



THE CALDER QUARTERLY

April 15, 2021

As we begin the second quarter of 2021, we are excited to share that we have moved into a new office, located at 1331 Lake Dr. SE, Suite 100 - in Eastown. We are proud of our new office and look forward to having you visit. Now to the market. Let's start with some market indicators and data. This will provide an overall sense of what the markets have done and what we believe they will continue to do in the next quarter and into the remainder of 2021.

The 1st quarter ended with some episodic and non-trending volatility. At the same time, we have seen significant appreciation and increased trading volume in multiple markets areas. We continue to see an uptick in inflation and economic growth. Consumer confidence increased according to the University of Michigan Current Conditions Report and Expectations Report (up 7 and 9% respectively for the month). Unemployment is at 6%, and GDP is up 4.3% for the year. Real GDP year over year is up 11%+. All 11 sectors of the S&P 500 are up in the first quarter of 2021! Energy, Financials and Industrials have been the leading sectors with returns of 30.34%, 16.38% and 11.54% respectively. Year to date, the S&P 500, foreign and emerging markets are all positive, to the tune of 7.4%, 4.3% and 4%. In the U.S., the leading asset class has been in the small cap space, up 14.4%. Another notable event in the first quarter is the disparity in growth and value names down the market spectrum from large to small companies, illustrated in the chart on the right. Lastly, the Barclays Aggregate Bond Index is -3.4%

First quarter 2021 growth disparity by sector in US

	Value	Growth
Large Cap	11.3%	0.9%
Mid Cap	13.1%	0.6%
Small Cap	21.2%	4.9%

So, what does this all mean? We believe we are in a growth and reflationary environment. To put it neatly, we have a massive easing of money and pent-up global demand. In the U.S., we are expeditiously breaking free of the virus' constraints as more people are vaccinated. In the U.S. over 20% of the population have been vaccinated and approximately 100 million American's have received the first dose. Locally speaking, DeVos Hall has the ability to vaccinate 20,000 people a day. These vaccinations locally, nationally, and eventually globally, will significantly improve commerce. We believe that Europe and the rest of the world will lag by about 5 months. As the U.S. and the world finds their footing, so too will investment capital markets. We believe that in the next several months we will see global supply chain issues resolve and that there will be a massive increase in inventory levels. This is a market, that Wallstreet likes to call "risk on". Depending on their risk tolerance this is a period of time when an investor should strategically allocate their portfolio to more risk where they can.

This growth and reflationary environment started the last half of 2020 and continues. This is a relatively short period of time where commodities, equities, credit, and foreign currencies will appreciate. We believe that during this reflationary trade, technology (even though expensive), consumer discretionary, industrials, financials and energy will appreciate. We also believe this is a short period to avoid utilities, REITS, Consumer Staples and Healthcare.

While we don't have a crystal ball, we maintain our conviction that value and emerging markets should outperform over the next 3-5 years. Markets overall are trading at the highest valuations in decades which is concerning. These high valuations are countered by unprecedented involvement by the US congress with fiscal stimulus and changes to monetary policy by the federal reserve that are driving markets higher which may continue for some time. We are living through an unprecedented time in our country, and we are honored to guide you through this period.

THE CALDER TEAM

You've got the entire Calder team serving you with our collective thought leadership and diverse expertise. We're here for you.



Dirk Racette



Daren Shavell



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