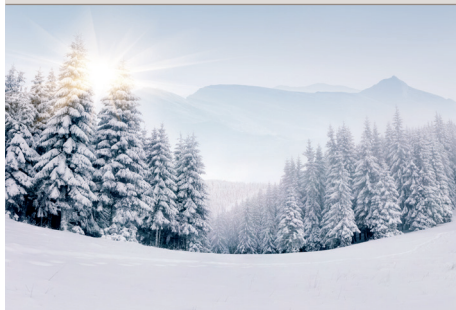


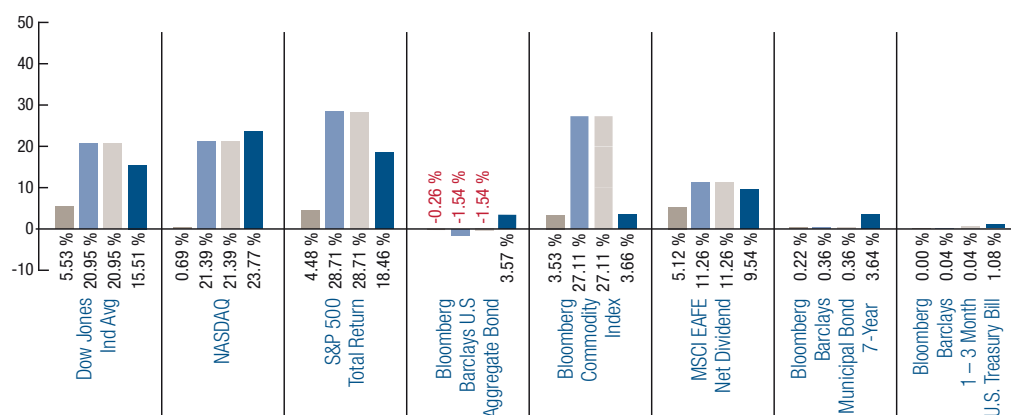
From the Office of Jeff Sgroi, CFP®



"The only place success comes before work is in the dictionary."

— Vince Lombardi

Asset Class Returns (as of December 31, 2021)



Market & Economic Synopsis

- Dow Jones Industrial Average mounts a historical rebound Monday, January 24th, closing in positive territory after 1,000-point drop
- Oil prices continue to climb, as both WTI and Brent Crude values exceed \$85 per barrel
- Tight labor markets and higher U.S. Treasury yields continue to support a stronger U.S. dollar

- Tensions rise on Ukraine/Soviet border, as U.S. puts 8,500 troops on alert
- 2022 Winter Olympics scheduled to begin February 4th in Beijing
- Cryptocurrency rout continues, as Bitcoin drops to nearly 50% off all-time high reached in November 2021

Market Update

The new year brings both new opportunities and challenges ahead for investors. January has rekindled the unpleasant reminder that markets don't grow to the sky without limitations.

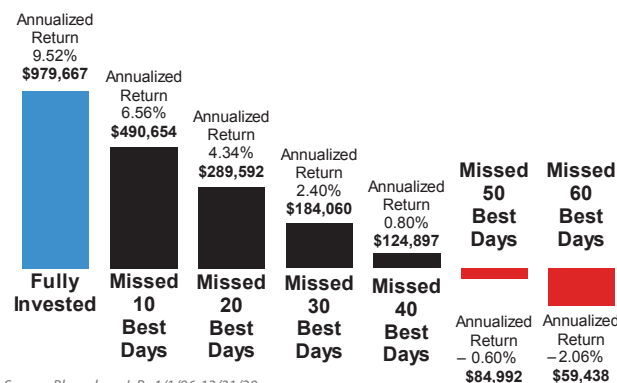
History, though, serves as a wonderful guide of both perspective and expectations. Three focal points currently offering us guidance through difficult markets are noted below.

1. Staying Invested Matters

Time in the market, not market timing, historically leads to better results. As the graph and charts below demonstrate, it is imperative to not miss the market's best days. Participating in the 30 best days in the market between 1996 and 2020 resulted in 4x better annualized results over this 25-year window than when they were missed. In dollar amounts, it is the difference between a portfolio value of nearly \$1,000,000 and \$184,060 at the end of those 25 years.

Missing Even the 10 Best Days in the Market in the Last 25 Years Reduced Returns Meaningfully

S&P 500 Index: Annualized total returns and growth of \$100,000 investment (1996–2020)



Source: Bloomberg L.P., 1/1/96–12/31/20.

Furthermore, 24 of the 30 best days occurred during three of the worst market periods since 1996. Long-term investors all recall the difficulty of the Tech Wreck (2000 – 2002), Financial Crisis (2007 – 2009) and COVID (early 2020) selloffs. Many of the market's worst days were during these periods, as were some of the market's best days. During extreme market conditions, some of the best, most important days in investors' long-term results occurred. Trying to time the market is a fool's errand, in our opinion.

Many of the Best Days Occur During Periods of Volatility

S&P 500 Index: 30 Best Days Since 1996

2/28/00 – 10/30/02 Tech Wreck (20%)	10/30/07 – 3/31/09 Financial Crisis (40%)	1/31/20 – 3/31/20 COVID (20%)	Other (20%)
12. 07/24/02 5.7%	1. 10/13/08 11.6%	3. 03/24/20 9.4%	16. 10/28/97 5.1%
14. 07/29/02 5.4%	2. 10/28/08 10.8%	4. 03/13/20 9.3%	17. 09/08/98 5.1%
18. 01/03/01 5.0%	5. 03/23/09 7.1%	10. 03/26/20 6.2%	19. 12/26/18 5.0%
21. 03/16/00 4.8%	6. 11/13/08 6.9%	11. 03/17/20 6.0%	23. 08/09/11 4.7%
24. 10/15/02 4.7%	7. 11/24/08 6.5%	20. 03/10/20 4.9%	25. 08/11/11 4.6%
29. 04/05/01 4.4%	8. 03/10/09 6.4%	26. 03/02/20 4.6%	27. 05/10/10 4.4%
	9. 11/21/08 6.3%		
	13. 09/30/08 5.4%		
	15. 12/16/08 5.1%		
	22. 10/20/08 4.8%		
	28. 01/21/09 4.4%		
	30. 09/18/08 4.4%		





Source: Bloomberg L.P., 1/1/96–12/31/20.

2. Bear Markets Are Unpleasant, But Should be Expected Periodically

Although we don't need to embrace them, we need to expect bear markets as part of a normal investment cycle. As mentioned in multiple 2021 Market Updates, a 10% pullback is the norm in most calendar years.

We didn't get one in 2021. We got it early in 2022, though, as major market indices dipped ~10% just this month.

Dow Jones Industrial Average Index Drawdowns and Market Cycles Since 1945

Drawdown	Frequency	Average Time to Recovery
 -5% to -10%	41 times	3 months
 -10% to -20%	15 times	8 months
 -20% to -30%	5 times	27 months
 -30% to -60%	6 times	52 months

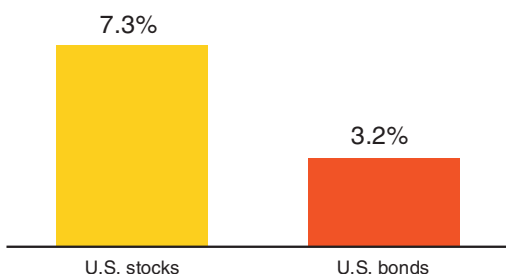
Sources: FactSet, Dow Jones 12/31/20.

As noted above, the DJIA has dropped 5% – 10% 41 times since 1945, and 10% – 20% 15 times over the same duration. To many investors' surprise, though, average recovery times have been fairly quick. One of our favorite analogies is that the market drops like an elevator (swiftly), but climbs like an escalator (slowly and more methodically). Patience matters after the steep market selloffs.

3. Rise in Interest Rates Will Move Markets in 2022, On a Short-Term Basis

Economists and money managers alike fully expect the Fed to take action in 2022. Rising costs of goods and services will force the Fed's hand away from an extremely accommodative (low-interest rate) policy, to one where the Fed is more hawkish on rates. Most professionals expect the Fed to raise rates between three and four times this year. Again, this is a reversal of the Fed recently keeping rates low in an effort to stimulate the U.S. economy. Although higher rates can be a headwind for economic growth, historical market performance has proven to be quite resilient, as shown below.

Average U.S. stock and bond performance 12 months following the first Fed hike (2/4/94 – 12/31/21)



Source: Morningstar as of 12/31/21.

When we examine performance of both U.S. stocks and U.S. bonds, performance was positive in 13 of the 16 sample periods 6 and 12 months after the first rate increase. Markets are forward looking mechanisms — much of the headwind, in our opinion, will be priced in well before the first rate hike in 2022.

From the Officefront

As our practice continues to expand, we want to ensure top-level client service and prompt attention to your needs. As such, we are excited to welcome Alyssa Vidrine to our team.

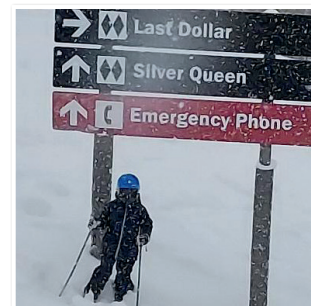
Alyssa lives in Nashville, Tennessee, and is part of a new program with Raymond James that provides a select few offices dedicated support with a Registered Virtual Branch Professional. Alyssa brings years of experience working within Raymond James offices and will offer additional support to our clients and myself. Alyssa has shared with us that she particularly enjoys the client relationship component of her position and is excited to work with our group.

Denise Odde and Susan Gomes continue to offer you support through our Casper and Aspen offices, respectively. Please join me in welcoming Alyssa!

From the Homefront

Hockey season is in full swing. Thankfully, the only travel requirements thus far have been to our local outdoor rink, all of eight minutes from our front door. Better yet, the girl's teeth are still intact and we have not had to ship anyone off to the hospital for stitches! Being a hockey parent, it is just a matter of time before we do, I suspect.

Meanwhile, there has been time for some skiing. Lily and Hannah recently enjoyed their first gondola ride to the summit of Aspen Mountain. Hannah found herself on Last Dollar a couple of weeks ago.



It's her first double black diamond, which she finished in fine form.

We're excited for the 2022 Winter Olympics and looking for inspiration on the rink and slopes. Go USA!

Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is a diversified index measuring approximately 6,000 investment grade, fixed-rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the U.S. & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

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U.S. government bonds and treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. Commodities may be subject to greater volatility than investments in traditional securities. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic and political developments. Diversification and asset allocation do not ensure a profit or protect against a loss. Dividends are not guaranteed and must be authorized by the company's board of directors. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc.

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