

# Market Navigator

November 5, 2020



Securities and Insurance Products and Services:

- Are Not FDIC or any other Government Agency Insured
- Are Not Bank Guaranteed
- May Lose Value

SunTrust Advisory Services, Inc.





Keith Lerner, CFA, CMT  
Chief Market Strategist

## MONTHLY LETTER

Investor angst was palpable leading up to the November election as the market was caught up in a tug of war. Upside has been capped by election uncertainty, COVID-19 concerns, the uneven economic recovery and the stalemate on fiscal stimulus. Conversely, ongoing monetary stimulus, attractive equity valuations compared to bonds and cash, rising profit trends, progress toward a COVID-19 vaccine as well as the high probability of stimulus, even if delayed, has provided support at the bottom of the range. The final week of October also saw one of the worst declines in history in the week before an election, which was followed by one of the strongest post-election rallies ever. As we go to press, investors are waiting to exhale, as the final outcome remains unknown.

What is clear is that the blue wave that was somewhat expected did not materialize and the likely result, though not the only possible outcome, is a dividend government. We view the potential of a split government as a market positive on a medium-term basis. Any near-term disappointment of a potentially smaller fiscal stimulus package will likely be offset by a lack of tax increases. Moreover, history shows that stocks have produced positive returns under various political configurations. Other factors, such as the economy and earnings, tend to matter more than Washington policy.

Markets are likely to trade in a volatile fashion based on near-term headlines, but the weight of the evidence in our work suggests the primary market trend is higher. Election uncertainty should eventually ease. Monetary policy is set to stay very accommodative. Fiscal stimulus is likely forthcoming,

even if delayed. The economy should continue to move forward, albeit with fits and starts, and stocks remain attractive on a relative basis. Moreover, investors were already braced for uncertainty. The Volatility Index (VIX) closed the final month before the election at double its level relative to the last two elections.

This is one of the reasons we boosted equities in early October during the market pullback as there is a high price to be paid for perceived certainty. Once clarity arrives, the market has often already moved. Within equities, we maintain a US bias. However, we are also raising emerging markets to neutral based on improved relative price and earnings trends, primarily driven by Asia. It still appears premature to fully endorse a value tilt given the uneven economic trends as well as the potential of a delayed and smaller fiscal stimulus package. At the sector level, we are overweight a combination of growth sectors, such as consumer discretionary and technology, and more economically-sensitive sectors, such as industrials and materials. Although we advise an underweight position in fixed income, high quality bonds should provide portfolio ballast, and we continue to see relative value in credit. We also still see the diversifying benefits of holding a modest position in gold as a partial hedge against COVID-19 and election uncertainty as well as US dollar weakness and growing debt levels.

Keith Lerner, CFA, CMT  
Chief Market Strategist

**Markets are likely to trade in a volatile fashion based on near-term headlines, but the weight of the evidence in our work suggests the primary market trend is higher.**

# Asset Class View, Forecasts & Valuation\*

November 5, 2020

Since our last publication of *House Views*, we have slightly upgraded our view on emerging markets from less attractive to neutral due to improving relative price and earnings trends.

## Tactical Outlook (3-12 Months)

Asset Classes	Less Attractive		More Attractive	
Equity				●
Fixed Income	●			
Gold				●
Cash			●	

Global Equity	Less Attractive		More Attractive	
US Large Cap				●
US Mid Cap			●	
US Small Cap			●	
International Developed Markets	●			
Int'l Developed Markets Small Caps	●			
Emerging Markets (EM)		●	●	
Growth Style Relative to Value				●

US Fixed Income	Less Attractive		More Attractive	
US Government		●		
US Mortgage-Backed Securities	●			
US Investment Grade Corporate (IG)				●
US High Yield Corporates (HY)				●
Floating-Rate Bank Loans		●		
Duration			●	

## Long-Term Capital Market Assumptions (10 Yr)+

Equity	Expected Return	Expected Risk
Global Equity	6.75%	16.8%
US Large Cap Equity	6.75%	15.2%
US Small Cap Equity	7.50%	20.1%
Int'l Developed Markets Equity	6.50%	18.5%
Int'l Developed Markets Small Cap	7.00%	19.2%
Emerging Markets Equity	7.25%	24.4%

Fixed Income	Expected Return	Expected Risk
Intermediate-Term Municipals	2.25%	3.5%
US Core Taxable Bonds	2.50%	3.3%
US Government Bonds	2.00%	3.9%
US IG Corporate Bonds	3.50%	6.0%
US HY Corporate Bonds	5.00%	10.0%

## Key IAG 2020 Forecasts

2020 Global GDP Forecast*	-3.9%
US GDP Range	-4.0% - -1.5%
Year-End Fed Funds Rate Range	0.00% - 0.25%
10-Yr US Treasury Yield	0.25% - 1.25%
S&P 500 12-Month Forward EPS**	\$162.40

\*Bloomberg Consensus \*\*FactSet Estimates

## Global Equity Market Valuation

	S&P 500	MSCI ACWI	MSCI EAFE	MSCI EM
Current Price-to-Earnings (P/E) Ratio	20.2x	18.3x	15.9x	14.2x
10-Year Average P/E Ratio	15.5x	14.4x	13.5x	11.2x
10-Year High P/E Ratio	23.4x	20.8x	17.8x	15.5x
10-Year Low P/E Ratio	10.0x	9.6x	9.1x	8.2x

For domestic use only

Past performance does not guarantee future results. Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

**\*In this document, we express our high-level investment strategy views without portfolio context constraints. We aim to represent relative opportunities within each broader asset class.** This allows us to signal what we are watching and where things are changing at the margin within positions that may differ from our asset allocation guidance and Strategy Portfolios. Long-term expected risk, return and correlation statistics are derived from the Portfolio & Market Strategy team's capital market assumptions process and are not guaranteed. Secular trends, such as demographics, global debt, inflation, etc. are initially assessed to determine the impact on global markets over the next decade. With an understanding of the current stage of the business cycle, a combination of quantitative and fundamental techniques is used to further analyze factors that include, but are not limited to: (1) the outlook for asset class return drivers; (2) the probability of sustained returns; (3) absolute and relative valuation measures; (4) the impact of economic drivers on asset class assumptions and (5) changes in investor sentiment and liquidity. **+Capital market assumptions are reviewed and/or modified at least once a year and are currently as of 2019.** Gold is considered a collectible for tax purposes.

Investment and Insurance Products:

•Are not FDIC or any other Government Agency Insured •Are not Bank Guaranteed •May Lose Value

SunTrust Advisory Services, Inc.

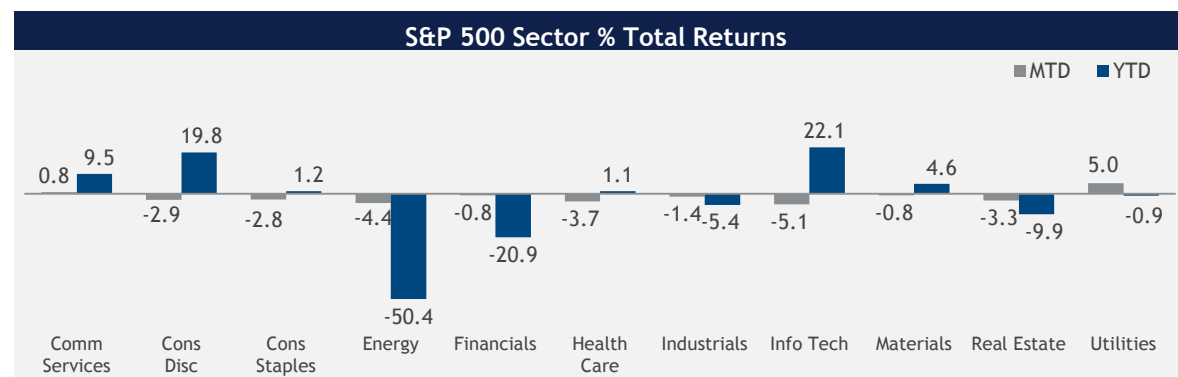


# Performance Summary as of October 31, 2020

Index % Total Return	MTD	QTD	YTD	1 Yr
MSCI ACWI (net)	-2.43	-2.43	-1.09	4.87
S&P 500	-2.66	-2.66	2.77	9.67
MSCI EAFE (net)	-3.99	-3.99	-10.80	-6.84
MSCI Emerging Markets (net)	2.06	2.06	0.87	8.22
Dow Jones Industrials	-4.52	-4.52	-5.38	0.34
NASDAQ Composite	-2.29	-2.29	21.61	31.45
FTSE NAREIT All Equity REITs Index	-3.35	-3.35	-15.21	-15.95
Bloomberg Commodity Index	1.41	1.41	-10.85	-8.72
Bloomberg Barclays Aggregate	-0.45	-0.45	6.32	6.16
ICE BofA US High Yield	0.47	0.47	0.17	2.53
Bloomberg Barclays Municipal Bond Blend 1-15 Year	-0.25	-0.25	3.09	3.65
ICE BofA Global Government xUS (USD Unhedged)	0.32	0.32	5.62	4.52
ICE BofA Global Government xUS (USD Hedged)	0.31	0.31	3.40	2.42
JP Morgan GBI-EM Global Diversified Composite	0.43	0.43	-5.92	-3.80

Rates (%)	10/30/20	9/30/20	6/30/20	3/31/20	12/31/19
Fed Funds Target	0.25	0.25	0.25	0.25	1.75
Libor, 3-Month	0.21	0.23	0.30	1.45	1.90
T-Bill, 3-Month	0.09	0.10	0.15	0.10	1.54
2-Year Treasury	0.14	0.13	0.14	0.19	1.57
5-Year Treasury	0.37	0.27	0.28	0.37	1.69
10-Year Treasury	0.85	0.68	0.65	0.68	1.91
30-Year Treasury	1.64	1.45	1.40	1.31	2.38
Bloomberg Barclays Aggregate (YTW)	1.24	1.18	1.25	1.59	2.31
Bloomberg Barclays Municipal Bond Blend 1-15 Year	1.05	0.96	1.16	1.75	1.53
ICE BofA US High Yield	5.68	5.76	6.84	9.24	5.41
Currencies	10/30/20	9/30/20	6/30/20	3/31/20	12/31/19
Euro (\$/€)	1.16	1.17	1.12	1.10	1.12
Yen (¥/\$)	104.54	105.53	107.89	107.96	108.68
Pound (£/€)	1.29	1.29	1.24	1.24	1.32
Commodities	10/30/20	9/30/20	6/30/20	3/31/20	12/31/19
Crude Oil (WTI)	35.79	40.22	39.27	20.48	61.06
Gold	1,880	1,896	1,801	1,597	1,523
Volatility	10/30/20	9/30/20	6/30/20	3/31/20	12/31/19
CBOE VIX	38.02	26.37	30.43	53.54	13.78

U.S. Style % Total Returns (Russell Indexes)					
MTD			YTD		
Value	Core	Growth	Value	Core	Growth
-1.31	-2.41	-3.40	-12.74	3.83	20.11
0.93	0.64	0.12	-12.03	-1.72	14.06
3.58	2.09	0.76	-18.74	-6.77	4.67
Large					
Mid					
Small					



Data Source: SunTrust IAG, FactSet. MTD = Month to Date, YTD = Year to Date

**Important Disclosures:** All information is as of title date unless otherwise noted. This document was prepared for clients of SunTrust Bank for informational purposes only. This material may not be suitable for all investors and may not be redistributed in whole or part. Neither Truist Financial Corporation, nor any affiliates make any representation or warranties as to the accuracy or merit of this analysis for individual use. Information contained herein has been obtained from sources believed to be reliable, but are not guaranteed. Comments and general market related projections are based on information available at the time of writing and believed to be accurate; are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm and may not be relied upon for future investing. The views expressed may change at any time. The information provided in this report should not be considered a recommendation to purchase or sell any financial instrument, product or service sponsored or provided by Truist Financial Corporation or its affiliates or agents. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions.

Past returns are not indicative of future results. An investment cannot be made into an index.

**Securities and Insurance Products and Services:**

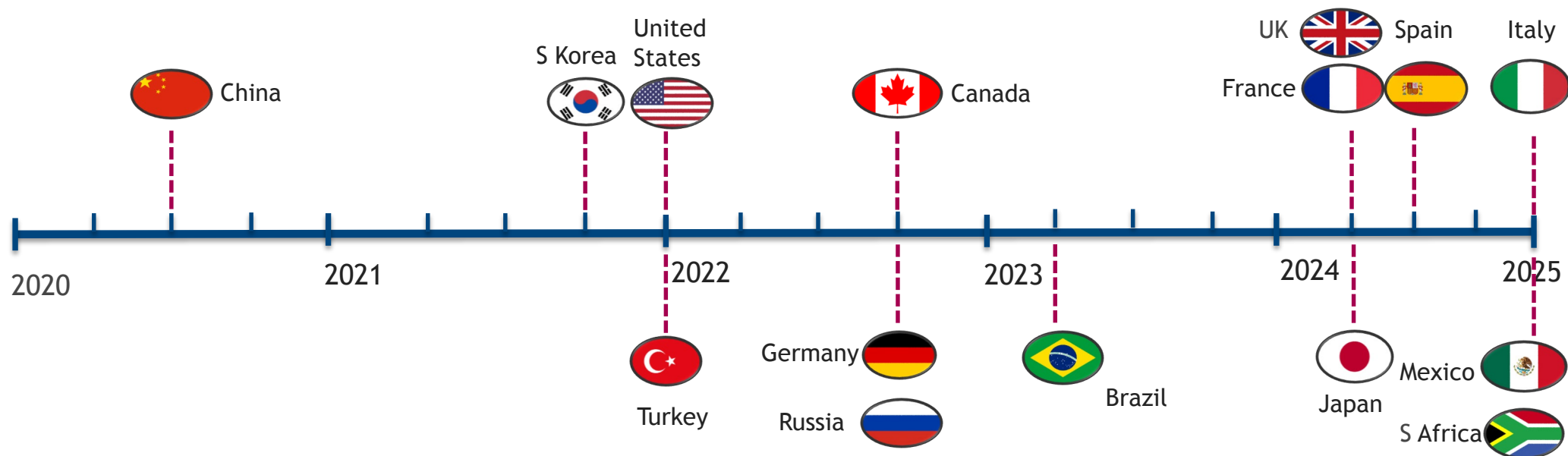
Are Not FDIC or any other Government Agency Insured | Are Not Bank Guaranteed | May Lose Value

SunTrust Advisory Services, Inc.



# Expected GDP Recovery Timeline (Back to Pre-Crisis Levels)

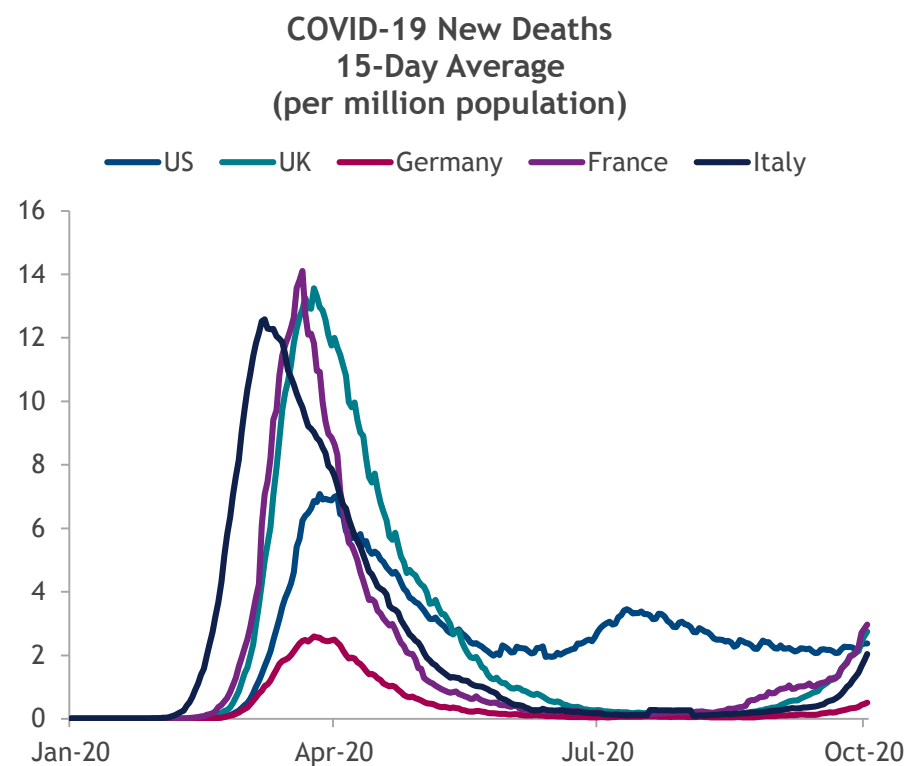
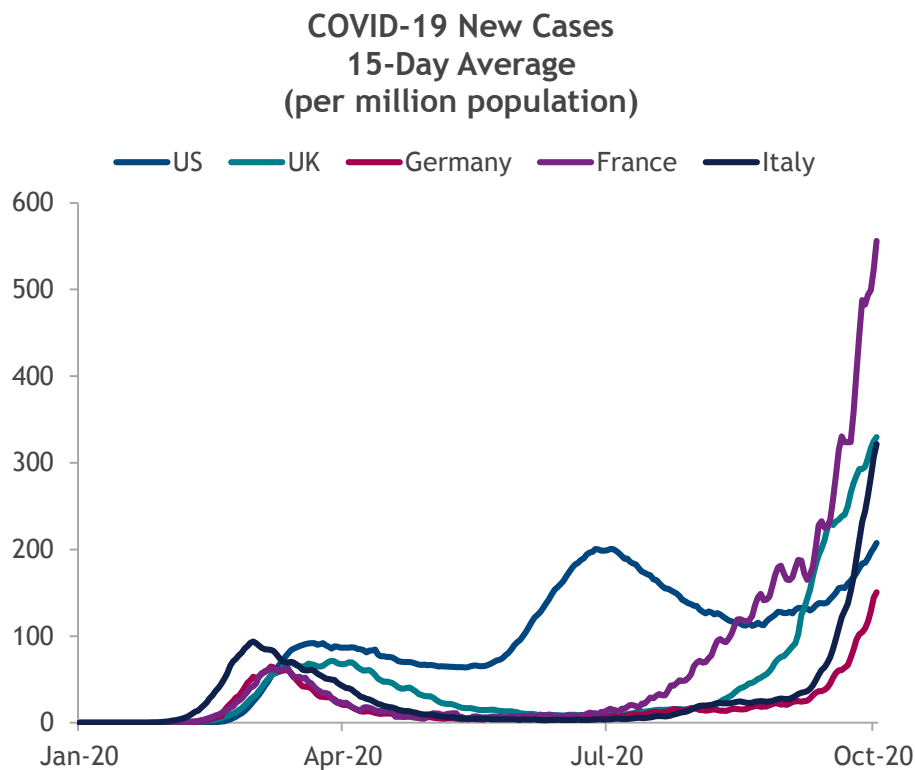
China's real GDP has recovered and is back above its pre-crisis level, but many countries are struggling to control the coronavirus and its economic impact. The European recovery timeline has been pushed back notably in the last couple of months.





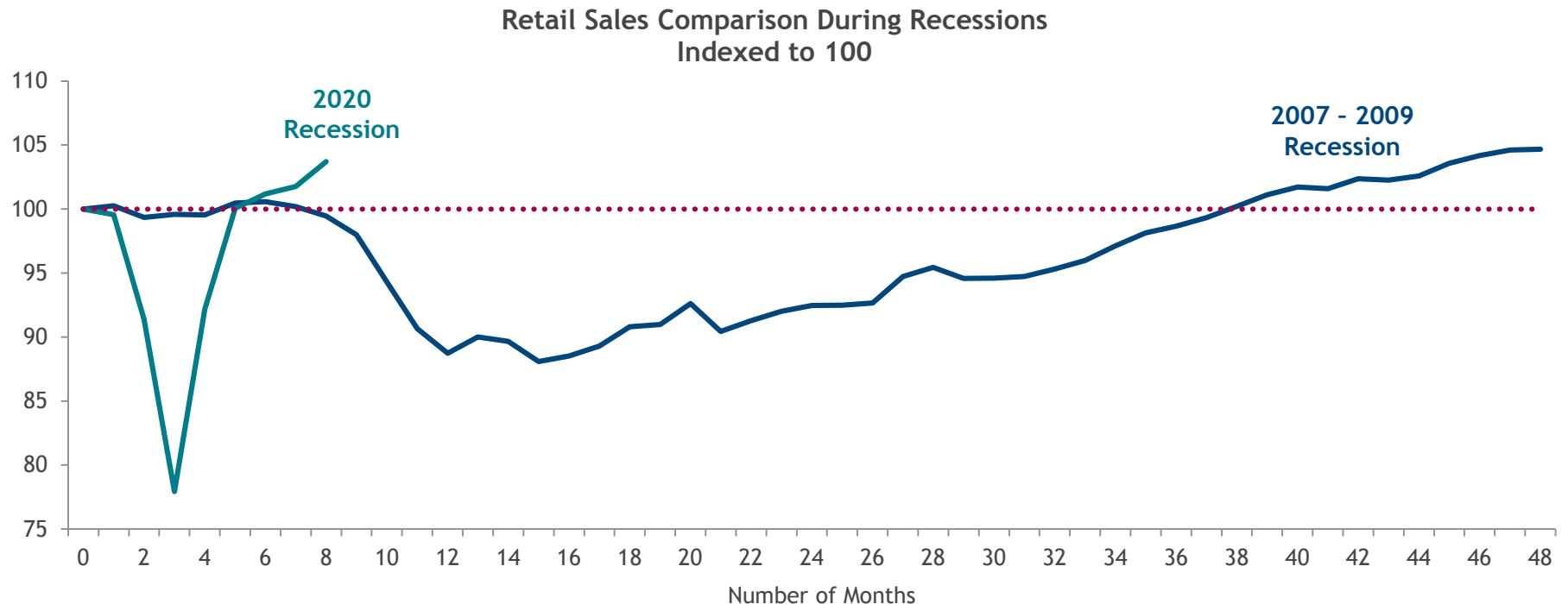
# COVID-19: Resurgence of New Cases, Though Mortality Rates Still Low Relative to First Outbreak

In Europe, the worrisome resurgence of new cases, hospitalizations and virus-related deaths initiated new nationwide mobility restrictions.



# Rapid Recovery in Consumer Spending Compared to the Great Financial Crisis

Consumer spending has recovered in just four months in 2020, while it took 38 months for retail sales to eclipse the pre-recession level following the Great Financial Crisis from 2007 to 2009.

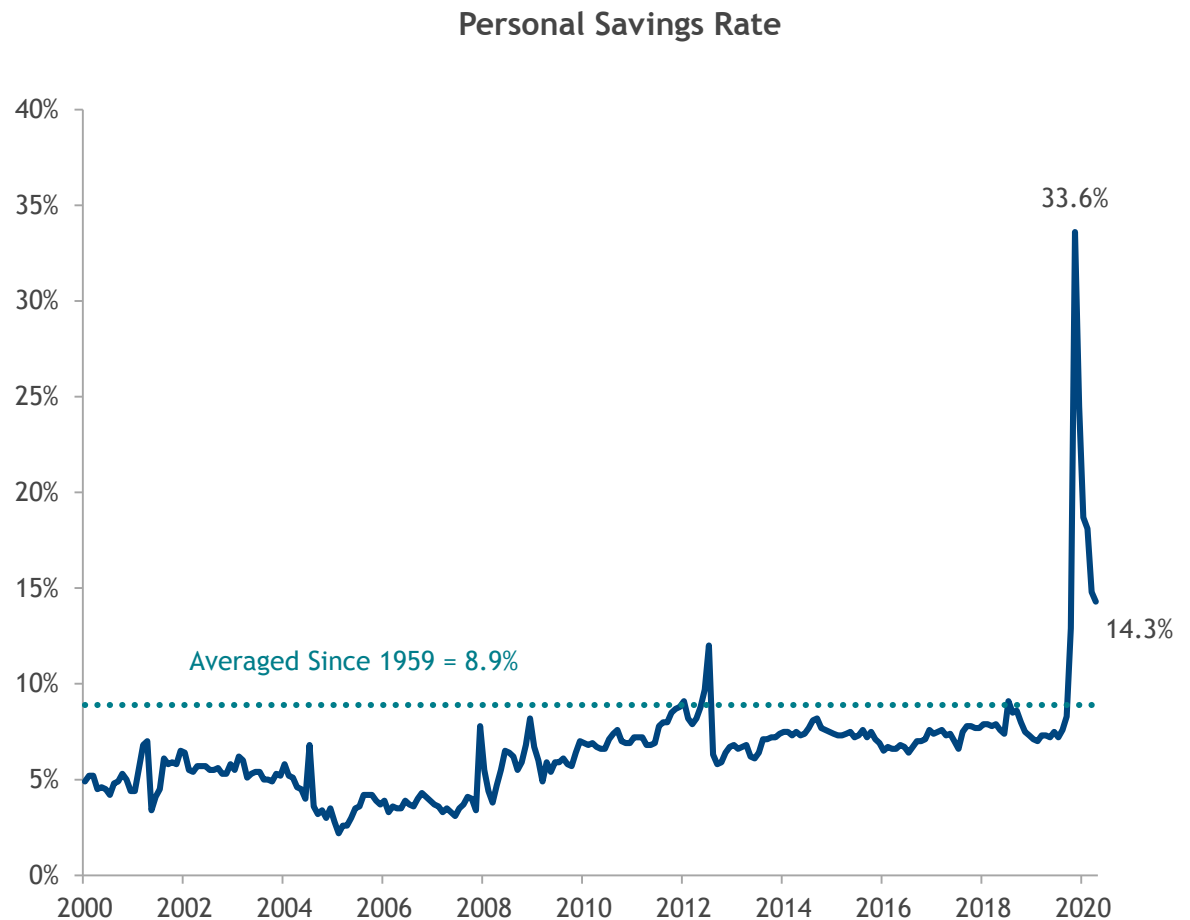


Data Source: SunTrust IAG, Bloomberg, US Census Bureau. Monthly retail and food service sales indexed to 100 at the onset of the recession period as defined by the National Bureau of Economic Research.

# Savings Rate Remains Elevated, Providing a Cushion for Consumers

The personal savings rate spiked to 33.6% when the CARES Act checks hit in April. Even with the decline as it normalizes, the personal savings rate of 14.3% is the highest in 45 years.

The elevated personal savings rate should bolster consumers during the pandemic period.



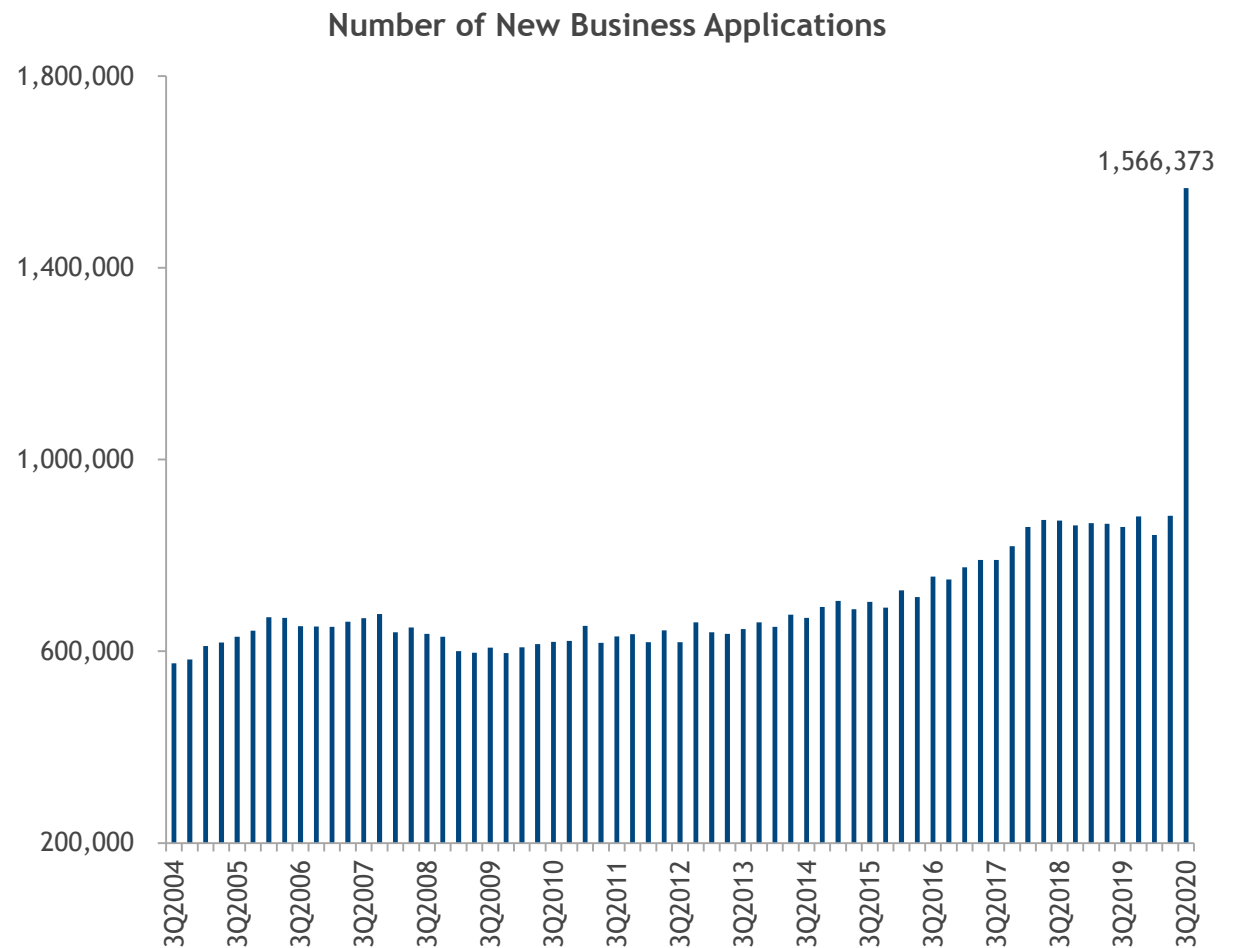
Data Sources: SunTrust IAG, Bloomberg, Bureau of Economic Analysis; data through September 2020.



# Surge in New Businesses

The number of new business applications has soared to roughly 1.6 million during the third quarter of 2020, which marks a nearly 38% increase from the first three quarters of 2019.

We believe this shows the resilience of Americans to attempt a new venture following job losses caused by the pandemic.



# Stock Market Outlook: Bear Versus Bull Case

The fits and starts in the economy as well as other factors will likely lead to periodic market setbacks, but our work suggests this bull market continues to earn the benefit of the doubt.

## BEAR CASE

Economy will take time to fully recover

COVID-19 cases rising

Fiscal stimulus delayed

Market valuations are stretched

Uncertainty is high

vs.

## BULL CASE

Markets tend to rise during expansionary periods

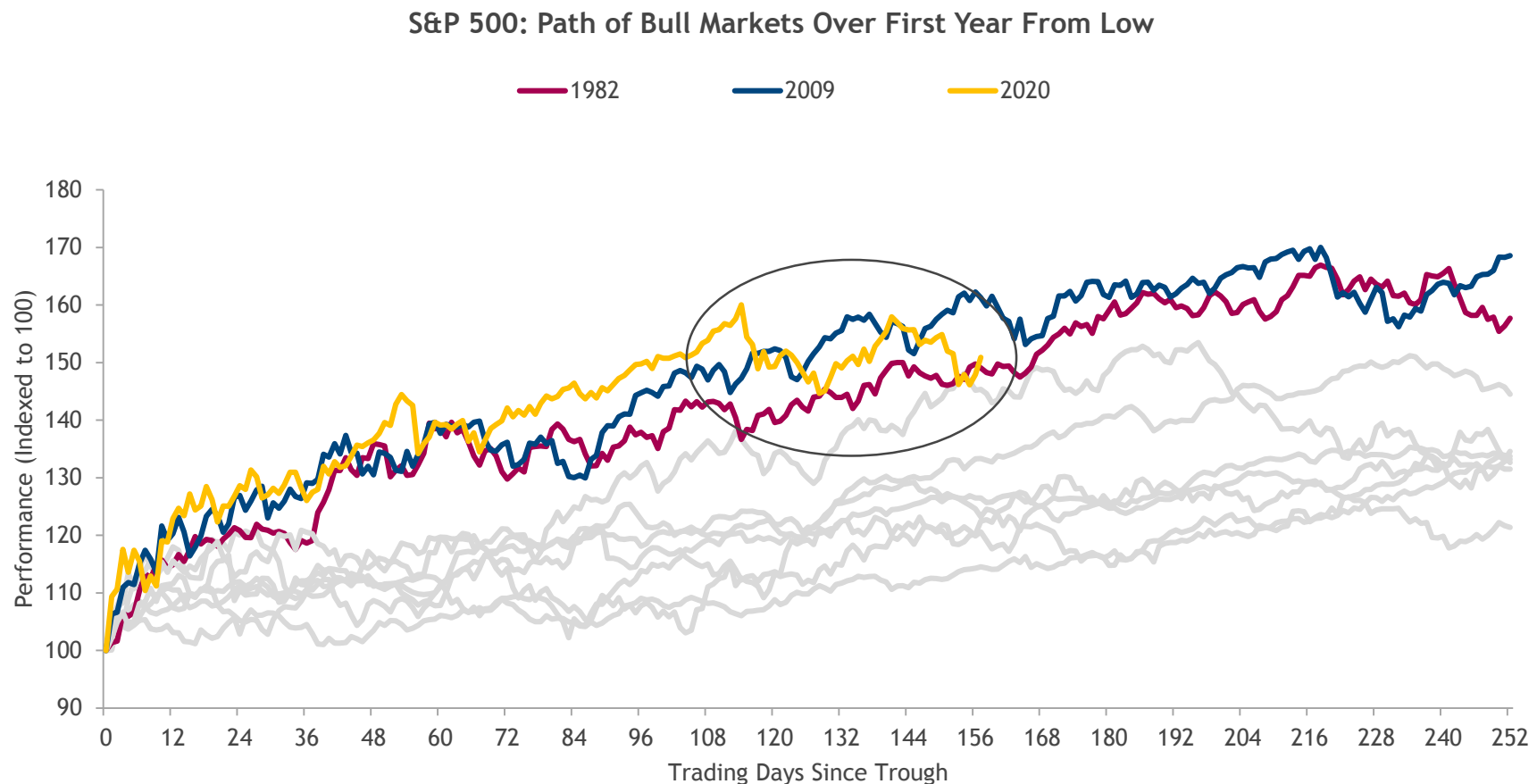
Closer to vaccine and therapeutics

Fiscal stimulus a matter of when not if

Relative valuations still favor stocks and earnings rising

Unprecedented stimulus helping to reduce outlier risk

# Market Consolidating Gains but Still Tracking as One of the Strongest Bull Markets in History



Data Source: SunTrust IAG, Bloomberg, FactSet  
Past performance does not guarantee future results

# Don't Lose Sight of the Big Picture: Upside Potential Remains Based on Past Bull Markets

The average bull market has lasted more than five years and gained well over 100% versus the current bull market duration of about six months and a 60% rise\*.

We advise investors to focus less on the next 10% up or down and more on the next 50% to 60%, which the weight of the evidence in our work suggests is higher.

S&P 500 Bull Markets (Price Return & Duration)			
Begin	End	Years	Price Change %
Oct-57	Dec-61	4.1	86%
Jun-62	Feb-66	3.6	80%
Oct-66	Nov-68	2.1	48%
May-70	Jan-73	2.6	74%
Oct-74	Nov-80	6.2	126%
Aug-82	Aug-87	5.0	229%
Dec-87	Mar-00	12.3	582%
Oct-02	Oct-07	5.0	101%
Mar-09	Feb-20	11.0	401%
Mar-20	Sep-20*	0.4	60%
Average		5.8	179%
Median		5.0	101%

\*Based on September 2<sup>nd</sup> peak

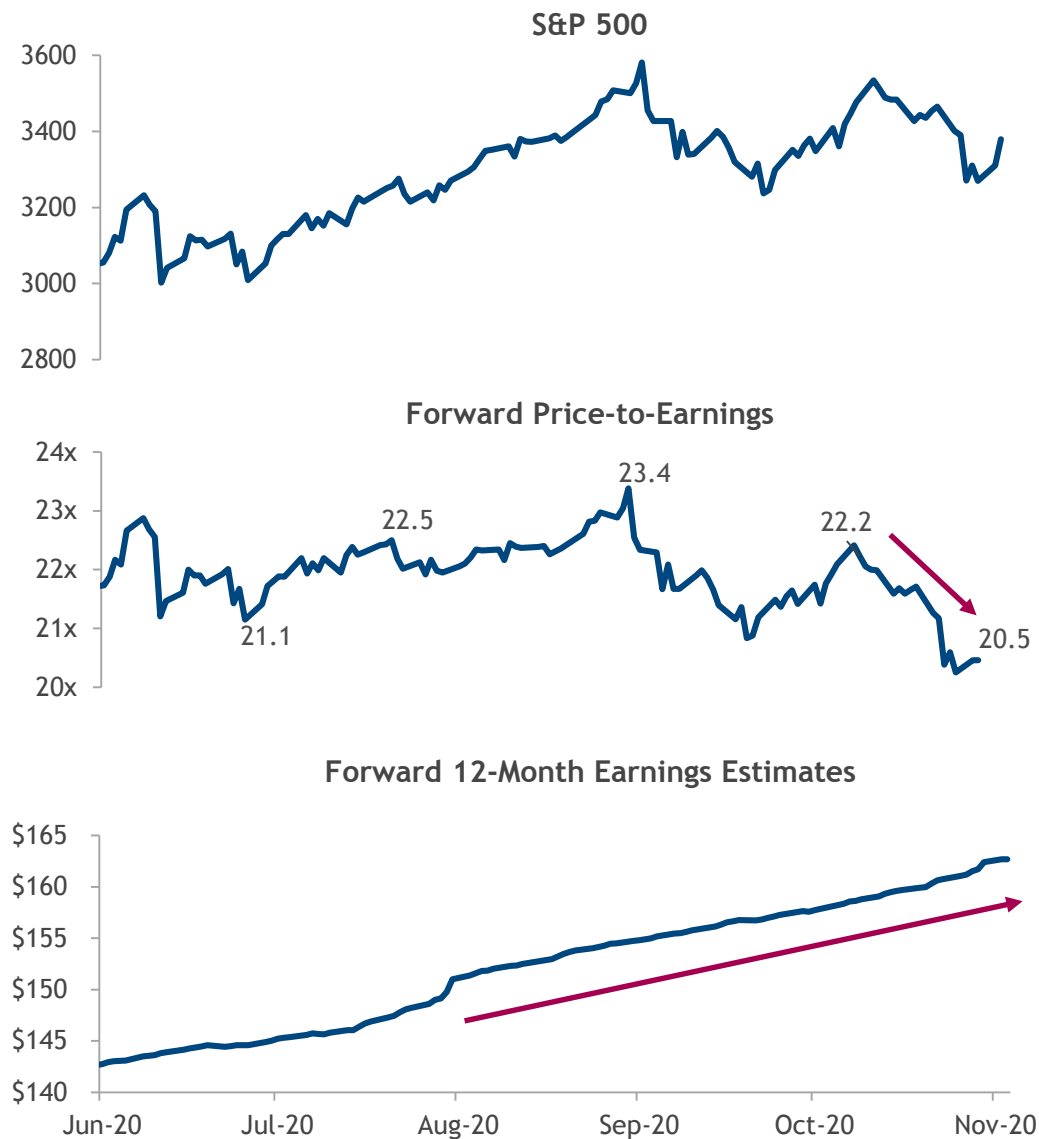
Data Source: SunTrust IAG, FactSet

Past performance does not guarantee future results

# US Valuations Resetting While Earnings Rebound

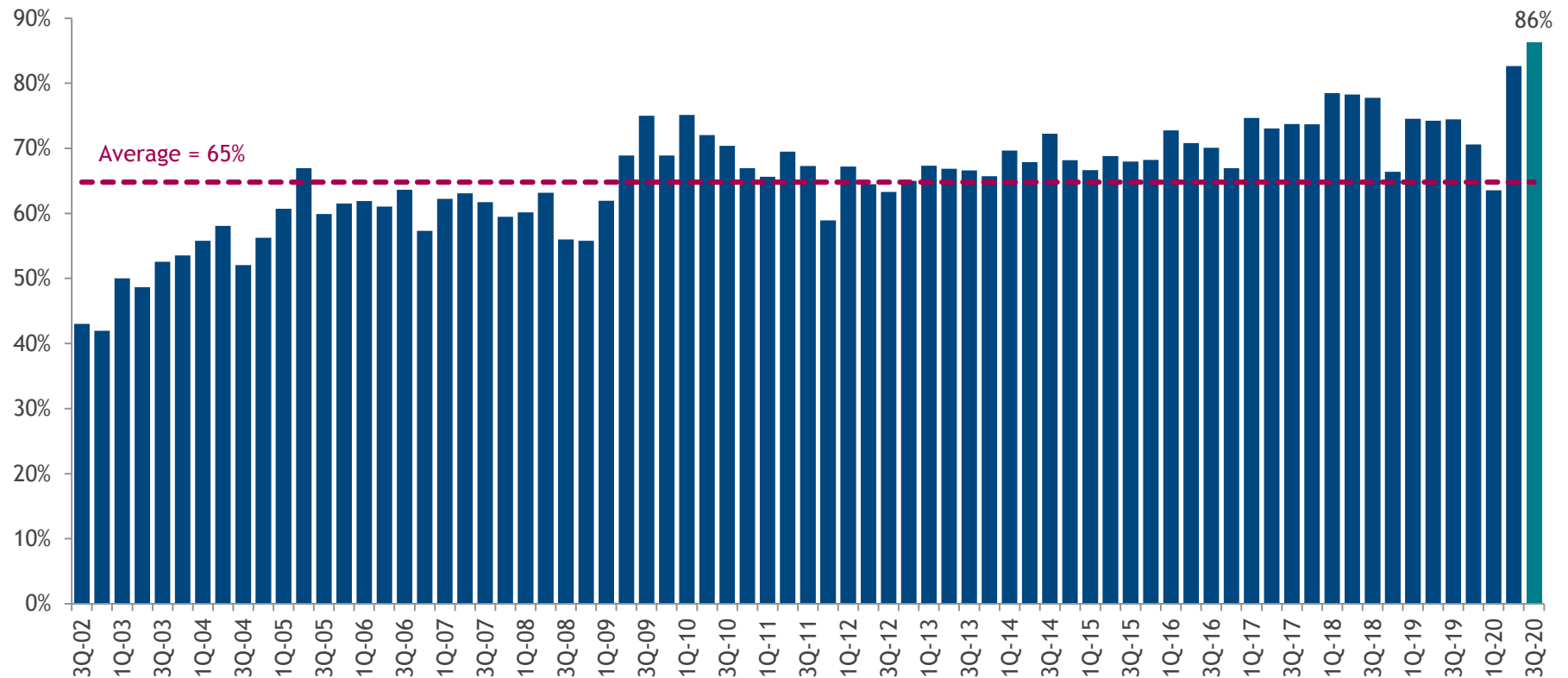
Valuations remain elevated for markets and are likely to stay that way given the low rate environment, lack of attractive investment alternatives and monetary stimulus.

That said, after making a cycle high in early September, the S&P 500's forward price-to-earnings ratio has reset to the lowest level since May, aided by a sharp rise in forward earnings estimates.



# Percentage of Companies Exceeding Analysts' Earnings Estimates Reaches a Record Level

S&P 500: Quarterly Earnings Beat Rates (%)

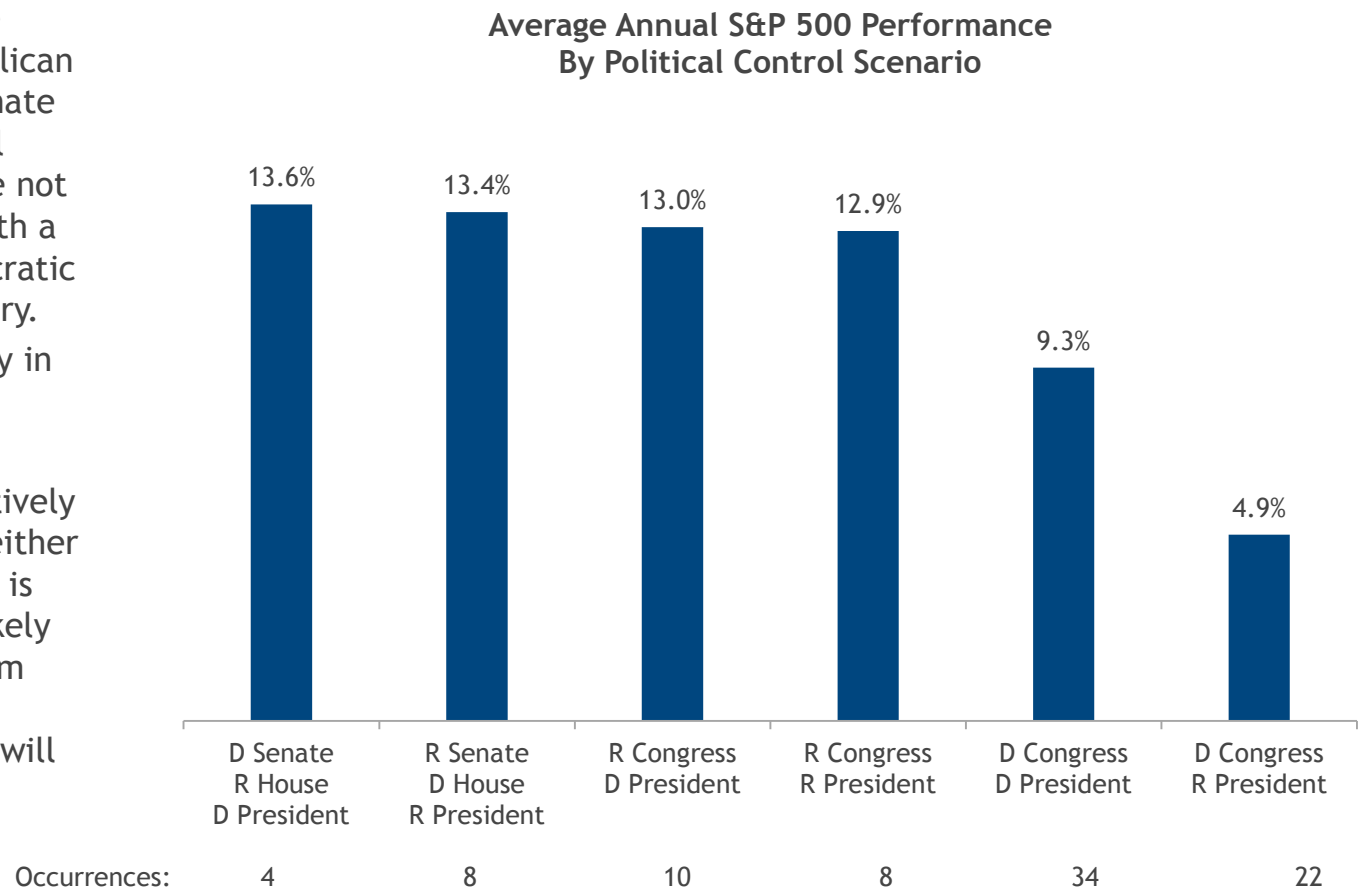




# Markets Have Done Well Under a Wide Range of Political Control Scenarios

It is notable that while we have seen a configuration of a Republican President with a Republican Senate and a Democratic House several times in recent history, we have not seen a Democratic President with a Republican Senate and a Democratic House since the late 19th century. Both scenarios are still currently in play.

Markets would likely react positively over the intermediate term in either outcome, even if the near term is less certain. More stimulus is likely in either scenario. Any near-term disappointment of a potentially smaller fiscal stimulus package will likely be offset by a lack of tax increases.



Source: Strategas, SunTrust IAG

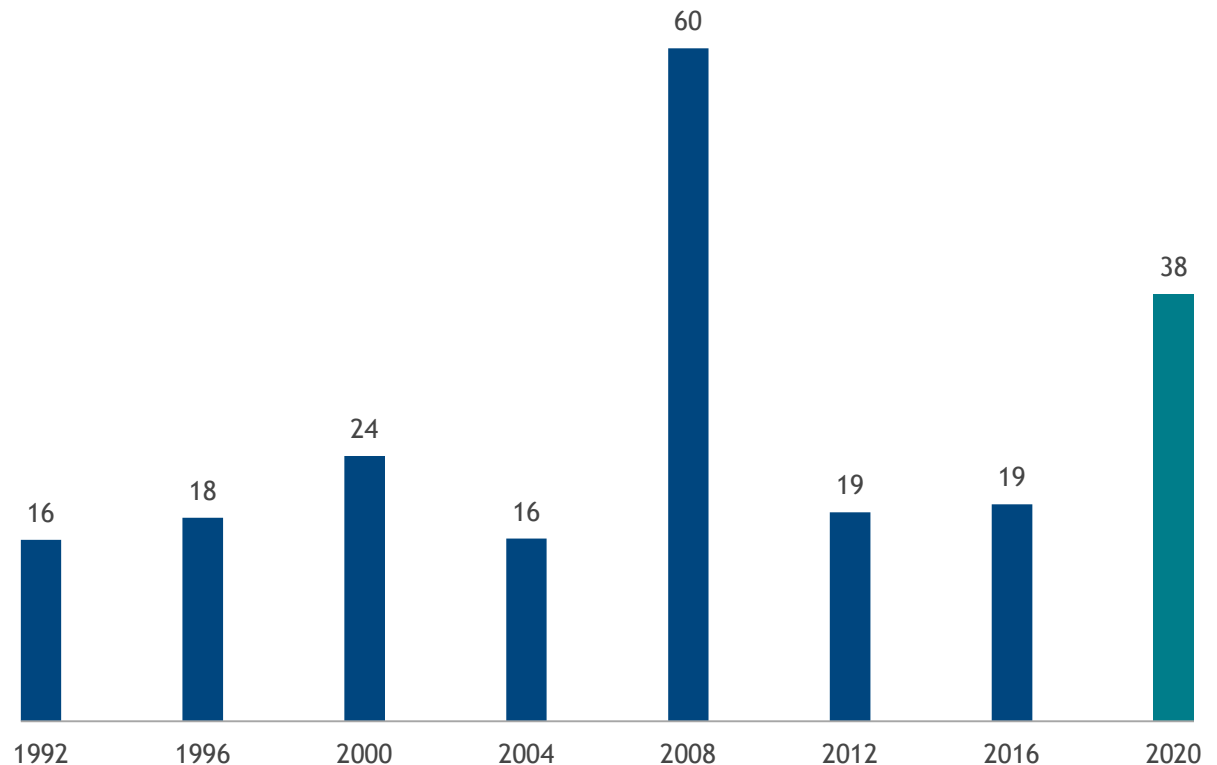
Period includes (1933-2019, excl. 2001-2002)

Past performance does not guarantee future results.

# Elevated Volatility Levels Suggest Investors Were Already Braced for Uncertainty

The Volatility Index (VIX) closed the final month before the election at double its level relative to the last two elections and lower than only the 2008 election, which was in the midst of the financial crisis. Therefore, the uncertainty in regard to the election outcome was not a shock to investors.

October Closing Level of Volatility Index (VIX) in Presidential Election Years

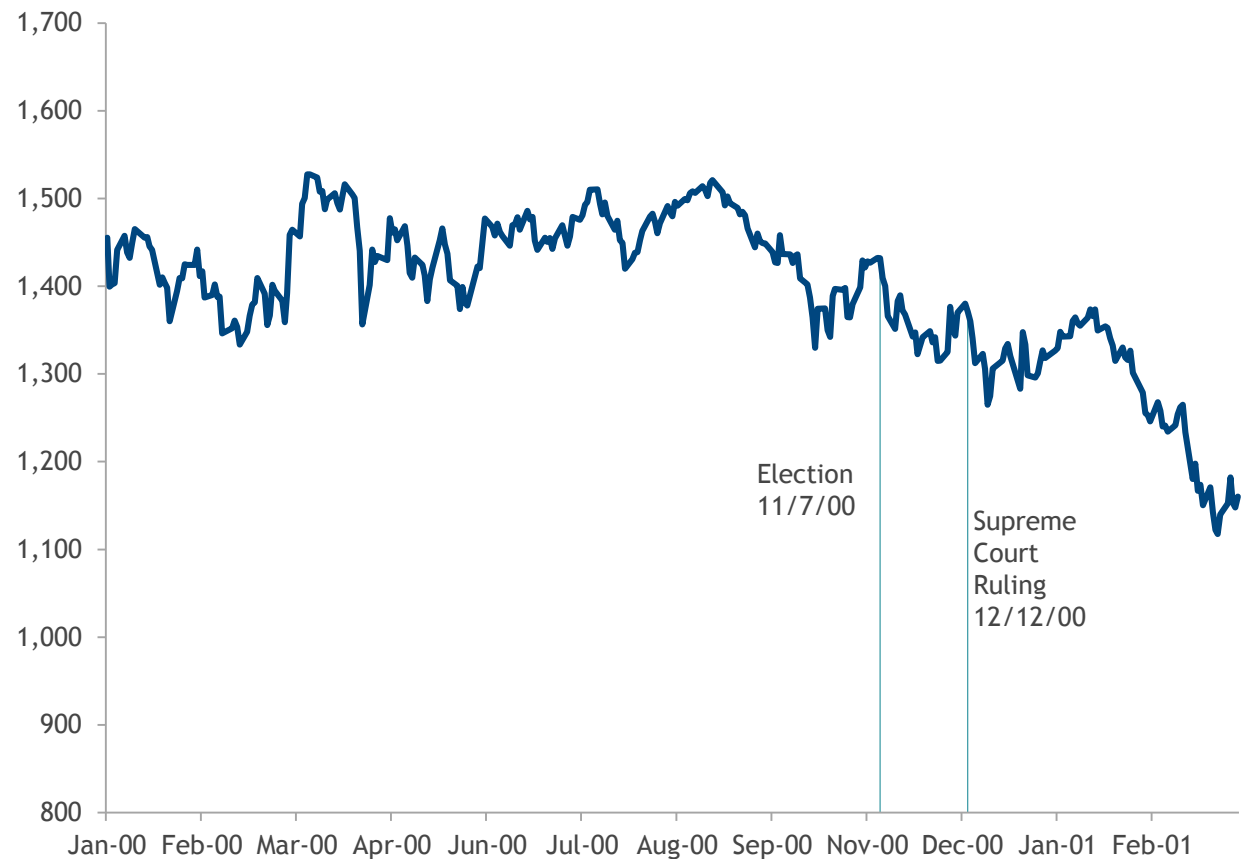


# A Look Back at the 2000 Contested Election

The market fell about 4% (largest intra-period pullback was 8%) between the election date and the Supreme Court ruling in mid-December that settled a recount dispute in Florida and led to President Bush winning the election.

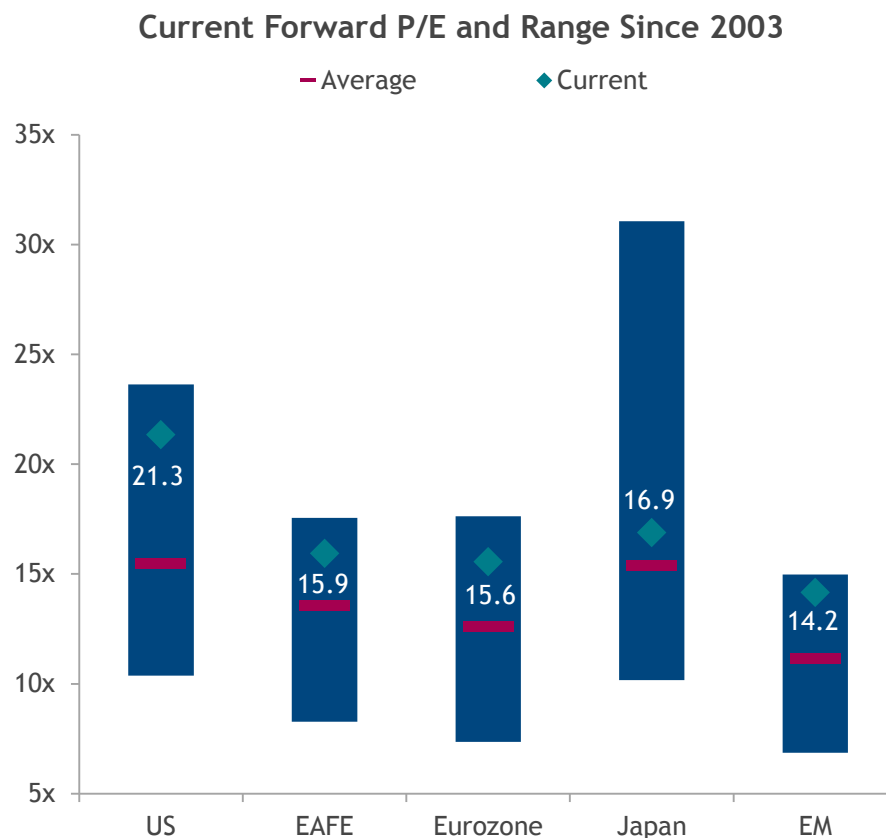
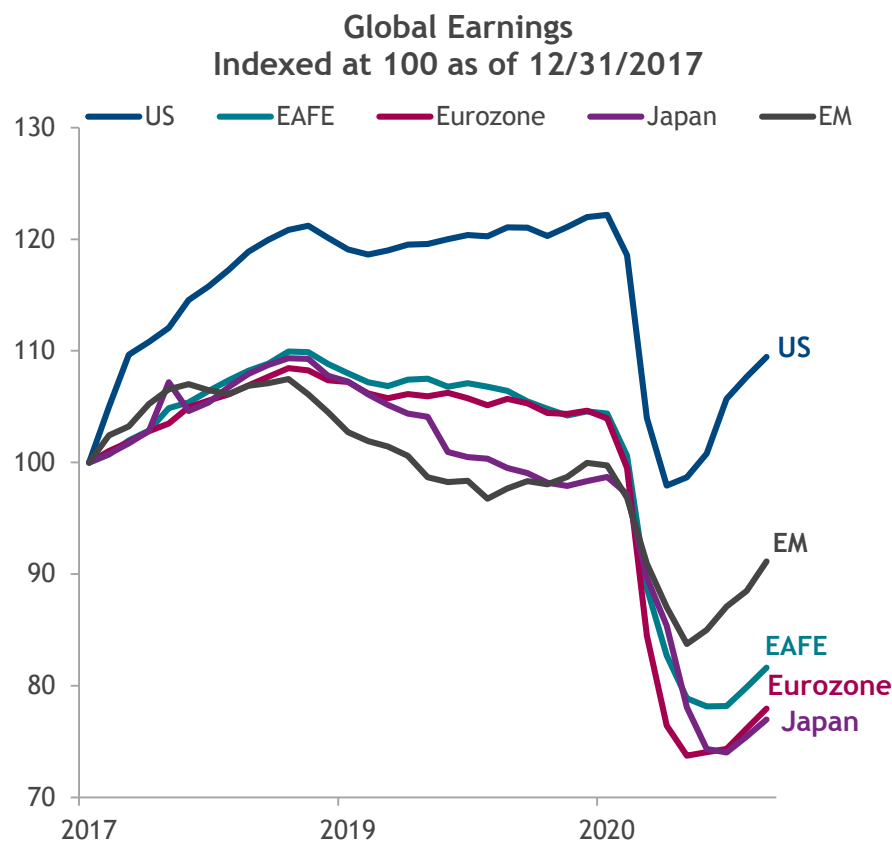
However, the backdrop then was much different than it is today, as that election occurred in the aftermath of the technology bubble, the late stage of what had been the longest economic expansion in history, and a Federal Reserve tightening cycle.

S&P 500: Performance Around 2000 Contested Election



# Regional: Valuations & Earnings

We hold a US equity bias and expect the US to maintain a premium valuation relative to the globe. US profits were stronger relative to other regions prior to the decline and are rebounding quicker. This is because US stocks' blue chip bias and sector composition are geared more toward defensive and growth-oriented areas.



Data Source: SunTrust IAG, FactSet, MSCI

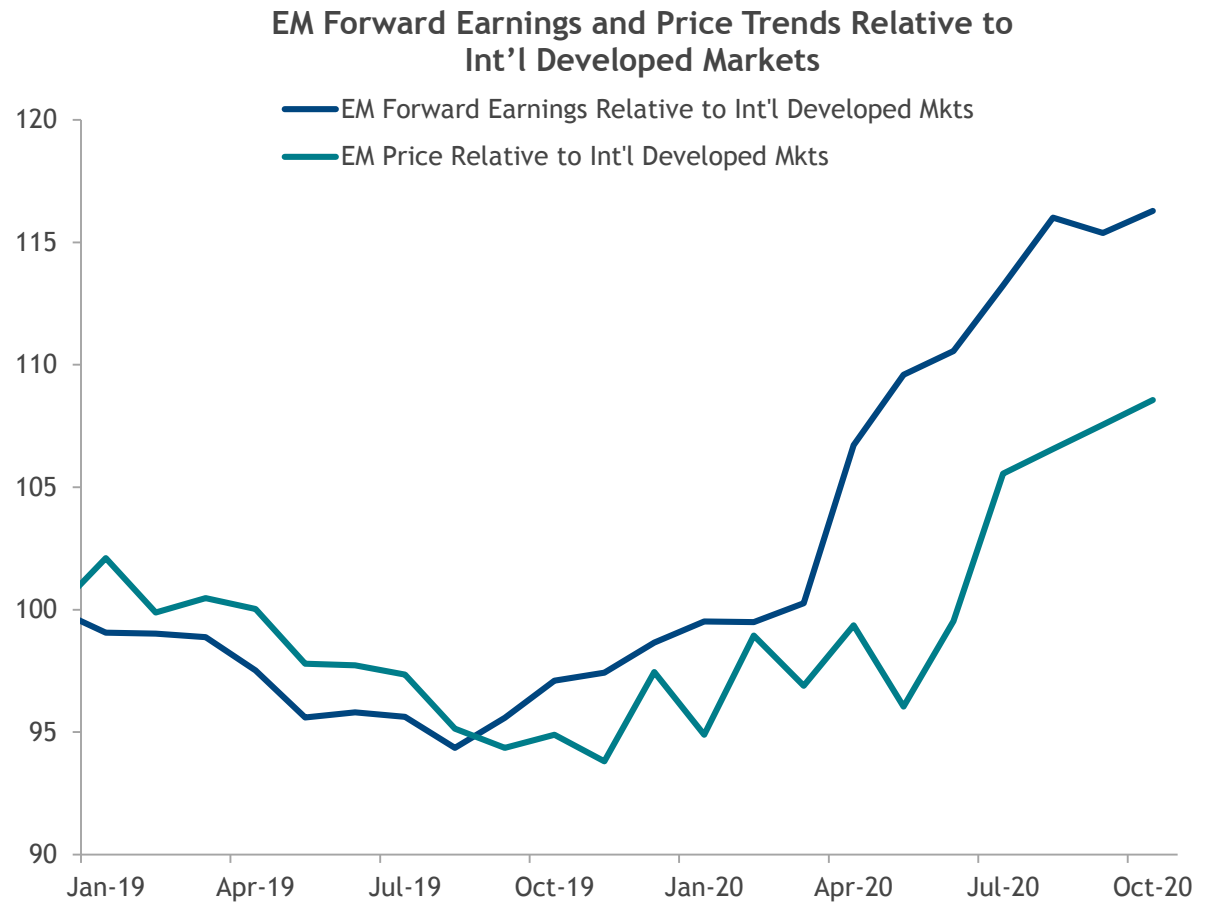
Past performance does not guarantee future results.

Earnings are next twelve months' earnings in local currency.

US = MSCI USA; Japan = MSCI Japan; EAFE = MSCI EAFE; EM = MSCI EM; Eurozone = MSCI EMU

# Emerging Markets' Trends Improving Relative to International Developed Markets

Emerging Markets' (EM) forward earnings and price trends are moving higher relative to the international developed markets. This has been driven by better earnings in Asia, such as in China, Taiwan and South Korea, relative to Europe.

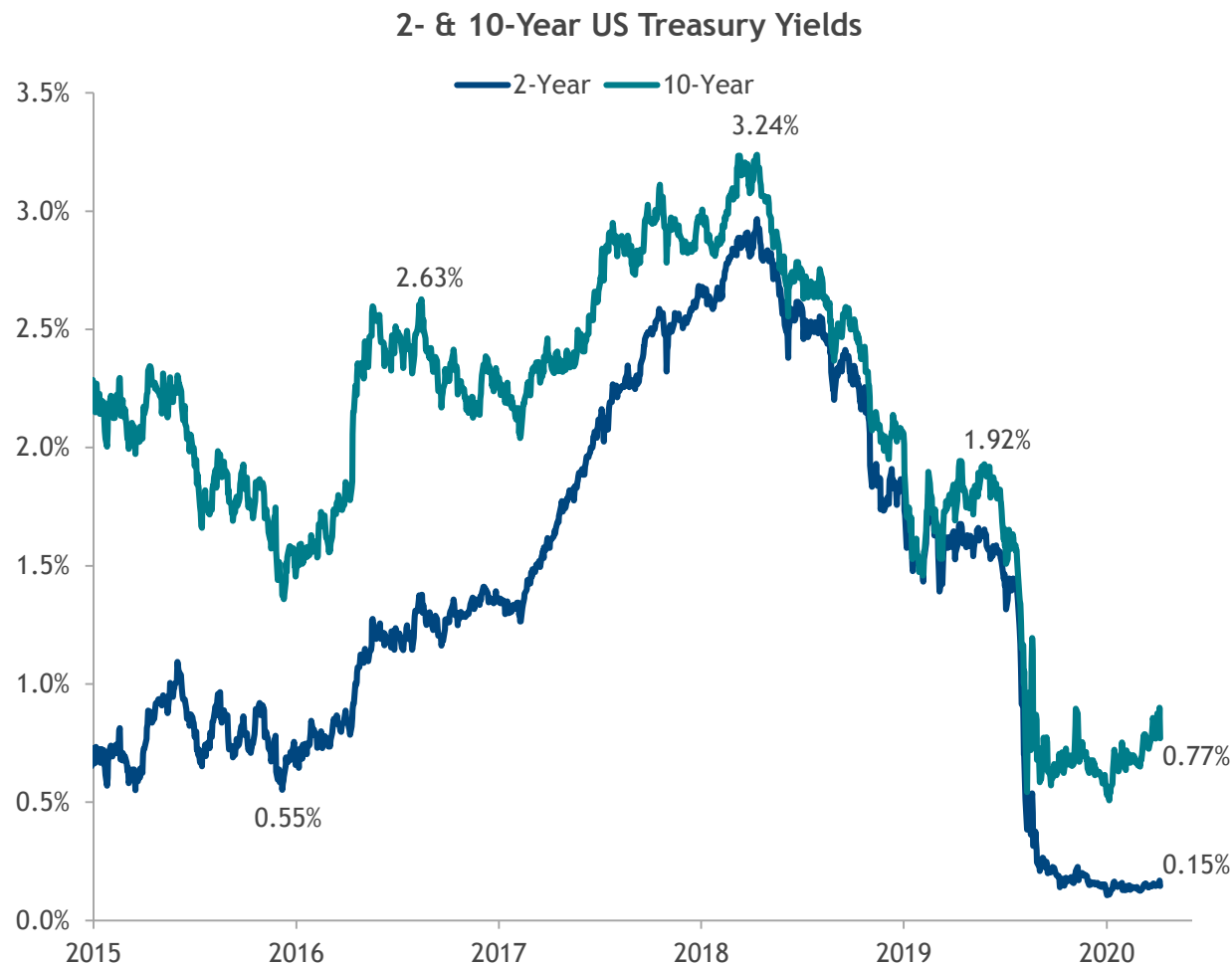


Data Source: SunTrust IAG; FactSet, MSCI; relative series indexed at 100 as of 12/31/2018  
Forward earnings are in local currency while price trends are in US dollars.

# Benign Yield Outlook Despite Recent Rise

In October, 10-year US Treasury yields rose to their highest point since June, though Federal Reserve (Fed) policy rates have locked short yields in place.

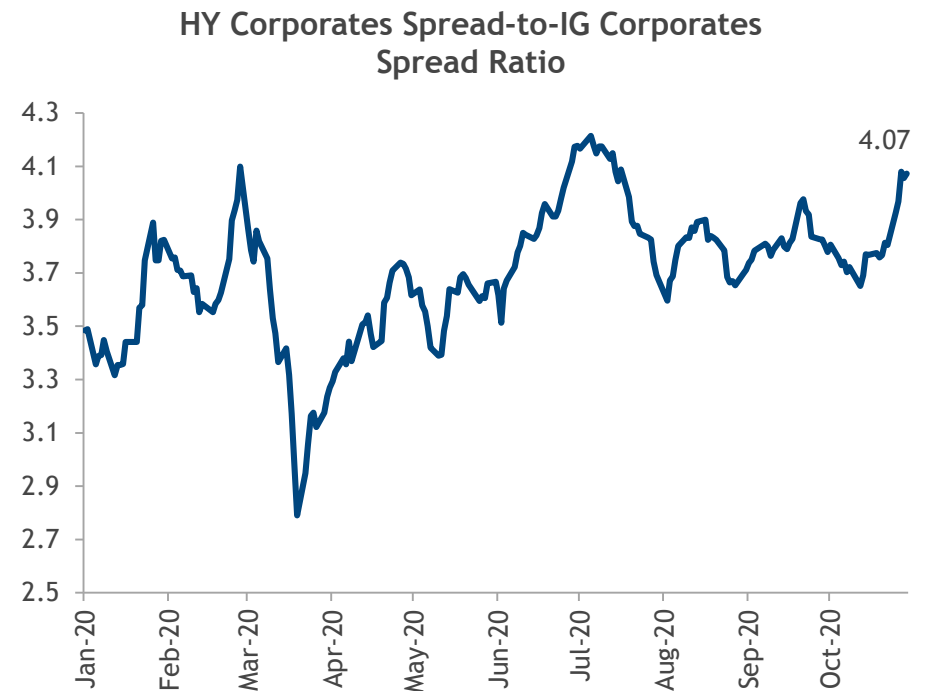
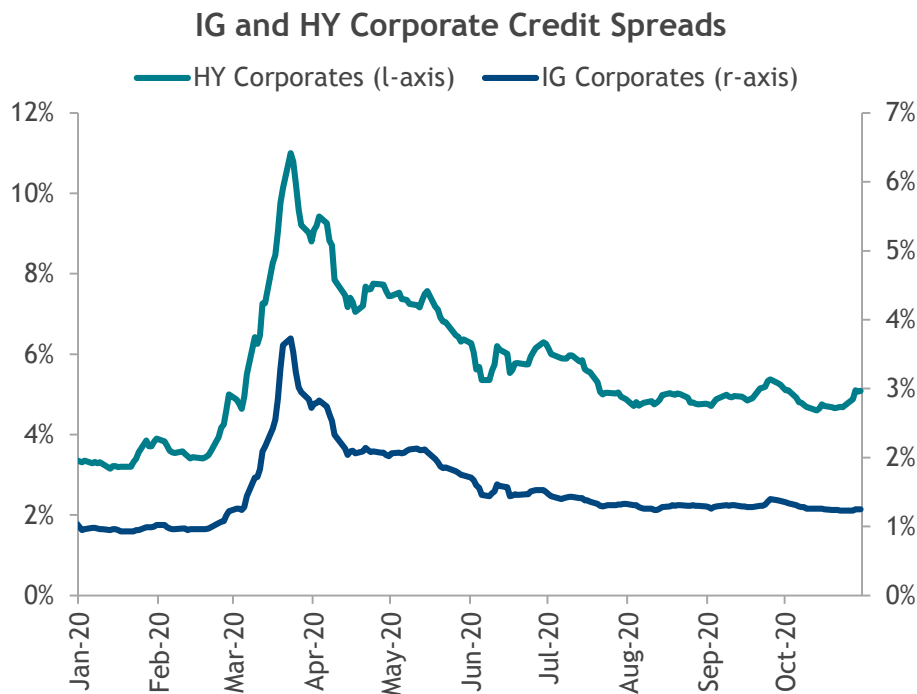
While the reflation narrative lifted yields, major headwinds still exist that will make it difficult for US Treasuries to sustain significantly higher levels. A split Congress makes a scaled-back stimulus package more likely relative to the market's blue wave expectations leading up to the election. Additionally, an accommodative Fed, low-to-negative sovereign yields overseas, and rising COVID-19 cases should mitigate any upward yield pressure.





# High Yield Spreads Offer Compelling Entry Point

While investment grade spreads remained steady, supported by the Fed, high yield (HY) spreads widened slightly in an environment plagued by stalling fiscal talks, the rise in global COVID-19 cases and US election rhetoric. With HY spreads at their highest point since July 17 relative to investment grade, current yields offer an attractive entry point. We expect the global search for yield and the slow-but-sustainable economic recovery to support US high yield corporates.



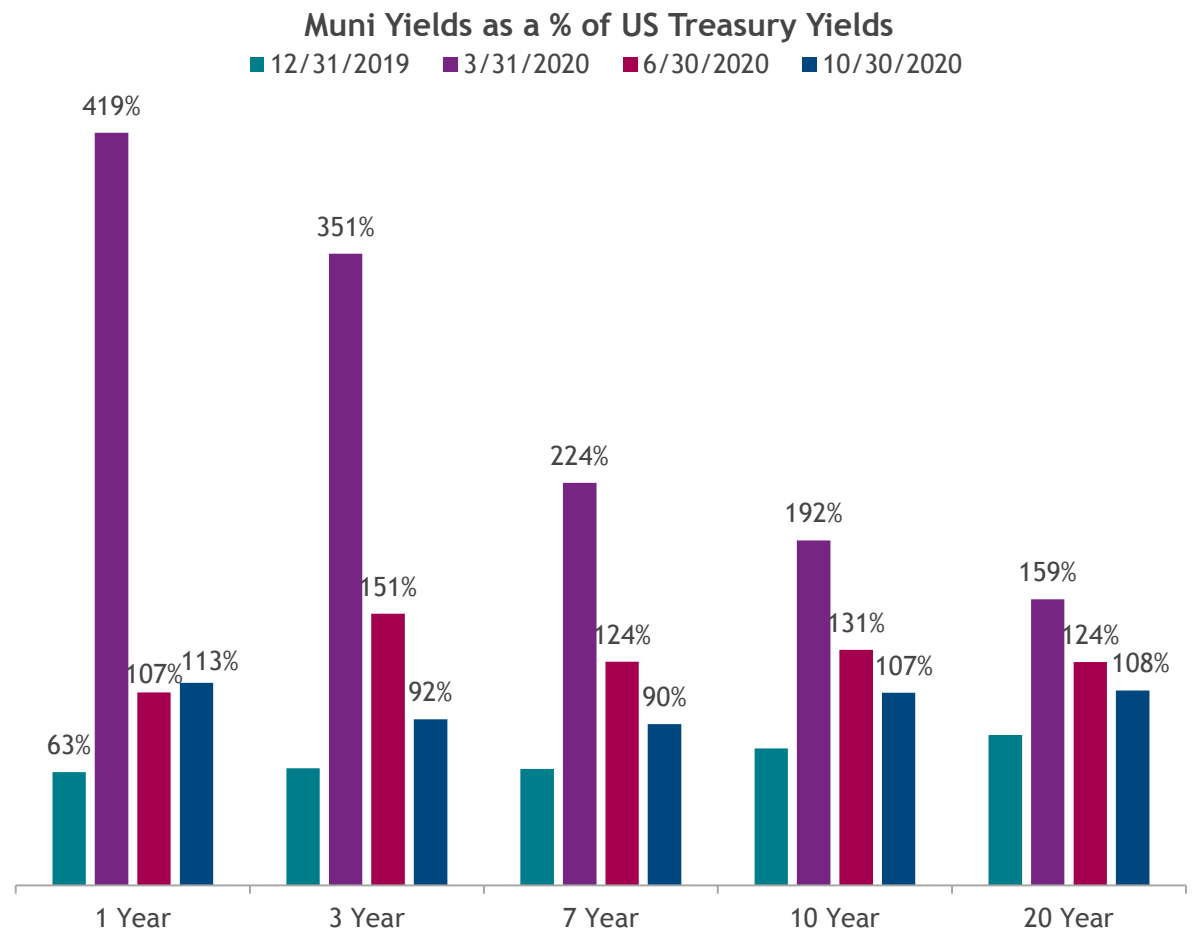
Data Source: SunTrust IAG, FactSet, Bloomberg

IG = Bloomberg Barclays US Corporate; HY = Bloomberg Barclays US High Yield

# Municipal Bonds Offer Compelling Tax-Equivalent Yield

The lack of meaningful federal support for state and local governments is keeping muni yields higher relative to their taxable counterparts. We would expect any announcement of aid for muni issuers to tighten muni yields relative to US Treasuries.

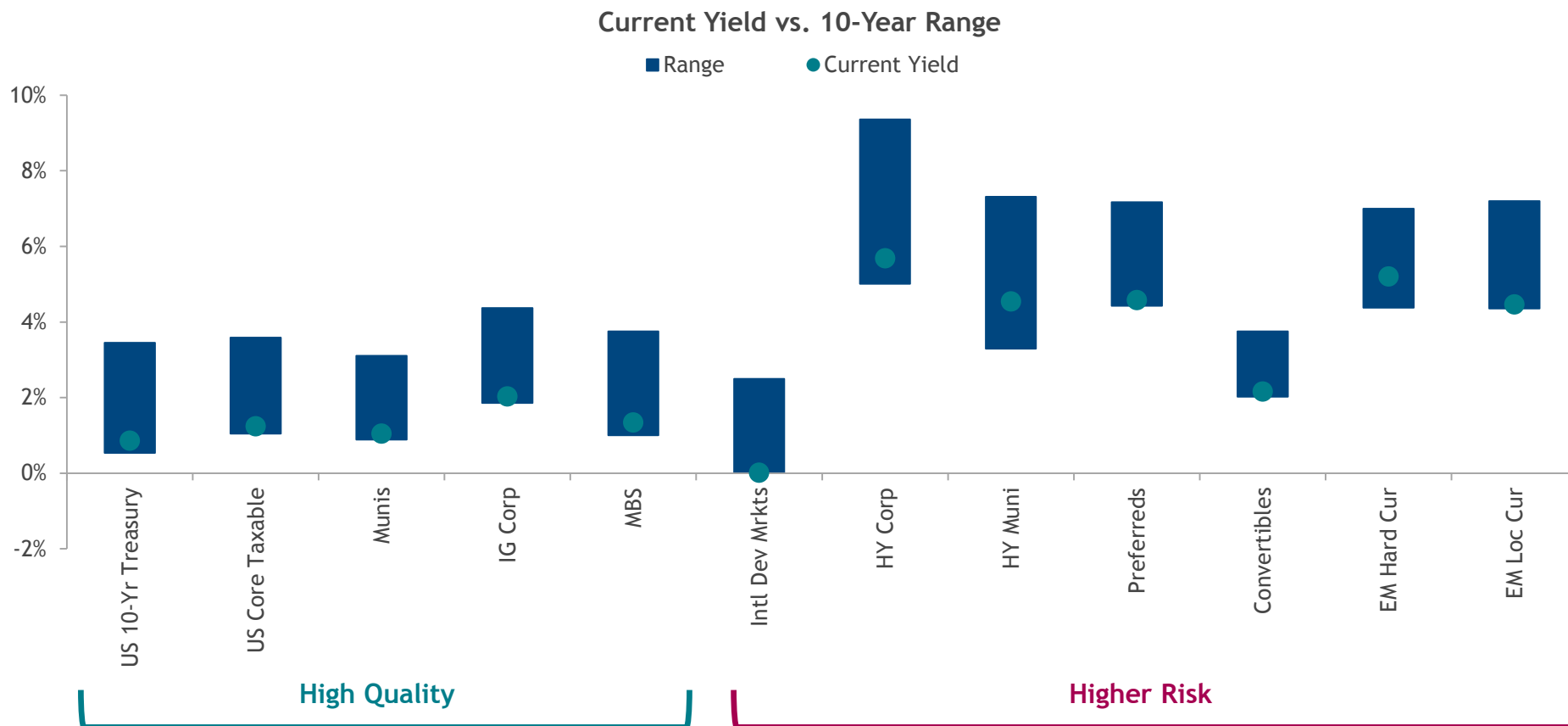
Muni sectors like sales tax revenues, hotel/convention centers, airports, and commercial real estate developments will remain under pressure. We continue to emphasize quality.



Data Source: SunTrust IAG, Bloomberg. Interest income may be subject to the federal alternative minimum tax. Other state and local taxes may apply.

# Relative Value in Fixed Income

We still see relative value in investment grade and high yield corporate bonds where there is a measure of support from the Fed.



Data Source: SunTrust IAG; FactSet, BofA; yield to worst shown except for preferreds (yield to maturity) and convertibles (current yield)

US 10-Yr Treasury = Bloomberg Barclays US Treasury Bellwethers (10-Yr); US Core Taxable = Bloomberg Barclays US Aggregate; Municipals = Bloomberg Barclays Municipal Bond 1-15 Year; US Corporates = Bloomberg Barclays US Corporate IG; MBS=Bloomberg Barclays US MBS; Intl Dev Mkts = ICE BofA Global Government ex US (USD Unhedged); HY Corp = ICE BofA US High Yield; HY Muni = Bloomberg Barclays Municipal High Yield; Preferreds = ICE BofA Fixed Rate Preferred; Convertibles = ICE BofA US Convertible; EM Hard Cur = JP Morgan EMBI Global Diversified; EM Loc Cur = JP Morgan GBI-EM Global Diversified. Past performance does not guarantee future results. Investing in the bond market is subject to certain risks, including market, interest rate, issuer and inflation risk; investments may be worth more or less than the original cost when redeemed. The value of most bond strategies and fixed income securities are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise, and values rise when interest rates decline.

SunTrust Advisory Services, Inc.





# CONTRIBUTORS



**KEITH  
LERNER, CFA, CMT**  
Chief Market Strategist,  
Managing Director,  
Portfolio & Market Strategy



**CHIP  
HUGHEY, CFA**  
Head of Fixed Income Strategy &  
Services,  
BB&T Scott & Stringfellow



**MICHAEL  
SKORDELES, AIF**  
Director,  
US Macro Strategist,  
Portfolio & Market Strategy



**EYLEM  
SENYUZ**  
Director,  
Global Macro Strategist,  
Portfolio & Market Strategy



**SABRINA  
BOWENS-RICHARD, CFA, CAIA**  
Director,  
Portfolio & Market Strategy



**SHELLY  
SIMPSON, CFA, CAIA**  
Director,  
Portfolio & Market Strategy



**JEFF  
TERRELL, CFA**  
Chief Wealth Market  
Strategist, BB&T Wealth

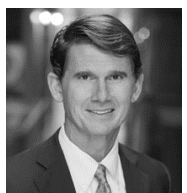


**DYLAN  
KASE, CFA**  
IAG Associate,  
Portfolio & Market Strategy



**EVAN  
MOOG, CFA**  
IAG Associate,  
Portfolio & Market Strategy

## Additional Contributors to Sector Strategy



**VERNON  
PLACK, CFA, CMT**  
Director of Private Client  
Research, BB&T Scott &  
Stringfellow



**CHARLES  
EAST**  
Sr. Research Analyst,  
Equity Strategies



# INVESTMENT ADVISORY GROUP

Ernest Dawal, Jr., CFA  
Chief Investment Officer

## PORTFOLIO & MARKET STRATEGY

Keith Lerner, CFA, CMT  
Chief Market Strategist

Mike Skordeles, AIF®  
Director, US Macro Strategist

Eylem Senyuz  
Director,  
Global Macro Strategist

Jeff Terrell, CFA  
Senior Vice President,  
Chief Wealth Market Strategist,  
BB&T Wealth

Shelly Simpson, CFA, CAIA  
Director

Sabrina Bowens-Richard,  
CFA, CAIA  
Director

Emily Novick, CFA, CFP®  
Research Analyst

Dylan Kase, CFA  
Associate

## TRADITIONAL MANAGER EVALUATION

Ric Mayfield, CFA, CAIA  
Managing Director

Alison Majors, CFA, CFP®  
Director

Chris Hett, CFA  
Research Analyst

Tracey Devine  
Director

Thomas Toman  
Research Analyst

Kelly Frohsin, CIMA®, CFP®  
Director

Diane Schmidt  
Research Analyst

Benardo Richardson  
Associate

## PRIVATE EQUITY & CREDIT RESEARCH

Ravi Ugale  
Managing Director

Will Repath  
Director

## ALTERNATIVE INVESTMENTS RESEARCH

Spencer Boggess  
Managing Director

Mohan Badgujar  
Director

Noah Harris, CFA  
Director

Colin Fox, CTFA  
Associate

Len Lebov  
Director

Ryan Taylor, CFA, CAIA  
Associate

Haley Lawson  
Associate

## EQUITY STRATEGIES

Aki Pampush, CFA  
Managing Director

Charles East  
Sr. Research Analyst

Scott Yuschak, CFA  
Sr. Research Analyst

Adam White, CFA  
Sr. Research Analyst

John Holecek  
Associate

Vernon Plack, CFA, CMT  
Dir. Of Private Client Research,  
BB&T Scott & Stringfellow

W. Moultrie Dotterer, CFA  
Managing Director,  
BB&T Scott & Stringfellow

Charles Redding  
Equity Product Manager,  
BB&T Scott & Stringfellow

## FIXED INCOME STRATEGIES

Chip Hughey, CFA  
Head of Fixed Income Strategy  
and Services,  
BB&T Scott & Stringfellow

Evan Moog, CFA  
IAG Associate

## INVESTMENT COMMUNICATIONS

Oliver Merten, CFA, CFP®  
Managing Director

Julie Parham  
Investment Communications  
Manager

# Important Disclosures

Advisory managed account programs entail risks, including possible loss of principal and may not be suitable for all investors. Please speak to your advisor to request a firm brochure which includes program details, including risks, fees and expenses.

International investments are subject to special risks, such as political unrest, economic instability, and currency fluctuations. Emerging Markets: Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in developed countries, including unstable political and economic conditions, adverse geopolitical developments, price volatility, lack of liquidity, and fluctuations in currency exchange rate.

Truist, SunTrust®, SunTrust Premier Program®, GFO Advisory Services®, BB&T®, BB&T Securities®, Sterling Capital®, BB&T Investments, and BB&T Scott & Stringfellow® are service marks of Truist Financial Corporation. All rights reserved. All other trademarks are the property of their respective owners.

Services provided by the following affiliates of Truist Financial Corporation: Banking products and services, including loans and deposit accounts, are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, Member FDIC. Trust and investment management services are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, and SunTrust Delaware Trust Company. Securities, brokerage accounts and /or insurance (including annuities) are offered by SunTrust Investment Services, Inc. and BB&T Securities, LLC, and P.J. Robb Variable Corp., which are SEC registered broker-dealers, members FINRA, SIPC, and a licensed insurance agency where applicable. Investment advisory services are offered by SunTrust Advisory Services, Inc., GFO Advisory Services, LLC, BB&T Securities, LLC, Sterling Capital Management, LLC, Precept Advisory Group, LLC, and BB&T Institutional Investment Advisors, Inc., each SEC registered investment advisers. BB&T Investments and BB&T Scott & Stringfellow, are divisions of BB&T Securities, LLC. Mutual fund products are advised by Sterling Capital Management, LLC.

SunTrust Private Wealth Management and GenSpring, are marketing names used by SunTrust Bank now Truist Bank, SunTrust Investment Services, Inc., and SunTrust Advisory Services, Inc.

While this information is believed to be accurate, SunTrust Banks, Inc., now Truist Financial Corporation, including its affiliates, does not guarantee the accuracy, completeness or timeliness of, or otherwise endorse these analyses or market data.

The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Truist Financial Corporation makes no representation or guarantee as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. The information contained herein does not purport to be a complete analysis of any security, company, or industry involved. This material is not to be construed as an offer to sell or a solicitation of an offer to buy any security.

Opinions and information expressed herein are subject to change without notice. STIS and/or its affiliates, including your Advisor, may have issued materials that are inconsistent with or may reach different conclusions than those represented in this commentary, and all opinions and information are believed to be reflective of judgments and opinions as of the date that material was originally published. STIS is under no obligation to ensure that other materials are brought to the attention of any recipient of this commentary.

Comments regarding tax implications are informational only. Truist and its representatives do not provide tax or legal advice. You should consult your individual tax or legal professional before taking any action that may have tax or legal consequences.

Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance.

STIS/STAS shall accept no liability for any loss arising from the use of this material, nor shall STIS/STAS treat any recipient of this material as a customer or client simply by virtue of the receipt of this material.

The information herein is for persons residing in the United States of America only and is not intended for any person in any other jurisdiction.

Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein.

The information contained in this material is produced and copyrighted by Truist Financial Corporation and any unauthorized use, duplication, redistribution or disclosure is prohibited by law.

STIS/STAS's officers, employees, agents and/or affiliates may have positions in securities, options, rights, or warrants mentioned or discussed in this material.

Asset classes are represented by the following indexes. An investment cannot be made directly into an index.

S&P 500 Index is comprised of 500 widely-held securities considered to be representative of the stock market in general.

Equity is represented by the MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries\*. With 2,757 constituents, the index covers approximately 85% of the global investable equity opportunity set

Fixed Income is represented by the Barclays Aggregate Index. The index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States - including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.



# Important Disclosures

Commodities are represented by the Bloomberg Commodity Index which is a composition of futures contracts on physical commodities. It currently includes a diversified mix of commodities in five sectors including energy, agriculture, industrial metals, precious metals and livestock. The weightings of the commodities are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity.

Cash is represented by the ICE BofAML US Treasury Bill 3 Month Index which is a subset of the ICE BofAML 0-1 Year US Treasury Index including all securities with a remaining term to final maturity less than 3 months.

US Large Cap Equity is represented by the S&P 500 Index which is an unmanaged index comprised of 500 widely-held securities considered to be representative of the stock market in general.

US Mid Cap is represented by the S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

US Small Cap Core Equity is represented by the Russell 2000 Index which is a measure of the performance of the small-cap segment of the US equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

International Developed Markets is represented by the MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries\* around the world, excluding the US and Canada. With 921 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Emerging Markets is represented by the MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries\*. With 1,125 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Growth is represented by the Russell 1000® Growth Index measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Value is represented by the Russell 1000® Value Index measures the performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values

US Government Bonds are represented by the Bloomberg Barclays US Government Index which is an unmanaged index comprised of all publicly issued, non-convertible domestic debt of the US government or any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the US government

US Mortgage-Backed Securities are represented by the US Mortgage-Backed Securities (MBS) Index which covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

US Investment Grade Corporate Bonds are represented by the Bloomberg Barclays US Corporate Investment Grade Index which is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB- or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding.

US High Yield Corp is represented by the ICE BofAML U.S. High Yield Index tracks the performance of below investment grade, but not in default, US dollar denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

Floating Rate Bank Loans are represented by the Credit Suisse Leveraged Loan Index. The index represents tradable, senior-secured, U.S.-dollar-denominated non-investment-grade loans.

Global Equity is represented by the MSCI All World Country (ACWI) Index which is defined as a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI Index consists of 48 country indices comprising 24 developed markets countries and 24 emerging markets countries.

Emerging Markets Equity is represented by the MSCI EM Index which is defined as a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets countries

Intermediate Term Municipal Bonds are represented by the Bloomberg Barclays Municipal Bond Blend 1-15 Year (1-17 Yr) is an unmanaged index of municipal bonds with a minimum credit rating of at least Baa, issued as part of a deal of at least \$50 million, that have a maturity value of at least \$5 million and a maturity range of 12 to 17 years.

US Core Taxable Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

# Important Disclosures

US Government Bonds are represented by the Bloomberg Barclays US Government Index which is an unmanaged index comprised of all publicly issued, non-convertible domestic debt of the US government or any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the US government.

US IG Corporate Bonds are represented by 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.

US High Yield Corporate Bonds are represented by the ICE BofAML US HY Master Index which is an index that tracks US dollar denominated debt below investment grade corporate debt publicly issued in the US domestic market.

S&P 500 Information Technology Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the information technology sector based on GICS® classification.

S&P 500 Financials Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the financials sector based on GICS® classification.

S&P 500 Energy Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the energy sector based on GICS® classification.

S&P 500 Materials Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the materials sector based on GICS® classification.

S&P 500 Industrials Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the industrials sector based on GICS® classification.

S&P 500 Consumer Discretionary Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the consumer discretionary sector based on GICS® classification.

S&P 500 Communication Services Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the communication services sector based on GICS® classification.

S&P 500 Utilities Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the utilities sector based on GICS® classification.

S&P 500 Consumer Staples Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the consumer staples sector based on GICS® classification.

S&P 500 Health Care Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the health care sector based on GICS® classification.

S&P 500 Real Estate Index - a capitalization-weighted index that is composed of those companies included in the S&P 500 that are classified as members of the real estate sector based on GICS® classification.

©2020 Truist Financial Corporation. BB&T, SunTrust®, the SunTrust logo, and Truist are service marks of Truist Financial Corporation. All rights reserved.

CN2020-XXXX EXP 12-2020