









Q3

Quarterly Market Review
Third Quarter 2021

Quarterly Market Summary

Index Returns

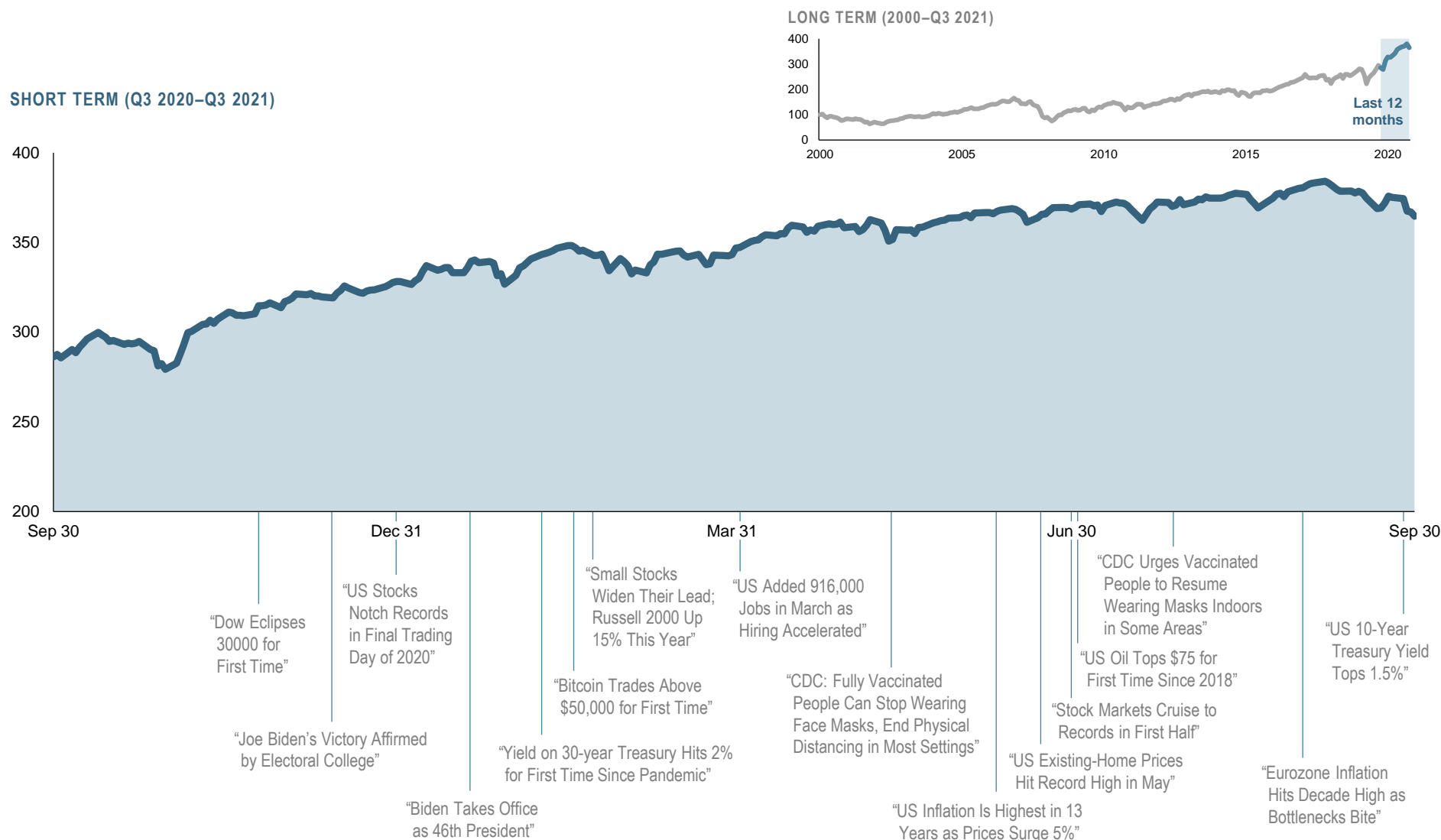
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
3Q 2021	STOCKS					BONDS	
	-0.10%	-0.66%	-8.09%	-0.08%		0.05%	0.09%
							

Since Jan. 2001							
Avg. Quarterly Return	2.4%	1.7%	2.9%	2.5%		1.1%	1.1%
Best Quarter	22.0%	25.9%	34.7%	32.3%		4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3		2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%		-3.4%	-2.7%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4		2021 Q1	2015 Q2

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg data provided by Bloomberg.

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



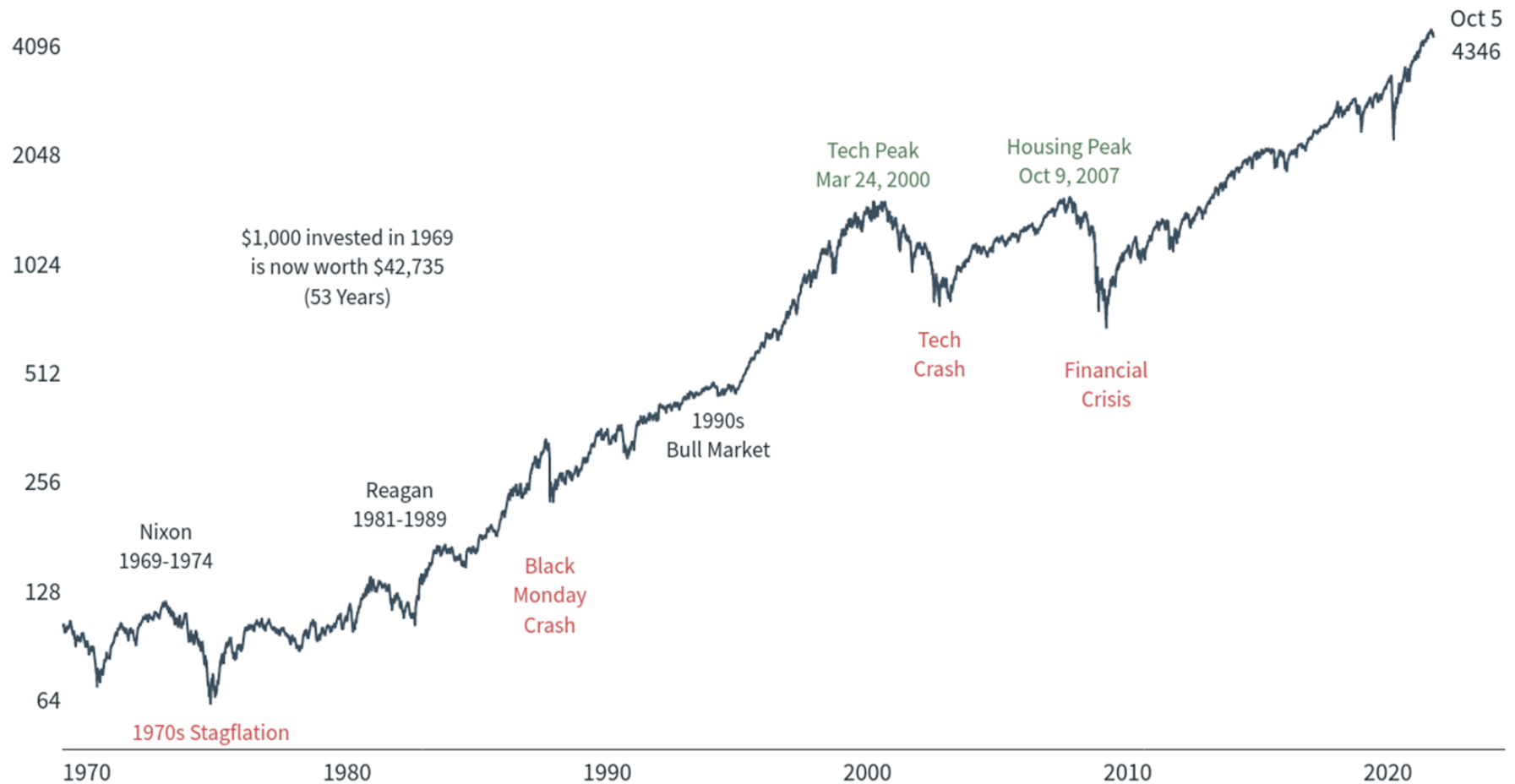
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2021, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

Stock Market Cycles

S&P 500 Index over the past 50 years (Log Scale)



Latest data point is Oct 5, 2021

- As this chart shows (log scale), the stock market has performed well over the past 50 years despite short-term ups and downs.
- These periods of turbulence were due to economic, political and global turmoil during those decades.
- This emphasizes the importance of staying invested, rather than focusing on days or months, especially as volatility rises.

Source: Standard and Poor's

US Stocks

Third Quarter 2021 Index Returns

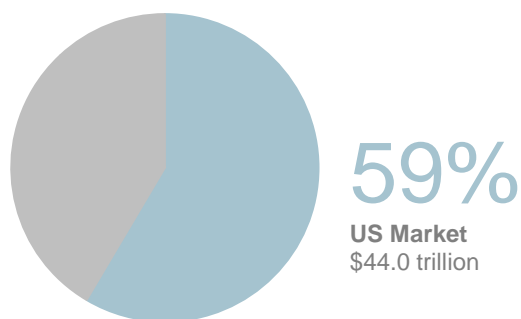
The US equity market was flat for the quarter and outperformed non-US developed markets and emerging markets.

Value underperformed growth in large cap stocks but outperformed growth in small cap stocks.

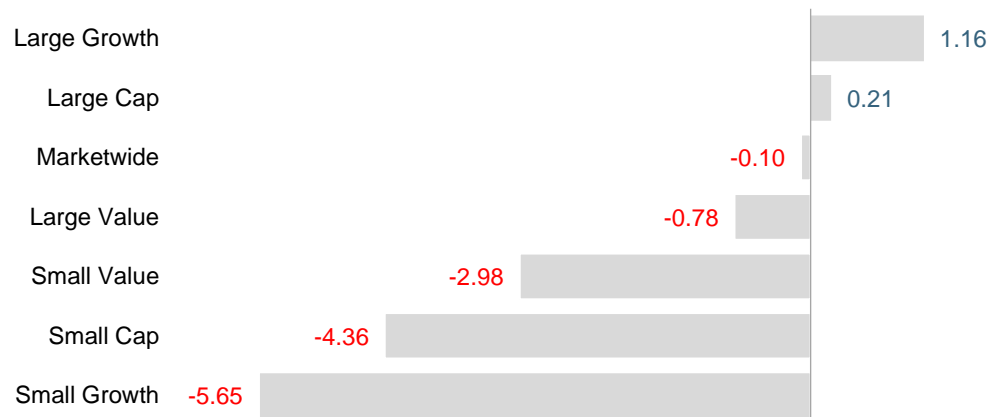
Small caps underperformed large caps.

REIT indices outperformed equity market indices.

World Market Capitalization—US



Ranked Returns (%)

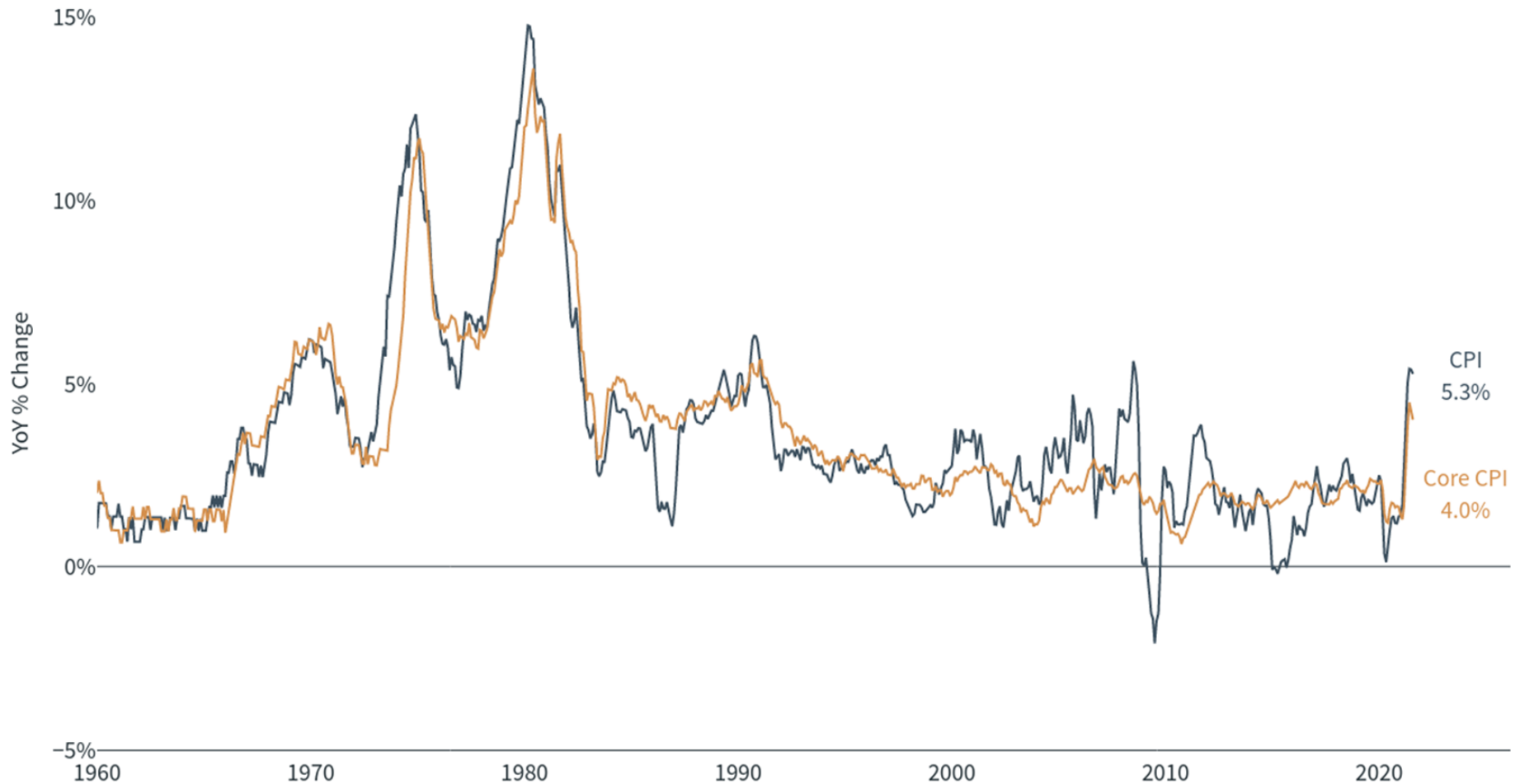


Data Series	QTR	YTD	1 Year	3 Years	5 Years	10 Years	
							* Annualized
Large Growth	1.16	14.30	27.32	22.00	22.84	19.68	
Large Cap	0.21	15.19	30.96	16.43	17.11	16.76	
Marketwide	-0.10	14.99	31.88	16.00	16.85	16.60	
Large Value	-0.78	16.14	35.01	10.07	10.94	13.51	
Small Value	-2.98	22.92	63.92	8.58	11.03	13.22	
Small Cap	-4.36	12.41	47.68	10.54	13.45	14.63	
Small Growth	-5.65	2.82	33.27	11.70	15.34	15.74	

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Consumer Price Index

CPI and Ex Food and Energy, YoY % Change



Latest data point is Aug 2021

- CPI is a commonly cited measure of inflation. It uses a basket of goods and services to track price changes for consumers.
- In order to measure the underlying trend in inflation, rather than temporary shocks to food and energy, economists often focus on Core CPI.
- Inflation has reached multi-decade highs as the economy rebounds to new historic peaks.

Source: U.S. Bureau of Labor Statistics

Interest Rates

10-year and 2-year yields since 2010



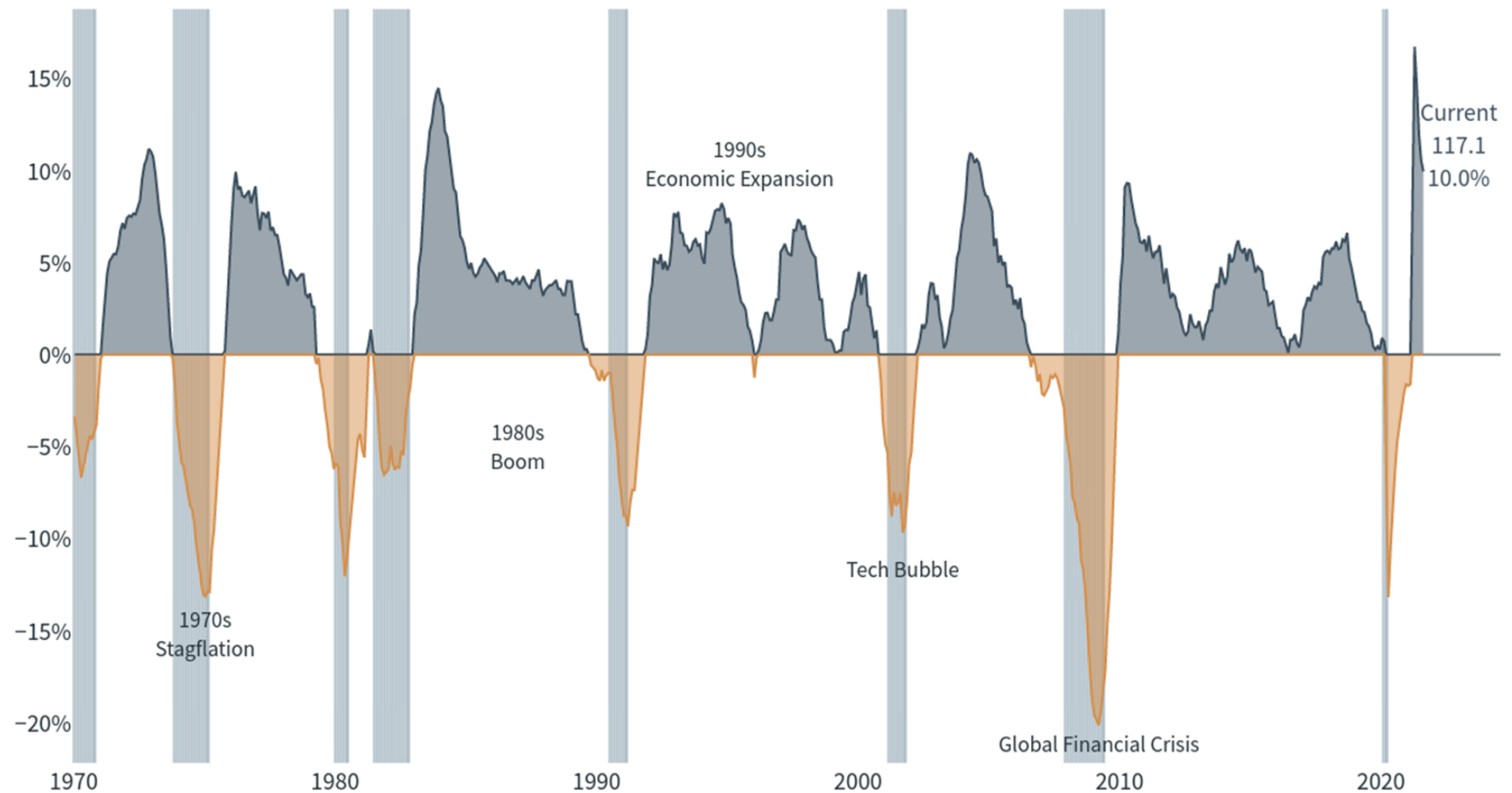
Latest data point is Oct 5, 2021

- Many interest rates have risen this year as the recovery continues and inflation fears grow.
- The 10-year Treasury yield has jumped since the start of the year and many expect it could continue to increase.
- Rising long-term interest rates are often a sign of the early phases of a business cycle.

Source: Federal Reserve

Leading Economic Indicators

Conference Board LEI year-over-year percent change
Recessions are shaded



Latest data point is Aug 2021

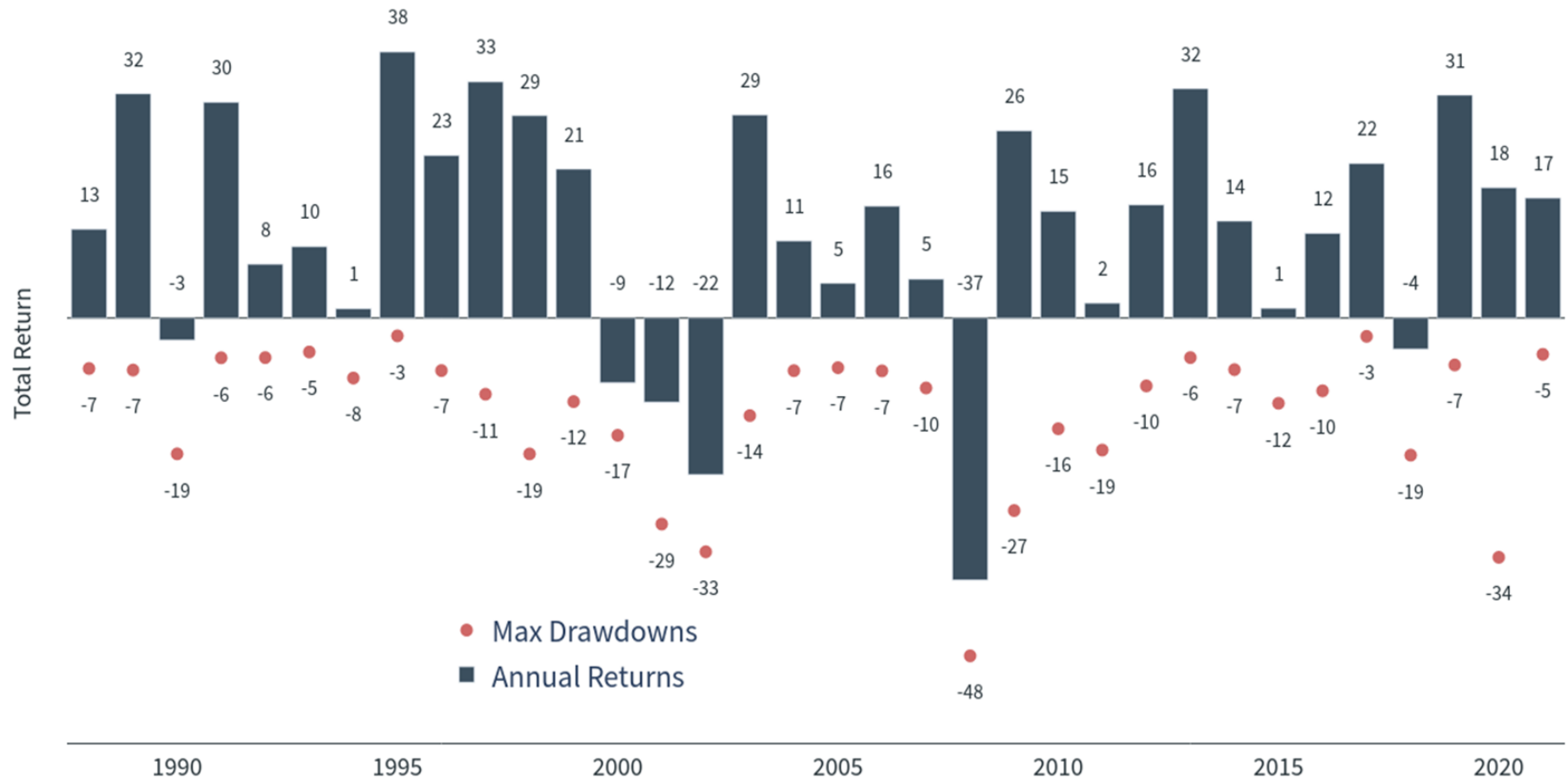
- This chart shows the year-over-year percent change in an index of leading economic indicators.
- This indicator usually turns negative several months before a recession. This also happened prior to the current crisis.
- This pattern is also evident over the prior seven recessions and is the result of the economic cycle.

Source: Conference Board,
NBER, Refinitiv

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Total Returns and Pullbacks

S&P 500 Index total returns. Max drawdown represents the biggest intra-year decline



Latest data point is Oct 5, 2021

- This chart shows total returns of the stock market (bars) and the largest intra-year decline (dots) each year.
- The average year sees a significant intra-year drop. However, most years still end in positive territory, especially with dividends.
- Volatility in prices is a normal part of investing. It is important to not forget that investments also generate income.

Source: Clearnomics, Standard & Poor's

Asset Class Performance

Total Returns

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EM 32.6%	EM 39.8%	Fixed Inc. 7.9%	EM 79.0%	Small Cap 26.3%	Fixed Inc. 7.7%	EM 18.6%	Small Cap 41.3%	S&P 500 13.7%	S&P 500 1.4%	Small Cap 26.6%	EM 37.8%	Fixed Inc. 0.1%	S&P 500 31.5%	EM 18.7%	Commod. 33.1%
EAFE 26.9%	Commod. 16.2%	Balanced -22.3%	EAFE 32.5%	EM 19.2%	S&P 500 2.1%	EAFE 17.9%	S&P 500 32.4%	Balanced 6.5%	Fixed Inc. 0.5%	S&P 500 12.0%	EAFE 25.6%	S&P 500 -4.4%	Small Cap 22.8%	S&P 500 18.4%	Small Cap 22.3%
S&P 500 15.8%	EAFE 11.6%	Small Cap -31.1%	S&P 500 26.5%	Commod. 16.8%	Small Cap 1.0%	Small Cap 16.3%	EAFE 23.3%	Fixed Inc. 6.0%	EAFE -0.4%	Commod. 11.8%	S&P 500 21.8%	Balanced -4.8%	EAFE 22.7%	Balanced 12.1%	S&P 500 17.0%
Small Cap 15.1%	Balanced 8.5%	Commod. -35.6%	Small Cap 25.6%	S&P 500 15.1%	Balanced 0.8%	S&P 500 16.0%	Balanced 16.1%	Small Cap 5.8%	Balanced -1.4%	EM 11.6%	Balanced 15.2%	Small Cap -8.5%	Balanced 20.3%	Small Cap 11.3%	Balanced 9.6%
Balanced 12.9%	Fixed Inc. 6.6%	S&P 500 -37.0%	Balanced 21.0%	Balanced 12.2%	EAFE -11.7%	Balanced 11.2%	Fixed Inc. -2.0%	EM -1.8%	Small Cap -2.0%	Balanced 8.3%	Small Cap 13.2%	Commod. -11.2%	EM 18.9%	EAFE 8.3%	EAFE 7.9%
Fixed Inc. 3.9%	S&P 500 5.5%	EAFE -43.1%	Commod. 18.9%	EAFE 8.2%	Commod. -13.3%	Fixed Inc. 3.8%	EM -2.3%	EAFE -4.5%	EM -14.6%	Fixed Inc. 2.4%	Fixed Inc. 3.6%	EAFE -13.4%	Fixed Inc. 8.5%	Fixed Inc. 7.5%	Fixed Inc. -1.7%
Commod. 2.1%	Small Cap -0.3%	EM -53.2%	Fixed Inc. 3.0%	Fixed Inc. 6.4%	EM -18.2%	Commod. -1.1%	Commod. -9.5%	Commod. -17.0%	Commod. -24.7%	EAFE 1.5%	Commod. 1.7%	EM -14.2%	Commod. 7.7%	Commod. -3.1%	EM -2.3%

Latest data point is Oct 5, 2021

- Diversifying properly across a variety of asset classes is the most important way for investors to weather market volatility.
- The balanced portfolio approximates a 60/40 stock/bond allocation. By design, it performs steadily through both good and bad markets.
- It is difficult if not impossible to predict which asset classes will outperform from year to year.

The Balanced Portfolio is a hypothetical 60/40 portfolio consisting of 40% U.S. Large Cap, 5% Small Cap, 10% International Developed Equities, 5% Emerging Market Equities, 35% U.S. Bonds, and 5% Commodities.

Source: Clearnomics, Refinitiv

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Definitions and Methodology

The **S&P 500** is a market capitalization-weighted index of large cap U.S. stocks. U.S. **mid cap** and **small cap** are the S&P 400 and S&P 600, respectively. **Value** and **growth** are the corresponding Standard and Poor's value and growth indices.

MSCI EM is an index of emerging market stocks. **MSCI EAFE** is an index of developed market stocks. **MSCI ACWI** is an index of global stocks.

The **forward P/E** is a ratio of the current market price of an index divided by an estimate of earnings over the next twelve months. The **Shiller P/E** is based on Robert Shiller's cyclically adjusted price-to-earnings ratio.

The **AAll Investor Sentiment** index is based on a weekly survey conducted by AAll.

Unless stated otherwise, **earnings** and **valuations** data are from Refinitiv indices.

The **LEI**, or Leading Economic Index, is produced monthly by the Conference Board.

Consumer sentiment indices are based on surveys conducted by the University of Michigan Surveys of Consumers.

Asset Class Performance and Asset Classes Relative to U.S.

Stocks charts: The EM, EAFE, Small Cap, Fixed Income and Commodities are these indices, respectively: MSCI EM, MSCI EAFE, Russell 2000, iShares Core U.S. Bond Aggregate, Bloomberg Commodity Index.

Fixed Income Performance: All sectors are represented by the Bloomberg Barclays bond indices except for EMD USD and Local which are the JPMorgan EMBIG Diversified Index and JPMorgan GBI-EM Core Index, respectively.

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The **Bloomberg Commodity Index** is a broadly diversified basket of physical commodities futures contracts.

The **DXY** is a U.S. dollar index based on a basket of currencies, including the Euro, Yen, Pound, Canadian Dollar, Swedish Krona and Swiss Franc.

Portfolio Risk/Reward and Portfolio Drift Since 2009 charts: stocks and bonds are the S&P 500 and iShares Core U.S. Bond Aggregate, respectively. Each portfolio represents a hypothetical stock/bond asset allocation.

The **MSCI Factor** indices are created and maintained by MSCI to capture factor returns. They cover various factors including Quality, Size, Momentum, Volatility, Value and Yield. The Multi-Factor index tracks the performance of Value, Momentum, Quality and Size.

The **MSCI USA** index tracks large and mid cap U.S. stocks.

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