BERMAN
CAPITAL ADVISORS

May 2021

Berman Capital Advisors
Market Views

Total Index Return	Apr-21	YTD 2021
S&P 500	5.3%	11.8%
Russell 1000 Growth	6.8%	7.8%
Russell 1000 Value	4.0%	15.7%
Russell Small Cap	2.1%	15.1%
MSCI EAFE (International)	3.0%	6.6%
MSCI Emerging Markets	2.5%	4.8%
US Aggregate Bond	0.8%	-2.6%
High Yield Bonds	1.1%	1.9%

Source: Factset Research;data through 4/30/2021
Note: Int'l market returns reported in U.S. Dollars

President Biden took center stage in April by releasing another trillion-dollar plan to the public and joint session of Congress. Fresh off the heels of the recently passed American Rescue Plan Act of 2021 and proposing the American Jobs Plan, the $1.8 trillion American Families Plan is the latest policy announcement to move the economy forward. The package focuses on reforming childcare, education, and paid family leave. It also includes a variety of tax cuts, along with support for nutrition.

As proposed, the numerous social programs within the plan will primarily be funded by tax reform. Increasing the top income tax rate and ending capital gains tax breaks are only a few points of contention within the political parties. If bipartisan support is to be achieved, expect negotiations and revisions to the plan in the coming months. This could have a significant impact to your family's finances and so it is a development we are monitoring closely.

Despite the growing threats from an increasing national budget deficit and above target inflation, the U.S. equity market continued to grind higher on the backs of strong earnings releases and economic data. The S&P 500 gained 5.3% in April, with all 11 sectors seeing positive returns during the month. Sector leadership was largely risk-on, with Real Estate finishing as the top performing sector, and all three defensive sectors underperforming the S&P 500 during the month. Energy, the best performing sector in Q1, has been the worst performing sector to begin Q2. The FAANG+ stocks finished April on a high note as stellar earnings from Apple, Facebook, and Amazon provided further confirmation of their resilience. Stocks in Europe lagged as GDP data showed the E.U. economy contracted by -0.6% quarter over quarter, while the Chinese government's increasing interest in regulating their large tech firms continue to weigh on EM equities.

The Federal Reserve Open Markets Committee (FOMC) decided to leave monetary policy unchanged after its two-day meeting that ended on April 28th. Fed Chair Jerome Powell reiterated that loose monetary policy continues to be needed as "we're 8.5 million jobs below where we were in February of 2020". Comments from the Fed Chair and the Treasury Secretary have assuaged investor inflation fears for the time being as the 10-year Treasury yield retreated a bit, ending at 1.63% for the month. Improving fundamentals should support the corporate bond market and high-yield defaults are expected to keep falling. We continue to prefer lower credit quality securities and maintain an underweight duration position relative to the benchmark.

U.S. gross domestic product grew at an annualized rate of 6.4% in the first quarter of 2021. GDP has now retraced roughly 96% of its pandemic-era decline. Personal income for March soared 21.1% due to household stimulus payments and the savings rate hit 27.6%, even more dry powder to fuel growth in the coming quarters. The collection of positive economic news keeps us bullish on the equity markets. While high equity valuations are typically a harbinger for poor long-term performance, the near-term outlook remains robust as the global economy continues to open and consumers maintain their appetite to spend.

Should you have any questions specifically related to your individual portfolio, please do not hesitate to reach out to your Wealth Advisor or the Research Team.

Allocation Views:

With interest rates rising, we remain positive on stocks overall and consider higher quality bonds more of a diversifier and ballast in a portfolio. We seek attractive risk-adjusted returns through alternative investment strategies that can provide further diversification to client portfolios.

Cross-Asset Views	Less Attractive			More Attractive	
US Equity			Δ		
International Developed			Δ		
Emerging Markets			Δ		
Corporate Bonds			Δ		
Treasury Bonds		Δ			
Municipal Bonds			Δ		
High Yield Bonds			Δ		
Opportunistic Credit			Δ		
Commodities			Δ		
Hedge Funds				Δ	

Source: Berman Capital Advisors as of 5/1/2021

Important Disclosures:

This information is for discussion purposes only and is being furnished on May 10, 2021. This information is not to be re-transmitted in whole or in part without the prior consent of Berman Capital Advisors. While all the information prepared in this presentation is believed to be accurate, Berman Capital Advisors makes no express warranty as to its completeness or accuracy nor can it accept responsibility for errors appearing in the presentation. No information provided herein shall constitute, or be construed as, an offer to sell or a solicitation of an offer to acquire any security, investment product or service, nor shall any such security, product or service be offered or sold in any jurisdiction where such an offer or solicitation is prohibited by law or registration.

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product will be profitable or be suitable for your portfolio or individual situation. Please contact BCA to discuss your individual situation.

*Berman Capital uses a variety of third-party data services for research and analysis. These include BCA Research, Ned Davis Research, Factset, Morningstar, among others. Berman Capital makes no express warranty regarding the accuracy or completeness of the data from these services.