



December 2021

2021 in Review

This past year served as a continuation of the bull market, which began in mid-2020. Stimulus packages from Congress and efforts by the Federal Reserve to provide liquidity boosted the markets. Once COVID vaccines became available, the economy experienced a surge in growth, a strong job market, increased wages, and pent-up demand for everything from housing to travel, cars, and more. Corporate profits soared and the GDP grew by 6%, driven mostly by increased consumer spending. According to JP Morgan*, the consumer debt ratio (defined by debt payments as a percentage of disposal income) dropped dramatically to 9% from 13% in 2007. Savings rates for U.S. households grew substantially.

But...

Inflation followed and is currently running at 7%, the highest rate since 1982. Our federal deficit rose to 100% of GDP. An infrastructure bill was passed as well. Led by large tech companies, US markets were positive, and the S&P 500 was up 28.71%. The Federal Reserve announced it would begin reducing its bond buying program followed by gradual increases in interest rates to combat the uptick in inflation. This dampened total returns on bond markets by the end of the year. The exception was TIPS (Treasury Inflation-Protected Securities) because of the inflation component of their return which increased during the year.

*Source: JPMorgan.com

MAIN OFFICE
FLINT, MICHIGAN
5206 Gateway Centre, Suite 300
Flint, MI 48507
Phone: 810-732-7411
Fax: 810-732-8190

FLORIDA OFFICE
712 S. Oregon Ave.
Tampa, FL 33606
Phone: 813-251-1879
Fax: 813-251-1716

www.StephensWMG.com

FINANCIAL MARKET UPDATE

Year-to-date change as of 12/31/21

- S&P 500 Index.....28.71%
- Bloomberg Commodity Index.....27.11%
- MSCI EAFE \$\$ (International)11.26%
- Barclay US Aggregate Bond.....-1.54%

Our sense is that the economic recovery will continue despite supply chain challenges because of higher wages, full employment, strong job growth, and elevated savings accounts, all of which are some of the fundamentals driving growth. These major shifts, however, could create more volatility going forward, in our view. Interest rates are already higher, and the Fed has indicated there will be three interest rate increases.

Inflation Persistent or Transitory?

The likelihood in our view is both. Supply chain disruption will be rectified over time, but higher wages, higher demand, and higher commodity prices may keep some prices elevated. We anticipate that the market will be more volatile this year, with the effects of higher interest rates and inflation coupled with expensive valuation on many growth stocks. Accordingly, portfolios should reflect these changing realities and the unpredictable nature of shifts in policy and investor sentiment.

Taxes

We may also have a tax package this year, although it appears to be less significant than originally anticipated. A higher corporate tax rate could be a drag on profits. As tax policy becomes clearer, strategies for minimizing future taxes will be an important part of your planning. While we look forward to higher interest rates on our saving accounts, the counter effect of higher rates for borrowers may create a drag on growth throughout the year.

Raymond James Money Movement Letters

You may have noticed a little more interaction with Raymond James when moving money from a Raymond James account to another financial institution. In some cases, Raymond James will go

the extra mile to ensure that the request to move money was initiated by you. With the number of *bad players* increasing (i.e., financial scams, fraudulent transactions, etc.), Raymond James wants to ensure your money is protected. Thus, when you receive a call from Raymond James after you've requested money movement from us, it is likely a legitimate phone call. If you are unsure, please call our office and we will verify the Raymond James employee's identity.

You will also receive a letter from Raymond James every time a money movement occurs, as well as an annual confirmation of any ACH banking profile(s) that are linked to your account(s). We are not in control of these communications; however, we can help you update your delivery preference (paper vs. e-delivery) for these communications through your online Client Access account. Simply, go to Account Services > Client Tools > Document Delivery. The money movement letters fall under the document type of "All Other Correspondence". If you need help, please call our office and a Client Relationship Associate will provide assistance.

International Women's Day

In honor of this year's International Women's Day, Sherri Stephens, Jill Carr, and Jessie Stirling will be recording a podcast with financial topics of interest and importance to women. An email invite will be sent next week enabling



you to register to receive the podcast in March. In addition, when you register, we encourage you to provide questions that you would like addressed in the podcast. Our team is really looking forward to this event as financial literacy for all, but especially for women, is something we are passionate about. The goal is to keep the podcast light and entertaining, but also

practical. When the invitation comes out, please feel free to share it with female friends and family that you think might have an interest. We will also share information about the event on the company's social media pages:



<https://www.linkedin.com/company/stephens-wealth-management-group/mycompany/>



<https://www.facebook.com/StephensWMG>

New Year, New You

It is our intention to stay in alignment with you as your life changes, especially as these changes may impact your financial goals. Please contact our office, by phone or email, if you've had a change in your home address, phone number, email, place of employment, overall health and wellbeing, or financial situation.

Stay safe, healthy, and let us know how we can help you.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Stephens Consulting, LLC, doing business as Stephens Wealth Management Group (SWMG), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Stephens Consulting. **Please remember that if you are a SWMG client, it remains your responsibility to advise us, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. SWMG is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of SWMG's current written disclosure Brochure discussing our advisory services and fees is available for review upon request.*

Please Note: Stephens Wealth Management Group does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to SWMG's website or newsletter or incorporated herein and takes no responsibility for any such content. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.

LEAVE NOTHING TO CHANCE

Investment advisory services offered through Stephens Consulting, LLC, a SEC registered investment adviser, doing business as Stephens Wealth Management Group (SWMG).