



FEDERAL RESERVE RAISES INTEREST RATES FOR THE FIRST TIME SINCE 2018

EQUITIES TEND TO RISE DURING PERIODS OF
INTEREST RATE HIKES

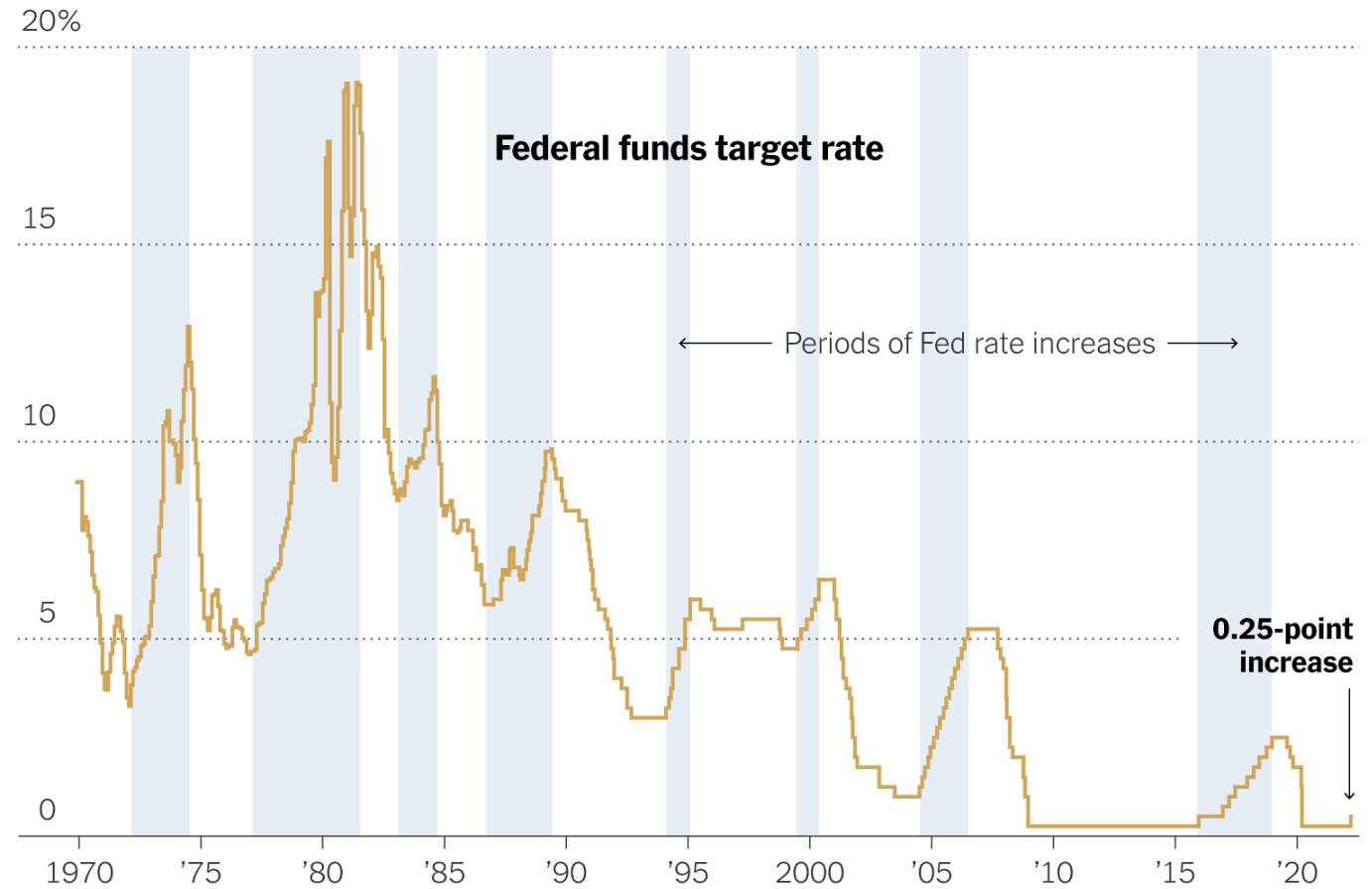


STOCKS RISE DURING PERIODS OF INCREASING INTEREST RATES

- ✓ The Federal Reserve increased interest rates by 0.25% and have signalled six more interest rate increases in 2022. The S&P 500 rose 2.2% and the NASDAQ rose 3.7% after the rate increase.
- ✓ What happens during periods of rising interest rates? The S&P 500 has risen 23.40% on average and the Nasdaq 42.95% on average during the 6 hiking cycles since 1988.
- ✓ Inflation is likely to remain higher for longer due to continued Covid infections and geopolitical events but as the bottle necks ease and people go back to work, prices will stabilize. Competition will drive prices down as retail sales slow.
- ✓ Geopolitical shocks have tended to be buying opportunities because either they were resolved quickly, or central banks were able to come to the rescue. The Russian economy is only about as big as Italy but it does have an effect on energy prices. These can be offset by production from OPEC countries.

Fed Funds Rate Is Moving Off A Very Low Base

QUARTER POINT
RATE INCREASE
WITH SIX MORE
RATE INCREASES IN
2022 TO COMBAT
INFLATION



THE S&P 500 ROSE
2.2% AS THE
FEDERAL RESERVE
ARGUED THAT THE
ECONOMY WAS
STRONG ENOUGH
TO WITHSTAND
EFFORTS TO SLOW
INFLATION

No Surprises In The Fed Statement

S&P 500



Data delayed at least 15 minutes • Source: FactSet • By: Ella Koeze

- ✓ The Fed acted as expected.
- ✓ The Fed believes the economy is strong.

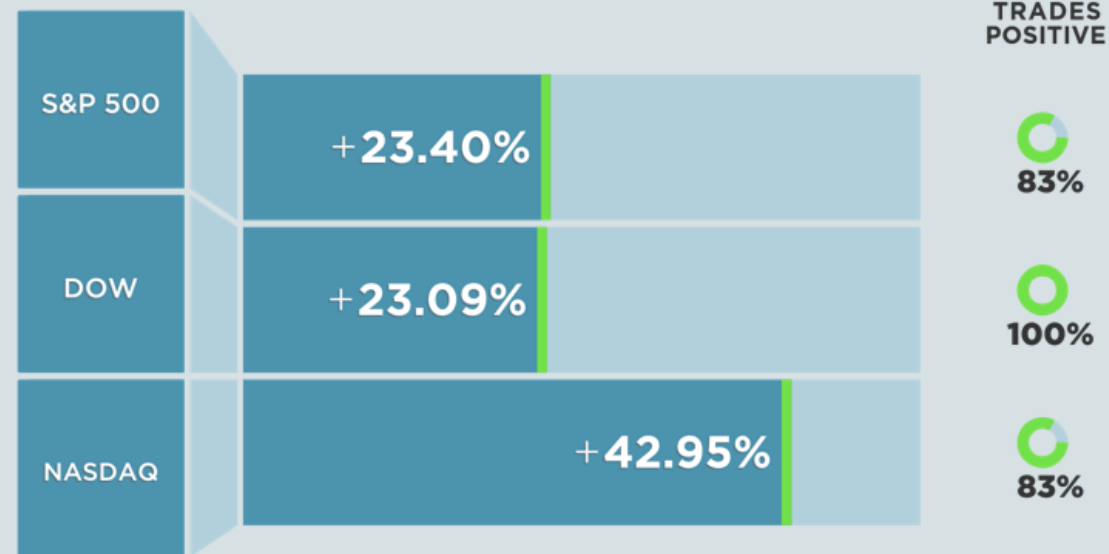
WHAT HAPPENS
DURING PERIODS
OF INCREASING
INTEREST RATES?
THERE WAS AN
AVERAGE POSITIVE
RETURN 6 TIMES
SINCE 1988

KENSHO
STATS BOX

Major periods of rising rates Average return | 6 times since 1988

BOUGHT
START
OF EVENT

SOLD
END
OF EVENT

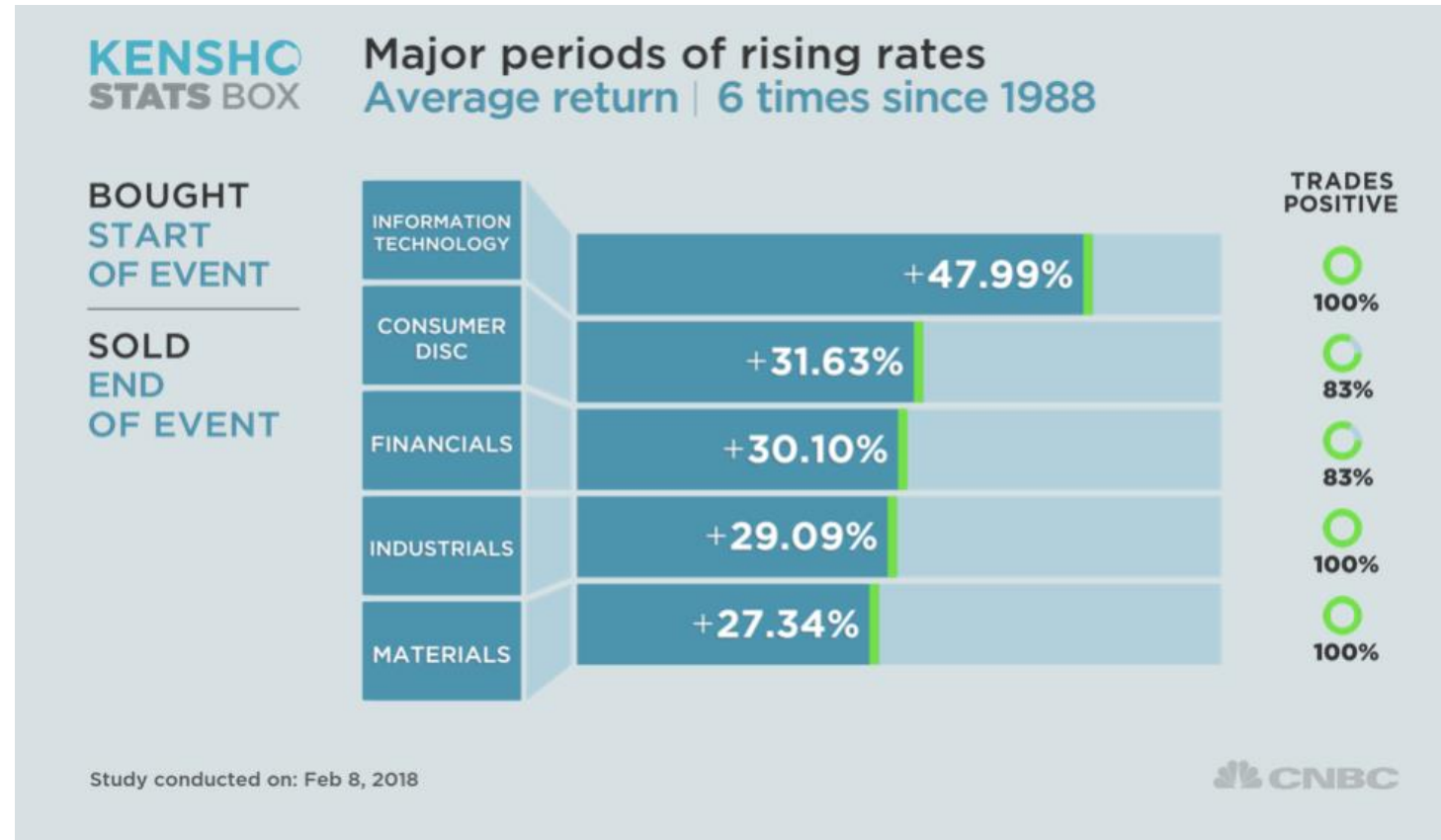


Study conducted on: Feb 8, 2018

CNBC

THE TECHNOLOGY
SECTOR
PERFORMED THE
BEST DURING
PERIODS OF
INCREASING
INTEREST RATES

Technology Stocks Historically Benefit from Rising Interest Rates

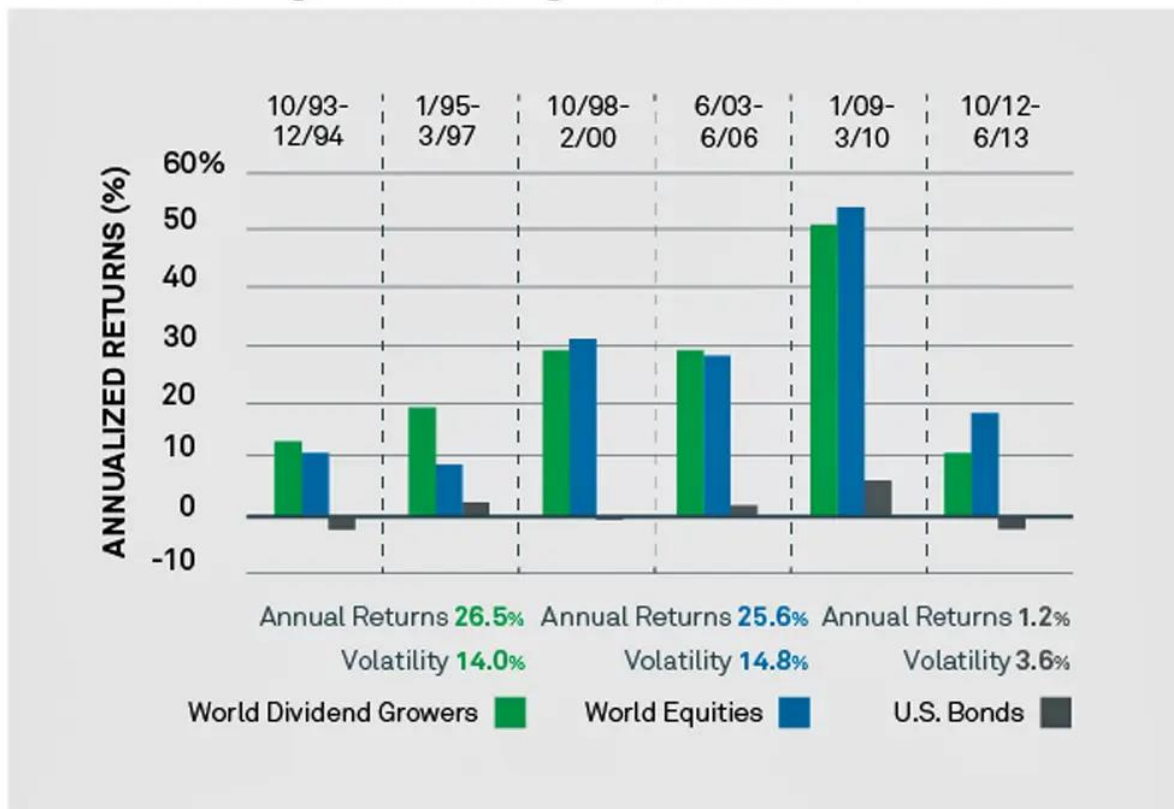


STOCKS ACTUALLY
OFFER
PROTECTION
DURING PERIODS
OF RISING
INTEREST RATES
(BLACKROCK)

Stocks Perform Better Than Bonds During Rising Rates

STOCKS SEEK TO OFFER PROTECTION AMID RISING RATES

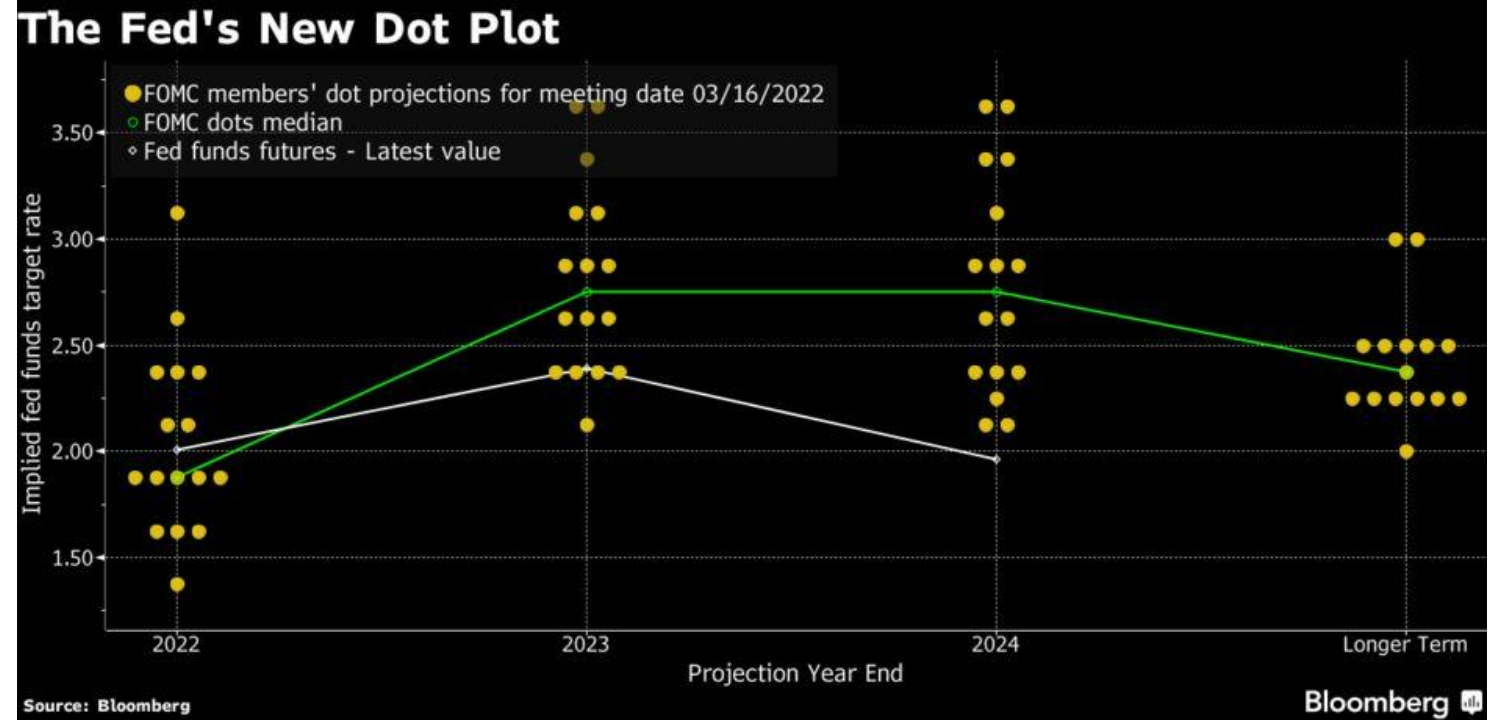
Performance During Periods of Rising Rates, October 1993–June 2013



Sources: Societe Generale, BlackRock, as of 6/30/13. World Dividend Growers represented by top quintile of dividend growers by five-year dividend growth across FTSE World Index; World Equities represented by entire FTSE World Index; U.S. Bonds represented by Barclays U.S. Aggregate Index. Volatility is measured by standard deviation. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index is shown for illustrative purposes only.

Current Fed Dot Plot

THE FEDERAL
RESERVES NEW
DOT PLOT OF
INTEREST RATES
(RATES WILL NOT
RISE BY MUCH IN
THE LONG TERM)

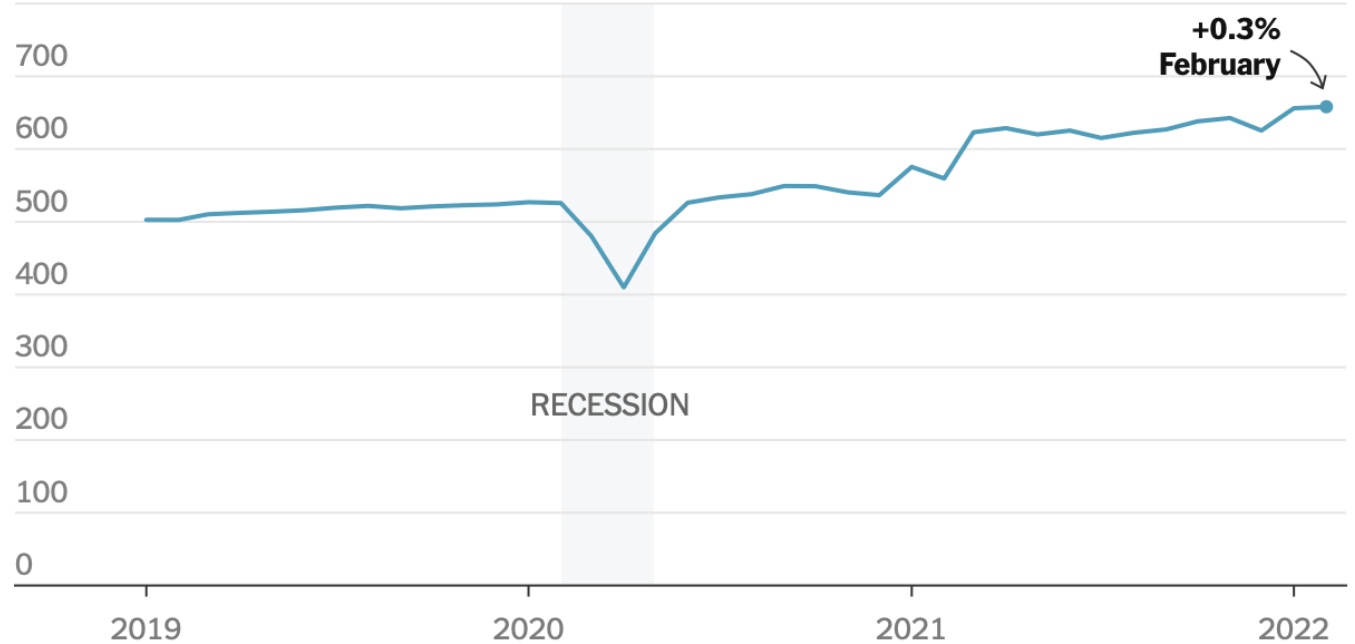


RETAIL SALES IN
FEBRUARY 2022
ONLY INCREASED
+0.3% SHOWING
THE EFFECTS OF
INFLATION ON
SPENDING

Impact Of Inflation Already Being Felt

Monthly retail sales

\$800 billion



Note: Advance monthly sales estimates for retail and food services, seasonally adjusted • Source: Commerce Department • The New York Times

NEW GLOBALLY
REPORTED COVID
INFECTIONS
CONTINUE TO RISE
WHICH WILL DELAY
THE WORLD
RETURNING TO
NORMAL

COVID Continues To Slow Production



- ✓ The recovery from COVID will take longer than expected.
- ✓ Bottlenecks continue in areas most impacted by COVID.

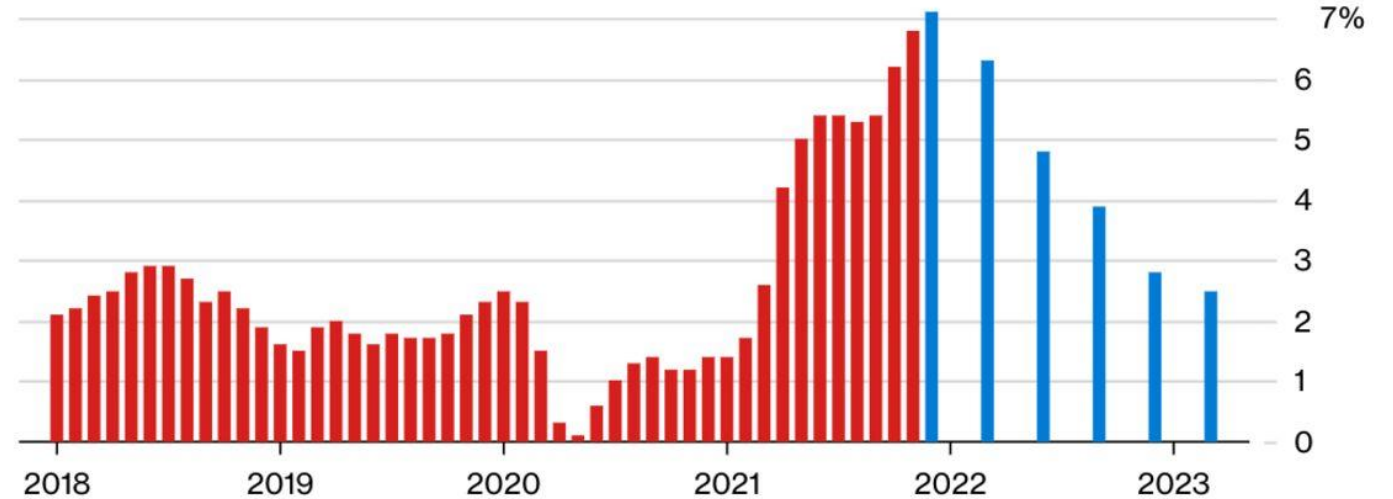
IT WILL TAKE
LONGER THAN
EXPECTED FOR THE
WORLD TO
RETURN TO
NORMAL AND
THEREFORE
LONGER FOR
INFLATION TO
DECLINE

Title Inflation Peak Won't Be Seen Until Later In 2022

Peak Inflation?

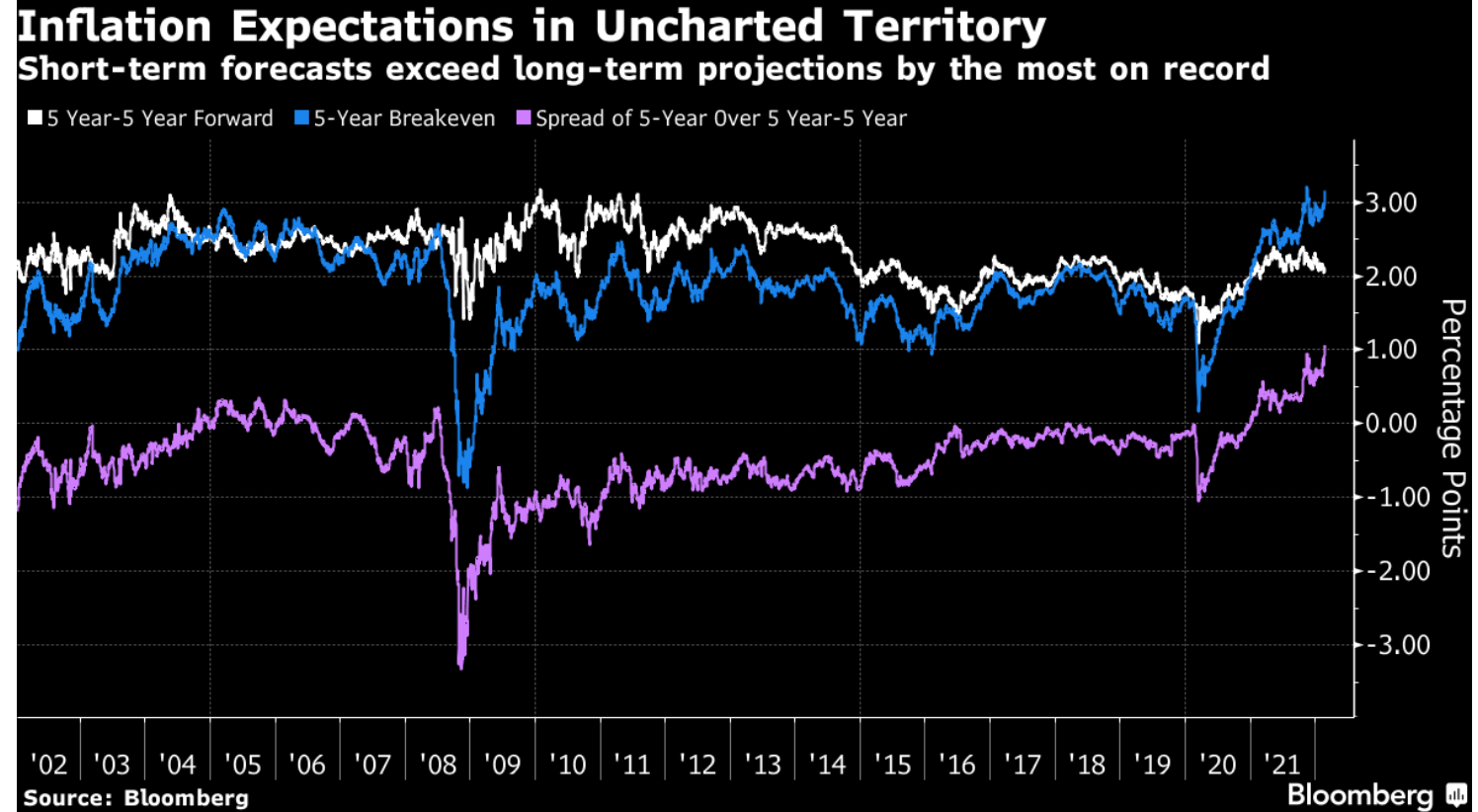
Inflation is expected to top 7% at the end of 2021 – then fall steadily

■ Consumer price index (YoY) ■ Economists' forecasts

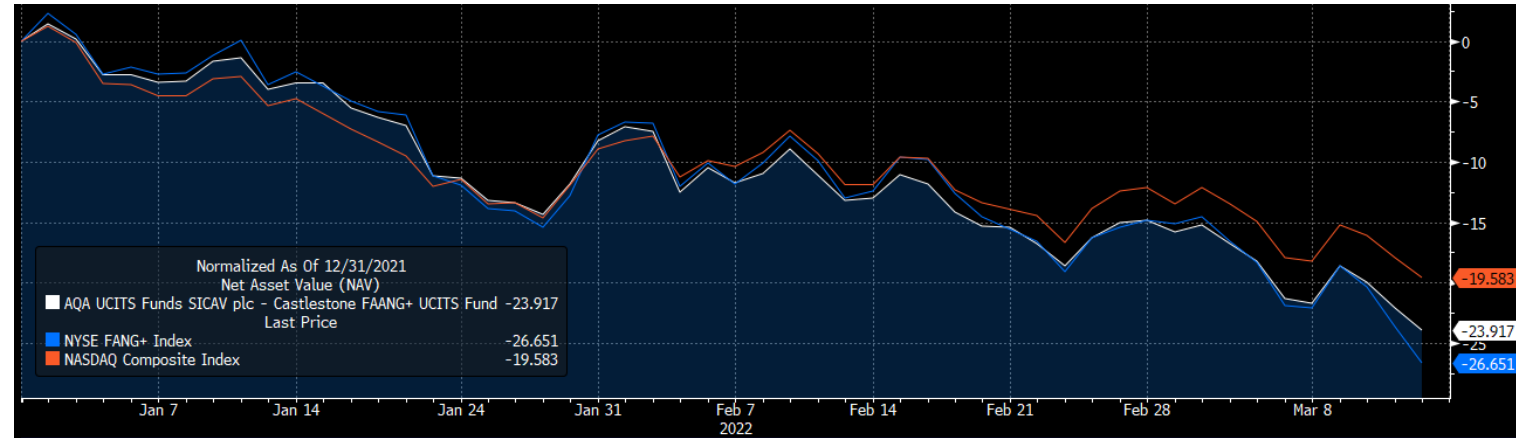


Fed Has Not Changed Its Long Term Inflation Outlook

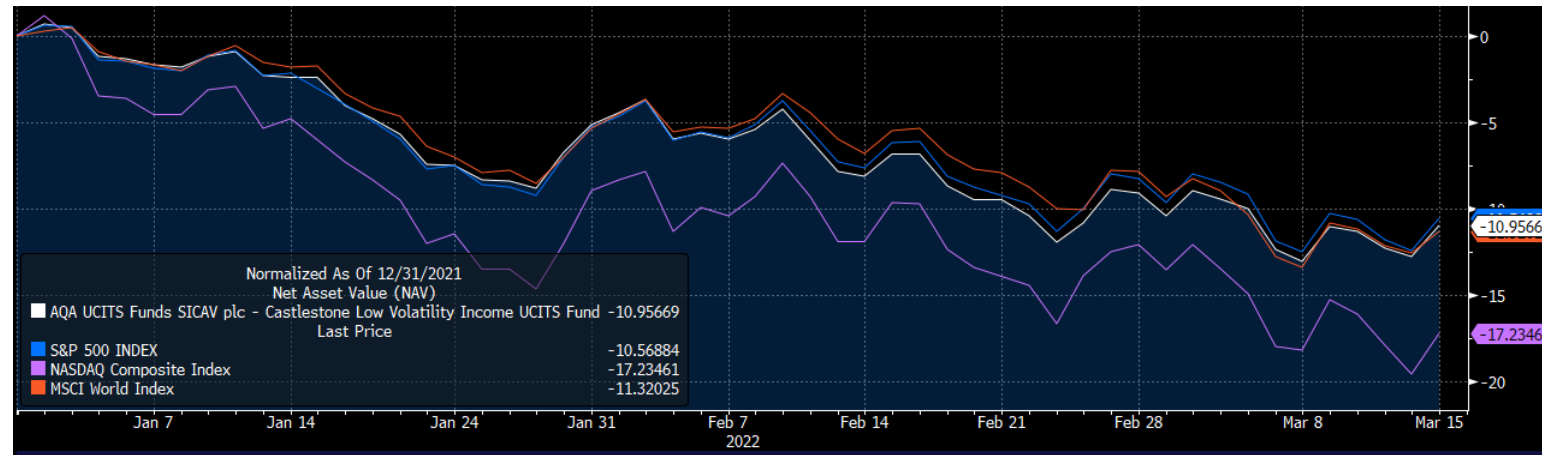
5 YEARS INFLATION
EXPECTATIONS ARE
ALMOST EXACTLY
AT THE FED
TARGET OF 2%



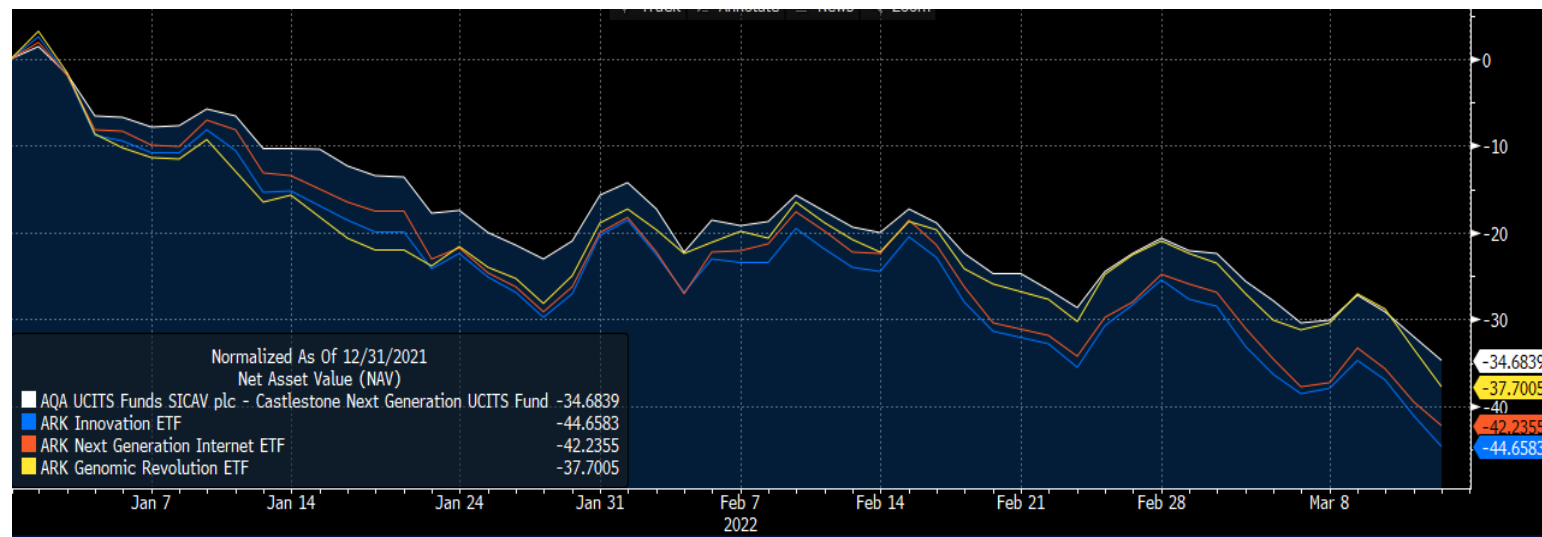
FAANG+ COMPARISON VERSUS NYSE FANG+ INDEX AND NASDAQ



LOW VOLATILITY INCOME COMPARISON WITH S&P 500, MSCI WORLD INDEX AND NASDAQ



NEXT GENERATION COMPARISONS WITH ARK INNOVATION ETF AND ARK NEXT GENERATION INTERNET ETF



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