

ROBERTSON STEPHENS WEALTH MANAGEMENT

Supplementary Charts for Fireside Chat

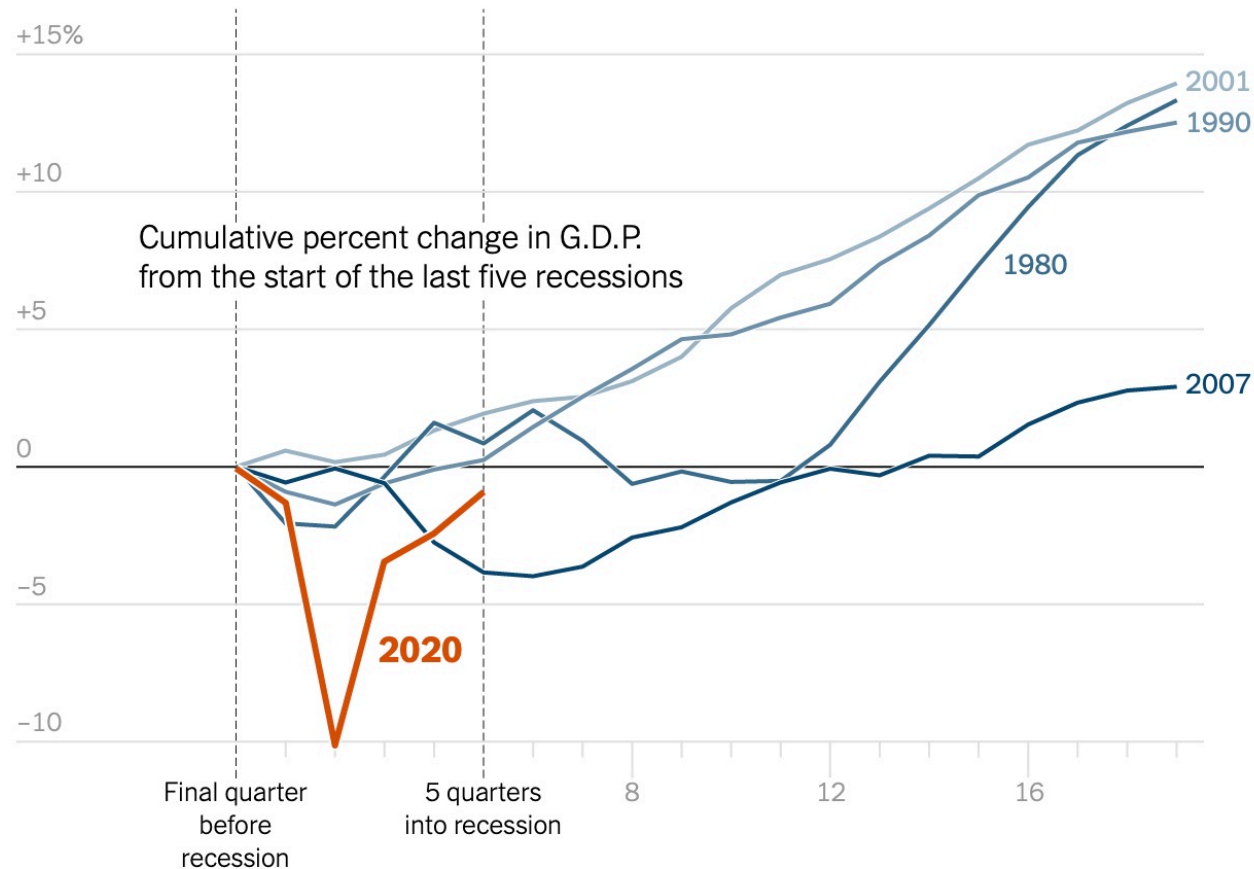
Featuring Tom Donohue and Jeanette Garretty

May 20, 2021

Where will this business cycle take us?

The last four US economic expansions have lasted anywhere from 73 months (2001-2007) to 128 months (2009-2020)

G.D.P. is rebounding faster than it did in the Great Recession.



Note: Gross domestic product is adjusted for inflation and seasonality. Recessions are labeled by the years they started. • Source: Bureau of Economic Analysis • By Ella Koeze

U.S. Economic Forecast

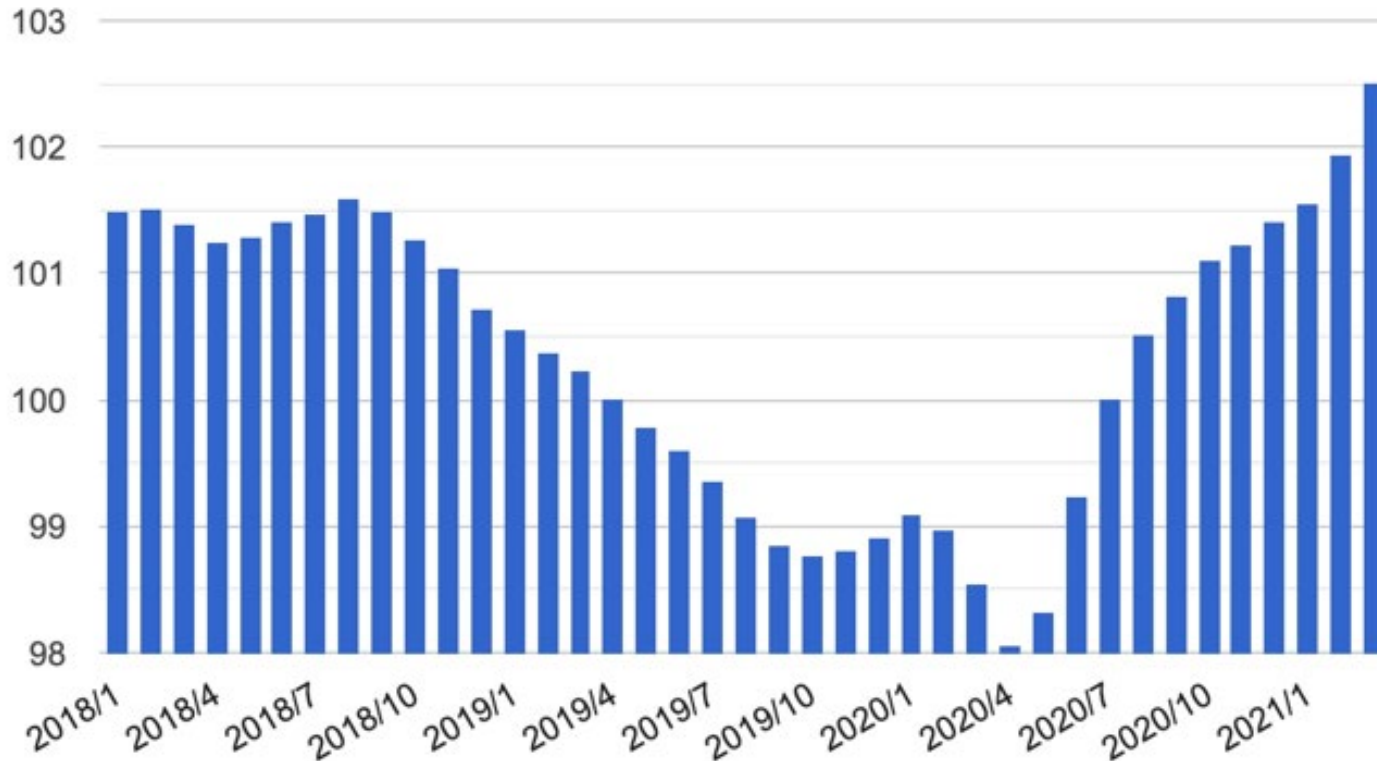
Stellar US Economic Growth in 2021 is expected to be followed by another 4-5% in GDP growth in 2022.

| | 2019 | 2022 | 2021f |
|--|---------|---------|----------|
| GDP (%ch. annualized) | 2.3 | -3.5 | 6.9 |
| Consumption (PCE, %ch. annualized) | 2.4 | -3.9 | 8.0 |
| Business NonRes. Fixed Investment (%ch. annualized) | 2.9 | -4.2 | 7.5 |
| World Economic Growth (%ch, annualized) | 2.5 | -4.0 | 5.3 |
| Government Spending (Fed, State, Local %ch. annualized) | 2.3 | 1.0 | 4.5 |
| Consumer Price Index (CPI all-urban, %ch. annualized) | 1.8 | 1.2 | 3.0 |
| Unemployment Rate (annual average) | 3.7 | 8.1 | 5.5 |
| Fed Funds Rate/10yr. Treasury (% ,average) | 2.3/2.1 | 0.5/0.9 | 0.25/1.7 |

Source: Robertson Stephens

U.S. Business Confidence

US businesses anticipate rising demand and less uncertainty over the economic outlook.



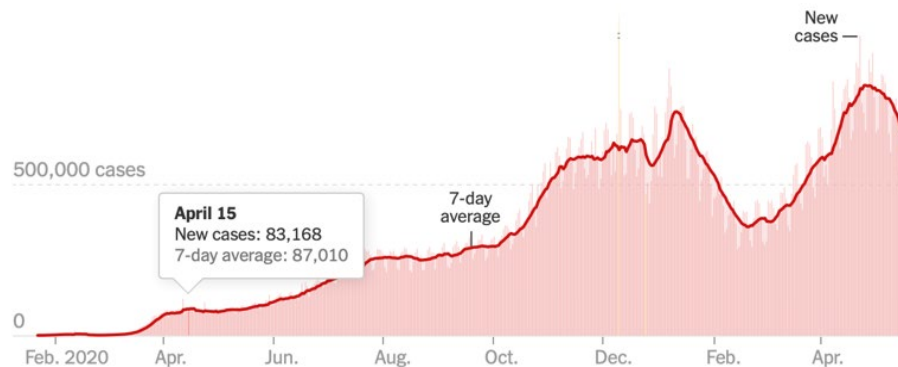
Measure: points

Source: Organization for Economic Cooperation and Development (OECD)

Global Pandemic Trends

While the outlook in the United States is favorable, India, Africa and other areas of the world are struggling. It is important to remember that in today's geographically connected economy, the pandemic is a global problem, not simply a domestic problem

New reported cases by day across the world

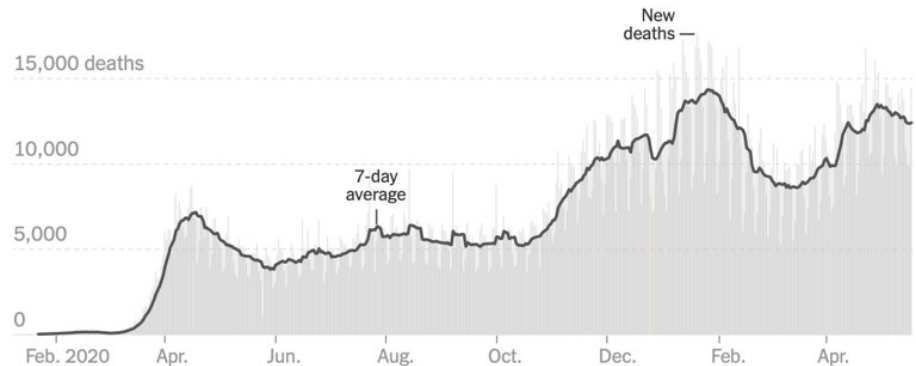


These are days with a reporting anomaly. Read more [here](#).

Note: The seven-day average is the average of a day and the previous six days of data.

Source: New York Times

Reported deaths by day across the world



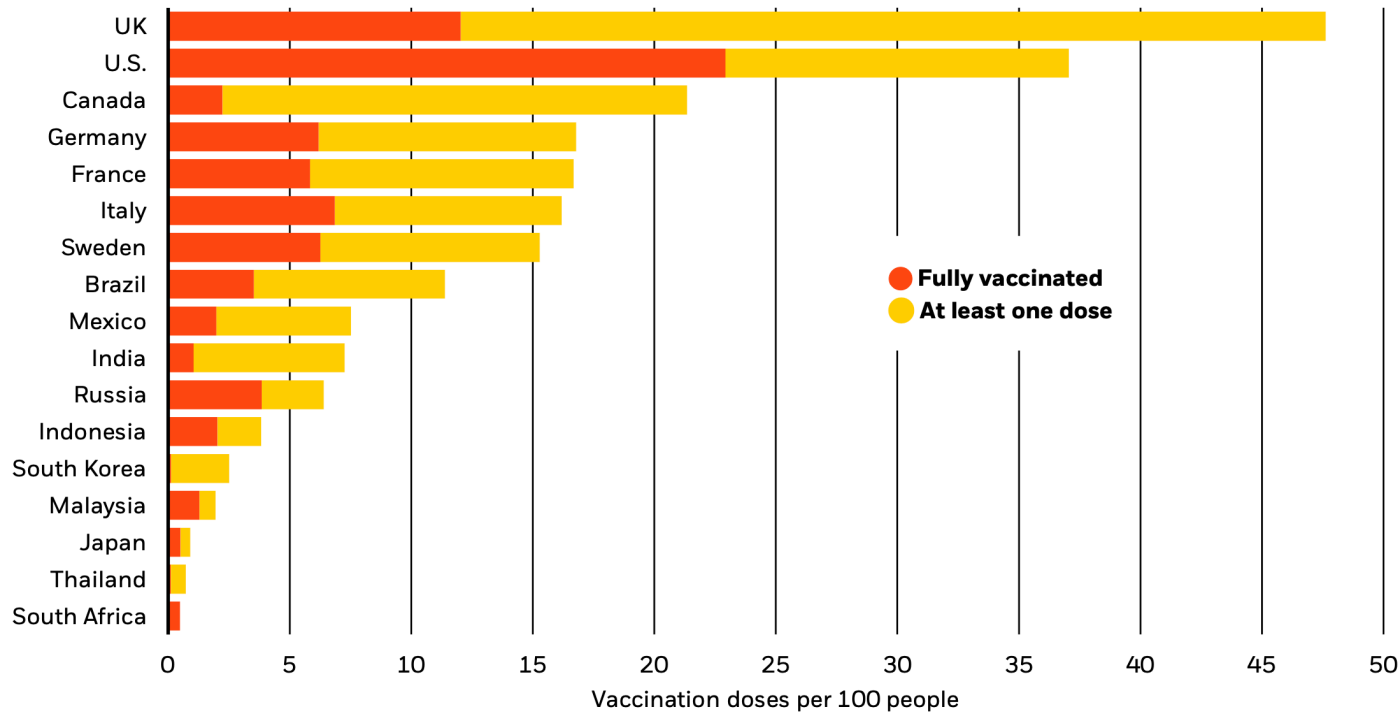
These are days with a reporting anomaly. Read more [here](#).

Note: Scale for deaths chart is adjusted from cases chart to display trend.

Global Vaccination Success

The UK and US far outpace the rest of the world when it comes to getting shots- in-arms.

Vaccines doses administered per 100 people, April 2021



Source: BlackRock Investment Institute, with data from Our World in Data as of 16 April 2021. Notes: The chart shows the number of Covid-19 vaccination doses administered per 100 people within a given country.

Durable Goods Orders Pressure Supply Chains

A sharp rebound in orders has led to supply constraints for both parts and labor.

New durable goods orders, percentage change from year ago



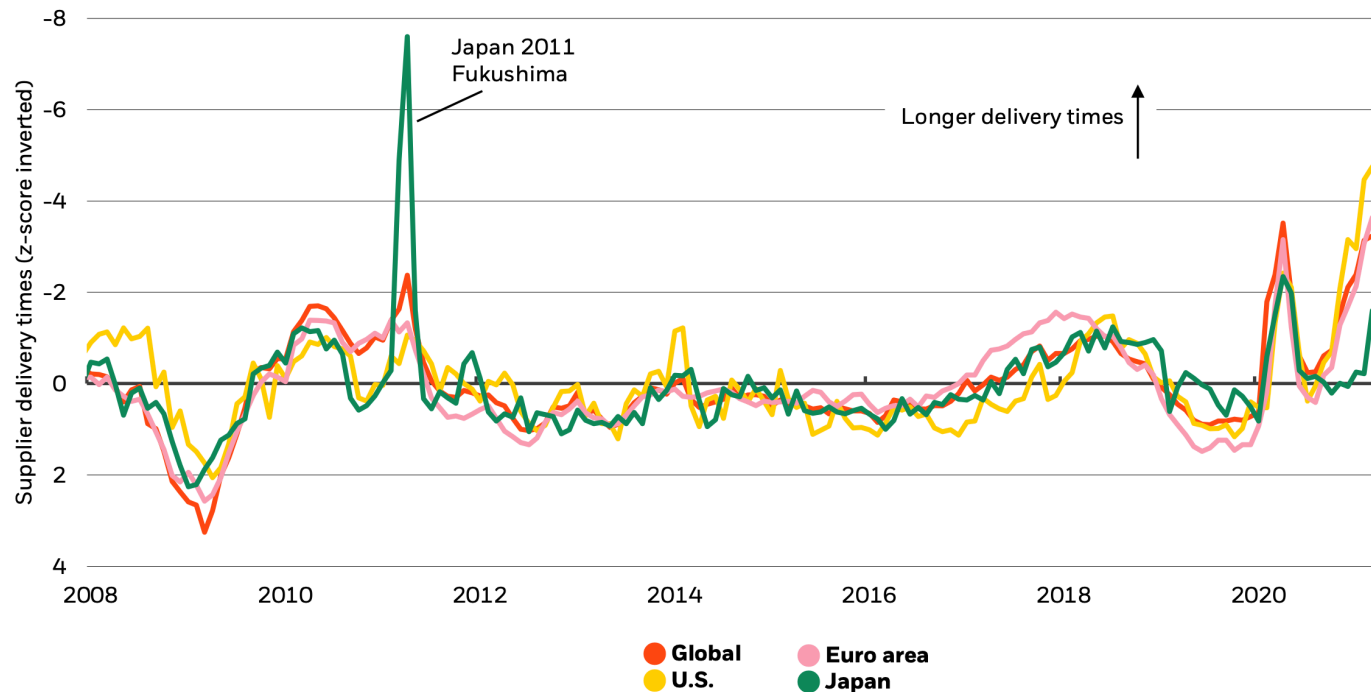
Note: Seasonally adjusted.

Source: U.S. Census Bureau via St. Louis Fed

Supply Chain Pressures Worldwide

Purchasing manager surveys are consistently reporting delayed deliveries and, in many cases, rising costs. Double-booking of orders to ensure delivery of critical items may be making matters worse.

PMI supplier delivery index, 2008-2021

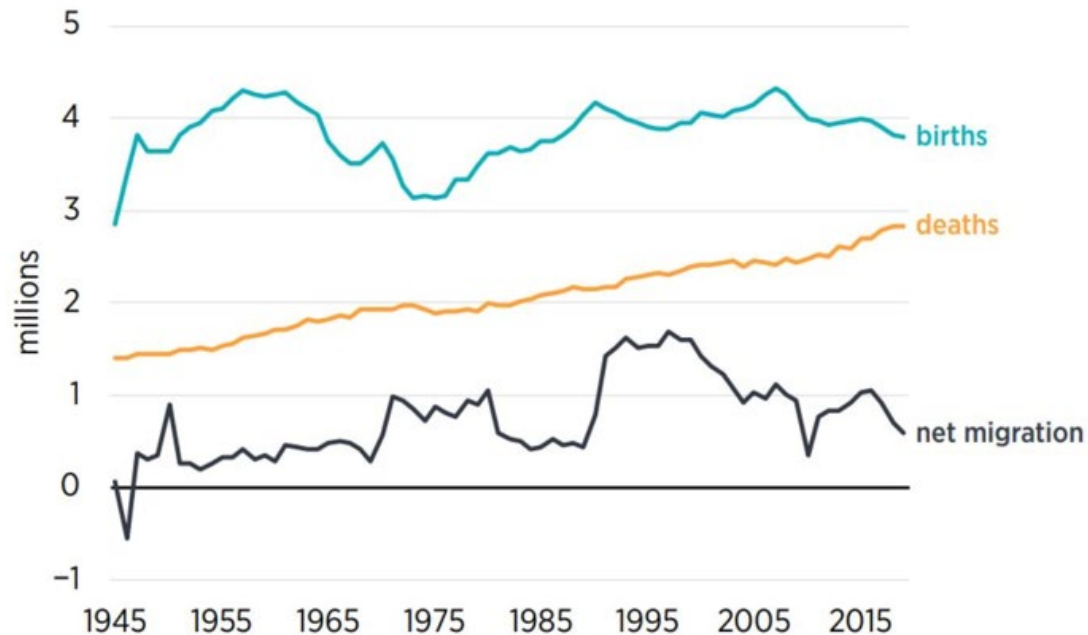


Sources: BlackRock Investment Institute, Markit, with data from Refinitiv Datastream and Haver Analytics, March 2021. Notes: Chart on the left shows an index of delivery times for items used in the production process, for manufacturing firms. As delivery times lengthen (for example due to capacity constraints) the level of the index falls (note the Y-axis is inverted). Euro area data is for the whole region.

U.S. Demographic Reality

The US population is aging rapidly, with implications for labor force growth

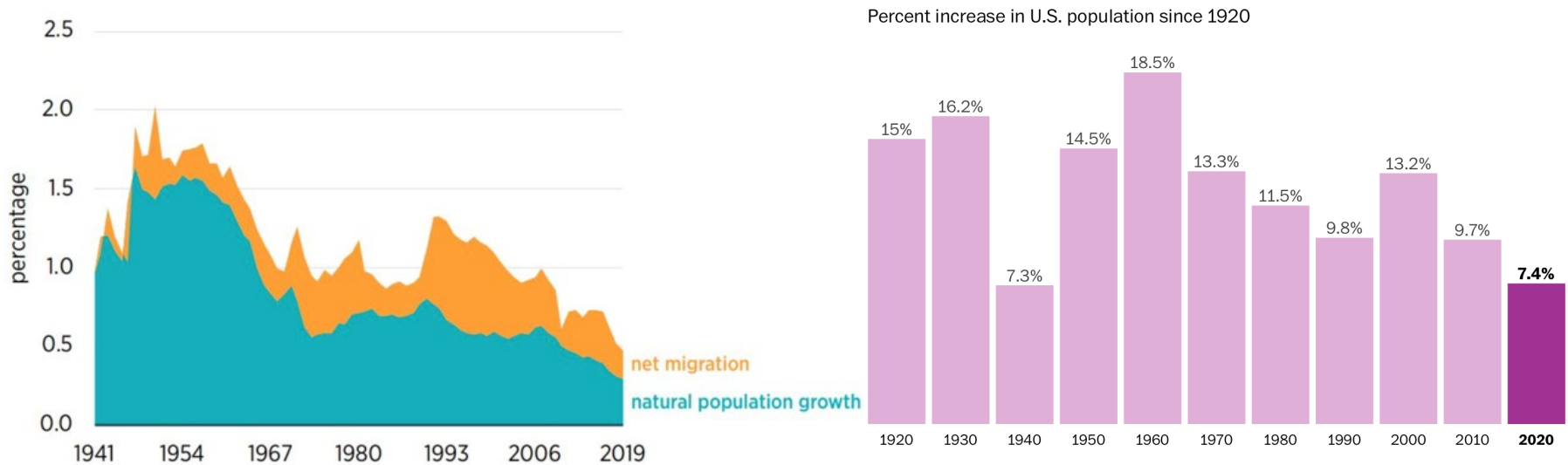
US Births, Deaths and Net Migration, 1945-2015



Source: Census Bureau, "National Intercensal Tables: 1900-1990," last updated November 30, 2016, <https://www.census.gov/data/tables/time-series/demo/popest/pre-1980-national.html>; Census Bureau, "National Intercensal Datasets: 1990-2000," last updated December 2, 2016, <https://www.census.gov/data/datasets/time-series/demo/popest/intercensal-1990-2000-national.html>; Census Bureau, "National Intercensal Tables: 2000-2010," last updated November 30, 2016, <https://www.census.gov/data/tables/time-series/demo/popest/intercensal-2000-2010-national.html>; Census Bureau, "National Population Totals and Components of Change: 2010-2019," last updated December 30, 2019, <https://www.census.gov/data/datasets/time-series/demo/popest/2010s-national-total.html>.

Slowing Population Growth is a Decade-Long Trend

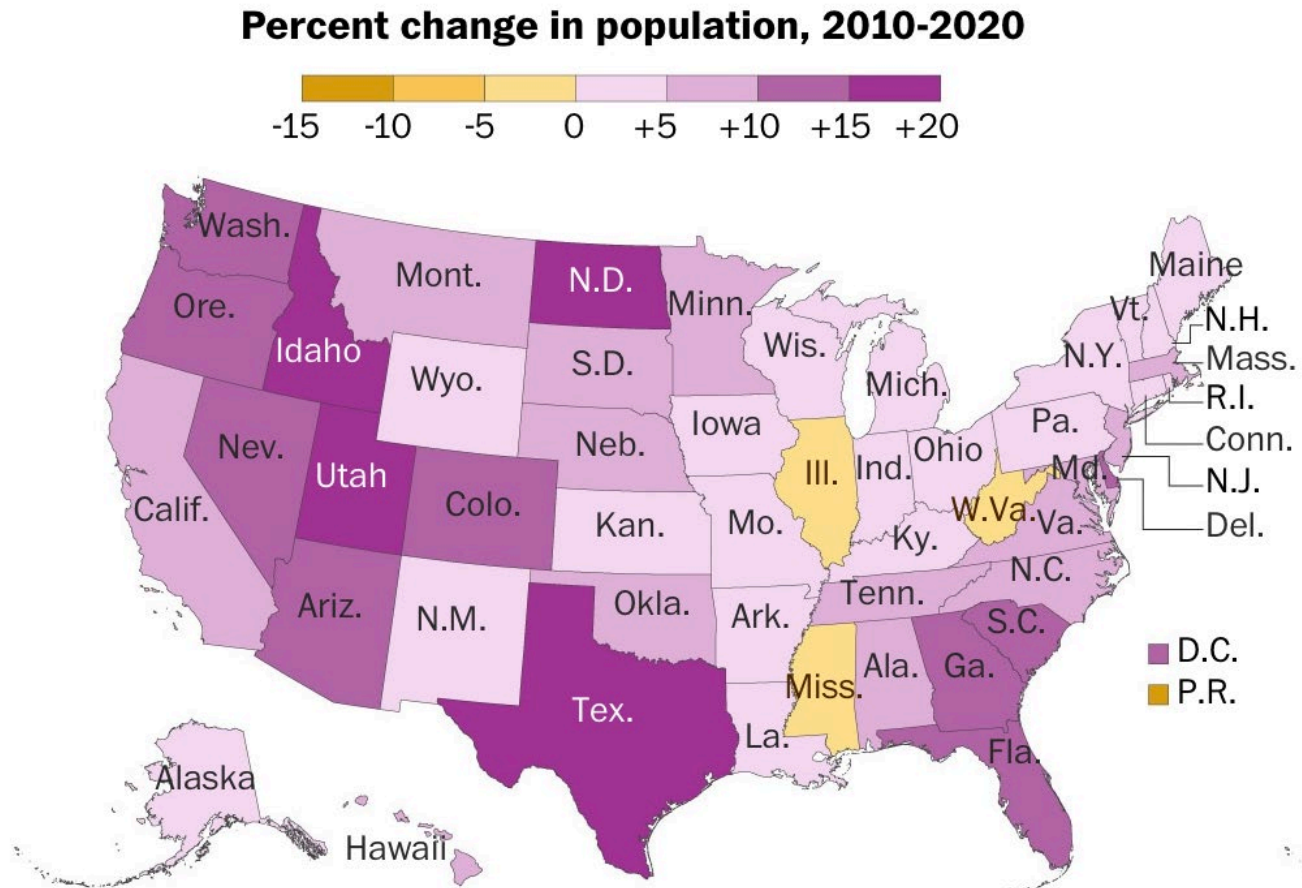
In 2020, the US population grew only 0.4%, the lowest rate of growth since the pandemic of 1918, when the population actually fell by 0.1%. Forecasts for population growth in 2021 hover around 0.2%



Source: Census Bureau, "National Intercensal Tables: 1900-1990"; Census Bureau, "National Intercensal Datasets: 1990-2000"; Census Bureau, "National Intercensal Datasets: 2000-2010"; Census Bureau, "National Population Totals and Components of Change: 2010-2019."

Regional Population Growth

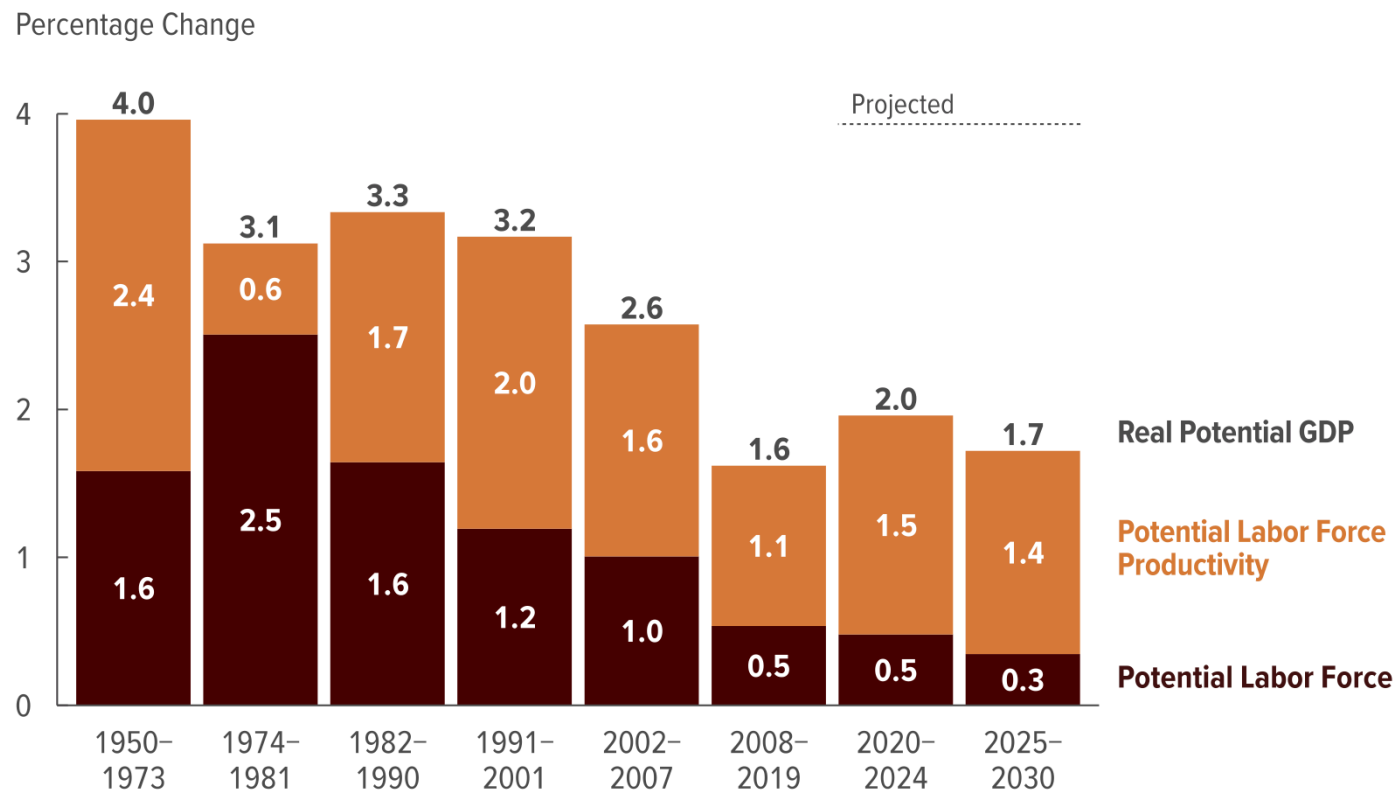
Population trends differ widely by region, with implications for both labor force growth and consumer demand.



Source: Bureau of the Census, April 2021; Washington Post.

Pressure on Productivity

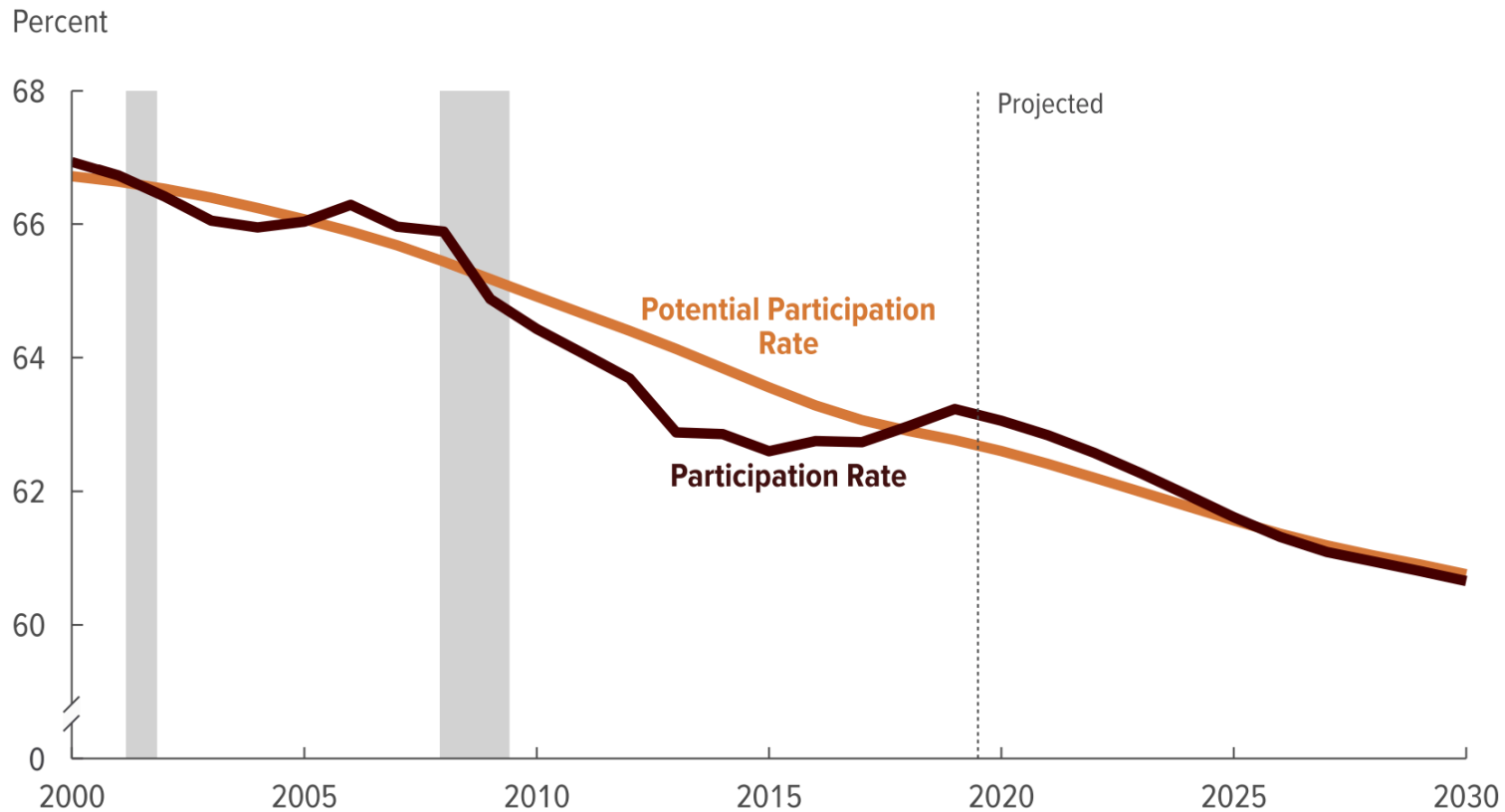
Slowing labor force growth implies a need for higher productivity growth in order to achieve desired levels of GDP growth. Real Potential GDP of 2.5% or higher will require productivity growth not seen since the 1950s—or an increase in labor force through immigration and/or rising labor force participation.



Source CBO Long Range Projections, January 2020.

Labor Force Participation Rates in Secular Decline

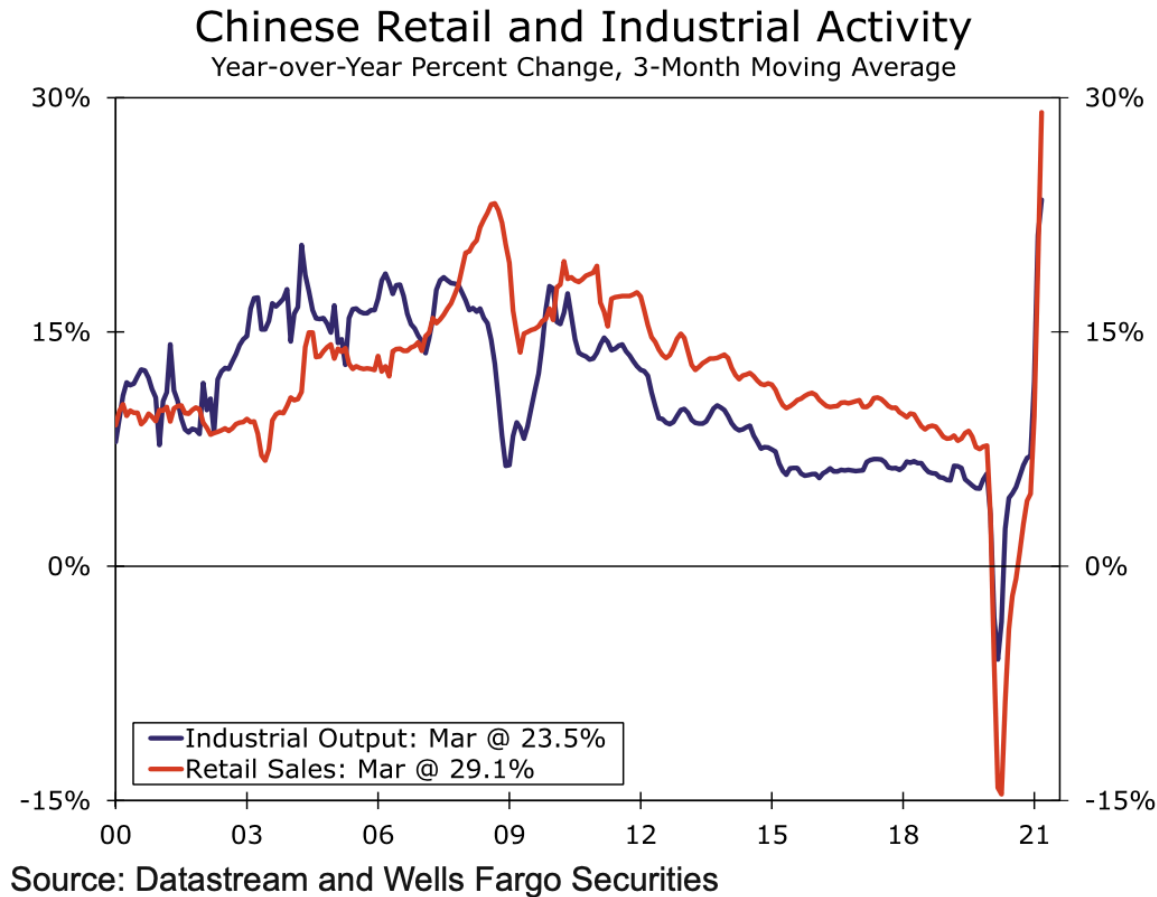
Labor force participation rates fell sharply in 2020 and have not yet recovered as hoped in this chart. An aging population and women dropping out of the labor force are two big reasons for this long term outlook.



Source: CBO Long Range Projections, January 2020.

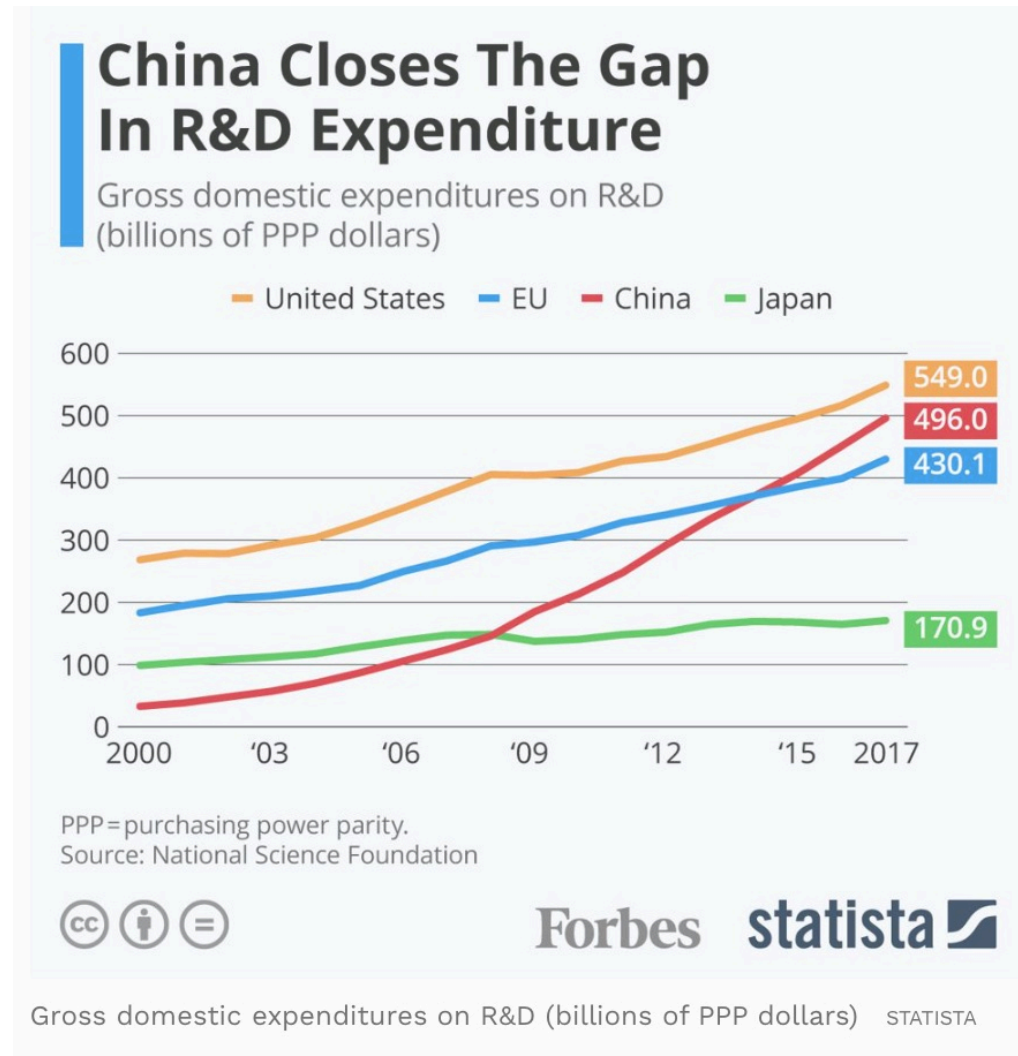
Chinese Economic Rebound

Economic growth in China is forecast at 9.0%+ in 2021, but the manufacturing sector has rebounded dramatically in comparison to the consumer sector. Chinese manufacturing continues to benefit from the globalization of production and off-shore supply chains



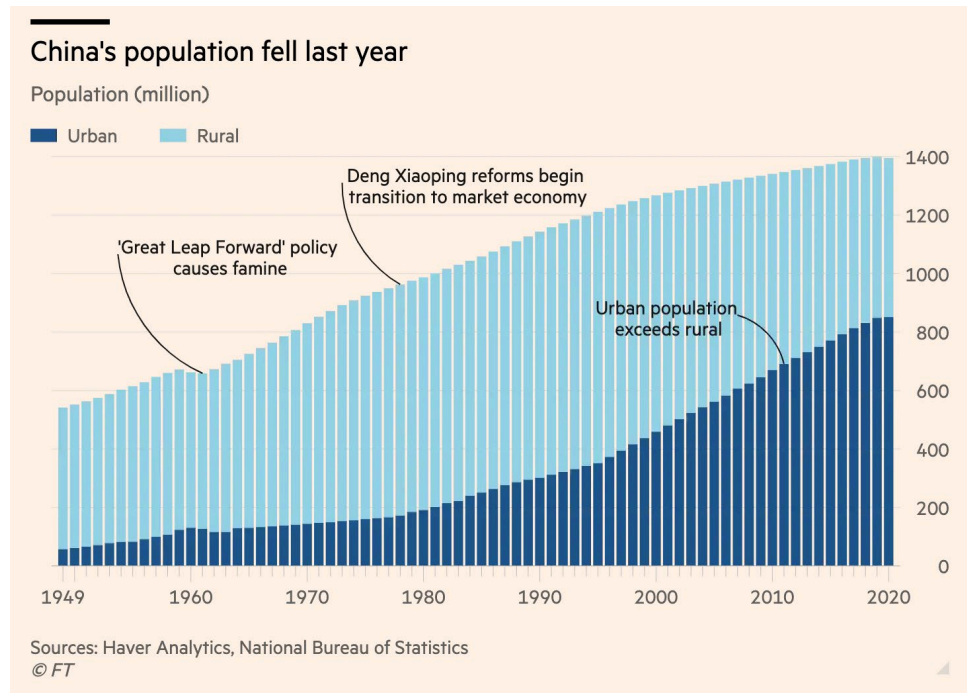
China Competes for the Future

R&D spending in China has been growing faster than in the major developed economies and is on the verge of surpassing the United States.

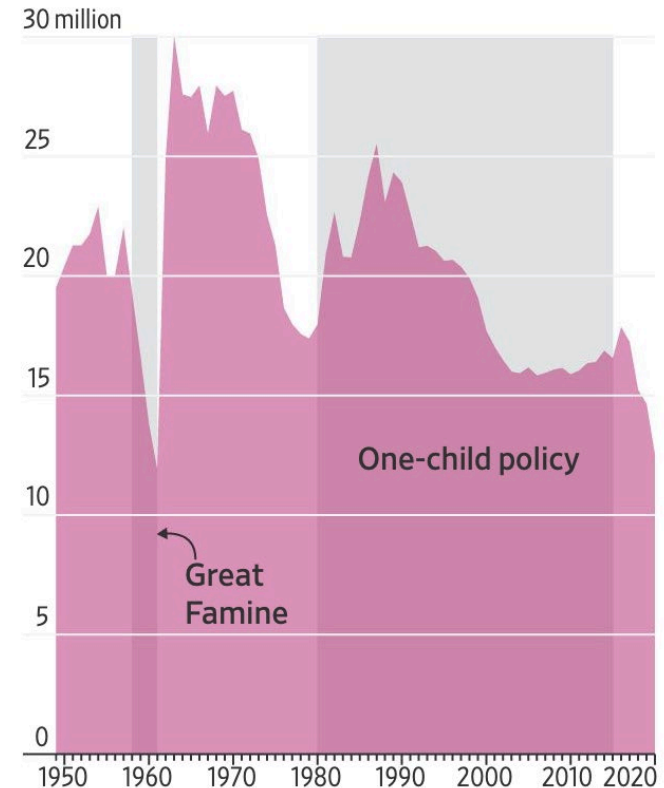


China has a Demographic Problem

China finds itself confronted with sobering implications for labor force adequacy and economic growth in the coming decade.



Number of newborns



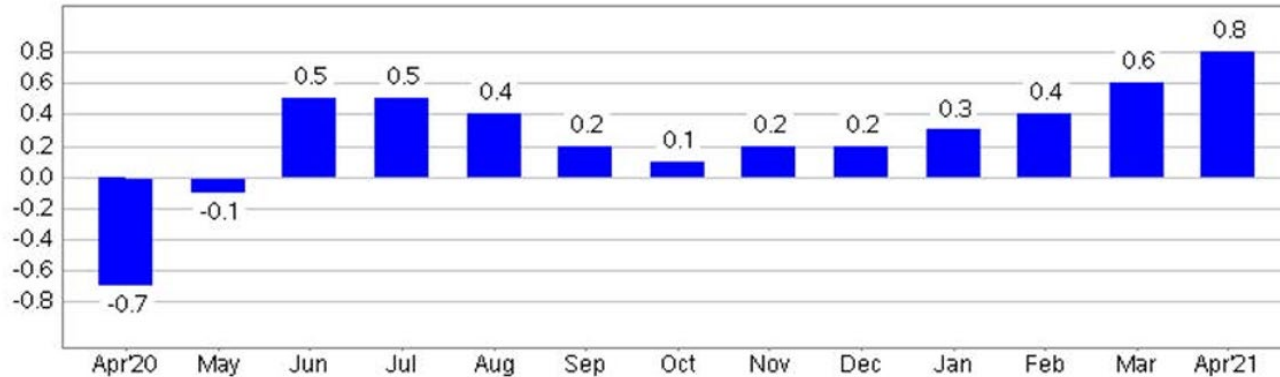
Note: 2020 is a median forecast of a survey of demographers and economists.

Source: China National Bureau of Statistics

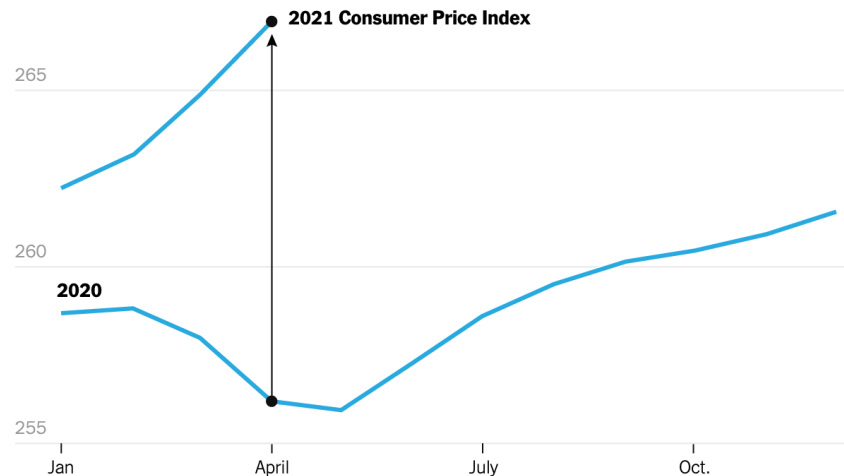
Rising Inflation is a Growing Concern

Year-over-year comparisons currently skew the CPI numbers higher, obscuring what may be the true trend. Nevertheless, it is likely that US inflation in 2021 will continue elevated until supply constraints ease in 2022.

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Apr. 2020 - Apr. 2021
Percent change



Some of April's jump can be explained through what's known as base effects — prices fell significantly last spring, so the increase now from the year prior is larger.

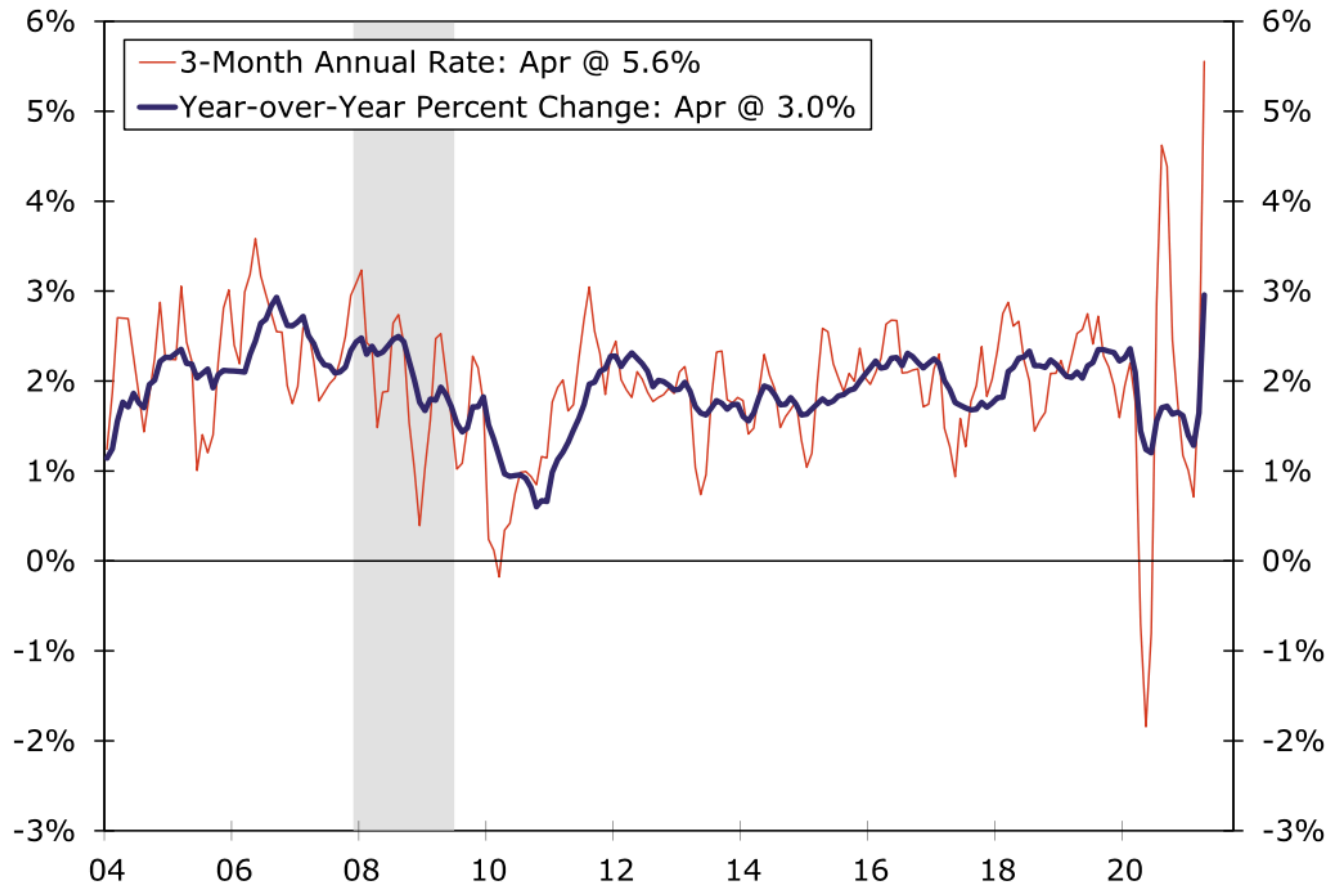


Notes: C.P.I. of 100 is equal to prices in 1984. • Source: Bureau of Labor Statistics • By Ella Koeze

Source: New York Times and BLS

Inflation – As yet, No Clear Trend

Core CPI Inflation



Source: U.S. Department of Labor and Wells Fargo Securities

National Debt Rises to Historic Levels

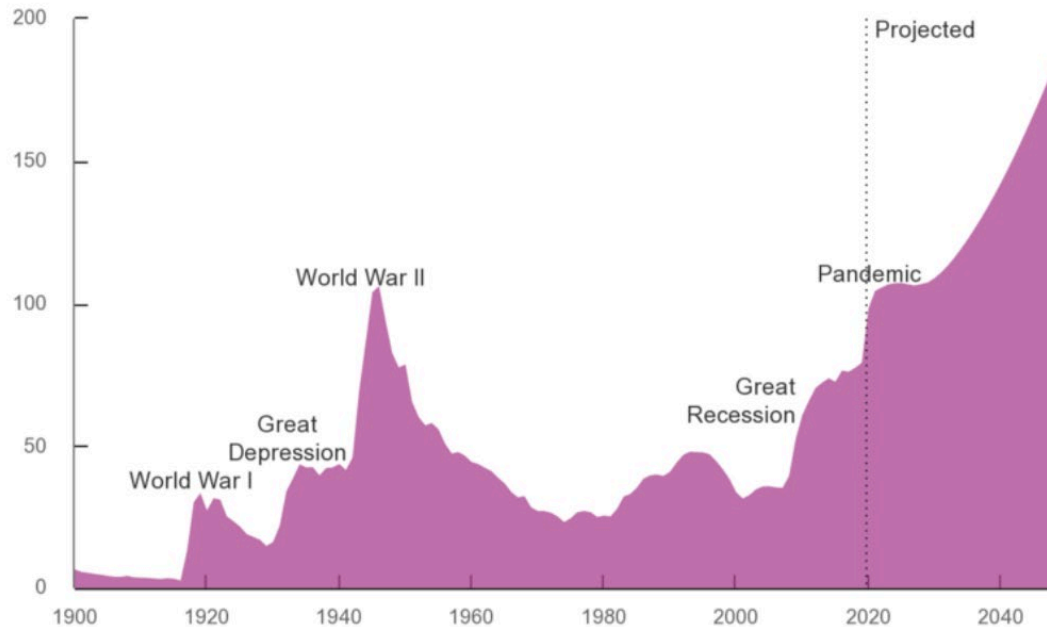
Even before the fiscal stimulus packages of late 2020 and early 2021, the national debt as a percentage of GDP was projected to rise to historic levels.

September 2020

The 2020 Long-Term Budget Outlook

Federal Debt Held by the Public, 1900 to 2050

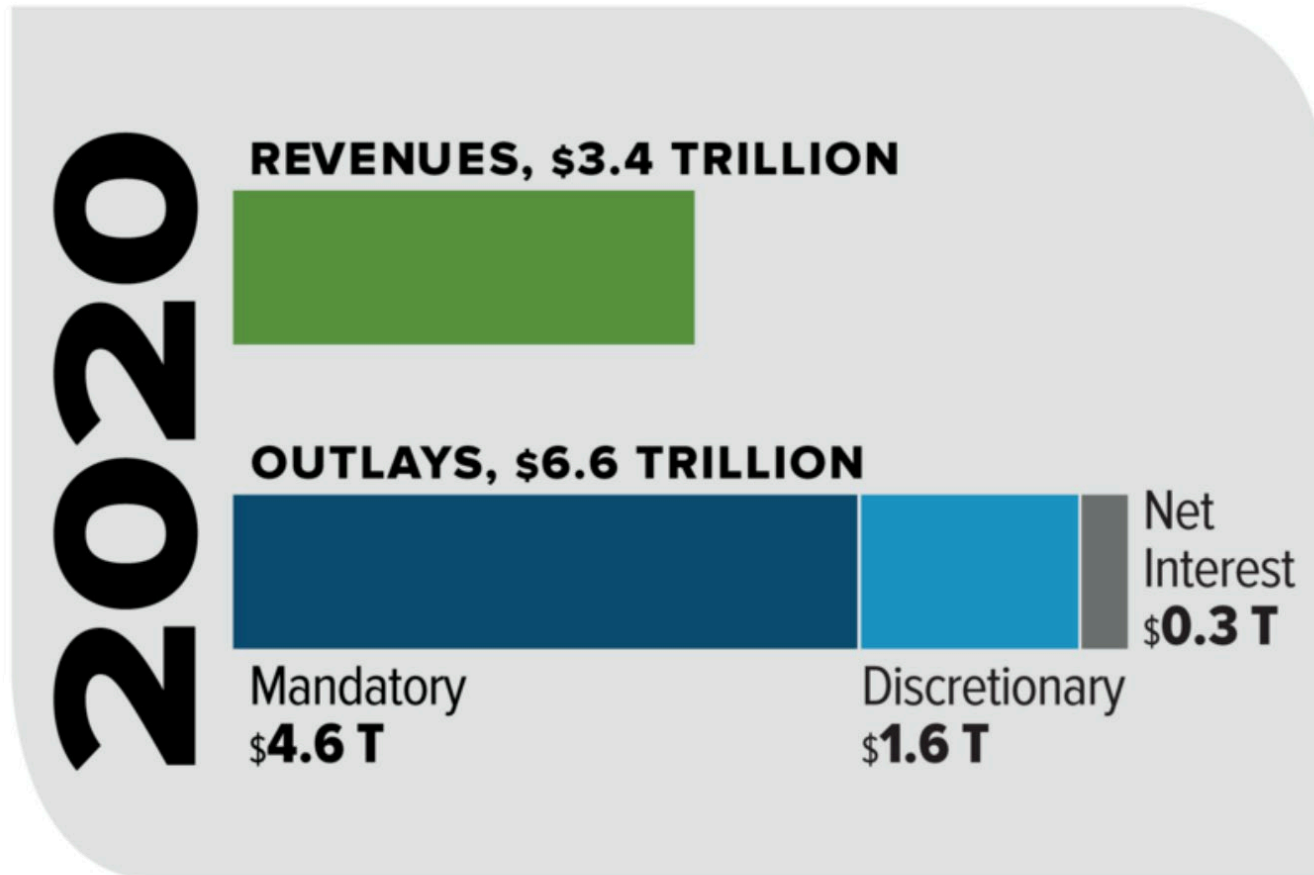
Percentage of Gross Domestic Product



Source: Congressional Budget Office, April 2021

U.S. Federal Budget, 2020

Discretionary Spending in 2021 will be even larger, due to fiscal stimulus packages enacted in calendar year 2021. The good news is that revenues will be larger as well, reflecting the opening of the economy and sharp post-pandemic rebound.



Source: Congressional Budget Office, April 2021

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