FORESIGHT WEALTH MANAGEMENT

Foresight Market Summary

January 31, 2020

Market Highlights:

While the global equity market was relatively flat in the first month of 2021, U.S. small cap stocks (Russell 2000) and Emerging Markets stocks (MSCI EM Index) continued their impressive runs and were up 4.6% and 3.1%, respectively. That compares to U.S. Large Cap stocks (S&P 500) being down 0.5% in the month, accentuating the importance of equity diversification. The fixed income market was broadly negative in January as long-dated Treasury yields sustained their modest move higher.

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
S&P 500 Index	-0.52%	13.82%	15.19%	15.09%	11.58%	16.03%
MSCI All Country World Index	-0.24%	16.64%	17.00%	15.59%	8.10%	13.67%
Russell 2000 Small Cap Index	4.66%	34.69%	39.16%	27.18%	10.80%	16.39%
Dow Index	-1.38%	13.63%	14.97%	6.18%	7.06%	15.31%
MSCI EAFE Index	-1.54%	19.06%	15.29%	7.99%	2.20%	8.54%
MSCI Emerging Market Index	3.11%	20.47%	23.57%	26.06%	4.02%	14.12%

Econ. Indicators	Percent	As of
Fed Funds Target	0.25%	1/31/2021
Inflation Core CPI	1.30%	1/31/2021
Unemployment	6.30%	1/31/2021
Real GDP Growth	-2.50%	1/31/2021
Yield Curve Spread	1.00%	1/31/2021
Wage Growth	5.44%	1/31/2021

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.28%	-0.90%	-0.73%	-2.77%	4.62%	5.22%	3.00%
US Aggregate Bond Index	2.16%	-0.67%	0.54%	-0.90%	4.87%	5.43%	3.94%
US Bank Loan Index	3.47%	0.15%	4.25%	4.29%	1.70%	2.95%	4.31%
US High Yield Bond Index	4.90%	-0.30%	4.97%	4.58%	4.14%	5.21%	7.29%

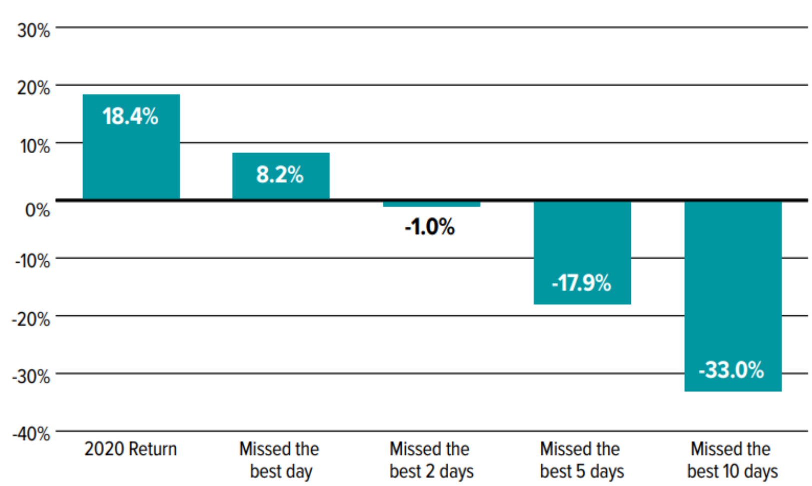
Economic Outlook:

January economic datapoints continue to suggest an unevenly distributed recovery, in part due to the sluggish return of small business and service sector jobs. However, we expect the economic recovery to gain steam as the year progresses. As 2020 was the year of the pandemic, 2021 will be the year of the vaccine. Vaccinations are now running in the 1.5MM/day range, with new waves of supply hitting this spring. Current projections point to the U.S. achieving herd immunity by summertime. When this occurs, we believe large pent-up demand will be unleashed, as consumers are anxious to spend down excess savings, which have ballooned throughout the pandemic. Additionally, Washington is poised to pass another stimulus bill that could further propel the economy. President Biden has proposed a $1.9TN stimulus plan, but the details are currently being debated in Congress.

Insight of the Month:

We consistently caution our clients on the near-impossible nature of successfully timing the market. Despite the severe equity drawdown in Q1, 2020 ended the year up 18.4%, presenting another excellent example of the perils of market timing. As shown in this chart from Ivy Investments, missing just a handful of days would have had a dramatic effect on one's return outcome. For example, missing just the single best day would have trimmed ten percentage points off the calendar year return. Missing the two best days would have resulted in a -1.0% return, and missing the five best days would have resulted in a -17.9% return. In describing the importance of staying invested, famed investor, Charlie Munger, said it best: "The first rule of compounding: never interrupt it unnecessarily."

COST OF MISSING THE MARKET IN 2020



Source: Ivy Investments, Morningstar Direct. Chart shows S&P 500 returns as of December 31, 2020.

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