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Grimes Investment Quarterly | 06/30/21

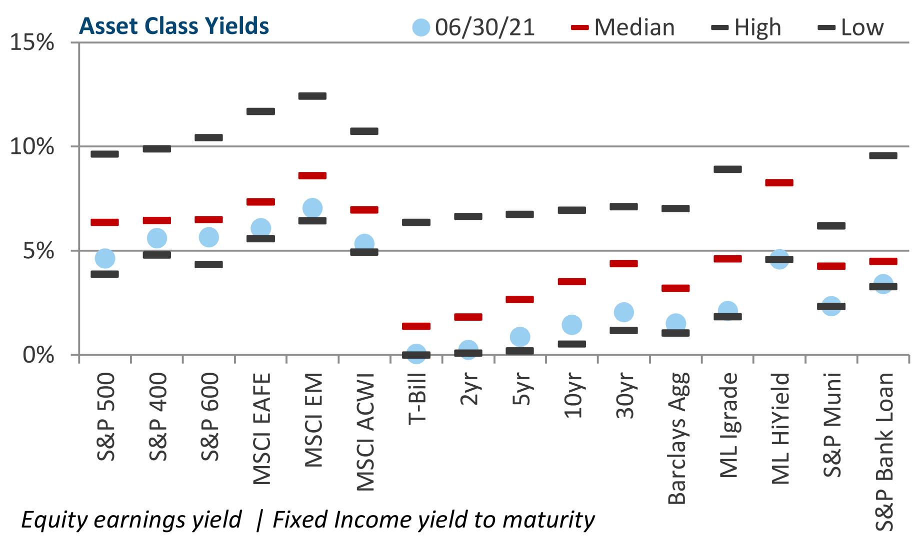
Major Asset Class Returns

Index	Q2'21	2021 ytd	2020
S&P 500	9%	15%	18%
S&P Mid Cap 400	4%	18%	14%
Russell 2000	4%	18%	20%
MSCI EAFE	5%	9%	8%
MSCI Emerging Markets	5%	8%	19%
MSCI All Country World	8%	13%	17%
T-Bill	0%	0%	1%
7-10yr Tsy	3%	-3%	10%
Barclays Aggregate	2%	-2%	8%
ML Investment Grade	4%	-1%	10%
ML High Yield	3%	4%	6%
S&P Muni	2%	1%	5%
S&P Bank Loan	1%	2%	3%

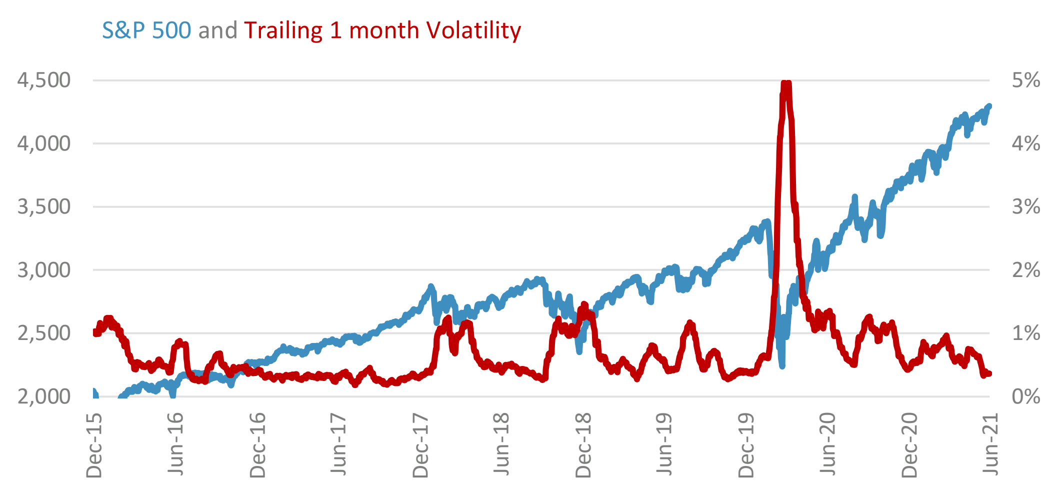
Overview: Q2'21 repeated the same stock market behavior of the post low rally, with a steady headline belying shifts below the surface. The S&P 500 rose 9% in Q2'21, adding to a string of now five positive quarters in a row. But other indices lagged. After a strong Q1, the Russell 2000 lagged (+4% Q2, +18% ytd), while the MSCI EAFE (+5% 'Q2, +9% ytd) and MSCI EM (+5% Q2, +8% ytd) trailed, as well. So while the MSCI ACWI was up (8% Q2, 13% ytd), Q2'21 saw returns driven by Large Cap US. For Fixed Income it was a reversal, as rates declined (10yr yield moved from 1.74% to 1.45%). The Bloomberg/Barclays Aggregate index (+2% Q2, -2% ytd), 7-10 yr Treasury index (+3% Q2, -3% ytd) and ML Igrade (+4% Q2, -1% ytd) reversed Q1 losses on duration sensitivity, while the ML High Yield (+3% Q2, +4% ytd) and S&P Bank Loan indices (+1% Q2, +2% ytd) were steady.

Asset Class Yields: Asset class yields (earnings yield for equities, yield to maturity for fixed income) for equities are near lows across the board. The short end of the yield curve is still near historic lows, though the longer end has ticked higher. Credit sensitive HiYield and Floating Rate are down as the Fed has compressed spreads with its new bond programs.

Falling Volatility and Rising Equites: In April 2020, trailing 1 month average daily volatility reached an all time record high of 5%, as the uncertainty of the unfolding pandemic weighed on equity prices. The subsequent decline in volatility and rising equity prices reflects the growing confidence in profit outlooks. Today, the picture is much different, with the S&P 500 at an all time high and trailing 1 month volatility of 0.4% near historic lows, reflecting an overall high level of confidence.



Equity earnings yield | Fixed Income yield to maturity



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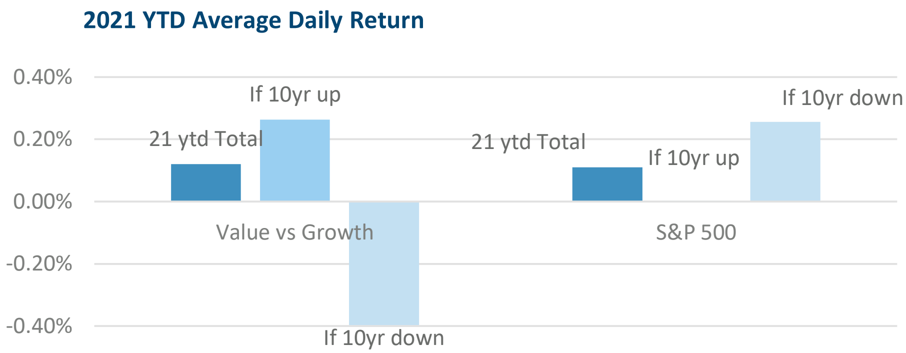

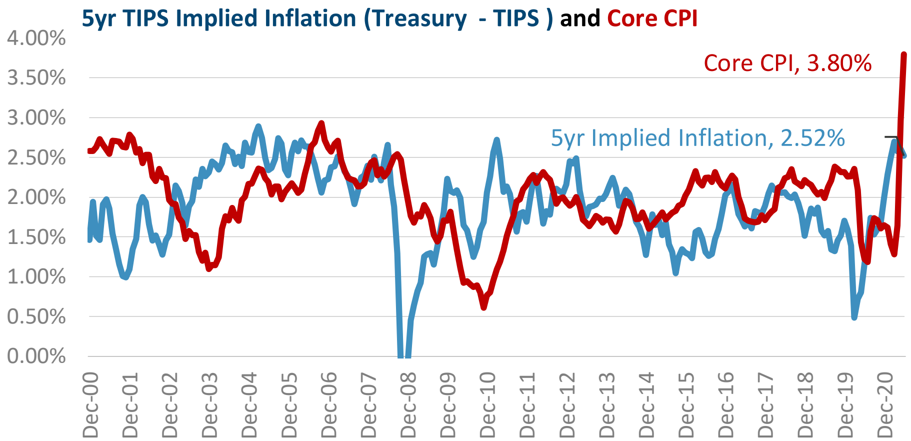

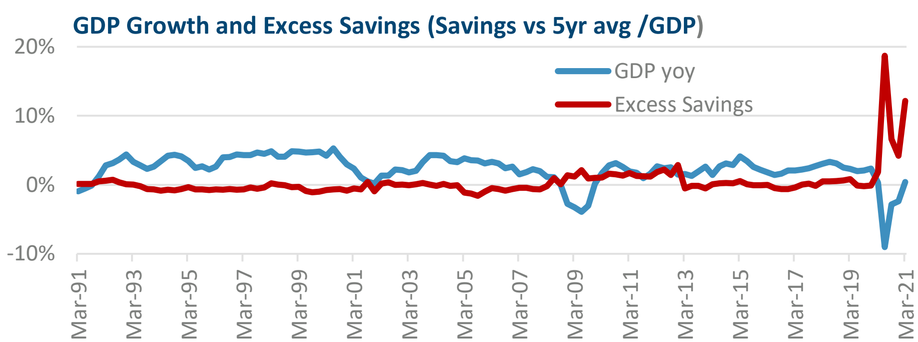

Value versus Growth and Rising Rates: During Q1 we observed the close relationship between rising rates and Value outperforming Growth. In Q2, the relationship persisted. The chart to the left shows average daily returns for the S&P 500 and Value minus Growth (ie Value's relative performance to Growth), along with the average daily returns on days separated by whether the 10yr Treasury yield rose or fell.

Overall, the S&P 500 has done better when the 10yr has declined. But for the Value versus Growth gap, the 12 bps average return varies between positive 26 bps for days that yields rose, compared to lagging by 40 bps on days the 10yr yield declined. Q2'21's decline in the 10yr meant there were more days for Growth to outperform Value.

There is logic to this relationship, both for valuation (higher rates favor lower PE stocks) and fundamental (a recovering economy is good for cyclical value stocks) reasons.

While Q2's decline in the 10yr Treasury allowed Growth to outperform Value, the recovering economy suggests drivers are in place for rates to move higher, a potential tailwind for Value.

How Much Inflation is Transitory? One potential driver for higher interest rates is higher inflation. The surge in demand that has followed the restricted production from 2020, along with an easy comparison to the April 2020 low for inflation, caused core CPI to surge to 3.8%. The Federal Reserve considers most of the preceding causes of inflation to be transitory, and for good reason. These factors are unlikely to persist at their current high rates once global supply chains can re-adjust.

The market also believes the Fed, as evident in the implied 5yr inflation rate in the TIPS market (based on the 5yr Treasury yield minus the 5yr TIPS yield) at only 2.52%. Therefore, it is likely inflation slows from these record levels as 2021 progresses. There is one catch, though. With the 10yr Treasury yielding just 1.45% as of 6/30/21, the bond market is not offering good compensation for a world with 2.5% inflation, let alone 3.8%.

Fiscal Stimulus Will Add to Pent Up Spending: One of the most unusual features of the economic data in 2020 was the spike in Personal Savings, measured as Personal Income minus Personal Spending. This combination of a surge in income with restricted spending created a spike in "Excess Savings", measured as Savings versus their 5 year average. The surge equated to 19% of Q2'20 GDP, compared to a historic range of a -2% to +3%. It has been followed in Q1'21 with a surge back to 12%, due to the passage of the ARP.

This unprecedented surge in savings has two implications to the preceding sections. First, it helps to provide the stock market boosting (and volatility repressing) confidence that there is stored spending to drive the second half of 2021. The second is that this ongoing boost will continue to support demand relative to supply, and thus could cause more of the "transitory" jump in inflation to stick around.

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Equity Markets Summary

Headline Indices	Q2'21	2021	2020	Fwd PE*	Avg PE**	+/- avg
Dow	5.1%	13.8%	9.7%			
Nasdaq	9.7%	12.9%	44.9%			
Russell 2000	4.3%	17.5%	20.0%			
Asset Classes	**Q2'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
S&P 500	8.5%	15.3%	18.4%	21.5	15.7	37%
S&P Mid Cap 400	3.6%	17.6%	13.7%	17.8	15.5	15%
S&P Small Cap 600	4.5%	23.6%	11.3%	17.7	15.3	15%
MSCI EAFE	5.4%	9.2%	8.3%	16.4	13.6	21%
MSCI Emerging Markets	5.1%	7.6%	18.7%	14.2	11.6	22%
MSCI AC World	7.5%	12.6%	16.8%	18.7	14.3	31%
S&P 500 Sectors	**Q2'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
Consumer Discretionary	6.9%	10.3%	33.3%	33.5	17.6	91%
Consumer Staples	3.8%	5.0%	10.7%	20.7	17.7	17%
Energy	11.3%	45.6%	-33.7%	17.5	14.0	25%
Financials	8.4%	25.7%	-1.7%	14.0	12.3	14%
Healthcare	8.4%	11.9%	13.4%	17.1	16.2	6%
Industrials	4.5%	16.4%	11.1%	23.9	15.9	50%
Technology	11.6%	13.8%	43.9%	26.3	17.4	51%
Materials	5.0%	14.5%	20.7%	17.8	15.3	17%
Communication Services	10.7%	19.7%	23.6%	23.1	17.9	29%
Utilities	-0.4%	2.4%	0.5%	17.8	14.5	23%
Growth vs Value	**Q2'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
S&P Growth	11.9%	14.3%	33.5%	28.0	18.2	54%
S&P Value	5.0%	16.3%	1.4%	16.8	13.1	29%
International	**Q2'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
Eurozone	7.1%	12.2%	8.5%	16.9	12.5	35%
Germany (DAX)	3.5%	13.2%	3.5%	14.3	12.7	12%
UK (FTSE)	4.8%	8.9%	-14.3%			
Japan (Nikkei)	-1.2%	5.8%	18.3%			
MSCI Asia Pac xJapan	4.1%	6.9%	22.8%	17.7	14.5	22%
S. Korea (KOSPI)	7.7%	14.7%	30.8%	22.7	19.5	16%
India (Sensex)	6.5%	10.6%	17.2%			
China (Shenzhen)	11.2%	5.9%	35.2%	12.1	9.8	23%
S&P Latin America 40	16.1%	9.2%	-11.3%	10.3	11.5	-10%
Brazil (Bovespa)	8.7%	6.5%	2.9%	10.1	10.6	-5%
Mexico	7.5%	15.5%	3.4%	15.1	14.6	3%

Asset Classes: Q2'21 followed a similar recent pattern in the markets, with the steady headline performance of the S&P 500 (+8.5% Q2, +15.3% ytd) hiding shifts beneath the surface. The US focused Russell 2000 (+4.3% Q2, +17.5% ytd) and the overseas MSCI EAFE (+5.4% Q2, +9.2% ytd) and MSCI EM (+5.1% Q2, +7.6% ytd) did not rise as much. Thus while the the MSCI ACWI (+7.5% Q2, +12.6% ytd) was higher, though many sectors lagged.
Part of this trend is evident by the tech driven NASDAQ (+9.7% Q2, +12.9% ytd) making up ground on the more traditional Dow Jones (+5.1% Q2, +13.8% ytd).

While rising optimism has caused analyst profit forecasts to rise, this has been reflected in rising prices. Consequently, valuations are above average across the board. A certain degree of the lost profits is due to lockdowns, and the markets are justified in looking past those losses. But the other part of this is that low interest rates have made higher valuations justifiable.

S&P Sectors: Energy (+11.3% Q2) and Technology (+11.6% Q2) outperformed Staples (+3.8%) and Utilities (-.4%) in Q2. Energy (+46% ytd) also leads for the year, though is joined by Financials (+25.7% ytd) and Communications (+19.7% ytd), while most other sectors are clustered in the low teens.

Growth vs Value: The relative performance of Growth versus Value was the major trend in Q1, but it reversed in Q2. Value (+5.0%) lagged Growth (+11.9%) by about 7%. As rising rates helped Value in Q1, falling rates were a drag in Q2.
This back and forth in leadership has left Value (+16.3% ytd) and Growth (+14.3%) with similar returns so far in 2021.

Global Markets: Globally markets were mixed, as EM (+11% China, + 16% S&P Lat Am) made up ground on developed countries (Eurozone +7%, Japan -1%). Year to date, international index returns are largely clustered in a 5% to 15% range.

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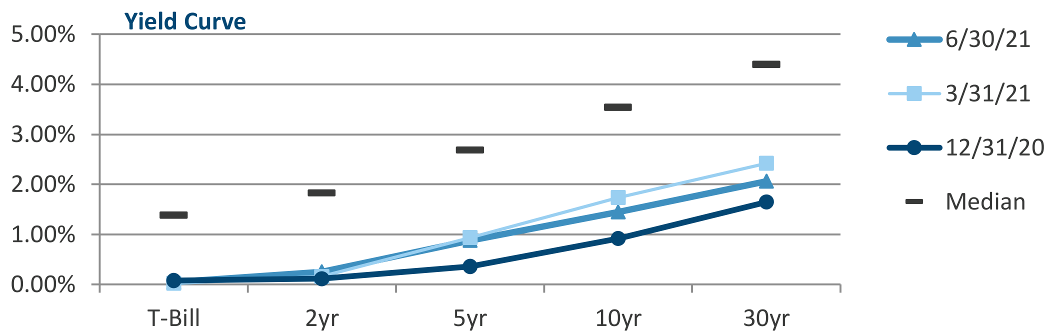
Fixed Income Markets Summary

Headline Indices	Q2'21	2021	2020	Yield	Spread	Avg*	+/- avg
Bloomberg Barc Agg	1.8%	-1.6%	7.5%	1.51%	0.06%	0.34%	-0.28%
ML Investment Grade	3.6%	-1.1%	9.8%	2.11%	0.66%	1.07%	-0.41%
ML High Yield	2.8%	3.7%	6.2%	4.60%	3.15%	4.58%	-1.43%
S&P Nat'l Muni	1.5%	1.1%	4.9%	2.35%	0.90%	0.73%	0.18%
S&P Leveraged Loan	1.1%	2.2%	2.8%	3.42%	3.37%	4.02%	-0.66%
T-Bill	0.0%	0.0%	0.6%				
NYMEX 7-10yr Tsy	2.5%	-3.4%	10.0%				
Treasury Yields	**6/30/21**	**3/31/21**	**12/31/20**			**Avg***	**+/- avg**
T-Bill	0.05%	0.03%	0.08%			1.39%	-1.34%
2yr	0.25%	0.16%	0.12%			1.83%	-1.58%
5yr	0.88%	0.94%	0.36%			2.69%	-1.81%
10yr	1.45%	1.74%	0.92%			3.54%	-2.09%
30yr	2.06%	2.42%	1.65%			4.40%	-2.34%
10yr Sovereign Yields	**6/30/21**	**3/31/21**	**12/31/20**			**Avg***	**+/- avg**
US	1.45%	1.74%	0.92%			2.48%	-1.03%
Germany	-0.17%	-0.30%	-0.58%			1.61%	-1.78%
Japan	0.06%	0.09%	0.02%			0.29%	-0.23%
UK	0.72%	0.83%	0.20%			2.06%	-1.34%
France	0.14%	-0.05%	-0.34%			2.43%	-2.29%
Spain	0.42%	0.33%	0.04%			3.56%	-3.14%
Italy	0.83%	0.66%	0.54%			3.70%	-2.87%
China	3.16%	2.90%	2.61%			3.46%	-0.30%
Brazil	7.93%	6.77%	7.82%			11.79%	-3.86%
Mexico	6.12%	6.08%	7.07%			7.31%	-1.19%



Asset Classes: The bond market, as measured by the Bloomberg Barclays Aggregate Bond Index, was up 2% in Q2 as interest rates declined. Credit spreads tightened slightly, as well.

Duration: With a more pronounced sensitivity to interest rates, the 7-10yr Treasury Index was up 2.5% in Q2, though is still down 3.4% ytd.

Credit: The ML Investment Grade Index combination of credit and duration allowed it to lead the way higher, rising 2.8%. The ML High Yield Index (+2.8% Q2) and the S&P Leveraged Loan Index (+1.1%) were higher, and the S&P National Muni Index (+1.5%) ticked higher, as well.

Treasury Yields: Rates were down in Q2, with the 10yr Treasury yield falling 29 bps to 1.45%, though it is still up 53 bps ytd.

Yield Curve: The yield curve shows more of the subtlety to the Q2 change in rates. While the 10yr declined 29 bps to 1.45%, the 2yr rose 9 bps to 0.25%. This flattening of the curve reflects the market's thoughts on Federal Reserve policy. Recent commentary suggests the Fed is thinking about raising rates as early as Q4'22, and thus the 2yr Tsy has moved up. However, a faster Fed rate hike is seen as lowering longer term inflation, and thus the 10yr and 30yr Tsy both moved lower.

Global Rates: Globally, interest rates are well below average, but they have all ticked up in Q2. Germany (-0.17%) is still negative, while Japan (0.06%) is just over 0%.
These low global rates continue to act as an anchor on US rates, even as the fundamentals of an improving economy suggests they should move higher.

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Major Economic Indicators and Consensus Forecasts

	2021/2022 Average Forecast				Actual		
	12m ch	Jun-21	Mar-21	Jun-20	Feb-21	Avg*	+/- avg
US GDP	1.65	5.25	4.83	3.60	0.40	2.36	-1.96
EU GDP	0.45	4.30	4.10	3.85	-1.27	1.85	-3.13
Japan GDP	0.33	2.53	2.55	2.20	-1.50	0.94	-2.43
UK GDP	1.75	5.85	5.25	4.10	-6.14	2.17	-8.31
China GDP	0.10	6.95	6.83	6.85	18.30	8.50	9.80
US CPI	0.85	2.40	1.88	1.55	1.68	1.68	0.00
EU CPI	0.10	1.13	1.08	1.03	0.94	0.85	0.09
Japan CPI	-0.30	0.45	0.40	0.75	-0.39	0.49	-0.88
UK CPI	0.10	1.70	1.70	1.60	0.41	1.61	-1.19
China CPI	-0.30	1.90	1.95	2.20	-0.49	1.96	-2.44
US UnN	-1.90	4.60	4.88	6.50	6.20	5.00	1.20
EU UnN	-0.75	8.23	8.45	8.98	8.10	9.20	-1.10
Japan UnN	0.30	2.50	2.50	2.20	2.60	3.00	-0.40
UK UnN	-0.13	5.28	5.88	5.40	5.00	4.80	0.20
China UnN	0.00	4.65	4.15	4.65	5.30	4.00	1.30

Foreign Exchange		Q2'21	2021	2020	2019	2018	2017
Euro		1%	-3%	9%	-2%	-5%	14%
Yen (Japan)		0%	-7%	5%	1%	3%	4%
Pound (UK)		0%	1%	3%	4%	-6%	9%
Yuan (China)		1%	1%	7%	-1%	-5%	7%
Won (S. Korea)		0%	-4%	6%	-4%	-4%	13%
Real (Brazil)		12%	4%	-23%	-4%	-14%	-2%
Peso (Mexico)		3%	0%	-5%	4%	-1%	5%
Commodities		**Q2'21**	**2021**	**2020**	**2019**	**2018**	**2017**
Oil	$73.46	24%	52%	-21%	35%	-25%	12%
Gold	$1,763	4%	-7%	25%	18%	-1%	13%
Copper	$4.30	7%	22%	26%	6%	-20%	31%

GDP: Comparing economic forecasts today to a year ago shows how the outlook has improved. The US, for example, saw its blended 2021/2022 forecast rise from 3.60% to 5.25%. The forecasts for the EU and Japan have moved higher, as well. China, whose economic disruption was minimized, is up only 0.1%. This illustrates just how far expectations for 2021 and 2022 have come since the middle of 2020. This improved outlook is key to the market's recovery since then.

CPI: US inflation expectations are up versus a year ago. The expectation remains that inflation will be transitory, driven by short term factors. Longer term there are questions as to whether the added government debt, aggressive central bank stimulus and/or a quick snap back in the economy could spur inflation on a more permanent basis. If inflation truly is transitory, then this forecast should stay flat or tick down in the coming quarters.

Unemployment: Unemployment forecasts are down versus a year ago, reflecting the rapid recovery in the labor market.

Foreign Exchange: Currencies were mostly flat versus the dollar in Q2. Should other countries get their programs under way, the dollar could fall back. But so far in 2021, foreign exchange has been a drag for international stock returns.

Commodities: Oil rose 24% in Q2, and is now +52% ytd, thanks to the combination of the ongoing economic recovery (especially hopes for oil-intensive travel recovery) and OPEC maintaining production discipline until the aforementioned demand recovery arrives. Copper's 22% ytd rise reflects the improved economic outlook, as does gold's 7% ytd decline.

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Index Returns | 2005 to Present

	Q2'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Dow	5.1%	13.8%	9.7%	25.3%	-3.5%	28.1%	16.5%	0.2%	10.0%	29.7%	10.2%		14.1%	22.7%	-31.9%	8.9%	19.0%	1.7%
Nasdaq	9.5%	12.5%	43.6%	35.2%	-3.9%	28.2%	7.5%	5.7%	13.4%	38.3%	15.9%	-1.8%	16.9%	43.9%	-40.5%	9.8%	9.5%	1.4%
Russell 2000	4.3%	17.5%	20.0%	25.5%	-11.0%	14.6%	21.3%	-4.4%	4.9%	38.8%	16.3%	-4.2%	26.9%	27.2%	-33.8%	-1.6%	18.4%	4.6%
S&P 500	8.5%	15.3%	18.4%	31.5%	-4.4%	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%	2.1%	15.1%	26.5%	-37.0%	5.5%	15.8%	4.9%
S&P Mid Cap 400	3.6%	17.6%	13.7%	26.2%	-11.1%	16.2%	20.7%	-2.2%	9.8%	33.5%	17.9%	-1.7%	26.6%	37.4%	-36.2%	8.0%	10.3%	12.6%
S&P Small Cap 600	4.5%	23.6%	11.3%	22.8%	-8.5%	13.2%	26.6%	-2.0%	5.8%	41.3%	16.3%	1.0%	26.3%	25.6%	-31.1%	-0.3%	15.1%	7.7%
MSCI EAFE	5.4%	9.2%	8.3%	22.7%	-13.4%	25.6%	1.5%	-0.4%	-4.5%	23.3%	17.9%	-11.7%	8.2%	32.5%	-43.1%	11.6%	26.9%	14.0%
MSCI Emerging Markets	5.1%	7.6%	18.7%	18.9%	-14.2%	37.8%	11.6%	-14.6%	-1.8%	-2.3%	18.6%	-18.2%	19.2%	79.0%	-53.2%	39.8%	32.6%	34.5%
MSCI All Country World	7.5%	12.6%	16.8%	27.3%	-8.9%	24.6%	8.5%	-1.8%	4.7%	23.4%	16.8%	-6.9%	13.2%	35.4%	-41.8%	12.2%	21.5%	11.4%
S&P Growth	11.9%	14.3%	33.5%	31.1%	0.0%	27.4%	6.9%	5.5%	14.9%	32.8%	14.6%	4.7%	15.1%	31.6%	-34.9%	9.1%	11.0%	4.0%
S&P Value	5.0%	16.3%	1.4%	31.9%	-9.0%	15.4%	17.4%	-3.1%	12.4%	32.0%	17.7%	-0.5%	15.1%	21.2%	-39.2%	2.0%	20.8%	5.8%
Barclays Aggregate Bond	1.8%	-1.6%	7.5%	8.7%	0.0%	3.5%	2.6%	0.5%	6.0%	-2.0%	4.2%	7.8%	6.5%	5.9%	5.2%	7.0%	4.3%	2.4%
ML Investment Grade	3.6%	-1.1%	9.8%	14.2%	-2.2%	6.5%	6.0%	-0.6%	7.5%	-1.5%	10.4%	7.5%	9.5%	19.8%	-6.8%	4.7%	4.4%	2.0%
ML High Yield	2.8%	3.7%	6.2%	14.4%	-2.3%	7.5%	17.5%	-4.6%	2.5%	7.4%	15.6%	4.4%	15.2%	57.5%	-26.4%	2.2%	11.7%	2.7%
S&P Nat'l Muni	1.5%	1.1%	4.9%	7.4%	1.0%	5.1%	0.4%	3.3%	8.9%	-3.3%	6.5%	11.2%	2.0%	12.2%				
S&P Leveraged Loan	1.1%	2.2%	2.8%	10.7%	-0.6%	3.3%	10.9%	-2.8%	1.0%	5.0%	10.5%	0.6%	9.7%	52.2%	-28.2%	1.7%	6.6%	5.0%
T-Bill	0.0%	0.0%	0.6%	2.2%	1.8%	0.8%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%				
7-10yr Tsy	2.5%	-3.4%	10.0%	8.5%	0.9%	2.6%	1.1%	1.6%	9.0%	-6.0%	4.2%	15.6%	9.4%	-6.0%	18.0%	10.2%	2.7%	2.4%

International	Q2'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
MSCI Eurozone	7.1%	12.2%	8.5%	24.2%	-16.2%	29.0%	2.2%	-0.8%	-7.7%	30.0%	22.5%	-16.9%	-3.4%	32.8%	-47.1%	20.3%	37.3%	9.6%
Germany (DAX)	3.5%	13.2%	3.5%	25.5%	-18.3%	12.5%	6.9%	9.6%	2.7%	25.5%	29.1%	-14.7%	16.1%	23.8%	-40.4%	22.3%	22.0%	27.1%
UK (FTSE)	4.8%	8.9%	-14.3%	12.1%	-12.5%	7.6%	14.4%	-4.9%	-2.7%	14.4%	5.8%	-5.6%	9.0%	22.1%	-31.3%	3.8%	10.7%	16.7%
Japan (Nikkei)	-1.3%	4.9%	16.0%	18.2%	-12.1%	19.1%	0.4%	9.1%	7.1%	56.7%	22.9%	-17.3%	-3.0%	19.0%	-42.1%	-11.1%	6.9%	40.2%
MSCI Asia Pac xJapan	4.1%	6.9%	22.8%	19.5%	-13.7%	37.3%	7.1%	-9.1%	3.1%	3.7%	22.6%	-15.4%	18.4%	73.7%	-51.6%	37.2%	33.2%	21.0%
S. Korea (KOSPI)	7.7%	14.7%	30.8%	7.7%	-17.3%	21.8%	3.3%	2.4%	-4.8%	0.7%	9.4%	-11.0%	21.9%	49.7%	-40.7%	32.3%	4.0%	54.0%
India (Sensex)	6.5%	10.6%	17.2%	15.7%	7.2%	29.6%	3.5%	-3.7%	31.9%	10.7%	28.0%	-23.6%	19.1%	83.3%	-51.8%	48.8%	48.8%	44.6%
China (Shenzhen)	11.2%	5.9%	35.2%	36.0%	-33.3%	-3.6%	-14.7%	63.4%	33.9%	20.0%	1.4%	-32.9%	7.1%	116.9%	-61.8%	167.0%	96.4%	-11.8%
S&P Latin America 40	16.1%	9.2%	-11.3%	13.9%	-6.0%	26.9%	32.5%	-30.9%	-11.1%	-12.3%	6.4%	-18.3%	16.7%	97.1%	-49.4%	50.5%	42.6%	56.1%
Brazil (Bovespa)	8.7%	6.5%	2.9%	31.6%	15.0%	26.9%	38.9%	-13.3%	-2.9%	-15.5%	7.4%	-18.1%	1.0%	82.7%	-41.2%	43.6%	32.9%	27.7%
Mexico	6.4%	14.1%	1.2%	4.6%	-15.6%	8.1%	6.2%	-0.4%	1.0%	-2.2%	17.9%	-3.8%	20.0%	43.5%	-24.2%	11.7%	48.6%	37.8%

S&P 500 Sectors	Q2'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Consumer Discretionary	6.9%	10.3%	33.3%	27.9%	0.8%	23.0%	6.0%	10.1%	9.7%	43.1%	23.9%	6.1%	27.7%	41.3%	-33.5%	-13.2%	18.6%	-6.4%
Consumer Staples	3.8%	5.0%	10.7%	27.6%	-8.4%	13.5%	5.4%	6.6%	16.0%	26.1%	10.8%	14.0%	14.1%	14.9%	-15.4%	14.2%	14.4%	3.6%
Energy	11.3%	45.6%	-33.7%	11.8%	-18.1%	-1.0%	27.4%	-21.1%	-7.8%	25.1%	4.6%	4.7%	20.5%	13.8%	-34.9%	34.4%	24.2%	31.4%
Financials	8.4%	25.7%	-1.7%	32.1%	-13.0%	22.2%	22.8%	-1.5%	15.2%	35.6%	28.8%	-17.1%	12.1%	17.2%	-55.3%	-18.6%	19.2%	6.5%
Healthcare	8.4%	11.9%	13.4%	20.8%	6.5%	22.1%	-2.7%	6.9%	25.3%	41.5%	17.9%	12.7%	2.9%	19.7%	-22.8%	7.2%	7.5%	6.5%
Industrials	4.5%	16.4%	11.1%	29.4%	-13.3%	21.0%	18.9%	-2.5%	9.8%	40.7%	15.3%	-0.6%	26.7%	20.9%	-39.9%	12.0%	13.3%	2.3%
Technology	11.6%	13.8%	43.9%	50.3%	-0.3%	38.8%	13.8%	5.9%	20.1%	28.4%	14.8%	2.4%	10.2%	61.7%	-43.1%	16.3%	8.4%	1.0%
Materials	5.0%	14.5%	20.7%	24.6%	-14.7%	23.8%	16.7%	-8.4%	6.9%	25.6%	15.0%	-9.8%	22.2%	48.6%	-45.7%	22.5%	18.6%	4.4%
Telecom	10.7%	19.7%	23.6%	32.7%	-12.5%	-1.3%	23.5%	3.4%	3.0%	11.5%	18.3%	6.3%	19.0%	8.9%	-30.5%	11.9%	36.8%	-5.6%
Utilities	-0.4%	2.4%	0.5%	26.3%	4.1%	12.1%	16.3%	-4.8%	29.0%	13.2%	1.3%	19.9%	5.5%	11.9%	-29.0%	19.4%	21.0%	16.8%

Blue to orange represents best to worst return for each period. Index data is total teturn.

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Index Definitions

Index	Description
Equity	
S&P 500	Large US companies ($10b+ market cap)
S&P Mid Cap 400	Medium US companies ($5-10b market cap)
Russell 2000, S&P Small Cap 600	Small US companies (<$10b market cap)
MSCI Europe Australia Far East	Foreign Developed. Returns are in US$
MSCI Emerging Markets	Emerging Markets. Returns are in US$
Fixed Income	
Barclays Aggregate	Represents the entire US bond market
S&P 3mo Tbill	Short term Treasury Bills
Barclays 7-10yr Tsy	Ten Year Treasury Bonds
Barclays 10yr TIPS	Treasury Inflation Protected Securities
S&P Nat'l Muni	Municipal Bonds
BofA/ML Corp	Investment Grade (Higher Credit Quality) Corporate Bonds
BofA/ML High Yield	High Yield (Lower Credit Quality) Corporate Bonds
S&P Leveraged Loan 100	Floating Rate Bank Loans
BofA / ML EM Debt	Emerging Market Debt
Alternatives	
HFRI Fund of Funds	Represents the entire hedge fund universe

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Disclosures

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The information contained herein is based upon sources believed to be true and accurate. Sources include: *Factset Research Systems Inc.,* Bureau of Economic Analysis, Bureau of Labor Statistics, Congressional Budget Office, Board of Governors of Federal Reserve System, Fred: Federal Reserve Bank of St. Louis Economic Research, U.S. Department of the Treasury

-The Standard & Poor's 500 is a market capitalization weighted index of 500 widely held domestic stocks often used as a proxy for the U.S. stock market. The Standard & Poor's 400 is a market capitalization weighted index of 400 mid cap domestic stocks. The Standard & Poor's 600 is a market capitalization weighted index of 600 small cap domestic stocks.
-The NASDAQ Composite Index measures the performance of all issues listed in the NASDAQ stock market, except for rights, warrants, units, and convertible debentures.
-The MSCI EAFE Index (Europe, Australasia, Far East) is 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 Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of 21 emerging markets. The MSCI All Country World Index is a free float adjusted market capitalization index designed to measure the performance of large and mid and cap stocks in 23 developed markets and 24 emerging markets. With over 2,800 constituents it represents over 85% of the global equity market.
-The Barlcays Aggregate Index represents the total return performance (price change and income) of the US bond market, including Government, Agency, Mortgage and Corporate debt.
-The BofA Merrill Lynch Investment Grade and High Yield Indices are compiled by Bank of America / Merrill Lynch from the TRACE bond pricing service and intended to represent the total return performance (price change and income) of investment grade and high yield bonds.
-The S&P/LSTA U.S. Leveraged Loan 100 is designed to reflect the largest facilities in the leveraged loan market. It mirrors the market-weighted performance of the largest institutional leveraged loans based upon market weightings, spreads and interest payments.
-The S&P Municipal Bond Index is a broad, comprehensive, market value-weighted index. The S&P Municipal Bond Index constituents undergo a monthly review and rebalancing, in order to ensure that the Index remains current, while avoiding excessive turnover. The Index is rules based, although the Index Committee reserves the right to exercise discretion, when necessary.
-The BofA Merrill Lynch US Emerging Markets External Sovereign Index tracks the performance of US dollar emerging markets sovereign debt publicly issued in the US and eurobond markets.
-The HFRI Fund of Funds index is compiled by the Hedge Funds Research Institute and is intended to represent the total return performance of the entire hedge fund universe.