



# Three BIG Questions for 2022

*Hosted by Dr. Dave Yeske, Yusuf Abugideiri, and Lauren Stansell*

LIVE BUIG<sup>SM</sup>


# 2022 Buzzwords



# Three BIG Questions for 2022

		
Invest Big	Be Big	Think Big

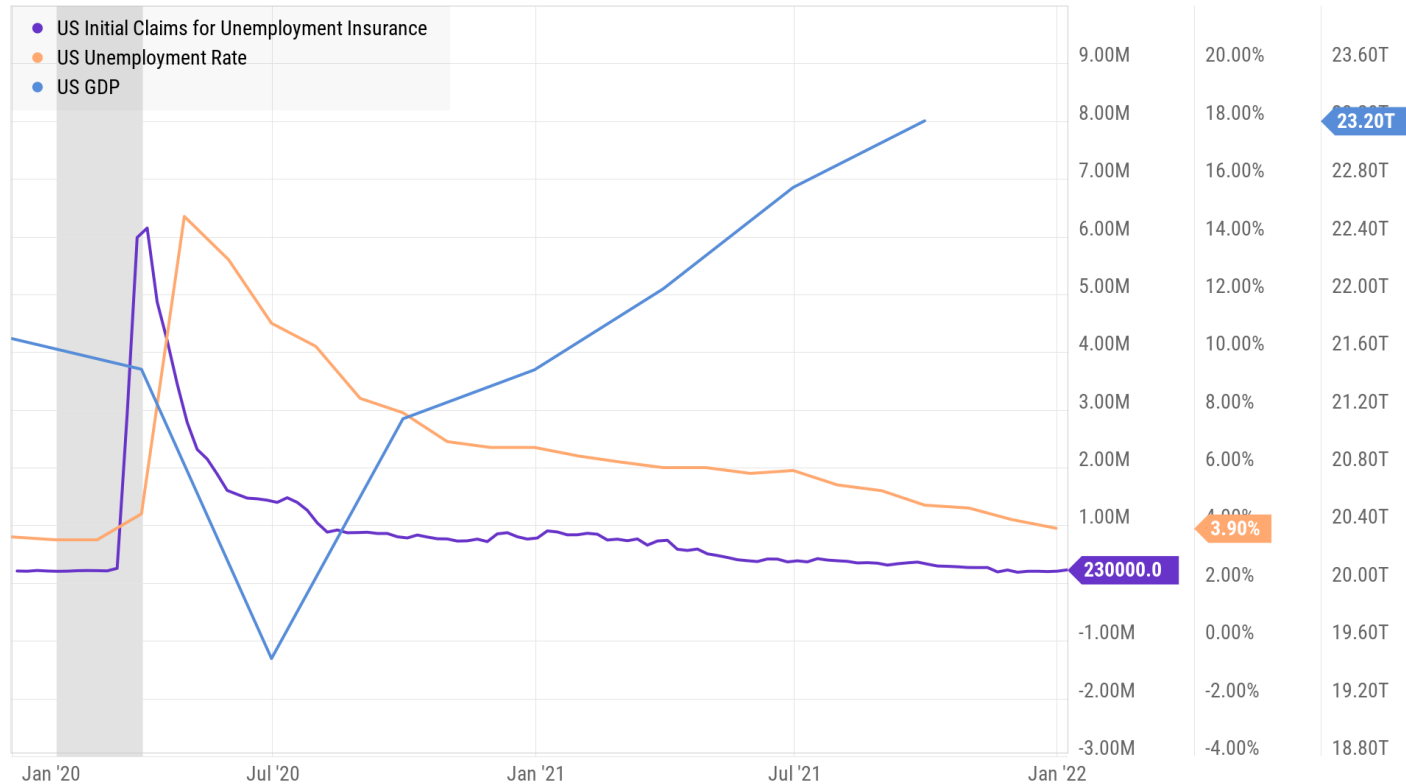


A blue ballpoint pen is positioned diagonally across the upper left portion of the image. The background consists of a light blue bar chart with several bars of varying heights, overlaid on a white grid. The text is centered over the chart and pen.

**How did a BIG  
economy and a BIG  
market benefit your  
portfolio last year?**

# The COVID Economy

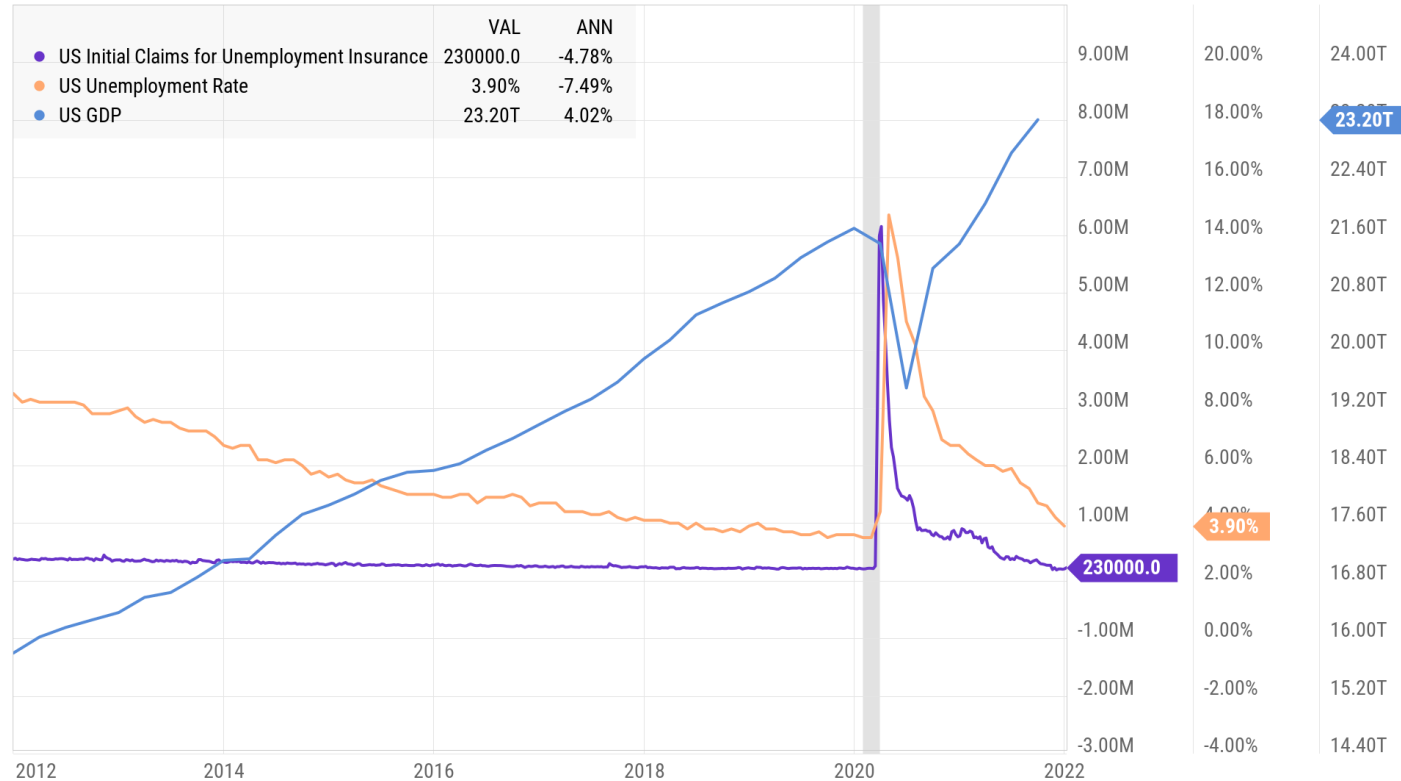
2020-2022



Date Range: 12/31/2019 - 01/08/2022

# The COVID Economy: Back on Track?

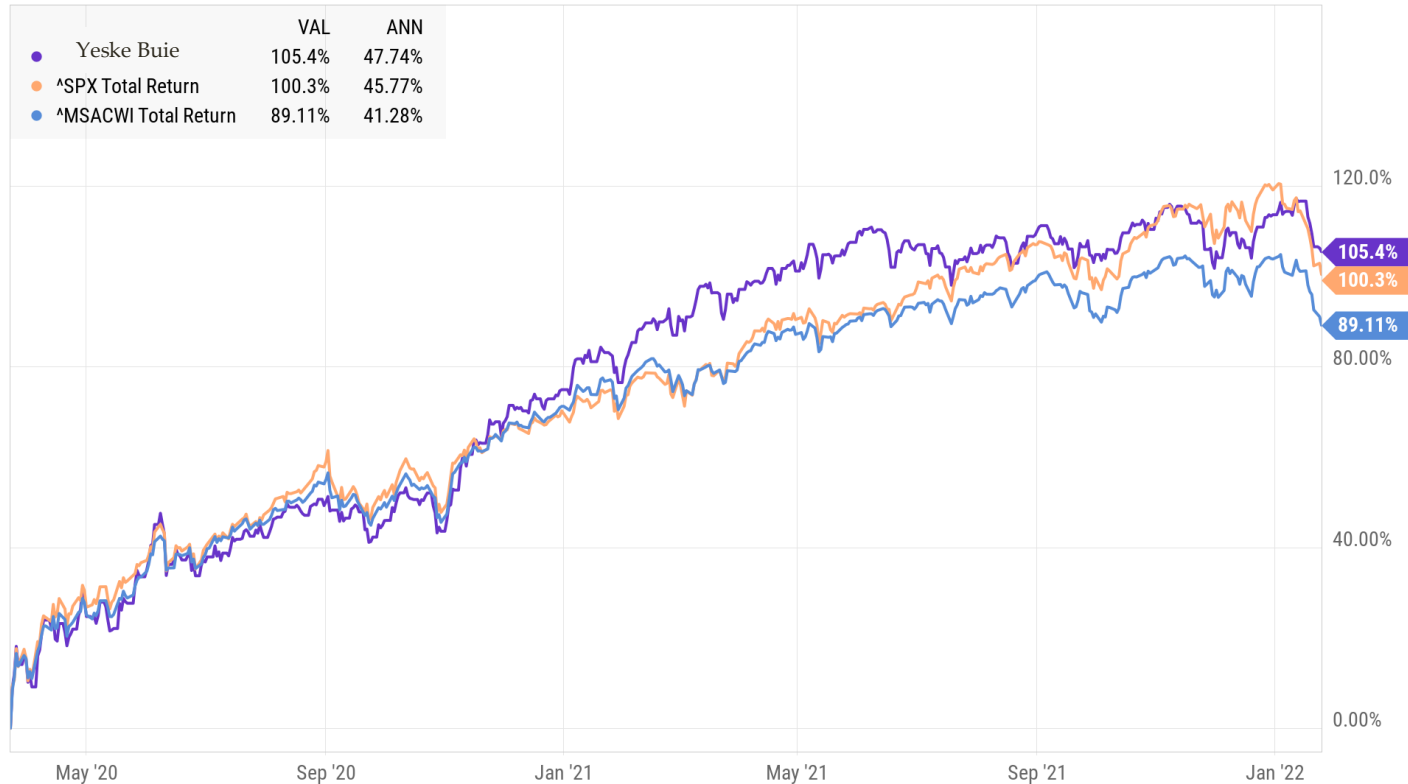
2012-2022



Date Range: 12/31/2011 - 01/08/2022

# Global Markets

Since March 23<sup>rd</sup>, 2020 (market bottom)



Date Range: 03/23/2020 - 01/25/2022

# Performance of the Premiums

March 23<sup>rd</sup>, 2020 – January 25<sup>th</sup>, 2022

DFA US Small Cap Value (DFSVX)	165.1
Russell 1000 Large Growth Index	103.8
<b>Small Value minus Large Growth</b>	<b>61.3</b>
DFA Int'l Small Cap Value (DISVX)	95.0
MSCI World ex USA Large Growth Index (net div.)	65.6
<b>Int'l Small Value minus Int'l Large Growth</b>	<b>29.4</b>
DFA EM Targeted Value (DEMGX)	107.3
MSCI EM Large Growth Index (net div.)	60.3
<b>EM Small Value minus EM Large Growth</b>	<b>47.0</b>





A clear plastic bottle of hand sanitizer with a white pump dispenser is the central focus. In the background, a blue surgical mask is visible, slightly out of focus. The text is overlaid on the image in a dark red, serif font.

**Will COVID be a BIG  
threat or a BIG fizzle in  
the coming year?**

# Omicron

Daily Trends in Number of COVID-19 Cases in The United States Reported to CDC

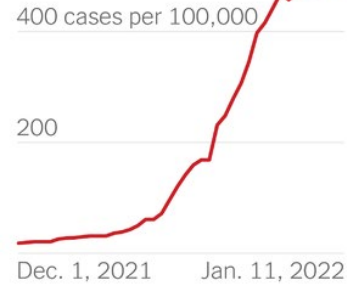


- Beginning in late 2021, daily cases skyrocketed
- Daily cases have been dropping rapidly since mid January

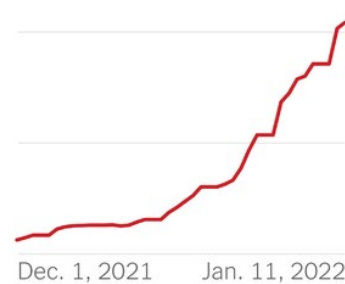
# Omicron – Peaked?

## Daily average cases

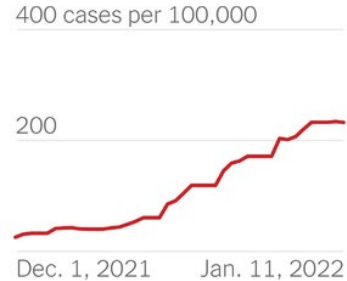
### New York City



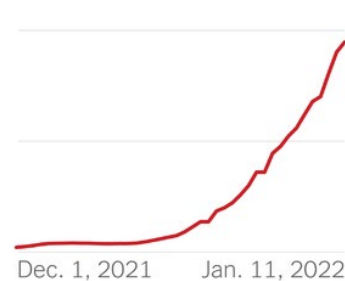
### Boston



### Chicago



### Los Angeles

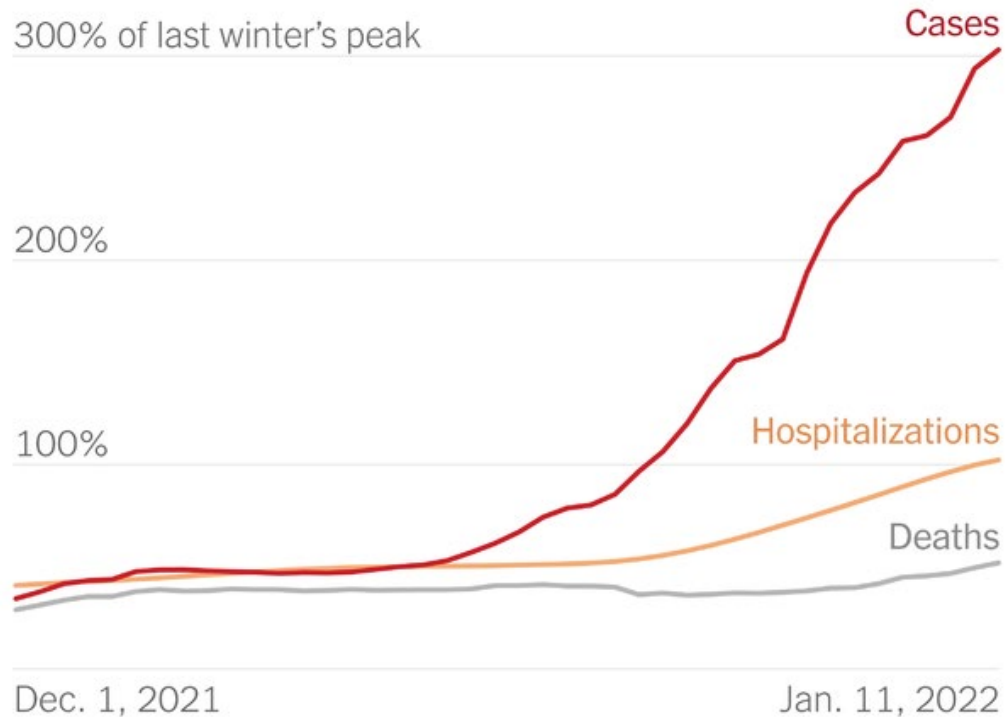


Charts show 7-day averages for New York City's five boroughs, Suffolk County, Cook County and Los Angeles County. | Source: New York Times database



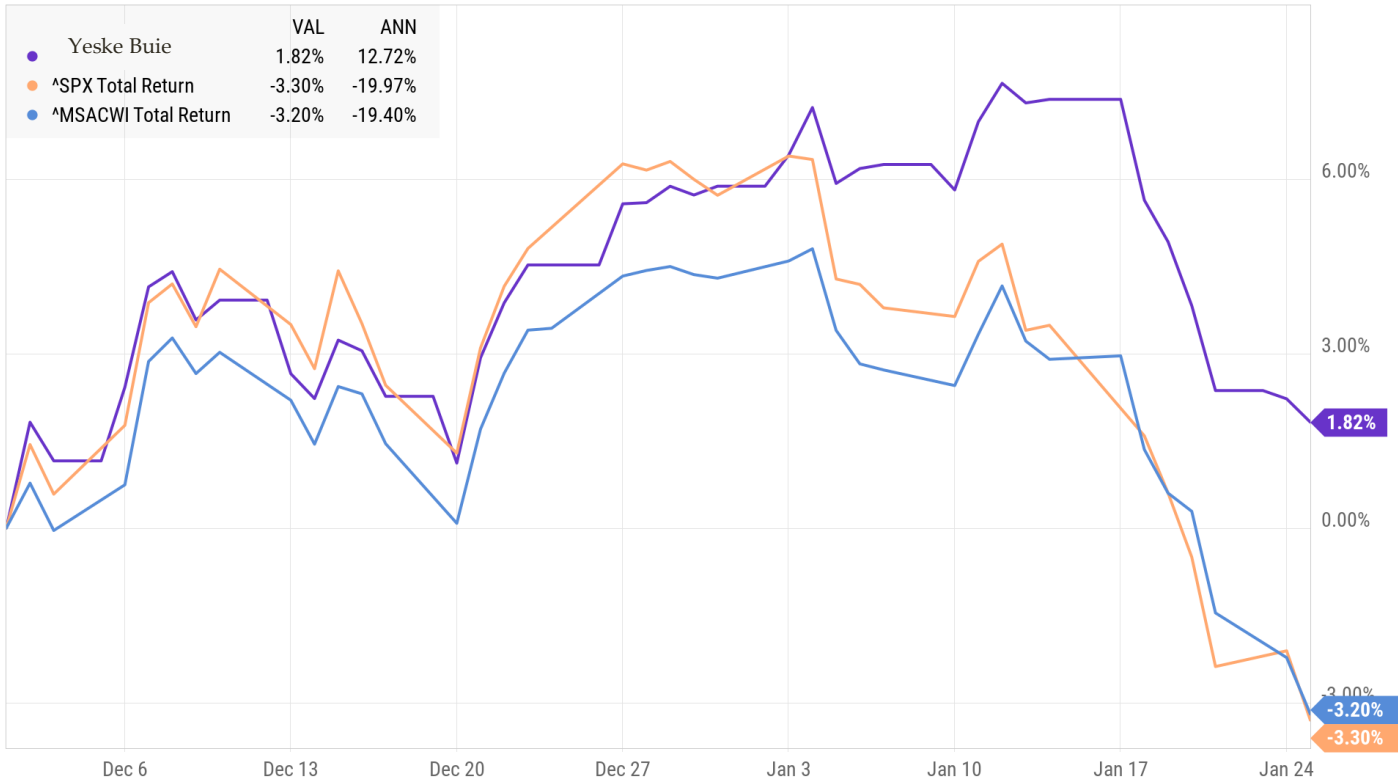
# Omicron – Milder?

## How U.S. outcomes compare with last winter



# Global Markets

Since December 1<sup>st</sup>, 2021 (Omicron)



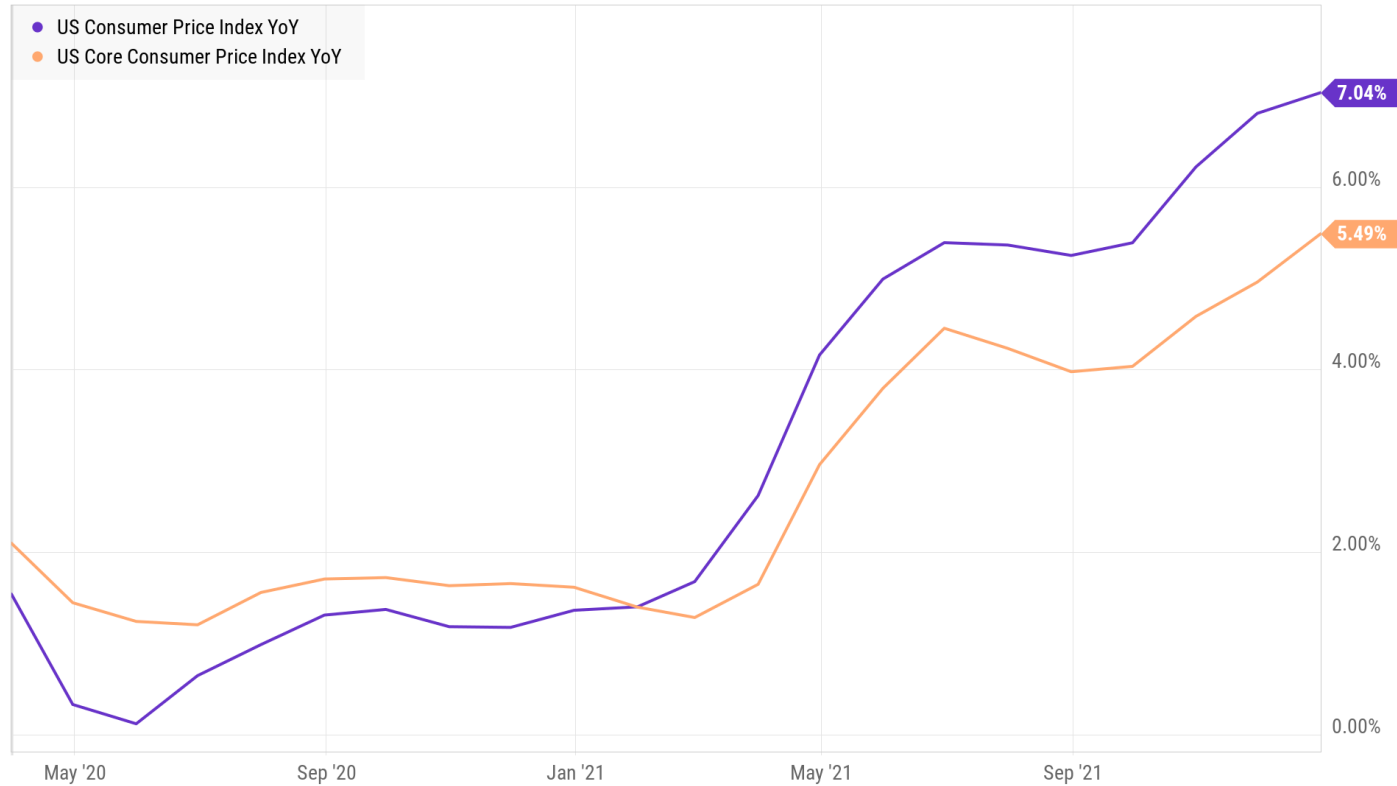
Date Range: 12/01/2021 - 01/25/2022

# 2022 Headwinds





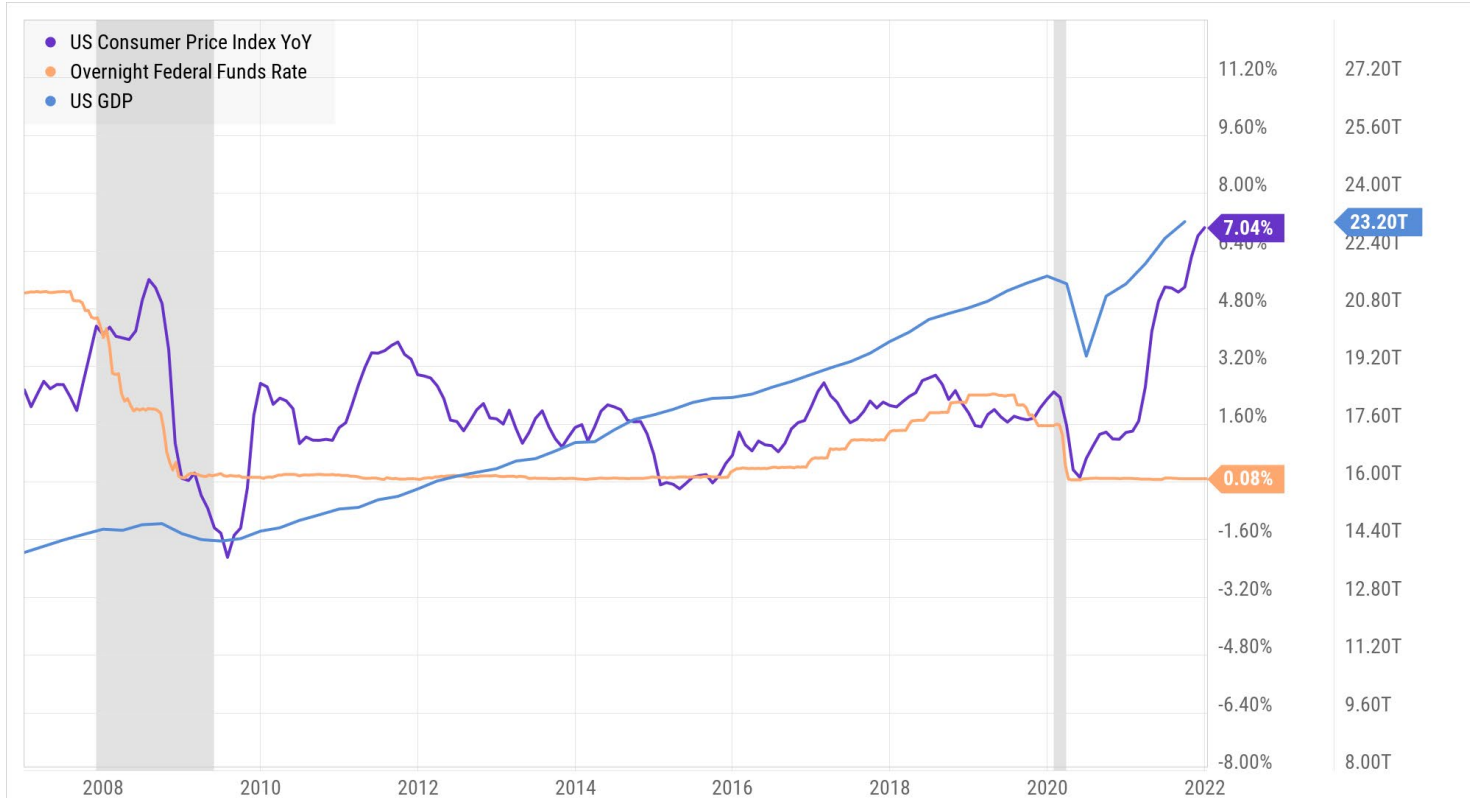
# Inflation



Date Range: 03/31/2020 - 12/31/2021

# Inflation

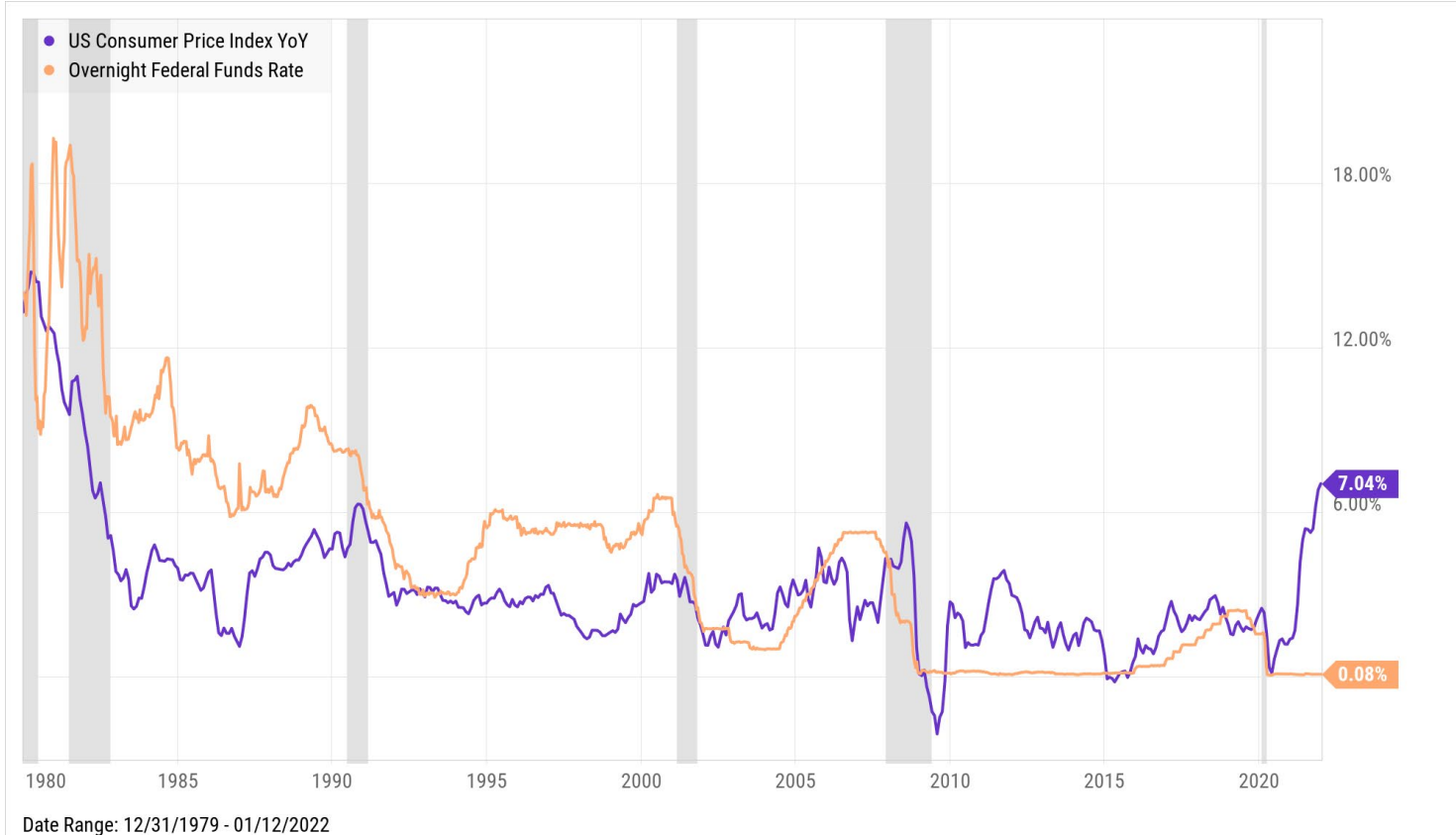
January 2007 through January 2022



Date Range: 12/31/2006 - 01/12/2022



# The Fed and Inflation



# The Fed – Forward Guidance

- The board of governors is meeting today (Wednesday).
- The Fed had said it would keep rates near zero “until [we are] confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.”
- Last month, the Fed signaled it would raise rates in three one-quarter percentage point moves in 2022 (since then, the expectation has changed to four hikes).
  - The first increase is expected to occur in March.



*And now for the good news . . .*

# Higher Interest Rates Favor Value Stocks

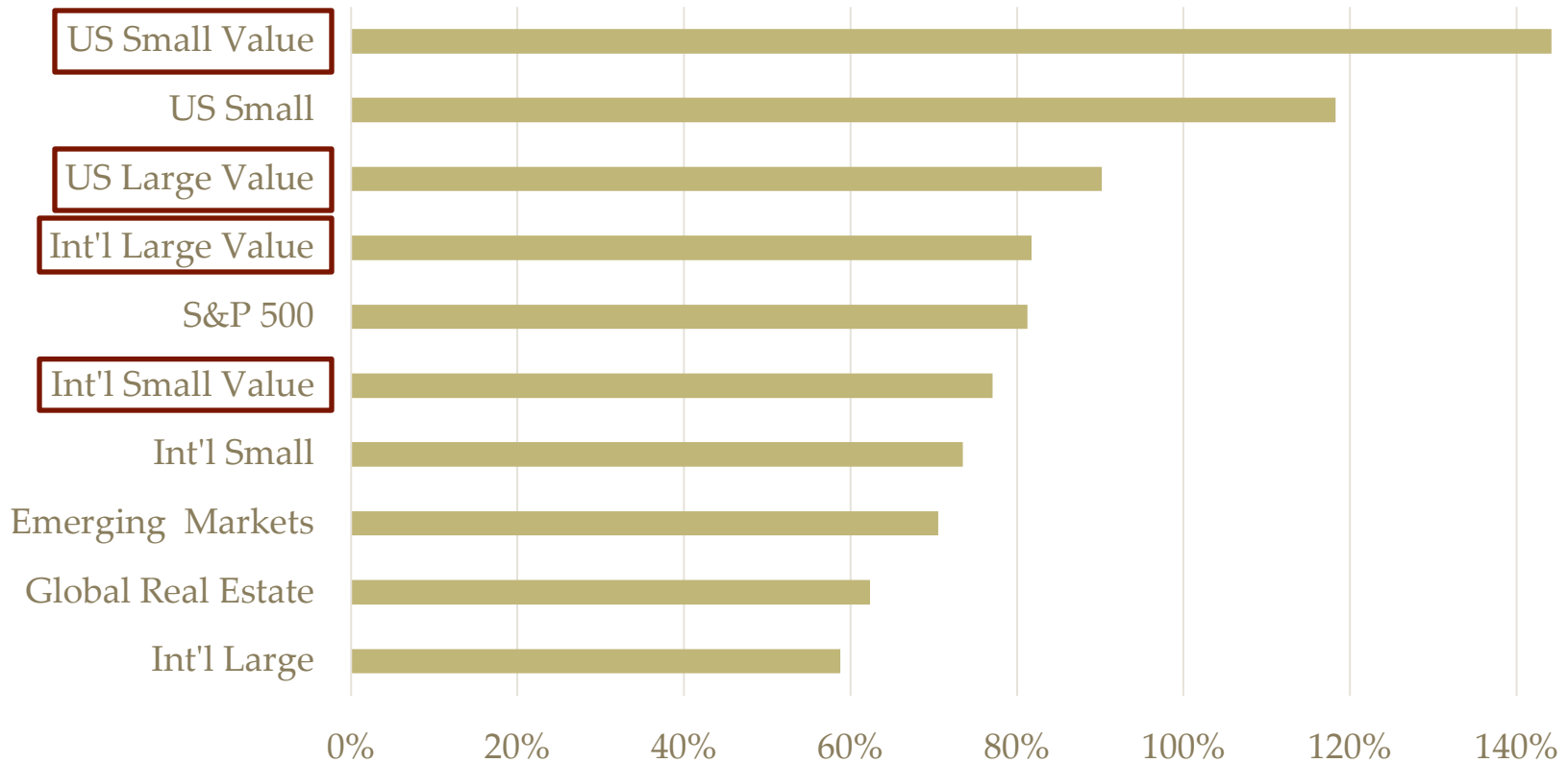
- Low interest rates favor “long-duration” **Growth** stocks where anticipated earnings are mostly in the distant future.
- High interest rates favor **Value** stocks, where current and near-term earnings loom larger.

Research Associates' 10-Year Proj's	Annualized 10-Year
US Large <b>Value</b> Stocks	8%
US Large <b>Growth</b> Stocks	-4%
Non-US Large <b>Value</b> Stocks	10%
Non-US <b>Growth</b> Stocks	5%
Emerging Market <b>Value</b> Stocks	13%
Emerging Market <b>Growth</b> Stocks	5%



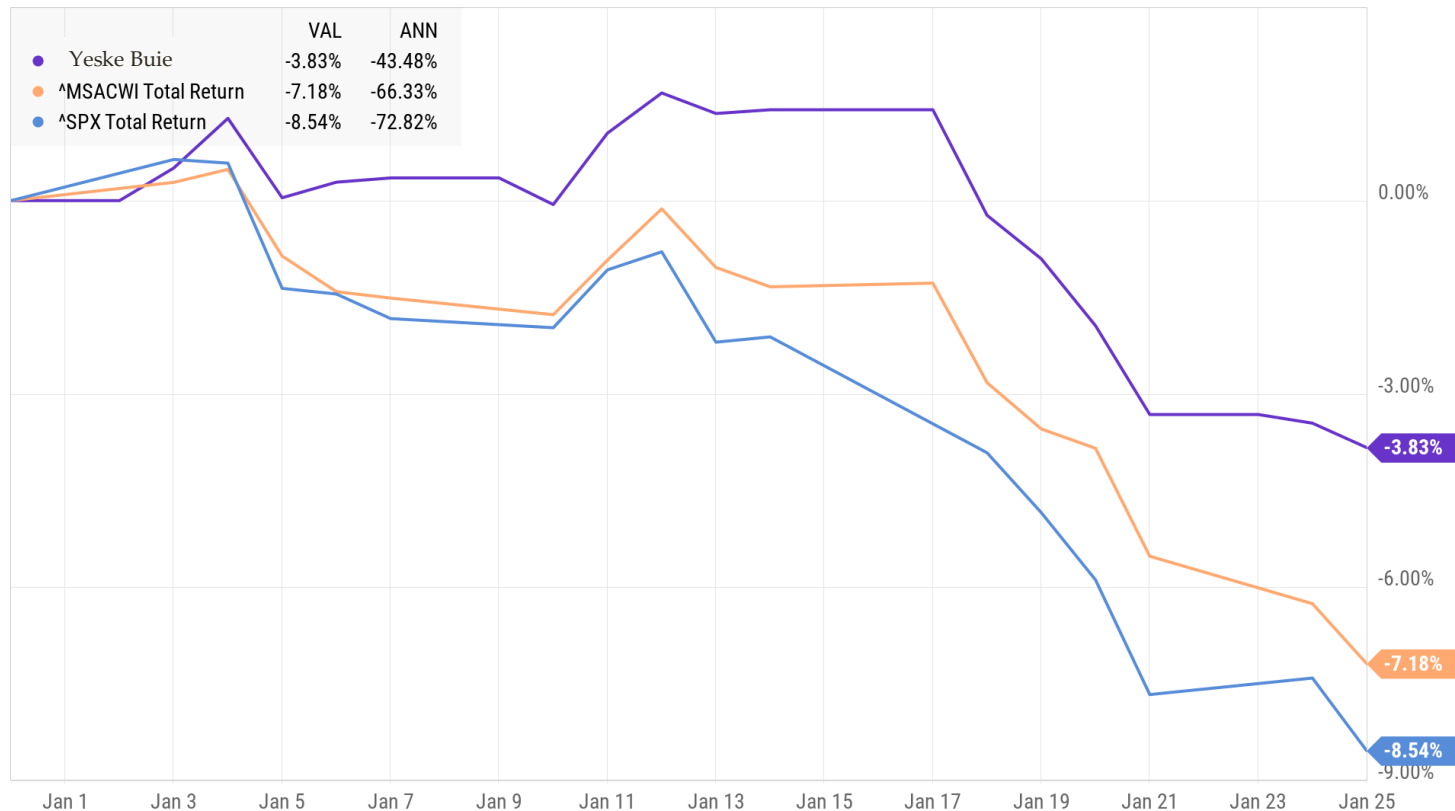
# Yeske Buie – Stock Portfolio

Returns: April 1<sup>st</sup>, 2020 through January 25<sup>th</sup>, 2022



# Yeske Buie – Stock Portfolio

Returns: Year-to-Date (through January 25<sup>th</sup>)





**Will we see any BIG  
moves from the Biden  
administration in 2022?**

# Where We Could Be Headed

- Continue to watch Omicron
- May 2022 Inflation Reading (and subsequent months)
- Fed – Interest Rate Hikes (expecting four in 2022)
- Mid-Term Elections (November 2022)
  - Efforts to pass legislation leading up to then?





# What's To Come From Washington?



Who  
knows!

-Nora (3 days old here)

9/6



# Build Back Better

- From what looked to be a sure thing to a standstill
- Stumbling block – extension of Child Tax Credit



# What Is NOT In The Bill?

- No:
  - Increase in top marginal tax bracket to 39.6% (yet)
  - Estate tax exemption reduction (yet)
    - 2022 = \$12,060,000 *per person*
  - Increase in top capital gains tax bracket (or max tax on gains for income over \$1,000,000)
  - Qualified Business Income (QBI) limitations based on income level
  - Extended Child and Dependent Care Credit



# What MIGHT come?

- Child Tax Credit – increase extension?
- No More Backdoor Roth Conversions?
  - Or Regular Conversions for top MTB starting 2032
- Increased SALT limit?
  - Californians rejoice!
- Surtax on ultra HNW (income over \$10M and \$25M)?
  - Affects trusts at much lower limits
- QSBS limitations?
- Crypto wash sale rule?



# More Retirement Legislation?

- RMDs for high earners (accounts > \$10M)
- Contributions disallowed for high earners (accounts > \$10M)
- Maybe these come back in a Secure Act 2.0?





**Keep the BIG questions  
coming! Stay in touch at  
[www.YeBu.com](http://www.YeBu.com).**