

# Mid-Year Economic Outlook



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**NATIONAL BANK**

WEALTH MANAGEMENT

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# SNB Investment Team

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# Our Investment Services Team



**Colten Moshier**  
Investment Analyst

**John Gibb, CFA**  
Assistant Vice President,  
Investment Officer

**Damian Howard, CFA**  
Vice President,  
Senior Investment Officer

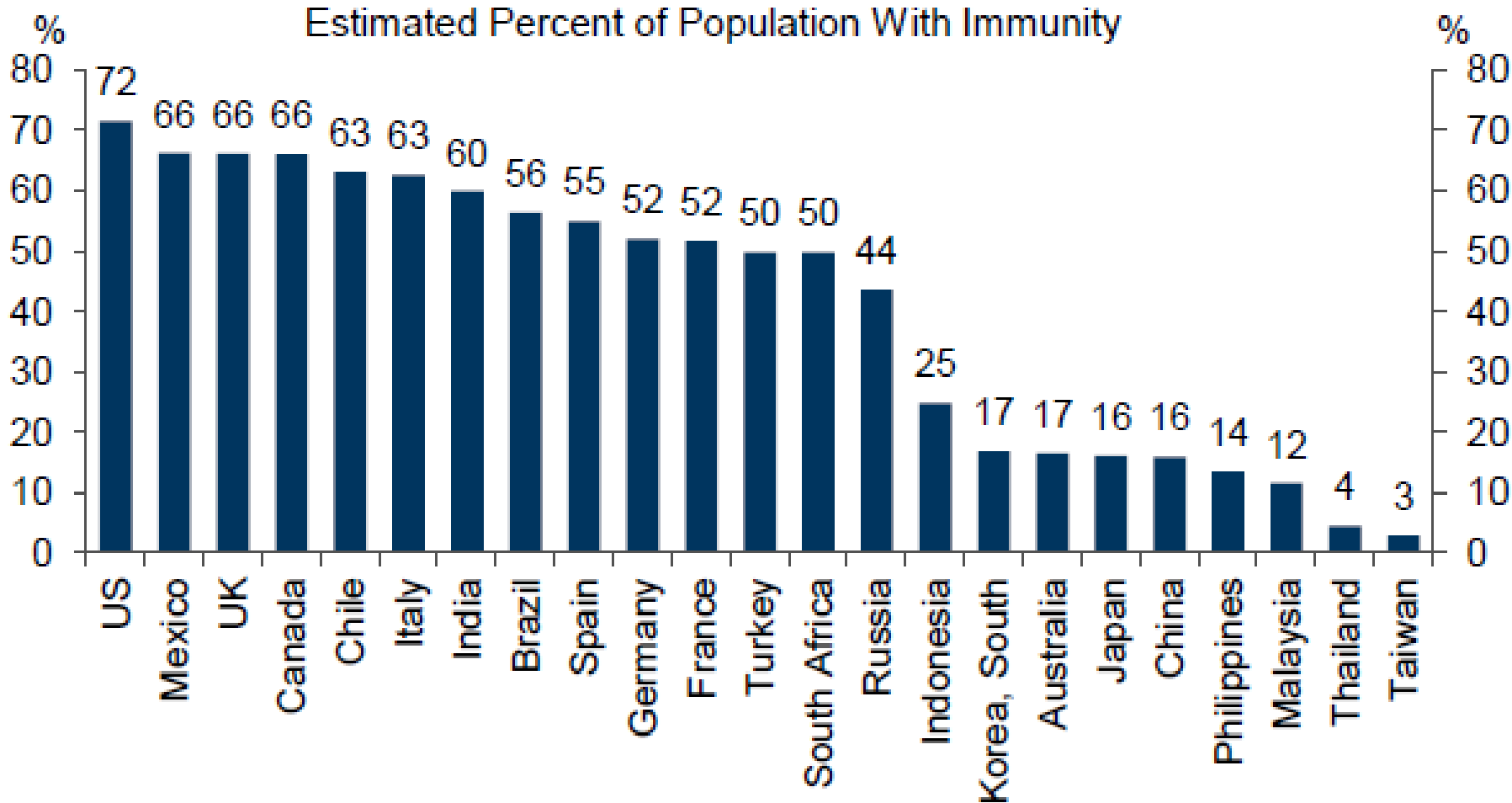
**Brent Boyce, CFA**  
Assistant Vice President,  
Investment Officer



# The Current Economic Landscape



# The Pandemic



The West is basically at herd immunity.

For the economy, the pandemic is over.

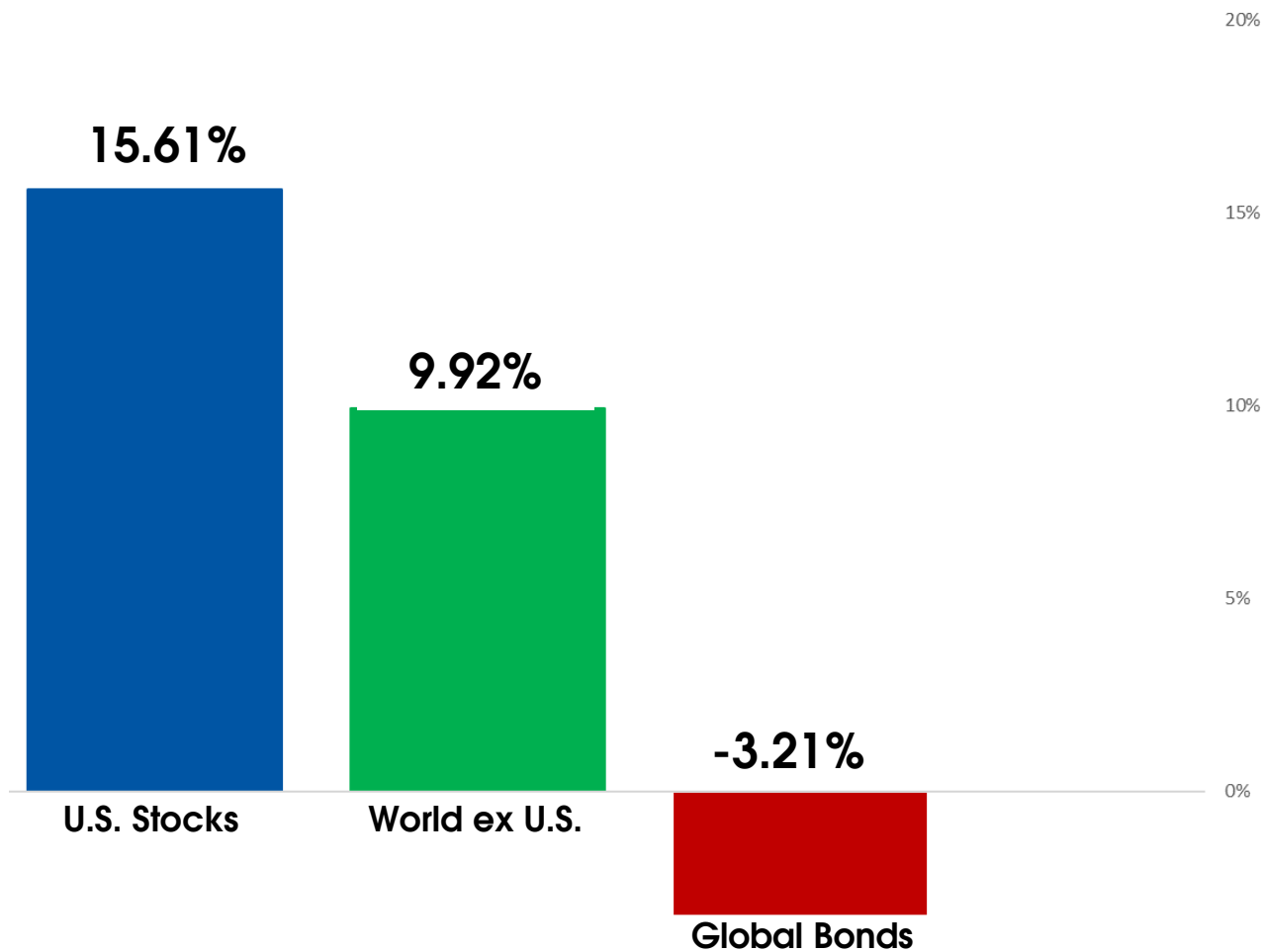
We are now dealing with the aftershocks.

Source: Our World in Data, John Hopkins University Centers for Civic Impact, Goldman Sachs Global Investment Research



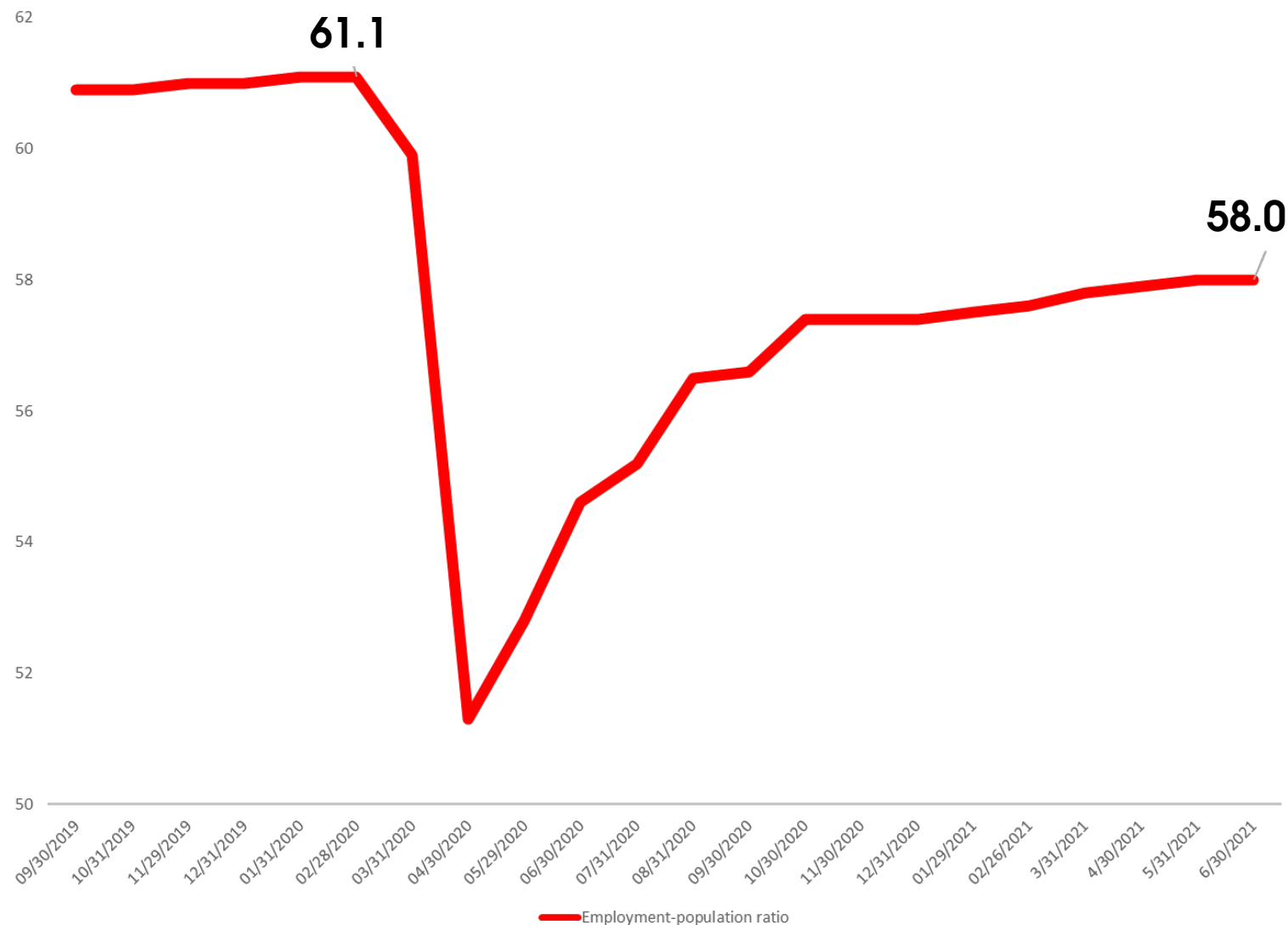
# The Pandemic

June 30, 2021 YTD



U.S. Stocks have had second best start this century

# The Labor Market



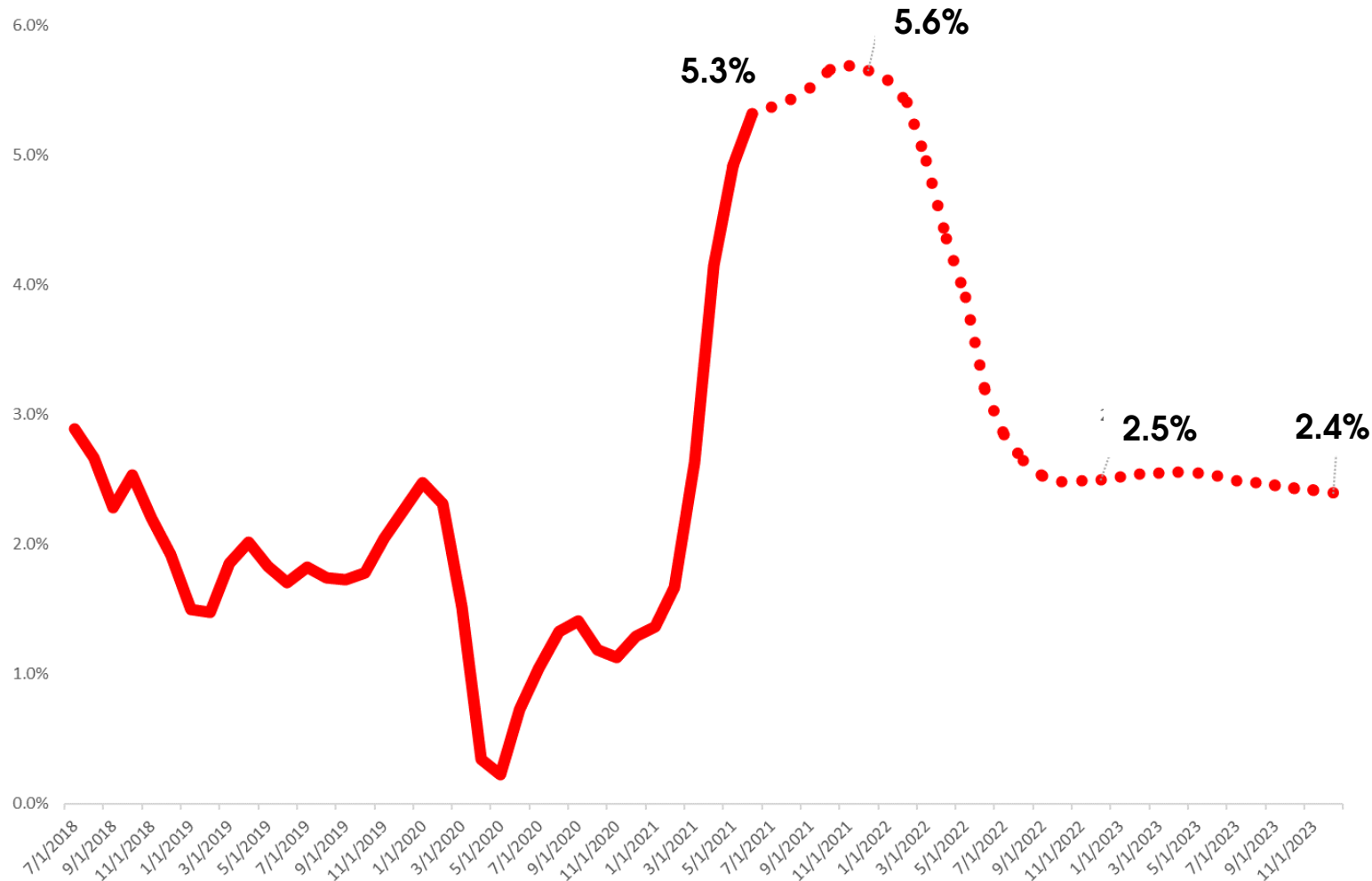
April 2020, the economy lost 25 million jobs, it has recovered all but 8 million - 2/3rd of lost jobs.

The remaining 1/3<sup>rd</sup> may take a while to recover.

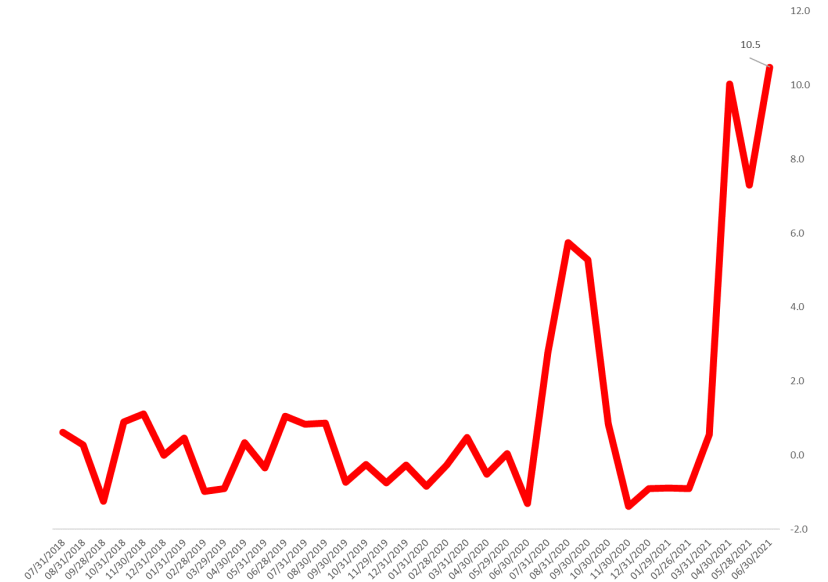
There are 9.2 million job openings  
14.4% WFH



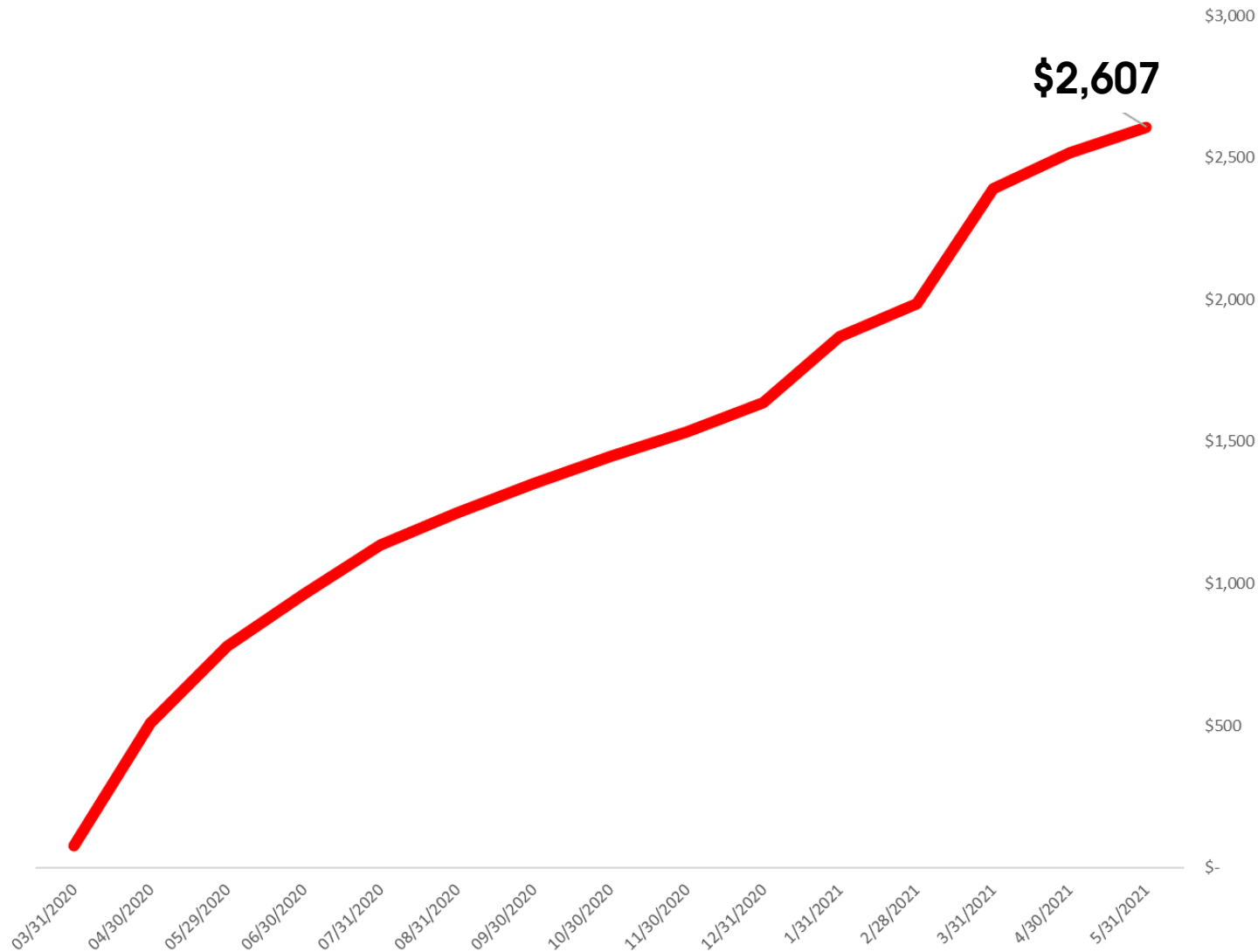
# Inflation



Inflation should be peaking soon.  
New & used car prices  
Inflation will run at a higher rate  
than pre-pandemic.



# The Consumer



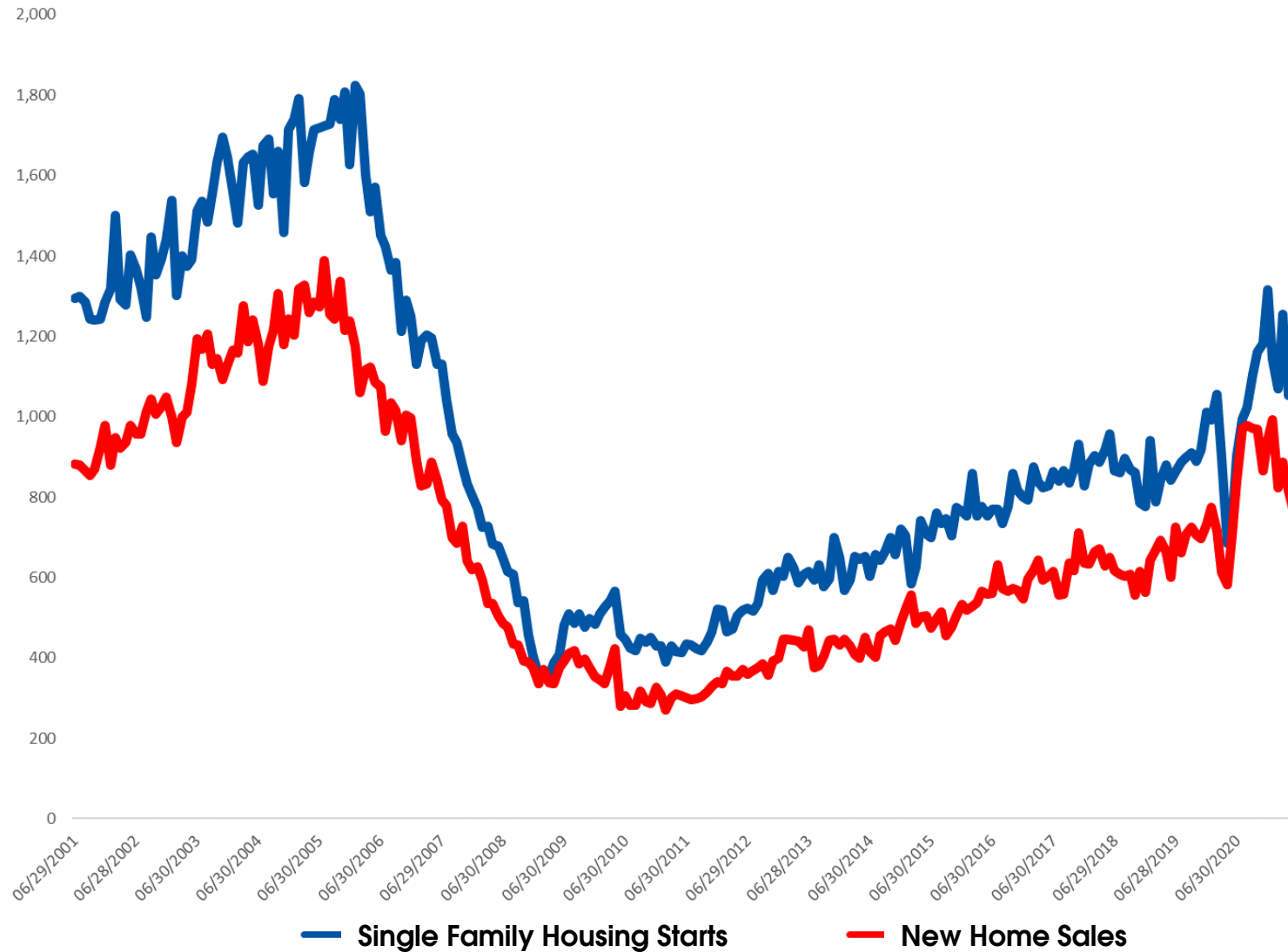
Consumers are in great shape.

Estimated \$2.6 trillion in “excess” savings

Consumption should run high for several quarters.



# The Housing Market



Home builders have underbuilt for a decade.

Supply chain unable to meet demand after demand surge.



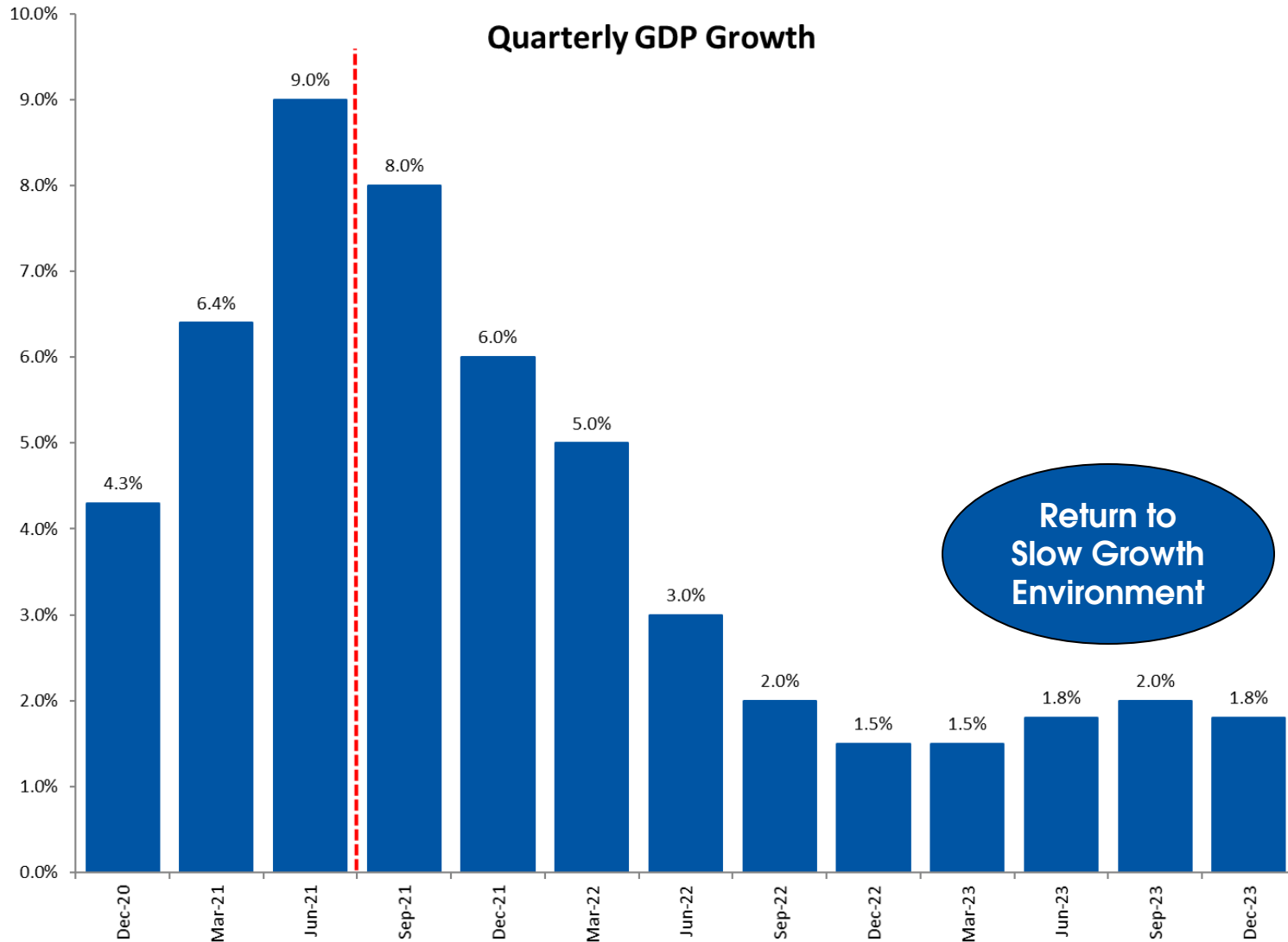
# The Way Forward



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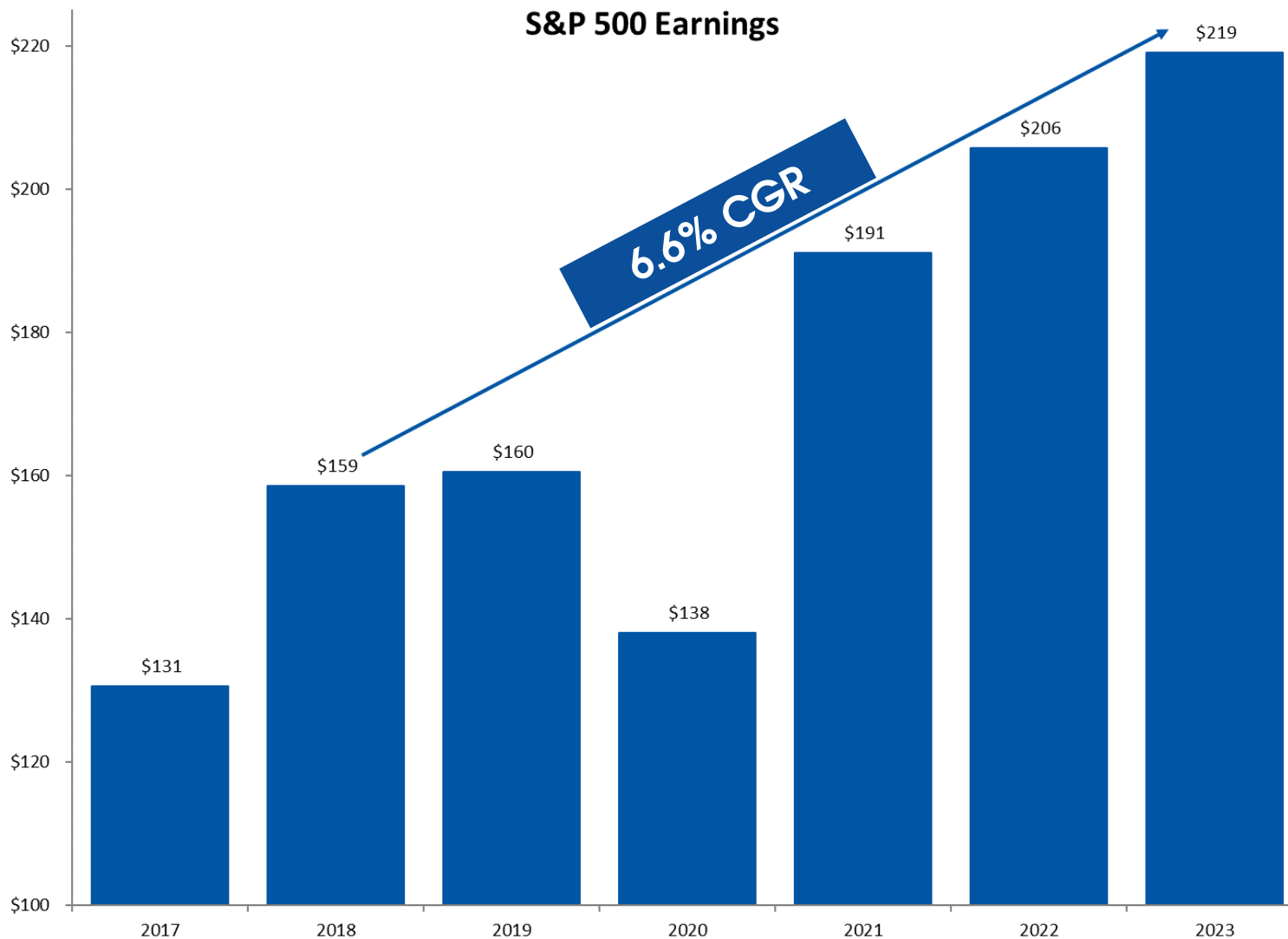
# Economic Growth



The U.S. should enjoy four more quarters of rapid economic growth.

After that the talk returns to the “New Normal”

# Corporate Earnings

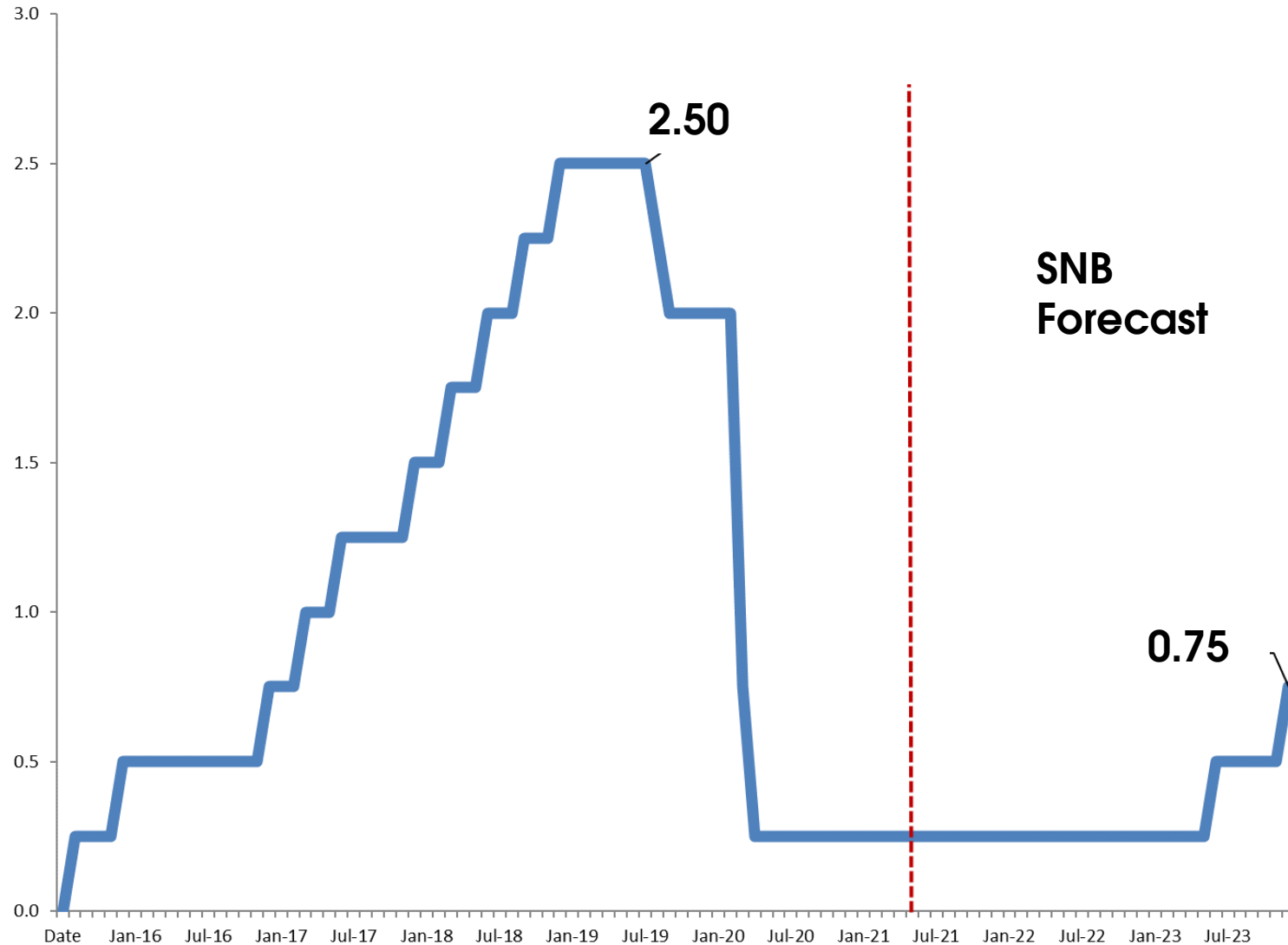


Earnings are significantly better than expected.

Corporate America is doing well.



# Interest Rates



# Questions About Our Outlook



# How We have Repositioned our Portfolios



# Our Asset Allocation

We have made a modest adjustment since beginning of pandemic.

Equity % up to	July-21	January 2021	January 2020	Neutral
<b>Fixed Income</b>				
Short Term	0%	0%	0%	5%
High (Investment) Grade	34%	35%	35%	21%
High Yield	0%	0%	0%	5%
Alternative	3%	2%	0%	0%
International	0%	0%	5%	4%
<b>Equities</b>				
Large	45%	45%	43%	30%
Extended	8%	8%	10%	10%
International	7%	7%	5%	20%
<b>Alternative</b>	3%	3%	2%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# Alternative Fixed Income

## Victory Market Neutral Income Fund - CBHIX

Share Class	Ticker	Distribution Yield
I Shares	CBHIX	3.6%

Average Annual Total Return (%)	Q2 2021	YTD	1 Year	3 Year	5-Year
<b>Victory Market Neutral Income</b>	<b>-0.39</b>	<b>1.32</b>	<b>2.62</b>	<b>3.54</b>	<b>4.27</b>
FTSE 3-mo T-Bill	0.01	0.03	0.08	1.31	1.14
Bloomberg Barclays US Aggregate	1.83	-1.06	-0.33	5.34	3.03

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, visit

[www.vcm.com](http://www.vcm.com)

Returns include reinvestment of dividends and capital gains. Performance for periods greater than one year are annualized. Fee waivers and/or expense reimbursements were in place for some, or all periods shown, without which, fund performance would have been lower.

Goal: Provide yield without interest rate or stock market sensitivity

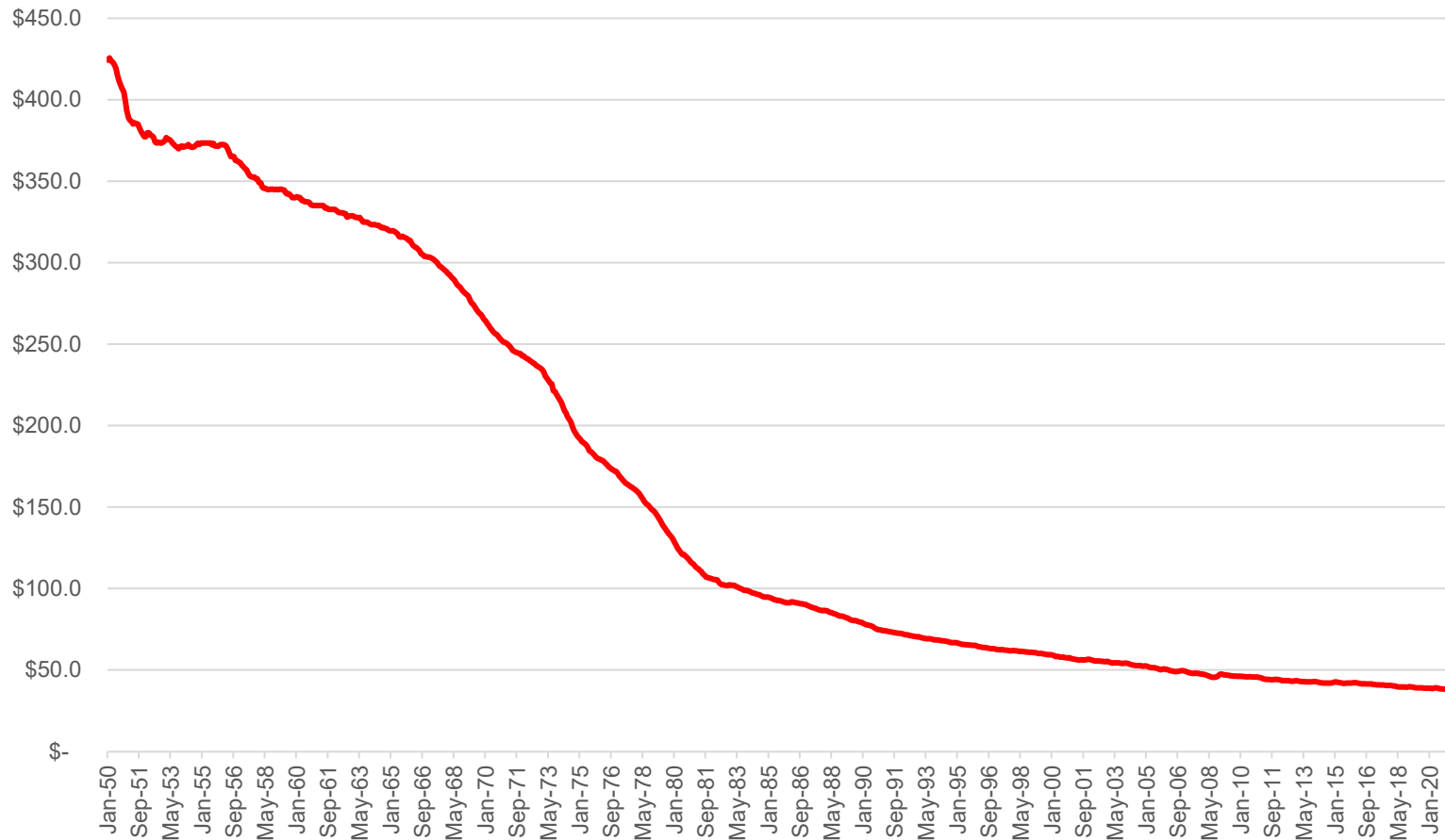
- Other asset classes considered:
  - High yield & floating rate bank debt
  - Preferred stocks
  - Longer duration bonds
- Victory Market Neutral seeks to capture high equity dividend yields
  - Minimizes stock and bond market risk through portfolio construction





# Inflation Protection

**Purchasing Power of the US Consumer Dollar  
(U.S. City Average since 1950)**



Rising inflation has a dangerous effect; input prices rise, consumers purchase fewer goods, revenues and profits decline, and the economy slows

# Inflation Protection

## Bonds

- Inflation is negative for fixed-income assets

## Stocks

- Unclear how inflation impacts stock market returns

## TIPS

- Inflation sensitive bonds indexed to inflation to protect from a decline in purchasing power

## Commodities/Gold

- Gold prices don't correlate to inflation, but can provide a long-term store of value

## Real Estate (Farmland)

- Historically benefits from inflationary environment
- Has outperformed CPI over each decade
- Has diversification benefits vs. other portfolio assets

Rising inflation impacts asset classes differently

Some asset classes hedge the negative impact of inflation better than others

# SPV Hair Road Farms LLC



Quest for inflation hedge with current income led us to invest in a wheat farm in Washington State.

Accredited investors only

7 to 10 year investment

4% + annual yield

Offering closed to investors

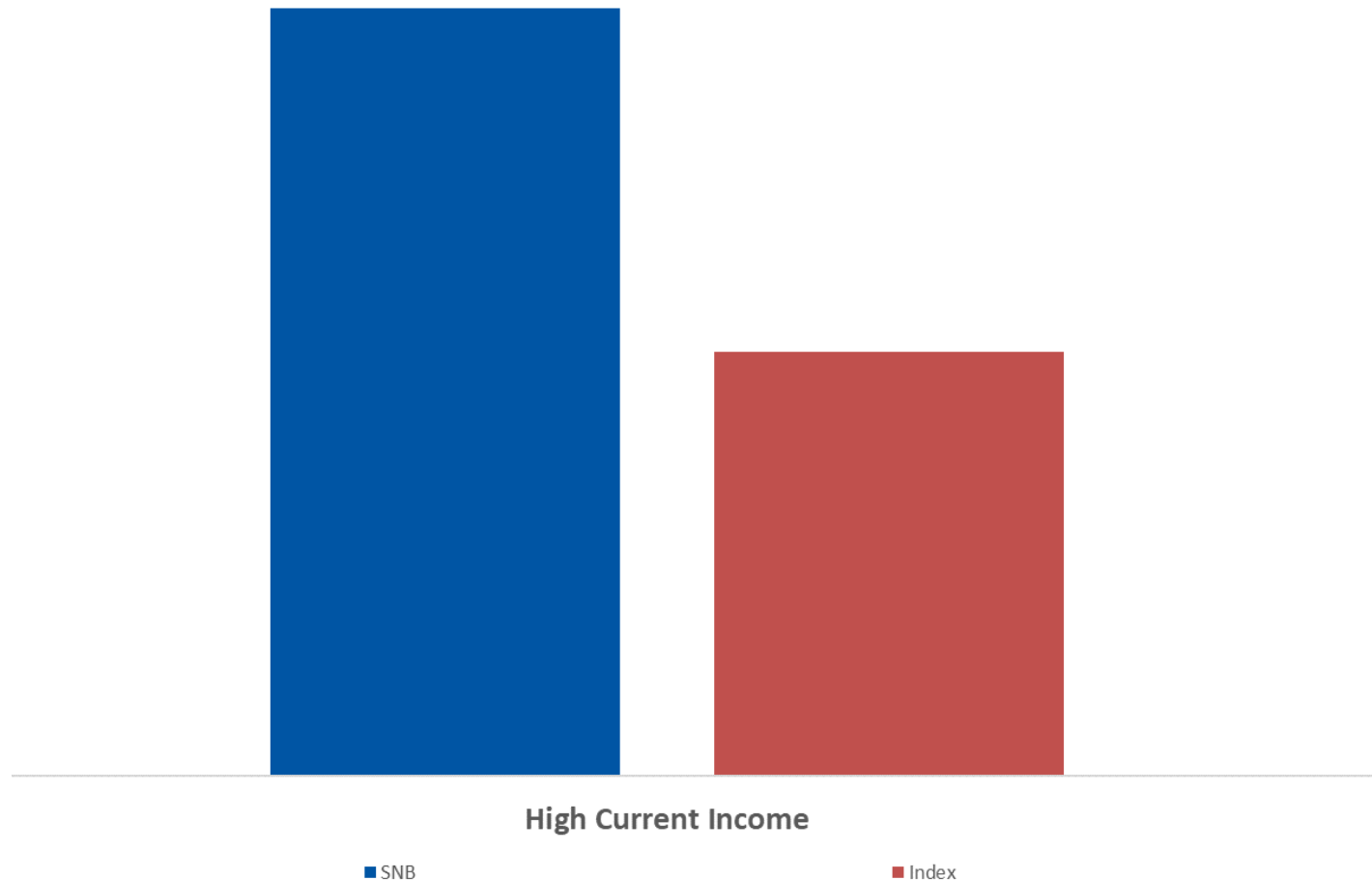




# Custom Portfolios

## SNB Wealth Management Returns Compared to Index Since August 31, 2020

We can custom build portfolios to meet unique client needs.



# How Have We Performed

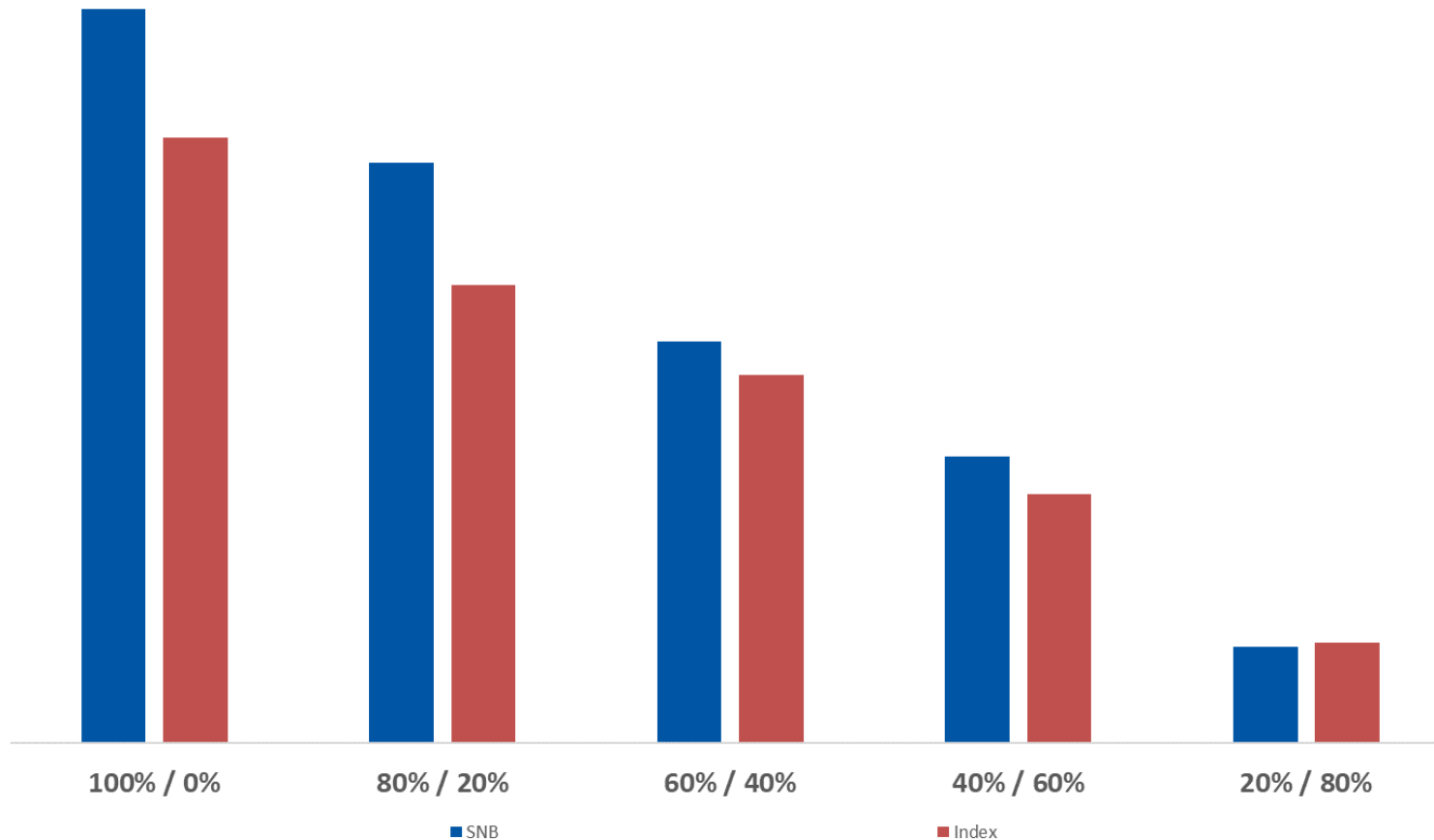


# Return Data

## SNB Wealth Management Returns Compared to Index

One Year Ending June 30, 2021

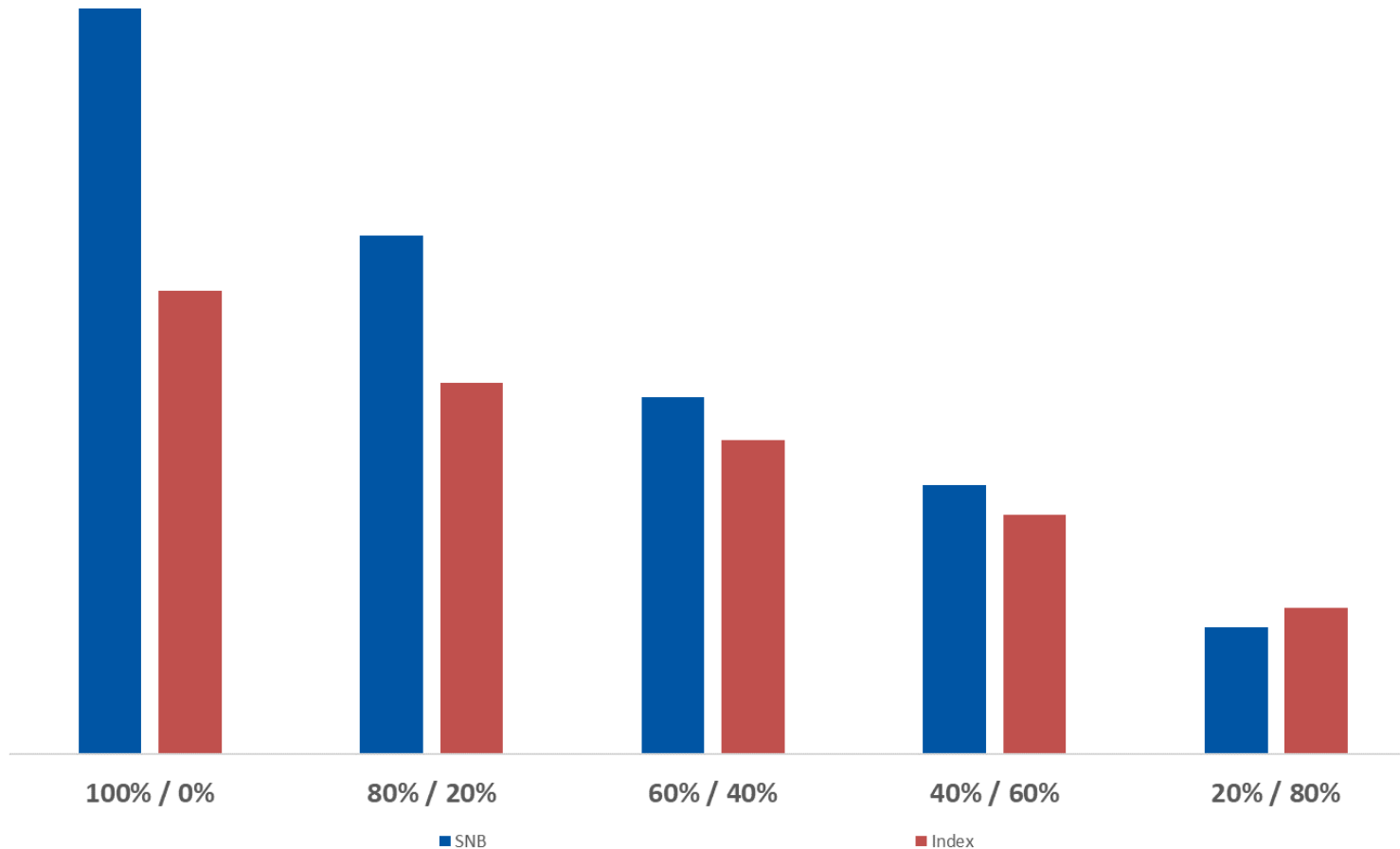
Our approach has proved to be successful through the pandemic.



# Return Data

## SNB Wealth Management Returns Compared to Index

5 Years ending June 30, 2021



Our approach has proved to be successful over the long term.

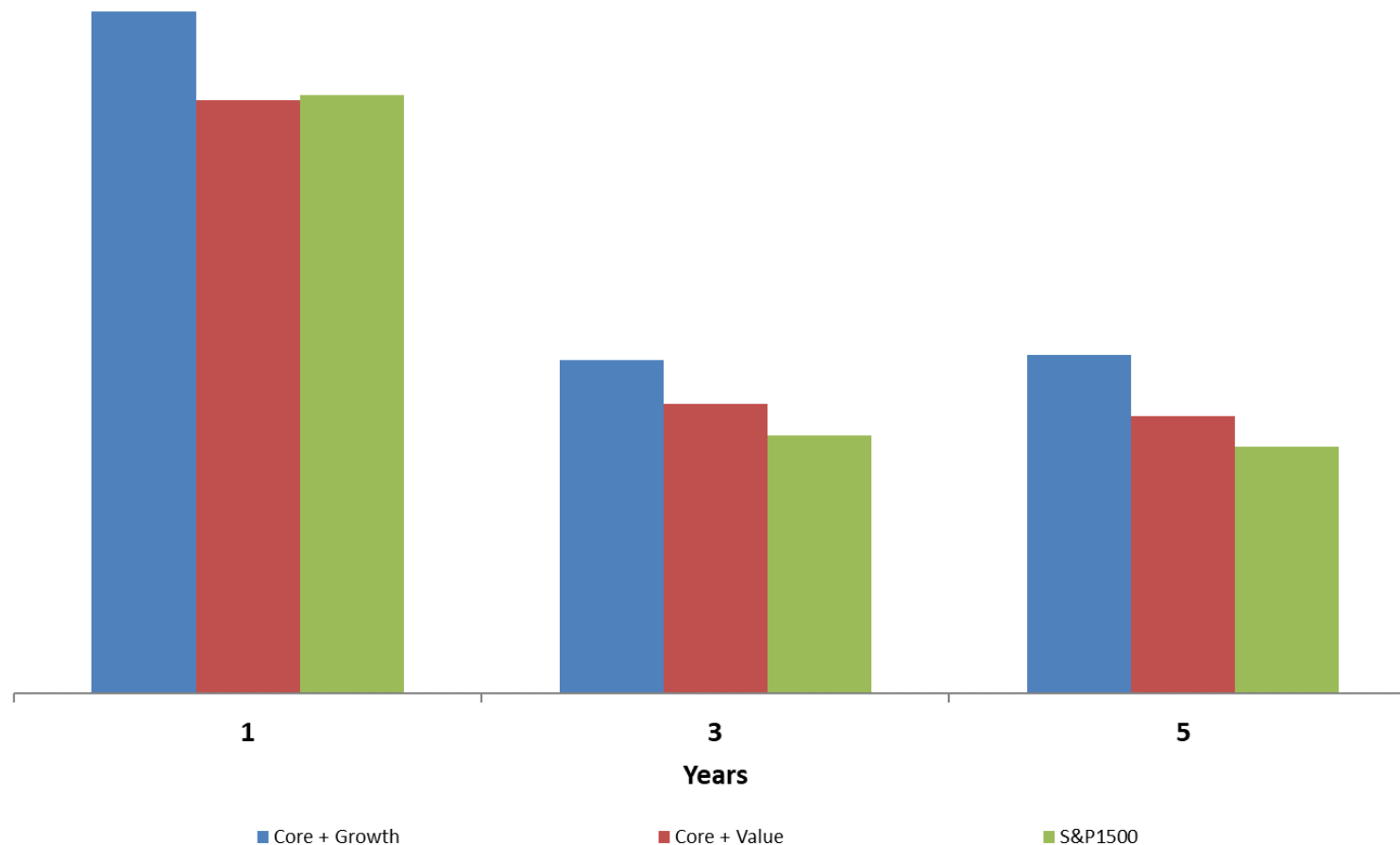


# Return Data

## Equity Returns

as of June 30, 2021

Our returns are led by superior stock returns





# Additional Services



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# Financial Planning

Successful investors create a financial plan

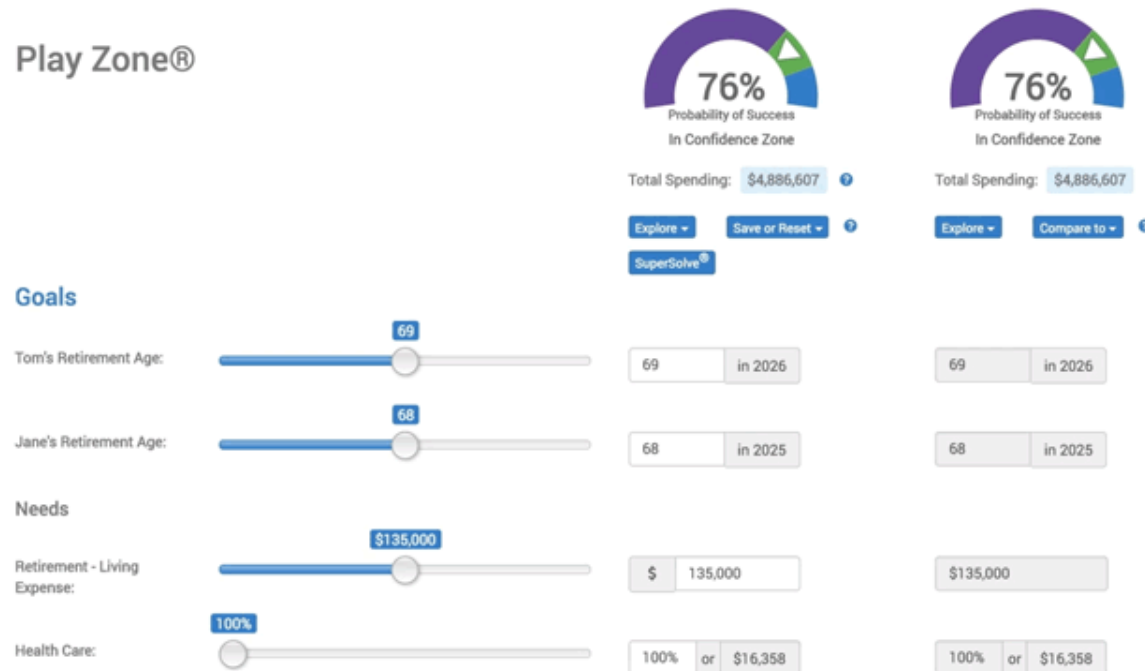
- Dynamic, goals-based approach
- Clarify Retirement Income approach
- Optimize Social Security strategy
- “What if” and Play Zone® scenario analysis

Everyone needs and deserves a quality financial plan®

## SNB Planning Process

1. Data Gathering & Client Input form
2. Goal planning and initial discussion
3. Plan creation
4. Review output and test scenarios
5. Update regularly according to review schedule

### Play Zone®



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# Thank You For Coming and Zooming

