



## Quarterly Market Review: 2021-Q3

### For ClearLogic Financial

Equity markets around the globe declined in the third quarter. Looking at broad market indices, US and non-US developed markets outperformed emerging markets. Value performance was mixed in the US, with small value outperforming small growth, but large value underperforming large growth. Value underperformed growth in non-US developed markets and outperformed in emerging markets.

Small caps underperformed large caps in the US, but outperformed in non-US developed and emerging markets. REIT indices outperformed equity market indices in the US and underperformed in non-US developed markets.

The first chart is a snapshot of the market performance for the third quarter. The second chart shows the world markets and events over the last twelve (12) months. Your 2021 third quarter portfolio review report is posted in your Tamarac portal.

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>3Q 2021</b>	<b>STOCKS</b>				<b>BONDS</b>	
	<b>-0.10%</b>	<b>-0.66%</b>	<b>-8.09%</b>	<b>-0.08%</b>	<b>0.05%</b>	<b>0.09%</b>
<b>Since Jan. 2001</b>						
Avg. Quarterly Return	2.4%	1.7%	2.9%	2.5%	1.1%	1.1%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	<b>2020 Q2</b>	<b>2009 Q2</b>	<b>2009 Q2</b>	<b>2009 Q3</b>	<b>2001 Q3</b>	<b>2008 Q4</b>
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-3.4%	-2.7%
	<b>2008 Q4</b>	<b>2020 Q1</b>	<b>2008 Q4</b>	<b>2008 Q4</b>	<b>2021 Q1</b>	<b>2015 Q2</b>

**Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.** Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2021, all rights reserved. Bloomberg data provided by Bloomberg.

Copyright 2021, ClearLogic Financial, Inc. All rights reserved.

The foregoing content was generated by Dimensional Fund Advisors and reflects the opinions of ClearLogic Financial, Inc. and is subject to change at any time without notice. Content provided herein is for informational purposes only and should not be used or construed as investment advice or a recommendation regarding the purchase or sale of any security. There is no guarantee that the statements, opinions or forecasts provided herein will prove to be correct.

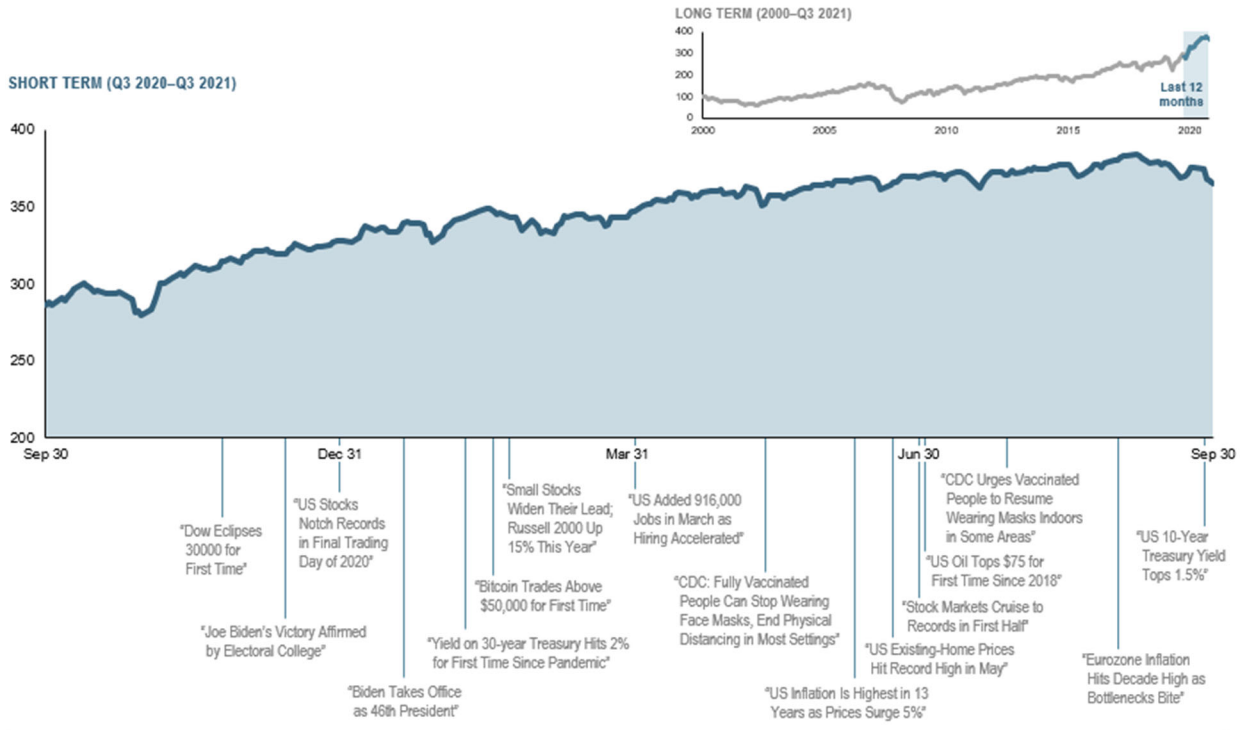
Past performance may not be indicative of future results. Indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns.

All investing involves risk, including the potential for loss of principal. There is no guarantee that any investment plan or strategy will be successful.



# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index [net div.], MSCI data © MSCI 2021, all rights reserved. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.



## The 50-Year Battle for a Better Way to Invest

David Booth, Executive Chairman and Founder

Mac McQuown recruited me to help create the very first indexed portfolio in 1971. I was 24 years old and living in San Francisco, where more people my age were following the Grateful Dead than the stock market. The think tank Mac set up felt like a start-up, although it was long before anyone used that term. We were excited by the opportunity to turn academic research into a new way of investing. Many people thought we would fail. Some even called what we were trying to do “un-American.”

But we didn't worry about the attacks; we focused on how indexing could improve the lives of investors. The fund offerings available at the time were actively managed portfolios that tried to outguess the market and were expensive, lacked diversification, and performed poorly. So-called star managers sold investors on their ability to win against the market; they sold products as opposed to solutions. Problem was, there was no compelling evidence they could reliably beat the market. We were confident that indexing—a highly diversified, low-cost investment solution that relied not on a manager's ability to pick winners, but on the human ingenuity of hundreds or thousands of companies—would change lives for the better.

Fifty years later, \$9.1 trillion is invested in index mutual funds and exchange-traded funds (ETFs).<sup>1</sup> This represents 51% of the total \$17.9 trillion in equity ETFs and mutual funds. Six of the original academic consultants Mac hired to work on that first index fund went on to win Nobel Prizes. I have worked with four of them at Dimensional.

When we started Dimensional in 1981, indexing was beginning to catch on. But the primary index used was the S&P 500, made up of 500 of the largest companies in America. My colleague Rex Sinquefeld and I thought investors could be better served by adding small capitalization stocks to the mix, since they were underrepresented in portfolios and offered diversification and expected return benefits. We were the first to treat small cap companies as a separate asset category. It was an exciting idea, but it made many people nervous. An academic paper circulated that said the performance of small cap stocks couldn't be captured because of trading costs. Many academics, even those who worked with us, were skeptical that we could deliver on our big idea of creating a small cap strategy. (After 40 years of results, the skepticism about our ability to deliver has subsided.)

There was perceived risk in trading against professional investors who might take advantage of us with all their knowledge and experience. But we found a way to turn trading to our advantage: flexibility.

Flexibility is one of the key differences between index investing and Dimensional Investing and where so much of our innovation has taken place. Because we weren't beholden to tracking any particular index, we could harness the power of markets, even beat the indices. The protocols, systems, and teams we've developed—as well as the experience we've accumulated—have shown to be applicable to a wide range of strategies, from fixed income to value to international investing.

So what happens next? Where will we be in 50 years? I've built a career in finance without making predictions, but I do believe that technological innovation is lowering barriers to entry for everyday investors and enabling greater personalization. In 1971, there was one index fund. In 1981, there was one small cap strategy. Today, investors have more access to customized portfolios than ever before.

1. Data obtained from Morningstar on July 6, 2021. The sample includes US-domiciled equity mutual funds and ETFs. Funds of funds and money market are excluded.



For me, working in finance has always been about improving people's lives. We created indexing to improve upon stock picking. We created Dimensional to improve upon indexing. Each day we strive to help our clients in new and better ways. That's why I thought 1971 was the most exciting time to be in this business. Then, I thought 1981 was the most exciting time to be in this business. But the truth is, it's every day, as long as we're able to keep helping people in innovative ways.