

# FNBC BANK & TRUST

## WEALTH MANAGEMENT

### Market Recap: August 2021

#### WEALTH MANAGEMENT

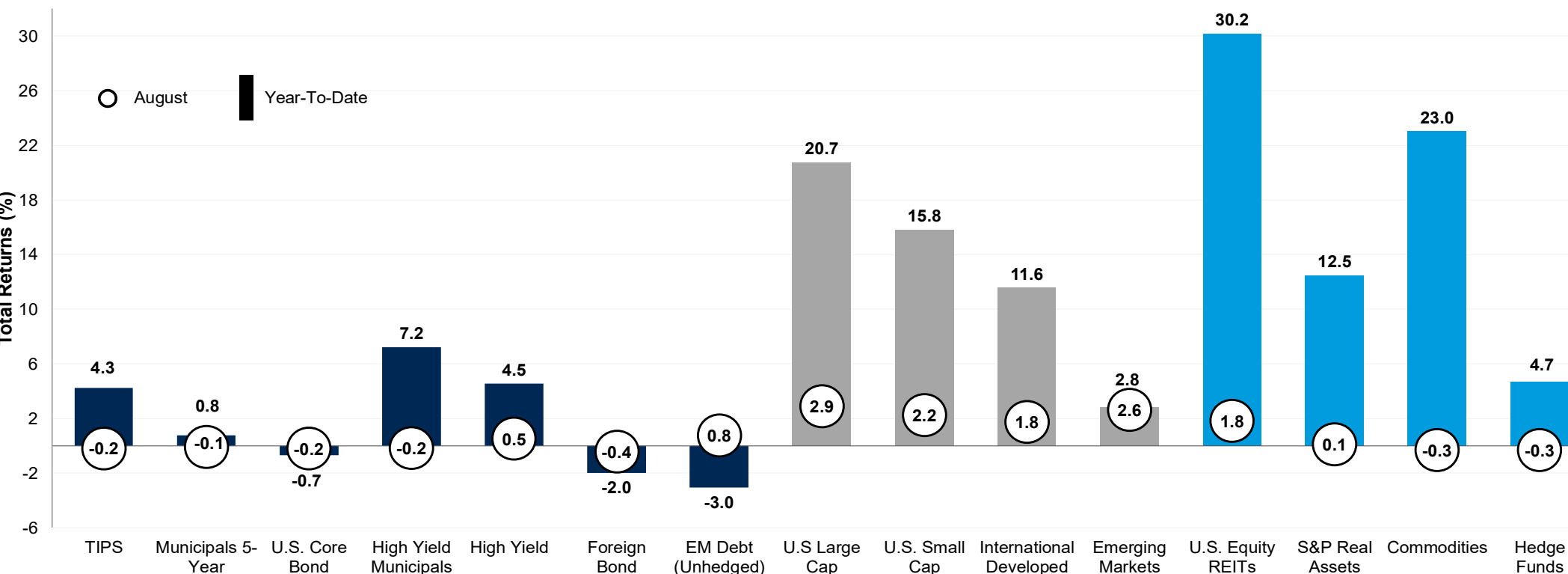


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Not FDIC Insured | May Go Down In Value | Not Guaranteed By Bank | Subject To Investment Risk

# Asset Class Performance



\*Hedge fund returns are lagged 1 month. Sources: FactSet, J.P. Morgan, Russell, MSCI, FTSE Russell, Alerian.

## Fixed Income (August)

- + High yield spreads decreased, and investment grade spreads were largely unchanged during the period.
- Interest rates ended the month higher across the curve, despite falling from higher levels reached in the middle of the month.

## Equity (August)

- + Fiscal and monetary stimulus continued to buoy equity markets. Infrastructure spending and Fed Chair Powell's remarks at Jackson Hole helped keep equity investors at ease during the month.
- + International developed and emerging markets produced strong returns during the month as well, despite slightly trailing U.S. markets.

## Real Asset / Alternatives (August)

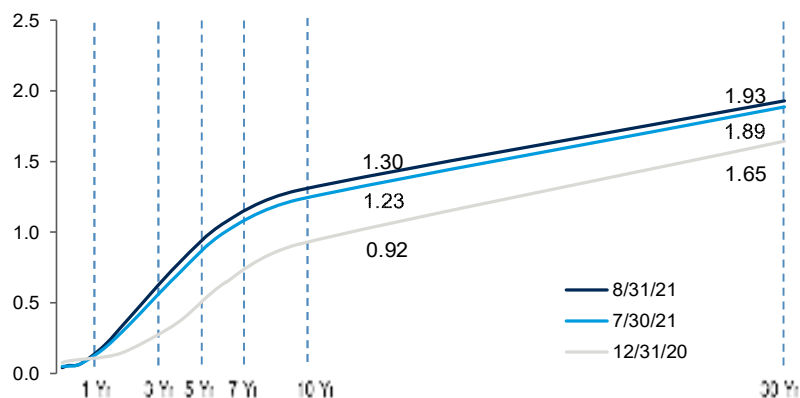
- + REITs continued their strong run year-to-date, aided by the low interest rate environment and strong demand within the space.
- Commodities were down slightly. Both energy and precious metals provided headwinds within the asset class.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

# Fixed Income Market Update

## U.S. Treasury Yields Curve

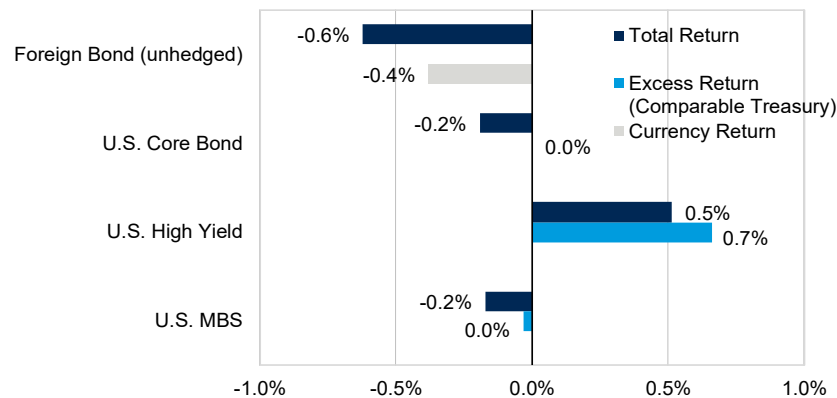
U.S. Treasury rates moved higher in August with the 10-year and 30-year rates increasing 7 bps and 4 bps, respectively.



Source: Factset

## Index Performance Attribution (August 2021)

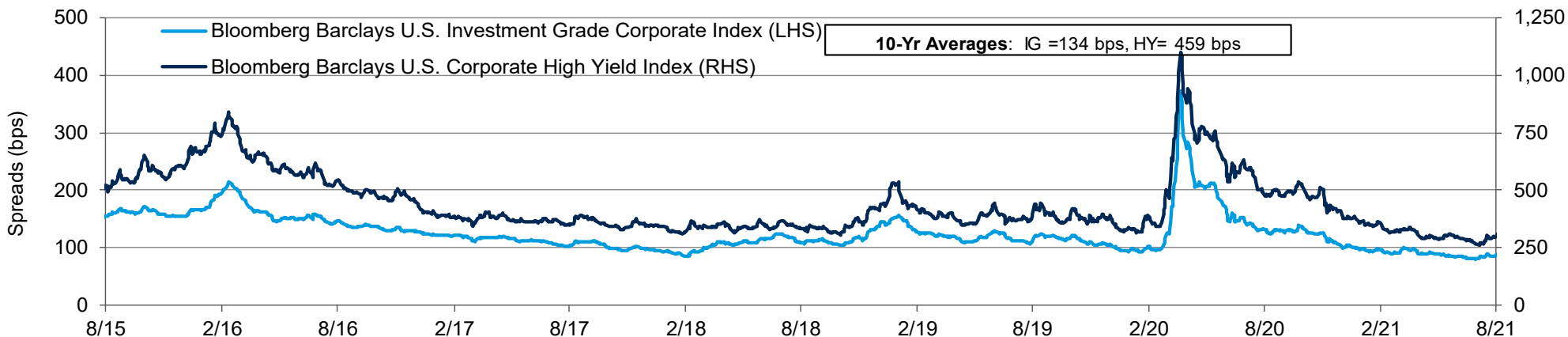
Performance within fixed income markets was muted in August. Slightly rising interest rates detracted from performance, though spread compression within high yield markets provided a tailwind.



Source: Factset

## Credit Market Spreads – Trailing 5 Years

Credit spreads were mixed during the month with investment grade spreads rising one basis point while high yield spreads declined 6 basis points. Current levels remain well below their long-term historical averages.

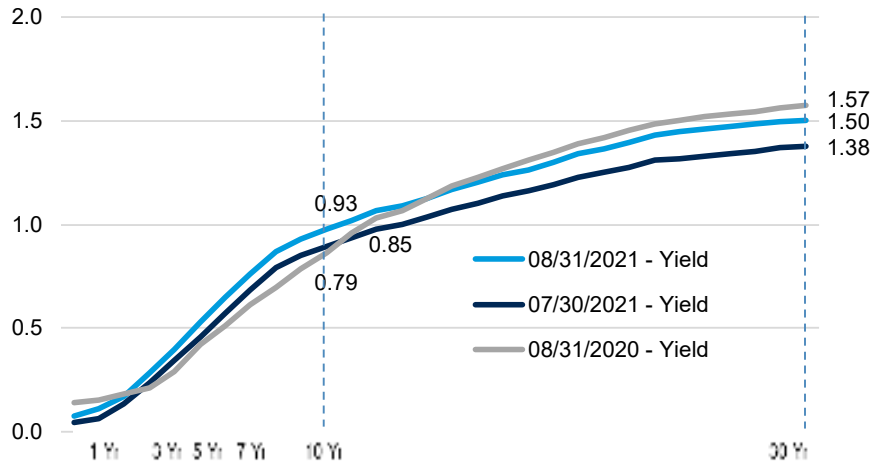


Source: Factset

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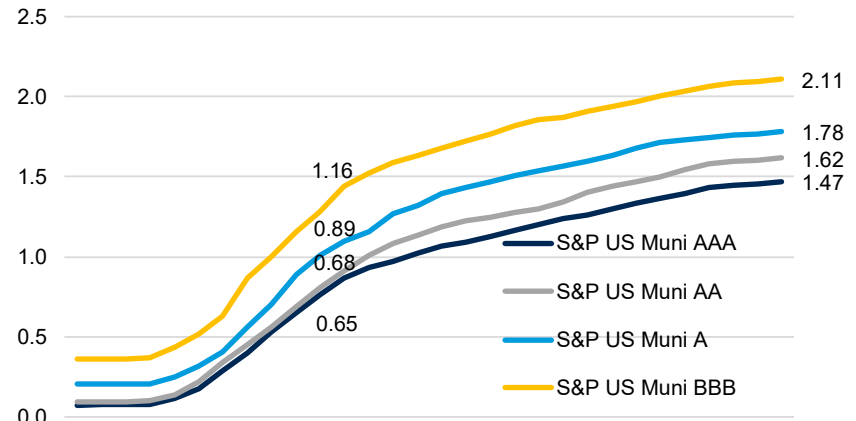
# Municipal Market Update

## S&P U.S. Municipal AAA Yield Curves



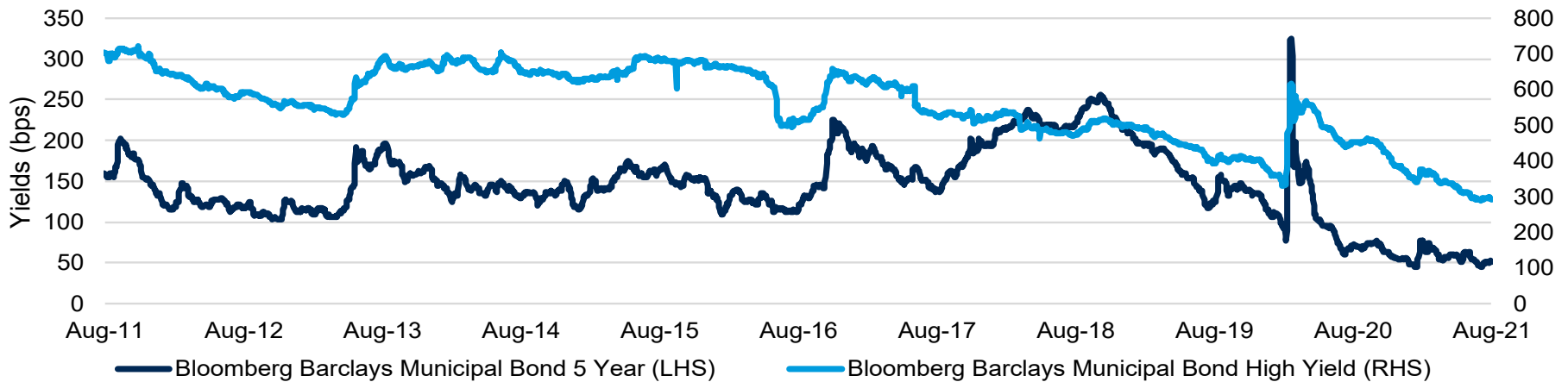
Source: Factset

## U.S. Municipal Yield Curves (8/31/2021)



Source: Factset

## Yield to Worst – Trailing 10 Years



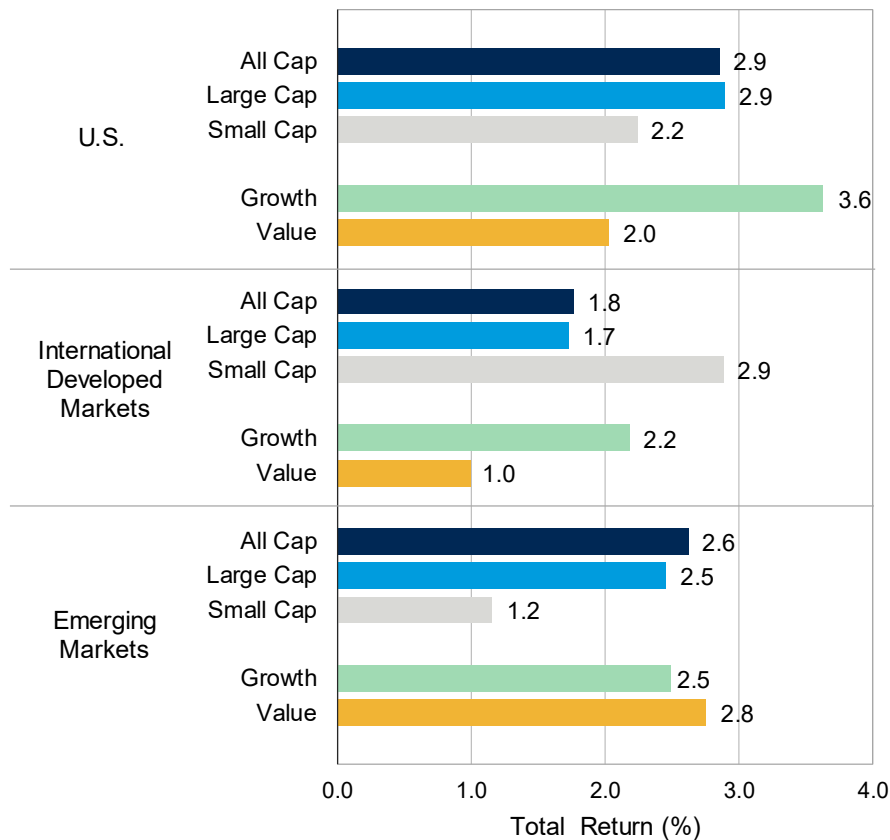
Source: Factset

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# Equity Market Update

## Market Capitalization and Style Performance (August 2021)

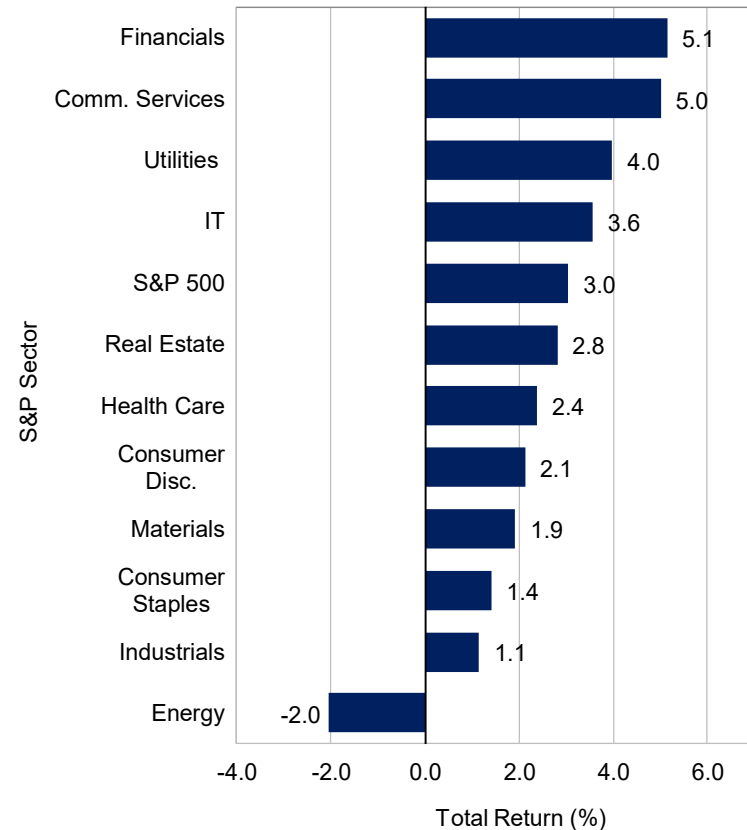
Strong performance was broad based, although growth stocks outperformed value stocks and large cap stocks outperformed small caps within the U.S. Internationally, small caps performed best within developed markets and value slightly bested growth within emerging markets.



Source: Factset

## U.S. Equities – Returns by Sector (August 2021)

U.S. equity performance was strong across sectors. Financials and communication services were leaders during the month. Energy lagged for the second month in a row, facing headwinds from falling crude oil prices.



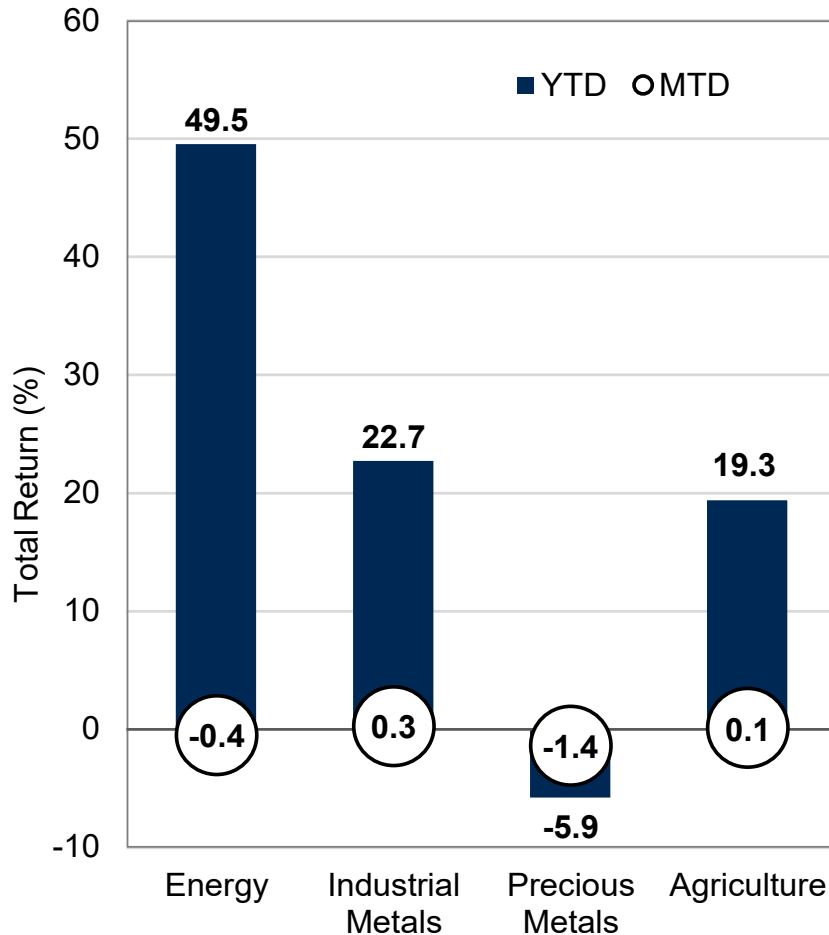
Source: Factset

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# Alternatives Market Update

## Real Assets Performance

Global commodity performance was relatively muted. Precious metals was the notable laggard with both silver and palladium lagging within the space.

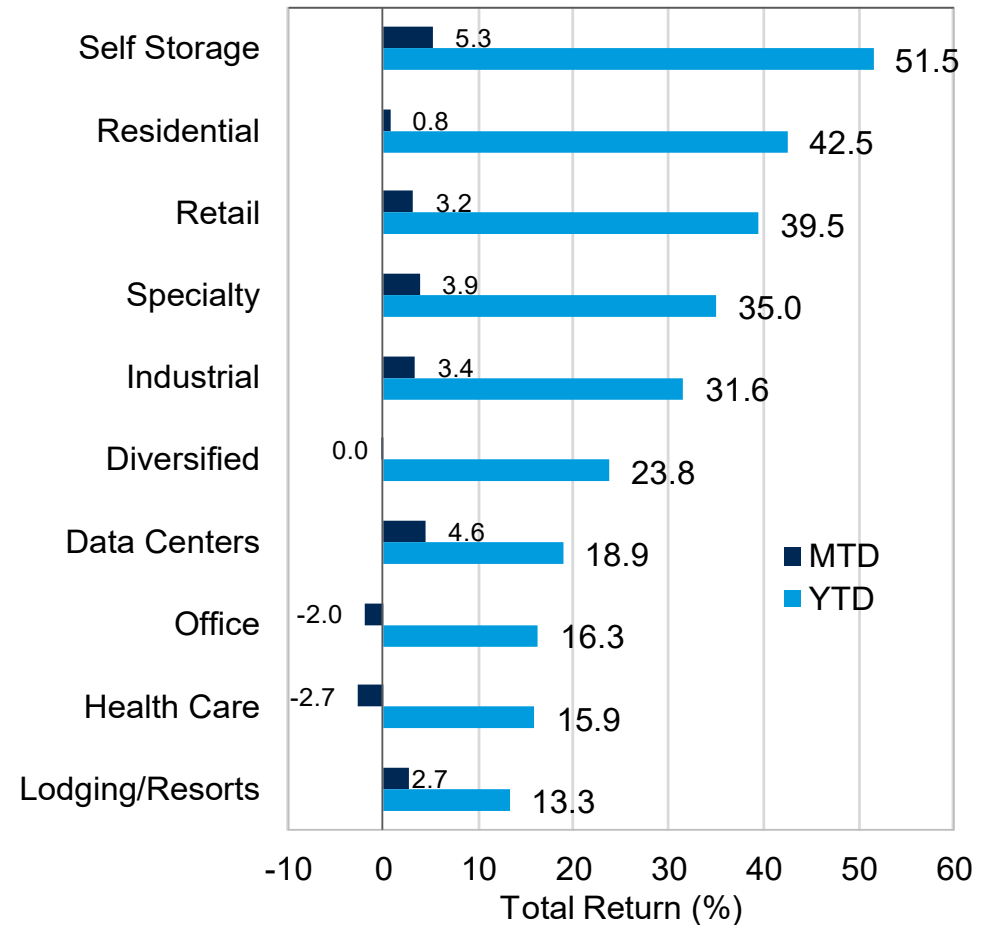


Source: Factset

Past performance does not indicate future performance and there is a possibility of a loss.

## REIT Sector Performance

Strong REIT sector performance has been broad based year-to-date. Self storage led for the month and year-to-date, helped by the suburbanization trend among homeowners.



Source: Factset

# Financials Markets Performance

Total return as of August 31, 2021

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.0%	0.0%	0.1%	1.2%	1.1%	0.8%	0.6%	1.0%
Bloomberg Barclays U.S. TIPS	-0.2%	4.3%	5.6%	7.3%	4.6%	3.6%	3.2%	4.5%
Bloomberg Barclays Municipal Bond (5 Year)	-0.1%	0.8%	1.7%	3.8%	2.4%	2.5%	2.5%	3.6%
Bloomberg Barclays High Yield Municipal Bond	-0.2%	7.2%	12.2%	7.5%	6.2%	6.3%	6.9%	5.4%
Bloomberg Barclays U.S. Aggregate	-0.2%	-0.7%	-0.1%	5.4%	3.1%	3.3%	3.2%	4.3%
Bloomberg Barclays U.S. Corporate High Yield	0.5%	4.5%	10.1%	7.1%	6.7%	5.6%	7.1%	7.4%
Bloomberg Barclays Global Aggregate ex-U.S. Hedged	-0.2%	-0.4%	1.2%	4.2%	2.9%	3.6%	4.0%	4.1%
Bloomberg Barclays Global Aggregate ex-U.S. Unhedged	-0.6%	-3.5%	0.8%	3.7%	1.8%	1.0%	0.7%	3.0%
Bloomberg Barclays U.S. Long Gov / Credit	-0.3%	-2.3%	-0.8%	10.4%	5.4%	6.2%	6.6%	7.2%
JPMorgan GBI-EM Global Diversified	0.8%	-3.0%	4.1%	5.8%	3.2%	0.3%	0.4%	4.5%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	3.0%	21.6%	31.2%	18.1%	18.0%	14.6%	16.3%	10.9%
Dow Jones Industrial Average	1.5%	17.0%	26.8%	13.3%	16.6%	13.6%	14.5%	10.6%
NASDAQ Composite	4.1%	18.9%	30.5%	24.6%	25.2%	20.0%	20.8%	15.0%
Russell 3000	2.9%	20.4%	33.0%	17.9%	18.0%	14.3%	16.2%	10.9%
Russell 1000	2.9%	20.7%	32.3%	18.4%	18.2%	14.6%	16.4%	11.1%
Russell 1000 Growth	3.7%	21.1%	28.5%	24.6%	24.4%	19.2%	19.4%	14.0%
Russell 1000 Value	2.0%	20.3%	36.4%	11.5%	11.7%	9.5%	13.0%	7.9%
Russell Mid Cap	2.5%	20.1%	41.2%	15.6%	15.4%	12.3%	14.8%	10.7%
Russell Mid Cap Growth	3.2%	15.2%	35.2%	21.0%	20.4%	15.7%	16.9%	12.5%
Russell Mid Cap Value	2.1%	22.8%	44.5%	11.4%	11.5%	9.6%	13.3%	9.1%
Russell 2000	2.2%	15.8%	47.1%	10.7%	14.4%	11.4%	13.6%	9.4%
Russell 2000 Growth	1.8%	6.9%	35.6%	12.3%	16.6%	12.9%	14.8%	10.9%
Russell 2000 Value	2.7%	25.4%	59.5%	8.4%	11.7%	9.4%	12.1%	7.7%
MSCI ACWI	2.5%	15.9%	28.6%	14.3%	14.3%	10.1%	11.3%	7.6%
MSCI ACWI ex. U.S.	1.9%	9.4%	24.9%	9.4%	9.9%	5.4%	6.6%	4.6%
MSCI EAFE	1.8%	11.6%	26.1%	9.0%	9.7%	5.7%	7.3%	4.3%
MSCI EAFE Growth	2.4%	11.2%	24.9%	13.3%	12.6%	8.7%	9.2%	6.1%
MSCI EAFE Value	1.1%	11.7%	27.0%	4.4%	6.6%	2.4%	5.3%	2.4%
MSCI EAFE Small Cap	2.9%	14.1%	32.8%	10.1%	11.8%	8.9%	9.9%	6.6%
MSCI Emerging Markets	2.6%	2.8%	21.1%	9.9%	10.4%	5.1%	4.9%	6.0%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.5%	4.1%	5.3%	2.7%	2.5%	2.0%	1.9%	2.0%
FTSE NAREIT Equity REITs	1.8%	30.2%	40.5%	11.1%	7.6%	8.9%	10.6%	7.0%
S&P Real Assets	0.1%	12.5%	20.9%	7.9%	6.6%	4.1%	5.4%	5.8%
FTSE EPRA NAREIT Developed	1.8%	26.7%	36.3%	8.0%	5.3%	8.3%	10.6%	5.7%
FTSE EPRA NAREIT Developed ex U.S.	0.9%	13.0%	25.1%	6.5%	6.3%	4.7%	6.7%	3.9%
Bloomberg Commodity Total Return	-0.3%	23.0%	31.0%	5.8%	4.2%	-3.1%	-4.7%	-2.9%
HFRI Fund of Funds Composite*	-0.3%	4.7%	15.4%	6.2%	5.8%	4.1%	3.8%	3.1%
HFRI Fund Weighted Composite*	-0.9%	9.1%	22.7%	8.2%	7.4%	5.6%	5.0%	5.0%
Alerian MLP	-2.3%	35.3%	54.8%	-5.8%	-2.6%	-7.5%	0.5%	4.8%

\*One month lag.

Source: FactSet & Morningstar as of 8/31/21. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms.



# Disclosures and Definitions

All material and information is intended for FNBC Bank & Trust, Wealth Management business only. Any use or public dissemination outside firm business is prohibited. Information is obtained from a variety of sources which are believed though not guaranteed to be accurate. Any forecast represents future expectations and actual returns, volatilities and correlations will differ from forecasts. Past performance does not indicate future performance. This presentation does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged  
Municipals 5-Year: Bloomberg Barclays Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD  
Core Bond: Bloomberg Barclays US Agg Total Return Value Unhedged USD  
High Yield Municipals: Bloomberg Barclays Muni High Yield Total Return Index Value Unhedged USD  
High Yield: Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD  
Foreign Bond: Bloomberg Barclays Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)  
EM Debt (unhedged): J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD  
U.S. Large Cap: S&P 500 Total Return Index  
U.S. Small Cap : Russell 2000 Total Return Index  
International Developed: MSCI EAFE Net Total Return USD Index  
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index  
World: MSCI ACWI Net Total Return USD Index  
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD  
Commodities: Bloomberg Commodity Total Return Index  
Midstream Energy: Alerian MLP Total Return Index  
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index  
Event Driven: Hedge Fund Research HFRI Event-Driven Total Index  
Relative Value: Hedge Fund Research HFRI Relative Value Fixed Income-Convertible Arbitrage Index  
Equity Hedge: Hedge Fund Research HFRI Equity Hedge Total Index  
Direct Fund Composite: Hedge Fund Research HFRI Fund Weighted Composite Index  
Fund of Funds Composite: Hedge Fund Research HFRI Fund of Funds Composite Index  
Macro: Hedge Fund Research HFRI Macro Total Index  
International, 7% Emerging Markets, 5% U.S. Equity REITS, 6% MLPs  
U.S.: MSCI USA Net Total Return USD Index  
China: MSCI CHINA Net Total Return USD Index  
Japan: MSCI Japan Net Total Return USD Index  
Germany: MSCI Germany Net Total Return USD Index  
India: MSCI India Net Total Return USD Index  
United Kingdom: MSCI UK Net Total Return USD Index  
France: MSCI France Net Total Return USD Index  
Italy: MSCI Italy Net Total Return USD Index  
Brazil: MSCI Brazil Net Total Return USD Index  
Canada: MSCI Canada Net Total Return USD Index

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