



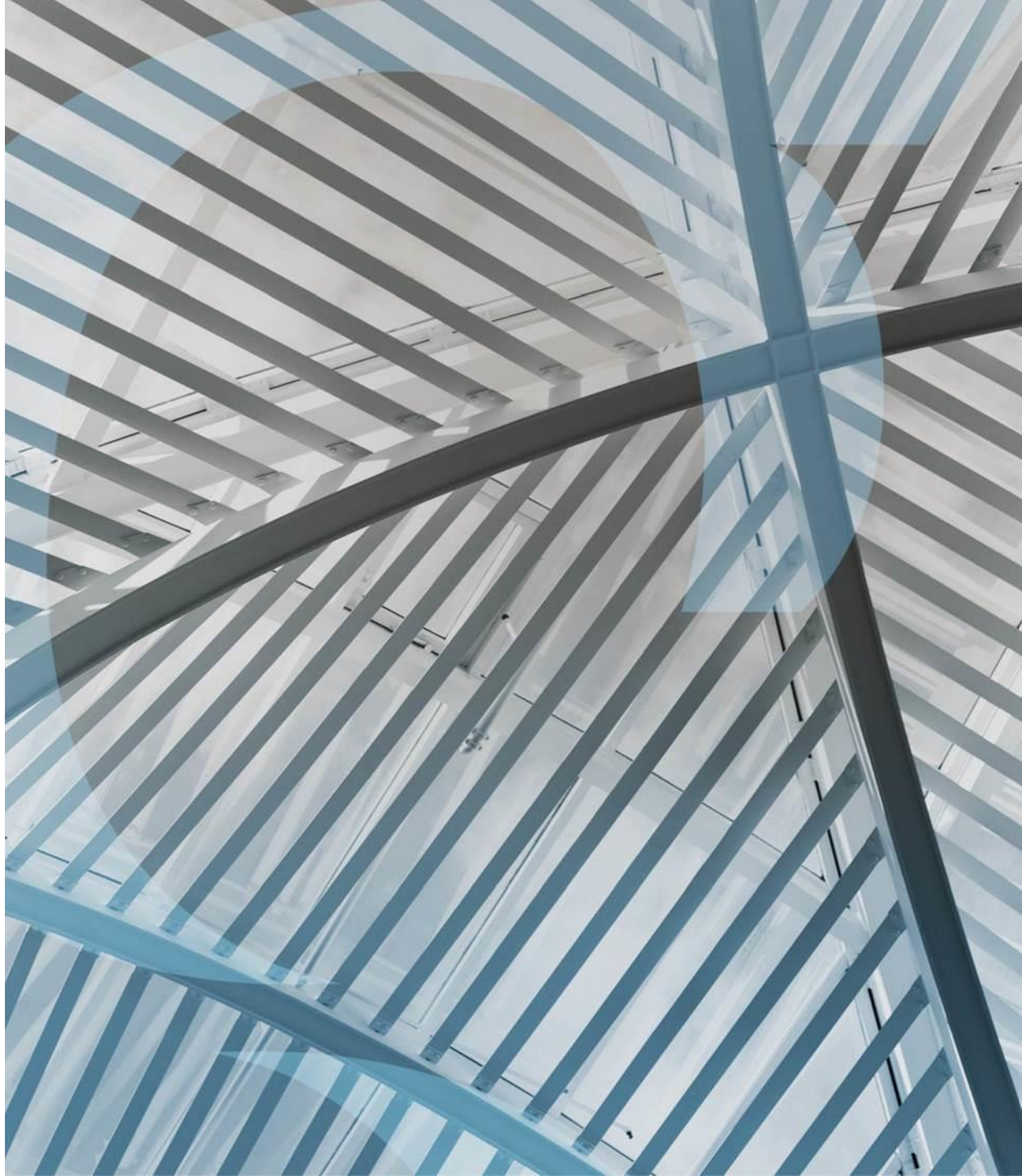
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# Chart Book

AS OF APRIL 30, 2022

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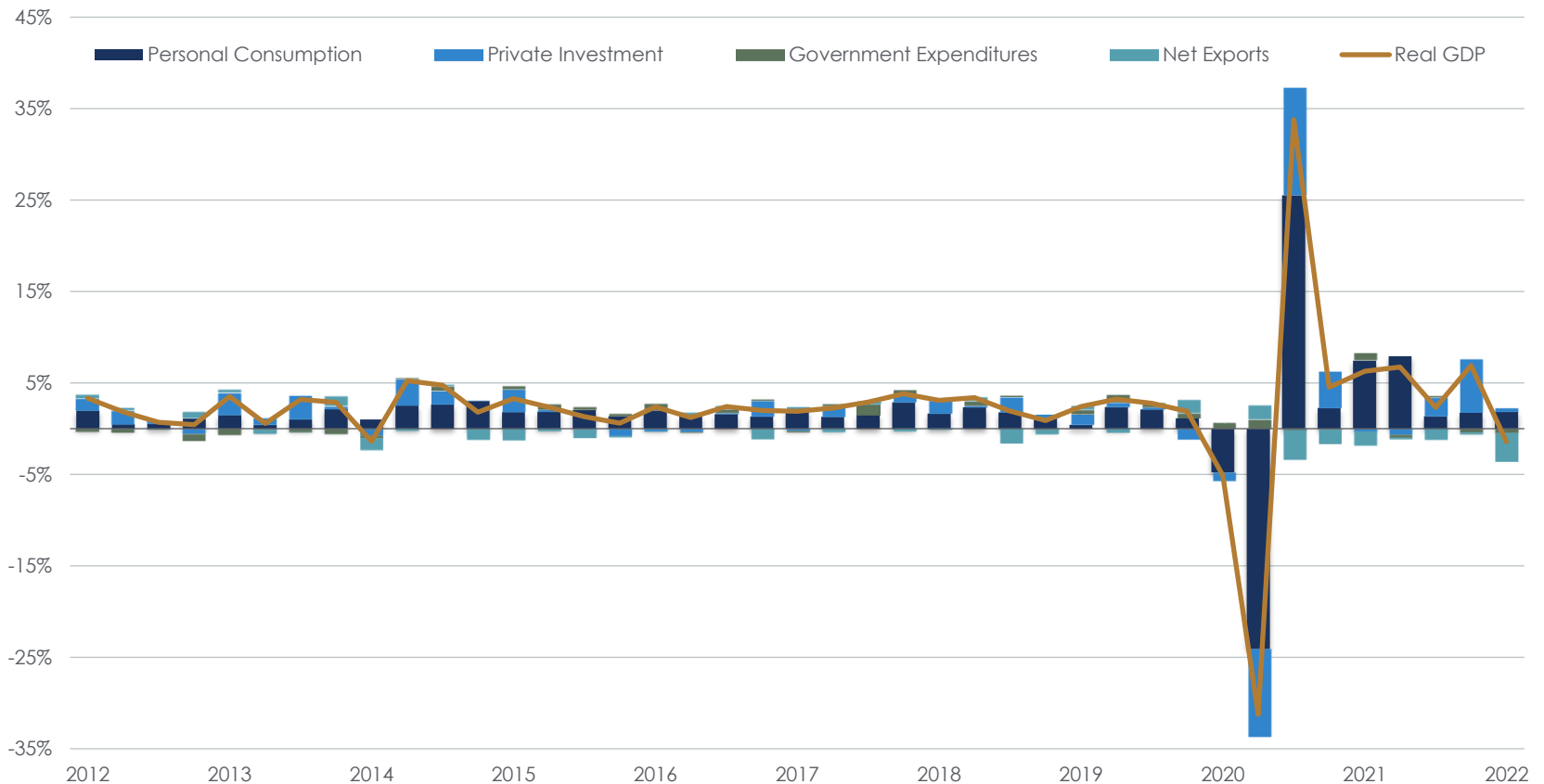
## Economic Perspective

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U.S. GDP contracted at an annual rate of 1.4% in the first three months of 2022. Several factors have come together to shrink GDP growth rates around the globe. Inflation has run at its hottest rate since the early 1980s, pressuring consumers' propensity to spend. The Russia-Ukraine war has hit global supply chains that had yet to recover from the pandemic. And more recently, a widespread COVID-19 outbreak in China has threatened to further hit supply chains and growth. According the Atlanta Fed's GDPNow model, second quarter 2022 GDP growth is estimated to be 1.8%.

# Economic Growth

Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)

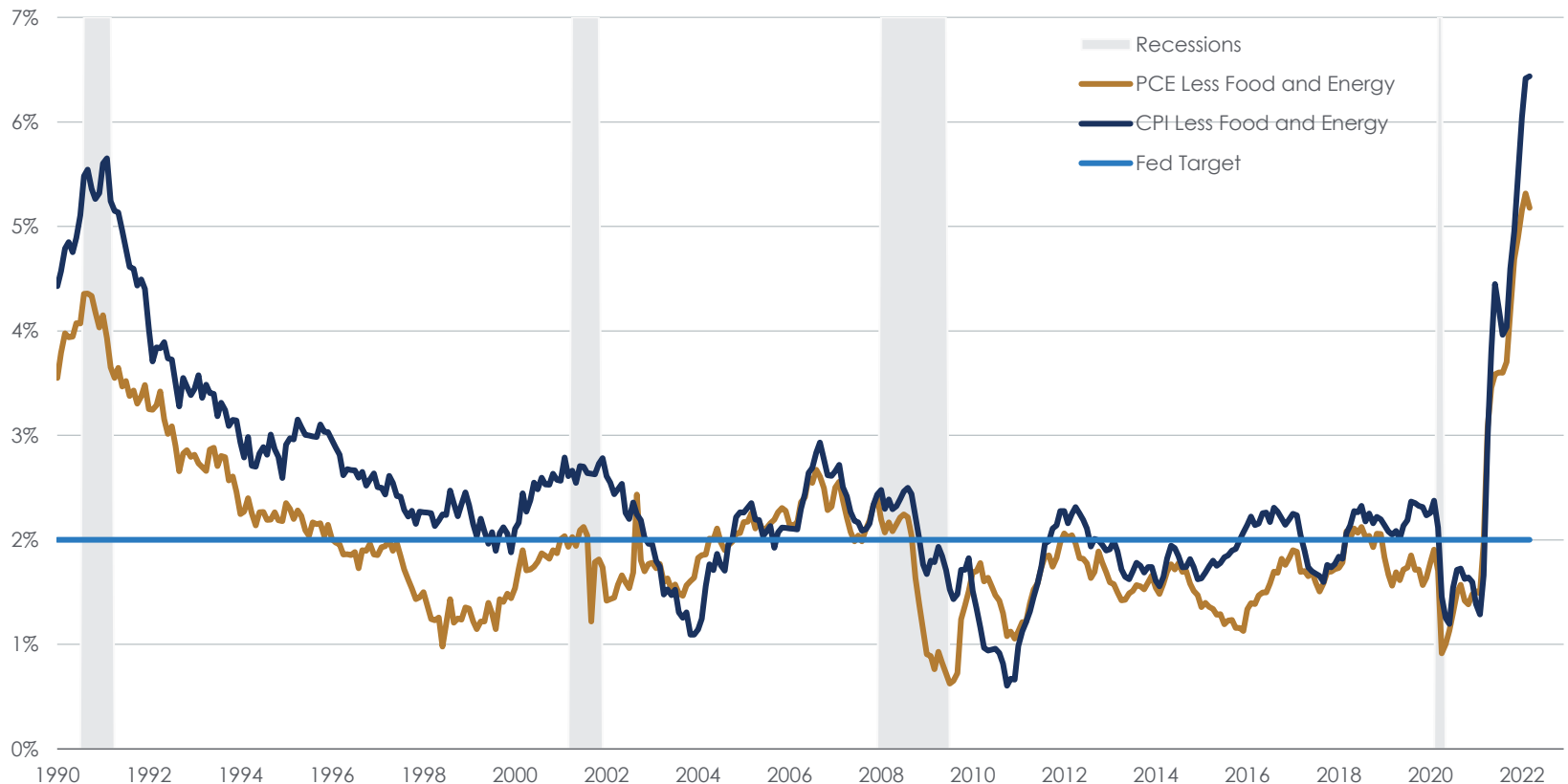


Source: U.S. Bureau of Economic Analysis (Reported quarterly)

U.S. consumer prices rose at an annual pace of 8.3% last month, more than economists' expectations and staying at a four-decade high. This underscores the urgency of the Federal Reserve's push to stamp out inflation as many Americans are now struggling to afford necessities including food, shelter and fuel. Although the consumer price index moderated for the first time in eight months — it was a step down from the 8.5% increase recorded in March — it was slightly higher than economists' expectations of an 8.1% rise.

## Inflation Outlook

Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)

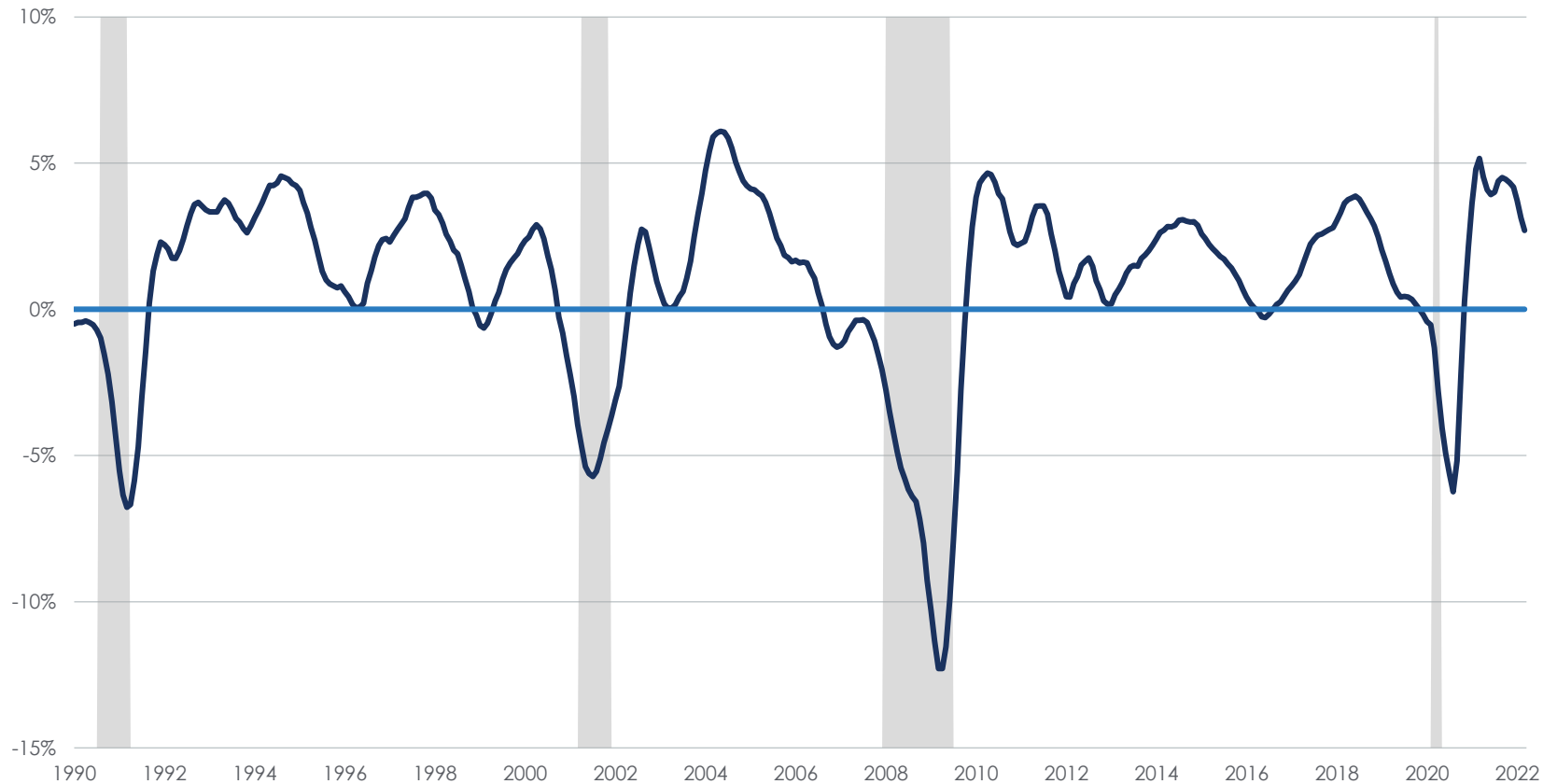


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

The US LEI rose again in March despite headwinds from the war in Ukraine. This signals economic growth is likely to continue through 2022 and The Conference Board projects 3.0% year-over-year U.S. GDP growth in 2022. However, downside risks remain to GDP growth in the form of intensifying supply chain disruptions, high inflation, the Russia-Ukraine conflict, tightening monetary policy and persistent labor shortages.

## U.S. Economic Outlook

Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)

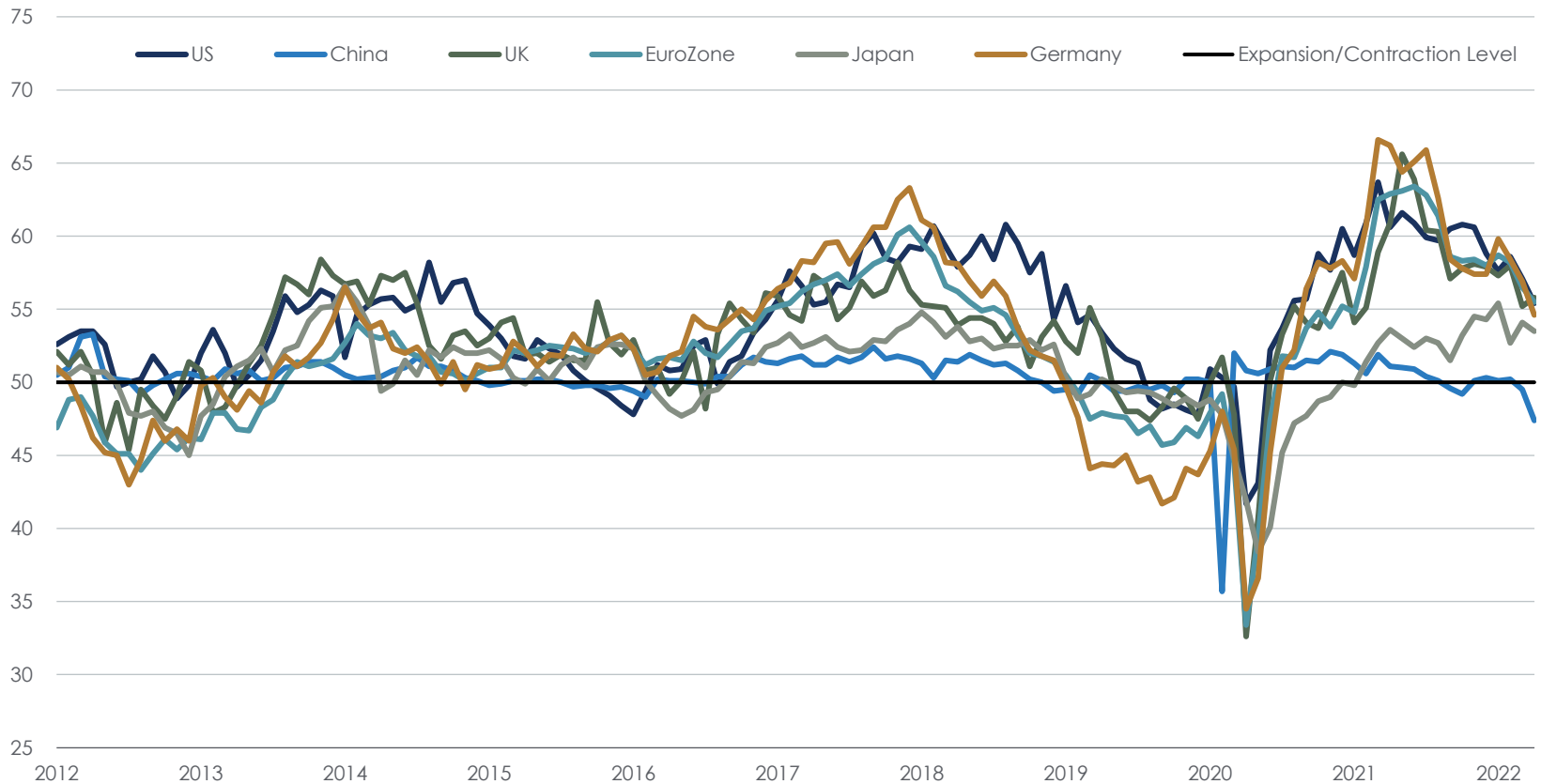


Source: Conference Board (Reported monthly)

April saw the PMI Output Index drop to its lowest level in two years, signaling a sizeable drop in the growth momentum of the global economy. However, much of the weakness was focused in China while outside of China the PMI's showed a much smaller drop. A lockdown-driven downturn in China, the war in Ukraine, supply chain disruptions and rising inflationary pressure have sapped vigor from the upturn.

## Global Economic Outlook

Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)

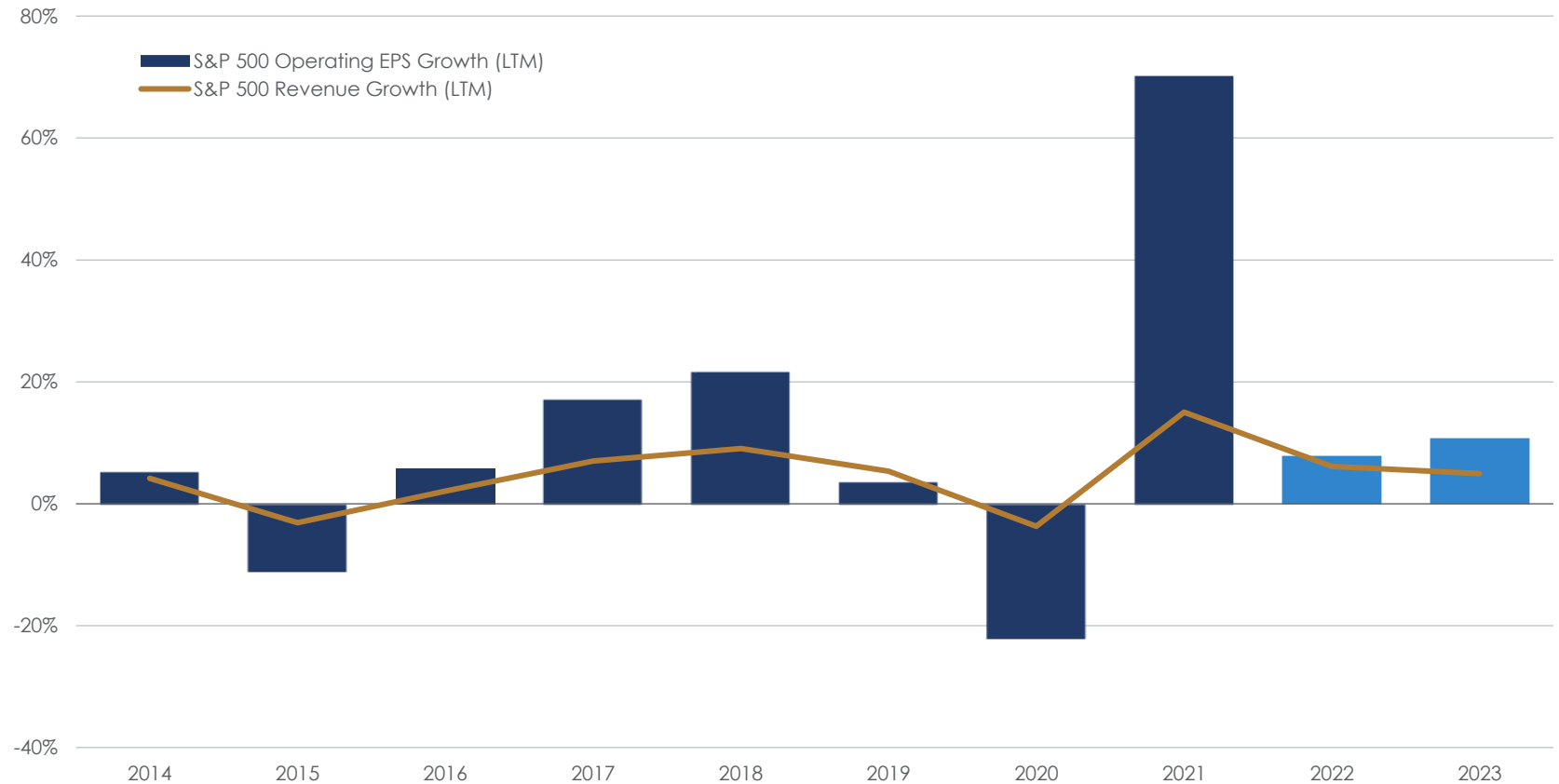


Source: ISM, Markit

According to FactSet, the bottom-up target price target for the S&P 500 is 5170, which is 28.5% above the closing price of 4024. At the sector level, the Consumer Discretionary (+48.2%) and Communication Services (+43.0%) sectors are expected to see the largest price increases. On the other hand, the Consumer Staples (+11.3%) and Utilities (+13.0%) sectors are expected to see the smallest price increases.

## Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)

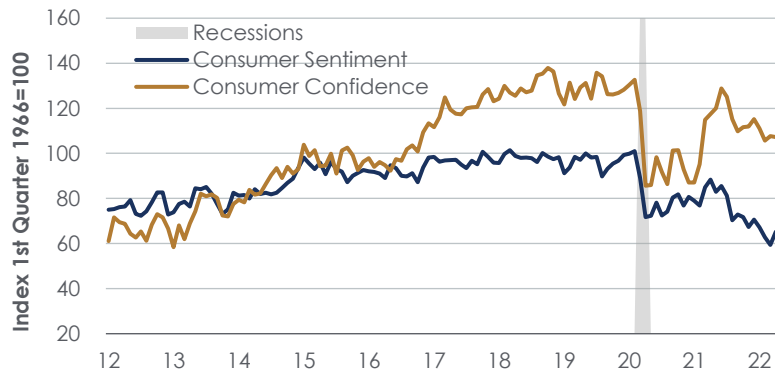


Source: S&P Dow Jones Indices (Reported monthly)

Consumer confidence fell slightly in April. While still weak, consumer expectations did not deteriorate further amid high prices and the war in Ukraine. Consumer purchasing intentions are down from recent levels as interest rates have begun rising. Meanwhile, concerns about inflation retreated from an all-time high in March but remained elevated. Looking ahead, inflation and the war in Ukraine will continue to pose downside risks to confidence and may further curb consumer spending.

## Consumer Outlook

### Consumer Sentiment & Confidence Indexes



### Personal Saving Rate (Seasonally Adjusted Annual Rate)



### Disposable Personal Income (Y/Y % Change)



### Personal Consumption Expenditures (Y/Y % Change)





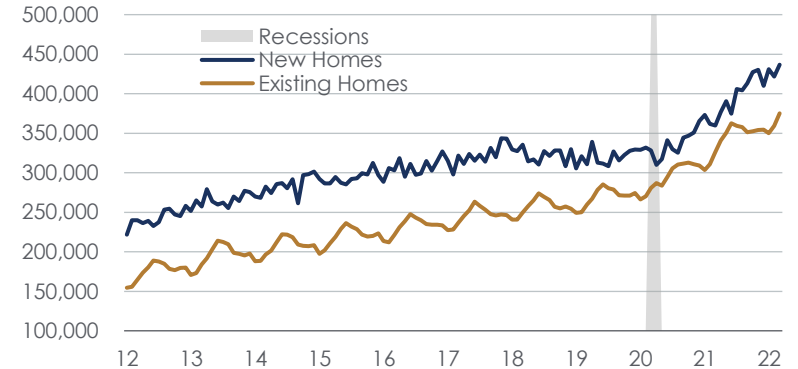
As data trickles in for April, it's becoming clear that the historically hot housing market has flipped trajectories. It's now in cooling mode. The number of homes listed for sale is rising again. Fewer shoppers are scheduling tours. And Redfin reports 15% of home sellers in April cut their asking price - up from 9% a year ago. While economists do not expect a collapse, rising mortgage rates and inventory are sure to cool what has been an unprecedented run for the U.S. housing market.

# Housing Market Outlook

Housing Affordability (higher = more affordable)



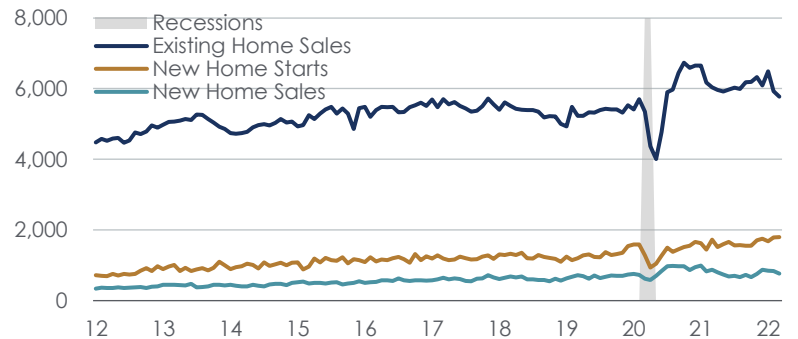
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



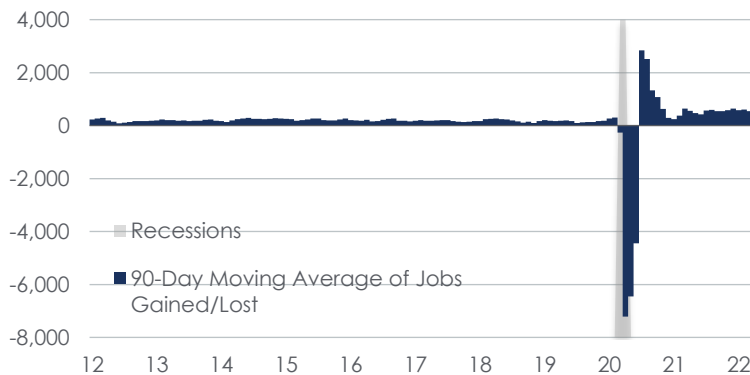
Housing Starts, Existing Home Sales and New Home Sales (000's)



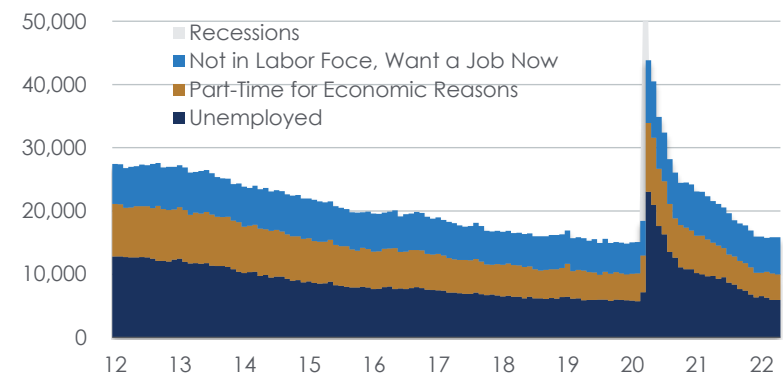
The U.S. added 428,000 new jobs in April and the unemployment rate was unchanged at 3.6%. The size of the labor force, meanwhile, shrank in April for the first time in seven months in a sign of how difficult it is for companies to find workers. The April employment report won't have any sway in the Federal Reserve's plan to raise interest rates sharply this year. Although one of the Fed's two mandates is to foster a strong jobs market, they are worried that a persistent labor shortage will drive up wages too much and add to intense inflationary pressures already squeezing the economy.

## Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate





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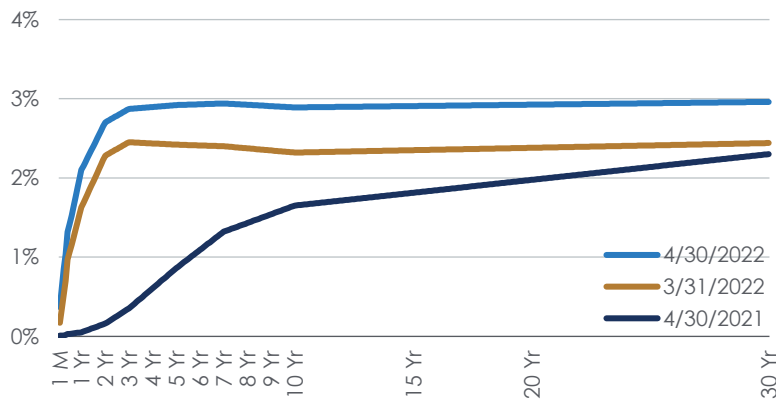
## Bond Market Perspective

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Fixed income assets suffered losses in April as investors attempted to navigate the headwinds stemming from the Fed's hawkish policy measures to combat inflation and the commodity market pressures resulting from the European geopolitical conflict. U.S. aggregate bonds fell 3.8% amid rising yields as the index experienced its worst monthly decline since February 1980. Declines for global aggregate bonds were even more severe as the index fell 6.8%. The turmoil in fixed income markets is expected to continue as investors face the most aggressive Fed tightening cycle on record.

## U.S. Treasury Market

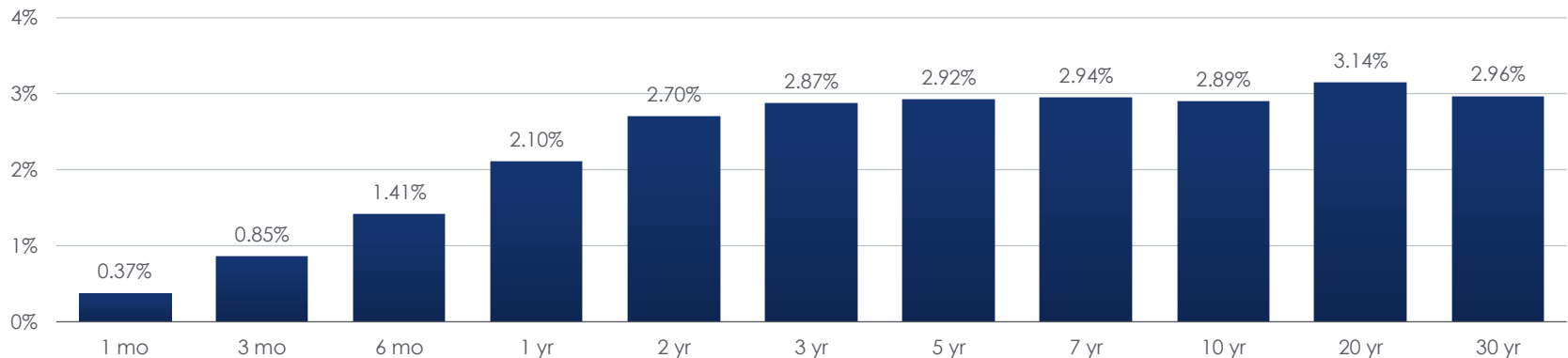
### U.S Treasury Yield Curve



### Historical U.S. 10-Year Treasury Rate

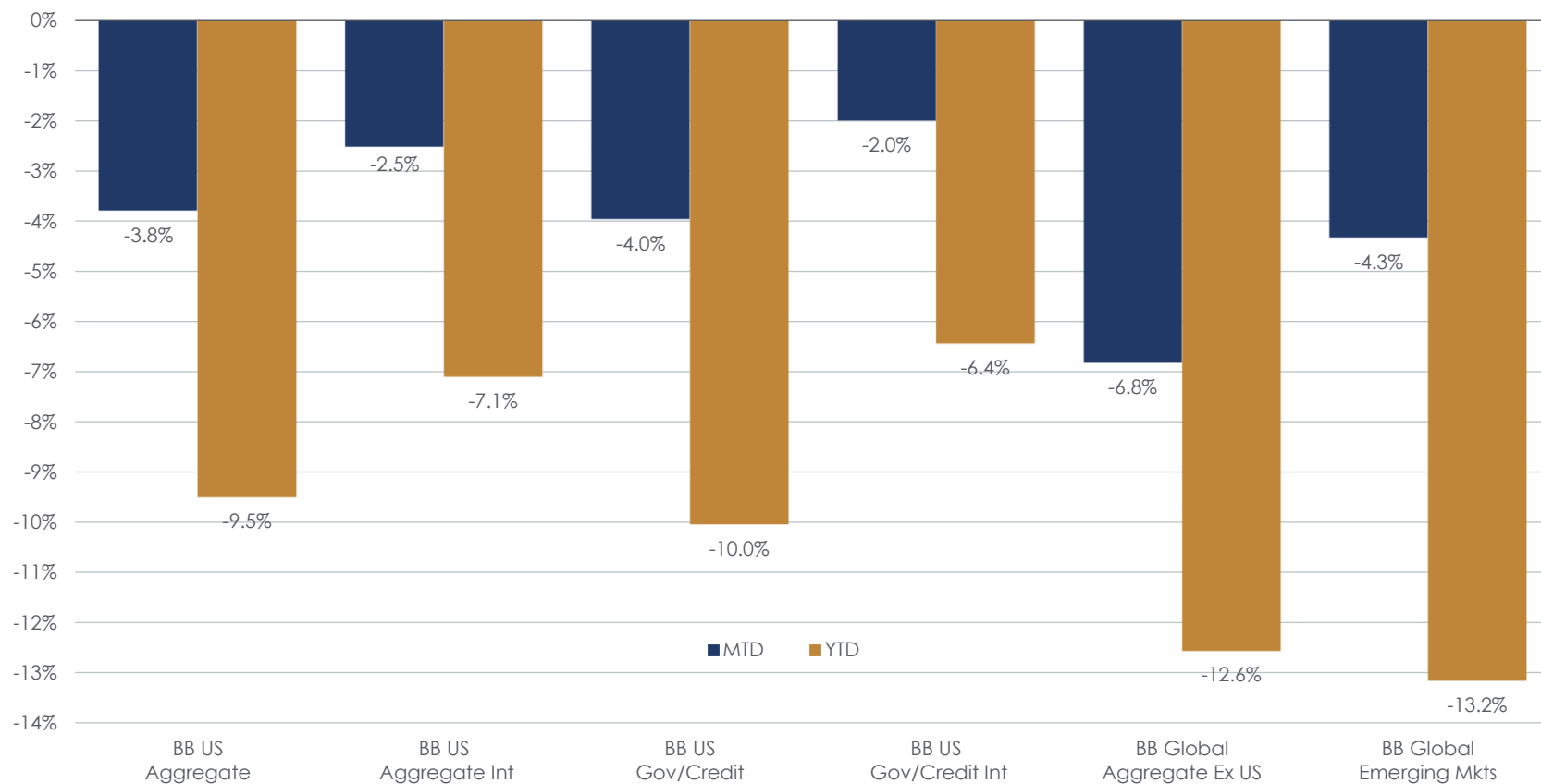


### Current U.S. Treasury Yields by Maturity



Source: U.S. Department of Treasury

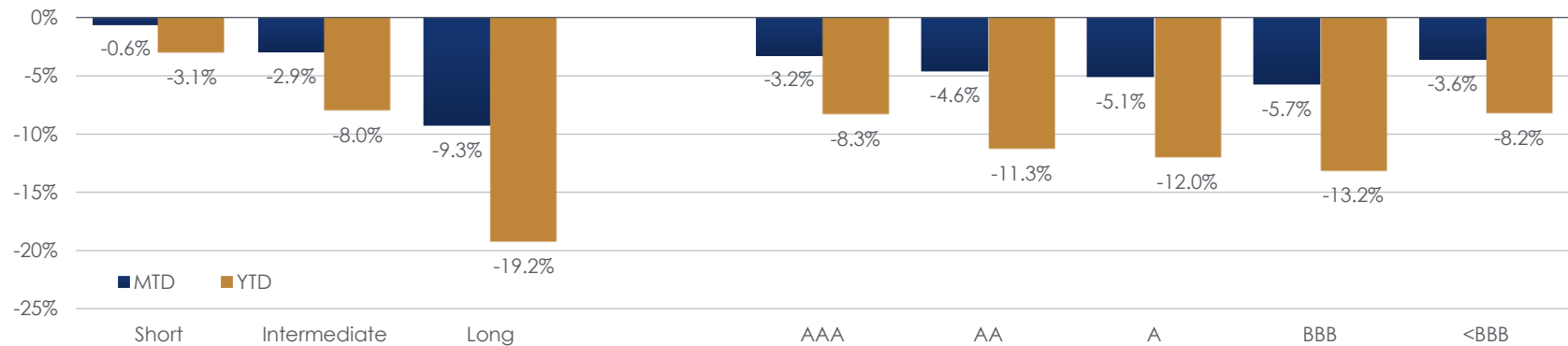
# Global Fixed Income Returns by Bellwether Index



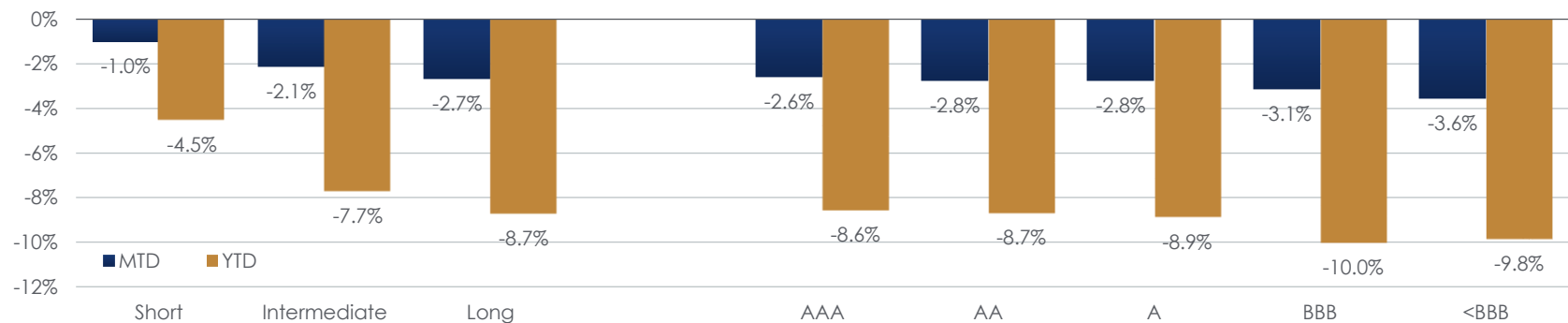
Source: Bloomberg Barclays (BB)

# Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable



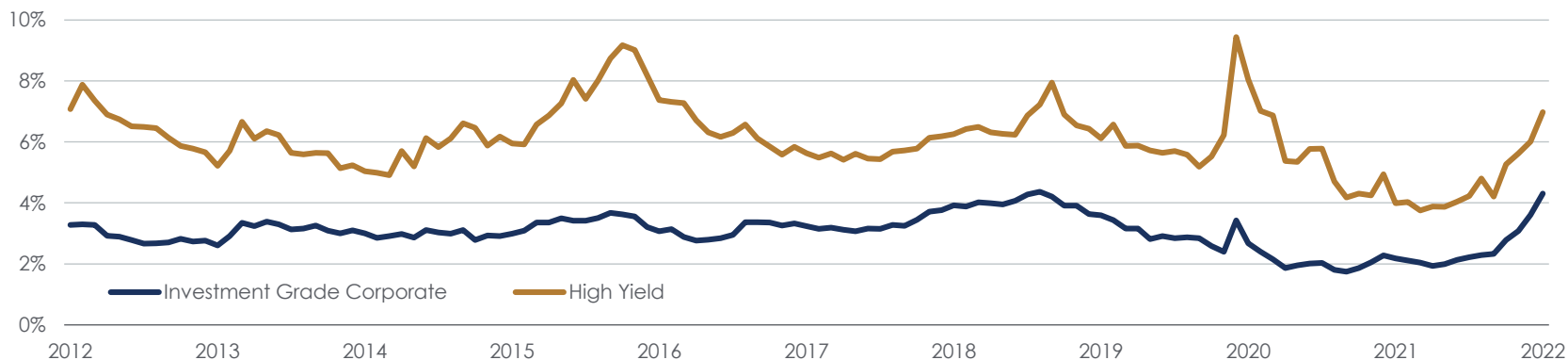
Domestic Bond Market - Municipal



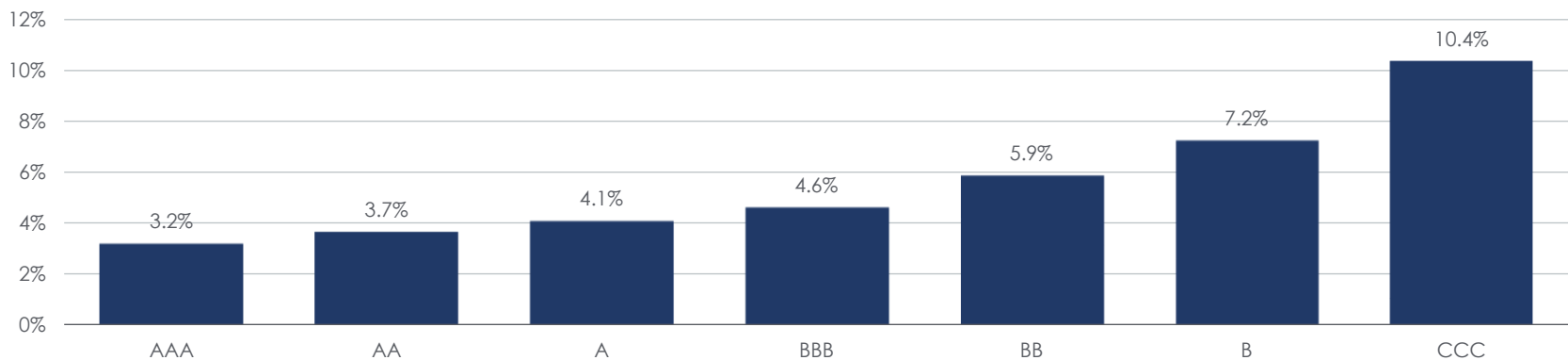
Short is defined as 1-3 years for taxable and 3 years for municipal, Intermediate is 5-7 years for taxable and 6-8 years for municipal, Long is 10+ years for taxable and 8-12 years for municipal. Source: Bloomberg Barclays Aggregate Bond Index (taxable bond market) and Bloomberg Barclays Municipal Index (municipal bond market).

# Domestic Corporate Bond Yields

Historical Corporate Bond Market Yield to Worst



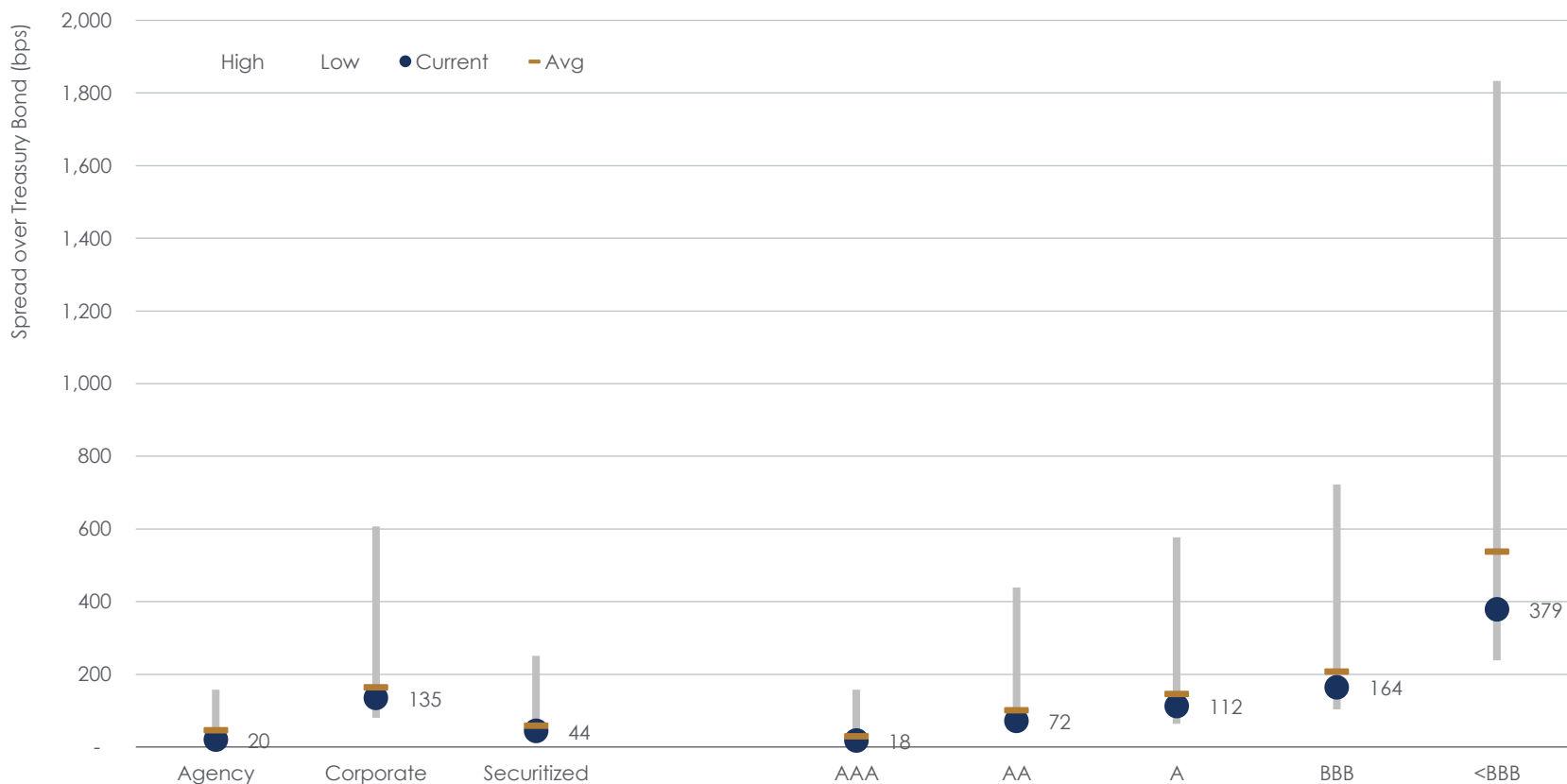
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

# Domestic Taxable Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays





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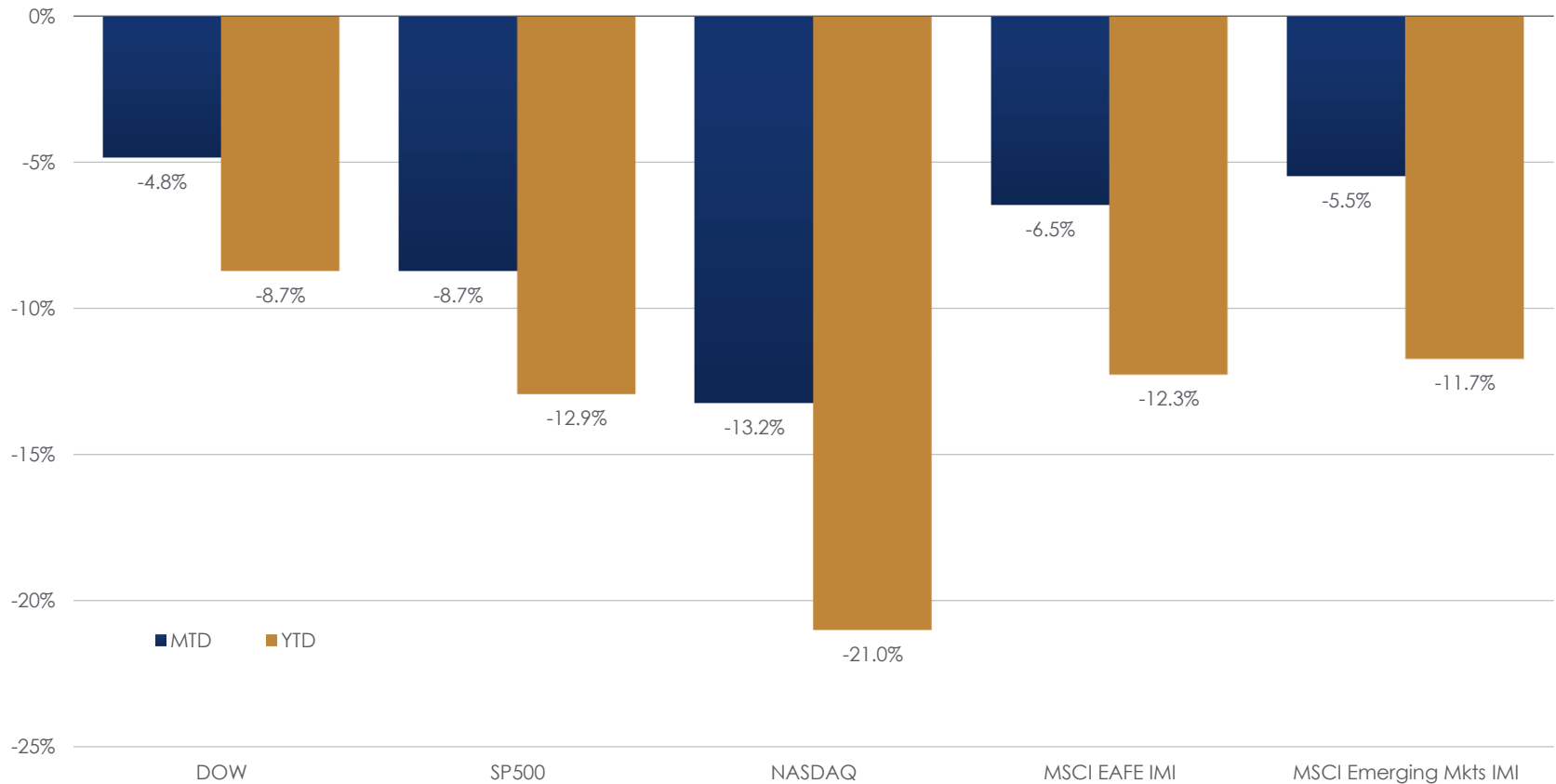
## Equity Market Perspective

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Equity markets resumed the downward trend in April. Consternation over inflation, trepidation over a policy mistake by the Federal Reserve and resignation of an extended conflict in Ukraine all combined to produce an unusually weak April. The S&P 500 Index fell 8.7%. Strong valuation support and lower exposure in key sectors limited the losses in the Mid Cap Index to 7.7%. Communication Services and Consumer Discretionary sectors are dominated by the largest companies in the market and many of them underperformed during April. The value style outperformed growth.

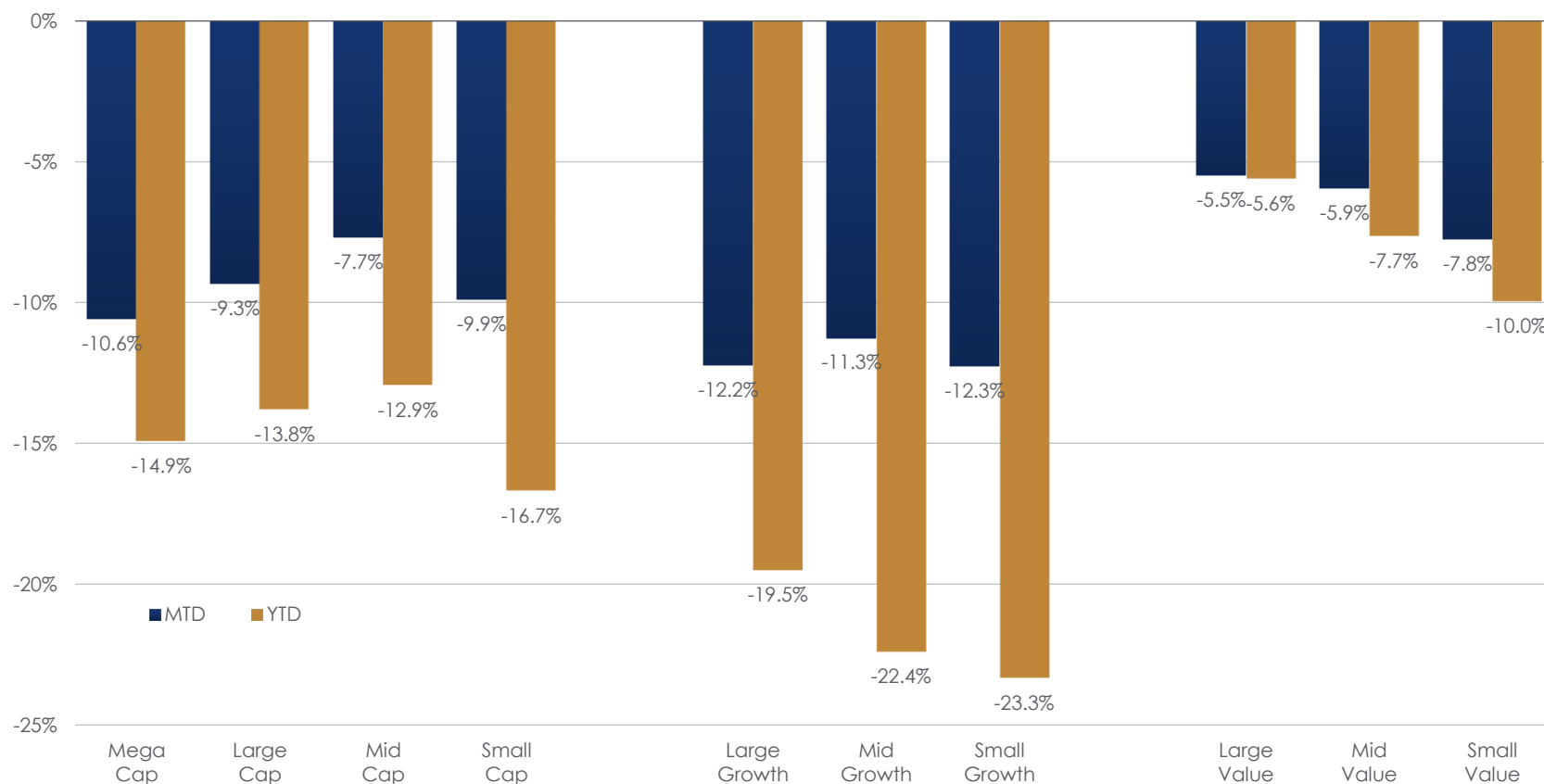
## Global Equity Returns by Bellwether Index

### Global Equity Markets



# Domestic Equity Returns by Market Cap & Style

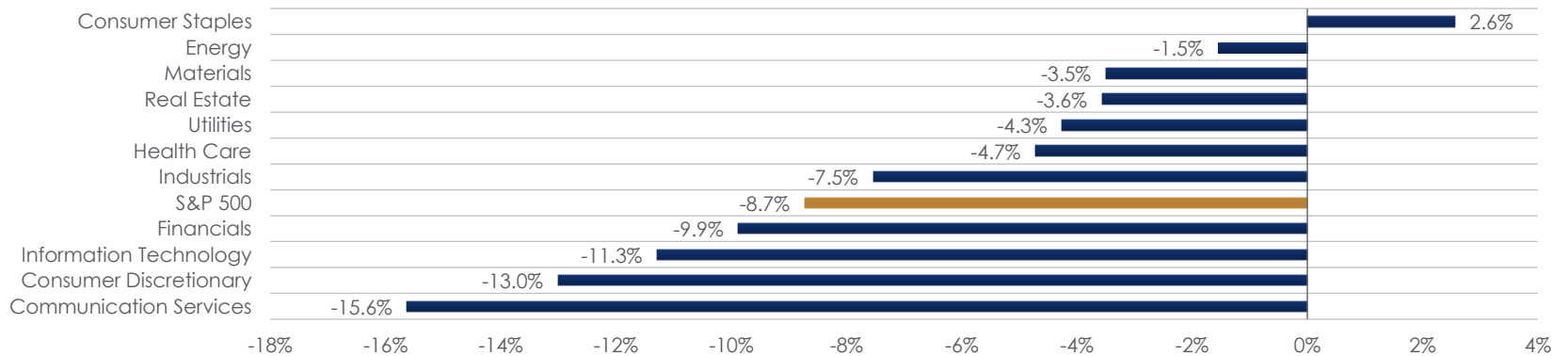
Domestic Equity Markets



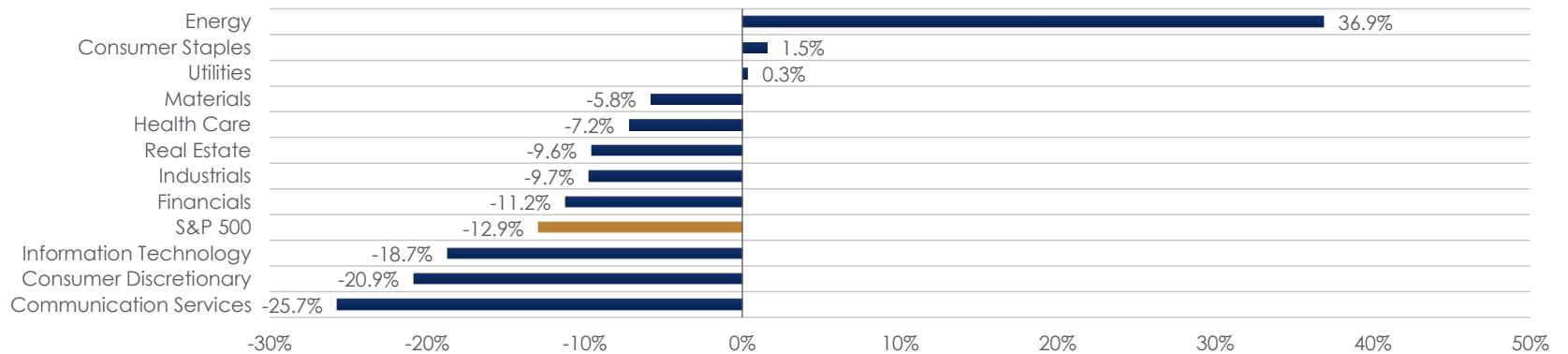
Asset classes are represented by the following benchmarks: Russell Top 50 (Mega), Russell Top 200 (Large), Russell Midcap (Mid), Russell 2000 (Small). Source: Russell

# Domestic Equity Returns by Sector

## MTD S&P 500 Returns by Sector

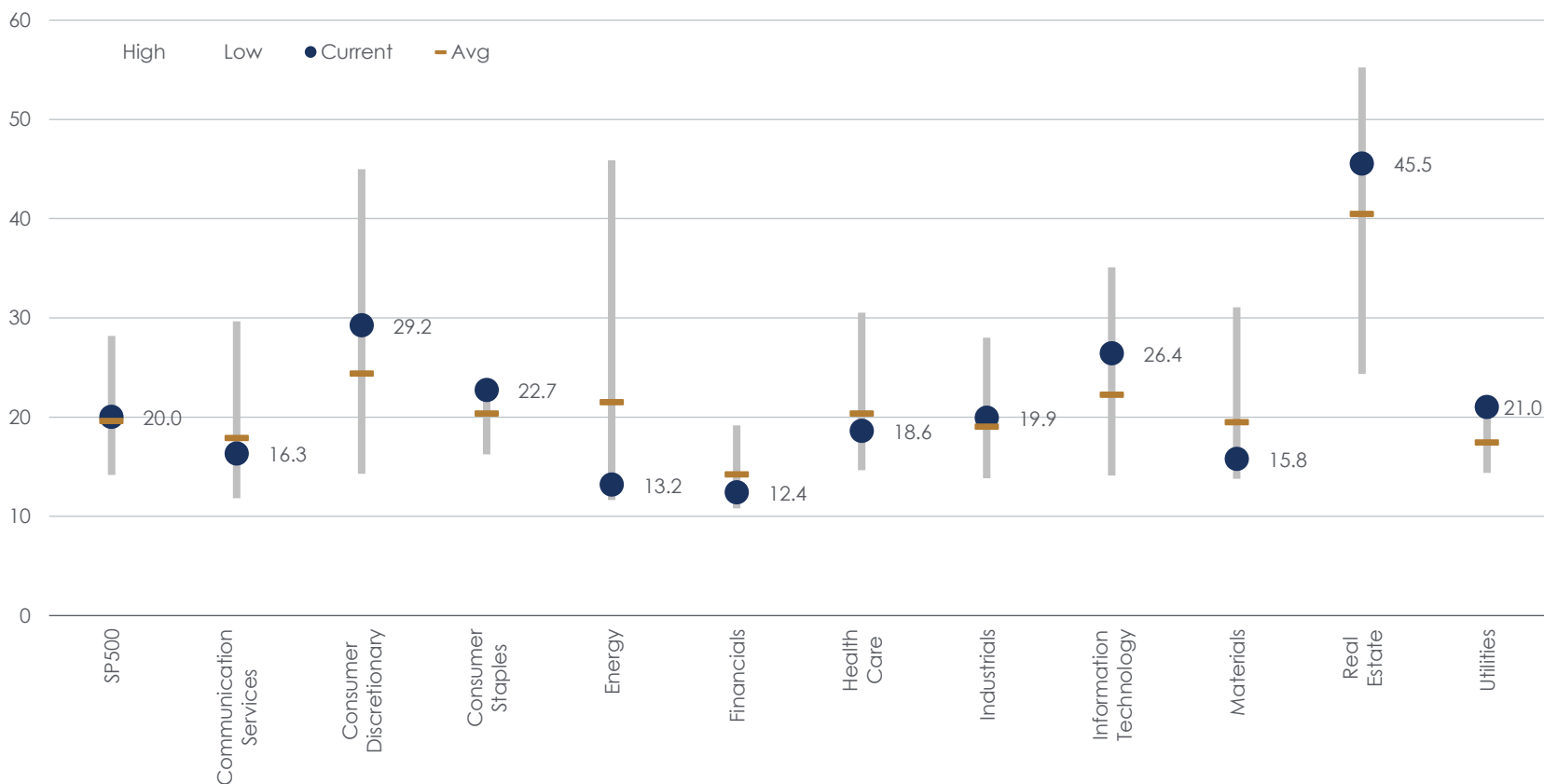


## YTD S&P 500 Returns by Sector



# Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

# Economic Indicator Descriptions

**Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.

**Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.

**Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.

**Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.

**The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.

**The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.

**Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.

**Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.

**Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.

**Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.

**Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.

**Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.

**Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.

**Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

# Benchmark Descriptions

**U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.

**U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.

**U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.

**U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

**U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.

**General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.

**Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.

**Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).

**Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.

**Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.

**Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.

**Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.

**Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.

**Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

**Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.

**Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

**Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

**Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

**Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.

**Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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