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Market Update
(all values as of 12.31.2021)

Stock Indices:

Dow Jones	36,338
S&P 500	4,766
Nasdaq	15,644

Bond Sector Yields:

2 Yr Treasury	0.73%
10 Yr Treasury	1.52%
10 Yr Municipal	1.05%
High Yield	4.35%

YTD Market Returns:

Dow Jones	18.73%
S&P 500	26.89%
Nasdaq	21.39%
MSCI-EAFE	8.78%
MSCI-Europe	13.75%
MSCI-Pacific	0.24%
MSCI-Emg Mkt	-4.59%
US Agg Bond	-1.54%
US Corp Bond	-1.04%
US Gov't Bond	-1.75%

Commodity Prices:

Gold	1,828
Silver	23.35
Oil (WTI)	75.21

Currencies:

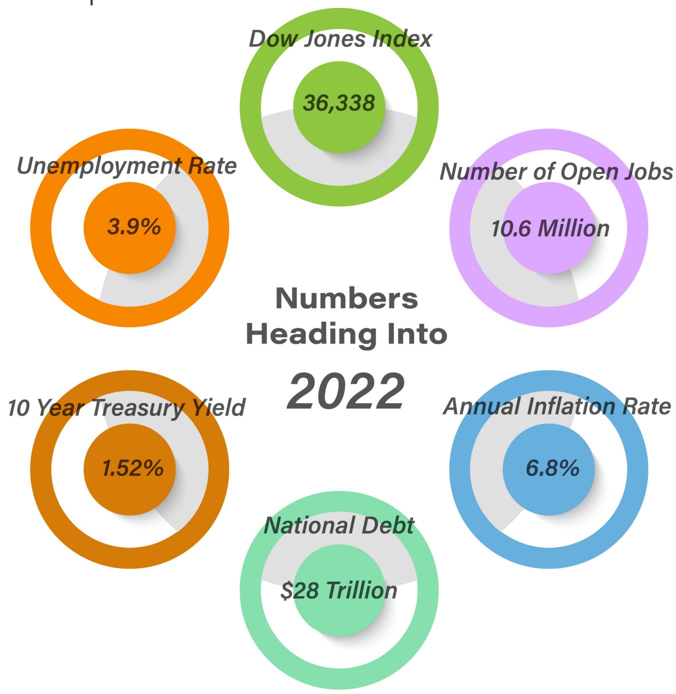
Dollar / Euro	1.13
Dollar / Pound	1.34
Yen / Dollar	115.09
Dollar / Canadian	0.78

Macro Overview

A year after Covid-19 changed the course of travel, socialization, and financial markets, 2021 witnessed a much quicker rebound than had been anticipated. The equity market upswing caught many by surprise as it was not anticipated.

Inflation brought about by supply constraints and rising labor costs are expected to linger well into 2022, with little abatement as underlying inflationary pressures persist. Some economists are even expecting stagflation to become an issue in 2022 should economic growth stagger and inflationary pressures persist.

Labor shortages triggered by the pandemic continue into 2022, leading to wage inflation and difficulty for employers filling over 10 million open positions nationwide. Workers are quitting their jobs at record levels, transitioning to higher paying positions and new occupations.



Consensus is that the Federal Reserve is on course to start removing monetary stimulus from the economy and begin raising short term rates as soon as March, in order to curtail inflation. Federal Reserve governor Christopher Waller described current inflationary pressures as “alarmingly high”.

Global vaccinations and the end of lockdowns, in both developed and emerging countries, allowed the world economy to reignite and get back on track in 2021. However, the recent emergence of new coronavirus variants threaten to once again derail economic recovery efforts throughout the world.

Pandemic driven volatility due to uncertainty affected financial markets throughout 2021, distorting economic data and possibly misleading Federal Reserve members. Central banks from various countries worldwide have started to raise short term interest rates in their efforts to combat inflationary threats in both developed and emerging economies.

U.S. Census Bureau data revealed that for the first time ever that immigrants surpassed the number of births for the past census year which ended in July 2021. Population growth was driven by 245,000 entrants into the country, versus only 148,000 births.

Sources: Federal Reserve, Census Bureau, CDC, Labor Dept., Treasury Dept.

Rates Start Their Steady Climb – Fixed Income Overview

Various fixed income analysts expect a reversal in downward trending rates as the Fed prepares to start raising short term rates as early as the first quarter of 2022.

The Fed is on track to shrink its balance sheet of mortgage and treasury bonds sooner rather than later. The expectation is that the Fed will continue reducing or selling off portions of its $8.76 trillion balance sheet over the next few months. Markets view this dynamic as a form of tightening monetary policy, signaling the deliberate attempt to stifle inflation by slowing economic expansion.

The 10 year treasury bond yield rose in the final trading days of 2021 to 1.52%, up from 0.93% at the end of 2020. Corporate bond yields also rose for the year, yet not as significant as U.S. government bond yields. (Source: U.S. Treasury)

Equity Markets Surprised Many In 2021 – Global Equity Overview

All sectors of the S&P 500 Index posted gains in 2021, with the energy sector leading, following a dismal outcome in 2020. Real estate, technology and financial sectors were also leading sectors in 2021.

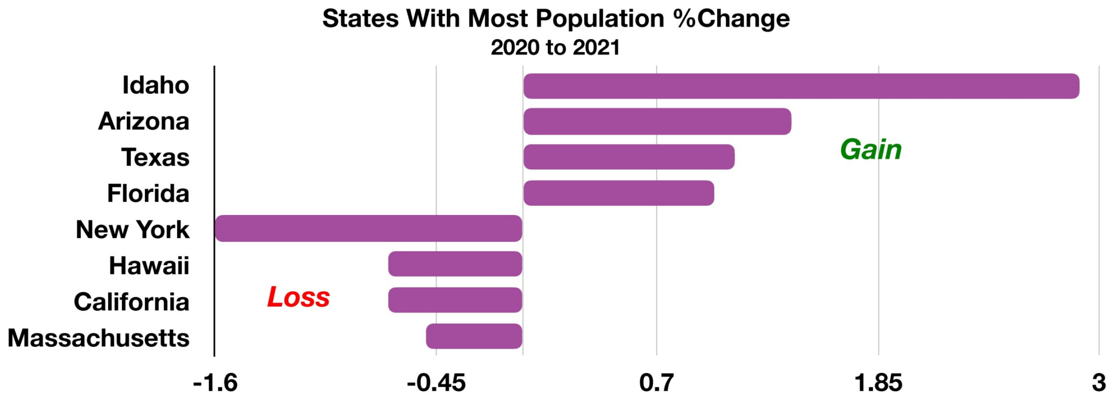
Domestic equity markets were resilient to the challenges brought about by the pandemic, faring better than developed international and emerging equity markets in 2021. Massive fiscal and monetary stimulus aided U.S. based companies amid supply constraints and labor shortages.

U.S. companies continue to absorb higher production costs and pass them along to consumers in the form of higher prices while maintaining favorable profit margins. Such a scenario bodes well for stocks of companies that exhibit these characteristics. (Sources: S&P, Bloomberg)

States That Lost & Gained Population During The Pandemic – Lifestyle Trends

As Covid infections swept the nation in 2020 and 2021, states differed on restrictions and guidance surrounding the pandemic, encouraging many to migrate to another state.

Health, jobs, housing and quality of life were all factors in influencing Americans to leave for other states. Deaths and births were also a factor in states' population growth and declines, yet not as significant as migration.



From 2020 to 2021, Idaho, Texas and Florida were among the states that saw the largest population increases, while New York, California, and Massachusetts were among states with the most declines.

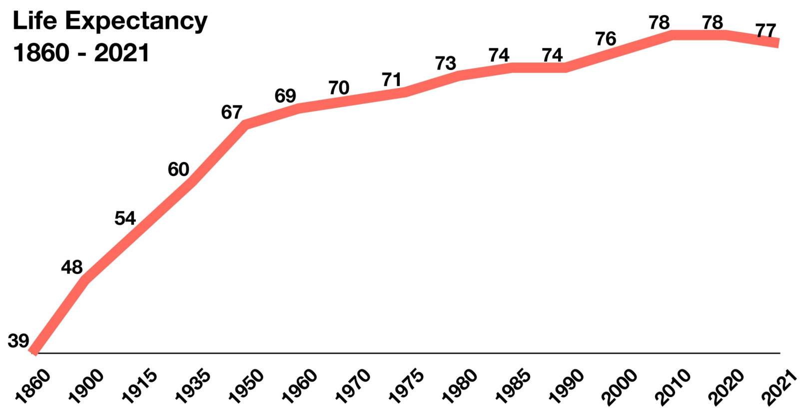
(Source: U.S. Census Bureau)

Life Expectancy Drops – Demographics

Recently released data by the Center of Disease Control and Prevention reveal that life expectancy in the U.S. declined by 1.8 years in 2020. The three leading causes of death in 2020 were heart disease, cancer and Covid-19.

Life expectancy for all Americans in 2019 was 78.8 years falling to 77 years in 2020. Those aged 85 and older saw the most deaths, many experiencing medical complications from Covid-19. In 2020, Covid related deaths exceeded deaths caused by strokes, Alzheimers, diabetes, and kidney disease.

The U.S. Department of Health & Human Services tracks factors contributing to life expectancy including age, gender and race. The most recent data revealed that females are estimated to live to age 81 while males are expected to live to 76, a five year difference. Financial planners usually take this into account should one spouse / partner pass prior to the other along with the uncertainty as to how long the second will live.

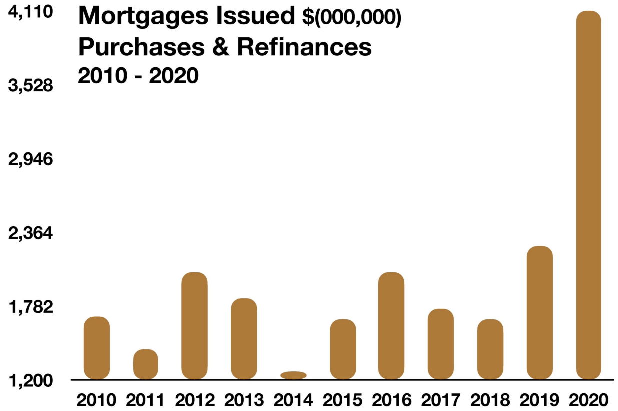


Medical advancements and safer living conditions over the decades have led to a gradual increase in life expectancy. In 1860, life expectancy was 39, increasing to 69 in 1960, representing a 30 year life span increase in 100 years. (Sources: U.S. Department of Health & Human Services, CDC)

Record Mortgage Issuance Expected To Continue…For Now – Housing Market Overview

A robust housing market led to a record number of mortgages issued in 2020, with over $4 trillion in mortgage loans issued as reported by the Mortgage Bankers Association. A rush to refinance and purchase is expected as rates start to rise in 2022.

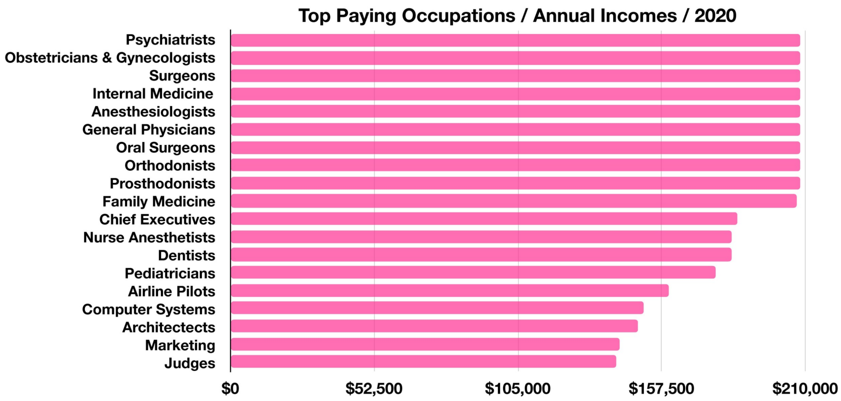
Continued low interest rates, work at home transitions, and rising wages all contributed to an ongoing demand for homes nationwide. Rising rates over the past two months have slowed the pace of refinances, yet purchases continue to materialize.



For some homebuyers, rising home prices have put homeownership out of reach, even with low interest rates and higher wages. The Federal Reserve Bank of Atlanta found that mortgages have become less affordable relative to income the most since 2008. It revealed that Americans needed about 29% of their income to pay a mortgage payment on a median priced home in early 2021, rising to 33% in October 2021. (Sources: Mortgage Bankers Association, Federal Reserve)

Medical Positions Represent Highest Paying Jobs Heading Into 2022 – Labor Market Overview

The U.S. Bureau of Labor Statistics compiles pay on occupations across various industries and has found that 14 of the nation's top 20 paying occupations are in the medical field. Psychiatrists, surgeons, and anesthesiologists top the pay list along with airline pilots and chief executives.



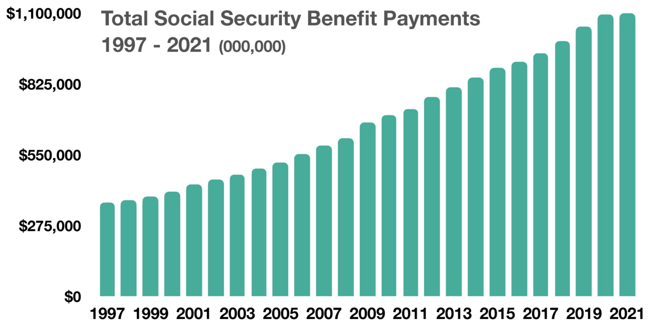
Advancements in medical technology as well as changing demographics have created a growing demand for medical specialists and general practitioners. Medical industry positions can be either part of a private practice or hospital / medical group. (Source: Bureau of Labor Statistics)

Over $1 Trillion Paid Out In Social Security Benefits In 2021 – Retirement Planning

As of November 2021, over 69.9 million Americans received Social Security benefit payments, with over 51 million age 65 or older. The Social Security Administration estimates that Americans received over $1 trillion in Social Security benefit payments in 2021. Total annual benefit payments have nearly tripled in the past 13 years, up from $361 billion in 1997.

In 1940, the life expectancy of a 65-year old was 14 years, today it's about 20 years. By 2036 there will be almost twice as many older Americans eligible for benefits as today, from 41.9 million to 78.1 million. Even the current drop in life expectancy to 77 years of age is not estimated to affect current projections much.

The latest annual report issued by the trustees of Social Security and Medicare revealed that by 2034, the program's trust fund will be depleted. Depletion means that Social Security recipients will no longer be receiving full scheduled benefits. Recipients would receive about three-quarters of their scheduled benefits after 2034. Congress can eventually act to fortify the program's finances, but it may be years before it actually takes effect and funds.



Social Security's largest costs are attributable to Medicare, which represents over 76% of Social Security benefits. The report also mentioned that Medicare's hospital insurance fund would be depleted in 2026. The trustees noted that the aging population of the country has placed additional pressure on both the Social Security and Medicare programs. The Social Security Administration considers various factors in projecting its estimates, including fertility, immigration, wages, health, and economic growth. (Sources: https://www.ssa.gov/oact/TR/2019/index.html)