

Quarterly Market Review

Omicron Did Not Stop The ‘Good Cheer’ For Most Risk Assets

Hopes For A Happier, Healthier Year In 2022 As Markets Look Past Omicron Surge

December 2021

Quarterly Highlights

- New US COVID-19 Cases Reach A New Peak As The Highly Transmissible Omicron Variant Spreads.
- Real Time Activity Metrics Remain Resilient Unlike Prior Periods Experiencing COVID-19 Surges.
- The Fed Expedites Tapering & Signals Three Rate Hikes In 2022 Due To Lingering Inflation.
- Jobless Claims Fall Below The 300k Threshold For Twelve Consecutive Weeks.
- The Pace Of Core Inflation Rises to a 30-Year High, Leading The Fed To A Hawkish Policy Shift.
- Consumer Confidence Rises To The Highest Level Since July Despite Rising Omicron Cases.
- TIPS Rally For The Twelfth Consecutive Quarter – The Longest Streak Since 1Q13.
- The S&P 500 Rallies For The Seventh Consecutive Quarter, Notches 70 Record Highs in 2021, & Posts Its Second Best Year Since 2013.
- All S&P 500 Sectors Post Positive Annual Returns For The Second Time Over The Last Three Years.
- Commodities Decline For The First Time In Seven Quarters Ending The Longest Streak Since 2004.
- WTI Crude Oil Declines For The First Time Since 1Q20, But Still Posts Its Best Year Since 2009.
- US Dollar Rises To The Highest Level Since July 2020; Posts Its Best Year Since 2015 As The US Economy Was More Resilient Amidst COVID.

Economy | The Fed May ‘Ring In’ Three Rate Hikes In 2022 If Inflation Woes Persist.

- The final reading of **3Q21 GDP** was revised higher (+2.3% quarter-over-quarter (QoQ)) due to stronger personal consumption (+2.0). The Fed lowered its **2021 GDP** forecast (from 5.9% to 5.5%) due to variants impacting hiring and supply chains, but boosted its **2022 GDP** forecast (from 3.8% to 4.0%).
- **Real time activity metrics** (e.g., TSA screenings) and **high frequency data** (e.g., withholding taxes) remained resilient amid the Omicron case surge, as the economy has learned to cope with the virus.
- The US surpassed 54 million **COVID-19** cases, and the 7-day average for new daily cases (~384k) reached a new peak due to the contagious Omicron variant.
- The US has administered over 500 million **vaccines**, with ~62% of the population having received two doses and ~21% having received a booster.
- The **Fed’s balance sheet** reached a record ~\$8.8 trillion. In a more hawkish tilt, Chair Powell stated the pace of tapering would be doubled, and the dot plot shifted to reflect three interest rate hikes in 2022.
- An increase in the **debt ceiling** avoided the first-ever US default and should fund government obligations into 2023. Disapproval from Senator Joe Manchin stalled Biden’s **Build Back Better Act**, with negotiations carrying into the new year.
- The unemployment rate (+4.2%) fell to a post-pandemic low as **210k jobs** were added in November.

- **Jobless claims** are near post-pandemic lows (198k), remaining below the 300k threshold for twelve consecutive weeks. Job openings remain near record levels, rising just above 11+ million.
- The pace of **headline inflation** (+6.8% YoY) and the pace of **Core CPI** (+4.9% YoY) both accelerated, rising to the fastest pace since June 1982 and May 1991 respectively. The Fed adopted a more hawkish stance to policy in order to combat inflation lasting longer than expected.
- **Consumer confidence** (115.8) rose to the highest level in six months as the ‘expectation’ subsector rose to the highest level since July despite elevated inflation and the emergence and rapid spread of the Omicron variant. The ‘present situation’ subsector was relatively flat.
- **Core retail sales** (ex. food, autos, and gas, +0.3% month-over-month (MoM)) rose for the fourth consecutive month, and the year-over-year pace (+13.7%) is still more than double the 10-year average (+4.8%).
- **Housing data** was positive as new home sales (+12.4%), housing starts (+11.8%), building permits (+3.9%), and existing home sales (+1.9%) all improved. The pace of home price gains (Case Shiller 20-City Composite +18.4%) moderated for the third consecutive month.
- **China’s Manufacturing PMI** (50.3) remained in expansion territory (a level above 50) for the second straight month and rose to the highest level since July.
- **Euro Zone Manufacturing PMI** (58.0) declined for the fifth time over the last six months and reached the lowest level since February.

Fixed Income | Investors Not ‘Rejoicing’ Over International Bonds Due To Dollar Strength.

- The **Bloomberg US Aggregate Index** (+0.01% QoQ) was relatively flat but positive for the twelfth time over the last thirteen quarters. The broader fixed income market benefitted from spreads remaining near multi-year lows, however, rising yields in most developed countries weighed on the asset class.
- TIPS** (+1.5% QoQ) rallied for the twelfth consecutive quarter, the longest streak since 1Q13, and outpaced nominal **Treasuries** (+0.2% QoQ) for the seventh consecutive quarter, the longest streak on record. The latter was positive for the third consecutive quarter, but posted its worst year since 2013 as the 10-year Treasury yield rose ~60 basis points in 2021.
- Municipals** (+0.7% QoQ) rallied for the second time in three quarters as all three sectors (revenue, general obligation, & high yield) were in positive territory.
- High-yield bonds** (+0.7% QoQ) rallied for the eleventh time over the last twelve quarters. Despite yields moving higher, falling default rates and spreads narrowing 58 basis points from the recent peak were able to keep the sector in positive territory.
- US investment-grade bonds** (+0.2% QoQ) rallied for the sixth time in seven quarters despite spreads rising 8 basis points over the course of the quarter. Strength in the Industrials (+0.4%), Utilities (+0.3%), and Technology (+0.2%) sectors overshadowed weakness from the Financials (-0.2%) sector.
- Emerging market bonds** (-0.5% USD QoQ) declined for the third time in four quarters due to a stronger dollar and fears of slowing EM economic growth.
- International sovereign bonds** (G7 ex. US, -1.9% QoQ) declined for the third time in four quarters and posted their worst quarter since 1Q21 due to rising sovereign yields and a stronger dollar.

Equities | Most Regions ‘Celebrate’ Omicron Not Leading To Reinstated Restrictions.

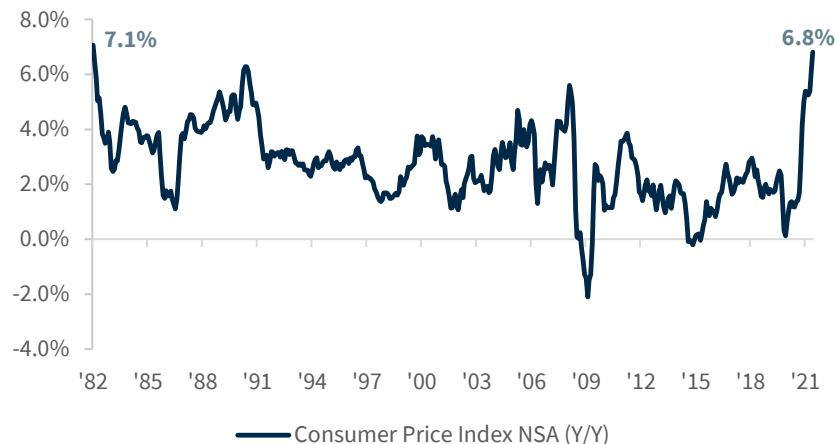
- Global equities** (MSCI AC World, +6.8% USD QoQ) rallied for the sixth time in seven months as it became apparent the Omicron variant symptoms were less severe, and that the case surge would not require widespread restrictions that would be detrimental to the global economic recovery.
- US Large-Cap equities** (S&P 500, +11.0% QoQ) rallied for the seventh straight quarter—the longest streak since 4Q17, and posted their best quarter since 4Q20. Easing concerns about the severity of Omicron, resilient real-time activity metrics and robust earnings helped the S&P 500 achieve its 70th record high—the second most in a given year on record.
- 10 of the 11 **S&P 500 sectors** were positive in 4Q21, with Real Estate (+17.5% QoQ) the top performer.
- European equities** (MSCI Europe ex UK, +5.8% USD QoQ) rallied for the sixth time in seven quarters but underperformed global equities for the third time over the last four quarters.
- US Small-Cap equities** (Russell 2000, +2.1% QoQ) rallied for the sixth time over the last seven quarters, but were outpaced by large-cap equities by the widest margin since 1Q20.
- EM equities** (MSCI EM, -1.2% USD QoQ) declined for the second consecutive quarter and were outpaced by the developed markets (MSCI EAFE USD +2.7% QoQ) for the fourth consecutive quarter.
- Within EM, **Asia** (MSCI Asia ex JP, -1.2% USD QoQ) outperformed **Latin America** (MSCI LATAM, -2.5% USD QoQ) for the third time in four quarters.
- Japanese equities** (MSCI Japan, -3.9% USD QoQ) posted their worst quarter since 1Q20, and underperformed global equities for the third time in four quarters, and by the widest margin since 4Q11.

Commodities | Broader Index Unable To ‘Toast’ To A Quarterly Gain Due To The Energy Sector.

- The **Bloomberg Commodity Index** (-1.6% QoQ) declined for the first time in seven quarters, ending the longest streak since 1Q04. While strong demand benefitted the asset class, Omicron impacts and a stronger USD were a headwind for the Energy sector.
- The **US Dollar Index** (+1.8% QoQ) rallied for the third time over the last four quarters and reached its highest level since July 2020. Expectations for a more aggressive Fed and rising COVID-19 cases also helped the dollar notch its best year since 2015.
- The **Bloomberg Energy Index** (-13.0% QoQ) declined for the first time in seven quarters and ended its longest streak of quarterly gains since 4Q00 due to weakness in natural gas prices (-39.4%). While relatively flat for the quarter, crude oil prices (+0.2%) still posted their best year since 2009. The release of strategic reserves, fears that the Omicron variant will impact global demand and future mobility, and a stronger dollar weighed on the subsector.
- The **Bloomberg Precious Metals Index** (+4.3% QoQ) rallied for the second time over the last three quarters due to strength in both silver (+5.9% QoQ) and gold prices (+4.1% QoQ).
- The **Bloomberg Softs Index** (+5.7% QoQ) rallied for the sixth time over the last seven quarters as coffee prices (+16.5% QoQ) reached the highest level since October 2011 intra-quarter.
- The **Bloomberg Grains Index** (+6.7% QoQ) rallied for the fifth time in six quarters due to strength in corn (+10.6%), soybean (+6.6%), and wheat (+6.2%) prices.
- The **Bloomberg Industrial Metals Index** (+8.6% USD QoQ) rallied for the seventh consecutive quarter, the longest streak since 1Q07, due to strength in zinc (+20.4%), nickel (+15.1%), and copper (+9.2%) prices.

Figure 1: Pace Of Inflation Reaches New Peak

The year-over-year pace of headline inflation accelerated (+6.8%) to the fastest pace since June 1982, sparking the Fed to adopt a more hawkish stance to monetary policy.

**Figure 3: High-Yield Spreads Fall From Intra-Quarter Peak**

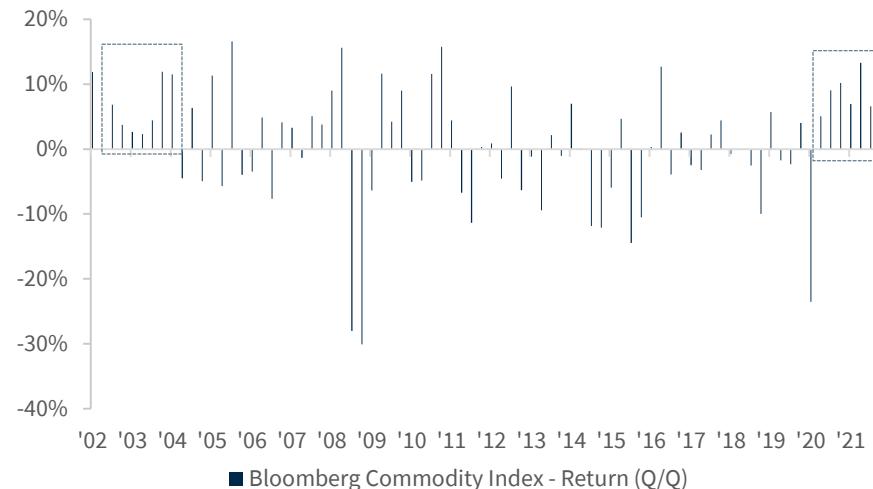
High-yield spreads rose to the highest level since February in the month of November, but contracted nearly 60 basis points to end the year back near multi-year lows.

**Figure 2: Energy Sector Shines On A Year-To-Date Basis**

10 of 11 S&P 500 sectors were positive for the quarter, led by Real Estate (+17.5%). On an annual basis, the Energy sector was the top performer, up over 54% for its best year in two decades.

**Figure 4: Energy Weakness Drives Broader Commodity Index Lower**

Weakness in the Energy subsector caused the Bloomberg Commodity Index to post its first quarterly loss since 1Q20 – ending the longest streak of gains since 1Q04.



Fixed Income | Stronger Dollar Weighs On International Bonds

	December	4Q21	1 Year	3 Year	5 Year	10 Year
TIPS	0.5%	1.5%	5.7%	7.0%	4.5%	2.6%
Municipals	0.2%	0.7%	1.5%	4.7%	4.2%	3.7%
High Yield	1.9%	0.7%	5.3%	8.8%	6.3%	6.8%
US Investment Grade	-0.1%	0.2%	-1.0%	7.6%	5.3%	4.7%
Treasuries	-0.5%	0.2%	-2.3%	4.1%	3.1%	2.1%
US Aggregate	-0.3%	0.0%	-1.5%	4.8%	3.6%	2.9%
EM Bonds	1.0%	-0.5%	-1.7%	5.8%	4.6%	5.1%
International Bonds	-0.9%	-1.9%	-9.5%	1.0%	2.1%	-0.3%

Commodities & FX | Energy Lags As Industrial & Precious Metals Rally

	December	4Q21	1 Year	3 Year	5 Year	10 Year
Copper	4.3%	9.2%	26.8%	19.3%	12.2%	2.7%
BBG Industrial Metals	6.4%	8.6%	30.3%	16.5%	9.8%	1.2%
BBG Precious Metals	2.8%	4.3%	-6.1%	10.4%	6.7%	-0.9%
Gold	2.9%	4.1%	-3.5%	12.6%	9.7%	1.6%
US Dollar Index	0.0%	1.8%	6.7%	-0.1%	-1.3%	1.8%
Crude Oil (WTI)	13.6%	0.2%	55.0%	18.3%	7.0%	-2.7%
BBG Commodity Index	3.5%	-1.6%	27.1%	8.9%	2.5%	-3.4%
BBG Energy Index	2.8%	-13.0%	52.1%	-1.7%	-5.1%	-10.9%

S&P 500 Sectors | Broad-Based Rally Despite Omicron Variant Fears

	December	4Q21	1 Year	3 Year	5 Year	10 Year
Real Estate	10.2%	17.5%	46.2%	22.7%	14.9%	13.1%
Info Tech	3.4%	16.7%	34.5%	42.8%	32.1%	24.0%
Materials	7.6%	15.2%	27.3%	24.2%	15.1%	12.8%
Cons Stap	10.3%	13.3%	18.6%	18.8%	11.8%	12.2%
Utilities	9.6%	12.9%	17.7%	14.3%	11.8%	11.1%
Cons Disc	-0.3%	12.8%	24.4%	28.5%	21.3%	19.6%
Health Care	9.0%	11.2%	26.1%	20.0%	17.6%	17.2%
Industrials	5.3%	8.6%	21.1%	20.3%	12.8%	14.2%
Energy	3.1%	8.0%	54.6%	4.7%	-1.4%	1.2%
Financials	3.3%	4.6%	35.0%	20.6%	13.3%	16.3%
Comm Services	2.5%	0.0%	21.6%	25.9%	11.5%	11.6%

Equities | Large Cap Outperforms Small Cap

	December	4Q21	1 Year	3 Year	5 Year	10 Year
Russell 1000 Growth		2.1%	11.6%	27.6%	34.1%	25.3%
S&P 500		4.5%	11.0%	28.7%	26.1%	18.5%
Russell 1000		4.1%	9.8%	26.5%	26.2%	18.4%
Russell 1000 Value		6.3%	7.8%	25.2%	17.6%	13.0%
DJ Industrial Average		5.4%	7.4%	18.7%	15.9%	13.0%
Russell 2000 Value		4.1%	4.4%	28.3%	18.0%	9.1%
Russell 2000		2.2%	2.1%	14.8%	20.0%	12.0%
Russell 2000 Growth		0.4%	0.0%	2.8%	21.2%	14.5%
						14.1%

International Equities (in USD) | Developed Markets Outperform EM

	December	4Q21	1 Year	3 Year	5 Year	10 Year
MSCI AC World		4.0%	6.8%	19.0%	21.0%	15.0%
MSCI Europe ex UK		6.4%	5.8%	16.5%	17.9%	12.4%
MSCI UK		7.3%	5.6%	18.5%	8.7%	6.2%
MSCI EAFE		5.1%	2.7%	11.8%	14.1%	10.1%
MSCI Asia ex JP		1.4%	-1.2%	-4.5%	12.4%	11.6%
MSCI EM		1.9%	-1.2%	-2.2%	11.3%	10.3%
MSCI LATAM		6.0%	-2.5%	-7.7%	-2.0%	1.8%
MSCI Japan		1.9%	-3.9%	2.0%	12.1%	8.9%
						8.7%

Key Asset Class Levels

	December	4Q21	1 Year	3 Year	5 Year	10 Year
S&P 500		4,766	4,766	3,756	2,507	2,239
DJIA		36,338	36,338	30,606	23,327	19,763
MSCI AC World		755	755	646	456	422
S&P 500 Dividend Yield		1.34	1.34	1.54	2.30	2.18
1-3M T-Bills (Cash, in %)		0.04	0.04	0.06	2.39	0.47
2YR Treasury Yield (in %)		0.73	0.73	0.12	2.50	1.20
10YR Treasury Yield (in %)		1.50	1.50	0.91	2.69	2.43
30Yr Treasury Yield (in %)		1.89	1.89	1.64	3.02	3.05
EURUSD		1.14	1.14	1.22	1.14	1.05
Crude Oil - WTI (\$/bbl)		75	75	49	45	54
Gold (\$/oz)		1810	1810	1895	1281	1152
						1567

Data as of December 31, 2021: Asset classes ranked by quarterly performance.

DISCLOSURES

INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

SECTORS | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

OIL | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

CURRENCIES | Investing in currencies is generally considered speculative because of the significant potential for investment loss. These markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

GOLD | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

FIXED INCOME | Fixed-income securities (or “bonds”) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

US TREASURIES | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

HIGH YIELD SECURITIES | High yield securities involve additional risks and are not appropriate for all investors.

SMALL-CAP STOCKS | Small-cap stocks involve greater risks and are not suitable for all investors.

DOMESTIC EQUITY DEFINITION

LARGE GROWTH | **Russell 1000 Growth Total Return Index:** This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

SMALL GROWTH | **Russell 2000 Growth Total Return Index:** This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000.

LARGE BLEND | **Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

SMALL BLEND | **Russell 2000 Total Return Index:** This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

LARGE VALUE | **Russell 1000 Value Total Return Index:** This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

SMALL VALUE | **Russell 2000 Value Total Return Index:** This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

FIXED INCOME DEFINITION

AGGREGATE BOND | Bloomberg US Agg Bond Total Return Index: The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

MUNICIPAL | Bloomberg Municipal Total Return Index: The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

US INDEXES AND EQUITY SECTORS DEFINITION

DOW JONES INDUSTRIAL AVERAGE (DJIA) | The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

S&P 500 | The S&P 500 Total Return Index: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index: The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

BLOOMBERG BARCLAYS CAPITAL AGGREGATE BOND TOTAL RETURN INDEX | This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index: The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index: The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | MSCI Emerging Markets Net Return Index: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index: The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | MSCI Japan Net Return Index: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index: This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

EUROPE EX UK | MSCI Europe Ex UK Net Return Index: The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

MSCI EAFE | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

COMMODITY DEFINITIONS

US DOLLAR INDEX | The US dollar index (USDX) is a measure of the value of the US dollar relative to the value of a basket of currencies of the majority of the US's most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

BLOOMBERG COMMODITY INDEX | Bloomberg Barclays Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

BLOOMBERG INDUSTRIAL METALS INDEX | Bloomberg Industrial Metals Index is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of underlying commodity futures price movements only. It is quoted in USD.

BLOOMBERG SOFTS INDEX | Bloomberg Softs Index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on coffee, cotton and sugar. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

BLOOMBERG PRECIOUS METALS INDEX | Bloomberg Precious Metals index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on gold and silver. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

BLOOMBERG GRAINS INDEX | Bloomberg Grains Index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on corn, soybeans and wheat. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

BLOOMBERG ENERGY INDEX | The Bloomberg Energy aims to track the performance of an equal-weighted basket of 12 energy commodity futures contracts. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

INTERNATIONAL DISCLOSURES

FOR CLIENTS IN THE UNITED KINGDOM | For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES INVESTMENT SERVICES, LTD.: This document is for the use of professional investment advisers and managers and is not intended for use by clients.

FOR CLIENTS IN FRANCE | This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monetaire et Financier" and Reglement General de l'Autorite des marches Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

FOR CLIENTS OF RAYMOND JAMES EURO EQUITIES | Raymond James Euro Equities is authorised and regulated by the Autorite de Controle Prudentiel et de Resolution and the Autorite des Marches Financiers.

FOR INSTITUTIONAL CLIENTS IN THE EUROPEAN ECONOMIC AREA (EE) OUTSIDE OF THE UNITED KINGDOM | This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

FOR CANADIAN CLIENTS | This document is not prepared subject to Canadian disclosure requirements, unless a Canadian has contributed to the content of the document. In the case where there is Canadian contribution, the document meets all applicable IIROC disclosure requirements.

DATA SOURCES:

FactSet, as of 12/31/2021

RAYMOND JAMES

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

The views expressed in this commentary are the current opinion of the Chief Investment Office, but not necessarily those of Raymond James & Associates, and are subject to change. Information contained in this report was received from sources believed to be reliable, but accuracy is not guaranteed. Past performance is not indicative of future results. The performance mentioned does not include fees which would reduce an investor's performance. No investment strategy can guarantee success. There is no assurance any of the trends mentioned will continue or that any of the forecasts mentioned will occur. Economic and market conditions are subject to change. Investing involves risks including the possible loss of capital. Material is provided for informational purposes only and does not constitute a recommendation.

© 2021 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. © 2021 Raymond James Financial Services, Inc., member FINRA/SIPC. Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value. Raymond James® is a registered trademark of Raymond James Financial, Inc.