

**Market and Economic Overview  
Period Ending December 31, 2021**

Despite a smorgasbord of headwinds which included a new COVID variant and a resurgence in cases, spiking inflation and the Fed aggressively moving to end its bond purchase program, and lack of new stimulus from the federal government, markets proved resilient in the fourth quarter, ending the year broadly and strongly positive. Despite starting the quarter still in the throes of late September's volatility, by early November indexes notched record highs as progress in Washington and a slew of positive earnings surprises settled investors' stomachs. This tranquility was briefly interrupted by concerns about more-persistent-than-expected inflation numbers and hawkish action by the Fed paired with the discovery by South African scientists of the new Omicron COVID variant, but reassuring language from the Fed on interest rates as well as an indication that Omicron would not lead to another round of shutdowns had the markets rebounding to new highs by Christmas.

Entering the quarter, Washington was having its customary fight over the debt ceiling and this now common will-they-won't-they game of government shutdown chicken had markets along for the ride. Adding to this anxiety was a lack of clarity on the future tax provisions of the Biden administration's Build Back Better bill coupled with a series of less-than-stellar early third-quarter earnings reports. By mid-October however, Congress had worked out a debt ceiling deal as well as removed many of the proposed tax increases from Build Back Better; this good news was supercharged by a much better than expected earnings season, sending the markets sharply upward through Halloween.

Markets remained upbeat through mid-November as the Fed confirmed market expectations that it would begin to reduce its purchases of bonds on the open market before year end. On Thanksgiving however, the CDC announced that the recently-discovered Omicron variant of COVID was a "variant of concern". In addition to this new variant, inflation as measured by the Consumer Price Index was reported as 6.8% in November, its highest reading in 39 years. A continued tightening of the labor market as well as this higher-than-expected inflation report prompted the Fed to announce an accelerated pace of reduction in their bond buying program. This combination of new COVID fears and announcement of tightening from the Fed had stocks selling off sharply into early December as the world braced for an increase in infection rates and the markets braced for an increase in interest rates.

The market rebounded in December after the Fed issued a reassuring statement regarding the pace of interest rate hikes in 2022 as well as reiterated their continued commitment to accommodative policy. Adding to the rebound was that governments all over the world seemed reluctant to reimpose lockdowns to combat Omicron as data about the variant seemed to imply that while particularly infectious, and would lead to increased hospitalizations, it seemed to be significantly less deadly than the previous Delta variant. This clearing of the way, in addition to positive manufacturing numbers, a surge in energy demand, and strength in the housing market had investors feeling confident as the year drew to a close.

All of the major U.S. indices were strongly positive in the quarter, with Large Cap, and particularly Large Cap Growth leading the way. Small Cap stocks, more sensitive to consumer and business sentiment than larger names, continued to trail Large Cap in the fourth quarter.

Small Cap Value did well over the full year, returning over 28% and trailing the S&P 500 by a fraction of a percent. 10 of the 11 S&P 500 sectors finished the quarter with positive returns, led by Real Estate and Tech, though due to surging oil prices, Energy finished the year on top.

Non-US equities performed more sluggishly than domestic markets in the quarter, with Developed Markets lightly positive and Emerging Markets trailing slightly to end the year down over all, dragged by continued weakness in China as well as the emergence of the Omicron variant and a strong U.S. dollar.

Bond markets were flat-to-down in the final quarter of the year, with the Barclay's U.S. Government/Credit index finishing slightly down for the year as inflation rose and the potential for sooner-than-expected rate hikes from the Fed weighed on my bond sectors. Longer duration bonds outperformed shorter issues as did junk bonds, as investors flocked to riskier segments of the Fixed Income market amid low rates, elevated inflation, and strong economic growth.

Commodities continued to gain in the fourth quarter led by a shift towards gold in the wake of increased inflation, though gold finished the year down almost 4%. There were also continued gains in oil prices as the global economy continued to strengthen as well as supply continued to be constrained by OPEC.

As we continue to see what "new normal" may look like over the next months and years, 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 12/31/21) <sup>1</sup>	Qtr	YTD	1 Yr	3 Yr	5 Yr	10 yr
3-month T-Bills	0.01%	0.05%	0.05%	0.96%	1.11%	0.60%
Barclays U.S. Gov't/Credit Int.	-0.57%	-1.44%	-1.44%	3.86%	2.91%	2.38%
Dow Jones Industrial Average	7.87%	20.95%	20.95%	18.48%	15.52%	14.21%
S&P 500	11.03%	28.71%	28.71%	26.06%	18.48%	16.55%
Russell 1000	9.78%	26.45%	26.45%	26.20%	18.43%	16.54%
Russell 1000 Value	7.77%	25.16%	25.16%	17.64%	11.17%	12.96%
Russell 1000 Growth	11.64%	27.60%	27.60%	34.07%	25.32%	19.78%
Russell Mid Cap	6.44%	22.58%	22.58%	23.28%	15.10%	14.90%
Russell 2000	2.14%	14.82%	14.82%	20.02%	12.02%	13.23%
Russell 2000 Value	4.36%	28.27%	28.27%	17.99%	9.07%	12.03%
Russell 2000 Growth	0.01%	2.83%	2.83%	21.16%	14.54%	14.13%
MSCI EAFE	2.74%	11.78%	11.78%	14.07%	10.07%	8.53%
MSCI EAFE Small Cap	0.12%	10.48%	10.48%	16.05%	11.45%	11.19%
MSCI Emerging Markets	-1.24%	-2.22%	-2.22%	11.32%	10.27%	5.87%
Wilshire US REIT	17.14%	46.18%	46.18%	19.18%	10.92%	11.47%
DJ Global RESI	11.75%	31.24%	31.24%	13.02%	8.17%	9.46%
Bloomberg Commodity Index	-1.56%	27.11%	27.11%	9.86%	3.66%	-2.85%
Credit Suisse Liquid Alternative	2.03%	8.76%	8.76%	9.83%	5.75%	4.69%

<sup>1</sup> 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 Credit Suisse Liquid Alternative index is a trademark of Credit Suisse Group AG.

<p><b>STABLE VALUE</b> [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><b>INTERMEDIATE BOND</b> [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><b>OPPORTUNISTIC BOND</b> [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><b>LARGE CAP VALUE</b> [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><b>S&amp;P 500 INDEX</b> [Vanguard 500 Index]</p>	<p>This option's objective is to mirror the return of the S&amp;P 500 Index. The option is unmanaged, remaining fully invested at all times and holds all 500 stocks in the S&amp;P 500 Index in the same proportion as their weighting in the index.</p>
<p><b>LARGE CAP GROWTH</b> [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><b>MID CAP INDEX</b> [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><b>SMALL CAP VALUE</b> [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><b>SMALL CAP GROWTH</b> [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><b>FOREIGN VALUE</b> [Dodge &amp; 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><b>FOREIGN GROWTH</b> [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><b>REAL ESTATE INDEX</b> [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 December 31, 2021

Plan Option/[Fund Name]/ Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
<b>STABLE VALUE</b>					
Federated Hermes Capital Pres R6	0.36	1.52	1.83	1.74	1.44
FTSE Treasury Benchmark 1 Yr OTR USD	-0.17	-0.06	1.57	1.44	0.89
<b>BOND</b>					
Baird Aggregate Bond Inst	-0.10	-1.46	5.43	4.01	3.74
Bloomberg US Govt/Credit Interm TR USD	-0.57	-1.44	3.86	2.91	2.38
<b>OPPORTUNISTIC BOND</b>					
Loomis Sayles Bond Instl	0.27	3.23	5.56	4.19	4.72
Bloomberg Multiverse TR USD	-0.70	-4.51	3.70	3.45	1.96
<b>LARGE CAP VALUE</b>					
Vanguard Windsor™ II Admiral™	8.58	29.08	24.06	15.35	14.33
Russell 1000 Value TR USD	7.77	25.16	17.64	11.16	12.97
<b>S&amp;P 500 INDEX</b>					
Vanguard 500 Index Admiral	11.02	28.66	26.03	18.43	16.51
S&P 500 TR USD	11.03	28.71	26.07	18.47	16.55
<b>LARGE CAP GROWTH</b>					
Harbor Capital Appreciation Instl	5.00	15.63	33.51	26.33	19.99
Russell 1000 Growth TR USD	11.64	27.60	34.08	25.32	19.79
<b>MID CAP INDEX</b>					
Vanguard Mid Cap Index Admiral	7.97	24.51	24.48	15.86	15.12
CRSP - MSCI Mid Cap Index Composite	7.98	24.52	24.51	15.89	15.17
<b>SMALL CAP VALUE</b>					
DFA US Targeted Value I	7.06	38.80	20.50	10.06	12.98
Russell 2000 Value TR USD	4.36	28.27	17.99	9.07	12.03
<b>SMALL CAP GROWTH</b>					
Emerald Growth Institutional	-0.12	4.04	22.97	16.07	16.17
Russell 2000 Growth TR USD	0.01	2.83	21.17	14.53	14.14
<b>FOREIGN VALUE</b>					
Dodge & Cox International Stock	2.40	11.03	11.65	7.19	7.58
MSCI EAFE Value GR USD	1.25	11.58	8.47	5.97	6.42
<b>FOREIGN GROWTH</b>					
WCM Focused International Growth Instl Composite	5.63	17.02	28.08	20.65	14.03
MSCI EAFE Growth GR USD	4.11	11.59	19.37	14.00	10.48
<b>REAL ESTATE INDEX</b>					
Vanguard Real Estate Index Admiral	14.90	40.40	19.95	11.24	11.51
MSCI US Inv Mkt RE 25-50 Trans GR USD Composite	14.94	40.56	20.07	11.35	11.61

### Returns through December 31, 2021

Model Option/Benchmark	1 Qtr	1 Year	3 Years	5 Years	10 Years
<b>0-5 Years</b>					
<b>CONSERVATIVE</b>	0.96	3.22	5.28	3.98	3.69
Conservative Strategy Benchmark	0.45	1.00	4.53	3.59	2.76
<b>MODERATE CONSERVATIVE</b>	1.78	6.18	8.53	6.05	5.55
Moderate Conservative Strategy Benchmark	1.37	3.97	7.51	5.58	4.70
<b>MODERATE</b>	2.70	9.11	11.79	8.24	7.37
Moderate Strategy Benchmark	2.46	7.14	10.43	7.58	6.57
<b>MODERATE AGGRESSIVE</b>	3.26	10.91	13.85	9.52	8.52
Moderate Aggressive Strategy Benchmark	3.08	9.20	12.34	8.84	7.79
<b>AGGRESSIVE</b>	3.68	12.79	15.62	10.51	9.50
Aggressive Strategy Benchmark	3.37	10.81	13.90	9.77	8.81
<b>6-10 Years</b>					
<b>CONSERVATIVE</b>	1.23	3.96	6.23	4.64	4.25
Conservative Strategy Benchmark	0.74	1.82	5.37	4.17	3.30
<b>MODERATE CONSERVATIVE</b>	1.96	6.66	9.07	6.40	5.85
Moderate Conservative Strategy Benchmark	1.50	4.45	7.97	5.88	4.99
<b>MODERATE</b>	2.96	9.94	12.76	8.76	7.87
Moderate Strategy Benchmark	2.68	7.95	11.26	8.13	7.09
<b>MODERATE AGGRESSIVE</b>	3.59	12.57	15.61	10.48	9.48
Moderate Aggressive Strategy Benchmark	3.29	10.51	13.78	9.72	8.72
<b>AGGRESSIVE</b>	4.30	15.06	18.24	12.07	10.91
Aggressive Strategy Benchmark	4.13	13.39	16.25	11.31	10.30
<b>11-15 Years</b>					
<b>CONSERVATIVE</b>	1.40	4.78	6.75	4.90	4.54
Conservative Strategy Benchmark	0.83	2.29	5.86	4.47	3.63
<b>MODERATE CONSERVATIVE</b>	2.32	7.92	10.28	7.15	6.52
Moderate Conservative Strategy Benchmark	1.87	5.66	9.06	6.61	5.70
<b>MODERATE</b>	3.35	11.38	14.05	9.58	8.61
Moderate Strategy Benchmark	3.07	9.37	12.52	8.94	7.91
<b>MODERATE AGGRESSIVE</b>	4.21	14.66	17.84	11.92	10.70
Moderate Aggressive Strategy Benchmark	4.08	13.04	15.89	11.11	10.07
<b>AGGRESSIVE</b>	5.03	17.67	20.96	13.86	12.45
Aggressive Strategy Benchmark	5.01	16.36	18.74	12.92	11.90
<b>16+ Years</b>					
<b>CONSERVATIVE</b>	1.64	5.43	7.31	5.26	4.85
Conservative Strategy Benchmark	1.07	2.96	6.43	4.87	3.99
<b>MODERATE CONSERVATIVE</b>	2.71	9.09	11.54	7.98	7.22
Moderate Conservative Strategy Benchmark	2.30	6.94	10.23	7.40	6.44
<b>MODERATE</b>	3.79	12.91	15.52	10.45	9.43
Moderate Strategy Benchmark	3.46	10.89	13.88	9.80	8.78
<b>MODERATE AGGRESSIVE</b>	4.78	16.68	19.60	12.91	11.71
Moderate Aggressive Strategy Benchmark	4.52	14.82	17.53	12.12	11.12
<b>AGGRESSIVE</b>	5.73	20.46	23.34	15.17	13.71
Aggressive Strategy Benchmark	5.56	18.94	20.87	14.19	13.27

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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.