

Third Quarter 2021 Review

Executive Summary – 3Q2021

- **The S&P 500 turned in a positive return of +0.58% in the third quarter.** Nonetheless, after seven straight months of gains, the Index declined in September and posted its first 5%-plus pullback, peak-to-trough, since last fall. Large Cap outperformed Mid- and Small-Caps for the quarter while Growth outperformed Value though the latter is higher year-to-date. **Most fixed income markets turned in mildly positive returns for the quarter but are down YTD other than High Yield.**
- **After reaching a new record high on September 2nd, the market had many excuses for its September setback,** from the uncertainty caused by the potential default of Chinese property developer Evergrande, ongoing supply chain disruptions, anticipation of the Federal Reserve’s asset purchase reduction to, of course, uncertainty emanating from Washington.
- **The 10-year U.S. Treasury yield rose during the second quarter,** settling in at 1.53%. Key catalysts supporting both higher as well as lower yields – such as anticipated reduction in the Fed’s monetary policy accommodation, inflation readings, and foreign investor demand have kept yields in a relatively narrow range.
- Although challenges remain, we view the September pullback in equities as providing an expected reset to sentiment, positioning, and valuations that **should ultimately lay the foundation for a positive but realistic outlook for stocks over bonds and for quality-focused selectivity by active managers.**

Asset Class Returns Ending September 30, 2021

| US EQUITY | 3Q2021 | YTD |
|--|--------|--------|
| Large-Cap (S&P 500) | 0.58% | 15.92% |
| Mid-Cap (Russell MidCap) | -0.93% | 15.17% |
| Small-Cap (Russell 2000) | -4.36% | 12.41% |
| Large-Cap Growth (Russell 1000 Growth) | 1.16% | 14.30% |
| Large-Cap Value (Russell 1000 Value) | -0.78% | 16.14% |
| All-Cap (Russell 3000) | -0.10% | 14.99% |
| NASDAQ | -0.38% | 12.11% |

NON-US EQUITY

| | | |
|--|--------|--------|
| Developed Large Cap (MSCI EAFE) | -0.45% | 8.35% |
| Developed Small Cap (MSCI EAFE Small Cap) | 0.90% | 10.02% |
| Emerging Markets (MSCI EM) | -8.09% | -1.25% |

US FIXED INCOME

| | | |
|--|--------|--------|
| Core Taxable Bonds (Bloomberg US Agg Bond) | 0.05% | -1.55% |
| US Government (Bloomberg US Govt) | 0.08% | -2.42% |
| Investment Grade (BofA US Corporate) | -0.06% | -1.12% |
| High Yield (BofA US High Yield) | 0.94% | 4.67% |
| US Mortgage-Backed (Bloomberg US MBS) | 0.10% | -0.67% |
| Non-US Developed Bonds (BBg Global Agg) | -0.88% | -4.06% |

OTHER

| | | |
|--------------------------------------|--------|--------|
| REITs (FTSE Nareit All Equity REITs) | 0.23% | 21.63% |
| Commodities (Bloomberg Commodity) | 6.59% | 29.13% |
| Gold (S&P GSCI Gold) | -1.03% | -7.92% |
| HFRI-I Liquid Alternatives | -0.36% | 2.35% |
| HFRI Fund of Funds Composite | 0.90% | 6.38% |

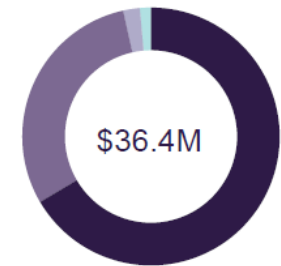
Episcopal Diocese Performance – September 30, 2021

YTD Activity

| | |
|-----------------------------------|----------------------|
| Beginning Market Value | 34,093,434.58 |
| Beginning Accrued Income | .00 |
| Beginning Portfolio Value | 34,093,434.58 |
| Net Contributions and Withdrawals | -395,604.00 |
| Income Earned | 480,914.19 |
| Fees | -126,460.75 |
| Market Appreciation | 2,320,943.55 |
| Ending Market Value | 36,368,944.85 |
| Ending Accrued Income | 4,282.72 |
| Ending Portfolio Value | 36,373,227.57 |

Allocation

| | % of Mkt Val |
|-----------------|--------------|
| Total Equity | 66.5 |
| Fixed Income | 30.0 |
| Non-Traditional | 2.1 |
| Short Term | 1.4 |
| Total | 100.0 |



| | <u>3Q21</u> | <u>YTD</u> | <u>1 Yr</u> | <u>3 Yr</u> | <u>5 Yr</u> | <u>Inception</u> <u>5/31/16</u> |
|---|---------------|--------------|---------------|---------------|---------------|------------------------------------|
| Episcopal Diocese (Gross Return) | -0.11% | 8.47% | 18.94% | 11.15% | 11.62% | 11.62% |
| Benchmark: 52.5% S&P 1500 / 17.5% MSCI EAFE / 30% | | | | | | |
| Barclays Aggregate | 0.16% | 9.32% | 20.20% | 11.52% | 11.36% | 11.32% |