

# PERFORMA



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Q1 2021

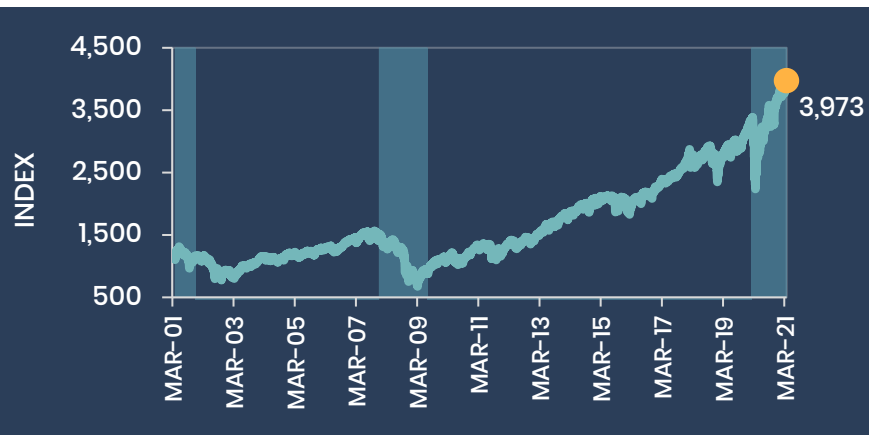
**QUARTERLY MARKET UPDATE**

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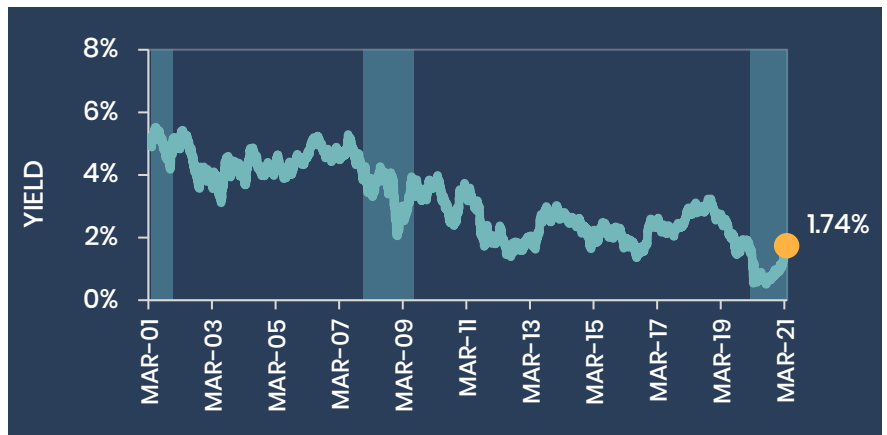
# QUARTERLY MARKET UPDATE

## MARKET PERFORMANCE | 20 YEARS THROUGH Q1 2021

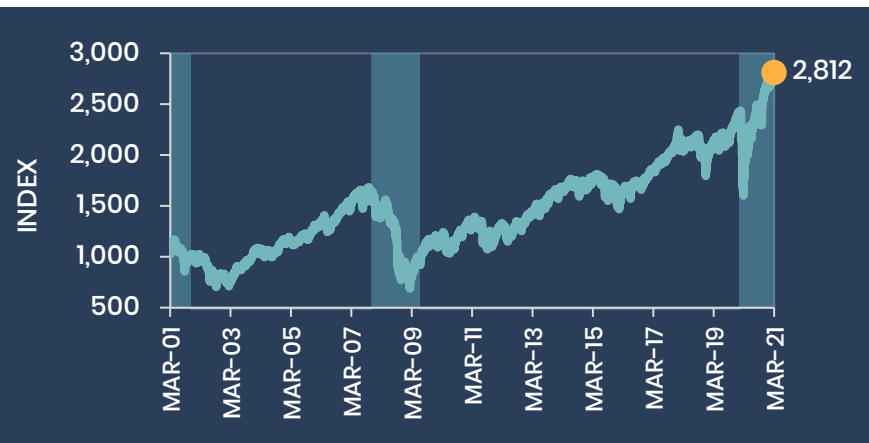
### U.S. EQUITIES | S&P 500



### RATES | 10-YR U.S. TREASURY YIELD




### GLOBAL EQUITIES | MSCI WORLD



### COMMENTS

- THE S&P 500 RETURNED 6.17% FOR THE QUARTER AND IS NOW UP 56.33% FOR THE TRAILING YEAR.
- THE YIELD ON 10-YR U.S. TREASURIES INCREASED 83 BASIS POINTS (BPS) DURING THE QUARTER AND IS UP 107 BPS FOR THE TRAILING YEAR.
- THE MSCI WORLD INDEX RETURNED 5.04% FOR THE QUARTER AND IS NOW UP 54.83% FOR THE TRAILING YEAR.

 = RECESSION

# QUARTERLY MARKET UPDATE

## MARKET PERFORMANCE | Q1 2021

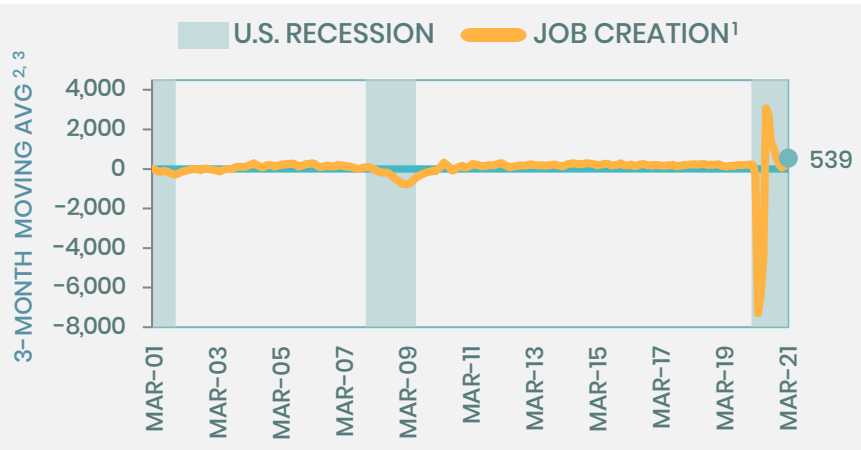
	MACRO			FIXED INCOME			EQUITY			
TIME PERIOD	US\$ <sup>1</sup>	10-YR U.S. TREASURY (BPS)	OIL <sup>2</sup>	CASH <sup>3</sup>	INTERMEDIATE GOV/CREDIT <sup>4</sup>	HIGH YIELD <sup>5</sup>	S&P 500	MSCI WORLD	RUSSELL 2000	RUSSELL 3000
QTD	3.66%	83	21.93%	0.02%	-1.86%	0.81%	6.17%	5.04%	12.69%	6.34%
TRAILING 1-YR	-5.87%	107	188.87%	0.10%	2.01%	23.15%	56.33%	54.83%	94.82%	62.51%

- THE U.S. TREASURY CURVE BEAR STEEPENED IN Q1 AS LONG TERM INTEREST RATES ROSE AND THE FRONT-END OF THE CURVE REMAINED WELL-ANCHORED.
- THE U.S. DOLLAR HAD A SOLID QUARTER, WHILE OIL PRICES CLIMBED BACK TO PRE-PANDEMIC LEVELS.
- CONTINUED POLICY SUPPORT, ROBUST ECONOMIC ACTIVITY AND AN IMPROVING OUTLOOK PUT UPWARD PRESSURE ON INTEREST RATES, WHICH ACTED AS A HEADWIND FOR FIXED INCOME RETURNS DURING Q1.
- MEANWHILE, AFTER LAST YEAR'S UNEXPECTED RALLY, EQUITY MARKETS ENJOYED ANOTHER IMPRESSIVE QUARTER AS INVESTORS POSITIONED FOR THE NEXT LEG OF THE RECOVERY.

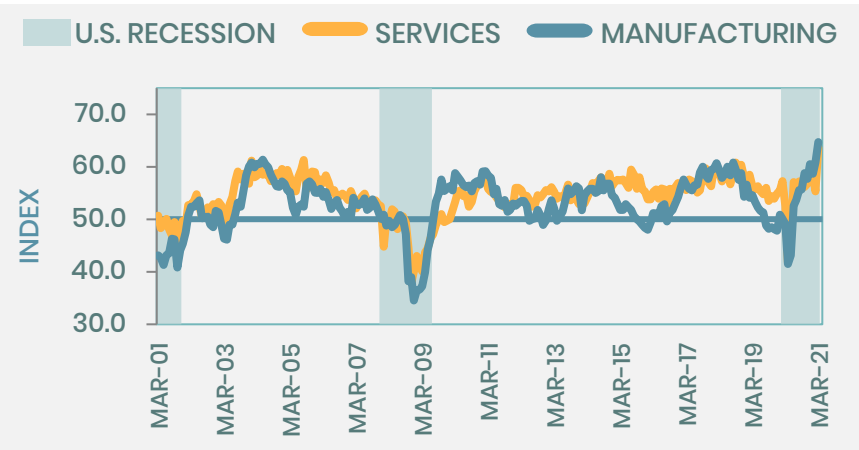
# QUARTERLY MARKET UPDATE

## ECONOMIC INDICATORS | 20 YEARS THROUGH Q1 2021

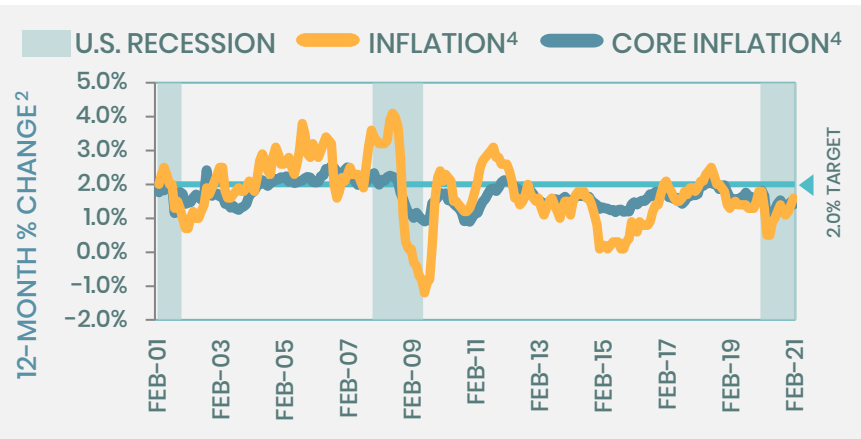
### LABOR MARKET | JOB CREATION



### ECONOMIC ACTIVITY | ISM SURVEYS



### INFLATION



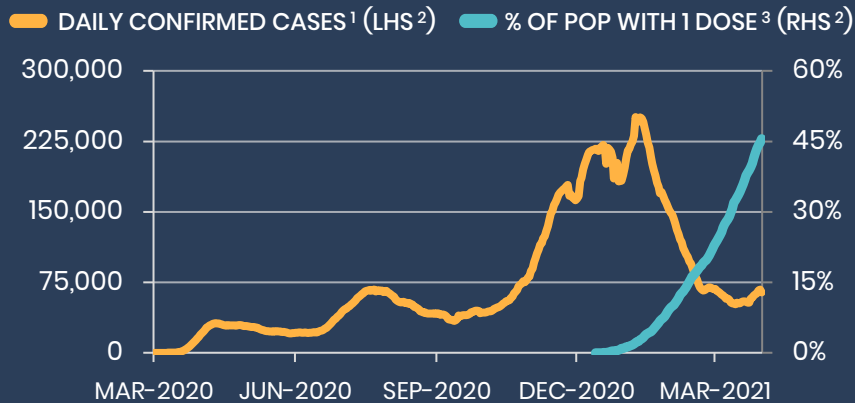
### COMMENTS

- AFTER STALLING IN LATE 2020 IN CONJUNCTION WITH THE VIRUS RESURGENCE, 1.6 MILLION JOBS WERE CREATED DURING THE FIRST QUARTER OF 2021.
- MANUFACTURING AND SERVICE SECTOR DATA ARE RUNNING AT LEVELS CONSISTENT WITH ROBUST ECONOMIC ACTIVITY.
- MEASURES OF INFLATION REMAINED TEPID IN THE FIRST QUARTER BUT WILL PICK UP IN THE COMING MONTHS.

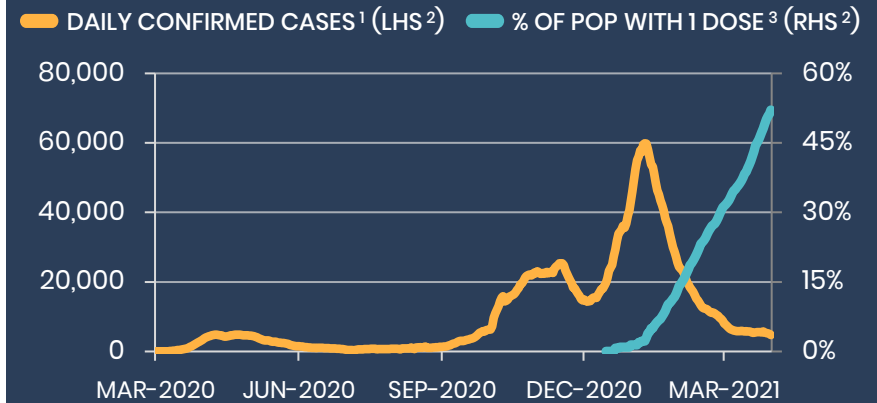
# QUARTERLY MARKET UPDATE

## NEW DAILY COVID CASES VS. DOSES ADMINISTERED AS % OF POPULATION

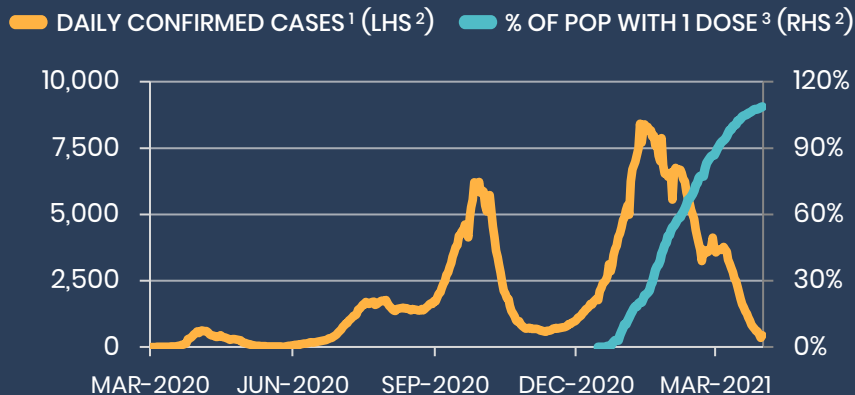
### UNITED STATES



### UNITED KINGDOM



### ISRAEL



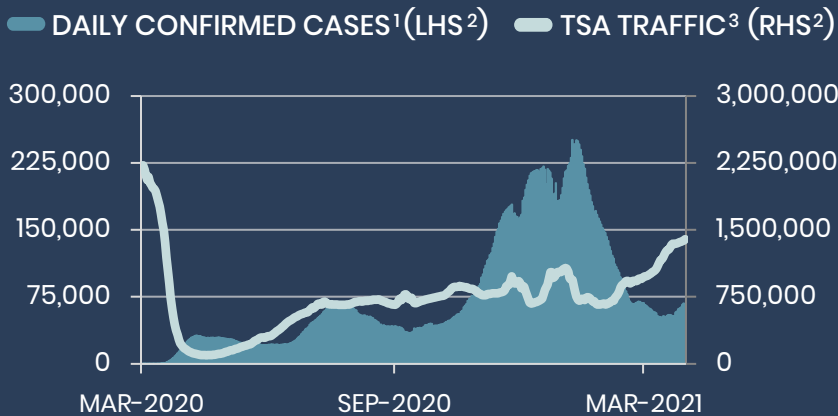
### COMMENTS

- U.S. CASES ARE WELL OFF THE RECENT PEAK BUT STARTED TO TREND SLIGHTLY HIGHER NEAR QUARTER END DESPITE THE VACCINATION ROLLOUT RUNNING WELL AHEAD OF SCHEDULE.
- THE U.K. IS AHEAD OF THE U.S. IN ITS VACCINATION PROGRAM AND THEIR NEW CONFIRMED CASES CONTINUE TO TREND LOWER.
- ISRAEL IS LEADING THE WORLD IN ITS VACCINATION EFFORTS AND THE IMPACT ON NEW CONFIRMED CASES IS CLEAR.

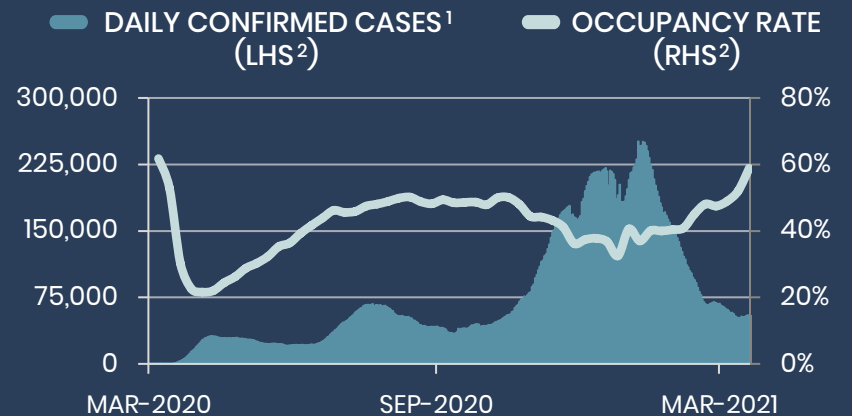
# QUARTERLY MARKET UPDATE

## TRACKING THE REOPENING | MARCH 2020 – MARCH 2021 HIGH FREQUENCY DATA

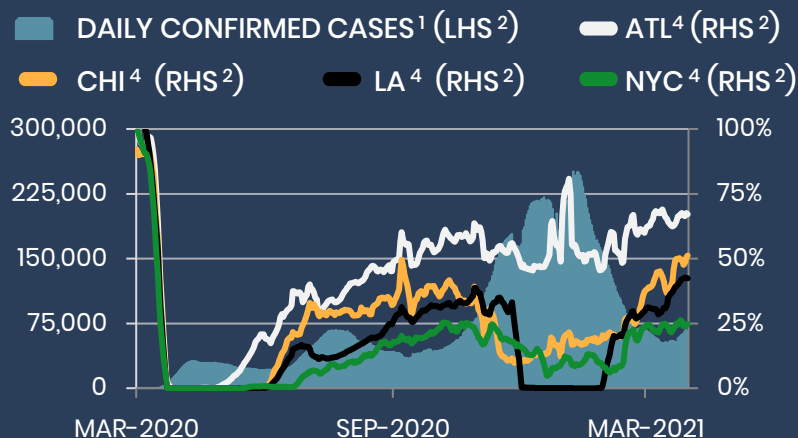
### U.S. AIR PASSENGER TRAFFIC



### U.S. HOTEL OCCUPANCY



### U.S. RESTAURANT RESERVATIONS



### COMMENTS

- WITH VACCINATION RATES UP, CASE COUNTS DOWN AND STATES REOPENING, WE HAVE SEEN A RENEWED WILLINGNESS ON THE PART OF THE U.S. CONSUMER TO REENGAGE.
- IN RECENT WEEKS, BOTH AIR PASSENGER TRAFFIC AND HOTEL OCCUPANCY RATES REACHED NEW PANDEMIC HIGHS.
- ADDITIONALLY, AFTER THE MOST RECENT WAVE OF COVID-19 CASES SUBSIDED, THERE HAS BEEN A PICK-UP IN RESTAURANT RESERVATIONS ACROSS MULTIPLE REGIONS.

SOURCE: BLOOMBERG, OPENTABLE | <sup>1</sup> NEW DAILY CONFIRMED COVID CASES 7-DAY MOVING AVERAGE <sup>2</sup> LHS: LEFT-HAND SIDE (AXIS) RHS: RIGHT-HAND SIDE (AXIS) <sup>3</sup> 7-DAY MOVING AVERAGE <sup>4</sup> PERCENT OF 2 YEARS PRIOR

# QUARTERLY MARKET UPDATE

## KEY THEME SUMMARY | Q1 2021

### 1. GLOBAL PANDEMIC

- OVER A YEAR INTO THE PANDEMIC, COVID-19 HAS NOW TAKEN MORE THAN 2.8 MILLION LIVES GLOBALLY.
- WITH GLOBAL CASE COUNTS STILL ON THE RISE, THE PANDEMIC IS FAR FROM OVER, DESPITE PROGRESS BEING MADE IN SOME COUNTRIES.
- THE ENCOURAGING DATA FROM COUNTRIES THAT ARE FURTHER ALONG IN THE VACCINATION PROCESS SUGGESTS THAT THERE IS A CLEAR LIGHT AT THE END OF THE COVID-19 TUNNEL.

### 2. ECONOMIC ACTIVITY

- U.S. ECONOMIC ACTIVITY REMAINED REMARKABLY RESILIENT THROUGH THE MOST RECENT SURGE IN COVID-19 CASES.
- WITH ANOTHER ROUND OF DIRECT PAYMENTS IN MARCH, DECLINING CASE COUNTS, RISING VACCINATION RATES AND SOLID JOB CREATION, CONSUMER SENTIMENT HAS REBOUNDED FROM THE PRIOR PANDEMIC LOWS.
- WE CONTINUE TO EXPECT TO SEE ROBUST ECONOMIC ACTIVITY DURING 2021, AIDED BY EFFECTIVE VACCINES AND CONTINUED POLICY SUPPORT.

### 3. INFLATION

- INFLATION WILL BE A KEY MARKET FACTOR AS WE MOVE INTO THE SPRING AND EARLY SUMMER.
- WE EXPECT INFLATION TO INCREASE IN THE MONTHS AHEAD THANKS TO FAVORABLE BASE EFFECTS, SUPPLY CHAIN BOTTLENECKS AND A BROADER REOPENING OF THE U.S. ECONOMY.
- THERE IS POTENTIAL FOR FURTHER VOLATILITY IN FIXED INCOME MARKETS IF THE FED AND THE MARKET PERCEIVE INFLATION DYNAMICS DIFFERENTLY.

## DISCLAIMERS & CONTACT INFORMATION

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