GREAT LAKES ADVISORS

# POINT OF VIEW

GREAT LAKES ADVISORS
A WINTRUST WEALTH MANAGEMENT COMPANY

## ECONOMIC COMMENTARY AND CAPITAL MARKET UPDATE

**For the Quarter Ending June 30, 2021**

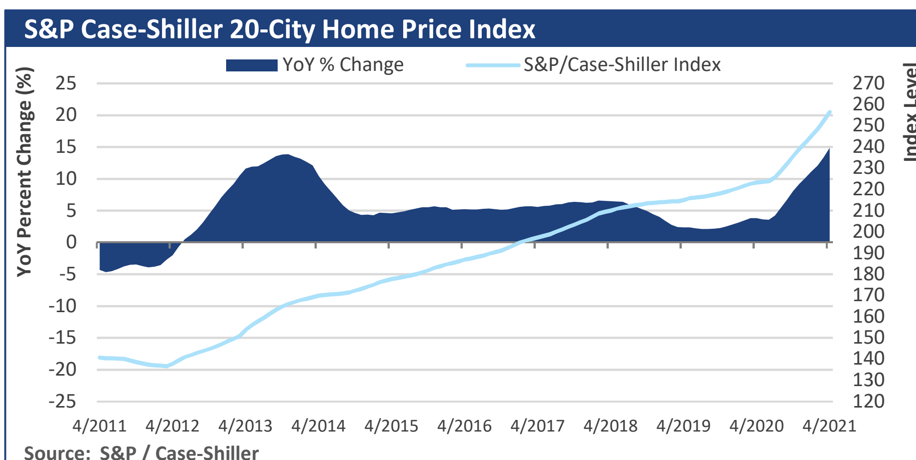
**Recap**: The economy has gained considerable momentum this spring, as a larger share of the population has been vaccinated and daily new COVID infections have plummeted. With the threat from COVID diminishing, restrictions on business operations have also loosened. Real GDP has grown at an astonishing 10.0% annual rate during the second quarter.

However, the economy's recovery has continued to be uneven. Hiring gains have lagged GDP growth as millions of workers remained sidelined due to factors such as expanded unemployment benefits, increased child-care responsibilities, and fear of COVID-19. Consumer prices also surged in May from a year earlier, fueling concerns that the Federal Reserve will not raise interest rates soon enough to contain inflationary pressures.

With pandemic restrictions fading, consumers have begun spending more on services, which are not captured in the retail sales report other than restaurants and bars. Retail spending fell 1.3% in May. Supply-chain disruptions and business re-openings have triggered a consumer spending shift from goods to services.

This spring's economic boom has also been accompanied by some growing pains. Shortages have cropped up and intensified for a wide array of input materials due to the sudden resurgence in demand amid lean inventories and severely disrupted supply chains. Businesses have also struggled to find the workers they need. These supply-side constraints notwithstanding, a robust 7.0% rise in U.S. GDP in 2021 should reflect the revival in economic activity. If realized, this would mark the nation's fastest economic growth since 1951.

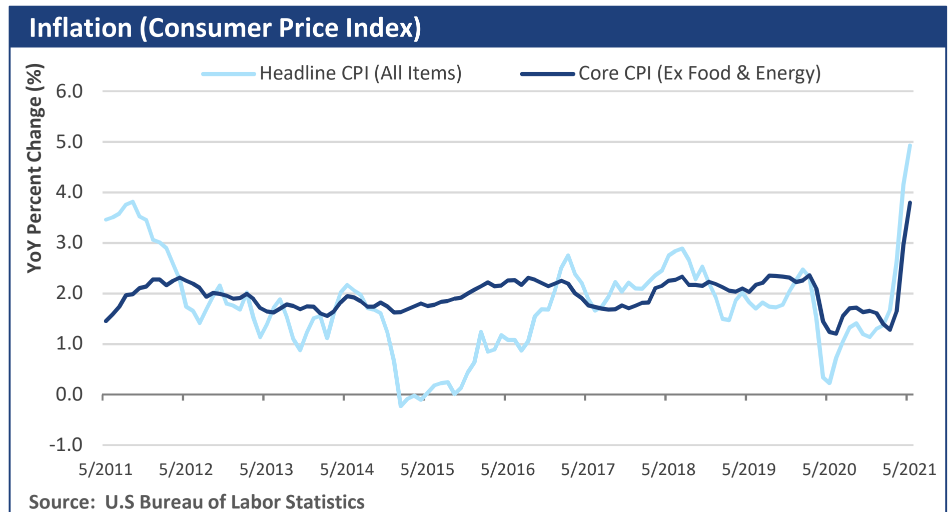
**Housing:** Home sales surged to a 14-year high toward the end of last year, but have since eased considerably. The overriding theme has been one of a shortage of inventory. Housing resale inventories currently sit at a little over one million, near record lows and down 20% from last year. This tight supply has resulted in sharp home price appreciation. In most states, however, home price gains have slowed from the red-hot pace at the end of last year. Builders have ramped up the construction of homes, an element that should offer further price respite down the road. However, rising building input costs e.g., soaring costs of copper and lumber, have posed an added challenge. Tight market conditions have increased the odds



that costs could be passed down to the consumer. Coupled with an upward trend in mortgage rates, affordability challenges could become more binding in the quarters ahead. This could tilt some demand back toward the rental market, particularly for lower-income households and those whose jobs require a physical presence in dense urban areas.

**Inflation**: The recent surge in consumer and producer inflation reflects many factors, including scrambled supply chains, lengthened delivery times, elevated transportation costs, and widespread shortages of materials and labor - as well as the recovery in energy and commodity prices that collapsed in 2020 with the onset of the COVID-19 pandemic.

The producer-price index (PPI) rose 0.8% in May from the prior month. The recent increase in PPI may indicate that businesses are passing on these higher production costs to customers, some of which have translated into higher retail price tags on store shelves across the country. Unusually strong demand, because of the receding COVID-19 crisis and ample federal support of incomes has enabled them to do so.




The core PCE deflator, which is the Fed's preferred measure of inflation, is anticipated to average 3.0% over the next four quarters. Whether an upswing in prices proves temporary is a key question for financial markets and the U.S. recovery, as the Biden administration, Congress, and the Fed continue to support the economy with fiscal and monetary policy measures.

Inflation will likely rise temporarily this year because of growing demand due to increased vaccination rates, falling restrictions on businesses, trillions of dollars in federal pandemic relief programs, and ample consumer savings. A significant increase in spending on services in the next couple of months is likely and that is where a lot of the pressure on prices is going to come from.

But inflation is not likely to get out of hand after the initial surge in demand abates. Inflation expectations, although higher than a few months ago, have generally remained contained, and a rise in the labor force participation rate once the pandemic has subsided should help keep a lid on outsized wage gains.

**Regional Economies:** Economic activity in the five Midwestern states (Illinois, Indiana, Iowa, Michigan, and Wisconsin) increased moderately in April and early May and approached its pre-pandemic level. Strong growth is expected in the coming months. Consumer spending increased moderately as retail, restaurant, and tourism sales rose. Sales exceeded pre-pandemic levels for most of the retail, restaurant, and auto segments, while tourism and healthcare sales remained below pre-pandemic levels. Business spending and manufacturing production increased moderately. Wages and prices rose moderately, and financial conditions improved slightly.

Residential real estate activity increased, and home prices rose robustly as inventories fell further from already low levels. Commercial real estate activity increased slightly for the first time since the pandemic started. The farm economy remained strong, but drought conditions continued to strain producers in the western part of the region. Employment rose at a modest pace, and wages increased moderately. Input prices increased robustly while selling prices increased at a moderate pace.

**Dollar:** The U.S. dollar rallied following a relatively hawkish FOMC meeting in June. This spike in the dollar could be temporary and observers have been looking for a softer U.S. dollar over the medium-to-long term. Part of the reason for this has been that actual monetary policy settings in the United States have remained unchanged, while foreign central banks across the G10 have already taken, and will likely continue to take, more concrete steps to tighten monetary policy.

A weaker U.S. dollar should also be aided by growth prospects for foreign economies as they have continued to improve. As foreign economies have demonstrated resilience, or in some cases outperformance, and with the U.S. economy still strong, a backdrop of synchronized growth within the G10 should fuel positive sentiment toward foreign currencies pushing the dollar lower. Similar dynamics played out after the Global Financial Crisis, while synchronized growth also resulted in a weaker dollar throughout 2017. As the post-COVID recovery becomes more engrained, those dynamics will likely repeat themselves and the U.S. dollar will gradually depreciate against G10 and emerging market currencies over time.

However, if the Fed follow-up to June's meeting comments later this summer is also hawkish, the dollar would not weaken any time soon.

**Biden's Twin Policy Plans:** President Biden has outlined his policy agenda to "Build Back Better" by spending roughly four trillion dollars over ten years on a host of infrastructure, research and development, education, and childcare measures. The administration has estimated that this ambitious spending agenda will be paid for over 15 years through increases in corporate taxes and high-income taxpayers. The plans are unlikely to pass "as is," even under the reconciliation process, but a large element will likely be incorporated in the months ahead. Unlike the recently enacted American Rescue Plan, which was intended to stimulate the economy in the short-term to counteract the damage from the pandemic, the policies in Biden's latest plan would be an attempt to increase the productive capacity of the U.S. economy over the long-term through investments in human and physical capital.

Depending on the timing, these plans could modestly boost GDP growth starting in 2022. However, without much detail at this point and with changes likely, any estimates at this stage would be highly uncertain. A very rough range would be that they could add around 0.3-0.5 percentage points to GDP growth in 2022, increasing slightly through 2023-24. Thereafter, there would be some fiscal drag as the peak spending years of infrastructure spending wind down.

Over the medium term, the American Family Plan (AFP) could help lift women's labor force participation rate through a combination of paid parental leave income supports and direct funding for childcare.

**Eurozone**: The Eurozone economy is recovering but at a slow pace. In part, this has reflected a slower start by many Eurozone governments in vaccinating their populations against COVID. This resulted in lockdowns still being in place in April in some Eurozone countries, while other restrictions were later.

Revised Q1 Eurozone GDP figures have shown a smaller than previously reported fall of just 0.3% quarter-over-quarter. However, the details of that report also pointed to notable sluggishness in domestic activity. Q1 consumer spending fell 2.3% quarter-over-quarter, after a 2.9% decline in Q4. Meanwhile, Q1 fixed investment spending rose just 0.2%.

In addition, Eurozone April retail sales fell 3.1% month-over-month, almost fully reversing a 3.3% sales gain in March. The level of Eurozone Q1 GDP was still 5.1% below its pre-pandemic peak from Q4 2019.

So long as the Eurozone economy shows a further perceptible firming in growth in the months ahead, the ECB will likely follow suit by announcing, at its September meeting, a slower pace of its bond purchases from Q4 2021. Going forward, the euro should perform moderately well versus the U.S. dollar, although the euro could catch up a bit over the long-term as the economic recovery in the Eurozone gains further momentum.

**Downside Risks**: Supply constraints that have challenged businesses and caused shortages of everything from semiconductors to sweatpants have deepened, adding to pressure on inflation and testing the Federal Reserve's resolve to keep juicing the economy.

Those supply-chain disruptions, key labor shortages, and resurgent demand driven by multiple rounds of fiscal stimulus will likely persist through the end of the year, if not longer. The squeeze on U.S. businesses has shown little sign of letting up, particularly in the manufacturing sector. The pace of manufacturing production and hiring slowed in May from the prior month even though new orders and order backlogs accelerated.

Factory activity in the U.S. has also been slow to recover from the pandemic, despite a surge in demand for goods from housebound consumers. Manufacturing output rose 0.9% in May after falling 0.1% in April. Overall industrial output, which also included mining and utilities, remained 1.4% lower than it was before the pandemic.

This has been a global problem. Supplier delays that have pushed up the cost of manufactured goods around the world will likely persist into 2022, adding to global inflation concerns. Once supply catches up with consumer demand, firms will still need to replenish depleted inventories. Retail inventories measured as a share of their sales in April hit the lowest level in records going back to 1992. Retailers held only about one month's worth of sales in inventory.

Shifts in demand could be large and rapid, and bottlenecks, hiring difficulties, and other constraints could continue to limit how quickly supplies can adjust, raising the possibility that inflation could turn out to be higher and more persistent than expected.

Fed officials have expected the current mismatch between supply and demand to be temporary. They see inflation receding next year. But if tight inventories and supply shortages extend into 2022 - putting more

pressure on inflation - officials could find themselves under pressure to change their easy-money policies sooner than planned.

**Outlook:** The U.S. economy has outperformed most expectations in the first half of the year. Thanks to two rounds of fiscal stimulus and quick ramp-up in vaccinations, real GDP sprinted out of the starting blocks in the first quarter at 6.4% (annualized). The consumer has been the biggest part of that story as spending surged by 11% in the first quarter, propelled by about a 50% jump in durable goods consumption. Generous government income supports have enabled consumers to keep spending despite high unemployment. And, given restrictions on services, they have shifted consumption to whatever products were accessible.

Business investment in equipment and intellectual property products also continued its impressive growth (+15%). The consumer's “freedom-induced demand spurt" will likely continue through the second quarter, spurred forward by the latest round of $1,400 payments. Households have built up over $2 trillion in excess savings through March and are positioned to keep spending as the economy reopens. However, goods purchases are likely to pass the baton to services as restrictions for social engagement ease. Services spending is expected to surge at a double-digit pace in the second quarter. Overall consumer spending growth will anchor a 10% advance in real GDP in the second quarter. While some of this growth may be a pull forward from the second half of the year, growth for 2021 is expected to be 7.0%.

While the economy has already partially rebounded from the deep contraction in the first half of 2020, a variety of factors will determine the way forward. Key variables include a) the deployment and effectiveness of COVID-19 vaccines; b) the impact of fiscal and monetary support; c) the status of labor markets and household consumption; and d) the pace at which mobility and travel restrictions are lifted. The underlying theme of the outlook has remained unchanged: recent rounds of fiscal stimulus, substantial household savings, and rising wages will propel consumer spending to historically strong rates of growth this year, as vaccinations significantly reduce the risk of COVID and more of the economy reopens. Economic growth could arguably be even stronger if supply shortages continue hampering most sectors of the economy. A substantial drop in business inventories this year would fully embody this problem.

**Market Commentary**

**Recap:** Equity markets rose during the second quarter amid the ongoing rollout of COVID-19 vaccines and strong reported first quarter corporate earnings. Reversing a trend established in the final quarter of 2020, growth stocks outperformed value names. During Q2, the Russell 3000 Growth Index gained 11.4% while its value counterpart rose a more modest 5.2%. Year-to-date, value remains ahead of growth by about five percentage points. For the quarter, the energy, technology, communication services, and real estate sectors led the way, each generating double-digit gains. Only the utilities sector produced a negative result for the period. Small cap stocks posted a 4.3% gain in Q2. With a year-to-date gain of 17.5%, small caps have outperformed large and mid-cap names during the first half of the year. Both developed and emerging international equities lagged U.S. stocks during the April to June time frame. For the quarter, the S&P 500 rose 8.6%. Overseas, the MSCI EAFE Index gained 5.2%, and the MSCI Emerging Markets Index increased 5.1%. Fixed income markets produced broadly positive returns. The Barclays U.S. Aggregate Bond Index gained 1.83% while the Barclays Global Aggregate ex USD Bond Index rose 0.92%.

**Domestic Equities:** Supported by the distribution of COVID-19 vaccines, U.S. equities produced solid returns during the second quarter. Stock prices were also boosted by strong corporate earnings – 86% of S&P 500 companies reported first quarter results that exceeded analyst expectations. The FOMC's June meeting brought no policy changes but Fed projections suggest that interest rates could rise as soon as 2023. Economic data has mostly been encouraging with consumption indicators being especially strong. Inflation data continues to generate headlines. In May, core inflation posted its largest year-over-year increase since 1992. The second quarter also featured significant fiscal policy developments. The Biden administration appears to have secured a deal on a $1 trillion infrastructure package to upgrade roads, bridges, and broadband networks over the next eight years. The S&P 500 closed Q2 at an all-time high.

**International Equities:** Overseas, equity markets produced positive gains but underperformed their U.S. counterparts. In Europe, share prices rose as the pace of the vaccine rollout accelerated. Many European countries saw COVID-19 infections fall over the quarter and were thus able to loosen restrictions on social and economic activity. First quarter corporate earnings were generally very robust. In Japan, stocks produced a negative result for the quarter as a persistent increase in COVID cases led the government to delay lifting its declared state of emergency. The nation also has struggled to efficiently distribute COVID vaccines although the rollout appears to have improved later in the quarter. Emerging markets generated solid equity returns during the second quarter. Amongst the BRICs, Brazil led the way with returns boosted by currency strength. Russian stocks also delivered double-digit gains as oil prices rose, while Indian stocks increased nearly 7% despite the country's surge in COVID-19 cases. Chinese equities lagged the broader emerging markets index for the quarter.

**Fixed Income:** Broad bond market indexes generated positive results during the second quarter as U.S. Treasury yields fell. June's FOMC policy statement noted higher expected inflation this year and brought forward the timeframe on when the Fed will raise interest rates. The headline inflation expectation was raised to 3.4%, while rate hikes could come as soon as 2023. Discussions about when to pull back the Fed's $120 billion in monthly bond purchases also commenced. In the U.S., corporate bonds outperformed government issues. European bond results lagged the U.S. amid growing optimism about the region's recovery and accelerating vaccination effort. Emerging market bonds had a strong quarter, led by high yield issues.

**Outlook:** Driven by increased vaccination rates, massive fiscal stimulus programs, accommodative monetary policies, and solid corporate earnings, global equity markets have rallied aggressively following Pfizer's late 2020 COVID-19 vaccine announcement. In the U.S., pent up consumer demand is providing a tailwind for cyclical stocks in hard hit areas of the market. Cyclical names should continue to show strength in the intermediate term. Economic and earnings growth are expected to remain strong through the rest of the year. Meeting earnings expectations is important as equities appear somewhat expensive. Several risks to the market are worth monitoring. Of chief concern is inflation, and whether recently rising prices in some areas of the economy are transitory or the beginning of something more enduring. An inflation spike that persists could trigger a more hawkish tone from the Fed, while fears of inflation may be enough to generate additional volatility. Tax policy may also produce volatility as lawmakers debate various proposals. Finally, pandemic-related concerns remain, particularly in the form of COVID-19 variants.

Developed international equities appear relatively attractive. Given the economic cycle, cyclical stocks are expected to show near-term strength. And relative to the U.S., international stock indexes are overweight

cyclicals. In Europe, the vaccine rollout is gaining momentum, and a more sustained reopening of economies is on track for the second half of the year. The fiscal boost from the European Union's recovery fund should help maintain the region's economic rebound. In Japan, the recovery has been constrained by localized outbreaks of COVID-19, which have led to renewed lockdowns of metro areas. However, a solid economic recovery is expected through the back half of the year, boosted by strong global capital expenditure spending and the return of domestic service activity. In the U.K., a rebound is expected in both GDP and corporate profits as the market recovers from the dual headwinds of Brexit and the pandemic. Broadly speaking, valuations overseas are attractive, with the MSCI All Country World index excluding the U.S. forward price-to-earnings ratio trading at a significant discount to that of the S&P 500.

Many emerging markets continue to struggle with the pandemic. Unlike the developed economies, the U.S. and U.K. in particular, vaccine rollout remains low. Vaccine hesitancy is a challenge as is vaccine supply and the logistical difficulties in distribution. Consequently, the COVID-19 virus continues to mutate, and caseloads and hospitalizations remain high. On a positive note, first quarter economic output exceeded expectations in most developing nations. Emerging market equities have been laggards since the announced development of a vaccine, having been held back by the relatively high EM index weighting of technology stocks, concerns about slow credit growth in China, and COVID-19 related challenges. These trends should start to reverse later in the year as Chinese credit growth stabilizes and vaccines become more available. U.S. dollar weakness will also be supportive of emerging markets. The dollar is expected to weaken as investors fully price in Fed tightening expectations and the global recovery becomes more entrenched.

For fixed income investors, current bond yields do not appear to be consistent with the likelihood of continued strong economic growth and the risk of higher inflation. Thus, rising bond yields in the second half of the year would not be surprising. Anchored by Fed policy, short-term rates should remain close to zero, but the 10-year Treasury yield may rise to the 2.0% to 2.5% range. Given this environment, investors may want to keep the average duration in their portfolios below that of their benchmark. Expansive fiscal policy and improving economic growth support the credit quality of corporate bonds. Municipal bond fundamentals have seen significantly improved fundamentals, boosted by more than $1 trillion of stimulus. Tax exemptions offered by this asset class will be especially attractive if higher tax proposals are enacted. High quality core bonds should continue to serve as a ballast in equity heavy portfolios.

*Sources: Department of Labor, Department of Commerce, European Central Bank, Morningstar, Bloomberg, Johns Hopkins University, Federal Reserve Bank of Chicago*

## Index Performance as of: 6/30/2021

| | 1 Week | 1 Month | QTD | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|---|---|
| **Russell** | | | | | | | | | |
| **3000 Value** | 0.81 | -1.11 | 5.16 | 5.16 | 17.67 | 45.43 | 12.23 | 12.00 | 11.54 |
| **3000** | 1.23 | 2.47 | 8.24 | 8.24 | 15.11 | 44.20 | 18.73 | 17.89 | 14.70 |
| **3000 Growth** | 1.63 | 6.17 | 11.38 | 11.38 | 12.71 | 43.02 | 24.47 | 23.32 | 17.54 |
| **1000 Value** | 0.93 | -1.15 | 5.21 | 5.21 | 17.05 | 43.72 | 12.41 | 11.88 | 11.61 |
| **1000** | 1.29 | 2.51 | 8.54 | 8.54 | 14.95 | 43.11 | 19.15 | 18.00 | 14.90 |
| **1000 Growth** | 1.64 | 6.27 | 11.93 | 11.93 | 12.99 | 42.53 | 25.14 | 23.66 | 17.87 |
| **Mid Cap Value** | 0.68 | -1.16 | 5.66 | 5.66 | 19.45 | 53.11 | 11.85 | 11.79 | 11.75 |
| **Mid Cap** | 1.02 | 1.47 | 7.50 | 7.50 | 16.25 | 49.84 | 16.44 | 15.62 | 13.24 |
| **Mid Cap Growth** | 1.60 | 6.80 | 11.07 | 11.07 | 10.44 | 43.81 | 22.38 | 20.53 | 15.13 |
| **2000 Value** | -0.73 | -0.61 | 4.56 | 4.56 | 26.69 | 73.34 | 10.27 | 13.62 | 10.85 |
| **2000** | 0.35 | 1.94 | 4.29 | 4.29 | 17.54 | 62.08 | 13.52 | 16.47 | 12.34 |
| **2000 Growth** | 1.43 | 4.69 | 3.92 | 3.92 | 8.98 | 51.40 | 15.94 | 18.77 | 13.52 |
| **Standard & Poors** | | | | | | | | | |
| **S&P 500** | 1.33 | 2.33 | 8.55 | 8.55 | 15.25 | 40.83 | 18.67 | 17.65 | 14.84 |
| **Consumer Disc** | 0.94 | 3.81 | 6.95 | 6.95 | 10.27 | 37.11 | 19.35 | 19.69 | 17.89 |
| **Consumer Staples** | 1.58 | -0.18 | 3.83 | 3.83 | 5.02 | 23.30 | 14.14 | 8.04 | 11.49 |
| **Energy** | -1.24 | 4.61 | 11.30 | 11.30 | 45.64 | 49.42 | -6.09 | -0.80 | -0.02 |
| **Financials** | 1.81 | -2.96 | 8.36 | 8.36 | 25.69 | 61.82 | 13.97 | 17.05 | 13.71 |
| **Health Care** | 1.20 | 2.34 | 8.40 | 8.40 | 11.85 | 27.94 | 17.03 | 14.07 | 15.67 |
| **Industrials** | 1.08 | -2.21 | 4.48 | 4.48 | 16.40 | 51.49 | 15.01 | 14.40 | 12.80 |
| **Information Technology** | 2.23 | 6.95 | 11.56 | 11.56 | 13.76 | 42.43 | 30.30 | 31.22 | 21.99 |
| **Materials** | 0.57 | -5.30 | 4.97 | 4.97 | 14.50 | 48.55 | 14.86 | 14.59 | 10.09 |
| **Real Estate** | -0.51 | 3.19 | 13.09 | 13.09 | 23.30 | 31.90 | 14.71 | 9.56 | 11.06 |
| **Communcation Services** | 0.97 | 2.72 | 10.72 | 10.72 | 19.67 | 48.42 | 23.27 | 10.89 | 11.30 |
| **Utilities** | -0.20 | -2.17 | -0.41 | -0.41 | 2.38 | 15.78 | 10.49 | 7.41 | 10.56 |
| **Other U.S. Equity** | | | | | | | | | |
| **Dow Jones Industrial Avg.** | 1.85 | 0.02 | 5.08 | 5.08 | 13.79 | 36.37 | 15.01 | 16.67 | 13.50 |
| **Wilshire 5000 (Full Cap)** | 1.20 | 2.72 | 8.43 | 8.43 | 15.12 | 44.85 | 18.83 | 18.01 | 14.64 |
| **International Equity - Broad Market** | | | | | | | | | |
| **MSCI EAFE** | -0.66 | -1.13 | 5.17 | 5.17 | 8.83 | 32.38 | 8.27 | 10.28 | 5.89 |
| **MSCI EM** | 1.16 | 0.17 | 5.05 | 5.05 | 7.45 | 40.94 | 11.27 | 13.03 | 4.28 |
| **MSCI Frontier Markets** | 1.37 | 2.67 | 14.10 | 14.10 | 15.01 | 38.53 | 8.88 | 9.37 | 5.34 |
| **MSCI ACWI** | 0.74 | 1.32 | 7.39 | 7.39 | 12.30 | 39.30 | 14.56 | 14.62 | 9.90 |
| **MSCI ACWI Ex USA** | -0.11 | -0.65 | 5.48 | 5.48 | 9.16 | 35.75 | 9.38 | 11.08 | 5.45 |
| **MSCI AC Asia Ex Japan** | 1.40 | -0.12 | 3.60 | 3.60 | 6.40 | 39.68 | 12.22 | 14.51 | 7.04 |
| **International Equity - Country Region** | | | | | | | | | |
| **MSCI Brazil** | -1.81 | 5.32 | 22.91 | 22.91 | 10.65 | 46.59 | 10.83 | 9.69 | -2.43 |
| **MSCI BRIC** | 1.28 | 0.66 | 5.40 | 5.40 | 5.30 | 34.03 | 11.37 | 14.92 | 4.18 |
| **MSCI China** | 2.23 | 0.10 | 2.27 | 2.27 | 1.83 | 27.41 | 10.36 | 16.59 | 7.71 |
| **MSCI Europe** | -0.77 | -1.36 | 7.42 | 7.42 | 11.80 | 35.12 | 8.66 | 10.35 | 5.58 |
| **MSCI India** | -0.03 | -0.70 | 6.91 | 6.91 | 12.38 | 56.41 | 11.87 | 11.86 | 5.53 |
| **MSCI Japan** | -0.34 | -0.29 | -0.28 | -0.28 | 1.28 | 24.86 | 7.24 | 10.19 | 7.15 |
| **MSCI EM Latin America** | -0.76 | 2.70 | 15.01 | 15.01 | 8.89 | 44.96 | 5.05 | 5.89 | -2.45 |
| **MSCI Russia** | -0.32 | 4.19 | 14.03 | 14.03 | 19.65 | 38.67 | 15.27 | 16.32 | 1.88 |

## Index Performance as of: 6/30/2021

| | 1 Week | 1 Month | QTD | 3 Month | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|---|---|
| **Fixed Income** | | | | | | | | | |
| **Barclays U.S. Aggregate** | 0.25 | 0.70 | 1.83 | 1.83 | -1.60 | -0.33 | 5.34 | 3.03 | 3.39 |
| **ICE BofAML US 3M Trsy Bill** | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.09 | 1.34 | 1.17 | 0.63 |
| **Barclays U.S. Gov't** | 0.22 | 0.62 | 1.71 | 1.71 | -2.51 | -3.10 | 4.65 | 2.19 | 2.78 |
| **Barclays U.S. Credit** | 0.44 | 1.50 | 3.32 | 3.32 | -1.28 | 3.00 | 7.42 | 4.63 | 4.92 |
| **Barclays High Yield Corp.** | 0.44 | 1.34 | 2.74 | 2.74 | 3.62 | 15.38 | 7.44 | 7.48 | 6.66 |
| **Barclays Municipal** | 0.13 | 0.27 | 1.42 | 1.42 | 1.06 | 4.17 | 5.10 | 3.25 | 4.28 |
| **Barclays TIPS** | 0.33 | 0.61 | 3.25 | 3.25 | 1.73 | 6.52 | 6.53 | 4.18 | 3.40 |
| **Barclays Gbl Agg Ex USD** | -0.35 | -2.02 | 0.92 | 0.92 | -4.42 | 4.60 | 3.12 | 1.63 | 0.99 |
| **Barclays Global Aggregate** | -0.10 | -0.88 | 1.31 | 1.31 | -3.21 | 2.64 | 4.22 | 2.34 | 2.05 |
| **JPM EMBI Global Div** | 0.04 | 0.73 | 4.06 | 4.06 | -0.66 | 7.53 | 6.71 | 4.86 | 5.65 |
| **Alternative Investments** | | | | | | | | | |
| **Alerian MLP** | -0.98 | 5.18 | 21.23 | 21.23 | 47.84 | 64.03 | -0.33 | -1.05 | 1.07 |
| **Bloomberg Commodity** | 2.48 | 1.85 | 13.30 | 13.30 | 21.15 | 45.64 | 3.90 | 2.40 | -4.44 |
| **FTSE NAREIT Equity REIT** | -1.05 | 2.61 | 12.02 | 12.02 | 21.96 | 38.05 | 10.10 | 6.31 | 9.41 |
| **S&P Global Natural Res.** | -0.66 | -2.16 | 7.28 | 7.28 | 19.94 | 49.39 | 6.07 | 11.42 | 2.25 |
| **S&P N. Amer Natural Res.** | -0.68 | 0.29 | 11.12 | 11.12 | 32.73 | 45.96 | -1.77 | 2.03 | -0.58 |

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