

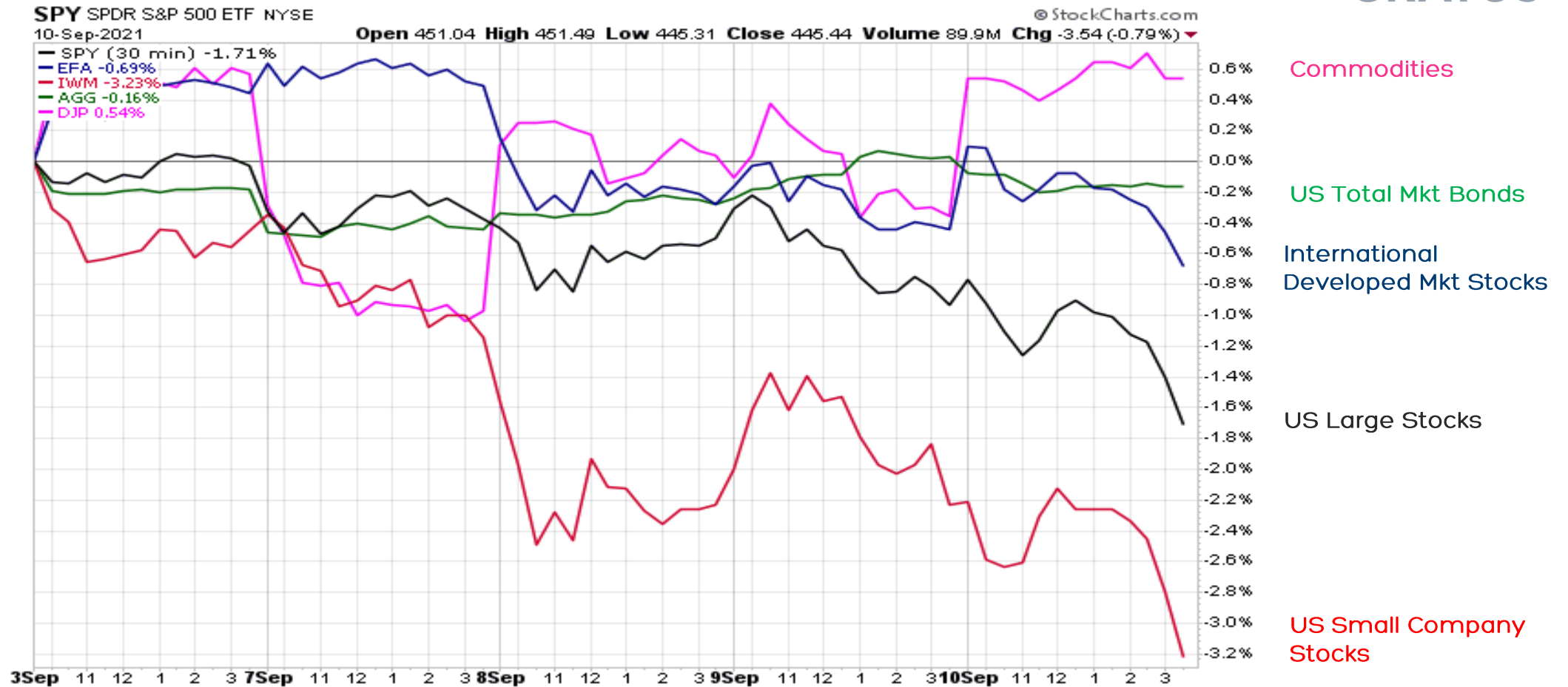


Two Minutes With Todd

Supporting Charts + Commentary

September 13th, 2021

Last Week's Performance





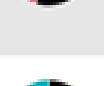



Markets ended a holiday-shortened week on a down note with most equity indices in negative territory. Rising commodity prices showed a negative impact in producer prices with the fast increase on record. At the same time, job gains have been surprising to the downside as there are now 1.2 jobs for every jobseeker.

Chart #1: The Importance of Alternative Assets

Stocks, Bonds, and Core Alternatives Index | January 1, 1990 – March 31, 2021



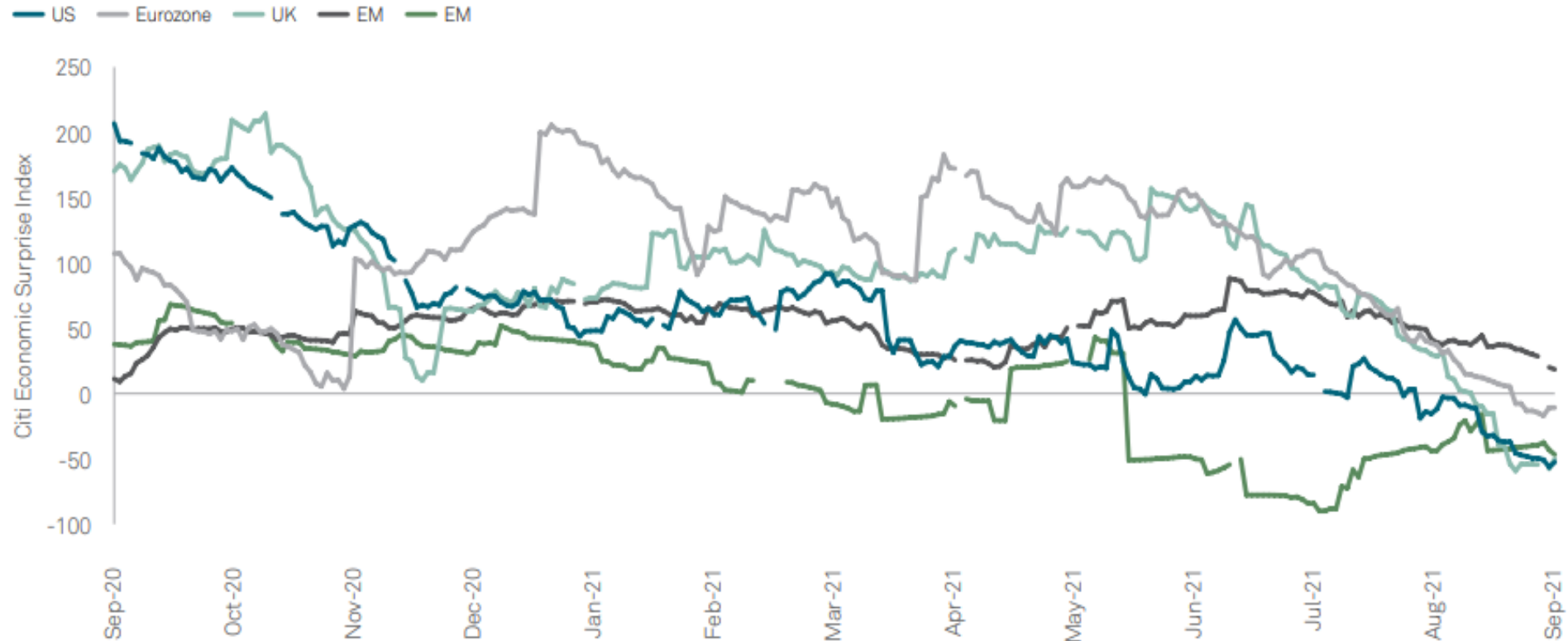
PORTFOLIO ALLOCATION 1/1/90 – 3/31/21	AVG ANN RETURN	LARGEST 1-YEAR GAIN	LARGEST 1-YEAR LOSS	MAX DRAWDOWN*	STD DEV.	GROWTH OF \$1 MILLION
 <ul style="list-style-type: none"> Stocks 100% 	10.36%	66.36%	-38.09%	-45.80%	16.95%	\$21,714,040
 <ul style="list-style-type: none"> Stocks 60% Bonds 40% 	8.93%	33.20%	-21.32%	-26.61%	9.34%	\$14,497,540
 <ul style="list-style-type: none"> Endowment Model Index 100% (Hedge Funds 25% Private Investments 75%) 	12.67%	47.69%	-22.42%	-24.30%	8.76%	\$41,630,050
 <ul style="list-style-type: none"> Stocks 55% Bonds 35% Endowment Model Index 10% (Hedge Funds 2.5% Private Investments 7.5%) 	9.38%	33.85%	-21.82%	-26.78%	9.21%	\$16,457,460
 <ul style="list-style-type: none"> Stocks 50% Bonds 30% Endowment Model Index 20% (Hedge Funds 5% Private Investments 15%) 	9.81%	34.49%	-22.32%	-26.95%	9.13%	\$18,638,910
 <ul style="list-style-type: none"> Stocks 45% Bonds 25% Endowment Model Index 30% (Hedge Funds 7.5% Private Investments 22.5%) 	10.24%	36.46%	-22.82%	-26.25%	9.10%	\$21,061,880

With high quality bond returns negative in 2021, alternative strategies are highlighting benefits to a diversified portfolio. Additionally, as seen above, when viewed over a longer horizon (30+yrs) the impact of incorporating alternatives can be meaningful.

Chart #2: Deteriorating Economic Surprises



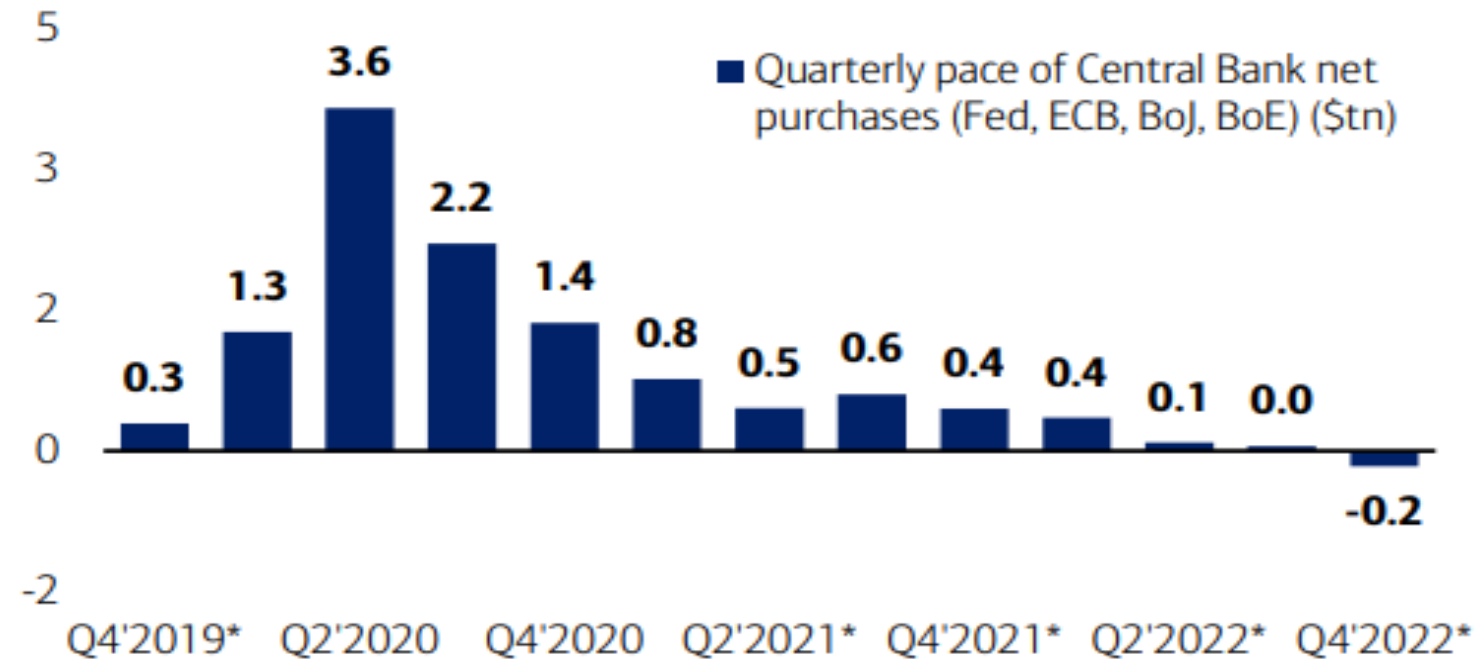
Citigroup Global Economic Surprise Indices



While we remain positive on equity markets into year-end, economic surprise data has recently trended lower. Whether this data is temporary or a harbinger of challenging conditions to come, remains-to-be-seen. Markets will likely remain very sensitive to small changes in data for the foreseeable future.

Chart #3: Central Banks Easing Up

Quarterly Pace Of Central Bank Net Purchases (\$tn)



Source: BofA Global Investment Strategy, Haver

While economic surprise data has been weakening, global central banks have been gradually easing off the bond buying accelerator. According to estimates, central banks will be net “sellers” of bonds buy Q4 of 2022. However, this dynamic is well-understood by markets and shouldn’t be a big impact.

Appendix

Correction / Recession Indicators



Commodities Trend (3M) ¹	Up	
High Yield Credit Spreads (579 bps ave) ²	311	
BBB Credit Spreads (172 bps ave) ²	112	
Yield Curve 10yr – 3M (175 bps ave) ²	130	
CBOE Put/Call Ratio (0.9 to 1.1) ¹	0.99	
Volatility Index (13-19 ave) ¹	18.9	
NYSE Advance/Decline Line (month/month) ¹	Down	

CNN Fear/Greed Index ³	Fear	
AII % Bulls Sentiment (39% ave) ⁴	38.9%	
Chemicals Activity Barometer (y/y) ⁵	18.6%	
S&P 500 200 Day Moving Average Cross	No	
Total Positive	9 / 18	
Total Negative	5 / 18	

Continued Unemployment Claims ²	2,783	
GDP Nowcast ⁶	3.65%	
Case-Schiller HPI (y/y) ⁷	20%	
US ISM Manufacturing (>50= +) ⁷	59.9	
US ISM Services (>50= +) ⁷	61.7	
Headline Consumer Price Index (y/y) ⁷	5.4%	
Leading Economic Index (m/m) ⁷	0.4%	

Sources: (1) Stockcharts.com, (2) St. Louis Federal Reserve FRED, (3) CNN.com, (4) American association of Individual Investors, (5) American Chemistry Counsel, (6) Atlanta Federal Reserve, (7) Factset

Disclosures

Gratus Capital, LLC (Gratus) is a limited liability company that provides investment advisory services, financial planning and other wealth management services to individuals and businesses. Gratus is an SEC registered investment advisor and a wholly-owned subsidiary of Focus Financial Partners. Registration with the SEC does not imply any level of skill or training. Our ADV documents are available upon request.

The information contained in this summary is for informational purposes only and contains proprietary information that is subject to change without notice. Any opinions expressed are current as of the time made and subject to change without notice.

Past performance is not indicative of any specific investment or future results. Views regarding the economy, securities markets, or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. Any information provided by Gratus regarding historical market performance is for illustrative and educational purposes only. Clients or prospective clients should not assume that their performance will equal or exceed historical market results and/or averages.

Gratus' portfolio recommendations may differ from the date of this publication and implementation in a portfolio. The information provided is not intended to be, and should not be construed as, investment, legal or tax advice. Nothing contained herein should be construed as a recommendation or advice to purchase or sell any security, investment or portfolio allocation. Any investment advice provided by Gratus is client-specific based on each client's risk tolerance and investment objectives.

If you have questions, please contact our team at: clientsupport@gratuscapital.com

