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Grimes Investment Quarterly | 09/30/21

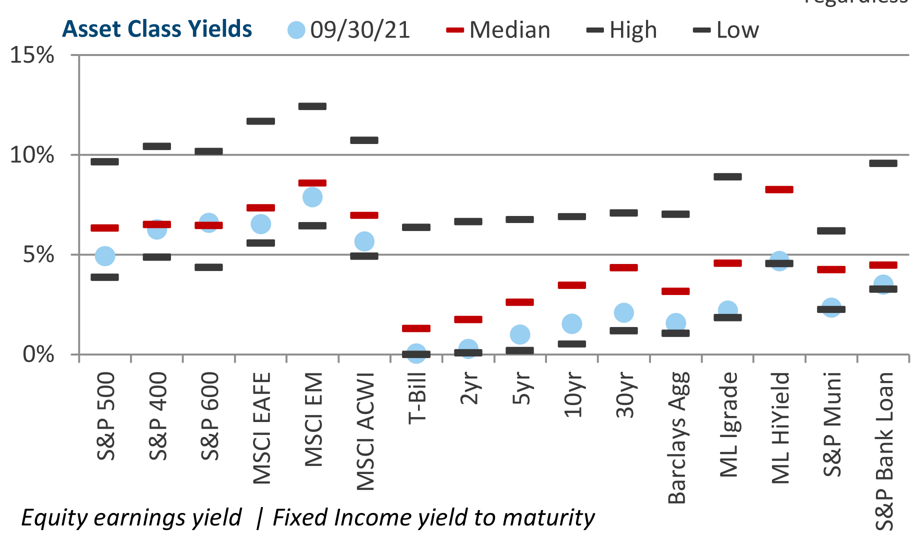
Major Asset Class Returns

Index	Q3'21	2021 ytd	2020
S&P 500	1%	16%	18%
S&P Mid Cap 400	-2%	16%	14%
Russell 2000	-4%	12%	20%
MSCI EAFE	0%	9%	8%
MSCI Emerging Markets	-8%	-1%	19%
MSCI All Country World	-1%	11%	17%
T-Bill	0%	0%	1%
7-10yr Tsy	0%	-3%	10%
Barclays Aggregate	0%	-2%	8%
ML Investment Grade	0%	-1%	10%
ML High Yield	1%	5%	6%
S&P Muni	0%	1%	5%
S&P Bank Loan	1%	3%	3%

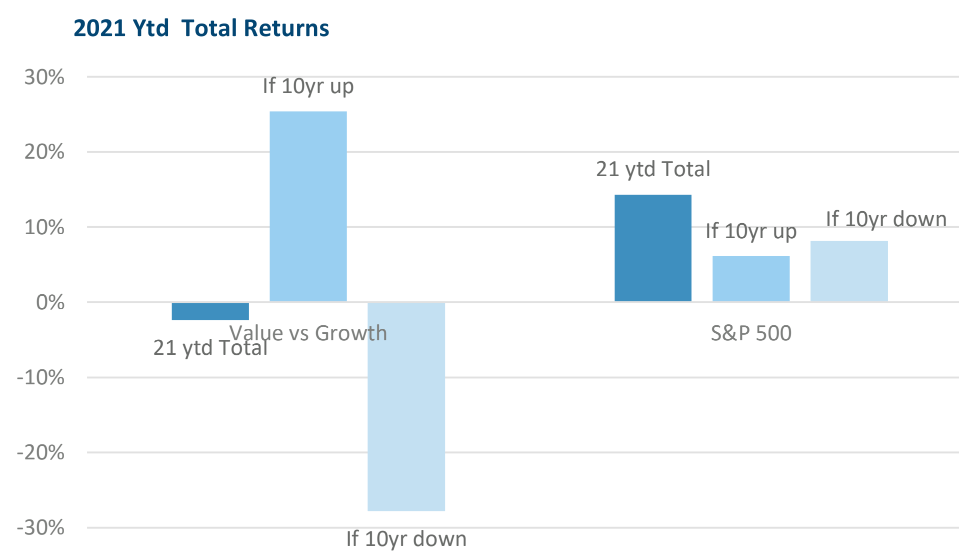
Overview: After a strong start to the year, Q3'21 saw the markets tread water as they digested potential shifts. The S&P 500 eked out 1% in Q3'21, adding to a string of now six positive quarters in a row. However, other indices declined, including the Russell 2000 (-4% Q3, +12% ytd), the MSCI EAFE (-0.4% Q3, +9% ytd) and the MSCI EM (-8% Q3, -1% ytd). With only Large Cap US barely higher, the MSCI ACWI (-1% Q3, 13% ytd) declined. For Fixed Income, Q3'21 performance was flat, as rates rose slightly (10yr yield moved from 1.45% to 1.53%). The Bloomberg/Barclays Aggregate index (0% Q3, -2% ytd), 7-10yr Treasury index (0% Q3, -3% ytd) and ML Igrade (0% Q3, -1% ytd) were all flat, while the ML High Yield (+1% Q3, +5% ytd) and S&P Bank Loan indices (+1% Q3, +3% ytd) edged slightly higher.

Asset Class Yields: Asset class yields (earnings yield for equities, yield to maturity for fixed income) for equities have crept up from their lows, though are still below average. The short end of the yield curve is still near historic lows, though the longer end has ticked higher. Credit sensitive High Yield and Floating Rate are lower, as the Fed has compressed spreads with its new bond programs.

Value versus Growth and Rising Rates: For 2021, one of the major reflation trade trends has been rising rates helping Value over Growth, and vice versa. The chart below shows year-to-date total returns for Value minus Growth (i.e. Value's relative performance to Growth) and the S&P 500, along with the returns, separated by whether the 10yr Treasury yield rose or fell.
The -2% Value versus Growth gap varied between +25% for days that yields rose, compared to -28% on days the 10yr yield declined. For most of Q3'21, the slide in the 10yr Treasury helped Growth to outperform Value. But in the final week, from the Fed's 9/23 meeting on, as the 10yr rose 20 bps, Value outperformed Growth by 2.7%. It also shows that for the S&P 500 overall, alternating between Growth and Value has allowed it to move higher regardless of the 10yr's direction.



Equity earnings yield | Fixed Income yield to maturity



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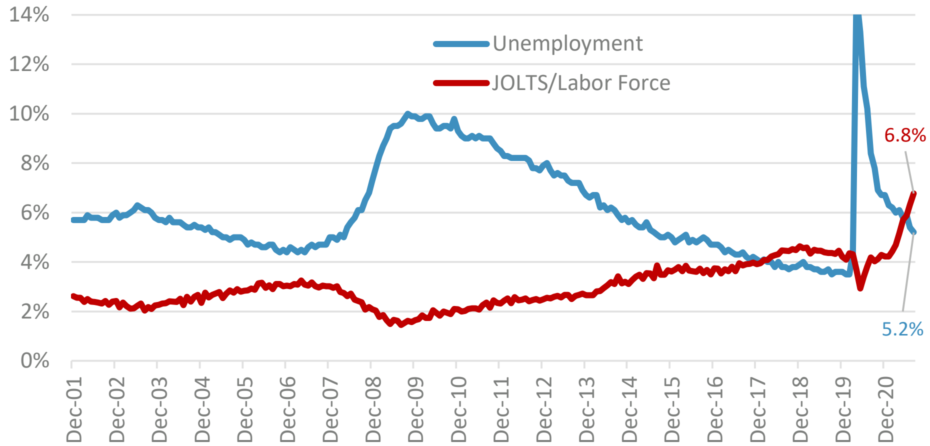
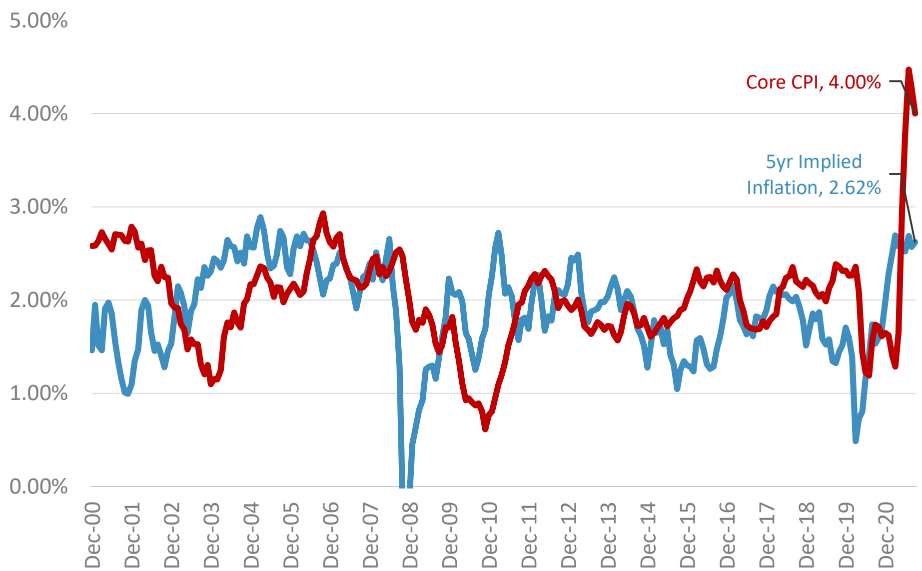
Unemployment vs Job Openings/Labor Force



5yr TIPS Implied Inflation (Treasury - TIPS) and Core CPI



Does the Labor Market Still Need Help? The Federal Reserve focuses on two major factors in its policy setting decisions: unemployment and inflation. Its goal is to keep prices relatively stable (inflation) while keeping as many people working as possible (unemployment). The pandemic recession saw unemployment jump briefly to over 14%. As the economy has reopened, workers have returned. Consequently, unemployment has declined to 5.2%. The 2021 labor market recovery has slowed, but due to a previously unseen problem: a lack of workers. The chart to the left shows the unemployment rate (the unemployed divided by the labor force) and the job opening rate (openings, from the JOLTS survey, divided by the labor force). It shows that job openings have surged to the point that the gap between the two is +1.6%, twice the prior record of +0.8% from 2018. In prior recoveries, when unemployment was at 5.2%, the job opening rate was 3.3% (2015) or 2.7% (2004), still well below the unemployment rate. This data point reflects the incredible shortage of workers that the economy is experiencing due to a combination of factors: stimulus payments have filled bank accounts, workers in Covid-disrupted industries found new jobs last year, and/or workers are hesitant to return to certain jobs due to childcare, health, or other concerns.

The main point is that, even though demand for labor is very strong, unemployment is still over 5% as supply constraints need to be overcome, joining the array of shortages caused by supply chain disruptions. This is important to the Fed's decision-making, because its tools are geared towards increasing demand, not removing bottlenecks, and it explains why some recent soft unemployment reports have not de-railed plans for the Fed to start its QE taper during Q4.

How Much Inflation is Transitory? One of the major topics in Q3 remained the increase in 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 year-over-year core CPI to surge to 4.5% by July. The Federal Reserve considers most of these 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 2.62%. Therefore, it is likely inflation continues to slow from the July high as 2021 progresses. There is one catch, though. With the 10yr Treasury yielding just 1.53% as of 9/30/21, the bond market is not offering good compensation for a world with 2.5% inflation, let alone 4.0%.

The unemployment situation is another example of one of these transitory factors. Combining the two, the Fed believes it can start to pull back its accommodative policy by beginning to taper its pace of QE purchases from the current $120b/month pace towards $0, because workers have ample jobs available, but does not need to rush to raise rates until late 2022, as the exceptional supply chain shortages will get sorted out over time, and thus inflation is not a threat.

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Equity Markets Summary

Headline Indices	Q3'21	2021	2020	Fwd PE*	Avg PE**	+/- avg
Dow	-1.5%	12.1%	9.7%			
Nasdaq	-0.2%	12.7%	44.9%			
Russell 2000	-4.4%	12.4%	20.0%			
Asset Classes	**Q3'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
S&P 500	0.6%	15.9%	18.4%	20.3	15.8	29%
S&P Mid Cap 400	-1.8%	15.5%	13.7%	15.9	15.3	4%
S&P Small Cap 600	-2.8%	20.1%	11.3%	15.2	15.5	-2%
MSCI EAFE	-0.4%	8.8%	8.3%	15.3	13.6	13%
MSCI Emerging Markets	-8.0%	-1.0%	18.7%	12.7	11.6	9%
MSCI AC World	-1.0%	11.5%	16.8%	17.7	14.3	23%
S&P 500 Sectors	**Q3'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
Consumer Discretionary	0.0%	10.3%	33.3%	30.5	17.6	73%
Consumer Staples	-0.3%	4.7%	10.7%	19.8	17.7	11%
Energy	-1.7%	43.2%	-33.7%	13.5	13.9	-3%
Financials	2.7%	29.1%	-1.7%	14.0	12.3	14%
Healthcare	1.4%	13.5%	13.4%	16.7	16.2	3%
Industrials	-4.2%	11.5%	11.1%	20.6	15.9	29%
Technology	1.3%	15.3%	43.9%	25.1	17.6	43%
Materials	-3.5%	10.5%	20.7%	15.7	15.3	3%
Communication Services	1.6%	21.6%	23.6%	21.3	17.9	19%
Utilities	1.8%	4.2%	0.5%	18.7	14.5	29%
Growth vs Value	**Q3'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
S&P Growth	1.9%	16.4%	33.5%	26.9	18.2	48%
S&P Value	-0.8%	15.3%	1.4%	15.9	13.1	21%
International	**Q3'21**	**2021**	**2020**	**Fwd PE***	**Avg PE****	**+/- avg**
Eurozone	-1.8%	10.2%	8.5%	15.3	12.5	23%
Germany (DAX)	-1.7%	11.2%	3.5%	14.3	12.9	11%
UK (FTSE)	0.7%	9.7%	-14.3%			
Japan (Nikkei)	3.0%	8.9%	18.3%			
MSCI Asia Pac xJapan	-8.3%	-1.9%	22.8%	16.6	14.5	14%
S. Korea (KOSPI)	-6.9%	6.8%	30.8%	20.8	19.6	6%
India (Sensex)	12.9%	24.9%	17.2%			
China (Shenzhen)	-2.9%	2.8%	35.2%	11.0	9.8	12%
S&P Latin America 40	-15.7%	-7.9%	-11.3%	8.2	11.4	-28%
Brazil (Bovespa)	-12.5%	-6.8%	2.9%	8.2	10.6	-23%
Mexico	2.8%	18.7%	3.4%	14.5	14.6	-1%

Asset Classes: For Q3'21, the slight uptick in the S&P 500 (+0.6% Q3, +15.9% ytd) allowed it to outpace the other major indices, all of which declined. The US-focused Russell 2000 (-4.4% Q3, +12.4% ytd), the overseas MSCI EAFE (-0.4% Q3, +8.8% ytd), and MSCI EM (-8.0% Q3, -1.0% ytd) all fell. Globally, Large Cap US was not enough to offset the other asset classes, and the MSCI ACWI (-1.0% Q3, +11.5% ytd) was slightly lower.
After lagging in Q1, the tech-driven NASDAQ (-0.2% Q3, +12.7% ytd) has subsequently made up ground in Q2 and Q3 over the more traditional Dow Jones (-1.5% Q3, +12.1% ytd), and the two are now comparable on a year-to-date basis.
While increasing optimism has caused analyst profit forecasts to rise, this has been reflected in rising prices. Consequently, valuations are above average in most asset classes. Thanks to continued price outperformance, the S&P 500's premium is the highest. While mean reversion in valuation does not happen overnight, it does argue for potential in the non-S&P 500 segments.

S&P Sectors: Powered by a late Q3 rally as interest rates rose, Financials led the way (+2.7% Q3), but, oddly, were joined by typically rate-increase-averse Utilities (+1.8%), and growth-oriented Communications Services (+1.6%) and Technology (+1.3% Q3). Meanwhile, reflation sensitive Industrials (-4.2%), Materials (-3.5%), and Energy (-1.7%) lagged. In other words, sectors reflected the interest rate side of reflation (Financials pricing higher rates), but were cautious on the economic benefit (better profits for industrials and commodities). With the rate move starting so late in Q3, after the Fed's 9/23 meeting, its possible the "reflation" sector rotation is just getting under way.

Growth vs Value: The relative performance of Value over Growth was the major trend in Q1, but it reversed in Q2 and now, Q3, as Value (-0.8%) lagged Growth (+1.9%) by about 3%. Prior to the final week's jump in interest rates, the dispersion was greater. As the 10yr rose 20bps into quarter end, Value outperformed Growth by 2.7%. 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. Value (+15.3% ytd) and Growth (+16.4%) have similar returns so far in 2021.

Global Markets: Globally, markets were mixed, as the still Covid-disrupted EM (-3% China, -16% S&P Lat Am, -8% Asia xJapan) fared worse than developed countries (Eurozone -2%, Japan +3%) with vaccine roll outs. Year-to-date, this has returned developed markets to the fore (EU+10% ytd, Japan +9%) versus EM (-8% Lat Am, -2% MSCI Asia XJapan). Hopefully, the continued global roll out of vaccines allows EM to participate.

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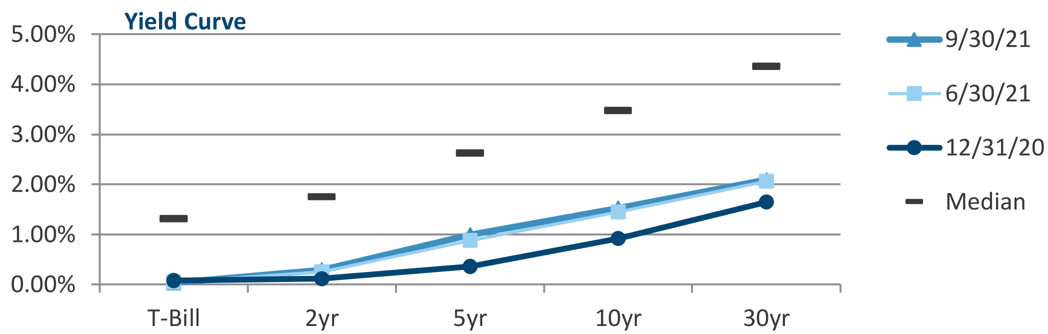
Fixed Income Markets Summary

Headline Indices	Q3'21	2021	2020	Yield	Spread	Avg*	+/- avg
Bloomberg Barc Agg	0.1%	-1.6%	7.5%	1.57%	0.04%	0.33%	-0.29%
ML Investment Grade	-0.1%	-1.1%	9.8%	2.20%	0.67%	1.07%	-0.40%
ML High Yield	0.9%	4.7%	6.2%	4.68%	3.15%	4.58%	-1.43%
S&P Nat'l Muni	-0.4%	0.7%	4.9%	2.34%	0.82%	0.73%	0.08%
S&P Leveraged Loan	1.0%	3.2%	2.8%	3.50%	3.46%	4.02%	-0.56%
T-Bill	0.0%	0.0%	0.6%				
NYMEX 7-10yr Tsy	0.0%	-3.4%	10.0%				
Treasury Yields	**9/30/21**	**6/30/21**	**12/31/20**			**Avg***	**+/- avg**
T-Bill	0.04%	0.05%	0.08%			1.32%	-1.28%
2yr	0.29%	0.25%	0.12%			1.76%	-1.47%
5yr	0.99%	0.88%	0.36%			2.63%	-1.64%
10yr	1.53%	1.45%	0.92%			3.48%	-1.95%
30yr	2.09%	2.06%	1.65%			4.36%	-2.27%
10yr Sovereign Yields	**9/30/21**	**6/30/21**	**12/31/20**			**Avg***	**+/- avg**
US	1.53%	1.45%	0.92%			2.48%	-0.95%
Germany	-0.19%	-0.21%	-0.58%			1.61%	-1.80%
Japan	0.07%	0.06%	0.02%			0.29%	-0.22%
UK	0.95%	0.71%	0.20%			2.06%	-1.11%
France	0.16%	0.13%	-0.34%			2.43%	-2.28%
Spain	0.46%	0.42%	0.04%			3.56%	-3.09%
Italy	0.86%	0.83%	0.54%			3.70%	-2.84%
China	2.89%	3.13%	3.19%			3.42%	-0.53%
Brazil	11.33%	9.22%	6.96%			11.06%	0.27%
Mexico	7.37%	6.97%	5.55%			7.19%	0.18%



Asset Classes: The bond market, as measured by the Bloomberg Barclays Aggregate Bond Index, was up 0.1% in Q3, as interest rates rose slightly. While most segments were flat, higher yield further out on the credit spectrum helped returns.

Duration: Reflecting its sensitivity to (flat) interest rates, the 7-10yr Treasury Index was unchanged in Q3, though is still down 3.4% ytd.

Credit: The more duration-sensitive ML Investment Grade Index (-0.1%) and S&P National Muni Index (-0.4%) were flat, as interest rates were flat. The more credit sensitive ML High Yield Index (+0.9% Q3) and S&P Leveraged Loan Index (+1.0%) were higher, as their higher yields offset their flat prices.

Treasury Yields: Rates were up slightly in Q3, with the 10yr Treasury yield rising 8bps to 1.53%. This leaves the 10yr up 61bps ytd.

Yield Curve: The yield curve shows rates were up slightly across the curve. Year-to-date, the curve has steepened, as the short end (T-Bill and 2yr) reflect the Fed keeping rates low through the end of 2022, while the longer end indicates rates are expected to rise beyond that point.

Global Rates: Globally, interest rates are well below average, but they have all ticked up in Q3. Germany (-0.19%) is still negative, while Japan (0.07%) 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	Sep-21	Jun-21	Sep-20	Aug-21	Avg*	+/- avg
US GDP	1.53	5.00	5.25	3.48	12.23	2.32	9.91
EU GDP	0.65	4.55	4.30	3.90	14.32	1.86	12.46
Japan GDP	0.28	2.48	2.55	2.20	7.72	0.94	6.78
UK GDP	1.60	6.10	5.80	4.50	23.58	2.17	21.41
China GDP	0.35	6.90	6.95	6.55	19.22	8.50	10.72
US CPI	1.50	3.20	2.43	1.70	5.20	1.68	3.52
EU CPI	0.23	1.28	1.13	1.05	2.96	0.85	2.11
Japan CPI	-0.58	0.13	0.45	0.70	-0.40	0.50	-0.90
UK CPI	-0.40	1.70	1.70	2.10	3.20	1.61	1.59
China CPI	-0.40	1.80	1.90	2.20	0.58	1.88	-1.30
US UnN	-1.35	4.85	4.60	6.20	5.20	5.00	0.20
EU UnN	-0.80	7.85	8.23	8.65	7.50	9.00	-1.50
Japan UnN	0.15	2.60	2.50	2.45	2.80	3.00	-0.20
UK UnN	-0.95	4.78	5.28	5.73	4.60	4.80	-0.20
China UnN	-0.35	4.13	4.65	4.48	5.20	4.00	1.20

Foreign Exchange		Q3'21	2021	2020	2019	2018	2017
Euro		-2%	-5%	9%	-2%	-5%	14%
Yen (Japan)		-1%	-7%	5%	1%	3%	4%
Pound (UK)		-2%	-1%	3%	4%	-6%	9%
Yuan (China)		0%	1%	7%	-1%	-5%	7%
Won (S. Korea)		-5%	-8%	6%	-4%	-4%	13%
Real (Brazil)		-8%	-5%	-23%	-4%	-14%	-2%
Peso (Mexico)		-3%	-3%	-5%	4%	-1%	5%
Commodities		**Q3'21**	**2021**	**2020**	**2019**	**2018**	**2017**
Oil	$75.03	2%	55%	-21%	35%	-25%	12%
Gold	$1,743	-1%	-8%	25%	18%	-1%	13%
Copper	$4.09	-5%	16%	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 3.48% to 5.00%. The forecasts for the EU and Japan have moved higher as well. China, whose economic disruption was minimized, is up only 0.4%. This illustrates just how far expectations for 2021 and 2022 have come since the middle of 2020. The one caveat is that forecasts are flat versus three months ago. The US, for example, has ticked down from 5.25% to 5.00%. Just as the improved year-over-year outlook has driven strong market returns compared to a year ago, so too does the unchanged outlook over the past three months help to explain the flat market.

CPI: US inflation expectations are up versus a year ago. The expectation remains that inflation will be transitory, driven by short term factors, especially the disruptions in the global supply chain. 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 down versus the dollar in Q3. So far in 2021, foreign exchange has been a drag for international stock returns.

Commodities: Oil rose 2% in Q3, and is now +55% 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 16% ytd rise reflects the improved economic outlook, as does gold's 8% ytd decline.

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Index Returns | 2005 to Present

	Q3'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Dow	-1.5%	12.1%	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	-0.4%	12.1%	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	-4.4%	12.4%	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	0.6%	15.9%	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	-1.8%	15.5%	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	-2.8%	20.1%	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	-0.4%	8.8%	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	-8.0%	-1.0%	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	-1.0%	11.5%	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	1.9%	16.4%	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	-0.8%	15.3%	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	0.1%	-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	-0.1%	-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	0.9%	4.7%	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	-0.4%	0.7%	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	1.0%	3.2%	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	0.0%	-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	Q3'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
MSCI Eurozone	-1.8%	10.2%	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)	-1.7%	11.2%	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)	0.7%	9.7%	-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)	2.3%	7.3%	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	-8.3%	-1.9%	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)	-6.9%	6.8%	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)	12.9%	24.9%	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)	-2.9%	2.8%	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	-15.7%	-7.9%	-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)	-12.5%	-6.8%	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	2.2%	16.6%	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	Q3'21	2021 ytd	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Consumer Discretionary	0.0%	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	-0.3%	4.7%	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	-1.7%	43.2%	-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	2.7%	29.1%	-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	1.4%	13.5%	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	-4.2%	11.5%	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	1.3%	15.3%	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	-3.5%	10.5%	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	1.6%	21.6%	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	1.8%	4.2%	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.