

Economic and Market Overview

April 2021



BCT
WEALTH ADVISORS



WILBANKS SMITH & THOMAS
Asset Management, LLC

Outlook For The Global Economy Hinges On Health Outcomes And Policy Support

- Case counts dropping but variants are concerning
- Vaccines and better treatment options spur optimism

Government Liquidity Drove V-Shaped Recovery And Market Rally

- Fed did its part with lending programs for money markets, commercial paper, corporate and muni bonds
- Fiscal policy was next: payroll tax holiday, stimulus checks and massive support for small business
- Biden administration passes new \$1.9 trillion package
- Stocks up 75%+ since March 23, 2020 bottom

2021: Global Equity Rally Continues, But Market Leadership Shifts

- Sectors tied to economic growth benefit from improved outlook – “risk on”
- Value, Small Cap, and Foreign stocks take leadership in 4Q 2020 and 1Q 2021

What Can Go Wrong?

- Pandemic continues or resurges
- Collateral damage dampens economic recovery
- Inflation rises and central banks tighten, day of reckoning on national debt arrives
- Market view on rising rates shifts from optimism about growth to concern about equity valuations
- Investors decide the recovery is already priced into equity prices

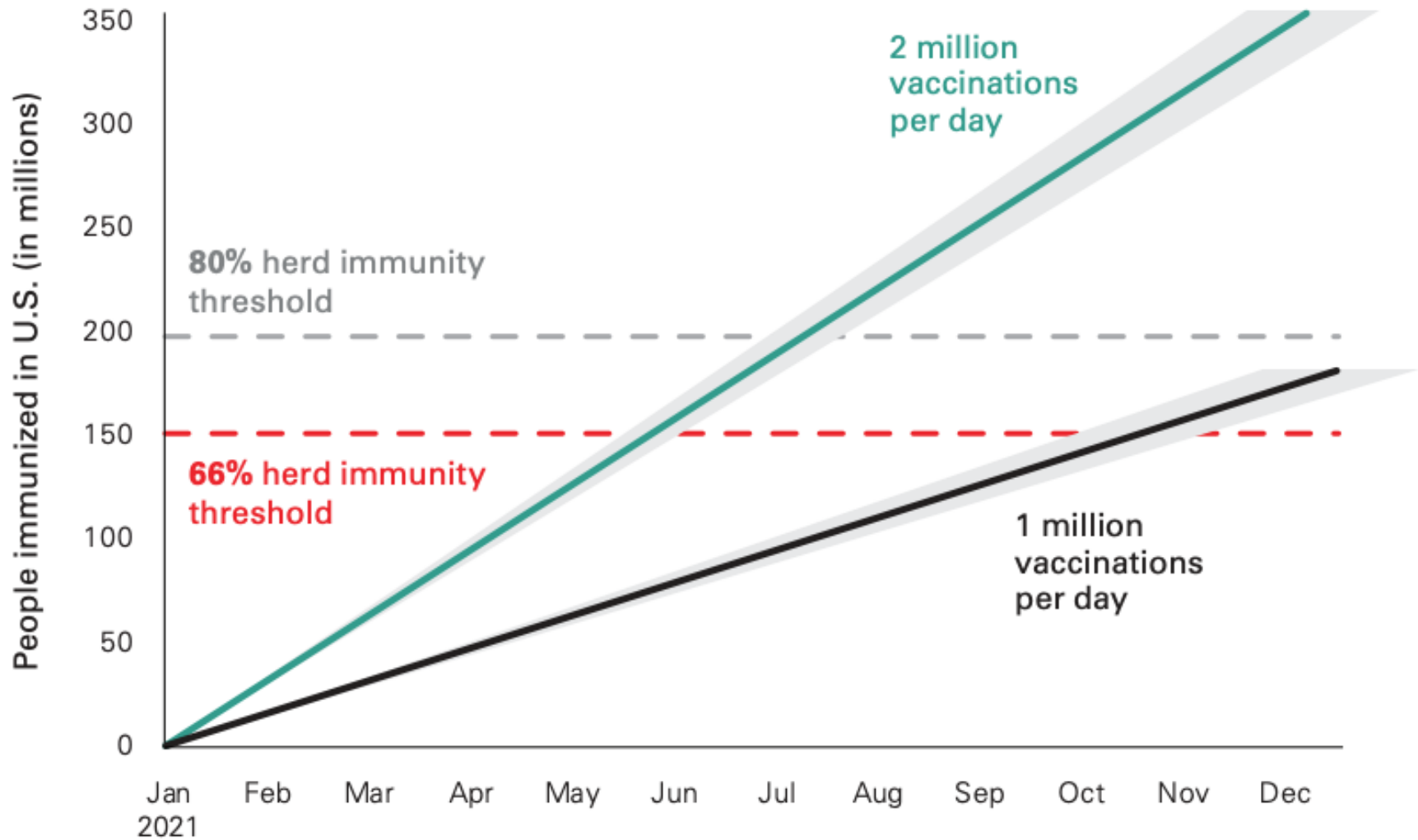
Market Returns Summary – December 31, 2020

Equity Index	1 Week	MTD	1 Month	QTD	YTD	1 Year	3 Year	5 Year
Dow Jones Industrial Average	1.6	3.4	3.4	10.7	9.6	9.6	9.8	14.6
S&P 500 Index	1.8	3.8	3.8	12.1	18.2	18.2	14.1	15.2
Large Cap Stocks (Russell 1000)	1.4	4.2	4.2	13.7	20.8	20.8	14.7	15.5
Growth	1.3	4.6	4.6	11.4	38.1	38.1	22.9	20.9
Value	1.5	3.8	3.8	16.3	2.8	2.8	6.0	9.7
Small Cap Stocks (Russell 2000)	-1.6	8.7	8.7	31.4	19.8	19.8	10.2	13.2
Growth	-2.8	9.3	9.3	29.6	34.3	34.3	16.1	16.3
Value	-0.2	7.9	7.9	33.4	4.6	4.6	3.7	9.6
MSCI All Country World Index	1.7	4.7	4.7	14.8	16.7	16.7	10.6	12.8
International Stocks (MSCI EAFE)	1.7	4.7	4.7	16.1	8.2	8.2	4.8	7.9
Growth	2.1	4.9	4.9	13.1	18.5	18.5	10.0	10.9
Value	1.2	4.4	4.4	19.3	-2.1	-2.1	-0.6	4.8
Emerging Markets Stocks (MSCI EM)	2.8	7.4	7.4	19.8	18.5	18.5	6.5	13.2
Fixed Income Index/ETF	1 Week	MTD	1 Month	QTD	YTD	1 Year	3 Year	5 Year
Barclays U.S. Aggregate Bond Index	0.3	0.1	0.1	0.7	7.4	7.4	5.3	4.4
iShares 1-3 Year Treasury Bond ETF	0.0	0.0	0.0	0.0	3.0	3.0	2.6	1.8
iShares 3-7 Year Treasury Bond ETF	0.1	0.1	0.1	-0.2	6.9	6.9	4.6	3.2
iShares 20+ Year Treasury Bond ETF	0.7	-1.2	-1.2	-3.0	18.0	18.0	9.8	7.9
iShares TIPS Bond ETF	0.4	1.1	1.1	1.6	10.7	10.7	5.8	5.0
iShares National AMT-Free Municipal Bond ETF	0.1	0.7	0.7	1.8	5.1	5.1	4.3	3.5
SPDR Barclays Intermediate Term Corporate Bond ETF	0.3	0.5	0.5	1.8	7.6	7.6	5.7	5.0
SPDR Barclays High Yield Bond ETF	0.6	2.1	2.1	6.2	4.9	4.9	5.2	7.3
PowerShares Senior Loan ETF	0.4	1.5	1.5	3.4	1.3	1.3	3.2	4.2
SPDR Barclays International Treasury Bond ETF	0.8	2.4	2.4	5.6	9.4	9.4	4.3	4.6
iShares JPM USD Emerging Market Bond ETF	0.6	2.2	2.2	6.0	5.4	5.4	4.8	6.7

Market Returns Summary – March 25, 2021

Equity Index	1 Week	MTD	1 Month	QTD	YTD	1 Year	3 Year	5 Year
Dow Jones Industrial Average	-1.2	5.6	4.1	7.1	7.1	56.9	14.0	15.9
S&P 500 Index	-1.6	2.7	2.2	4.5	4.5	60.4	16.8	16.1
Large Cap Stocks (Russell 1000)	-1.9	2.1	1.7	4.2	4.2	64.4	17.3	16.5
Growth	-2.5	-0.6	-0.2	-1.4	-1.4	65.7	22.4	20.8
Value	-1.4	4.9	3.7	10.2	10.2	60.7	11.4	11.7
Small Cap Stocks (Russell 2000)	-6.5	-0.7	-0.7	10.8	10.8	98.5	14.5	16.6
Growth	-6.9	-5.1	-4.4	2.8	2.8	93.0	16.6	19.0
Value	-6.2	3.7	3.1	19.4	19.4	101.6	11.6	13.8
MSCI All Country World Index	-2.1	1.2	-0.3	3.1	3.1	58.2	12.5	13.8
International Stocks (MSCI EAFE)	-1.5	1.5	-1.5	2.7	2.7	48.0	6.6	9.6
Growth	-1.4	0.1	-2.7	-1.6	-1.6	47.0	10.2	11.5
Value	-1.5	2.7	-0.3	6.8	6.8	47.8	2.6	7.4
Emerging Markets Stocks (MSCI EM)	-4.0	-3.6	-6.7	0.1	0.1	57.6	6.1	12.6
Fixed Income Index/ETF	1 Week	MTD	1 Month	QTD	YTD	1 Year	3 Year	5 Year
Barclays U.S. Aggregate Bond Index	0.2	-1.0	-0.2	-3.1	-3.1	2.4	4.9	3.3
iShares 1-3 Year Treasury Bond ETF	0.0	0.0	0.1	0.0	0.0	0.4	2.7	1.6
iShares 3-7 Year Treasury Bond ETF	0.0	-0.4	0.1	-1.8	-1.8	-0.4	4.4	2.4
iShares 20+ Year Treasury Bond ETF	1.4	-4.1	-0.9	-12.8	-12.8	-14.4	6.7	3.4
iShares TIPS Bond ETF	0.4	0.1	1.4	-1.3	-1.3	6.8	5.8	4.1
iShares National AMT-Free Municipal Bond ETF	0.0	0.5	0.7	-0.7	-0.7	6.5	4.6	3.2
SPDR Barclays Intermediate Term Corporate Bond ETF	-0.1	-0.7	-0.3	-2.1	-2.1	11.1	5.7	4.0
SPDR Barclays High Yield Bond ETF	0.3	0.3	0.1	0.0	0.0	26.4	6.0	6.9
PowerShares Senior Loan ETF	0.0	0.0	0.0	0.2	0.2	20.1	3.0	3.9
SPDR Barclays International Treasury Bond ETF	-0.8	-1.7	-1.7	-5.5	-5.5	11.0	1.1	2.3
iShares JPM USD Emerging Market Bond ETF	-1.1	-0.4	0.0	-5.2	-5.2	16.0	4.3	4.8

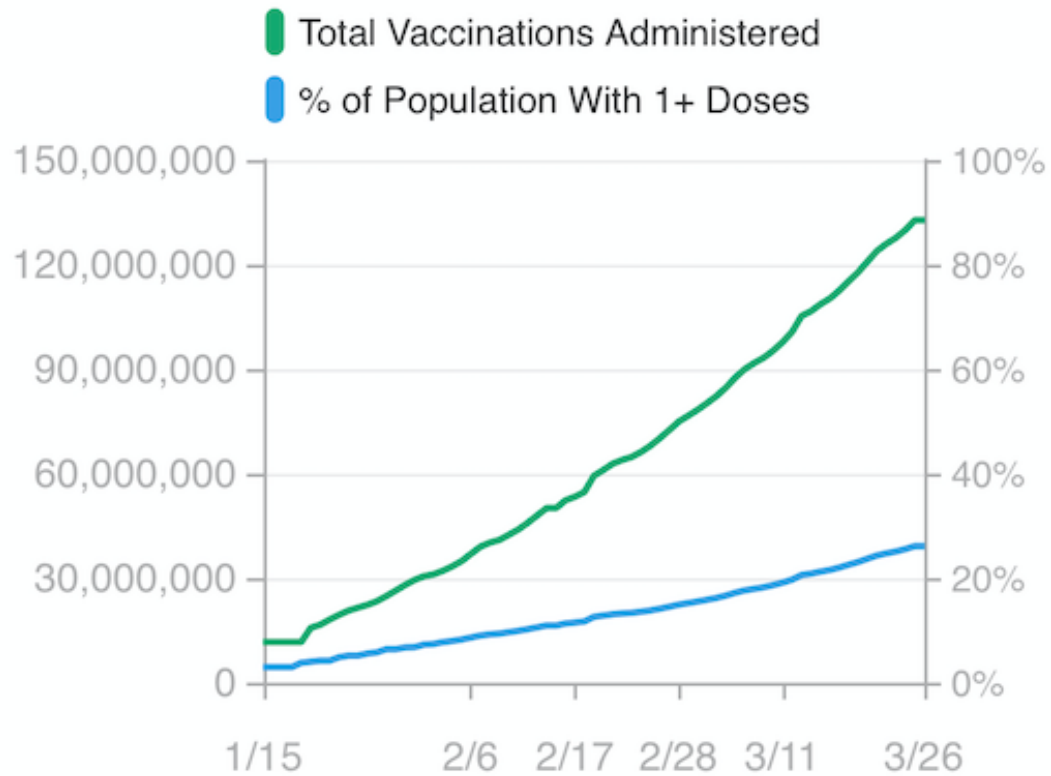
Path To Herd Immunity Depends Upon Pace Of Vaccinations



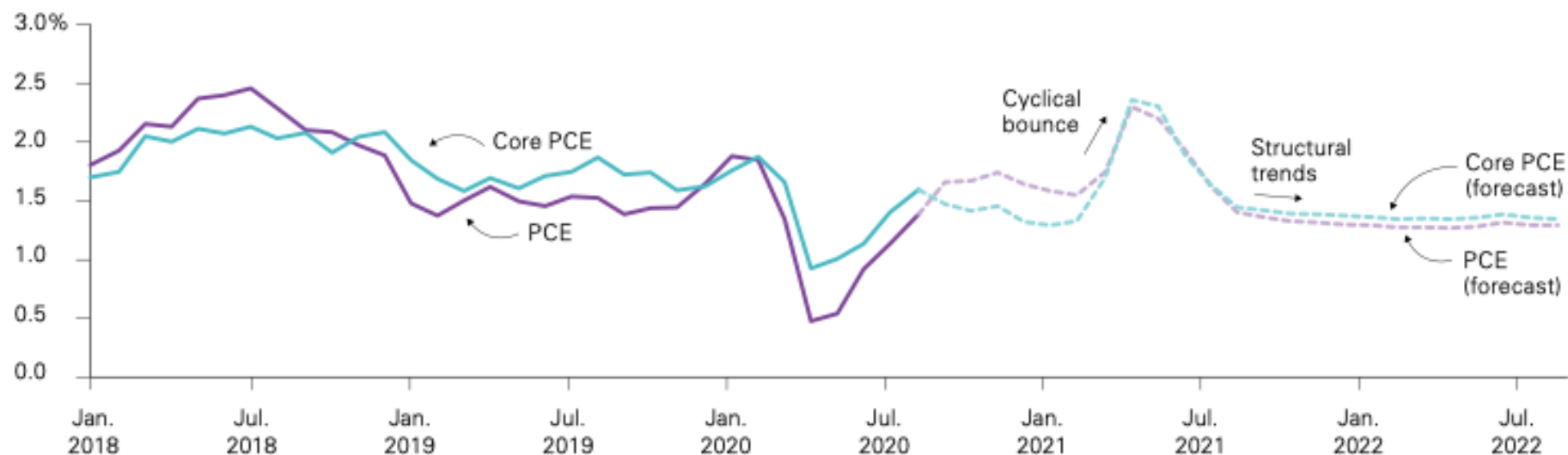
Total U.S. Vaccinations Administered

Total
132,758,864

March 25
+2,821,432

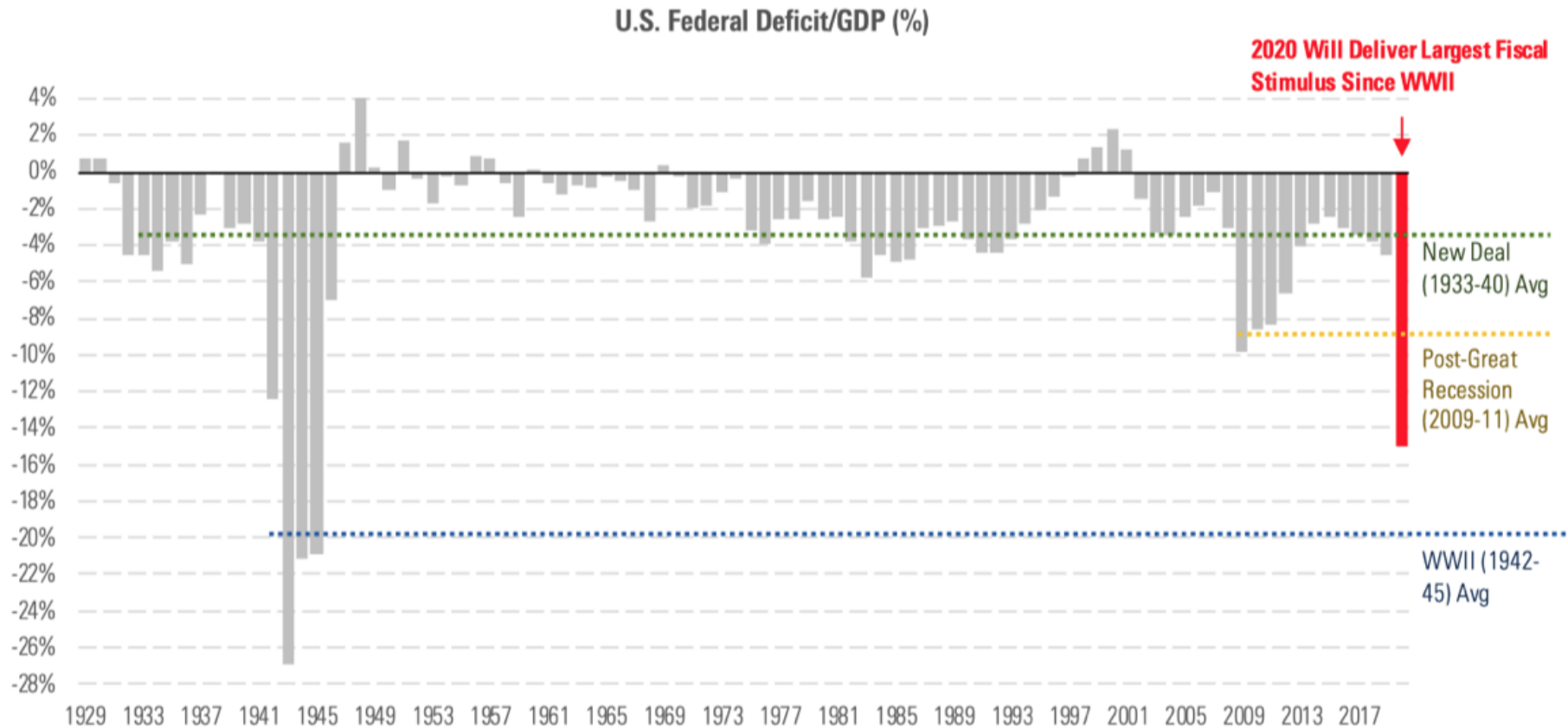


After A Mid-Year Cyclical Bounce, Inflation Should Remained Subdued in 2021

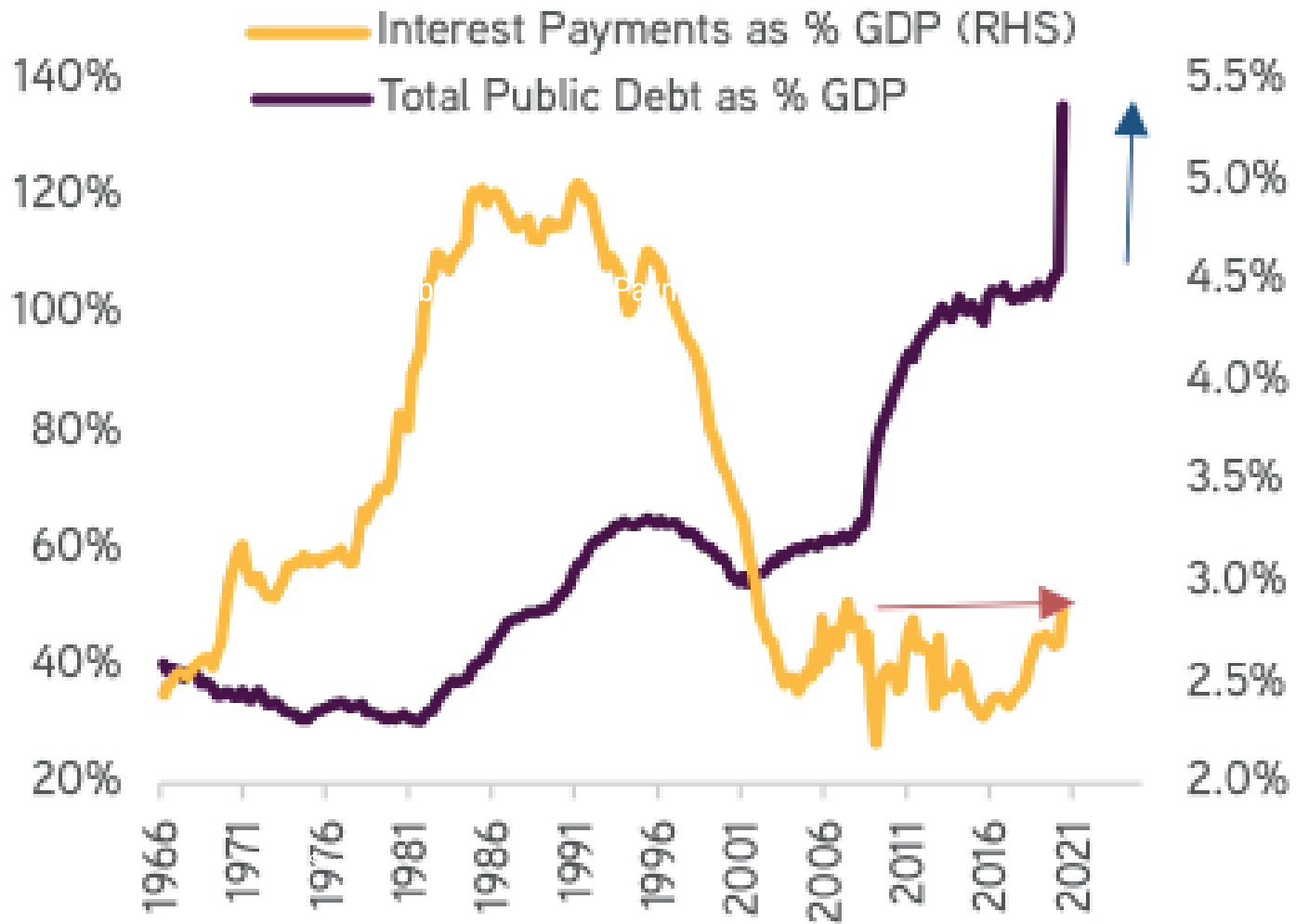


The Federal Open Market Committee (FOMC) judges that an annual increase in inflation of 2 percent in the price index for personal consumption expenditures (PCE), produced by the Department of Commerce, is most consistent over the longer run with the Federal Reserve's mandate for maximum employment and price stability. The FOMC uses the PCE price index largely because it covers a wide range of household spending. However, the Fed closely tracks other inflation measures as well, including the consumer price indexes and producer price indexes issued by the Department of Labor.

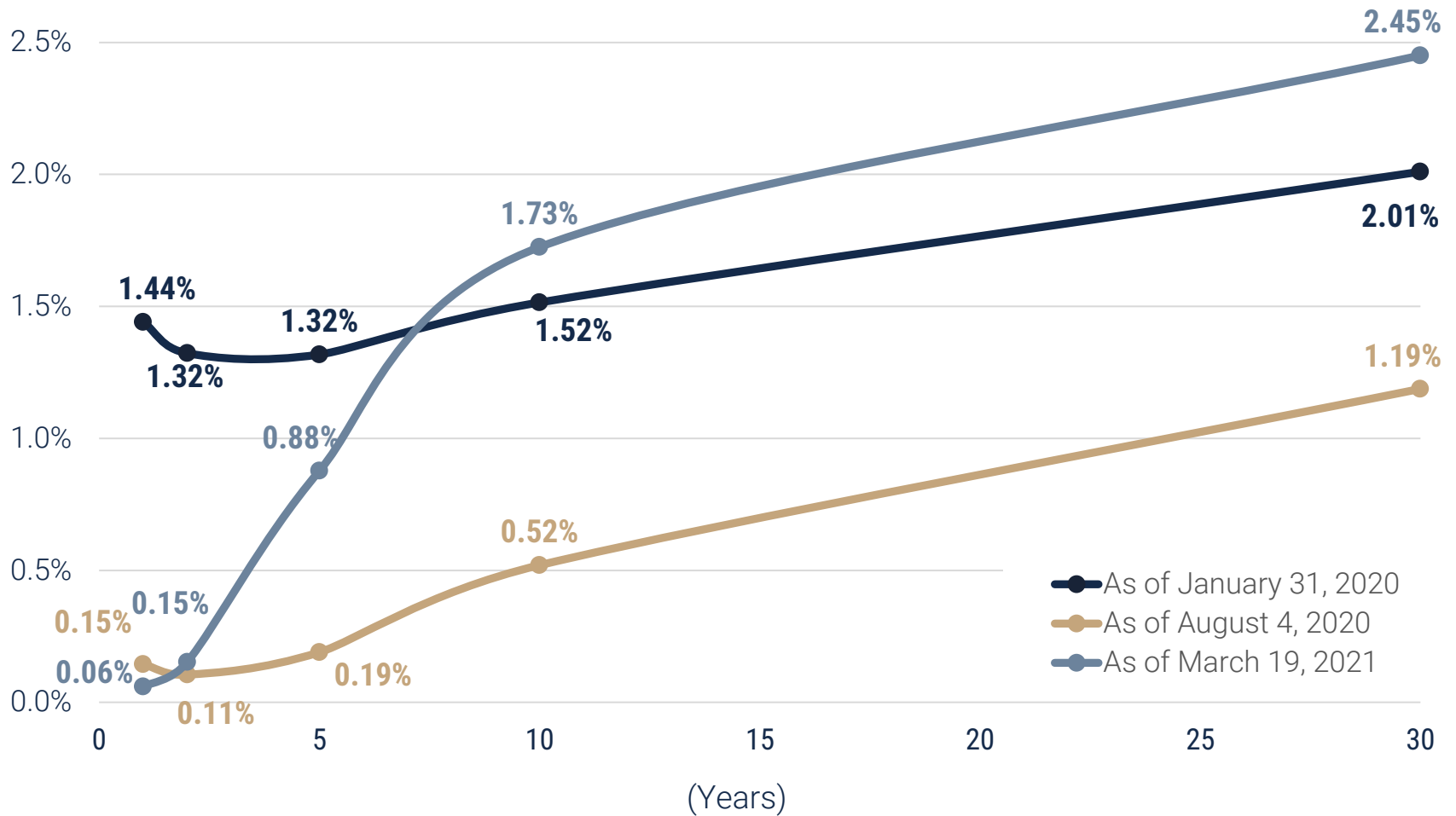
2020 Saw Largest U.S. Fiscal Stimulus Since WWII



Cost of Debt Will Grow As Interest Rates Rise



U.S. Treasury Yield Curves



U.S. Corporate Bond Index Yield-to-Duration Ratio Lowest Ever

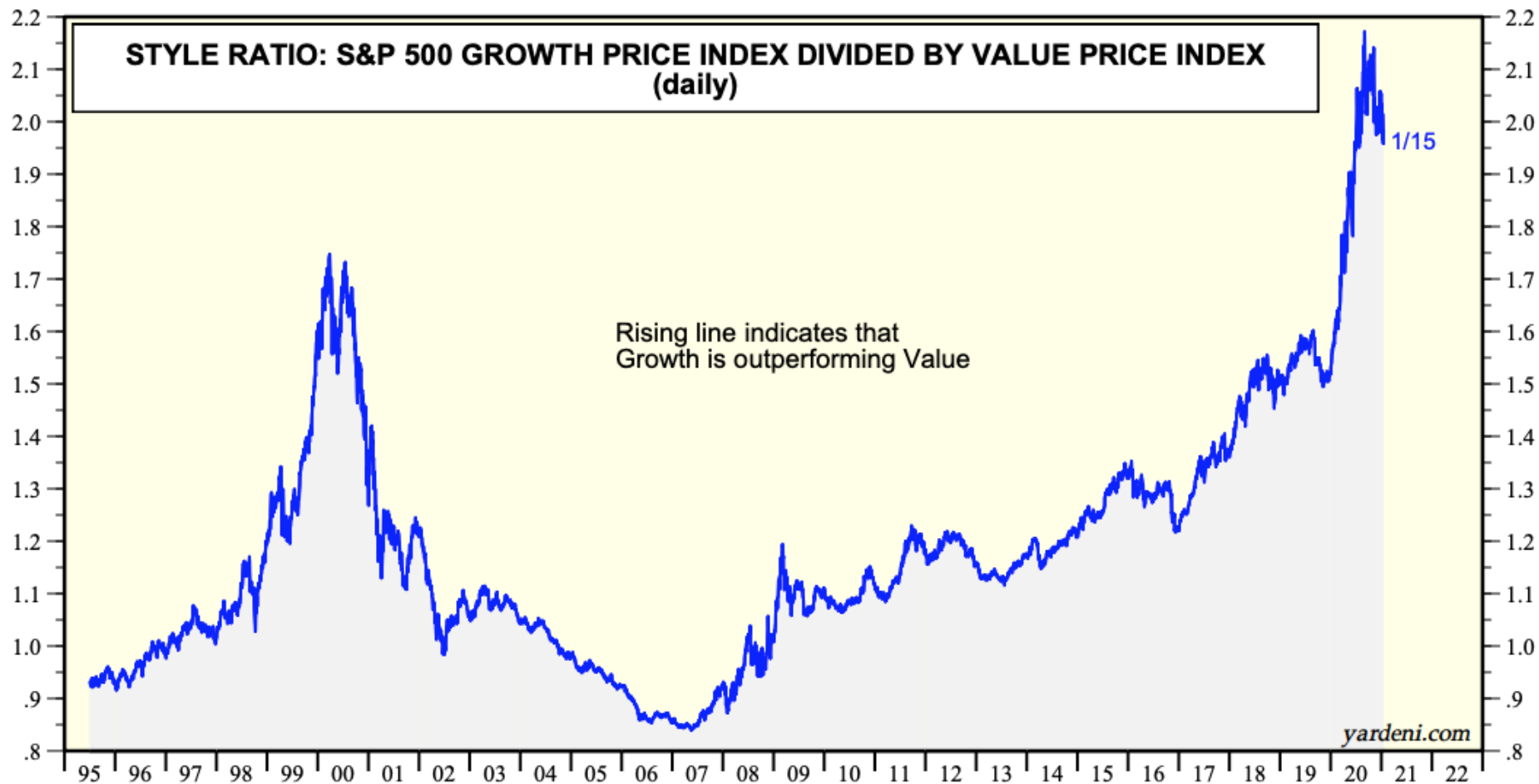
"Sherman Ratio" reveals a small move in interest rates will wipe out return from yield



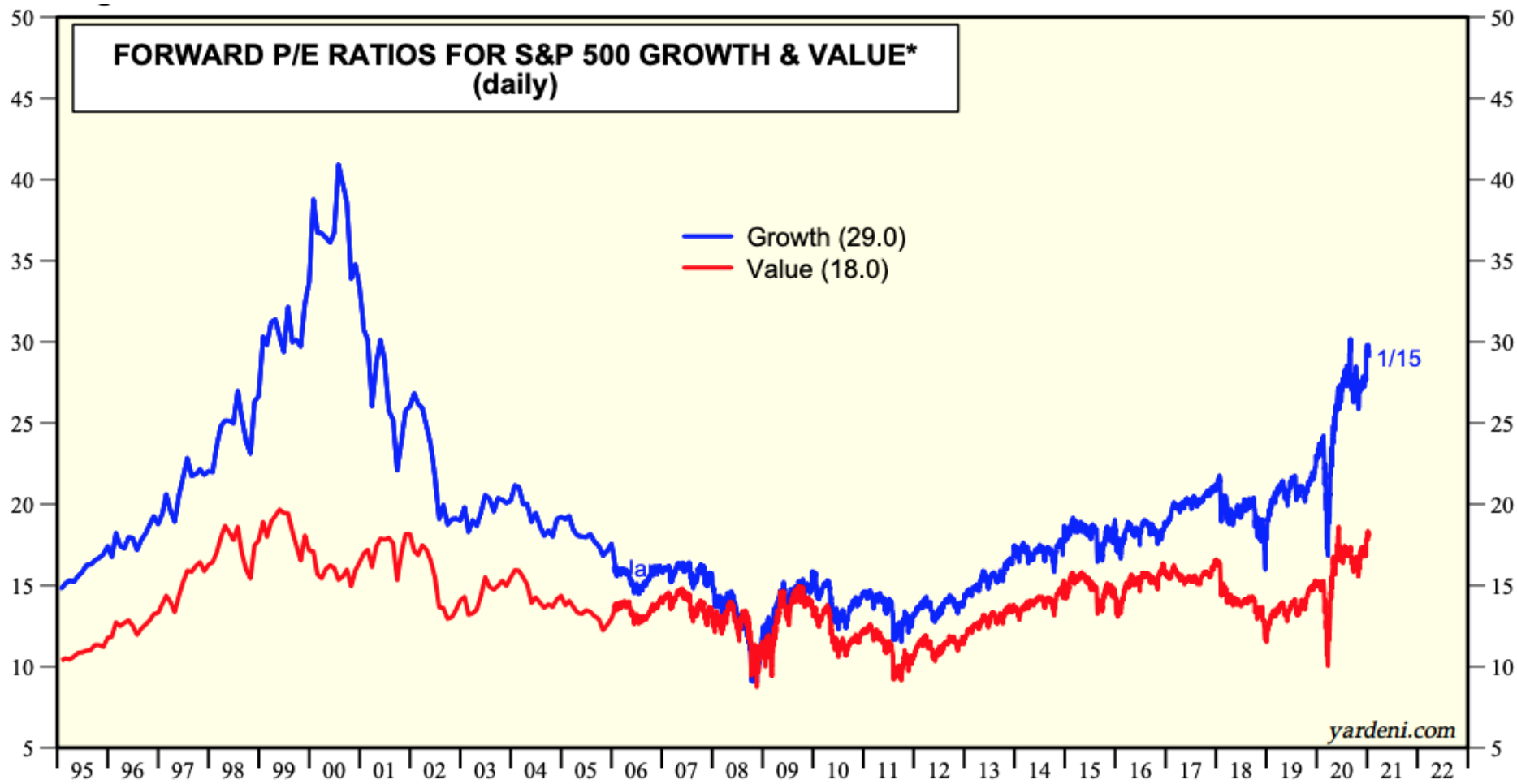
Short Maturity Bonds Preserve Capital As Yields Rise

Index	Yield as of 4th August 2020	Total Return Since	Years of YTM Lost
S&P U.S. Treasury Bond Current 2-Year	0.11%	-0.05%	0.4
S&P U.S. Treasury Bond Current 3-Year	0.11%	-0.35%	3.1
S&P U.S. Treasury Bond Current 5-Year	0.20%	-2.86%	14.6
S&P U.S. Treasury Bond	0.36%	-5.41%	15.0
S&P U.S. Treasury Bond Current 7-Year	0.37%	-5.77%	15.8
S&P U.S. Treasury Bond Current 10-Year	0.51%	-9.99%	19.5
S&P U.S. Treasury Bond Current 20-Year	0.96%	-20.28%	21.1
S&P U.S. Treasury Bond Current 30-Year	1.19%	-25.09%	21.1

Equities: Growth Vs Value – Relative Returns



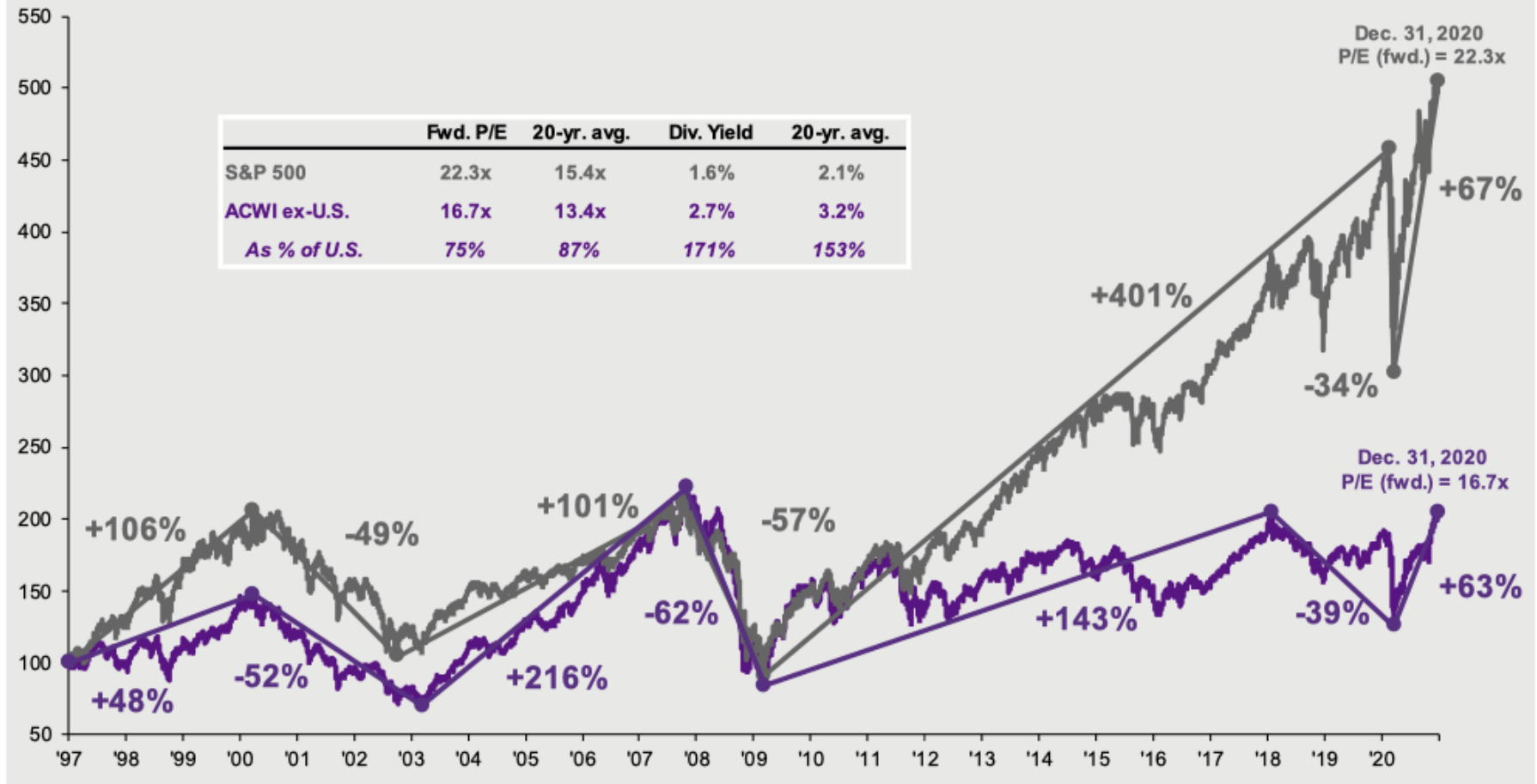
Equities: Growth Vs Value – Relative Valuations

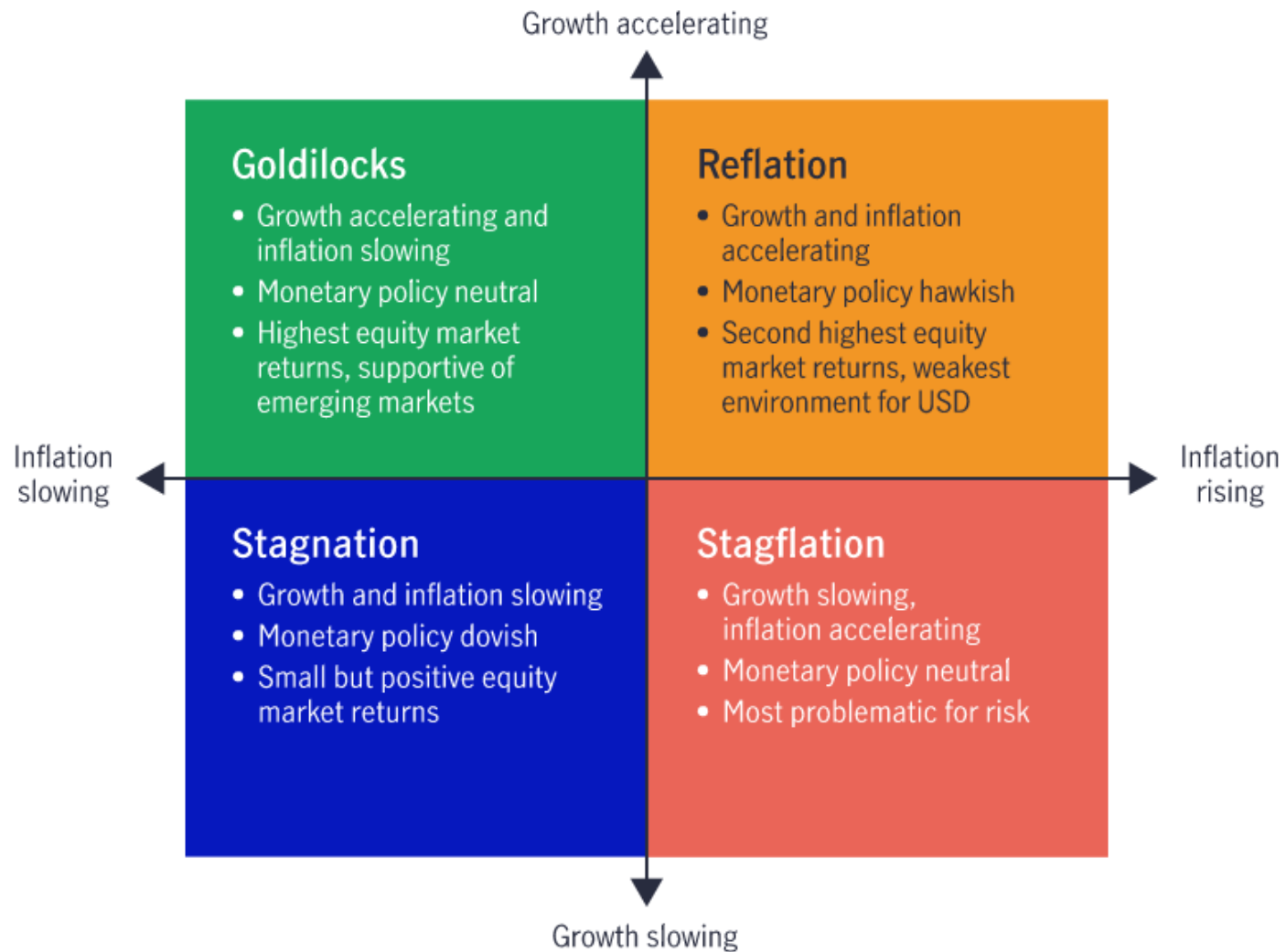


Equities: US and Foreign Stocks At Inflection Points

MSCI All Country World ex-U.S. and S&P 500 Indices

Dec. 1996 = 100, U.S. dollar, price return





- Remain cautious on outlook for risk assets in general
- Maintain core portfolio of U.S. stocks, but look for small cap and value rebound to continue
- Increase non-US (developed and emerging) allocations to neutral weight
- Keep bond durations short – low risk
- Think long term

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Barclays US Aggregate Bond Index: Benchmark covering the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

Yield to Call is the yield of a bond or note if you were to buy and hold the security until the call date. This yield is valid only if the security is called prior to maturity.

Yield to Maturity is the rate of return anticipated on a bond if it is held until the maturity date.

During the period(s) shown, there were no material market or economic conditions which affected the results portrayed. With the exception of several market corrections during the period(s), the overall market as measured by the S&P 500 was generally rising. If such trends are broken, the clients may experience real capital losses in their managed accounts.

Foreign investments involve greater risks than US investments, including political and economic risks and the risk of currency fluctuation, all of which may be magnified in emerging markets.

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Past performance is not necessarily indicative of future results. Results portrayed reflect the reinvestment of dividends, capital gains and other earnings when appropriate.

Small company issues can be subject to increased volatility and considerable price fluctuations.

Commodities and futures generally are volatile and are not suitable for all investors. The value of commodity funds relate directly to the value of the futures contracts and other assets held within the fund and any fluctuation in the value of these assets could adversely affect an investment in commodities.

High yield bonds are rated in the lower rating categories by the various credit rating agencies, investors must take into account the special nature of such securities and certain special considerations in assessing the risk associated with such investments. Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

MSCI EAFE Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Emerging Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

S&P 500 Index: The S&P 500 Index is a market capitalization-weighted index, including reinvestment of dividends and capital gains distributions that is generally considered representative of the U.S. stock market.

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Projections or other information generated regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not a guarantee of future results. Assumption used or shown may be based on information provided and reviewed by the client. Those assumptions must be reconsidered on a frequent basis to ensure that results are adjusted accordingly since any alteration in assumptions can have a significant impact on projections. Any inaccurate or incomplete representation by the client of any facts or assumptions used herein will invalidate the projections. Actual results may also vary to a material degree due to external factors beyond the scope and control of the projections and assumptions in this report.