



The Need for Alternatives in Today's Market Environment

September 21, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Learning Objectives

- Describe the market environment we are in today
- Identify alternative investment options to help reach your investing goals



Introductions



Clayton Bland, Chief Wealth Advisory Officer
CliftonLarsonAllen Wealth Advisors, LLC



Chris Dhanraj, Managing Principal of
Investments
CliftonLarsonAllen Wealth Advisors, LLC



Rebecca Moore, Wealth Advisor
CliftonLarsonAllen Wealth Advisors, LLC



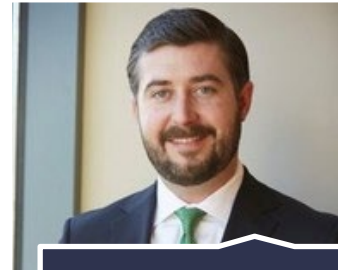
Carey Heyman, Managing Principal of
Industry
CLA



Chad Sanderson, Senior Principal
The Bascom Group



Andrew Werner, Vice President
CBRE Global Investors



Kevin Miller, CEO
Thorofare Capital



Trend 1: In Q3 2021, Exuberance and Concern are both present

Bullish Market Signals

- Consumer spending increases
- Strength in housing & travel markets
- Job recovery
- Bi-partisan Infrastructure support

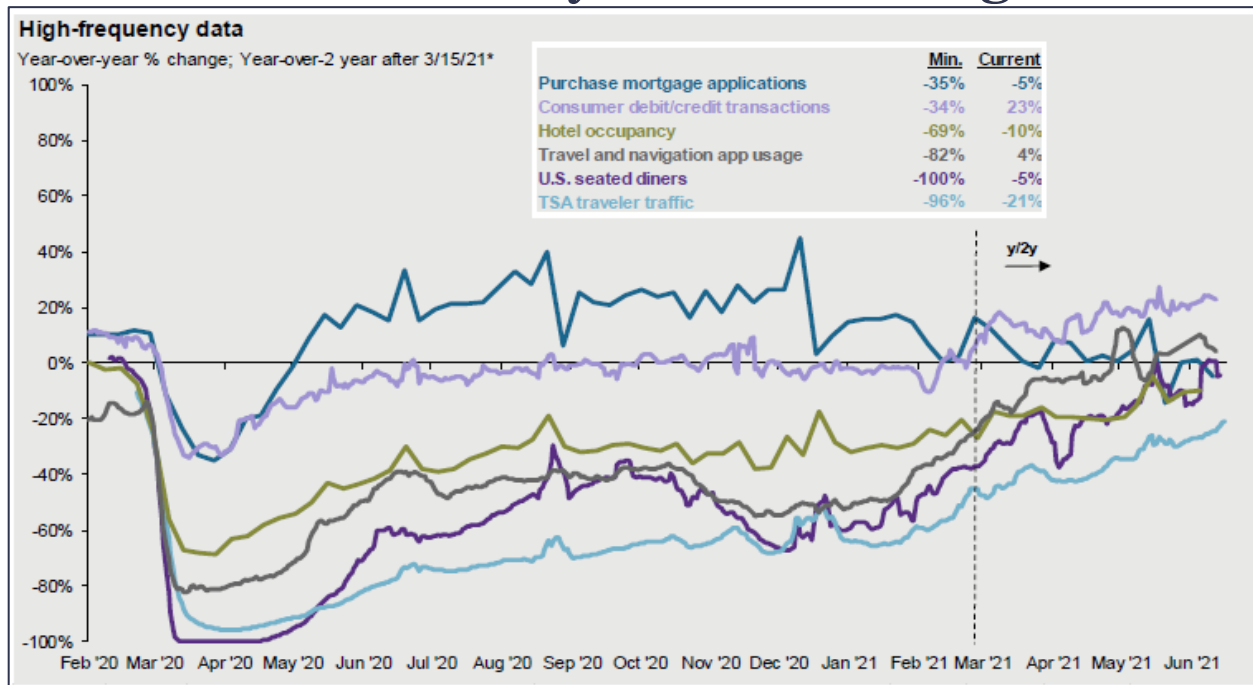


Bearish Market Signals

- Rich market valuations
- Growing inflation concerns
- Aggressive rate hike expectations for 2022/2023
- Concern over rising tax rates and government deficits

Takeaway: Investors should be prepared to navigate any market environment

Trend 2: Economic recovery continues to gain momentum

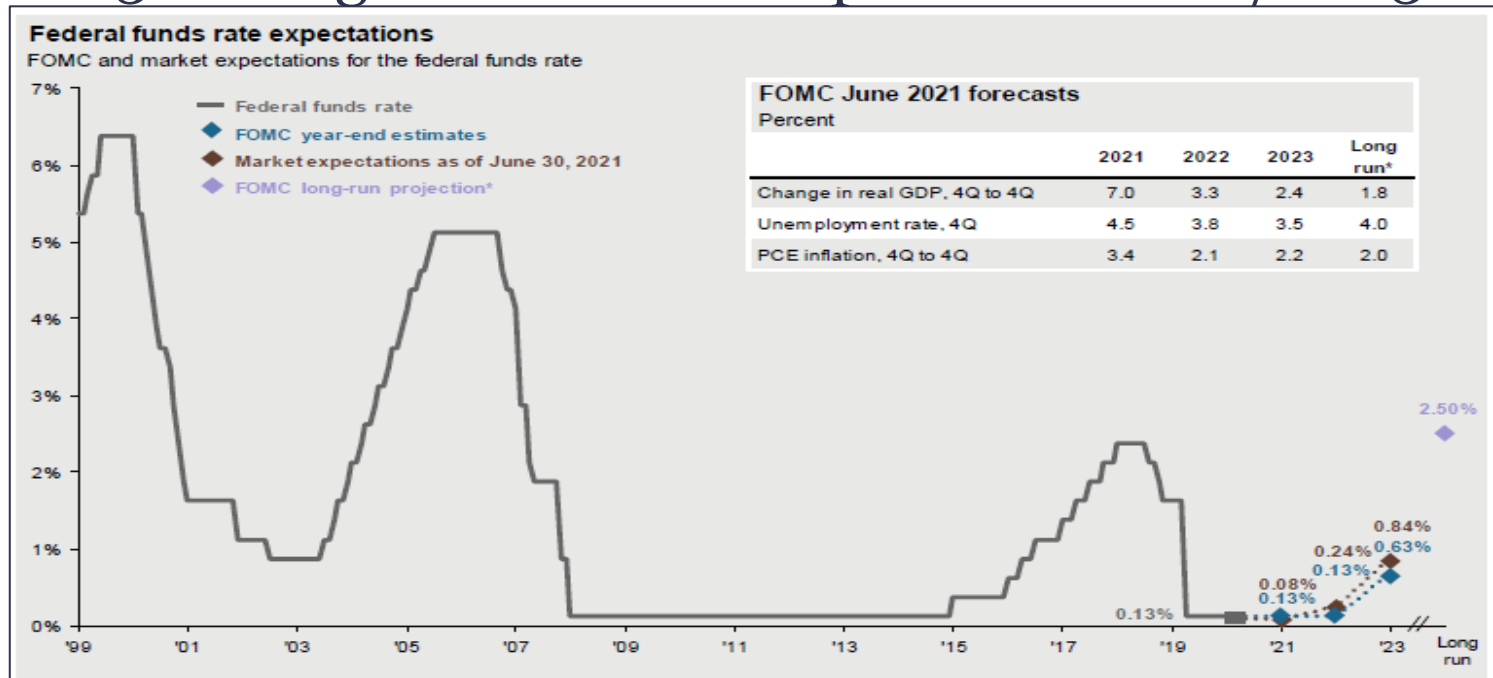


*Source: JP Morgan Asset Management

Takeaway: Several leading indicators of the health of the economy, including mortgage applications, hotel occupancy, credit card use, and air travel, all point to a strong pick up in economic activity from 2020



Trend 3: Rising interest rates expected in 2022/2023

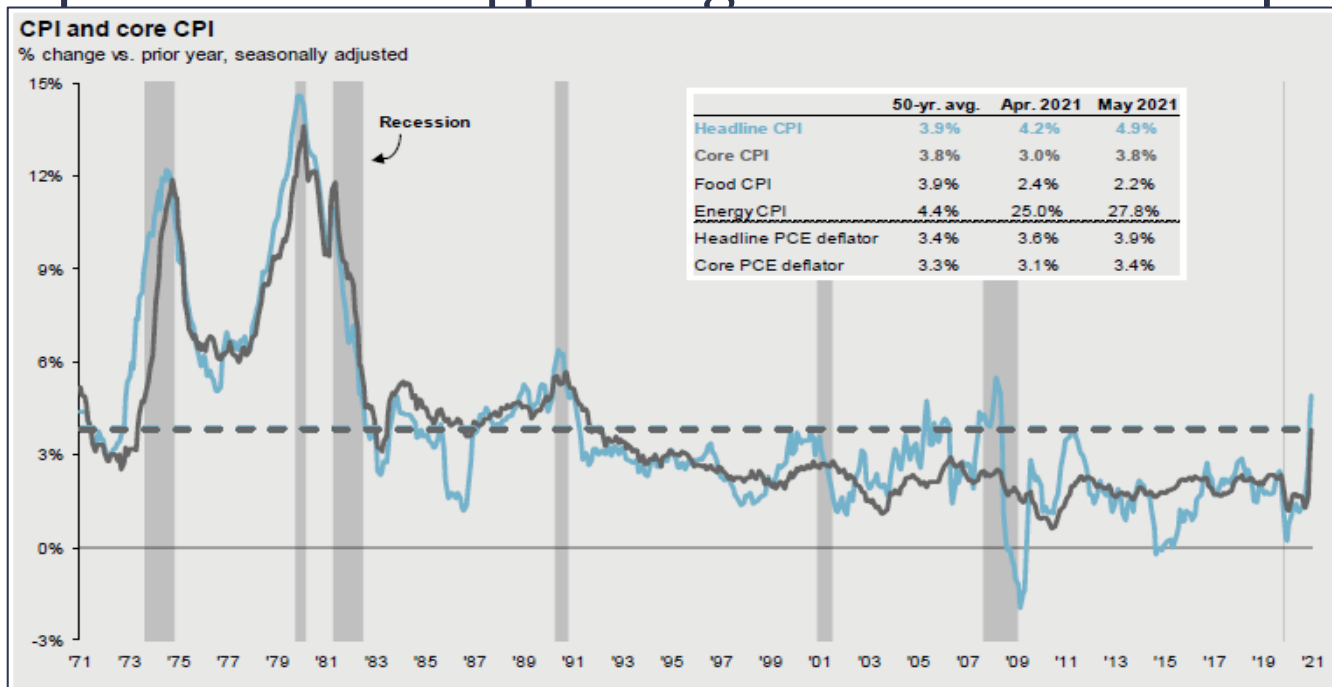


*Source: Bloomberg, FactSet, Federal Reserve, JP Morgan Asset Management

Takeaway: Rising inflation and a robust economic recovery are the drivers behind more aggressive rate hike expectations in 2022/2023



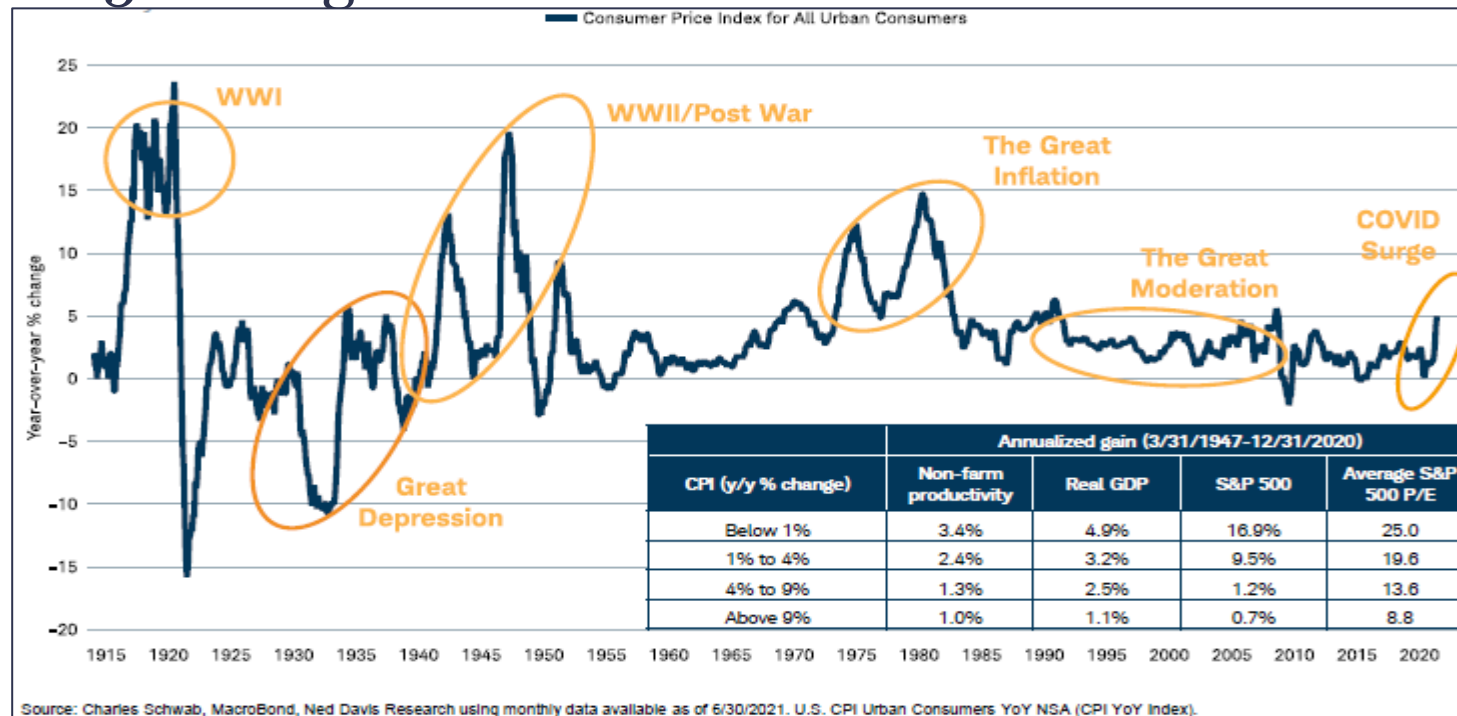
Trend 4: Inflation is appearing across economic spectrum



*Source: Bureau of Labor Statistics, JP Morgan Asset Management

Takeaway: Consumers and investors see higher inflation across asset classes and goods and services, as measured by the Consumer Price Index (CPI) and other

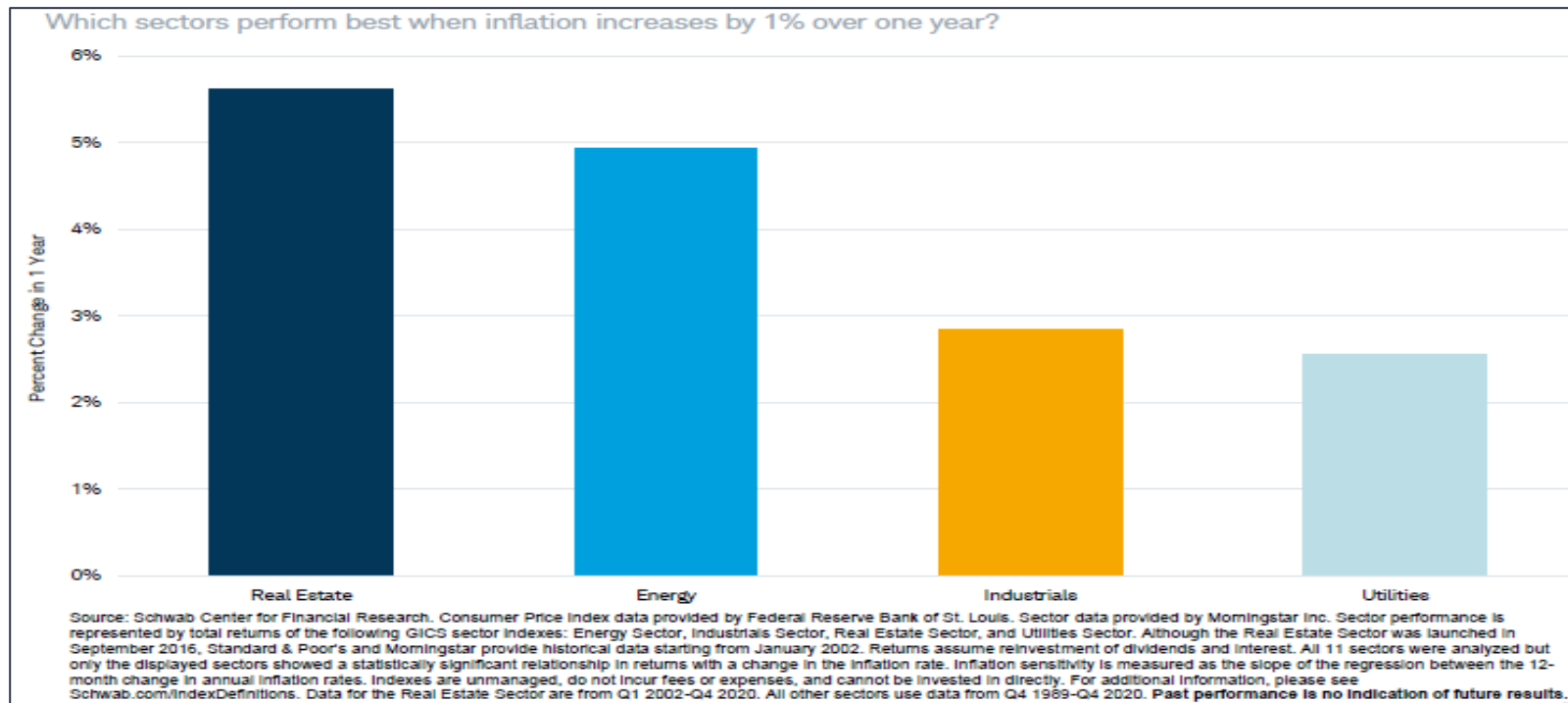
Trend 5: Rising US Inflation fears are not unusual



Takeaway: Due to extraordinary policy stimulus and rebound from COVID-19, pick-up in inflation is expected to be transitory in nature



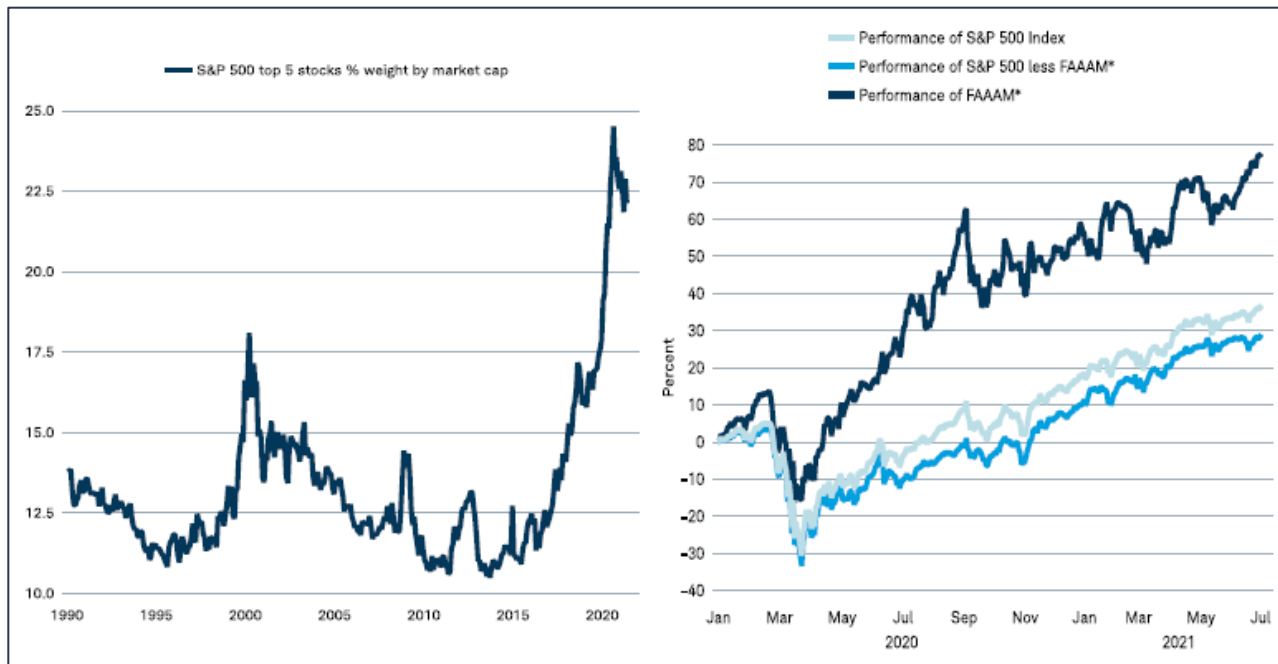
Trend 6: Certain Sectors Benefit from Inflation



Takeaway: Certain sectors have a positive response to inflation, such as real estate and infrastructure



Trend 7: Monitor Tech Concentration in Equity Markets

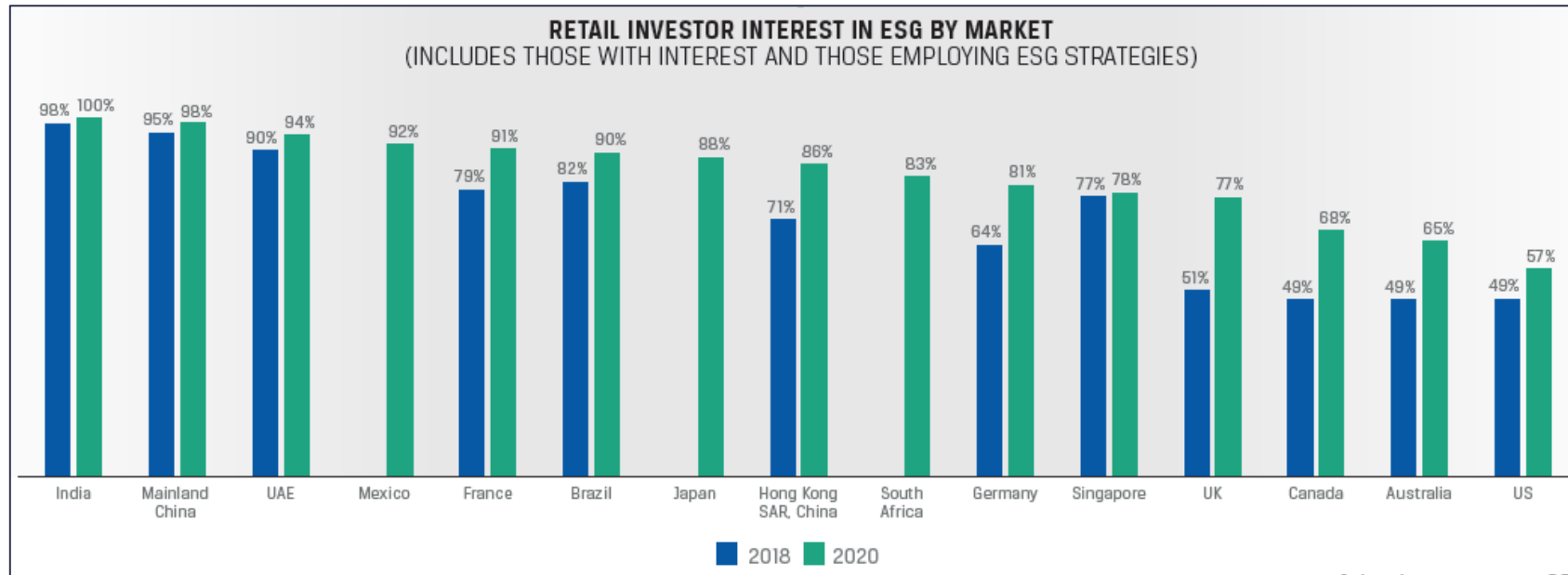


*Source: Charles Schwab, MacroBond as of 06/30/2021

Takeaway: Consider shifting asset allocation from top five tech names to the broader market in order to enhance diversification and reduce risk



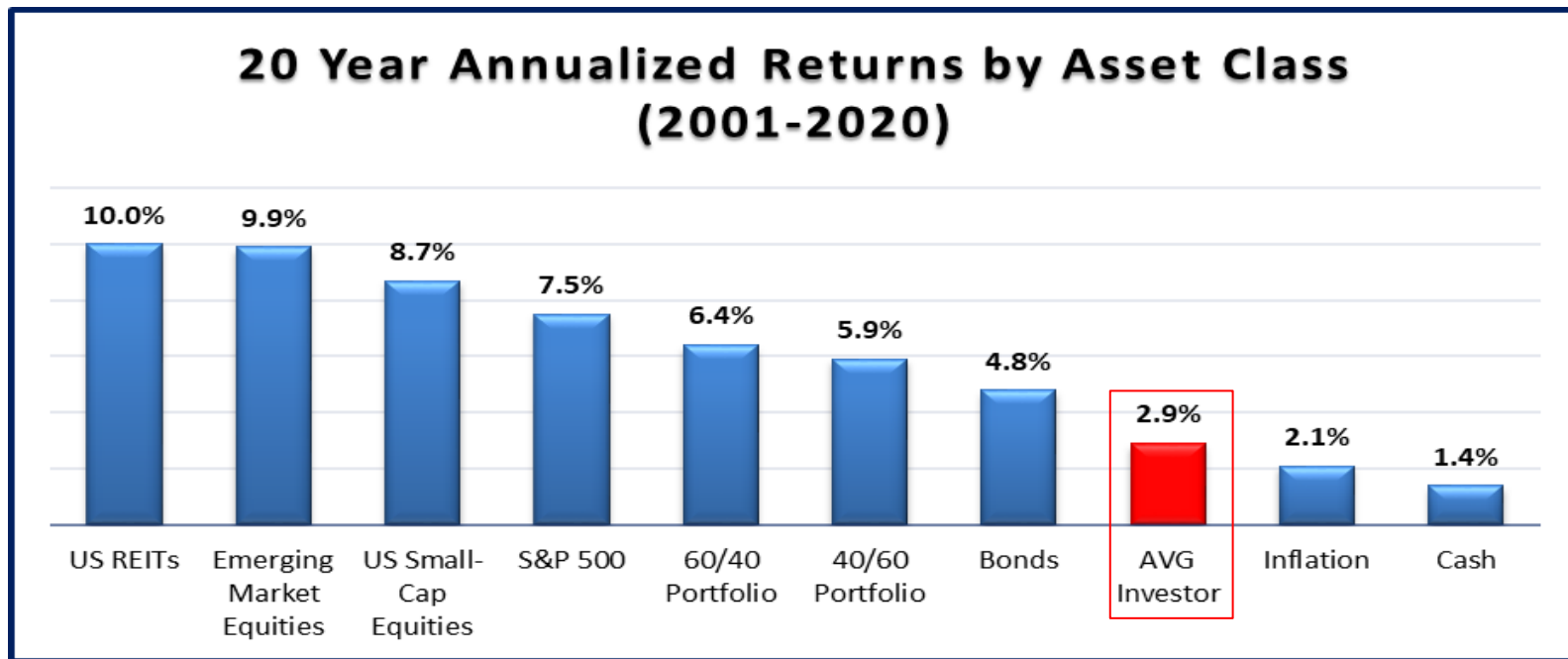
Trend 8: ESG and SRI Strategies grow in use and popularity



*Source: CFA Institute: The Future of Sustainability

Takeaway: Interest in ESG and SRI (Socially Responsible Investing) continues to gain momentum as investors look for ways to express their values while investing

Trend 9: Staying invested in all market environments



**Sources: Bloomberg Data and JPM Morgan Guide to Markets Q3 2021*

Takeaway: We see value in asset classes with some inflation-protection in their income streams, including real estate, infrastructure, commodities, TIPS and Preferred Securities



Trend 10: Goals-Based Planning Should Drive Investing Strategy

Low-cost, tax efficient, diversified strategies

Growth

Assets like **stocks** can grow cash flows beyond inflation, though with a high degree of volatility.

- U.S. Equity
- Int'l Developed Equity
- Emerging Market Equity
- Private Equity

Income

Assets like **bonds** often have steady cash flows and lower volatility.

- Government Bonds
- Municipal Bonds
- Investment Grade Bonds
- High Yield Bonds
- Cash Equivalents

Diversifiers

Assets like **real estate** add portfolio diversification.

- Private Real Estate
- Private Credit
- REITs
- Preferred Securities

Takeaway: A well-constructed, diversified portfolio helps investors weather all market environments



Tax Implications

- Infrastructure Bill
- Potential Tax Legislation
 - Ways and Means Committee proposals
 - Finance Committee proposals
- Opportunity Zones





Panel Discussion

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