1st Quarter 2021

Highlights

- **Interest rates rose yet investors remained comfortable with higher risk positions. Absolute returns in fixed income were mostly negative, although our portfolios continued to outperform;**
- **Optimism surrounding a return to "normal" has the U.S. economy booming. The COVID relief package, accumulated savings and vaccination success are powering the surge;**
- **ESG came into focus last year gaining renewed attention from investors, companies and policy makers. We believe it is important to integrate ESG with an established investment perspective.**

Markets

		Returns (%)			
GIA*	Average Quality	1Q21 Gross	1Q21 Net	12 Months Gross	12 Months Net
Core Plus Composite	**(A)**	**-2.73**	**-2.81**	**9.37**	**8.99**
Global Credit Plus Composite	**(A-)**	**-3.06**	**-3.18**	**12.76**	**12.20**
High Yield Composite	**(B+)**	**1.54**	**1.40**	**34.06**	**33.32**
Emerging Market Corporate Debt Composite	**(BB)**	**-0.50**	**-0.65**	**27.49**	**26.72**
Benchmark Bonds					
Bloomberg Barclay's U.S. Agg. Index	(AA+)	-3.37		0.71	
Treasury	(AAA)	-4.25		-4.43	
Corporate	(A-)	-4.65		8.73	
Mortgage	(AAA)	-1.10		-0.09	
Government/Credit	(AA)	-4.28		0.86	
ICE BofA U.S. Corporate & Yankees	(A-)	-4.30		8.40	
ICE BofA U.S. Corporate	(A-)	-4.50		9.30	
ICE BofA U.S. High Yield	(B+)	0.90		23.31	
ICE BofA EM Corporate Plus	(BBB)	-1.68		15.16	
ICE BofA Global Gov't ex-US	(AA-)	-2.27		-0.32	
JPM Emerging Markets EMBI GD	(BB+)	-4.54		16.00	
JPM CEMBI Broad Diversified	(BBB-)	-0.80		18.31	
JPM GBI-EM Global Diversified	(BBB+)	-6.68		13.03	
Benchmark Equities					
S&P 500	NA	5.77		53.71	
Nasdaq Composite	NA	2.78		72.04	
Russell 2000	NA	12.44		92.57	
MSCI EAFE	NA	2.83		41.60	
MSCI Europe	NA	3.58		41.99	
MSCI Japan	NA	0.71		36.94	
MSCI Emerging Markets Equity	NA	1.95		55.13	

* Please refer to the respective factsheets for the long-term composite and benchmark returns for each strategy.

Markets

In any normal quarter, much of what happened in 1Q 2021 would elicit plenty of reflection and commentary. Instead, for the first quarter of 2021, the narrative was largely pre-written. The exit from the Covid-19 pandemic began in the fourth quarter of 2020 with vaccination plans, government assistance and reopening schedules. All that was left was execution. The high-profile events, a presidential inauguration, a massive stimulus plan, over 100 million Americans vaccinated and a gradual, yet enthusiastic reopening, vaulted confidence after a frustrating 2020. Equity markets marched to new records, and while impediments surfaced, a tone of optimism pervaded. Economic data held up pushing commodity prices higher, credit spreads lower and the U.S. dollar stronger. One important detractor was interest rates which rose in reaction to the government's spending plans and creeping inflation. Still, with the world's central banks committed to pandemic relief, investors largely brushed the bond markets' warnings aside. With global vaccinations accelerating and the death rate abating, the world appears poised to leave the pandemic damage behind.

Investment grade credit had a poor quarter in absolute terms as interest rates rose, but continued to perform well in relative terms. A combination of strong earnings, ample liquidity and continued issuance supported the sector. The investment grade corporate bond index, the ICE BofA U.S. Corporate Index (C0A0), was down -4.50% during the quarter reflecting the impact of the sector's lengthy duration and an 83 b.p. rise in 10-year rates. By comparison, the U.S. treasury index returned -4.6% and the 7 to 15-year treasury index declined -5.83%. Corporate option adjusted spreads (OAS) narrowed by 7 b.p. to 96 b.p., while the yield to worst of the index increased from 1.78% to 2.27%. Investment grade issuance continued at a frenetic pace with $524 billion in new borrowing compared to last year's $541 billion that included $272 billion in March as the pandemic liquidity-raising frenzy began.

The high yield market had an excellent quarter, especially considering the move higher in rates and the poor absolute performance of fixed income. A sharp decline in defaults, better economic data and a recovery in the most battered industries contributed to the sector's results. The ICE BofA U.S High Yield Index (H0A0) was up 0.90% for the quarter, which compared favorably with the -1.34% return for similar duration treasuries. Energy, the largest industry in the index, continued to recover posting a 3.88% return for the quarter. Spreads to worst narrowed further by 42 b.p. from 388 b.p. to 346 b.p., while the yield to worst decreased from 4.21% to 4.16%. Surprisingly, high yield retail investors withdrew $10.3 billion during the quarter with about half of the reduction coming from ETFs. The default rate decreased to 4.8% in March from 6.2% in December (5.4% including distressed exchanges). The decline which was consistent with ample market liquidity was particularly pronounced due to March 2020 falling out of the measurement. That month about $16 billion in bonds defaulted. Even with withdrawals from retail funds, high yield companies borrowed record amounts in the new issue market. For the quarter there were $158.6 billion in new issues, exceeding the prior record (2Q 2020) by about $13 billion. March 2021 easily exceeded the prior monthly record by $11.1 billion.

Emerging markets bonds experienced mixed results with dollar bonds continuing to compress in spread and local currency bonds suffering from both higher yields and a stronger U.S. dollar. Fundamentally, optimism related to stronger growth prospects, rebounding commodity prices and ample liquidity were offset by stubborn infections, slow vaccinations and delayed reopenings. For the quarter, the JPM Emerging Market Bond Index – Global Diversified (EMBIGD), a dollar denominated sovereign index, was down -4.54%. The JPM Corporate Emerging Markets Broad Diversified Index (CEMBI BD) declined -0.80% and the JPM Global Bond Index – Emerging Markets Global Diversified (GBI-EM Global Diversified), a local markets index fell, -6.68% for the quarter.

Economy

Seldom do economists and strategists coalesce around a highly optimistic growth forecast. Granted, the global economy is not often exiting a debilitating health pandemic. On current expectations, the global economy may deliver the best year of growth in the last four decades and the U.S. economy should erase 2020's contraction by the end of 2021. In early April, the IMF upgraded its global growth forecast from 5.5% to 6.0% on the heels of a leap in expectations for the U.S. from 5.1% to 6.4%, and better performance in China from 8.1% to 8.4%.

Economists participating in the March WSJ Economic Survey upgraded their December forecasts for each quarter in 2021 in route to an annual hike from 3.59% to 5.96%. Despite discouraging infection data in February and March, anticipation of accelerated vaccine delivery is muting the infection's stubborn resilience. Successful lifting of restrictions across the country and rising temperatures have encouraged people to dine out and pursue more social activities. In addition, the government's massive stimulus package and elevated consumer savings are powering a spending spree that we believe justifies the optimism.

After a sluggish couple of months in January and February, the S&P 500 equity index recorded various record closes and ended March near the all-time high. A review of industries confirms strong revenues and cash flow results during the quarter with optimistic booking data from airlines, cruise operators and hotels. Globally, many companies increased their guidance for the remainder of 2021.

The highly optimistic outlook for U.S. growth comes with two cautious caveats. The first is the return of inflation. The massive boost from fiscal and monetary policy along with pandemic-related supply chain disruptions pushed prices higher. Housing enjoyed a banner year in 2020, lifted by low mortgage rates and some "de-urbanization." Commodity prices recovered with China's post-Covid consumption boom and supply restraint. While companies and investors agree inflation will rise in the short-term, few agree on the sustainability of higher prices. WSJ Survey economists expect inflation to average about 2.5% in 2021, however it would ease to around 2.3% for the following two years. By quarter-end the 10-year U.S. treasury yield had risen 83 b.p. from year-end 2020.

The second concern is the uneven global exit from the pandemic. While the U.S. was able to deploy about 25% of GDP in fiscal stimulus, most countries cannot marshal the resources for such massive support. As a consequence, swaths of the world are still battling elevated infection rates and slow vaccination. As we write, even Canada enacted a national lock-down to battle its latest wave.

Scenarios

We propose three scenarios for the U.S. economy over the next 6 months:

1. Our most likely case has the economy growing about 6.0% at an annual rate in 2Q, and then accelerating to a 7.0% rate in 3Q 2021. At the current vaccination rate, it is expected the country will be able to fully reopen by the end of June. Economic data confirms consumer eagerness to reengage the services forgone over the last year, including dining away from home, travel and large audience leisure activities. Stimulus checks and sizeable savings give people the financial underpinning to consume. Given the pace of the vaccine rollout and reopening, it is likely the third quarter growth will exceed the second. While demand is likely to stoke inflation, we believe the combination of "one-time buying" and capacity expansion will keep inflation from getting out of control. PROBABILITY 65%

2. A second scenario has the economy expanding at an even faster pace of 8.0% at an annual rate in the second and third quarter. The relief package signed in March exceeded 8.0% of GDP. This larger growth figure depends on an accelerated pace of vaccination and reopening. Also, in this scenario, global infection rates

would have to decline so more countries could bring forward their reopening. During this process government stimulus remains intact, fueling consumer demand and inflation. PROBABILITY 15%

3. A third scenario has the economy stalling at a positive, but underwhelming rate of growth. While vaccination continues, the pace slows due to reticence from an important share of the population to take it and infections continue to spread at an elevated rate. In major countries like Brazil and India, infections spiral higher, and the global reopening gets delayed. The U.S. is unable to stand alone and the return to "normality" gets pushed back to the fourth quarter. PROBABILITY 20%

Market Outlook

Despite expectations for an imminent return to "normalcy," financial markets continue to be supported by fiscal and monetary stimulus. Authorities insist their aid will remain in place until unemployment declines and the economy reopens fully. The incongruence of massive government stimulus and consumers eager to spend will likely come to a head during the second quarter. The most visible manifestation will be higher prices, although distortions in asset valuations and investment behavior may also surface. We believe interest rates will continue to edge higher with the 10-year U.S. treasury yield likely to exceed 2.0%. With the Fed committed to its bond purchase program and a near-zero Fed Funds rate, the yield curve will likely steepen further. Despite this, the Fed's actions encourage risk-taking, which will likely take spread products to record tight levels. From an investment standpoint, credit and other higher yielding securities should be favored, although selectivity will be important because the rate of growth and high valuations will not be sustainable forever.

April 15, 2021

Important Information

GIA Partners, LLC ("GIA") is an SEC registered investment adviser.

This material is for information purposes only. It does not constitute an offer to or a recommendation to purchase or sell any shares in any security. Investors should consider the investment objectives, risks and expenses of any strategy or product carefully before investing.

Past Performance: The performance data quoted represents past performance. Past performance is not an indication of future performance provides no guarantee for the future and is not constant over time. The value of an investment may fluctuate and may be worth more or less than its original cost when redeemed. Current performance may be lower or higher than the performance data quoted.

Forecasts and Market Outlook: The forecasts and market outlook presented in this material reflect subjective judgements and assumptions of the investment manager and unexpected events may occur. There can be no assurance that developments transpire as forecasted in this material. Certain assumptions made in the preparation of the material may be subject to change without notice and GIA is under no obligation to update the information contained herewith.

Management Fees, as well as account minimums and other important information are described in GIA's Form ADV - Part IIA. Since management fees are deducted quarterly, the compounding effect will be to increase the impact of such fees by an amount directly related to the account's performance. For example, an account with a 10% gross annual return and a 1% annualized management fee that is deducted quarterly will have a net annual return of about 8.9%.

Index Definitions

Bloomberg Barclays U.S. Aggregate Index

The Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg Barclays U.S. Treasury Index

This index is the U.S. Treasury component of the U.S. Government index. Public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg Barclays U.S. Government/Credit Index

The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies. The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Credit Index

This index is the U.S. Credit component of the U.S. Government/Credit index. Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

Bloomberg Barclays U.S. Mortgage Backed Securities Index

This index is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

ICE BofA U.S. Corporate & Yankees Index

The ICE BofA U.S. Corporate & Yankees Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market by US and non-US corporations and non-US quasi-governments.

ICE BofA U.S. Corporate Index

The ICE BofA U.S. Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings).

ICE BofA U.S. High Yield Index
The ICE BofA U.S. High Yield Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market.

ICE BofA Global Government Excluding the U.S. Index (N0G1)
The ICE BofA Global Government Excluding the U.S. Index tracks the performance of publicly issued investment grade sovereign debt denominated in the issuer's own domestic currency. N0G1 excludes U.S. government bonds.

JP Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)
The CEMBI tracks total returns of US dollar-denominated debt instruments issued by corporate entities in Emerging Markets countries. Two variations are available: CEMBI Broad and CEMBI. The CEMBI Broad is the most comprehensive corporate benchmark followed by the CEMBI, which consists of an investable universe of corporate bonds. The CEMBI Broad Diversified limits the weights of those index countries with larger corporate debt stocks by only including a specified portion of these countries' eligible current face amounts of debt outstanding.

JP Morgan EMBI+ Index
The EMBI+ tracks total returns for U.S-dollar-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds. The EMBI+ currently covers 104 instruments across 15 countries.

JP Morgan Government Bond Index-Emerging Markets (GBI-EM)
The GBI-EM is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. Variations of the index are available to allow investors to select the most appropriate benchmark for their objectives.

S&P 500 Index
An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Nasdaq Composite Index
An index that tracks the change in the total market value of all companies listed on the Nasdaq Stock Market.

Russell 2000 Index
An index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small cap stocks in the United States.

MSCI EAFE Index
The index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia and the Far East.

MSCI Europe Index
The index is a free-float weighted equity index measuring the performance of Europe Developed Markets.

MSCI Japan Index

The index is a The MSCI Japan Index is a free-float weighted equity JPY index.

MSCI Emerging Markets Equity

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.