

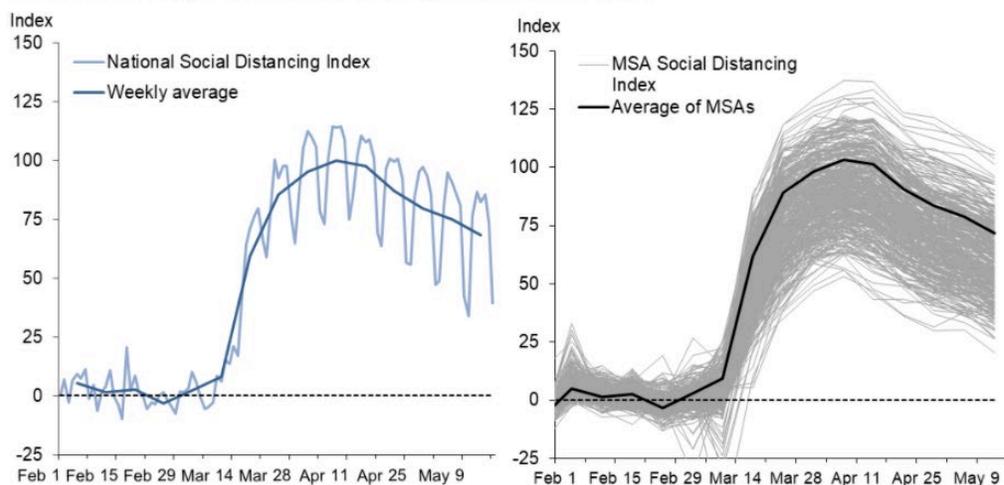


The Pandemic Rebound: The Best of Times and the Worst of Times

This past week was a time of tremendous contrasts. The market closed the month of May with a strong rally driven by resilient tech stocks and essential goods companies and clinging to the glimmers of hope starting to appear in the slowly reopening economy and the early stages of vaccine development. SpaceX successfully partnered with NASA to launch the first manned U.S. spacecraft in nearly a decade. It was an inspiring display of American innovation and leadership. And at the same time racial tensions surrounding the killing of George Floyd exploded into rioting and looting across the country. And China's latest and most severe crack down on Hong Kong further inflamed the already mounting tensions between the U.S. and China. Perhaps all that can be said is that we are in a time of heightened uncertainty. The pandemic has brought out the best and also the worst in our country. Given the unpredictable nature of the pandemic, it is impossible to know whether the economic devastation and social unrest will derail the market recovery. And so the best approach is to remain invested but with caution and diversification as we continue to weather the storm.

Real-time Data Indicates Economy is Reopening

Social Distancing Plateaus in Late March, Recedes in Late April



NOTE: MSA is metropolitan statistical area.
SOURCES: SafeGraph; Federal Reserve Bank of Dallas.

One of the biggest challenges in the measuring the economy during the pandemic is that the traditional economic indicators are so far removed from historical levels and so delayed as events quickly unfold that the data is not generally useful. New, faster measures known as “real-time data” such as the charts above that use anonymous cell phone location data, are increasingly providing timely and relevant information. This study from the Dallas Federal Reserve shows substantial increase in economic activity in late April and May. Numbers like this may be more relevant than the traditional metrics such as GDP and weekly unemployment claims in this unprecedented environment.

Articles We're Reading

A reflection on risk: in investing the average consequences of risk make up most of the daily news headlines. But the tail-end consequences—like pandemics and depressions—are what make the pages of the history books ... [\(link\)](#)

The coronavirus is exposing Wall Street's reckless gamble on bad debt ... [\(link\)](#)

U.S. Renewable energy outstrips coal for the first time since the 19th century... [\(link\)](#)

Market Snapshot

For the Month Ending 5/31/2020 (Cumulative Returns)¹

United States Markets	1-Month	3-Month	YTD	1-Year
Dow Jones Industrial Average	4.26%↑	0.10%↓	11.06%↓	2.29%↑
S&P 500	4.53%↑	3.05%↑	5.77%↓	10.62%↑
The NASDAQ Composite	6.75%↑	10.77%↑	5.77%↑	27.33%↑
U.S. Mid Cap	7.39%↑	1.01%↓	10.54%↓	1.97%↑
U.S. Small Cap	6.81%↑	5.92%↓	16.74%↓	5.82%↓

Global Markets	1-Month	3-Month	YTD	1-Year
Nikkei 225	8.34%↑	3.48%↑	7.52%↓	6.20%↑
Hang Seng	6.81%↑	5.92%↓	16.74%↓	5.82%↓
Shanghai Comp	0.27%↓	0.97%↓	6.48%↓	1.60%↓
FTSE 100	2.97%↑	7.66%↓	19.43%↓	15.15%↓
DAX	6.68%↑	2.55%↓	12.55%↓	1.19%↓

Fixed Income	1-Month	3-Month	YTD	1-Year
Corporate Bonds	2.46%↑	0.65%↑	4.24%↑	12.85%↑
Municipal Bonds	3.76%↑	0.71%↓	1.92%↑	4.50%↑
High Yield Bonds	2.95%↑	2.84%↓	4.54%↓	2.22%↑

Market Indicators	Rate	Market Indicators	Value
10 Year Treasury	0.65%	WTI Crude Oil	33.66
Fed Funds Target	0 to 0.25%	Gold - Spot Price	1,728.70
Inflation Rate	0.3%	U.S. Dollar	98.30
Unemployment Rate	14.7%	CBOE Volatility Index	27.51

¹Source – Morningstar, Inc. Corporate Bonds is presented as the iShares iBoxx \$ Investment Grade Corporate Bond ETF. Municipal Bonds is presented as the iShares National Municipal Bond ETF. High Yield Bonds is presented as the iShares iBoxx \$ High Yield Corporate Bond ETF. 10 Year Treasury refers to the valuation of a 10 Year Treasury Note, a debt obligation issued by the U.S. Department of the Treasury. Fed Funds Target represents upper limit of the federal funds target range established by the Federal Open Market Committee. Inflation Rate provided for the purposes of this report by the U.S. Bureau of Labor Statistics. Unemployment Rate calculated by the U.S. Bureau of Labor Statistics. WTI Crude Oil refers to the price of a barrel of West Texas Intermediate NYMEX) Crude Oil. Gold – Spot Price relates to the valuation of an ounce of gold, as traded on the NYSE Arca Exchange. U.S. Dollar refers to the U.S. Dollar Index (DXY). All Returns are denominated in USD (United States Dollar), unless otherwise explicitly noted.

Did You Know?

Lavish Parties, Greedy Pals and Panic Rooms: How the ‘Apple of Pot’ Collapsed

When the legal marijuana industry began to emerge, it seemed that the biggest players were unstoppable. The demise MedMen, once the leading pot startup, is a good reminder of the importance of due diligence even—or especially—when a company is part of a hugely hyped trend. ...[\(link\)](#)

Presented by the Investment Committee of Lake Street, an SEC Registered Investment Adviser

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