Foresight Market Summary

March 31, 2021

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
S&P 500 Index	6.15%	6.15%	18.99%	53.64%	16.67%	16.14%
MSCI All Country World Index	4.58%	4.58%	19.96%	53.83%	12.25%	13.36%
Russell 2000 Small Cap Index	12.65%	12.65%	47.97%	93.82%	14.67%	16.38%
Dow Index	8.24%	8.24%	19.79%	50.66%	13.43%	15.78%
MSCI EAFE Index	3.48%	3.48%	20.31%	44.88%	6.08%	8.70%
MSCI Emerging Market Index	2.08%	2.08%	21.92%	60.37%	5.88%	11.47%

Econ. Indicators	Percent	As of
Fed Funds Target	0.25%	3/31/2021
Inflation Core CPI	1.70%	3/31/2021
Unemployment	6.00%	3/31/2021
Real GDP Growth	4.30%	3/31/2021
Yield Curve Spread	1.58%	3/31/2021
Wage Growth	4.39%	3/31/2021

Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year
US Treasury Bond Index	1.18%	-4.32%	-4.32%	-5.14%	-5.02%	3.97%	2.15%
US Aggregate Bond Index	2.14%	-3.39%	-3.39%	-2.75%	0.61%	4.60%	3.09%
US Bank Loan Index	3.33%	0.67%	0.67%	3.58%	14.32%	2.92%	3.81%
US High Yield Bond Index	4.77%	0.63%	0.63%	6.25%	19.68%	5.88%	6.74%

Market Highlights:

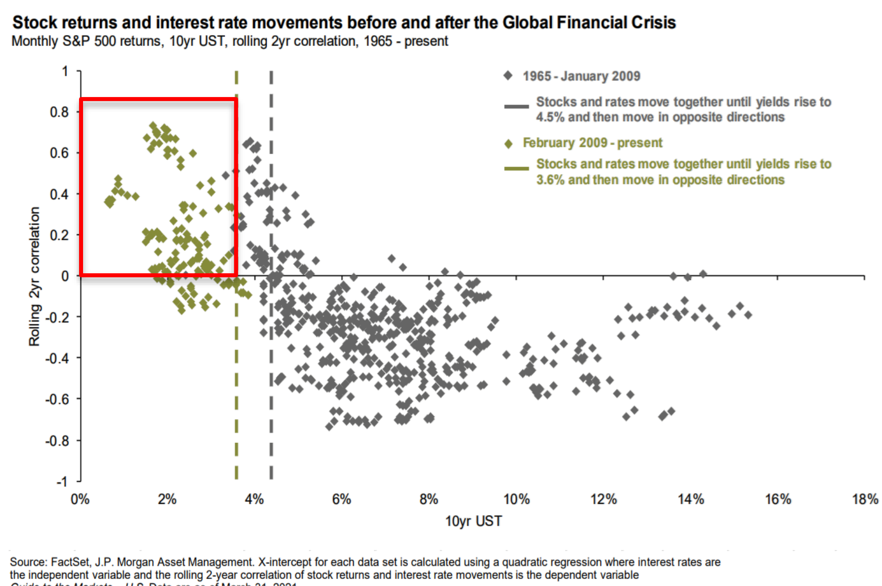
As we pass the one-year anniversary of the onset of COVID, it's interesting to compare how different market sentiment is today vs. last year. Stocks are once again at or near all-time highs. YTD, small cap stocks (Russell 2000) lead all major markets and are +12.7%. This compares to the S&P 500 at +6.2%. Equity returns outside the U.S. are mostly positive YTD, with the MSCI EAFE and EM indices +3.5% and +2.1%, respectively. The bond market has struggled in 2021 as interest rates continue to rise. The U.S. Treasury Bond Index is -4.3%, and the U.S. Aggregate Bond Index is -3.4%. Bank Loans (+0.7%) and High Yield (+0.6%) are the only broad bond segments with positive YTD returns.

Economic Outlook:

The most dominant theme across the equity market has been the resurgence of small cap and value stocks as a result of their pro-cyclicality (more sensitive to economic growth). In the early stages of an economic recovery, cyclical sectors like Financials, Industrials and Energy typically lead the way. Growth sectors like technology performed exceptionally well in 2020 in part due to those companies thriving in a stay-at-home environment. But as the economic recovery continues, value stocks have taken the market leadership baton from growth stocks, a trend we believe will continue. This may be exacerbated by a continuation of fiscal stimulus. At the end of March, the White House formally unveiled the components of its $2TR, eight-year infrastructure plan.

Insight of the Month:

Last month we stated that rising long-term interest rates is resulting in heightened equity volatility. The market has so far been able to shake off the 10-Year Treasury yield surging to ~1.70%, but broad concerns remain that higher rates will kill the stock market rally. As this chart from J.P. Morgan illustrates, stocks and interest rates tend to have a positive correlation (move together) until a certain yield is reached. That is because relatively low and rising rates are characteristic of an improving economy. The positive correlation has historically remained intact until the 10-Year Treasury yield has reached 3.6%.



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