

First Quarter 2022 Investment Environment

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CANDOR ASSET ADVISORS

Agenda

- COVID-19
- Economy
- Central Bank Activity
- Investment Return Backdrop

COVID-19

COVID-19 has had a devastating impact on the world's population particularly in Europe, Latin America and the US.

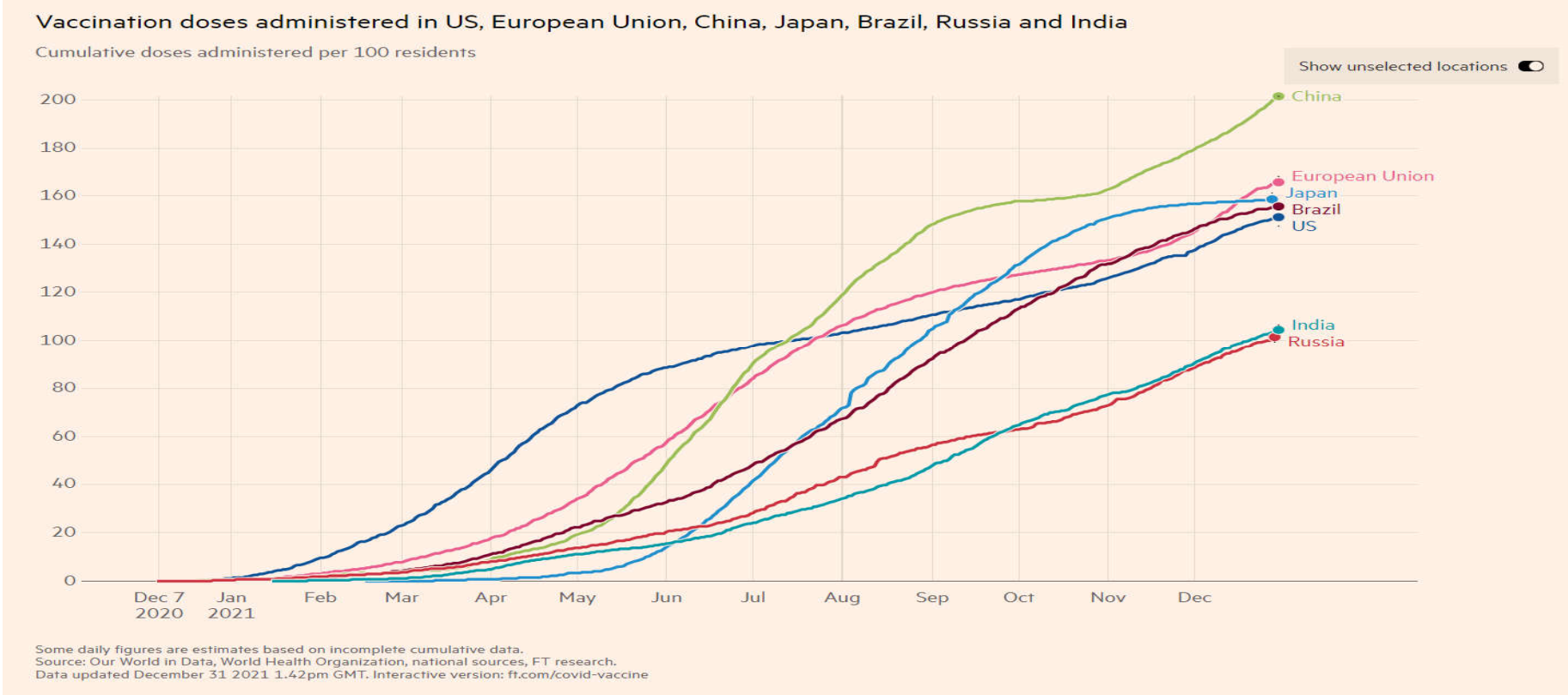
COVID-19 Deaths As of 12/30/21									
	Officially Reported Deaths	Per 100,000	Estimated Excess Deaths	Per 100,000	Vs Official Estimate	Implied Population	% of World		
							GDP	Population	
By Select Area									
United States	824,301	247.6	1,050,000	315.4	27%	332,916,397	24.5%	4.2%	
European Union	902,594	201.8	1,150,000	257.1	27%	447,271,556	21.4%	5.7%	
Japan	18,389	14.6	12,050	9.6	-34%	125,952,055	5.8%	1.6%	
Canada	30,328	79.7	17,500	46.0	-42%	38,052,698	1.9%	0.5%	
South Korea	5,563	10.8	2,000,000	3,882.8	35852%	51,509,259	1.8%	0.7%	
China	4,636	0.3	825,000	53.4	17696%	1,545,333,333	16.2%	19.6%	
India	481,080	34.5	4,300,000	308.4	794%	1,394,434,783	3.3%	17.7%	
Brazil	619,249	289.4	720,000	336.5	16%	213,976,849	2.1%	2.7%	
Russia	301,791	206.8	1,050,000	719.5	248%	145,933,752	1.8%	1.9%	
By Continent									
Asia	1,258,169	26.9	8,500,000	181.7	576%	4,677,208,178		59.4%	
Africa	227,666	16.6	1,945,000	141.8	754%	1,371,481,928		17.4%	
Europe	1,526,770	203.9	2,700,000	360.6	77%	748,783,718		9.5%	
Latin America & Caribbean	1,557,798	237.5	2,300,000	350.7	48%	655,914,947		8.3%	
North America	854,629	230.4	1,100,000	296.5	29%	370,932,726		4.7%	
Oceania	4,497	10.4	5,300	12.3	18%	43,240,385		0.5%	
Total	5,429,529	69.0	16,550,300	210.4	205%	7,867,561,881			
% Of Population		0.07%		0.21%					

COVID-19 is now the 7th deadliest event in world history!

Excess deaths = The number of people who die from any cause in each time period minus the historical baseline from recent years

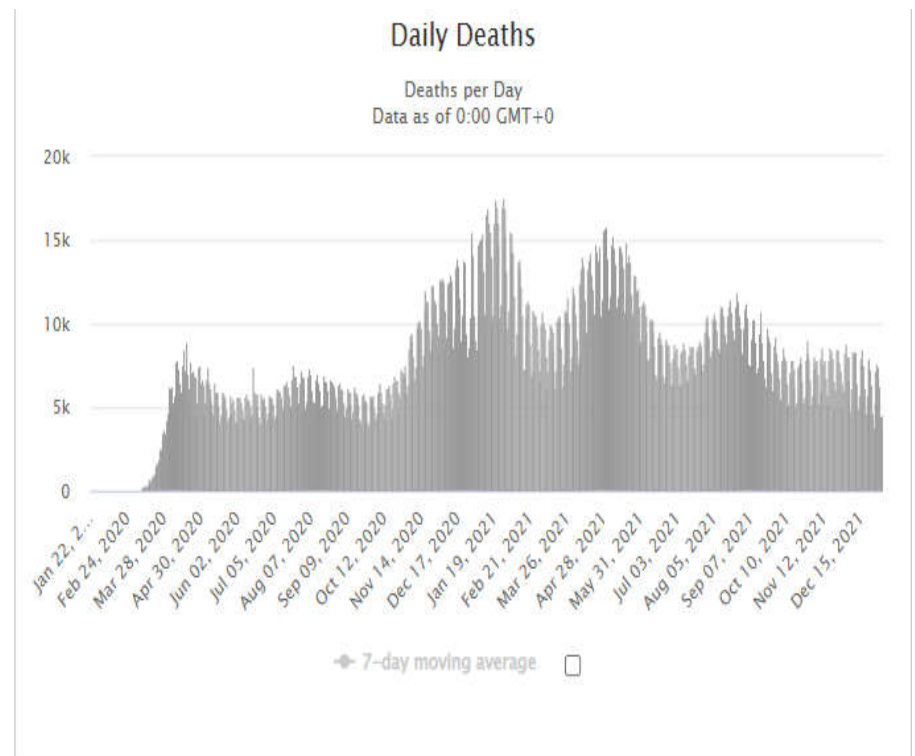
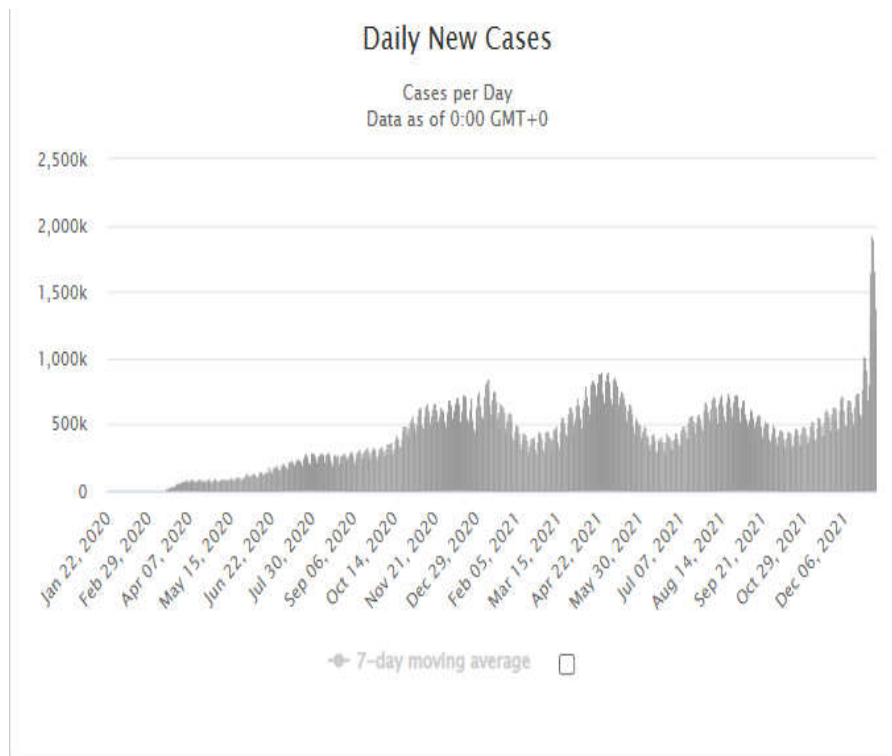
Source: *The Economist*, Wikipedia

The world has stepped up vaccinations



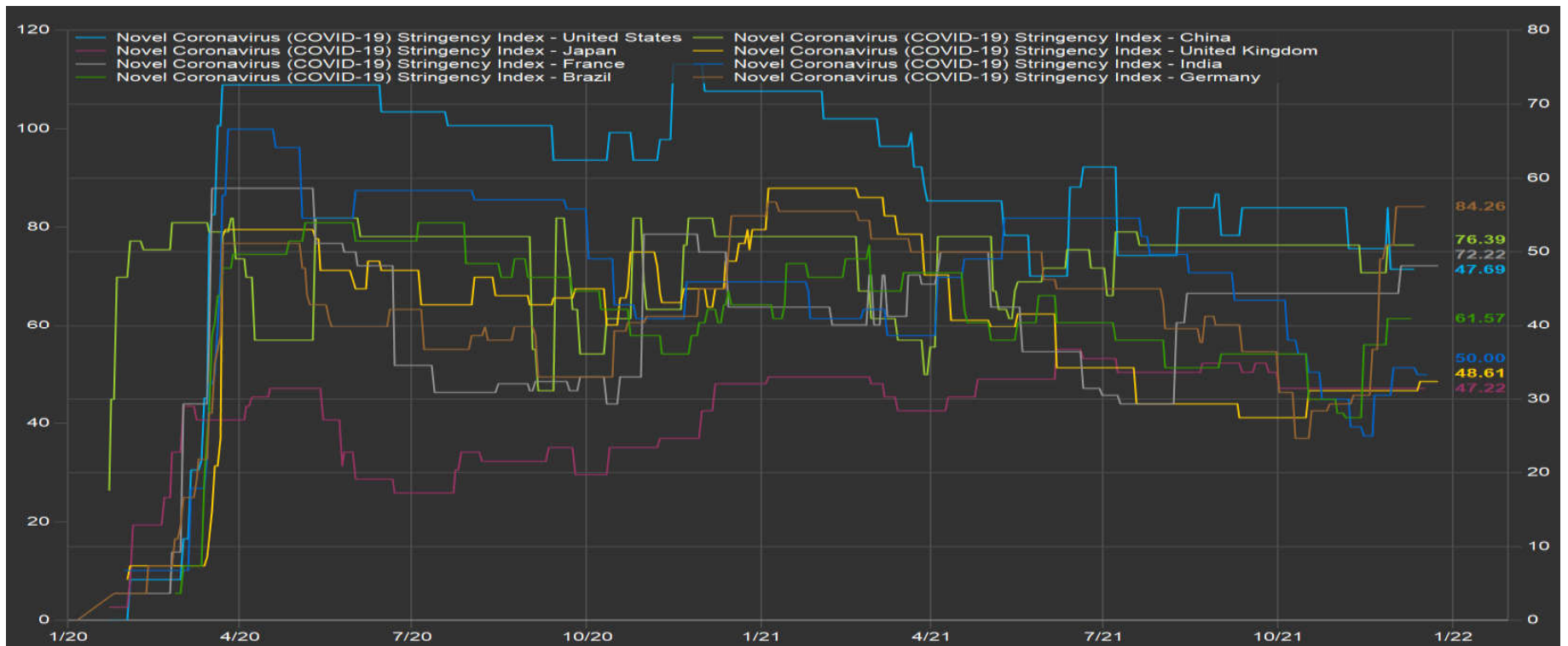
Source: *Financial Times*

New cases are up but vaccinations are helping reduce the death rate



Source: Worldometer

Governments implemented lockdowns in early 2020. Europe increased lockdowns in recent months.



Source: FactSet

Economy

World Economic Snapshot- 1

	Real Year-Over-Year GDP Growth			CPI Growth			Short Term Interest Rate			ISM Services		
	Latest Available	Previous Quarter	12 Months Ago	1 Month Ago	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago
United States	4.95%	12.23%	-2.89%	6.24%	5.38%	1.14%	0.05%	0.04%	0.09%	57.96	55.11	58.44
Eurozone	3.85%	14.38%	-4.05%	4.05%	3.36%	-0.29%	-0.90%	-0.67%	-0.69%	58.44	61.35	53.84
United Kingdom	6.79%	24.23%	-7.83%	4.21%	3.08%	0.32%	0.05%	0.03%	-0.06%	58.09	60.28	55.62
France	3.27%	18.82%	-3.60%	2.17%	1.85%	0.18%	-0.85%	-0.65%	-0.63%	55.89	57.48	49.58
Germany	2.57%	9.98%	-3.66%	4.45%	4.08%	-0.28%	-0.90%	-0.65%	-0.69%	57.44	62.64	57.79
Canada	3.97%	11.81%	-4.86%	4.58%	4.38%	0.95%	0.14%	0.14%	0.10%	57.21	57.20	55.76
South Korea	4.02%	6.01%	-0.98%	-2.14%	-2.85%	0.60%	1.13%	0.85%	0.46%	50.89	51.17	52.87
Japan	1.15%	7.28%	-5.37%	-1.77%	-1.77%	-0.88%	-0.13%	-0.12%	-0.09%	54.55	52.66	48.98
China	16.52%	19.22%	4.90%	1.37%	0.40%	-0.45%	2.15%	2.06%	2.65%	49.87	49.24	54.87
India	8.39%	20.13%	-7.44%	4.52%	4.40%	0.28%	3.56%	3.31%	3.11%	57.56	52.26	56.34
Brazil	4.00%	12.30%	-3.71%	10.67%	10.25%	4.31%	10.41%	7.73%	2.05%	49.75	53.59	63.96
Russia	7.46%	7.57%	-2.47%	8.13%	7.42%	4.46%	8.27%	6.74%	4.27%	51.71	46.52	46.33

Real GDP year-over-year growth faced easy comparisons earlier this year, but growth is still healthy. Emerging markets are leading the way.

Inflation pressures have been building in most countries

Short term interest rates remain low in most places and particularly so in developed economies

Service indices are expansionary in most markets. Developed markets are relative bright spots.

Source: FactSet

World Economic Snapshot - 2

	Long Term Rates			Unemployment Rate			Retail Sales Growth			ISM Manufacturing			
	Latest Available	3 Months Ago	12 Months Ago	2 Month Ago	3 Months Ago	12 Months Ago	2 Months Ago	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago	
United States	1.56%	1.37%	0.87%	4.60%	4.80%	6.70%	14.66%	12.33%	6.54%	58.29	61.08	56.65	
Eurozone	-0.35%	-0.19%	-0.58%	7.30%	7.40%	8.10%	-	4.23%	5.00%	-2.14%	58.44	61.35	53.84
United Kingdom	0.92%	0.72%	0.31%	-	4.20%	5.20%	2.64%	2.60%	0.60%	58.09	60.28	55.62	
France	0.10%	0.04%	-0.33%	-	8.10%	7.80%	-4.55%	0.19%	-20.66%	55.89	57.48	49.58	
Germany	-0.25%	-0.30%	-0.57%	3.30%	3.30%	4.10%	0.48%	1.86%	10.61%	57.44	62.64	57.79	
Canada	1.68%	1.28%	0.69%	6.70%	6.90%	8.60%	5.34%	4.96%	8.75%	57.21	57.20	55.76	
South Korea	2.35%	2.07%	1.61%	3.20%	3.00%	4.20%	11.35%	6.68%	-0.84%	50.89	51.17	52.87	
Japan	0.07%	0.04%	0.02%		2.80%	3.00%	0.79%	-0.49%	1.19%	54.55	52.66	48.98	
China	2.93%	2.88%	3.28%	2.70%	5.00%	4.24%	4.87%	4.36%	3.73%	49.87	49.24	54.87	
India	6.32%	6.21%	5.89%	-	-	-	-	-	-	57.56	52.26	56.34	
Brazil	11.90%	11.11%	7.97%	-	12.60%	14.40%	6.66%	7.58%	14.56%	49.75	53.59	63.96	
Russia	8.16%	7.02%	5.83%	-	4.30%	6.10%	14.16%	15.03%	3.02%	51.71	46.52	46.33	

Long term rates have increased but remain near historic lows in most places. Emerging market rates are noticeably higher than developed markets.

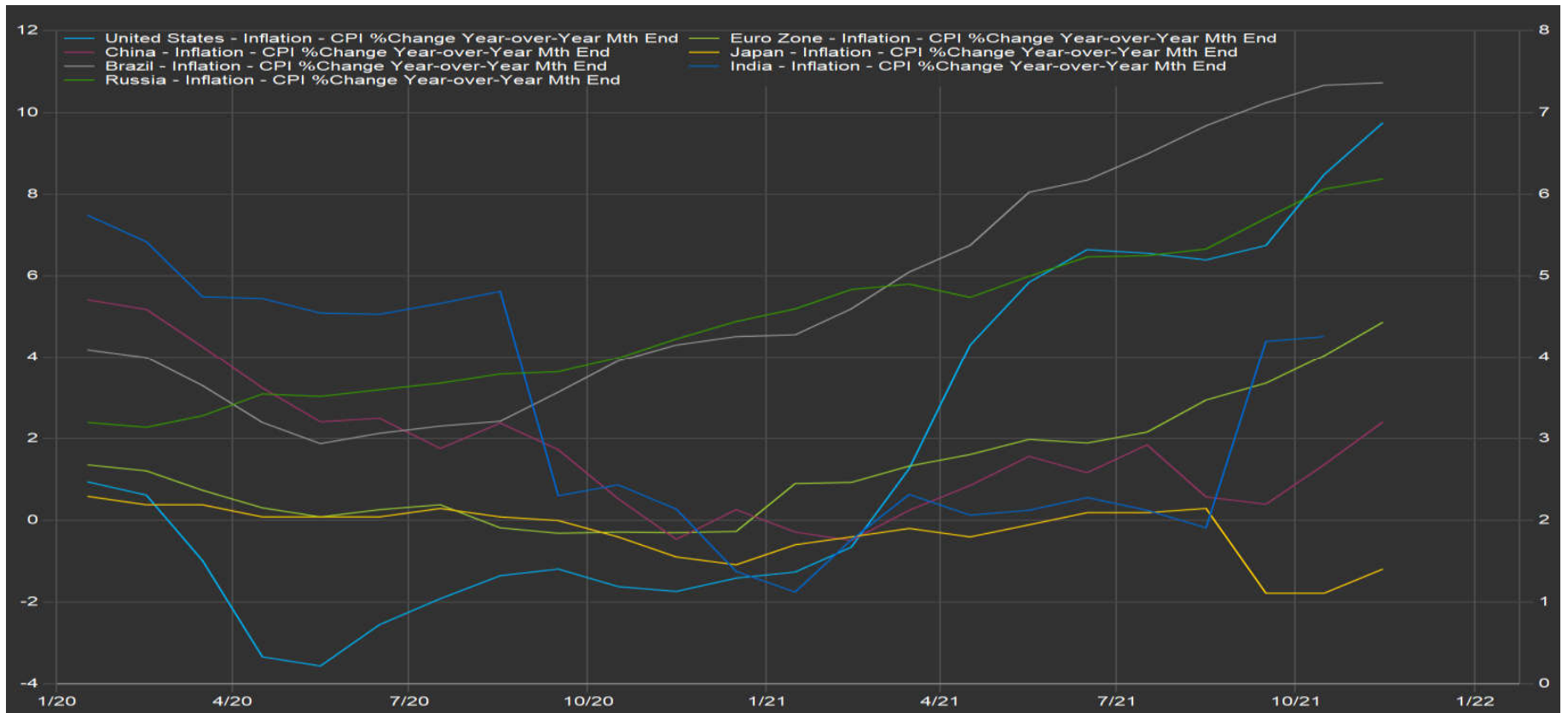
Unemployment has retreated in all areas surveyed and is near historic lows

US, Korea and Russia retail sales are strong while Western Europe growth has been more subdued

Developed market manufacturing surveys are strong while emerging market #s are mixed

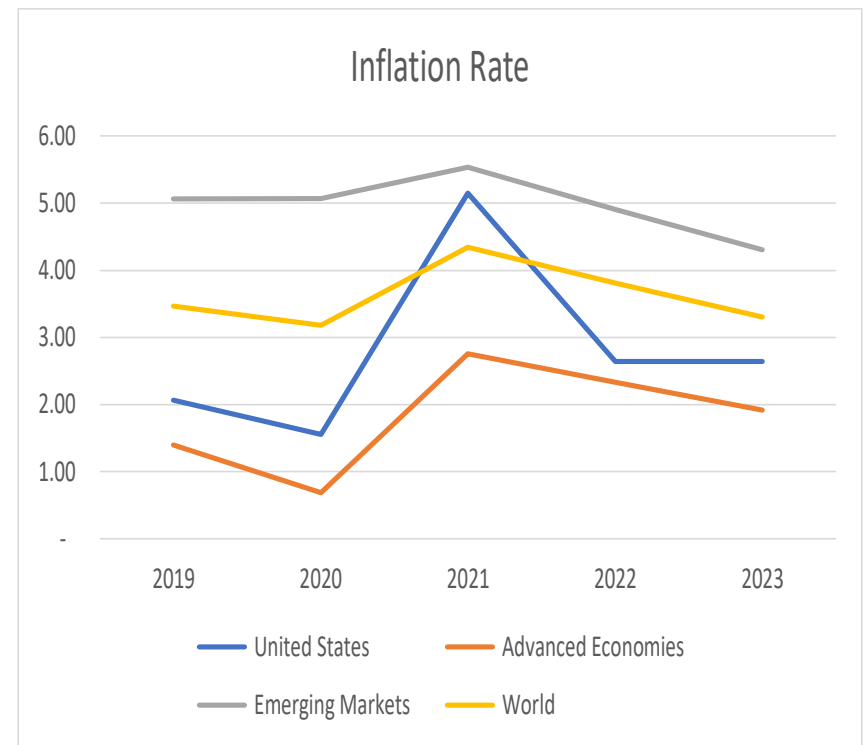
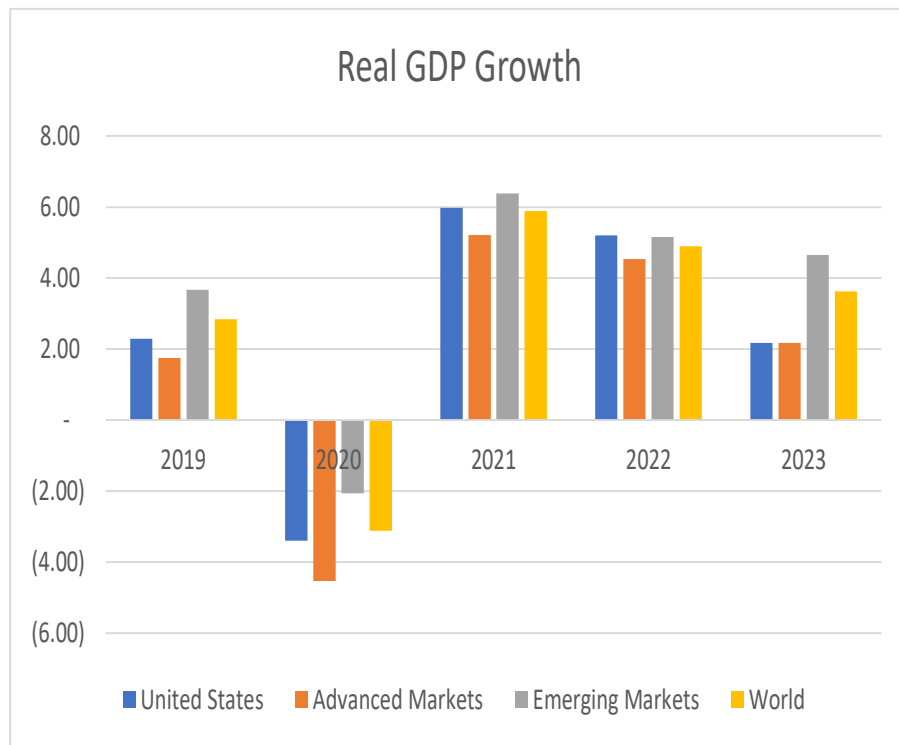
Source: FactSet

Inflation pressures have escalated



Source: FactSet

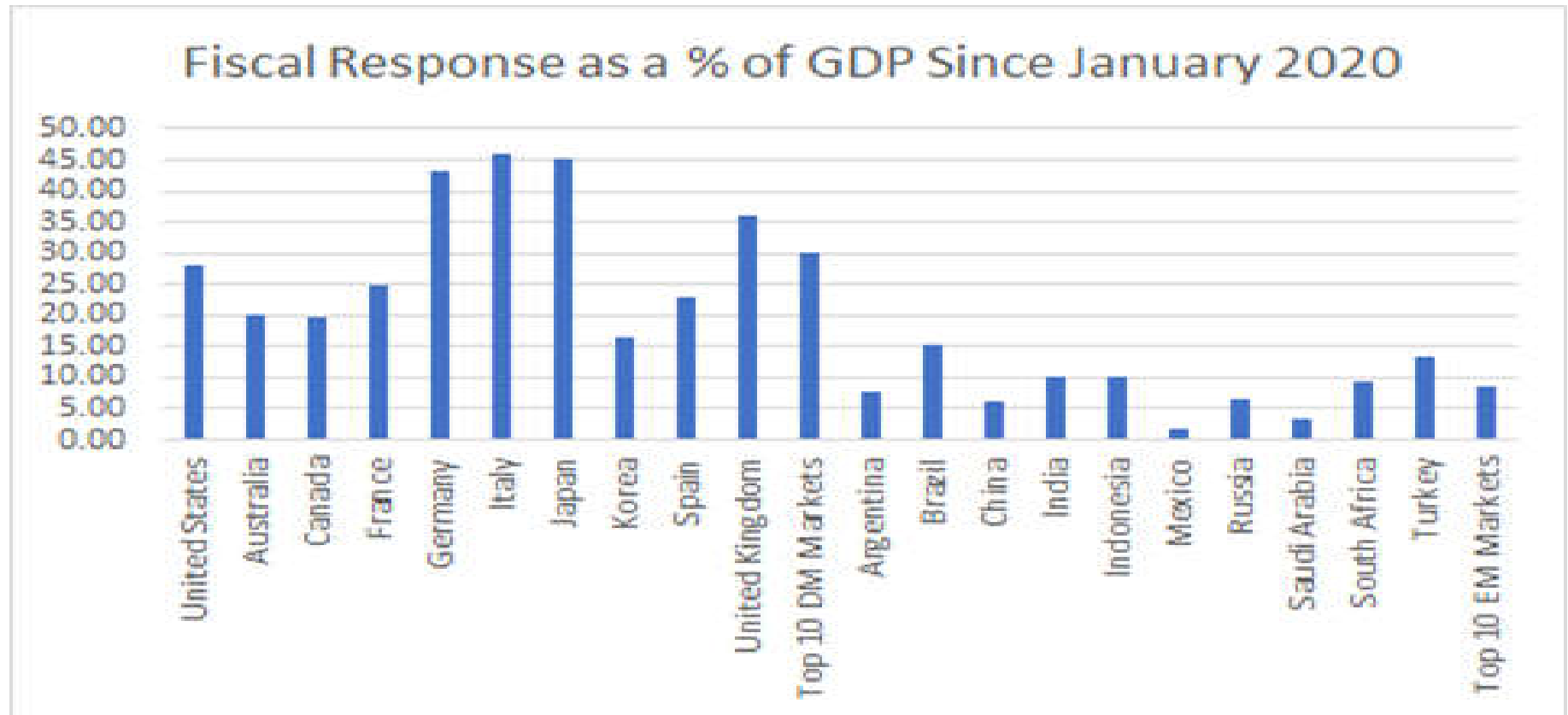
Real GDP growth and inflation accelerated in 2021.
 OECD forecasts 4-5% real GDP growth and 3.5% inflation in 2022.



Source: OECD October 2021 Forecast

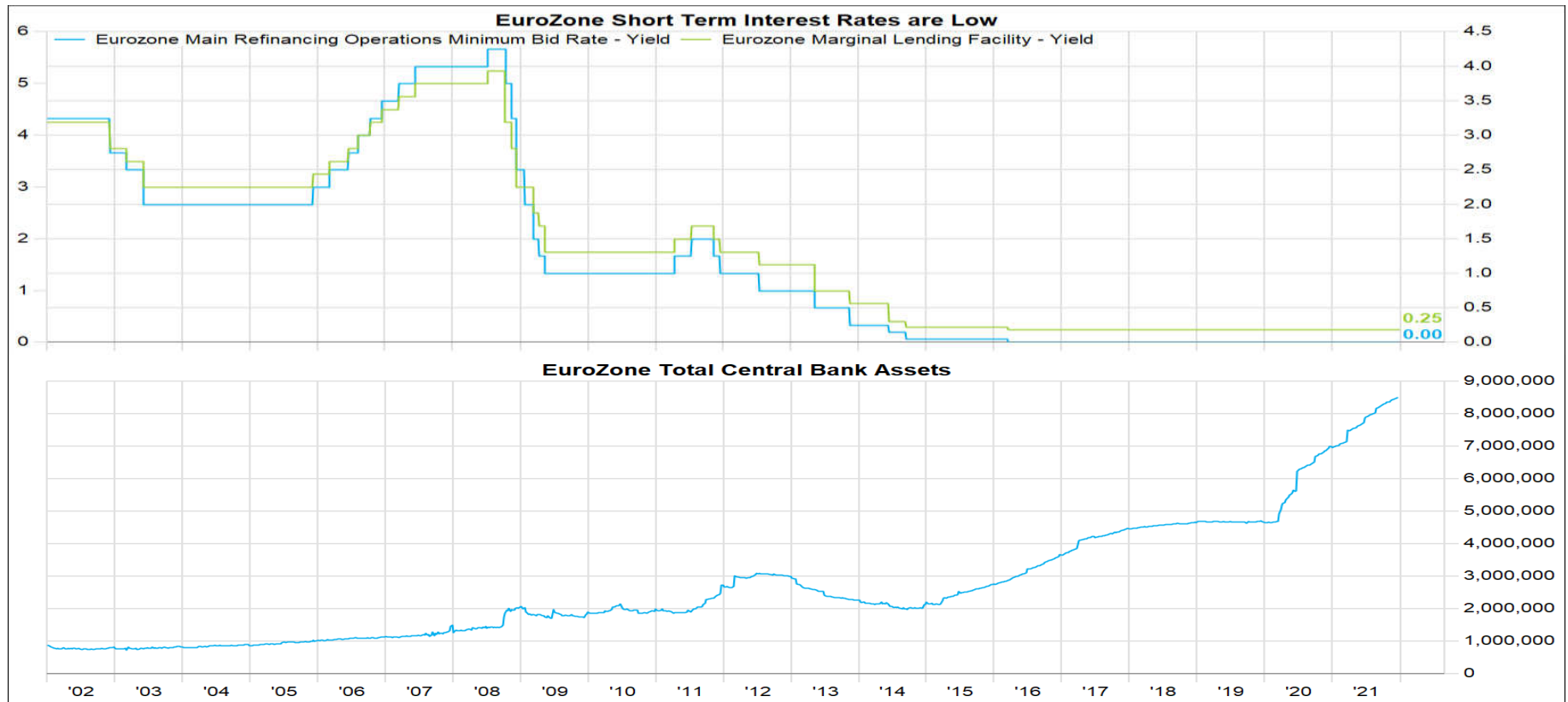
Central Bank Activity

Governments have implemented significant fiscal stimulus



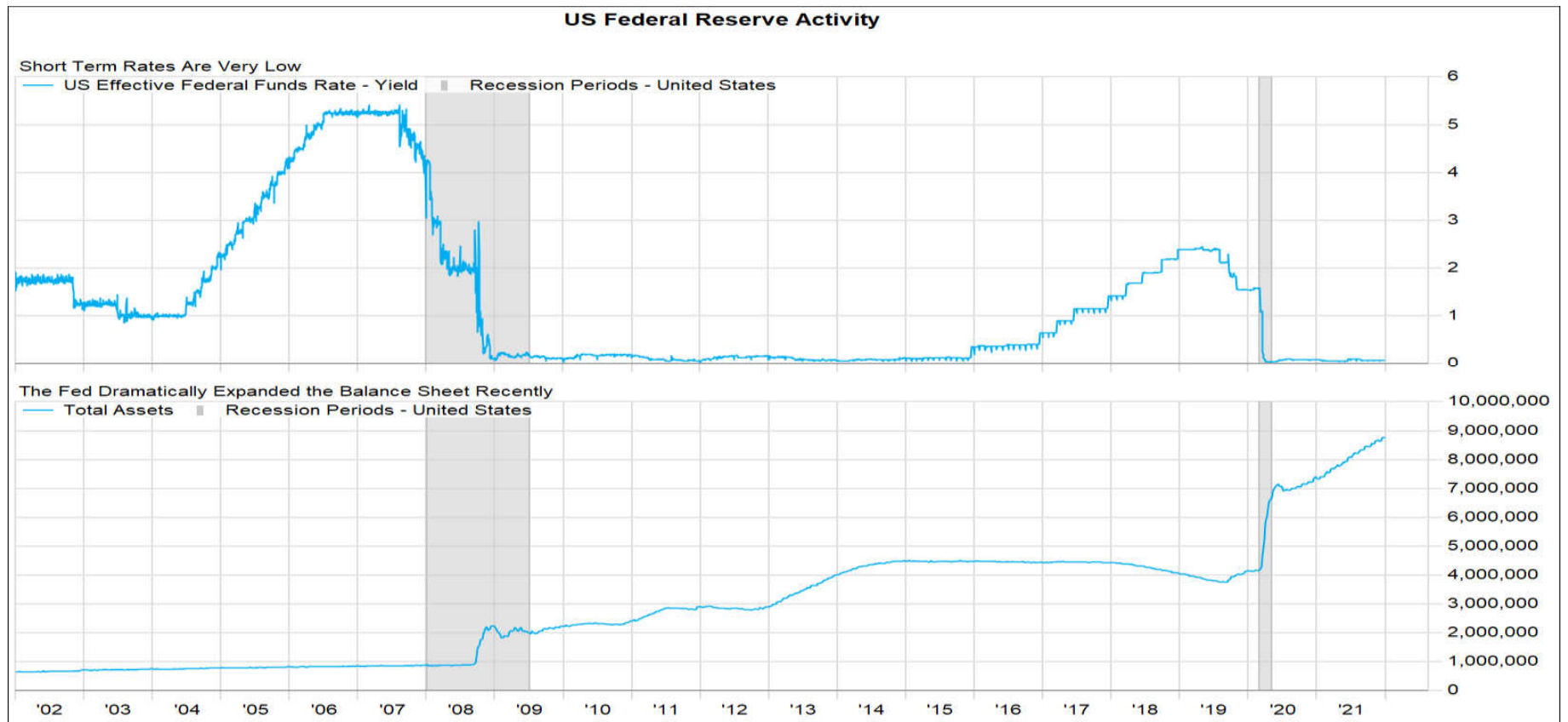
Source: International Monetary Fund

The European Central Bank has been supportive



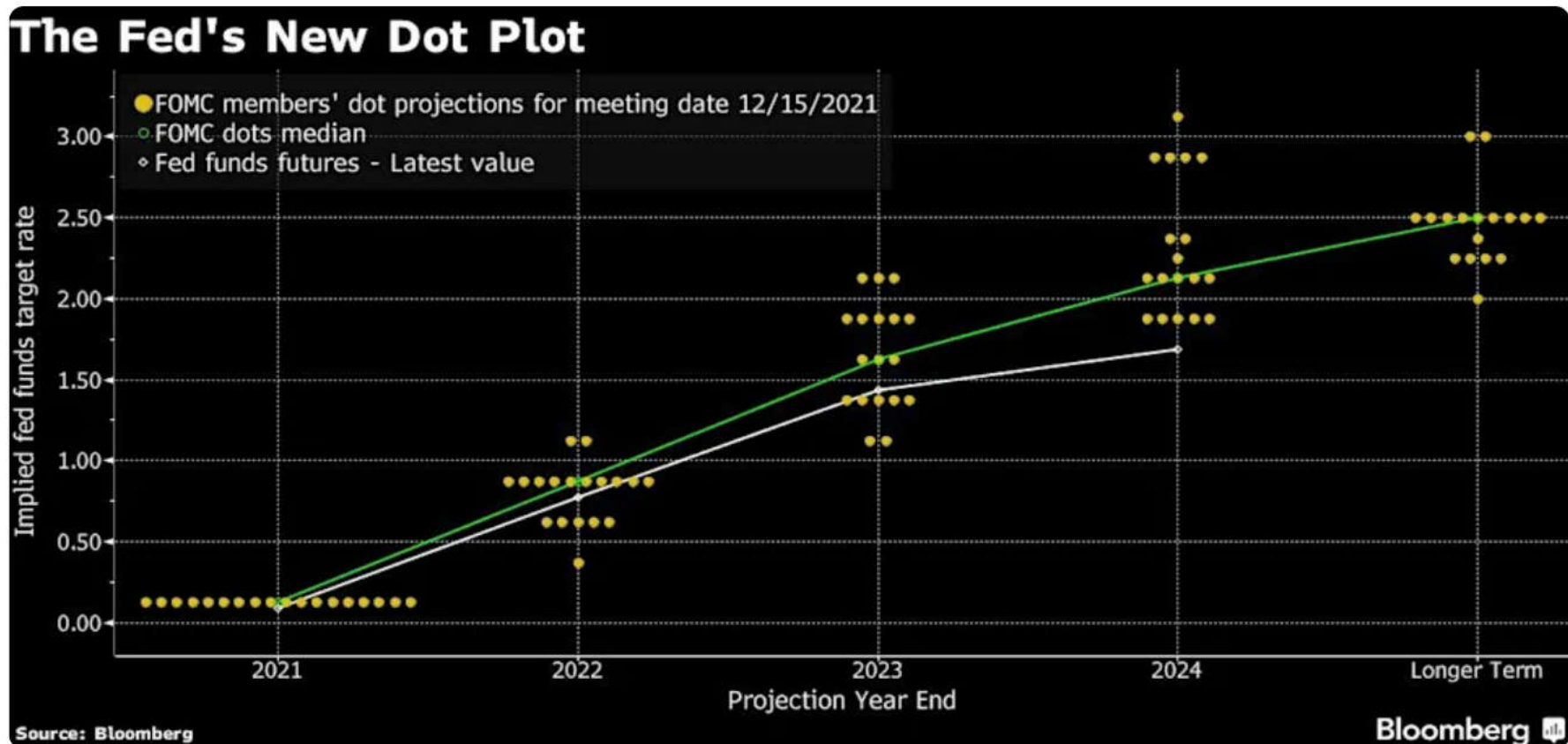
Source: FactSet

The Federal Reserve has also been accommodative



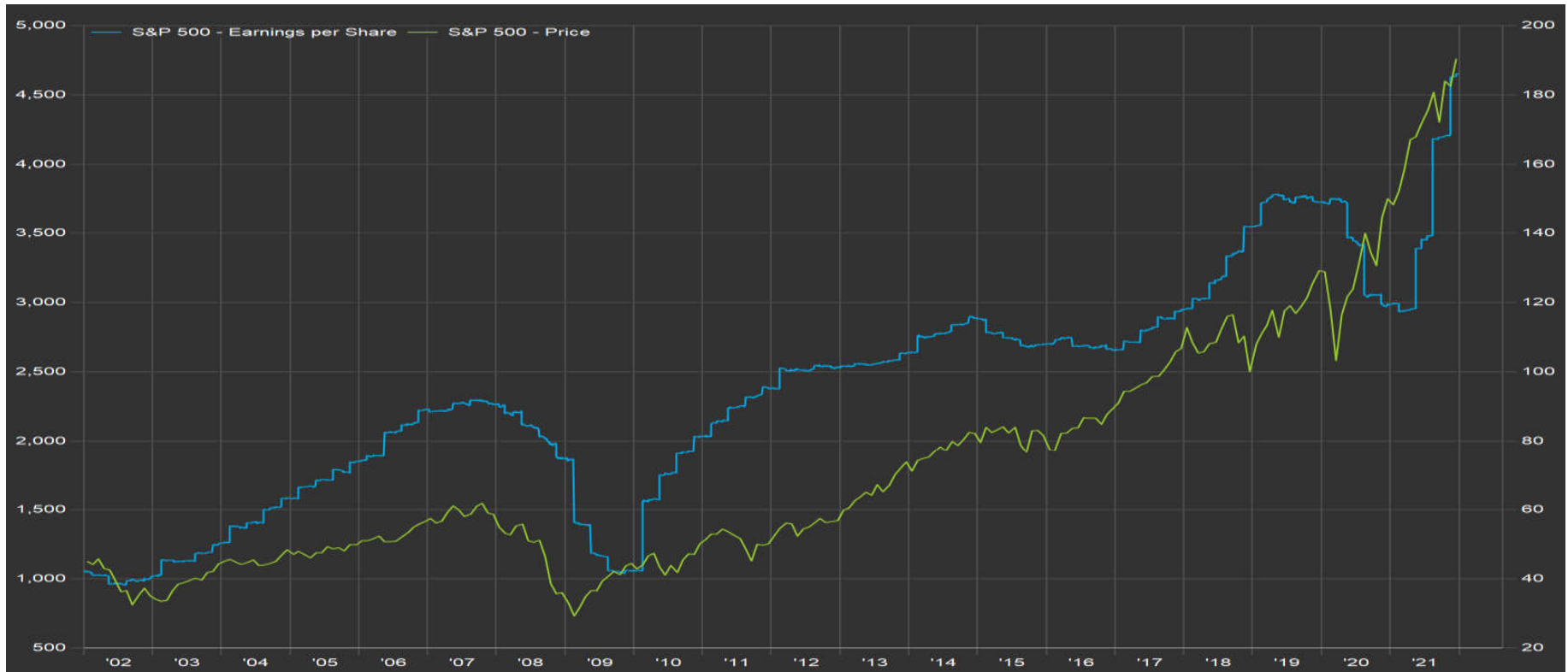
Source: FactSet

In response to inflation pressures Federal Reserve Officials expect to raise rates and reduce asset purchases



Investment Return Backdrop

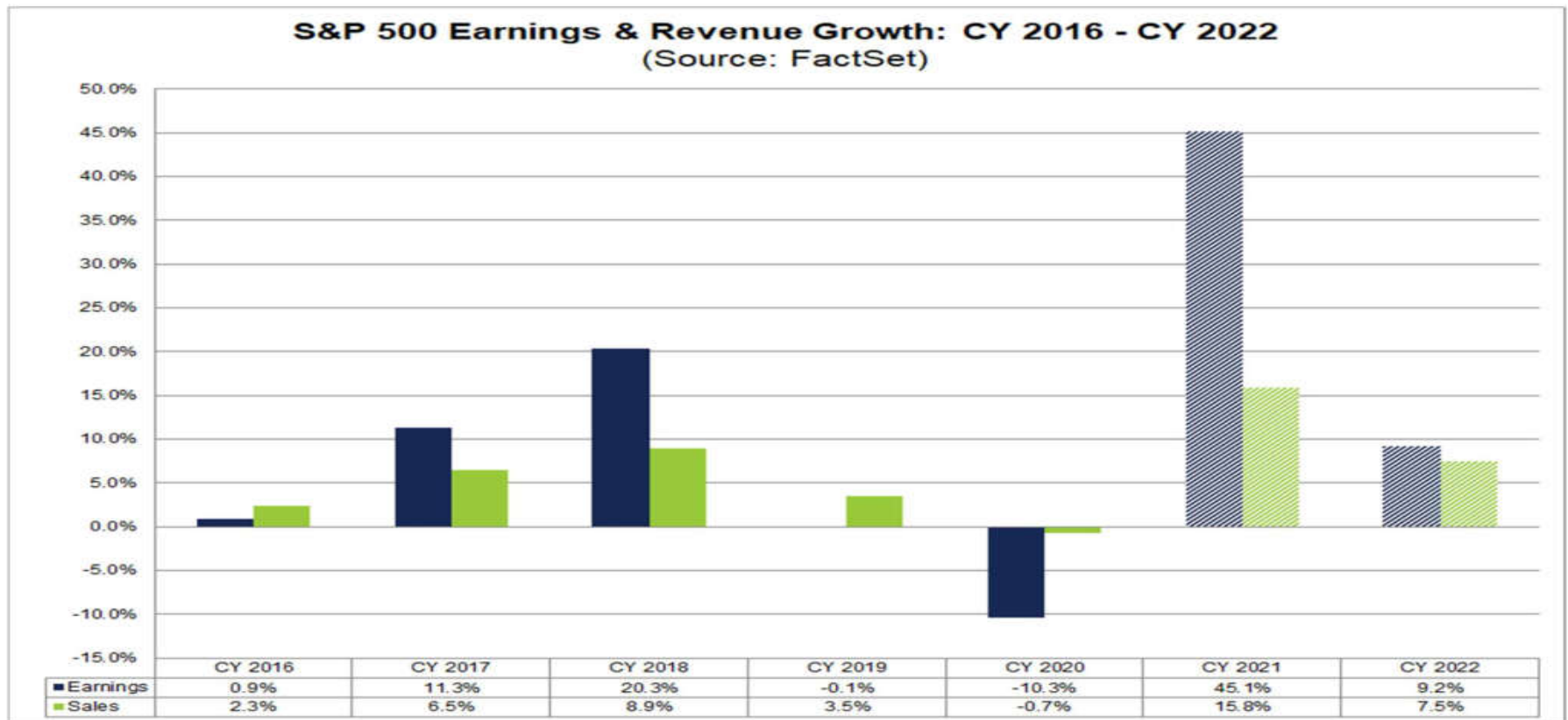
The stock market generally follows earnings over time



Source: FactSet

Past performance is not a guarantee or predictor of future performance.

Forecasts call for positive but slowing sales and earnings growth in 2022

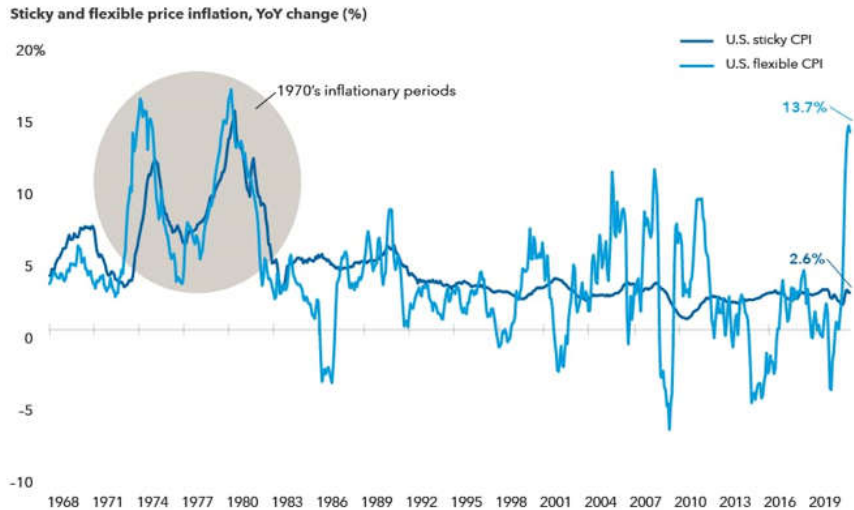


Source: FactSet

The debate continues between transitory and persistent inflation.

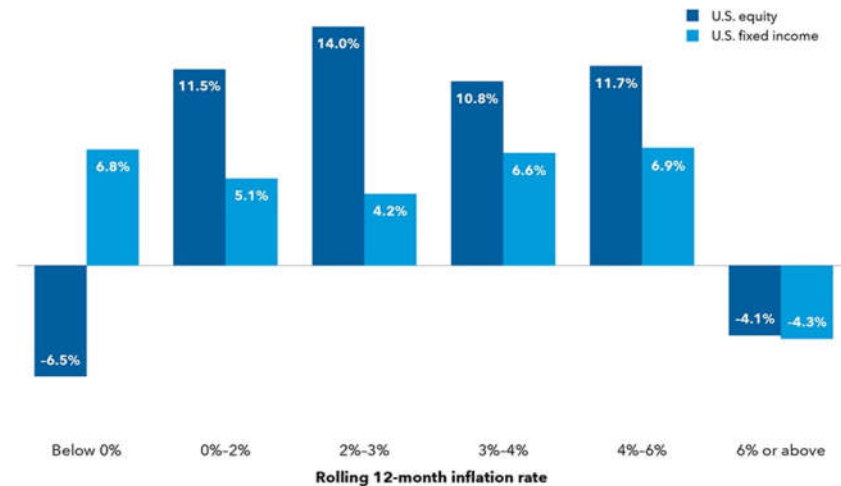
If inflation proves transitory and retreats, investment returns may hold up well.
 If inflation elevates and persists above 6%, investment returns may take a hit.

A tale of two inflations: Sticky versus flexible



Sources: Federal Reserve Bank of Atlanta, Refinitive Datastream. Sticky and flexible prices reflect the Atlanta Federal Reserve sticky and flexible consumer price indexes (CPI). If price changes for a particular CPI component occur less than every 4.3 months, that component is a "sticky-price" good. Goods that change prices more frequently are "flexible-price" goods. As of August 2021.

Average annual returns at different inflation rates (1970-2020)



Sources: Capital Group, Bloomberg Index Services Ltd., Morningstar, Standard & Poor's. All returns are inflation-adjusted real returns. U.S. equity returns represented by the Standard & Poor's 500 Composite Index. U.S. fixed income represented by Ibbotson Associates SBBI U.S. Intermediate-Term Government Bond Index from 1/1/1970-12/12/1975, and Bloomberg U.S. Aggregate Bond Index from 1/1/1976-12/31/2020. Inflation rates are defined by the rolling 12-month returns of the Ibbotson Associates SBBI U.S. Inflation Index.

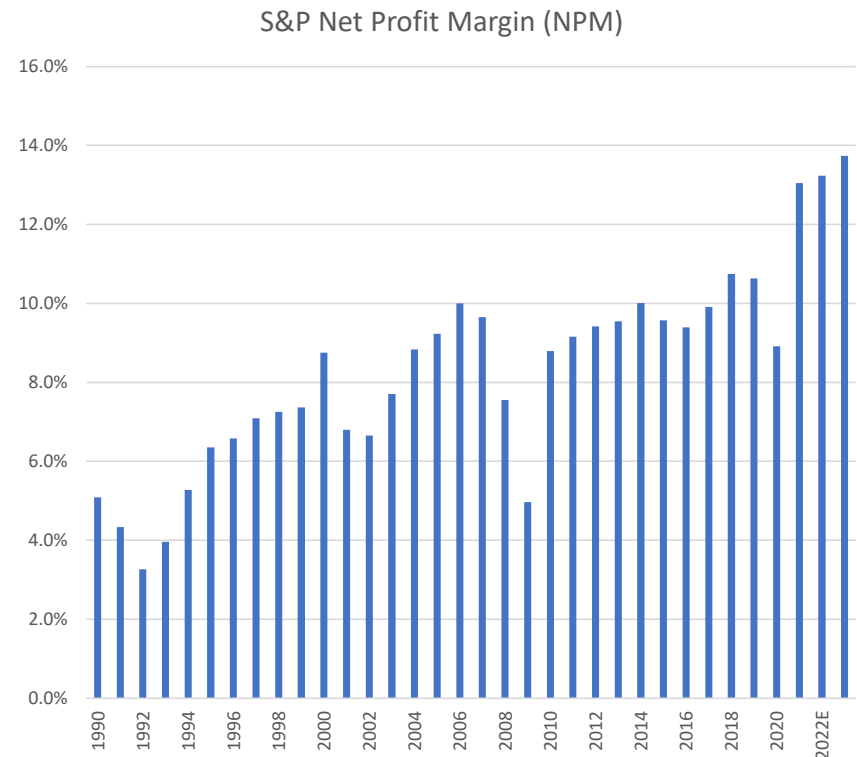
Source: Capital Group

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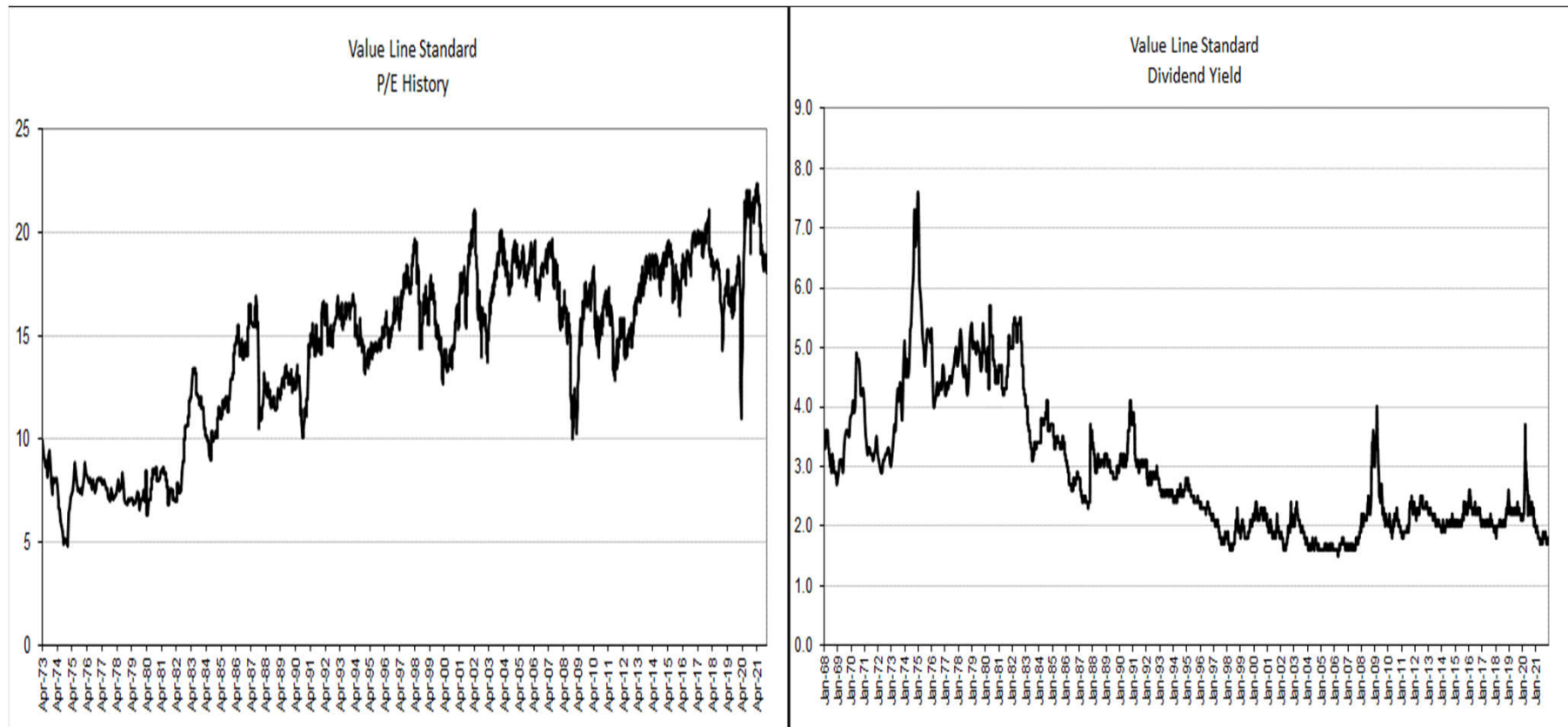
Margin contraction is a risk

Consensus forecasts call for S&P earnings growing 45%, 8% and 9% in 2021, 2022 and 2023. This forecast assumes historically strong margins.

If companies have trouble passing on cost inflation, margins may be vulnerable. If margins contract profits will be pressured. This trend would likely serve as a stock headwind.

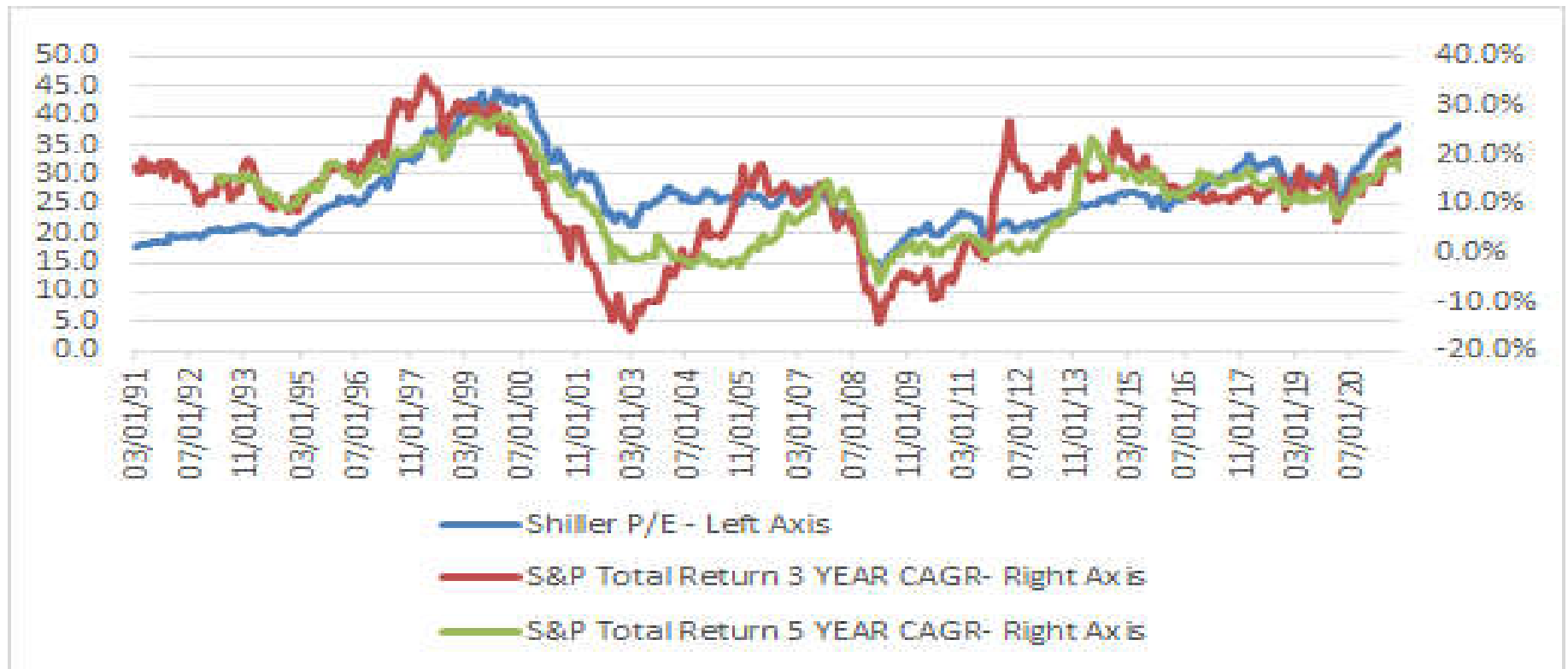


US stock valuations are high versus history



Source: *Value Line Investment Survey*

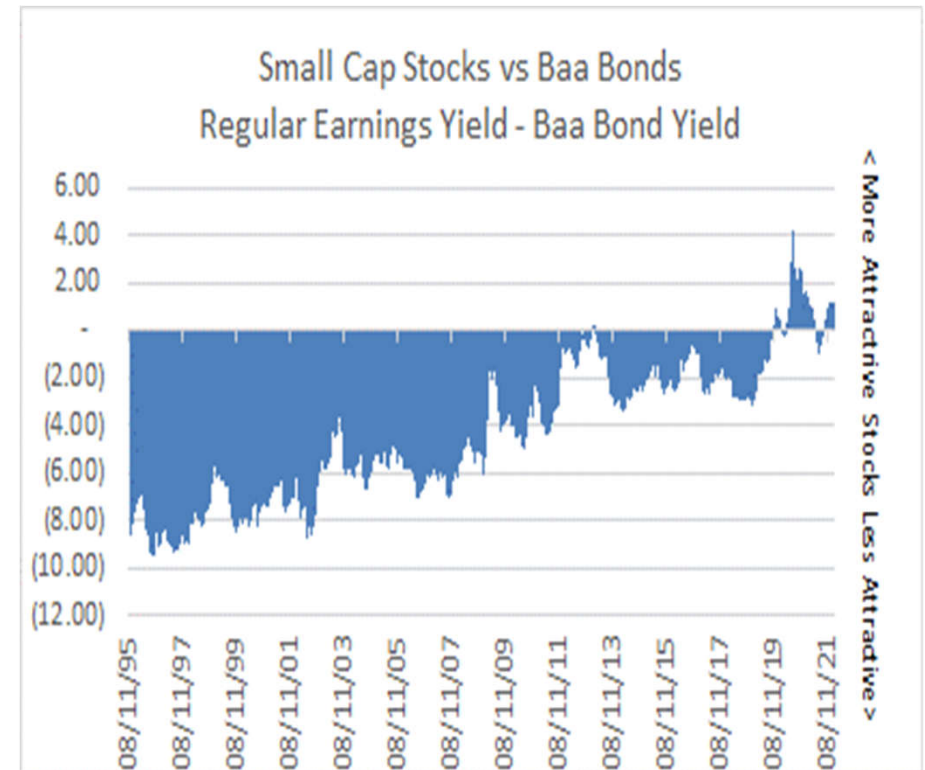
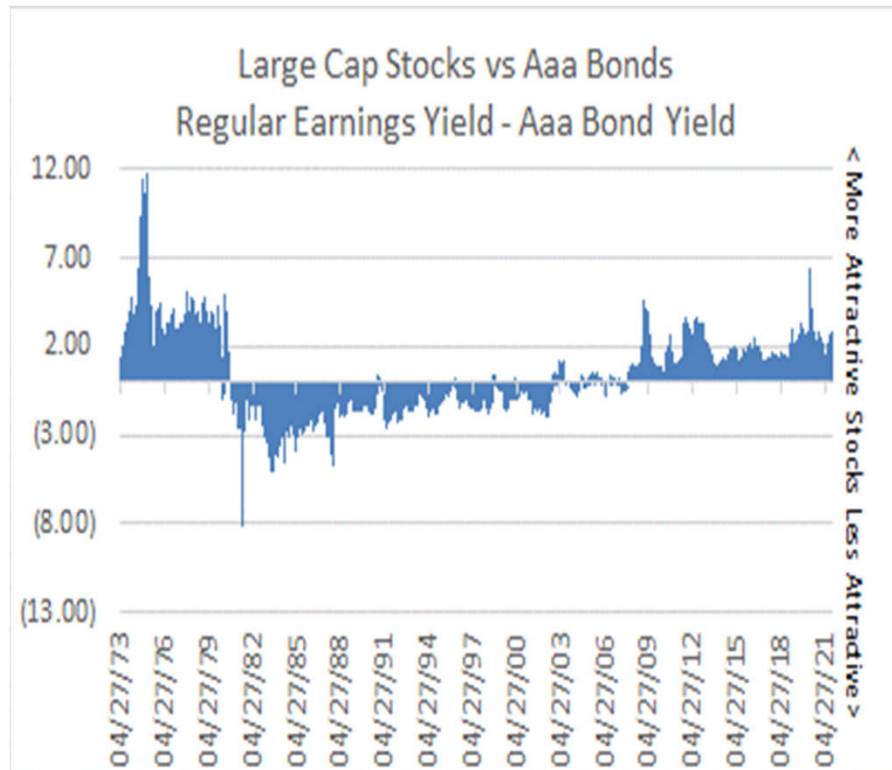
The S&P Shiller P/E is high suggesting more muted returns over the next 3-5 years



Source: FactSet

Past performance is not a guarantee or predictor of future performance.

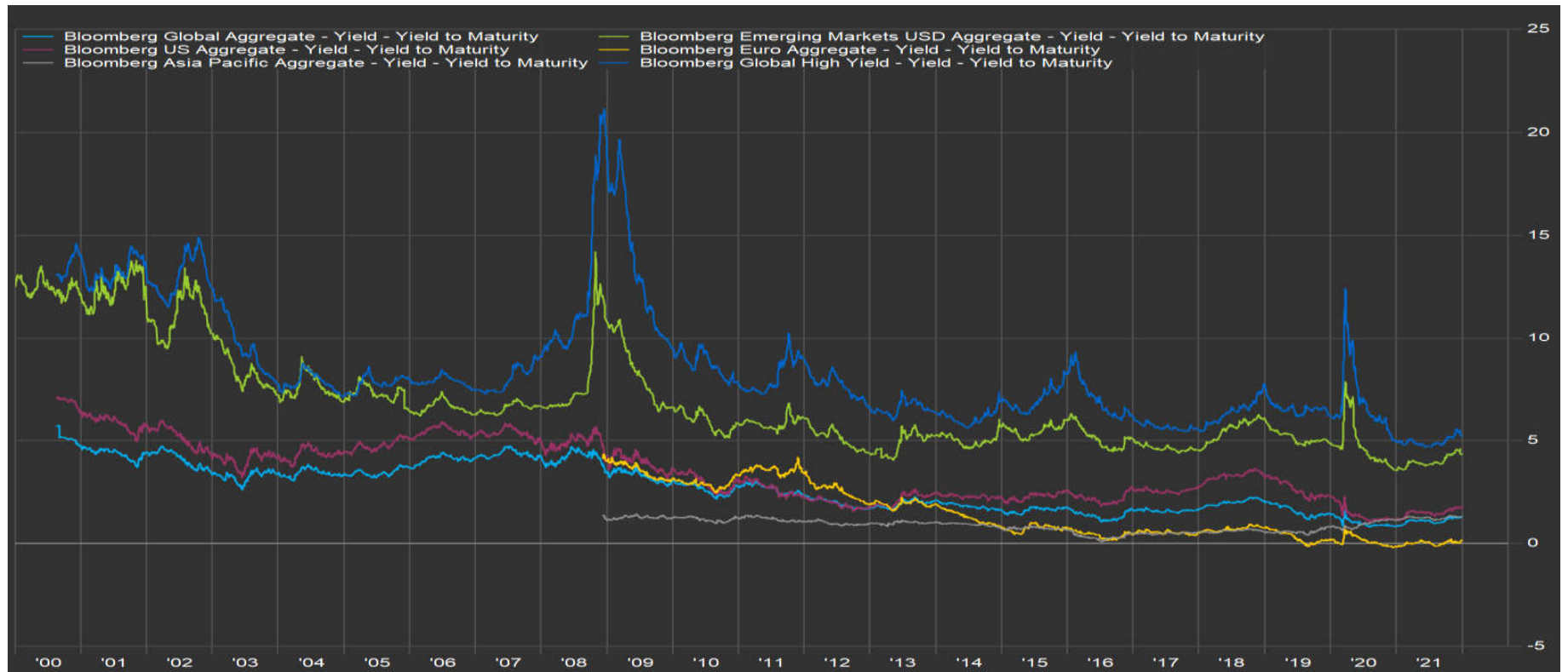
Stocks look attractive versus fixed income



Source: FactSet

Past performance is not a guarantee or predictor of future performance.

Global yields are near historic lows



Source: FactSet

Past performance is not a guarantee or predictor of future performance.

For more information

- Check out our website at:
www.candorassetadvisors.com



Candor Asset Advisors, LLC is an investment management and financial advisory firm located in Austin, Texas. We help our clients identify, refine and achieve their financial goals by providing sound investment advice, focused planning, prudent asset allocation and effective portfolio management.

Achieving these financial goals helps you realize what's important to you -- whether that's purchasing a home, funding a child's education, taking the vacation of your dreams, starting a business, providing care for loved ones, making charitable donations, or retiring on your terms.

Honesty, integrity and customer service are at the heart of everything we do. We believe open communication is essential. We employ a collaborative process to understand your goals, constraints, life events, risk tolerance and time horizon so that we can tailor our recommendations to you.

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- Sign up to receive our insights by emailing us @:
 - info@candorassetadvisors.com
- To schedule a conversation, use the following link:
 - https://calendly.com/bhawes-1/brief_conversation

William E. Hawes, CFA, CFP®
President & Chief Investment Officer

With over 22 years of industry experience, Bill brings a wealth of knowledge in investment management. Prior to earning his MBA, Bill worked in mortgage banking and insurance, and the insights gained provided him with a broader perspective of the financial issues facing clients.

Bill has been a Chartered Financial Analyst since 2000 and is a member of the CFA Society of Austin. Bill also enjoys golf, travel, studying history, watching his favorite sports teams and spending time with family.



Before founding Candor Asset Advisors, LLC, Bill co-created and managed Century Management's Large Cap Absolute Value and Large Cap Value strategies. Bill also analyzed companies in a variety of industries for the firm's all cap value strategy.

Prior to moving back to Texas, Bill served as an equity analyst for Engemann Asset Management in Southern California. He co-managed a mid-cap growth fund and served as an multi-sector analyst for the mid cap and large cap growth team.

After graduate school, Bill served as co-portfolio manager and equity analyst at Franklin Templeton. While there he served as portfolio manager on All Cap, Large Cap Core and Consumer Sector portfolios. Notable institutional clients included CalPers, Mitsui Trust, Norges Bank and Penn Mutual. He also spent considerable time analyzing auto, transportation and consumer stocks.

Bill earned his Master in Business Administration from the University of Southern California. While there he also served on USC's MBA student investment fund.

Between his graduate and undergraduate studies, Bill worked at North American Mortgage Company in California as a management trainee and later as a financial analyst and marketing coordinator. The experience gave him a better understanding of the mortgage and real estate markets which he leverages to this day.

Bill earned his Bachelor of Business Administration from the University of Texas at Austin. While a student, he also served as a special agent for Northwestern Mutual. The experience gave him an understanding of life and disability insurance and the work ethic, tools and temperament needed to grow a financial services practice.



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- Financial plans are hypothetical in nature and intended to help you in making decisions on your financial future based on information that you have provided and reviewed. Assumptions need to be reviewed regularly.
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