



VERACITY
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Student of the Market

June 2021

Advisory services through Veracity Capital, LLC, a registered investment advisor.

TABLE OF CONTENTS

1. Bond Market Returns
2. Cash on the Sidelines
3. Equity Fund Asset Levels
4. Growth Versus Value
5. Recent Inflation

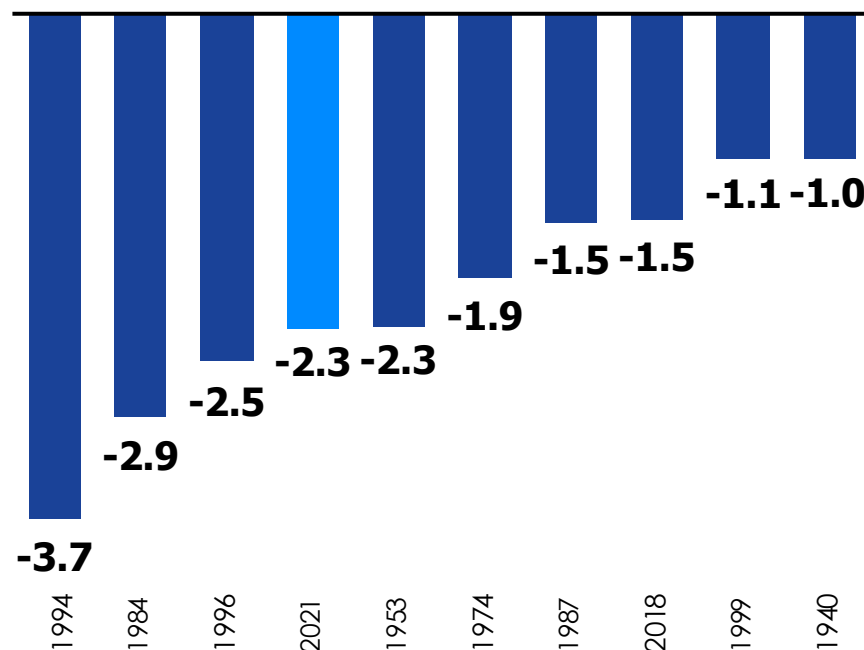
Bond Market Returns – 4th Worst Start to a Year for Bonds

Bonds have had their 4th worst start to a year since 1926.

After historical worst starts, the next 7 months saw bond returns bounce back.

Investors may have inflation concerns, but we do not believe this is a time to abandon fixed income.

Top 10 worst starts of the year for bonds
(Since 1926, total return for first five months of calendar year)



Returns after each “worst start”
(Since 1926, total return for given time periods)

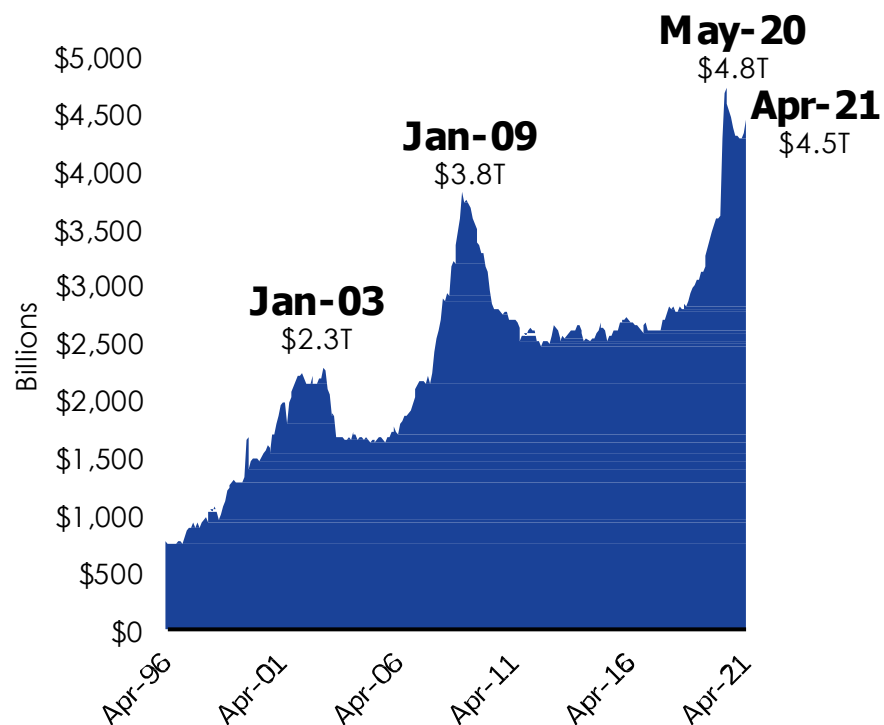
Year	First 5 months	Next 7 months
1994	-3.7	0.8
1984	-2.9	18.6
1996	-2.5	6.3
2021	-2.3	?
1953	-2.3	5.6
1974	-1.9	7.8
1987	-1.5	4.3
2018	-1.5	1.5
1999	-1.1	0.2
1940	-1.0	4.1
Avg	-2.1	5.5

Cash on the Sidelines – Money Market Assets Near Historic Peaks

While we do not know where the cash will be invested, we do know that money market funds are near peak levels. Sizable assets within money market funds could act as a buffer on volatility.

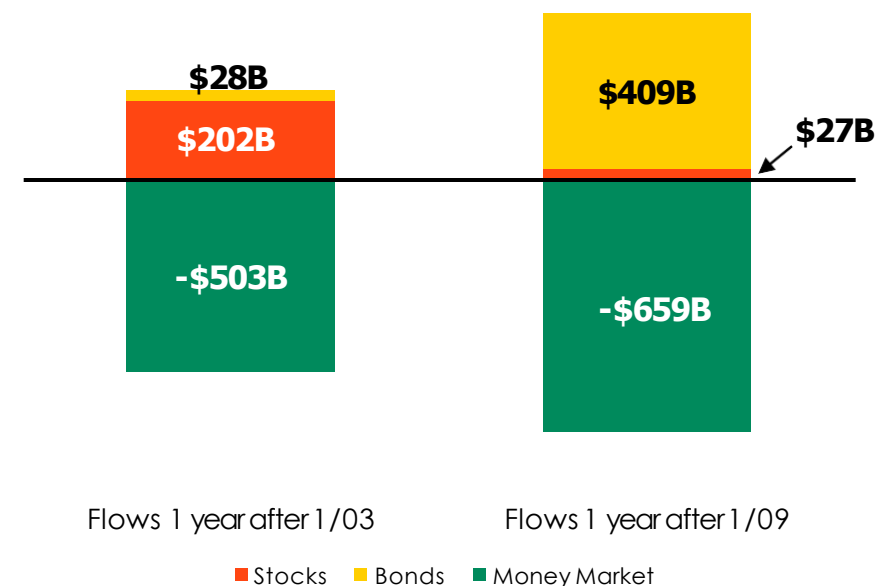
Money market fund assets

Last 25 years (4/1/96 – 4/30/21)



Where did the money market assets go?

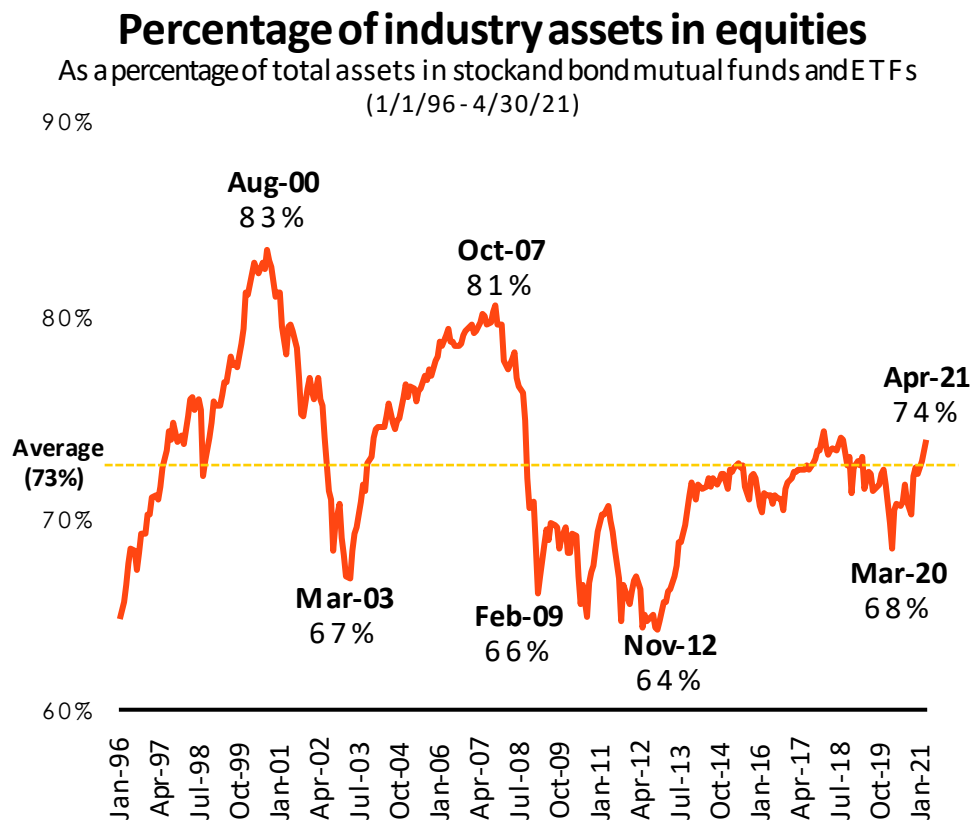
Mutual fund and ETF flows by security type, 1 year after previous peaks



Source: Morningstar as of 4/30/21. Money market flows and assets are represented by assets in the Morningstar U.S. Money Market funds category. Stock flows are represented by flows into the broad Morningstar equity mutual fund and ETF categories as defined by Morningstar during the given time period. Bond flows are represented by flows into the broad Morningstar fixed income mutual fund and ETF categories as defined by Morningstar during the given time period. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You cannot invest directly in the index.

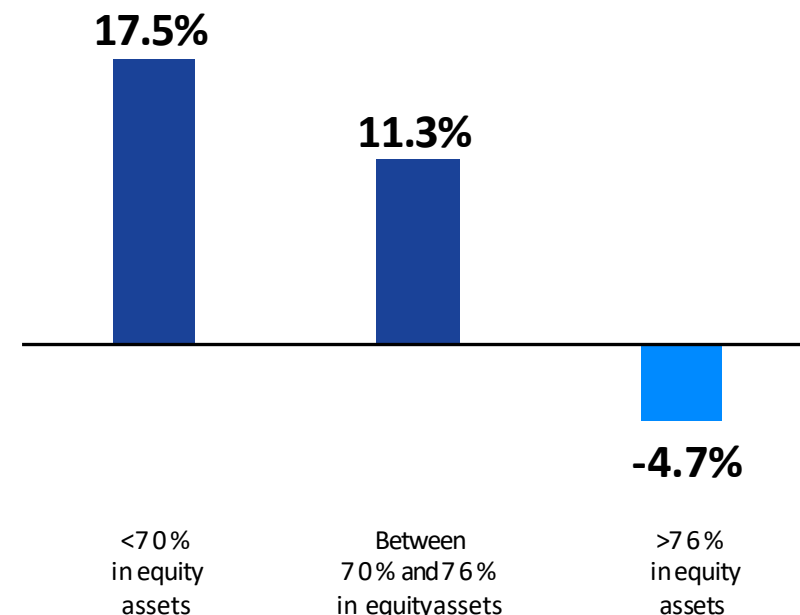
Equity Fund Asset Levels - Within Historic Range For Positive Returns

Equity fund assets are still within their historic range, which generally results in average equity returns. This is another positive signal for equity investors.



U.S. stock market returns, next 3 years

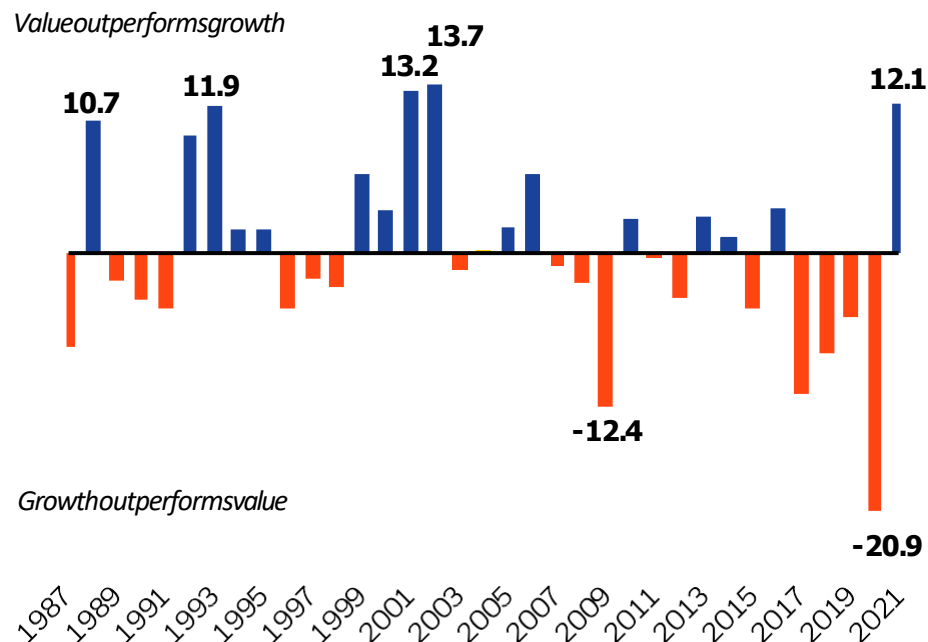
Average annual return following each cohort



Value Versus Growth – 3rd Best Start to a Year for Value

When value stocks have started the year strong relative to growth stocks, the next 7 months saw this performance continue but at a much slower pace. We attribute the strong outperformance in value to the reopening of our economy and anticipate growth stocks will close the performance gap over the coming years.

Growth versus value, first 5 months of the year
 Valuereturns minus growth returns for first five months of calendar year
 (1/1/87 – 5/31/21)



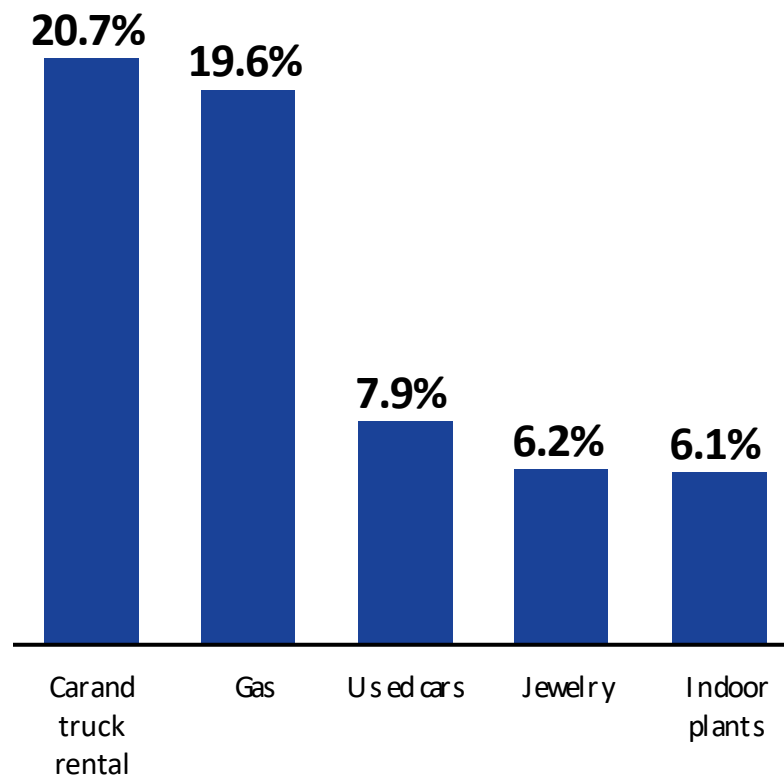
Returns after each “best value start”
 (1/1/87 – 5/31/21)

Year	Value outperformance (First 5 months)	Value outperformance (Next 7 months)
2002	13.7	1.0
2001	13.2	2.9
2021	12.1	?
1993	11.9	2.5
1988	10.7	0.3
Avg	12.3	1.7

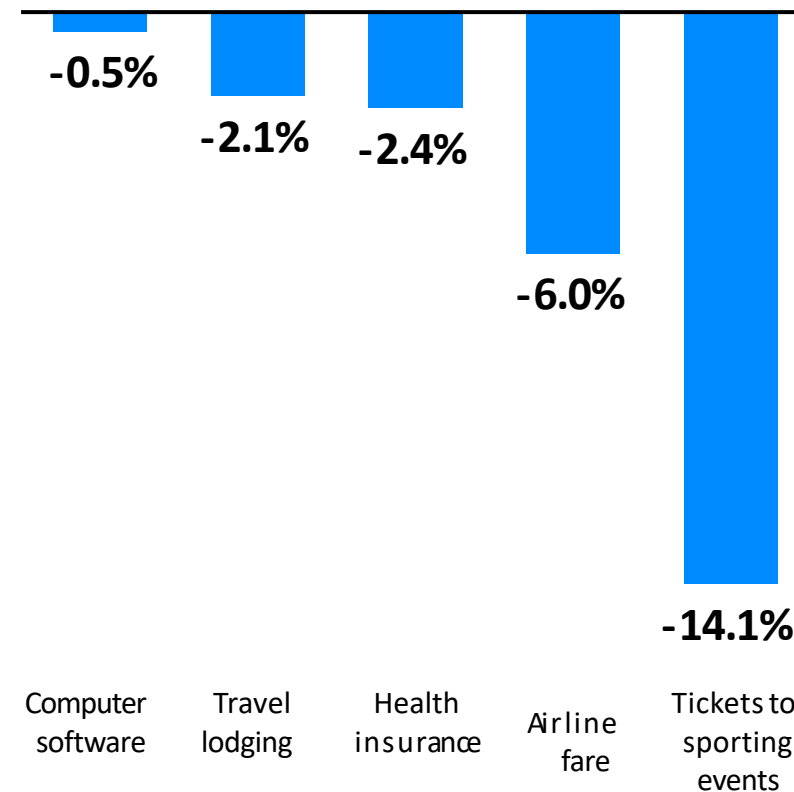
Recent Inflation – Contributors and Detractors

We have seen an increase in inflation over the past year, and while many of us feel the impact, there are consumer sectors of our economy that are more affordable today than they were prior to the COVID-19 pandemic.

What's going UP in price
Selected inflation components in 2021



What's going DOWN in price
Selected inflation components in 2021



Student of the Market: June 2021

Returns as of 5/31/21	Total Ret 1 Year	Total Ret 5 Years	Total Ret 10 Years
BBgBarc US AggBondTR USD	-0.40	3.25	3.29
IASBBI US IT GovtTR USD	-1.60	2.69	2.68
IASBBI US Large StockTR USD Ext	40.32	17.16	14.38
Russell 1000 GrowthTR USD	39.92	22.07	16.98
Russell 1000 ValueTR USD	44.38	12.33	11.51
S&P 500 TR USD	40.32	17.16	14.38
US BLS CPI All Urban NSA 1982-1984	4.16	2.22	1.73

Source: Morningstar. Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than that shown. ©2020 Morningstar. All Rights Reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by a financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of 5/31/21 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

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