**SENIOR SOLUTIONS UPDATE**


**FROM:** PATRICE HORNER, CFP, MBA

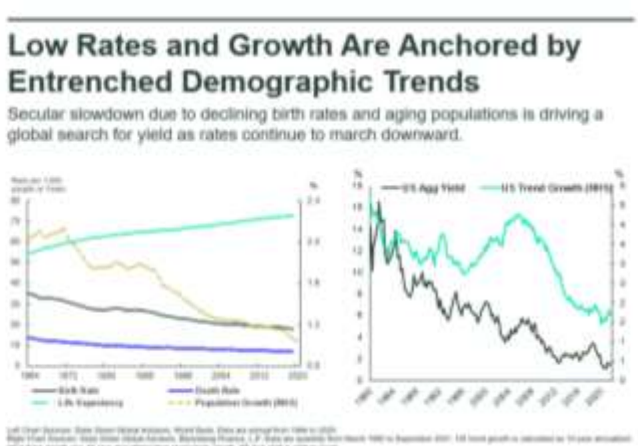
**SUBJECT:** INVESTMENT COMMENTARY
**DATE:** JANUARY 30, 2022

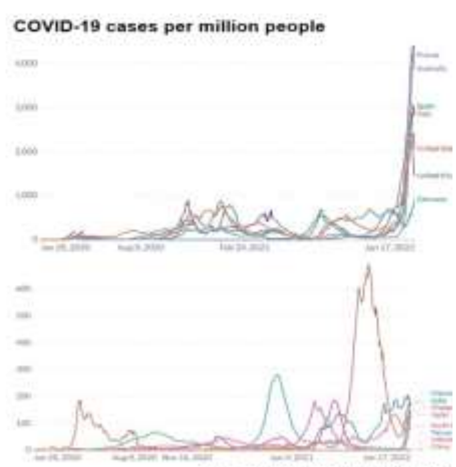
## Review

*Six major themes will influence the way industries operate in 2022 issues 1) post-Covid landscape, 2) supply chain adjustments, 3) inflation, 4) US-China tensions, 5) evolution of digital transformation and the low-carbon economy. – Fitch Macro Strategies*

Financial markets have been very volatile with various governments raising interest rates or planning to in 2022. The impact the removal of accommodative fiscal and monetary policy will become more obvious in the middle of 2022. The Fed began tapering asset purchases in November by USD15 billion a month, at a rate that could end asset purchases by June 2022. The first US Fed rate hike maybe as early as March 2022.

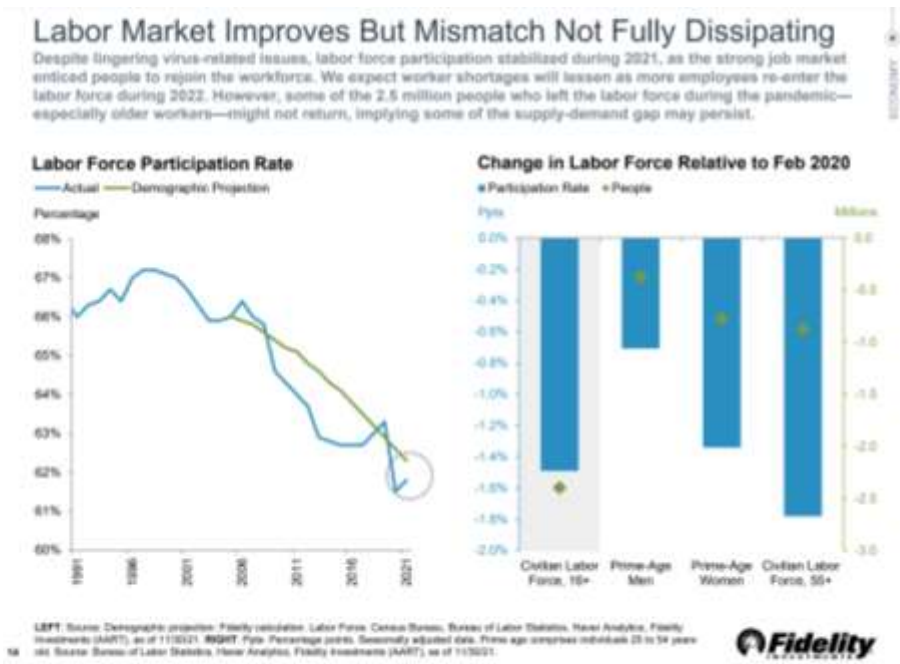

However, financial markets are forward-looking and have priced in some of these changes. Raising rates too quickly can be a risk to economic growth. Many Emerging Markets (EM) central banks began tightening monetary policy earlier in 2021. Central banks might not hike interest rates as aggressively as being priced in. Low economic growth in a low-yield post-pandemic environment will be driven by demographics as well.



The risk of new Covid-19 variants cannot overlook Improved vaccination rates and lower hospitalizations currently makes it unlikely there will be return to wide-ranging stringent restrictions. Ongoing disruptions to international migration are stymieing the pool of labour. There has also been slow recovery in labour force participation rates, particularly in the US. Only 61.8% of the US adult population were in the labour force in November. Of those in the labour pool, the unemployment rate fell to 3.9%, near the prepandemic level.

Fidelity International Investments noted, 'Income inequality has reached 100-year highs. Political trends are shifting toward policy changes aimed at reducing inequality, directionally similar to the postwar "Great Compression" era.' This may include broad public investments, a more progressive tax regime, and greater support for low- and middle-income workers. This may bring some workers back into the workforce.




Political risk remains heightened, with geopolitical flare-ups possible in China, Russia, Turkey, and Iran. The election of the German Scholz government has witnessed a smooth transition of Merkel's tradition. Several other critical elections are slated for early 2022. Election cycles could result in a shift towards populist economic policies, particularly in Brazil, Colombia and Kenya. China's 20th Party Congress will be in 4Q22 with incumbent Xi expected to be reaffirmed for a 3rd term.

China's territorial disputes continue in the East China Sea (with Japan), the South China Sea (with the Philippines and Vietnam), the Himalayas (with India) and especially Taiwan. The outcome of the Winter Olympics would influence the outcome of the Party Congress and territorial disputes.

The Belt and Road Initiative (BRI) has gone largely unmatched by other countries and has seen China expand its influence and ties globally. A Build Back Better World initiative proposed by the US and the G7 may help developing countries close their infrastructure gaps. Russia however is poised on the edge of an excursion into the Ukraine, which could escalate into economic sanctions or worse.

## Market Overview

*It was a banner year for risk assets. Despite the relentless pandemic overhang and several risk-off stumbles. Cyclically sensitive stocks strongly outpaced more economically defensive ones. Oil and other commodity prices surged. So-called "safe" assets had a rougher time. Gold ended the year flat or lower. Large-cap stocks generally outperformed their more erratic smaller-cap peer. Stocks elsewhere trailed non-local peers, particularly in Asia Pacific ex Japan and emerging markets. FTSE-Russell*

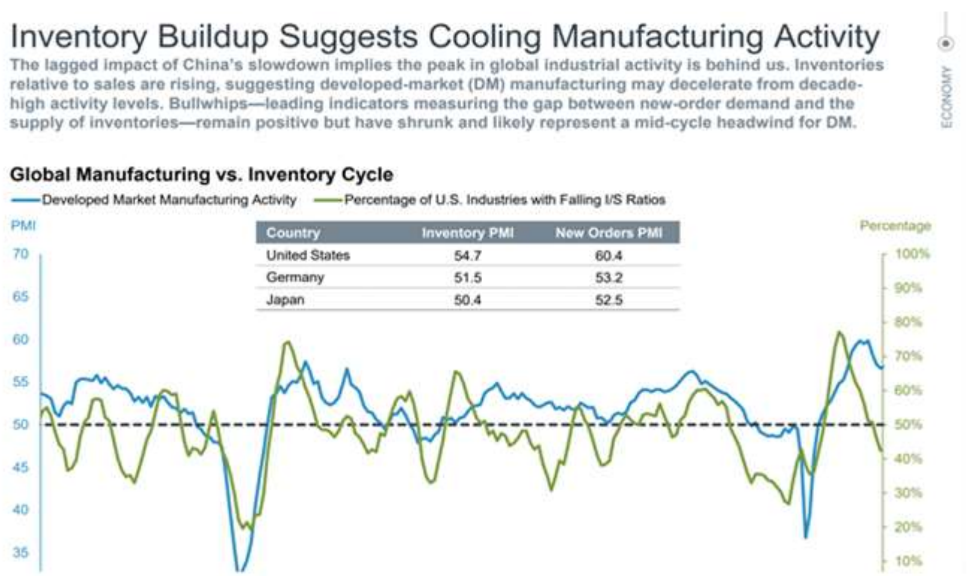
### Quarterly Market Performance Barometer

| | Return % | | | | Return % | | |
|---|---|---|---|---|---|---|---|
| Equities | Q4 2021 | Q3 2021 | 2021 | Top Morningstar Sector Indexes | Q4 2021 | Q3 2021 | 2021 |
| U.S. Market | 9.46 | 0.03 | 25.78 | Technology | 16.17 | 1.95 | 34.42 |
| Dividend Focus | 8.30 | -1.60 | 19.47 | Basic Materials | 16.03 | -3.82 | 30.33 |
| Global ex-U.S. | 1.64 | -2.38 | 8.41 | Real Estate | 14.86 | 0.69 | 38.26 |
| Developed ex-U.S. | 2.68 | -0.27 | 12.55 | | | | |
| Emerging Markets | -0.74 | -7.58 | -0.63 | | | | |
| Fixed Income | | | | Bottom Morningstar Sector Indexes | | | |
| U.S. Core Bond | 0.03 | -0.05 | -1.61 | Energy | 7.23 | -0.95 | 55.71 |
| U.S. Government | 0.29 | -0.05 | -2.28 | Financial Services | 2.73 | 1.21 | 27.45 |
| U.S. High-Yield | 0.68 | 0.92 | 5.24 | Communication Services | -2.75 | -1.61 | 14.44 |

Source: Morningstar Direct.

Fitch lowered its global 2021 GDP growth 5.7% since September. This is still the fastest rate since 1973 and far from stagflation. The latest World Bank report on global economic prospects predicts a slowdown in growth to 4.1% in 2022, with a further drop to 3.2% in 2023. China is expected to be a source of downward pressure with a growth rate below 5% in 2022. Some analysts predict US growth rate will fall to 3.7% in 2022.

Downward revisions to 2021 growth forecasts for the US, Japan, and Germany are due to the slowdown in industrial production in recent months, related to semiconductor and component shortages. US GDP growth in 2021 is revised down to 5.7% (from 6.2%). GDP for the Eurozone, is pegged at 5.0% (from 5.2%) and 1.9% for Japan (from 2.5%). Those rates are in excess of estimated long-term potential, notes Fitch.



Capital goods orders indicate investments remaining strong, as companies seek to enhance manufacturing capacity in response to recent shortages. The expansion in services and manufacturing has slowed recently due to Omnicom. A wave of bankruptcies did not occur amongst small and medium-sized firms as result of continued available credit during the covid economic crisis.

DWS estimated that China GDP growth will be 5.3% (Fitch has 4.8%). In Europe it is estimated at 4.6%. Germany should benefit from some catch-up for recent manufacturing production losses, while recent data for France and Italy have pointed to a stronger-than-anticipated re-opening premium in the services sector. Spain and Italy have scope to catch-up.


The US is lagging behind Europe in 2022 with a rate of 4% GDP. There are still some three million fewer people working in the US than before the Covid crisis as the employment participation rate remains endemic. Contrary to buying behavior, both retail and institutional sentiment is not positive. Institutional investor confidence plunged to its lowest level since October 2020.

The ECB is expected wait to raise interest rates, after more restrained and less consumer-focused fiscal stimulus measures. Their Asset Purchase Programme (APP) purchases will be reduced to EUR40 billion a month as of April 2022, when the Pandemic Emergency Purchase Programme (PEPP) is phased out.

The Eurozone is expected to grow 4.6% in 2022, which will be the first time since 2017 that it would grow faster than the US at 4.0%. The Eurozone growth then slows to 1.6% in 2023, with the US then higher at 2.8%. The trifecta of valuations, price momentum, and quality are supportive for European equities.

Developed markets (DM) are trending toward a Value bias. European & Japanese manufacturing firms could outperform the S&P in 2022. The Japanese economy surprisingly shrank by 0.8% in 3Q21 yet recovered in 4Q21 with GDP growth of 1.9% in 2021. A stimulus package was recently announced. This includes stimulus cheques to many households. A weaker yen have increased import and production prices.

Australian GDP shrank 1.9% quarter over quarter (QOQ) in 3Q21 after more lockdowns in part of the country. Government spending reached new highs in part to offset the fall in household consumption. The large savings buffers during the pandemic will gradually be spent, while the tight labour market will support wage growth. The overall 2021 GDP growth was 4.2% with a 4% expansion expected for 2022.

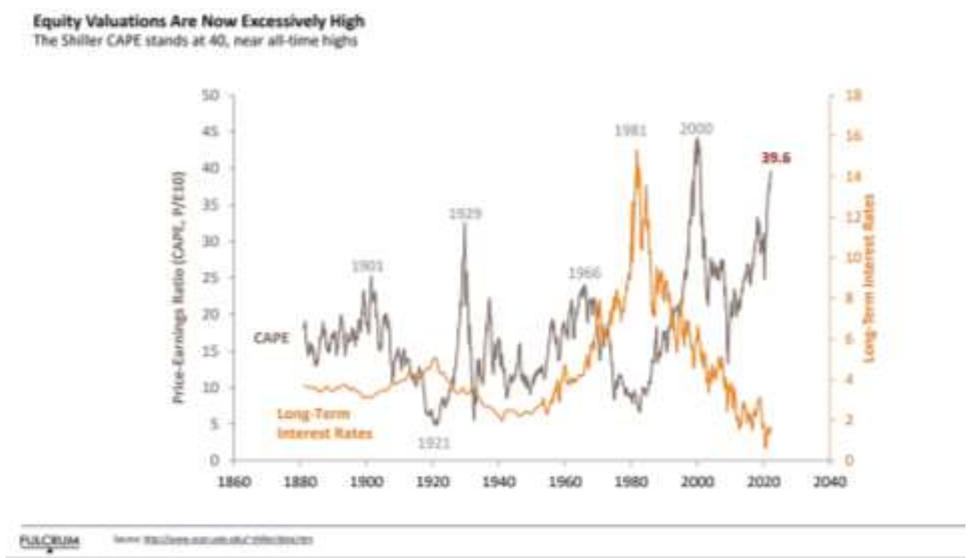
In 2021, Canada's GDP forecast was lowered to 4.6%. Expect the economy to grow 3.9% in 2022, and 2.6% in 2023. Near-term growth prospects are likely to be affected by floods in British Columbia, which impacted farmlands and shipping routes.

The annual UK forecast for 2021 is 6.9%, following upward revisions to historical data. The 2022 forecast is unchanged at 5.0% buoyed by postpandemic reopenings and normalization processes, which has scope to run. However, the sheer volume of new financial regulations under consideration in the UK will pose challenges for companies that plan to go public in 2022.

## Equity Markets

*Although the market is broadly overvalued, we see upside opportunity for investors in the value category and small-cap stocks, both of which should benefit from continued economic prosperity. Morningstar*

The valuations of S&P stocks spiked after the pandemic stimulus. These levels are near that of tech bubble in 2000. It is a cause for concern for investors, especially those adding new funds in the market. In 2021, the US Value and Cyclical benchmarks fared better. Last Quarter's outperformance of Value and Cyclicals was exceptional and unlikely to be sustained. Heightened volatility can result in market selloffs of 10-15%.




In the last quarter, DJIA fell a modest 0.3%, the S&P 500 lost 1.8% and Nasdaq lost 4.5%. The last two suffering from their heavy weightings in technology. For the full year of 2021, the US Large Cap indexes rose 28.7% while the Small Cap indexes gained 14.8%. Broad Commodities posted an increase of 27%.

The Developed ex-US indexes rallied 11.9%. Non-US returns have been supported by dividend yields. There has also been a decline in the P/E ratios. An increase of the P/E ratios will lift the valuations. The broad-based, Ex-US benchmarks fell slid slightly in the 4th quarter. The Morgan Stanley County Indexes (MSCI) Europe, Asia, and the Far East (EAFE) as off 0.3%, All Country World Index (ACWI) ex-USA shed 0.4%, and the Emerging Market (EM) lost no more than -0.5% each.

The 2022 end of year target for the S&P Index is 5,000 or 22 times earnings per share (EPS). The more Value tilted Russell 2000 has a forward price/earnings (P/E) 25.5 times EPS. While the more Growth oriented Russell 1000 EPS has narrowed to around 21.7 times. Growth typically trades with a higher P/E than Value. Value staged a strong rebound in December, finishing the year as the best performing factor in 2021.

In 2021, the Russell 1000's led returns with exposure to super Large Cap tech stocks which rose 31% globally due to perceived reliable growth fundamentals. The Small Value Style gained 31.8% as the best-performing group within the Morningstar. While the Small-Cap Growth stocks posted a loss for the year, hurt by the struggling Biotech industry. Mid-cap Value and Small-cap Value stocks notably outperformed their growth counterparts.

There was a shrinking influence of the very largest stocks despite overall outperformance. Russell 1000 represents the largest 1000 companies in the Russell Index. Large-cap Growth extended their gains in Q421, but Small-cap Value retained the Style leadership for the year. Russell 1000 gains in 2021 were led by Technology, Financials, Energy, and Real Estate Sectors. Telecom was the worst performer. Most Russell 1000 industries beat the Russell 2000 smaller company peers.

**Index Market Barometer Trailing Returns**

| | Q4 2021 | | | 2021 | | | 3-Year | | |
|---|---|---|---|---|---|---|---|---|---|
| | Value | Blend | Growth | Value | Blend | Growth | Value | Blend | Growth |
| Large | 7.62 | 14.62 | 3.59 | 21.49 | 29.32 | 21.47 | 14.92 | 27.22 | 31.18 |
| Mid | 7.25 | 10.18 | 4.76 | 29.02 | 27.81 | 14.97 | 15.73 | 24.16 | 31.72 |
| Small | 5.13 | 7.25 | -0.65 | 31.79 | 21.17 | -1.00 | 16.89 | 18.59 | 21.93 |

Source: Morningstar Direct.

Russell 2000 gains in 2021 were led by Financials, Technology, Energy, and Consumer Discretionary Sectors. Small-cap Utilities, Real Estate and Industrials gained most in Q421. While Small-cap Health Care stocks fell in both 4Q21 and 2021. In the 3Q21 there was the biggest increase in newly issued publicly traded stocks in Health Care since 1980 (and 40 of those were Biotech firms), which likely subdued gains in the whole sector.

| | Return % | | |
|---|---|---|---|
| **Cyclical** | Q4 2021 | Q3 2021 | 2021 |
| Basic Materials | 16.03 | -3.82 | 30.33 |
| Consumer Cyclical | 11.19 | -0.13 | 23.54 |
| Financial Services | 2.73 | 1.21 | 27.45 |
| Real Estate | 14.86 | 0.69 | 38.28 |
| **Sensitive** | | | |
| Communications Services | -2.75 | -1.61 | 14.44 |
| Energy | 7.23 | -0.95 | 55.71 |
| Industrials | 9.18 | -4.01 | 21.66 |
| Technology | 16.17 | 1.95 | 34.42 |
| **Defensive** | | | |
| Consumer Defensive | 11.64 | -1.22 | 17.74 |
| Healthcare | 8.45 | 0.37 | 21.01 |
| Utilities | 13.27 | 1.17 | 17.28 |

Source: Morningstar Direct.

Last year was a positive year for all US equity sectors. As energy surged 55% and Real Estate up 38%. The 34% increase in the Technology Sector was led by semiconductor companies, where demand has outstripped the availability of chips. The Communication Services Sector was the worst performer in 2021, even though it returned 14% for the year, after gaining more than 100% in 2020.


Source FTSE Russell Data as of December 31, 2021. Past performance no guarantee of future returns.

## Emerging Markets -*extracts from Fitch Global Market Strategies*

A stronger dollar and weaker Chinese growth could weigh on commodity prices in 2022, adding to Emerging-Market (EM) growth challenges from domestic monetary policy tightening. Emerging markets in 2021 were dragged down by declines in Chinese stocks, which overwhelmed an outstanding year for India's stock market. Emerging market growth has been downgraded further. For 2021, downward revisions to Brazil, Mexico, India and South Africa have been partly offset by upgrades in Poland, Russia, Turkey and Indonesia.

The EM's economies have higher sensitivity to food price inflation, so the EM central banks led the move toward higher interest rates. Now the yield advantage for EM local debt is near a 5-year high. Actual total returns will be tempered by currency valuations. A higher US dollar is negative for EM. Slowing China growth drive the deterioration in the EM outlook. The Peoples Bank of China (PBOC) may cut interest rates in 2022 to stimulate growth.

China accounts for about 40% of EM GDP. China GDP growth forecasts are 8.0% in 2021 sliding to 4.8% in 2022. Excluding China, EMs will still grow by an above-trend rate of 4.4%. The performance of broad EM was off in 2021. Yet all EM factors outperformed the broad market. Near-sourcing of manufacturing will benefit markets in the Caribbean and Southern Europe. EMs such as Thailand and the Philippines are in a slow, multi-year recovery. There were positive economic/inflation data from several EM countries, including Hungary, Poland, Czech Republic, Brazil and Turkey. EM bonds outperformed US treasuries.

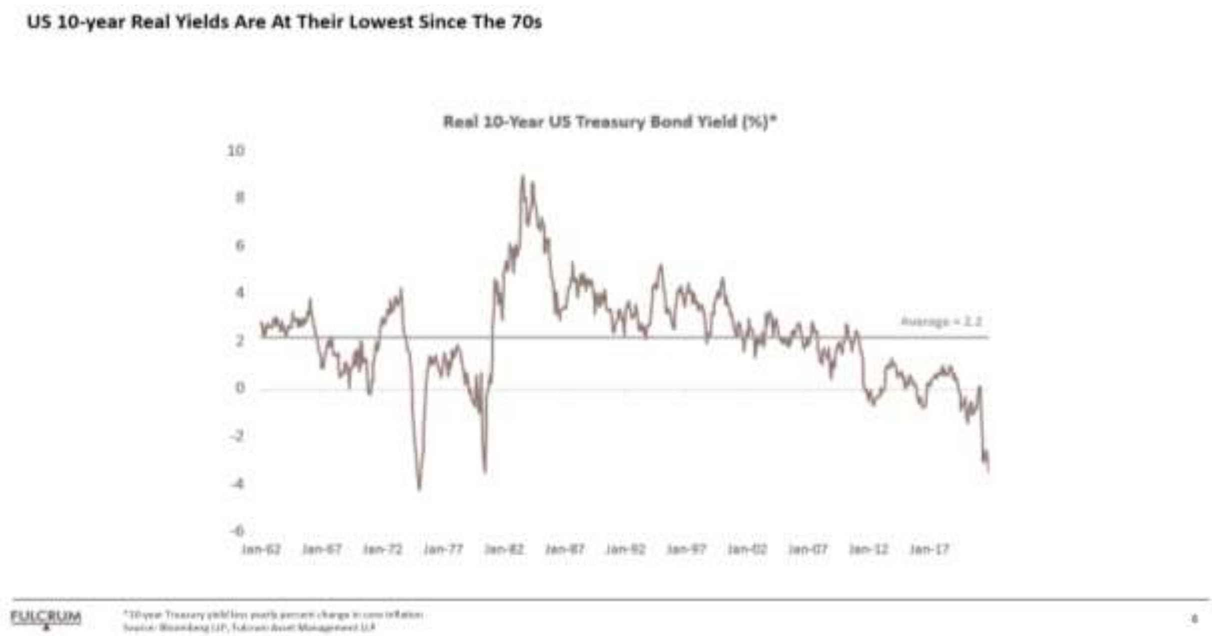
Brazilian GDP growth hit 4.8% in 2021. Growth for 2022 has been downgraded to 0.5%. This scenario for 2022 reflects the sharp tightening of financial conditions. Due to Brazil's elections and the souring of domestic sentiment, there are growing doubts about the credibility and efficacy of the spending cap. The Bank of Brazil has raised its policy rate by 575bp to a tight 7.75%.

Russian Preliminary GDP estimates show that the economy grew 4.3% year over year on a non-seasonally adjusted basis in 3Q21. Industry and construction will continue to provide support while services will bear the brunt of the ongoing global health crisis. GDP is expected to increase by 4.4% in 2021 (from 4.3% previously) but then slows to 2.6% in 2022 and to 2% in 2023. The Bank of Russia has raised policy rates by 325bp so far in 2021 to 7.5% in October, with a further increase expected to 8.25%.

In India, the GDP estimate rose a sharp +11.4% quarter over quarter in 3Q21 in seasonally adjusted terms (calendar year), after slumping -12.4% in 2Q21. The Fiscal Year 2022 (FY22) GDP growth forecast is down at 8.4%. GDP growth momentum should peak in FY23 at 10.3%. Non-the-less, risks to the recovery remain in the near term. Less than one-third of the population is fully vaccinated. The Bank of India is expected to start raising interest rates in 2022.

# Fixed Income Market

Surging inflation sent bond prices lower, leading key bond market indexes to post their first losses since 2013. Only High-Yield and Inflation-Protected bonds (TIPs) ended the year in positive territory. The 10-year yield finished 2021 at 1.52% off from its 1.75% high in March, but still up 0.59 basis points from where it started the year. Real yields are lowest since 1970s. Sustained inflation will be contingent on impact in the labour market.

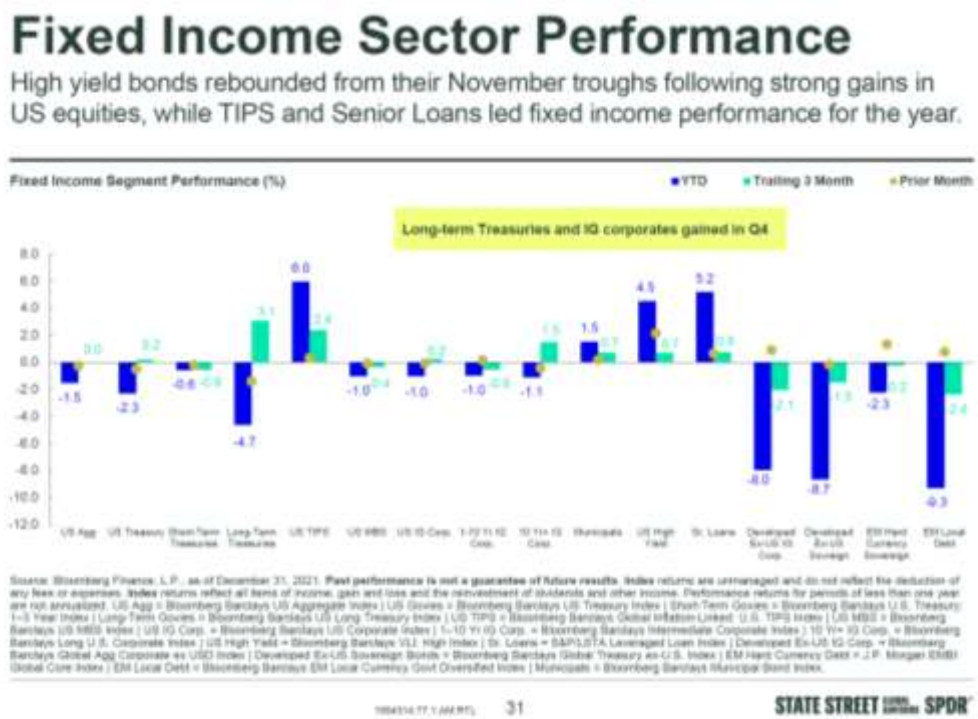



Treasury yields rose as concerns over Covid eased, with the Omicron variant seemingly less deadly than prior strains. This increase of the 10-year Treasury yield to the highest point in two years was triggered by Federal Reserve signal of an interest-rate increase. It is unlikely to continue unabated, and the yield is expected to turn back in due course.

During periods of rising inflation expectations, TIPS outperform Treasuries. In 2021 TIPS beat nominal Treasuries by 7.47% and the Aggregate bond index by 6.31%. An "inflation rotation" could take hold in the US as housing costs intensify and offset easing inflation in other areas. New costs associated with the green energy transition and renewed global focus on equitable growth and income redistribution, could create persistently higher rates of inflation.

Sovereign rates have posted negative returns, while riskier Fixed Income Sectors have seen positive excess returns that has tightened the yield spread, wherein the yields become more similar. According to State Street Global Advisors (SSGA), recent Sovereign rate increases may have overshot.

The decline in Sovereign or government bond prices has turned negative-yields into positive ones. With EU debt markets reacting to the prospect of higher interest rates, the yield on Germany's 10-year bond is steadily getting closer to rising above zero for the first time in almost three years. For the first time since April 2020, the amount of negative-yielding debt is less than $10 trillion worldwide.




Short-term yields have shot higher while long-term yields have been more anchored. This is a bear flattening yield curve, with the 10-year yield ending 25 basis points (bps) higher at 1.76%. Interest rate swap markets in the U.S. continue to price in a longer-term Fed Funds Rate, yet under 1.75%. However, the curve steepened somewhat when the two-year yield ended at 13 bps higher. The change accelerated with the release of the minutes from December's Fed meeting.

Credit spreads are expected to remain tight from strong corporate fundamentals and continued demand from foreign investors. The hawkish tone of the Fed could accelerate the economic cycle. Any increase in longer-maturity yields as a result should remain relatively contained, with a continued curve flattening. Credit spreads may remain relatively tight in 2022. Improved corporate fundamentals have prompted credit rating upgrades, especially for corporations with durable free cash flow and solid balance sheets. The mid-quality rating segments appear particularly attractive. Default rates in the U.S. are at their lowest since the beginning of 2014 as well as being low in the EU.

## Other Assets

Fitch Macro Strategy expects that broad commodity markets will be weaker in 2022 than in 2021. Commodity markets are in Backwardation, which points lower prices in the future. On that basis, Coal, Oil, and Natural Gas prices could average between 15% and 40% below their current spot price levels. Precious Metals provide less diversification in tightened monetary environments.

For 2021, the gold price averaged $1,799 compared to $1,770 for 2020. Gold traded in a narrow range for most of last year as markets were ping-ponged by inflation and rate hike expectations.

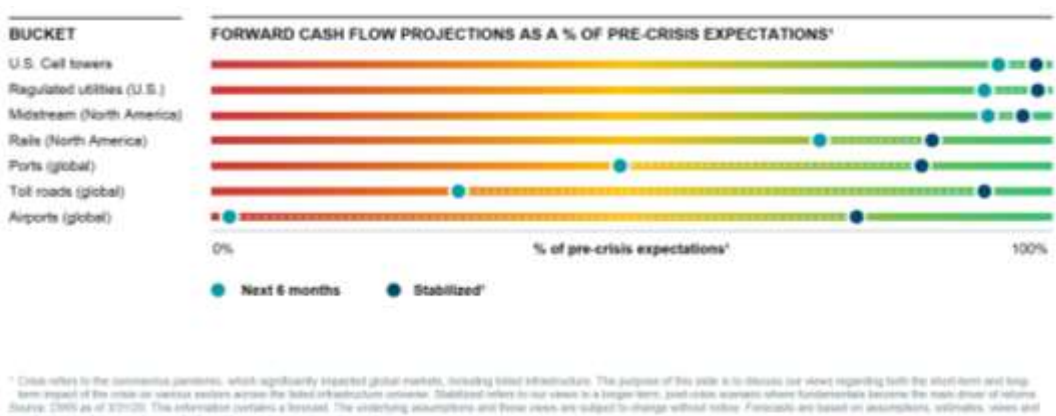
Heading into 2021, Energy was the most undervalued sector. Oil prices shot-up 58% in 2021 and Energy stocks rose 55.7% after a 32% loss in 2020. China's plan to release crude from its strategic reserves failed to reduce prices. The relentless oil rally continued with crude oil prices now at $83/bbl and natural gas at $4.20.


For the agribusiness sector, against the backdrop of increased global supply, the rising costs of crude oil, fertilizer, seed, and labour will dampen farm profitability and challenge machinery sales. Tightening trade measures related to food security efforts by governments, will include export taxes or outright bans as well as import restrictions.

Real Estate (RE) is a broad asset class that can offer a hedge against rising rates, as many lease clauses adjust with rates. The type of RE investment in this economic environment is critical. Grocery stores are a sub-section of retail which is appealing, while there are too many retail stores generally. It is a type to consider. Shopping malls are being refreshed to attract a return of an evening economy and family entertainment.

Telecom RE and Data Centers retain strong cash flow. Google is purchasing a new Manhattan office building for $2.1 bil, signaling demand for office space despite many of tech companies retaining a hybrid working model. According to M&G, “Property yields remain well above government bond yields so property is likely to remain attractive even if interest rates rise.” Multifamily residential buildings are another strong segment.

The construction industry has been vulnerable to input shortages since the global financial crisis. The impact of rising input costs and labour shortages will extend into 2022. This may affect the progress and cost of anticipated Infrastructure projects.



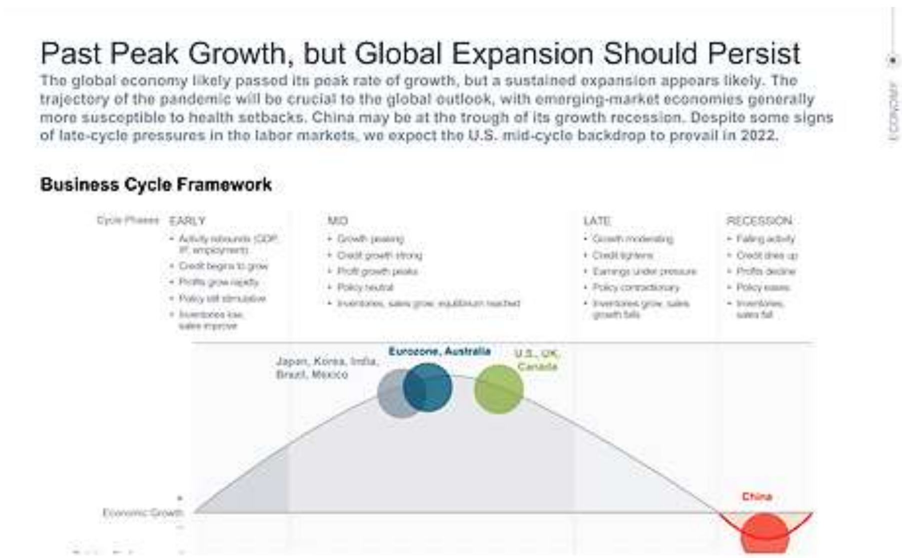

The USD has appreciated by 2%-3% since September and improved on a trade weighted basis after the US Fed announce the likelihood of an earlier rate hike. The US dollar (USD) is expected to appreciate in the first half of 2022 before depreciating slightly in second half. The currency will weaken as the inflation rate starts easing and as EMs attracts more investors due to the higher yield it offers. This will result in selling of USD to buy other currency. Currencies that protect wealth include the Japanese yen and Swiss Franc.

## Asset Allocation

*The global economy will be moving into a later stage of its cycle, and there will be significant uncertainty around the outlook - Fitch Macro Strategy*

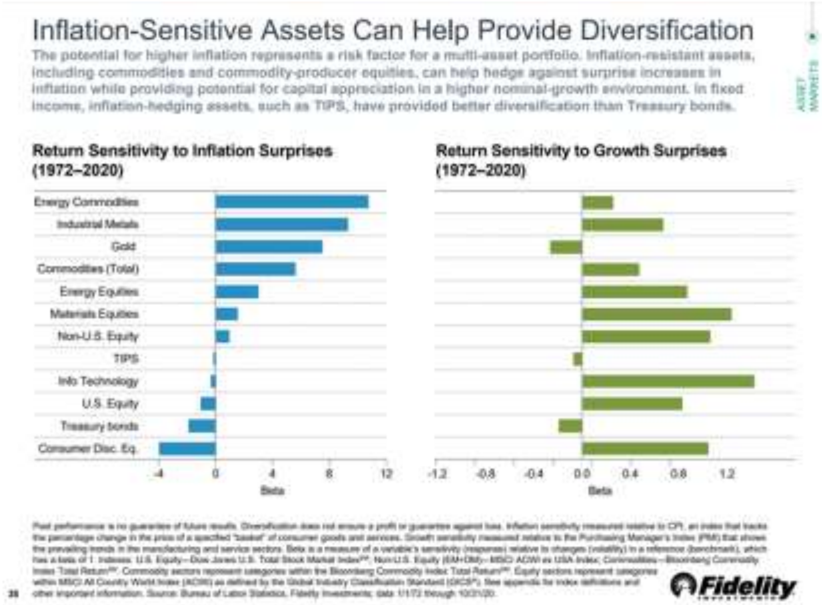
The global economic is starting a transition into the later stage of the Business Cycle. As grow slows and credit tightens, the level of earnings starts to decline. As the Business Cycle transitions, there is a shift of investment emphasis into more Quality focused sectors with durable earnings profiles. Hikes in interest rates will impede returns to fixed income investments. On a tactical basis, the potential returns for Equities are favored. Therefore, SSL will continue to tend toward a 80/20% allocation split between Equities and Bonds.

For Fixed Income, short-duration and floating rates are preferred, along with Treasury Inflation Protected Securities (TIPS) which adjust with inflation. Interestingly, analysts are suggesting holding short-term floating debt along with long-term Treasuries but avoiding long-term Corporate Bonds.




Within the Equities, it is a blended approach of Growth and Value Styles with an emphasis on Quality over Momentum, amongst various Market Caps or sizes of companies as well. On a regional basis, Europe is the focus over the US, with continued exposure to the EM Asia, including Japan and China, as well as East Asia. The outperformance of the UK has yet to materialize, but the fundamentals still support that investment.


From an Industry perspective, broad diversification remains important, with certain Consumer Retail, Financial, and Energy sectors set to benefit along with sections of Health Care. While Industrial and Materials maybe in a holding pattern. Industrial Metals and Precious Metals are likely to serve as inflation hedges.




State Street Global Advisors (SSGA) maintained Technology and Financials in their allocation. They hold a less than a market weight in Energy and Materials which face heightened production and regulatory costs. SSGA has removed an allocation to Consumer Staples. That is among the bottom three sectors in terms of valuations, momentum, and earnings sentiment.

Stronger discipline and global demand should extend the cycle for Energy. Utilities are trading at about a 10% discount to the S&P 500 Index. And Utility conglomerates have streamlined their operations to improve profitability. Investment in cybersecurity is increasing along with heighted government oversight of cybersecurity in critical infrastructure.

Banks & Industrials are big sectors amongst Small-caps companies. Banks will benefit from rising interest rates. Industrials are expected to continue to recoup earnings losses from the pandemic. The strongest growth will be in consumer-facing industries. This includes autos, retail, food & drink, as well as healthcare-related sectors, such as pharmaceuticals, medical devises and healthcare spending in the Russell 2000 Index.

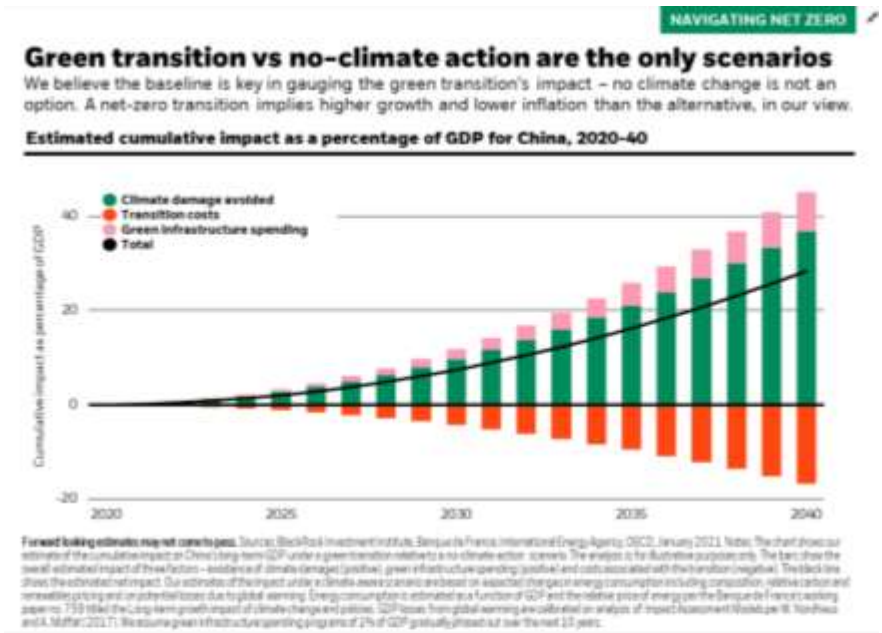
Sectors that may suffer are those reliant on a large pool of labour, ie ecommerce, and those with wages increases without product pricing power including some small to medium size companies. Selected the correct mix of ETFs to cover the appropriate industries at a reasonable price.

There has been bear market in the largest stocks on the Nasdaq that declined by nearly half. The average passive investor may see the impact of the rolling bear market in their portfolio. However, even with the rolling corrections at this time, some valuation excesses are still being worked off at this juncture

SSL uses a 'Smart Beta' strategy with factor screens to pinpoint the attractive securities within an index or to make an investable index. Academic and practitioner research have shown that smart beta portfolios outperform the overall benchmarks in the long run. High Quality Factor have the superior risk-adjusted returns. The strategies are implemented in the SSL 1Q2022 Model Portfolio.

## Conclusion - *THE COST OF GREEN IS WORTH THE PRICE*

The cost of 'green' technology will start to climb in 2022, this will create head-winds for corporate earnings. Electricity intensive industries are under scrutiny. The Telecommunications and Technology industries are in the hot seat. The surging demand for data and digital infrastructure are spiking energy demand. The mining sector's ability to operate is being eroded amid rising public opposition, crimping supply of need minerals for production of renewable components, especially batteries.




According to Hedge Connection, a major rising costs has been the price of polysilicon, a key raw material used to make photovoltaic cells in solar panels.Polysilicon prices have more than tripled since bottlenecks began, rising over 200% in 2021 which slowed the pace of renewables projects. Higher interest rates will also put pressure on renewable energy projects, as the capital that is often funded with debt. However, the Build Back Better Act could add 44 GW of solar power capacity over the next four years. That would be a massive growth opportunity for solar companies. The Act will also be a stimulant for all renewable sectors. Those will be an area for investment. Another way is to invest is through Carbon Energy (CE) futures as the carbon trading markets start coming on-line. Please contact us to arrange a review of your portfolio holdings.

**Previous performance is not a guarantee of future returns. All investments contain risk. Your particular portfolio should be designed to your level of risk and to target your financial goals. Review regularly.** *Senior Solutions Ltd (SSL) provides financial planning guidance for a fee. The client receives guidance to implement at their own discretion. SSL does not guarantee any returns from such guidance. SSL is not an investment manager, does not sell investment or insurance products, nor receives any commission or third-party compensation. SSL does not directly manage or custody assets on behalf of clients. SSL is a financial planning firm for select clients.*

## 1Q22 SSL Model Portfolio Design

*as of 25-Jan-22*

| io | *Green - Add Red - Remove ETFs Rose - Switch* |
|---|---|
| **20.00%** | **FIXED INCOME** *Uses Prefs as well* |
| 0.00% | Cash |
| 3.00% | VNLA Ultrashort (Intl) Bd A 51%US 84% Corp 0.32Dur -0.28%Ret 1.15%Yld 5s Neu |
| 3.00% | SPIP (3-5YRS) TIPS 100%Gov 89%AAA 8.5Dur 5.79%Ret 4.54%yld 4s BRN |
| 4.00% | SRLN - GSO Senior Loan ETF BCrd 0.3Dur 4.48%Ret 4.45%Yld 5sNeu |
| 0.00% | HYDB Def iShares 50%-BB 43%B, 3.56Dur, 4.8%yld 2% Ret, 4s Neu |
| 0.00% | PICB Invesco Intl Corp Bond A -6.87%ret 7.26Dur, 1.01%yld, 3sNnr |
| 2.00% | VGIT Vanguard 3-10 Intmdt-Term Trs AAA 5.4Dur -2.6%Ret 1.14%Yld 4sSlv |
| 4.00% | CEMB JPM em Corp 91%Corp B 22% BB 5.08Dur -0.59%ret 3.53%yld,4s Slv |
| 0.00% | PGX Invesco Pref -diversified BB 4Dur 3.15%Ret 4.84%Yld 3sNeu |
| 4.00% | CWB SPDR Barclays Convert Sec 91%Util 75%BBB 3Dur 2.17%Ret 1.97%Yld 4sBrn |
| *20.00%* | Subtotal |
| | |
| **80.00%** | **EQUITY** |
| 0.00% | OMFL Invesco Rus1000 Dyno Mltfct A- 24%Tech 14%FS 28.95%Ret 0.95%Yld 5sNeu LB H |
| 10.00% | QUAL iShares MSCI USA Quality Factor ETF A- 24%Tech 15FS 26.93%Ret 1.2%Yld 4sSLV L |
| 0.00% | MTUM iShares MSCI USA Mometum B+ 33%Tech 26%Fin 13.37%Ret 0.55%Yld 3Slv LC |
| 0.00% | XMLV S&P 400 Midcap Low Vol 22%Ind 19%RE 16.2%Ret 1.1%Yld 3Neu |
| 5.00% | DEUS Xtrackers Russell(1000) US Multifactor 26.32%Ret 1.14%Yld 4sSLV MV sml-164mi |
| 0.00% | FCOM Fidelity MSCI Communication B+ 13.89%Ret 0.9%Yld 4Slv LgBld |
| 0.00% | XLC Communication Services Sel Sect SPDR A- 15.96%Ret 0.4%Yld 4sSlv HighQ |
| 0.00% | JSML(JSMD) Small/Mid Cap Growth Alpha B- 32%Tech 24%HC 3.08%Ret 0.46%Yld 3Neu |
| 7.00% | VSS Vanguard FTSE All-Wld ex-US SmCp 13%Ret 2.74%Yld 3sGLD MidB 95%US SMBld |
| 3.00% | *XHB SPDR Homebuilders B+ 56%CC 44%Ind 49.70%Ret 0.51%Yld 3sSlv MidB* |
| 2.00% | *XLF SPDR Financial Sector B- 34.82%Ret 1.63%Yld 4sBrz LV* |
| 5.00% | *XLV SPDR Health Care Sel A- 26.04%Ret 1.33%Yld 4Slv LV* |
| 5.00% | *XLY SDPR Consumer Discretionary Sel B+ 23%Ret 0.53%Yld 4Brz LGrw LQ* |
| 4.00% | SCZ iShares MSCI EAFE Small-Cap C- 23%Ind 13%CC 10.14%Ret 2.95%Yld 4Brz MB |
| 5.00% | FKU First Trust UK AlphaDEX®C 20%FSrv 16.7%CC 20.54%Ret 2.99%Yld NoS MV |
| 0.00% | EFAV iShares MSCI Min Vol EAFE B 18%HC 14%CD 7.2%Ret 7.2%Ret 2.47%Yld% 3sSlv LE |
| 10.00% | IQLT iShares MSCI Intl Quality Factor B 20%FS 14%Ind 12.94%Ret 2.23%Ret 5sSLV LB HC |
| 7.00% | EMGF iShare Multi-Factor EEM 23%Tech 15%FS 6.67%Ret 2.95%Yld 3Neu LV |
| 5.00% | FFR - First Trust DM RE B+ 39%xUS 27%Ret 2.65%Yld 3Slv MB LQ |
| 2.00% | *DBE Invesco DB Energy ETF 11%NoUS 52%Mat 30%Enr 57.56%Ret 0%Yld os NoRating* |
| 2.00% | *DBB Invesco Base Metals Fut B 0%xUS 29%Ret 0%Yld 0s NoRate* |
| 0.00% | *COMT iShares Com Select Strategy A 36.95%Ret 0.3%Yld 2Gld LV* |
| 3.00% | FTGC First Trust Global Tact Cmdty Strat 36Agr 23Eng 30Met 27.9%Ret 7.22%Yld 3sNeu |
| 5.00% | GRNTF iPath® Global Carbon ETN 245%Ret 0%Yld NoRate |
| *80.00%* | Subtotal |
| 100.00% | Total |

*Index: The ETF Trading Symbol is followed by the name, credit rating, sector data when applicable, 1yr Returns, 12 month Yield, Morningstar stars and level Neutral, Silver, Bronze and Gold. This is followed by Market Cap and Style, and a code if HighQuality.*