

STIFEL

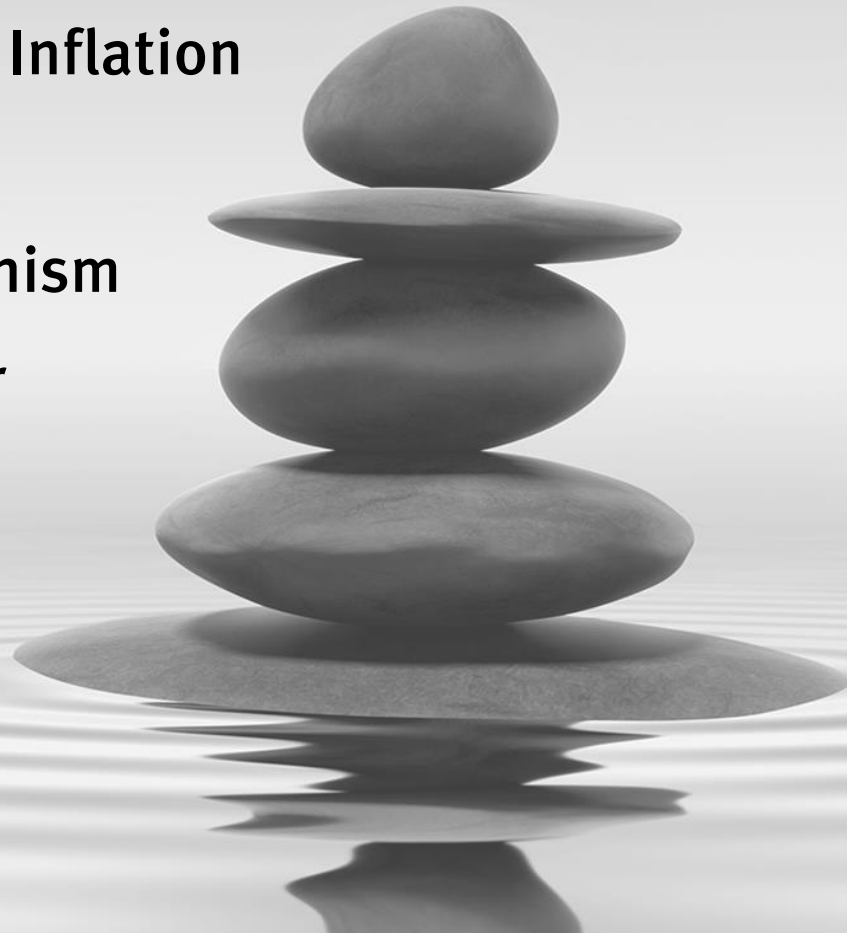
FAVORITE

15

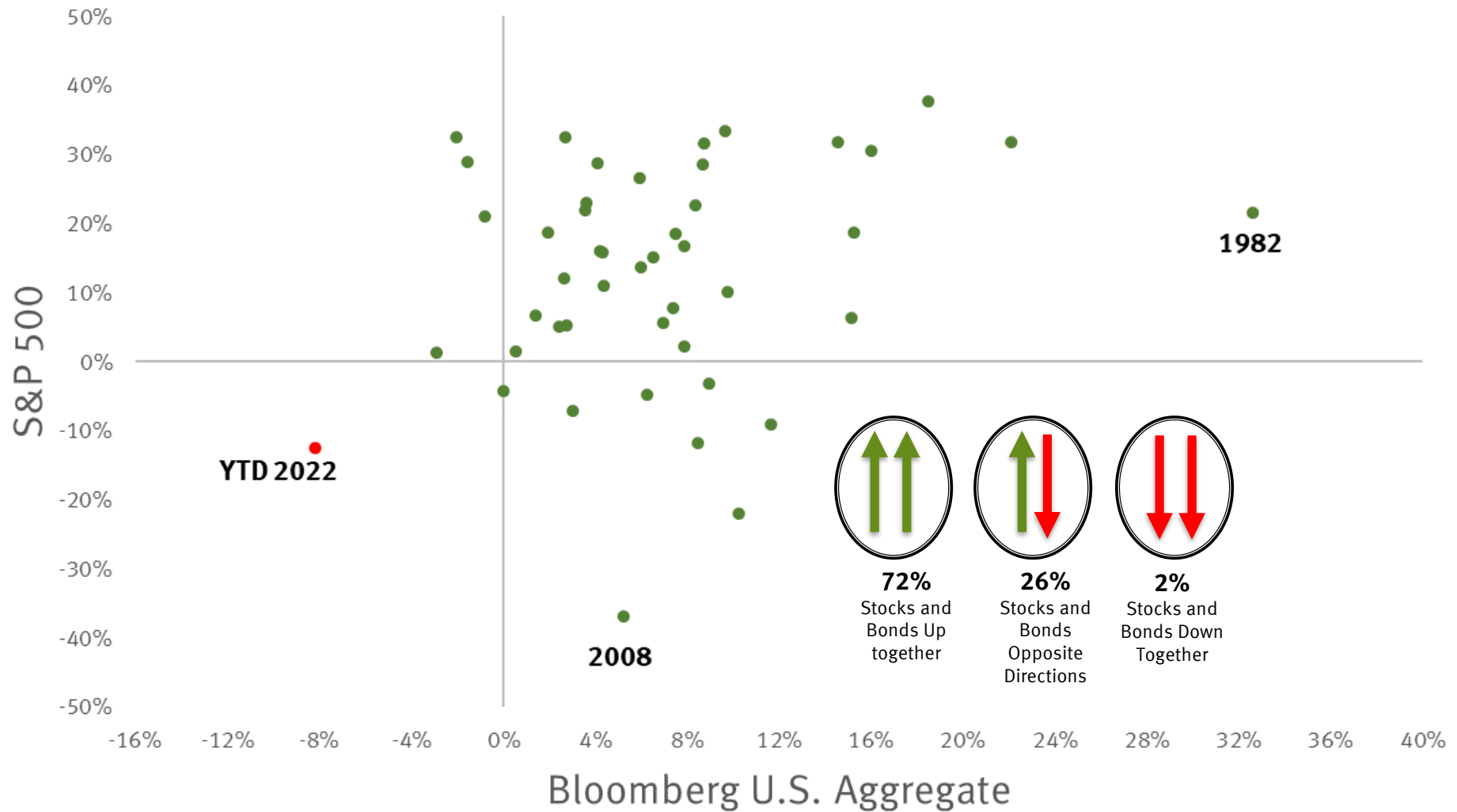
August 3, 2022

Insights From Stifel's CIO Office

- Pandemic and Shutdowns
- Federal Reserve (Fed) and Inflation
- Companies and Profits
- Geopolitics and Protectionism
- D.C. and Balance of Power

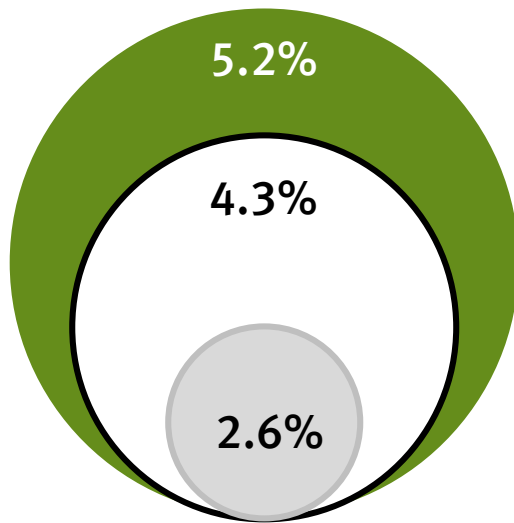




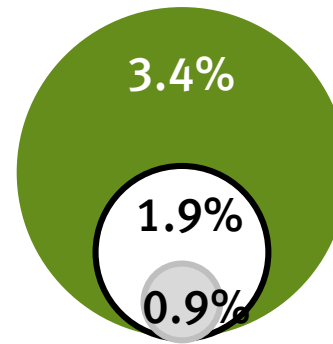


2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
5.2% U.S. Bonds	78.5% EM Equities	26.9% U.S. SC Equities	7.8% U.S. Bonds	18.2% EM Equities	38.8% U.S. SC Equities	13.2% U.S. LC Equities	0.9% U.S. LC Equities	21.3% U.S. SC Equities	37.3% EM Equities	1.8% Cash & Cash Eq.	31.4% U.S. LC Equities	21.0% U.S. LC Equities	26.5% U.S. LC Equities	0.2% Cash & Cash Eq.
1.8% Cash & Cash Eq.	57.5% High Yield	18.9% EM Equities	4.4% High Yield	17.3% Dev Int'l Equities	33.1% U.S. LC Equities	6.5% Moderate SAA	0.5% U.S. Bonds	17.5% High Yield	25.0% Dev Int'l Equities	0.0% U.S. Bonds	25.5% U.S. SC Equities	20.0% U.S. SC Equities	14.8% U.S. SC Equities	-8.2% U.S. Bonds
-18.6% Moderate SAA	31.8% Dev Int'l Equities	16.1% U.S. LC Equities	2.0% Moderate SAA	16.4% U.S. LC Equities	22.8% Dev Int'l Equities	6.0% U.S. Bonds	0.0% Cash & Cash Eq.	12.1% U.S. LC Equities	21.7% U.S. LC Equities	-2.3% High Yield	22.0% Dev Int'l Equities	18.3% EM Equities	11.3% Dev Int'l Equities	-8.9% High Yield
-26.4% High Yield	28.4% U.S. LC Equities	15.2% High Yield	1.5% U.S. LC Equities	16.4% U.S. SC Equities	13.8% Moderate SAA	4.9% U.S. SC Equities	-0.3% Moderate SAA	11.2% EM Equities	14.6% U.S. SC Equities	-4.0% Moderate SAA	18.5% Moderate SAA	12.4% Moderate SAA	9.7% Moderate SAA	-11.2% Moderate SAA
-33.8% U.S. SC Equities	27.2% U.S. SC Equities	10.9% Moderate SAA	0.1% Cash & Cash Eq.	15.6% High Yield	7.4% High Yield	2.5% High Yield	-0.8% Dev Int'l Equities	6.8% Moderate SAA	13.4% Moderate SAA	-4.8% U.S. LC Equities	18.4% EM Equities	7.8% Dev Int'l Equities	5.4% High Yield	-13.6% U.S. LC Equities
-37.6% U.S. LC Equities	21.0% Moderate SAA	7.8% Dev Int'l Equities	-4.2% U.S. SC Equities	10.8% Moderate SAA	0.0% Cash & Cash Eq.	0.0% Cash & Cash Eq.	-4.4% U.S. SC Equities	2.6% U.S. Bonds	7.5% High Yield	-11.0% U.S. SC Equities	14.4% High Yield	7.5% U.S. Bonds	0.0% Cash & Cash Eq.	-15.4% U.S. SC Equities
-43.4% Dev Int'l Equities	5.9% U.S. Bonds	6.5% U.S. Bonds	-12.1% Dev Int'l Equities	4.2% U.S. Bonds	-2.0% U.S. Bonds	-2.2% EM Equities	-4.6% High Yield	1.0% Dev Int'l Equities	3.5% U.S. Bonds	-13.8% Dev Int'l Equities	8.7% U.S. Bonds	6.2% High Yield	-1.5% U.S. Bonds	-15.6% Dev Int'l Equities
-53.3% EM Equities	0.1% Cash & Cash Eq.	0.1% Cash & Cash Eq.	-18.4% EM Equities	0.1% Cash & Cash Eq.	-2.6% EM Equities	-4.9% Dev Int'l Equities	-14.9% EM Equities	0.3% Cash & Cash Eq.	0.8% Cash & Cash Eq.	-14.6% EM Equities	2.2% Cash & Cash Eq.	0.5% Cash & Cash Eq.	-2.5% EM Equities	-17.8% EM Equities

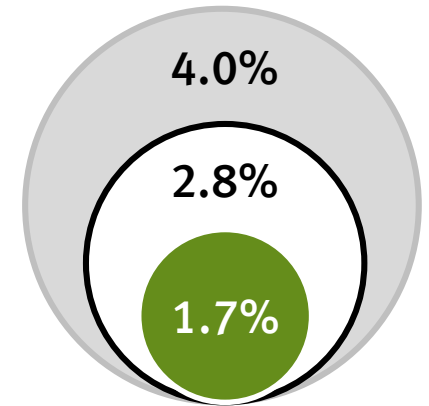
PCE Inflation
(% Change 4Q/4Q)



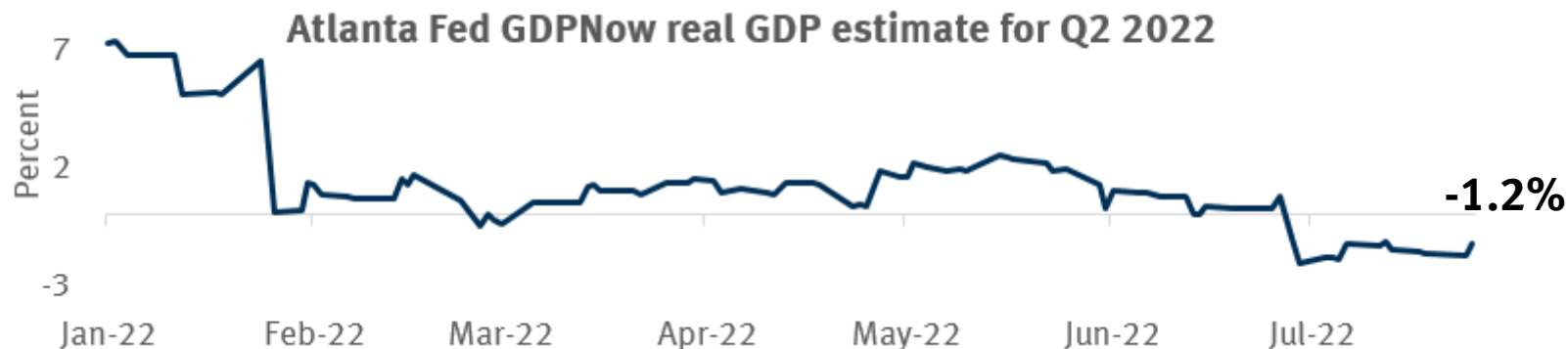
Federal Funds Rate



Real GDP
(% Change 4Q/4Q)



- December 2021 Projection
- March 2022
- June 2022



U.S. GDP	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	2020	2021	2022	2023
Consensus Estimates	2.3	6.9	-1.6	-0.9	1.7	0.7	-3.4	5.7	2.0	1.3
Stifel*	5.0	3.2	1.2	0.5	0.8	-2.1	-3.5	5.3	-0.6	0.4
Goldman Sachs	3.3	7.0	1.5	0.7	1.8	0.8	-3.4	5.7	1.9	1.2
Capital Economics	2.6	4.5	1.2	1.2	0.9	1.1	-3.5	5.7	2.0	1.2
Strategas	2.0	5.7	1.0	-0.5	1.0	1.0	-3.2	5.6	1.6	0.7
UBS	3.4	6.1	1.5	-0.8	2.3	2.0	-3.5	5.6	1.8	1.4
Wells Fargo	3.0	5.9	0.6	0.2	1.6	0.7	-3.5	5.6	1.8	-0.3
Bloomberg Economics	3.5	5.0	1.2	1.0	1.5	1.4	-3.5	5.6	2.0	0.8
Barclays	3.0	5.5	1.5	-0.4	1.0	1.0	-3.5	5.6	1.7	0.6
JPMorgan Chase	3.0	7.0	1.1	0.7	1.0	1.5	-3.5	5.7	1.9	1.3
Bank of America ML	4.5	6.0	1.0	-1.5	-0.5	-2.0	-3.5	5.6	1.1	-0.2
Federal Reserve**							-2.4	5.5	1.7	1.7

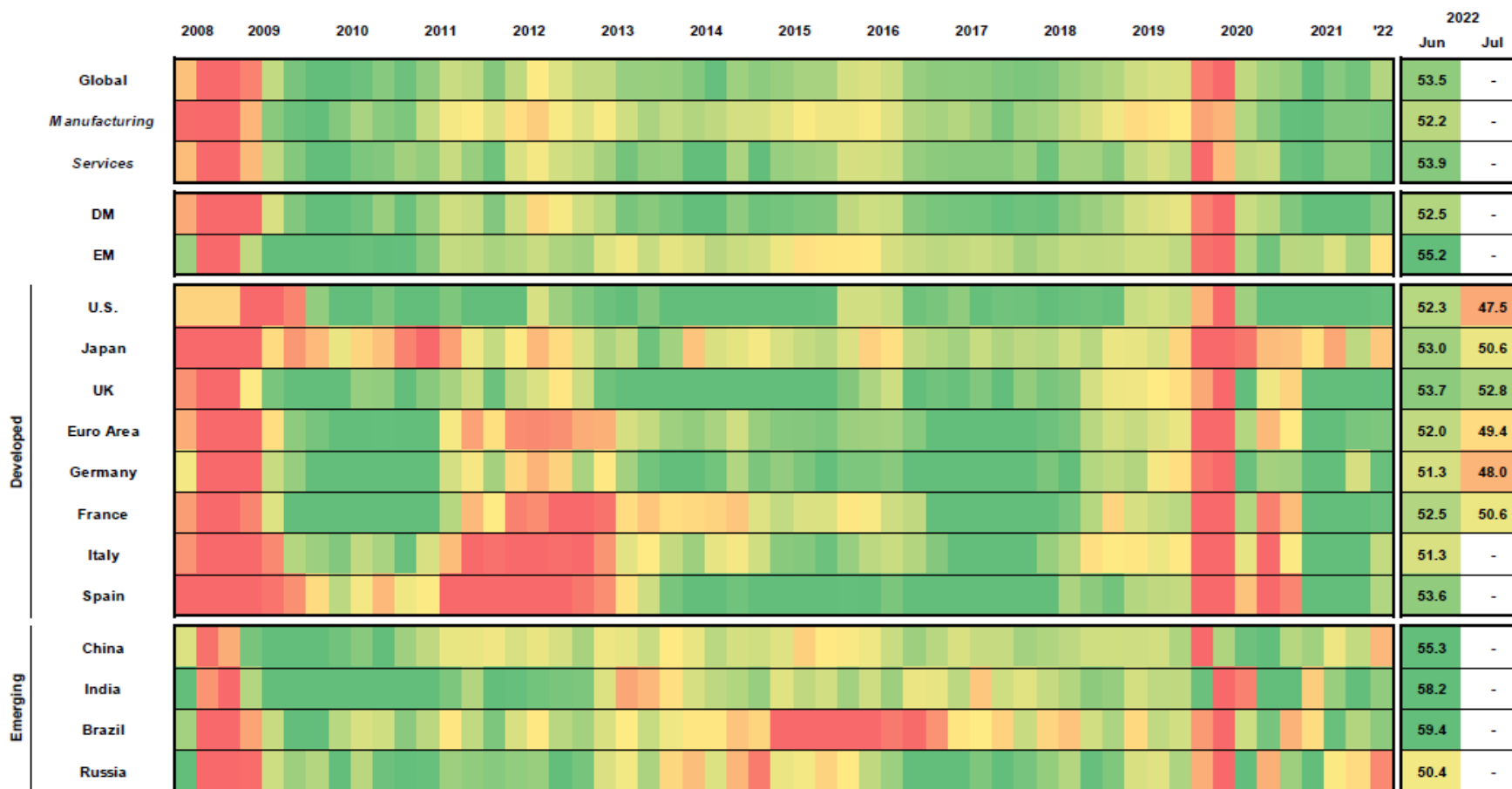
Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively.

*Based on Stifel sell-side Economics department estimates. **Percent change from fourth quarter to fourth quarter one year ago.

Source: Stifel Investment Strategy data via Bloomberg, as of July 29, 2022. Federal Reserve estimates are as of June 15, 2022.

Figures in grey areas under "Consensus Estimates" represent reported results.

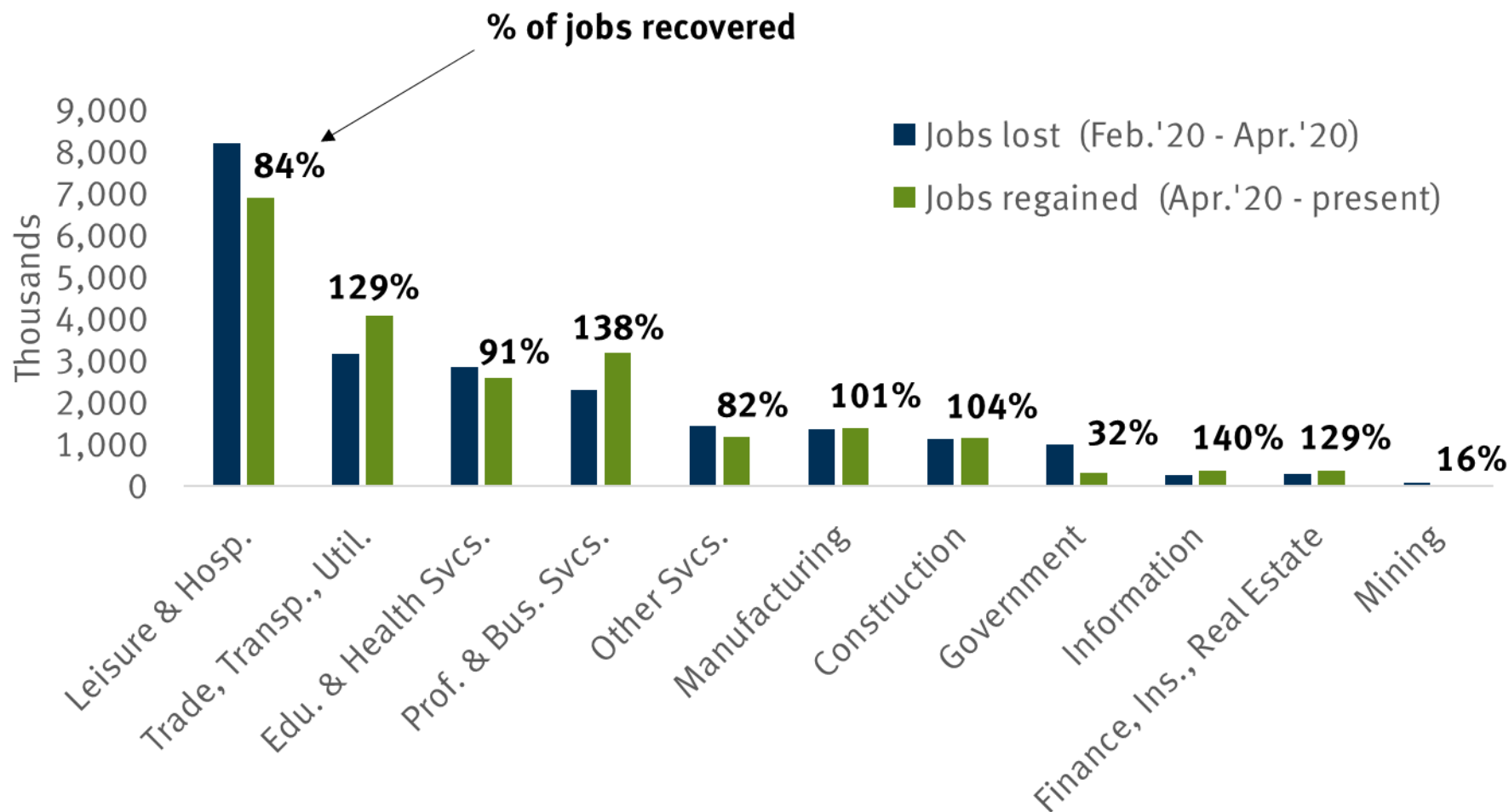
Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



Source: Markit, J.P. Morgan Asset Management.

The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in from December 2007 to September 2009 due to lack of existing PMI figures. DM and EM represent developed markets and emerging markets, respectively.

Guide to the Markets – U.S. Data are as of July 31, 2022.



Source: Stifel Investment Strategy data via Bloomberg, as of July 15, 2022

*The Consumer***0.7%**

**Consumers' Contribution
to quarterly GDP**
1 year ago: 7.9%

8.4%

Retail Sales
1 year ago: 19.6%

5.1%

Savings Rate

1 year ago: 9.5%

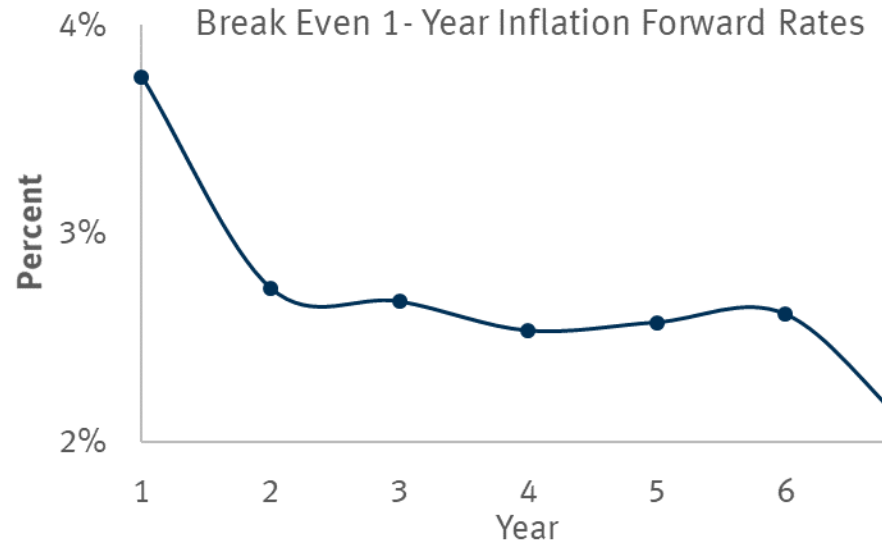
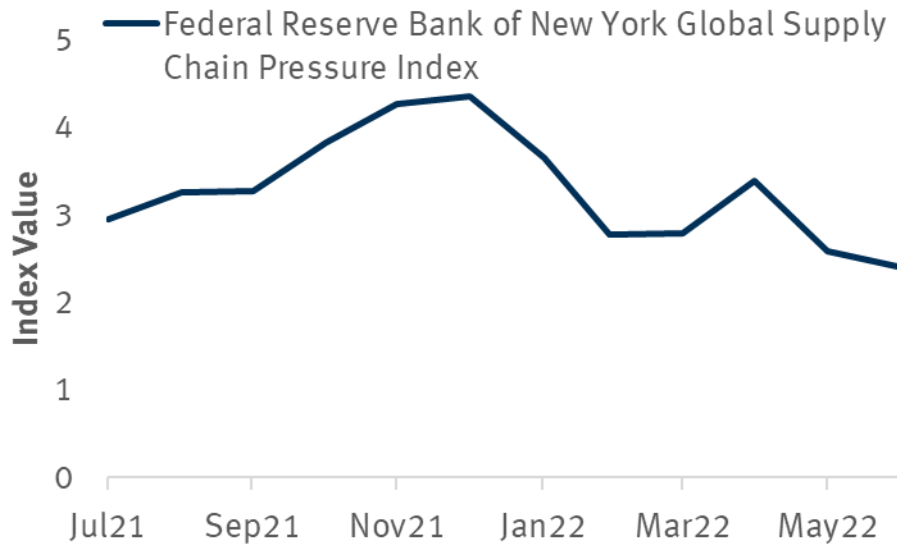
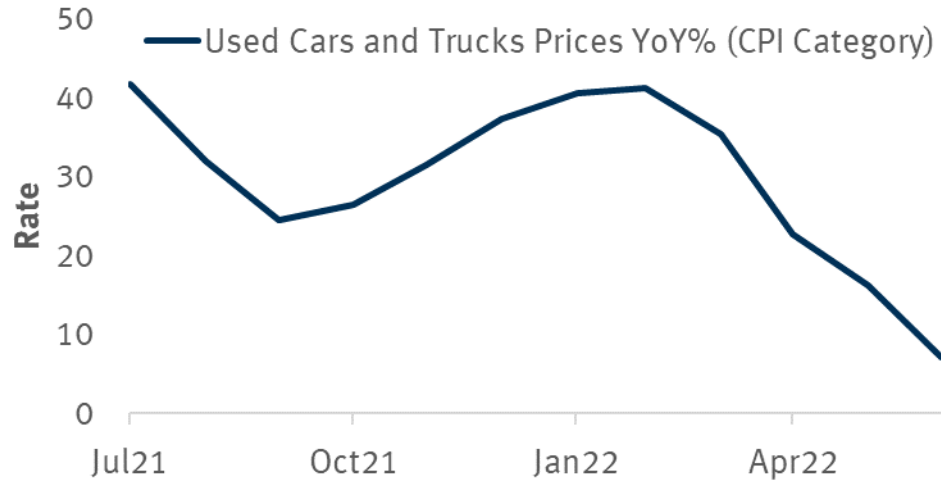
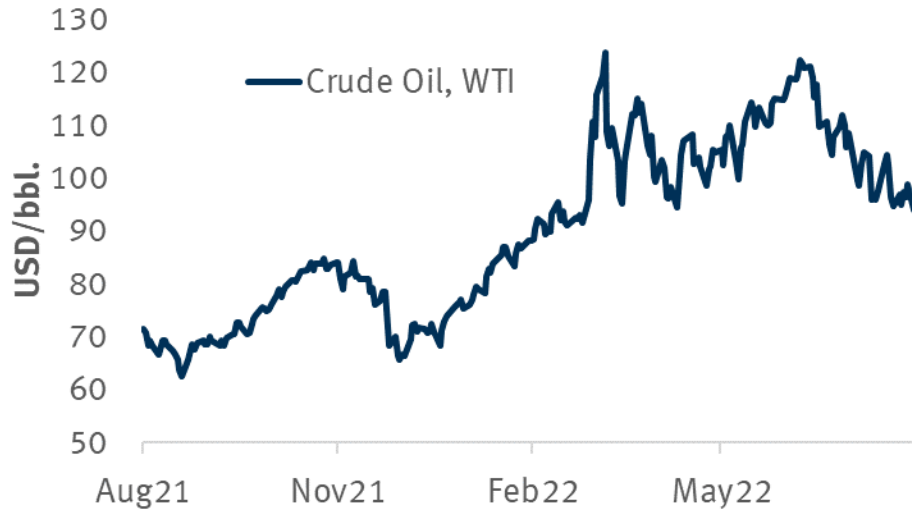
3.6%

Unemployment Rate

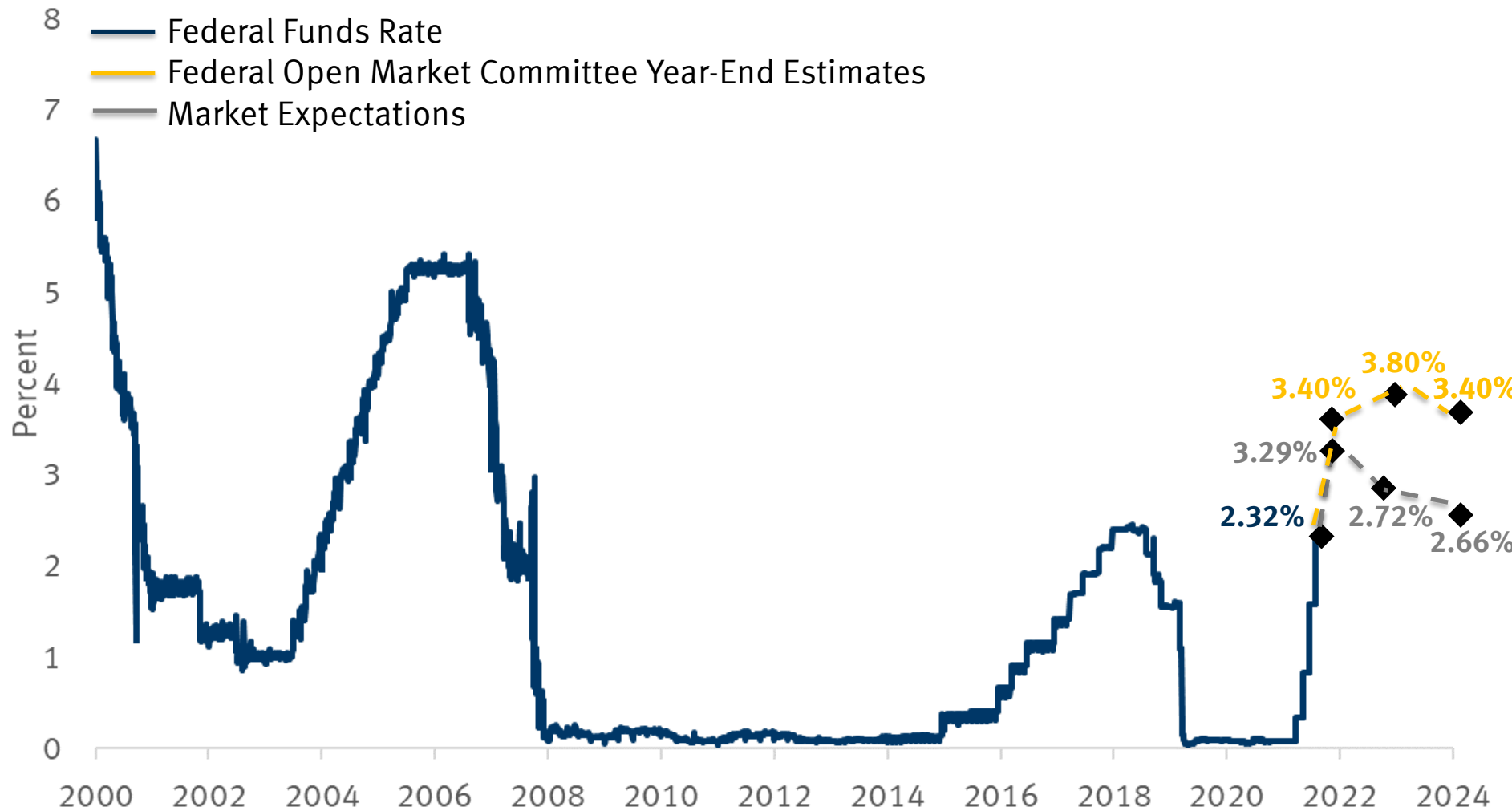
1 year ago: 5.9%

Source: Stifel Investment Strategy data via Bloomberg, as of August 1, 2022





Source: Stifel Investment Strategy data via Bloomberg, as of August 1, 2022

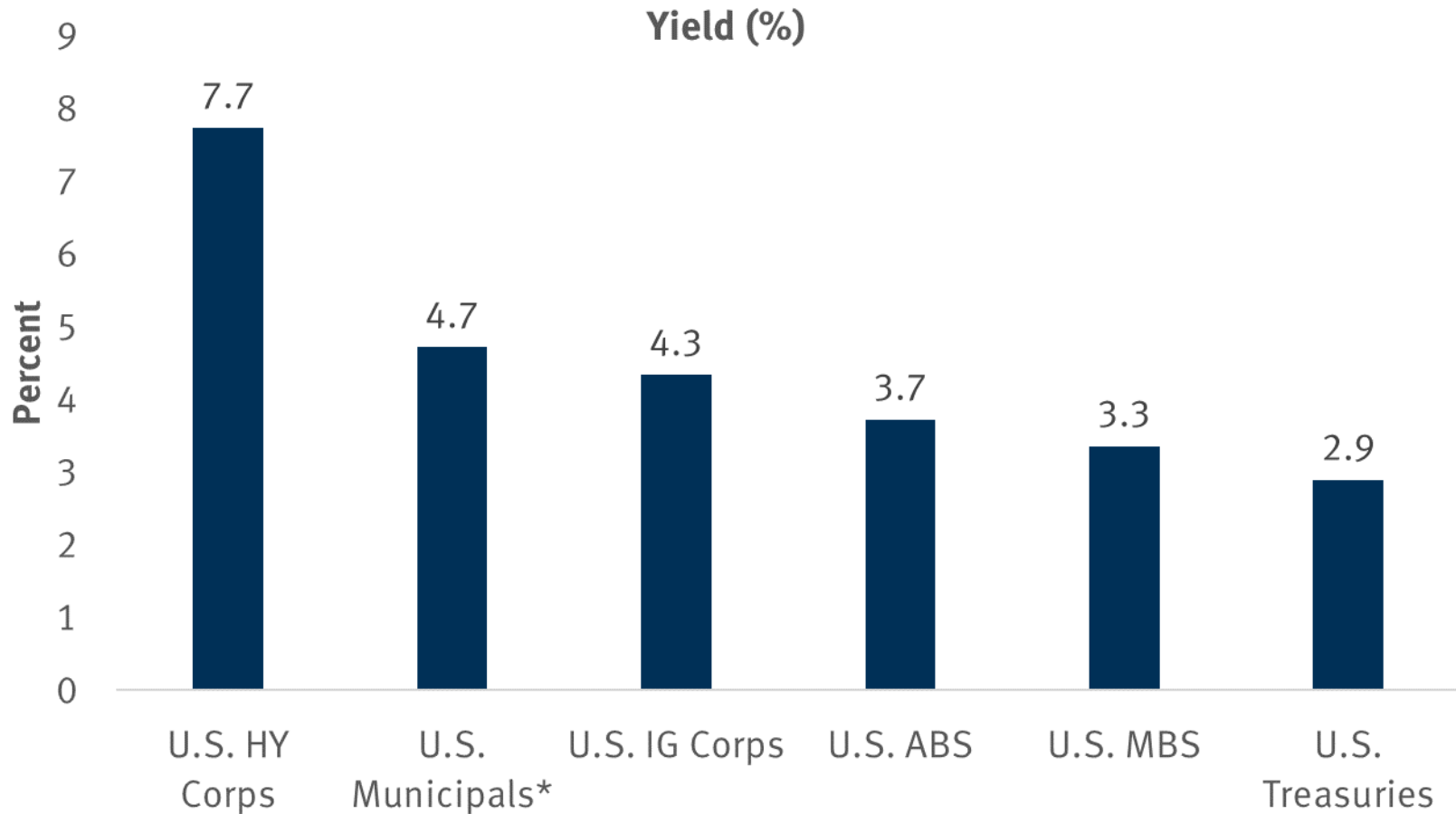


Source: Stifel Investment Strategy data via Bloomberg, as of August 1, 2022

Recession-Recovery Dashboard	
Financial	Yield Curve
	Credit Spreads
	Money Supply
Inflation	Wage Growth
	Commodities
	Inflation (PCE)
Consumer	Housing Starts
	Jobless Claims
	Retail Sales
	Job Sentiment
Business Activity	ISM New Orders
	Profit Margins
	Truck Shipments

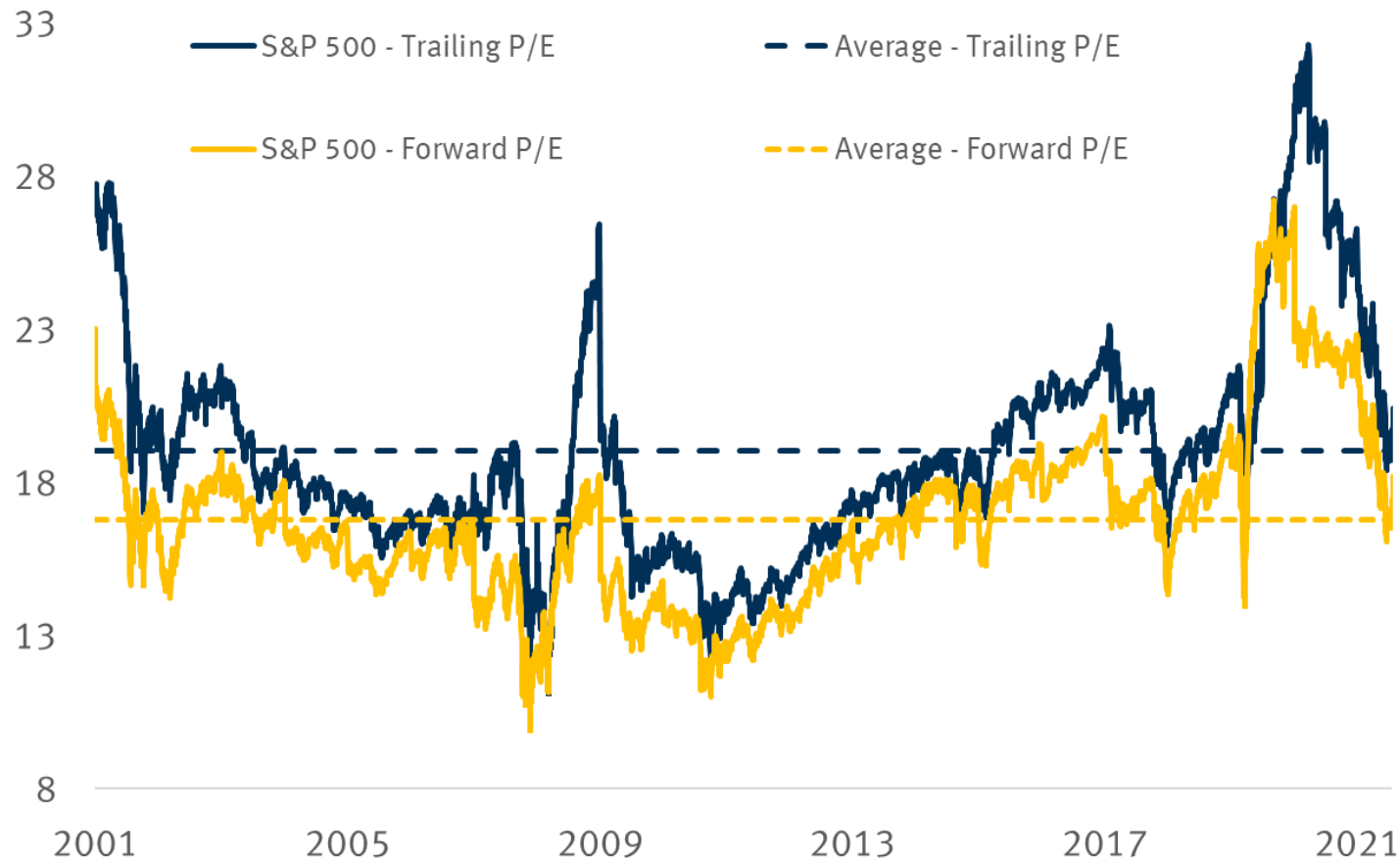
Expansion
Caution
Recession

- Flatter yield curve often signals economic growth slowdown
- Credit spreads have widened out and are now slightly above historic average levels.
- Money supply growth has been normalizing.
- Wage growth pressures have eased slightly but are still elevated.
- Commodity prices have eased but are still above our neutrality levels.
- Prices remain stubbornly high both due to structural and cyclical factors.
- Housing starts are elevated on historically low real estate inventory and demand despite significant movement in mortgage rates.
- Jobless claims remain subdued on solid hiring.
- Growth in retail sector is positive despite a shift from goods to services spending.
- More people have been quitting jobs, as leverage has shifted from employers to employees
- ISM Manufacturing New Orders contracted, however services are still expansionary.
- Profit margins remain historically high, but risks are meaningful on price pressures.
- Truck shipments indicate modest relief in supply chain pressures.

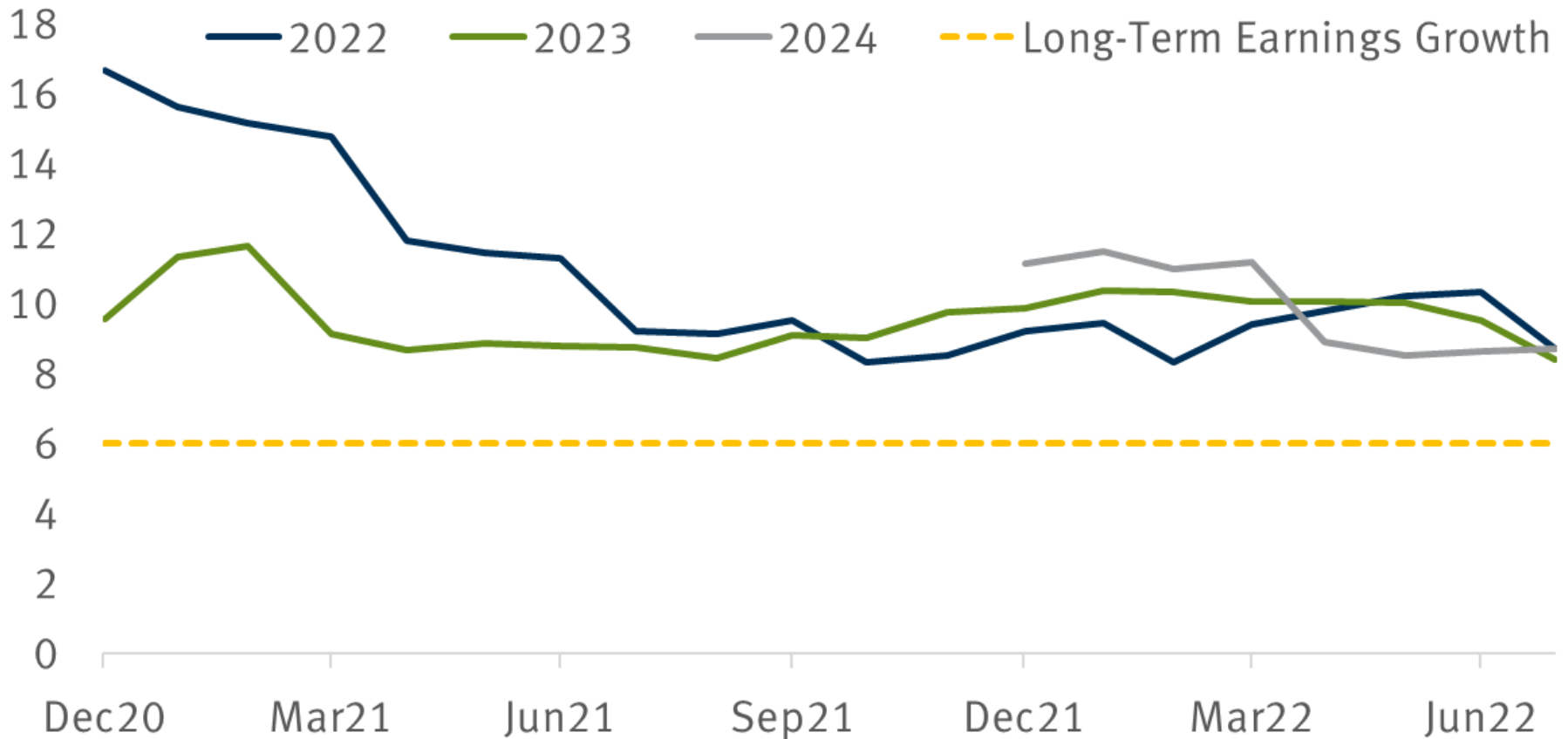


Read: Risks to the Stock Market

S&P 500 P/E Ratios











Estimated Yearly Earnings Growth %



Source: Stifel Investment Strategy via FactSet, as of August 1, 2022

INDEX DESCRIPTIONS

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

-  **Cash & Cash Equivalents** – represented by the Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index, which measures the performance of Treasury securities and is selected by a Market Value process. Cash & Cash equivalents are high quality, highly liquid investment securities with a very short-term maturity (less than three months), including Treasuries and money market holdings.
-  **U.S. Bonds** – The Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index consisting of most U.S.-traded investment grade bonds. Municipal bonds and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. It is an intermediate term index and includes Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S. Bonds. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall.
-  **High Yield Bonds** – represented by the ICE BofAML High Yield Index, which is a market value-weighted index of all domestic and yankee (bonds denominated in U.S. dollars and issued in the U.S. by foreign entities) high yield bonds, including deferred interest bonds and payment-in-kind securities. High yield bonds are debt securities with a speculative (below investment grade) credit rating. “Junk” or high-yield bonds offer investors higher yields to compensate for a higher risk of default.
-  **U.S. Large Cap Equities** – represented by the Russell 1000 Index, which consists of the largest 1000 companies in the U.S. equity market (represented by the Russell 3000, or 3000 of the largest U.S. stocks). The index typically encompasses approximately 90% of the total market capitalization of all listed U.S. stocks.
-  **U.S. Small Cap Equities** – represented by the Russell 2000 Index, which consists of the 2000 smallest-cap American companies in the U.S. equity market (represented by the Russell 3000, or 3000 of the largest U.S. stocks). Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.
-  **Developed International Equities** – represented by the MSCI EAFE Index (Europe, Australasia, and the Far East), which is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. Developed international equities are the equity securities of developed countries outside of the United States. Generally “developed” countries are defined as those included in the MSCI EAFE Index. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events.
-  **Emerging Market Equities** – represented by the MSCI EM (Emerging Markets) Europe, Middle East and Africa Index, which is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East & Africa. Emerging market equities are the equity securities of emerging and frontier markets throughout the world. These markets are primarily found in Latin America, Eastern Europe, Africa, the Middle East, and the Far East. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.
-  **Moderate SAA** – represents Stifel’s strategic asset allocation for a moderate risk profile. A Moderate investor values reducing risks and enhancing returns equally. This investor is willing to accept modest risks to seek higher long-term returns. A Moderate investor may endure a short-term loss of principal and lower degree of liquidity in exchange for long-term appreciation. The allocation consists of: Cash & Cash Equivalents = 2%, U.S. Fixed Income = 44%, High Yield Fixed Income = 4%, U.S. Large Cap Stocks = 27%, U.S. Mid Cap Stocks = 5%, U.S. Small Cap Stocks = 3%, International Developed Equity = 12%, Emerging Markets Equity = 3%.

Indexes are unmanaged, do not reflect fees or expenses, and are not available for direct investment.

Additional information is available upon request. The information and statistical data contained herein have been obtained from sources we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to any changes in figures, our views, or the views of our correspondent sources. This is not a solicitation of any order to buy or sell.

INDEX DESCRIPTIONS CONTINUED

U.S. Corp IG Bonds is represented by the Bloomberg Barclays U.S. Corporate Bond Index, comprised of the investment grade, fixed-rate, taxable corporate bond market.

High-Yield Bonds is represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, comprised of U.S. dollar-denominated high-yield, fixed-rate corporate bond market securities.

U.S. LC (Large Cap) equities is represented by Russell 1000 Index, comprised of 1,000 of the largest U.S. securities based on a combination of their market cap and current index membership.

U.S. SC (Small Cap) equities is represented by the Russell 2000 Index, comprised of 2,000 of the smallest U.S. securities based on a combination of their market cap and current index membership.

Dev International Equities is represented by the MSCI EAFE Index, comprised of equity securities that belong to markets outside of the U.S. and Canada.

EM Equities is represented by the MSCI EM Index, comprised of equity securities that belong to emerging markets.

Moderate Bench stands for moderate benchmark portfolio return, which is a blended portfolio of stocks (60% weight, represented by MSCI AC World Index) and bonds (40% weight, represented by Bloomberg Barclays U.S. Agg Gov/Credit).

MSCI AC World Index is comprised of equity securities belonging to 23 developed markets and 24 emerging markets countries.

Bloomberg U.S. Government/Credit Bond Index is comprised of investment-grade, dollar-denominated, fixed-rate Treasuries, government-related, and corporate securities.

KBW Restoration Index is composed of 13 high-frequency economic indicators. These indicators include those with longer histories (initial jobless claims, MBA mortgage applications, and steel production) along with newly developed gauges tracking mobility, dining reservations, and airport traffic, among others. KBW set each of the 13 indicators to 100 as of the end of February 2020, the official end of the longest economic cycle in U.S. history, and update the Index each week.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

DISCLOSURES

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

Alternative Investments or Non-Traditional Assets – Alternative investments may include, but are not limited to: Real Estate Investment Trusts (REITs), Commodities, Futures, Hedge Funds, Venture Capital, Limited Partnerships, etc.

Real Estate – When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Commodities and Futures – The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.



DISCLOSURES CONTINUED

Hedge Funds – Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

Venture Capital – Venture capital investments involve substantial risks. The risks associated with investing in companies in the start-up or expansion stages of development are greater than those of companies in later stages, because the companies' business concepts generally are unproven and the companies have little or no track record.

Limited Partnerships – Generally, limited partnership investments are suitable only for a narrow class of relatively sophisticated investors. Limited partnership investments may be speculative in nature and be subject to resale restrictions or illiquidity. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Bonds – When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds.

Duration – Duration is a measure of the sensitivity of the price – the value of principal – of a fixed income investment to a change in interest rates. Duration is expressed as a number of years.

Standard Deviation – Standard deviation is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

International and Emerging Markets – There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Private Equity – Private equity funds are not appropriate for all investors. Investors should be aware that private equity funds may contain speculative investment practices that can lead to a loss of the entire investment. Private equity funds may invest in entities in which no secondary market exists and, as such, may be highly illiquid. The funds are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information.

Short Positions – The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral and the manager might have to close out that short position at an inopportune time to limit any further losses.

Small Company Securities – Small company securities are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.

Michael O’Keeffe, CFA

Chief Investment Officer

Nik Eftimov, CFA

*Director, Investment Management
& Guidance*

Sneha Jose

Director of Behavioral Finance

Carlos Mieles, CFA

Investment Strategist

Brian Moody

Investment Strategist

David Motsonelidze, CFA

Director of Macro Strategy

Arnez Rodriguez

Investment Strategist

Dori Schwartz

Portfolio Solutions Specialist