



# IS A BULL MARKET OR BEAR MARKET AHEAD IN 2022?

Presented By  
**Louis P. Stanasolovich, CFP<sup>®</sup>, CEO and President**  
**Legend Financial Advisors, Inc.<sup>®</sup>**

## **LOU STANASOLOVICH, CFP<sup>®</sup>, CEO & PRESIDENT**

**Lou is founder, CEO and President of Legend Financial Advisors, Inc.<sup>®</sup> and EmergingWealth Investment Management, Inc.<sup>®</sup>**

**Mr. Stanasolovich is also the Chief Investment Officer at both Legend and EmergingWealth.**

**Lou is the Editor of The Global Investment Pulse, a publication designed to guide investors on how to build better investment portfolios and improve their investment decision-making.**

**Lou has served as the Editor of *Global Economic & Investment Analytics*, an events service for financial advisory professionals. He has also served as the Editor of *Risk-Controlled Investing*, a subscription service that guides financial advisors on how to build investment portfolios with lower risk.**

**With over 35 years advising clients, he has shared his financial planning and investment management expertise through dozens of speeches, radio and television broadcasts, Webcasts, and hundreds of times as an interviewee, writer and publisher.**

**Lou is a member of the Financial Planning Association (FPA), and is a Registered Financial Advisor with The National Association of Personal Financial Advisors (NAPFA), the nation's largest Fee-Only professional organization.**



**FIND OUT YOUR  
PERSONAL INVESTMENT  
RISK SCORE**

**RISK  
?**

**TAKE A FREE RISK  
ASSESSMENT TODAY!**

# SAMPLE RISK SCORES

## RISK SCORE

## EQUITY/DEBT ALLOCATION

<b>28</b>	<b>20.0%/80.0%</b>
<b>36</b>	<b>30.0%/70.0%</b>
<b>43</b>	<b>40.0%/60.0%</b>
<b>49</b>	<b>50.0%/50.0%</b>
<b>56</b>	<b>60.0%/40.0%</b>
<b>64</b>	<b>70.0%/30.0%</b>
<b>73</b>	<b>S&amp;P 500</b>
<b>74</b>	<b>NASDAQ 100</b>

# **CENTRAL BANK INFORMATION**

# FED WATCH

## INTEREST RATES AS OF JANUARY 19, 2022

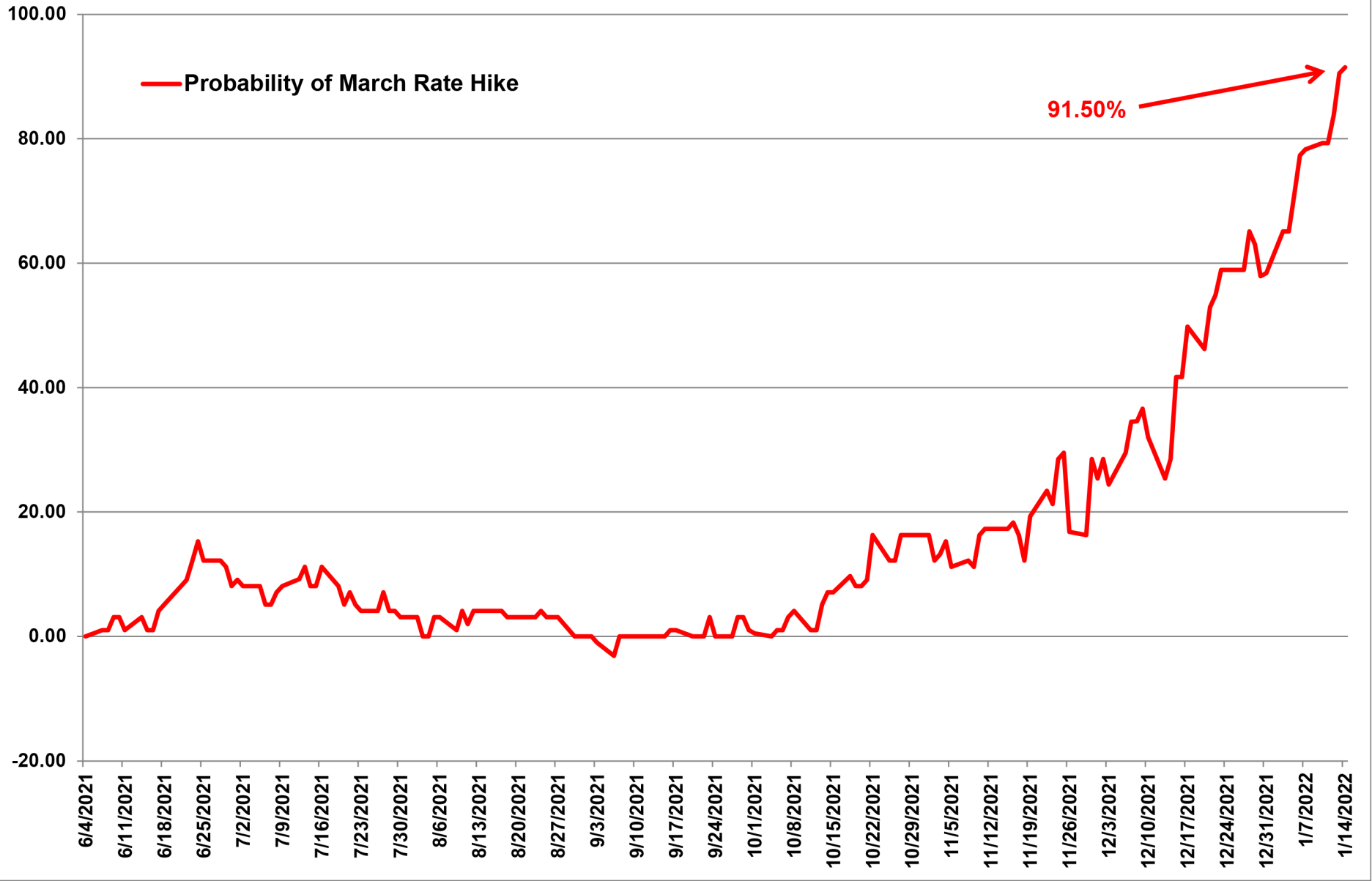
Fed Funds Rate Range:	0 – 0.25%
Fed Discount Rate:	0.25%

## 2022 UPCOMING FED MEETING SCHEDULE

January 25-26  
March 15-16  
May 3-4  
June 14-15

July 26-27  
September 20-21  
November 1-2  
December 13-14

# PROBABILITY OF MARCH, 2022 FED RATE HIKE



Source: Bloomberg Investment Services

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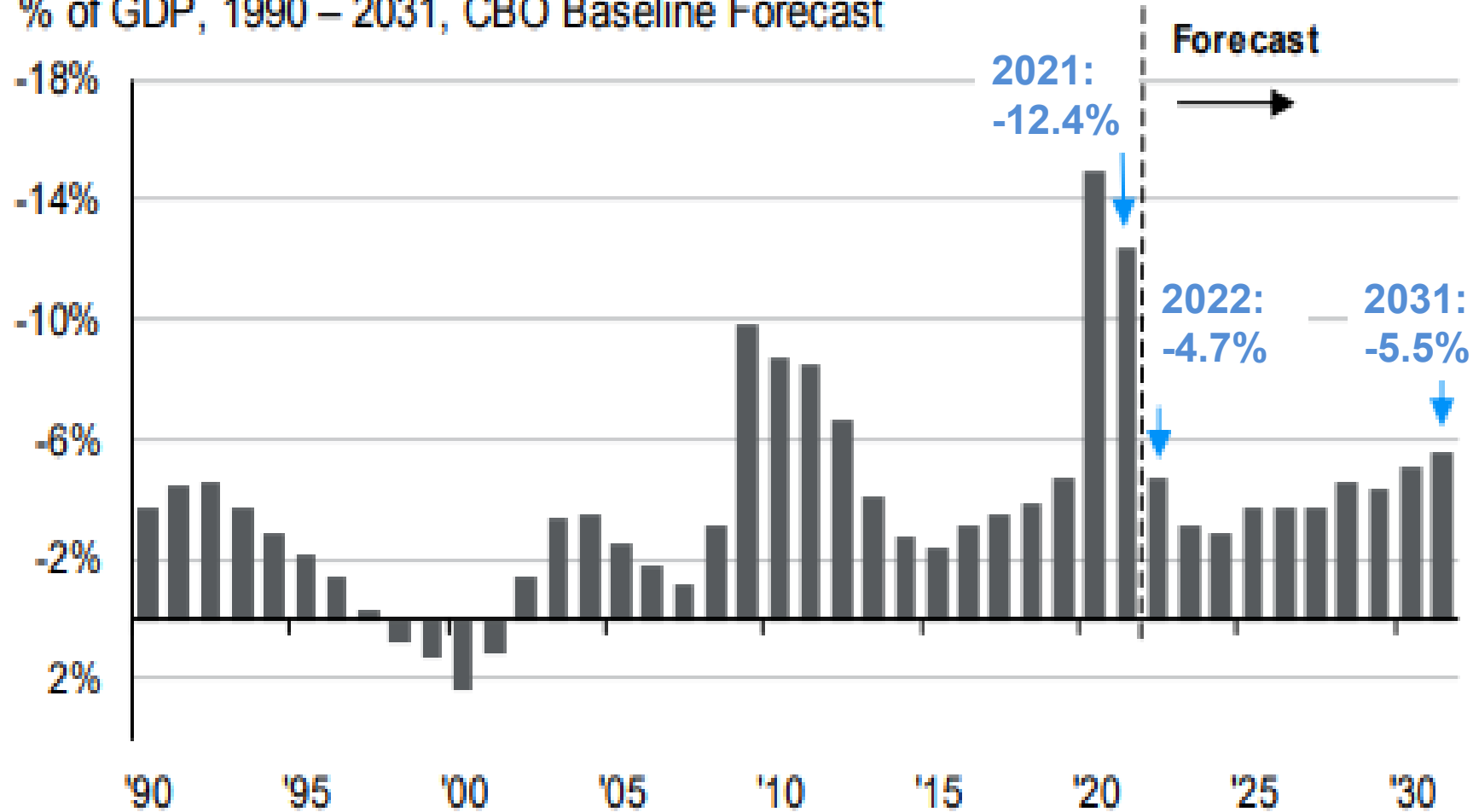
# **U.S. GOVERNMENT FISCAL ISSUES**



# FEDERAL BUDGET SURPLUS/DEFICIT

## Federal budget surplus/deficit

% of GDP, 1990 – 2031, CBO Baseline Forecast



As of December 31, 2021

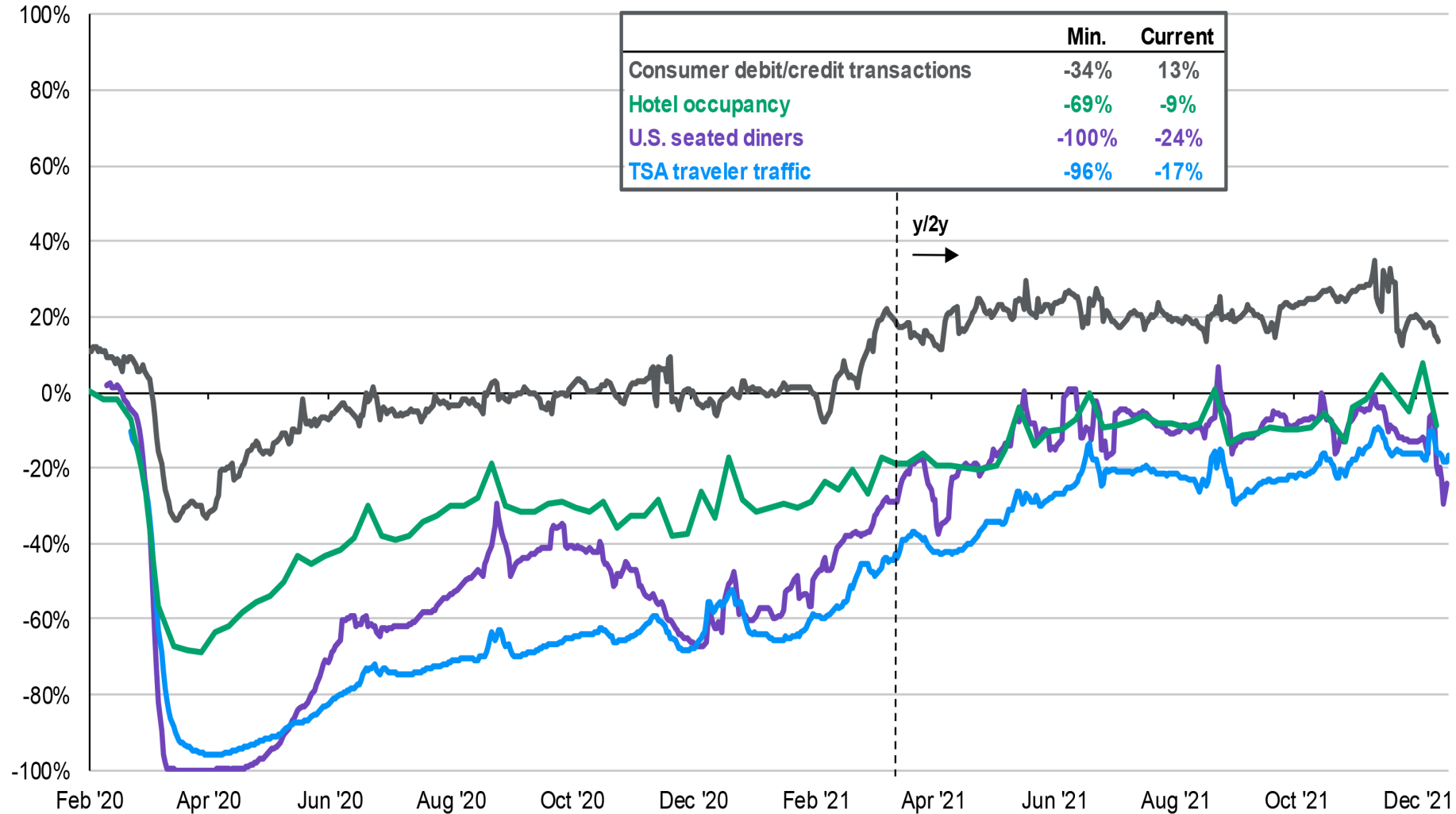
Source: U.S. Treasury, BEA, CBO, J.P. Morgan Asset Management  
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# ECONOMIC CYCLE

# HIGH FREQUENCY ECONOMIC ACTIVITY

## High-frequency data

Year-over-year % change; Year-over-2 year after 3/15/21\*



As of: December 31, 2021

Source: Chase, OpenTable, STR, Transportation Security Administration (TSA), J.P. Morgan Asset Management  
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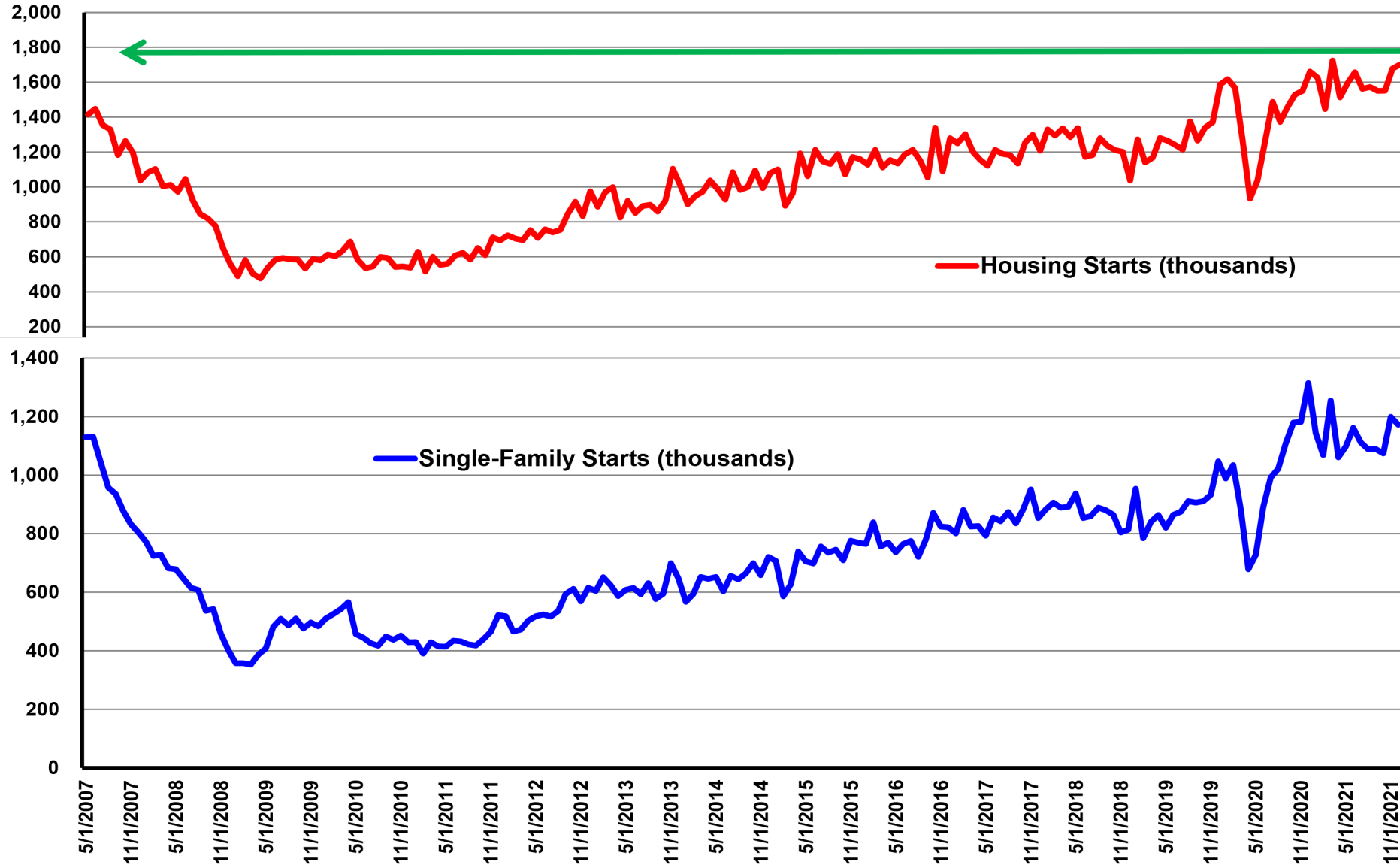
# WHERE ARE WE IN “THE CYCLE?” IT’S COMPLICATED...

	Early Cycle	Mid Cycle	Late Cycle
<b>Economic Policy</b>	<ul style="list-style-type: none"> <li>• M2 growing at 13%</li> <li>• Fed Funds rate at zero</li> <li>• Federal deficit at 12% of GDP</li> </ul>	<ul style="list-style-type: none"> <li>• Tapering has begun</li> <li>• Yield curve flattening</li> </ul>	
<b>Economic Growth &amp; Inflation</b>	<ul style="list-style-type: none"> <li>• Capital spending</li> </ul>	<ul style="list-style-type: none"> <li>• Nominal GDP Output Gap almost closed</li> <li>• Factory utilization rates still well below any previous cycle peak</li> <li>• Housing starts/sales</li> </ul>	<ul style="list-style-type: none"> <li>• ISM Mfg &amp; Services "NOPE" Indexes near danger territory</li> <li>• Consumer Confidence "inverted" (Expectations way below Present Situation)</li> <li>• Inflation near 7%</li> <li>• Unemployment near 4%; quit rate at all-time high</li> <li>• Housing inflation</li> </ul>

# WHERE ARE WE IN “THE CYCLE?” IT’S COMPLICATED... (continued)

<p style="text-align: center;"><b>Corporate Performance</b></p>	<ul style="list-style-type: none"> <li>• EPS showing tremendous operating leverage</li> </ul>	<ul style="list-style-type: none"> <li>• NIPA profit margins at cycle highs (S&amp;P 500 margins usually peak well after NIPA figures)</li> <li>• EPS estimate revisions positive, but slowing</li> </ul>	<ul style="list-style-type: none"> <li>• Wages and raw materials costs rising rapidly</li> </ul>
<p style="text-align: center;"><b>Capital Markets</b></p>	<ul style="list-style-type: none"> <li>• <u>Relative</u> valuations on Small Caps, Mid Caps, and Value stocks remain low</li> </ul>	<ul style="list-style-type: none"> <li>• Margin debt growing rapidly, but not at a rate significantly above gains in the stock market</li> </ul>	<ul style="list-style-type: none"> <li>• Valuations on Large Caps rival Tech bubble peak (esp. Growth) Stock market leadership looks like last decade's--unusual for a "new" cycle</li> <li>• SPACs, IPOs of money-losing companies, NFT, crypto (and "spoofs" of crypto) find eager buyers</li> <li>• Junk bond spreads extremely tight</li> </ul>

# U.S. HOUSING STARTS SURGED TO FASTEST PACE SINCE BEFORE LAST RECESSION MAY 1, 2007 TO DECEMBER 1, 2021

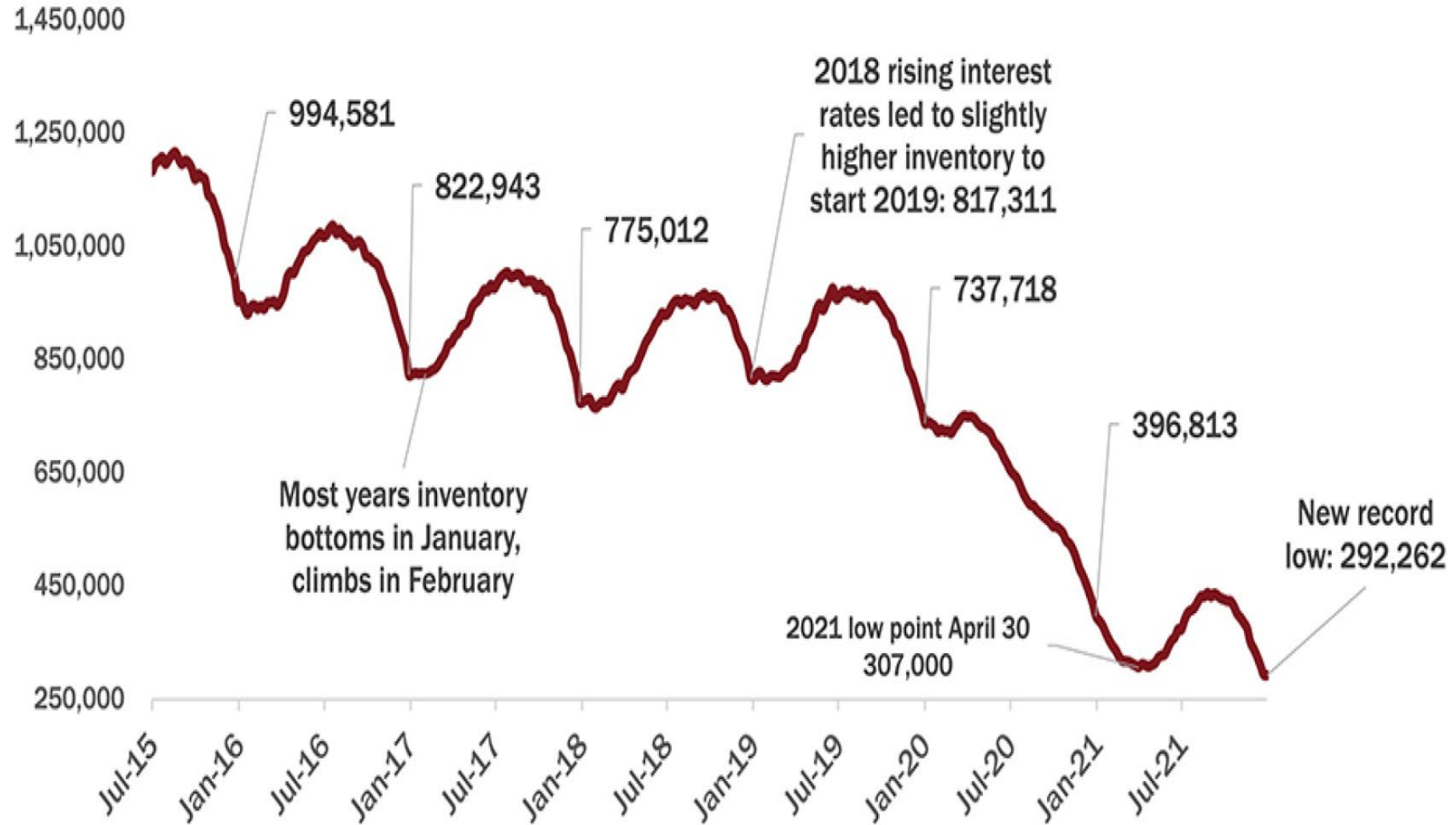


Source: FRED® Economic Data

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# TOTAL INVENTORY HOMES FOR SALE U.S. SINGLE FAMILY



As of January 2022

Source: Altos Research

# FOLLOWING THE HOUSE SHORTAGE, LUMBER PRICES ARE BACK TO NEW PEAKS.....



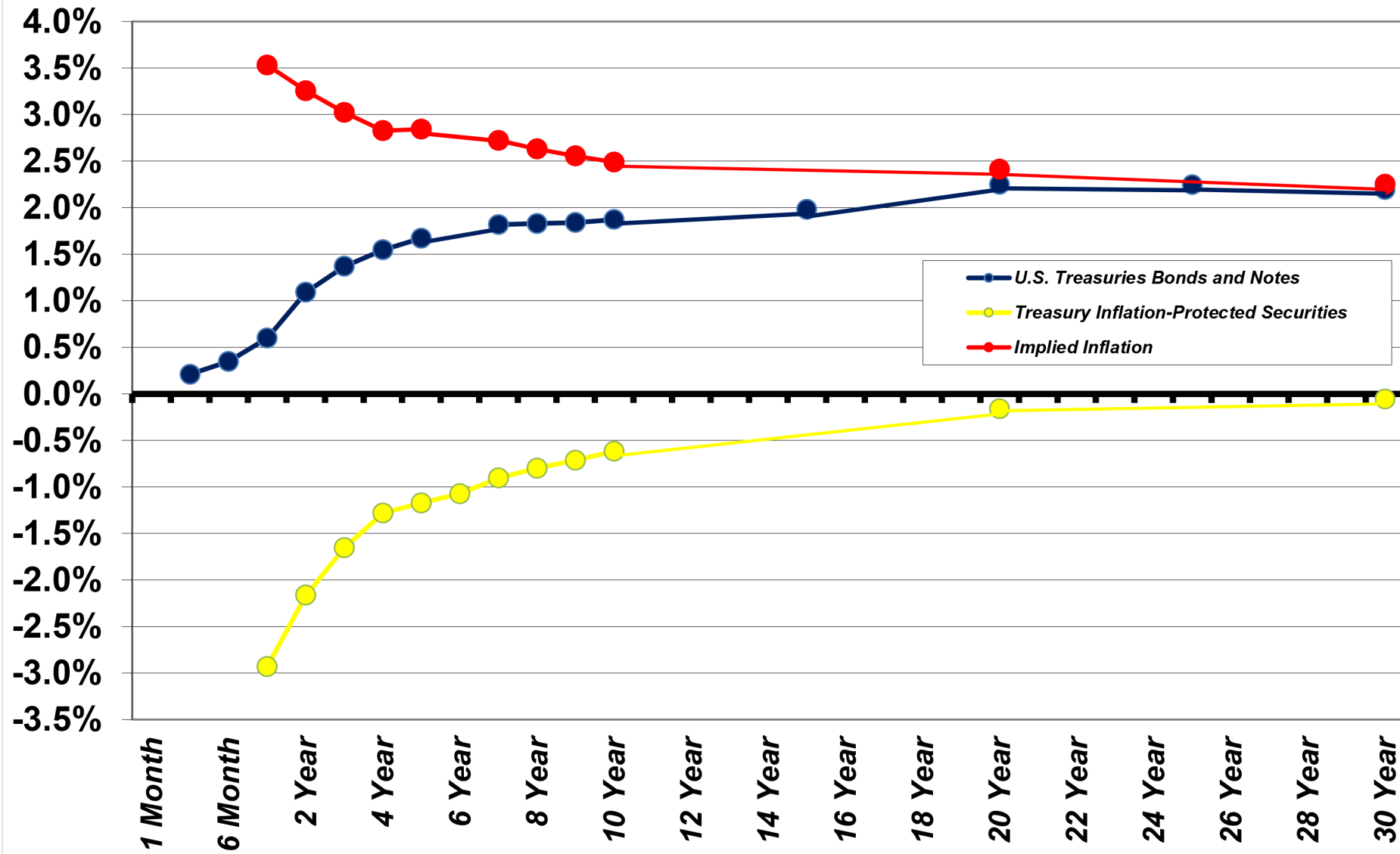
As of January 2022

Source: The Daily Shot



# **INFLATION/DEFLATION**

# U.S. LONG TERM IMPLIED INFLATION RATE



As of: January 18, 2022

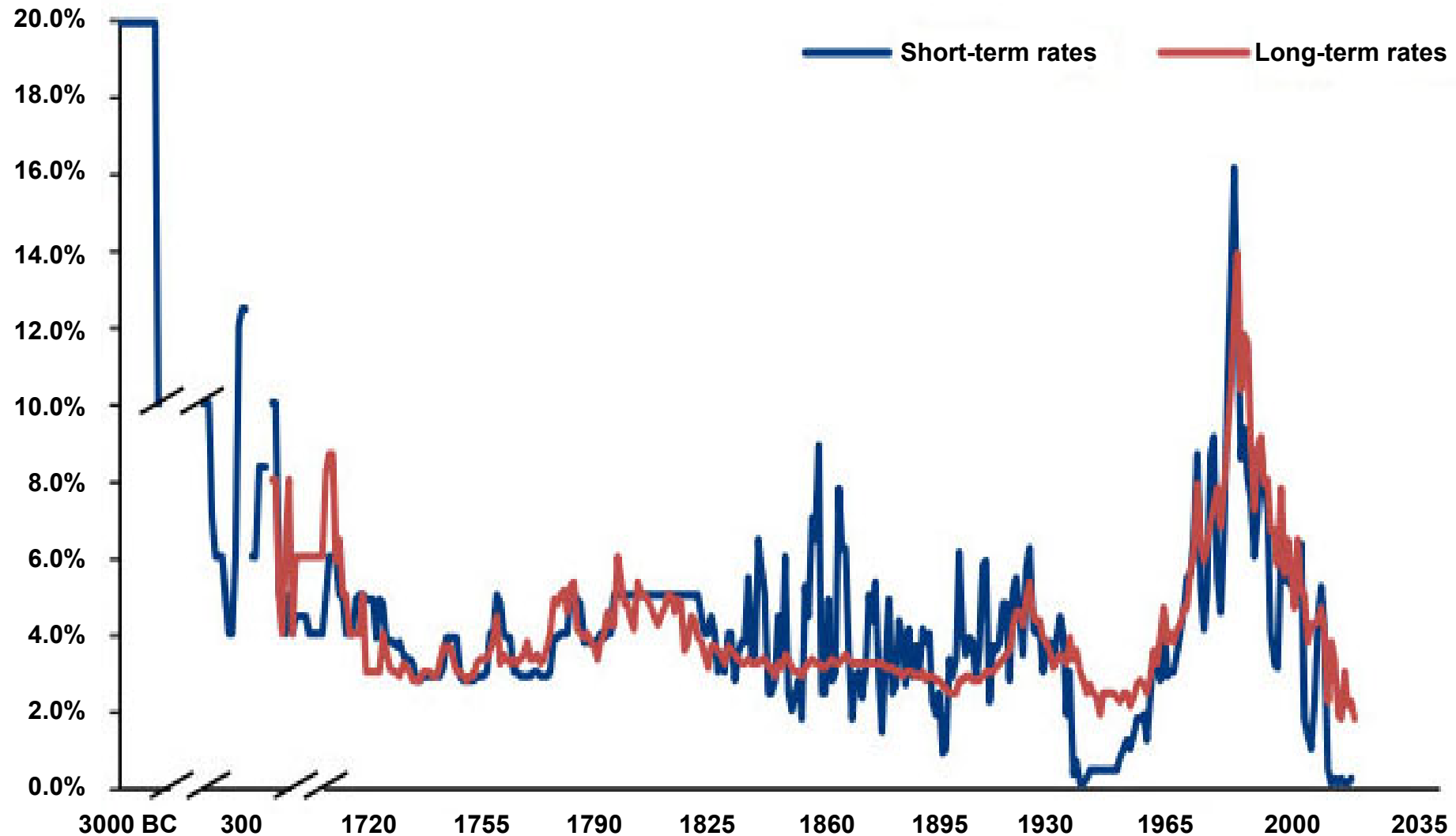
Source: Bloomberg Investment Services

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# DEBT INVESTMENTS

# THE LOWEST INTEREST RATES IN 5,000 YEARS



Note: The intervals on the X-Axis change through time up to 1700. From 1700 onwards, they are annual intervals. Full methodology available upon request.

As of: June 13, 2016  
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Source: Bank of America Merrill Lynch Global Investment Strategy, Bank of England, Global Financial Data, Homer and Sylla "A History of Interest Rates" via 361 Capital, LLC, *Weekly Research Briefing*, June 13, 2016, [www.361capital.com](http://www.361capital.com)  
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# BOND BEAR MARKET RETURNS (1946 - 1981)

Year	Lt. Govt. Tot. Ret.		Year	Lt. Govt. Tot. Ret.
1946	-0.09		1966	3.65
1947	-2.63		1967	-9.19
1948	3.39		1968	-0.26
1949	6.44		1969	-5.07
1950	0.05		1970	12.10
1951	-3.94		1971	13.24
1952	1.16		1972	5.67
1953	3.63		1973	-1.10
1954	7.18		1974	4.35
1955	-1.28		1975	9.19
1956	-5.58		1976	16.76
1957	7.47		1977	-0.65
1958	-6.11		1978	-1.18
1959	-2.28		1979	-1.21
1960	13.79		1980	-3.96
1961	0.96		1981	1.86
1962	6.88			
1963	1.21			
1964	3.51			
1965	0.70			
			<b>Mean</b>	<b>2.18</b>
			<b>Median</b>	<b>1.06</b>
			<b># of Down Years</b>	<b>15</b>
<b>Mean (1946-1965)</b>	<b>1.71</b>		<b>Mean (1966-1981)</b>	<b>3.31</b>

**Legend Comment::**  
 We could possibly have total returns over the next 20 years for bonds similar to the mean (compounded) total returns from 1946 to 1965, referenced on this chart, should interest rates rise even a little during that time.

# INTEREST GENERATING SECURITIES ANALYSIS

Index	Averages					
	Coupon (%)	Price (\$)	Yield to Worst (%)	Spread (bps)	Maturity (yrs.)	Duration (yrs.)
Bloomberg Barclays U.S. Aggregate Index	2.43	104.7	1.75	36	8.7	6.8
U.S. Treasury	1.57	102.7	1.23	-	8.4	7.1
U.S. Mortgage Backed Securities	2.65	102.9	2.00	31	6.1	4.8
U.S. Asset Backed Securities	1.19	100.4	1.13	38	2.4	2.3
U.S. Commercial Mortgage Backed Securities	3.07	104.8	1.88	68	5.5	5.1
U.S. Corp. Investment Grade	3.55	109.7	2.33	92	12.3	8.7
Bloomberg Barclays Municipal Bond Index	4.45	113.9	1.11	-	13.1	5.1
Bloomberg Barclays Taxable Municipal Bond Index	4.16	114.8	2.33	-	15.8	9.6
ICE BofAML US Inflation-Linked Treasury Index	0.75	115.8	-1.50	-	8.7	6.3
ICE BofAML Preferred Index (Fixed Rate)	5.07	105.2	2.74	113	-	4.7
ICE BofAML US High Yield Index	5.66	103.3	4.32	310	6.5	4.0
S&P/LSTA Leveraged Loan Index	L+3.79	98.6	4.20	428	4.9	-
J.P. Morgan EM Bond Index (EMBI) Global Diversified	5.15	99.8	5.27	369	-	8.0
J.P. Morgan Corp. EM Bond Index (CEMBI) Board Diversified	4.64	102.4	4.11	272	-	4.9
J.P. Morgan Govt. Bond I Index-EM (GBI-EM) Global Diversified	5.29	-	5.72	-	-	5.21
Bloomberg Barclays Global Aggregate Ex-U.S. Index	1.94	107.7	0.93	30	9.6	8.2

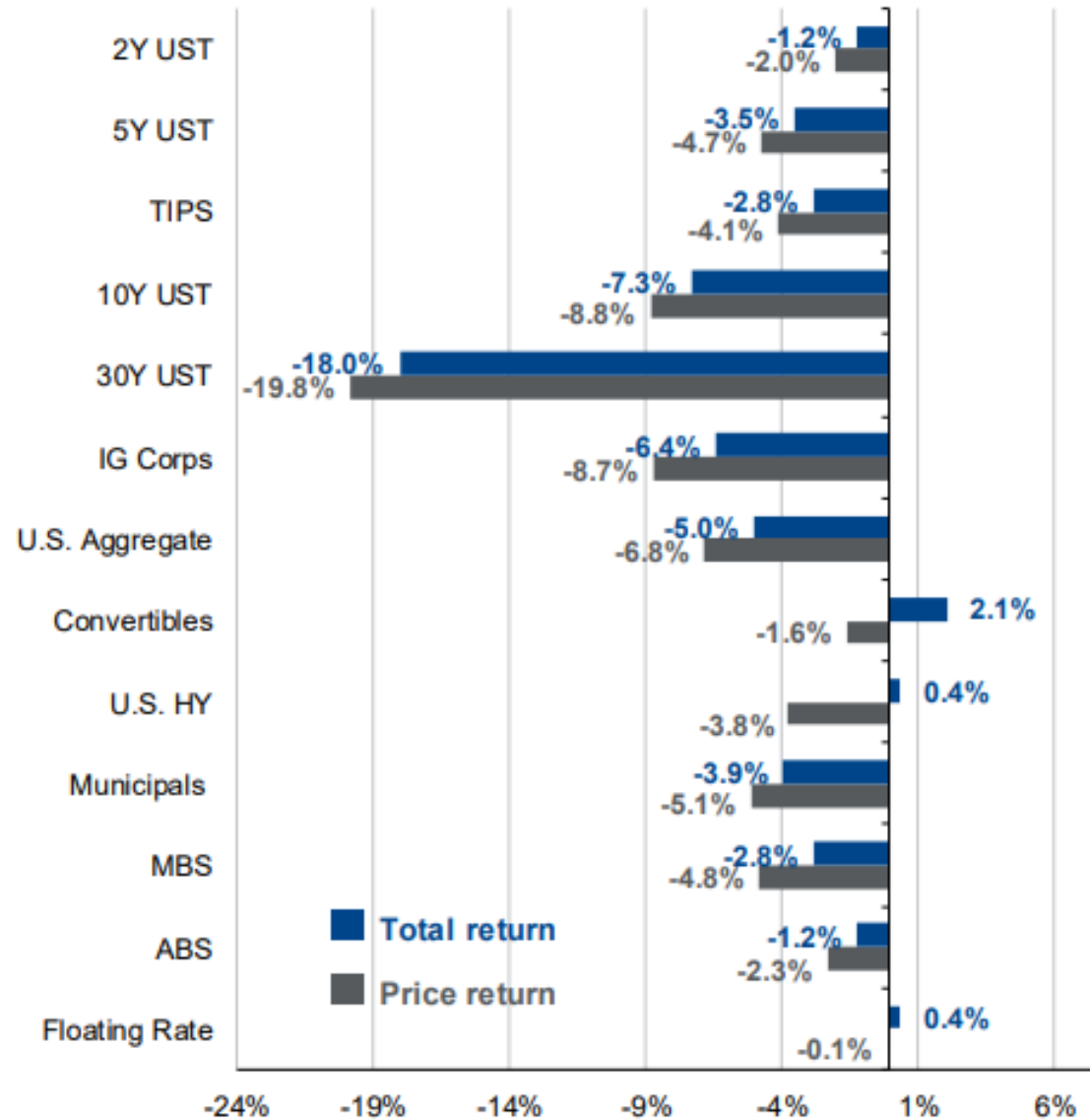
As of: December 31, 2021

Source: Barclays Capital, JP Morgan, BofA Merrill Lynch and Standard & Poor's via  
Eaton Vance Monthly Market Monitor, [www.eatonvance.com](http://www.eatonvance.com)

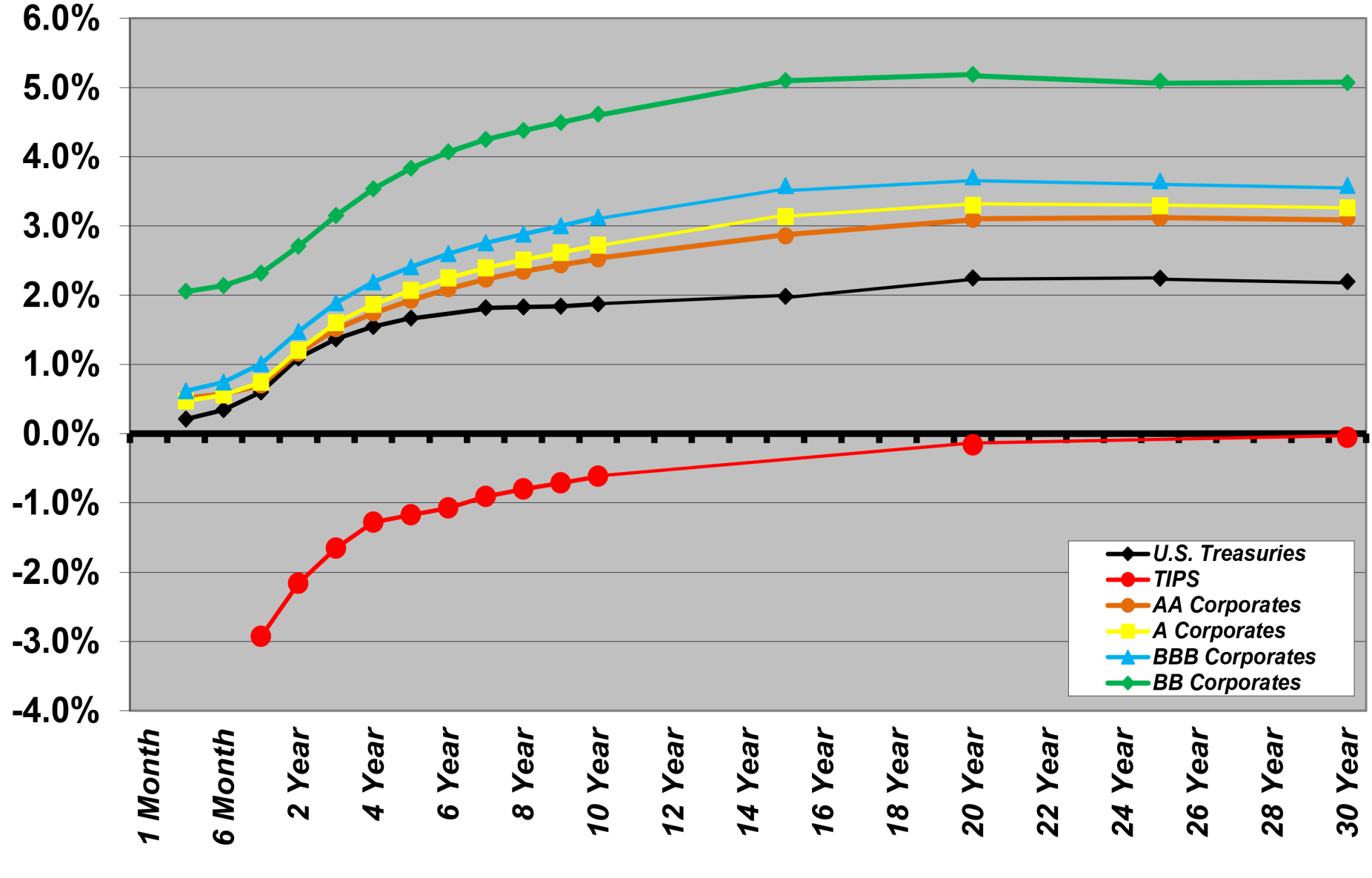
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# PRICE IMPACT OF A 1% RISE IN INTEREST RATES

Assumes a parallel shift in the yield curve



# YIELD CURVE: ALL ISSUERS

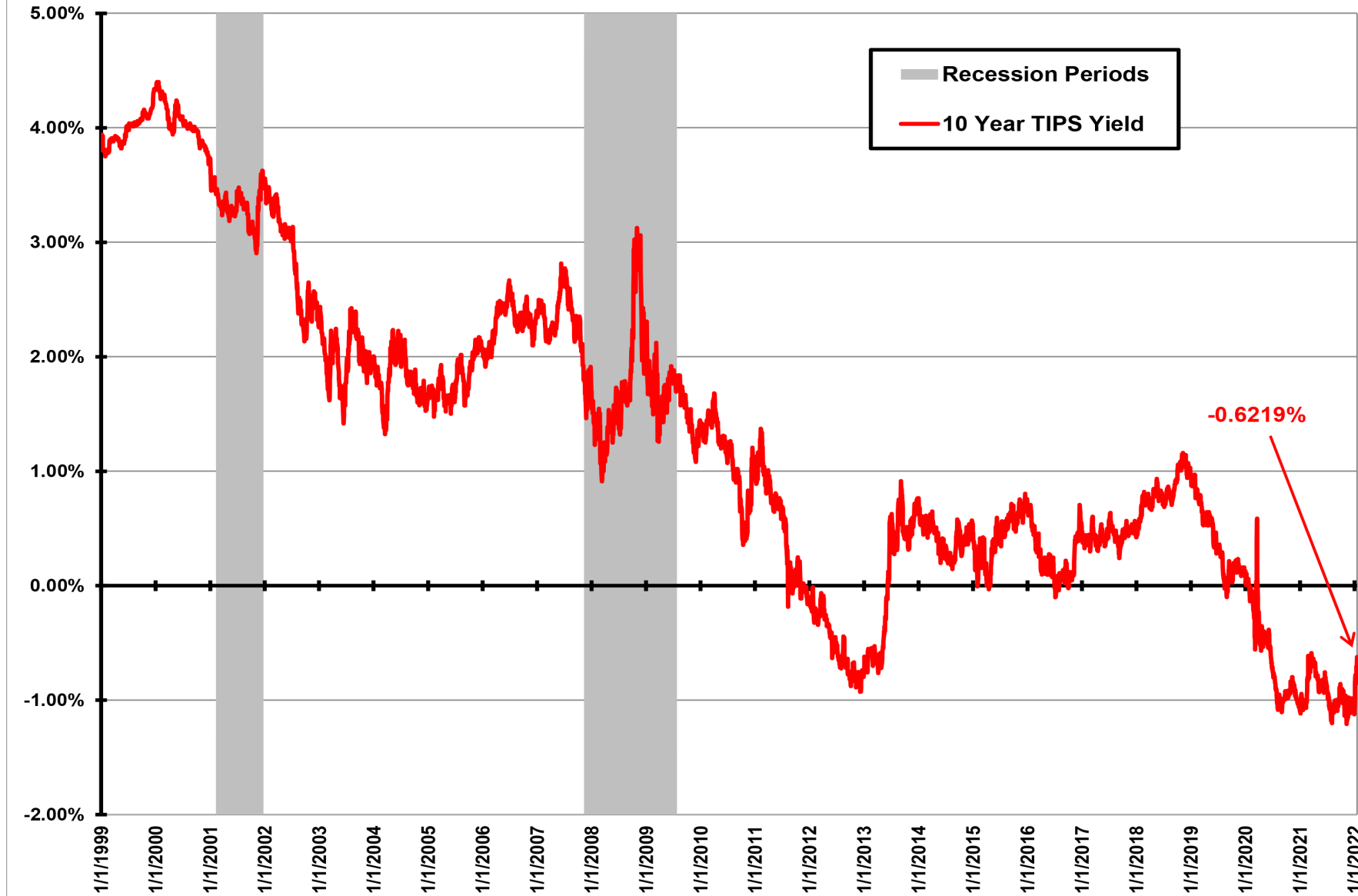


As Of: January 18, 2022

Source: Bloomberg Investment Services  
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# HISTORICAL 10 YEAR TIPS YIELD JANUARY 1, 1999 to JANUARY 18, 2022

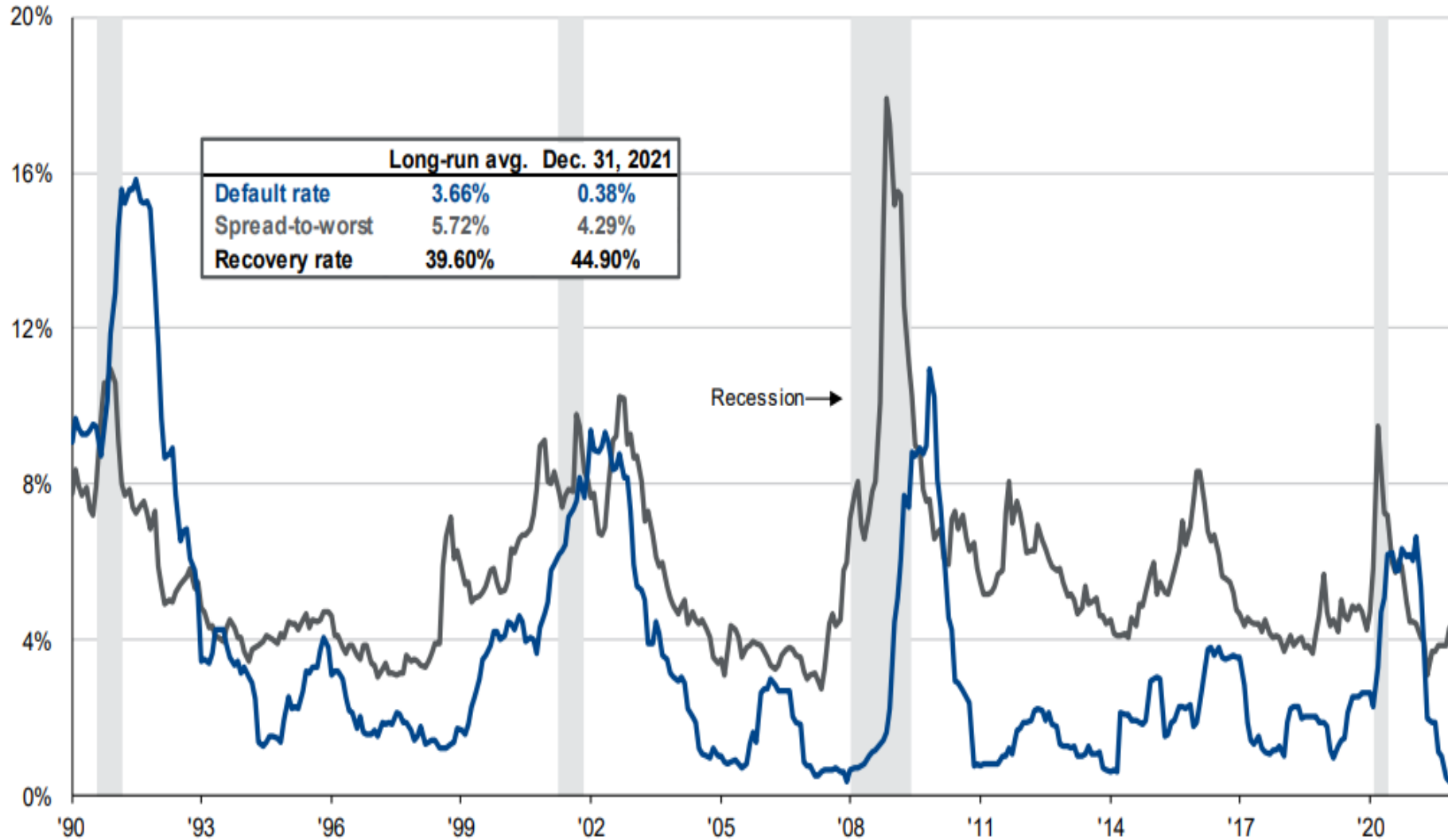


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# HIGH YIELD BONDS

## Default rate and spread to worst

Percent



As of: December 31, 2021

Source: J.P. Morgan Global Economic Research, J.P. Morgan Asset Management  
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# MUNICIPAL BOND MARKET UPDATE

	Averages				
	Coupon (%)	Price (\$)	Current Rates	Maturity (yrs.)	Duration (yrs.)
<b>Bloomberg Municipal Bond Index</b>	<b>4.45</b>	<b>113.9</b>	<b>1.11</b>	<b>13.1</b>	<b>5.1</b>
AAA Index	4.34	114.3	0.94	11.5	5.1
AA Index	4.48	114.9	1.01	12.7	5.0
A Index	4.48	112.6	1.26	14.3	5.0
BBB Index	4.36	110.8	1.55	14.6	5.5
5-Year Index	4.63	115.5	0.73	5.0	3.8
10-Year Index	4.55	117.3	1.02	10.0	5.1
22+ Year Index	4.24	113.5	1.74	26.5	7.4
<b>Bloomberg High Yield Municipal Bond Index</b>	<b>4.50</b>	<b>75.3</b>	<b>3.11</b>	<b>21.6</b>	<b>6.5</b>
Hospital	5.14	103.4	3.51	22.0	6.1
IDR/PCR	4.17	45.9	3.18	21.5	5.9
Tobacco	2.65	24.0	3.62	31.0	7.4
Puerto Rico	3.65	57.8	2.28	23.9	5.5

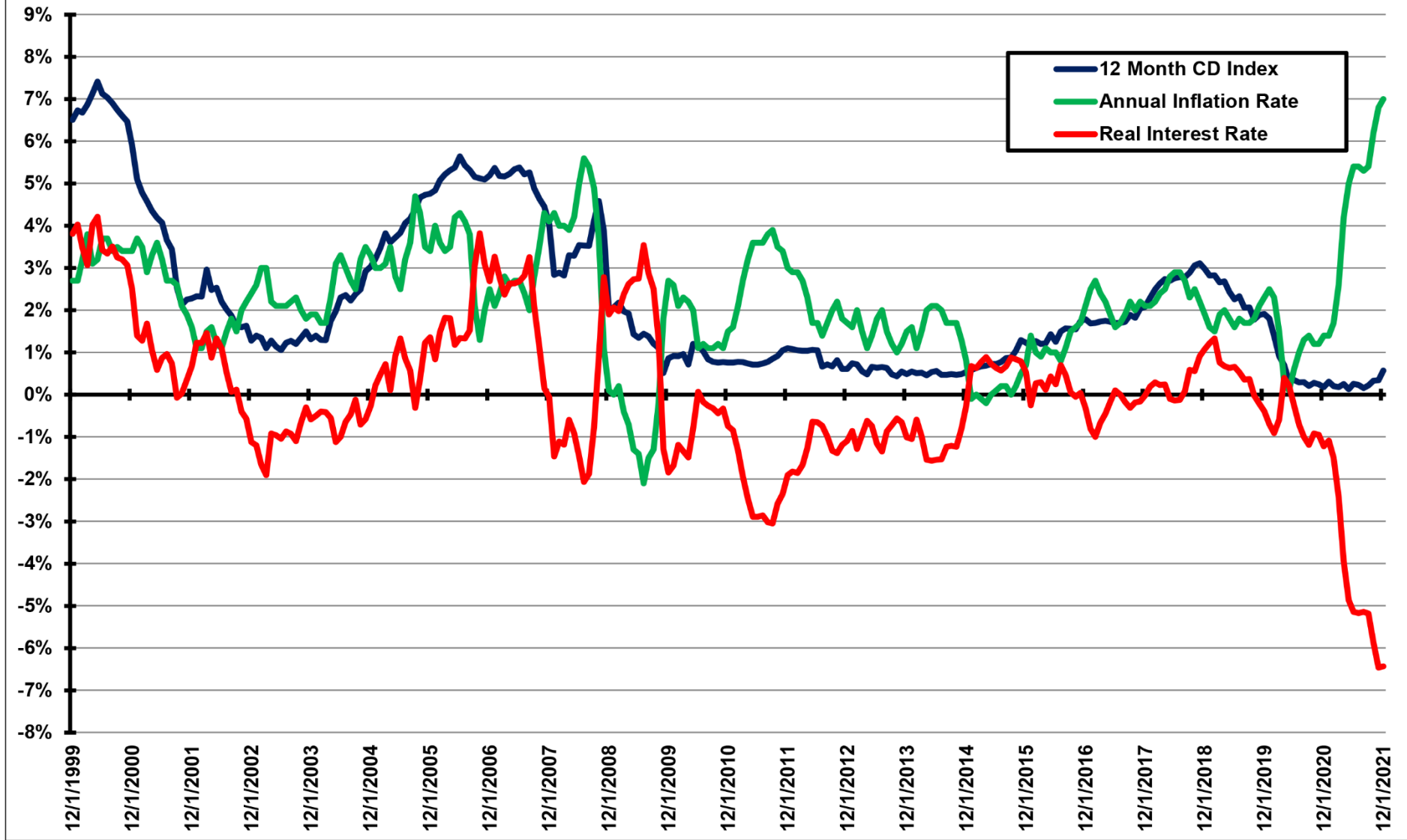
Very Risky

As of: December 31, 2021

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Source: Bloomberg Barclays, LCD, and Morningstar  
Eaton Vance Monthly Market Monitor, [www.eatonvance.com](http://www.eatonvance.com)

# REAL INTEREST RATES 12 MONTH CDs VS. INFLATION JANUARY 1, 2000 - DECEMBER 31, 2021



SOURCE: BLOOMBERG INVESTMENT SERVICE  
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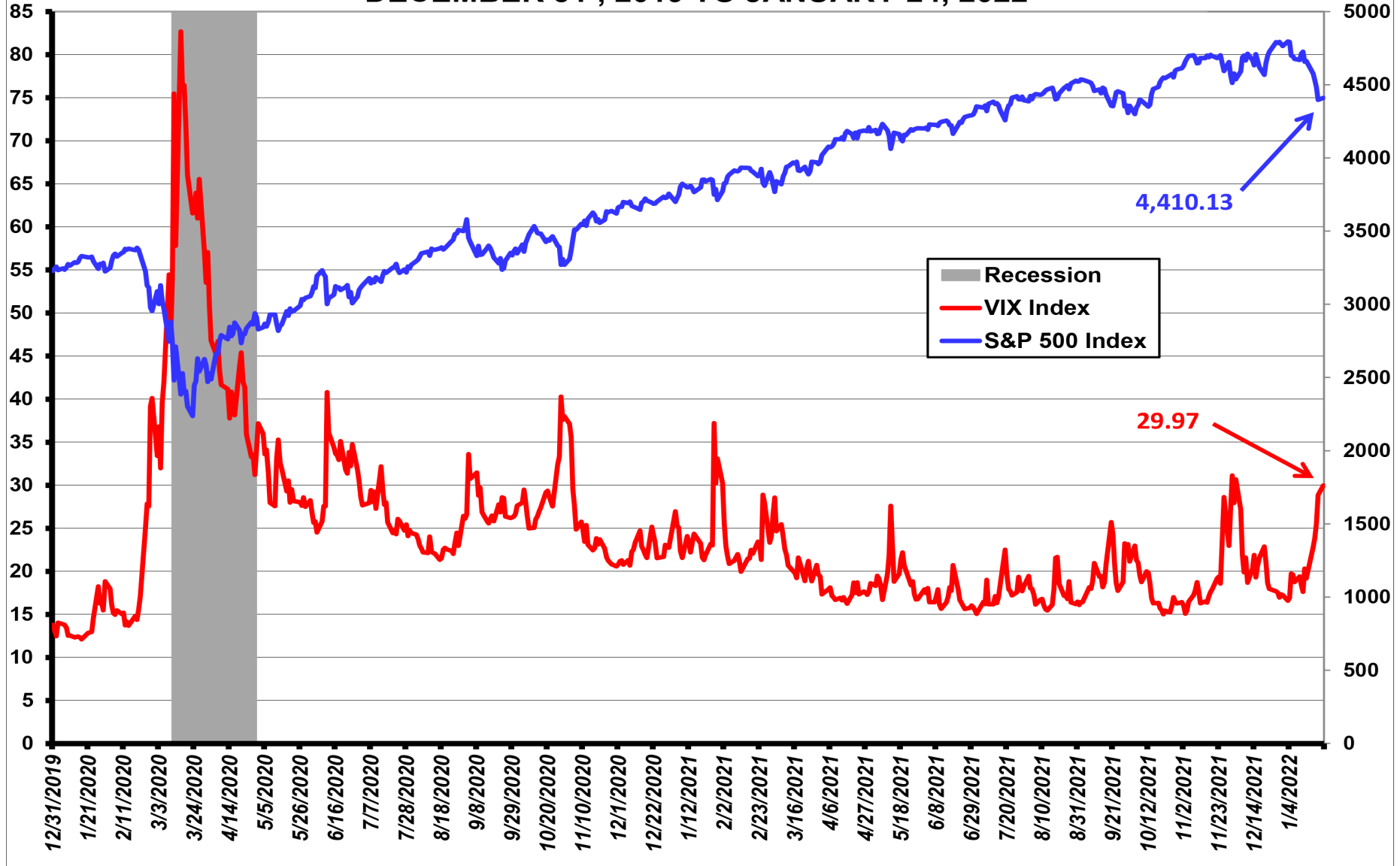
# INVESTMENT RISK

# ARE WE HEADED FOR A TRAIN WRECK?



# VOLATILITY INDEX

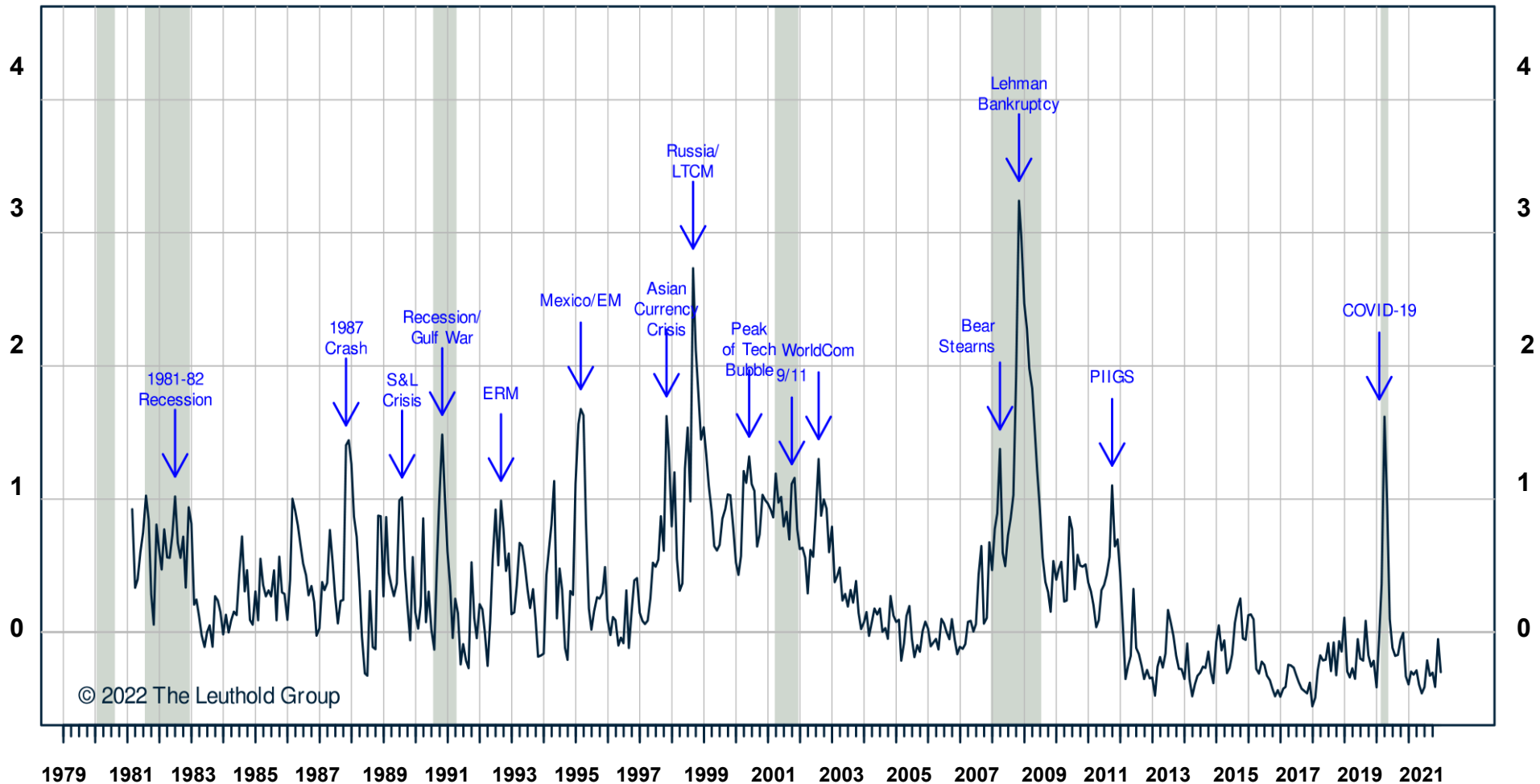
DECEMBER 31, 2019 TO JANUARY 24, 2022



# MONTHLY RISK AVERSION INDEX (RAI)

## RISK INDEX FALLS

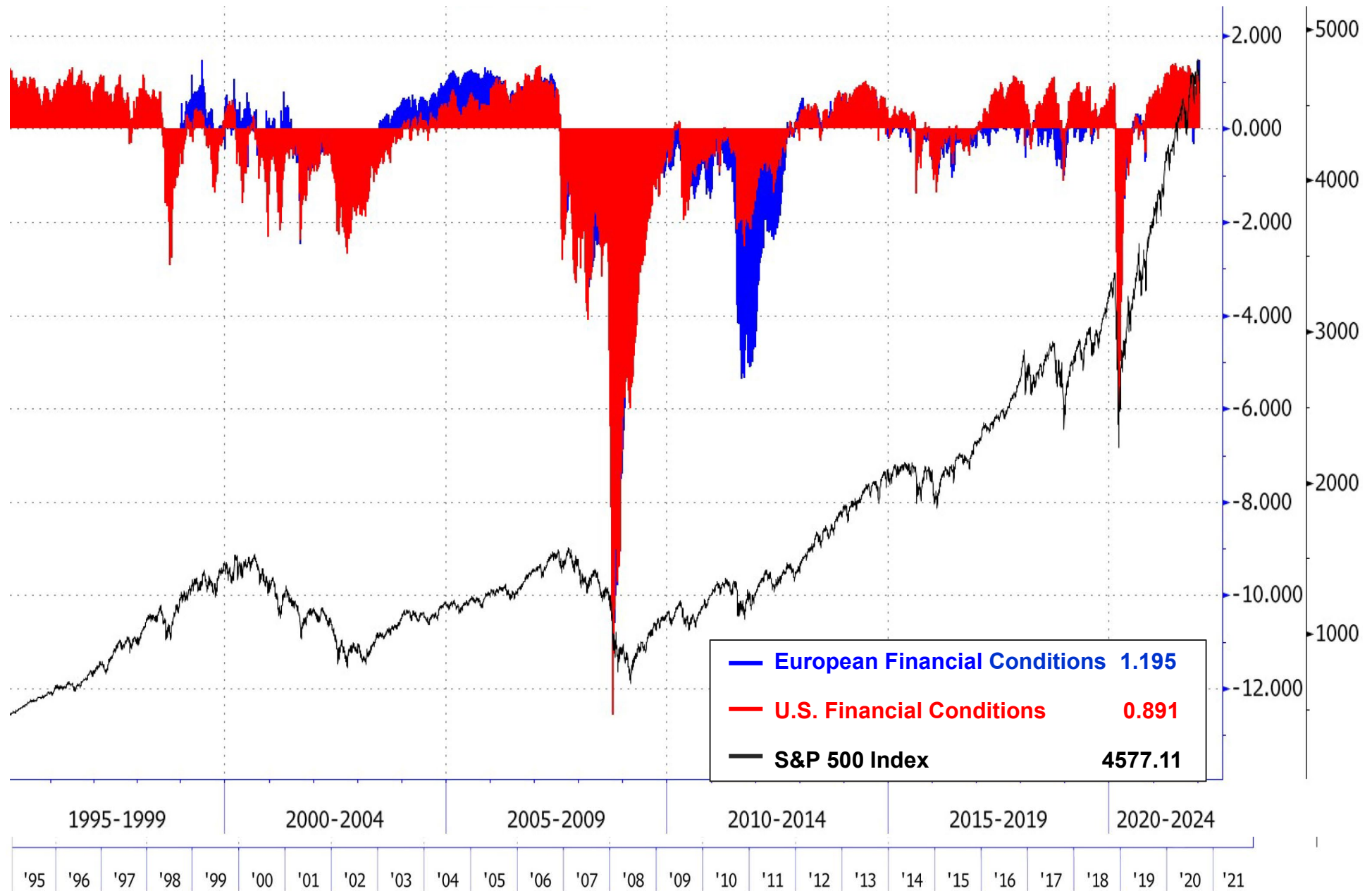
**Note:** The Risk Aversion Index combines ten market-based measures including various credit and swap spreads, implied volatility, currency movements, commodity prices and relative returns among various high- and low-risk assets.



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# FINANCIAL CONDITIONS INDEXES



As of: January 18, 2022

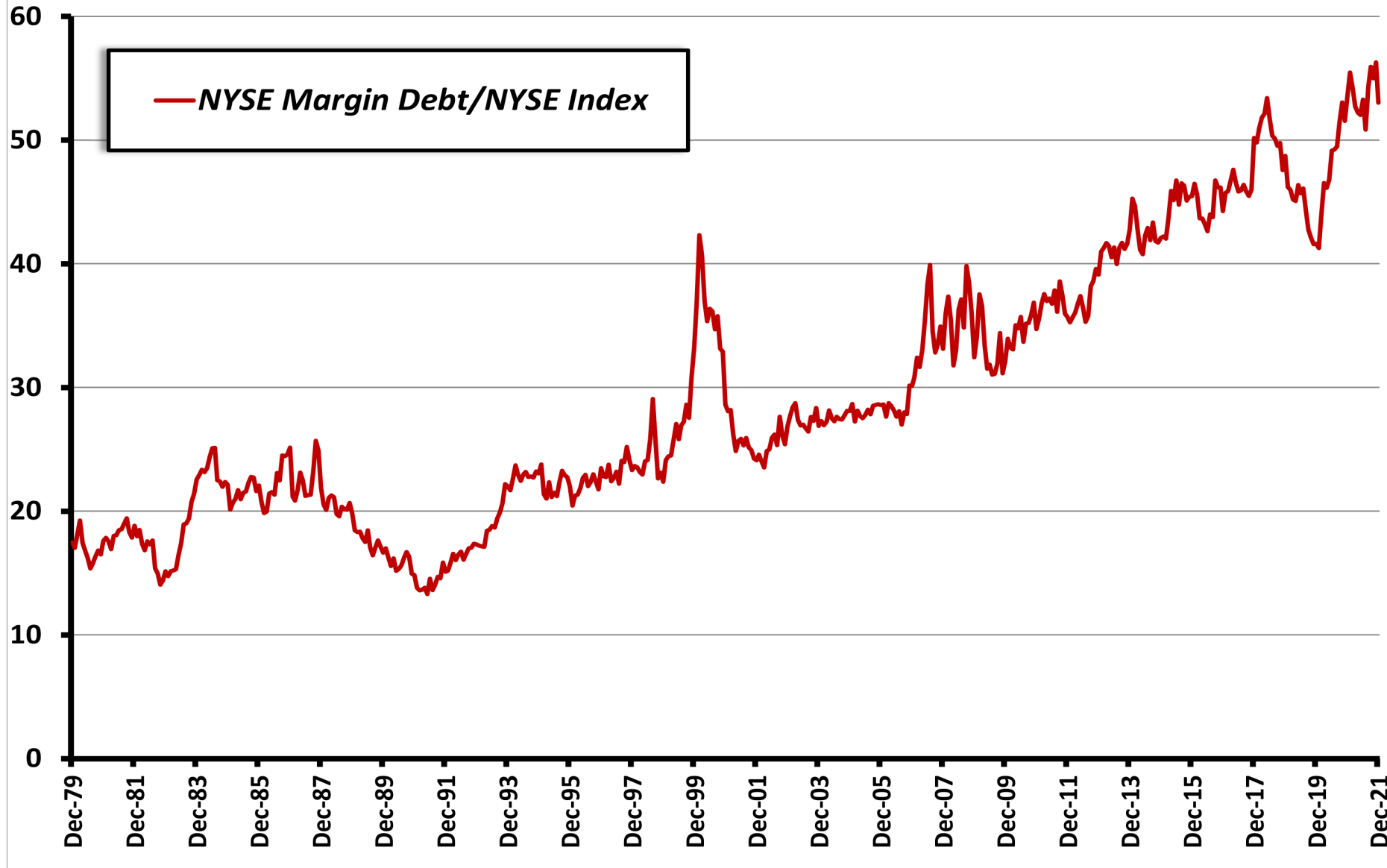
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# RETURNS NEEDED TO REACH BREAK-EVEN POINTS AFTER LOSSES

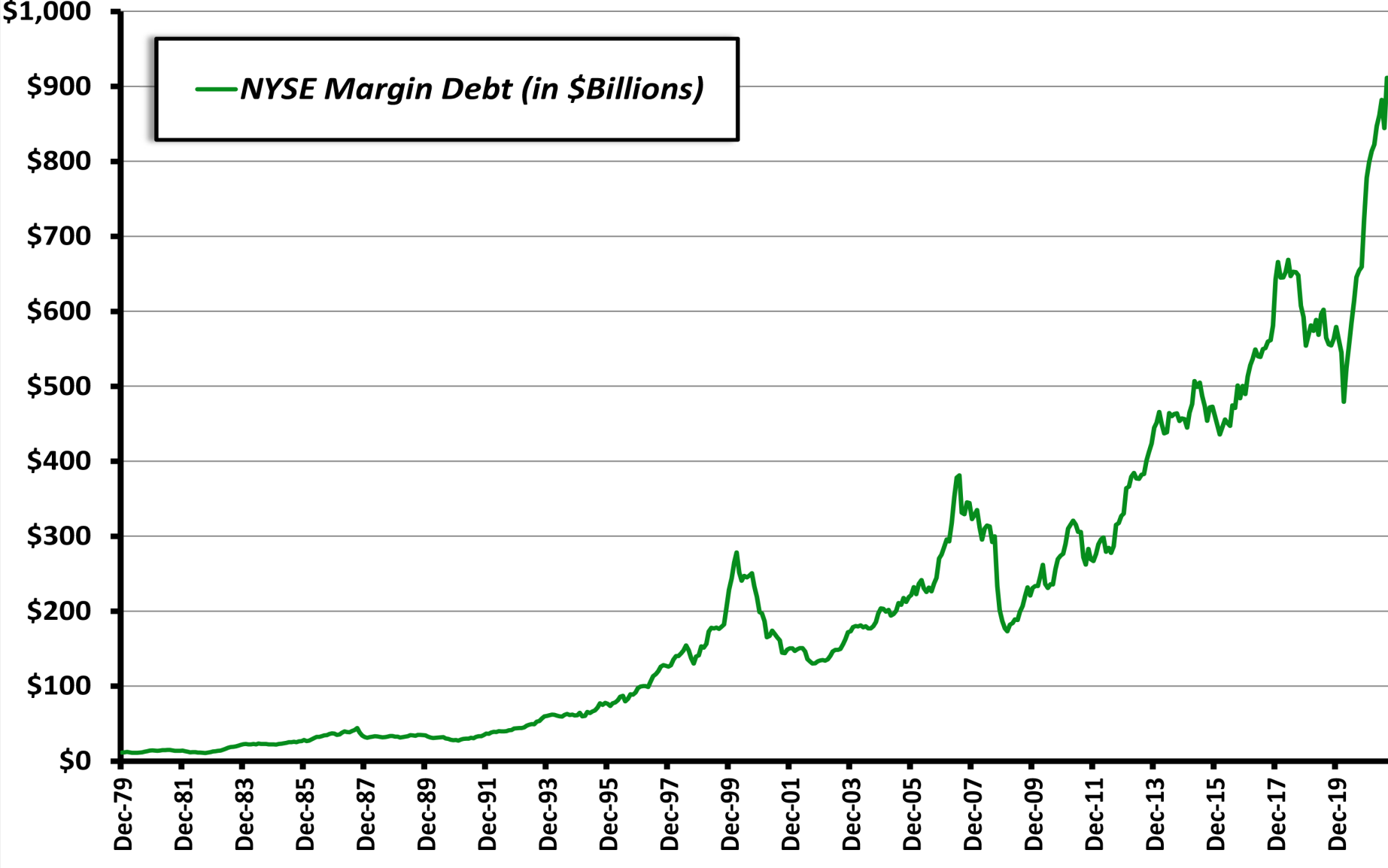
<u>PERCENTAGE LOSS</u>	<u>PERCENTAGE RETURN NEEDED TO REACH BREAK-EVEN</u>
5.00%	5.26%
10.00%	11.11%
15.00%	17.65%
20.00%	25.00%
25.00%	33.33%
30.00%	42.86%
35.00%	53.85%
40.00%	66.67%
45.00%	81.82%
50.00%	100.00%
55.00%	122.22%
60.00%	150.00%
65.00%	185.71%
70.00%	233.33%
75.00%	300.00%
80.00%	400.00%
85.00%	566.67%
90.00%	900.00%
95.00%	1900.00%

# **FINANCIAL MARKET VALUATION**

# NEW YORK STOCK EXCHANGE MARGIN DEBT/INDEX DECEMBER 31, 1979 - DECEMBER 31, 2021



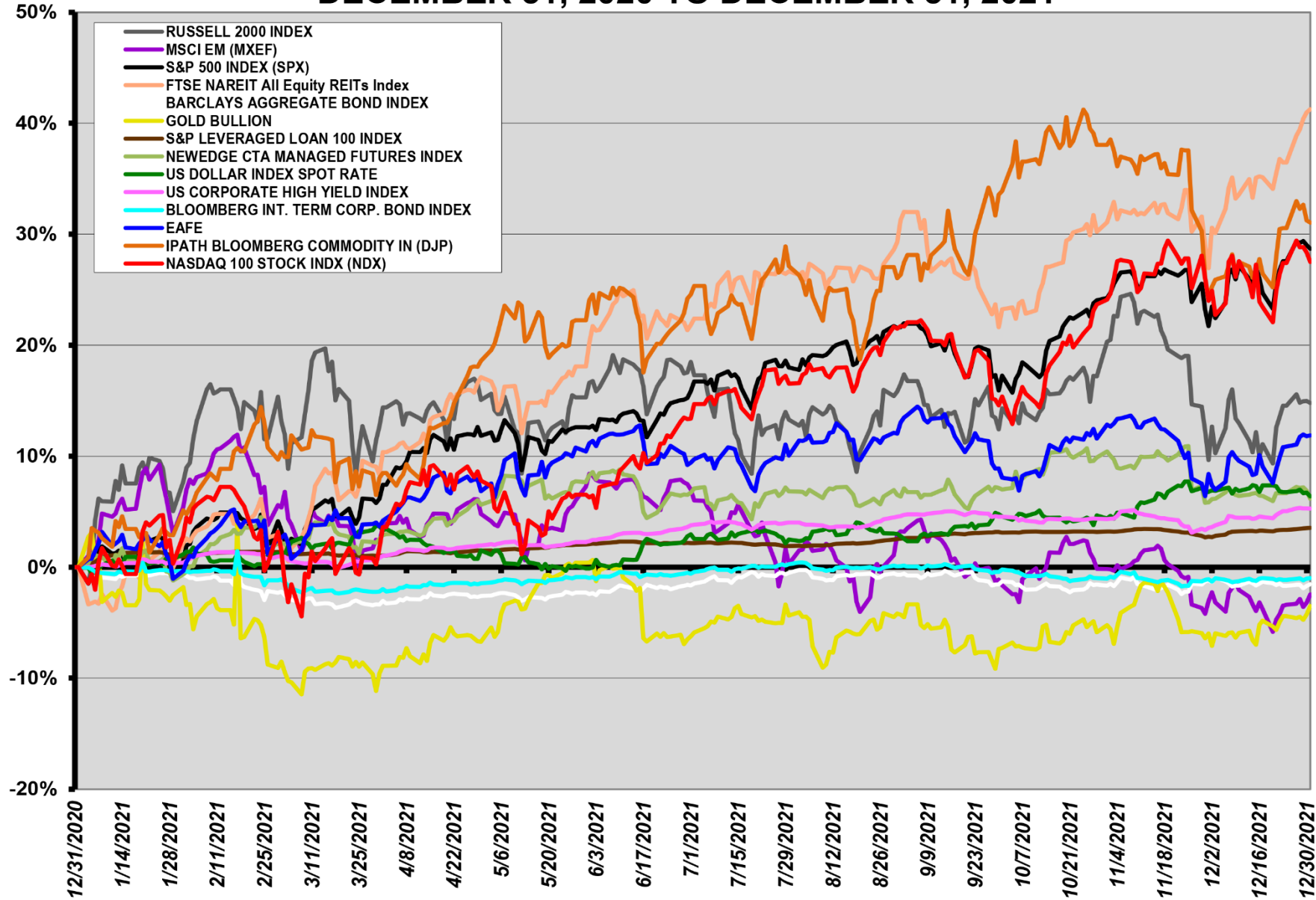
# NEW YORK STOCK EXCHANGE MARGIN DEBT DECEMBER 31, 1979 - DECEMBER 31, 2021



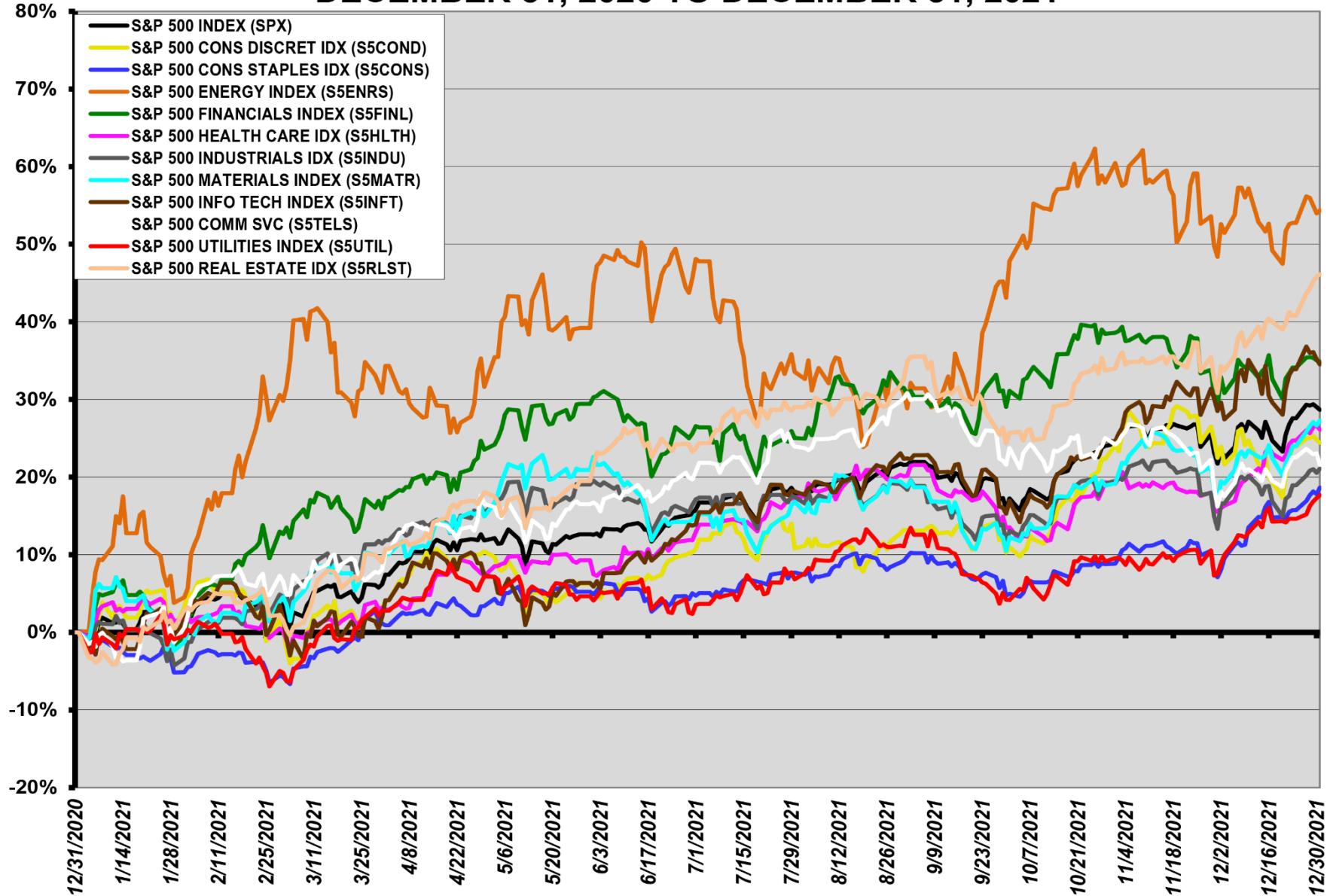
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# INDEXES

## DECEMBER 31, 2020 TO DECEMBER 31, 2021



# U.S. SECTORS DECEMBER 31, 2020 TO DECEMBER 31, 2021

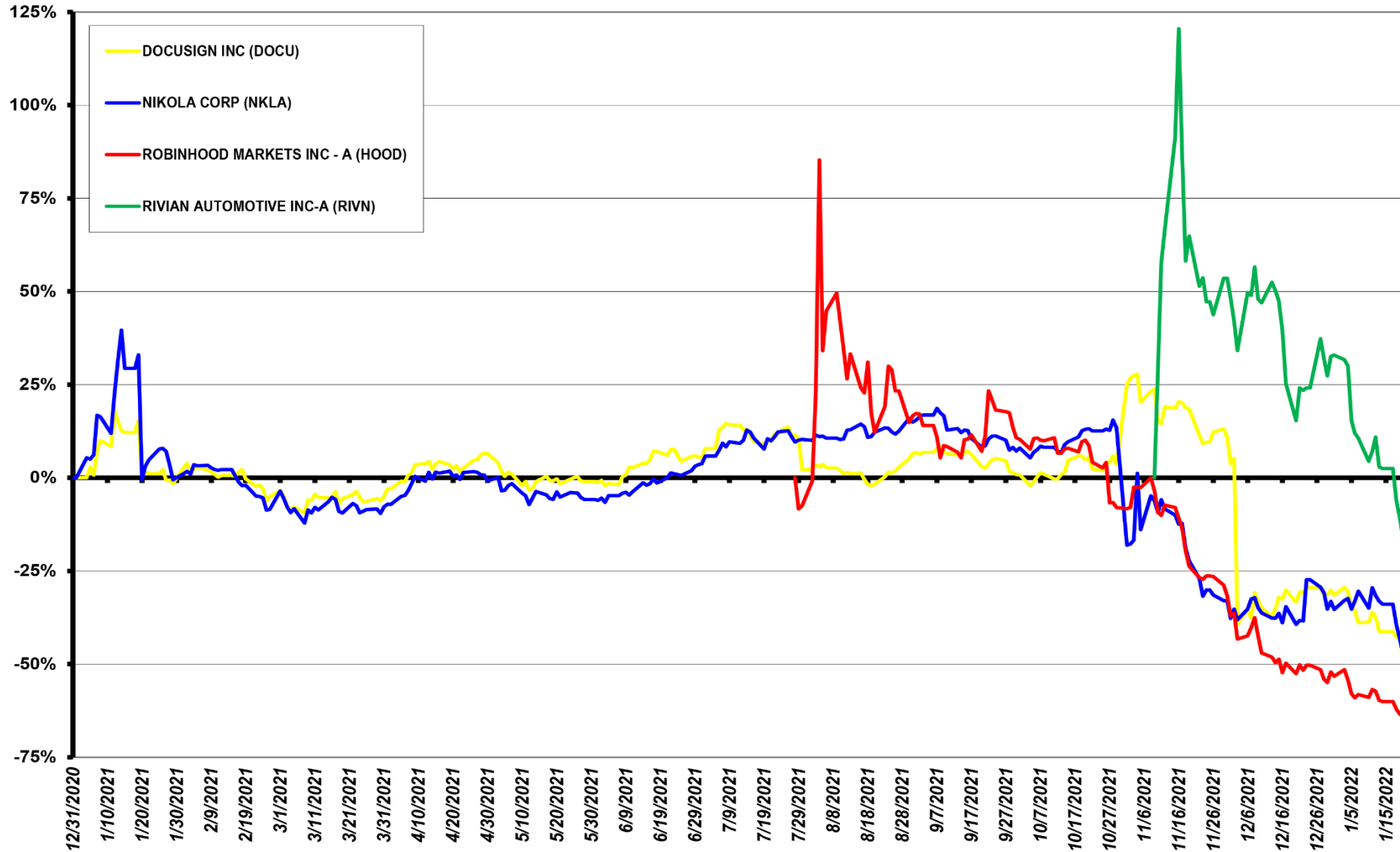


Source: Bloomberg Investment Services

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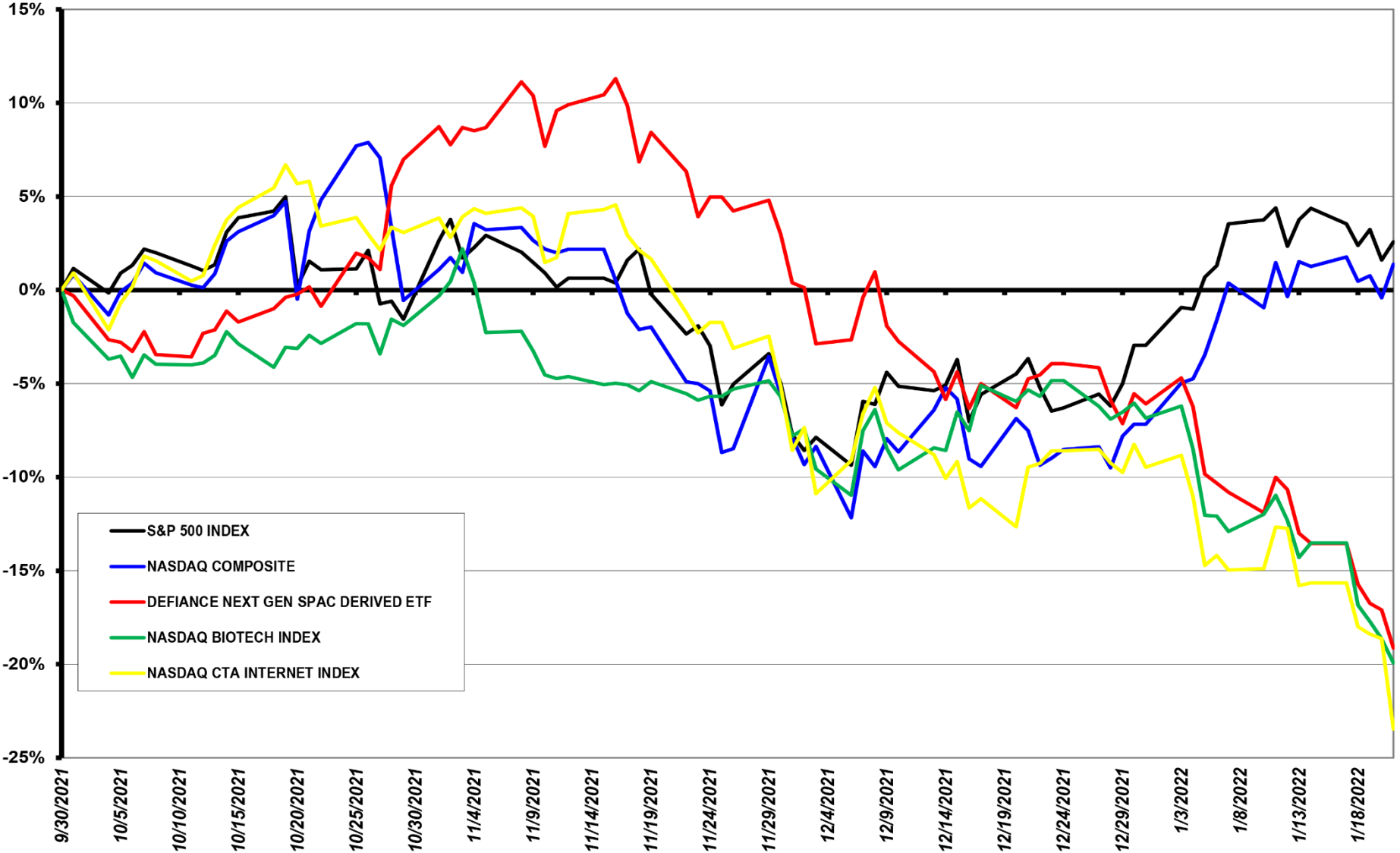
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## EXAMPLES: 2021 NON-PROFITABLE STARTUPS DECEMBER 31, 2020 TO JANUARY 21, 2022



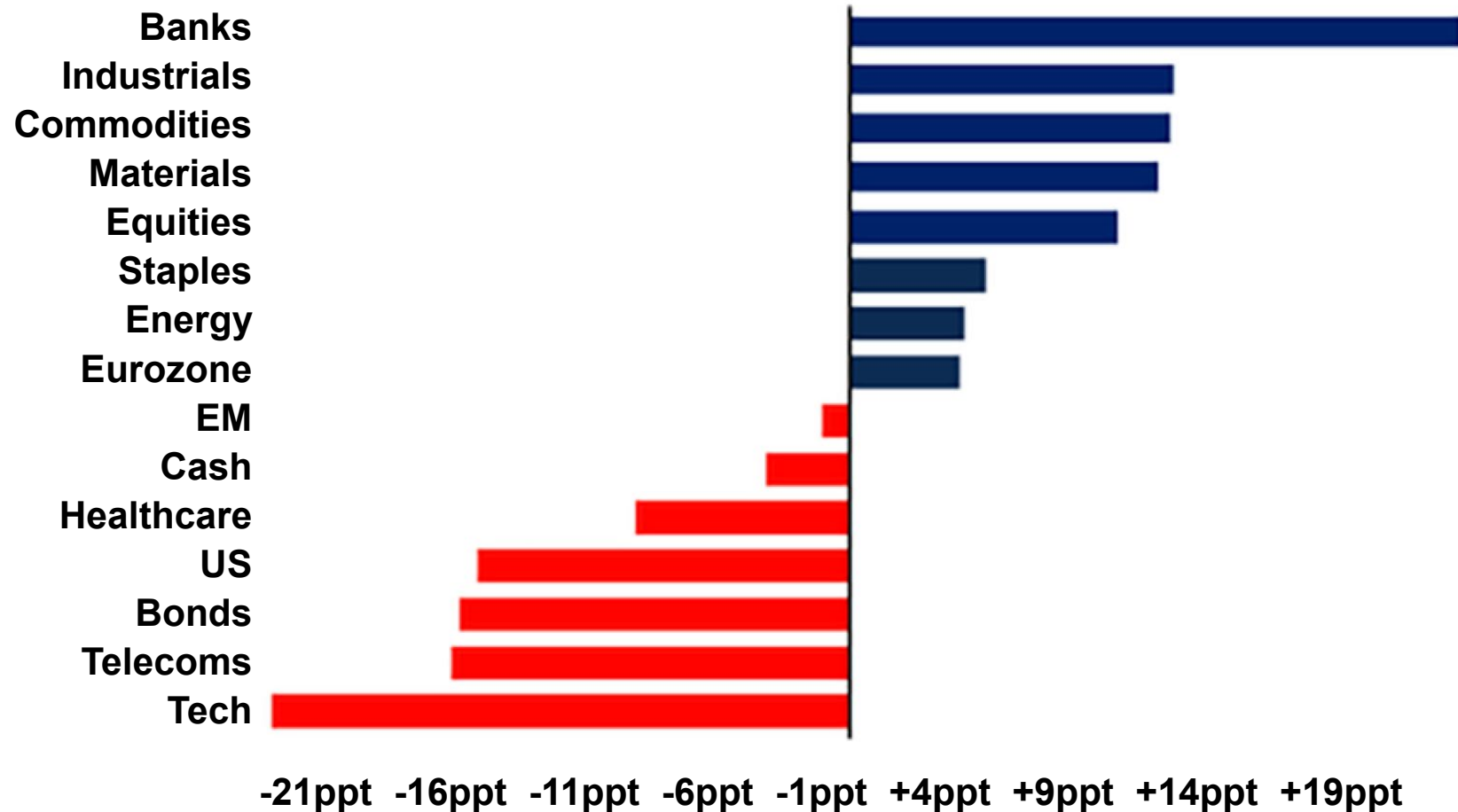


# FOURTH QUARTER 2021 INDEX AND ETF PERFORMANCE SEPTEMBER 30, 2021 TO JANUARY 21, 2022



Source: Bloomberg Investment Services, L.P.  
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# PORTFOLIO MANAGERS ARE TAKING THE RESEARCH AND SLIDING THEIR WEIGHTINGS TOWARD THE INFLATION WINNERS



As of January 2022

Source: Bofa Global Fund Manager Survey

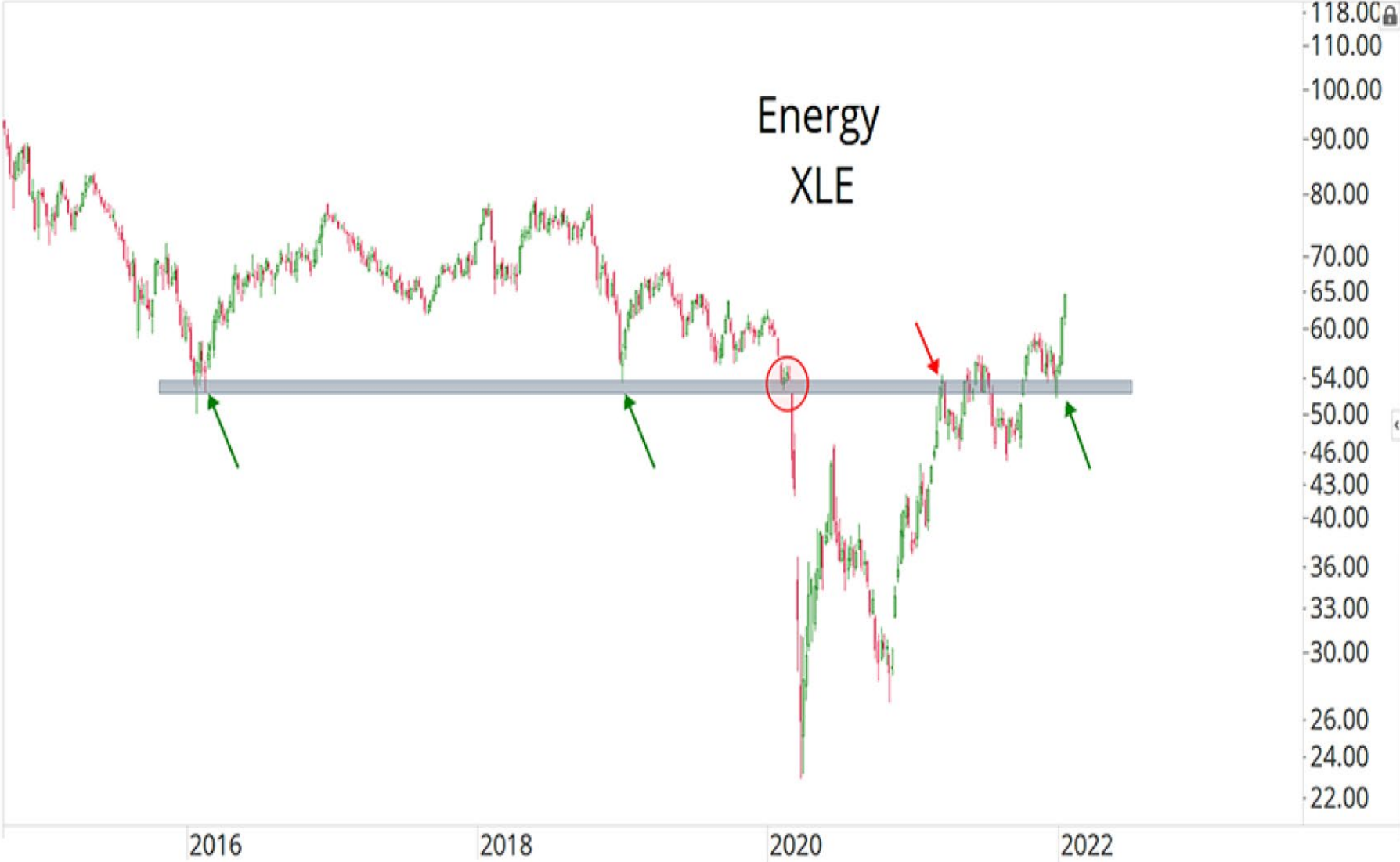
# BANKS LEAD THE LIST OF BENEFICIARIES, WHICH EXPLAINS WHY THE CART OF REGIONAL BANKS IS BREAKING OUT....



As of January 2022

Source: All Star Charts

# LIKEWISE, ENERGY STOCKS



As of January 2022

Source: All Star Charts

Morningstar.com My View View Print Report

Portfolio Name Client List Equities Date 1/24/2022 at 2:56 PM Current Value 4,915.02

Name	Ticker	Equity Style Box	% Change	% Total Return YTD	% Total Return 1 Week	% Total Return 1 Month	% Total Return 3 Month	Total Return 2017	Total Return 2018	Total Return 2019	Total Return 2020	Total Return 2021	% Expense Ratio	% SEC Dividend Yield	Duration	Average Daily Volume
Aberdeen Standard Phys PalladiumShrs E...	PALL		1.90	11.22	12.27	17.56	4.09	55.73	17.23	53.94	25.27	-23.26	0.60	---	---	38,600.00
AdvisorShares Dorsey Wright Short ETF	DWSH		0.34	2.60	4.82	0.35	1.99	---	---	-25.27	-49.95	-25.74	3.68	---	0.54	63,500.00
AdvisorShares Pure US Cannabis ETF	MSOS	■	-0.93	-16.30	-12.00	-9.28	-27.04	---	---	---	---	-29.89	0.73	---	---	1,839,400.00
AQR Long-Short Equity I	QLEIX	■	-0.30	9.26	-2.18	11.99	18.50	15.73	-16.32	1.19	-13.91	31.10	1.34	---	---	---
AQR Managed Futures Strategy I	AQMIX	■	-0.92	3.99	0.13	4.63	-1.62	-0.97	-8.88	1.93	-0.41	-1.06	1.24	---	---	---
ARK Genomic Revolution ETF	ARKG	■	2.37	-23.90	-9.65	-27.81	-38.08	46.60	-0.11	44.06	180.56	-33.92	0.75	---	---	3,714,300.00
ARK Innovation ETF	ARKK	■	1.92	-24.39	-10.87	-26.69	-39.73	87.34	3.51	35.58	156.91	-23.38	0.75	---	---	12,320,600.00
Consumer Discret Sel Sect SPDR® ETF	XLY	■	0.27	-11.75	-8.19	-8.33	-6.59	22.82	1.59	28.39	29.63	27.93	0.12	0.50	---	7,951,400.00
Delaware Healthcare I	DLHIX	■	-0.83	-6.16	-3.73	-4.91	-2.19	32.32	-0.58	31.83	11.44	5.56	0.98	0.32	---	---
Driehaus Small Cap Growth Institutional	DNSMX	■	-2.88	-21.74	-10.81	-18.57	-21.44	---	3.59	40.62	64.39	21.44	0.80	---	---	---
Fidelity® MSCI Communication ServicesE...	FCOM	■	0.13	-8.41	-6.61	-7.76	-14.39	3.65	-5.35	26.69	28.35	13.49	0.08	---	---	106,100.00
First Eagle Global I	SGIIX	■	-0.91	-0.74	-2.73	0.88	-0.59	13.78	-8.26	20.48	8.59	12.53	0.86	0.88	---	---
First Trust Global Wind Energy ETF	FAN	■	-1.01	-7.46	-3.55	-5.52	-13.77	16.31	-11.37	31.18	61.18	-11.65	0.61	1.16	---	153,800.00
Global X Copper Miners ETF	COPX	■	-2.86	6.12	-1.38	10.69	2.33	38.89	-31.31	12.48	51.62	23.39	0.65	2.10	---	798,800.00
Global X FinTech ETF	FINX	■	-1.09	-17.41	-6.72	-17.21	-33.48	49.96	0.83	37.52	53.76	-9.72	0.68	-0.42	---	347,100.00
Global X Lithium & Battery Tech ETF	LIT	■	-0.84	-6.66	-5.33	-4.02	-10.39	64.15	-28.64	3.27	127.85	36.74	0.75	-0.28	---	1,159,300.00
Grayscale Bitcoin Trust (BTC)	BTC		-1.72	-25.28	-16.18	-29.95	-47.74	1,557.21	-82.10	106.56	290.72	7.03	2.00	---	---	6,036,700.00
Grizzly Short	GRZZX		1.98	10.14	5.47	8.29	14.90	-19.84	0.50	-29.42	-41.33	-15.87	2.97	---	---	---
Invesco QQQ Trust	QQQ	■	-0.40	-11.60	-7.45	-9.64	-6.66	32.66	-0.12	38.96	48.62	27.42	0.20	0.44	---	55,145,000.00
Invesco S&P 500® Equal Weight ETF	RSP	■	0.08	-5.94	-5.25	-3.13	-2.86	18.51	-7.82	28.91	12.71	29.41	0.20	1.42	---	3,219,800.00
Invesco S&P 500® Equal Wt Cnsm Disc E...	RCD	■	1.29	-10.36	-6.78	-7.19	-7.87	15.04	-8.78	25.88	11.46	28.76	0.40	0.58	---	86,400.00
Invesco S&P 500® High Beta ETF	SPHB	■	0.21	-8.29	-8.87	-5.94	-6.78	17.86	-15.54	33.96	25.63	40.58	0.25	0.80	---	695,400.00
Invesco Solar ETF	TAN	■	0.19	-17.19	-9.52	-18.22	-29.30	54.39	-25.66	66.53	233.95	-25.10	0.66	-0.21	---	1,664,400.00
iPath® Bloomberg Cmnty TR ETN	DJP		-0.39	6.76	1.46	9.35	1.42	0.74	-13.07	7.63	-4.12	31.05	0.70	---	---	439,600.00
iShares Gold Trust	IAU		0.42	0.09	0.87	2.44	2.62	12.91	-1.76	17.98	25.03	-4.00	0.25	---	---	11,407,800.00
iShares Semiconductor ETF	SOXX	■	0.41	-12.85	-11.68	-10.82	1.37	39.79	-6.48	62.43	52.73	44.09	0.43	1.53	---	1,028,600.00
iShares Transportation Average ETF	IYT	■	0.06	-7.11	-4.51	-3.95	-2.86	18.89	-12.86	20.12	14.19	26.41	0.41	1.85	---	167,400.00
iShares US Home Construction ETF	ITB	■	3.21	-16.49	-9.70	-11.83	-2.89	59.65	-30.92	48.71	26.38	49.25	0.41	0.90	---	3,391,400.00
iShares US Medical Devices ETF	IHI	■	-0.93	-10.11	-3.68	-7.59	-8.56	30.81	15.46	32.75	24.17	21.03	0.41	0.44	---	1,175,200.00
Leuthold Core ETF	LCR	■	-1.04	-4.15	-3.22	-2.79	-2.19	---	---	---	---	12.12	0.79	---	4.31	2,300.00
Leuthold Core Investment I	LCRIX	■	-0.76	-4.12	-3.66	-2.25	-1.72	15.88	-6.08	11.70	10.17	15.28	1.32	---	4.94	---
Loomis Sayles Global Allocation Y	LSWWX	■	-1.06	-8.09	-3.78	-6.40	-6.37	22.11	-5.04	26.80	15.38	14.38	0.90	0.41	1.43	---
ProShares Long Online/Short Stores ETF	CLIX	■	-4.14	-8.77	-5.65	-11.60	-29.02	---	6.34	17.32	90.95	-39.96	0.65	---	---	7,800.00
Renaissance IPO ETF	IPO	■	1.35	-22.77	-10.45	-23.58	-35.65	37.15	-17.24	34.11	107.88	-10.31	0.60	---	---	144,800.00
Schwab US Large-Cap ETF™	SCHX	■	-0.34	-8.25	-5.86	-6.13	-4.84	21.94	-4.53	31.21	20.83	26.81	0.03	1.16	---	1,001,700.00
Schwab US Large-Cap Growth ETF™	SCHG	■	-0.31	-12.78	-7.04	-11.09	-9.43	28.04	-1.36	36.01	39.14	28.11	0.04	0.30	---	429,800.00
Schwab US Large-Cap Value ETF™	SCHV	■	-0.41	-4.21	-4.78	-1.48	-0.68	16.55	-7.30	25.91	2.67	25.58	0.04	1.92	---	449,800.00
SPDR® S&P 500 ETF Trust	SPY	■	-0.39	-7.79	-5.75	-5.42	-3.10	21.70	-4.56	31.22	18.22	28.75	0.09	1.23	---	79,844,500.00
SPDR® S&P Metals and Mining ETF	XME	■	0.45	-5.61	-10.03	-3.21	-3.65	21.16	-26.76	14.70	15.97	34.94	0.35	0.51	---	3,948,900.00
SPDR® S&P Regional Banking ETF	KRE	■	0.84	1.07	-9.10	3.99	0.02	7.48	-19.00	27.45	-7.30	39.32	0.35	1.83	---	9,814,300.00
The Merger Fund I	MERIX	■	0.17	-0.29	0.23	0.21	0.10	2.74	7.98	6.32	5.15	0.10	1.24	---	---	---
VanEck Steel ETF	SLX	■	-0.50	-1.39	-8.00	0.77	0.74	24.42	-19.25	11.23	20.58	27.98	0.56	5.94	---	61,500.00

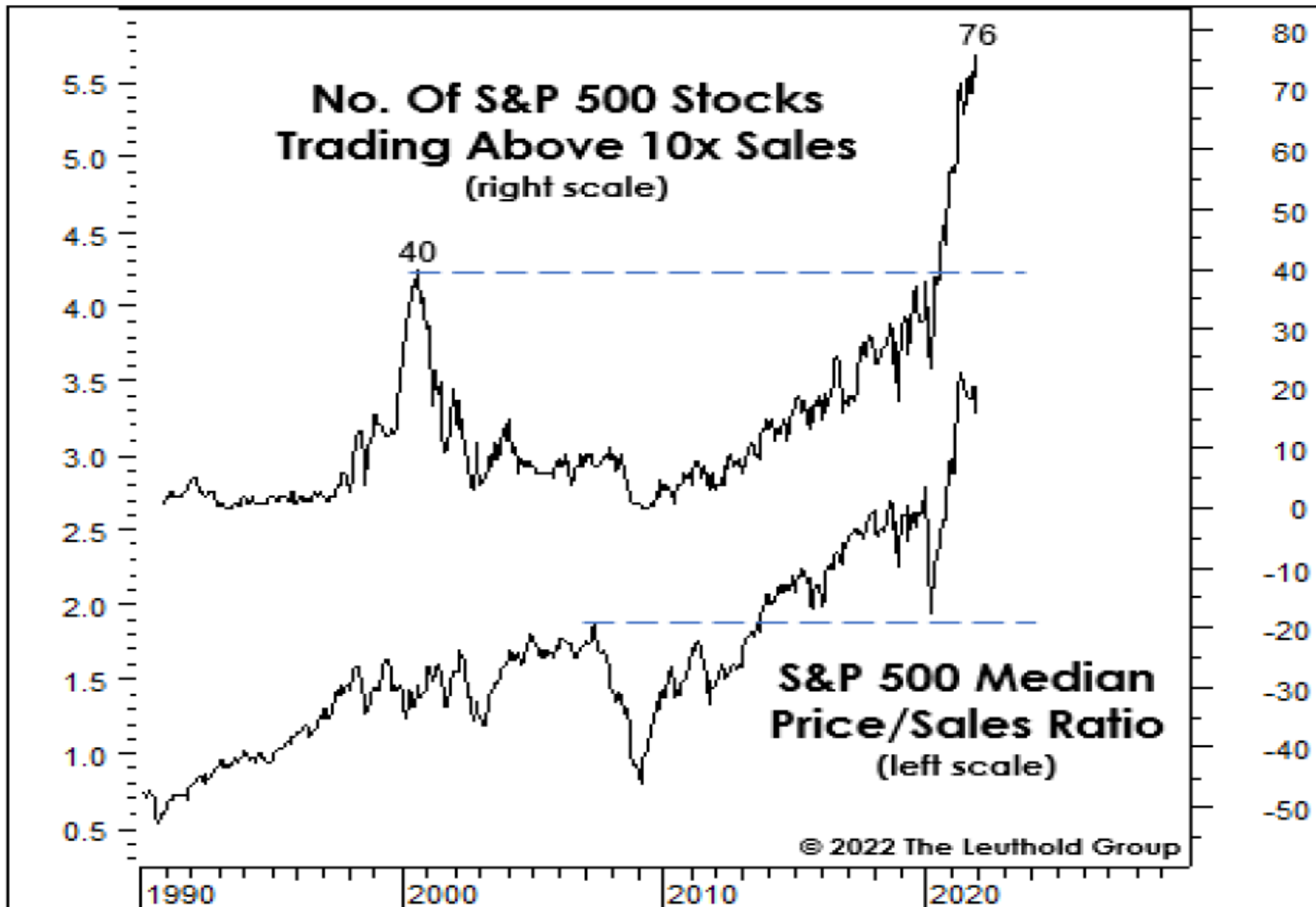
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Vanguard Growth ETF	VUG		-0.12	-12.88	-7.16	-10.98	-9.25	27.72	-3.30	37.03	40.22	27.34	0.04	0.39	---	973,900.00
Vanguard Growth Index Admiral	VIGAX		-2.70	-12.83	-7.12	-10.91	-9.20	27.80	-3.34	37.23	40.19	27.26	0.05	0.38	---	---
Vanguard Real Estate ETF	VNQ		-0.45	-9.29	-3.87	-5.28	-2.14	4.91	-6.02	28.87	-4.68	40.52	0.12	2.83	---	5,022,100.00
Vanguard S&P 500 ETF	VOO		-0.43	-7.76	-5.74	-5.40	-3.09	21.77	-4.50	31.35	18.29	28.78	0.03	1.21	---	6,103,400.00
Vanguard S&P Small-Cap 600 Value ETF	VIOV		1.83	-5.09	-6.84	-2.80	-4.91	11.53	-12.84	24.43	2.79	30.63	0.15	1.35	---	46,000.00
Virtus KAR Small-Cap Growth I	PXSGX		-2.11	-15.35	-6.24	-13.67	-18.74	36.99	9.09	40.26	43.28	4.34	1.10	---	---	---
WisdomTree Cloud Computing ETF	WCLD		3.31	-19.61	-6.75	-21.41	-34.32	---	---	---	109.71	-3.21	0.45	---	---	451,300.00
<b>Client List Equities</b>			<b>-0.01</b>	<b>-8.86</b>	<b>-6.12</b>	<b>-6.64</b>	<b>-6.47</b>	<b>36.18</b>	<b>-6.05</b>	<b>34.60</b>	<b>37.66</b>	<b>23.00</b>	<b>0.33</b>		<b>2.93</b>	

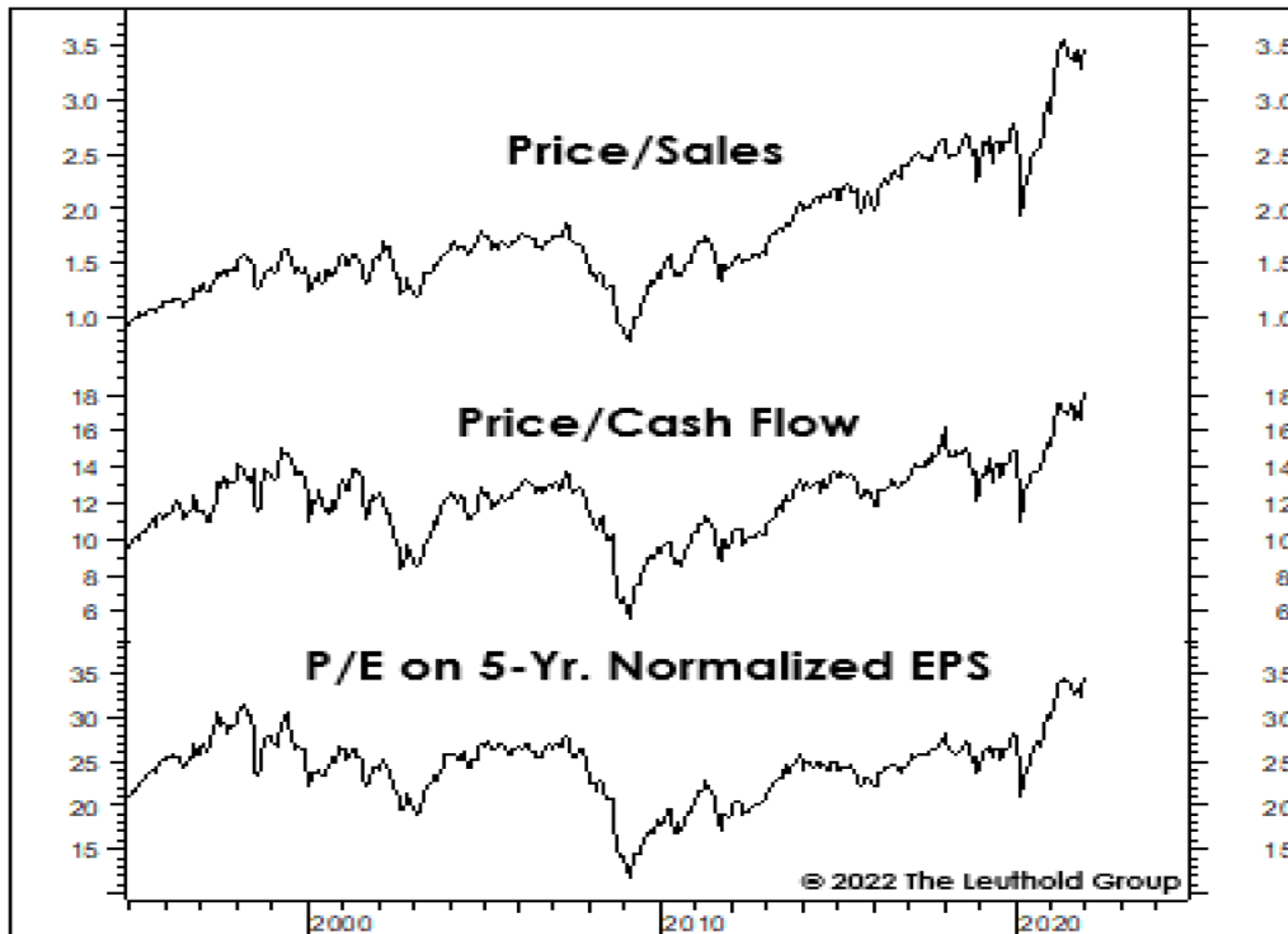
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Portfolio Name	Date	Current Value																
Client List Debt	1/24/2022 at 2:55 PM	1,215.05																
Name	Ticker	Equity Style Box	% Change	% Total Return YTD	% Total Return 1 Week	% Total Return 1 Month	% Total Return 3 Month	Total Return 2017	Total Return 2018	Total Return 2019	Total Return 2020	Total Return 2021	% Expense Ratio	% SEC Dividend Yield	Duration	Average Daily Volume		
AlphaCentric Income Opportunities I	IOFIX		0.08	0.08	0.08	0.49	1.16	14.04	4.45	11.93	-10.58	14.92	1.49	5.21	---	---		
Amplify BlackSwan Gr & Trsry Cor ETF	SWAN		-0.40	-6.11	-2.52	-4.98	-3.03	---	---	22.04	16.17	10.57	0.49	---	---	219,500.00		
Angel Oak Multi-Strategy Income Instl	ANGIX		-0.10	-0.13	-0.01	0.18	0.29	5.74	2.85	4.98	-1.77	4.42	1.15	3.86	3.01	---		
BlackRock GNMA Instl	BGNIX		0.00	-1.55	-0.08	-1.62	-1.88	1.27	0.46	6.46	4.19	-1.14	0.48	0.83	4.86	---		
Doubleline Selective Credit I	DBSCX		0.12	-0.24	0.00	-0.21	0.10	8.75	3.02	5.68	1.82	4.13	0.64	3.84	---	---		
DoubleLine Total Return Bond I	DBLTX		0.29	-1.06	0.10	-1.17	-0.67	3.79	1.75	5.81	4.12	0.24	0.50	3.21	4.54	---		
Eaton Vance Floating Rate I	EIBLX		-0.11	0.29	-0.06	0.50	0.73	4.47	0.79	7.06	2.36	4.31	0.82	3.15	0.36	---		
Guggenheim Floating Rate Strats Instl	GIFIX		0.00	0.55	0.12	0.75	0.99	3.61	-0.08	7.12	1.66	5.12	0.85	2.78	---	---		
Guggenheim High Yield Inst	SHYIX		-0.34	-1.32	-0.61	-0.76	-0.63	7.27	-3.02	12.02	5.19	5.42	0.96	4.06	---	---		
Guggenheim Macro Opportunities Instl	GIOIX		-0.15	-0.73	-0.27	-0.38	-0.24	5.30	0.53	2.24	11.56	2.50	1.05	2.77	---	---		
Guggenheim Total Return Bond Instl	GIBIX		0.21	-1.63	-0.06	-1.57	-0.69	6.49	0.93	4.69	15.24	-0.14	0.51	2.47	---	---		
iShares 10-20 Year Treasury Bond ETF	TLH		-0.41	-2.75	0.78	-3.25	0.18	4.22	0.37	10.11	13.79	-5.38	0.15	1.91	14.95	74,500.00		
iShares 1-3 Year Treasury Bond ETF	SHY		0.08	-0.48	-0.05	-0.50	-0.75	0.26	1.46	3.38	3.03	-0.71	0.15	0.69	1.93	3,524,300.00		
iShares 20+ Year Treasury Bond ETF	TLT		-0.61	-3.08	1.08	-3.69	1.12	9.18	-1.61	14.12	18.15	-4.60	0.15	1.96	19.24	18,124,100.00		
iShares 7-10 Year Treasury Bond ETF	IEF		-0.01	-1.83	0.28	-2.22	-0.45	2.55	0.99	8.03	10.01	-3.33	0.15	1.51	8.10	10,853,500.00		
iShares iBoxx \$ Invtm Grade Corp Bd ETF	LQD		-0.20	-2.73	-0.20	-2.86	-1.63	7.06	-3.79	17.37	10.97	-1.84	0.14	2.61	9.66	14,930,900.00		
JPMorgan Mortgage-Backed Securities I	OMBIX		0.09	-0.88	-0.09	-0.94	-1.11	3.21	1.82	6.62	5.59	-0.38	0.40	1.26	2.67	---		
Loomis Sayles Bond Instl	LSBDX		-0.07	-1.98	-0.52	-1.62	-1.93	7.48	-2.87	11.57	2.14	3.23	0.67	2.71	4.33	---		
Loomis Sayles Core Plus Bond Y	NERYX		0.15	-1.55	-0.07	-1.48	-1.18	5.22	-0.69	8.96	10.63	-1.42	0.47	1.75	5.89	---		
Loomis Sayles Sr Floating Rate and F/I Y	LSFYX		-0.11	0.44	0.07	0.65	0.94	5.06	0.39	5.41	1.42	4.86	0.82	3.70	0.24	---		
MainStay MacKay Short Dur Hi Yld I	MDHIX		-0.20	-0.20	-0.31	0.10	0.06	4.64	0.15	9.37	3.25	4.74	0.77	2.85	1.53	---		
Metropolitan West Total Return Bd M	MWTRX		0.28	-1.67	0.02	-1.63	-1.15	3.10	-0.06	8.94	8.78	-1.34	0.67	1.16	6.32	---		
Nuveen Floating Rate Income I	NFRIX		-0.11	0.26	0.00	0.59	0.73	3.38	-0.02	8.00	1.89	7.08	0.77	2.84	0.36	---		
Osterweis Strategic Income	OSTIX		-0.35	-0.70	-0.61	-0.35	-0.46	5.99	-0.66	5.35	9.02	5.48	0.88	---	2.28	---		
Performance Trust Strategic Bond	PTIAX		0.22	-1.35	-0.04	-1.35	-0.50	7.08	2.01	7.36	5.73	1.73	0.76	3.84	---	---		
PIMCO Emerging Mkts Lcl Ccy and Bd Instl	PELXB		0.16	0.61	0.40	1.45	-0.48	15.40	-7.52	17.18	2.15	-7.78	1.25	4.75	5.71	---		
PIMCO Enhanced Short Maturity Active ETF	MINT		0.05	-0.18	-0.04	-0.17	-0.30	1.86	1.72	3.33	1.62	-0.03	---	0.51	0.64	962,000.00		
PIMCO GNMA and Government Secs Instl	PDMIX		0.09	-1.46	-0.22	-1.65	-1.56	2.05	0.82	6.56	5.76	-0.65	0.51	1.15	3.31	---		
PIMCO Income Instl	PIMIX		0.00	-0.85	-0.27	-0.31	-0.65	8.60	0.58	8.05	5.80	2.61	0.62	2.95	1.74	---		
PIMCO International Bond (USD-Hdg) Instl	PFORX		0.09	-0.19	-0.07	-0.65	-0.15	3.52	2.63	7.34	6.15	-1.67	0.52	1.40	7.02	---		
PIMCO Investment Grade Credit Bond Instl	PIGIX		0.29	-2.03	-0.04	-1.86	-1.01	7.95	-2.02	14.72	7.50	-1.03	0.52	2.61	8.17	---		
PIMCO Low Duration Credit Instl	PSRIX		-0.11	0.04	-0.19	0.41	0.63	3.80	-0.61	9.38	-1.40	3.37	0.73	2.98	1.18	---		
PIMCO Real Return Instl	PRRIX		0.42	-2.65	-0.08	-1.56	-1.42	3.92	-1.97	8.52	12.09	5.67	0.47	8.52	7.44	---		
ProShares UltraShort 20+ Year Treasury	TBT		1.29	5.74	-2.24	6.88	-4.34	-17.25	4.98	-22.91	-37.94	2.86	0.90	---	---	7,514,600.00		
ProShares UltraShort 7-10 Year Treasury	PST		-0.06	3.92	-0.48	4.44	0.30	-4.51	1.70	-11.04	-18.66	4.01	0.95	---	---	80,100.00		
VanEck Fallen Angel HiYld Bd ETF	ANGL		-0.12	-2.94	-1.27	-2.50	-1.98	9.70	-5.84	18.07	13.20	6.84	0.35	3.18	7.06	1,921,900.00		
Vanguard Inflation-Protected Secs Inv	VIPSX		0.50	-2.28	0.07	-1.60	-1.06	2.81	-1.49	8.06	10.90	5.56	0.20	-1.68	7.19	---		
Vanguard Interm-Term Bond Index Adm	VBILX		0.34	-1.74	0.03	-1.85	-1.06	3.85	-0.17	10.18	9.79	-2.36	0.07	1.91	6.62	---		
Vanguard Total Bond Market Index Adm	VBTLX		0.27	-1.68	0.03	-1.65	-0.99	3.56	-0.03	8.71	7.72	-1.67	0.05	1.73	6.84	---		
WisdomTree Floating Rate Treasury ETF	USFR		0.00	0.04	-0.02	0.04	-0.03	1.03	2.01	2.02	0.56	-0.03	0.15	1.59	---	457,200.00		
<b>Client List Debt</b>			<b>-0.11</b>	<b>-1.58</b>	<b>0.05</b>	<b>-1.62</b>	<b>-0.46</b>	<b>4.49</b>	<b>-0.15</b>	<b>8.94</b>	<b>7.99</b>	<b>-0.40</b>	<b>0.37</b>		<b>9.07</b>			





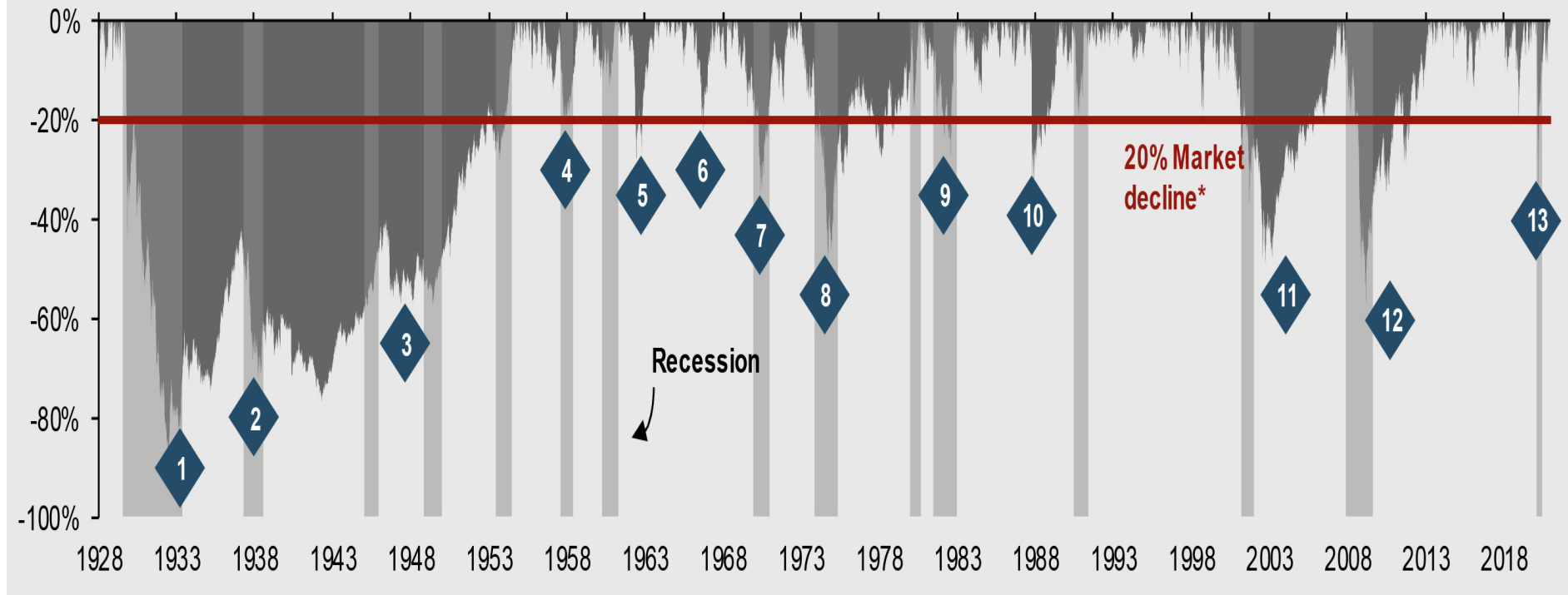
# VALUATIONS FOR THE MEDIAN S&P 500 STOCK IN THE “NEW ERA”



# VALUATION ANALYSIS

# S&P 500 COMPOSITE BEAR MARKETS DECLINES FROM ALL-TIME HIGHS

U.S. recessions and S&P 500 composite declines from all-time highs



Source: FactSet, MBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.

\*A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak to trough return over the cycle. Periods of "Recession" are defined using NBER business cycle dates. "Commodity spikes" are defined as movement in oil prices over 100% over an 18-month period. Periods of "Extreme Valuations" are those where S&P 500 last 12 months' P/E levels were approximately two standard deviations above long-run averages, or time periods where equity market valuations appeared expensive given the broader macroeconomic environment. "Aggressive Fed Tightening" is defined as Federal Reserve monetary tightening that was unexpected and/or significant in magnitude. Bear and Bull returns are price returns.

As of: December 31, 2020

Source: FactSet, NBER, Robert Shiller, Standard & Poor's J.P. Morgan Asset Management  
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# SHILLER PRICE/EARNINGS RATIOS

## Long-Term Stock Market P/E Valuations Fell A Bit In December-Still In Highest Valuation Levels

P/E

45

40

35

30

25

20

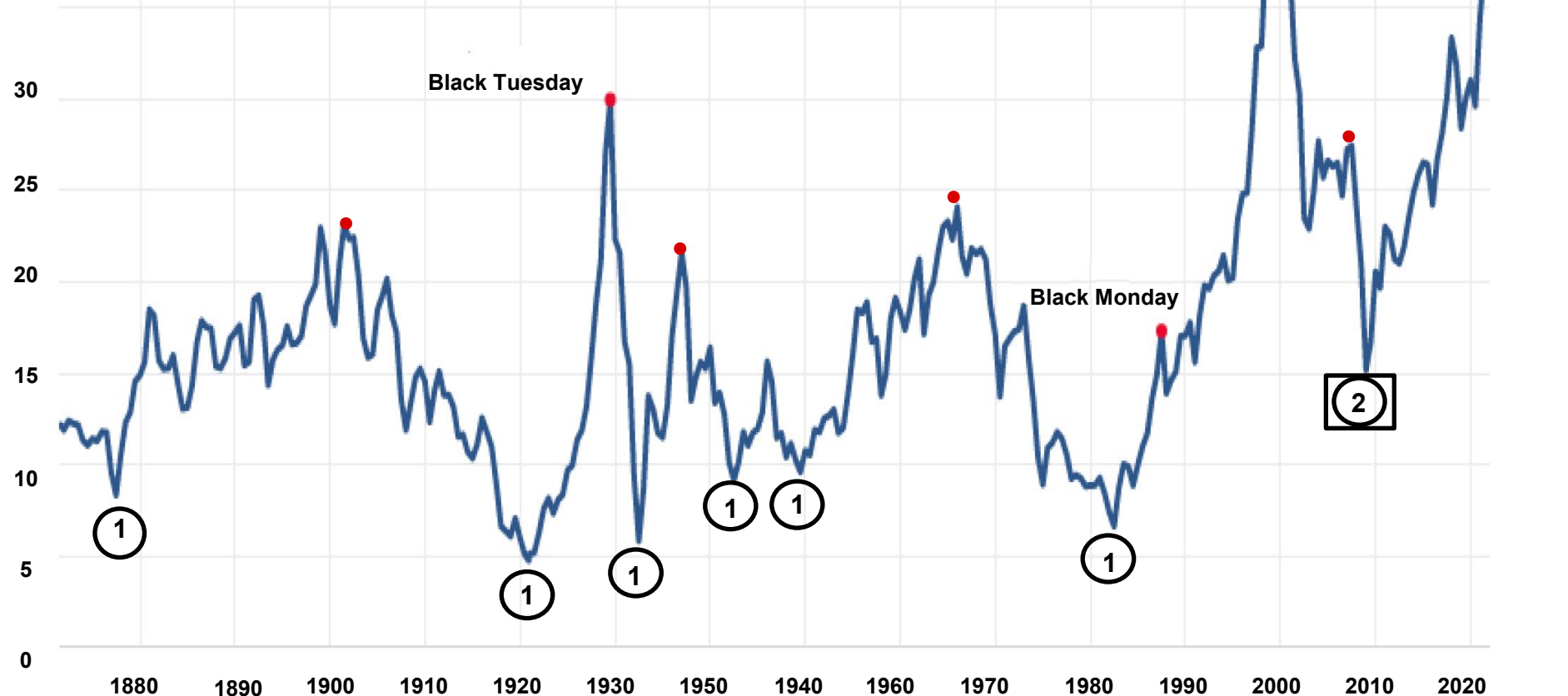
15

10

5

0

Note: Created by Robert J. Shiller, Professor at Yale University, this Price Earnings Ratio is based on average inflation-adjusted earnings from the previous 10 years (Each year of earnings is inflated and quoted in current dollars), known as the Cyclically Adjusted P/E Ratio, also known as the Shiller PE Ratio, or PE 10 Ratio. Because this factors in earnings from the previous ten years, it is less prone to wild swings in any one year. The bad news: Because of the current high P/E valuation of 37.90 returns on the S&P 500 are likely to be in the very low single digits over the next ten years.



1881-01-01

As of: January 18, 2022

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① Great Time To Buy

② Good Time To Buy

● Terrible Time To Buy

Source: [www.multpl.com](http://www.multpl.com)

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# U.S. STARTING VALUATIONS HAVE DEMONSTRATED A STRONG IMPACT ON FUTURE RETURNS

Subsequent nominal returns (annualized)\*

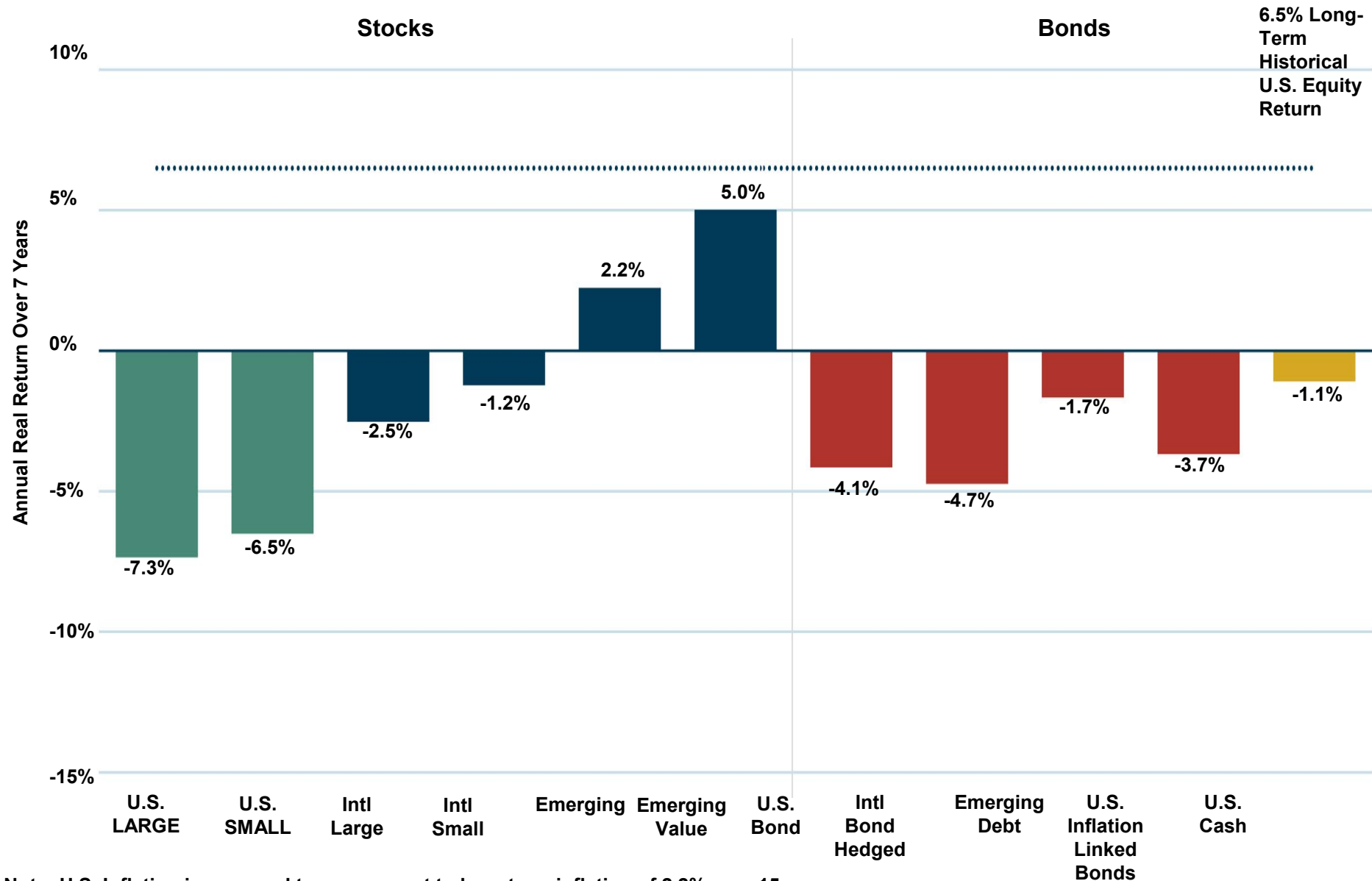
Starting Shiller P/E	5-Year	10-Year
<10x	15.1%	14.8%
10-15x	9.3%	10.6%
15-20x	6.2%	5.6%
20-25x	4.2%	1.7%
>25x	0.4%	2.6%

**Current level: 37.90**

\* Median of the annualized subsequent returns calculated at each month end, using Shiller P/E and S&P 500 monthly returns from December 31, 1927 to November 21, 2014

# 7-YEAR ASSET CLASS REAL RETURN FORECASTS\*

As of: December 31, 2021

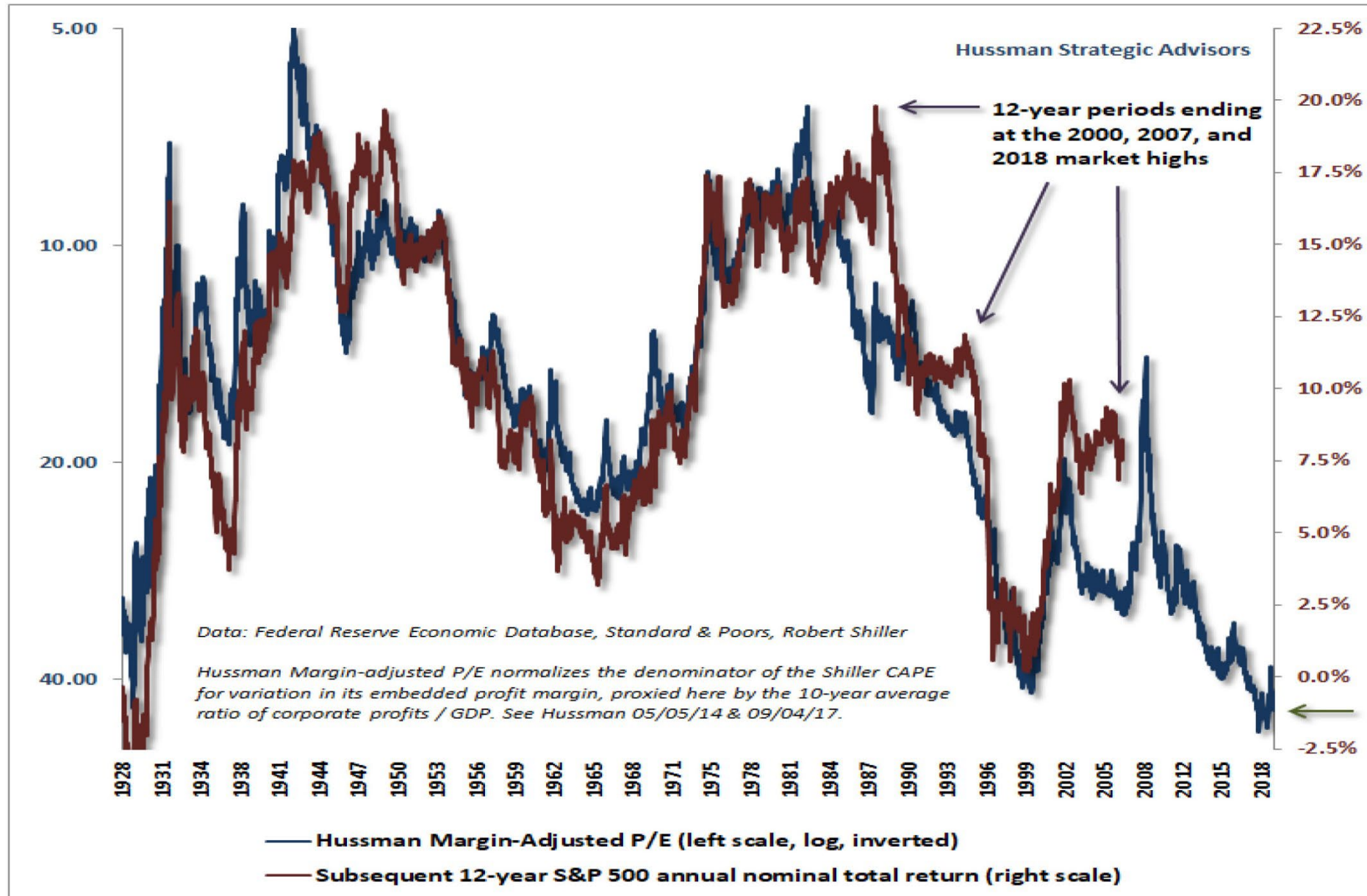


Note: U.S. Inflation is assumed to mean revert to long-term inflation of 2.2% over 15 years.

As of: December 31, 2021

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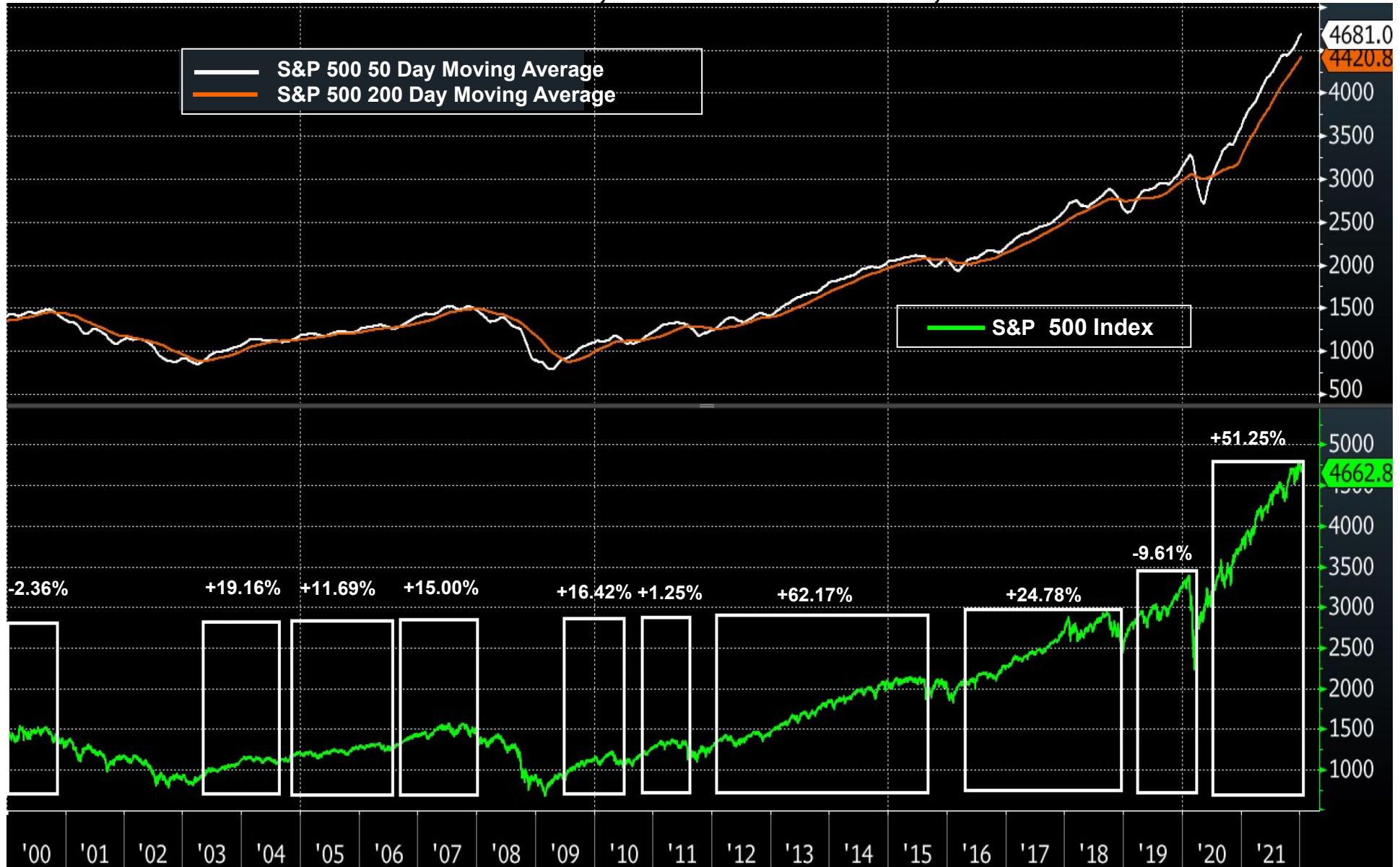
# THE HUSSMAN VERSUS MARGIN-ADJUSTED CAPE



# S&P 500

## GOLDEN/DEATH CROSS STRATEGY ANALYSIS

### DECEMBER 31, 1999 TO JANUARY 14, 2022

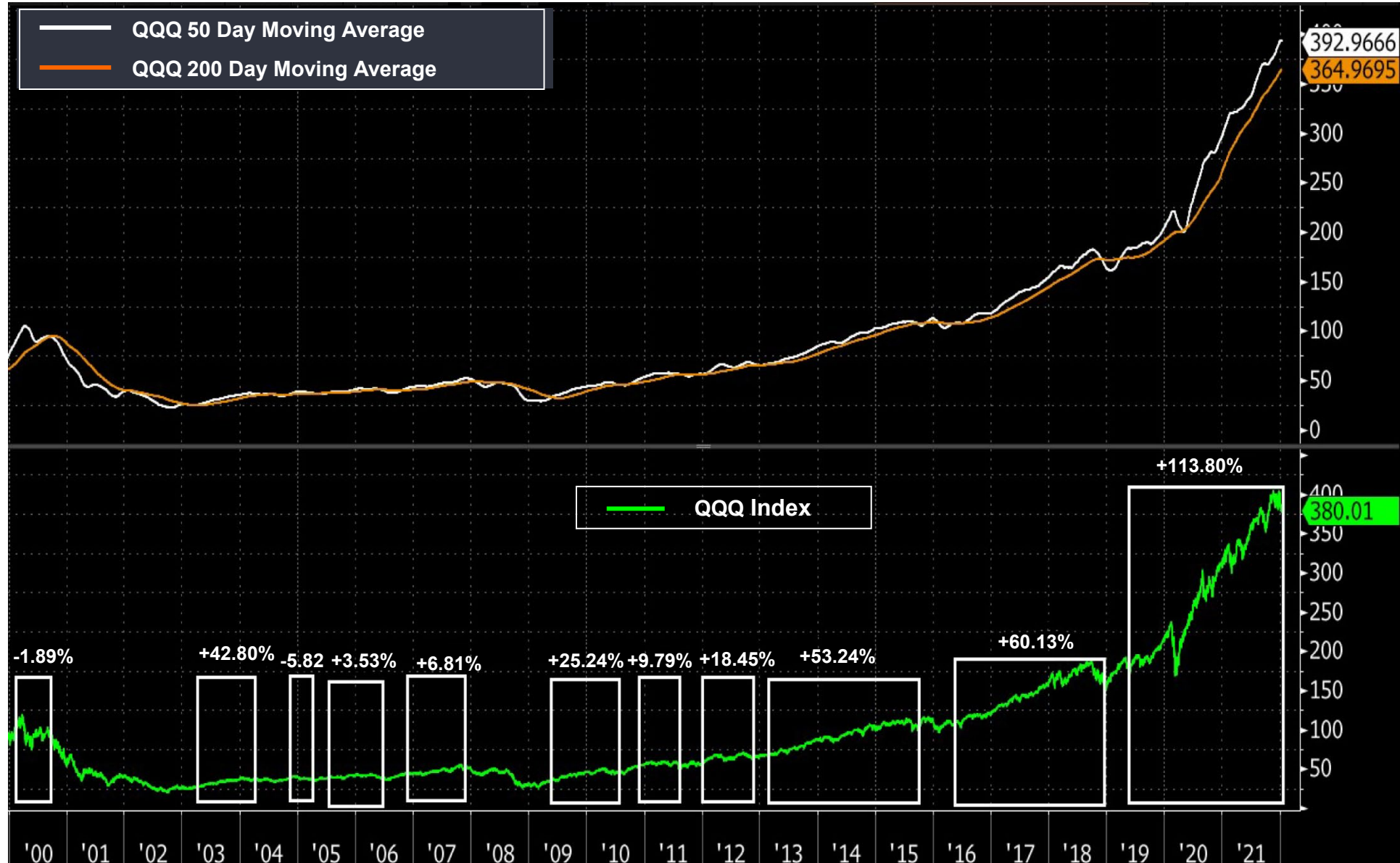




# QQQ

## GOLDEN/DEATH CROSS STRATEGY ANALYSIS

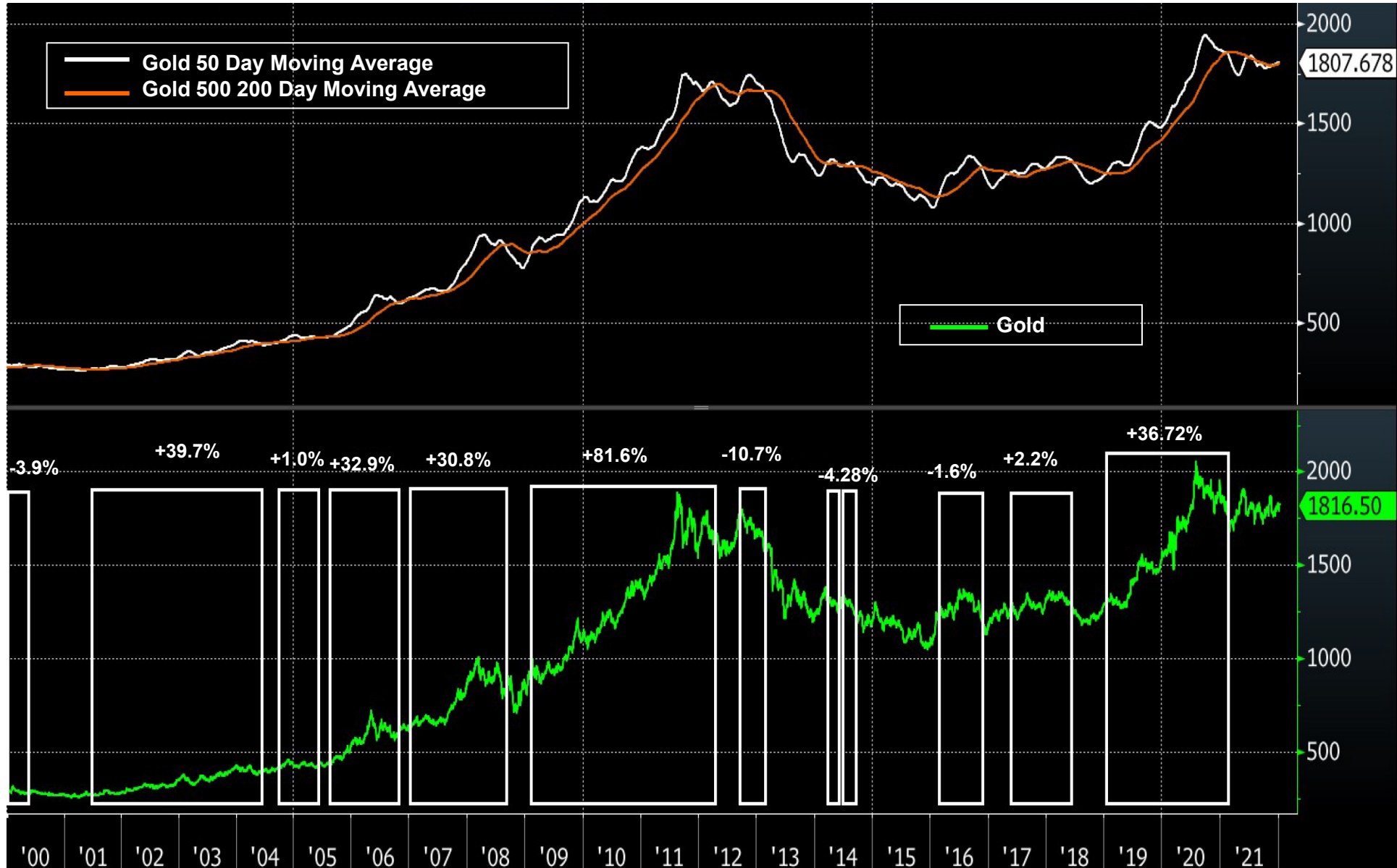
### DECEMBER 30, 1999 TO JANUARY 14, 2022



# GOLD

## GOLDEN/DEATH CROSS STRATEGY ANALYSIS

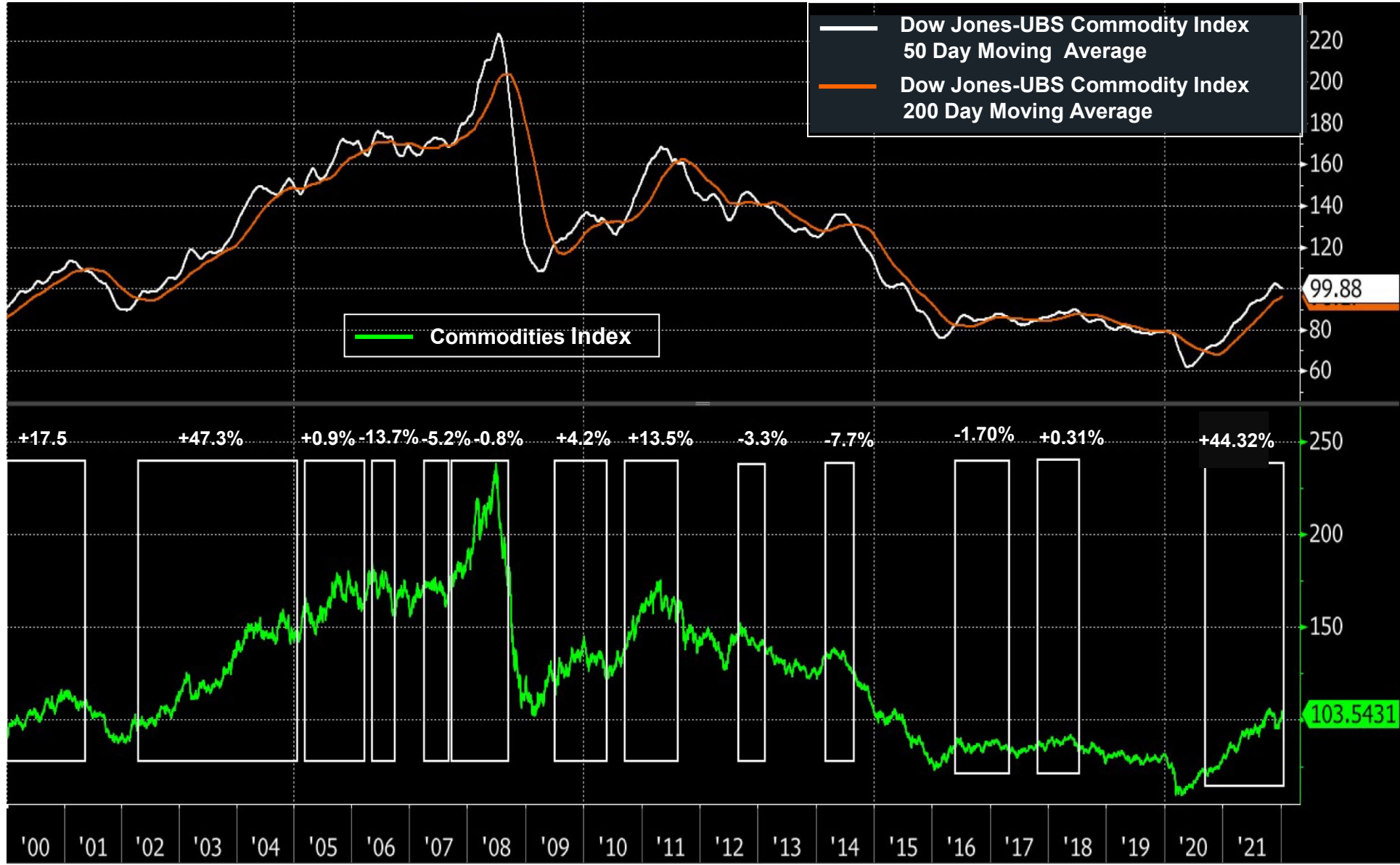
### NOVEMBER 10, 2005 TO JANUARY 14, 2022



# COMMODITIES

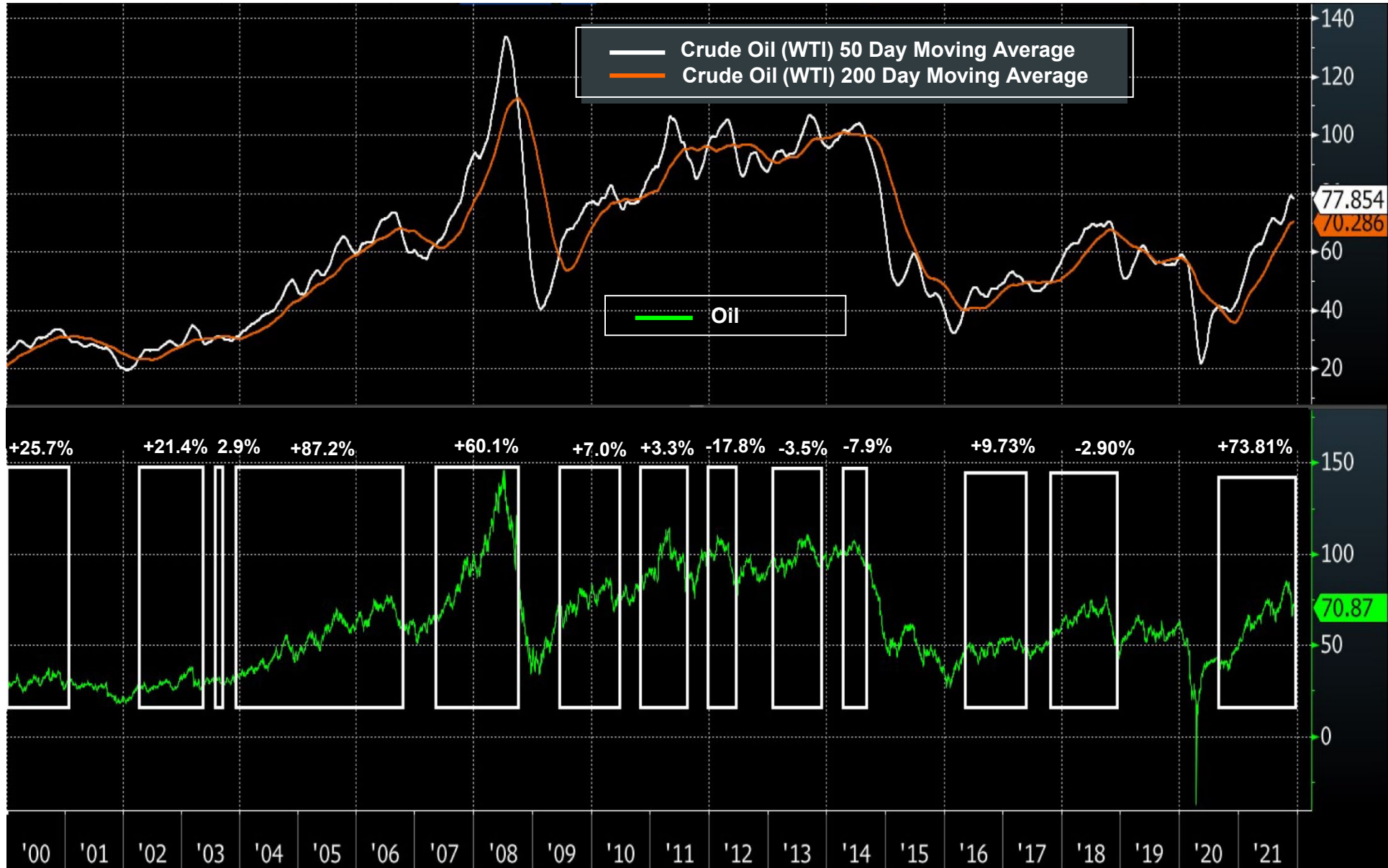
## GOLDEN/DEATH CROSS STRATEGY ANALYSIS

### DECEMBER 30, 1999 TO JANUARY 14, 2022



SOURCE: BLOOMBERG INVESTMENT SERVICE  
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# CRUDE OIL GOLDEN/DEATH CROSS STRATEGY ANALYSIS DECEMBER 30, 1999 TO JANUARY 14, 2022

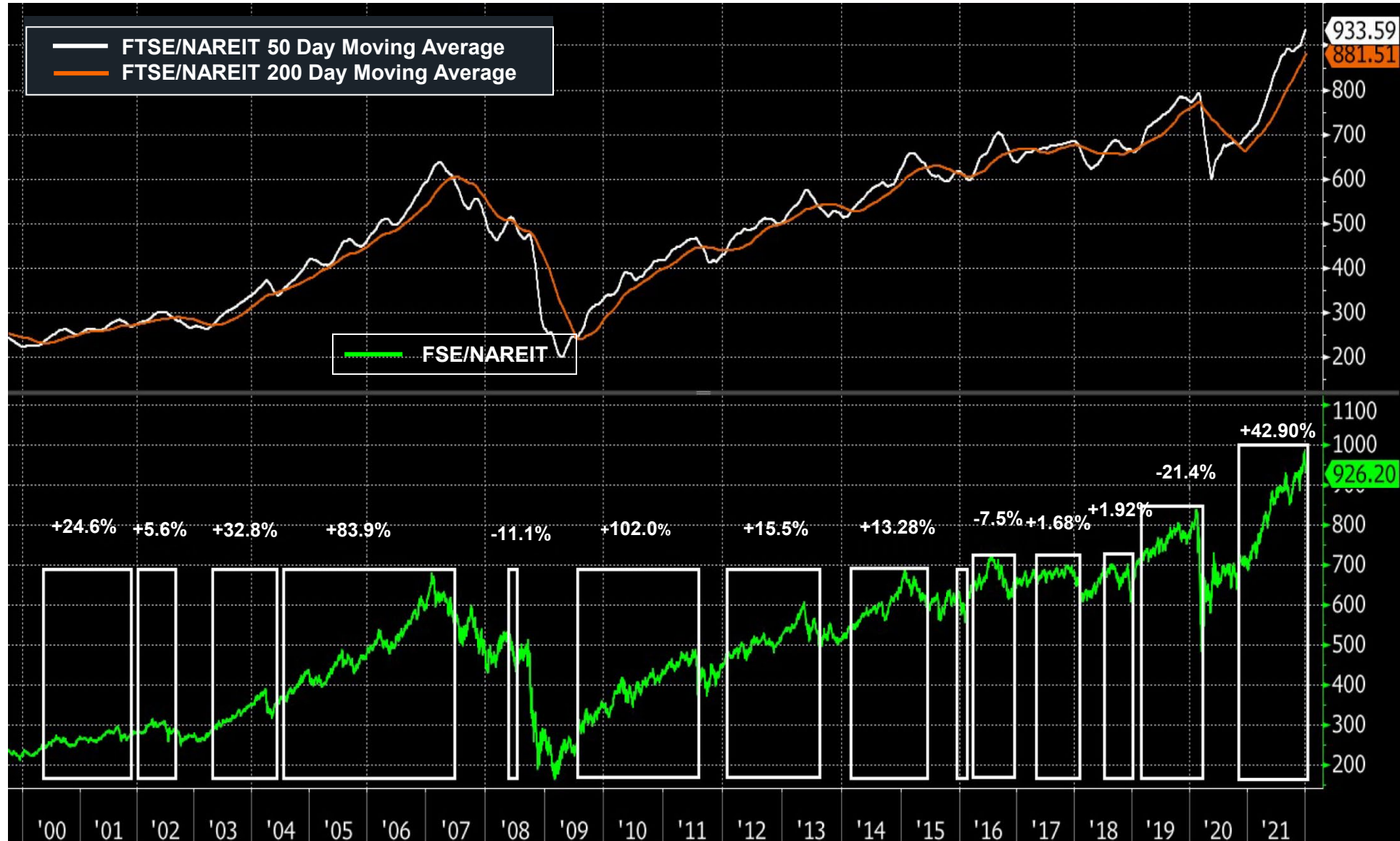


SOURCE: BLOOMBERG INVESTMENT SERVICE  
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# REITS

## GOLDEN/DEATH CROSS STRATEGY ANALYSIS

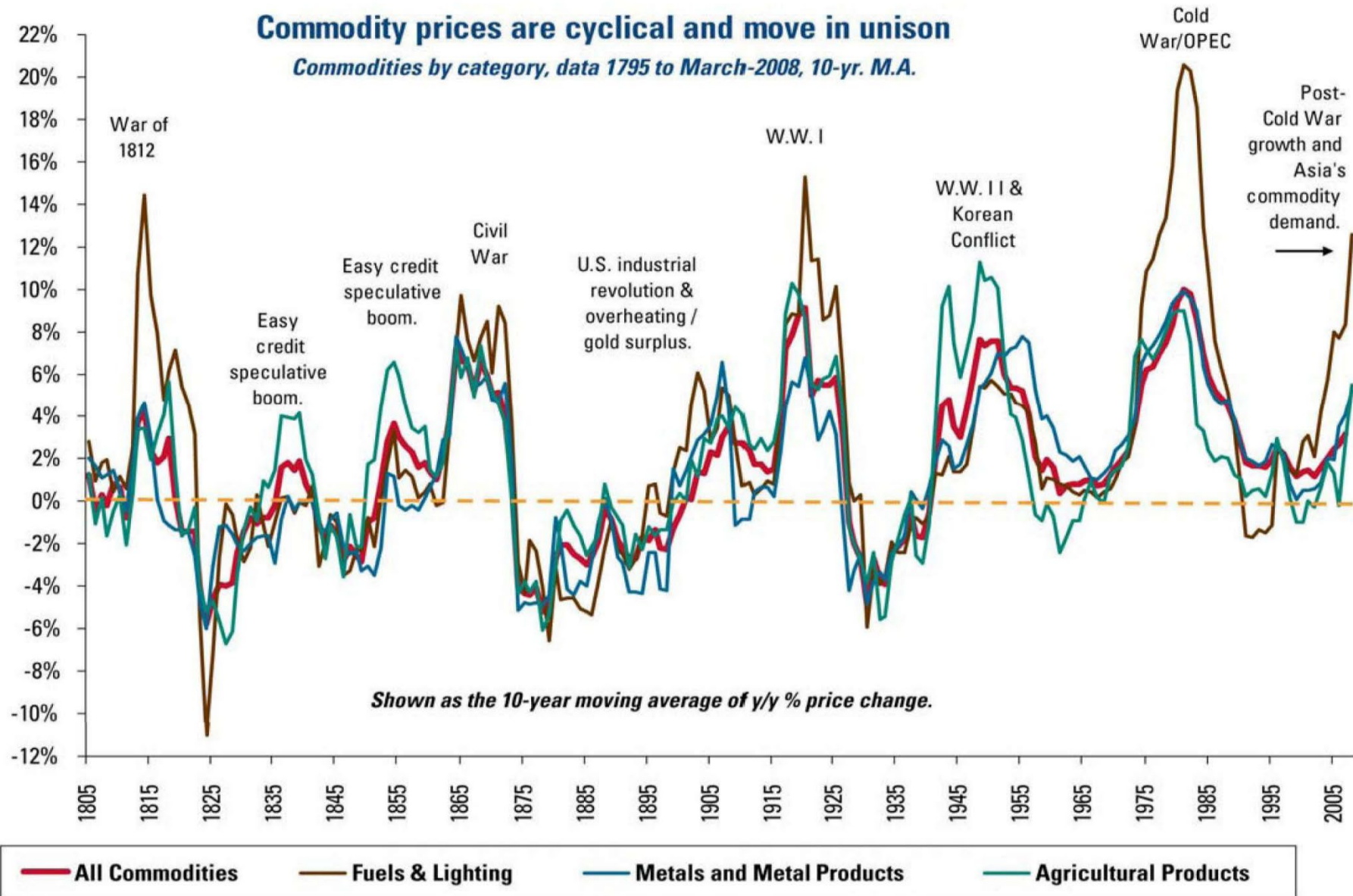
### OCTOBER 8, 1999 TO JANUARY 14, 2022



# **COMMODITIES**

# **OTHER INVESTMENTS**

# COMMODITY SUPERCYCLES

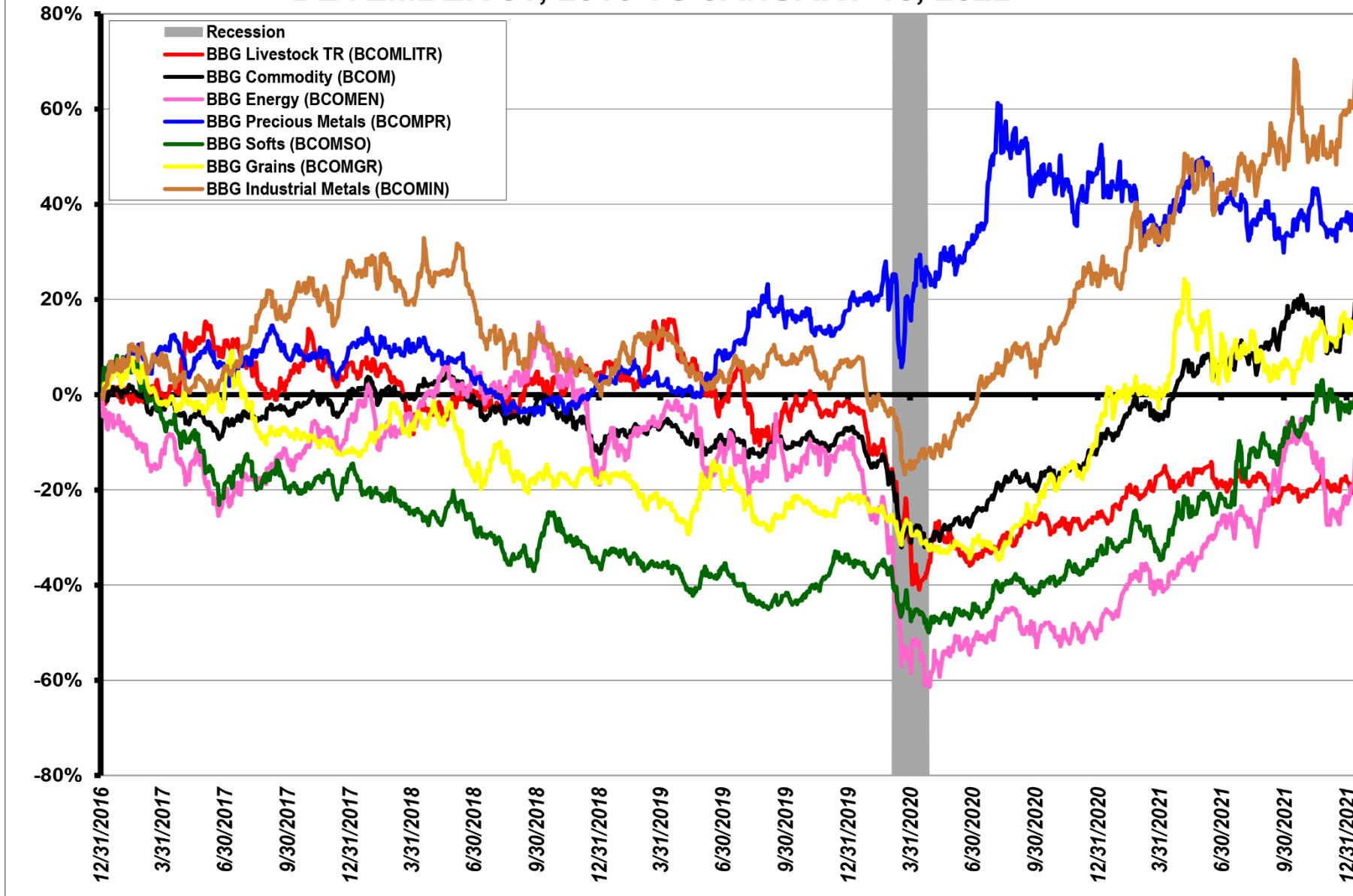


As of: March 8, 2021

Source: Stifel Nicolaus & Co., Stifel Nicolaus format, data Historical Statistics of the United States, a U.S. Census publication, EIA, USDA, [www.usfunds.com](http://www.usfunds.com)

2008E data point incorporated into the last 10-year moving average was March-2008 over March-2007

# BLOOMBERG COMMODITIES AND SUBINDEXES DECEMBER 31, 2016 TO JANUARY 18, 2022



Source: Bloomberg Investment Services

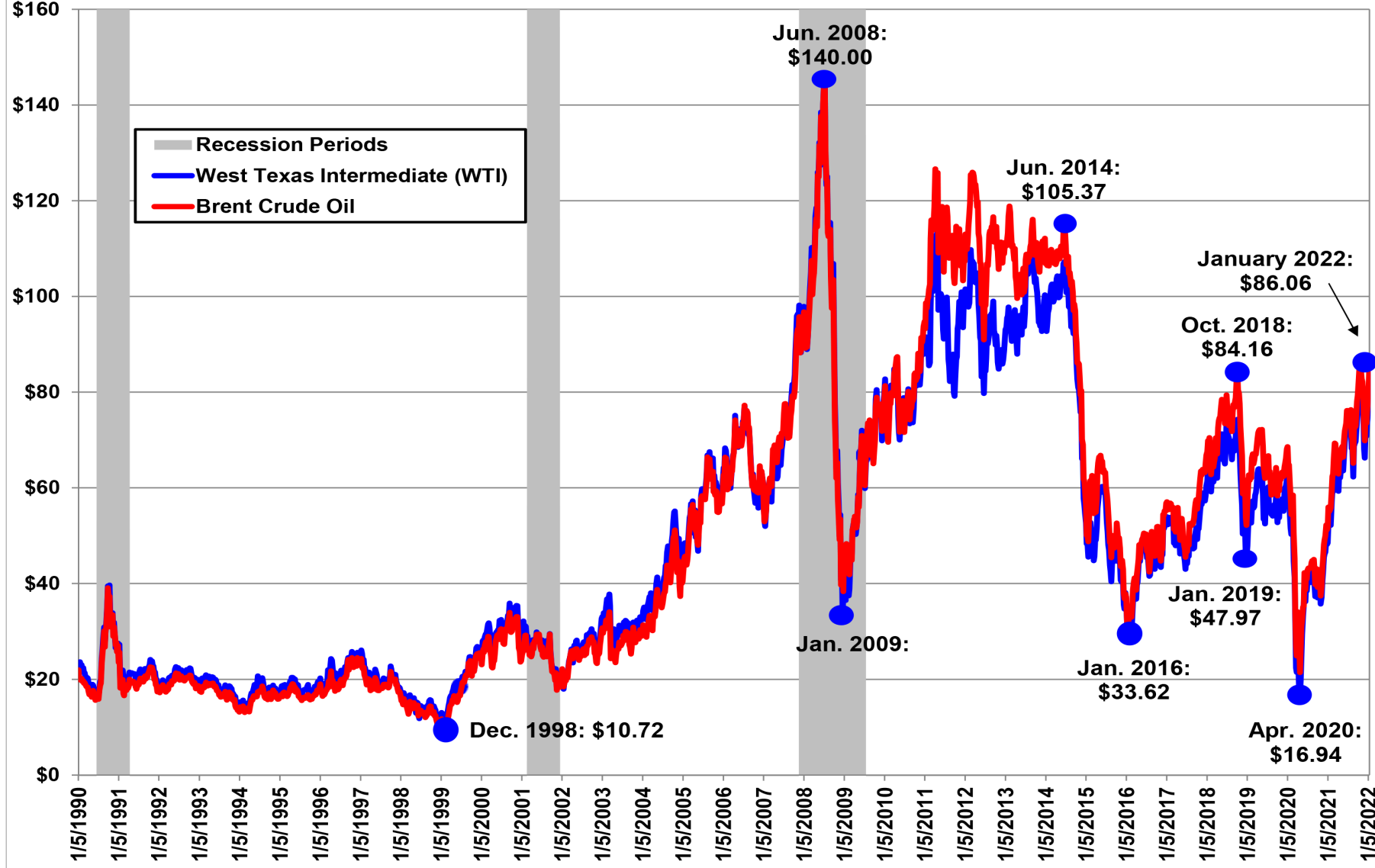
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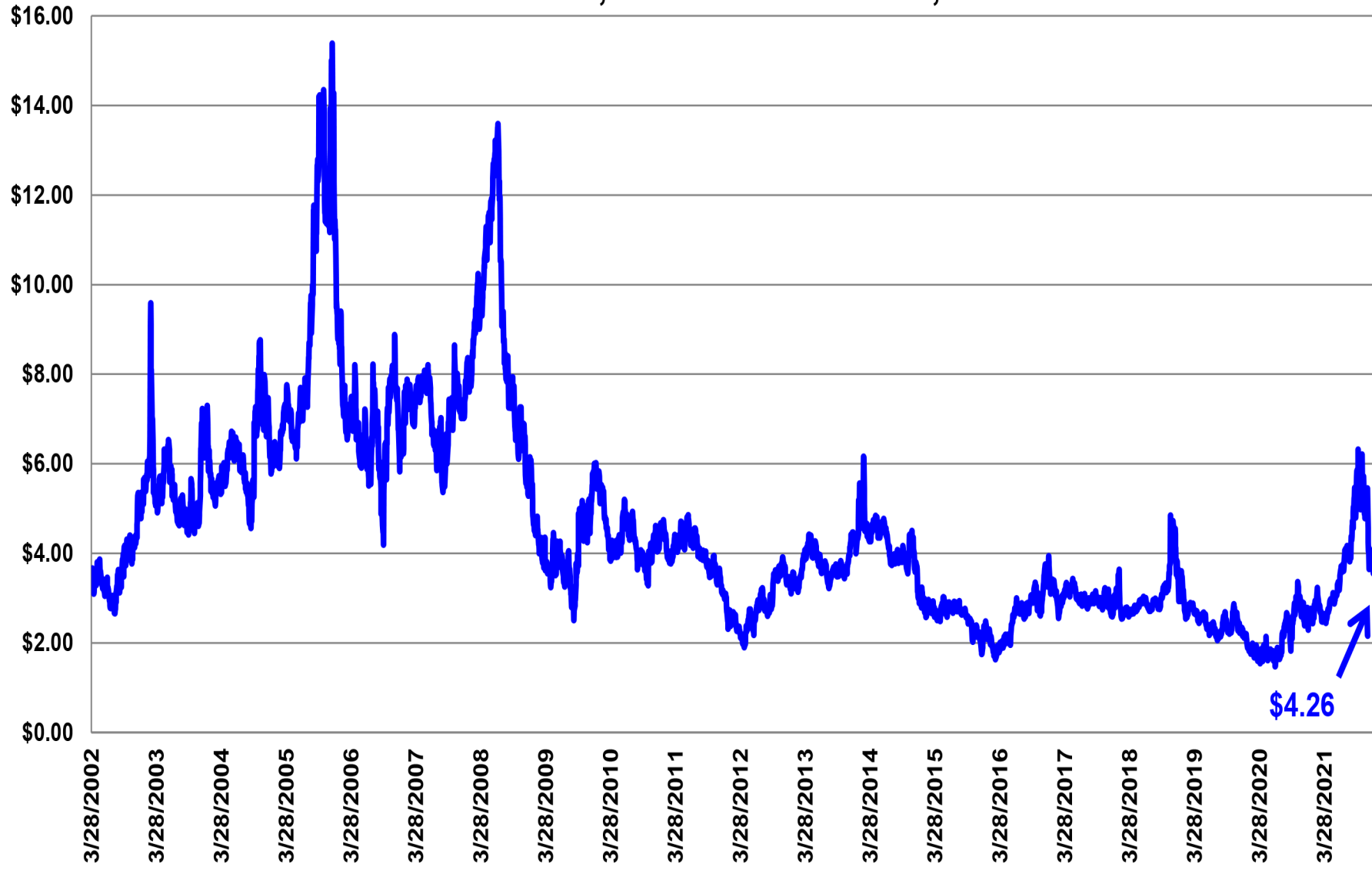
# PRICE OF OIL

## JANUARY 5, 1990 - JANUARY 14, 2022



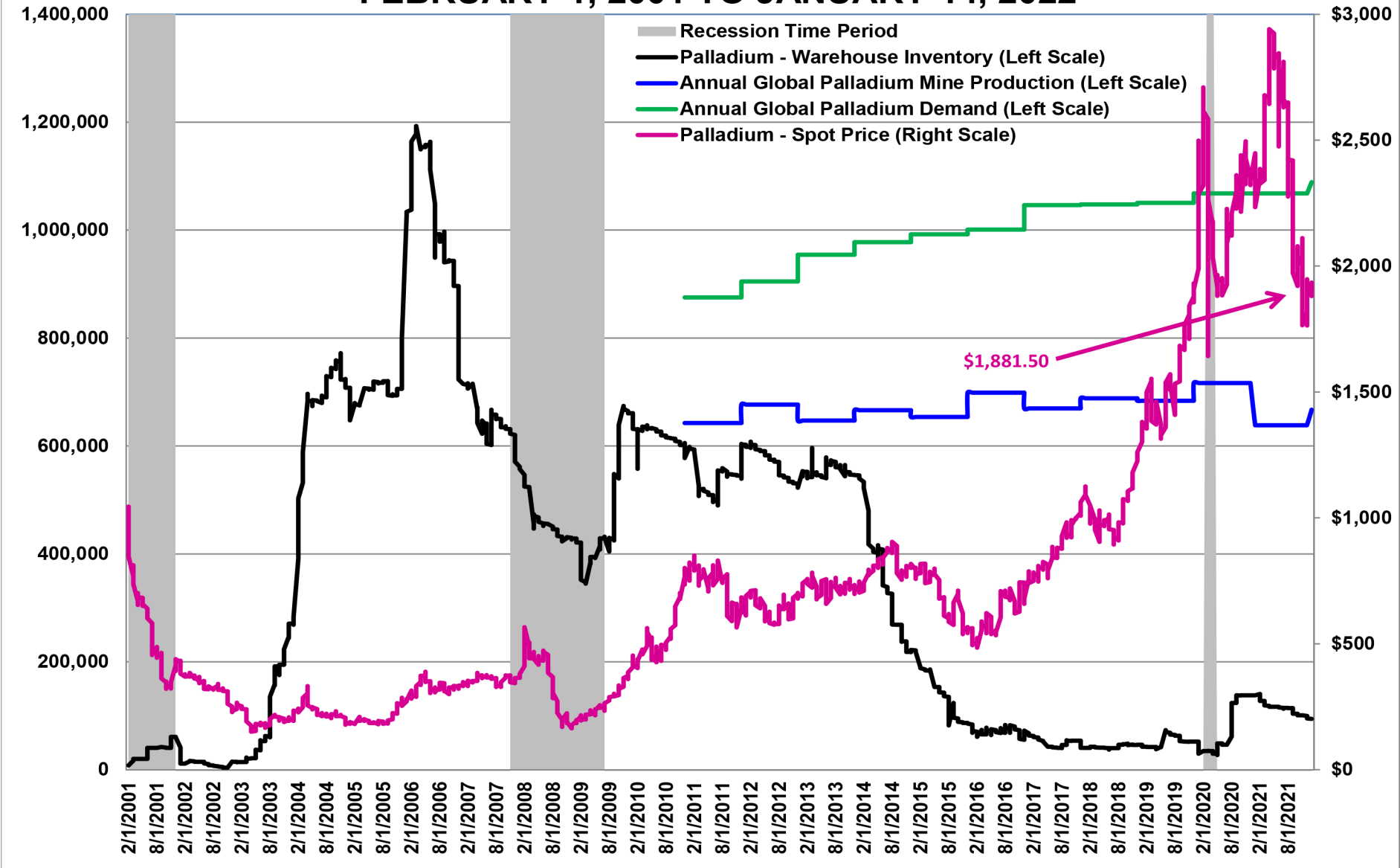
# NATURAL GAS

## MARCH 28, 2002 - JANUARY 14, 2022



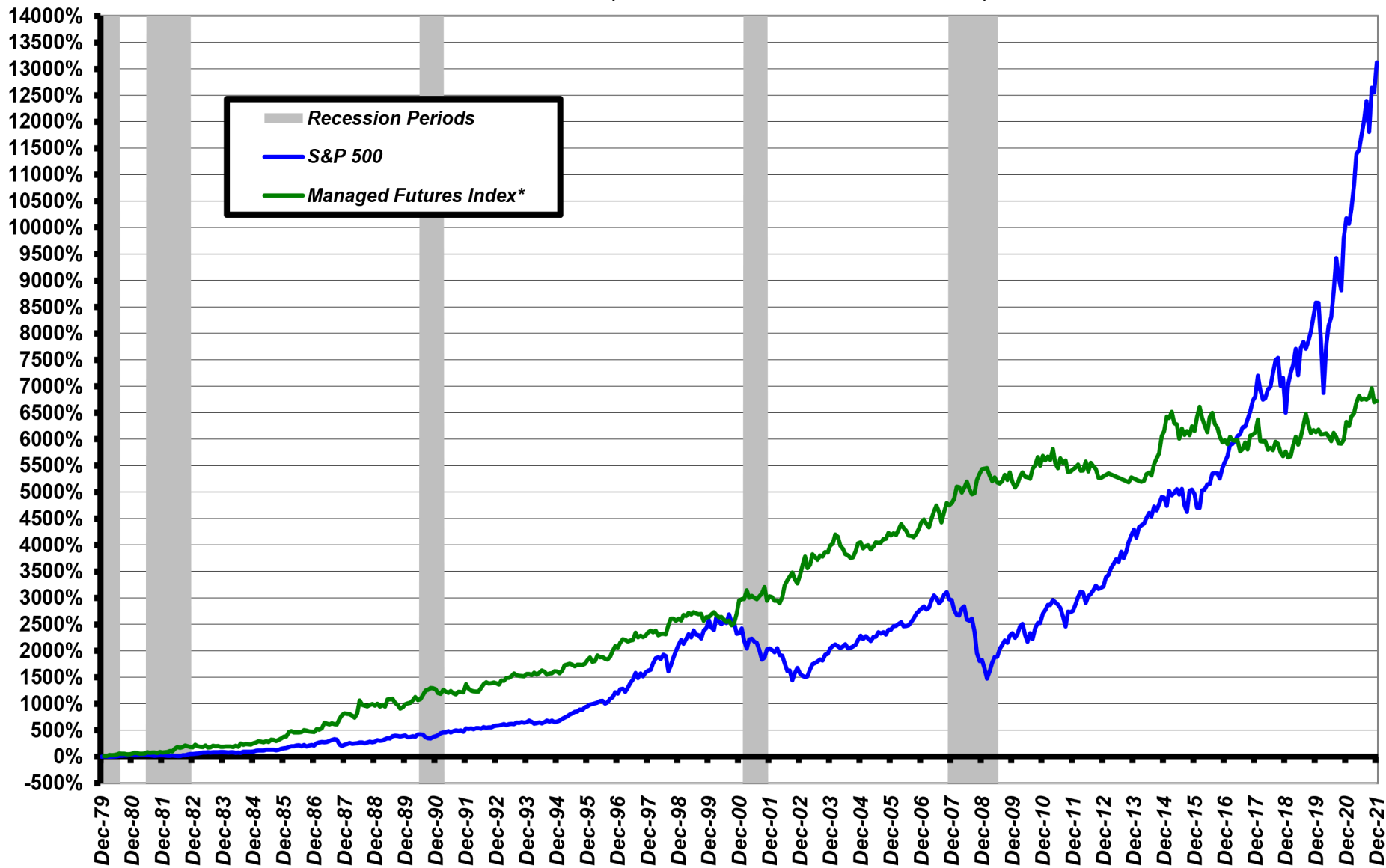
Source: Bloomberg Investment Services  
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# GLOBAL PALLADIUM SUPPLY (in troy ounces) FEBRUARY 1, 2001 TO JANUARY 14, 2022



Source: Bloomberg Investment Services  
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# MANAGED FUTURES VERSUS S&P 500 DECEMBER 31, 1979 - DECEMBER 31, 2021



# **INVESTMENT STRATEGIES**

# U.S. STOCK MARKET FLUCTUATIONS

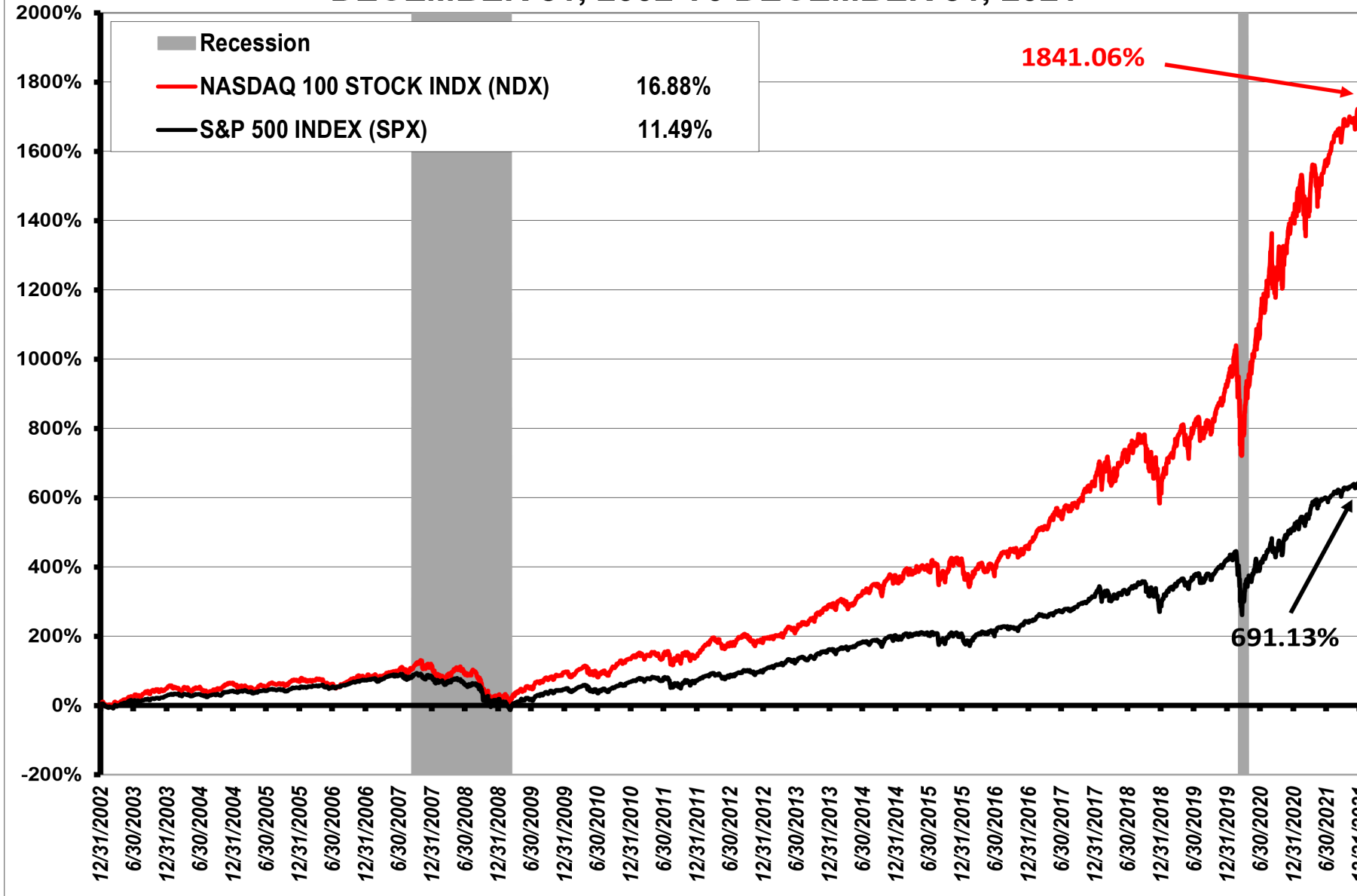
## What Past Market Declines Can Teach Us

### A History Of Declines (January 1, 1900 – December 31, 2021)

<u>Type of Decline</u>	<u>Percentage Decline</u>	<u>Number of Declines</u>	<u>Average Frequency</u>	<u>Average Length</u>
Dip	-5.0% to -10.0%	391	About 3 times a year	46 days
Correction	-10.0% to -15.0%	127	About once a year	115 days
Severe Correction	-15.0% to -20.0%	Included in corrections total	About once every 2 years	216 days
Bear Market*	-20.0% to -30.0%	17	About once every 6.25 years	11 months
Severe Bear Market*	-30.0% or more	16	About once every 8.25 years	22.8 months

\* Either a Bear Market or a Severe Bear Market occurs approximately every 3.7 years.

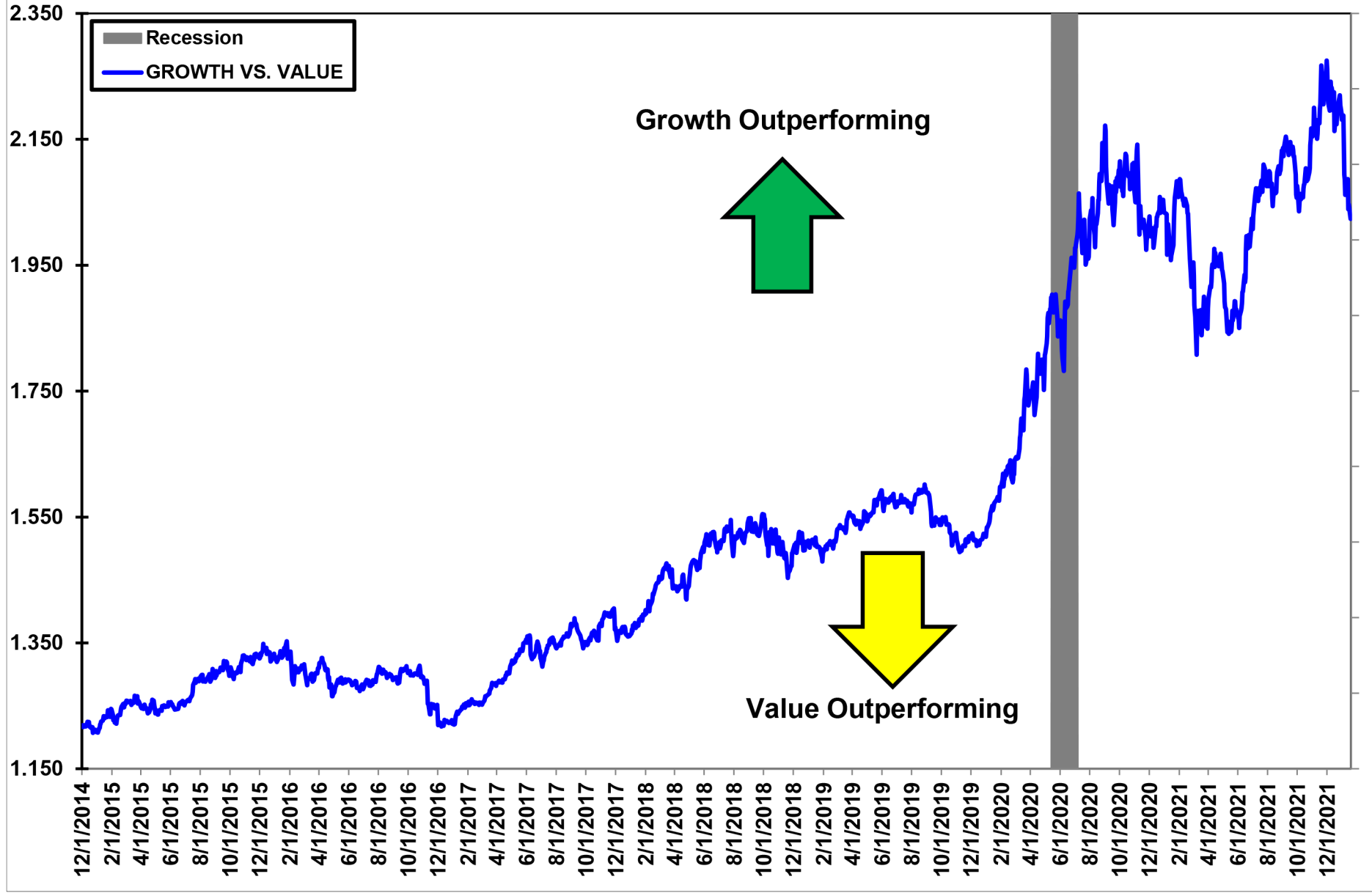
## S&P 500 vs NASDAQ 100 DECEMBER 31, 2002 TO DECEMBER 31, 2021



As of: December 31, 2021

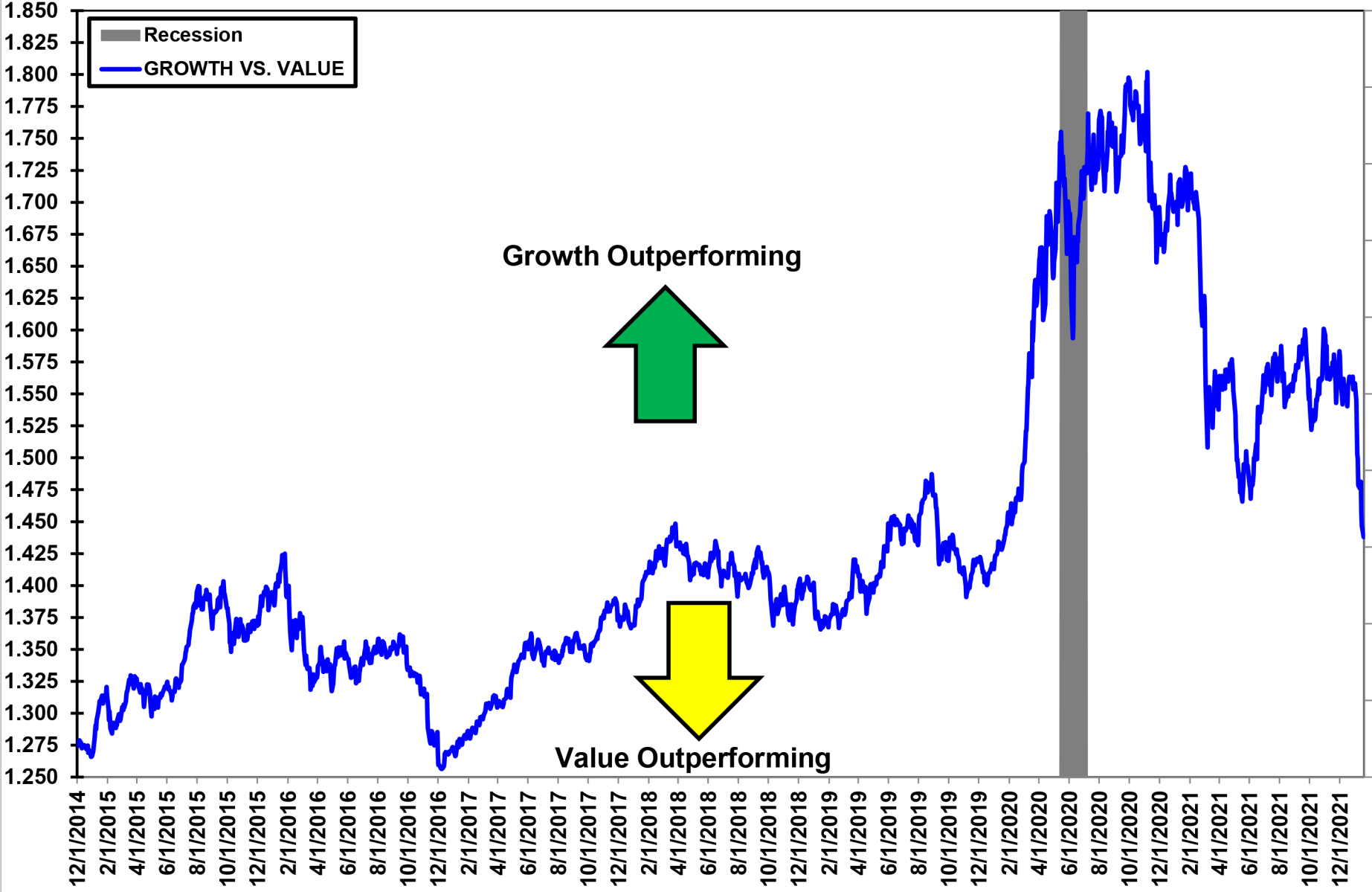
SOURCE: BLOOMBERG INVESTMENT SERVICE  
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# LARGE-CAP GROWTH VS. LARGE-CAP VALUE: GROWTH OUTPERFORMING NOW DECEMBER 1, 2014 TO JANUARY 18, 2022



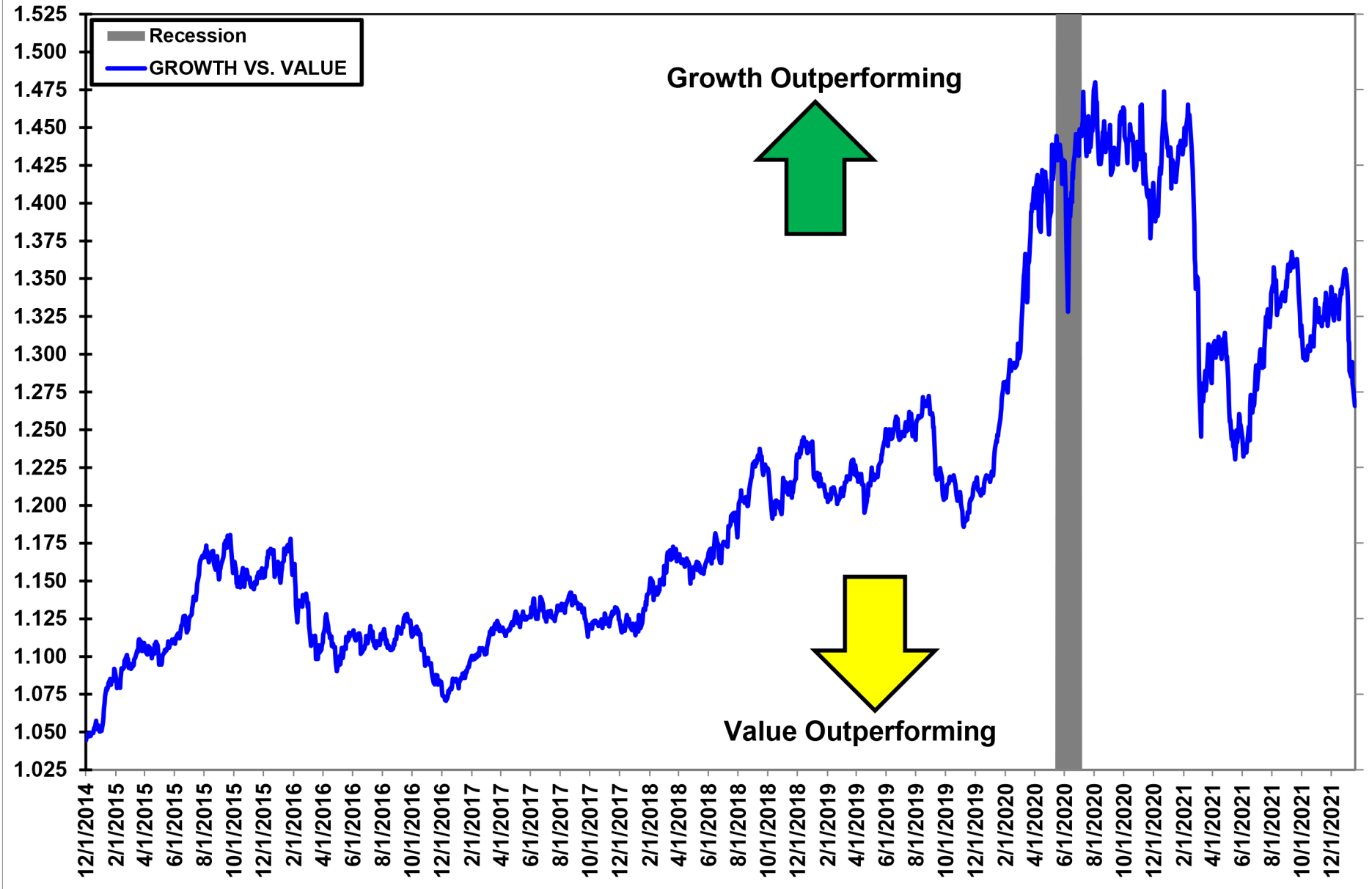


# MID-CAP GROWTH VS. MID-CAP VALUE: GROWTH OUTPERFORMING NOW DECEMBER 1, 2014 TO JANUARY 18, 2022

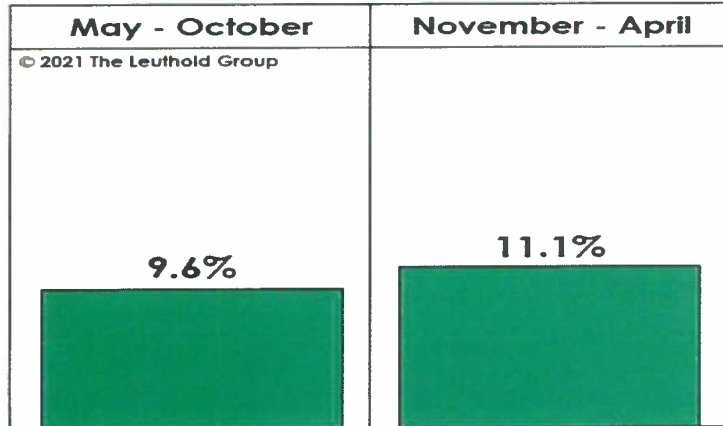


Source: Bloomberg Investment Services, L.P.  
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# SMALL-CAP GROWTH VS. SMALL-CAP VALUE: GROWTH OUTPERFORMING NOW DECEMBER 1, 2014 TO JANUARY 18, 2022

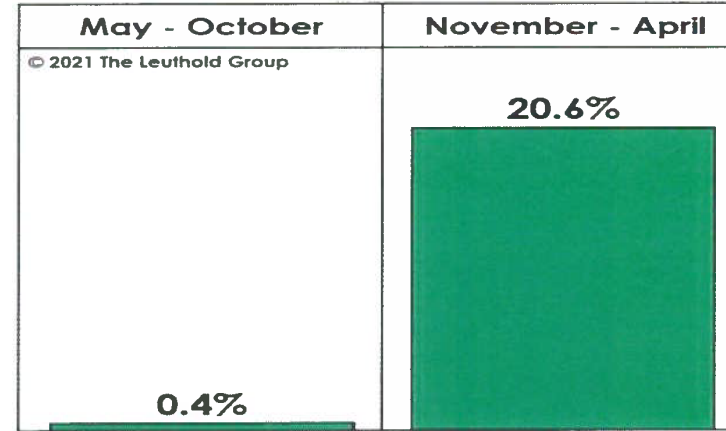


### Seasonality In The S&P 500 Defensive Sectors\*, 1990 To Date



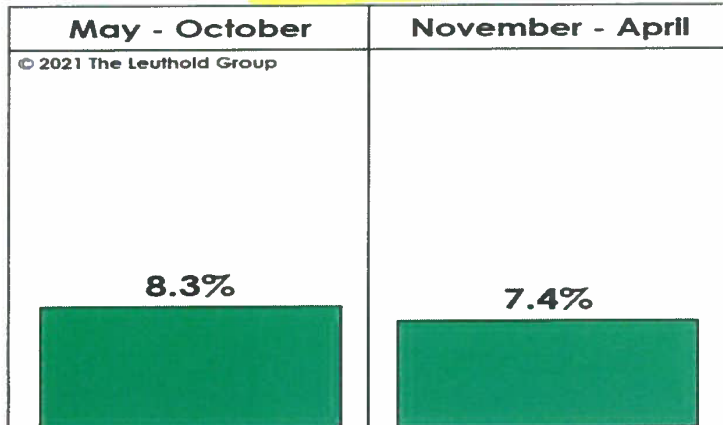
Annualized total returns.  
Equal-weighted composite of the Consumer Staples,  
Health Care and Utilities sectors.

### Seasonality In The S&P 500 Cyclical Sectors\*, 1990 To Date



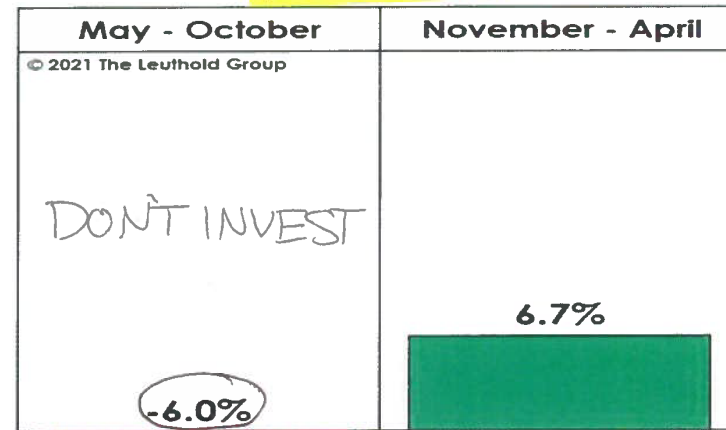
Annualized total returns.  
Equal-weighted composite of the Consumer Discretionary,  
Industrials, and Materials sectors.

### Seasonality In Gold, BULLION 1971 To Date



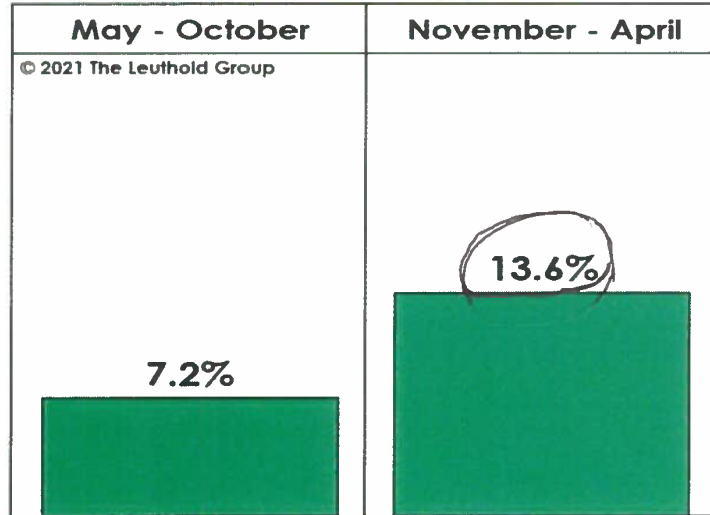
Annualized price returns.

### Seasonality In Gold Stocks\*, 1983 To Date



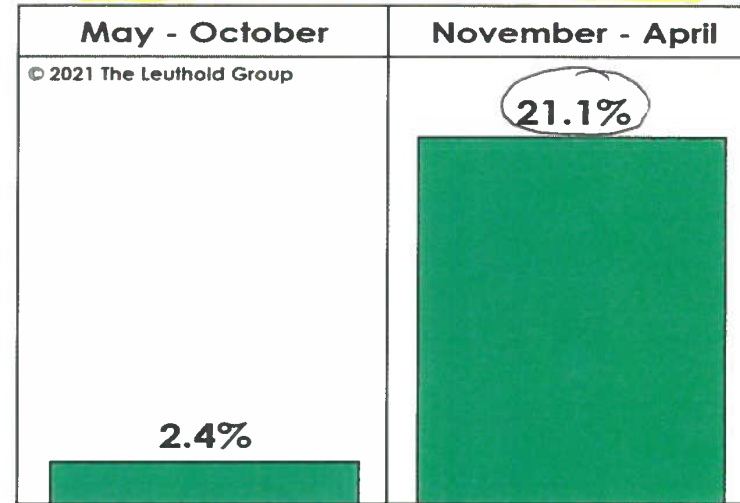
Annualized price returns.  
\*Philadelphia Stock Exchange  
Gold and Silver Index.

**Seasonality In The  
S&P 500, 1926 To Date**



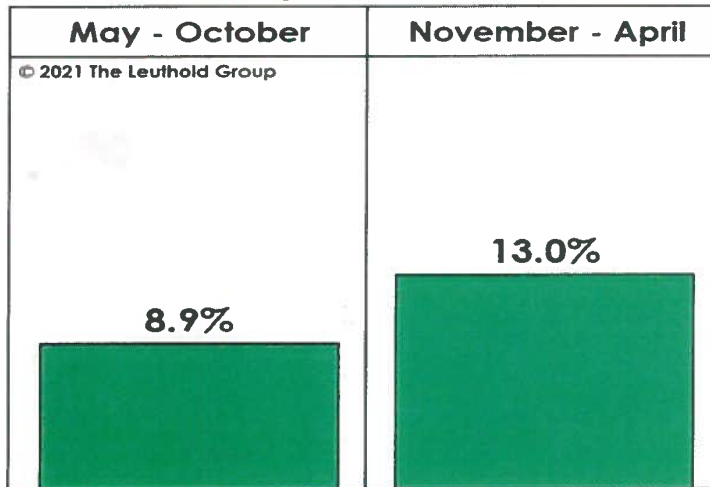
Annualized total returns.

**Seasonality In  
Small Cap Stocks, 1926 To Date**



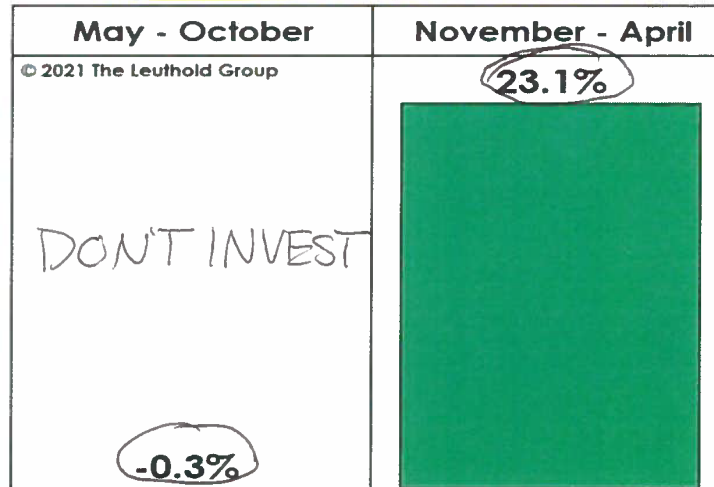
Total returns from Ibbotson SBBI from 1926 through 1979; Russell 2000 thereafter.

**Seasonality In The S&P 500  
Low Volatility Index, 1991 To Date**



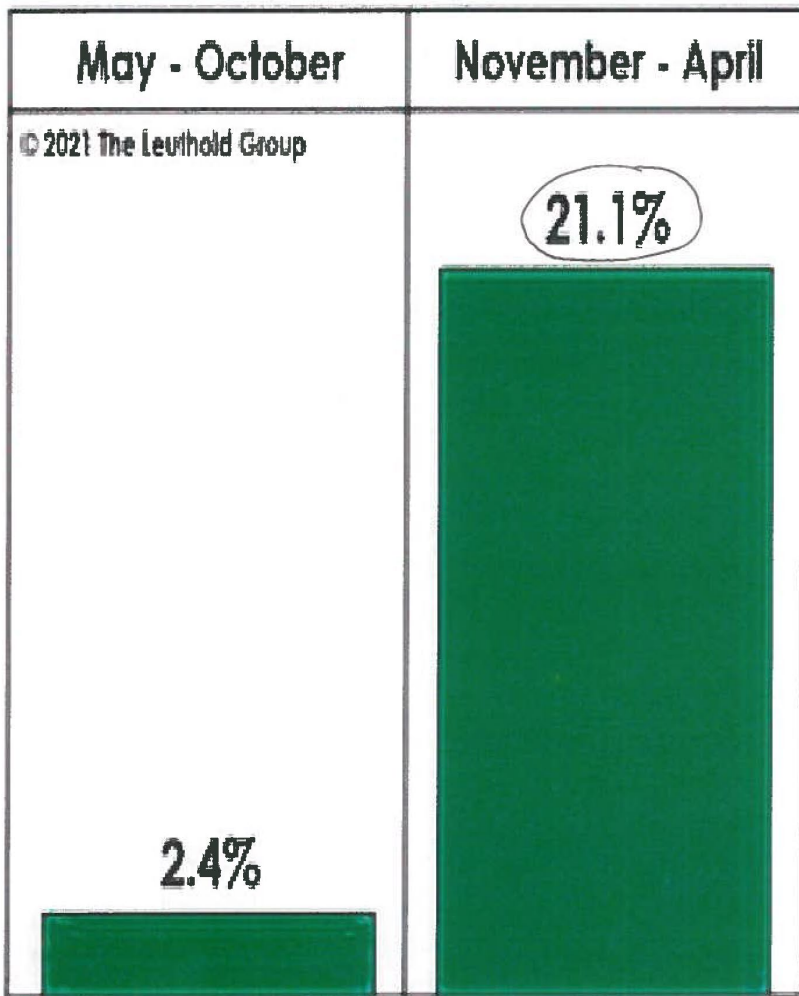
Annualized total returns.

**Seasonality In The S&P 500  
High Beta Index, 1991 To Date**



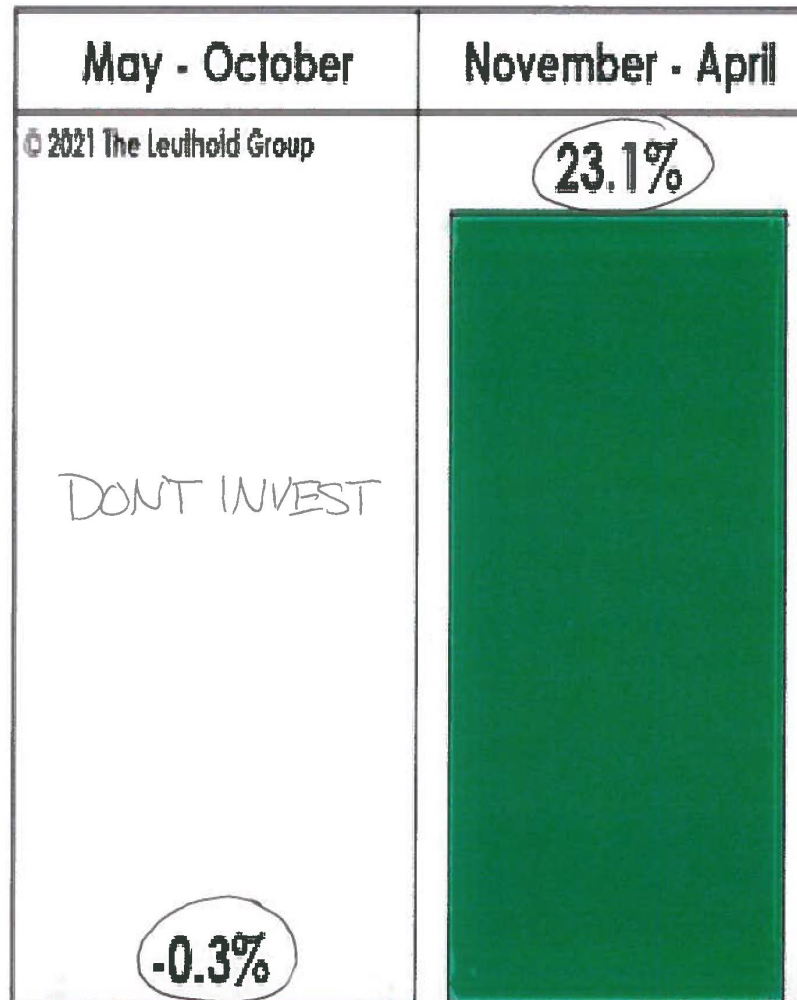
Annualized total returns.

Seasonality In Small Cap Stocks,  
1926 To Date



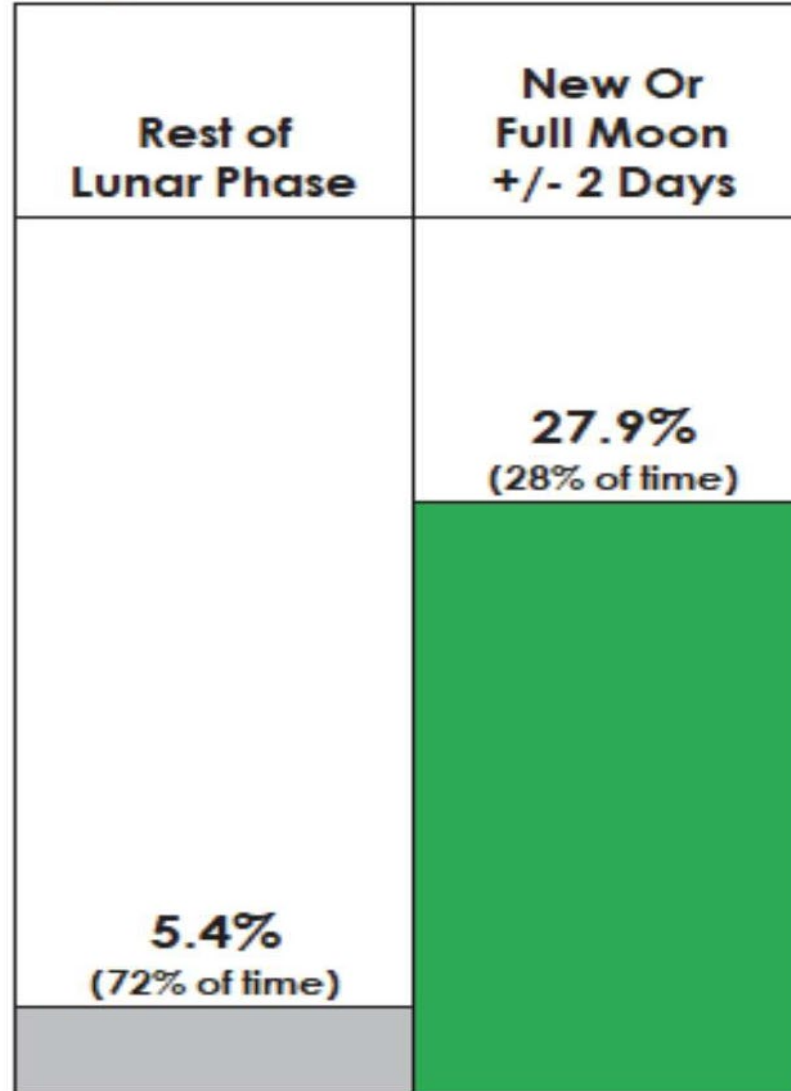
Total Returns From Ibbotson SBBI From 1926 Through 1979; Russell 2000 Thereafter

Seasonality In The S&P 500 High Beta Index,  
1991 To Date



Annualized Total Returns

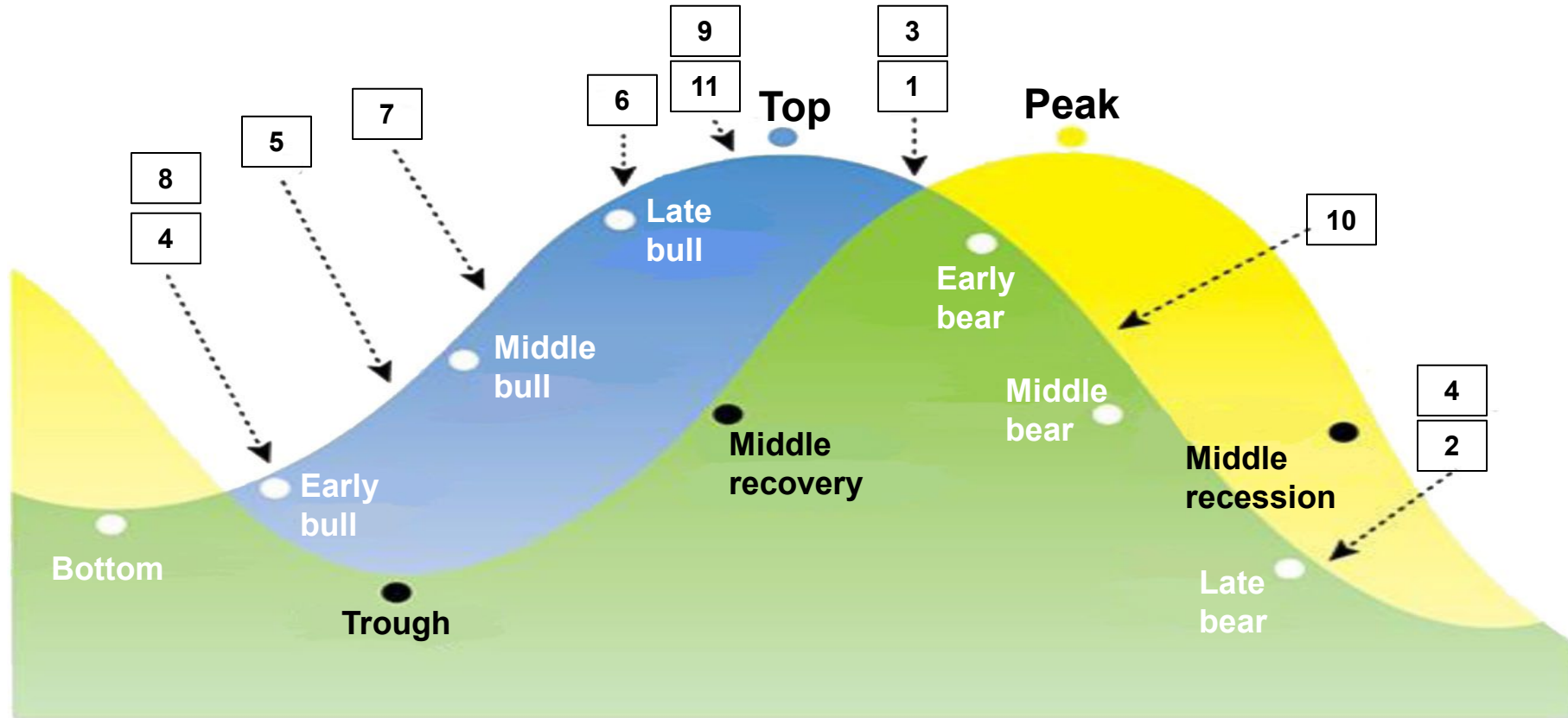
# SOLUNAR CYCLE IN THE S&P 500 HIGH BETA INDEX, 1991 TO DATE



Annualized Total Returns

# LONG-TERM OUTLOOK

# BUSINESS CYCLE AND RELATIVE STOCK PERFORMANCE



**Key**

● **Economic Cycle**

● **Stock Market Cycle**

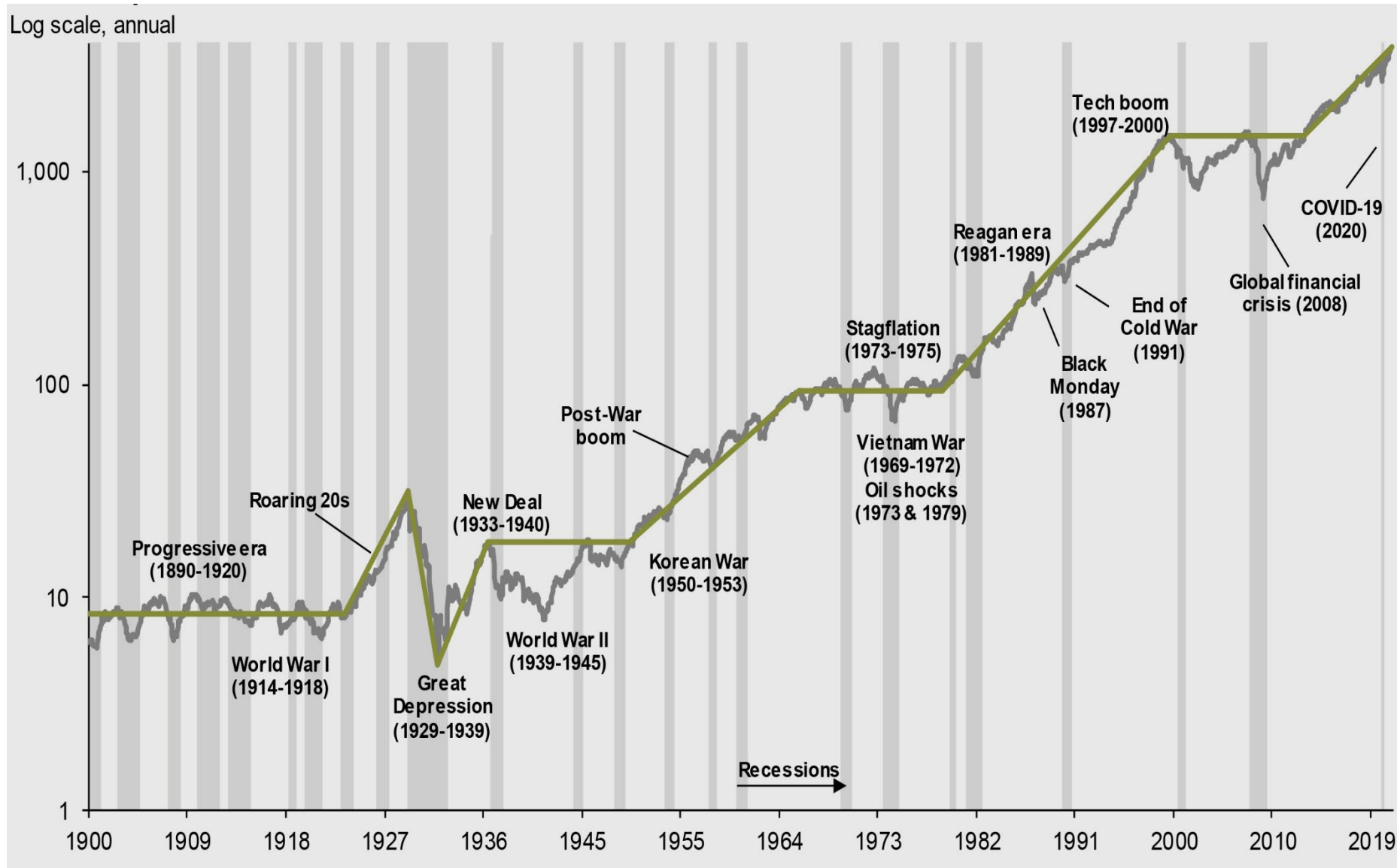
- |   |                                    |
|---|------------------------------------|
| 1 | Consumer Staples                   |
| 2 | Consumer Cyclicals (durable & non) |
| 3 | Health Care                        |
| 4 | Financials                         |

- |   |                |
|---|----------------|
| 5 | Technology     |
| 6 | Basic Industry |
| 7 | Capital Goods  |

- |    |                 |
|----|-----------------|
| 8  | Transportation  |
| 9  | Energy          |
| 10 | Utilities       |
| 11 | Precious Metals |



# S&P COMPOSITE INDEX



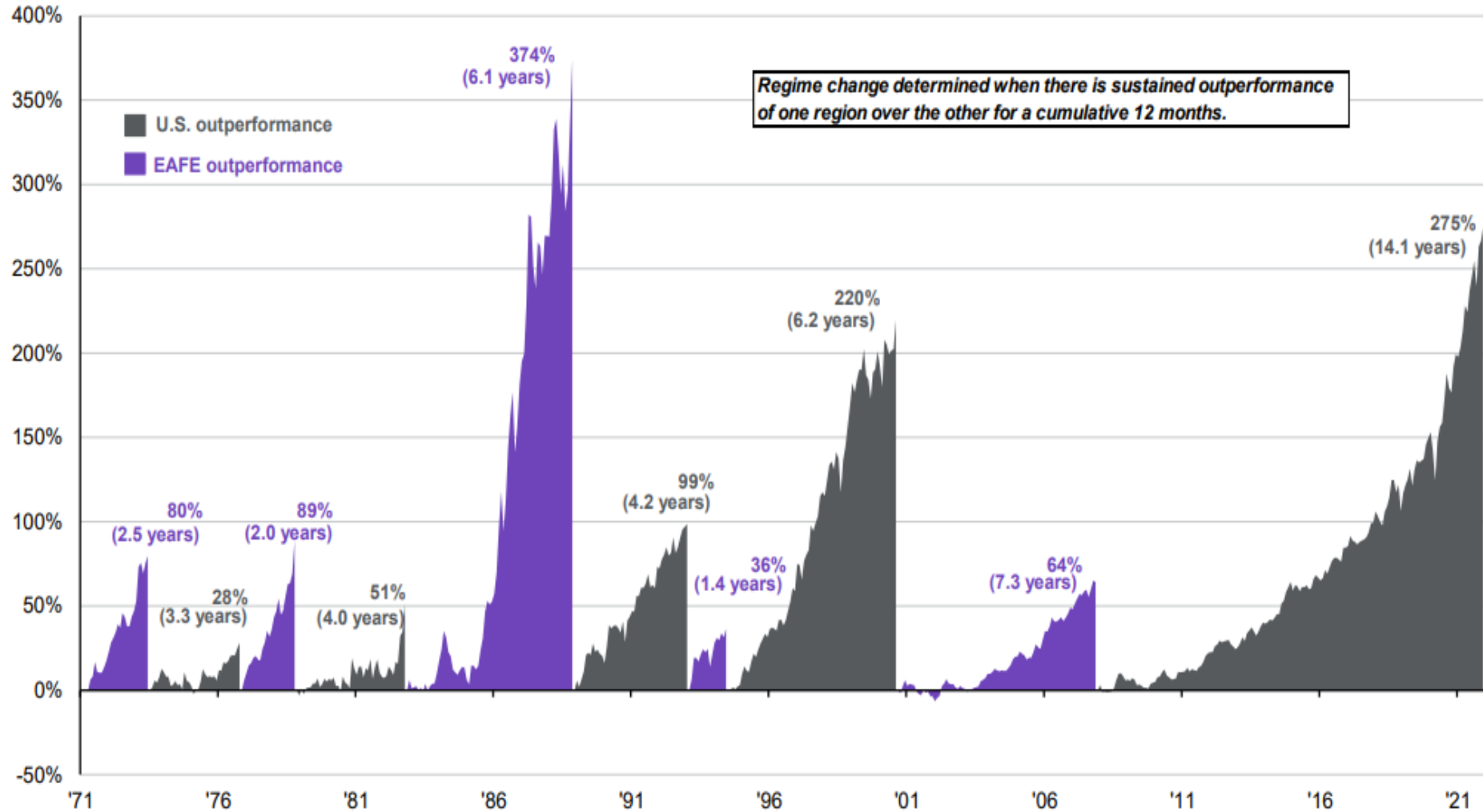
As of: March 31, 2021

Source: FactSet, NBER, Robert Shiller, J.P. Morgan Asset Management  
Data shown in log scale to best illustrate long-term index patterns.  
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# CYCLES OF U.S. EQUITY OUTPERFORMANCE

## MSCI EAFE and MSCI USA relative performance

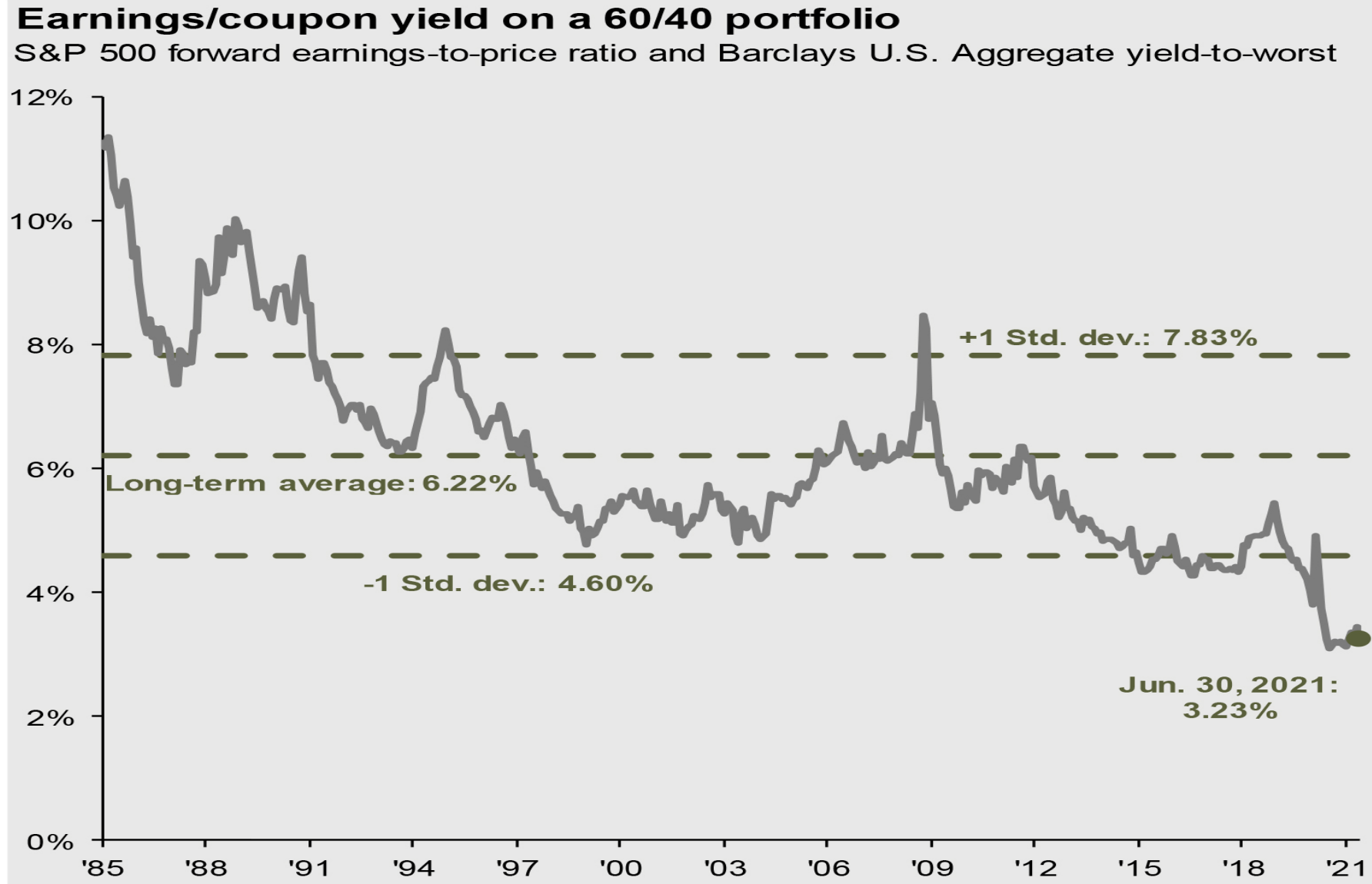
U.S. dollar, total return, cumulative outperformance\*



As of: December 31, 2021

Source: FactSet, MSCI, J.P. Morgan Asset Management  
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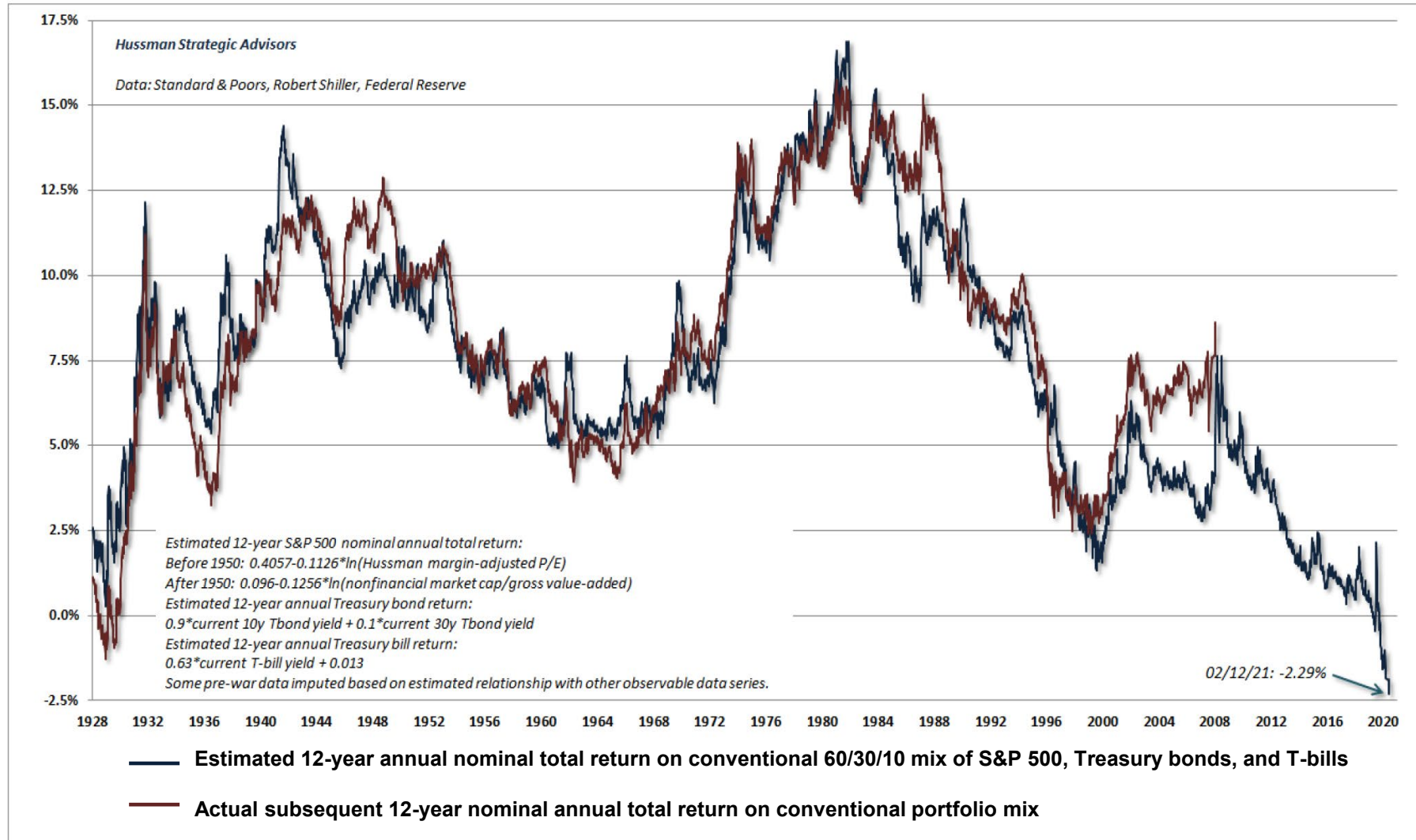
# 60/40 PORTFOLIO VALUATION



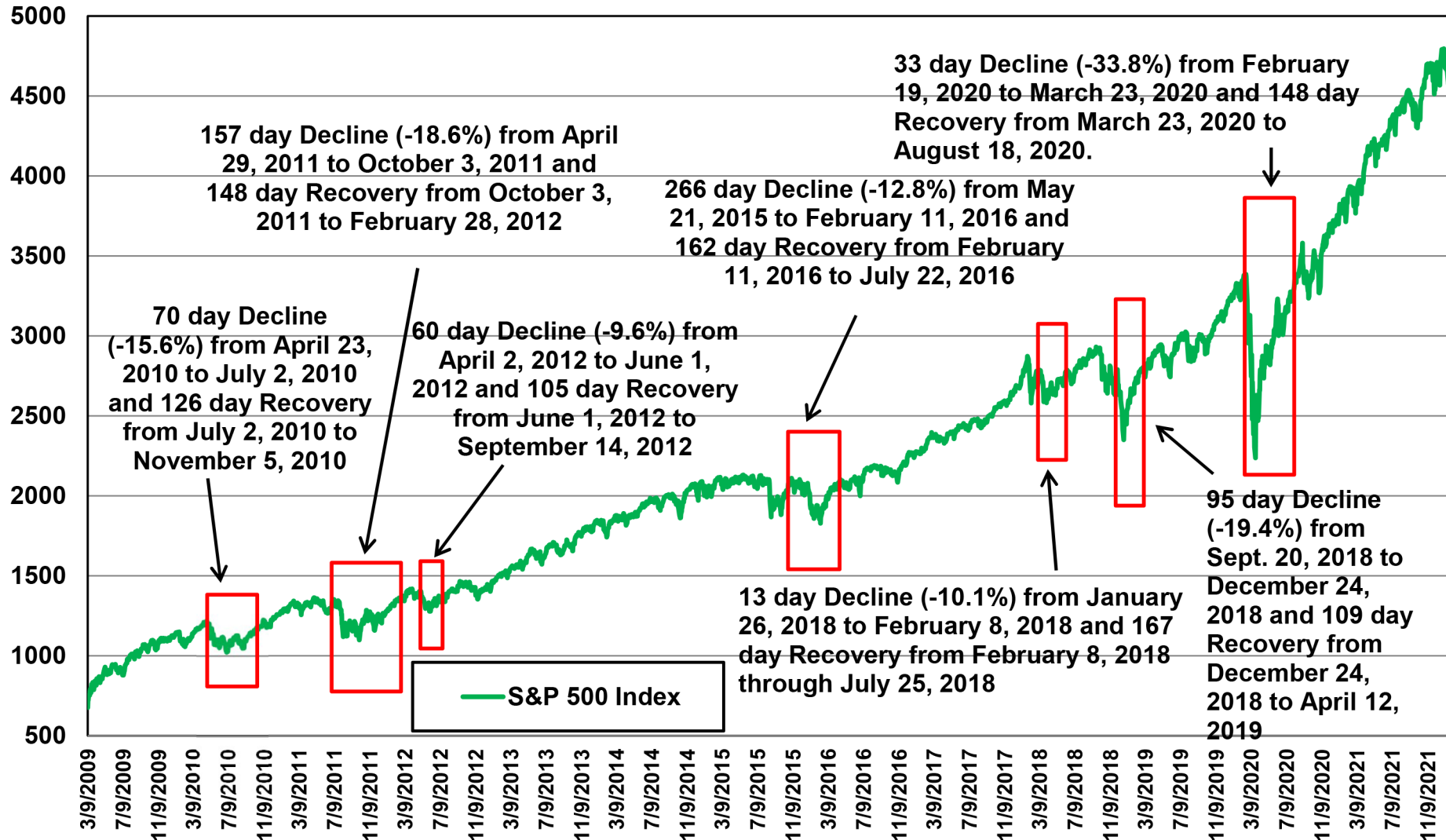
As of: June 30, 2021

Source: Barclays, Bloomberg, FactSet, Standard & Poor's Thomson Reuters  
J.P. Morgan Asset Management  
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# HUSSMAN FUND'S EXPECTED RETURNS FOR THE CONVENTIONAL 60/30/10 MIX OF S&P 500 TREASURY BONDS AND T-BILLS: -0.95%?



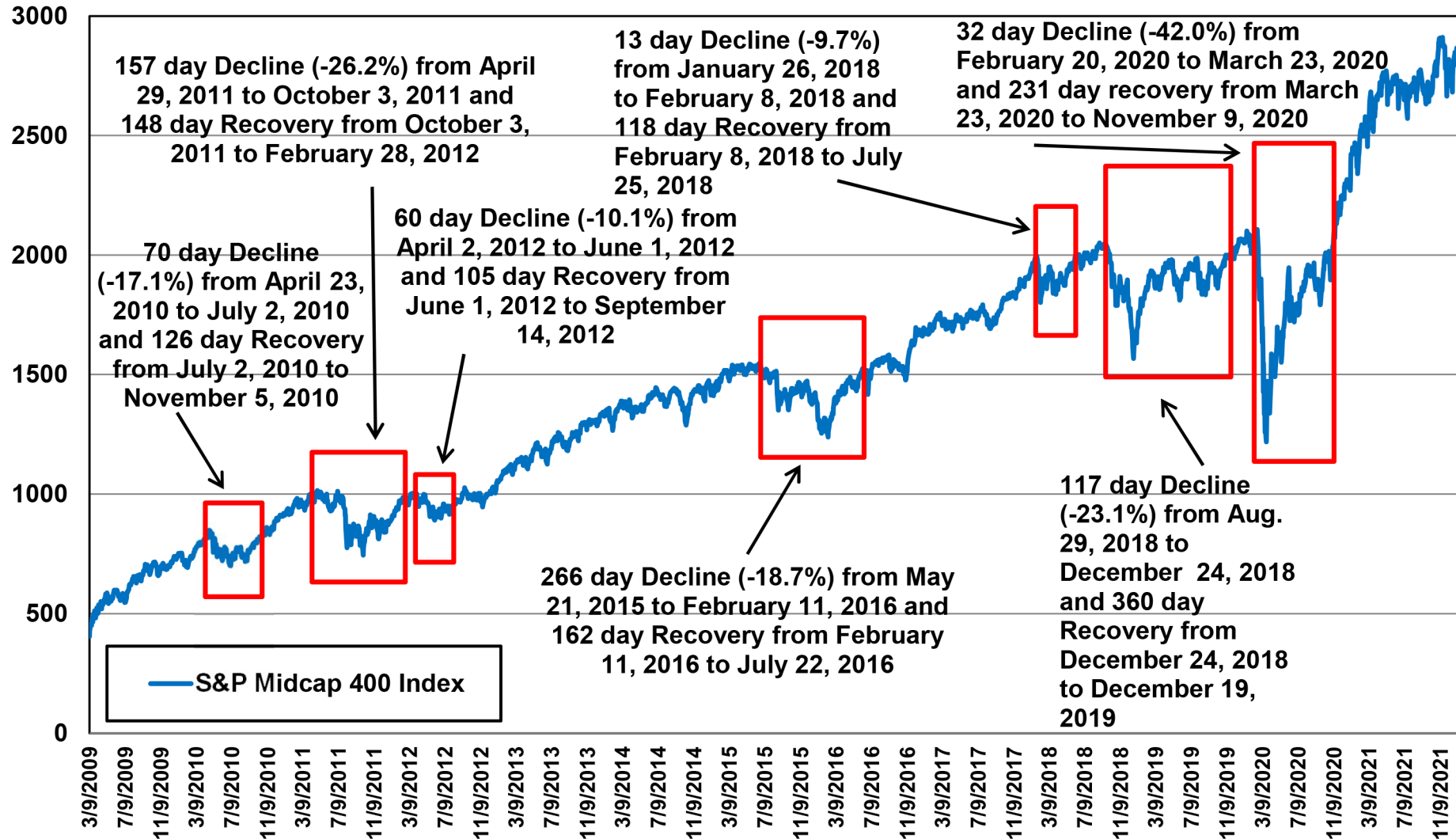
## S&P 500 INDEX - A HISTORY OF RECENT STOCK MARKET CORRECTIONS MARCH 9, 2009 - JANUARY 18, 2022



As of: January 18, 2022

Source: Bloomberg Investment Services, L.P.  
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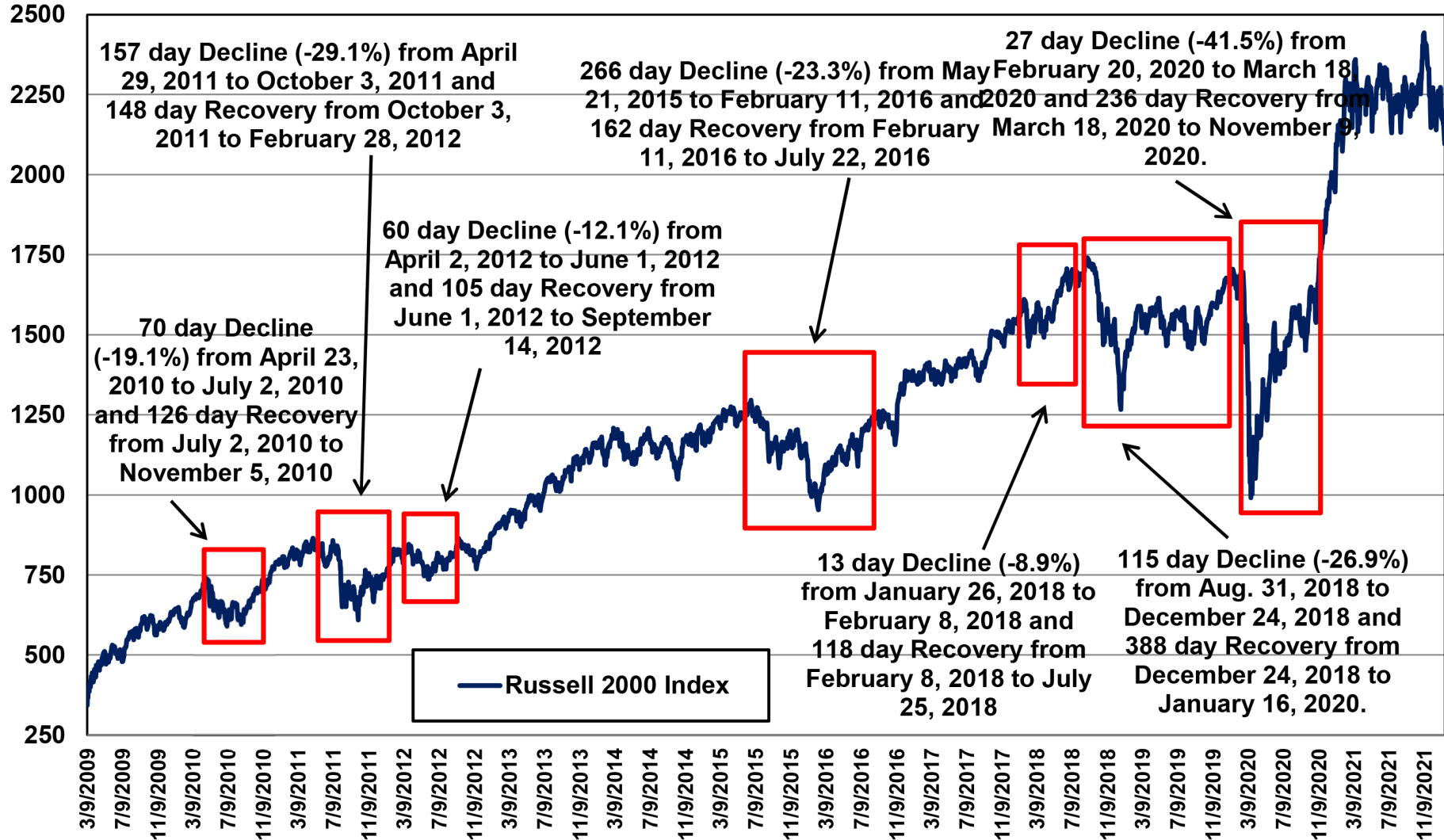
## S&P 400 MID-CAP INDEX - A HISTORY OF RECENT STOCK MARKET CORRECTIONS MARCH 9, 2009 - JANUARY 18, 2022



As of: January 18, 2022

Source: Bloomberg Investment Services, L.P.  
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# RUSSELL 2000 (SMALL STOCKS) - A HISTORY OF RECENT STOCK MARKET CORRECTIONS MARCH 9, 2009 - JANUARY 18, 2022



As of: January 18, 2022

Source: Bloomberg Investment Services, L.P.  
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# THE LAST SECULAR BEAR MARKET

April 1, 2000 to  
December 31, 2011  
(11 years and 9 months)

	<u>Annual Compound Return</u>	<u>Total Return</u>
Consumer Price Index (Inflation)	2.38%	31.82%
90-Day Treasury Bills Index-Total Return	2.22%	29.44%
Barclays Aggregate Bond Index-Total Return	6.41%	107.69%
HFRX Global Hedge Fund Index	2.65%	36.07%
S&P 500 Index (U.S. Stock Market)	0.37%	4.42%
MSCI EAFE Index (Developed Foreign Equities)	1.21%	15.17%
MSCI Emerging Market Index (Equities)	8.07%	149.14%
Newedge CTA Index (Managed Futures)	6.03%	99.06%
Dow Jones-UBS Commodity Index-Total Return (USD)**	3.08%	42.79%
Dow Jones U.S. Real Estate Index-Total Returns (USD)**	10.61%	227.26%
Gold Bullion	15.83%	462.79%

\* Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

\*\* USD = U.S. Dollar

Source: Bloomberg Investment Services

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# QUESTIONS AND ANSWERS





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**(412) 635-9210**