

Foresight Market Summary

November 30, 2020

Market Highlights:

The stock market powered higher in November, posting the best month for global stocks in nearly 34 years.

Those strong returns were due to the combination of (1) the continuation of excellent stage-three clinical trial results for COVID vaccines and (2) the results of the election, which appear to have resulted

in a divided Congress, which is generally conducive to a productive business environment. In November, most major indices were up 9–11%, bringing all major markets into positive territory in 2020. Most segments of the fixed income market were up slightly in November, with rates in a holding pattern and credit spreads modestly tightening.

Economic Outlook:

In the U.S., the FDA is expected to greenlight at least one promising COVID vaccine (Pfizer/BioNTech) any day now, with the likely national roll-out and distribution process beginning in mid-December. The UK began administering Pfizer vaccine shots on December 8. There are still many unknowns with regard to the timeline of widespread vaccine availability and the population's willingness to get the vaccine, but this progress is promising and has far-reaching implications on large swaths of the economy that are still dormant or partially dormant. On the political front, the Senate run-off in Georgia in early January will determine whether the Republican party holds the Senate, which would result in the above-mentioned divided Congress scenario. Several elements of the tax reform that President-elect Biden campaigned on, including higher corporate, personal, and capital gains taxes, would be much more difficult to get passed in that scenario, making the Georgia Senate race very important.

Insight of the Month:

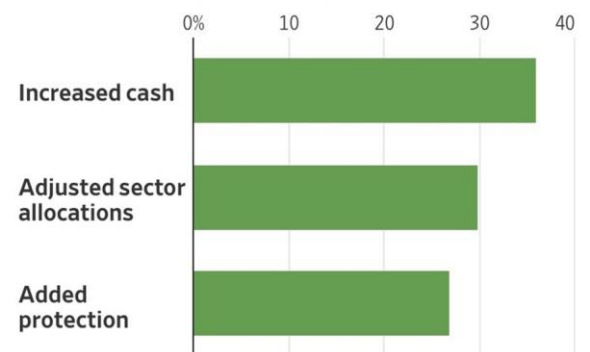
The graphic on the right from a November 1, 2020 *Wall Street Journal* article reveals that, according to a UBS survey of 1,000 investors, 63% of them tweaked their portfolios ahead of the November presidential elections. In an attempt to time the market, many survey participants either increased cash or added portfolio protection in order to gain a more defensive posture, while others adjusted their sector allocations. Undoubtedly, those investors were concerned that either the opposing President or political party would gain control. While the inherent uncertainty of politics can be fear-inducing, November's historically strong market returns offer another helpful reminder of the importance of constructing an age- and risk-appropriate asset allocation framework and then sticking to it.

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year	Econ. Indicators	Percent	As of
S&P 500 Index	14.14%	3.69%	19.98%	17.46%	13.42%	13.77%	Fed Funds Target	0.25%	11/30/2020
MSCI All Country World Index	11.12%	5.41%	21.94%	14.94%	9.21%	10.95%	Inflation Core CPI	1.20%	11/30/2020
Russell 2000 Small Cap Index	10.48%	15.66%	31.27%	13.55%	7.10%	10.15%	Unemployment	6.90%	11/30/2020
Dow Index	6.12%	3.98%	17.92%	8.01%	9.75%	13.27%	Real GDP Growth	-2.90%	11/30/2020
MSCI EAFE Index	2.45%	7.13%	19.28%	5.51%	3.01%	5.92%	Yield Curve Spread	0.68%	11/30/2020
MSCI Emerging Market Index	9.24%	6.98%	29.91%	17.66%	3.92%	9.89%	Wage Growth	4.46%	11/30/2020

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.40%	8.11%	-0.20%	-0.33%	7.51%	5.18%	3.68%
US Aggregate Bond Index	2.23%	7.38%	0.76%	1.71%	7.33%	5.35%	4.30%
US Bank Loan Index	3.69%	-0.19%	1.42%	4.69%	1.80%	2.88%	3.68%
US High Yield Bond Index	4.89%	2.47%	2.65%	7.34%	4.43%	4.72%	6.17%

Roughly 63% of investors have tweaked their holdings in some way ahead of the elections, according to UBS. Many of their moves were defensive.

How investors adjusted their portfolios



Source: UBS survey of 1,000 investors with at least \$1 million in investable assets