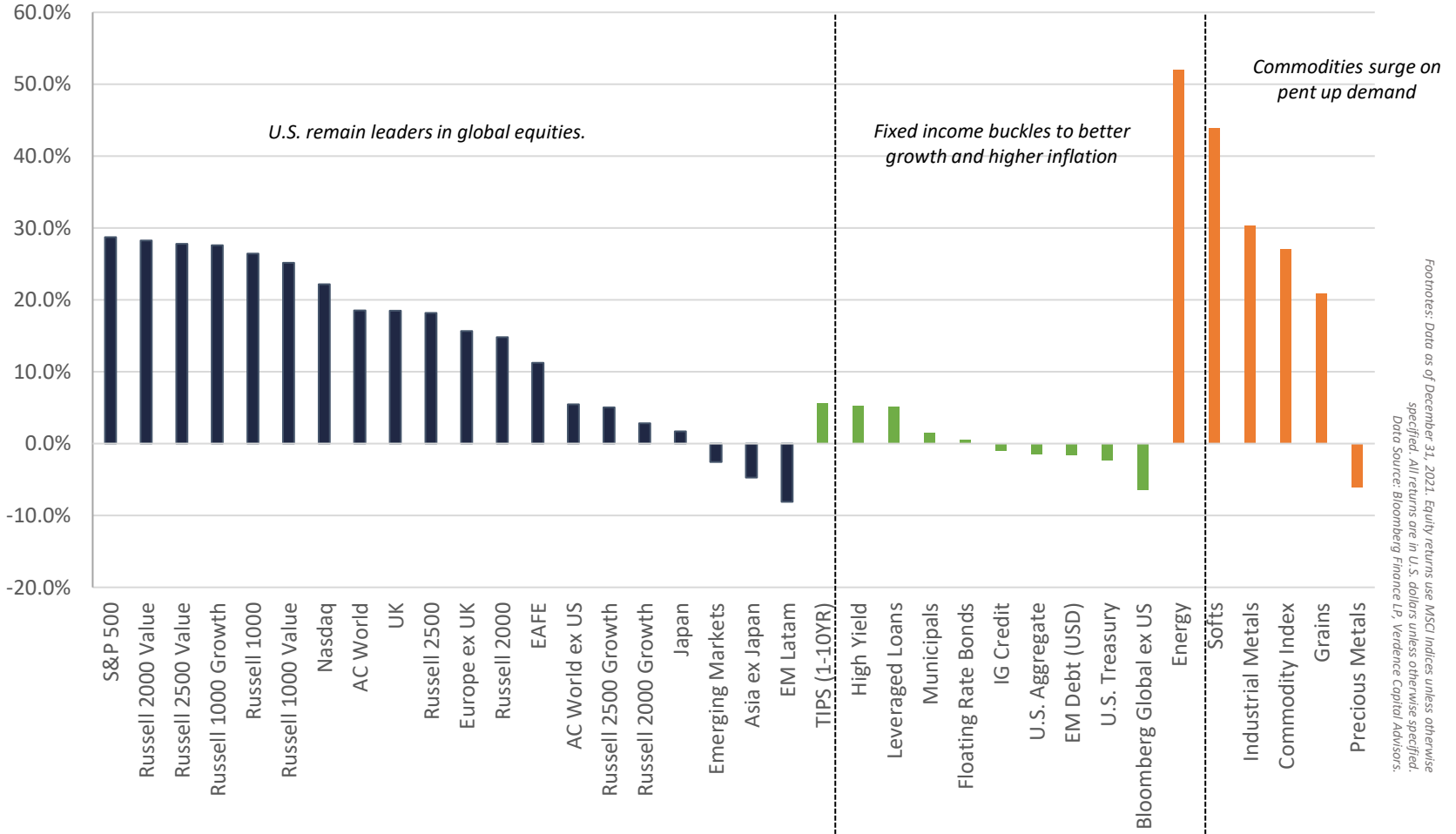


Market Update

2022 Themes and Outlook

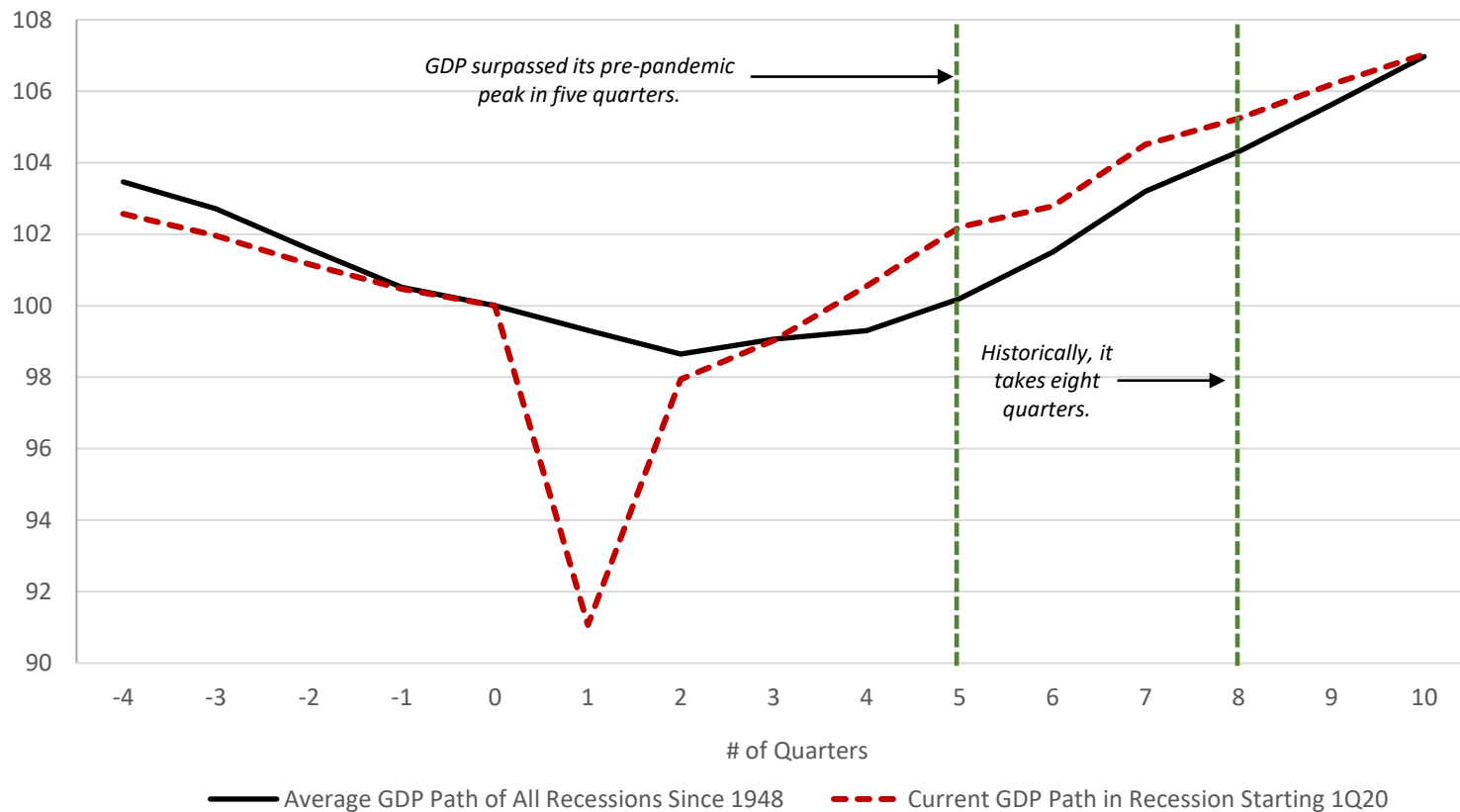
Market Returns 2021



Footnotes: Data as of December 31, 2021. Equity returns use MSCI indices unless otherwise specified. All returns are in U.S. dollars unless otherwise specified. Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

U.S. ECONOMY

2021 Review – Historical Recovery in U.S. GDP

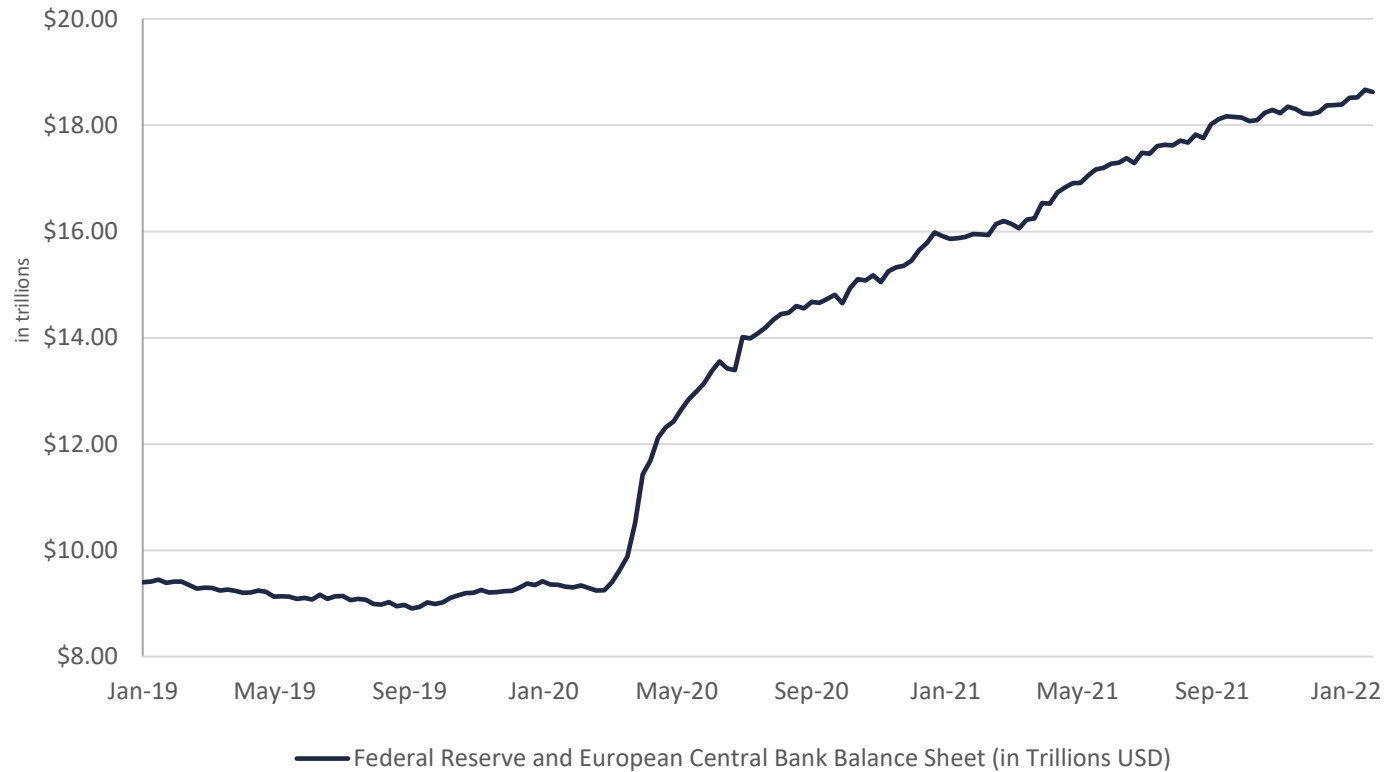


The U.S. economy surpassed its pre-pandemic peak level in just five quarters (in 2021). Historically, it takes eight quarters to make that accomplishment.

Footnotes: Data is as of 4Q21 and estimates for future GDP are as of January 27, 2022. Average is all recessions since 1948. Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

U.S. ECONOMY

2021 Review – Unprecedented Central Bank Support



Central banks around the world expanded their balance sheets to combat the economic impact from the pandemic. The Federal Reserve and European Central Bank balance sheets are near \$20 trillion combined.

Footnotes: Data is weekly and as of January 26, 2022.
Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

GLOBAL ECONOMY

Global Growth Estimates

Country	15 YR Average Annual GDP Growth	2022 Estimate	2023 Estimate
U.S.	1.48%	3.80%	2.50%
China	8.51%	5.20%	5.10%
Japan	0.41%	2.90%	1.40%
Germany	1.13%	3.90%	2.60%
UK	0.85%	4.50%	2.20%
India	6.00%	9.20%	7.70%
France	0.62%	4.00%	2.30%
Italy	-0.53%	4.20%	2.10%
Canada	1.42%	3.80%	3.10%
South Korea	3.23%	3.00%	2.50%
Russia	2.33%	2.60%	2.10%
Australia	2.40%	4.00%	2.90%
Brazil	1.81%	0.70%	2.00%
Spain	0.54%	5.50%	3.40%
Mexico	1.50%	2.60%	2.20%

Green shaded means GDP is estimated to be above the past 15-year average in 2022 and 2023.

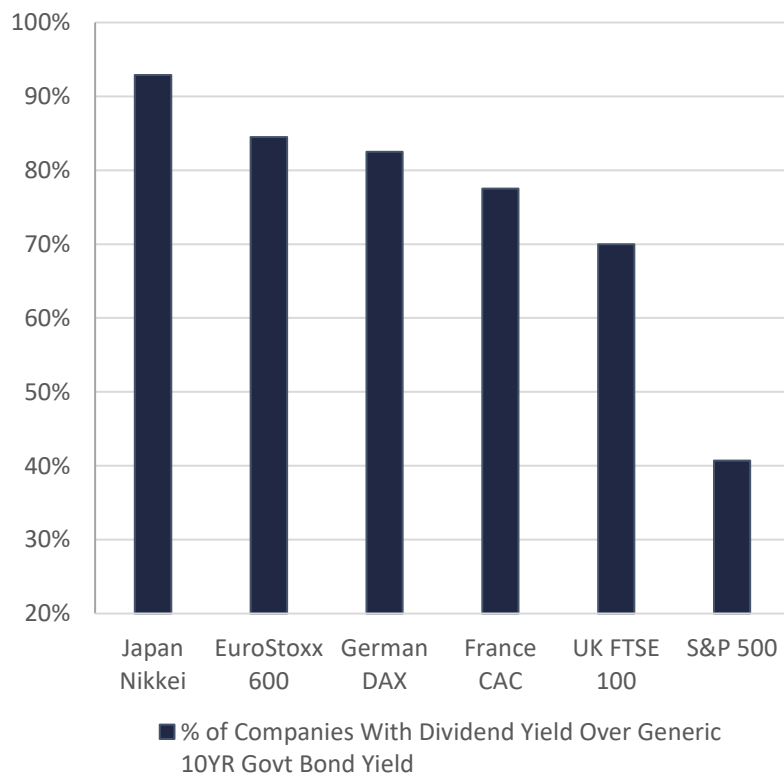
Red shaded means it is estimated to be below its 15-year average.

The world economy is expected to continue to expand but growth will be more mixed as we navigate through the next phase of the global economic cycle.

Footnotes: Data is estimates as of January 31, 2021.
Data Source: Bloomberg Finance L.P., Verdenca Capital Advisors.

GLOBAL EQUITIES

Earnings and Dividends Take Over Total Return



Expected Earnings Growth		
	2022	2023
Russell 2000 Growth	75%	40%
Russell 2500 Growth	53%	26%
Russell 2000	32%	22%
Russell 2500	23%	16%
Russell 2000 Value	21%	16%
Russell 2500 Value	17%	13%
MSCI Japan	11%	10%
MSCI Asia ex Japan	10%	10%
S&P 500	8%	12%
MSCI EM	6%	8%
MSCI EAFE	6%	8%
MSCI Europe ex UK	5%	10%
MSCI UK	1%	8%
MSCI Latin America	-7%	4%

Footnotes: Data is weekly as of February 2, 2022.
Data Source: Bloomberg Finance LP, Verdenca Capital Advisors.

With PE expansion challenged in 2022 (especially in the U.S.), investors will be more dependent on dividends and earnings growth as a portion of the total return in equities.

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