

MARKET COMMENTARY: Q2 2021

Big Picture

The world continues to recover (some areas faster than others) from the effects of COVID-19. We are now a year and a quarter removed from the global shut-down, and have seen strong rebounds across economies, labor markets, and asset prices. The themes of recovery continued in second quarter, and markets responded with impressive results.

Returns %

as of 6/30/21

Index	1 Mo	3 Mo	YTD	1 YR	3 YR	5 YR	10 YR
US Equity							
S&P 500 TR USD	2.33	8.55	15.25	40.79	18.67	17.65	14.84
DJ Industrial Average TR USD	0.02	5.08	13.79	36.34	15.02	16.66	13.50
NASDAQ Composite TR USD	5.55	9.68	12.92	45.23	25.72	25.80	19.32
International Developed Markets							
MSCI World ex USA NR USD	-1.02	5.65	9.92	33.60	8.57	10.36	5.70
Emerging Markets Equity							
MSCI EM NR USD	0.17	5.05	7.45	40.90	11.27	13.03	4.28
US Fixed Income							
BBgBarc US Agg Bond TR USD	0.70	1.83	-1.60	-0.33	5.34	3.03	3.39
Global Fixed Income							
BBgBarc Global Aggregate TR USD	-0.88	1.31	-3.21	2.63	4.23	2.34	2.05

Source: Morningstar Direct. Annualized performance is shown for periods greater than 1 year. Investors cannot invest directly in an index. Indexes have no fees. Historical performance results for investment indexes do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the occurrence of which would have the effect of decreasing historical performance results. Actual performance for client accounts will differ from index performance.

Equities

Global equities finished the quarter in positive territory, powered by an ongoing remarkable run in the US.

- **US stocks** have posted a strong first half of the year, with the main benchmarks reaching historically high levels.
- **International developed stocks** have steadily generated strong returns.
- **Emerging Market stocks** have cooled down a bit from the exceptional returns of late 2020 but continue to post positive gains.¹

Fixed Income

Fixed income performance across most markets rebounded from negative performance in Q1 to positive returns in Q2.

- **The Bloomberg Barclays US Aggregate Bond Index**, or the “Agg”, finished up on the quarter.
- **The Bloomberg Barclays Global Aggregate Index**, representing bonds from both developed and emerging markets, ended up for the quarter as well.²

¹Morningstar Direct, as of July 1, 2021

²Morningstar Direct, as of July 1, 2021

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Factors

Exposure to investment risk factors, while positive across the board for the quarter, showed a reversal of the recent small value strength relative to large growth in the US and International Developed markets, however in the Emerging Markets small value continues to outperform. Momentum and Quality and Minimum Volatility posted positive results on an absolute basis but mixed results across all markets on a relative basis for the quarter.³

NEWS Impacting Markets

COVID-19

The most important market-moving news for the year continues to be the ongoing impact from COVID and the vaccination rollout. This issue sets the stage for economic recovery, labor markets, supply-side disruptions, etc. which then effects Fed activity. The speed of the delta variant spread, and how well it's managed, will have potential market moving impact for the remainder of the year.

Economic Recovery

Global trade has rebounded, along with flows of capital, driving growth in prices across markets. The pace of growth has been tempered somewhat however by supply-side constraints, with average supplier delivery times lengthening to record levels. The ongoing shape of the economic recovery will be defined by:

- how persistent the supply-side disruption is
- how the labor market grows
- how spending drives inflation
- how the Federal Reserve signals its plan to phase out crisis-era policies

Headlines in all these areas have the potential to inject volatility into markets over the short-term. For long-term investors, it's best to keep in mind that markets tend to adjust and weather all manner of macro-economic environments while rewarding those who patiently stay the course.

As always, we at Symmetry Partners will continue to monitor current events, while staying focused on achieving investing success over the long-term.

³Morningstar Direct, as of July 1, 2021

MARKET COMMENTARY: Q2 2021 DISCLOSURE

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Diversification seeks to improve performance by spreading your investment dollars into various asset classes to add balance to your portfolio. Using this methodology, however, does not guarantee a profit or protection from loss in a declining market. Past performance does not guarantee future results.

Index Disclosure and Definitions

S&P 500 Index represents the 500 leading U.S. companies, approximately 80% of the total U.S. market capitalization.

Dow Jones Industrial Average (DJIA) Is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The Nasdaq Composite Index (NASDAQ) measures all Nasdaq domestic and international based common type stocks listed on The Nasdaq Stock Market, and includes over 2,500 companies.

MSCI World Ex USA GR USD Index captures large and mid cap representation across 22 of 23 developed markets countries, excluding the US. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets (as defined by MSCI). The index consists of the 25 emerging market country indexes.

Bloomberg Barclays US Aggregate Bond Index measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States – including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

Bloomberg Barclays Global Aggregate (USD Hedged) Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers. Index is USD hedged.

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