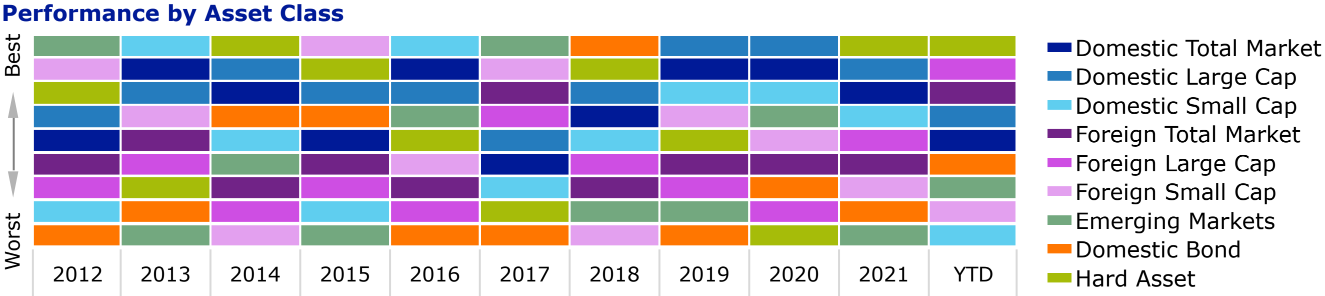
GLASS JACOBSON
FINANCIAL GROUP

Market Review and Outlook

Key Takeaways:

- The vast majority of Americans are now fully vaccinated, previously infected or both, and this immunity is gradually reducing fatalities even with the very contagious Omicron strains.
- By the end of 2021, the U.S. economy has not only recovered its pre-recession output level but has exceeded it by more than 3%.
- The labor market continues to improve rapidly as the unemployment rate fell to 3.6% in March, down from 6.0% this time last year.
- Inflation heated up significantly over the past year as surging consumer spending, fuled by fiscal stimulus, collided with supply shortages across major sectors of the economy.
- At its March meeting, the Federal Reserve increased the federal funds rate by 0.25% and signaled their intention to raise rates at each of the remaining six meetings in 2022.
- High inflation, falling unemployment, and the Fed's much more restrictive stance led to a sharp backup in bond yields in the first quarter of 2022, leading to negative returns across fixed income markets.

Performance by Asset Class



Data provided by Morningstar Direct.

COVID-19

Economic impacts of COVID-19 on the global economy beginning to fade

As the first quarter of 2022 drew to a close, the 7-day moving average number of fatalities in the U.S. fell below 1,000 people per day compared to more than 3,000 per day a year earlier. While a still horrific total, current estimates are now between 500-600 per day.

- The 7-day moving average number of confirmed cases has fallen dramatically to less than 30,000 per day, which peaked at over 800,000 per day mid-January 2022.
- High-frequency economic data continues to improve. The chart below compares present data with pandemic lows respectively to pre-pandemic weeks in 2019.

• Consumer debt/credit transactions	Low: -34%	Current: +29%
• Hotel occupancy	Low: -69%	Current: -6%
• U.S. seated diners	Low: -100%	Current: -1%
• TSA traveler traffic	Low: -96%	Current: -9%

GDP

4th quarter 2021 Real GDP growth accelerated to 6.9%; growing by 5.6% for the year

Strength was led by consumer spending, nonresidential fixed investment, export growth, and strong inventory investment particularly among motor vehicle dealers. While the Omicron wave appears to have slowed the economy in the first quarter of 2022, the second quarter is expected to be spurred by robust consumer and business spending.

- Fourth quarter earnings season was solid with 75% of companies exceeding earnings expectations and 69% beating revenue expectations.
- Overall, growth is expected to fade throughout the year as the economy reaches capacity limits, primarily due to a shortage of workers and more restrictive monetary policy.
- Current U.S. GDP growth estimates for 2022 range between 2.5% and 3.5%

Market Review and Outlook

Jobs

Unemployment rate drops to 3.6% in March; labor force participation rate ticks up

Companies hired workers at the sharpest pace since April 2021 while supply disruptions eased and demand rebounded from Omicron. March nonfarm payrolls rose by 431,000 with upward revisions of 95,000 to the prior two months. Wages grew 0.4%, and upward revisions to February showed the year-over-year gain in wages hit a recovery high of 5.6%.

- The labor force also grew by 418,000 with women returning to the job market in greater numbers.
- Signs of a very tight labor market likely mean an even more hawkish Fed and higher interest rates in the months ahead.
- Excess demand combined with rising wages, fading pandemic effects on labor supply, and the elimination of most pandemic assistance should lead to further declines in the unemployment rate.
- Current unemployment rate estimates for year-end range between 3.3% and 3.5%.

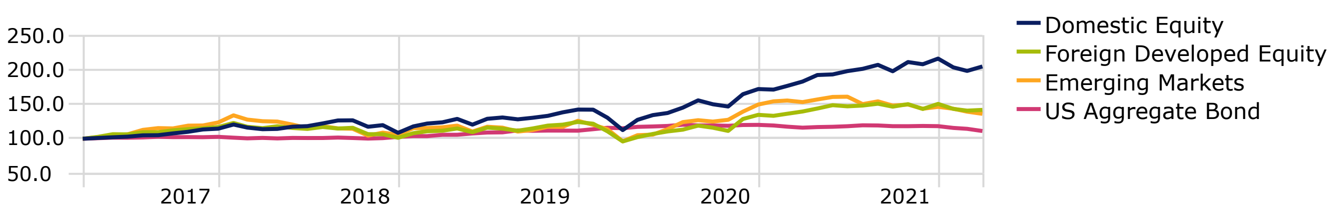
Inflation

Headline inflation soars to fresh 40-year high of 8.5% in March

While higher oil prices stemming from Russia's invasion of Ukraine have increased upside risks to inflation and downside risks to growth, broader inflationary pressures persist. Strong gains in wages, rents, and inflation expectations will probably keep inflation stubbornly high.

- However, despite the invasion and growing number of COVID cases in China, supply chains are still expected to recover in the year ahead.
- In addition to raising rates, the Federal Reserve plans to accelerate their pace of balance sheet reduction to help keep a lid on inflation, which is likely to run above their target by year-end with generational low unemployment levels.
- Provided that inflation is easing throughout the year, the Fed may decide to adopt less restrictive policies in 2023 to avoid triggering a recession.

5-Year Global Market Performance



Data provided by Morningstar Direct.

Long term growth prospects, potential of a falling dollar, and cyclicality support int'l equities

While Omicron and the Russian invasion of Ukraine have hindered the global economic recovery in early 2022, the recovery is likely to continue, powered by post-pandemic reopening and more active fiscal policy in Europe.

Global Outlook

- Global economy expected to continue to grow at a faster-than-trend rate over the next two years with robust earnings growth acting as an important catalyst for international markets.
- Valuations remain attractive with both emerging market and developed market stocks at some of their cheapest levels relative to the U.S. in the last 20 years.
- Lower trade tensions and the prospect of lower dollar in the long run argue for a greater allocation to international equities, with a particular focus on East Asia and Europe.
- Investors should focus on what they own and valuations instead of when to buy and sell, based on how they feel about the world.

See disclosures for additional information about the Market Review and Outlook

Market Review and Outlook

Is It Time To Sell Stocks?

Weston Wellington, Vice President (Dimensional Fund Advisors)

After touching record highs in early January, US stocks[1] have slumped, and investors have been confronted with worrisome headlines[2] in the financial press:

"Inflation Hits Fastest Clip Since '82"
—Gwynn Guilford, Wall Street Journal, January 13, 2022

"Economists Cut Back Growth Forecasts as Threats Pile Up"
—Harriett Torry and Anthony DeBarros, Wall Street Journal, January 18, 2022

"Giant Stock Swings Send Some Into Bear Territory"
—Gunjan Banerji and Peter Santilli, Wall Street Journal, January 18, 2022

"Markets Drop as Turbulent Trading Persists"
—Gunjan Banerji and Will Horner, Wall Street Journal, January 26, 2022

"Fed Set to Start Increasing Rates by Mid-March"
—Nick Timiraos, Wall Street Journal, January 27, 2022

Some stocks that attracted intense interest last year have fallen sharply from their previous highs, as **Exhibit 1** shows.[3]

Is rising inflation a negative for equity investors? Do large losses in a handful of popular stocks signal a downturn ahead for the broad market?

Invariably, the question behind the question is, "Should I be doing something different in my portfolio?" This is just another version of the market timing question dressed in different clothes. Should I sell stocks and wait for a more favorable outlook to buy them back? More precisely, can we find clear trading rules that will tell us when to buy or hold stocks, when to sell, when to admit our mistakes, and so on?

Exhibit 1

Stock Slump

Name	Ticker	Return through 12/31	Return through 1/31
Robinhood Markets Inc. Class A	HOOD	-79.1%	-83.4%
AMC Entertainment Holdings Inc. Class A	AMC	-62.5%	-77.9%
GameStop Corp. Class A	GME	-69.3%	-77.4%
Tesla Inc.	TSLA	-15.0%	-24.7%

Past performance is no guarantee of future results.

Source: Bloomberg.

Named securities may be held in accounts managed by Dimensional. This information should not be considered a recommendation to buy or sell a particular security.

The lure of successful trading strategies is seductive. If only we cound find them, our portfolios would do so much better.

Consider Felicity Foresight. She is gifted with the ability to identify patterns in the champagne bubbles floating to the top of her glass on New Year's Eve, enabling her to predict the best performer between S&P 500 stocks and US Treasury bills over the subsequent 12 months. How would her hypothetical portfolio have performed over the past 50 years following this simple annual readjustment strategy?

Rather well. Following a Perfect Timing strategy by investing in the best performer each year, she turned $1,000 into $1.8 million, nearly 10 times the wealth produced using a buy-and-hold strategy for the S&P 500 Index (see Exhibit 2).

Exhibit 2

Past Perfect?

Growth of $1,000, January 1972–December 2021	
Perfect Timing Strategy	$1,811,565
S&P 500 Index	$197,063
One-Month US Treasury Bills	$8,727
Perfectly Awful Timing Strategy	$949

Past performance is no guarantee of future results.

Source: One-Month US Treasury Bills is the IA SBBI US 30 Day TBill TR USD. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Treasury bills data provided by Ibbotson Associates via Morningstar Direct.

In USD. Data presented in the Growth of $1,000 exhibit is for illustrative purposes only and is not indicative of any investment. The examples assume that the hypothetical portfolio fully divested its holdings of stocks (or bonds) at the end of the last trading day of any year when a switch was indicated, held the other asset for the subsequent year, and performed the exercise again at year's end. The examples are hypothetical and assume reinvestment of income and no transaction costs or taxes. There is no guarantee strategies will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

But also consider Hapless Harry. He was never a fan of New Year's and manages to get it wrong each and every year. His Perfectly Awful strategy winds up losing money over the same 50-year period.

Motivated by the substantial payoff associated with successful timing, researchers over the years have examined a wide range of strategies based on analysis of earnings, dividends, interest rates, economic growth, investor sentiment, stock price patterns, and so on.

Source: Dimensional Fund Advisors: Q3 Quarterly Market Review. See Disclosures for Additional Information
1. As of January 31, the S&P 500 was down 5.17% for the year.
2. Headlines are sourced from publicly available news outlets and are provided for context, not to explain the market's behavior.
3. While these stocks were selected based on newsworthiness and the high level of attention they received in the media in 2021, their returns may not be reflective of all high-profile stocks over the period.
4. Steven Russolillo and Tomi Kilgore, " 'Hindenburg Omen' Flashes," Wall Street Journal, August 14, 2010.

Market Review and Outlook

Is It Time To Sell Stocks?

Weston Wellington, Vice President (Dimensional Fund Advisors)

One colorful example, known as the Hindenburg Omen, had a brief moment of fame in 2010. Developed by a blind mathematician and former physics teacher, this stock market indicator took its name from the German airship disaster of 1937. The Omen signaled a decline only when multiple measures of 52-week high/low prices and moving averages all turned negative. This indicator had correctly foreshadowed major downturns in 1987 and 2008. When it flashed a "sell" signal on Thursday, August 12, 2010, internet chat rooms and Wall Street trading desks were buzzing the next day, Friday the 13th, with talk of a looming crash, according to the Wall Street Journal.[4] But no crash occurred, and the S&P 500 had its highest September return since 1939.[5]

The money management industry is highly competitive, with more stock mutual funds and ETFs available in the US than listed stocks.[6] If someone could develop a profitable timing strategy, we would expect to see some funds employing it with successful results. But a recent Morningstar report suggests investors should be wary of those claiming to do so. The report examined the results of two types of funds[7], each holding a mix of stocks and bonds:

- **Balanced**: Minimal change in allocation to stocks
- **Tactical Asset Allocation**: Periodic shifts in allocation to stocks

Exhibit 3

Scare Tactics

% Annualized Return through August 31, 2021	3 Year	5 Year	10 Year
Tactical Asset Allocation	8.36	8.38	6.18
Balanced	10.49	9.89	8.93
Tactical Underperformance	-2.13	-1.51	-2.75

Past performance is no guarantee of future results.

Source Morningstar.

Morningstar defines Tactical Allocation portfolios as those that "seek to provide capital appreciation and income by actively shifting allocations across investments. These portfolios have material shifts across equity regions and bond sectors on a frequent basis. To qualify for the tactical allocation category, the fund must have minimum exposures of 10% in bonds and 20% in equity. Next, the fund must historically demonstrate material shifts in sector or regional allocations either through a gradual shift over three years or through a series of material shifts on a quarterly basis. Within a three-year period, typically the average quarterly changes between equity regions and bond sectors exceeds 15% or the difference between the maximum and minimum exposure to a single equity region or bond sector exceeds 50%."

As a group, funds that sought to enhance results by opportunistically shifting assets between stocks and fixed income underperformed funds that simply held a relatively static mix (see **Exhibit 3**). Morningstar further pointed out that if the performance of non-surviving tactical funds were included, the numbers would be even worse. Its conclusion: "The failure of tactical asset allocation funds suggests investors should not only stay away from funds that follow tactical strategies, but they should also avoid making short-term shifts between asset classes in their own portfolios."[8]

We should not be surprised by these results. Successful timing requires two correct decisions: when to pare back the allocation to stocks and when to increase it again. Watching a portfolio shrink in value during a market downturn can be discomforting. But investors seeking to avoid the pain by temporarily shifting away from their long-term strategy may wind up trading one source of anguish for another. The initial upsurge in prices from their lows often takes many investors by surprise, and they find it extraordinarily difficult to buy stocks that were available at sharply lower prices a few weeks earlier. The opportunity cost can be substantial: Over the 25-year period ending in 2021, a hypothetical $100,000 invested in the stocks that make up the Russell 3000 Index would have grown to $1,036,694.[9] But during this quarter-century, missing just the best consecutive 90-trading-day period (which ended June 22, 2020) shaved the ending wealth figure by an alarming 33%.[10]

Add to this the likelihood of increased transaction costs and the potential tax consequences of a short-term trading strategy, and the odds of adding value through market timing grow even slimmer.

As a thoughtful financial advisor once observed, "A portfolio is like a bar of soap. The more you handle it, the less you have."

Source: Dimensional Fund Advisors: Q3 Quarterly Market Review. See Disclosures for Additional Information
5. Weston Wellington, "Hindenburg Omen Flames Out," Down to the Wire (blog), Dimensional Fund Advisors, October 8, 2010.
6. The Russell 3000 Index contains the stocks of 3,000 US companies and represented about 97% of the investable US equity market as of Dec. 31, 2021. According to the Investment Company Institute, there were 2,997 domestic equity funds and 1,032 US equity exchange-traded funds at the end of 2020.
7. Morningstar described the risk profile of the Tactical Asset allocation as generally in line with that of Morningstar's 50%–70% equity category. The narrower "balanced" category used here was a subset of Morningstar's 50%–70% category that has a fairly static mix of about 60% stocks and 40% bonds.
8. Amy C. Arnott, "Tactical Asset Allocation: Don't Try This at Home," Morningstar, September 20, 2021.
9. Data presented in the Growth of $100,000 example is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The exhibit is presented for illustrative purposes only and is not indicative of any investment.
10. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. The example of an investor missing the best consecutive 90 trading days assumes that the hypothetical portfolio fully divested its holdings at the end of the day before the 90-day period began, held cash for the period, then reinvested the entire portfolio in the Russell 3000 Index at the end of the period.

Disclosures

- **Expanded Market Report Disclosures:** (1) Market Review and Outlook commentary has been adopted from the Quarterly Perspective newsletterwhich is provided by J.P. Morgan Asset Management. The Quarterly Perspectives report is available via https://am.jpmorgan.com. (2) Performance data is provided by Morningstar Direct. Broad market and asset class (index representation) as follows: Domestic Total Market (Russell 3000 TR); Domestic Large Cap (Russell 1000 TR); Domestic Small Cap (Russell 2000 TR); Foreign Total Market (MSCI World ex USA NR); Foreign Large Cap (MSCI World ex USA Large NR); Foreign Small Cap (MSCI World ex USA Small Cap NR); Emerging Markets (MSCI EM NR); Domestic Bond (BBgBarc US Agg Bong TR); Hard Asset (DJ US Select REIT TR); Domestic Stock Market (Russell 3000 TR); International Developed Stock (MSCI World ex USA All Cap); Emerging Markets Stocks (MSCI EM); Public Non-Listed (NCREIF Property); Domestic Bond Market (BBgBarc US Agg Bond TR); Global Bond Market (BBgBarc Global Aggregate TR); US Aggregate Bond (BBgBarc Us Agg Cond TR); Short Term Bond (ICE BofA 1-5Y US Corp&Govt TR); Interm Term Bond (ICE BofA 5-10 Y US Corp&Govt TR); US TIPS (BBGBarc US Treasury US TIPS TR); Municipal Bonds (BBgBarc Muni Inter-Short 1-10 TR); High Yield Bonds (BBgBarc High Yield Corporate TR). (3) Investor Letter provided by Dimensional Fund Advisors. Accessed via mydimensional.com.

- **Please compare the enclosed quarterly report with the statement you receive from the custodian of your account.**

- **Please contact your advisor of any changes that require modifications to your Client Profile, Risk Tolerance, or Investment Policy Statement.**

- This report may contain manually entered assets. The accuracy and authenticity of manually entered assets is reliant solely on the author of the information and not controlled by or attested to by Triad Advisors nor its affiliates or business partners. Any information represented as manually entered assets should be regarded as informational only and not interpreted as official or legal financial positions. The combined total represents the combination of various sources and types of accounts. This combined total is subject to any error of any of the types of data sources that may be contributing to it, including manual entry errors and data reliability or completeness errors. The cost basis information is subject to the validity of the supplier of cost basis information and should not be used for tax purposes. Consolidated reporting provided via third party data aggregator and portfolio performance engine, under contractual agreement with the broker dealer. **This consolidated report is based on custodian(s) and/or Financial Representative provided account detail and is reflected here for informational purposes, as a customer courtesy.** Account information contained within this report has been provided by the custodian directly, your Financial Representative or, in the alternative, via third party data provider. The information herein is from sources deemed to be reliable, but its accuracy cannot be guaranteed. Please refer to your brokerage statements as an accurate reflection of your portfolio. This consolidated report may include assets that the firm does not hold on your behalf (“held away assets”) which are not included on the firm’s books and records. Assets “held away” are those accounts which have been solicited and/or are held outside of the broker dealer. In most instances, “held away” assets may be non-verifiable by the Broker Dealer. Assets “held away” from the broker dealer may not be covered by SIPC. This report content may supplement, but is not intended to replace, the official customer account statement (hereafter referred to as "source document") provided by the custodian. You are encouraged to review and maintain the official source document(s) provided by the account custodian(s). These source documents may contain notices, disclosures and other important information and may also serve as a reference should questions arise regarding the accuracy of the information in this consolidated report. Always refer to these source documents for lending, legal or tax purposes. Calculations are based on and valuations are stated in US Dollars. If you have any questions as to the values of the assets, please contact the sponsor company directly.

- **Regarding FDIC insured Equity Linked CDs:** The rationale for choosing the 3 month Treasury Bill Index as the benchmark for Equity Linked CD’s is based on minimum return guarantees and insurance from loss by the FDIC (Federal Deposit Insurance Corporation). In our opinion, this benchmark is based on a worst case outcome. Because these products are designed to capture a portion of the underlying equity indices they are linked to, the investor can potentially realize higher returns than provided by traditional interest bearing bank deposits or short-term obligations of the US Government.