



Introducing the CLA Economic Outlook

March 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Disclosures

CliftonLarsonAllen Wealth Advisors, LLC (“CLA Wealth Advisors”) is an SEC-registered investment advisor that offers a wide array of private wealth advisory services. For more information about CLA Wealth Advisors’ business practices, fees, and services, please refer to our Form CRS and the ADV Part 2A (the “Disclosure Brochure”). Your investment professional must provide you with a copy of Form CRS and the Disclosure Brochure before or at the time when you enter into a legal agreement with us.

Performance can not be guaranteed and any references to past specific performance should not be interpreted as a promise to achieve results. Investing involves various degrees of risk. You may lose money, including the principal of your investment. This presentation is intended for your consideration of the services discussed. The content is purely educational and any product mentioned herein are meant to be examples of how these funds may work and not as a solicitation which can only be done via prospectus and a recommendation after a review of individualized circumstances.

Before deciding whether to engage CLA Wealth Advisors to manage any investment assets, you should review CLA Wealth Advisors’ Form CRS (CRS) and Form ADV Part 2A (the “Disclosure Brochure”). Our CRS and Disclosure Brochure provide detailed descriptions of CLA Wealth Advisors, its services, fees, and other important information including explanation of conflicts of interest. CliftonLarsonAllen Wealth Advisors, LLC is a wholly owned company of CliftonLarsonAllen LLP.





Comprehensive Insights

Top-down macro analysis

Economic data
Interest rates
Earnings
Valuations
Investment cash flows

Industry data
Interviews with industry and service line leaders

Bottom-up industry and service insights



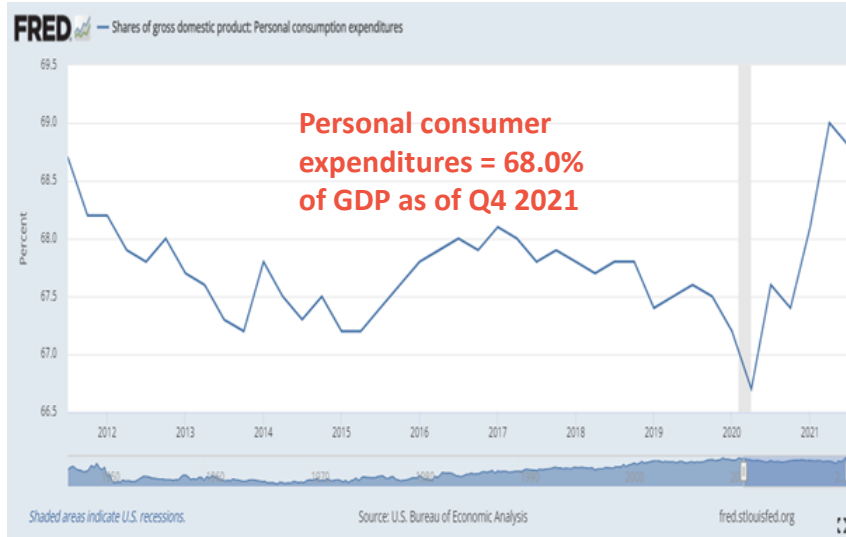


CLA Economic Outlook 2022

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

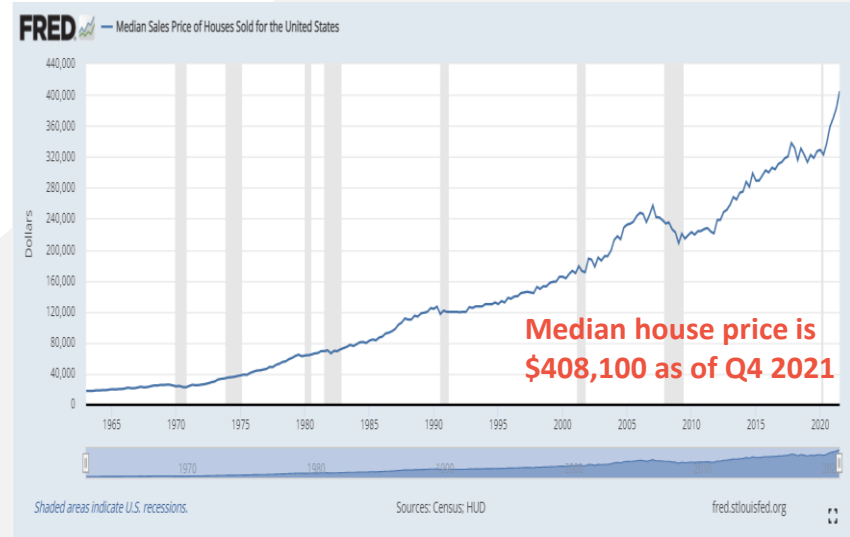
Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor

Economic Data Shows the Reopening is Real



Source: St. Louis Fed

Consumer spending is healthy

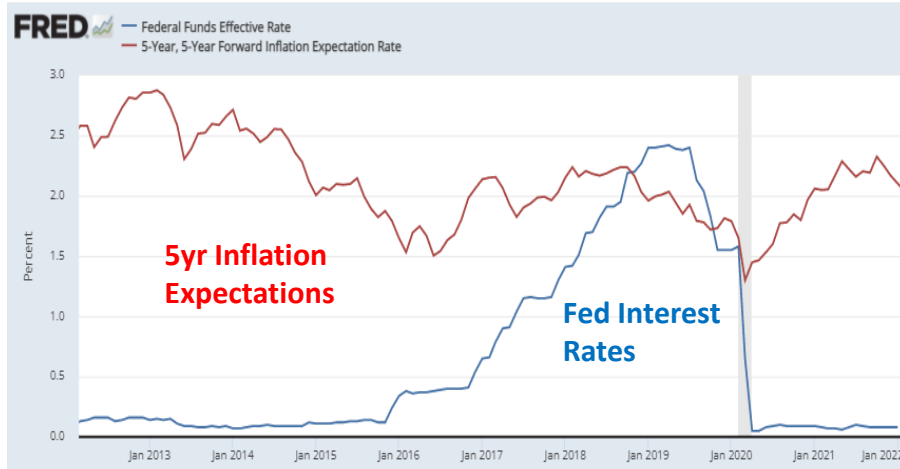


Source: St. Louis Fed

Housing prices hit new highs

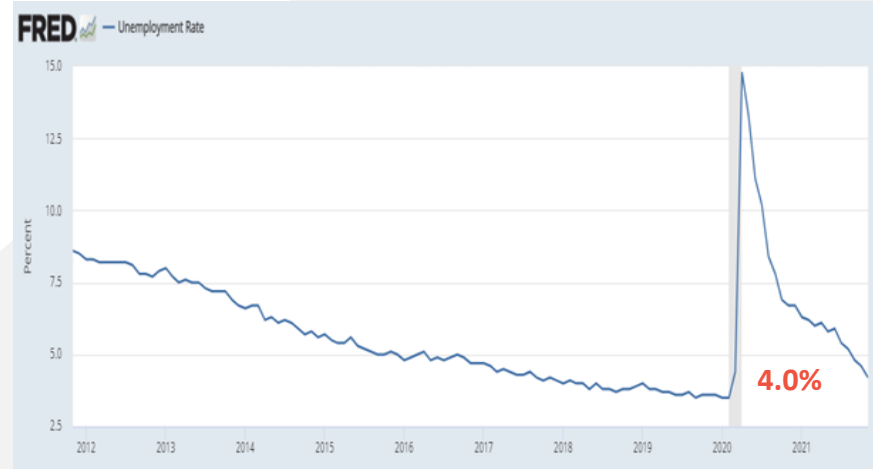


Economic Data Shows the Reopening is Real



Source: St. Louis Fed

Higher inflation → Higher rates



Source: St. Louis Fed

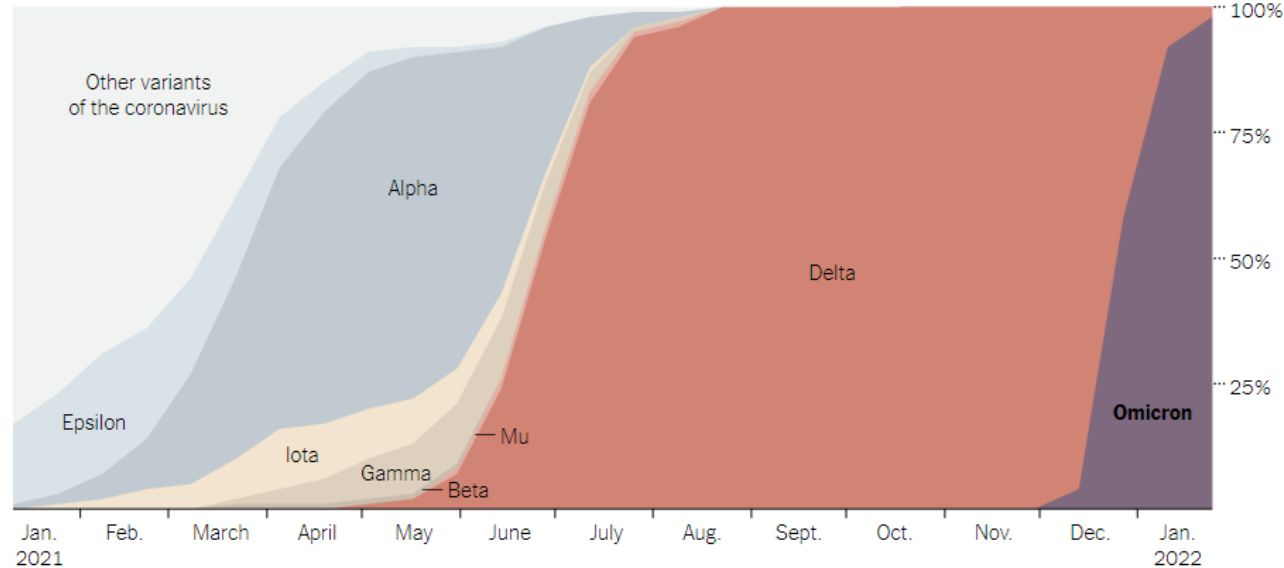
Unemployment at pre-COVID levels



COVID Continues to Be a Challenge

Waves of Variants in the United States

Omicron has pushed aside Delta as the dominant variant in the United States. (For other countries, see [CoVariants](#).)



Expect New COVID-19 Variants in the United States

Source: [Tracking Omicron and Other Coronavirus Variants - The New York Times \(nytimes.com\)](#)



COVID Continues to Be a Challenge

Europe 176,268,037
confirmed

Americas 146,449,865
confirmed

South-East Asia 55,509,874
confirmed

Western Pacific 22,662,357
confirmed

Eastern Mediterranean 21,054,840
confirmed

Africa 8,311,827
confirmed

Source: World Health Organization

▨ Data may be incomplete for the current day or week.

Global Situation

430,257,564
confirmed cases

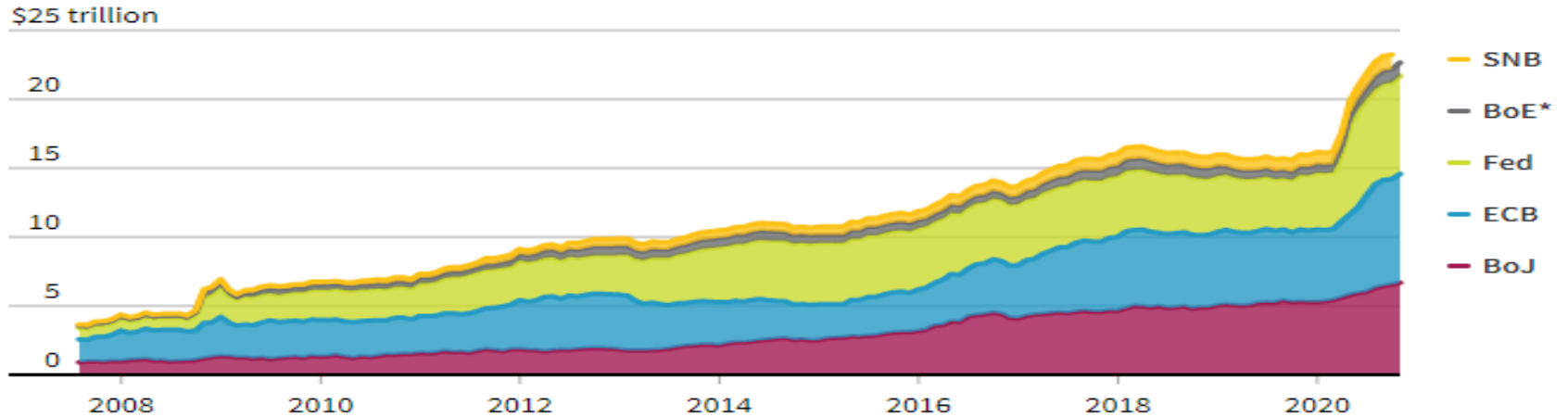


Number of COVID-19 Cases Globally

[Source: WHO Coronavirus \(COVID-19\) Dashboard | WHO Coronavirus \(COVID-19\) Dashboard With Vaccination Data](#)



Global Central Bank Stimulus is a Tailwind



Central bank balance sheets

Assets for the European Central Bank, Bank of Japan, Federal Reserve, Swiss National Bank, and Bank of England

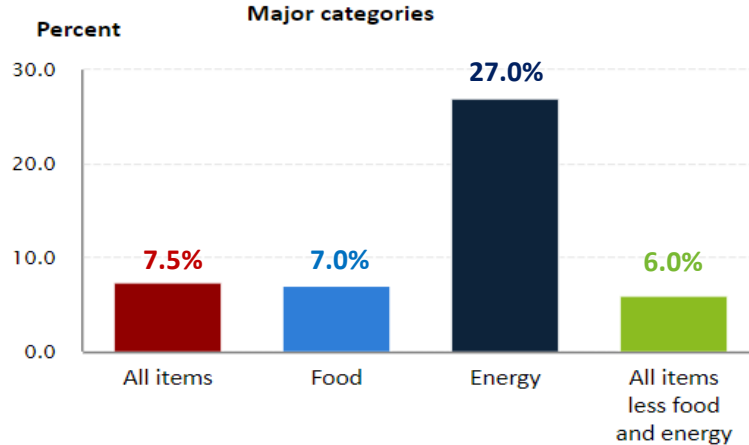
[Source: Thomson Reuters](#)



Inflation is Likely to Remain Front and Center

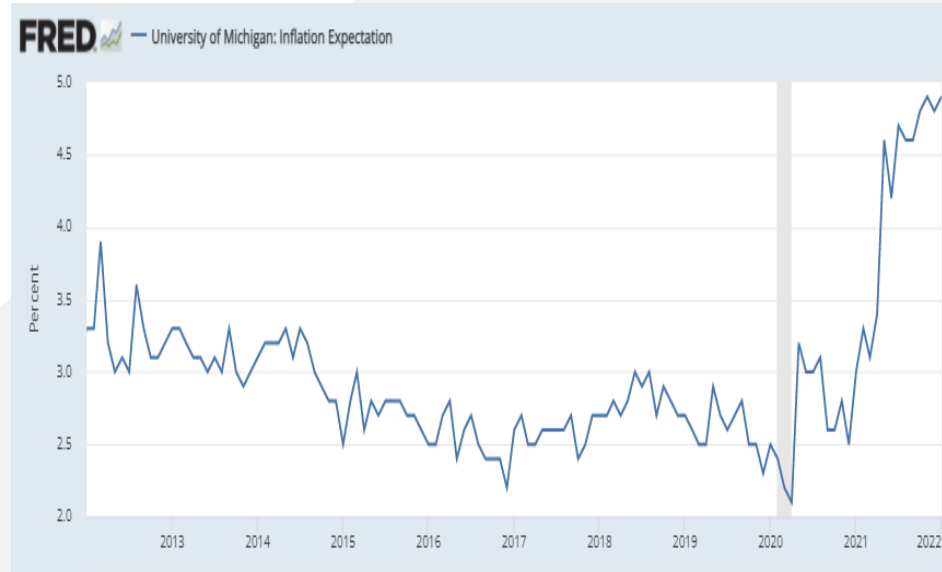


12-month percentage change, Consumer Price Index, selected categories, January 2022, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

Higher prices driven by energy ...



Source: St. Louis Fed

... Driving future inflation expectations

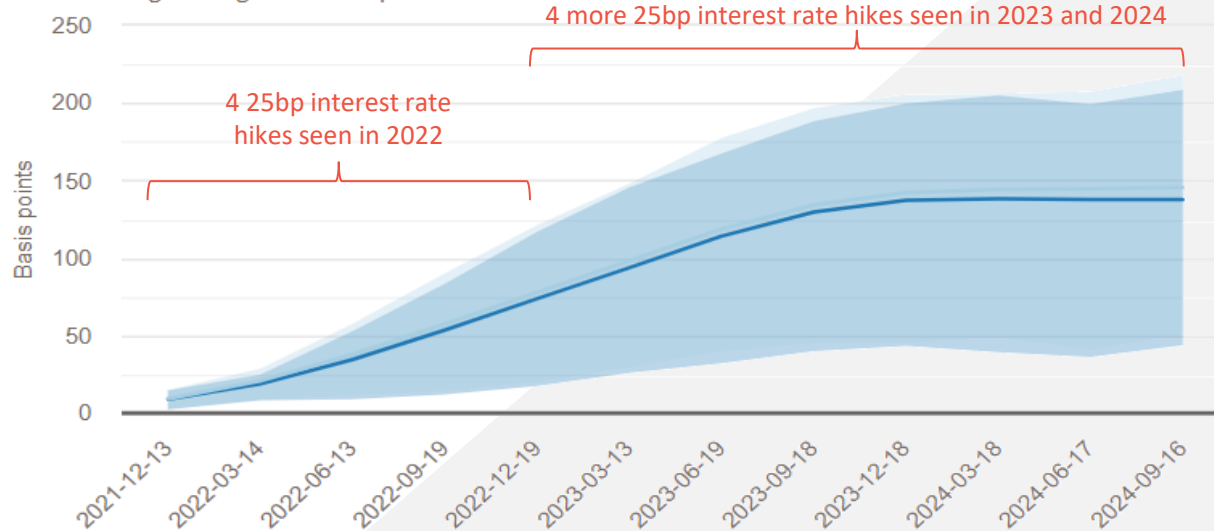


Expect Higher Interest Rates in 2022 and Beyond ...



The Expected Future Path of the Three-Month Average Fed Funds Rate

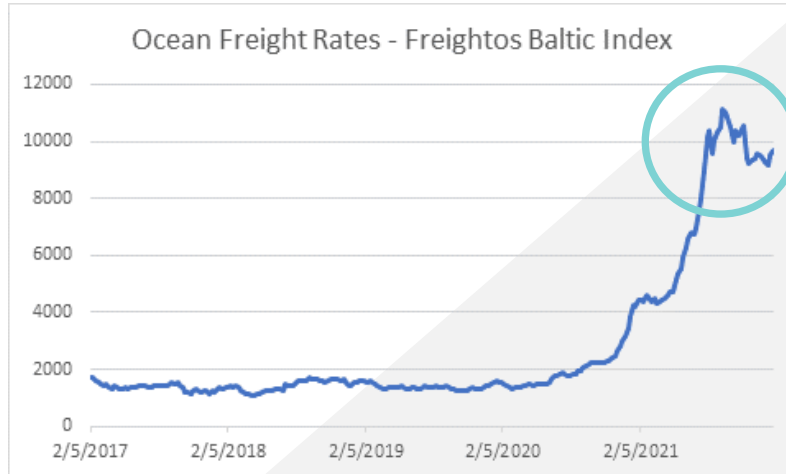
Current target range: 0 basis points



Source: Market Probability Tracker - Federal Reserve Bank of Atlanta (atlantafed.org)



Supply Chain Stress is Starting to Ease



Source: Bloomberg

Global shipping rates still elevated but off highs



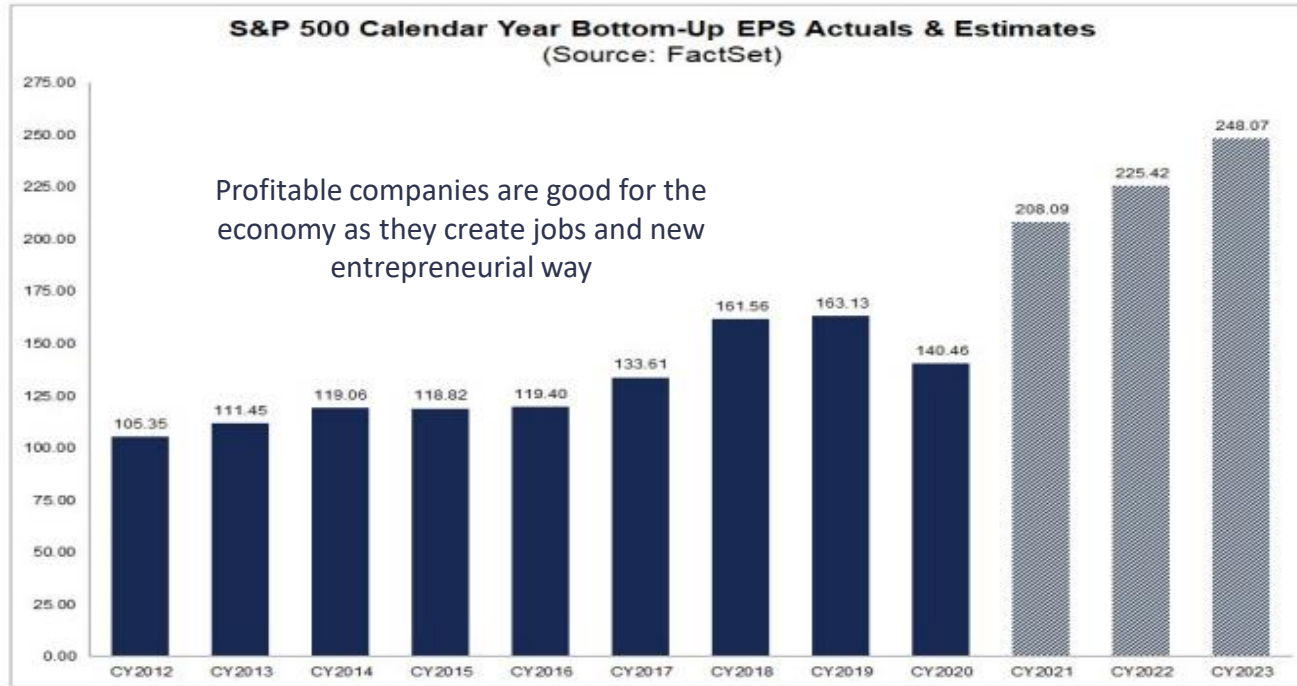
Outlook for Public and Private Companies

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor



2022 May Surpass the Record Profitability in '21



Source: [Earnings Insight Template 2016.docx \(factset.com\)](#)



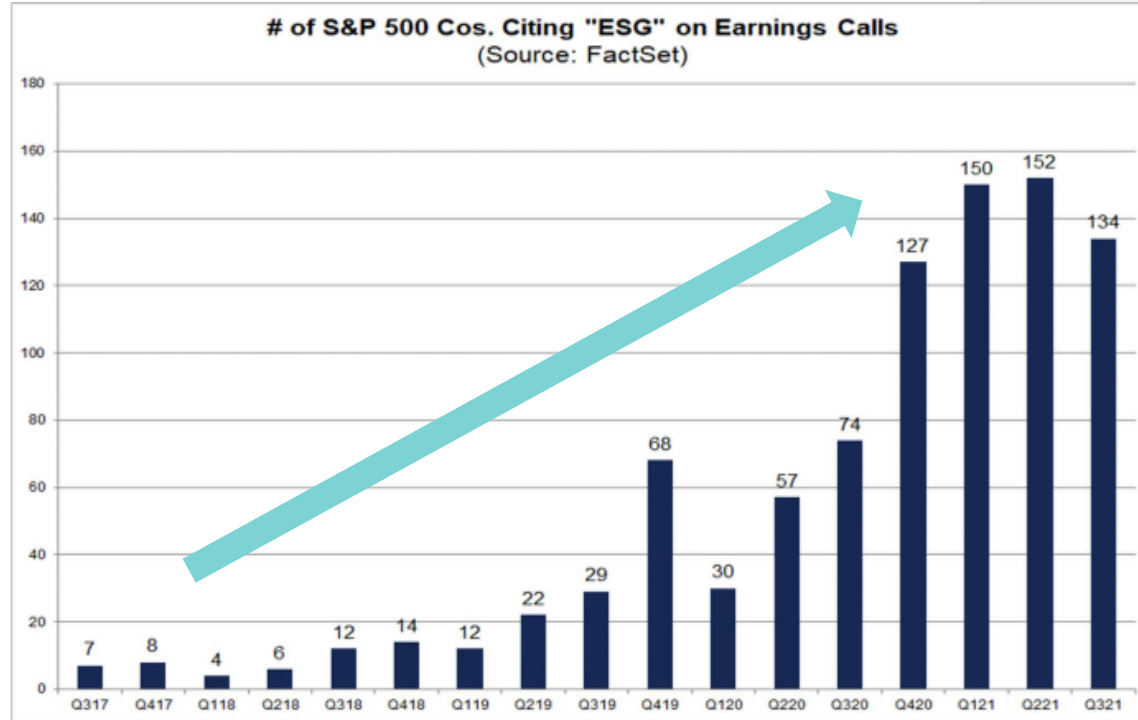
Industry Differentiation Will Become More Stark



Source: [Earnings Insight Template 2016.docx \(factset.com\)](#)



Companies Are Preparing Their Response to ESG



Source: [Earnings Insight Template 2016.docx \(factset.com\)](#)

*ESG is "Environmental Social and Governance"

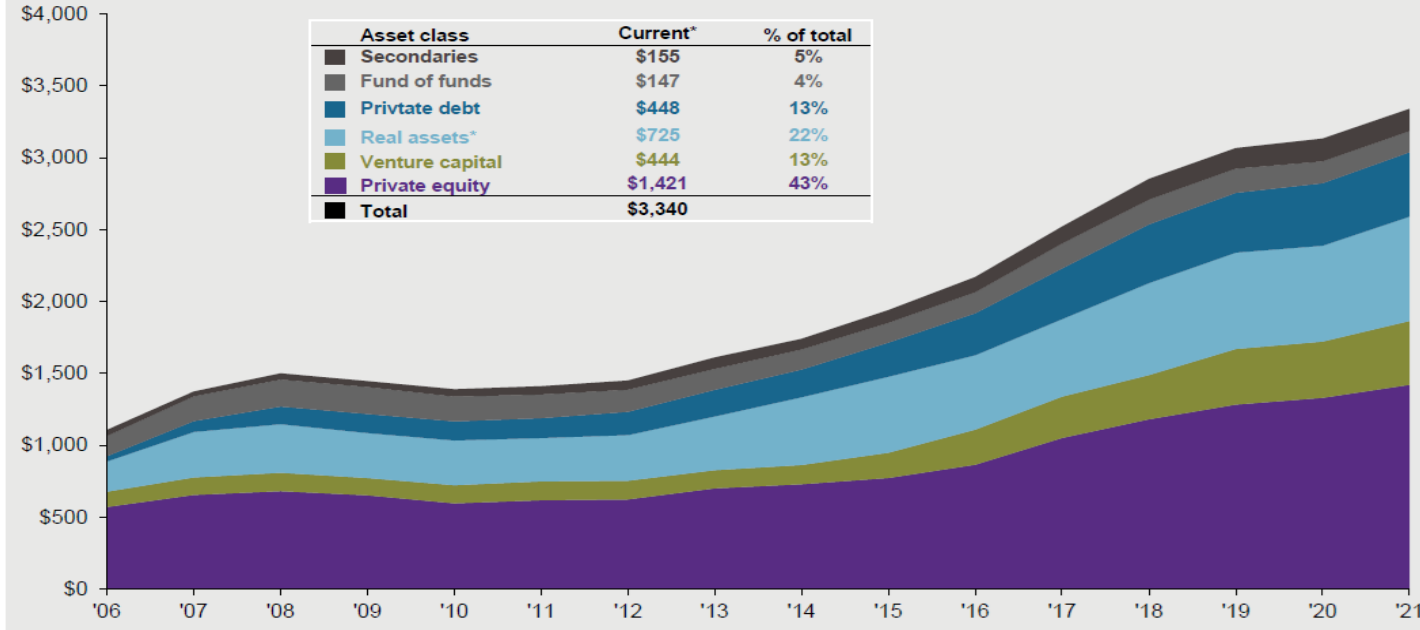




Private Companies — Leading Indicators

Dry powder by asset class

Cumulative dry powder, USD billions



Source: Pitchbook, J.P. Morgan Asset Management. *Dry powder data is as of March 31, 2021. Percentages may not sum to 100 due to rounding.

*Real assets dry powder includes real estate & infrastructure.

Data is based on availability as of November 30, 2021.

Investors are eager to put cash to work





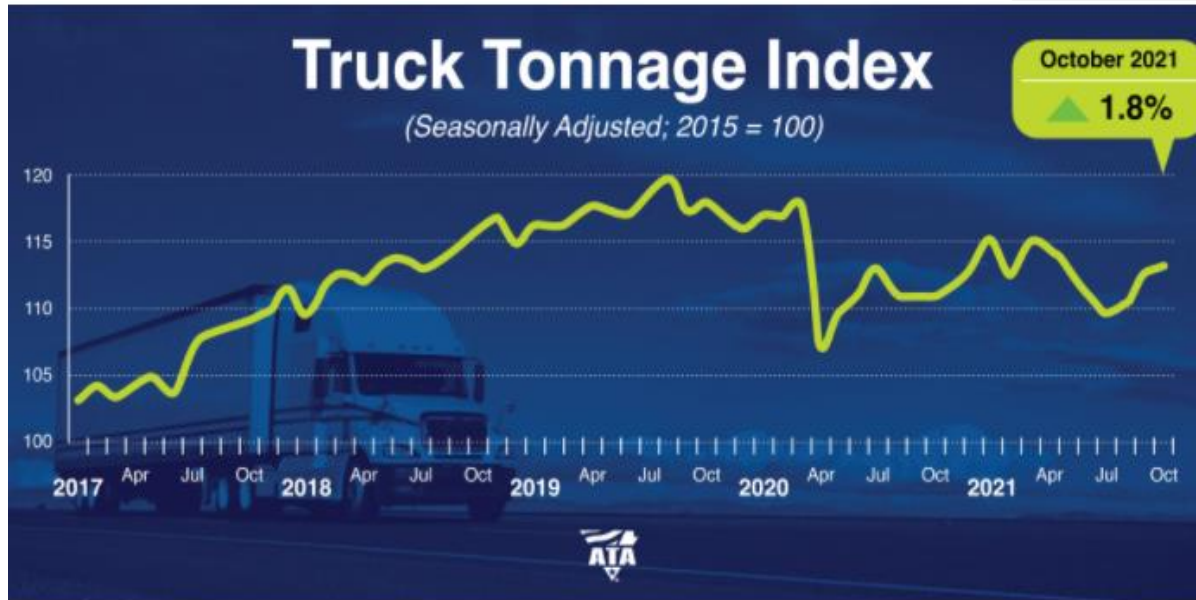
Companies Staying Private Longer



Source: BlackRock



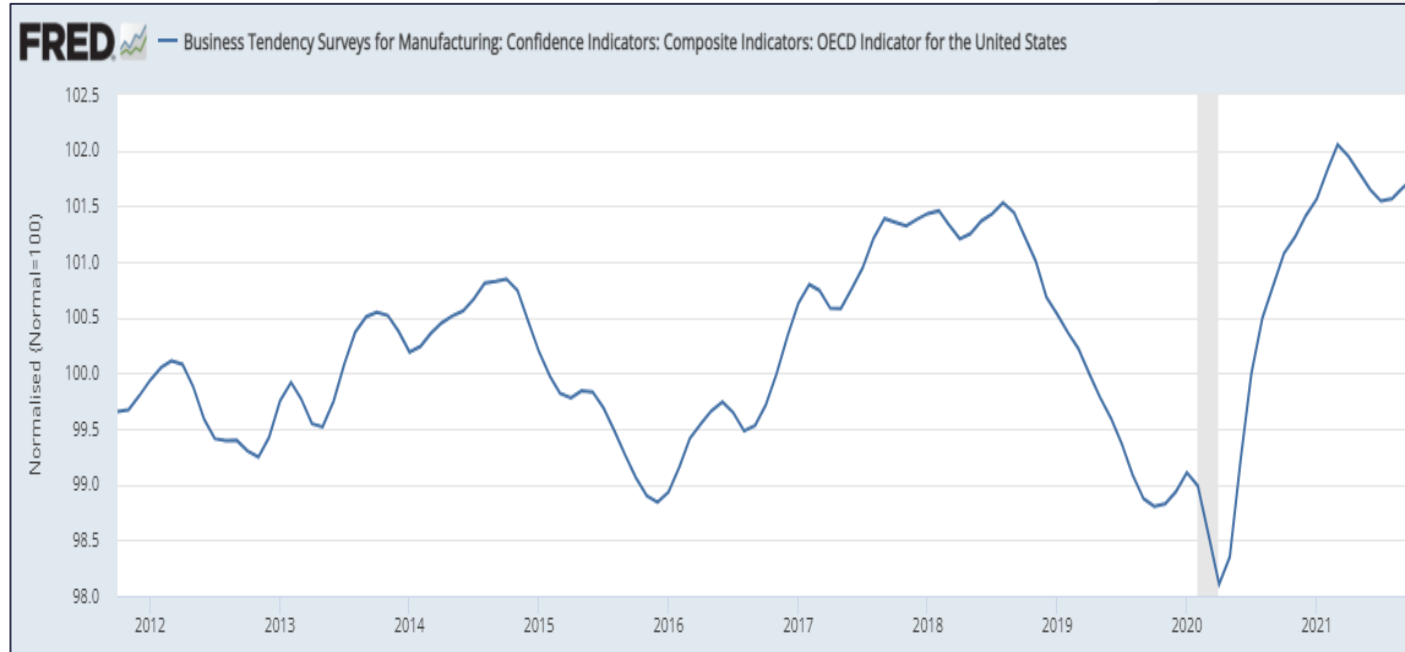
Pick-Up Seen in For-Hire Trucking Tonnage



[Source: American Trucking Association](#)



Manufacturers Remain Confident



Source: St. Louis Fed

Private Company Outlook

Challenges

Supply chain concerns to continue for another 12-18 months

- › Transportation and logistics

Higher interest rates and taxes will be headwinds to select industries — however, companies doing active risk mitigation

- › Manufacturing and distribution, agribusiness

Labor remains difficult to source though mitigated in the long-term by investments in automation and higher worker pay

- › Construction

Opportunities

Record profitability is expected to continue given pricing power in unregulated industries

- › Health care, construction

Companies are looking to technology (AI / machine learning / logistics) to improve bottom-line efficiency

- › Higher ed, agribusiness

We expect more M&A activity driven by private equity roll-ups and vertical integration

- › Financial institutions, telecom

ESG awareness ramping up

- › Retail, construction, agribusiness

At CLA, we have a depth of **industry experience** informing our economic views



Select Industry Insights

Susan Sabo
Managing Principal of Financial Institutions

"The rate of consolidation will continue to be high across banks below \$1bln in assets and credit unions with less than a \$100M assets."

Allyson Baumeister
Managing Principal of Manufacturing and Distribution

"Many business owners feel good about the first six months of 2022 year — but there is more uncertainty around pent up demand and inventory as we get into the latter half."

Brandon Knight
Managing Principal of Transportation and Logistics

"Given equipment and driver shortages, clients are expecting billing rate increases. Additionally, companies are using technology to improve efficiency and focus on more regional and profitable routes."

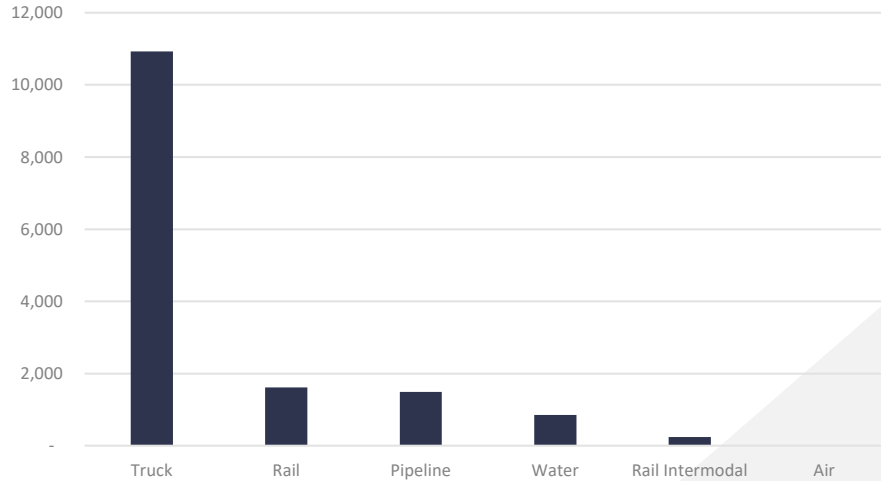
Robbie Walker
Managing Principal of Agribusiness

"Many of our clients who sell into grocery stores or distribution centers saw record profitability during COVID, and some used this as an opportunity to sell or expand their operations."



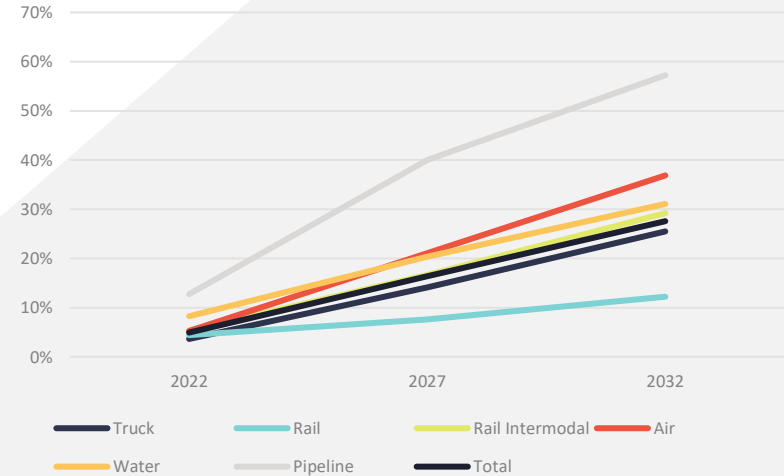
Transportation and Logistics Spotlight

2021 Volume (Millions of Tons) — by Mode



Current state

Volume Growth — Millions of Tons (Base Year 2021)



Future state

Source: American Trucking Association

Prepared by: Brandon Knight, managing principal, transportation and logistics

Four Market Themes for 2022 and Beyond



**Prepare your
portfolio for higher
interest rates and
taxes**



**Dig deeper for
bottom-line growth**



**Seek diversification
in alternatives**

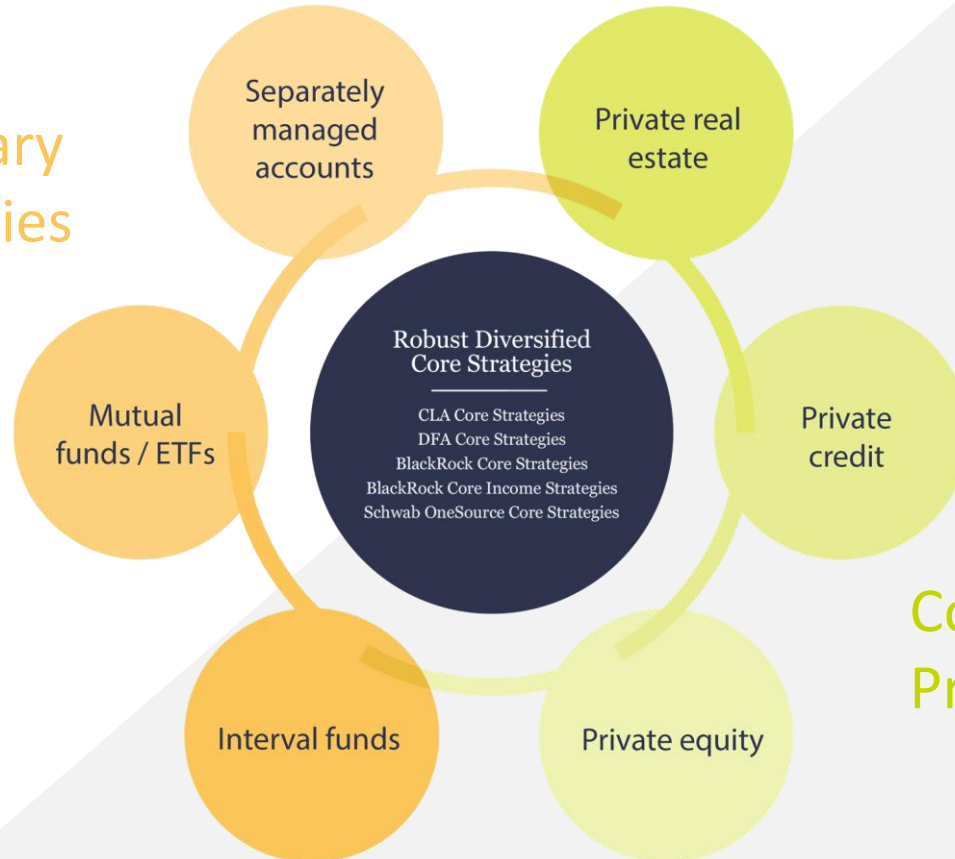


**Invest sustainably
with ESG**



How We Construct Portfolios at CLA

Complementary
Public Strategies



Complementary
Private Strategies



Contact CLA to help prepare your portfolio for interest rate and tax fluctuations



Chris Dhanraj

Managing Principal of Investments
chris.dhanraj@CLAconnect.com
813-384-2737



Clayton Bland

Chief Wealth Advisory Officer
clayton.bland@CLAconnect.com
425-250-6034



CLAconnect.com



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor