



Market Commentary September 13, 2021

Dear Investors:

The Delta variant could take a toll on economic growth.

There was some good news last week. The 7-day moving average of COVID-19 cases in the United States declined. The bad news was that the rate of infection remained about 99 percent higher than it was one year ago.

As Delta variant infections surged across the United States, expectations for economic growth dropped more sharply than anticipated. Lisa Beilfuss of *Barron's* reported on changes to third-quarter forecasts for U.S. gross domestic product (GDP) growth.

“Goldman Sachs cut its forecast to 3.5% from 5.25%, Oxford Economics revised its call to 2.7% from 6.5%, and Morgan Stanley lowered its estimate to 2.9% from 6.5%. That’s as the Atlanta Fed’s GDPNow model predicts 3.7% for the quarter, down from 5.3% at the start of the month,” Beilfuss wrote in *Barron's*.

Economists aren’t the only ones revising expectations. Some companies have cautioned that their revenue and earnings expectations were too high. Several airlines reported that cancellations have increased and ticket purchases have declined, which will impact the companies’ financial performance. In addition, some manufacturers indicated that unresolved supply chain issues and the high cost of raw materials will affect their performance for the quarter, reported Yacob Reyes and Sam Ro of *Axios*.

A chief investment officer cited by *Axios* said it’s unlikely that many more companies will cut their revenue or earnings forecasts; however, “...he does expect fewer companies to announce better-than-expected earnings when they announce Q3 results.” During the second quarter of 2021, 87 percent of companies in the Standard & Poor’s 500 Index reported better-than-expected earnings.

Last week, major U.S. stock indices trended lower, reported Al Root of *Barron's*. The yield on 10-year Treasuries also finished the week higher.

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Data as of 9/10/21	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-1.7%	18.7%	33.5%	15.7%	15.6%	14.4%
Dow Jones Global ex-U.S. Index	-0.5	9.2	25.7	8.6	7.8	5.4
10-year Treasury Note (yield only)	1.3	NA	0.7	2.9	1.7	1.9
Gold (per ounce)	-1.5	-4.9	-8.7	14.5	6.3	-0.2
Bloomberg Commodity Index	0.0	24.4	35.8	5.4	2.9	-4.8

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance; MarketWatch; djindexes.com; Federal Reserve Bank of St. Louis; London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

UPSIDE-DOWN RHINOCERI AND OTHER IMPROBABLE STUFF.

It's September and paper airplanes were flying across screens at the 31st First Annual Ig[®] Nobel Prize virtual ceremony.

The Ig Nobels recognize the unusual and celebrate the imaginative to rouse interest in science, medicine and technology. Every year, 10 prizes are awarded for research that makes people laugh and also makes them think. Commemorative awards are given to the winners by actual Nobel laureates. This year's outstanding research included:

Biology prize: Susanne Schötz, Robert Eklund and Joost van de Weijer received an Ig Nobel for their work in cat acoustics. The introduction to "A Comparative Acoustic Analysis of Purring in Four Cats" explains, "The domestic cat is one of the most popular pet animals in the world, and virtually everyone is familiar with its trademark 'purring' sound. Contrary to what might be believed, it is not known exactly how purring is produced, and there is a surprising lack of studies of purring, even descriptive." The scientists have also studied cat chirping, chattering, trilling, tweedling, murmuring, meowing, moaning, squeaking, hissing, yowling, howling and growling.

Ecology prize: Did you know the United Kingdom spends almost 70 million euros each year cleaning chewing gum residue from pavement? In addition to providing that bit of trivia, Ig Nobel winners Leila Satari, Alba Guillén, Ángela Vidal-Verdú and Manuel Porcar offered insight to "...the microbial content of [improperly discarded] chewing gums sampled in different locations worldwide as well as the distribution of bacteria depending on the depth (surface, intermediate and bottom layers of the residue)." The findings may have implications relevant to forensics, contagious disease and cleaning up chewing gum.

Chemistry prize: "Proof of Concept Study: Testing Human Volatile Organic Compounds as Tools for Age Classification of Films," which has 10 contributing authors, examined a new method for rating movies: Measuring the emissions of humans watching the movies. "Humans emit numerous volatile organic compounds through breath and skin. The nature and rate of these emissions are affected by various factors including emotional state. Previous measurements of [these emissions] in a cinema have shown that certain chemicals are reproducibly emitted by audiences reacting to events in a particular film."

Transportation prize: Have you ever wondered whether hanging a rhinoceros upside down would affect its health, a team from Cornell University has the answer. These researchers suspended a dozen tranquilized rhinos upside-down for 10 minutes to simulate a common form of transfer used by wildlife conservationists in Africa. The finding, published in the *Journal of Wildlife Diseases*, was that it may be safer to transport a rhino upside down rather than on its side.

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Prizes also were awarded in the fields of entomology, physics, kinetics, medicine, economics and peace.

Weekly Focus – Think About It

“The most exciting phrase to hear in science, the one that heralds the most discoveries, is not ‘Eureka!’ but ‘That’s funny...’”

—Isaac Asimov, *Biochemistry professor and author*

Best regards,



John Y. Kim, J.D., LL.M.
President

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

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* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

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- * The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
- * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
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- * Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- * The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
- * There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
- * Asset allocation does not ensure a profit or protect against a loss.
- * Consult your financial professional before making any investment decision.

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