

Q3 2021 Quarter in Review

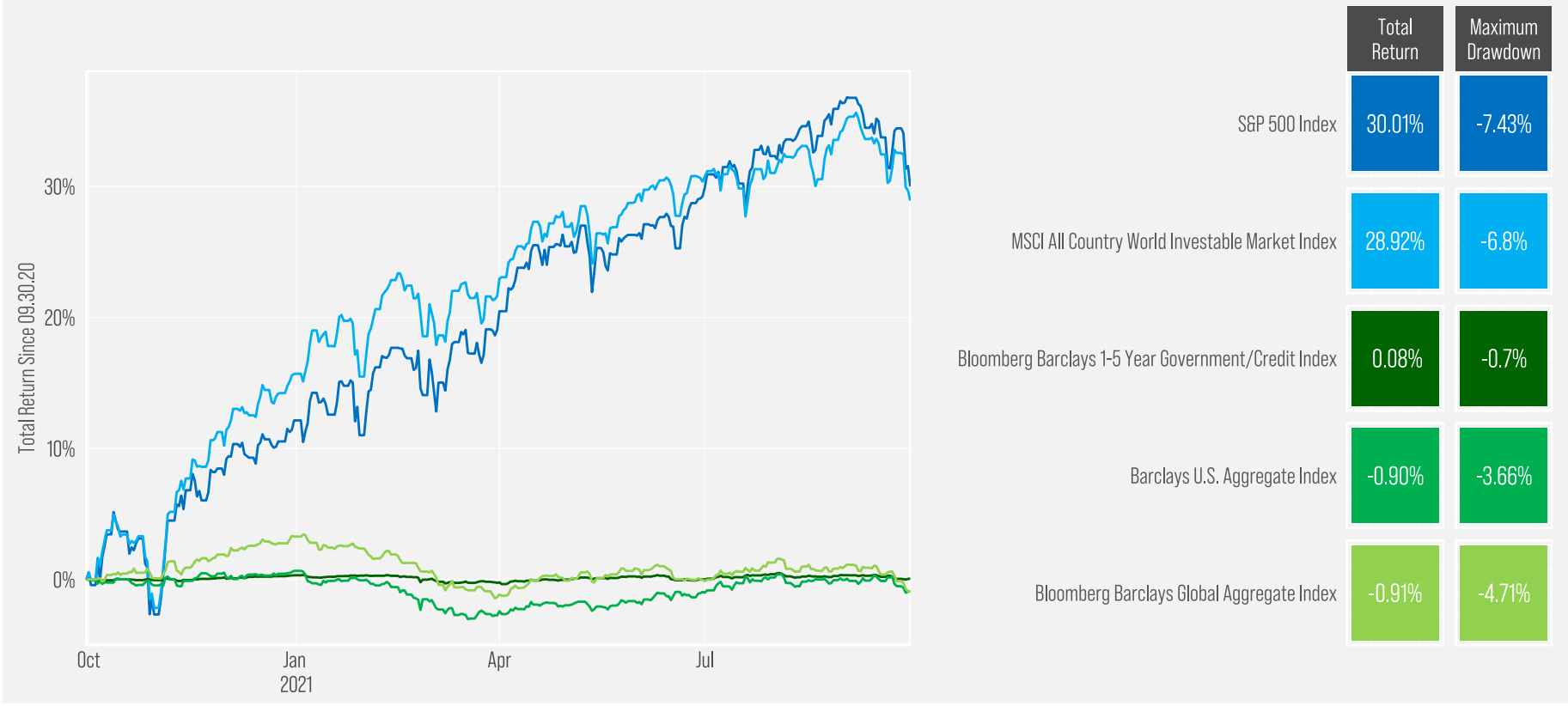
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Global Market Overview

Equity returns over the past year still pretty stellar, even without the initial rebound from the bottom of the COVID-19 crisis last March. Bonds have had a more sorrowful time of it, though, as the confidence that drove the rebound in stocks also provided a boost to interest rates

Trailing 1-Year Total Return of Major Asset Classes (through 09.30.21)



Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Global Equity Market Overview

Developed-market stocks—both domestic and abroad—traded in similar fashion to end flat over the quarter, with September demonstrating its historically crueler side. Emerging market-stocks sank over the past three months, heavily weighted by troubles within Chinese equities

Trailing Broad Equity-Market Performance

Percent total return, annualized for periods greater than 1 year

	3 Month	1 Year	3 Year	5 Year	10 Year
Global	-1.11	28.92	12.38	13.06	11.96
World ex. U.S.	-2.56	25.16	8.34	9.13	7.74
U.S.	0.03	32.39	16.17	16.95	16.70
Int'l Developed Markets	-0.24	26.23	7.83	9.04	8.45
Emerging Markets	-7.39	20.80	9.10	9.28	6.21

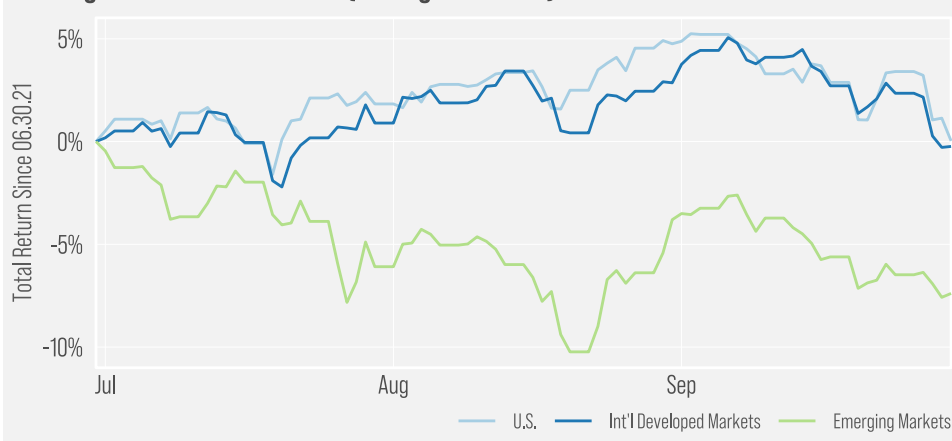
From 09.30.11 to 09.30.21. Total return data are annualized for periods greater than 1 year. SOURCE: SRCM using data from Bloomberg

Notable events of the prior three months include:

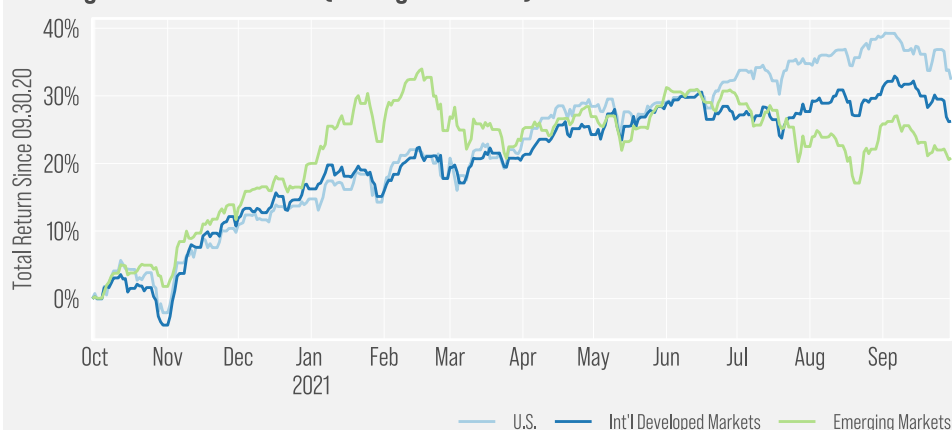
- 07-08: China takes a series of market-disrupting actions to promote “common prosperity”
- 08.18: Federal Reserve meeting minutes suggest tapering of asset purchases may begin later this year
- Sep: U.S. debt-ceiling brinkmanship starts once again to rattle investor nerves

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Trailing 3-Month Total Return (through 09.30.21)



Trailing 1-Year Total Return (through 09.30.21)



Core Factors: U.S. Stocks

Though our favored factors generally have fared very well since the COVID bottom, relative performance over the past three months has not been as positive. Smaller-capitalization stocks in general saw strong declines, while returns for less-expensive stocks were mixed as mid- and small-cap stocks outperformed their peers

3-Month Period ended 09.30.21			Value	Growth
	All Stocks	0.0%	-0.7%	0.7%
	Large	0.5%	-0.6%	1.6%
	Mid	-0.9%	-0.4%	-1.3%
	Small	-2.6%	-1.8%	-3.3%

1-Year Period ended 09.30.21			Value	Growth
	All Stocks	32.4%	34.8%	30.1%
	Large	29.4%	29.8%	29.2%
	Mid	39.0%	47.3%	29.9%
	Small	52.2%	62.2%	42.2%

The table displays the relative performance of different indexes representing U.S. stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Core Factors: International Stocks

The Value and Size factors performed much better abroad over the past quarter, adding to the positive relative performance seen over the past year. Small-cap stocks fared particularly well, with the less-expensive cohort among them gapping well ahead of their peers and of large-growth names

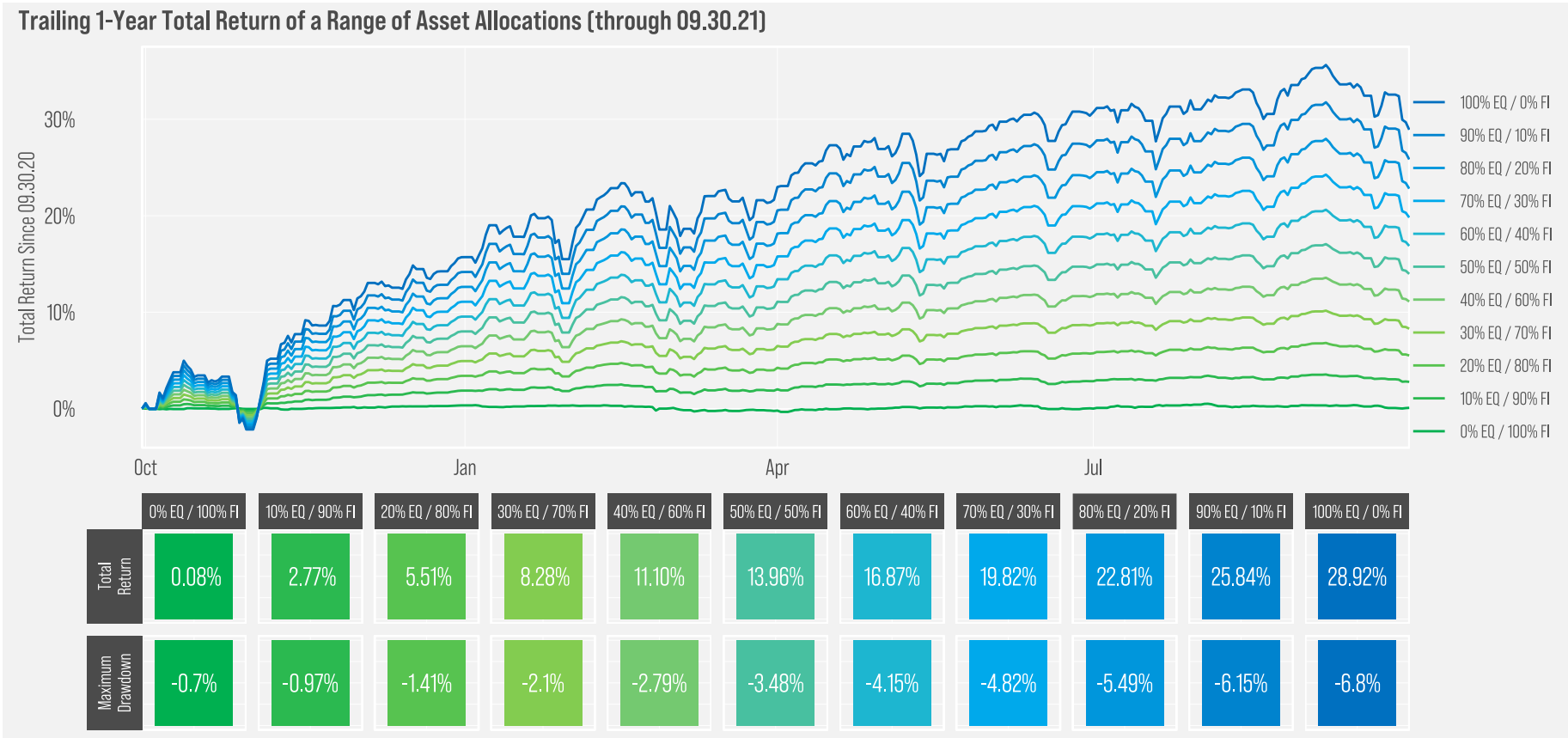
3-Month Period ended 09.30.21			Value	Growth
	All Stocks	-2.6%	-2.0%	-3.1%
	Large	-3.3%	-2.6%	-4.0%
	Mid	-1.7%	-1.1%	-2.3%
	Small	0.0%	-0.4%	0.4%

1-Year Period ended 09.30.21			Value	Growth
	All Stocks	25.2%	32.3%	18.5%
	Large	23.5%	31.5%	16.1%
	Mid	25.6%	31.0%	20.3%
	Small	33.1%	37.6%	28.6%

The table displays the relative performance of different indexes representing international stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Range of Returns for Different Asset Allocations

Outside of the downturn experienced last October, stocks drifted mostly upward over the past year. Until mid-September, that is, when investors began to worry over a mix of macroeconomic and policy concerns. Generally negative returns across fixed income restrained some of that gain as the yield curve steepened over the past year

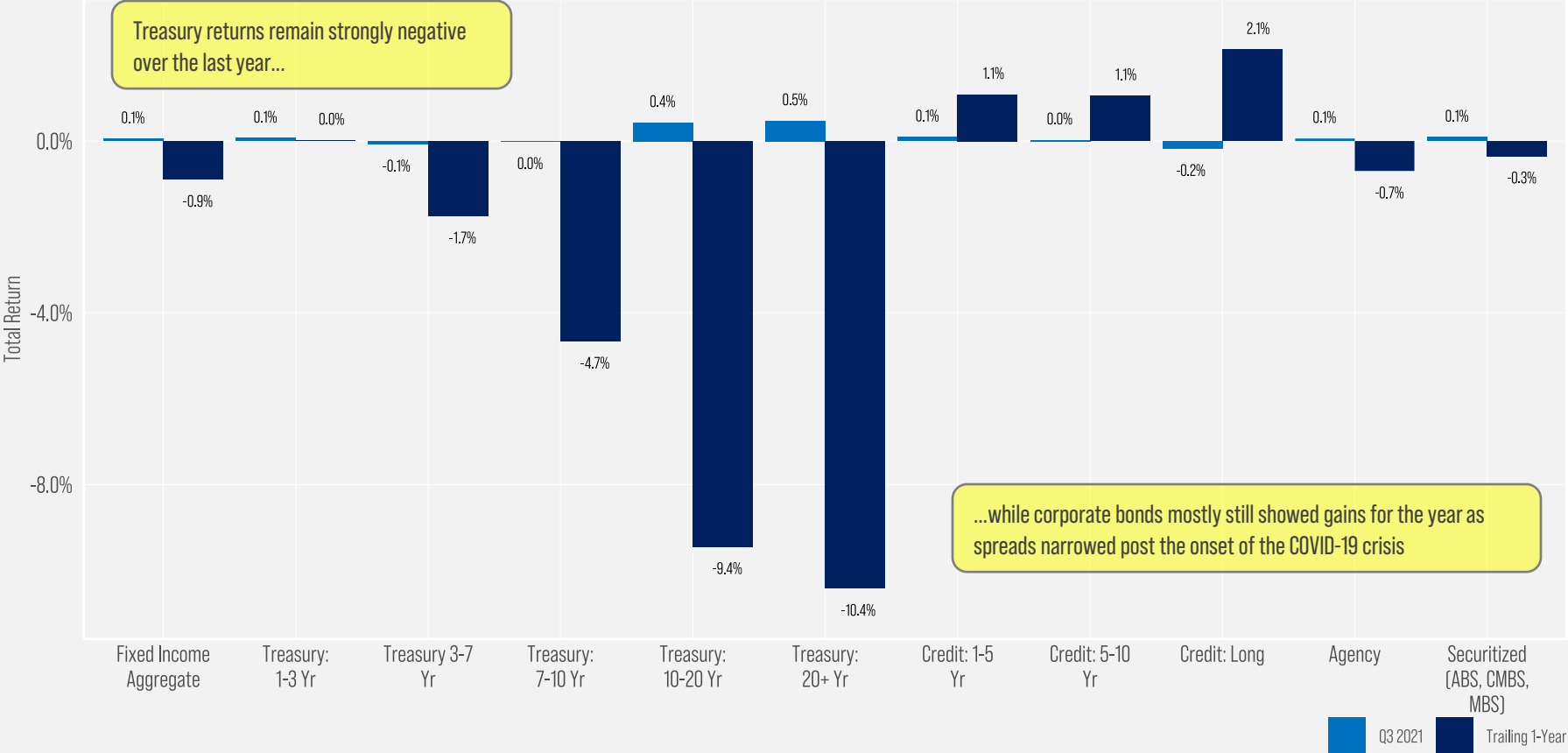


Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. The equity index used for this presentation is the MSCI ACWI IMI Index. The fixed income index used for this presentation is the Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Fixed Income: Broad-Market Returns

Rates were on the rise again in September, though they remained near to levels see at the end of Q2. The negative returns over the prior year express the general lifting of rates across the longer-end of the yield curve. Corporate bonds outperformed on account of narrowing spreads as the economy reopened

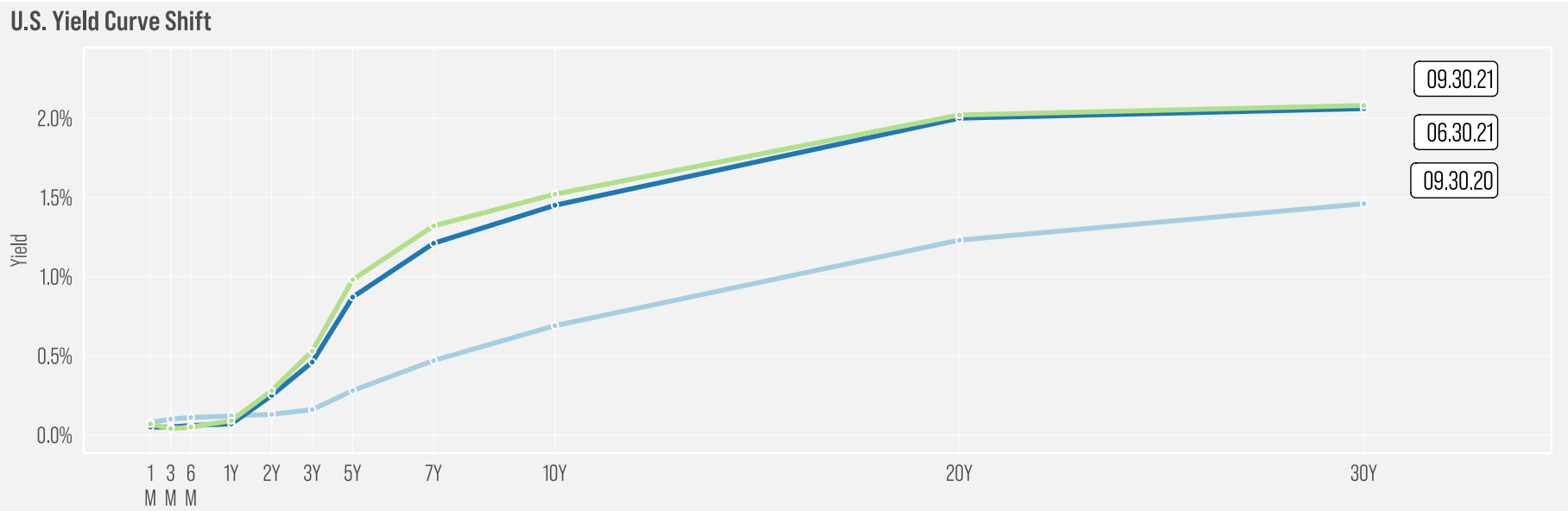
Bloomberg Barclays U.S. Aggregate Bond Index and Sub-Index Performance



From 09.30.20 to 09.30.21. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Interest Rates: U.S. Treasury Rates

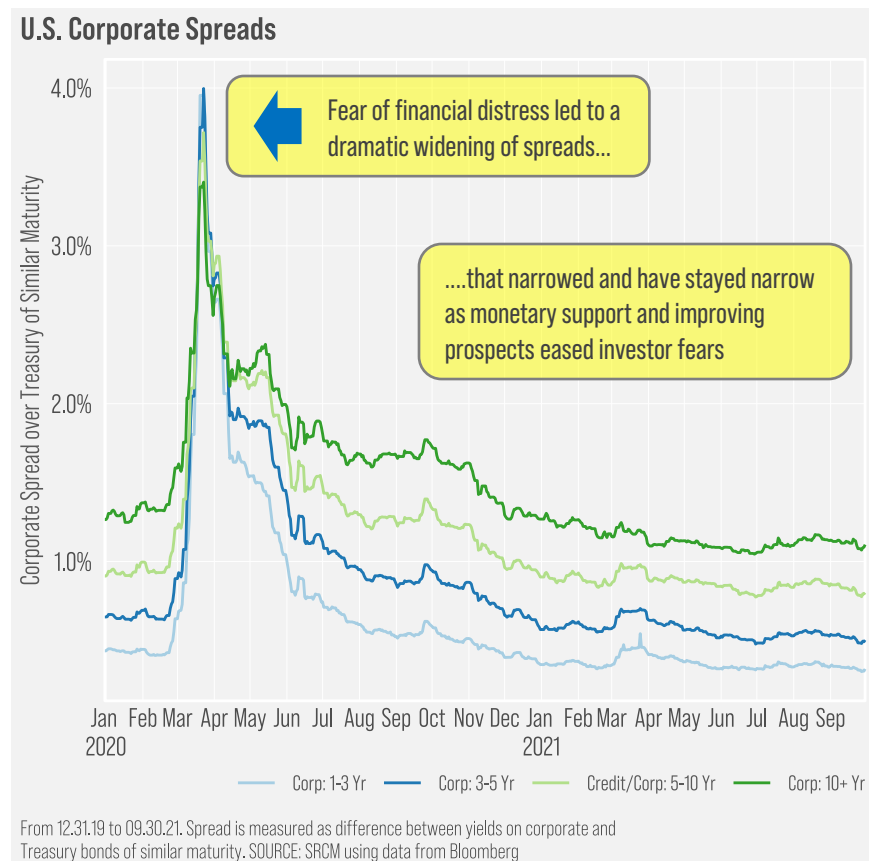
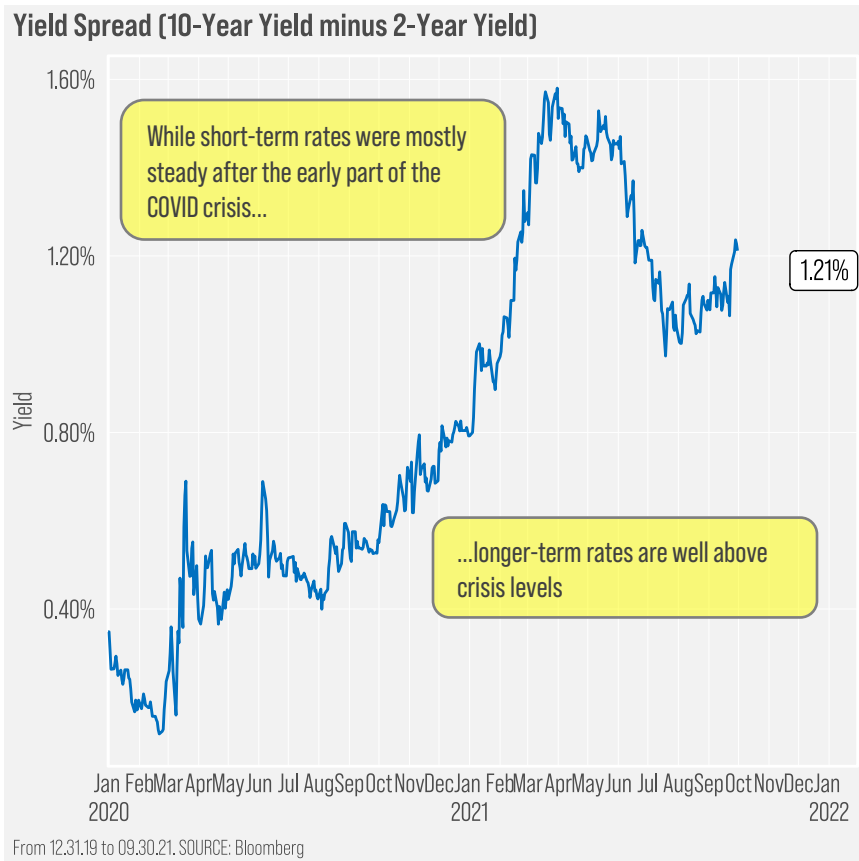
Though rates were about where they were at the end of the second quarter, they remain well above year-ago levels. Rates actually sank over the second quarter, but drifted higher earlier in Q3 before surging ahead in September as investors foresee a gradually less accommodative stance emerging from the Federal Reserve



From 09.30.20 through 09.30.21. SOURCE: SRCM using data from Bloomberg

Interest Rates: Spreads

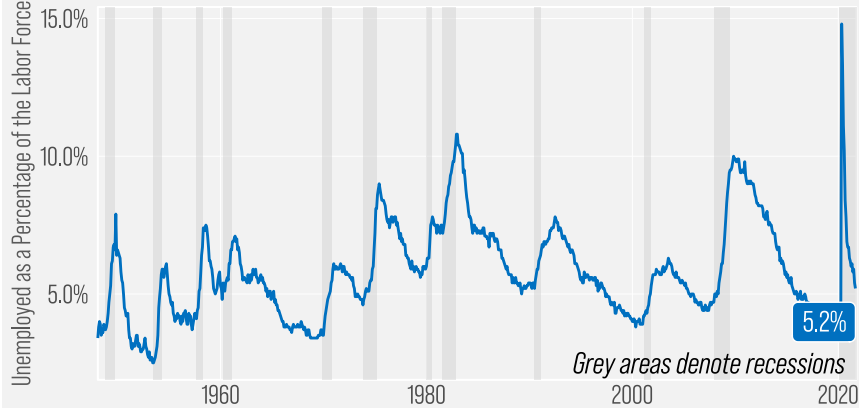
Spreads reflect the primary risks we experience in owning bonds: interest rate risk and credit risk. As short-term rates remained relatively stable in Q3, longer-term rates rose, adding to the premium for taking on interest rate risk, but pressuring already-owned bonds in the meantime. Credit spreads remained narrow as economic prospects are still positive



Macroeconomic Trends

Unemployment surged during the pandemic, with service industries particularly hard hit. Jobs figures quickly rebounded, but remain stressed

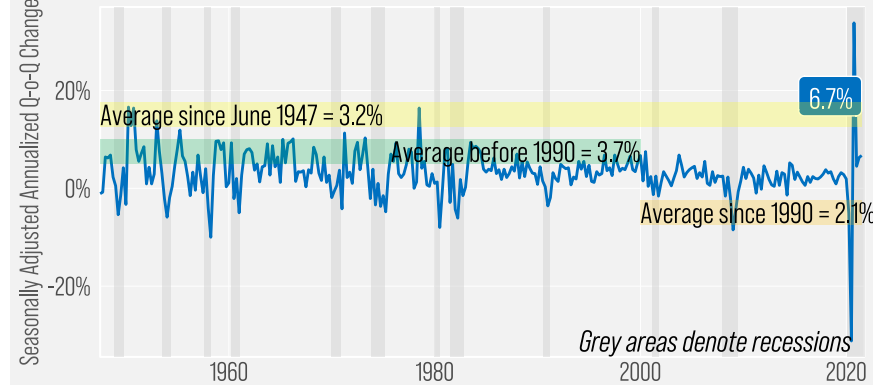
U.S. Civilian Unemployment Rate



From 01.31.48 to 08.31.21. SOURCE: U.S. Bureau of Labor Statistics via Bloomberg

GDP growth sank at a rate never-before experienced and rebounded with similar ferocity. Going-forward rates of growth remain top-of-mind for policy makers and investors, alike

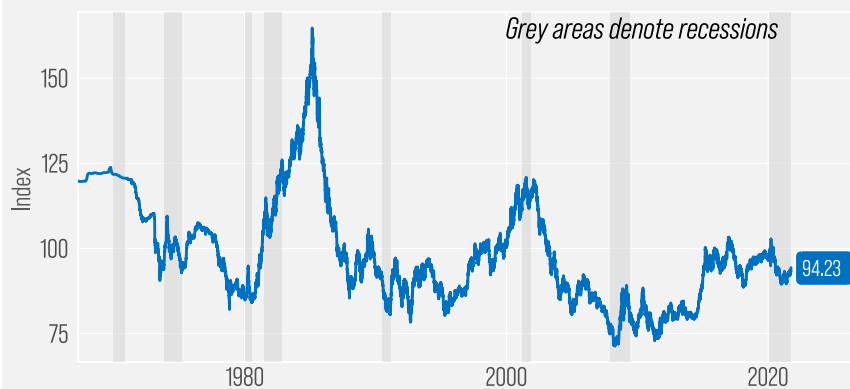
Real U.S. GDP



From 06.30.47 to 06.30.21. In 2009 dollars. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

Recent declines in the relative value of the U.S. dollar have bolstered returns from international equity exposures (though Q3 saw a bit of a reversal of that trend)

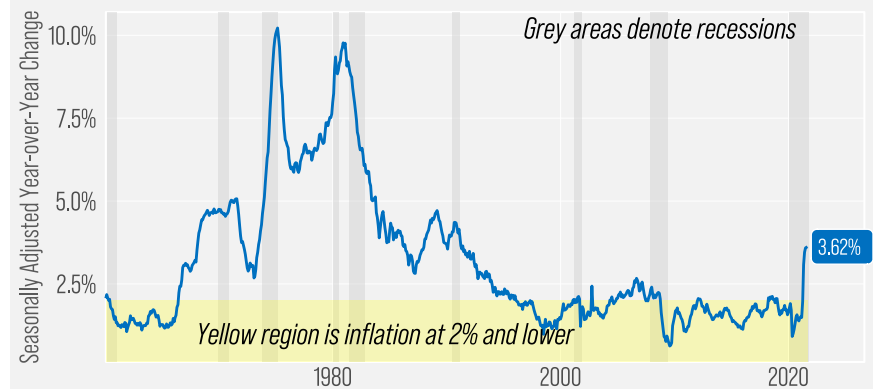
U.S. Dollar Index



From 03.31.67 to 09.30.21. The U.S. Dollar Index indicates the general int'l value of the USD as an average of the exchange rates between the USD and major world currencies. SOURCE: Bloomberg

One can connect the inflation surge to the global stall at the beginning of the pandemic. Eyes remain watchful for pressures that might remain after short-term effects subside

U.S. Inflation



From 01.31.60 to 08.31.21. Year-over-year change in the seasonally adjusted U.S. Personal Consumption Expenditure Core Price Index. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

Important Information

Investing involves risks including the possible loss of principal. Past performance is not indicative of future results.

One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Asset classes and their respective indexes mentioned in this report include the following:

Domestic (U.S.) fixed income (Fixed Income Aggregate): The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

Global equity (stocks): The MSCI ACWI Investable Market Index (IMI) captures large-, mid- and small-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set. May be referred to as “global”, “global equity” and/or “global stocks”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International equity (stocks): The MSCI ACWI ex USA Investable Market Index (IMI) captures large-, mid- and small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 99% of the global equity opportunity set outside the U.S. May be referred to as “World ex. U.S.”, “international equity”, “international stocks” and/or “All Stocks” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International large-cap equity (stocks): The MSCI ACWI ex USA Large Cap Index captures large-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country. May be referred to as international large-cap stocks, “World ex. U.S. Large-Cap”, and/or “Large” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International mid-cap equity (stocks): The MSCI ACWI ex USA Mid Cap Index captures mid-cap representation across 22 of 23 Developed Markets (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country. May be referred to as international mid-cap stocks, “World ex. U.S. Mid-Cap”, and/or “Mid” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International small-cap equity (stocks): The MSCI ACWI ex. USA Small Cap Index captures small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S. May be referred to as international small-cap stocks, “World ex. U.S. Small-Cap”, and/or “Small” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Developed markets equity (stocks): The MSCI EAFE Investable Market Index (IMI), is an equity index which captures large-, mid- and small-cap representation across Developed Markets countries around the world, excluding the United States and Canada. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as “Developed Markets”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Emerging markets (EM) equity (stocks): The MSCI Emerging Markets Investable Market (IMI) Index captures large, mid and small cap representation across 24 Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as “Emerging Markets”. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

Domestic (U.S.) equity: The MSCI U.S. Investable Market 2500 Index is designed to measure the performance of the large-, mid- and small-cap segment of the U.S. equity market. The index represents approximately 99% of the free float-adjusted market capitalization in the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “All Stocks” in a section specifically describing only U.S. stocks.

Domestic (U.S.) large-cap equity: The MSCI U.S. Large Cap 300 Index is designed to measure the performance of the large-cap segment of the U.S. equity market. The index represents approximately 71% of the free float-adjusted market capitalization in the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “Large” in a section specifically describing only U.S. stocks.

Important Information

Domestic (U.S.) mid-cap equity: The MSCI U.S. Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the U.S. equity market and designed to measure the performance of the mid-cap segment. The index represents approximately 16% of the free float-adjusted market capitalization of the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Mid" in a section specifically describing only U.S. stocks.

Domestic (U.S.) small-cap equity: The MSCI U.S. Small Cap 1750 Index is comprised of the remaining smallest 1,750 companies in the U.S. Investable Market 2500 Index of the U.S. equity market and designed to measure the performance of the small-cap segment. The index represents approximately 11.5% of the free float-adjusted market capitalization of the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Small" in a section specifically describing only U.S. stocks.

MSCI Value and Growth Indexes: The value investment style characteristics for MSCI index construction are defined using the following variables: book value to price, 12-month forward earnings to price and dividend yield. The growth investment style characteristics are defined using the following variables: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend. The objective of the MSCI Value and Growth Indexes design is to divide constituents of an underlying market capitalization index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying index. The market capitalization of each constituent should be fully represented in the combination of the value index and the growth index, and, at the same time, should not be double-counted. One security may, however, be represented in both the value index and the growth index at a partial weight.

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Important Information

The Bloomberg Barclays Global Aggregate Index is a measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The Bloomberg Barclays U.S Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

The MSCI ACWI Index captures large- and mid-cap representation across 23 Developed Markets and 23 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.

The MSCI ACWI ex. U.S. Index captures large- and mid-cap representation across 22 Developed Markets countries and 23 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

The MSCI EAFE captures large and mid-cap representation across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The S&P 500 Index represents 500 U.S. companies and captures approximately 80% coverage of available market capitalization.

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