

2022 Investment Outlook

FERGUSON WELLMAN CAPITAL MANAGEMENT

WEST BEARING INVESTMENTS

a division of Ferguson Wellman

2021 Investment Outlook: Back to the Future

- It Is Never Really “Different This Time”
- 2020 Year of the Virus ... 2021 Year of the Vaccine
- New Economic Cycle, New Leadership
- Governments Have Their Feet on the Gas
- Delivering Income in a Low-Interest Rate World





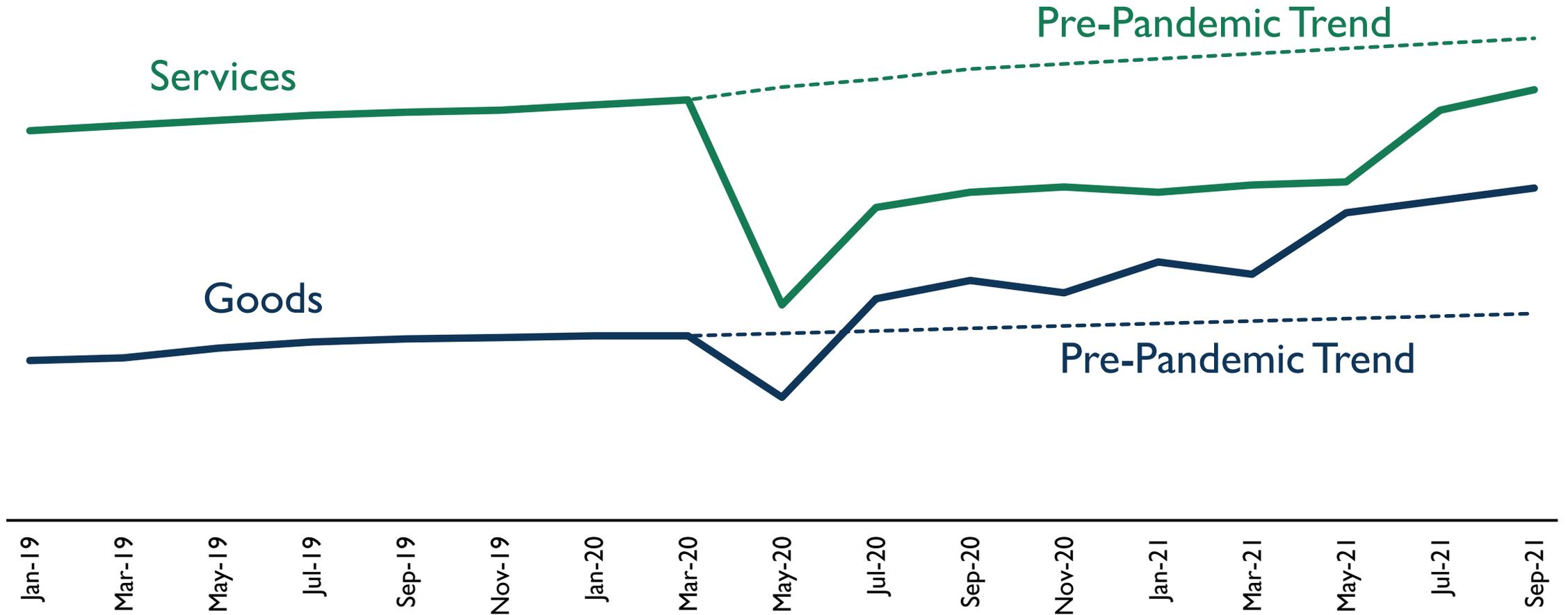
Extraordinary to Ordinary

Investment Outlook 2022

Extraordinary to Ordinary: 2022 Takeaways

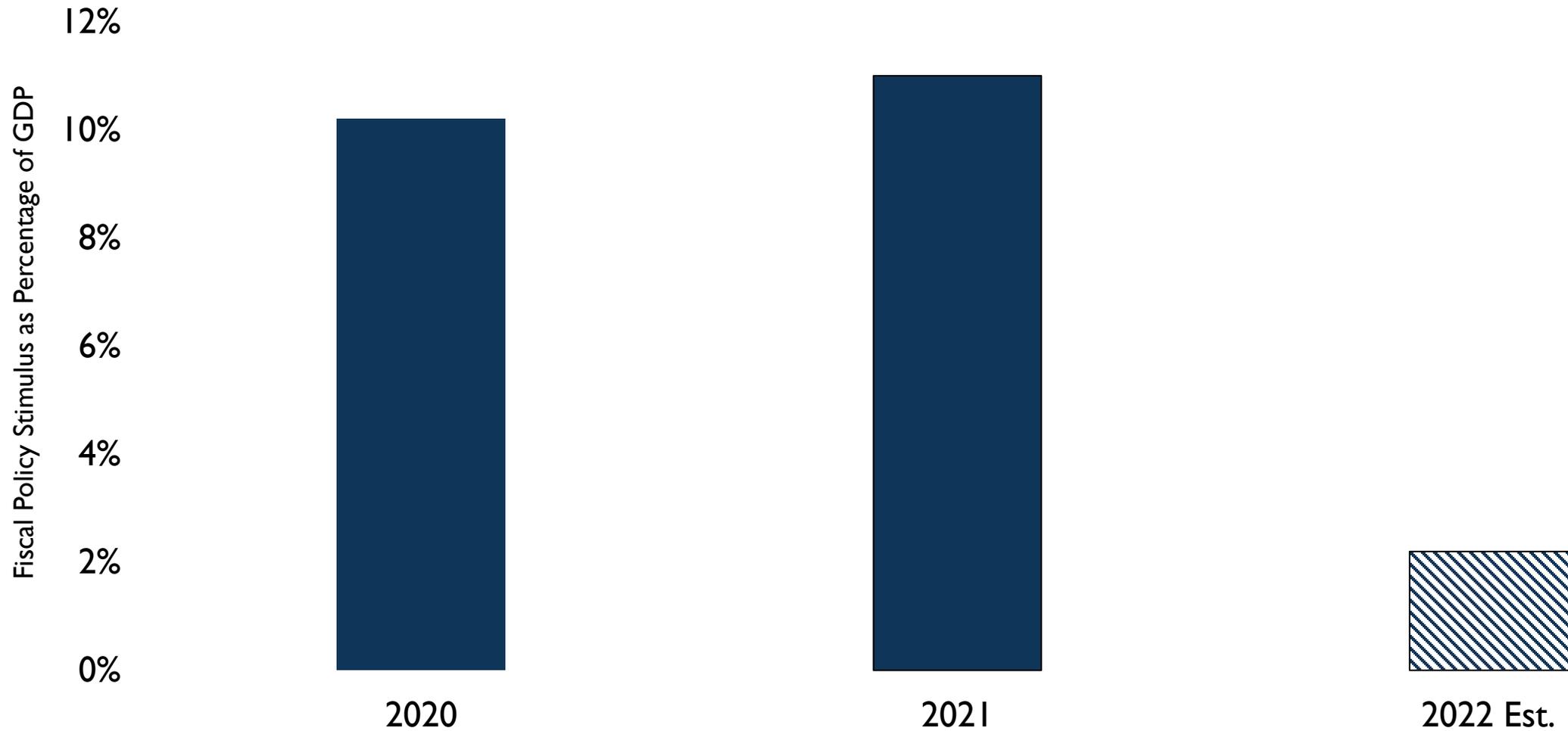
- ✦ Not Your Father's Inflation
- ✦ Early Stages of the Economic Cycle
- ✦ Vectoring Toward Normal
- ✦ Overweight Risk Assets

Demand Shock



Source: RBC

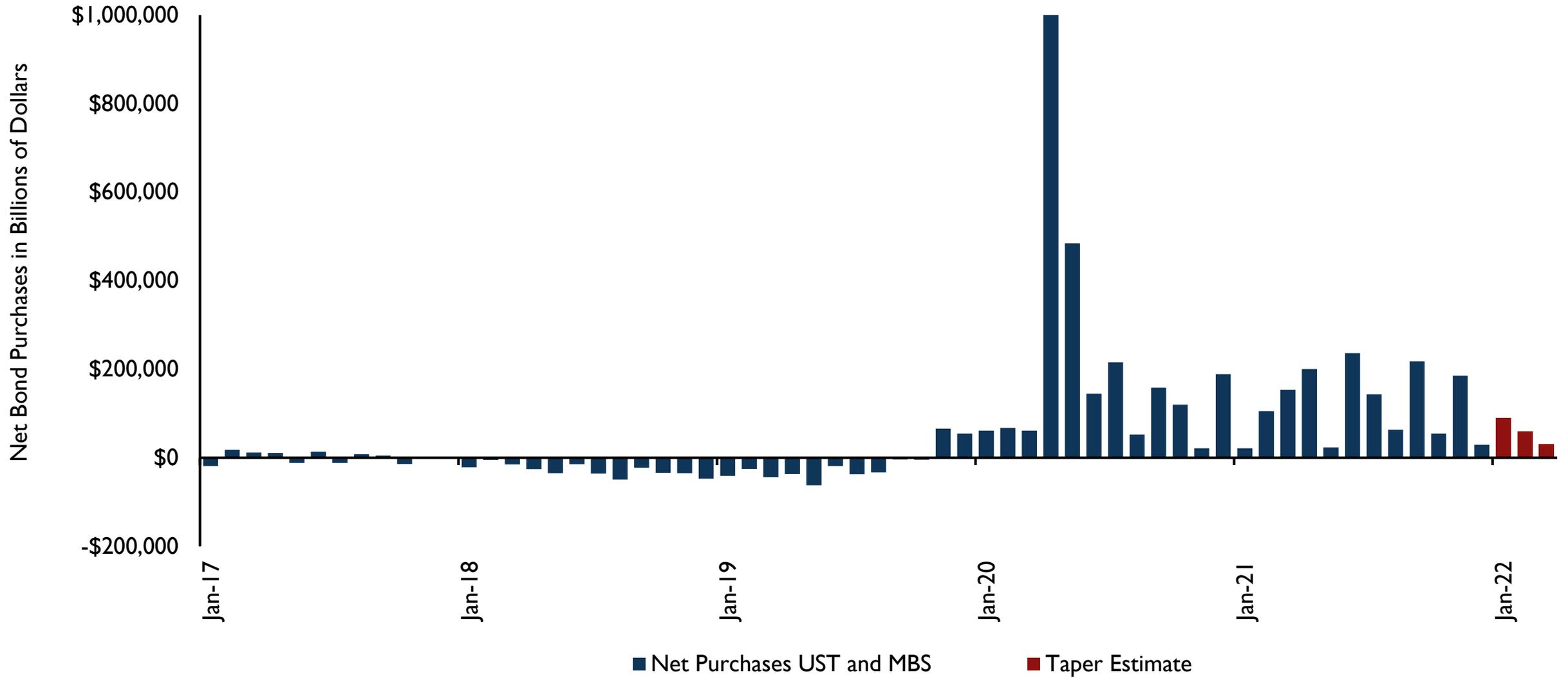
Extraordinary Pandemic Stimulus Winding Down



Source: FactSet

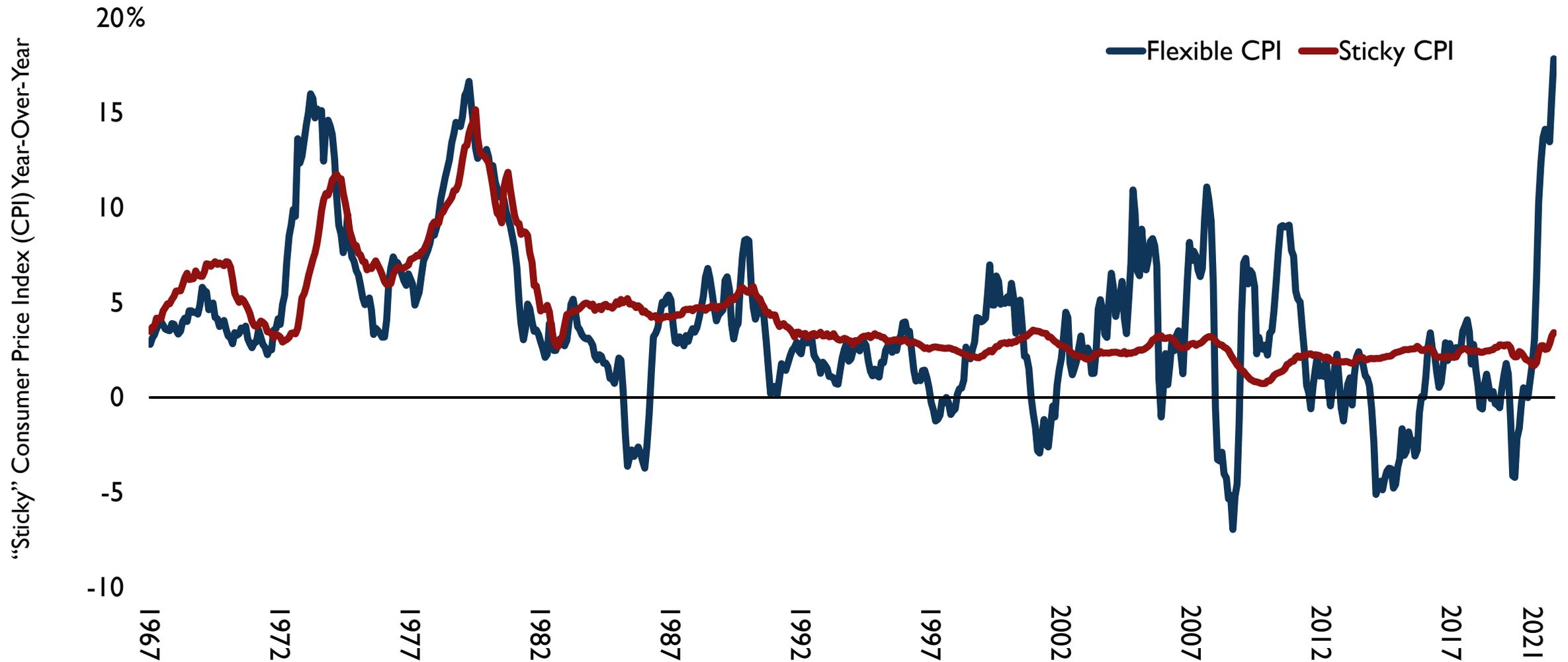
Shutting Down the Printing Press

Extraordinary Bond Buying by the Federal Reserve



Source: Federal Reserve

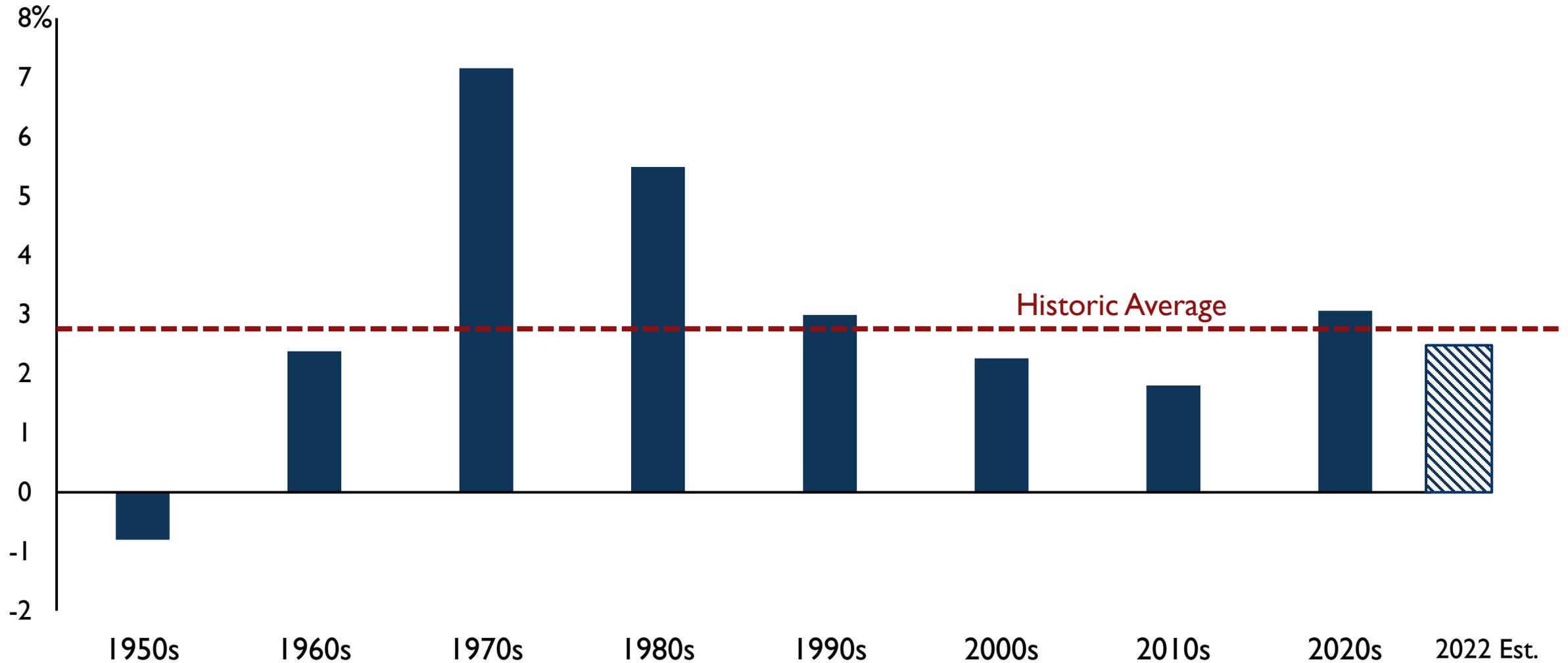
Not Your Father's Inflation



Source: Federal Reserve Bank of Atlanta

Three Percent Inflation Is Ordinary

Average Inflation by Decade



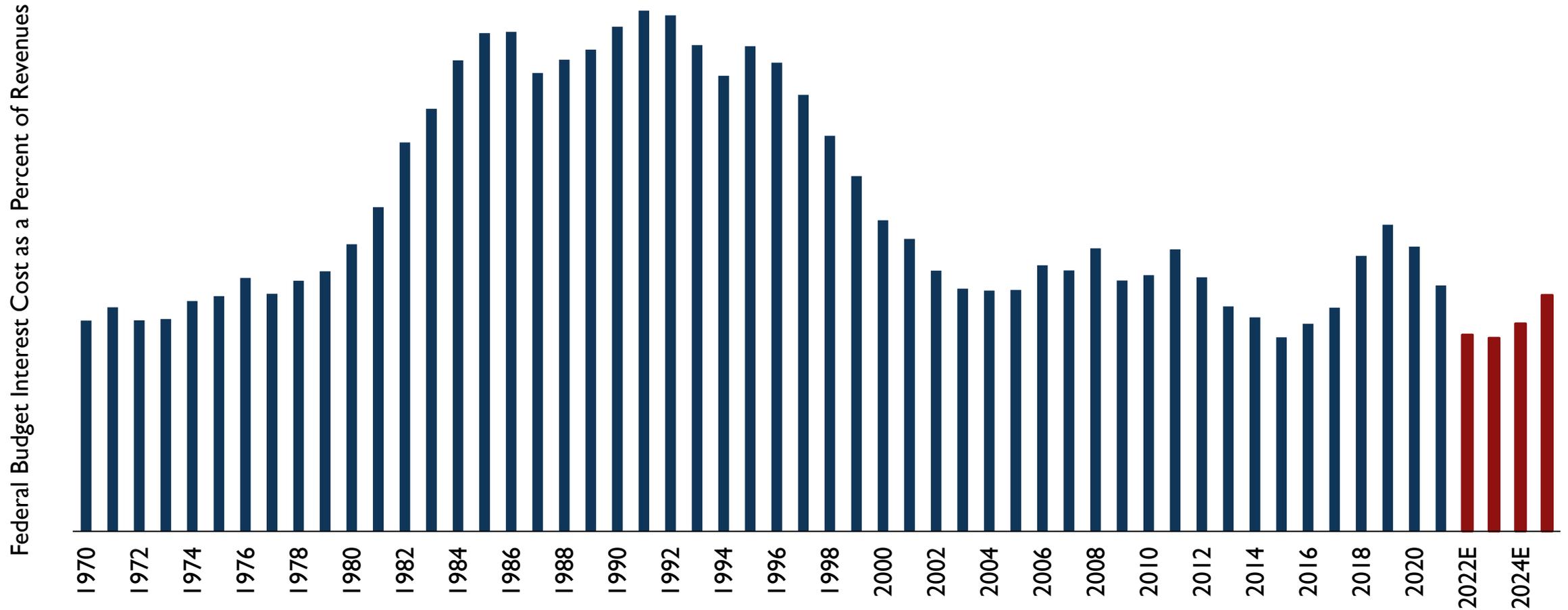
Source: Bloomberg

Gentle Path Upward for Interest Rates

2.25%

Source: Ferguson Wellman

Growing Federal Debt Remains Manageable



Source: Federal Reserve

The background of the slide features a close-up of the Superman logo, a red shield with a yellow 'S' inside, centered on a blue background. Two hands are visible, one on the left and one on the right, holding the edges of the blue background as if it were a piece of fabric or paper. The overall image is slightly faded and has a soft, ethereal quality.

2. Early Stages of Economic Cycle



The Consumer Is in Great Shape

**\$2 Trillion
Excess
Savings**

**Lowest Debt
Service Cost
in History**

**All-Time
High in
Home
Prices**

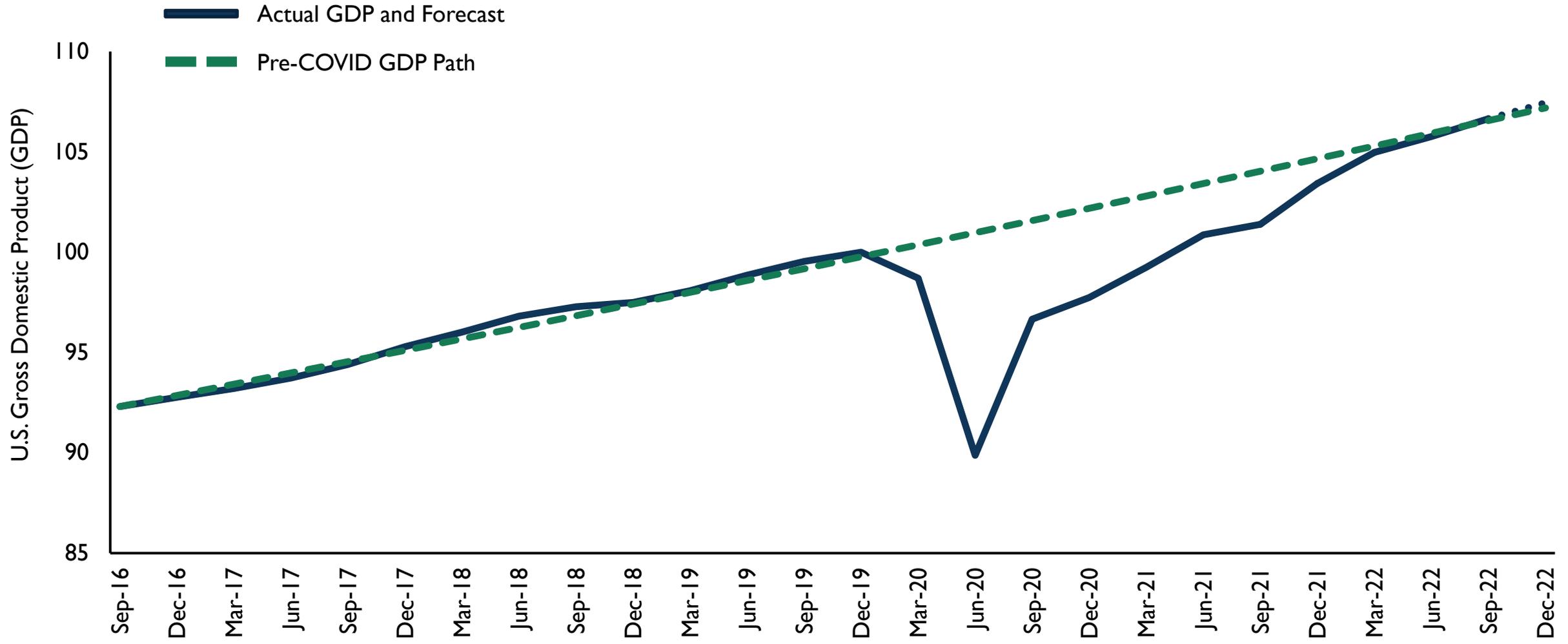
**All-Time
High in
Net Worth**

Finding Missing Workers



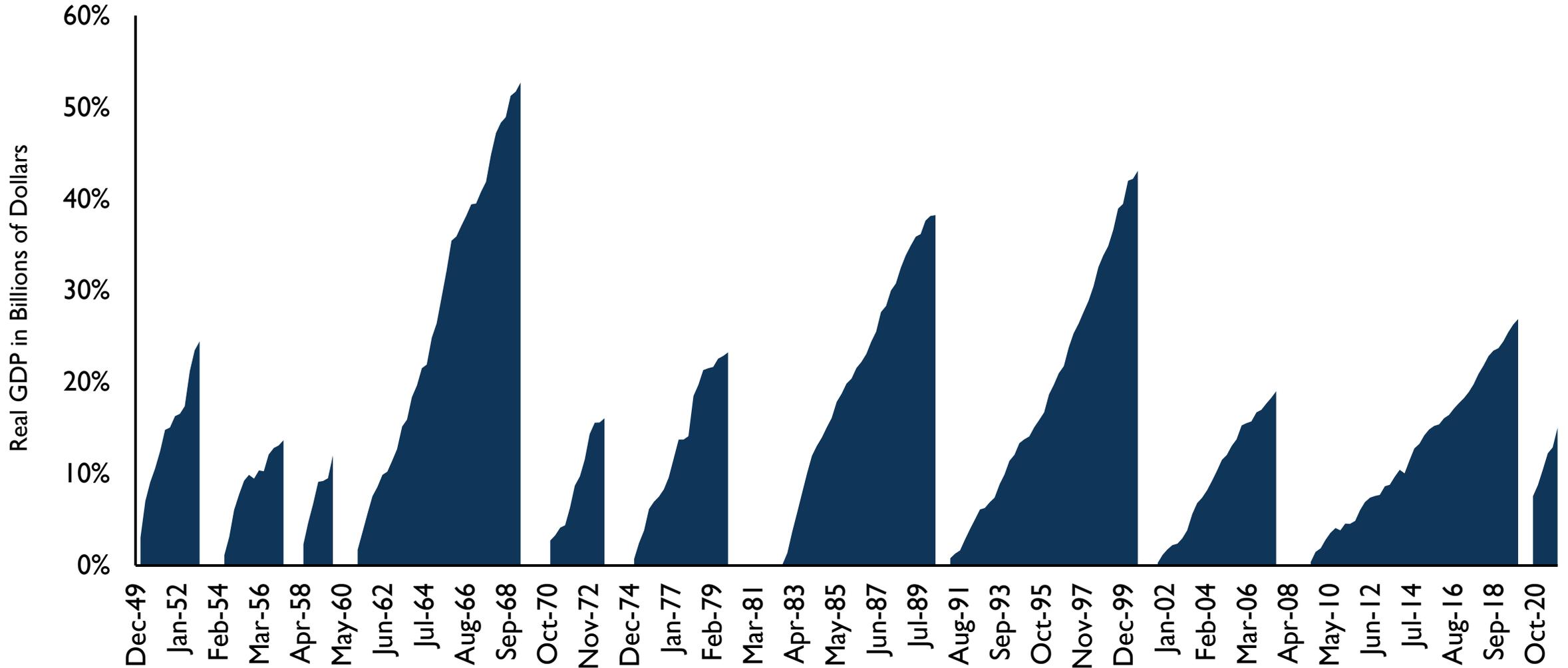
- Early Retirement
- Self-employment
- Immigration
- Extraordinary Benefits
- Other COVID-Related Factors

The Economy Is Back on Track



Source: Goldman Sachs

Economic Cycles Are Longer and More Durable

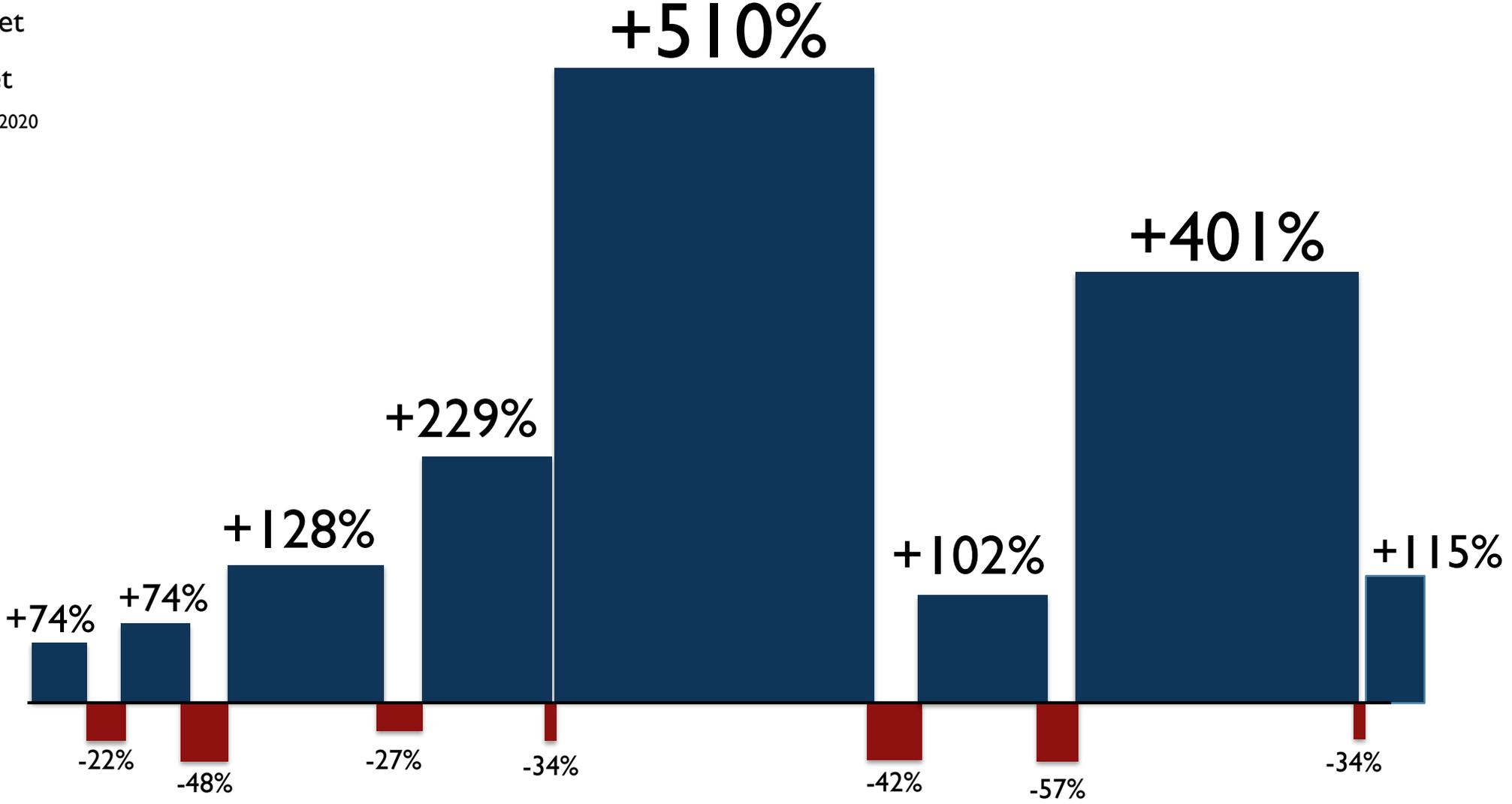


Source: Federal Reserve

Bull Markets Are Long, Bear Markets Are Brief

 Bear Market
 Bull Market

*Timeline shown is 1970-2020

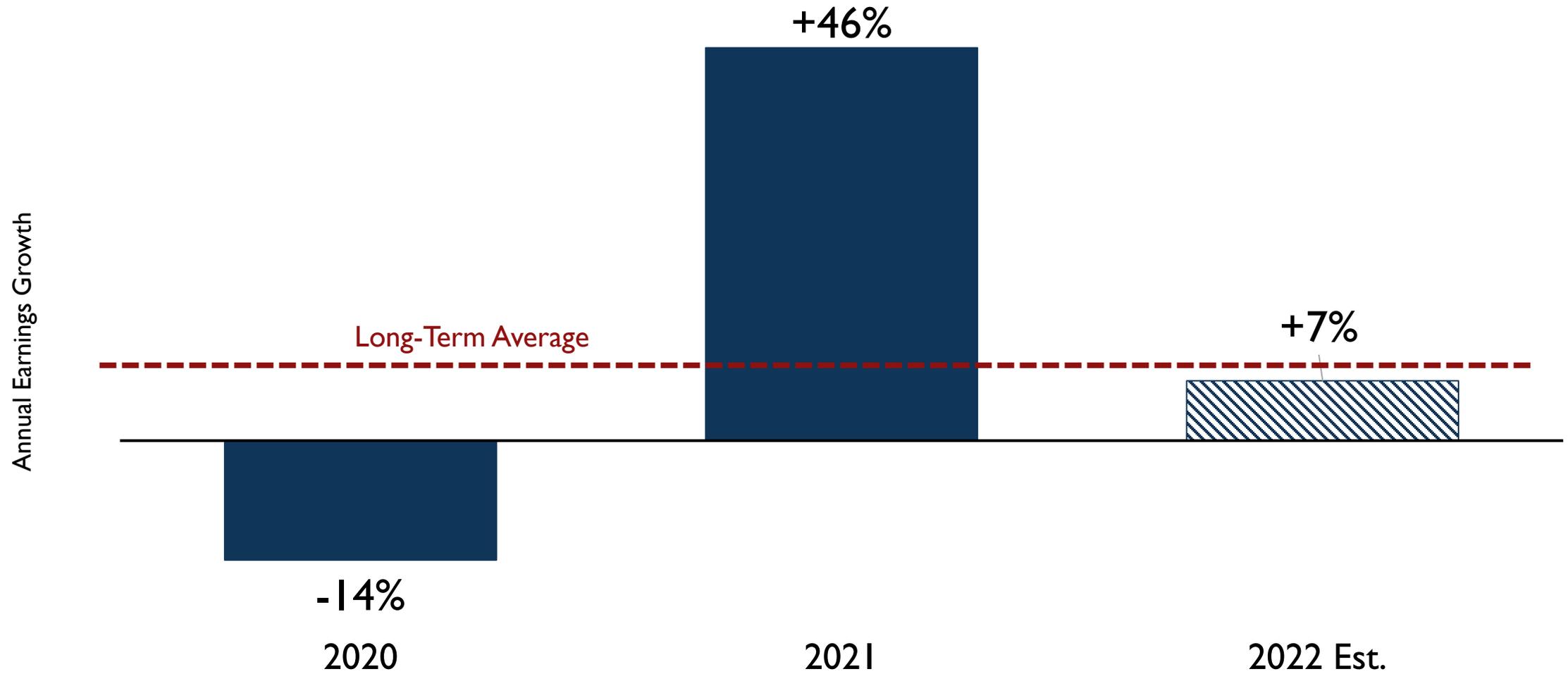


Source: FactSet



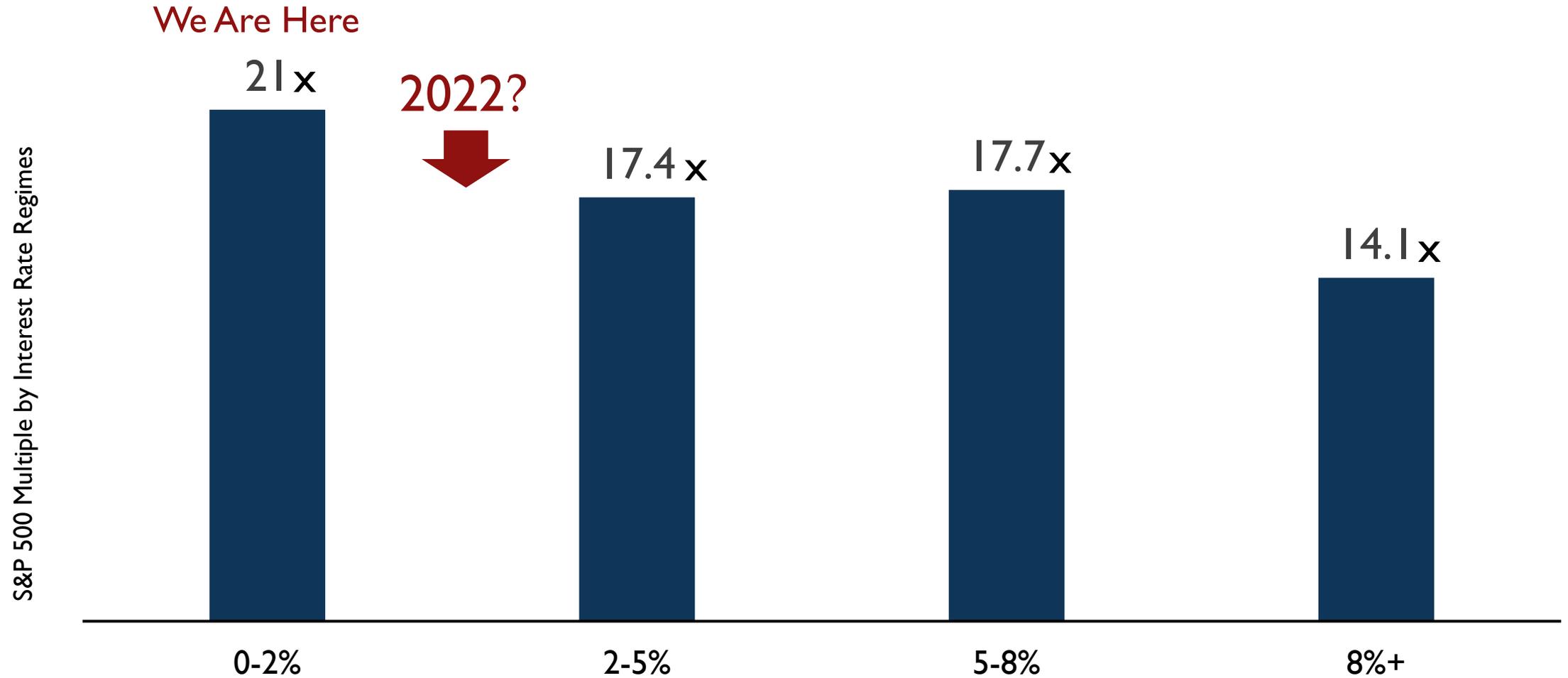
3. Vectoring Toward Normal

Profit Growth Becoming Ordinary



Source: FactSet

Equity Valuations Are Reasonable



Source: FactSet

Expecting Ordinary Market Volatility

Number of 2% Market Moves

44

2020

6

2021

20

AVERAGE

Source: FactSet

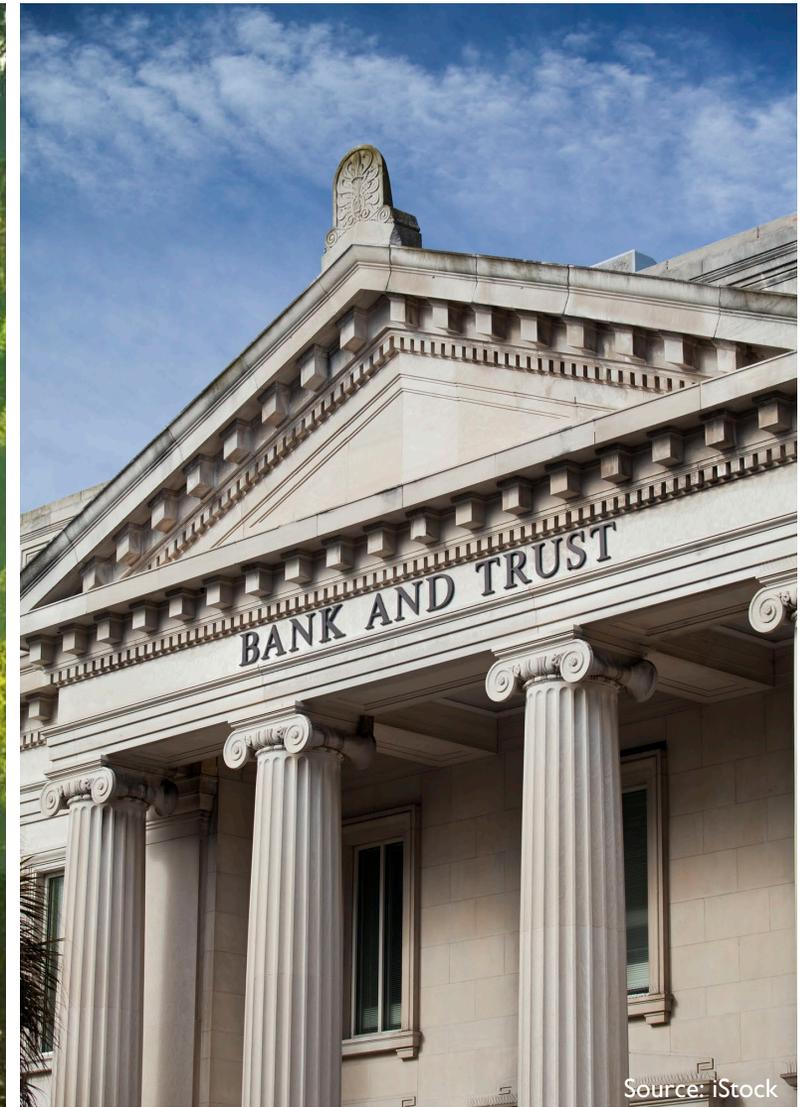
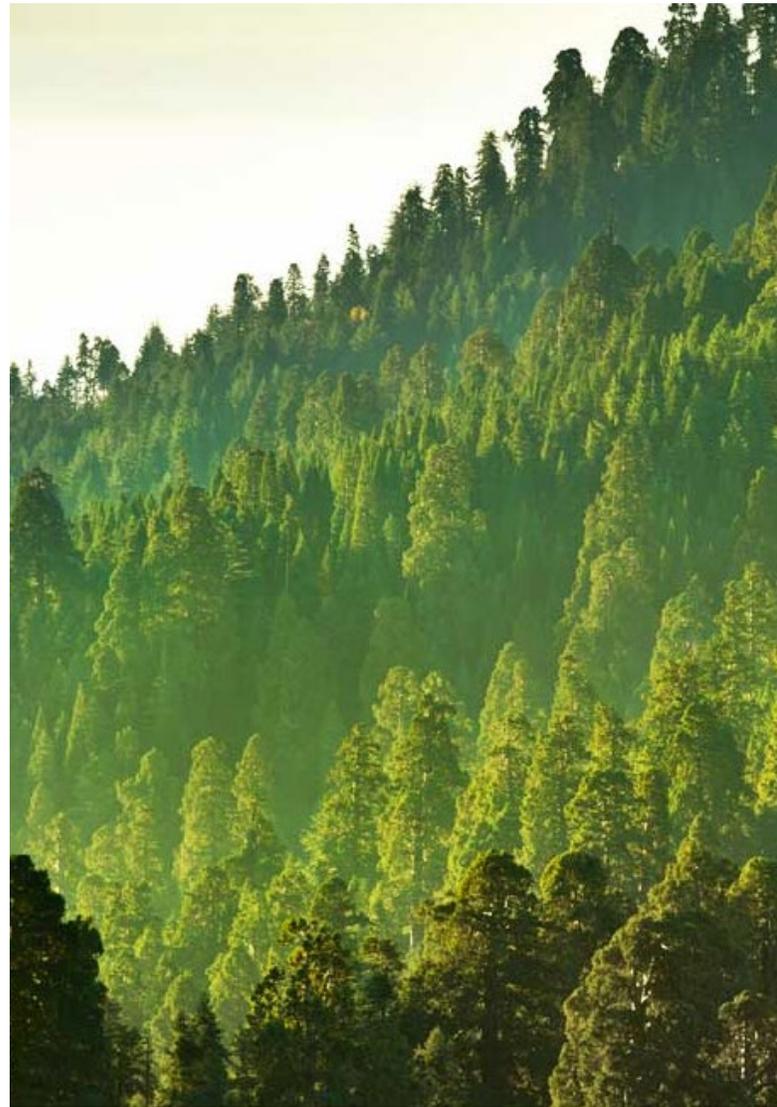
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4. Overweight Risk Assets

Better Than Bonds



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WEST BEARING

What Else Are We Looking At?

ESG Investing

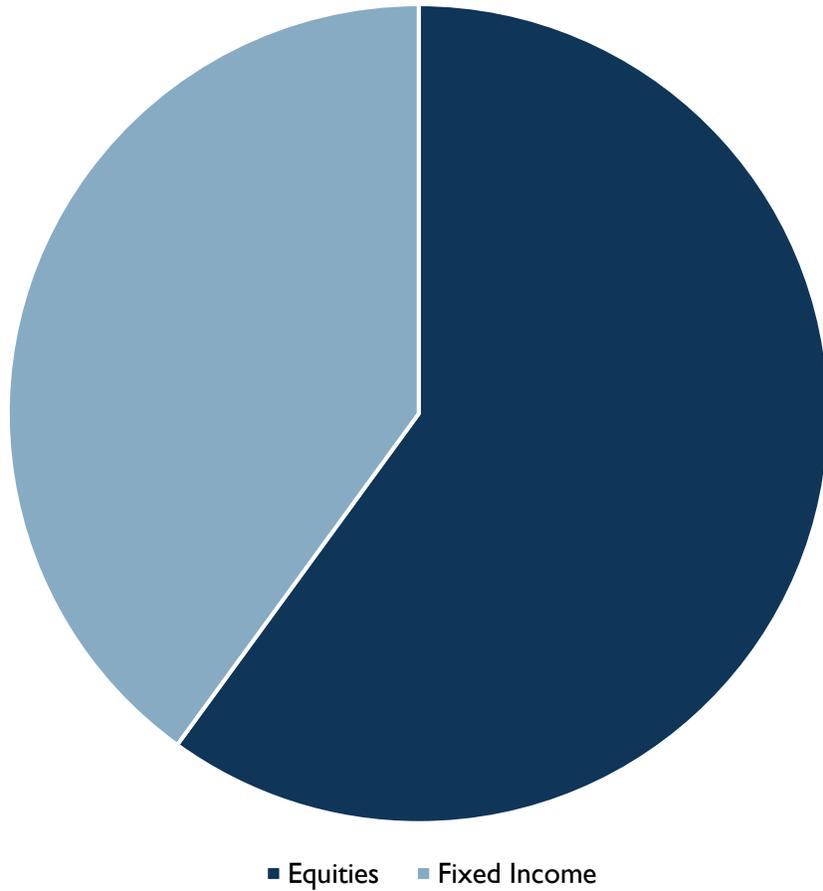


Cryptocurrency and Blockchain Technology

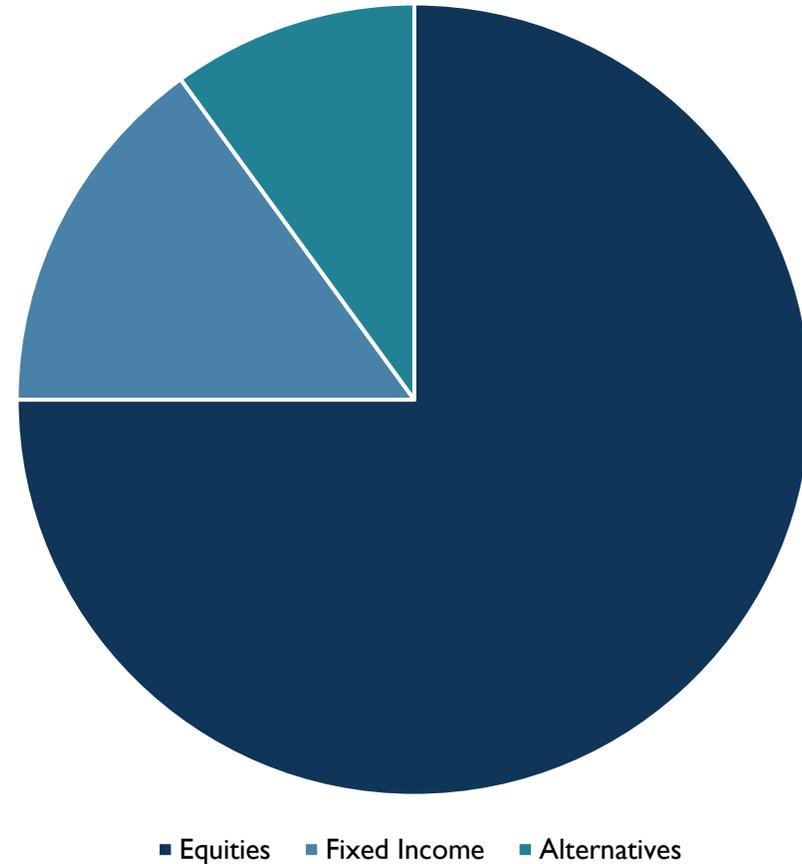
Source: iStock

The Death of the 60/40 Portfolio ...

Traditional Portfolio

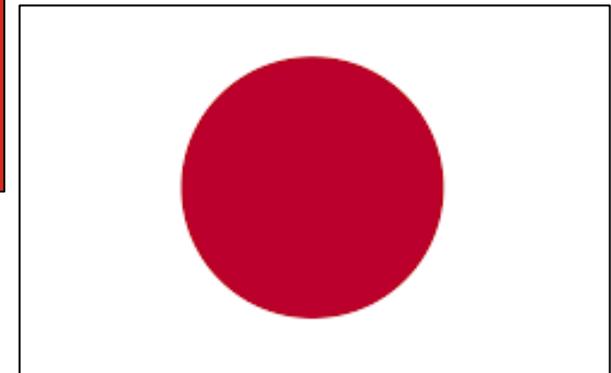


FWCM Balanced Portfolio



Portfolio as of December 2021
Source: Ferguson Wellman

Themes within Portfolios



Overweight Risk Assets



Equities:

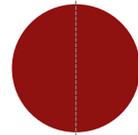
- U.S. Large Cap
- Small Cap
- Developed Markets
- Emerging Markets

Bonds:

- Treasuries
- Corporates

Alternatives:

- Real Estate
- Real Assets



Source: Ferguson Wellman