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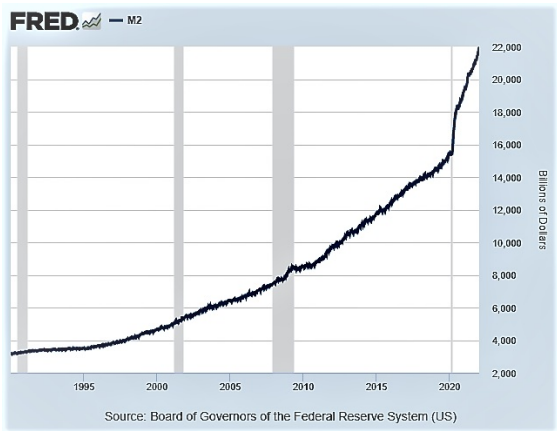
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Greetings:

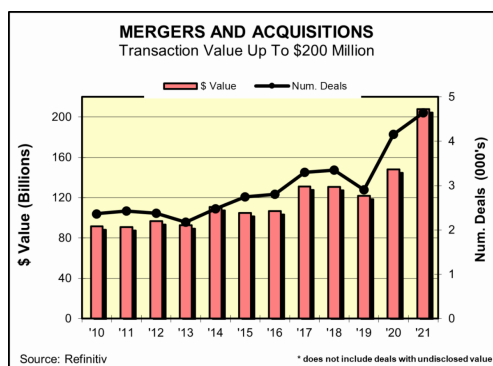
The economy in 2021 went out with a bang. Annual GDP grew 5.7% after a 6.9% gain in the fourth quarter. Auto sales rebounded significantly from pandemic lows to 15 million vehicles despite constraints on sales caused by a shortage of semiconductor chips. Housing starts were up almost 16% during the year and should continue upward in 2022. January employment figures jumped to 149.6 million employed and, while still below pre-pandemic levels and uneven, the labor market overall remains strong, helping fuel consumer demand in turn. Retail sales, which declined at year-end, reversed course and surged 3.8% in January. Although Russia's unfortunate actions in the Ukraine will hamper economic growth, hopefully, there is sufficient forward momentum to keep the overall recovery on track.

Money Supply Jumps to \$21.8 Trillion



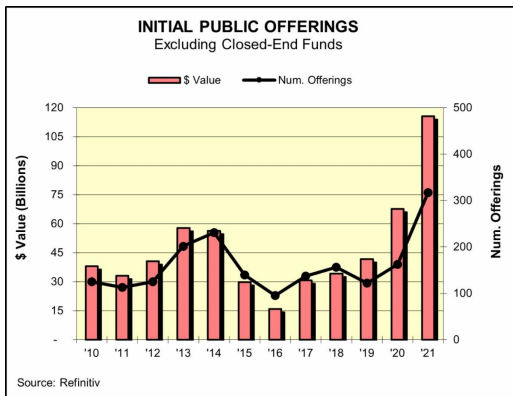
As seen on the graph at left, Money Supply grew more than 12% in the year to \$21.7 trillion. For followers of "Chicago School" economics, the tsunami of money injected into the economy was certain to result in high rates of inflation. On cue, the CPI jumped 7.5% year over year in January and the PPI was up a whopping 9.7%. If not for the low velocity of money, inflation could have been much worse.

M&A Market Activity



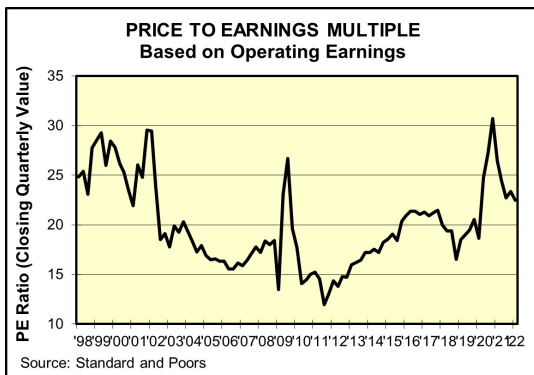
Middle-market M&A activity in 2021 was healthy, notwithstanding the pandemic. This trend continues in 2022. The increase in activity was aided by SPAC acquisitions, which have begun to cool off.

IPO Activity



IPO activity in 2021 was robust and investor appetite for investments remains strong.

Valuation Perspective: PE Ratios



The chart on the left shows historical P/E ratios declining in 2021 as earnings caught up with valuations. Current operating P/E ratios are in the neighborhood of 22x to 23x, still above the 30-year average of 19.4x, but appear reasonable in light of a continuing low interest rate environment.

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