Quarterly Investment Perspective

In Pursuit of Return and Income: Opportunities in Healthcare and Credit Markets

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Holly H. MacDonald
Chief Investment Officer

As governments, society, and individuals continue to navigate the challenges of COVID-19 and related shocks, from an investment perspective, two clear takeaways have emerged: 1) The economic rebound is progressing, but it is uneven; and 2) central bankers are committed to maintaining accommodation over a several-year time horizon to ensure a sustainable expansion, with a nod to the unevenness of the recovery thus far. Achieving a competitive level of return to meet our clients' long-term goals, while remaining cognizant of the associated risks, is paramount for our investment team, and we are evaluating current opportunities through the lens of these two overriding trends.

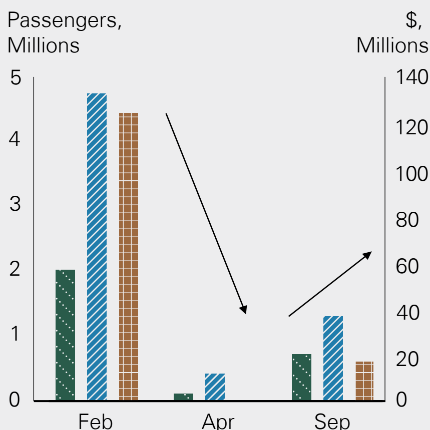
Executive Summary

- **The economy is likely to continue its uneven recovery, fueled by Fed stimulus and a gradual reopening and resumption of activities.**
- **Near term, we expect market volatility to increase as COVID-19 and the election combine with technical factors to drive markets.**
- **We continue to find compelling opportunities even in this challenging environment. The uneven recovery suggests there is greater return potential from active security selection across equity and bond markets, and we have adjusted our platform accordingly.**
- **Within equities, the healthcare sector offers the potential for attractive long-term returns over economic cycles, in our view. Within fixed income, we are focusing on income, and the "low for long" rate environment makes this an ideal time to consider adding higher-yielding credit within a diversified portfolio.**

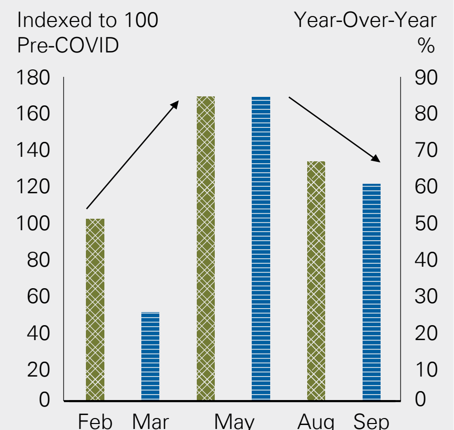
Exhibit 1: High-Frequency Data Depicts the Uneven Recovery

Key Takeaway: After widening this spring, the gap between COVID-sensitive sectors and COVID beneficiaries is narrowing.

COVID-Sensitive Sectors
Air Travel, Subway Traffic, Movie Theaters



COVID Beneficiaries
Home Improvement, Online Retail



Data represents average daily data each month. TSA data uses first week in March average as a proxy for February. Foursquare data is indexed to 100 on February 19, 2020. Bank of America credit card data represents year-over-year improvement.

Source: Bank of America, BoxOfficeMojo, Foursquare, MTA, STR, TSA

The uneven recovery in the economy suggests there is greater return upside from active security selection across equity and bond markets, and we have made some changes across our platform to emphasize internal and external managers who are well positioned to navigate the opportunity set. Companies whose prospects for earnings extend over a longer time horizon are more attractive in today's near-zero interest-rate environment; the opportunity cost of waiting for the payoff is reduced with rates so low. As a result, investors will pay more for companies that are able to create their own growth and return cash flow meanwhile, amid overall muted economic growth. The "lower-for-longer" interest-rate trajectory triggered by unprecedented central bank action also suggests a search for higher yield can be fruitful: A clear runway is helpful for accruing income over time, and the Fed and others are committed to supporting certain parts of the credit markets that offer greater potential for return and high income.

In this *Quarterly Investment Perspective,* we look into specific parts of the equity and bond markets both to share our investment process and views in this new environment and also to highlight where we see compelling opportunities. Senior Investment Strategist JP Coviello worked with members of our internal and external equity teams across public and private markets to offer a glimpse into our approach to the healthcare space. In our third-quarter *Quarterly Investment Perspective,* "Investing in the Age of Digital Transformation," we delved into digital transformation within the technology sector. Bessemer mandates also hold overweight positioning within the healthcare sector, and we take this opportunity to provide our perspectives on this equally exciting area where we target high returns over economic cycles. Income is in focus in the fixed income part of our platform, and portfolio manager and credit expert Jared Olivenstein shares his insights on how best to incorporate higher-yielding credit within a diversified portfolio and why we think now is an opportune time to do so.

Before embarking on these topics, we share a brief update on our macroeconomic and market views, positioning, and performance.

Our Economic and Market Outlook

Looking ahead, recent economic data and developments have affirmed our outlook, which is neither euphoric nor apocalyptic — the economy is likely to continue with its uneven recovery, fueled by stimulus and a gradual reopening and resumption of activities. High-frequency economic data indicate that it has not been a simple reversion to pre-COVID times, and some changes in consumer behavior are lingering. Online shopping, video streaming, and Zoom calls are still largely replacing travel, movie theaters, and in-office work. Still, the gap between the segments of the economy that most benefitted and those that were most impacted by COVID has been slowly narrowing since the spring amid broader reopenings. The remarkable May spike in home improvement foot traffic has flattened out to slightly above pre-COVID levels while TSA daily throughput has recovered nearly half of the passengers lost when air travel plummeted over 90% in April (Exhibit 1).

We expect the volatility that has emerged in recent weeks to continue its ascent as COVID-19 and the election combine with technical factors to drive markets. We have shared our views and approach to the election in two recent *A Closer Look* publications — "Elections and Markets Q&A" and "Elections, Taxes, and Markets."

As things stand, betting sites are suggesting about a 50% chance of a "blue wave" in which the Democrats maintain the House and take over the Senate and presidency. This scenario is in focus as it would likely bring meaningful policy change in the areas of taxation, regulation, and spending, among others.

The worst-case scenario from a markets perspective is one in which the outcome remains uncertain after the election — we would put a meaningful probability on this scenario in light of the complications of mail-in ballot procedures in many of the swing states.

Meanwhile, the data we track on positioning indicators suggests that speculative flows in equities have picked up, and increases in volatility can be exaggerated as positions unwind. We no longer expect an additional fiscal stimulus bill as the economy has been incrementally recovering and the political landscape is muddied as the election approaches; the Fed support is also likely to be less visible in the coming weeks as board members attempt to separate from the political process. We cover these topics in more detail in our *Weekly Investment Update*, which is available for clients, and we will be publishing an update on our election views in the coming weeks.

Portfolio Positioning and Performance

In light of the above factors — and what has been a robust equity market recovery in the second and third quarters — we are comfortable maintaining modestly defensive positioning versus strategic targets at this time.

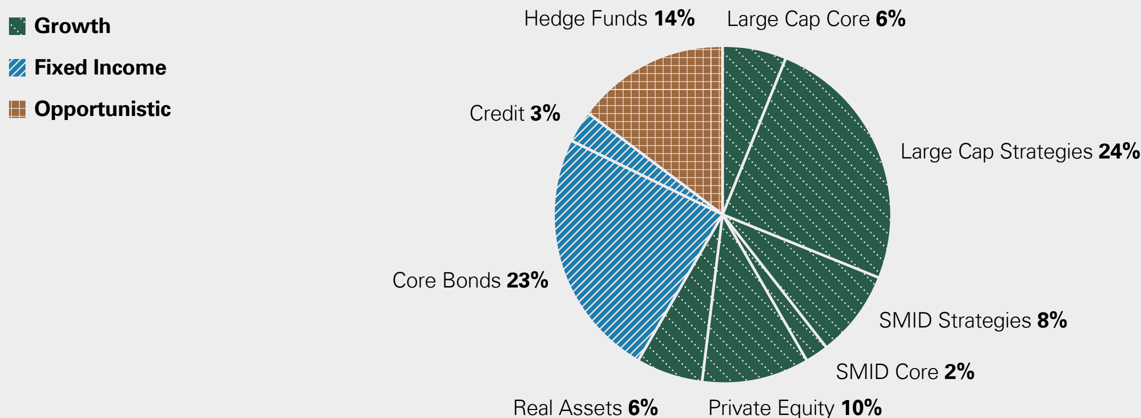
As mentioned above, we have reoriented our equity strategies to have more in the way of active exposure, and we maintain a sizeable overweight to the U.S. Bessemer mandates continue to find the majority of the most compelling opportunities for long-term growth within the U.S., and in most economic scenarios — absent a much stronger global economic environment than was the case pre-COVID — we believe the U.S. markets are poised to outperform over time, as they have so far this year.

Within fixed income, mandates maintain modestly longer duration than benchmarks, and our platform is expanding to include a credit income strategy to aid in the search for yield.

Finally, where appropriate for liquidity needs and other considerations, we suggest that clients consider an allocation to private markets, where managers have access to transformative companies and the ability to add significant value over time, often beyond what is possible in public markets (Exhibit 2).

In terms of performance, Bessemer mandates continued to recover in the third quarter. Representative portfolios across the risk spectrum are now in positive territory year-to-date, outpacing benchmarks. Security selection across fixed income and equities and overweight exposure to the U.S. have been key contributors.

Exhibit 2: Portfolio Positioning Balanced Growth Asset Allocation — 70/30 With Alternatives



Positioning as of October 1, 2020. This model displays Bessemer's Balanced Growth with Hedge Funds and Private Assets target portfolio allocation guidelines. Each client situation is unique and may be subject to special circumstances, including but not limited to greater or less risk tolerance, classes, and concentrations of assets not managed by Bessemer, and investment limitations imposed under applicable governing documents and other limitations that may require adjustments to the suggested allocations. Model asset allocation guidelines may be adjusted from time to time on the basis of the foregoing or other factors. Alternative investments, including Bessemer private equity, real assets, and hedge funds of funds, are not suitable for all clients and are available only to qualified investors.

JP Coviello
Senior Investment
Strategist

A Closer Look at Healthcare

The healthcare sector is currently facing several industry challenges, especially in light of rapidly evolving political dynamics and the potential for policy changes. Drug pricing legislation has increasingly been in focus, and the future of the Affordable Care Act has been brought into question with the recent Supreme Court vacancy. Despite these broader challenges, carefully navigating the dynamic healthcare landscape can provide numerous attractive investment opportunities with significant upside for client portfolios.

The healthcare sector is a crucial component within Bessemer client portfolios given its economic necessity as the global population ages, its clear ties to the innovation cycle, and its impressive profitability over the long run.

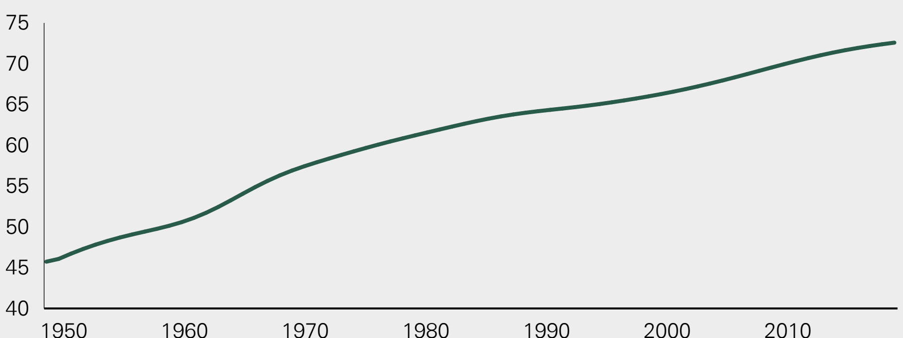
Bessemer equity portfolios are positioned to benefit from these trends. We believe active management in this sector is especially important as companies approach these trends differently, and there can be especially wide company-to-company variations in profitability.

Healthcare as a Necessary Good

As the population ages and life expectancy increases (Exhibit 3), healthcare spending is likely to continue its rapid growth (Exhibit 4). After all, the 65+ age cohort, which is on pace to exceed 20% of the U.S. population over the next decade, spends the largest amount on healthcare as a percentage of total expenditures (Exhibit 5). Moreover, 32.7% of U.S. healthcare spending in 2018 was related to hospital care. This amount was double the next-largest category (Exhibit 6).

Healthcare spending has seen average year-over-year growth of 4.25% over the past 10 years.[1] Additionally, total national healthcare expenditures are running near 18% of GDP in the U.S.

Exhibit 3: Global Life Expectancy (1950–2019)

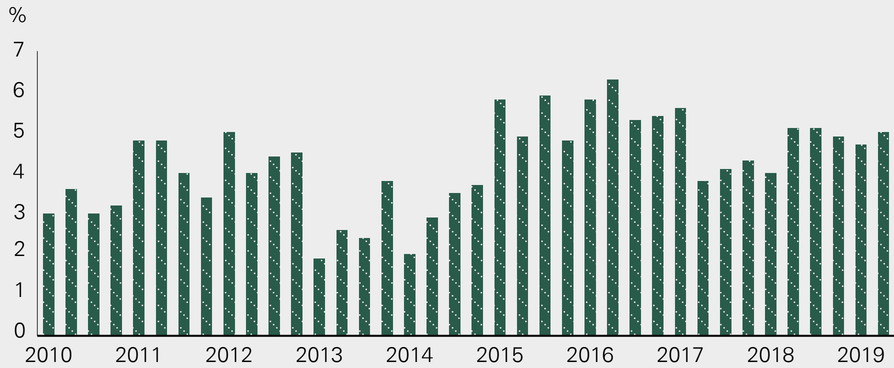


As of 2019.

Source: Our World Data

[1] https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-nhe-trends_year-over-year-growth-in-health-services-spending-by-quarter-2010-2019

Exhibit 4: Healthcare Spending Increasing at a High Rate



As of June 30, 2019.

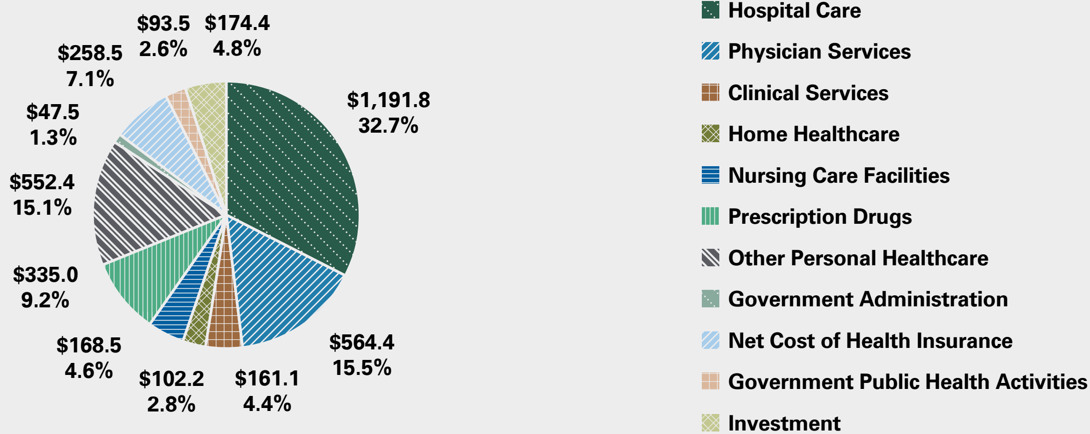
Source: Peterson Center on Healthcare and KFF (Kaiser Family Foundation)

Exhibit 5: U.S. Population Dynamics Suggest Healthcare Spending Will Stay Supported

65+ Share of the Population	
2020	16.4%
2030	20.6%
2040	21.6%
2050	22.0%[2]
Healthcare Spending as a Share of Total Expenditures	
All ages	8.1%
65+ age cohort	13.4%

Source: BLS.gov. https://www.bls.gov/cex/

Exhibit 6: Significant Spending on Hospital Care ($ Billions)



Source: https://www.ama-assn.org/about/research/trends-health-care-spending

COVID Response Accelerates Innovation

The healthcare sector is experiencing rapid innovation and an equivalent acceleration in competition, especially as firms search for treatment options and vaccines for the novel coronavirus. The frontiers of science are expanding at a faster pace than ever before given the proliferation and falling costs of technology coupled with a lowered cost of capital with interest rates at historic lows. As a result, our investment team must be forward-thinking as we map out the ways in which technology is likely to spread through the sector over time.

[2] U.S. Census estimates

Pharmaceuticals

When searching for profitable investments in the pharmaceutical sector, we contrast the historically serendipitous and unpredictable approach to drug development with the targeted approach that is being adopted by new entrants. In the past, pharmaceutical companies would diversify their drug pipelines in an effort to limit the risk that certain experimental treatments did not succeed. Currently, companies are pivoting toward a much more targeted drug development approach as a result of improving technology and a massive increase in data availability.

Additionally, we expect the future of drug development to be anchored upon proprietary platforms that allow companies to pursue cures for multiple diseases. Given the inherently elevated uncertainty that accompanies drug research, development, and approval, we are likely to seek out investments in platforms that possess natural scaling abilities.

Biotech

The biotechnology sector is entering an exciting stage of development as it also pivots toward targeted drug development. In the past three years, one-third of drugs approved by the FDA have been biologics (large, complex molecules manufactured using living microorganisms, plants, or animal cells). Gene therapy, targeted cell therapy, and vaccines are all examples of scientists taking cues from nature to create viable treatment options. As these technologies continue to improve, we should enter a new stage where the odds of developing successful drugs increase. Bessemer external managers tend to possess portfolio management teams with robust biotech expertise. As a result, Bessemer's Large Cap Strategies and Small and Mid Cap Strategies tend to hold companies that are on the cutting edge of science.

For example, **Alnylam Pharmaceuticals**, a holding with external manager Baillie Gifford, is an early-stage therapeutics company that develops RNA interference (RNAi) technology to selectively shut off harmful genes. These RNAi therapeutics target serious, life-threatening diseases with limited treatment options, and the company is developing a pipeline of candidates, at times through collaborations with other drug makers. Disease targets include neurological ailments, hypercholesterolemia, and hemophilia. In mid-2018, the FDA approved the firm's patisiran drug for the treatment of neuropathy (nerve damage); it was the first RNAi-based therapy to gain approval in the U.S. Alnylam has additional partner-based programs in clinical or development stages, including candidates targeting respiratory syncytial virus (RSV) infection and liver cancers.

Illumina, Inc., held by external manager Sands Capital, is a global leader in next-generation sequencing tools used by life sciences and drug researchers to isolate and analyze genes. Its systems include the machinery and the software used to sequence pieces of DNA and RNA, as well as the means to put them through large-scale testing of genetic variation and biological function. Illumina's proprietary BeadArray technology uses microscopic glass beads that can carry samples through the genotyping process. The tests allow medical researchers to determine what genetic combinations are associated with various diseases, enabling faster diagnosis, better drugs, and individualized treatment.

Impressive Profitability and Long-Term Return

Identifying profitable companies with predictable earnings streams is a crucial part of Bessemer portfolio construction, regardless of the industry. However, this becomes even more crucial when analyzing a sector that spends a vast amount of capital on drug and therapy research and development year after year. Between 2009 and 2018, the estimated median research and development cost per drug was $985 million, counting expenditures on failed trials.[3] However, despite a tremendous amount of capitalized research and development expenses, U.S. pharmaceuticals boast return on equity (ROE) that has averaged over 30% per year for the past four years.[4] As a result of this impressive return stream, healthcare and its subsectors will continue to represent a substantial portion of Bessemer equity portfolios for the foreseeable future.

[3] Wouters, McKee, Luyten. Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018. https://jamanetwork.com/journals/jama/article-abstract/2762311

[4] Source: FactSet

That said, while the overall profitability of the sector is impressive, a failed clinical trial — where average costs for trials including more than 1,000 patients run upwards of $77 million — can be detrimental to an individual company's long-term investment returns.[5] Rather than betting on companies that run the risk of clinical trial failure, Bessemer public equity portfolio managers tend to invest in companies that can grow consistently over time, benefitting from other firms' spending on clinical trials and the manufacturing that follows positive trial outcomes.

Powerful Trends Make for Compelling Long-Term Investment Opportunities

When we consider the many advances in the healthcare sector — genetic mapping, targeted biologics, real-time monitoring devices, and the falling costs of technology — alongside an aging global population and the push for a COVID-19 vaccine, we remain confident that an overweight to healthcare is likely to result in high returns on invested capital over the long term.

Public Equity Healthcare Exposure

Bessemer portfolio managers search for investments that possess leading market positions, competitive advantage, and long-term earnings visibility. Differentiated business models are also sought given lower correlations to the overall sector and broader market.

A few examples:

Dexcom and Novocure are digital technology companies that represent a division of healthcare that lacks obvious competition. While these unique businesses are harder to identify in the early stages, their advantages are often profound and can represent exceptional investments over the long term. Dexcom, a long-term holding with external manager Baillie Gifford, is a leader in real-time blood glucose monitoring whose sensor feeds data directly to a patient's or doctor's phone. Novocure, a holding with external manager Baillie Gifford, is an example of a company whose advanced digital technology links tumor imaging to tumor treatment. As real-time health monitoring technology expands through wearables, we continue to believe that semiconductors will face heightened demand for the foreseeable future, which informs our investments in other sectors, as well.

Lonza Group, a holding within the Large Cap Global portfolio, is a custom chemical manufacturer that benefits from long-term contracts with the pharmaceutical and biotech companies that create cutting-edge drugs. The business's industry-leading technological innovation and production capabilities make it a trusted market leader in the manufacturing of small-molecule (drugs with well-defined chemical structures), biologic (harder to replicate and reliant upon the manufacturing process), and capsule drugs.

Quest Diagnostics, a holding within the U.S. Select portfolio, embodies a business with long-term earnings clarity. As the world's leading provider of diagnostic information services, the company serves one-third of the adult U.S. population every year.

West Pharmaceutical Services is an example of a company in the Small and Mid Cap Core portfolio that manufactures proprietary drug and biologic packaging products including seals and stoppers for injectable medicine. We believe that many of the COVID-19 vaccine candidates are likely to use WST products. The company has roughly 70% market share in the sector as of the second quarter of 2020.

Zoetis, a holding within the Large Cap Core portfolio, is one of the world's largest animal health businesses. It is a unique business given its focus on discovering, developing, and manufacturing medicines, vaccines, and diagnostic products for companion animals as well as livestock. The company possesses a roughly 20% market share when considering both the companion animal and livestock segments.

Private Equity Healthcare Exposure

Bessemer's private equity platform is forward-thinking in its approach to investing in cutting-edge healthcare themes, managers, and businesses. Seeking out early-stage investments in a sector that requires a massive amount of research and development spending is no easy task, yet our team continues to employ its extensive experience and expertise — and strong relationships with successful managers — to inform its investment decisions.

Liquid biopsy is an example of one extremely important trend that is captured within Bessemer's private equity platform. The ability to make cancer screening possible at regular checkups via a simple blood test is likely to alter the path of medicine going forward. After all, early detection is crucial when it comes to various forms of cancer as it allows for a quicker diagnosis and the precise selection of treatment options. Beyond the initial testing and screening, recurrence monitoring is critical, and liquid biopsy makes it possible with relative ease.

[5] Moore, Zhang, Anderson. Estimated Costs of Pivotal Trials for Novel Therapeutic Agents Approved by the US Food and Drug Administration, 2015-2016. JAMA, Sept 2018. https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2702287

Jared Olivenstein
Co-Portfolio Manager

Complementing High-Quality Bonds in a Low Rate Environment

The complications of the COVID-19 shock to markets have provided a reminder of the importance of diversification and the role that asset classes outside of traditional growth-oriented equities can play. High-quality fixed income, for instance, has played a defensive role in portfolios over the course of the year amid some volatility; at the same time, with rates near zero, questions about less traditional asset classes, such as commodities and credit, have arisen as investors seek a combination of safety, income, and incremental return to complement growth assets.

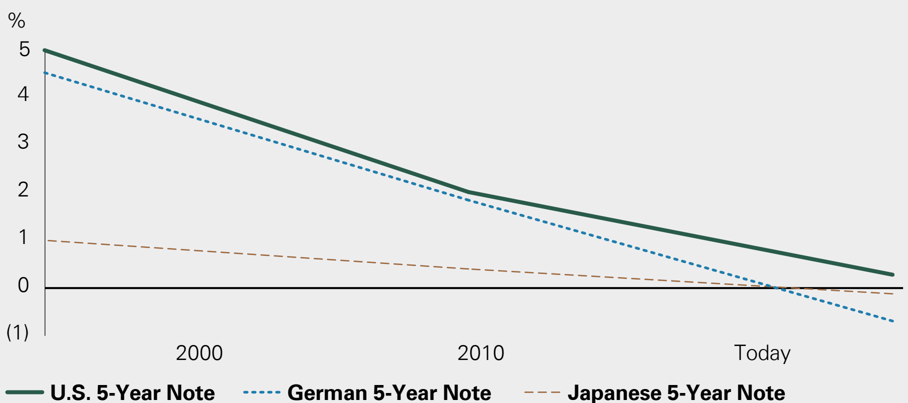
In the following section, we affirm our view that interest rates will be "low for long" and make the case that higher-yielding credit can supplement income and improve long-term returns in portfolios without adding significantly to risk.

We also discuss why we believe commodities and non-U.S. currencies can provide short-term trading opportunities but are far less compelling from a long-term return perspective, especially in light of their much higher volatility, lack of income, and fluid valuations.

Setting the Stage: Rates Likely to Be Low for (Very) Long

Global interest rates are at multidecade lows and likely to remain there for years to come. Since the Great Recession of 2008, global central banks largely have supported the real economy and financial conditions by lowering interest rates,

Exhibit 7: Rates on Government Bonds Are Near or Below Zero in Developed Countries



As of September 18, 2020.
Source: Bloomberg

Exhibit 8: Credit Markets Offer Attractive Returns Versus Risk Over Long Timeframes

Rolling 3-Year Return/Volatility

As of August 31, 2020.

Source: Barclays Indices (Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD, ICE BofA US Corp 1-10yr, MSCI ACWI Net Total Return USD Index, XAU Curncy), Bloomberg

expanding balance sheets, and providing forward guidance assuring the markets of their intentions to maintain this policy. This stimulus has been key to the market recovery, and we expect the near-zero interest-rate policy from the Federal Reserve and other central banks to continue through the foreseeable future. Policy that once seemed unorthodox should now be considered mainstream amid growing deficits and easy monetary policy (Exhibit 7).

In more coordinated efforts to support the global economy, governments have blurred lines between fiscal and monetary policy. Debt loads are elevated relative to history, and when complemented with low interest rates, it spurs consideration of previously non-mainstream approaches such as Modern Monetary Theory. Monetary policymakers are conscious of debt-servicing costs not just for households and corporations but for the government as well, in our view, which encourages the continuation of this policy. There are likely to be longer-term implications of this policy mix as the economy fully recovers. We do not expect this to be a risk in the next few years and will be monitoring how fiscal policy and inflation evolve over this timeframe. For an in-depth look into these longer-term issues, we encourage you to read our *A Closer Look*, "Debt Dynamics and Modern Monetary Theory in a Post COVID-19 World."

Higher-Yielding Credit: Achieving Income With Only Incremental Risk

In our view, a portfolio of diverse credit enhances overall portfolio yield, reduces volatility, and helps compound returns over the long run. The beneficial attributes of credit within a portfolio are evident when analyzing and comparing Sharpe ratios, or an asset's return when compared to its volatility, among different asset classes. The long-run stability of credit sector Sharpe ratios helps anchor portfolio volatility and increases overall income, especially in this low rate environment. We note in Exhibit 8 that the return of credit, both investment grade and high yield, for the relative risk compares favorably to global equities and especially relative to gold over long time periods.

Historically, we have found the most compelling opportunities in credit within the corporate and household sectors. For a credit-specific allocation, we build on this historical approach and further emphasize broad diversification across the asset class. Specifically, we believe diversification within a credit portfolio should range across issuers (corporates, households, sovereign), credit quality (AAA to CC), and security types (bonds, securitized products, preferred/convertibles securities).

Additionally, the top-down construction of a credit portfolio should be systematic and balance spread risk with duration risk.

The investment team models cross-sector allocations of various credit assets to ensure appropriate portfolio balance, risk management, and diversification. Furthermore, the investment team blends its qualitative research process with quantitative models to confidently target specific risk/return metrics within the credit portfolio. Importantly, we have structured the approach to incorporate the expertise of colleagues in quantitative strategies, traditional credit analysts, and fixed income specialists in addition to the core team.

Bottom-up due diligence of the specific borrowers/issuers of the debt is also important, and we can leverage long-held partnerships with external managers to provide specific expertise in these areas. The investment team has long-held partnerships with specific expertise in corporate credit and securitized products. Coordinated efforts with our sub-advisers allow the investment team to manage risks to particular sub-sectors and across individual issuers.

Analysis of grander debt dynamics is imperative to a credit portfolio's construction, particularly given borrower type. Debt related to the housing sector remains especially compelling and a good diversifier of overall portfolio risk. Since the global financial crisis, consumers have rebuilt equity in their homes while the Fed has simultaneously supported the sector via securities purchases and other programs. Over this time, debt tied to the U.S. housing market via non-agency mortgage securities has had a steady longer-term return that has shown low correlation to other fixed income and equity markets. Bessemer mandates have had exposure to this market via Multi-Asset Opportunities, and look to maintain that as one component of a credit strategy.

The low rate environment of the last 10 to 12 years has prompted strong corporate supply that has been met with practically insatiable demand. This demand has been driven by a reach for yield, cross-border flows, and an aging demographic. In a low interest-rate environment, this supply and demand dynamic represents a symbiotic relationship. The Fed has acknowledged in word and action that it believes it is extremely important for the health of the economy that credit markets are functioning smoothly — this encourages households to spend and corporations to hire, spend, and hopefully grow. This development provides an important backstop to the asset class that furthers the case for credit investments, in our view.

Commodities and Currencies: Tradable Assets With High Volatility

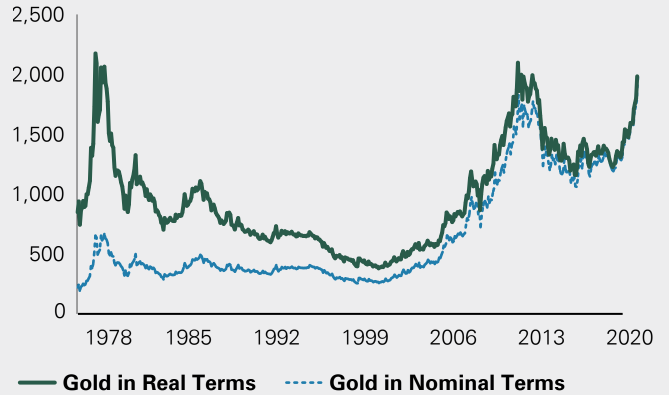
When evaluating opportunities in currencies and commodities, we consider these assets to be tradable and cyclical but less compelling from the perspective of a long-term allocation. As opportunities arise within currency and commodity markets, we search in other asset classes linked to these exposures that have better return or yield attributes. For example, when currency markets experience volatility, there may be more compelling investments in the universe of emerging market debt; or when energy markets are volatile, we investigate opportunities in corporate debt or equities with exposure to oil and gas. These financial assets provide a more surgical exposure targeting attractive risk and return profiles.

Unorthodox monetary policy has increased the focus on gold and non-U.S. currencies as alternatives to dollar-based assets. But the Fed is not alone in its "unorthodox" approach, and nearly all major central banks have interest rates that are below 1% (the U.S. Federal Reserve, the Bank of England, the Bank of Canada, the Reserve Bank of Australia, the Reserve Bank of New Zealand) and in some cases negative (the European Central Bank, the Bank of Japan). In our view, as interest rates across various monetary systems converge near 0%, it is difficult for their respective currencies to have much price movement beyond short-term cyclical spurts. The U.S. dollar can fluctuate as the prospects for COVID, a rebound in growth, and minor policy shifts diverge, but we do not expect a major U.S. dollar devaluation without a legitimate alternative global reserve currency.

With regard to gold, it is important to recognize that gold is a much more volatile “asset” than any G10 currency. Also, in comparison to currencies, gold does not offer any yield and as a result is much more susceptible to swings in short-term speculative positioning, rather than long-term discernible trends. Taking that into account, gold in theory is attractive as a longer-term inflation hedge in light of the dynamics discussed above, yet current levels do not seem particularly compelling. Exhibit 9 looks at gold priced in “real” terms, or net of current inflation, and it is currently trading near the highest levels in the past four decades by these measures. In sum, we view gold more tactically and currently do not see attractive entry points. In this low-rate world, we prefer to search for value in less volatile, higher-yielding securities that have strong return potential and more stable price patterns, such as those found in a diversified credit portfolio.

Exhibit 9: Gold Is Trading Near Historical Highs

Gold in Real and Nominal Terms



As of August 31, 2020.

Source: Bloomberg

Concluding Thoughts

As always, our number-one focus is helping clients achieve their long-term investment goals. We continue to find compelling opportunities even in this challenging environment. The healthcare space offers attractive long-term returns with an active management approach, in our view. And in fixed income, the higher-yielding nature of credit complements high-quality bonds, increasing income and thus allowing for compounding of returns over time.

We hope that you and your loved ones are safe and healthy, and encourage you to reach out to your advisor for any support you need, in these areas and others. Thank you for your trust in us.

Our Recent Insights

Elections, Taxes, and Markets — A Closer Look (August 2020)

Elections and Markets Q&A — A Closer Look (July 2020)

Investing in the Age of Digital Transformation — Quarterly Investment Perspective (Third Quarter 2020)

Active Management: Fixed Income Through the Crisis — Investment Insights (June 2020)

Debt Dynamics and Modern Monetary Theory in a Post COVID-19 World — A Closer Look (June 2020)

The Economy/Stock Market Disconnect — Investment Insights (May 2020)

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