

Wilshire

CollegeCounts Alabama's 529 Fund Supplemental Report

3rd Quarter 2021

November 2021

Agenda

3Q Market Performance

October Market Performance

Plan Performance Summary

- Direct Plan
- Advisor Plan

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Market Performance as of 9/30/2021

U.S. Equity Markets (as of 9/30/2021)

U.S. Equity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
FT Wilshire 5000 Index SM	-4.43	0.14	15.62	32.35
Standard & Poor's 500	-4.65	0.58	15.92	30.01
Wilshire 4500 Completion Index SM	-3.49	-1.77	14.05	46.33
U.S. Equity by Size/Style	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US Large-Cap Index SM	-4.60	0.45	15.61	30.86
Wilshire US Large-Cap Growth Index SM	-5.26	1.27	15.51	30.26
Wilshire US Large-Cap Value Index SM	-3.73	-0.62	14.72	30.35
Wilshire US Small-Cap Index SM	-2.71	-2.97	15.39	51.11
Wilshire US Small-Cap Growth Index SM	-3.33	-3.77	8.20	40.37
Wilshire US Small-Cap Value Index SM	-1.72	-1.81	23.30	63.01
Wilshire US Micro-Cap Index SM	-3.18	-6.12	24.94	64.85

U.S. Equity Markets

- The U.S. stock market, represented by the Wilshire 5000 Index, returned 0.14% during the third quarter of 2021.
- Large cap growth stocks outperformed large cap value stocks during the quarter. On the small cap side, value stocks continue to outperform growth stocks.
- Large cap stocks notably outperformed small cap stocks for the second consecutive quarter.
- The best performing sectors during the quarter were Financials, Information Technology and Utilities. The worst relative performing sectors were Industrials and Materials.

Non-U.S. Equity Markets (as of 9/30/2021)

Non-U.S. Equity	USD (%)				Local Currency (%)			
	MTD	QTD	YTD	1 Year	MTD	QTD	YTD	1 Year
MSCI AC World ex U.S.	-3.20	-2.99	5.90	23.91	-1.83	-1.30	10.09	23.94
MSCI ACWI ex USA Minimum Volatility	-2.62	0.68	6.62	15.27	-1.48	1.69	10.18	15.57
MSCI EAFE	-2.90	-0.45	8.35	25.73	-1.30	1.32	14.23	27.20
MSCI EM (Emerging Markets)	-3.97	-8.09	-1.25	18.20	-2.82	-6.69	0.73	16.86
MSCI ACWI ex U.S. Small Cap	-3.04	0.00	12.23	33.06	-1.55	1.84	17.08	32.75

International Equity Markets

- Non-U.S. equity markets posted negative returns during the quarter.
- Developed non-U.S. markets as measured by the MSCI EAFE Index returned (-0.45%) during the quarter.
- International small cap stocks outperformed during the quarter and have outperformed YTD.
- Emerging markets had a rough quarter, returning (-8.09%). The main source of weakness within emerging markets was China, which was down over 18% during the quarter.
- U.S. dollar strengthened during the quarter, which was a headwind for U.S.-based investors.

Fixed Income Markets (as of 9/30/2021)

U.S. Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Bloomberg Barclays U.S. Aggregate	-0.87	0.05	-1.55	-0.90
Barclays Long Term Treasury	-2.86	0.47	-7.49	-10.27
Barclays U.S. TIPS	-0.71	1.75	3.51	5.19
Barclays U.S. Credit	-1.07	-0.03	-1.30	1.45
Barclays U.S. Corporate High Yield	-0.01	0.89	4.53	11.28
Global Fixed Income	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Bloomberg Barclays Global Aggregate	-1.78	-0.88	-4.06	-0.91
Bloomberg Barclays Global Aggregate (Hedged)	-0.94	0.09	-1.43	-0.56
Bloomberg Barclays EM LC Gov't Unvrsl	-1.71	-0.33	-1.50	4.84
Bloomberg Barclays EM LC Gov't Unvrsl (Hdg)	-0.64	0.52	-1.11	0.03

Fixed Income Markets

- Fixed Income markets posted mixed results during the quarter, with the Bloomberg Barclays U.S. Aggregate Index returning (+0.05%).
- Rates rose in September, with the 10-year Treasury yield ending the quarter up 2 basis points from June to end the quarter at 1.49%.
- Credit spreads widened slightly, with the U.S. Credit Index returning (-0.03%). The U.S. High Yield Index posted a (+0.89%) return.
- On the international/global side, the hedged indexes outperformed due to the strengthening U.S. dollar.

Other Markets (as of 9/30/2021)

Real Estate / Commodity	MTD (%)	QTD (%)	YTD (%)	1 Year (%)
Wilshire US RESI SM	-5.09	1.64	24.72	38.09
Wilshire Global RESI SM	-5.02	0.37	18.50	34.35
Bloomberg Commodity Index	4.98	6.59	29.13	42.29
S&P GSCI Commodity	-1.28	1.49	6.97	23.04
Alerian Midstream Energy Index	4.14	-1.26	38.91	66.90

Real Estate and Other Markets

- U.S. and global real estate securities had modestly positive returns during the quarter.
- In terms of real estate sectors, Apartments (+7.8%) and Residential REITs (+6.7%) had the strongest performance during the quarter.
- Commodity results were positive for the quarter as crude oil was up 2.1% to \$75.03 per barrel. Natural gas prices were up 60.7%, ending the quarter at \$5.87 per million BTUs.
- Midstream Energy fell after three strong quarters. Finally, gold prices were down (-0.9%) and finished at approximately \$1,755 per troy ounce.

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October Market Performance

Markets (as of 10/31/2021)

U.S. Equity	MTD (%)	YTD (%)
Wilshire 5000 Total Market Index	6.73	23.40
U.S. Equity by Size/Style	MTD (%)	YTD (%)
Russell 1000 Index	6.94	23.18
Russell 1000 Growth Index	8.66	24.20
Russell 1000 Value Index	5.08	22.03
Russell 2000 Index	4.25	17.19
Russell 2000 Growth Index	4.68	7.64
Russell 2000 Value Index	3.81	27.60
Non-U.S. Equity	MTD (%)	YTD (%)
MSCI EAFE Index	2.46	11.01
MSCI Emerging Markets Index	0.99	-0.27
U.S. Fixed Income	MTD (%)	YTD (%)
Bloomberg Barclays U.S. Aggregate	-0.03	-1.58
Barclays U.S. Corporate High Yield	-0.17	4.36

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Plan Performance Summary

3rd Quarter Performance Summary – Direct Plan

- Target portfolios performed in-line with their benchmarks
 - Modestly negative absolute returns for the more aggressive (equity heavy) portfolios
 - The more aggressive (equity heavy) portfolios returned 10-12% for the YTD period
- Modestly positive results from the active fixed income managers
 - PIMCO ST Bond and Fidelity Investment Grade Bond modestly outperformed
- Mixed performance from active U.S. equity managers
 - T. Rowe Price Large-Cap Growth underperformed
 - Vanguard Explorer and DFA Small Cap Value outperformed
- Underperformance from active international equity manager
 - Dodge & Cox International underperformed its benchmark

Notable Fund Performance – Direct Plan

- **Outperformers:**
 - *Vanguard Explorer (Outperformed by 2.70%)*
 - Stock selection within the Health Care and Industrials sectors
 - Overweight allocation to the strong relative performing Financials sector
 - *DFA Small Cap Value (Outperformed by 2.16%)*
 - Focus on higher profitability names within the small cap value segment of the market aided relative performance
 - Strong stock selection within the Industrials and Consumer Discretionary sectors
- **Underperformers:**
 - *Dodge & Cox International Stock (Underperformed by 2.89%)*
 - Allocation to Chinese Internet names (Alibaba and Baidu)
 - Value bias and stock selection within Health Care
 - *T. Rowe Price Large Cap Growth (Underperformed by 1.66%)*
 - Weak stock selection within the Consumer Discretionary and Health Care sectors
 - Underweight allocation to the Information Technology sector

3rd Quarter Performance Summary – Advisor Plan

- Target portfolios performed in-line with their benchmarks
 - Modestly negative absolute returns for the more aggressive (equity heavy) portfolios
 - The more aggressive (equity heavy) portfolios returned 10-13% for the YTD period and outperformed their respective benchmarks
- Modestly positive results from the active fixed income managers
 - American Century and Fidelity modestly outperformed
- Mixed performance from active U.S. equity managers
 - T. Rowe Price Large-Cap Growth underperformed
 - T. Rowe Price QM Small Cap Growth outperformed
- Modest underperformance from active international equity managers
 - DFA International Small Cap and Vanguard Emerging Markets Select Stock underperformed

Notable Fund Performance – Advisor Plan

- **Outperformers:**
 - *T. Rowe Price QM Small Cap Growth (Outperformed by 3.67%)*
 - Strong stock selection within the Consumer Discretionary and Health Care sectors
 - Stocks selection in Industrials and Information Technology also helped
- **Underperformers:**
 - *Vanguard Emerging Markets Select Stock (Underperformed by 1.86%)*
 - Baillie Gifford, the Fund's growth-oriented subadvisor, notably underperformed due to its holdings in China and South Korea
 - Brazilian mining stock Vale was a notable individual detractor
 - *T. Rowe Price Large Cap Growth (Underperformed by 1.63%)*
 - Weak stock selection within the Consumer Discretionary and Health Care sectors
 - Underweight allocation to the Information Technology sector

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