

Staying the Course

Market Review

Stocks closed out the first half of the year with double-digit percentage gains, powered by an economic recovery that many investors believe is firmly in progress due to an increase in vaccinations and economies continuing to reopen.

The S&P 500 is up 14% this year, closing June at a record, while the MSCI All Country World Index gained 12%. This quarter will mark both indexes' fifth consecutive quarter of gains, their longest such streak since a nine-quarter stretch that lasted through 2017. Stocks are now in the second year of a bull market, after bouncing back from the pandemic-fueled selloff of 2020.

Data on everything from hiring to consumer spending to small business-owners' confidence have bounced back and stayed above their pandemic lows.

By the end of the second quarter, one of the most dominant trends from late 2020 and the first quarter began to fade: the outperformance of value stocks over growth stocks. This shift came as the Federal Reserve indicated in June that it may raise rates somewhat sooner than expected amid signs inflation was beginning to take hold.

In the bond market, this news from the Fed sent the yield of the 10-year note down 29 basis points to 1.45% from a recent high of 1.74% in the first quarter.

Following a rough first quarter for corporate bonds, where prices were hit by fears of rising inflation, investors returned in the second quarter. U.S. corporate bonds advanced 3.7% after losing 4.7% in the first quarter.

Investment Perspectives

Risk assets have notched up strong and even spectacular returns from their pandemic lows, prompting the question: how much upside remains? While a lot of good news has certainly been priced in, we expect markets to grind higher – albeit with quite a bit of volatility along the way.

The short-term outlook is one of economies opening up and normalising. Policymakers, meanwhile, will likely continue to be very supportive in the absence of pressure from rising inflation expectations.

Markets are still figuring out what all the monetary and fiscal stimulus means for the world economy. We believe that a significant amount of this cash will be spent, boosting growth and possibly inflation. Of equal importance is our expectation that a significant amount of the cash on consumers' balance sheets will be invested in financial markets.

As a reminder from last quarter – having an effective investment process and plan ahead of time will help you be better prepared for the twists and turns, which are inevitable.

The first step in your process should be to review your investment portfolio and ensure that your investments still align with your risk tolerance. Diversification should remain a focus for the remainder of 2021.



Target Date Performance by Profile	Annualized Returns at June 30, 2021					
	10 years	7 years	5 years	3 years	1 year	YTD
GlidePath Retirement	4.08	3.04	6.30	7.97	12.18	2.51
Index	4.16	3.32	5.80	7.52	10.76	2.82
GlidePath 2020	4.93	4.47	7.42	8.37	14.51	3.24
Index	5.24	4.77	7.24	8.36	13.90	3.98
GlidePath 2030	6.88	5.77	11.01	11.94	26.59	6.31
Index	6.85	6.59	9.66	9.97	20.58	6.24
GlidePath 2040	7.69	6.26	12.66	13.31	33.29	8.52
Index	8.33	7.43	12.30	12.88	31.16	9.73
GlidePath 2050	8.12	6.56	13.52	13.90	37.92	10.01
Index	9.01	8.01	13.36	13.69	35.82	11.38
GlidePath 2060				14.45	39.10	10.32
Index				13.78	36.28	11.54

Risk-Based Performance by Profile	Annualized Returns at June 30, 2021					
	10 years	7 years	5 years	3 years	1 year	YTD
Guaranteed Interest	0.84	0.84	0.87	0.89	0.13	0.05
Index	0.84	0.84	0.87	0.89	0.13	0.05
Conservative Risk	3.58	3.26	4.57	5.14	7.99	2.45
Index	2.94	2.73	3.67	4.23	6.35	1.79
Moderate Risk	4.39	4.33	5.58	6.50	12.35	3.92
Index	3.64	3.38	4.89	5.50	10.81	3.12
Accumulator	7.06	6.54	9.30	10.42	20.83	6.36
Index	5.36	5.14	7.01	7.90	15.99	4.66
Stable Growth	8.26	7.38	11.42	12.27	24.68	7.63
Index	6.49	5.93	8.94	9.69	20.18	5.75
Growth Risk	9.52	7.50	14.32	15.65	29.68	7.69
Index	7.29	6.09	10.78	11.67	25.51	7.23
Aggressive Risk	12.10	10.08	17.87	18.86	34.69	9.16
Index	9.96	8.56	14.33	15.29	32.43	9.29

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.



Performance by Fund	Annualized Returns at June 30, 2021					
	10 years	7 years	5 years	3 years	1 year	YTD
Guaranteed Interest Account (GIA5)	0.84	0.84	0.87	0.89	0.13	0.05
Enhanced Cash – Payden USD Liquidity (MMKT)	1.01	0.42	1.79	2.04	0.85	0.20
Bank of America ML US Treasury Bill 3 Month TR USD	0.63	0.19	1.17	1.34	0.09	0.02
Short Duration - Vanguard Global Short Term Bond Index (BFMSDF)	N/A	1.24	2.13	3.00	0.77	-0.21
BofAML US Treasuries 1-3 Year TR USD	1.20	1.62	1.60	2.68	0.07	-0.08
Global Bond - Lazard Global Bond Core Plus (BFMGBF1)	1.83	3.08	2.85	4.88	4.71	-3.75
Barclays Global Aggregate TR USD	2.05	2.95	2.34	4.23	2.63	-3.21
US Bond - PIMCO Total Return (BF1)	3.53	0.88	3.89	5.86	1.46	-1.16
Barclays US Aggregate Bond TR USD	3.39	0.88	3.03	5.34	-0.33	-1.60
Inflation Strategy - PIMCO Inflation Strategy (INFLTN)	1.84	2.42	4.25	7.46	21.73	9.38
PIMCO Inflation Strategy Benchmark USD	2.29	2.42	3.64	6.33	20.19	9.77
Global TIPS - Standard Life Global Inflation Linked Bond	4.23	9.05	4.24	5.45	2.68	-0.08
Barclays Gbl. Inflation Linked TIPS TR USD	3.40	9.17	4.17	6.53	6.51	1.73
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	5.15	14.64	5.61	5.26	16.25	3.26
Barclays Global High Yield TR USD	6.10	9.17	6.49	6.57	14.59	2.08
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	5.06	11.34	4.89	6.94	8.85	-0.69
JPM EMBI Plus TR USD	4.79	11.62	3.17	5.59	4.13	-3.12
Global Value Stock - Causeway Global Value (GVF)	9.16	1.18	12.03	10.76	56.28	15.41
MSCI ACWI NR USD	9.90	0.70	14.61	14.57	39.26	12.30
Global Growth Stock - Artisan Global Opportunities (IGF)	14.70	6.25	19.28	19.88	30.90	3.71
MSCI ACWI NR USD	9.90	7.35	14.61	14.57	39.26	12.30
US Growth Stock - Franklin US Opportunities (USGF)	15.82	5.41	23.62	24.10	40.06	12.72
MSCI US Large Cap Growth PR USD	17.42	5.82	23.78	26.29	43.99	13.43
US Value Stock - MFS Meridian US Value (USVF)	10.96	2.06	11.00	12.12	35.89	14.39
MSCI US Large Cap Value PR USD	8.10	0.08	8.43	8.63	34.06	13.96
US Stock Index - Vanguard US 500 Stock Index (INDUSE)	13.99	13.46	16.87	17.93	40.06	14.98
S&P 500 NR USD	14.14	13.65	16.97	18.01	40.14	15.00
Global Stock Index - Vanguard Global Stock Index (INDGEQ)	10.47	9.86	14.69	14.88	38.95	13.02
MSCI World Free NR USD	10.65	10.08	14.83	14.99	39.04	13.05
Global Small Cap Stock - Vanguard Glb. Small Cap Index (GSMCEQ)	10.29	12.54	14.16	11.94	52.60	14.85
MSCI World Small Cap NR USD	10.54	13.92	14.37	12.14	52.88	14.87
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	5.52	12.55	16.74	14.81	47.95	7.52
MSCI EM PR USD	1.83	9.90	10.51	8.73	38.14	6.46

The Current Guaranteed Interest Crediting Rate is 0.10%

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