FORESIGHT
WEALTH MANAGEMENT

Foresight Market Summary

June 30, 2020

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
S&P 500 Index	-3.18%	18.37%	-2.94%	7.37%	10.62%	10.64%
MSCI All Country World Index	-6.20%	17.92%	-5.98%	2.07%	6.31%	6.73%
Russell 2000 Small Cap Index	-12.96%	24.87%	-12.84%	-6.60%	1.93%	4.38%
Dow Index	-8.48%	16.21%	-8.30%	-0.73%	9.01%	10.47%
MSCI EAFE Index	-11.10%	14.46%	-10.69%	-5.04%	0.65%	1.96%
MSCI Emerging Market Index	-10.35%	18.66%	-10.15%	-4.27%	1.38%	2.72%

Econ. Indicators	Percent	As of
Fed Funds Target	0.25%	6/30/2020
Inflation Core CPI	0.20%	6/30/2020
Unemployment	11.10%	6/30/2020
Real GDP Growth	-5.00%	6/30/2020
Yield Curve Spread	0.50%	6/30/2020
Wage Growth	5.41%	6/30/2020

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.68%	8.61%	0.30%	8.49%	10.35%	5.36%	3.95%
US Aggregate Bond Index	2.46%	6.27%	2.80%	6.03%	8.90%	5.22%	4.27%
US Bank Loan Index	4.65%	-4.45%	7.79%	-3.99%	-1.40%	1.78%	2.20%
US High Yield Bond Index	5.30%	-5.10%	6.51%	-5.01%	-1.49%	2.63%	3.75%

Market Highlights:

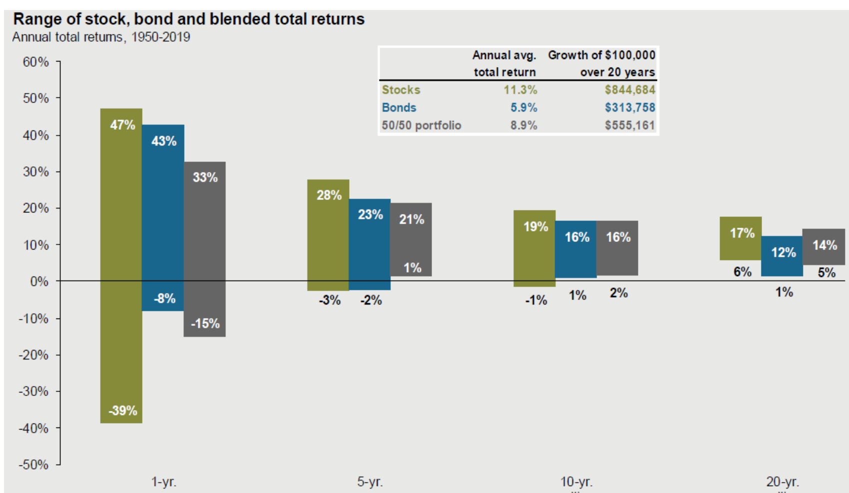
At midyear, the equity market has recovered a large portion of its COVID-induced losses. Most major global equity indices gained 2-3% in the month of June and 15-25% in Q2. In fact, following the dismal first quarter, Q2 was the S&P 500's best calendar quarter since 1998. U.S. large cap stocks (S&P 500) continue their dominance over all other equity segments and are now down roughly 3% YTD. International stocks (MSCI EAFE and Emerging Markets) are now down roughly 11% this year, and small cap stocks (Russell 2000) are down 13%. The broad bond market was roughly flat in June. High Yield and Bank Loans are now down approximately 5% YTD.

Economic Outlook:

In June, the NBER (National Bureau of Economic Research) officially declared what everyone already knew: that the U.S. is in a recession. While Q1 real GDP declined 5%, which was among the worst declines in post-war history, Q2 real GDP will likely decline 25% to 35% (annualized). The economy is now embarking on a multi-quarter rebound as millions of workers are being rehired by businesses that are reopening their doors. Many leading economic indicators confirmed the beginning of a rebound in May and June. The latest resurgence of COVID cases in hotspots throughout the south and west has at least temporarily dampened some of that economic output recovery. According to Goldman Sachs, as of this writing roughly 75% of the U.S. population reside in states that are either enacting re-opening restrictions or are on hold. Our guess is that in those hotspots, the enforcement of mask wearing this summer will be sufficient, as opposed to a fresh wave of lockdowns.

Insight of the Month:

The importance of maintaining a long-term perspective is typically the highest during periods when it's most difficult. This J.P. Morgan chart illustrates that while short-term returns for both stocks and bonds vary considerably, long-term returns are much more consistent. The 1-year historical holding period in the left column accompanies a wide range of outcomes, including the possibility of scary negative returns. However, as the holding period increases to 5-, 10-, and 20-years, the bars narrow markedly and the probability of negative returns falls dramatically.



Source: J.P Morgan Guide to the Markets, June 30, 2020

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