EPIC/HUB 4th Quarter Participant Newsletter 2021

FIRST AND FOREMOST, HAPPY NEW YEAR! WISHING YOU A 2022 FULL OF HEALTH, HAPPINESS AND PROSPERITY!

The table below summarizes the 2022 IRS 401K Deferral Limits. The Deferral Limits is the amount that you, the employee, can save out of your salary, in total. We want to remind you that the more you save, the more you will have later on for retirement.

FINAL IRS DEFERRALS - 401K PLAN LIMITS

Category	2022 (Effective January 1)	2021 (Prior Year)
401(k) Deferral Limit	$ 20,500	$ 19,500
401(k) Catch-Up Limit (age 50+)	$ 6,500	$ 6,500
Total Contribution Age 50+	$ 27,000	$ 26,000
Compensation Limit	$305,000	$290,000
Highly Compensated Employee	$135,000	$130,000
Annual Defined Contribution Limit	$ 61,000	$ 58,000
Social Security Taxable Wage Base	$147,000	$142,800

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax adviser.

FINANCIAL MARKETS REVIEW:

Time and again, investors brushed off news that could have derailed stocks in years past. A contested presidential election, an assault on the Capitol, historically high inflation, supply chain disruptions, naysayers who forecasted a correction that never appeared—none of these events stopped stocks from notching all-time highs. Not even the still-raging global Covid-19 pandemic, or its Delta and Omicron variants.

Despite the myriad of challenges faced by the market in 2021, U.S. stocks have had an excellent year. The S&P 500 Index generated a 28.7% return, which was the 6th highest return over the past 31 years. In fact, the S&P 500 notched 70 all-time highs in 2021, a record that's second only to 1995. However, with stretched valuations in parts of the market and the prospect of tighter monetary policy, investors should temper their expectations for returns in 2022.

Other major stock indices also posted strong returns with the Dow Jones Industrial Average and the NASDAQ rising 20.9% and 22.2%, respectively.

After multiple years of strong outperformance of growth stocks, most notably during the pandemic in 2020, value began to recover and was outperforming growth stocks earlier in 2021. However, a combination of declining interest rates, fears about the Delta variant, and disappointing economic data relative to expectations led growth to outperform in the second half of the year. The Russell 1000 Growth Index posted an 11.6% return for the fourth quarter to bring its 2021 total return to 27.6%. While the Russell 1000 Value Index returned 7.8% for the quarter and 25.16% for the year. This was the 5th consecutive year that growth outperformed value.

One question that investors ask is "Does value still have room to run?". Based on valuations, value stocks remain at historically cheap levels relative to growth stocks compared to long-term averages and carry substantially higher dividends. Additionally, value generally tends to outperform growth during periods of above-trend economic activity and rising interest rates such as we project over the next few months. This reflects the fact that the earnings of value-oriented sectors tend to be more sensitive to the pace of economic growth.

The Russell 2000 Index, which is a measure of small-capitalization stocks returned 2.1% for the quarter and ended the year for a gain of 14.8%. Small-capitalization stocks have underperformed the large-capitalization stocks for 5 straight years.

Operating earnings on the S&P 500 which have recovered spectacularly since the pandemic, are now expected to hit a new all-time high in 2021. After declining by 22% in 2020, operating earnings are anticipated to increase by 72% in 2021. This partly reflects the fact that some of the most important sectors of the U.S. equity market, including Technology, Communications Services, Health Care and Consumer Staples, saw few negative impacts from the pandemic and, in many cases, saw stronger revenues. More generally, earnings have been bolstered by powerful consumer demand and higher productivity as businesses have been able to reduce costs in a more virtual environment.

In terms of sector performance 4 of the 11 sectors outperformed for the year. Those being the Energy, Real-Estate, Financials, and Information Technology with returns of 54%, 46%, 35% and 34%, respectively. Among the underperforming sectors were the Industrial, Consumer Staples and Utilities with returns of 21%, 19% and 18%, respectively.

International equity stocks as measured by the MSCI ACWI Ex USA Index didn't fare as well as their US counterparts by returning 1.8% for the quarter and 7.8% for 2021. The shortfall was attributable from exposure to emerging markets. The MSCI Emerging Markets declined 1.3% for the quarter and posted a loss of 2.5% for the year. This was largely due to China posting a loss of 21.7%.

Unlike stocks, the bond market as measured by the Bloomberg US Aggregate Bond Index was essentially unchanged for the quarter but posted a loss of 1.5% for the year. 2021 was only the 4th negative annual return for bonds in the last 31 years.

Outlook:
As we move further into the New Year, the economic growth looks likely to exceed the path estimated from its long-term pre-pandemic trend, indicating a full recovery. At that point, with a shortage of workers and much less fiscal and monetary stimulus, we expect economic growth to slow to its long-term trend of roughly 2% annualized. In short, economic growth in 2022 should come in like a lion and go out like a lamb.

As mentioned above, operating earnings for the S&P 500 have risen significantly, however as we are going into 2022 and beyond, challenges are presented. We are likely to be headed towards slower economic growth, higher wages, higher interest rates, and higher corporate taxes. Consequently, investors should consider valuations very carefully as the potential for further earnings growth looks much more limited.

On the international equity front, the expected synchronized global recovery has been delayed, it has not been derailed, and vaccination progress overseas has made significant progress with many countries now outpacing the U.S.

Looking at the bond market, the challenge is that the combination of very easy monetary policy and a recession that has left 10-year Treasury yields at very low levels. With possible consistent upside surprises on measures of wages, home prices, and consumer prices, long-term rates have held steady at around 1.5%, but may face upward pressure going forward. Of course, there continues to be a place in portfolios for fixed income to provide diversification and protection in the case of an equity market or economic relapse. However, given an unfavorable fundamental backdrop for fixed income generally and tight spreads in credit markets, investors may want to keep durations relatively short and limit their exposure to credit risks within the bond market.

We continue to encourage diversification in your portfolios that match your risk tolerance. As a reminder, your salary deferrals are the leading factor in your retirement readiness. As always, please reach out to us with any questions at **contact@epicretirellc.com**.

DON'T FORGET YOUR 401K ANNUAL CHECK-UP

Each year, it's a good idea to conduct the following review:

1. How much are you deferring into the Plan?
   - Consider increasing your deferral; even a 1% increase will pay off in the long run

2. Who is your beneficiary?
   - Make sure your beneficiary is updated

3. Are your investments in line with your risk tolerance, time horizon and overall savings objectives?
   - Please reach out to EPIC to schedule a one-on-one review of your account. Simply email us at **contact@epicretirellc.com** to begin this process.

4. Do you have outside 401k or IRA monies that you would like to roll into your Plan?
   - You may roll monies into your Plan. For more information, please contact EPIC to help get you started.

5. Are you on track for sufficient retirement savings?
   - Your Plan Provider offers a Retirement Plan calculator and tools on their website. We encourage you to use these tools.

6. Do you need to discuss any accounts outside of the 401k Plan?
   - Our advisors can assist you with this review. Simply email us at **contact@epicretirellc.com** to get started.

HOW TO READ EPIC/HUB'S PERFORMANCE MONITORING TABLE

An overview of "How to Read EPIC/HUB's Performance Monitoring Table" is included for reference. Please note that all returns noted on the Performance Monitoring Table included with this Newsletter are net of fund expenses, unless otherwise indicated.

FOR QUESTIONS CONTACT EPIC/HUB

You may feel free to contact EPIC/HUB directly. EPIC/HUB consultants are available between 9:00 am – 5:00 pm Eastern Standard Time Monday – Friday. You can call, fax or email:

contact@epicretirellc.com

Telephone: 888-558-EPIC (3742); hit 0

Fax: 212-244-6286

When contacting EPIC/HUB, kindly identify yourself and your employer and if possible, provide a copy of your Retirement Plan statement.

Thank you and be well!

The EPIC Team