

Quarterly Market Review

Second Quarter 2021

This report features world capital market performance and a timeline of events for the past 12 months. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features our annual message.



Overview:

Quarterly Topic: The Cost of Trying To Time the Market

Quarterly Market Summary

Long Term Market Summary

World Stock Market Performance

Impact of Diversification

Randomness Of Market Returns

The Cost of Trying To Time the Market

HYPOTHETICAL GROWTH OF \$1,000
 INVESTED IN US STOCKS IN 1990



The impact of missing just a few of the market's best days can be profound, as this look at a hypothetical investment in the stocks that make up the S&P 500 Index shows. Staying invested and focused on the long term helps to ensure that you're in position to capture what the market has to offer.







- A hypothetical \$1,000 turns into \$20,451 from 1990 through 2020.
- Miss the S&P 500's five best days and the return dwindles to \$12,917. Miss the 25 best days and that's \$4,376.
- There's no proven way to time the market—targeting the best days or moving to the sidelines to avoid the worst—so history argues for staying put through good times and bad.

Missing only a few days of strong returns can drastically impact overall performance.

Based on the total return of the S&P 500 Index from January 1, 1990, to December 31, 2020.

Quarterly Market Summary

Index Returns



















| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | | US Bond Market | Global Bond Market ex US |
|---------|---|---|---|---|--|---|---|
| 2Q 2021 | STOCKS | | | | | BONDS | |
| | 8.24% | 5.65% | 5.05% | 10.17% | | 1.83% | 0.35% |
| |  |  |  |  | |  |  |

| Since Jan. 2001 | | | | | | | |
|-----------------------|----------------|----------------|----------------|----------------|--|----------------|----------------|
| Avg. Quarterly Return | 2.4% | 1.7% | 3.1% | 2.6% | | 1.2% | 1.1% |
| Best Quarter | 22.0% | 25.9% | 34.7% | 32.3% | | 4.6% | 4.6% |
| | 2020 Q2 | 2009 Q2 | 2009 Q2 | 2009 Q3 | | 2001 Q3 | 2008 Q4 |
| Worst Quarter | -22.8% | -23.3% | -27.6% | -36.1% | | -3.4% | -2.7% |
| | 2008 Q4 | 2020 Q1 | 2008 Q4 | 2008 Q4 | | 2021 Q1 | 2015 Q2 |

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

Long-Term Market Summary

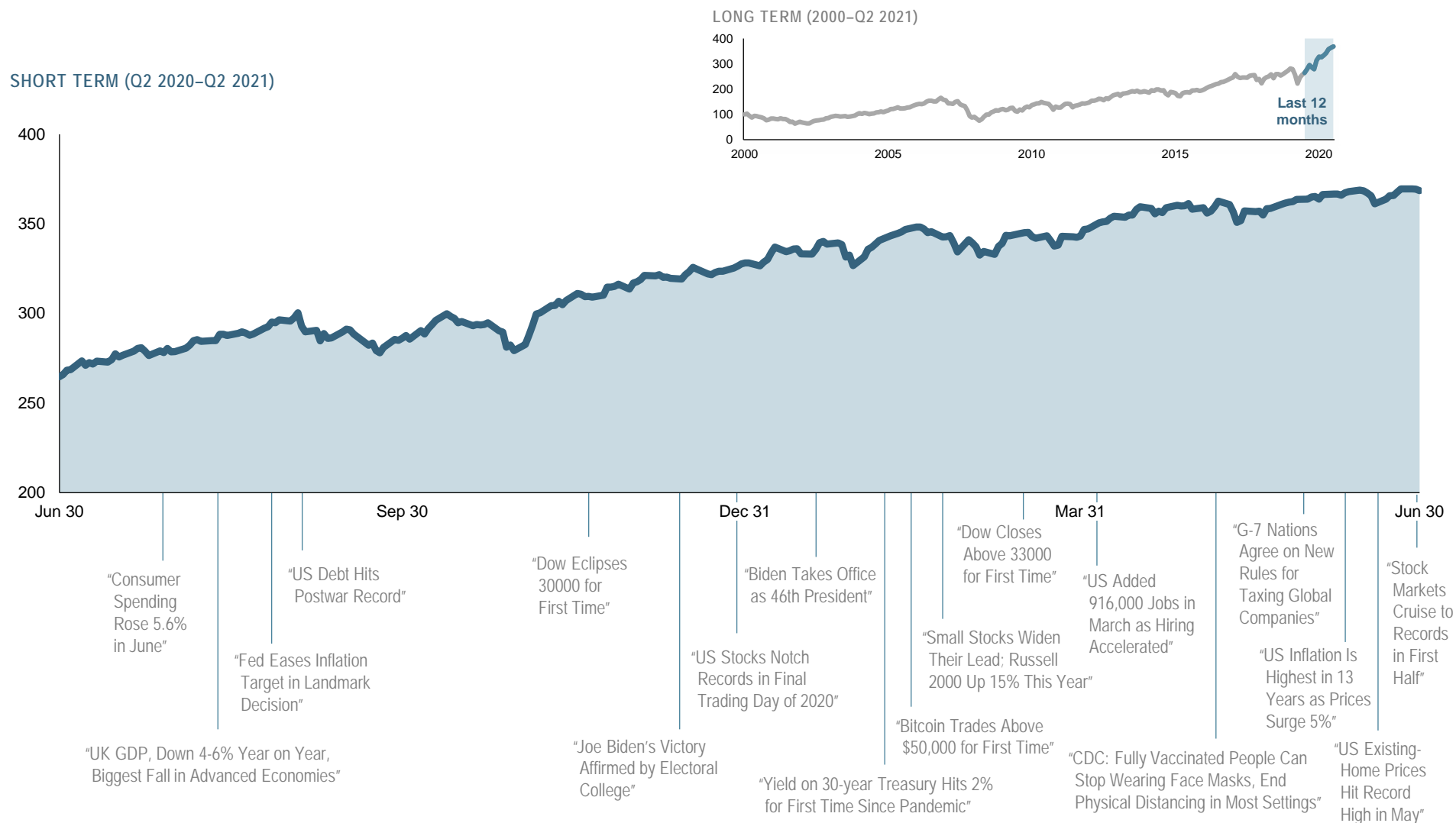
Index Returns as of June 30, 2021

| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|-----------------|---|---|--|---|---|---|
| 1 Year | STOCKS | | | | BONDS | |
| | 44.16% | 33.60% | 40.90% | 34.83% | -0.33% | 0.05% |
| |  |  |  |  |  |  |
| 5 Years | | | | | | |
| | 17.89% | 10.36% | 13.03% | 4.62% | 3.03% | 2.80% |
| |  |  |  |  |  |  |
| 10 Years | | | | | | |
| | 14.70% | 5.70% | 4.28% | 6.85% | 3.39% | 4.12% |
| |  |  |  |  |  |  |

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World Stock Market Performance

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



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

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

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

Impact of Diversification

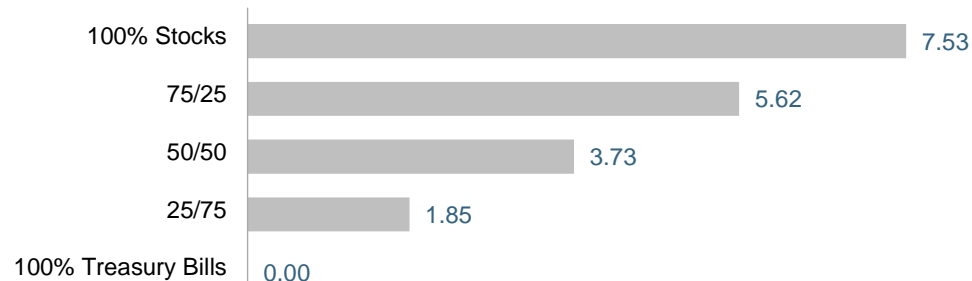
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These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

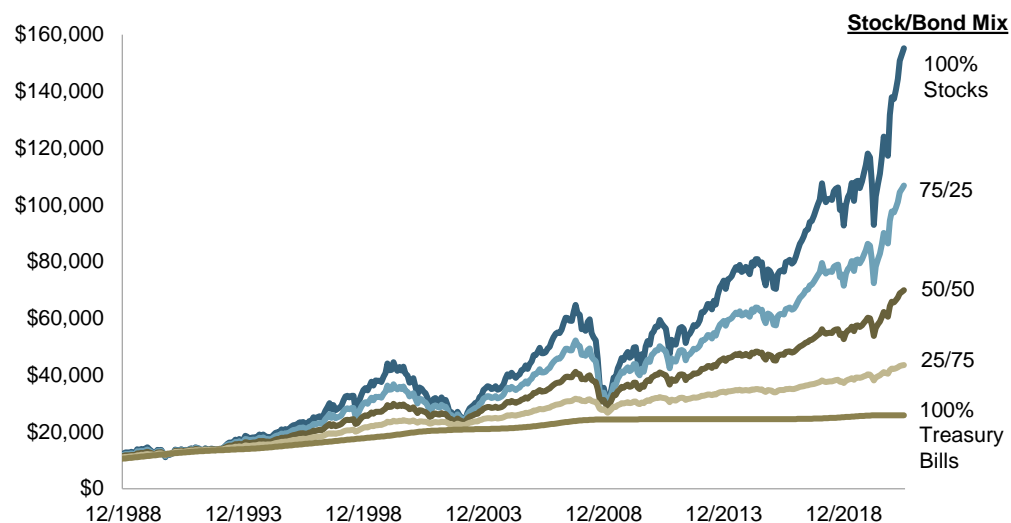
Period Returns (%)

| Asset Class | * Annualized | | | | | |
|---------------------|--------------|--------|----------|----------|-----------|----------------------------|
| | YTD | 1 Year | 3 Years* | 5 Years* | 10 Years* | 10-Year STDEV ¹ |
| 100% Stocks | 12.56 | 39.87 | 15.14 | 15.20 | 10.48 | 14.03 |
| 75/25 | 9.32 | 28.96 | 11.84 | 11.73 | 8.12 | 10.52 |
| 50/50 | 6.15 | 18.71 | 8.40 | 8.20 | 5.67 | 7.00 |
| 25/75 | 3.05 | 9.08 | 4.85 | 4.64 | 3.14 | 3.49 |
| 100% Treasury Bills | 0.01 | 0.06 | 1.21 | 1.06 | 0.55 | 0.23 |

Ranked Returns (%)





Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2021, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld).

Randomness Of Market Returns

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| <p>Highest Return</p>   <p>Lowest Return</p> | Large Cap US 14.60% | Small Cap US 36.99% | US REIT 27.40% | US REIT 0.80% | Commodity 9.86% | Emerging Markets 34.35% | US Bonds 0.01% | Large Cap US 28.88% | Large Cap US 18.40% | Commodity 31.40% |
| | Global Allocation 13.05% | Large Cap US 29.60% | Large Cap US 11.40% | US Bonds 0.55% | US REIT 8.90% | International Developed 25.03% | Large Cap US -6.20% | US REIT 25.84% | Small Cap US 18.36% | US REIT 19.23% |
| | Small Cap US 13.00% | International Developed 22.77% | US Bonds 5.97% | Large Cap US -0.73% | US Bonds 5.31% | Large Cap US 19.40% | Global Allocation -6.41% | Small Cap US 23.72% | Emerging Markets 15.84% | Small Cap US 17.00% |
| | US REIT 11.60% | Global Allocation 15.97% | Global Allocation 3.71% | International Developed -0.81% | Emerging Markets 5.03% | Global Allocation 14.04% | US REIT -8.00% | International Developed 18.44% | Global Allocation 10.12% | Large Cap US 15.25% |
| | International Developed 10.08% | Commodity -1.22% | Small Cap US 3.50% | Global Allocation -1.74% | Global Allocation 9.16% | Small Cap US 13.10% | Small Cap US -12.20% | Global Allocation 18.17% | US Bonds 7.51% | Global Allocation 9.48% |
| | Emerging Markets 9.41% | US Bonds -2.02% | Emerging Markets -4.63% | Small Cap US -5.70% | Large Cap US 2.70% | Commodity 5.77% | International Developed -13.79% | Commodity 17.63% | International Developed 5.43% | International Developed 7.33% |
| | US Bonds 3.99% | US REIT -2.30% | International Developed -4.90% | Emerging Markets -16.96% | Small Cap US 1.40% | US Bonds 3.54% | Commodity -13.82% | Emerging Markets 15.42% | US REIT -9.32% | Emerging Markets 6.46% |
| | Commodity 3.47% | Emerging Markets -5.03% | Commodity -33.06% | Commodity -32.86% | International Developed -4.42% | US REIT -0.10% | Emerging Markets -16.64% | US Bonds 8.72% | Commodity -23.72% | US Bonds -1.60% |

Large Cap US is defined as the S&P 500 Index, Small Cap US is defined as the Russel I 2000 Index, US Reit is defined as the Dow Jones US Select REIT Index, International Developed is defined as MSCI EAFE Index, Emerging Markets is defined as the MSCI Emerging Index, Commodity is defined as the S&P GSCI and US Bonds are Defined as the BarCap US Agg Bond Index. Indexes are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Global Allocation is defined as the DFA 60/40 Global Allocation Fund Institutional Shares.