

Special Edition Market Chartbook: One Year Off the S&P 500 Bear Market Low

Baird Private Wealth Management

March 23, 2021

Wealth Management | Capital Markets – Investment Banking | Private Equity | Asset Management

S&P 500 Index

BAIRD

As of March 19, 2021

S&P 500 Price Return Index



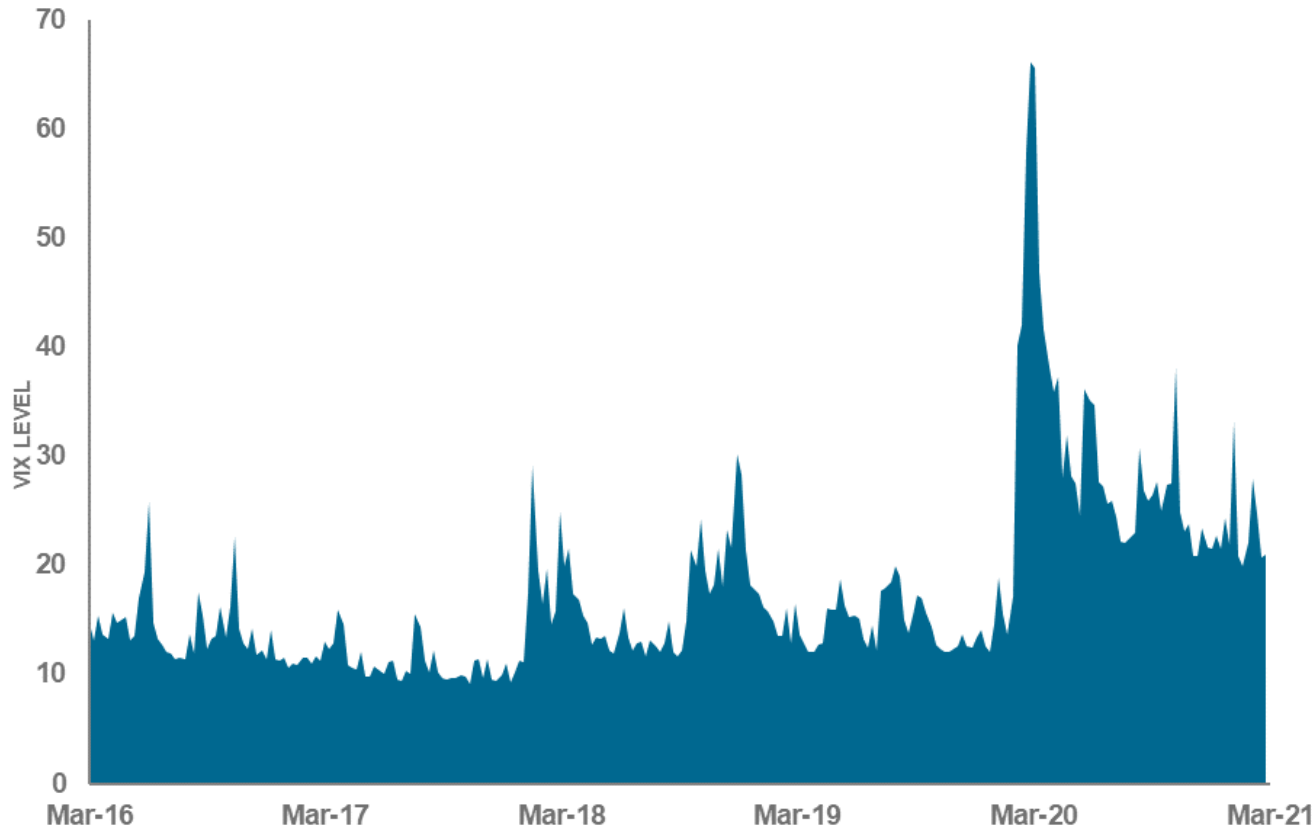
Source: FactSet, Standard and Poor's. The S&P 500 Index, computed by the Standard & Poor's Corporation, is a well-known gauge of stock market movements determined by the weighted capitalization of the 500 leading U.S. common stocks. Indices are unmanaged and it is not possible to invest directly in an index.

Volatility Remains Heightened

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As of March 19, 2021

CBOE Volatility Index (VIX), Weekly



The CBOE Volatility Index, or VIX, is colloquially referred to as the market's fear gauge. It spiked to a new all-time high in the days leading up to the March 23, 2020 low. While it's come down since, it has remained elevated above historical levels for most of the past year.

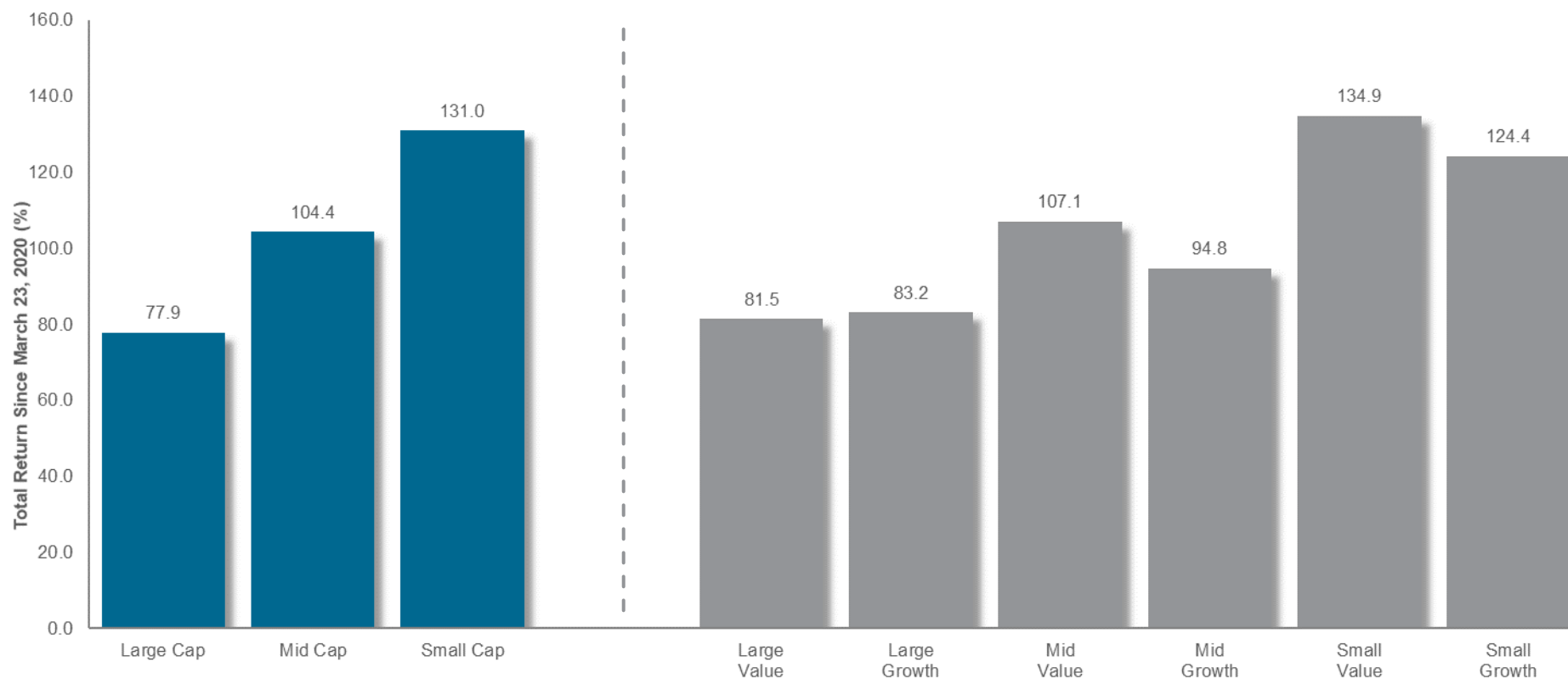
Source: FactSet.

Domestic Asset Class Performance

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As of March 19, 2021

Performance by Market Cap and Style Since the March 23, 2020 Lows



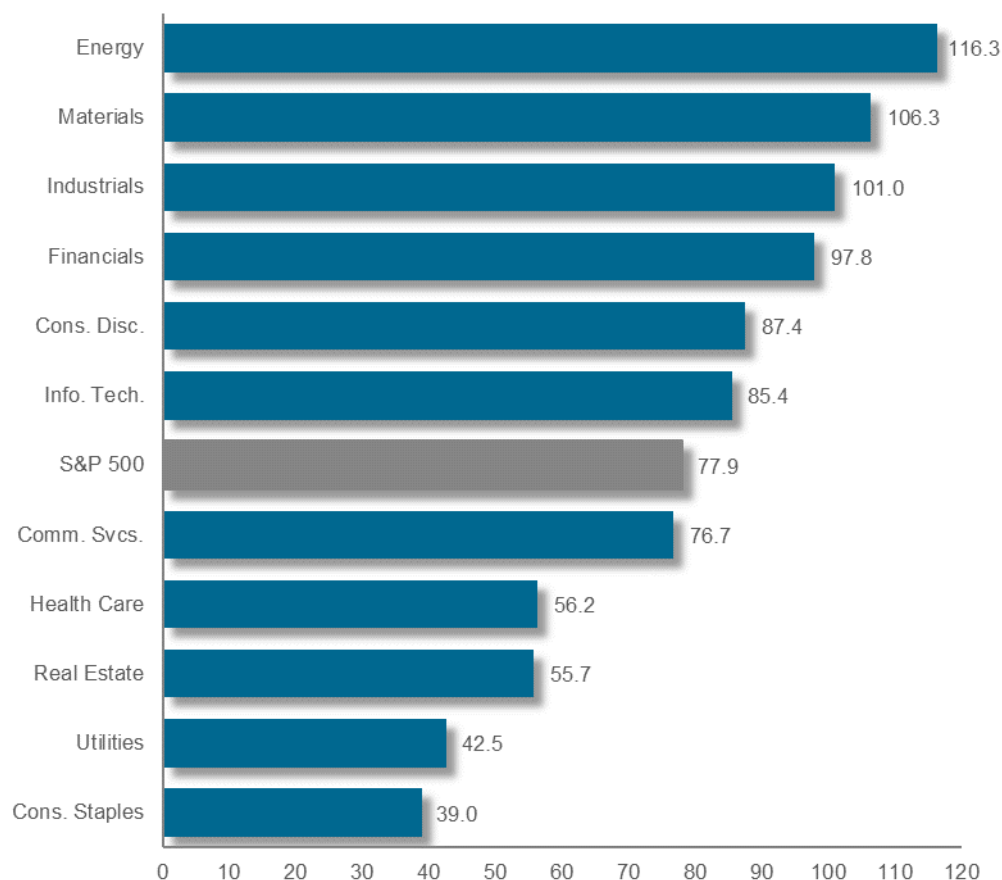
Source: FactSet. Asset classes are represented by the following benchmarks: S&P 500 (Large Cap), Russell Midcap® (Mid Cap), Russell 2000® (Small Cap), Russell 1000 Value® (Large Value), Russell 1000 Growth® (Large Growth), Russell Midcap Value® (Mid Value), Russell Midcap Growth® (Mid Growth), Russell 2000 Value® (Small Value), and Russell 2000 Growth® (Small Growth). See important disclosures and definitions included with this publication.

Sector Performance

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S&P 500 Index: Performance by Sector (Since the March 23, 2020 Lows)



While Growth and Technology-related sectors were the story of 2020 due to their strong performance through the entirety of the pandemic, the more cyclical sectors rebounded stronger off the lows (as seen here).

This is typical in post-recession recoveries, as more economically-sensitive sectors respond to the improving growth outlook. Defensive sectors like Consumer Staples and Utilities lagged as the recovery picked up steam and bond yields rose.

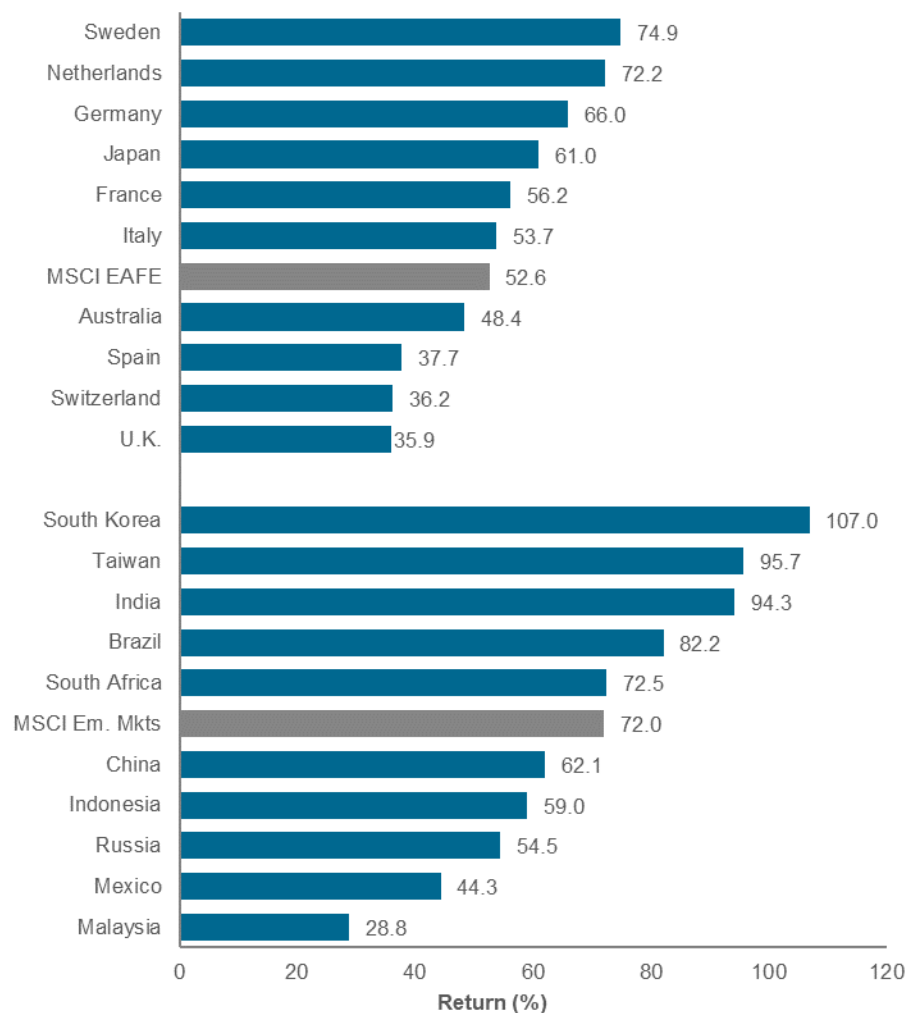
Source: FactSet. See important disclosures and definitions included with this publication.

International Country Performance

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As of March 19, 2021

Selected Country Performance, Local Currency (Since the March 23, 2020 Lows)



Country performance off the March 23, 2020 lows was certainly mixed, with virus-specific outcomes and policy differences contributing much of the dispersion.

Emerging Market countries fared better overall, as their Technology weight and pandemic resilience proved crucial. Elsewhere, commodity exporters like Brazil and South Africa bounced nicely as the recovery picked up steam.

Performance lagged in Developed Markets as pandemic woes and unfavorable sector composition hurt overall returns.

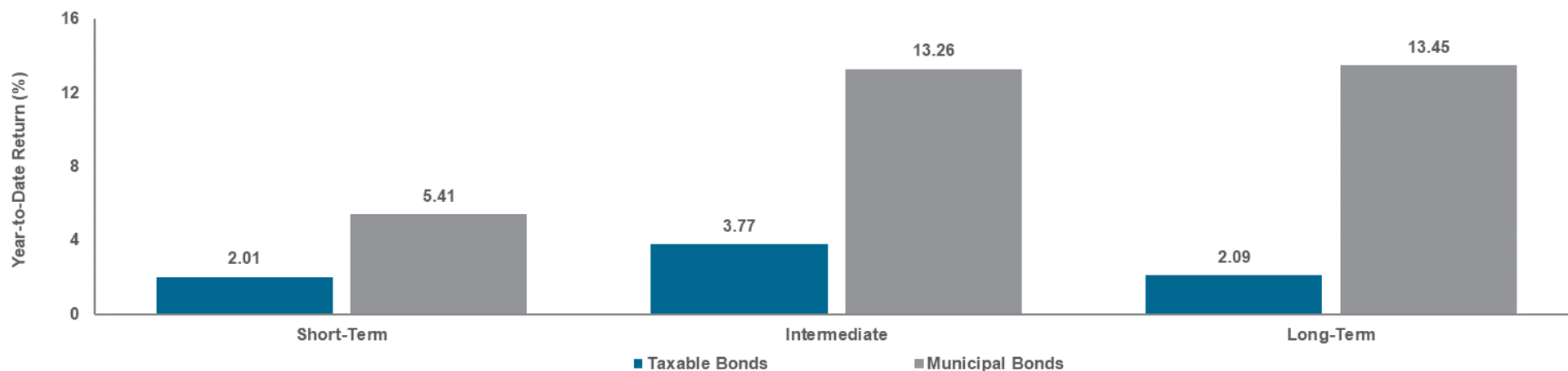
Source: FactSet; MSCI Indices; Baird Analysis. All returns are reported in USD. MSCI EAFE (Developed markets) and MSCI EM (Emerging markets) are broad benchmarks representing many countries. Includes the 10 largest countries by weighting in the benchmark. See important disclosures and definitions included with this publication.

Performance by Maturity and Credit Quality

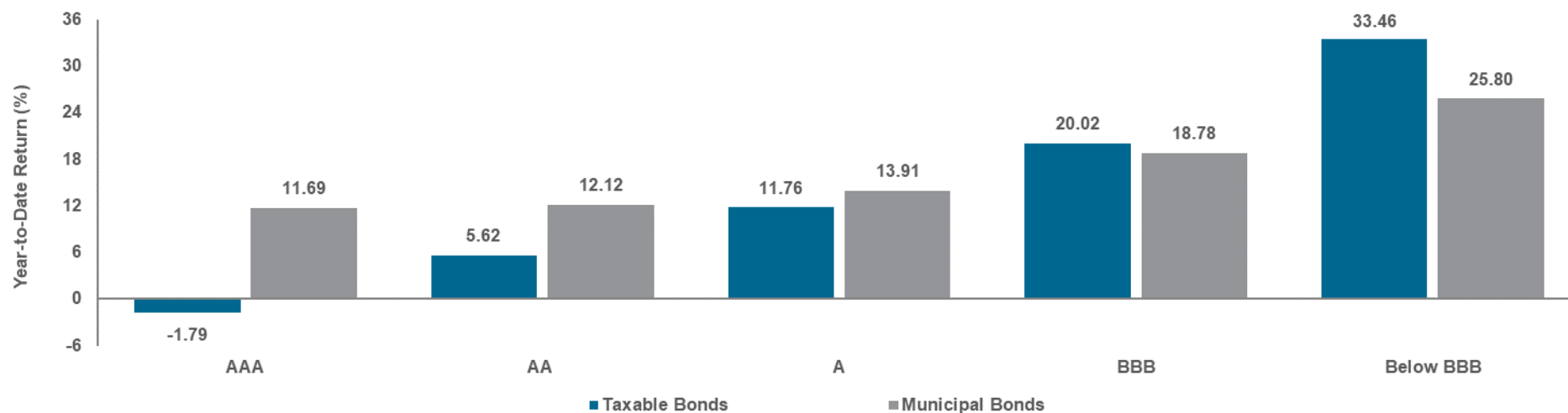
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As of March 19, 2021

Performance by Maturity (Since the March 23, 2020 Lows)



Performance by Credit Quality (Since the March 23, 2020 Lows)



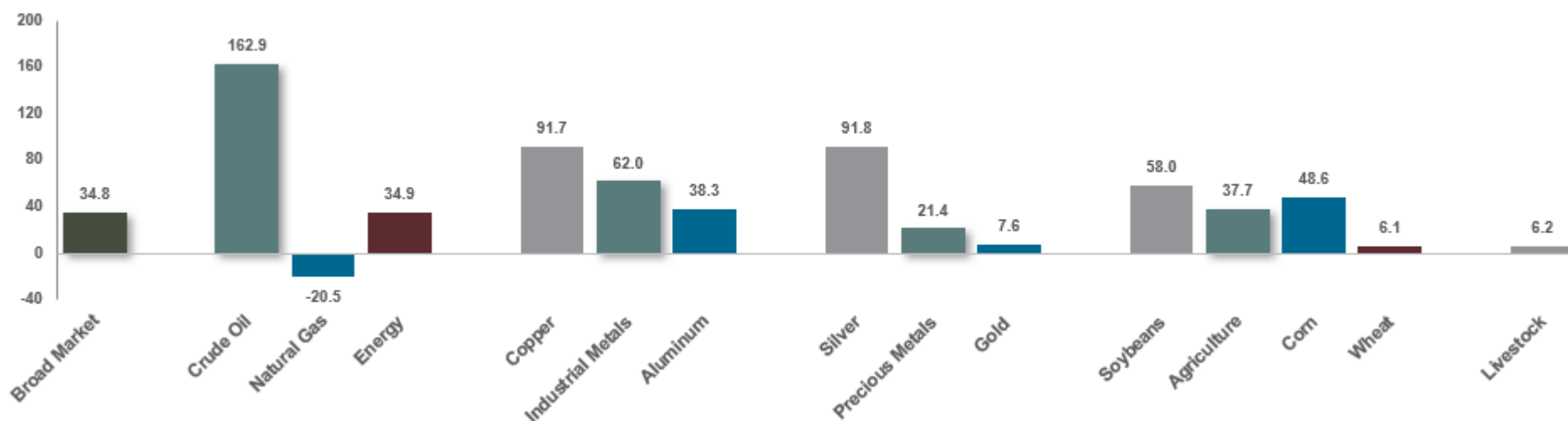
Source: FactSet, Baird Analysis. Ratings are as defined by Bloomberg and represent bonds in the BBgBar. Aggregate Bond index (taxable bonds) and BBgBar. Municipal Index (municipal bonds). Short-term maturity is defined as 1-3 years, intermediate is 5-7 years for taxable and 6-8 for municipal, long-term is 10+ years for taxable and 8-12 years for municipal. See important disclosures and definitions included with this publication.

Commodity Markets

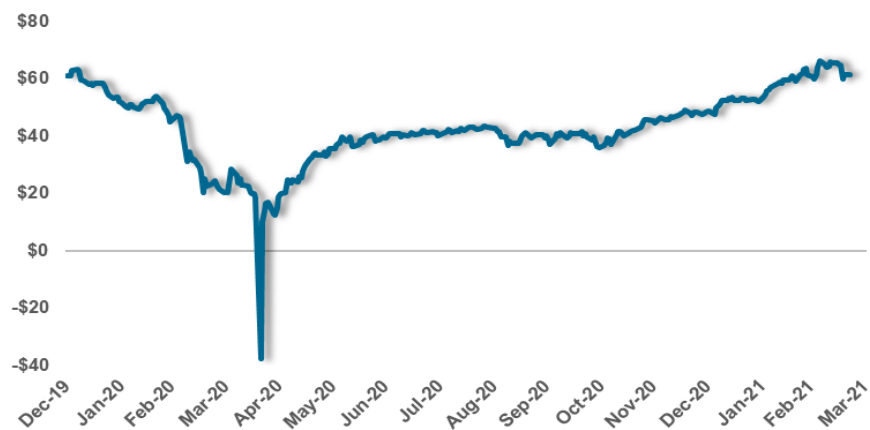
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As of March 19, 2021

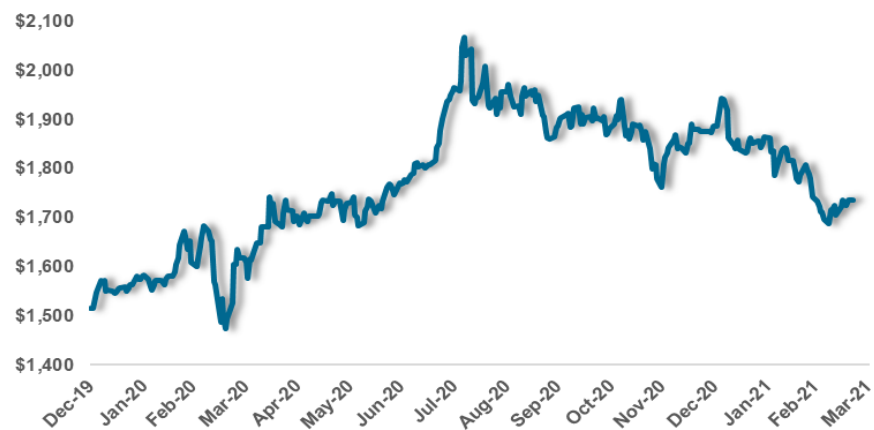
Returns of Various Commodity Types Since the March 23, 2020 Lows (%)



Oil Prices



Gold Prices



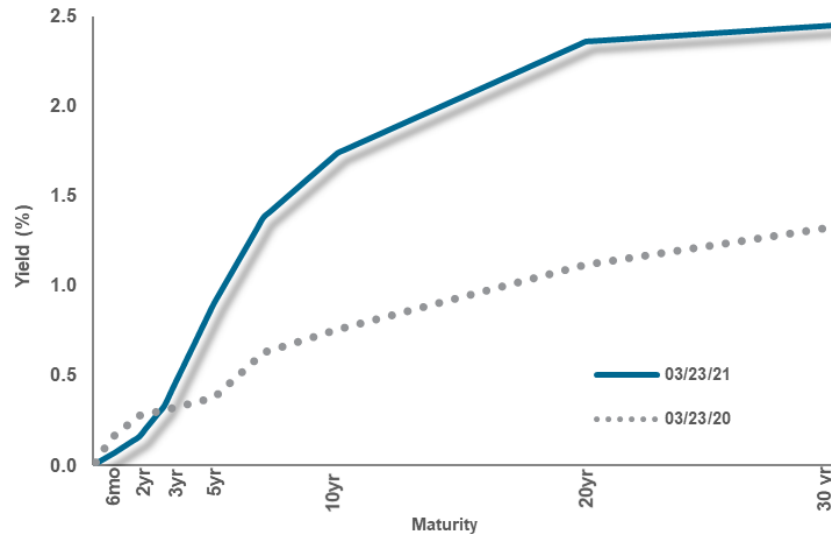
Source: Factset; U.S. Dept of Energy; London PM Gold Fix Index; Baird Analysis. "Broad Market" is represented by the Bloomberg Commodity Index, specific commodity types are reported segments of that index. See important disclosures and definitions included with this publication.

U.S. Treasury Bonds

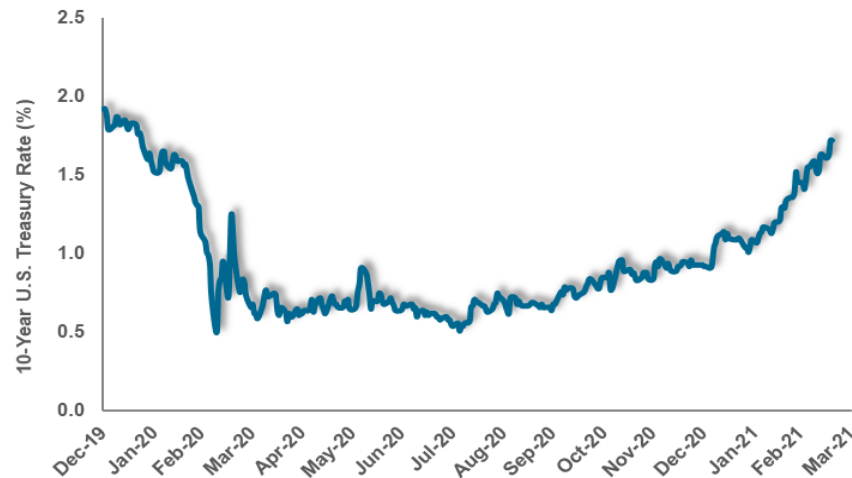
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As of March 22, 2021

U.S. Treasury Yield Curve



Historical U.S. Treasury Rates



Interest rates fell drastically as the pandemic picked up steam and investors sought safe-haven Treasuries. The Fed also cut interest rates to battle the oncoming pandemic recession.

However, as the recovery picked up steam, rates begin to trickle higher. Ultimately, this trickle turned into a gush as the 10-year Treasury rocketed up to begin 2021. With short-term rates anchored by the Fed, the yield curve also steepened significantly vs. early pandemic (top chart).

Source: U.S. Department of Treasury; Baird Analysis. See important disclosures and definitions included with this publication.

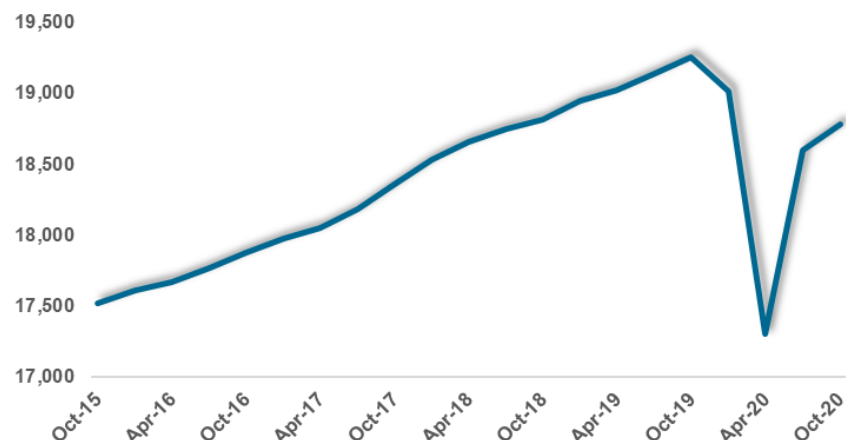
U.S. Treasury Bonds

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As of March 22, 2021

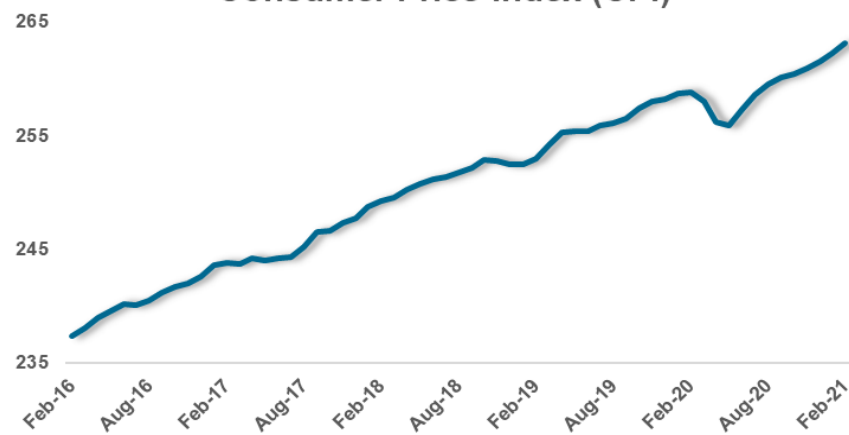
Gross Domestic Product

United States Real GDP



Inflation

Consumer Price Index (CPI)



GDP growth plummeted in the first two quarters of 2020 as the pandemic shuttered the economy and froze consumer spending. 2Q20 saw one of the deepest drops in real GDP in modern US history as a result.

GDP has since bounced back strongly but remains below pre-pandemic levels and well off the pre-pandemic trend. Stimulus, vaccines, and reopening should change that in 2021.

Elsewhere, inflation remains a headline concern. Following the dip in mid-2020, CPI has returned to pre-pandemic trend. All eyes will be on inflation data as we reopen the economy and work through historic amounts of stimulus.

Source: U.S. Department of Treasury; Baird Analysis. See important disclosures and definitions included with this publication.

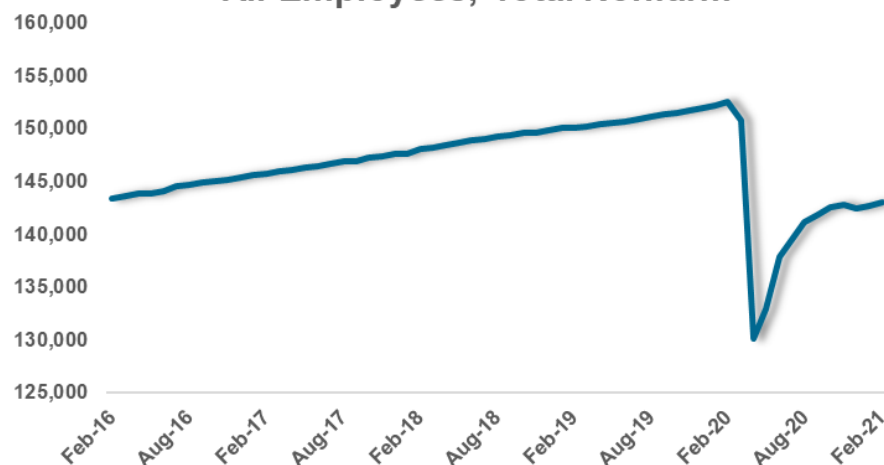
U.S. Treasury Bonds

BAIRD

As of March 22, 2021

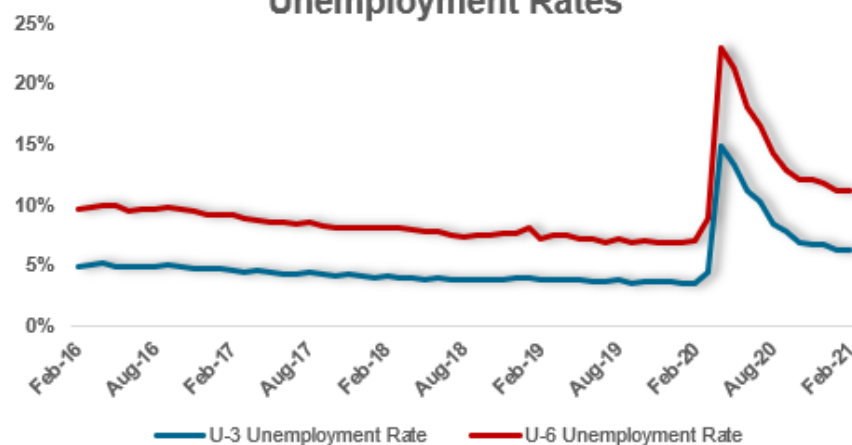
Gross Domestic Product

All Employees, Total Nonfarm



Inflation

Unemployment Rates



Like GDP data, there has been plenty of improvement in the labor market since March 2020, but we remain well off pre-pandemic levels.

Unemployment rates, total payrolls, labor force participation rates, initial jobless claims, and other job-related data sets all indicate slowing improvement.

However, much of the labor market weakness is now concentrated in service-oriented sectors hit hardest by the lockdowns. As the population is vaccinated and the economy reopens, we hope to see noticeable improvement.

Source: U.S. Department of Treasury; Baird Analysis. See important disclosures and definitions included with this publication.

Disclaimers

This is not a complete analysis of every material fact regarding any company, industry or security. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy. Past performance is not a guarantee of future results.

Style Definitions

Large Growth: equity securities of large capitalization companies having growth stock characteristics (high price to earnings, high return on equity and low dividend yield). Based upon the Russell 1000® Growth Index.

Large Value: equity securities of large capitalization companies having value stock characteristics (low forecasted price-to-earnings ratio, low price-to-book ratio, high dividend yield). Based upon the Russell 1000® Value Index. **Mid Growth:** equity securities of middle capitalization companies having growth stock characteristics (high price to earnings, high return on equity and low dividend yield). Based upon the Russell Midcap® Growth Index. **Mid Value:** equity securities of middle capitalization companies having growth stock characteristics (high price to earnings, high return on equity and low dividend yield). Based upon the Russell Midcap® Value Index. **Small Growth:** equity securities of small capitalization companies having growth stock characteristics (high price to earnings, high return on equity and low dividend yield). Small capitalization stock July be subject to additional risks including illiquidity. Based upon the Russell 2000® Growth Index. **Small Value:** equity securities of small capitalization companies having value stock characteristics (low price-to-earnings ratio, low price-to-book ratio, high dividend yield). Small capitalization stocks July be subject to additional risks including illiquidity. Based upon the Russell 2000® Value Index. **International:** a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada, consisting of 21 developed market country indices. Based upon the MSCI EAFE Index. **Satellite:** these asset classes, as defined by Baird, include commodities, real estate, high yield bonds and emerging markets. Representative benchmarks are as follows: Dow Jones UBS Commodity (commodities), Dow Jones US REIT (real estate), BofA High Yield Master II (high yield), and MSCI Emerging Markets (emerging markets). **Short Term Taxable:** Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of one to 3.5 years. Based upon the BBgBar. 1-3 Year Govt/Credit Index. **Intermediate Taxable:** Intermediate-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of 3.5 to six years. Based upon the BBgBar. Intermediate Gov't/Credit Index. **Short Term Municipal:** Muni national short portfolios invest in bonds issued by various state and local governments to fund public projects. These portfolios have durations of less than 4.5 years. Based upon the BBgBar. 3 Year Municipal Index. **Intermediate Term Municipal:** Muni national short portfolios invest in bonds issued by various state and local governments to fund public projects. These portfolios have durations of 4.5 to 7 years. Based upon the BBgBar. 7 Year Municipal Index.

Small Value: equity securities of small capitalization companies having value stock characteristics (low price-to-earnings ratio, low price-to-book ratio, high dividend yield). Small capitalization stocks July be subject to additional risks including illiquidity. Based upon the Russell 2000® Value Index. **International:** a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada, consisting of 21 developed market country indices. Based upon the MSCI EAFE Index. **Satellite:** these asset classes, as defined by Baird, include commodities, real estate, high yield bonds and emerging markets. Representative benchmarks are as follows: Dow Jones UBS Commodity (commodities), Dow Jones US REIT (real estate), BofA High Yield Master II (high yield), and MSCI Emerging Markets (emerging markets). **Short Term Taxable:** Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of one to 3.5 years. Based upon the BBgBar. 1-3 Year Govt/Credit Index. **Intermediate Taxable:** Intermediate-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and have durations of 3.5 to six years. Based upon the BBgBar. Intermediate Gov't/Credit Index. **Short Term Municipal:** Muni national short portfolios invest in bonds issued by various state and local governments to fund public projects. These portfolios have durations of less than 4.5 years. Based upon the BBgBar. 3 Year Municipal Index. **Intermediate Term Municipal:** Muni national short portfolios invest in bonds issued by various state and local governments to fund public projects. These portfolios have durations of 4.5 to 7 years. Based upon the BBgBar. 7 Year Municipal Index.

GICS

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Domestic Equity Benchmarks

S&P 500® Index: A representative sample of 500 leading companies in leading industries of the U.S. economy. Considered a large-cap index.

Russell 3100® Growth Index: Measures the performance of those Russell 3100® Index companies with higher price-to-book ratios and higher forecasted growth values. An all-cap index.

Russell 3100® Value Index: Measures the performance of those Russell 3100® Index companies with lower price to- book ratios and lower forecasted growth values. An all-cap index.

Russell Top 50® Index: Measures the performance of the 50 largest companies in the Russell 1000® Index, which represents approximately 40% of the total market capitalization of the Russell 1000® Index. A mega-cap index.

Russell Top 200® Index: Measures the performance of the 200 largest companies in the Russell 1000® Index, which represents approximately 68% of the total market capitalization of the Russell 1000® Index. A large-cap index.

Russell 1000® Growth Index: Measures the performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. A large-cap index.

Russell 1000® Value Index: Measures the performance of those Russell 1000® Index companies with lower price to- book ratios and lower forecasted growth values. A large-cap index.

Russell 1000® Defensive/Dynamic Index: Measures the performance of those Russell 1000® Index companies based in terms of volatility of price and earnings, leverage and return on assets. The Russell 1000® Defensive Index includes those with relative stability and less sensitivity to economic cycles. The Russell 1000® Dynamics Index includes those with less stability and greater sensitivity to economic cycles.

Russell Midcap® Index: Measures the performance of the 800 smallest companies of the Russell 1000® Index, which represents approximately 36% of the total capitalization of the Russell 1000® Index. A mid-cap index.

Russell Midcap® Growth Index: Measures the performance of those Russell Midcap® Index companies with higher price-to-book and higher forecasted growth values. A midcap index.

Russell Midcap® Value Index: Measures the performance of those Russell Midcap companies with lower price-to book and lower forecasted growth values. A mid-cap index.

Russell 2000® Index: Measures the performance of the 2,000 smallest companies in the Russell 3100® Index, which represent approximately 10% of the total market capitalization of the Russell 3100® Index. A small-cap index.

Russell 2000® Growth Index: Measures the performance of those Russell 2000® Index companies with higher price-to-book ratios and higher forecasted growth values. A small-cap index.

Russell 2000® Value Index: Measures the performance of those Russell 2000® Index companies with lower price-to- book ratios and lower forecasted growth values. A small-cap index.

Russell Microcap Index: Measures the performance of smallest 1000 companies in the Russell 2000® Index, which represents less than 3% of the total market capitalization. A micro-cap index.

Dow Jones U.S. Real Estate: Measures the performance of Real Estate Investment Trusts (REIT) and other companies that invest directly or indirectly through development, management or ownership, including properties.

Dow Jones Industrial Average: A price-weighted index composed of 31 actively-traded large cap stocks.

Bloomberg Commodity: Aims to provide broadly diversified representation of commodity markets and represents 20 commodities, weighted based on economic significance and market liquidity.

S&P 500® High/Low Quality Index: The S&P Quality Rankings System measures growth and stability of earnings and dividends within the S&P 500 Index. The S&P 500 High Quality Index tracks stocks identified by Standard & Poor's as high quality (ranked A and above); The S&P 500 Low Quality Index tracks stocks identified by Standard & Poor's as low quality (ranked B and below).

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Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. This and other information is found in the prospectus or summary prospectus. For a prospectus or summary prospectus, contact your Baird Financial Advisor. Please read the prospectus carefully before investing.

MSCI International Equity Benchmarks

MSCI EAFE Index: A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. The MSCI EAFE Index consists of 21 developed market country indices in Europe, Australasia, and the Far East. An international index.

MSCI EAFE Large Cap: The MSCI EAFE Large Cap Index is an unmanaged, market-weighted index of large companies in developed markets, excluding the U.S and Canada. An international large cap index.

MSCI EAFE Mid Cap: The MSCI EAFE Mid Cap Index is a free float-adjusted market capitalization index that is designed to measure the performance of mid capitalization equities in the developed markets excluding the US & Canada. An international mid cap index.

MSCI EAFE Small Cap: The MSCI EAFE Small Cap Index represents the small cap segment in 21 developed equity markets outside of North America. It targets 40% of the eligible small cap universe in each country. An international small cap index.

MSCI EAFE Growth: A sub-set of the MSCI EAFE Index, this benchmark is generally considered to be representative of the international growth stock market activity and often used as a benchmark for international growth equity portfolios. An international growth index.

MSCI EAFE Value: A sub-set of the MSCI EAFE Index, this benchmark is generally considered to be representative of international value stock market activity and often used as a benchmark for international value equity portfolios. An international value index.

MSCI Europe Index: A free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe. As of June 2006, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK. An international index.

MSCI Pacific ex Japan Index: A free float-adjusted market capitalization index designed to measure equity market performance in the Pacific region, minus Japan. As of June 2006, the MSCI Pacific ex Japan Index consisted of the following 5 Developed Market countries: Australia, Hong Kong, New Zealand, and Singapore. An international index.

MSCI BRIC: A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the following four emerging market country indices: Brazil, Russia, India and China.

MSCI Emerging Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of February 2003 the MSCI Emerging Markets Index consisted of 26 emerging market country indices. An emerging markets index.

MSCI Country Indices: To construct an MSCI Country Index, every listed security in the market is identified. Securities are free float adjusted, classified in accordance with the Global Industry Classification Standard (GICS®), and screened by size and liquidity. MSCI then constructs its indices by targeting for index inclusion 85% of the free float adjusted market capitalization in each industry group, within each country. By targeting 85% of each industry group, the MSCI Country Index captures 85% of the total country market capitalization while it accurately reflects the economic diversity of the market. International indices.

Indices are unmanaged and it is not possible to invest directly in an index. Investments in international and emerging markets securities include exposure to risks including currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability."

Fixed Income Benchmarks

BBgBarc. Aggregate Bond Index: is an unmanaged index that tracks domestic investment-grade bonds, including corporate, government, and mortgage-backed securities.

BBgBarc. 1-3 Yr Government/Credit Bond Index: Includes bonds covered by the BBgBarc. Government/Credit Index, with maturities from 1 up to (but not including) 3 years.

BBgBarc. Intermediate Government/Credit Bond Index: Composed of approximately 3,500 publicly issued corporate and U.S. government debt issues rated Baa or better, with at least one year to maturity and at least \$1 million par outstanding. The index is weighted by the market value of the issues included in the index. The Index has duration of a little over 3 years and a maturity equal to slightly more than 4 years.

BBgBarc. Muni Bond Index: Bonds must have a minimum credit rating of at least Baa, an outstanding par value of at least \$3 million, part of a transaction of at least \$50 million, issued after November 30, 1990 and have a year or longer remaining maturity.

BBgBarc. 3 Year Muni Bond Index: Includes bonds that have a minimum credit rating of BAA3, are issued as part of a deal of at least \$50 million, have a minimum maturity of 2 years and a maximum maturity of 4 years, and have been issued after November 30, 1990.

BBgBarc. 7 Year Muni Bond Index: This index is a subset of the BC Municipal Bond Index. It includes maturities of six to eight years.

BBgBarc. Global Aggregate ex USD Index: Tracks investment-grade government, corporate, agency, and mortgage-related bonds in markets outside the U.S. An international bond index.

BofA/ML US High Yield Master II Index: The US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market, subject to various qualifications. A high yield taxable bond index.

BBgBarc. US Treasury Bond Index: Measures the performance of public obligations of the US Treasury with a remaining maturity of one year or more.

BBgBarc. US MBS Index: Measures the performance of investment grade mortgage-backed pass-through securities of GNMA, FNMA and FHLMC.

BBgBarc. IG Corporate: Measures the performance of investment grade corporate bonds with a remaining maturity of one year or more.

FTSE Treasury Bill 3 Month: An unmanaged index of three-month Treasury bills. Representative of short-term money market deposits, or "cash".

S&P/LTSA Leveraged Loan: A broad index designed to reflect the performance of U.S. dollar facilities in the leverage loan market.

Other Benchmarks

Dow Jones CSFB Managed Futures: Designed to provide transparent representation of managed futures hedge fund performance. Funds are selected by Credit Suisse based on eligibility standards, rebalanced semi-annually and performance is calculated quarterly.

Dow Jones CSFB Multi-Strategy: Designed to provide transparent representation of fund of hedge fund performance. Funds are selected by Credit Suisse based on eligibility standards, rebalanced semi-annually and performance is calculated quarterly.

Dow Jones CSFB Long/Short: Designed to provide transparent representation of long/short equity hedge fund performance. Funds are selected by Credit Suisse based on eligibility standards, rebalanced semi-annually and performance is calculated quarterly.

Investors should consider the investment objectives, risks, charges and expenses of a fund carefully before investing. This and other information is found in the prospectus or summary prospectus. For a prospectus or summary prospectus, contact your Baird Financial Advisor. Please read the prospectus carefully before investing.