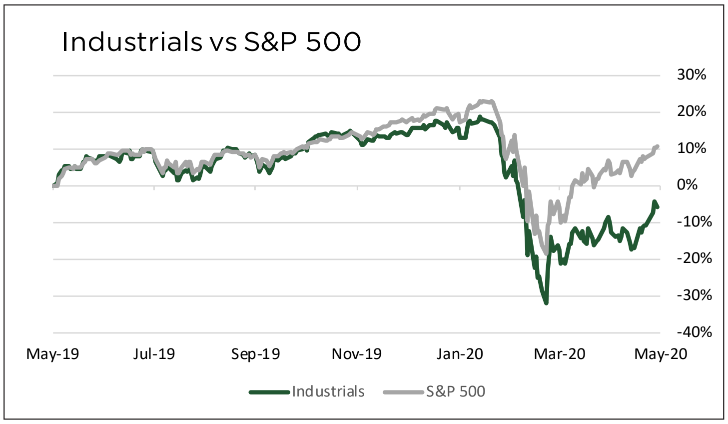
Last Year	Current Year	Next Year
$56.37	$66.38	$77.30
21.3x	18.0x	15.5x

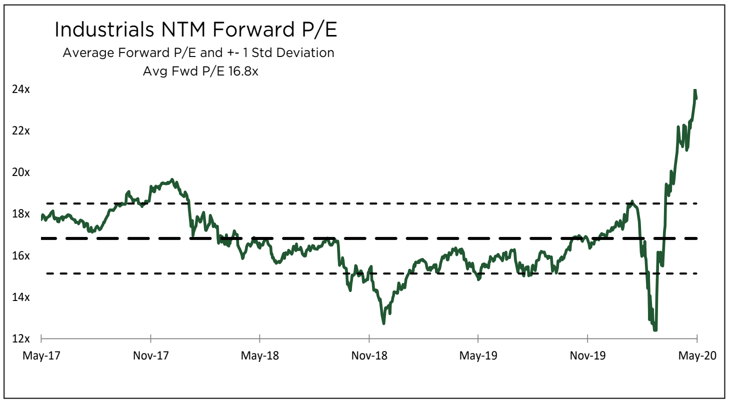
Sector Update

Markets posted a second consecutive strong month in May despite weak economics as investors gained confidence tied to stimulus efforts from the Fed and U.S. Congress to support those thrown out of work by stay at home efforts designed to limit the spread of COVID-19 and discussion turned to reopening of the economy. As a result, investors started to rotate from defensive sectors including health care into those poised to recover as the economy reopened with the broad market (S&P 500) rising by 4.5% in May that contrasts to a more limited ramp by the health care sector that was up 3.1%. Still, over the past three months the defensive health care group was the strongest segment within the S&P – rising by 11.4% versus 3.1% - as the sector remained front and center in the battle to manage COVID-19 offering new diagnostics in addition to advancing therapeutics and vaccines. We anticipate growth oriented sectors beyond health care to outperform as the economy reopens in the coming months, while over the intermediate and longer term, demand for health care will rebound.

As the COVID-19 viral pandemic set in, biopharma companies focused on delivering diagnostics and identifying potential antiviral therapeutics initially gained media headlines, while those focused on sterilization/decontamination or supporting vaccine R&D have also performed well of late. Sector leaders this past month each participate in the COVID effort in some way. Abiomed shares have started to recover despite weaker than forecast results as management has taken decisive steps to cut costs (including CEO/COO comp) while the firm's impella heart assist device has been approved by the FDA for use in treating critically ill COVID-19 patients. Regeneron reported strong upside 1Q20 earnings, while the firm is advancing a COVID therapy cocktail that management targets for availability into fall 2020. Likewise, Steris reported upside 4Q20 earnings with strong demand for its sterilization/decontamination products and services that among others includes technology permitting for reuse of protective masks (that have been in short supply). Agilent also reported strong 2Q20 earnings with its cell isolation technology being in strong demand among biopharmas focused on vaccine development. In addition, the firm gained FDA approval on its PD-L1 companion diagnostic that enhances physician capability to determine which immune oncology therapeutic to employ in treating non-small cell lung cancer patients.

Others in the health care sector backed off last month including Gilead after investors became concerned over limited use of experimental drug Remdesivir - having 'emergency' FDA approval - for treating patients experiencing severe COVID-19 complications that could reduce bottom line impact. And, leading for-profit hospital operator HCA had a soft 1Q20 due to reduced elective surgeries – a national phenomenon – that is expected to stabilize in the coming months as states reopen for business.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.13%	-7.80%	-17.08%	-5.73%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Fortune Brands	26.5%
	JB Hunt Transport Svs Inc	18.3%
	Old Dominion Freight Inc	17.8%
	Textron Inc	17.5%
	TransDigm Group Inc	17.0%
Laggards	American Air. Group Inc	-12.6%
	Xylem Inc/NY	-7.7%
	Flowserve Corp	-7.3%
	Nielsen Holdings PLC	-5.7%
	United Airlines Hold. Inc	-5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$32.99	$18.93	$31.63
17.3x	30.1x	18.0x

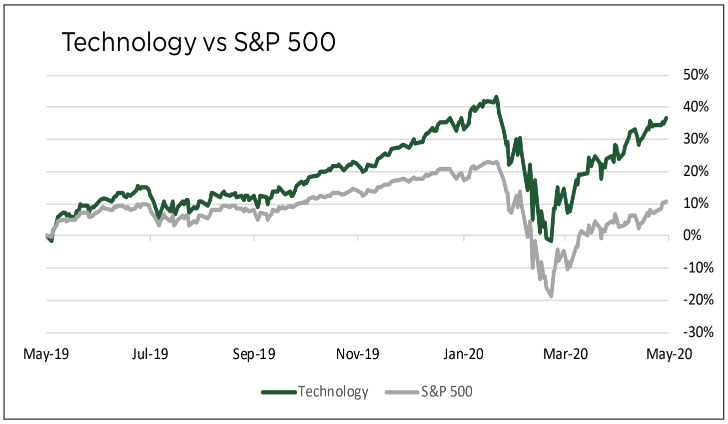
Sector Update

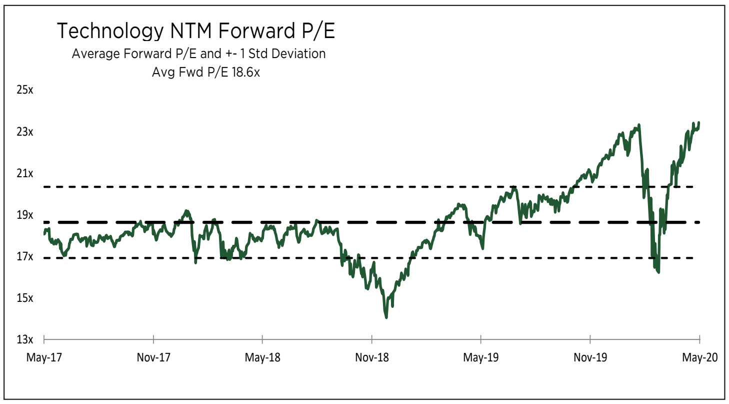
Industrial issues advanced by 5.1% in May, outperforming the S&P 500 index that was up by 4.5%. The airlines were the worst performing industry in May and posted the only negative returns for the month. The group is down nearly 55% YTD as the COVID-19 pandemic has disrupted everything from business travel to leisure trips. It remains unclear what the travel industry will look like in a "new normal" environment, with the potential for social and behavioral changes having a lasting impact on businesses. Conversely, trading companies & distributors as well as building products were top performers in May. Cyclical stocks like industrials began to show leadership as many local economies transitioned to reopening businesses and overall sentiment shifted to a higher risk appetite.

While April existing single-family home sales declined a mid-teens percentage sequentially and year-over-year (most recent data from the National Association of Realtors), the Mortgage Bankers Association indicates that new purchase applications continue to rise on a weekly basis, suggesting that pent-up demand from early spring may be supportive of housing turnover in the near term. Building products companies could see an associated increase in future demand from repair and remodel activity that tends to follow higher levels of turnover. Increased involvement in do-it-yourself projects for categories like paint and plumbing could also be positive for the group as consumers embrace working and staying at home more often. Time will tell if these trends have staying power. Potential industry offsets include low housing supply, high prices and sweeping unemployment across the country that has damaged many household financial positions.

More broadly, domestic manufacturing activity improved in May according to the U.S. ISM Manufacturing PMI that registered 43.1%, up 1.6% sequentially. The index recaptured only a small percentage of the precipitous fall experienced in April. New orders, production and the employment index each improved month over month, but demand indicators remained squarely in contraction territory. Overall respondent commentary was mixed, with some highlighting COVID-19 and supply chain related production issues, while others appeared optimistic for future activity despite near term challenges. In China, easing social and work restrictions contributed to an improvement in production levels, according to the IHS Markit, Caixin China PMI, which resulted in a reading just above 50 that indicates net expansion in manufacturing activity. Still, demand remains relatively weak primarily related to lower export orders. At the very least, supply chains appear to be stable and trending in the right direction, and now investors begin to focus on the potential demand curve trajectory over the coming months and quarters.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.83%	10.92%	6.66%	36.54%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Fortinet Inc	29.2%
	PayPal Holdings Inc	26.0%
	NVIDIA Corp	21.5%
	IPG Photonics Corp	20.2%
	Synopsys Inc	15.1%
Laggards	DXC Technology Co	-21.6%
	Xerox Holdings Corp	-13.2%
	Cognizant Tech. Solutions	-8.7%
	Alliance Data Sys. Corp	-7.5%
	Motorola Solutions Inc	-5.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$63.25	$67.08	$77.56
27.2x	25.6x	22.2x

Sector Update

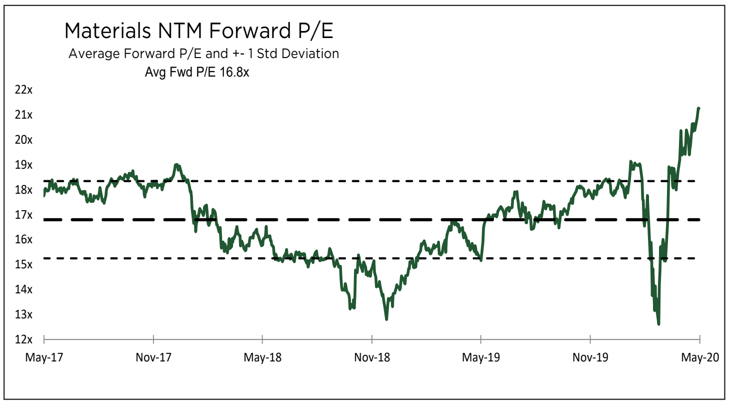
The Technology sector appreciated 6.83% in May and 6.66% year-to-date, compared to the S&P 500 index, which rose 4.53% in May and declined 5.77% year-to-date. Investors rotated into underperforming sectors, with Communications Equipment (-1.2% year-to-date) the best performing sub sector in May (+10.2%) and over the past three months (+14.8%). Cisco Systems, contributed to sector performance, with its shares up 12.8% in May. Global stay at home orders in response to COVID 19 drove significant demand for Cisco's Webex secure conferencing solutions. Webex was the most popular enterprise conferencing solution with 500 million users in April generating 25 billion meeting minutes, compared to Zoom with 300 million users, and Microsoft Teams with 200 million users and 4.1 billion meeting minutes. Cisco also reported strong demand for its secure VPN solutions.

Most technology sectors outperformed the market year-to-date, with Software up 15.6%, Technology Hardware, Storage and Peripherals (+ 5.3%), Semiconductors and Semiconductor Equipment (+4.1%), and IT Services (+1.5%).

Fortinet, a security software provider, was the top performing company in the Technology sector, with its shares up 29.2% in May. Stay at home orders in response to COVID 19 drove strong demand for Fortinet's secure VPN and wide area network solutions. NVIDIA shares soared 21.5% in May on strong demand from cloud and data center companies for its new A100 graphics chips. The company's gaming revenue increased 27% as video gamers purchased new laptops powered by NVIDIA graphics chips. Synopsis shares rose 15% in May as the company delivered better than expected results on increased demand from semiconductor manufacturers for its IP, software verification, and design tools. Semiconductor companies are investing in advanced manufacturing facilities to accommodate potential demand for state of the art semiconductors for 5G smart phones and infrastructure, artificial intelligence and machine learning, robotics, and cloud computing.

The Technology sector could lag the market in the near-term as investors could rotate into underperforming sectors. However, long-term growth investors may be inclined to maintain their exposure to the Technology sector as they anticipate improved sector performance in 2021. Software companies could continue to grow at a robust pace on corporate demand for cloud computing and software as a service. Semiconductor revenue could begin growing next year on cloud and data center companies' upgrade to 400 gigabit networks, telecommunications carriers continued build out of 5G wireless and wireline infrastructure, and a potential recovery in the automotive industry. Corporations will need to increase spending on security software and secure conferencing solutions to support an increased number of stay at home workers.

MATERIALS



Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.69%	5.36%	-9.71%	5.79%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Albemarle Corp	24.6%
	Eastman Chemical Co	12.5%
	Sealed Air Corp	12.3%
	PPG Industries Inc	11.9%
	Sherwin-Williams Co	10.7%
Laggards	Westrock Co	-12.8%
	Amcor PLC	-8.7%
	Vulcan Materials Co	-4.1%
	Newmont Corp	-1.7%
	International Paper Co	-0.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.79	$14.60	$18.83
20.8x	23.9x	18.5x

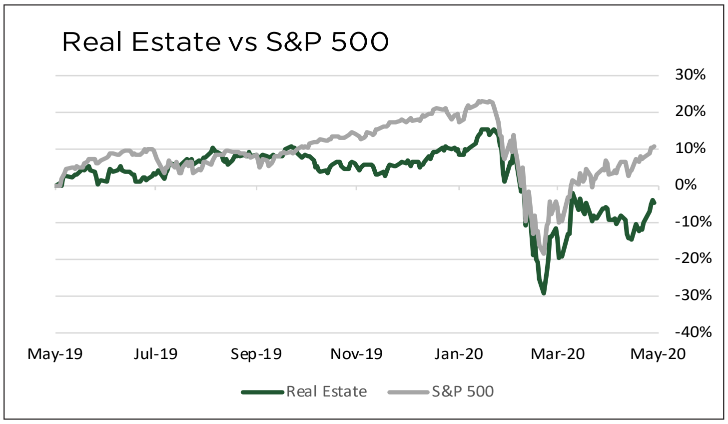
Sector Update

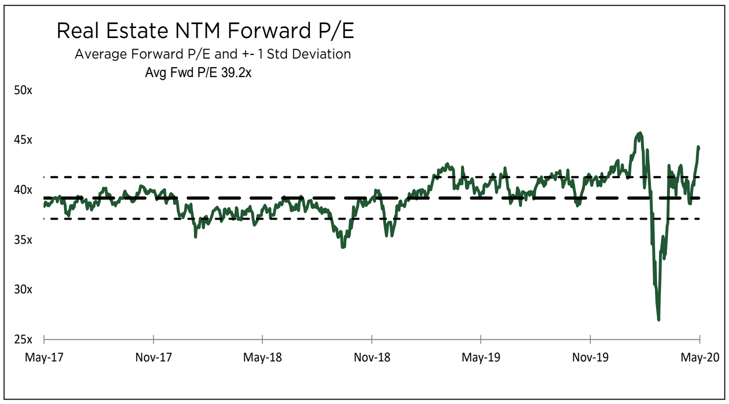
The Materials segment reported an increase of 6.69% in May which outperformed the S&P 500 Index that increased 4.53%. The Materials segment was a strong performer in May and the outperformance was supported by gains for the Chemical and Containers and Packaging segments The Materials sector currently trades with a forward P/E of about 18.5x which is ahead of its forward average P/E of 16.8x as measured by Bloomberg. For the packaging group, pricing, consumer demand and plant downtime and capacity remain key variables.

Focus for the Chemical companies centers on the demand outlook for FY21 and supply chain and production efficiencies. Recent favorable support for the group reflects growing optimism surrounding state reopenings, increasing gasoline use and attractive valuations, Wildcards remain trade with China, currency movement, demand vs supply, and COVID-19. The outlook for worldwide agriculture remains bearish reflecting uncertain trade, demand and currency. The US crop planting season has been fast-paced. Demand for fertilizers remains muted as farmers manage cash flows. According to the latest USDA's WASDE report, the U.S. feed-grain outlook for 2020/21 is for record high production and domestic use, greater exports, and larger ending stocks. The corn crop is projected at a record 16.0 billion bushels on increased area and a return to trend yield. The 2020/21 outlook for U.S. soybeans is for higher supplies, crush, exports, and lower ending stocks compared to 2019/20.

Additional key factors include macroeconomic trends, supply chain and cost management, consumer demand and pricing strategy. In the US, lower interest rates remain a key support for the housing market. Mortgage rates remain attractive which supports interest in the housing market as social distancing behavior presents a key current challenge for the housing market. As economic trends improve and consumer confidence rebuilds, demand should strengthen. With the stay-at-home trends, there could be enhanced consumer demand for repair and remodel activity once the environment improves. It is important to note that the homebuilding group faces tough comps in 2H20.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.74%	-5.90%	-10.84%	-4.80%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	Extra Space Storage Inc	9.6%
	Public Storage	9.3%
	American Tower Corp	8.5%
	SBA Comm. Corp	8.4%
	Ventas Inc	8.0%
Laggards	SL Green Realty Corp	-20.6%
	Vornado Realty Trust	-17.4%
	Simon Property Group Inc	-13.6%
	Boston Properties Inc	-11.5%
	Weyerhaeuser Co	-7.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$4.85	$4.72	$5.06
44.2x	45.4x	42.3x

Sector Update

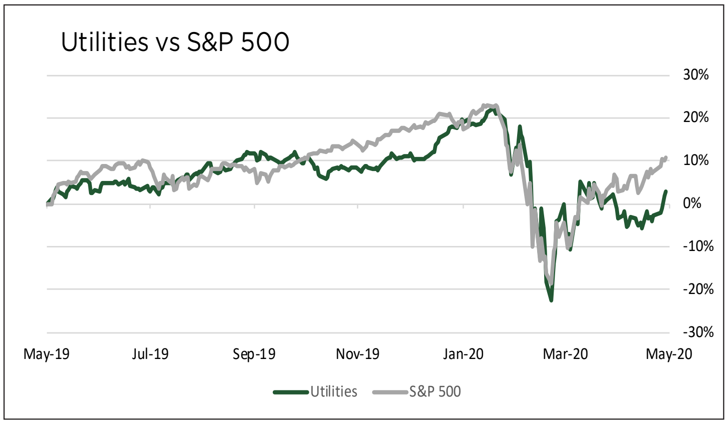
Markets posted a second consecutive strong month in May despite weak economics as investors gained confidence tied to stimulus efforts from the Fed and U.S. Congress to support those thrown out of work by stay at home efforts designed to limit the spread of COVID-19 and discussion turned to reopening of the economy. As a result, investors started to rotate from defensive sectors into those poised to recover as the economy reopened with the broad market (S&P 500) rising by 4.5% in May – but still being down 5.8% year to date. In contrast, the real estate sector continued to lag given stay at home efforts that exacerbated trends toward on line shopping impacting brick and mortar demand with the group up slightly by 1.7% in May but off 10.8% year to date as is depicted in the adjacent graphic.

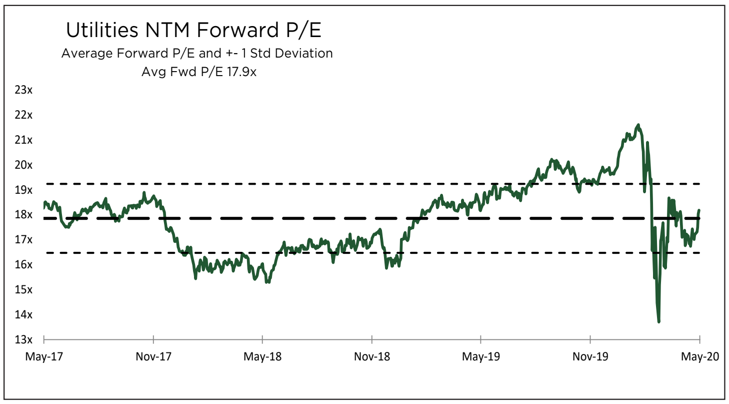
Numerous uncertainties remain including questions such as: Will lessees make rent payments while doors are shuttered? If not, what does this imply for near term dividend distributions from REIT owners? How long will economic activity be impacted? And, what is the outlook when we finally exit the pandemic? Thus, although REITs have historically been viewed as a safer haven, bond proxy type of investments, the current economic environment is at an extreme not seen since the early 1930's. Still, given expectation of low interest rates, one would hope that selective real estate investment could outperform, despite uncertainties over prospects for the retail merchandising and even commercial office space components going forward.

Last month, we did indeed see out performance by a few REITs having exposure to self-storage and cell towers where 1Q20 operating results met or exceeded expectations with prospects looking improved as the U.S. economy reopens. COVID did hit move ins of people leasing self-storage units early on as COVID settled in across the U.S. although rental payments remained solid. Likewise, demand for cell towers has been stable and in growth mode as demand grows steadily – poised for acceleration with rollout of 5G over the next years. Thus, shares of Extra Space Storage, Public Storage, American Tower and SBA Communications each outperformed in May.

On the other side, hardest hit REIT issues were those having greater negative exposure to stay at home efforts associated with the COVID pandemic. Both SL Green and Vornado have heavy exposure to the commercial market in New York City – an epicenter of COVID. Likewise, Simon Property is a national leader in shopping malls and mixed-use properties hard hit by COVID. Although properties are now reopening investor fears of rising delinquencies and retailer bankruptcies will continue to overhang this segment of the REIT sector in 2020 – requiring selectivity in the investment decision process for the REIT sector.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.90%	-3.76%	-8.01%	2.76%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
4.53%	3.05%	-5.77%	10.62%

	Company Performance	1 Month
Leaders	NextEra Energy Inc	10.6%
	Dominion Energy Inc	10.2%
	PPL Corp	9.9%
	NRG Energy Inc	7.5%
	Entergy Corp	6.6%
Laggards	AES Corp	-5.7%
	NiSource Inc	-5.1%
	Consolidated Edison Inc	-4.7%
	Edison International	-1.0%
	Southern Co	0.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$18.96	$16.21	$17.19
15.9x	18.6x	17.6x

Sector Update

Utilities gained 3.90% in May compared to a 4.53% improvement for the S&P 500®. Trailing twelve-month comparisons favor the broader market index, up 10.62% compared to a 2.76% gain for the Utilities sector. Economic stimulus and the beginning of state re-openings drove a risk-on cyclical rebound in recent weeks, driving investor focus and sentiment away from the defensive Utilities group.

All but one of the utilities' four sub-sectors posted improvements for the month, led by Electric Utilities that were 4.5% higher. The Independent Power and Renewable sub-sector declined 5.7% in May, despite consensus estimates pointing to 11% earnings growth in 2021 for the sub-sector. This level is the highest among sub-sectors, with Electric Utilities earnings growth the lowest, pointing to a 20% decline in the current year and 5% growth in 2021.

Florida based NextEra Energy (NEE) was the leader for the month on a 10.6% gain, after being the group laggard in the prior month. Arlington, VA based AES Corporation (AES) was the laggard in May. The company has a particular focus on electric power distribution, and following lower loads due to COVID impacts, reduced full year earnings expectations.

At 18.6x current year earnings forecasts, the Utilities group appears reasonably valued compared to its average multiple. In a lower-for-longer interest rate environment, the attractive yields and historically defensive characteristics of the sector could substantiate premium valuations relative to the market in periods of elevated volatility. We continue to encourage selectivity among the space, focusing on companies with well-covered dividends, quality electric and renewable assets, and attractive service territories relative to national averages.

ECONOMIC CALENDAR

Date	Release	For	Prior
4-Jun	Initial Claims	05/30	2.126M
4-Jun	Continuing Claims	05/23	21.052M
4-Jun	Productivity-Rev.	Q1	-2.50%
4-Jun	Unit Labor Costs - Rev.	Q1	4.80%
4-Jun	Trade Balance	Apr	-$42.3B
4-Jun	EIA Natural Gas Inventories	05/30	+109 bcf
5-Jun	Nonfarm Payrolls	May	-20.5M
5-Jun	Nonfarm Private Payrolls	May	-19.52M
5-Jun	Unemployment Rate	May	14.70%
5-Jun	Avg. Hourly Earnings	May	4.70%
5-Jun	Average Workweek	May	34.2
5-Jun	Consumer Credit	Apr	-$12.1B
9-Jun	Wholesale Inventories	Apr	-0.80%
10-Jun	MBA Mortgage Applications Index	06/06	-3.90%
10-Jun	CPI	May	-0.80%
10-Jun	Core CPI	May	-0.40%
10-Jun	EIA Crude Oil Inventories	06/06	-2.1M
10-Jun	FOMC Rate Decision	Jun	0.13%
11-Jun	Initial Claims	06/06	1.877M
11-Jun	Continuing Claims	05/30	21.487M
11-Jun	PPI	May	-1.30%
11-Jun	Core PPI	May	-0.30%
11-Jun	EIA Natural Gas Inventories	06/06	+102 bcf
12-Jun	Export Prices ex-ag.	May	-3.30%
12-Jun	Import Prices ex-oil	May	-0.50%
12-Jun	Univ. of Michigan Consumer Sentiment - Prelim	Jun	NA
15-Jun	Empire State Manufacturing	Jun	-48.5
15-Jun	Net Long-Term TIC Flows	Apr	-$112.6B
16-Jun	Retail Sales	May	-16.40%
16-Jun	Retail Sales ex-auto	May	-17.20%
16-Jun	Capacity Utilization	May	64.90%
16-Jun	Industrial Production	May	-11.20%
16-Jun	Business Inventories	Apr	-0.20%
16-Jun	NAHB Housing Market Index	Jun	37
17-Jun	MBA Mortgage Applications Index	06/13	NA
17-Jun	Housing Starts	May	891K
17-Jun	Building Permits	May	1074K
17-Jun	EIA Crude Oil Inventories	06/13	NA
18-Jun	Initial Claims	06/13	NA
18-Jun	Continuing Claims	06/06	NA
18-Jun	Philadelphia Fed Index	Jun	-43.1
18-Jun	EIA Natural Gas Inventories	06/13	NA
19-Jun	Current Account Balance	Q1	-$109.8B
22-Jun	Existing Home Sales	May	NA
23-Jun	New Home Sales	May	NA

ECONOMIC CALENDAR

Date	Release	For	Prior
24-Jun	MBA Mortgage Applications Index	06/20	NA
24-Jun	FHFA Housing Price Index	Jun	NA
24-Jun	EIA Crude Oil Inventories	06/20	NA
25-Jun	Continuing Claims	06/13	NA
25-Jun	Durable Goods –ex transportation	May	NA
25-Jun	Durable Orders	May	NA
25-Jun	GDP - Third Estimate	Q1	NA
25-Jun	GDP Deflator - Third Estimate	Q1	NA
25-Jun	Initial Claims	06/20	NA
25-Jun	EIA Natural Gas Inventories	06/20	NA
26-Jun	PCE Prices	May	NA
26-Jun	PCE Prices - Core	May	NA
26-Jun	Personal Income	May	NA
26-Jun	Personal Spending	May	NA
26-Jun	Univ. of Michigan Consumer Sentiment - Final	Jun	NA
29-Jun	Pending Home Sales	May	NA
30-Jun	S&P Case-Shiller Home Price Index	Apr	NA
30-Jun	Chicago PMI	Jun	NA
30-Jun	Consumer Confidence	Jun	NA

DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

Past performance is not indicative of future results.

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

Leaders: Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Laggards: Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Members: The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

S&P 500®: The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

Dow Jones Industrials: The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

NASDAQ Composite: The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

Russell 2000®: The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2020. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

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Nikkei Stock Average: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

Stoxx Europe 600: The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

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US Dollar Index (USDX, DXY): An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Shanghai Composite (SSE Index): The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Certification: As the primary authors of this report, we hereby certify that the views and opinions expressed herein accurately reflect our personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed herein.

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