



## Basis Points – July 8, 2021

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### Above the Fold

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#### *Small Business Gets Investors' Attention*

The Russell 2000 Index contains a diverse collection of smaller, domestic companies that tend to better represent consumers' real-time health and well-being as many of these companies do not have the global exposure or business diversity of bigger companies like Apple, Google, IBM and others. The popular Russell 2000 Index is typically one of the first to react to investors' economic sentiments and can also be a "canary in the coal mine" for localized weakness when it diverges from larger cap indexes like the S&P 500. But that doesn't seem to be the case right now.

As local consumers get back to work and back to spending, the Russell 2000 Index has not only outpaced the S&P 500 Index since the fall, but seems to be gaining momentum as analysts forecast a dramatic recovery in smaller companies' profits. The index has now logged nine consecutive months of gains, its longest winning streak since 1986. In that time, it has gained 51% in value, compared with 29% in the S&P 500. While the Russell 2000 Index's growth has slowed and fallen more in line with larger indexes, earnings momentum is expected to continue and may fuel further gains as many of these less-popular businesses are actually cheap compared to their larger cousins.

## Three Things

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1. *Latest Hack Reportedly Locks 1 Million Devices* – The Kaseya ransomware attack by Russia-based hacker REvil reportedly affected over 1,000 organizations that use the remote-access IT software. Kaseya CEO Fred Vocola said Friday that only a small percentage of companies were affected, but some reports indicated a bigger impact. REvil had demanded \$70 million in Bitcoin when the attack was first launched, but Kaseya's servers are now back online and a security patch has been implemented.
2. *Shopping Mall Revival to Include Ghost Kitchens* – As malls across America reinvent themselves to serve the new digital consumer, food courts are also getting a meteoric upgrade. Hotelier Sam Nazarian is launching C3, which will transform thousands of traditional food courts into massive, delivery-ready ghost kitchens for popular brands. The new venture will help distribute new tastes and more than 40 emerging brands to untapped locales across the states. C3 will launch its first food hall in New York City's Manhattan West in September.
3. *Bonds Linked to Climate Change Are Heating Up* – The market for "transition" or "sustainability-linked" bonds is expanding. According to Dealogic, more than \$31 billion of these bonds were sold in the last three months — more than all those sold between the first sale in 2019 and the start of Q2 2021. These bonds incentivize companies to make sustainable changes, like cutting emissions or increasing diversity within a certain timeframe. If not, the company would face higher interest costs.

## Did You Know?

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### *The Liberty Bell Rings for the First Time*

On this day in 1776, just days after the Declaration of Independence was adopted, the Liberty Bell was officially struck for the first time from the tower of the Pennsylvania State House in Philadelphia. The bell wasn't rung until four days later as that's how long it took for the Declaration to be returned from the printer. The 2,000 pound copper-and-tin bell reportedly first cracked during the funeral for Chief Justice John Marshall in 1835. It also wasn't called the Liberty Bell until 1839 in an abolitionist pamphlet.

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