Monthly Newsletter

KANDOR GLOBAL

April 2021

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.

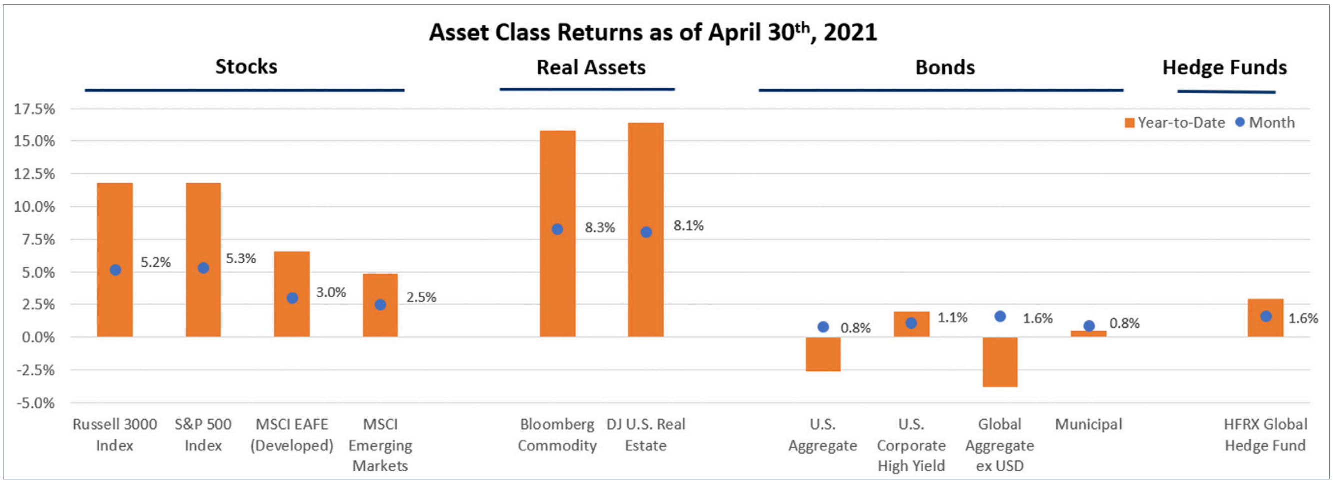
Much of the economic data reported over the past month exceeded expectations. Job growth has made an impressive recovery and the unemployment rate fell to 6% - a far cry from the pandemic peak of nearly 15%. The resilience of the labor market paired with a high level of savings from recent stimulative 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.

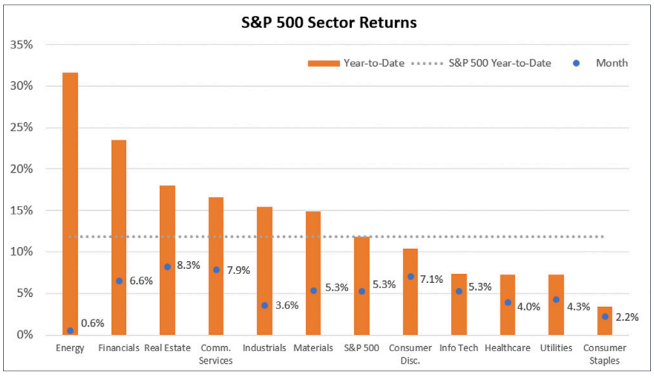
Risk assets have responded well to the current backdrop, with April being a particularly strong month for markets. Nearly all global equity markets rose, although large-caps generally bested small-caps and growth regained leadership over value as the rotation trade paused. That said, the opposite is 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.

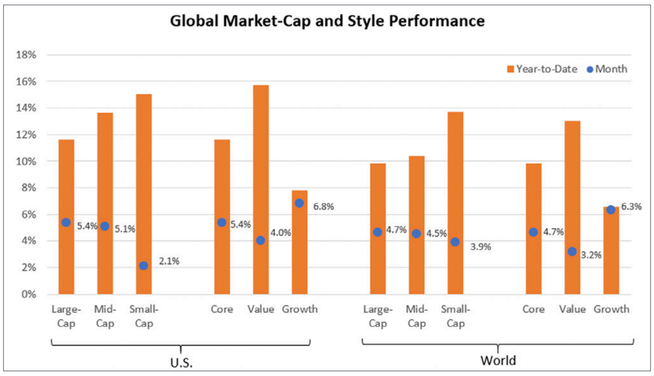
Market Data



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

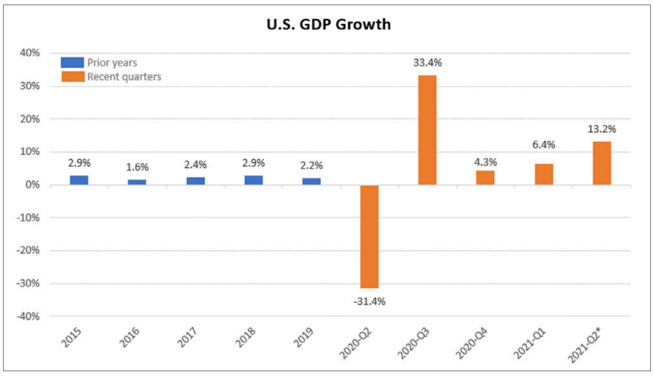


Bloomberg

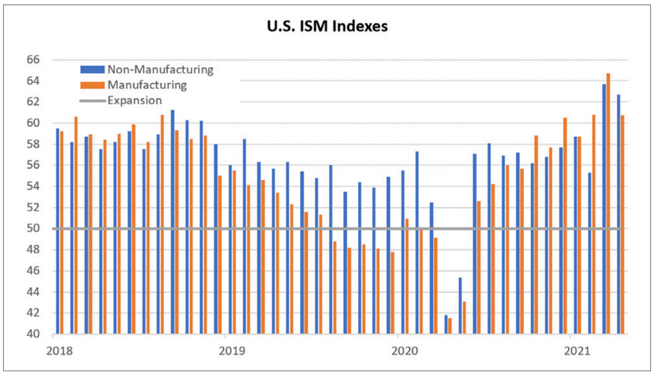


Bloomberg; U.S. indices from Russell and World indices from MSCI

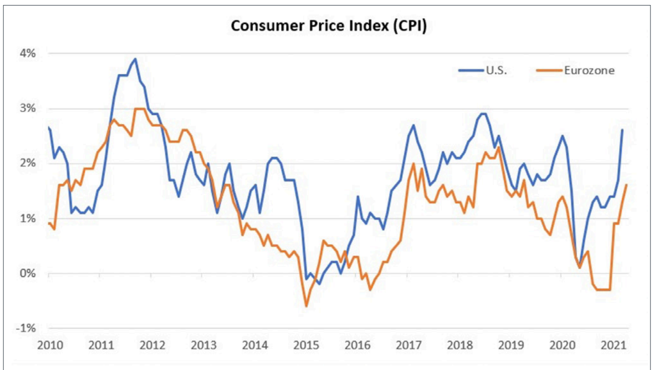
Economic Data



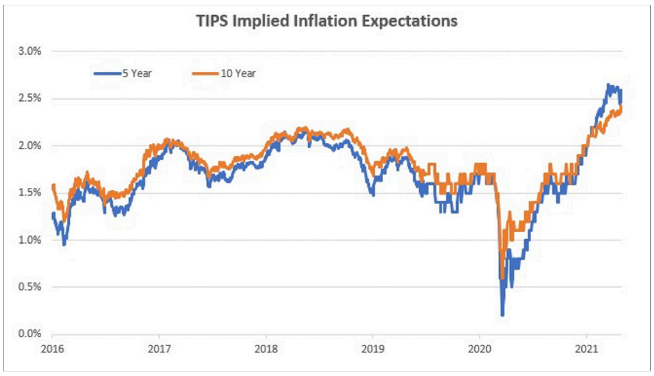
*U.S. Department of Commerce, * Atlanta Fed GDP Now Estimate*



Institute for Supply Management



U.S. Bureau of Labor Statistics



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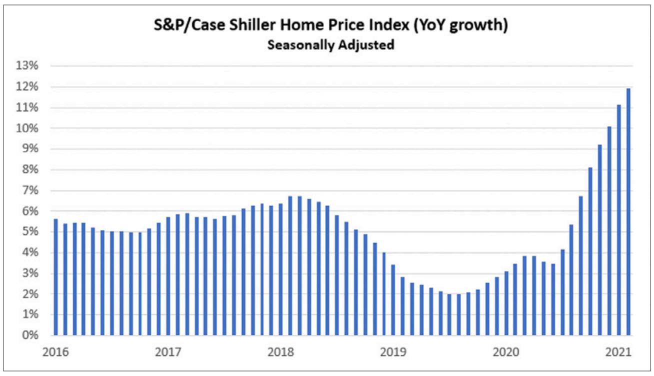
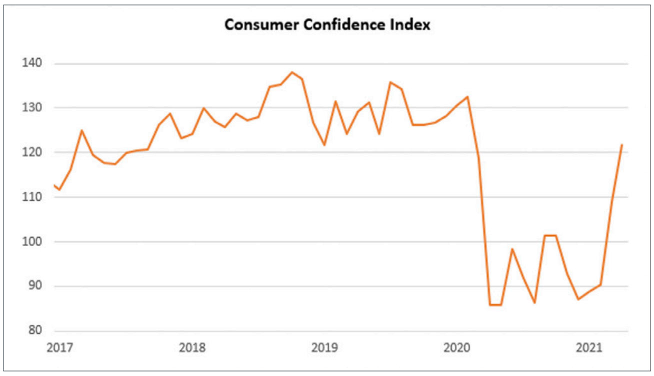
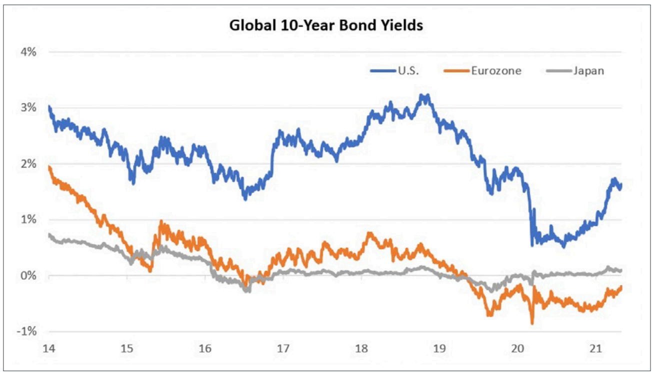


S&P/Case Shiller



Conference Board



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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 Sustainable Spotlight portion of this report is written and provided by Seeds Investor LLC ("Seeds"). Seeds is an SEC Registered Investment Advisor which is not affiliated with Summit. The market return chart returns are represented by the following indices: large cap value by Russell 1000 Value TR Index, large cap blend by Russell 1000 TR Index, large cap growth by Russell 1000 Growth TR Index, mid cap value by Russell Mid Cap Value TR Index, mid cap blend by Russell Mid Cap TR Index, mid cap growth by Russell Mid Cap Growth TR Index, small cap value by Russell 2000 Value TR Index, small cap blend by Russell 2000 TR Index, and small cap growth by Russell 2000 Growth TR Index, international developed by the MSCI EAFE NR USD Index, Emerging Markets by the MSCI EM NR USD Index, U.S. Aggregate Bond by the BBgBarc US Agg Bond TR USD Index, U.S. Municipals by the BBgBarc Municipal TR USD Index, and Corporate High Yield by the BBgBarc US Corporate High Yield TR USD Index. The Wilshire 5000 Total Market Index measures the performance of all U.S.-headquartered equity securities with readily available price data. The Standard & Poor's 500 Index (S&P 500) is an unmanaged group of securities considered to be representative of the stock market. The Russell 2000 Index is a market-cap weighted index comprised of the smallest 2,000 companies within the Russell 3000 Index, a larger market-cap index made up of the largest 3,000 publicly traded companies in the U.S., nearly 98% of the investable U.S. stock market. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI Europe Index captures large- and mid-cap representation across 15 Developed Markets countries in Europe, covering approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe. The MSCI Emerging Markets (EM) Index captures large- and mid-cap representation across 26 Emerging Markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Japan Index captures large- and mid-cap representation of the Japanese market, covering approximately 85% of the free float-adjusted market capitalization in Japan. 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-denominated securities. The Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. 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.

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