

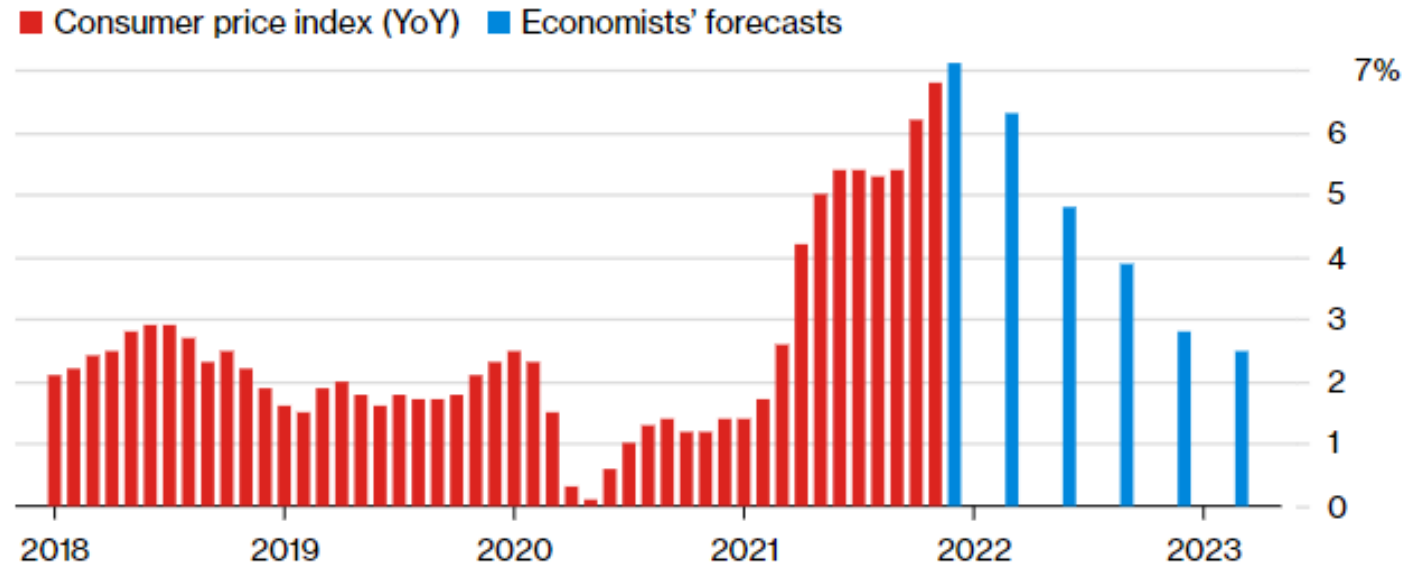
STOCKS HAVE
NORMALLY
PERFORMED WELL
DURING PERIODS
OF RISING
INTEREST RATES

- ✓ Equities have normally performed well during periods of rising interest rates/bond yields. Rising interest rates tend to point to a strengthening economy and therefore improved earnings.
- ✓ **Equities have risen 12% pa. on average when interest rates have been rising since 1971.**
- ✓ The US economy added far fewer jobs than expected in December with nonfarm payrolls growing by 199,000 compared with the Dow Jones estimate of 422,000. December non-farm payrolls show that total employment level is still 2.9 million below the level in February 2020.
- ✓ **Inflation is expected to top 7% and then fall steadily.**

BOTTLE NECKS
AND DESIRE OF
COMPANIES TO
INCREASE PRICES
HAS LED TO
INFLATION

Peak Inflation?

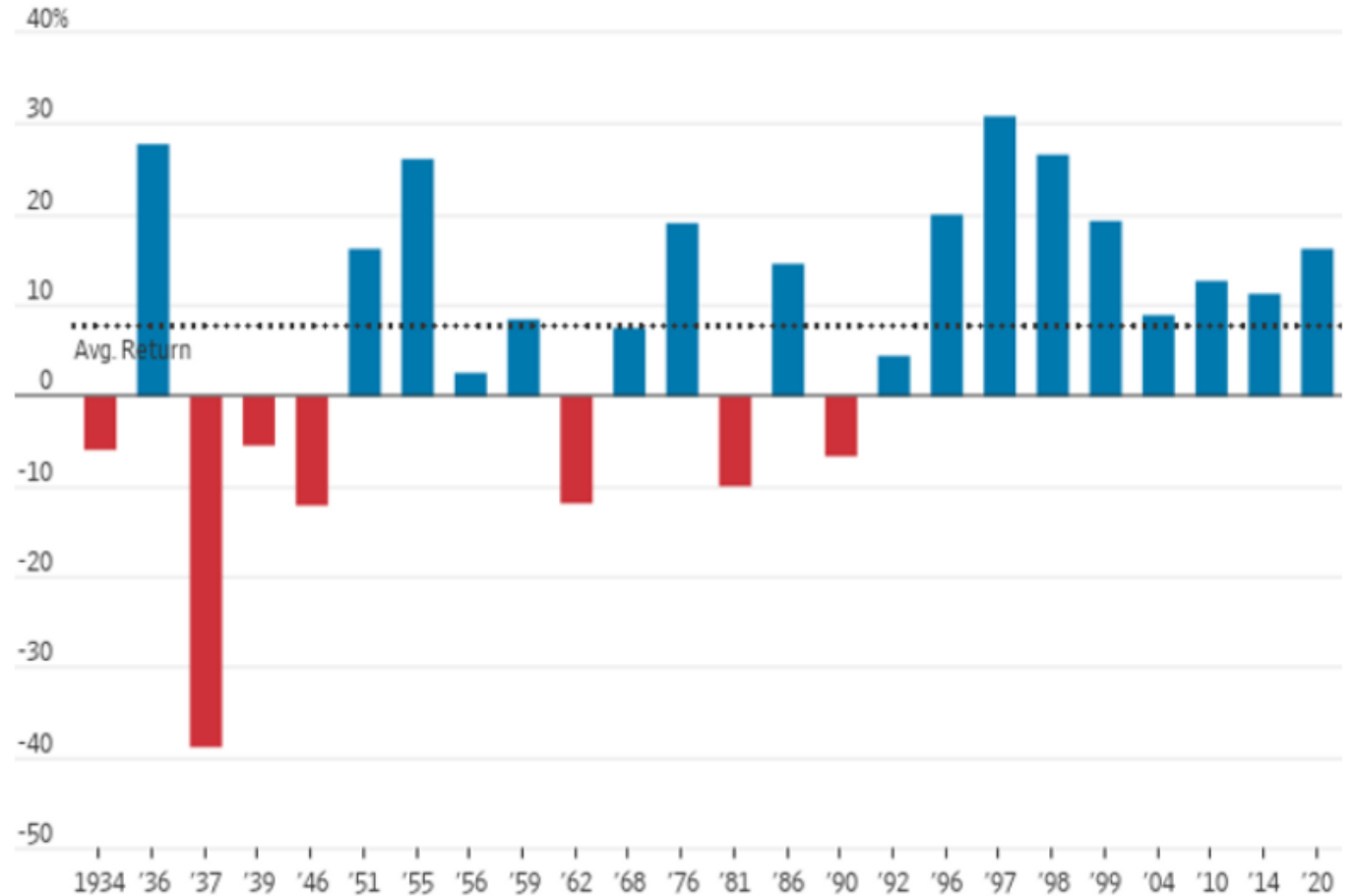
Inflation is expected to top 7% at the end of 2021 – then fall steadily



S&P 500 ANNUAL
PERFORMANCE
FOLLOWING A 20%
OR MORE GAIN IN
THE PRIOR YEAR IS
6%-8%

S&P 500

Annual performance following a 20% gain or more in the prior year



Source: Dow Jones Market Data

DOW JONES MARKET DATA

WHAT HAPPENS
AFTER THE FIRST-
RATE HIKE (NEXT
12 MONTHS 100%
POSITIVE)

What Happens After The First Rate Hike? Stocks Do Well

S&P 500 Index Performance After The First Fed Rate Hike

Date Of First Hike	S&P 500 Index Future Returns		
	Next Three Months	Next Six Months	Next Twelve Months
8/8/1983	2.0%	-0.7%	2.1%
4/1/1987	19.1%	20.9%	1.5%
5/11/1988	3.4%	8.6%	20.7%
2/4/1994	-5.9%	-2.5%	2.4%
3/25/1997	13.6%	20.6%	39.6%
6/30/1999	-7.6%	6.6%	6.0%
6/30/2004	-2.3%	6.4%	5.2%
12/16/2015	-1.1%	0.1%	9.1%
Average	2.7%	7.5%	10.8%
Median	0.5%	6.5%	5.6%
% Positive	50.0%	75.0%	100.0%

Source: LPL Research, Bloomberg 01/10/22

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

AVERAGE 12%
ANNUALIZED
RETURNS DURING
RISING RATE
PERIODS SINCE
1971

Stocks have usually performed well during periods of rising rates (bond yields)

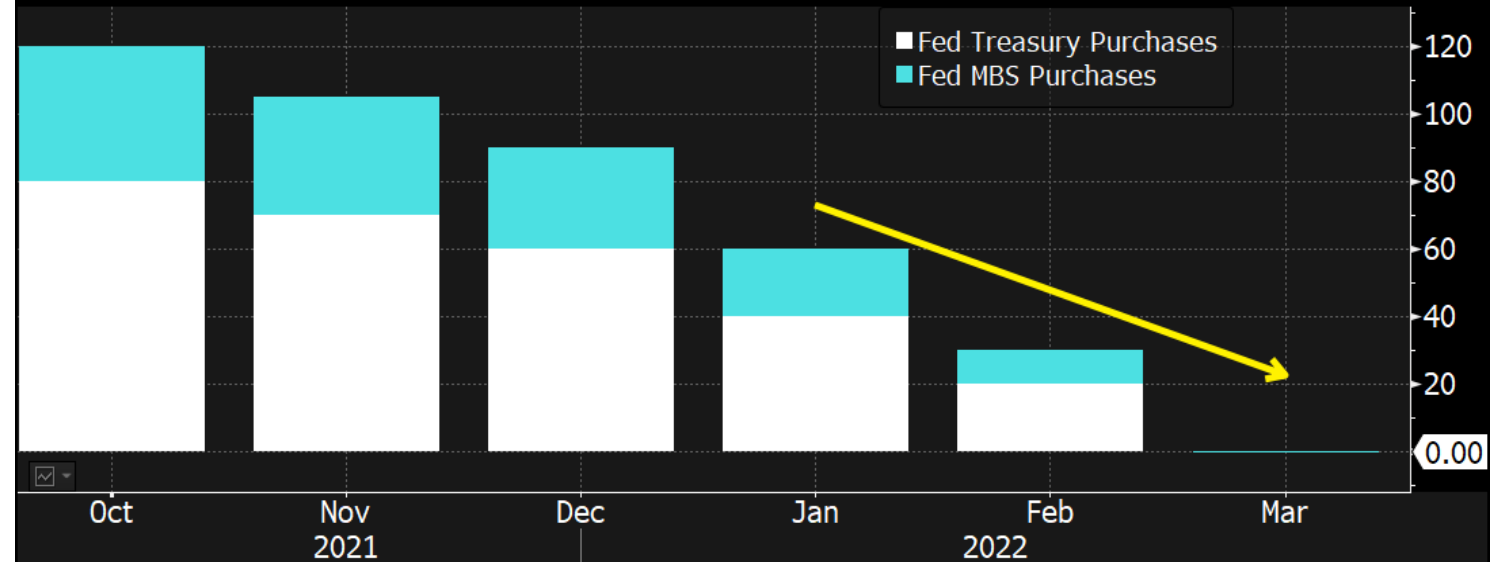


source: Bloomberg

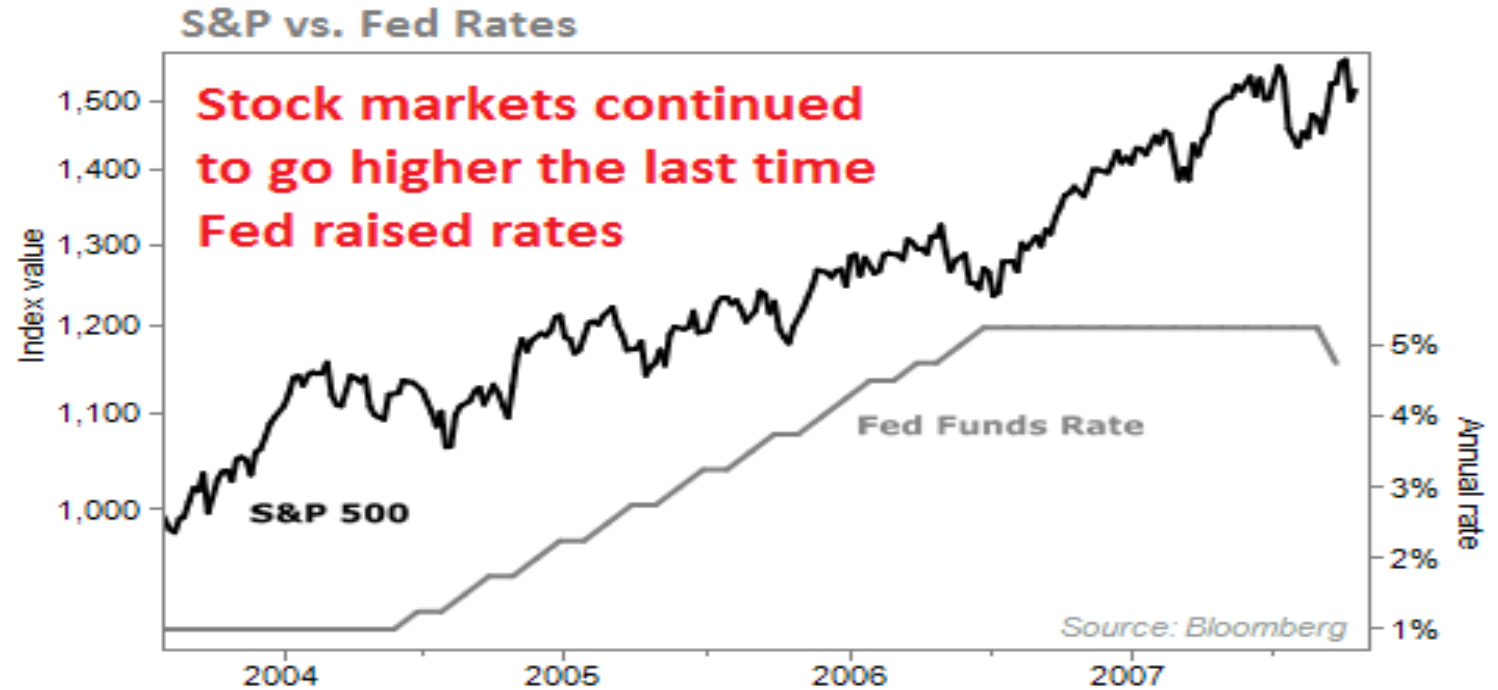
FEDERAL RESERVE
WILL TAPER ITS
TREASURY AND
MORTGAGE-
BACKED
SECURITIES
PURCHASES AS THE
ECONOMY
NORMALIZES

Fed's Latest Tapering Plan

\$20B in Treasury purchases and \$10B in MBS



STOCK MARKETS
APPRECIATED
FROM 2004 THRU
2007 AS INTEREST
RATES WERE
INCREASED

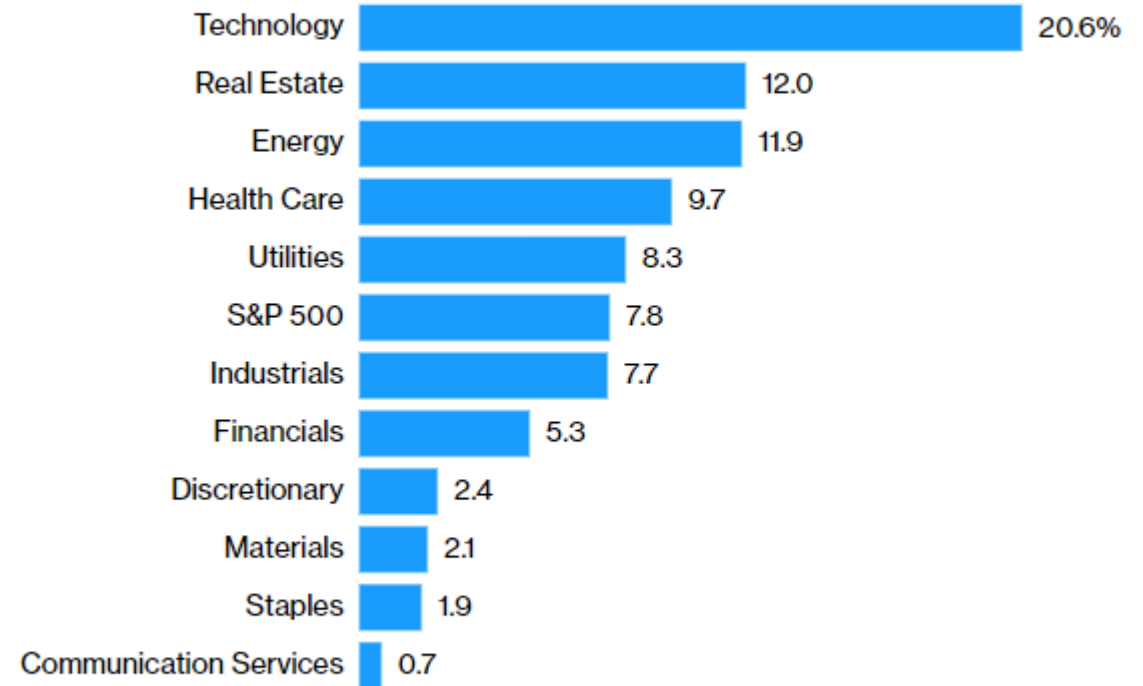


THE FEDERAL
RESERVE WILL
LIKELY RAISE RATES
FOUR TIMES IN
2022. YET THE
S&P500
PERFORMS WELL
AS RATES RISE

Fed Effect

How the S&P 500 performs in Fed rate-hike cycles

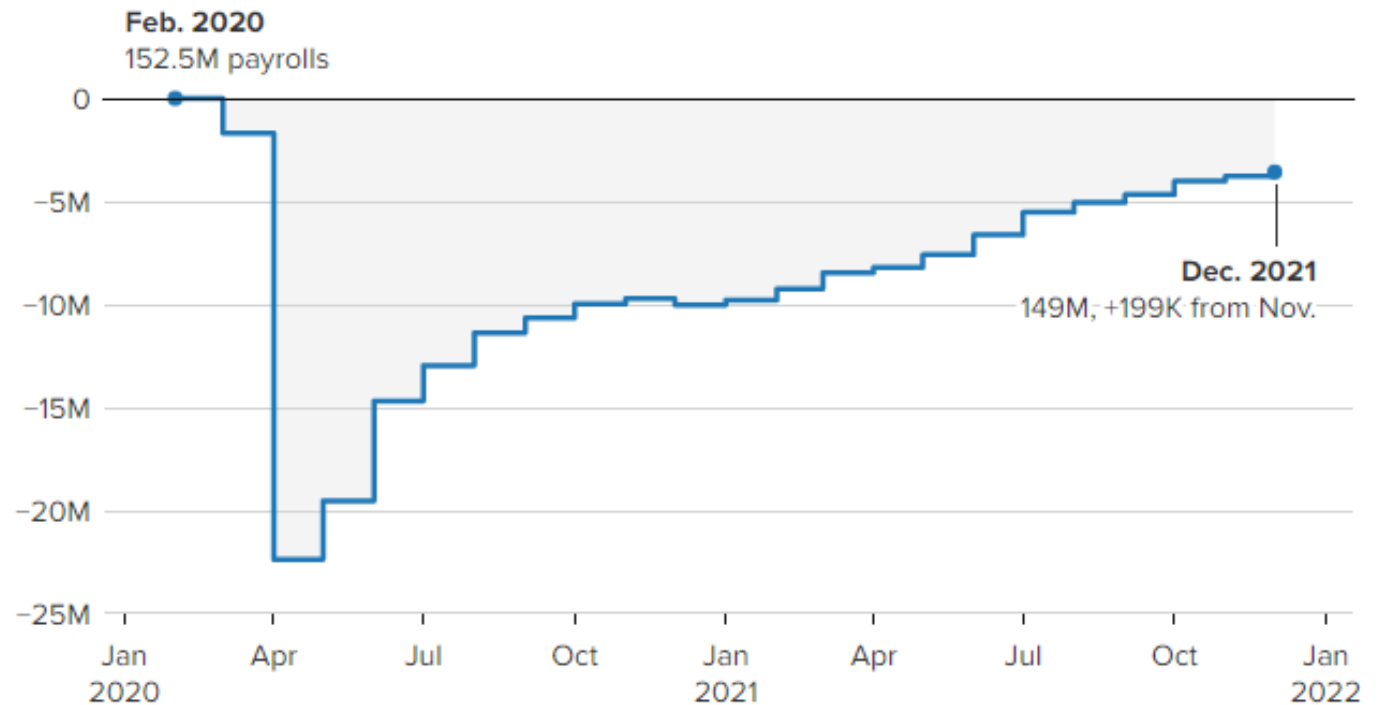
■ Average annualized return



Source: Strategas Securities

US NON-FARM
PAYROLLS GREW
199,000
(FEWER THAN
EXPECTED IN
DECEMBER)
WITH AN
UNEMPLOYMENT
RATE OF 3.9%

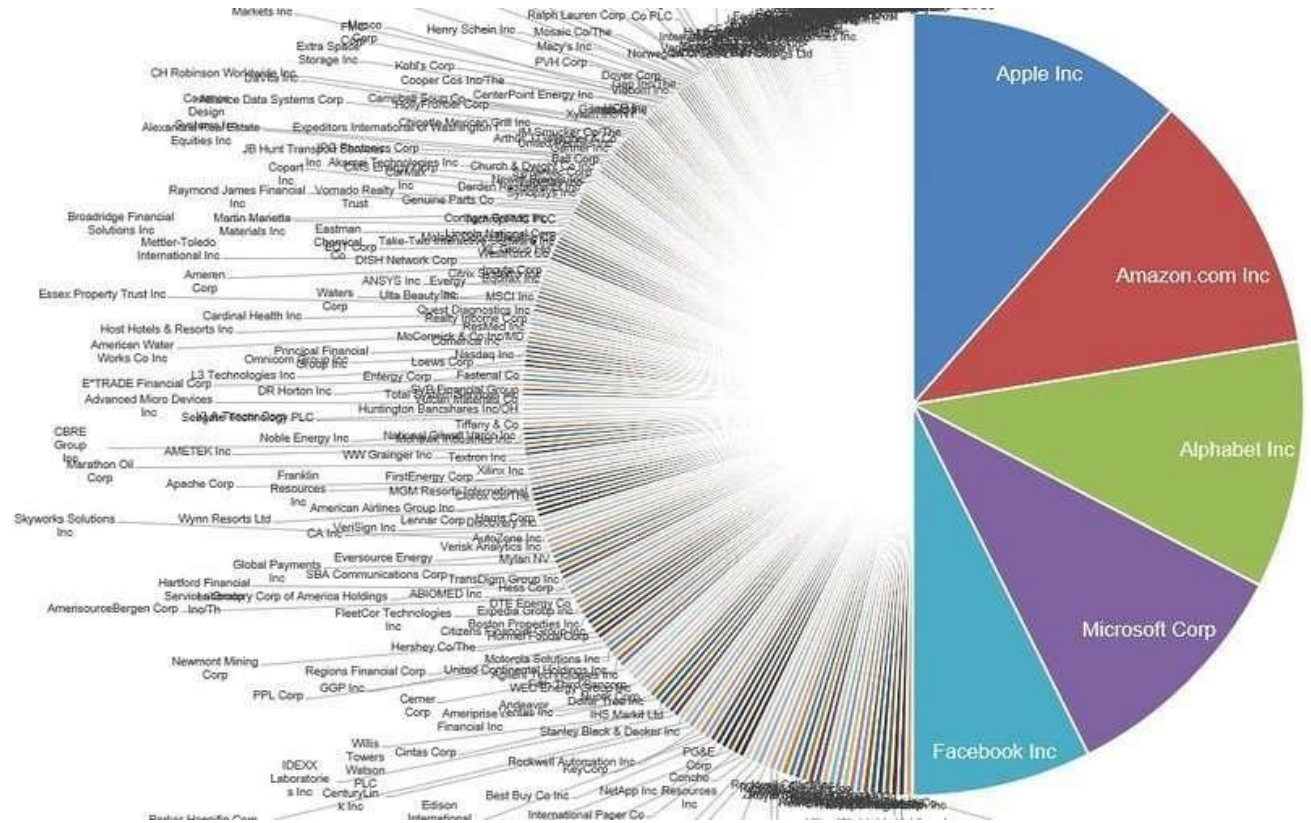
Difference in total U.S. employment from pre-pandemic levels in Feb. '20



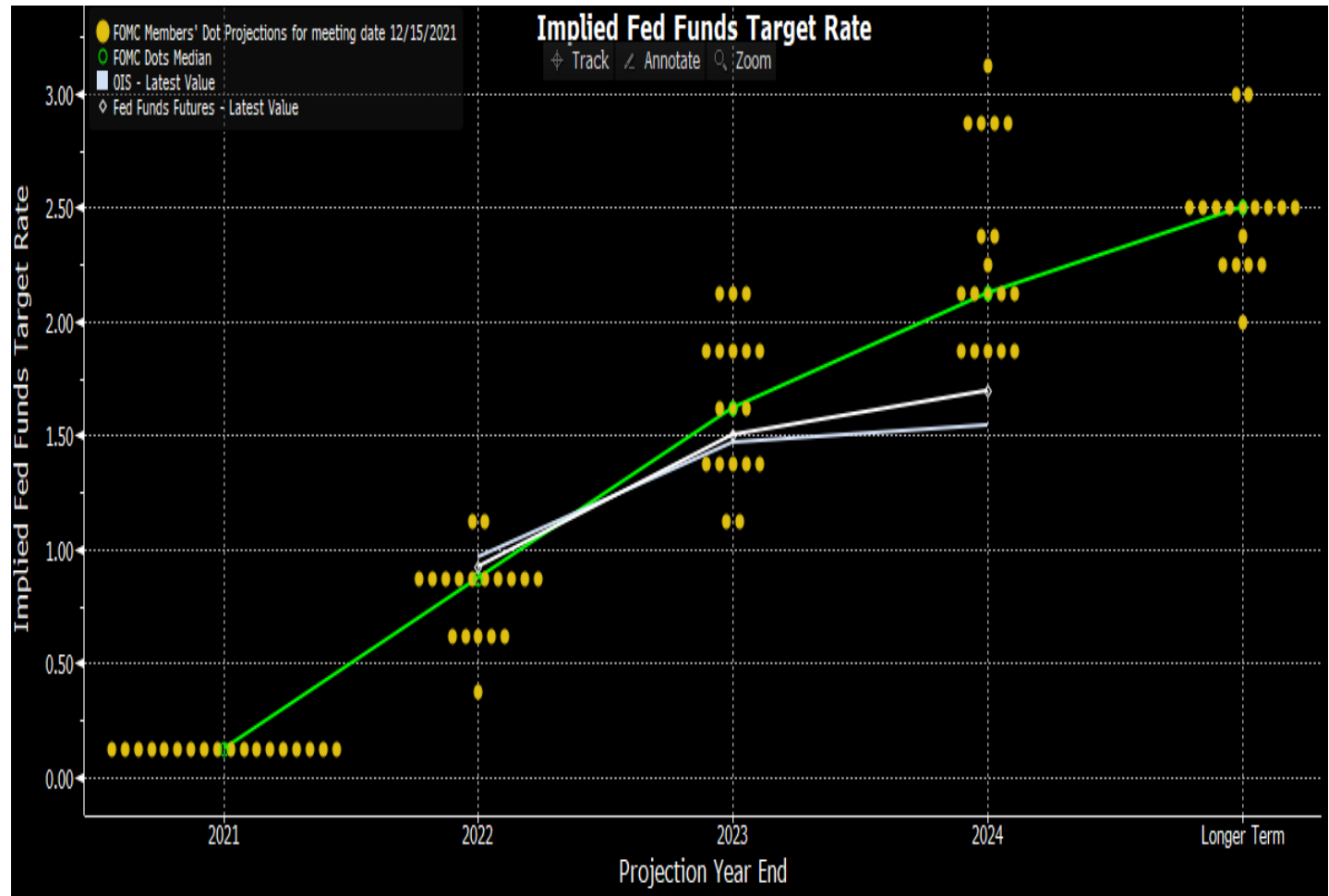
Source: Bureau of Labor Statistics. Data is seasonally adjusted.



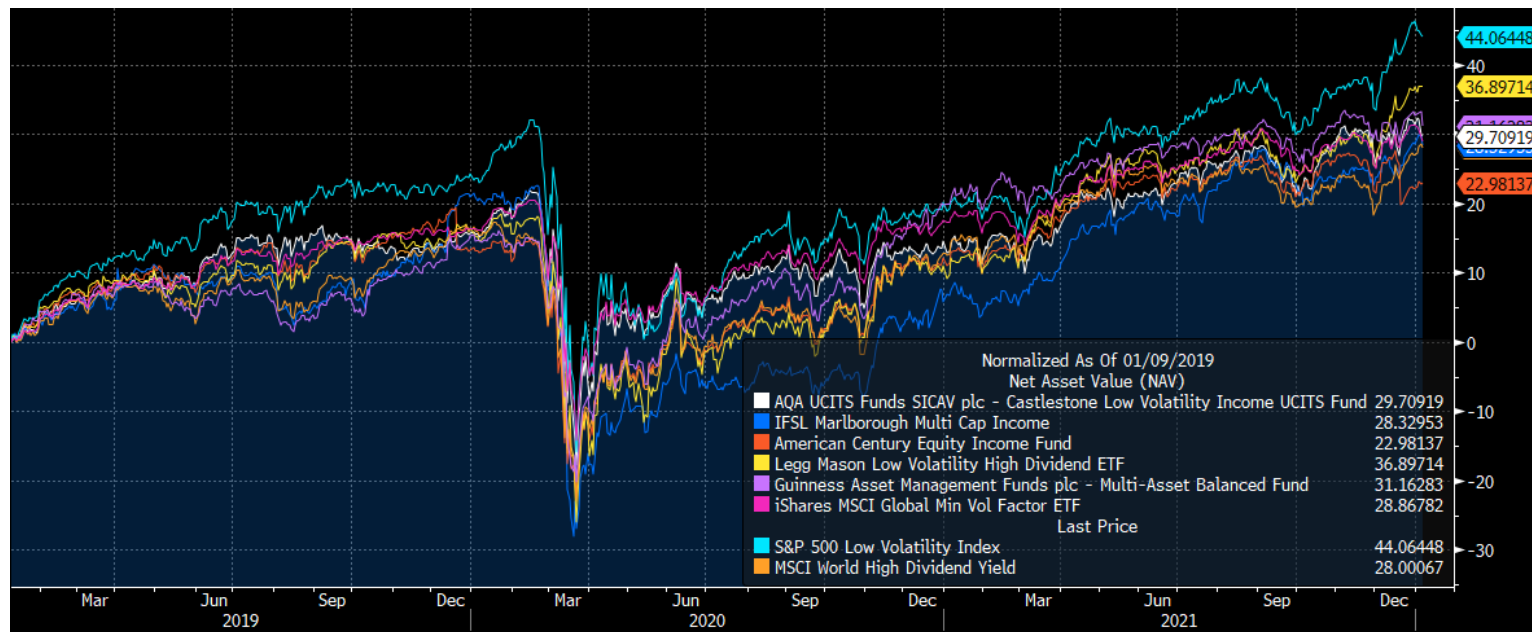
TECHNOLOGY
STOCKS DOMINATE
THE WEIGHTING
OF THE S&P 500
(TOP 5 = 284
STOCKS)



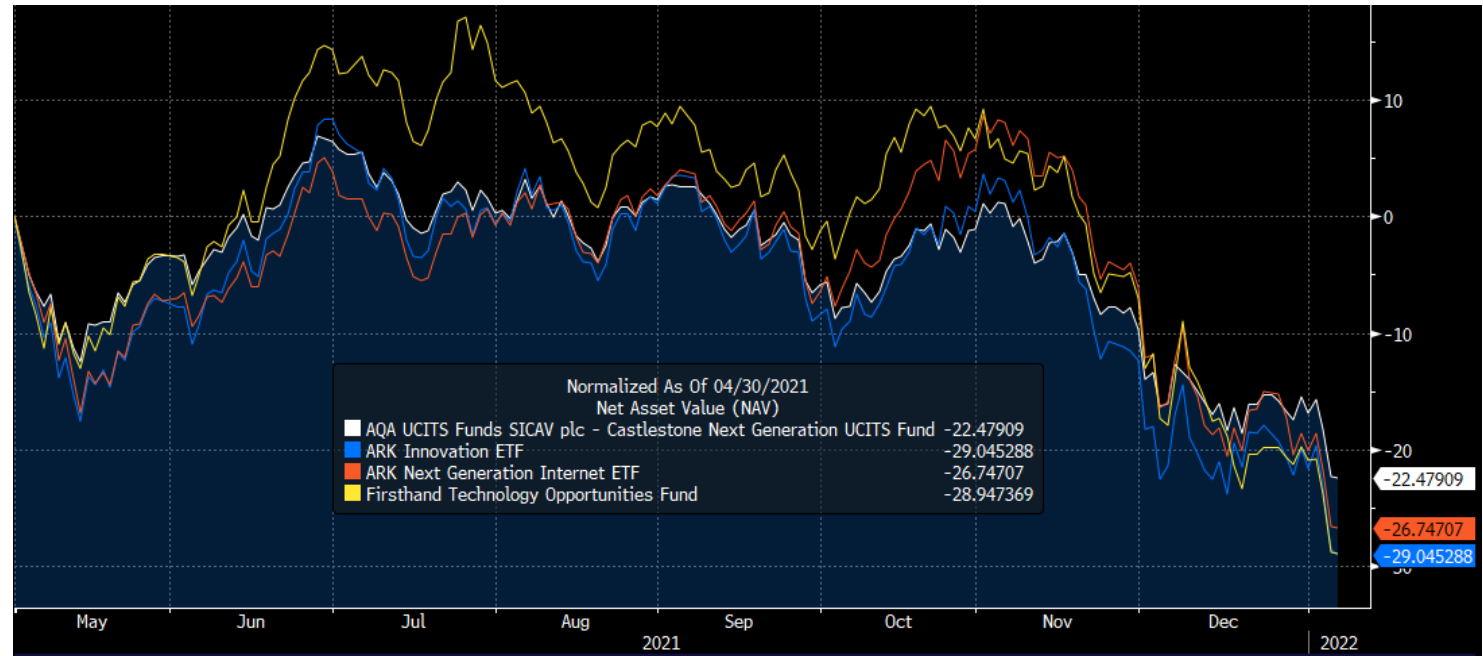
IMPLIED FED FUND TARGET RATE



LOW VOLATILITY PERFORMANCE VS COMPETITORS SINCE INCEPTION



NEXT
GENERATION
PERFORMANCE
CONSISTENT WITH
THE HOLDINGS OF
ARK INNOVATION
SINCE INCEPTION



FAANG+ PERFORMANCE VS COMPETITORS SINCE INCEPTION

