CHARTER RESEARCH and INVESTMENT GROUP

~ Prevailing Winds ~

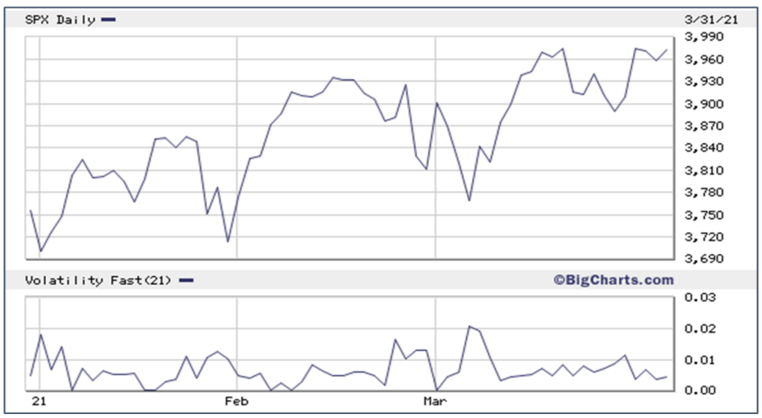
A Quarterly Market Update ***March 31, 2021***

Quarterly Recap:

We have seen a little bit of everything over the past few months...unrest in our nation's capital, a historic relief package, a gigantic ship blocking one of the most vital trade routes. Some may say that the first three months "flew by". Others may be frustrated with the slow move toward "normalcy". The financial markets too have been on a somewhat volatile journey. Despite all of the uncertainty and setbacks, the general pattern of a recovering economy remains intact. This would have seemed impossible a year ago.

Quarter Ending December 31, 2020

Equity Indexes	Close	% Change
DJIA	32981.55	7.8%
S&P 500	3972.89	5.8%
NASDAQ	13246.87	2.8%
Treasuries	**Close**	**Change**
10-Year Yield	1.74%	0.81
2-Year Yield	0.16%	0.03

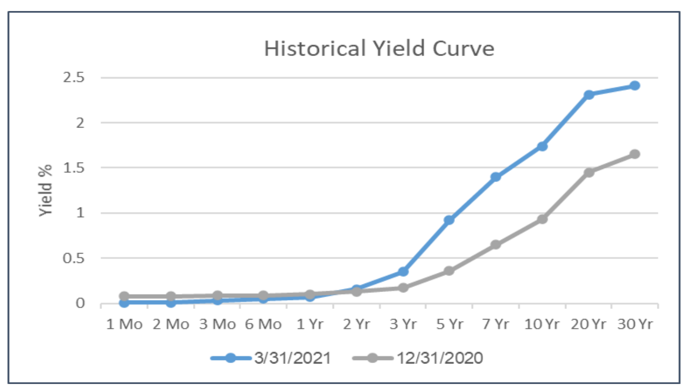


The Stock Market:

The stock market has risen significantly during the first quarter. This is hardly news anymore. What has changed has been the market leadership. For much of last year, technology stocks greatly outperformed as they were less impacted by Covid-19. With the increased pace of vaccinations, investors are quickly turning their attention towards companies that were the worst performers of 2020. Now, energy companies and banks are the unexpected market leaders. It is yet another reminder of the importance of maintaining a diversified portfolio.

The Bond Market:

What mattered most to the bond market was just that...the bond market. In recent past, investors focused on every word spoken by any member of the Fed. The guidance was consistent and indicated that rates would remain low for an extended period of time. Given the rapid deployment of vaccines and governmental stimulus, the bond market now seems to be distancing itself from the Fed and is pricing in the risk of inflation and/or rapidly rising rates. While this may very well be a sign of a growing economy, we have not seen a period of rising rates in a very long time.



Looking Ahead:

There may be opposing viewpoints on whether the past three months have been marked by optimism or perhaps resemble the feared "dark winter". This is very understandable. As we move forward, what seems likely is that we will see a tremendous amount of change even before the summer begins. While it may not be wise to radically alter one's long term strategy, it is likely a good time to assess the "what ifs" to ensure that the correct strategy is in place. This continues to be our area of focus.