Trillion Wealths

2022 Annual Report

Comprehensive review of market performance in 2022 and outlook for the coming year.

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1. Executive summary

2022 was a challenging year for global risk assets. The U.S. large-cap benchmark, the S&P; 500, declined -18.11% (calendar year 2022, S&P; 500). Technology-heavy growth benchmarks underperformed materially — the Nasdaq 100 fell -32.97% (calendar year 2022, Nasdaq 100) — while the Dow Jones was down -8.78% (calendar year 2022, Dow Jones Industrial Average). Inflation remained well above target (CPI: 6.5% (CPI: December 2021 to December 2022)), prompting an aggressive cycle of Fed tightening that raised the federal funds target range to 4.25% - 4.50% (FOMC target range, Dec 14, 2022) by mid-December. Interest rates rose materially: the 10■year Treasury yield was roughly 10-year Treasury yield: ~3.62% (month-end Dec 2022) by year■end. Emerging markets also suffered, with the MSCI Emerging Markets index falling about -20.09% (MSCI Emerging Markets, calendar year 2022).

Market/statistic	2022 outcome
S&P 500 (price return)	-18.11% (calendar year 2022, S&P 500)
Nasdaq 100 (price return)	-32.97% (calendar year 2022, Nasdaq 100)
Dow Jones Industrial Average (price return)	-8.78% (calendar year 2022, Dow Jones Industrial Average)
MSCI Emerging Markets (price return)	-20.09% (MSCI Emerging Markets, calendar year 2022)
U.S. CPI YoY (Dec 2022)	6.5% (CPI: December 2021 to December 2022)
Federal funds target range (Dec 14, 2022)	4.25% - 4.50% (FOMC target range, Dec 14, 2022)
10■year Treasury (month-end Dec 2022)	10-year Treasury yield: ~3.62% (month-end Dec 2022)
Brent crude / WTI (2022 avg)	Brent crude averaged ~$100/barrel in 2022 (energy & geopolitical
Gold (year-end 2022)	Gold: roughly flat to slightly down for the year (close ~ $1,800/oz a

2. Market performance — equity & fixed income

2.1 Equity markets — overview

Global equity markets fell across the board in 2022. In the U.S., the S&P; 500 finished the calendar year down -18.11% (calendar year 2022, S&P; 500), the Nasdaq 100 lagged with a -32.97% (calendar year 2022, Nasdaq 100) decline, and the Dow fell -8.78% (calendar year 2022, Dow Jones Industrial Average). Outside the U.S., developed-market indices and MSCI World-style benchmarks also posted negative returns; emerging markets were particularly weak (MSCI EM ~ -20.09% (MSCI Emerging Markets, calendar year 2022)).

2.2 Fixed income — overview

A steep and rapid tightening cycle from major central banks pushed yields higher and produced negative total returns across most government and long-duration bond indices in 2022. The U.S. fed funds target range ended 2022 at 4.25% - 4.50% (FOMC target range, Dec 14, 2022) and the 10■year Treasury yield finished the month of December near 10-year Treasury yield: ~3.62% (month-end Dec 2022), delivering positive income but negative price returns for longer-duration holders.

3. Commodities & FX

3.1 Commodities

Energy markets were volatile: Brent crude averaged about $100/barrel in 2022 amid supply shocks and geopolitical tensions (notably the war in Ukraine). Precious metals showed mixed performance — gold traded around $1,800/oz at year-end 2022)/oz at year-end, roughly flat for the year. Industrial metals and agricultural commodities experienced large regional swings driven by demand shifts and logistics constraints.

3.2 FX

The U.S. dollar strengthened through parts of 2022 as rate differentials widened; currency moves were a significant driver of returns for unhedged international investors. Emerging■market currencies underperformed on average, reflecting capital outflows and domestic stress in several countries.

4. Macro & policy review

4.1 Inflation & labor markets

Inflation proved persistent through 2022: consumer prices rose 6.5% (CPI: December 2021 to December 2022) from December 2021 to December 2022 according to BLS data. Labor markets remained relatively tight for much of the year, complicating central bank efforts to tame price pressures without triggering a sharp slowdown.

4.2 Central bank policy

The Federal Reserve executed an aggressive hiking campaign in 2022, ending the year with a target federal funds range of 4.25% - 4.50% (FOMC target range, Dec 14, 2022) after multiple outsized hikes. Other major central banks followed similar tightening paths, with policy shifting from emergency accommodation to restrictive in pursuit of returning inflation to target.

5. Portfolio performance — Trillion Wealths (illustrative)

Note: the figures below are illustrative placeholders. Provide account-level data to replace these with Trillion Wealths' actual returns.

Model	2022 (%)	YTD (Dec 31 2022) (%)	Notes
Growth (equity-heavy)	-12.5	-12.5	Underperformed in 2022 due to tech exposu
Balanced (60/40)	-8.0	-8.0	Equity drag partially offset by higher yields l
Conservative (30/70)	-2.0	-2.0	Lower drawdown due to fixed income expos

5.1 Attribution & drivers (illustrative)

- Equity selection (concentrated growth exposures) was the largest detractor for growth-oriented portfolios in 2022. - Rising yields and spread widening produced losses for long-duration fixed income; however, cash and short-duration securities provided stability later in the year as rates rose. - Commodity exposure delivered mixed outcomes: energy exposure helped where present; industrials and inflation■sensitive sectors were volatile.

6. Positioning and outlook for 2023

Given the 2022 backdrop of high inflation and tighter policy, our base-case tactical stance for early 2023 emphasized: - Preserve liquidity and reduce single-stock concentration risk. - Maintain diversified core equity exposure with selective cyclicals where valuation and earnings momentum supported it. - Move to shorter-duration bias in fixed income with opportunistic reinvestment as yields stabilized. - Use hedged international allocations to manage FX volatility for USD-based clients.

7. Risk scenarios & stress tests

We highlight three scenario buckets (illustrative): - Soft landing: inflation cools materially, growth slows modestly — equities recover, bond curves normalize. - Hard landing: inflation remains sticky, policy tightens further — recession risk rises, credit stress increases. - Stagflation: growth stalls while inflation remains elevated — real assets and selective value exposures may outperform. We recommend stress-testing portfolios across all three scenarios and maintaining dynamic risk limits.

8. Appendix & data sources

Key sources consulted in preparing this annual review (select): - S&P; 500 annual returns (Slickcharts, S&P; historical returns). - Nasdaq 100 annual returns (Slickcharts). - Dow Jones annual return series (Macrotrends). - U.S. Bureau of Labor Statistics — CPI: 2022 in review (BLS). - Federal Reserve — FOMC statement, December 14, 2022 (Fed press release). - FRED / YCharts / Treasury data — 10-year Treasury yields (Dec 2022). - U.S. Energy Information Administration (EIA) — crude oil averages 2022. - World Gold Council / market reports — gold year-end 2022. Please replace illustrative portfolio figures with Trillion Wealths' actual account-level data for client reporting where required.

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