



LPL RESEARCH PRESENTS

outlook

2022

PASSING THE BATON



Economy

FROM HAND UP TO HAND OFF

2022 ECONOMIC FORECASTS

Continued Strong Growth Expected for U.S.

2022 Growth Forecasts	2021	2022
United States	5.5%	4.0 - 4.5%
Developed ex-U.S.	4.6%	3.5 - 4.0%
Emerging Markets	6.4%	4.75 - 5.25%
Global	5.9%	4.25 - 4.75%

INFLATION IS EXPECTED TO CALM DOWN

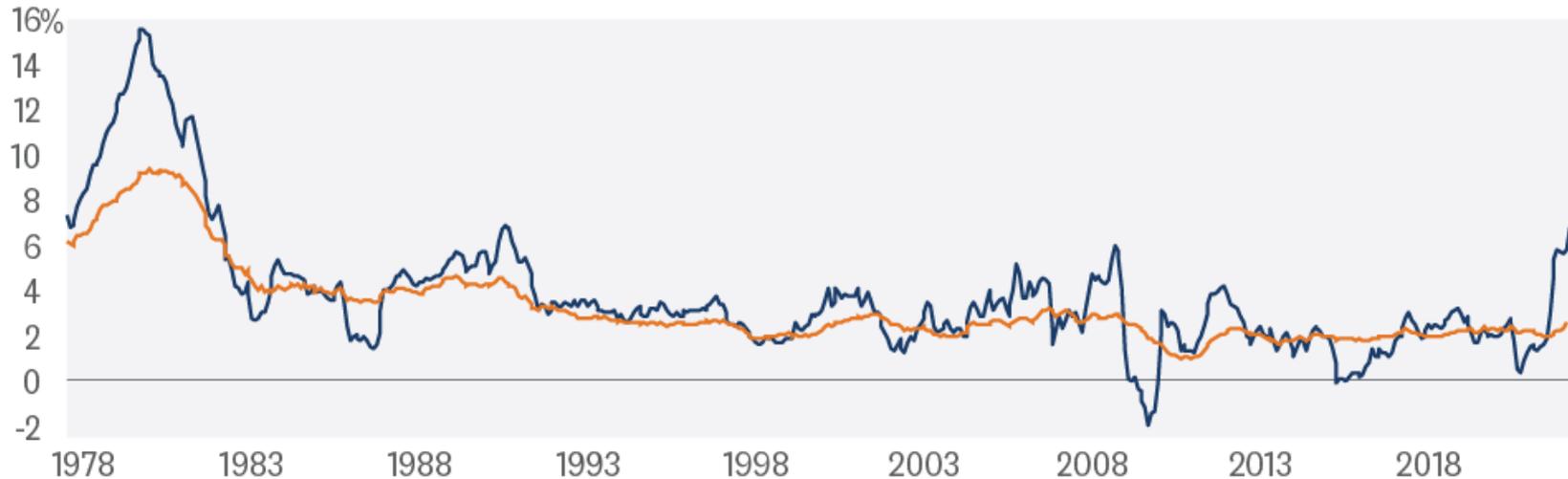
2022 Economic Forecasts	2021	2022
Inflation (YoY%)	4.5%	3.7%
Unemployment (end of year)	5.4%	4.0%
10-Year Treasury Yield	1.50 - 1.75%	1.75 - 2.00%

Source: LPL Research, Bloomberg 11/22/21. Economic forecasts may not develop as predicted and are subject to change. 2022 GDP forecasts for all regions and the 10-year Treasury yield forecasts provided by LPL Research. All other forecasts are the Bloomberg-surveyed economists' consensus as of 11/22/21. Inflation measured by the Consumer Price Index (CPI).

2022 ECONOMIC FORECASTS

Inflation Tends to Align With More Stable Price Changes Over Time

● Consumer Price Index (CPI) Inflation ● Trimmed Mean Personal Consumption Expenditure (PCE) Inflation



LPL Research, U.S. Bureau of Labor Statistics, Federal Reserve Bank of Dallas 11/22/21. CPI and PCE inflation are both measures of consumer inflation. CPI is the more well-known measure while PCE is the Federal Reserve's preferred measure.



Stocks

STAYING IN THE ZONE

2022 STOCKS FORECASTS

Higher Earnings Support Further Gains for Stocks

2022 U.S. Market Forecasts

S&P 500 Fair Value	5,000 to 5,100*
2022 S&P 500 Earnings per Share	\$220

Source: LPL Research 11/22/21

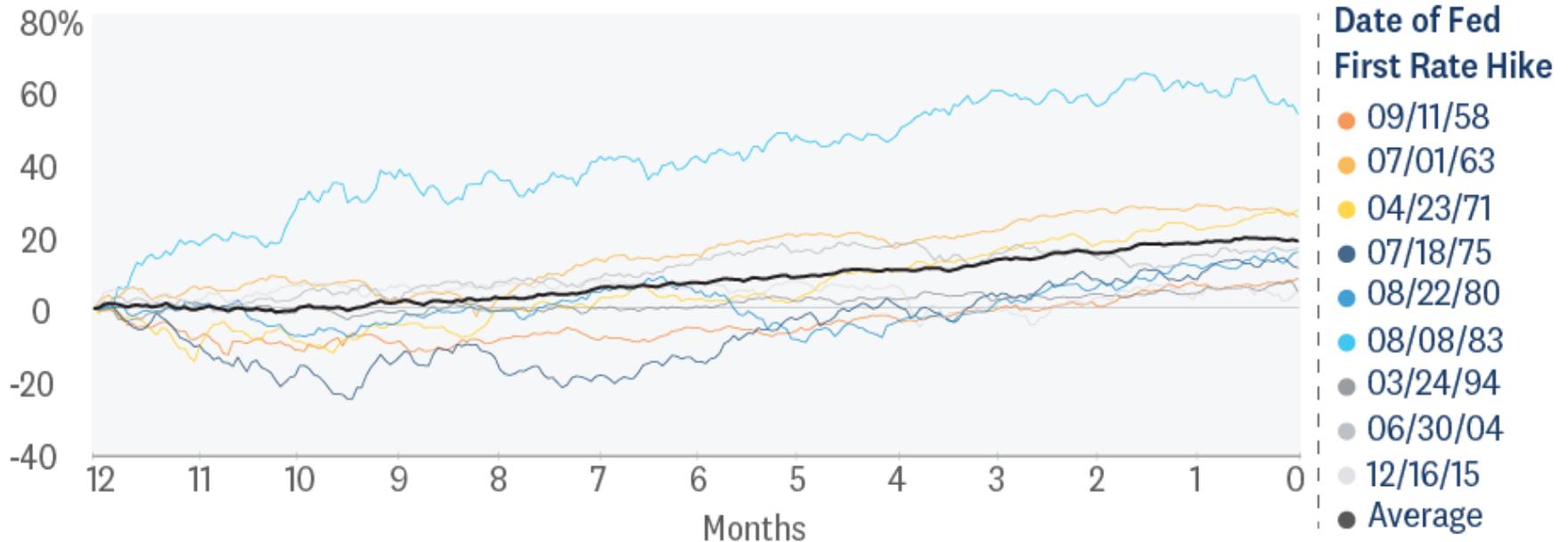
All indexes are unmanaged and cannot be invested into directly. Economic forecasts may not develop as predicted.

*Our year-end 2022 fair-value target range for the S&P 500 of 5,000-5,100 is based on a price-earnings (PE) ratio of 21 and 21.5 and our 2023 S&P 500 earnings per share (EPS) forecast of \$235

2022 STOCKS FORECASTS

STOCKS TEND TO RISE THE YEAR BEFORE THE FIRST FED RATE HIKE

S&P 500 Index Has Been Higher Nine Out of the Past Nine One-Year Periods Before Initial Rate Hikes



Source: LPL Research, FactSet 11/22/21

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

2022 STOCKS FORECASTS

Earnings Have Experienced a Post-Pandemic Surge

S&P 500 INDEX EARNINGS PER SHARE:

2019	2020	2021	2022
\$163	\$140	\$205	\$220

Source: LPL Research, FactSet 11/22/21

Economic forecasts set forth may not develop as predicted and are subject to change.



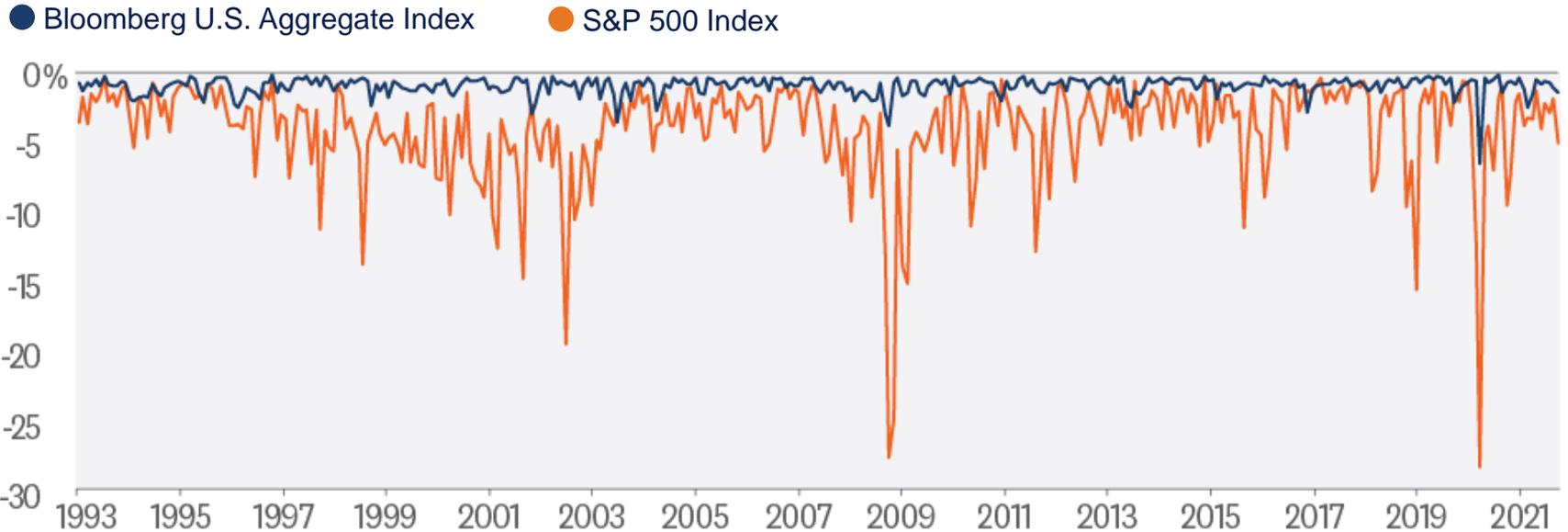
Bonds

HOW MUCH HIGHER CAN
TREASURY YIELDS GO?

2022 BONDS FORECASTS

CORE FIXED INCOME PROVIDES STABILITY TO PORTFOLIOS

Maximum Percentage Drawdown by Month



Source: LPL Research, Bloomberg, 11/22/21

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2022 BONDS FORECASTS

CORPORATE CREDIT MARKETS ARE EXPENSIVE RELATIVE TO HISTORY

Additional Compensation for Owning Corporate Debt Ranks Amongst the Lowest Since 2007

● Investment Grade Corporate Credit OAS*

● High Yield Corporate Credit OAS



Source: LPL Research, Bloomberg, 11/22/21

*OAS= Option-adjusted spread

All indexes are unmanaged and cannot be invested into directly.

Past performance is no guarantee of future results.

Conclusion

IMPORTANT DISCLOSURES

The PE ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher PE ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower PE ratio.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Bloomberg U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

Equity Risk:

Investing in stock includes numerous specific risks including the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

Equity Definitions:

Cyclical stocks typically relate to equity securities of companies whose price is affected by ups and downs in the overall economy and that sell discretionary items that consumers may buy more of during an economic expansion but cut back on during a recession. Counter-cyclical stocks tend to move in the opposite direction from the overall economy and with consumer staples which people continue to demand even during a downturn.

A growth stock is a share in a company that is anticipated to grow at a rate significantly above the average for the market due to capital appreciation.

A Value stock is anticipated to grow above the average for the market due to trading at a lower price relative to its fundamentals, such as dividends, earnings, or sales.

Large-cap stocks are issued by corporations with a market capitalization of \$10 billion or more, and small-cap stocks are issued by corporations with a market capitalization between \$250 million and \$2 billion.

IMPORTANT DISCLOSURES

Fixed Income Risks:

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate, and credit risk, as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features. Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

Fixed Income definitions:

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. As the term implies, credit quality informs investors of a bond or bond portfolio's credit worthiness, or risk of default. Credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates to the bond issue's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade. The credit spread is the yield the corporate bonds less the yield on comparable maturity Treasury debt. This is a market-based estimate of the amount of fear in the bond market. Base-rated bonds are the lowest quality bonds that are considered investment-grade, rather than high-yield. They best reflect the stresses across the quality spectrum.

The Bloomberg Aggregate U.S. Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

International debt securities involve special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

IMPORTANT DISCLOSURES

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Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed	Not Bank/Credit Union Deposits or Obligations	May Lose Value
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