

Market Performance Perspective

It is hard to believe how much has changed in only one year. The U.S. economy and the country have opened up out of the pandemic as a result of a multitude of factors.

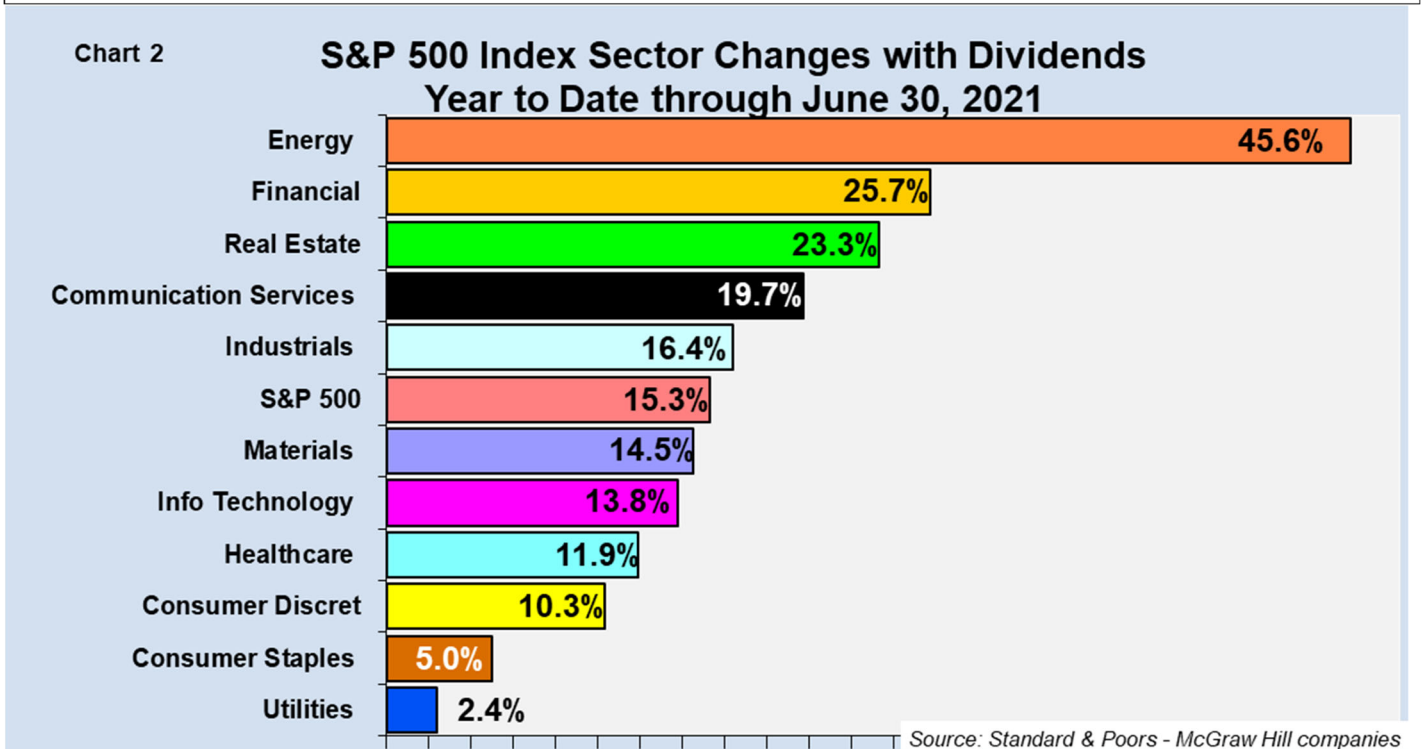
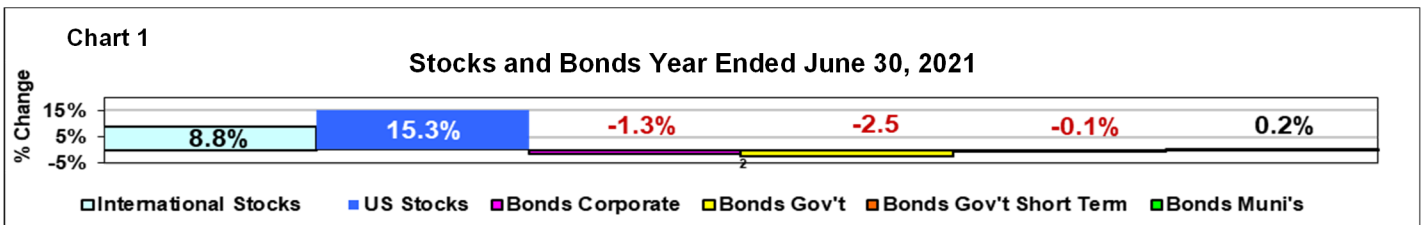
Consumer spending on dining and travel is increasing and recent sales data show evidence of pent-up demand, in our opinion.



We also believe that the stimulus packages provided by the U.S. Treasury have succeeded in igniting the economy. Our outlook expects stronger economic growth to bring a return to more normal, higher inflation, and in turn higher interest rates.

The S&P 500 Index average **annualized** return for periods ending June 30, 2021:

<u>3 Months</u>	<u>6 Months</u>	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20Yrs</u>
8.6%	15.3%	40.8%	17.7%	14.8%	8.6%



The Regan Group, Inc.

444 Regency Parkway Drive, Suite 101, Omaha, NE 68114

Toll Free 877.301.7324

402.391.8000

Fax 402.391.8004

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Chart 3 **Russell Indices Style Returns
6 Months Ended June 30, 2021**

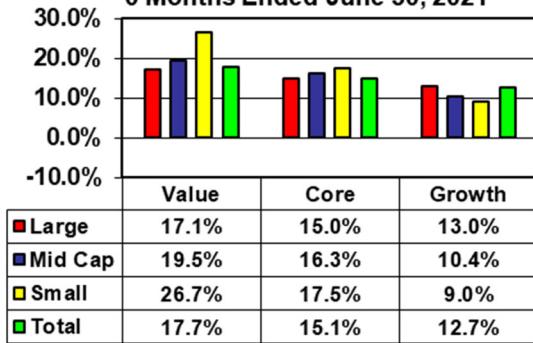
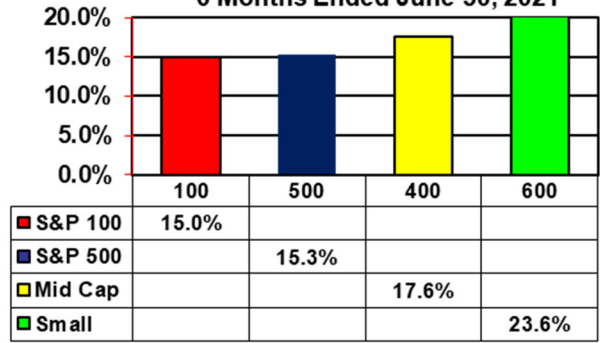


Chart 4 **Standard & Poor Indices "Cap" Returns
6 Months Ended June 30, 2021**



Sector Returns - Chart 2:

Energy reflected greater demand and recovered some of previous losses. Financial sector gains reflected improvement in the overall economy.

Style & Capitalization Size Returns - Chart 3 & 4:

Small companies and value-oriented stocks led the way.

Economic Background

The first half of 2021 was encouraging on many levels, in our opinion. There was robust manufacturing activity in the U.S. The ISM Manufacturing Index achieved a reading above 60 in five of the six months, according to the Institute for Supply Management. A reading above 50 signals expansion.

Merger activity was robust. Data from Refinitiv indicates that global mergers and acquisitions (M&A) deal value totaled \$2.4 trillion from January through May, according to Reuters. That is an all-time high for the five-month period. The U.S. accounted for \$1.3 trillion of that total.

In late June, the Federal Reserve ("Fed") announced that 27 of the largest banks in the U.S. passed the latest round of stress tests with "flying colors," according to Fox Business. The Fed stated that these banks now hold more than double the average capital cushion required, paving the way for dividend hikes and increased stock buybacks.

Source: Chart 1, 3 & 4 = MSCI Barra, Standard & Pools, Wall Street Journal; Frank Russell **Chart 1 Indices:** International Stocks = MSCI EAFE Index; U.S. Stocks = S&P 500 Index; Bonds Corporate = BBBC Credit; Bonds Gov't = BBBC Government; Bonds Gov't Short Term = BBBC 1-3 Year Government; Bonds Muni's = BBBC 7 Year Municipal Year Index; **Chart 3 Indices:** Value Large = Russell 1000 Value; Value MidCap = Russell MidCap Value; Value Small = Russell 2000 Value; Value Total = Russell 3000 Value; Core Large = Russell 1000; Core Midcap = Russell MidCap; Core Small = Russell 2000; Core Total = Russell 3000; Growth Large = Russell 1000 Growth; Growth Midcap = Russell Midcap Growth; Growth Small = Russell 2000 Growth; Growth Total = Russell 3000 Growth. **Chart 4 Indices:** Large = S&P 100 Index; Midcap = S&P MidCap 400 Index; Small = S&P Small Cap 600 Index. The Russell Indices are provided by The Frank Russell Company. The BBBC indices are provided by Bloomberg Barclays Capital, Inc. The MSCI EAFE Index is provided by Morgan Stanley. The S&P 100, 400, 500 and 600 Indices (a registered trademark of the McGraw Hill Companies) are unmanaged indices of common stocks. S&P Dow Jones Indices information is a joint venture between S&P Global, the CME Group, and News Corp Investors cannot purchase any index. Past performance is no guarantee of future results.

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Achieve superior results for our clients by providing institutional level investment management and consulting services.

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We help clients realize their vision of the future with personalized investment planning.

Our client specific strategies use independent, full-time professionals to research and manage portfolios for long-term growth of assets.

Our services include:

- **Over 50 years of experience** in both up and down markets.
- Independent, objective advice from professionals with the expertise you need to help you achieve your goals.
- Investment strategies appropriate for **long-term, serious, core money**.
- Asset allocation strategies customized to fit clients' unique needs, risk tolerance, and time horizons.
- A disciplined investment process.
- Portfolios that attempt to provide **more consistent returns with reduced volatility** over time.
- **Seek out, screen, and hire** high- quality money managers to run portfolios of individual securities.
- **Ongoing review** of the chosen managers' process, personnel, and investment decisions and report their performance quarterly.
- Replace managers when necessary.

Clients have trusted us for decades to provide their investment services.

We continue to grow and appreciate your introductions to friends and family. Our target markets are clients just like you – individuals, foundations, endowments, retirement plans, and corporations.

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