

March 1, 2022

Dear Client,

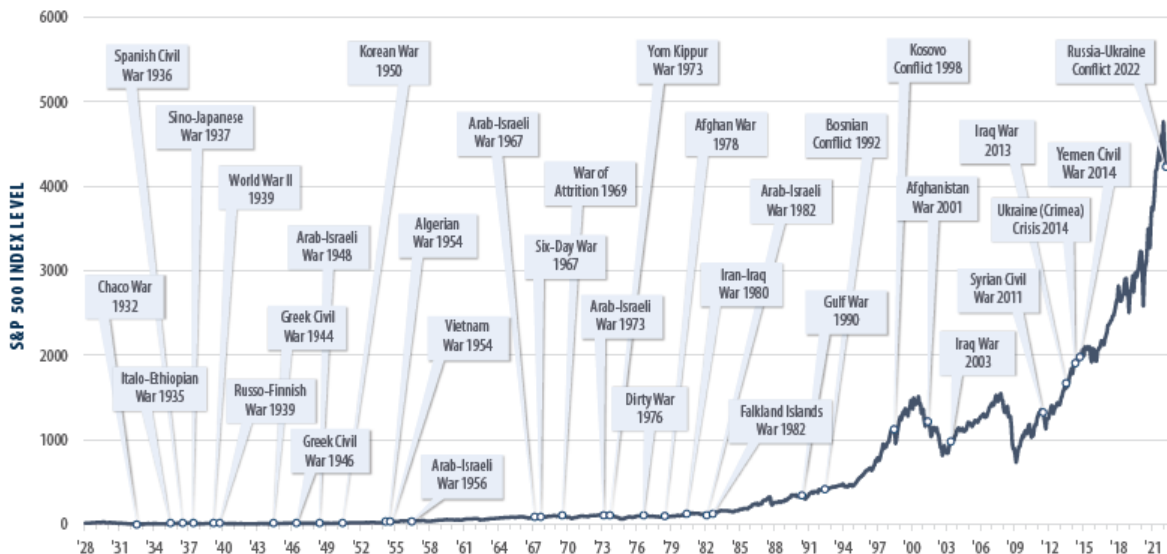
The Russia-Ukraine crisis has caused considerable volatility in global markets. Many factors contribute to why markets may move one way or another, but with respect to geopolitical issues, markets have historically been resilient and tended to bounce back over a short period of time. The following chart depicts historical world events and market reactions:

## War Times & The Stock Market

S&P 500 Index



Wars and conflicts have been a constant throughout history, however recent events might cause us to look at how the stock market has performed during past times of war. The chart below shows the S&P 500 Index level since 1927 and several of the major wars and conflicts since then. Though uncertainty may temporarily shape the market, we believe seeing the market's overall resiliency can help maintain a long-term perspective.



Source: S&P Capital IQ, Bloomberg. Monthly index levels from 12/31/1927 - 2/23/2022. Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

While this graph provides a compelling perspective of the resiliency of markets, it is important to remember you do not own the S&P500 – **you own a portfolio of stocks and bonds that is allocated in keeping with your emotional and financial tolerance for risk and considers your long term goals and your spending needs.**

The stocks in your portfolio are individual companies, each with their own management teams taking steps to address the unique hurdles this geopolitical crisis might have on their industry and their company. Some companies,


mostly in the energy and commodities space, stand to benefit from the disruption and their stock prices are actually hitting 52 week highs. Others, especially those with high energy costs, will face near term headwinds to their profitability. For the most part, the bonds in balanced portfolios are higher quality loans with a minimal chance of default and maturities largely spread over the next 1-5 years providing ample liquidity. Additionally, we have long held gold and gold mining companies as a hedge against the unknown and they are performing exactly how we hoped they would. **You hold no direct exposure to investments based in Russia or Ukraine.**

Adding to the market angst is Russia's status as a nuclear power. Russia is also the world's second largest exporter of oil and is the largest exporter of wheat. Ukraine is the 5th largest exporter of wheat. In the face of sanctions we expect energy and food inflation to go higher near term slowing global economic growth. **Markets hate uncertainty and it is impossible to know how the Russia-Ukraine crisis will play out. But the above chart gives us confidence that, with a long term perspective and a healthy dose of patience, this too shall pass.**

**Buying opportunities arise during times of stress but they rarely feel like it at the time. That is only obvious in retrospect.** We believe we are in one of those times and intend to use this pullback as an opportunity to make new investments in companies and loans with great long term prospects at a bargain price. We care little for where they will be priced in three days, weeks, or even months, but where they will be in three + years. We will proceed cautiously and selectively with your needs and risk tolerance in mind.

We understand the news is concerning and we are horrified by the human toll Russia's invasion has on the people of Ukraine. As always we urge you to not react to the media or to short term price fluctuations and to focus on our long term plan. It is a formula that has proven to be very successful in the past. If you have any concerns at all, please don't hesitate to reach out.

Sincerely,



Craig W. Hutchison  
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Senior Portfolio Manager



Andrew A. Westhuis, CFA, CFP  
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Portfolio Manager

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