



Price Returns

Index	Close	Week	YTD
Dow Jones Industrial Average	28,990	-1.2%	1.6%
S&P 500 Index	3,296	-1.0%	2.0%
NASDAQ	9,315	-0.8%	3.8%
Russell 2000 Index	1,662	-2.2%	-0.37%
MSCI EAFE Index	2,036	-1.0%	0.0%
10-yr Treasury Yield	1.69%	-0.1%	-0.2%
Oil (\$/bbl)	\$54.35	-7.2%	-11.0%
Bonds*	\$113.81	0.7%	1.1%

Source: Bloomberg, 01/24/20

*Bonds represented by the iShares U.S. Aggregate Bond ETF

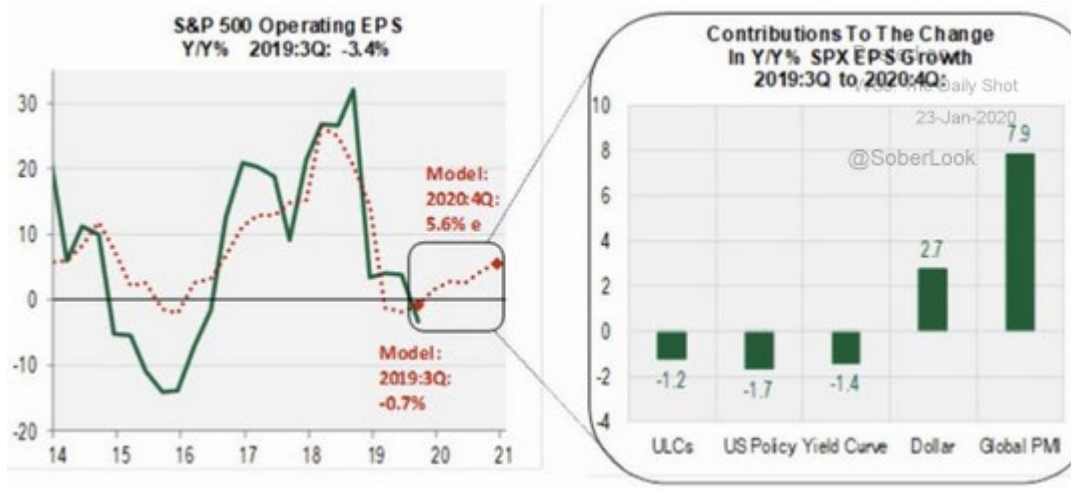
Last Week:

U.S. Equity Markets

- U.S. large cap equities (S&P 500 Index) fell -1.0% (biggest one-week drop since August) as concerns increased regarding the potential economic impact of the ongoing Wuhan coronavirus outbreak, and the IMF cut its global-growth forecast, partially offset by fairly solid U.S. Q4 earnings reports/guidance. President Trump challenged France on its proposed digital-services tax and used the occasion to again threaten the European Union with auto tariffs, while the impeachment trial continued in the Senate
 - Utilities (+2.4%), REITs (+1.1%), and consumer staples (-0.5%) outperformed as investors favored defensive and interest rate sensitive sectors
 - Information technology (+0.3%) outperformed with strength in semiconductors including Intel (+14.9%) and Broadcom (+4.9%)
 - Industrials (-1.0%) performed in-line
 - Communication services (-1.4%) underperformed with weakness in entertainment and media stocks
 - Consumer discretionary (-1.5%) underperformed with weakness in apparel retailers and casinos with significant Macau/Chinese exposure including Wynn Resorts (-11.1%) and Las Vegas Sands (-8.4%)
 - Health care (-2.0%) underperformed with weakness in biotech and medical devices
 - Financials (-2.2%) underperformed with bank weakness as interest rates declined
 - Materials (2.7%) underperformed with weakness in agrochemicals and industrial metals, but precious-metals miners performed relatively well amid higher prices for gold
 - Energy (-4.3%) underperformed with the price of oil falling -7.2%
 - The S&P 500 has gone 71 days since a 1% move in either direction, a streak that may get challenged today (futures indicate -1.5%)

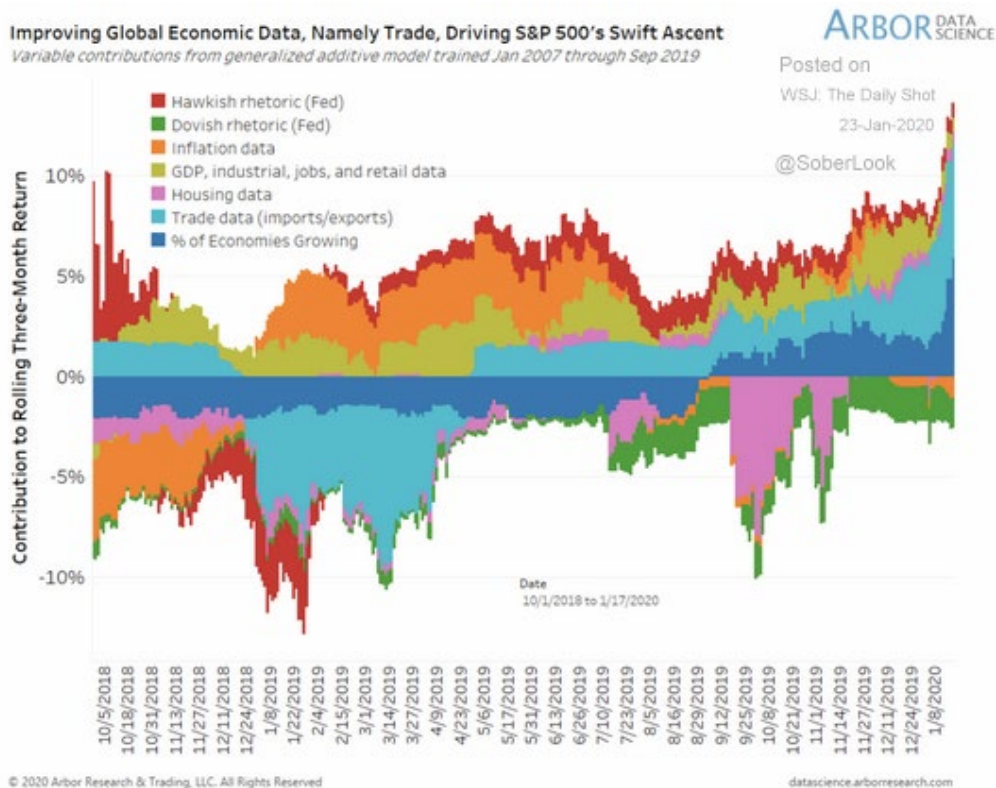


- A rebound in global business activity (PMI) is a key driver of expected improvements in profits in 2020



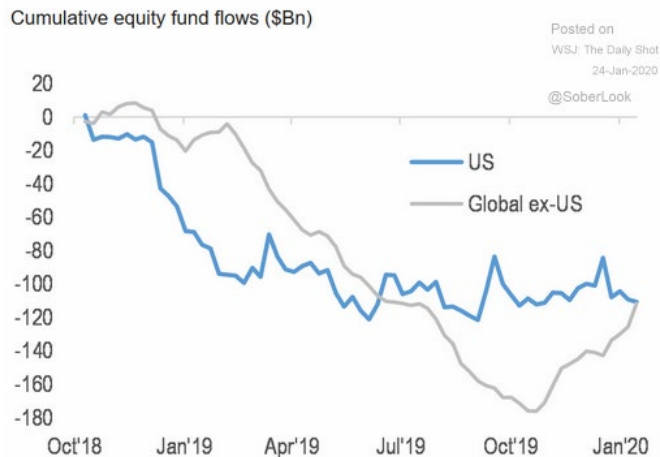
Source: Cornerstone Macro, Wall Street Journal

- According to Arbor Data Science, the S&P 500's swift ascent over the past year was driven primarily by improving global economic data, namely trade data



Source: Arbor Research & Trading

- Despite the strong gains for equity markets in 2019 and to start 2020, there have been net outflows for U.S. and non-U.S. equity mutual funds



Source: J.P. Morgan Equity Derivatives Strategy, EPFR.

U.S. Economic and Political News

- Existing Home Sales were 5.54 million in December, topping the 5.435 million consensus forecast
- IHSMARKIT's Manufacturing PMI dipped to 51.7 in its preliminary January reading, from 52.4 in December
 - "Manufacturing is not out of the woods yet, with goods producers seeing only modest gains in output and new orders," according to IHSMARKIT Economist Sian Jones
- Meanwhile, the Services PMI reading jumped to a 10-month high

International Markets and News

- European equities (STOXX Europe 600) fell -0.2% as U.S. President Trump threatened to levy tariffs if the European Monetary Union did not reach an agreement before the U.S. Presidential election, and political tensions in Italy flared up again
- The Chinese stock market (Shanghai Composite) fell -3.8% as the coronavirus shook Chinese markets with disease spreading to 23 provinces, Hong Kong, Macau, and six other countries. The number of reported cases was over 1,000 with 76 deaths as of Sunday (01/26)
 - Analysts are estimating that the virus could reduce Chinese GDP by 1% or more in 2020, which is already at record lows
 - China locked down three cities, prohibiting travel, in an effort to contain the outbreak of the coronavirus as the death toll reached 76, and Wuhan may have 1,000 more cases. The Centers for Disease Control confirmed a fifth U.S. coronavirus case as of Sunday (01/26) – several were travelers to Wuhan. Wash your hands!

Asian coronavirus outbreak

Coronaviruses are a family of viruses common in animals, with the newest deadly strain (Novel Coronavirus) identified in Wuhan, China. Now there are reports of the virus in nearly a dozen countries including the U.S.



*Symptoms reported

Transmission

Coronaviruses are zoonotic, meaning they are transmitted between animals and people.

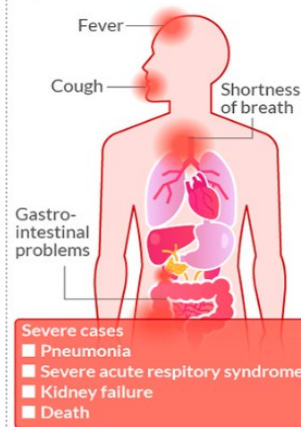


Human-to-human transmission: Coronaviruses are most commonly spread from an infected person by:

- Coughing and sneezing.
- Close personal contact, such as touching or shaking hands.
- Touching an object or surface with the virus on it, and then touching your mouth, nose, or eyes before washing your hands.
- Fecal contamination.

Source: WHO, CDC, Getty Images

Signs of coronavirus infection



Source: WHO, CDC, Getty Images

- Japanese equities (Nikkei 225 Index) fell -0.9% as exports declined by a more-than-expected -6.3% in December compared with a year earlier, primarily due to the U.S.-China trade war
 - As expected the Bank of Japan left its interest rate and asset purchase targets unchanged

Commodities

- Oil fell -7.2%, hitting its lowest mark since October
- Gold was modestly higher
- The yield on 10-year Treasuries fell to its lowest level since October, sub-1.7%



This Week:

- Stocks are down sharply across the globe, amid more infections and deaths associated with the Corona virus. China has extended its Lunar New Year holiday through February 2, while Hong Kong has closed schools through February 17 and is barring visits to mainland China, all in an effort to contain the spread of the virus
- The impeachment trial will continue in Washington
- Corporate news flow remains robust this week with notable earnings including, but not limited to: D.R. Horton, Sprint, F5 Networks, TCF Financial, Whirlpool, **HCA Healthcare**, Lockheed Martin, McCormick, PACCAR, Pfizer, United Technologies, Apple, Advanced Micro Devices, C.H. Robinson Worldwide, eBay, **Starbucks**, Stryker, Xilinx, **Automatic Data Processing**, Boeing, **General Dynamics**, General Electric, **Corning**, Hess, Invesco, **Mastercard**, McDonalds, **Nasdaq**, Rockwell Automation, AT&T, T. Rowe Price, **Archer Daniels Midland**, **Facebook**, Las Vegas Sands, **Microsoft**, **PayPal**, Tesla, United Rentals, Biogen, DuPont, Quest Diagnostics, WW Grainger, Hershey, Coca-Cola, **Eli Lilly**, Altria Group, Parker-Hannifin, Roper Technologies, Sherwin-Williams, Tractor Supply Company, **United Parcel Service**, **Verizon**, Edwards Lifesciences, Levi Strauss, **Visa**, Amgen, **Amazon**, **Electronic Arts**, Open Text, **Aon**, Caterpillar, Colgate-Palmolive, Chevron, **Honeywell**, Johnson Controls, Exxon Mobil
- Abroad, the macro-economic calendar will see a Bank of England meeting and China PMI
- U.S. Economic data:
 - Monday: New Home Sales, Building Permits SAAR, Dallas Fed Index
 - Tuesday: Core Durable Orders, Durable Orders ex transport, Durable Orders,
 - Wednesday: MBA Mortgage Purchase Applications, Wholesale Inventories, Pending Home Sales, FOMC Meeting, Fed Rate Decision
 - Thursday: Chicago PMI, GDP (1st prelim)
 - Friday: GDP, Core PCE, Michigan Consumer Sentiment (Final), Personal Spending, Personal Income, ECI Civilian Workers

As always, thank you very much for your interest in our thoughts and support of our services

Whitney Stewart, CFA®
Executive Director

Adam Bergman, CFA®
Executive Director



The Chartered Financial Analyst® (CFA) charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

The opinions contained in the preceding presentation reflect those of Sterling Capital Management LLC, and not those of BB&T Corporation now Truist Financial Corporation or its executives. The stated opinions are for general information only and are not meant to be predictions or an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. Any type of investing involves risk and there are no guarantees. Sterling Capital Management LLC does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through Sterling Capital Management LLC, a separate subsidiary of BB&T Corporation now Truist Financial Corporation. Sterling Capital Management LLC manages customized investment portfolios, provides asset allocation analysis and offers other investment-related services to affluent individuals and businesses. Securities and other investments held in investment management or investment advisory accounts at Sterling Capital Management LLC are not deposits or other obligations of BB&T Corporation now Truist Financial Corporation, Branch Banking and Trust Company now Truist Bank or any affiliate, are not guaranteed by Branch Banking and Trust Company now Truist Bank or any other bank, are not insured by the FDIC or any other federal government agency, and are subject to investment risk, including possible loss of principal invested.