



# STOCKS HAVE USUALLY PERFORMED WELL DURING PERIODS OF RISING INTEREST RATES/BOND YIELDS

WITH AN AVERAGE OF 12% ANNUALIZED  
RETURNS DURING RISING RATE PERIODS SINCE  
1971

Scenario Analysis



STOCKS HAVE  
NORMALLY  
PERFORMED WELL  
DURING PERIODS  
OF RISING  
INTEREST RATES

- ✓ Equities have normally performed well during periods of rising interest rates/bond yields. Rising interest rates tend to point to a strengthening the US economy and therefore improved earnings.
- ✓ **Equities have risen 12% pa. on average when interest rates have been rising since 1971.**
- ✓ US economy added far fewer jobs than expected in December with nonfarm payrolls growing by 199,000 compared with the Dow Jones estimate of 422,000. December nonfarm payrolls show that the total employment level is still 2.9 million below the level in February 2020.
- ✓ **Pfizer Inc. is developing a hybrid vaccine that combines its original shot with a formulation that shields against the highly transmissible omicron variant, the drug giant's top executive said.**

## History Of The S&P Returns In A Rising Rate Environment

AVERAGE 12%  
ANNUALIZED  
RETURNS DURING  
RISING RATE  
PERIODS SINCE  
1971

Stocks have usually performed well during periods of rising rates (bond yields)



source: Bloomberg

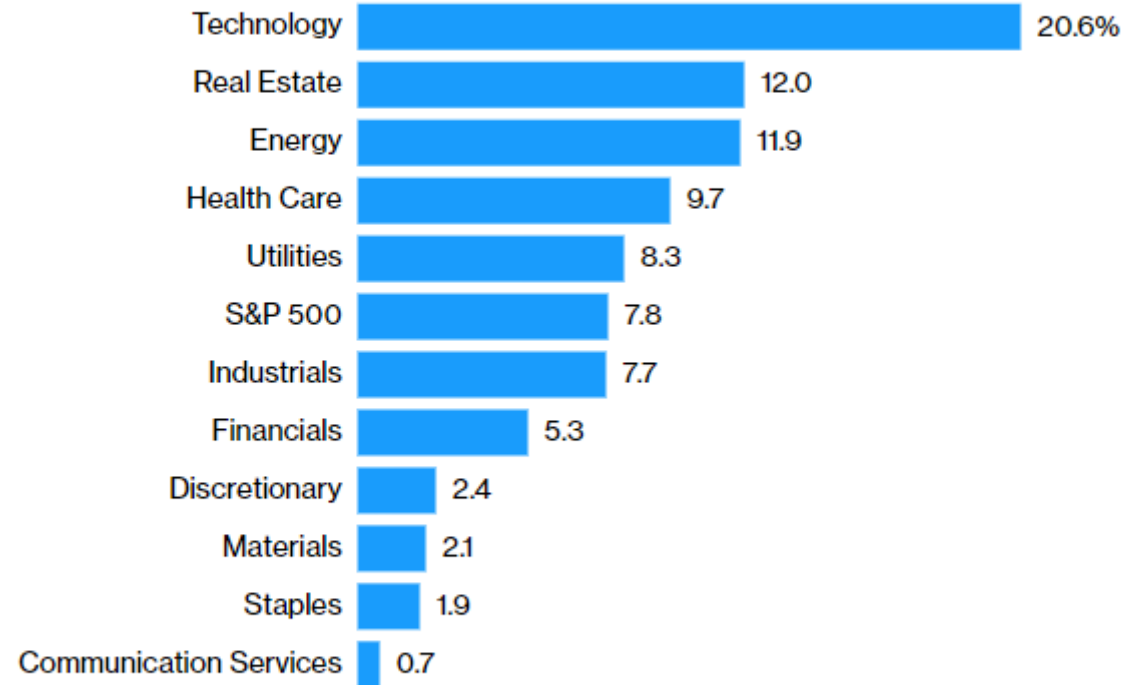
THE FEDERAL  
RESERVE WILL  
LIKELY RAISE RATES  
FOUR TIMES IN  
2022. YET THE  
S&P500  
PERFORMS WELL  
AS RATES RISE

## S&P 500 Sector Performance In A Rising Rate Environment

### **Fed Effect**

How the S&P 500 performs in Fed rate-hike cycles

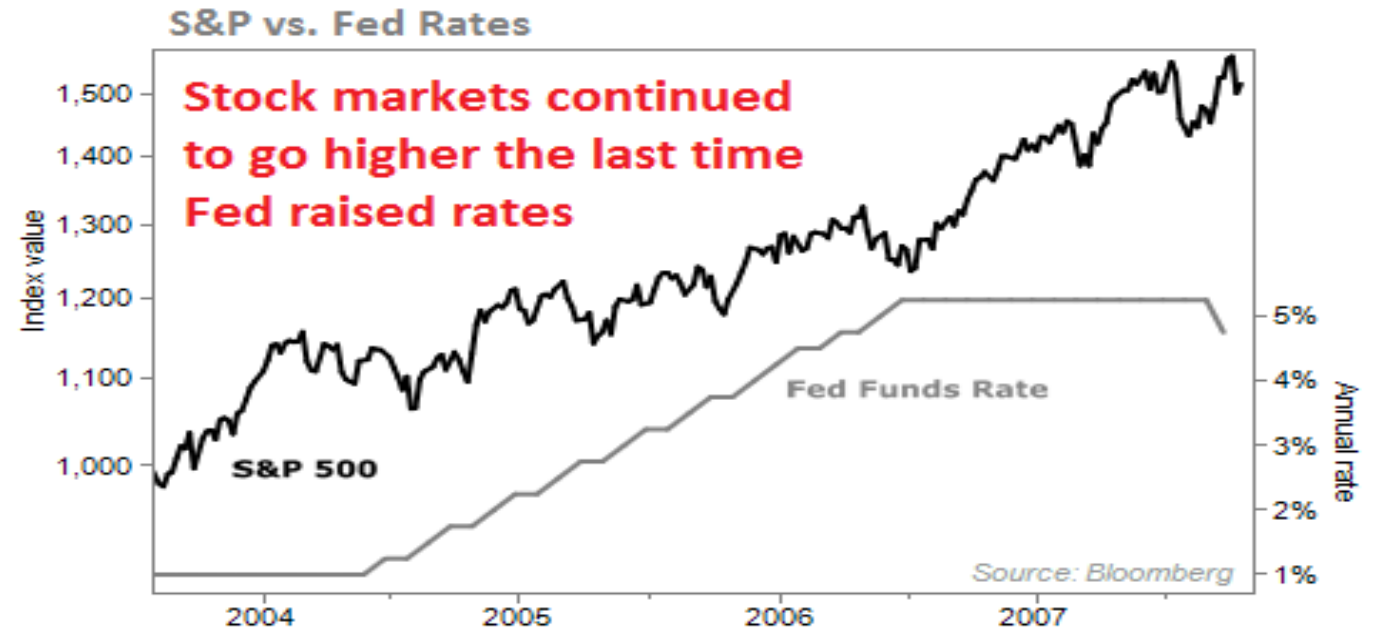
■ Average annualized return



Source: Strategas Securities

STOCK MARKETS  
APPRECIATED  
FROM 2004 THRU  
2007 AS INTEREST  
RATES WERE  
INCREASED

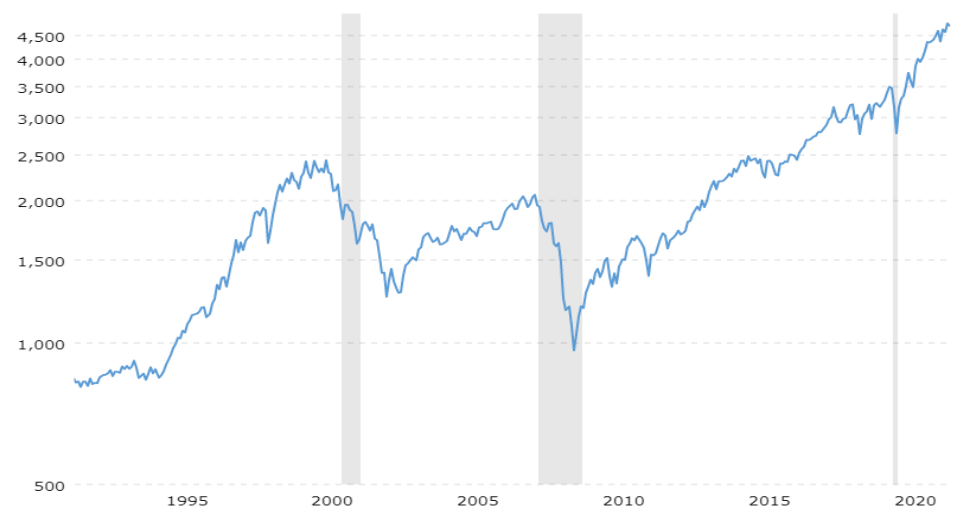
## Snap Shot Of S&P Recovery



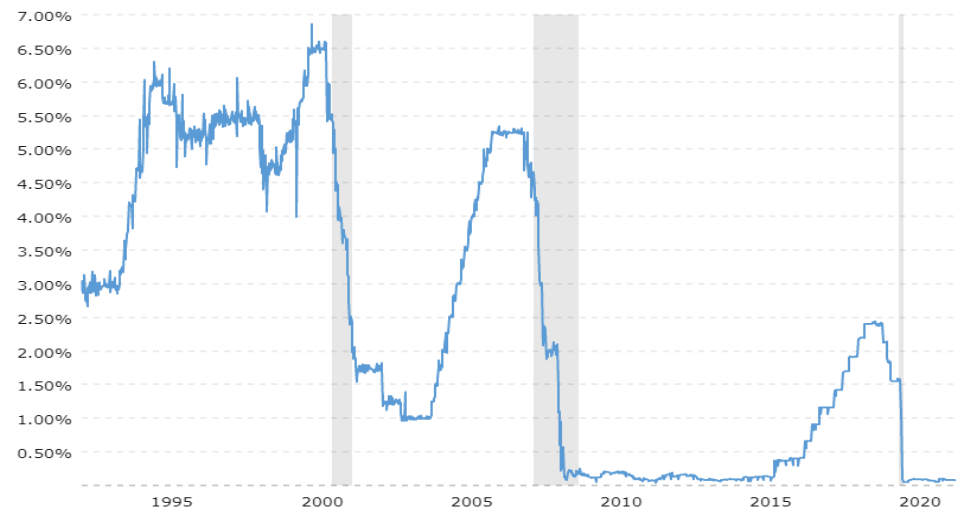
- ✓ The Fed lowered rates to combat the Dot Com bubble burst of the late 1990's.
- ✓ As the economy recovered, the Fed raised rates.
- ✓ Stocks rallied despite the increase in rates.
- ✓ The rise in stocks was a reflection of earnings growth.

# S&P500 INDEX VS FEDERAL FUNDS RATE

**S&P 500 Performance.**



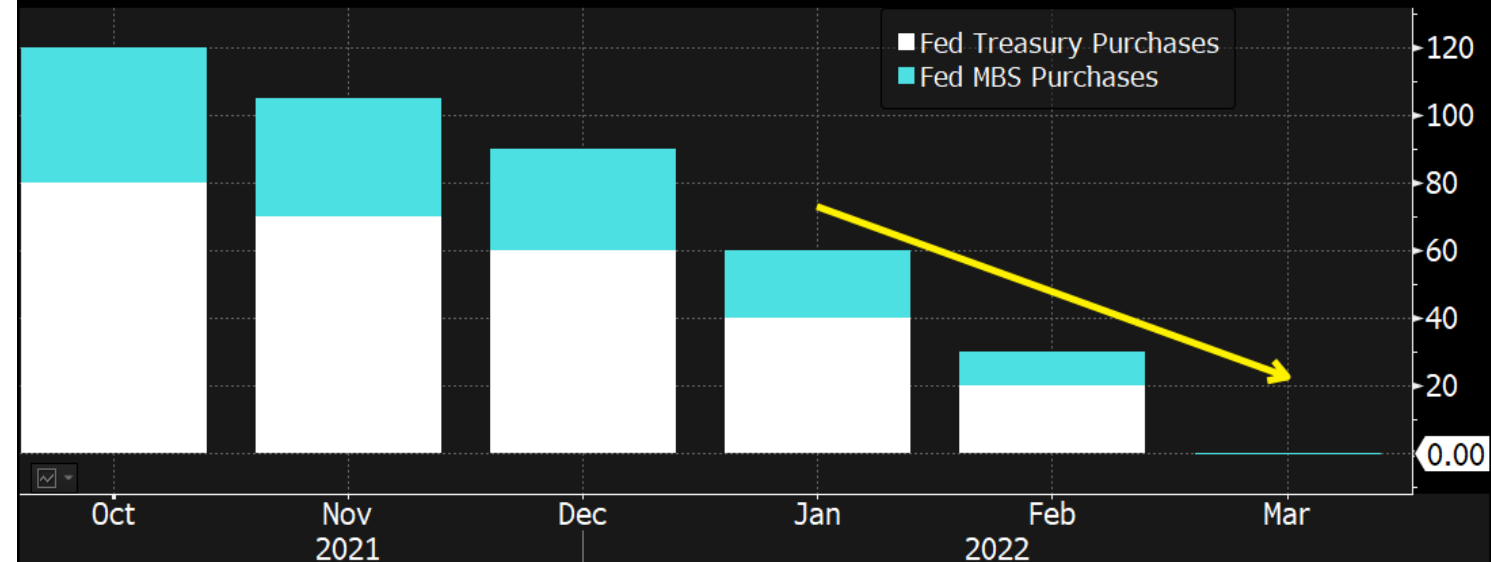
**Real Fed Funds Rate.**



## Fed Slows Its Bond Purchases

FEDERAL RESERVE  
WILL TAPER ITS  
TREASURY AND  
MORTGAGE-BACK  
SECURITIES  
PURCHASES AS THE  
ECONOMY  
NORMALIZES

### **Fed's Latest Tapering Plan** **\$20B in Treasury purchases and \$10B in MBS**

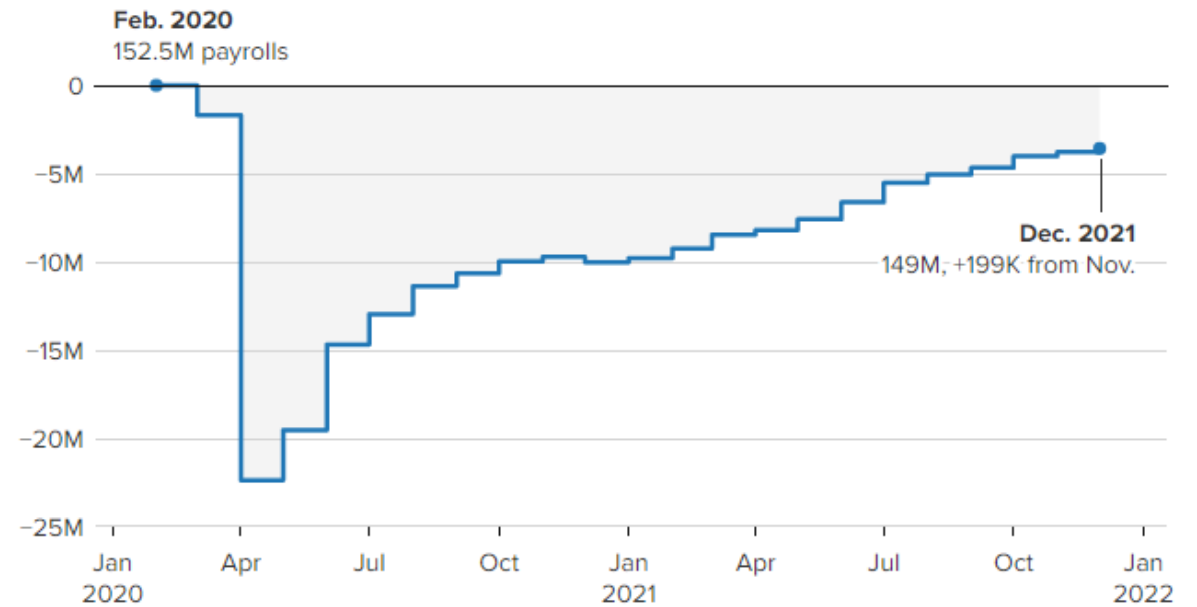


- ✓ The Fed has announced plans to slow its bond purchases.
- ✓ It will be a gradual pull back ending in March.

US NONFARM  
PAYROLLS GREW  
199,000  
(FEWER THAN  
EXPECTED IN  
DECEMBER)  
WITH AN  
UNEMPLOYMENT  
RATE OF 3.9%

## Unemployment Continues to Rise.

Difference in total U.S. employment from pre-pandemic levels in Feb. '20



Source: Bureau of Labor Statistics. Data is seasonally adjusted.

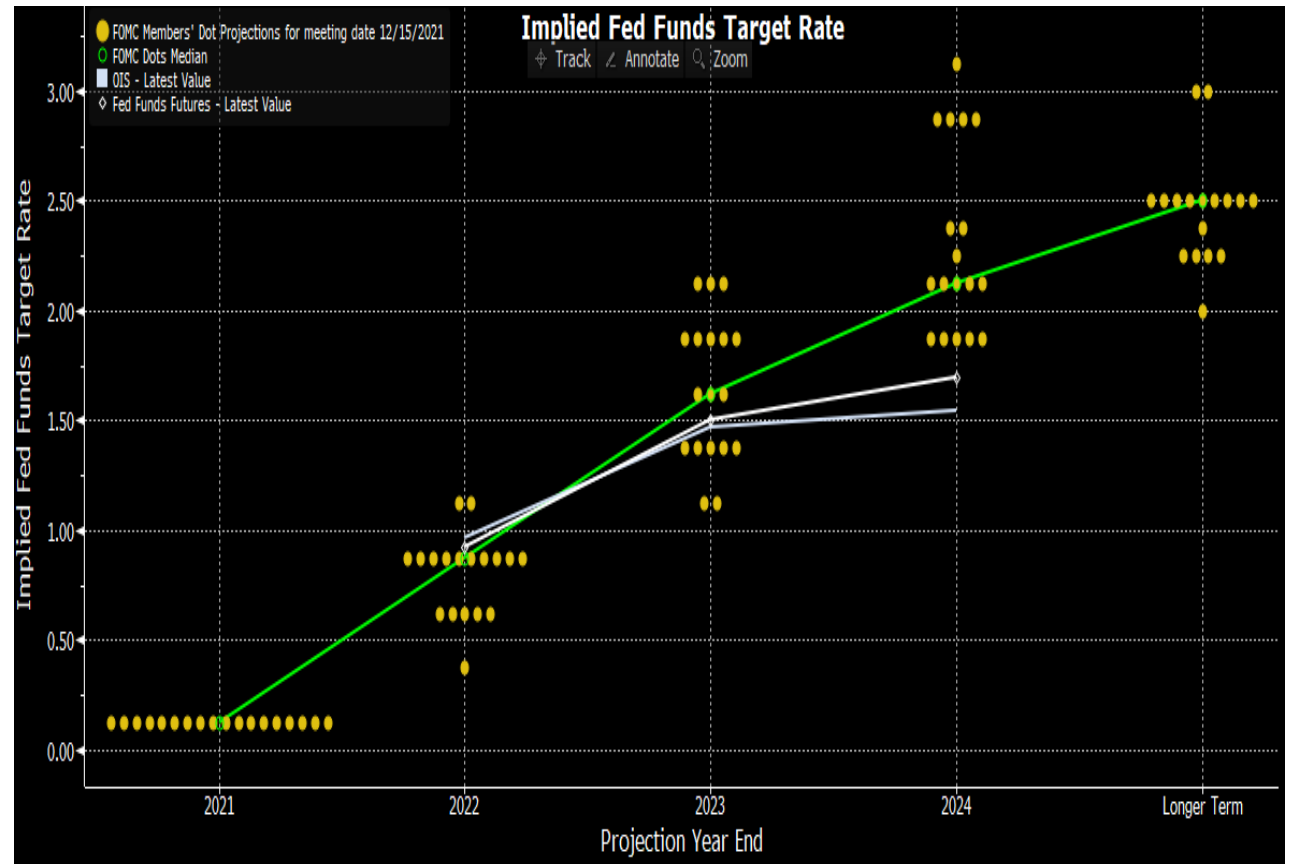


- ✓ Rising employment levels once again show things are retuning to normal.



# IMPLIED FED FUND TARGET RATE

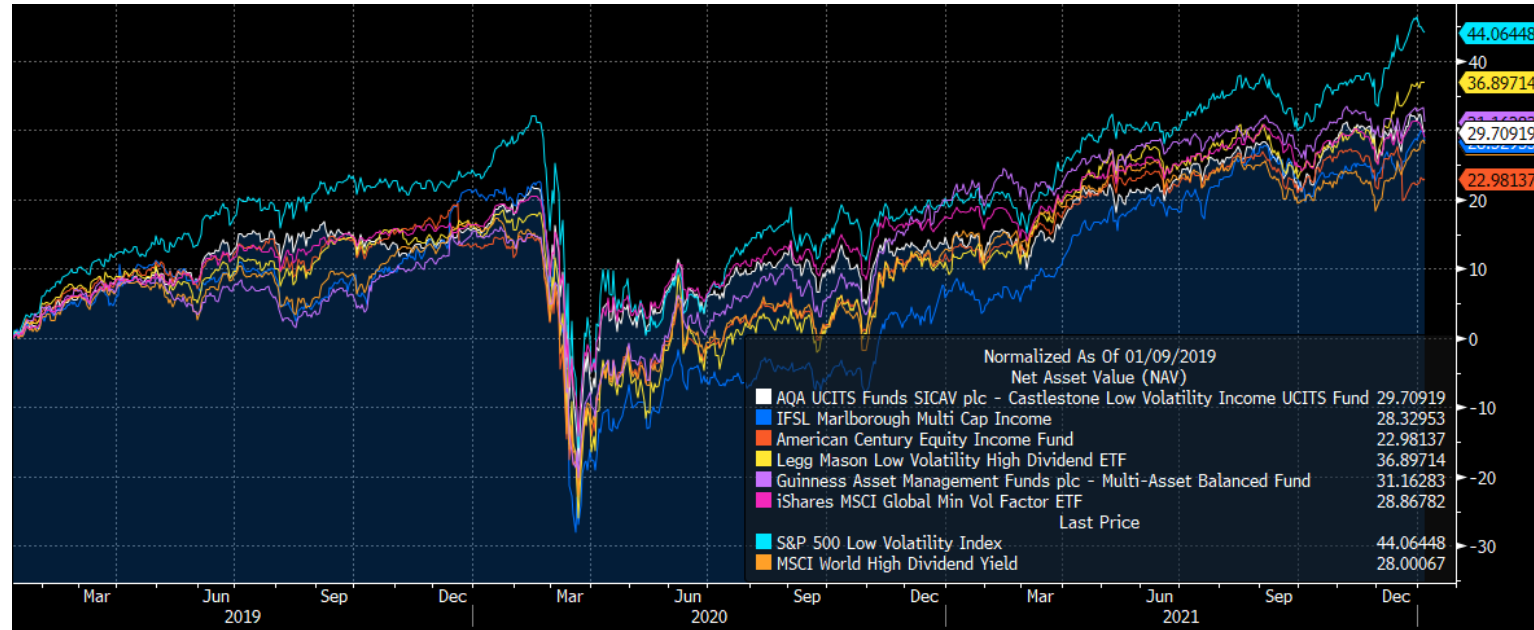
## Current Fed Dot Plot



- ✓ The Fed projects 3 hikes in 2022, 3 in 2023 and 3 in 2024.

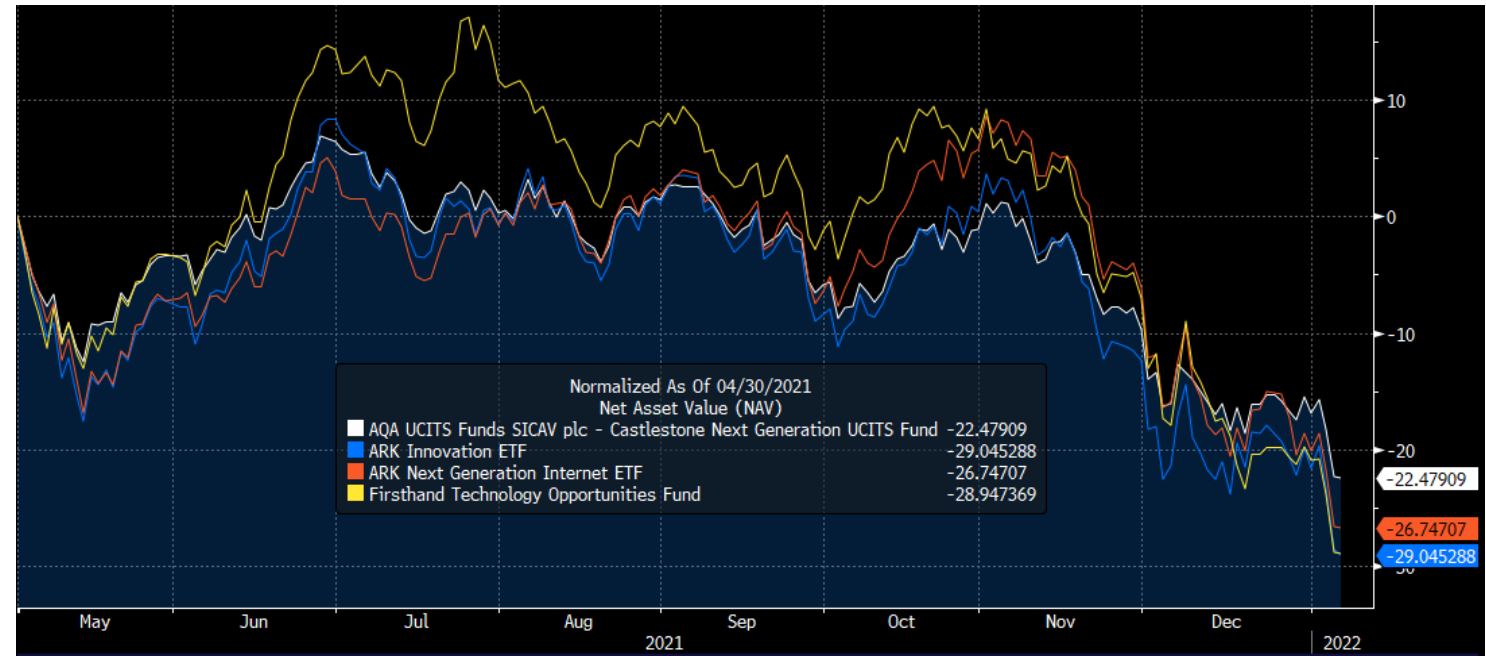
LOW VOLATILITY  
PERFORMANCE  
VS  
COMPETITORS  
SINCE INCEPTION

Low Volatility UCITS Performance VS Competitors.



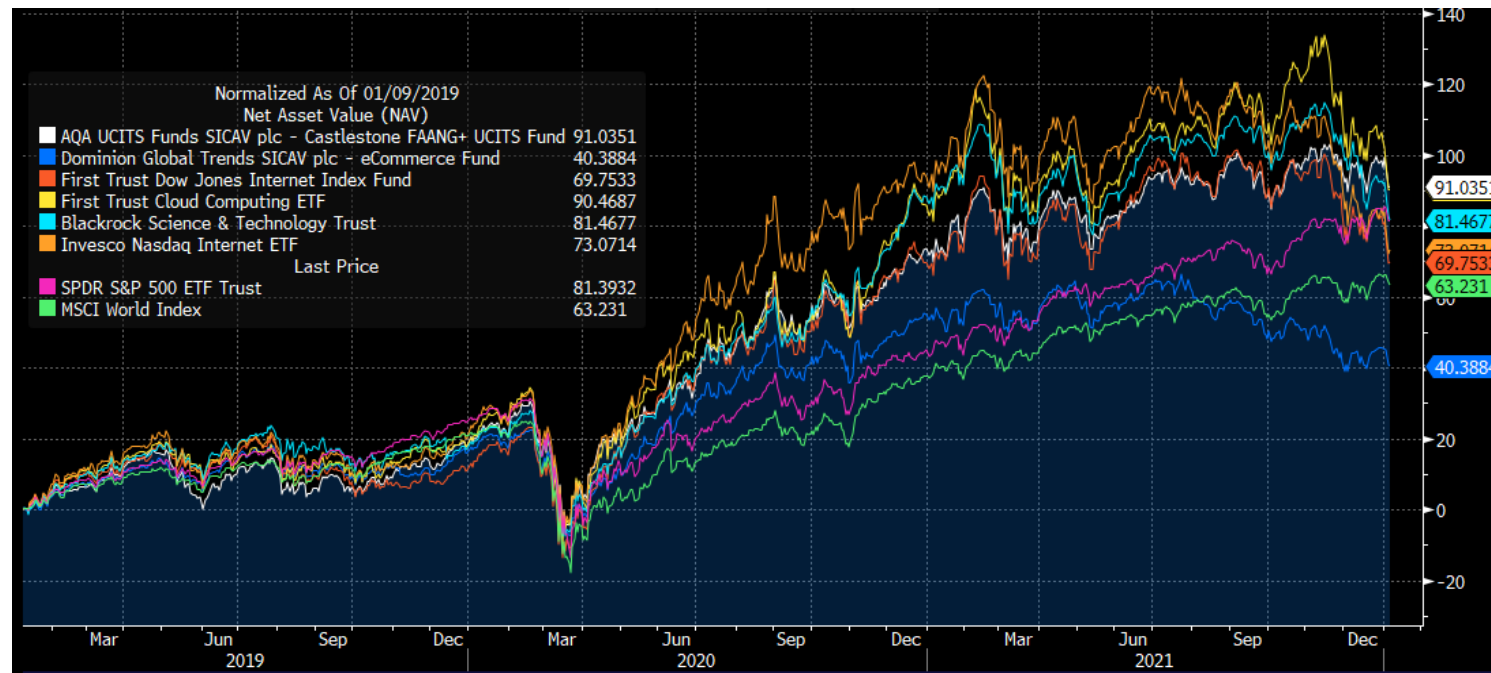
NEXT  
GENERATION  
PERFORMANCE  
CONSISTENT WITH  
THE HOLDINGS OF  
ARK INNOVATION  
SINCE INCEPTION

## Next Generation UCITS Performance VS Competitors.



# FAANG+ PERFORMANCE VS COMPETITORS SINCE INCEPTION

## FAANG+ UCITS Performance VS Competitors.



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