

Market and Economic Overview Period Ending March 31, 2021

After almost a year under the cloud of pandemic-related shutdowns, economic uncertainty, and an election that seemed like it would never end, by the time the first quarter of 2021 drew to a close it felt like a page was finally being turned. With the COVID vaccine rollout greatly exceeding newly sworn-in President Biden's goal of 100 million doses in his first 100 days leading to some easing of shutdowns, and the passage of a massive stimulus bill, the economic recovery predicted for 2021 began to gain traction earlier than many predicted. Though still in the early phases, increased vaccinations have spurred Americans to ramp up spending on in-person services like restaurants, gyms, and salons, those industries most battered by pandemic-related shutdowns, and the stock market responded by reaching new highs toward the end of the quarter.

All this positive economic news is not to say that it was an uneventful quarter for the markets. Though seemingly out of the headlines as quickly as it appeared, there was some turmoil late January when retail investors from the Reddit internet forum decided to pour millions of dollars into struggling video game retailer GameStop in order to prop up a down-on-its-luck retailer from their childhood and put the hurt on some hedge fund investors they thought were unfairly betting that the company would fail.

Investors, beginning to see the light at the end of the COVID tunnel, also began shifting what stocks they favored, turning away from the high-growth tech favorites from the past few years and flocking into more downtrodden value stocks, potentially signaling a shift in what segments of the market to watch in the coming months.

With congress passing a broad-based \$1.9 trillion stimulus package, a strong recovery in both economic activity and the markets has seen the unemployment rate begin to shrink again, dropping to 6% by the end of the quarter. It is an uneven recovery however, as the number of workers who have been unemployed for 27 weeks or more is almost four times higher than it was a year ago. Business confidence continued its steady climb since June of last year, and the PMI measure of manufacturing sector performance jumped to its highest level since December 1983, signaling a sharp expansion of manufacturing activity.

The Federal Reserve Open Market Committee continued to hold steady on their policy of near-zero interest rates and is continuing to forecast that rates will stay close to zero until at least 2023 to continue to encourage economic activity. The Fed also increased their real GDP prediction to 6.1% for 2021 and will continue to provide stimulus in the fixed income markets by buying up Treasuries and agency securities to the tune of \$120 billion per month. The increase in economic activity as well as continued stimulus from the Fed has some investors keeping an eye on inflation as the recovery continues. Low mortgage rates and constrained supply in some markets continued to drive home price increases.

Equity markets, encouraged by the stimulus bill, positive job numbers, and ahead-of-schedule vaccinations, were uniformly positive for the quarter. Small cap stocks continued to perform more strongly than large caps, and after a prolonged period where growth names were dominant,

they turned in a barely positive return for the quarter, as value stocks came roaring back across the market cap spectrum.

Energy and Financials continued to be the top performing domestic equity sectors in the quarter, though all were positive as the economy continued to broadly recover in the wake of massive monetary and fiscal stimulus as well as a faster-than-expected vaccine rollout.

Non-US equities were also positive for the quarter though with uneven vaccine availability as well as the emergence of new COVID variants, international markets lagged the US. Small companies in Developed markets led the way, followed by Developed market large caps and Emerging Markets which have had the most issues with vaccine supply. Despite continued uncertainty, the global economy is still expected to grow 5.5% in 2021 and 4.2% in 2022. The strength of this recovery is expected to vary from country to country based on healthcare access, effectiveness of fiscal and monetary stimulus, and underlying economic strength going into the pandemic.

Bond markets saw an increase in yields at the longer end of the curve as expectations of growth continued and supply chains tightened, causing inflation concerns to creep upward, sending bond indexes lower in the quarter. In addition to bolstering equity markets with continued low rates, the Fed continued its purchases of bonds to provide liquidity in the fixed income market. Municipal bonds continued to steady as federal stimulus money to states began to flow, though revenue bonds for projects hardest-hit by COVID-19, like airport and stadium bonds, are still trading at elevated yields.

As we head into what seems to be an increasingly reopening economy, we expect that there may be some continued volatility in markets as the rollout of the COVID vaccine continues to unfold and the in-person economy gets back on its feet. It is natural to wonder what this might mean for your retirement goals; rather than react emotionally to near-term volatility, however, we remind participants to retain a long-term focus and to adopt a disciplined and well-diversified strategy tailored to their specific return objectives and risk tolerance, such as an age-and/or risk-appropriate model or a target date solution. Such an approach has proven essential over the past twenty years, allowing participants to earn solid returns on their retirement accounts over a period that included the worst market decline in generations back in 2008, and is particularly underscored by the strong recovery in the markets following the decline last March. We remain confident that such an approach will prove equally essential going forward.

Index (As of 03/31/21) ¹	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 yr
3-month T-Bills	0.02%	0.02%	0.21%	1.45%	1.15%	0.60%
Barclays U.S. Gov't/Credit Int.	-1.86%	-1.86%	2.01%	4.36%	2.75%	2.88%
Dow Jones Industrial Average	8.29%	8.29%	53.78%	13.60%	15.99%	13.09%
S&P 500	6.17%	6.17%	56.35%	16.77%	16.30%	13.91%
Russell 1000	5.91%	5.91%	60.59%	17.31%	16.66%	13.97%
Russell 1000 Value	11.26%	11.26%	56.09%	10.96%	11.74%	10.99%
Russell 1000 Growth	0.94%	0.94%	62.74%	22.79%	21.05%	16.63%
Russell Mid Cap	8.14%	8.14%	73.64%	14.73%	14.68%	12.47%
Russell 2000	12.70%	12.70%	94.85%	14.76%	16.36%	11.68%
Russell 2000 Value	21.17%	21.17%	97.05%	11.57%	13.56%	10.06%
Russell 2000 Growth	4.88%	4.88%	90.20%	17.16%	18.61%	13.02%
MSCI EAFE	3.60%	3.60%	45.15%	6.54%	9.38%	6.02%
MSCI EAFE Small Cap	4.59%	4.59%	62.54%	6.72%	10.91%	8.39%
MSCI Emerging Markets	2.34%	2.34%	58.92%	6.87%	12.48%	4.02%
Wilshire US REIT	8.81%	8.81%	34.74%	9.03%	4.96%	8.48%
DJ Global RESI	6.57%	6.57%	35.66%	5.20%	3.60%	6.57%
Bloomberg Commodity Index	6.92%	6.92%	35.04%	-0.20%	2.31%	-6.28%
Credit Suisse Liquid Alternative	5.04%	5.04%	25.73%	7.47%	6.08%	4.01%

¹ The Bloomberg Barclays U.S. Government Credit Intermediate index is a registered service mark of Bloomberg Finance LP. Barclays is a service mark of Barclays Bank Plc, used under license; the Dow Jones Industrial Average is a service mark of Dow Jones & Company, Inc.; the S&P 500 Index is a registered trademark of the McGraw-Hill Companies, Inc.; the Russell 1000, 1000 Value, 1000 Growth, Mid Cap, 2000, 2000 Value, and 2000 Growth indices are registered trademarks of the Frank Russell Company; the MSCI EAFE and MSCI Emerging Markets indices are registered trademarks of MSCI or its subsidiaries; the Wilshire REIT index is a registered trademark of Wilshire Associates Incorporated; the DJ global Select RESI index is a registered trademark of Dow Jones Trademark Holdings LLC; the Bloomberg Commodity Index is a service mark of Bloomberg Finance L.P.; the Credit Suisse Liquid Alternative index is a trademark of Credit Suisse Group AG.

<p>STABLE VALUE [Federated Capital Preservation]</p>	<p>This option's objective is to provide a steady level of income while maintaining a stable principal value. The option invests in a portfolio of investment contracts issued by insurance companies, banks, and other financial institutions. Under the terms of these contracts, the issuing company promises to pay a specific rate of return for a specific period of time.</p>
<p>INTERMEDIATE BOND [Baird Aggregate Bond]</p>	<p>This option's objective is to invest in bonds and other interest paying securities with intermediate maturities, typically on average between 3 and 8 years. It will typically provide a higher level of total return over the long run than bonds with shorter maturities, but the securities are generally more subject to price changes, rising when interest rates fall and declining when interest rates rise.</p>
<p>OPPORTUNISTIC BOND [Loomis Sayles Bond]</p>	<p>This option's objective is to provide high total return from a combination of income and capital appreciation. It may invest in a broad range of securities, including, but not limited to, those of investment-grade and non-investment grade issuers domiciled in the U.S. or abroad, securities issued and/or guaranteed by the U.S. Government or another sovereign entity, in addition to mortgage- and asset-backed and emerging markets debt.</p>
<p>LARGE CAP VALUE [Vanguard Windsor II]</p>	<p>This option's objective is to produce capital gains by investing in stocks of large companies that the managers believe are currently selling at a price that is below their true value.</p>
<p>S&P 500 INDEX [Vanguard 500 Index]</p>	<p>This option's objective is to mirror the return of the S&P 500 Index. The option is unmanaged, remaining fully invested at all times and holds all 500 stocks in the S&P 500 Index in the same proportion as their weighting in the index.</p>
<p>LARGE CAP GROWTH [Harbor Capital Appreciation]</p>	<p>This option's objective is to produce long-term capital appreciation by investing in large companies that have the potential to exhibit above average earnings and or revenue growth relative to their industry or the overall market.</p>
<p>MID CAP INDEX [Vanguard Mid Cap Index]</p>	<p>This option's objective is to produce capital gains by passively mirroring the returns of the relevant Mid Cap market index.</p>
<p>SMALL CAP VALUE [DFA US Targeted Value]</p>	<p>This option's objective is to produce capital gains by investing in stocks of small companies that are currently selling at a price that is below their intrinsic value based on common market valuation techniques.</p>
<p>SMALL CAP GROWTH [Emerald Growth]</p>	<p>This option's objective is to produce long-term capital appreciation by investing in small companies that are currently selling at a price that is below their intrinsic value based on common market valuation techniques.</p>
<p>FOREIGN VALUE [Dodge & Cox International Stock]</p>	<p>This option's objective is to provide capital appreciation by investing in the stocks of companies whose shares are traded on foreign stock exchanges. Companies are selected that are believed to be selling at a price below their intrinsic value.</p>
<p>FOREIGN GROWTH [WCM Focused International Growth Instl.]</p>	<p>This option's objective is to provide capital appreciation by investing in the stocks of companies whose shares are traded on foreign stock exchanges. Companies are chosen that are believed to exhibit above-average growth characteristics and may invest in both developed and developing countries.</p>
<p>REAL ESTATE INDEX [Vanguard Real Estate Index]</p>	<p>This option's objective is to provide capital appreciation and income that correspond to the total return of the index by investing primarily in Real Estate Investment Trusts (REITs), and other Real Estate-related investments.</p>

**North Pacific Holdings
401(k) Plan
RetireView Models**

Asset Class	0 - 5 Years to Retire					6 - 10 Years to Retire				
	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive
Short-Term Fixed	54.0%	44.0%	34.0%	27.0%	22.0%	50.0%	42.0%	29.0%	19.0%	13.0%
Fixed Income	18.0%	15.5%	13.0%	11.5%	9.0%	18.0%	15.0%	13.0%	10.5%	7.0%
	18.0%	15.5%	13.0%	11.5%	9.0%	18.0%	15.0%	13.0%	10.5%	7.0%
Large Cap Value	3.0%	6.0%	9.0%	11.0%	10.0%	3.0%	5.0%	9.0%	10.0%	13.0%
Large Cap Blend	2.0%	3.0%	5.0%	5.0%	5.0%	3.0%	4.0%	5.0%	5.0%	6.0%
Large Cap Growth	1.0%	4.0%	8.0%	9.0%	9.0%	2.0%	4.0%	8.0%	9.0%	11.0%
Small/Mid Cap Value	0.0%	3.0%	4.0%	4.0%	7.0%	0.0%	3.0%	4.0%	7.0%	8.0%
Small/Mid Blend	2.0%	2.0%	2.0%	5.0%	7.0%	3.0%	3.0%	4.0%	5.0%	6.0%
Small Cap/Mid Growth	0.0%	2.0%	2.0%	3.0%	5.0%	0.0%	2.0%	2.0%	5.0%	7.0%
International Equity	1.0%	2.5%	5.0%	6.5%	8.5%	1.5%	3.5%	6.5%	9.5%	11.0%
	1.0%	2.5%	5.0%	6.5%	8.5%	1.5%	3.5%	6.5%	9.5%	11.0%

Asset Class	11 - 15 Years to Retire					16 + Years to Retire				
	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive
Short-Term Fixed	49.0%	39.0%	26.0%	14.0%	6.0%	48.0%	35.0%	22.0%	8.0%	0.0%
Fixed Income	17.0%	13.5%	11.0%	7.5%	4.0%	16.0%	12.5%	9.0%	6.0%	0.0%
	17.0%	13.5%	11.0%	7.5%	4.0%	16.0%	12.5%	9.0%	6.0%	0.0%
Large Cap Value	3.0%	6.0%	11.0%	14.0%	16.0%	4.0%	7.0%	11.0%	13.0%	15.0%
Large Cap Blend	3.0%	4.0%	5.0%	5.0%	6.0%	4.0%	5.0%	6.0%	7.0%	8.0%
Large Cap Growth	2.0%	5.0%	8.0%	11.0%	14.0%	2.0%	6.0%	8.0%	11.0%	14.0%
Small/Mid Cap Value	2.0%	4.0%	5.0%	7.0%	9.0%	2.0%	4.0%	6.0%	9.0%	12.0%
Small/Mid Blend	3.0%	4.0%	5.0%	6.0%	8.0%	3.0%	5.0%	7.0%	9.0%	10.0%
Small Cap/Mid Growth	0.0%	2.0%	3.0%	6.0%	8.0%	0.0%	2.0%	4.0%	7.0%	10.0%
International Equity	2.0%	4.5%	7.5%	11.0%	12.5%	2.5%	5.5%	9.0%	12.0%	15.5%
	2.0%	4.5%	7.5%	11.0%	12.5%	2.5%	5.5%	9.0%	12.0%	15.5%

Returns through March 31, 2021

Plan Option/[Fund Name]/Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
STABLE VALUE					
Federated Hermes Capital Pres R6	0.40	1.74	1.91	1.70	1.46
FTSE Treasury Benchmark 1 Yr OTR USD	0.06	0.29	2.15	1.54	0.95
BOND					
Baird Aggregate Bond Inst	-3.39	3.40	5.17	3.70	4.20
BBgBarc US Govt/Credit Interm TR USD	-1.86	2.01	4.36	2.75	2.88
OPPORTUNISTIC BOND					
Loomis Sayles Bond Instl	-1.25	14.29	2.95	4.42	4.29
BBgBarc Multiverse TR USD	-4.34	5.46	2.85	2.88	2.39
LARGE CAP VALUE					
Vanguard Windsor™ II Admiral™	11.31	69.25	15.77	14.80	12.24
Russell 1000 Value TR USD	11.26	56.09	10.96	11.74	10.99
S&P 500 INDEX					
Vanguard 500 Index Admiral	6.18	56.33	16.75	16.26	13.88
S&P 500 TR USD	6.17	56.35	16.78	16.29	13.91
LARGE CAP GROWTH					
Harbor Capital Appreciation Instl	-3.39	69.22	23.56	22.99	17.39
Russell 1000 Growth TR USD	0.94	62.74	22.80	21.05	16.63
MID CAP INDEX					
Vanguard Mid Cap Index Admiral	7.18	70.62	14.65	14.60	12.29
CRSP - MSCI Mid Cap Index Composite	7.18	70.66	14.67	14.62	12.35
SMALL CAP VALUE					
DFA US Targeted Value I	25.10	113.47	10.73	12.48	10.20
Russell 2000 Value TR USD	21.17	97.05	11.57	13.56	10.06
SMALL CAP GROWTH					
Emerald Growth Institutional	3.41	89.46	18.59	19.87	14.57
Russell 2000 Growth TR USD	4.88	90.20	17.16	18.61	13.02
FOREIGN VALUE					
Dodge & Cox International Stock	7.16	57.43	4.03	8.96	5.09
MSCI EAFE Value GR USD	7.60	46.48	2.45	7.21	4.25
FOREIGN GROWTH					
WCM Focused International Growth Instl Composite	-0.04	59.60	17.80	16.98	11.22
MSCI EAFE Growth GR USD	-0.49	43.00	10.26	11.26	7.61
REAL ESTATE INDEX					
Vanguard Real Estate Index Admiral	8.70	36.54	11.00	6.13	8.91
MSCI US Inv Mkt RE 25-50 Trans GR USD Composite	8.73	36.68	11.09	6.23	9.00

Returns through March 31, 2021

Model Option/Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
0-5 Years					
CONSERVATIVE	-0.03	9.42	3.98	3.82	3.48
Conservative Strategy Benchmark	-0.51	6.58	4.03	3.39	2.75
MODERATE CONSERVATIVE	1.22	18.82	6.06	5.88	5.01
Moderate Conservative Strategy Benchmark	0.77	15.23	5.97	5.46	4.36
MODERATE	2.02	27.69	7.97	7.86	6.46
Moderate Strategy Benchmark	1.76	23.19	7.68	7.33	5.84
MODERATE AGGRESSIVE	2.61	34.05	9.13	9.07	7.36
Moderate Aggressive Strategy Benchmark	2.50	29.20	8.76	8.54	6.80
AGGRESSIVE	3.67	41.58	10.01	10.13	8.07
Aggressive Strategy Benchmark	3.53	36.19	9.63	9.68	7.59
6-10 Years					
CONSERVATIVE	0.08	11.60	4.56	4.40	3.95
Conservative Strategy Benchmark	-0.28	8.65	4.55	3.93	3.20
MODERATE CONSERVATIVE	1.32	20.36	6.30	6.18	5.23
Moderate Conservative Strategy Benchmark	0.95	16.71	6.19	5.75	4.58
MODERATE	2.25	30.76	8.40	8.34	6.81
Moderate Strategy Benchmark	2.02	25.96	8.08	7.84	6.24
MODERATE AGGRESSIVE	3.51	41.64	9.92	10.10	8.05
Moderate Aggressive Strategy Benchmark	3.34	35.83	9.50	9.61	7.51
AGGRESSIVE	4.47	50.84	11.41	11.66	9.15
Aggressive Strategy Benchmark	4.49	44.48	10.90	11.23	8.74
11-15 Years					
CONSERVATIVE	0.63	13.70	4.83	4.71	4.16
Conservative Strategy Benchmark	0.06	10.50	4.87	4.31	3.46
MODERATE CONSERVATIVE	1.84	24.06	6.97	6.89	5.74
Moderate Conservative Strategy Benchmark	1.44	20.08	6.83	6.47	5.14
MODERATE	2.97	35.47	9.11	9.14	7.39
Moderate Strategy Benchmark	2.67	30.37	8.82	8.70	6.88
MODERATE AGGRESSIVE	4.23	49.02	11.18	11.44	8.99
Moderate Aggressive Strategy Benchmark	4.21	42.63	10.66	10.94	8.54
AGGRESSIVE	5.35	60.59	12.91	13.33	10.34
Aggressive Strategy Benchmark	5.57	53.45	12.24	12.81	9.97
16+ Years					
CONSERVATIVE	0.88	15.17	5.15	5.03	4.40
Conservative Strategy Benchmark	0.28	11.93	5.21	4.67	3.75
MODERATE CONSERVATIVE	2.15	27.53	7.69	7.63	6.29
Moderate Conservative Strategy Benchmark	1.83	23.32	7.49	7.20	5.72
MODERATE	3.64	40.85	9.85	10.00	8.00
Moderate Strategy Benchmark	3.38	35.51	9.56	9.60	7.55
MODERATE AGGRESSIVE	5.09	56.07	12.04	12.43	9.74
Moderate Aggressive Strategy Benchmark	5.06	49.46	11.56	12.04	9.37
AGGRESSIVE	6.69	71.89	13.90	14.64	11.19
Aggressive Strategy Benchmark	6.91	63.97	13.25	14.26	10.95

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The Historical Performance of the Current Funds are the returns of the mutual funds used in the investment options during the quarter, over the time periods specified. Performance shown is not meant to represent the actual returns of the participant accounts. Because of manager changes, cash flows and fees, the actual performance of the options, as experienced by participants, will be different. In addition, individual returns may differ due to the timing of changes between options.

Model Allocations (Models) returns will incorporate the use of new/replaced options/funds from their introduction date into the plan. Furthermore, past returns are no guarantee of future performance.

The results of the Models are only hypothetical. These results will be different than those actually experienced by the Plan or by any individual who may have invested in any of the Models during each period. Individual results will vary because of one or more of the following: 1) timing of investment flows, 2) change of fund(s) in any Investment Option and Model during the period, 3) addition of new Investment Option(s) in any Model during the period, 4) timing of rebalancing, or 5) administrative fees.

Fund changes are made because of one of the following reasons: 1) poor investment performance over a three-year period, 2) a change in the investment manager, or 3) a change in the fund's investment style.

The historical performance results assume a single investment at the beginning of the period with no additions or withdrawals. The results also assume the reinvestment of all dividends and other earnings during the ten-year period. Mutual fund results are net of mutual fund expenses. Model results are net of mutual funds expenses, investment advisor fees and transaction costs (if paid by plan assets). The mutual fund performance information was obtained from Morningstar.

Results are compared to benchmarks. The Models' benchmark returns are a composite of the performance of the weighted averages of the following indices, weighted in the same proportion as the corresponding asset class used in the Models

Index	Asset Class
FTSE Treasury Benchmark 1 Yr OTR USD	Stable Value
Bloomberg Barclays US Govt/Credit	Intermediate Bond
Bloomberg Barclays Multiverse	Opportunistic Bond
Russell 1000	Large Cap Equity
Russell Mid Cap	Mid Cap Index
Russell 2000	Small Cap Equity
MSCI EAFE	Foreign Equity
MSCI US Investable Market Real Estate 25/50 Index	Real Estate

The performance of the Models should not be expected to track the performance of the benchmark indices. Therefore, the Models will have periods of over and under performance relative to the benchmark return.

The Models have long-term specific allocation mixes between the Plan's Investment Options (see the Model Allocations section). Over time, the Investment Options will earn different rates of return, causing each Model's allocation mix between the Investment Options to move away from their long-term strategy. As a result, period rebalancing of these allocations is necessary to bring them back to their long-term targets. Information herein reflects quarterly rebalancing; if you have used one of these Models as a guide in building your allocation, the rebalancing of your account is not automatic: you will need to rebalance your account if you wish to bring your investments allocations back to the target weights you initially selected. In most cases, a reasonable rule of thumb is to rebalance the investments in your account at least annually.