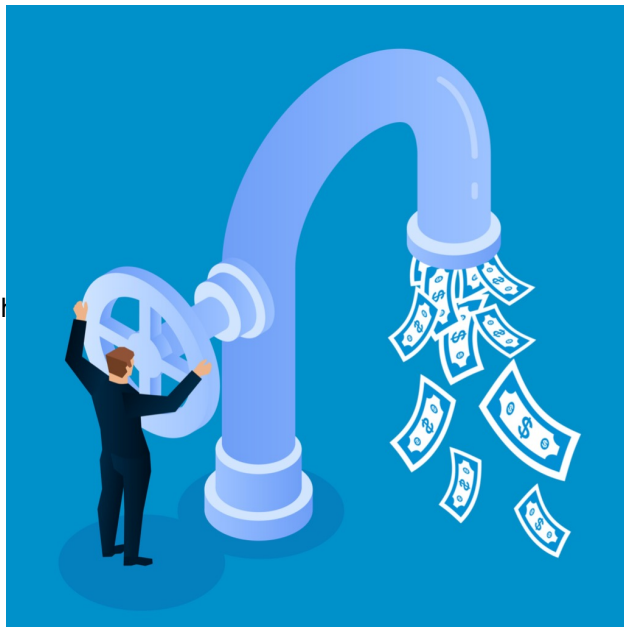


Capital Market Review / *First Quarter 2021*

The Big Picture

Great expectations often lead to disappointment. No, I'm not talking about the Dickens novel – Pip would never disappoint. I'm talking about real life.

We are in the midst of an economic recovery from the reaction to Covid-19, and expectations are getting great. The Fed has said it foresees 6 percent economic growth. When most people hear that they probably celebrate, but when I hear that I immediately think: We could grow at 5.5 percent and Wall Street will be disappointed.



@ sesame

The Fed has kept the gas pedal to the floor and says they no longer care about short-term inflation but will keep the money loose until people get back to work. At the same time, the administration and Congress are passing relief packages seemingly designed to stop people from going back to work. These policies have the potential to lead to permanent higher unemployment and easy money, which could lead to inflation. The Producer Price Index, which tracks wholesale prices, is up more than 4 percent over the last year, and the recent reading for the Consumer Price Index was 2.6 percent – more than half a percent higher than the Fed's long-term target.

Is inflation solely a monetary policy issue, or is it the combination of loose monetary policy with big government spending? I don't know the answer, but this is a question that must be asked.

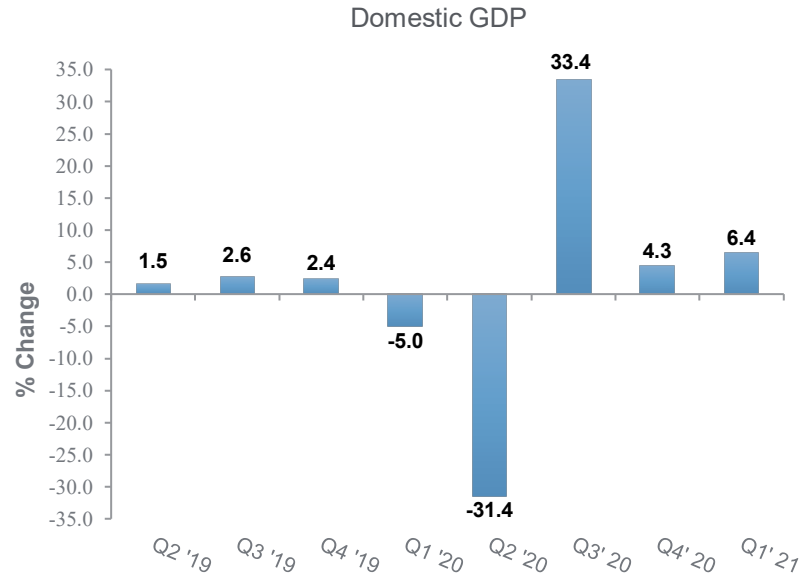
The combination of fiscal spending and loose monetary policy could lead to inflation.

The Economy

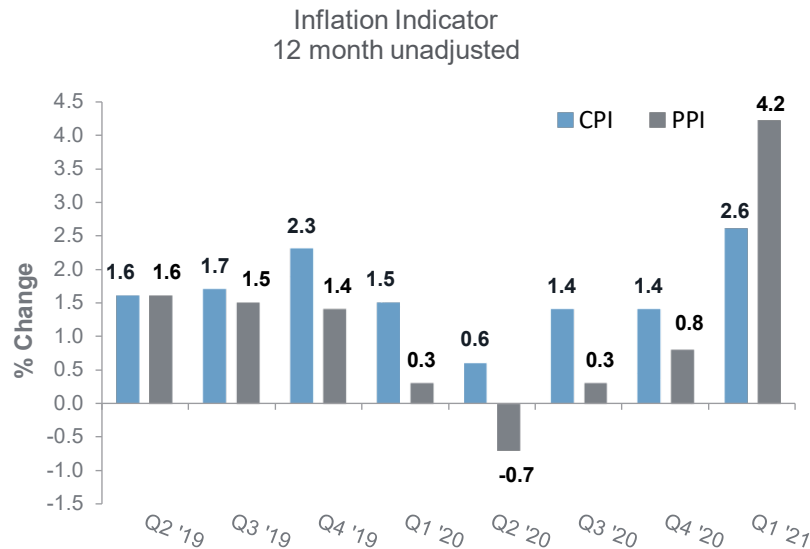
The 4th quarter 2021 GDP growth came in up 4.3 percent as the economic recovery continues. Optimism for continued growth in 2021 is very high. Hopefully, that pans out as people expect.

The official unemployment rate is 6.0 percent in March. Jobs have come back at a rapid clip. The traditional belief was that 6 percent represented full employment, although we had been well below that before Covid-19.

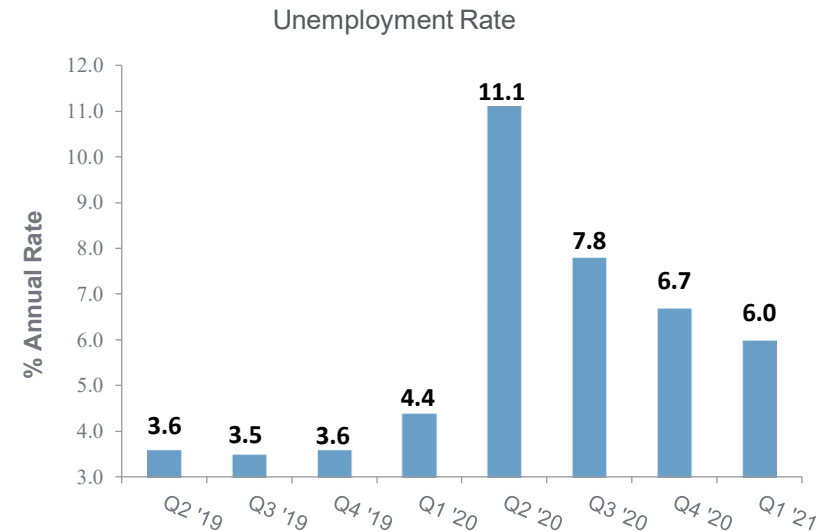
Inflation is 2.6 percent based on the latest consumer price index report. It is ticking upward and the producer price index, which tracks wholesale prices, is up 4.2 percent over the last 12 months. Inflation is worrying everyone except the Fed. Expect the Fed to continue to be very aggressive.



Source: Factset



Source: Factset



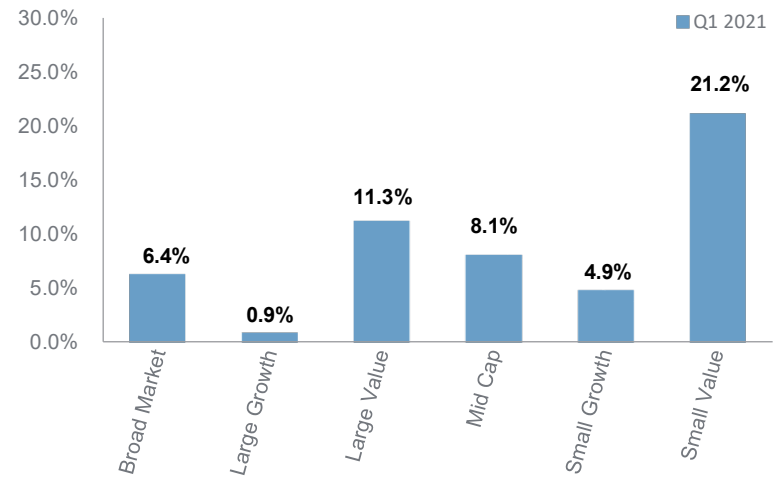
Source: Factset

Domestic Equity Markets

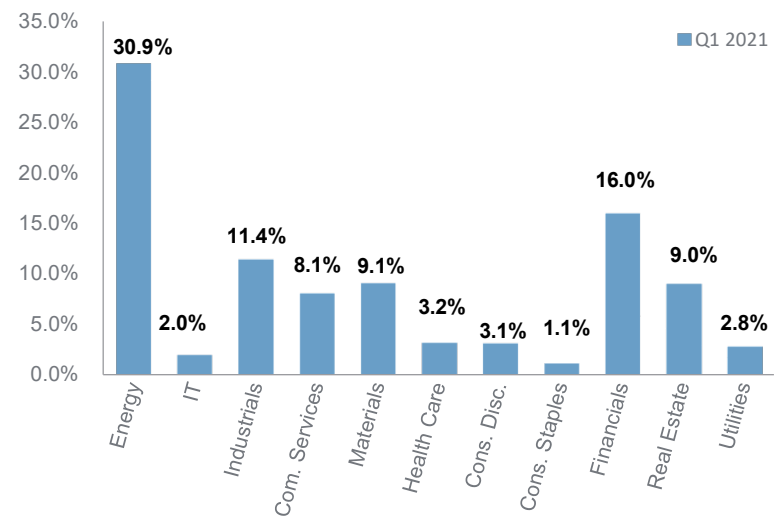
The market continued to climb. For the quarter, the S&P 500 finished up 6.17 percent and small company stocks represented by the Russell 2000 index were up 12.7 percent. Value continued to outperform.

Energy was the best place to be once again with a return of almost twice the next best place to be which was financials. The green energy push has the counterintuitive result of increasing the profits for traditional energy companies.

Domestic Equity Market Returns



S&P GICS Sector Returns

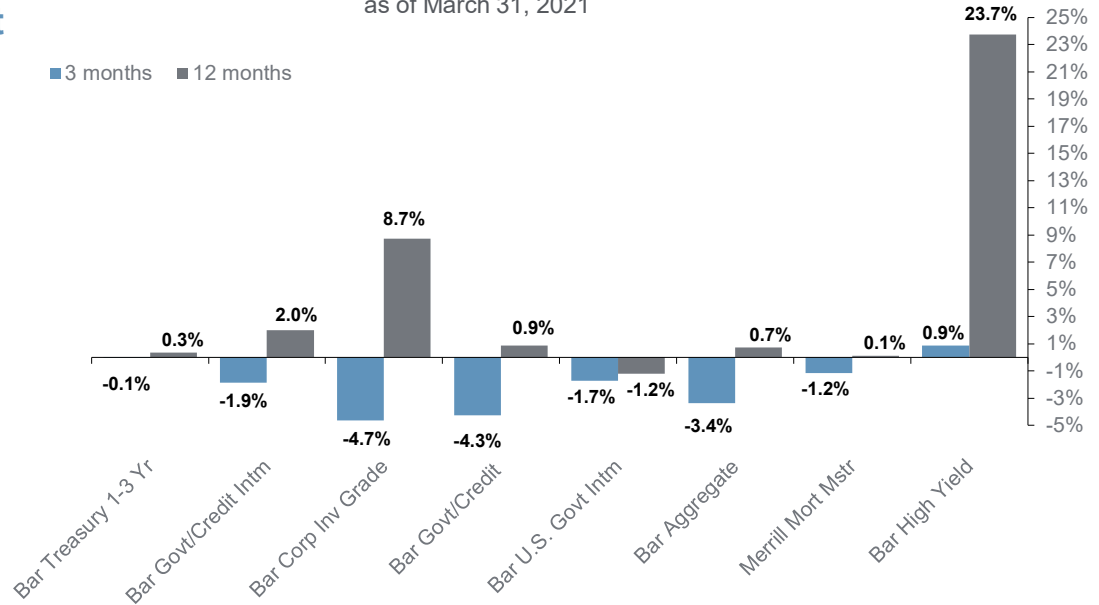


Domestic Fixed Income Market

Bonds sold off during the quarter. The Barclays US Aggregate Bond index ended down 3.37 percent. High yield bonds rose 0.90 percent.

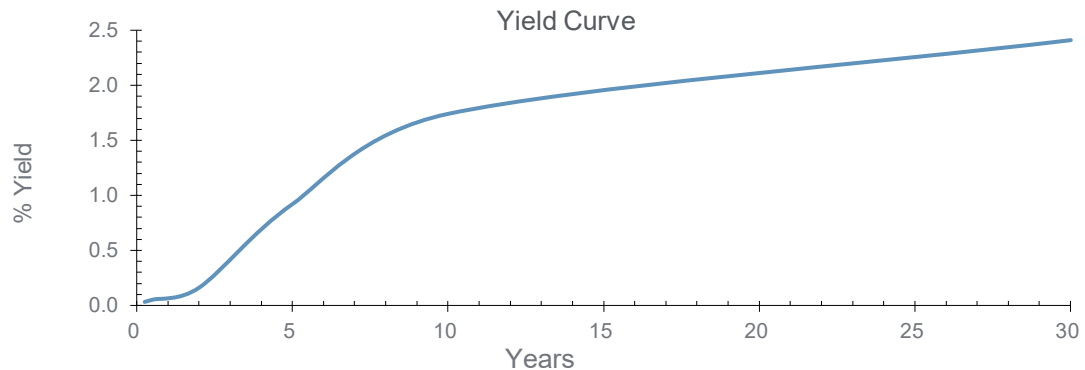
The ten-year Treasury ended the quarter with a 1.74 percent yield. That is an 87% increase in yield in three months.

U.S. Fixed Income Market Performance as of March 31, 2021



Yield Curve as of March 31, 2021

Time to Maturity	Interest Rate
3 Month	0.03
6 Month	0.05
2 Year	0.16
5 Year	0.92
10 Year	1.74
30 Year	2.41

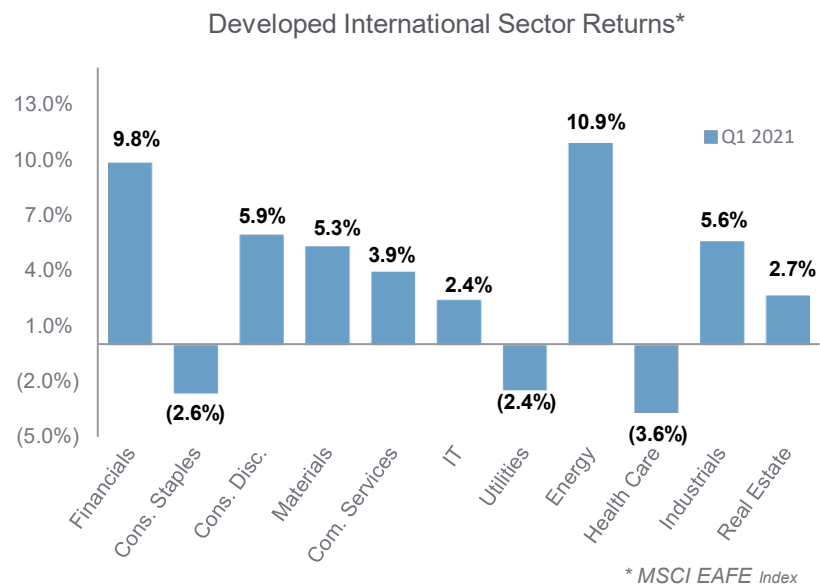


International Markets

International stocks underperformed but were still up. The EAFE index finished up 3.60 percent while the MSCI Emerging Markets index ended the quarter up 2.34 percent.

Energy was the best place to be internationally as well, but the returns were far more normal. Renewed Covid concerns held international markets back, but this just gives them more room to run as vaccines get distributed.

China was actually negative for the quarter as the continued reversal of liberating reforms combined with lingering trade tensions is taking a toll. Time will tell.



Source: T. Rowe Price

MSCI Country Returns Three Months Ending March 31, 2021

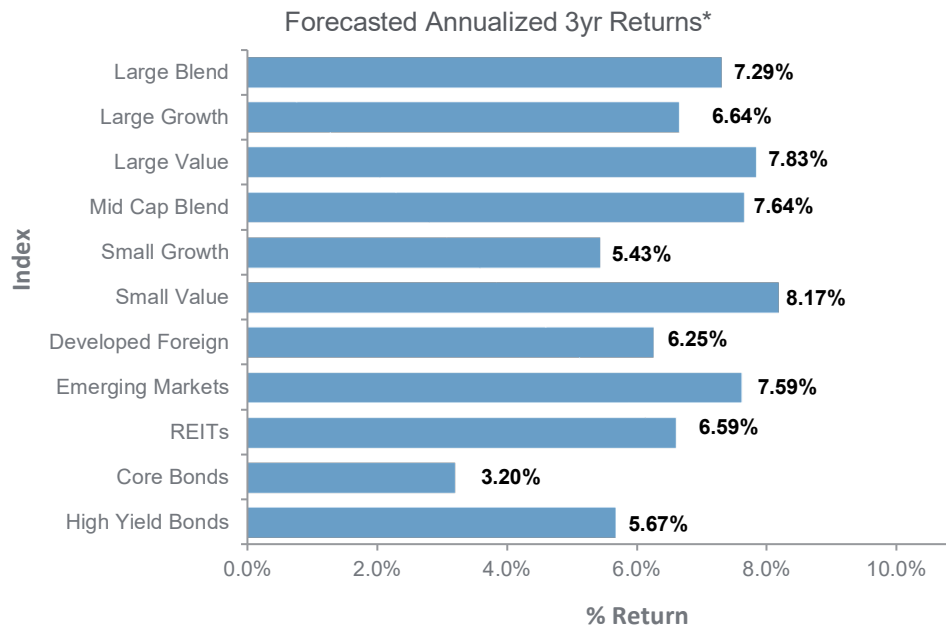
	Return US\$ (%)	Return Local Currency (%)	Currency Effect (%)
Austria	9.28%	13.77%	-4.49%
Belgium	-2.53%	1.47%	-4.00%
Denmark	-2.78%	1.12%	-3.91%
Finland	-0.87%	3.20%	-4.07%
France	4.49%	8.78%	-4.29%
Germany	4.30%	8.58%	-4.28%
Ireland	5.49%	9.82%	-4.33%
Italy	6.42%	10.79%	-4.37%
Netherlands	11.21%	15.70%	-4.49%
Norway	11.32%	10.99%	0.33%
Portugal	-4.27%	-0.34%	-3.93%
Spain	0.98%	5.12%	-4.15%
Sweden	11.49%	18.33%	-6.84%
Switzerland	-1.59%	4.78%	-6.37%
UK	6.20%	5.22%	0.98%
Europe Total	4.21%	7.69%	-3.47%
Australia	3.45%	4.80%	-1.36%
Hong Kong	7.26%	7.53%	-0.27%
Japan	1.70%	8.85%	-7.15%
New Zealand	-10.54%	-8.03%	-2.51%
Singapore	8.88%	10.69%	-1.81%
Pacific Total	2.63%	7.86%	-5.22%
Brazil	-9.93%	-2.15%	-7.78%
Canada	9.80%	8.32%	1.48%
China	-0.43%	-0.16%	-0.27%
Greece	1.51%	5.68%	-4.17%
Hungary	0.38%	4.38%	-3.99%
India	5.18%	5.24%	-0.07%
Indonesia	-7.51%	-4.39%	-3.13%
Korea	1.83%	6.10%	-4.26%
Mexico	4.23%	7.03%	-2.80%
Poland	-7.50%	-2.03%	-5.46%
Russia	4.95%	6.91%	-1.96%
Thailand	4.41%	8.91%	-4.50%
Emerging Markets	2.34%	4.02%	-1.68%

Market Forecast

The market continues to climb but at some point, there has to be a breather. Markets do not go up in straight lines.

Value stocks and small company stocks still have more room to run. International stocks paused due to another wave of Covid but should do well as they get vaccinations distributed.

Bonds had a needed selloff. It probably is not enough yet to make them actually attractive, but they are more attractive than they were three months ago.



Changes in Return Expectations
as of March 31, 2021

Asset Class	Change Over Quarter	Change Over Year
Large Blend	-0.07%	-0.82%
Large Growth	-0.07%	-0.61%
Large Value	-0.15%	-1.28%
Mid Cap Blend	-0.18%	-0.96%
Small Growth	-0.32%	-0.24%
Small Value	-0.42%	-1.21%
Developed Foreign	-0.06%	-1.20%
Emerging Markets	-0.20%	-1.26%
REITs	-0.10%	-0.55%
Core Bonds	0.13%	-0.22%
High Yield Bonds	-0.20%	-1.82%

*Forecasted 3-year annualized returns represent Iron Capital's investment return expectations for various asset classes over the next 3 years. They are calculated using a weighted average of historic returns and forward return assumptions. They are meant to be a tool to judge relative attractiveness of asset classes and not a guarantee of future investment returns.

SELECTED INDEX RETURNS - PERIODS ENDING March 31, 2021

	Quarter	Year-to-Date	One Year	Three Years	Five Years	Ten Years
US EQUITIES						
Broad Stock Market - Russell 3000	6.35%	6.35%	62.53%	17.12%	16.64%	13.79%
Large Stocks - S&P 500	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%
Dow Jones Industrial Average	8.29%	8.29%	53.78%	13.61%	15.99%	13.09%
Medium-Size Stocks - Russell Mid-Cap	8.14%	8.14%	73.64%	14.73%	14.67%	12.47%
Small Stocks - Russell 2000	12.70%	12.70%	94.85%	14.76%	16.35%	11.68%
Small Value Stocks- Russell 2000 Value	21.17%	21.17%	97.05%	11.57%	13.56%	10.06%
Small Growth Stocks- Russell 2000 Growth	4.88%	4.88%	90.20%	17.16%	18.61%	13.02%
Large Value Stocks - Russell 1000 Value	11.26%	11.26%	56.09%	10.96%	11.74%	10.99%
Large Growth Stocks - Russell 1000 Growth	0.94%	0.94%	62.74%	22.80%	21.05%	16.63%
US FIXED INCOME						
1-3 Yr Treasury (Govt) Bonds - Barclays Capital	-0.05%	-0.05%	0.34%	2.80%	1.72%	1.30%
US Government Bonds Int - Barclays Capital	-1.72%	-1.72%	-1.20%	3.75%	2.07%	2.28%
US Corporate Inv Grade Bonds - Barclays Capital	-4.65%	-4.65%	8.73%	6.20%	4.91%	5.04%
Government/Credit (Corp) Bonds - Barclays Capital	-4.28%	-4.28%	0.86%	4.99%	3.36%	3.70%
Int Govt/Credit (Corp) Bond - Barclays Capital	-1.86%	-1.86%	2.01%	4.36%	2.75%	2.88%
US Aggregate Bond Market - Barclays Capital	-3.37%	-3.37%	0.71%	4.65%	3.10%	3.44%
Mortgage Master - Merrill Lynch	-1.15%	-1.15%	0.10%	3.87%	2.49%	2.86%
US Corp High Yield Bonds - Barclays Capital	0.85%	0.85%	23.72%	6.84%	8.06%	6.48%
INTERNATIONAL (Measured in US Dollars)						
Non-US Stocks - MSCI EAFE	3.60%	3.60%	45.15%	6.54%	9.37%	6.02%
World Stocks (includes US) - MSCI World	5.04%	5.04%	54.76%	13.42%	13.98%	10.50%
European Stocks - MSCI Europe	4.21%	4.21%	45.68%	6.28%	8.84%	5.71%
Japanese Stocks - MSCI Japan	1.70%	1.70%	40.18%	6.70%	10.86%	7.52%
Asian Stocks (Ex-Japan) - MSCI Pacific ex-Japan	4.64%	4.64%	54.10%	7.24%	9.68%	5.15%
Chinese Stocks - MSCI China	-0.43%	-0.43%	43.81%	8.41%	16.29%	7.49%
Indian Stocks - MSCI India	5.18%	5.18%	76.99%	9.32%	11.26%	4.48%
Emerging Markets - MSCI EM	2.34%	2.34%	58.92%	6.87%	12.48%	4.02%
Int'l Gov't Bonds -Citi World Gov't Bond (Non USD)	-6.42%	-6.42%	5.65%	0.88%	1.99%	1.11%
REAL ESTATE						
FTSE NAREIT Equity-Reits Index	8.87%	8.87%	37.78%	9.29%	5.24%	8.52%
SHORT TERM INTEREST RATES						
T-Bills	0.02%	0.02%	0.21%	1.45%	1.15%	0.60%

Note: Returns for periods longer than 12 months are annualized.