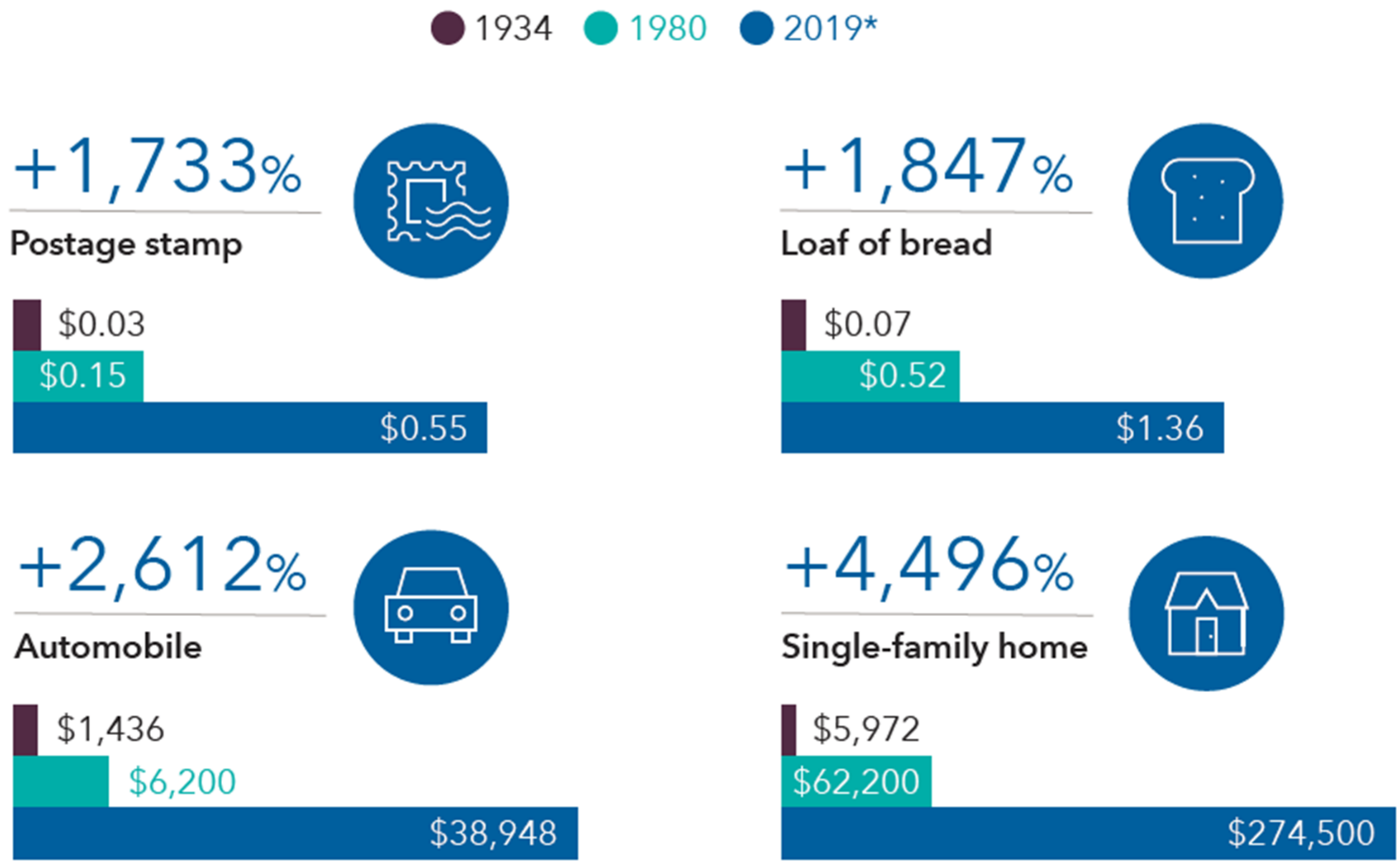
WELLS FARGO Advisors

Positioning Yourself for Long Term Financial Security

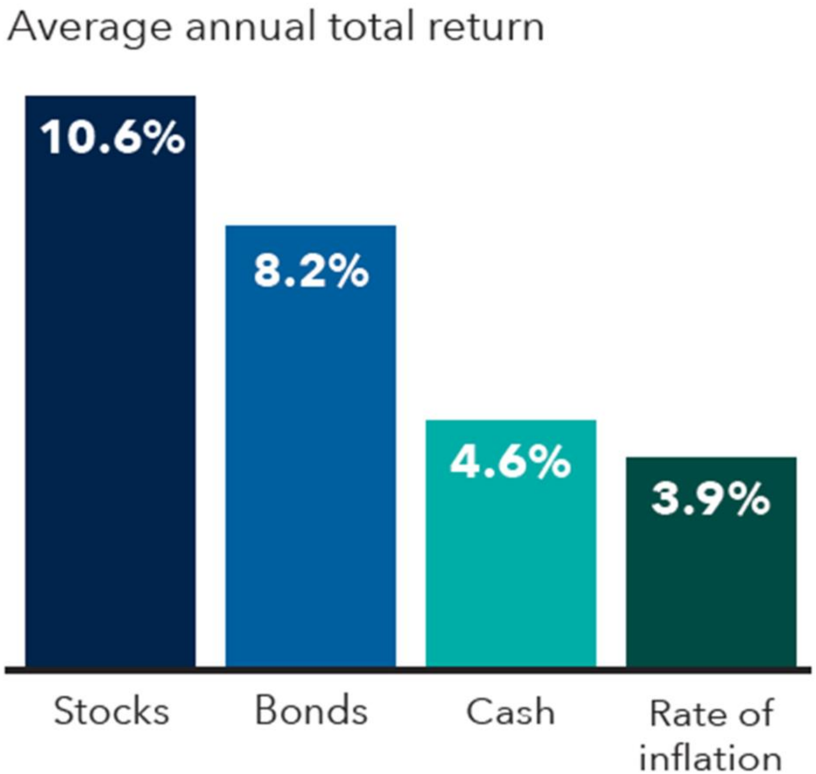
Buck Bandura, CFP®

It’s key to stay ahead of inflation and the rising cost of living



* Sources: United States Postal Service, Bureau of Labor Statistics, TrueCar.com, National Association of Realtors.

Stocks have had the highest returns over the past 50 years

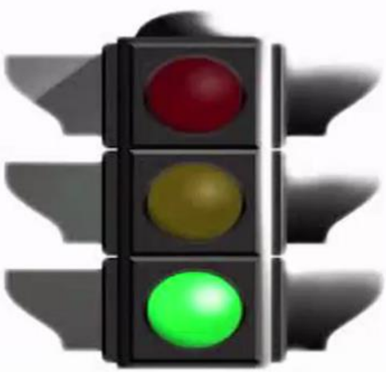


All results calculated with dividends reinvested for the period December 31, 1969, through December 31, 2019. Source: Ibbotson (stocks: U.S. large cap stocks; bonds: U.S. long-term government bonds; cash: 30-day Treasury bills). The indexes are unmanaged and, therefore, have no expenses. Figures shown are past results and are not predictive of results in future periods. Unlike fund shares, investments in Treasury bills, CDs and savings accounts are guaranteed. Rate of inflation is measured by the Consumer Price Index, which is computed from data supplied by the U.S. Department of Labor, Bureau of Labor Statistics.

Phases of Retirement*

Michael Stein's, "The Prosperous Retirement: The Guide to the New Reality. The Three Phases of Retirement

Go-Go Years
Ages 65 – 74



Slow-Go Years
Ages 75 – 84

No-Go Years
Ages 85+

Source: *Michael Stein, "The Prosperous Retirement: Guide to the New Reality" (1998).

MATRIX
WEALTH MANAGEMENT

Ready….Set….Retire

Step 1: List your Expenses

Food and Clothing Expected monthly expense: $ __________
(Because you're no longer working, you probably won't be spending as much on clothes. But not having an expense account, you might pay more for lunches.)

Housing Expected monthly expense: $ __________
Rent/mortgage payments, property taxes, homeowners insurance, property upkeep and repairs

Utilities Expected monthly expense: $ __________
Gas, electric, water, telephone, cable, internet

Transportation Expected monthly expense: $ __________
Car payments auto insurance, gas, maintenance and repairs, public transportation (You may drive less with no more daily commute, but might you be taking more driving vacations?)

Insurance Expected monthly expense: $ __________
Medical, dental, life, disability, long-term care

Healthcare costs not covered by insurance Expected monthly expense: $ __________
Deductibles, co-payments, prescription drugs (Figure on these increasing as you age.)

Taxes Expected monthly expense: $ __________
Federal and State income tax, capital gains tax

Debts Expected monthly expense: $ __________
Personal loans, business loans, credit card payments

Education Expected monthly expense: $ __________
Children's or grandchildren's college expenses

Gifts, charitable and personal Expected monthly expense: $ __________

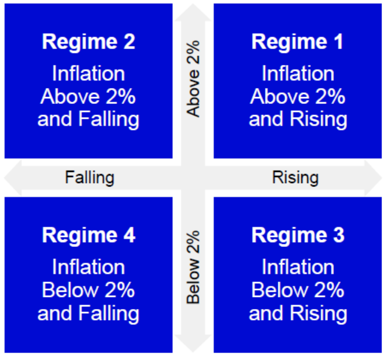
Recreation Expected monthly expense: $ __________
Travel, dining out, hobbies, leisure activities (These will probably increase with your added free time.)

Care for yourself or others Expected monthly expense: $ __________
Costs for a nursing home, home health aid, or other types of assisted living

Miscellaneous Expected monthly expense: $ __________
Personal grooming, pets, club memberships

Step 2: Add them up to get total monthly expenses
Total Monthly Expenses: $ __________

Step 3: Multiply by 12 to get yearly expenses
Total Yearly Expenses: $ __________



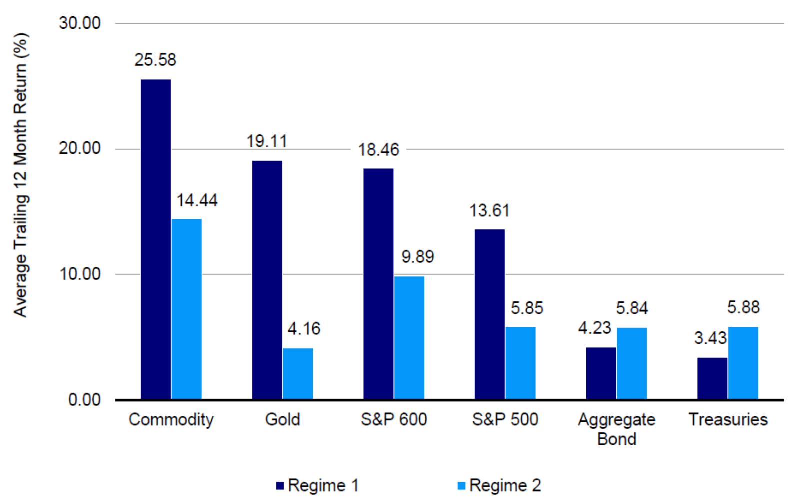
Racing to Prepare

- **An Unfamiliar Resurgence** – After an unprecedented pandemic and ongoing supply chain struggles, investors and regulators are worried about inflation. Adding to the uncertainty is the question of whether or not inflation will be transitory or enduring. At the same time, many investors don't have much experience with inflation, and how to position portfolios has become a frequent concern
- **Four Historic Regimes** – To analyze the past experience of inflation, our analysis attempts to analyze various asset classes in four distinct regimes depending on 1) inflation rising or falling and 2) inflation above or below the important psychological threshold of 2%*. We compiled 49 distinct investments across asset classes, calculating their average YoY return based on the monthly change in YoY CPI
- **Current Focus –** While the debate rages on about transitory vs. permanent inflation, below we will focus on Regime 1 and 2

Summary Observations

- Commodities remain the strongest option on an annualized basis, though their returns dim in Regime 2 as the shock of inflation fades
- While bonds underperform in Regime 1, they actually beat gold in Regime 2
- Equities remain strong under inflationary regimes, though small caps outperform
- Here we have shown YoY returns to control for the volatility of commodities. In the section below, we will analyze monthly returns for equities and factors

Asset Class Returns



Source: Bloomberg L.P. Data from January 31, 1997 through July 31, 2021. Commodity: DBIQ Commodity Index, Gold: XAU Currency Index, Aggregate Bond: Bloomberg Barclay's Aggregate Bond Index, Treasuries: Bloomberg Barclay's US Treasury Bond Total Return Index

*_The Fed's Inflation Target: Why Two Percent?_ The Federal Reserve Bank of St. Louis, January 2019

Invesco

ETF Product Strategy & Research
Sector & Factor Highlights

Navigating Inflation via Equity Strategies

Dividend

- Dividend strategies have the potential to provide investors with either quality exposure via dividend growth or value exposure via high dividend yield
- Rising dividends can help mitigate the impact of inflation on purchasing power

Value

- Value companies have the ability to respond positively relative to growth stocks in a period of raising rates resulting from strong inflationary trends
- Traditional value sectors like financials may benefit in particular from this policy response

Momentum

- Momentum has the ability to own stocks that are showing relative strength or prosperity during an inflationary period
- Momentum underperforms in Regime 2, which could reflect a change of leadership across markets

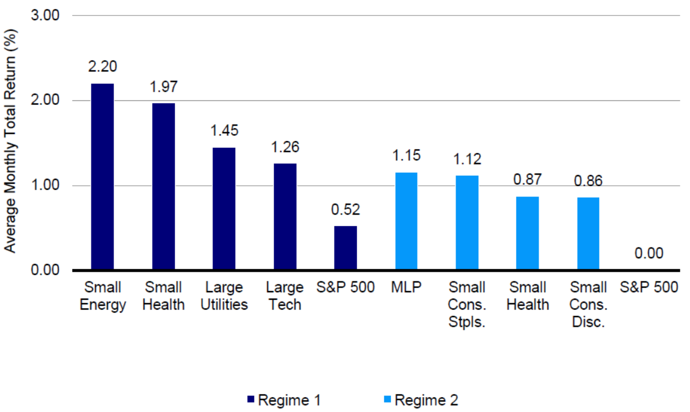
Quality

- Quality companies are expected to have strong margins and cash flow generation providing them the ability to pass on price increases, while absorbing or deflecting higher input costs
- Quality companies through low leverage and cash flow generation have the ability to dampen the impact the risks of rising rates in an inflationary environment.

Small Health

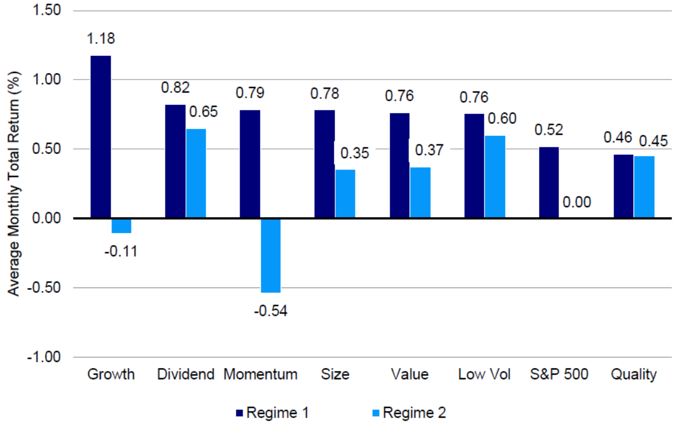
- Small-cap healthcare appears in both regimes
- Healthcare inflation tends to be faster than average, and inelastic demand for physical health could support the space

Sector Returns



Source: Bloomberg L.P. Data from January 31, 1997 through July 31, 2021. Small and large sectors are represented by the S&P 500 (Large) and S&P 600 (Small) Sector Indices. MLP: Alerian MLP Total Return Index.

Factor Returns



Source: Bloomberg L.P. Data from January 31, 1997 through July 31, 2021. Factors are represented by the S&P Factor Indices. Growth: S&P Pure Growth Index; Dividend: S&P Low Volatility High Dividend Index; Momentum: S&P 500 Momentum Index; Size: S&P 500 Equal Weigh Index; Value: S&P 500 Pure Value Index; Low Vol: S&P 500 Low Volatility Index; Quality: S&P 500 Quality Index

A Snapshot Of Stock Performance Relative To Historical U.S. Inflation Rates

CPI (Dec. trailing 12-month)	# of Years out of 50	S&P 500 Index (Average TR)	S&P 500 Index (Highest TR)	S&P 500 Index (Lowest TR)
0-0.9%	3	-7.31%	13.69%	-37.00%
1-1.9%	10	17.47%	33.36%	-11.89%
2-2.9%	11	16.82%	37.43%	-22.10%
3-3.9%	12	14.84%	32.16%	-9.10%
4-4.9%	5	16.57%	31.49%	5.23%
5-5.9%	0	N/A	N/A	N/A
6-6.9%	3	8.95%	37.20%	-7.18%
7-7.9%	0	N/A	N/A	N/A
8-8.9%	2	-9.79%	-4.91%	-14.66%
9-9.9%	1	6.56%	6.56%	6.56%
10-10.9%	0	N/A	N/A	N/A
11-11.9%	0	N/A	N/A	N/A
12-12.9%	2	2.98%	32.42%	-26.47%
13-13.9%	1	18.44%	18.44%	18.44%

Source: Bureau of Labor Statistics and Morningstar/Ibbotson Associates. **Past performance is no guarantee of future results.**

Series I Savings Bonds

NEWS: The initial interest rate on new Series I savings bonds is 7.12 percent. You can buy I bonds at that rate through April 2022.

Use I bonds to

- save in a low-risk product that helps protect your savings from inflation
- supplement your retirement income
- give as a gift
- pay for education

What is an I bond?	A savings bond that earns interest based on combining a fixed rate and an inflation rate. Comparing I Bonds to EE Bonds Comparing I Bonds to Treasury Inflation-Protected Securities (TIPS)
What interest does an I bond earn?	A combination of a fixed rate that stays the same for the life of the bond and an inflation rate that is set twice a year. For bonds issued from November 2021 through April 2022, the combined rate is **7.12%.** How do I bonds earn interest?
Is it taxable?	Federal income tax: Yes State and local income tax: No Tax Considerations for I bonds Using the money for higher education may keep you from paying federal income tax on your interest. See "Education Planning."
Paper or electronic?	Both. (You can buy a paper I bond only when filing a federal income tax return.)
Minimum purchase	Electronic: $25 Paper: $50
Maximum purchase	Electronic: $10,000, total, each calendar year Paper: $5,000, total, each calendar year
Available bonds	Electronic: Any amount, to the penny, from $25 to $10,000. Paper: $50, $100, $200, $500, $1,000
How long must I keep an I bond?	I bonds earn interest for 30 years unless you cash them first. You can cash them after one year. But if you cash them before five years, you lose the previous three months of interest. (For example, if you cash an I bond after 18 months, you get the first 15 months of interest.)
How do I buy an I bond?	Electronic: Online in TreasuryDirect (including through payroll direct deposit) Paper: By mail when you file your federal tax return

TreasuryDirect

In your TreasuryDirect account, you can purchase and hold Treasury bills, notes, bonds, Floating Rate Notes, Treasury Inflation-Protected Securities (TIPS), and savings bonds, and it's available to you 24 hours a day, 7 days a week.

Your TreasuryDirect account is protected by a password of your choosing. The system allows you to conduct most of your transactions online -- you can purchase, and reinvest securities and perform account maintenance from your home or work computer. You can also view all your account information, including pending transactions. TreasuryDirect offers you all of these features with no maintenance fees, no matter how much you have invested.

With TreasuryDirect, there are no paper securities.

- Log In Now | Open an Account | Guided Tour | TD Login Demo

Once you've learned about the features and benefits of TreasuryDirect, watch our video on opening a TreasuryDirect account.

NOTE: TreasuryDirect permits accounts for both individuals and various types of entities including trusts, estates, corporations, partnerships, etc. See Learn More about Entity Accounts for full information on the new registration types.

TreasuryDirect account numbers begin with a letter, followed by nine numbers, e.g., A-123-456-789.

For your protection, TreasuryDirect requires the security that up-to-date Web browsers provide.

- More about encryption and browser requirements

WELLS FARGO

Advisors Financial Network

Thank you