

Waiting for the next 'shoe' to drop.

Market Review

Over three months ago, the COVID-19 outbreak was named a pandemic, rocking global markets. The S&P 500 tumbled nearly 34%. Since those lows of March 23rd, major indices have enjoyed a "hope-filled" recovery with technology stocks doing a lot of the heavy lifting. The NASDAQ composite, closed out Q2 up 12.1%. Many technology companies were spared from—or even benefited from—the effects of the lockdown.

Despite systematic risks, the trends for financial markets continue to remain favorable. Major U.S. indices all closed out June above their long-term trend lines, which historically has been a positive sign. The rise in new coronavirus cases are largely priced into the market, however, reasons that were overlooked when the market was rallying are now starting to be looked at again as possible catalysts for a reversal of fortune. Growth stocks are now trading at valuation levels not seen since the tech bubble.

The International Monetary Fund lowered its forecast of global growth in 2020 to -4.7% (vs. a -3.0% estimate made three months ago).

The Federal Reserve's unprecedented intervention in the corporate bond market, along with the reduction of the Federal Funds Rate to zero, has had a profound impact on the bond market. U.S. Treasuries finished near their starting positions. The 2-yr yield declined one basis point to 0.15%, and the 10-yr yield increased two basis points to 0.65%.

The U.S. Dollar Index decreased 0.2% to 97.38 providing a tailwind for foreign stocks, however, International equities still struggled. Emerging Markets were an exception up +18%.

Investment Perspectives

It has been fairly smooth sailing off the March 23 lows, but the ride is expected to turn bumpier as the economic reality on the ground is unlikely to live up to the stock market's recovery expectations. Going up indefinitely, is hard to do in the stock market.

As we head into the second half of the year, it is important for investors to consider the long term earnings power of companies once we get past COVID-19. Over the short-term companies have to survive until a vaccine comes. Liquidity will be key! For the most part, global markets are 'emotional invested' with a lot riding on the path of the virus and vaccine hopes/expectations. Both of which are still uncertain.

The next five months are going to shift more toward politics, as the US election draws closer. Historically this has been a prominent source of market volatility, particularly when the economy is on unsteady footing. President Trump needs the economy to get going even more to help his re-election to the presidency. The U.S. relationship with China will be another source of volatility, because of what it means for trade activity and global growth.

Those in their 40s and 50s need to be smart and strategic as they manage their investments during this Covid-19 crisis. While there is no 'one size fits all' solution, keeping perspective on your individual situation will allow you to better navigate the decision making needed in your portfolio.

If you have any questions or concerns over your portfolio, please contact us at +1 441 298 0358 or via email at customer@bfm.bm.



Target Date Performance by Profile	Annualized Returns at June 30, 2020					
	10 years	5 years	3 years	1 year	YTD	3 month
GlidePath Retirement	4.16	4.01	5.07	6.04	2.41	9.17
Index	4.32	4.23	5.18	5.63	2.08	7.68
GlidePath 2020	5.54	4.45	5.26	5.48	1.27	10.83
Index	5.51	4.84	5.42	5.02	0.96	9.09
GlidePath 2030	6.73	5.36	5.93	5.37	-1.33	15.90
Index	7.01	5.69	5.78	4.59	-0.91	11.50
GlidePath 2040	7.04	5.52	5.83	4.19	-3.37	18.48
Index	7.69	6.16	6.08	3.49	-3.64	16.27
GlidePath 2050	7.10	5.47	5.47	2.66	-5.47	20.31
Index	8.07	6.29	5.95	2.41	-5.27	18.08
GlidePath 2060				3.06	-5.14	20.55
Index				2.30	-5.43	18.25

Risk-Based Performance by Profile	Annualized Returns at June 30, 2020					
	10 years	5 years	3 years	1 year	YTD	3 month
Guaranteed Interest	0.97	0.99	1.15	0.84	0.27	0.10
Index	0.97	0.99	1.15	0.84	0.27	0.10
Conservative Risk	3.58	3.01	3.40	3.38	0.90	5.09
Index	2.98	2.50	2.81	2.86	0.39	4.06
Moderate Risk	4.23	3.07	3.40	2.67	-0.65	6.79
Index	3.48	2.68	2.78	2.12	-1.31	6.15
Accumulator	6.77	5.02	5.32	4.56	-0.66	11.78
Index	5.25	3.73	3.82	3.13	-1.72	9.15
Stable Growth	7.98	6.02	6.94	6.22	0.64	14.76
Index	6.27	4.66	5.07	4.55	-1.26	11.79
Growth Risk	8.14	6.72	7.55	5.80	0.58	13.97
Index	6.57	5.46	5.99	5.71	-1.19	14.84
Aggressive Risk	11.27	8.70	10.60	9.19	2.14	21.94
Index	9.42	7.42	8.64	9.26	0.50	19.17

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.



Performance by Fund	Annualized Returns at June 30, 2020					
	10 years	5 years	3 years	1 year	YTD	3 month
Guaranteed Interest Account (GIA5)	0.97	0.99	1.15	0.84	0.27	0.10
Enhanced Cash – Payden USD Liquidity (MMKT)	0.95	1.75	2.29	2.49	1.26	2.86
Bank of America ML US Treasury Bill 3 Month TR USD	0.64	1.19	1.77	1.63	0.60	0.02
Short Duration - Vanguard Global Short Term Bond Index (BFMSDF)	N/A	2.50	3.09	3.66	2.34	1.64
BofAML US Treasuries 1-3 Year TR USD	1.33	1.84	2.69	4.07	2.94	0.13
Global Bond - Lazard Global Bond Core Plus (BFMGBF1)	2.59	3.00	3.32	3.84	2.57	5.84
Barclays Global Aggregate TR USD	2.81	3.56	3.79	4.22	2.98	3.32
US Bond - PIMCO Total Return (BF1)	3.94	4.46	5.21	8.94	6.36	4.22
Barclays US Aggregate Bond TR USD	3.82	4.30	5.32	8.74	6.14	2.90
Inflation Strategy - PIMCO Inflation Strategy (INFLTND)	1.31	0.06	0.82	-5.48	-6.51	14.49
PIMCO Inflation Strategy Benchmark USD	2.35	0.47	0.56	-6.37	-7.63	12.81
Global TIPS - Standard Life Global Inflation Linked Bond	4.58	5.14	5.60	7.65	6.67	5.10
Barclays Gbl. Inflation Linked TIPS TR USD	3.52	3.75	5.05	8.28	6.01	4.24
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	5.05	2.75	0.32	-4.98	-9.06	12.24
Barclays Global High Yield TR USD	6.43	4.40	2.22	-1.98	-4.66	12.19
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	5.31	4.42	3.29	1.45	-1.69	12.02
JPM EMBI Plus TR USD	5.53	4.91	2.66	1.23	-0.40	9.06
Global Value Stock - Causeway Global Value (GVF)	8.07	0.83	-1.68	-14.77	-21.98	20.09
MSCI ACWI NR USD	9.16	6.46	6.14	2.11	-6.25	19.22
Global Growth Stock - Artisan Global Opportunities (IGF)	16.11	12.93	14.61	22.34	11.30	26.88
MSCI ACWI NR USD	9.16	6.46	6.14	2.11	-6.25	19.22
US Growth Stock - Franklin US Opportunities (USGF)	15.74	13.52	19.21	22.82	15.95	32.73
MSCI US Large Cap Growth PR USD	16.27	15.14	19.20	26.61	12.52	29.18
US Value Stock - MFS Meridian US Value (USVF)	10.12	5.26	2.32	-5.40	-13.37	14.18
MSCI US Large Cap Value PR USD	7.32	2.73	-0.35	-10.27	-16.97	11.28
US Stock Index - Vanguard US 500 Stock Index (INDUSE)	13.11	9.96	9.97	6.78	-3.41	20.35
S&P 500 NR USD	13.28	10.05	10.07	6.87	-3.37	20.37
Global Stock Index - Vanguard Global Stock Index (INDGEQ)	9.75	6.75	6.57	2.77	-5.80	19.35
MSCI World Free NR USD	9.95	6.90	6.70	2.84	-5.77	19.36
Global Small Cap Stock - Vanguard Glob. Small Cap Index (GSMCEQ)	9.19	4.05	1.74	-5.31	-12.86	24.54
MSCI World Small Cap NR USD	9.45	4.26	1.92	-5.18	-12.87	24.58
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	3.54	5.71	4.47	-1.59	-11.12	21.77
MSCI EM PR USD	0.81	0.47	-0.52	-5.66	-10.73	17.27

The Current Guaranteed Interest Crediting Rate is 0.25%

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