

FNBC BANK & TRUST

WEALTH MANAGEMENT

Market Recap: January 2022

WEALTH MANAGEMENT

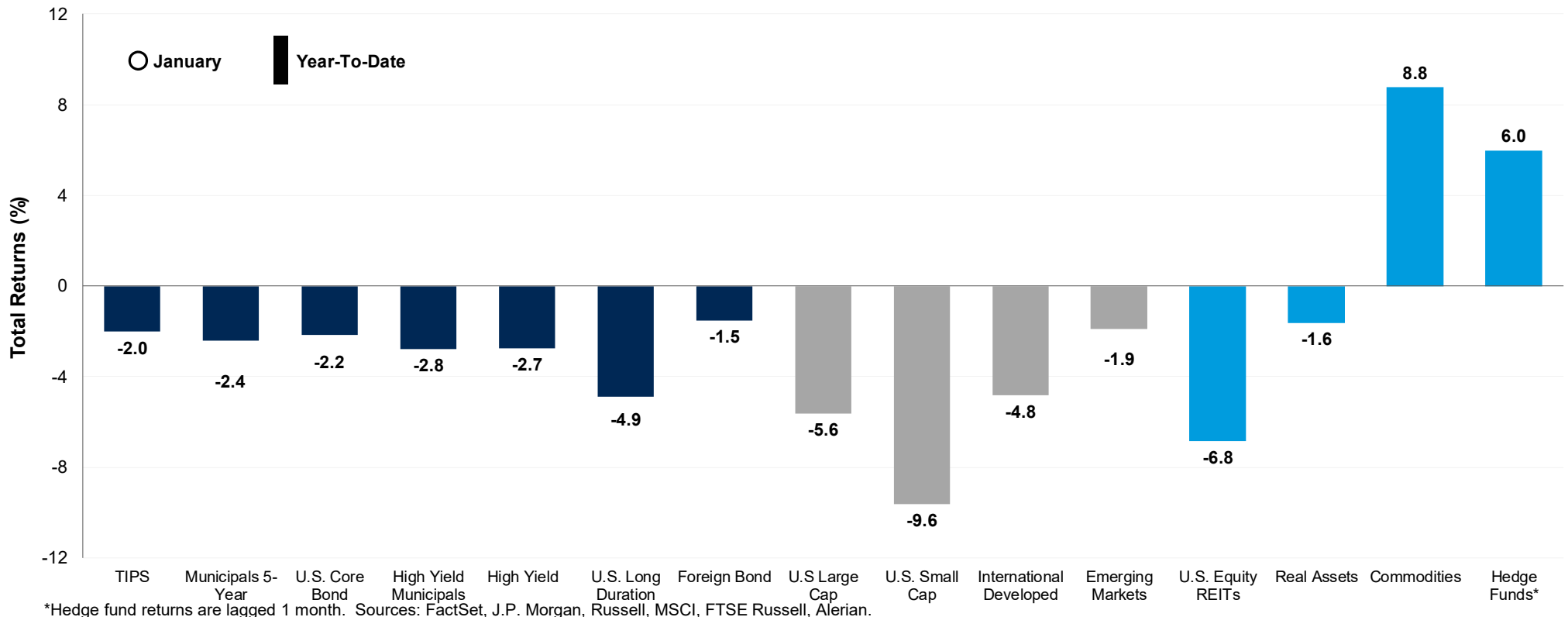


Disclosure

This report is intended for the exclusive use of clients or prospective clients of FNBC Wealth Management. The information contained herein is intended for the recipient, is confidential and may not be disseminated or distributed to any other person without the prior approval of FNBC Wealth Management. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

Not FDIC Insured | May Go Down In Value | Not Guaranteed By Bank | Subject To Investment Risk

Asset Class Performance



Fixed Income (January)

- A more hawkish Federal Reserve sent interest rates higher during the period and fixed income markets broadly sold off.
- High yield and other spread sectors generally underperformed in the risk-off market environment.
- Despite elevated inflation levels, TIPS came under pressure as real yields moved higher and breakeven levels moved lower.

Equity (January)

- Expectations of tighter monetary policy, elevated inflation and geopolitical tensions sent equity markets sharply down.
- U.S. stocks broadly underperformed non-U.S. segments of the global equity market.
- + Emerging markets held up the best as many central banks had already begun to tighten monetary conditions and were less impacted by rising rates than in the U.S. and other developed countries.

Real Asset / Alternatives (January)

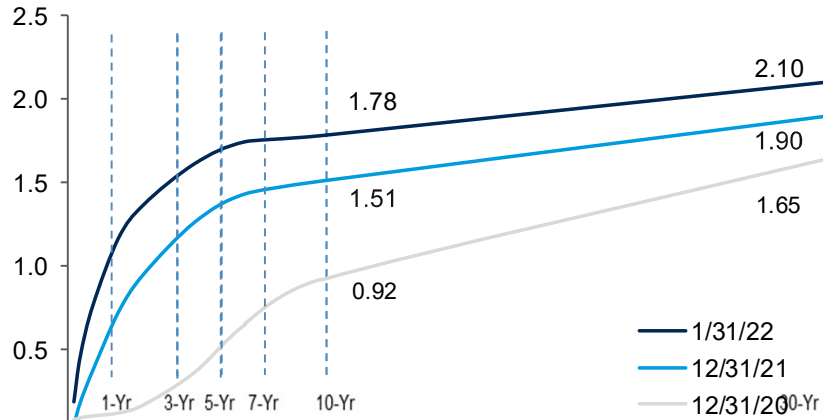
- REITs, which were one of the top performers in 2021, sold off in tandem with the broader equity market.
- + Supply shortages and geopolitical tensions pushed energy prices higher, the driving force of the commodity market's strong return.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

Fixed Income Market Update

U.S. Treasury Yields Curve

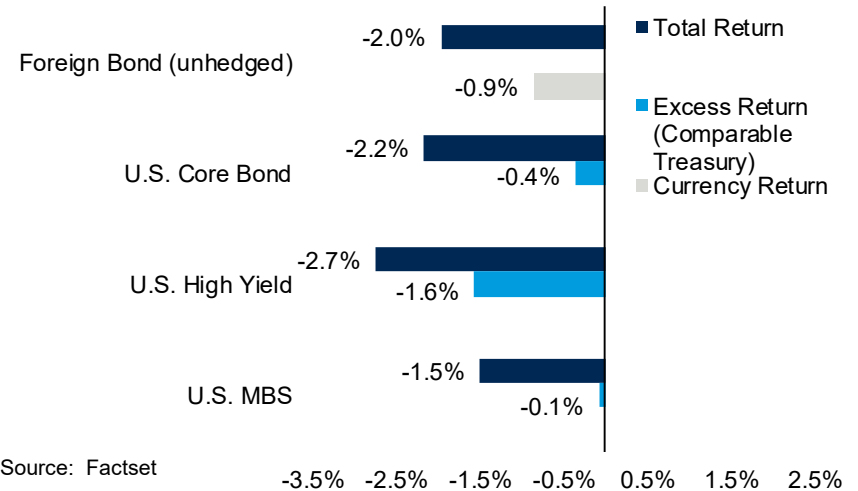
Interest rates moved higher following the Federal Reserve meeting as market expectations have now solidified for multiple interest rate hikes in 2022. The 10-Year U.S. Treasury Yield ended 27 basis points higher.



Source: Factset

Index Performance Attribution (January 2022)

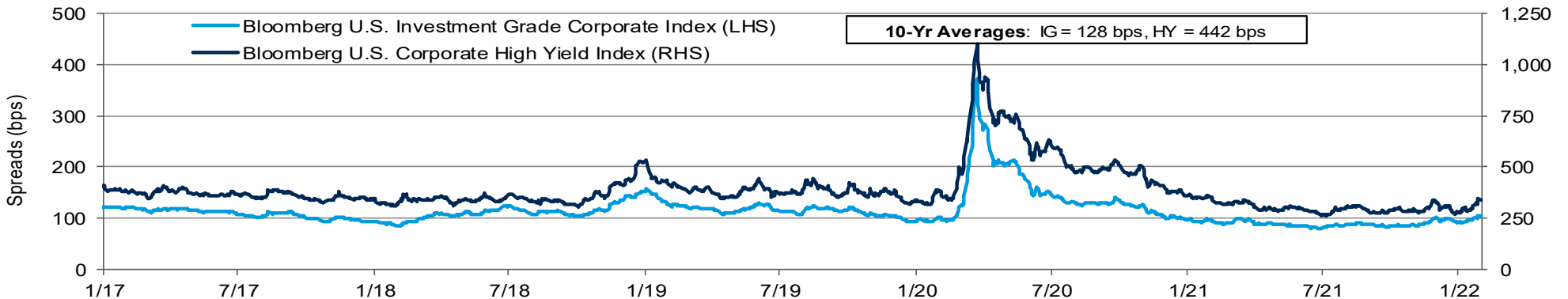
U.S. dollar strength was an added headwind for non-U.S. debt. Spread sectors generally underperformed similar duration Treasuries.



Source: Factset

Credit Market Spreads – Trailing 5 Years

Credit spreads moved higher during January as investors digested what the impact will be from tightening monetary policy and the recent waive of the omicron COVID-19 variant. Investment grade and high yield spreads ended 14 and 59 basis points wider, respectively.

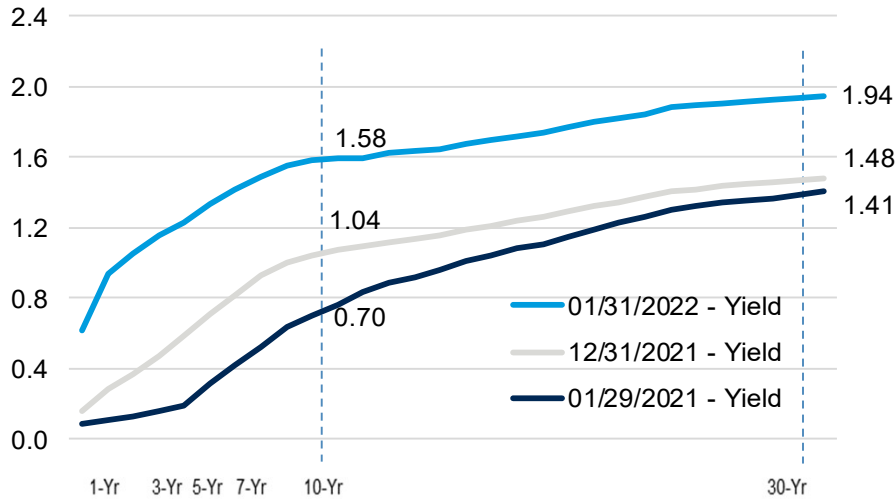


Source: Factset

Past performance does not indicate future performance and there is a possibility of a loss.

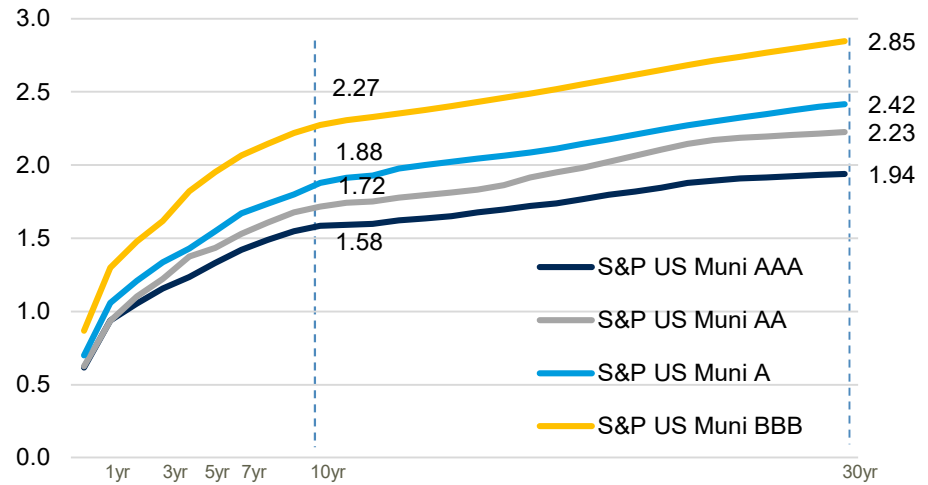
Municipal Market Update

S&P U.S. Municipal AAA Yield Curves



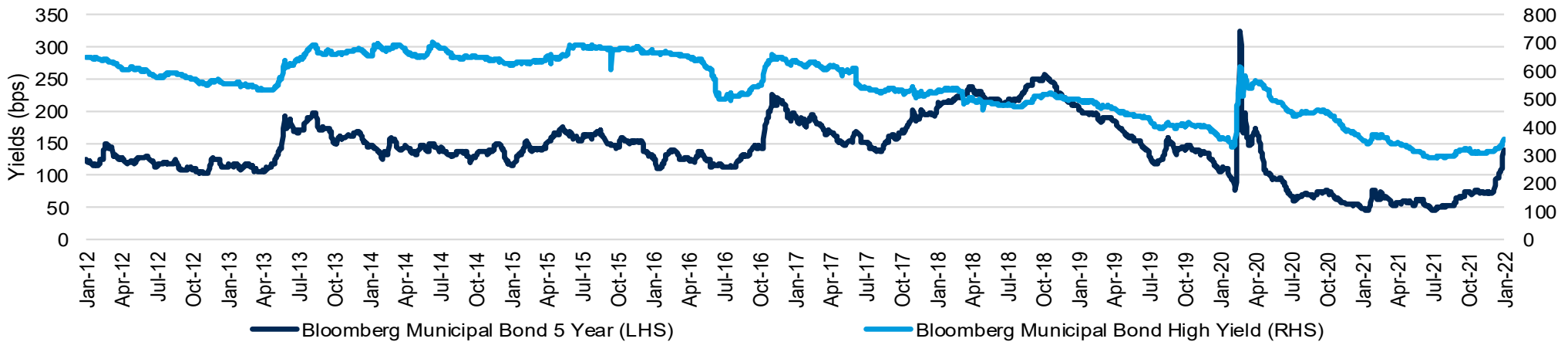
Source: Factset

U.S. Municipal Yield Curves (January 31, 2022)



Source: Factset

Yield to Worst – Trailing 10 Years



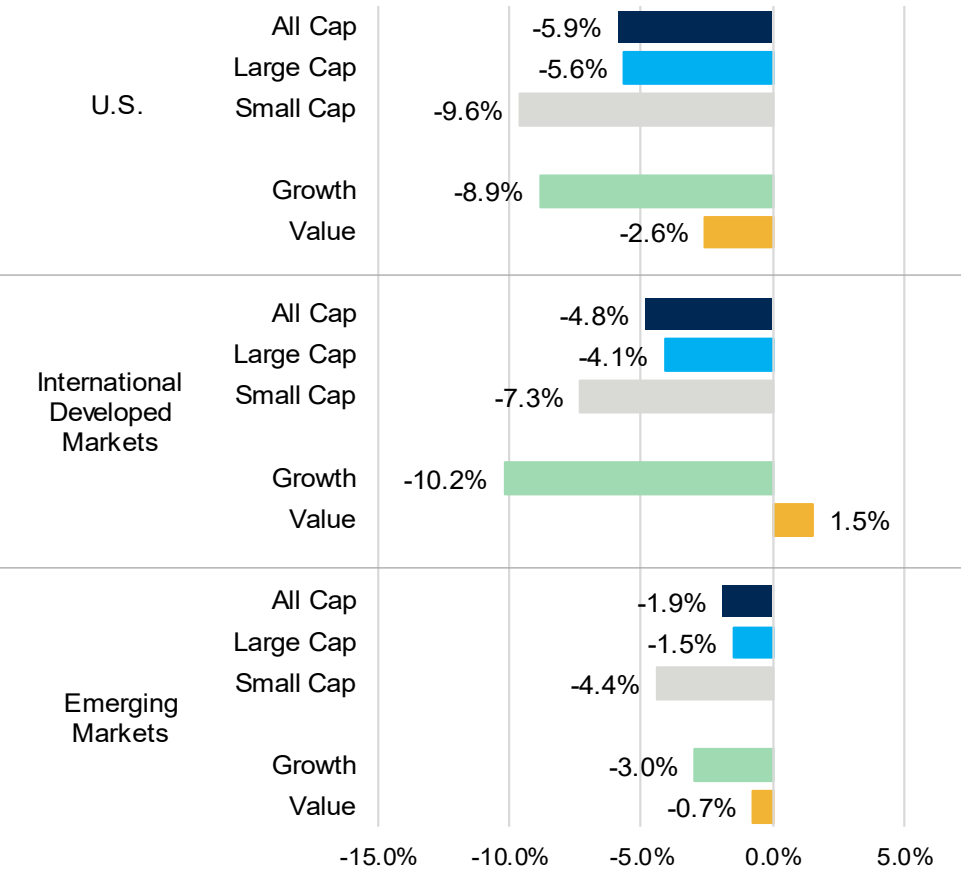
Source: Factset

Past performance does not indicate future performance and there is a possibility of a loss.

Equity Market Update

Market Capitalization & Style Performance (January 2022)

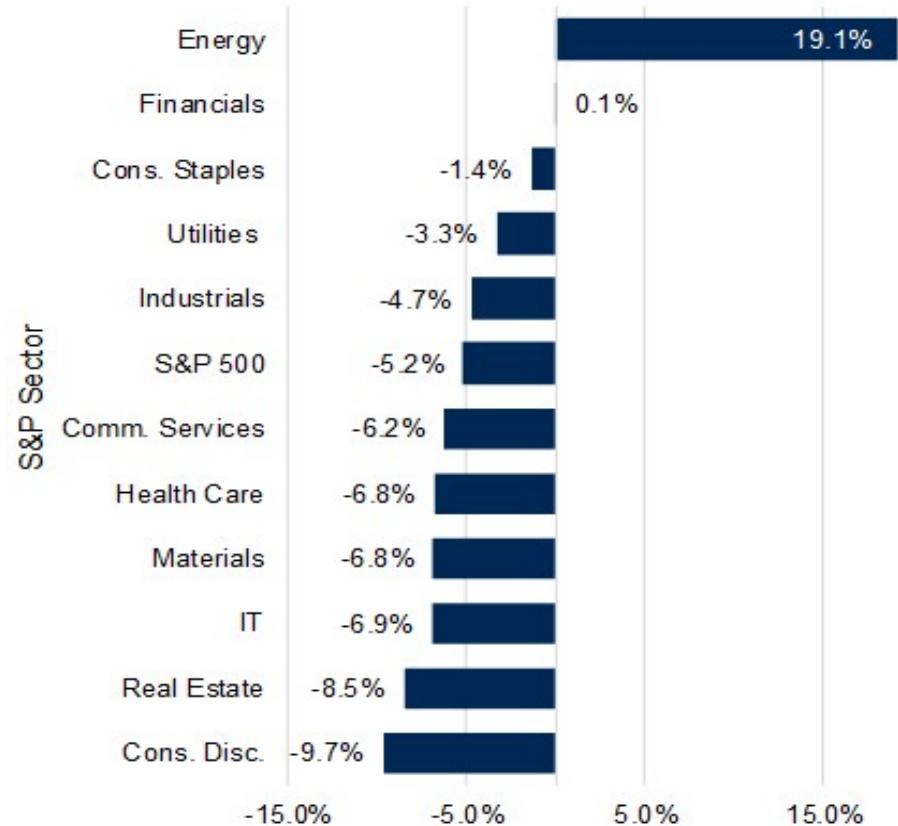
Large cap stocks, which are typically more defensive, outpaced small cap across regions. Value generally outperformed growth stocks in the month as technology related companies fell the hardest and financials benefited from rising interest rates.



Source: FactSet. As of January 31, 2022

U.S. Equities – Returns by Sector (January 2022)

U.S. equities broadly sold off in January in anticipation of tighter monetary policy. The energy sector was the lone bright spot, benefiting from rising commodity prices.



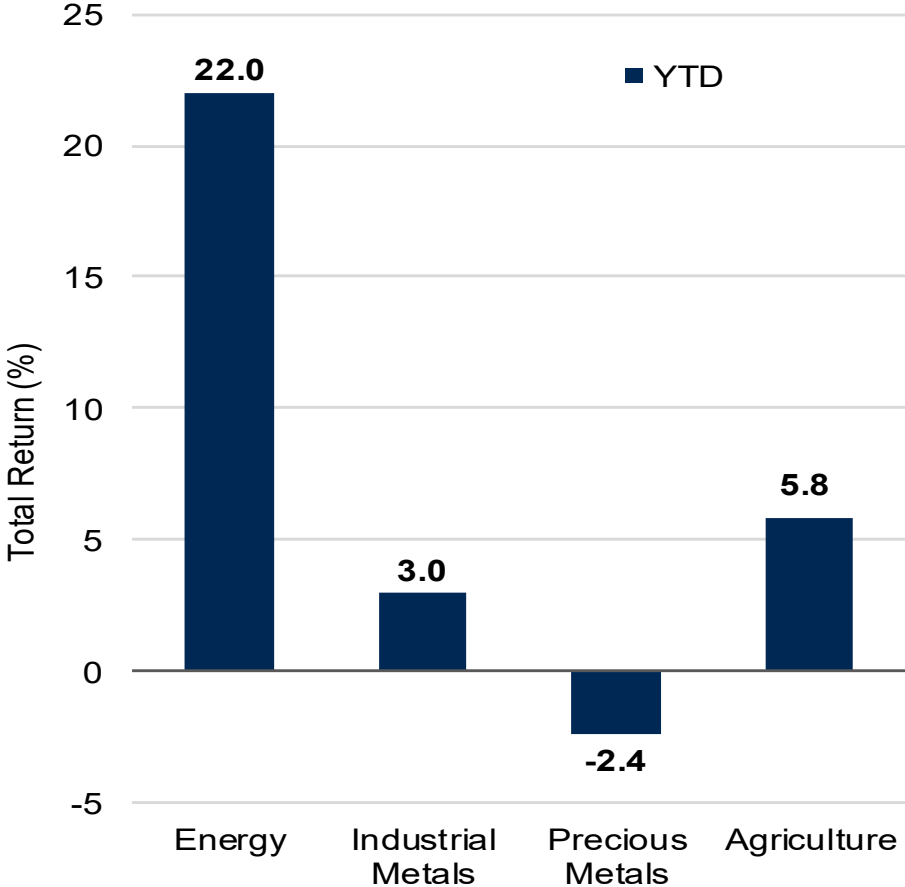
Source: FactSet. As of January 31, 2022

Past performance does not indicate future performance and there is a possibility of a loss.

Real Asset Market Update

Real Assets Performance

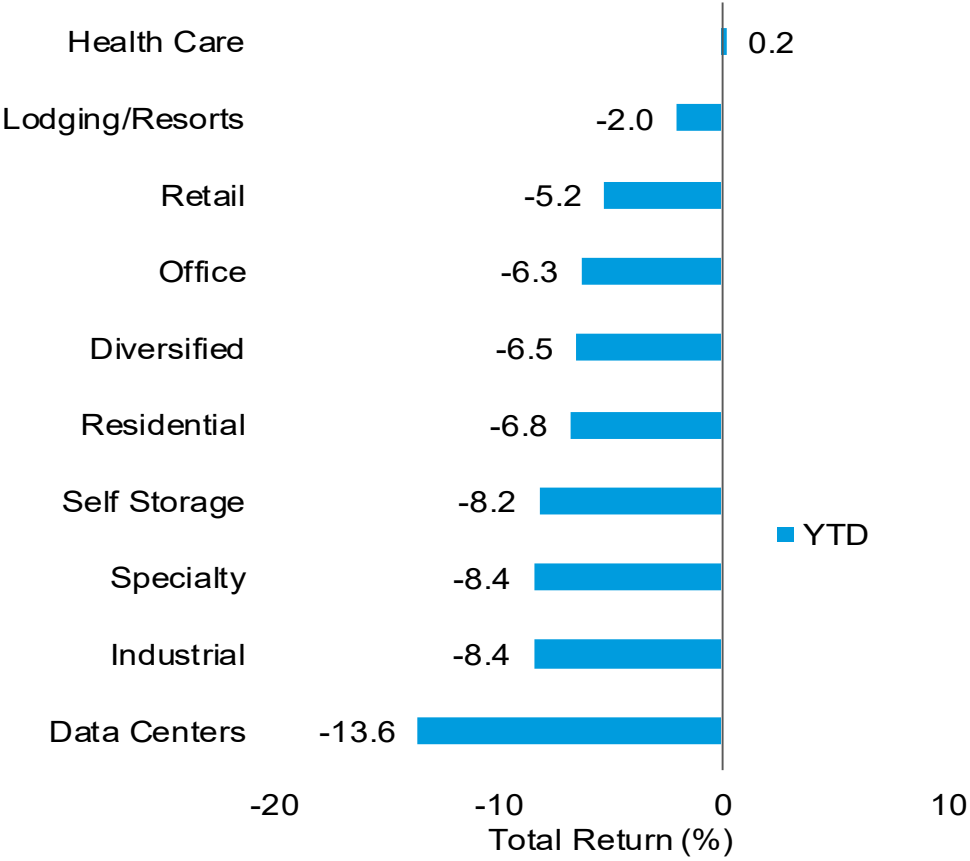
Commodities were generally higher in January. Energy soared during the month as supply shortages and geopolitical tensions in Eastern Europe and the Middle East lifted prices. Precious metals declined in the face of higher real interest rates and an uptick in the U.S. dollar.



Source: FactSet. As of January 31, 2022

REIT Sector Performance

REITs declined alongside the broader equity market. Areas that were top performers last year, such as self-storage and industrial, generally fell the hardest. The more defensive health care sector held up best, and lodging/resorts were better insulated due to shorter lease durations.



Source: FactSet. As of January 31, 2022

Past performance does not indicate future performance and there is a possibility of a loss.

Financials Markets Performance

Total Return as of January 31, 2022

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.0%	0.0%	0.0%	0.9%	1.1%	0.8%	0.6%	0.8%
Bloomberg U.S. TIPS	-2.0%	-2.0%	3.5%	7.2%	4.7%	3.5%	2.6%	4.5%
Bloomberg Municipal Bond (5 Year)	-2.4%	-2.4%	-2.4%	2.2%	2.2%	1.8%	2.0%	3.3%
Bloomberg High Yield Municipal Bond	-2.8%	-2.8%	2.6%	6.5%	6.6%	5.3%	6.0%	5.0%
Bloomberg U.S. Aggregate	-2.2%	-2.2%	-3.0%	3.7%	3.1%	2.4%	2.6%	3.9%
Bloomberg U.S. Corporate High Yield	-2.7%	-2.7%	2.1%	6.3%	5.4%	5.6%	6.2%	6.8%
Bloomberg Global Aggregate ex-U.S. Hedged	-1.1%	-1.1%	-2.0%	2.6%	3.1%	2.7%	3.6%	3.9%
Bloomberg Global Aggregate ex-U.S. Unhedged	-2.0%	-2.0%	-7.9%	1.2%	2.3%	1.5%	0.4%	2.6%
Bloomberg U.S. Long Gov / Credit	-4.9%	-4.9%	-4.5%	8.0%	6.3%	4.0%	5.1%	6.7%
JPMorgan GBI-EM Global Diversified	0.0%	0.0%	-7.8%	0.3%	2.4%	1.0%	0.0%	3.5%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	-5.2%	-5.2%	23.3%	20.7%	16.8%	14.6%	15.4%	10.2%
Dow Jones Industrial Average	-3.2%	-3.2%	19.4%	14.5%	14.6%	13.4%	13.4%	9.8%
NASDAQ Composite	-9.0%	-9.0%	9.7%	26.1%	21.6%	18.6%	18.9%	13.6%
Russell 3000	-5.9%	-5.9%	18.8%	19.9%	16.1%	14.0%	15.0%	10.0%
Russell 1000	-5.6%	-5.6%	20.3%	20.5%	16.6%	14.3%	15.3%	10.2%
Russell 1000 Growth	-8.6%	-8.6%	17.5%	26.4%	22.3%	18.3%	18.0%	12.9%
Russell 1000 Value	-2.3%	-2.3%	23.4%	13.8%	10.5%	10.0%	12.3%	7.2%
Russell Mid Cap	-7.4%	-7.4%	13.9%	16.1%	12.8%	11.3%	13.4%	9.4%
Russell Mid Cap Growth	-12.9%	-12.9%	-1.5%	17.4%	15.8%	12.9%	14.2%	10.4%
Russell Mid Cap Value	-4.3%	-4.3%	23.1%	14.1%	9.9%	9.5%	12.4%	8.2%
Russell 2000	-9.6%	-9.6%	-1.2%	12.0%	9.7%	9.7%	11.3%	7.8%
Russell 2000 Growth	-13.4%	-13.4%	-15.0%	11.4%	10.9%	9.7%	11.7%	8.8%
Russell 2000 Value	-5.8%	-5.8%	14.8%	11.7%	7.9%	9.2%	10.6%	6.7%
MSCI ACWI	-4.9%	-4.9%	13.2%	15.4%	12.6%	10.4%	10.7%	6.6%
MSCI ACWI ex. U.S.	-3.7%	-3.7%	3.6%	9.1%	8.0%	6.0%	6.2%	3.5%
MSCI EAFE	-4.8%	-4.8%	7.0%	9.3%	7.9%	5.9%	6.9%	3.2%
MSCI EAFE Growth	-10.5%	-10.5%	0.9%	12.3%	10.4%	7.8%	8.3%	4.6%
MSCI EAFE Value	1.0%	1.0%	12.9%	5.9%	5.1%	3.8%	5.4%	1.6%
MSCI EAFE Small Cap	-7.3%	-7.3%	2.4%	9.9%	8.6%	8.3%	9.1%	4.9%
MSCI Emerging Markets	-1.9%	-1.9%	-7.2%	7.2%	8.3%	5.7%	4.2%	4.4%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.5%	6.6%	7.1%	3.5%	2.9%	2.5%	2.1%	2.2%
FTSE NAREIT Equity REITs	-6.8%	-6.8%	33.3%	11.4%	9.2%	7.2%	9.9%	5.9%
S&P Real Assets	-1.6%	-1.6%	13.7%	8.1%	6.8%	4.9%	5.4%	5.3%
FTSE EPRA NAREIT Developed	-4.4%	-4.4%	31.0%	7.7%	6.6%	5.4%	9.8%	4.7%
FTSE EPRA NAREIT Developed ex U.S.	-4.0%	-4.0%	5.9%	2.6%	5.8%	3.8%	6.4%	2.0%
Bloomberg Commodity Total Return	8.8%	8.8%	34.7%	11.0%	5.4%	1.8%	-2.3%	-2.1%
HFRI Fund of Funds Composite*	0.2%	6.0%	6.0%	8.4%	5.7%	4.1%	4.5%	2.7%
HFRI Fund Weighted Composite*	1.2%	10.2%	10.2%	10.8%	7.1%	5.6%	5.8%	4.6%
Alerian MLP	11.1%	11.1%	47.1%	1.6%	-1.6%	-3.2%	0.6%	4.7%

*One month lag.

Source: FactSet, Morningstar. As of January 31, 2022. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms.

Disclosures and Definitions

All material and information is intended for FNBC Bank & Trust business only. Any use or public dissemination outside firm business is prohibited. Information is obtained from a variety of sources which are believed though not guaranteed to be accurate. Any forecast represents future expectations and actual returns, volatilities and correlations will differ from forecasts. Past performance does not indicate future performance. This presentation does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged
Municipals 5-Year: Bloomberg Barclays Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD
Real Assets: S&P Real Assets
Core Bond: Bloomberg Barclays US Agg Total Return Value Unhedged USD
High Yield Municipals: Bloomberg Barclays Muni High Yield Total Return Index Value Unhedged USD
High Yield: Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD
Foreign Bond: Bloomberg Barclays Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)
EM Debt (unhedged): J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD
U.S. Large Cap: S&P 500 Total Return Index
U.S. Small Cap : Russell 2000 Total Return Index
International Developed: MSCI EAFE Net Total Return USD Index
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index
World: MSCI ACWI Net Total Return USD Index
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD
Commodities: Bloomberg Commodity Total Return Index
Midstream Energy: Alerian MLP Total Return Index
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index
Event Driven: Hedge Fund Research HFRI Event-Driven Total Index
Relative Value: Hedge Fund Research HFRI Relative Value Fixed Income-Convertible Arbitrage Index
Equity Hedge: Hedge Fund Research HFRI Equity Hedge Total Index
Direct Fund Composite: Hedge Fund Research HFRI Fund Weighted Composite Index
Fund of Funds Composite: Hedge Fund Research HFRI Fund of Funds Composite Index
Macro: Hedge Fund Research HFRI Macro Total Index
International, 7% Emerging Markets, 5% U.S. Equity REITS, 6% MLPs
U.S.: MSCI USA Net Total Return USD Index
China: MSCI CHINA Net Total Return USD Index
Japan: MSCI Japan Net Total Return USD Index
Germany: MSCI Germany Net Total Return USD Index
India: MSCI India Net Total Return USD Index
United Kingdom: MSCI UK Net Total Return USD Index
France: MSCI France Net Total Return USD Index
Italy: MSCI Italy Net Total Return USD Index
Brazil: MSCI Brazil Net Total Return USD Index
Canada: MSCI Canada Net Total Return USD Index

This report is intended for the exclusive use of clients or prospective clients of FNBC BANK AND TRUST. Content is privileged and confidential. Dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources which are believed though not guaranteed to be accurate. Past performance does not indicate future performance. This paper does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.
Not FDIC Insured | May Go Down In Value | Not Guaranteed By Bank | Subject To Investment Risk