

**Global Economy**

April was another strong month for risk assets as US Economic data continues to improve, including accelerating GDP growth, a pick-up in consumer spending, and consumer sentiment reaching a fresh pandemic high. The prospects for further government spending got another boost as President Biden proposed the \$1.8 trillion "American Families Plan," to be paid for with higher taxes on the wealthy. This brings total new spending proposals to \$4.1 trillion, though a long path through Congress remains for the proposed plans. While US virus cases are trending down, global cases reached new highs in April, highlighting the challenges that remain in fighting Covid, particularly in distributing vaccines to the developing world. Nonetheless, progress on vaccines is paving a path to broader re-openings, which along with fiscal and monetary policy tailwinds points to continued strength for risk assets.

The Federal Open Market Committee met in April but did not change policy rates, a widely expected outcome. The statement noted the recent rise in inflation, but largely attributed this to transitory factors. The statement also noted the strengthening economy, but Chairman Powell repeatedly stated in his post-meeting press conference that conditions don't come close to "substantial further progress" that would warrant tapering. As such, the Fed remains dedicated to its current rate of asset purchases of \$120 billion per month, and the bank's balance sheet expanded to \$7.8 trillion.

The first estimate of 1Q-21 real GDP indicated the US GDP expanded at a rate of +6.4% annualized. Improved consumer spending was by far the biggest contributor to growth, with business investment, government spending, and housing also contributing. Net exports and private inventory investment detracted from growth. The Atlanta Fed's quantitative GDP model currently forecasts continued robust growth of 11% in 2Q-21.

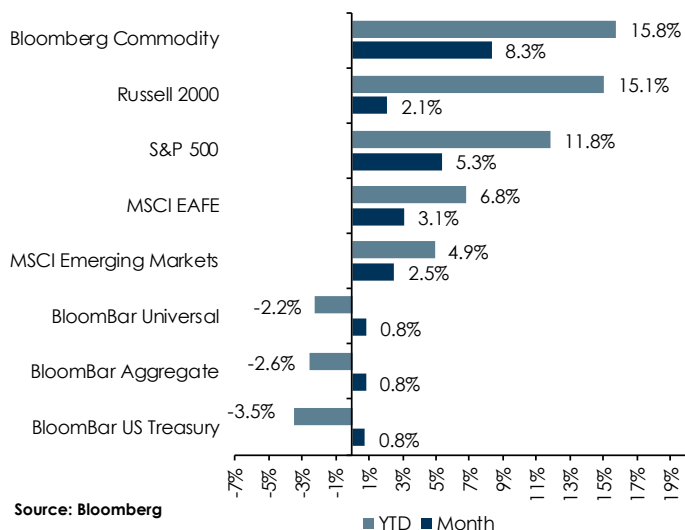
Weekly initial unemployment claims declined in April, falling below 500,000 for the first time since pandemic related job losses began. However, the monthly jobs report was downbeat as only 266,000 jobs were added, far less than the one million that had been forecast, and unemployment ticked up to 6.1%. Leisure and hospitality employment had the largest gains but was partially offset by declines in temporary help services, retail, and manufacturing. Labor force participation rose modestly to 61.7% but is still 1.6 percentage points lower than in February 2020. Core CPI rose to +1.6% year-over-year, while the FOMC's preferred measure, Core PCE, also rose to +1.8% year-over-year through March.

	Current	Dec-20
US GDP (%)	6.40	4.00
US Unemployment (%)	6.10	6.70
CPI (Core) (%)	1.60	1.60
Fed Funds (%)	0.00 – 0.25	0.00 – 0.25
10 Year UST Yld (%)	1.63	0.92
S&P 500 Div Yld (%)	1.38	1.57
S&P 500 P/E (Trailing)	30.04	29.92
Gold/oz.	\$1,767.70	\$1,895.10
Oil (Crude)	\$63.58	\$48.52
Gasoline (Natl Avg)	\$2.96	\$2.33
USD/Euro	\$1.20	\$1.22
USD/GBP	\$1.38	\$1.37
Yen/USD	¥109.31	¥103.25

Source: Bloomberg

**Global Markets**

**Key Market Indices**



Source: Bloomberg

Returns for major equity indices were positive in April amid increasing vaccinations, strong economic data, and better-than-expected earnings. The S&P 500, which represents large US-based entities, returned +5.3% for the month. All large cap sectors were positive for the second straight month, as Real Estate (+8.1%), Communication Services (+7.6%), and Consumer Discretionary (+7.1%) led the way while Energy (+0.5%) lagged. The Russell 2000, representing small cap stocks, returned +2.1% in April. Real Estate (+5.9%), Consumer Discretionary (+4.3%), and Communication Services (+3.4%) outperformed with Energy (-3.3%) the only negative sector. The recent trend of style rotation reversed as growth outperformed value across the market cap spectrum.

In the broad international developed markets, the MSCI EAFE index returned +3.1% for the month. IT (+6.2%), Materials (+4.9%), and Consumer Staples (+4.3%) had the highest returns while Energy (-1.5%), Health Care (-1.0%), and Utilities (-0.8%) lagged and were the only negative performers. Among developed countries, Belgium (+7.0%), Denmark (+6.9%), and Finland (+6.9%) were the top performers, with the only negative returns coming from New Zealand (-7.1%), Portugal (-2.5%), and Japan (-1.5%). Most others were generally in the +3.0% to +5.0% range.

Emerging market stocks, as represented by the MSCI Emerging Markets index, underperformed their large cap developed market counterparts at +2.5% as several EM countries continue to struggle with the pandemic. Poland (+9.4%), Taiwan (+7.7%), and Argentina (+7.5%) were the best performers in the month while Peru (-7.0%), Colombia (-6.4%), and Pakistan (-2.7%) lagged.

Real estate, as measured by the FTSE EPRA/NAREIT Developed index, outperformed equities with a +6.5% return. The energy-related Alerian MLP also outperformed other equities at +7.2%. The near-month NYMEX oil returned 7.5% and is up a robust 238% for the past year. Gold was up +3.2% amid a broader rise in commodities prices, as the diversified Bloomberg Commodity index was up 8.3% and is up +48.5% for the past one-year.

**Global Markets (continued)**

US Treasury yields drifted lower across the curve in a counterintuitive move given the strong economic data. With the Fed continuing to stick to its dovish stance, the 10-year treasury yield finished 11 bps lower. The overall UST complex had a positive return for the month at +0.8%, with trailing one-year returns at -4.3%. Sovereign yields outside of the US were mixed but overall higher, and the global stock of negative yielding debt fell from \$13.3 trillion to \$13.0 trillion.

The BloomBar US Aggregate Bond index narrowly outperformed risk-free US Treasuries on an absolute and duration-matched basis with a return of +0.8% in April. The 12-month performance has turned negative with a -0.3% return. Corporate supply was heavy but down from the previous month, and demand was robust, pushing spreads 3 bps tighter. With lower US Treasury yields and tighter spreads, the benchmark's yield-to-worst fell 10 bps to 1.51%.

The BloomBar 1-15-Year Municipal index returned +0.6% in April. Issuance remained heavy but demand was also strong on the prospects of higher capital gains and income taxes included in the Democrats' spending proposals. Near all-time lows, municipal/treasury ratios tightened further, with the 10-year moving from 62% to 60%. Muni outlooks continue to improve on the strength of federal government spending and reopening, with Moody's upgrading the Mass Transit sector from negative to stable. Transportation and Infrastructure overall would be in line for further gains from the American Jobs Plan, should it make its way through Congress.

The BloomBar US Corporate High Yield index returned +1.1% for the month. Supply remained heavy but was down from last month's record issuance. Demand from yield-seeking investors supported spreads as did default outlooks, with upgrades outpacing downgrades for the fifth month in a row. Consequently, spreads tightened 19 bps to 291 bps, hitting a 14-year low of 290 bps earlier in the month. All-in yields declined 24 bps to 3.99%. A weaker USD helped unhedged international bonds outperform, and Emerging Market debt in particular had strong returns in April.

**Selected Bond Yields**

10 Year Sovereign Bond Yields (%)		
	Current	Dec-20
Japan	0.09	0.02
Germany	-0.20	-0.57
France	0.16	-0.34
United Kingdom	0.84	0.19
Spain	0.47	0.04
United States	1.63	0.92
Italy	0.90	0.54
Mexico	6.89	5.53
Brazil	9.12	6.91

Source: Bloomberg

**Indices Report (Periods Ending April 30, 2021)**

Index Name	1 Month (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)	15 Years (%)
<b>Equity</b>							
S&P 500	5.34	11.84	45.98	18.67	17.42	14.17	10.30
Russell 1000	5.38	11.61	49.48	19.24	17.76	14.23	10.46
Russell 1000 Growth	6.80	7.81	51.41	25.37	22.88	17.02	12.89
Russell 1000 Value	4.00	15.70	45.92	12.30	12.15	11.13	7.79
Russell 2500	4.00	15.36	71.95	16.76	16.50	12.32	9.79
Russell 2000	2.10	15.07	74.91	15.23	16.48	11.63	8.99
Russell 2000 Growth	2.18	7.16	69.15	17.97	18.89	12.86	10.23
Russell 2000 Value	2.02	23.62	78.96	11.68	13.54	10.10	7.51
Wilshire 5000 Cap Wtd	5.28	12.11	50.81	19.05	17.76	14.08	10.41
MSCI ACWI	4.41	9.30	46.40	13.91	14.45	9.76	7.68
MSCI ACWI ex US	3.00	6.71	43.56	7.48	10.34	5.22	4.81
MSCI EAFE	3.09	6.80	40.45	6.78	9.39	5.72	4.47
MSCI EAFE Local Currency	1.34	9.17	31.70	6.46	9.34	7.94	4.58
MSCI EAFE Growth	4.30	3.79	38.76	11.22	11.75	7.41	5.86
MSCI EAFE Value	1.99	9.75	41.69	2.05	6.78	3.86	2.94
MSCI Emerging Markets	2.50	4.90	49.21	7.91	12.91	3.96	5.99
<b>Fixed Income</b>							
ICE BofA ML 1-3 Yr Treasury	0.05	0.00	0.24	2.84	1.71	1.25	2.20
BloomBar US Aggregate	0.79	-2.61	-0.27	5.19	3.19	3.39	4.36
BloomBar Gov't Bond	0.74	-3.44	-4.16	4.63	2.42	2.80	3.83
BloomBar US Credit	1.06	-3.44	4.25	6.65	4.63	4.77	5.46
BloomBar 10 Yr Municipal	0.79	0.21	7.36	5.60	3.53	4.52	4.85
BloomBar US Corp High Yield	1.09	1.95	19.67	7.00	7.46	6.43	7.39
FTSE World Gov't Bond	1.15	-4.59	1.78	3.13	2.13	1.45	3.42
BloomBar Global Aggregate	1.26	-3.25	3.95	3.79	2.64	2.05	3.74
BloomBar Multiverse	1.31	-3.09	4.70	3.84	2.86	2.21	3.87
<b>Real Assets</b>							
NCREIF Property	0.00	1.72	2.63	4.90	5.81	8.83	7.01
NFI ODCE Net	0.00	1.89	1.48	3.97	5.26	8.67	5.34
FTSE NAREIT US Real Estate	8.06	17.64	37.47	11.78	7.50	8.80	6.97
Bloomberg Commodity	8.29	15.78	48.52	1.62	2.26	-5.85	-3.33
<b>Cash and Equivalents</b>							
US T-Bills 90 Day	0.00	0.03	0.11	1.45	1.18	0.63	1.15

## Definitions

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### **Bloomberg Barclays Capital Aggregate**

The Bloomberg Barclays Capital Aggregate index covers the U.S. investment grade fixed rate bond market, including government and corporate securities, agency mortgage pass-through securities, and asset-backed securities.

### **Bloomberg Barclays Capital Global Aggregate Index**

The Bloomberg Barclays Capital Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and U.S.D investment grade 144A securities.

### **Bloomberg Barclays Capital Muni 5 Yr**

The Bloomberg Barclays Capital Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, and Fitch. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

### **Bloomberg Barclays Capital U.S. Credit Index**

This index is the U.S. Credit component of the U.S. Government/Credit Index. It consists of publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

### **The Bloomberg Barclays U.S. Treasury Index**

The Bloomberg Barclays U.S. Treasury Index is a component of the Bloomberg Barclays U.S. Aggregate Index. This U.S. Treasury Index includes only public obligations of the U.S. Treasury with a remaining maturity of one year or more. U.S. Treasury bills are excluded due to the maturity constraint.

### **The Bloomberg Barclays Capital U.S. Universal Index**

The Bloomberg Barclays Capital U.S. Universal Index represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The only constituent of the index that includes floating-rate debt is the Emerging Markets Index.

### **BofA ML High-Yield Index Master II**

The BofA ML High-Yield Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

### **Bloomberg Commodity Index**

The Dow Jones UBS Commodity Total Return Index aims to provide broadly diversified representation of commodity markets as an asset class. The index is comprised of futures contracts on physical commodities. Currently the index includes 20 commodity nearby futures contracts, which are weighted to account for economic significance and market liquidity

### **CITI World Government Bond Index**

The WGBI is a market-capitalization-weighted benchmark that tracks the performance of the 19 government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

### **FTSE EPRA/NAREIT Developed Index**

The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITs worldwide. The index constituents are free-float adjusted as well as screened for liquidity, size and revenue. The index incorporates Real Estate Investment Trusts (REITs) and Real Estate Holding & Development companies. Constituents are classified into distinct property sectors based on gross invested book assets as disclosed in the latest published financial statement.

### **HFRI Fund of Funds (FOF) Conservative Index**

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. FOFs classified as "Conservative" exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index.

### **HFRI Fund of Funds (FOF) Strategic Index**

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. FOFs classified as 'Strategic' exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index.

### **MSCI ACWI Index (exU.S.)**

The MSCI ACWI Index (ex U.S.) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets outside the United States. The MSCI ACWI consists of 44 country indices comprising 23 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

### **MSCI EAFE® Index**

The MSCI EAFE Index (Europe, Australasia, Far East) is an unmanaged free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

### **MSCI EAFE Growth Index**

The MSCI-EAFE Growth Index is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index.

### **MSCI EAFE Value Index**

The MSCI-EAFE Value Index is an unmanaged index constructed from the constituents of the MSCI EAFE Index on a country-by-country basis for the 21 countries included in the index.

### **MSCI Emerging Markets Index**

The MSCI Emerging Markets Index is an unmanaged float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

### **Ncreif® Property Index**

Ncreif Property Index is a quarterly time series composite total rate of return measure of investment performance of a large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

### **Russell 1000® Growth Index**

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates.

### **Russell 1000® Value Index**

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth rates.

### **Russell 2000® Index**

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index.

### **Russell 2000® Growth Index**

The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth rates.

### **Russell 2000® Value Index**

The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

### **Russell Midcap® Index**

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities in the Russell 1000 Index based on a combination of their market cap and current index membership.

### **S&P 500**

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

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