

## M·CAM International LLC

### June 30<sup>th</sup>, 2021 Rebalance Highlights

#### Summary:

As the economy fully reopens and consumer confidence continues to rise, the global economy has witnessed a tremendous surge in consumer spendings, especially in-person services. According to the forecast from The Conference Board<sup>1</sup>, the US real GDP growth will rise to 9% (annualized) in Q2 2021 and 6.6 percent (year-over-year) in 2021. Besides, another round of government spending is likely to further stimulate the economy as the White House is currently negotiating a \$2 trillion infrastructure and tax plan. From a global perspective, strong signs of economic recovery emerge as S&P Global Ratings upgrades growth forecasts for Asia-Pacific to 7.3% for 2021 from 6.8% previously. Additionally, empirical data has shown that the eurozone economy is less sensitive to social-distancing restrictions than a year ago<sup>2</sup>, indicating the negative impacts of COVID-19 has been lessened.

During Q2 2021, the global innovation index has witnessed strong growth as a result of the global economic rebound. The global innovation index has returned 7.36% while its benchmark MSCI ACWI index has returned 7.21% in Q2 2021. Similar to Q1 2021, the outperformance is largely attributed to the selection effects in the Electronic Technology, Health Technology, and Producer Manufacturing sector, which were overweighted by the innovation indexes relative to their benchmarks based on M-CAM's 2021 Q2 economic forecasts.

Moving into Q3 2021, the weights of the Electronic Technology and Health Technology sectors has slightly decreased compared to their weights at the beginning of Q2 2021. However, these two sectors still dominate the index total weights over 40% as the companies in these sectors are likely to be the direct beneficiaries of the economic recovery and government spendings. Besides, the 2021 Q3 weights of the producer manufacturing sector increased significantly for the U.S. and global economy, signaling a positive perspective on the recovery of systematic production, supply chain, and consumer confidence. For the U.S. index, the weight of the consumer Non-Durables sector has plunged by the largest (-1.83%) compared to Q2 2020. For the Global index, the largest weight drop (-0.57%) resides in the Industrial Service sector compared to Q2 2020. The weight drop of these two sectors is possibly the result of their strong outperformance during Q2 2020, which gives investors a more neutral view towards their growth moving into the third quarter.

#### Innovation $\alpha$ ® Global Index (INAG Index)

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<sup>1</sup> The Conference Board Economic Forecast for the US Economy (June 9, 2021). <https://www.conference-board.org/research/us-forecast>

<sup>2</sup> Global Economic Outlook: Q2 2021. <https://www.spglobal.com/ratings/en/research-insights/special-reports/global-economic-outlook-q2-2021>

INAG top 5 companies by 2021Q3 weight

FactSet Symbol	Name	Sector	Industry	2021Q3 Weight
AMAT-US	Applied Materials, Inc.	Producer Manufacturing	Industrial Machinery	1.68%
AAL-GB	Anglo American plc	Non-Energy Minerals	Other Metals/Minerals	1.60%
NOKIA-FI	Nokia Oyj	Electronic Technology	Telecommunications Equipment	1.42%
669-HK	Techtronic Industries Co., Ltd.	Consumer Durables	Tools & Hardware	1.29%
AZN-GB	AstraZeneca PLC	Health Technology	Pharmaceuticals: Major	1.28%

INAG 2021Q3 weight alterations by Industry Sector

Sector	2021Q3 Weight	2021Q2 Weight	Change
Electronic Technology	21.86%	22.21%	-0.34%
Industrial Services	3.43%	4.00%	-0.57%
Process Industries	6.41%	6.80%	-0.38%
Producer Manufacturing	10.70%	10.21%	0.48%
Non-Energy Minerals	3.29%	2.93%	0.37%
Communications	1.32%	1.48%	-0.16%
Consumer Services	0.83%	0.92%	-0.09%
Commercial Services	3.14%	2.93%	0.21%
Retail Trade	1.00%	0.65%	0.35%
Consumer Durables	9.97%	9.94%	0.03%
Consumer Non-Durables	7.42%	7.36%	0.06%
Health Technology	17.92%	18.08%	-0.16%
Finance	4.13%	3.91%	0.22%
Technology Services	7.26%	7.10%	0.16%
Energy Minerals	1.32%	1.48%	-0.16%
All Sectors	100.00%	100.00%	0.00%

INAG 2021Q3 weight alterations by Industry Classification

Industry	2021Q3_Weight	2021Q2_Weight	Change
Industrial Conglomerates	3.59%	3.61%	-0.02%
Other Metals/Minerals	2.63%	2.27%	0.36%
Pharmaceuticals: Major	7.92%	8.10%	-0.19%
Miscellaneous Commercial Services	2.31%	2.27%	0.04%
Engineering & Construction	1.28%	1.33%	-0.05%
Medical Specialties	8.68%	8.67%	0.01%
Household/Personal Care	2.94%	2.81%	0.13%
Tools & Hardware	1.95%	2.15%	-0.20%
Packaged Software	2.94%	2.80%	0.14%
Pulp & Paper	1.03%	1.32%	-0.29%

Recreational Products	1.86%	1.88%	-0.02%
Apparel/Footwear	3.16%	3.25%	-0.09%
Chemicals: Major Diversified	2.08%	2.04%	0.04%
Motor Vehicles	3.53%	3.36%	0.17%
Aerospace & Defense	5.21%	5.18%	0.04%
Semiconductors	4.22%	4.44%	-0.21%
Telecommunications Equipment	4.79%	4.15%	0.65%
Industrial Machinery	3.01%	2.49%	0.51%
Oilfield Services/Equipment	2.15%	2.67%	-0.52%
Trucks/Construction/Farm Machinery	2.09%	2.26%	-0.17%
Other Consumer Services	0.83%	0.92%	-0.09%
Internet Software/Services	1.57%	1.57%	0.00%
Computer Processing Hardware	1.32%	1.57%	-0.25%
Electronic Production Equipment	1.26%	1.52%	-0.25%
Chemicals: Specialty	0.66%	0.83%	-0.17%
Integrated Oil	0.66%	0.83%	-0.17%
Data Processing Services	0.66%	0.83%	-0.17%
Major Telecommunications	1.32%	1.48%	-0.16%
Computer Peripherals	1.98%	2.31%	-0.32%
Electronics/Appliances	2.03%	1.96%	0.07%
Property/Casualty Insurance	0.83%	0.65%	0.17%
Investment Banks/Brokers	0.66%	0.65%	0.01%
Internet Retail	1.00%	0.65%	0.35%
Steel	0.66%	0.65%	0.01%
Pharmaceuticals: Other	1.32%	1.30%	0.02%
Multi-Line Insurance	0.66%	0.65%	0.01%
Oil & Gas Production	0.66%	0.65%	0.01%
Information Technology Services	2.09%	1.90%	0.18%
Auto Parts: OEM	1.41%	1.25%	0.16%
Electronic Components	0.66%	0.65%	0.01%
Containers/Packaging	2.64%	2.61%	0.03%
Beverages: Non-Alcoholic	1.32%	1.30%	0.02%
Life/Health Insurance	0.66%	0.65%	0.01%
Finance/Rental/Leasing	1.32%	1.30%	0.02%
Commercial Printing/Forms	0.83%	0.65%	0.17%
Automotive Aftermarket	0.60%	0.60%	0.00%
Metal Fabrication	0.60%	0.60%	0.00%
Electronic Equipment/Instruments	2.41%	2.40%	0.01%

## Innovation $\alpha$ ® United States Index (INAU Index)

### INAU top 5 companies by 2021Q3 weight

FactSet Symbol	Name	Sector	Industry	2021Q3 Weight
AAPL-US	Apple Inc.	Electronic Technology	Telecommunications Equipment	5.76%
AMAT-US	Applied Materials, Inc.	Producer Manufacturing	Industrial Machinery	3.97%
AXP-US	American Express Company	Finance	Finance/Rental/Leasing	3.38%
IBM-US	International Business Machines Corporation	Technology Services	Information Technology Services	3.38%
QCOM-US	Qualcomm Inc	Electronic Technology	Telecommunications Equipment	2.78%

### INAU 2021Q3 weight alterations by Industry Sector

Sector	2021Q3_Weight	2021Q2_Weight	Change
Consumer Durables	6.59%	4.56%	2.03%
Electronic Technology	24.53%	26.26%	-1.72%
Finance	11.26%	9.70%	1.55%
Health Technology	16.04%	16.58%	-0.54%
Process Industries	6.83%	6.10%	0.73%
Non-Energy Minerals	0.21%	0.53%	-0.32%
Consumer Services	0.21%	0.53%	-0.32%
Distribution Services	0.21%	0.53%	-0.32%
Communications	0.43%	2.50%	-2.07%
Industrial Services	5.38%	5.44%	-0.06%
Health Services	0.00%	0.00%	0.00%
Retail Trade	0.43%	1.06%	-0.63%
Producer Manufacturing	11.80%	8.12%	3.69%
Energy Minerals	1.81%	1.06%	0.75%
Consumer Non-Durables	3.26%	5.09%	-1.83%
Technology Services	10.99%	11.95%	-0.96%
All Sectors	100.00%	100.00%	0.00%

### INAU 2021Q3 weight alterations by Industry Classification

Industry	2021Q3_Weight	2021Q2_Weight	Change
Packaged Software	4.00%	5.94%	-1.94%
Aerospace & Defense	9.21%	9.54%	-0.33%
Oilfield Services/Equipment	5.38%	5.44%	-0.06%
Pharmaceuticals: Major	5.00%	5.48%	-0.48%
Semiconductors	3.05%	4.57%	-1.53%
Internet Software/Services	1.59%	2.45%	-0.86%
Chemicals: Major Diversified	2.40%	2.50%	-0.10%

Trucks/Construction/Farm Machinery	3.19%	2.50%	0.69%
Medical Specialties	11.04%	11.10%	-0.06%
Data Processing Services	1.59%	1.97%	-0.38%
Major Banks	0.43%	2.50%	-2.07%
Telecommunications Equipment	10.35%	4.51%	5.84%
Major Telecommunications	0.43%	2.50%	-2.07%
Industrial Machinery	4.19%	2.01%	2.17%
Finance/Rental/Leasing	3.81%	2.54%	1.26%
Recreational Products	1.59%	1.48%	0.11%
Computer Processing Hardware	0.43%	2.01%	-1.59%
Containers/Packaging	4.43%	3.60%	0.82%
Household/Personal Care	2.40%	2.01%	0.39%
Food: Major Diversified	0.43%	2.01%	-1.59%
Industrial Conglomerates	3.78%	2.01%	1.77%
Electronic Production Equipment	0.43%	2.01%	-1.59%
Electronics/Appliances	0.21%	1.48%	-1.27%
Real Estate Investment Trusts	1.59%	1.48%	0.11%
Computer Peripherals	0.43%	2.01%	-1.59%
Property/Casualty Insurance	1.59%	0.53%	1.07%
Investment Banks/Brokers	1.59%	0.53%	1.07%
Internet Retail	0.21%	0.53%	-0.32%
Steel	0.21%	0.53%	-0.32%
Other Consumer Services	0.21%	0.53%	-0.32%
Medical Distributors	0.21%	0.53%	-0.32%
Electronic Components	0.43%	1.06%	-0.63%
Information Technology Services	3.81%	1.59%	2.22%
Financial Conglomerates	1.81%	1.06%	0.75%
Integrated Oil	1.81%	1.06%	0.75%
Electrical Products	0.64%	1.59%	-0.95%
Motor Vehicles	3.19%	1.06%	2.13%
Beverages: Non-Alcoholic	0.21%	0.53%	-0.32%
Life/Health Insurance	0.43%	1.06%	-0.63%
Apparel/Footwear	0.21%	0.53%	-0.32%
Tools & Hardware	1.59%	0.53%	1.07%
Specialty Stores	0.21%	0.53%	-0.32%
Electronic Equipment/Instruments	0.21%	0.53%	-0.32%

### **Martin Global Innovative Equity (MGIE) Trade War Index (TWAR Index)**

TWAR top 5 companies by 2021Q3 weight

FactSet Symbol	Name	Sector	Industry	2021Q3 Weight
AMAT-US	Applied Materials, Inc.	Producer Manufacturing	Industrial Machinery	1.87%

<b>AAPL-US</b>	Apple Inc.	Electronic Technology	Telecommunications Equipment	1.57%
<b>ELY-US</b>	Callaway Golf Company	Consumer Durables	Recreational Products	1.39%
<b>QCOM-US</b>	Qualcomm Inc	Electronic Technology	Telecommunications Equipment	1.20%
<b>MMM-US</b>	3M Company	Producer Manufacturing	Industrial Conglomerates	1.14%

*TWAR 2021Q3 Weight alterations by Industry Sector*

<b>Sector</b>	<b>2021Q3_Weight</b>	<b>2021Q2_Weight</b>	<b>Change</b>
<b>Electronic Technology</b>	23.12%	23.71%	-0.59%
<b>Producer Manufacturing</b>	12.14%	11.30%	0.85%
<b>Industrial Services</b>	3.21%	3.75%	-0.55%
<b>Process Industries</b>	6.14%	6.55%	-0.42%
<b>Communications</b>	1.46%	1.63%	-0.17%
<b>Consumer Services</b>	0.92%	1.01%	-0.10%
<b>Retail Trade</b>	1.11%	0.72%	0.39%
<b>Non-Energy Minerals</b>	2.38%	2.16%	0.22%
<b>Commercial Services</b>	2.38%	2.16%	0.22%
<b>Finance</b>	4.58%	4.32%	0.26%
<b>Consumer Durables</b>	9.57%	9.69%	-0.12%
<b>Technology Services</b>	7.70%	7.45%	0.25%
<b>Energy Minerals</b>	1.46%	1.63%	-0.17%
<b>Consumer Non-Durables</b>	6.23%	6.15%	0.09%
<b>Health Technology</b>	17.60%	17.77%	-0.17%
<b>All Sectors</b>	100.00%	100.00%	0.00%

*TWAR 2021 Q3 Weight alterations by Industry Classification*

<b>Industry</b>	<b>2021Q3_Weight</b>	<b>2021Q2_Weight</b>	<b>Change</b>
<b>Industrial Conglomerates</b>	3.73%	3.56%	0.16%
<b>Other Metals/Minerals</b>	1.65%	1.44%	0.21%
<b>Pharmaceuticals: Major</b>	7.42%	7.64%	-0.22%
<b>Miscellaneous Commercial Services</b>	1.46%	1.44%	0.02%
<b>Engineering &amp; Construction</b>	0.83%	0.81%	0.01%
<b>Medical Specialties</b>	8.71%	8.69%	0.02%
<b>Household/Personal Care</b>	2.57%	2.35%	0.22%
<b>Tools &amp; Hardware</b>	1.76%	2.05%	-0.29%
<b>Packaged Software</b>	2.85%	2.65%	0.20%
<b>Pulp &amp; Paper</b>	0.73%	1.01%	-0.28%
<b>Recreational Products</b>	2.12%	2.13%	0.00%
<b>Apparel/Footwear</b>	2.20%	2.35%	-0.16%
<b>Chemicals: Major Diversified</b>	1.65%	1.63%	0.01%
<b>Motor Vehicles</b>	2.29%	2.25%	0.04%
<b>Aerospace &amp; Defense</b>	5.36%	5.38%	-0.02%

<b>Semiconductors</b>	4.24%	4.50%	-0.26%
<b>Telecommunications Equipment</b>	4.64%	4.12%	0.52%
<b>Industrial Machinery</b>	3.33%	2.75%	0.58%
<b>Oilfield Services/Equipment</b>	2.38%	2.94%	-0.56%
<b>Trucks/Construction/Farm Machinery</b>	2.50%	2.64%	-0.15%
<b>Other Consumer Services</b>	0.92%	1.01%	-0.10%
<b>Internet Software/Services</b>	1.74%	1.73%	0.01%
<b>Computer Processing Hardware</b>	1.46%	1.73%	-0.27%
<b>Electronic Production Equipment</b>	1.46%	1.73%	-0.27%
<b>Chemicals: Specialty</b>	0.83%	1.03%	-0.20%
<b>Integrated Oil</b>	0.73%	0.91%	-0.18%
<b>Data Processing Services</b>	0.73%	0.91%	-0.18%
<b>Major Telecommunications</b>	1.46%	1.63%	-0.17%
<b>Computer Peripherals</b>	2.20%	2.55%	-0.35%
<b>Electronics/Appliances</b>	2.57%	2.44%	0.12%
<b>Property/Casualty Insurance</b>	0.92%	0.72%	0.20%
<b>Investment Banks/Brokers</b>	0.73%	0.72%	0.01%
<b>Internet Retail</b>	1.11%	0.72%	0.39%
<b>Steel</b>	0.73%	0.72%	0.01%
<b>Pharmaceuticals: Other</b>	1.46%	1.44%	0.02%
<b>Multi-Line Insurance</b>	0.73%	0.72%	0.01%
<b>Oil &amp; Gas Production</b>	0.73%	0.72%	0.01%
<b>Information Technology Services</b>	2.38%	2.16%	0.22%
<b>Auto Parts: OEM</b>	1.76%	1.53%	0.23%
<b>Electronic Components</b>	0.73%	0.72%	0.01%
<b>Containers/Packaging</b>	2.93%	2.88%	0.05%
<b>Beverages: Non-Alcoholic</b>	1.46%	1.44%	0.02%
<b>Life/Health Insurance</b>	0.73%	0.72%	0.01%
<b>Finance/Rental/Leasing</b>	1.46%	1.44%	0.02%
<b>Commercial Printing/Forms</b>	0.92%	0.72%	0.20%
<b>Automotive Aftermarket</b>	0.83%	0.81%	0.01%
<b>Metal Fabrication</b>	0.83%	0.81%	0.01%
<b>Electronic Equipment/Instruments</b>	3.02%	2.97%	0.05%

## Index Performance

	2019Q3 Return (6/27/2019 - 9/26/2019)	2019Q4 Return (9/26/2019 - 12/27/2019)	2020Q1 Return (12/27/2019 - 3/27/2020)	2020Q2 Return (3/27/2020 - 6/26/2020)	2020Q3 Return (6/26/2020 - 9/25/2020)	2020Q4 Return (9/25/2020 - 12/28/2020)	2021Q1 Return (12/28/2020 - 3/26/2021)	2021Q2 Return (3/26/2021 - 6/25/2021)	Last Year Return (6/25/2020 - 6/25/2021)	Year-to- Date Return (1/4/2021 - 6/25/2021)
<b>Innovation <math>\alpha</math><sup>®</sup> US Index</b>	1.59%	6.98%	-23.06%	13.52%	8.84%	18.24%	8.82%	5.08%	44.02%	15.92%
<b>Russell 1000 Index</b>	1.62%	8.75%	-22.05%	19.55%	10.15%	14.99%	6.02%	7.86%	41.39%	15.54%
<b>Innovation <math>\alpha</math><sup>®</sup> Global Index</b>	0.92%	8.64%	-24.35%	17.14%	6.94%	19.84%	9.29%	7.36%	48.45%	17.25%
<b>MGIE Trade War Index</b>	1.66%	8.21%	-23.70%	16.66%	7.21%	19.60%	9.87%	6.79%	48.54%	17.38%
<b>MSCI ACWI Index</b>	0.18%	8.62%	-22.97%	18.14%	7.64%	15.44%	5.06%	7.21%	37.83%	12.28%