



Capital Markets Snapshot

Gerald Townsend, CPA/PFS/ABV, CFP®, CFA®, CMT | President | March 1, 2021

Global Market Summary

Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	3811	-2.4%	2.6%	1.5%	1.5%
Dow Jones Industrials Average	30932	-1.8%	3.2%	1.1%	1.1%
NASDAQ Composite	13192	-4.9%	0.9%	2.4%	2.4%
MSCI Emerging Markets Index	1339	-6.3%	0.7%	3.7%	3.7%
MSCI EAFE Index	2168	-2.9%	2.1%	1.0%	1.0%
MSCI All Country World Index	657	-3.3%	2.2%	1.7%	1.7%
MSCI Europe Index	1854	-2.3%	2.3%	0.8%	0.8%

	Feb 26, 2021	Jan 29, 2021	Dec 31, 2020
3-Month Treasury Yield	0.04%	0.06%	0.09%
2-Year Treasury Yield	0.14%	0.11%	0.13%
10-Year Treasury Yield	1.44%	1.11%	0.93%
30-Year Treasury Yield	2.17%	1.87%	1.65%
30-Year Fixed Mortgage	2.97%	2.73%	2.67%
German 10-Year Bund Yield	-0.26%	-0.52%	-0.57%

Sector Performance

Index	WTD	MTD	QTD	YTD
Energy	4.3%	21.5%	25.9%	25.9%
Financials	-0.4%	11.4%	9.2%	9.2%
Industrials	-0.5%	6.6%	2.0%	2.0%
Comm.	-1.4%	6.2%	4.6%	4.6%
Healthcare	-1.6%	-2.2%	-1.0%	-1.0%
Real Estate	-2.0%	1.4%	1.9%	1.9%
Materials	-2.1%	3.7%	1.2%	1.2%
S&P 500	-2.4%	2.6%	1.5%	1.5%
Cons. Stap.	-2.7%	-1.5%	-6.7%	-6.7%
Technology	-4.0%	1.1%	0.1%	0.1%
Cons. Disc.	-4.9%	-1.0%	-0.6%	-0.6%
Utilities	-5.1%	-6.5%	-7.4%	-7.4%

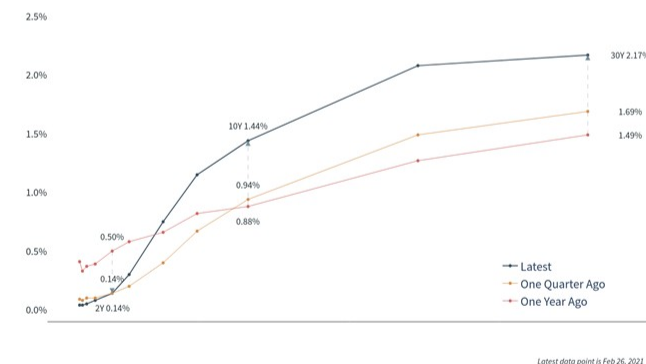
Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	90.88	0.3%	1.0%	1.0%
Euro	1.21	-0.1%	-0.8%	-0.8%
Chinese RMB	6.46	0.0%	1.2%	1.2%
Japanese Yen	106.54	-1.8%	-3.2%	-3.2%
British Pound	1.40	1.8%	2.3%	2.3%
WTI Oil	63.18	21.1%	30.9%	30.9%
Brent Oil	66.91	19.6%	28.9%	28.9%

S&P 500

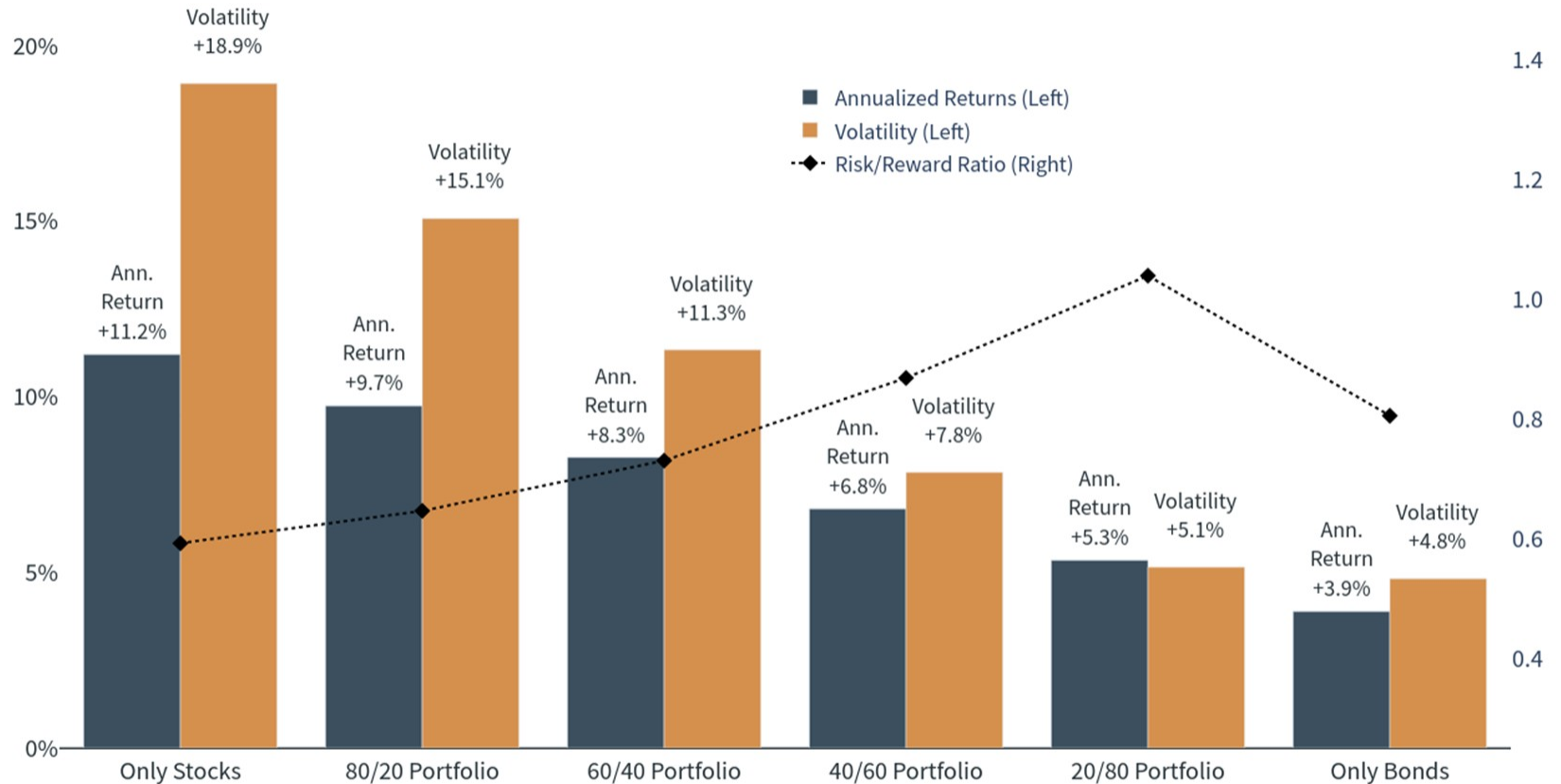


U.S. Treasury Yield Curve



Portfolio Risk/Reward

Returns and standard deviations over the past 15 years across hypothetical stock/bond asset allocation portfolios, before fees and other expenses



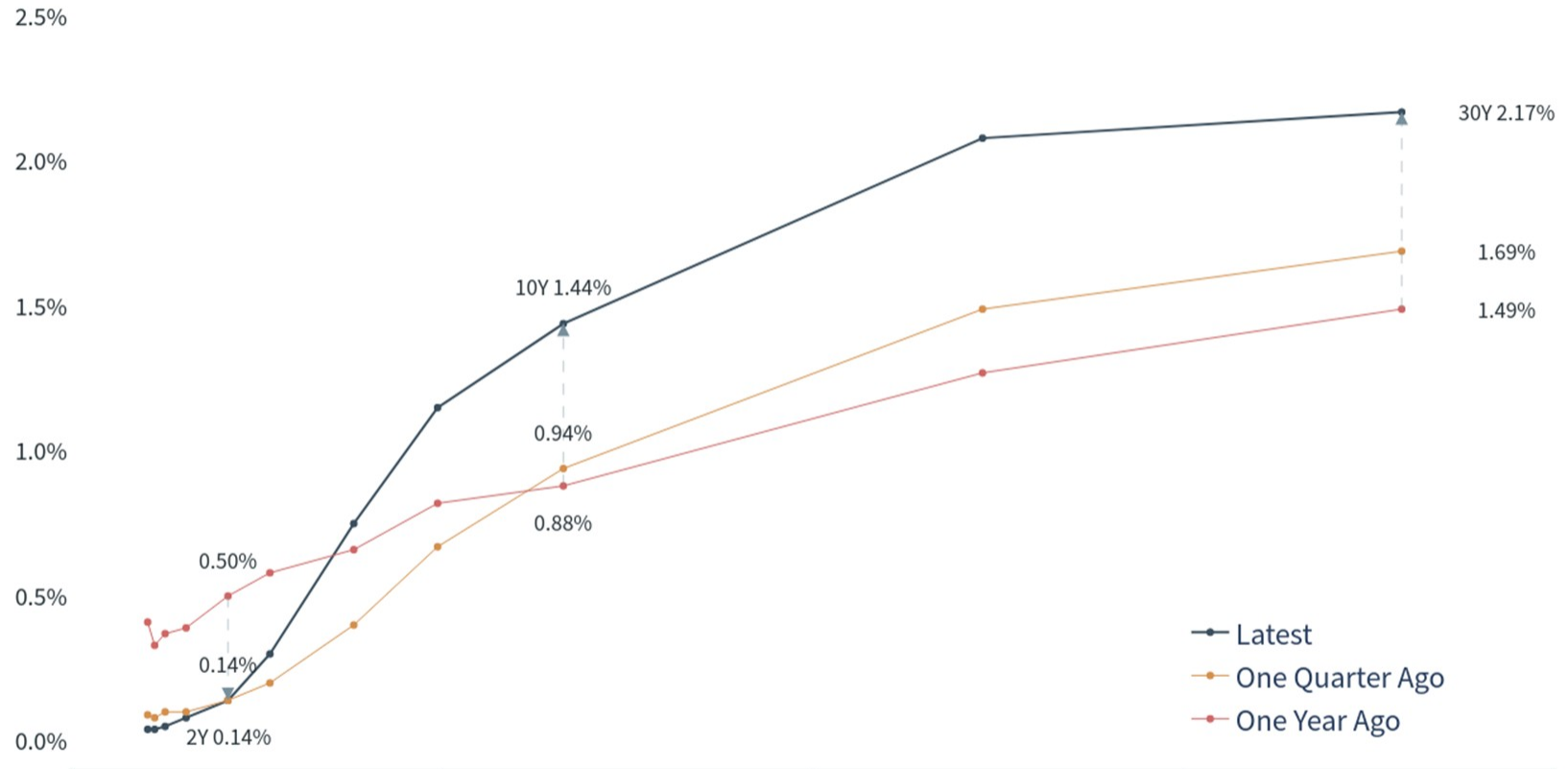
Latest data point is Feb 2021

- This chart shows the historical risk and return profiles of various stock/bond portfolios.
- For instance, while an all-stock portfolio has the highest return, it also has the most volatility.
- Selecting the best stock/bond allocation depends on personal characteristics and financial goals.

Source: Clearnomics, Refinitiv

Treasury Yield Curve

The shape of the U.S. Treasury curve last year versus today



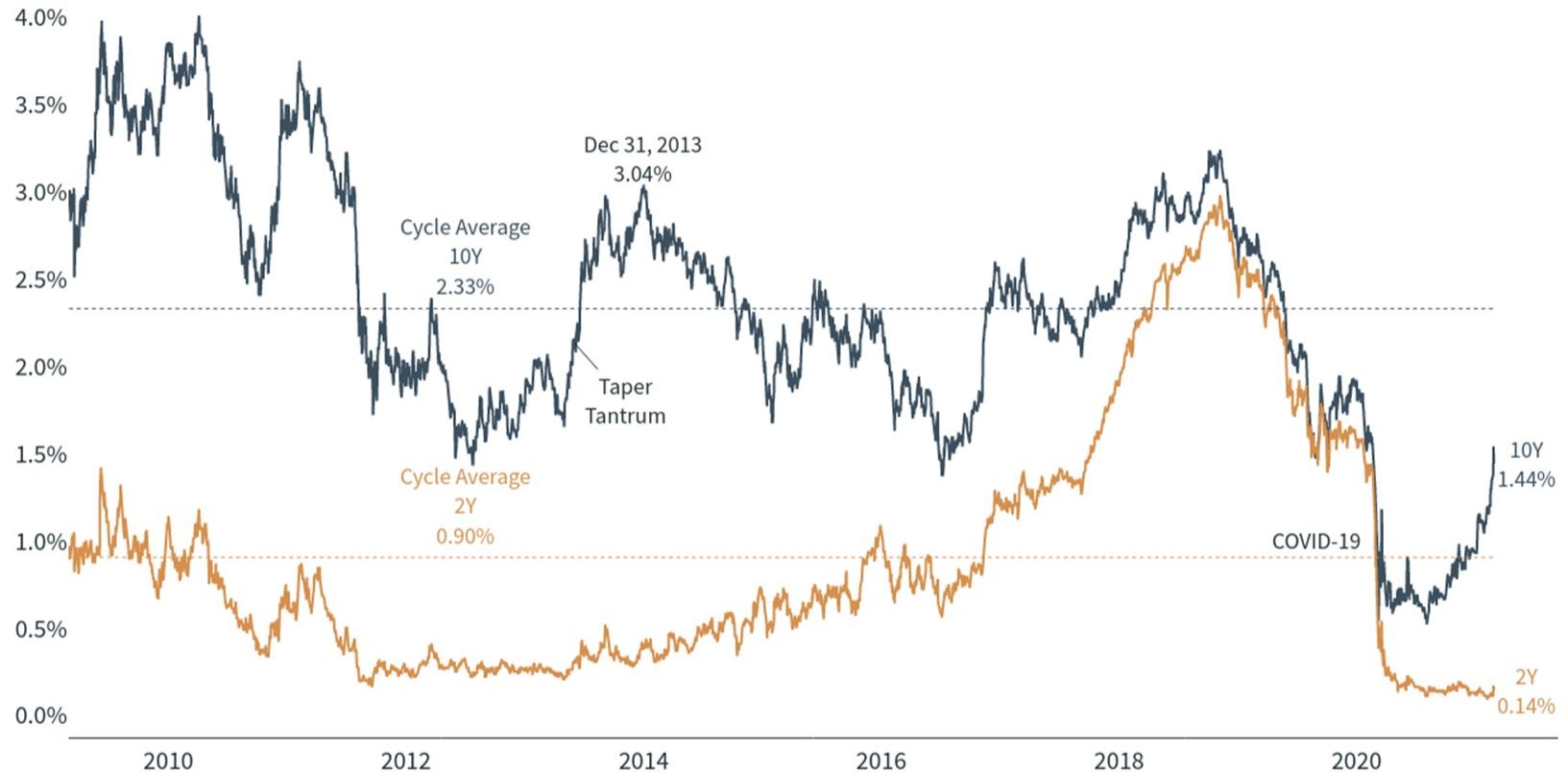
Latest data point is Feb 26, 2021

- The yield curve has steepened this year as the recovery continues and political uncertainty is resolved.
- The Fed continues to keep policy rates near zero, pinning down the short end of the yield curve.
- Steepening yield curves are often associated with the early phases of business cycles.

Source: Federal Reserve

Interest Rates

10-year and 2-year yields since 2010



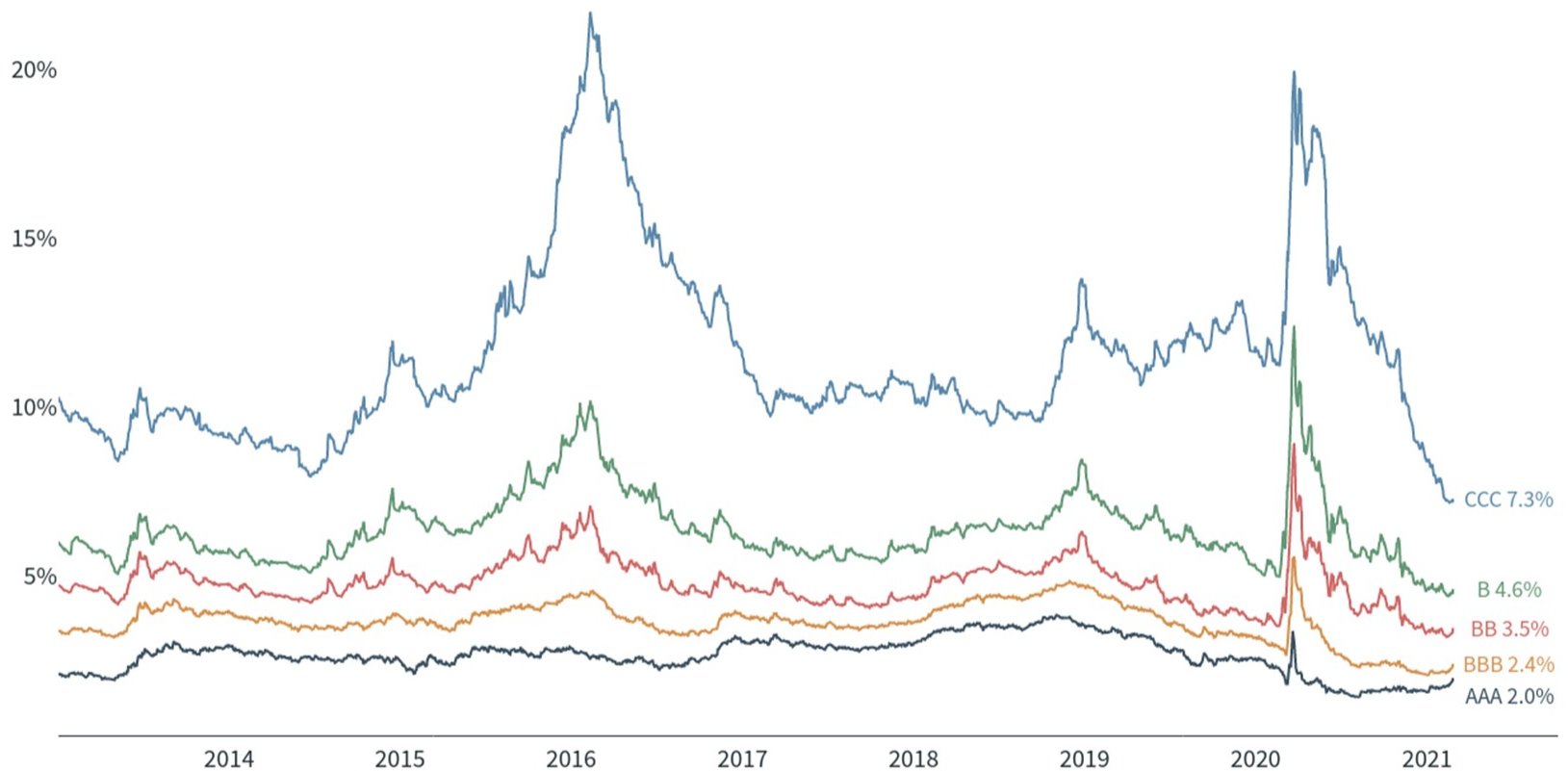
Latest data point is Feb 26, 2021

- Long-term interest rates plummeted during the pandemic and economic shutdown but have begun to rise again.
- The 10-year Treasury yield has risen above 1% recently due to the ongoing recovery and reduced political uncertainty.
- Rising long-term interest rates are often a sign of the early phases of a business cycle.

Source: Federal Reserve

U.S. Corporate Bond Yields

Fixed Income



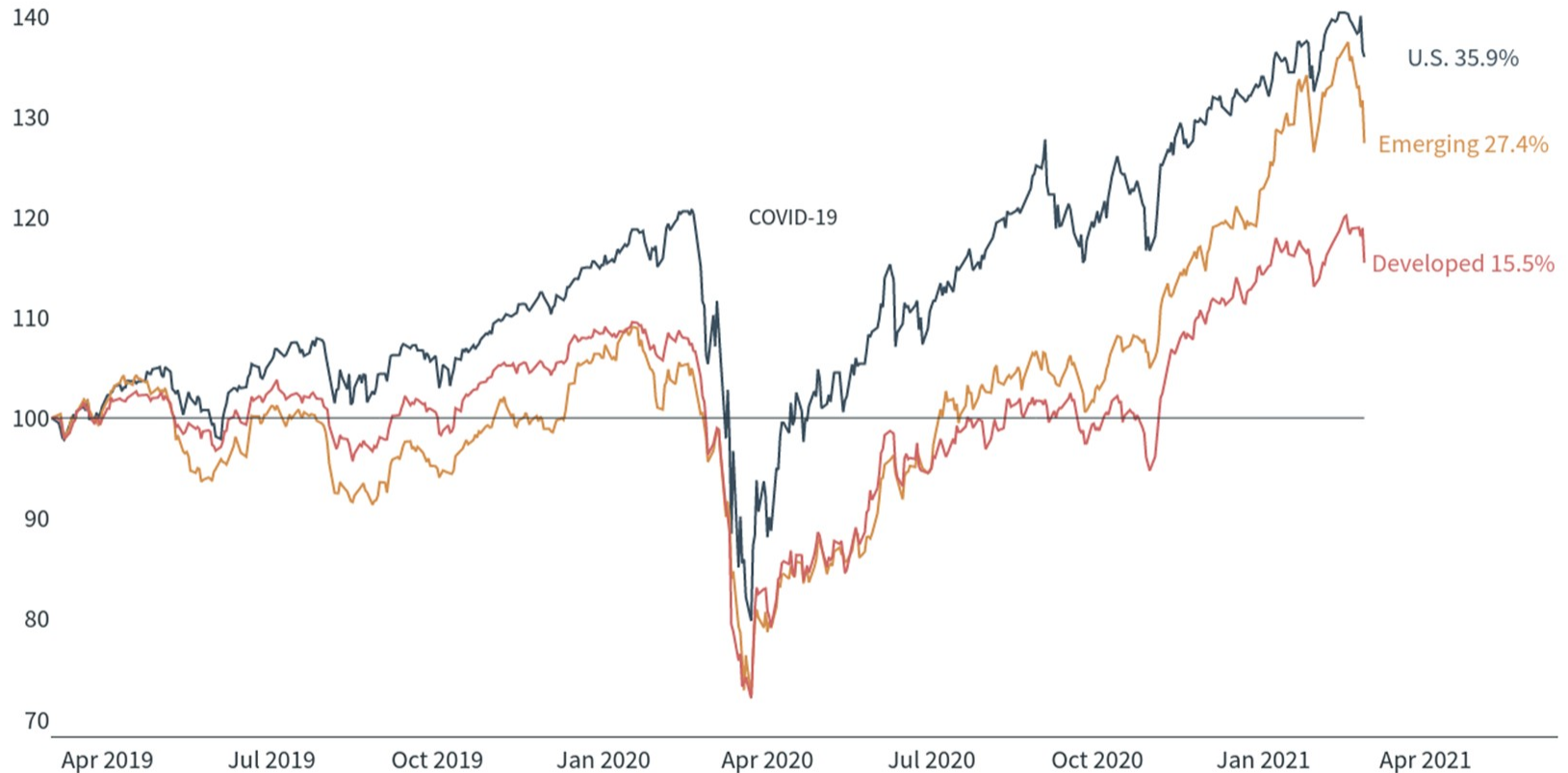
Latest data point is Feb 25, 2021

- Corporate bond spreads briefly widened in 2020 due to global market volatility.
- Over the past decades, corporate bonds - especially high yield - was an attractive way to generate income.
- Corporate bonds are an important portfolio diversifier to stock market and government bond holdings.

Source: Merrill Lynch Bond Indices

Global Stock Market Performance

S&P 500, MSCI EAFE, and MSCI EM. Prior 2 years



Latest data point is Feb 26, 2021

- There is still significant market uncertainty due to the pandemic. However, the stock market has performed well over the past year.
- While volatility spiked and economic growth stumbled, both stabilized with the reopening of the economy, stimulus and vaccine rollouts.
- Investors ought to remain focused on the long run rather than the past few days, weeks or months.

Source: MSCI, Standard and Poor's,
Refinitiv

© 2021 Clearnomics, Inc.

Stock Market Performance

S&P 500 Index, recent period



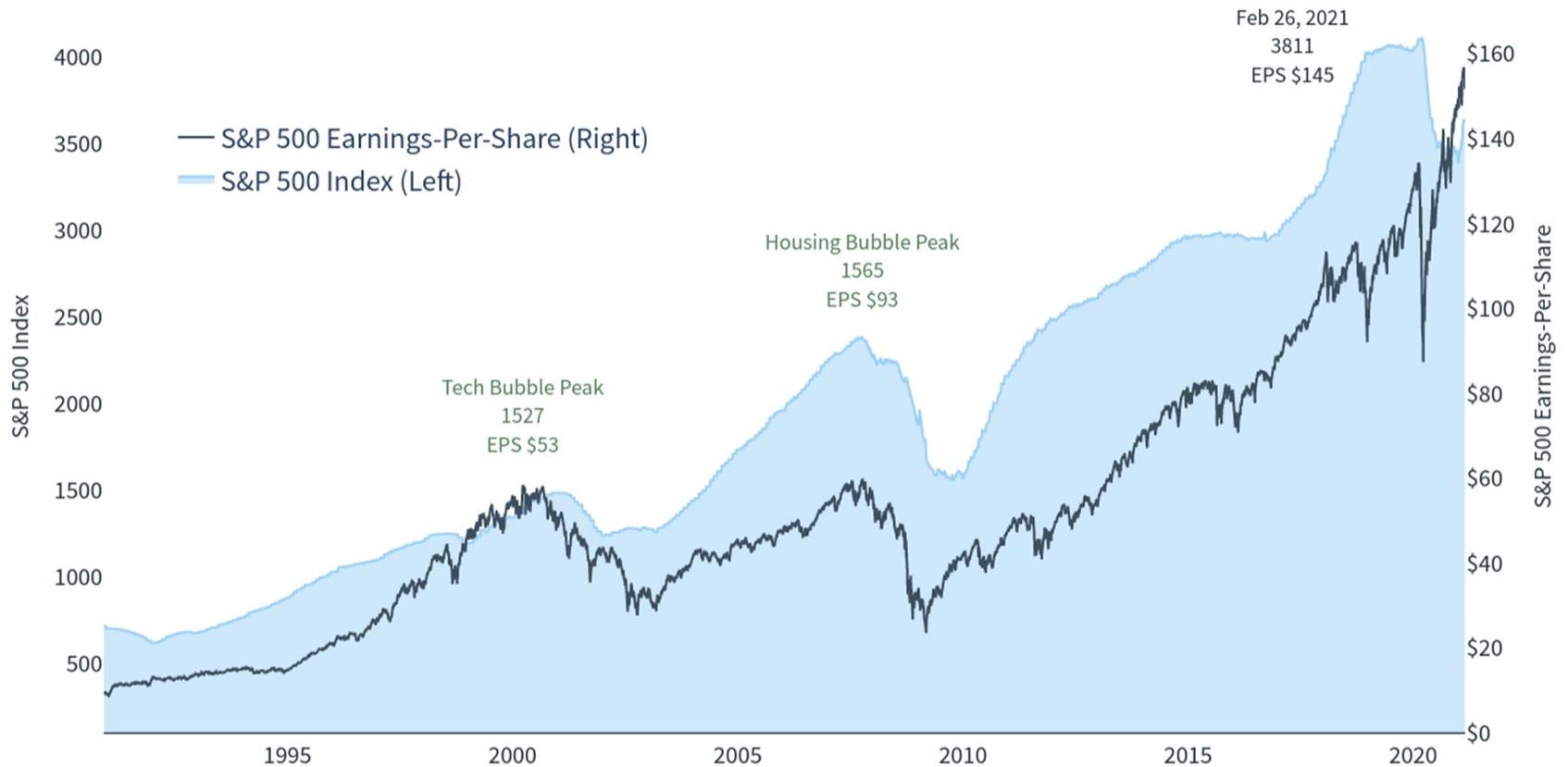
Latest data point is Feb 26, 2021

- The stock market rebounded quickly from the pandemic-induced bear market in 2020.
- Despite a rebound to all-time highs, uncertainty remains high due to the uneven recovery and the rollout of vaccines.
- For long-term investors, it is important to maintain the proper perspective and look past short-term volatility.

Source: Standard & Poor's

The Stock Market and Earnings

S&P 500 Index price and trailing earnings-per-share since 1990

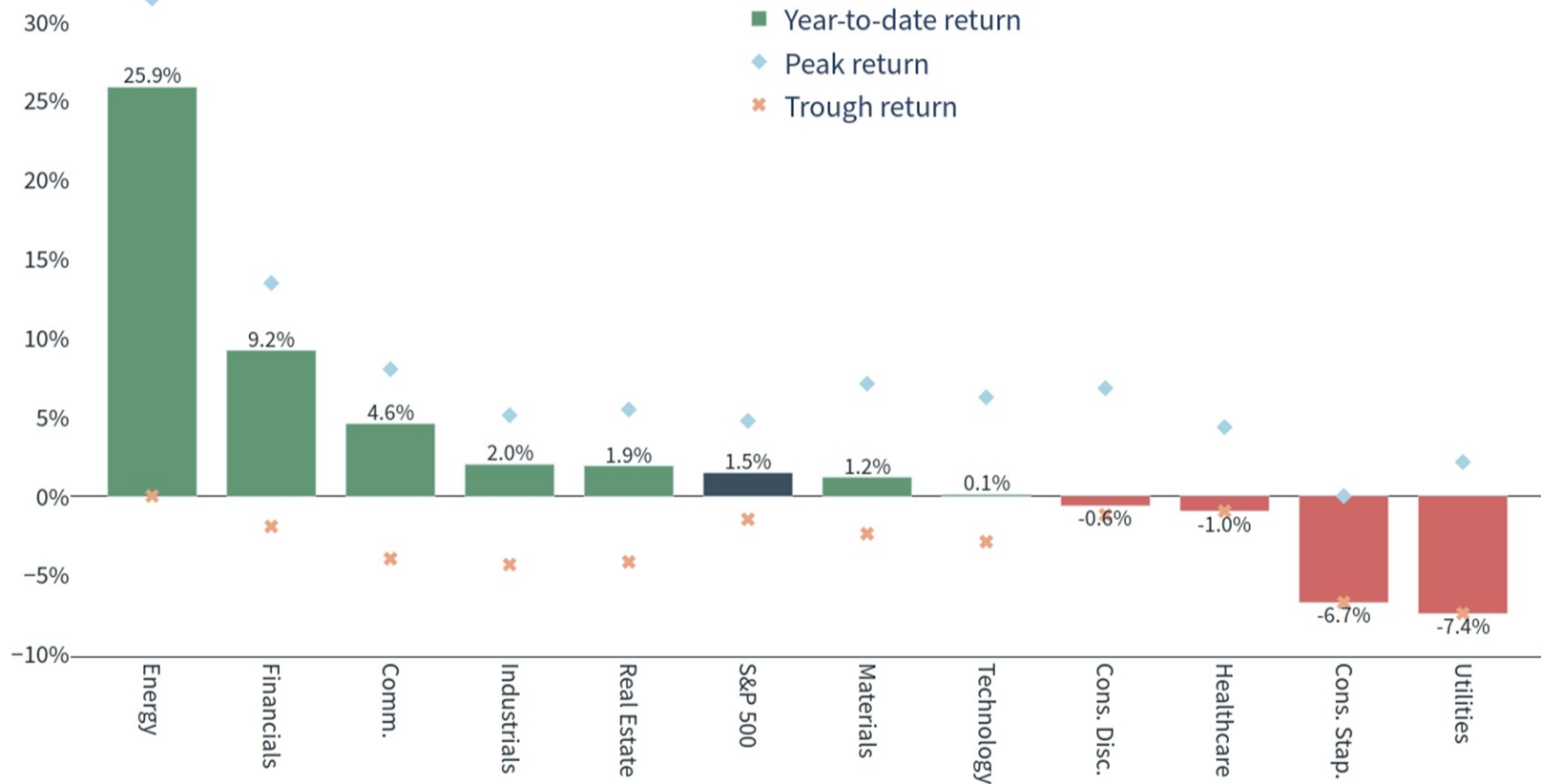


Latest data point is Feb 26, 2021

- This chart shows the S&P 500 index alongside its trailing 12 months earnings-per-share.
- Over the long run, the stock market tends to follow earnings. If earnings are rising, investors are willing to pay more per share.
- Earnings, in turn, tend to track economic growth. Thus, a healthy economy tends to result in a rising stock market.

Sector Returns – Year-to-Date

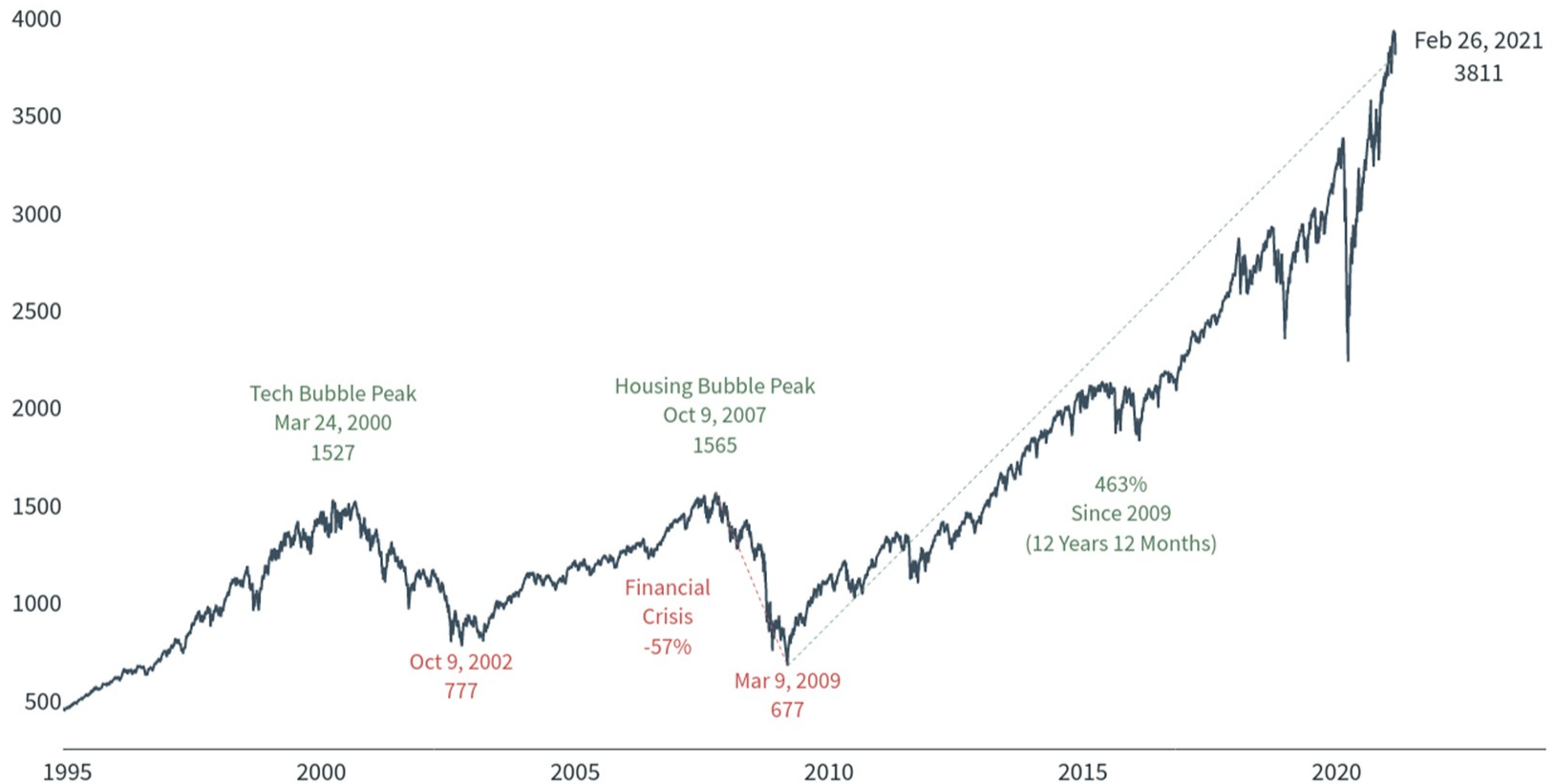
S&P 500 sector year-to-date, peak and trough returns



- Stock market sectors have performed differently from one another throughout the pandemic.
- Technology-driven sectors initially led the pack while energy and some consumer sectors trailed.
- Most investors should continue to benefit from broad diversification across sectors and industries.

Stock Market Cycles

S&P 500 Index since 1995



Latest data point is Feb 26, 2021

- The last bull market lasted 11 years until the COVID-19 pandemic. The market has recovered quickly since March 2020 as well.
- Bull markets are often driven by economic growth, rising corporate earnings and interest rates.
- Overcoming emotions and staying invested is one of the most important principles of investing across all cycles.

Source: Standard & Poor's

Global Stock Market Cycles

S&P 500, MSCI EAFE, and MSCI EM. Prior 2 cycles, since 2003



Latest data point is Feb 26, 2021

- Global markets have performed well over the past two market cycles, despite recent volatility.
- However, it is clear that each market behaves in unique ways. EM is historically the most volatile of the three regions.
- Investors who stay disciplined have historically been rewarded over the long run.

Source: MSCI, Standard and Poor's,
Refinitiv

© 2021 Clearnomics, Inc.

Stock Market Valuations

S&P 500 Index valuations today, one year ago, and ranges since 2003



Latest data point is Feb 23, 2021

- U.S. stock valuations have become expensive as earnings estimates have fallen due to the pandemic.
- Valuations are at their most expensive level in years. However, earnings are expected to recover by the end of 2021.
- Investors should remain properly diversified both in the U.S. and abroad due to valuation differences.

Source: Refinitiv

Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

Clearnomics Disclosures

Copyright (c) 2021 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via www.clearnomics.com or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

Townsend Asset Management Corp. Disclosures

This material has been prepared by a third party (Clearnomics Inc.) that is unaffiliated with Townsend Asset Management Corp. and is provided for informational purposes only. The opinions expressed are those of Clearnomics, Inc. as of the date of publication and may not represent the views of Townsend. It should not be considered a recommendation to purchase or sell any particular security. Townsend has obtained permission to distribute this material. Townsend Asset Management Corp. is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about the firm can be found in its Form ADV Part 2, which is available upon request.