MARKET UPDATE
QUARTER 1, 2021

At this time last year, efforts to contain COVID-19 were widening beyond Asia and Europe and infection rates in the U.S. were accelerating rapidly. As a result, global equity markets had declined rapidly, entering a bear market. One year later, many global equity markets are reaching new highs, and optimism toward the future remains high with the continued acceleration of COVID-19 vaccinations, reassurance from the Fed of low-interest rates, and trillions of additional aid from the Federal government to many Americans.[i]

For the quarter, domestic large company stocks (S&P 500) increased 6.17% while small company stocks (Russell 2000) increased 12.70%, with value stocks faring better than growth stocks across all market capitalizations. The weakest sectors within the economy were technology and consumer staples, while energy and financials were stronger sectors by comparison.[ii]

The U.S. dollar appreciated against most major foreign currencies during the quarter. A decrease in value of the U.S. dollar enhances returns when investing in foreign securities while an increase in the dollar's value reduces returns for U.S. investors holding foreign securities. For the quarter, the MSCI EAFE Index (in U.S. dollars) increased 3.48% while the MSCI EAFE Index (in local currency) increased 7.59%.[ii]

The demand for U.S. Treasuries decreased sharply during the quarter, pushing yields much higher with lower bond prices (bond yields move inversely to bond prices). The yield on 10-year Treasury bonds started at 0.93% on January 4 and rose to 1.74% by quarter-end. For the quarter, the Barclays U.S. Aggregate bond index (a blended composite) decreased 3.37%.[ii]

On March 17, the Federal Open Market Committee maintained the target range for the federal funds rate of between 0% and 0.25%. With economic indicators remaining strong, employment improving recently, and inflation remaining below 2%, it does not appear that the Fed is likely to raise rates any time soon.[iii]

In a press release following the meeting, the Fed stated that "the ongoing public health crisis continues to weigh on economic activity, employment, and inflation, and poses considerable risks to the economic outlook." Recognizing this, the posture of the Fed remains to use "its full range of tools to support the U.S. economy in this challenging time, thereby promoting its maximum employment and price stability goals."[iv]

Taking the long view, we continue to believe diversified portfolios and disciplined investment strategies can continue to provide opportunities for those investors looking for growth.

I welcome your input, and as always, should you have any questions or concerns or if there is a change in your investment time horizon or financial circumstances, please contact me at your convenience.

Written by North Star Resource Group

AVERAGE ANNUAL RETURNS FOR PERIODS ENDING 3/31/2021						
INDEX	**1ST Q**	**YTD**	**1 YR**	**3 YRS**	**5 YRS**	**10 YRS**
S&P 500	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%
Russell 2000	12.70%	12.70%	94.85%	14.76%	16.35%	11.68%
MSCI EAFE (U.S. dollars)	3.48%	3.48%	44.57%	6.02%	8.85%	5.52%
Barclays US Aggregate Bond	-3.37%	-3.37%	0.71%	4.65%	3.10%	3.44%
BENCHMARK COMPOSITES	**1ST Q**	**YTD**	**1 YR**	**3 YRS**	**5 YRS**	**10 YRS**
Aggressive Growth	7.16%	7.16%	62.64%	13.72%	14.65%	11.34%
Growth	4.99%	4.99%	48.19%	12.17%	12.48%	9.91%
Conservative Growth	2.51%	2.51%	33.20%	10.46%	10.15%	8.43%
Income and Growth	0.38%	0.38%	20.90%	8.51%	7.75%	6.75%
Income	-1.61%	-1.61%	9.97%	6.94%	5.61%	5.36%

Source: Morningstar Direct

You cannot invest directly in an index. Past performance is not indicative of future results. The S&P 500 Index measures the performance of large-capitalization U.S stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. The weightings make each company's influence on the Index's performance directly proportional to the company's value. The Russell 2000 Index measures the total return of small-capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. These securities are traded on the NYSE, AMEX, and NASDAQ. Investments in smaller companies and micro-cap stocks generally carry a higher level of volatility and risk over the short term. The MSCI EAFE Index is the Morgan Stanley Capital International Index and is designed to measure the total return of the developed stock markets of Europe, Australia, and the Far East. Investment risks associated with international investing, in addition to other risks, include currency fluctuations, political and economic instability, and differences in accounting standards when investing in foreign markets. The Barclays US Aggregate Bond Index is a market-weighted index that includes U.S. government, corporate, and mortgage-backed securities, rated investment grade or higher, with maturities up to 10 years. The Benchmark Composite returns are a weighted average of index data comprised in the following manner. Aggressive Growth is 45% S&P 500, 25% Russell 2000, and 30% MSCI EAFE. Growth is 35% S&P 500, 20% Russell 2000, 25% MSCI EAFE and 20% Barclays US Aggregate Bond. Conservative Growth is 30% S&P 500, 10% Russell 2000, 20% MSCI EAFE and 40% Barclays US Aggregate Bond. Income and Growth is 20% S&P 500, 5% Russell 2000, 15% MSCI EAFE and 60% Barclays US Aggregate Bond. Income is 15% S&P 500, 5% MSCI EAFE and 80% Barclays US Aggregate Bond. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any funds or stocks in particular, nor should it be construed as a recommendation to purchase or sell a security. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. Neither asset allocation nor diversification guarantee against loss. They are methods used to manage risk. Tracking Number 33519262/ DOFU 4-2021

[i] Otani, A., "Investors Embraced Big Risks In a Wild Quarter for Trading" Wall Street Journal, April 2021: A1
[ii] Morningstar Direct
[iii] Wesbury, B., Stein, R., Elass, S., and Opdyke, A., "The Fed Speaks Softly, But Carries Some Big Numbers", https://www.ftportfolios.com/Blogs/EconBlog/2021/3/17/the-fed-speaks-softly,-but-carries-some-big-numbers, Accessed 1 April 2021.
[iv] Federal Reserve press release, federalreserve.com, https://www.federalreserve.gov/monetarypolicy/files/monetary20210317a1.pdf, Accessed 1 April 2021.