

December 6, 2022

Dear Valued Investor,

Through all the challenges, newfound opportunities, and every high and low we've experienced during the last couple of years, it's no surprise why we might be striving for more balance. Whether it's about the markets and global economy or what's happening in our local communities, the news we're hearing on a daily basis has the potential to disrupt the balance of our lives. But with resilience, perspective, and the support of close connections, we can navigate through it all and regain our sense of equilibrium. Even after another dizzying year, as 2022 proved to be.

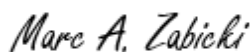
After two years of disruption due to the COVID-19 pandemic, we were searching for some kind of return to normalcy, while at the same time, still experiencing the aftereffects of the pandemic. Some of those aftereffects included the imbalances created by the fiscal, monetary, and public health policy put in place to address the pandemic—and the process of addressing those imbalances has been disorienting at times. If 2022 was about recognizing imbalances that had built in the economy and starting to address them, we believe 2023 will be about setting ourselves up for what comes next as the economy and markets find their way back to steadier ground—even if the adjustment period continues.

The Federal Reserve (Fed) spent 2022 aggressively fighting inflation by raising interest rates. In 2023, we expect the Fed to find that point where it can stop raising rates, as inflation starts to come under control. The Fed's efforts to control inflation throughout 2022 pulled interest rates off of extremely low levels that were historically unprecedented. While that has been painful for bond investors, for the first time in a decade savers can now get an attractive yield, and 2023 will be more focused on how to potentially benefit from this significant shift. Stock market expectations may also see some realignment heading into 2023. The projections for certain market segments became too high in 2022 following a decade of low rates and a burst of extraordinary technology adoption. We expect 2023 will likely be more focused on the opportunities that may emerge from a market sell-off.

LPL Research's *Outlook 2023: Finding Balance* is our guide to how the readjustments in the economy and markets may impact you in the coming year. The disruptions may not be fully resolved and there may be more challenges to come, but progress toward finding balance is well underway. And when those disruptions hit the market, it can be hard to find our footing and stay the course. Those are the times when sound financial advice is more valuable than ever, as it helps us find our center, remember our plan, and stay focused on our goals.

Please contact your financial advisor with questions.

Sincerely,



Marc Zabicki, CFA
Chief Investment Officer
LPL Research

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All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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For a list of descriptions of the indexes and economic terms referenced, please visit our website at lplresearch.com/definitions.

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