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ASSET MANAGEMENT

Q4 2021 Quarter in Review

Mark Mowrey, CFA

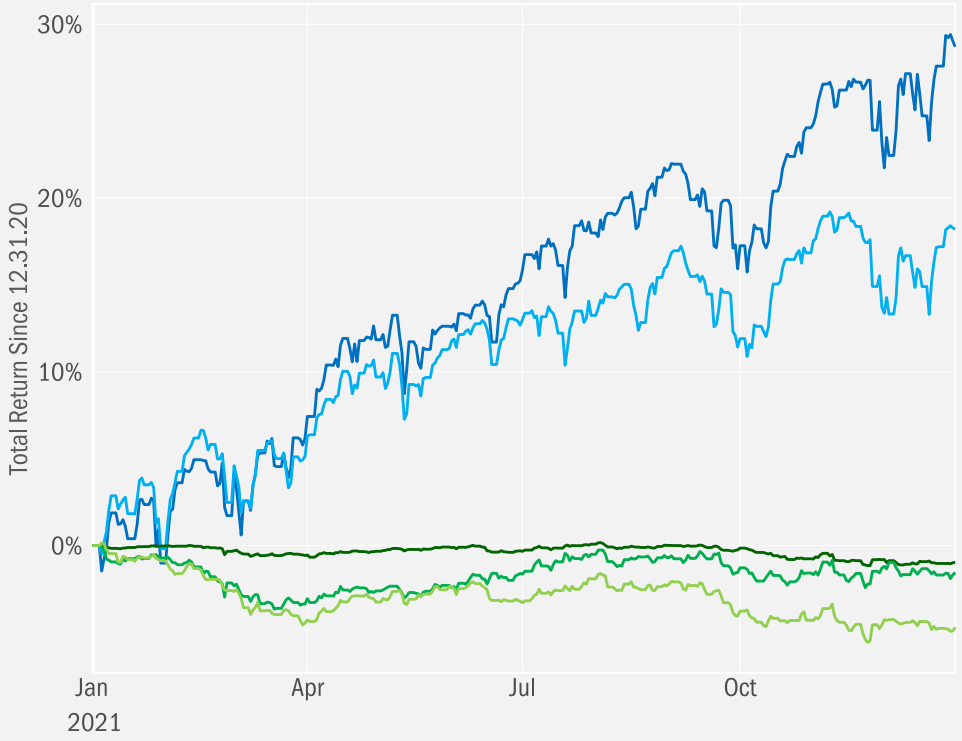
Chief Investment Officer

Global Market Overview

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All but ignoring the global pandemic, for the third year in a row global stocks saw a double-digit gain, once again powered by U.S. stocks. After two years of high single-digit gains, though, the domestic investment-grade bond market turned in a loss

Trailing 1-Year Total Return of Major Asset Classes (through 12.31.21)



	Total Return	Maximum Drawdown
S&P 500 Index	28.71%	-5.12%
MSCI All Country World Investable Market Index	18.22%	-5.42%
Bloomberg Barclays 1-5 Year Government/Credit Index	-0.97%	-1.32%
Barclays U.S. Aggregate Index	-1.54%	-3.66%
Bloomberg Barclays Global Aggregate Index	-4.71%	-5.72%

Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Global Equity Market Overview

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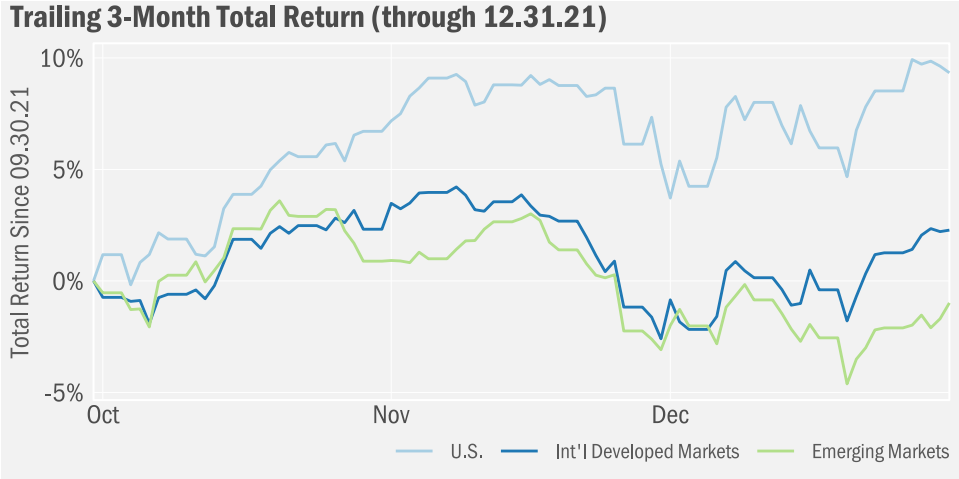
After a close first half, domestic equities powered away from their global peers. The gains capped a decade over which U. S. stocks have more than doubled the performance of international developed markets and have nearly tripled the gains of emerging market stocks

Trailing Broad Equity-Market Performance

Percent total return, annualized for periods greater than 1 year

	3 Month	1 Year	3 Year	5 Year	10 Year
Global	6.10	18.22	20.20	14.12	11.84
World ex. U.S.	1.64	8.53	13.62	9.83	7.57
U.S.	9.33	26.13	26.01	18.10	16.41
Int'l Developed Markets	2.28	11.08	13.84	9.76	8.39
Emerging Markets	−0.98	−0.28	11.57	10.06	5.71

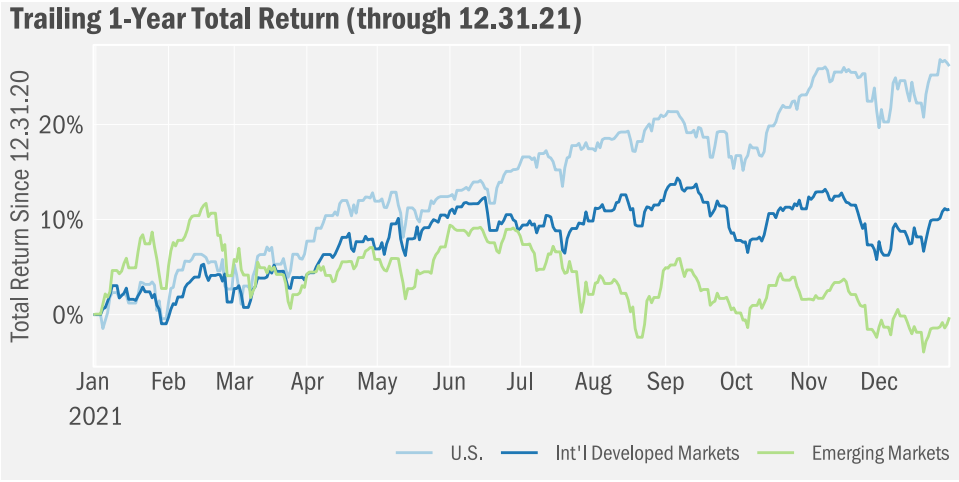
From 12.31.11 to 12.31.21. Total return data are annualized for periods greater than 1 year.
SOURCE: SRCM using data from Bloomberg



Notable events of the prior three months include:

- 11.15: President Biden signs into law the $1 trillion infrastructure bill
- 11.19: October year-over-year inflation comes in at 6.2%, the highest since November 1990
- 12.15: Federal Reserve highlights a potentially more aggressive shift in monetary policy
- 12.16: President Biden signs debt limit increase

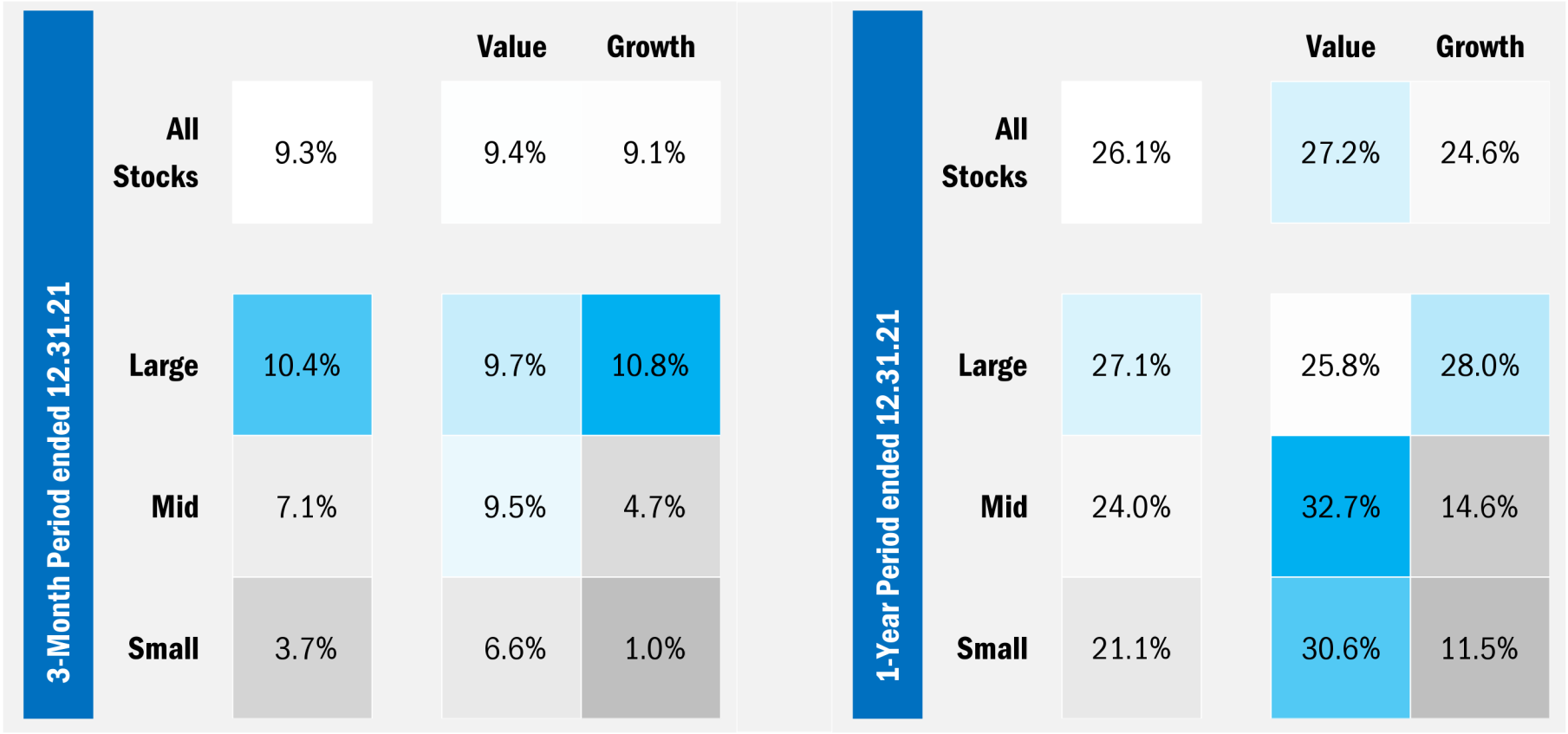
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Core Factors: U.S. Stocks

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Last year was far kinder to stocks expressing our preferred characteristics, much more so in the first half than in the second. Value generally outperformed Growth over the four quarters, with smaller Value names turning in strikingly strong gains versus their growthier peers

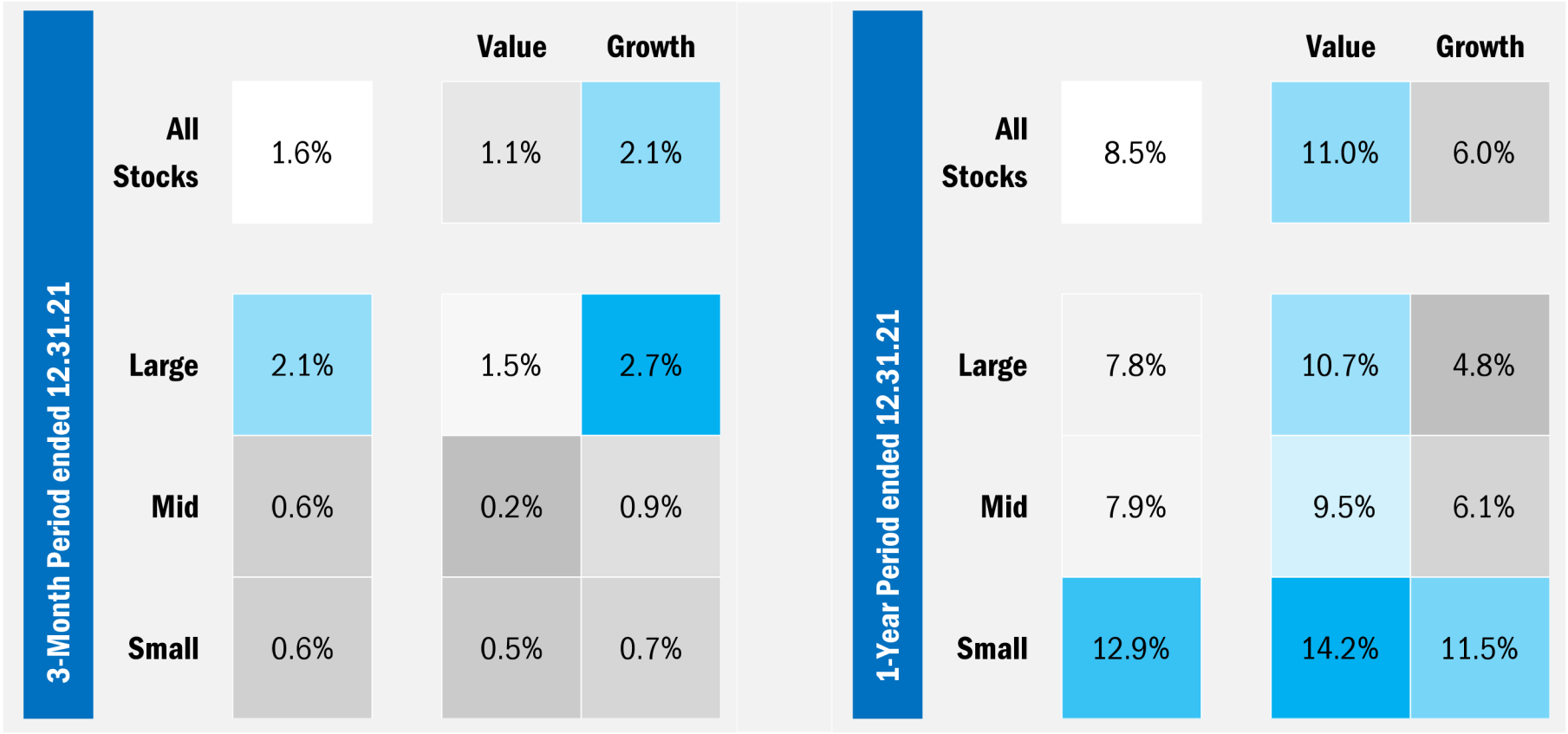


The table displays the relative performance of different indexes representing U.S. stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Core Factors: International Stocks

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Though returns in the aggregate were lower than those in the States, performance among international stocks also saw the winners' column dominated by Value and small-cap names for the year. That general trend eased in the fourth quarter, however



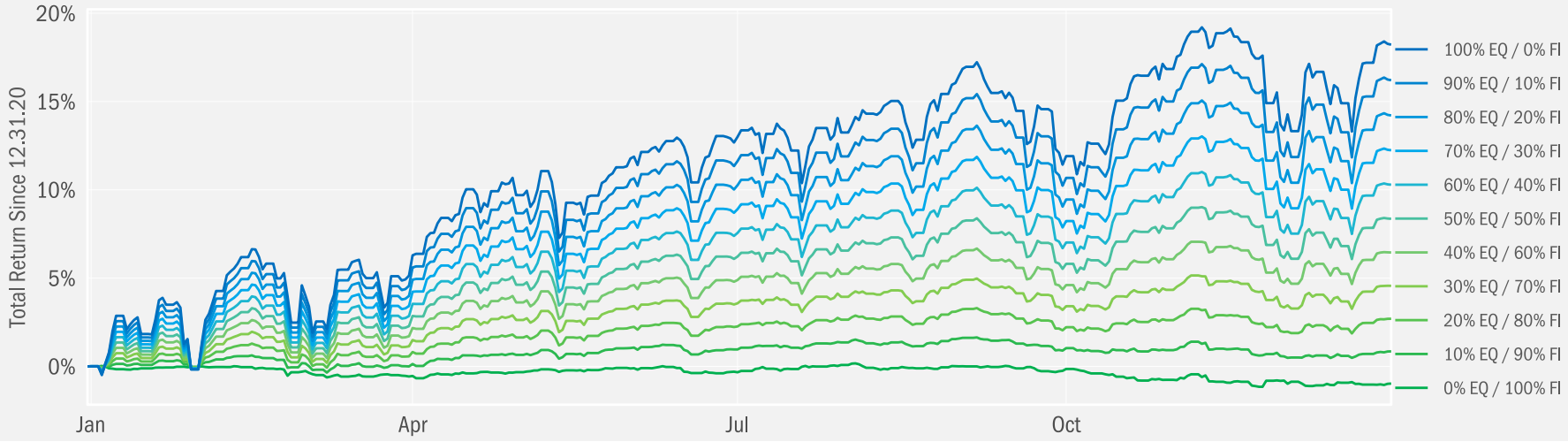
The table displays the relative performance of different indexes representing international stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Range of Returns for Different Asset Allocations

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Volatility was light through the year in global equities. With the maximum drawdown not exceeding 5.5%, investors generally benefitted from increased equity exposure. Though bonds offered downside protection, total returns suffered upward pressures on interest rates

Trailing 1-Year Total Return of a Range of Asset Allocations (through 12.31.21)



	0% EQ / 100% FI	10% EQ / 90% FI	20% EQ / 80% FI	30% EQ / 70% FI	40% EQ / 60% FI	50% EQ / 50% FI	60% EQ / 40% FI	70% EQ / 30% FI	80% EQ / 20% FI	90% EQ / 10% FI	100% EQ / 0% FI
Total Return	-0.97%	0.85%	2.70%	4.56%	6.45%	8.36%	10.29%	12.24%	14.21%	16.21%	18.22%
Maximum Drawdown	-1.32%	-1.15%	-1.39%	-1.8%	-2.32%	-2.85%	-3.37%	-3.89%	-4.4%	-4.91%	-5.42%

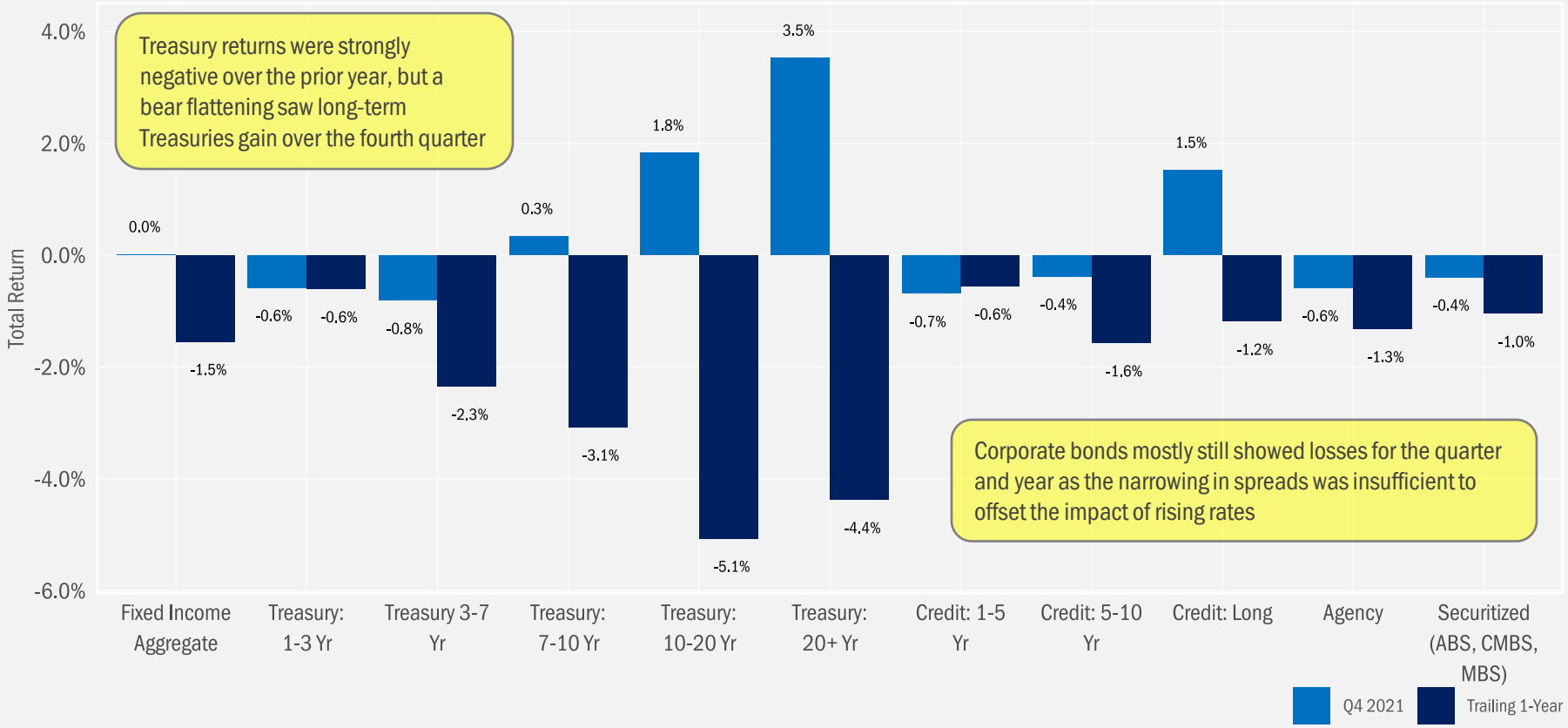
Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. The equity index used for this presentation is the MSCI ACWI IMI Index. The fixed income index used for this presentation is the Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Fixed Income: Broad-Market Returns

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Historically low yields across the bond spectrum generally failed to overcome the broader rise in rates we saw in 2021. Though credit spreads also remained historically low, the extra income did offer a salve from the losses otherwise seen among Treasuries of similar duration

Bloomberg Barclays U.S. Aggregate Bond Index and Sub-Index Performance



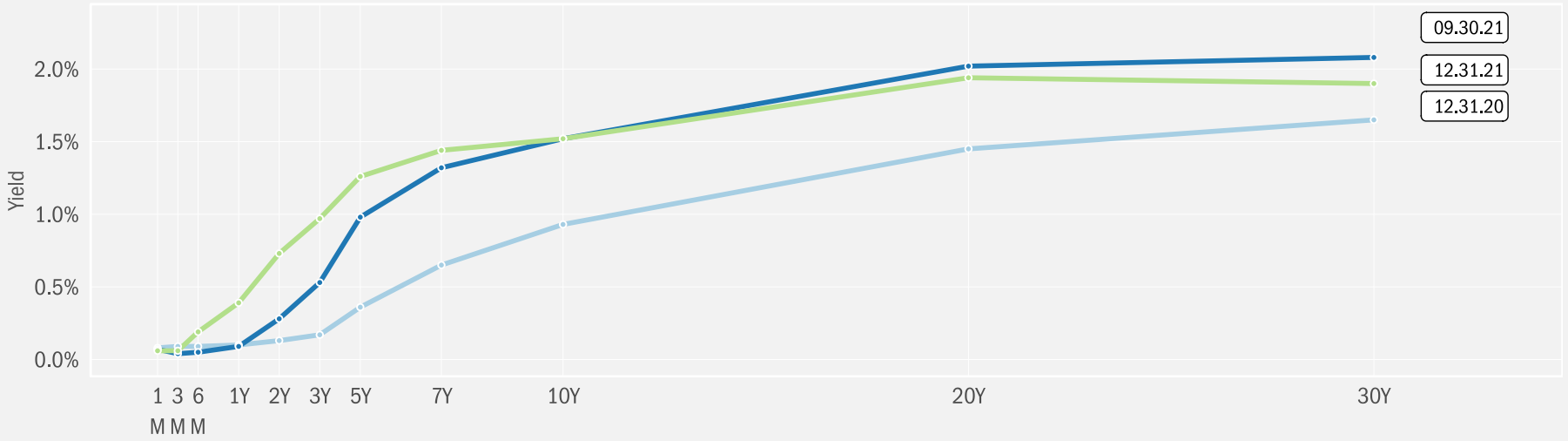
From 12.31.20 to 12.31.21. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Interest Rates: U.S. Treasury Rates

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Interest rates generally were higher on the year, though they remain well below historical levels. Macroeconomic growth stayed robust while inflation remained elevated through year end, and short-term rates surged as investors lifted expectations for less-accommodative Federal Reserve policies

U.S. Yield Curve Shift



Change in Key Rates Over the Period

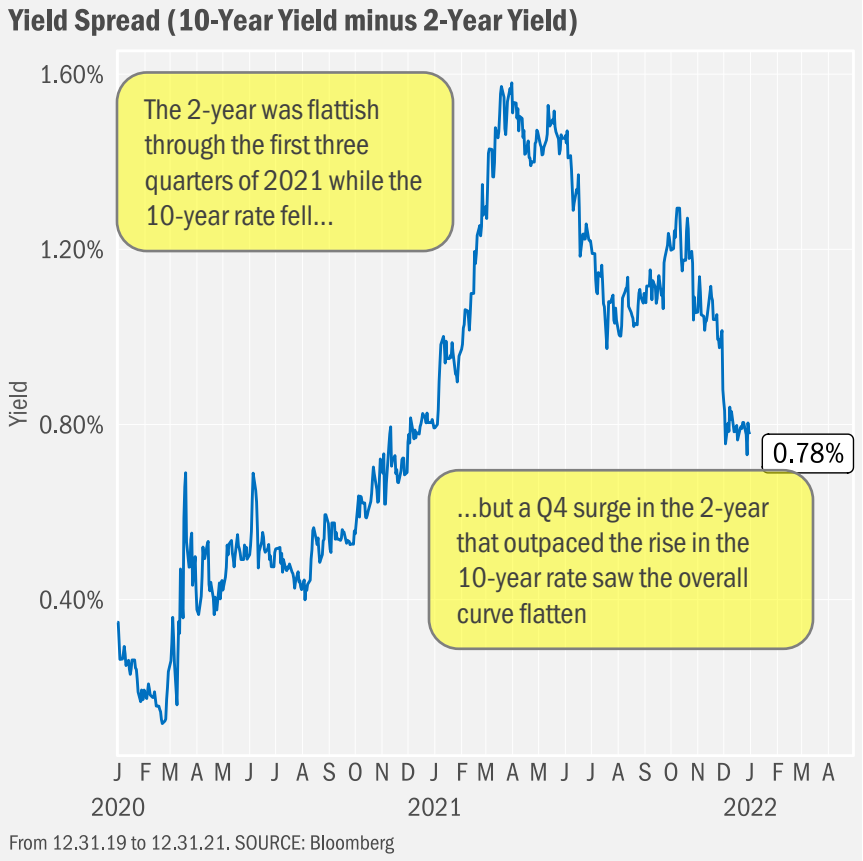


From 12.31.20 through 12.31.21. SOURCE: SRCM using data from Bloomberg

Interest Rates: Spreads

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While credit spreads could be qualified as “stable” in 2021, at least compared to the volatility experienced in 2020, term spreads surged and ebbed during the year as investors balanced expectations for ongoing pandemic ills, monetary policy responses to inflation and longer-term macroeconomic growth



From 12.31.19 to 12.31.21. SOURCE: Bloomberg



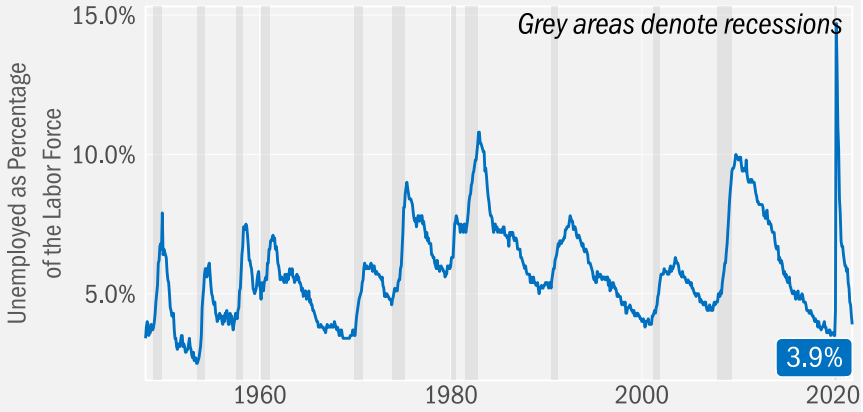
From 12.31.20 to 12.31.21. Spread is measured as difference between yields on corporate and Treasury bonds of similar maturity. SOURCE: SRCM using data from Bloomberg

Macroeconomic Trends

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The domestic employment picture continued to improve

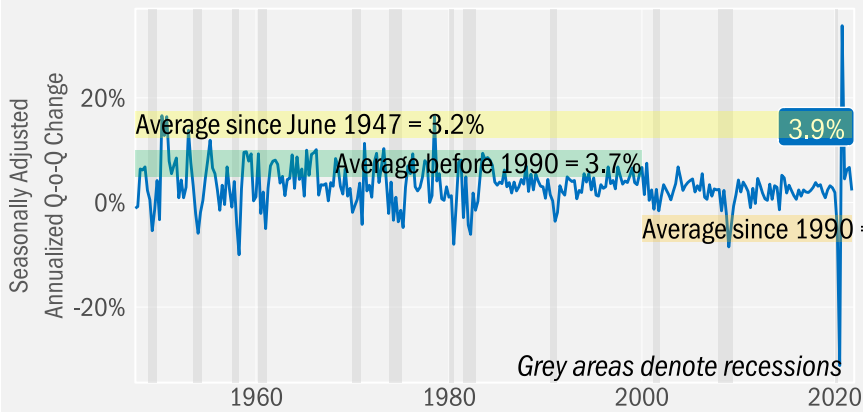
U.S. Civilian Unemployment Rate



From 01.31.48 to 12.31.21. SOURCE: U.S. Bureau of Labor Statistics via Bloomberg

Reopening gains in the past, growth remained relatively strong nonetheless

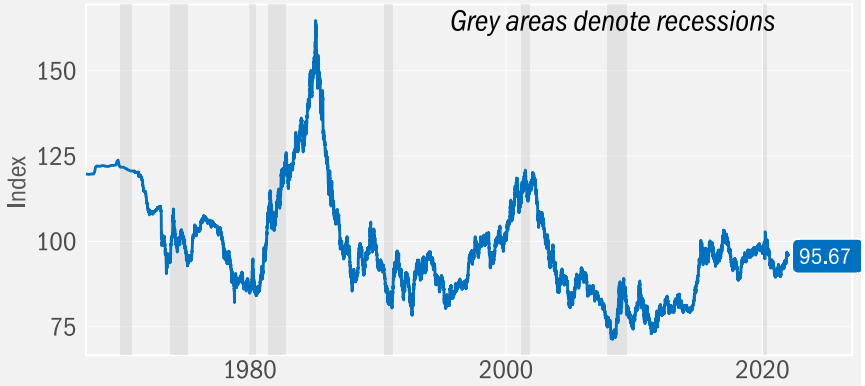
Real U.S. GDP



From 06.30.47 to 09.30.21. In 2009 dollars. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

After weakening in 2020, the U.S. dollar moved higher last year

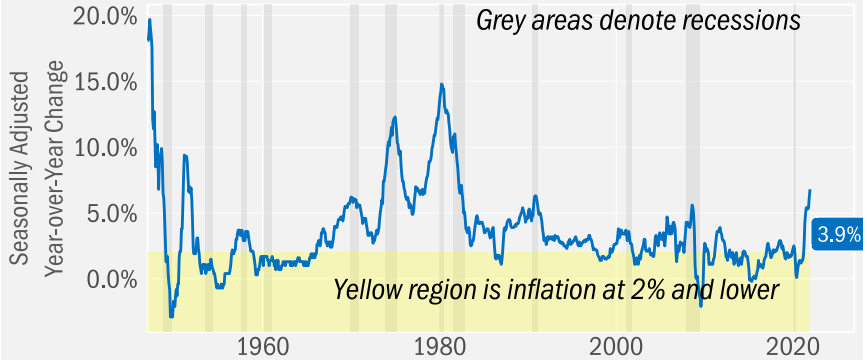
U.S. Dollar Index



From 03.31.67 to 12.31.21. The U.S. Dollar Index indicates the general int'l value of the USD as an average of the exchange rates between the USD and major world currencies.

The most notable outlier in 2021, inflation rose to levels not seen for decades

Inflation: U.S. Personal Consumption Expenditure Core Price Index



From 12.31.46 to 11.30.21. Year-over-year change in non-seasonally adjusted Consumer prices (CPI) as measured by prices paid by urban consumers for a market basket of consumer goods and services. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

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Investing involves risks including the possible loss of principal. Past performance is not indicative of future results.

One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Asset classes and their respective indexes mentioned in this report include the following:

Domestic (U.S.) fixed income (Fixed Income Aggregate): The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

Global equity (stocks): The MSCI ACWI Investable Market Index (IMI) captures large-, mid- and small-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set. May be referred to as "global", "global equity" and/or "global stocks". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International equity (stocks): The MSCI ACWI ex USA Investable Market Index (IMI) captures large-, mid- and small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 99% of the global equity opportunity set outside the U.S. May be referred to as "World ex. U.S.", "international equity", "international stocks" and/or "All Stocks" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International large-cap equity (stocks): The MSCI ACWI ex USA Large Cap Index captures large-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country. May be referred to as international large-cap stocks, "World ex. U.S. Large-Cap", and/or "Large" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International mid-cap equity (stocks): The MSCI ACWI ex USA Mid Cap Index captures mid-cap representation across 22 of 23 Developed Markets (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country. May be referred to as international mid-cap stocks, "World ex. U.S. Mid-Cap", and/or "Mid" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International small-cap equity (stocks): The MSCI ACWI ex. USA Small Cap Index captures small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S. May be referred to as international small-cap stocks, "World ex. U.S. Small-Cap", and/or "Small" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Developed markets equity (stocks): The MSCI EAFE Investable Market Index (IMI), is an equity index which captures large-, mid- and small-cap representation across Developed Markets countries around the world, excluding the United States and Canada. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as "Developed Markets". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Emerging markets (EM) equity (stocks): The MSCI Emerging Markets Investable Market (IMI) Index captures large, mid and small cap representation across 24 Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as "Emerging Markets". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Domestic (U.S.) equity: The MSCI U.S. Investable Market 2500 Index is designed to measure the performance of the large-, mid- and small-cap segment of the U.S. equity market. The index represents approximately 99% of the free float-adjusted market capitalization in the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "All Stocks" in a section specifically describing only U.S. stocks.

Domestic (U.S.) large-cap equity: The MSCI U.S. Large Cap 300 Index is designed to measure the performance of the large-cap segment of the U.S. equity market. The index represents approximately 71% of the free float-adjusted market capitalization in the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Large" in a section specifically describing only U.S. stocks.

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Domestic (U.S.) mid-cap equity: The MSCI U.S. Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the U.S. equity market and designed to measure the performance of the mid-cap segment. The index represents approximately 16% of the free float-adjusted market capitalization of the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “Mid” in a section specifically describing only U.S. stocks.

Domestic (U.S.) small-cap equity: The MSCI U.S. Small Cap 1750 Index is comprised of the remaining smallest 1,750 companies in the U.S. Investable Market 2500 Index of the U.S. equity market and designed to measure the performance of the small-cap segment. The index represents approximately 11.5% of the free float-adjusted market capitalization of the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “Small” in a section specifically describing only U.S. stocks.

MSCI Value and Growth Indexes: The value investment style characteristics for MSCI index construction are defined using the following variables: book value to price, 12-month forward earnings to price and dividend yield. The growth investment style characteristics are defined using the following variables: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend. The objective of the MSCI Value and Growth Indexes design is to divide constituents of an underlying market capitalization index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying index. The market capitalization of each constituent should be fully represented in the combination of the value index and the growth index, and, at the same time, should not be double-counted. One security may, however, be represented in both the value index and the growth index at a partial weight.

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The Bloomberg Barclays Global Aggregate Index is a measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The Bloomberg Barclays U.S Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

The MSCI ACWI Index captures large- and mid-cap representation across 23 Developed Markets and 23 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.

The MSCI ACWI ex. U.S. Index captures large- and mid-cap representation across 22 Developed Markets countries and 23 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

The MSCI EAFE captures large and mid-cap representation across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The S&P 500 Index represents 500 U.S. companies and captures approximately 80% coverage of available market capitalization.

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