



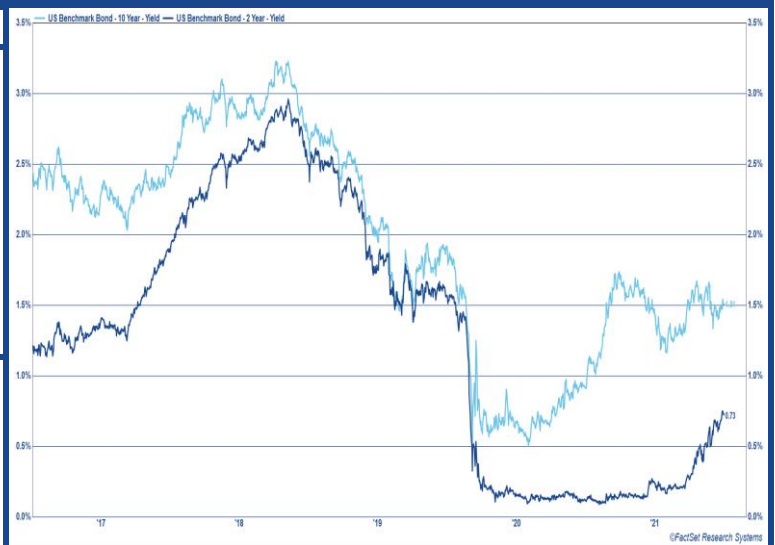
Economic & Market Commentary

US equities finished higher in December after ending mostly lower in November. The S&P 500 posted its third-best monthly performance of the year. After two months of underperformance, value stocks meaningfully outperformed growth stocks this month amid the month's backup in yields. Inflation remained a headwind, with annualized CPI posting the highest level since June 1982. Inflation was among the factors to push the Fed to accelerate its taper, from the \$15B a month pace announced in November to \$30B a month. However, the Fed impact was blunted by the expectation that monetary policy will remain accommodative on net, even as the Fed ends asset purchases and begins to hike rates in 2022, while real rates remain deeply negative. The Fed's Summary of Economic Projections also showed the median Fed projection for three rate hikes in 2022 (up from September forecast that was split on zero or one hike) and three rate hikes in 2023. As expected, The Fed also removed "transitory" in reference to inflation. Companies have warned of (more) rising input costs and labor difficulties, as well as consumers near their limit in absorbing price increases, a dynamic which could weigh on corporate profit margins. However, some economists noted that there were a number of signals this month suggesting a peaking of inflation, supply chain issues, and shortages. Finally, US COVID-19 cases hit the highest levels of the pandemic this month, rising above 580K new cases on 30-Dec and more than doubling the previous record high. However, the market impact has been somewhat muted as infections have been more mild than previous waves. The CDC also shortened its isolation policy for those infected by COVID from 10 days to five as long as those people are no longer experiencing symptoms. The shorter quarantine period will allow people to return to work sooner, potentially helping reduce disruptions that might further snarl supply chains.

Index Total Returns - December 31, 2021

	1-Wk	YTD	1-Yr
S&P 500	0.87	28.71	28.71
S&P 400	1.69	24.76	24.76
NASDAQ	-0.05	22.18	22.18
Dow Jones	1.08	20.95	20.95
Russell 2000	0.21	14.82	14.82
MSCI-Developed	0.89	11.26	11.26
MSCI-Emerging	1.04	-2.54	-2.54
Barclay's U.S. Bond Index			
High Yield	0.22	5.28	5.28
Municipal	0.05	1.52	1.52
5-year Muni	0.04	0.34	0.34
Int. Gov. Credit	0.06	-1.44	-1.44
Aggregate	0.16	-1.54	-1.54

10-Year and 2-Year Treasury Yields



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	0.38	0.28	0.10
U.S. 2-Yr	0.73	0.69	0.12
U.S. 3-Yr	0.96	0.97	0.17
U.S. 5-Yr	1.26	1.24	0.36
U.S. 10-Yr	1.51	1.49	0.92
U.S. 30-Yr	1.90	1.91	1.65

S&P 500 Sector Total Returns - December 31, 2021

Sector	1-Wk	YTD	1-Yr
Energy	1.08	54.64	54.64
Real Estate	3.80	46.19	46.19
Financials	0.60	35.04	35.04
Info Tech	0.47	34.53	34.53
Materials	2.65	27.28	27.28
Health Care	1.14	26.13	26.13
Consumer Discretionary	0.42	24.43	24.43
Communication Services	-0.79	21.57	21.57
Industrials	1.80	21.12	21.12
Consumer Staples	2.51	18.63	18.63
Utilities	2.66	17.67	17.67

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	0.94	0.95	0.75
U.S. AA	1.01	1.02	0.88
U.S. A	1.26	1.27	1.33
U.S. Baa	1.55	1.56	2.04
U.S. Municipal	1.11	1.12	1.07
Michigan	1.20	1.21	1.14

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.13	16.85	1.20
S&P 400 - Mid Cap	15.87	15.57	1.12
S&P 600 - Small Cap	14.85	16.14	1.08