Monthly Commentary on Markets – October 2021

As we head into year end, equity markets have stabilized with major indices now up double digits for 2021. Interest rates are on the rise as more eyes shift towards the Fed with expectations of tapering this year and the timeline for raising rates next year. We believe the greatest domestic risk lies with inflation which we see across many areas – consumer goods, automobiles, housing, and wages. The Fed is likely to accelerate its timeline for raising rates should this trend continue. We believe that as government aid programs expire and as the global supply chain stabilizes, we will be seeing pricing pressure subside and inflation will return to its long-term historical average. With concerns around the recovery of emerging markets, regulatory risk in China, and interest rate risk in fixed income, we believe US Equities may have favorable returns compared to all other asset classes.

We believe the most value lies in companies exhibiting innovation and disruption within their industries. This theme has been a focus and driving force in our active investment management decisions for several years. We believe these companies will drive a new era for profitability and growth. Our active approach focuses on innovation and disruption in the following areas, as well as sub-trends that may be incorporated:

- Consumer Products & Services – medical marijuana, sports gambling, e-dating, food delivery, alternative meats
- Bioinformatics, Genomics, and Medical Devices – genomic modification, rare disease research and solutions, device patents
- Financial Services Innovation and Technology – blockchain adoption, payment processing, financial service enhancement
- Security & Big Data – cloud computing, cybersecurity
- Robotics & Artificial Intelligence – autonomous driving technology, industrial innovation
- Energy & Infrastructure – clean energy, lithium & battery technology, data centers, 5G expansion

Markets are constantly in a state of change. As active portfolio managers, we must adapt with modern solutions to the portfolio management process. To learn more, please reach out to your financial advisor.

Be Well,

The Seventy2 Capital Team

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities.