



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -4.65% in September, breaking the seven-month streak of gains.
- Within the S&P, 10 out of 11 sectors posted negative returns. The Energy sector was the best and only positive performer of the month, returning 9.37%. Financials was a distant second, posting a return of -1.85%. Materials was the worst-performing sector posting the biggest loss with a return of -7.21%.
- By market capitalization, small-caps (Russell 2000) returned -2.95%, large-caps (Russell 1000 Index), returned -4.59%, and mid-caps (Russell Mid Cap Index) returned -4.12%. Value stocks outperformed growth stocks across all capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -3.20%. Developed markets, represented by the MSCI EAFE Index, returned -2.90%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -3.97% in September.
- Within the ACWI ex-U.S. Index, 10 out of 11 sectors posted negative returns. Energy was the only sector with positive returns, returning 9.09%, significantly outperforming the second-best performing sector, Consumer Staples, which returned -3.26%. Materials was the worst performer, returning -6.97%.
- Within the MSCI Emerging Markets Index, Japan performed best during the month, returning 2.75%, while EM Latin America lagged for the month, returning -10.34%.

Fixed Income

- In September, the curve steepened slightly, with rates increasing slightly further out the curve, while rates shorter than two years remained flat. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) continued its fall, losing -0.87% in September. The 10- and 30-year treasuries rates increased 18 and 12 basis points (bps) respectively during the month, leading to the broad treasury index returning -0.16%. Credit spreads stayed relatively constant with the exception of EM sovereigns which saw a widening of 14 bps, and MBS which saw a narrowing of seven bps.
- Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -0.77%, AA-rated bonds returned -1.11%, A-rated bonds returned -1.10%, and BBB-rated bonds returned -1.09%.

- Yields generally increased across the U.S. Treasury yield curve during September.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs) represented by the FTSE NAREIT index fell 5.40% in September. Performance was negative in eight out of nine real estate sectors. Lodging and Resorts did the best, returning 1.27%. The worst-performing REIT sector of the month was Self-Storage, returning -8.22%.
- The active contract for West Texas Intermediate (WTI) crude rose to \$75.03/barrel in September from \$68.50/barrel at the end of August.

Items to Watch

- U.S. consumer confidence dropped in September for a third straight month, suggesting concerns over the delta variant and higher prices continue to dampen sentiment. The Conference Board's index fell to 109.3 from a revised 115.2 reading in August. Bloomberg economist surveys had predicted an increase to 115.0.
- Inflation measures keep climbing. The personal consumption expenditures price gauge, which the Federal Reserve (Fed) uses for its inflation target, rose 0.4% from a month prior and 4.3% from a year earlier. The annual increase was the largest since 1991. Core PCE was up 3.6% from last year. A heavily constrained supply chain continues to push prices higher. Fed Chair Jerome Powell said in a panel discussion at the end of September that as supply chain disruptions are gradually lifted, inflation will ultimately prove temporary, although the timing is uncertain.
- The U.S. and European economies slowed due to supply chain bottlenecks. Tens of thousands of containers are stuck at the ports of Los Angeles and Long Beach, California, the two West Coast gateways that move more than a quarter of all American imports. More than 60 ships are lined up to dock, with waiting times stretching to three weeks. Retailers expect shortages and long wait times as we head into the holiday season.
- Energy prices across Europe, China and India soared as demand surged, particularly in Asia, as economies emerge from COVID-19 induced lockdowns. More than half of China's provinces have been rationing electricity over the past couple of weeks, while in Europe, natural gas prices have rocketed almost 600% this year on worries that current low storage levels will be insufficient for the winter.

Total Return of Major Indices as of 09/30/21

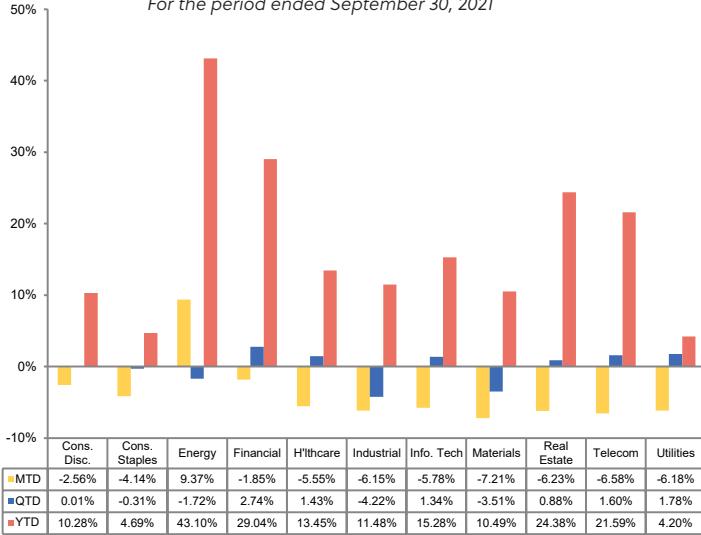
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-4.65%	0.58%	15.91%	29.98%
Russell 3000	-4.49%	-0.10%	14.98%	31.86%
Russell 2000	-2.95%	-4.36%	12.40%	47.65%
Russell 1000	-4.59%	0.21%	15.18%	30.95%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-3.20%	-2.99%	5.90%	23.91%
MSCI EAFE	-2.90%	-0.45%	8.35%	25.73%
MSCI Emerging Markets	-3.97%	-8.09%	-1.25%	18.20%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.87%	0.05%	-1.55%	-0.90%
Bloomberg Barclays Global Agg	-1.78%	-0.88%	-4.06%	-0.91%
Bloomberg Barclays U.S. HY	-0.01%	0.89%	4.53%	11.28%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-5.40%	0.98%	23.15%	37.39%
Bloomberg Commodity	4.97%	6.58%	29.09%	42.21%

Economic Indicators

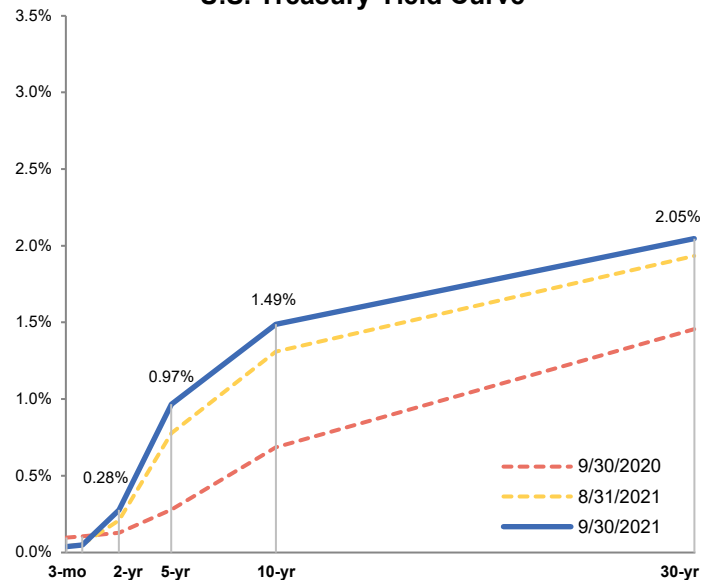
Domestic	Current	Previous Month
Unemployment Rate (%)	4.8%	5.2%
Initial Jobless Claims (4 week average)	344 K	340.5 K
CB Leading Economic Indicators	0.9	0.8
Capacity Utilization	76.4%	76.2%
GDP (annual growth rate)	6.7%	6.3%
University of Michigan Consumer Confidence	72.8	70.3
New Home Starts	740 K	729 K
Existing Home Sales	5.9 MM	6 MM
Retail Sales (YoY)	16.2%	15.2%
U.S. Durable Goods (MoM)	1.8%	0.5%
Consumer Price Index (YoY)	5.3%	5.4%
Producer Price Index (MoM)	1.0%	0.6%
Developed International*	6/30/2021	3/31/2021
Market GDP (annual rate)	11.8%	0.2%
Market Unemployment	6.9%	7.2%

Stock Market Sector Performance (S&P 500)

For the period ended September 30, 2021

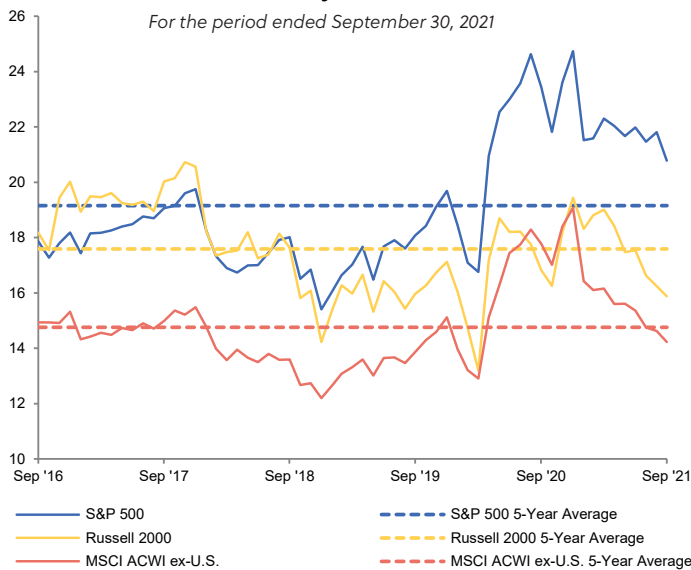


U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended September 30, 2021



Source: Bloomberg. Data as of September 30, 2021, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of June 30, 2021 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

The views expressed constitute the perspective of PFM's asset management business at the time of distribution and are subject to change. The content is based on sources generally believed to be reliable and available to the public; however, PFM cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. Investment advisory services are provided by PFM Asset Management LLC, which is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. For more information regarding PFM's services or entities, please visit www.pfm.com.

