

Open-End Net Fund Flows (\$)	12/21	11/21	YTD (Dec)
Equity	-76.17B	-34.50B	-440.48B
Taxable Bond	-12.46B	11.71B	303.05B
Municipal Bond	2.16B	4.88B	83.52B
Hybrid	-7.56B	-1.47B	-12.63B
Taxable Money Market	136.40B	66.18B	440.85B

Key Interest Rates	1/31/22	12/31/21	1/29/21
Federal Funds Target Rate	0.25%	0.25%	0.25%
2-Year T-Note	1.18%	0.73%	0.11%
5-Year T-Note	1.61%	1.26%	0.42%
10-Year T-Note	1.78%	1.51%	1.07%
Bond Buyer 40	3.60%	3.45%	3.43%

Commodities/U.S. Dollar	1/22	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.91%	0.91%	6.58%
Refinitiv/CC CRB Excess Ret.	9.79%	9.79%	46.45%
Crude Oil/WTI (per Barrel)	17.21%	17.21%	68.87%
Natural Gas (per million BTUs)	30.56%	30.56%	90.23%
Gold Bullion (Ounce)	-1.84%	-1.84%	-2.83%

Total Return Performance

U.S. Stock Indices	1/22	YTD	12 Mo.
S&P 500	-5.17%	-5.17%	23.27%
DJIA	-3.24%	-3.24%	19.36%
NASDAQ 100	-8.49%	-8.49%	16.31%
S&P MidCap 400	-7.21%	-7.21%	14.02%
Russell 2000	-9.63%	-9.63%	-1.24%
Russell 3000	-5.88%	-5.88%	18.78%

U.S. Styles/Market Caps	1/22	YTD	12 Mo.
S&P 500 Growth	-8.37%	-8.37%	21.57%
S&P 500 Value	-1.62%	-1.62%	24.82%
S&P MidCap 400 Growth	-10.39%	-10.39%	4.60%
S&P MidCap 400 Value	-3.96%	-3.96%	24.01%
Russell 2000 Growth	-13.40%	-13.40%	-15.06%
Russell 2000 Value	-5.83%	-5.83%	14.70%

Foreign Stock Indices (USD)	1/22	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-4.41%	-4.41%	8.81%
MSCI Emerging Markets NET	-1.89%	-1.89%	-7.23%
MSCI Europe NET	-4.58%	-4.58%	12.61%
MSCI BRIC NET	-1.75%	-1.75%	-16.02%
MSCI EM Latin America NET	7.38%	7.38%	5.80%
Nikkei 225	-6.17%	-6.17%	-9.78%

Bloomberg Fixed Income Ind.	1/22	YTD	12 Mo.
U.S. Treasury: Intermediate	-1.28%	-1.28%	-2.74%
GNMA 30 Year	-1.22%	-1.22%	-2.48%
Municipal Bond (22+)	-3.54%	-3.54%	-1.45%
U.S. Aggregate	-2.15%	-2.15%	-2.97%
Intermediate Corporate	-1.89%	-1.89%	-2.50%
U.S. Corporate High Yield	-2.73%	-2.73%	2.06%
Global Aggregate	-2.05%	-2.05%	-5.83%
EM Hard Currency Aggregate	-2.70%	-2.70%	-4.41%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

We just learned that real GDP in the U.S. rose by 5.5% in 2021 (Q4/Q4), the fastest growth for a calendar year since 1984, according to the Bureau of Economic Analysis. Looking ahead, we are not likely to see a continuation of the massive government spending we have witnessed during the COVID-19 pandemic (2020-2021), as evidenced by the lack of votes from the Democrats in the Senate needed to pass the Biden administration's \$1.75 trillion Build Back Better Act. If it is dead, as recently declared by Senator Joe Manchin of West Virginia, then the tax proposals included in the plan to pay for it are as well. That could be a win-win for the markets. Higher taxes plus robust inflation is not an optimal combination for fostering growth, in our opinion.

Stock Market

The S&P 500 Index ("index") closed January 2022 at 4,515.55, 5.86% below its all-time closing high of 4,796.56 on 1/3/22, according to Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 9.46% and 11.38%, respectively, below their record closing highs as of month-end. A Bloomberg survey of 23 equity strategists found that their average 2022 year-end price target for the S&P 500 Index was 4,982 as of 1/19/22, up from 4,950 on 12/16/21 (19 strategists surveyed), according to its own release. The highest and lowest estimates were 5,330 (unchanged) and 4,400 (unchanged), respectively. In January 2022, the S&P 500 Index posted a total return of -5.17%. Only two of the 11 major sectors that comprise the index were up on a total return basis. The top-performer was Energy, up 19.10%, while the worst showing came from Consumer Discretionary, down 9.68%. The index posted a total return of 23.27% for the 12-month period ended 1/31/22. All 11 major sectors were up on a total return basis. The index's top performer was Energy, up 77.13%, while the worst showing came from Utilities, up 11.94%. Given the change of tone recently from the Federal Reserve ("Fed") with respect to its guidance on tightening monetary policy in 2022, we were not surprised to see investors de-risk some in the stock and bond markets in January. In fact, we have discussed the possibility of a correction in the major stock indices on multiple occasions. What should equity investors expect if the Fed initiates a series of federal funds rate hikes moving forward? They should be pleased to learn that U.S. equities have tended to perform well during periods when the Fed has tightened monetary policy, according to Bloomberg. The need to raise interest rates indicates a growing economy as well as corporate profit growth. Keith Lerner, co-chief investment officer at Truist Advisory Services, Inc., notes that the S&P 500 Index has risen at an average annualized rate of 9% during the 12 Fed rate hike cycles since the 1950s and generated positive returns in 11 of those instances, according to Bloomberg. Always remember, however, that past performance is no guarantee of future results.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 1/31/22 at 1.78%, up 27 basis points (bps) from its 1.51% close on 12/31/21, according to Bloomberg. The 1.78% yield stood 25 bps below its 2.03% average for the 10-year period ended 1/31/22. The yield curve for Treasuries has flattened some of late. Yields on shorter maturities have risen more than on intermediate maturities. The yield spread between the U.S. 2-year T-note and the 10-year T-note was 60 basis points on 1/31/22, well below its 30-year average spread of 116 basis points as of the same date, according to Bloomberg. S&P reported that global bond issuance rose 5.6% year-over-year to \$9 trillion in 2021, according to AsiaMarkets.com. S&P expects bond issuance in 2022 to contract by about 2%. Investment-grade companies rushed to sell debt in January 2022 out of concern the Fed may raise rates, which many pundits believe could begin as soon as March 2022. Data from Refinitiv indicates that investment-grade firms ended up raising \$532 billion globally, the most for a January since 2000, according to Reuters. Investors should prepare for some additional volatility in the bond market if interest rates, bond yields, and perhaps inflation, trend higher.

Takeaway

All eyes are likely to remain on the Fed for the foreseeable future. The next release date for the Consumer Price Index is 2/10/22. Bloomberg's consensus estimate for January from the economists it surveys is 7.3% on a trailing 12-month basis. If accurate, that would be above the 7.0% rate posted in December 2021, which already sits at its highest level in 40 years, according to data from the Bureau of Labor Statistics. The direction of inflation in the coming months will likely play a significant role in determining how much the Fed hikes rates and when. Many believe the Fed is already behind the inflation curve. A decent amount of air was let of the so-called bubbles permeating the stock and bond markets in January 2022. Stay tuned!

Data as of 1/31/22

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4796.56	1/3/2022	1278.05	6/1/2012	4515.55	-5.86%	-5.17%	1.34%
S&P 500 Growth	3423.28	12/27/2021	696.49	6/1/2012	3092.97	-9.65%	-8.37%	0.71%
S&P 500 Value	1571.24	1/12/2022	572.94	6/4/2012	1521.39	-3.17%	-1.62%	2.00%
S&P MidCap 400	2910.70	11/16/2021	891.32	6/4/2012	2635.38	-9.46%	-7.21%	1.48%
S&P MidCap 400 Growth	1427.19	11/16/2021	409.95	6/4/2012	1241.04	-13.04%	-10.39%	1.04%
S&P MidCap 400 Value	908.15	11/15/2021	304.28	6/4/2012	853.40	-6.03%	-3.96%	1.90%
S&P 100	2219.44	1/3/2022	583.83	6/1/2012	2092.61	-5.71%	-4.54%	1.32%
DJIA	36799.65	1/4/2022	12101.46	6/4/2012	35131.86	-4.53%	-3.24%	1.80%
NASDAQ 100	16573.34	11/19/2021	2458.83	6/1/2012	14930.05	-9.92%	-8.49%	0.68%
Russell 2000	2442.74	11/8/2021	737.24	6/4/2012	2028.45	-16.96%	-9.63%	1.28%
Russell 2000 Growth	1709.62	2/9/2021	423.22	6/1/2012	1290.66	-24.51%	-13.40%	0.56%
Russell 2000 Value	2643.45	11/8/2021	972.37	6/4/2012	2343.91	-11.33%	-5.83%	1.95%
Russell 3000	2804.93	1/3/2022	754.11	6/4/2012	2621.97	-6.52%	-5.88%	1.33%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	3452.12	6/4/2012	7441.39	-6.24%	-4.41%	2.71%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	596.75	-14.66%	-1.89%	2.53%
Ibovespa/Brazil (USD)	39318.75	3/2/2012	9077.09	1/21/2016	20933.62	-46.76%	11.44%	7.73%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1435.23	-25.23%	-9.59%	6.46%
S&P BSE 500/India (USD)	337.94	1/13/2022	95.89	9/3/2013	317.91	-5.93%	-0.52%	1.14%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	528.42	-36.49%	-7.72%	2.14%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.20	-25.02%	-12.04%	1.53%
Hang Seng (USD)	4241.01	1/26/2018	2343.90	6/4/2012	3052.71	-28.02%	1.74%	2.50%
MSCI Euro (USD)	1705.00	9/6/2021	814.62	6/1/2012	1580.86	-7.28%	-4.39%	2.26%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	326.65	1/31/2012	1454.45	-13.08%	-9.68%	0.61%
S&P 500 Consumer Staples	808.33	1/4/2022	329.84	1/31/2012	792.38	-1.97%	-1.37%	2.41%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	502.93	-31.77%	19.10%	3.70%
S&P 500 Utilities	363.71	12/31/2021	171.80	11/15/2012	351.67	-3.31%	-3.27%	3.01%
S&P 500 Financials	688.85	1/12/2022	179.47	6/4/2012	649.52	-5.71%	0.06%	1.69%
S&P 500 Banks	461.87	1/12/2022	137.82	1/31/2012	424.20	-8.16%	1.66%	2.20%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	462.00	6/4/2012	901.61	-8.01%	-7.93%	2.78%
S&P 500 Health Care	1650.43	12/30/2021	409.97	6/1/2012	1530.46	-7.27%	-6.76%	1.51%
S&P 500 Pharmaceuticals	963.70	12/16/2021	330.20	2/10/2012	916.76	-4.87%	-3.91%	2.42%
NYSE Arca Biotechnology	6319.77	2/8/2021	1280.91	3/6/2012	5076.91	-19.67%	-8.00%	0.36%
S&P 500 Information Technology	3107.46	12/27/2021	436.56	6/1/2012	2843.88	-8.48%	-6.89%	0.79%
Philadelphia Semiconductor	4039.51	12/27/2021	351.45	7/17/2012	3483.21	-13.77%	-11.70%	1.16%
S&P 500 Communication Services	288.46	9/1/2021	124.71	1/31/2012	250.41	-13.19%	-6.21%	0.87%
S&P 500 Industrials	905.63	1/4/2022	288.15	6/4/2012	852.34	-5.88%	-4.73%	1.43%
S&P 500 Materials	569.63	12/31/2021	206.38	5/18/2012	530.58	-6.86%	-6.85%	1.81%
Philadelphia Gold & Silver	202.74	2/2/2012	38.84	1/19/2016	125.01	-38.34%	-5.57%	1.94%
Refinitiv/CC CRB Excess Return	325.91	2/24/2012	106.29	4/21/2020	255.12	-21.72%	9.79%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	168.41	1/31/2012	307.28	-3.88%	-2.93%	4.47%
ICE BofA U.S. High Yield Constrained	522.13	12/28/2021	280.44	1/31/2012	507.56	-2.79%	-2.74%	5.55%

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