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**Fourth Quarter 2021 Weather(ly) Report  
 January 2022**

Key trends emerged in 2021 and we expect many to persist into 2022. The trifecta of an unpredictable pandemic, rising interest rates and inflation alongside shifting Federal Reserve and worldwide Central bank policies continues to create implications for global economies and real growth for businesses and investors.

U.S. stocks returned a third year of double digit returns with real estate, energy and financial sectors as some of the top performers. The S&P returns derived 37% from five largest components (Facebook, Amazon, Apple, Microsoft & Google.) On a price only basis, the S&P 500 returned 26.89%, Mid-cap 400 23.21%, Euro Stoxx 20.44%, and Russell 2000 13.70%. COMEX Gold was off 3.47% for 2021.

Based on data from both ADP and the US Labor Department, U.S. employers added jobs at a faster than anticipated rate in 2021, which helped with some worker shortages in an overall tight labor market. The sectors of Leisure and Hospitality, hardest hit during the pandemic, accounted for a third of the jobs in December 2021. Structural changes to labor also formed as many baby-boomers retired from the work force during the pandemic. Hybrid and remote work forces remained in place as the Omicron variant surged, causing many companies to revisit “return-to-office” plans.

The Federal Reserve’s evolving stance on liquidity easing surrounding bond buying and 3 potential rate hikes in 2022 continued to flatten the U.S. Treasury yield curve with 2-year yields ending the year at .73% and 10-year yields at 1.51%. 30-year mortgages ended the year near historical lows at 3.11%. The interest rate environment created the unique opportunity for individuals, businesses, and municipalities to re-align their debt-to-equity ratios. Municipal bonds delivered 1.76% for 2021 due to increased demand and lower supply. Meanwhile TIPS returned 5.96% for 2021. Throughout 2021, Weatherly utilized a myriad of high-quality, short-term, fixed income ETFs, funds, and individual securities to offer clients ample returns above money market funds and to avoid the negative returns provided by longer-term, lower quality fixed income.

On the equity side, we continued our two-pronged approach by investing primarily in individual stocks and exchange-traded funds in emerging themes (cybersecurity, biotech, health care and diagnostics, cloud-based businesses) coupled with domestic and developed market companies with stable earnings growth, dividends, and specific sector exposures appropriate for the new environment (home remodel, trash, consumer staples, oil, and water).

“Top Ten” Holdings \*

- |                             |                           |
|-----------------------------|---------------------------|
| 1. Apple Inc                | 6. SPDR S&P Biotech ETF   |
| 2. Amazon.com Inc           | 7. Adobe Systems Inc      |
| 3. Microsoft Corp           | 8. Home Depot Inc         |
| 4. Netflix Inc              | 9. Waste Management Inc   |
| 5. Invesco Global Water ETF | 10. Costco Wholesale Corp |

As investors continue to seek yield and return commensurate with risk the acronym TINA (there is no alternative) drove interest in traditional investment sectors, as well as other evolving arenas: SPACs (special-purpose acquisition companies), NFTs (non-fungible tokens) and Cryptocurrencies (Bitcoin, Ethereum).

Weatherly’s two core competencies of planning and investments created an onslaught of opportunities for our clients during 2021. Our team worked with clients to review their specific options surrounding Qualified Charitable Distributions, Minimum Required Distributions, Donor Advised Funds, concentrated stock positions, gifting to family via intrafamily loans, gifting to 529s, Irrevocable Trusts, Family Limited Partnerships, and many other strategies. During this process, we had dialogues with clients’ trusted professionals such as estate attorneys, CPAs, and respective business partners as appropriate.

We look forward to collaborating with our clients and their respective professionals into 2022. As pending changes in Federal and State tax codes and estate tax exclusions create uncertainty, opportunities exist in our core competencies to help our clients meet their family, business, and community goals and needs.

“To live a fulfilled life, we need to keep creating the ‘what is next,’ of our lives” – Mark Twain

We are excited to see what is next for our client’s families, their businesses, and communities and to thematic investment and planning opportunities in 2022.

**\*Please see reverse side**

**-The Weatherly Crew**

**\* TOP TEN DISCLOSURE**

“Top Ten” holdings consist of Weatherly’s largest stock positions as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account’s portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings.

	<u>WAM</u> <u>Equity**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Equity</u> <u>(net fee)</u>	<u>S&amp;P</u> <u>500t</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM</u> <u>Fixed**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Fixed (net</u> <u>fee)</u>	<u>Merrill</u> <u>Lynch 1-3</u> <u>year</u>	<u>WAM</u> <u>Balanced**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Balanced</u> <u>(net fee)</u>	<u>Blended</u> <u>Benchmark</u>
2004	14.70%	13.70%	10.87%	15.75%	4.05%	3.55%	0.91%			
2005	12.65%	11.65%	4.92%	11.37%	2.43%	1.93%	1.66%			
2006	16.21%	15.21%	15.78%	21.53%	4.94%	4.44%	3.95%			
2007	11.18%	10.18%	5.49%	12.18%	5.47%	4.97%	7.32%			
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.18%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
2015	4.86%	3.86%	1.38%	-1.84%	1.31%	0.81%	0.54%	3.55%	2.80%	1.09%
2016	8.70%	7.70%	11.95%	8.48%	2.79%	2.29%	0.88%	6.41%	5.66%	6.33%
2017	24.52%	23.52%	21.82%	24.62%	4.49%	3.99%	0.42%	17.01%	16.26%	10.75%
2018	-1.92%	-2.92%	-4.39%	-8.93%	0.61%	0.11%	1.59%	-0.80%	-1.55%	-1.06%
2019	32.54%	31.54%	31.48%	27.30%	7.05%	6.55%	3.55%	22.85%	22.10%	17.01%
2020	30.97%	29.97%	18.39%	16.82%	4.35%	3.85%	3.10%	21.36%	20.61%	12.08%
2021	20.55%	19.55%	28.68%	19.04%	0.69%	0.19%	-0.55%	14.34%	13.59%	13.45%
4 <sup>th</sup> Quarter 2021	8.15%	7.90%	11.03%	6.77%	0.05%	-0.075%	-0.53%	5.75%	5.56%	5.25%
5-Year Trailing (Ann.)	20.64%	19.64%	18.45%	14.97%	3.41%	2.91%	1.61%	14.62%	13.87%	10.27%
Since Inception (Ann.)	11.31%	10.31%	11.13%	8.45%	4.65%	4.15%	3.39%	11.70%	10.95%	8.90%

Please see footnotes

**\*\* PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly’s Form ADV. For the 4<sup>th</sup> Quarter 2021, the maximum quarterly management fee is 0.25% for Weatherly’s Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined 8.57%, for 1995-2014 combined 8.54%, for 1995-2015 combined 8.31%, for 1995-2016 combined 8.29%, for 1995-2017 combined 8.91%, for 1995-2018 combined 8.39% for 1995-2019 combined 9.23%, for 1995-2020 combined, 9.96% and for 1995-2021 combined, 10.31%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 c,combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined 4.54%, for 1995-2016 combined 4.44%, for 1995-2017 combined 4.42%, for 1995-2018 combined 4.23%, for 1995-2019 combined 4.32%, 1995-2020 combined, 4.31%, and for 1995-2021 combined, 4.15%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm’s managed accounts that align with a particular strategy. Individual account performance will vary and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. “As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e. “Flash numbers”) without quarterly disclosures.” A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.