QUARTERLY THEMES

WHAT HAPPENED LAST QUARTER?

• After a volatile third quarter, U.S. equities rebounded in the fourth quarter, led by large caps
  o S&P 500 +11.0%, Russell 2000 +2.1%, MSCI EAFE -2.7%, MSCI Emerging Markets -1.3%
• Global economy shook off COVID-19 variant concerns and supply chain disruptions
  o Consumer spending remained robust during the quarter
  o Both services and manufacturing sectors softened, but remain strong
  o U.S. GDP growth forecasts for Q4-2021 are > 7%
• China economy slows due to COVID-19 lockdowns and property-sector deleveraging

WHAT WE ARE FOCUSING ON:

• COVID-19 cases and potential impact on global economy
• Core inflation and its trend in the months ahead
  o Long-term inflation expectations remain modest, while inflation in the short-run remains elevated vs. long-term averages
• Fiscal and monetary policy
  o Uncertainty in the passage of Build Back Better plan
  o Interest rates remain low but face the prospects of a global tightening cycle
• Earnings to support markets and expectations for CY 2022 – expected YoY growth is in the high single digits
• A potential rising interest rate environment and the challenges it may present to fixed income investments

Source: Clearstead, Bloomberg LP. As of 12/31/2021. Past performance is not an indicator of future results.