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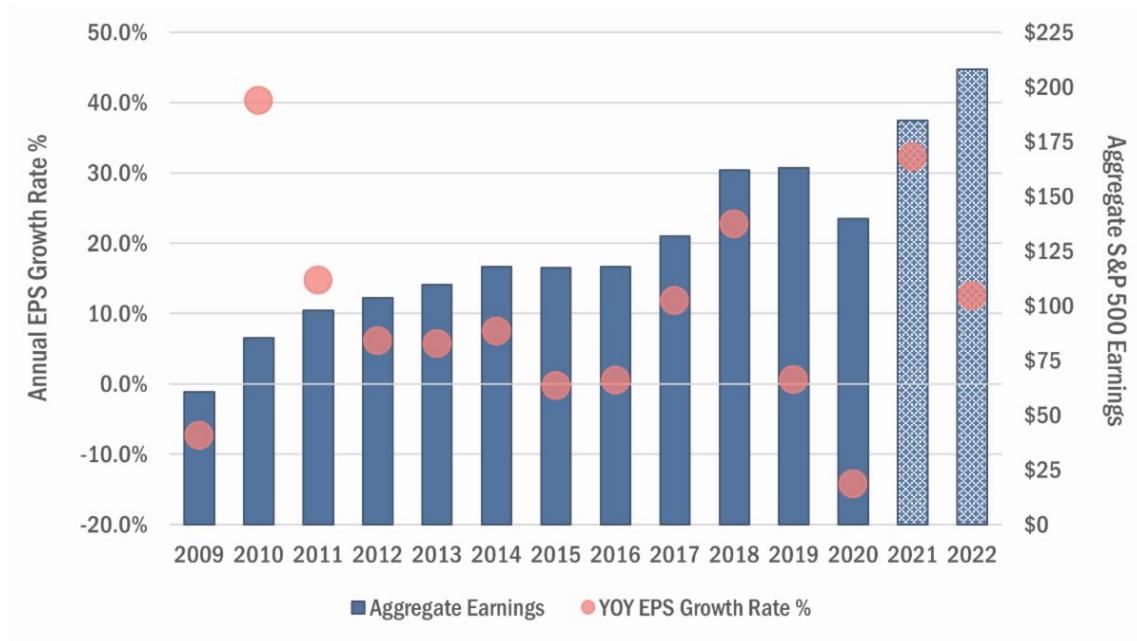
## **Market Comment:**

First quarter 2021 earnings season has almost concluded with nearly 90% of S&P 500 companies reporting thus far. The results to date have blown away expectations as the economic recovery takes hold and the year-over-year comps have provided a low bar for companies to exceed. In aggregate, companies are surprising to the upside and significantly beating expectations across key metrics including earnings growth, revenue growth and net profit margin.

While over 85% of companies have beat earnings expectations, the headline for the quarter has been the aggregate size of the beats. Collectively, companies are reporting earnings nearly 23% higher than initial estimates. As a result, consensus expectations for the second quarter have been revised higher by over 4% which is atypical as analysts begin the year too optimistic and often revise their projections downwards.

The current blended earnings growth rate is approximately 45%, which if it holds up, will be the highest year-over-year growth rate since the first quarter of 2010. Full year consensus forecasts for earnings growth in 2021 is now over +32% versus 2020 and nearly +12% versus 2019 pre-pandemic.

**Fig. 1: S&P 500 Annual Earnings & Annual Growth Rate %**



Sources: FactSet, I/B/E/S data by Refinitiv, Bloomberg, Yardeni Research

While earnings have surprised to the upside given analyst’s penchant for conservatism, the muted price action following announcements might suggest the positive news is already baked into market prices. Additionally, valuations remain above historical averages and earnings comps will become more difficult to beat in the back half of the year. With all that said, we continue to believe investors should favor risk assets relative to lower yielding fixed income.

## Save the Date: Mill Creek Tax & Public Policy Panel

**MILL CREEK**

**Tax & Public Policy Panel**

Tuesday, June 8  
10 AM ET

**Libby Cantrill, CFA**  
Managing Director,  
Head of Public Policy  
PIMCO

**Michael James**  
Principal,  
Personal Financial Services  
PwC

**Tom Chapin, CFA**  
Chief Investment Officer  
Mill Creek

**Michael Crook, CAIA**  
Deputy Chief Investment Officer  
Mill Creek

Save the date for our upcoming tax and public policy panel on Tuesday, June 8. We will be joined by industry experts who will weigh in on the Biden Administration's tax policies and discuss how it will impact your portfolio. Guest panelists include Libby Cantrill, Managing Director, Head of Public Policy at PIMCO and Michael James, Principal, Personal Financial Services at PwC.

### **Panelists:**

- **Tom Chapin, CFA**, Chief Investment Officer, Mill Creek
- **Michael Crook, CAIA**, Deputy Chief Investment Officer, Mill Creek
- **Libby Cantrill, CFA**, Managing Director, Head of Public Policy, PIMCO
- **Michael James**, Principal, Personal Financial Services, PwC

**Tuesday, June 8**  
**10 AM ET**

[Register here](#)

## Benchmark Performance

Benchmark Performance by Asset Class						
Benchmark Returns	One	Year to	1 Year	3 Years	5 Years	10 Years
	Week	Date				
Global Equities	1.3%	10.5%	49.8%	13.7%	14.6%	9.5%
US Equities	0.8%	12.8%	53.6%	18.8%	18.0%	14.2%
International Equities	2.6%	9.4%	46.9%	7.2%	10.1%	5.7%
Emerging Market Equities	0.1%	4.9%	53.5%	8.3%	13.5%	3.9%
US Taxable Bond Market	0.3%	-2.3%	0.2%	5.3%	3.2%	3.4%
US Municipal Bond Market	0.1%	0.3%	4.8%	4.1%	2.6%	3.0%
Hedge Fund Index	-0.3%	2.6%	14.5%	3.8%	4.3%	1.5%
Diversified Commodities	3.7%	20.1%	51.3%	2.8%	3.5%	-4.9%
Gold	3.5%	-3.5%	6.7%	11.7%	7.3%	1.9%

Key Rates (as of stated date)	5/10/21	1/1/21	5/10/20	5/10/18	5/10/16	5/10/11
US 10-Year Treasury	1.6%	0.9%	0.7%	3.0%	1.8%	3.2%
Barclays Aggregate Bond Index	1.5%	1.1%	1.4%	3.3%	2.1%	2.9%
BBarc Muni 1-10Yr Blend (1-12) Index	0.6%	0.6%	1.5%	2.3%	1.3%	2.2%

Source: Bloomberg, Mill Creek. Returns for periods greater than one year are annualized. Benchmark rates are yield-to-worst.

*This week's contributor: Michael Crook, CAIA and Sam McFall, CFA, CAIA*

*Indices Used: U.S. Large Cap equities: Russell 1000 Index, U.S. Small Cap Equities: Russell 2000 Index, International Developed Equities: MSCI EAFE Index, Emerging Market Equities: MSCI Emerging Markets Index, U.S. Bonds: Barclays Aggregate Bond Index, U.S. 10 Year Treasury Note: Bloomberg 10 Yr. Treasury Note, Municipal Bonds: Barclays Intermediate Municipal Bond Total Return Index, High Yield Bonds: Barclays U.S. High Yield Total Return Index, Oil: Bloomberg WTI Crude Sub-Index Total Return Index, Gold: Bloomberg Gold Sub-Index Total Return Index*

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