

Foresight Market Summary

April 30, 2021

Market Highlights:

In April, the global equity market continued its upward momentum. The S&P 500 (large cap stocks) gained 4% in the month, bringing YTD returns to +11.8%. The Russell 2000 (small cap stocks) continues to lead all market segments and is now +15.0% YTD. As

Equities	YTD	3-Month	6-Month	1-Year	3-Year	5-Year	Econ. Indicators	Percent	As of
S&P 500 Index	11.80%	12.95%	28.76%	44.45%	18.19%	17.28%	Fed Funds Target	0.25%	4/30/2021
MSCI All Country World Index	9.11%	9.61%	28.28%	44.77%	13.34%	14.04%	Inflation Core CPI	2.60%	4/30/2021
Russell 2000 Small Cap Index	15.01%	9.53%	47.98%	68.28%	14.78%	16.42%	Unemployment	6.00%	4/30/2021
Dow Index	11.23%	13.46%	28.95%	40.19%	14.11%	16.31%	Real GDP Growth	2.30%	4/30/2021
MSCI EAFE Index	6.62%	7.80%	28.93%	39.49%	6.28%	8.83%	Yield Curve Spread	1.49%	4/30/2021
MSCI Emerging Market Index	4.56%	1.48%	22.47%	48.44%	7.11%	11.81%	Wage Growth	4.39%	4/30/2021
Bonds	Yield	YTD	3-Month	6-Month	1-Year	3-Year	5-Year		
US Treasury Bond Index	1.10%	-3.59%	-2.63%	-3.49%	-4.50%	4.56%	2.28%		
US Aggregate Bond Index	2.06%	-2.63%	-1.94%	-1.55%	-0.30%	5.16%	3.13%		
US Bank Loan Index	3.23%	1.02%	0.28%	4.43%	9.86%	2.91%	3.42%		
US High Yield Bond Index	4.64%	1.60%	1.39%	6.98%	16.42%	5.96%	6.18%		

the U.S. dollar has regained some relative strength, Emerging Markets and non-U.S. equities have lagged the U.S. market, now +4.6% and +6.6% YTD, respectively. The bond market has been relatively stagnant over the last few months. In April, as the U.S. 10-Year Treasury yield dropped from recent highs, Treasury bonds were up roughly 1%. Bank Loans and High Yield bonds continue to lead the bond market YTD.

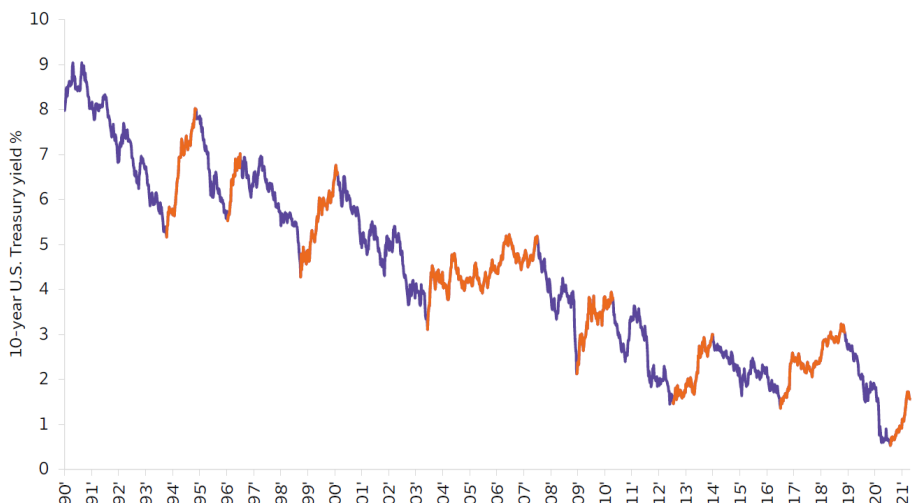
Economic Outlook:

Concurrent with broad economic reopening, the Biden Administration has proposed additional government spending through the American Families Plan (AFP). The plan, which focuses on childcare and nutrition, education, paid leave, and various tax credits, amounts to \$1.8TN over ten years. As proposed, the bill is expected to be covered by an increase in the capital gains tax to 39.6% (from 20%) for those earning over \$1.0MM, as well as an increase in the top marginal tax rate. Given the razor-thin margin of control by Democrats in Congress, we believe that final legislation will not be so dramatic as the current proposal.

Insight of the Month:

As referenced above, long-term interest rates fell modestly in April after having mounted one of the fastest surges on record during the first quarter.

This chart from Wells Fargo shows periods of rising (orange) and falling (purple) 10-Year Treasury yields going back to 1990. As illustrated, periods of strong interest rate spikes (orange) have historically accompanied pauses and consolidations, only for rates to resume their move higher. We were due for a pause. Given a continuation of strong economic momentum and higher inflation expectations, we believe the 10-Year Treasury yield will continue its choppy move higher.



Sources: Wells Fargo Investment Institute and Bloomberg. As of April 30, 2021

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