

WACOSA

## Investment Review

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August 23, 2021

**WACOSA**  
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**WACOSA Short-Term Reserve Agency**  
**678507**

***Wealth Advisor: Susan A Voeltz***  
***Portfolio Manager: Chad R Freiberg***

**Inception Date: 11/01/2013**  
**Investment activity through: 07/31/2021**

## Portfolio Summary

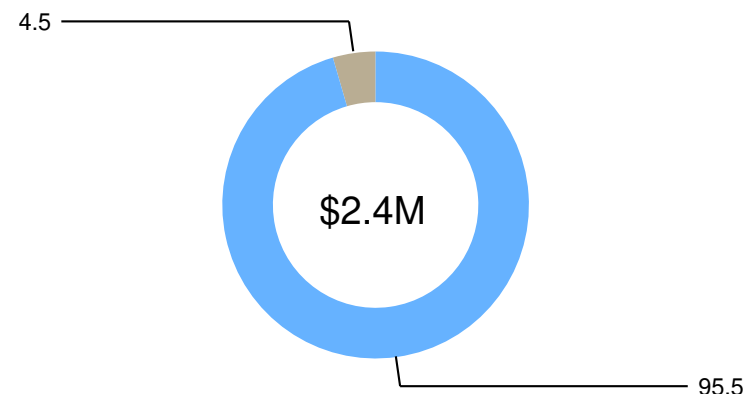
Period Ending: July 31, 2021

### WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

#### Asset Allocation

	Market Value	% of Mkt Val
● Fixed Income	\$ 2,309,964	95.5 %
● Cash	\$ 108,898	4.5 %
<b>Total</b>	<b>\$ 2,418,862</b>	<b>100.0 %</b>



#### Largest Holdings YTD

	Market Value	% of Mkt Val	Return
Federal Home Loan Banks 1% 30 Mar 2026	276,070	11.4	.39
Federal Farm Credit Banks Funding Corp .	259,862	10.7	-.05
Federal National Mortgage Association .3	200,853	8.3	.51
Federal Home Loan Mortgage Corp .6% 12 A	200,335	8.3	.64
Claiborne Cnty Tn Ref 30 Apr 2020 5% 01	164,545	6.8	.60
PayPal Holdings Inc 2.65% 01 Oct 2026	157,386	6.5	1.44
Federal Farm Credit Banks Funding Corp .	149,943	6.2	.10
Federal Farm Credit Banks Funding Corp 1	137,471	5.7	.18
Federal Farm Credit Banks Funding Corp .	124,893	5.2	.20
River Falls Wi Ref-Ser A 30 Jun 2020 4%	123,804	5.1	.36

#### Portfolio Activity YTD

<b>Beginning Market Value</b>	<b>2,397,811.07</b>
<b>Beginning Accrued Income</b>	<b>18,612.80</b>
<b>Beginning Account Value</b>	<b>2,416,423.87</b>
Net Contributions and Withdrawals	.00
Income Earned	23,553.29
Market Appreciation	-21,115.62
<b>Ending Market Value</b>	<b>2,406,557.69</b>
<b>Ending Accrued Income</b>	<b>12,303.85</b>
<b>Ending Account Value</b>	<b>2,418,861.54</b>
<b>Total Return</b>	<b>.10</b>



## Annual Portfolio Values/Asset Growth

Period Ending: July 31, 2021

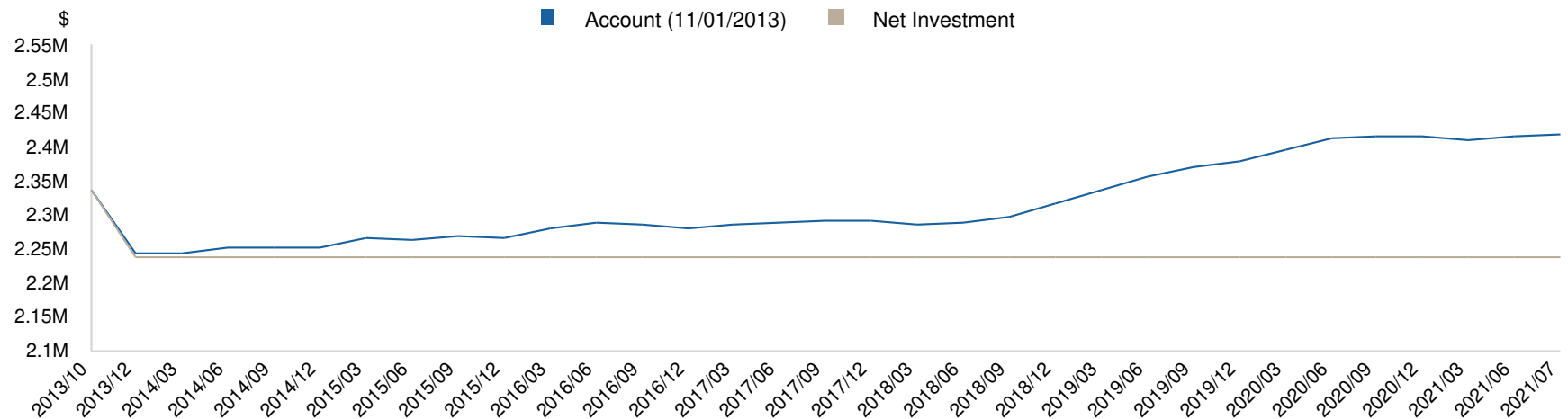
### WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

#### Annual Portfolio Values

	Consolidated	Jan 2016- Dec 2016	Jan 2017- Dec 2017	Jan 2018- Dec 2018	Jan 2019- Dec 2019	Jan 2020- Dec 2020	Jan 2021- Jul 2021
Beginning Account Value	2,264,560	2,264,560	2,280,663	2,290,131	2,315,348	2,379,135	2,416,424
Net Contributions/Withdrawals	0	0	0	0	0	0	0
Income Earned	273,257	33,478	40,180	56,043	60,228	59,774	23,553
Market Appreciation	-118,955	-17,375	-30,713	-30,826	3,559	-22,485	-21,116
Ending Account Value	2,418,862	2,280,663	2,290,131	2,315,348	2,379,135	2,416,424	2,418,862
Total Return	1.19	.71	.42	1.10	2.75	1.57	.10

#### Asset Growth and Net investment



## Selected Period Performance

Period Ending: July 31, 2021

### WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

#### Selected Period Performance

	Market Value	3 Months	Year to Date (7 Months)	1 Year	2 Years	3 Years	5 Years	Inception to Date 11/01/2013
Total Fund	2,418,862	.33	.36	.61	1.71	2.30	1.57	1.43
Total Fd Net Fee	2,418,862	.22	.10	.16	1.26	1.85	1.12	.99
Fixed Income	2,309,964	.35	.32	.57	1.72	2.32	1.58	1.44
Investment Grade	2,145,419	.37	.29	.54	1.72			
U.S. Agencies	1,449,471	.29	.27	.33	1.38			
Corporate Bonds	310,573	.77	.76	.96	2.14			
Taxable Municipal Bonds	385,374	.31	.07	.49	1.72			
BB Intermediate US Aggregate Bond Index (USD)		.98	-.13	.20	3.59	4.67	2.62	2.79
BB US Aggregate Bond Index (USD)		2.16	-.50	-.70	4.57	5.73	3.13	3.49
Investment Grade Tax-Exempt	164,545	.13	.60					
Municipal Bonds	164,545	.13	.60					
S&P 500 Index (Gross) (USD)		5.50	17.99	36.45	23.60	18.16	17.35	14.82
Wilshire 5000 Index (Full Cap) (USD)		4.54	16.74	38.95	24.17	18.11	17.42	14.43
Russell Midcap Index (USD)		3.07	17.14	42.58	20.62	15.79	14.77	12.78
Russell 2000 Index (USD)		-1.54	13.29	51.97	20.41	11.49	14.28	11.00
MSCI ACWI ex-USA (Net) (USD)		.77	7.36	27.78	13.41	7.92	9.65	5.45
MSCI EAFE Index (Net) (USD)		2.87	9.65	30.31	13.19	7.66	9.35	5.51
MSCI Emerging Markets Index (Net) (USD)		-4.40	.22	20.64	13.38	7.93	10.37	5.19
Citigroup 3 Month Treasury Bill Index (USD)		.01	.03	.07	.72	1.25	1.14	.76
Cash	108,898	.00	.01	.02	.56	1.19	1.01	.67
Cash Equivalents	108,898	.00	.00	.01	.41			
Tax-Exempt Money Market Fund	108,898	.00	.00	.01	.41			
Citigroup 1 Month Treasury Bill Index (USD)		.01	.02	.06	.63	1.18	1.08	.71

Portfolio Holdings

Period Ending: July 31, 2021

WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

Portfolio Holdings

	Ticker	Units	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss	Annual Income	Current Yield
<b>Fixed Income</b>									
U.S. Agencies									
	Federal Farm Credit Banks Funding Corp .19% 22 Sep	. 150,000.000	99.894	149,841.00	102.12	6.2	-159.00	285.00	.190
	Federal Farm Credit Banks Funding Corp .23% 13 Nov	. 260,000.000	99.897	259,732.20	129.56	10.8	-267.80	598.00	.230
	Federal Farm Credit Banks Funding Corp .27% 05 Oct	. 100,000.000	99.957	99,957.10	87.00	4.2	32.10	270.00	.270
	Federal Farm Credit Banks Funding Corp .36% 24 Sep	. 125,000.000	99.788	124,734.53	158.75	5.2	-109.22	450.00	.361
	Federal Farm Credit Banks Funding Corp 1.875% 14 J	. 135,000.000	101.586	137,140.86	330.47	5.7	2,433.81	2,531.25	1.846
	Federal Home Loan Banks 1% 30 Mar 2026	. 275,000.000	100.053	275,145.75	924.31	11.4	145.75	2,750.00	.999
	Federal Home Loan Mortgage Corp .6% 12 Aug 2025	. 200,000.000	99.886	199,771.26	563.33	8.3	771.26	1,200.00	.601
	Federal National Mortgage Association .32% 25 Aug	. 200,000.000	100.288	200,575.72	277.34	8.3	575.72	640.00	.319
	<b>Total:U.S. Agencies</b>			<b>1,446,898.42</b>	<b>2,572.88</b>	<b>60.1</b>	<b>3,422.62</b>	<b>8,724.25</b>	<b>.603</b>
Corporate Bonds									
	Exelon Generation Co LLC 4.25% 15 Jun 2022	. 50,000.000	102.425	51,212.42	271.53	2.1	-890.08	2,125.00	4.149
	PayPal Holdings Inc 2.65% 01 Oct 2026	. 145,000.000	107.659	156,104.91	1,280.83	6.5	698.26	3,842.50	2.461
	eBay Inc 2.6% 15 Jul 2022	. 100,000.000	101.588	101,588.00	115.56	4.2	194.00	2,600.00	2.559
	<b>Total:Corporate Bonds</b>			<b>308,905.33</b>	<b>1,667.92</b>	<b>12.8</b>	<b>2.18</b>	<b>8,567.50</b>	<b>2.774</b>
Taxable Municipal Bonds									
	Hays Tx Consol Indep Sch Dist Txbl-Ref-Ser A 13 De	. 105,000.000	100.162	105,170.10	2,420.83	4.4	-12,377.40	5,250.00	4.992
	New York Ny Txbl-Subser D2 16 Oct 2013 2.9% 01 Aug	. 50,000.000	100.000	50,000.00	725.00	2.1	-1,592.50	1,450.00	2.900
	Putnam Cnty Tn Txbl-Ref 07 Aug 2020 1.5% 01 Apr 20	. 100,000.000	102.754	102,754.00	500.00	4.3	-1,387.00	1,500.00	1.460
	River Falls Wi Ref-Ser A 30 Jun 2020 4% 01 Mar 202	. 115,000.000	105.989	121,887.35	1,916.67	5.1	-4,092.85	4,600.00	3.774
	<b>Total:Taxable Municipal Bonds</b>			<b>379,811.45</b>	<b>5,562.50</b>	<b>15.8</b>	<b>-19,449.75</b>	<b>12,800.00</b>	<b>3.370</b>
Municipal Bonds									
	Claiborne Cnty Tn Ref 30 Apr 2020 5% 01 Apr 2023	. 150,000.000	108.030	162,045.00	2,500.01	6.7	-4,806.00	7,500.00	4.628
	<b>Total:Municipal Bonds</b>			<b>162,045.00</b>	<b>2,500.01</b>	<b>6.7</b>	<b>-4,806.00</b>	<b>7,500.00</b>	<b>4.628</b>
	<b>Total:Fixed Income</b>			<b>2,297,660.20</b>	<b>12,303.31</b>	<b>95.5</b>	<b>-20,830.95</b>	<b>37,591.75</b>	<b>1.636</b>

## WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

*Portfolio Holdings*

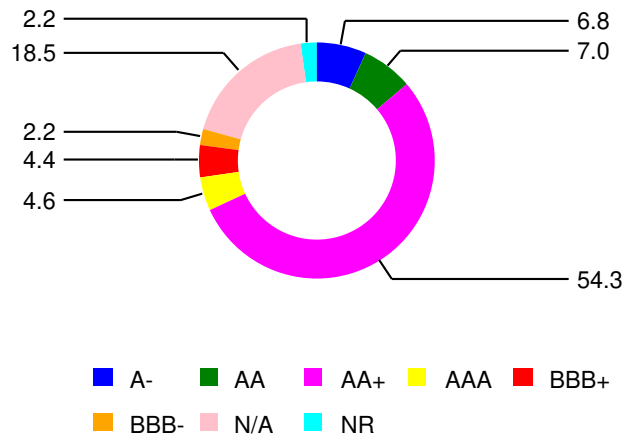
	Ticker	Units	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss	Annual Income	Current Yield	
<b>Cash</b>										
Tax-Exempt Money Market Fund										
	Federated Hermes Government Obligations Tax-Managed	GOTXX	108,897.490	1.000	108,897.49	.54	4.5	.00	6.42	.006
	Total:Tax-Exempt Money Market Fund				108,897.49	.54	4.5	.00	6.42	.006
	<b>Total:Cash</b>				<b>108,897.49</b>	<b>.54</b>	<b>4.5</b>	<b>.00</b>	<b>6.42</b>	<b>.006</b>
	<b>Total</b>				<b>2,406,557.69</b>	<b>12,303.85</b>	<b>100.0</b>	<b>-20,830.95</b>	<b>37,598.18</b>	<b>1.562</b>

Fixed Income Analysis

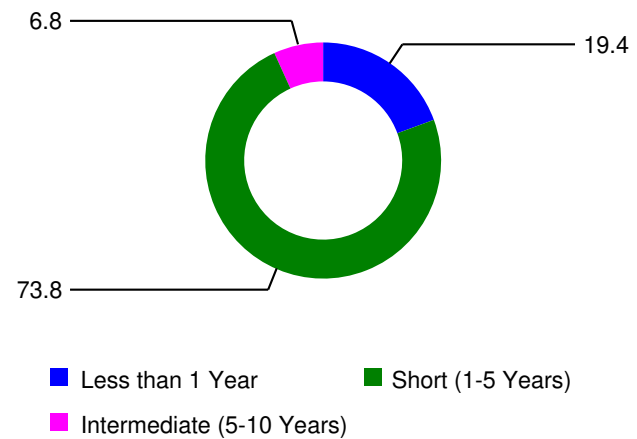
07/31/2021

Coupon	1.70%
Current Yield	1.64%
Yield to Maturity	.60%
Maturity	2.68
Duration	2.63
Face Amount	\$ 2,260,000
Market Value	\$ 2,297,660
Total Accrual	\$ 12,303
Cost	\$ 2,318,491

Quality Allocation by Market Value



Maturity Allocation by Market Value



## Fixed Income Holdings Detail

Period Ending: July 31, 2021

## WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

## Fixed Income Holdings Detail

	ID	Units	Unit Cost	Current Price	Market Value	Annual Income	Unrealized Gain/Loss
<b>U.S. Agencies</b>							
Federal Home Loan Banks 1% 30 Mar 2026 1.000%03/30/2026	3130ALMM3	275,000.000	100.000	100.053	276,070.06	2,750.00	145.75
Federal Farm Credit Banks Funding Corp 1.875% 14 J 1.875%06/14/2022	3133EKRD0	135,000.000	99.780	101.586	137,471.33	2,531.25	2,433.81
Federal Farm Credit Banks Funding Corp .36% 24 Sep .360%09/24/2024	3133EMBD3	125,000.000	99.880	99.788	124,893.28	450.00	-109.22
Federal Farm Credit Banks Funding Corp .27% 05 Oct .270%10/05/2023	3133EMBQ4	100,000.000	99.930	99.957	100,044.10	270.00	32.10
Federal Farm Credit Banks Funding Corp .19% 22 Sep .190%09/22/2023	3133EMLE0	150,000.000	100.000	99.894	149,943.12	285.00	-159.00
Federal Farm Credit Banks Funding Corp .23% 13 Nov .230%11/13/2023	3133EMYW6	260,000.000	100.000	99.897	259,861.76	598.00	-267.80
Federal Home Loan Mortgage Corp .6% 12 Aug 2025 .600%08/12/2025	3134GWND4	200,000.000	99.500	99.886	200,334.59	1,200.00	771.26
Federal National Mortgage Association .32% 25 Aug .320%08/25/2023	3136G42C6	200,000.000	100.000	100.288	200,853.06	640.00	575.72
<b>Total U.S. Agencies</b>					<b>1,449,471.30</b>	<b>8,724.25</b>	<b>3,422.62</b>
<b>Corporate Bonds</b>							
eBay Inc 2.6% 15 Jul 2022 2.600%07/15/2022	278642AE3	100,000.000	101.390	101.588	101,703.56	2,600.00	194.00
Exelon Generation Co LLC 4.25% 15 Jun 2022 4.250%06/15/2022	30161MAL7	50,000.000	104.210	102.425	51,483.95	2,125.00	-890.08
PayPal Holdings Inc 2.65% 01 Oct 2026 2.650%10/01/2026	70450YAD5	145,000.000	107.180	107.659	157,385.74	3,842.50	698.26
<b>Total Corporate Bonds</b>					<b>310,573.25</b>	<b>8,567.50</b>	<b>2.18</b>
<b>Taxable Municipal Bonds</b>							
Hays Tx Consol Indep Sch Dist Txbi-Ref-Ser A 13 De 5.000%08/15/2021	421110N37	105,000.000	111.950	100.162	107,590.93	5,250.00	-12,377.40
New York Ny Txbi-Subser D2 16 Oct 2013 2.9% 01 Aug 2.900%08/01/2021	64966K2Q5	50,000.000	103.190	100.000	50,725.00	1,450.00	-1,592.50
Putnam Cnty Tn Txbi-Ref 07 Aug 2020 1.5% 01 Apr 20 1.500%04/01/2026	746673ZQ8	100,000.000	104.140	102.754	103,254.00	1,500.00	-1,387.00
River Falls Wi Ref-Ser A 30 Jun 2020 4% 01 Mar 202 4.000%03/01/2023	768177QM2	115,000.000	109.550	105.989	123,804.02	4,600.00	-4,092.85
<b>Total Taxable Municipal Bonds</b>					<b>385,373.95</b>	<b>12,800.00</b>	<b>-19,449.75</b>

WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

*Fixed Income Holdings Detail*

	ID	Units	Unit Cost	Current Price	Market Value	Annual Income	Unrealized Gain/Loss	
<b>Municipal Bonds</b>								
	Claiborne Cnty Tn Ref 30 Apr 2020 5% 01 Apr 2023 5.000%04/01/2023	179468SB0	150,000.000	111.230	108.030	164,545.01	7,500.00	-4,806.00
	<b>Total Municipal Bonds</b>					<b>164,545.01</b>	<b>7,500.00</b>	<b>-4,806.00</b>
<b>Total</b>					<b>2,309,963.51</b>	<b>37,591.75</b>	<b>-20,830.95</b>	

## WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

## Fixed Income Analytics

	ID	Yield to Maturity	Coupon Rate	Duration	Quality Rating	Quality2 Rating	Call Date/Price	Put Date/Price	Market Value
<b>U.S. Agencies</b>									
Federal Home Loan Banks 1% 30 Mar 2026 1.000%03/30/2026	3130ALMM3	.988	1.000	4.571	AA+	Aaa	09/30/2021 100.000		276,070.06
Federal Farm Credit Banks Funding Corp 1.875% 14 J 1.875%06/14/2022	3133EKRD0	.056	1.875	.913	AA+	Aaa			137,471.33
Federal Farm Credit Banks Funding Corp .36% 24 Sep .360%09/24/2024	3133EMBD3	.428	.360	3.152	AA+	Aaa	09/24/2021 100.000		124,893.28
Federal Farm Credit Banks Funding Corp .27% 05 Oct .270%10/05/2023	3133EMBQ4	.290	.270	2.245	AA+	Aaa	10/05/2021 100.000		100,044.10
Federal Farm Credit Banks Funding Corp .19% 22 Sep .190%09/22/2023	3133EMLE0	.240	.190	2.163	AA+	Aaa			149,943.12
Federal Farm Credit Banks Funding Corp .23% 13 Nov .230%11/13/2023	3133EMYW6	.275	.230	2.328	AA+	Aaa	08/13/2021 100.000		259,861.76
Federal Home Loan Mortgage Corp .6% 12 Aug 2025 .600%08/12/2025	3134GWND4	.629	.600	4.040	N/A	Aaa	08/12/2021 100.000		200,334.59
Federal National Mortgage Association .32% 25 Aug .320%08/25/2023	3136G42C6	.181	.320	2.078	AA+	Aaa	08/25/2022 100.000		200,853.06
<b>Total U.S. Agencies</b>									<b>1,449,471.30</b>
<b>Corporate Bonds</b>									
eBay Inc 2.6% 15 Jul 2022 2.600%07/15/2022	278642AE3	.925	2.600	.994	BBB+	Baa1	04/15/2022 100.000		101,703.56
Exelon Generation Co LLC 4.25% 15 Jun 2022 4.250%06/15/2022	30161MAL7	1.450	4.250	.909	BBB-	Baa2	03/15/2022 100.000		51,483.95
PayPal Holdings Inc 2.65% 01 Oct 2026 2.650%10/01/2026	70450YAD5	1.121	2.650	4.950	A-	A3	08/01/2026 100.000		157,385.74
<b>Total Corporate Bonds</b>									<b>310,573.25</b>
<b>Taxable Municipal Bonds</b>									
Hays Tx Consol Indep Sch Dist Txbi-Ref-Ser A 13 De 5.000%08/15/2021	421110N37	1.035	5.000	.084	AAA	N/A			107,590.93
New York Ny Txbi-Subser D2 16 Oct 2013 2.9% 01 Aug 2.900%08/01/2021	64966K2Q5	2.897	2.900	.084	NR	NR			50,725.00
Putnam Cnty Tn Txbi-Ref 07 Aug 2020 1.5% 01 Apr 20 1.500%04/01/2026	746673ZQ8	.896	1.500	4.605	N/A	Aa2			103,254.00
River Falls Wi Ref-Ser A 30 Jun 2020 4% 01 Mar 202 4.000%03/01/2023	768177QM2	.219	4.000	1.630	N/A	Aa2			123,804.02
<b>Total Taxable Municipal Bonds</b>									<b>385,373.95</b>



WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

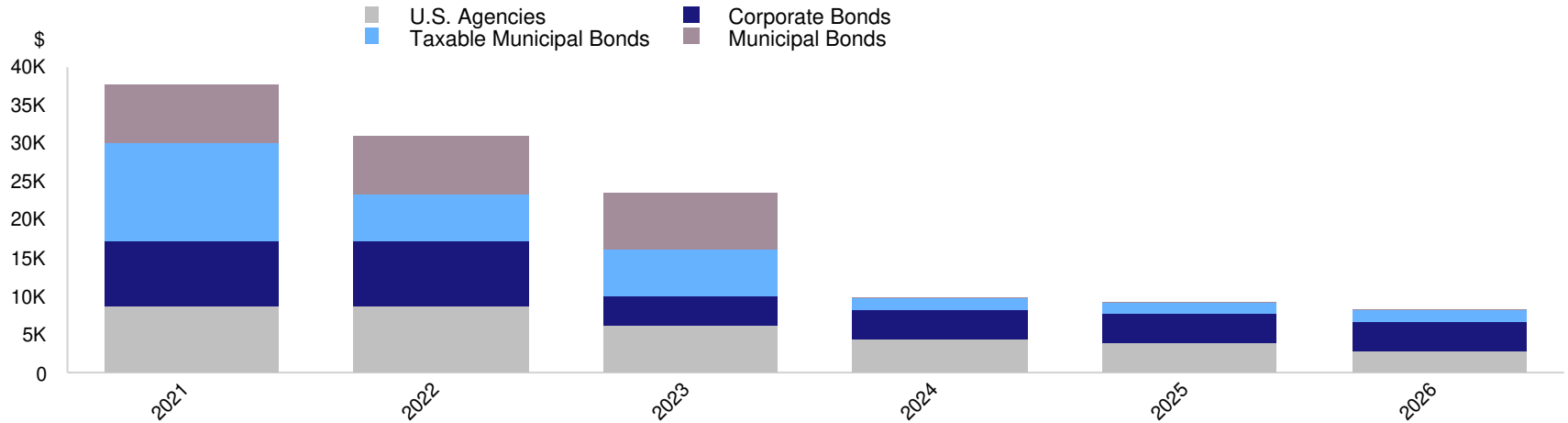
*Fixed Income Analytics*

	ID	Yield to Maturity	Coupon Rate	Duration	Quality Rating	Quality2 Rating	Call Date/Price	Put Date/Price	Market Value
<b>Municipal Bonds</b>									
	Claiborne Cnty Tn Ref 30 Apr 2020 5% 01 Apr 2023 5.000%04/01/2023	179468SB0	.181	5.000	1.700	AA	N/A		164,545.01
	<b>Total Municipal Bonds</b>								<b>164,545.01</b>
	<b>Total</b>								<b>2,309,963.51</b>

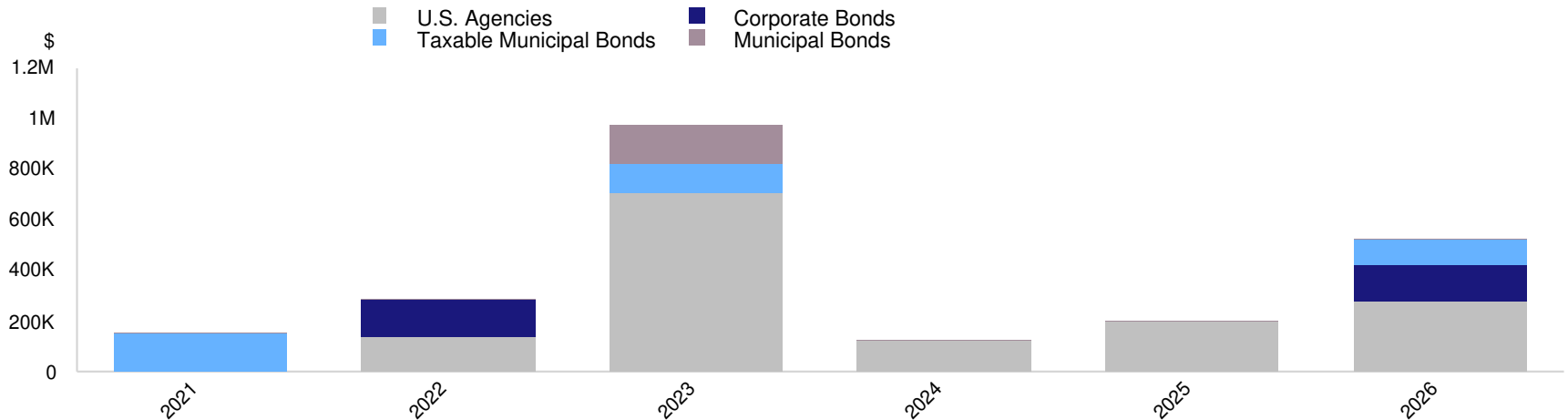
WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

Fixed Income Anticipated Income Stream



Fixed Income Maturity Graph



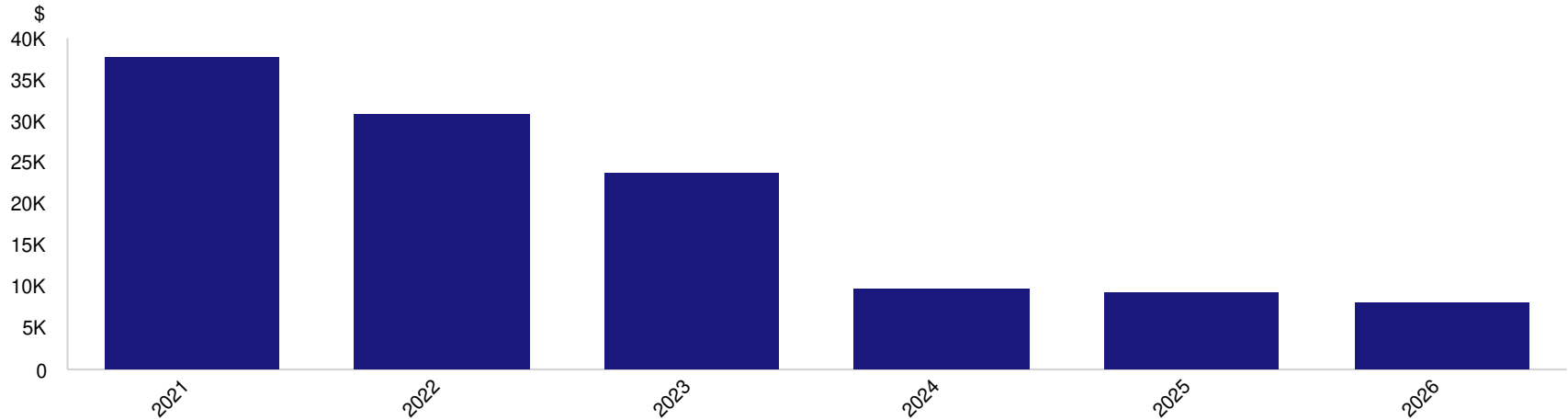
## Fixed Income Stream and Maturity Graph

Period Ending: July 31, 2021

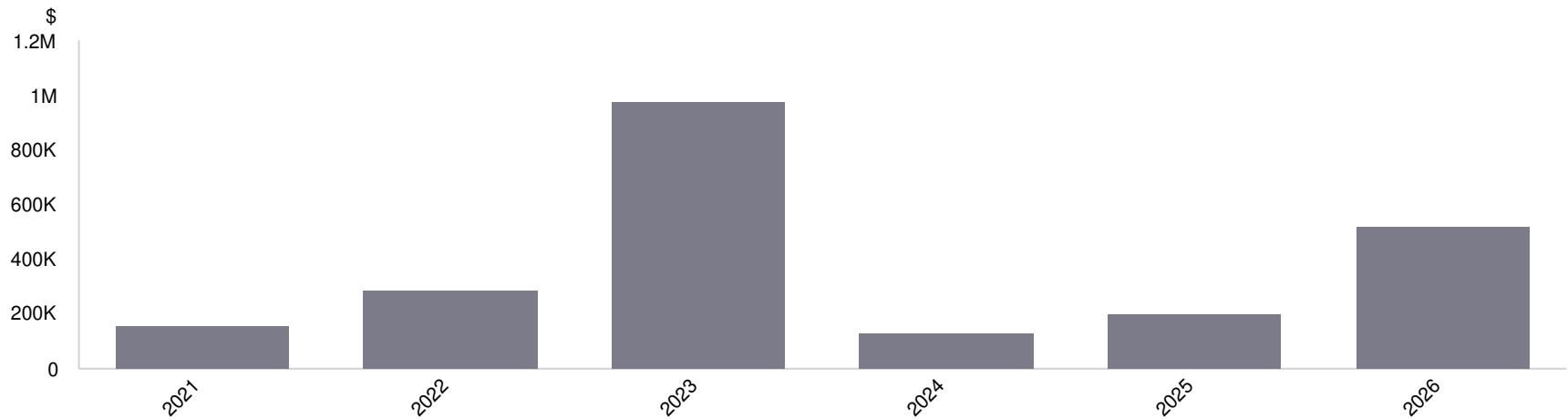
WACOSA Short-Term Reserve Agency (678507)

Managed since: November 01, 2013

Fixed Income Anticipated Income Stream



Fixed Income Maturity Graph



**WACOSA Long-Term Reserve Agency**  
**689300**

***Wealth Advisor: Susan A Voeltz***  
***Portfolio Manager: Chad R Freiberg***

**Inception Date: 01/01/2014**  
**Investment activity through: 07/31/2021**

## Portfolio Summary

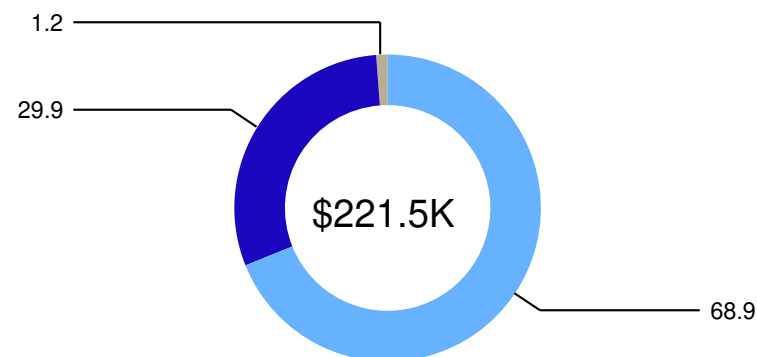
Period Ending: July 31, 2021

### WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

#### Asset Allocation

	Market Value	% of Mkt Val
● Fixed Income	\$ 152,602	68.9%
● Equities	\$ 66,161	29.9%
● Cash	\$ 2,694	1.2%
<b>Total</b>	<b>\$ 221,457</b>	<b>100.0%</b>



#### Largest Holdings YTD

	Market Value	% of Mkt Val	Return
Vanguard Mortgage-Backed Securities ETF	75,963	34.3	-.32
Vanguard Intermediate-Term Bond ETF	69,088	31.2	-.39
SPDR S&P 500 ETF Trust	36,396	16.4	18.02
iShares Core MSCI EAFE ETF	15,034	6.8	10.90
Vanguard Short-Term Corporate Bond ETF	7,551	3.4	.49
iShares MSCI Emerging Markets ETF	5,521	2.5	.30
iShares Core S&P Mid-Cap ETF	5,124	2.3	18.00
Technology Select Sector SPDR Fund	2,761	1.3	18.44
Federated Government Obligations Fund -	2,694	1.2	.01
iShares Core S&P Small-Cap ETF	1,323	.6	20.59

#### Portfolio Activity YTD

<b>Beginning Market Value</b>	<b>213,067.19</b>
<b>Beginning Accrued Income</b>	<b>145.38</b>
<b>Beginning Account Value</b>	<b>213,212.57</b>
Net Contributions and Withdrawals	.00
Income Earned	1,982.14
Market Appreciation	6,262.09
<b>Ending Market Value</b>	<b>221,271.81</b>
<b>Ending Accrued Income</b>	<b>184.99</b>
<b>Ending Account Value</b>	<b>221,456.80</b>
<b>Total Return</b>	<b>3.87</b>

## Annual Portfolio Values/Asset Growth

Period Ending: July 31, 2021

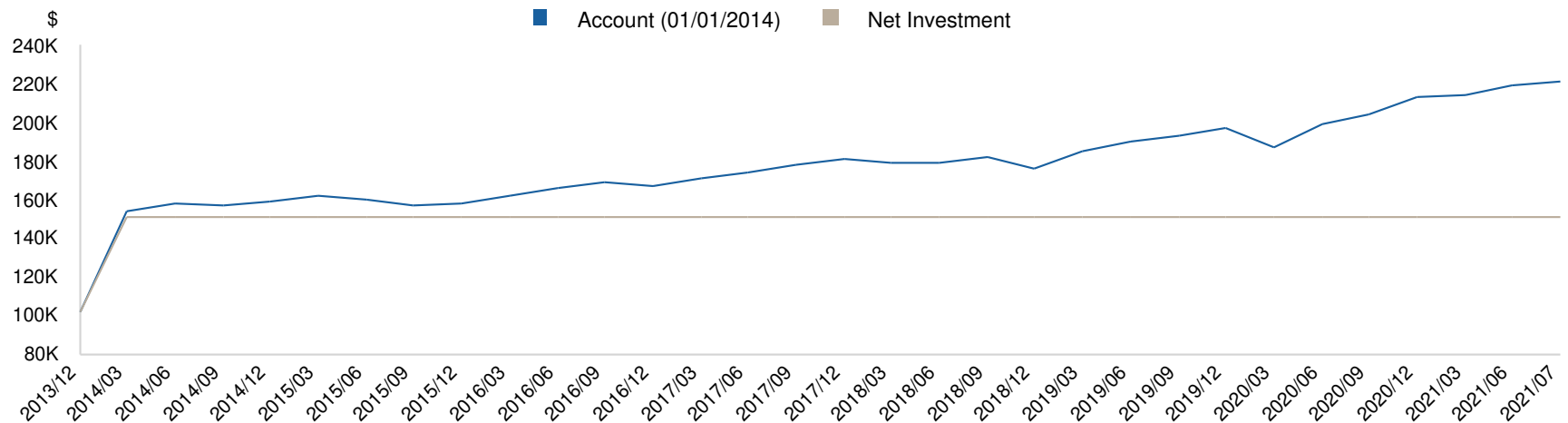
### WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

#### Annual Portfolio Values

	Consolidated	Jan 2016- Dec 2016	Jan 2017- Dec 2017	Jan 2018- Dec 2018	Jan 2019- Dec 2019	Jan 2020- Dec 2020	Jan 2021- Jul 2021
Beginning Account Value	158,294	158,294	166,975	180,991	175,603	197,634	213,213
Net Contributions/Withdrawals	0	0	0	0	0	0	0
Income Earned	24,705	4,151	4,082	4,772	5,175	4,543	1,982
Market Appreciation	38,458	4,531	9,934	-10,160	16,855	11,035	6,262
Ending Account Value	221,457	166,975	180,991	175,603	197,634	213,213	221,457
Total Return	6.09	5.48	8.39	-3.34	12.55	7.66	3.87

#### Asset Growth and Net investment



## Selected Period Performance

Period Ending: July 31, 2021

### WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

#### Selected Period Performance

	Market Value	3 Months	Year to Date (7 Months)	1 Year	2 Years	3 Years	5 Years	Inception to Date 01/01/2014
Total Fund	221,457	2.02	4.13	9.47	8.26	7.23	5.98	5.49
Total Fd Net Fee	221,457	1.91	3.87	8.99	7.79	6.76	5.52	5.03
Fixed Income	152,602	1.34	-.29	-.44	3.92	4.82	2.76	3.34
Investment Grade	152,602	1.34	-.29	-.44	3.92			
Inv Grade ETF	152,602	1.34	-.29	-.44	3.92			
BB Intermediate US Aggregate Bond Index (USD)		.98	-.13	.20	3.59	4.67	2.62	2.96
BB US Aggregate Bond Index (USD)		2.16	-.50	-.70	4.57	5.73	3.13	3.70
Equities	66,161	3.62	14.78	35.31	18.54	12.64	13.52	10.54
Large Cap	39,158	5.74	18.03	36.36	21.82			
Large Cap ETF	39,158	5.74	18.03	36.36	21.82			
S&P 500 Index (Gross) (USD)		5.50	17.99	36.45	23.60	18.16	17.35	14.33
Wilshire 5000 Index (Full Cap) (USD)		4.54	16.74	38.95	24.17	18.11	17.42	13.94
Mid Cap	5,124	-.46	18.00	47.01	18.93			
Mid Cap ETF	5,124	-.46	18.00	47.01	18.93			
Russell Midcap Index (USD)		3.07	17.14	42.58	20.62	15.79	14.77	12.40
Small Cap	1,323	-.02	20.59	56.80	21.21			
Small Cap ETF	1,323	-.02	20.59	56.80	21.21			
Russell 2000 Index (USD)		-1.54	13.29	51.97	20.41	11.49	14.28	10.39
Developed International	15,034	3.11	10.90	32.41	14.51			
Developed Intl ETF	15,034	3.11	10.90	32.41	14.51			
MSCI ACWI ex-USA (Net) (USD)		.77	7.36	27.78	13.41	7.92	9.65	5.43
MSCI EAFE Index (Net) (USD)		2.87	9.65	30.31	13.19	7.66	9.35	5.32
Emerging Market	5,521	-3.98	.30	20.94	13.42			
Emerging Market ETF	5,521	-3.98	.30	20.94	13.42			
MSCI Emerging Markets Index (Net) (USD)		-4.40	.22	20.64	13.38	7.93	10.37	5.71
Citigroup 3 Month Treasury Bill Index (USD)		.01	.03	.07	.72	1.25	1.14	.77
Cash	2,694	.01	.01	.02	.56	1.08	.98	.66

**Selected Period Performance**

**Period Ending: July 31, 2021**

**WACOSA Long-Term Reserve Agency (689300)**

**Managed since: January 01, 2014**

*Selected Period Performance*

	Market Value	3 Months	Year to Date (7 Months)	1 Year	2 Years	3 Years	5 Years	Inception to Date 01/01/2014
Cash Equivalents	2,694	.01	.01	.02	.55			
Taxable Money Market Fund	2,694	.01	.01	.02	.55			
Citigroup 1 Month Treasury Bill Index (USD)		.01	.02	.06	.63	1.18	1.08	.73



## Portfolio Holdings

Period Ending: July 31, 2021

### WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

#### Portfolio Holdings

	Ticker	Units	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss	Annual Income	Current Yield	
<b>Fixed Income</b>										
Inv Grade ETF										
	Vanguard Intermediate-Term Bond ETF	BIV	757.000	91.120	68,977.84	109.66	31.2	5,827.09	1,375.47	1.994
	Vanguard Mortgage-Backed Securities ETF	VMBS	1,416.000	53.600	75,897.60	65.42	34.3	2,159.89	841.10	1.108
	Vanguard Short-Term Corporate Bond ETF	VCSH	91.000	82.870	7,541.17	9.85	3.4	339.42	133.13	1.765
	Total:Inv Grade ETF				152,416.61	184.93	68.9	8,326.40	2,349.71	1.542
	<b>Total:Fixed Income</b>				<b>152,416.61</b>	<b>184.93</b>	<b>68.9</b>	<b>8,326.40</b>	<b>2,349.71</b>	<b>1.542</b>
<b>Equities</b>										
Large Cap ETF										
	SPDR S&P 500 ETF Trust	SPY	83.000	438.510	36,396.33	.00	16.4	14,887.75	462.56	1.271
	Technology Select Sector SPDR Fund	XLK	18.000	153.400	2,761.20	.00	1.2	862.12	19.39	.702
	Total:Large Cap ETF				39,157.53	.00	17.7	15,749.87	481.95	1.231
Mid Cap ETF										
	iShares Core S&P Mid-Cap ETF	IJH	19.000	269.710	5,124.49	.00	2.3	1,981.58	55.06	1.074
	Total:Mid Cap ETF				5,124.49	.00	2.3	1,981.58	55.06	1.074
Small Cap ETF										
	iShares Core S&P Small-Cap ETF	IJR	12.000	110.260	1,323.12	.00	.6	296.72	12.66	.957
	Total:Small Cap ETF				1,323.12	.00	.6	296.72	12.66	.957
Developed Intl ETF										
	iShares Core MSCI EAFE ETF	IEFA	199.000	75.550	15,034.45	.00	6.8	3,849.84	310.24	2.064
	Total:Developed Intl ETF				15,034.45	.00	6.8	3,849.84	310.24	2.064
Emerging Market ETF										
	iShares MSCI Emerging Markets ETF	EEM	107.000	51.600	5,521.20	.00	2.5	1,005.79	81.32	1.473
	Total:Emerging Market ETF				5,521.20	.00	2.5	1,005.79	81.32	1.473

**Portfolio Holdings**

**Period Ending: July 31, 2021**

**WACOSA Long-Term Reserve Agency (689300)**

**Managed since: January 01, 2014**

*Portfolio Holdings*

	Ticker	Units	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss	Annual Income	Current Yield	
<b>Total:Equities</b>				<b>66,160.79</b>	<b>.00</b>	<b>29.9</b>	<b>22,883.80</b>	<b>941.23</b>	<b>1.423</b>	
<b>Cash</b>										
Taxable Money Market Fund										
	Federated Government Obligations Fund - IS	GOIXX	2,694.410	1.000	2,694.41	.06	1.2	.00	.69	.026
<b>Total:Taxable Money Market Fund</b>				<b>2,694.41</b>	<b>.06</b>	<b>1.2</b>	<b>.00</b>	<b>.69</b>	<b>.026</b>	
<b>Total:Cash</b>				<b>2,694.41</b>	<b>.06</b>	<b>1.2</b>	<b>.00</b>	<b>.69</b>	<b>.026</b>	
<b>Total</b>				<b>221,271.81</b>	<b>184.99</b>	<b>100.0</b>	<b>31,210.20</b>	<b>3,291.62</b>	<b>1.488</b>	

## WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

*Fixed Income Holdings Detail*

	ID	Units	Unit Cost	Current Price	Market Value	Annual Income	Unrealized Gain/Loss
<b>Inv Grade ETF</b>							
Vanguard Intermediate-Term Bond ETF	921937819	757.000	83.420	91.120	69,087.50		5,827.09
Vanguard Short-Term Corporate Bond ETF	92206C409	91.000	79.140	82.870	7,551.02		339.42
Vanguard Mortgage-Backed Securities ETF	92206C771	1,416.000	52.070	53.600	75,963.02		2,159.89
<b>Total Inv Grade ETF</b>					<b>152,601.54</b>		<b>8,326.40</b>
<b>Total</b>					<b>152,601.54</b>		<b>8,326.40</b>

## WACOSA Long-Term Reserve Agency (689300)

Managed since: January 01, 2014

*Fixed Income Analytics*

	ID	Yield to Maturity	Coupon Rate	Duration	Quality Rating	Quality2 Rating	Call Date/Price	Put Date/Price	Market Value
<b>Inv Grade ETF</b>									
Vanguard Intermediate-Term Bond ETF	921937819	.000		.000	N/A				69,087.50
Vanguard Short-Term Corporate Bond ETF	92206C409	.000		.000	N/A				7,551.02
Vanguard Mortgage-Backed Securities ETF	92206C771	.000		.000	N/A				75,963.02
<b>Total Inv Grade ETF</b>									<b>152,601.54</b>
<b>Total</b>									<b>152,601.54</b>

## Market and Model Return Comments: July 2021

- Fixed Income in July was positive for the fourth straight month. Rates decreased in July as the 10-yr Treasury moved down a substantial 21 basis points, ending at 1.24%. The lower rates cause bond prices to rise, across the bond spectrum. The spread between Government bonds versus Corporate, High Yield and Municipal bonds are near historic low levels. Meaning you are taking on added credit risk with a low incremental yield increase.
- Rates moved higher in the first quarter on fears that price growth may accelerate faster than policymakers suggest. Since March 31<sup>st</sup>, there has been a reversal in rates as the markets felt less conviction the economy may overheat. Supply chain bottlenecks of goods coupled with higher demand for products and human capital is still causing prices to rise, however some commodity prices are starting to fall from extreme levels. The Federal Reserve stated they expect inflation pressures will be transitory and pledged to hold interest rates low to ensure a full economic recovery.
- Equity markets were a mixed bag in July. A swift, consumer-driven recovery continued to drive the positive market sentiment. Moderating interest rates calmed concerns that rising rates might reduce future capital investments and earnings growth for equities. Large cap stocks were up 2.38%, while mid cap and small cap stocks were 0.77% and -3.91% respectively for the month. Developed international stocks were up 0.75% with emerging stocks down a whopping -7.04%.
- The equity markets saw this continued consumer-driven recovery play out in Q2 earnings results reported so far since early July. With earnings season winding down, most companies in the S&P 500 have surpassed analysts' lofty profit expectations. Expectations for 3Q earnings to be released starting in October are for continued strength and need to be to justify elevated historical valuations. It appears the rate of growth of earnings will have its peak in Q2, with a deceleration in the rate of growth of earnings starting in Q3.
- Equities are facing cross currents for the second half 2021. Positives include expectations for a strong 2021 economic recovery where pent up demand could continue to produce strong GDP and earnings. Negatives include a relatively expensive market that may have already priced in most of the future earnings expectations. Higher inflation and interest rates could also curb equity returns. If the Federal Reserve were to become less accommodative by starting to taper future asset purchases and even start to talk about the possibility of raising the Fed Funds rate earlier than 2023, that most likely would cause some equity hiccups. Proposed tax increases may also weigh on market sentiment. A slowing Chinese economy, more China government crackdowns and perhaps more tension between the U.S. government should also be watched closely.
- Overall Mutual Fund Model equities returned 1.41%.
- Overall Mutual Fund Model fixed income assets returned 1.07%.
- Core Plus Model equities returned 1.42%.

- Our Large cap funds outperformed slightly for the month. Large Cap Funds overall were up 2.44% versus the S&P 500 at 2.38%. Our Vanguard Information Technology Index Fund (VITAX) helped performance as it returned a whopping 3.35% as tech stocks were back in favor. Our T. Rowe Price Dividend Growth Fund (PDGIX) was up 3.05% and the J.P. Morgan Hedged Equity fund (JHEQX) was up 1.19%. One-half of the large cap allocation is in the Vanguard S&P 500 Index Fund (VFIAX), which basically had the same return as the Index.
- The two Mid Cap funds were up a strong 2.21% versus 0.77% for the Russell Mid Cap Index. Our Mid cap growth fund, MFS Mid Cap Growth Fund (OTCKX) outperformed at 4.00% and our J.P. Morgan Value Fund (FLMVX) underperformed for the month with a 0.42% return. For the year the growth fund is up 9.61% while the value fund is up 22.28% for a blended 15.95% return, which lags the index by 1.19%.
- The Small Cap funds returned 1.66% versus -3.61% for the Russell 2000 Index. Aberdeen U.S. Small Cap Equity Fund (GSCIX), a blended fund that focuses on quality, outperformed with a return of 3.21%. The Vanguard Small Cap Index was down 1.44%, also outperforming the benchmark for the month. YTD the combined funds are up 17.76% versus 13.29% for the index.
- The Northern Trust Separate Account model portfolio of individual stocks outperformed the S&P 500 Index for the month of July by 0.31%. Stock selection performance YTD has been best in the Communication Services and Information Technology space with the Financials and Consumer Discretionary sectors underperforming. YTD the portfolio is up 19.28%, 1.29% above the S&P 500.
- The Developed International space was up 2.23% versus 0.75% for the MSCI-EAFE. Fidelity Overseas Fund (FOSFX) was up a strong 4.07% in July. Our FMI Value Fund (FMIYX) was a good performer as value stocks outperformed in Q1 but was slightly lower versus the benchmark in July returning -1.22%. This fund however is up 9.99% YTD, ahead of the EAFE return of 9.65%. FOSFX is up 14.47% YTD, a full 4.82% above the EAFE return. The combined Developed International mix is up 12.91%, 326% above the index return of 9.65%.
- The Emerging Market fund was down 8.13% for July versus -7.04% for the MSCI-EMR Index. Our Emerging manager, Invesco Developing Markets Fund (ODVYX), tends to buy quality companies that have less upside in a strong market but provide better downside protection in a weak market. The fund is down -2.17% YTD versus -1.04% for the index.
- The taxable fixed income group of funds underperformed slightly as it was up 0.98% versus the 1.12% return for the Bloomberg Barclays U.S. Aggregate Bond Index. The Baird Core Plus Bond Fund (BCOIX) has strong corporate bond picking prowess and was up 1.04%. The TCW Total Return Bond Fund (TGLMX), which specializes in the securitized mortgage-backed space was up 1.16%. The Guggenheim Total Return Bond Fund (GIBIX), a fund that invests in the non-index sectors of the US bond market was up 1.18% for July. Our small position in the Baird Ultra Short Bond fund hurt returns as it was up just 0.04%. The Diamond Hill Corporate Credit Fund (DHSTX), our high yield fund, was up 0.22%. Eaton Vance Emerging Market Debt Opportunities Fund (EIDOX), our emerging markets bond fund, was down -0.82% for July.
- The National tax managed fixed income group of funds were up 0.58% for June. The national Muni Index was up 0.83%. The Minnesota tax managed group of funds were up 0.71%. The Barcap MN Muni index was up 0.83%. The Tax-Exempt sector outperformed the taxable sector YTD in part due to the short supply of bonds in the Tax-Exempt space. The demand is also likely to increase as potential proposed corporate and individual tax increases move along the path to possible law. Government stimulus aid to states and municipalities also have addressed many credit-quality concerns regarding budget deficits and a reopening of the economy should also help fill state and local government coffers. The yield ratio of Municipal bonds to Treasuries is currently towards the lowest it has been for years, meaning municipal bonds are priced rich to treasuries.

# Where We Stand: Asset Allocation

## EQUITIES

**U.S. Large Cap:** We are currently overweight U.S. equities relative to our global benchmark. We are currently underweight U.S. large cap stocks relative to our U.S. benchmark. Our U.S. large caps are balanced between value and growth styles with an overweight to the information technology sector. Our allocation to hedged equity provides some protection against downside market risk.

**Mid/Small Cap:** We are currently overweight mid and small cap stocks relative to our benchmarks with a balance between value and growth styles. We expect mid and small cap stocks to perform well relative to large caps as the market broadens in anticipation of continued economic recovery in the coming year. Mid and small caps may also benefit from potential buyout activity.

**Developed International:** We are underweight international equities relative to our global benchmark. We expect performance to improve relative to U.S. equities longer term due to improving fundamentals, attractive relative valuations and dollar weakness. Our current international portfolio is partially hedged for currency risk.

**Emerging Markets:** We are currently underweight emerging market equities relative to our global benchmark. We expect emerging market equities will outperform U.S. and developed international equities over the long term due to faster economic growth rates, improving fundamentals, attractive relative valuations and dollar weakness.

*Note: Global Benchmark is defined as: 54% US large cap/4% US mid cap/2% US small cap/27% developed international/13% emerging markets*

## FIXED INCOME

**U.S. Investment Grade Bonds:** We are currently overweight corporate credits versus governments, focused on investment grade quality and neutral duration relative to our benchmarks based on our interest rate outlook. Our allocation to non-indexed bonds provides added diversification and return opportunities.

**Municipal Bonds:** We use municipal bonds for tax-sensitive client situations. We focus on higher quality general obligation, revenue and essential service bonds. We focus on the intermediate maturity range of the municipal bond yield curve and maintain duration neutral to our benchmarks based on our outlook for interest rates.

**High Yield Bonds:** Our focus is on the higher quality segments of the high yield market, with some emphasis on the BB sector of the credit markets for upside opportunity. High yield spreads are very tight on a historical basis, but extremely low interest rates justify an allocation to the space by providing higher yields. Defaults should remain manageable due to an improving economy.

**Emerging Market Debt:** Emerging market debt provides an opportunity for higher yields and added diversification for our fixed income and total portfolios. Our focus is on both local and U.S. currency bonds, with a tilt toward sovereign credits.

## ALTERNATIVES/REAL ASSETS:

**Real Estate:** We currently do not have a dedicated allocation to real estate. We gain exposure to the sector through investment in stocks of companies engaged in the real estate industry. We would consider adding to the sector when we perceive real estate fundamentals are improving.

**Gold:** We do not have a dedicated allocation to gold. Gold does not provide a yield for our portfolios and is used primarily as a hedge against inflation and market uncertainty. Any exposure to the gold and precious metals sector would come through investment in stocks of companies engaged in these industries.

**Commodities:** We do not have a dedicated allocation to commodities. Any exposure to the sector would come through investment in stocks of companies engaged in the commodities industries.

**Infrastructure:** We currently do not have a dedicated allocation to infrastructure. Any exposure to the sector is gained through investment in stocks of companies engaged in infrastructure spending. We believe there are challenges to investing in this space through marketable securities, and that private investments are the best alternative in this category.

**Cryptocurrencies:** We do not currently invest directly in cryptocurrencies due to their volatile and speculative nature. Any exposure to these assets would come through our investment in stocks of companies engaged in cryptocurrencies.





# Market Chartbook

Cody Chambers | August 2, 2021



# Asset Class Performance

## Total Returns

Asset Allocation

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. 23.4%
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 20.6%
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 18.0%
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 10.2%
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 10.0%
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%	EM 0.4%
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%	Fixed Inc. -0.6%

Latest data point is Jul 30, 2021

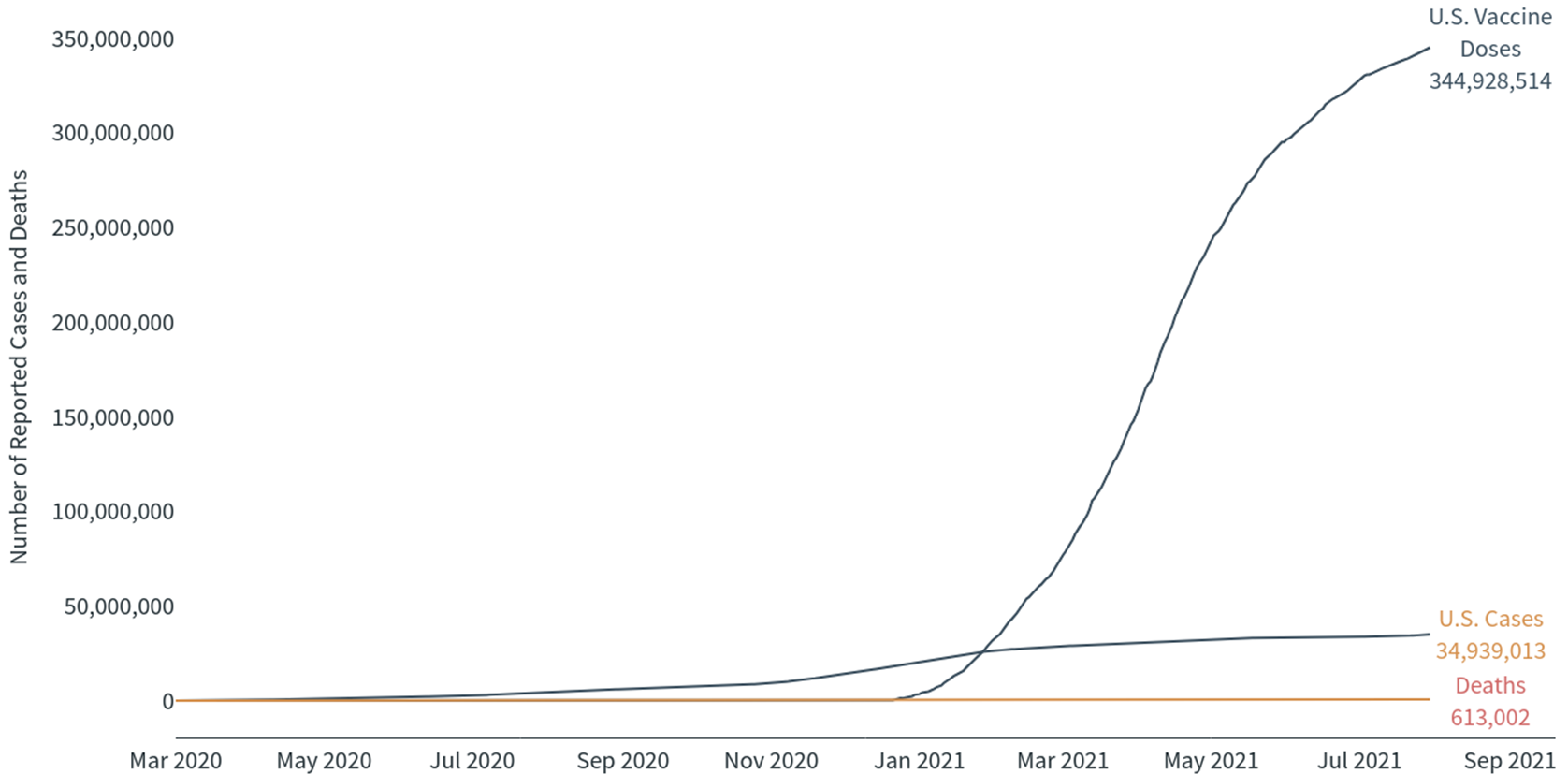
- Diversifying properly across a variety of asset classes is the most important way for investors to weather market volatility.
- The balanced portfolio approximates a 60/40 stock/bond allocation. By design, it performs steadily through both good and bad markets.
- It is difficult if not impossible to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

# U.S. COVID-19

Confirmed cases, deaths and recoveries since March 1, 2020



Latest data point is Jul 30, 2021

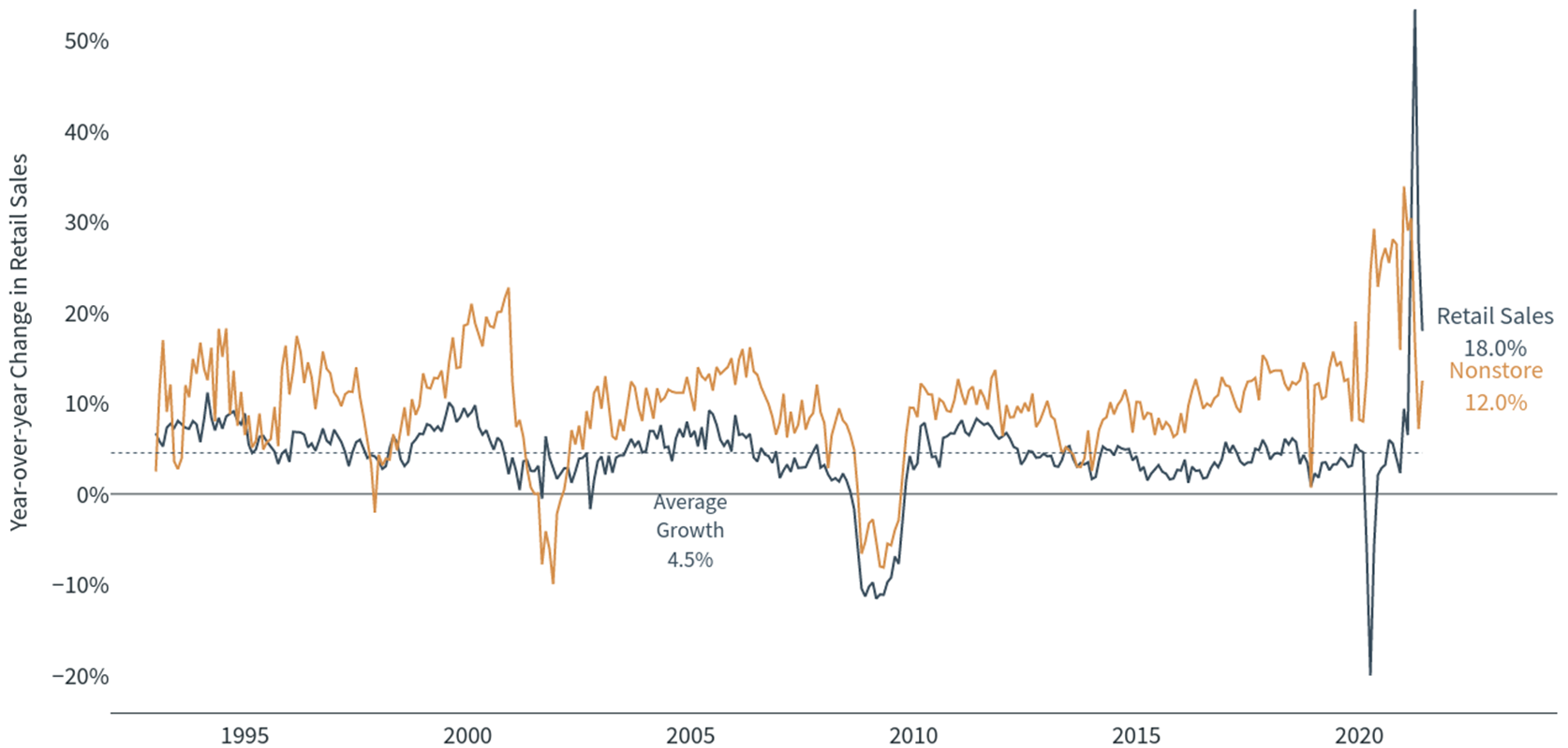
- The pandemic is under control in the U.S. but there are concerns around new variants.
- The rapid deployment of vaccines has brought new cases and mortalities down significantly.
- This has allowed most parts of the country to completely reopen and for businesses to bounce back.

Source: Bloomberg, Johns Hopkins

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# Consumer Spending

Retail Sales, YoY % Growth, SAAR

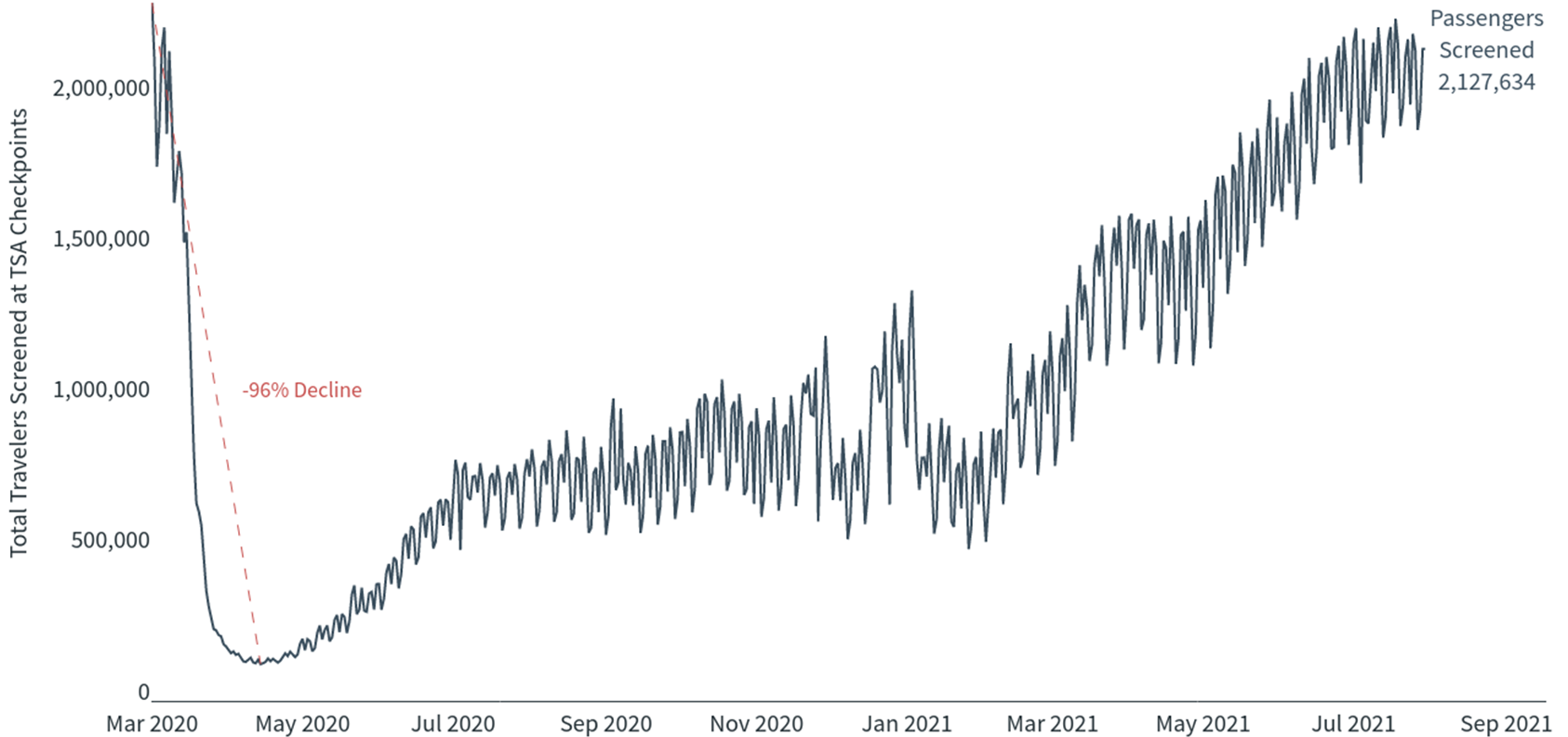


Latest data point is Jun 2021

- Retail sales are an important way to measure consumer spending.
- The strong consumer balance sheet and healthy labor market should continue to fuel retail sales.
- An important trend is the shift to non-store retailers, such as Amazon. This segment has seen far faster growth than traditional retail.

# TSA Airport Security Checkpoints

Number of daily travelers screened since March 1, 2020



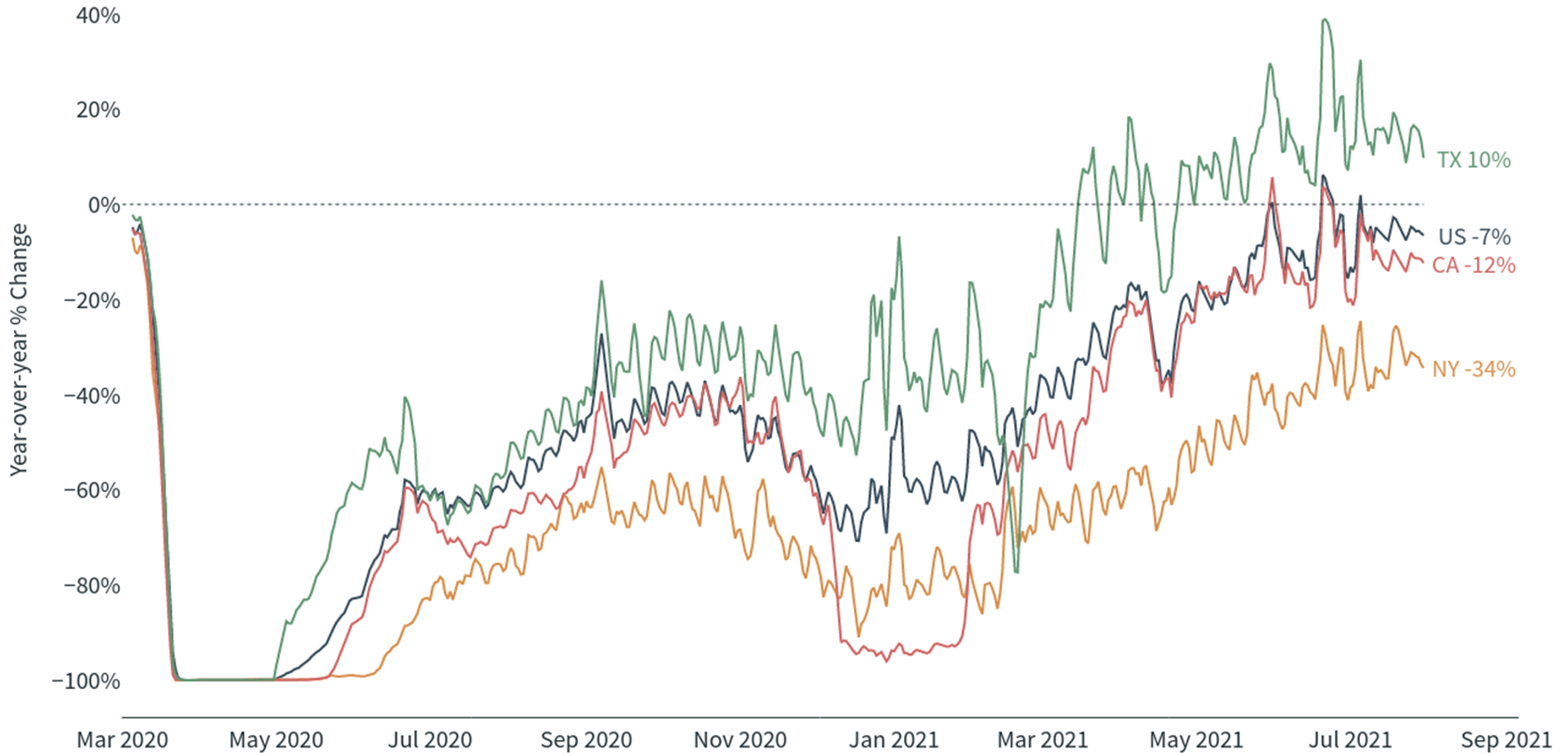
Latest data point is Jul 30, 2021

- Airport travel activity has fallen significantly during the pandemic due to coronavirus fears.
- Activity has increased slightly but likely will not recover until a vaccine is available.

Source: Transportation Security Administration  
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# Restaurant Activity

Number of seated diners who reserved using OpenTable  
By U.S. state, five-day moving average

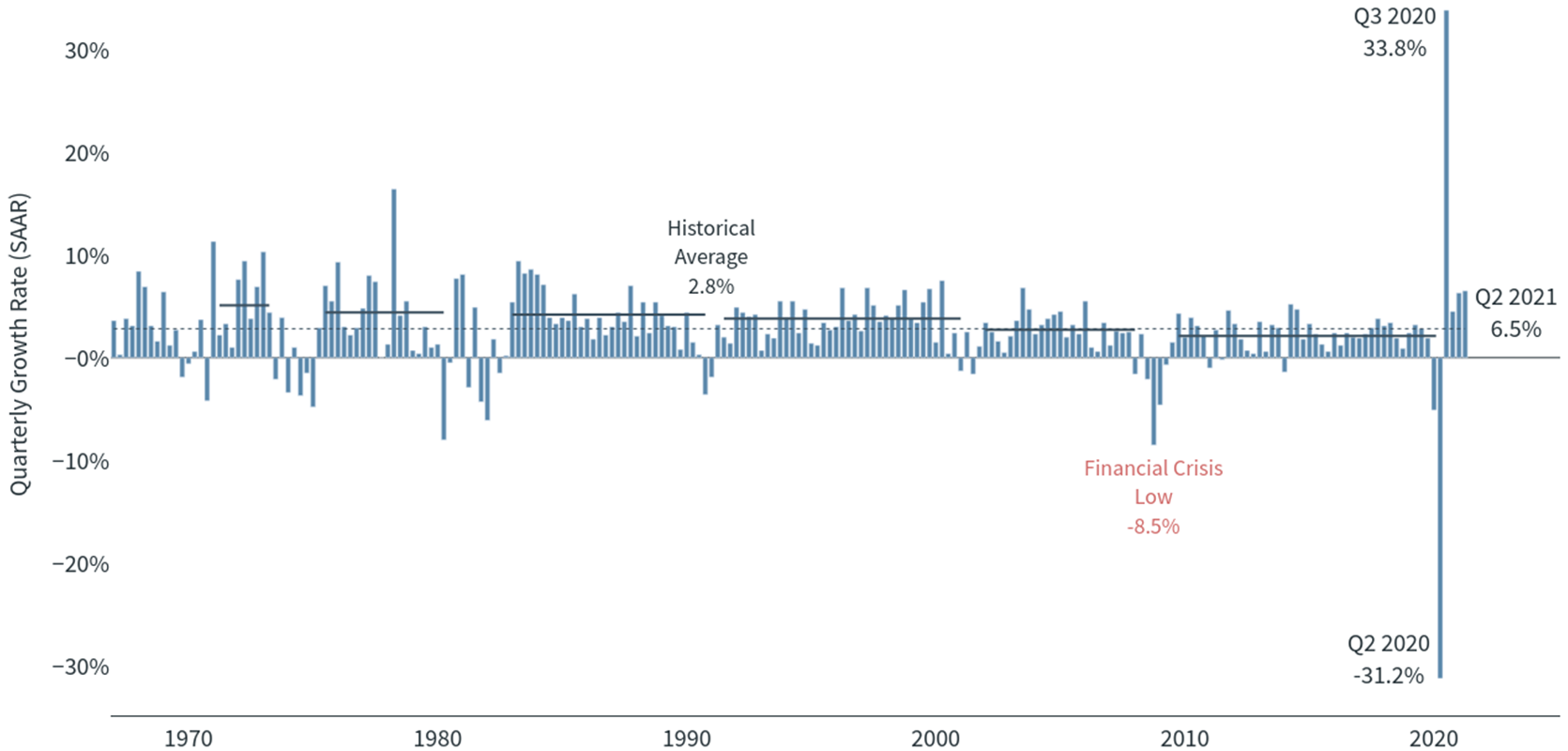


Latest data point is Jul 30, 2021

- Restaurant dining fell to zero in many places during the nationwide shutdown.
- Activity has picked up but is still well below pre-pandemic levels.

# U.S. Economic Growth

Quarterly GDP, year-over-year percentage change

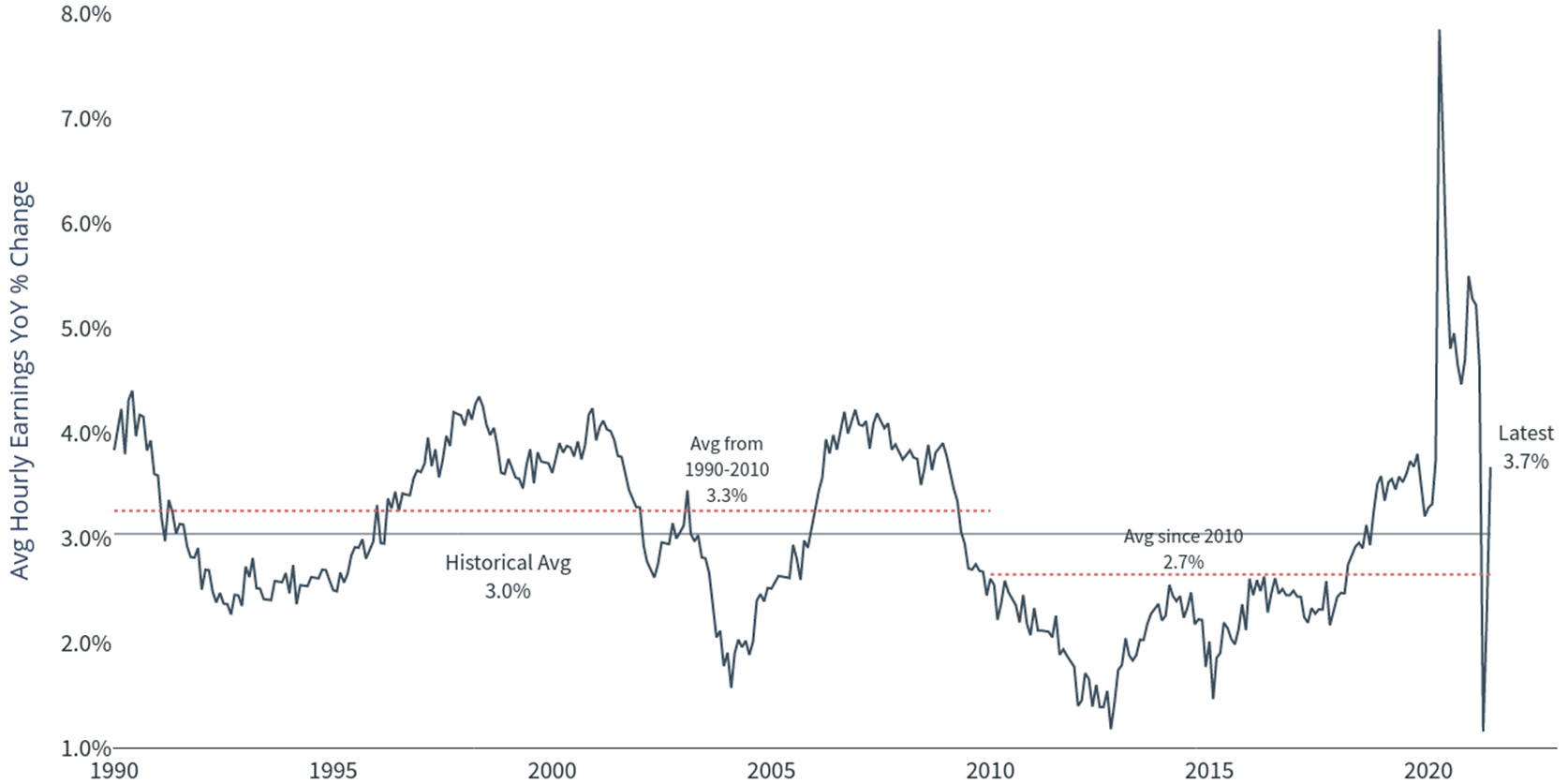


Latest data point is Q2 2021

- The economy has surpassed pre-pandemic levels and is growing rapidly.
- The GDP declines and advances over the past year have been among the largest in history.
- Stimulus from Congress and the Fed, along with strong consumer balance sheets, helped spur a strong recovery.

# Wage Growth

*Year-over-year change in the average hourly earnings of production and non-supervisory employees in the private sector*



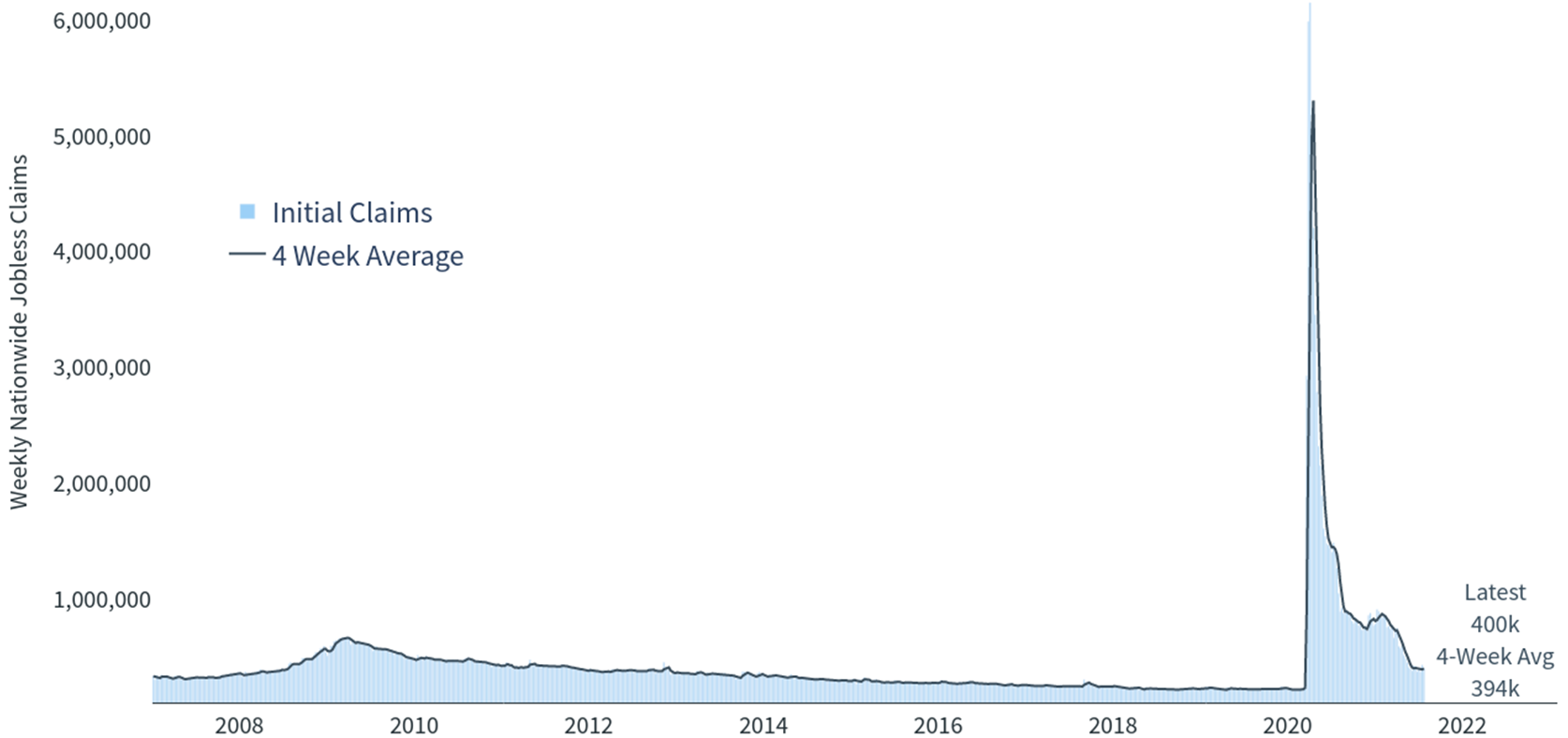
*Latest data point is Jun 2021*

- Wages have begun to rise for many workers as the recovery continues and labor markets tighten.
- Whether wages continue to rise will depend on labor market slack and the economic recovery in the coming years.



# Jobless Claims

*Weekly initial jobless claims*

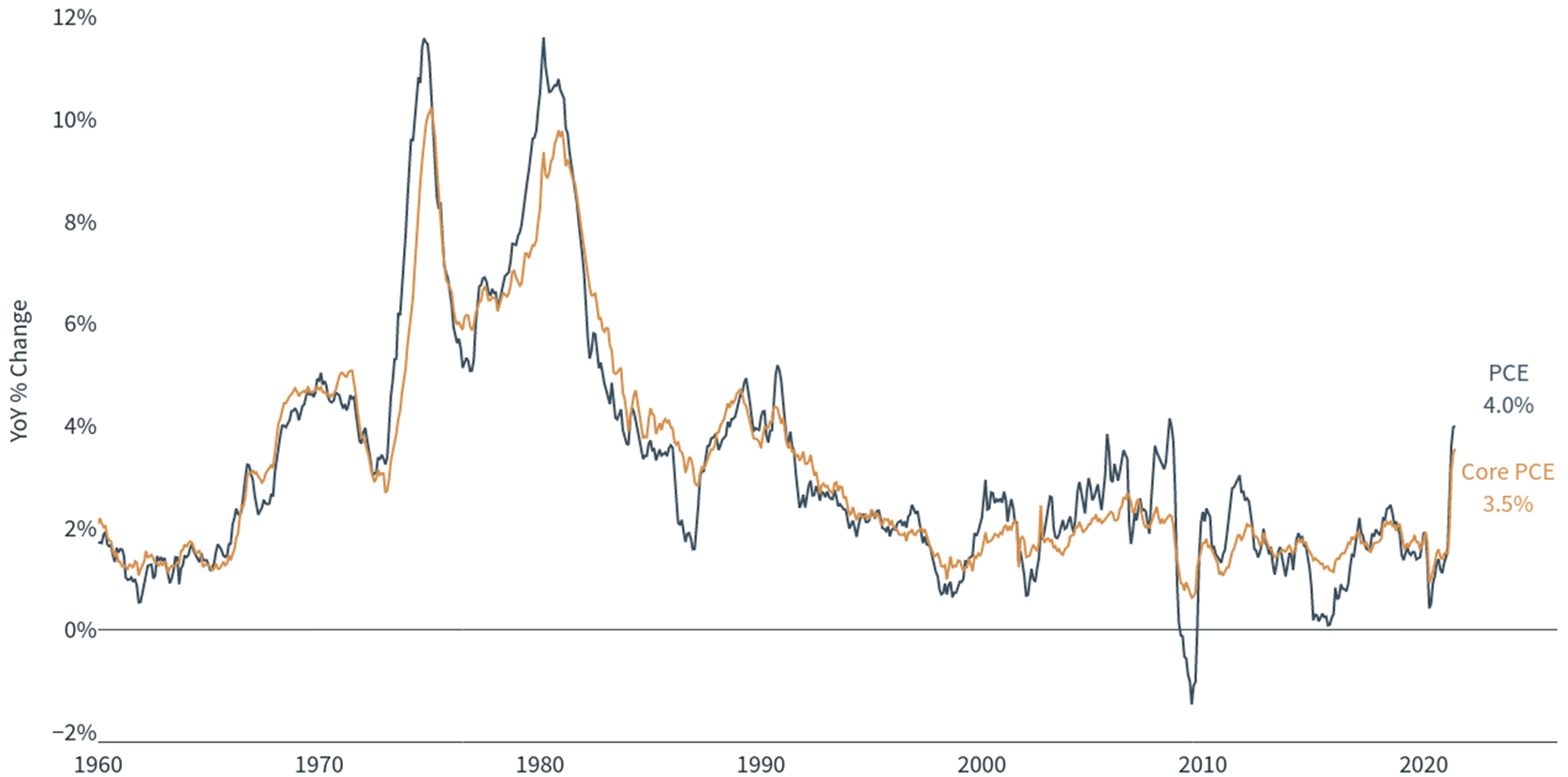


*Latest data point is Jul 24, 2021*

- Initial jobless claims spiked during the shutdown. They have recovered but hundreds of thousands are still seeking new benefits each week.
- The government also increased unemployment benefits through stimulus measures to help those who have been hardest hit.
- These numbers can vary significantly from week-to-week but have improved over the past year.

Source: Bureau of Labor Statistics

# PCE Inflation



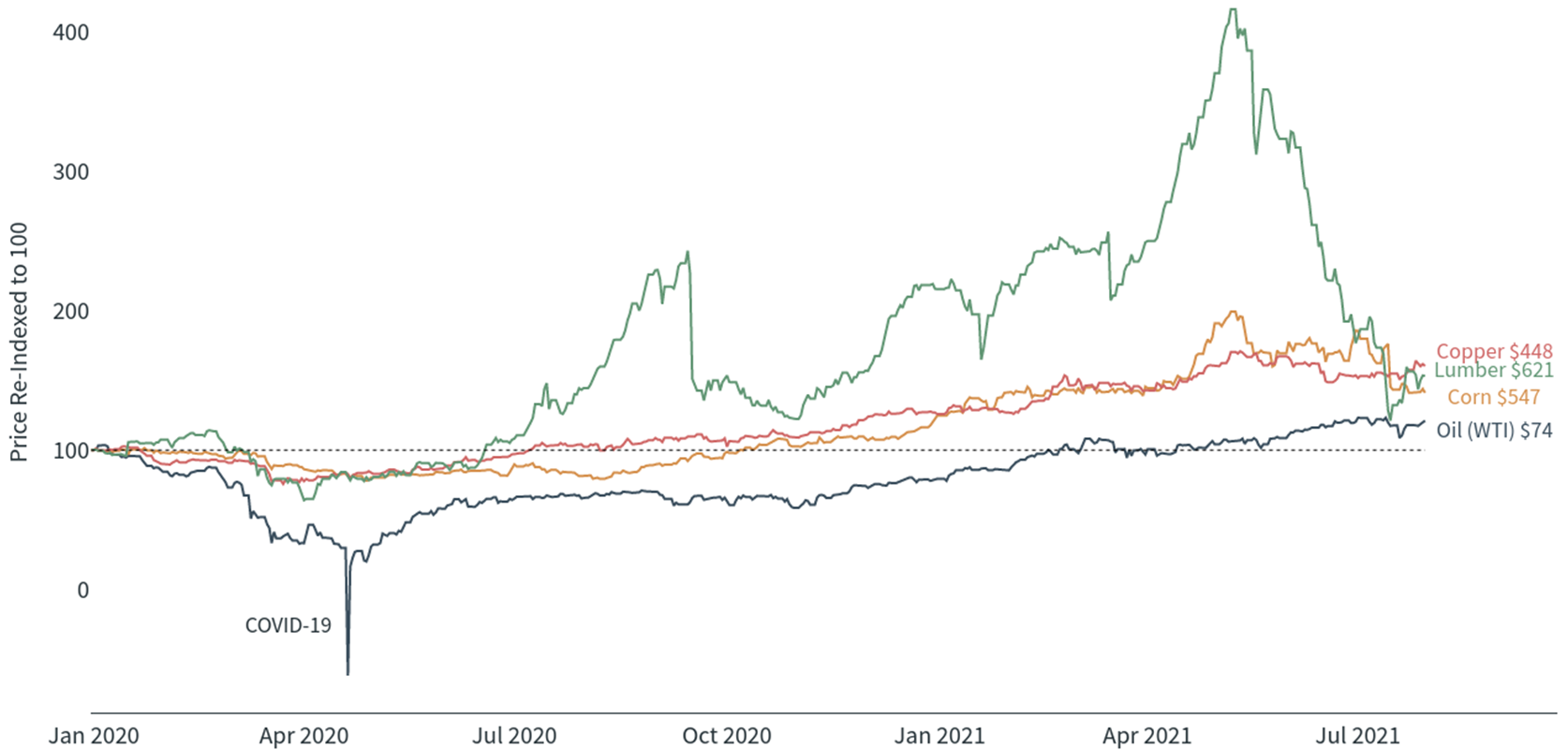
*Latest data point is Jun 2021*

- The PCE price index is the official measure of inflation for the Federal Reserve. Historically it has been slightly lower than CPI.
- Similar to CPI, PCE has been low for some time. It is now accelerating alongside other inflation measures.
- The goal of the Federal Reserve is to maintain a 2% target on core PCE.

Source: U.S. Bureau of Economic Research

# Economically Important Commodities

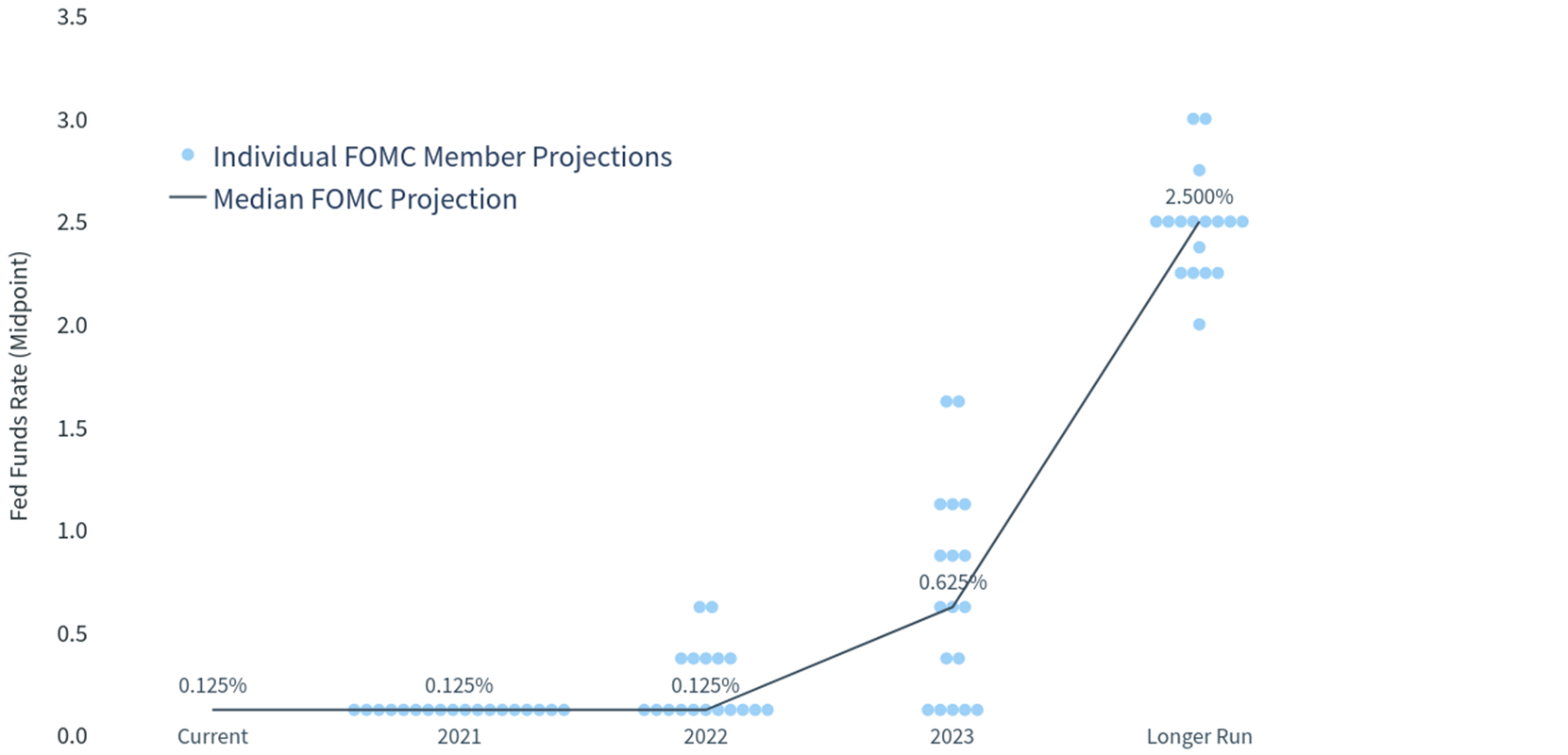
*Futures contract prices of oil (WTI), corn, copper and lumber*



Latest data point is Jul 30, 2021

# Federal Reserve Dot Plot

## FOMC Participants' Projections of the Federal Funds Rate

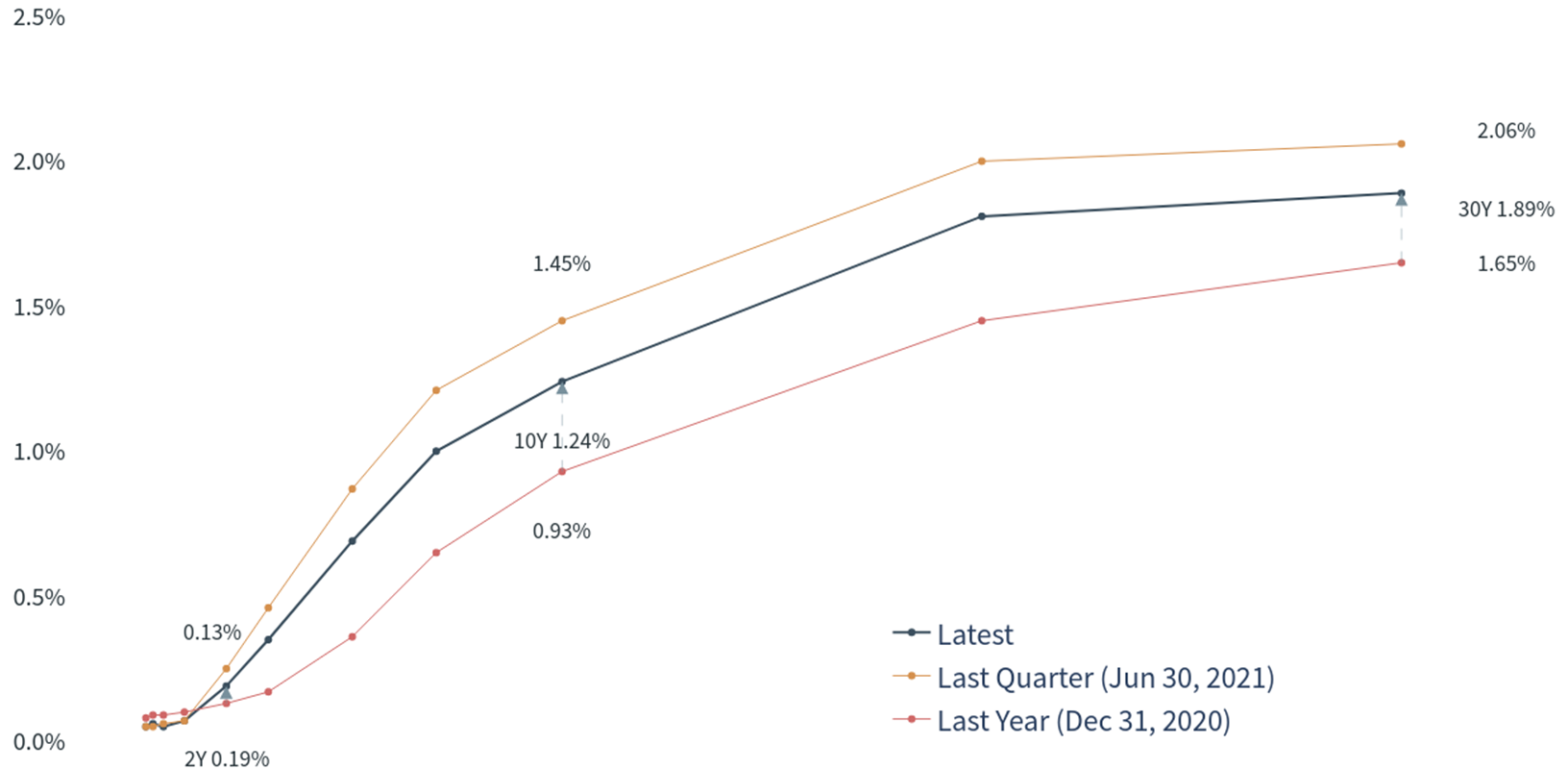


- Each quarter, the Federal Open Markets Committee updates their economic projections, including expectations for the federal funds rate.
- Their forecasts show that rates could remain flat until 2023.
- The goal of the Fed is to achieve a strong unemployment rate and stable inflation.

Source: Federal Reserve

# Treasury Yield Curve

*The shape of the U.S. Treasury curve last year versus today*



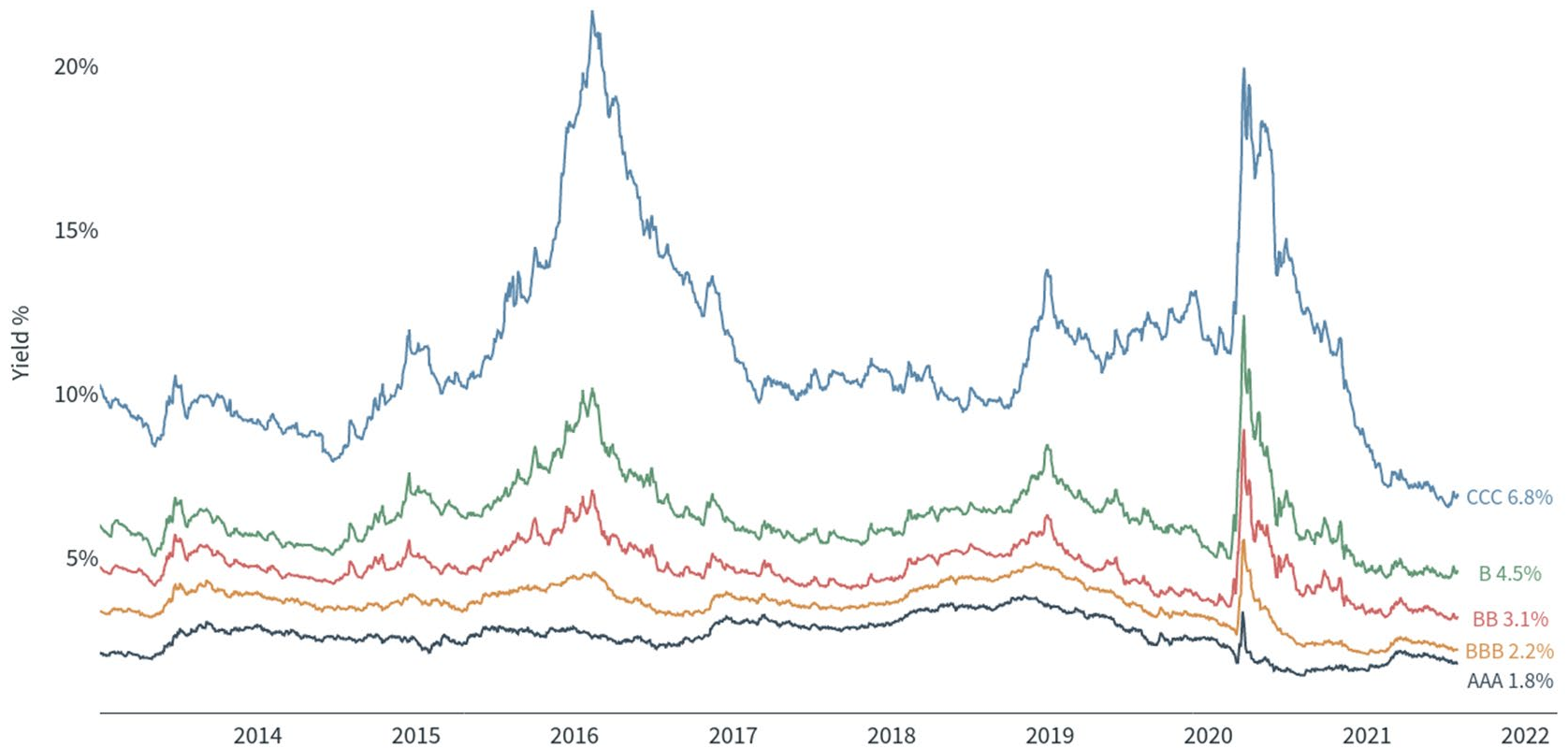
*Latest data point is Jul 30, 2021*

- The yield curve has steepened this year as the recovery continues, inflation returns and interest rates rise.
- The Fed continues to keep policy rates near zero, pinning down the short end of the yield curve.
- Steepening yield curves are often associated with the early phases of business cycles.

Source: Federal Reserve

# U.S. Corporate Bond Yields

Fixed Income



*Latest data point is Jul 29, 2021*

- Corporate bond yields have been falling throughout the economic recovery.
- Over the past decades, corporate bonds - especially high yield - was an attractive way to generate income.
- Corporate bonds are still an important portfolio diversifier to stock market and government bond holdings.

# S&P 500 Earnings Growth Rate

*Trailing 12 month earnings per share*

U.S. Stock Market

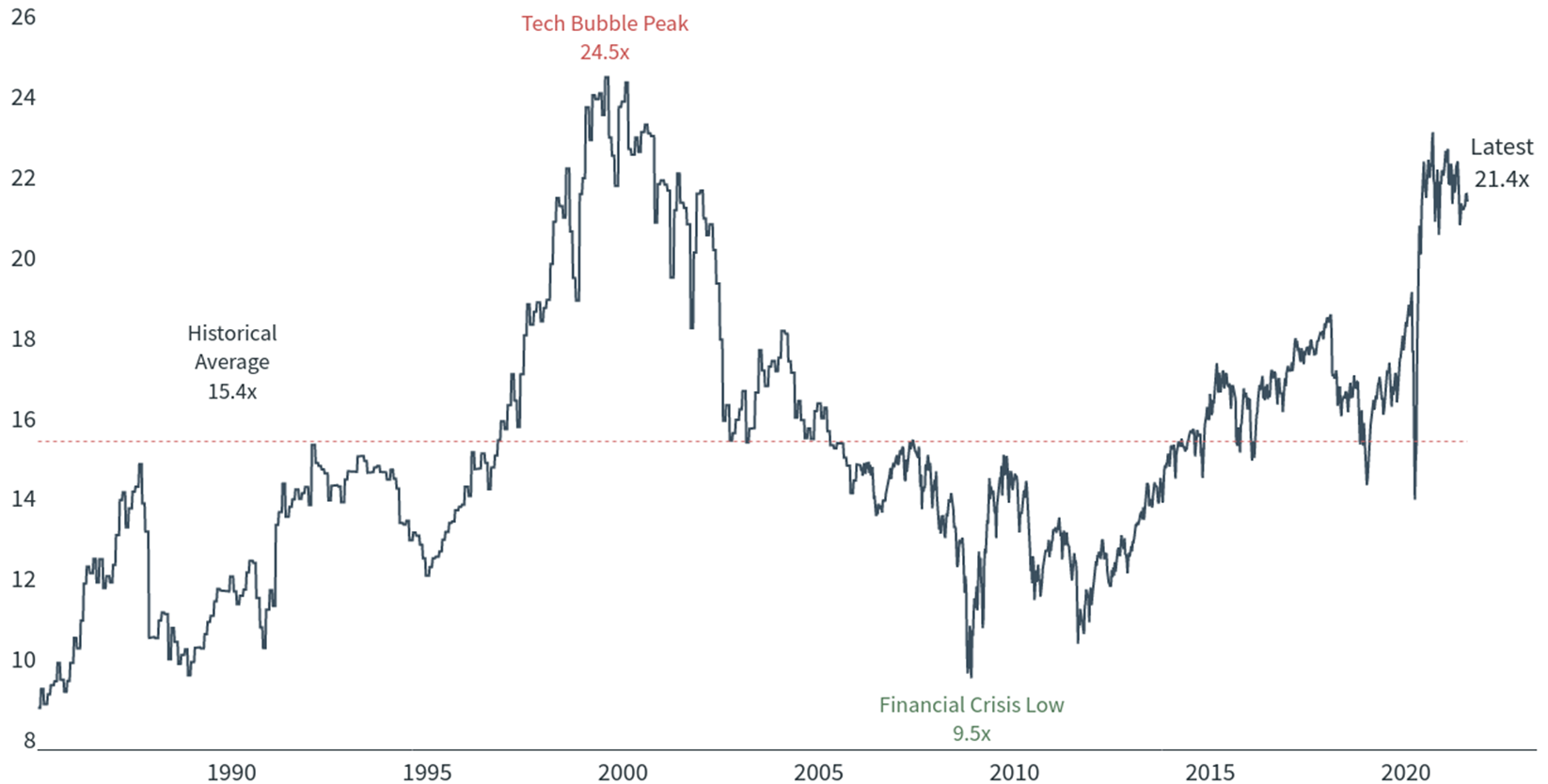


*Latest data point is Jul 27, 2021*

- Corporate earnings growth has surged as the economy recovers.
- Earnings could fully rebound in 2021 across a variety of sectors and industries.
- Higher profitability could help to make valuations more attractive.

# Stock Market Price-to-Earnings Ratio

S&P 500 forward P/E ratio using earnings estimates over the next twelve months



Latest data point is Jul 27, 2021

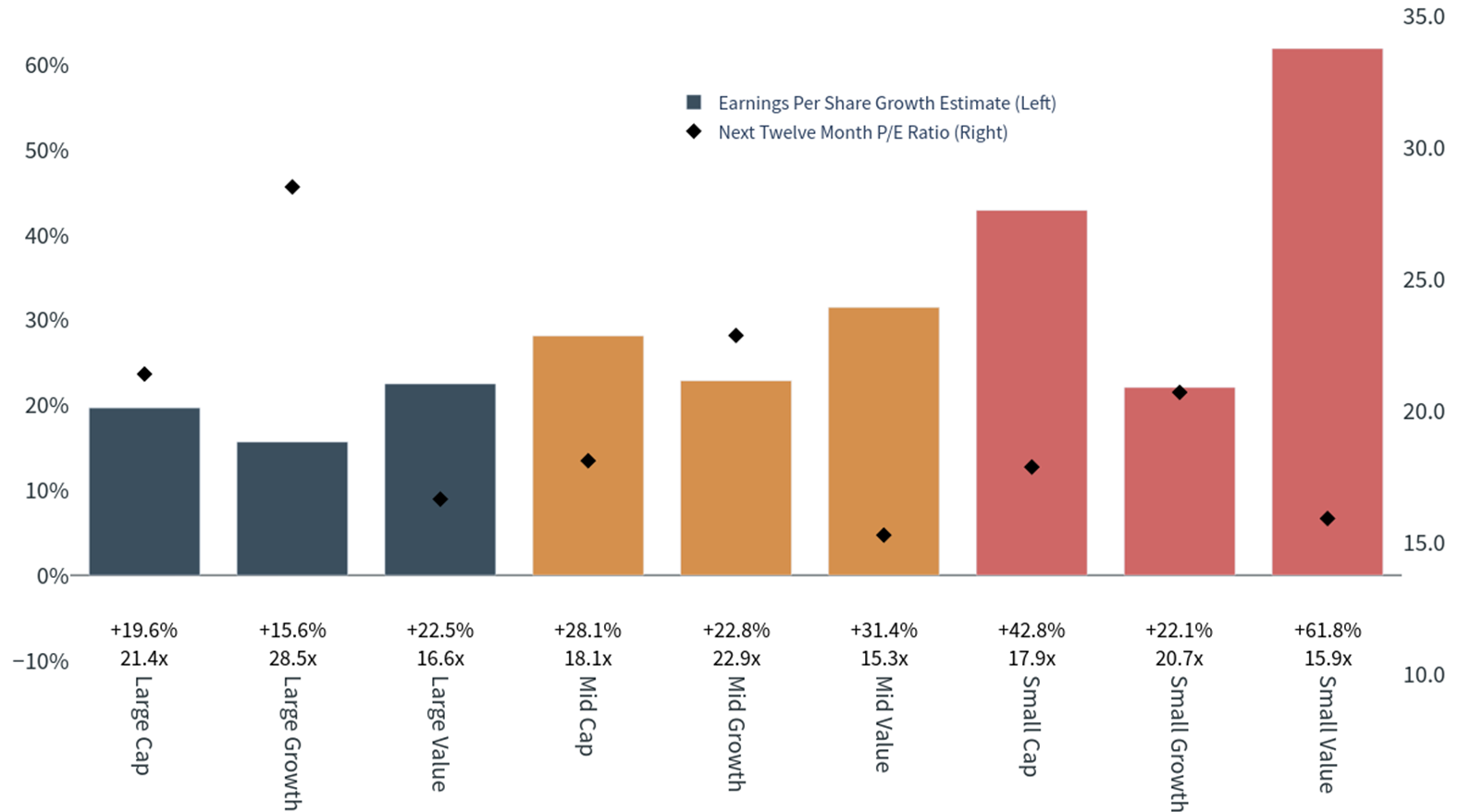
- This PE ratio uses next-twelve-month earnings estimates, an important indicator when earnings are rising.
- This valuation measure is still near its dot-com era peak as earnings recover.
- Investors should exercise caution and properly diversify across asset classes, both in the U.S. and globally.



# Size and Style Earnings and Valuations

*Earnings Growth and P/E Ratios, Next Twelve Month Estimates*

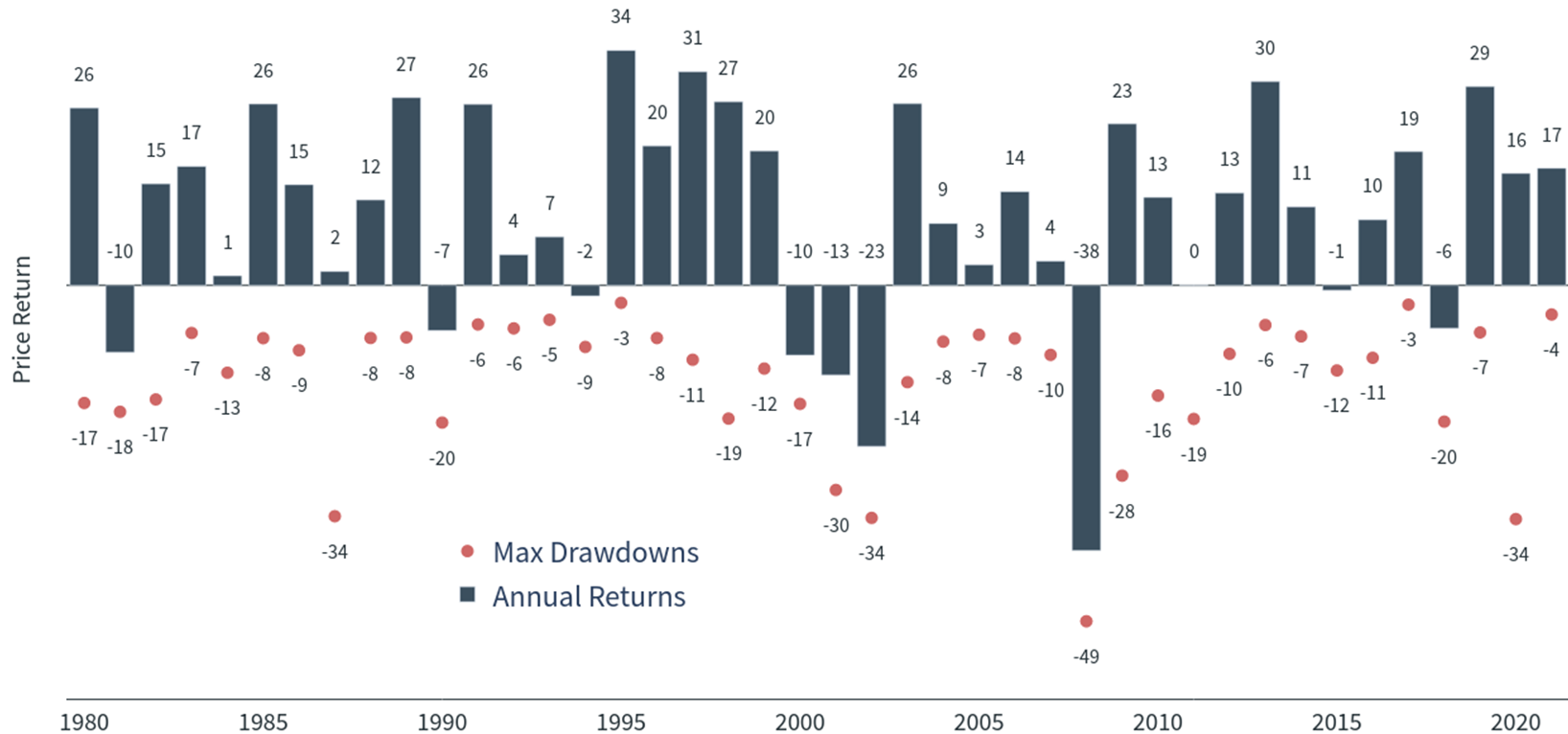
U.S. Stock Market



- Most parts of the market still face uncertainty due to inflation and interest rates.
- Valuations, however, differ significantly with value outperforming growth this year.

# Annual Returns and Pullbacks

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



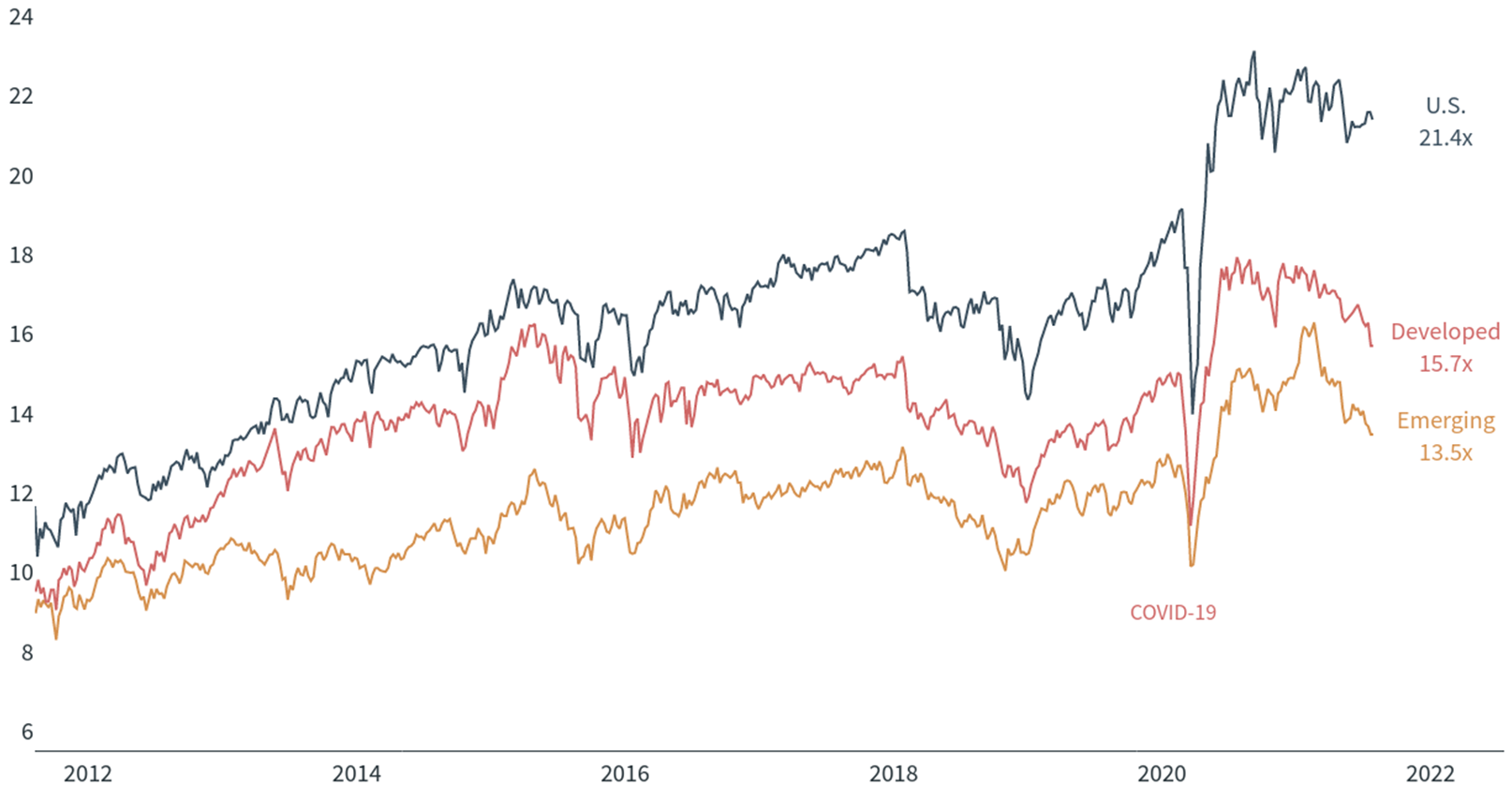
- This chart shows the performance of the stock market (bars) and the largest intra-year decline (dots) each year.
- The average year sees a stock market drop of -13.5%. However, most years still end in positive territory, averaging 9% gains.
- Volatility is a normal part of investing and investors are often rewarded for staying disciplined through short-term volatility.

Latest data point is Jul 30, 2021

Source: Clearnomics, Standard & Poor's

# Global Equity Valuations

Forward P/E Ratios for the S&P 500, MSCI EAFE and MSCI EM



Latest data point is Jul 27, 2021

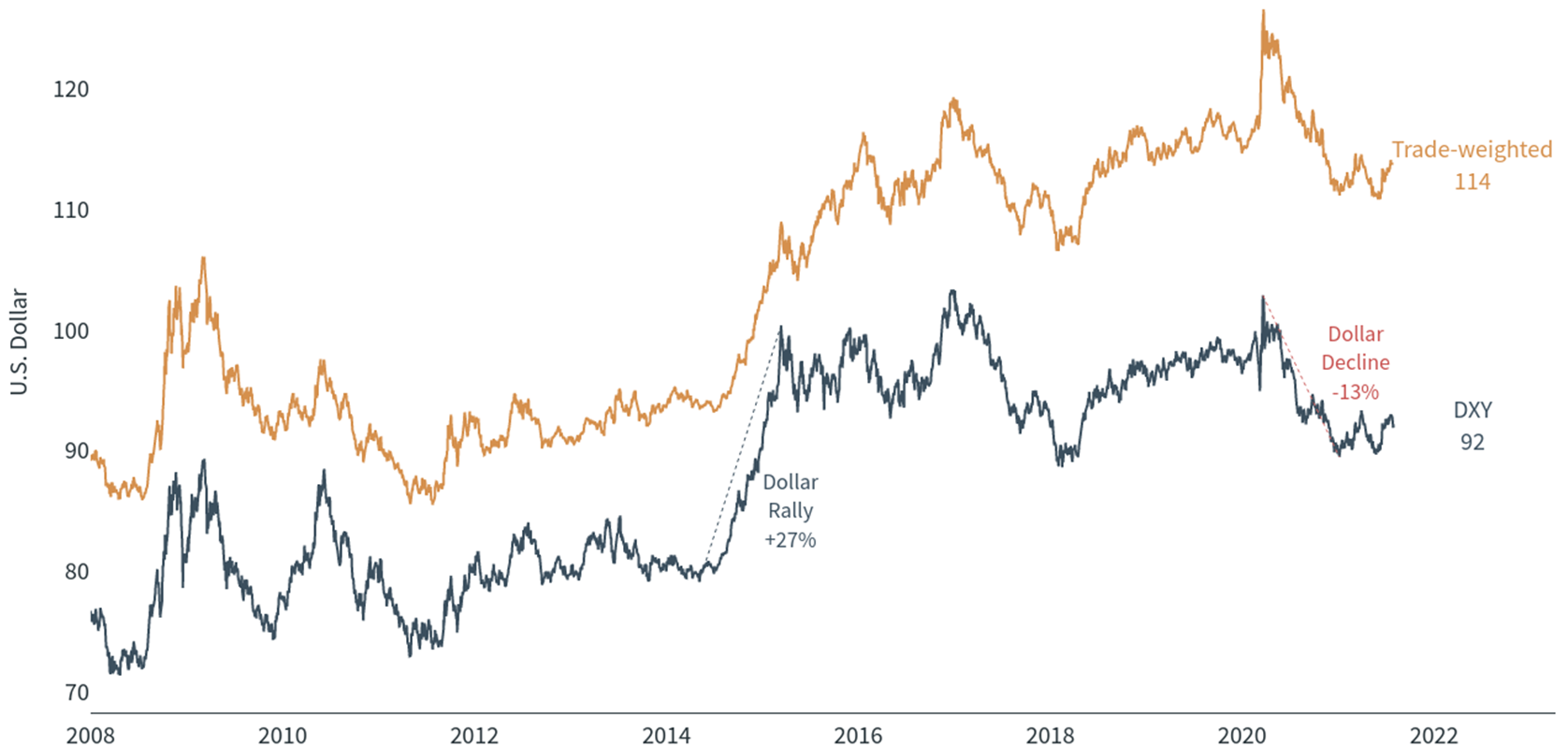
- Major stock market indices have taken very different trajectories over the past decade due to differences in growth.
- The U.S. market has risen dramatically, elevating its valuations to near-historic levels.
- International stocks, on the hand, are still cheaper in relative terms across both the developed and emerging world.

Source: Standard & Poor's, MSCI, Refinitiv

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# U.S. Dollar

## *DXY and Trade-Weighted Index*

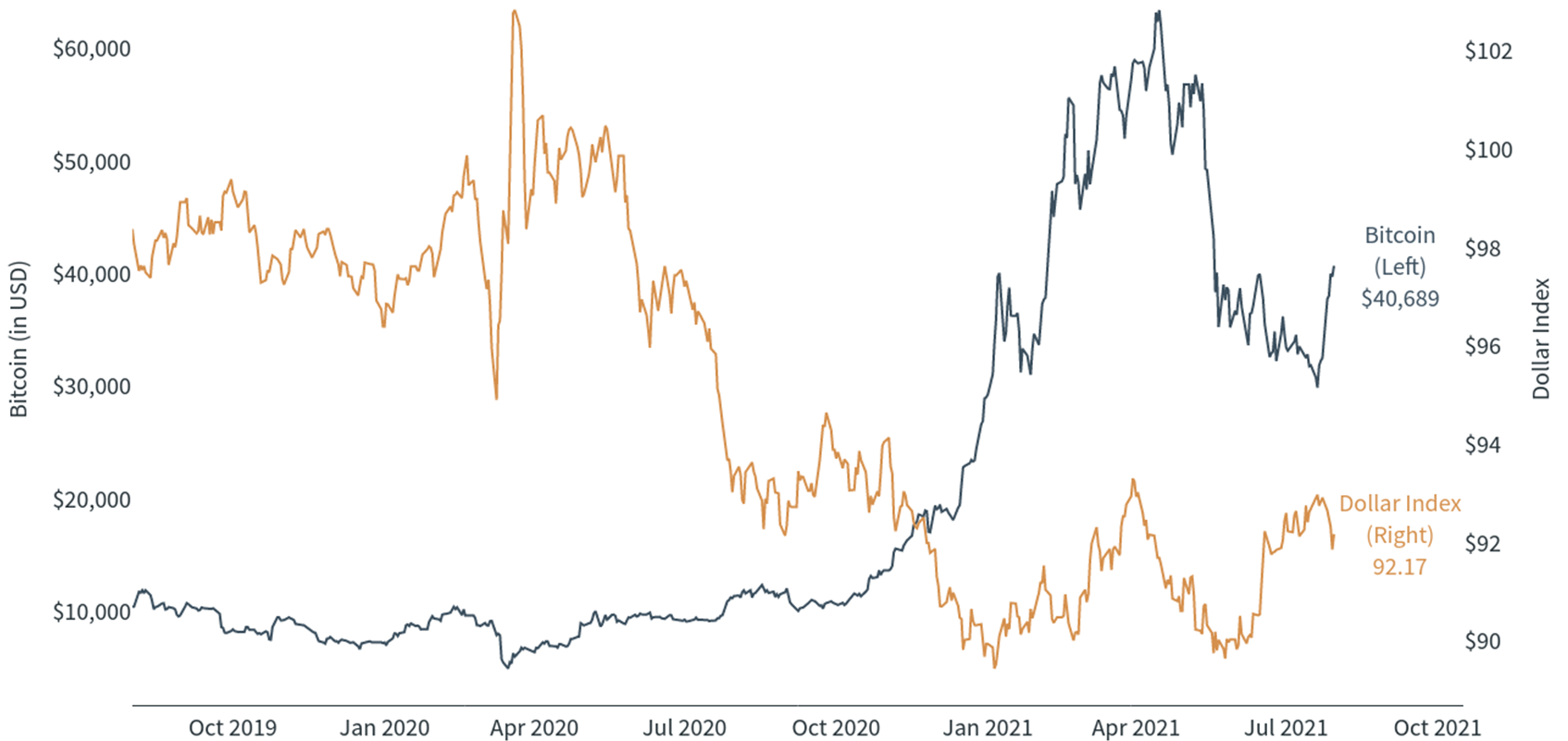


Latest data point is Jul 30, 2021

- The U.S. dollar has been on a rollercoaster ride over the last several years due to uncertain global economic growth and monetary policy.
- The dollar directly impacts corporate earnings and the attractiveness of U.S. goods and services.

# Bitcoin and the U.S. Dollar

Bitcoin in USD terms and the U.S. Dollar Index (DXY)



Latest data point is Jul 30, 2021

# Global Market Summary

## Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	4395	-0.4%	2.3%	2.3%	17.0%
Dow Jones Industrials Average	34935	-0.4%	1.3%	1.3%	14.1%
NASDAQ Composite	14672	-1.1%	1.2%	1.2%	13.8%
MSCI Emerging Markets Index	1277	-2.6%	-7.0%	-7.0%	-1.0%
MSCI EAFE Index	2321	0.6%	0.7%	0.7%	8.1%
MSCI All Country World Index	724	-0.4%	0.6%	0.6%	12.1%
MSCI Europe Index	2062	0.9%	1.8%	1.8%	12.1%

	Jul 30, 2021	Jun 30, 2021	Dec 31, 2020
3-Month Treasury Yield	0.06%	0.05%	0.09%
2-Year Treasury Yield	0.19%	0.25%	0.13%
10-Year Treasury Yield	1.24%	1.45%	0.93%
30-Year Treasury Yield	1.89%	2.06%	1.65%
30-Year Fixed Mortgage	2.80%	3.02%	2.67%
German 10-Year Bund Yield	-0.46%	-0.21%	-0.57%

Sector Performance

Index	WTD	MTD	QTD	YTD
Materials	2.8%	2.0%	2.0%	15.7%
Energy	1.6%	-8.4%	-8.4%	30.4%
Financials	0.7%	-0.6%	-0.6%	23.7%
Healthcare	0.5%	4.7%	4.7%	16.2%
Utilities	0.3%	4.2%	4.2%	5.0%
Real Estate	0.3%	4.6%	4.6%	27.3%
Cons. Stap.	0.2%	2.4%	2.4%	6.1%
Industrials	-0.2%	0.8%	0.8%	16.6%
S&P 500	-0.4%	2.3%	2.3%	17.0%
Technology	-0.7%	3.8%	3.8%	17.6%
Comm.	-1.0%	3.4%	3.4%	23.2%
Cons. Disc.	-2.6%	0.5%	0.5%	10.5%

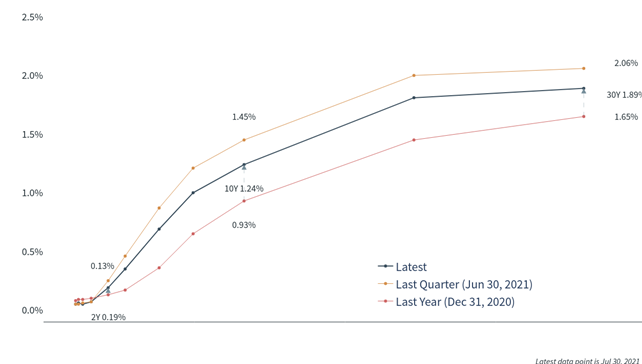
Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	92.17	-0.3%	-0.3%	2.5%
Euro	1.19	-0.0%	-0.0%	-3.1%
Chinese RMB	6.46	0.1%	0.1%	1.3%
Japanese Yen	109.75	1.1%	1.1%	-6.3%
British Pound	1.39	0.6%	0.6%	1.7%
WTI Oil	73.62	0.0%	0.0%	52.5%
Brent Oil	76.15	1.2%	1.2%	46.8%

S&P 500



U.S. Treasury Yield Curve



# Economic Update

*Economic metrics and interest rates, actuals and forecasts*

## Economic Results & Forecasts

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Real GDP (QoQ% SAAR)	33.8%	4.5%	6.3%	6.5%	7.1%	5.0%	3.5%	3.0%	2.5%	2.3%
CPI (YoY%)	1.4%	1.4%	2.6%	5.4%	4.4%	4.3%	3.8%	2.6%	2.2%	2.2%
Unemployment (%)	7.8%	6.7%	6.0%	5.9%	5.3%	4.9%	4.5%	4.3%	4.2%	4.0%

## U.S. Interest Rates - Results & Forecasts

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Central Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.30%	0.30%	0.35%
3-Month Rate	0.23%	0.24%	0.19%	0.15%	0.18%	0.22%	0.26%	0.30%	0.36%	0.41%
2-Year Rate	0.13%	0.13%	0.16%	0.25%	0.27%	0.32%	0.40%	0.48%	0.55%	0.65%
10-Year Rate	0.69%	0.93%	1.74%	1.45%	1.68%	1.80%	1.89%	1.96%	2.00%	2.09%

# 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.

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.

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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