

Outlook 2022 Michael Clark President

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Agenda

3 2 Stocks and Review of Inflation and Bonds - A 2021 Interest Rates Current Perspective 5 4 Policy & Reasons for Washington **Optimism**



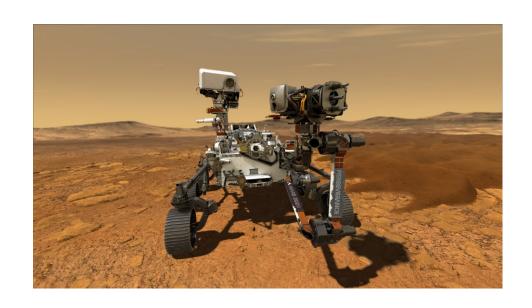
The Good, the Bad and the Ugly

- Joe Biden was elected the 46th president of the United States.
- At President Biden's direction, the U.S. withdrew from Afghanistan.
- There was a riot on January 6th at the Capitol building in Washington D.C.
- Jeff Bezos stepped down as CEO of Amazon after 30 years, becoming executive chairman.



The Good, the Bad and the Ugly

- NASA's Mars rover "Perseverance" successfully converted carbon dioxide into oxygen.
- A human brain was wirelessly connected to a computer for the first time in history.
- Astronomers were able to see light from behind a black hole for the first time ever.
- The world's first 3-D printed school opens in Malawi, Africa.



COVID Progress

U.S. COVID-19 Vaccine Doses Administered by Vaccine Type

As of December 29, 2021

506,313,935 Total Doses Administered

Pfizer-BioNTech

Moderna

Johnson & Johnson

Not Identified

295,020,731 Doses Administered

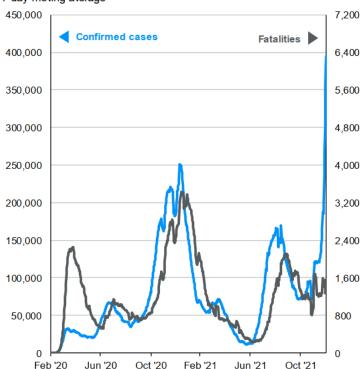
193,162,645 Doses Administered **17,596,594**Doses
Administered

533,965 Doses Administered

COVID Progress

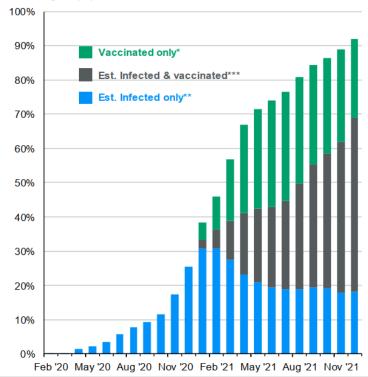
Change in confirmed cases and fatalities in the U.S.





Progress toward immunity

Percentage of population, end of month

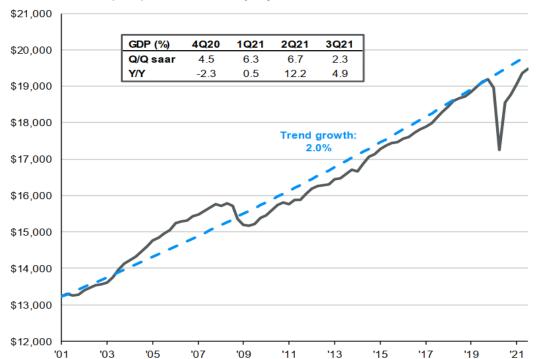




Economic Growth & Its Drivers

Real GDP

Billions of chained (2012) dollars, seasonally adjusted at annual rates



Components of GDP 3Q21 nominal GDP, USD trillions \$26 4.7% Housing \$22 13.0% Investment ex-housing \$18 17.6% Gov't spending \$14 \$10 68.8% Consumption \$6 \$2

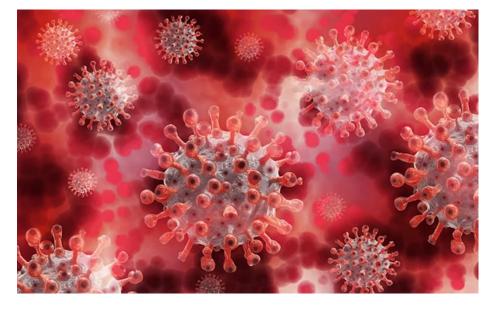
-4.1% Net exports



-\$2

Omicron - What Do We Know?

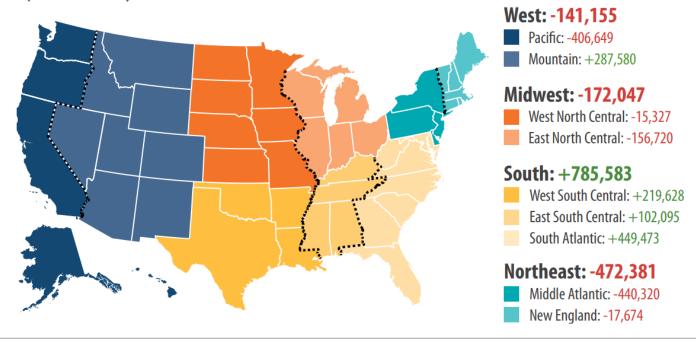
- Has more mutations than any other variant.
- It's unknown whether COVID-19 vaccine is effective against omicron.
- Studies show vaccine protection against infection declined to 30%, while protection against severe illness remained at 70%.
- Initial reports suggest much milder illness/symptoms than other variants.
- Spreads much faster than other variants.



The Great Southern Migration

U.S. Net Domestic Migration During the COVID-19 Pandemic

April 2020 - July 2021

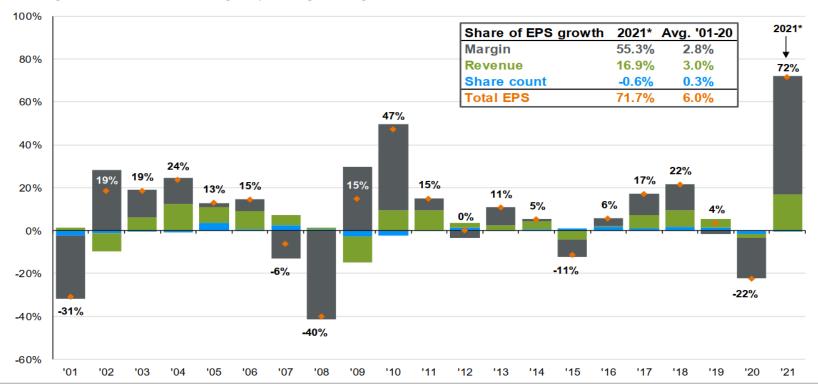




Corporate Earnings Growth

S&P 500 year-over-year operating EPS growth

Annual growth broken into revenue, changes in profit margin & changes in share count





Professionals' Opinions Going Into 2021

Morgan Stanley

S&P 500 return of 3%

First Trust

S&P 500 return of 11%

Goldman Sachs

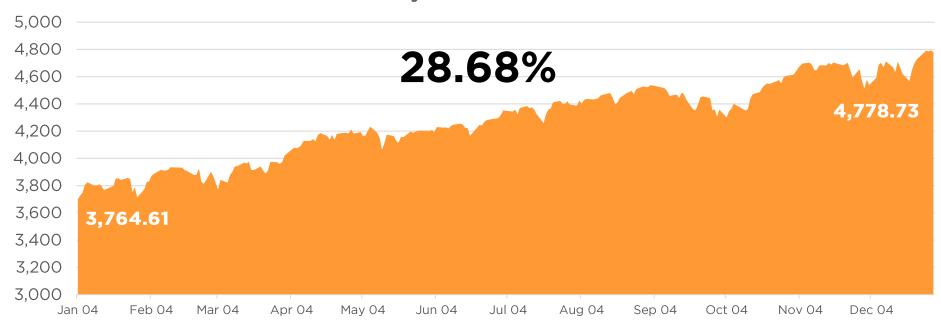
• S&P 500 return of 14%



2021 U.S. Stock Market Return

S&P500 Total Return

January 1 - December 31





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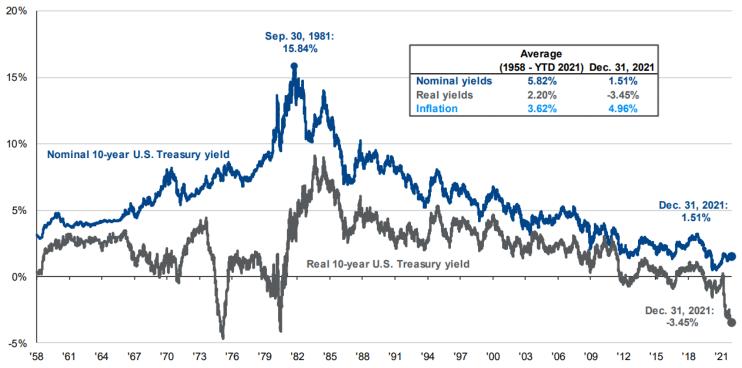
U.S. Treasury Yield Curve





Interest Rates and Inflation

Nominal and real U.S. 10-year Treasury yields



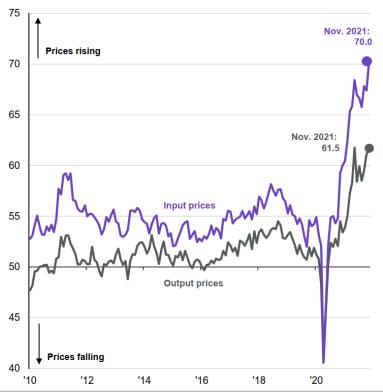


Global Supply Chains and Inflation

Global PMI suppliers' delivery times index*



Global PMI input and output prices**

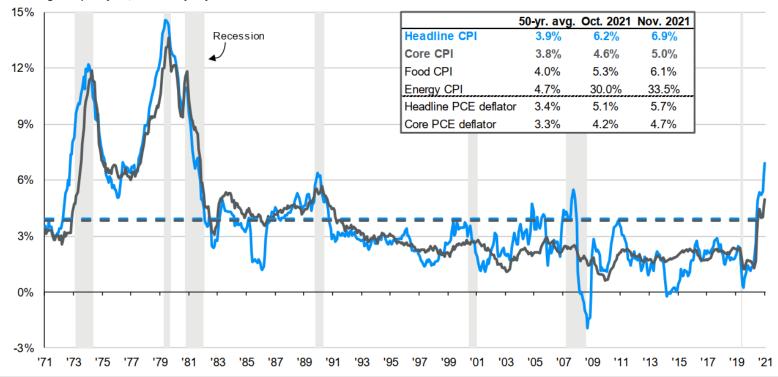




Inflation – The Last 50 Years

CPI and core CPI

% change vs. prior year, seasonally adjusted





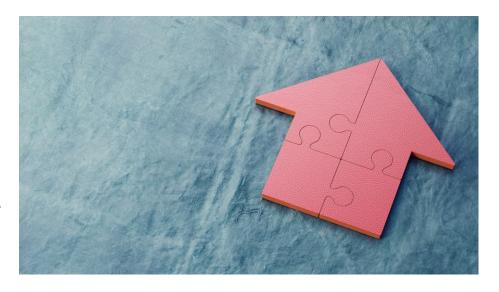
The Fed and Interest Rates

Federal funds rate expectations FOMC and market expectations for the federal funds rate 7% Federal funds rate FOMC December 2021 forecasts FOMC vear-end estimates Percent Long Market expectations as of Dec. 31, 2021 2021 2022 2023 2024 run* FOMC long-run projection* Change in real GDP, 4Q to 4Q 55 40 2.2 2.0 18 5% Unemployment rate, 4Q 3.5 3.5 3.5 43 4.0 Headline PCE inflation, 4Q to 4Q 2.6 2.3 2.0 3% 2.50% 2.10% 2% 1.60% 1.37% 1.36% 1% 0.13% 0% '00 '02 '04 '06 '08 '10 '12 '14 '18 '20 '16 Long run



Housing Market Highlights

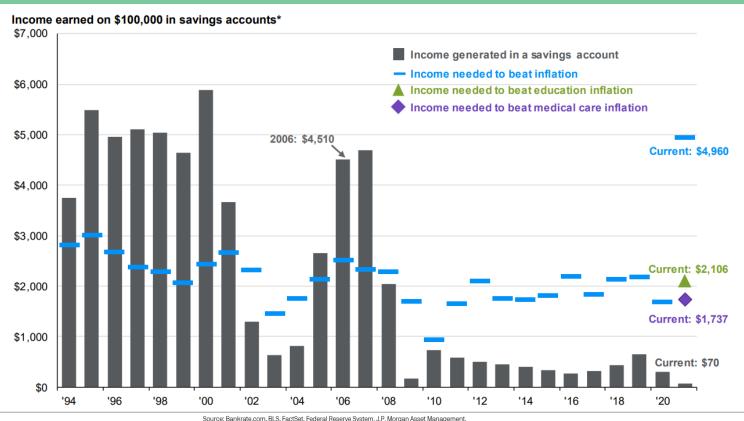
- The median home sale price was at an all-time high at \$386,000, up 24.4% YOY.
- Price increase was driven by:
 - Sub-3% mortgage rate
 - Active investment sector
 - Record low housing supply
- 1.38 million homes went up for sale in 2021, down 23% from 2020.
- Nearly 1 in 5 of those homes were purchased by investors.



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Savings Account Returns

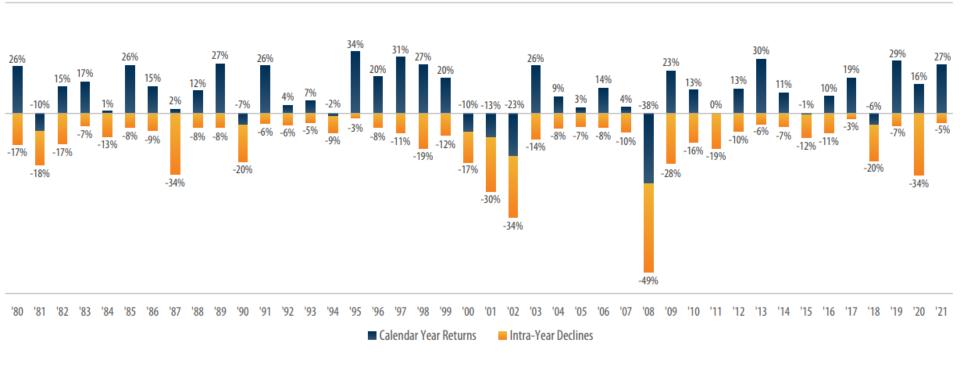


Guide to the Markets - U.S. Data are as of December 31, 2021.



Source. Banktate.com, Bc.S, raticse, Federal reserve System, J.P. Morgan Asset Wallagerinent, "Savings account is based on the national everage annual percentage rate (APR) on money market accounts from Bankrate.com from 2010 onward. Prior to 2010, money market yield is based on taxable money market funds return data from the Federal Reserve. Annual income is for illustrative purposes and is calculated based on the average money market yield during each year and \$100,000 invested. Current inflation is based on Nober 2021 Core CPI, education inflation and medical care inflation. Current sawings account is based on the December 2021 national average annual percentage rate (APR) on money market accounts. Past performance is not indicative of comparable future results.

Market Volatility





Source: Bloomberg, First Trust Advisors L.P. Past performance is no guarantee of future results. The benchmark used for the above chart is the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future.

The Big 5

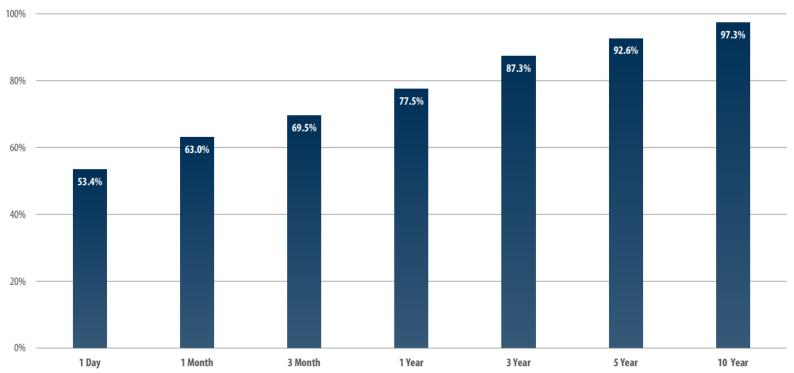


TOP 5 MEMBER FIRMS BY WEIGHT IN THE INDEX

Ticker	Company Name	Weight in S&P 500 Index (9/30/21)
AAPL	Apple Inc.	6.08%
MSFT	Microsoft Corp.	5.80%
GOOG/GOOGL	Alphabet, Inc.	4.26%
AMZN	Amazon.com, Inc.	3.92%
FB	Facebook Inc.	2.21%

"You Gotta Know When To Hold'em"

Probability of Positive Returns - S&P500 Index Since 1937





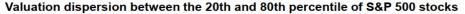
Source: Bloomberg, Data from 12/31/1936 - 12/31/2021. Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. These returns were the result of certain market factors and events which may not be repeated in the future. This chart is based on the total returns of the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The index cannot be purphased directly by investors.

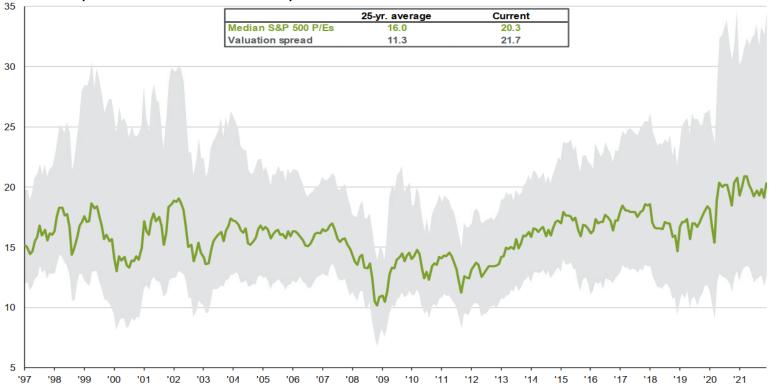
S&P500 at Inflection Points

S&P 500 Price Index 4,800 Dec. 31, 2021 Characteristic 3/24/2000 10/9/2007 2/19/2020 12/31/2021 P/E (fwd.) = 21.2x4,500 4.766 1,527 1.565 3,386 4.766 Index Level 4,200 P/E Ratio (fwd.) 25.2x 15.1x 19.2x 21.2x +113% 1.4% 1.9% 1.4% 3.900 Dividend Yield 1.9% 10-yr. Treasury 6.2% 4.7% 1.5% 1.6% Feb. 19, 2020 3.600 P/E (fwd.) = 19.2x3.386 3.300 3.000 2,700 2.400 2,100 Mar. 23, 2020 Oct. 9, 2007 P/E (fwd.) = 13.3xMar. 24. 2000 P/E (fwd.) = 15.1x2.237 1,800 P/E (fwd.) = 25.2x1,565 1.527 1,500 Oct. 9, 2002 P/E (fwd.) = 14.1x1.200 Dec. 31, 1996 900 Mar. 9. 2009 P/E (fwd.) = 15.9xP/E (fwd.) = 10.4x600 '97 '00 '01 '07 '13 '16 '17 '19 '20

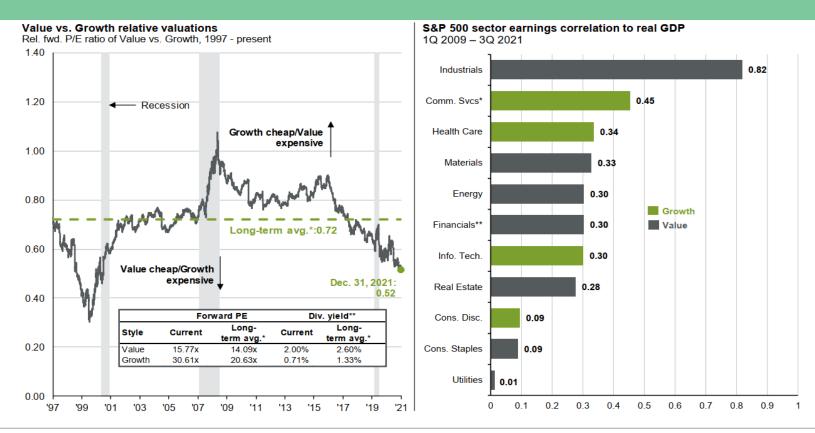


S&P500 Company Valuation Dispersion





Value vs. Growth





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Build Back Better

- Was passed by the House of Representatives on November 19, 2021 (220-213). Only 1 Democrat (Jared Golden of Maine) voted against it.
- Senator Joe Manchin of West Virginia has been the only Senate Democrat to show opposition to the bill and has refused to vote in favor of it in its current state.
- Democrats must have every Democrat vote in favor of this bill, as the Senate is currently at a 50-50 split with Republicans.
- Opponents have argued that while some of the bill is "wellintentioned" there are many aspects that are "over-reaching".



Eliminating the Filibuster

- In 2005, Senator Chuck Schumer said, "Eliminating the filibuster would be a doomsday for democracy."
- Now, Senator Schumer is saying the Senate will "debate and consider changes" by Jan. 17th to ensure passing Democrat's election reform bill, which include:
 - Restoring voting rights to convicted felons
 - Requiring states to offer mail-in voting
 - Mandate 2 weeks of early voting
- Senator's Joe Manchin (D., W.Va.) and Kyrsten Sinema (D., Ariz.) have openly opposed the elimination of the filibuster.
- These opposition of these 2 Senators has put a huge roadblock in the way of Senator Schumer's plans to eliminate the filibuster.



Midterm Election

- Election day is November 8, 2022
- A total of 469 seats in Congress are up for election:
 - 34 Senate seats
 - 14 Democrat
 - 20 Republican
 - All 435 House seats



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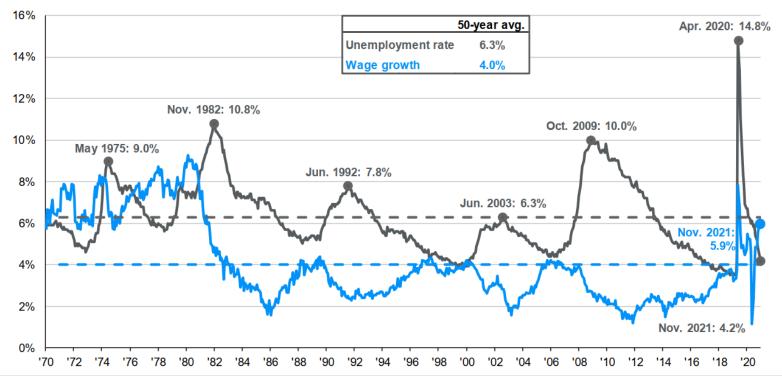
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Unemployment and Wages

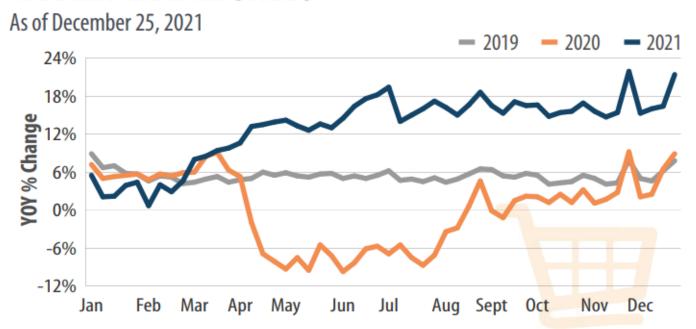
Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent



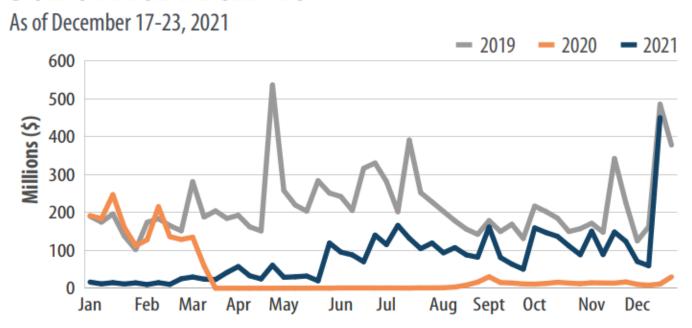
Retail Recovery

WEEKLY RETAIL SALES



The Box Office Boom

BOX OFFICE RECEIPTS



In Summary....

- COVID-19 pandemic has been an extraordinary challenge.
 - Although the country has rebounded well, this may go down in history as one of the worst public policy decisions ever.
- Politics continues to be a messy business. Deep divides now seem to be the norm.
- Fiscal policy high levels of government spending can be good or bad.
 - Family stimulus checks, low interest forgivable business loans, and extended unemployment benefits may have saved the country from a depression.
 - But the current proposed massive spending seems to have political motives rather than an economic rescue objective.

The Proper Perspective

- Yet, through it all, the entrepreneurial spirit of America, free market incentives, and constant innovation have again prevailed.
- Family & corporate wealth have increased significantly, the economy is booming, and the future of the stock market continues to look positive.
- 2021 was better than expected even with all its troubles.
- 2022 A bumpy ride, but we'll be glad we stayed on the train.

Closing Message

USA Still the best country in the world!



Aspect Wealth Management

Investment Management

Active Management

Investment Research

Tax Efficiency

Education Funding

Financial Planning

Goals-based Planning

Benefit Coordination

Income Optimization

Social Security Analysis Risk Management

Asset Protection

Liability Insurance

Long Term Care Insurance

Life/Disability Insurance

Estate Planning

Document Review

Beneficiary Review

Proper Use of Trusts

Charitable Planning

Tax Planning

Deferral Techniques

Roth Conversions

CPA/Attorney Coordination

Loss Harvesting

Business Planning

401(k) Plan Design

Non-Purpose Lending

Succession Planning

Executive Retention



Our Team!



Michael Clark**
CIMA*, CRC*



Zachary Clark**
CFP®



Jane Weekley**
MBA



Denise Salzman**



Jenny Gelineau
Office Administrator



Evita Hernandez
Client Services



Ryan Blais
Client Services



Swaroopa Padala Operations Analyst



Jacqueline Clark
Event Coordinator

Thank You!

