

# Market Chart Book WM Research



A look at Equity Markets, Economic Data, and Interest Rates

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*Please refer to slide 50 of this report for detailed disclosure and certification information.*



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# Major Market Equity Returns

Equities finished 2021 strong, then January 2022 decline

Index	4Q21	Full-Year 2021	2022 YTD
Russell 2000	2.1%	14.8%	-10.8%
DJ Industrial Average	7.9%	20.9%	-3.3%
S&P 500	11.0%	28.7%	-5.5%
MSCI EAFE	2.7%	11.8%	-3.7%
NASDAQ Composite Index	8.4%	22.2%	-9.8%
MSCI EM (Emerging Markets)	-1.2%	-2.2%	-0.8%

*Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.*

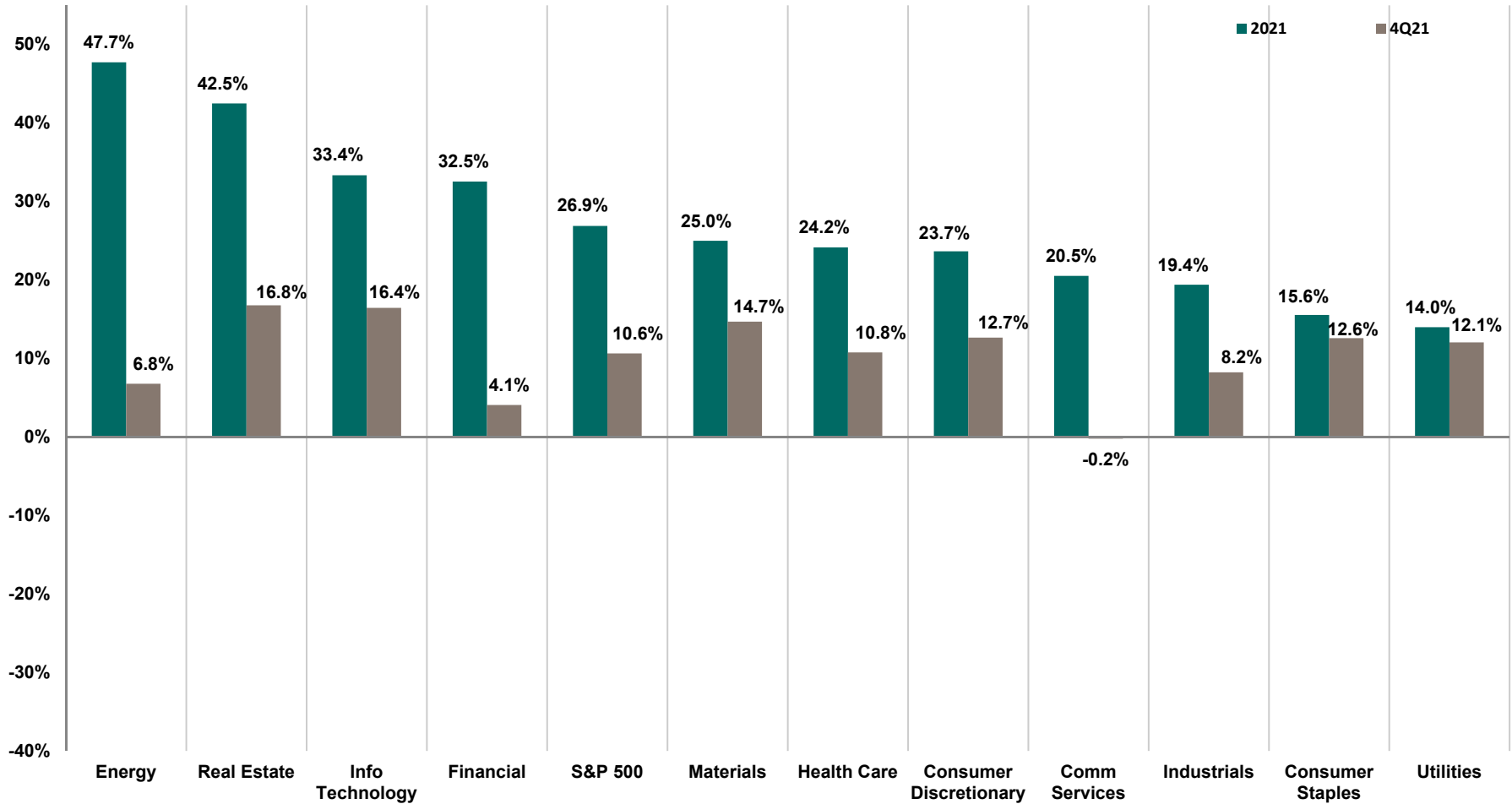
*The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. You may not invest directly in an index. Past performance is not an indicator of future results. 4Q21 is the fourth quarter of 2021, full-year 2021 reflects 12/31/20 to 12/31/21, and YTD 2022 reflects 12/31/21 to 2/4/22.*

*Data source: FactSet; through 2/4/22 (foreign markets in U.S. dollar terms)*



# S&P 500: Sector Price Return

## Energy and REITs led a strong year for equity gains



Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income. YTD is year-to-date, 3Q is third quarter.

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Data source: FactSet; through 12/31/21



# S&P 500: Sector Total Return Quilt

## Sector leadership rotates; supports diversification

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-YEAR ANNUALIZED RETURN
Real Estate 32.32%	Utilities 19.98%	Financials 28.82%	Consumer Discretionary 43.08%	Real Estate 30.19%	Consumer Discretionary 10.11%	Energy 27.36%	Information Technology 38.83%	Health Care 6.47%	Information Technology 50.29%	Information Technology 43.89%	Energy 54.64%	Information Technology 24.01%
Consumer Discretionary 27.66%	Consumer Staples 13.99%	Consumer Discretionary 23.92%	Health Care 41.46%	Utilities 28.98%	Health Care 6.89%	Telecom Services 23.49%	Materials 23.84%	Utilities 4.11%	Communication Services* 32.69%	Consumer Discretionary 33.30%	Real Estate 46.19%	Consumer Discretionary 19.57%
Industrials 26.71%	Health Care 12.73%	Real Estate 19.74%	Industrials 40.68%	Health Care 25.34%	Consumer Staples 6.60%	Financials 22.80%	Consumer Discretionary 22.98%	Consumer Discretionary 0.83%	Financials 32.13%	Communication Services* 23.61%	Financials 35.04%	Health Care 17.19%
Materials 22.20%	Real Estate 11.39%	Telecom Services 18.31%	Financials 35.63%	Information Technology 20.12%	Information Technology 5.92%	Industrials 18.86%	Financials 22.18%	Information Technology -0.29%	Industrials 29.37%	Materials 20.73%	Information Technology 34.53%	Financials 16.32%
Energy 20.46%	Telecom Services 6.27%	Health Care 17.89%	Information Technology 28.43%	Consumer Staples 15.98%	Real Estate 4.68%	Materials 16.69%	Health Care 22.08%	Real Estate -2.22%	Real Estate 29.01%	Health Care 13.45%	Materials 27.28%	Industrials 14.19%
Telecom Services 18.97%	Consumer Discretionary 6.13%	Industrials 15.35%	Consumer Staples 26.14%	Financials 15.20%	Telecom Services 3.40%	Utilities 16.29%	Industrials 21.03%	Consumer Staples -8.38%	Consumer Discretionary 27.94%	Industrials 11.06%	Health Care 26.13%	Real Estate 13.11%
Consumer Staples 14.11%	Energy 4.72%	Materials 14.97%	Materials 25.60%	Industrials 9.83%	Financials -1.53%	Information Technology 13.85%	Consumer Staples 13.49%	Communication Services* -12.53%	Consumer Staples 27.61%	Consumer Staples 10.75%	Consumer Discretionary 24.43%	Materials 12.81%
Financials 12.13%	Information Technology 2.41%	Information Technology 14.82%	Energy 25.07%	Consumer Discretionary 9.68%	Industrials -2.53%	Consumer Discretionary 6.03%	Utilities 12.11%	Financials -13.03%	Utilities 26.35%	Utilities 0.48%	Communication Services* 21.57%	Consumer Staples 12.24%
Information Technology 10.19%	Industrials -0.59%	Consumer Staples 10.76%	Utilities 13.21%	Materials 6.91%	Utilities -4.85%	Consumer Staples 5.38%	Real Estate 10.85%	Industrials -13.29%	Materials 24.58%	Financials -1.69%	Industrials 21.12%	Communication Services* 11.56%
Utilities 5.46%	Materials -9.75%	Energy 4.61%	Telecom Services 11.47%	Telecom Services 2.99%	Materials -8.38%	Real Estate 3.39%	Energy -1.01%	Materials -14.70%	Health Care 20.82%	Real Estate -2.17%	Consumer Staples 18.63%	Utilities 11.06%
Health Care 2.90%	Financials -17.06%	Utilities 1.28%	Real Estate 1.60%	Energy -7.78%	Energy -21.12%	Health Care -2.69%	Telecom Services -1.25%	Energy -18.10%	Energy 11.81%	Energy -33.68%	Utilities 17.67%	Energy 1.20%
Energy			Materials		Industrials		Consumer Discretionary		Consumer Staples		Health Care	
Financials			Information Technology		Real Estate		Communication Services		Utilities			

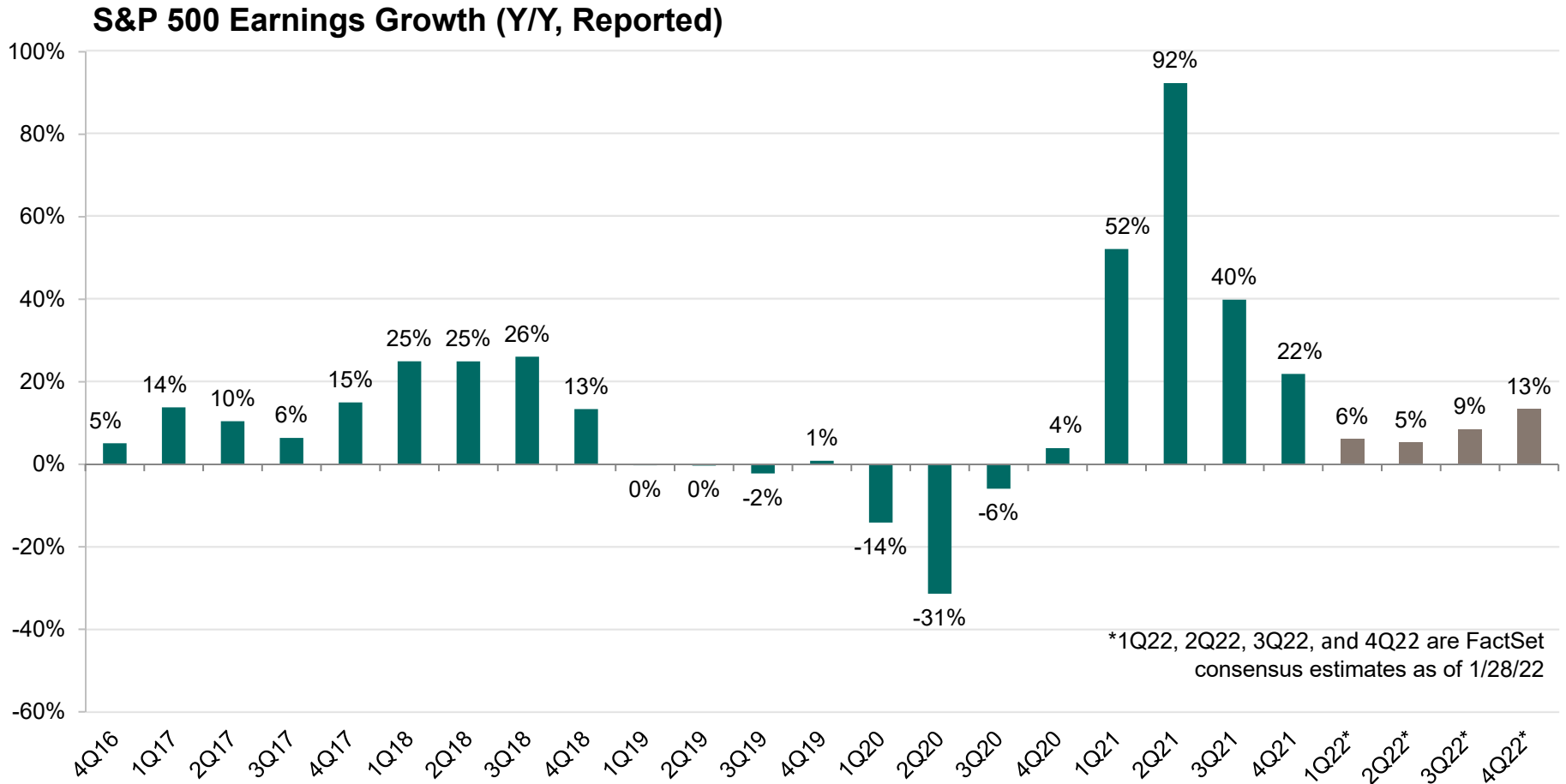
The chart above shows the total returns for the 11 sectors represented in the S&P 500. Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income. The S&P 500 is widely regarded as the best index to measure large-cap U.S. equities. The eleven sectors are the Global Industry Classification Standard (GICS) from MSCI. The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. You may not invest directly in an index. Past performance is not an indicator of future results.

Data source: FactSet; through 12/31/21



# S&P 500: Earnings Growth

## Post-pandemic earnings growth pace slowing



The chart above displays reported quarterly operating earnings per share (EPS) growth for the S&P 500 index in green. Estimated quarterly growth figures for the next four quarters are displayed in brown and use consensus EPS estimates, which are the combined estimates of analysts covering each company included in the index. Y/Y is year-over-year.

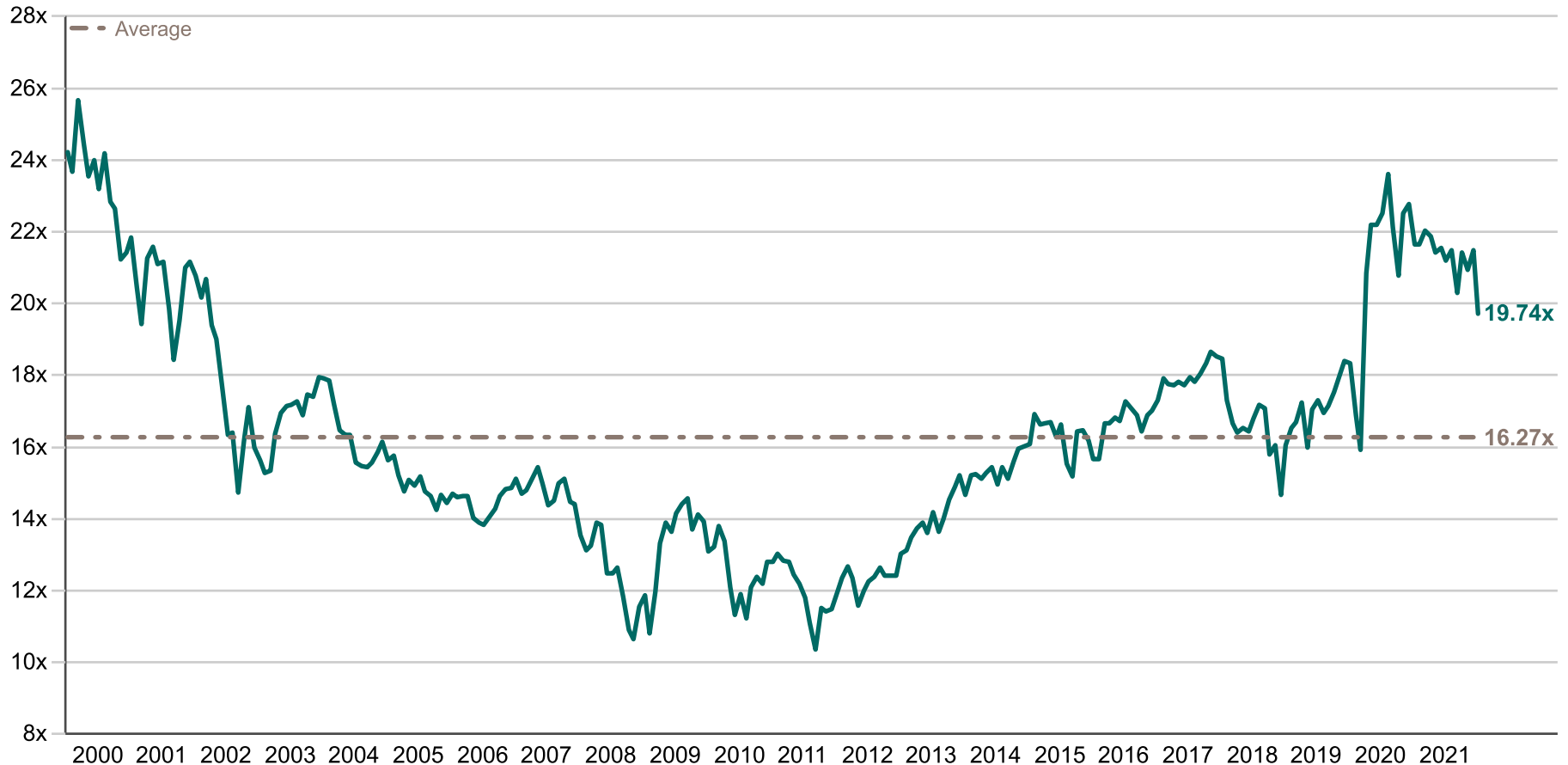
Data source: FactSet; through 1/28/22



# S&P 500: Valuation P/E - estimated

After January S&P 500 decline, P/E lowest since April 2020

## S&P 500 Next Twelve Months P/E



The forward S&P 500 price-to-earnings ratio (P/E) is a valuation measure, calculated by dividing the price of the S&P 500 index over the weighted average earnings per share (EPS) estimate of each company in the index. Earnings are based on "forward" consensus estimates expected over the next 12 months (NTM) as compiled by FactSet. The gray dotted line is the average P/E from 2000 to 10/21/21.

Data source: FactSet; through 1/28/22



# S&P 500: Earnings Yield

U.S. equities undervalued vs. bonds, even as equities rally

**Fed Model (10-Year Treasury vs S&P Earnings Yield)**



The S&P 500 earnings yield is a valuation measure calculated by dividing the weighted average earnings per share (EPS) estimate of each company in the S&P 500 index over the price of the index. Earnings are based on "forward" consensus estimates expected over the next 12 months.

The yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment.

Data source: FactSet; through 1/28/22

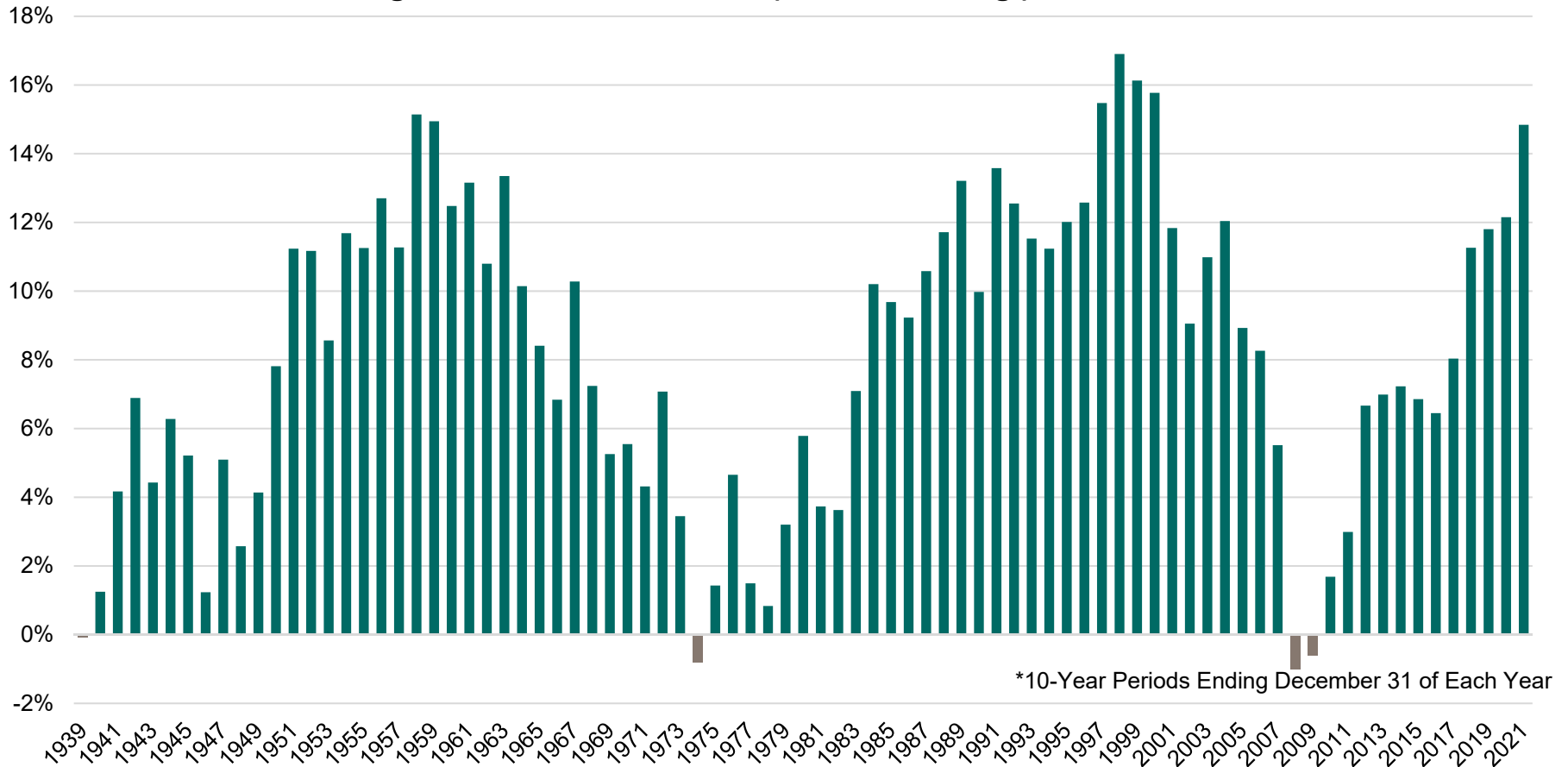




# S&P 500: Annual Total Returns

10-year returns show the benefits of equities over time

## S&P 500 Index Average Annual Price Returns (10-Year Rolling )



This chart suggests that it is rare for long-term investors in equity markets to experience a negative total return if they buy and hold for at least 10 years. Within these 10-year periods, however, markets are volatile and in the interim investors can experience significant drawdowns.

Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income.

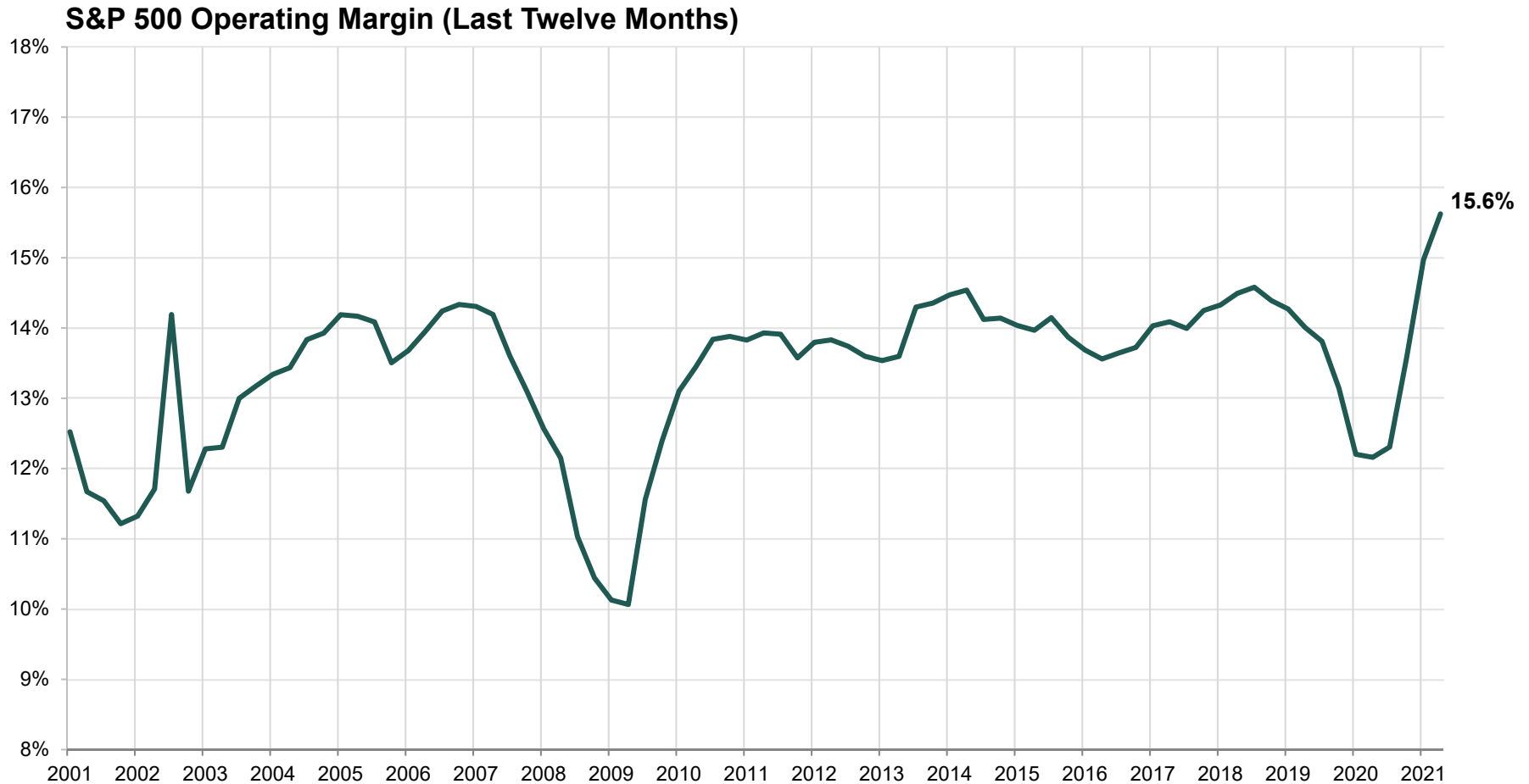
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Data source: FactSet; through 12/31/21



# S&P 500: Operating Margin

Profit margins have surged, despite cost pressures



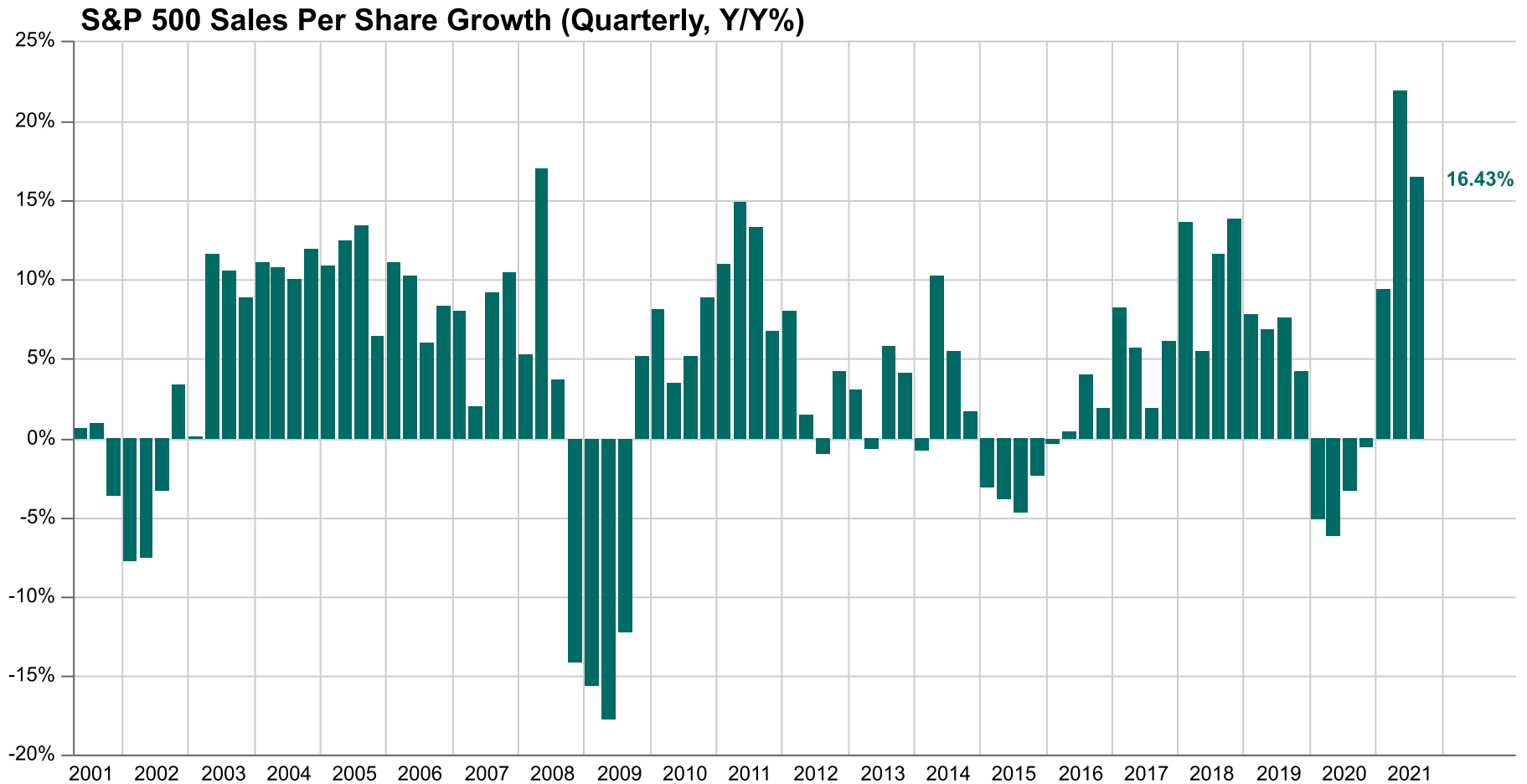
S&P 500 Operating Margin is a measure of operating income for S&P 500 companies as a percentage of revenue. The chart above shows the weighted average S&P 500 EBIT margin for companies within the index on a last twelve months basis. EBIT is earnings before interest and taxes.

Data source: FactSet from company financial reports; through 12/31/21



# S&P 500: Sales Per Share Growth

Revenues have surged, expect slowing growth in 2022



S&P 500 Sales Per Share is a measure of sales divided by outstanding shares reported by S&P 500 companies in quarterly SEC filings. The chart above shows the year-over-year percentage growth rate for sales per share for the index on a quarterly basis.

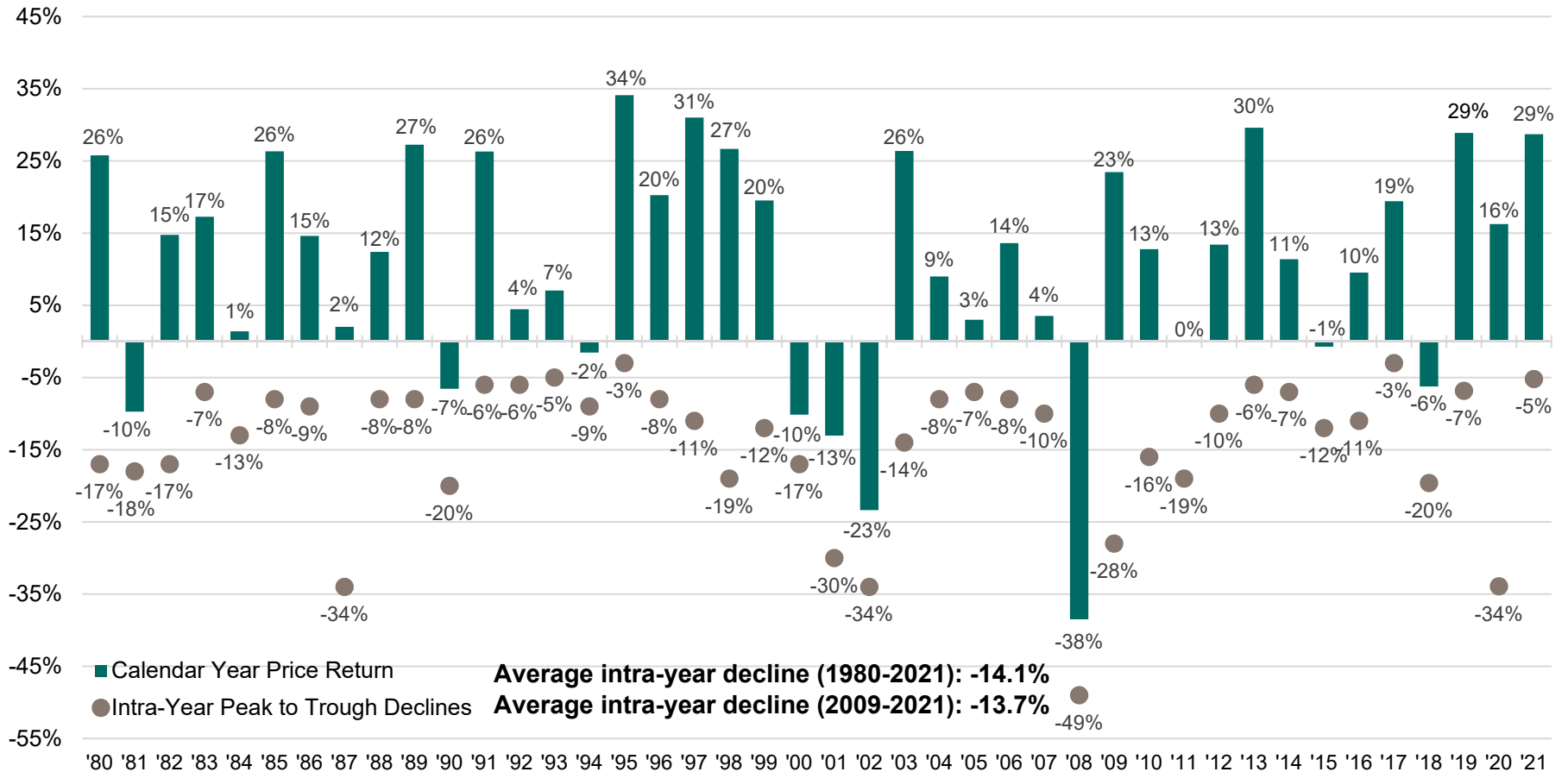
Data source: FactSet; through 9/30/21



# Volatility: Staying the Course

Intra-Year corrections are common, even in bull markets

## S&P 500 Annual Returns and Intra-Year Declines



Price returns reflect market appreciation or depreciation excluding the reinvestment of capital gains, dividends, interest and other income.

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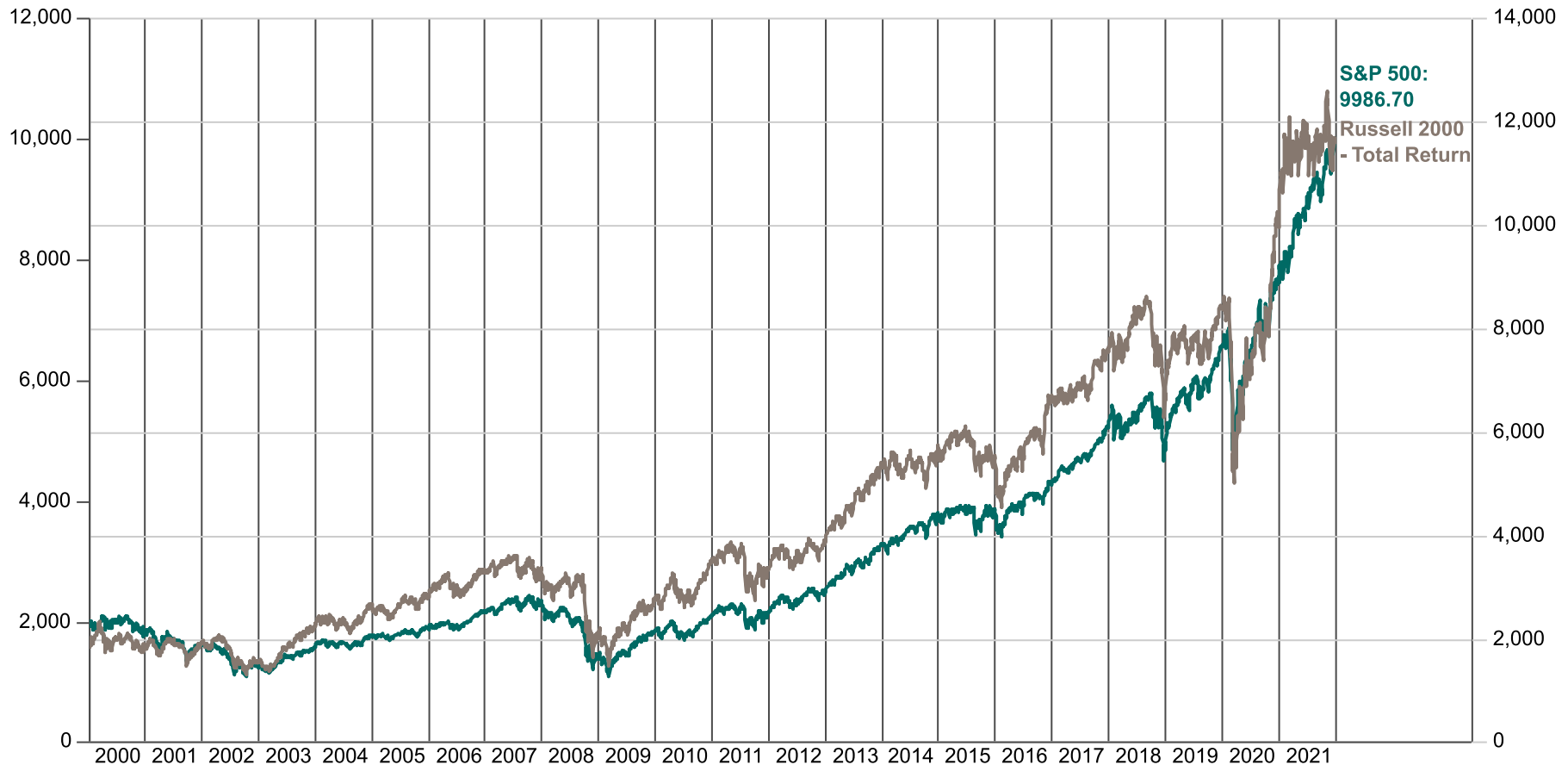
Data source: FactSet; through 12/31/21



# S&P 500 vs. Russell 2000

Large Caps have outperformed small caps through pandemic

## S&P 500 vs. Russell 2000 Total Return Level



Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. You may not invest directly in an index. The S&P 500 is an index of about 500 leading large companies; according to S&P Global the index comprises approximately 80% of available U.S. market capitalization. The Russell 2000 index measures the performance of the small company segment of the U.S. equity universe; it is a subset of the Russell 3000 index representing approximately 10% of the total market capitalization of that index. Past performance is not an indicator of future results.

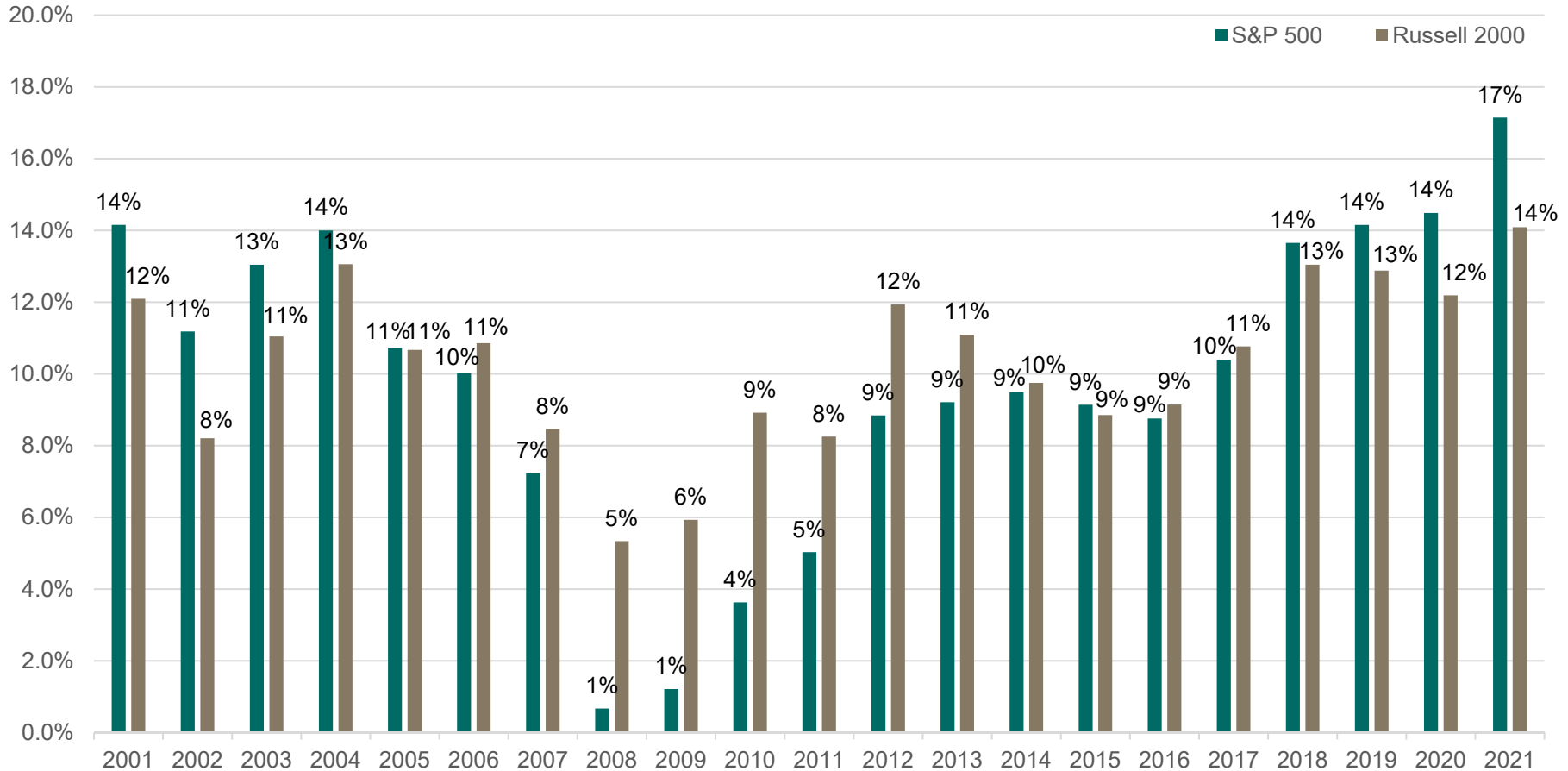
Data source: FactSet; through 12/31/21



# S&P 500 vs. Russell 2000

Large cap stocks have led gains over 10 years

## Average Annual Total Returns (10-Year Rolling Periods From 2000-2020)



Total returns reflect market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income.

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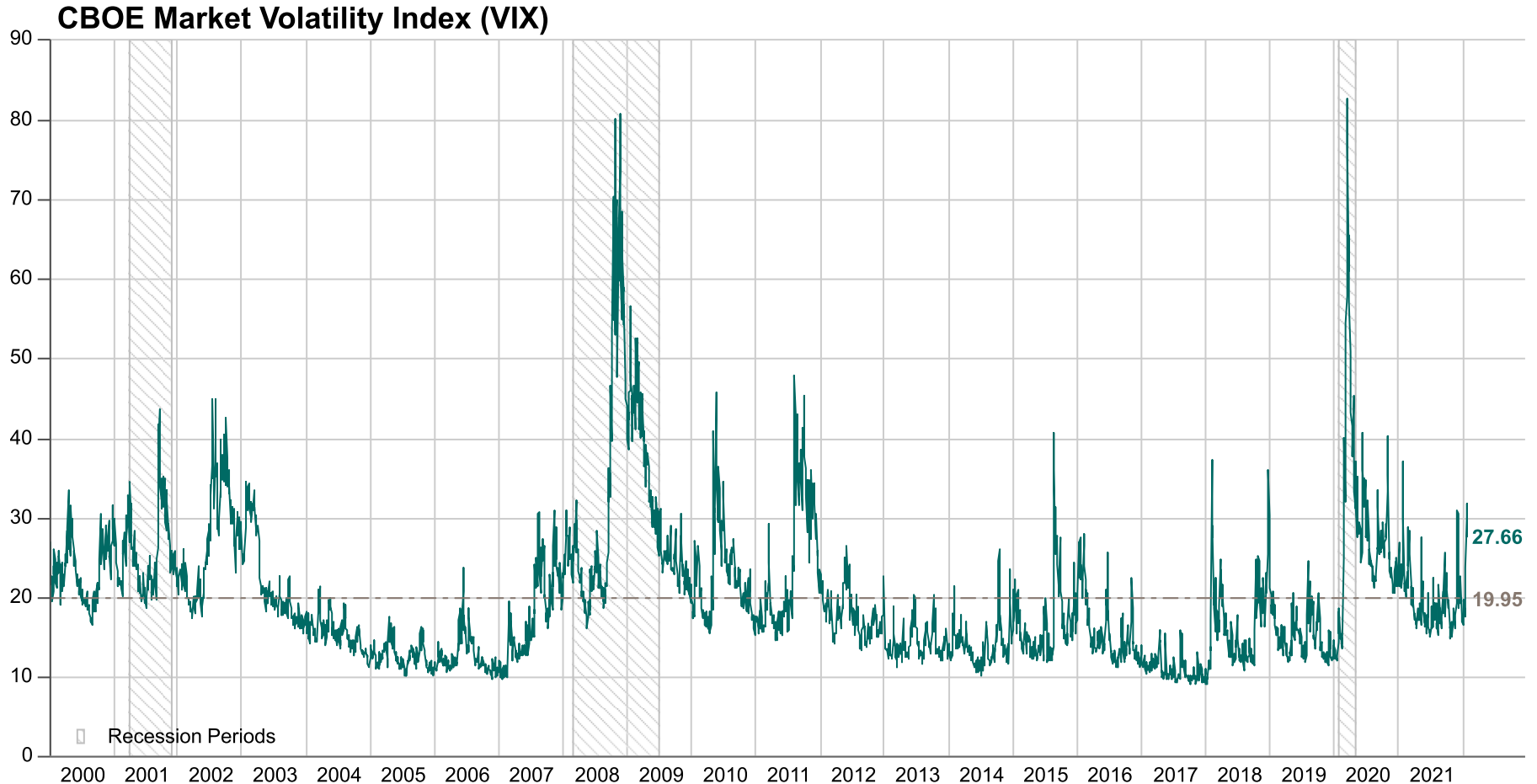
Data source: FactSet; through 12/31/21



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# CBOE Market Volatility Index

Volatility trended lower in 2021 but surged in January 2022



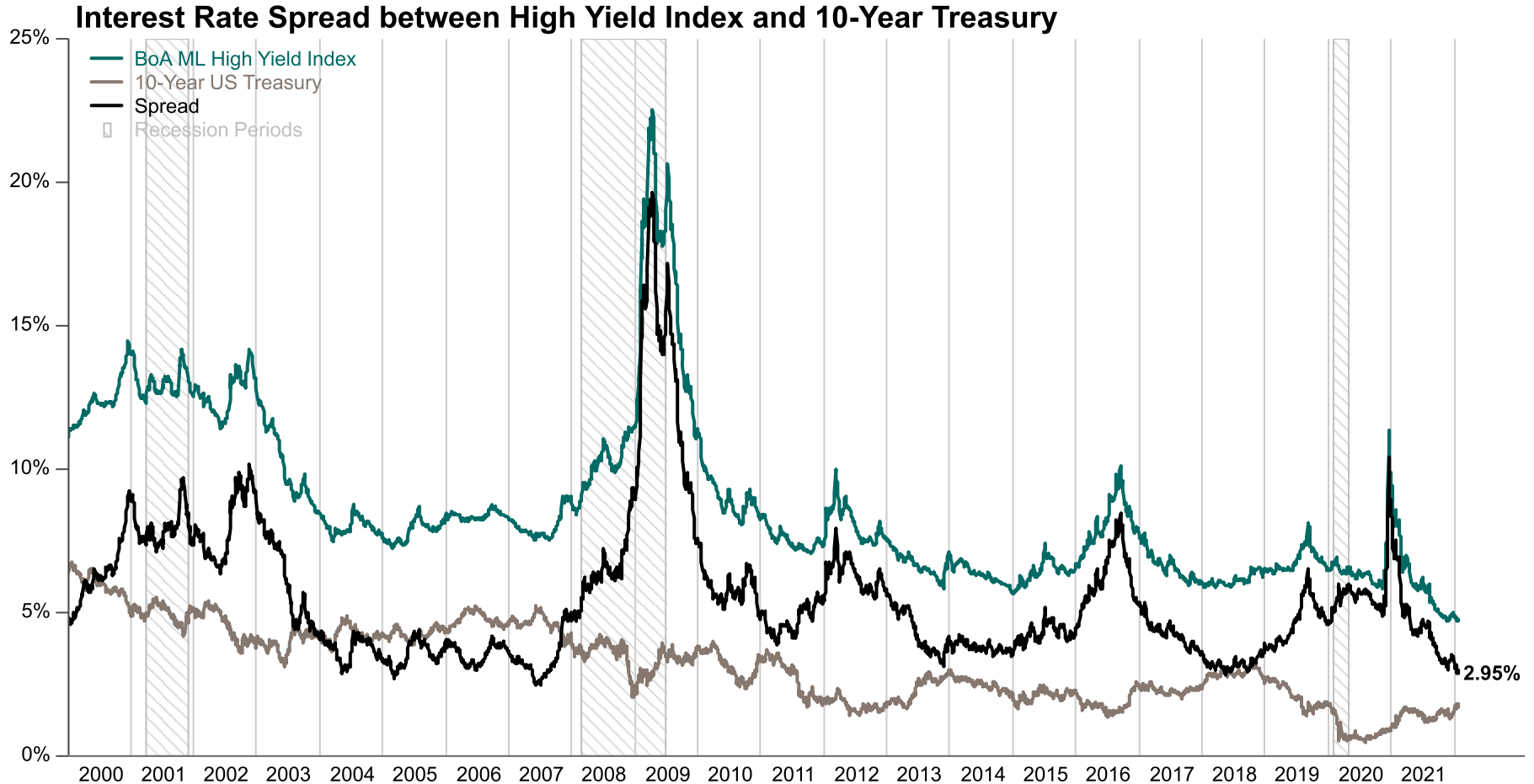
The CBOE Market Volatility Index (VIX) is a widely followed barometer of equity market volatility. The index is derived from price inputs of S&P 500 index options and is designed to reflect the market's expectation of 30-day forward-looking volatility. Recession periods are shaded (from the National Bureau of Economic Research).

Data source: FactSet; through 1/28/22



# U.S. Interest Rates: High Yield Spread

Narrowing spread could suggest investor complacency



Shown are historical yields earned on two fixed income securities. The BoA ML High Yield Index is shown to display the yield on a basket of various higher-yielding fixed income securities. Yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment. The spread is the difference in yield between the two securities, which can be used to interpret the premium investors require to take on the difference in risk between the two. Recession periods are shaded (from the National Bureau of Economic Research).

Data source: FactSet, from exchange data; through 1/31/22





# U.S. Interest Rates: 10-Year Treasury

January 2022 yields back to January 2020 levels



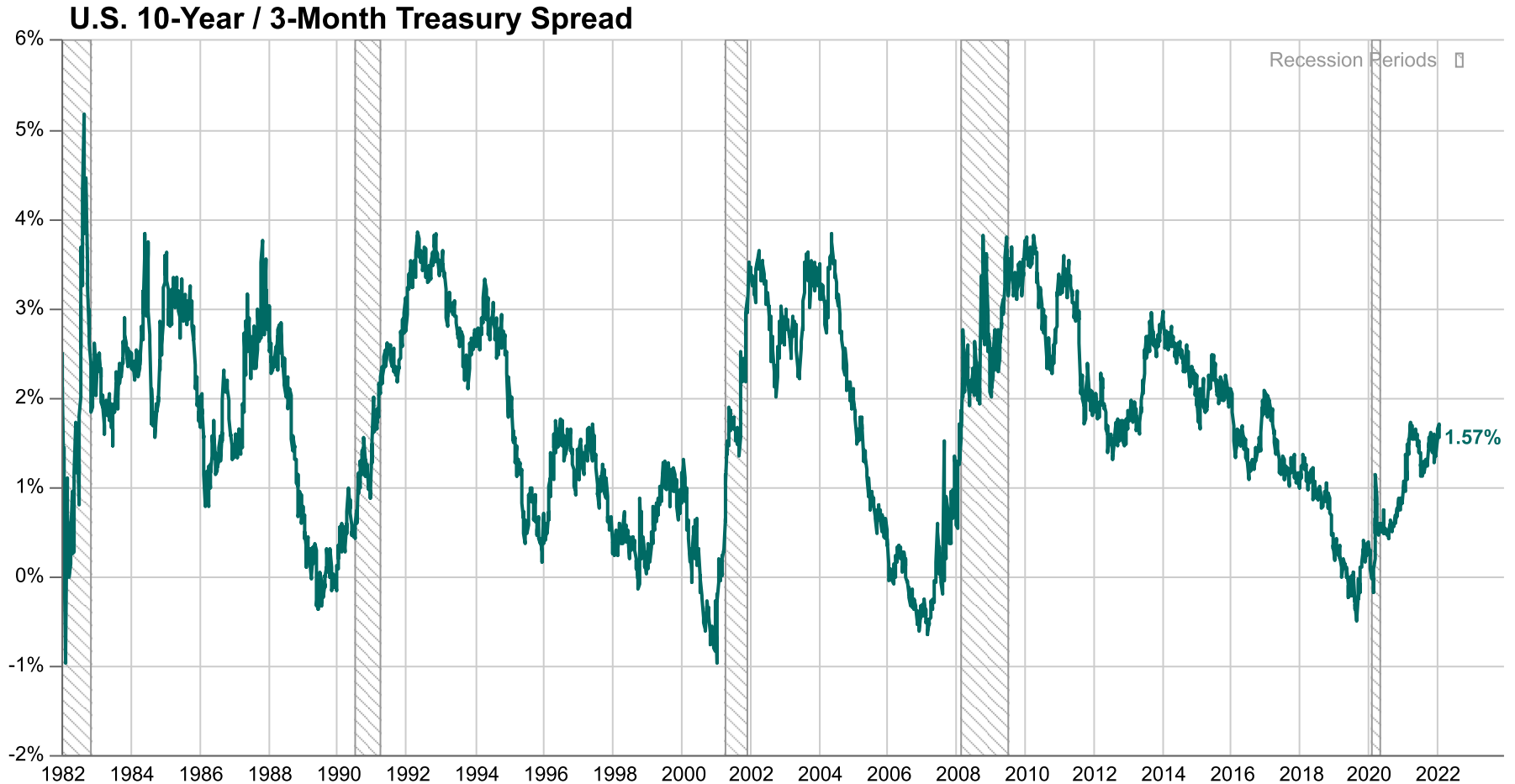
*The yield of the 10-year U.S. Treasury bond is a widely followed barometer of the current U.S. interest rate environment.*

*Data source: FactSet; through 1/28/22*



# U.S. Interest Rates: 10-Yr / 3-Mos

Steeper yield curve follows prior post-recession periods



Yield of the 10-year and 3-Month U.S. Treasury bonds are widely followed barometers of the current U.S. interest rate environment. The spread is the difference in interest rates between the two securities. Recession periods are shaded (from the National Bureau of Economic Research).

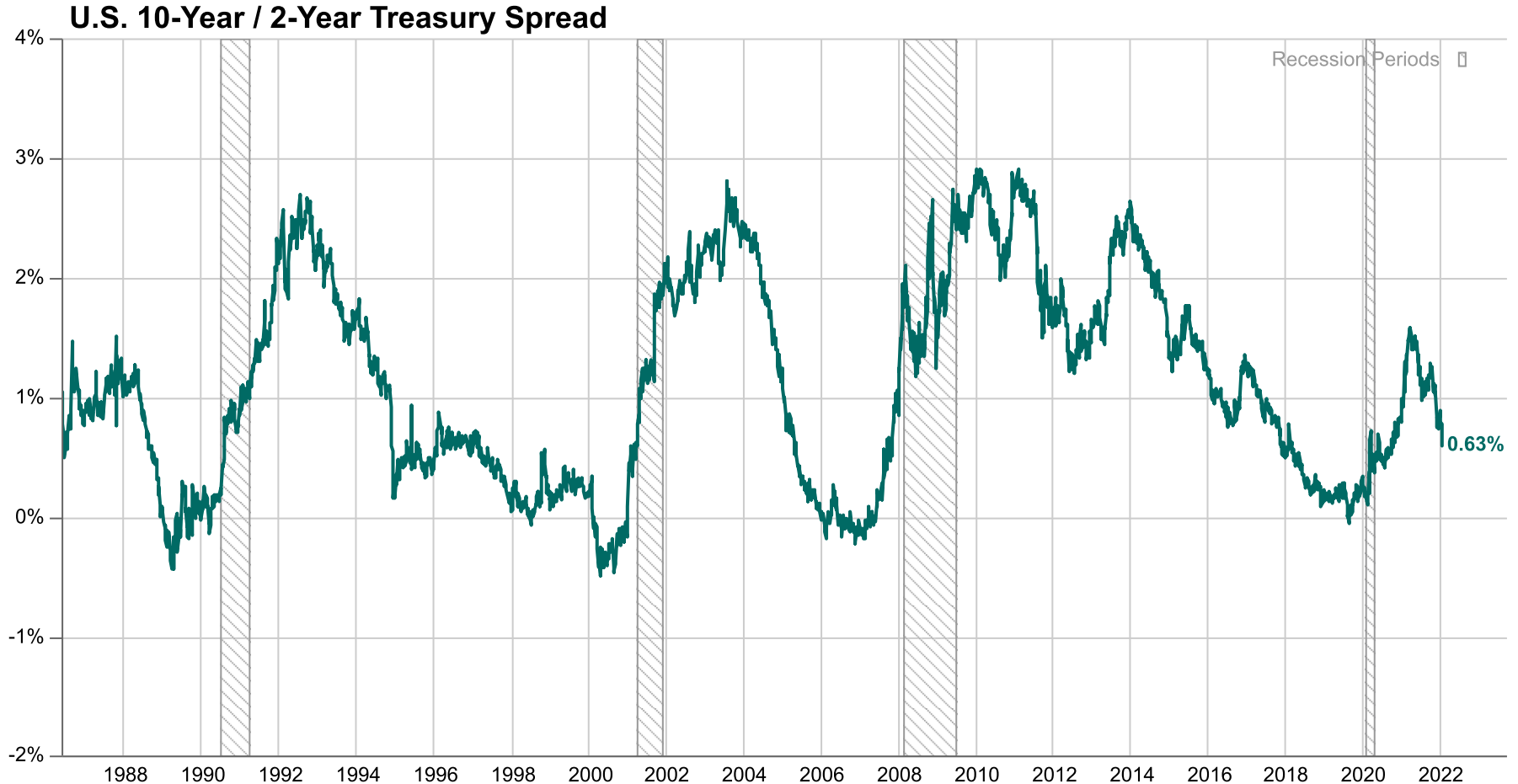
Data source: FactSet; through 1/31/22



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# U.S. Interest Rates: 10-Yr / 2-Yr

Since mid-2021 the spread has narrowed



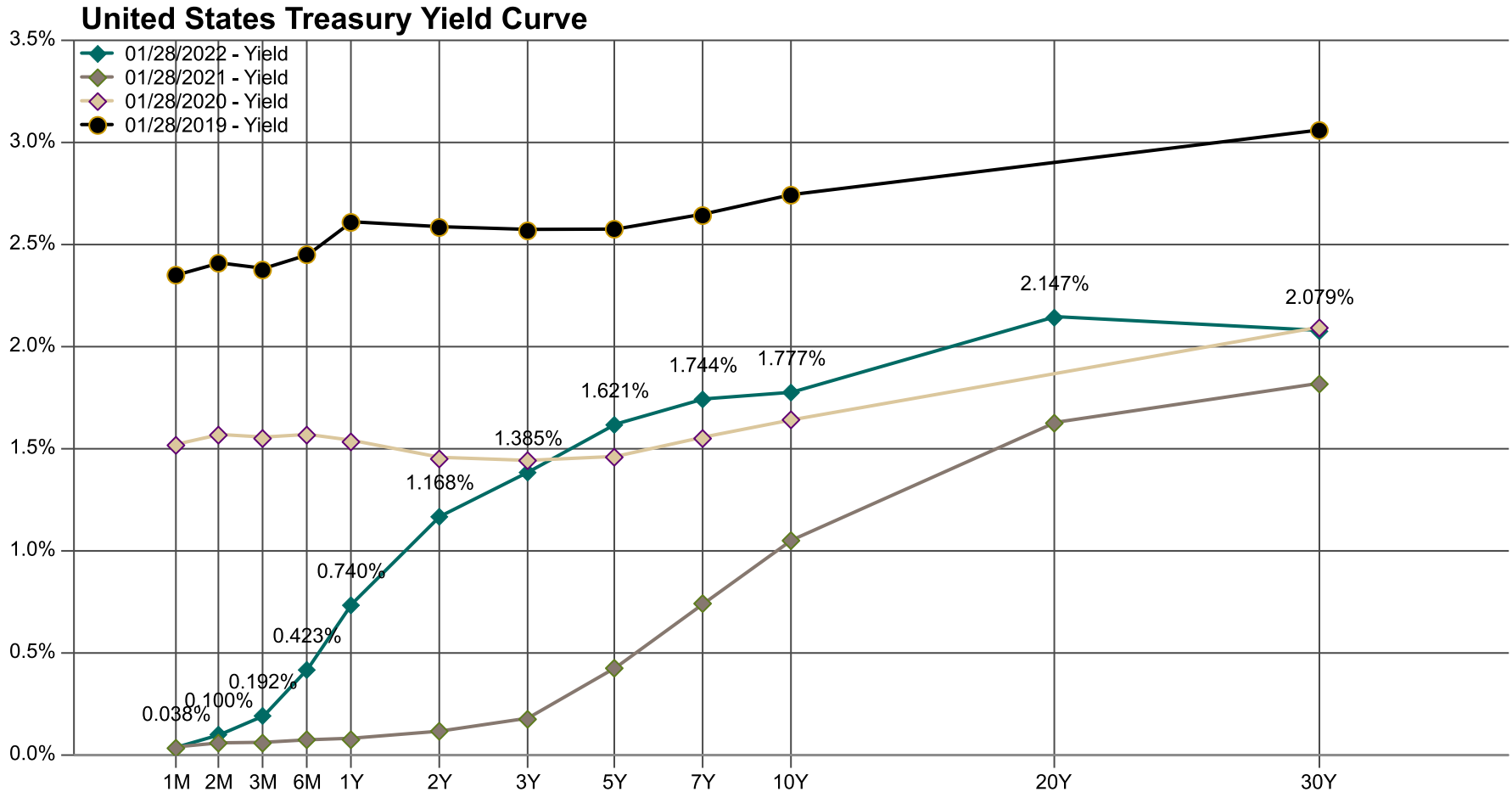
Yield of the 10-year and 2-Year U.S. Treasury bonds are widely followed barometers of the current U.S. interest rate environment. The spread is the difference in interest rates between the two securities. Recession periods are shaded (from the National Bureau of Economic Research).

Data source: FactSet; through 1/31/22



# U.S. Treasury Yield Curve

Short-term yields rising faster than long-term yields



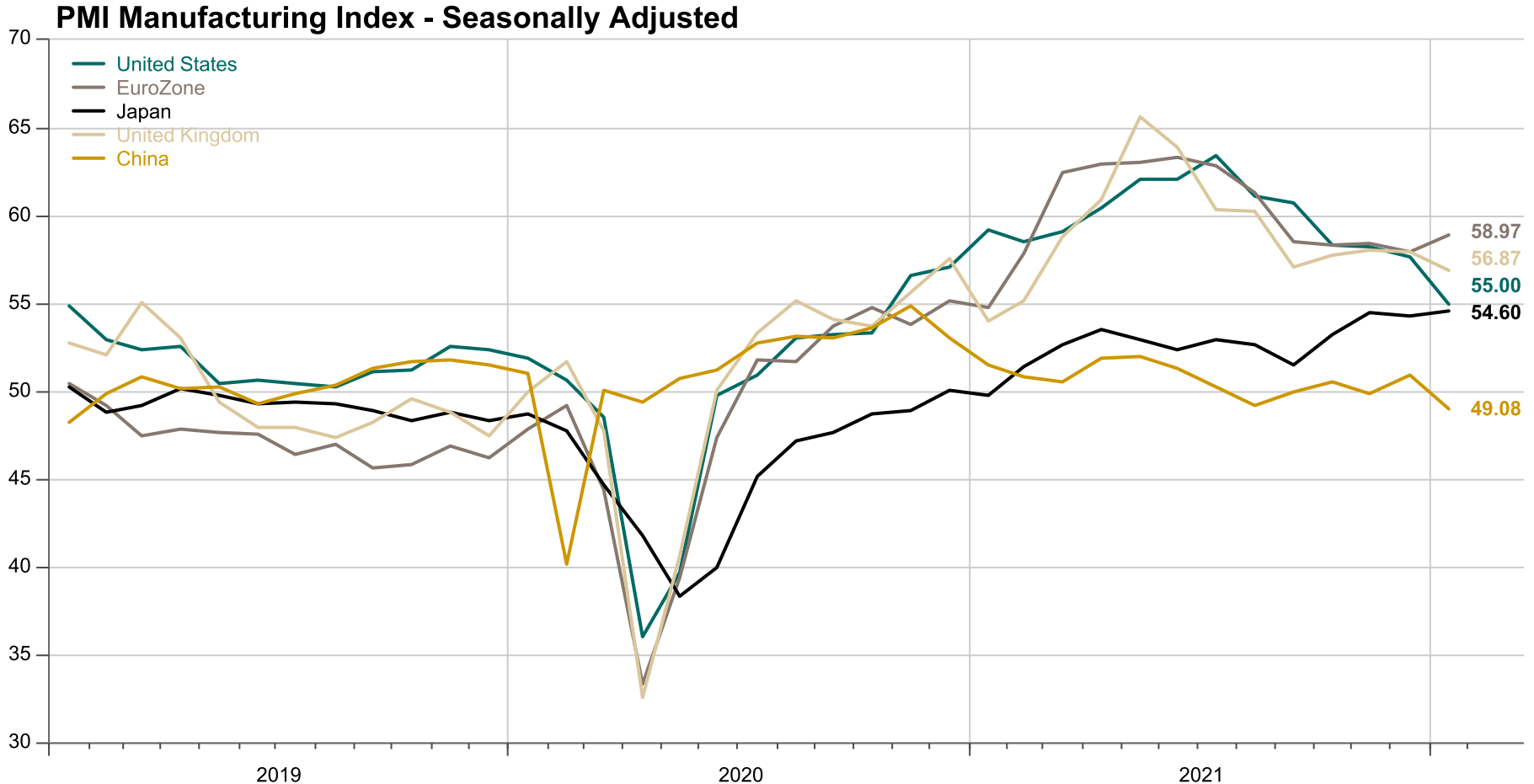
The chart above shows the yield curve of U.S. Treasury bonds on various dates. Yield curve displays the market interest rate across different contract lengths for U.S. Treasury bonds, indicating the relationship between the interest rate and the time ("term") to maturity. Yield curve "inversion" occurs when a shorter-term bond has a higher yield than a longer-term bond, and is seen as a historically reliable predictor of a future recession.

Data source: FactSet; through 1/31/22



# Global Manufacturing Surveys

## PMIs suggest growth rates peaked, China contracting



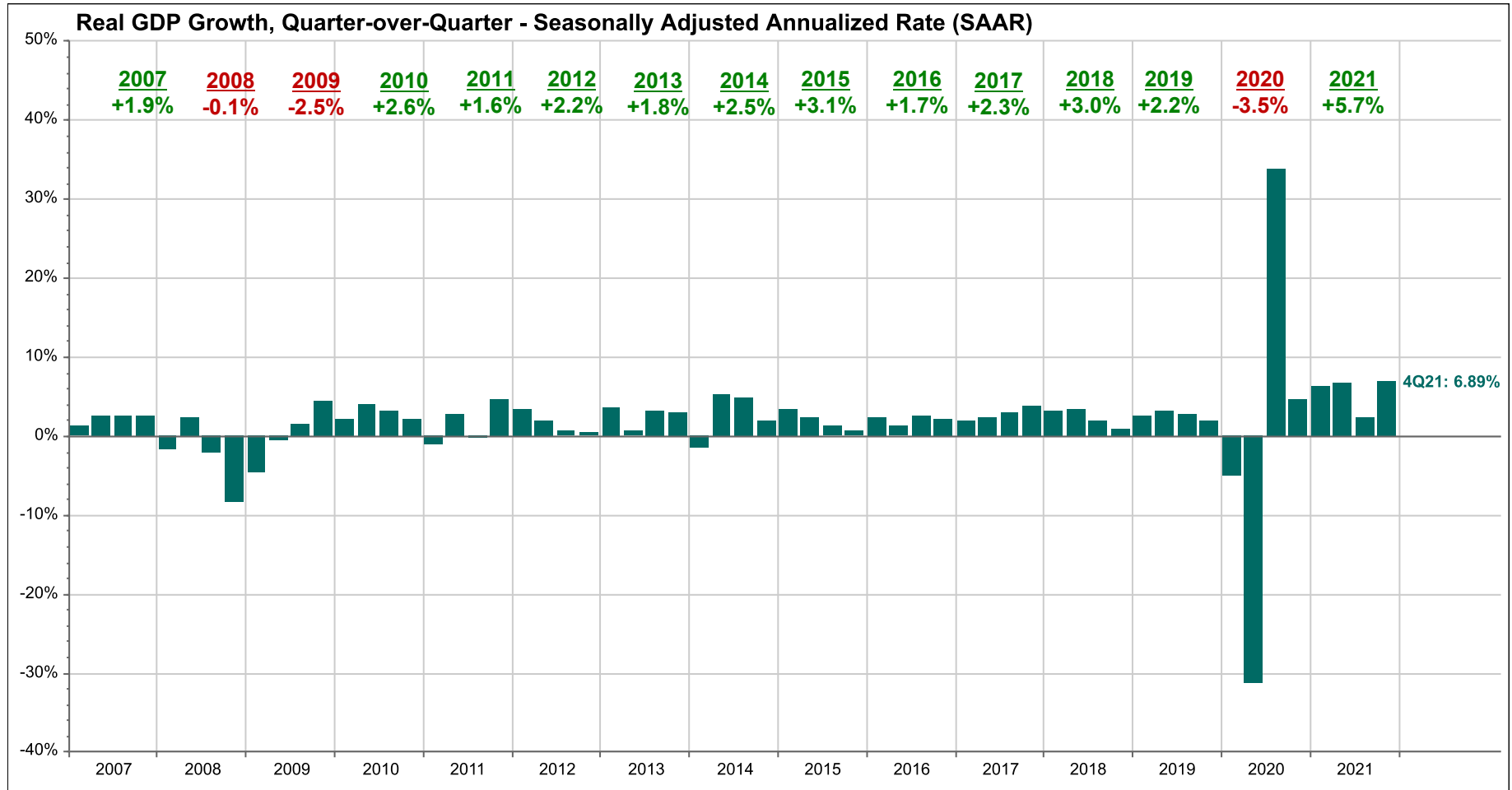
A Purchasing Managers' Index (PMI) is an indicator of the outlook for the manufacturing (PMI – Manufacturing) and services (PMI – Services) sectors of the economy. The index is based on a wide survey of company executives in these sectors. A reading above 50 indicates expectation for expansion compared to the previous month; a reading below 50 suggests contraction. Seasonally adjusted (SA) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. United States and Euro Zone data is provided by IHS Markit, Japan data is provided by Nikkei, United Kingdom data is provided by the Chartered Institute of Procurement & Supply, and China data is provided by Caixin.

Data source: FactSet; through 1/31/22



# U.S. GDP Quarterly

GDP growth has recovered from the 2020 recession



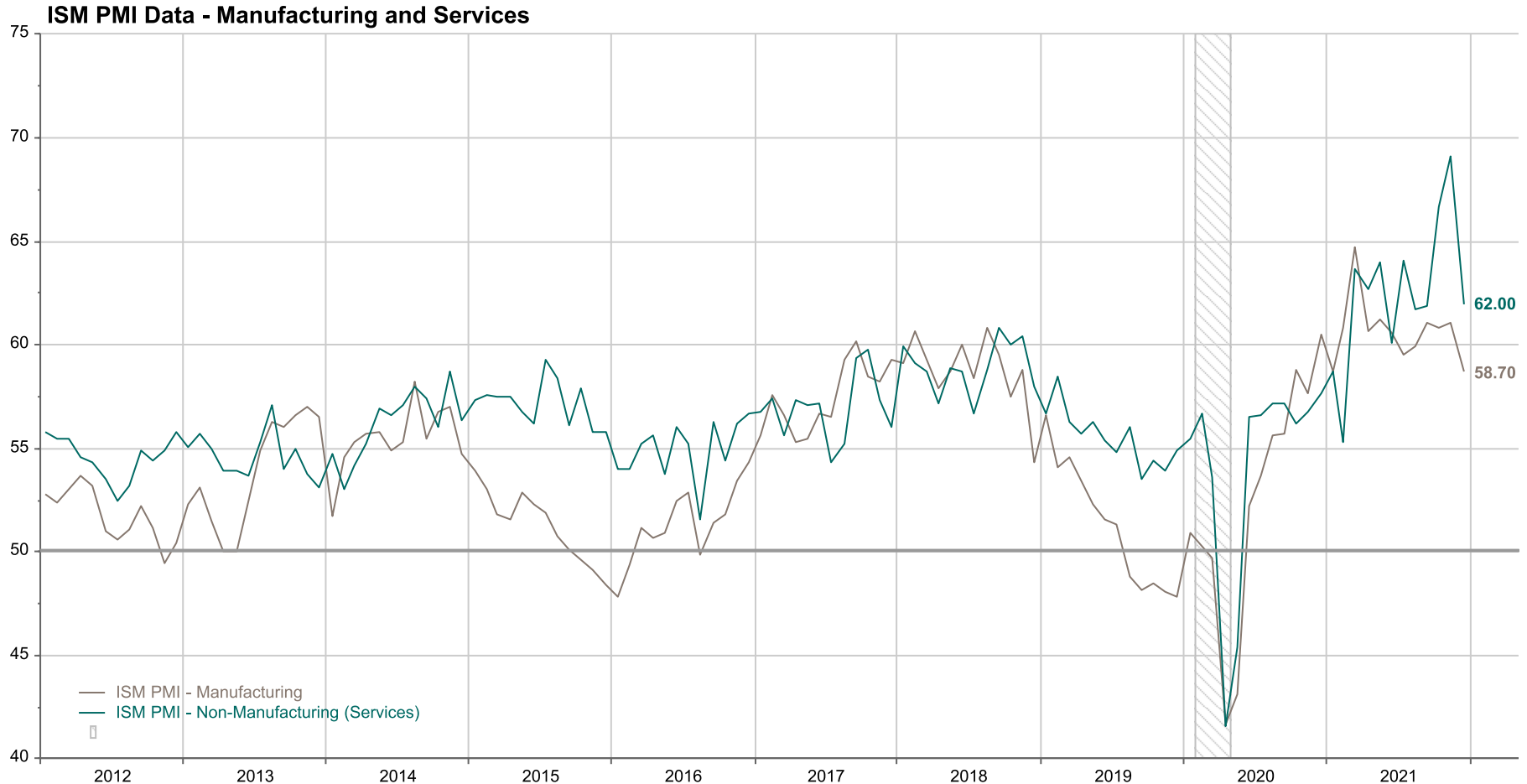
Gross Domestic Product (GDP) is one of the primary economic indicators used to gauge the overall health of the economy and measures the total dollar value of all goods and services produced over a specific time period. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. The bar chart shows U.S. quarterly GDP, and annual calendar year GDP is reflected across the top of the graph.

Data source: FactSet and U.S. Bureau of Economic Analysis; through 12/31/21; SAAR = Seasonally Adjusted Annualized Rate



# U.S. Economic Surveys

## U.S. PMIs remain high, with pandemic volatility



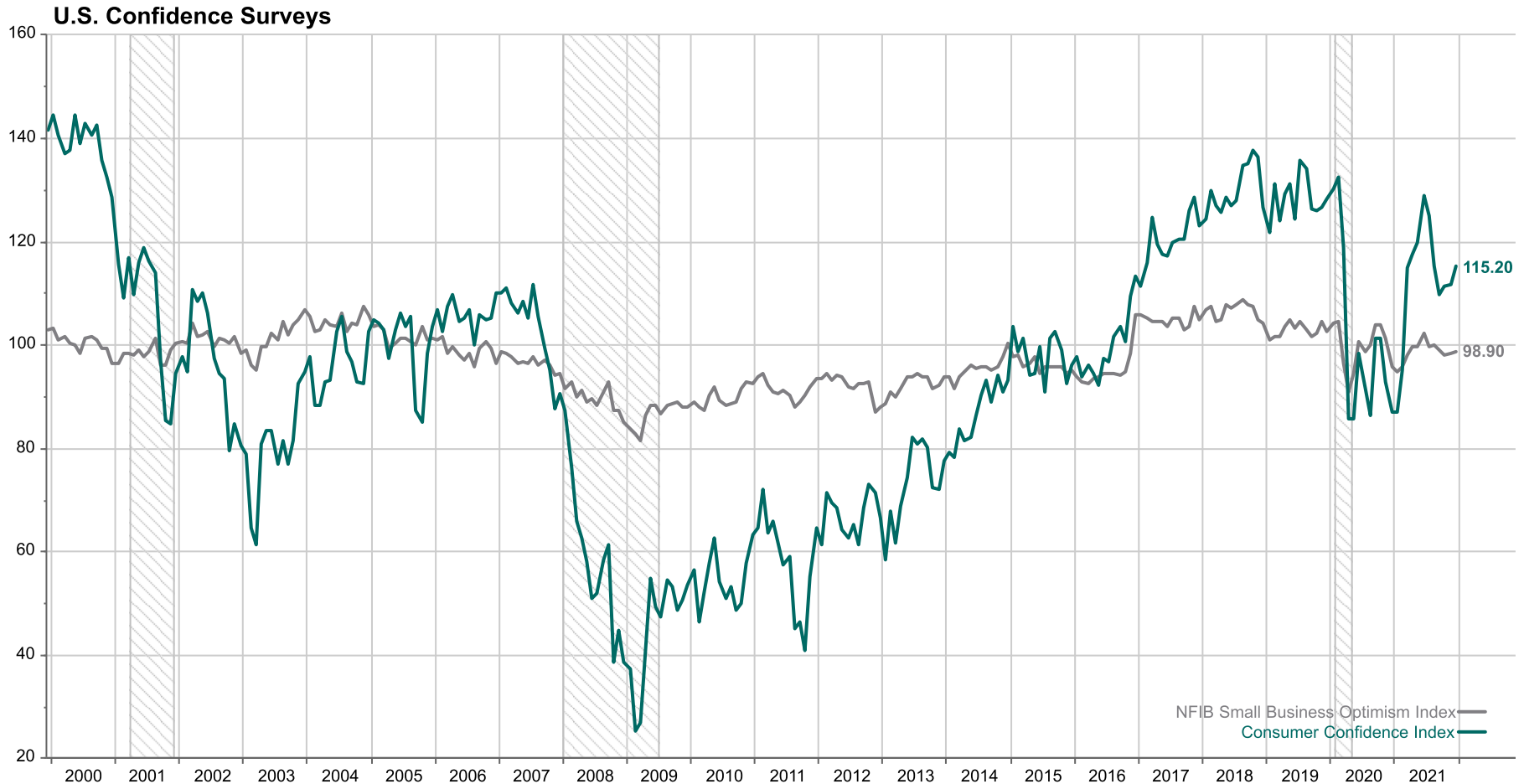
The ISM Purchasing Managers' Index (PMI) is an indicator of the outlook for the manufacturing (ISM PMI – Manufacturing) and services (ISM PMI – Services) sectors of the economy. The index is based on a wide survey of company executives in these sectors. A reading above 50 indicates expectation for expansion compared to the previous month; a reading below 50 suggests contraction. Recession periods are shaded (from the National Bureau of Economic Research).



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# U.S. Confidence Surveys

Consumers confidence healthy, businesses remain cautious



NFIB Index is based on 10 survey indicators. The NFIB Research Foundation has collected Small Business Economic Trends data from a sample of members from the National Federation of Independent Business (NFIB). Source: National Federation of Independent Business (NFIB)

The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. The Conference Board's Consumer Confidence Survey is a monthly measure of the public's confidence in the health of the U.S. economy. Recession periods are shaded (from the National Bureau of Economic Research).

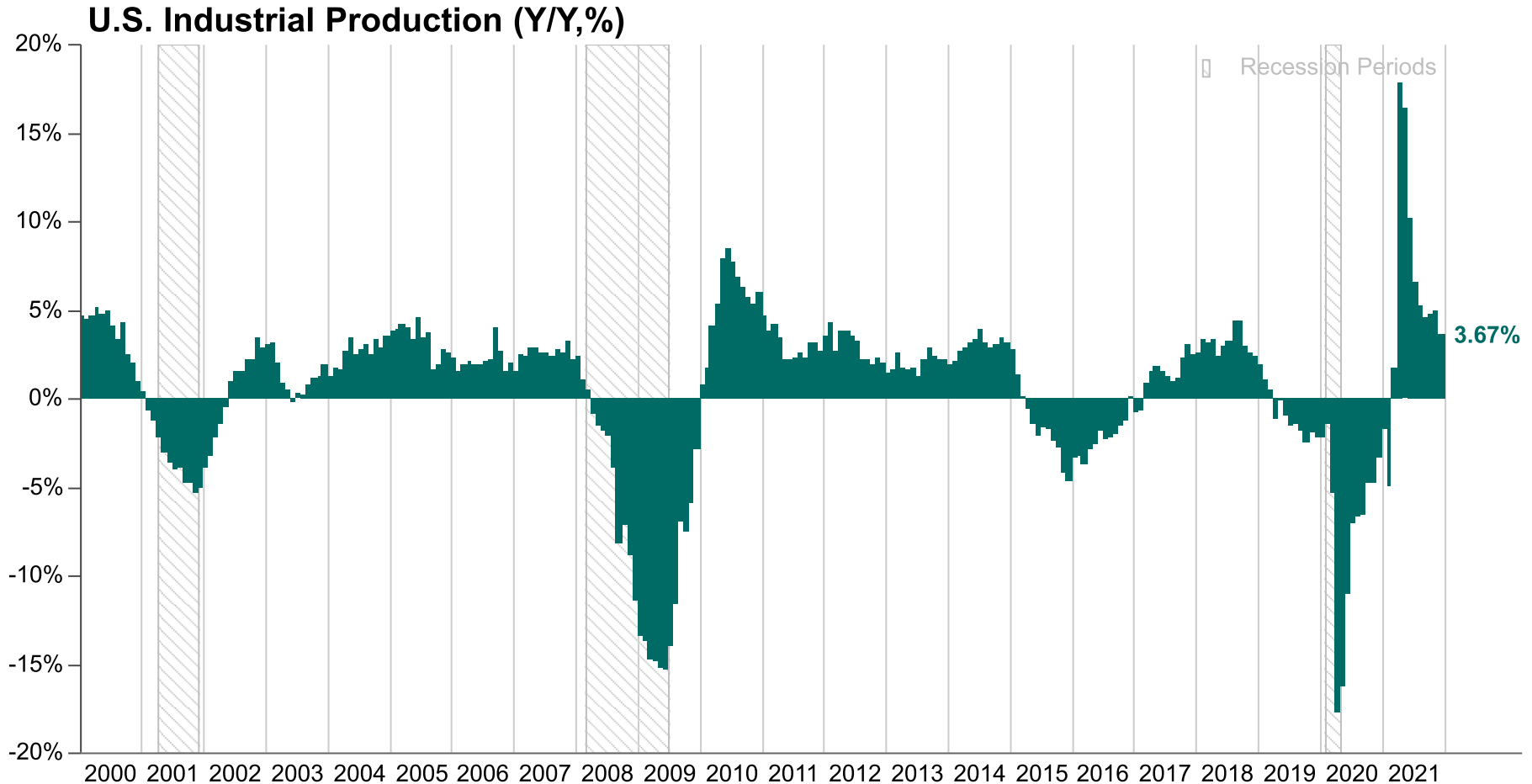
Data source: FactSet; NFIB Small Business Optimism Index data through 12/31/21; Consumer Confidence data through 12/31/21





# U.S. Industrial Production

Manufacturing growth is normalizing, growth slowing



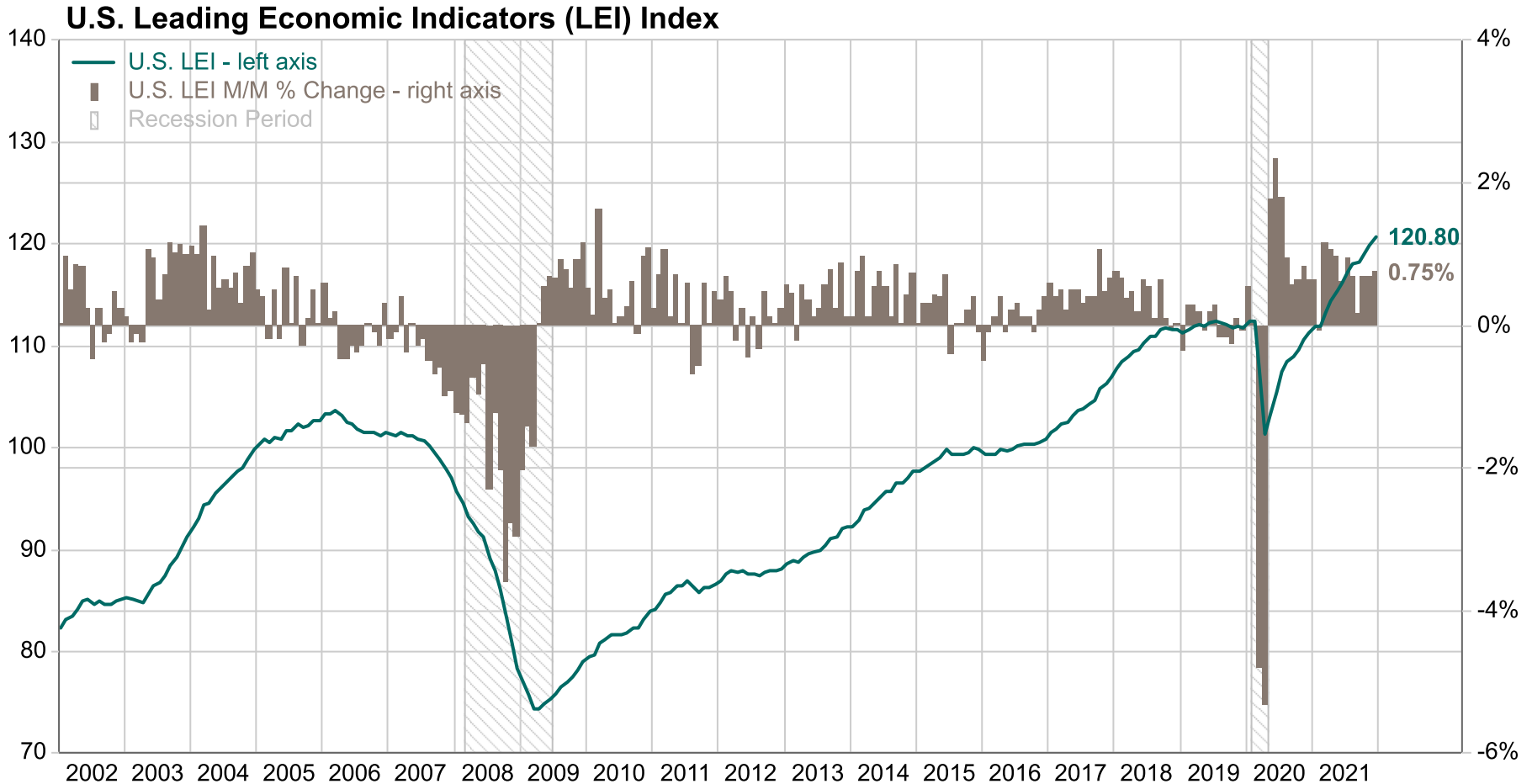
*Industrial production (IP) measures the real output of the manufacturing, mining, and electric and gas utilities industries. The industrial sector, together with construction, accounts for the bulk of the variation in national output over the course of the business cycle. These data series help illuminate structural developments in the economy. Data is seasonally adjusted. Y/Y is year-over-year. Recession periods are shaded (from the National Bureau of Economic Research).*

*Data source: FactSet and U.S. Federal Reserve; through 12/31/21*



# Conference Board Leading Index

Data suggests above-trend GDP growth



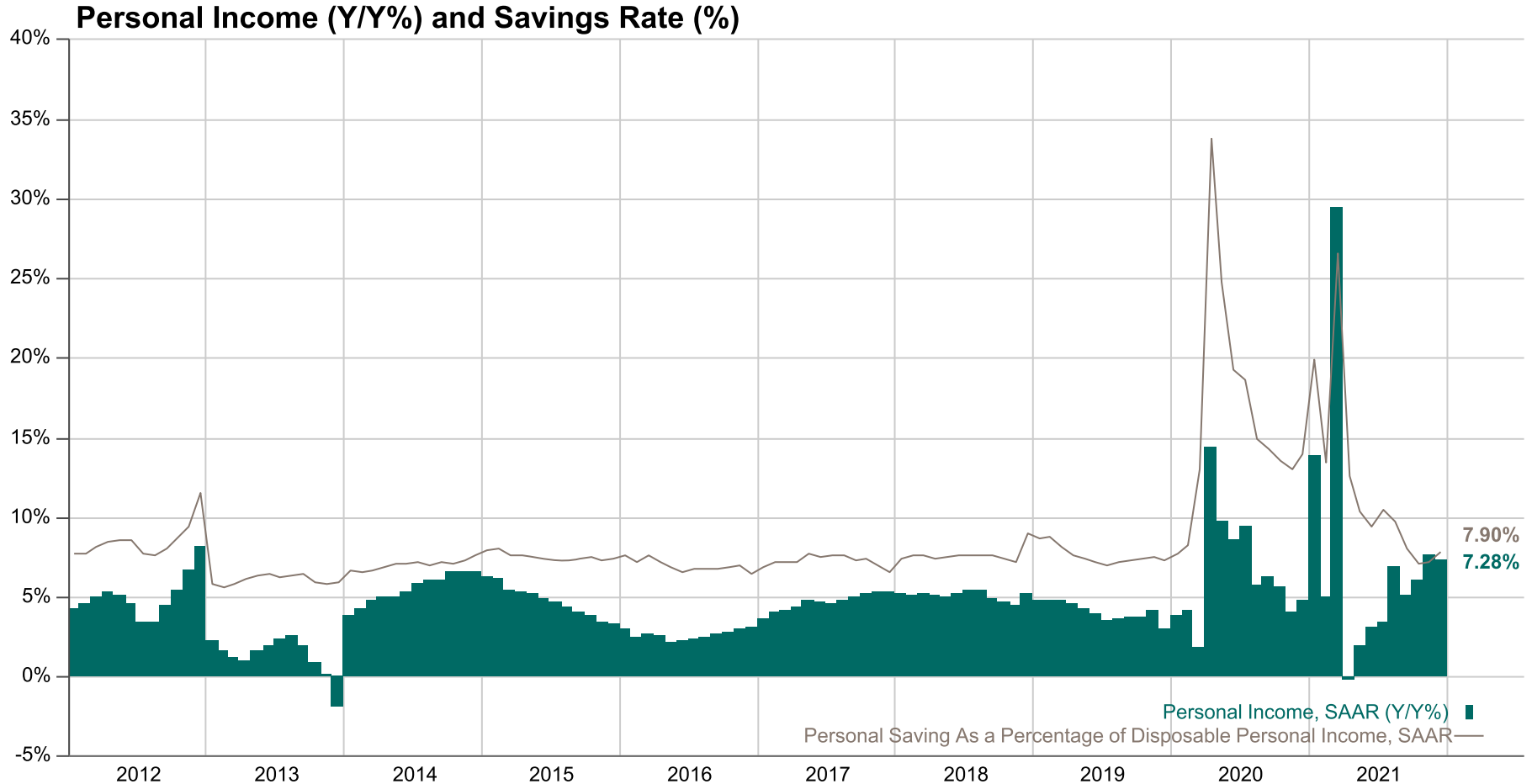
The Conference Board Leading Economic Index® is a composite average of ten widely-followed leading (forward-looking) economic indicators, and is meant to summarize and reveal common turning point patterns in the data. Recession periods are shaded (from the National Bureau of Economic Research).

Data source: FactSet and Conference Board; through 12/31/21



# U.S. Personal Income & Savings

Income growing through 2021; savings rate lower



The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. Personal Income measures the income people receive from wages and salaries, Social Security, and other government benefits, dividends, business ownership, and other sources. Personal Savings as a % of Disposable Personal Income is the percentage of disposable personal income minus consumer outlays times the saving rate to disposable income after the payment of taxes. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

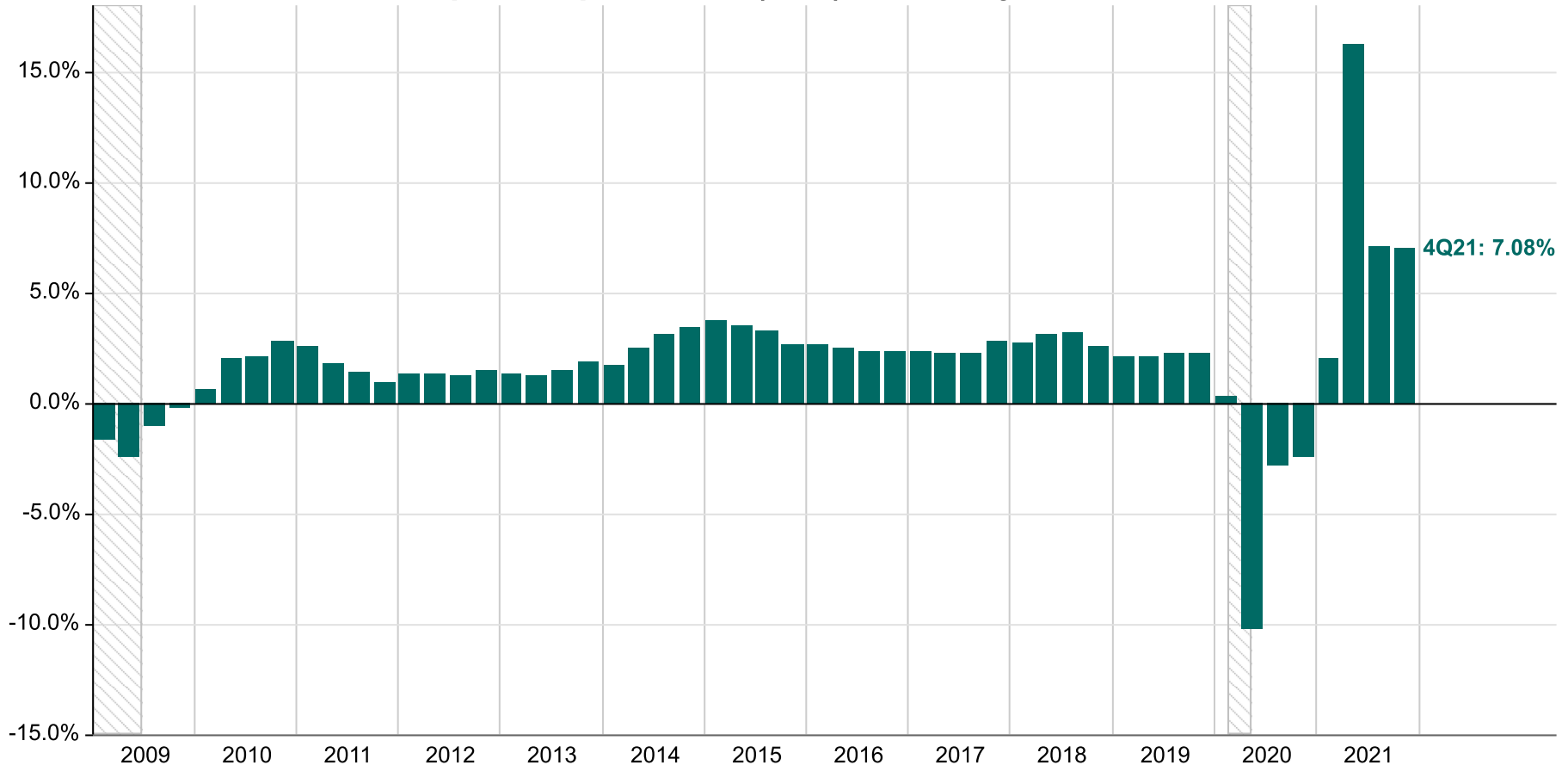
Data source: FactSet and BLS; through 12/31/21



# U.S. Consumer Spending-Quarterly

Helped by government transfer payment; comps get difficult

## U.S. Personal Consumption Expenditures (PCE) - Quarterly Y/Y%



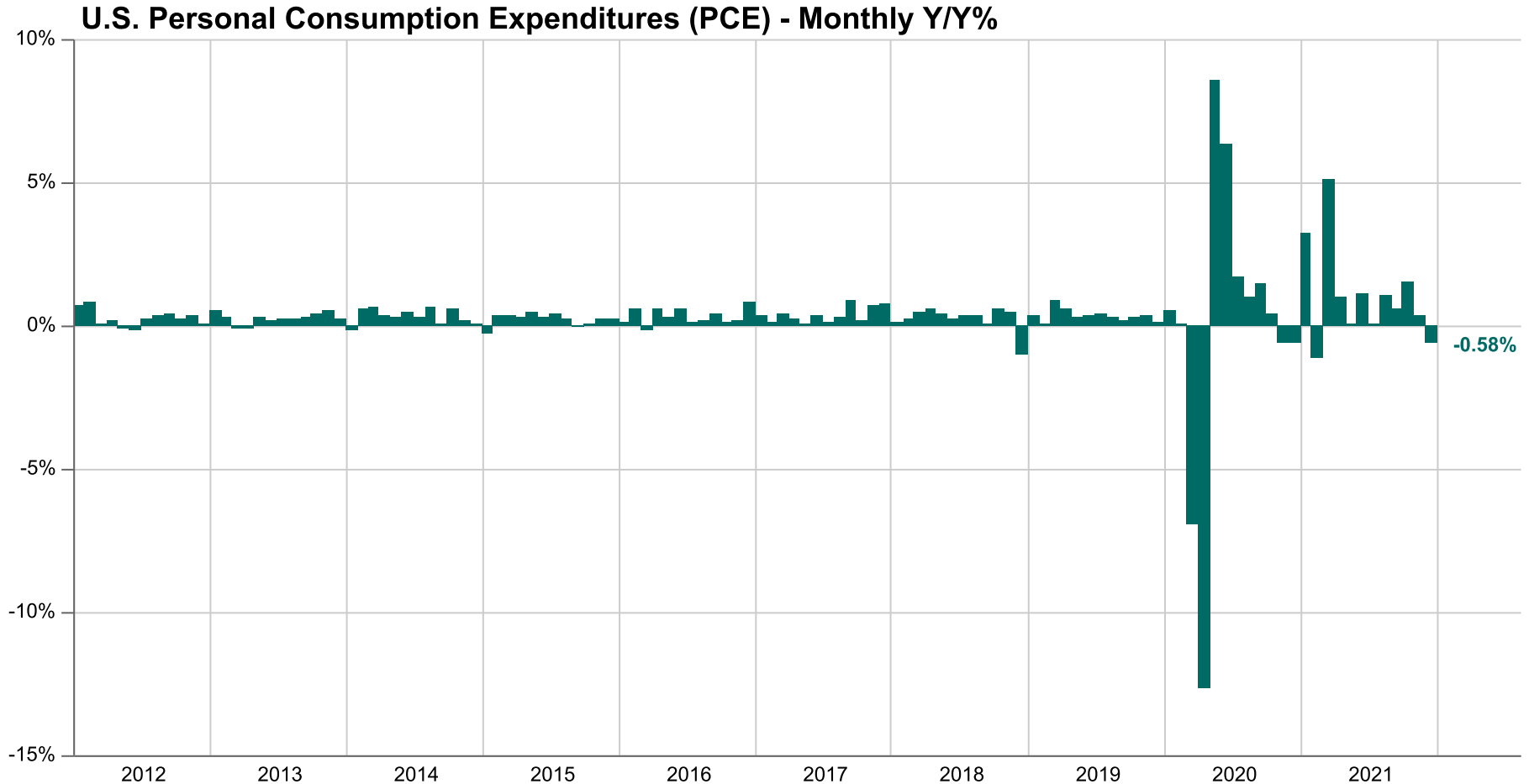
U.S. Personal Consumption Expenditures (PCE) is an indicator of the growth in consumer spending. It measures the amount of money Americans spend on goods and services. Reported by the U.S. Bureau of Economic Analysis (BEA). Recession periods are shaded (from the National Bureau of Economic Research). "Comp" is the year-over-year percentage change.

Data source: FactSet and BEA; through 12/31/21



# U.S. Consumer Spending-Monthly

2020 & 2021 spending surges supported by stimulus checks



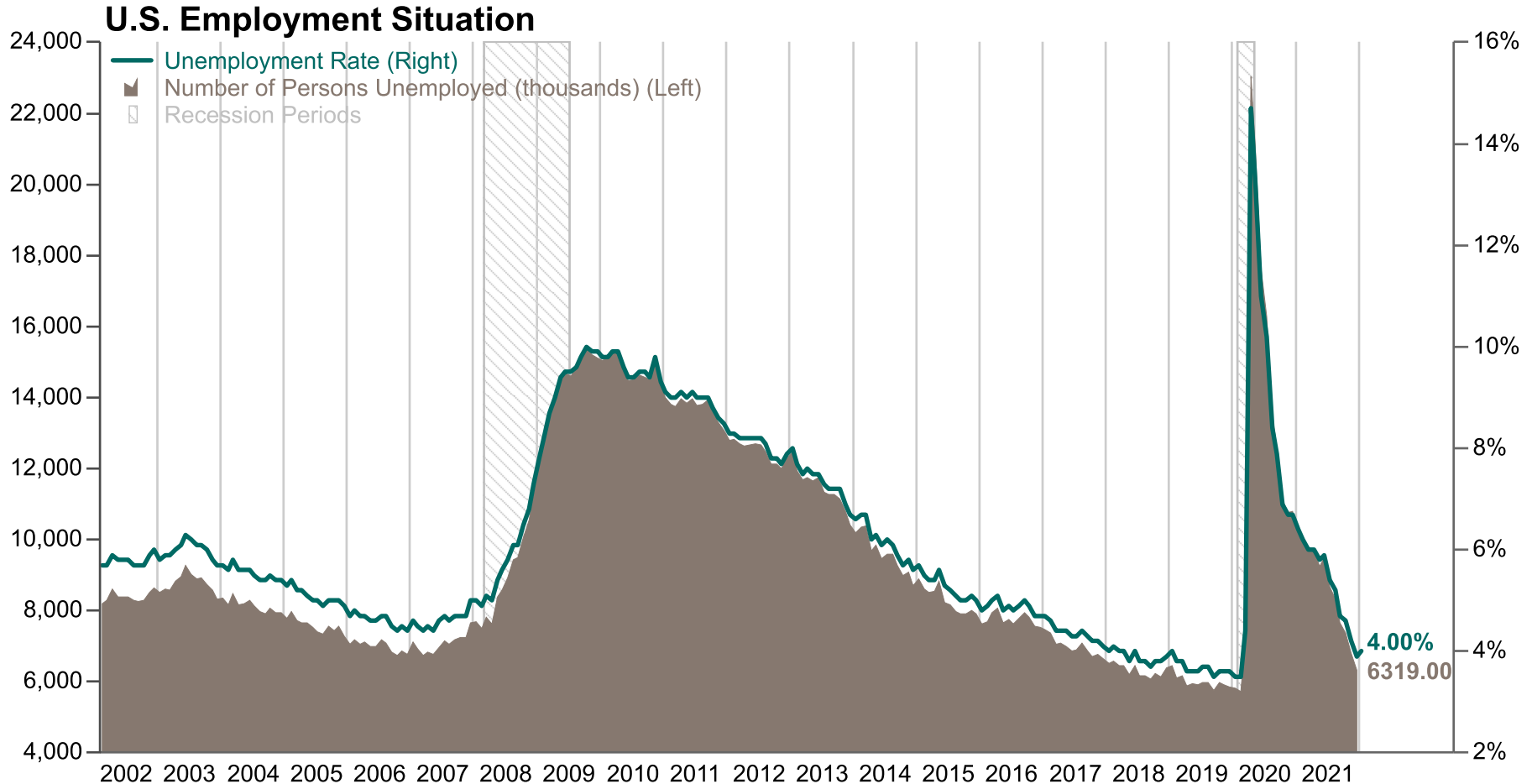
U.S. Personal Consumption Expenditures (PCE) is an indicator of the growth in consumer spending. Monthly data is reported in the Personal Income and Outlays release from the U.S. Bureau of Economic Analysis (BEA). It measures the amount of money Americans spend on goods and services.

Data source: FactSet and BEA; through 12/31/21



# U.S. Jobs & Unemployment Rate

Unemployment continues to fall, still a ways to full employment



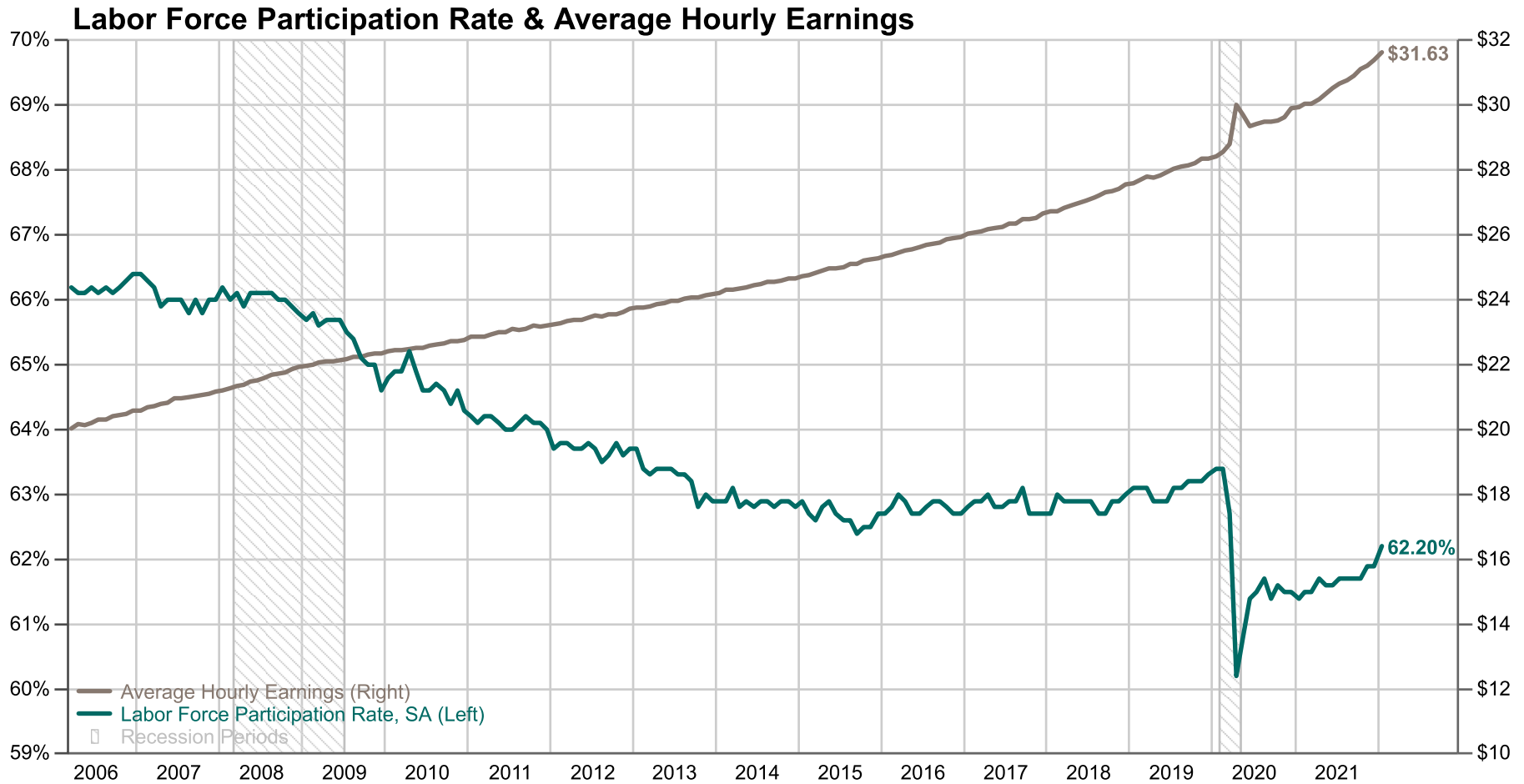
The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics; the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey are drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work. Recession periods are shaded (from the National Bureau of Economic Research).

Data source: FactSet and BLS; through 12/31/21 (unemployment rate as of 1/31/22)



# U.S. Wages & Participation Rate

Despite wage growth, participation below pre-pandemic levels



The Labor Force Participation Rate measures the percentage of total people who are either employed or actively looking for work in relation to the total working age population. Average Hourly Earnings is the average amount employees make per hour in a given month. The U.S. Bureau of Labor Statistics (BLS) reports data monthly in its Employment Situation report, Household Survey. Recession periods are shaded (from the National Bureau of Economic Research).

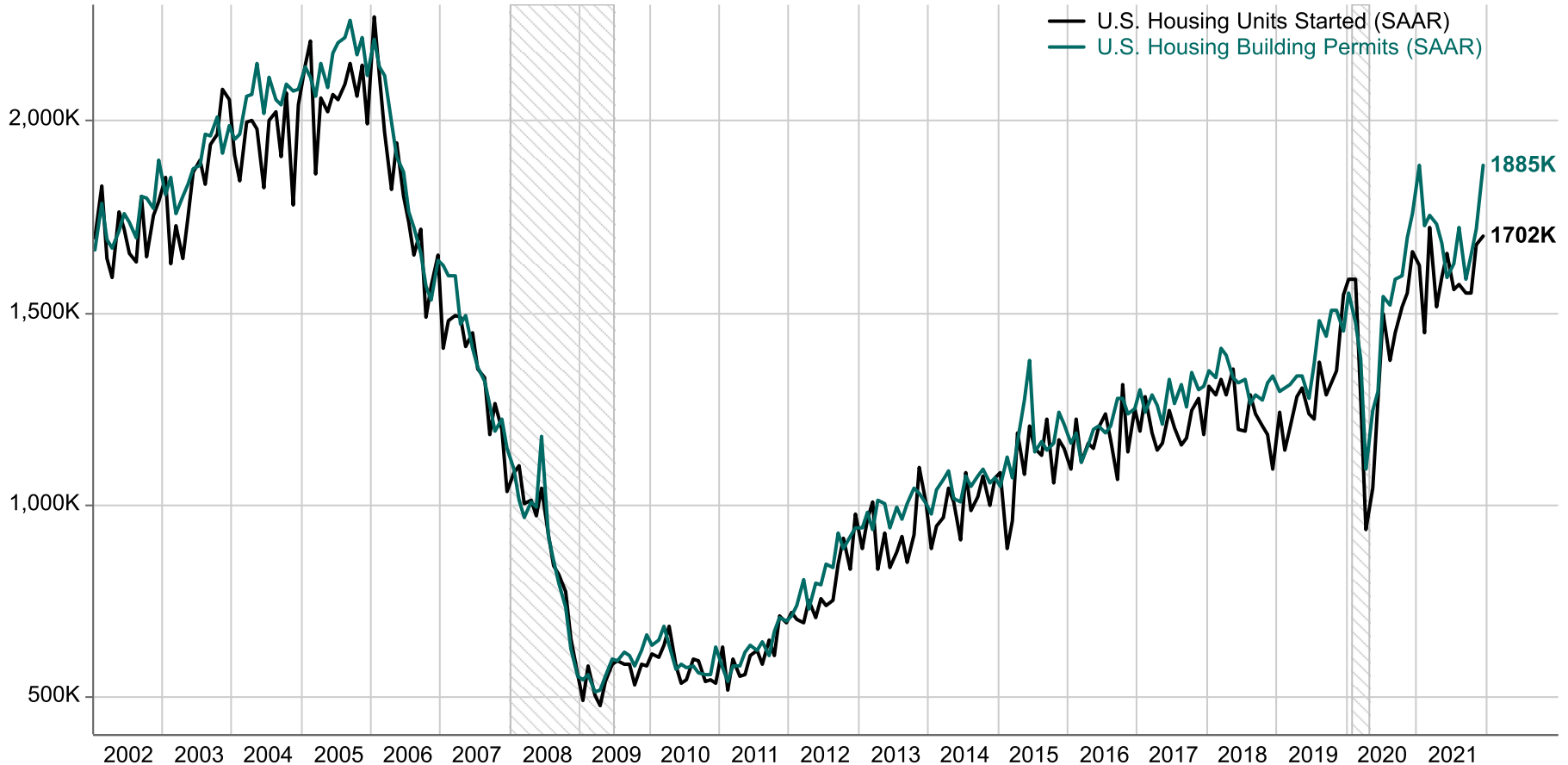
Data source: FactSet and BLS; through 1/31/22



# Housing Starts

Housing trends slowed through 2021, but surged in Q4

## U.S. Housing Starts and U.S. Building Permits - Thousands



The U.S. Census Bureau compiles data related to housing starts, permits, and completions to present a comprehensive picture of housing in the United States. Housing Starts are the number of privately-owned new houses on which construction has been started in a given period; Housing Building Permits are the number of new housing units authorized by building permits within the period; and, Housing Units Completed are the number of private-owned new houses on which construction has been completed in the period. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. Recession periods are shaded (from the National Bureau of Economic Research).

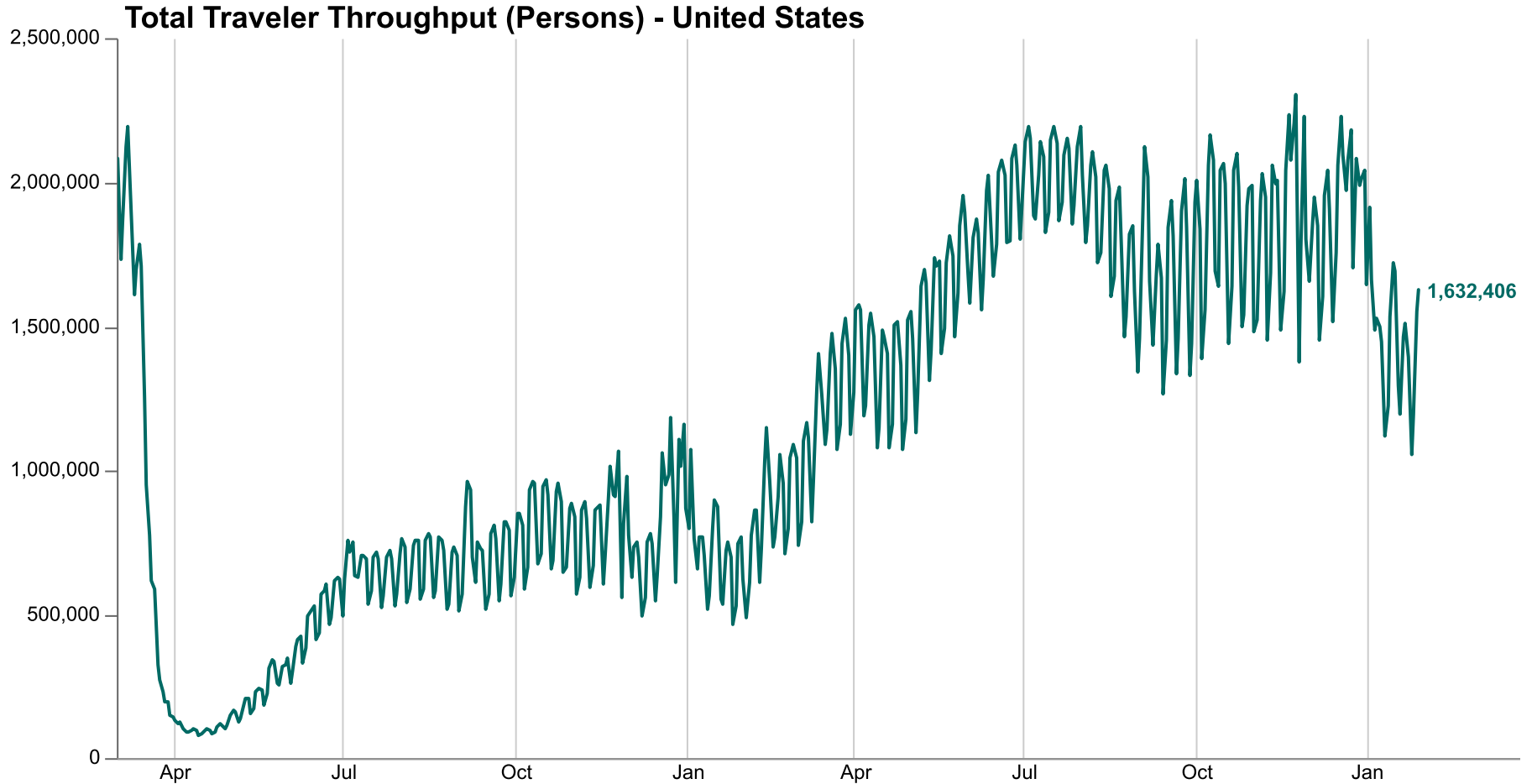
Data source: FactSet and U.S. Census Bureau; through 12/31/21





# Daily Airline Travel

Omicron slammed air travel; pent-up demand?



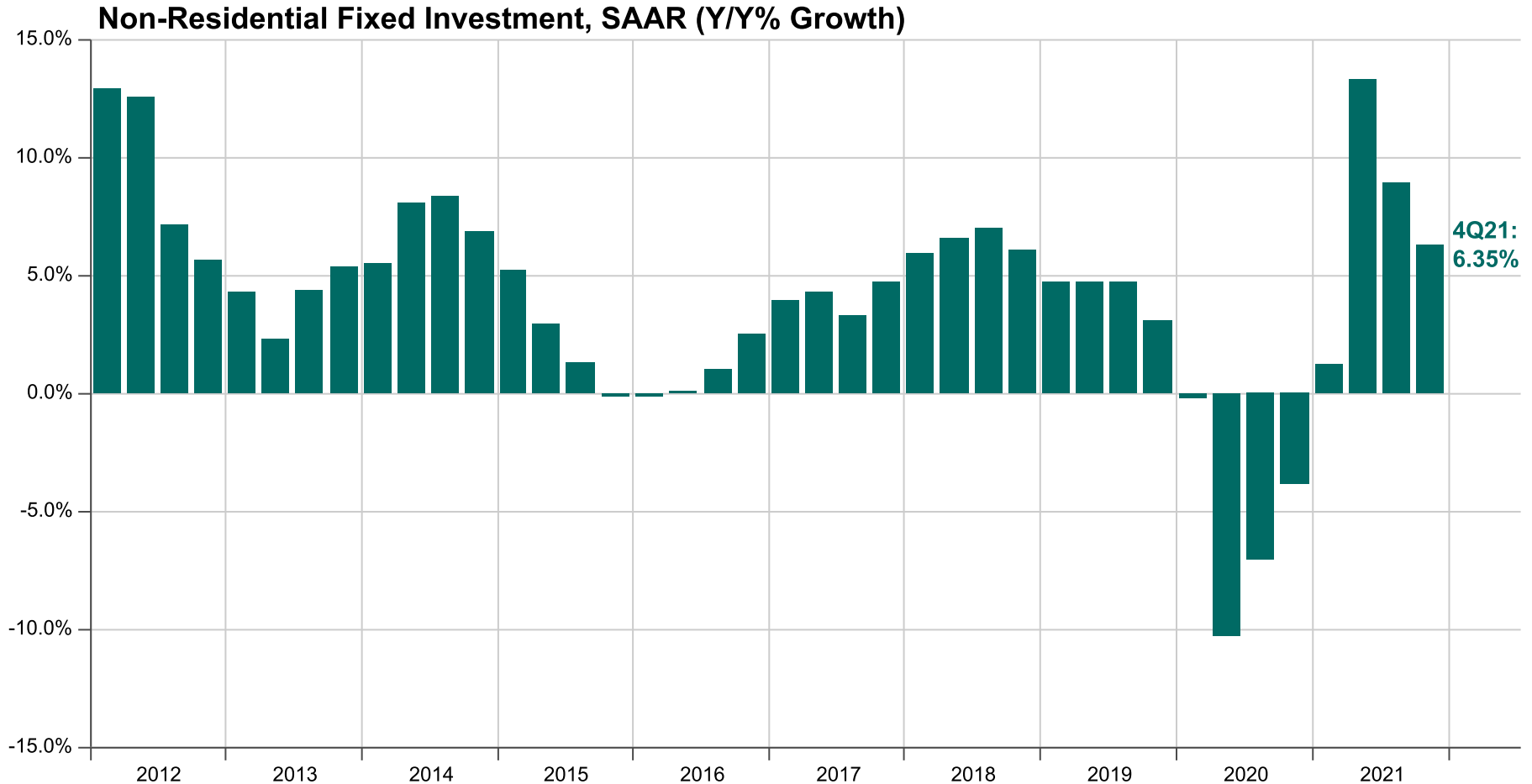
*Total Traveler Throughput is reported daily by the Transportation Security Administration (TSA). It reflects daily passengers screened at TSA checkpoints at airports in the U.S. We believe it is an accurate measure of daily airline passengers on domestic flights. Data reflects the period March 2020 to October 2021.*

*Data source: Factset, U.S. Transportation Security Administration; as of 1/28/22*



# Business Fixed Investment

Strong rebound in 2021



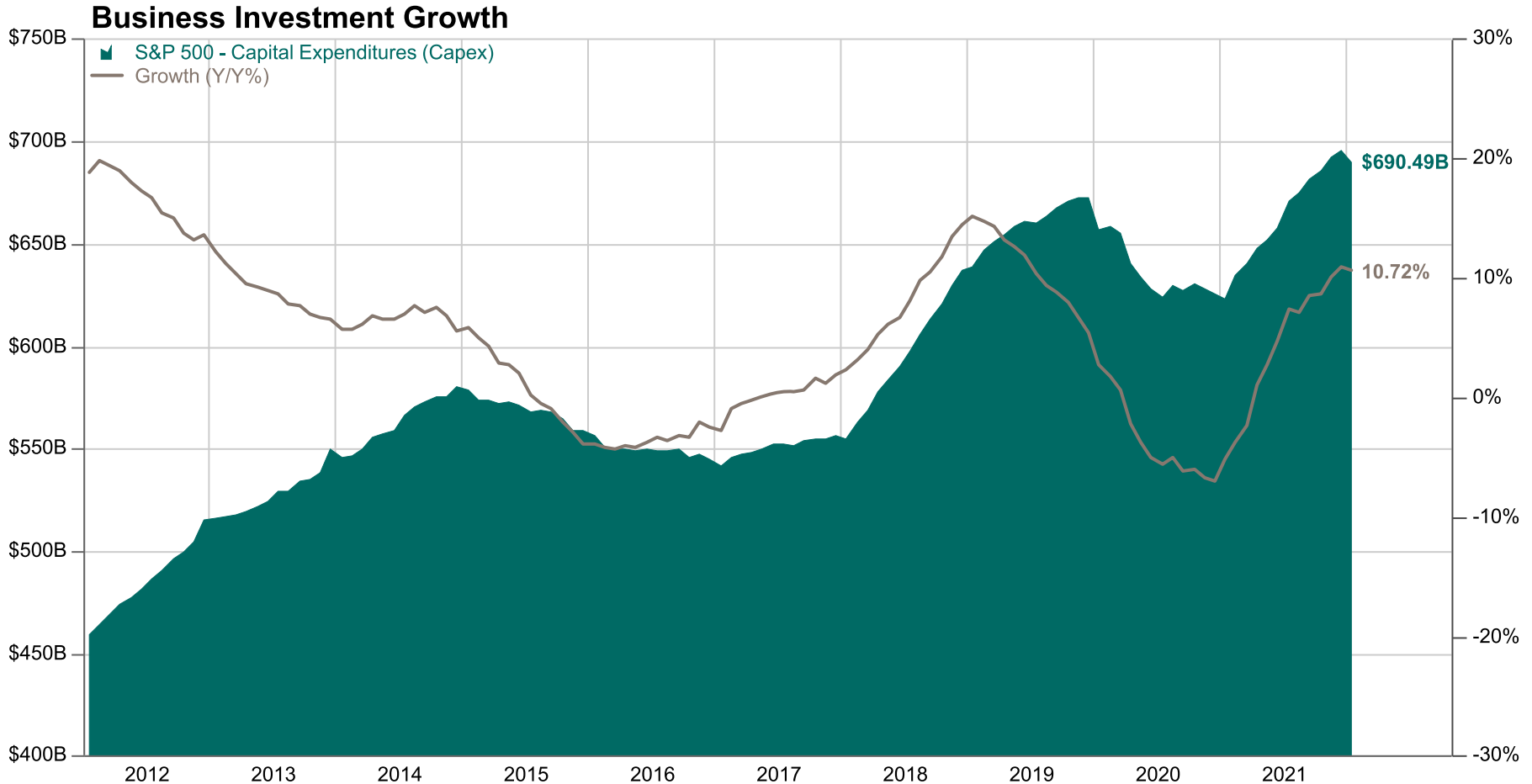
Non-residential fixed investment is an indicator U.S. corporate capital expenditures (capex), measured by the amount spent on structures, equipment, and software. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. Y/Y is year-over-year. Reported by the U.S. Bureau of Economic Analysis (BEA).

Data source: FactSet and BEA; through 12/31/21



# Business Investment Growth

Spending above pre-pandemic levels, growth trends higher



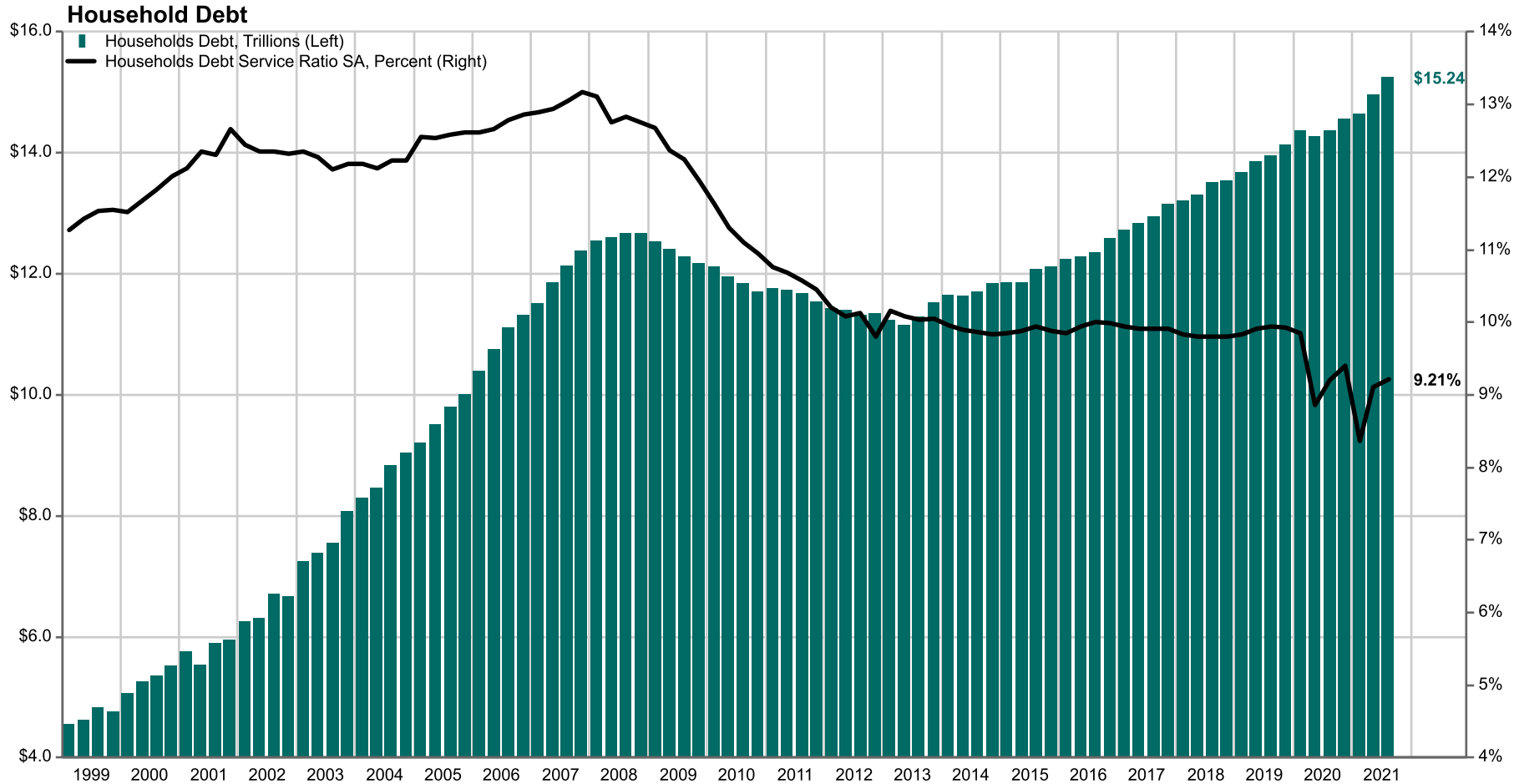
The chart shows the dollar level of capital expenditures (business investment) for all S&P 500 members over the most recent prior twelve months reported in SEC filings. The line graph growth rate compares the twelve month total ending each month to the twelve month period for the same period one year ago. Capital expenditure growth is one sign that companies have a positive outlook for their businesses. Y/Y is year-over-year.

Data source: FactSet; through 1/31/22



# Household Debt: Service Ratio

Debt levels higher, debt service ratio inching higher



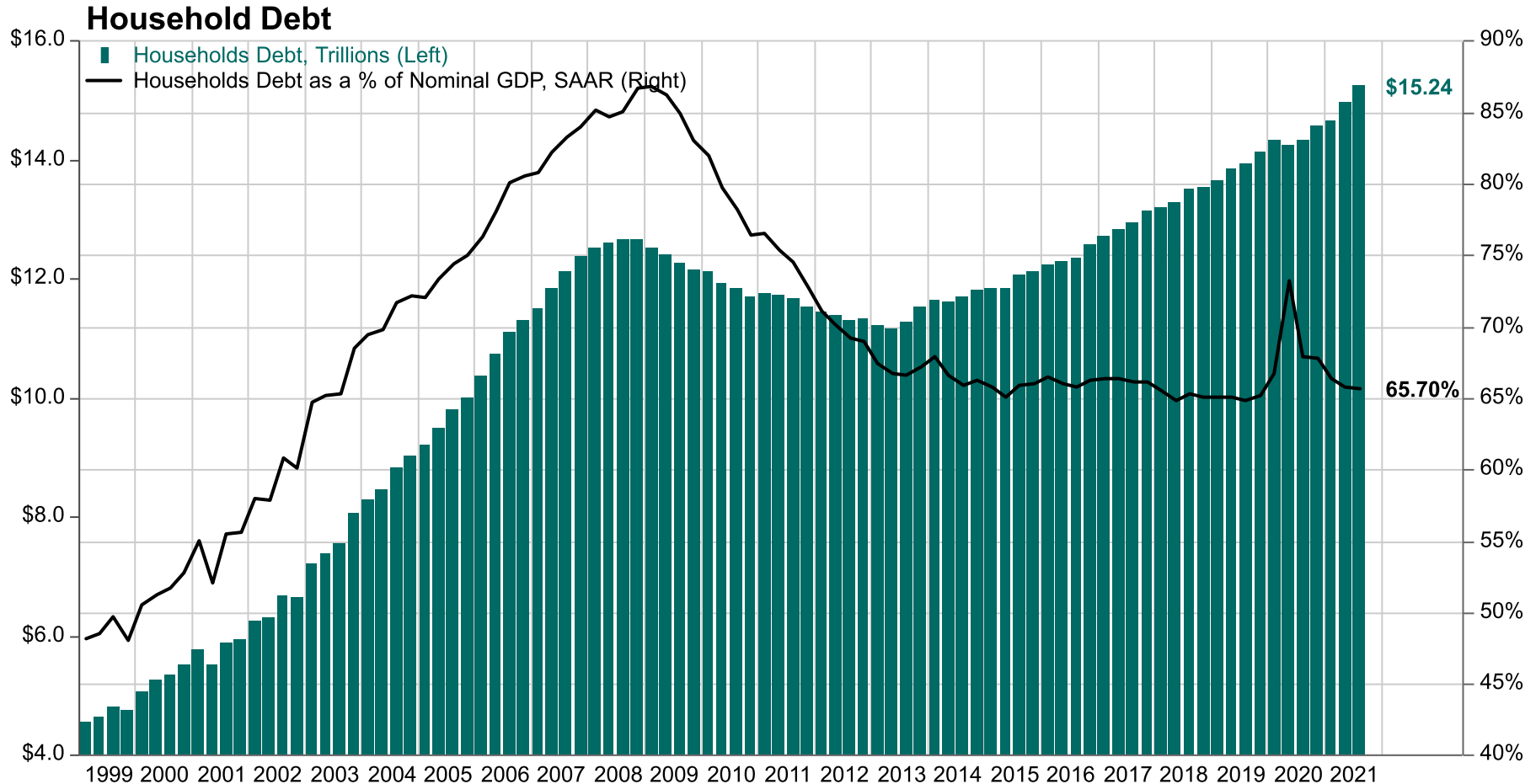
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. Further breakdown of the components of Household Debt can be found on Slide 36. Household Debt Service Ratio is the total required debt payment per period divided by total disposable income. Seasonally adjusted (SA) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods.

Data source: FactSet and U.S. Federal Reserve; Household Debt through 9/30/21, Household Debt Service Ratio through 9/30/21; Household Debt Service Ratio = total required household debt payment / total disposable personal income



# Household Debt: As % of GDP

Debt burden inching higher, well below 2009 peak



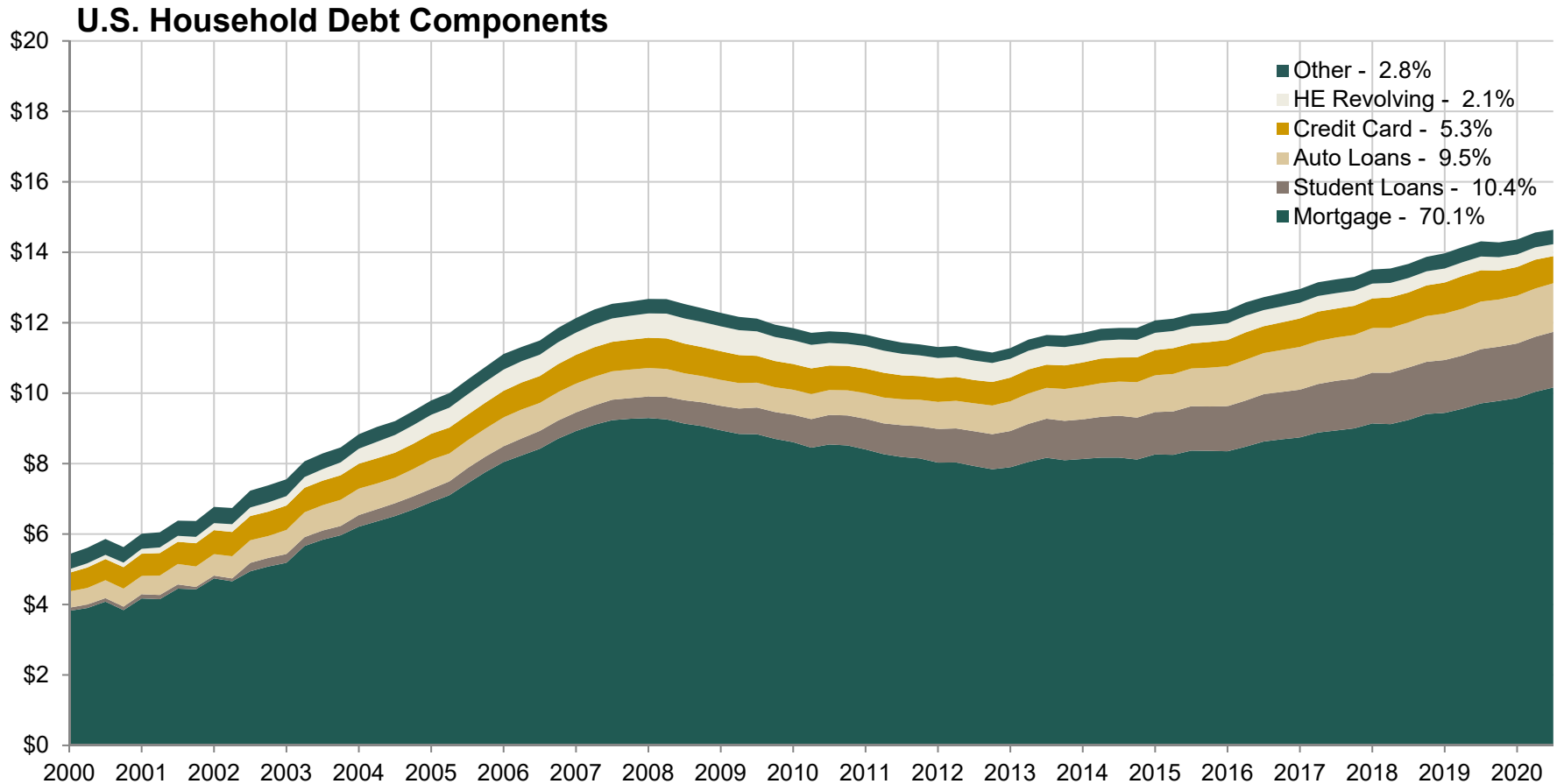
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. Further breakdown of the components of Household Debt can be found on Slide 3r. Household Debt as a % of Nominal GDP is the percentage of total Household Debt to the total national nominal gross domestic output. Seasonally adjusted annual rate (SAAR) is used to normalize data by adjusting for seasonal changes in business and economic data for a more accurate comparison between different time periods. U.S. GDP (gross domestic product) is reported by the Bureau of Economic Analysis (BEA) and reflects the value of goods and services produced by the U.S. economy.

Data source: FactSet, U.S. Federal Reserve Bank, and BEA; through 9/30/21



# Household Debt: Major Components

Mortgages largest portion of household debt, student loans #2



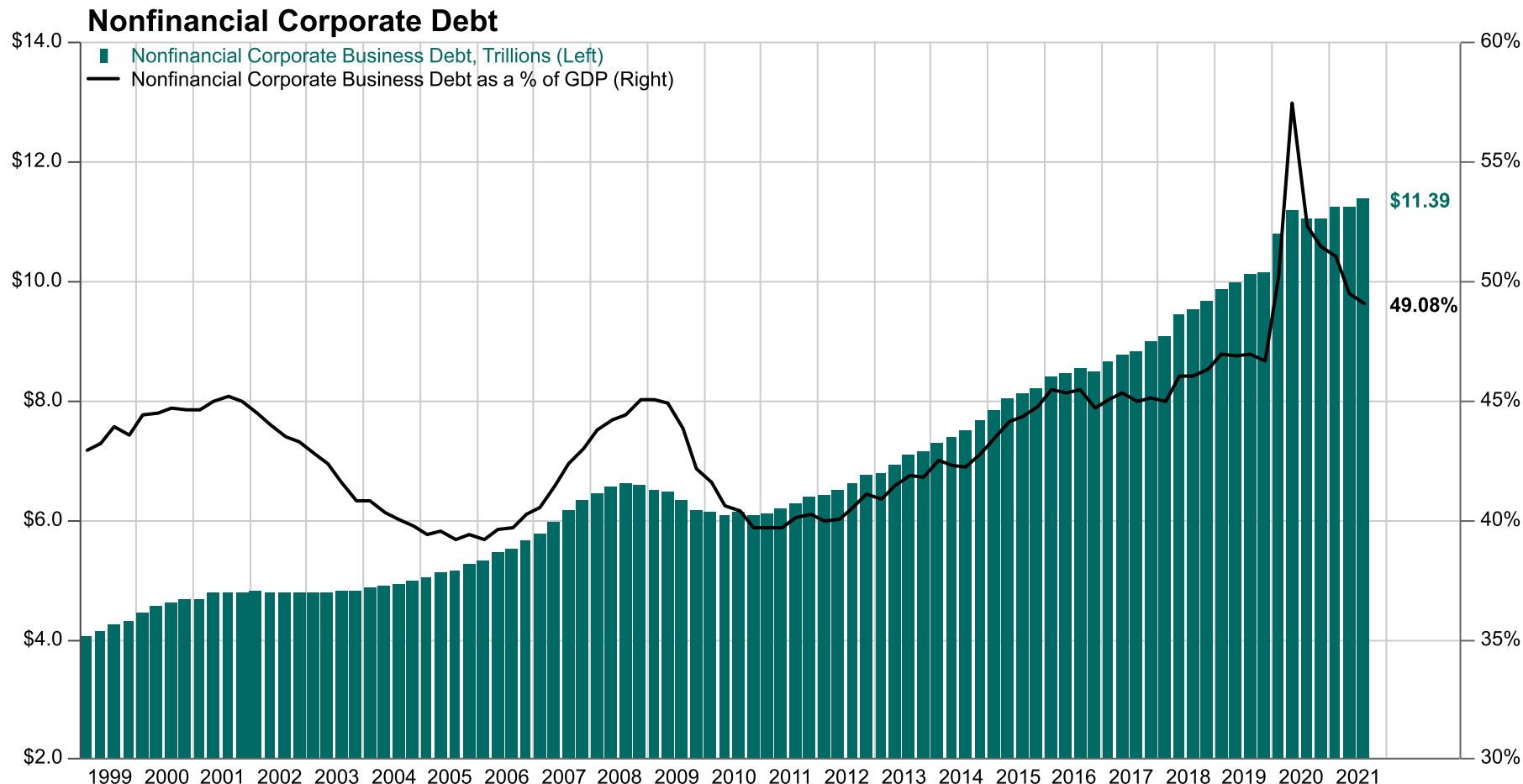
Household Debt is the combined debt of all people in a household, including consumer debt and mortgage loans. The chart above displays each component of Household Debt as a % of total Household Debt. As reported by the U.S. Federal Reserve Bank.

Data source: FactSet and Federal Reserve Bank; through 9/30/21



# Nonfinancial Corporate Debt

New debt as % of GDP slows, as GDP grows



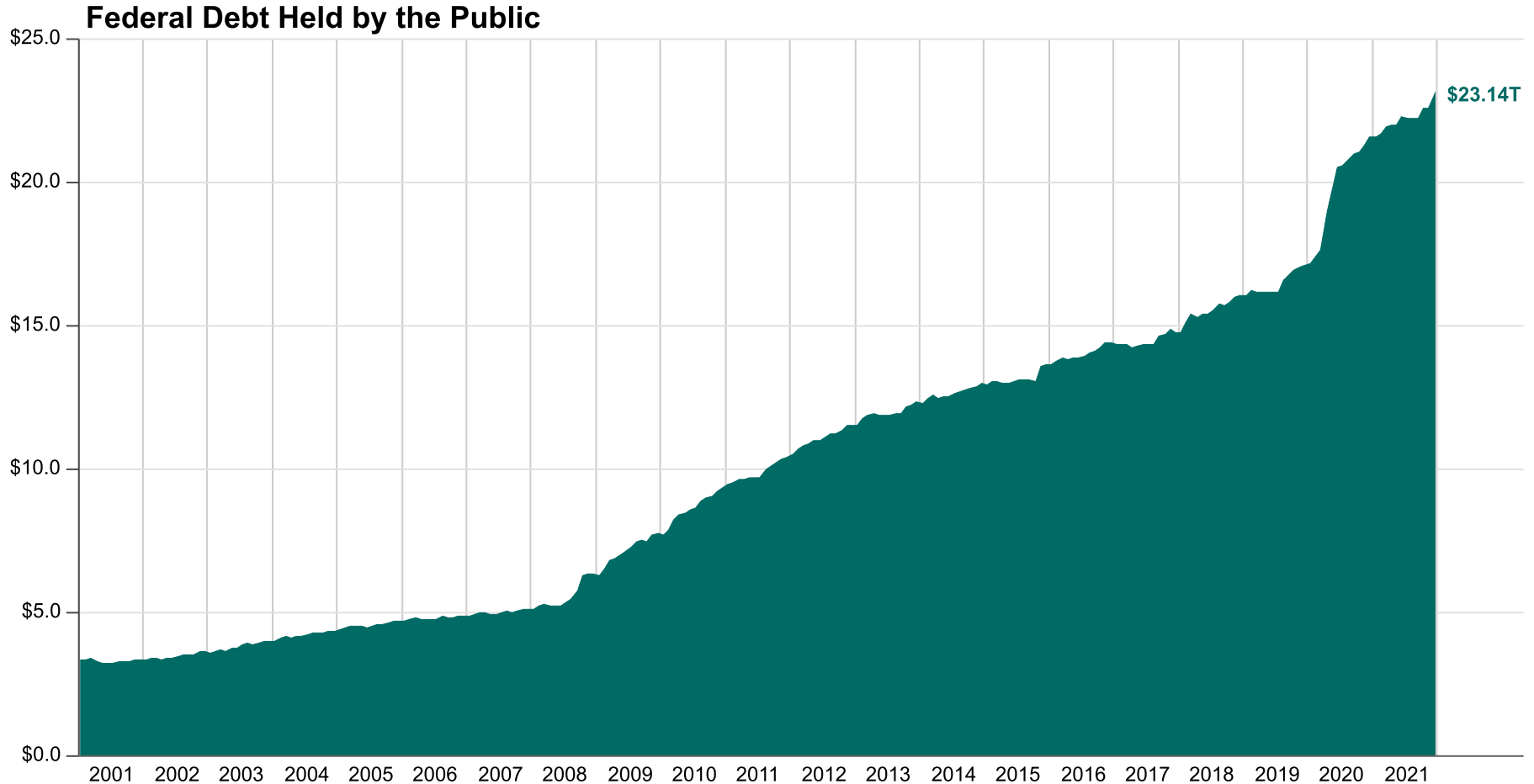
Nonfinancial Corporate Business Debt is the amount of debt held by all private and public, non-financial companies. Nonfinancial Corporate Business Debt as a % of GDP is the percentage of nonfinancial corporate debt to the total gross domestic product. Nonfinancial debt is compiled by the St. Louis Federal Reserve Bank and U.S. GDP (gross domestic product) is reported by the Bureau of Economic Analysis (BEA) and reflects the value of goods and services produced by the U.S. economy.

Data source: FactSet, St. Louis Federal Reserve and BEA; through 9/30/21



# Federal Debt: Total Value

Debt surges due to pandemic relief and ongoing deficits



*Federal Debt Held by the Public is the debt owed by the U.S. government held by individuals, corporations, state or local governments, Federal Reserve Banks, foreign governments, and other entities outside the U.S. government. This total does not include Federal debt that has been borrowed from other Federal government entities.*

*Data source: FactSet and U.S. Federal Reserve Bank; through 12/31/21*

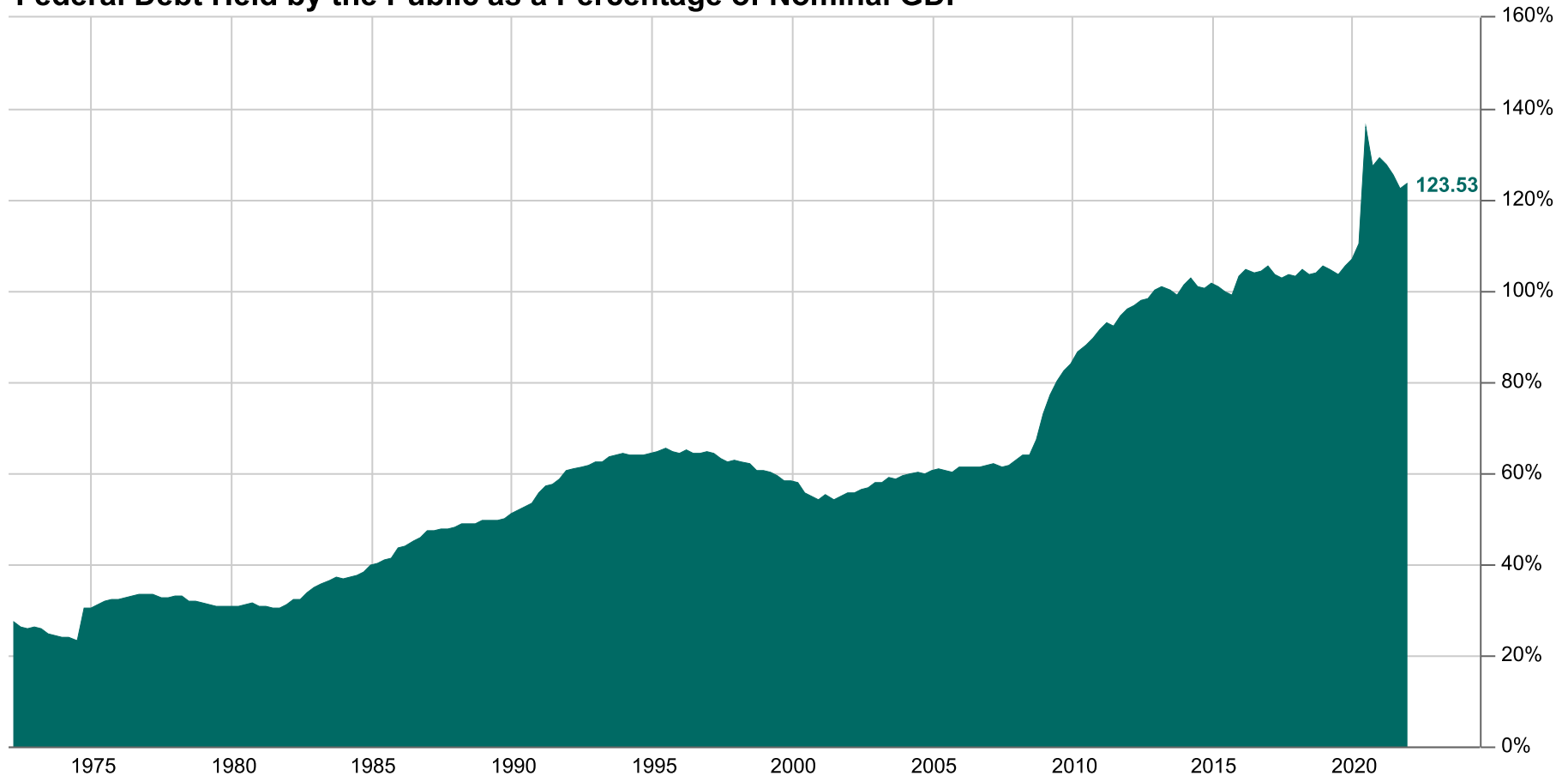




# Federal Debt: % of GDP

Debt levels remain historically high, but GDP grows too

## Federal Debt Held by the Public as a Percentage of Nominal GDP



*Federal Debt Held by the Public is the debt owed by the U.S. government held by individuals, corporations, state or local governments, Federal Reserve Banks, foreign governments, and other entities outside the U.S. government. U.S. GDP (gross domestic product) is reported by the Bureau of Economic Analysis (BEA) and reflects the value of goods and services produced by the U.S. economy.*

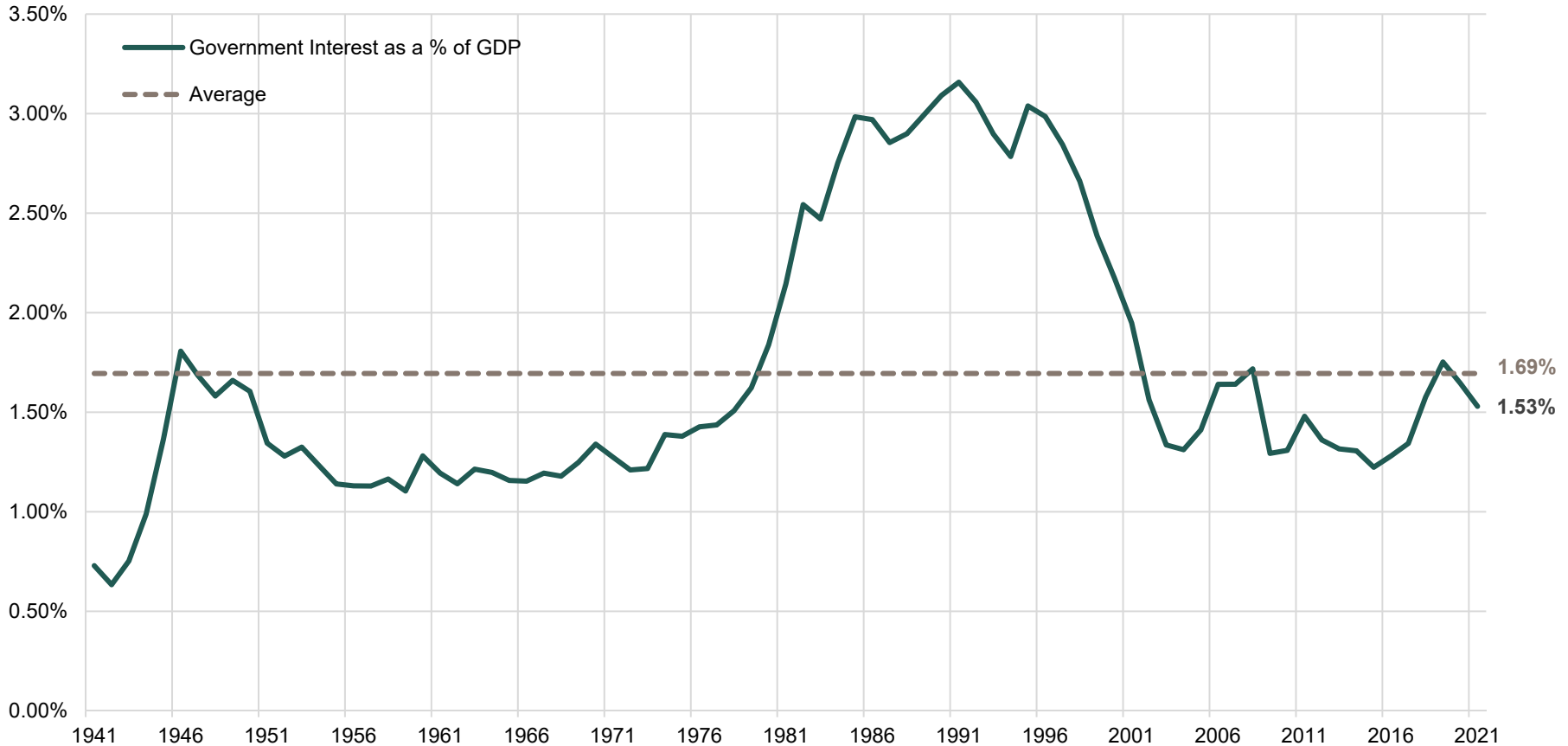
*Data source: FactSet, Department of the Treasury, and BEA; through 12/31/21*



# Federal Debt: Government Interest

Low rates keep interest burden low, but debt rising

## Government Interest as a % of GDP



Government Interest as a % of GDP is the total amount of interest paid by the U.S. government on outstanding debt as a percentage of gross domestic product. U.S. GDP (gross domestic product) is reported by the Bureau of Economic Analysis (BEA) and reflects the value of goods and services produced by the U.S. economy.

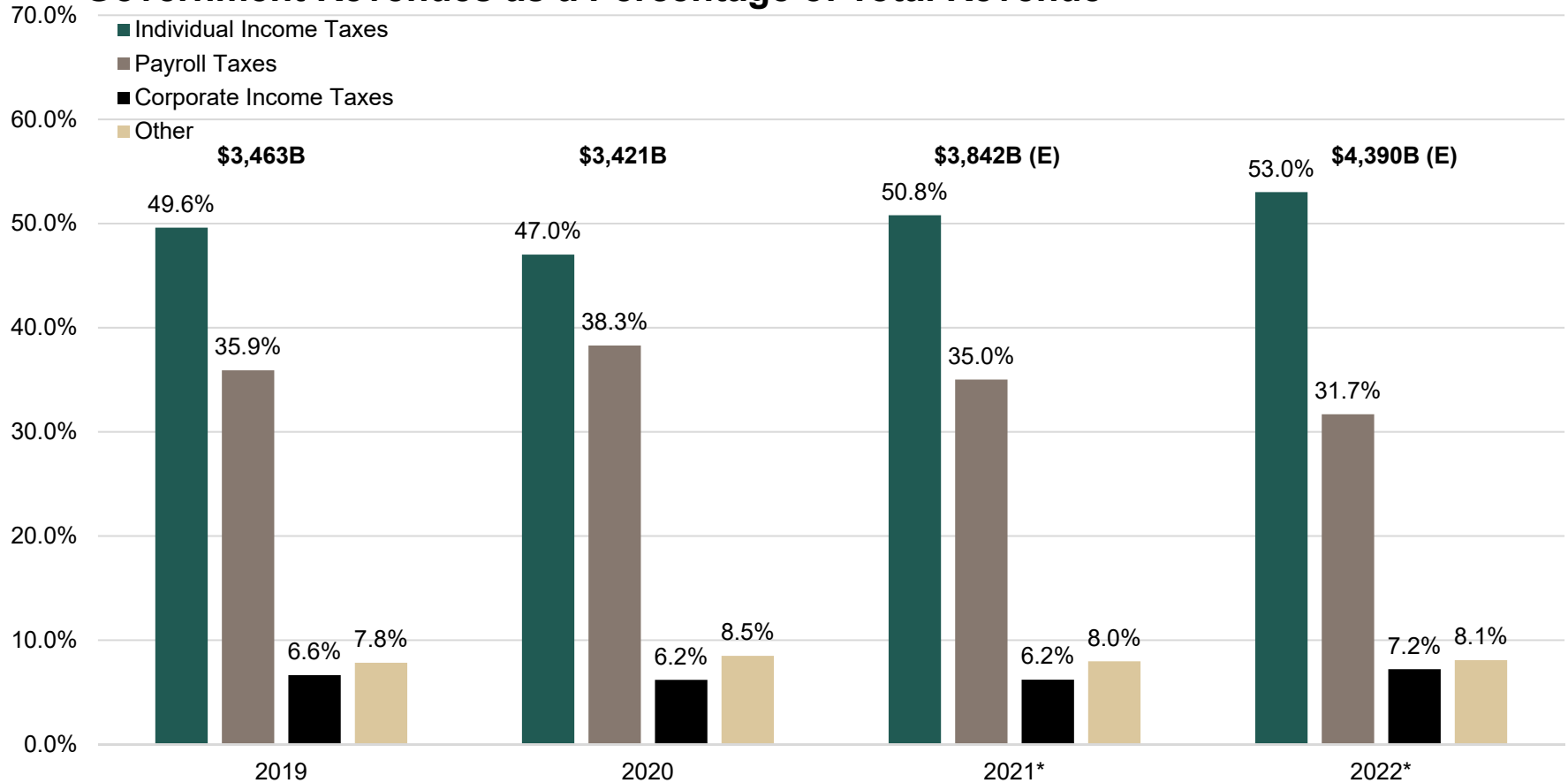
Data source: Federal Reserve Bank of St. Louis; through 12/31/21



# U.S. Federal Revenue: Sources

Expected tax revenue revised higher for 2021 and 2022

## Government Revenues as a Percentage of Total Revenue



The above chart shows the percentage of total government revenues attributable to each source of government income.

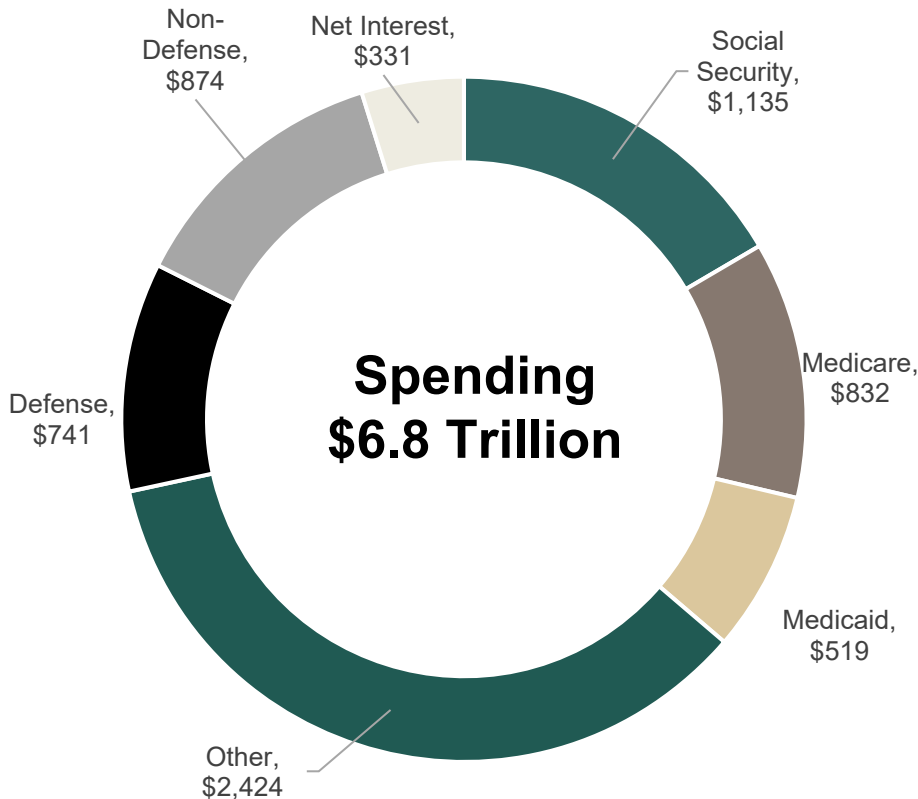
Data source: Congressional Budget Office data and projections as of 7/1/21; \*2021 and 2022 are budget projections for Fiscal 2021 ending 9/30/21 and Fiscal 2022 ending 9/30/22



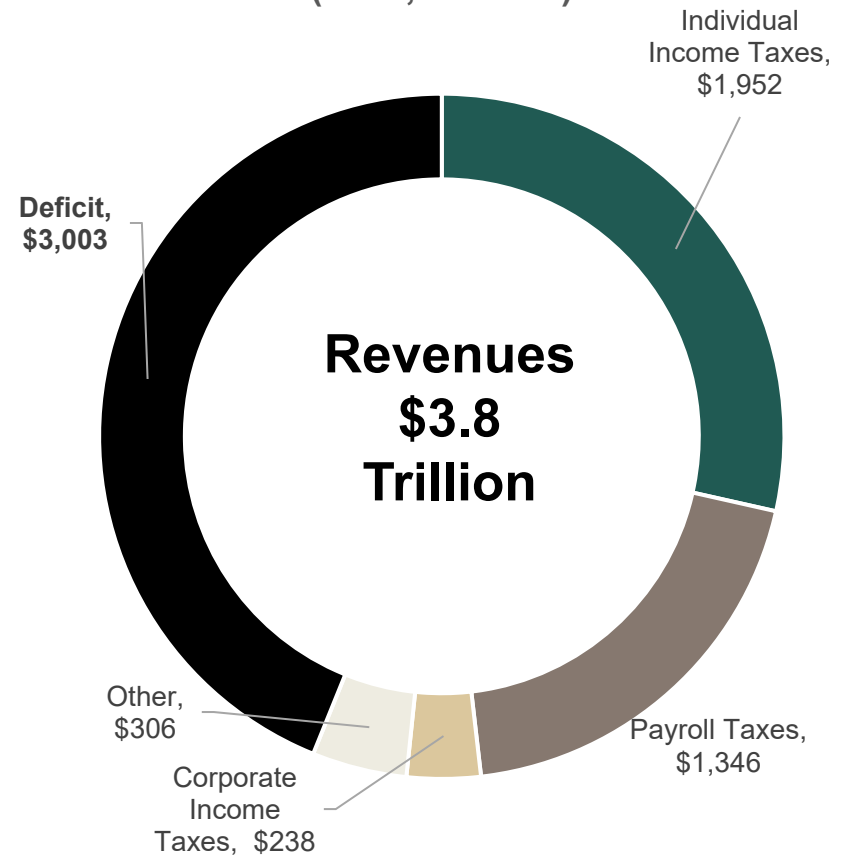
# U.S. Federal Income Statement

2021 budget deficit due to recession and COVID-19 relief

**CBO Baseline Projection of Outlays  
(2021, Billions)**



**CBO Baseline Projection of Revenue  
(2021, Billions)**



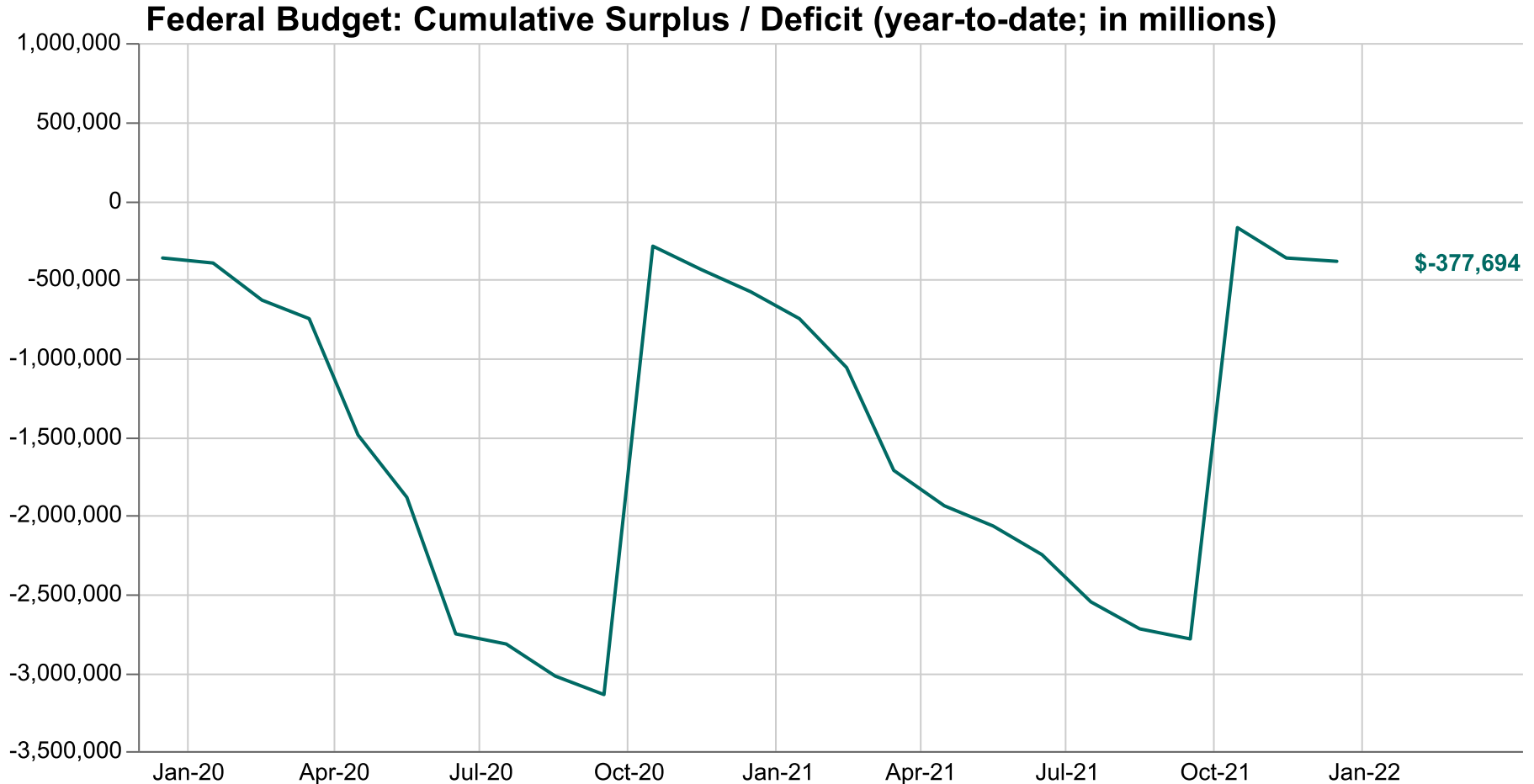
The above chart shows the Congressional Budget Office's (CBO) projection of U.S. government outlays and sources of revenue. The deficit shown in the chart on the right is the difference between government spending and revenue. Data is adjusted by the CBO to account for offsetting receipts and timing shifts. Waiting for updated projections from CBO

Data source: Congressional Budget Office data and projections as of 7/1/21



# Federal Surplus / Deficit

Cumulative Federal deficit for each fiscal year '20/'21/'22



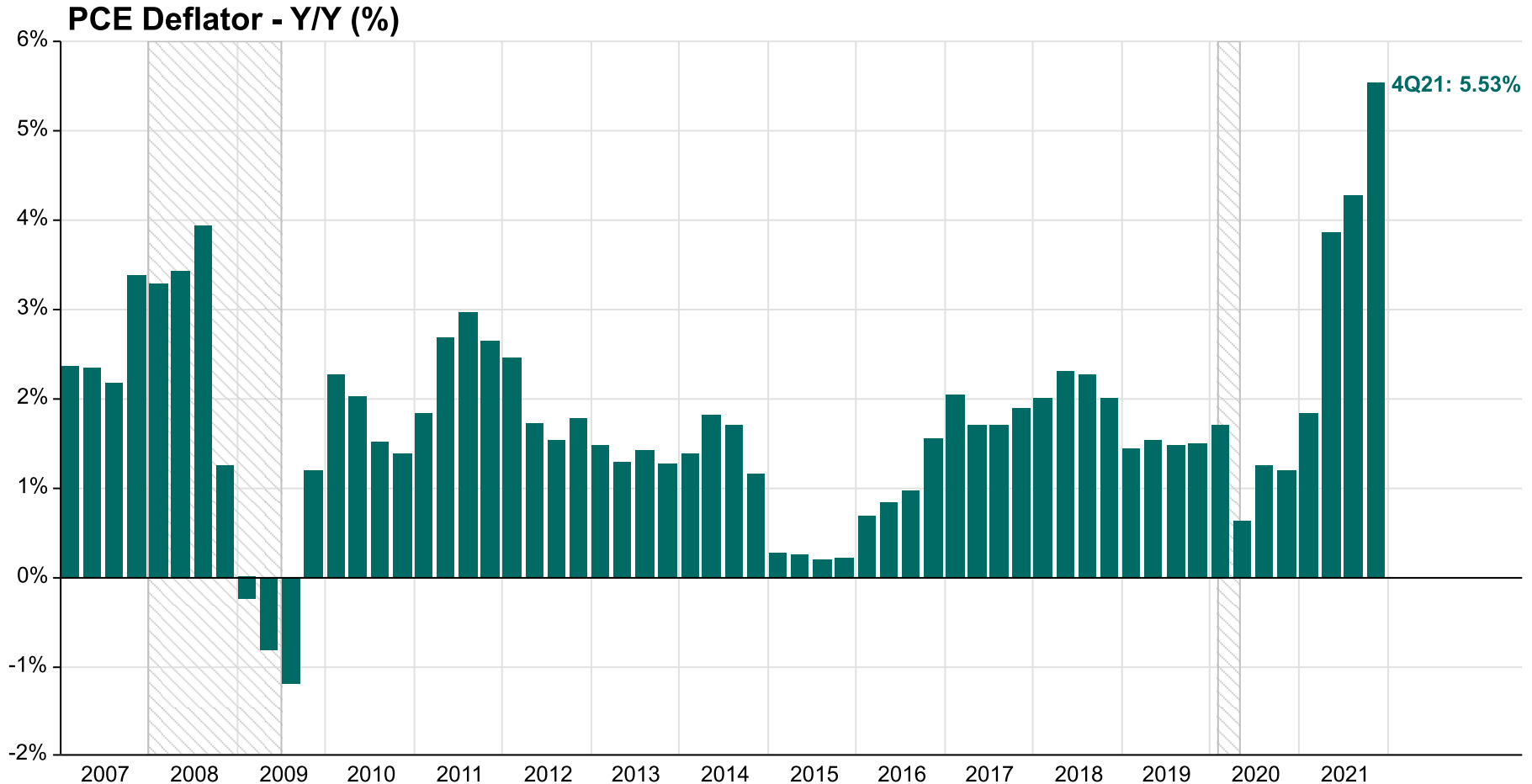
The Congressional Budget Office publishes updated budget outlooks throughout the year using data from Daily Treasury Statement from the Department of the Treasury. The government fiscal year ends in September with final budget information expected by late October. In fiscal 2020, the CBO discusses two distinct periods; over the first six months of the fiscal year, the deficit was 8% higher than the previous year six months; over the second six months the CBO estimates that due to COVID-19 relief and recession the deficit was 8x higher year-over-year..

Data source: FactSet; Federal Budget Monthly Treasury Statement as of 12/31/21



# U.S. Inflation

PCE inflation has surged to multi-decade highs in 2021



U.S. Personal Consumption Expenditures (PCE) Deflator is an index that measures the prices paid by consumers for goods and services. The chart above shows the year-over-year (Y/Y) change in the index on a quarterly basis. It is reported by the U.S. Bureau of Economic Analysis (BEA).

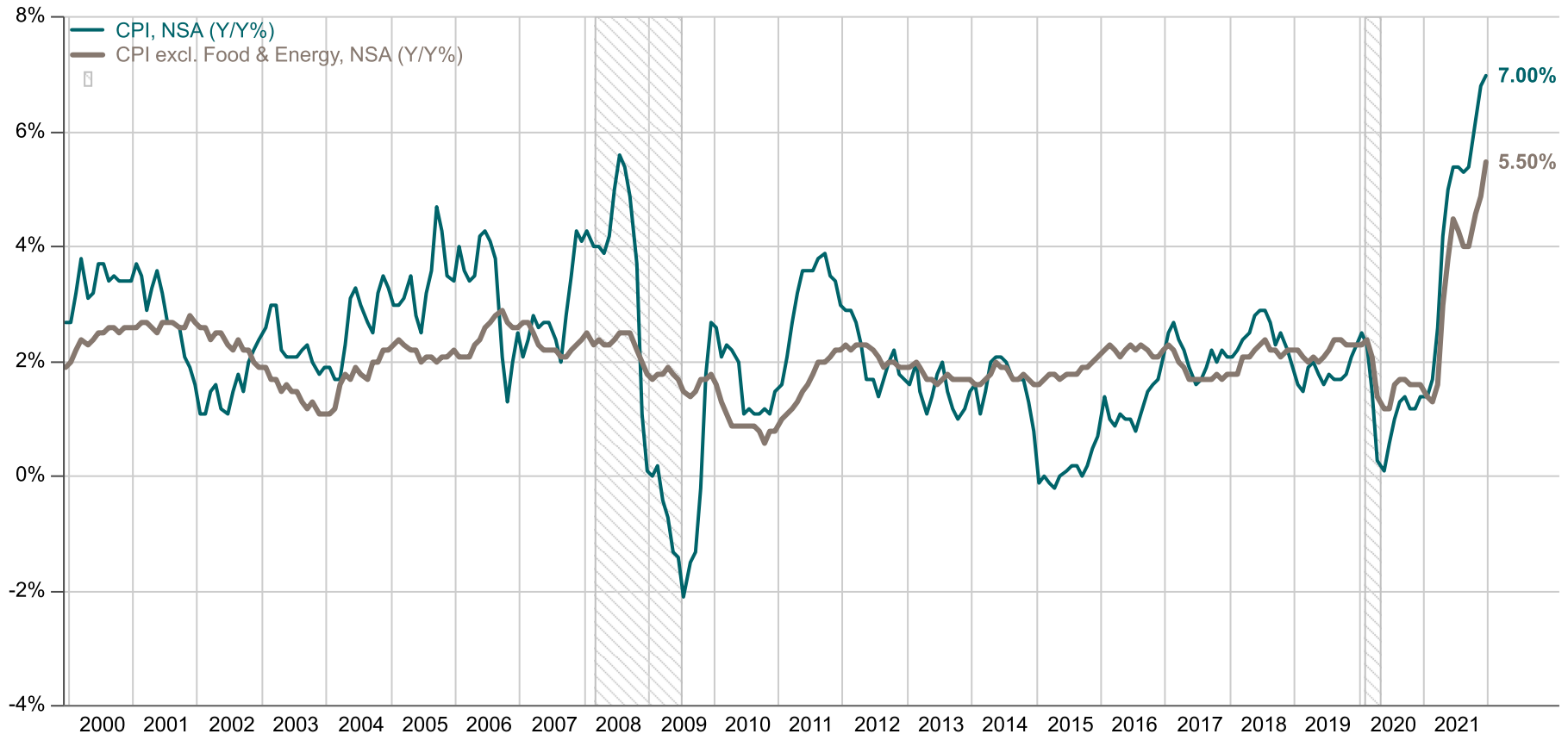
Data source: FactSet and BEA; through 12/31/21



# U.S. Inflation

More than “transitory” as CPI surges to multi-decade high

## Consumer Price Index (Monthly)



The consumer price index (CPI) is a measure of average change over time in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics (BLS). “Core-CPI” is CPI less food & energy, and is often used to monitor trends over time. As it tends to be less volatile from month to month.

Data source: FactSet and BLS; through 12/31/21



# U.S. Dollar Index

Dollar firmed in 2021, but below pre-pandemic levels



The U.S. Dollar Index (DXY) is an index that measures the value of the U.S. dollar relative to a basket of foreign currencies, primarily those of trade partners. An increase in the DXY indicates the U.S. dollar has appreciated relative to the currency of its trade partners; a decrease in the DXY indicates the U.S. dollar has depreciated relative to the currency of its trade partners.

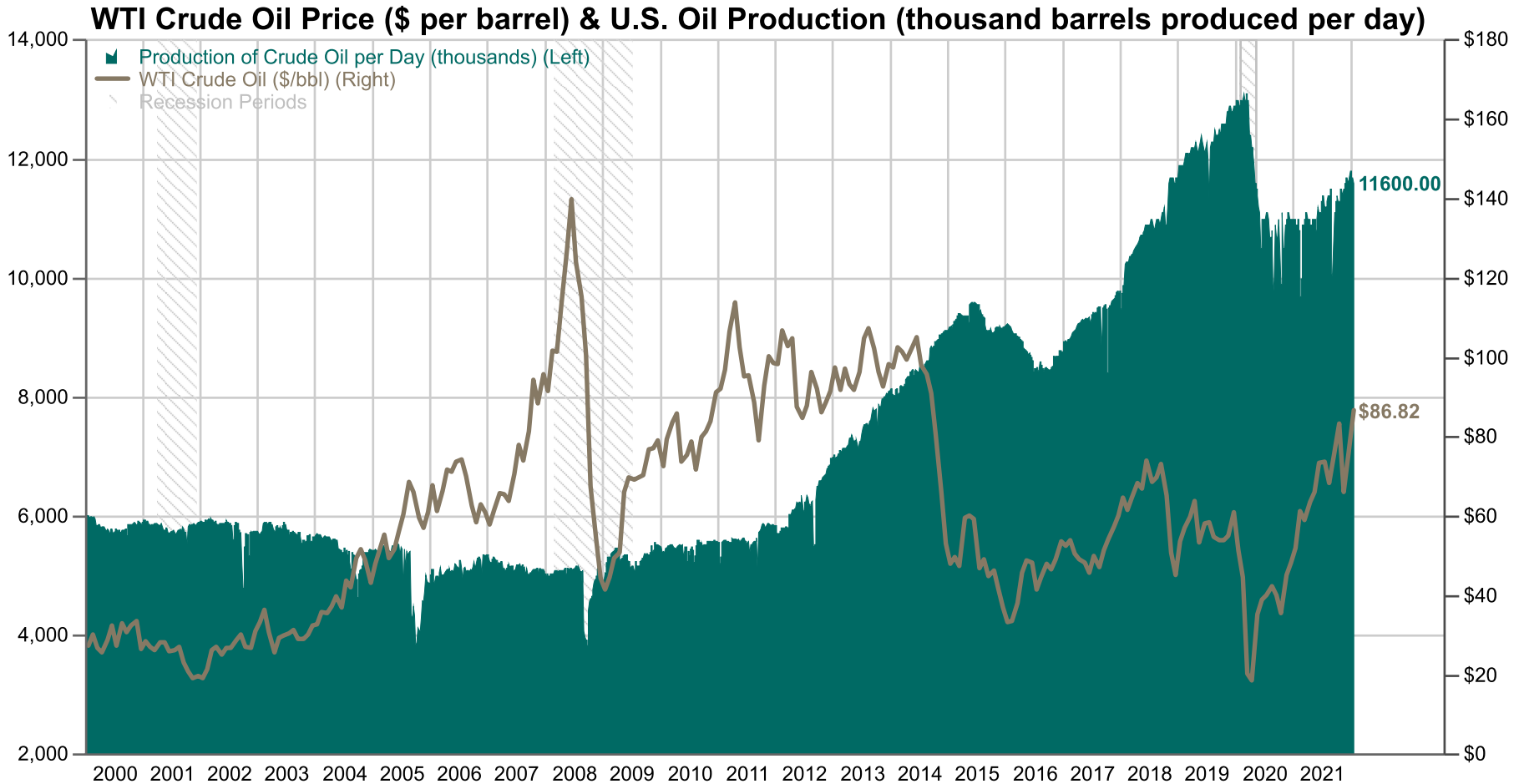
Data source: FactSet; through 1/31/22





# U.S. Oil Production & Prices

Higher prices and slow production improvement



The price per barrel of Western Texas Intermediate (WTI) Crude Oil is the most commonly followed price of oil sold from the United States. West Texas intermediate is the name associated with the grade of the oil and is the underlying commodity of New York Mercantile Exchange's oil futures contracts. U.S. Oil Production is the amount of barrels of oil produced per day within the United States (in thousands) as reported by the U.S. Energy Information Administration (EIA).

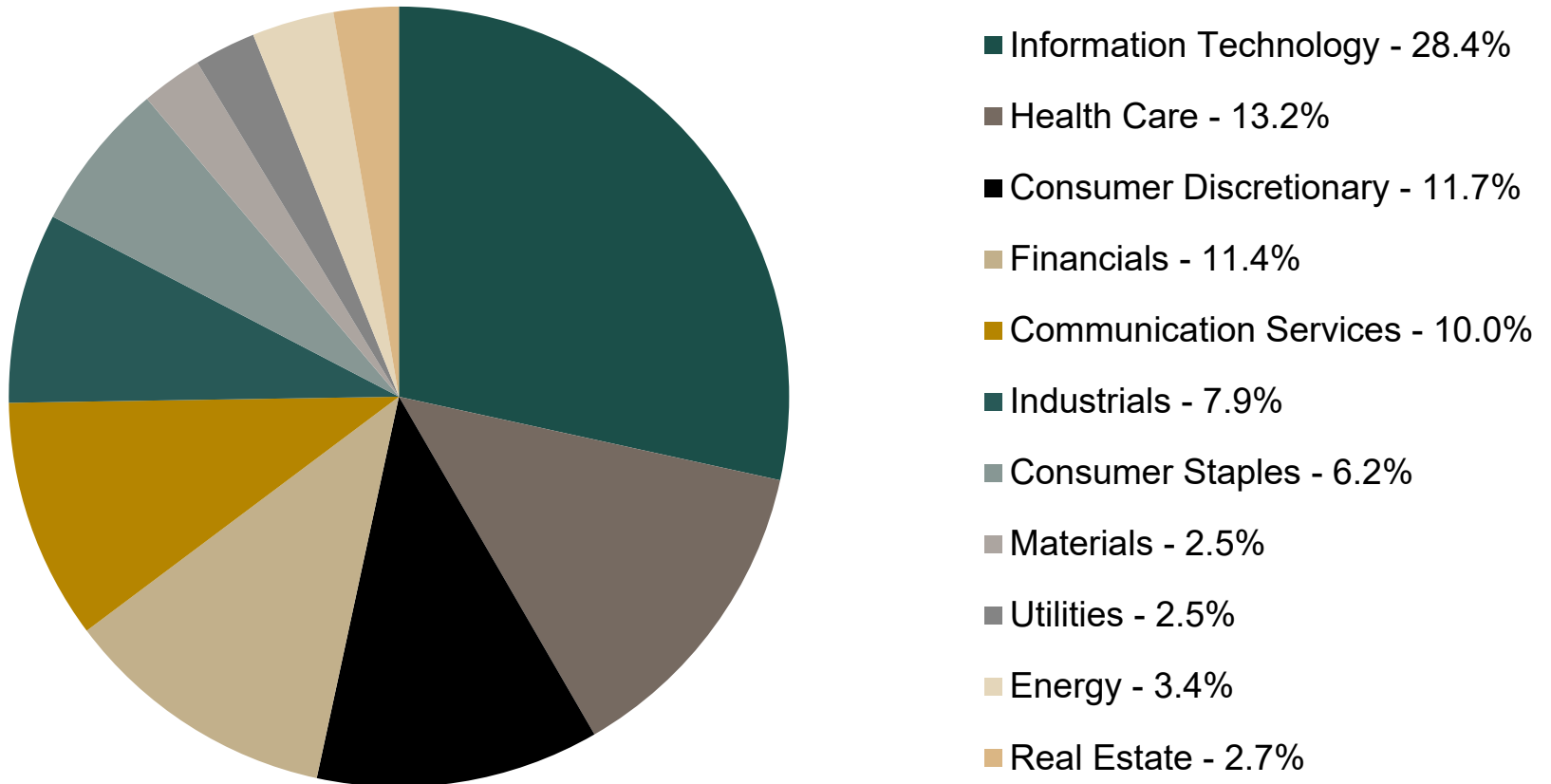
Data source: FactSet; WTI Crude Oil Price through 1/28/22, U.S. Oil Production through 1/21/22



# U.S. Equity Market: Sector Weights

Largest five sectors comprise nearly 75% of the index

## S&P 500 Sector Weightings



*The chart above represents the sector allocation of the S&P 500 index. The S&P 500 is widely regarded as the best index to measure large-cap U.S. equities. The eleven sectors are the Global Industry Classification Standards (GICS) from MSCI.*

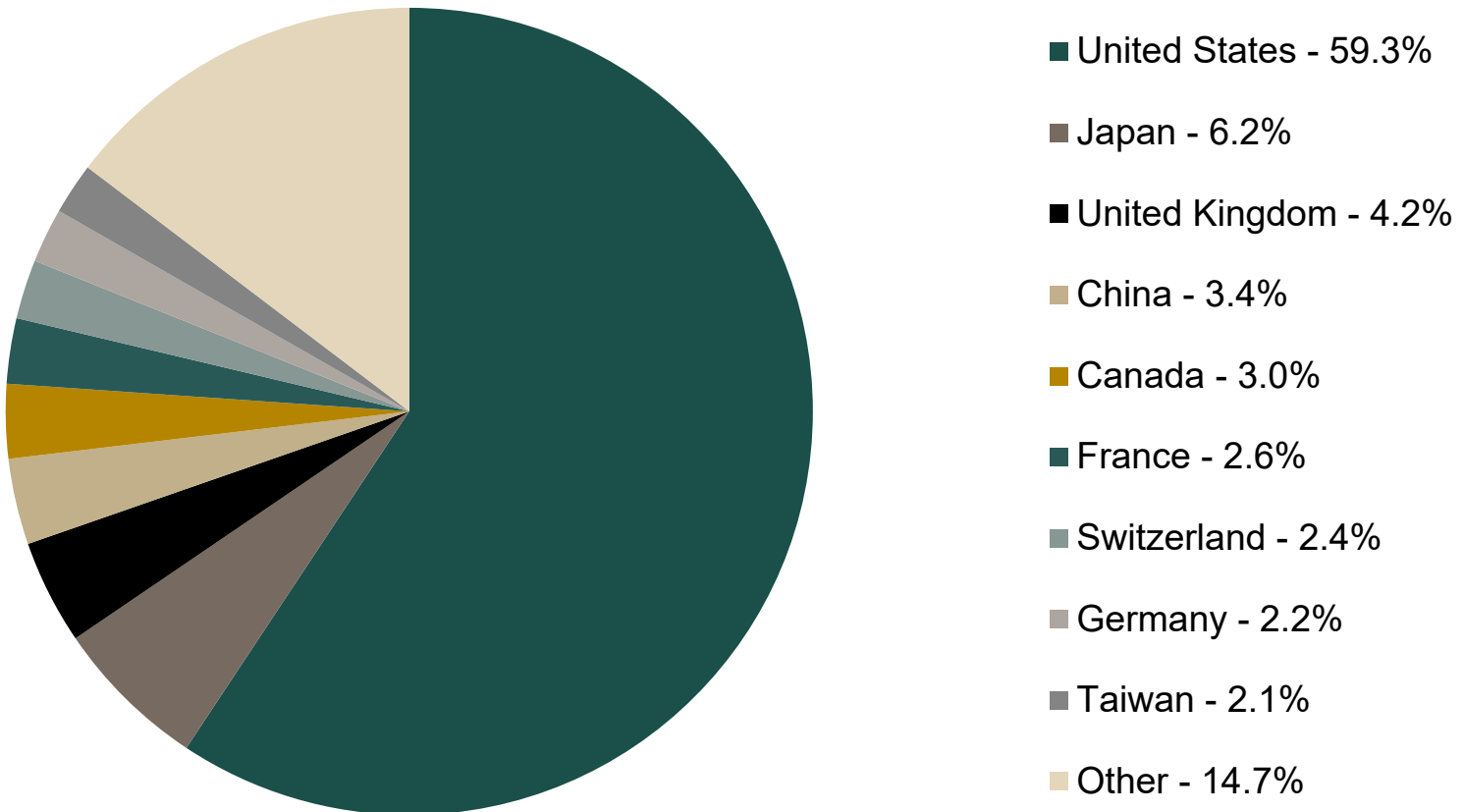
*Data source: FactSet, Standard & Poor's; as of 1/31/22*



# Global Equities: Country Weights

Current geographic weightings

## Weights in FTSE Global All Cap Index



*The FTSE Global All Cap Index is an equity index meant to replicate the geographic allocation of global equities based on market value.*

*Data source: Factset, FTSE Russell, FTSE Global All Cap Index; as of 1/31/22*

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