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Market Commentary¹

The End of Free Money

While the war in Ukraine and the related jump in energy prices has certainly been an issue, the main factor driving markets has been and will continue to be the Fed's considerable interest rate policy changes in response to spiking inflation. Bonds are the cost of money, and we have been voicing concerns on the bond market and inflation for some time now. To us, free money does not make sense, and we advocated holding excessive cash balances or buying inflation-hedged bonds as there were frankly no good, fixed income investment options. While this was truly frustrating, more and more this looks to have been the right thing to do with the US Government/Credit Bond Index (a mixture of intermediate US Treasuries and high-grade corporate bonds) being down over 10% year to date. In May of 2021 the 2-year Treasury bond rate was approximately .15%. Currently, 2-year bonds are paying above 2.5%. We think idle cash should now be laddered equally into 1-year and 2-year Treasury bonds or as a means of getting paid now on expected future rate increases. This will also help you climb up the interest rate curve. Finally, some rent on your money.

(continued)

Market downturns happen frequently but don't last forever

Standard & Poor's 500 Composite Index (1952-2021)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency [†]	About three times per year	About once per year	About once every three years	About once every six years
Average length [†]	43 days	110 days	251 days	370 days
Last occurrence	October 2021	September 2020	March 2020	March 2020

*Assumes 50% recovery of lost value.

† Measures market high to market low.

Sources: Capital Group, RIMES, Standard & Poor's. As of 12/31/21.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

You work hard for your money.

We'll work hard to help protect it.

1. (RBA Advisors, 2022)

2. (Capital Group, 2021)



Overnight money was approximately 0% before the March Fed meeting. Rates have now been raised two times and the Fed has told everyone to expect interest rate increases at all five remaining Fed meetings in 2022.

They have also noted that some meetings – like the recent May meeting – will involve half percent increases vs the more traditional .25% increases. Monetary policy has shifted to an aggressive stance, and this means the risk of a recession has likewise increased.

We have been advocating prudence since before the pandemic and have worked to keep our client's portfolios within their targeted comfort zone. We have also expressed our concerns with the extended valuation risk in certain segments of the stock market – mainly growth, specifically technology, and in particular new technology names. We know that we have not always been tax friendly in recent years, but valuations have always been the ballast for our investment ship. We just felt it was prudent to re-allocate from richly priced growth stocks to traditional value names, which we largely minimized for years post credit crisis. While the value names were often cheap even by historical standards, when markets sell off, they always seem to sell all stocks off. That said, we are pleased with how well portfolios are holding up and that damage so far has been minimized. We also think that these fairly priced stocks will bounce back and likely stronger than other stock sectors.

We do not fear a recession, but we do always want to be prepared for one should it happen. Valuations have always helped us do so. We think there are few reasons for all of us to be optimistic in face of Fed policy changes. For one, consumers are in excellent shape and their savings ratio remains elevated at a high level. Pent up demand, which should drive solid economic growth, exists for a host of items but can be easily seen in automobiles and housing. We have talked for years of the need to build houses and demand has now driven housing inventories to historically low levels and new construction permits to elevated levels.

Likewise, car dealer lots remain empty. Housing and autos are both key sources of economic growth. Finally, inventories remain depleted and will need to be re-built. More importantly, the philosophy of just in time inventory is widely being replaced with a just in case mentality. For these reasons, and more, we expect continued economic growth in the coming quarters.

We do see GDP and profit growth moderating from the lofty post pandemic increases. With little or no population growth and immigration on hold, we lack available workers to sustain the growth rates of recent years. Unemployment is 3.6%, a historical low, and for every person looking for work two job openings exist. We need workers, and the glut of Baby Boomers all reaching retirement age is not helping. That said, moderate growth should help combat inflation and make the Fed's chances of organizing a soft landing easier.

Bottom line, it is a mixed bag out there. Feel free to grab some popcorn but keep your helmet on. We think we are prepared. In our book fundamentals have always mattered and once again, our combined focus on the fundamentals should help us navigate what unfolds in the coming years. As always, never hesitate to call if we can help or if you want to talk about the markets further.

Tom Foley
Managing Director, Private Wealth Advisor
 05/18/2022

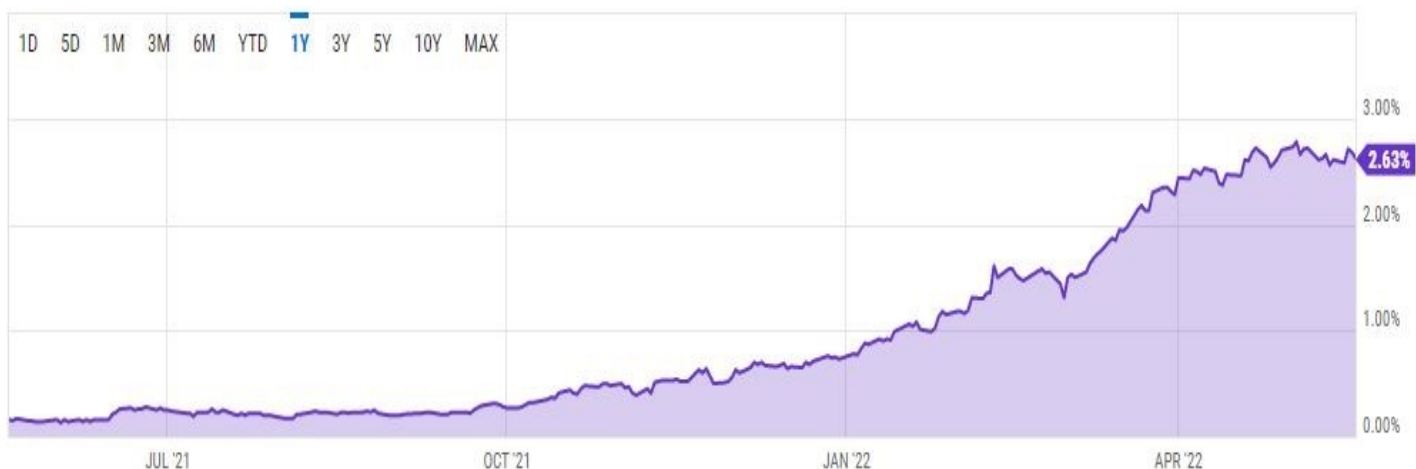
“QUOTABLE”

“WE EXPECT REAL GDP GROWTH TO SLOW FROM 5.5% YEAR-OVER-YEAR IN THE FOURTH QUARTER IN 2021 TO ROUGHLY 2.0% YEAR-OVER-YEAR BY THE FOURTH QUARTER OF 2022.”

**-DAVID KELLY,
 CHIEF GLOBAL STRATEGIST
 J.P. MORGAN**

2 Year Treasury Rate

2.63% for May 19 2022



Cyber Security Reminders!!!

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With the war in Ukraine, cyber threats are on the rise and will continue to disrupt our digital well-being. To help protect your information, you should consider taking the following steps:

- Install and update all antivirus and antispyware programs on all devices and run them daily vs periodically/less frequently.
- Access sensitive data only through a trusted device and secure internet connection or VPN.
- If you have children, set up a separate device or computer for them for games, social media, or online activities.
- Don't allow your credit card to be used or saved on devices.
- Keep operating systems and software up to date.
- Do not install pirated software or unknown apps – they often contain security exploits.
- Frequently back up your data in case of ransomware attacks.

2022 BERKSHIRE HATHAWAY ANNUAL SHAREHOLDERS MEETING



“The US is still running low on inventories for many goods due to the surge in consumer spending.”
 Brian Wesbury, Chief Economist
 First Trust Advisors L.P.

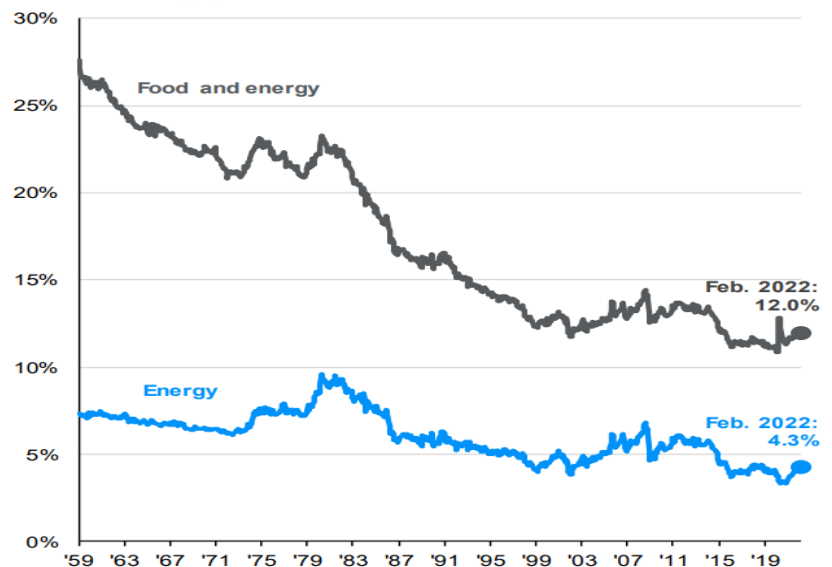
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Will Food and Gas Prices Stabilize? ⁹

Consumers are more insulated against price spikes than they were in the 60s and 70s. As a percentage of Personal Consumption Expenditures, Americans now spend less on Food and Energy than they did back then. We are less dependent on foreign oil, coupled with more efficient vehicles and homes which leaves our economy less vulnerable or more able to absorb price spikes. As inventories build and supply comes back, we do believe inflation will moderate and prices can stabilize. The one concern we have is that it affects the lower income households more and that can deepen income inequality.

Consumer spending on energy and food

% share of energy goods and services and food in PCE



Source: BEA, J.P. Morgan Asset Management.
 Guide to the Markets – U.S. Data are as of March 31, 2022.

6. (Keith Hier, 2022)

8. (BEA, JP Morgan, 2022)

7. (Brian Wesbury, 2022)

9. (Keith Hier, 2022)

Are You Considering Changing Jobs?¹⁰

More people are looking to be a part of one of the largest employment shifts in recent memory. Before you make a job change, you may wish to consider the following:

Vesting Schedule- this is the timeline of how much of the employer match you are allowed to keep if you were to leave. Please note: this applies only to your employer's non-safe harbor contributions, all other sources of funds should be yours to take.

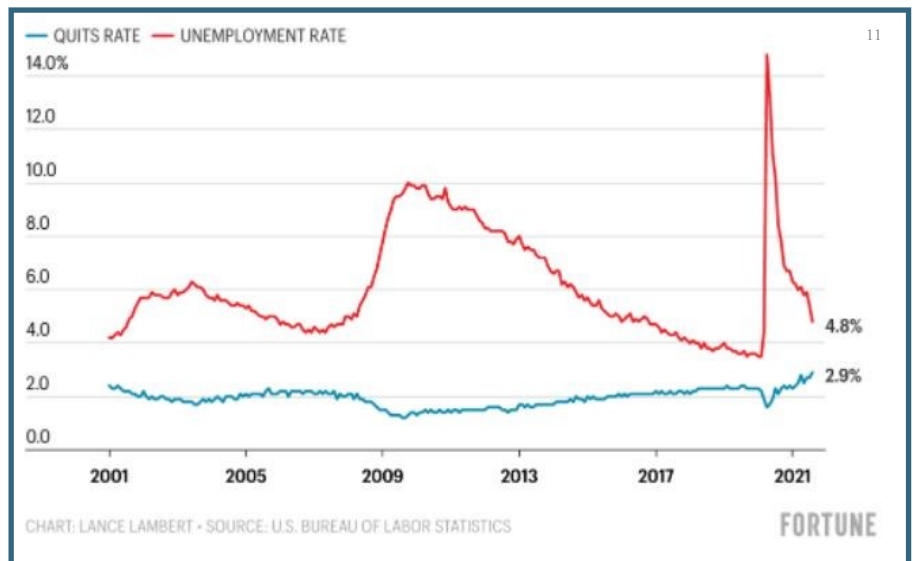
Total Compensation- Compensation

is more than hourly pay or annual salary. If you consider all of the components you are likely to make a better long-term decision. In addition to base compensation the following are all important factors to review:

- Bonuses and/or commissions and how they are structured greatly impact your yearly income.
- Sponsored retirement plan and/or contribution match program. If your new employer does not provide a match or does not sponsor a retirement plan, these can slow down your ability to meet your longer-term savings goals.
- Insurance coverage provided by your employer is an additional benefit that can greatly impact your current and future financial picture. This includes: life insurance, disability insurance, and health insurance. Make sure the cost and benefits are similar to your current coverage.
- Paid time off is a benefit that should be considered not just in the amount given, but also in the ability to enjoy that time away.

Balance and Fulfillment- Work is a large portion of life. Finding meaning in that work is a key indicator of success, happiness, and longevity. While the pastures might always seem greener somewhere else, it is worth revisiting your current situation. Taking both a logical and emotional review of this major life decision is important.

If you find, after reviewing all of these components, that you want to start your next adventure or you are simply unsure and you would like some outside perspective, please let us know. We would be happy to be a sounding board or review the different benefits that are offered to you and how they align with your financial plans.



“QUOTABLE”

“PLENTY OF REASONS SUGGEST WE ARE NOT ABOUT TO HAVE A RECESSION THAT STARTS IN 2022 OR EARLY 2023. THERE WERE 11.5 MILLION JOB OPENINGS AS OF MARCH COMPARED TO 7.0 MILLION IMMEDIATELY PRIOR TO COVID. DEMAND FOR WORKERS REMAINS ROBUST.”

-BRIAN WESBURY, CHIEF ECONOMIST
FIRST TRUST ADVISORS L.P.

10. (Harrison Sommers, 2022)

12. (Brian Wesbury, 2022)

11. (Lance Lambert 2022)

Announcements and Accomplishments

Welcome Sean and Christina to the Hightower Team!

Sean Song joined the Hightower Omaha team in November of 2021. Sean brings 2 years of industry experience including roles at Prudential Financial as a Registered Representative and TD Ameritrade as a Derivatives Trader.



Sean is an enthusiastic part of our team and has a strong desire to serve our clients. His propensity to take on new challenges and maintain a happy-go-lucky attitude helps drive culture and efficiency throughout the office. Additionally, Sean has a passion for learning and considers himself to be a life-long student of the market. He is also a self-anointed Portfolio Manager for his own investment accounts.

Sean is an Omaha native and an avid golfer. He graduated from the University of Nebraska at Lincoln with a degree in Business Administration and Management while competing on the University Men's Golf team. Sean served as a captain for his sport and lettered in all four years, showing the natural ability to juggle a multitude of tasks at once (he can really juggle too!).

Outside of work, you can catch Sean studying towards the CFP designation, playing golf when he gets the chance, and spending time with loved ones.

Christina Muska joined Hightower Omaha in April of 2022 as the Client Service Associate. She's thrilled to have such a dynamic role and is looking forward to getting to know the clients. She's also excited to be assisting with the marketing and social media at Hightower.



Prior to joining the team, she worked in the financial and insurance industries in various marketing roles. She loves any chance to be creative and social, so working with the team and clients is a perfect fit. She's currently working on getting her Series 7 and 66 licenses to expand her knowledge and abilities.

Christina grew up in West Point, Nebraska where her parents have a corn and soybean farm. She moved to Omaha for college where she attended the University of Nebraska at Omaha and earned her degree in Business Administration and Marketing.

She has two children, Lena (11) and Julian (8) - together they call themselves the "3 Muska-teers." In her free time, she enjoys baking, playing music/singing (she plays the piano, guitar, and ukulele), tackling projects around the house, and taking weekend trips to explore nearby cities with her kids or with friends.

Help Wanted!

POA's and Beneficiaries

Designating beneficiaries on your accounts can help ensure your money goes where you want upon your death. A Power of Attorney (POA) can authorize a party to make decisions on your behalf should you lose the ability to make competent decisions. Together, beneficiaries and POA's can help protect your legacy. At your next check in, consider talking with us about whether you'd like to add or update your beneficiary and/or POA information.

Account Maintenance

Do you have your outside bank linked to your account? Adding an Electronic Funds Transfer (EFT) link can be an easy way to deposit money to your accounts here, as well as withdraw funds, should the need arise. Contact us to get this set up or to update any existing EFT links if you've had any changes.

RMD Requirement Updates

Turning 72 in 2022? Happy Birthday! It's time to take your first Required Minimum Distribution (RMD). The SECURE Act changed the age requirement for RMDs from 70.5 to 72. You have as late as April 1 of the year following the year you turn 72 to take your first RMD. Every year after, it must be taken annually by December 31st. We can easily help you calculate how much you need to take.

Disclosures:

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The above summary/prices/quotes/statistics have been obtained from sources believed to be reliable, but we cannot guarantee their accuracy or completeness. Past performance is no guarantee of future results.

Planning for Your Success

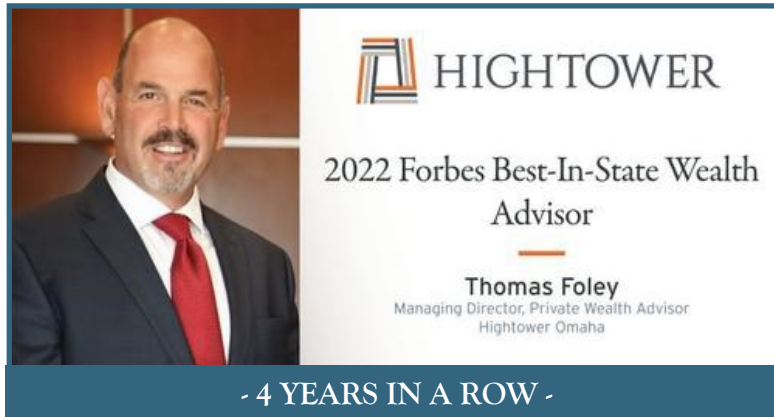
Our Goal is to help each of you achieve your personal investment goals. For some, it's funding a certain retirement life-style or creating a college fund for your kids or grandkids. For others, it's creating a legacy to pass along to family or charity. Others are in the building and accumulation phase of life. We believe we can help each of you accomplish your long term goals by establishing and adhering to a comprehensive financial plan, and we believe this because daily we bear witness to a lifetime of efforts coming to fruition. It is also why we look forward to each and every day.

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The Foley Crew

The Foley Family – Georgia is excited for summer and her OCC life guarding job. She is headed into her Senior year and is in the midst of her college search. Paige is now a city girl having just returned from Loyola. She is really loving her business classes. Cal builds Sports Fields. He enjoys being outdoors, cool machinery and precision construction work. Tamara enjoys her new tennis league and thinks her new e-bike is sporty. Tom is still pedaling to keep up with the kids, Tamara, and work.



The Hier Family — Keith, MJ, and kids (now 11, 7 , and 5 year old twins) continue to be busy with kid activities, soccer, and dance. Every weekend (ha) is scheduled through August, which will include a trip home to Wyoming and his wife's brother's wedding in Spain (no kids). He's also signed up for metalwork and blacksmithing classes to hone his knifemaking skills (several hunting knives and chefs knives have come out of the Hier factory thus far).



The Kaufman Family—The Kaufman family is staying busy as we return to somewhat normal life in 2022. Justin began his volunteer coaching career over the winter, coaching his 7 year old son Carter's YMCA team. Justin also had the chance to start playing live music again with his band, The Shenanigans, playing a number of St. Patrick's Day shows. Justin's daughter, Lillian (3), continues to do whatever she wants, all the time.



Harry—The big news is that after completing his Creighton MBA, Harry moved to Chicago this spring. Hightower Omaha serves clients across the US and the pandemic helped us all understand, that with technology, each of us can work anywhere. Harry proclaimed he can do what he loves most – help each of you, continue to be part of Hightower Omaha all while being able to spend free time with his closest friends and family. He now can finally determine what all the hubbub around deep dish pizza about.

The Foley Crew



Sean—It has been a busy year for Sean thus far chasing his cats, landscaping around his house, and somehow, his girlfriend continues to find new things for him to do around the house. Nonetheless, Sean is excited to spend his summer months with a relaxing visit to San Diego with family, finish several woodworking projects, and cook more delicious meals, such as smoked brisket.

Christina — Christina and her kids recently took a trip to Colorado over spring break. Favorite memories were hiking at Red Rocks, exploring Breckenridge in the snow, and experiencing the unique and interactive art at Meow Wolf in Denver. Lena (11) has been learning the basics of volleyball with various camps and Julian (8) has been working on his karate skills. They're all anxiously waiting for summer break to enjoy as much patio and pool time as possible.



Marg Marg is transitioning away from day-to-day work and will now be the “as needed” director of moral support. Her maternal care for all of you and for us has been immeasurable. She has been with us since the beginning at Hightower Omaha and is a unique friend to so many. Kind, brilliant, and powerful women like her do not come along very often, and we have been lucky to get to share our time with her. Everyone that has met her likely walks away knowing they’ve been graced by someone special. Marg is really looking forward to spending more time with her marvelous wife, Connie, and having fun with grandkids and family. They hope to step up the traveling and wine drinking. She is still around to keep us laughing and is happy to stay in touch. She is also a top client so has a shared interest in the office continuing to run smoothly. She was also reluctant to step away until we found the right person, which we have in Christina (true story - she’s had multiple scheduled last days that never came to fruition since she wanted to keep on going). There just aren’t words to do her justice. She is truly one of kind and as good as they come. Here’s to Margaret Hobza!!!

You can help us celebrate her by sending a message to us that we will pass along or directly to her work email or her personal number since so many of you have it.