Weekly Manager's Pulse

November 15, 2021

US equities retreated from record highs following a midweek technology sell-off fueled by hotter than expected inflation readings last week, with US CPI rising by 0.9% month-over-month and 6.2% year-over-year. The S&P 500 hit a new all-time-high of 4,700, its 65th record this year, but ended the week down -0.27%. Meanwhile, European equities managed to hit record highs as markets digested Q3 earnings. Brent crude oil and WTI settled at $82.17 and $80.79 per barrel, respectively, following midweek highs. These prices reflected the competing influences of a stronger US dollar, rising inflation concerns, OPEC's lower oil demand forecast, and the White House's focus on reducing energy costs. Precious metals prices rose in response to the rising inflation concerns, with gold nearing a five-month high. Lastly, sovereign yields jumped higher, with the 10-Year Treasury rising to 1.58%.

Economic Review*

- U.S. job openings fall to 10.4M
- PPI for final demand +0.6% in Oct.

Spotlight: FOCUS PLUS

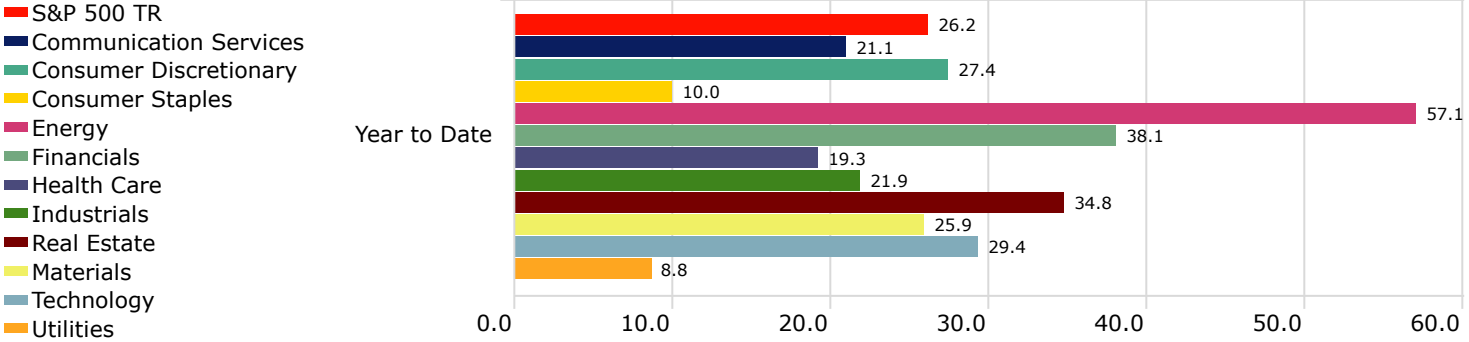
The Focus PLUS models are designed for investors who seek concentrated exposure to strategies through our Strategy PLUS offering. Each model within this series is uniquely constructed to highlight strategies that we believe are best positioned for the current market environment. Holdings within these models include Tactical strategies which range from those that will implement high cash/fixed income positions during periods of market volatility, to strategies that maintain full market exposure but tactically adjust exposure between various asset classes, sectors, or regions. Strategic strategies are also included and are built on long-term market expectations and offer investors full market exposure at all times. In addition, underlying holdings within the models provide Active management via individual stock or bond selection, as well as Passive investing which provides investors lower-cost, passive exposure to a specific index or benchmark. We believe the combination of these Strategic, Tactical, Active and Passive elements can deliver the desired portfolio outcome with greater diversification, improved risk management, and enhanced returns.

We are pleased with the performance of these models over the third quarter. Our Aggressive and Moderate Growth models outperformed their benchmarks, and the Moderate, Moderate Conservative, and Conservative models posted performance in-line, but slightly below, their benchmarks. The primary driver of returns over the quarter came from strategies with Active security selection taking place in the underlying holdings. In addition, a tactical high yield sleeve performed well relative to the broad bond market as interest rates rose in August and September.

Trailing Major Index Returns

	1 Week	1 Month	3 Month	1 Year
S&P 500	-0.27	7.75	5.34	34.32
S&P MidCap 400 TR	-0.05	7.94	6.37	41.99
S&P SmallCap 600 TR USD	-0.66	7.58	7.41	52.11
MSCI ACWI NR USD	-0.01	6.19	3.37	27.74
MSCI EM NR USD	1.71	2.61	0.07	10.98
Bloomberg US Agg Bond TR USD	-0.75	0.15	-0.52	-0.93

YTD S&P Sector Returns



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Disclosure

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The indices are presented as broad-based measures of the equity, fixed income and consumer markets. The indices are provided for comparative and illustrative purpose to provide a comparison of the model against the broader based equity, fixed income and consumer market. The indices are not intended to reflect the investment objectives of the model as the securities held within the model will differ in market volatility, concentration, investment objectives and diversification among others from those of the indices. The indices are not managed, and returns do not reflect the deduction of fees, expenses, transaction costs or taxes that actual client accounts are subject to. Investors cannot invest directly in an index. Returns are not annualized for periods less than 1 year.

Trailing Major Index Returns and YTD S&P Sector Returns are sourced from Morningstar Direct.

* Sourced from JPMorgan Asset Management, publicly available at https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/

All other economic and market data sources may include, and is not limited to:

Edward Jones, publicly available at https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update

Goldman Sachs, publicly available at https://www.gsam.com/content/gsam/us/en/advisors/market-insights.html

T. Rowe Price, publicly available at https://www.troweprice.com/personal-investing/resources/insights/global-markets-weekly-update.html

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