

### **Monthly Market Commentary**

We hope that you were able to enjoy your Labor Day Weekend with family and friends! As we head into the fall season, we look forward to the leaves changing colors, football, and cool brisk mornings. Also, as the country continues to reach herd immunity, make sure to take the time to go out and enjoy the things that you like most!

Markets continued their strong run in August posting record highs on most indexes while leadership has transitioned from cyclical and value sectors to more high quality and defensive sectors. Rates have remained muted and/or range bound across the curve over the month explaining some of the strong comeback in long duration assets as pressure on valuations eased. Commodities also resumed their run up after a short spell of weakness as the FED reiterated their commitment to stay patient with the timeline of tapering at the Jackson Hole economic symposium, until their goals of achieving maximum employment and price stability is achieved. Achieving maximum employment remains a concern for the FED with uncertainty associated with Covid variants with respect to its impact on growth due to constrained activity. On the flip side, stimulating the economy at this stage of a recovery maybe damaging as inflation has overshot their expectations consistently and risks of sticky inflation are on the rise. As a result, it creates a vicious cycle of money flowing into riskier assets and commodities to beat inflation rather than invested in the economy to generate growth.

Overall GDP growth should remain above trend for at least another few quarters despite a step down from the levels of second quarter of 2021, which was a function of a strong underlying consumer, peak stimulus, and easy base effects. Going forward, we believe its prudent to maintain a balanced approach to risk taking as markets try to find a balance between trajectory of growth and inflation, and its implications on policy. We expect to remain active and try to mobilize on any short-term dislocations or opportunities that arise as markets adjust to the changing dynamics.

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