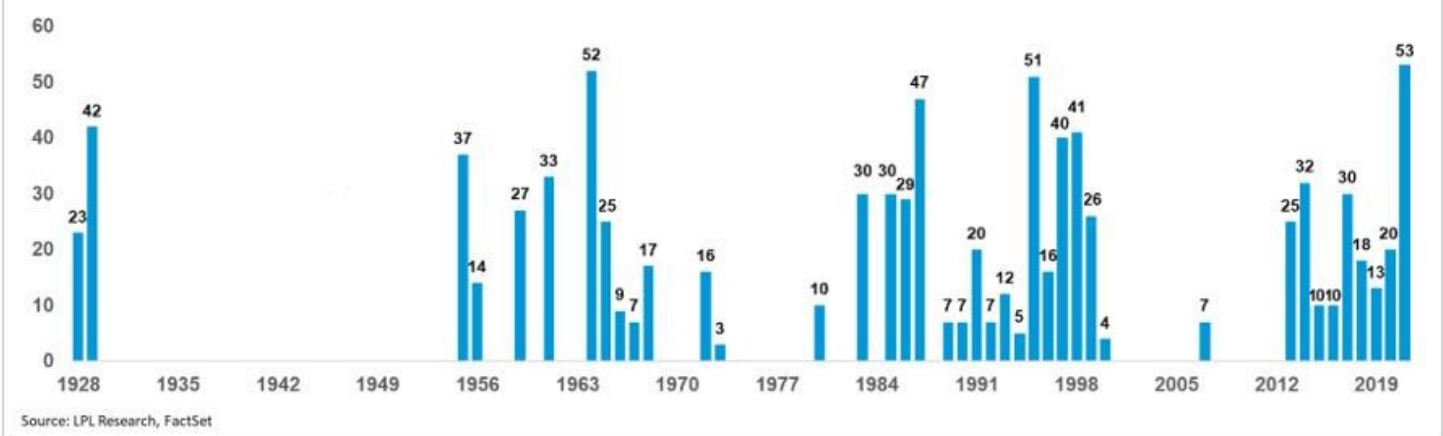


CHART OF THE MONTH

SEPTEMBER 2021

S&P 500 New All-Time Highs Through August



The S&P 500 rose once again in August, marking the index's seventh straight month of gains — the longest winning streak in more than 3-1/2 years and tied for the tenth greatest since World War II. Notably, after the prior seven-month win streaks, the S&P 500 was higher six months later 13 out of 14 times with average and median returns of 7.9% and 8.9%, respectively.

As shown above, the S&P 500 has made a record 53 new highs through August, topping the previous best of 52 set in 1964. The index is on pace for 79 new highs for the year, which would exceed the 77 achieved in 1995. The S&P added 3.6% over the rest of the year in 1964 and 9.6% in 1995.

Year-to-date, the S&P has increased 20.6% (see below). In the 14 previous times the index produced a 15% or better return through August, it generated average and mean performances of 4.1% and 5.2%, respectively. Throw out the high of 20.6% in 1954 and the low of -25.1% in 1987 and the average works out to 5.3%. Without making any guarantees, the historical results would suggest the market could pop an additional 4% to 5% between now and year end. If so, the S&P would advance approximately 25% in 2021.

The market has been in rarefied air since early 2009. If the S&P 500 can hold onto its YTD gains, it would be the fifth time exceeding 20%, the tenth with double digits, and the 12th out of 13 with positive performance since 2008.

These results are clearly unsustainable longer term. Nevertheless, we maintain our bullish outlook for now. That said, the market is overbought and due for a pullback. As noted [last month](#), "the S&P 500 has not undergone even a 5% pullback since October last year, an unusually long period without such a drawdown." Historically, the market has averaged *three* declines of 5% or more annually. As a result, it should come as no surprise if and when stock prices experience such a correction.

Meanwhile, the market has been resilient in the face of several headwinds, including Afghanistan, Hurricane Ida, and the Delta variant, as well as slowing economic data and consumer confidence. To help in managing the risks, we continue to rebalance client portfolios, trimming stock positions on strength to keep the equity weightings at or near their targets.

S&P 500 Performance Following > 15% YTD Gains Through August

