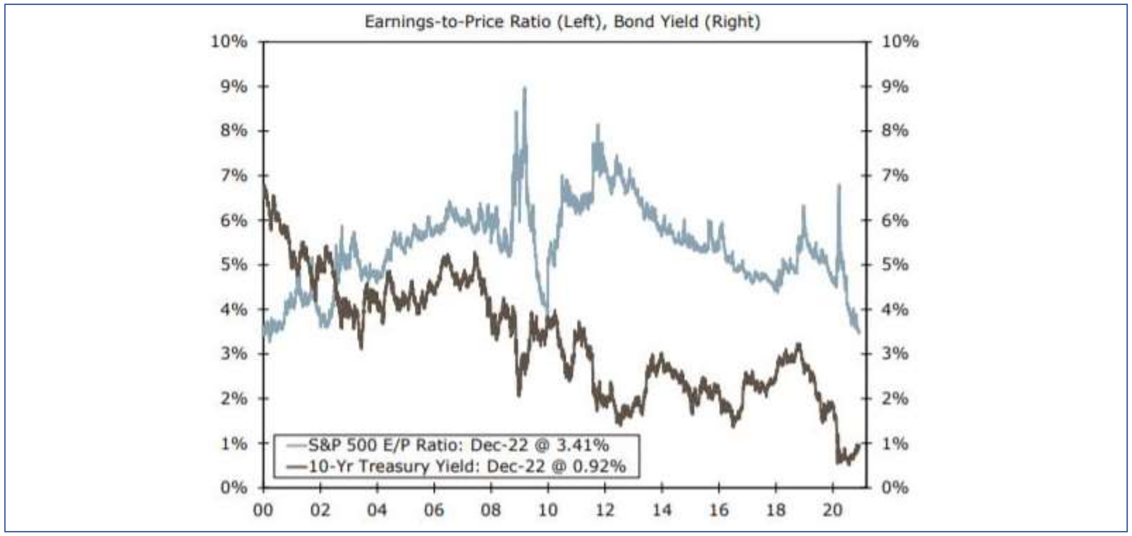
Market Recap

Harbour Capital ADVISORS

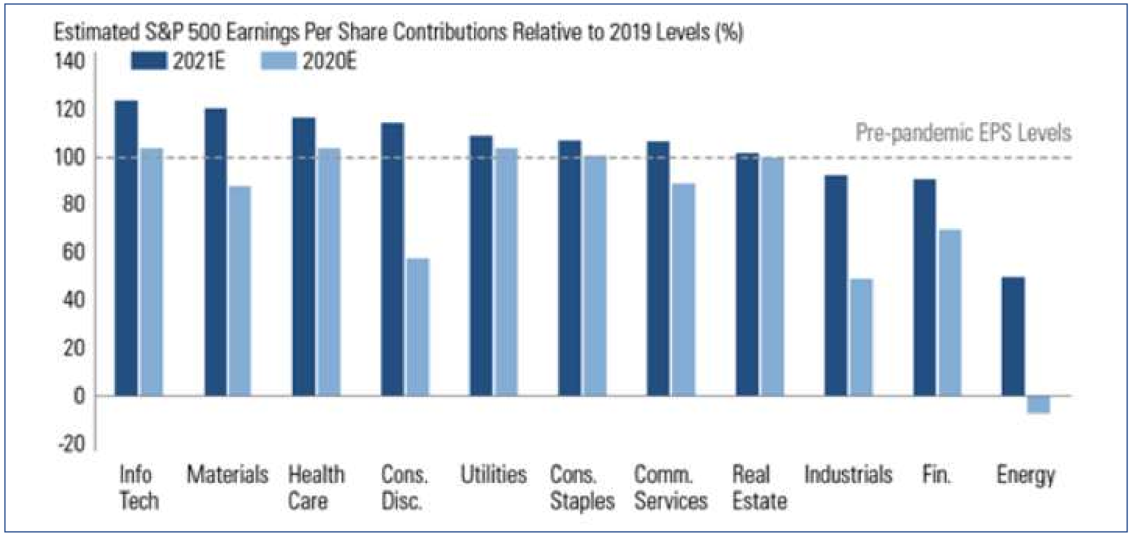
Relative Value in Stocks & Bonds



Source: Wells Fargo

- Comparing the risk and reward tradeoffs across asset classes is an imperfect science. Still, the yield on Treasury bonds is often used as a benchmark for the required returns from other (riskier) asset classes. As the Federal Reserve has slashed short-term rates and longer-term interest rate expectations have fallen, the future earnings streams from higher-growth assets (e.g. stocks) have become much more valuable.
- Although a current earnings-to-price ratio of 3.4% for the S&P 500 is below its historical average (4.8%), a steeper drop in bond yields in recent years suggests that stocks remain relatively attractive.

Investing Through the Economic Cycle



Source: Goldman Sachs

- The pandemic has hit company earnings in some sectors harder than others. The more cyclically oriented sectors such as Consumer Discretionary, Industrials, and Energy have borne the brunt of the economic shock, while traditional safe-haven sectors (e.g., Consumer Staples and Utilities) have lived up to their billing.
- However, these trends are likely to reverse as the economy fully reopens in 2021 (based on widespread vaccination). In contrast, Technology and Health Care stand out as resilient sectors that have not only performed well through the downturn but are also poised to come out stronger on the other side.

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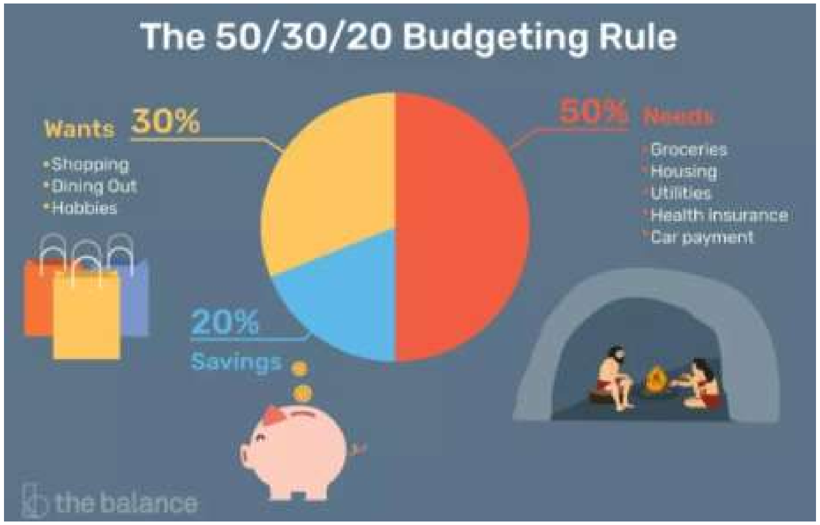
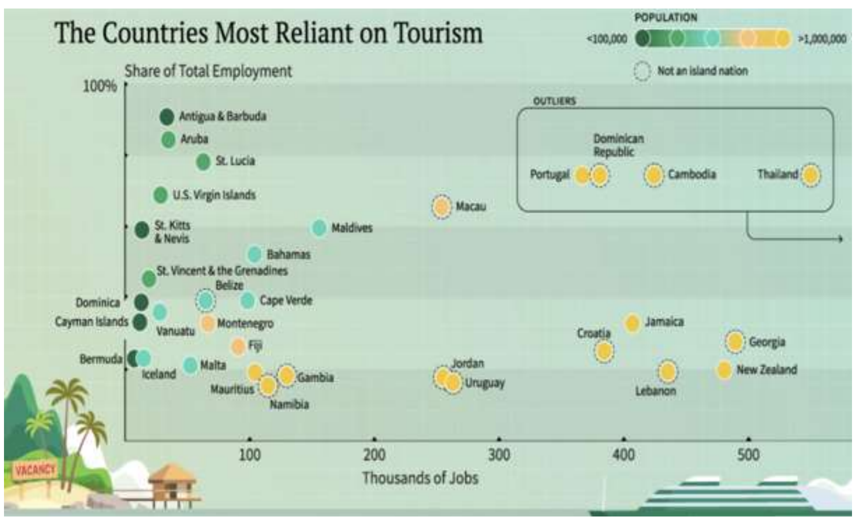
Budgeting Basics



Source: The Balance

- In a world of information overload, the 50-30-20 budgeting rule provides a straightforward method to organize and prioritize personal finances. This approach provides guidelines for allocating an individual's income across three categories of spending: needs, savings, and wants.
- This back-of-the-envelope guidance is not a holy grail per se, but it is a good place to start your budgeting conversation. It's also worth noting that the allocation between the budget categories will vary based on an individuals' income and spending level.

The Tourism Economy



Source: Visual Capitalist

- Many countries rely heavily on tourism revenues to support their economies. With over 330 million tourism-related jobs worldwide, the industry accounts for about 10% of global GDP.
- Before COVID-19 struck, Caribbean islands such as Aruba and St. Lucia received nearly 20,000 visitors a day from cruise ships alone. With outsized dependence on the tourism industry, these tropical destinations will be counting on loyal tourists to return once it is safe to resume travel.

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

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12/29/2020