MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / APRIL 2021

April Summary

April provided more evidence that the pace of the U.S. economic recovery is accelerating. A somewhat swift vaccine rollout has so far proven effective and newly reported COVID-19 cases continue to fall in the U.S. and across many other developed nations. Potential containment of the health crisis has contributed to improved economic data across the board. In particular, housing and manufacturing are bright spots and even beaten down sectors, such as travel and leisure, are showing encouraging signs. Forward optimism paired with elevated levels of government intervention has contributed to heightened asset prices for nearly all goods, physical or digital. While there are reasons to be more positive for the future, we remain in uncharted waters and the range of outcomes is elevated.

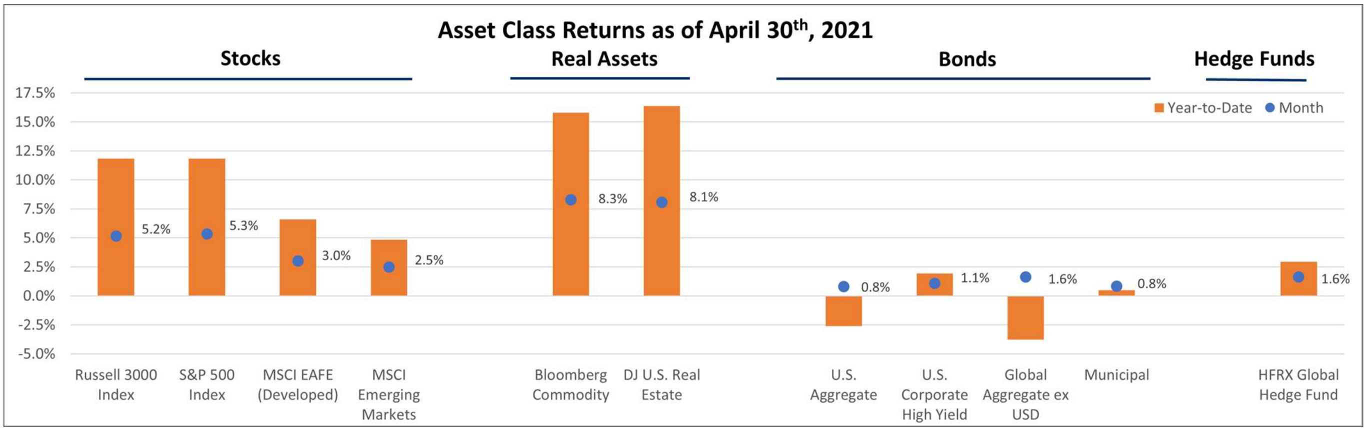
Much of the economic data reported over the past month exceeded expectations. Job growth has made an impressive recovery and the unemployment rate fell to 6% - a far cry from the pandemic peak of nearly 15%. The resilience of the labor market paired with a high level of savings from recent stimulative efforts has set the stage for heightened consumer confidence, which is likely to translate to elevated spending. This backdrop could lead to extraordinary levels of economic growth in the coming months as the country more fully reopens and pent-up demand is absorbed.

President Biden has so far demonstrated that he is willing to put forward impactful policy changes that will increase the scope and scale of the government for years to come. Not long after the $1.9 trillion American Rescue Plan was passed, the new administration introduced a $2.3 trillion American Jobs Plan and a $1.8 trillion American Families Plan. Much of the aid is aimed at lower and middle-income families, with wealthier individuals and/or corporations left with the tab. Details haven't been finalized but it's likely that taxes will be higher going forward, especially for high-earners. While government intervention has so far aided the recovery, the side effects of higher taxes and inflation could hinder growth in the future.

Risk assets have responded well to the current backdrop, with April being a particularly strong month for markets. Nearly all global equity markets rose, although large-caps generally bested small-caps and growth regained leadership over value as the rotation trade paused. That said, the opposite is true year-to-date. Most international equity markets lagged domestic stocks for both the month and so far this year. Despite losses earlier in the year, fixed income assets regained some ground last month as yields stabilized and spreads continued to grind to historic lows. The municipal market was resilient backed by strong inflows as investors priced in a greater likelihood for higher taxes. Hedge funds fell between most stock and bond markets while commodities and real estate were standout performers, reflecting surges in demand and still constrained supply. Prices for many natural resources and housing inputs, such as lumber, are hitting multi-decade highs with few signs of slowing down.

While the current outlook is dramatically better relative to a year ago, it's unclear that the worst risks are all behind us. The pandemic appears to be improving greatly in developed nations but is ravaging emerging markets like India, which increases the likelihood for new and potentially more dangerous strains that could impede a global recovery. Inflation pressures are firmly present and its yet to be seen if they are transitory or structural. Markets will also reach a point where they need to stand on their own footing beyond government aid. With lots of optimism already priced in, it's a time to ensure your portfolio is on course and to stay focused on long-term goals.

Market Data



Morningstar® & Hedge Fund Research, Inc.; Bond indices from Bloomberg Barclays

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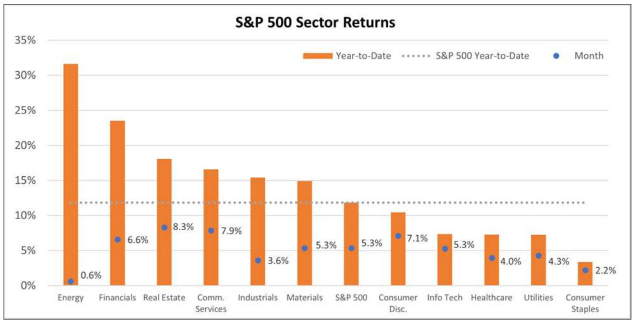
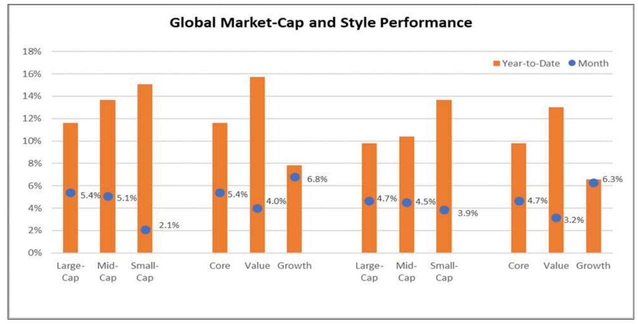
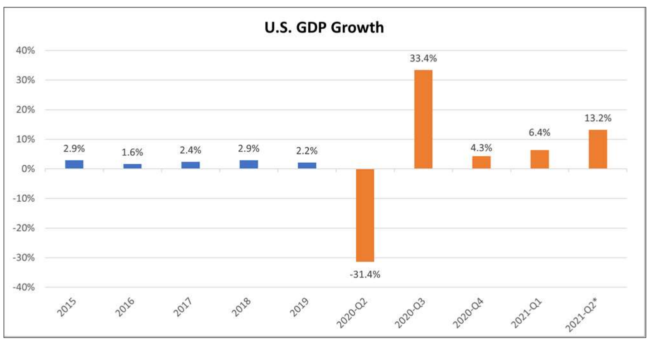


Bloomberg

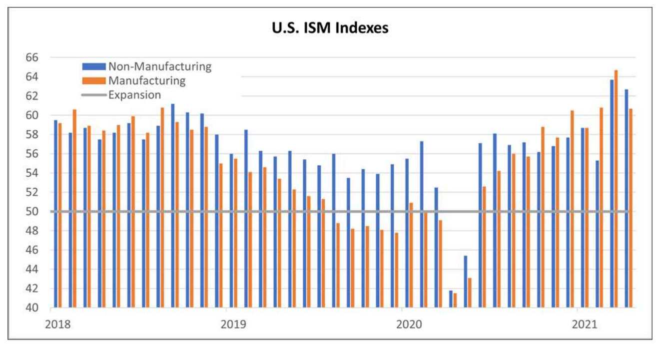


Bloomberg; U.S. indices from Russell and World indices from MSCI

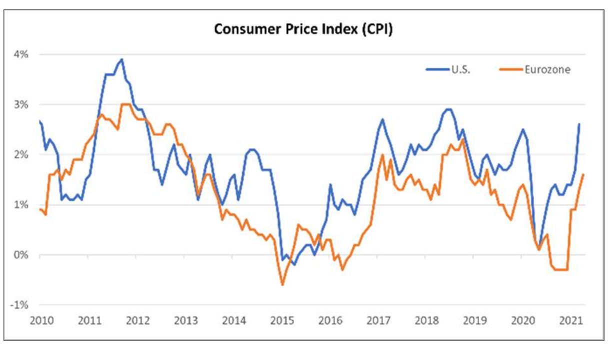
Economic Data



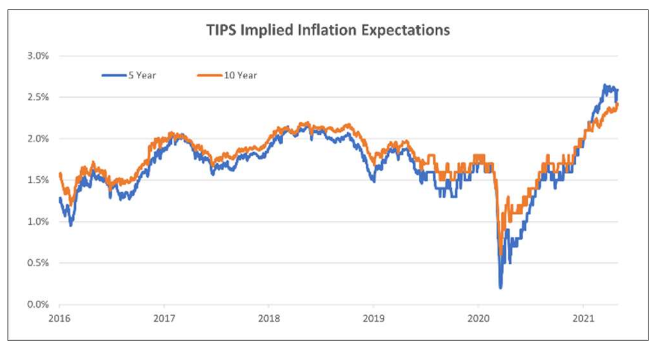
U.S. Department of Commerce,* Atlanta Fed GDP Now Estimate



Institute for Supply Management



U.S. Bureau of Labor Statistics



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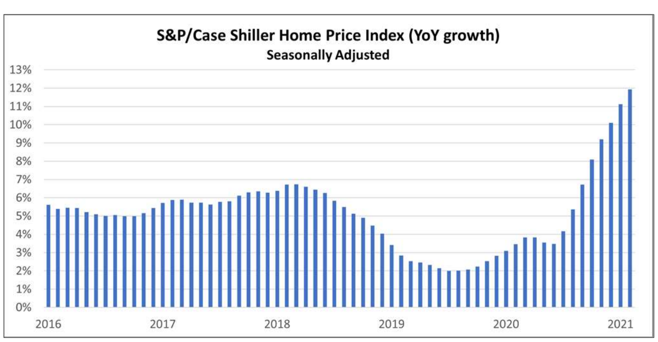
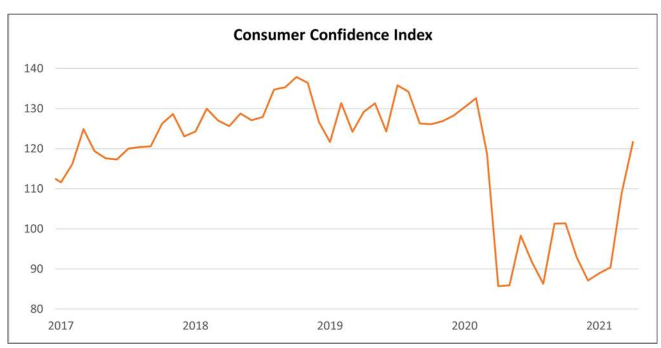
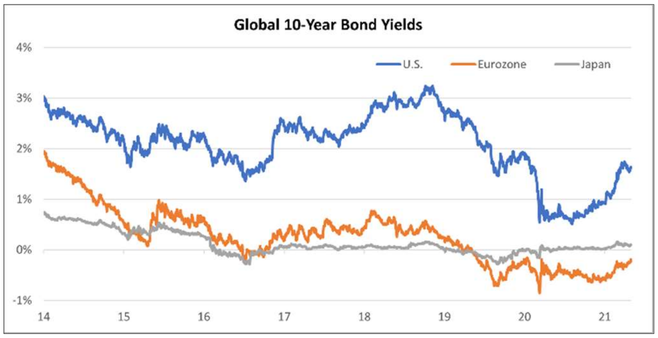


S&P/Case Shiller



Conference Board

Economic Data



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This commentary was written by Craig Amico, CFA®, CIPM®, Senior Investment Analyst, Noreen Brown, CFA®, Director of Portfolio Management and Steven Melnick, CFA®, Senior Investment Analyst at Summit Financial, LLC., an SEC Registered Investment Adviser (“Summit”), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. 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. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected; 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 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership; the S&P 500 Index is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of eleven different sectors; The MSCI All Country World Ex U.S. Index is a free float-adjusted market capitalization weighted Index that is designed to measure the equity market performance of global developed and emerging markets, excluding the U.S.; the MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of global developed markets, excluding the U.S. and Canada; the MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets; the Bloomberg Commodity Index measures the performance of an unleveraged, long-only investment in commodity futures that is broadly diversified and primarily liquidity weighted; The HFRI Fund of Funds Composite Index is an equally-weighted hedge fund of funds benchmark composed of many domestic and offshore constituent funds having at least $50 million under management or having been actively trading for at least 12 months. The underlying constituents include funds with multiple managers to provide a comprehensive representation of the hedge fund of funds investment space; the Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U.S.; the Bloomberg Barclays Global Aggregate Ex U.S. Index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities; the Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds; the CBOE Volatility Index is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. It is created by the Chicago Board Options Exchange (CBOE); the Dow Jones U.S. Real Estate Index measures the performance of real estate investment trusts (REITs) and other companies that invest directly or indirectly in U.S. real estate through development, management, or ownership, including property agencies; The FTSE Nareit US Real Estate Index Series is a comprehensive family of REIT-focused indexes that span the commercial real estate industry, providing market participants with a range of tools to benchmark and analyze exposure to real estate across the US economy at both a broad industry-wide level and on a sector-by-sector basis. Leading economic indicators (LEI) are statistics that precede economic events. They predict the next phase of the business cycle. The OECD Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend, continue to strengthen in most major economies. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. A Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less. The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy. The ISM Non-Manufacturing Index is an economic index based on surveys of more than 400 non-manufacturing (or services) firms' purchasing and supply executives. The Citi Economic Surprise Index measures the pace at which economic indicators are coming in ahead of or below consensus forecasts. When the index is negative, it means that the majority of reports are coming in below expectations, while a positive reading indicates that most data is coming in ahead of expectations. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss. Economic and market forecasts presented herein reflect our judgment as of the date of this presentation and are subject to change without notice. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. 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