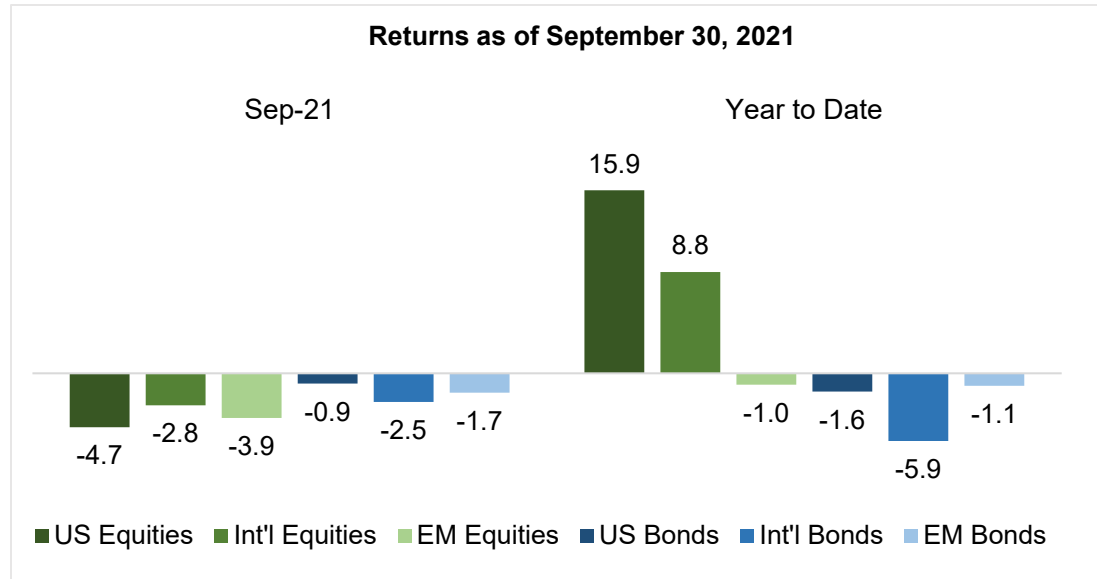


MONTHLY Market Review



Market Review



Source: Zephyr Style Advisor

September was a difficult month for equities. This should come as no surprise, as the stock market has historically performed poorly in September¹. International equities outperformed US equities for the month despite negative returns for all regions. US equities were down 4.7% for the month but are still up 15.9% for the year. Developed international stocks gave back 2.8%. Emerging Markets fell 3.9% over concerns that China's property giant Evergrande's potential default may trigger broader systemic risk.

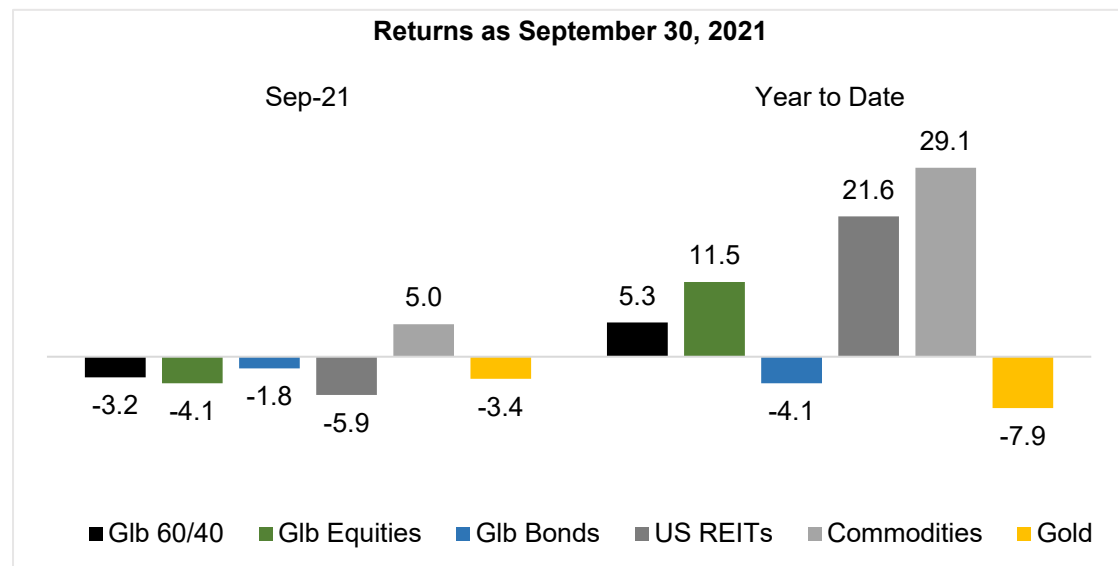
Only one of the S&P 500's sectors was positive for the month; the Energy sector had stellar performance, returning 9.4%. This can be attributed to a surge in global crude oil prices. The remaining 10 sectors all had negative returns; Materials (-7.2%) and Communication Services (-6.6%) were the two worst performers this month. The last time Energy was the only sector with positive gains was in June 2008².

September also was a down month for the broad US fixed income markets as interest rates rose after the Federal Reserve signaled they are prepared to start tapering bond purchases in November 2021. In addition, inflation concerns have been a recurring theme after consumer prices rose in August for the sixth straight month. The US fixed income markets were down 0.9% for the month and no underlying sectors had positive returns. The largest detractor was Long Treasuries (-2.9%). International and Emerging Market bonds also had down months, returning -2.5% and -1.7% respectively.

The broad commodity index rallied in September, returning 5.0% for the month and is up 29.1% for the year. Energy (+17.0%) led the index for the month and is now up 74.9% for the

year. Silver and Gold were among the worst performing sectors in the index during September and are down 17.0% and 7.9%, respectively, for the year. The steady decline in Gold can be explained by the strengthening of the US dollar coupled with higher yields in US debt instruments (the yield on the 10-year note surpassed 1.5% in September—a quarter high). The US Dollar was up 1.7% during the month and has gained 4.4% for the year. US REITs finally reversed course and returned -5.9% in September as interest rates rose.

Relative to a globally balanced (60/40) equity/bond index, allocations to commodities and global bonds helped, while global equities, US REITs and gold hurt for the month.



Source: Zephyr Style Advisor

DEFINITIONS

Asset Class	Index	Definition
US Equity	S&P 500	measures the performance of 500 leading companies in the U.S. Constituents generally have a market-cap above \$5 billion and represent approximately 80% of the investable market.
Global Equity	MSCI ACWI	measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.
International Developed Equity	MSCI EAFE	measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Emerging Markets (EM) Equity	MSCI Emerging Markets	measures the equity market performance of countries considered to represent emerging markets.
US Equity	Nasdaq 100	measures companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology.
Sector – Communication Services	S&P 500 Sector Communication Services	measures the performance of companies from the media, retailing, and software & services industries in the U.S
Sector–Energy	S&P 500 Sector Energy	measures the performance of companies involved in the development and production of crude oil, natural gas and provide drilling and other energy-related services.

Sector - Materials	S&P 500 Sector Materials	measures the performance of companies involved in industries such as: chemicals, construction materials, containers and packaging, metals and mining, and paper and forest products
Global Fixed Income	Bloomberg Global Aggregate	measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
US Fixed Income	Bloomberg US Aggregate	measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS sectors.
US Long Treasuries	Bloomberg US Treasury Long	measures the performance of long-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of ten or more years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate and have \$250 or more of outstanding face value.
US Treasury Inflation Protected Securities	Bloomberg US TIPS	measures the performance of inflation-protected securities issued by the US Treasury.
Emerging Markets Fixed Income	Bloomberg Emerging Markets USD Aggregate	measures the performance of hard-currency emerging markets debt including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.
International Fixed Income	Bloomberg Global Aggregate ex-USD	measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
Commodities	Bloomberg Commodity	measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Gold	Bloomberg Sub Gold	measures the performance of futures contract on Gold and is quoted in USD.
Silver	Bloomberg Silver Sub-index	is designed to measure the performance of silver as represented by the price of COMEX silver futures contracts.
US REIT	FTSE NAREIT All Equity REITs	measures the performance of a comprehensive family of REIT indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors.

¹ <https://www.barrons.com/articles/stock-market-september-history-51630442637?tesla=y>

² [The S&P 500's energy sector was the only port in a raging September storm for stocks - MarketWatch](#)

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