

The Journey

Spring has Sprung!

I have definitely enjoyed these past couple weeks of blue skies, flowering trees, and birds outside my window. Spring has always felt like a time of renewal to me. I think even more so this year than any other year I've felt the strongest desire to spring clean! Maybe it's because I've been looking at the same baseboard in my home office for over a year now...who knows? :)

When we think about spring and possibly a little spring cleaning, it's also important to not forget about "spring cleaning" your finances as well. It's a great time to review beneficiary designations, clean out old files, and check some of those things off your list that we all should do to improve our financial wellbeing.

If you have questions or need a little help with your financial "spring cleaning" please don't hesitate to reach out. Happy spring everyone!

Best,



President



Investing During Periods of Inflation

In August of 2020, the Fed announced that it is willing to allow inflation to run higher than normal in order to support the labor market and broader economy. This major policy shift allows inflation to run above the Fed's 2% goal for some time before the Fed would consider increasing short-term interest rates in an attempt to combat higher prices.¹

These robust changes to the Fed's long-standing inflation policy further illustrates the importance of understanding how inflation is reported and how it can affect your investments.

What Is Inflation?

Inflation is defined as an upward movement in the average level of prices. Each month, the Bureau of Labor Statistics releases a report called the Consumer Price Index (CPI) to track these fluctuations. It was developed from detailed expenditure information provided by families and individuals on purchases made in the following categories: food and beverages, housing, apparel,

Continued on Page 3.

Contact Us:

412-733-4016

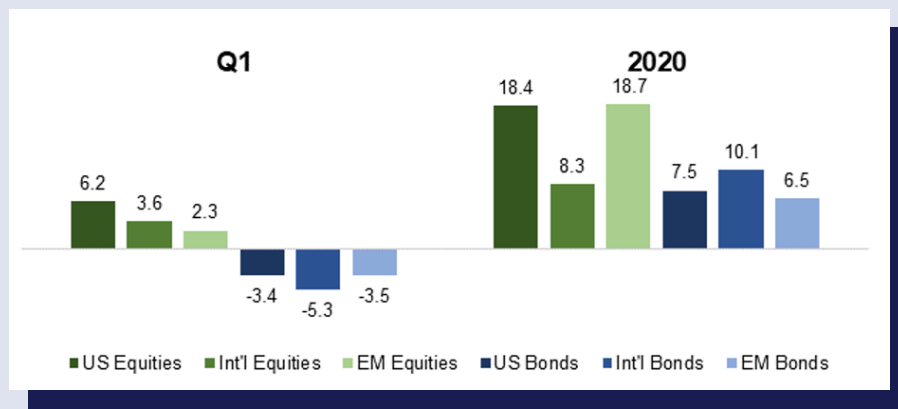
info@bridgerfinancialgroup.com | www.bridgerfinancialgroup.com

Follow Us:



Market Briefs: Trends in 2021

- The sentiment at the end of 2020 continued into the start of 2021 as the equity markets saw positive returns for the quarter. US markets led the way with dollar strength weakening the results seen from international markets as only two developed markets saw negative returns in local currency during the quarter.



Source: FactSet financial data and analytics

- Looking at the past 12 months following the bottom of the market crash on March 23, the S&P 500 saw a return of 56.4%, ranking it in the top 5 occurrences since 1925.^[i] Coming back from an oversold position the market was supported by extensive support from the Fed and fiscal stimulus along with the economy reopening with vaccine development.
- All sectors remained in positive territory for the quarter with results ranging from 30.9% for energy down to 1.2% for consumer staples.^[ii] Energy saw broad based strength leading to its second-best quarter since 1972, while re-openings across the country led to a shift in sentiment away from the stay at home trade. The rising interest rate environment helped lift financials to second spot with a return of 16.0%. Negative returns from some of the 2020 markets leaders, like Amazon, Apple, and Netflix drove to weaker returns for technology (2.0%).
- Value and small cap saw another quarter of strong double digit returns. Value outperformed growth by over 800 basis points across large, mid and small caps while small caps outperformed large caps by over 1200 basis points. Over the last six months small cap outperformed large caps by 36.2% points, which is the most on record since 1994.^[iii]
- Currency shifts impacted international returns as many developed countries outperformed the US in local currency terms. Emerging markets saw greatest weakest with Latin America returning -5.3% while five of the nine countries in Emerging Asia experienced negative returns, including China which returned -0.4%.^[iv]
- The rise in bond yields, especially in longer durations, led to negative returns across most bond sectors. The US Aggregate index returned -3.4% for the quarter led lower by longer maturity Treasuries which fell 13.5% for the quarter. The first quarter marked the worst first quarter for both the US Aggregate and long-term Treasuries since 1980. The bright spots in the fixed income markets was leveraged loans and high yield which returned 1.8% and 0.9% for the quarter respectively.^[v]
- REITs made a comeback in the first quarter, returning 8.3% having trailed the broad markets for 2020 and commodities continued to rally, up 6.9%. All REIT sectors saw positive returns with malls up over 30% for the quarter, benefiting from the re-openings across the country. The rally in commodities was also relatively broad based with only precious metals being down 9.3%, led by a fall in gold as investors moved out of the safe haven with no yield.^[vi]

[i] Source: FactSet

[ii] Ibid

[iii] Ibid

[iv] Ibid

[v] Ibid

[vi] Ibid

Investing During Periods of Inflation

Continued from Page 1.

transportation, medical care, recreation, education and communication, and other groups and services.²

How Applicable Is the CPI?

While it's the commonly used indicator of inflation, the CPI has come under scrutiny. For example, the CPI rose 1.4 percent for the 12-months ending in January 2021 - a relatively small increase. However, a closer look at the report shows movement in prices on a more detailed level. Used car and truck prices, for example, rose 10 percent during those 12 months.³

As inflation rises and falls, three notable effects are observed:

- First, inflation reduces the real rate of return on investments. So, if an investment earned 6 percent for a 12-month period, and inflation averaged 1.5 percent over that time, the investment's real rate of return would have been 4.5 percent. If taxes are considered, the real rate of return may be reduced even further.⁴
- Second, inflation puts purchasing power at risk. When prices rise, a fixed amount of money has the power to purchase fewer and fewer goods.
- Third, inflation can influence the actions of the Federal Reserve. If the Fed wants to control inflation, it has various methods for reducing the amount of money in circulation. Hypothetically, a smaller supply of money would lead to less spending, which may lead to lower prices and lower inflation.

Empower Yourself with a Trusted Professional.

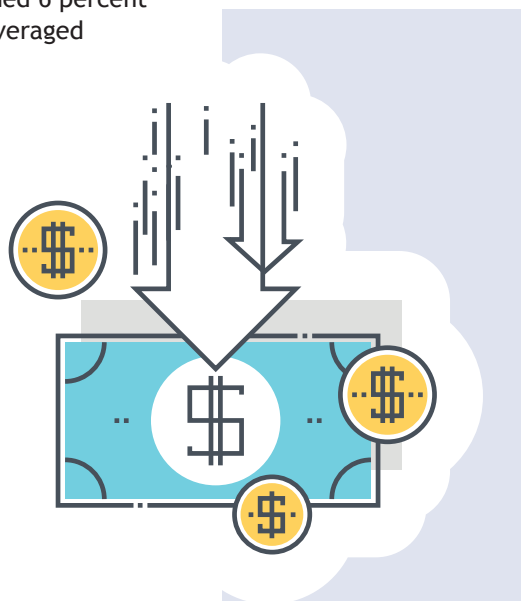
When inflation is low, it's easy to overlook how rising prices are affecting a household budget. On the other hand, when inflation trends higher, it may be tempting to make more sweeping changes in response to increasing prices. The best approach may be to reach out to your financial professional to help you develop an investment strategy that takes both possible scenarios into account.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed

to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations

1. CNBC.com, August 27, 2020
2. Bureau of Labor Statistics, 2021
3. InflationData.com, 2021
4. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments. Past performance does not guarantee future results.



Exciting News!

The Bridger team will be returning to the Greentree Commons office on June 1st. We look forward to seeing you again! If you prefer online meetings, that option will still be available.



Bridger Financial Group

Greentree Commons
381 Mansfield Ave. Suite 400
Pittsburgh, PA 15220
412-733-4016

info@bridgerfinancialgroup.com
www.bridgerfinancialgroup.com

Melanie Colusci* CFP®, AEP®
President

Liz Carlson*
Financial Advisor

Jackie Bauer
Client Support Specialist

Gaby Smith
Executive Assistant

Damon Colusci*
Vice President

Bob Corcoran*, CPA
Financial Advisor

Rachel Shields
Administrative Assistant

Make a Plan to Protect Your Paycheck Today!



To learn more about
long-term disability
insurance, call
Liz Carlson
(412) 733-4006

* Registered Representative of, and Securities and Investment Advisory Services offered through Horner, Townsend & Kent, LLC (HTK), Registered Investment Advisor, Member FINRA/SIPC. 130 Springside Drive Suite 100 Akron, OH 44333. 330-668-9065. Bridger Financial Group is independent of HTK. HTK is a wholly owned subsidiary of Penn Mutual. HTK does not offer tax or legal advice. CA insurance license number G29689 (M. Colusci); 0G21714 (D. Colusci).

