

Third Quarter 2021

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Markets were mixed over the quarter as higher volatility returned, providing minimal results following strong performance in the first half of the year. Though the broader U.S. market was down slightly (Russell 3000), the S&P 500 finished higher despite concerns about rising inflation.

Developed international markets (MSCI EAFE) were modestly down as the recovery abroad slowed and worries arose around growing infections from the Delta variant. Emerging Markets (MSCI EM) fell significantly, making it the worst-performing asset class for the quarter, as the dollar strengthened and a sell-off in China impacted the market. The broad fixed income market (Bloomberg US Aggregate Bond Index) rose slightly but remained relatively flat amid inflation concerns and an announcement that the Federal Reserve may soon slow the pace of its bond-buying stimulus program.

Index	3Q 2021
S&P 500 Index	0.58%
Russell 3000 Index	-0.10%
MSCI EAFE Index ND	-0.45%
MSCI EM (Emerging Markets) Index ND	-8.09%
Bloomberg US Aggregate Bond Index	0.05%

The unemployment rate fell to 4.8%. Real GDP rose 6.7% annualized in the second quarter after rising 6.3% in the first. Inflation picked up as the Consumer Price Index rose by 5.4% for the 12 months ending September 30, 2021.

	US Equity			Non-US Equity			US Fixed Income				
	Growth	Blend	Value	ACWI ex. US	EAFE	EM	High Yield	Agg	Gov't		
Large	1.16	0.21	-0.78	Large	-3.29	-0.37	-8.72	Short	0.70	0.09	0.05
Mid	-0.76	-0.93	-1.01	Mid	-1.74	-0.70	-4.52	Interm	0.77	0.05	0.00
Small	-5.65	-4.36	-2.98	Small	0.00	0.90	-2.16	Long	2.37	0.07	0.46

Three month returns ending 9/30/21. US Equity indexes are Russell 1000, 1000 Value and 1000 Growth; MidCap, MidCap Value and MidCap Growth; and 2000, 2000 Value and 2000 Growth. Non-US Equity Indexes are MSCI All Country World Index (ACWI) ex. US Large, Mid and Small Caps; MSCI EAFE Large, Mid and Small Caps, and MSCI Emerging Markets (EM) Large, Mid and Small Caps. US Fixed Income indexes are Bloomberg Capital (BB) High Yield 1-5 Yr, Intermediate and Long duration; BB US Agg 1-5 Yr, Interm and 10+ Yr; and BB US Govt Short, Intermediate and Long Durations.

After a strong run of positive performance during the first half of 2021, markets pulled back during the third quarter, ending the period mixed. Small domestic gains were possible as some economic data remained positive but were muted by inflation and supply chain concerns. International equity fell as these concerns impacted the global economy. The US dollar strengthened against most major currencies, creating further headwinds for emerging markets. Risks continue to exist around the uncertainty of the pandemic timeline and rising cases of the Delta variant as the economy continues to reopen. China's slowing economy and regulatory crackdowns have also impacted the broader market. Taken all together, a focus on long-term goals and objectives continues to be a prudent course, balancing downside risk at current valuations with the potential for upside performance.

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