WINTHROP WEALTH

Q1'2021 MARKET REVIEW & OUTLOOK

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OVERVIEW

The world looks quite a bit different than it did at the beginning of last year, and we hope that we are on the verge of entering into a brighter period. Successful vaccines should lead to the end of social distancing and a return to normalcy. At Winthrop Wealth, many of our employees have worked from home for over a year, but several have returned to the office on a full- or part-time basis. While we have mostly held virtual meetings since the pandemic started, a few of our advisors were able to meet with clients in person over the last several weeks.

We are committed to providing proactive and customized wealth management solutions, and above all, helping you live life to the fullest. We look forward to speaking with you soon.

Our goal with this piece is to provide a recap and analysis of the major financial events that occurred during the First Quarter of 2021, and to offer context for our market outlook.

- **US Equity Markets:** The S&P 500 increased by +6.2% in the first quarter. The market reached another new all-time high on March 26th when the S&P closed at 3,975. After declining by nearly -34% during the pandemic selloff last year (2/19/20 to 3/23/20), the S&P 500 is up by over +80% from the low.

- **US Fixed Income Markets:** The Bloomberg Barclays US Aggregate Bond Index, which acts as a proxy for the investment-grade bond market, decreased by -3.4% in the quarter as the rise in interest rates was negative for returns (bond prices move inversely to interest rates).

- **Interest Rates:** Long-term interest rates have increased due to expectations that the amount of monetary and fiscal stimulus combined with the vaccine rollout will lead to higher levels of economic growth and inflation. The 10-Year Treasury yield now sits at 1.74% after increasing from an all-time low of 0.51% in August 2020.

- **The Fed:** The Fed's actions worked in 2020 and now the economy is recovering, so when will the Fed begin to tighten monetary policy from their current ultra-accommodative levels? As of now, the Fed has not changed their stance that they are a long way from pulling back. Our sense is that the Fed will tighten bit earlier than expected, with their first step being to taper the quantitative easing program later this year. "When will the Fed tighten?" will be one of the most important questions facing financial markets in 2021.

- **Fiscal Stimulus:** Congress passed the American Rescue Plan worth about $1.9 trillion (~9% of GDP) in March 2021. This was the third major stimulus package passed in the last year following the $2 trillion CARES Act in March 2020 and the $900 billion Covid-19 Aid bill in December 2020.

- **US Economy:** Economic growth is estimated to materially increase due to the amount of fiscal and monetary stimulus combined with the vaccine rollout and subsequent reopening. After declining by -3.5% in 2020, Real GDP is expected to increase by +6.5% in 2021 and +3.3% in 2022. The economy will likely surpass its pre-pandemic level in early 2021.

- **US Equity Market Outlook:** The rally since last March (S&P 500 is up +80% since 3/23/20) was driven by progress on Covid, massive amounts of monetary and fiscal stimulus, and optimism on vaccines and the reopening of the economy. The main pillars of the rally are still in place as the vaccine rollout and fiscal stimulus will lead to strong economic and corporate earnings growth while the Fed is still committed to maintaining accommodative monetary policy. However, this year the stock market will face headwinds caused by the economic recovery, including, higher interest rates (which will weigh on valuations that are already stretched), the possibility that the Fed may tighten earlier than expected, and the potential for higher taxes (the "Build Back Better" plan may include higher corporate, individual, estate, and capital gains taxes). There are several signs of froth as the market has essentially moved higher in a straight line over the past year. While we are certainly pleased with how the market has rebounded from the pandemic selloff, we know that stocks do not move in a straight line forever and volatility is inevitable. We will continue to apply our time-tested investment process based on risk management, asset allocation, and security selection to utilize any volatility as an opportunity to reposition portfolios.

Please see some of our most recent market commentaries:

- **Federal Debt**
- **Withdrawing Money**
- **Tax-Loss Harvesting**

US EQUITY MARKETS

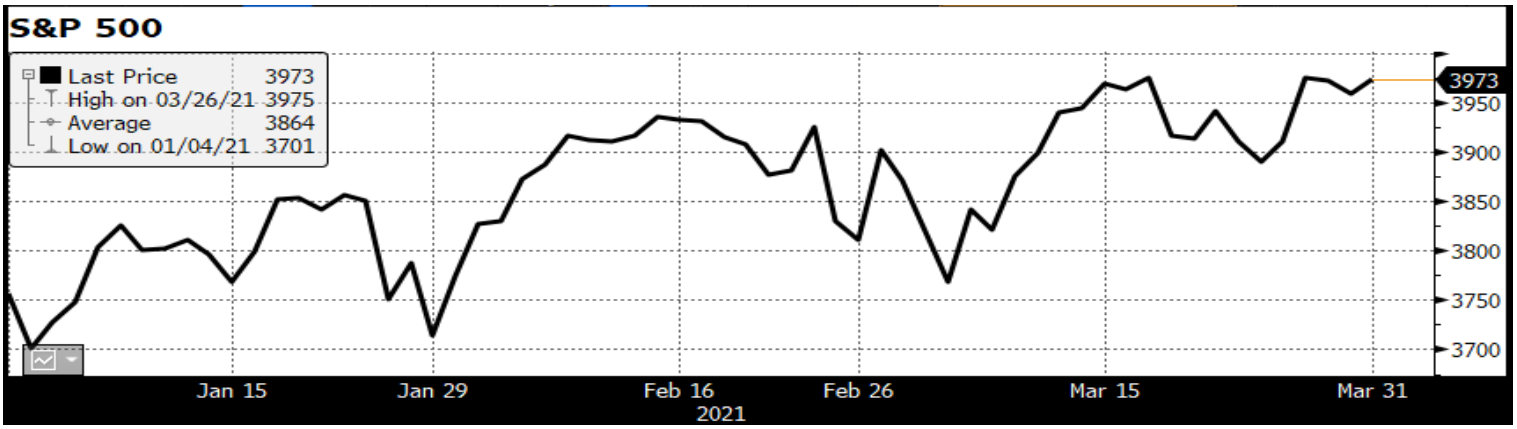
The S&P 500 increased by +6.2% in the first quarter. The market reached another new all-time high on March 26th when the S&P closed at 3,975. After declining by nearly -34% during the pandemic selloff last year (2/19/20 to 3/23/20), the S&P 500 is up by over +80% from the low. This is yet another example of the power of maintaining a long-term investment viewpoint.

- **Market Cap**: Mid (+13.5%) and Small Caps (+12.7%) outperformed Large Caps (+6.2%).
- **Style**: Value (Russell 1000 Value: +11.2%) outperformed Growth (Russell 1000 Growth: +0.9%) for the 2nd consecutive quarter
- **Sector**: All eleven were positive with Energy (+30.8%) and Financials (+15.9%) as the leaders, and Technology (+2.0%) and Consumer Staples (+1.2%) as the laggards.

US Equity Market Performance					
Broad Market	**1st Quarter**	**Style**	**1st Quarter**	**Sector**	**1st Quarter**
S&P 500	6.17%	Russell 1000 Growth	0.94%	Materials	9.08%
Russell 3000	6.34%	Russell 1000 Value	11.24%	Real Estate	9.02%
Dow Jones Industrial Average	8.29%			Communication Services	8.08%
Nasdaq	2.95%			Health Care	3.18%
		Sector	**1st Quarter**	Consumer Discretionary	3.11%
Size	**1st Quarter**	Energy	30.84%	Utilities	2.84%
Mid Cap (S&P 400)	13.47%	Financials	15.90%	Technology	1.97%
Small Cap (Russell 2000)	12.69%	Industrials	11.41%	Consumer Staples	1.15%

The market rally this quarter was driven by progress on the vaccine rollout, accommodative monetary policy, fiscal stimulus, and the reopening on the economy. Interest rates drove a divergence between cyclical companies that are levered to the reopening of the economy and growth stocks whose current share price is heavily dependent on earnings potential sometimes several years into the future. Cyclicals include many Financials, Energy, and Industrials companies, while growth stocks are comprised mainly of Technology, Consumer Discretionary, and Communication Services stocks. The quarter saw many individual trading days where the increase in interest rates sent growth stocks tumbling while cyclical companies increased. In other days, interest rates would stabilize or decline, and the opposite price action would occur. Cyclical stocks outperformed in the period as the 10-Year Treasury yield increased from 0.91% to 1.74%. Please see our **Client Question on Why Interest Rates Impact Stock Prices**. Rather than choose one style over the other, we prefer to construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Please see our **Client Question on Portfolio Diversification**.

S&P 500 - 2021



(Source: Bloomberg)

More Signs of Froth

In our **2020 Market Review and Outlook** we pointed out several signs of froth including the first day return for IPOs averaged 40% (Bloomberg), a record number of special-purpose acquisition companies (SPACs) coming to market, a boom in cryptocurrency prices, individual stocks rapidly increasing after announcing stock-splits, and sentiment indicators reaching their highest levels in years. In 2021, we can add **Gamestop** and Non-fungible Tokens (NFT) to the list (please do not ask us to explain why a NFT of digital art sold for nearly $70 million). We also highlighted that the only way to argue for a reasonable stock market valuation was in comparison to historically low interest rates and we asked what happens if interest rates rise? Well as expected the increase in interest rates has taken some of the air out of the most speculative areas of the stock market. Companies with a great story but no foreseeable earnings can thrive in environments where money is cheap and liquidity is overflowing, but probably less so when interest rates move higher. In our view, this was a positive development for the overall health of the market despite some

US FIXED INCOME MARKETS

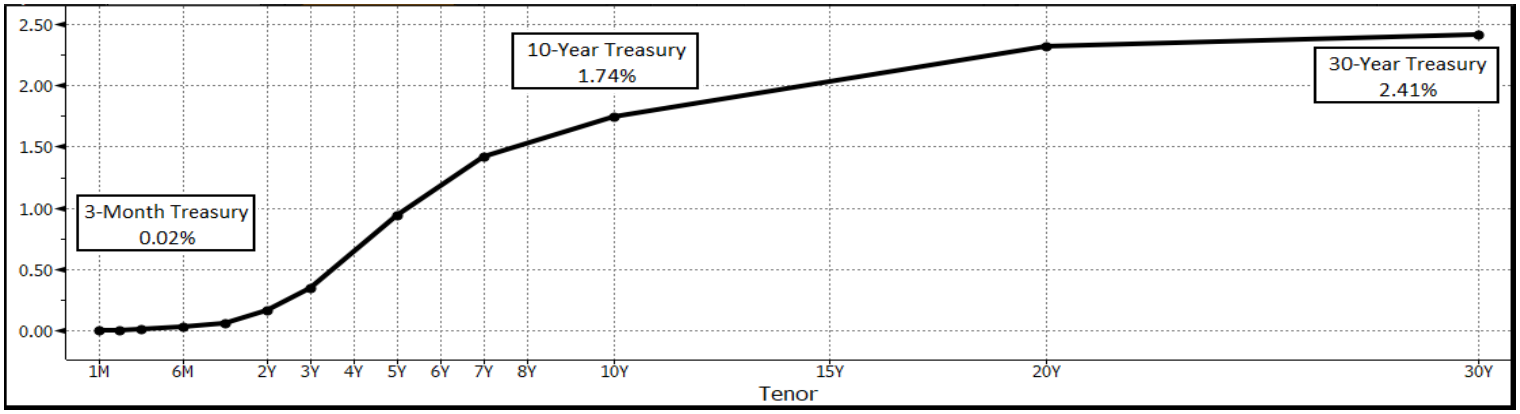
The Bloomberg Barclays US Aggregate Bond Index, which acts as a proxy for the investment-grade bond market, decreased by -3.4% in the quarter as the rise in interest rates was negative for returns (bond prices move inversely to interest rates). Other areas of the fixed income market produced mixed results, including, High Yield (+0.9%), Munis (-0.4%), and Corporates (-4.7%).

	Returns					Fundamental Estimates		
Bloomberg Barclays Index	**1st Quarter**	**2020**	**2019**	**2018**		**Yield to Worst**	**Credit Spread (bps)**	**Duration**
Aggregate	-3.37%	7.51%	8.72%	0.01%		1.6%	34	6.3
Treasury Bills	0.02%	0.54%	2.21%	1.83%		0.0%		0.1
Corporates	-4.65%	9.89%	14.54%	-2.51%		2.3%	96	8.3
High Yield	0.85%	7.11%	14.32%	-2.08%		4.3%	325	3.7
Securitized MBS/ABS/CMBS	-1.18%	4.18%	6.44%	0.99%		1.8%	21	3.9
Munis	-0.35%	5.21%	7.54%	1.28%		1.2%		5.3

INTEREST RATES

Long-term interest rates have increased due to expectations that the amount of monetary and fiscal stimulus combined with the vaccine rollout will lead to higher levels of economic growth and inflation. The 10-Year Treasury yield now sits at 1.74% after increasing from an all-time low of 0.51% in August 2020. Given that the Fed now projects Real GDP growth at +6.5% in 2021, it is no wonder that interest rates have increased. Keep in mind that at its current level, the 10-Year yield is still quite low by historical standards given that the rate has averaged about 3.70% over the last 25 years. While interest rates have increased, they are a long way from restricting economic growth. The current consensus estimate for the 10-Year yield at the end of 2021 is 2.00%, although this forecast has been moving higher in recent weeks.

Treasury Yield Curve



(Source: Bloomberg)

INFLATION MARKET UPDATE

As mentioned, long-term interest rates are mainly driven by future expectations of inflation and economic growth. Estimates of inflation have increased as Congress has passed additional fiscal stimulus measures. Inflation readings have become a hot topic for investors, especially as long-term interest rates increased. The Fed's preferred measure of inflation is the US Bureau of Economic Analysis (BEA) Core Personal Consumption Expenditures (PCE) Index. The Core PCE Inflation Index measures prices paid by consumers across several categories excluding food and energy. The Fed is actively trying to boost this inflation reading above 2%, despite it being stubbornly below that level for the last decade (the 10-year average of Core PCE Inflation is +1.6% Y/Y). We know that inflation readings will pickup in next few months as year-over-year measures will be compared to the early part of the pandemic. However, it will be interesting to see if the combination of low interest rates and fiscal stimulus will drive inflation to the Fed's target during the latter half of 2021. We expect to see inflation increase, but not to get out of hand due to secular forces including globalization, demographics, and technological innovation. The tie in between inflation, interest rates, and asset prices will remain front page financial news for the rest of the year.

THE FED - MONETARY STIMULUS

The Federal Reserve serves as the central bank of the United States and performs key functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment, stable prices, and moderate long-term interest rates. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our **Client Question on The Fed** which details the key entities, and the impact monetary policy has on the economy, interest rates, and stock prices.

In response to the Covid-19 pandemic, the Fed established the most accommodative monetary policy environment in United States history. The Fed acted in three main ways: lowering interest rates, restarting their quantitative easing program, and creating thirteen emergency lending facilities.

Interest Rates	Balance Sheet		Commentary
Federal Funds Rate	**Fed Balance Sheet**	**Fed Balance Sheet 2021 Change**	**March FOMC Statement**
0 - 0.25%	$7.7 Trillion	+ $0.4 Trillion	The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.

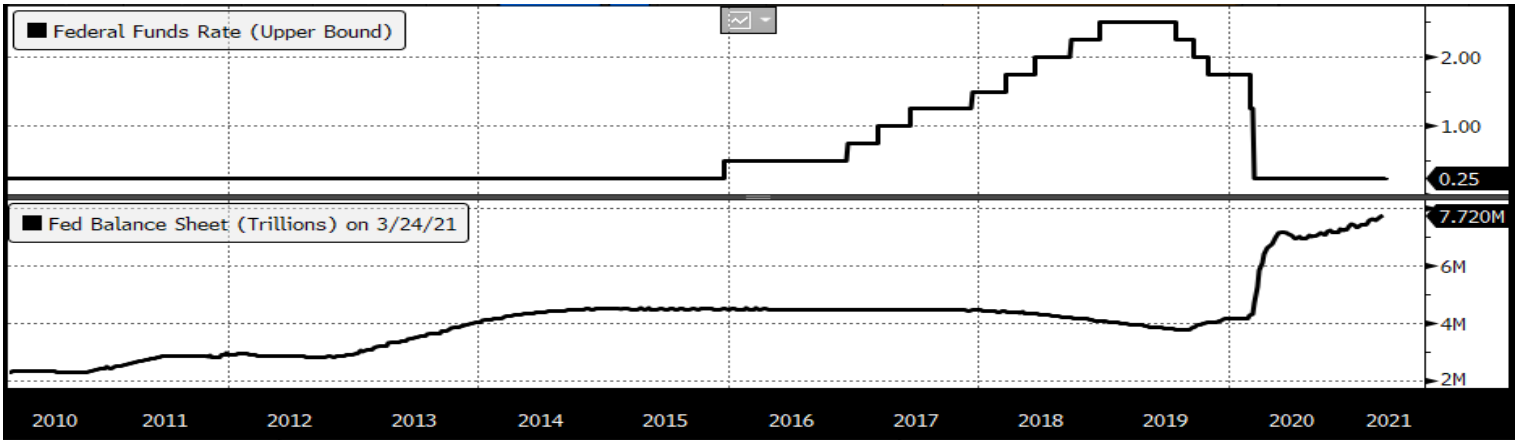
Interest Rates: The federal funds rate is currently at a range of 0% to 0.25% after the FOMC cut rates by-1.50% total in March 2020, both times at unscheduled meetings. The FOMC's most recent Summary of Economic Projections (SEP) showed that the majority of members do not forecast a rate hike until 2024 at the earliest.

Quantitative Easing Program: The Fed will continue purchasing at least $80 billion in Treasuries and $40 billion in agency mortgage-backed securities per month to help "foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses." In December, the Fed announced that the monthly purchases will continue until "substantial further progress has been made toward the Committee's maximum employment and price stability goals." The Fed's purchases will expand the size of its balance sheet and should help keep long-term interest rates low while ensuring that fixed income markets function smoothly.

Lending Facilities: The Fed announced thirteen emergency credit and liquidity facilities that are designed to provide stability to the financial system and support the flow of credit to households, businesses, and state and local governments. Almost all of the emergency programs have either closed or expired with only the Paycheck Protection Lending Facility continuing for another quarter. According to Reuters, the Fed generated about a $275 million profit from the facilities in 2020.

Chair Powell recently penned a piece in the Wall Street Journal where he said the Fed's response helped to, "prevent a financial meltdown. Today the situation is much improved, but the recovery is far from complete." The Fed's actions worked in 2020 and now the economy is recovering, so when will the Fed begin to tighten monetary policy from their current ultra-accommodative levels? As of now, the Fed has not changed their stance that they are a long way from pulling back. Our sense is that the Fed will tighten bit earlier than expected, with their first step being to taper the quantitative easing program later this year. "When will the Fed tighten?" will be one of the most important questions facing financial markets in 2021.

Federal Funds Rate (Upper Bound) and Fed Balance Sheet Size (Trillions)



(Source: Bloomberg)

FISCAL STIMULUS UPDATE

Congress passed the American Rescue Plan worth about $1.9 trillion (~9% of GDP) in March 2021. This was the third major stimulus package passed in the last year following the $2 trillion CARES Act in March 2020 and the $900 billion Covid-19 Aid bill in December 2020. Here are the details of the American Rescue Plan:

American Rescue Plan	
Stimulus Checks	Eligible individuals will automatically receive an Economic Impact Payment of up to $1,400 for individuals or $2,800 for married couples, plus $1,400 for each dependent. Unlike the prior stimulus, families will get a payment for all their dependents claimed on a tax return, not just their qualifying children under 17.
Unemployment Benefits	Extended unemployment insurance and the extra $300 weekly payment will occur until Labor Day (September 6th).
Child Tax Credit	The bill increases the amount of the Child Tax Credit from $2,000 to $3,600 for children under age 6, and $3,000 for other children under age 18. The scope was also expanded from children under 16 to under 17. Additionally, the credit is now fully refundable.
State and Local Governments	The legislation provides $350 billion in emergency funding for state and local governments to remedy the mismatch between rising costs and falling revenues.
Public Health	The bill includes about $100 billion for testing and vaccine production and distribution.

The Biden Administration will immediately pivot to the "Build Back Better" plan which could cost as much as $3 trillion and include corresponding tax increases. The plan will likely focus on infrastructure and could include extending the newly expanded child tax credit, universal pre-kindergarten, tuition-free community college, and other Democratic priorities. Tax increases to help pay for the program could include raising the corporate, top individual, estate, and/or capital gains rates. The proposal is still in its infancy and new details are expected to emerge over the coming months. As a reminder, the majority in Congress is razor-thin and any bill will need either all Democrats to vote in favor or bipartisan support. Please see our **Client Question on The Potential Impact of Democratic Control**.

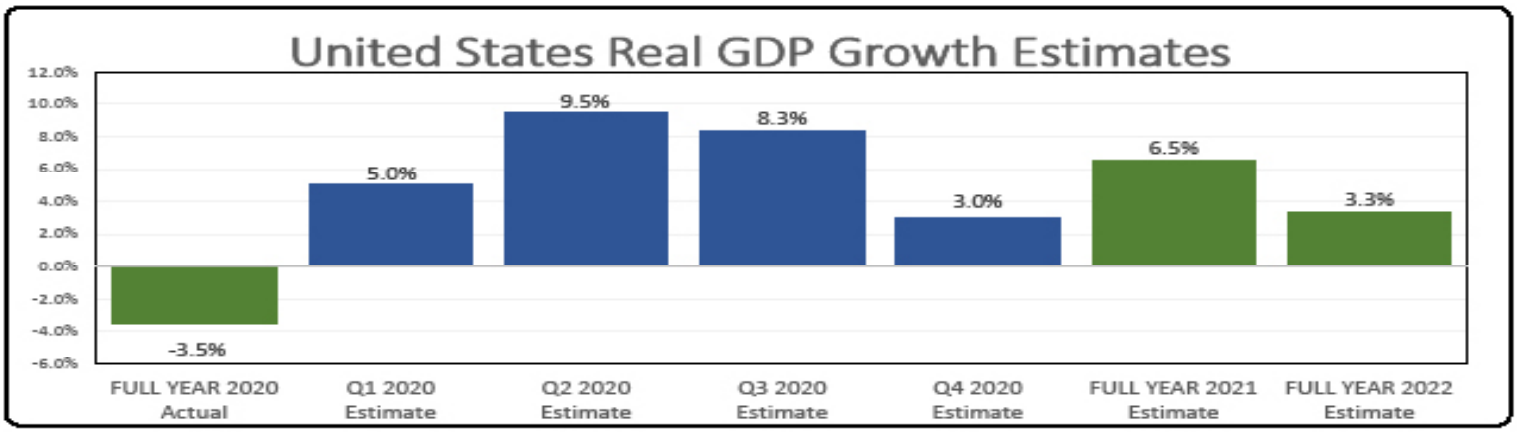
US ECONOMY

Economic growth is estimated to materially increase due to the amount of fiscal and monetary stimulus combined with the vaccine rollout and subsequent reopening. After declining by -3.5% in 2020, Real GDP is expected to increase by +6.5% in 2021 and +3.3% in 2022. The economy will likely surpass its pre-pandemic level in early 2021. Over the past several months, the country has experienced a somewhat uneven recovery with manufacturing and consumer spending surging, while parts of the labor market lag. We expect the labor market will heat up over the next several months as the vaccine drives reopening. Here are some key data points we are monitoring to assess the health of the economy:

Consumer Spending: According to Goldman Sachs, high frequency data suggests that consumer spending reached 103% of the pre-virus level in late March, up from a low of 80% in April 2020. The US Census Bureau's measure of Retail Sales increased by +6.3% year-over-year in February, up from last April's reading of -19.9%. Consumer spending data is critical as it drives about 70% of GDP.

Labor Market: The unemployment rate was 6.2% in February. Over the last 50-years, the highest reading was 14.7% in April 2020, while the lowest reading was 3.5% in September 2019. Fed Chair Powell has commented that the real unemployment rate is higher than 6.2% as about 9.5 million jobs were lost since the pandemic started. The Fed estimates that the unemployment rate will decrease to 4.5% by the end of 2021.

Manufacturing: The Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI) reading for February came in at a strong 60.8%; tied for the highest reading in the last 15 years. According to ISM, "the past relationship between the PMI and the overall economy corresponds to a +5.0% increase in annualized real GDP." The ISM Manufacturing PMI reading dates back to 1948 and is a widely followed indicator for the health of the manufacturing sector and overall economy.



OUTLOOK

Our market outlook is typically based on four segments: Monetary Policy, Economic Growth, Corporate Earnings, and Valuation. In the current period, we added data on the Coronavirus and Fiscal Stimulus to help shape our viewpoint.

CORONAVIRUS UPDATE

Data continues to improve as the vaccine rollout gains momentum.

Vaccines

- **Total Vaccines Delivered:** 196,000,000.
- **# of People Who Received At Least One Dose**: 98,000,000.
- **# of People Fully Vaccinated**: 55,000,000.
- **% of Population Over 65 Years Old Fully Vaccinated**: 51%.

Cases

- New Cases 7-Day Average: 62,000.
  - Down from 250,000 in January 2021.

Hospitalizations

- 7-Day Average: 33,000.
  - Down from 125,000 in January 2021.

Source: CDC.

MONETARY POLICY

The Fed has established the most accommodative monetary policy environment in United States history.

- **Interest Rates**: The federal funds rate is currently at a range of 0% to 0.25%. Most FOMC members do not expect to raise interest rates until at least 2024.
- **Quantitative Easing Program**: The Fed will continue purchasing at least $80 billion in Treasuries and $40 billion in agency MBS per month to help "foster smooth market functioning and accommodative financial conditions."
- As of now, the Fed has not changed their stance that they are a long way from tightening monetary policy. Our sense is that the Fed will move bit earlier than expected, with their first step being to taper the quantitative easing program later this year. "When will the Fed tighten?" will be one of the most important questions facing financial markets in 2021.

FISCAL STIMULUS

Congress passed the American Rescue Plan worth about $1.9 trillion (~9% of GDP) in March 2021. This was the third major stimulus package passed in the last year.

- The bill includes additional stimulus checks and unemployment benefits, expansion of the child tax credit, additional aid to state and local governments, and increased funding for vaccine production/distribution.

The Biden Administration will immediately pivot to the "Build Back Better" plan which could cost as much as $3 trillion and include corresponding tax increases.

- The proposal is still in its infancy and expect new details to emerge over the coming months. As a reminder, the majority in Congress is razor-thin and any bill will need either all Democrats to vote in favor or bipartisan support.

ECONOMIC GROWTH

Economic growth is estimated to materially increase due to the amount of fiscal and monetary stimulus combined with the vaccine rollout and subsequent reopening. The economy will likely surpass its pre-pandemic level in early 2021. Over the past several months, the country has experienced a somewhat uneven recovery with manufacturing and consumer spending surging, while parts of the labor market lag.

Real GDP Estimates:
2021: +6.5%
2022: +3.3%
2023: +2.2%

CORPORATE EARNINGS

S&P 500 earnings are estimated recover and increase in 2021 and 2022 after declining by -14% in 2020.

S&P 500 Earnings Estimates

- 2019 Actual: $163 (+1%)
- 2020 Estimate: $140 (-14%)
- 2021: Estimate: $176 (+25%)
- 2022: Estimate: $202 (+15%)

Over long time periods, earnings drive stock prices.

VALUATION

Most valuation measures are stretched by historical measures. The P/E ratio is calculated as the current price divided by the earnings-per-share.

- Forward P/E (next 12-months): 21.5x.
- 25-Year Average: 16.6x.

Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

The rally since last March (S&P 500 is up +80% since 3/23/20) was driven by progress on Covid, massive amounts of monetary and fiscal stimulus, and optimism on vaccines and the reopening of the economy. The main pillars of the rally are still in place as the vaccine rollout and fiscal stimulus will lead to strong economic and corporate earnings growth while the Fed is still committed to maintaining accommodative monetary policy. However, this year the stock market will face headwinds caused by the economic recovery, including, higher interest rates (which will weigh on valuations that are already stretched), the possibility that the Fed may tighten earlier than expected, and the potential for higher taxes (the "Build Back Better" plan may include higher corporate, individual, estate, and capital gains taxes). Earlier we highlighted signs of froth and investor complacency as the market has essentially moved higher in a straight line over the past year. While we are certainly pleased with how the market has rebounded from the pandemic selloff, we know that stocks do not move in a straight line forever and volatility is inevitable. We will continue to apply on our time-tested investment process to utilize any volatility as an opportunity to reposition portfolios.

We are continuing through the year with a measured approach meaning that portfolio allocations are neutral to slightly underweight as we trimmed equities and locked in gains while the stock market rallied to new highs in the latter half of last year. Our investment process favors trimming on strength and buying on weakness rather than chasing the latest outperforming asset class, which in our opinion creates unnecessary portfolio turnover and volatility. On the equity side, we remain tilted toward high quality US stocks (we allocate across regions, countries, market caps, factors, styles, sectors, and industries). On the fixed income side, we continue to focus on achieving ballast, stability, and income while accounting for short-term cash needs.

At Winthrop Wealth, we apply a total net worth approach to both comprehensive financial planning and investment management. Financial planning drives the investment strategy and provides a roadmap to each client's unique goals and objectives. The comprehensive financial plan defines cash flow needs, is stress tested for various market environments, optimizes account structures, considers tax minimization strategies, and continuously evaluates financial risks as circumstances and/or goals change. The investment management process is designed to provide well-diversified portfolios constructed with a methodology based on prudent risk management, asset allocation, and security selection.

Q1'2021 MARKET RETURNS

US Equity									
Index	**Q1 2021**	**2020**	**2019**	**2018**	**2017**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
S&P 500	6.17%	18.39%	31.48%	-4.39%	21.82%	16.77%	16.27%	13.84%	8.46%
Russell 3000	6.34%	20.88%	31.01%	-5.25%	21.12%	17.11%	16.62%	13.72%	8.84%
Dow Jones Industrial Average	8.29%	9.72%	25.34%	-3.48%	28.11%	13.61%	15.97%	13.03%	8.82%
Nasdaq	2.95%	45.06%	36.74%	-2.81%	29.73%	24.60%	23.50%	18.27%	11.52%
S&P 400	13.47%	13.65%	26.17%	-11.10%	16.23%	13.39%	14.35%	11.81%	10.61%
Russell 2000	12.69%	19.93%	25.49%	-11.03%	14.63%	14.73%	16.32%	11.63%	9.74%
Russell 1000 Growth	0.94%	38.49%	36.39%	-1.51%	30.21%	22.80%	21.03%	16.57%	9.59%
Russell 1000 Value	11.24%	2.78%	26.52%	-8.28%	13.64%	10.94%	11.72%	10.91%	7.69%

International Equity									
MSCI Index	**Q1 2021**	**2020**	**2019**	**2018**	**2017**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	3.48%	7.82%	22.01%	-13.79%	25.03%	6.02%	8.84%	5.48%	5.45%
Europe	4.66%	7.89%	23.20%	-16.90%	28.07%	5.12%	8.91%	4.60%	4.81%
Japan	1.57%	14.48%	19.61%	-12.88%	23.99%	6.32%	10.46%	7.46%	4.25%
China	-0.43%	29.49%	23.46%	-18.88%	54.07%	8.25%	16.08%	7.11%	11.57%
Emerging Markets	2.29%	18.31%	18.42%	-14.57%	37.28%	6.48%	12.06%	3.52%	10.02%
ACWI ex US	3.49%	10.65%	21.51%	-14.20%	27.19%	6.51%	9.75%	4.86%	6.16%

US Fixed Income									
Bloomberg Barclays Index	**Q1 2021**	**2020**	**2019**	**2018**	**2017**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	-3.37%	7.51%	8.72%	0.01%	3.54%	4.65%	3.10%	3.44%	4.49%
Treasury Bills	0.02%	0.54%	2.21%	1.83%	0.81%	1.42%	1.12%	0.58%	1.35%
Corporates	-4.65%	9.89%	14.54%	-2.51%	6.42%	6.20%	4.91%	5.03%	5.62%
Securitized MBS/ABS/CMBS	-1.18%	4.18%	6.44%	0.99%	2.51%	3.85%	2.50%	2.90%	
High Yield	0.85%	7.11%	14.32%	-2.08%	7.50%	6.84%	8.05%	6.46%	7.54%
Munis	-0.35%	5.21%	7.54%	1.28%	5.45%	4.91%	3.49%	4.54%	4.59%

US Equity Sectors									
Index	**Q1 2021**	**2020**	**2019**	**2018**	**2017**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	1.97%	43.89%	50.29%	-0.29%	38.83%	28.54%	27.62%	20.49%	11.05%
Real Estate	9.02%	-2.17%	29.00%	-2.23%	10.85%	12.30%	7.78%	8.09%	
Industrials	11.41%	11.05%	29.32%	-13.32%	21.01%	12.11%	13.69%	12.10%	8.34%
Energy	30.84%	-33.68%	11.81%	-18.10%	-1.01%	-5.48%	-0.75%	-1.60%	5.20%
Consumer Discretionary	3.11%	33.30%	27.94%	0.82%	22.98%	19.81%	17.86%	17.40%	10.52%
Communication Services	8.08%	23.61%	32.69%	-12.53%	-1.25%	18.78%	10.14%	10.42%	5.17%
Consumer Staples	1.15%	10.75%	27.61%	-8.39%	13.49%	12.13%	8.20%	11.57%	8.94%
Utilities	2.84%	0.52%	26.35%	4.11%	12.10%	12.04%	8.93%	11.19%	6.43%
Materials	9.08%	20.73%	24.58%	-14.70%	23.84%	13.99%	14.30%	9.42%	9.57%
Financials	15.90%	-1.76%	32.09%	-13.04%	22.14%	9.71%	15.60%	11.97%	4.55%
Health Care	3.18%	13.45%	20.82%	6.47%	22.08%	15.09%	13.60%	15.53%	8.54%
			Calendar Year Returns				**Annualized Returns**		

DISCLOSURES

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The Barclays Capital U.S. Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.

The Barclays Capital Municipal Bond Index is a broad market performance benchmark for the tax-exempt bond market, the bonds included in this index must have a minimum credit rating of at least Baa.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

No investment strategy assures success or protects against loss. Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Rebalancing a portfolio may cause you to incur tax liabilities and/or transaction costs and does not assure a profit or protect against a loss. All investing involves risk which you should be prepared to bear.