CONCENTURE
WEALTH MANAGEMENT

SANCTUARY ASSET MANAGEMENT

CIO CORNER

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A WORD FROM
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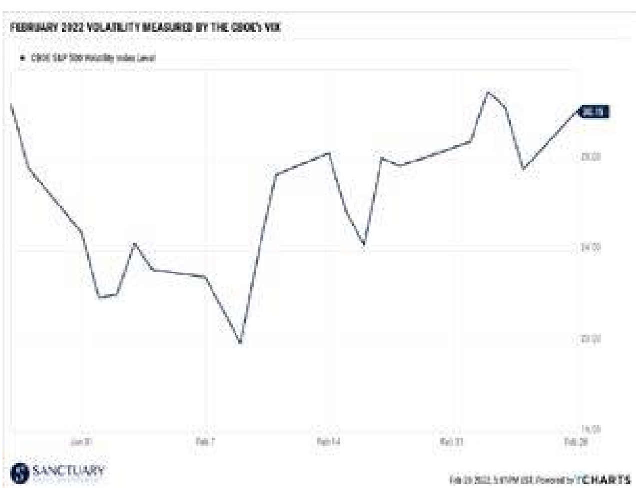
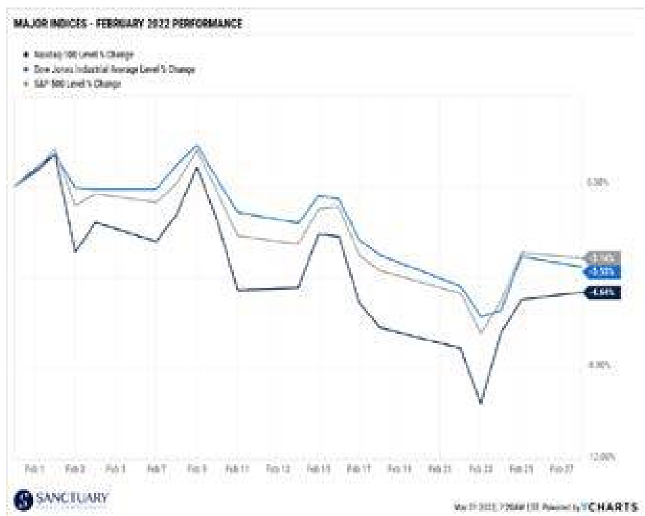
Investors remain nimble as they have been forced to adjust due to the recent geopolitical tensions following Russia's invasion of Ukraine. Impressively, markets have endured a substantial injection of additional uncertainty against the already tumultuous 2022 backdrop associated with Fed policy embarking on their imminent tightening cycle of raising interest rates.

For much of February, investors were preoccupied with soaring inflation data and the Federal Reserve's plan of coming interest rate hikes to combat this red-hot inflation. This pushed Treasury yields above 2% for the first time since mid-2019 and triggered a rush to profit-taking in stocks. Toward the end of the short 28-day month that we call February, geopolitical concerns quickly came to the forefront, causing tremendous anxiety in markets around the globe. After Russia spent several weeks building up a sizable military force along its border with Ukraine and in neighboring Belarus, Russian leader Vladimir Putin launched what Ukrainian officials described as a "full-scale invasion" of Ukraine. Volatility continued to elevate in the first quarter of 2022. (VIX measurement below)



Monthly Performance: The three major U.S. averages allfell over 3% for the month. The S&P 500 and Nasdaq have lost 8.2% and 12%, respectively, over the past two months, each posting their worst such stretch since March 2020. The S&P 500 finished the month of February down 3.1%. The Dow Jones Industrial Average dropped 3.5%, and the NASDAQ Composite Index slid over 4%. The three indexes also suffered their second monthly losses in a row.



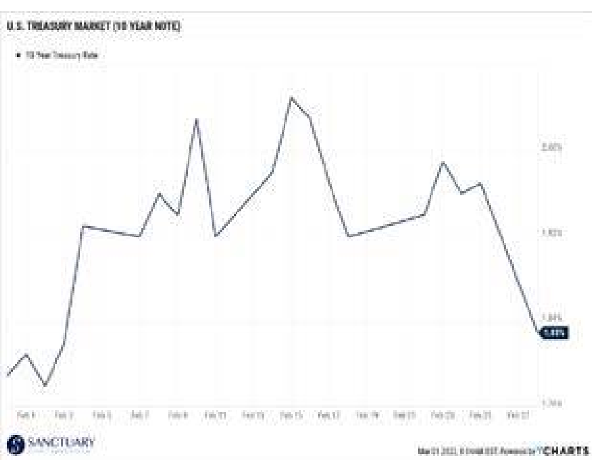
History of Russia/Ukraine: In the late 1700s, much of Ukraine's territory became part of the Russian empire under Catherine the Great. Ukraine fought for independence in the early 20th century but lost and became part of the Soviet Union. In essence, Ukraine has been a separate entity from the beginning, with its own language and its own status while inside the USSR.

Under Stalin's grip in the 1930s, Ukrainians' farmland and wheat were confiscated, and the resulting famine killed an estimated 4 million people. Ukraine declared its independence after the Soviet Union collapsed in 1991. At the time, a substantial portion of the Soviet nu-clear arsenal was housed within Ukraine's borders, and it agreed to transfer those weapons to Russia. Putin's ambition to "restore the Russian Empire" has moved beyond the annexation of Ukraine's Crimean Peninsula, which his forces seized in 2014.

Russia has invaded Ukraine before: Russian forces invaded eastern Ukraine in 2014, and Putin claimed the assault was merely a defense of ethnic Russians who live in Ukraine's eastern Donbas region, who've never supported the country's relatively new, pro-Western govern-ment. Using the invasion to claim part of Ukraine for Russia, Putin unilaterally annexed the Crimean Peninsula. The annexation is not recognized by the international community, but Russia has indisputably controlled the territory since 2014. Since the annexation, a proxy war has been waged in Donbas between Russian-backed forces and the Ukrainian government. A 2015 peace deal largely ended the major battles, but the fighting has continued, and left more than 14,000 people dead in the process, according to the Ukrainian government.

In February 2022, Putin recognized the independence of two breakaway regions in Donbas, Donetsk and Luhansk. The move led to the U.S. and its allies imposing new sanctions on Rus-sia.

U.S. Treasuries: U.S. Treasury yields climbed in February, with the benchmark 10-year rate breaching the 2% level, after key inflation data showed hotter-than-expected price pressures. The yield on the 10-year Treasury note jumped to nearly 2.05%, the first time that the benchmark rate reached over 2% since August 2019. Yields move inversely to prices and 1 basis point is equal to 0.01%. As forecasted by our CIO office, there was minimal time spent above 2% in the 10-year, as yields indeed have slid back under 2%. To kick off the month of March, U.S. Treasury yields again fell sharply, with the 10-year rate dropping even lower to 1.71%, as investors remained focused on Russia's attack on Ukraine. Treasuries historically are utilized as a safe haven trade and yet once again, we saw investors pile in as geopolitical tensions grip the cur-rent marketplace.



Inflation: Consumer prices surged more than expected over the past 12 months, indicating a wors-ening outlook for inflation. The consumer price index released in February (but for the month Jan-uary), which measures the costs of dozens of everyday consumer goods, rose 7.5% compared with a year ago, the highest reading since February 1982. Stripping out volatile gas and grocery costs, the CPI increased 6%, compared with the estimate of 5.9%. Core inflation rose at its fastest level since August 1982.

It seems like much more than just a few weeks ago that the boisterous St. Louis Fed President James Bullard said the US central bank needed to bump up its short-term interest rate to 1% by July 1. Bullard, who has never done an interview that he did not love, was responding to rapidly rising inflation which was running hot at nearly 7.5% YoY, the highest in decades.

Food Costs: It's already clear the Ukraine invasion will be contributing to higher food prices. Wheat futures in Chicago (CME Group) jumped 8.6% to $8.34 a bushel on the last day of February, the big-gest one-day gain for the commodity in a decade. Wheat was up 22.7% for the month of February. Russia is the largest producer (United States is 2nd) of wheat and Ukraine is also a major exporter in the region. In addition, Russia's invasion has disrupted shipping activities at Ukraine's Black Sea ports.

Gold: Gold chalked up a February gain of 5.8% after posting a 1.8% loss in January. To close the month, the precious metal settled above $1,900 recording its highest settlement since Jan. 5, 2021. Gold is 3.9% higher on the year to date.

Earnings: Earnings growth for S&P 500 companies is tracking at 28% for Q4 2021 compared with the same period in 2020. That is flat-out impressive and well above the three-year average. Despite earnings strength revealed in increased buybacks or many companies' increase in dividend payouts this quarterly report, investors have been rerouted from this enthusiasm and they have been forced to be more focused on the current uncertainty in both the Fed & Russia/Ukraine crisis.

Energy Sector: Crude oil, better known as "Texas Tea," continued its near non-stop rally since bot-toming in the spring of 2020 during the heart of the carnage produced by Covid-19. It has been hovering at or near $100 a barrel for the first time since 2014, and to kick off the new month, spiked to $101.50. Goldman Sachs has stated that crude prices will hit $115 in March.

The energy sector remains a top tactical holding and continues to perform amidst geopolitical ten-sions. For the first two months of 2022, Energy has been the best-performing sector in the S&P 500 index this year, with the Energy Select Sector SPDR XLE (exchange-traded fund) climbing more than 25% this year.

ALPS Portfolio Solutions Distributor, Inc.

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POSITIONING FOR MARCH

March, which is the last month of Q1 2022, and it will be a critical month for a much-needed market sentiment improvement. As March begins, it's the Russian invasion of Ukraine that will again captivate investor attention. While officials from both countries recently met near the Belarusian border, and supposedly have agreed to meet again, no accord was reached. As of the time of my writing, the fighting unfortunately has only intensified.

I do have good news in the fact that the Covid-19 virus appears to be dramatically receding, and social restrictions are finally being lifted in America as well as Europe. Even Governor Pritzker of Illinois has allowed us (Chicagoans) to now be mask optional. With optimism, I believe economies are truly re-opening, and this 3rd reboot of our economy after Covid-19 and its two Covid-19 variants should reveal economic strength as well as pent up demand in consumers across the globe. Supply chain issues are starting to alleviate too as delivery times are improving, suggesting supply chain disruptions are finally easing.

I have continued to be skeptical of the Federal Reserve's recently adopted hawkishness which favors multiple rate hikes in 2022. I believe now more than ever that the Fed will be more prudent as they too struggle in measuring the impact of the Russian war. I believe it is important to evaluate and assess equity exposure in times of distress, favoring quality and essential names as well as continuing to shop for value will be a 2022 theme as the growth vs. value boxing match persists. Understanding sector themes and obtaining exposure to sectors revealing strength and, moreover, reducing exposure to sectors revealing weakness should also be important as we warp the first quarter and welcome the start of Q2. Lastly, potentially adding alternative investments (and diversification) in private equity may compliment a portfolio's public equity ownership. Likewise in the hunt for yield in the fixed income side of a portfolio, private credit yields may serve additive contingent upon risk profiles and liquidity needs.

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