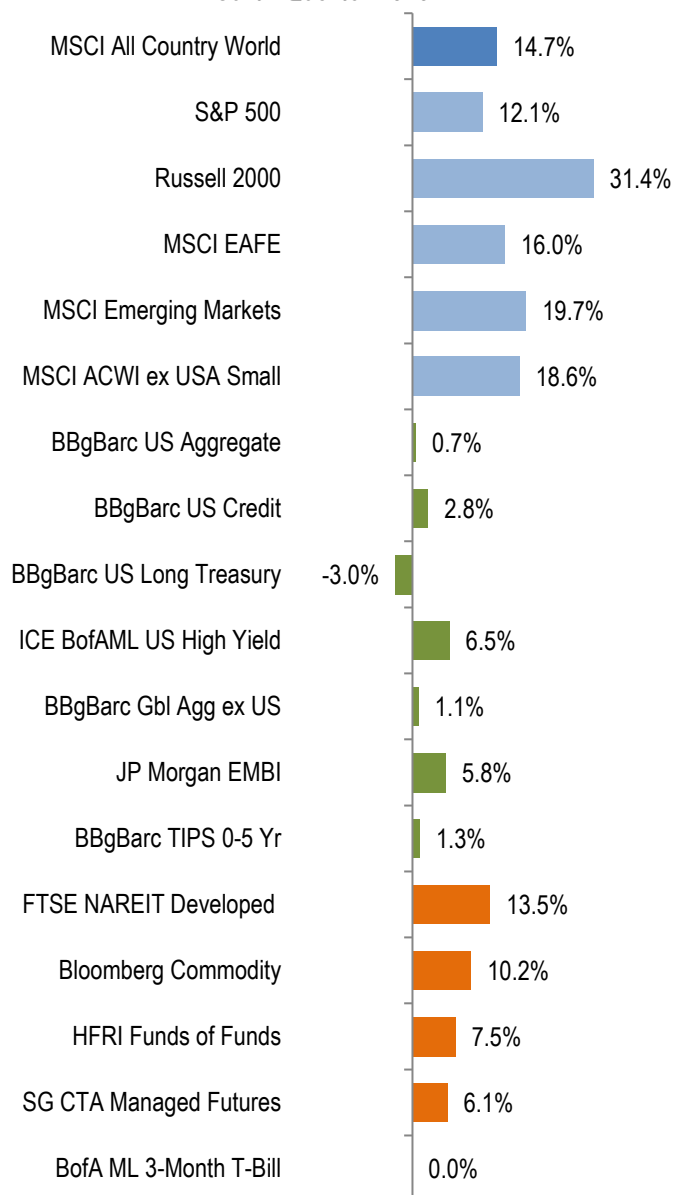


Fourth Quarter 2020



Fourth Quarter 2020: Hindsight is 2020: What Now?

An optimistic fourth quarter capped a wild and turbulent year in the capital markets. The stock market, which had rallied since the March lows on the back of unprecedented global fiscal and monetary stimulus, was given another boost in November as news broke on the success of multiple COVID-19 vaccines. The vaccine news largely benefited the stocks that had been laggards in the rally from the bottom, with value, small cap, and international markets leading the market higher. Small-cap stocks earned enough during the quarter to overtake the S&P 500 for the full year, with the Russell 2000 doubling since March and earning 20% for the full year.

Some signs of excess exuberance have shown up in the markets. Day traders have increasingly used options to gain exposure to certain technology shares, investors' margin debt is at an all-time high, and fund flows into leveraged and inverse exchange traded funds is just behind the 2008 peak. Even still, with interest rates at record lows for the foreseeable future, expensive capital markets might just be here to stay as well. Bonds were little changed in the quarter, with a slight uptick in Treasury rates offset by a compression in spreads. The Bloomberg Barclays Aggregate Index was correspondingly up less than 1% for the quarter.

While Wall Street has priced in a recovery, backward-looking economic numbers are still telling a more dismal story. Five million more people are unemployed in the US than were in February, and weekly initial jobless claims have averaged 800,000 in the fourth quarter. A new round of stimulus signed into law just before the New Year should help bridge the gap for some individuals until state governments can effectively administer a vaccine and life can return to some form of normalcy.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
S&P 500	12.1%	18.4%	18.4%	14.2%	15.2%	9.9%
S&P 500 Value	14.5%	1.4%	1.4%	6.8%	10.5%	7.3%
S&P 500 Growth	10.7%	33.5%	33.5%	20.5%	19.0%	12.0%
Russell 2000	31.4%	20.0%	20.0%	10.2%	13.3%	8.9%
Russell 2000 Value	33.4%	4.6%	4.6%	3.7%	9.7%	6.9%
Russell 2000 Growth	29.6%	34.6%	34.6%	16.2%	16.4%	10.7%
MSCI EAFE (USD)	16.0%	7.8%	7.8%	4.3%	7.4%	4.5%
MSCI EAFE (Local)	11.4%	0.8%	0.8%	3.0%	5.8%	4.1%
MSCI Emerging Markets (USD)	19.7%	18.3%	18.3%	6.2%	12.8%	6.6%
MSCI Emerging Markets (Local)	16.0%	19.1%	19.1%	8.1%	12.6%	8.2%
BBgBarc US Aggregate	0.7%	7.5%	7.5%	5.3%	4.4%	4.5%
BBgBarc Long Treasurys	(3.0%)	17.7%	17.7%	9.9%	7.8%	7.1%
FTSE NAREIT Developed	13.5%	(8.2%)	(8.2%)	2.5%	4.7%	5.2%
HFRI Fund of Funds	7.5%	10.3%	10.3%	4.7%	4.4%	3.0%
BofA ML 3-Month T-Bill	0.0%	0.7%	0.7%	1.7%	1.2%	1.2%

Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data
Returns for periods longer than 1 year are annualized.

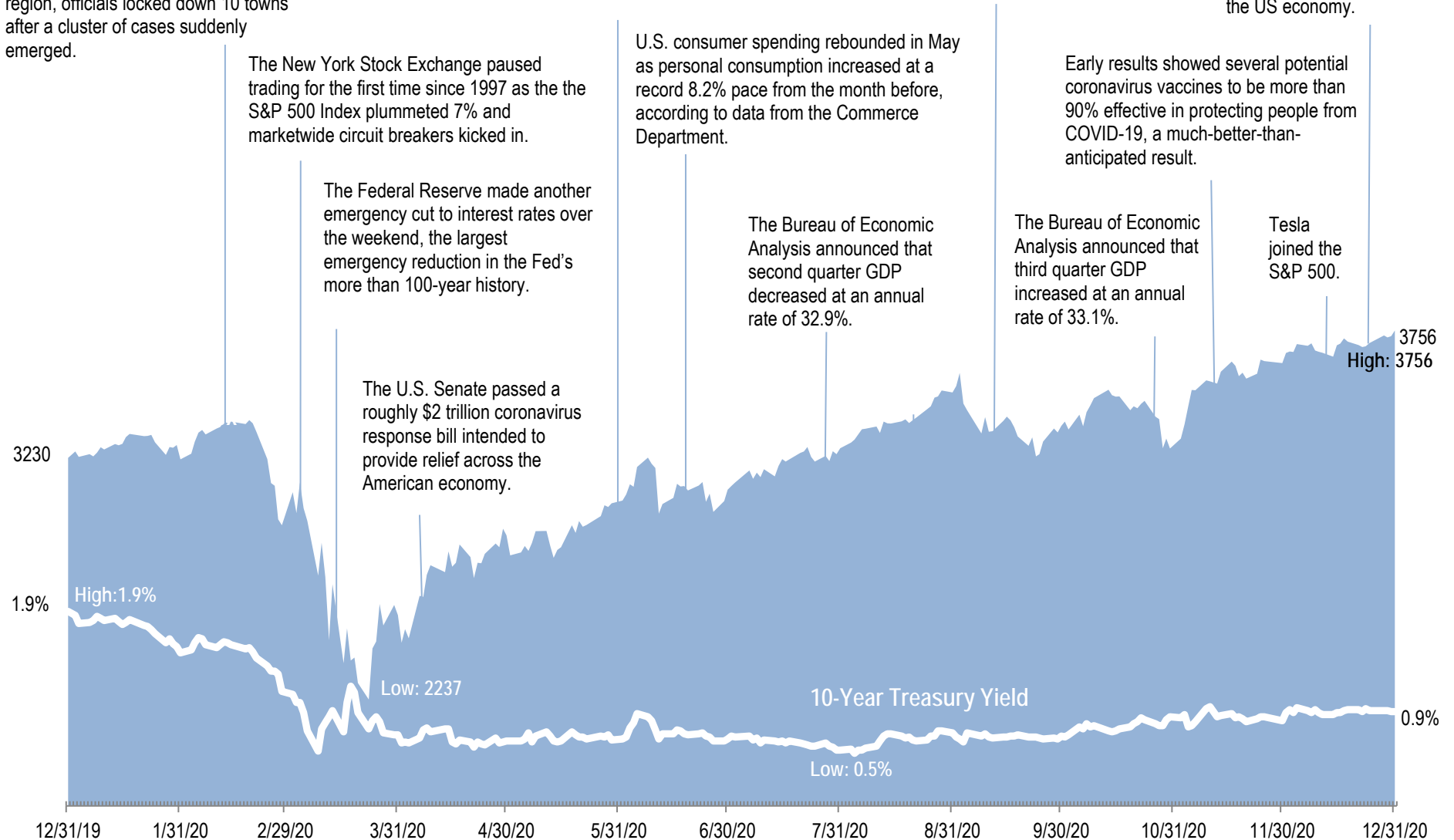
As of December 31, 2020

Europe faced its first major outbreak of COVID-19 as the number of reported cases in Italy grew from fewer than five to more than 150. In the Lombardy region, officials locked down 10 towns after a cluster of cases suddenly emerged.

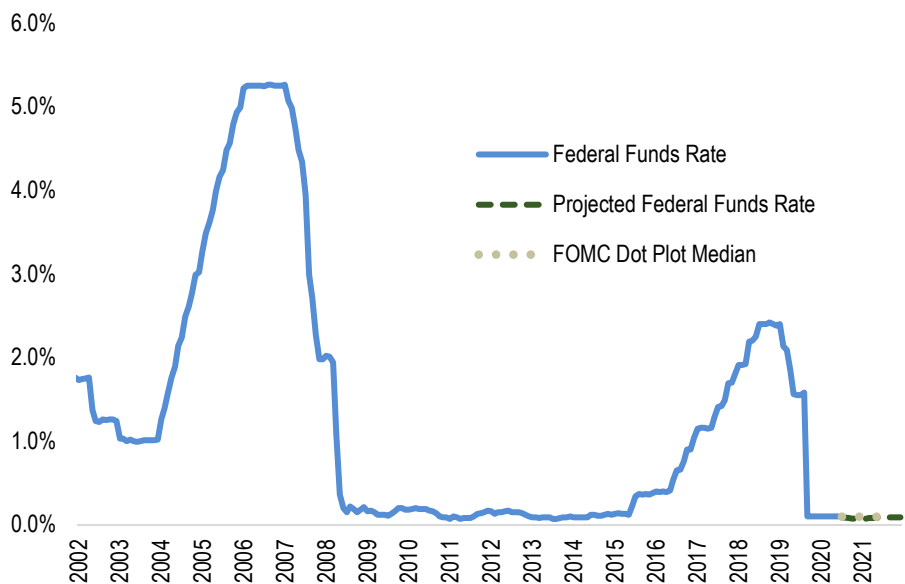
After two months of large losses, U.S. employers added 2.5 million jobs, the most jobs added in a single month on records dating from 1948. The jobless rate fell to 13.3% from April's 14.7%, a post-World War II high.

Apple became the first company valued at \$2 trillion. The milestone comes just two years after reaching a \$1 trillion valuation.

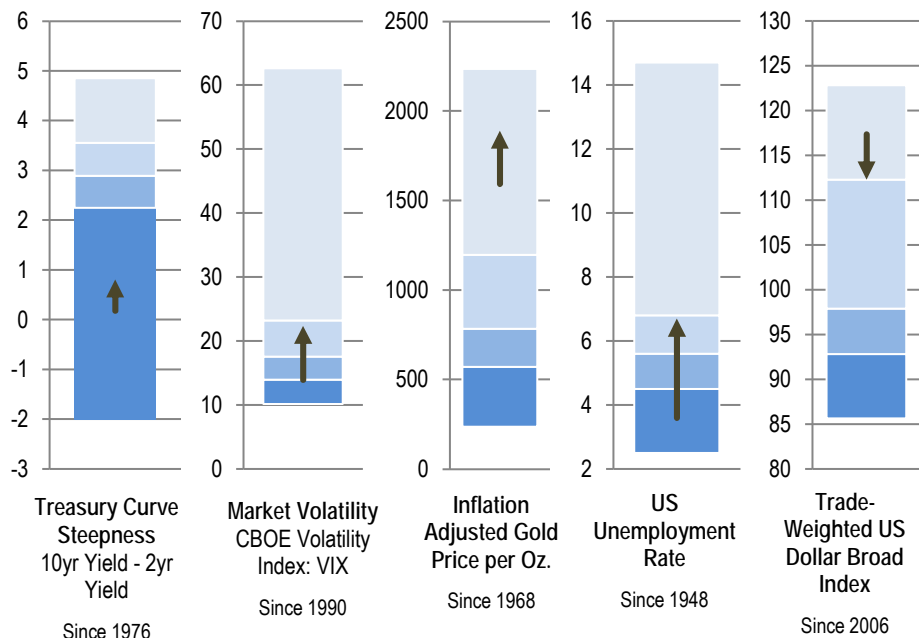
President Trump signed a new stimulus bill into law, releasing \$900 billion in emergency relief funds into the US economy.



Federal Funds Rate

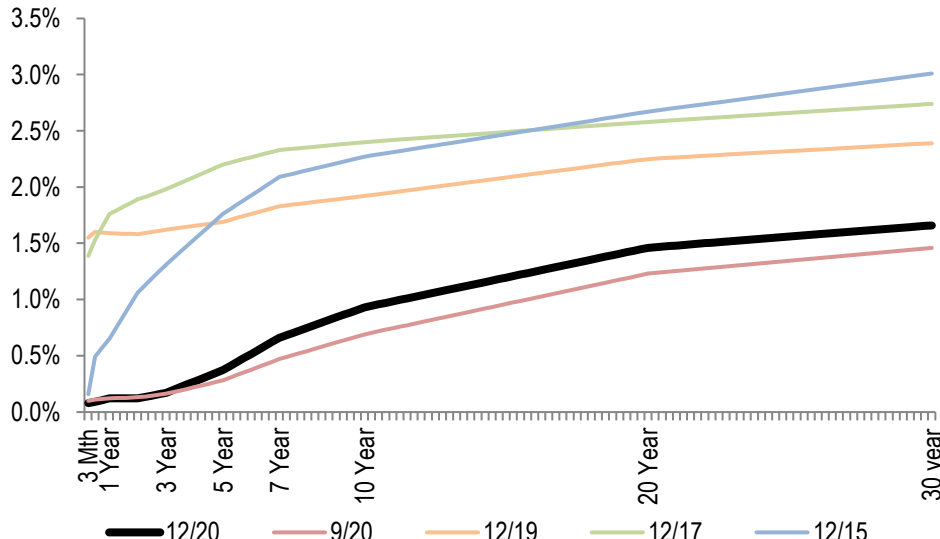


As of December 31, 2020



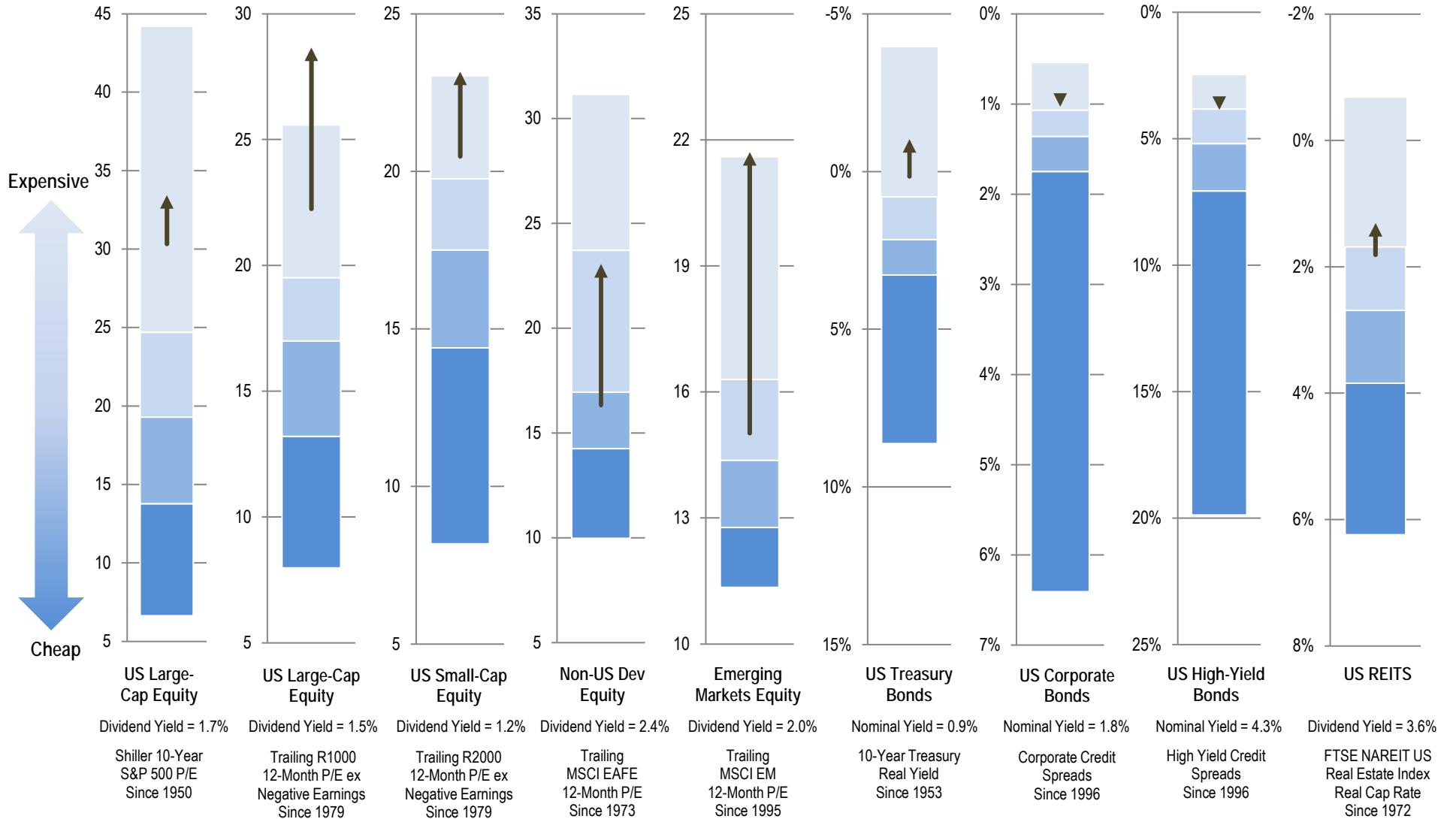
	12/2020	9/2020	12/2019	12/2017	12/2015
Market Inflation Expectations					
5 Year	1.9	1.5	1.7	1.9	1.3
10 Year	2.0	1.6	1.8	2.0	1.5
20 Year	2.0	1.8	1.9	2.0	1.6
CPI Year-over-Year	---	1.4	2.3	2.1	0.6
West Texas Crude Oil	47.5	40.1	61.1	60.5	37.1
Consumer Sentiment Index	80.7	78.9	99.3	95.9	92.6
US Corp Profits (% of GDP)	---	10%	9%	9%	9%
Real GDP Growth YoY	---	33.4	2.4	3.9	0.6
Federal Funds Rate	0.09	0.05	1.55	1.30	0.24

US Treasury Yield Curve



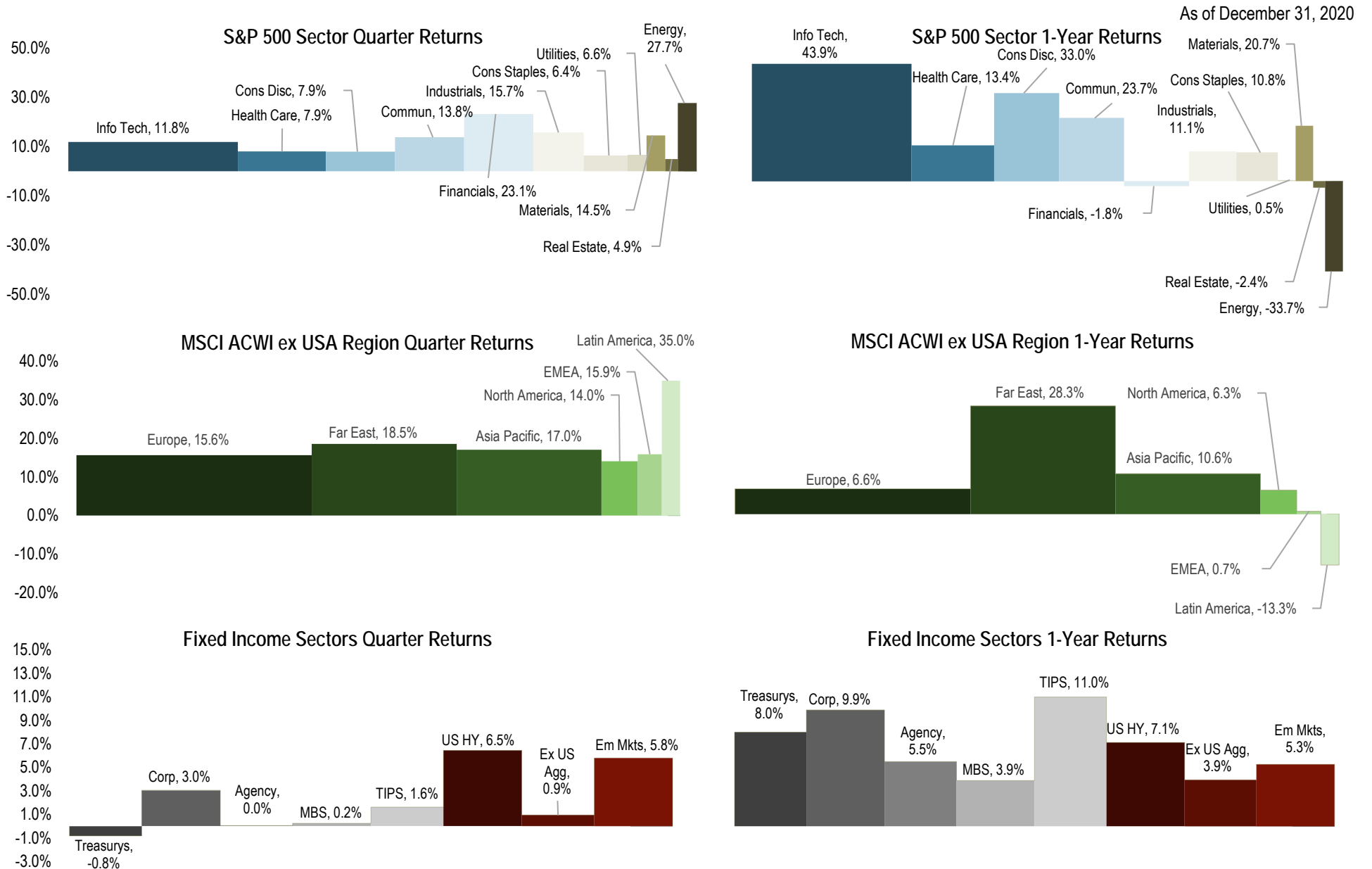
Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data, CME Group
 Arrows in the top-right charts represent year on year change.

As of December 31, 2020



Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology. 10-Year Treasury real yields are based on the constant maturity TIPS yields calculated by the Federal Reserve. Prior to 2003, real yields are calculated by adjusting the nominal yield with the prior 12-month change in core CPI-U. Real cap rates are inflation adjusted using the applicable 10-year TIPS breakeven inflation rate. Prior to 2003, real cap rates are calculated by adjusting the cap rate with the prior 12-month change in the core CPI-U. Sources: Sellwood Consulting LLC, Robert Shiller Data, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

Sector and Region Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights.

Sources: Sellwood Consulting LLC, Morningstar Direct

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	1/1/2011 - 12/31/2020	Legend
22%	29%	39%	19%	14%	21%	37%	7%	31%	20%	9%	MSCI All Country World
15%	19%	32%	15%	1%	17%	25%	2%	27%	18%	14%	S&P 500
14%	18%	23%	14%	1%	12%	24%	1%	26%	18%	11%	Russell 2000
10%	17%	23%	11%	1%	12%	22%	0%	23%	16%	6%	MSCI EAFE
8%	16%	13%	6%	1%	11%	15%	-1%	22%	16%	3%	MSCI Emerging Markets
8%	16%	9%	6%	0%	10%	11%	-1%	20%	11%	3%	BBgBarc Multiverse
6%	16%	7%	5%	0%	8%	10%	-2%	18%	10%	4%	BBgBarc US Aggregate
4%	16%	4%	5%	-1%	8%	9%	-3%	15%	9%	3%	BBgBarc US Treasury
2%	10%	0%	4%	-1%	7%	8%	-4%	14%	8%	7%	ICE BofA US High Yield
0%	9%	-2%	4%	-2%	5%	8%	-5%	9%	8%	8%	BBgBarc Long US Gov/Credit
-4%	7%	-2%	3%	-3%	4%	7%	-5%	8%	8%	4%	BBgBarc US TIPS
-6%	5%	-3%	3%	-3%	3%	7%	-6%	8%	6%	6%	JP Morgan EMBI
-6%	5%	-3%	0%	-4%	3%	4%	-9%	8%	5%	9%	NCREIF-ODCE
-7%	4%	-7%	0%	-4%	1%	3%	-11%	7%	1%	6%	FTSE NAREIT Developed
-12%	2%	-9%	-2%	-5%	1%	2%	-11%	7%	0%	3%	HFRI Funds of Funds
-13%	0%	-9%	-5%	-15%	0%	2%	-14%	4%	-3%	-6%	Bloomberg Commodity Index
-18%	-1%	-10%	-17%	-25%	0%	1%	-15%	2%	-8%	1%	ICE BofA 91-Day T-Bill

Returns for the period from 1/1/2011 - 12/31/2020 are annualized.