

# OUR INVESTMENT VIEWS

at FERGUSON WELLMAN  
and WEST BEARING

## *Investment Strategy Update Webinar*

July 22, 2021



FERGUSON WELLMAN  
CAPITAL MANAGEMENT



WEST BEARING INVESTMENTS  
*a division of Ferguson Wellman*

# Today's Presenters

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**Ralph Cole, CFA**  
*Director*



**Jason Norris, CFA**  
*Executive Vice President*



# Coming in Hot

Investment Strategy Q3 2021

# Coming in Hot

## Investment Strategy Q3 2021

- Inflation is Accelerating, but Not Running Away
- The Economy is Healthy Enough to Begin Removing Stimulus
- The Global Economy Is Moving on from the Pandemic
- Earnings Are Exploding
- bullish (with a small b) on Risk Assets

# Vaccine to Unleash Pent-Up Demand

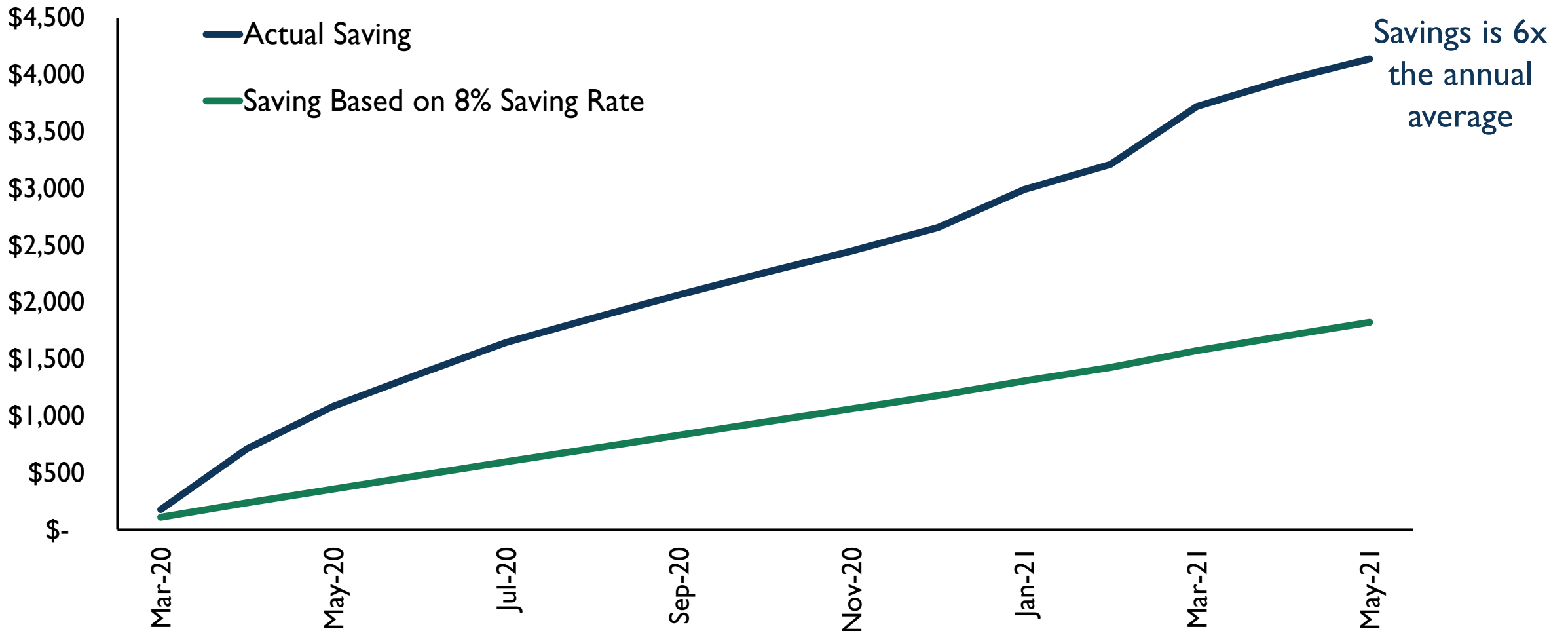
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The Fed's forecast of 7.0 percent growth would be the highest since 1984.

Source: Federal Reserve

# Excess Savings = Dry Spending Powder

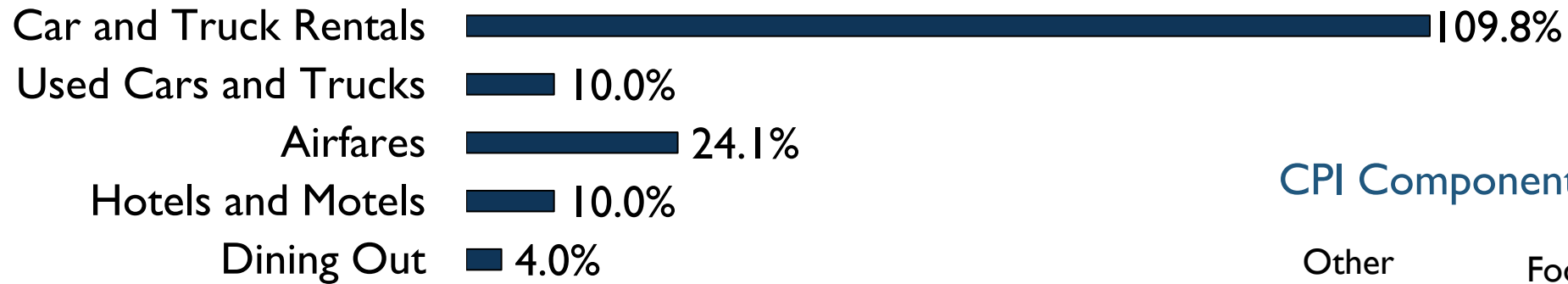


Source: Federal Reserve

# Recent Inflation Surge Is Not Broad-Based

Percentage Change Year-over-Year by Category (as of May 31, 2021)

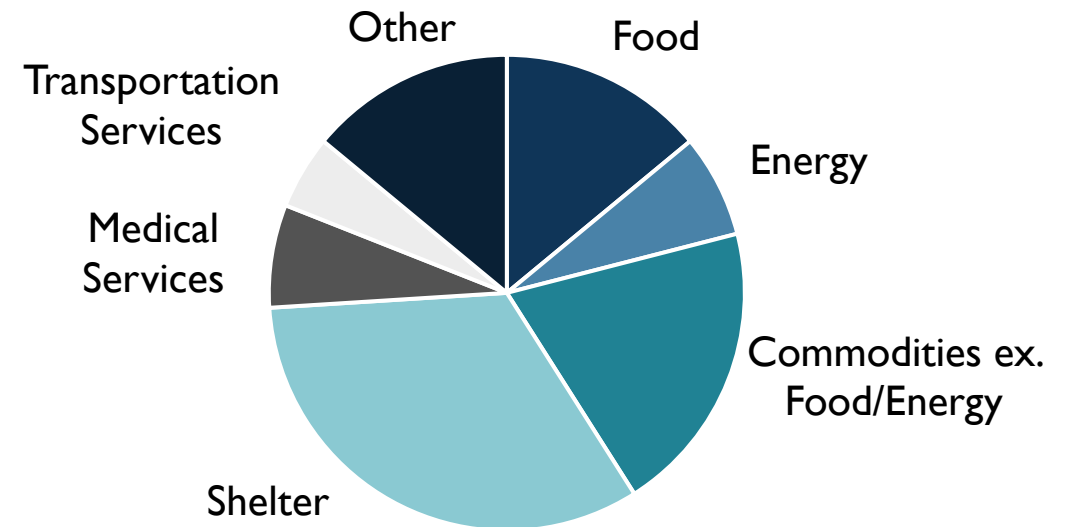
## Wants (Minor Wallet Share)



## Needs (Major Wallet Share)

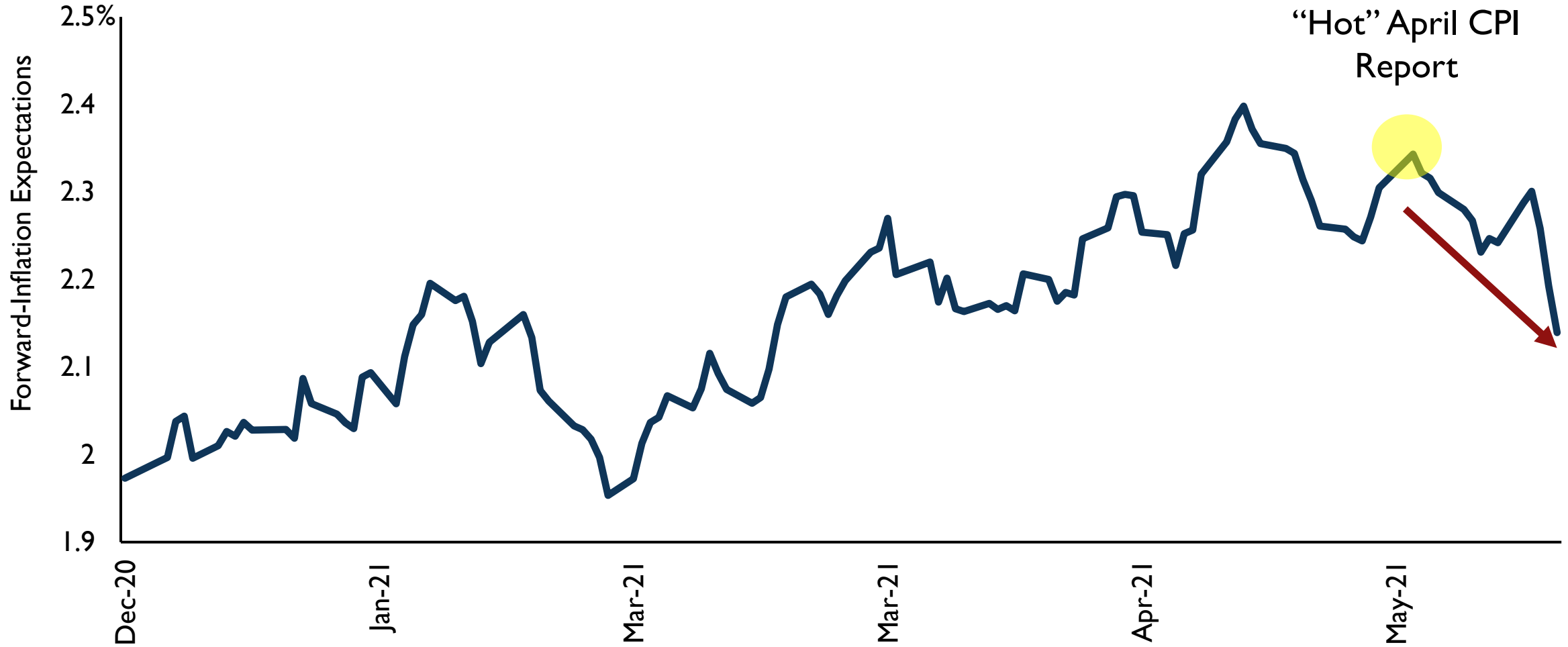


## CPI Components



Source: U.S. Bureau of Labor Statistics

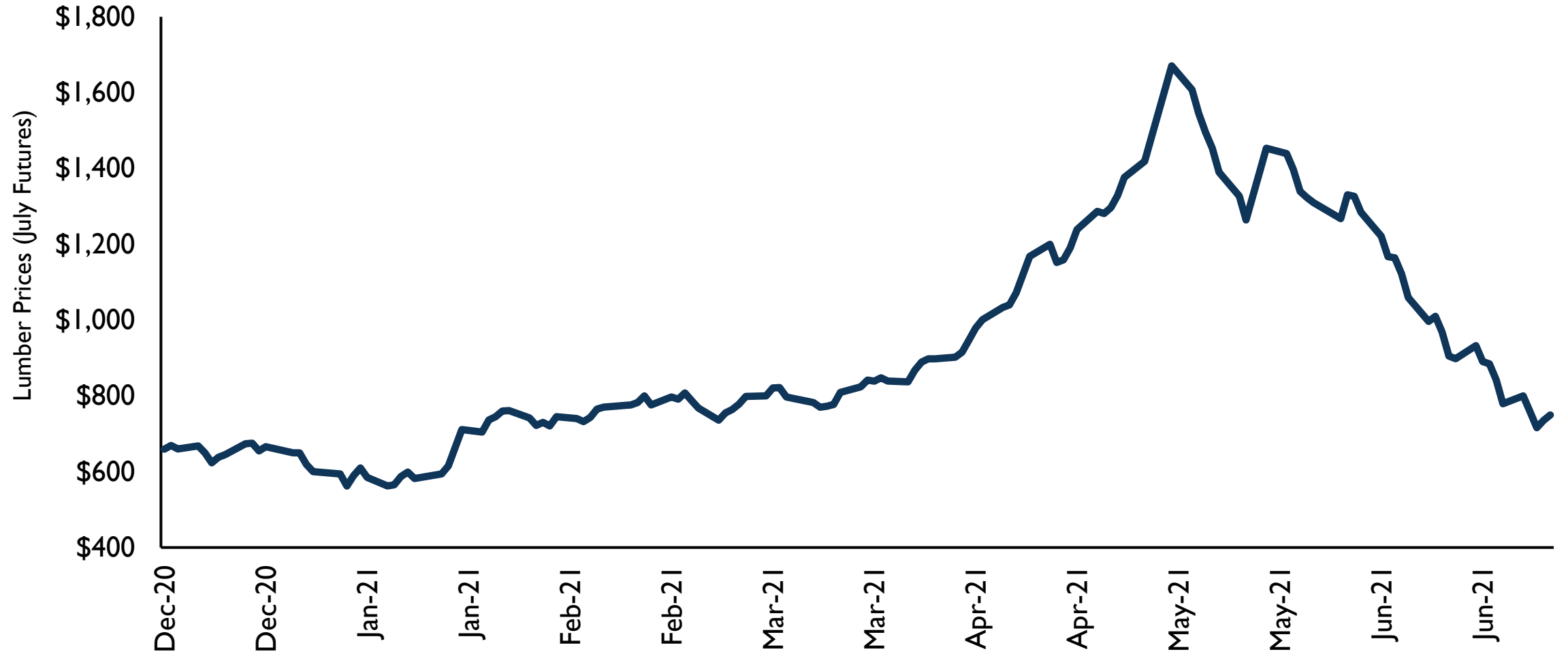
# Long-Term Market Inflation Expectations Remain Contained



Source: Bloomberg

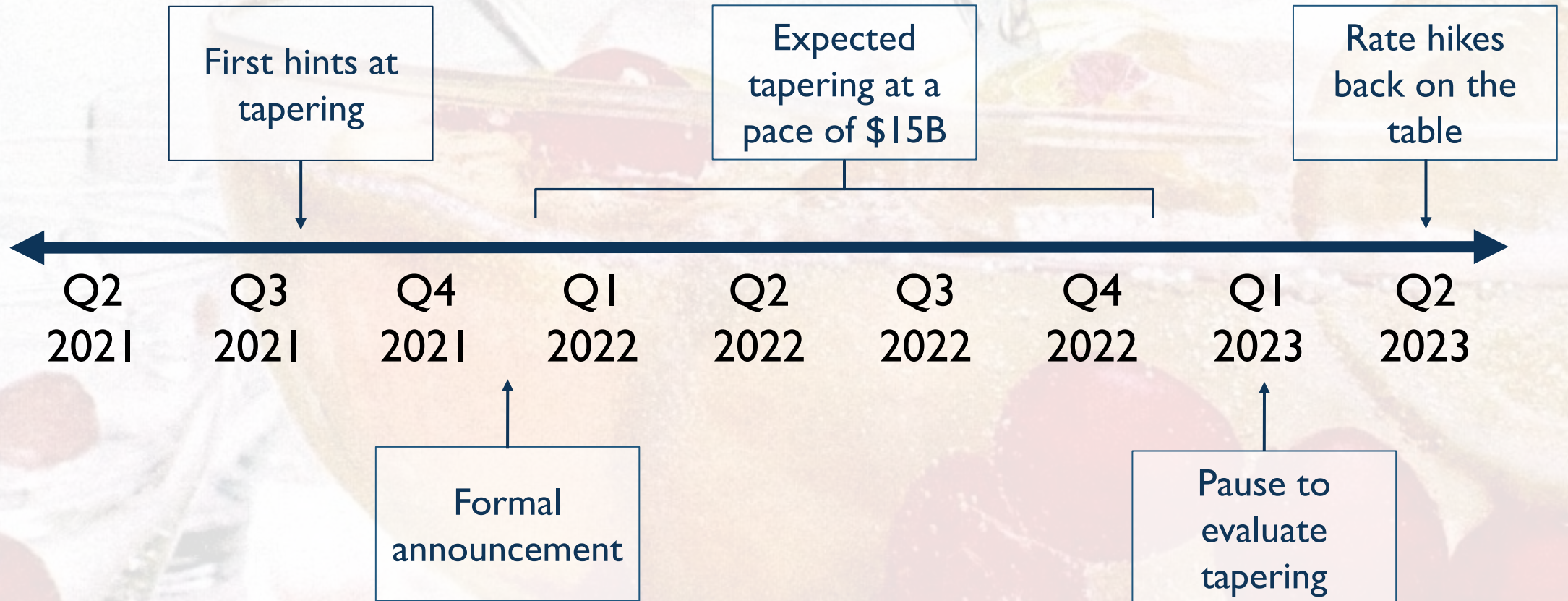


# Cure for High Prices is High Prices



Source: Bloomberg

# The Fed's Punch Bowl Is Full and the Party's Still Going



Source: Goldman Sachs

# Rates to Trend Only Modestly Higher

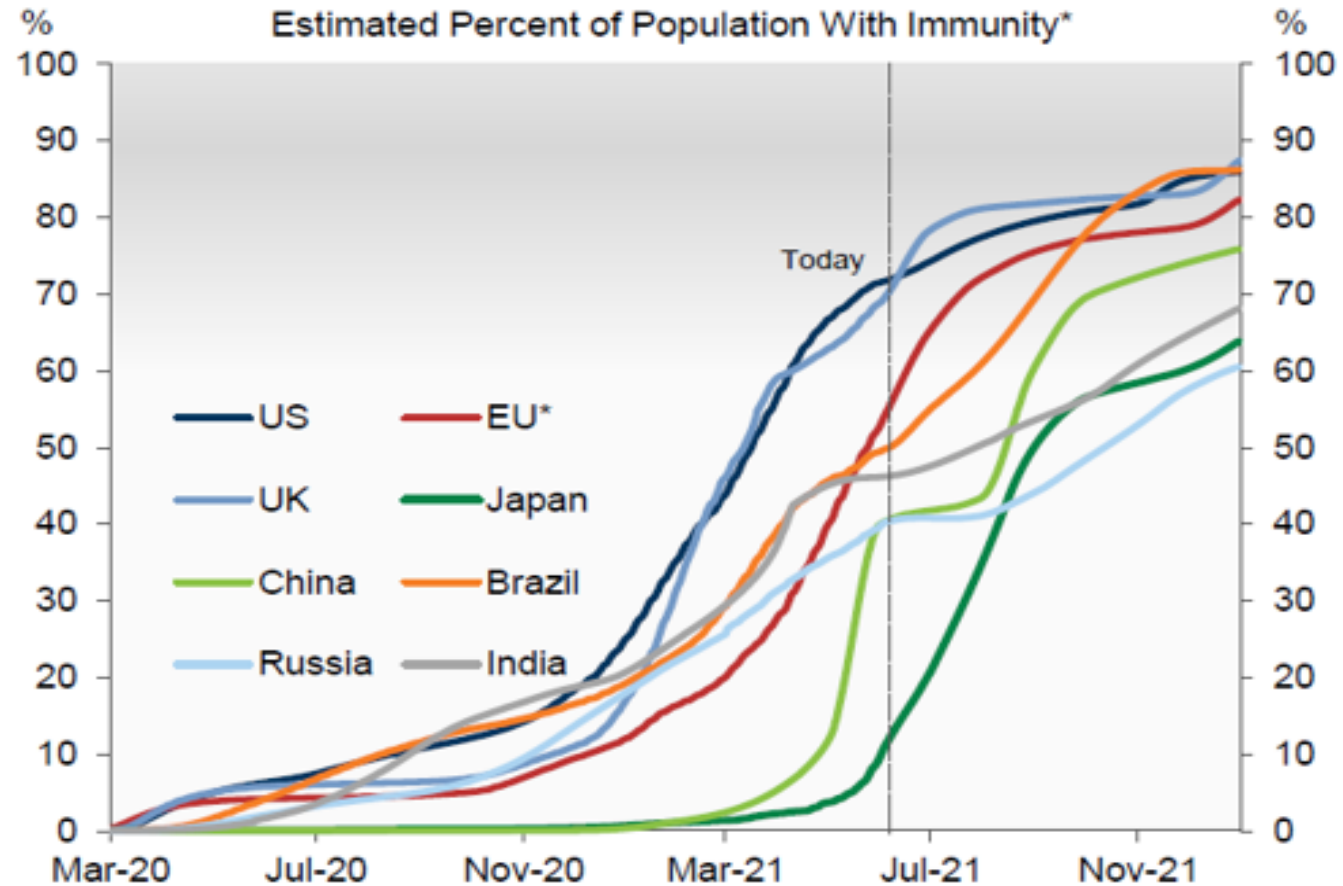
## 10-year U.S. Treasury Rates

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Source: Bloomberg

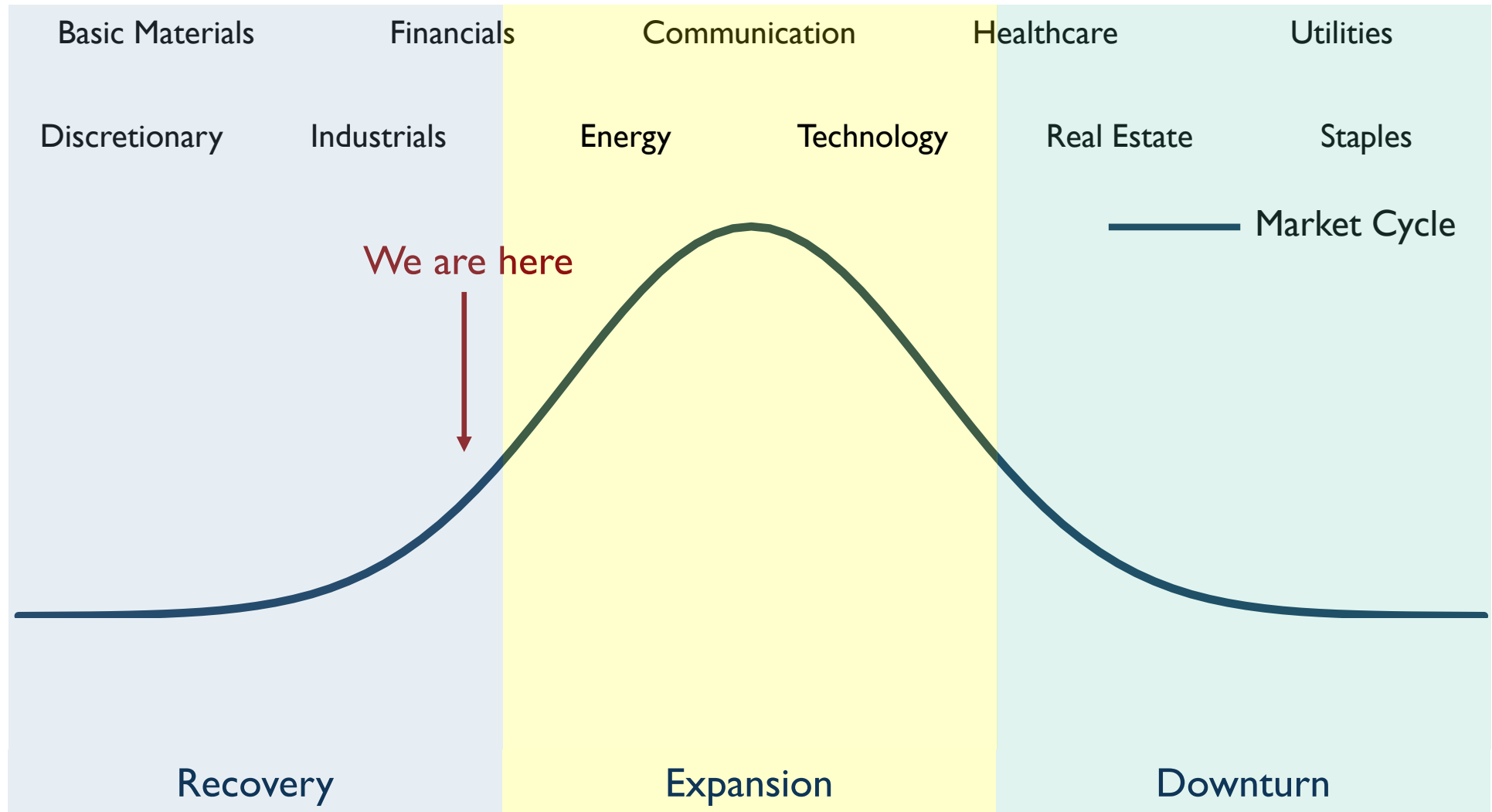
# The World Is Getting Vaccinated



Sources: YouGov, Our World in Data, Godman Sachs

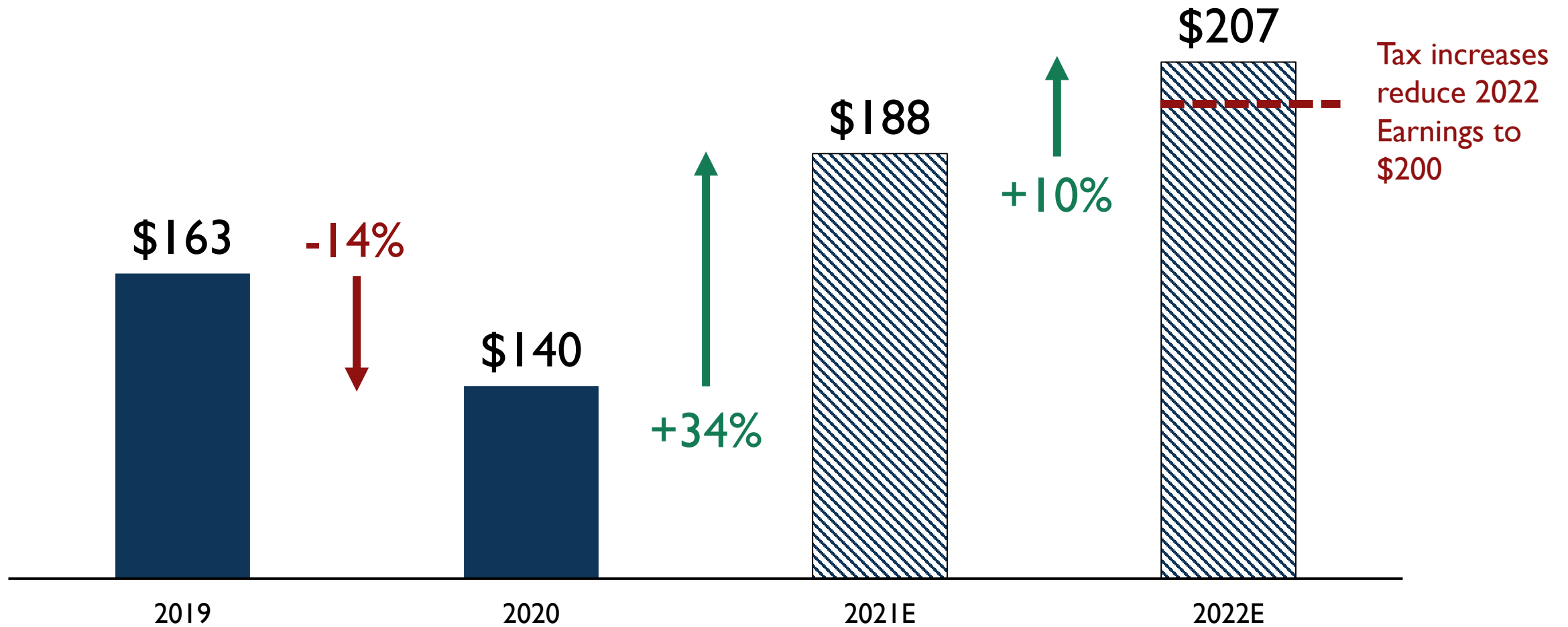
\*Definition of immunity is described as the share with a prior infection or vaccinated, accounting for overlap. They define vaccinated as receiving at least one dose in developed markets and all necessary doses in emerging markets.

# Cyclicals Lead Early in the Recovery



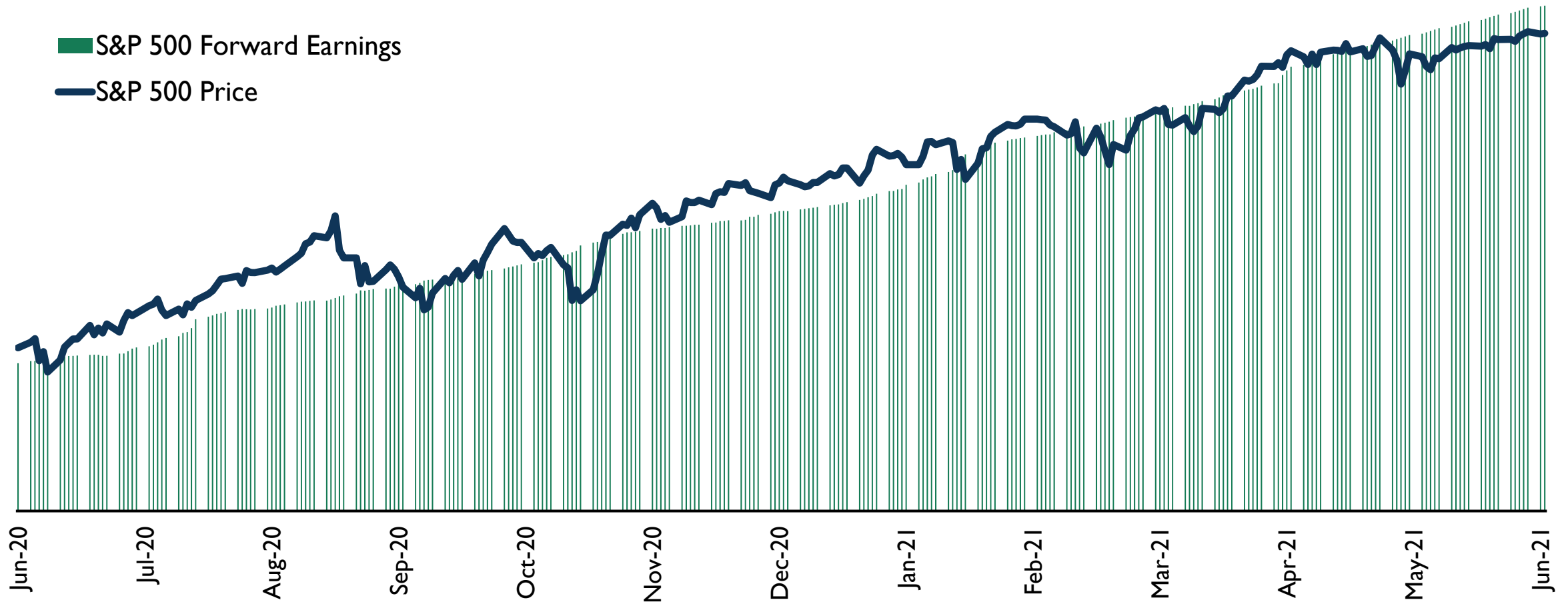
Source: Ferguson Wellman

# Explosive Earnings Growth



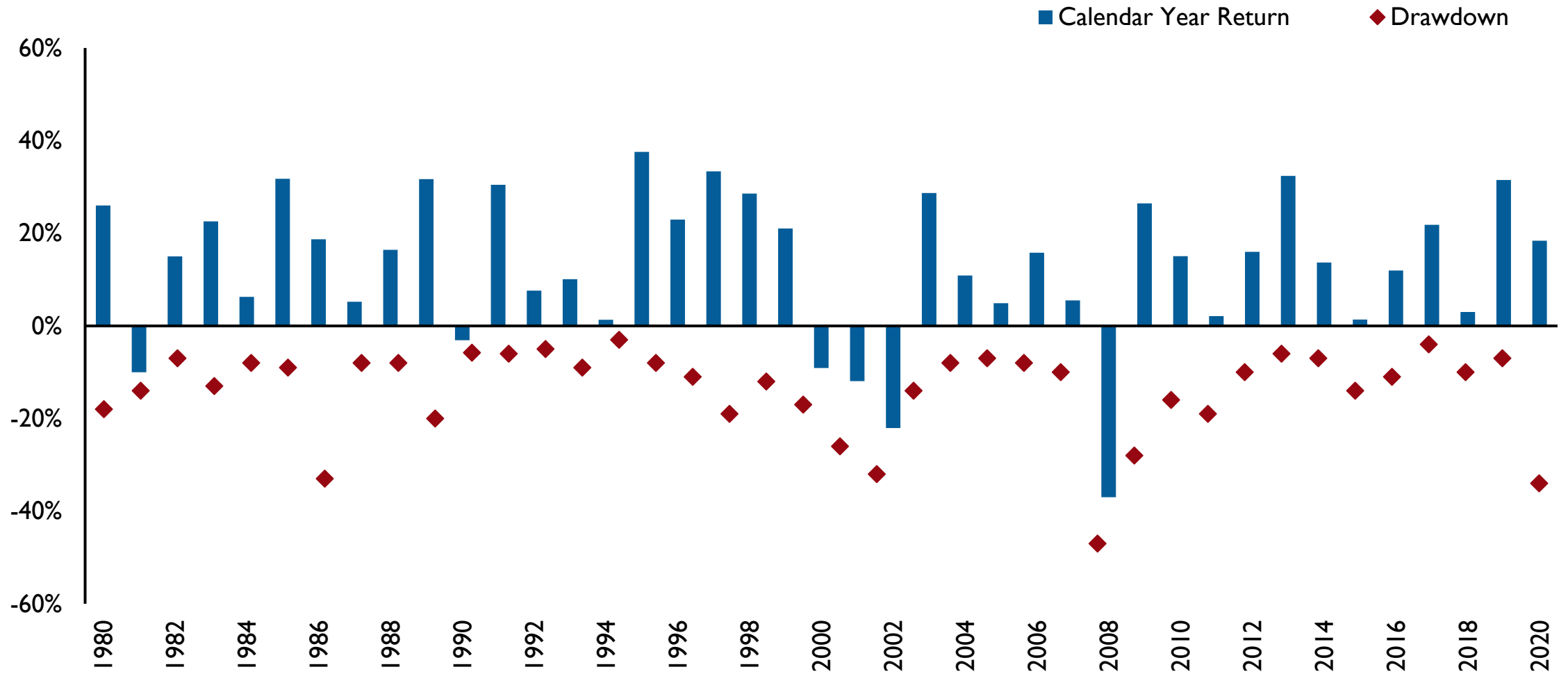
Source: FactSet

# As Go Earnings, So Goes the Market



Source: FactSet

# Correction Is Likely, Not a Bear Market

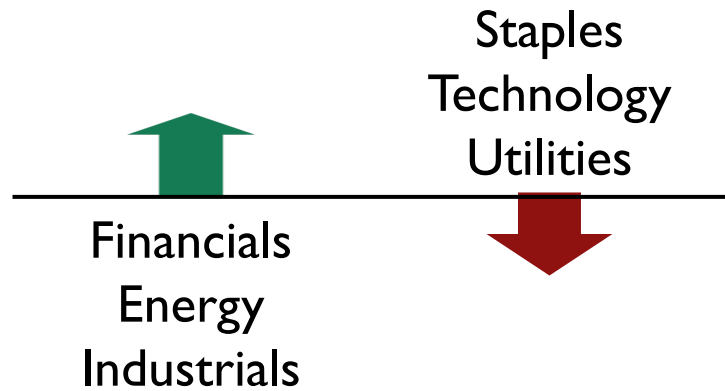


Source: FactSet

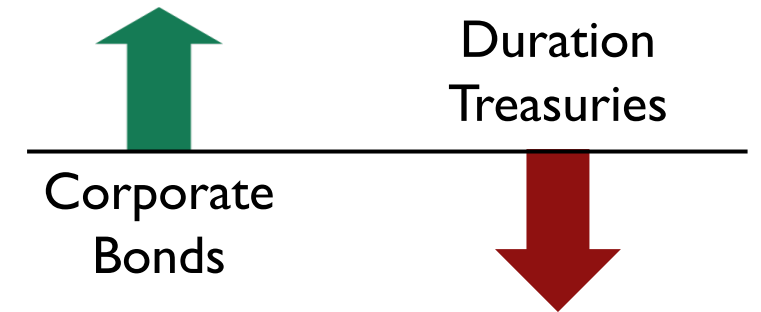


# We Are Positioned for ~~Rising Rates~~ Higher Inflation

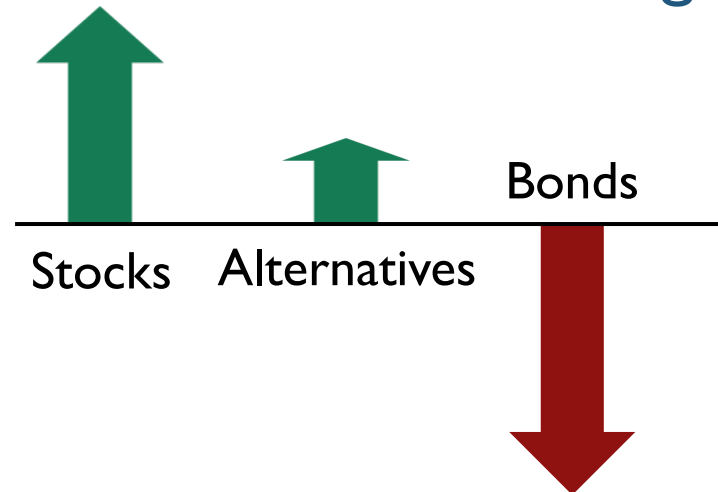
## Stock Portfolio Positioning



## Bond Portfolio Positioning



## Asset Allocation Changes



Sources: Bloomberg, Ferguson Wellman

A stone arch bridge spans a waterfall in a lush forest. The bridge has a decorative railing and is set against a backdrop of dense green foliage. The waterfall is the central focus, with water cascading down the rocks.

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*Use the Q&A tool below for questions*

*Survey immediately following webinar*