

# Capital Markets Review

1st Quarter 2021

Stocks surged higher in the first quarter with the ongoing coronavirus vaccine rollout and a larger than expected government stimulus. The markets rallied with the hope of a quicker return to normal activities. The S&P 500 (US large cap stocks) rose 6.2% for the quarter. Energy and financial stocks were the top performing sectors (see slide 17) and consumer staples and information technology were the worst (but were still positive for the quarter). Energy prices rose in anticipation of a rebound in oil demand this year and because of the power outage in Texas.

Small and mid-cap stocks, commodities and real estate led the way in the first quarter. Small cap stocks (as measured by the Russell 2000) were up 12.7%. International stocks (as measured by the MSCI EAFE) were up 3.5% for the quarter, but trailed US stocks with the stronger US dollar, slower growth and renewed COVID-19 lockdowns. Developed market equities outperformed emerging markets. Value stocks significantly trailed growth stocks in 2020, but recently had their best quarter compared to growth stocks in the

past twenty years. Value stocks have been outperforming growth stocks since the election, after an extended period of underperformance. Value stocks, which tend to be more sensitive to the overall economy, were hit hard as the pandemic set in last year. Record stimulus and a broader economic recovery have helped their recovery and their outperformance could continue.

High quality bonds declined in the first quarter, as US equities hit all-time highs with improving global growth and increased inflation expectations. The Bloomberg Barclays US Aggregate Index declined 3.4%, which was the worst quarterly decline since 1981. The 10-year US Treasury rate surged higher in the first quarter, rising 83 basis points (bond prices move inversely to interest rates). Long term bonds were down 8.4%. Municipal bonds held up relatively well with strong demand. The Federal Reserve indicated that they would not raise rates through 2023 in spite of an improving economic outlook. The Fed has pledged to keep monetary policy accommodative until the economy is in a stronger position and is willing to let

Continued

inflation rise above their 2% target for a period of time. Despite this, investors remain unconvinced that the Fed won't be pressed to raise rates earlier than expected. Although high quality bonds (i.e. US Treasuries) have struggled this year, it's important to maintain an allocation there to provide diversification from equities.

Fiscal and monetary policy is expected to remain supportive of continued growth in the US economy. While some caution is warranted given current market levels near all-time highs, we think the positives outweigh the negatives over the long term. We anticipate that we could see more market volatility this year but remain optimistic with the reopening of the economy and continued stimulus.

*Please let us know if you have any questions. We hope you have a wonderful spring!*

*Sincerely,*

**Jason Guenther, CFP®**  
Financial Advisor, RJFS

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# CAPITAL MARKETS REVIEW

## April 2021

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**RAYMOND JAMES**

REVIEWING THE QUARTER ENDED MARCH 31,  
2021

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### Capital Markets Review

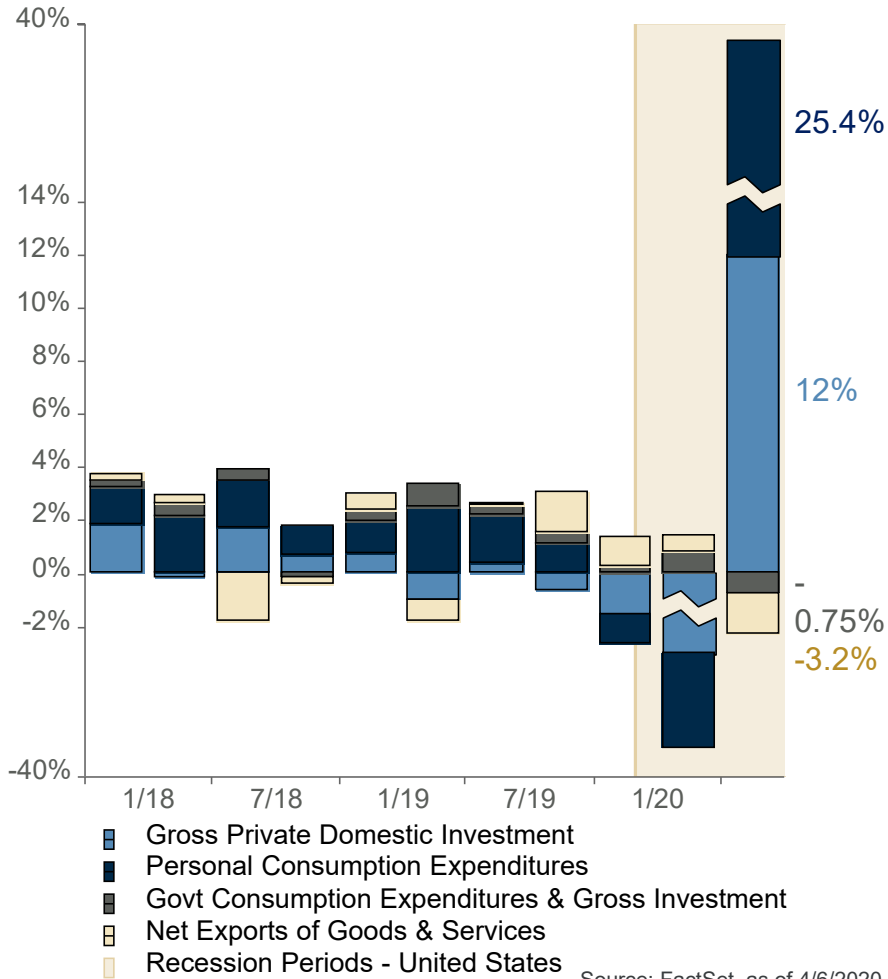
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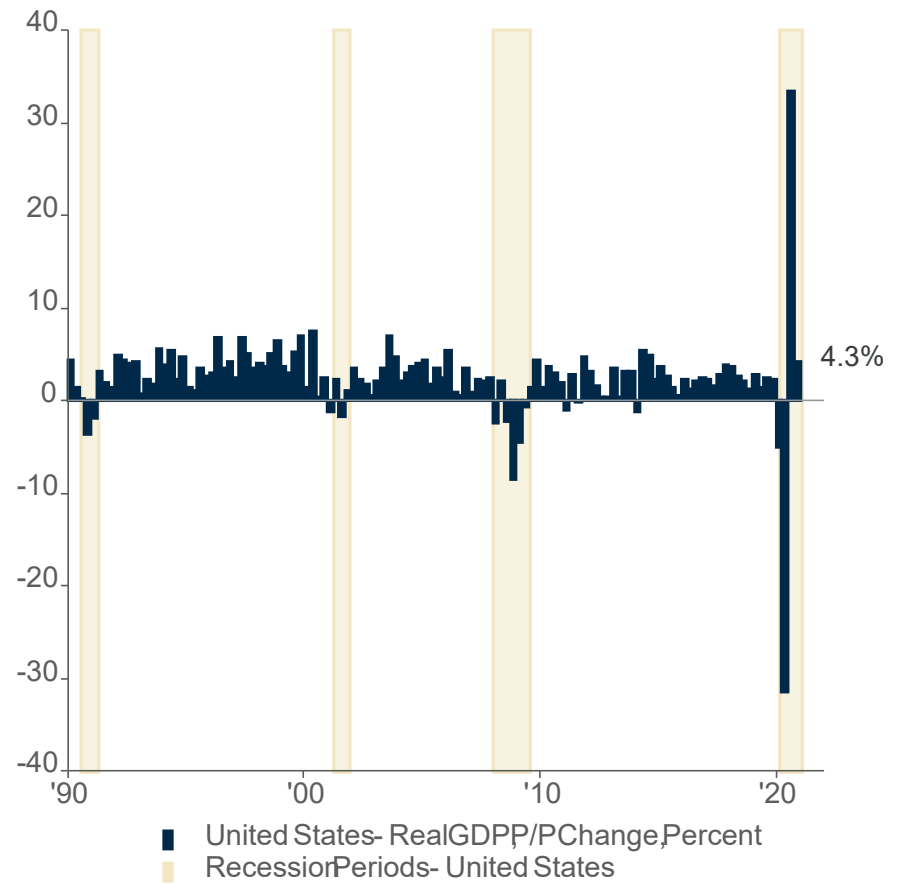
# ECONOMIC REVIEW | GROSS DOMESTIC PRODUCT

Contribution to % Change in Real GDP



Source: FactSet, as of 4/6/2020

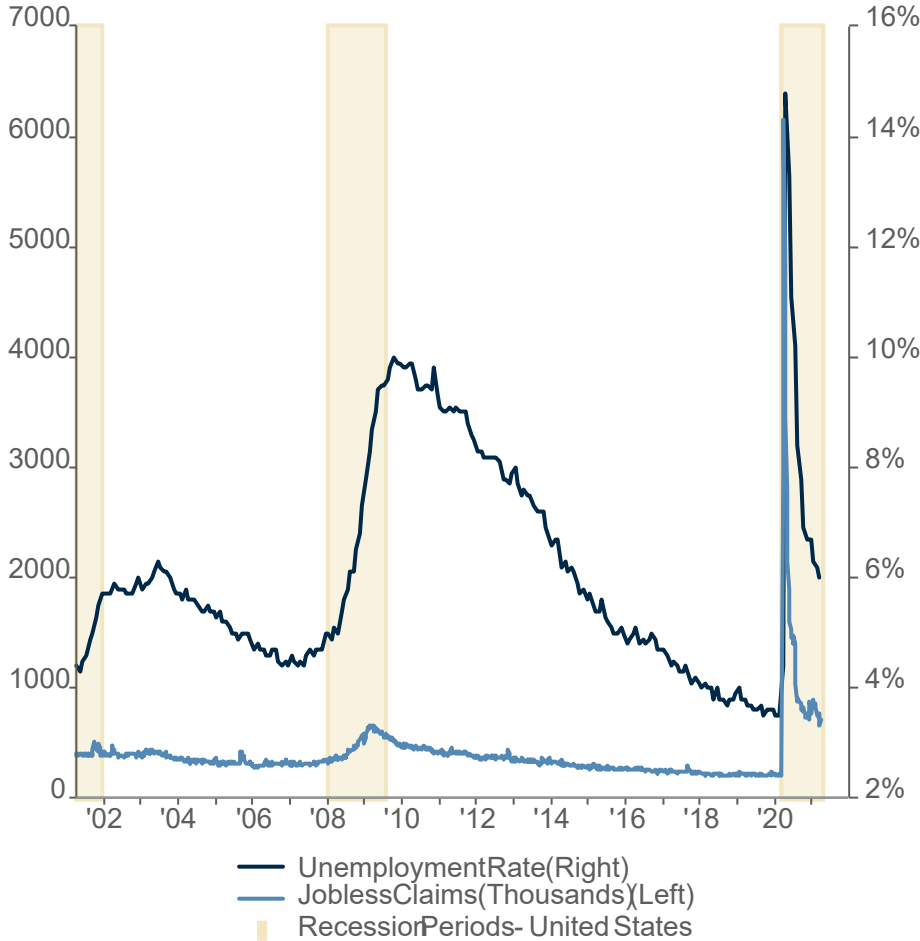
Quarterly Change in Real GDP



Source: FactSet, as of 4/6/2020

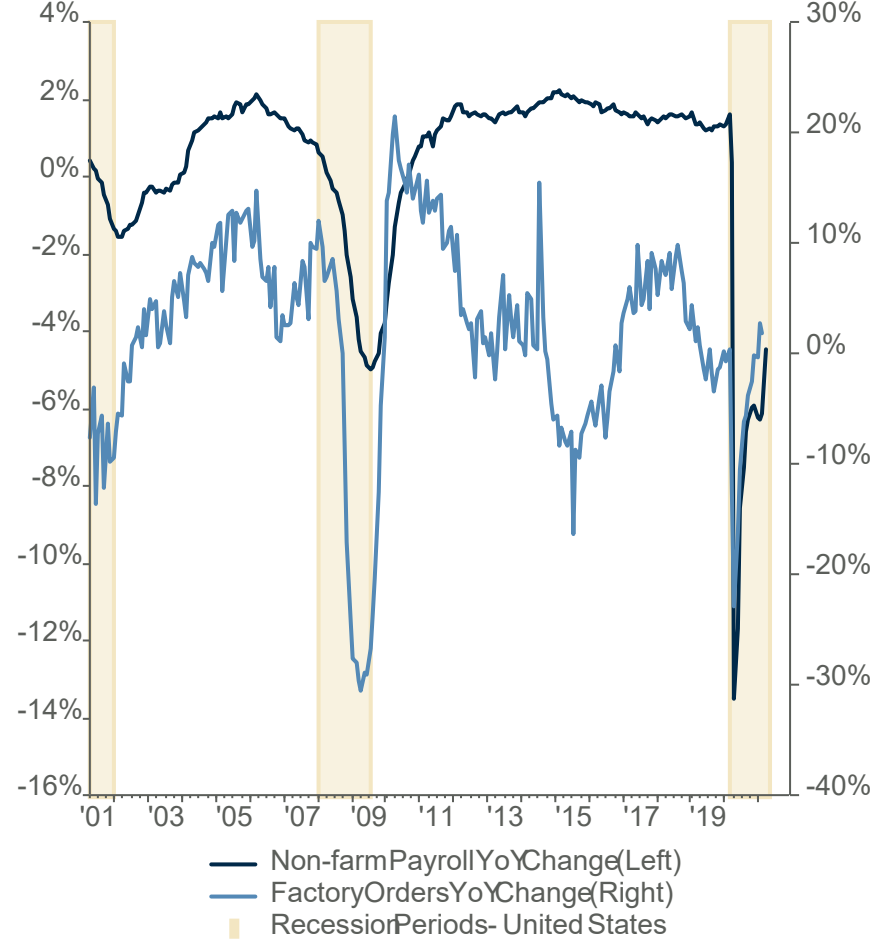
# ECONOMIC REVIEW | EMPLOYMENT

### Civilian Unemployment Rate



Source: FactSet, as of 4/6/2021

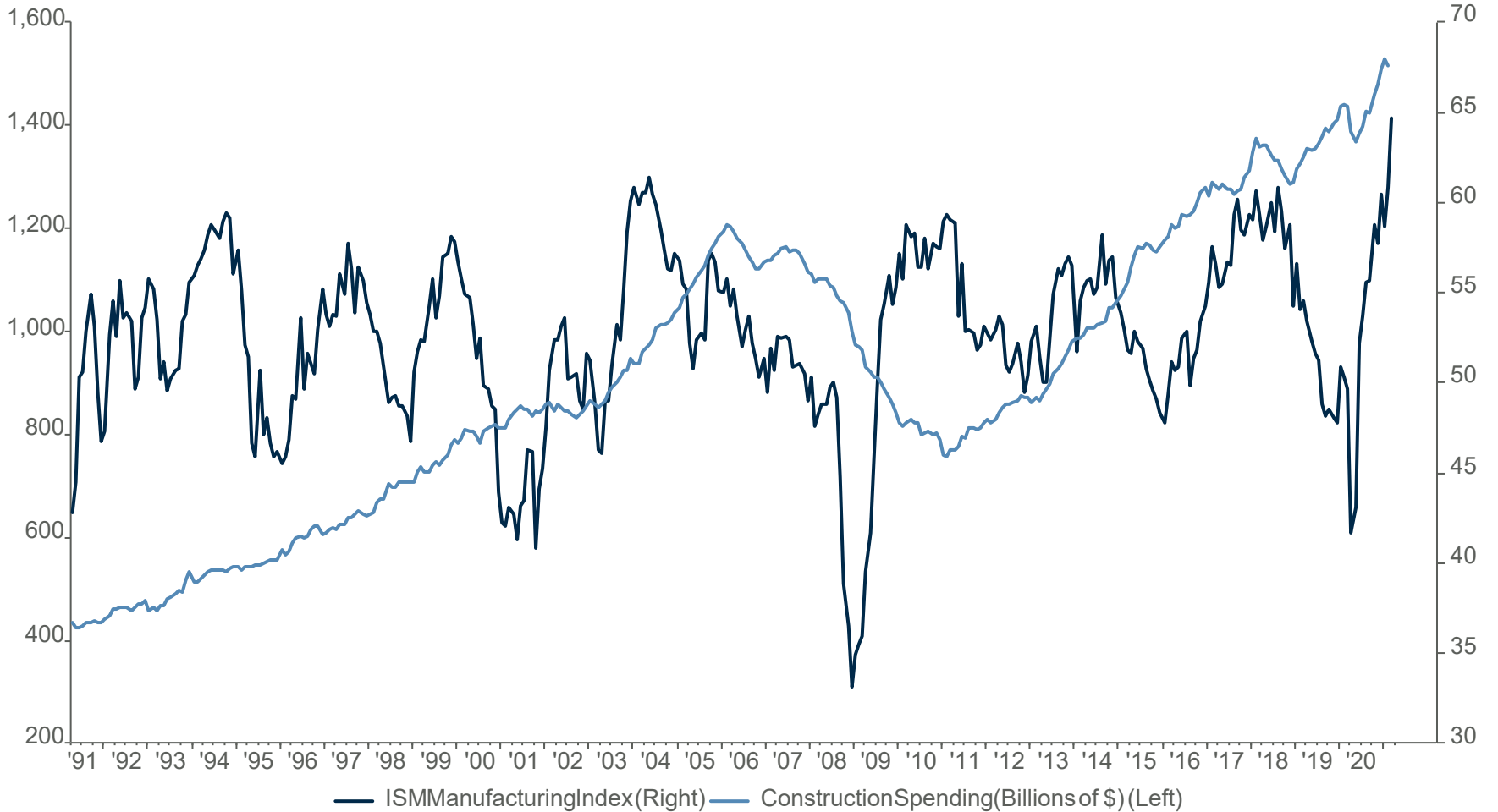
### Non-Farm Payroll and Factory Orders



Source: FactSet, as of 4/6/2021

# ECONOMIC REVIEW | MAJOR INDUSTRY CONTRIBUTIONS TO JOB GROWTH

## Construction and Manufacturing

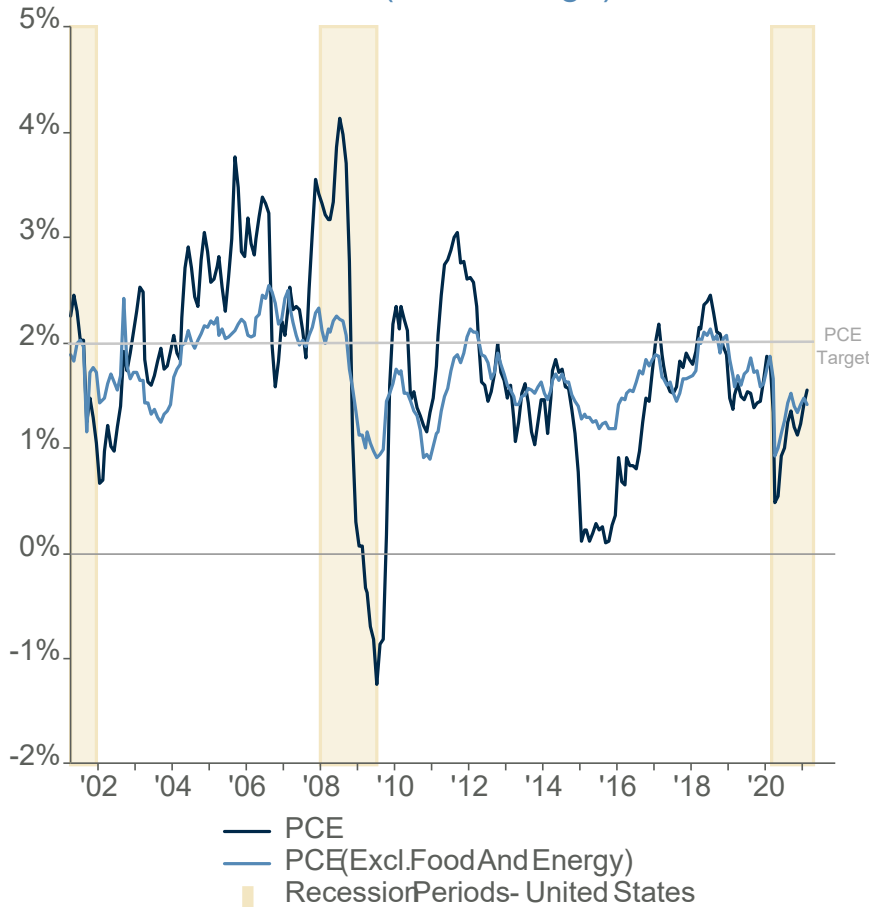


Source: FactSet, as of 4/6/2021



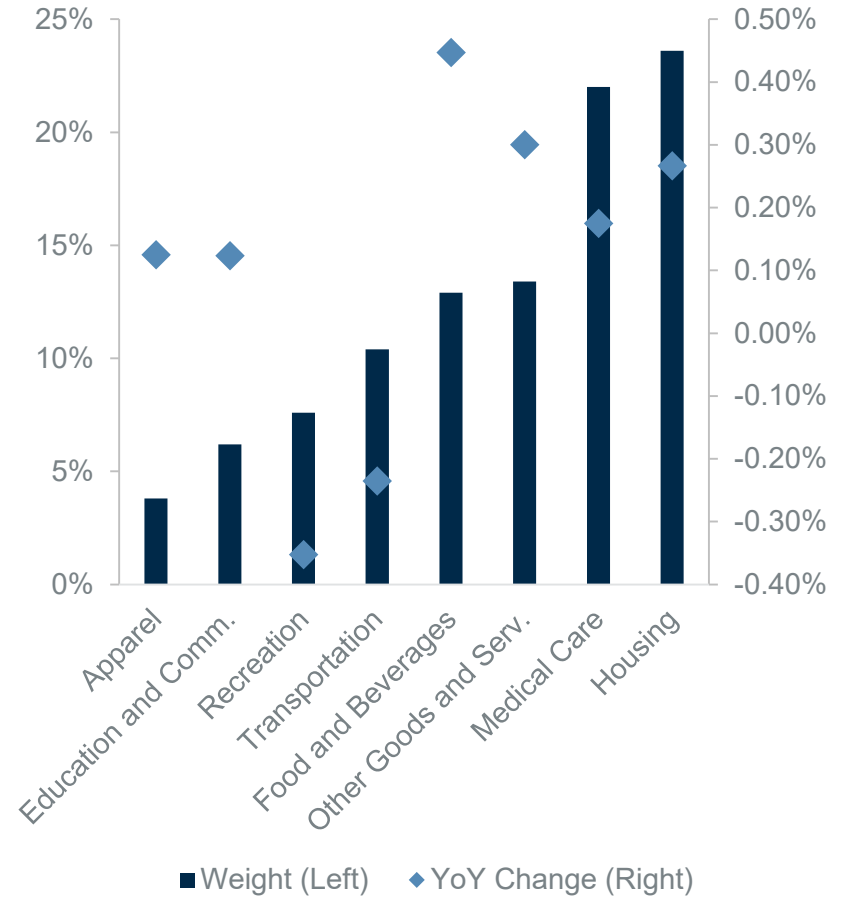
# ECONOMIC REVIEW | INFLATION

### Personal Consumption Expenditures (PCE) (YoY Change)



Source: FactSet, as of 4/6/2021

### Components of PCE



Source: FactSet, as of 4/6/2021

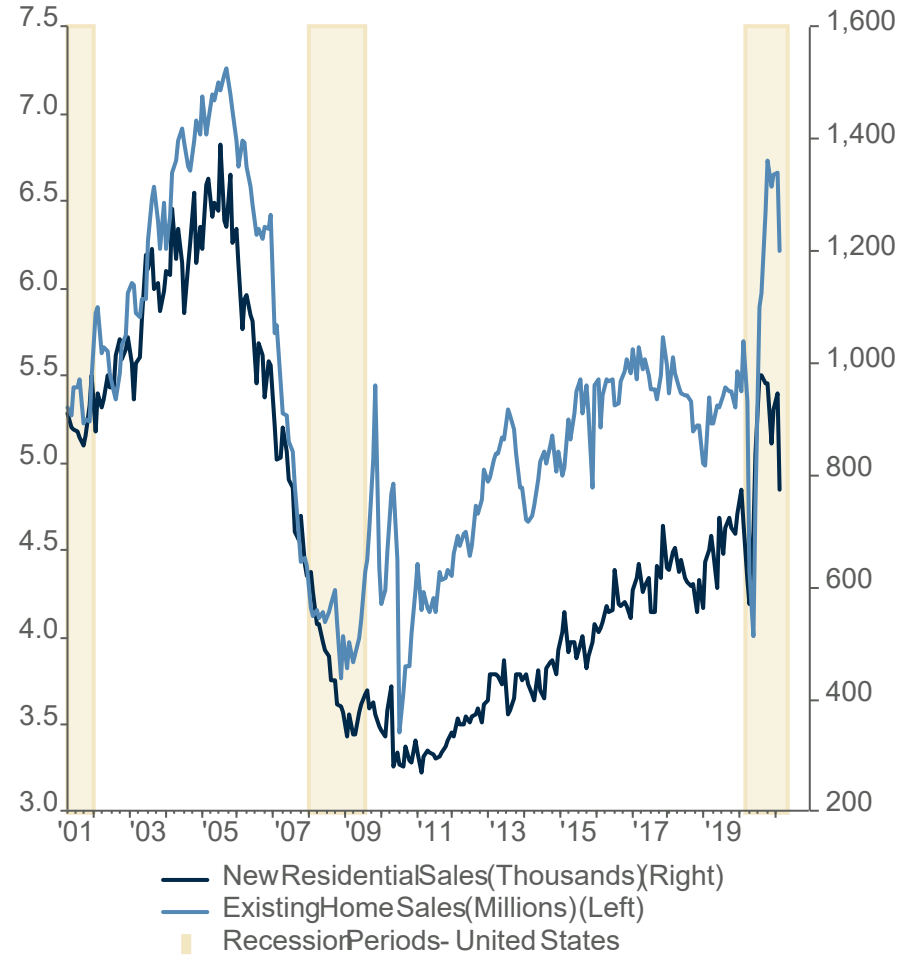
# ECONOMIC REVIEW | HOUSING MARKET

### National Home Price Index (YoY Change)



Source: FactSet, as of 4/6/2021

### New and Existing Home Sales

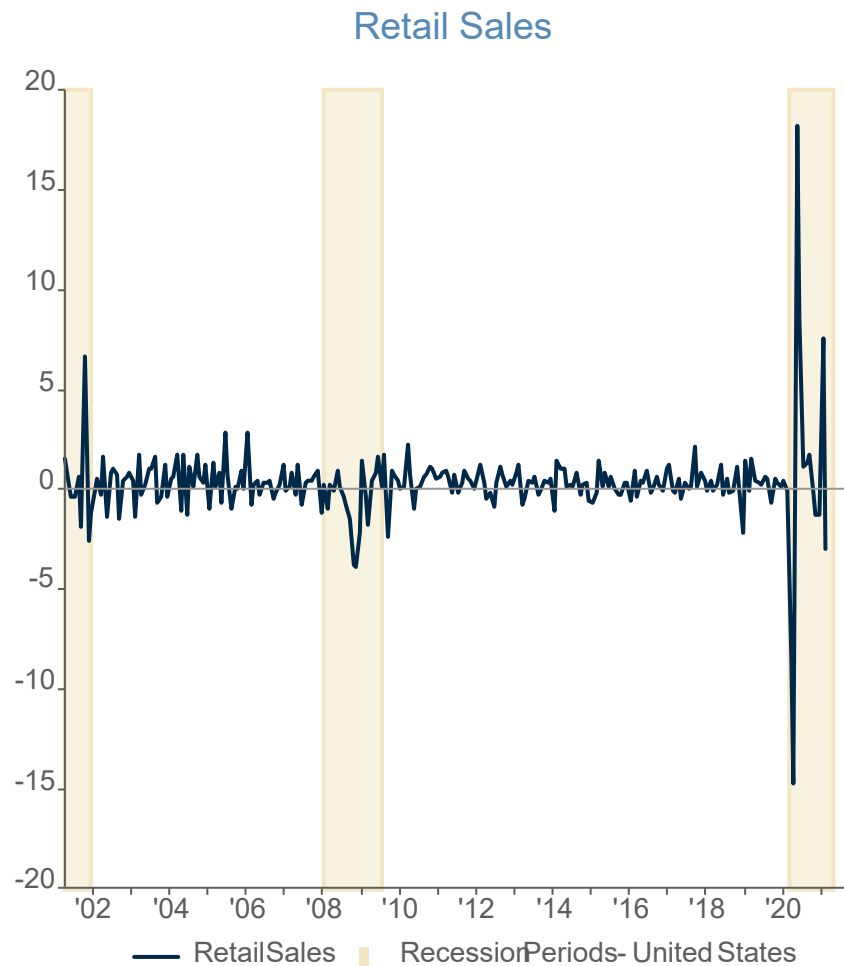


Source: FactSet, as of 4/6/2021

# ECONOMIC REVIEW | CONSUMER CONFIDENCE



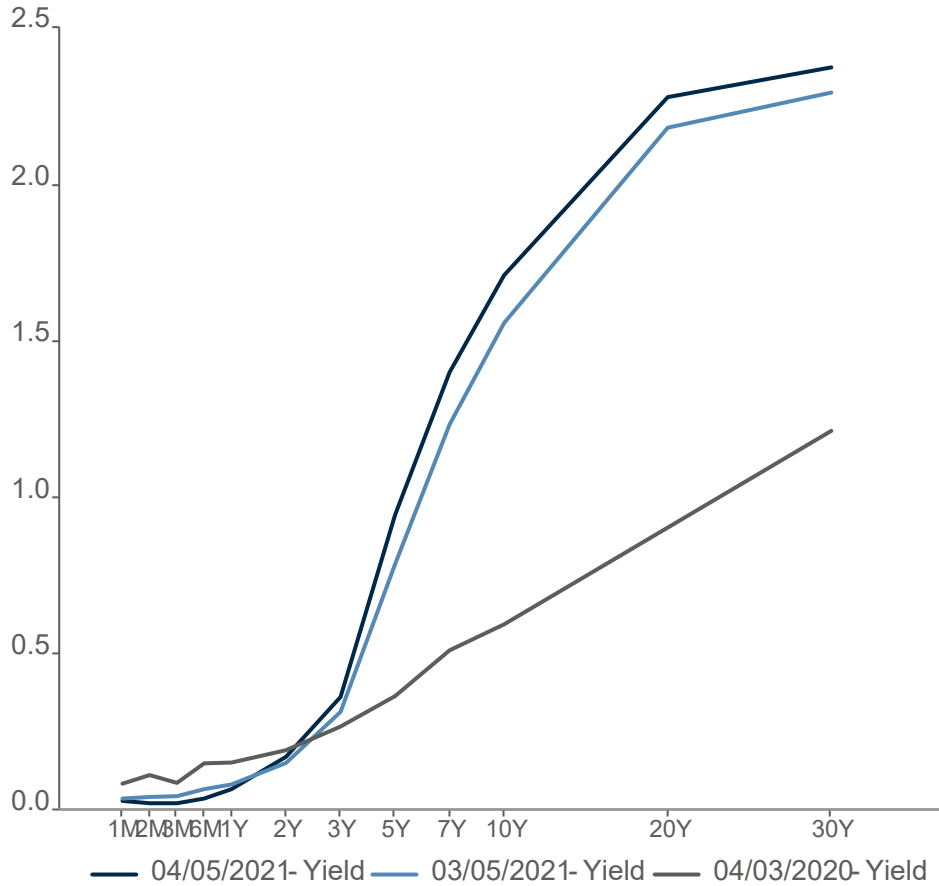
Source: FactSet, as of 4/6/2021



Source: FactSet, as of 4/6/2021

# CAPITAL MARKETS | US TREASURYS

### US Yield Curve



Source: FactSet, as of 4/6/2021

### US 10-Year / US 2-Year Yield Curve



Source: FactSet, as of 4/6/2021

## CAPITAL MARKETS | BROAD ASSET CLASS RETURNS

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
Real Estate 40.4%	Fixed Income 7.8%	Non-US Equities 17.0%	USEquities 32.4%	Real Estate 14.3%	USEquities 1.4%	Real Estate 15.3%	Non-US Equities 24.8%	Cash & Cash Alternatives 1.8%	USEquities 31.5%	USEquities 18.4%	Real Estate 8.7%
Commodities 16.7%	Blended Portfolio 2.3%	USEquities 16.0%	Non-US Equities 21.6%	USEquities 13.7%	Fixed Income 0.5%	USEquities 12.0%	USEquities 21.8%	Fixed Income 0.0%	Non-US Equities 23.2%	Blended Portfolio 12.5%	Commodities 6.9%
USEquities 15.1%	USEquities 2.1%	Blended Portfolio 11.4%	Blended Portfolio 17.0%	Blended Portfolio 8.0%	Blended Portfolio 0.5%	Commodities 11.4%	Blended Portfolio 15.0%	Blended Portfolio -4.0%	Blended Portfolio 21.1%	Non-US Equities 8.1%	USEquities 6.2%
Blended Portfolio 10.8%	Cash & Cash Alternatives 0.1%	Fixed Income 4.2%	Cash & Cash Alternatives 0.0%	Fixed Income 6.0%	Cash & Cash Alternatives 0.0%	Blended Portfolio 6.9%	Fixed Income 3.5%	USEquities -4.4%	Real Estate 19.5%	Fixed Income 7.5%	Non-US Equities 4.2%
Non-US Equities 9.4%	Real Estate -2.2%	Real Estate 0.6%	Fixed Income -2.0%	Cash & Cash Alternatives 0.0%	Non-US Equities -2.6%	Non-US Equities 3.3%	Cash & Cash Alternatives 0.8%	Real Estate -7.6%	Fixed Income 8.7%	Cash & Cash Alternatives 0.5%	Blended Portfolio 2.1%
Fixed Income 6.5%	Non-US Equities -11.8%	Cash & Cash Alternatives 0.1%	Commodities -9.6%	Non-US Equities -3.9%	Real Estate -24.2%	Fixed Income 2.6%	Commodities 0.7%	Commodities -13.0%	Commodities 5.4%	Commodities -3.5%	Cash & Cash Alternatives 0.0%
Cash & Cash Alternatives 0.1%	Commodities -13.4%	Commodities -1.1%	Real Estate -25.8%	Commodities -17.0%	Commodities -24.7%	Cash & Cash Alternatives 0.3%	Real Estate -0.2%	Non-US Equities -13.6%	Cash & Cash Alternatives 2.2%	Real Estate -13.1%	Fixed Income -3.4%

Blended Portfolio Allocation: 45% US Equity / 15% Non-US Equity / 40% Fixed Income

As of: 3/31/2021

## CAPITAL MARKETS | DOMESTIC EQUITY RETURNS

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
Mid Growth 30.6%	Large Growth 4.7%	Mid Value 18.5%	Small Growth 42.7%	Large Growth 14.9%	Large Growth 5.5%	Small Value 31.3%	Large Growth 27.4%	Large Growth 0.0%	Large Value 31.9%	Large Growth 33.5%	Small Value 24.2%
Small Growth 28.0%	Small Growth 3.6%	Small Value 18.2%	Small Blend 41.3%	Large Blend 13.7%	Small Growth 2.8%	Small Blend 26.6%	Large Blend 21.8%	Small Growth -4.1%	Large Blend 31.5%	Mid Growth 22.8%	Mid Value 18.4%
Mid Blend 26.6%	Large Blend 2.1%	Mid Blend 17.9%	Small Value 40.0%	Large Value 12.4%	Mid Growth 2.0%	Mid Value 26.5%	Mid Growth 19.9%	Large Blend -4.4%	Large Growth 31.1%	Small Growth 19.6%	Small Blend 18.2%
Small Blend 26.3%	Small Blend 1.0%	Large Value 17.7%	Mid Value 34.3%	Mid Value 12.1%	Large Blend 1.4%	Small Growth 22.2%	Mid Blend 16.2%	Small Blend -8.5%	Mid Growth 26.3%	Large Blend 18.4%	Mid Blend 13.5%
Small Value 24.7%	Large Value -0.5%	Mid Growth 17.3%	Mid Blend 33.5%	Mid Blend 9.8%	Small Blend -2.0%	Mid Blend 20.7%	Large Value 15.4%	Large Value -9.0%	Mid Blend 26.2%	Mid Blend 13.7%	Small Growth 12.3%
Mid Value 22.8%	Mid Growth -0.9%	Small Blend 16.3%	Mid Growth 32.8%	Mid Growth 7.6%	Mid Blend -2.2%	Large Value 17.4%	Small Growth 14.8%	Mid Growth -10.3%	Mid Value 26.1%	Small Blend 11.3%	Large Value 10.8%
Large Value 15.1%	Small Value -1.4%	Large Blend 16.0%	Large Growth 32.8%	Small Value 7.5%	Large Value -3.1%	Mid Growth 14.8%	Small Blend 13.2%	Mid Blend -11.1%	Small Value 24.5%	Mid Value 3.7%	Mid Growth 8.6%
Large Blend 15.1%	Mid Blend -1.7%	Large Growth 14.6%	Large Blend 32.4%	Small Blend 5.8%	Mid Value -6.7%	Large Blend 12.0%	Mid Value 12.3%	Mid Value -11.9%	Small Blend 22.8%	Small Value 2.5%	Large Blend 6.2%
Large Growth 15.1%	Mid Value -2.4%	Small Growth 14.6%	Large Value 32.0%	Small Growth 3.9%	Small Value -6.7%	Large Growth 6.9%	Small Value 11.5%	Small Value -12.6%	Small Growth 21.1%	Large Value 1.4%	Large Growth 2.1%

As of: 3/31/2021

## CAPITAL MARKETS | FIXED INCOME RETURNS

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
High Yield 15.1%	Long-Term Bond 17.1%	Emerging Market Bond 17.9%	High Yield 7.4%	Long-Term Bond 16.4%	Municipal 3.3%	High Yield 17.1%	Long-Term Bond 12.2%	T-Bill 1.8%	Long-Term Bond 23.4%	Long-Term Bond 13.3%	US TIPS 1.3%
Emerging Market Bond 12.8%	Municipal 10.7%	High Yield 15.8%	Agency 1.0%	Municipal 9.1%	Agency 1.8%	Long-Term Bond 10.2%	Emerging Market Bond 8.2%	Short-Term Bond 1.4%	High Yield 14.3%	Credit 9.4%	Agency 1.0%
Long-Term Bond 10.7%	Treasury 9.8%	Long-Term Bond 12.7%	Short-Term Bond 0.3%	Credit 7.5%	MBS 1.5%	Emerging Market Bond 9.9%	Global Bond ex US 8.0%	Municipal 1.3%	Credit 13.8%	Global Bond ex US 8.9%	High Yield 0.8%
Credit 8.5%	Credit 8.4%	Credit 9.4%	T-Bill 0.0%	MBS 6.1%	Emerging Market Bond 1.3%	Credit 5.6%	High Yield 7.5%	Agency 1.1%	Emerging Market Bond 13.1%	Treasury 8.0%	T-Bill 0.0%
Global Bond ex US 8.4%	Aggregate Bond 7.8%	Municipal 6.8%	US TIPS -0.9%	Aggregate Bond 6.0%	Treasury 0.8%	Aggregate Bond 2.6%	Credit 6.2%	MBS 1.0%	Aggregate Bond 8.7%	Aggregate Bond 7.5%	Short-Term Bond 0.0%
Aggregate Bond 6.5%	Emerging Market Bond 7.0%	Aggregate Bond 4.2%	MBS -1.5%	Treasury 5.1%	Aggregate Bond 0.5%	Agency 2.6%	Municipal 5.4%	Treasury 0.9%	Municipal 7.5%	High Yield 7.1%	Municipal -0.4%
Treasury 5.9%	MBS 6.3%	MBS 2.6%	Credit -2.0%	Emerging Market Bond 4.8%	Short-Term Bond 0.4%	US TIPS 2.5%	Aggregate Bond 3.5%	US TIPS 0.7%	Treasury 6.9%	Emerging Market Bond 6.5%	MBS -1.1%
MBS 5.4%	Global Bond ex US 6.1%	Treasury 2.0%	Aggregate Bond -2.0%	High Yield 2.5%	T-Bill 0.0%	Global Bond ex US 2.2%	Agency 2.9%	Aggregate Bond 0.0%	MBS 6.4%	Municipal 5.2%	Aggregate Bond -3.4%
US TIPS 2.7%	High Yield 5.0%	US TIPS 1.7%	Municipal -2.6%	Agency 1.0%	US TIPS -0.4%	MBS 1.7%	MBS 2.5%	Global Bond ex US -0.3%	US TIPS 4.5%	MBS 3.9%	Emerging Market Bond -3.5%
Municipal 2.4%	US TIPS 2.6%	Agency 1.0%	Treasury -2.7%	Short-Term Bond 0.7%	Credit -0.8%	Treasury 1.0%	Treasury 2.3%	High Yield -2.1%	Global Bond ex US 4.5%	US TIPS 3.8%	Treasury -4.3%
Short-Term Bond 2.4%	Short-Term Bond 1.5%	Short-Term Bond 0.3%	Emerging Market Bond -4.1%	T-Bill 0.0%	Global Bond ex US -3.6%	Short-Term Bond 0.6%	T-Bill 0.8%	Credit -2.1%	Short-Term Bond 3.3%	Short-Term Bond 3.1%	Credit -4.5%
Agency 1.0%	Agency 1.0%	T-Bill 0.1%	Long-Term Bond -6.6%	US TIPS -1.4%	High Yield -4.5%	T-Bill 0.3%	US TIPS 0.4%	Emerging Market Bond -2.5%	T-Bill 2.2%	Agency 1.0%	Global Bond ex US -6.4%
T-Bill 0.1%	T-Bill 0.1%	Global Bond ex US -0.6%	Global Bond ex US -7.1%	Global Bond ex US -3.5%	Long-Term Bond -4.6%	Municipal 0.2%	Short-Term Bond 0.3%	Long-Term Bond -6.8%	Agency 1.0%	T-Bill 0.5%	Long-Term Bond -8.4%

As of: 3/31/2021

## CAPITAL MARKETS | INTERNATIONAL EQUITY RETURNS

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
EM Asia 19.4%	US Large Cap 2.1%	Pacific ex Japan 24.7%	US Large Cap 32.4%	US Large Cap 13.7%	Japan 9.9%	EM Eastern Europe 38.8%	EM Asia 43.3%	EM Eastern Europe -3.4%	EM Eastern Europe 31.0%	EM Asia 28.8%	United Kingdom 6.2%
Emerging Markets 19.2%	United Kingdom -2.5%	EM Asia 21.2%	Europe ex UK 28.7%	EM Asia 5.3%	US Large Cap 1.4%	EM Latin America 31.5%	Emerging Markets 37.8%	US Large Cap -4.4%	US Large Cap 25.7%	Emerging Markets 18.7%	US Large Cap 6.2%
Pacific ex Japan 17.1%	Developed Markets -11.7%	Europe ex UK 22.5%	Japan 27.3%	Pacific ex Japan -0.3%	Europe ex UK 0.1%	US Large Cap 12.0%	Europe ex UK 27.8%	EM Latin America -6.2%	EM Latin America 10.5%	US Large Cap 18.4%	Pacific ex Japan 4.6%
EM Eastern Europe 16.3%	Pacific ex Japan -12.7%	EM Eastern Europe 18.7%	Developed Markets 23.3%	Emerging Markets -1.8%	Developed Markets -0.4%	Emerging Markets 11.6%	Pacific ex Japan 26.0%	Pacific ex Japan -10.2%	Europe ex UK 7.7%	Japan 14.9%	Europe ex UK 3.6%
Japan 15.6%	Japan -14.2%	Emerging Markets 18.6%	United Kingdom 20.7%	Japan -3.7%	EM Eastern Europe -4.0%	Pacific ex Japan 8.0%	Developed Markets 25.6%	Japan -12.6%	Pacific ex Japan 6.4%	Europe ex UK 11.6%	Developed Markets 3.6%
US Large Cap 15.1%	Europe ex UK -14.5%	Developed Markets 17.9%	Pacific ex Japan 5.6%	Developed Markets -4.5%	United Kingdom -7.5%	EM Asia 6.5%	Japan 24.4%	Developed Markets -13.4%	Developed Markets 6.3%	Developed Markets 8.3%	EM Eastern Europe 2.6%
EM Latin America 14.9%	EM Asia -17.2%	US Large Cap 16.0%	EM Asia 2.3%	United Kingdom -5.4%	Pacific ex Japan -8.4%	Japan 2.7%	EM Latin America 24.2%	United Kingdom -14.1%	Japan 5.0%	Pacific ex Japan 6.6%	Emerging Markets 2.3%
United Kingdom 8.8%	Emerging Markets -18.2%	United Kingdom 15.3%	EM Eastern Europe 1.4%	Europe ex UK -5.8%	EM Asia -9.5%	Developed Markets 1.5%	United Kingdom 22.4%	Emerging Markets -14.2%	United Kingdom 4.1%	United Kingdom -10.4%	EM Asia 2.2%
Developed Markets 8.2%	EM Latin America -19.1%	EM Latin America 8.9%	Emerging Markets -2.3%	EM Latin America -12.0%	Emerging Markets -14.6%	Europe ex UK 0.3%	US Large Cap 21.8%	Europe ex UK -14.4%	Emerging Markets 2.0%	EM Eastern Europe -11.3%	Japan 1.7%
Europe ex UK 2.4%	EM Eastern Europe -21.3%	Japan 8.4%	EM Latin America -13.2%	EM Eastern Europe -37.1%	EM Latin America -30.8%	United Kingdom 0.0%	EM Eastern Europe 18.1%	EM Asia -15.2%	EM Asia 1.5%	EM Latin America -13.5%	EM Latin America -5.3%

As of: 3/31/2021



## CAPITAL MARKETS | S&P EQUITY SECTOR RETURNS

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
Real Estate 32.3%	Utilities 20.0%	Financials 28.8%	Consumer Discretionary 43.1%	Real Estate 30.2%	Consumer Discretionary 10.1%	Energy 27.4%	Information Technology 38.8%	Health Care 6.5%	Information Technology 50.3%	Information Technology 43.9%	Energy 30.9%
Consumer Discretionary 27.7%	Consumer Staples 14.0%	Consumer Discretionary 23.9%	Health Care 41.5%	Utilities 29.0%	Health Care 6.9%	Comm Services 23.5%	Materials 23.8%	Utilities 4.1%	Comm Services 32.7%	Consumer Discretionary 33.3%	Financials 16.0%
Industrials 26.7%	Health Care 12.7%	Real Estate 19.7%	Industrials 40.7%	Health Care 25.3%	Consumer Staples 6.6%	Financials 22.8%	Consumer Discretionary 23.0%	Consumer Discretionary 0.8%	Financials 32.1%	Comm Services 23.6%	Industrials 11.4%
Materials 22.2%	Real Estate 11.4%	Comm Services 18.3%	Financials 35.6%	Information Technology 20.1%	Information Technology 5.9%	Industrials 18.9%	Financials 22.2%	Information Technology -0.3%	S&P 500 31.5%	Materials 20.7%	Materials 9.1%
Energy 20.5%	Comm Services 6.3%	Health Care 17.9%	S&P 500 32.4%	Consumer Staples 16.0%	Real Estate 4.7%	Materials 16.7%	Health Care 22.1%	Real Estate -2.2%	Industrials 29.4%	S&P 500 18.4%	Real Estate 9.0%
Comm Services 19.0%	Consumer Discretionary 6.1%	S&P 500 16.0%	Information Technology 28.4%	Financials 15.2%	Comm Services 3.4%	Utilities 16.3%	S&P 500 21.8%	S&P 500 -4.4%	Real Estate 29.0%	Health Care 13.4%	Comm Services 8.1%
S&P 500 15.1%	Energy 4.7%	Industrials 15.3%	Consumer Staples 26.1%	S&P 500 13.7%	S&P 500 1.4%	Information Technology 13.8%	Industrials 21.0%	Consumer Staples -8.4%	Consumer Discretionary 27.9%	Industrials 11.1%	S&P 500 6.2%
Consumer Staples 14.1%	Information Technology 2.4%	Materials 15.0%	Materials 25.6%	Industrials 9.8%	Financials -1.5%	S&P 500 12.0%	Consumer Staples 13.5%	Comm Services -12.5%	Consumer Staples 27.6%	Consumer Staples 10.7%	Health Care 3.2%
Financials 12.1%	S&P 500 2.1%	Information Technology 14.8%	Energy 25.1%	Consumer Discretionary 9.7%	Industrials -2.5%	Consumer Discretionary 6.0%	Utilities 12.1%	Financials -13.0%	Utilities 26.3%	Utilities 0.5%	Consumer Discretionary 3.1%
Information Technology 10.2%	Industrials -0.6%	Consumer Staples 10.8%	Utilities 13.2%	Materials 6.9%	Utilities -4.8%	Consumer Staples 5.4%	Real Estate 10.8%	Industrials -13.3%	Materials 24.6%	Financials -1.7%	Utilities 2.8%
Utilities 5.5%	Materials -9.8%	Energy 4.6%	Comm Services 11.5%	Comm Services 3.0%	Materials -8.4%	Real Estate 3.4%	Energy -1.0%	Materials -14.7%	Health Care 20.8%	Real Estate -2.2%	Information Technology 2.0%
Health Care 2.9%	Financials -17.1%	Utilities 1.3%	Real Estate 1.6%	Energy -7.8%	Energy -21.1%	Health Care -2.7%	Comm Services -1.3%	Energy -18.1%	Energy 11.8%	Energy -33.7%	Consumer Staples 1.1%

As of: 3/31/2021

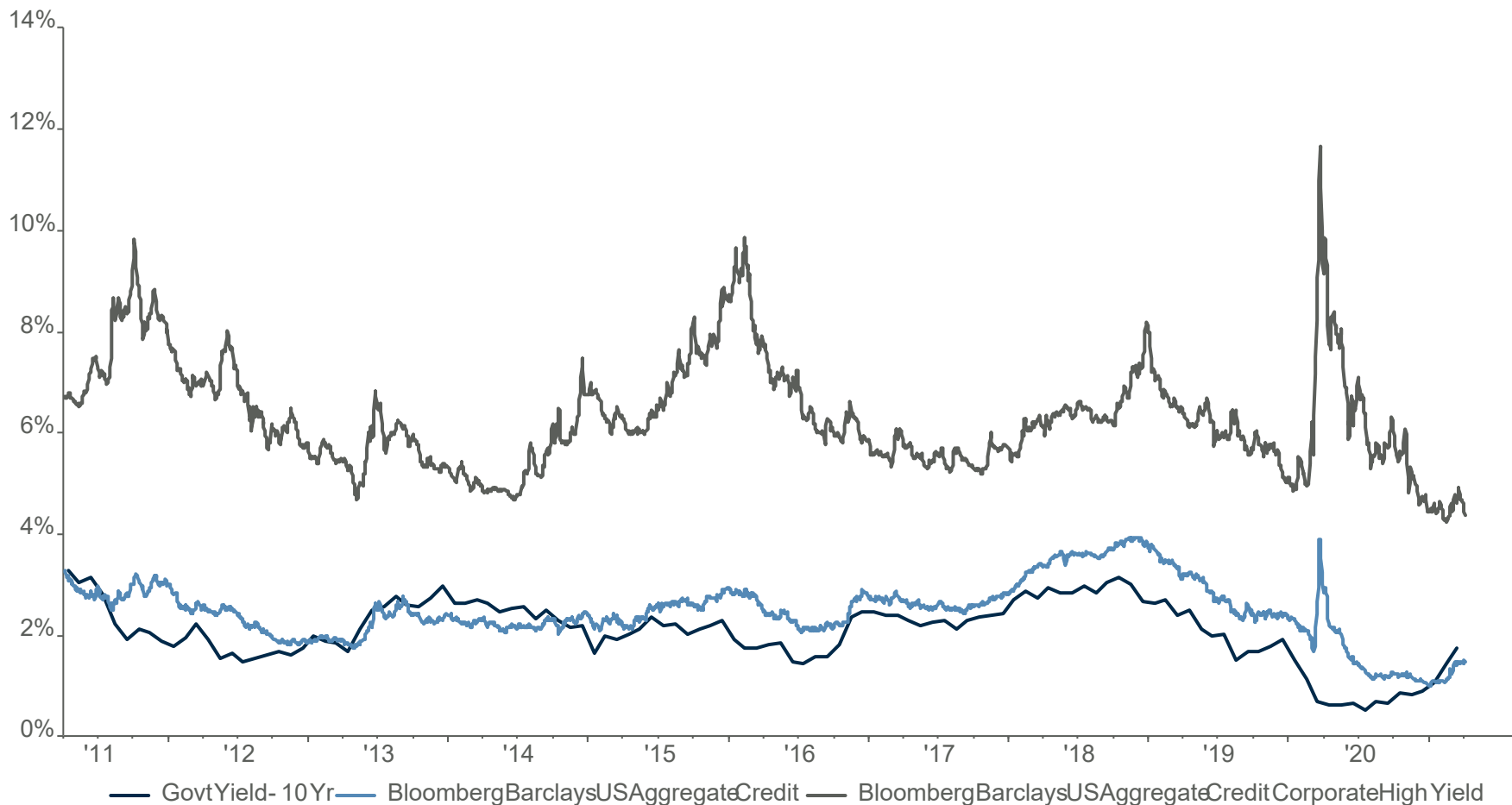
## CAPITAL MARKETS | T12 AND Q1 RETURNS

Broad Asset Class Total Returns		Domestic Equity Total Returns		S&P 500 Sectors Total Returns		International Equity Total Returns		Fixed Income Total Returns	
T12	Q1	T12	Q1	T12	Q1	T12	Q1	T12	Q1
<b>US Equities</b> 56.4%	<b>Real Estate</b> 8.7%	Small Value 103.3%	Small Value 24.2%	<b>Materials</b> 78.3%	<b>Energy</b> 30.9%	EM Asia 60.6%	<b>United Kingdom</b> 6.2%	High Yield 23.7%	US TIPS 1.3%
Non-US Equities 46.5%	Commodities 6.9%	Small Blend 95.3%	Mid Value 18.4%	<b>Energy</b> 75.2%	Financials 16.0%	<b>Emerging Markets</b> 58.9%	<b>US Large Cap</b> 6.2%	Emerging Market Bond 13.6%	Agency 1.0%
Commodities 34.9%	<b>US Equities</b> 6.2%	Mid Value 89.3%	Small Blend 18.2%	Consumer Discretionary 70.3%	Industrials 11.4%	<b>US Large Cap</b> 56.4%	Pacific ex Japan 4.6%	Long-Term Bond 8.9%	High Yield 0.8%
<b>Real Estate</b> 34.5%	Non-US Equities 4.2%	Small Growth 86.8%	Mid Blend 13.5%	Industrials 69.6%	<b>Materials</b> 9.1%	Pacific ex Japan 54.1%	Europe ex UK 3.6%	Credit 7.9%	T-Bill 0.0%
Blended Portfolio 32.6%	Blended Portfolio 2.1%	Mid Blend 83.5%	Small Growth 12.3%	Financials 67.5%	<b>Real Estate</b> 9.0%	EM Latin America 50.5%	<b>Developed Markets</b> 3.6%	US TIPS 6.6%	Short-Term Bond 0.0%
Fixed Income 0.7%	<b>Cash &amp; Cash Alternatives</b> 0.0%	Mid Growth 77.0%	Large Value 10.8%	Information Technology 66.6%	Comm Services 8.1%	Europe ex UK 49.5%	EM Eastern Europe 2.6%	Municipal 5.5%	Municipal -0.4%
<b>Cash &amp; Cash Alternatives</b> 0.1%	Fixed Income -3.4%	Large Growth 59.4%	Mid Growth 8.6%	Comm Services 60.9%	<b>S&amp;P 500</b> 6.2%	<b>Developed Markets</b> 45.2%	<b>Emerging Markets</b> 2.3%	Global Bond ex US 2.3%	MBS -1.1%
		Large Blend 56.4%	Large Blend 6.2%	S&P 500 56.4%	Health Care 3.2%	EM Eastern Europe 43.5%	EM Asia 2.2%	Agency 1.0%	Aggregate Bond -3.4%
		Large Value 50.4%	Large Growth 2.1%	Health Care 34.0%	Consumer Discretionary 3.1%	Japan 40.2%	Japan 1.7%	Aggregate Bond 0.7%	Emerging Market Bond -3.5%
				Real Estate 32.0%	Utilities 2.8%	United Kingdom 33.6%	<b>EM Latin America</b> -5.3%	Short-Term Bond 0.2%	Treasury -4.3%
				Consumer Staples 28.4%	Information Technology 2.0%			T-Bill 0.1%	Credit -4.5%
				Utilities 19.4%	Consumer Staples 1.1%			MBS -0.1%	Global Bond ex US -6.4%
								Treasury -4.4%	Long-Term Bond -8.4%

As of: 3/31/2021

# CAPITAL MARKETS | FIXED INCOME YIELDS

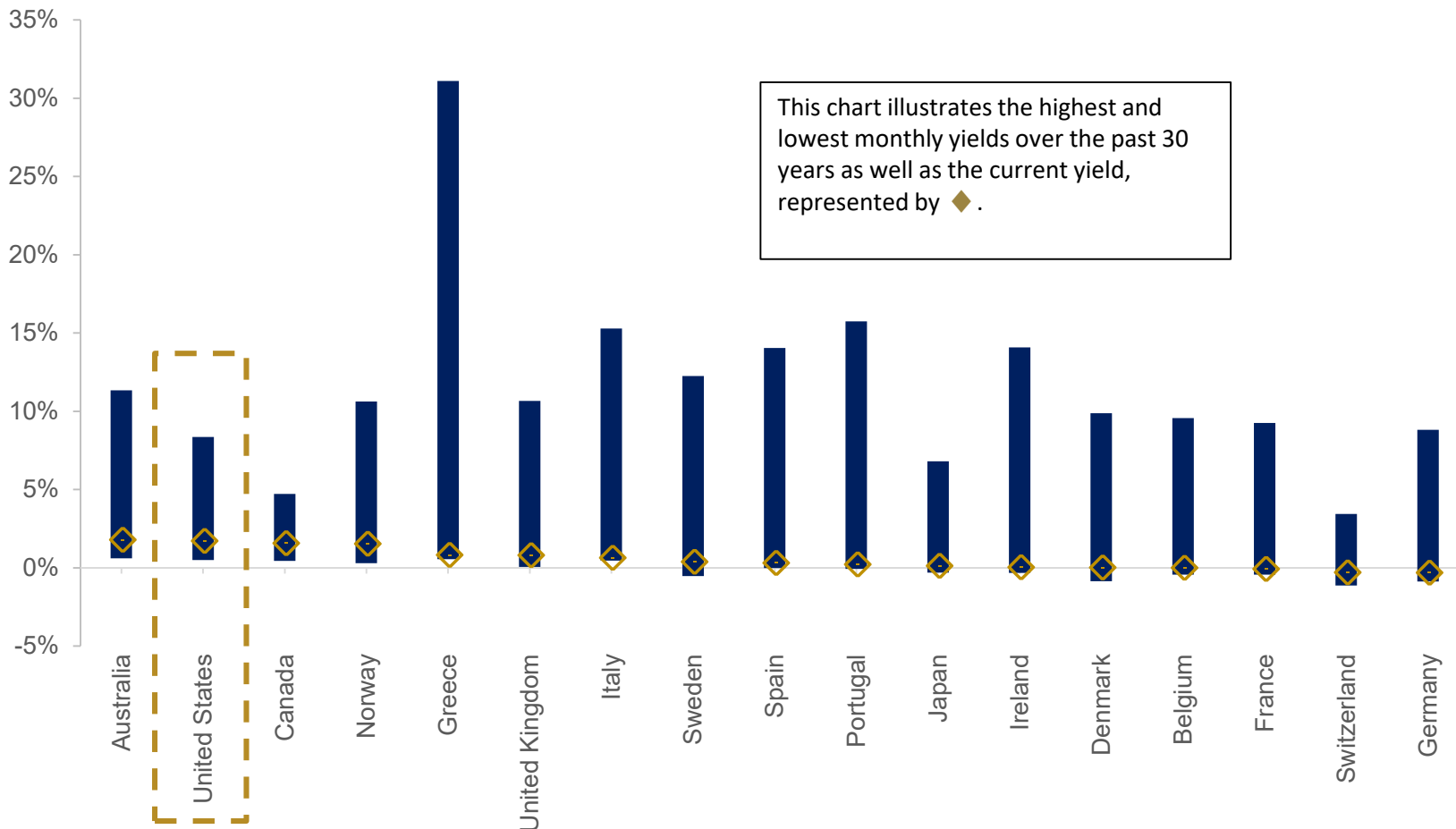
## US Yield-to-Worst



Source: FactSet, as of 4/6/2021

## CAPITAL MARKETS | GLOBAL SOVEREIGN DEBT YIELDS

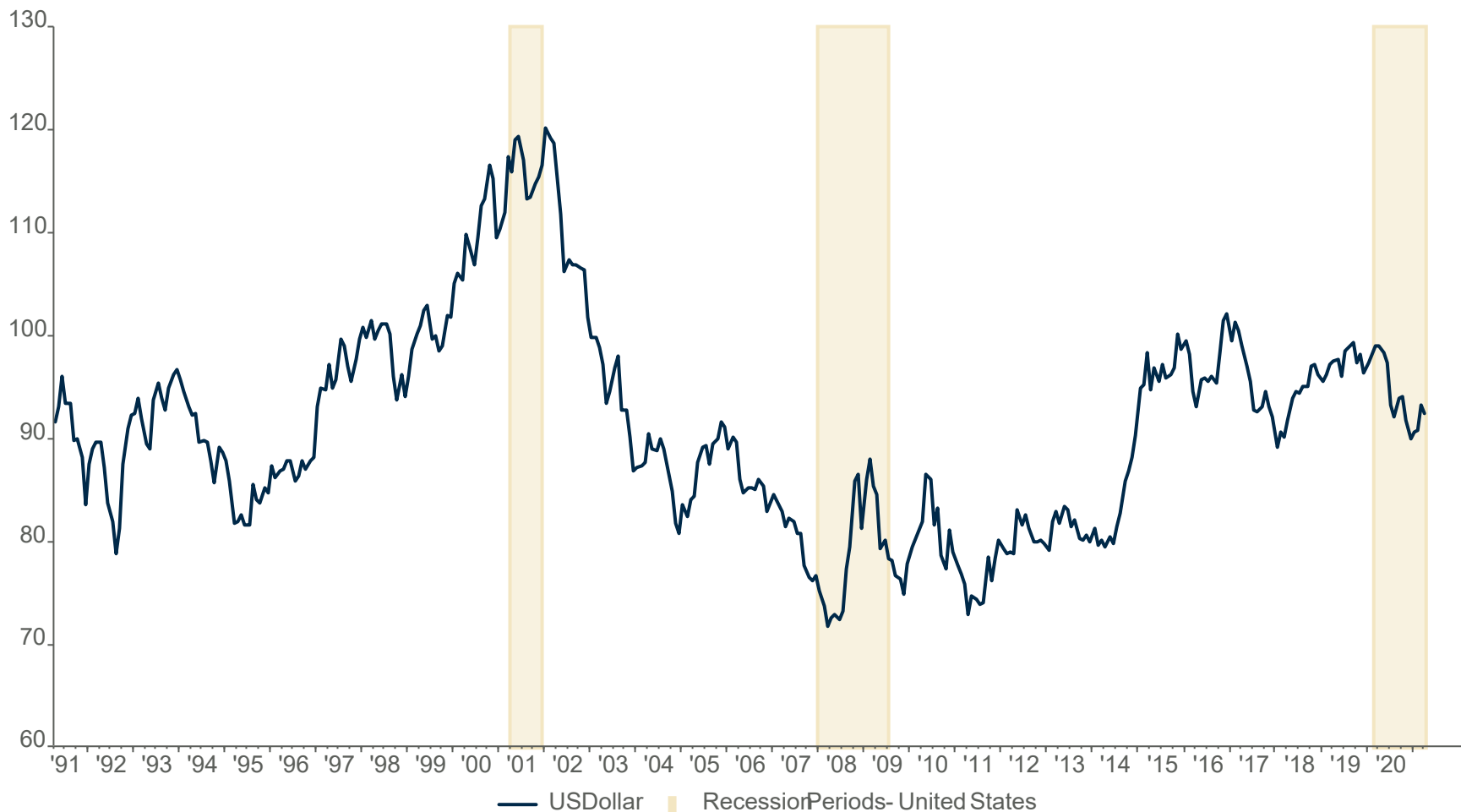
10-year Sovereign Debt Yields



Source: FactSet, as of 4/6/2021

# CAPITAL MARKETS | FOREIGN EXCHANGE RATES

## US Dollar



Source: FactSet, as of 4/6/2021

# CAPITAL MARKETS | COMMODITY PRICES



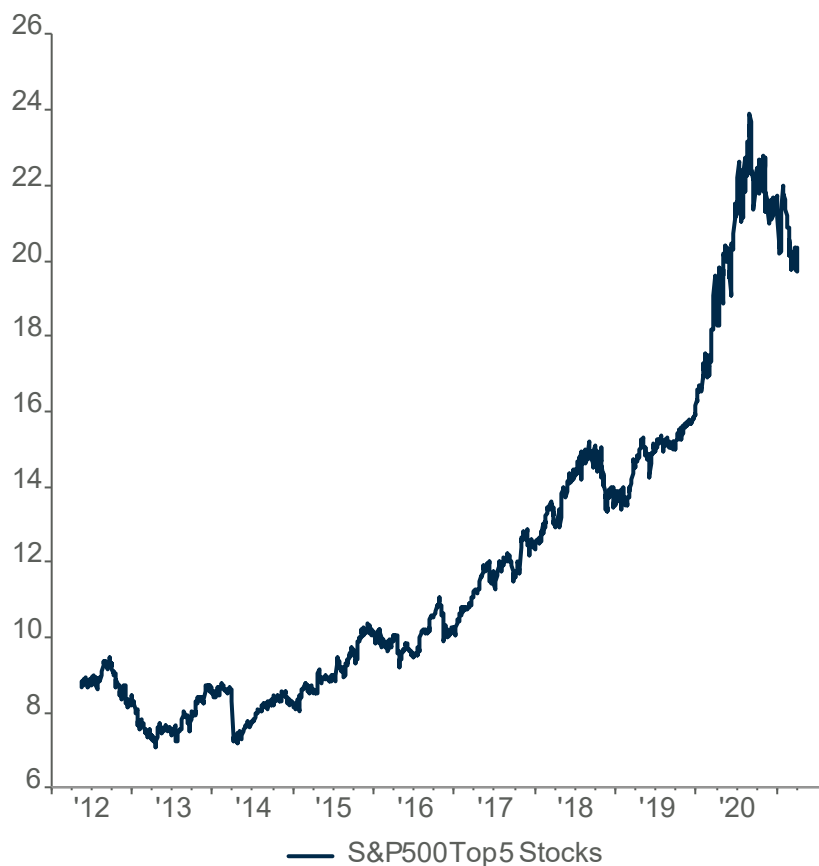
Source: FactSet, as of 4/6/2021



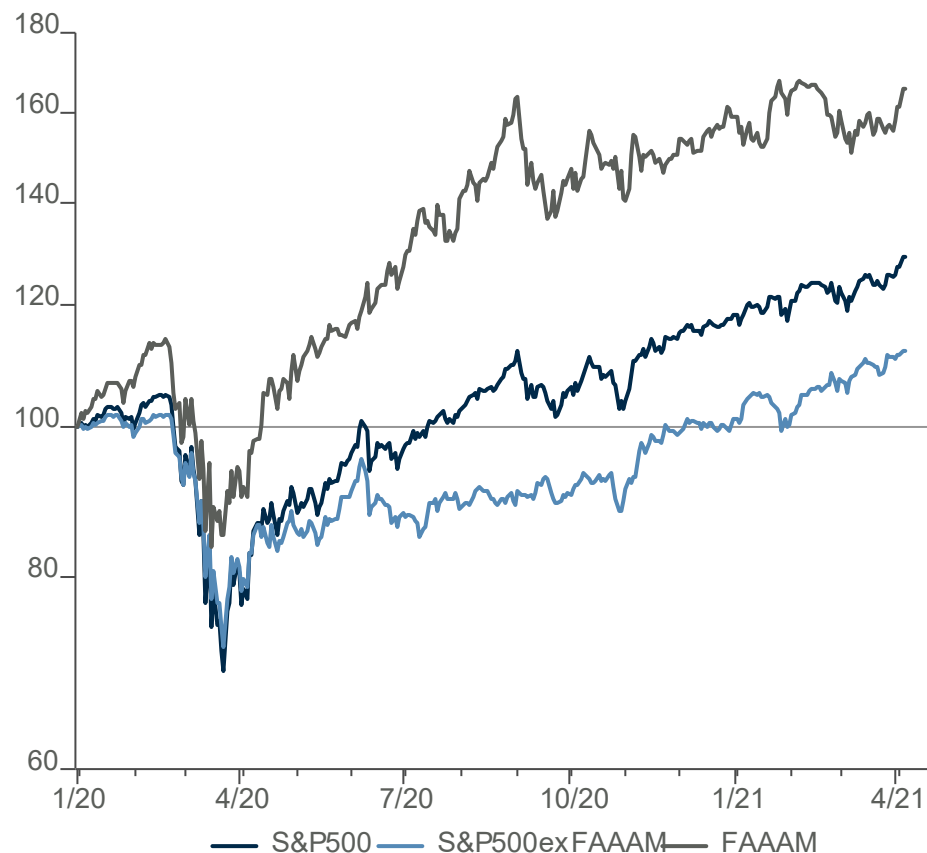
Source: FactSet, as of 4/6/2021

## CAPITAL MARKETS | TOP 5 STOCKS WEIGHTING

S&P 500 Top 5 Stocks (FAAAM\*) by Weighting



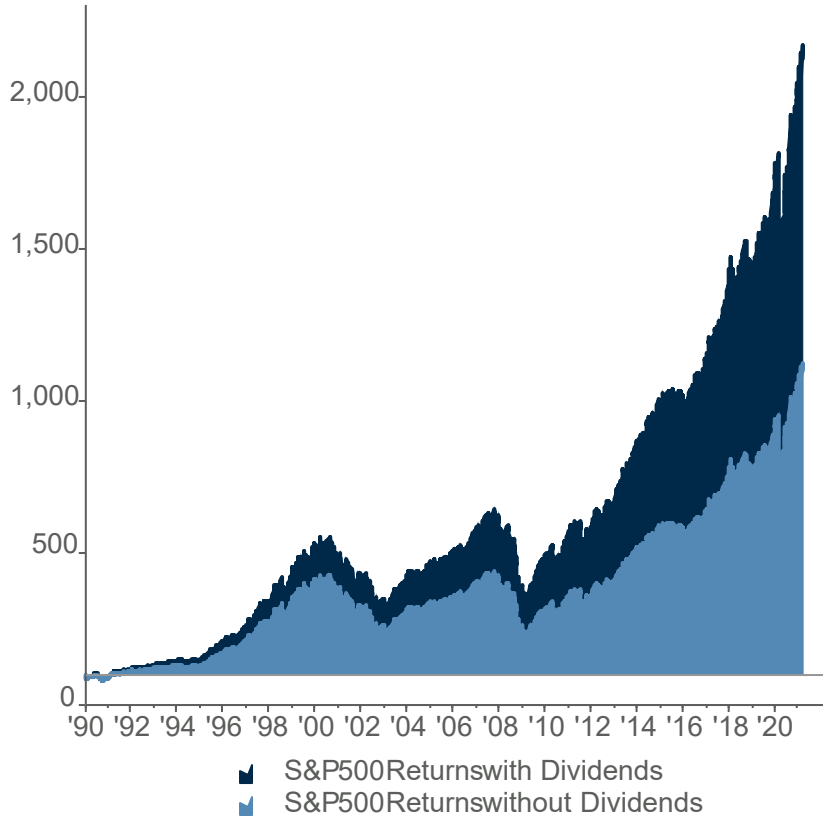
FAAAM\* Contribution to S&P 500 Performance



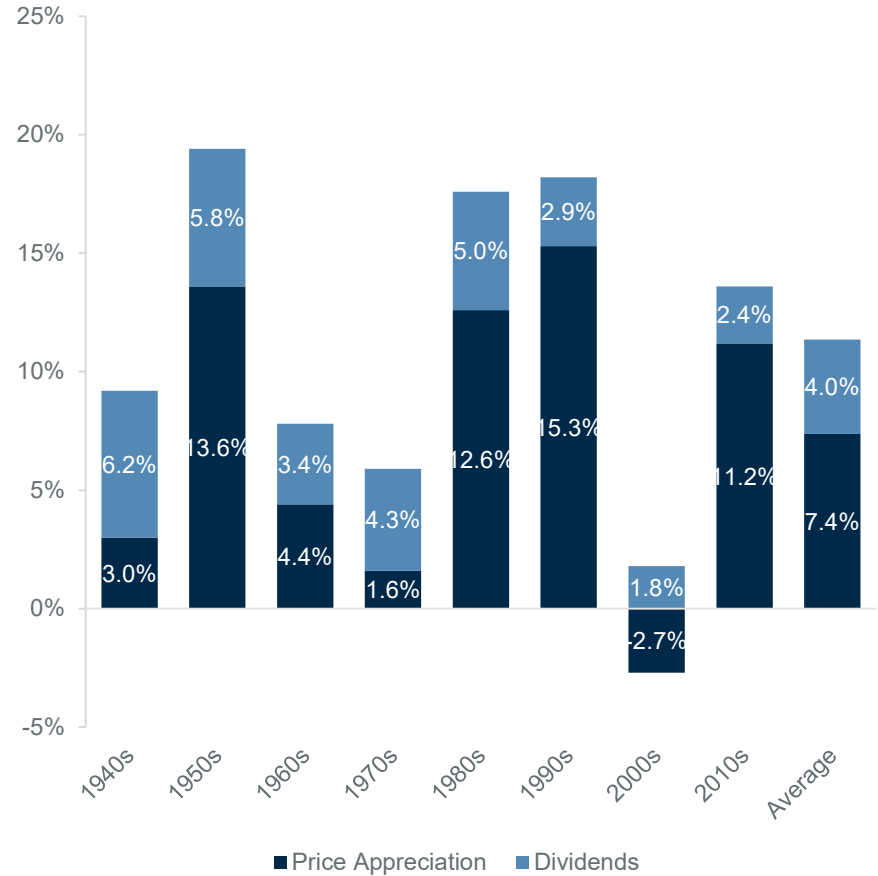
Source: FactSet, as of 4/6/2021, \*FAAAM: Facebook, Apple, Alphabet, Amazon, Microsoft

# CAPITAL MARKETS | PRICE AND TOTAL RETURN

Growth of \$100



S&P 500 Price Appreciation and Dividends



Source: FactSet, as of 4/6/2021

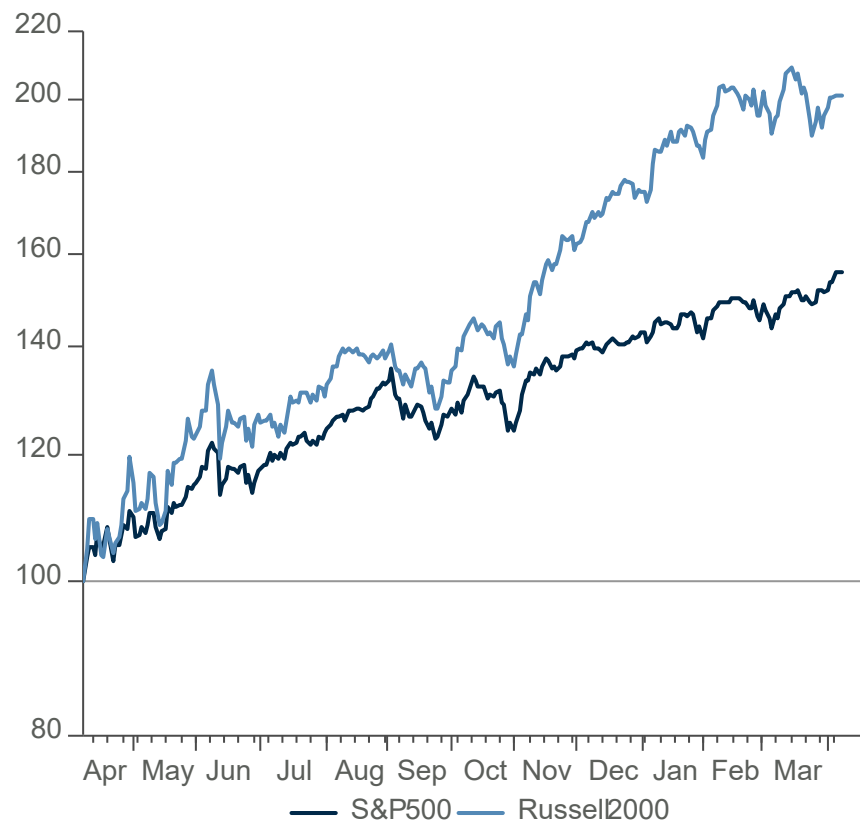


# CAPITAL MARKETS | GROWTH VS VALUE

### Growth Outperforming Value



### Small Cap Outperforming Large Cap

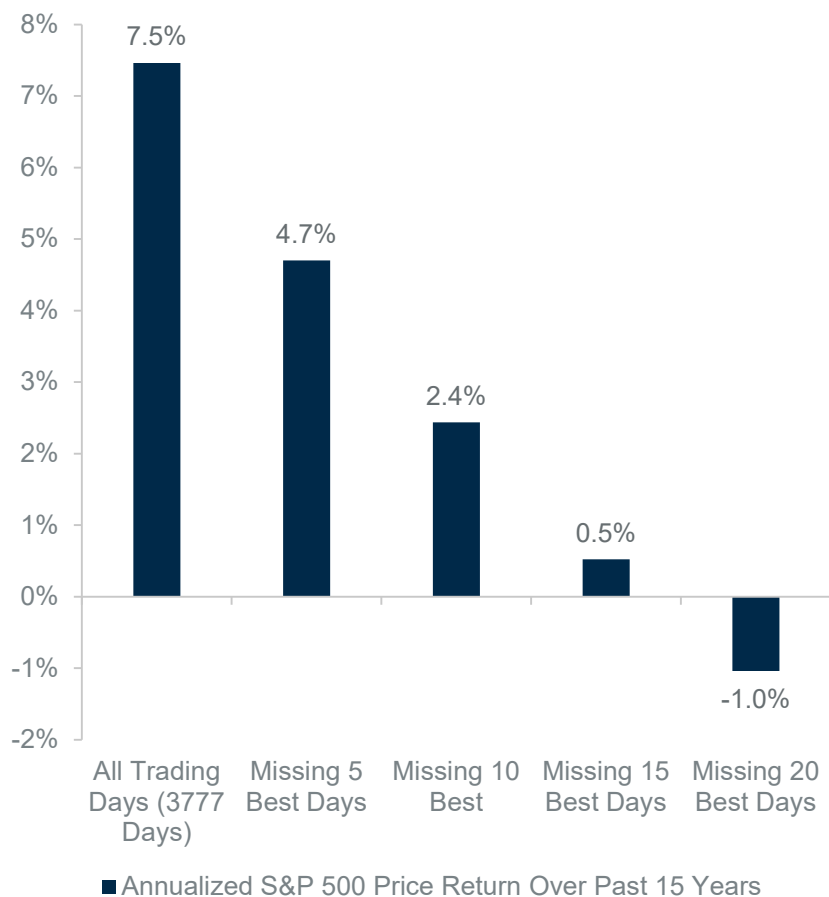


Source: FactSet, as of 4/6/2021

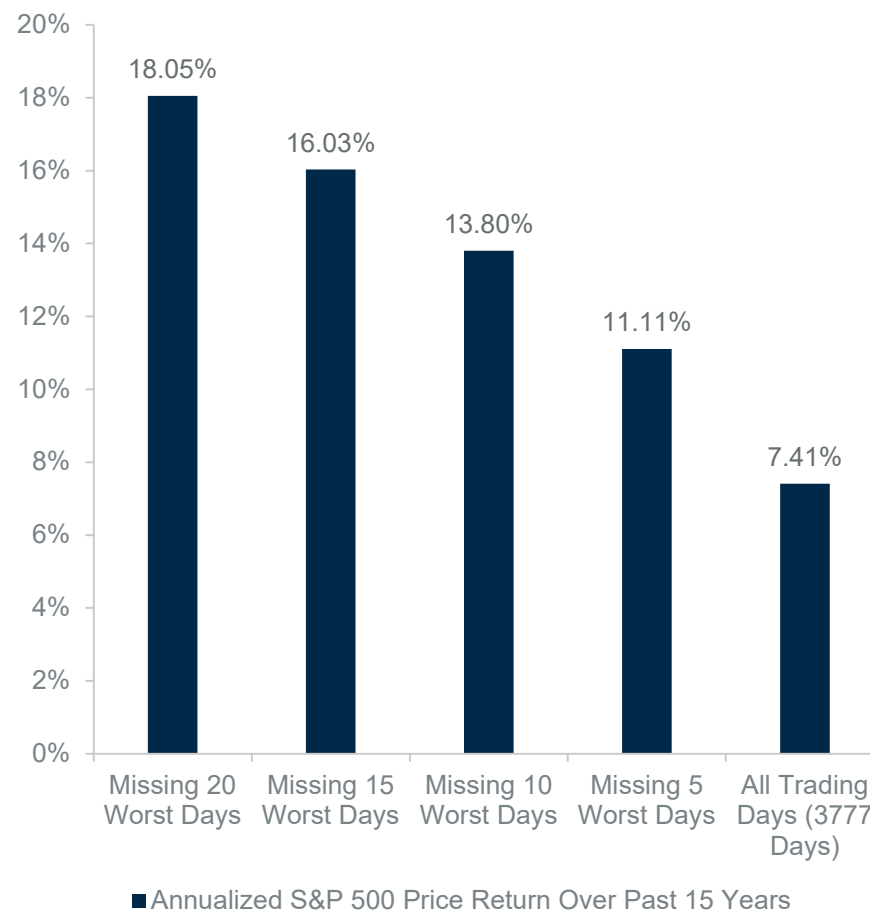
Source: FactSet, as of 4/6/2021

## ASSET ALLOCATION | MISSING BEST AND WORST DAYS

### Missing the Best Days



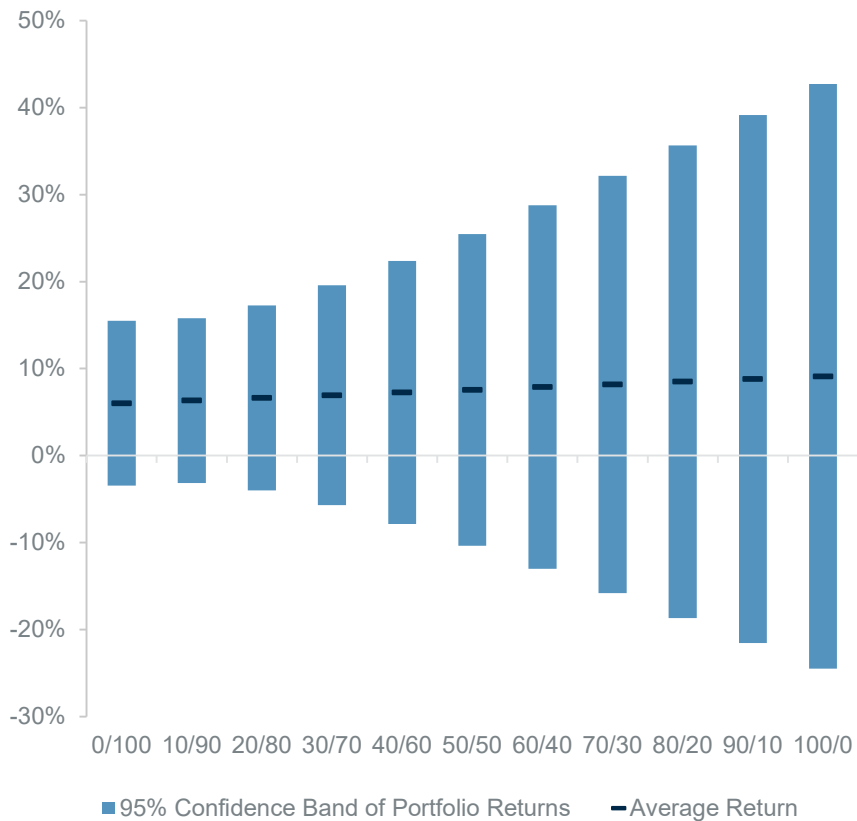
### Missing the Worst Days



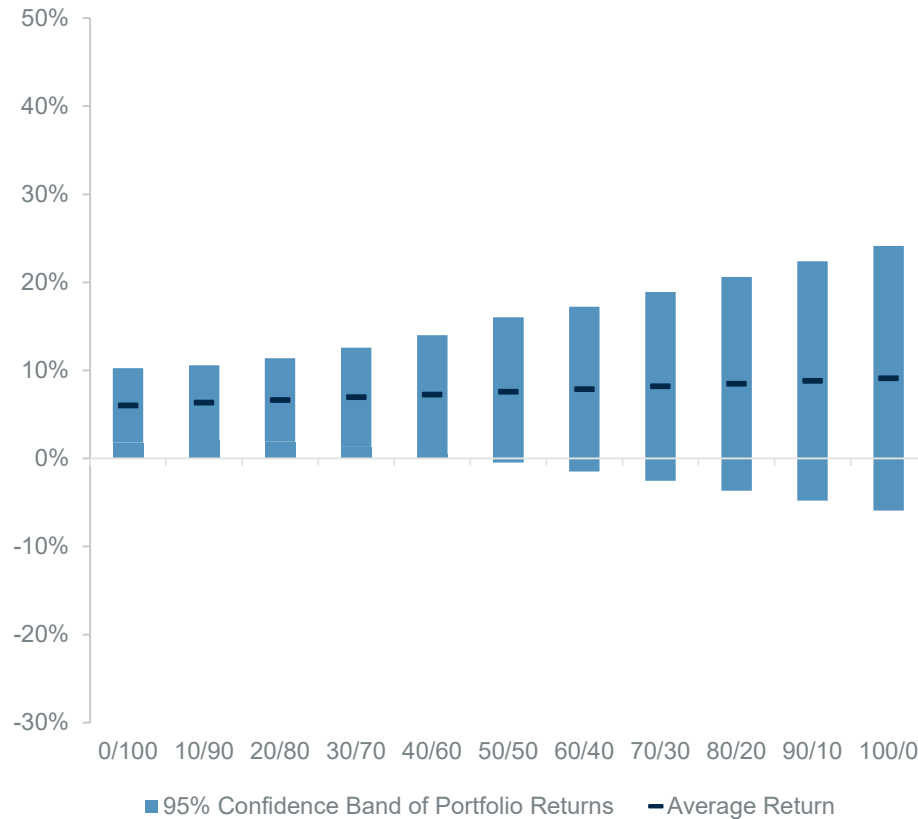
Source: FactSet, as of 12/31/2020

## ASSET ALLOCATION | PORTFOLIO BUCKET RETURNS

### 1-Year Annual Return by Portfolio Bucket



### 5-Year Annual Return by Portfolio Bucket

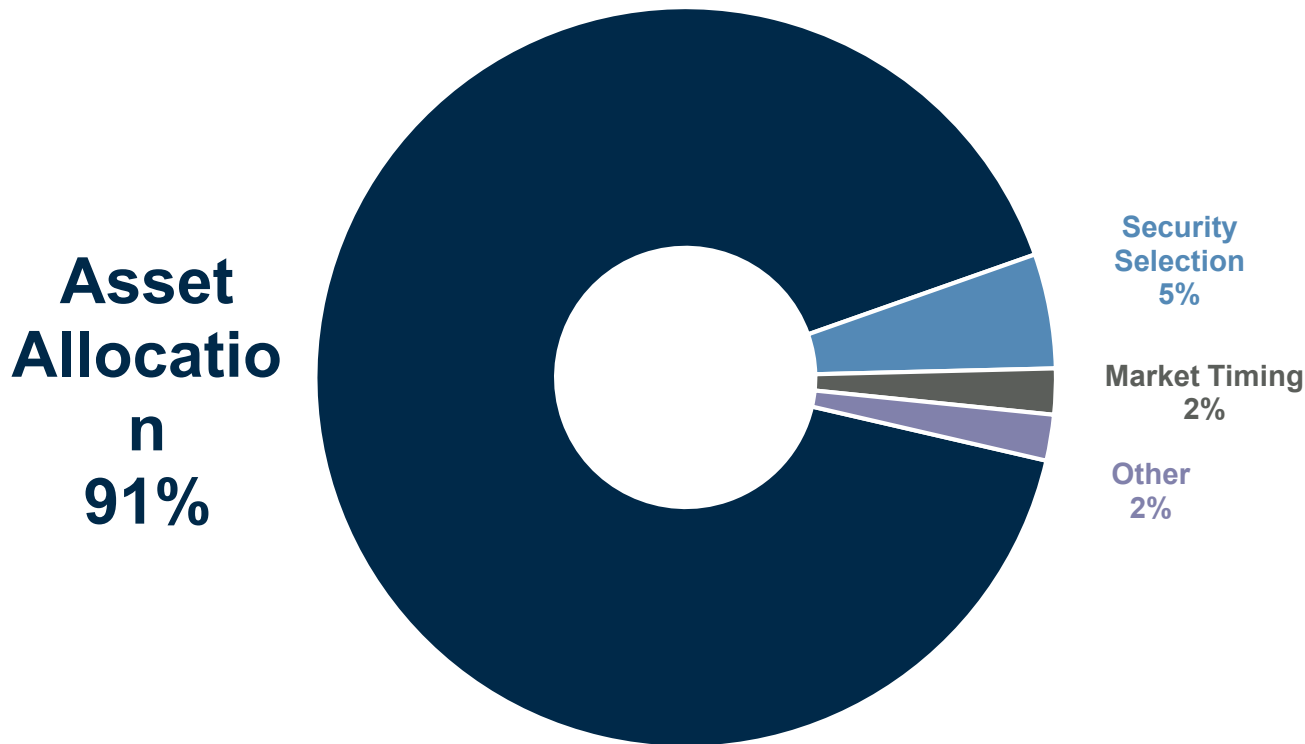


Source: FactSet, as of 12/31/2020

Source: FactSet, as of 12/31/2020

# ASSET ALLOCATION | DETERMINANTS OF PORTFOLIO PERFORMANCE

Asset Allocation is Critical to Portfolio Construction



Source: Determinants of Portfolio Performance, Gary P. Brinson, L. Randolph Hood and Gilbert L. Beebower, Financial Analysts Journal, Vol. 42, No. 4 (Jul. - Aug., 1986), pp. 39-44

## QUARTERLY TOPICS | A PREVIEW OF THE NEW ECONOMY?

“Following the \$1.9 trillion American Rescue Plan, we anticipate the focus to pivot toward a recovery package, which has largely been referred to as an infrastructure package...

Democrats view ‘infrastructure’ in much broader terms, including: modernization of the economy, tackling climate change, addressing racial and economic inequalities, and investments in the workforce.”

**-Ed Mills,**

*Managing Director, Washington Policy Analyst,  
Equity Research*

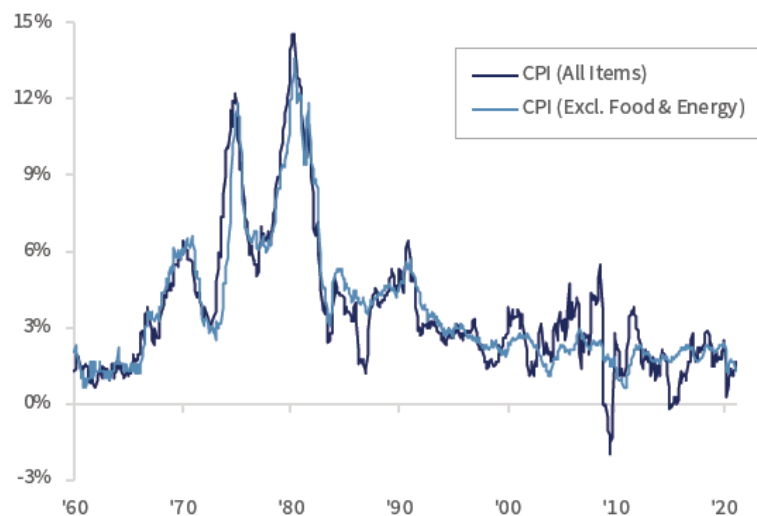


Source: Investment Strategy Quarterly April 2021

"For the complete article, ask your advisor for a copy of the April 2021 Investment Strategy Quarterly."

## QUARTERLY TOPICS | THE INFLATION OUTLOOK: WHAT, WE WORRY?

### Consumer Price Index Year-over-year % change



“While we may see reflation – a pickup in prices that were restrained due to the pandemic – a lasting period of substantially higher inflation appears unlikely.”

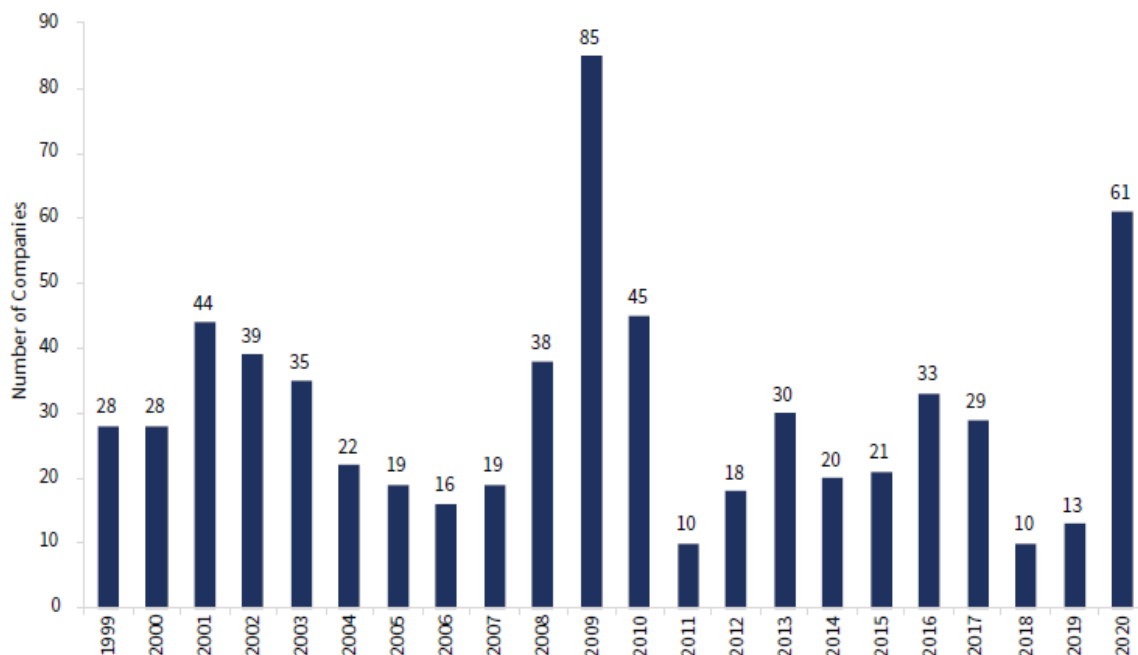
**-Scott Brown,**  
*Chief Economist, Raymond James*

## QUARTERLY TOPICS | IS THE 60/40 PORTFOLIO DEAD? NO; SHOULD IT BE MANAGED? YES

“Income investors are wise to consider dividend stocks as part of balanced investing given the proclivity to use the bond market for equity valuation and the often higher yield in ownership of companies. Despite the challenges of 2020, fewer companies suspended or cut their dividends than in 2008.”

**-James C. Camp, CFA,**  
*Managing Director, Strategic Income, Eagle Asset Management\**

### S&P Companies Decreasing or Suspending Dividends



Source: Investment Strategy Quarterly April 2021

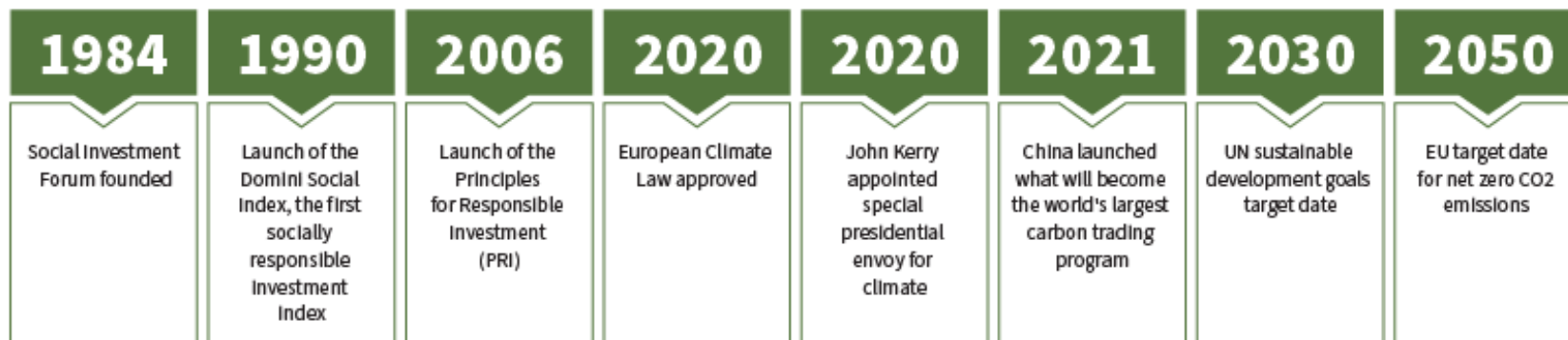
\*An affiliate of Raymond James & Associates, Inc. and Raymond James Financial Services, Inc

*"For the complete article, ask your advisor for a copy of the April 2021 Investment Strategy Quarterly."*

## QUARTERLY TOPICS | GLOBAL ENERGY TRANSITION

“Energy transition, also commonly referred to as decarbonization, is one of the global megatrends of our time. As it underpins the paradigm of environmental sustainability, energy transition is a megatrend not just for the next few years, but toward the middle of the century”

**-Pavel Molchanov,**  
*Director, Energy Analyst, Equity Research*



Source: Investment Strategy Quarterly April 2021

"For the complete article, ask your advisor for a copy of the April 2021 Investment Strategy Quarterly."



ASSET CLASS	BENCHMARK
Cash & Cash Alternatives	Bloomberg Barclays US Treasury - Bills (1-3 M)
Fixed Income	Bloomberg Barclays US Aggregate
USEquities	S&P 500 (TR)
World Equities	MSCI World ex USA
Commodities	Bloomberg Commodity Index
Real Estate	FTSE EPRA/NAREIT United States
Materials	S&P 500 (TR) / Materials - SEC
Industrials	S&P 500 (TR) / Industrials - SEC
Comm Services	S&P 500 (TR) / Communication Services - SEC
Utilities	S&P 500 (TR) / Utilities - SEC
Consumer Discretionary	S&P 500 (TR) / Consumer Discretionary - SEC
Consumer Staples	S&P 500 (TR) / Consumer Staples - SEC
Health Care	S&P 500 (TR) / Health Care - SEC
Information Technology	S&P 500 (TR) / Information Technology - SEC
Energy	S&P 500 (TR) / Energy - SEC
Financials	S&P 500 (TR) / Financials - SEC
Real Estate	S&P 500 (TR) / Real Estate - IG
S&P 500	S&P 500 (TR)
Large Value	S&P 500 Value
Large Blend	S&P 500
Large Growth	S&P 500 Growth
Mid Value	S&P Mid Cap 400 Value
Mid Blend	S&P Mid Cap 400
Mid Growth	S&P Mid Cap 400 Growth
Small Value	S&P Small Cap 600 Value

ASSET CLASS	BENCHMARK
Small Blend	S&P Small Cap 600
Small Growth	S&P Small Cap 600 Growth
US Large Cap	S&P 500
EM Eastern Europe	MSCI EM Eastern Europe
Europe ex UK	MSCI Europe ex UK
Developed Markets	MSCI EAFE
United Kingdom	MSCI United Kingdom
Japan	MSCI Japan
EM Latin America	MSCI EM Latin America
Emerging Markets	MSCI EM (Emerging Markets)
EM Asia	MSCI EM Asia
Pacific ex Japan	MSCI Pacific ex JP
Long-Term Bond	Bloomberg Barclays US Aggregate Credit - Long
High Yield	Bloomberg Barclays US High Yield - Corporate
Aggregate Bond	Bloomberg Barclays US Aggregate
Credit	Bloomberg Barclays US Aggregate Credit
Emerging Market Bond	Bloomberg Barclays Emerging Markets USD Aggregate
Treasury	Bloomberg Barclays US Aggregate Government - Treasury
Municipal	Bloomberg Barclays Municipal Bond
Agency	Bloomberg Barclays US Agency CMBS
MBS	Bloomberg Barclays MBS 1000
Global Bond ex US	Bloomberg Barclays Global G6 (G7 x US)
US TIPS	Bloomberg Barclays US TIPS (1-3 Y)
Short-Term Bond	Bloomberg Barclays US Treasury Bellwethers (2 Y)
T-Bill	Bloomberg Barclays US Treasury - Bills (1-3 M)

## DISCLOSURES

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Information obtained from third-party sources is considered reliable, but we do not guarantee that the information herein is accurate or complete.

**INTERNATIONAL INVESTING** | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

**SECTORS** | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

**OIL** | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

**CURRENCIES** | Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

**GOLD** | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

**FIXED INCOME** | Fixed-income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

**US TREASURIES** | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

## DOMESTIC EQUITY DEFINITION

**S&P 500** | The **S&P 500 Total Return Index**: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**LARGE GROWTH** | **S&P 500 Growth Total Return Index**: This index represents a segment of the S&P 500 Index with a greater-than-average growth orientation.

**LARGE VALUE** | **S&P 500 Value Total Return Index**: This index represents a segment of the S&P 500 Index with a less-than-average growth orientation.

**SMALL GROWTH** | **S&P Small Cap 600 Growth Total Return Index**: This index represents a segment of the S&P 600 Index with a greater-than-average growth orientation.

**SMALL BLEND** | **Russell 2000 Total Return Index**: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

**SMALL VALUE** | **S&P Small Cap 600 Value Total Return Index**: This index represents a segment of the S&P 600 Index with a less-than-average growth orientation.

**MID VALUE** | **S&P 400 Value Total Return Index**: This index represents a segment of the S&P 400 Index with a less-than-average growth orientation.

**MID VALUE** | **S&P Small Cap 400 Value Total Return Index**: This index represents a segment of the S&P 400 Index with a less-than-average growth orientation.

**MID BLEND** | **S&P Small Cap 400 Total Return Index**: The index measures the investment return of mid-capitalization stocks in the United States.

**FIXED INCOME DEFINITION**

**AGGREGATE BOND | Bloomberg Barclays US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

**MUNICIPAL | Bloomberg Barclays Municipal Total Return Index:** The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prefunded bonds.

**INTERNATIONAL EQUITY DEFINITION**

**EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**BLOOMBERG BARCLAYS CAPITAL AGGREGATE BOND TOTAL RETURN INDEX |** This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

**EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS | MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

**PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**JAPAN | MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

**FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

**EUROPE EX UK | MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

**MSCI EAFE |** The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

**WORLD EQUITIES |** The MSCI World ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries\*-- excluding the United States. With 1,003 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**COMMODITY DEFINITIONS**

**US DOLLAR INDEX |** The US dollar index (USDx) is a measure of the value of the US dollar relative to the value of a basket of currencies of the majority of the US's most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

**DATA SOURCE:**

FactSet

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