Financial Markets Review
September saw the first monthly decline for global equity markets since January. After a strong start to the quarter, the spread of the delta variant and continuing supply chain pressures weighed on economic activity toward the end of the quarter. Additionally, investors became concerned about a potential default by China Evergrande, rising inflationary pressures, and infighting in Washington related to the debt ceiling and the President’s spending plans. Monetary policy remains accommodative, although the Fed signaled that it may begin tapering its bond purchases by the end of the year. Markets currently expect the Fed to begin raising interest rates in late 2022 or early 2023.

Global equities posted modest declines for the quarter, with the MSCI All Country World Index falling 1.1%, leaving it with an 11.1% gain year-to-date. The S&P 500 returned 0.6% during the quarter as the U.S. outpaced most other regions. Year-to-date, the S&P 500 returned 15.9%. International developed stocks fell 0.4% during the quarter but remain up 8.3% year-to-date. A stronger dollar negatively impacted unhedged international equity positions during the quarter. Emerging markets lagged their developed market counterparts by a wide margin driven by China’s regulatory crackdown and growth concerns. The MSCI Emerging Markets Index fell 8.1% for the quarter, leaving it down 1.2% year-to-date. From a style perspective, growth outperformed value among large and mid-caps, while value outperformed among small-caps.

Fixed income markets, as represented by the Bloomberg Barclays US Aggregate Index, produced a slightly positive gain of 0.1% for the quarter. TIPS outperformed other fixed income sectors driven by rising inflation expectations. High yield bonds outperformed investment grade credit and Treasuries. The yield curve mostly steepened during the quarter.

Investment Pool Commentary
The Long Term Diversified Pool (LTD) returned -0.4% during the third quarter but remains up 9.7% calendar year-to-date. The LTD Pool slightly outperformed its Strategic Policy Benchmark for the quarter, driven by outperformance from the Lazard Listed Infrastructure Fund and small-cap equity manager Champlain. The LTD Pool also outperformed the Public Markets Benchmark for the quarter and year-to-date as the Pool’s strategic allocations to alternative asset classes proved favorable. The LTD Pool lagged its benchmarks for the most recent 5-year period but performance was closely aligned with the benchmarks for the 10-year period.

The Long Term Aggressive Growth Pool (LTAG) fell 0.8% for the quarter, leaving it up 8.9% year-to-date, slightly ahead of its benchmark for both periods. For the quarter, the Pool benefited from outperformance from fixed income manager Western while outperformance in international equity benefited year-to-date results. Since its inception in April 2019, the LTAG Pool returned 13.7% on an annualized basis, ahead of its benchmark.
The **Socially Responsible Pool (SRI)** gained 0.5% during the quarter, ahead of its benchmark. All three of the Pool’s underlying managers outperformed their respective benchmarks for the quarter. Year-to-date, the SRI Pool gained 6.9%, trailing its benchmark as a result of underperformance from international equity manager Boston Common. The SRI Pool outperformed its benchmark for the trailing 5-year and 10-year periods.

The **Intermediate Pool (INT)** returned -0.4% for the quarter and 5.1% year-to-date. The INT Pool outpaced its benchmark over both periods driven by outperformance from emerging markets equity manager DFA. The INT Pool outperformed its benchmark for the trailing 5- and 10-year periods.

The **Short Term Pool (ST)** was flat for the quarter, in line with the 90-Day US Treasury Bill as short-term Treasury rates remained near zero. As of September 30, 2021, the ST Pool’s annualized yield remained at 0.01%.

For questions or additional information, please contact your relationship manager or click here to visit our website.
Long Term Diversified Pool

Established December 1990

Net Returns - As of September 30, 2021

The Strategic Policy Benchmark represents the weighted average return of the underlying asset class benchmarks using the pool’s strategic asset allocation through time. The Public Markets Benchmark represents 70% MSCI All Country World Index (ACWI) / 30% Bloomberg Barclays Aggregate Bond Index.

Per industry standard, investment pool returns are reported net of underlying investment manager fees. Returns do not incorporate other pool expenses including custody, consulting, and legal fees, or ACF’s investment oversight fee. Actual returns for individual fund-holders may vary from the pool(s) in which they are invested due to the timing of contributions and grants/distributions.
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The Strategic Policy Benchmark represents the weighted average return of the underlying asset class benchmarks using the pool’s strategic asset allocation through time.
Intermediate Pool
Established December 2005

Net Returns - As of September 30, 2021

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