

Market and Economic Overview Period Ending March 31, 2022

After a relatively calm 2021, volatility came roaring back in the first quarter of 2022. Inflation, thought by many to be a short-term problem driven by COVID-related supply-chain disruptions, surged to 40-year highs in the quarter. Spurred by this historic increase in inflation, the Federal Reserve announced a more aggressive than expected plan to raise interest rates, and in late February Russia surprised the world, and markets, by launching a full-scale invasion of Ukraine. All of these factors combined to give investors quite the rocky ride through the end of March.

Market volatility didn't waste any time in the first quarter, with markets taking a hit just days into January as stickier-than-expected inflation numbers prompted the Fed to signal that they'd raise interest rates faster than previously expected, potentially hiking as early as March. This hawkish turn by the Fed as well as some disappointing earnings announcements hit the most expensive parts of the market hardest, with richly-valued tech stocks taking a tumble from year-end highs.

The fun continued into February as markets turned their attention from Fed policy to geopolitics as Russia began amassing troops on the Ukrainian border. The possibility of the biggest land war in Europe since WWII had markets in gyrations throughout February. On February 24th when Russia began its invasion, commodity prices surged, exacerbating inflation fears and roiling markets even further.

All this turmoil and uncertainty continued to shake markets into the first half of March until Russia's invasion seemed to stall out under strong opposition from Ukraine. While still a humanitarian crisis, fears of the conflict extending beyond Ukraine's borders faded over the month which was some comfort for investors. On March 16th, the Fed announced its March rate hike would only be 25 basis points, sparking what many are calling a "relief rally", which carried the major indices into positive territory for the final month of the quarter and pulling the S&P back from a near -13% decline to finish the quarter down -4.6%.

Despite this positive progress in the markets, inflation showed no signs of slowing over the quarter, with gas prices reaching record highs, vehicle prices staying at elevated pandemic levels, and housing prices continuing their upward climb on elevated wages and a massive shortage of for-sale housing supply. Though inflation has weighed on food and energy affordability, other economic data has so far remained stable. Unemployment dropped from 3.8% in February to 3.6% in March and many people who had been out of the labor market began to return to work for the first time since the pandemic began.

After more than two years of dominating the news, COVID-19 has, for the time being, receded in the headlines as numbers have dropped, mask mandates have expired, and federal and local governments have all but completely reopened.

All major US equity indexes finished down for the quarter, with the Russell 1000 Growth and Russell 2000 Growth showing the biggest declines as investors rotated out of relatively expensive tech stocks and into sectors more exposed to the traditional economy.

Investors also favored larger companies over smaller in the quarter, as larger companies' lower reliance on debt financing leaves them less exposed to rising interest rates. Energy and Utilities companies performed the strongest in a quarter where oil prices went through the roof on geopolitical concerns.

As one would expect given the upheaval caused by the Russian invasion of Ukraine, Eurozone equities were also sharply down for the quarter. Given the region's close economic ties the Russian and Ukraine as well as their reliance on Russian oil, there are fears that high energy prices and constrained supply will cause higher prices to weigh on both consumer and business demand and slow European economic activity. Emerging Markets were also down, as China's economy continued to slow on stronger regulations and a renewed COVID shutdown, and Russia halted trading on its stock market as the Ruble went into freefall following the invasion.

Bond markets had their worst quarter in years, as investors fled the asset class on inflation fears and the Fed's aggressive plan to raise rates as well as it ending its long-standing bond purchasing program in late 2021. Shorter-term bonds outperformed longer-term issues, and despite worries about inflation, high yield bonds outperformed investment grade issues, signaling that investors still have faith in the strength of the US economy going forward.

Commodities were the best performing asset class in the quarter, returning an aggregate 25%, driven by sharply higher prices for oil, gas, and wheat following Russia's invasion of Ukraine, strong gains in the prices of industrial metals, and modest positive moves in the prices of precious metals following a strong inflation outlook.

As the effects of supply chain disruptions, the Russia/Ukraine conflict, and inflation play out over the coming months, we remind participants to retain a long-term focus and to adopt a disciplined and well-diversified strategy tailored to their specific return objectives and risk tolerance, such as an age- and/or risk-appropriate model or a target date solution. Such an approach has proven essential over the past twenty years, allowing participants to earn solid returns on their retirement accounts over a period that included the worst market decline in generations back in 2008, and is particularly underscored by the strong recovery in the markets following the decline last March. We remain confident that such an approach will prove equally essential going forward.

Index (As of 3/31/22) ¹	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 yr
3-month T-Bills	0.03%	0.03%	0.06%	0.76%	1.09%	0.60%
Barclays U.S. Gov't/Credit Int.	-4.51%	-4.51%	-4.10%	1.50%	1.81%	1.85%
Dow Jones Industrial Average	-4.10%	-4.10%	7.11%	12.57%	13.40%	12.78%
S&P 500	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%
Russell 1000	-5.13%	-5.13%	13.27%	18.71%	15.82%	14.53%
Russell 1000 Value	-0.74%	-0.74%	11.67%	13.02%	10.29%	11.70%
Russell 1000 Growth	-9.04%	-9.04%	14.98%	23.59%	20.89%	17.04%
Russell Mid Cap	-5.68%	-5.68%	6.92%	14.89%	12.62%	12.86%
Russell 2000	-7.53%	-7.53%	-5.79%	11.74%	9.75%	11.04%
Russell 2000 Value	-2.40%	-2.40%	3.32%	12.72%	8.57%	10.54%
Russell 2000 Growth	-12.63%	-12.63%	-14.33%	9.88%	10.33%	11.21%
MSCI EAFE	-5.79%	-5.79%	1.65%	8.29%	7.23%	6.77%
MSCI EAFE Small Cap	-8.43%	-8.43%	-3.28%	8.92%	7.82%	8.69%
MSCI Emerging Markets	-6.92%	-6.92%	-11.08%	5.31%	6.36%	3.73%
Wilshire US REIT	-3.87%	-3.87%	29.14%	11.94%	10.04%	9.90%
DJ Global RESI	-3.46%	-3.46%	18.89%	6.96%	7.16%	7.74%
Bloomberg Commodity Index	25.55%	25.55%	49.25%	16.12%	9.00%	-0.70%
IQ Hedge Multi-Strat Tracker	-2.49%	-2.49%	-2.43%	2.28%	2.42%	2.13%

¹ The Bloomberg Barclays U.S. Government Credit Intermediate index is a registered service mark of Bloomberg Finance LP. Barclays is a service mark of Barclays Bank Plc, used under license; the Dow Jones Industrial Average is a service mark of Dow Jones & Company, Inc.; the S&P 500 Index is a registered trademark of the McGraw-Hill Companies, Inc.; the Russell 1000, 1000 Value, 1000 Growth, Mid Cap, 2000, 2000 Value, and 2000 Growth indices are registered trademarks of the Frank Russell Company; the MSCI EAFE and MSCI Emerging Markets indices are registered trademarks of MSCI or its subsidiaries; the Wilshire REIT index is a registered trademark of Wilshire Associates Incorporated; the DJ global Select RESI index is a registered trademark of Dow Jones Trademark Holdings LLC; the Bloomberg Commodity Index is a service mark of Bloomberg Finance L.P.; the IQ Hedge Multi-Strategy Tracker ETF is a trademark of New York Life Investment Management Holdings, LLC.

<p>STABLE VALUE [Federated Capital Preservation]</p>	<p>This option's objective is to provide a steady level of income while maintaining a stable principal value. The option invests in a portfolio of investment contracts issued by insurance companies, banks, and other financial institutions. Under the terms of these contracts, the issuing company promises to pay a specific rate of return for a specific period of time.</p>
<p>INTERMEDIATE BOND [Baird Aggregate Bond]</p>	<p>This option's objective is to invest in bonds and other interest paying securities with intermediate maturities, typically on average between 3 and 8 years. It will typically provide a higher level of total return over the long run than bonds with shorter maturities, but the securities are generally more subject to price changes, rising when interest rates fall and declining when interest rates rise.</p>
<p>OPPORTUNISTIC BOND [Loomis Sayles Bond]</p>	<p>This option's objective is to provide high total return from a combination of income and capital appreciation. It may invest in a broad range of securities, including, but not limited to, those of investment-grade and non-investment grade issuers domiciled in the U.S. or abroad, securities issued and/or guaranteed by the U.S. Government or another sovereign entity, in addition to mortgage- and asset-backed and emerging markets debt.</p>
<p>LARGE CAP VALUE [Vanguard Windsor II]</p>	<p>This option's objective is to produce capital gains by investing in stocks of large companies that the managers believe are currently selling at a price that is below their true value.</p>
<p>S&P 500 INDEX [Vanguard 500 Index]</p>	<p>This option's objective is to mirror the return of the S&P 500 Index. The option is unmanaged, remaining fully invested at all times and holds all 500 stocks in the S&P 500 Index in the same proportion as their weighting in the index.</p>
<p>LARGE CAP GROWTH [Harbor Capital Appreciation]</p>	<p>This option's objective is to produce long-term capital appreciation by investing in large companies that have the potential to exhibit above average earnings and or revenue growth relative to their industry or the overall market.</p>
<p>MID CAP INDEX [Vanguard Mid Cap Index]</p>	<p>This option's objective is to produce capital gains by passively mirroring the returns of the relevant Mid Cap market index.</p>
<p>SMALL CAP VALUE [DFA US Targeted Value]</p>	<p>This option's objective is to produce capital gains by investing in stocks of small companies that are currently selling at a price that is below their intrinsic value based on common market valuation techniques.</p>
<p>SMALL CAP GROWTH [Emerald Growth]</p>	<p>This option's objective is to produce long-term capital appreciation by investing in small companies that are currently selling at a price that is below their intrinsic value based on common market valuation techniques.</p>
<p>FOREIGN VALUE [Dodge & Cox International Stock]</p>	<p>This option's objective is to provide capital appreciation by investing in the stocks of companies whose shares are traded on foreign stock exchanges. Companies are selected that are believed to be selling at a price below their intrinsic value.</p>
<p>FOREIGN GROWTH [WCM Focused International Growth Instl.]</p>	<p>This option's objective is to provide capital appreciation by investing in the stocks of companies whose shares are traded on foreign stock exchanges. Companies are chosen that are believed to exhibit above-average growth characteristics and may invest in both developed and developing countries.</p>
<p>REAL ESTATE INDEX [Vanguard Real Estate Index]</p>	<p>This option's objective is to provide capital appreciation and income that correspond to the total return of the index by investing primarily in Real Estate Investment Trusts (REITs), and other Real Estate-related investments.</p>

**North Pacific Holdings
401(k) Plan
RetireView Models**

Asset Class	0 - 5 Years to Retire					6 - 10 Years to Retire				
	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive
Short-Term Fixed	54.0%	44.0%	34.0%	27.0%	22.0%	50.0%	42.0%	29.0%	19.0%	13.0%
Fixed Income	18.0%	15.5%	13.0%	11.5%	9.0%	18.0%	15.0%	13.0%	10.5%	7.0%
	18.0%	15.5%	13.0%	11.5%	9.0%	18.0%	15.0%	13.0%	10.5%	7.0%
Large Cap Value	3.0%	6.0%	9.0%	11.0%	10.0%	3.0%	5.0%	9.0%	10.0%	13.0%
Large Cap Blend	2.0%	3.0%	5.0%	5.0%	5.0%	3.0%	4.0%	5.0%	5.0%	6.0%
Large Cap Growth	1.0%	4.0%	8.0%	9.0%	9.0%	2.0%	4.0%	8.0%	9.0%	11.0%
Small/Mid Cap Value	0.0%	3.0%	4.0%	4.0%	7.0%	0.0%	3.0%	4.0%	7.0%	8.0%
Small/Mid Blend	2.0%	2.0%	2.0%	5.0%	7.0%	3.0%	3.0%	4.0%	5.0%	6.0%
Small Cap/Mid Growth	0.0%	2.0%	2.0%	3.0%	5.0%	0.0%	2.0%	2.0%	5.0%	7.0%
International Equity	1.0%	2.5%	5.0%	6.5%	8.5%	1.5%	3.5%	6.5%	9.5%	11.0%
	1.0%	2.5%	5.0%	6.5%	8.5%	1.5%	3.5%	6.5%	9.5%	11.0%

Asset Class	11 - 15 Years to Retire					16 + Years to Retire				
	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive	Conservative	Mod Cons	Moderate	Mod Agg	Aggressive
Short-Term Fixed	49.0%	39.0%	26.0%	14.0%	6.0%	48.0%	35.0%	22.0%	8.0%	0.0%
Fixed Income	17.0%	13.5%	11.0%	7.5%	4.0%	16.0%	12.5%	9.0%	6.0%	0.0%
	17.0%	13.5%	11.0%	7.5%	4.0%	16.0%	12.5%	9.0%	6.0%	0.0%
Large Cap Value	3.0%	6.0%	11.0%	14.0%	16.0%	4.0%	7.0%	11.0%	13.0%	15.0%
Large Cap Blend	3.0%	4.0%	5.0%	5.0%	6.0%	4.0%	5.0%	6.0%	7.0%	8.0%
Large Cap Growth	2.0%	5.0%	8.0%	11.0%	14.0%	2.0%	6.0%	8.0%	11.0%	14.0%
Small/Mid Cap Value	2.0%	4.0%	5.0%	7.0%	9.0%	2.0%	4.0%	6.0%	9.0%	12.0%
Small/Mid Blend	3.0%	4.0%	5.0%	6.0%	8.0%	3.0%	5.0%	7.0%	9.0%	10.0%
Small Cap/Mid Growth	0.0%	2.0%	3.0%	6.0%	8.0%	0.0%	2.0%	4.0%	7.0%	10.0%
International Equity	2.0%	4.5%	7.5%	11.0%	12.5%	2.5%	5.5%	9.0%	12.0%	15.5%
	2.0%	4.5%	7.5%	11.0%	12.5%	2.5%	5.5%	9.0%	12.0%	15.5%

Returns through March 31, 2022

Plan Option/[Fund Name]/ Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
STABLE VALUE					
Federated Hermes Capital Pres R6	0.33	1.45	1.78	1.74	1.44
FTSE Treasury Benchmark 1 Yr OTR USD	-0.82	-0.94	1.01	1.24	0.80
BOND					
Baird Aggregate Bond Inst	-6.33	-4.46	2.04	2.45	2.90
Bloomberg US Govt/Credit Interm TR USD	-4.51	-4.10	1.50	1.81	1.85
OPPORTUNISTIC BOND					
Loomis Sayles Bond Instl	-5.13	-0.83	1.99	2.41	3.51
Bloomberg Multiverse TR USD	-6.05	-6.22	0.77	1.78	1.21
LARGE CAP VALUE					
Vanguard Windsor™ II Admiral™	-3.79	11.58	17.95	13.38	12.56
Russell 1000 Value TR USD	-0.74	11.67	13.02	10.29	11.70
S&P 500 INDEX					
Vanguard 500 Index Admiral	-4.61	15.60	18.89	15.95	14.60
S&P 500 TR USD	-4.60	15.65	18.92	15.99	14.64
LARGE CAP GROWTH					
Harbor Capital Appreciation Instl	-13.60	3.41	20.49	20.23	16.20
Russell 1000 Growth TR USD	-9.04	14.98	23.60	20.88	17.04
MID CAP INDEX					
Vanguard Mid Cap Index Admiral	-6.32	8.82	15.67	13.00	12.94
CRSP - MSCI Mid Cap Index Composite	-6.31	8.85	15.69	13.02	12.99
SMALL CAP VALUE					
DFA US Targeted Value I	-0.11	10.82	15.94	9.98	11.70
Russell 2000 Value TR USD	-2.40	3.32	12.73	8.57	10.54
SMALL CAP GROWTH					
Emerald Growth Institutional	-10.96	-10.42	11.05	12.35	12.69
Russell 2000 Growth TR USD	-12.63	-14.33	9.88	10.33	11.21
FOREIGN VALUE					
Dodge & Cox International Stock	-0.59	2.99	8.01	5.17	6.24
MSCI EAFE Value GR USD	0.51	4.22	5.88	4.81	5.48
FOREIGN GROWTH					
WCM Focused International Growth Instl Composite	-17.34	-3.23	15.46	13.82	10.70
MSCI EAFE Growth GR USD	-11.87	-1.18	10.15	9.33	7.85
REAL ESTATE INDEX					
Vanguard Real Estate Index Admiral	-5.97	21.45	11.44	9.67	9.70
MSCI US Inv Mkt RE 25-50 Trans GR USD Composite	-5.95	21.58	11.55	9.78	9.80

Returns through March 31, 2022

Model Option/Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
0-5 Years					
CONSERVATIVE	-2.59	0.58	3.32	3.10	3.11
Conservative Strategy Benchmark	-2.88	-1.40	2.62	2.74	2.31
MODERATE CONSERVATIVE	-3.38	1.36	5.59	4.84	4.69
Moderate Conservative Strategy Benchmark	-3.41	-0.35	4.74	4.46	4.00
MODERATE	-4.32	2.32	7.83	6.59	6.21
Moderate Strategy Benchmark	-3.88	1.21	6.84	6.16	5.62
MODERATE AGGRESSIVE	-4.94	2.74	9.14	7.59	7.16
Moderate Aggressive Strategy Benchmark	-4.23	2.02	8.14	7.21	6.67
AGGRESSIVE	-5.34	2.99	10.28	8.39	7.97
Aggressive Strategy Benchmark	-4.59	2.12	9.11	7.97	7.52
6-10 Years					
CONSERVATIVE	-2.93	0.82	3.94	3.62	3.58
Conservative Strategy Benchmark	-3.06	-1.02	3.21	3.23	2.78
MODERATE CONSERVATIVE	-3.58	1.50	5.93	5.10	4.94
Moderate Conservative Strategy Benchmark	-3.52	-0.17	5.05	4.70	4.24
MODERATE	-4.73	2.43	8.39	6.96	6.60
Moderate Strategy Benchmark	-4.13	1.44	7.35	6.58	6.05
MODERATE AGGRESSIVE	-5.57	2.69	10.18	8.29	7.90
Moderate Aggressive Strategy Benchmark	-4.73	1.88	8.97	7.87	7.42
AGGRESSIVE	-6.17	3.34	11.91	9.58	9.10
Aggressive Strategy Benchmark	-5.08	3.01	10.67	9.23	8.79
11-15 Years					
CONSERVATIVE	-2.91	1.09	4.37	3.88	3.84
Conservative Strategy Benchmark	-3.14	-0.99	3.55	3.49	3.05
MODERATE CONSERVATIVE	-3.83	1.91	6.79	5.72	5.50
Moderate Conservative Strategy Benchmark	-3.68	0.33	5.82	5.32	4.86
MODERATE	-4.94	2.82	9.29	7.63	7.22
Moderate Strategy Benchmark	-4.31	1.93	8.23	7.28	6.76
MODERATE AGGRESSIVE	-6.11	3.29	11.67	9.43	8.91
Moderate Aggressive Strategy Benchmark	-4.99	3.07	10.45	9.06	8.59
AGGRESSIVE	-6.88	4.01	13.67	10.99	10.36
Aggressive Strategy Benchmark	-5.46	4.21	12.36	10.59	10.16
16+ Years					
CONSERVATIVE	-2.97	1.40	4.80	4.19	4.11
Conservative Strategy Benchmark	-3.19	-0.59	3.98	3.84	3.38
MODERATE CONSERVATIVE	-4.19	2.32	7.64	6.37	6.08
Moderate Conservative Strategy Benchmark	-3.86	0.96	6.65	5.99	5.50
MODERATE	-5.27	3.21	10.25	8.34	7.91
Moderate Strategy Benchmark	-4.56	2.38	9.12	7.99	7.50
MODERATE AGGRESSIVE	-6.49	3.82	12.78	10.24	9.76
Moderate Aggressive Strategy Benchmark	-5.34	3.45	11.48	9.89	9.48
AGGRESSIVE	-7.39	4.57	15.15	12.01	11.39
Aggressive Strategy Benchmark	-5.89	4.71	13.65	11.60	11.29

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The Historical Performance of the Current Funds are the returns of the mutual funds used in the investment options during the quarter, over the time periods specified. Performance shown is not meant to represent the actual returns of the participant accounts. Because of manager changes, cash flows and fees, the actual performance of the options, as experienced by participants, will be different. In addition, individual returns may differ due to the timing of changes between options.

Model Allocations (Models) returns will incorporate the use of new/replaced options/funds from their introduction date into the plan. Furthermore, past returns are no guarantee of future performance.

The results of the Models are only hypothetical. These results will be different than those actually experienced by the Plan or by any individual who may have invested in any of the Models during each period. Individual results will vary because of one or more of the following: 1) timing of investment flows, 2) change of fund(s) in any Investment Option and Model during the period, 3) addition of new Investment Option(s) in any Model during the period, 4) timing of rebalancing, or 5) administrative fees.

Fund changes are made because of one of the following reasons: 1) poor investment performance over a three-year period, 2) a change in the investment manager, or 3) a change in the fund’s investment style.

The historical performance results assume a single investment at the beginning of the period with no additions or withdrawals. The results also assume the reinvestment of all dividends and other earnings during the ten-year period. Mutual fund results are net of mutual fund expenses. Model results are net of mutual funds expenses, investment advisor fees and transaction costs (if paid by plan assets). The mutual fund performance information was obtained from Morningstar.

Results are compared to benchmarks. The Models’ benchmark returns are a composite of the performance of the weighted averages of the following indices, weighted in the same proportion as the corresponding asset class used in the Models

Index	Asset Class
FTSE Treasury Benchmark 1 Yr OTR USD	Stable Value
Bloomberg Barclays US Govt/Credit	Intermediate Bond
Bloomberg Barclays Multiverse	Opportunistic Bond
Russell 1000	Large Cap Equity
Russell Mid Cap	Mid Cap Index
Russell 2000	Small Cap Equity
MSCI EAFE	Foreign Equity
MSCI US Investable Market Real Estate 25/50 Index	Real Estate

The performance of the Models should not be expected to track the performance of the benchmark indices. Therefore, the Models will have periods of over and under performance relative to the benchmark return.

The Models have long-term specific allocation mixes between the Plan’s Investment Options (see the Model Allocations section). Over time, the Investment Options will earn different rates of return, causing each Model’s allocation mix between the Investment Options to move away from their long-term strategy. As a result, period rebalancing of these allocations is necessary to bring them back to their long-term targets. Information herein reflects quarterly rebalancing; if you have used one of these Models as a guide in building your allocation, the rebalancing of your account is not automatic: you will need to rebalance your account if you wish to bring your investments allocations back to the target weights you initially selected. In most cases, a reasonable rule of thumb is to rebalance the investments in your account at least annually.