

Foresight Market Summary

April 30, 2020

Market Highlights:

Following March's historically large and rapid stock market decline, April experienced a sharp rebound and recouped some of its losses. Through April, U.S. large cap stocks (S&P 500) were down 9.2% YTD, leading all major markets. Small cap stocks (Russell 2000) were down 21% YTD, and international stocks (MSCI EAFE and MSCI Emerging Markets)

were down approximately 18%. The bond market also regained some of the losses experienced in March. Through April, the High Yield and Bank Loan markets were down roughly 7%.

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year	Econ. Indicators	Percent	As of
S&P 500 Index	-9.20%	-10.81%	-3.43%	0.84%	8.96%	8.80%	Fed Funds Target	0.25%	4/30/2020
MSCI All Country World Index	-13.29%	-13.57%	-8.43%	-5.63%	4.51%	4.27%	Inflation Core CPI	0.40%	4/30/2020
Russell 2000 Small Cap Index	-21.04%	-20.21%	-16.02%	-16.47%	-0.84%	2.44%	Unemployment	14.70%	4/30/2020
Dow Index	-14.10%	-15.16%	-9.43%	-6.35%	7.50%	8.65%	Real GDP Growth	0.30%	4/30/2020
MSCI EAFE Index	-18.53%	-17.58%	-15.36%	-12.47%	-1.01%	-0.53%	Yield Curve Spread	0.44%	4/30/2020
MSCI Emerging Market Index	-18.34%	-14.75%	-12.82%	-14.18%	-0.65%	-1.21%	Wage Growth	7.67%	4/30/2020

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.76%	8.63%	6.42%	8.30%	13.97%	5.61%	3.73%
US Aggregate Bond Index	2.54%	4.87%	3.09%	5.20%	10.72%	5.04%	3.69%
US Bank Loan Index	5.11%	-6.62%	-6.31%	-4.22%	-4.13%	0.90%	1.47%
US High Yield Bond Index	5.54%	-7.27%	-7.22%	-5.29%	-2.63%	2.15%	2.84%

Economic Outlook:

As reported on April 29, U.S. Q1 real GDP came in at -4.8%. Though this was one of the worst quarterly GDP declines in post-war history, it will be dwarfed by Q2, which could come in at -25% to -35% (annualized). The consumer, who comprises roughly 70% of our economy, naturally led the decline in GDP given the abrupt and comprehensive nature of the pandemic shutdown. Over 20 million Americans lost their jobs in April, and the national unemployment rate soared to nearly 15%. As COVID-19 cases continue to moderate, our country is now undergoing the great re-opening. Politicians on a state-by-state basis are trying to weigh the risks of a resurgence in cases with the potential of long-lasting economic damage that would exceed the Great Depression if the economy remains closed.

Insight of the Month:

It is critical to maintain a long-term perspective during bouts of extreme volatility like that which we face today. Russell Investments produced the chart on the right that shows the duration and magnitude of bull markets (in orange) and bear markets (in blue) over the last ~100 years. The chart illustrates that the average bull market lasts 72

months with an average cumulative gain of 321%, while the average bear market lasts 16 months with an average cumulative loss of 38%. Using history as our guide, although enduring bear markets is painful and scary, they do not last and a long-term perspective is ultimately rewarded.

