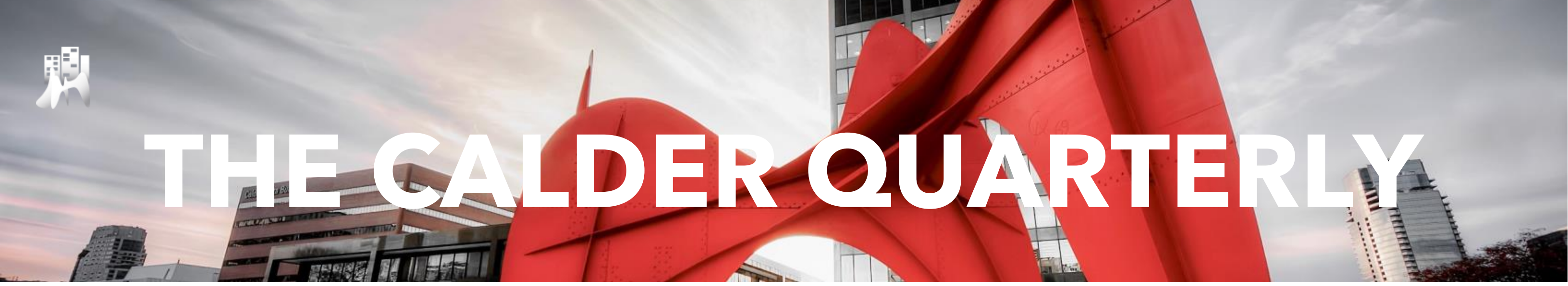

THE CALDER QUARTERLY

October 1, 2021

As we head into the fourth quarter of 2021, the domestic economic backdrop has vacillated between a strong reflationary trend and muted growth coupled with high inflation. Quite a range we do admit. Despite the feds pacifying depictions of transitory inflation, we have seen container shipping up over 300% year over year, home prices up 20% for the year and the 19 commodities on the CRB index are at all-time highs. We are seeing inflation broadening across multiple venues. Wheat is up 30% and coal is up 35% for the past month alone. Oil is at its highest level since 2014. In turn, 7 of the 11 S&P 500 sectors are positive for the quarter and all 11 sectors are positive for the year. The 10-year yield bottomed around 1% in February and has trended towards the positive from July thru September. All the while the 10-year has moved from an early quarter 1.4% to 1.48% near quarter-end. High yield spreads have widened slightly from 3.05 to 3.20 at the end of the quarter, and the steepening of the yield curve remains for the most part unchanged. The bond market is a great foreteller of the economy and the equity markets. Given the recent metrics and the unwavering of spreads during the recent bouts of episodic volatility, we maintain that we are still in a growth-oriented market. Bitcoin is currently around $47,000/coin as the dollar fails to maintain strength and interest rates and inflation remain unabated.

During mid-3rd quarter, the 10-year depressed and with it came some concerns that the market was expressing a slow-down. In response, we harvested some energy and industrials sector gains. We used this cash to incrementally add gold and utilities as well as add to our existing REIT exposure. Shortly after, bull market trends became clearer and our stagnant market fears quickly dissipated. We exited those positions in order to increase our energy, real estate investment trust (over weighted in public storage and apartment rentals) and commodity exposures. We do anticipate adding gold and utilities again and with significant weights. However, timing is very important. Gold needs more than inflation to appreciate. Specifically, it doesn't like rising interest rates like we are seeing with an increasing 10-year treasury. Utilities usually perform well during depressed growth and moderate inflationary environments. We anticipate adding those positions sometime 2nd quarter of 2022.

As we speak, the longest shipping regatta in history is waiting to set sail in Long Beach California. Currently there are 60 ships backed up in the West Coast harbor. This is a good illustration of increased demand and continued supply chain bottlenecks. We think that these supply chain issues will continue thru the beginning of next year and help to maintain upward pressure on inflation, CPI (Consumer Pricing Index) and PPI (Producer Pricing Index).

Please remember we are not in the game of timing the markets, but we can adjust and look to ride the areas where the volatility is manageable and the opportunities for growth seem best positioned. To time the market, would require us to be precisely correct when to sell and it would also require us to be precisely correct when to buy. Rarely are both done with precision. Portfolio rebalancing and reallocating our gains to opportunities that haven't appreciated is the most efficient way to protect the portfolio. We look forward to discussing more with you at our next meeting or over the phone when it is convenient for you. And with that, we are going to get back at it. Cheers to another strong quarter.

Indexes & Indicators

Cumulative Total Returns YTD	
S&P 500	17.3%
DJIA	13.7%
NASDAQ	13.6%
Russell 2000	14.3%
Foreign Stocks	8.0%
Emerging Markets	-1.5%
Top Three S&P 500 Sectors	
Energy	47.9%
Financials	31.2%
Real Estate	25.7%
Bottom Three S&P 500 Sectors	
Utilities	4.2%
Consumer Staples	5.0%
Consumer Disc.	11.0%
Bonds	
10 Year Treasury	-3.8%
US Bonds	-1.3%
Global Bonds	-3.8%
Municipal Bonds	0.8%
Market Indicators	
Fed Funds Target	0.25%
Inflation (Core CPI)	4.00%
Unemployment	5.20%
GDP	6.70%

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

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