# MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

## SEPTEMBER 2021

- During August, the S&P 500® Index, Russell 2000®, and Dow Jones Industrial Average® Increased
- The best performing S&P 500 sectors were Financials and Communication Services
- Delta Variant Concerns Lingering into Fall
- August Employment Slowdown Clouds Fed Policy Outlook

Equity markets broadly rose in August despite the ongoing spread of the COVID-19 Delta variant with the rally fueled at least in part by ongoing accommodative monetary policy. Market volatility was relatively flat for the month although the VIX index or "fear gauge" spiked mid-month as news deteriorated around Afghanistan reaching a mid-month high over 24 before settling to end the month in the mid-teens. For the full month, the Dow Jones Industrial Average increased 1.2%, the S&P 500® index increased 2.9%, and the smaller cap weighted Russell 2000® increased 2.1%.

The best performing S&P 500 sectors in August were Financials and Communication Services which each increased 5.0% followed by the Utilities sector which was up 3.5%. The weakest performances in the month were posted by the Energy sector which decreased 2.9% followed by the Industrials sector which was up 0.9%. For the prior twelve-month period, the Financials sector was the best performer with a 53.4% increase followed by the Communication Services sector which was up 37.3%, while Consumer Staples was the worst performer for the past twelve months with an 11.4% increase followed by the Utilities sector which was up 15.8%.

A week after Fed Chair Powell - speaking at the Jackson Hole symposium - suggested that 'clear progress' toward full employment had been made with the economy evolving as anticipated, the Bureau of Labor Statistics (BLS) released its August Jobs report that surprised to the down side. Economists had forecast addition of about 781,500 non-farm payrolls in August with the unemployment rate expected to dip to 5.2% from last month's 5.4%. In contrast, payroll adds came through at 235,000 with unemployment at 5.2% and labor force participation unchanged from July at 61.7%. With extended Federal supplemental unemployment benefits poised to end for ~11 million Americans and ~10 million job openings unfilled, these figures were quite disappointing as more folks were forecast to return to the workforce. Overall, the August report marks a dramatic slowdown from July's updated stat showing 1.053 million job gains and clouds the outlook for Fed tapering this fall.

### Where to from here?

Delta COVID may have plateaued for now, but we are concerned it may rise once again into October as schools reopen. The Centers for Disease Control (CDC) reports that progress continues towards more Americans becoming fully vaccinated against COVID - growing the vaccinated totals to 175 million people by early September, or 53% of the U.S. population - with 372 million total doses having been administered. Of late, ~900,000 daily doses of vaccine have been given nationwide with estimates pointing to 62% of our total population having received at least one dose of vaccine. In the meantime, CDC figures point to 40 million Americans as having now had COVID that has resulted in about 642,000 lives lost. In early September, we have seen a plateauing of new cases with the seven-day average of confirmed COVID running at just over 153,000 (slowing to up 4.9% in a week), while numbers hospitalized per day have dipped 1.7% to just over 12,000. Reported COVID deaths have averaged 1,047 per day nationwide in early September, up 3.7%. Net, net, although progress is being made, COVID remains a drag on health, the consumer, and the macroeconomic environment.

We remain selective on new investment recognizing markets have advanced smartly this year, without even a 5% pullback arising. Economic signals driven by COVID remain mixed at this time, with the S&P 500 appearing pretty fairly valued trading at 20x-21x 2022 estimated earnings. A range of uncertainties arising from COVID, Fed policy, and Congressional negotiation of a $3.5 trillion social infrastructure legislative package (likely to be trimmed) that includes tax increases could all drive near term market volatility. Growth prospects for value/cyclicals remain sound into next year although we sense earnings momentum has peaked, while consolidation among durable growth stocks has created an opportunity, as many firms appear positioned for sustained growth tied to secular trends that appear poised to persist for years to come independent of variable near-term economic issues. We continue to anticipate COVID abates into spring of 2022 as the vast majority of Americans are either vaccinated and or exposed to the Delta variant with economic growth sustained - albeit at a moderating pace - setting the stage for potential further market gains over the intermediate term. As such, we remain selective on committing new investment dollars, being focused on quality, durable growth issues well positioned over the intermediate and longer term.


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# MARKET AND ECONOMIC STATISTICS

| **Market Indices:** | **8/31/2021** | **12/31/2020** | **% Change YTD** | **7/30/2021** | **% Change (Monthly)** |
|---|---|---|---|---|---|
| S&P Composite | 4,522.68 | 3,756.07 | 20.41% | 4,395.26 | 2.90% |
| Dow Jones Industrials | 35,360.73 | 30,606.48 | 15.53% | 34,935.47 | 1.22% |
| NASDAQ Composite | 15,259.24 | 12,888.28 | 18.40% | 14,672.68 | 4.00% |
| Russell 2000 | 2,273.77 | 1,974.86 | 15.14% | 2,226.25 | 2.13% |
| FTSE 100 | 7,119.70 | 6,460.52 | 10.20% | 7,032.30 | 1.24% |
| Shanghai Composite | 3,543.94 | 3,473.07 | 2.04% | 3,397.36 | 4.31% |
| Nikkei Stock Average | 28,089.54 | 27,444.17 | 2.35% | 27,283.59 | 2.95% |
| Stoxx Europe 600 | 470.88 | 399.03 | 18.01% | 461.74 | 1.98% |
| MSCI Emerging Markets | 1,308.67 | 1,291.26 | 1.35% | 1,277.80 | 2.42% |
| MSCI Emerging Markets Small Cap | 1,429.07 | 1,211.23 | 17.99% | 1,416.71 | 0.87% |

| **Performance of S&P 500 by Industry:** | **% of Index as of 7/30/21** | **1 Month** | **3 Month** | **Year to Date** | **12 Months** |
|---|---|---|---|---|---|
| Consumer Discretionary | 11.93% | 2.04% | 6.38% | 12.71% | 17.08% |
| Consumer Staples | 5.76% | 1.28% | 3.13% | 7.44% | 11.41% |
| Energy | 2.41% | -2.88% | -7.07% | 26.60% | 35.93% |
| Financials | 11.17% | 5.00% | 1.13% | 29.94% | 53.36% |
| Health Care | 13.39% | 2.28% | 9.47% | 18.85% | 24.90% |
| Industrials | 8.24% | 0.92% | -0.54% | 17.62% | 34.35% |
| Information Technology | 27.95% | 3.44% | 14.80% | 21.60% | 28.26% |
| Materials | 2.56% | 1.74% | -1.97% | 17.73% | 35.59% |
| Communication Services | 11.47% | 4.99% | 11.49% | 29.30% | 37.27% |
| Utilities | 2.50% | 3.50% | 5.24% | 8.71% | 15.83% |
| Real Estate | 2.63% | 2.70% | 10.33% | 30.71% | 32.64% |
| S&P 500 (Absolute performance) | 100% | 2.90% | 7.58% | 20.41% | 29.21% |

| **Interest Rates:** | **8/31/2021** | **12/31/2020** | **YTD Change (Basis Points)** | **7/30/2021** | **Month Change (BPS)** |
|---|---|---|---|---|---|
| Fed Funds Effective Rate | 0.06% | 0.09% | -3 | 0.07% | -1 |
| Prime Rate | 3.25% | 3.25% | 0 | 3.25% | 0 |
| Three Month Treasury Bill | 0.05% | 0.10% | -5 | 0.05% | -0 |
| Ten Year Treasury | 1.31% | 0.91% | 40 | 1.22% | 9 |
| Spread - 10 Year vs 3 Month | 1.26% | 0.82% | 45 | 1.17% | 9 |

| **Foreign Currencies:** | **8/31/2021** | **12/31/2020** | **% Change YTD** | **7/30/2021** | **% Change (Monthly)** |
|---|---|---|---|---|---|
| Brazil Real (in US dollars) | 0.19 | 0.19 | 0.9% | 0.19 | 1.3% |
| British Pound (in US dollars) | 1.38 | 1.37 | 0.6% | 1.39 | -1.1% |
| Canadian Dollar (in US dollars) | 0.79 | 0.79 | 0.9% | 0.80 | -1.1% |
| Chinese Yuan (per US dollar) | 6.46 | 6.53 | -1.0% | 6.46 | -0.0% |
| Euro (in US dollars) | 1.18 | 1.22 | -3.3% | 1.19 | -0.5% |
| Japanese Yen (per US dollar) | 110.02 | 103.25 | 6.6% | 109.72 | 0.3% |

| **Commodity Prices:** | **8/31/2021** | **12/31/2020** | **% Change YTD** | **7/30/2021** | **% Change (Monthly)** |
|---|---|---|---|---|---|
| CRB (Commodity) Index | 559.64 | 443.81 | 26.1% | 562.20 | -0.5% |
| Gold (Comex spot per troy oz.) | 1813.62 | 1898.36 | -4.5% | 1814.19 | -0.0% |
| Oil (West Texas int. crude) | 68.50 | 48.52 | 41.2% | 73.95 | -7.4% |
| Aluminum (LME spot per metric ton) | 2739.00 | 1973.60 | 38.8% | 2598.00 | 5.4% |
| Natural Gas (Futures 10,000 MMBtu) | 4.38 | 2.54 | 72.4% | 3.91 | 11.8% |

| **Economic Indicators:** | **7/31/2021** | **12/31/2020** | **% Change YTD** | **6/30/2021** | **% Change (Monthly)** |
|---|---|---|---|---|---|
| Consumer Price Index | 272.3 | 261.6 | 4.1% | 271.0 | 0.5% |
| Producer Price Index | 221.0 | 205.6 | 7.5% | 219.7 | 0.6% |
| | **Q2 2021** | **Q1 2021** | **Q4 2020** | **Q3 2020** | **Q2 2020** |
| GDP Growth Rate (Quarterly) | 6.60% | 6.40% | 4.30% | 33.40% | -31.40% |
| Unemployment Rate (End of Month) | **July** 5.4% | **June** 5.9% | **May** 5.8% | **April** 6.1% | **March** 6.0% |

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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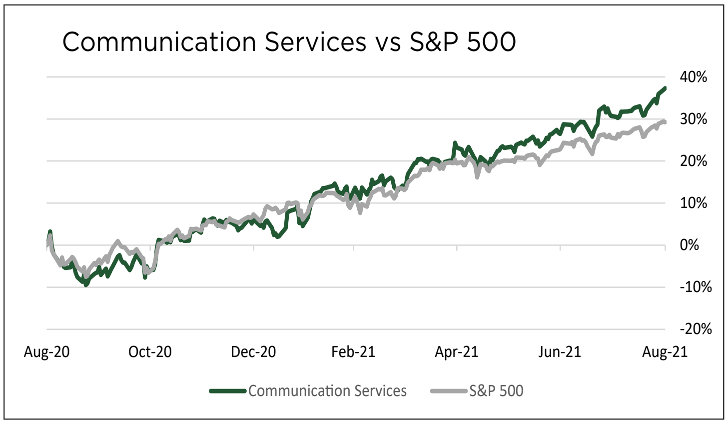
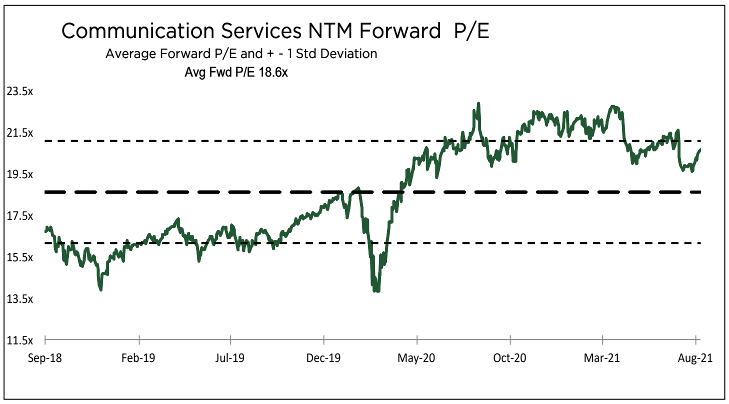
### Sector Updates

# COMMUNICATION SERVICES




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 4.99% | 11.49% | 29.30% | 37.27% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Netflix Inc | 10.0% |
| | Live Nation Ent. | 9.9% |
| | Charter Comm. | 9.8% |
| | Alphabet Inc | 7.6% |
| | Alphabet Inc | 7.4% |
| **Laggards** | News Corp | -8.8% |
| | Twitter Inc | -7.5% |
| | Take-Two Interactive | -7.0% |
| | News Corp | -6.3% |
| | T-Mobile US Inc | -4.9% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $10.07 | $12.83 | $14.39 |
| 28.5x | 22.4x | 19.9x |

## Sector Update

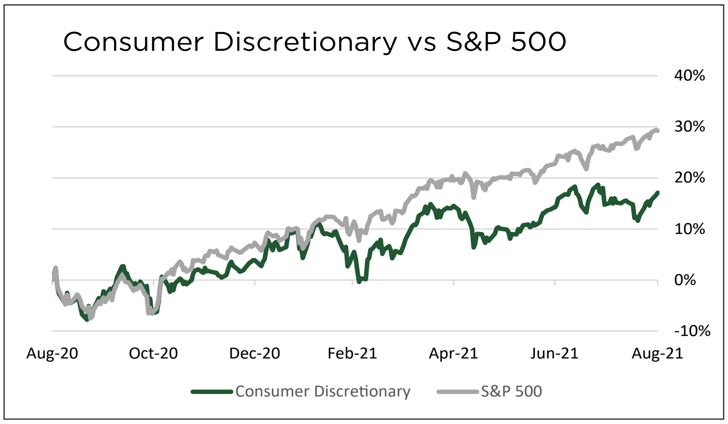
The Communications Services sector appreciated 4.99% in August and 29.3% year-to-date (YTD), compared to the S&P 500 index, which rose 2.9% and a forward P/E of 20.0x. Communications Services' 12-month forward P/E of 20.6x remains above its average forward P/E of 18.6x.

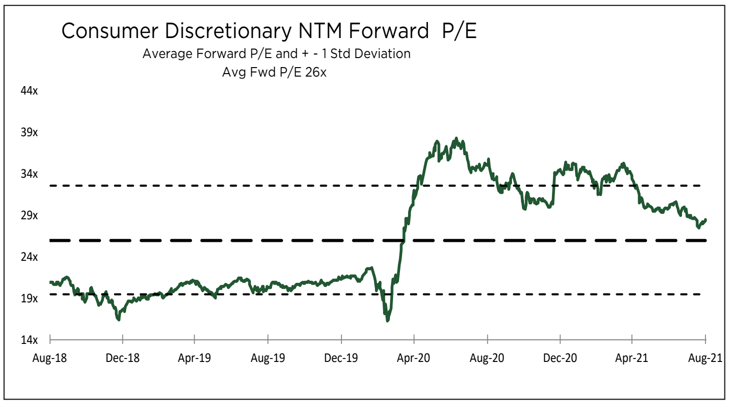
Interactive Media and Services was the best performing sub-sector in August (+6.8%) and the top sub-sector YTD (+54.3%) driven by the performance of Alphabet and Facebook. Both companies benefited from a robust increase in brand and direct response advertising, including increased advertising by companies in the travel industry.

Entertainment was the second best performing sub-sector in August (+4.6%) driven by the performance of Netflix, Live Nation, and Charter. Given the sharp rise in Covid infections throughout the U.S. over the past two months, consumers may be more inclined to watch Netflix and other streaming media services at home instead of attending public entertainment venues. This phenomenon combined with Netflix's improved content slate could boost Netflix subscriber additions in the third and fourth quarters. Leading cable companies such as Charter Communications and Comcast continue to benefit from robust consumer demand for their high-speed Internet services, which provide connection speeds of up to 1 gigabit. This level of performance is necessary to support consumers continued need to work and learn from home and enjoy streaming media and video game services.

Most Communications Services companies benefited from robust growth in advertising spending in the second quarter. However, the Covid pandemic may have impacted the travel and service sectors in August and could continue to impact these sectors in September, which may contribute to slower growth in corporate advertising spending. Therefore, it is possible that the Communications Services sector could underperform the market in the near-term.

# CONSUMER DISCRETIONARY




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.04% | 6.38% | 12.71% | 17.08% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Penn National Gaming | 18.6% |
| | Etsy Inc | 17.8% |
| | Caesars Entertainment | 16.3% |
| | Ulta Beauty Inc | 15.3% |
| | Under Armour Inc | 14.5% |
| **Laggards** | General Motors Co | -13.8% |
| | BorgWarner Inc | -12.9% |
| | Expedia Group Inc | -10.2% |
| | Dollar Tree Inc | -9.3% |
| | Aptiv PLC | -8.8% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $38.07 | $43.78 | $55.87 |
| 38.6x | 33.5x | 26.3x |

## Sector Update

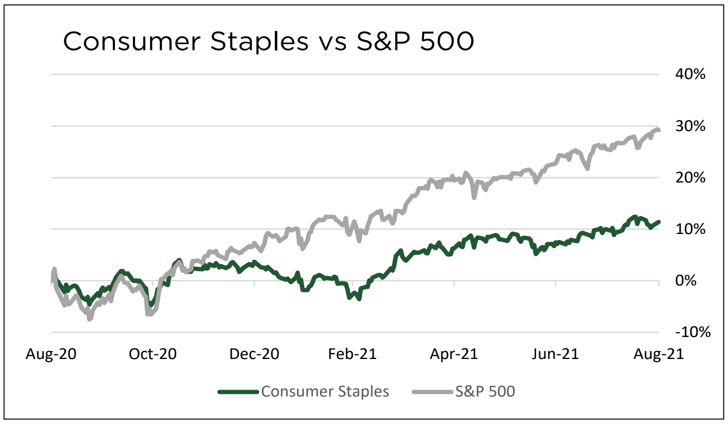
Concerns around the spread of the Delta variant of COVID-19 continued to weigh on the Consumer Discretionary sector during August. For the month, the sector lagged the S&P 500 index with the automobile components and multi-line retail sub-sectors particularly challenged. Internet and direct marketing retail equities were the strongest performers in the space amidst fears of the spread of the virus. As seen in the associated table, the group is also significantly underperforming on both a year-to-date basis and for the trailing twelve-month period versus the broader market. The Consumer Discretionary group had experienced relatively strong outperformance earlier during the pandemic as changing consumer spending patterns benefited certain companies in areas such as ecommerce but has underperformed the market more recently.

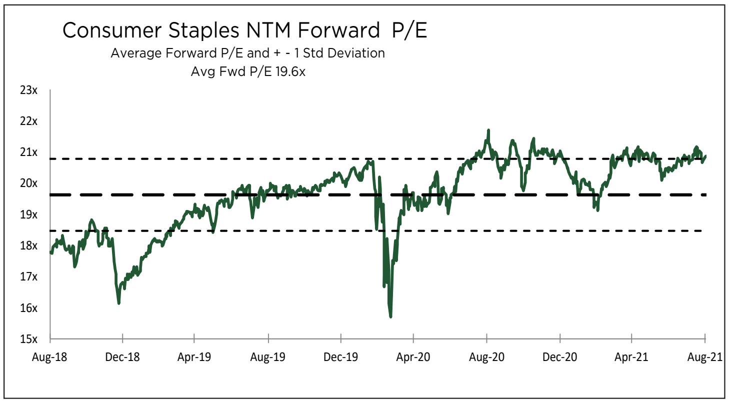
Consumer Confidence in August declined as the Delta variant of COVID-19 spread across the U.S. The Conference Board reported that the index dropped to 113.8 in August from 125.1 for July which represented the lowest Consumer Confidence level in the past six months. Although consumers have benefited from a favorable jobs and stimulus backdrop, apprehension about the possibility that the pandemic may worsen due to variants of the virus could be negatively impacting consumer confidence levels.

Concerns about rising inflation have weighed on investors recently although the pace of inflation slowed in July. The Consumer Price Index for July advanced 0.5% representing a drop from the 0.9% increase in June. Core CPI for July which excludes food and energy increased 0.3%. The slowdowns in the pace of inflation was due, in part, to a moderation in the pace of rising used car prices which only rose 0.2% versus the sharp 30% rate seen in March through June against pandemic depressed comparisons. Consumers slowed the pace of spending in July with the Commerce Department reporting that retail sales dropped 1.1% versus June. On a year-over-year basis, retail sales were up 16%. Factors influencing the monthly slowdown include concerns around COVID-19, slowing stimulus payments as well as potential impact from Amazon Prime Day in June pulling forward sales. An additional factor that may be weighing on spending is the transition towards experience based service categories such as travel as the economy reopens and away from big ticket goods such as automobiles.

Recently released data from the National Association of Realtors indicates home prices ramped higher in the second quarter fueled by ongoing high demand and low supply. In the quarter, average home prices surged 22.9% to $357,900. The sharp rise in home prices may be forcing some potential buyers out of the market even with the tailwind from relatively low rates. Housing starts dropped 7.0% to a seasonally adjusted rate of 1.5 million in July according to the Commerce Department. The drop in starts comes against a backdrop of volatile commodity prices particularly in lumber which rose sharply earlier in the year before dropping precipitously in recent weeks. Against a backdrop of rising prices and labor shortages, lumber volatility could have contributed to the pause in builder activity during the month.

# CONSUMER STAPLES




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 1.28% | 3.13% | 7.44% | 11.41% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| Leaders | Kroger Co/The | 13.1% |
| | Tyson Foods Inc | 9.9% |
| | Walgreens Boots Alliance | 7.6% |
| | Sysco Corp | 7.3% |
| | Costco Wholesale | 6.0% |
| Laggards | Clorox Co/The | -7.1% |
| | Kraft Heinz Co/The | -6.4% |
| | Constellation Brands | -5.9% |
| | J M Smucker Co/The | -5.7% |
| | Campbell Soup Co | -4.6% |

**Consensus FY EPS / P/E**

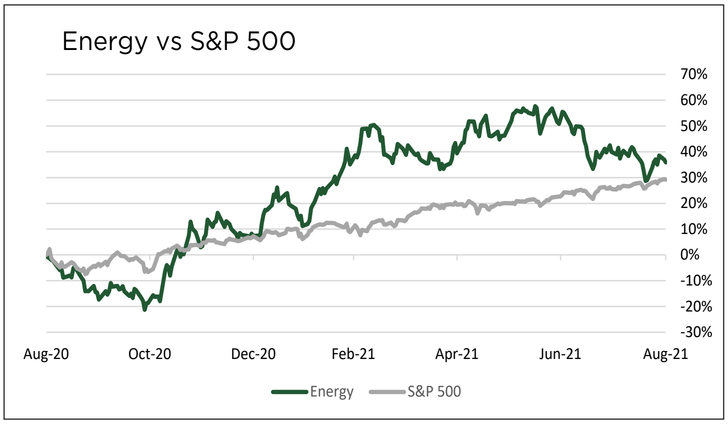
| Last Year | Current Year | Next Year |
|---|---|---|
| $33.67 | $34.83 | $37.23 |
| 22.2x | 21.5x | 20.1x |

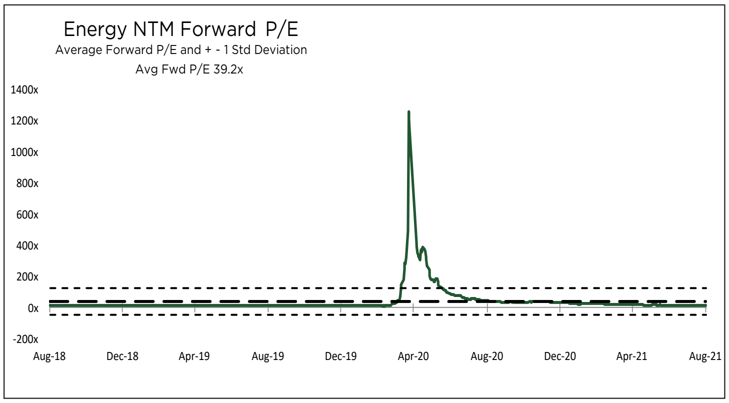
## Sector Update

The Consumer Staples sector rose 1.28% on average in August and underperformed the S&P 500 Index that increased 2.90% for the month. For the month, gains were reported for Food and Staples Retailing, Personal Products and Tobacco segments. YTD, the Consumer Staples sector is up 7.44% and remains well behind the S&P Index that is up 20.41%. The YTD underperformance of the group reflects in part the question about the sustainability of elevated consumer demand as markets exit the COVID pandemic. Increased input and labor cost pressures, rising expectations for enhanced competitive promotional activity and increased pressure for shelf space and market share at retailers create further overhangs on the segments. Many Consumer Staples companies that raised prices in 1H to offset rising input cost pressures are implementing additional pricing as inputs are rising more than expected. Those companies that can successfully price to offset input cost pressures offer a competitive position. Selective investment among the group remains critical in 2021. In an ongoing lower rate environment, an investment in many of the Consumer Staples companies continues to offer an attractive dividend yield.

With fall approaching, focus centers on the start to the domestic crop harvests. In the latest USDA Ag report from mid-August, corn prices recently traded lower given rising concerns regarding delayed exports given port shutdowns following Hurricane Ida. Supply chains were already strained following COVID and the labor shortages, so the additional outages from the hurricane further pressured the system. The US is the largest corn supplier and historically exports about two-third of the crop through the Southern ports. It is expected that some grain shipments will be diverted to other ports or be delayed. In addition, the timing of power returning remains a key variable. Following several recent updates from packaged food companies, commodity cost input cost inflation (grains, packaging, freight, labor, etc), as well as labor and freight costs continued to rise more than expected. Consumer consumption behavior, pricing, the rise of the COVID delta variant and supply and production chain management remain areas of focus. The recovery in the foodservice and on-premise consumption channels remain key tailwinds entering 2H and 2022. Companies with strong brands with leading market share positions, success pricing, innovation, attractive cash flow generation and experienced management teams remain preferred investments. Portfolio transformation remains a key focus including brand and segment divestments and acquisitions as well as streamlining the number of product offerings or SKUs. Additional transactions are expected to continue driven by companies able to leverage healthier balance sheets to pursue portfolio transformation to drive growth.

# ENERGY




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| -2.88% | -7.07% | 26.60% | 35.93% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| Leaders | Devon Energy Corp | 14.4% |
| | Marathon Petroleum | 7.3% |
| | Baker Hughes Co | 7.3% |
| | APA Corp | 3.9% |
| | Pioneer Natural Resources | 3.0% |
| Laggards | Hess Corp | -10.1% |
| | EOG Resources Inc | -7.3% |
| | Kinder Morgan Inc | -6.4% |
| | Exxon Mobil Corp | -5.3% |
| | Chevron Corp | -5.0% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $9.47 | $24.42 | $30.34 |
| 38.2x | 14.8x | 11.9x |

## Sector Update

Energy stocks underperformed in August as markets were whipsawed by the spread of the Delta variant of COVID-19 and its potential impact on economic recovery. Reflecting these concerns, energy stocks sharply underperformed the broader market for the month. We note that despite the sector significantly underperforming the S&P 500 for the month, the group remains above the S&P500 on both a trailing twelve-month basis and year-to-date basis, as seen in the accompanying table.

In recent meetings, OPEC+ determined to stick with plans of gradually increasing oil output by adding 400,000 barrels of oil per day, which is in keeping with previous announcements. We note that the Biden administration had called for OPEC+ to increase oil production in the face of rising gas prices. National Security Advisor, Jake Sullivan, indicated that rising prices risk harming the ongoing global recovery. In addition to boosting daily production targets, OPEC also raised its 2022 demand forecast to 4.2 million barrels per day from its prior forecast of 3.3 million barrels per day. Although the boost in OPEC's demand forecast is encouraging, there remains risks to the outlook including the spread of COVID-19. As global demand recovers, there does appear to be an emerging risk of oil deficits emerging leading to potentially higher prices.

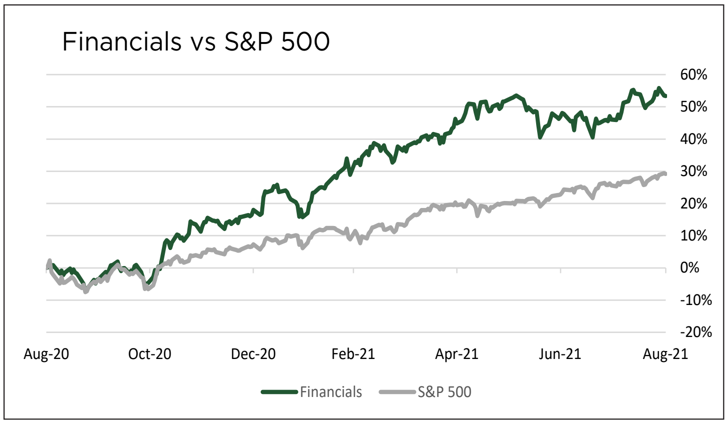
The International Energy Agency or IEA has taken a more cautious view of near-term demand lowering the outlook for oil demand in the second half of the year by 100,000 barrels of oil per day. The group shifted some demand into 2022 with a boost to next year's demand target by 200,000 barrels per day. The IEA indicated that: "Growth for the second half of 2021 has been downgraded more sharply, as new COVID-19 restrictions imposed in several major oil consumer countries, particularly in Asia, look set to reduce mobility and oil use."

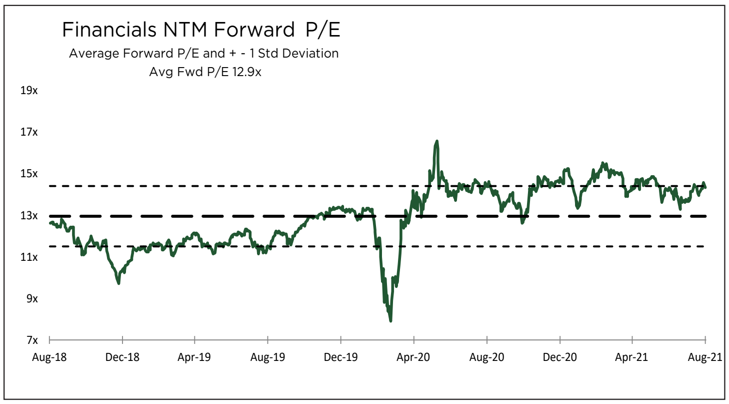
The Energy Information Administration or EIA commented on recently rising natural gas prices and increased its forecast for full year 2021 from $3.21 per MMBtu to $3.42. In July natural gas prices rose sharply from the June average of $3.26 to $3.84 for July. The EIA noted that despite the price increases, natural gas is maintaining a high share of electricity generation relative to coal with less gas-to-coal switching. In prior periods of large increases in natural gas prices it has not been unusual to see significant switching. The change this year could reflect the ongoing long-term decline in coal-fired electricity generating capacity reaching a critical mass point.

Oil prices moved down sharply in mid-August before recovering to end the month relatively flat with WTI Crude oil hovering in the $70 range. Retail gasoline prices have been moving higher this year and at the end of August gasoline prices reached $3.24 per gallon which is up from July at $3.23 per gallon and from $2.27 last year.

The Baker Hughes oil rig count increased in the month coming in at 410 rigs on August 27 versus 385 rigs on July 30. Oil rig counts have been slowly climbing as the macro backdrop has begun to recover. We note that the total rig count is above last year's level of 180 which reflected the sharp prior year drop due to the pandemic. The trough daily production seen in 2015 was in the 8.5 million barrels per day range and peaked in early 2020 at about 13.1 million barrels per day and is now at 11.5 million barrels per day at the end of July.

# FINANCIALS




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 5.00% | 1.13% | 29.94% | 53.36% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | American Int. Group | 15.2% |
| | Lincoln National Corp | 11.4% |
| | Zions Bancorp NA | 11.0% |
| | Aon PLC | 10.3% |
| | Goldman Sachs | 10.3% |
| **Laggards** | CME Group Inc | -4.9% |
| | Unum Group | -2.8% |
| | American Express Co | -2.7% |
| | Wells Fargo & Co | -0.5% |
| | Intercontinental Exch. | -0.3% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $44.93 | $46.63 | $43.36 |
| 14.2x | 13.7x | 14.7x |

## Sector Update

The Financials sector improved 5.0% in August, outperforming a 2.9% increase in the S&P 500® in the same period. Over the last three months, the sector gained 1.13% compared to 7.58% for the S&P. On a trailing twelve-month basis, the sector outperformed the broader market index by just over 24 percentage points, up 53% from pandemic lows. The sector's sensitivity to a cyclical recovery has clearly translated into solid returns against a vastly improved macro backdrop with renewed momentum in the past month.

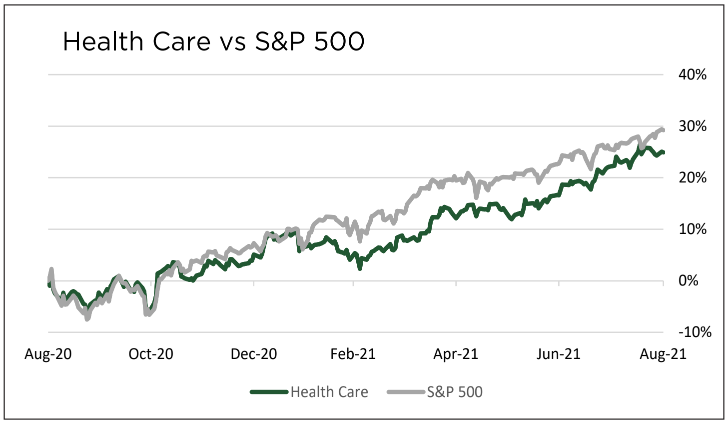
The Insurance sub-sector was the strongest performing group in August, up 6.6% following strong earnings reports in Q2. The Capital Markets group improved 5.8% in the month, followed by 5.2% growth in Banks. The Consumer Finance subsector was the weakest but increased 0.8% in August after leading the sector performance in the previous month. Over the last twelve months, the Consumer Finance group improved 96.5% on lower than expected credit losses and better loan demand than traditional lending peers.

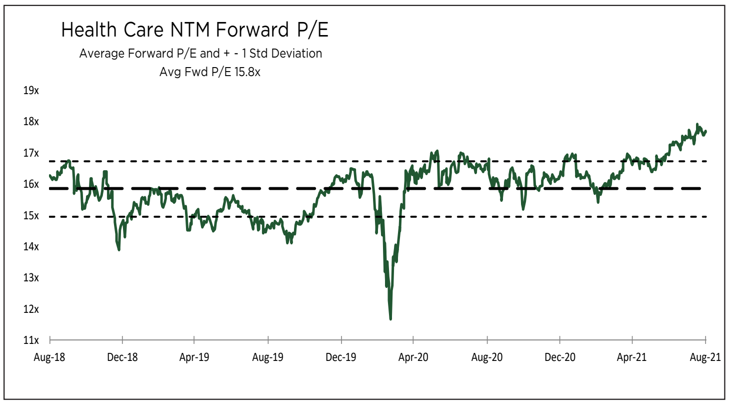
American International Group (AIG) was the top performer in Financials in August following stronger than expected Q2 results driven by better loss performance and pricing in its general insurance lines and the announcement of a $6B share repurchase authorization.

The yield curve shifted slightly higher in August. While short-term maturities inside of two years remained flat, anchored by Fed policy, longer dated treasuries improved 12 bps in seven year maturities and seven bps among 30 year treasuries. While the shape of the curve remains beneficial to lenders, loan demand and growth expectations in early FY22 remain a key potential driver for improved performance over the near to medium term among banks and consumer oriented lenders.

We remain bullish on Financials given several supportive macro drivers over the near-term; however, we see opportunity in rotating new investment toward secular growth names that have experienced weakness on inflation and interest rate worries.

# HEALTH CARE




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.28% | 9.47% | 18.85% | 24.90% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Regeneron Pharma | 17.2% |
| | Organon & Co | 16.8% |
| | Agilent Technologies | 14.5% |
| | ABIOMED Inc | 11.3% |
| | West Pharma Services | 9.7% |
| **Laggards** | Perrigo Co PLC | -14.7% |
| | Cardinal Health Inc | -11.6% |
| | Centene Corp | -8.2% |
| | Zimmer Biomet Inc | -7.9% |
| | Illumina Inc | -7.8% |

**Consensus FY EPS / P/E**

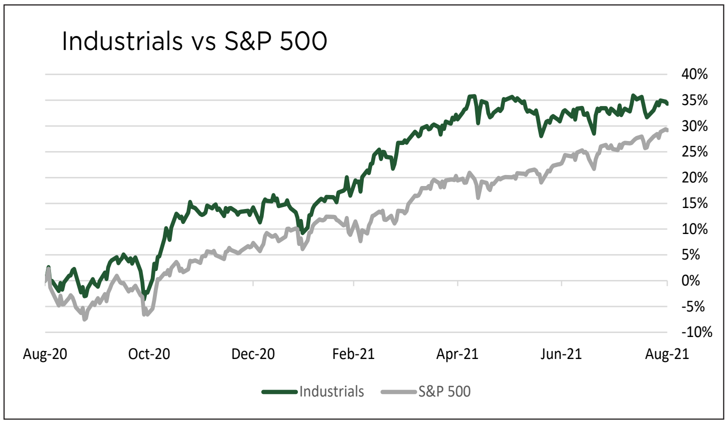
| Last Year | Current Year | Next Year |
|---|---|---|
| $66.85 | $86.77 | $90.52 |
| 23.5x | 18.1x | 17.4x |

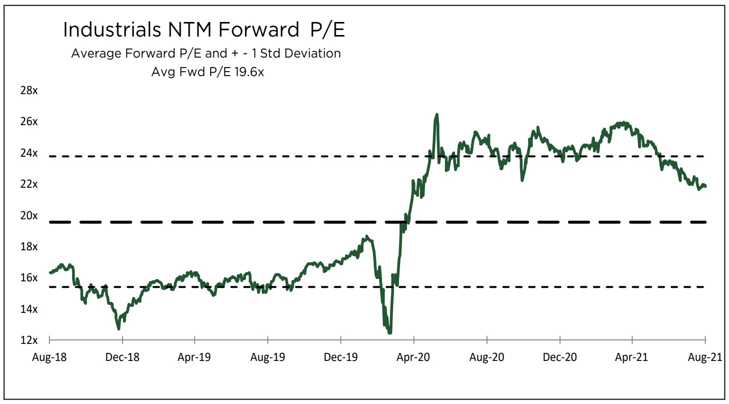
## Sector Update

Despite a fast paced surge of the Delta COVID variant across the U.S. that created choppy market conditions, August was a stronger than average summer month for investors with the S&P 500® advancing 2.90% driven by near record 2Q21 earnings reports across most all sectors of the economy. As is illustrated in the adjacent graphics, the Health Care sector lagged this past month appreciating 2.28% - after having lead the way in the prior month of July and outperforming over the past quarter. A key factor affecting the sector and specific firms remains COVID that has influenced folks access to providers for non-COVID services, while demand for diagnostics and therapeutics waxes and wanes with the recent resurgence of the virus. As such, product and service demand lagged among health care technology and providers in August, while the biotech, life science, and equipment sub segments all outperformed as research centers have re-opened.

Company specific issues were key factors that separated those appreciating versus others seeing share valuations decline – notably associated with latest earnings reports and or surprises to the outlook for business through 2H21. Regeneron reported upside results for the 2Q21 driven by solid gains from core products, while the firm's antibody cocktail COVID therapeutic is seeing strong demand – with 2021 guidance raised. Likewise, Agilent a leading life sciences supplier saw end market strength with a strong 3Q21 and increased outlook for the year. Abiomed gained FDA breakthrough designation for its new impella ECP heart pump – deemed the smallest in the world that could expand the patient population available to employ this technology. And, Organon reported its first quarterly results post spinoff from Merck, with upside results with the firm's board of directors initiating a dividend. On the other hand, COVID driven operating cost increases, inventory adjustments, product recalls, and or market share losses lead to disappointing earnings reports from Perrigo, Cardinal Health, Centene, and Zimmer Biomet this past month that pressured valuations.

At this time, the health care sector trades at ~18.1x forward earnings that is above the historical average 15.8x multiple – consistent with valuations seen since spring of 2020 as COVID set in - but also remains at a discount to that of the S&P 500. We continue to see solid prospects among select health care related issues – notably for growth-oriented stocks in the medical technology, life science and biotechnology subsectors where we see increased demand for COVID-deferred medical treatments into 2022 as the pandemic abates. R&D investment is forecast to increase notably in the biopharma and med tech sectors. In addition, psychology toward large cap pharmaceuticals has varied of late and could remain in flux, influenced by Biden Administration social infrastructure investment/reforms being considered by the Congress.




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 0.92% | -0.54% | 17.62% | 34.35% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Quanta Services Inc | 12.3% |
| | Ingersoll Rand Inc | 8.5% |
| | Xylem Inc/NY | 8.3% |
| | Old Dominion Freight | 7.3% |
| | United Rentals Inc | 7.0% |
| **Laggards** | Nielsen Holdings PLC | -9.4% |
| | Leidos Holdings Inc | -7.8% |
| | TransDigm Group Inc | -5.2% |
| | FedEx Corp | -5.1% |
| | Parker-Hannifin Corp | -4.9% |

**Consensus FY EPS / P/E**

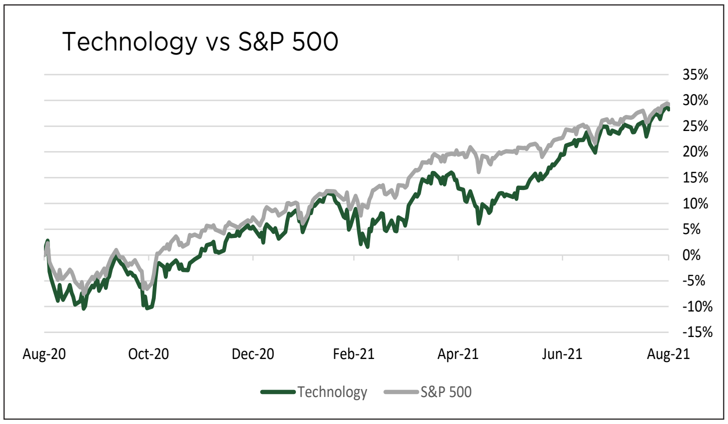
| Last Year | Current Year | Next Year |
|---|---|---|
| $24.21 | $33.02 | $44.20 |
| 36.4x | 26.7x | 19.9x |

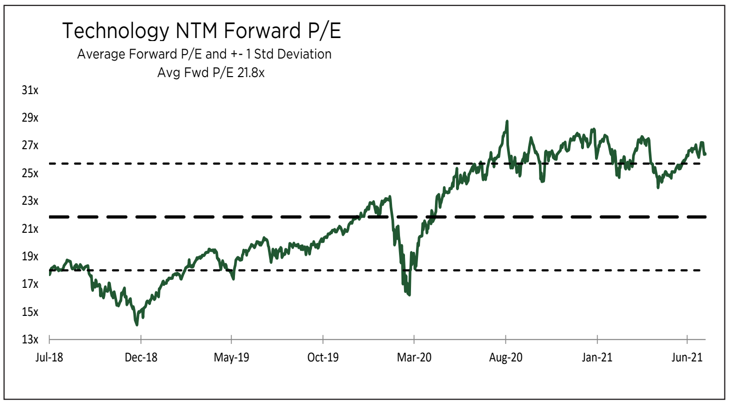
## Sector Update

Industrials underperformed the broader market in August as industries such as aerospace & defense, airlines, and airfreight & logistics continue to weigh down the sector average performance. While eight out of twelve industries delivered positive returns on the month, only two industries, construction & engineering and electrical equipment outperformed the S&P 500. Quanta Services Inc. (which constitutes the only member of construction & engineering) reported quarterly results above consensus and expects to benefit from favorable long-term trends related to electric power infrastructure and the modernization of utility infrastructure. A comprehensive infrastructure bill could provide additional growth opportunities for the company over the long run, particularly one with emphasis on renewable energy infrastructure, power grid modernization, electric vehicle charging and broadband infrastructure, all of which are considered core markets by the company.

Recent data for total domestic construction activity, as reported in the Census Bureau's Value of Construction Put in Place Survey, continue to trend higher with growth driven primarily by the private sector and the residential end-market. While nonresidential activity has lagged considerably, the Architectural Billings Index suggest a recovery is well underway. Firm billings remain strong with business conditions improving across end-markets and regionally while inquiries and the value of new design contracts are still near all-time highs. These trends suggest non-res construction activity could be nearing an inflection point in the coming months.

The Institute for Supply Management reported that manufacturing activity expanded in August with a PMI of 59.9% for the month. The index expanded from 59.5% in July and the headline number was above market expectations of a modest decline. New orders and production improved sequentially while the pricing index moderated to the lowest level since December. Still, the survey indicates a combination of long lead times for raw materials, transportation difficulties, various supply chain challenges, labor shortages and a global resurgence of Covid-19 are all limiting domestic manufacturing upside. Despite persisting challenges, survey respondents were broadly optimistic. Manufacturing activity in the Eurozone slowed from the record summer-highs, but remains well in expansion territory as the reported August PMI index was 61.4%, according the IHS Markit data. Supply is still unable to meet demand across the region reflecting ongoing component shortages and other logistics challenges, and the report indicated supplier delivery times continue to lengthen. Manufacturing activity in China dipped into contraction territory for the first time since April last year. The resurgence of Covid-19 in China as well as other regions of the world affected demand last month while government restrictions to mitigate the spread weighed on production capabilities. It remains unclear when these global supply chain bottlenecks will normalize. In the meantime, ongoing macro uncertainty could weigh on global economic growth and hinder a sustained recovery.




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 3.44% | 14.80% | 21.60% | 28.26% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Paycom Software Inc | 22.2% |
| | Gartner Inc | 16.6% |
| | Fortinet Inc | 15.8% |
| | Synopsys Inc | 15.4% |
| | NVIDIA Corp | 14.8% |
| **Laggards** | IPG Photonics Corp | -21.8% |
| | Global Payments Inc | -15.9% |
| | Fidelity National Info | -14.3% |
| | Mastercard Inc | -10.3% |
| | Enphase Energy Inc | -8.4% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $80.77 | $100.06 | $108.81 |
| 34.5x | 27.8x | 25.6x |

## Sector Update

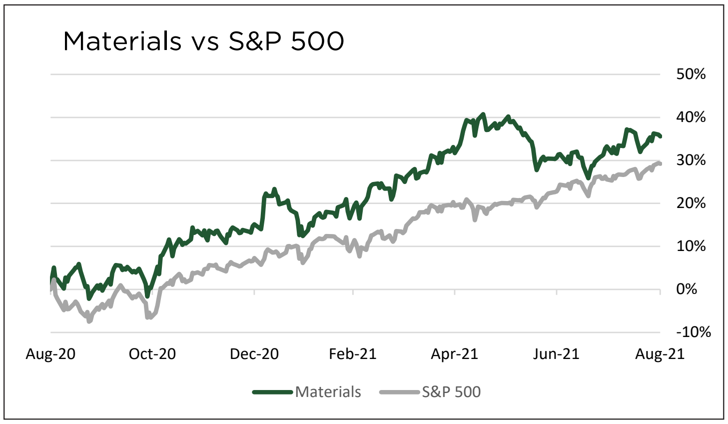
The Technology sector outperformed the market in August (+3.44%) and YTD (+21.6%) Software was the best performing sub-sector in August (+6.3%) and tied with Communications Equipment as the top performing sub-sector YTD (+32.2%). Software companies that delivered better than expected results and sector leading returns in August, included Palo Alto Networks, Salesforce.com, and Paycom Software, a provider of cloud based human capital management software. Palo Alto Networks reported an acceleration in its Q-3 21 revenue growth to 28% year-over-year. The rapidly escalating attacks by hostile governments and hackers against corporate and government networks is driving increased spending on Palo Alto Networks industry leading on premise and cloud based security software solutions.

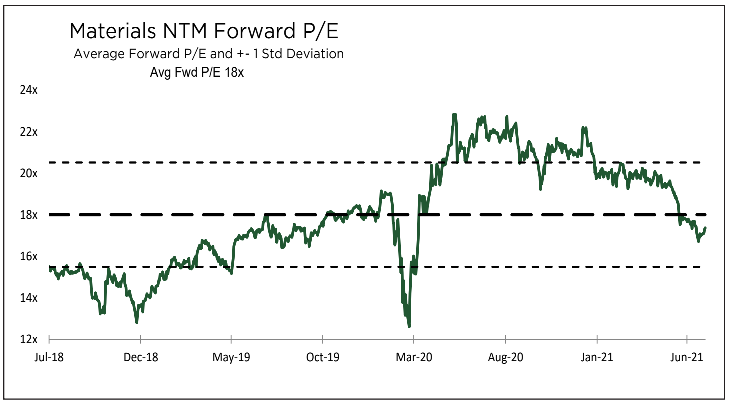
Salesforce.com (CRM), the largest provider of customer relationship management software (18.4% market share), grew its Q-2 22 revenue and adjusted operating income 23% and 24% year-over-year to $6.34 and $1.29 billion. CRM is benefiting from all aspects of customer service going digital, including contact centers, field service, self-service, and bots.

Communications Equipment was the second best performing sub-sector in August (+5.8%) driven by Cisco Systems better than expected Q-4 21 results. The company grew its Q-4 21 revenue and adjusted operating income 8% and 10% year-over-year to $13.1 and $4.1 billion. Product orders increased 31% year-over-year and 19% compared to Q-4 19 driven by a 20%+ increase in commercial and public orders, a 25% increase in enterprise orders, and a 40% increase in service provider (SP) orders. Within the SP sector, cable and telecom carrier orders grew in the double-digits and hyper-scale cloud company orders soared 160%. Cisco Systems should benefit from corporations increased investment in their digital transformation and network architecture to support a hybrid work environment, telecom carriers increased spending to expand their 5G networks, and hyper-scale cloud companies' significant investment in their new 400-800 gigabit Ethernet networks.

The Technology sector could continue to outpace the market driven by increased enterprise spending.

# MATERIALS




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 1.74% | -1.97% | 17.73% | 35.59% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Ball Corp | 18.6% |
| | Amcor PLC | 14.9% |
| | Albemarle Corp | 14.9% |
| | Nucor Corp | 13.0% |
| | Sealed Air Corp | 7.5% |
| **Laggards** | FMC Corp | -12.5% |
| | Newmont Corp | -7.7% |
| | Air Products and Chemicals | -7.4% |
| | Freeport-McMoRan Inc | -4.5% |
| | CF Industries Holdings Inc | -3.9% |

**Consensus FY EPS / P/E**

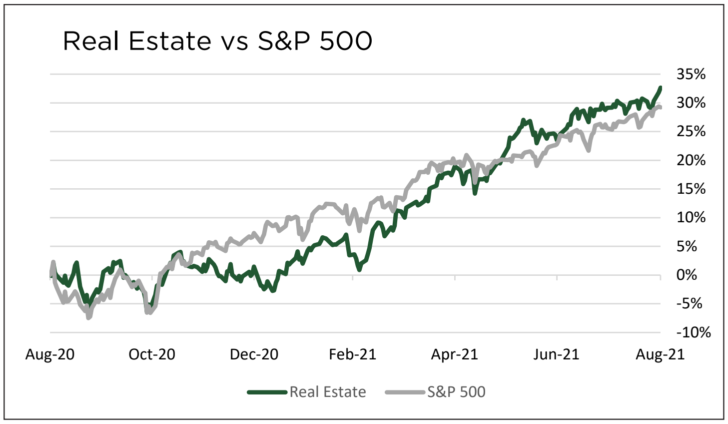
| Last Year | Current Year | Next Year |
|---|---|---|
| $23.56 | $31.70 | $31.46 |
| 22.8x | 16.9x | 17.1x |

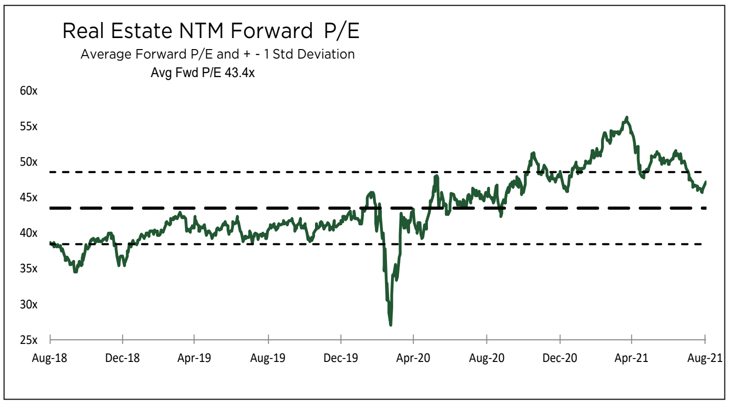
## Sector Update

The Materials segment reported an increase of 1.74% in August which underperformed the S&P 500 Index that increased 2.90%. All segments contributed to the gain in the month except Metals and Mining. YTD, the Materials segment is up 17.73% vs the S&P 500 Index up 20.41%. The Metals and Mining segment remains the strongest performer YTD with a gain of over 32% followed by the Construction Materials segment that is up nearly 30%. Focus remains centered on movement of the potential infrastructure bill. The $1 trillion bill focuses on improving and repairing physical infrastructure including roads, bridges, rail, transit, broadband, etc. It now must pass both the House and Senate. Commodities have been mixed lately with corn and soybean prices pressured near term in response to port shutdowns in Louisiana following Hurricane Ida resulting in export shipment delays. Fed policy and commentary on potential tapering, the potential rise in COVID variants and market restrictions remain key trends to monitor heading into the fall.

Reopening trends remain a tailwind for chemical companies with demand starting to pick up in major end-use in industries. Chemical companies have been focused on cost-cutting and productivity actions in 2021 which should help to offset higher raw material and labor costs. Global market reopening supports increased demand for chemicals as demand rises for packaging, specialty plastics, coating materials and polyurethanes. The increased demand reflects higher consumption for such end markets as housing, personal care, cosmetic and food and beverage products. Paper companies are raising prices (ie unbleached grocery bags and kraft paper) in 2H driven by tighter markets and continued strong demand. Inventory remains tight and some customers are being allocated containerboard tonnage which supports favorable pricing for the companies. Competitive activity remains a factor to monitor as the ability to raise prices to offset higher inputs remains a key variable. Companies with leading market shares and strong execution should execute better pricing and capture higher market share as markets reopen. Selective investment among the group remains a key factor in 2021. Housing starts slowed sequentially in July declining 7% to a seasonally adjusted rate of 1.5 million as measured by the Commerce Department and pending home sales declined 8.5% vs last year. Volatile lumber prices and labor shortages remain key variables influencing the pace of construction. The overall outlook for housing remains favorable supported by tight supply, favorable consumer demand and low interest rates.

# REAL ESTATE




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.70% | 10.33% | 30.71% | 32.64% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | Iron Mountain Inc | 9.1% |
| | Extra Space Storage Inc | 7.3% |
| | Weyerhaeuser Co | 6.7% |
| | Digital Realty Trust Inc | 6.3% |
| | Simon Property Group | 6.3% |
| **Laggards** | Ventas Inc | -6.4% |
| | Boston Properties Inc | -3.7% |
| | Vornado Realty Trust | -3.7% |
| | Healthpeak Properties | -2.6% |
| | UDR Inc | -1.8% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $4.85 | $6.33 | $6.36 |
| 61.5x | 47.0x | 46.9x |

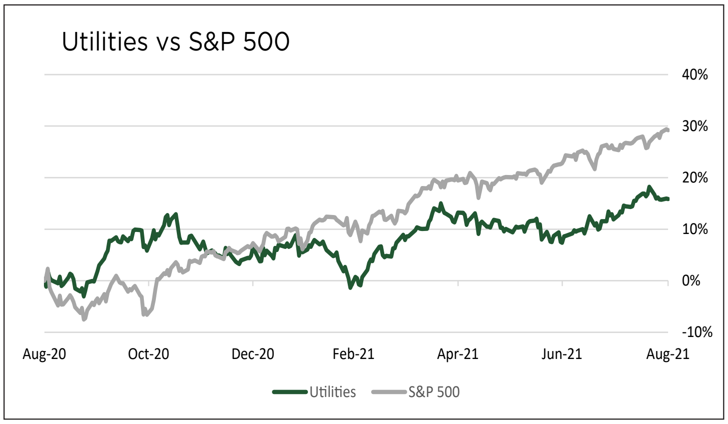
## Sector Update

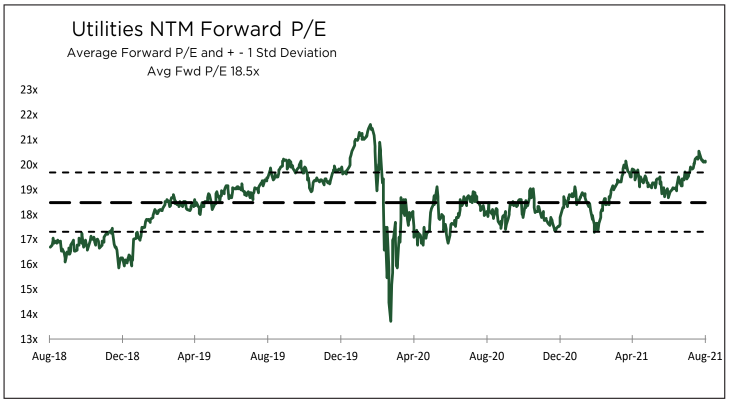
Despite a fast paced surge of the Delta COVID variant across the U.S. that created choppy market conditions, August was a stronger than average summer month for investors with the S&P 500® advancing 2.90% driven by near record 2Q21 earnings reports across most sectors of the economy. As is illustrated in the adjacent graphics, after having measurably outperformed earlier this year, the Real Estate sector cooled a bit in August with COVID's resurgence with the sector up 2.70% - falling behind the broad market trend. Still, over the past quarter and year to date, returns from Real Estate have shown a resounding rebound from the significant lag/shortfall experienced in 2020 – with Real Estate being the top performing sector of the S&P 500 year to date rising by 30.71% that contrasts with 20.41% generated by the broad market average. As with most other segments of the economy, COVID remains a critical driving factor for many sub segments, while secular trends remain sound for others – notably related to build out of 5G networks driving cell tower demand and move to the cloud that continues to stimulate data center growth.

Although latest economic reports point to a fast-paced economic recovery with the latest reading of 2Q21 GDP rising by 6.6%, the Delta COVID variant continues to spread nationwide, raising concerns over near term progress on reopening of society with many employers delaying return to the office. In addition, the U.S. has experienced a surge in demand for a range of products and services, while bottlenecks have limited access to raw materials and components that continues to overhang some aspects of the real estate sector. As a result, various subsectors within real estate have been affected in a positive or negative manner. Still, the common view remains that reopening and rising inflation trends represent positives for real estate looking into 2022.

Of late, in August, particularly strong operating results reported by Iron Mountain's storage and data center operations (leading to narrowed guidance to the upper end of the prior outlook) drove share appreciation. Extra Space Storage increased its quarterly dividend by 25% after delivering upside operating results for the 2Q21. Weyerhaeuser's cost cutting efforts and solid demand from a resilient housing market drove strong results, while Digital Realty's acquisitive investment strategy drove better than forecast EBITDA gains in 2Q21.

On the other hand, investors in New York and San Francisco commercial real estate face ongoing challenges as COVID delays return to the office – creating an overhang on shares of Boston Properties and Vornado. Ventas continues to face challenges as occupancy remains depressed in its senior living portfolio (that has actually improved a bit of late) that is compounded by lower cash flows resulting from asset sales. In the meantime, Fed policy statements from the recent Jackson Hole symposium suggest interest rates will remain lower longer as the FOMC awaits data confirming recovery toward full employment – with interest rates a meaningful factor influencing the Real Estate sector.




Source : Bloomberg

**Sector Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 3.50% | 5.24% | 8.71% | 15.83% |

**S&P 500 Performance**

| 1 Month | 3 Months | YTD | TTM |
|---|---|---|---|
| 2.90% | 7.58% | 20.41% | 29.21% |

| | Company Performance | 1 Month |
|---|---|---|
| **Leaders** | NRG Energy Inc | 10.7% |
| | NextEra Energy Inc | 7.8% |
| | Entergy Corp | 7.5% |
| | American Water Works | 7.1% |
| | Edison International | 6.1% |
| **Laggards** | Pinnacle West Capital Corp | -8.0% |
| | CenterPoint Energy Inc | -1.5% |
| | Atmos Energy Corp | -1.1% |
| | NiSource Inc | -0.5% |
| | Duke Energy Corp | -0.4% |

**Consensus FY EPS / P/E**

| Last Year | Current Year | Next Year |
|---|---|---|
| $16.72 | $16.58 | $17.69 |
| 20.7x | 20.9x | 19.6x |

## Sector Update

The Utilities sector gained 3.5% in August, outpacing a 2.9% improvement in the S&P500® in the same period. Over the last three months, Utilities improved 5.24% compared to a 7.58% increase in the broader market index. On a trailing twelve-month basis, the Utilities sector improved 15.83% and lagged the 29.21% improvement in the S&P by a wide margin after a strong recovery in the broader market. Recent concerns surrounding the Delta COVID variant, a potentially slowing cyclical recovery, and increased volatility have improved recent performance in the historically defensive Utilities sector.

Water Utilities (with AWK as its sole member) were the top performing subsector in August for the second consecutive month. Electric Utilities posted a 4.0% gain for the month, followed by a 2.3% improvement in Multi-Utilities and a 0.9% gain among Independent and Renewable Producers. We note significant changes in earnings forecasts in the current year, including Electric Utilities, which imply a 1% decline in current year earnings compared to previous expectations of 15.6% growth. In FY22, Water Utilities are expected to achieve 8.7% earnings growth, leading all other sub-sectors.

NRG Energy (NRG) was the best performer in the month, up 10.7%, following a handful of price target increases from sell-side research firms. Pinnacle West (PNW) was the weakest performer, down 8% in August following lower price target and rating adjustments on increased regulatory risks despite better than expected Q2 results reported early in the month.

We continue to favor new investment in cyclically oriented or secular growth stories; however, the attractive yields and historically defensive characteristics of the sector could provide enhanced performance against potential market volatility. We encourage selective investment in the sector, focusing on state regulated utilities with regulators supportive of strong multi-year capital backlogs focused on renewable and zero-carbon generation.

# ECONOMIC CALENDAR

| Date | Release | For | Prior |
|---|---|---|---|
| 8-Sep | MBA Mortgage Applications Index | 9/4 | -2.4% |
| 8-Sep | JOLTS - Job Openings | Jul | 10.185M |
| 8-Sep | Fed's Beige Book | Jul | N/A |
| 8-Sep | Consumer Credit | Jul | 37.6 |
| 9-Sep | Initial Claims | 9/4 | 340K |
| 9-Sep | Continuing Claims | 8/27 | 2.748M |
| 9-Sep | EIA Natural Gas Inventories | 9/4 | NA |
| 9-Sep | EIA Crude Oil Inventories | 9/4 | (7.17) M |
| 10-Sep | PPI | Aug | 1% |
| 10-Sep | Core PPI | Aug | 1 |
| 10-Sep | Wholesale Inventories | Jul | 1.1% |
| 13-Sep | Treasury Budget | Aug | (200)B |
| 14-Sep | CPI | Aug | 0.5% |
| 14-Sep | Core CPI | Aug | 0.3% |
| 15-Sep | MBA Mortgage Applications Index | 9/11 | -1.9% |
| 15-Sep | Empire State Manufacturing | Sep | 18.3 |
| 15-Sep | Export Prices | Aug | 1.6% |
| 15-Sep | Import Prices | Aug | 0.0% |
| 15-Sep | Capacity Utilization | Aug | 76.1% |
| 15-Sep | Industrial Production | Aug | 0.9% |
| 15-Sep | EIA Crude Oil Inventories | 9/11 | NA |
| 16-Sep | Retail Sales | Aug | -1.1% |
| 16-Sep | Retail Sales ex-auto | Aug | -0.4% |
| 16-Sep | Initial Claimes | 9/11 | NA |
| 16-Sep | Continuing Claims | 9/4 | NA |
| 16-Sep | Philadelphia Fed Index | Sep | 22.2 |
| 16-Sep | Business Inventories | Jul | 0.8% |
| 16-Sep | EIA Natural Gas Inventories | 9/11 | NA |
| 16-Sep | Net Long-Term TIC Flows | Jul | 110.9B |
| 17-Sep | Univ. of Michigan Consumer Sentimant - Prelim | Sep | NA |
| 20-Sep | NAHB Housing Market Index | Sep | NA |
| 21-Sep | Building Permits | Aug | NA |
| 21-Sep | Current Account Balance | Q2 | NA |
| 21-Sep | Housing Starts | Aug | NA |
| 22-Sep | MBA Mortgage Applications Index | 9/18 | NA |
| 22-Sep | Existing Home Sales | Aug | 5.99M |
| 22-Sep | EIA Crude Oild Inventories | 9/18 | NA |
| 22-Sep | FOMC Rate Decision | Sep | NA |
| 23-Sep | Continuing Claims | 9/11 | NA |
| 23-Sep | Initial Claims | 9/18 | NA |
| 23-Sep | Leading Indicators | Aug | 0.9% |
| 23-Sep | EIA Natural Gas Inventories | 9/18 | NA |
| 24-Sep | New Home Sales | Aug | NA |

# ECONOMIC CALENDAR

| | | | |
|---|---|---|---|
| 27-Sep | Durable Goods - ex transportation | Aug | NA |
| 27-Sep | Durable Orders | Aug | NA |
| 28-Sep | Adv. Intl. Trade in Goods | Aug | NA |
| 28-Sep | Adv. Retail Inventories | Aug | NA |
| 28-Sep | Adv. Wholesale Inventories | Aug | NA |
| 28-Sep | FHFA Housing Price Index | Jul | 1.6% |
| 28-Sep | S&P Case-Shriller Home Price Index | Jul | 19.1% |
| 28-Sep | Consumer Confidence | Sep | 113.8 |
| 29-Sep | MBA Mortgage Applications Index | 9/25 | NA |
| 29-Sep | Pending Home Sales | Aug | NA |
| 29-Sep | EIA Crude Oil Inventories | 9/25 | NA |
| 30-Sep | Continuing Claims | 9/25 | NA |
| 30-Sep | GDP - Third Estimate | Q2 | NA |
| 30-Sep | Initial Claims | 9/25 | NA |
| 30-Sep | Chicago PMI | Sep | 66.8 |
| 30-Sep | EIA Natural Gas Inventories | 9/25 | NA |

# DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

**Past performance is not indicative of future results.**

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

**Leaders:** Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Laggards:** Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Members:** The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

**S&P 500®:** The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

**Dow Jones Industrials:** The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

**NASDAQ Composite:** The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

**Russell 2000®:** The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

**FTSE 100:** The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

**Nikkei Stock Average:** Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

**Stoxx Europe 600:** The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**MSCI Emerging Markets:** The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

**MSCI Emerging Markets Small Cap:** The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

**US Dollar Index (USDX, DXY):** An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

**VIX:** The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

**Shanghai Composite (SSE Index):** The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

**Certification:** As the primary authors of this report, we hereby certify that the views and opinions expressed herein accurately reflect our personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed herein.

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