Quarterly Market Review: 2021-Q1

For ClearLogic Financial

Equity markets around the globe posted positive returns in the first quarter. Looking at broad market indices, US and non-US developed markets outperformed emerging markets. Value outperformed growth and small caps outperformed large caps across regions. REIT indices outperformed equity market indices in the US and underperformed in non-US developed markets.

The first chart is a snapshot of the market performance for the first quarter. The second chart shows the world markets and events over the last twelve (12) months. Your 2021 first quarter portfolio review report is posted in your Tamarac portal.

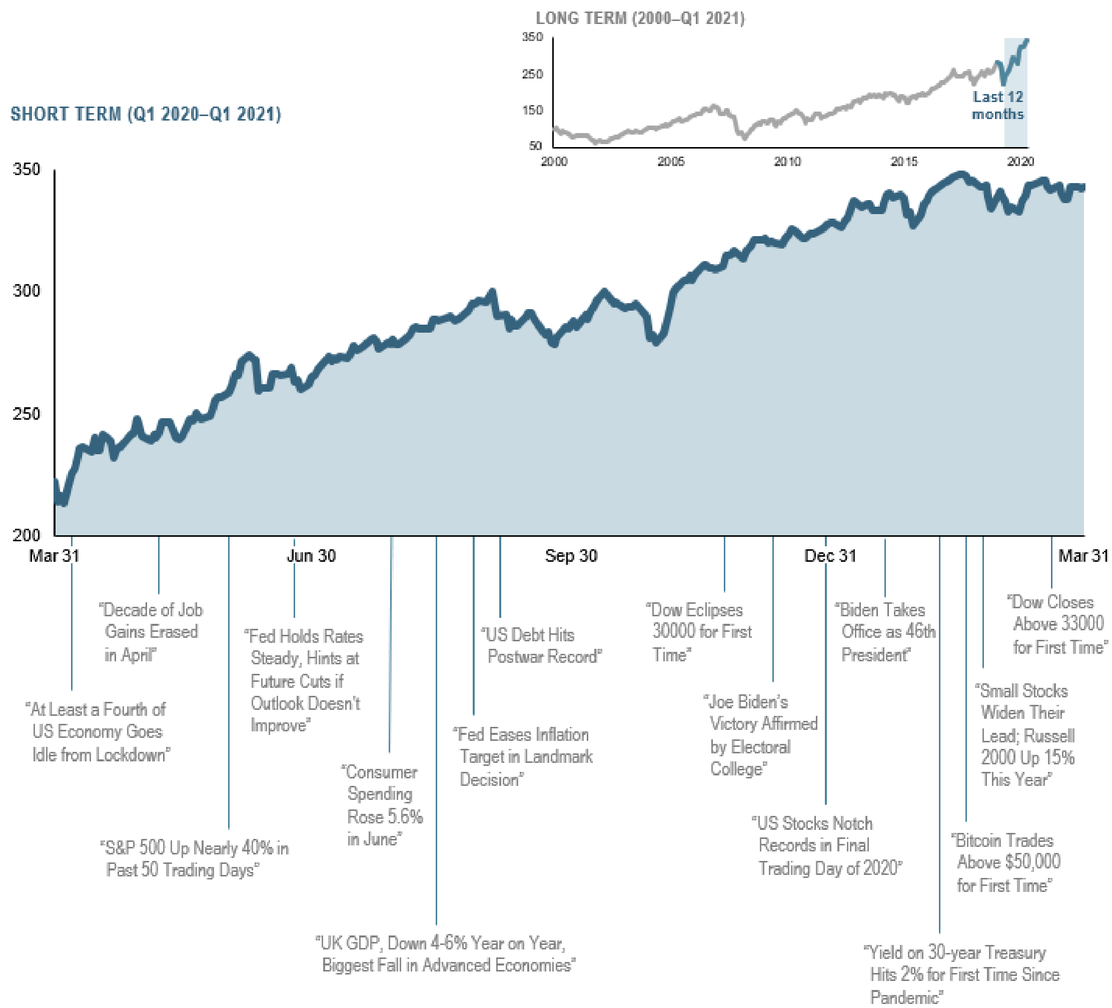
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1Q 2021	STOCKS				BONDS	
	6.35%	4.04%	2.29%	6.22%	-3.37%	-1.90%

Since Jan. 2001	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Avg. Quarterly Return	2.4%	1.6%	3.0%	2.5%	1.1%	1.1%
Best Quarter	22.0% 2020 Q2	25.9% 2009 Q2	34.7% 2009 Q2	32.3% 2009 Q3	4.6% 2001 Q3	4.6% 2008 Q4
Worst Quarter	-22.8% 2008 Q4	-23.3% 2020 Q1	-27.6% 2008 Q4	-36.1% 2008 Q4	-3.4% 2021 Q1	-2.7% 2015 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg Barclays data provided by Bloomberg.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

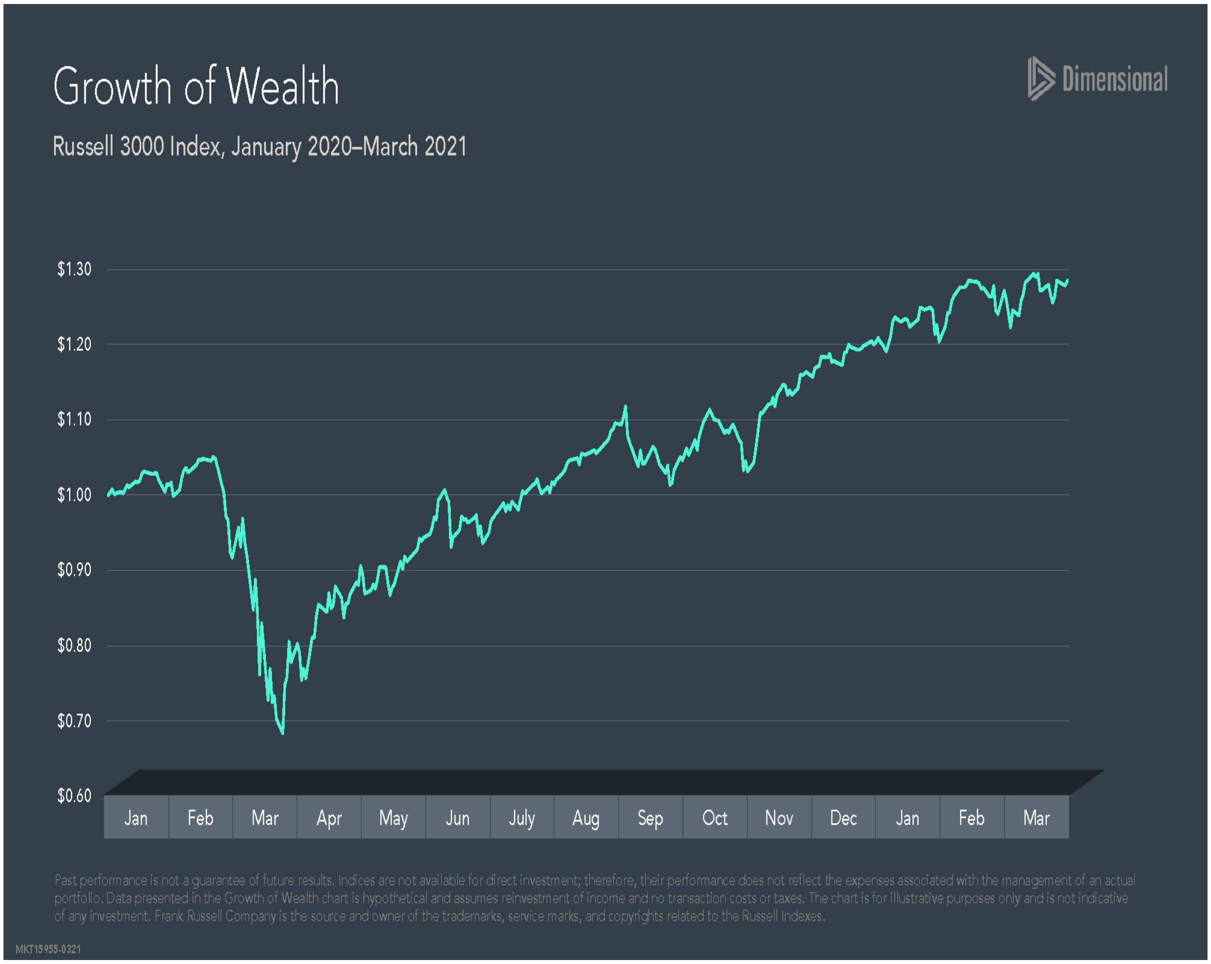


These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

The Value In Staying In

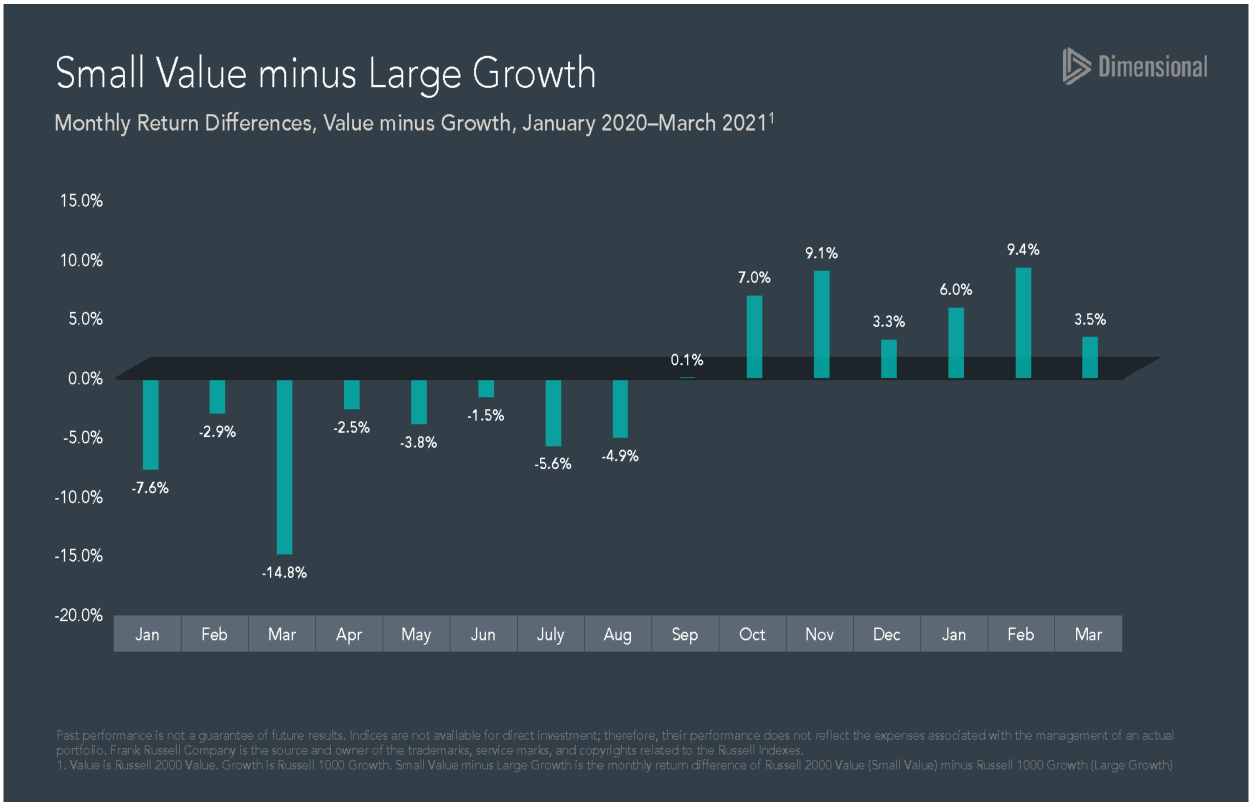
When markets dropped as dramatically as they did about this time last year, the news was filled with stories of doom and destruction for the markets. There was a flight to sell assets, day traders were working overtime, and equities seemed like the place not to be. And yet, we still recommend staying the course and keeping strong. Sure, that's easier said than done when emotions come into play. Take a look at the graph below showing exactly what happened for those who stayed in the markets, and the rewards they reaped for the simple act of holding tight and doing nothing.



The visual above is a great example of how staying in the markets for the long term can be of great value. Some may ask why not sell it all and put it back in at the bottom of the market? The answer is that we humans are terrible at predicting the future. And it is impossible to know when a drop, or when a spike in returns will occur. The drop can be short, it can be prolonged, and the recovery can occur extremely fast and if we've waited for that moment to occur, the odds are we already missed it. Long term, disciplined investing is a key strategy for a positive investment experience.

The Value Premium

Value stocks have been lagging behind growth stocks recently, in large part due to unprecedented surge in a select few technology stocks' values. According to the performance report below, value stocks may be coming back in the near future, particularly small cap value stocks.



Happy Spring!