9-Month Fund Review

(as at September 30, 2021)

Shaken, not Stirred – global economic activity remains expansionary while facing stronger headwinds.

Latest Developments

- Stocks pause in the third quarter and take a much-needed breather. Stocks ended mostly flat on the quarter, while still showing double digit returns year to date.
- While initially behind, Europe has done an excellent job of distributing the vaccine and removing COVID restrictions.
- The spread of the Delta variant has had only a limited effect on economic demand and customer sentiment.
- Bottlenecks in supply chains are curtailing growth and stoking inflation concerns.
- Despite strong economic activity, many jobs are unfilled because of a mismatch between the required skills and the available talent.
- Companies and individuals are sitting on piles of cash, providing support to the markets as they look for better entry points.
- There is uncertainty for when pandemic-related 'easy-money' policies are withdrawn. Central banks are indicating a change in policy is imminent. This is especially relevant in the liquidity fueled stock market recovery.
- The short-term economic environment has turned more challenging which warrants a more cautious investment stance.

Future Returns will be Lower

- US equities have experienced remarkable returns. 31% in 2019, 18% in 2020 and 16% year to date. It remains to be seen if this trend continues.
- The average return for US equities over the last 10 years has been 14% which is significantly above the long-term average rate of 11% for the last 50 years.
- With lower interest rates, higher valuations and modest economic growth, the future will likely look different to the past.
- There is no reliable way to predict whether stocks will have positive or negative years. Remaining invested and taking a long-term perspective is the best approach for success in the long run.
- Given current market conditions, now is a good time to review your investment portfolio and make adjustments, if necessary, to align with your long-term financial goals.

ARGUS
Our Interest is You.

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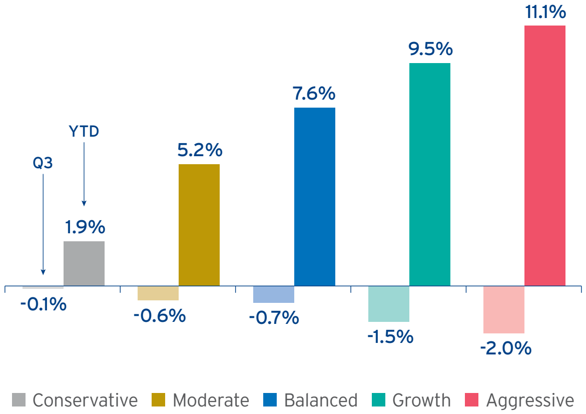
Impact on Portfolios

- Fiscal and monetary stimulus is driving equity and bond prices higher, resulting in positive returns YTD for all risk profiles.
- Despite the volatility witnessed in Q3 – especially in September – our higher risk profiles continue to perform well.
- With future returns from fixed income likely to be low, we have increased exposure to private real estate. This has been funded by fixed income as we anticipate real estate returns will be beneficial to your funds, relative to fixed income.

ARGUS SELECT FUNDS
Q3 vs. YTD Performance



Fact sheets are updated monthly and are available on the Argus website: www.argus.bm

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GUARANTEED ACCOUNT (INTEREST ACCUMULATOR) – gross of fees

The gross declared yield on the five-year accumulator is 0.45% and 0.0% on the one-year accumulator. Because there is no volatility with this investment, many clients select this option. However, after pension administration fees there is very little for the five-year investor and rarely any real return remaining for the one-year investor. If you would like to change your investment selection, please visit www.argus.bm to learn more about other investment options that may be more suitable to your specific needs.

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