WINTHROP WEALTH

2021 MARKET REVIEW & OUTLOOK

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2021 HIGHLIGHTS

- **US Equity Markets**: The S&P 500 increased by +28.7% in 2021, the third consecutive year of positive returns. The market increased in all four quarters of the year: Q1: +6.2%, Q2: +8.6%, Q3: +0.6%, Q4: +11.0%. The S&P also closed out the year with a bang with a +4.5% gain in December as the Santa Claus rally was alive and well. The market reached a new all-time high on December 29th, when the S&P 500 closed at 4,793.

- **US Fixed Income Markets:** The Bloomberg Barclays US Aggregate Bond index (Agg), which acts as a proxy for the investment-grade bond market, decreased by -1.5% for the year, the first annual decline since 2013. The increase in interest rates had a negative impact on returns (bond prices move inversely to interest rates). Other areas of the fixed income market produced mixed results, including, Corporates (-1.0%), Munis (+1.5%), and High Yield (+5.3%).

- **10-Year Treasury Yield**: The 10-Year Treasury yield increased by about 60 basis points to end the year at 1.51%. The yield increase throughout the year was mainly driven by increased expectations of inflation and economic growth.

- **Inflation**: The recent increase in inflation is driven primarily by supply chain bottlenecks, surging energy prices, and pent-up demand as the United States continues to emerge from the worst of the pandemic. As inflation readings remained higher than expected and forecasts continued to be raised higher, Fed Chair Powell finally admitted that it is time to "retire the word transitory" as it relates to inflation. In the intermediate term, we believe that inflation will decrease close to 2% due to the Fed's influence and the deflationary forces of technological innovation, aging demographics, and globalization. The latest FOMC projections show inflation ending the year at +4.4% before falling to +2.7% in 2022 and +2.3% in 2023.

- **The Fed**: Now that the economy is on the path to recovery and inflation pressures are rising, the Fed is starting to move away from their ultra-accommodative monetary policy. The Fed is first taking their foot off the monetary policy gas pedal (tapering the quantitative easing program) before hitting the brake (raising interest rates). Overall, monetary policy will still be considered accommodative for at least the next year or two, but the level of support is decreasing. We expect tapering to conclude in March with the first rate hike likely occurring at the May meeting.

- **Fiscal Stimulus**: Since the start of the pandemic, Congress has passed about $6 trillion in fiscal stimulus through four major bills, including the CARES Act ($2.3 trillion) in March 2020, the Consolidated Appropriations bill ($900 billion) in December 2020, the American Rescue Plan ($1.9 trillion) in March 2021, and Infrastructure package ($550 billion in new spending) in November 2021. Congress is also working to pass the nearly $2 trillion Build Back Better plan

- **US Economy**: While inflation, supply chain issues, covid, and fading stimulus will remain an overhang, the economy is on solid ground supported by a recovering labor market and strong consumer. After declining by -3.4% in 2020, Real GDP is expected to increase by +5.6% in 2021 and +3.9% in 2022.

- **US Equity Market Outlook**: Since the Pandemic selloff (2/19/20 to 3/23/20), the S&P 500 has increased by nearly +119% due to the vaccine rollout, massive amounts of fiscal and monetary stimulus, and strong economic and corporate earnings growth. Moving into 2022, the markets and the economy will be forced to stand on their own, which means decreased levels of monetary and fiscal stimulus leading to decelerating rates of economic and corporate earnings growth. The removal of an unprecedented level of stimulus likely means higher volatility after a period of spectacular market returns. We prepared for upcoming volatility by shifting portfolios more defensively and continuing to take profits as the market moved higher. We will continue to apply our time-tested investment process based on risk management, asset allocation, and security selection to utilize any volatility as an opportunity to tax-loss harvest and reposition portfolios.

Please see some of our most recent market commentaries:

- **Revisiting Inflation**
- **The Debt Ceiling**
- **Market Timing Does Not Work**
- **Withdrawing Money**
- **Tax-Loss Harvesting**

US EQUITY MARKETS

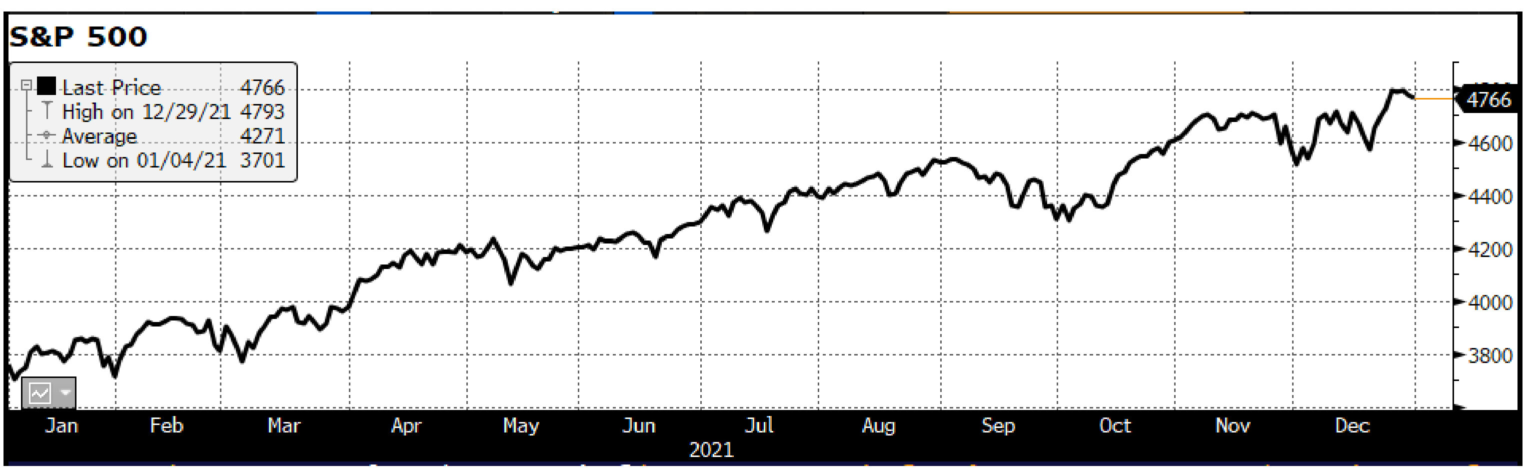
The S&P 500 increased by +28.7% in 2021, the third consecutive year of positive returns. The market increased in all four quarters of the year: Q1: +6.2%, Q2: +8.6%, Q3: +0.6%, Q4: +11.0%. The S&P also closed out the year with a bang with a +4.5% gain in December as the Santa Claus rally was alive and well. The market reached a new all-time high on December 29th, when the S&P 500 closed at 4,793. This year was also notable for the lack of volatility as the S&P 500's largest peak-to-trough decline was only -5.2%. Since 1928, the S&P 500's largest annual peak-to-trough decline has averaged about -15%. We will continue to point out that volatility is a common occurrence in the stock market (please see our Client Question titled, **How often does the stock market decline?**) and we will keep highlighting the power of maintaining a long-term investment viewpoint. After declining by nearly -34% during the pandemic selloff last year (2/19/20 to 3/23/20), the S&P 500 is up by nearly +119% from the low.

- **Market Cap**: Large Caps (+28.7%) outperformed Mid (+24.7%) and Small Caps (+14.8%).
- **Style**: Growth (Russell 1000 Growth: +27.6%) exceeded Value (Russell 1000 Value: +25.1%).
- **Sector**: All eleven sectors were positive for the year with Energy (+54.4%) and Real Estate (+46.1%) as the leaders, and Consumer Staples (+18.6%) and Utilities (+12.9%) as the laggards.

US Equity Market Performance

Broad Market	4th Quarter	2021	Style	4th Quarter	2021	Sector	4th Quarter	2021
S&P 500	11.02%	28.68%	Russell 1000 Growth	11.64%	27.59%	Technology	16.69%	34.52%
Russell 3000	9.27%	25.64%	Russell 1000 Value	7.75%	25.12%	Materials	15.20%	27.28%
Dow Jones Industrial Average	7.87%	20.95%				Health Care	11.17%	26.13%
Nasdaq	8.47%	22.21%				Consumer Discretionary	12.84%	24.43%
Size	**4th Quarter**	**2021**	**Sector**	**4th Quarter**	**2021**	Communication Services	-0.01%	21.57%
						Industrials	8.62%	21.10%
Mid Cap (S&P 400)	7.97%	24.73%	Energy	7.89%	54.39%	Consumer Staples	13.31%	18.63%
Small Cap (Russell 2000)	2.12%	14.78%	Real Estate	17.50%	46.14%	Utilities	12.93%	17.67%
			Financials	4.52%	34.87%			

The overall market continues to be driven by the vaccine rollout, fiscal stimulus, accommodative monetary policy, strong corporate earnings growth, and economic growth. Within the market, there is still a bifurcation between growth stocks (mainly Technology, Consumer Discretionary, and Communication Services) whose current share price is heavily dependent on earnings potential and value/cyclical stocks (mostly Financials, Energy, and Industrials) that are levered to the strength of the economy. Growth ended up outperforming value for the year, although the rotations were violent along the way and could make a pure style-box investor feel like a genius one day and a fool the next. Rather than choose one style over the other, we prefer to construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit (please see our **Client Question on Portfolio Diversification**).



Source: Bloomberg

What we will remember about 2021:

- **New Highs**: The S&P 500 closed at a record high 70 times this year, the most since 1995.
- **Meme Stocks**: Speculators flooded to buy shares of struggling companies, including, Gamestop and AMC. Please see our **Client Question on Gamestop**.
- **IPO Record**: According to Dealogic, over 1,000 companies have gone public, raising over $300 billion. This is the most since Dealogic began tracking data in 1995.
- **Cryptocurrencies**: According to Statista, there are now over 6,000 different cryptos in existence with Bitcoin holding about a 40% market share.
- **Non-Fungible Tokens (NFTs)**: NFTs had a massive surge in popularity. According to OpenSea, one of the largest NFT market-places, sales were $2.6 billion in October 2021, up from $4.8 million in October 2020.

US FIXED INCOME MARKETS

The Bloomberg Barclays US Aggregate Bond index (Agg), which acts as a proxy for the investment-grade bond market, decreased by -1.5% for the year, the first annual decline since 2013. The increase in interest rates had a negative impact on returns (bond prices move inversely to interest rates). Other areas of the fixed income market produced mixed results, including, Corporates (-1.0%), Munis (+1.5%), and High Yield (+5.3%).

	Returns				Fundamental Estimates		
Bloomberg Barclays Index	**4th Quarter**	**2021**	**2020**	**2019**	**Yield to Worst**	**Credit Spread (bps)**	**Duration**
Aggregate	0.01%	-1.54%	7.51%	8.72%	1.8%	36	6.7
Treasury Bills	0.01%	0.04%	0.54%	2.21%	0.0%		0.1
Corporates	0.23%	-1.04%	9.89%	14.54%	2.3%	92	8.6
High Yield	0.71%	5.28%	7.11%	14.32%	4.2%	283	3.8
Securitized MBS/ABS/CMBS	-0.39%	-1.04%	4.18%	6.44%	2.0%	34	4.6
Munis	0.72%	1.52%	5.21%	7.54%	1.1%		5.1

10-Year Treasury Yield

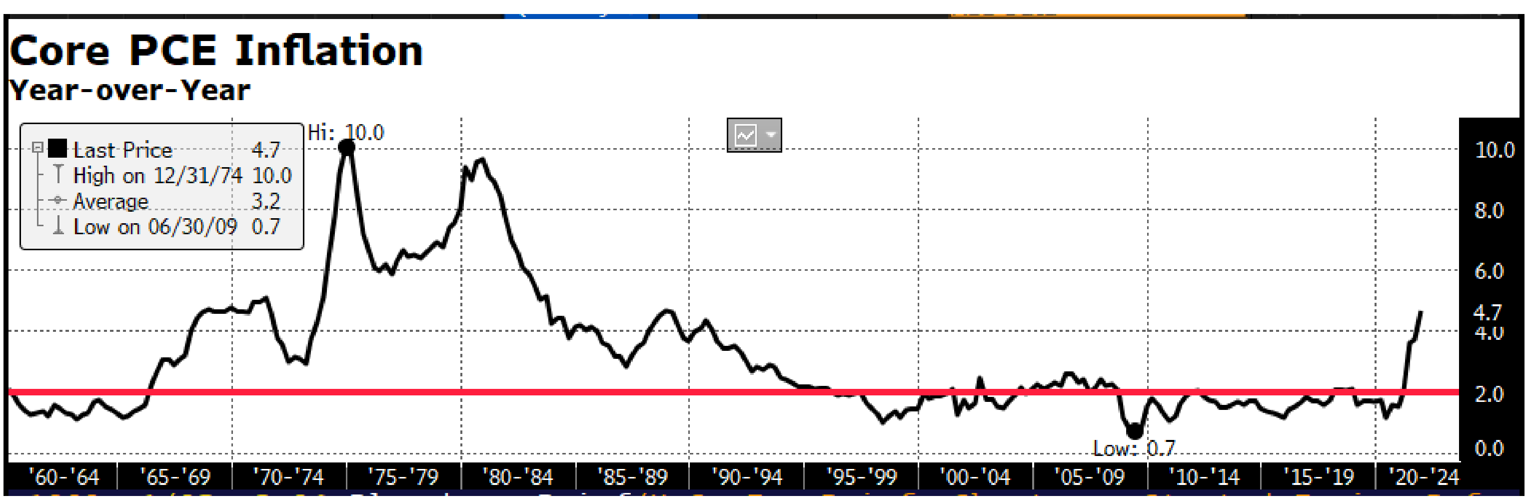
The 10-Year Treasury yield increased by about 60 basis points to end the year at 1.51%. The yield increase throughout the year was mainly driven by increased expectations of inflation and economic growth.

We will also highlight that the 10-Year yield is still below the 2021 high (March 31st) of 1.74% and the 25-year average of 3.52%. Currently, yields in the United States are being held down by low global bond yields (10-Year government bond yields in Germany are still negative while Japan is only slightly positive) and the Fed's quantitative easing program. We still believe the most likely scenario is for the 10-Year Treasury yield to drift higher as the Fed winds down their quantitative easing program. The current consensus estimates for the 10-Year yield are 2.00% in 2022 and 2.30% for 2023.

Inflation Update

Inflation is defined as the rate at which prices increase over a period of time. This year inflation has moved from the economic section to the front page as many readings have reached their highest levels in decades. The increase in inflation is driven primarily by supply chain bottlenecks, surging energy prices, and pent-up demand as the United States continues to emerge from the worst of the pandemic. At the start of the year, the Fed forecasted that inflation readings would temporarily increase during the summer before falling back toward their 2% goal in the winter (the December 2020 FOMC Summary of Economic Projections had an inflation forecast of 1.9% for the end of 2021). As inflation readings remained higher than expected and forecasts continued to be raised higher, Fed Chair Powell finally admitted that it is time to "retire the word transitory" as it relates to inflation. In the intermediate term, we believe that inflation will decrease close to 2% due to the Fed's influence and the deflationary forces of technological innovation, aging demographics, and globalization. The latest FOMC projections show inflation ending the year at +4.4% before falling to +2.7% in 2022 and +2.3% in 2023.

We are still trying to combat the current rise in inflation by holding little cash in portfolios, avoiding long-term bonds, and overweighting equities of companies that are able to grow their cash flows, earnings, and dividends. Please see our **June Client Question on Inflation**, where we detailed how the data is calculated, why the Fed cares about and targets inflation, and the impact it has on various asset classes (cash, fixed income, and equities). In our **December Client Question – Revisiting Inflation**, we thought it would be helpful to outline three potential scenarios for how inflation could impact the economy and stock market in 2022, provide an update on supply chain bottlenecks, and look at the latest readings of various inflation measures and forecasts.



Source: Bloomberg

THE FED

The Federal Reserve serves as the central bank of the United States and performs key functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment, stable prices, and moderate long-term interest rates. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our **Client Question on The Fed** which details the key entities, and the impact monetary policy has on the economy, interest rates, and stock prices.

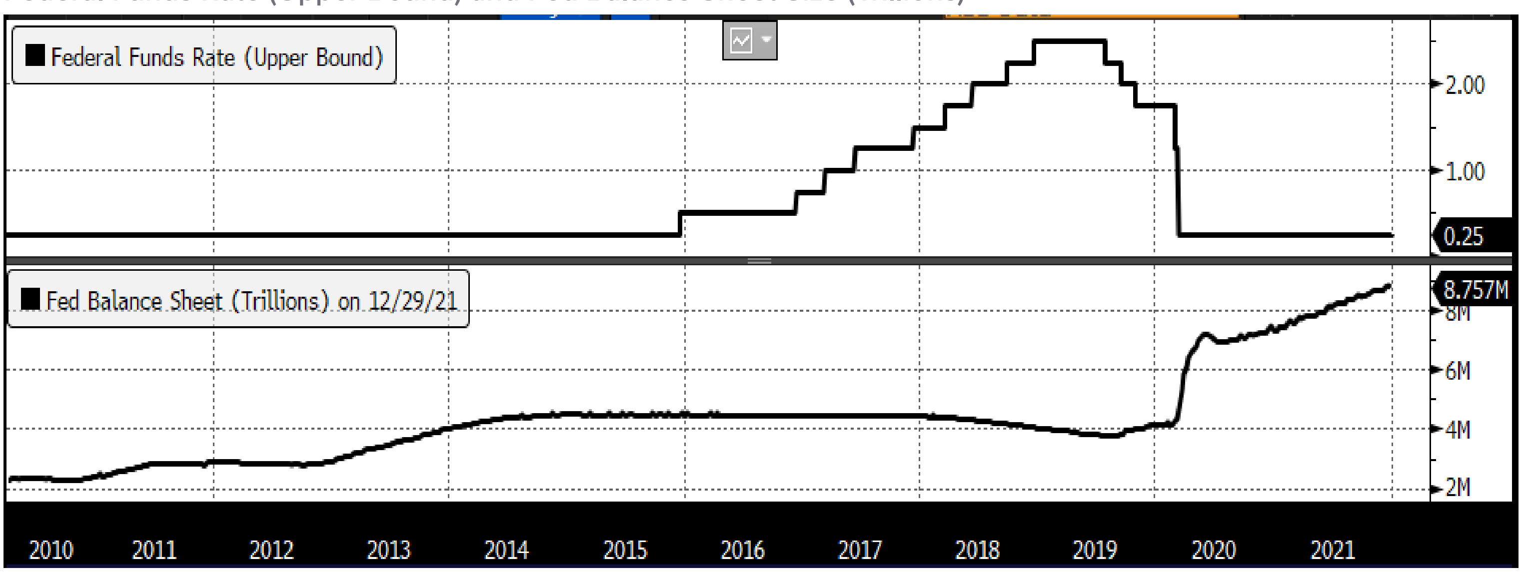
Interest Rates	Balance Sheet		Commentary
Federal Funds Rate	Fed Balance Sheet	Fed Balance Sheet 2021 Change	December FOMC Statement
0 - 0.25%	$8.4 Trillion	+ $1.4 Trillion	The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation having exceeded 2 percent for some time, the Committee expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment.

Interest Rates: The federal funds rate is currently at a range of 0% to 0.25% after the FOMC cut rates by-1.50% total in March 2020, both times at unscheduled meetings. Due to high inflation and falling unemployment, the committee is shifting its focus toward raising interest rates from their near-zero levels. The FOMC's most recent Summary of Economic Projections (SEP) showed that more than half the members now forecast at least three rate hikes in 2022 and at least three more by the end of 2023. The Fed expects that the pace of interest rate hikes will be gradual, with the federal funds rate reaching its longer-run level (2.5%) by the end of 2024.

Quantitative Easing Program: In November, the Fed was still purchasing at least $80 billion in Treasuries and $40 billion in agency mortgage-backed securities per month to help "foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses." The Fed first announced they would taper the quantitative easing (QE) program by $15 billion per month at the November 3rd meeting and then they doubled the pace to $30 billion per month at the December 15th meeting. At the current pace of taper, the Fed will stop buying bonds in March.

The Fed's response to the global pandemic (lowering interest rates to zero, restarting their quantitative easing program, and launching several lending facilities) helped save the economy from a major recession and was the main driver of the stock market boom over the last two years. Now that the economy is on the path to recovery and inflation pressures are rising, the Fed is starting to move away from their ultra-accommodative monetary policy. The Fed is first taking their foot off the monetary policy gas pedal (tapering the quantitative easing program) before hitting the brake (raising interest rates). Overall, monetary policy will still be considered accommodative for at least the next year or two, but the level of support is decreasing. Of course, the Fed is willing to adjust monetary policy as necessary. Fed Chair Powell, who was recently renominated to a second term, has demonstrated that he is data dependent and will change policy as the economy evolves. We expect tapering to conclude in March with the first rate hike likely occurring at the May meeting.

Federal Funds Rate (Upper Bound) and Fed Balance Sheet Size (Trillions)



Source: Bloomberg

FISCAL UPDATE

Since the start of the pandemic, Congress has passed about $6 trillion in fiscal stimulus through four major bills, including the CARES Act ($2.3 trillion) in March 2020, the Consolidated Appropriations bill ($900 billion) in December 2020, the American Rescue Plan ($1.9 trillion) in March 2021, and Infrastructure package ($550 billion in new spending) in November 2021.

Congress is also working to pass the nearly $2 trillion Build Back Better plan, which includes funding for climate initiatives, prekindergarten, childcare, eldercare, paid leave, and immigration. The House passed their version of the bill on November 19th. To pay for the initiatives, the House bill contains a 15% corporate minimum tax rate, a 1% tax on corporate stock buybacks, a 5% surtax on individual adjusted gross income above $10 million and an additional 3% on above $25 million, and increasing the IRS workforce with a goal of tougher enforcement of tax laws. The bill stalled in the Senate at the end of the year after Senator Joe Manchin (D; West Virginia) publicly stated he would not vote in favor due to concerns that the legislation would add to the national debt and inflation (Please see our **Client Question on the National Debt**). Recall that if Senate Republicans unanimously oppose the bill, Democrats cannot afford to lose any votes. We still believe the most likely scenario is that Congress eventually passes some form of the Build Back Better plan; the total amount may end up smaller or the legislation may be broken into pieces.

While there were not any major tax increases in 2021, that could change in 2022 if new legislation is passed. We also want to remind everyone that taxes are already scheduled to go up. Most of the individual and estate tax provisions as part of the Tax Cuts and Jobs Act (TCJA) of 2017 are set to expire after 2025. Individual tax rates are set to effectively return to where they were pre-TCJA. Keep in mind that the tax code evolves – there have been plenty of tax changes in the past and there will be more in the future. As part of our comprehensive financial planning process, we provide tax analysis and minimization strategies as well as cash flow management. We will analyze your past tax returns and help estimate your current year tax situation so that we can proactively introduce and implement strategies that best fit your unique circumstances.

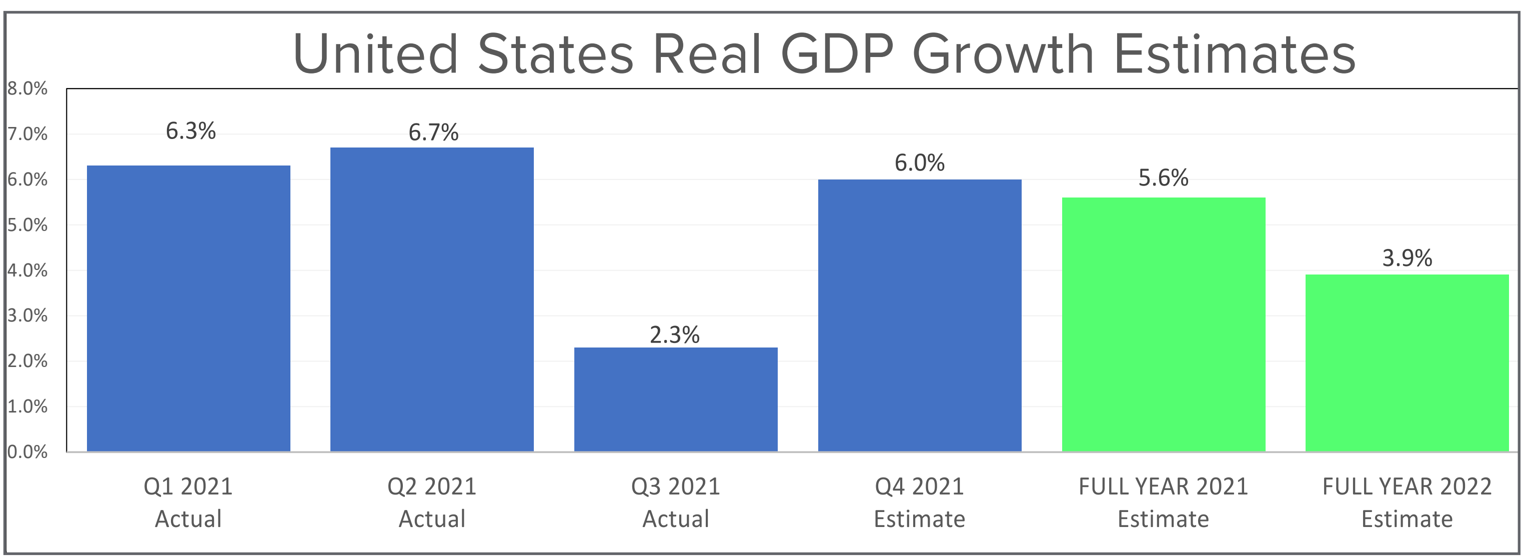
US ECONOMY

While inflation, supply chain issues, covid, and fading stimulus will remain an overhang, the economy is on solid ground. After declining by -3.4% in 2020, Real GDP is expected to increase by +5.6% in 2021 and +3.9% in 2022. Here are some key data points we are monitoring to assess the health of the economy:

Consumer Spending: The US consumer, supported by a strong labor market and fiscal stimulus, is in good shape for now despite the rise in inflation this year. The US Census Bureau's measure of Retail Sales increased by +18.2% year-over-year in November, up from last April's reading of -19.9%. The latest Conference Board measure of Consumer Confidence (December) showed four consecutive months of improvement. According to the Conference Board, "expectations about short-term growth prospects improved, setting the stage for continued growth in early 2022. The proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all increased." Consumer spending data is critical as it drives about 70% of GDP.

Labor Market: The demand for workers still outpaces supply as the labor market continues to exhibit signs of recovery toward pre-pandemic levels. Since the start of the pandemic, the labor force has lost about 3.9 million jobs, while the latest Bureau of Labor and Statistics Employment report (November) showed an increase of +210,000 jobs with the unemployment rate falling to 4.2%. The most recent Job Openings and Labor Turnover Survey (JOLTS - October) reported over 11 million job openings.

Manufacturing: The Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI) reading for November came in at a strong 61.1%. According to ISM, "the past relationship between the PMI and the overall economy corresponds to a +5.1% increase in annualized real GDP." The ISM Manufacturing PMI reading dates back to 1948 and is a widely followed indicator for the health of the manufacturing sector and overall economy.



OUTLOOK

Our market outlook is typically based on four pillars: Monetary Policy, Economic Growth, Corporate Earnings, and Valuation. In the current period, we added data on the Coronavirus and Fiscal Stimulus to help shape our viewpoint.

CORONAVIRUS UPDATE

Omicron became the dominant strain in the United States by the end of the year. Although Omicron is surging, the US remains better equipped to combat the virus compared to early-2020.

Vaccines
About 66% of the US population older than 5 years is fully vaccinated.

Two Antiviral Pills
The FDA issued emergency use authorization for antiviral pills from Pfizer and Merck for the treatment of mild-to-moderate coronavirus disease in adults. The production and distribution of both treatments should ramp up in the next several months.

CDC Shortens Isolation/Quarantine Period
On 12/27, the CDC shortened the recommended isolation time for people with asymptomatic COVID-19 from 10 to 5 days.

MONETARY POLICY

Now that the economy is on the path to recovery and inflation pressures are rising, the Fed is starting to move away from their ultra-accommodative monetary policy.

- **Interest Rates**: More than half of FOMC members now forecast at least three rate hikes in 2022 and at least three more by the end of 2023.
- **Quantitative Easing Program**: The Fed is tapering the pace of their quantitative easing program by $30 billion per month. At the current pace, the Fed will stop buying bonds in March.

The Fed is first taking their foot off the monetary policy gas pedal (tapering the quantitative easing program) before hitting the brake (raising interest rates). Overall, monetary policy will still be considered accommodative for at least the next year or two, but the level of support is decreasing. modative for at least the next year or two, but the level of support is decreasing.

FISCAL STIMULUS

Since the start of the pandemic, Congress has passed about $6 trillion in fiscal stimulus through four major bills, including the CARES Act ($2.3 trillion) in March 2020, the Consolidated Appropriations bill ($900 billion) in December 2020, the American Rescue Plan ($1.9 trillion) in March 2021, and Infrastructure package ($550 billion in new spending) in November 2021.

Congress is also working to pass the nearly $2 trillion Build Back Better plan, which includes funding for climate initiatives, prekindergarten, childcare, eldercare, paid leave, and immigration. While the House passed their version of the bill, the bill legislation in the Senate at the end of the year.

We still believe the most likely scenario is that Congress eventually passes some form of the Build Back Better plan; the total amount may end up smaller or the legislation may be broken into pieces.

ECONOMIC GROWTH

While inflation, supply chain issues, covid, and fading stimulus will remain an overhang, the economy is on solid ground supported by a recovering labor market and strong consumer.

Real GDP Estimates:

- 2021: +5.6%
- 2022: +3.9%
- 2023: +2.5%

CORPORATE EARNINGS

S&P 500 earnings continue to be impressive:

S&P 500 Earnings Estimates

- 2021: Estimate: $205.50 (+46%)
- 2022: Estimate: $223.50 (+9%)
- 2023: Estimate: $248 (+11%)

Over long time periods, earnings drive stock prices.

VALUATION

Most valuation measures are stretched by historical measures. The P/E ratio is calculated as the current price divided by the earnings-per-share.

- Forward P/E (next 12-months): 21.4x.
- 25-Year Average: 16.7x.

Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

Since the Pandemic selloff (2/19/20 to 3/23/20), the S&P 500 has increased by nearly +119% due to the vaccine rollout, massive amounts of fiscal and monetary stimulus, and strong economic and corporate earnings growth. Moving into 2022, the markets and the economy will be forced to stand on their own, which means decreased levels of monetary and fiscal stimulus leading to decelerating rates of economic and corporate earnings growth. The removal of an unprecedented level of stimulus likely means higher volatility after a period of spectacular market returns. Anticipating volatility does not mean that we are predicting a market crash. We are simply expecting the investment environment to get tougher as both volatility and market returns revert toward historical averages. Note that recent market performance has been well above the historical average:

S&P 500 Recent Annualized Returns: **1-Year**: +28.7%. **3-Year**: +26.0%. **5-Year**: +18.5%. **10-Year**: +16.5%.
S&P 500 Historical Annualized Return (1928 – 2021): +9.7%.

While we certainly have been pleased with market performance over the last several years, we know that the stock market does not move in a straight line forever, and thus we want to be realistic with our expectations going forward. Furthermore, we are monitoring several market risks, including, the impact of Omicron and other variants, higher interest rates and inflation (which will weigh on valuations that are already stretched), the possibility that the Fed may tighten quicker than expected, instability in China, and the potential for higher taxes (there is still a chance the Build Back Better plan gets passed in 2022).

We prepared for upcoming volatility by shifting portfolios more defensively and continuing to take profits as the market moved higher. As we have ritten many times, we do not believe in making major changes to portfolios (i.e., market timing) in anticipation of potential upcoming volatility. No one can consistently predict exactly when the market will decline (please see our **Client Question on Why Market Timing Does Not Work**). Rather than make wholesale changes, our investment process favors trimming on strength, buying on weakness, and tilting toward the asset classed we think will provide the best risk/reward going forward. On the equity side, we remain tilted toward high quality US stocks (we allocate across regions, countries, market caps, factors, styles, sectors, and industries). On the fixed income side, we continue to focus on achieving ballast, stability, and income while accounting for short-term cash needs. We will continue to apply on our time-tested investment process to utilize any volatility as an opportunity to tax-loss harvest and reposition portfolios.

At Winthrop Wealth, we apply a total net worth approach to both comprehensive financial planning and investment management. Financial planning drives the investment strategy and provides a roadmap to each client's unique goals and objectives. The comprehensive financial plan defines cash flow needs, is stress tested for various market environments, optimizes account structures, considers tax minimization strategies, and continuously evaluates financial risks as circumstances and/or goals change. The investment management process is designed to provide well-diversified portfolios constructed with a methodology based on prudent risk management, asset allocation, and security selection.

US Equity

Index	4th Quarter	2021	2020	2019	2018	2017	3-Year	5-Year	10-Year	20-Year
S&P 500	11.02%	28.68%	18.39%	31.48%	-4.39%	21.82%	26.03%	18.45%	16.53%	9.51%
Russell 3000	9.27%	25.64%	20.88%	31.01%	-5.25%	21.12%	25.75%	17.94%	16.28%	9.71%
Dow Jones Industrial Average	7.87%	20.95%	9.72%	25.34%	-3.48%	28.11%	18.47%	15.51%	14.19%	9.27%
Nasdaq	8.47%	22.21%	45.05%	36.74%	-2.81%	29.73%	34.30%	25.02%	21.04%	12.14%
S&P 400	7.97%	24.73%	13.65%	26.17%	-11.10%	16.23%	21.36%	13.06%	14.17%	10.54%
Russell 2000	2.12%	14.78%	19.93%	25.49%	-11.03%	14.63%	19.97%	11.99%	13.21%	9.33%
Russell 1000 Growth	11.64%	27.59%	38.49%	36.39%	-1.51%	30.21%	34.04%	25.30%	19.77%	10.85%
Russell 1000 Value	7.75%	25.12%	2.78%	26.52%	-8.28%	13.64%	17.60%	11.14%	12.95%	8.31%

International Equity

MSCI Index	4th Quarter	2021	2020	2019	2018	2017	3-Year	5-Year	10-Year	20-Year
EAFE	2.69%	11.26%	7.82%	22.01%	-13.79%	25.03%	13.53%	9.54%	8.02%	6.33%
Europe	3.66%	13.54%	7.89%	23.20%	-16.90%	28.07%	14.69%	9.94%	8.66%	5.64%
Japan	-3.96%	1.71%	14.48%	19.61%	-12.88%	23.99%	11.66%	8.51%	8.33%	5.63%
China	-6.06%	-21.72%	29.49%	23.46%	-18.88%	54.07%	7.76%	9.35%	7.16%	11.05%
Emerging Markets	-1.31%	-2.54%	18.31%	18.42%	-14.57%	37.28%	10.93%	9.87%	5.48%	9.59%
ACWI ex US	1.82%	7.82%	10.65%	21.51%	-14.20%	27.19%	13.17%	9.60%	7.28%	6.79%

US Fixed Income

Bloomberg Barclays Index	4th Quarter	2021	2020	2019	2018	2017	3-Year	5-Year	10-Year	20-Year
Aggregate	0.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	4.79%	3.57%	2.90%	4.32%
Treasury Bills	0.01%	0.04%	0.54%	2.21%	1.83%	0.81%	0.93%	1.08%	0.58%	1.22%
Corporates	0.23%	-1.04%	9.89%	14.54%	-2.51%	6.42%	7.59%	5.26%	4.69%	5.52%
Securitized MBS/ABS/CMBS	-0.39%	-1.04%	4.18%	6.44%	0.99%	2.51%	3.14%	2.58%	2.36%	
High Yield	0.71%	5.28%	7.11%	14.32%	-2.08%	7.50%	8.83%	6.29%	6.82%	7.83%
Munis	0.72%	1.52%	5.21%	7.54%	1.28%	5.45%	4.72%	4.17%	3.72%	4.54%

US Equity Sectors

Index	4th Quarter	2021	2020	2019	2018	2017	3-Year	5-Year	10-Year	20-Year
Technology	16.69%	34.52%	43.88%	50.29%	-0.29%	38.83%	42.70%	32.11%	23.99%	12.59%
Real Estate	17.50%	46.14%	-2.17%	29.00%	-2.23%	10.85%	22.61%	14.85%	11.43%	
Industrials	8.62%	21.10%	11.05%	29.32%	-13.32%	21.01%	20.24%	12.77%	14.16%	8.51%
Energy	7.89%	54.39%	-33.68%	11.81%	-18.10%	-1.01%	4.61%	-1.48%	1.18%	6.31%
Consumer Discretionary	12.84%	24.43%	33.30%	27.94%	0.82%	22.98%	28.48%	21.33%	19.55%	11.41%
Communication Services	-0.01%	21.57%	23.61%	32.69%	-12.53%	-1.25%	25.84%	11.48%	11.55%	6.44%
Consumer Staples	13.31%	18.63%	10.75%	27.61%	-8.39%	13.49%	18.78%	11.75%	12.23%	9.61%
Utilities	12.93%	17.67%	0.52%	26.35%	4.11%	12.10%	14.32%	11.76%	11.05%	8.71%
Materials	15.20%	27.28%	20.73%	24.58%	-14.70%	23.84%	24.14%	15.12%	12.80%	9.92%
Financials	4.52%	34.87%	-1.76%	32.09%	-13.04%	22.14%	20.49%	13.19%	16.26%	5.31%
Health Care	11.17%	26.13%	13.45%	20.82%	6.47%	22.08%	20.00%	17.57%	17.17%	9.46%
	Calendar Year Returns						Annualized Returns			

DISCLOSURES

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

Financial planning is a tool intended to review your current financial situation, investment objectives and goals, and suggest potential planning ideas and concepts that may be of benefit. There is no guarantee that financial planning will help you reach your goals.
Rebalancing a portfolio may cause you to incur tax liabilities and/or transaction costs and does not assure a profit or protect against a loss.

Likewise, it is important to remember that no investment strategy assures success or protects against loss. Past performance is no guarantee of future results. Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Russell 3000 Index is a market-capitalization-weighted equity index maintained by FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S incorporated equity securities.

The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index.

The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.
The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. With 445 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 322 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 709 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 27 Emerging Markets (EM) countries. With 2,354 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The Bloomberg Barclays Capital U.S. Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.
The Bloomberg Bloomberg Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays Insured Municipal Bond Index is a total return performance benchmark for municipal bonds that are backed by insurers with Aaa/AAA ratings and have maturities of at least one year.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.