



Market Outlook

A Nickel For Your Thoughts

Q2, 2022



It is a fantasy to think the Fed can tame the fastest U.S. inflation in four decades without aggressively raising interest rates... We have to put downward pressure on the component of inflation that we think is persistent

– **James Bullard**, Federal Reserve Bank of St. Louis President , *April 2022*

SUMMARY

Just as COVID-19 seemingly receded to the point that we could emerge in a new normal, Russian forces invaded Ukraine on February 24. Equities, which were already negative for the year, initially moved even lower while commodities added to their gains, fueled by concerns over supply chain issues and access to critical raw materials. Fears that inflation, already at uncomfortable levels, could surge even higher kept investors from seeking safety in fixed income securities and drove bond yields up significantly.

In February, the Consumer Price Index was up 7.9% on a year-over-year basis, reaching an almost 40-year high, and this reading did not yet include the effects of the Russian invasion. The March reading, which did incorporate the effects of the invasion, hit 8.5%, its highest since 1981. Before the war in Ukraine, markets were anticipating six interest rate hikes from the Federal Reserve in 2022. By the end of March, markets were anticipating ten hikes, signaling an expectation that inflation would persist.

The Federal Reserve, which was already falling far behind the tightening curve before Russia's invasion, found itself in an uncomfortable predicament. Minneapolis Federal Reserve President, Neil Kashkari, summed up the environment well in a recent piece:

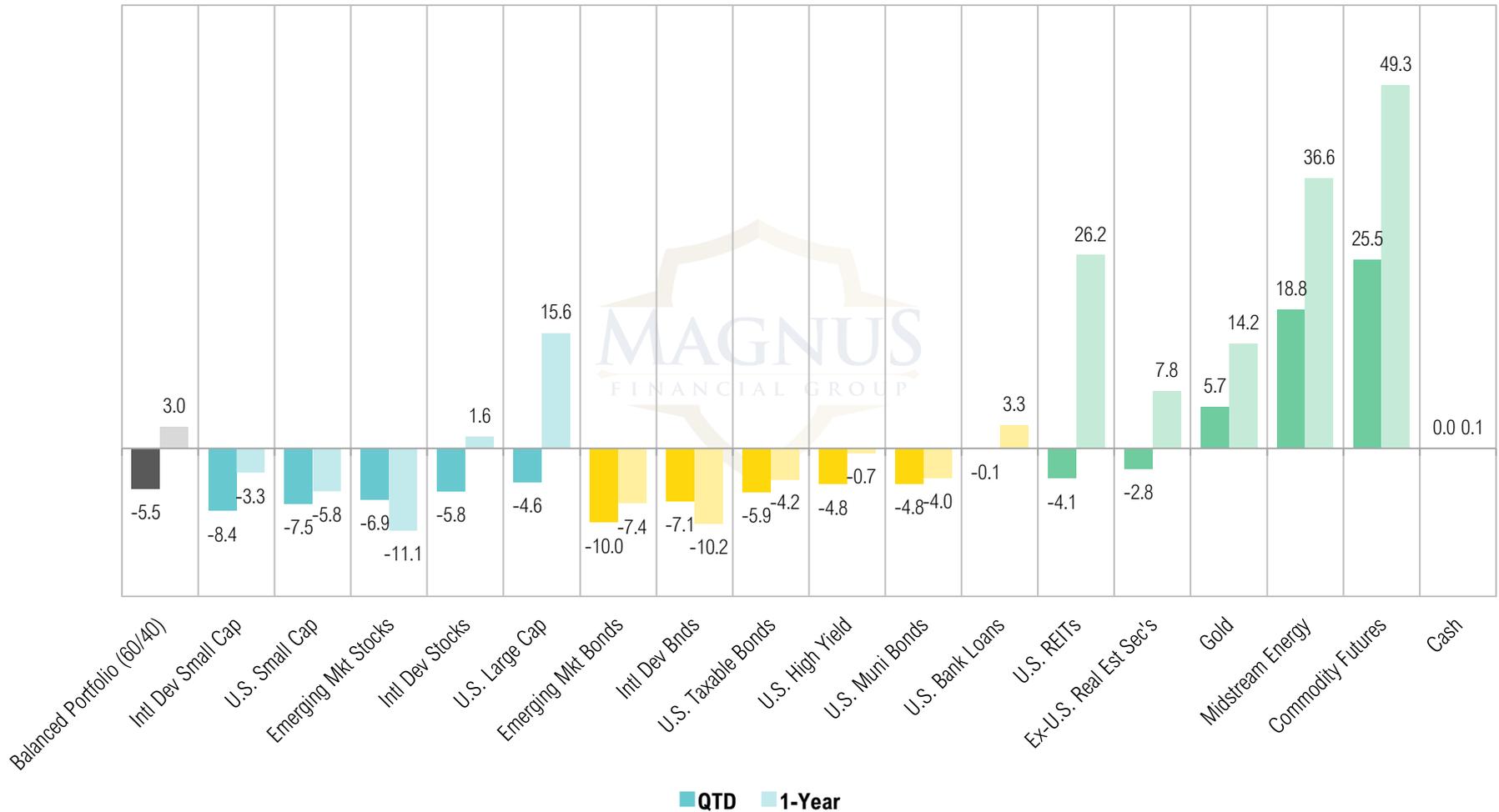
"We know that the wealth effect is a real phenomenon, and both the stock market and house prices are up 30% relative to pre-pandemic levels, even households who don't own stocks or homes have on average stronger balance sheets than before the pandemic. Perhaps this is leading people to be more confident and simply spend more. Either way, the FOMC must act to bring the economy back into balance."

Because it can do little to improve the supply-side side constraints on commodity markets and global supply chains, the Fed seems focused instead on reducing demand by engineering an economic slowdown, a move that is justified by more than just inflation metrics. The most recent jobs report showed an unemployment rate of 3.6%, an unambiguously strong number and a dramatic improvement from the depths of the COVID-19 crisis. However, real GDP growth is already expected to slow substantially. The Atlanta Fed's GDPNow model is estimating Q1 GDP growth to be 1%.

If we could read the minds of Vladimir Putin and Fed Chairman Jerome Powell, it would be significantly easier to allocate capital for the rest of 2022, but we cannot. Inflation remains the critical determinant for both economic growth and asset prices, and its trajectory remains uncertain. Although inflation is expected to gradually and organically decline during the year, the Federal Reserve may be able to slow it even more quickly via a demand shock, but Putin could thwart its efforts by extending the war. Further, with interest rates rising so rapidly, the risks of the Federal Reserve doing too little may outweigh the risks of it doing too much. As profoundly uncertain as the future is, such turmoil can provide opportunities, and we remain focused on analyzing incoming data to find avenues to deploy capital more efficiently and productively.



➤ The first quarter was an unusually challenging in that both U.S. large cap stocks (-4.6%) and U.S. bonds (-5.9%) declined together

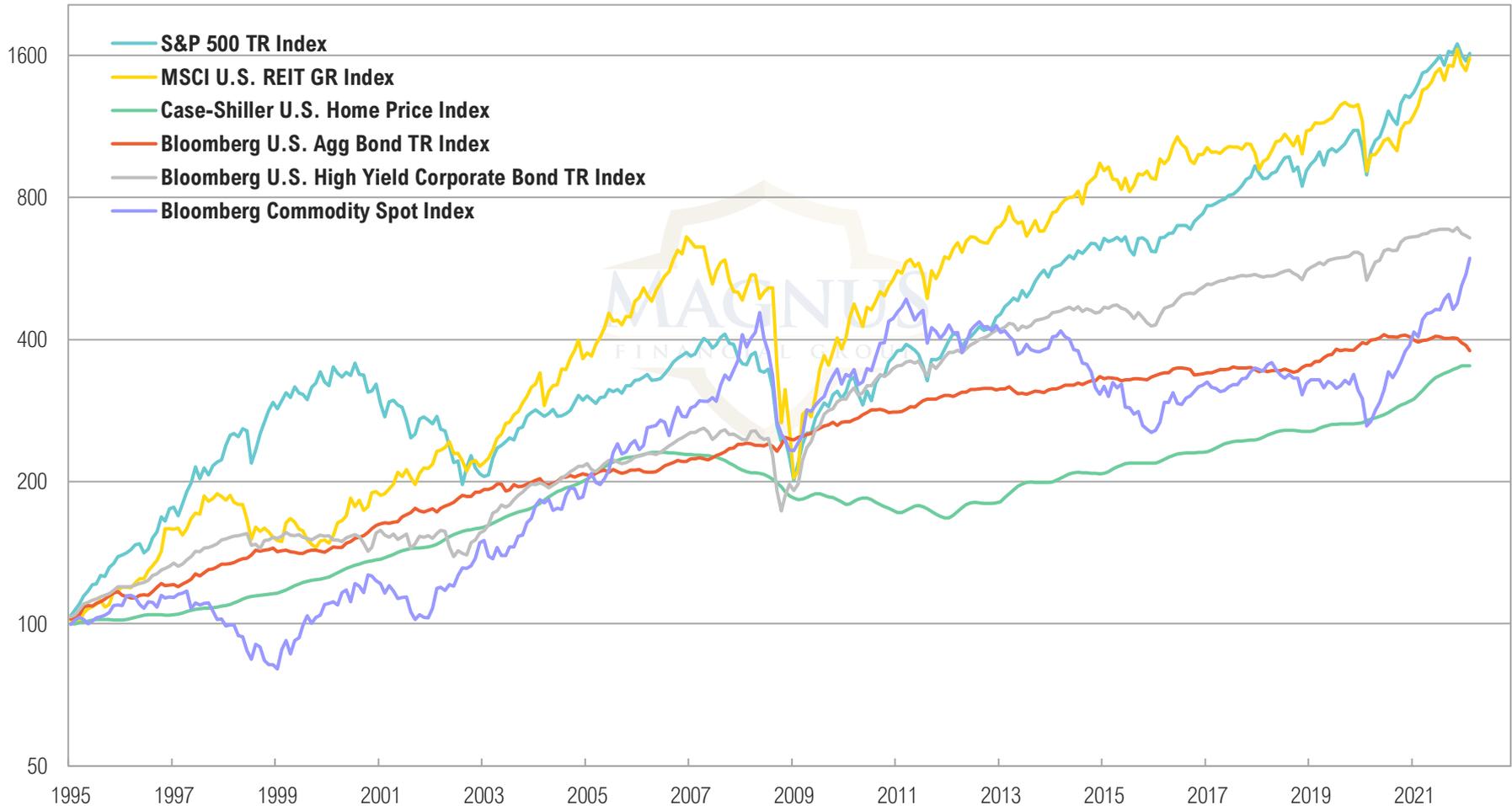


Source: Bloomberg

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Key markets near all-time highs with inflation running well above “target” exposes the challenge policymakers face

GROWTH OF 100 FOR SELECT INDICES, LOG SCALE



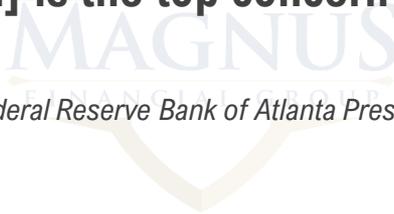
Source: Bloomberg

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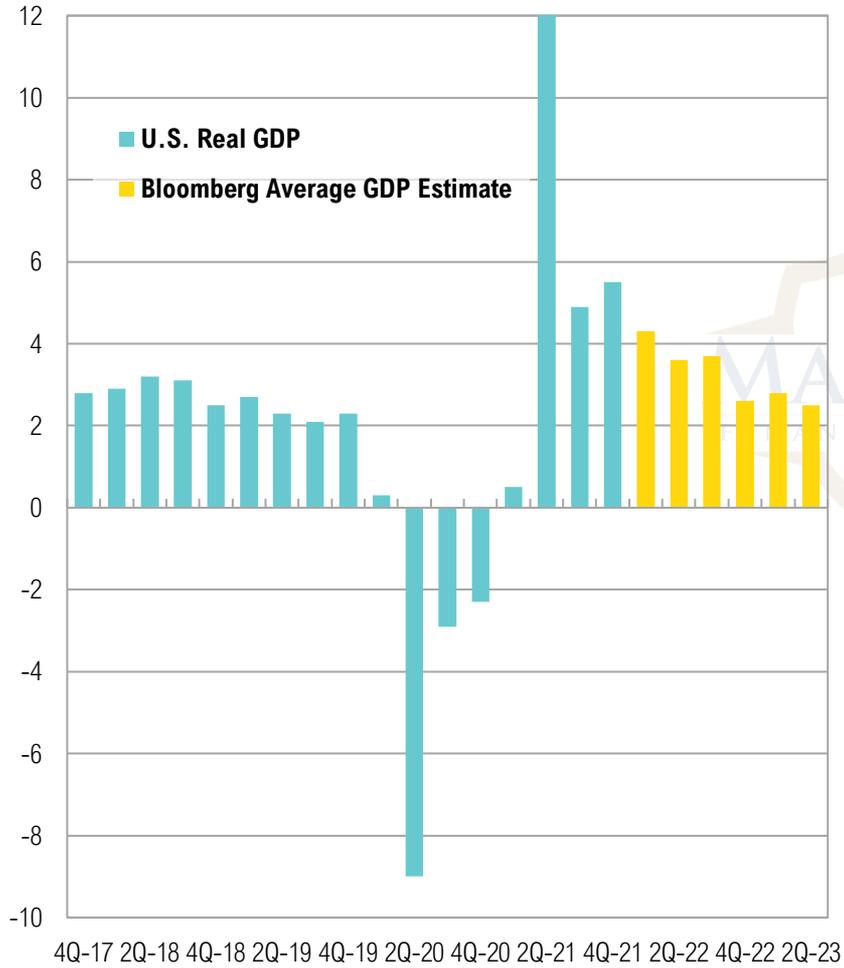
[Controlling inflation] is the top concern that I have for 2022.

– Rafael Bostic, Federal Reserve Bank of Atlanta President, March 2022

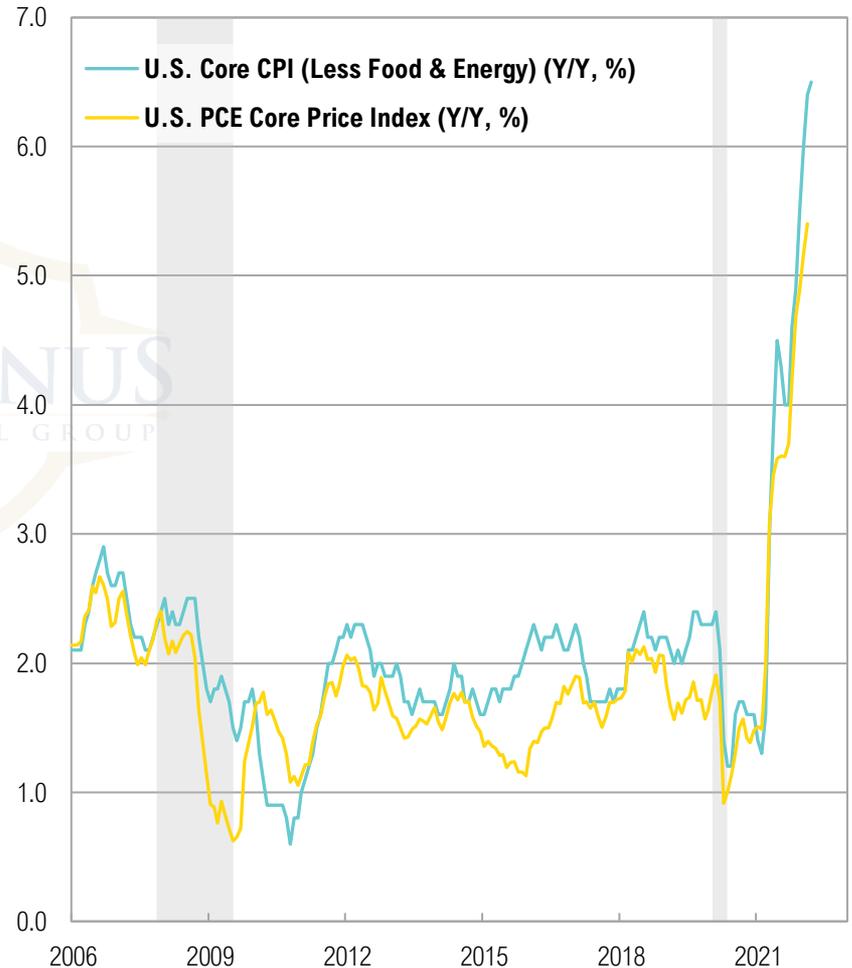


Growth and inflation both expected to slow but remain above average for next several quarters

U.S. REAL GROSS DOMESTIC PRODUCT (GDP) GROWTH, Y/Y %



U.S. HEADLINE & CORE INFLATION (CPI), Y/Y %



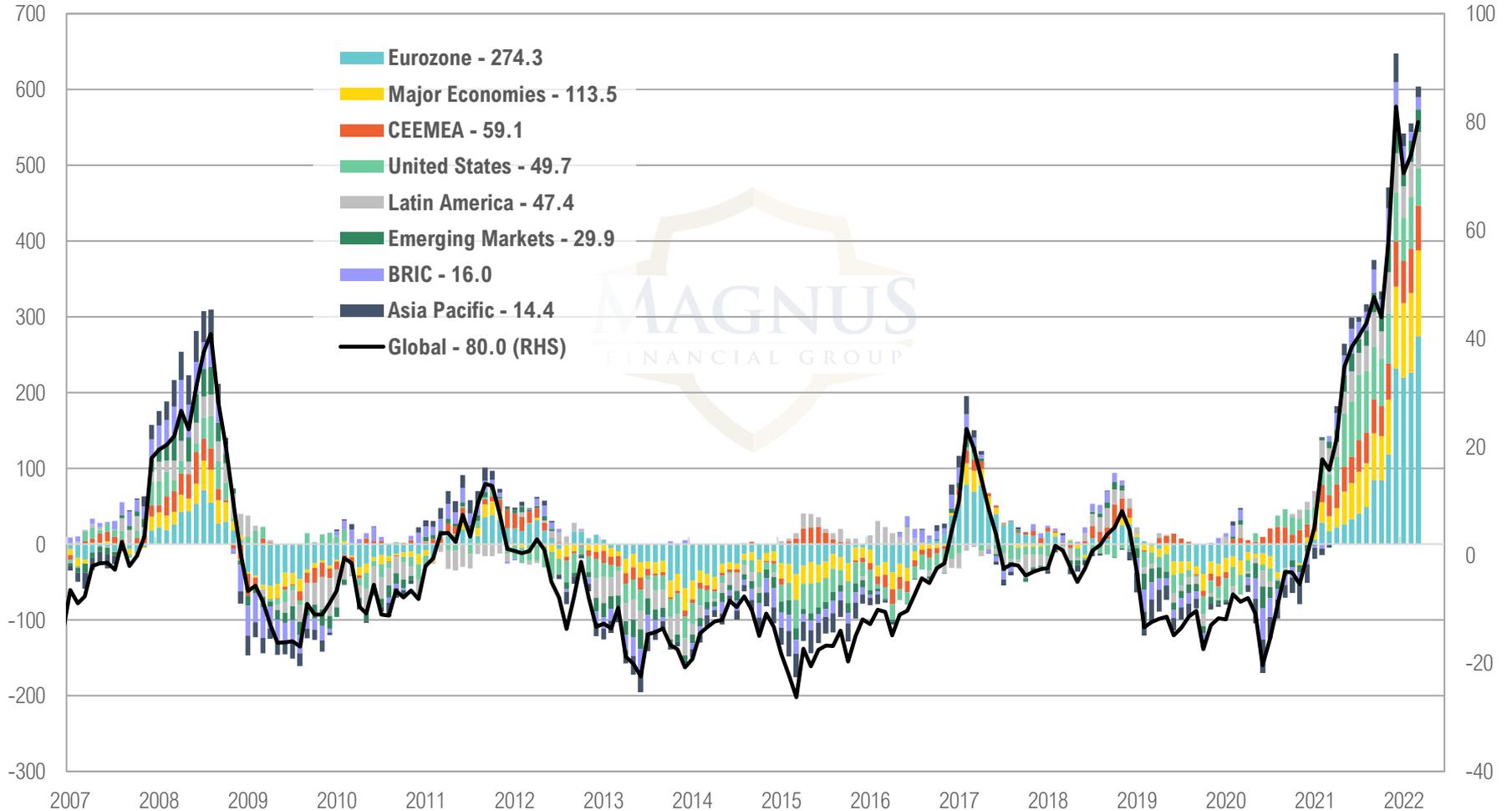
Source: Bloomberg

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Inflation surprise has bounced back in March after cooling off; still surprising forecasts on a global scale, a first since 2008

CITI INFLATION SURPRISE INDEX, AGGREGATED VALUE

CITI INFLATION SURPRISE INDEX, GLOBAL VALUE

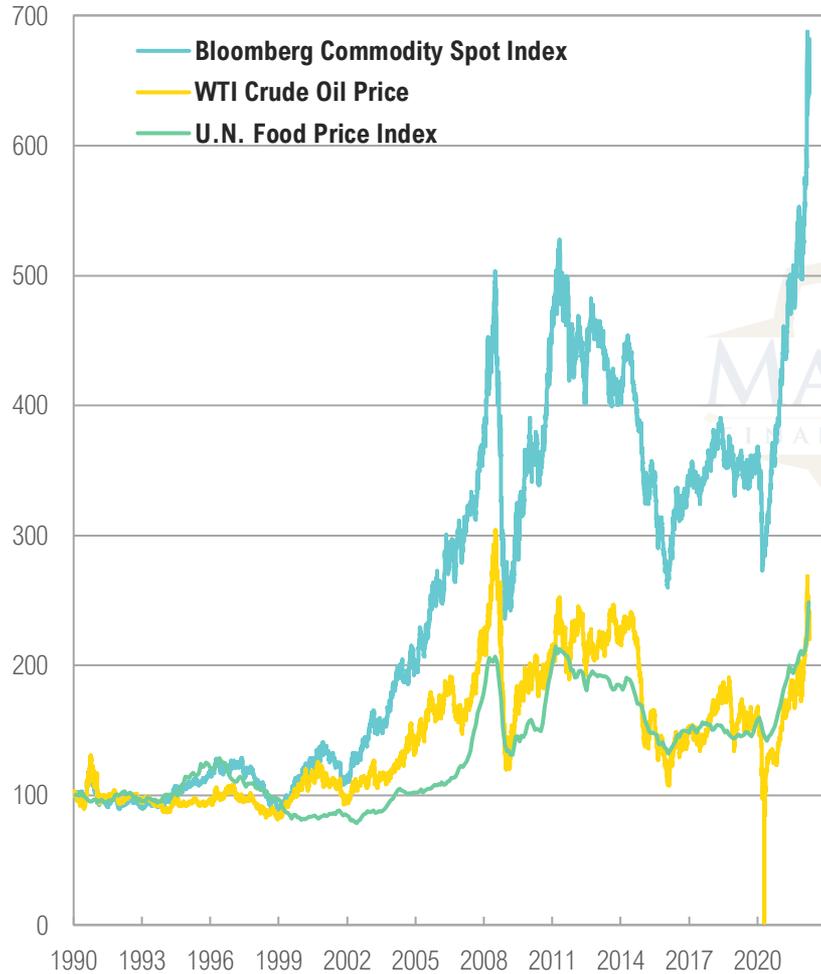


Source: Citi, Bloomberg

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Two inputs that hurt low-end consumers the most: energy prices up substantially, food prices at concerning levels

GROWTH OF 100



U.N. FOOD PRICE INDEX, NOMINAL

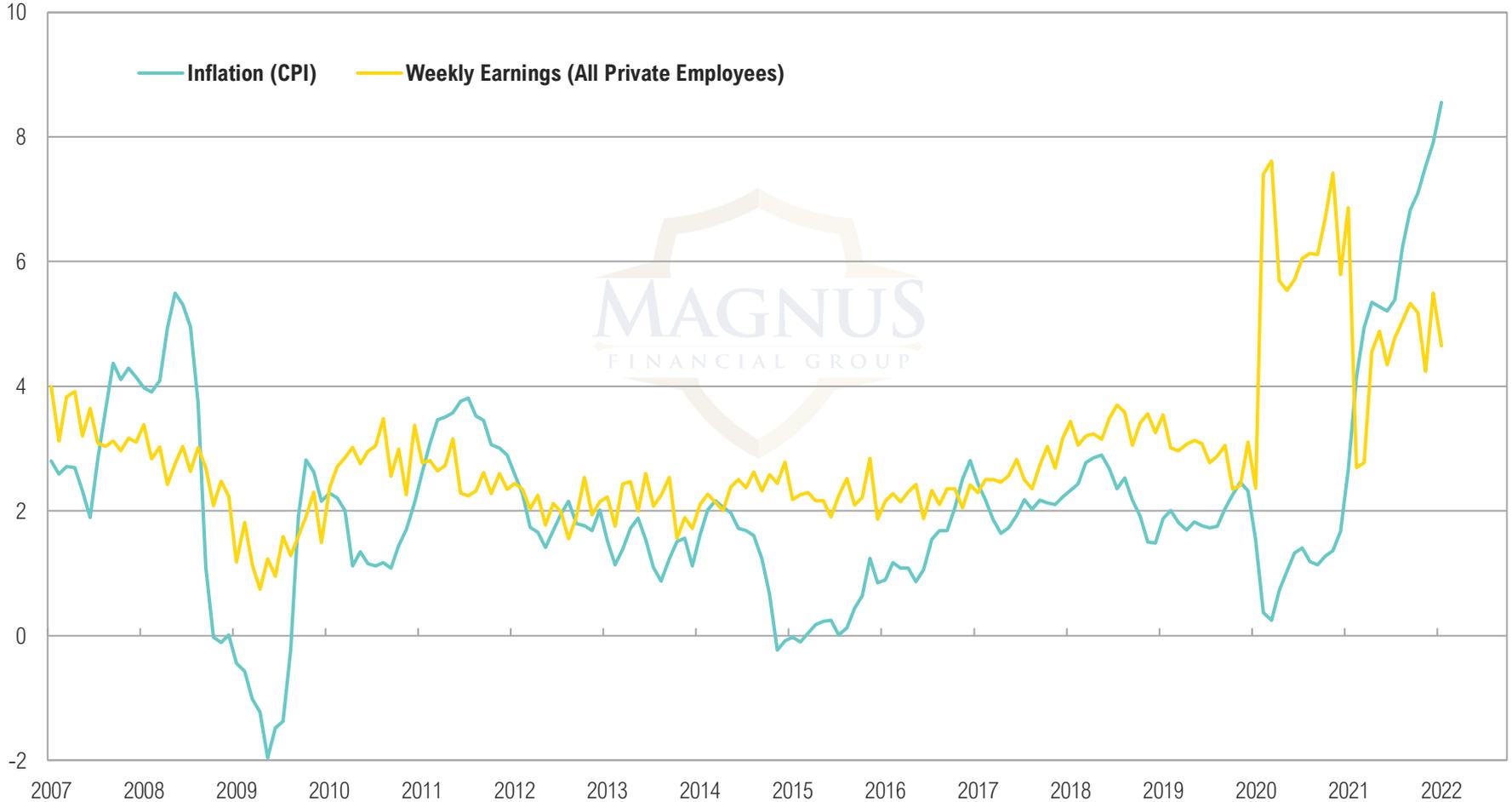


Source: Bloomberg

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Since early 2021 inflation has outpaced wage growth, eroding real household disposable income

CPI VS WEEKLY EARNINGS (ALL PRIVATE EMPLOYEES), %

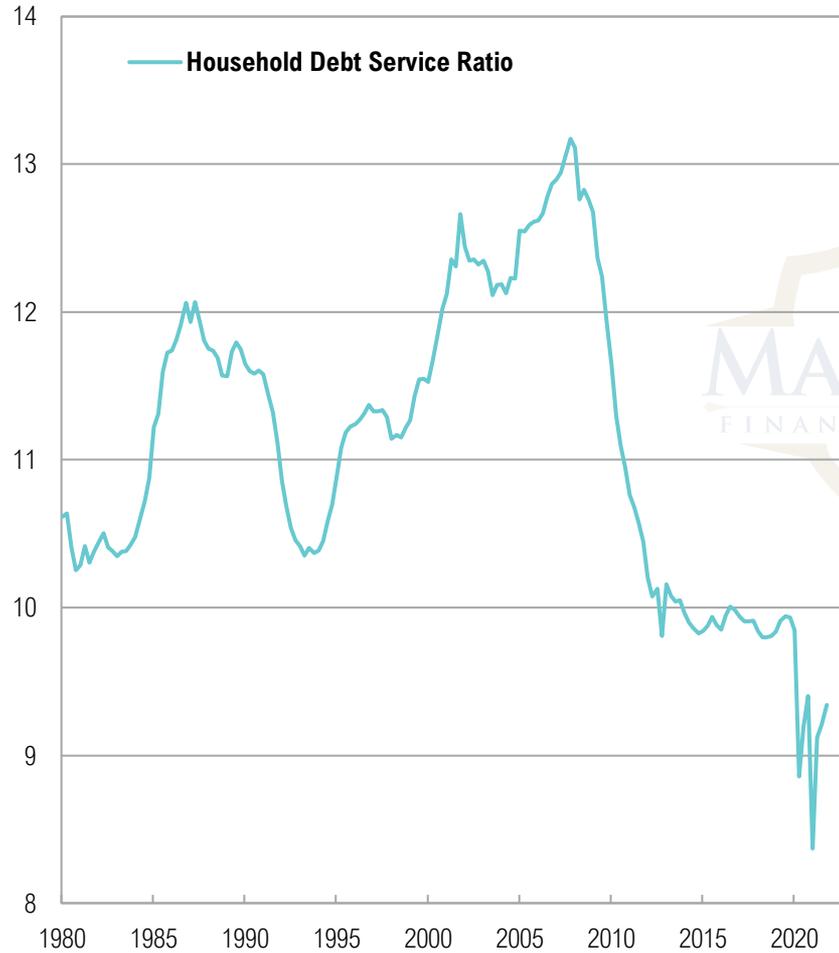


Source: Bloomberg, FRED

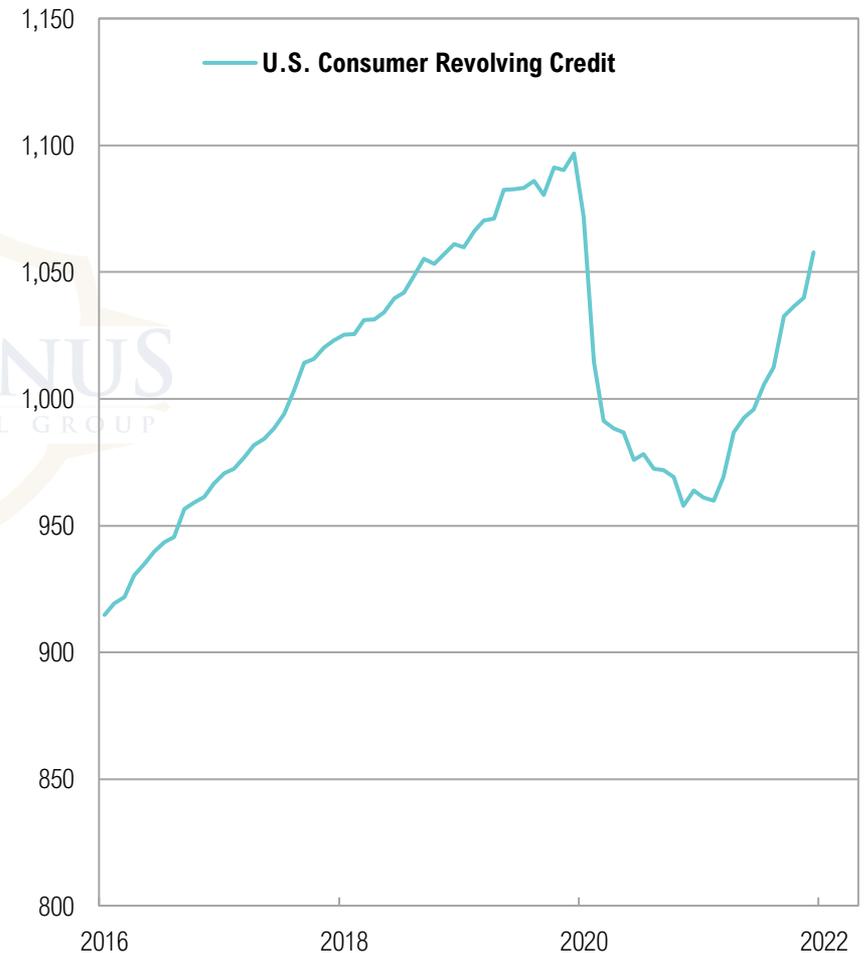
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As transfer payments have waned, the consumer has started to dial up leverage, but plenty of room to go

DEBT PAYMENTS AS % OF DISPOSABLE PERSONAL INCOME, SA



BREAK ADJUSTED REVOLVING CONSUMER CREDIT, \$BN



Source: Bloomberg
Household Debt Service Ratio as of 12/31/2021

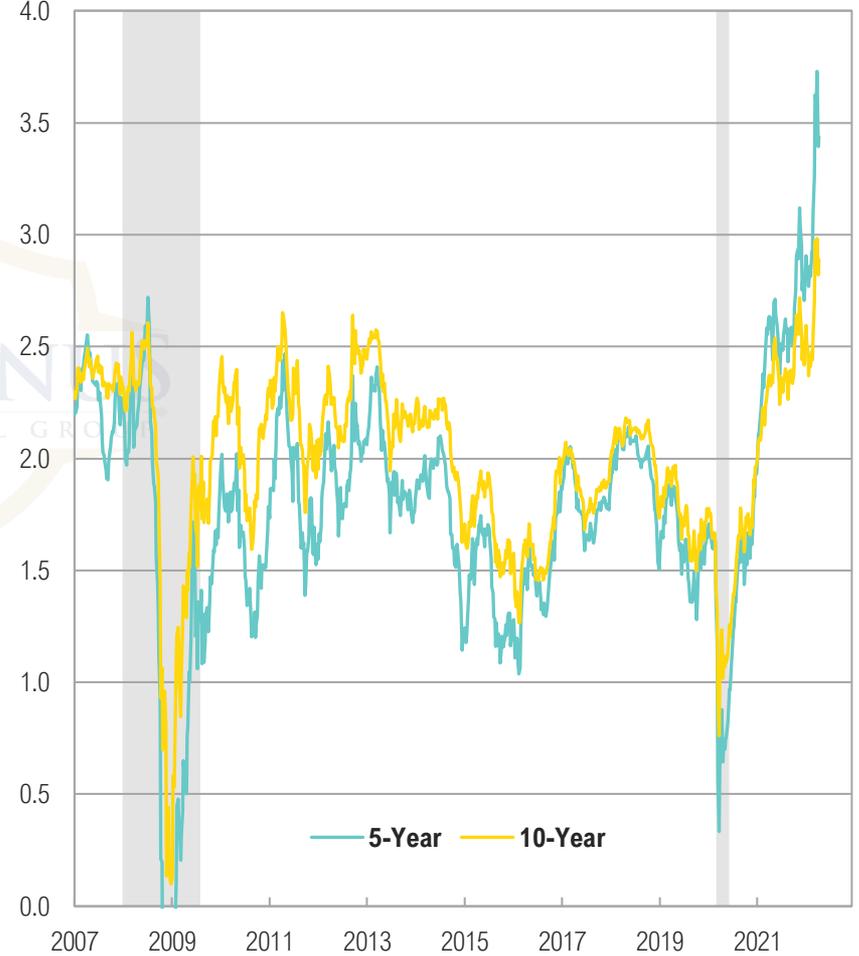
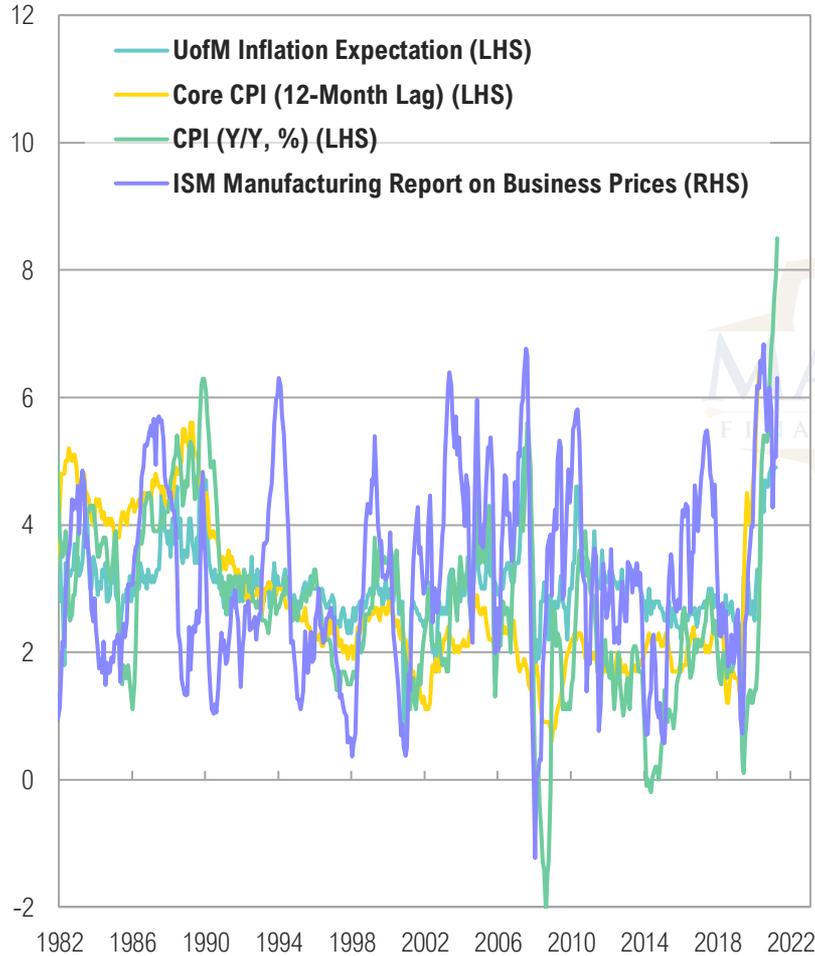
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Post-Russian invasion, inflation and inflation expectations have become unhinged relative to recent history

UOFM INFLATION EXP. *, CPI Y/Y %

ISM MAN. PRICES INDEX

5-YEAR & 10-YEAR TIPS-IMPLIED INFLATION



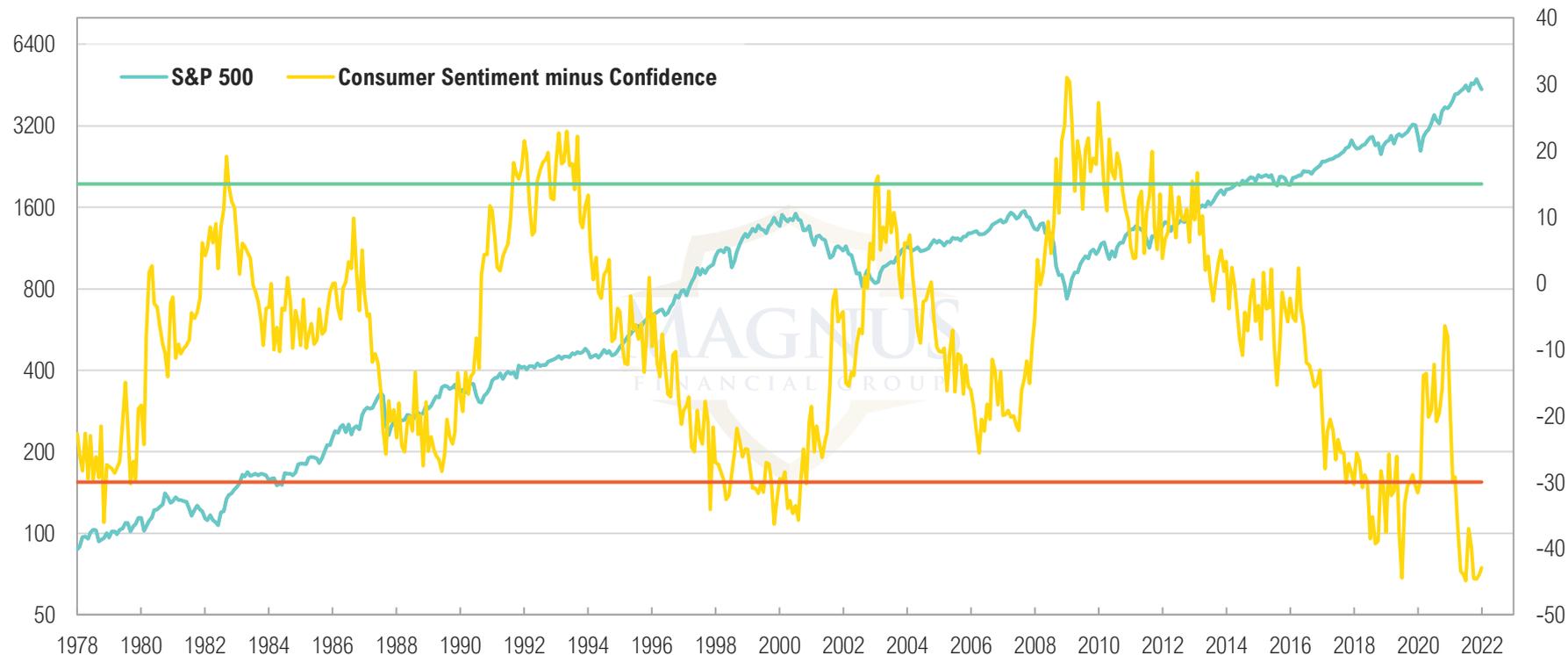
Source: FRED, University of Michigan
 *UofM data as of 2/28/2022



The Consumer Sentiment minus Confidence spread suggests consumers have never been more pessimistic about their personal situation relative to the economy

S&P 500 INDEX

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT

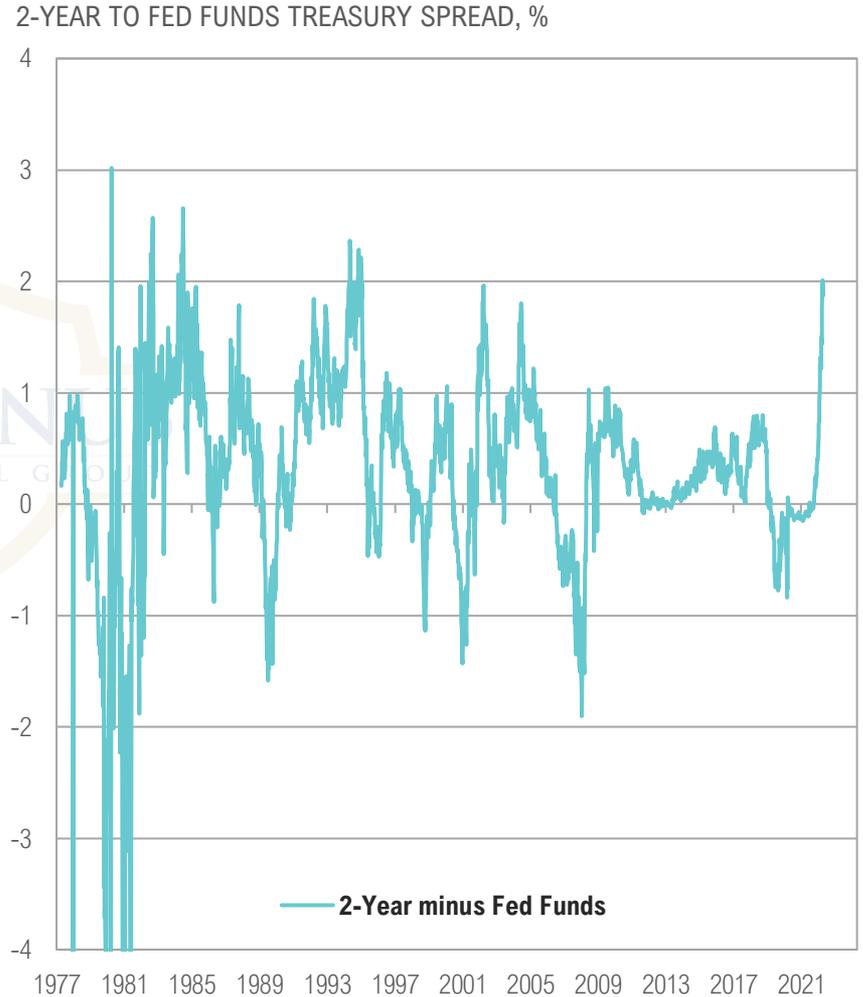
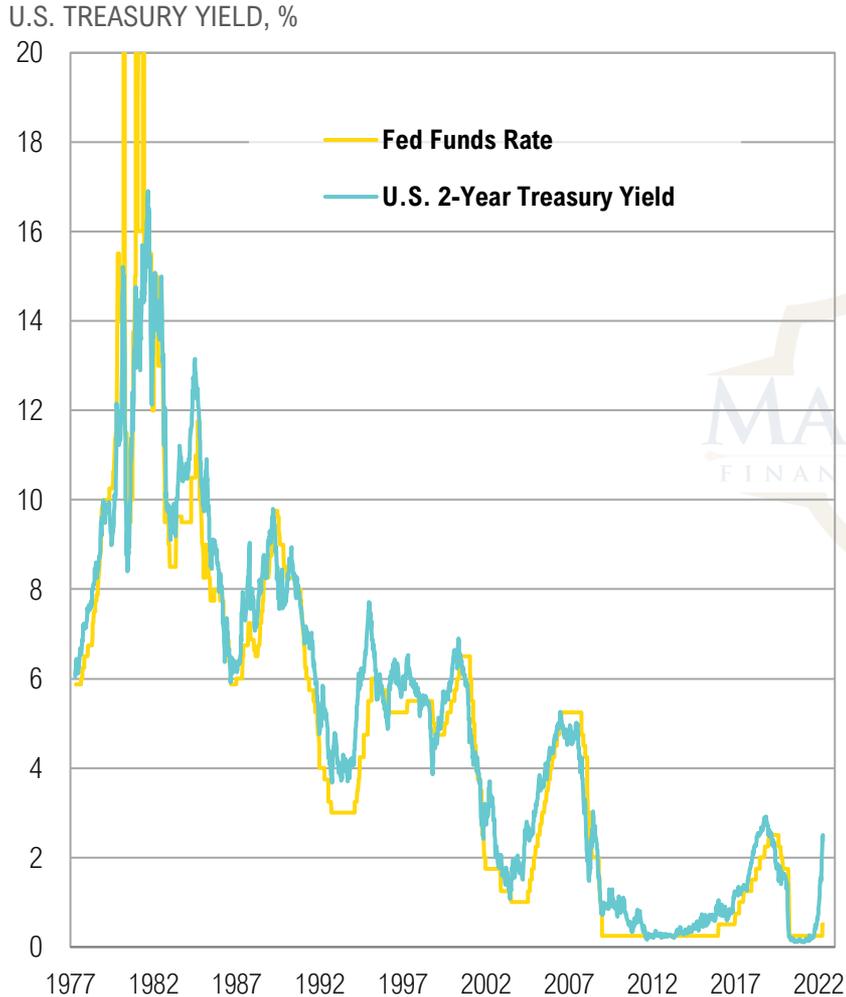


Indicator Level	# Observations	% of Time	Average 1 Year Forward		% of Positive Forward Returns
			Return	Min Annual Return	
Above 15	45	9%	14%	-1%	93%
-30 To 15	433	84%	11%	-45%	79%
Below -30	39	8%	4%	-28%	72%
Total	517	100%	11%	-45%	80%

Source: Bloomberg, University of Michigan

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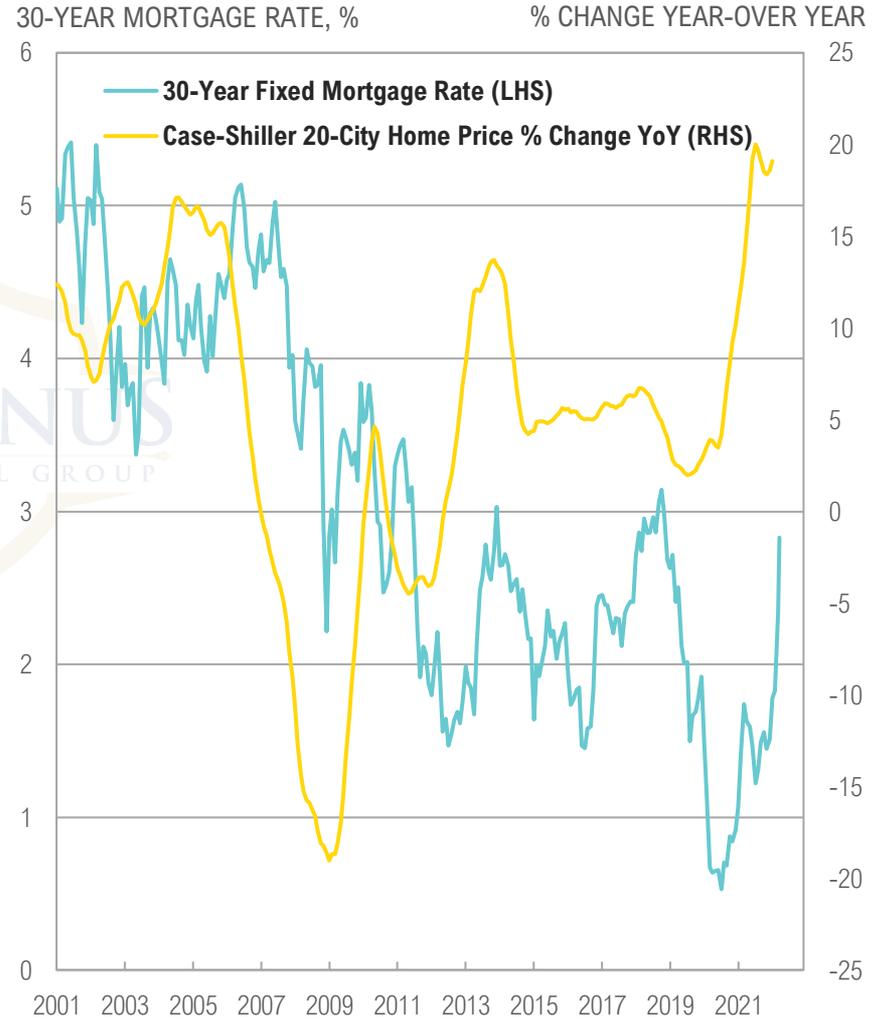
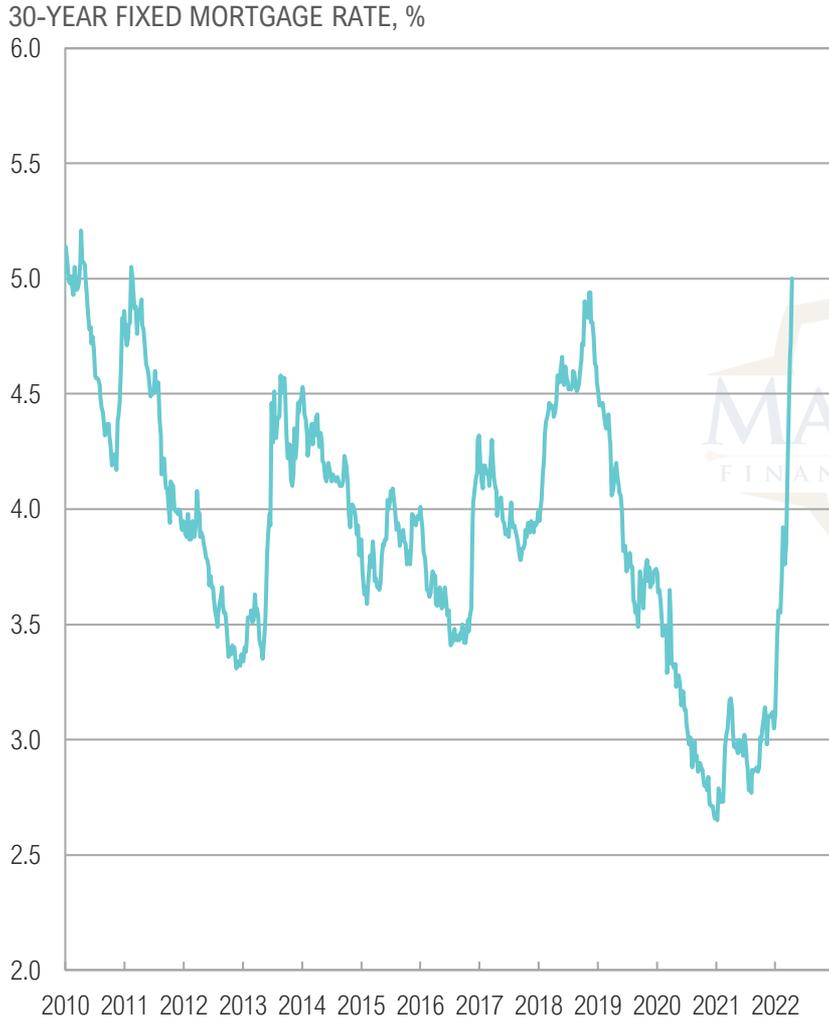
Watch the Treasury market for policy changes: the 2-year Treasury tells you everything you need to know about pending Fed decisions



Source: FRED

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➤ Current pace of mortgage rate increase is unprecedented, but rates are still manageable in absolute terms

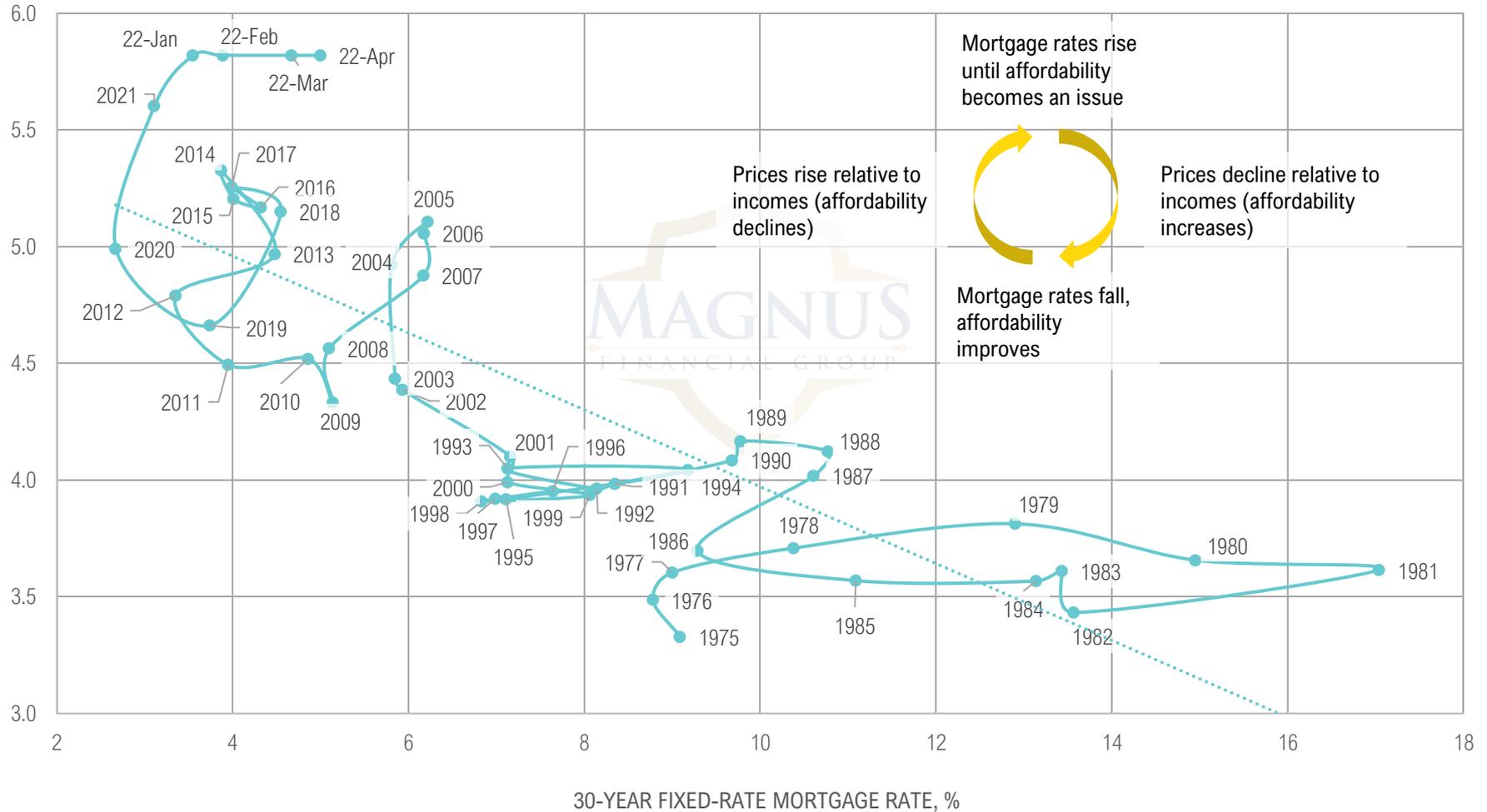


Source: Bloomberg
S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index data is as of 12/31/2021.

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With mortgage rates and home prices rising, housing is less affordable

MEDIAN HOME SALE PRICE TO MEDIAN HOUSEHOLD INCOME (RATIO)

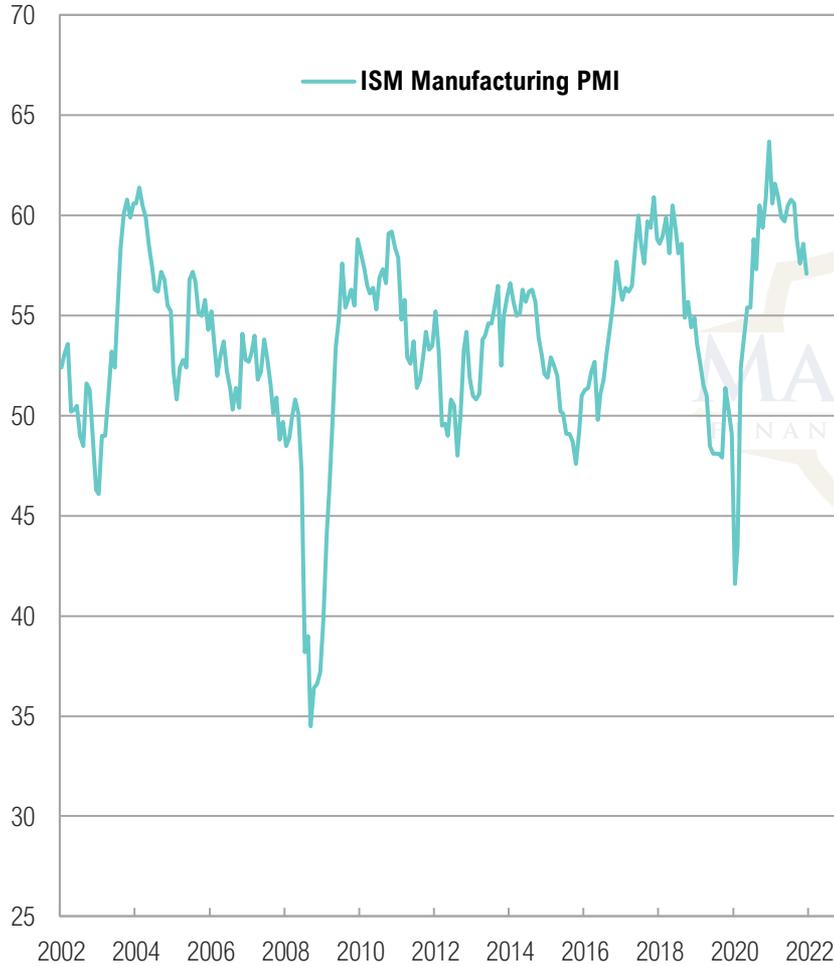


Source: Bloomberg, FRED

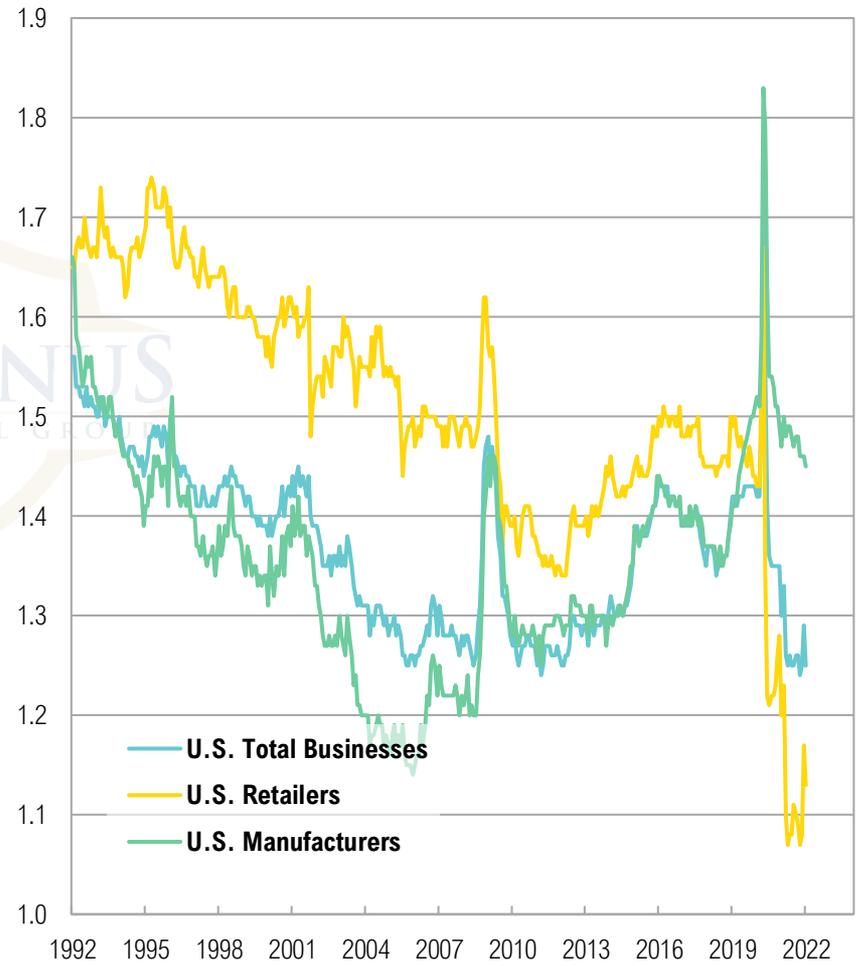
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ISM Manufacturing PMI has rolled over; retailers have struggled to build inventories to match demand

ISM MANUFACTURING PMI



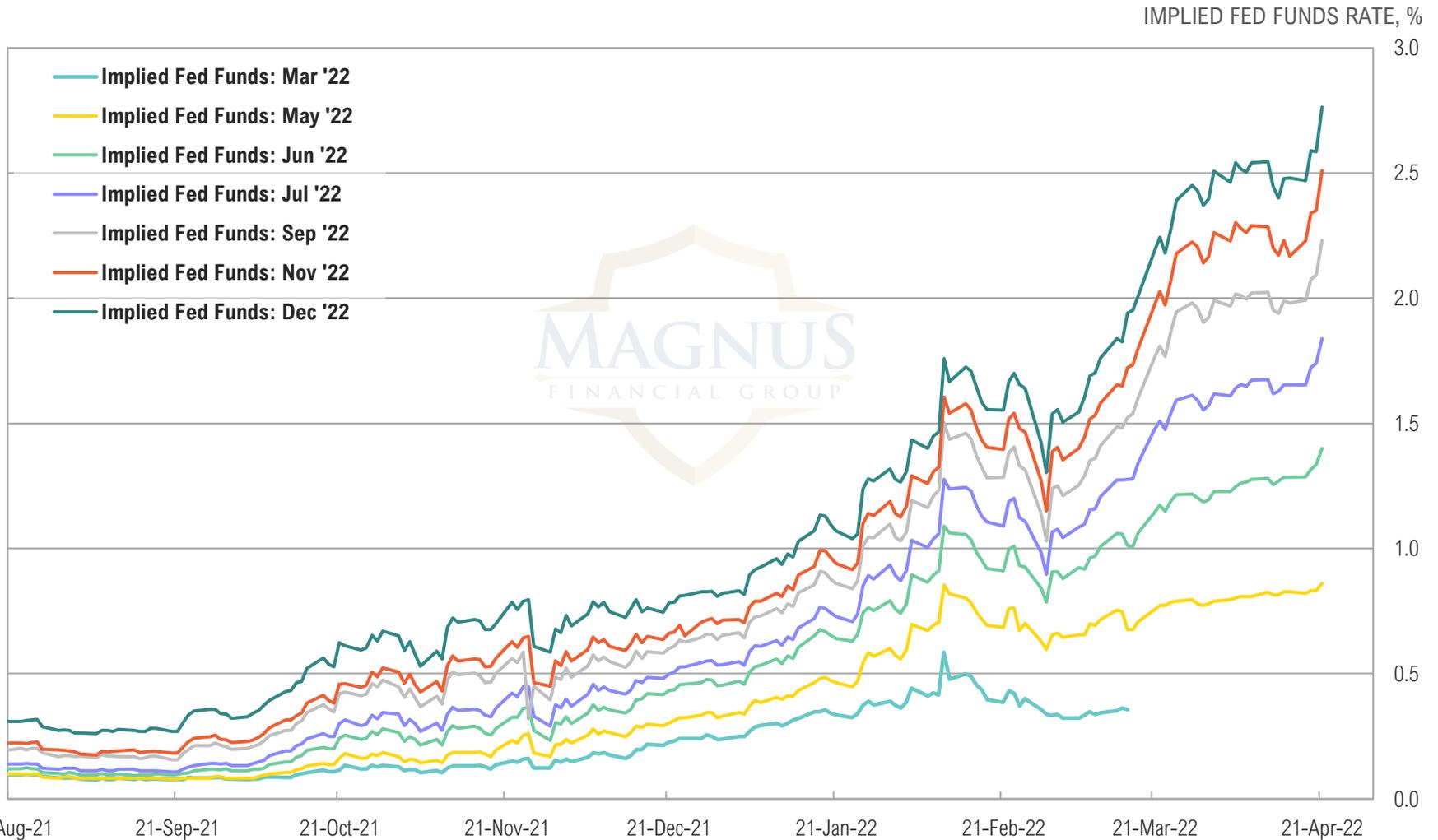
U.S. INVENTORY TO SALES RATIO, TOTAL BUSINESS



Source: Bloomberg, FRED

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The market is now pricing in 11 rate hikes in 2022, up from the 7 expected post March FOMC meeting

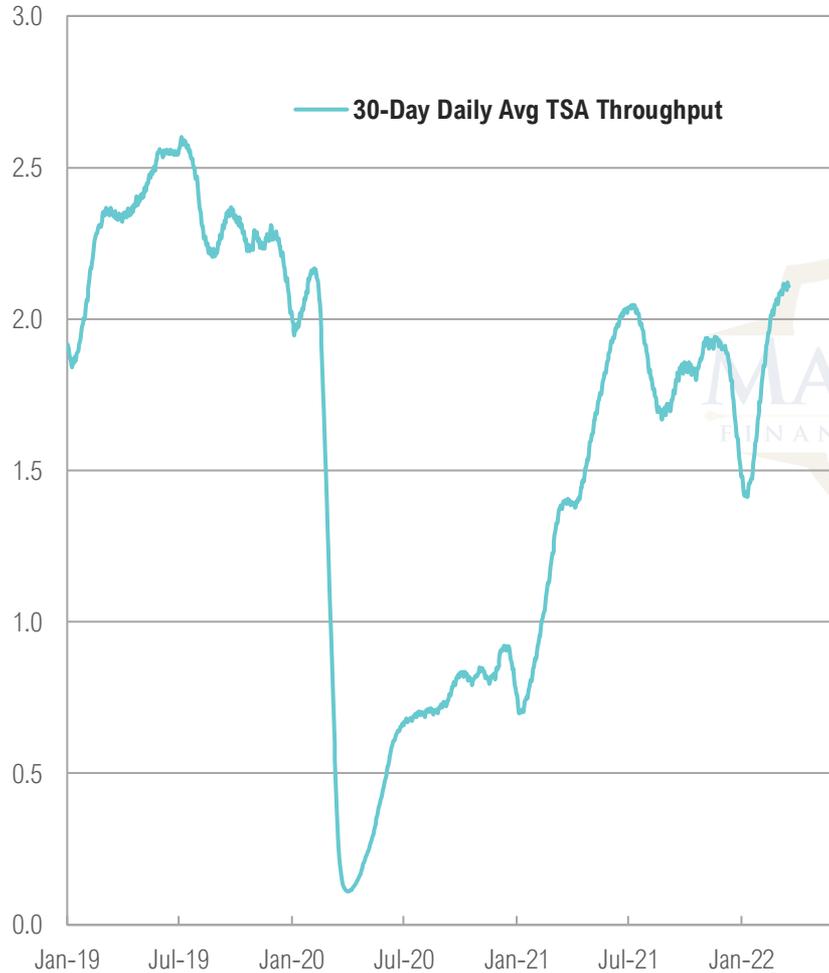


Source: Bloomberg

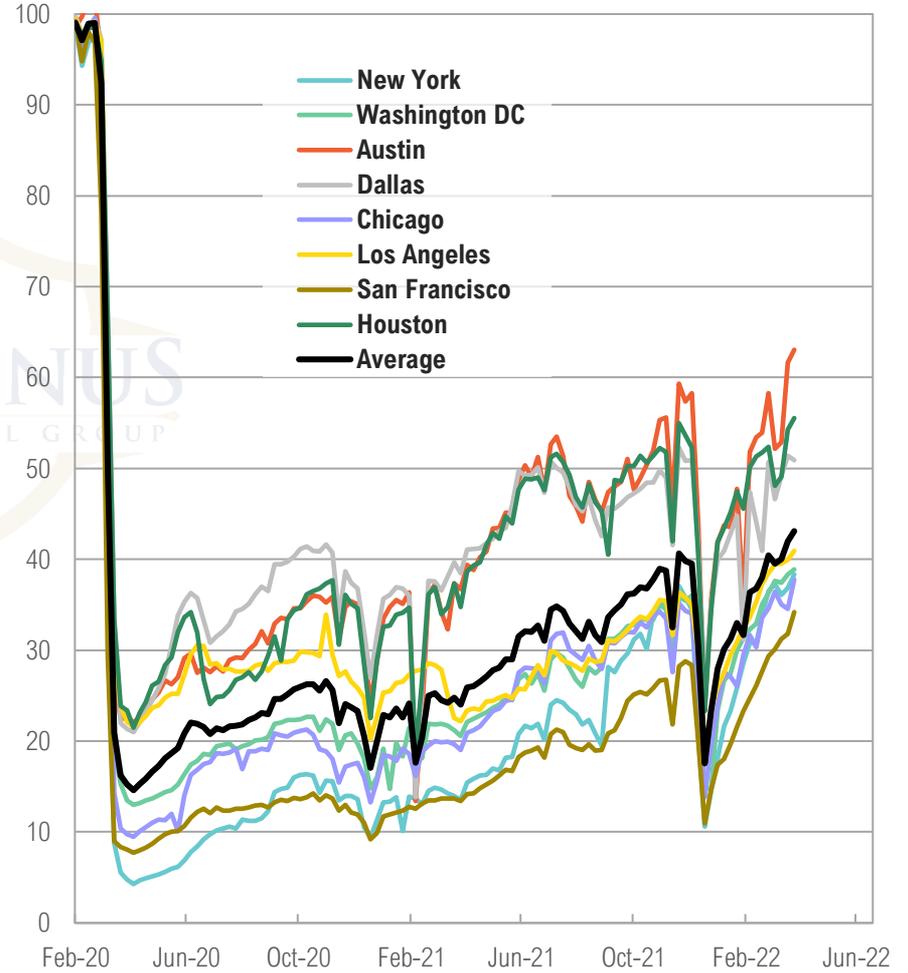
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TSA throughput is back to pre-COVID levels, while work-from-home may be here to stay

TSA DAILY RIDERSHIP THROUGHPUT, 30-DAY AVERAGE (MILLIONS)



% OF CURRENT CITY OFFICE SPACE CURRENTLY IN USE

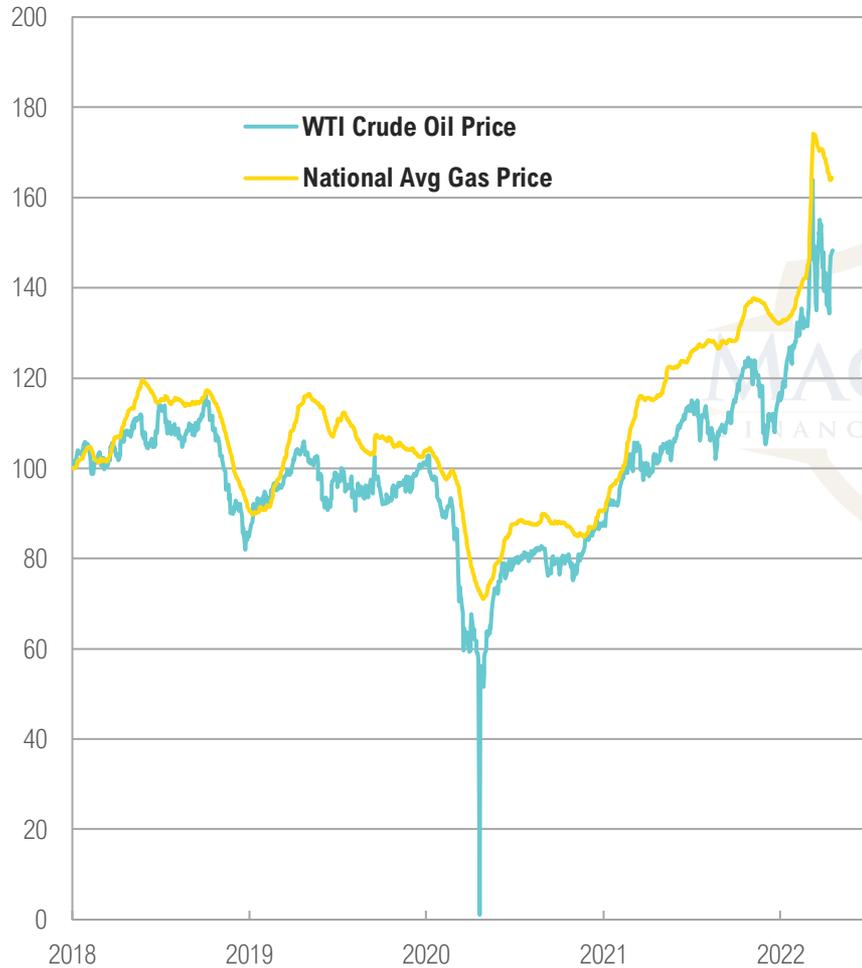


Source: U.S. Department of Transportation, Kastle

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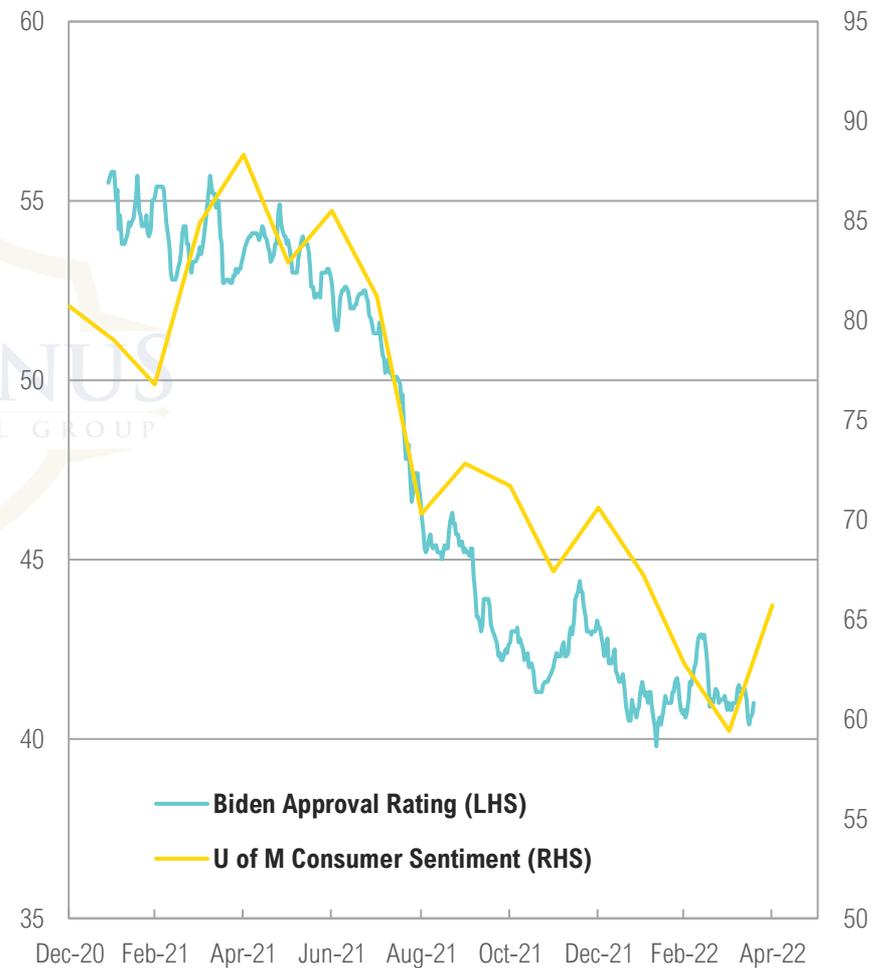
Rising energy prices will continue to be a hot topic for consumers and the current administration

ENERGY PRICES GROWTH OF 100, BASE PRICE = JAN 2018



BIDEN APPROVAL RATING

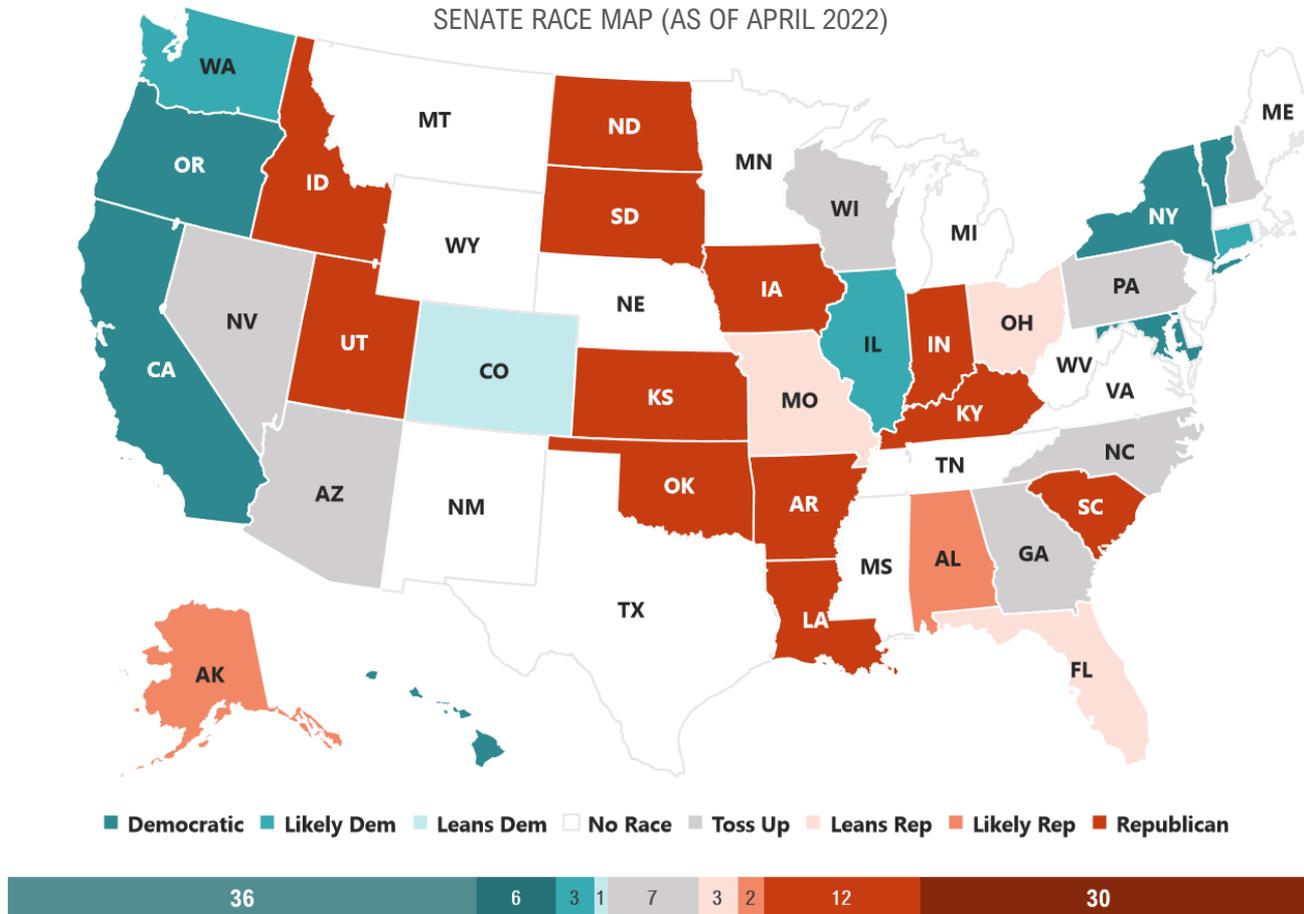
U OF M CONSUMER SENTIMENT



Source: Bloomberg, FiveThirtyEight, University of Michigan

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Looking ahead to November, the race for Senate control will rely on a select few toss-up states



Source: Real Clear Politics

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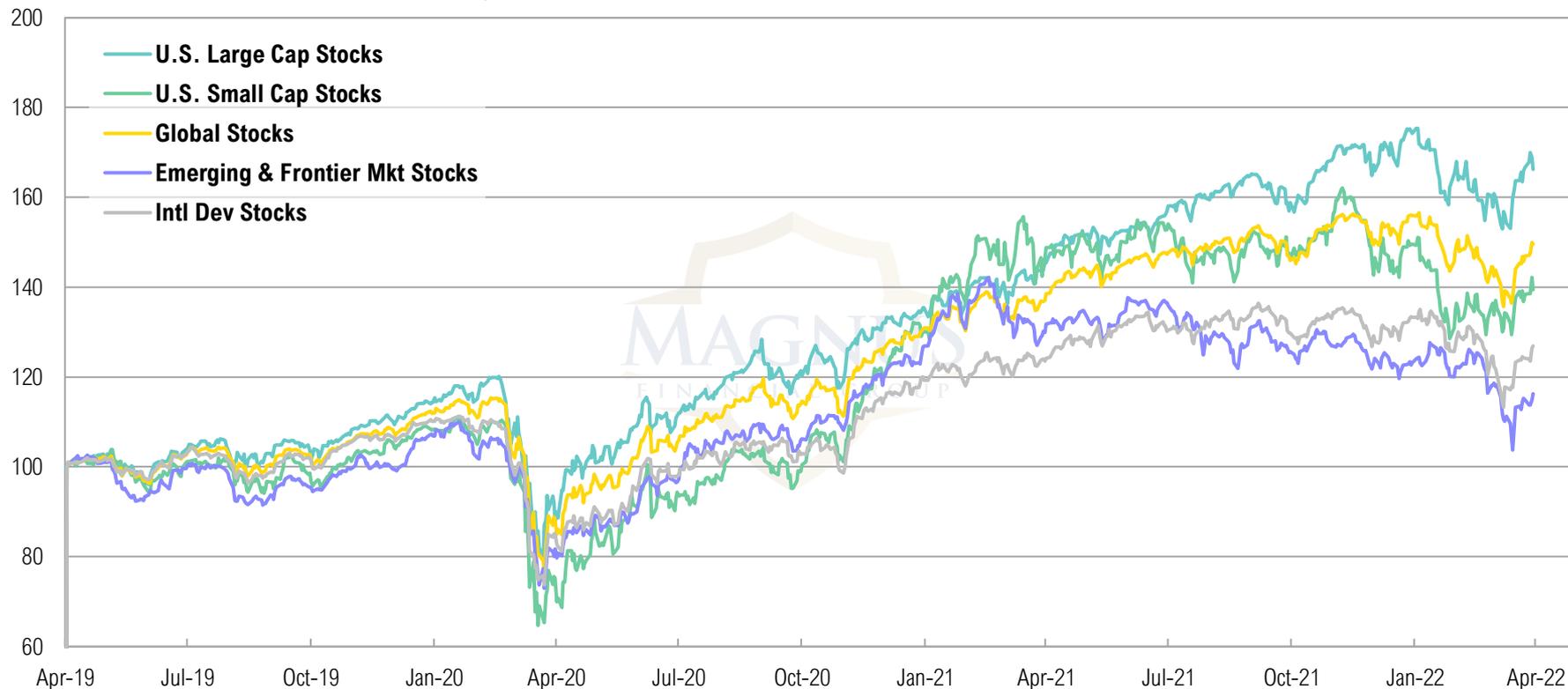


We do know that the wealth effect is a real phenomenon, and both the stock market and house prices are up roughly 30 percent relative to pre-pandemic levels; even households who don't own stocks or homes have on average stronger balance sheets than before the pandemic. Perhaps this is leading people to be more confident and simply spend more. Either way, the FOMC must act to bring the economy back into balance.

– Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, 2022

US large cap stocks held up best over the quarter but ended 4.6% lower; US small cap stocks and emerging & frontier stocks were both down ~7%

CALENDAR YEAR & TRAILING TOTAL RETURNS, GROWTH INDEX



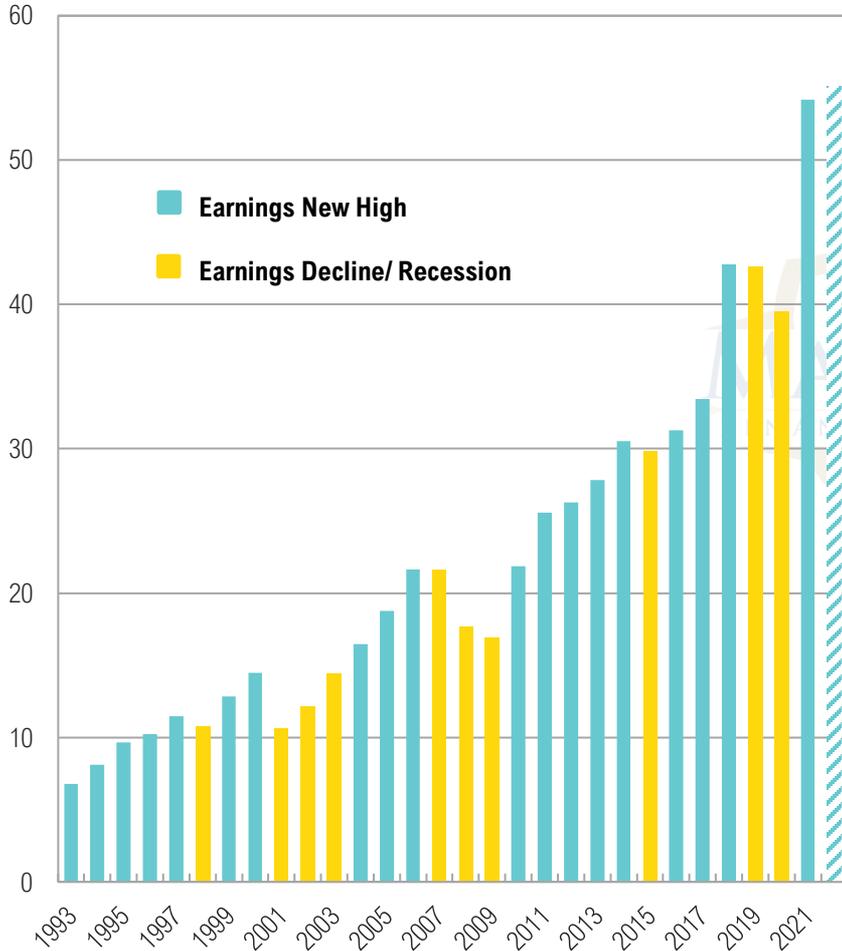
Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. Large Cap Stocks	S&P 500 TR	3.7	-4.6	-4.6	15.7	18.9	16.0	14.6	28.7	18.4	31.5	-4.4	21.8
U.S. Small Cap Stocks	Russell 2000 TR	1.2	-7.5	-7.5	-6.2	11.6	9.7	11.0	14.5	20.0	25.4	-11.1	14.6
Intl Dev Stocks	MSCI EAFE GR	0.6	-5.9	-5.9	1.2	7.8	6.7	6.3	11.3	7.8	22.0	-13.8	25.0
Emerging & Frontier Mkt Stocks	MSCI EM GR	-2.3	-7.0	-7.0	-11.4	4.9	6.0	3.4	-2.5	18.3	18.4	-14.6	37.3
Global Stocks	MSCI ACWI GR	2.2	-5.4	-5.4	7.3	13.7	11.6	10.0	18.5	16.3	26.6	-9.4	24.0

Source: Bloomberg
Returns for periods greater than 1 year are annualized.

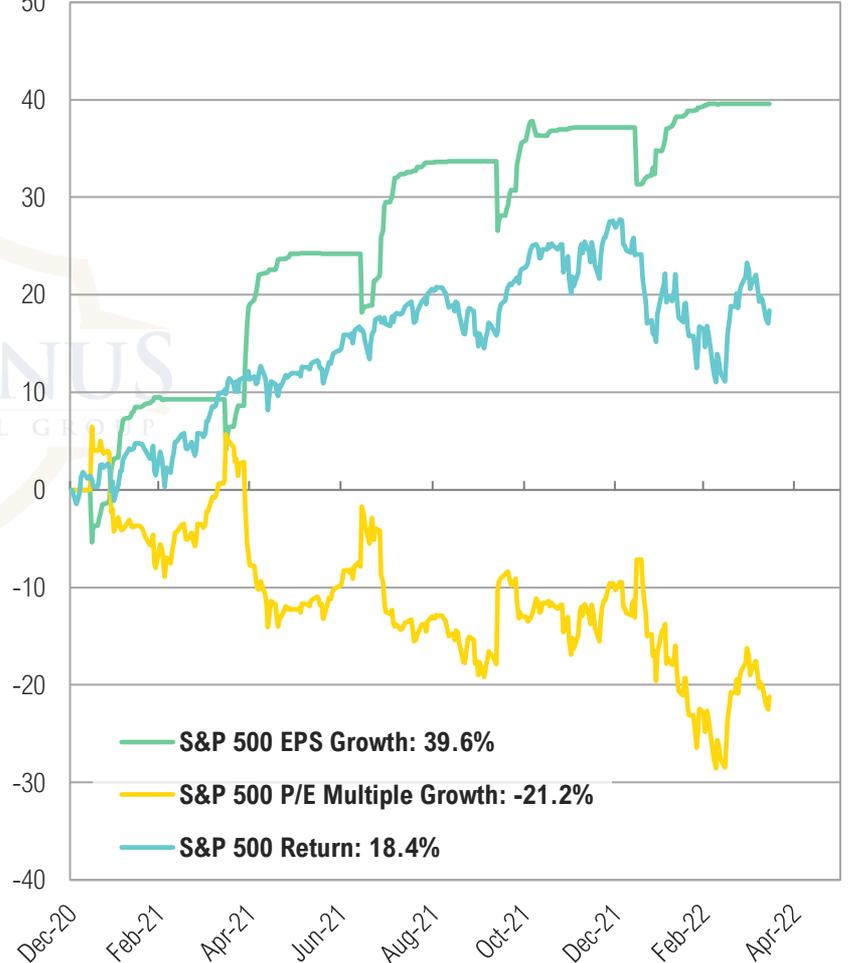
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U.S. large cap multiples contracted in Q1; earnings are expected to make new all-time highs this year

S&P 500 EARNINGS PER SHARE, \$



S&P 500 GROWTH, EARNINGS & VALUATION, % CHANGE (DEC-'20 = 0)

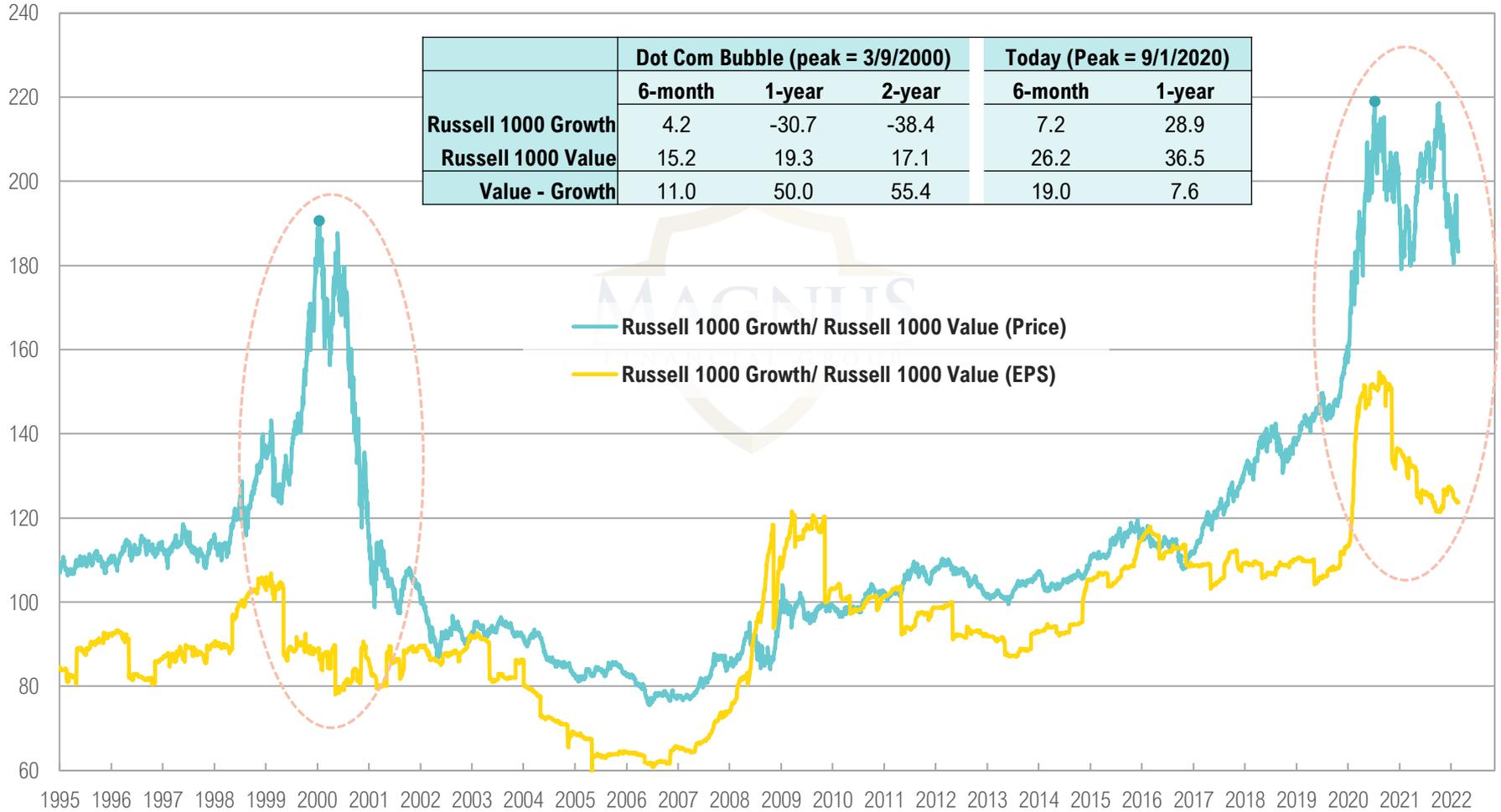


Source: Bloomberg

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➤ Growth equity prices still not supported by earnings

GROWTH/ VALUE RATIO (2010 = 100)

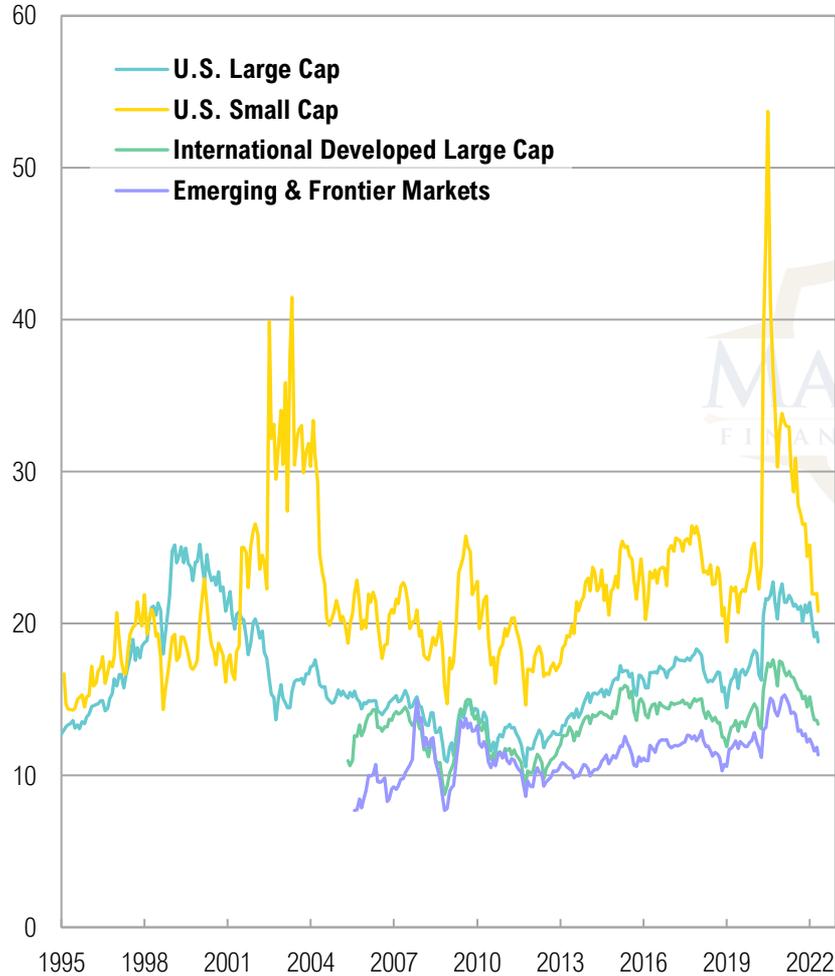


Source: Bloomberg. Returns are not annualized.

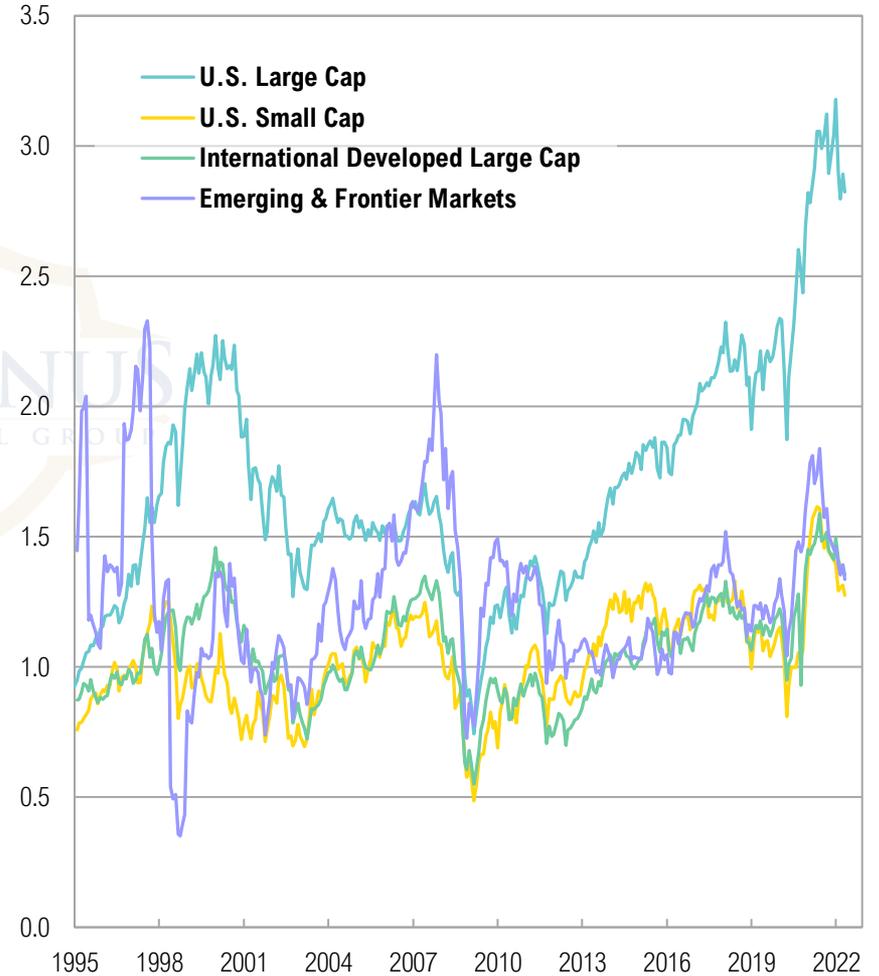
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Valuations continue to contract so far this year

PRICE-TO-EARNINGS RATIO, FWD 12-MONTH



PRICE-TO-SALES RATIO



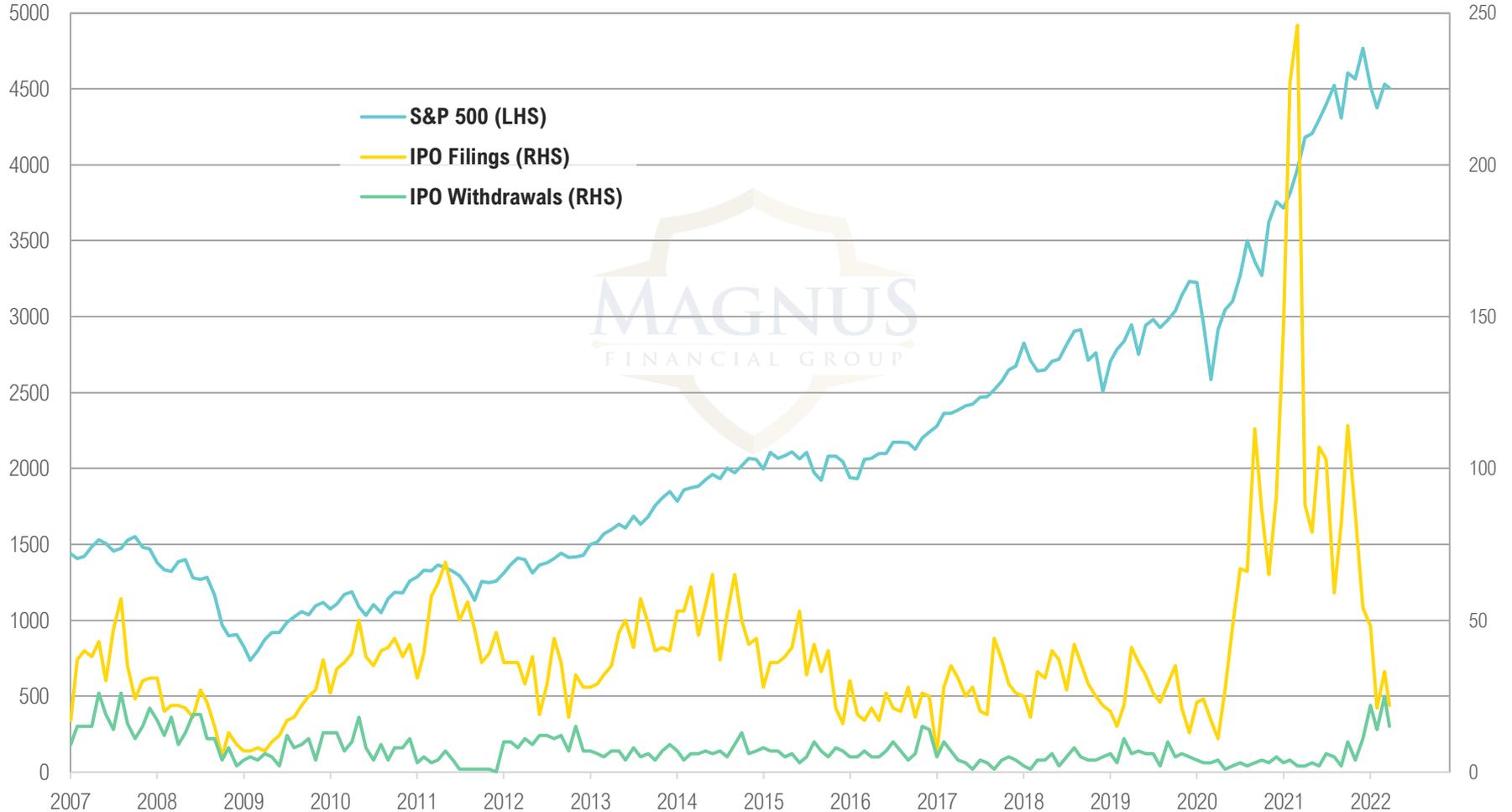
Source: Bloomberg

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IPO withdrawals are at highest levels since 2008 despite IPO filings returning to more normal levels after extreme 2021

S&P 500 INDEX

NUMBER OF IPO FILINGS & WITHDRAWALS



Source: NASDAQ, Bloomberg

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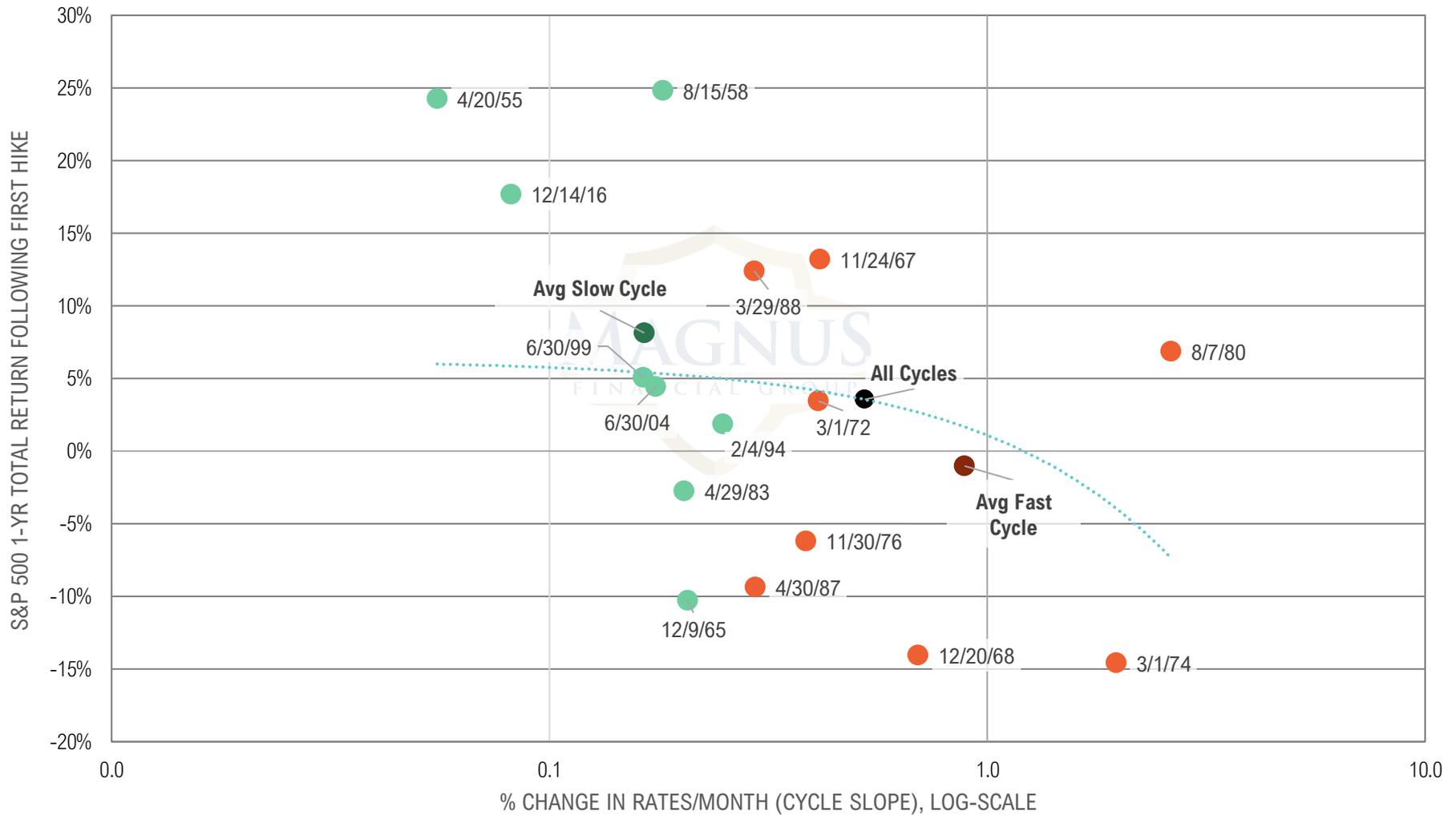
Can't rely on averages when evaluating what the yield curve inversion means for markets; fast vs. slow hiking cycles remains the key

Hiking Cycle Start		Hiking Cycle End		Fast/Slow Cycle				S&P 500 TR		2s10s Inversion Data			
Date	Fed Funds	Date	Fed Funds (%)	# of Months	Rate Chg. (%)	% Chg/Mnth	Classification	1-Yr Before 1st Hike	1-Year After 1st Hike	First Inversion	# of Hikes Before	# of Hikes After	% Hikes After Inversion
4/20/55	1.44	8/12/57	3.00	28	1.6	0.06	Slow	38%	24%	Dec-56	6	0	0%
8/15/58	1.63	9/11/59	4.00	13	2.4	0.18	Slow	4%	25%	Sep-59	8	2	20%
12/9/65	4.13	9/7/66	6.00	9	1.9	0.21	Slow	10%	-10%	n/a			
11/24/67	4.13	5/14/68	6.50	6	2.4	0.41	Fast	16%	13%	Dec-67	2	8	80%
12/20/68	6.13	6/27/69	10.50	6	4.4	0.69	Fast	11%	-14%	n/a			
3/1/72	3.50	8/30/73	11.00	18	7.5	0.41	Fast	11%	3%	Mar-73	14	16	53%
3/1/74	9.00	5/1/74	13.00	2	4.0	1.97	Fast	-14%	-15%	n/a			
11/30/76	4.75	3/3/80	20.00	40	15.3	0.38	Fast	11%	-6%	Aug-78	13	48	79%
8/7/80	9.50	12/5/80	20.00	4	10.5	2.63	Fast	16%	7%	Sep-80	6	36	86%
4/29/83	8.50	8/21/84	11.75	16	3.3	0.20	Slow	42%	-3%	n/a			
4/30/87	6.00	9/4/87	7.25	4	1.3	0.30	Fast	22%	-9%	n/a			
3/29/88	6.50	2/24/89	9.75	11	3.3	0.29	Fast	-10%	12%	Sep-88	5	8	62%
2/4/94	3.00	2/1/95	6.00	12	3.0	0.25	Slow	5%	2%	n/a			
6/30/99	4.75	5/16/00	6.50	11	1.8	0.16	Slow	21%	5%	Feb-00	3	4	57%
6/30/04	1.00	6/29/06	5.25	24	4.3	0.17	Slow	16%	4%	Dec-05	12	5	29%
12/14/16	0.50	12/19/18	2.50	25	2.0	0.08	Slow	10%	18%	Aug-19	9	0	0%
3/17/22	0.25	?	?	?	?	?	?	12%		Apr-22	1	8	
Averages		Slow Cycle Average		17	2.5	0.16		18%	8%		8	2	21%
		Fast Cycle Average		11	6.1	0.89		8%	-1%		8	23	72%
		All Cycle Average		14	4.3	0.53		13%	4%		7	12	47%

Source: Bloomberg, SpringTide Calculations

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Fast hiking cycles correlate with poor returns following first rate hike; in order to be classified as a fast hiking cycle the Fed needs to hike more than 8 times



Source: Bloomberg, SpringTide Calculations

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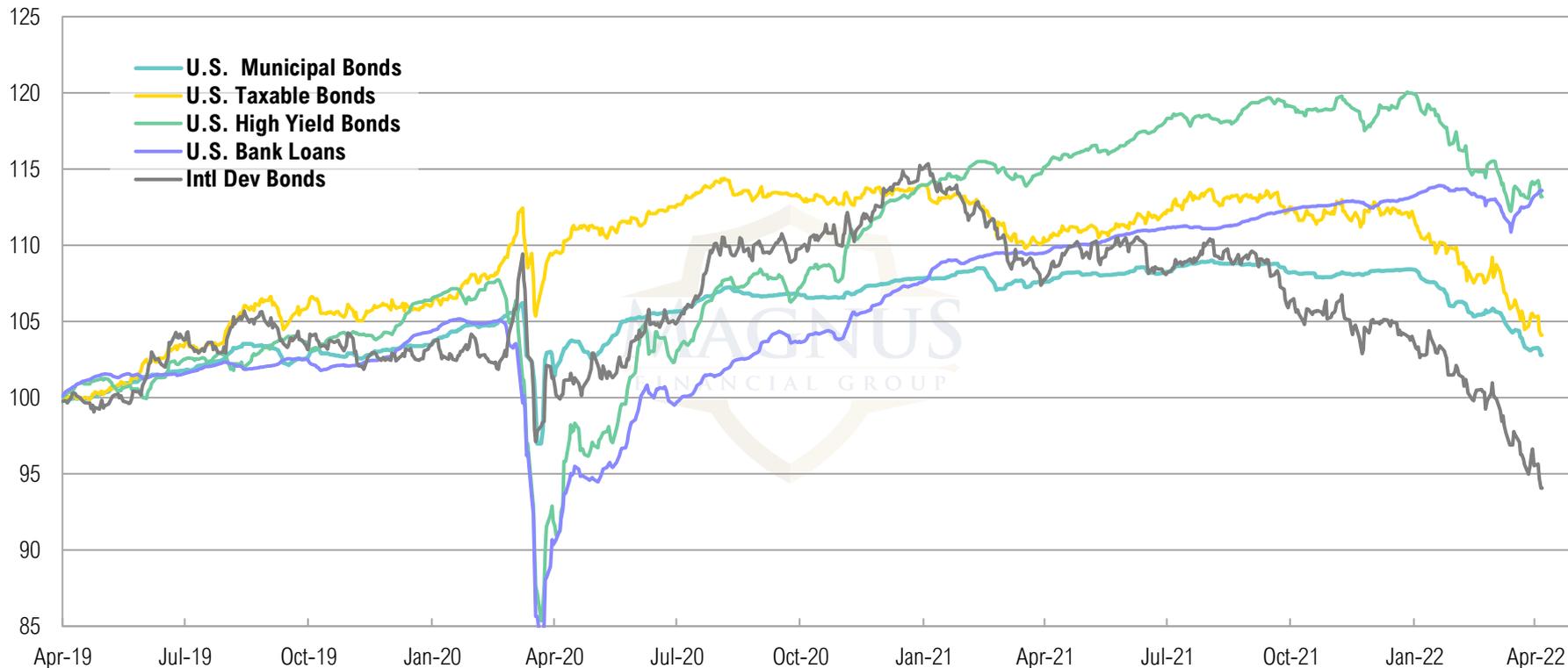


It is appropriate in my view to be moving a little more quickly. I also think there's something in the idea of front-end-loading [the removal of stimulus].

– Jerome Powell, Federal Reserve Chairman, *April 21, 2022*

All U.S. fixed income and credit asset classes were down over the quarter, U.S. bank loans holding up best, with international developed bonds selling off most

CALENDAR YEAR & TRAILING TOTAL RETURNS



Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. Municipal Bonds	BBgBarc Municipal 1-10Y Blend 1-12Y TR	-2.3	-4.8	-4.8	-4.0	1.0	1.8	2.0	0.5	4.2	5.6	1.6	3.5
U.S. Taxable Bonds	BBgBarc US Agg Bond TR	-2.8	-5.9	-5.9	-4.2	1.7	2.1	2.2	-1.5	7.5	8.7	0.0	3.5
U.S. High Yield Bonds	BBgBarc US Corporate High Yield TR	-1.1	-4.8	-4.8	-0.7	4.6	4.7	5.7	5.3	7.1	14.3	-2.1	7.5
U.S. Bank Loans	S&P/LSTA Leveraged Loan TR	0.0	-0.1	-0.1	3.3	4.2	4.0	4.3	5.2	3.1	8.6	0.4	4.1
Intl Dev Bonds	S&P International Sov Ex-US Bond TR	-3.6	-7.1	-7.1	-10.2	-1.3	0.9	0.3	-9.5	11.2	4.6	-2.3	11.3

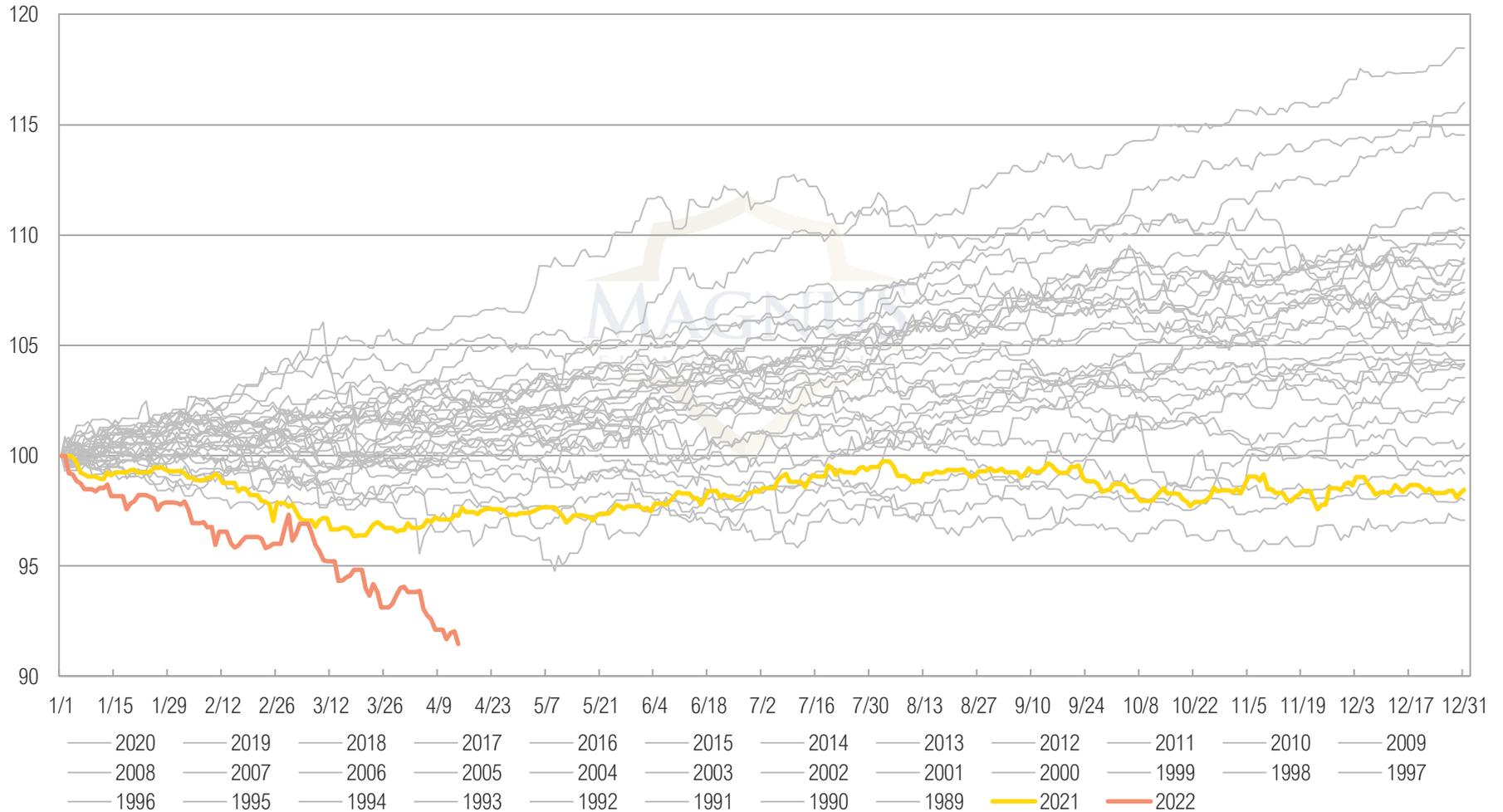
Source: Bloomberg
Returns as of 31 March 2022. Returns for periods greater than 1 year are annualized.

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2021 was 3rd worst year for U.S. bonds since 1989; 2022 is off to a dramatically worse start

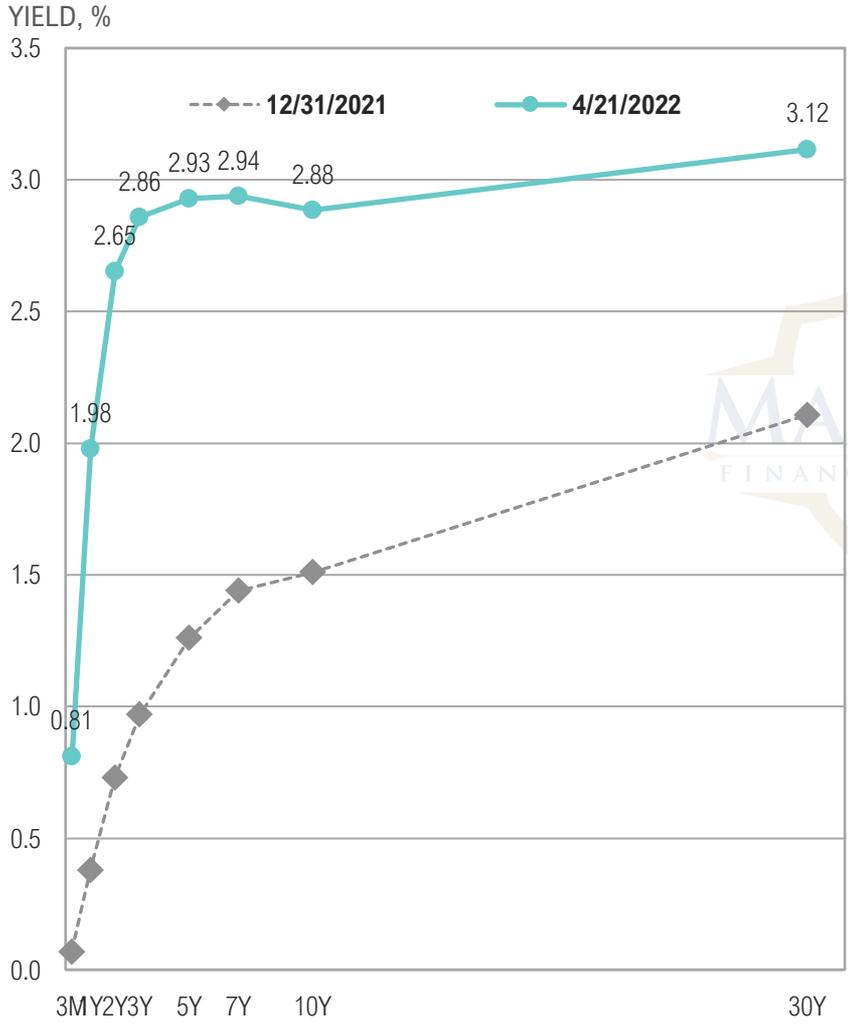
GROWTH OF 100, BLOOMBERG U.S. AGGREGATE BOND INDEX, 1989-2022



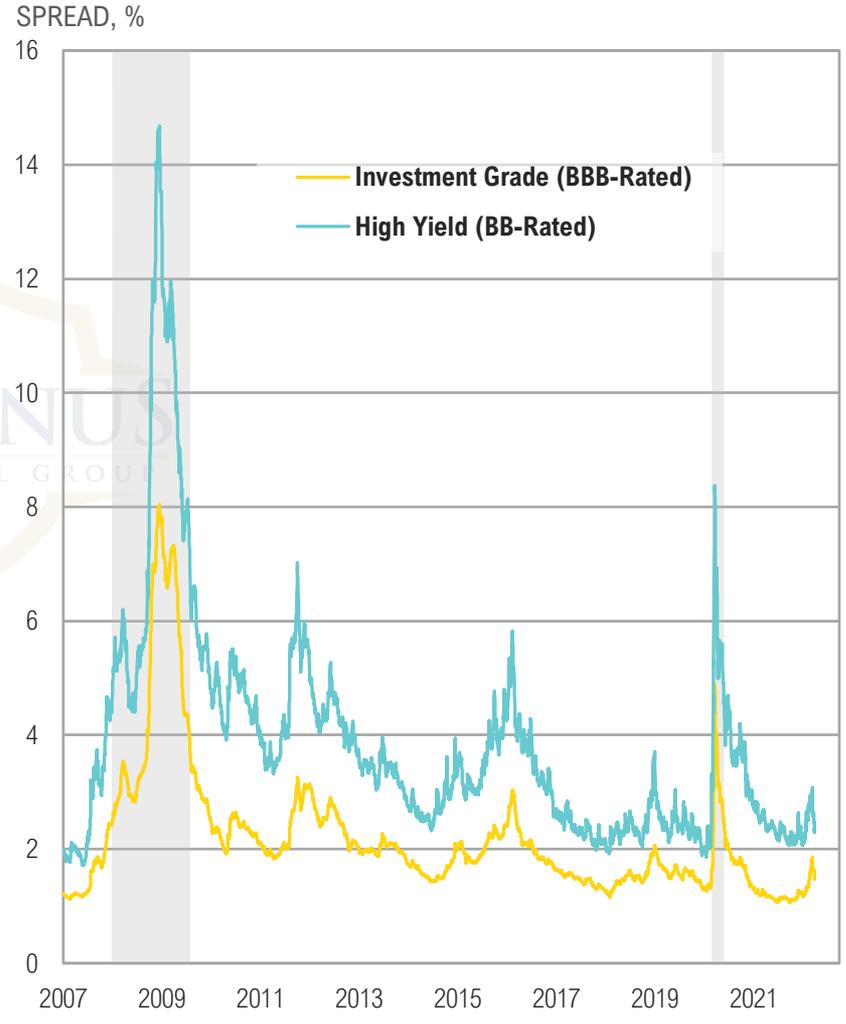
Source: Bloomberg, Data as of 4/14/22

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U.S. Treasury yield curve has flattened with parts of the curve inverting, while credit spreads have remained at or near historically tight levels



Source: Bloomberg

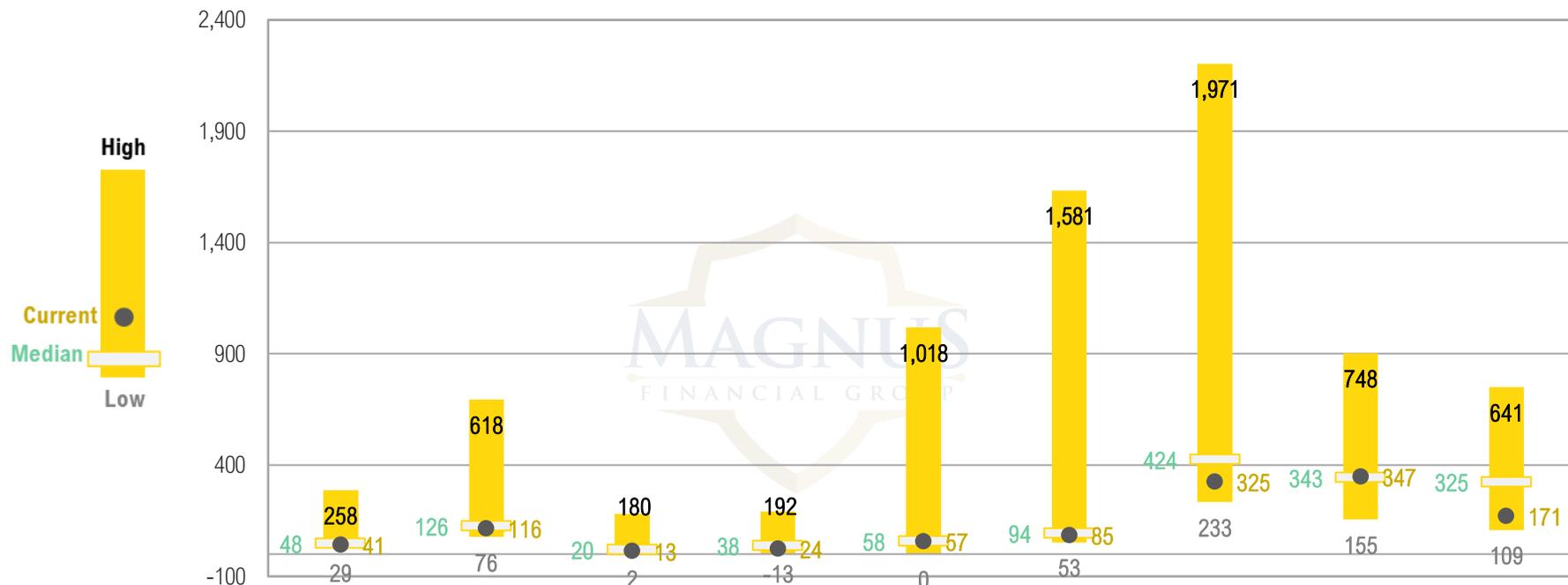


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Credit spreads near median across most sectors as almost all pain in credit has been due to duration component (not spread widening)

CURRENT CREDIT SPREAD VS. LONG-TERM HIGH/LOW RANGE



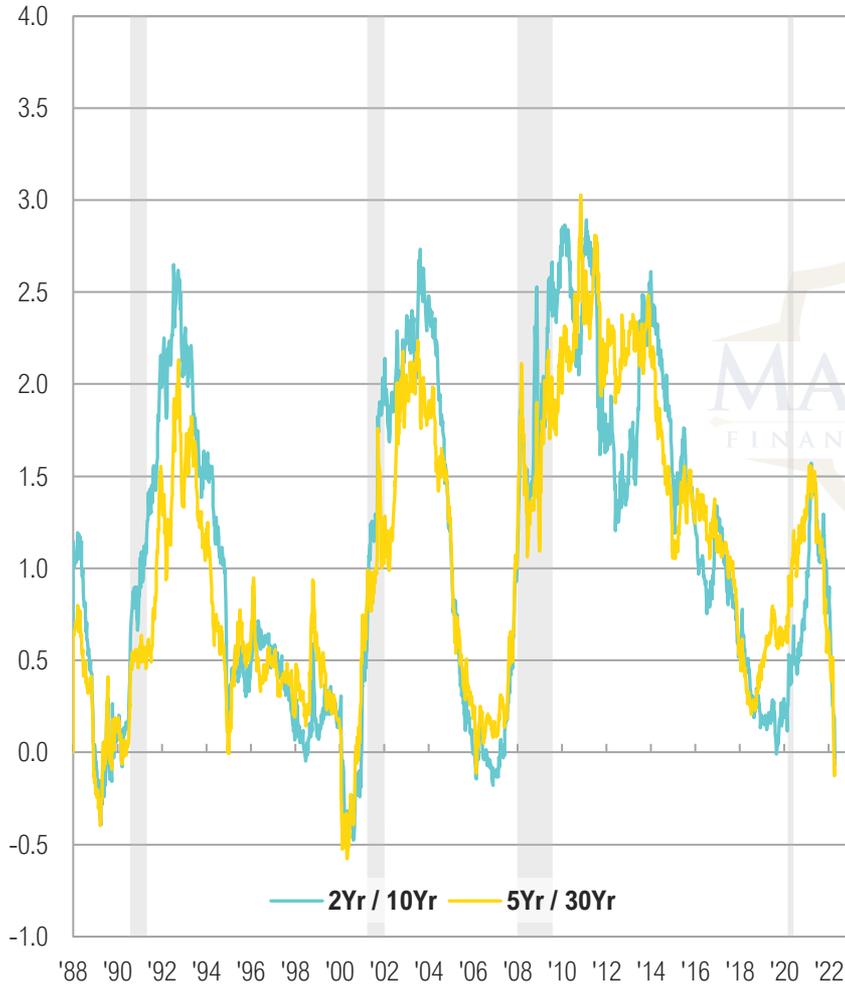
	Aggregate	Corporate	Agency	MBS	ABS	CMBS	High Yield	Emerging Markets	High Yield Muni Spread*
Max Spread Date	12/3/2008	12/3/2008	11/20/2008	12/3/2008	1/6/2009	11/21/2008	12/16/2008	11/28/2008	1/12/2009
Min Spread Date	4/14/2021	3/8/2005	4/19/2021	7/27/2010	10/1/2009	12/8/2004	5/22/2007	5/31/2007	6/11/2007
Spread on 12/31/20	42	96	10	39	33	81	360	323	275
Spread on 12/31/19	39	93	10	39	44	72	336	277	223
Spread on 12/31/18	54	153	16	35	53	86	526	435	234
Spread on 12/31/17	36	93	14	25	36	62	343	311	278

Source: Bloomberg. High Yield Muni Spread data is relative to Bloomberg Municipal Bond Index. Yield spread data is from 2004 – current.

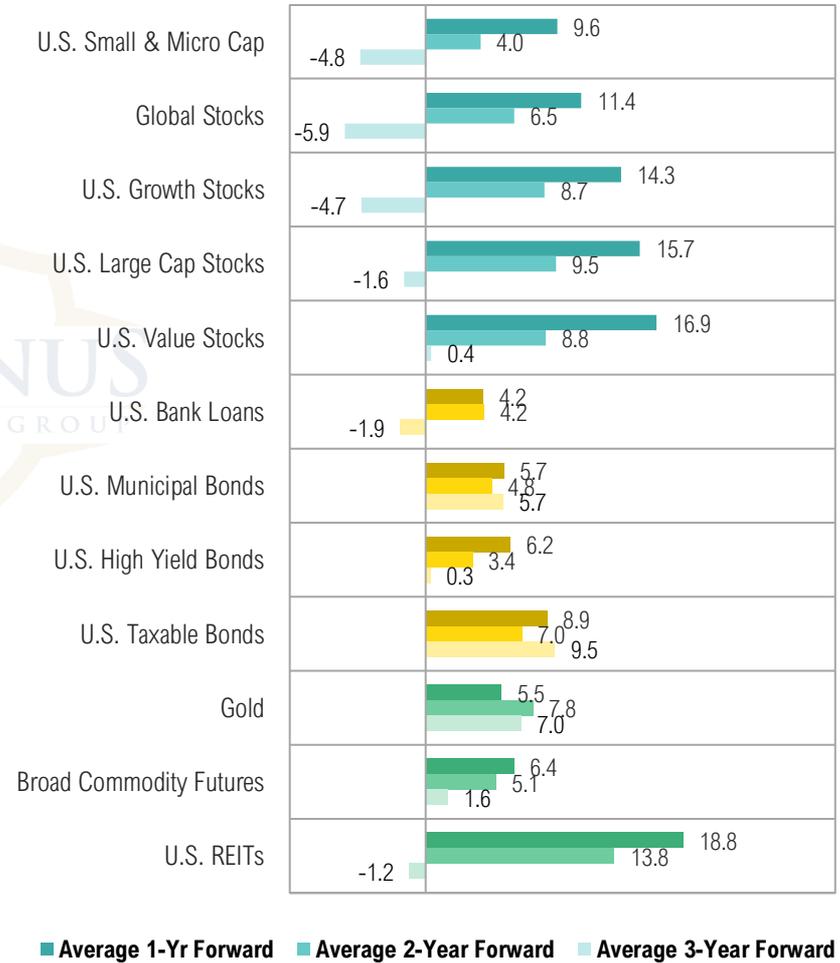
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Yield curve inversion, could spell the end of this cycle; risky assets can generate strong returns in the year after the inversion

U.S. TREASURY SPREADS



AVERAGE FORWARD RETURN POST INVERSION SINCE 1988, %



Source: Bloomberg

Average forward returns exclude 1988 for US Municipal Bonds, US Bank Loans, US REITS and Broad Commodity Futures due data availability

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The U.S. bond market remains relatively higher yield, which could help keep U.S. rates somewhat contained

CENTRAL BANK POLICY RATE & GOVERNMENT BOND YIELDS

	Central Bank Rate (%)	3 Month (%)	1 Year (%)	2 Year (%)	3 Year (%)	4 Year (%)	5 Year (%)	6 Year (%)	7 Year (%)	10 Year (%)	20 Year (%)	30 Year (%)
Czech Republic	1.50	-	5.13	5.08	4.87	4.61	4.48	4.29	4.17	4.01	4.02	-
South Korea	1.25	-	2.20	2.80	2.99	3.14	3.23	-	-	3.35	3.35	3.26
Hong Kong	0.86	0.15	1.13	1.84	1.81	-	2.36	-	2.45	2.57	-	-
Thailand	0.50	-	0.44	0.62	0.73	-	1.51	-	1.74	2.18	2.88	-
New Zealand	0.50	1.83	-	3.21	-	-	3.45	-	3.49	3.53	3.65	-
Singapore	0.31	1.04	1.63	1.87	-	-	2.42	-	-	2.61	2.76	2.76
United States	0.25	0.78	1.77	2.45	2.67	-	2.79	-	2.86	2.86	3.13	2.95
Canada	0.25	1.02	2.06	2.44	2.49	2.60	2.67	-	2.67	2.82	2.85	2.77
United Kingdom	0.25	0.64	1.43	1.56	1.57	1.66	1.61	1.66	1.76	1.89	2.13	2.06
Australia	0.10	-	1.33	2.10	2.46	2.62	2.72	2.82	2.90	3.03	3.41	3.48
Israel	0.10	0.19	0.79	1.43	1.63	-	1.85	-	-	2.41	-	3.08
Italy	0.00	(0.58)	(0.37)	0.41	1.22	1.50	1.58	1.87	2.07	2.50	2.82	2.90
Spain	0.00	(0.60)	(0.12)	0.42	0.60	0.94	1.14	1.22	1.39	1.78	2.11	2.25
Portugal	0.00	(0.65)	(0.35)	0.25	0.72	0.89	1.12	1.22	1.39	1.83	2.19	2.38
France	0.00	(0.67)	(0.30)	0.08	0.46	0.65	0.80	0.90	0.94	1.33	1.63	1.81
Belgium	0.00	(0.63)	(0.30)	0.13	0.42	0.61	0.76	0.87	1.00	1.35	1.73	-
Germany	0.00	(0.71)	(0.35)	0.04	0.24	0.43	0.58	0.63	0.67	0.84	0.94	1.01
Austria	0.00	-	(0.27)	0.11	0.40	0.66	0.73	0.86	1.02	1.33	1.53	1.54
Netherlands	0.00	(0.65)	-	0.14	0.42	0.56	0.70	0.80	0.88	1.12	1.18	1.16
Ireland	0.00	0.25	(0.40)	-	0.43	0.62	0.79	0.94	1.05	1.41	1.66	1.75
Japan	(0.10)	(0.10)	(0.09)	(0.06)	(0.04)	(0.01)	0.02	0.09	0.14	0.24	0.74	0.96
Switzerland	(0.75)	(0.80)	(0.51)	(0.10)	0.12	0.27	0.34	0.51	0.60	0.82	0.95	0.90

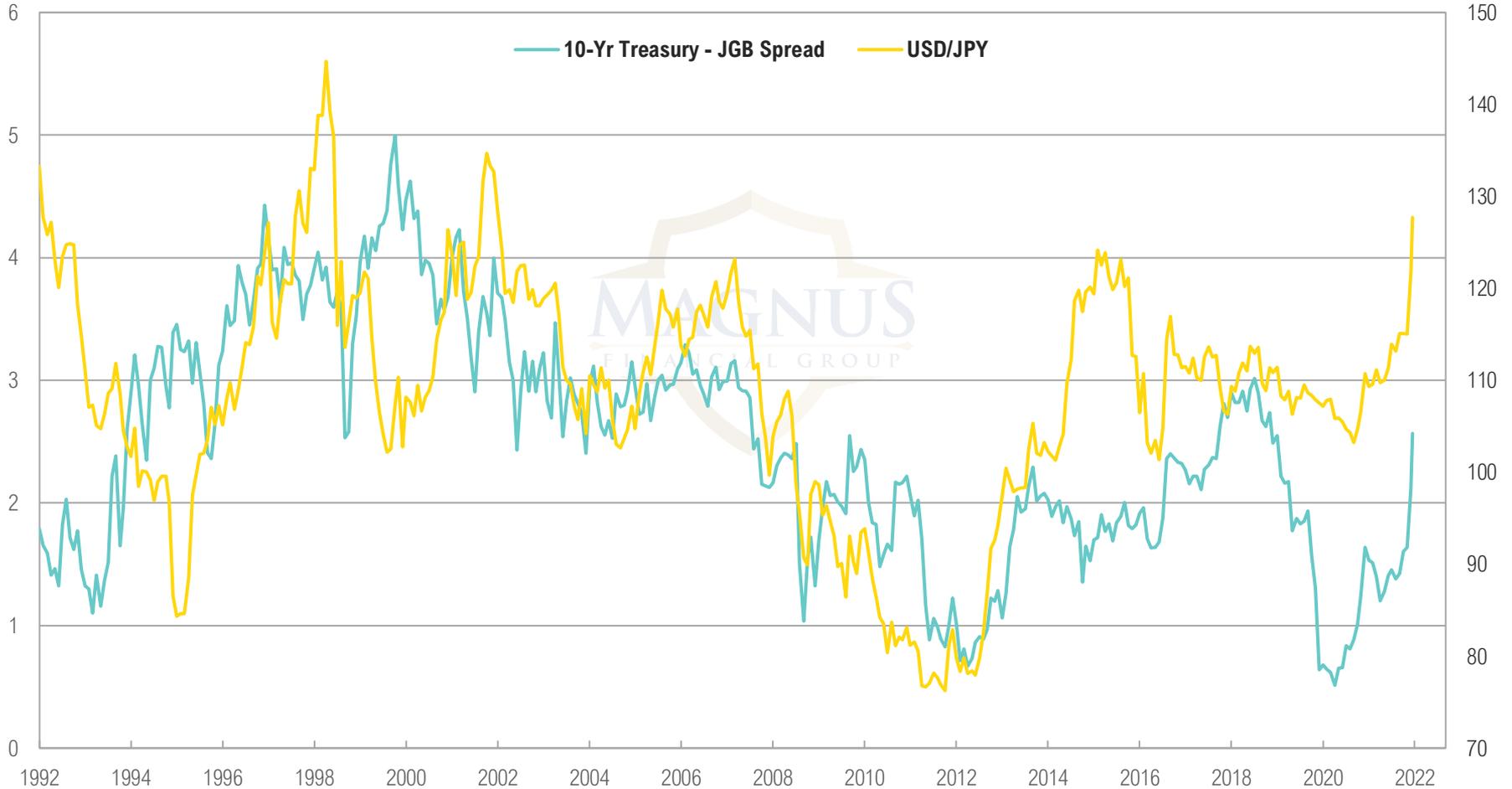
Source: Bloomberg

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The yen has weekend to a 20-year low against the dollar as the BOJ continues its infinite QE; US treasuries looking attractive vs JGB's

U.S. 10-YR TREASURY YIELD MINUS 10-YR JGB YIELD, %

U.S. DOLLAR TO JAPANESE YEN EXCHANGE RATE



Source: Bloomberg

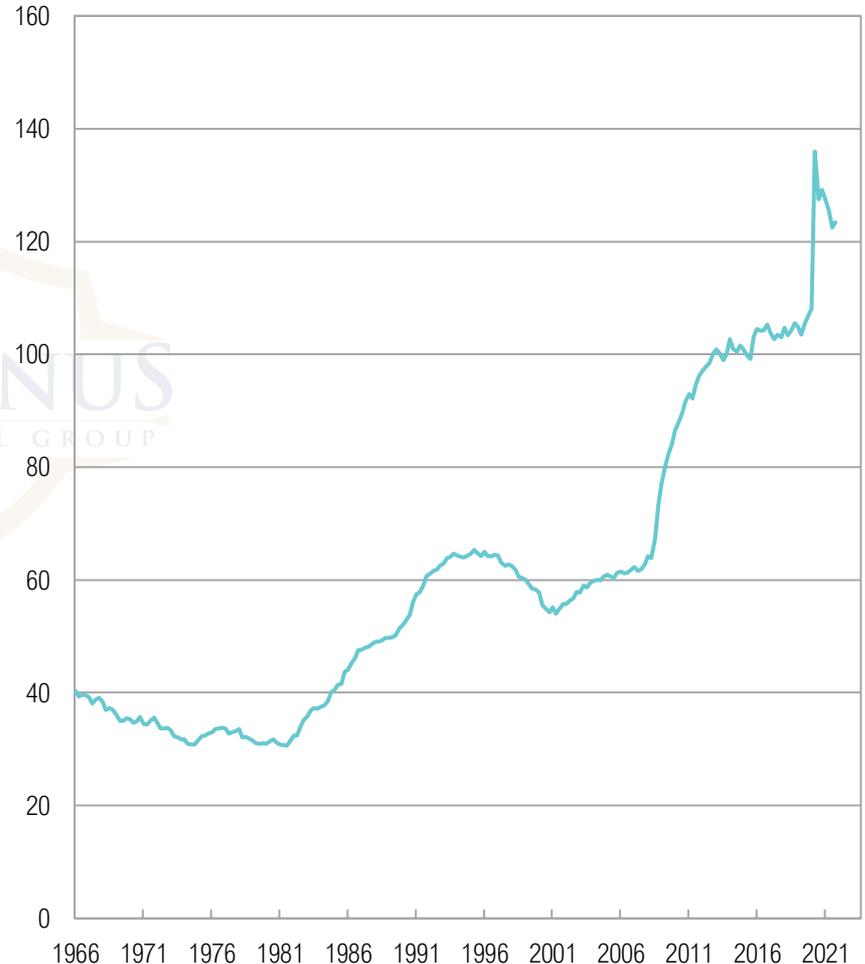
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➤ The treasury market has been an enabler of increasing deficit spending and debt levels...is it now “fed up”?

10-YEAR TREASURY YIELD, %



U.S. DEBT-TO-GDP RATIO, %

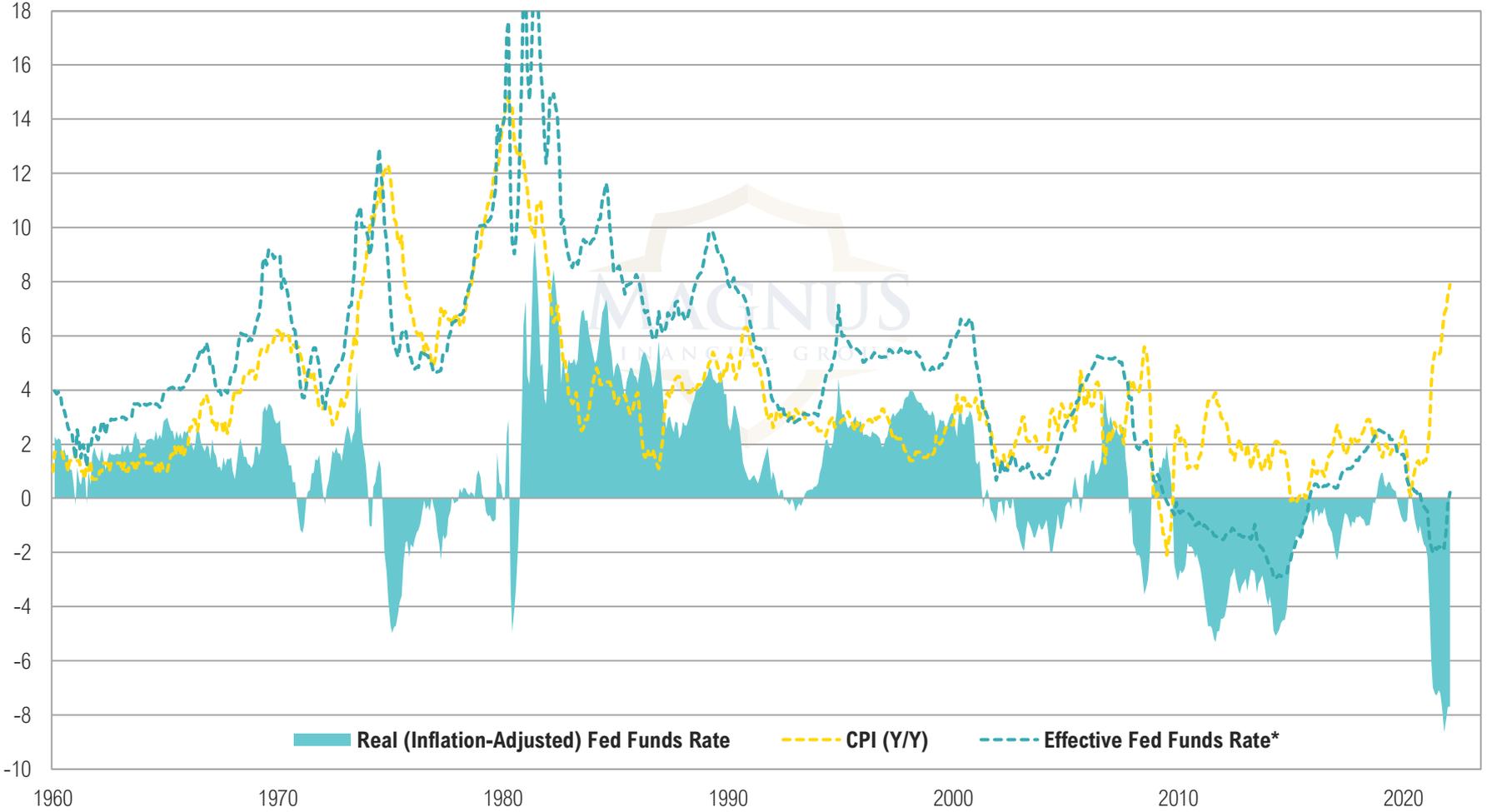


Source: Bloomberg, whitehouse.gov

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The Fed is falling further behind the curve & unless inflation rolls over, will be forced to hike into an economic slowdown and potential market correction

CPI & EFFECTIVE FUNDS RATE, %

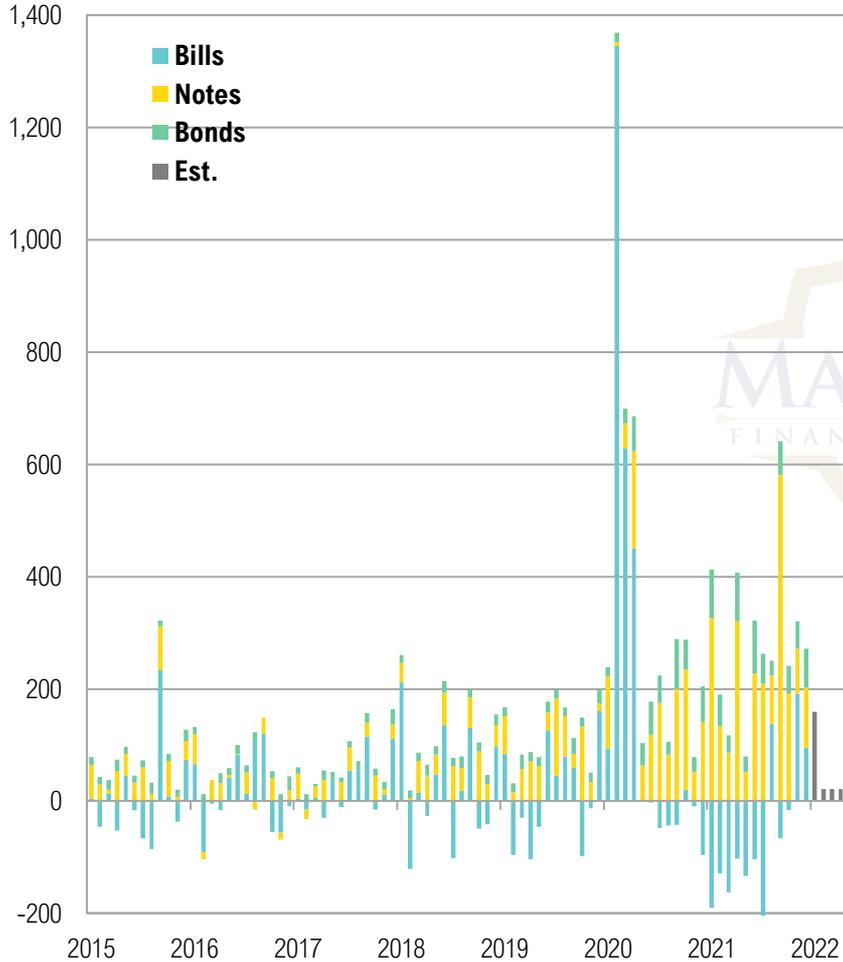


Source: Bloomberg

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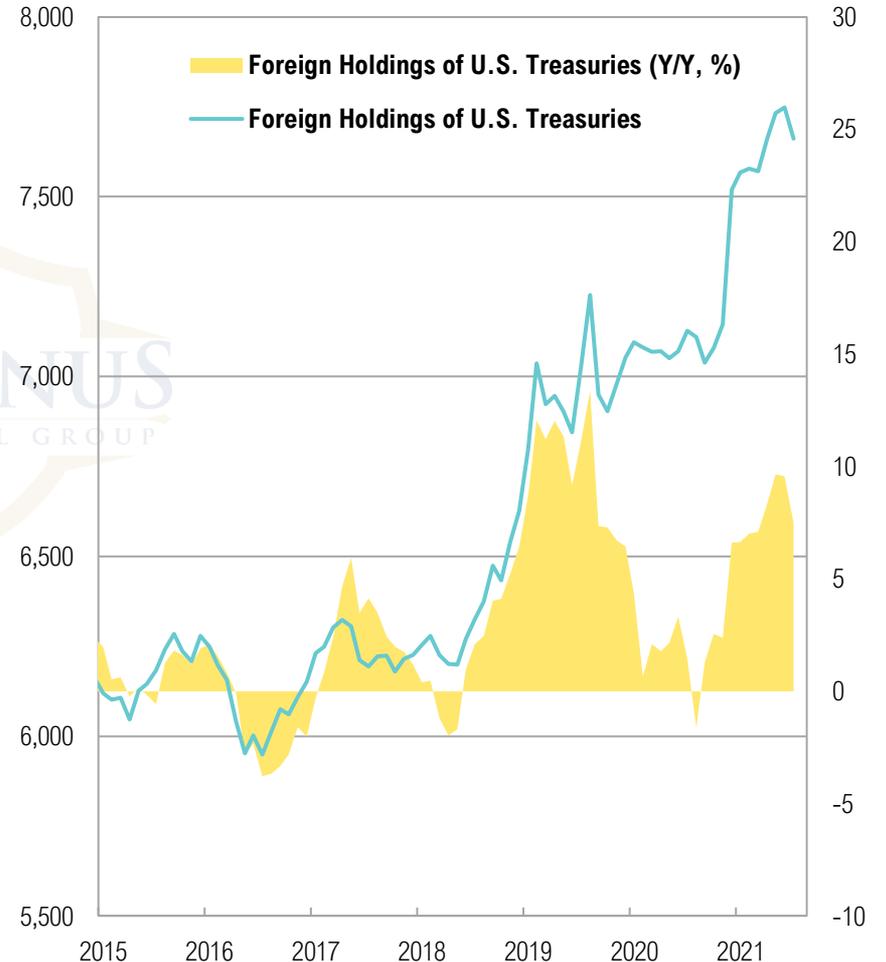
Nearly \$700bn in treasury issuance in first quarter is expected to slow to less than \$70bn in Q2

MONTHLY U.S. TREASURY ISSUANCE BY SECURITY, \$ BILLIONS



TOTAL FOREIGN HOLDINGS

Y/Y % CHANGE IN HOLDINGS



Source: Bloomberg

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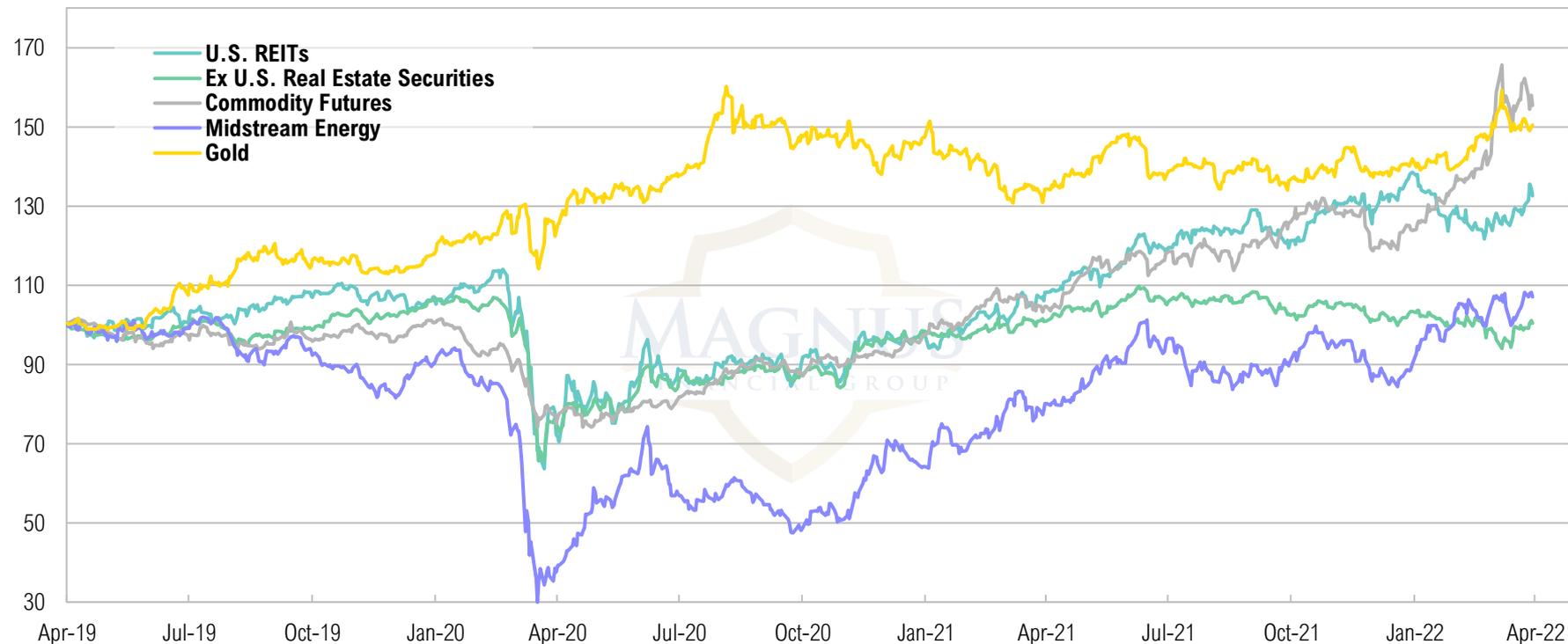


The refusal of several Western countries to cooperate [with Russia] normally, including with regards to Russian energy resources...has already hit millions of Europeans, [provoking] a real energy crisis.

– Vladimir Putin, April 13, 2022

Commodities and energy outperformed in the first quarter; U.S. REITs have struggled along with risky assets more broadly this year

CALENDAR YEAR & TRAILING TOTAL RETURNS



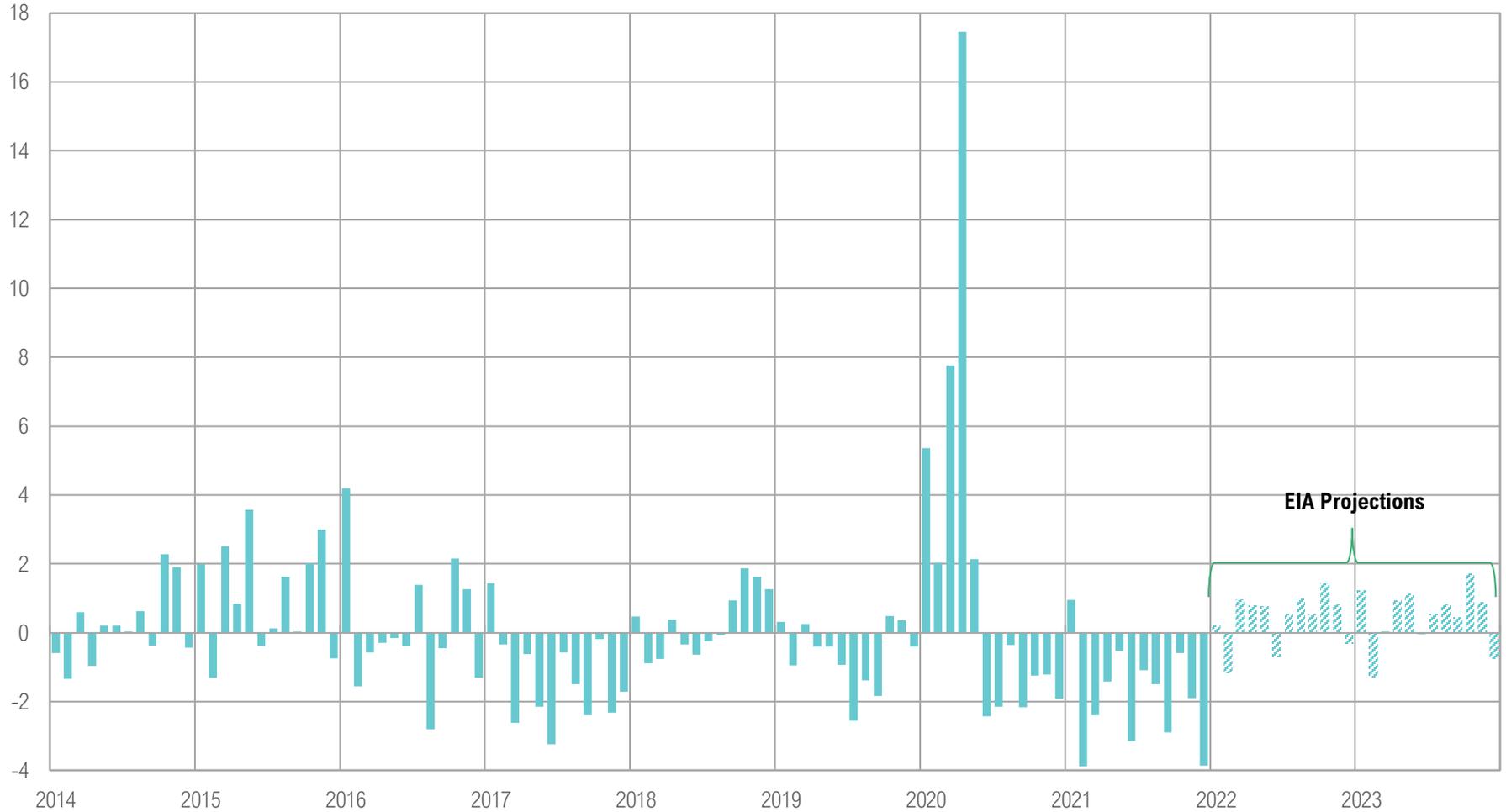
Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. REITs	MSCI US REIT NR	6.3	-4.3	-4.3	25.0	9.9	8.4	8.4	41.7	-8.7	24.3	-5.8	3.7
Ex U.S. Real Estate Securities	S&P Global Ex US REIT TR	1.4	-2.8	-2.8	0.2	1.0	4.7	5.9	5.7	-6.8	21.9	-9.4	26.6
Broad Commodity Futures	Bloomberg Commodity TR	8.6	25.5	25.5	49.3	16.1	9.0	-0.7	27.1	-3.1	7.7	-11.2	1.7
Energy Partnerships	Alerian MLP TR	2.0	18.8	18.8	36.6	2.7	-0.1	1.3	40.2	-28.7	6.6	-12.4	-6.5
Gold	LBMA Gold Price AM	1.1	5.7	5.7	14.2	14.2	9.2	1.5	-3.8	24.2	18.8	-1.1	11.9

Source: Bloomberg
Returns for periods greater than 1 year are annualized.

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Global petroleum consumption has outpaced production 18 of the last 20 months, but may improve; however, EIA forecasts have been overly optimistic for years

GLOBAL OIL PRODUCTION MINUS CONSUMPTION, MILLIONS OF BARRELS/ DAY



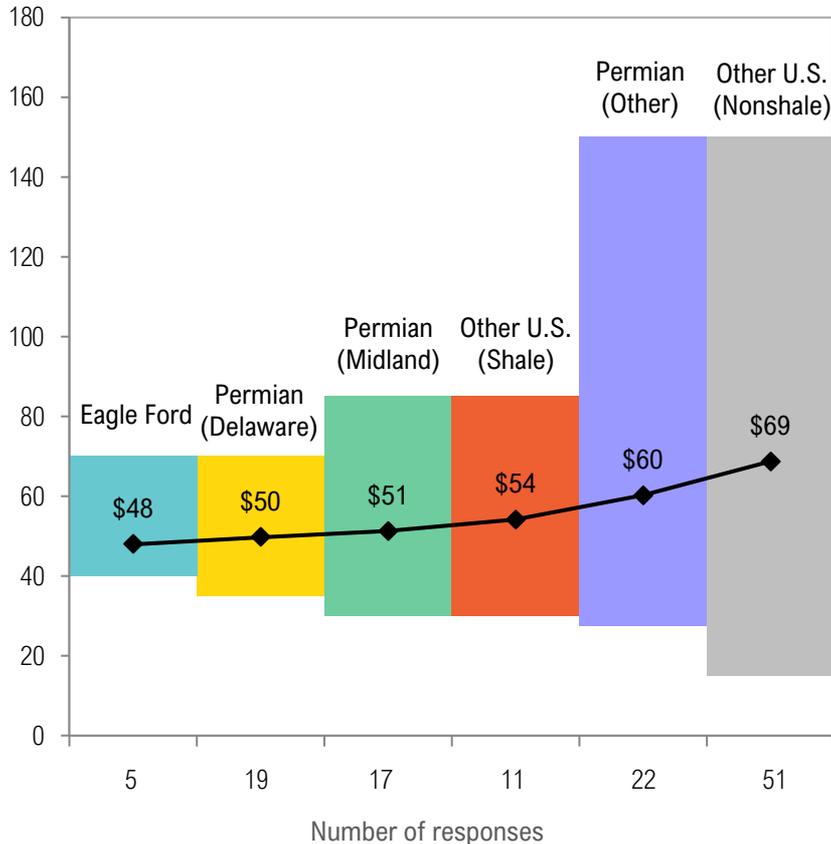
Source: U.S. Energy Information Administration

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Despite higher oil prices, U.S. oil producers are being held back by investor pressure to maintain capital discipline

In the top two areas in which your firm is active:
What WTI oil price does your firm need to profitably drill a new well?

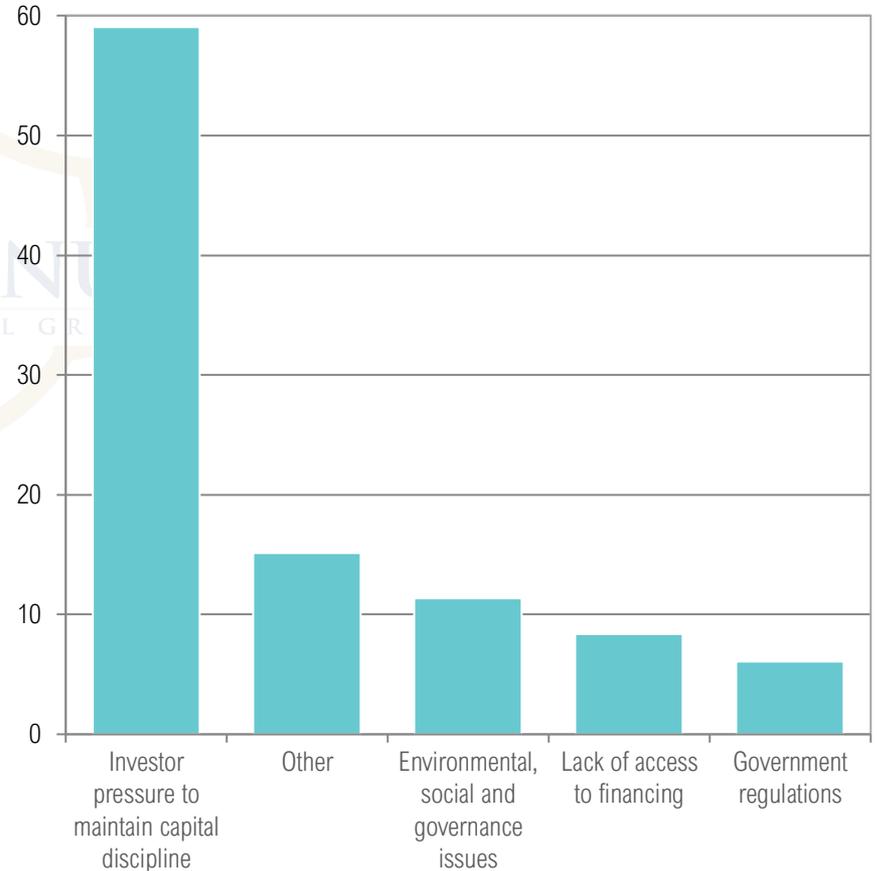
DOLLARS PER BARREL



Source: Federal Reserve Bank of Dallas
 Lines show the average, and bars show the range of responses.

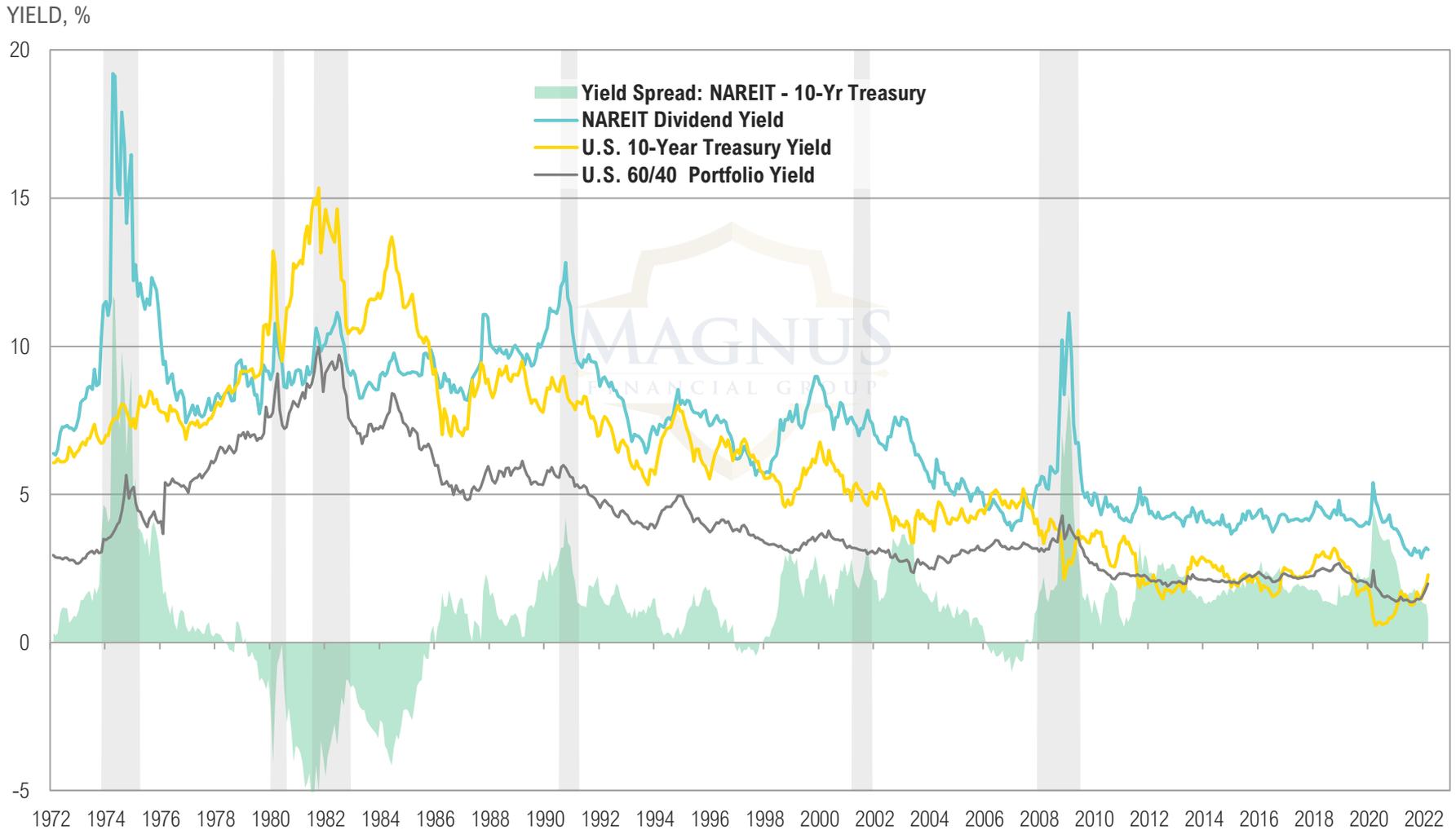
Which of the following is the primary reason that publicly traded oil producers are restraining growth despite high oil prices?

PERCENT OF RESPONDENTS



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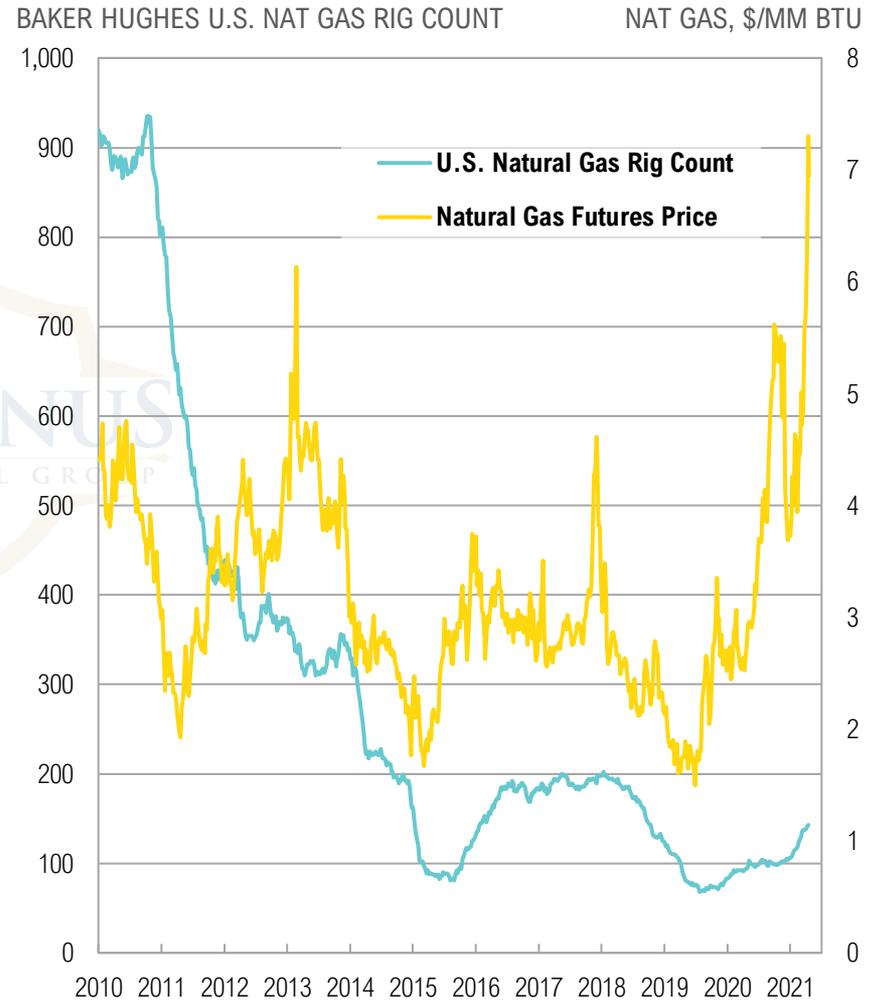
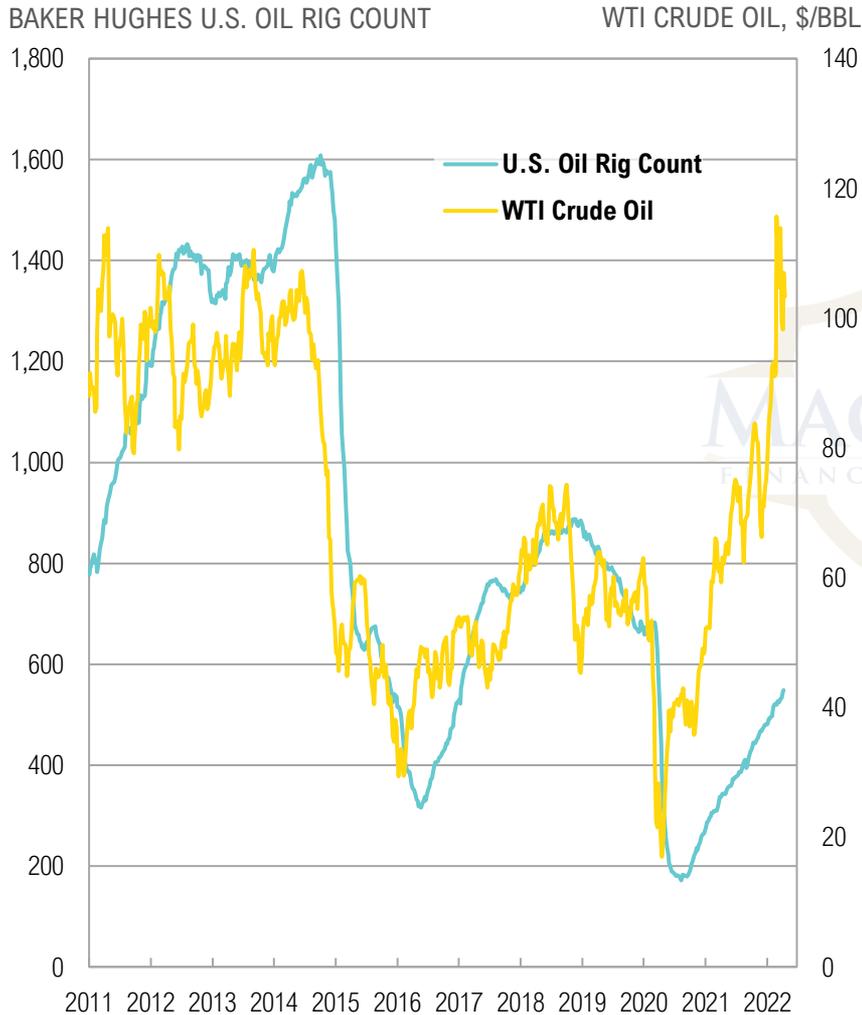
REIT yields may be currently attractive on a relative basis, but in keeping perspective they are at the lowest absolute levels in history



Source: Bloomberg, NAREIT.

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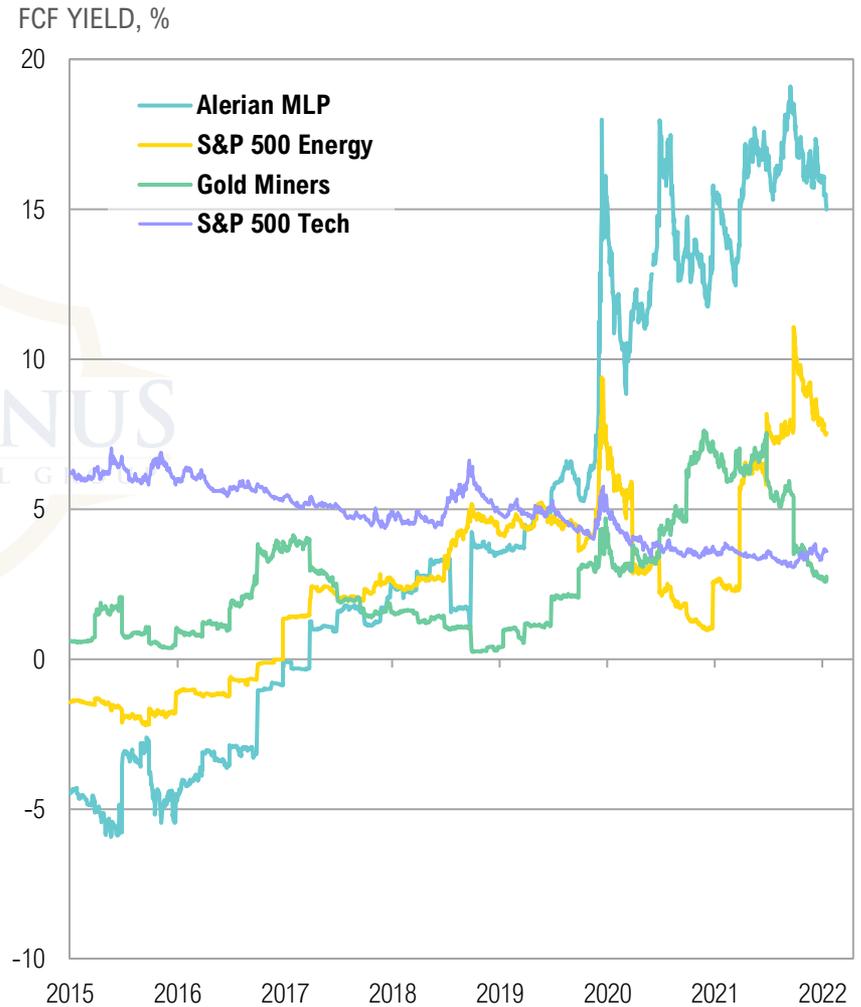
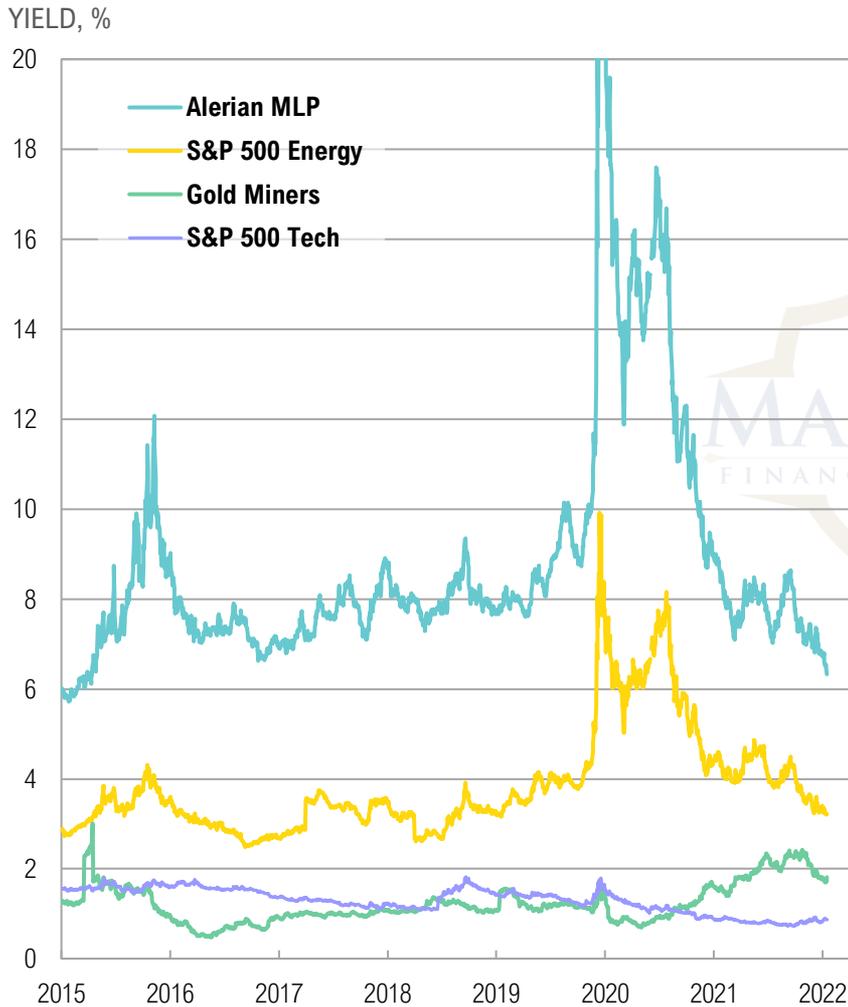
Oil and natural gas producers have been cautious to bring rigs back online despite rising prices



Source: Bloomberg
Returns for periods greater than one year are annualized.

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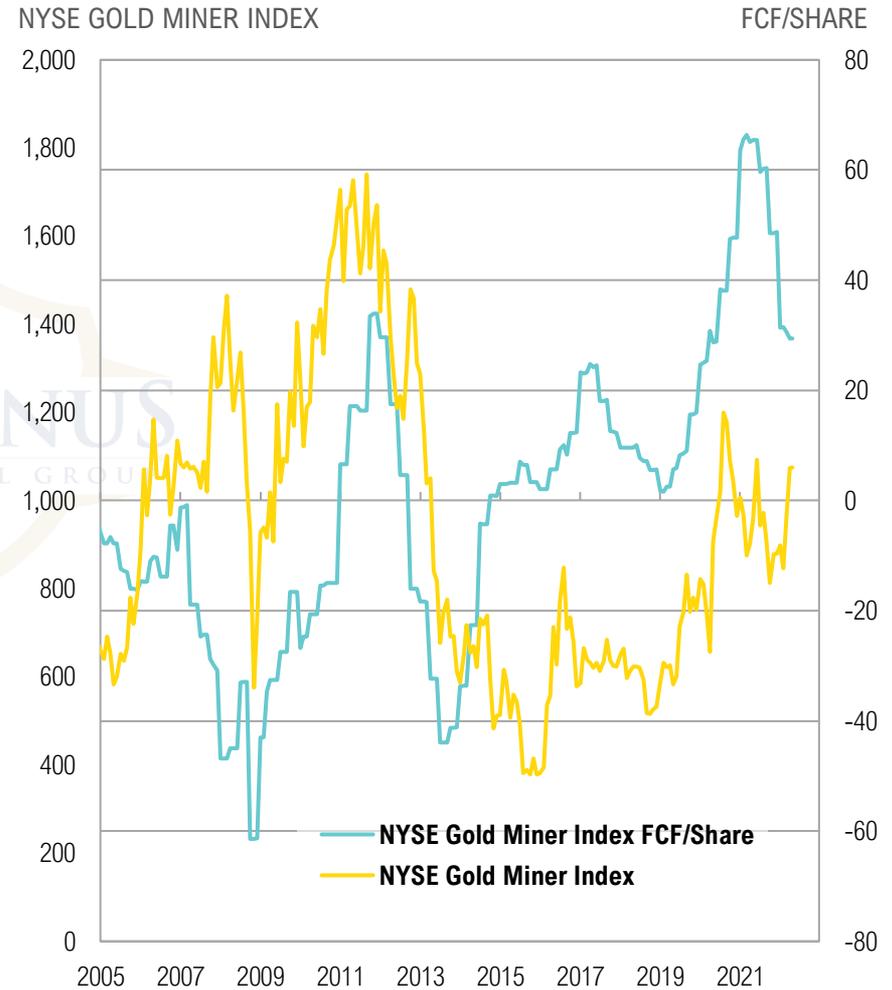
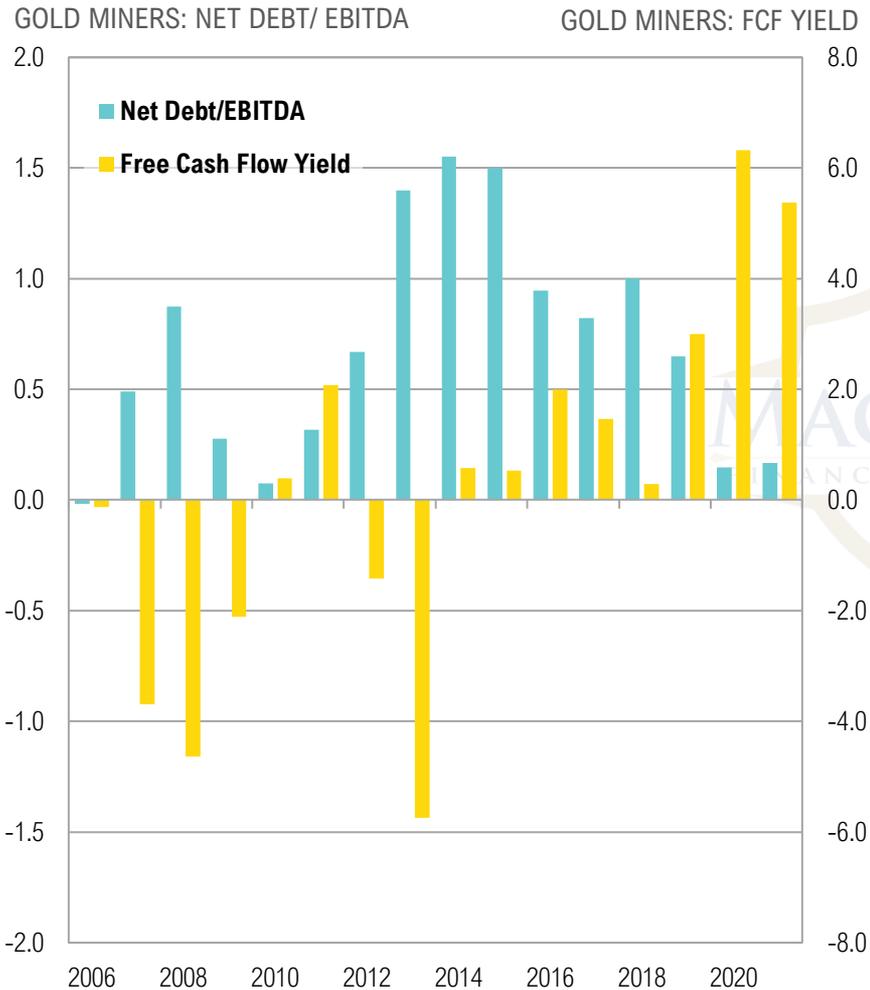
Midstream distribution yields trending lower but remain relatively attractive, free cash flow yields of energy sector remain attractive



Source: Bloomberg

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Gold miner performance starting to catch up to fundamentals, the industry has seen broad deleveraging and improved cash flow



Source: Bloomberg, VanEck, SpringTide estimates.
Gold miner net debt/EBITDA as of 12/31/2021.





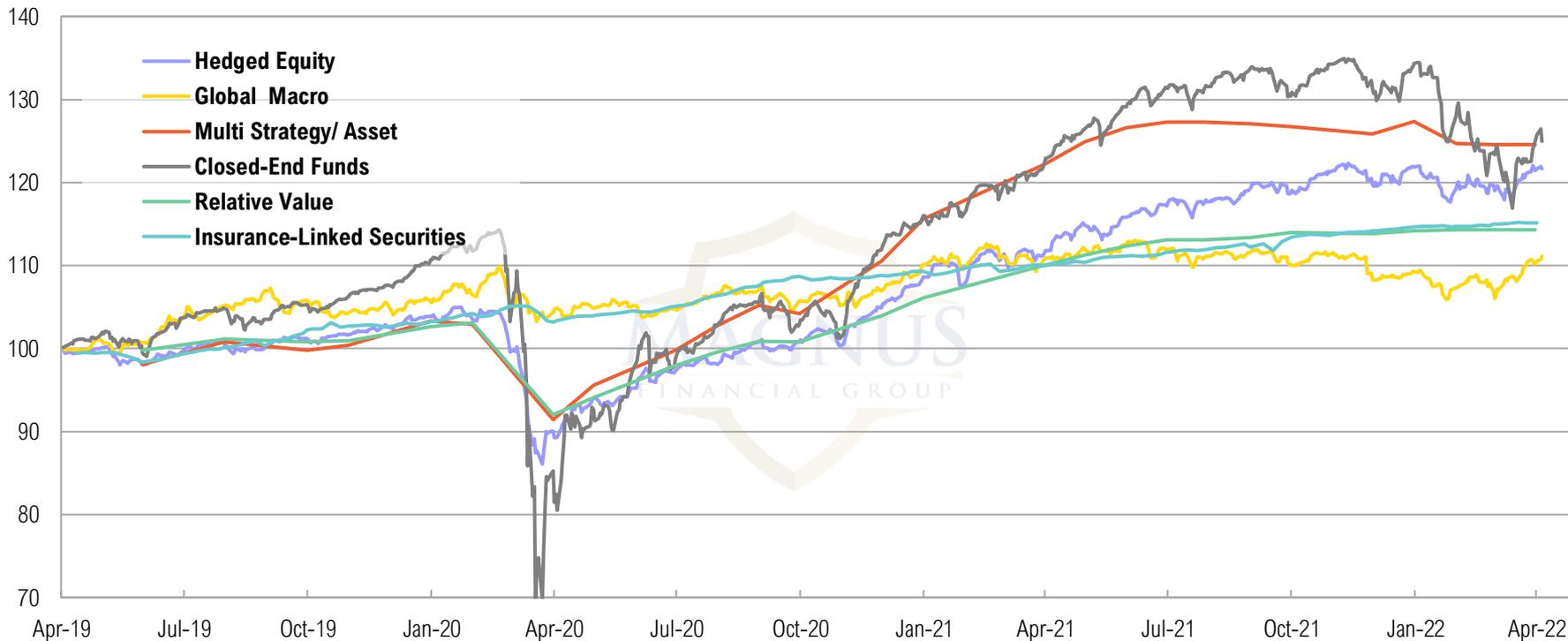
The staff continued to judge that the risks to the baseline projection for real activity were skewed to the downside and that the risks to the inflation projection were skewed to the upside...

The Russian invasion of Ukraine was perceived as adding to the uncertainty around the outlook for economic activity and inflation, as the conflict carried the risk of further exacerbating supply chain disruptions and of putting additional upward pressure on inflation by boosting the prices for energy, food, and other key commodities. Finally, the possibility that continued high inflation would cause longer term inflation expectations to become unanchored was seen as another upside risk to the inflation projection.

– March FOMC Minutes, April 2022

Closed-end funds had a tough first quarter down 7.0%, while global macro returned 0.9% for the quarter thanks to strong returns in March

CALENDAR YEAR & TRAILING TOTAL RETURNS



Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
Hedged Equity	HFRX Equity Hedge Index	1.5	-0.3	-0.3	8.9	6.9	4.7	3.7	12.1	4.6	10.7	-9.4	10.0
Global Macro	HFRX Macro-CTA Index	3.1	0.9	0.9	-0.5	3.3	1.8	0.7	-0.8	4.3	4.8	-3.2	2.5
Multi Strategy/ Asset	HFRI Fund Weighted Composite Index	0.0	-2.2	-2.2	1.9	8.1	6.1	5.1	10.2	11.8	10.4	-4.7	8.6
Relative Value	HFRI Relative Value Index	0.0	0.1	0.1	3.8	4.8	4.1	4.7	7.6	3.4	7.4	-0.4	5.1
Closed-End Funds	S-Network Composite Closed-End Index	1.1	-7.0	-7.0	2.1	7.9	7.1	7.3	7.4	-3.7	15.1	-15.3	6.3
Insurance-Linked Securities	SwissRe Global Cat Bond Index	0.2	0.5	0.5	4.7	4.7	3.5	5.7	4.9	5.8	4.6	2.5	0.5

Source: Bloomberg
 Due to reporting lag, trailing return data in the table above is lagged by 1 month. Returns for periods greater than 1 year are annualized.

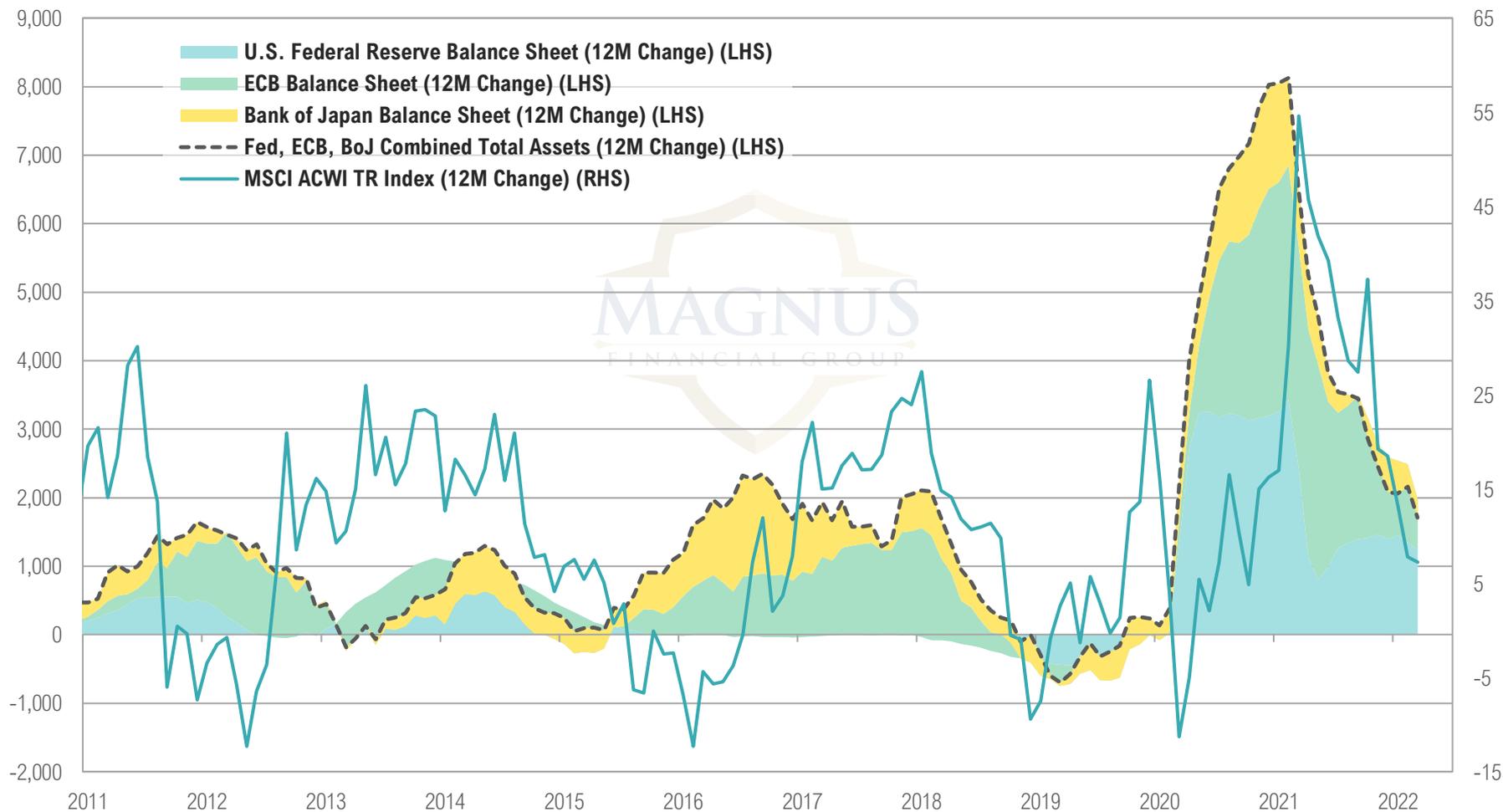
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Global quantitative easing efforts supported the recent gains in global stocks

CENTRAL BANK BALANCE SHEETS, \$BN

MSCI ACWI TR INDEX Y/Y, %

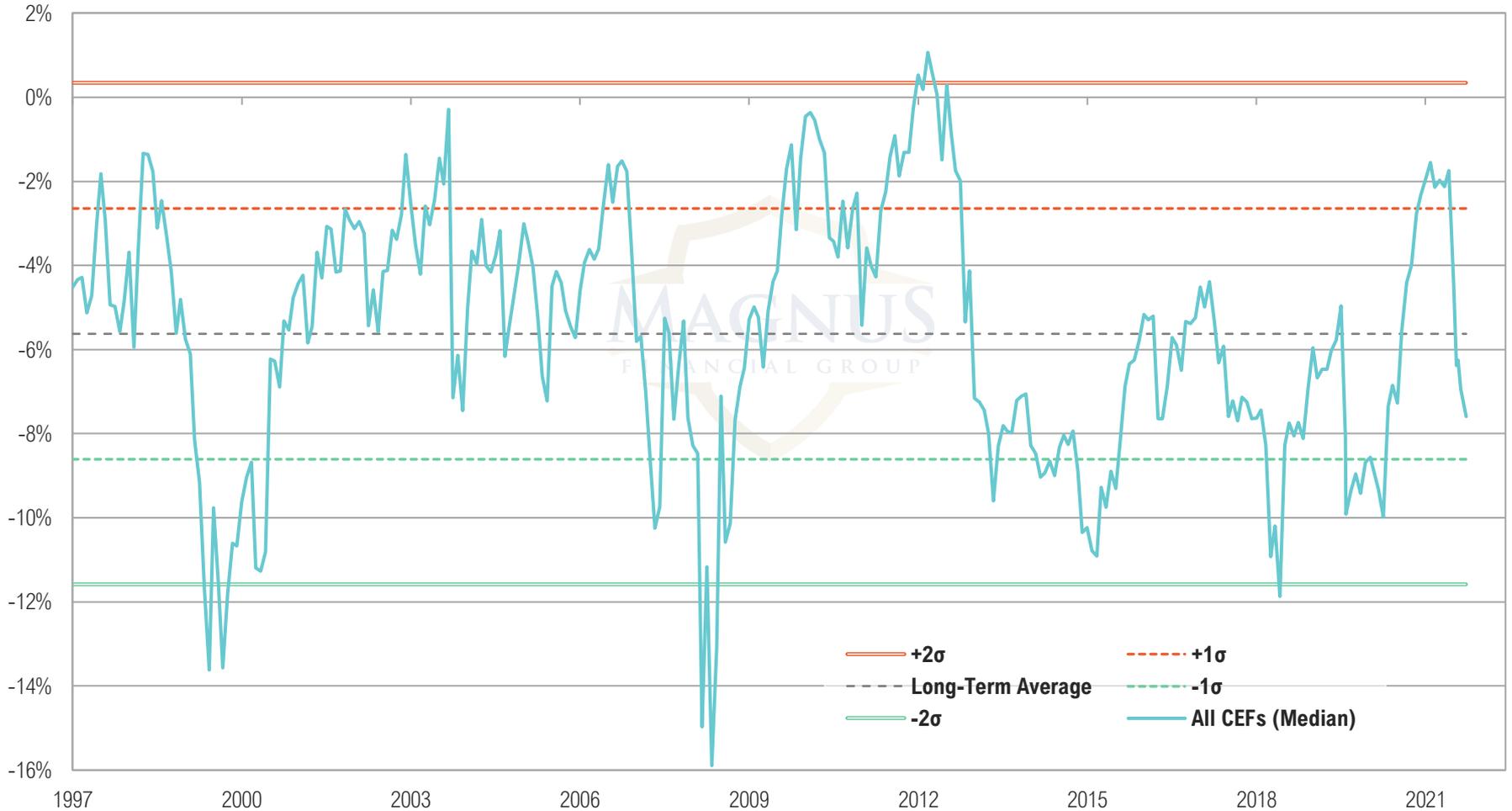


Source: Bloomberg

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CEF discounts have widened to -7.6%, nearing 1σ below long-term average

MEDIAN PREMIUM / DISCOUNT TO NET ASSET VALUE



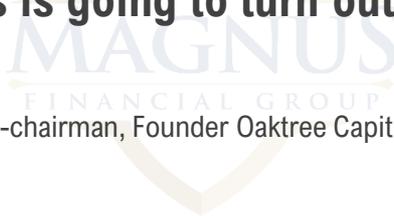
Source: Bloomberg
As of 4/19/2022

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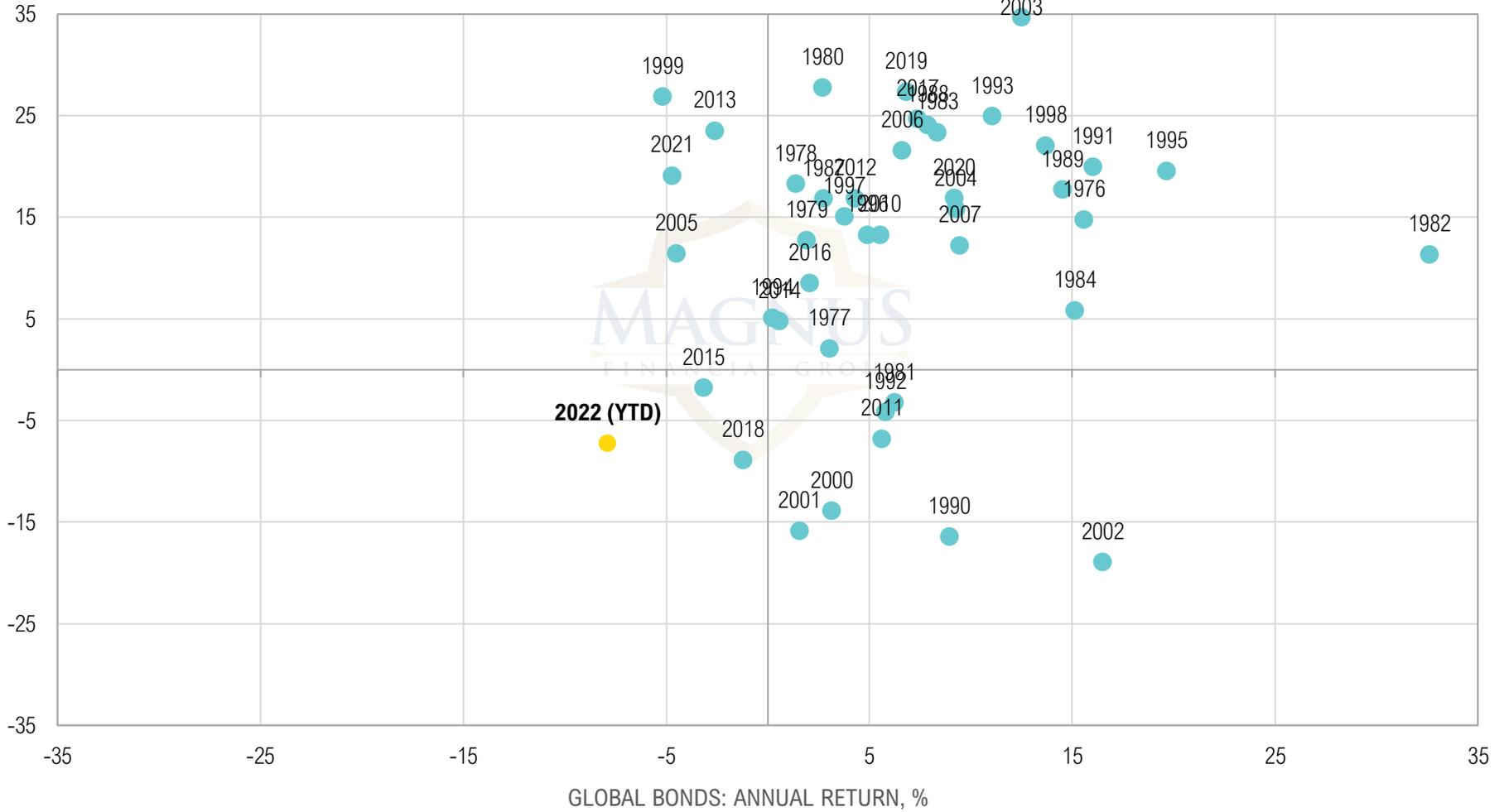
Nobody knows how this is going to turn out. This is an experiment.

– **Howard Marks**, Co-chairman, Founder Oaktree Capital Management, 2021



2021 was an unusual year for global stocks and bonds, 2022 even more so; again, highlighting the unusual predicament the Fed is in

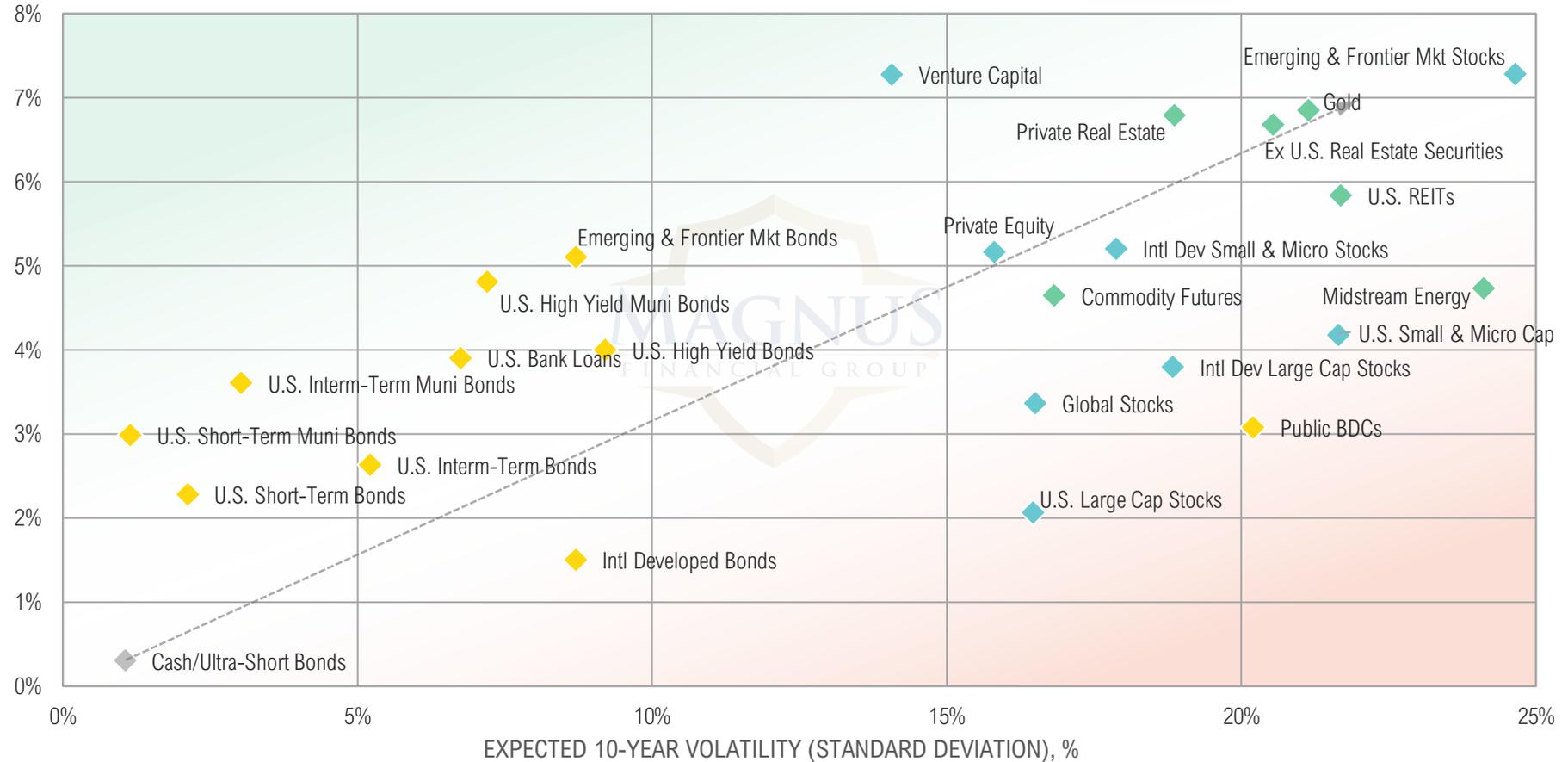
GLOBAL STOCKS: ANNUAL RETURN, %



Source: Bloomberg. Global Stocks are represented by MSCI ACWI Index (1988-2022) and the MSCI World Index (1976-1987). Global Bonds are represented by Bloomberg Global Aggregate Bond Index (1991-2022) and Bloomberg US Agg Bond Index (1976-1990). © 2022 Magnus Financial Group LLC. All Rights Reserved

Expected 10-year returns for fixed income rose substantially as yields jumped higher while equity returns rose modestly

EXPECTED 10-YEAR GROSS TOTAL RETURN, %



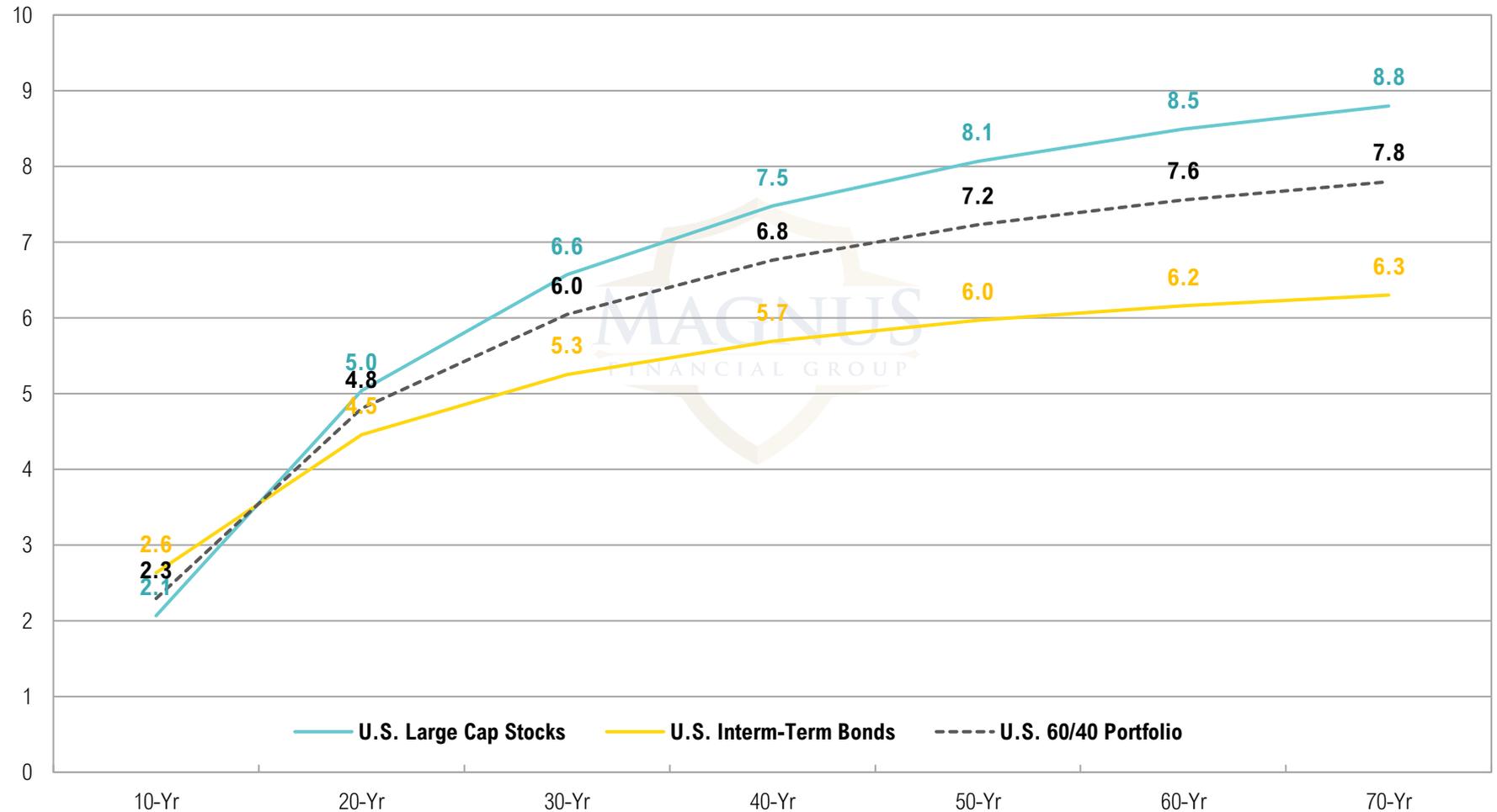
³ Estimated returns include impact of currency adjustment † Reported on a taxable-equivalent basis assuming 35% marginal tax rate.

Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations

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Modest improvement in 10-year returns, longer-term expectations hold relatively stable as the mean reversion of higher valuations is distributed over a longer time frame

EXPECTED TOTAL RETURN, % ANNUALIZED



Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations

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90 Park Avenue, Suite 1800
New York, NY 10016

(800) 339-1367

service@magnusfinancial.com