

# Market Intel Exchange

Market data and insights from Lincoln  
and industry asset management partners

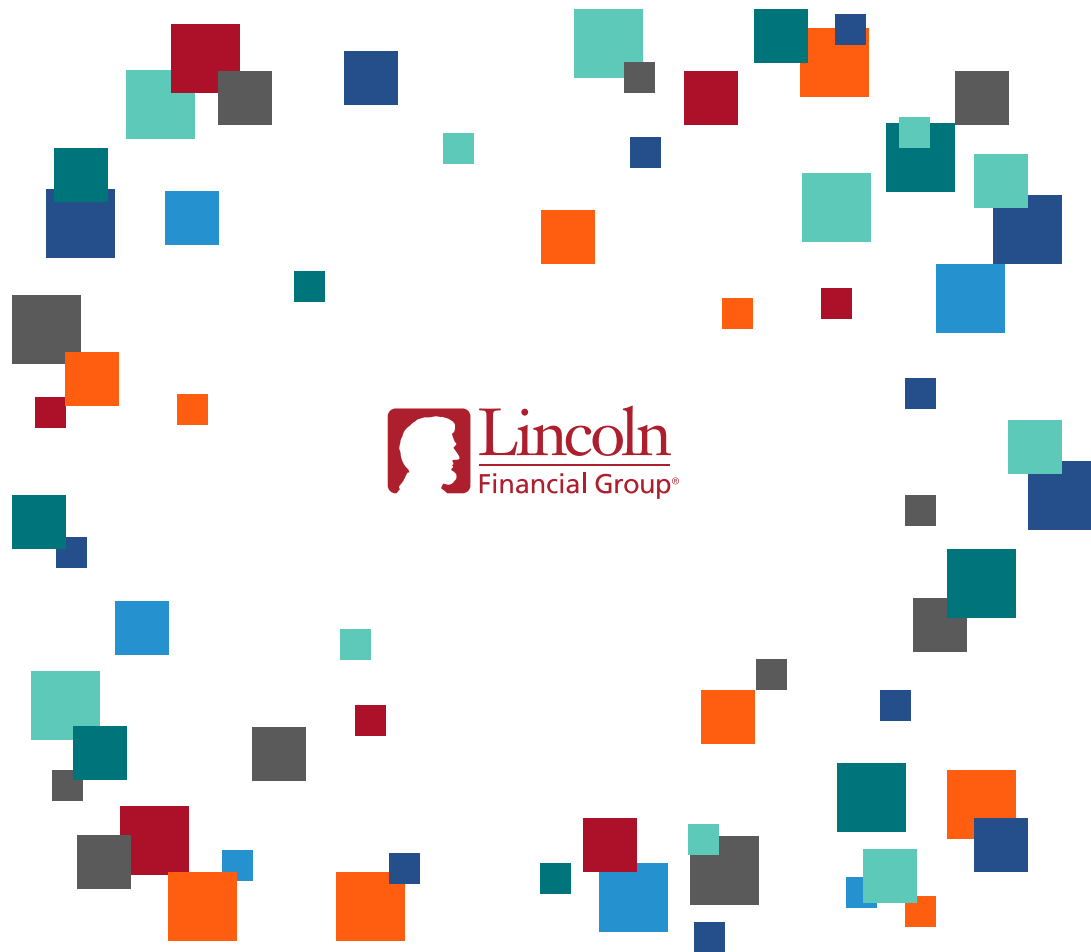
As of 3/31/2021

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# Market intelligence, made easy



Lincoln's Market Intel Exchange can save you time, help you stay informed, and provide you the valuable insights you need to help grow your business.

Inside you will find a collection of charts and data that bring to life current market and economic themes that can help grow your business.

One of Lincoln's most valuable assets is our ability to source a diverse set of market perspectives through our partnerships with respected asset managers around the globe.

## Thank you to our asset management partner contributors.

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William Blair

# What's inside?

## Key themes



Economic recovery: Vaccine-shaped, policy-fueled ..... 5



Government spending outpacing revenue..... 6



Eyes on inflation overshoots ..... 7



Investors are regaining confidence ..... 8

## Equities

Key economic and market metrics .....	10
Cumulative returns .....	11
Valuation measures .....	12
Top 5 stocks .....	13
Calendar returns and intra-year declines ...	14
Returns and market volatility .....	15
International vs. domestic equity returns and valuations .....	16

## Fixed income

U.S. Treasury yield .....	18
Total return breakdown .....	19
Index characteristics .....	20
Starting yields and subsequent returns ...	21
Income assets: Yields and risk. ....	22

## Asset allocation

60/40 portfolio returns .....	24
60/40 portfolio return expectations .....	25
Asset class sentiment from our network ...	26
The income gap .....	27
Periodic table of investment returns .....	28

## Foundations

Life expectancy probabilities .....	30
Mathematics of loss .....	31
Missed best days .....	32
Impact of taxes .....	33

# Key themes

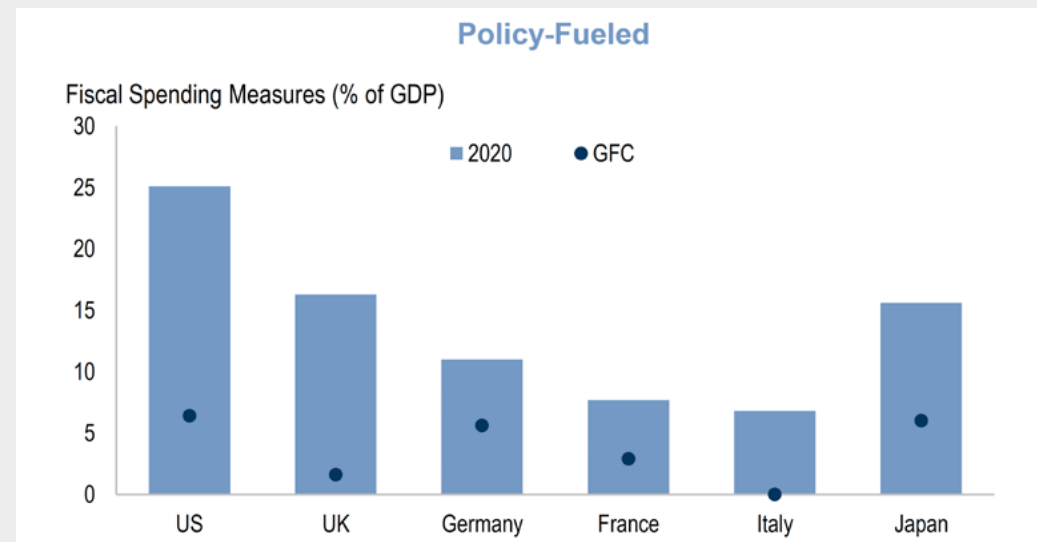
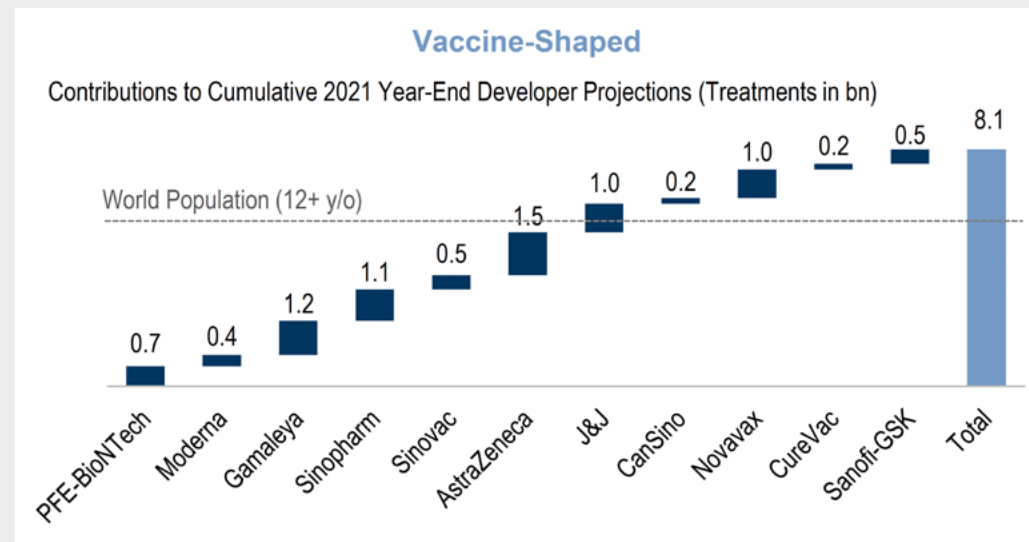
# Economic recovery: Vaccine-shaped, policy-fueled



## Asset Management

**Vaccine:** GSAM expects large shares of developed market populations to be vaccinated by mid-2021, with the U.S. approaching 50% inoculated in April.

**Stimulus:** The magnitude of countercyclical policy support dwarfs anything deployed in modern history. Monetary policy reliquified critical funding markets while fiscal policy built a bridge to recovery for corporates and consumers. Collectively, stimulus may exceed the cumulative GDP lost to COVID-19.



Source: Bloomberg, Goldman Sachs Global Investment Research, and GSAM. As of March 31, 2021. Left chart source: Company public disclosure. As of December 31, 2020. Right chart source: International Monetary Fund and GSAM. As of March 31, 2021. Chart compares the levels of fiscal stimulus as a percent of GDP for 2020 and during the Global Financial Crisis (GFC). Past performance does not guarantee future results, which may vary.

Source: GSAM SAS Market Strategy, SAS Market Perspective April 2021.

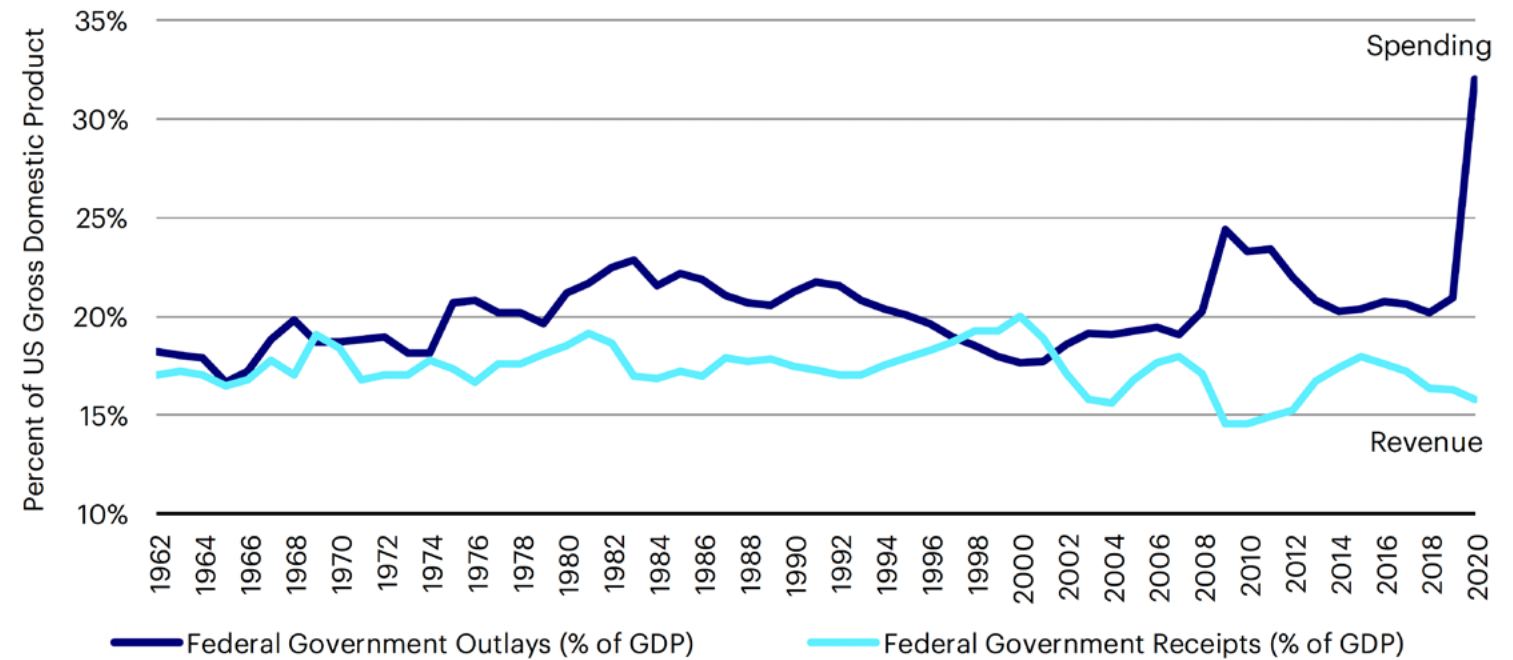
# Government spending outpacing revenue

Widening of the U.S. federal budget deficit



The U.S. federal government has committed over \$3T in spending to support the economy, and the Biden administration is seeking an additional \$1.9T while the federal government has been collecting less revenue as a result of the weakness in economic activity.

Federal Tax Receipts and Spending



Sources: Federal Reserve Bank of St. Louis, Dec. 31, 2020.

Source: Invesco, "Will Tax Hikes Kill the Bull Market?" February 2021. <https://www.invesco.com/us/en/insights/will-tax-hikes-kill-the-bull-market.html>

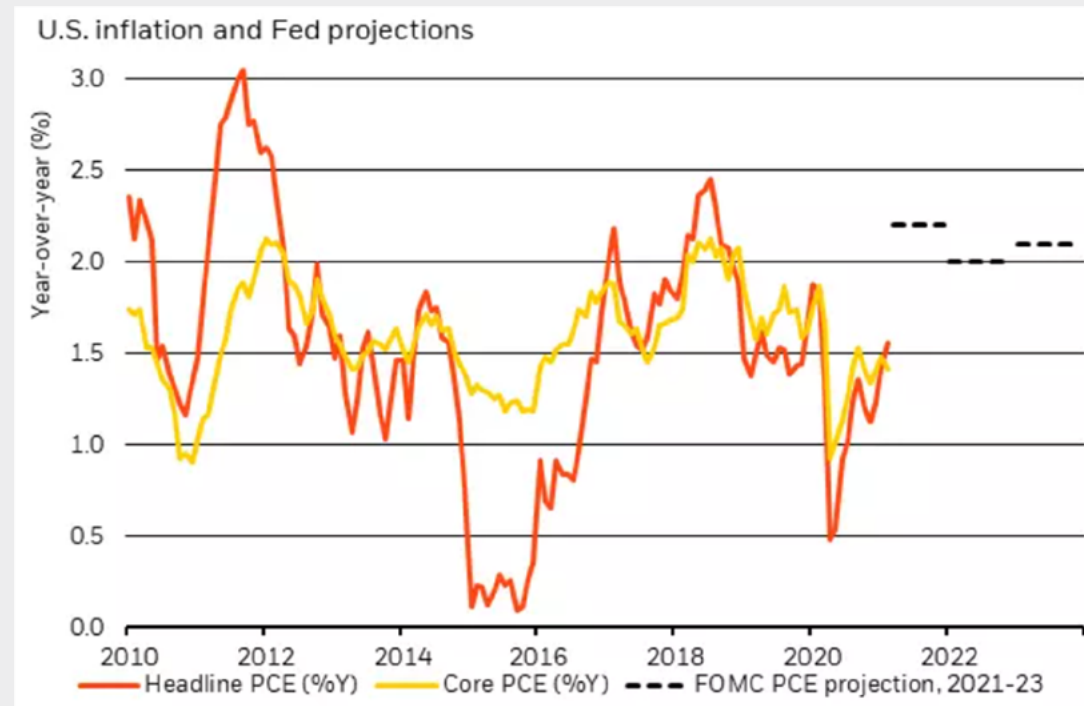
# Eyes on inflation overshoots

A long way from targets

## BlackRock

We see three factors responsible for a near-term spurt in inflation: base effects that will distort year-on-year comparisons, global and local supply constraints, and considerable pent-up consumer demand and excess savings.

All three effects are likely to be transitory, in our view, yet the surge in inflation has medium-term implications. Our view of higher medium-term inflation rests in part on the Fed sticking to its average inflation targeting policy framework, and looking to normalize monetary policy much more patiently than in the past. If inflation expectations were to become unanchored, inflation could start to rise in a more sustained manner.

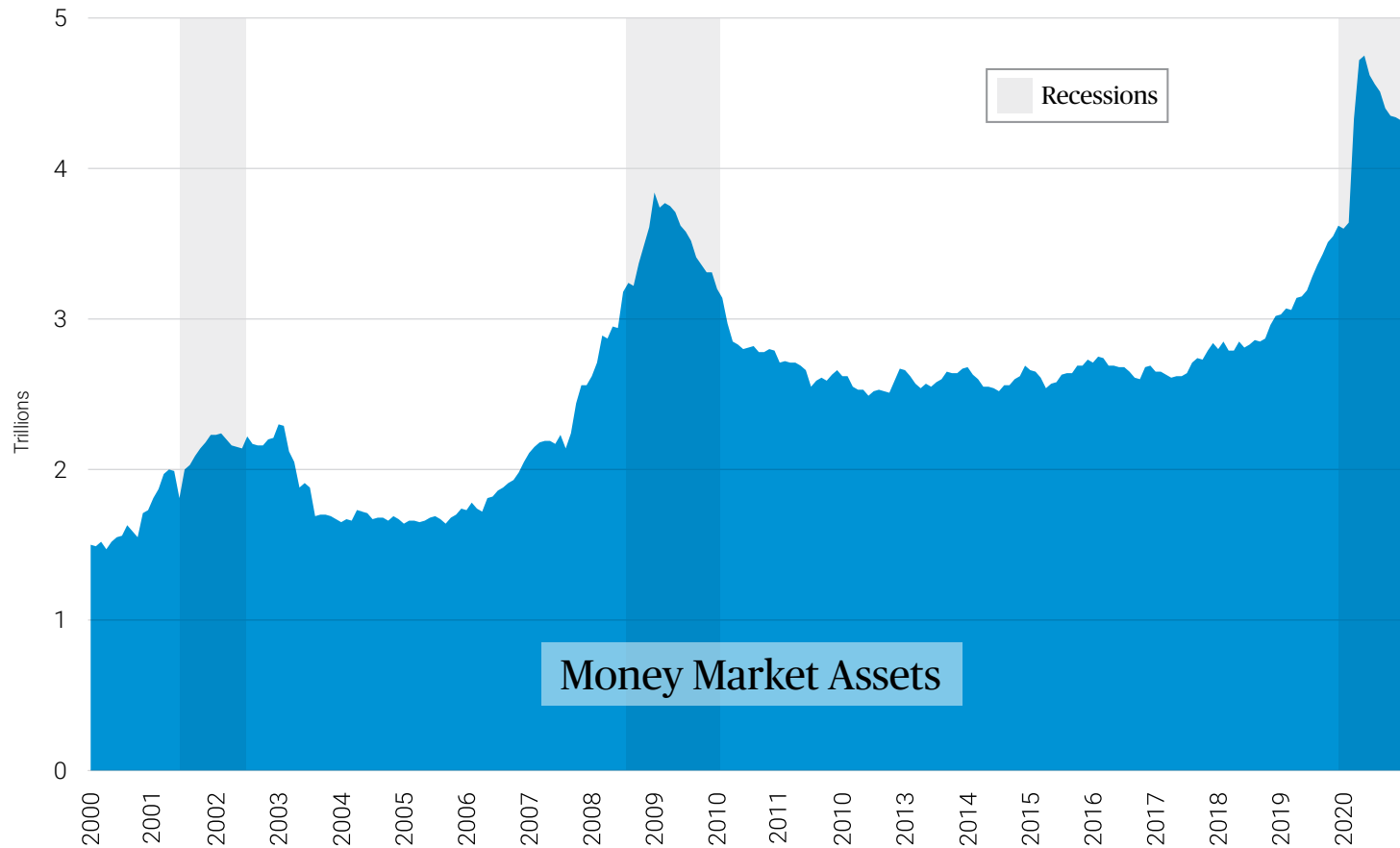


Source: BlackRock Investment Institute, Bureau of Economic Analysis, with data from Haver Analytics, April 2021. Notes: The dotted lines show the Fed's projection for quarter-on-quarter core personal consumption expenditure for the fourth quarter in 2021, 2022 and 2023. The data is from the Fed's March 2021 Summary of Economic projections.

Source: Blackrock Investment Institute. <https://www.blackrock.com/corporate/insights/blackrock-investment-institute/macro-insights>

# Investors are regaining confidence

Declining levels of cash suggest an appetite for investing again



Nominal Yield	Inflation	Real Yield
1.74%	1.28%	0.46%

## What is this chart showing?

This chart shows the amount of cash investors held in money market accounts annually from 2000 through 2020.

## Why is it important?

Increases and decreases in cash on the sidelines is one indicator that can help gauge how investors are feeling, positive or negative, about the market and the economy.

**Inflation** measures how much more expensive a set of goods and services has become over a certain period, usually a year.

**Nominal yield** is the coupon rate on a bond. It is the interest rate that the bond issuer promises to pay bond purchasers. This rate is fixed, and it applies to the life of the bond. Sometimes it's also referred to as nominal rate or coupon yield.

**Real yield** is the nominal yield of a bond minus the rate of inflation.

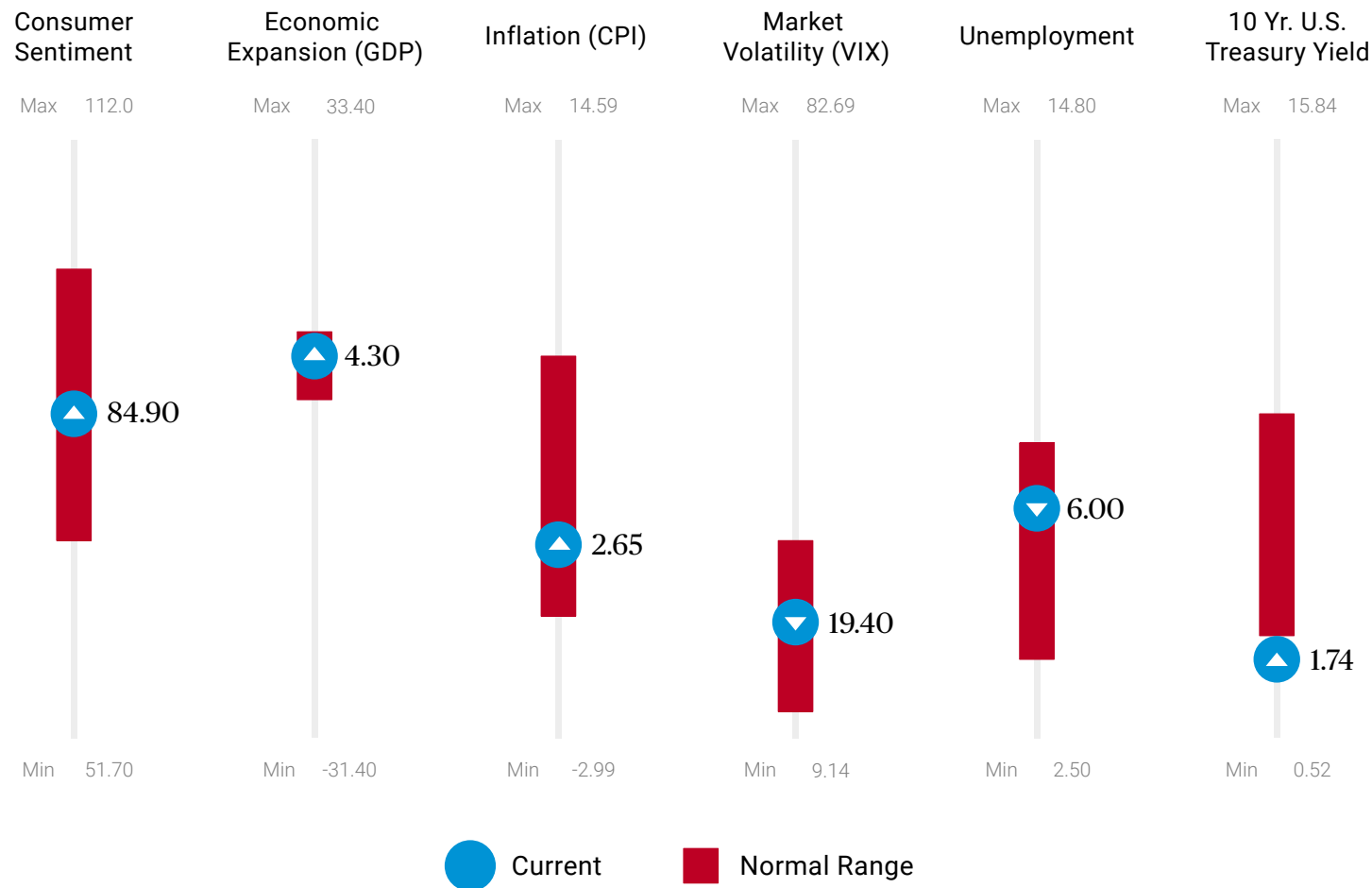
Source: Morningstar, J.P. Morgan. Data based on combined AUM of tax-free, taxable, and Prime Money Market accounts. Real 10-year Treasury yields are calculated as the daily Treasury yield less year-over-year core CPI inflation for that month, except for April and March 2021 where real yields are calculated by subtracting out February 2021 year-over-year core inflation. As of March 31, 2021.



# Equities

# Key economic and market metrics

As of 3/31/2021



## What is this chart showing?

This chart shows the historical range and current level of six key economic and market indicators.

## Why is it important?

Investors can use this chart to quickly determine if economic indicators are at, above, or below their historical average. Indicators that are outside of their normal average may provide insight in to the health or direction of the economy and the market.

**The Michigan Consumer Sentiment Index** is calculated each month on the basis of a household survey of consumers' opinions on current conditions and future expectations of the economy. Opinions on current conditions make up 40% of the index, with expectations of future conditions comprising the remaining 60%.

**Gross Domestic Product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health.

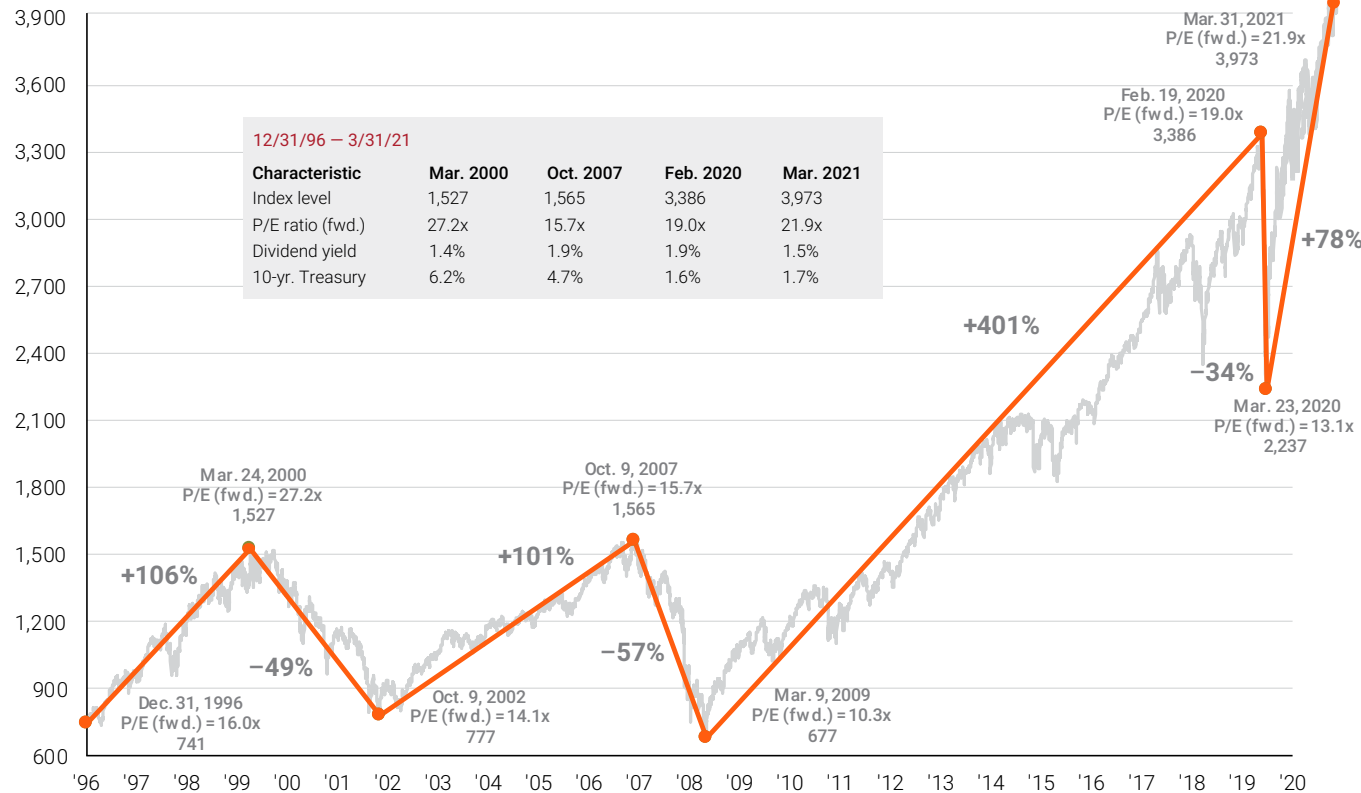
**Consumer Price Index (CPI)** is a measure of inflation that calculates the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.

**The VIX** is a real-time market index representing the market's expectations for volatility over the coming 30 days.

**Unemployment rate** as measured by the U.S. Bureau of Labor Statistics.

Source: Bloomberg. Arrows are indicative of most recent three-month trend. Normal range represents +/- standard deviation to the mean over timeframe referenced. See Additional Information on page 35 for more details. **Past performance is not indicative of future returns.**

# S&P 500: Cumulative returns



Since 1929, we've seen 26 bear markets<sup>1</sup>

Stocks lost more than 35% on average in a bear market<sup>2</sup>

Stocks gained 112% on average during a bull market<sup>3</sup>

## What is this chart showing?

This chart shows the cumulative return of the S&P 500 Index from 1996 to present. It also highlights the return of major expansionary and contraction periods during this time.

## Why is it important?

This chart can help put market cycles in context by comparing the magnitude and duration of bull and bear markets, along with the long-term trend of the S&P 500.

**Dividend yield** is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat.

**Forward price-to-earnings ratio** is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Guide to the Markets U.S. Data is as of March 31, 2021.

The index used is a price index and does not reflect dividends paid on the underlying stocks. The S&P 500® Price Return Index tracks the stock performance of 500 large U.S. companies.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures. **Past performance is not indicative of future returns.**

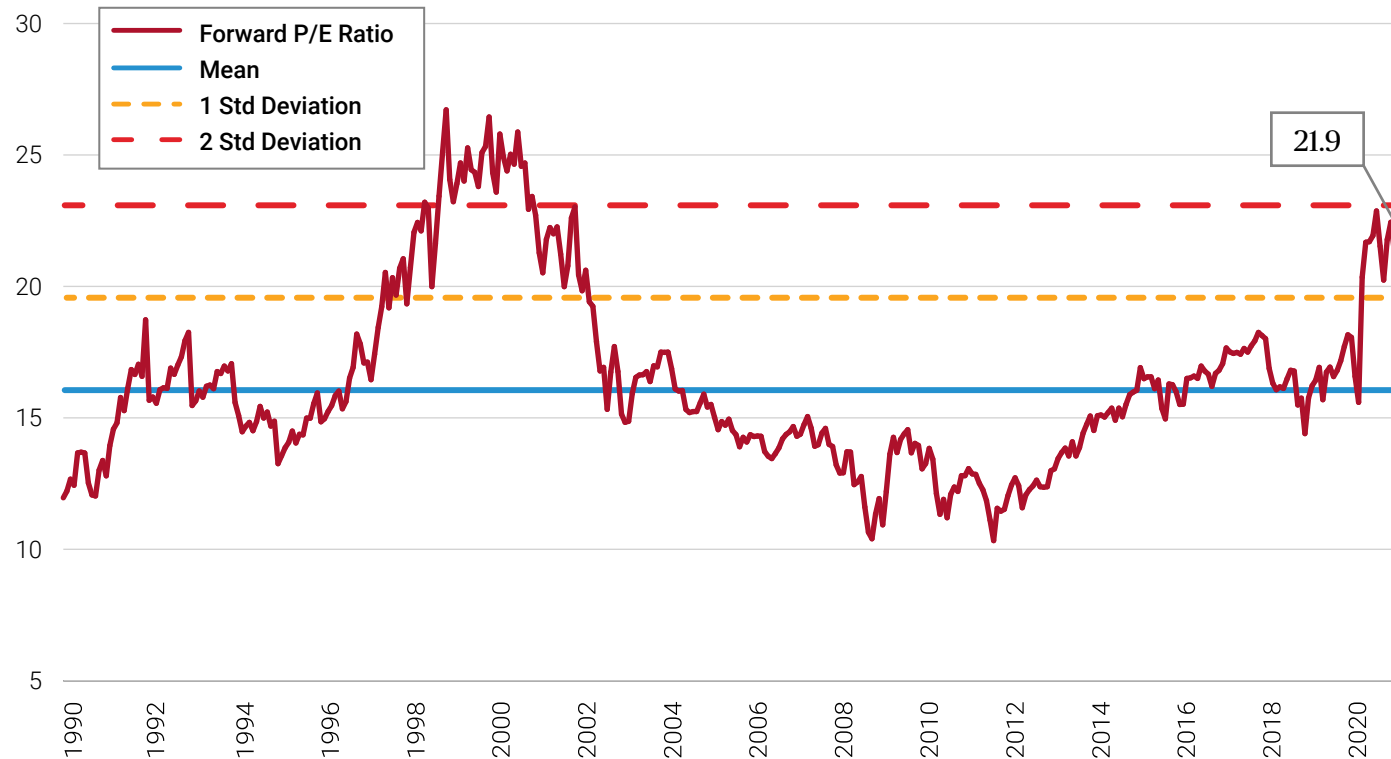
Source: Compustat, FactSet, Federal Reserve, Standard & Poor's, J.P. Morgan Asset Management.

<sup>1</sup> Bloomberg, Lincoln Financial Group. Bear markets are defined as instances of at least a 20% market decline.

<sup>2</sup> Invesco, "Bull and Bear Markets – Historical Trends and Portfolio Impact," May 2019.

<sup>3</sup> Ned Davis Research as of 12/31/19.

# S&P 500: Valuation measures



Valuation Measures	Current	20-year Average
Forward P/E	21.9	15.5
Shiller's P/E	36.7	25.6
Dividend Yield	1.5	2.0
Price-to-Book	4.3	2.8
Price-to-Cash Flow	19.3	11.2

## What is this chart showing?

This chart shows the historical trend of the S&P 500 forward P/E ratio compared to the modern-era historical average.

## Why is it important?

Equity valuation measures, like the forward P/E, can help investors gauge if the market is overvalued or undervalued relative to the historical average.

**Forward P/E ratio** (or forward price-to-earnings ratio) is the most-recent stock price divided by the forward-looking EPS estimate.

**Shiller's P/E ratio** is the most recent stock price divided by the average of 10 years of inflation-adjusted earnings.

**Dividend yield** is the percentage of its stock price that a company is projected to pay out as dividends. It is calculated by dividing estimated annual dividends per share for the current fiscal year by the company's most recent month-end stock price.

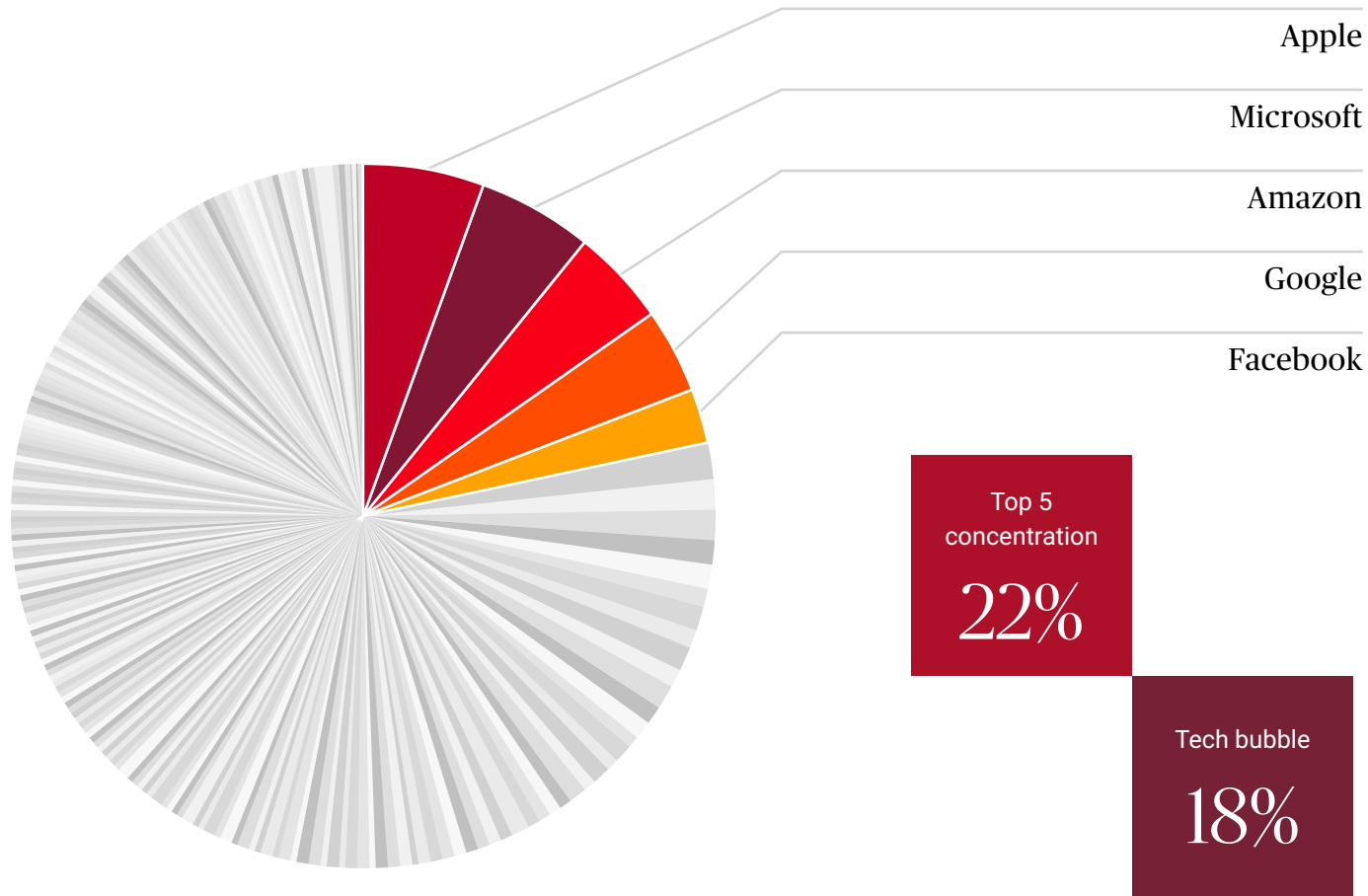
**Price-to-book** compares a firm's market capitalization to its book value. It's calculated by dividing the company's stock price per share by its book value per share (BVPS).

**Price-to-cash flow** is a valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.

**Standard deviation** is a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.

Source: FactSet, S&P, Robert Shiller, Bloomberg. As of March 31, 2021.

# S&P 500: Top 5 stocks



## What is this chart showing?

This pie chart shows the companies within the S&P 500 by size (market capitalization). It highlights the percentage that the top five companies represent as a total of all the companies in the S&P 500.

## Why is it important?

Investors can use this to view the level of concentration in the S&P 500.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

**Past performance is not indicative of future returns.**

Source: Bloomberg, S&P. As of March 31, 2021.

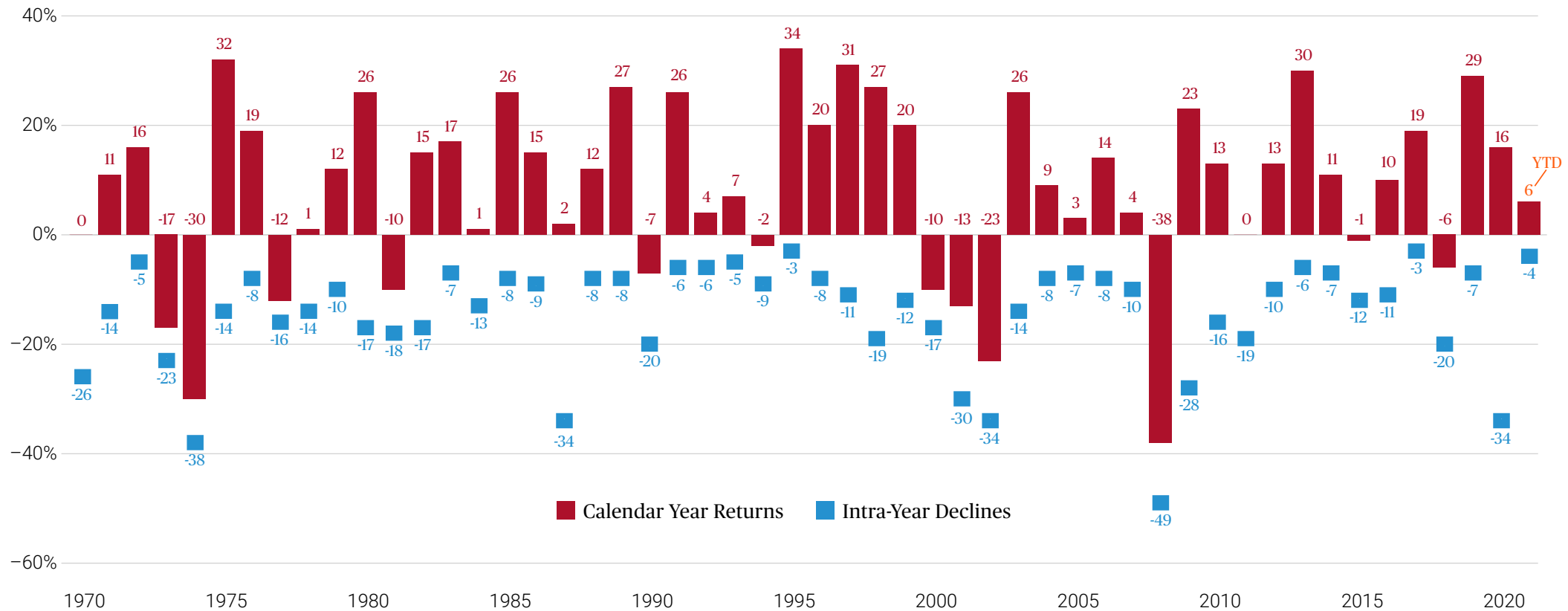
# S&P 500: Calendar returns and intra-year declines

## What is this chart showing?

This chart shows calendar year returns of the S&P 500 Price Index from 1970 to present. It also shows the largest intra-year declines (lows) for each year.

## Why is it important?

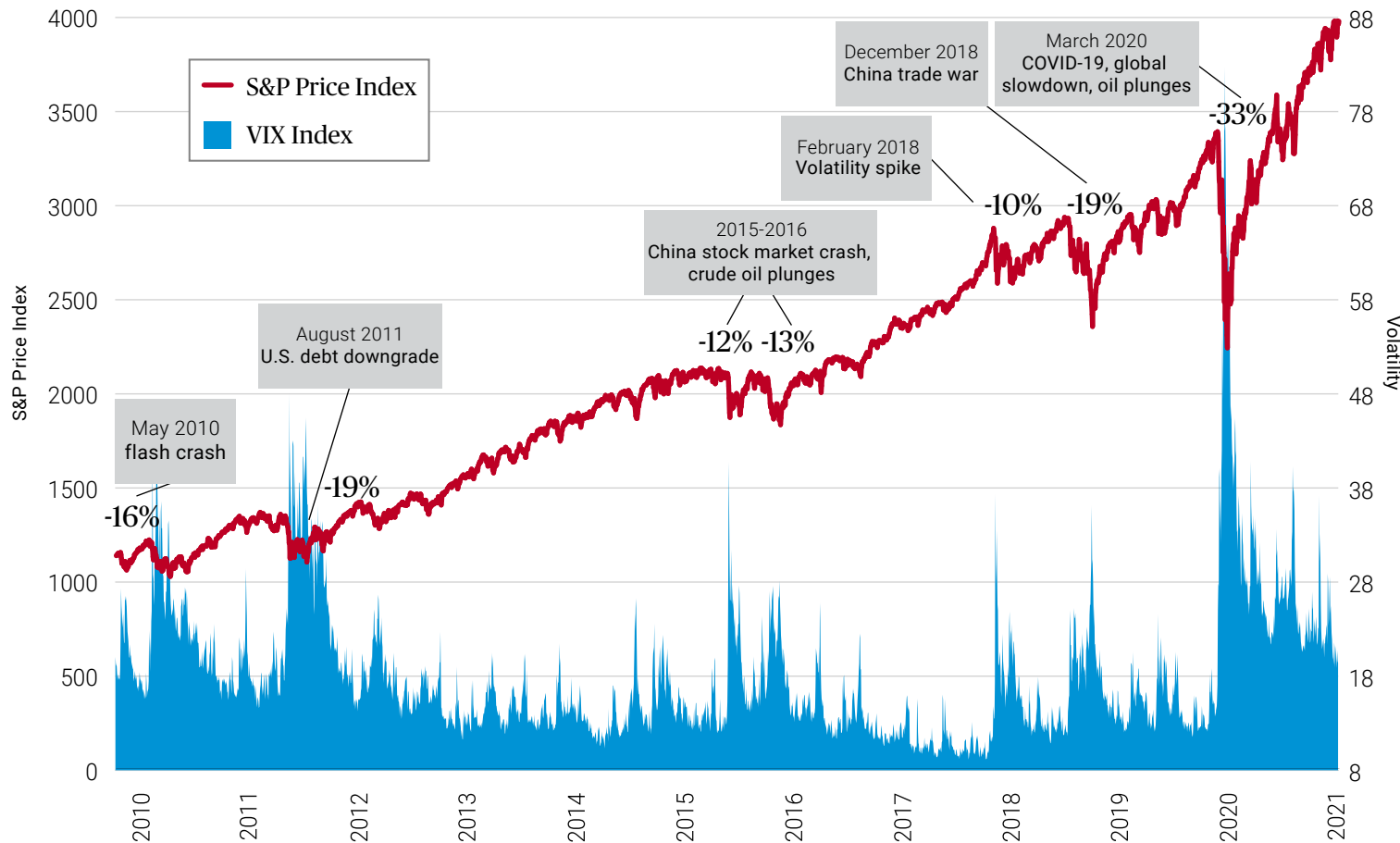
Investors can use this to understand that looking at annual returns alone can hide that there are often big drops that occur within the year.



You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

Source: FactSet, S&P. Returns are based on price index only and do not include dividends. Intra-year drops refer to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1970 to the most recent quarter end. **Past performance is not indicative of future returns.**

# S&P 500: Returns and market volatility



## What is this chart showing?

This chart shows key catalysts to large market drawdowns in recent history and volatility levels during these times.

## Why is it important?

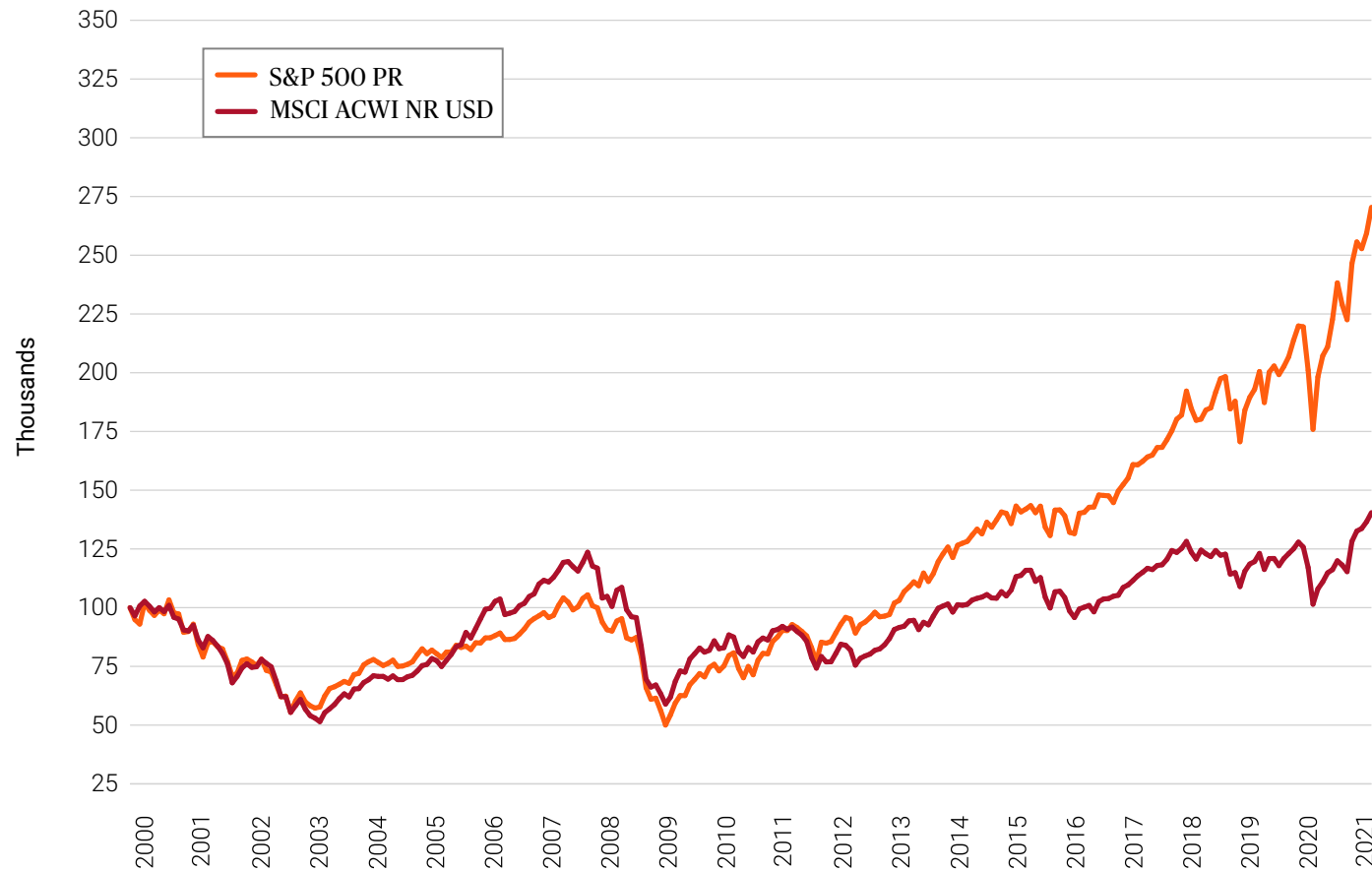
Investors can use this to view the relationship between volatility and equity market returns over both short- and long-term periods.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

The **VIX** is a real-time market index representing the market's expectations for volatility over the coming 30 days.

Source: Bloomberg, CBOE, S&P. Drawdowns are calculated as the prior peak to the lowest point. **Past performance is not indicative of future returns.**

# International vs. domestic equity returns and valuations



	Forward PE	20-year avg.
S&P 500	21.9	15.5
MSCI ACWI ex-U.S.	16.3	13.4
MSCI ACWI as % of U.S.	74%	87%

## What is this chart showing?

This chart shows the cumulative growth of international equities versus domestic equities from 2000 through the most recent quarter end. The supporting table above compares the forward P/E valuation measures of each versus long-term averages.

## Why is it important?

Investors can use this information to help inform future investment decisions when considering portfolio allocations to domestic and international stocks.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

**Forward P/E ratio** (or forward price-to-earnings ratio) is the most recent stock price divided by the forward-looking EPS estimate.

Source: FactSet, S&P, MSCI. Returns are cumulative and based on 1) S&P 500 Index price movement only, and do not include the reinvestment of dividends and 2) MSCI ACWI net dividend which represents minimum possible dividend reinvestment. **Past performance is not indicative of future returns.**



# Fixed income

# U.S. Treasury yield

## What is this chart showing?

This chart shows the historical yield for the 10-Year Treasury, along with an expanded view of yield movements this year and their impact on several bond asset class returns.

U.S. 10-year Treasury yield



Core bonds represented by BBgBarc US Aggregate Bond TR; Intermediate Treasuries represented by ICA BofA 5-10Y US Trsy TR USD; Long-term Treasuries represented by ICE BofA 10+Y US Trsy TR USD.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures. **Past performance is not indicative of future returns.**

Source: Bloomberg. As of March 31, 2021.

## Why is it important?

Experts view the 10-year Treasury yield as a benchmark for the state of the economy and investor confidence. It drives interest rates throughout the market, making money more or less expensive to borrow. And movements can signal a need to reevaluate stock valuations and portfolio investment risks.

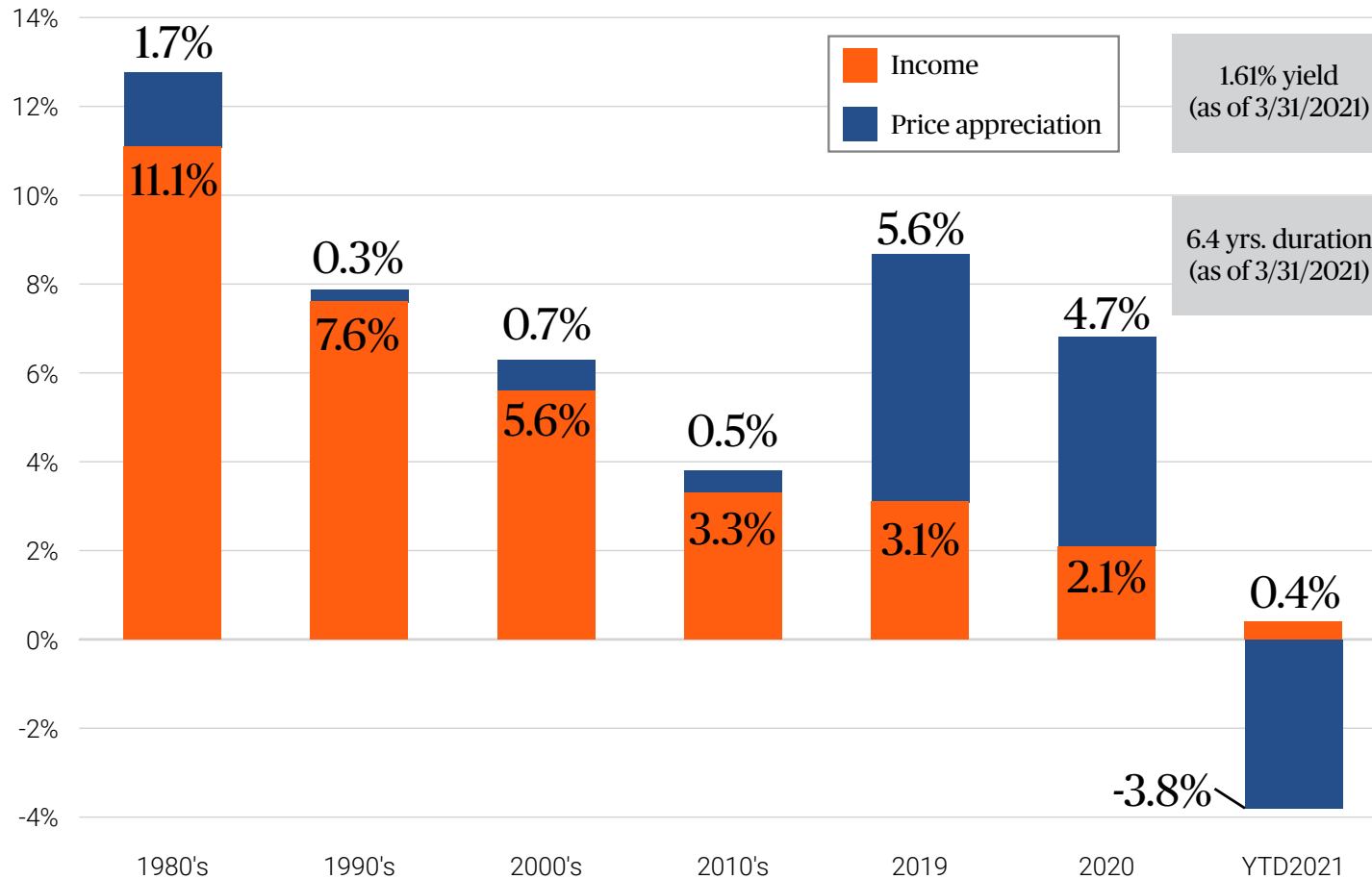
U.S. 10-year Treasury yield from January through end of March '21



	YTD Return (thru 3/31)
Core Bonds	-3.37%
Intermediate Treasuries	-4.48%
Long-term Treasuries	-13.24%

# Core Bonds: Total return breakdown

U.S. Bloomberg Barclays Aggregate Index



## What is this chart showing?

This chart breaks down the total return of the Barclays U.S. Aggregate Bond Index into separate income and price appreciation components throughout different time periods.

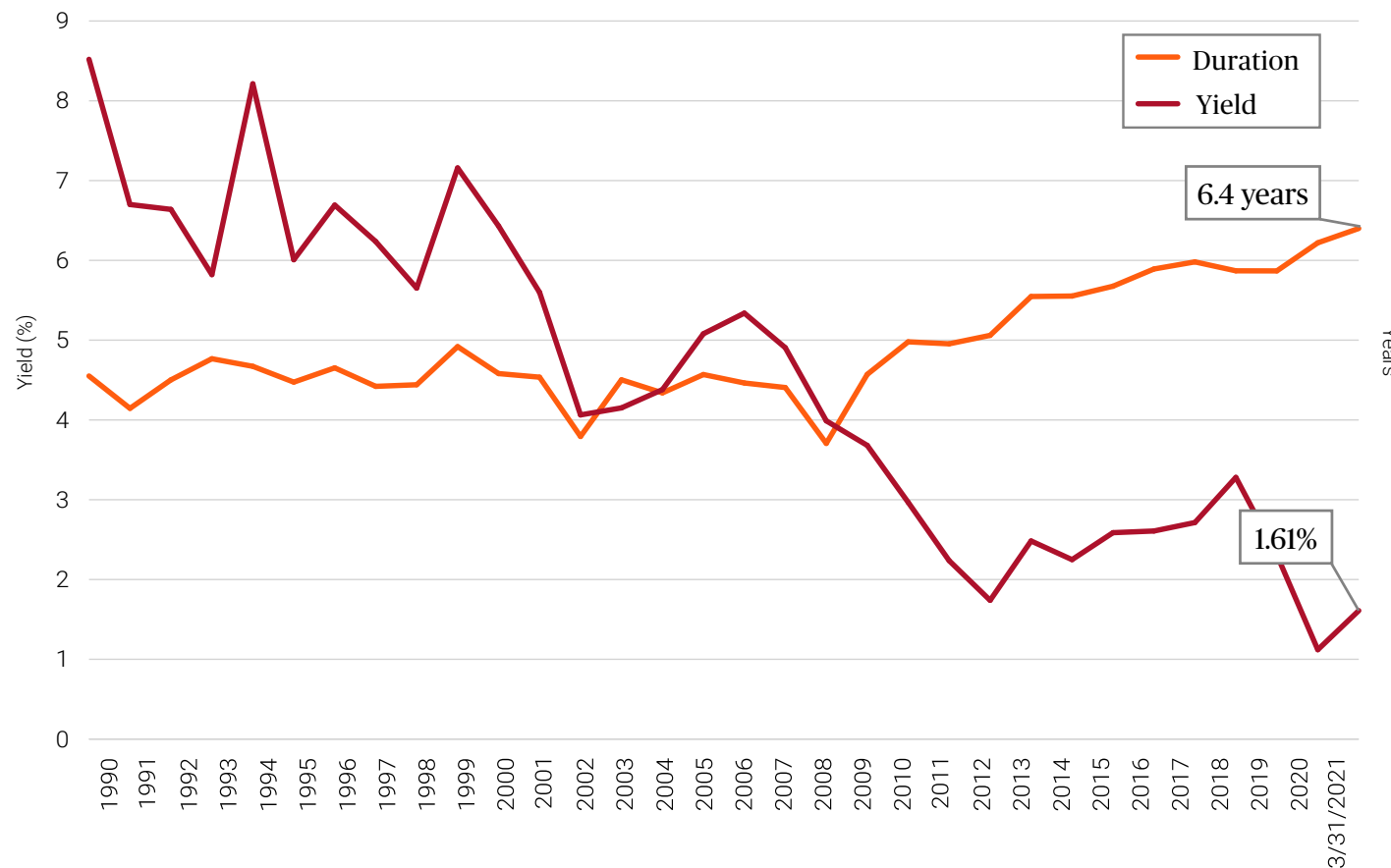
## Why is it important?

Historically income has been the primary driver of bond returns; however, more recently, declining interest rates have led to price appreciation becoming the biggest contributor.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures. Source: Barclays, Bloomberg, Morningstar. As of March 31, 2021. **Past performance is not indicative of future returns.**

# Core bonds: Index characteristics

U.S. Bloomberg Barclays Aggregate Index



Date	Yield (A)	Duration (B)	Rate increase that would offset yield (A/B)
12/31/89	8.6%	4.6 yrs	187 bps
12/31/99	7.2%	4.9 yrs	147 bps
12/31/09	3.7%	4.6 yrs	80 bps
12/31/20	1.1%	6.2 yrs	18 bps
3/31/21	1.6%	6.4 yrs	25 bps

## What is this chart showing?

This chart shows how the yield and duration of core bonds, as measured by the Bloomberg Barclays Aggregate Bond Index, has trended from 1990 through present.

## Why is it important?

Investors can use this to see how the risk/reward trade-off of core bonds has been trending over time. Risk is measured by the duration, and reward is measured by the yield.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

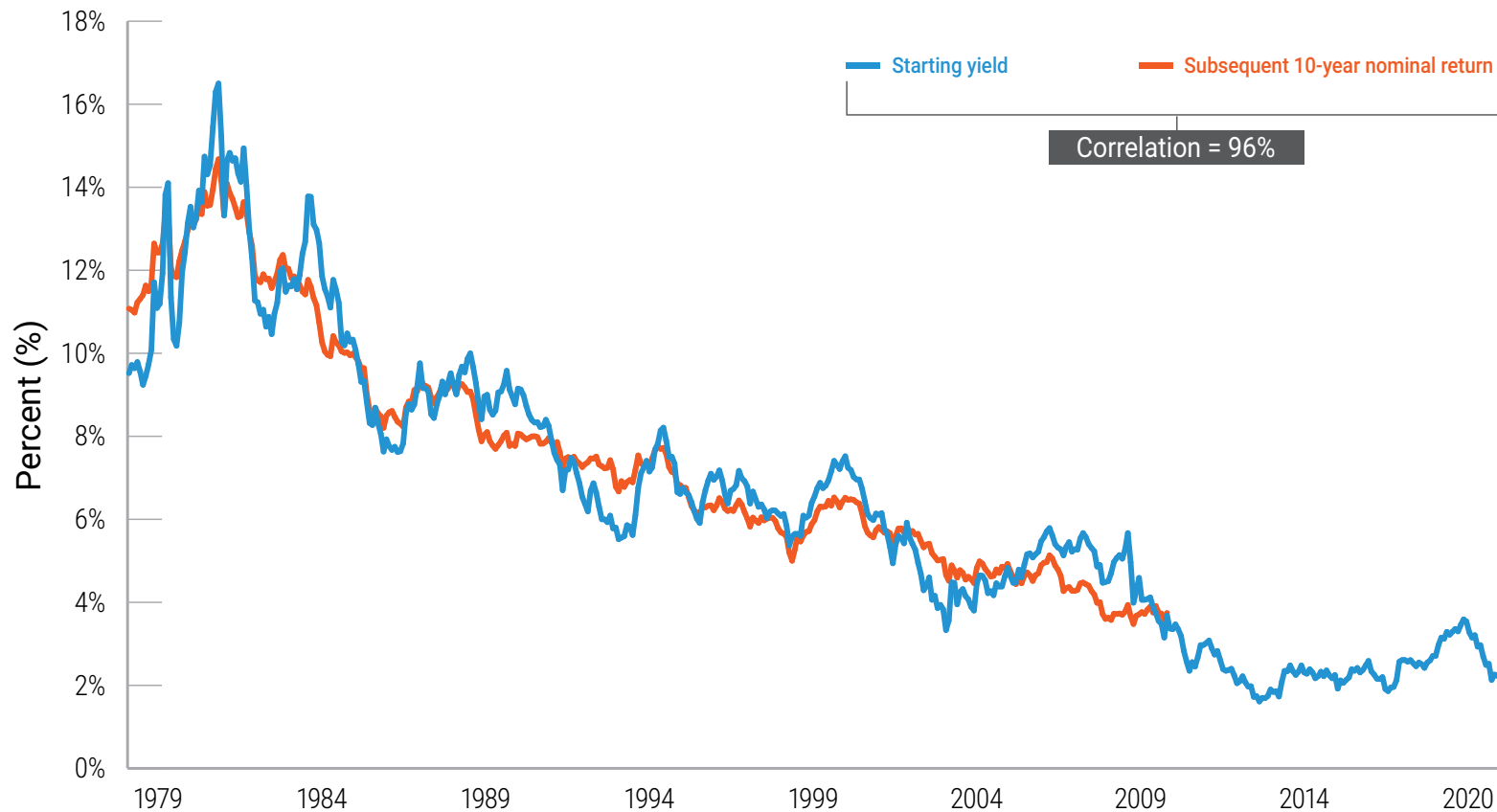
**Duration** is a measure of a fund's interest-rate sensitivity – the longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

**Yield** is represented by Yield to Worst, which is the lowest possible yield of a bond.

Source: Barclays, Bloomberg. As of March 31, 2021. **Past performance is not indicative of future returns.**

# Core bonds: Starting yields and subsequent returns

Bloomberg Barclays U.S. Aggregate Bond Index starting yield and subsequent returns



## What is this chart showing?

This chart shows the starting yield of U.S. core bonds for the past 40+ years, along with the subsequent 10-year total return from that point.

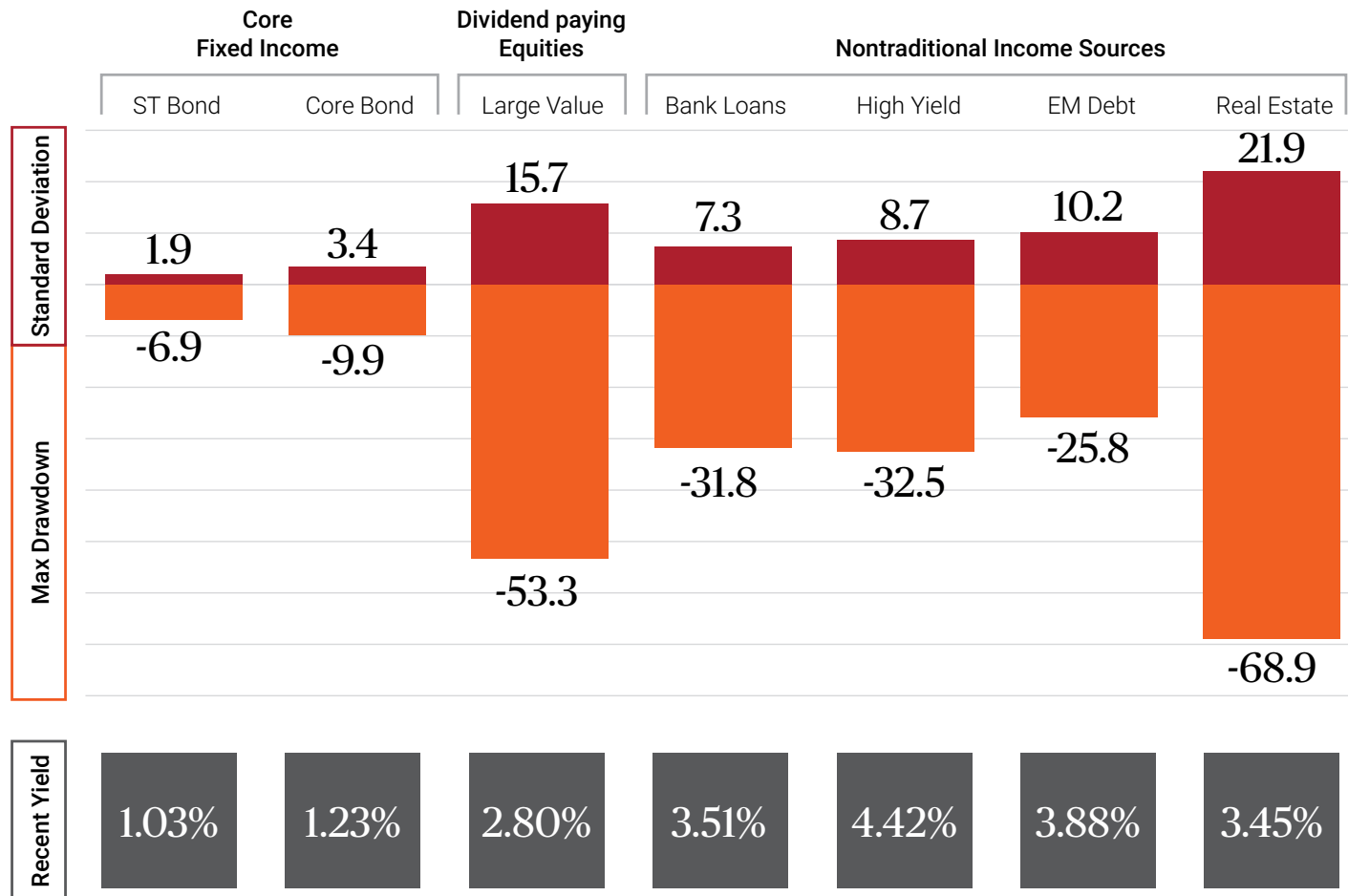
## Why is it important?

Investors commonly look to current yields to inform their total return expectations, as historically starting yield is an accurate predictor of future bond returns (96% correlation).

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

Source: Research affiliates based on data from Bloomberg and FactSet as of Dec. 31, 2020. Proxy: Bloomberg Barclays U.S. Aggregate Bond Index. **Past performance is not a guarantee or a reliable indicator of future results.**

# Income assets: Yields and risk



## What is this chart showing?

This chart shows the 15-yr. standard deviation and maximum drawdown of select income-producing asset classes, along with recent yields.

## Why is it important?

This allows investors to easily compare both the yield and risk of various income-producing asset classes.

**Standard deviation** is a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.

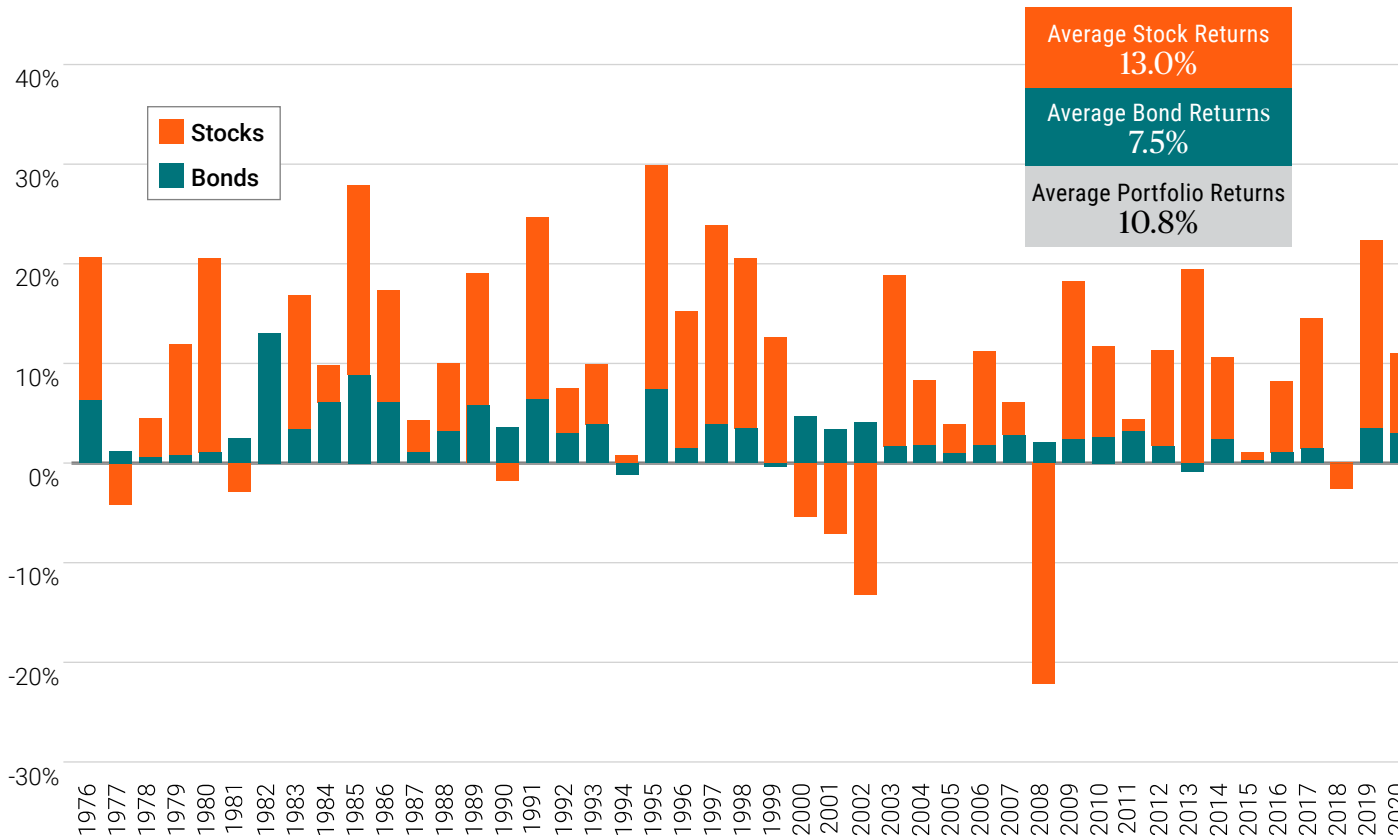
**Current yield (SEC Yield)** is a calculation based on a 30-day period ending on the last of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

**Max drawdown** is the largest drop in value from peak to bottom for an asset, asset class, or portfolio, over a certain period of time.

Standard deviation and max. drawdown based on Morningstar category, for period ending 12/31/2020. Current yield represents Morningstar category average SEC yield as of 12/31/20. Source: Morningstar, 15-year standard deviation, 15-year max drawdown period ending, SEC yield based on Morningstar category average, as of March 31, 2021. Current yield based on Morningstar category average SEC yield as of December 31, 2020.

# Asset allocation

# 60/40 portfolio returns



## What is this chart showing?

This chart shows both the annual and long-term average returns of a portfolio consisting of 60% U.S. stocks and 40% U.S. bonds.

## Why is it important?

Investors can use this to compare the performance of a domestic 60/40 portfolio to other strategies, as well as view the respective contribution to total return from both stocks and bonds.

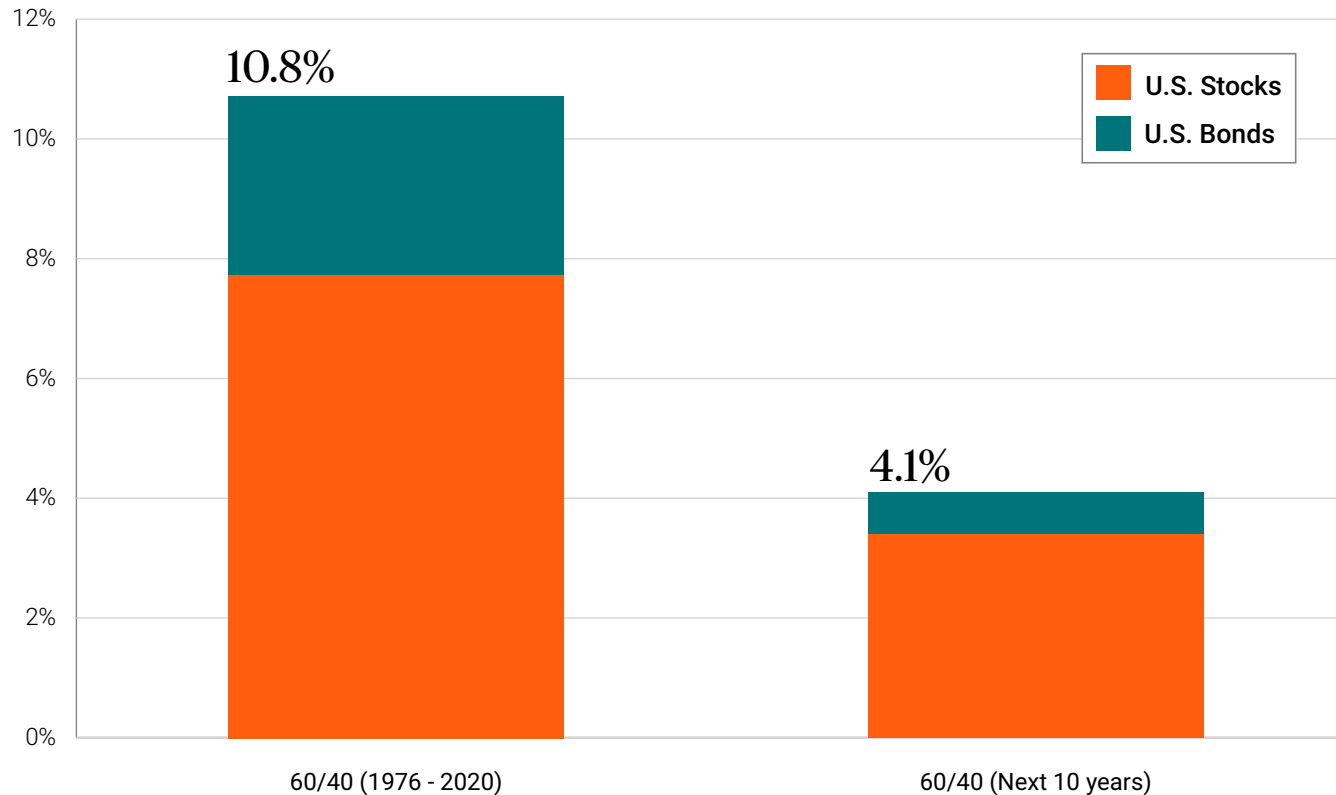
Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

Source: Data from Morningstar, Stocks = S&P 500 TR, Bonds = Barclays US Aggregate Bond Index, 1976 through 2020; 60/40 Portfolio = 60% S&P 500 TR + 40% Barclays US Aggregate Index. **Past performance is not indicative of future returns.**



# 60/40 portfolio return expectations



Capital Market Expectations	U.S. Stocks	U.S. Bonds
J.P. Morgan Asset Management (as of November 2020)	5.13%	2.16%
Goldman Sachs (as of March 2021)	6.30%	2.20%
BlackRock (as of December 2020)	6.30%	0.90%
State Street (as of March 2021)	5.10%	1.10%
<b>Average</b>	<b>5.71%</b>	<b>1.59%</b>

## What is this chart showing?

This chart shows the average historical return of a portfolio allocated to 60% equity and 40% bonds compared to the projected return based on the capital market assumptions of several of our asset management partners.

## Why is it important?

Understanding what future returns may look like relative to the past can help inform investment decisions and be a valuable input for planning purposes.

Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures. **Past performance is not indicative of future returns.**

**This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise – or even estimate – of future performance.**

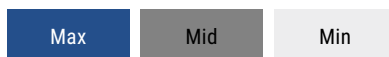
Source: Morningstar, S&P, Bloomberg. 60/40 Portfolio Then = 60% S&P 500 TR + 40% Barclays US Aggregate Index; 60/40 (Next 10 years) = Average Equity and bond returns based on capital market expectations shown in the table. Core equity = US Equity, Core bonds = US aggregate bonds. **See Additional Information on page 35 for more information. Past performance is not indicative of future returns.**

# Asset class sentiment from our network

As of 3/31/2021

	vs. Prior Qtr.	Bearish	Neutral	Bullish	
Equities	U.S. Large Cap	▼	41%	23%	36%
	U.S. Mid Cap		10%	38%	52%
	U.S. Small Cap		9%	23%	68%
	U.S. Growth		33%	57%	10%
	U.S. Value		5%	19%	76%
	International Equity	▲	9%	18%	73%
	Emerging Market Equity		5%	27%	68%
Fixed Income	U.S. Government		59%	41%	0%
	U.S. High Yield		18%	27%	55%
	U.S. Investment Grade		23%	64%	14%
	U.S. Investment Grade Corporate	▼	18%	68%	14%
	Emerging Market Debt (USD)		5%	38%	57%
	TIPS (BBg US TIPS) - TR		16%	53%	32%
	International Fixed Income (IG)		35%	45%	20%
Alts.	Global REITs		20%	67%	13%
	U.S. REITs		17%	56%	28%
	Commodities		10%	43%	48%

## Concentration of asset manager views



Arrows represent a sentiment change of greater than or equal to 20%

- ▲ = bullish response increase
- ▼ = bearish response increase

## Definitions

A **bearish** reading indicates the potential for an asset to underperform its class or subclass on a risk-adjusted basis.

A **bullish** reading indicates the potential for an asset to outperform its class or subclass on a risk-adjusted basis.

A **neutral** reading indicates the potential for performance in line with the asset's historical averages.

## What is this chart showing?

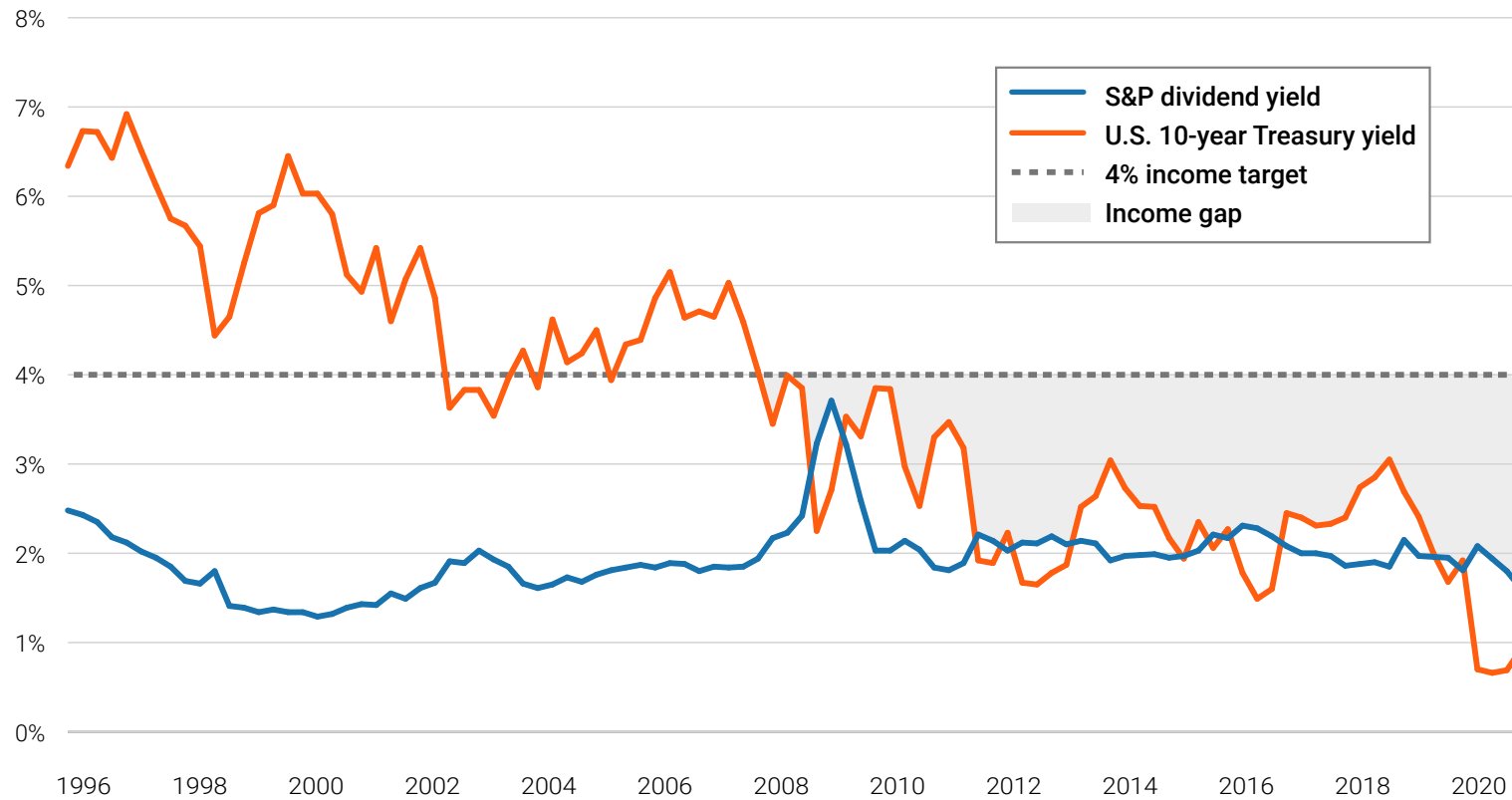
This table shows, in aggregate, sentiment on various asset classes from our network of partners. These views are collected quarterly, and changes in sentiment are noted with either a green or red arrow.

## Why is it important?

These survey results are informative, as they provide readers a consensus view from industry leaders on asset class outlooks for the next 12 to 18 months.

Asset manager views are compiled each quarter end through a survey process. This quarter's results include the views of 22 asset manager partners. The views expressed above are those of the select asset managers only and not necessarily of any Lincoln Financial Group affiliate. The survey results are not based on any particularized financial situation, or need, and are not intended to be, and should not be construed as, a forecast, research, investment advice or a recommendation for any specific strategy, product or service from any of the participating investment managers. Investors should speak to their financial professionals regarding the investment mix that may be right for them based on their financial situation and investment objectives.

# The income gap



## What is this chart showing?

This chart shows interest rates and dividend yields over time, and how each can contribute to achieving a 4% portfolio income target.

## Why is it important?

Investors can use this to determine how the current environment may impact future income planning.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

**Past performance is not indicative of future returns.**

Source: Factset. Data from January 1, 1996, through December 31, 2020.

# Periodic table of investment returns

## What is this chart showing?

This chart shows the annual performance of major asset classes. Each category is color-coded and listed from best-performing to worst in each year. Additionally, the returns of a diversified asset allocation are shown in each year for reference.

## Why is it important?

Investors can easily see that from year to year, performance of the asset categories tends to rotate, making it very difficult for investors to select the top performing asset. Investors who own a diversified asset allocation tend to experience positive returns over the long-term.

																2006 - 2020	
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Annualized	Volatility
REITs 35.1%	EM Stocks 39.9%	US Core Bond 5.2%	EM Stocks 79.1%	REITs 28%	REITs 8.3%	REITs 19.7%	US Sm Cap 38.9%	REITs 28%	REITs 2.8%	US Sm Cap 21.3%	EM Stocks 37.8%	Cash 1.8%	US Lg Cap 31.5%	US Sm Cap 20.0%	US Sm Cap 12.7%	US Lg Cap 9.9%	EM Stocks 22.6%
EM Stocks 32.6%	Commods 16.2%	Cash 1.8%	Global HY Bond 59.4%	US Sm Cap 26.9%	US Core Bond 7.8%	Global HY Bond 19.6%	US Lg Cap 32.4%	US Lg Cap 13.7%	US Lg Cap 1.4%	Global HY Bond 14.2%	Foreign Stocks 25.6%	US Core Bond 0%	REITs 28.7%	Commods 18.7%	EM Stocks 8.3%	US Sm Cap 8.9%	Commods 21.8%
Foreign Stocks 26.9%	Foreign Stocks 11.6%	Asset Allocation -25.3%	Foreign Stocks 32.5%	EM Stocks 19.2%	Global HY Bond 3.1%	EM Stocks 18.6%	Foreign Stocks 23.3%	US Core Bond 6%	US Core Bond 0.6%	US Lg Cap 11.9%	US Lg Cap 21.8%	REITs -4%	US Sm Cap 25.5%	US Lg Cap 18.4%	Foreign Stocks 6.9%	Cash 7.5%	US Sm Cap 20.3%
US Sm Cap 18.4%	Asset Allocation 7.1%	Global HY Bond -26.8%	REITs 28%	Commods 16.8%	US Lg Cap 2.1%	Foreign Stocks 17.9%	Asset Allocation 14.9%	Asset Allocation 5.2%	Cash 0%	Commods 11.7%	US Sm Cap 14.7%	Global HY Bond -4.1%	Foreign Stocks 22.7%	Asset Allocation 11.3%	US Lg Cap 6.2%	EM Stocks 7.2%	Global HY Bond 17.5%
US Lg Cap 15.8%	US Core Bond 7%	US Sm Cap -33.7%	US Sm Cap 27.2%	US Lg Cap 15.1%	Cash 0.1%	US Sm Cap 16.3%	Global HY Bond 7.3%	US Sm Cap 4.9%	Foreign Stocks -0.4%	EM Stocks 11.6%	Asset Allocation 14.6%	US Lg Cap -4.4%	Asset Allocation 19.5%	Global HY Bond 8.30%	Global HY Bond 3.6%	Commods 7.0%	Foreign Stocks 16.5%
Asset Allocation 15.3%	US Lg Cap 5.5%	Commods -35.6%	US Lg Cap 26.5%	Global HY Bond 14.8%	Asset Allocation 0.7%	US Lg Cap 16%	REITs 2.9%	Global HY Bond 0%	Asset Allocation -2%	REITs 8.6%	Global HY Bond 10.4%	Asset Allocation -5.8%	EM Stocks 18.9%	US Core Bond 7.5%	Asset Allocation 3.3%	Asset Allocation 6.6%	US Lg Cap 15.1%
Global HY Bond 13.7%	Cash 4.8%	US Lg Cap -36.9%	Asset Allocation 25%	Asset Allocation 13.3%	US Sm Cap -4.2%	Asset Allocation 12.2%	Cash 0%	Cash 0%	Global HY Bond -2.7%	Asset Allocation 8.3%	REITs 8.7%	US Sm Cap -11%	Global HY Bond 12.6%	Cash 7.0%	Commods 2.3%	Global HY Bond 5.0%	Asset Allocation 10.9%
Cash 4.8%	Global HY Bond 3.2%	REITs -37.7%	Commods 18.9%	Foreign Stocks 8.2%	Foreign Stocks -11.7%	US Core Bond 4.2%	US Core Bond -2%	EM Stocks -1.8%	US Sm Cap -4.4%	US Core Bond 2.6%	US Core Bond 3.5%	Commods -11.3%	US Core Bond 8.7%	REITs 0.5%	REITs 0.0%	US Core Bond 4.5%	Cash 10.5%
US Core Bond 4.3%	US Sm Cap -1.6%	Foreign Stocks -43%	US Core Bond 5.9%	US Core Bond 6.5%	Commods -13.3%	Cash 0.1%	EM Stocks -2.3%	Foreign Stocks -4.5%	EM Stocks -14.6%	Foreign Stocks 1.5%	Commods 1.7%	Foreign Stocks -13.4%	Commods 7.7%	Foreign Stocks -3.1%	Cash -1.0%	REITs 1.2%	US Core Bond 3.2%
Commods 2.1%	REITs -15.7%	EM Stocks -53.1%	Cash 0.1%	Cash 0.1%	EM Stocks -18.2%	Commods -1.1%	Commods -9.5%	Commods -17%	Commods -24.7%	Cash 0.3%	Cash 0.8%	EM Stocks -14.3%	Cash 2.2%	EM Stocks -5.1%	US Core Bond -3.4%	Foreign Stocks -4.0%	REITs 0.5%

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

Source: Bloomberg, Factset, S&P, MSCI, FTSE, Russell. **US Core Bond** – US BBgBarc Aggregate TR; **US Lg Cap** – S&P 500 TR; **Cash** – BBgBarc US Treasury Bill 1-3 Mon TR USD; **Global HY Bond** – BBgBarc Global High Yield TR USD; **EM Stocks** – MSCI EM GR USD; **Foreign Stocks** – MSCI EAFE GR USD; **US Sm Cap** – Russell 2000 TR USD; **Commods** – Bloomberg Commodity TR USD; **REITs** – FTSE NAREIT All Equity REITs TR USD; **Asset Allocation** - 25% S&P 500, 10% Russell 2000, 15% MSCI EAFE, 5% MSCI EME, 25% Bloomberg Barclays US Aggregate, 5% Bloomberg Barclays 1-3m Treasury, 5% Bloomberg Barclays Global High Yield Index, 5% Bloomberg Commodity Index and 5% NAREIT Equity REIT Index. Please see Additional Information on page 35 for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. **Past performance is not indicative of future returns.**

# Foundations

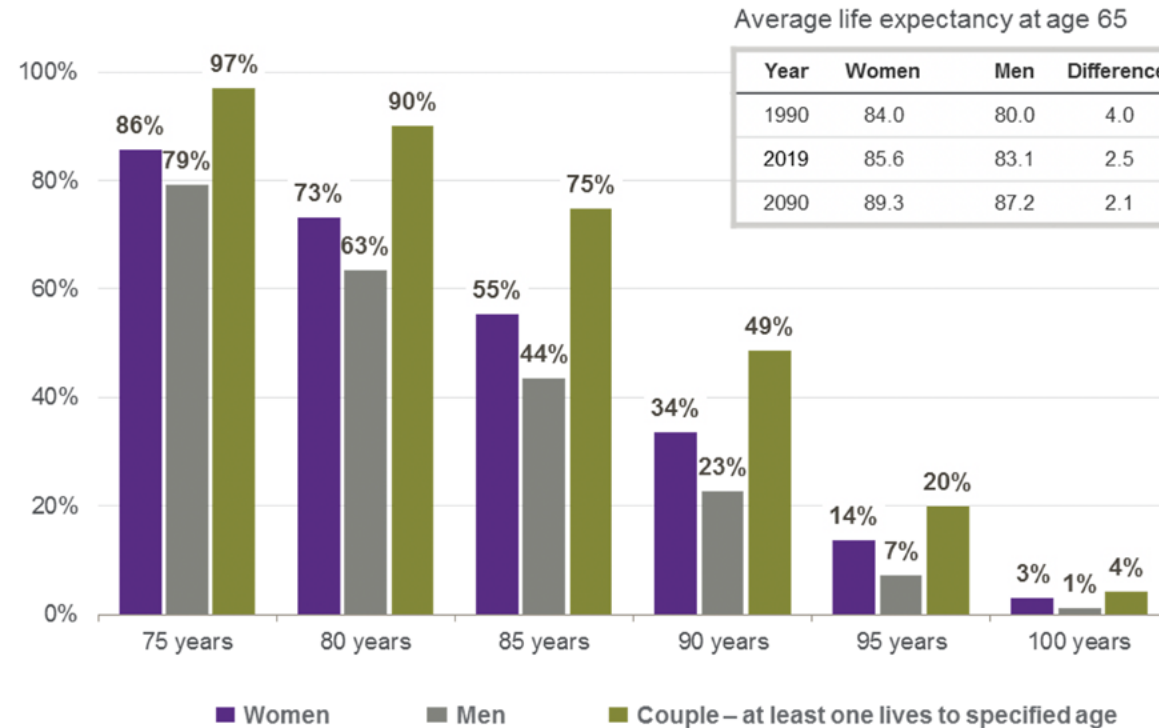
# Life expectancy probabilities

If you're age 65, the probability of living to a specific age or beyond

## J.P.Morgan Asset Management

Average life expectancy continues to increase and is a midpoint not an endpoint. You may need to plan on the probability of living much longer – perhaps 30+ years in retirement.

**If you're 65 today, the probability of living to a specific age or beyond**

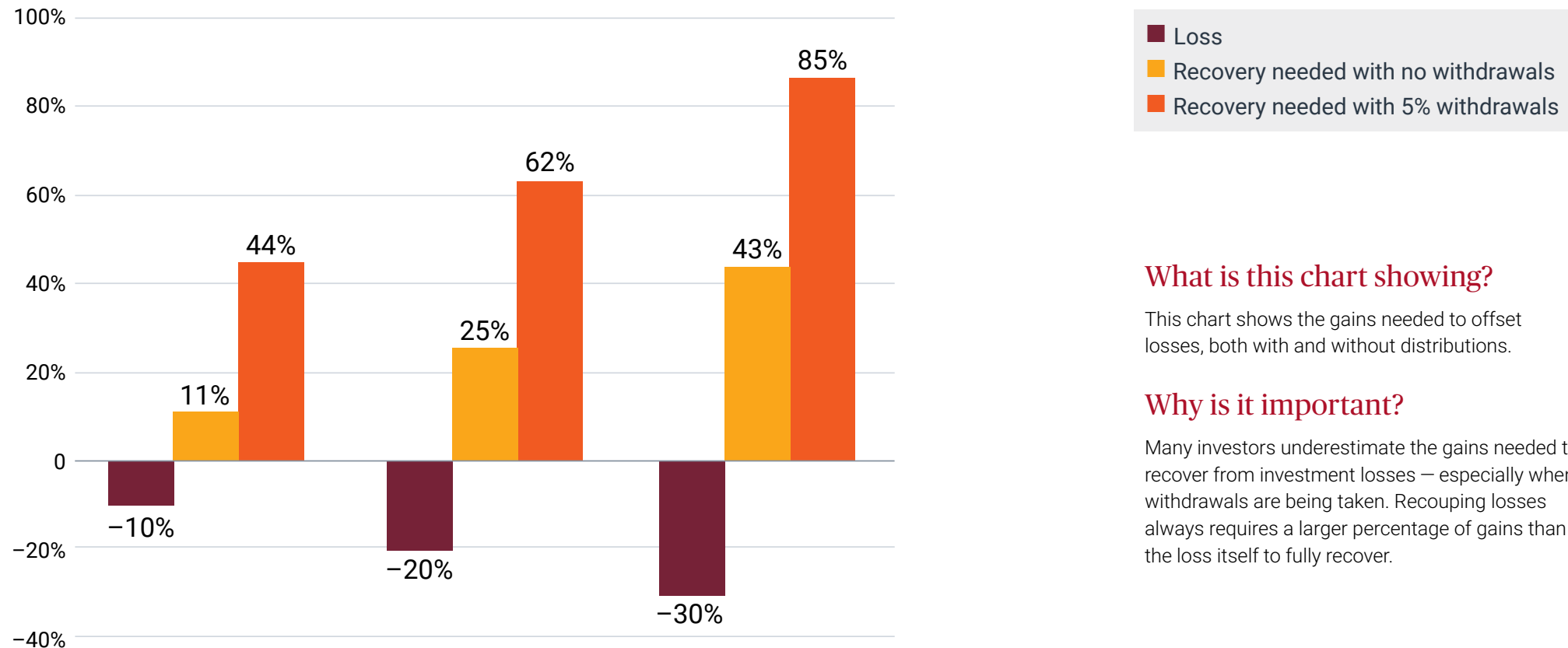


Source (chart): Social Security Administration, Period Life Table, 2017 (published in 2020), J.P. Morgan Asset Management.  
Source (table): Social Security Administration 2020 OASDI Trustees Report. Probability at least one member of a same-sex female couple lives to age 90 is 56% and a same-sex male couple is 40%.

Source: J.P. Morgan Asset Management <https://am.jpmorgan.com/us/en/asset-management/adv/insights/retirement-insights/guide-to-retirement>

# Mathematics of loss

Gains required to recover from losses



## What is this chart showing?

This chart shows the gains needed to offset losses, both with and without distributions.

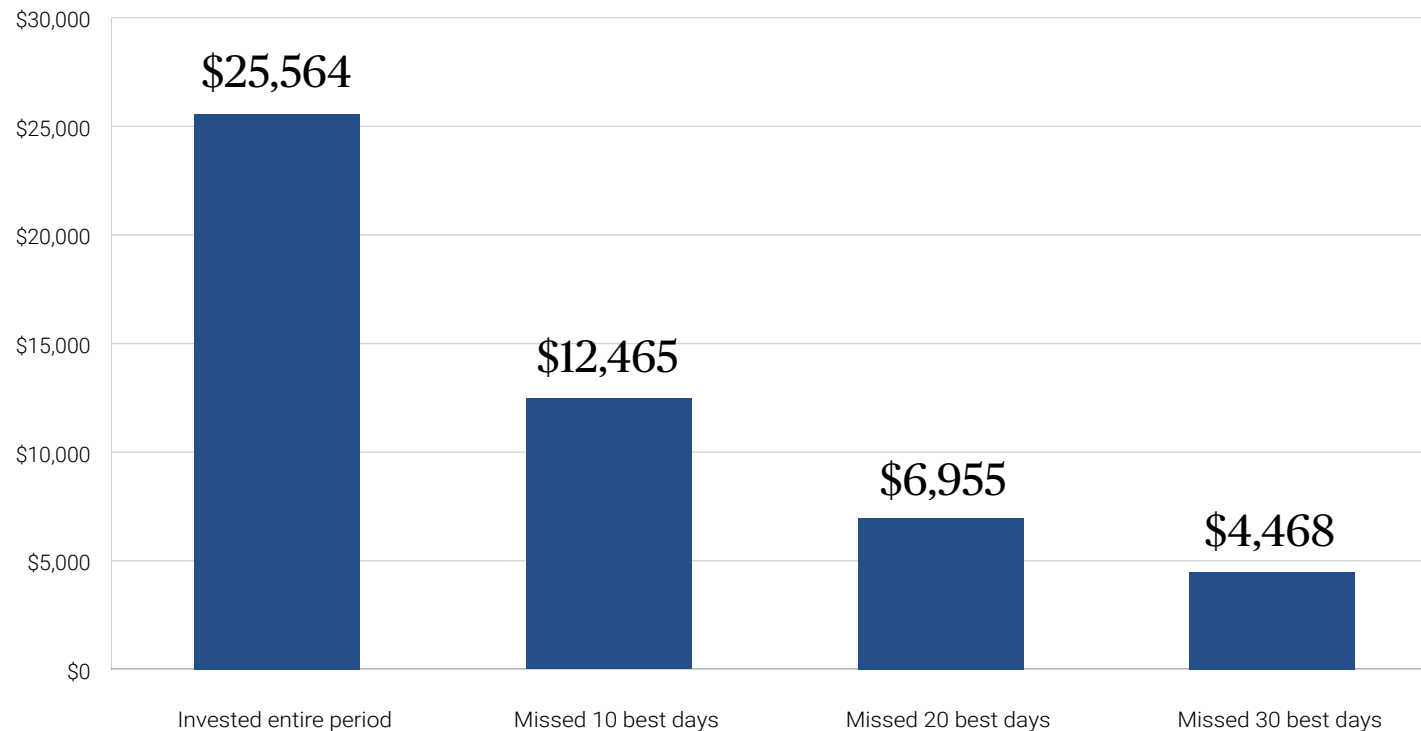
## Why is it important?

Many investors underestimate the gains needed to recover from investment losses – especially when withdrawals are being taken. Recouping losses always requires a larger percentage of gains than the loss itself to fully recover.

Source: Lincoln Investment Advisors Corp.

# Missed best days

Performance of \$10,000 investment between January 1, 2000, and December 31, 2020



Capital Appreciation	156%	25%	-30%	-55%
CAGR	4.6%	1.1%	-1.7%	-3.8%

## What is this chart showing?

This chart shows how missing the best days in the market would have impacted returns of an investment in the S&P 500.

## Why is it important?

Oftentimes, the market's best days follow the worst. Attempting to time the market to avoid losses can lead to investors missing out on some of the largest daily gains. Simply staying the course is generally the best approach.

You cannot invest directly in an index. All indices are unmanaged and do not include fees or expenses. Please see the back of this brochure for index definitions and disclosures.

Returns based on S&P 500 Price Return Index, which does not include dividends.

Source: Factset, S&P, Lincoln Investment Advisors Corp. Data from January 1, 2000, through December 31, 2020. **Past performance is not indicative of future returns.**

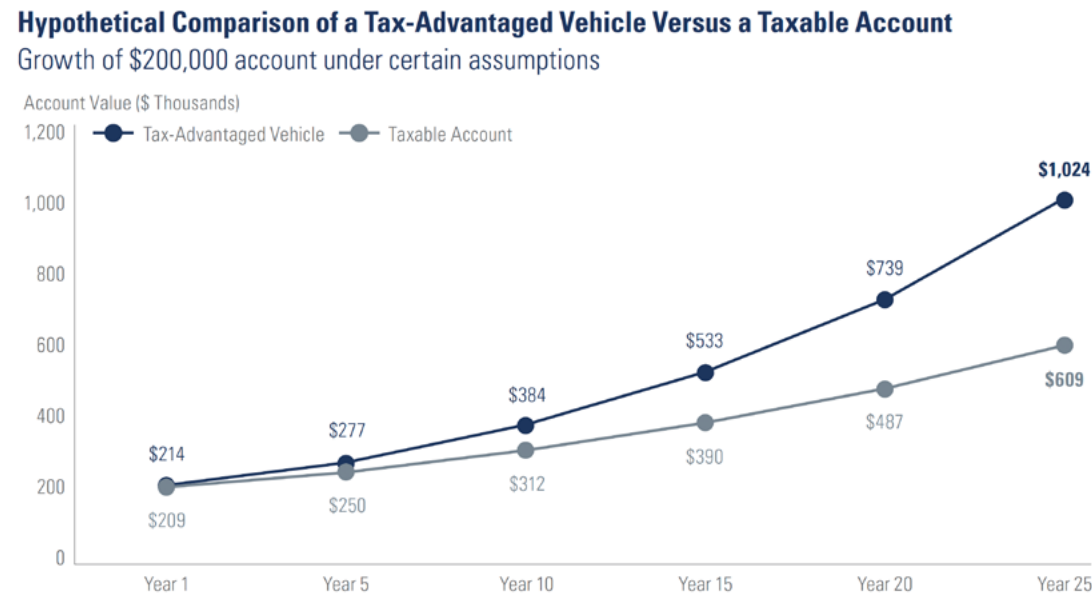


# Impact of taxes

Tax drags from yearly income and capital gains lower returns



**Asset Management**



**A \$200,000 initial investment was gain over \$415,000 more (1.024 million versus \$609,000) over a 25-year holding period when owned in a tax-advantage vehicle versus a taxable account.**

Source: GSAM SAS Portfolio Strategy "The Power of Tax-deferral," based on the following hypothetical assumptions:

- \$200,000 invested with no withdrawals made
- Assumes an 8% return that is net of fees for both accounts and net of taxes for the taxable account
- Fees are 1.25% for the tax-advantaged vehicle and 1% for the taxable account
- Taxes on gains for the taxable account are 60% long-term capital gains tax rate of 23.8% and 40% ordinary income tax rate of 40.8%, which includes the 3.8% Medicare Surtax. Calculations exclude the impact of state taxes
- The net returns are 6.75% for the tax-advantaged vehicle and 4.55% for the taxable account

Growth of \$200,000: A graphical measurement of a portfolio's gross return that simulates the performance of an initial investment of \$200,000 over the given time period. The example provided does not reflect the deduction of investment advisory fees and expenses, which would reduce an investor's return.

These examples are for illustrative purposes only and are not actual results. If any assumptions used do not prove to be true, results may vary substantially.

**Past performance does not guarantee future results, which may vary.** Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation.

# Additional information

## Economic and Market Indicators

- Consumer sentiment based on month-end data, starting in Jan. 1978 through Mar. 2021. +/- 1 std. deviation of historical value range from 98.74% to 73.59%.
- Economic expansion (CQQQ Index) based on QOQ % change data of quarterly data, starting in June 1947 through Dec. 2020. +/- 1 std. deviation of historical value range from 7.85% to -1.51%.
- Inflation (CPI) based on YOY % change of monthly CPI seasonally adjusted data, starting in Jan. 1948 through Mar. 2021. +/- 1 std. deviation of historical value range from 6.35% to 0.55%.
- Market volatility (VIX) based on daily closing values of the CBOE VIX index from Jan. 1990 through Mar. 2021. +/- 1 std. deviation of historical value range from 27.60% to 11.40%.
- Unemployment based on month-end data, starting in Jan. 1948 through Mar. 2021. +/- 1 std. deviation of historical value range from 7.47% to 4.06%.
- 10Y U.S. Treasury yield based on daily data, starting in Jan. 1962 through Mar. 2021. +/- 1 std. deviation of historical value range from 8.97% to 3.05%.

## Capital Market Expectations

- **BlackRock** <https://www.blackrock.com/au/intermediaries/insights/blackrock-capital-markets-assumptions>, as of December 2020. 10-year return time period.
- **J.P. Morgan Asset Management:** <https://am.jpmorgan.com/us/en/asset-management/adv/insights/portfolio-insights/lcma/>, as of November 2020. 10- to 15-year time period.
- **StateStreet:** <https://www.ssga.com/us/en/intermediary/ic/insights/long-term-asset-class-forecast-q2-2021>
- **Goldman Sachs:** U.S. ERISA Q1 2021\_MAS Strategic Assumptions. 10-year return period.

## Index Descriptions

**S&P 500 Index** is a market-cap weighted index that measures the performance of 500 widely held large capitalization stocks in the U.S. equity market. It is regarded as the best gauge of the U.S. equity market.

**Russell 2000 Index** measures the performance of the small cap segment of the U.S. equity universe. It is a subset of the Russell 3000.

**MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that measures equity market performance in large and mid cap representation across 27 emerging market countries.

**MSCI EAFE Index** is a free float-adjusted equity index that captures large and mid cap representation across 21 developed market countries, excluding the U.S. and Canada.

**MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization index that captures large and mid cap representation across 23 developed markets and 27 emerging market countries.

**Bloomberg Commodity Total Return index** is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (3-month) U.S. Treasury bills.

**Bloomberg Barclays Global High Yield Index** is a multicurrency flagship measure of the global high yield debt market. The index represents the union of the U.S. High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices.

**The Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

**The FTSE Nareit All Equity REITs Index** is a free float-adjusted market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

**The Bloomberg Barclays U.S. Treasury Bills 1-3 Month Index** includes all publicly issued zero coupon U.S. Treasury bills that have a remaining maturity of less than three months and at least one month, are rated investment-grade, are U.S.-dollar denominated, nonconvertible, and have \$300 million or more of outstanding face value.



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The Russell 2000<sup>®</sup> Price Return Index measures the stock performance of 2,000 small U.S. companies. The Russell 2000<sup>®</sup> Price Return Index (the "Index") is a trademark of Frank Russell Company ("Russell") and has been licensed for use by The Lincoln National Life Insurance Company.

The MSCI EAFE Price Return Index follows the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada.

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