RE: 1st Quarter Newsletter

As usual, I have much to share. I apologize for the tardiness of this letter.

Recent Market Performance

I decided to slightly change the table format below to better coincide with the Investment Policy Statement (IPS) guidelines we use to gauge results. Regardless of the format, it was a rough quarter for bonds and stocks overall. Energy and mining companies performed very well. The prices at the gas pump reflect that. It was the worst quarter for bonds in many years.

Cash & Bonds - Total Returns March 31, 2022	1st Qtr. Results	YTD Results	10 Year Results
FTSE US 30-day Treasury Bill	0.01%	0.01%	0.56%
BarCap Municipal Total Return	**-5.93%**	**-5.93%**	2.24%
BarCap Aggregate Bond Total Return	**-6.23%**	**-6.23%**	2.88%

USA Stocks Index Total Returns Data as of March 31, 2022	1st Qtr. Results	YTD Results	10 Year Results
Dow Jones Industrial Average (DJIA)	**-4.10%**	**-4.10%**	12.77%
Standard & Poor's 500 (S&P 500)	**-4.60%**	**-4.60%**	14.64%
Standard & Poor's 500 - Growth	**-8.59%**	**-8.59%**	16.80%
Standard & Poor's 500 - Value	**-0.16%**	**-0.16%**	11.89%
Russell 2000 (Small US Companies)	**-7.53%**	**-7.53%**	11.04%
Russell 2000 - Growth TR USD	**-12.63%**	**-12.63%**	11.21%
Russell 2000 - Value TR USD	**-2.40%**	**-2.40%**	10.54%

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Member FINRA/SIPC • 5890 Sawmill Road, Suite 130 • Dublin, Ohio 43017 • Phone 614.824.3080
Fax 614.824.3082 • Toll Free 877.369.4046 • mark.aldridge@raymondjames.com • www.AldridgeFinancial.com

Foreign Stocks Index Total Returns Data as of March 31, 2022	1st Qtr. Results	YTD Results	10 Year Results
MSCI EAFE in US $ (Europe, Australasia, Far East)	**-5.91%**	**-5.91%**	6.27%
MSCI EAFE - Growth TR USD	**-11.94%**	**-11.94%**	7.46%
MSCI EAFE - Value TR USD	0.33%	0.33%	4.87%
MSCI Emerging Markets (in US $)	**-6.97%**	**-6.97%**	3.36%

Other Indexes - Total Returns Data as of March 31, 2022	1st Qtr. Results	YTD Results	10 Year Results
FTSE NAREIT All Equity REITS TR USD	**-5.26%**	**-5.26%**	10.51%
ICE BofA All US Convertible TR USD	**-5.41%**	**-5.41%**	12.16%
MSCI World/Metals & Mining NR USD	25.67%	25.67%	4.73%

Please see index definitions at the end of the newsletter. Source: Morningstar

*Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

Financial & Investment Comments

To repeat one of my key points in last quarter's newsletter: it is impossible to consistently forecast the economy and or time the markets. To truly fully capture the long-term results of the equity markets, we must ride out the volatility and even take advantage of it (buy low…) when we can. The greatest factor in successful investing is temperamental, not intellectual or financial. The ability to ride out the temporary declines is what leads to the successful long-term results.

It is times like these that we have to keep the above in mind. Oil and food prices have jumped dramatically. The Russian invasion of Ukraine is a total tragedy. The COVID pandemic seems to linger.

As reflected in the charts above, it was a rough quarter for the capital markets. It was one of the worst quarters for bonds in many years as the negative figures show. Interest rates have been on the rise. According to the Bankrate.com website, the national average for 30-year mortgages has increased to 5.06% as of April 20th from roughly 3.24% at the start of the year. The 10-year US Treasury note had a yield of 1.63% on January 3rd. At the end of the quarter it was 2.32%. As of April 20th, it has increased to 2.93%. On a percentage basis, the 10-year yield has increased nearly 80% since the start of the year. Rates are still low but have increased sharply in a short period of time.

The inflation rate for the year ending March 31 was 8.5%. That's the highest it's been since December 1981 (I was 21 years old – put that in perspective.) Supply chain issues, the war in Ukraine, and rising demand as the economy reopens from COVID are just a few of the issues driving inflation. However, people have to have cash to push demand and in the

past 2 plus years, the money supply has increased dramatically. During our Raymond James 2021 Annual Conference, professor Jeremy Siegel predicted 20% inflation (not necessarily all at once) because the US Government had increased the money supply by the same 20% figure over a 12 to 18-month period.

So, what's the good news? Raymond James' Chief Investment Officer Larry Adam recently shared some thoughts on the matter in his 2nd Quarter Outlook:

1. The Labor Market remains elevated and strong. Withholding taxes have increased 20% year over year – the fastest pace on record. (On April 22, an Associated Press headline read "Fewest Americans collecting jobless aid since 1970". The cite in the article that 1.42 million Americans were collecting traditional unemployment benefits in the week of April 9, the fewest since February 21, 1970).

2. Capital expenditures (CAPEX) remains strong. The average age of manufacturing capital assets is 13 years old – the oldest since World War II. Updating these assets should drive capital expenses.

3. Banks are loosening their lending standards which should help borrowers looking to spend.

4. Mobility indicators suggest reopening is continuing:
   a. TSA screenings at airports are at a post-COVID high.
   b. Hotel bookings continue to rise sharply
   c. Restaurant spending continues to improve.

5. Consumer cash balances (Checking, savings, time deposits) remain elevated. Current estimates indicate that there is over $2.5 Trillion in excess savings currently.

6. Some supply chain issues are starting to moderate:
   a. The supply chain backlog index is slowly coming down
   b. Supplier delivery times are shortening
   c. Inventories are starting to rise

A sense of rationality can be elusive in these times of uncertainty, but that's exactly what's needed. Yet, looking back over my career, we have had other major "Black Swan" events like the Crash of 1987, the terrorist attacks of 9/11, the financial crisis in 2008 and COVID's impact in 2020. After each of these episodes, the economy healed and so too did the markets. How will Russia/Ukraine impact the financial markets long term is yet unknown. Yet, the more we know about past crises – and how the great companies in America and the world absorbed them, regrouped and went on to new heights – the more we should be inclined to thesis that "This too shall pass."

As always, please call or email if you have any questions about your investments and financial plans. We are here to assist you in making decisions to help you reach your ultimate goals. It is my privilege to serve you.

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- Keep in mind that there is no assurance that this or any strategy will ultimately be successful or profitable.
- Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation.
- Dividends are not guaranteed and must be authorized by the company's board of directors.
- Diversification and asset allocation does not assure a profit or protect against a loss.
- Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

In Conclusion

We appreciate the opportunity to be of service, helping you achieve your goals. Best wishes for your health, safety and some fun as the days get longer and warmer. I will write again in July to provide another update. In the meantime, do let us know if you have any questions or issues for which we can help.

Best regards,

Mark

Mark D. Aldridge, CFP®, CFA®, ChFC®
Financial Advisor, RJFS

Index Definitions

Dow Jones Industrial Average (DJIA) -- an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal.
S&P 500 -- an unmanaged index of 500 widely-held stocks that's generally considered representative of the U.S. stock market.
S&P 500 Value – S&P measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500®.
S&P 500 Growth – S&P measures growth stocks using three factors: sales growth, the ratio of earnings changes to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500®.

NASDAQ Composite -- an unmanaged index of securities traded on the NASDAQ system.
MSCI EAFE -- a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada.
Russell 2000: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Barclays Capital Aggregate Bond Index -- a measure of investment-grade, fixed rate debt including corporate, government and agency issued bonds as well as asset-backed securities. Issues must have at least 1 year left to maturity and an outstanding par value of at least $100 million.
Barclays Capital Municipal Bond Index covers investment grade, tax-exempt, and fixed-rate bonds with maturities greater than two years.
MSCI Emerging Markets Index: designed to measure equity market performance in 25 emerging market indexes. The index's three largest industries are materials, energy, and banks.
FTSE Eurofirst 300 Index: the 300 largest companies ranked by market capitalization in developed Europe.
Nikkei 225 Index: the leading and most-respected **index** of Japanese stocks. It is a price-weighted **index** comprised of Japan's top **225** blue-chip companies on the Tokyo Stock Exchange.
FTSE US 30-Day Treasury Bill: the 1 Month Treasury Rate is the yield received for investing in a US government issued treasury bill that has a maturity of 1 month.
FTSE NAREIT U.S. Real Estate - All REITs: The index is designed to represent a comprehensive performance of publicly traded REITs which covers the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors. It is not free float adjusted, and constituents are not required to meet minimum size and liquidity criteria.
ICE Bank of America (BofA) Convertible Bond U.S. Investment Grade Index: Covers the U.S. investment grade convertible bond market. These bonds hold an average rating of Baa3/BBB- or higher and are convertible into common stock, ADR's, or cash equivalents.
The MSCI World Metals and Mining Index is composed of large and mid cap stocks across 23 Developed Markets (DM) countries*. All securities in the index are classified in the Metals & Mining industry (within the Materials sector) according to the Global Industry Classification Standard (GICS®).

Morningstar Category Definitions

Large-growth portfolios invest in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.
Large-value portfolios invest primarily in large U.S. stocks that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).
Foreign large-blend portfolios invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.
Small-growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).
Small-value portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).
World Allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world most of them focus on the U.S., Canada, Japan, and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least 10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non-U.S. stocks or bonds.

Other Disclosures

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