

Q1 2021

WEALTH SOLUTIONS CAPITAL MARKETS REVIEW

INDEX		PERIOD ENDING MARCH 31, 2021				
U.S. Equity Markets	Qtr	YTD	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return
S&P 500 TR USD	6.17	6.17	56.35	16.78	16.29	13.91
Russell 3000 TR USD	6.35	6.35	62.53	17.12	16.64	13.79
Russell 3000 Value TR USD	11.89	11.89	58.38	10.99	11.87	10.91
Russell 3000 Growth TR USD	1.19	1.19	64.31	22.39	20.87	16.35
Russell 2000 TR USD	12.70	12.70	94.85	14.76	16.35	11.68
Russell 1000 TR USD	5.91	5.91	60.59	17.31	16.66	13.97
Non-U.S. Equity Markets						
MSCI ACWI Ex USA NR USD	3.49	3.49	49.41	6.51	9.76	4.93
MSCI EM NR USD	2.29	2.29	58.39	6.48	12.07	3.65
Fixed Income						
BBgBarc US Agg Bond TR USD	-3.37	-3.37	0.71	4.65	3.10	3.44
BBgBarc US Treasury US TIPS TR USD	-1.47	-1.47	7.54	5.68	3.86	3.44
Real Assets/Natural Resources						
DJ US Select REIT TR USD	10.00	10.00	36.66	7.55	3.94	7.89
S&P North American Natural Resources TR	19.44	19.44	72.43	-1.49	2.29	-2.26

Past performance is not a guarantee of future results.



**GDP (LAGGING
INDICATOR)**

Q4 2020 (Third Estimate)
Increased at annual rate
of 4.3%



**EXISTING
HOME SALES**

Through February 2021
Decreased by 6.6%



**UNEMPLOYMENT
RATE**

Through March 2021
Decreased to 6.0%
(seasonally adjusted)



**CONSUMER
PRICE INDEX**

February 2021
Increased by 0.4%
(seasonally adjusted)

COMMENTARY

The U.S. equity market advanced 6.3% during the quarter. Progress in the distribution of COVID-19 vaccines supported U.S. equities in the period, as the prospects of the economy fully reopening boosted investor confidence. The passage of a third stimulus bill further aided U.S. stocks in the period, despite some concern of rising inflation.

Value stocks outperformed growth stocks for the second consecutive quarter. The continued rebound was due to increases in interest rates, commodity prices, and continued optimism for more economically sensitive companies, which are primarily in value-oriented sectors.

Small-cap stocks outperformed both the mid- and large-cap segments of the market in the quarter. All capitalization segments of the market posted strong returns in the one-year period, with small-cap stocks outperforming mid- and large-cap stocks by 21.2 and 38.4 percentage points, respectively.

The energy and financial sectors posted the strongest returns for the second consecutive quarter. The technology sector had the weakest return in the quarter, as higher interest rates typically impact higher-growth companies more negatively than companies with lower growth expectations.

Foreign stocks returned 3.5% in the quarter as declining COVID-19 infection rates and expanding distribution of COVID-19 vaccines supported expectations for greater global economic growth. Continued fiscal and monetary support from governments and central banks also contributed to strong returns.

The U.S. dollar appreciated by over 2% against most major currencies during the quarter, detracting from returns of foreign stocks for U.S.-based investors. Value stocks outperformed growth stocks in the quarter. Continental Europe returned 3.5% in the quarter, despite lower vaccination rates relative to the U.S. and U.K. due to availability and safety concerns.

Japan's 1.6% return in the quarter trailed other developed market equity returns, largely due to the negative impact from currency. Emerging-markets equities increased 2.3% in the quarter. A pickup in global economic activity and rising commodity prices generally aided emerging-markets performance, while a stronger U.S. dollar and slow vaccination rollouts negatively impacted emerging markets during the quarter.

Preliminary estimates from a subset of core real estate managers indicate a positive return for the quarter. Over the last year, industrial and multifamily properties have performed better than holdings within the office and retail segments of the market.

The U.S. fixed income market declined 3.4% in the quarter. Interest rates rose during the quarter as investors anticipated higher levels of economic growth associated with the U.S. economy reopening. Additional government borrowing for stimulus packages and a potential increase in inflation also added upward pressure on interest rates.

"The investor of today does not profit from yesterday's growth."

— Warren Buffett

The 10-year Treasury yield increased from 0.93% to 1.74% during the quarter. These interest rate pressures resulted in U.S. government bonds declining 4.1% and U.S. investment grade bonds declining 4.5% for the quarter.

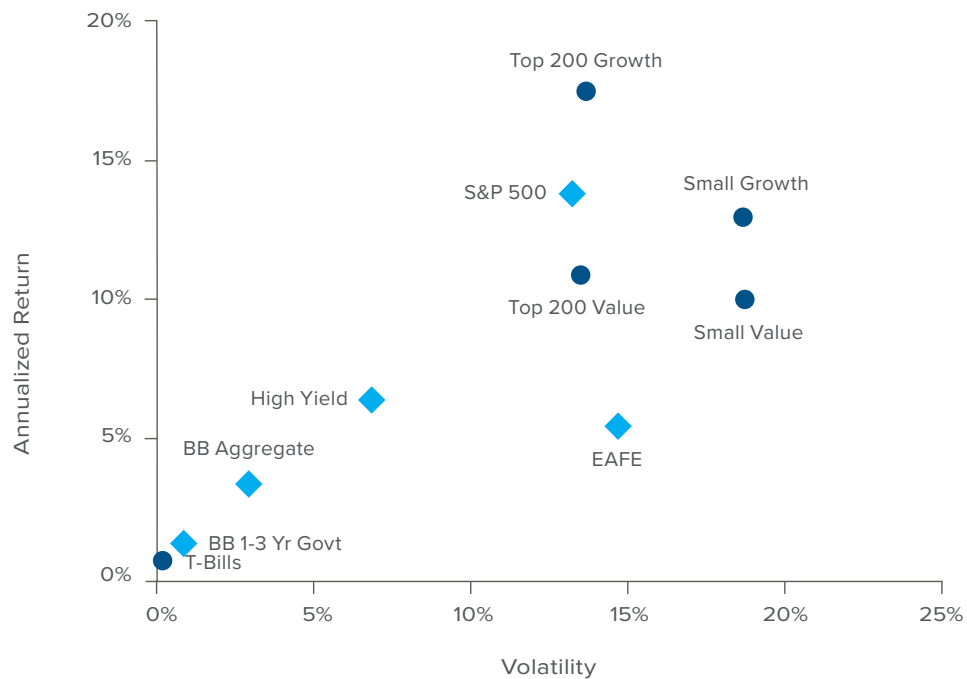
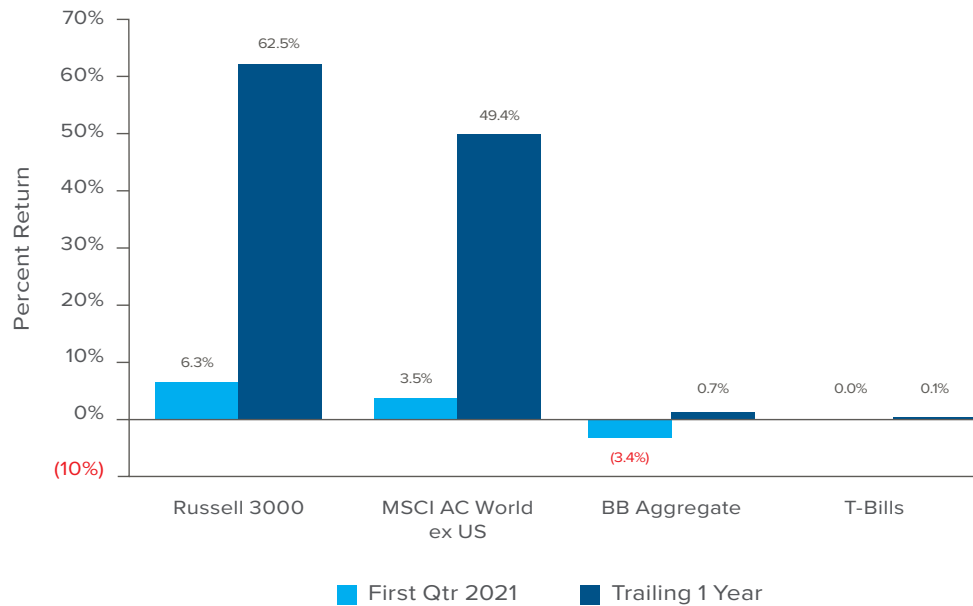
Non-investment grade corporate bonds rose 0.8% on the prospect for better economic conditions. Developed non-U.S. government bonds declined 2.4% in the quarter, but U.S.-based investors experienced a -6.4% return due to a stronger dollar.

Treasury inflation protected securities (TIPS) decreased 1.5%, which outperformed conventional Treasuries in the quarter as inflation expectations increased. The breakeven inflation rate implied in 10-year U.S. TIPS ended the quarter at 2.37%, versus 1.99% at the end of the prior quarter. The realized annual CPI was 1.6% through February 2021.



MAJOR CAPITAL MARKET RETURNS

U.S. Stocks—Russell 3000, Non-U.S. Stocks—MSCI AC World ex US,
Fixed Income—Barclays Aggregate, and U.S. Treasury Bills



Source of statistics not otherwise specifically cited within this newsletter: Strategic Capital Investment Advisors.

Definitions of the indexes shown here can be found at mfinwealth.com/index-and-statistics-definitions.

M Holdings Securities, Inc. makes no representation regarding the accuracy or completeness of information provided herein. This information has been taken from sources we believe to be reliable, but there is no guarantee as to its accuracy. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice. Nothing contained in this newsletter is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. Please consult with your attorney or tax advisor, as applicable.

All referenced indices are unmanaged and not available for direct investment. Past performance is not a guarantee of future results. The information and opinions expressed herein are for general and educational purposes only.

The S&P 500 Total Return is a commonly used measure of common stock performance of 500 leading companies in leading industries of the U.S. economy.

The Russell 3000 index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. It is market-capitalization weighted.

The Russell 3000 Value index measures the performance of the broad value segment of the U.S. equity value universe. It includes Russell 3000 index companies with lower price-to-book ratios and lower forecasted growth values. It is market-capitalization weighted.

The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes Russell 3000 index companies with higher price-to-book ratios and higher forecasted growth values. It is market-capitalization weighted.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity securities. It is a subset of the Russell 3000 index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.

The MSCI ACWI Ex USA Index captures large and mid-cap securities exhibiting overall growth style characteristics across 22 of 23 Developed Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, and long-term historical sales per share growth trend.

The MSCI Emerging Markets index measures the performance of the large and mid-cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

The Barclays Aggregate Bond index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.

The Barclays US TIPS index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L).

The DJ US Select REIT index measures the performance of publicly traded real estate investment trusts (REITs) and REIT-like securities. The index is a subset of the Dow Jones US Select Real Estate Securities Index (RESI). The index is designed to serve as proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

The S&P North American Natural Resources index measures the performance of U.S. traded securities that are classified under the Global Industry Classification Standard (GICS) energy and materials (sector) excluding the chemicals (industry) and steel (sub-industry).

SOURCES

GDP

› bea.gov/data/gdp/gross-domestic-product

Existing

› nar.realtor/research-and-statistics/housing-statistics/existing-home-sales

Unemployment

› bls.gov/news.release/empsit.toc.htm

Consumer Price Index

› bls.gov/news.release/cpi.toc.htm

Securities offered through M Holdings Securities, Inc., a Registered Broker/Dealer, Member FINRA/SIPC.
Financial Concepts Inc. is independently owned and operated.

To learn more, please contact:

Financial Concepts Inc.

(734) 214-9770

finconcepts.com

For Educational Purposes Only.

CONFIDENTIALITY NOTICE: This document is for the sole use of the intended recipient(s) and may contain confidential and privileged information.
Any unauthorized use, disclosure, or distribution is prohibited.

© Copyright 2021 M Financial Group. All rights reserved. #3542177.1 Expires 4/2023

M Financial Group | 1125 NW Couch Street, Suite 900 | Portland, OR 97209 | 503.238.1813 | fax 503.238.1815 | mfin.com