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Global Investment Outlook & Strategy Update

Executive Summary

October 8, 2020

After five consecutive months of gains, stocks modestly corrected in September as several risks developed to include signs of a downshift in global growth, a rise in coronavirus cases, a worsening of U.S.-China relations, and elevated policy uncertainty. The pullback in tech stocks was unsurprising and overdue, with signs of froth emerging in many of the most popular momentum stocks. We remain constructive on stocks over the intermediate and long term yet are mindful of the array of risks and uncertainties that will keep markets volatile.

We expect the global economic recovery will be choppy post this initial bounce, with stocks following suit. We also anticipate participation in market gains will broaden beyond large-capitalization tech stocks as the pandemic comes under control and global economies normalize. Our investment focus remains on high quality, fundamentally solid companies that can deliver above-average earnings growth, regardless of the economic backdrop. Tech remains a preferred sector, but we are becoming increasingly selective due to valuation concerns. We also believe health care, transportation, and select financial stocks offer an attractive combination of low valuations and earnings upside in an improving economy.

Click [here](#) to download our most recent Global Investment Outlook and Strategy paper. If you'd like to receive this via email or snail mail each quarter, just drop one of us a note.

To learn more about our funds, please visit our website at www.sitfunds.com or reach out to one of us.

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