Foresight Market Summary

February 28, 2021

Market Highlights:

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
S&P 500 Index	1.71%	17.14%	18.47%	18.36%	12.31%	16.39%
MSCI All Country World Index	1.83%	19.72%	19.96%	18.40%	8.65%	14.04%
Russell 2000 Small Cap Index	11.54%	43.52%	48.11%	35.31%	12.75%	17.58%
Dow Index	1.39%	17.53%	18.95%	9.81%	8.06%	15.81%
MSCI EAFE Index	1.12%	22.28%	18.65%	11.19%	2.83%	9.13%
MSCI Emerging Market Index	3.65%	21.41%	24.01%	26.66%	4.12%	14.24%

Econ. Indicators	Percent	As of
Fed Funds Target	0.25%	2/28/2021
Inflation Core CPI	1.40%	2/28/2021
Unemployment	6.30%	2/28/2021
Real GDP Growth	-2.40%	2/28/2021
Yield Curve Spread	1.30%	2/28/2021
Wage Growth	5.44%	2/28/2021

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.23%	-2.85%	-2.75%	-4.56%	2.55%	4.45%	2.59%
US Aggregate Bond Index	2.15%	-2.18%	-1.09%	-2.33%	3.27%	4.81%	3.58%
US Bank Loan Index	3.39%	1.03%	4.44%	5.06%	2.06%	3.03%	4.34%
US High Yield Bond Index	4.86%	0.26%	5.57%	5.48%	4.73%	5.09%	7.34%

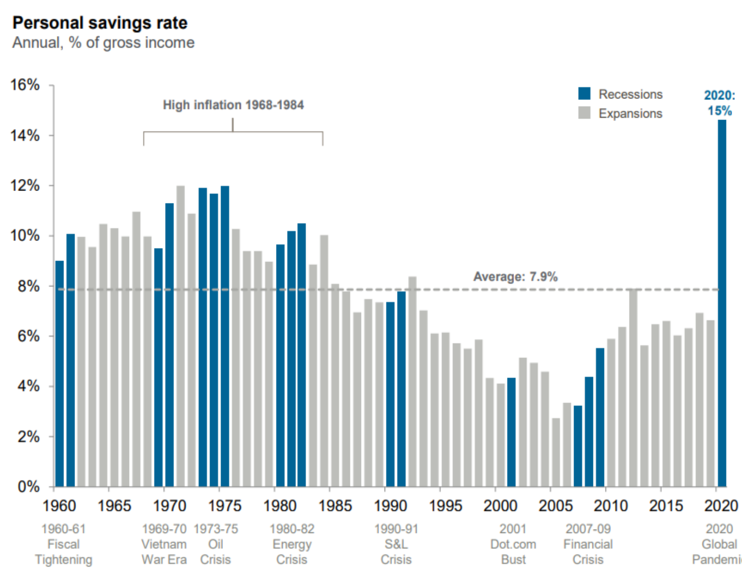
The broad equity market bounced in February following general weakness in January. Those gains resulted in most major equity indices turning positive for 2021. Large Cap U.S. stocks (S&P 500) posted ~2% gains. Small cap companies (Russell 2000) continued their recent dominance and are now up over 11% YTD. Emerging Markets (MSCI EM) have been the second-best performer YTD, with returns of +3.6%. The bond market has sustained more selling pressure as interest rates continue to climb from low levels. In February most major bond indices fell by ~1%, with the exception of High Yield Bonds and Bank Loans, which were modestly positive.

Economic Outlook:

As the economy continues its re-opening progress, concurrent with the national vaccination rate approaching 20%, the market has turned its attention to inflationary concerns. Treasury yields have spiked higher, reaching levels last seen in January 2020, which has spooked part of the equity market given the speed with which they have climbed. So far, the Federal Reserve (Fed) is standing its ground against interest rate hikes, citing the stubborn labor recovery that still has a long way to go. The Fed is embarking on a delicate dance that, if successful, will allow the economy to continue to heal while not letting inflation get out of control. Our view is that there will be a transitory inflation spike beginning this year, yet that it will revert back to near the Fed's 2% target.

Insight of the Month:

The commonly cited personal savings rate required to fund one's retirement successfully is somewhere in the 10-15% range. Somewhat counterintuitively, during economic expansions, the national savings rate tends to fall as rising values of stocks and homes make people feel more confident spending their income. On the other hand, savings rates typically rise during recessions and in the years following them as people feel the pain of economic hardship and choose to save more. Shown in this chart by J.P. Morgan, the 2020 global pandemic resulted in a record high savings rate, in part due to large and swift fiscal stimulus plans. Note that the long-term personal savings rate has averaged 7.9%, which is well below the 10-15% cited above.



Source: Bureau of Economic Analysis, National Bureau of Economic Research, J.P. Morgan Asset Management. As of

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