

# A VIEW FROM THE SUMMIT



- **Commentary**
- **Outlook**
- **US Large Cap Equity**
- **US Small Cap Equity**
- **Global Equity**

## Commentary

The quarter began with a tumultuous transition of power for the Presidency in early January. The mob that entered the Capitol building during procedural electoral voting disrupted and briefly threatened members of Congress. This led to a second impeachment vote against the former President. The most important factor in reopening the economy was the rapid distribution and implementation of multiple vaccines. As an increasing number of people were inoculated the rebound in all sorts of economic activities was evident. The Biden administration was able to pass another massive stimulus package that significantly boosted economic activity. The extraordinarily high savings rate during the past year combined with significant pent-up demand created conditions for strong economic growth. GDP is expected to grow over 6% during 2021. Travel bookings are expected to stay very strong. Movie theaters, restaurants, and entertainment all experienced strong growth.



The 10-year Treasury rate more than tripled from a low of 0.50% in August of 2020 to a high of 1.74% at the end of the quarter. Monetary policy remains extremely accommodative because central banks have fixed short term interest rates near zero and continued quantitative easing. Stock markets globally experienced strong returns due to dovish central bank policies combined with hopes of an end to the global pandemic. Although much froth is still evident, some of the extremely speculative investments such as unprofitable IPOs and blank check companies called SPACs started correcting during the latter half of the quarter.

Inflation expectations began to rise however the Fed Chairman Powell insists that this is just transitory and not concerning. Valuation of stocks remains nearly all-time highs on multiple metrics. Commodity prices and producer price statistics increased in nearly every category. The staggered reopening of many regions created massive global supply chain disruptions. For example, semiconductors are in such short supply that numerous automakers and electronic product manufacturers had to halt or delay production.

A clear risk to the markets is the Infrastructure plan introduced by the administration that includes \$2.2 trillion dollars of additional spending combined with tax increases on corporations and wealthy individuals. These tax increases, if passed in their proposed form, will reduce corporate profits, and dampen consumer spending. However, with such a slim majority, the bill is unlikely to make it through Congress in its current form.

Value as an investment style has started to perform somewhat better. Despite high valuations strong economic fundamentals combined with accommodative monetary policies continue to drive stock prices to new highs. Traditional defensive factors continue to underperform in this speculative market environment.

Overall, we remain cautiously optimistic for market prospects for 2021.

## Outlook

- Year-over-year company results will be strong in 2021 due to a depressed 2020 and relatively easy comparable fundamentals.
- Economic improvement could shift spending from firms that gained during the pandemic to cyclical names damaged by it, potentially favoring value over growth.
- A resurgence of coronavirus variants remains a key risk globally.
- The Atlanta Federal Reserve GDP Now forecast for 2021 reached an high of 8.3% in April.
- The housing market is expected to remain strong with historic low mortgage rates and very low supply relative to demand.

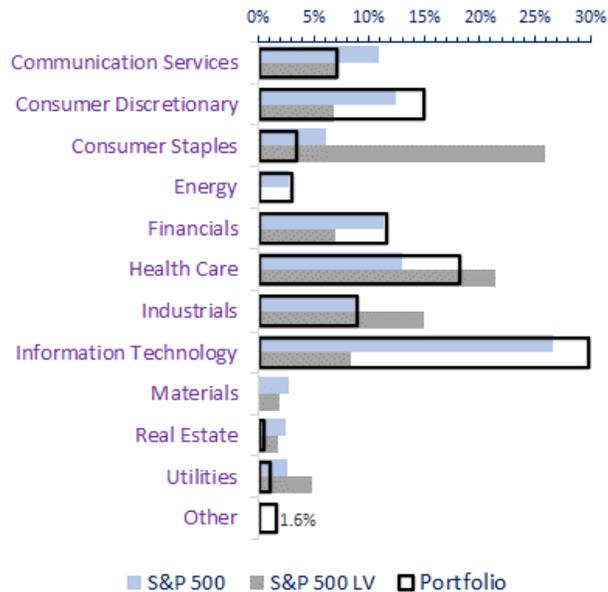
We continue to adhere to our disciplined, managed-risk, multi-factor investment process and find attractive investment opportunities. Over a full market cycle, this approach has historically limited downside risks and allowed for participation in market rallies. We are grateful for the opportunity to help steward your investments.

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# U.S. LARGE CAP EQUITY

S&I Performance	1Q21	1 Yr	3 Yrs	5 Yrs
US Large Cap Gross	-0.44%	35.37%	12.92%	12.19%
US Large Cap Net	-0.64%	34.30%	12.02%	11.37%
S&P 500 Low Vol Tot Return	3.75%	26.62%	10.00%	10.20%
S&P 500 Total Return	6.17%	56.33%	16.77%	16.28%

Sector	Portfolio	S&P 500 LV	S&P 500
Communication Services	7.0%	7.2%	10.9%
Consumer Discretionary	14.9%	6.8%	12.4%
Consumer Staples	3.5%	26.0%	6.1%
Energy	3.0%	0.0%	2.8%
Financials	11.6%	6.9%	11.3%
Health Care	18.1%	21.4%	13.0%
Industrials	9.0%	14.9%	8.9%
Information Technology	29.8%	8.3%	26.6%
Materials	0.0%	1.9%	2.7%
Real Estate	0.4%	1.8%	2.5%
Utilities	1.0%	4.8%	2.7%
Other	1.6%	0.0%	0.1%



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Characteristics	Portfolio	S&P 500 LV	S&P 500
Strategy Assets (\$ Million)	777.6	-	-
Number of Holdings	90	100	505
Beta*	0.83	0.69	1.00
Standard Deviation*	15.6%	14.8%	18.1%
Market Cap. (\$ Billion)	41.7	42.7	161.3
Price to Trailing Earnings	33.7	25.7	33.0
Price to Cash Flow	19.5	17.5	21.5
Price to Book	7.3	5.9	6.5
Enterprise Value to Sales	5.5	4.5	5.9
Debt as % of Assets	20.0	35.0	29.4
Dividend Yield (%)**	1.04	1.97	1.48
Return on Equity (%)	26.1	20.4	20.6

\* Beta & Standard Deviation 36 months

\*\* Dividend Yield index method, all other data weighted median

Top 10 Holdings	Ticker	Position
AMAZON.COM INC	AMZN	3.7%
IDEXX LABORATORIES INC	IDXX	3.5%
F5 NETWORKS INC	FFIV	3.4%
MICROSOFT CORP	MSFT	3.3%
INTUIT INC	INTU	3.3%
NVR INC	NVR	3.1%
DOLLAR GENERAL CORP	DG	3.0%
ADOBE INC	ADBE	2.9%
PAYCOM SOFTWARE INC	PAYC	2.7%
BEST BUY CO INC	BBY	2.3%

### The three best contributing companies were:

**F5 Networks (FFIV)** returned 18.57% as the company beat Q1 revenue and EPS estimates.

**NVR (NVR)** returned 15.47% as the company found favor with investors amid a booming housing market.

**Alphabet (GOOGL)** returned 17.68% as analysts upgraded the stock on the back of the resilience and speedy recovery of its digital advertising business.

### The three worst contributing companies were:

**Take-Two Interactive Software (TTWO)** declined 14.96% as the street was disappointed by the absence of any announcement regarding new big video game title releases during the company's Q3 earnings call.

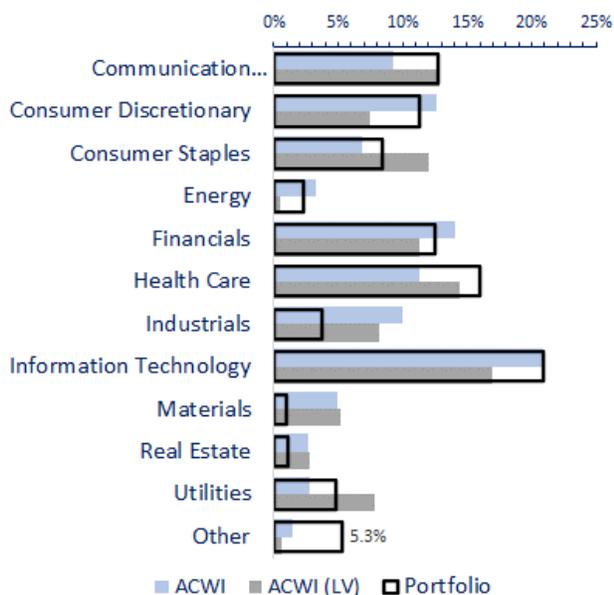
**Paycom Software (PAYC)** declined 18.17% as high growth cloud stocks sold off amid a sharp rotation to value stocks.

**Chemed Corp (CHE)** declined 13.60% as the company missed Q4 revenue estimates.

# GLOBAL EQUITY

S&P Performance	1Q21	1 Yr	3 Yrs	5 Yrs
Global Equity Gross	0.87%	31.28%	9.17%	10.35%
Global Equity Net	0.67%	30.14%	8.37%	9.68%
MSCI Min Vol Total Return	1.84%	25.18%	8.51%	8.96%
MSCI ACWI Total Return	4.67%	55.30%	12.66%	13.83%

Sector	Portfolio	ACWI (LV)	ACWI
Communication Services	12.7%	12.9%	9.3%
Consumer Discretionary	11.3%	7.5%	12.7%
Consumer Staples	8.4%	12.0%	6.9%
Energy	2.3%	0.5%	3.3%
Financials	12.5%	11.3%	14.0%
Health Care	16.0%	14.4%	11.3%
Industrials	3.7%	8.2%	9.9%
Information Technology	20.9%	16.9%	21.0%
Materials	1.0%	5.2%	4.9%
Real Estate	1.1%	2.8%	2.6%
Utilities	4.9%	7.8%	2.8%
Other	5.3%	0.6%	1.4%



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Characteristics	Portfolio	ACWI (LV)	ACWI
Strategy Assets (\$ Million)	100.3	-	-
Number of Holdings	74	377	2,234
Beta*	0.79	0.63	1.00
Standard Deviation*	14.7%	12.6%	17.6%
Market Cap. (\$ Billion)	90.3	37.0	82.5
Price to Trailing Earnings	25.0	24.5	29.2
Price to Cash Flow	17.8	16.0	19.1
Price to Book	4.6	4.1	4.7
Enterprise Value to Sales	5.7	4.5	4.9
Debt as % of Assets	24.7	27.2	27.2
Dividend Yield (%)**	1.74	2.04	1.64
Return on Equity (%)	15.7	14.4	14.3

\* Beta & Standard Deviation 36 months

\*\* Dividend Yield index method, all other data weighted median

Top 10 Holdings	Ticker	Position
DOLLAR GENERAL CORP	DG	3.9%
MICROSOFT CORP	MSFT	3.9%
AMAZON.COM INC	AMZN	3.5%
ROYAL BANK OF CANADA	RY	3.1%
SK TELECOM CO LTD-SPON ADR	SKM	2.7%
DOLBY LABORATORIES INC-CL A	DLB	2.6%
ADOBE INC	ADBE	2.3%
ALPHABET INC-CL C	GOOG	2.3%
WALMART INC	WMT	2.1%
HONDA MOTOR CO LTD-SPONS ADI	HMC	2.1%

### The three best contributing companies were:

**Royal Bank of Canada (RY)** returned 13.51% as the company beat Q1 revenue and EPS estimates, boosted by its capital markets business.

**Johnson Controls International (JCI)** returned 28.65% as the company raised its FY2021 EPS guidance, driven by SG&A cost reduction initiatives.

**Alphabet (GOOGL)** returned 17.68% as analysts upgraded the stock on the back of the resilience and speedy recovery of its digital advertising business.

### The three worst contributing companies were:

**Nice Ltd (NICE)** declined 23.13% as analysts were disappointed with FY2021 EPS and revenue guidance.

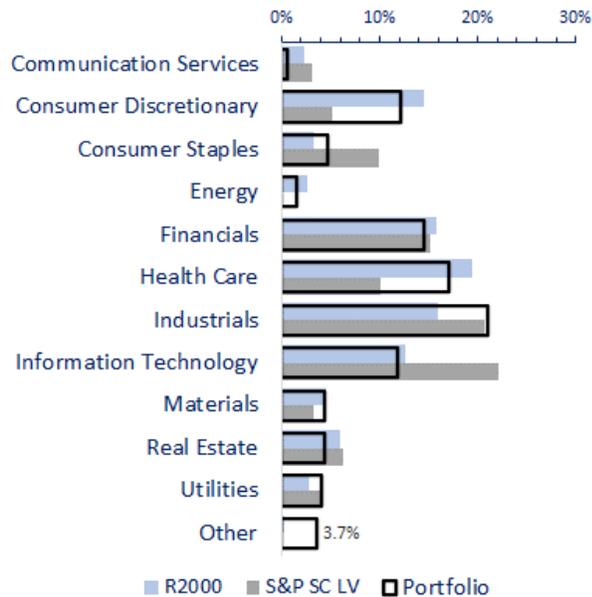
**ServiceNow (NOW)** declined 9.14% as analysts turned cautious post the sharp runup in the stock and steep valuations.

**Amazon (AMZN)** declined 5.00% as the company was the target of Biden administration accusation of using Federal tax loopholes.

# U.S. SMALL CAP EQUITY

S&P Performance	1Q21	1 Yr	3 Yrs	5 Yrs
US Small Cap Gross	5.08%	36.05%	1.94%	7.50%
US Small Cap Net	4.87%	34.92%	1.14%	6.77%
S&P Low Vol Small Cap Tot Ret	12.96%	40.89%	3.71%	8.45%
Russell 2000 Total Return	12.69%	94.82%	14.73%	16.33%

Sector	Portfolio	S&P SC LV	R2000
Communication Services	0.7%	3.1%	2.4%
Consumer Discretionary	12.1%	5.3%	14.5%
Consumer Staples	4.8%	10.0%	3.3%
Energy	1.6%	0.0%	2.6%
Financials	14.5%	15.1%	15.8%
Health Care	17.0%	10.1%	19.4%
Industrials	20.9%	20.7%	16.0%
Information Technology	11.8%	22.1%	12.6%
Materials	4.5%	3.3%	4.5%
Real Estate	4.4%	6.4%	5.9%
Utilities	4.1%	4.0%	2.7%
Other	3.7%	0.0%	0.2%



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Characteristics	Portfolio	S&P SC LV	R2000
Strategy Assets (\$ Million)	90.9	-	-
Number of Holdings	99	119	2,054
Beta*	0.73	0.82	1.00
Standard Deviation*	20.2%	22.5%	25.3%
Market Cap. (\$ Billion)	3.9	1.9	3.1
Price to Trailing Earnings	25.5	27.3	27.5
Price to Cash Flow	17.3	14.8	14.9
Price to Book	3.4	2.6	3.5
Enterprise Value to Sales	3.0	2.5	3.7
Debt as % of Assets	18.7	14.8	28.4
Dividend Yield (%)**	1.16	1.69	1.10
Return on Equity (%)	11.5	9.9	5.1

\* Beta & Standard Deviation 36 months

\*\* Dividend Yield index method, all other data weighted median

Top 10 Holdings	Ticker	Position
HOULIHAN LOKEY INC	HLI	3.3%
AMEDISYS INC	AMED	3.1%
FIVE9 INC	FIVN	2.9%
VIRTU FINANCIAL INC-CLASS A	VIRT	2.8%
ACUSHNET HOLDINGS CORP	GOLF	2.8%
REPLIGEN CORP	RGEN	2.7%
WERNER ENTERPRISES INC	WERN	2.6%
FTI CONSULTING INC	FCN	2.6%
MURPHY USA INC	MUSA	2.2%
AZEK CO INC/THE	AZEK	2.0%

## The three best contributing companies were:

**FTI Consulting (FCN)** returned 25.41% as the company beat Q4 EPS estimates and issued FY2021 revenue guidance that was above consensus.

**Werner Enterprises (WERN)** returned 20.27% as the company beat Q4 EPS and revenue estimates.

**NIC Inc (EGOV)** returned 33.49% as the company was acquired by Tyler Technologies for \$2.3 billion in an all cash deal.

## The three worst contributing companies were:

**Five9 (FIVN)** declined 10.36% as high growth cloud stocks sold off amid a sharp rotation to value stocks.

**Amedisys (AMED)** declined 9.73% as analysts downgraded the stock due to steep valuations.

**Modivcare (MODV)** declined 4.49% as the company missed Q4 EPS estimates.