

Investment Performance Summary

KERN COMMUNITY
FOUNDATION

Growing community.
Growing philanthropy.

As of 6/30/2023

Individual Investment Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Domestic Equity Pool TR*	16.19	6.84	8.41	18.96	13.78	11.33	
Domestic Equity Benchmark*	16.17	6.84	8.41	18.94	13.77	11.31	12.29
S&P 500 TR USD	16.89	6.61	8.74	19.59	14.60	12.31	12.86
International Equity Pool TR*	9.55	4.39	2.64	12.60	7.73	3.84	
International Equity Benchmark*	8.89	4.34	2.35	12.43	7.46	3.55	5.12
MSCI ACWI Ex USA NR USD	9.47	4.49	2.44	12.72	7.22	3.52	4.75
Intermediate-Term Fixed Income Pool TR	2.31	-0.57	-0.96	-0.34	-3.40	1.25	
Intermediate-Term Fixed Income Benchmark	2.20	-0.57	-0.93	-0.29	-3.32	1.31	1.92
Short-Term Fixed Income Pool TR	1.68	-0.36	-0.44	0.50	-1.55	1.07	
Short-Term Fixed Income Benchmark	1.61	-0.39	-0.43	0.46	-1.43	1.17	1.30
Money Market Pool TR	1.83	0.33	0.98	2.39	0.80	1.09	0.64
USTREAS T-Bill Auction Ave 3 Mon	2.56	0.45	1.33	4.36	1.59	1.68	1.07

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools. Please refer to the quarterly Investment Performance Supplemental Report for benchmark definitions.

*The Domestic Equity TR, the International Equity TR, the Domestic Equity Benchmark and the International Equity Benchmark have an inception date of 6/30/19: performance prior to that date is pro-forma.

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Aggressive Mix TR	11.39	4.65	5.08	13.41	8.92	7.62	8.66
Aggressive Mix Benchmark	11.24	4.64	5.03	13.42	8.90	7.58	8.64
Moderately Aggressive Mix TR	9.24	3.56	3.89	10.63	6.68	6.36	7.01
Moderately Aggressive Mix Benchmark	9.13	3.55	3.87	10.68	6.71	6.36	7.01
Moderate Mix TR	6.78	2.29	2.52	7.35	3.98	4.66	5.10
Moderate Mix Benchmark	6.75	2.29	2.53	7.52	4.08	4.73	5.14
Conservative Mix TR	4.29	1.03	1.17	4.13	1.36	2.91	3.17
Conservative Mix Benchmark	4.35	1.04	1.23	4.50	1.57	3.07	3.26
Risk Averse Mix TR	1.83	0.33	0.98	2.39	0.80	1.09	0.64
USTREAS T-Bill Auction Ave 3 Mon	2.56	0.45	1.33	4.36	1.59	1.68	1.07

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which the Community Foundation rebalances.

Returns for periods greater than 1 year are compound annual returns. TR = Total Return

Current Investment Mix Allocations	Domestic Equity Pool	Int'l Equity Pool	Inter-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	55%	22%	10%	10%	3%
Moderately Aggressive	43%	17%	10%	25%	5%
Moderate	29%	11%	15%	35%	10%
Conservative	14%	6%	18%	42%	20%
Risk Averse	0%	0%	0%	0%	100%

Estimated Investment Management Fees for the Investment Mix Options

Aggressive	0.05%
Moderately Aggressive	0.06%
Moderate	0.07%
Conservative	0.08%
Risk Averse	0.14%

Performance is presented gross of Kern Community Foundation administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Customer Service

If you have any questions about your fund or wish to request a change in your investment mix, please contact Donor Services at 661.616.2617 or donorservices@kernfoundation.org.

Contact Danette Rinehart at danette@kernfoundation.org or 661.616.2602 for more information on the pools, including their component funds and blended benchmarks or the Investment Policy Statement.

5701 Truxtun Avenue, Suite 110, Bakersfield, CA 93309

661.325.5346

www.kernfoundation.org

Domestic Equity Pool

As of 6/30/2023

Trailing Returns

Domestic Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Domestic Equity Pool TR	16.19	8.41	18.96	13.78	11.33	
Domestic Equity Benchmark	16.17	8.41	18.94	13.77	11.31	12.29
S&P 500 TR USD	16.89	8.74	19.59	14.60	12.31	12.86
Russell 3000 TR USD	16.17	8.39	18.95	13.89	11.39	12.34

Trailing Returns

Equity Pool Holdings & Benchmarks	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Instl Ttl Stk Mkt Idx InstlPls	16.19	8.42	18.96	13.79	11.33	12.33
CRSP US Total Market TR USD	16.17	8.41	18.94	13.77	11.31	12.29

Purpose

The purpose of the Domestic Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

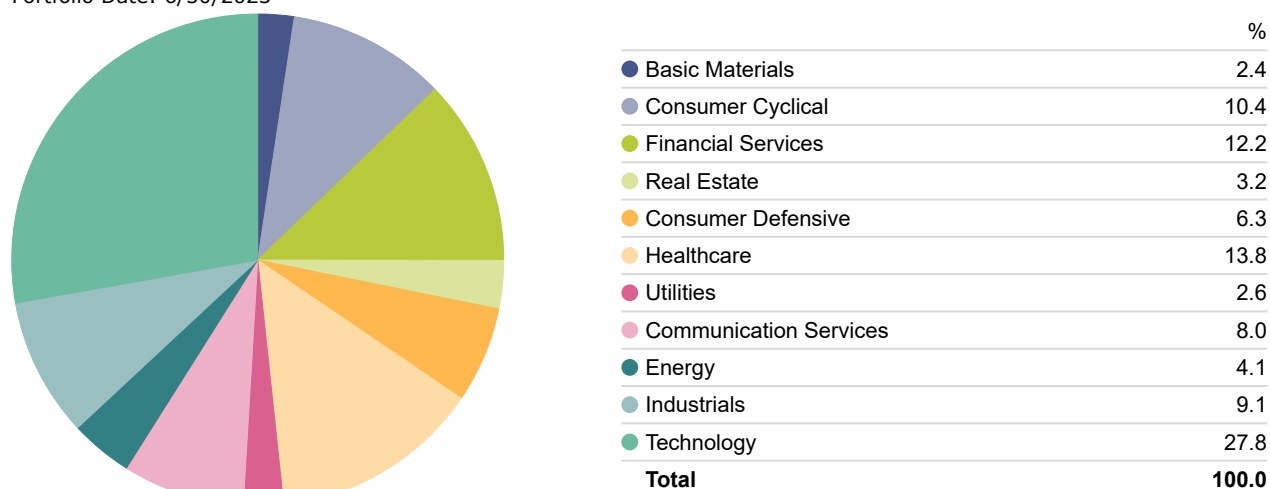
Top Holdings - Domestic Equity Pool

Portfolio Date: 6/30/2023

Total Market Value: \$518,957,927	Market Value (mil)	Portfolio Weighting %
Vanguard Instl Ttl Stk Mkt Idx InstlPls	\$ 519.0	100%

Equity Sectors (Morningstar) - Domestic Equity Pool

Portfolio Date: 6/30/2023



Equity Benchmark	Current
CRSP US Total Stock Market	100%

Source: Morningstar Direct

Top Stock Holdings

1. Apple Inc.
2. Microsoft Corp
3. Amazon.com Inc.
4. NVIDA Corp
5. Alphabet Inc Class A
6. Alphabet Inc Class C
7. Meta Platforms Inc Class A
8. Berkshire Hathaway Inc Class B
9. Tesla Inc
10. UnitedHealth Group Inc

Trailing Twelve Month Dividend Yield: 1.53%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .03%

International Equity Pool

As of 6/30/2023

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
International Equity Pool TR	9.55	2.64	12.60	7.73	3.84	
International Equity Benchmark	8.89	2.35	12.43	7.46	3.55	5.12
FTSE Global All Cap ex US TR USD	9.35	2.68	12.89	7.94	3.97	5.40

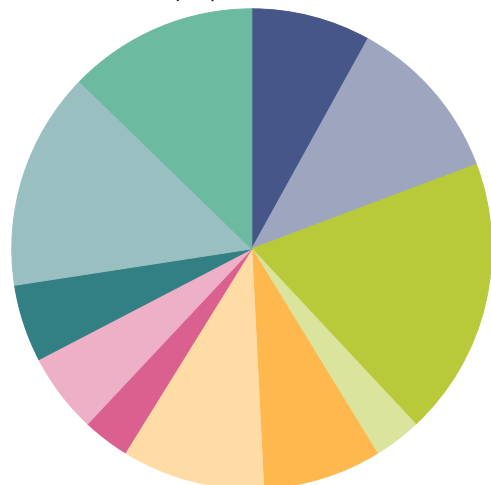
Performance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

International Equity Pool Holding & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Developed Markets Index Instl	11.18	3.15	16.53	9.02	4.41	5.69
FTSE Developed ex US All Cap NR USD	10.66	2.89	16.28	8.79	4.06	5.39
Vanguard Emerging Mkts Stock Idx Instl	4.73	1.09	1.18	3.48	2.13	3.23
FTSE Emerging NR USD	3.63	0.69	0.88	3.16	1.94	3.33

Equity Sectors (Morningstar) - International Equity Pool

Portfolio Date: 6/30/2023



International Equity Benchmark	Current
FTSE Developed ex US All Cap	82%
FTSE Emerging Markets	18%

Source: Morningstar Direct

Purpose

The purpose of the International Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the International Equity Pool is to obtain broad international equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - International Equity Pool

Portfolio Date: 6/30/2023

Total Market Value: \$177,661,844	Market Value (mil)	Portfolio Weighting %
Vanguard Developed Markets Index Ins Pls	\$ 134.0	75%
Vanguard Emerging Mkts Stock Idx Instl	\$ 43.7	25%

Top Stock Holdings

1. Taiwan Semiconductor Manufacturing Co Ltd
2. Nestle Sa
3. ASML Holding NV
4. Samsung Electronics Co Ltd
5. Novo Nordisk A/S ClassB
6. Tencent Holdings Ltd
7. Roche Holding AG
8. LVMH Moet Hennessy Louis Vuitton SE
9. AstraZeneca PLC
10. Shell PLC

Trailing Twelve Month Dividend Yield: 3.15

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .06%

Intermediate-Term Fixed Income Pool

As of 6/30/2023

Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Intermediate-Term Fixed Income Pool TR	2.31	-0.96	-0.34	-3.40	1.25	
Intermediate-Term Fixed Income Benchmark	2.20	-0.93	-0.29	-3.32	1.31	1.92

Trailing Returns

Int-Term Fix. Income Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Interm-Term Bond Index I	2.37	-1.18	-0.68	-4.08	1.40	1.97
Bloomberg US 5-10 GovCredit FIAdj TR USD	2.12	-1.20	-0.64	-4.07	1.41	2.00
Vanguard Mortgage-Backed Secs Idx Instl	1.77	-0.63	-1.24	-3.75	-0.06	
Bloomberg US MBS TR USD	1.87	-0.64	-1.52	-3.73	0.03	1.13
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	1.58	-0.69	0.14	2.32	2.70	1.68
Bloomberg US TIPS 0-5 Year TR USD	1.49	-0.68	0.11	2.34	2.73	1.72
Xtrackers USD High Yield Corp Bd ETF	4.93	1.26	8.30	2.33	2.63	
Solactive USD HY Corp Total Mkt TR USD	5.19	1.32	8.67	2.59	2.86	3.89

Int.-Term Fixed Income Benchmark Weights

	Percent	Inception Date: January 1, 2014
Barclays US 5-10Y Gov/Credit FIAdj TR USD	70%	Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs. Estimated Pool Investment Management Fee: 0.06%
Barclays US MBS Float Adjusted TR USD	20%	
Solactive USD HY Corp Total Mkt TR USD	5%	
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%	

Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasuries notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 6/30/2023

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$126,263,054	
Vanguard Interm-Term Bond Index Ins Plus	\$ 88.4	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 25.2	20%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.5	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.3	5%

Fixed Income Pool Statistics

Average Yield to Maturity	4.74%
Average Effective Duration	6.09 years
Trailing Twelve Month Yield	2.94%

Short-Term Fixed Income Pool

As of 6/30/2023

Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Short-Term Fixed Income Pool TR	1.68	-0.44	0.50	-1.55	1.07	
Short-Term Fixed Income Benchmark	1.61	-0.43	0.46	-1.43	1.17	1.30

Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Short-Term Bond Idx I	1.28	-0.64	0.21	-1.60	1.12	1.09
Bloomberg US 1-5Y GovCredit FIAdj TR USD	1.19	-0.62	0.19	-1.57	1.15	1.14
Vanguard Mortgage-Backed Secs Idx Instl	1.77	-0.63	-1.24	-3.75	-0.06	
Bloomberg US MBS Float Adjusted TR USD	1.91	-0.63	-1.37	-3.58	0.07	1.12
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	1.58	-0.69	0.14	2.32	2.70	1.68
Bloomberg US TIPS 0-5 Year TR USD	1.49	-0.68	0.11	2.34	2.73	1.72
Invesco Senior Loan ETF	5.69	2.84	10.34	4.12	2.83	2.71
Morningstar LSTA US LL100 Index TR USD	6.37	3.34	11.78	5.40	3.97	3.67

Short-Term Fixed Income Pool Holdings

Portfolio Date: 6/30/2023

	Market Value (mil)	Portfolio Weight %
Total Market Value: \$295,250,746		
Vanguard Short-Term Bond Idx InstlPIs	\$ 206.3	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 58.7	20%
Invesco Senior Loan ETF	\$ 15.6	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 14.7	5%

Short-Term Fixed Income Benchmark Weights

	Percent
Barclays US 1-5Y GovCredit FIAdj TR USD	70%
Barclays US MBS Float Adjusted TR US	20%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	5%

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.09%

Fixed Income Pool Statistics

Average Yield to Maturity	5.08%
Average Effective Duration	3.37 years
Trailing Twelve Month Yield	2.55%

Money Market Pool

As of 6/30/2023

Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
Year to Date	1.83%	2.56%
3 Months	0.98%	1.33%
1 Year	2.39%	4.36%
3 Years	0.80%	1.59%
5 Years	1.09%	1.68%
10 Years	0.64%	1.07%

*Performance periods greater than 12 months are annualized.
Performance is net of investment management fees but not the
Foundation's administrative fees.*

Current Month Return Annualized: 3.96%

Investment Commentary

June 30, 2023

Markets were mostly positive in the second quarter of 2023, closing out an impressive first half of the year. After raising rates by 25 basis points (0.25%) in May, the U.S. Federal Reserve (the "Fed") held interest rates stable at its June meeting, marking the first pause in rate hikes since beginning its tightening campaign almost 15 months ago, in what economists dubbed a "hawkish pause" in their rate hiking cycle. Fed Chair Powell noted that he expects to raise policy rates two more times in 2023, totaling incremental increases of another 50 basis points (0.50%). Although inflation has started to cool, and recent data suggests that the Fed's fight against it appears to be working, key inflation metrics remain well above their stated 2% target levels. Nonetheless, market participants applauded the pause in rate hikes and signs that the economy remains resilient despite the Fed's policy actions. Previous pessimism around the possibility of a moderate or severe recession in the near term seems to be waning, as the U.S. economy has shown its resiliency and it can withstand the Fed's interest rate hikes without experiencing significant near-term economic damage.

As measured by the S&P 500 Index, domestic equity markets were positive for the second quarter, returning +8.7% (+16.9% YTD). The NASDAQ Composite Index finished the quarter up +13.1% (+32.3% YTD), as large-cap technology stocks proved to be the best-performing area of the market during the period (as discussed later). From a sector perspective, technology (+17.2%, +42.8% YTD), consumer discretionary (+14.6%, +33.1% YTD) and communication services (+13.1%, +36.2% YTD) all continued to exhibit strong positive performance. All sectors were positive over the period except for utilities (-2.5%, -5.7% YTD) and energy (-0.9%, -5.5% YTD). Value stocks meaningfully underperformed growth stocks over the quarter, weighed down by exposure to sectors including financials, where bank

failures earlier in the year continued to weigh on the banking industry. Growth stocks have also been deemed a more significant beneficiary of the progress made in artificial intelligence ("AI"), which drove significant market movement over the period. Large-cap stocks outperformed mid-and small-cap stocks again this period, highlighting significant dispersion among pockets of the equity markets. Developed international equities, as measured by the MSCI EAFE Index, were up +3.0% for the period (+11.7% YTD) measured in U.S. Dollar ("USD") terms. Since the USD valuation peak in the fall of 2022, international developed equity markets have outperformed domestic markets by more than 500 basis points. Emerging market equities were up +0.9% (+4.9% YTD), as measured by the MSCI EAFE Emerging Markets Index (in USD terms). A weaker USD and positive economic data supported returns broadly outside the U.S.

Fixed-income markets continued to stabilize, and markets saw a significant drop in volatility as immediate recession fears moderated; however, performance was mixed over the quarter. The Bloomberg U.S. Aggregate Bond Index finished the quarter down -0.8% but remained positive for the year (+2.1% YTD). Investment-grade corporate bonds were slightly negative for the quarter, and high-yield corporate bonds were slightly positive. On a YTD basis, investment-grade and high-yield corporate bonds have produced positive returns, up +3.2% and +5.4%, respectively. Municipal bond returns have been positive over the year, up +2.7%. U.S. Treasury returns have also been positive, with longer-dated maturities performing better than short-dated. The 30-Year Treasury gained +3.5% YTD compared to the 2-Year, which returned +0.6% YTD. A sizable portion of the total return across all fixed-income sectors in 2023 predominantly comes from yield instead of price appreciation. The U.S. Treasury yield curve continues to be inverted, a traditional signal that precedes recessions, with short-term rates increasing as the Fed has continued to raise

Investment Commentary

June 30, 2023

benchmark interest rates, whereas long-term rates have remained relatively flat. As of quarter-end, the 6-month Treasury yield was 5.5% as compared to the 10-year Treasury yield of 3.8%.

While the headline returns of the S&P 500 Index this year have been impressive (+16.9% YTD), marking three straight quarters of positive returns, its performance has been predominantly driven by a very small group of mega-cap technology stocks, most of which have been seen as beneficiaries of the quickly escalating artificial intelligence theme. The S&P 500 Index is capitalization-weighted, meaning companies' representation within the index is based on their market capitalization (calculated by multiplying its share price by the number of shares outstanding). As such, stocks with larger market caps and higher weightings have an outsized effect on performance. The (more often quoted) market capitalization-weighted S&P 500 Index has outperformed the equal-weighted S&P 500 Index by over 10% this year, its fourth widest spread in history, highlighting how narrow market breadth has been.

This year, the top 10 companies in the S&P 500 Index have accounted for over 95% of the index performance, with the top seven companies alone (now being dubbed by some pundits as "The Magnificent Seven"), contributing 74% of its performance. These seven stocks have posted remarkable returns and include Alphabet (+36% YTD), Amazon (+55% YTD), Apple (+50% YTD), Meta (+138% YTD), Microsoft (+43% YTD), Nvidia (+190% YTD), and Tesla (+113% YTD). The percentage of stocks within the S&P 500 that outperformed the overall index touched a record low in June, eclipsing the prior low set in March 2000. While not uncommon for a small number of stocks to significantly impact a capitalization-weighted index, it does however, highlight elevated concentration risk that bears watching.

In addition to the S&P 500 Index being dominated by a handful of companies, a closer analysis of equity markets this year reveals a wide dispersion of returns across styles (growth vs. value), market capitalizations (large cap vs. small cap) and sectors (technology/consumer discretionary/communication services vs. all other sectors). As an extreme example, as measured by their respective Russell-based indices, large cap growth stocks were up +12.8% for the quarter and small cap value stocks were up +3.1%. On a YTD basis, their variance was even more prominent with large cap growth stocks up +28.9% versus +2.5% for small cap value.

Since OpenAI's release of its artificial intelligence ("AI") tool ChatGPT in the fall of 2022, investor enthusiasm around AI has skyrocketed. In an example of just how much attention this topic is attracting, the four large technology companies (Meta, Alphabet, Microsoft, and Amazon) mentioned "AI" a record 168 times in their first quarter earnings calls. While these companies and many others continue to be enthusiastic about the potential long-term benefits, productivity gains, and efficiencies that could be realized from advancements, it has also been abundantly clear that market participants have been rewarding companies that have been discussing the topic and making investments in the area. It is hard to argue with the possibility that AI and its related technological advancements have the potential to significantly save time and labor costs, leading to increased productivity, and ultimately increased economic growth. However, while the potential impacts are large, they remain highly uncertain.

The AI-related boom in markets has been one of the primary drivers pushing valuations back to elevated levels. At the end of the quarter, the forward price-to-earnings ("P/E") ratio of the S&P 500 was 19.1x, as compared to its long-term 20-year average of 15.5x. The top 10 stocks in the S&P 500 (many of which are beneficiaries of the enthusiasm

Investment Commentary

June 30, 2023

around AI) are trading at an average P/E ratio of 29.3x. Many other S&P 500 valuation metrics tell a similar tale – price-to-book, cyclically adjusted price-to-earnings, price-to-cashflow, etc. And while today's P/E ratio is below the peak of the Dot Com and COVID bubble peaks, it still ranks in the 84th percentile versus history. Across the capitalization and style spectrum, small-cap value stocks are the only component of equity markets trading meaningfully below their long-term (i.e., 20-year) average P/E ratios. In short, not much appears cheap in today's equity markets, based on historical metrics. Companies must deliver on the market's earnings expectations to justify their current valuations.

Investors have been pleasantly surprised by investment returns to the upside in the first half of the year and have been a welcomed step forward in moving past the difficult returns of 2022. Markets have shaken off additional rate hikes by the Fed, a persistently inverted yield curve, looming recession risks, concerns over the U.S. debt ceiling limit, multiple bank failures, continued elevated inflation, etc., and continued their march higher. Valuations are now elevated versus historical averages, markets have already priced in an upcoming Fed policy pivot, enthusiasm around AI has led to significant (but narrow) market participation, and global growth is slowing. In short, markets are pricing in perfection, and investors will continue to watch closely to see if economic stability and corporate earnings will follow.