



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 4.38% in March, closing out the first quarter on a high note as investors rotated back into high-growth tech while weighing President Joe Biden's big infrastructure spending plan.
- Within the S&P, all 11 sectors posted positive returns. Utilities did best, returning 10.51%. Industrials followed, returning 8.91%. The Information Technology sector was the worst performer of the month and returned 1.69%.
- By market capitalization, small-caps (Russell 2000) returned 1.00%, large-caps (Russell 1000 Index), returned 3.78%, and mid-caps (Russell Mid Cap Index) returned 2.71%. Value stocks outperformed growth stocks across all capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., ended the month up 1.26%. Developed markets, represented by the MSCI EAFE Index, returned 2.30%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -1.51% in March.
- Within the ACWI ex-U.S. Index, eight out of 11 sectors posted positive returns. Utilities did best, returning 4.29%, followed by Consumer Staples, returning 4.22%. The Telecom sector was the worst performer, returning -3.11%.
- Within the ACWI ex-U.S. index, Canada performed best during the month, returning 4.94%. EM Asia was the worst-performing region during the month, returning -2.98%.

Fixed Income

- In March, rates continued to rise further out the curve. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) fell 1.25% and closed out its worst-performing quarter (-3.37%) since 1981. The 10- and 30-year treasuries rates rose 30 and 24 basis points (bps), respectively, during the month leading to the broad treasury index declining 1.54%. Credit spreads continued to tighten in corporate credit but slightly rise in securitized. Investment-grade (IG) corporates fell -1.72% for the second straight month. Agency CMBS (-1.21%) and EM sovereign debt (-1.33%) were also weak on rising rates.
- Within the IG credit spectrum, AAA-rated bonds returned -0.92%, AA-rated bonds returned -1.57%, A-rated bonds returned -1.86%, and BBB-rated bonds returned -1.49%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, returned 0.15% in March, as CCC-rated debt continues to absorb rate hikes amid a rosier default outlook.
- Yields continued to rise across the U.S. Treasury Yield curve during the month of March.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs) represented by FTSE NAREIT index rose 4.57% in March. Performance was positive in all nine real estate sectors. Industrial did best, returning 7.30%. The worst performing REIT sector of the month was Lodging/Resorts, returning 0.38%.
- The active contract for West Texas Intermediate (WTI) crude decreased to \$59.16/barrel in February from \$61.50/barrel at the end of February. Fresh lockdowns in Europe stoked fuel consumption fears and a pessimistic demand outlook from OPEC and its allies ahead of their meeting to decide on production curbs.

Items to Watch

- The U.S. COVID-19 vaccine push got another boost earlier this month when President Biden announced that all Americans will be eligible for the vaccine by April 19, speeding up a timeline he set out last month. The U.S. has surpassed 150 million shots since Biden took office. Public-health researchers caution, however, that the pandemic is far from over. Officials have cited reasons for concern about the spread of new, highly transmissible variants, along with an increase in travel and looser restrictions in several states.
- Last year, the Federal Reserve (Fed) moved to a new inflation policy, where it would tolerate a range for inflation on both sides of its target of 2%. The Fed will have to defend its zero-interest-rate policy and its bond purchasing program as a whole wave of data shows a big jump in economic activity and inflation, which could rise well above 2%, at least temporarily.
- Job growth boomed in March at the fastest pace since last summer, as stronger economic growth and an aggressive vaccination effort contributed to a surge in hospitality and construction jobs. Non-farm payrolls increased by 916,000 for the month while the unemployment rate fell to 6%.
- The Ever Given, the massive container ship that was horizontally wedged in the Suez Canal blocking off all traffic for nearly a week, will impact trade for months to come. Around 12% of global trade passes through the Suez Canal. Lloyd's List estimates that more than \$9 billion worth of goods pass through each day. An example of that is an ongoing chip shortage that's hindering global car production. Microchip scarcity is impacting everything from video games to cars.

Total Return of Major Indices as of 03/31/21

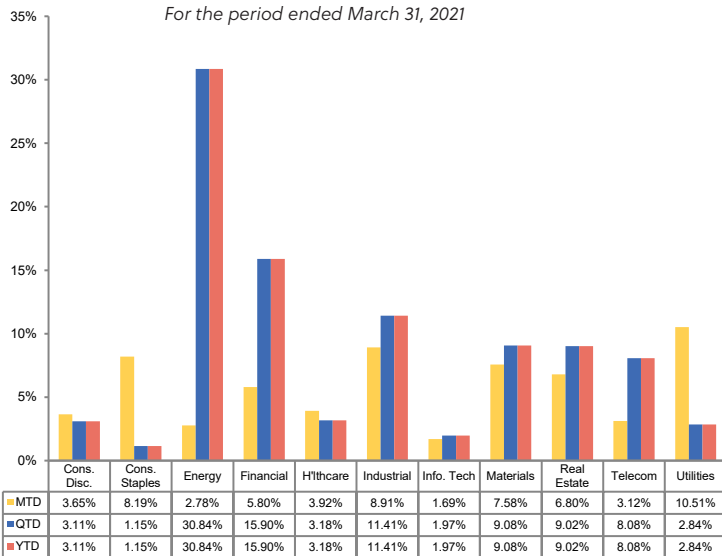
| Domestic Equity | MTD | QTD | YTD | 1 YR |
|-------------------------------|--------|--------|--------|--------|
| S&P 500 | 4.38% | 6.17% | 6.17% | 56.33% |
| Russell 3000 | 3.58% | 6.34% | 6.34% | 62.51% |
| Russell 2000 | 1.00% | 12.69% | 12.69% | 94.82% |
| Russell 1000 | 3.78% | 5.90% | 5.90% | 60.57% |
| International Equity | MTD | QTD | YTD | 1 YR |
| MSCI ACWI ex-U.S. | 1.26% | 3.49% | 3.49% | 49.41% |
| MSCI EAFE | 2.30% | 3.48% | 3.48% | 44.57% |
| MSCI Emerging Markets | -1.51% | 2.29% | 2.29% | 58.39% |
| Fixed Income | MTD | QTD | YTD | 1 YR |
| Bloomberg Barclays U.S. Agg | -1.25% | -3.37% | -3.37% | 0.71% |
| Bloomberg Barclays Global Agg | -1.92% | -4.46% | -4.46% | 4.67% |
| Bloomberg Barclays U.S. HY | 0.15% | 0.85% | 0.85% | 23.72% |
| Alternatives | MTD | QTD | YTD | 1 YR |
| FTSE NAREIT Equity | 4.57% | 8.87% | 8.87% | 37.78% |
| Bloomberg Commodity | -2.15% | 6.91% | 6.91% | 34.90% |

Economic Indicators

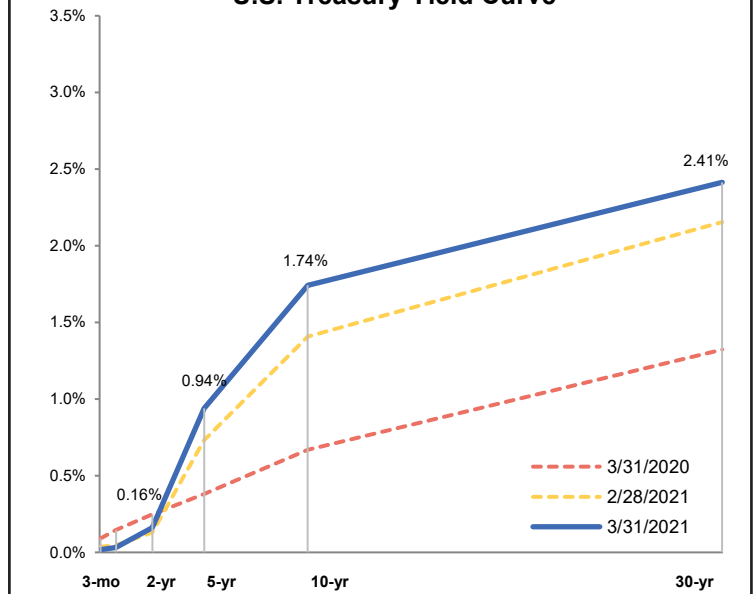
| Domestic | Current | Previous Month |
|--|------------|----------------|
| Unemployment Rate (%) | 6.0% | 6.2% |
| Initial Jobless Claims (4 week average) | 719 K | 729.5 K |
| CB Leading Economic Indicators | 0.2 | 0.5 |
| Capacity Utilization | 73.8% | 75.5% |
| GDP (annual growth rate) | 4.3% | 33.4% |
| University of Michigan Consumer Confidence | 84.9 | 76.8 |
| New Home Starts | 775 K | 948 K |
| Existing Home Sales | 6.2 MM | 6.7 MM |
| Retail Sales (YoY) | 5.5% | 8.2% |
| U.S. Durable Goods (MoM) | -1.2% | 3.6% |
| Consumer Price Index (YoY) | 1.7% | 1.4% |
| Producer Price Index (MoM) | 1.5% | 1.1% |
| Developed International* | 12/31/2020 | 9/30/2020 |
| Market GDP (annual rate) | -2.3% | -0.5% |
| Market Unemployment | 7.6% | 7.9% |

Stock Market Sector Performance (S&P 500)

For the period ended March 31, 2021

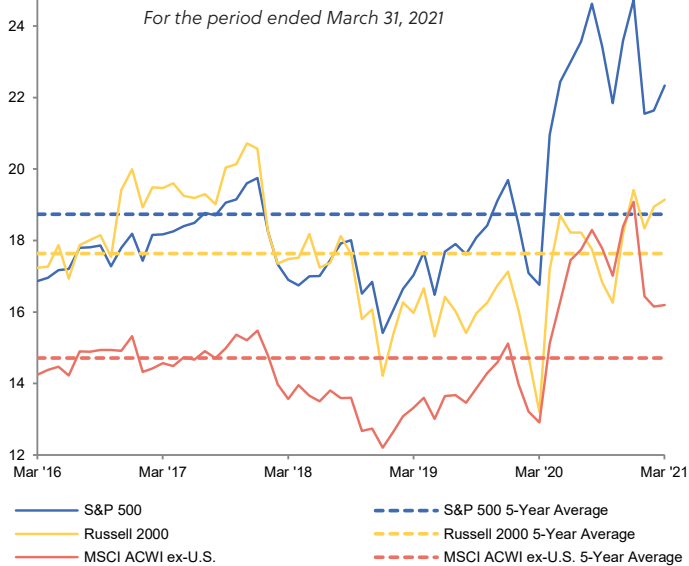


U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended March 31, 2021



Source: Bloomberg. Data as of March 31, 2021, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of December 31, 2020 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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