Janney

JANNEY UPDATE

DECEMBER 2021

LETTER FROM THE PRESIDENT

Happy New Year to you and your loved ones.

Along with any resolutions you may make, the beginning of a new year is an optimal time to think about improving your financial situation and to consider any upcoming needs and goals. We are here to help you—whether you want to save for a single goal, like retirement, or need comprehensive financial planning to provide you with greater control and long-term security.

New Financial Planning Resource Center

If you already have a financial plan in place, speak with your Financial Advisor about a plan refresh. We've recently made accessing your Janney financial plan easier through our new Financial Planning Resource Center on our secure client portal, Online Access. As soon as you log in, you can view your plan and gain immediate access to calculators and educational resources. More improvements to enhance your Janney digital experience are planned in the near future, so if you aren't currently enrolled in Online Access, go to www.MyJanney.com and register today.

Expanding Lending Solutions

We have some other exciting enhancements coming this year, including more services that consider both sides of your personal balance sheet. Your Financial Advisor will be able to offer you an expanded range of lending solutions, in addition to using a margin account to borrow against the value of your investments, and connect you with select lenders based on your specific financing needs, ranging from mortgages to personal loans. Look for more details coming soon.

Now is also a good time to start preparing for tax season. We've included an article, Tax-Smart Charitable Gifting Strategies, that you may be interested in reading.

Thank you once again for your ongoing trust in Janney. We are here to provide advice and guidance on your finances to support you and your family's long-term well-being. From all of us at Janney, we want to wish you a bright 2022 full of opportunities, enjoyable moments with your friends and family, and good health.

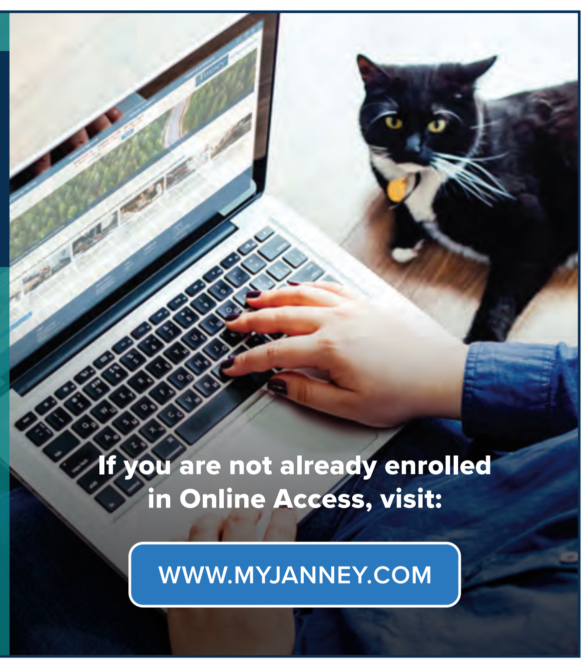
— Timothy C. Scheve
President & Chief Executive Officer

New Financial Planning Resource Center on Online Access

Use Janney's new Financial Planning Resource Center to access your financial plan and explore the impact on your likelihood of success if you changed variables such as your savings rate or time horizon.

You'll also find educational life planning resources on various financial planning topics such as:

- Retirement Planning
- Education Funding
- Estate Planning



ECONOMIC OUTLOOK — DECEMBER 2021

Mark Luschini, Chief Investment Strategist

Mark serves as Janney's Chief Investment Strategist, a recognized thought leader among industry and national media with more than 30 years of investment industry experience. He is a sought-after speaker for professional conferences and events.

After losing some momentum in late summer, the economy has re-accelerated and is currently operating at roughly three times the pace of the pre-pandemic level of growth.

The extenuating circumstances that contributed to the slowdown in the third quarter, namely the sharp rise in COVID cases and supply-chain disruptions, are still being watched carefully. Although variants of the coronavirus are causing concern, vaccines and public health measures have proven effective in thwarting the virus' advance. As far as supply-chain bottlenecks, signs of softening shipping costs and a modest improvement in inventory deliveries signal the normalization of the supply/demand imbalance is underway.

Inflation Woes

Inflation is posing a trickier dilemma for policymakers. The Consumer Price Index—a measure of prices for a basket of common items—is running well above the Federal Reserve's average inflation target of 2%. While Fed officials initially thought the rapid pace of inflation would fade in due course, the thinking now has shifted to acknowledging its persistence. While unlikely to generate an abrupt change in the central bank's interest rate policy anytime soon, it does pressure monetary and fiscal authorities to be particularly vigilant as souring consumer sentiment could adversely impact spending and, in turn, stall economic activity.

The good news is wage increases provided by employers seeking to fill jobs have offset price inflation. The ratio of job openings to the number of unemployed is at a record level. Job growth has been reasonably good and might improve in the coming months, which could mean a possible return to full employment by next summer or fall.

Higher Wages in Demand

A tightening labor market could drive wages up further. Recent strikes, such as the one recently concluded at farm equipment manufacturer Deere, is indicative of the leverage employees have garnered during this period. While consumer inflation expectations remain well anchored now, an unmooring that triggered increased demands for higher wages to combat perceived inflation could lead to a wage spiral. That would not only tease the Fed's reaction function, but could pressure corporate margins and dent profit growth. Either of these developments could have consequences for equity prices.

Meanwhile, equity markets continue to build on the enormous year-to-date advance from profit gains and expectations that forward-looking estimates will remain quite strong. In our judgment, further gains are likely. The macroeconomic climate should remain quite conducive for stocks to take their cue from higher profits, an accommodative monetary setting, and historically low interest rates. Of course, a change in tax policy, an increase in tensions with China, a provocative impulse from Iran, and unbridled inflation are among the issues we are monitoring closely. Stay tuned. ■

JANNEY IN THE COMMUNITY

Spartanburg, South Carolina

For the third year, our branch office in Spartanburg, South Carolina, sponsored the "Walk to Hope 5K" hosted by PS I Love You Ministries, which supports the needs of children in foster care and the families who serve them.

Ronald McDonald House Charities®
Philadelphia Region

Philadelphia, Pennsylvania

Members of our team in Philadelphia made raffle baskets to raise money for the Ronald McDonald House, which supports families with sick children in their time of need.

Franklin, Tennessee

Our branch office in Franklin, Tennessee, recently participated in a grape stomp competition that has helped raise more than $2 million for local organizations over the past 20 years. The team also helped raise money for The Haley Sue Foundation at its first golf event.

TAX-SMART CHARITABLE GIFTING STRATEGIES

Laura Medigovich, Vice President/Senior Financial Planner

Take advantage of the current tax rules to support the charities you care about and save on your taxes at the same time.

Even though income and estate tax advantages aren't the main reasons driving most people's philanthropy, they're nevertheless valuable benefits that shouldn't be overlooked. However, to qualify for an income tax deduction on a charitable gift of cash or property, you need to:

- Itemize deductions on your income tax return;
- Meet gift documentation/substantiation requirements; and
- Make the gift to a qualified charitable organization.

The Tax Cuts and Jobs Act (TCJA) of 2017 served to both giveth and taketh away. The TCJA not only retained the existing tax deduction for charitable contributions, it bolstered it by allowing taxpayers to contribute even more under the deduction. At the same time, the TCJA dramatically overhauled the standard deduction—essentially doubling the deduction while eliminating and scaling back a number of allowances.

For 2021, the standard deduction is $12,550 for single taxpayers and $25,100 for those who are married filing jointly. Not surprisingly, that has dissuaded many taxpayers who used to itemize deductions from continuing to do so.

If you want to give considerably more than that to charity, there ways to still gain the tax benefits without having to itemize your deductions every year. The following are two relatively simple strategies you may want to consider.

'Bunching' Contributions to a Donor Advised Fund

Let's suppose you've historically donated $10,000 each year to one or more local qualified charities. But now, you no longer itemize your deductions. Rather than losing out on the tax benefits of your charity, you may want to consider bunching several years of giving (e.g., $50,000 for the next five years) into a single year and placing the gift into a donor advised fund (DAF).

DAFs are separate charitable investment accounts offered through qualified custodians. They're extremely easy to set up, and can be funded with a variety of assets including cash, stocks, bonds, and funds. Once you open and fund your DAF account, you choose a strategy for how any gifted (but not yet granted) funds will be invested.

Gifting RMDs You Don't Need for Income

The IRS allows you to make tax-free distributions directly from your taxable IRAs to any 501(c)(3) registered charity rather than taking your required minimum distributions (RMDs). It's an opportunity to use RMDs you may not need for income, and instead fund a sizable gift (up to $100,000 per taxpayer per year) to one or more qualified charities.

This Qualified Charitable Distribution (QCD) provision is only available to taxpayers who are age 70½ or older, and provides a way to accomplish three goals: satisfy your annual taxable RMD; support one or more charities that are important to you; and avoid having to pay income taxes on your RMDs, including the potential that your RMDs might push you into a higher tax bracket and/or prevent phaseouts of other tax deductions.

Janney can help you explore these and other charitable giving strategies to help determine what best fits your needs and goals.

Read the full article here: www.Janney.com/GiftingStrategies. ■

YOU'RE INVITED TO

Exclusive Virtual Events

SIMPLE SAFEGUARDS: HOW TO STAY SAFE FROM IDENTITY THEFT AND CYBERCRIME

Wednesday, January 26, 2022 | 12:00 PM EST

Register Here: www.Janney.com/Cybersecurity

With an increasingly digital world comes an increasing level of risk, and it's more important than ever to take precautions and be aware of how to protect yourself. Join us for an exclusive webinar, "Simple Safeguards: How to Stay Safe from Identity Theft and Cybercrime," featuring retired FBI Special Agent, Jeff Lanza for valuable tips and information on how to protect your identity and your data.

THE PSYCHOLOGY OF INVESTING

Wednesday, March 16, 2022 | 12:00 PM EST

Register Here: www.Janney.com/InvestorBehavior

Why do we sometimes do the wrong things at the wrong time with our money? There are many different behaviors and emotions that can affect investment decisions—such as loss aversion, familiarity, overconfidence, or the illusion of control. Discover how knowledge of investor behavior can assist with decision-making, especially during times of market uncertainty. Tune in to our exclusive Janney webinar and hear from Janney's Chief Investment Strategist, Mark Luschini, to learn more.

IMPORTANT ACCOUNT DISCLOSURES

Our Role and Fiduciary Acknowledgment for Retirement Accounts

Janney Montgomery Scott, (hereinafter, "Janney" or "we"), is providing you with the following acknowledgment for purposes of complying with the US Department of Labor's ("DOL") Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), where applicable. This acknowledgment will be effective when we begin relying on PTE 2020-02, which will be on February 1, 2022, or, if later, the date that the DOL Field Assistance Bulletin 2021-02 (or subsequent similar guidance) ceases to be in effect.

This acknowledgment applies when Janney or one of its representatives provides investment advice or recommendations to you regarding retirement and other tax-qualified accounts (including workplace retirement plans, IRAs, SEPs, SIMPLE IRAs, educational savings accounts, and other similar accounts), which for purposes of this acknowledgment will all be called "Retirement Accounts."

Fiduciary Acknowledgment. When we provide investment advice to you regarding your Retirement Accounts, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing Retirement Accounts. The way we make money creates certain conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, when providing certain investment recommendations, we must also:

- Meet a professional standard of care (give prudent advice);
- Not put our financial interests ahead of yours (give loyal advice);
- Avoid misleading statements about our conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our advice and services; and
- Give you basic information about our conflicts of interest.

Limitations to our Acknowledgment of Fiduciary Status. This fiduciary acknowledgment does not create an ongoing duty to monitor your accounts or create or modify a contractual obligation or fiduciary status under state or federal laws other than the retirement laws. Not all services or activities that we provide to your Retirement Accounts constitute fiduciary investment advice subject to the provisions above. As examples, we are not fiduciaries under the retirement laws when we provide:

- General information and education about the financial markets, asset allocations, financial planning illustrations, and the advantages and risks of particular investments;
- General information and education about issues and options that should be considered when deciding whether to rollover or transfer Retirement Account assets to us;
- Recommendations about investments held in accounts that are not Retirement Accounts (i.e., taxable accounts);
- Recommendations that you choose to execute at another financial institution other than for assets for which we act as broker of record;
- Transactions or trades you execute without a recommendation from us (e.g., unsolicited trades), or that are contrary to, or inconsistent with, our recommendation; and
- Recommendations that do not meet the definition of fiduciary "investment advice" in Department of Labor regulation section 2510.3-21. For your information, fiduciary investment advice means investment advice for a fee or other compensation rendered on a regular basis pursuant to a mutual understanding that such advice will serve as a primary basis for your investment decision, and that will be individualized to the particular needs of your IRA or plan account.

Plan to IRA Rollovers and Transfers. We do not provide recommendations regarding your decision to roll assets out of a workplace retirement plan and into an IRA. We will only provide you with general information and education about your options for you to make a decision based on your personal financial needs and savings objectives.

IRA to IRA Transfers. If Janney or one of its representatives recommends that you move assets from an IRA at another financial institution to Janney, they are required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in your best interest because (1) greater services and/or other benefits (including discretionary management, asset consolidation, trust services, and holistic advice and planning) can be achieved with the Janney IRA; and (2) the costs associated with the Janney IRA are justified by these services and benefits.

Advisory Services. If Janney or one of its representatives recommends that you add retirement assets to an advisory program at Janney, they determined it is in your best interest based on your stated investment profile because:

- The account services and features include one of more of the following: ongoing account monitoring, discretionary management, holistic investment advice, access to affiliated/third party managers, and automatic account rebalancing; and
- The asset-based costs associated with Janney advisory program(s) are justified by these services and features.

When providing non-discretionary investment advice or recommendations under an investment advisory program, we are fiduciaries under the retirement laws.

Brokerage Account Transfers. If Janney or one of its representatives recommends that you add retirement assets to a brokerage account at Janney, he or she determined it is in your best interest based on your stated investment profile because:

- The account services and features include one of more of the following: no or de minimis account minimums, fees paid on a transactional basis, and the ability to maintain concentrated and illiquid positions; and
- The transaction-based costs associated with a Janney brokerage account are justified by these services and features.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to move into a brokerage or advisory account, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Janney and its employees resulting from your decision to move assets into the account.

More Information Regarding Fees, Services and Conflicts

For a description of our fees, services, and conflicts of interest, please refer to our Form CRS, Brokerage Brochure, and Form ADV (if applicable) available at www.janney.com/wealth-management/disclosures-agreements/relationship-summary-regulation-best-interest/relationship-summary.

SEC Rule 606

Under SEC Rule 606, Janney is required to disclose, on a quarterly basis, the identity of the market centers to which it routes a significant percentage of its orders. Janney is also required to disclose the nature of its relationships with such market centers, including any internalization or payment for order flow and reciprocal business arrangements. Effective July 31, 2021, Janney no longer receives payment for order flow, including any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration in return for the routing of customer orders. See Janney.com/disclosures for more information.

MSRB Rule G-10

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Broker-Dealers are required to provide certain written information to their clients which include the following:

- Janney Montgomery Scott LLC. is currently registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a broker-dealer.
- Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, our clients may obtain the investor brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

See www.Janney.com/disclosures for further information.

Janney Montgomery Scott LLC

1717 Arch Street, Philadelphia, PA 19103 | 1.800.JANNEYS | www.Janney.com