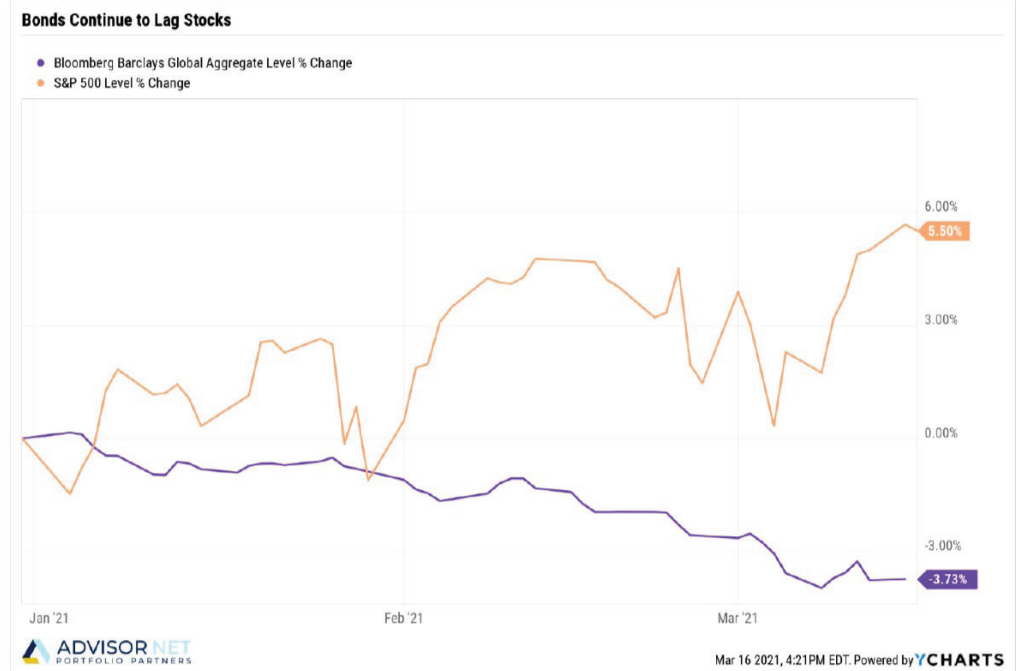


COMMENTARY

Bonds pressured as inflation expectations rise

March saw bonds continue to underperform the broader equity markets (with the bond performance shown in Chart 1 by the Bloomberg Barclays Global Aggregate Index and equity performance by the S&P 500), primarily because of the rapid rise of the 10-year U.S. Treasury Yield, as we discussed in last month's newsletter. The U.S. 10-year yield hit lows of 0.54% in July 2020 and has continued to rebound since, even reaching above 1.70% briefly this month, which brings it nearly back to the pre-crisis levels of early 2020. The more recent part of

this upswing may have been driven by rising inflation expectations, on the back of a substantial recovery in the global economy, propelled by a major expansion of the global money supply and government stimulus. This has raised concerns that the US Federal Reserve, which has a dual mandate to promote economic growth, but also to maintain price stability, may be forced to raise rates sooner than expected if inflation starts to rise substantially.



ECONOMIC HIGHLIGHTS

S&P 500	3,967.25
DIJA	33,116.04
NASDAQ	13,122.57
OIL	\$61.49/BARREL
GOLD	\$1,731.80/OUNCE
10-YEAR TREASURY YIELD	1.74%
UNEMPLOYMENT	6.0%
GDP	4.3%
PPI	2.79% Year-Over-Year
CPI	1.68% Year-Over-Year

Source: ycharts.com



The third round of stimulus checks were approved by Congress in March and have started distributing to citizens.



While the percentage of the population to receive the vaccination continues to rise, the threat of COVID-19 variants is a threat to monitor



Inflation has become a topic of concern for many as additional stimulus and global recovery is underway.

Bonds remain important in a portfolio for risk reduction during equity declines

With investors having benefited over the last ten years from concurrent strong positive returns in stocks and bonds, the recent divergence between them has understandably caused much consternation. While we relate to the disappointment of investors, we highlight the long-term safety provided for a portfolio by maintaining bond exposure. As shown in Chart 2, during the largest intra-year drawdowns in equity markets over the past two decades, shown by the red diamonds, bonds have provided flat or positive returns around 90% of the time, shown by the blue circles, and therefore would help cushion a portfolio in these periods. So, while the total return performance of bonds has been disappointing so far in 2021, it is good to remember the important role they can play when stocks are going down.

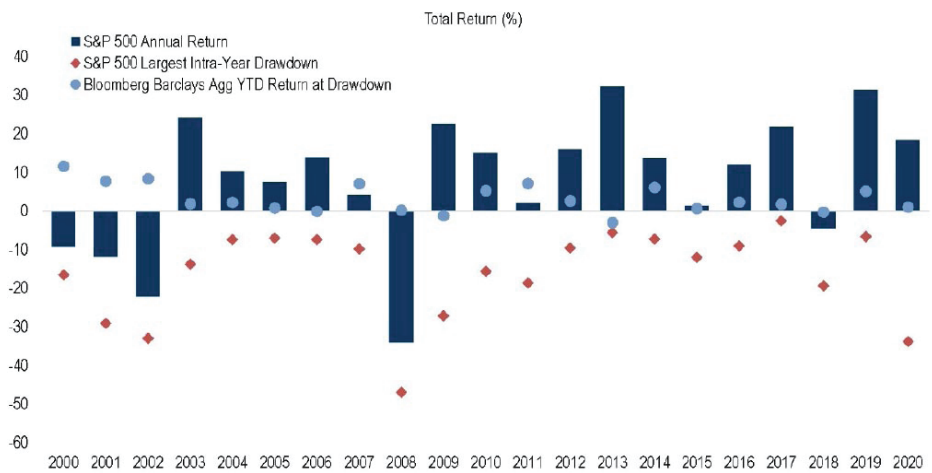
Stay focused on long-term objectives during this adjustment period

Interest rates, as always, will play an important role in shaping forward returns in the stock and bond markets. While we have no adjustments to our strategy to report at this point, we are developing a plan to implement when there is more clarity on the likely long-term direction of interest rates. We advise investors to stay focused on long-term objectives during this continued post-crisis phase of readjustment and thank you for your trust and support.

Ups and Downs



Even years of strong equity market returns have experienced bouts of volatility, but core fixed income has provided a stronger ballast



Source: Bloomberg and GSAM. As of December 31, 2020. *Volatility* refers to a financial instrument's price variation. Past performance does not guarantee future results, which may vary.

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INDEX	3 mo	1 yr	3 yr	5 yr
S&P 500	6.18%	56.35%	16.78%	16.29%
MSCI EAFE	3.60%	45.15%	6.54%	9.37%
BAR AGG BOND	-4.46%	4.67%	2.80%	2.66%

Source: Morningstar Direct



The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of large-cap U.S. equity securities that are classified as "growth" based on a multi-factor analysis.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of small-cap U.S. equity securities.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of large-cap U.S. equity securities that are classified as "value" based on a multi-factor analysis.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of small-cap U.S. equity securities.

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The S&P 500[®] Utilities comprises those companies included in the S&P 500 that are classified as members of the GICS[®] utilities sector.

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The 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 is a global electronic marketplace for buying and selling securities, as well as the benchmark index for U.S. technology stocks and is also used to refer to the Nasdaq Composite, an index of more than 3,000 stocks listed on the Nasdaq exchange. The NASDAQ Composite Index includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index. The MSCI EAFE index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted. The Bloomberg Barclays US Aggregate Bond Index, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

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