

FAVORITE

15

February 25, 2022

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Insights from Stifel’s CIO Office



*Performance***2021/2022**

Index	2021 1 st Half	2021 2 nd Half	2021 Full Year	2022 YTD
S&P 500 Index	15.2%	11.7%	28.7%	-9.8%
S&P 500 Equal Weighted Index	19.2%	8.7%	29.6%	-7.2%
NYSE FANG+ Index	15.2%	2.2%	17.7%	-16.3%
Russell 2000 Index	17.5%	-2.3%	14.8%	-11.0%
MSCI EAFE Index	8.8%	2.2%	11.3%	-9.6%
MSCI EM Index	7.5%	-9.3%	-2.5%	-6.2%
Barclays U.S. Aggregate	-1.6%	0.1%	-1.5%	-4.1%

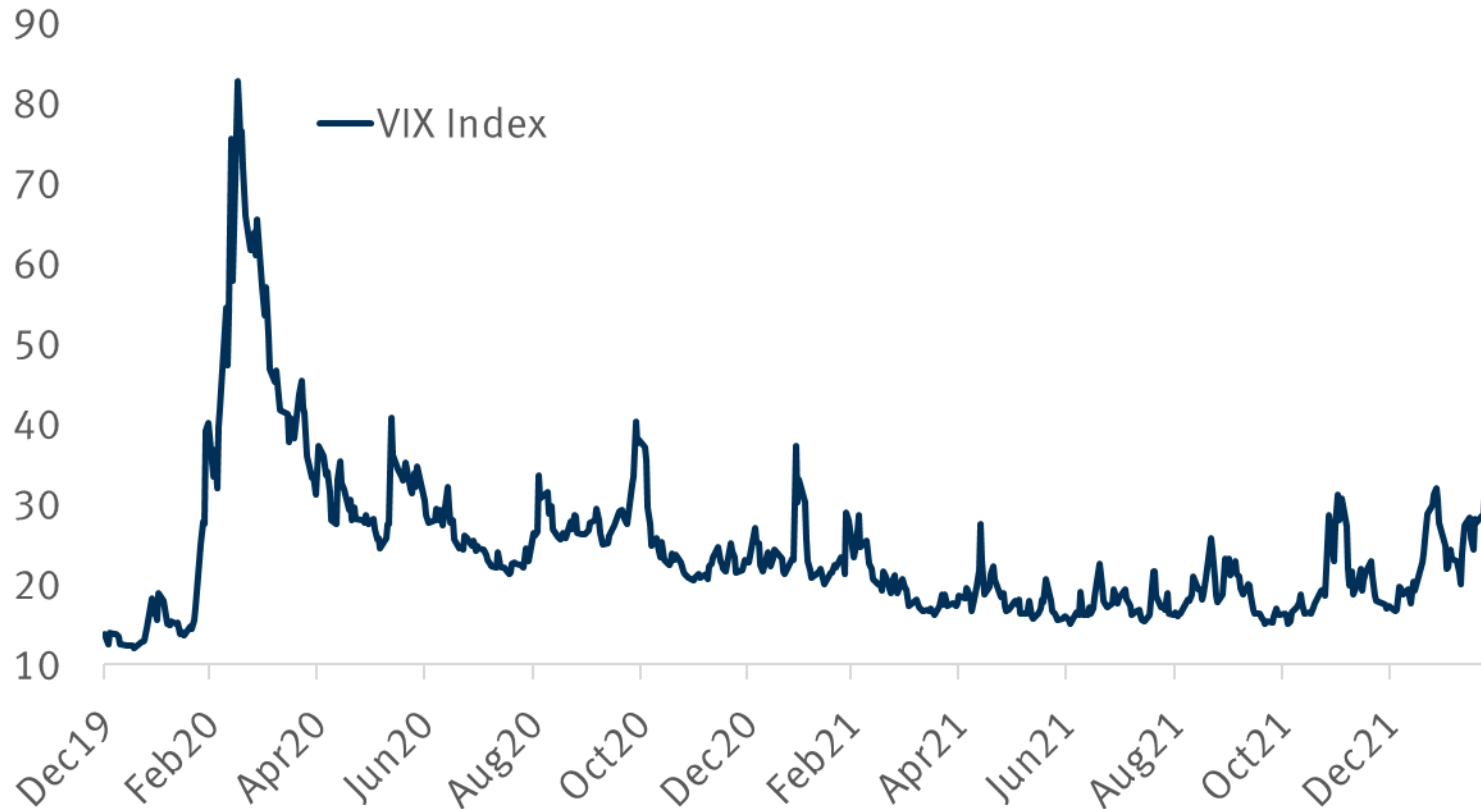
Source: Stifel Investment Strategy via Bloomberg, as of February 24, 2022

- Geopolitics, including DC tensions, midterms, and the Russian invasion of Ukraine;
- Higher rates and elevated inflation;
- A hawkish shift in Federal Reserve (Fed) policy, and uncertainty about how/when the Fed will act;
- Evidence the omicron wave is muting economic growth; and
- Investors selling equities as “fear” begins to dominate behavior.

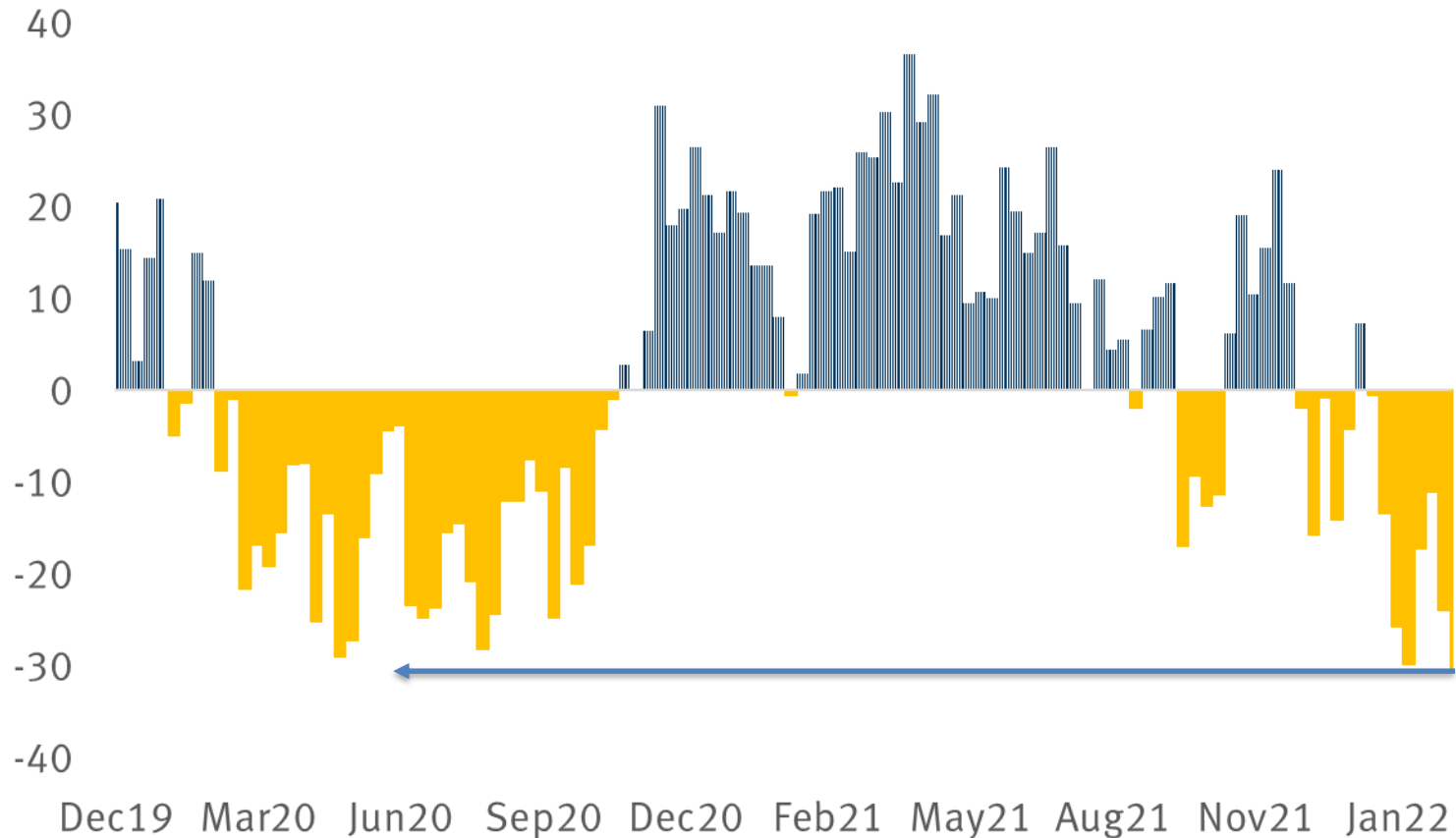


Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

Equity Market Volatility



Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

Weekly, AAI % bulls less % bears

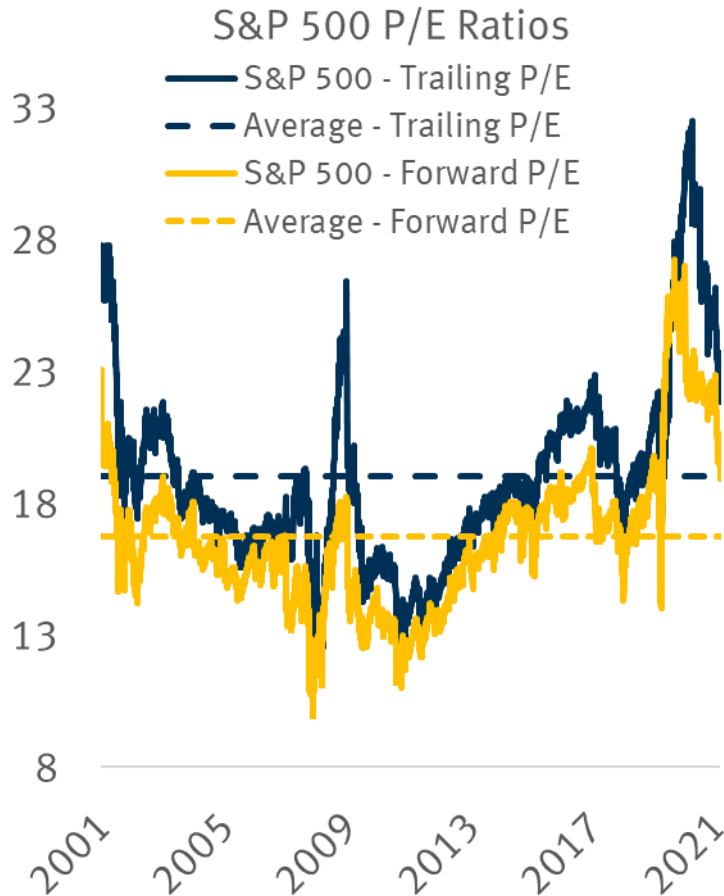
Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

Corrections and results from select big tech companies from 2007 to 2021

Company	Microsoft	Amazon	Alphabet	Netflix
Number of times in correction territory (drawdown of > 10%)	14	22	12	32
Cumulative Returns	1,441%	8,350%	1,139%	16,207%
Returns per annum	20%	34%	18%	40%

Source: Stifel Investment Strategy via Capital Group, Morningstar Direct. As of December 31, 2021. Corrections defined by share price decline of 10% or greater. Based on daily returns from 2007 to 2021.

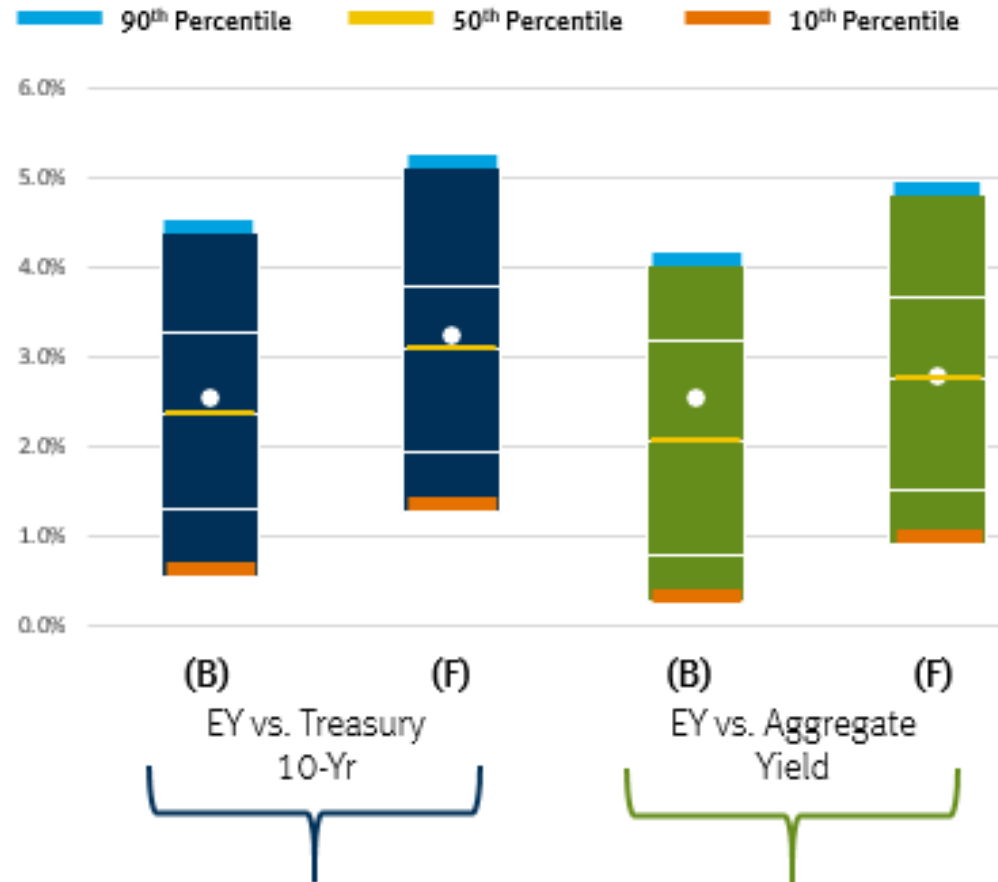
Market Sight/Lines – September 17, 2021



Source: Stifel Investment Strategy via Bloomberg, as of February 24, 2022

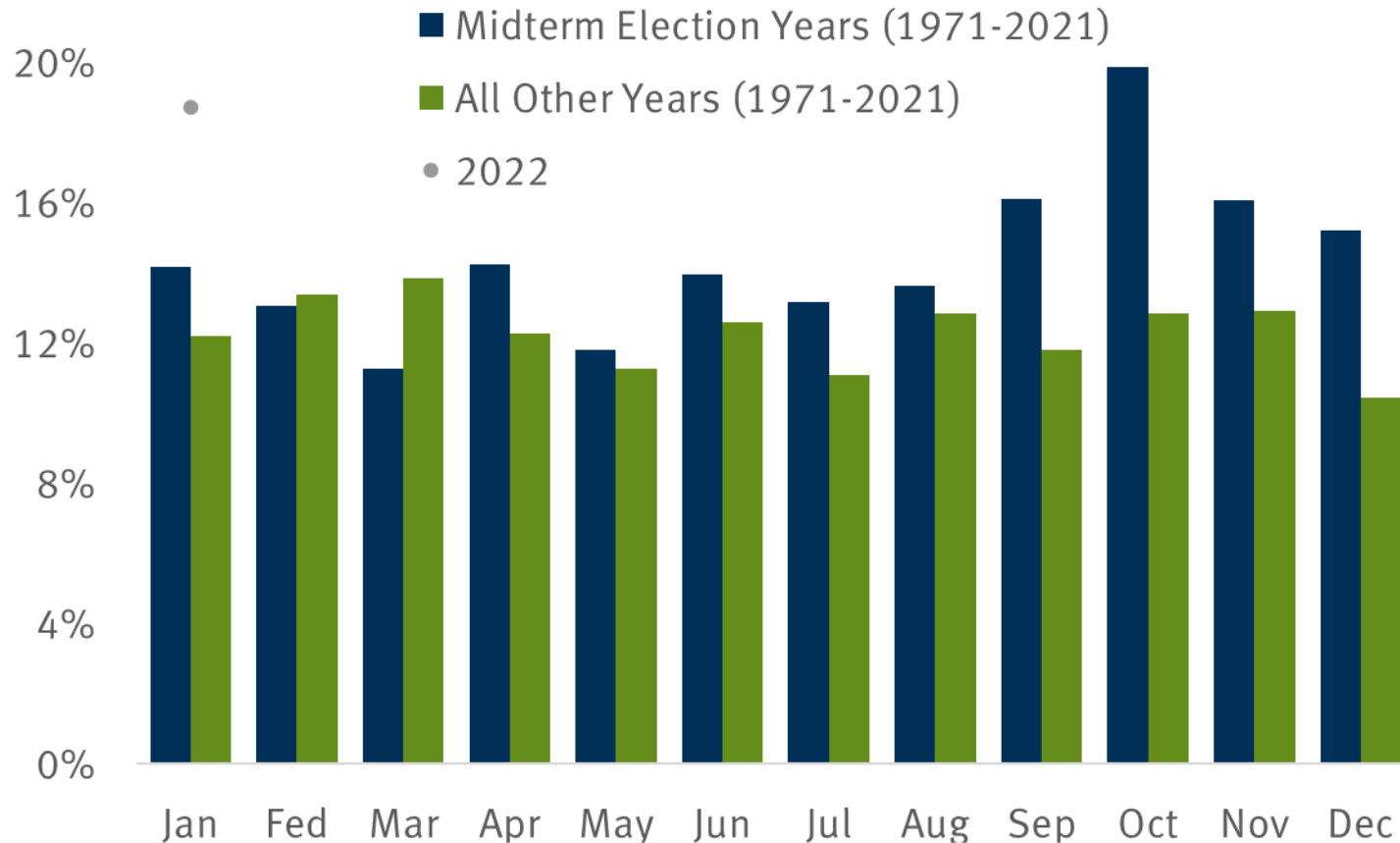


Excess Yields



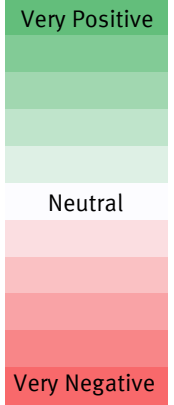
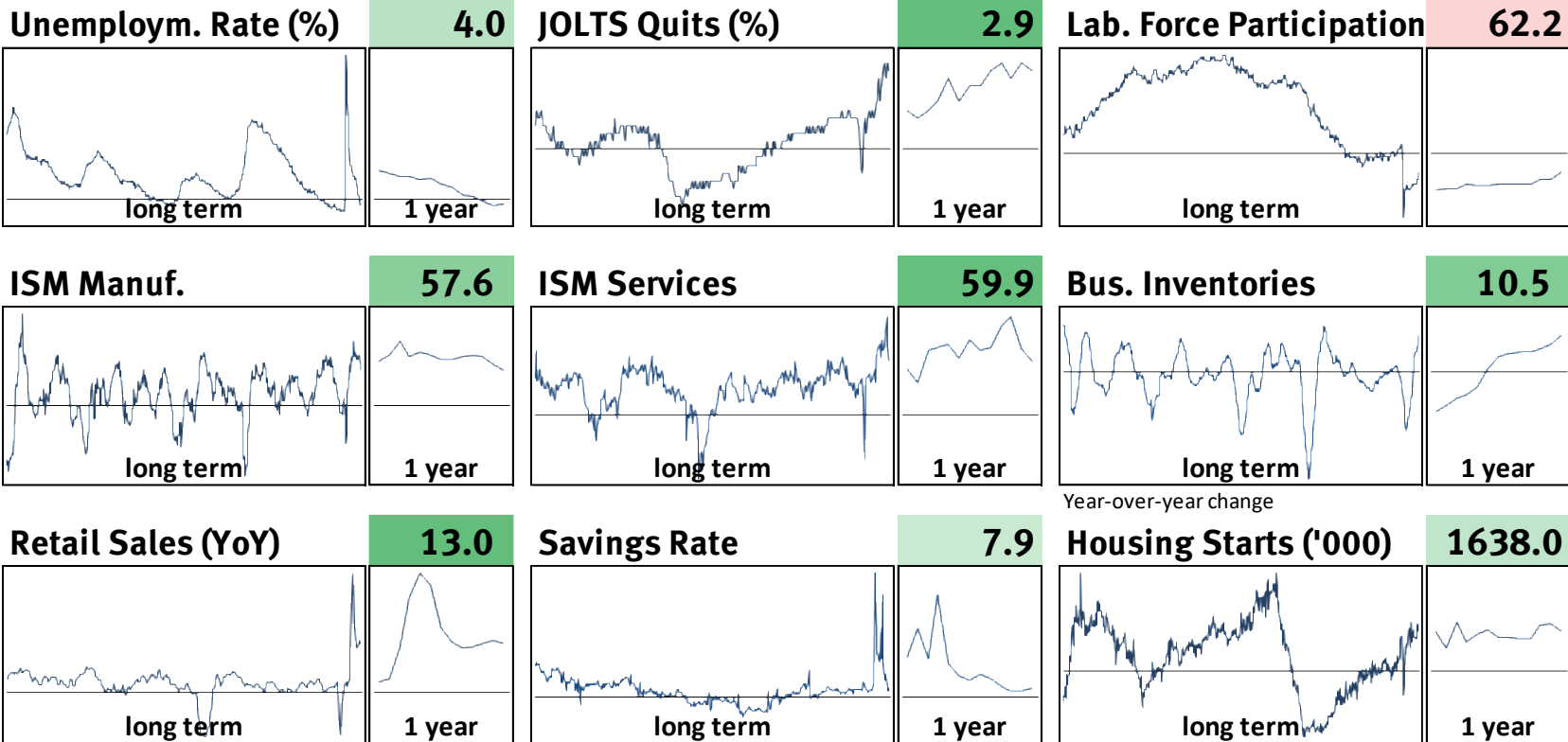
Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022.
 EY – Earnings Yield, (B) – Backward-Looking, (F) – Forward-Looking. Dots represents current values. Aggregate Bond Index is the Bloomberg U.S. Aggregate Bond Index.

S&P 500 - Annualized Monthly Volatility



Source: Stifel Investment Strategy via Bloomberg, as of February 24, 2022
 Volatility is calculated based on the standard deviation of daily returns for each individual month using 252 trading days a year. The median volatility for each month is displayed.

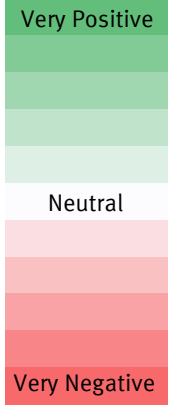
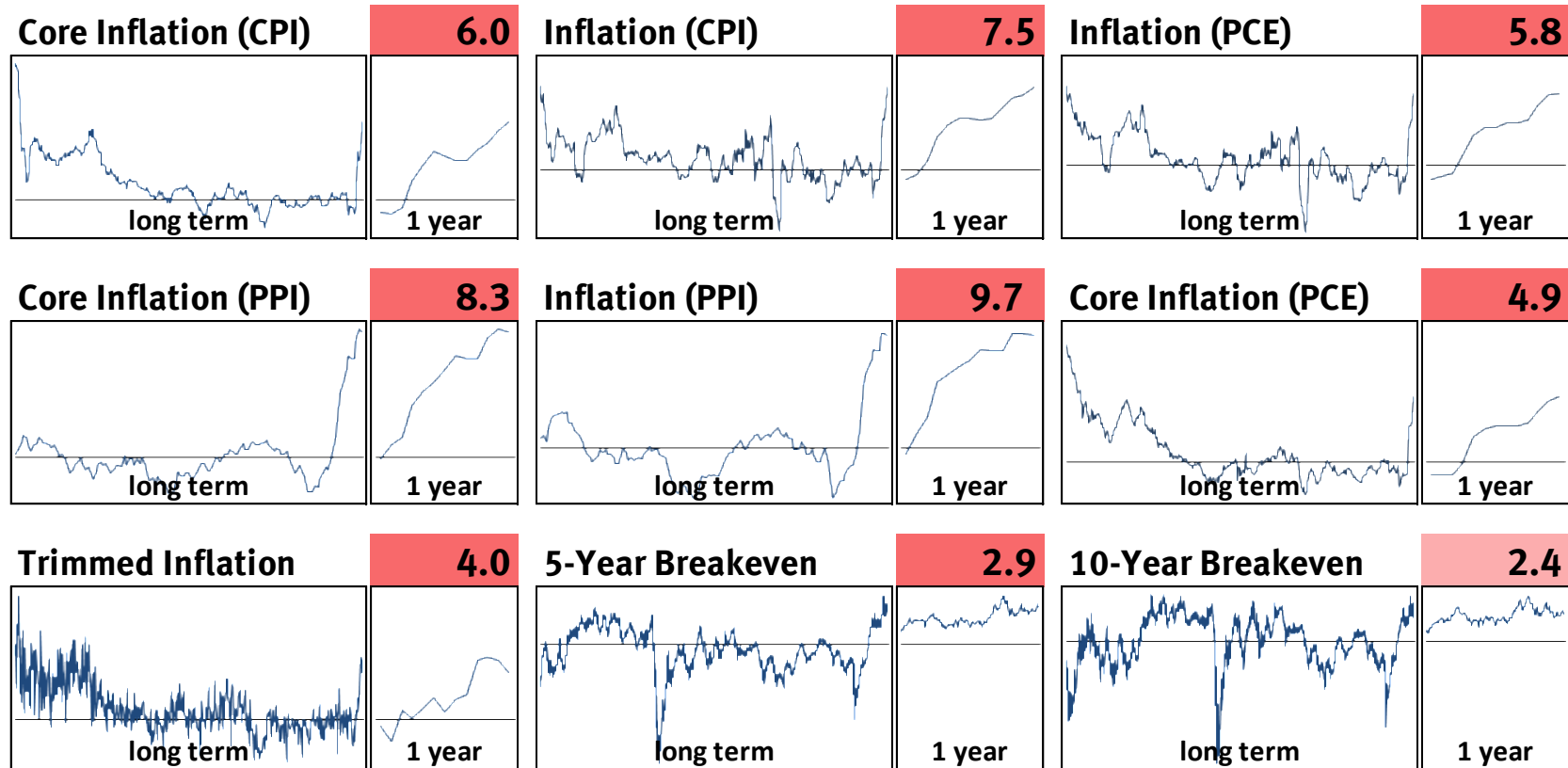
The Economy



Year-over-year change

Source: Stifel Investment Strategy via Bloomberg, as of February 18, 2022

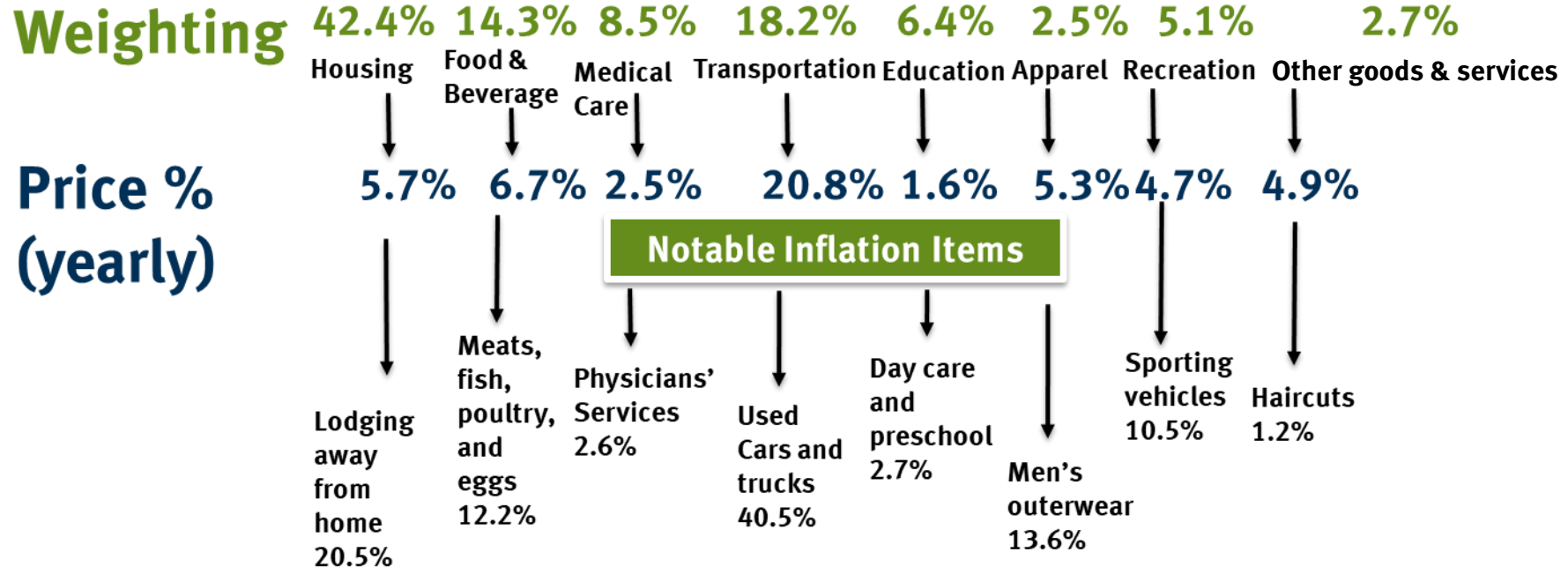
Inflation



All Inflation numbers reflect percent year-over-year changes.

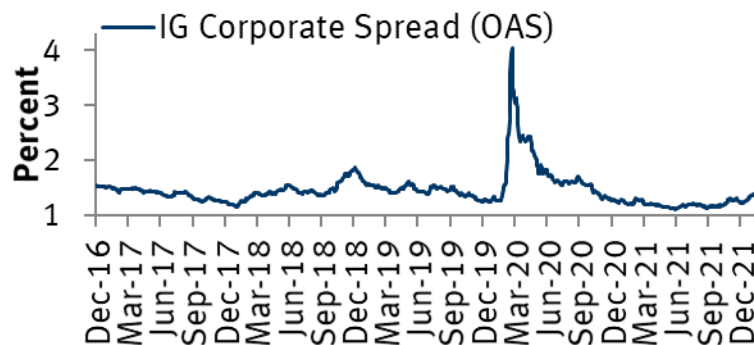
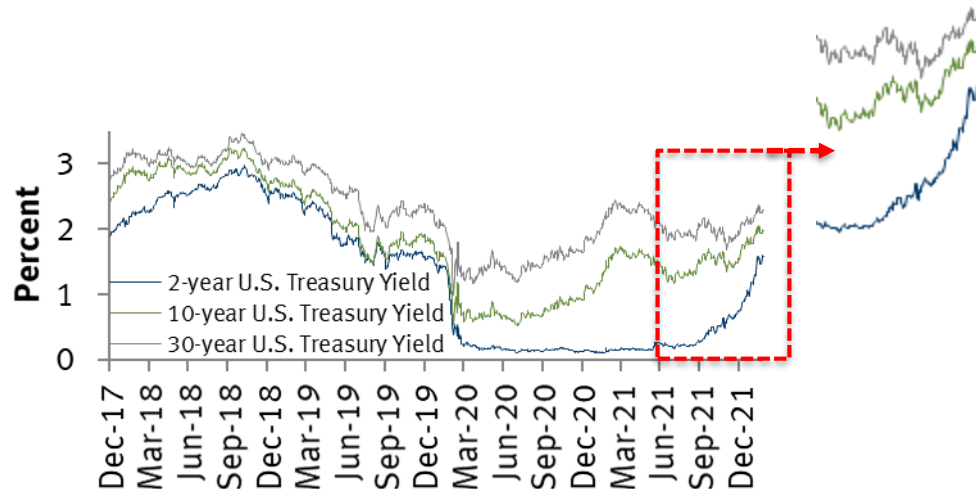
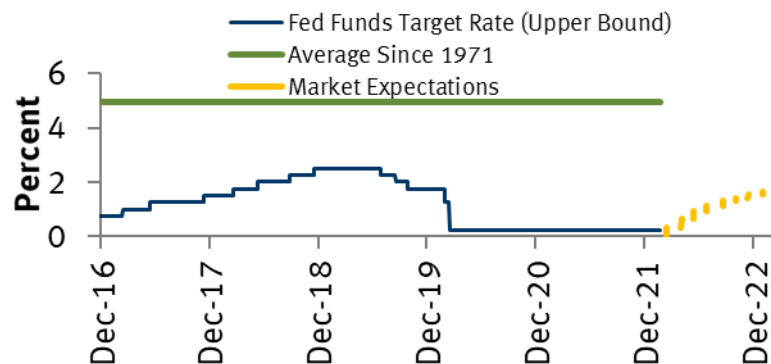
Source: Stifel Investment Strategy via Bloomberg, as of February 18, 2022

CPI (7.5%)



Source: Stifel Investment Strategy data via Capital Economics, Bloomberg, as of February 23, 2022
 (<https://www.bls.gov/cpi/tables/relative-importance/home.htm#Archived%20Relative%20Importance%20Data>)

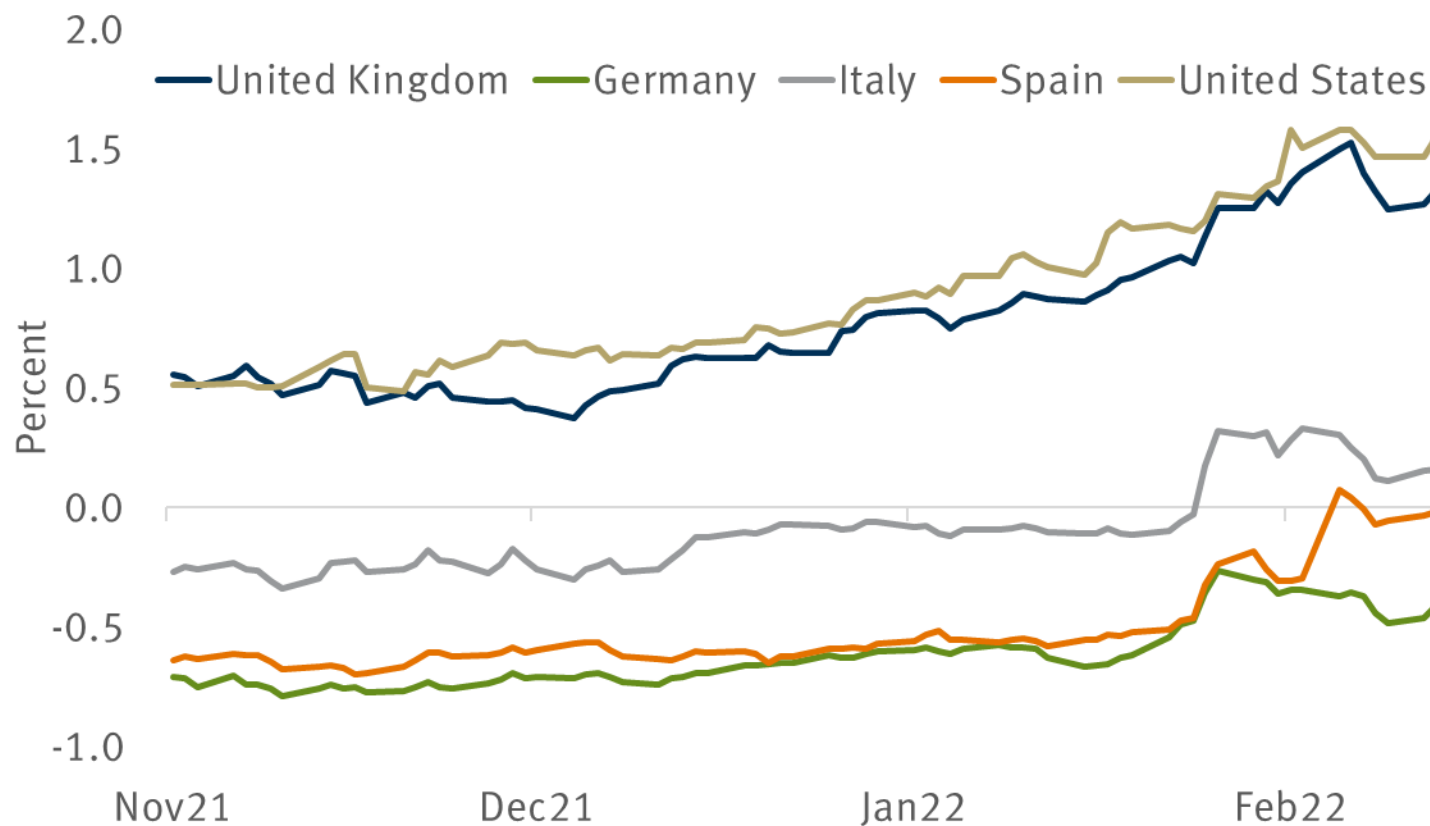
Rates and Spreads



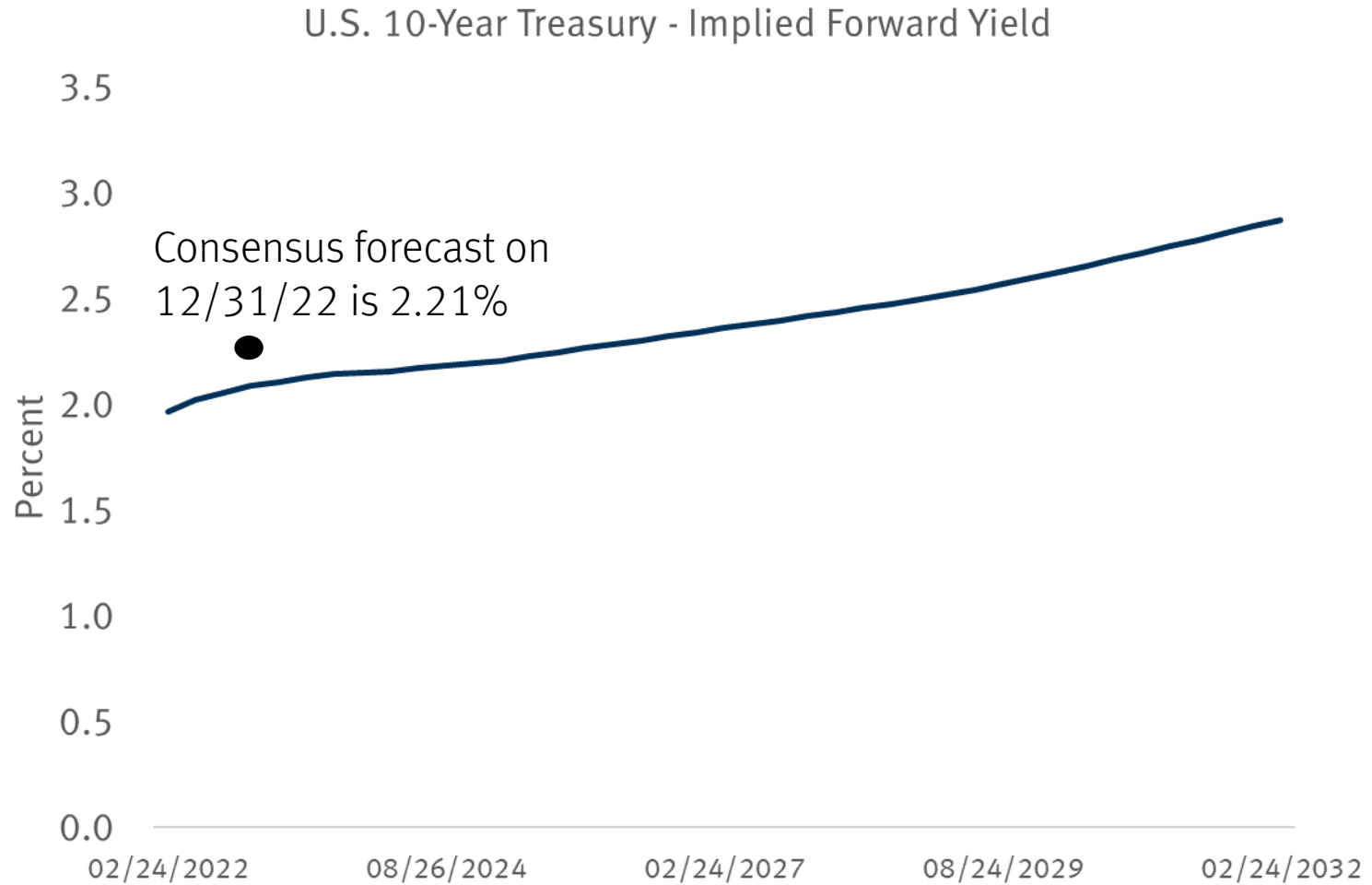
OAS Spread is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option

Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

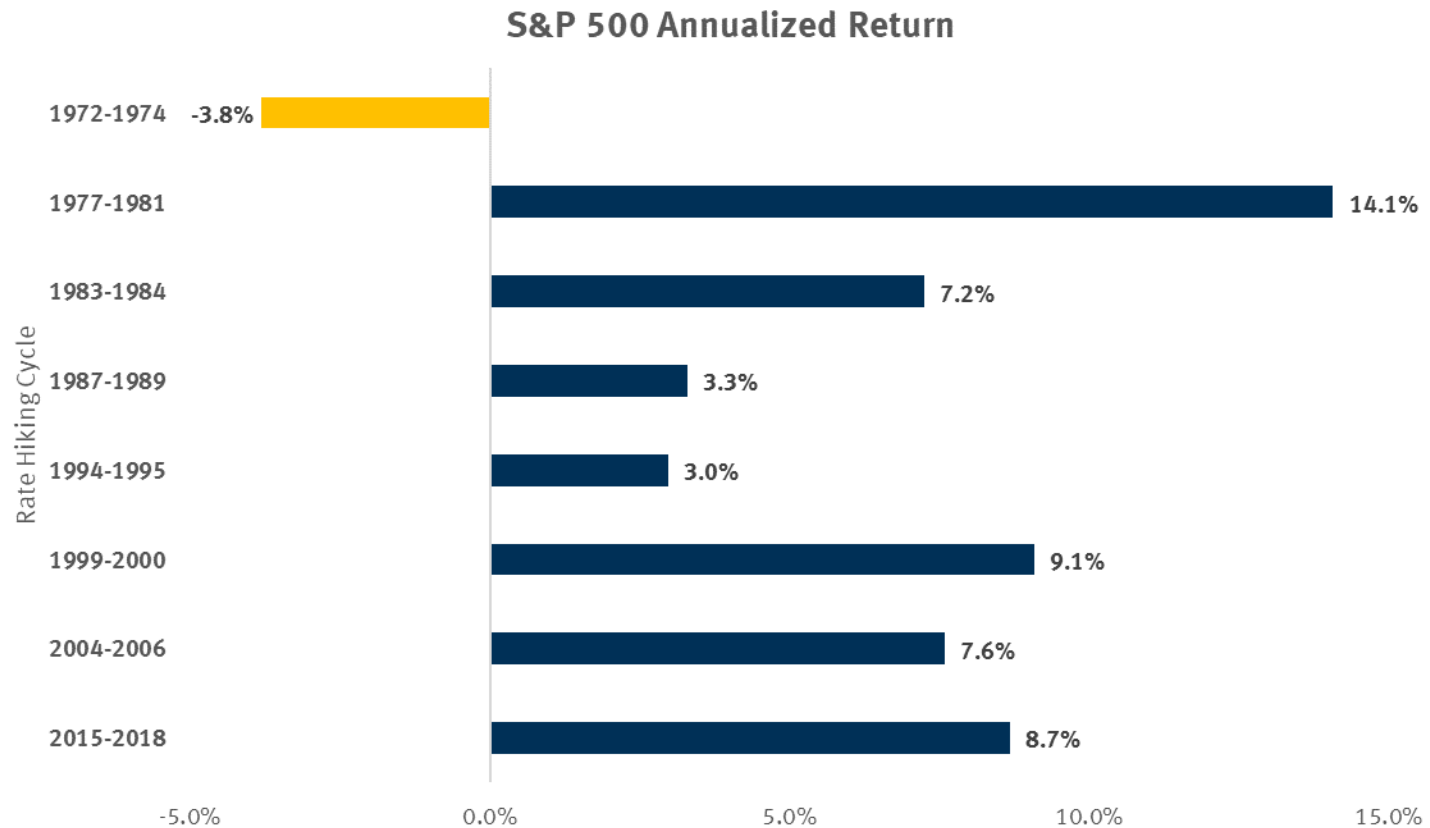
2-Year Government Bond Yields



Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

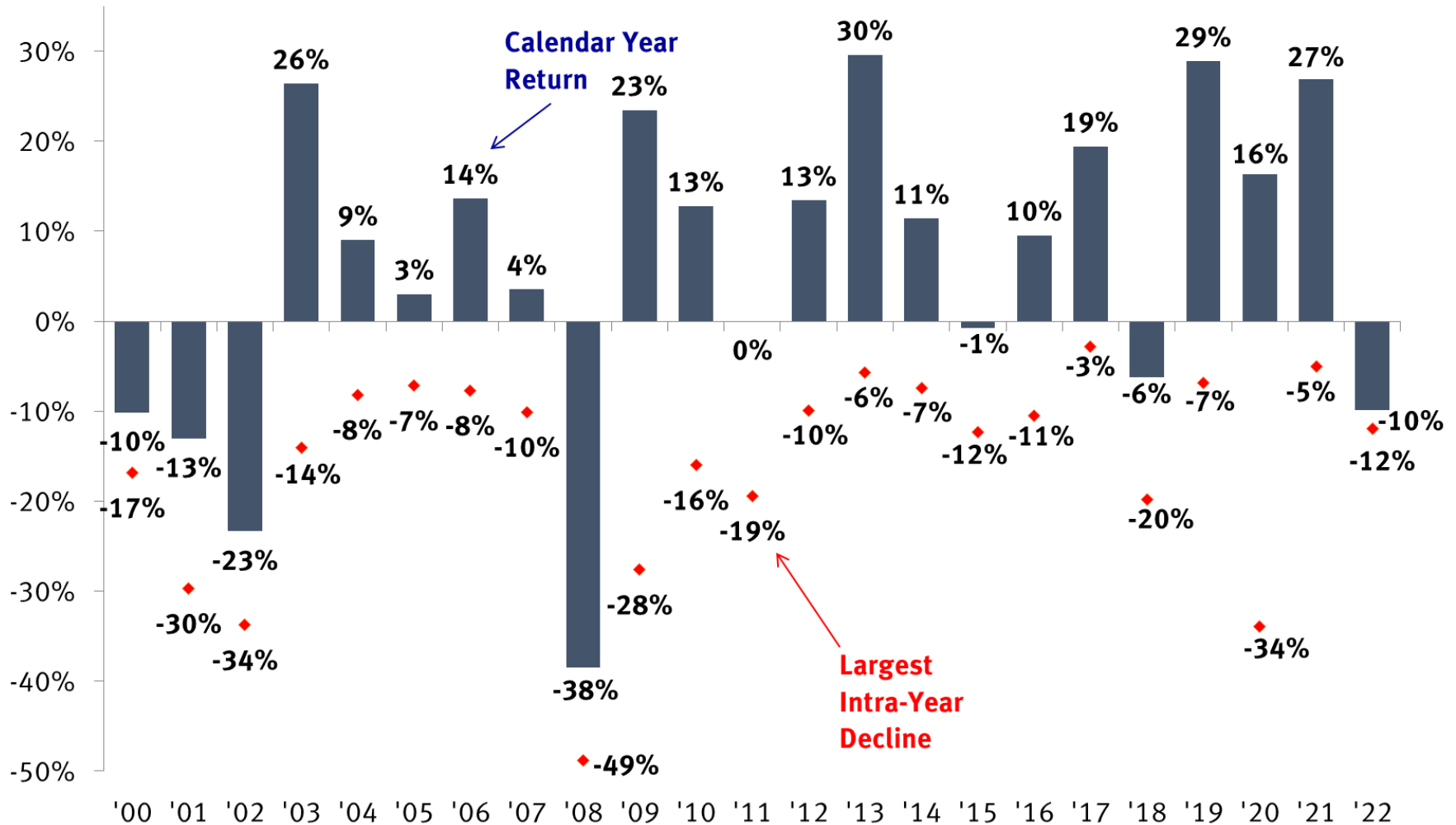
10-Year Treasury

Source: Stifel Investment Strategy via Bloomberg, as of February 24, 2022

Rate Hikes

Source: Stifel Investment Strategy data via Bloomberg, as of February 24, 2022

Despite frequent intra-year declines, returns are positive most of the time



Source: Stifel Investment Strategy via Bloomberg, as of February 24, 2022

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 INT'L 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.