

## 4<sup>th</sup> Quarter 2021

One of our themes over this past year has been economic progress. In this note over the past year, we've talked about economic progress and the last three months of the year did not disappoint as well. One area worth noting is interest rates. 2021 finished with higher rates than where it started across most of the U.S. Treasury curve, with the notable exception of the very short end of the curve. As is typical, the rising rates were not consistent across the maturity curve, but they were upward moving. Now one may want to point out that rising rates may not be the best indicator if we want to talk about positive total returns in fixed income portfolios, but nonetheless we needed to start an upward progression from what have been historically low rates for a fair amount of time in recent memory. If the tail end of the quarter is any indication, we're likely to see more upward trending rates accompanied by a fair amount of volatility as we work into 2022. Moving interest rates means opportunities, yet those opportunities are only good if you stick to your investment philosophy. That's something we've been doing for over 25 years. We're ready.

Other economic indicators are also showing signs of continued improvement, although one cannot close out a review on 2021 without mentioning the ongoing evolution of the coronavirus. It is apparent, as we saw coming into the tail end of the year, that COVID-19 is not yet ready to fade out. That will continue to strain markets and create volatility for the continued recovery as we deal with the ever changing impact of the virus. That may mean a step back before we can continue to step forward but our team is ready to capitalize on opportunities in the market as they materialize, whether we're still sitting in our homes or in our main office.

Fourth quarter also brought the beginning of a new chapter for Galliard with the launch of our new parent company, Allspring Global Investments, as a result of the close of the sale of Wells Fargo Asset Management and Galliard by Wells Fargo & Co. Allspring begins its first chapter with 20% of the overall company being owned by employees as well as the support of our other investors to help us deliver the best investment solutions possible. Rest assured that under our new ownership, the Galliard mission remains the same – to focus on fixed income solutions for the institutional marketplace and we look forward to delivering on our theme of consistency you have come to know us for.

So as we begin our journey into 2022, the Galliard team is excited for the opportunities that change will bring. 2022 is poised to bring great things, but as we have seen time and time again over the years, there will likely be some volatility that accompanies those great things, especially in the financial markets. We will continue to put our active management acumen to work that we have honed for over 25 years and we look forward to discussing with you in the months ahead how we can assist you with reaching your goals. As always, please don't hesitate to reach out to any of us on the Galliard team and let us know how we can assist. We're looking forward to taking advantage of the great things to come and putting them to work in your portfolios.

Ajay Mirza, Mike Norman, and Andrew Owen

*Senior Managing Principals*