

Foresight Market Summary

January 31, 2020

Market Highlights:

The market in the first month of 2020 was relatively flat, returning -0.04% for the S&P 500. The International Equity markets performed worse, with the MSCI EAFE Index returning -2.82% and the MSCI Emerging Markets Index returning -6.15%.

Emerging Markets stocks were weak mainly due to fears of an economic shock

from the coronavirus that originated in China. Those fears caused a classic “flight to safety” scenario whereby investors flocked to U.S. Treasuries, which resulted in falling bond yields across the board. The broad U.S. Aggregate Bond Index was +2.03% in January. Riskier bonds like Bank Loans and High Yield were -0.55% and -0.47% in the month, respectively.

Economic Outlook:

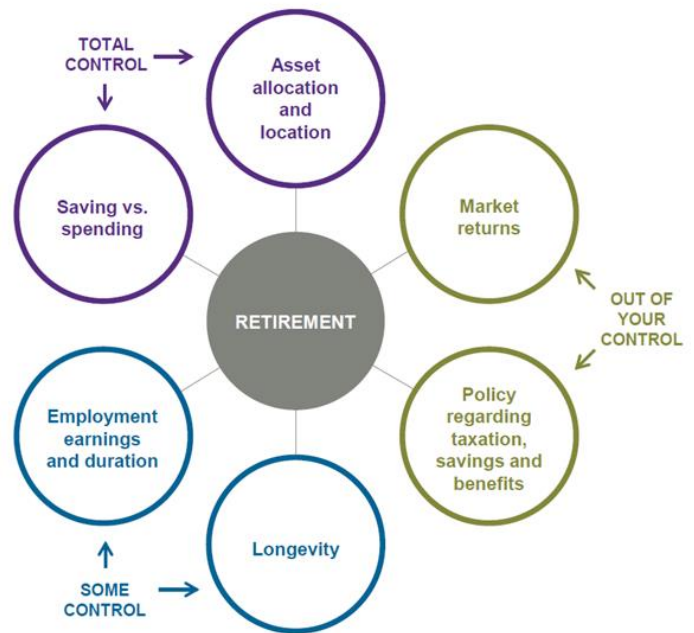
January economic datapoints continue to paint the picture of a healthy U.S. economy. We believe our economy will continue its modest real GDP growth rate of approximately 2% in 2020. While the consumer remains strong and is leading the charge, other segments of the economy, including manufacturing, have slightly rebounded. All eyes are now squarely focused on the coronavirus and its implications on future economic growth and consumption. Though extremely tragic, our base case is that eventually the virus will be contained and some of the resulting stunted economic output will be recovered.

Insight of the Month:

The graphic to the right from J.P. Morgan is a good reminder of what we as investors should focus on. In investing – as in life – there are things we have complete control over (purple), things we have some control over (blue), and things that are completely out of our control (green). We control our savings rate and our asset allocation. We have some control over our employment earnings and how long we work for. But we have no control over things like government policy and market returns. Keeping that framework in mind can be helpful as we save for and prepare for retirement.

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year	Econ. Indicators	Percent	As of
S&P 500 Index	-0.04%	6.30%	8.01%	21.45%	14.38%	12.23%	Fed Funds Target	1.75%	1/31/2020
MSCI All Country World Index	-1.44%	4.08%	6.18%	15.47%	11.12%	8.65%	Inflation Core CPI	2.50%	1/31/2020
Russell 2000 Small Cap Index	-3.10%	3.06%	2.44%	9.15%	7.51%	8.25%	Unemployment	3.60%	1/31/2020
Dow Index	-0.89%	4.49%	5.01%	15.44%	14.77%	13.02%	Real GDP Growth	2.30%	9/30/2019
MSCI EAFE Index	-2.82%	0.96%	5.17%	11.20%	7.42%	4.98%	Yield Curve Spread	0.18%	1/31/2020
MSCI Emerging Market Index	-6.15%	0.19%	1.68%	0.53%	6.60%	3.83%	Wage Growth	3.29%	1/31/2020

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.93%	2.49%	2.18%	4.38%	8.92%	4.03%	2.18%
US Aggregate Bond Index	2.65%	2.03%	2.34%	4.40%	9.66%	4.69%	2.95%
US Bank Loan Index	4.85%	-0.55%	2.00%	1.55%	5.76%	3.27%	3.13%
US High Yield Bond Index	5.02%	-0.47%	1.66%	2.98%	8.21%	5.32%	4.76%



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