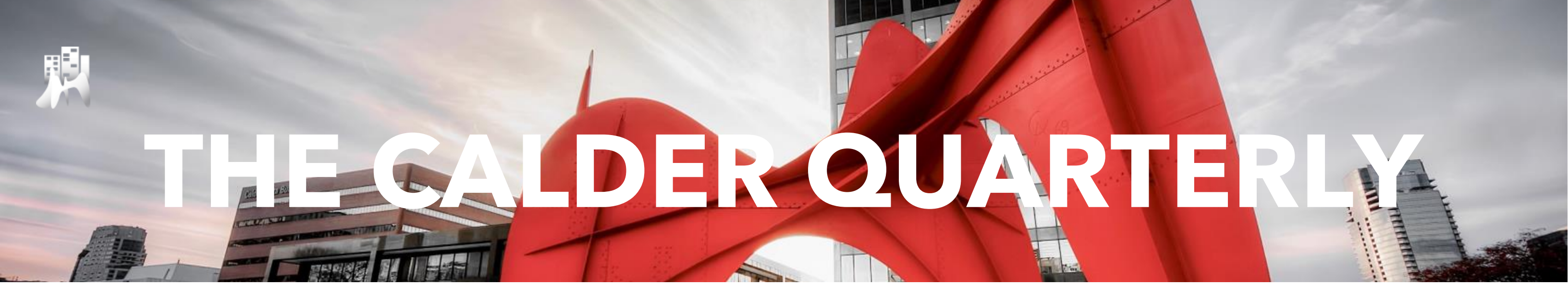

THE CALDER QUARTERLY

July 1, 2021

As we head into the third quarter of 2021, the domestic economic backdrop remains in a reflationary environment. This past quarter has produced 15 all-time highs on the S&P 500 and an all-time high in high-yield bonds. This acceleration is seen in a host of markets abroad too. Germany, Poland, Spain, South Korea, Pakistan, and Australia (which reached all-time highs) have all seen lower volatility and higher equity trends. As of Friday July 2nd, 66 of 103 S&P 500 companies that issued earnings per share guidance for the second quarter offered a positive outlook that exceeded consensus estimates, according to FactSet data. This would mark the highest number of S&P 500 companies offering estimate-topping outlooks ever recorded in data going back over 15 years. Treasury yields sank across the curve, with the benchmark 10-year Treasury yield dipping below 1.48%. Major cryptocurrencies steadied after sliding approximately 50% from their all-time high in May. Bitcoin is currently around $35,000/coin.

We are not complacent. Many have asked us what would happen if? We are preparing for some potential market shifts and deceleration. These market shifts allow us to remove position gains and reallocate to where new opportunities lie. Within our fixed income allocations, we have added, and subsequently removed our quadratic spread between the 2-10 year treasury (IVOL), added a corporate bond position (LQD) and added a pre-merger SPAC (SPAX). This was done with the intent of collecting yield where possible, taking some bond term-risk and removing the 2-10 year spread that was being interfered with from the Federal Reserve. We have added equity positions into energy (XLE) and Real Estate Investment Trusts (CWRE). These assets were positioned to take advantage of the inflation that affects commodities and real assets that are appreciating from inflation, the devaluing dollar and housing supply constraints.

On the inflationary front, both pandemic dynamics and historic Fed-Fiscal policy support led to massive supply and demand imbalances. We see this flowing from the Goods to Services sectors. This is encouraging the Fed's "transitory" stance and leading us to anticipate longer and higher-than-usual inflation in the coming quarters. Third quarter is primed for deceleration on a global basis. We believe nearly every G20 country will fall into stagflation or deflationary environments. China spent the second quarter in stagflation, as they were the first to emerge from COVID's shadow. We believe that China will continue on this trajectory thru the beginning of next year. We want to remind everyone that we are discussing market environments in regard to trends developing and NOT the 2-3 year outlook. We are not entirely pessimistic on our global outlook. Europe is set to be a region with accelerating growth thru the beginning of 2022. Europe has lagged by 6 months in comparison to the U.S. and is following a similar trajectory that the U.S. has already traversed.

Indexes & Indicators

Cumulative Total Returns YTD	
S&P 500	14.8%
DJIA	13.6%
NASDAQ	11.8%
Russell 2000	18.7%
Foreign Stocks	10.9%
Emerging Markets	7.9%
Top Three S&P 500 Sectors	
Energy	49.4%
Financials	26.5%
Real Estate	24.2%
Bottom Three S&P 500 Sectors	
Utilities	3.6%
Consumer Staples	4.7%
Consumer Disc.	9.7%
Bonds	
10 Year Treasury	-4.8%
US Bonds	-2.0%
Global Bonds	-3.2%
Municipal Bonds	0.9%
Market Indicators	
Fed Funds Target	0.25%
Inflation (Core CPI)	3.80%
Unemployment	5.80%
GDP	6.40%

Your job as an investor is to remain patient amidst the volatility and know that we are positioning for market changes and managing the portfolios effectively and incrementally. As we stated before, we continue to see growth and inflation, we just need to be aware that some shifts may occur. We would be happy to chat with you at any time and we look forward to the conversation.

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   Brian Riefepeters   Kelly Eggleston   Tom Glover   Pat Newcombe   Bob Stark

www.WeAreCalder.com 616.235.2442 1331 Lake Dr SE #100, Grand Rapids MI 49506