

Monthly Scorecard

April 2021



Wealth
Management

April 8, 2021

Portfolio Advisory Group – U.S. equities

Performance (Total return % change)

Index	3/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Dow (DJIA)	32,981.55	6.78	8.29	8.29	53.78	33.20
S&P 500	3,972.89	4.38	6.17	6.17	56.33	45.41
Nasdaq	13,246.87	0.48	2.95	2.95	73.47	74.82
Russell 2000	2,220.52	1.00	12.69	12.69	94.82	48.04
Russell 3000	2,382.74	3.58	6.34	6.34	62.51	47.66
S&P 500 Equal Wgt.	5,752.06	5.96	11.48	11.48	71.58	41.43
MSCI AC World	673.29	2.72	4.67	4.67	55.35	38.63
MSCI Europe	142.36	3.66	4.29	4.29	45.86	23.96
MSCI EAFE	2,208.32	2.39	3.61	3.61	45.35	25.11
MSCI Asia-Pacific	203.57	-1.06	2.33	2.33	52.26	34.41
MSCI Emerg. Mkts.	1,316.43	-1.51	2.21	2.21	58.85	31.23
60/40 Allocation ¹	N/A	2.13	2.35	2.35	34.08	31.13
S&P 500 Sector	3/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
Consumer Disc.	1,340.92	3.65	3.11	3.11	70.29	51.94
Consumer Staples	699.46	8.19	1.15	1.15	28.37	27.62
Energy	369.89	2.78	30.84	30.84	75.14	-16.66
Financials	565.72	5.80	15.90	15.90	67.32	38.55
Health Care	1,360.34	3.92	3.18	3.18	34.04	32.68
Industrials	831.98	8.91	11.41	11.41	69.60	36.52
Information Tech.	2,331.06	1.69	1.97	1.97	66.61	83.98
Materials	494.71	7.58	9.08	9.08	78.29	48.75
Real Estate	247.00	6.80	9.02	9.02	32.02	17.07
Comm. Services	239.28	3.12	8.08	8.08	60.87	55.54
Utilities	325.26	10.51	2.84	2.84	19.52	17.84
FI, FX, & Commod.	3/31/21	1 mo.	3 mos.	YTD	1 yr.	2 yrs.
U.S. Treasuries ²	1.74%	-1.54	-4.25	-4.25	-4.43	8.21
Invest-Grade Credit ³	2.28%	-1.72	-4.65	-4.65	8.73	14.14
High-Yield Credit ³	4.23%	0.15	0.85	0.85	23.72	15.14
WTI Crude Oil ⁴	\$59.16	-3.80	21.93	21.93	188.87	-1.63
Dollar Index ⁴	\$93.23	2.59	3.66	3.66	-5.87	-4.17
Gold ⁴	\$1,707.71	-1.52	-10.04	-10.04	8.28	32.14

¹60% S&P 500 and 40% Bloomberg Barclays U.S. Aggregate. ²Yield reflects 10-year U.S. Treasury, total returns reflect Bloomberg Barclays U.S. Treasury Index. ³Yield and total returns reflect that of the respective Bloomberg Barclays Index. ⁴Spot prices and price returns.

Source - Bloomberg, RBC Wealth Management

The one-year anniversary of the rise off the bottom

It was during March of last year that the market hit a cycle bottom, with the S&P 500 declining from a peak of 3,386 on Feb. 19, 2020 to a low of 2,237 on March 23, a correction of 34%. The S&P 500 then proceeded to stage a recovery that surpassed the February peak on Aug. 19 and kept moving upward, touching 3,910 on the one-year anniversary of that low point.

The stock market likely owes its swift recovery to several factors, including the unprecedented fiscal and monetary stimulus put forth by the Federal Reserve and the U.S. government, the innovative development and availability of vaccines by December 2020, and the market's own tendency to focus on the future. As the market rose to new highs, equity stakes from U.S. households in Q4 2020 were as high as they were during the Tech bubble, according to RBC Capital Markets' Head of U.S. Equity Strategy Lori Calvasina. This was due in part to the emergence over the past year of retail investors (individuals trading through brokerage accounts) who are more engaged than they have been in years, as evidenced by the surge in the number of new brokerage accounts in mid-2020 as well as by the rise in Google searches for phrases such as "day trading" and "put options and call options" since last spring. We believe a new generation of retail investors has emerged, with these

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investors likely using their work-from-home time, as well as their stimulus payments, unemployment benefits, and increased savings, to trade more than they have in the past. These more active investors may influence the stock market differently than retail investors of the past, a post-COVID-19 change that bears monitoring.

First-year anniversary gift?

The first-year anniversary gift is traditionally paper, and although paper stock certificates have broadly been replaced by electronic records, it is reasonable to ask what investors could expect in the year following the anniversary of a market cycle bottom. Data from the most recent 15 bear-market bottoms and subsequent returns following the one-year anniversary of those low points show that the average return for the following 3-, 6- and 12-month periods is positive. There were three years where the 3-month returns were negative, five instances where the 6-month returns were negative, and only one time when the 12-month timeframe showed a decline. The range of outcomes is shown in the table below.

Coming in too hot?

RBC Capital Markets' Chief U.S. Economist Tom Porcelli believes that U.S. GDP will grow 8% in 2021, after a decline of 3.5% in 2020. This estimate compares to a range of real GDP growth from 2010–2019 of 1.6%–3.1%;

an 8% increase in 2021 would more than double the 2.6% rate coming out of the Great Recession in 2009. This strong economic demand is expected to be supported by consumer spending up to 10% higher than last year, and even after subtracting 2.5% for inflation, spending could still grow approximately 7%. Inflation expectations have risen, and this is reflected in the 10-year Treasury note, which tends to respond to these movements. The yield on the 10-year Treasury rose from 1.45% at the beginning of March to 1.74% on March 31. We believe this fairly extreme movement in a short time to be the result of this asset class catching up to expectations for a robust economy over the next few years. Lori Calvasina's analysis shows that U.S. equities tend to do well when the increase in yields is 275 basis points or less, which would suggest a level to watch of 3.26% for the 10-year Treasury yield.

Sector and style pendulum swings

Investors are digesting data as it comes in, and some days are better than others. Movement in the 10-year Treasury and worry over when the Fed may raise rates has caused indigestion for some asset groups, namely growth stocks and their first cousin, technology stocks. These areas of the stock market outperformed many other asset classes for much of 2020, but have showed weaker relative performance of late with the rise of the 10-year Treasury yield, which can make the valuations of these "growthier" asset classes less attractive over the

S&P 500 recoveries after corrections

Peak		Trough		One year post trough			Return post one-year anniversary		
Date	Close	Date	Close	Date	Close	Return	3 months	6 months	12 months
2/19/20	3386.15	3/23/20	2237.40	3/23/21	3910.52	75%	TBD	TBD	TBD
4/29/11	1363.61	10/3/11	1099.23	10/3/12	1450.99	32%	0.6%	7.1%	15.7%
10/09/07	1565.15	3/5/09	682.55	3/05/10	1138.70	67%	-6.5%	-3.0%	16.0%
4/7/00	1516.35	10/9/02	776.76	10/9/03	1038.73	34%	8.0%	9.7%	8.0%
7/17/98	1186.75	8/31/98	957.28	8/31/99	1320.41	38%	5.2%	3.5%	14.9%
7/16/90	368.95	10/11/90	295.46	10/11/91	381.45	29%	8.8%	6.0%	5.6%
8/25/87	336.77	12/4/87	223.92	12/4/88	271.81	21%	7.1%	19.8%	29.3%
11/28/80	140.52	8/12/82	102.42	8/12/83	162.16	58%	2.5%	-3.6%	2.0%
9/21/76	107.83	3/6/78	86.90	3/6/79	97.87	13%	3.5%	9.2%	11.0%
1/11/73	120.24	10/3/74	62.28	10/3/75	85.95	38%	5.8%	19.0%	21.2%
11/29/68	108.37	5/26/70	69.29	5/26/71	99.59	44%	0.7%	-8.0%	11.1%
2/9/66	94.06	10/7/66	73.20	10/7/67	97.26	33%	-1.4%	-4.1%	6.6%
12/12/61	72.64	6/26/62	52.32	6/26/63	69.41	33%	4.1%	7.1%	17.4%
8/2/56	49.74	10/22/57	38.98	10/22/58	51.07	31%	9.6%	13.0%	9.7%
6/15/48	17.06	6/14/49	13.64	6/14/50	18.98	39%	1.1%	2.4%	15.1%
5/29/46	19.25	5/19/47	13.77	5/19/48	16.37	19%	-2.4%	-6.5%	-9.6%
Average:						38%	3%	5%	12%
Median:						33%	4%	6%	11%
High:						75%	10%	20%	29%
Low:						13%	-6%	-8%	-10%

Source - RBC Wealth Management, FactSet, Bloomberg; holidays excluded

longer term. For the month of March, the more growth-oriented Nasdaq was up only half a percent, while the S&P 500 advanced 4.4% and the Dow Jones Industrial Average increased 6.8%. MSCI Europe was positive for the month, expanding 3.7%, but may have lagged the U.S. S&P 500 and Dow Jones Industrial Average as the euro area GDP is expected by RBC Capital Markets to come in around 4%—strong, but still below that of the U.S. The MSCI EAFE Index moved upward 2.4%, but MSCI Asia Pacific and MSCI Emerging Markets were down 1% and 1.5%, respectively. For the month, all sectors within the S&P 500 posted positive returns, with Utilities, Industrials, Consumer Staples, Materials, Real Estate, and Financials all up over approximately 6%, while Health Care, Consumer Discretionary, Communication Services, Energy, and

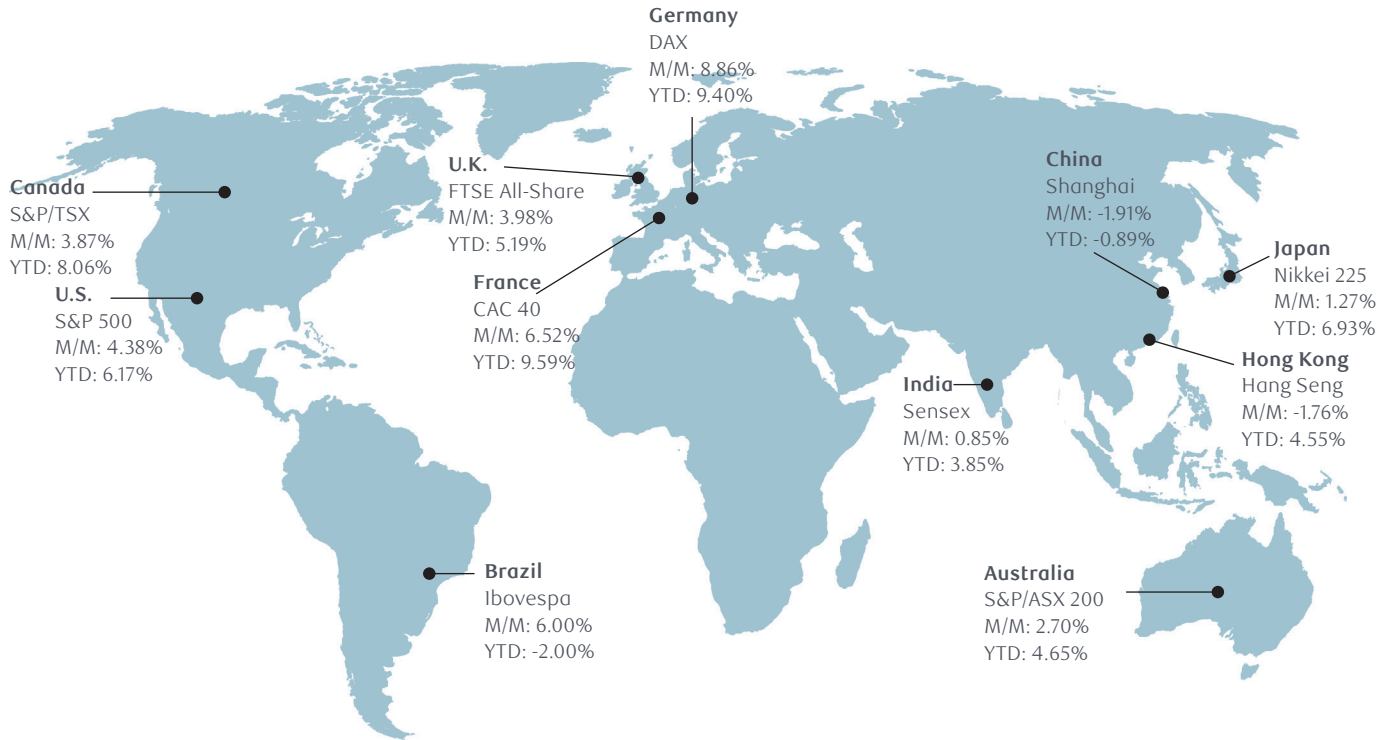
Information Technology all grew 1%–4%, with Information Technology the laggard, only advancing 1.7%.

The worry list has changed, but there's always a worry list

The last 12 months have been like no other, and although the market has marched onward and investors appear to be embracing and investing in different sectors and styles than they were a year ago, the worry list has changed. Inflation, Treasury rates, and Washington policy on taxes are all new concerns for 2021, but economic data signals point to a robust growth rate for the economy, so at least investors can breathe easier than they did a year ago on that issue.

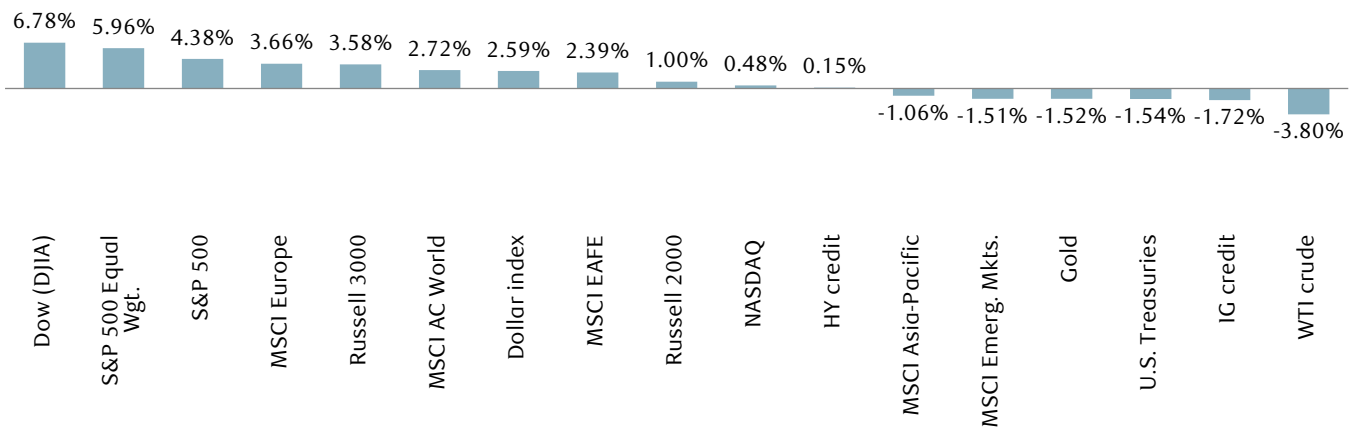
World markets

March month-over-month and year-to-date total return



Source - Bloomberg; priced in local currency

Total monthly returns for select indexes – March 2021



Source - Bloomberg

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As of March 31, 2021

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			Count	Percent
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