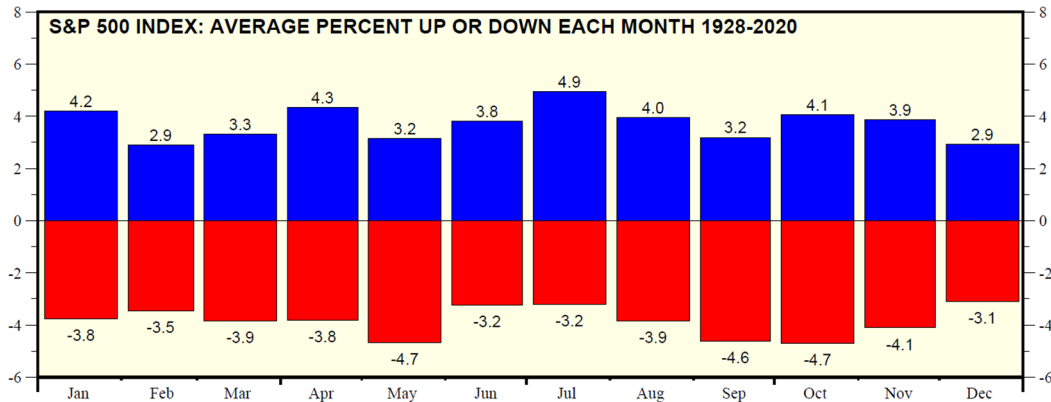


## COWLING BAY WEALTH MANAGEMENT, LLC

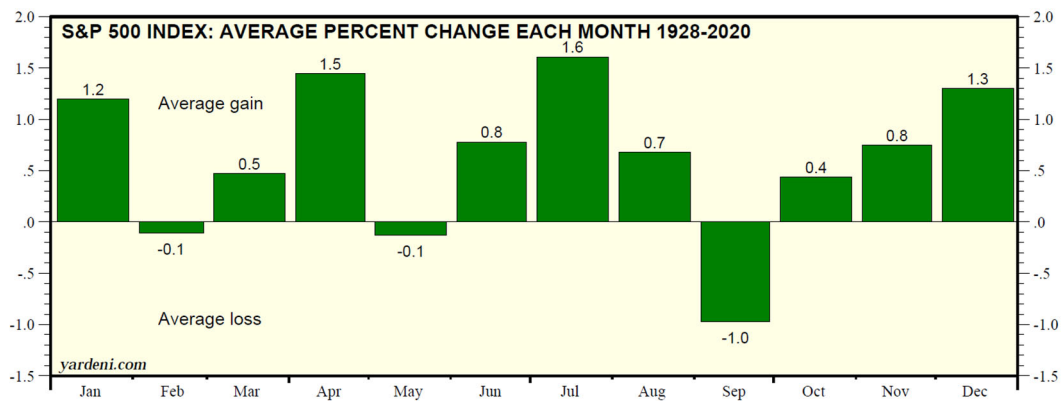
### 2020-Q3 Market Intelligence

Traditionally September is a volatile month for U.S. stocks. Since 1929 the average September equity return is -1.0%, with an average “down” return of 4.6% and an average “up” return of 3.2%.



Source: Yardeni Research and Standard & Poor's and Haver Analytics

September 2020 continued the tradition with the S&P 500 Index posting a negative 3.80% return. The good news is that, on **average**, the three months following September returns are positive.



Source: Yardeni Research and Standard & Poor's and Haver Analytics

The bad news is this is **not an average** stock market! COVID-19 continues to dominate the news cycle, moving equity averages up with reports of promising vaccines or down on news of developing “COVID-19 hot spots.” The presidential election is quickly approaching, and the race is shaping up to be the most polarizing election during our lifetime. And, we still have a tariff war with China and Russia’s continued meddling in our politics. Despite the negative activity, the S&P 500 Index has recovered from the March 2020 lows posting a positive 5.57% return for the year.

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*Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable.*

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The “FAANGM” stocks drove the recovery in the S&P 500 Index. In September, the pull-back trimmed the market value of the “FAANGM” stocks, but this group and other “Stay-at-Home” stocks continue to move the equity markets. See the chart below.

#### “FAANGM” Performance

Stock	Ticker	QTR	YTD
Facebook	FB	15.34%	27.60%
Apple	AAPL	27.21%	58.57%
Amazon	AMZN	14.13%	70.40%
Netflix	NFLX	9.89%	54.54%
Google	GOOG	3.96%	9.92%
Microsoft	MSFT	3.60%	34.34%
<b>SPDR S&amp;P 500 ETF</b>	<b>SPY</b>	<b>9.04%</b>	<b>5.58%</b>

#### “Stay-at-Home” Performance

Stock	Ticker	QTR	YTD
Zoom Video	ZM	85.42%	590.93%
Peloton	PTON	71.78%	249.44%
Wayfair	W	47.26%	222.02%
DocuSign	DOCU	24.99%	190.43%
Square, Inc	SQ	54.90%	159.83%
Snap	SNAP	11.15%	59.89%

*Period ending September 30, 2020.*

#### Q4 Outlook

Cowling Bay Wealth Management, LLC is cautiously optimistic the bull market and economy will continue to improve in the fourth quarter and well into 2021.

Why are we optimistic? Because of the following factors:

- High probability we will have an approved vaccine in early 2021
- A highly active Federal Reserve providing tremendous liquidity
- Historically low interest rates
- Bearish investor sentiment
- Substantial cash on the sidelines

We are concerned with the congressional delay in providing additional fiscal stimulus, and what appears will be a contested and drawn-out election. Without added fiscal relief, lay-offs and furloughs will begin in the travel, hotel, and leisure industries with American and United Airlines cutting 32,000 jobs.

After a pause in the rise of new COVID-19 cases nationally, the virus spread throughout the Midwest and some southern states with a significant increase in reported cases in some areas. With cold weather ahead and people moving activities indoors, an increase in COVID-19 cases is expected. Without improvements in therapies or approval of a vaccine, the virus will continue to be a meaningful headwind for the economy.

And then there is the new reality show, “The Real Presidential Candidates from Washington D.C.” No more comments are needed.

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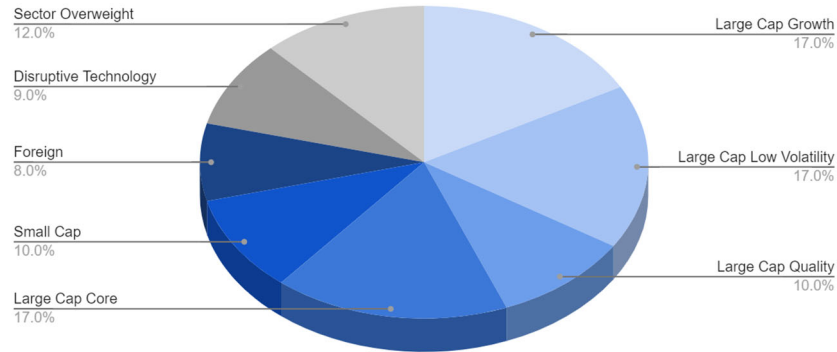
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### Q3 Asset Allocation

#### Equity Comment

Our equity allocation in the third quarter was mostly unchanged from the beginning of the year, maintaining an overweight position in large-cap growth companies, the technology sector, and a disruptive technology position. The negative narrative mentioned above does create market volatility, but with volatility, opportunities develop.

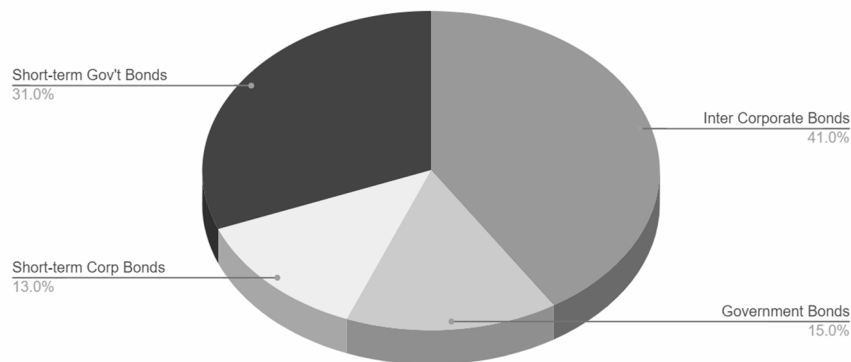
Equity Asset Allocation



#### Fixed Income Comment

Our fixed income allocation of government and corporate bonds has a shorter average maturity than the benchmark with positions in short and ultra-short investments. Since the beginning of the year, bond yields moved considerably lower due to the Federal Reserve's monetary policies. At the start of the year, the U.S. 10 Year Treasury bond yielded 1.92%; the current yield is 0.68%.

Fixed Income Allocation



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## Now for the Numbers

### Market Data

Index	MTD	QTD	YTD	Inception to Date
S&P 500 Index	-3.80%	8.93%	5.57%	10.63%
Russell 2000 Index (small-cap stocks)	-3.34%	4.93%	-8.69%	-4.45%
MSCI World ex USA Index	-2.82%	4.92%	-7.13%	-4.31%
Bloomberg Barclays Interm Aggregate Bond Index	-0.03%	0.48%	5.16%	5.75%

Period ending September 30, 2020

*\*Date of Inception - November 11, 2019.*

Interest Rates	Sep. 2020	Jan. 2020
2 Yr U.S. Treasury Note Yield	0.11%	1.58%
10 Yr U.S. Treasury Bond Yield	0.68%	1.92%
2/10 Spread - Basis Points	0.57%	0.34%

Commodities	Sep. 2020	Jan. 2020
Oil - West Texas International per Barrel	\$39.26	\$61.14
Natural Gas - Dollars per Million BTU	\$1.74	\$2.06
Gold	\$1,883.40	\$1,523.00
Wheat - U.S. Dollars per Metric Ton	\$174.18	\$165.25
Olive Oil - U.S. Dollars per Metric Ton	\$2,995.76	\$2,849.65

Economic	Sep. 2020	Jan. 2020
Gross Domestic Product	-33.7% (Q2 2020)	3.9% (Q4 2019)
CPI - Trailing 12 mos.	1.3% (Aug 2020)	1.8% (Jan 2020)
Unemployment Rate	8.40%	3.60%
Unemployed Persons (millions)	13.55	5.89

**Cowling Bay Wealth Management, LLC, "CBWM," is an independent registered advisor based in Northeastern Wisconsin focused solely on clients' financial objectives.**

#### David Schedler, President

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