



FIFTH THIRD BANK

The Great Disruption

Small Business Workshop

May 5, 2021

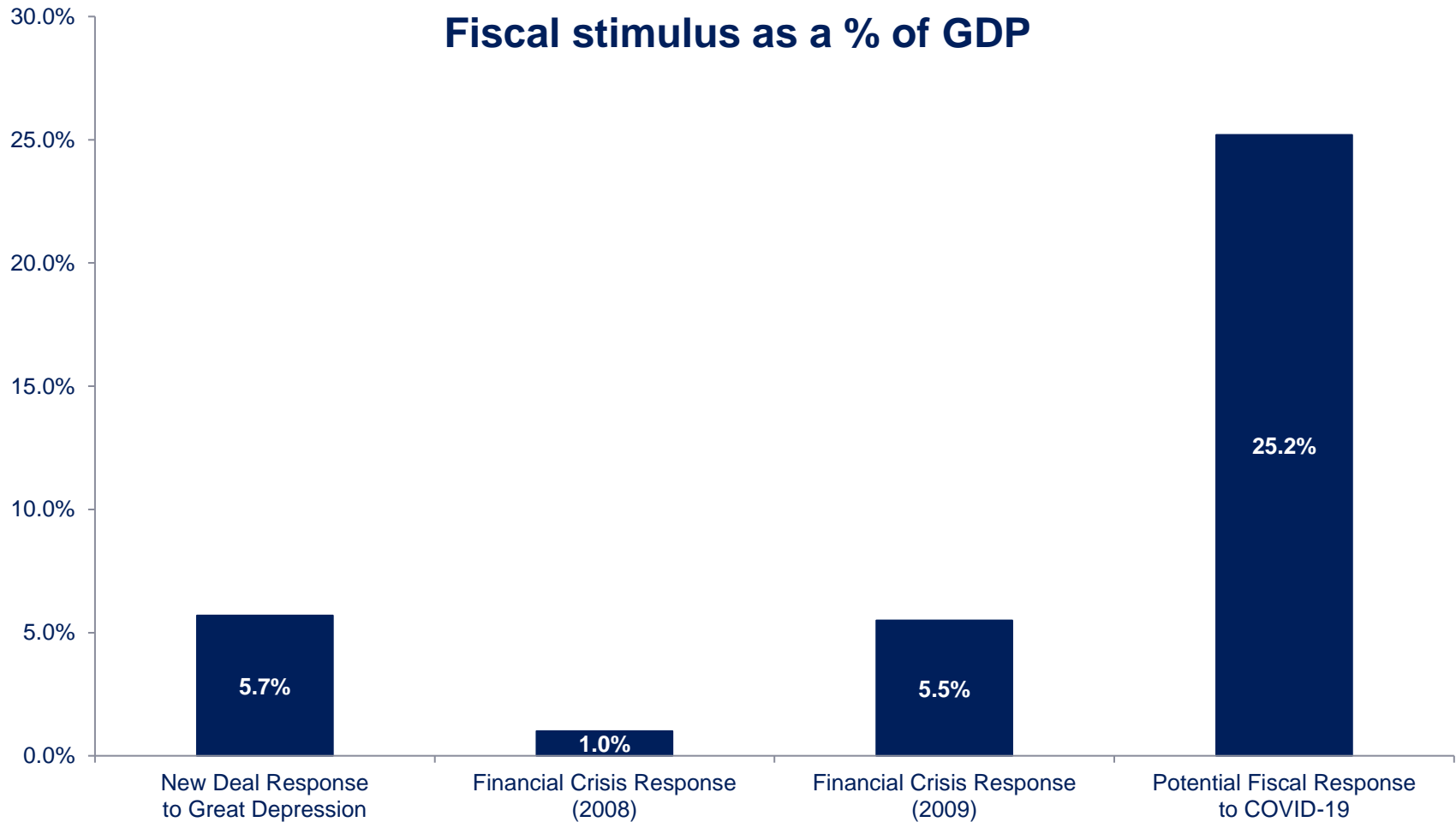
Jeff Korzenik

Managing Director, Chief Investment Strategist

A framework for the post-pandemic economy

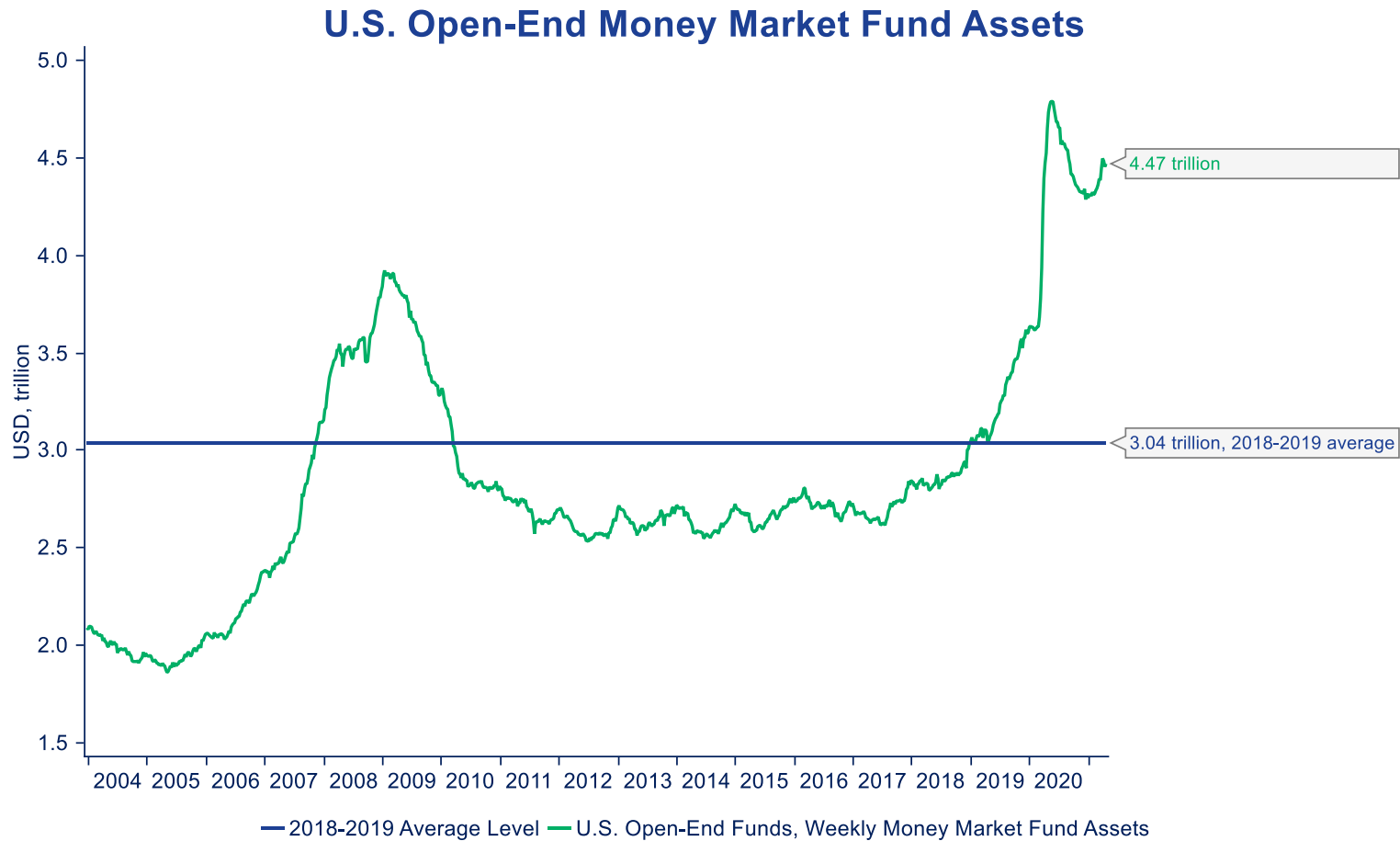
- It's time for business leaders, advisors and investors to look beyond the pandemic. This presentation will provide insight into the changes that lie ahead:
 - A little vaccination goes a long way
 - The Pandemic as a disruptor and trend “supercharger”
 - New fiscal policies
 - Implications of the Fed's new monetary policy
 - Long-term challenges and opportunities

Stimulus and liquidity supercharged recovery



Source: Morgan Stanley Wealth Management, Center for Strategic and International Studies, Cornerstone Macro Research

Money on the sidelines



Source: Macrobond, ICI, as of 4/28/2021

A glimpse at the future: the post-pandemic economy

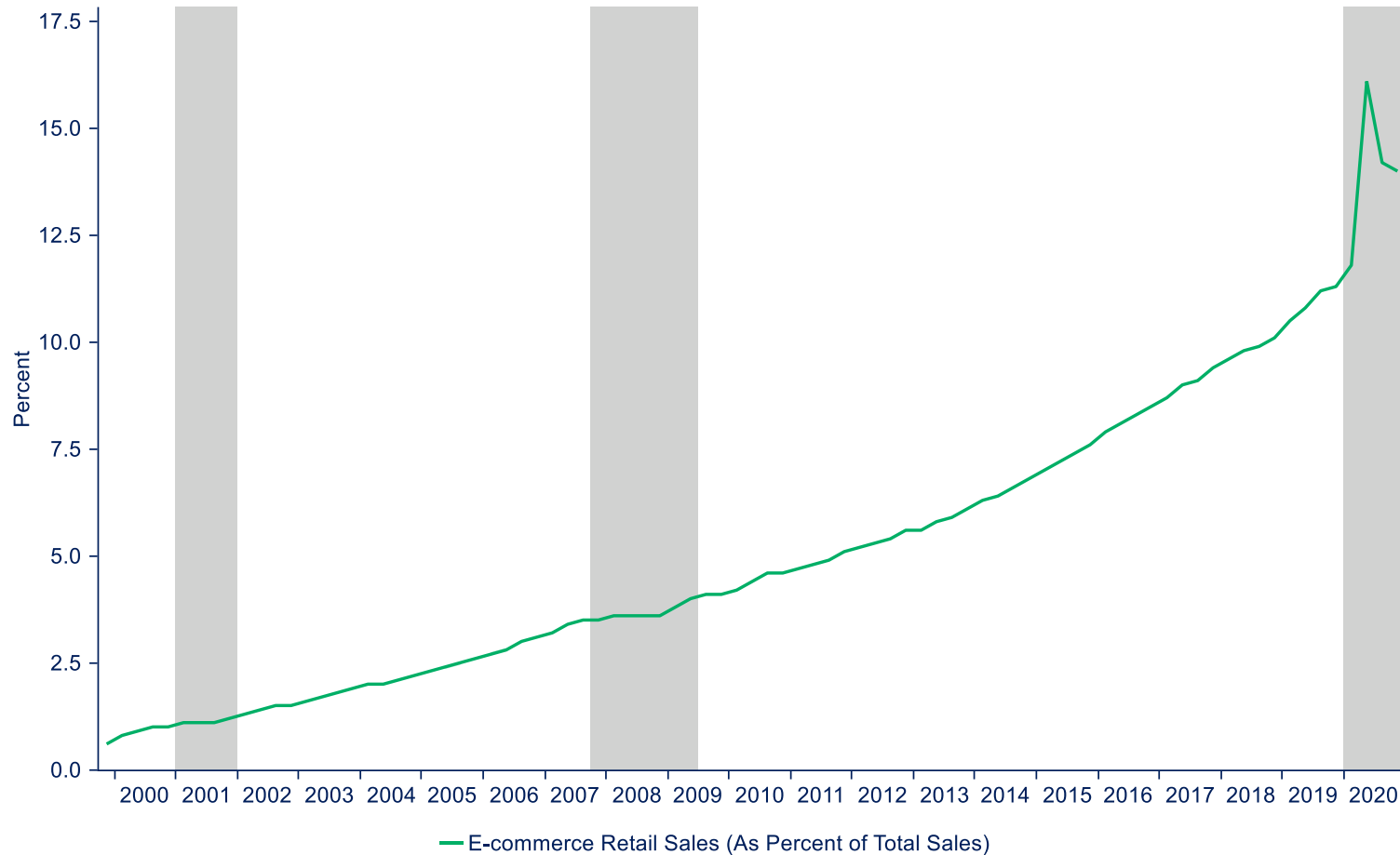
Disrupted industries

Disrupted geographies

Disrupted policies



Disrupted industries: spend from home



Source: Macrobond, U.S. Census Bureau, as of 4/28/2021

Disrupted geographies: urban to suburban

CRAIN'S CHICAGO BUSINESS

Tuesday, August 25, 2020

Seeking space, homebuyers look to suburbs

The prolonged pandemic has people looking outside the city, where homes recently have been selling fast.



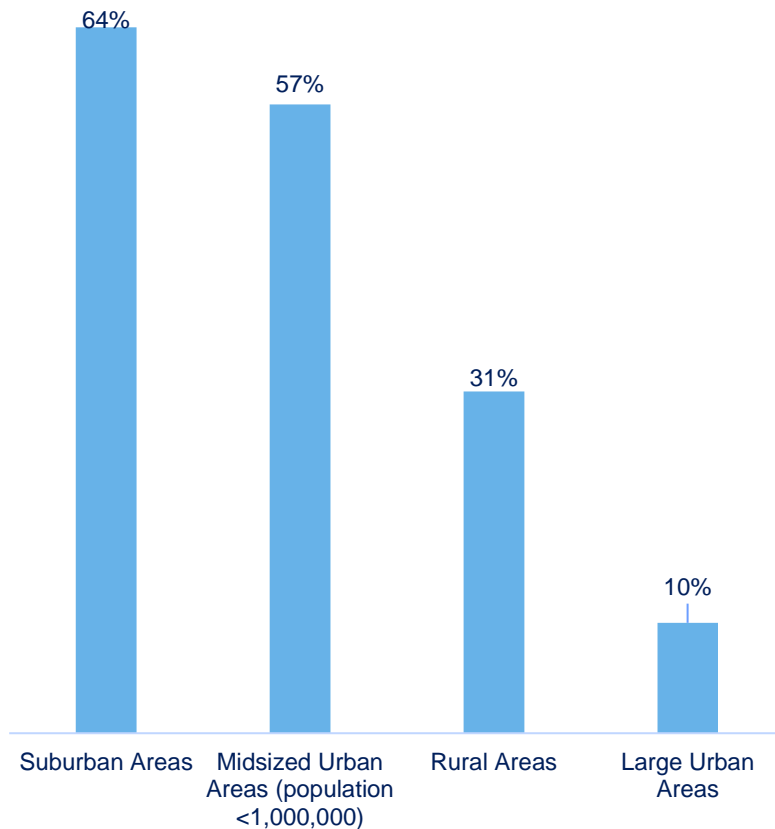
Hundreds of thousands of people looking for suburban homes — Sternlicht on exodus from cities

PUBLISHED TUE, AUG 25 2020•10:43 AM EDT | UPDATED TUE, AUG 25 2020•12:12 PM EDT

Source: Crain's Chicago Business, CNBC

Disrupted geographies: large city to mid-size

How COVID-19 is Shifting Corporate Location Strategy



Source: Site Selectors Guild

*Information based on survey of Site Selectors Guild members, week of June 29, 2020

Top Mid-Size Cities for New Projects

- Boise, ID
- Colorado Springs, CO
- Columbia, SC
- Columbus, OH
- Greenville, SC
- Huntsville, AL
- Indianapolis, IN
- Kansas City, MO
- Raleigh-Durham, NC
- Reno, NV
- Tucson, AZ

Source: Site Selectors Guild

*Guild members named mid-size cities that would be strong candidates for new projects (listed in alpha order)

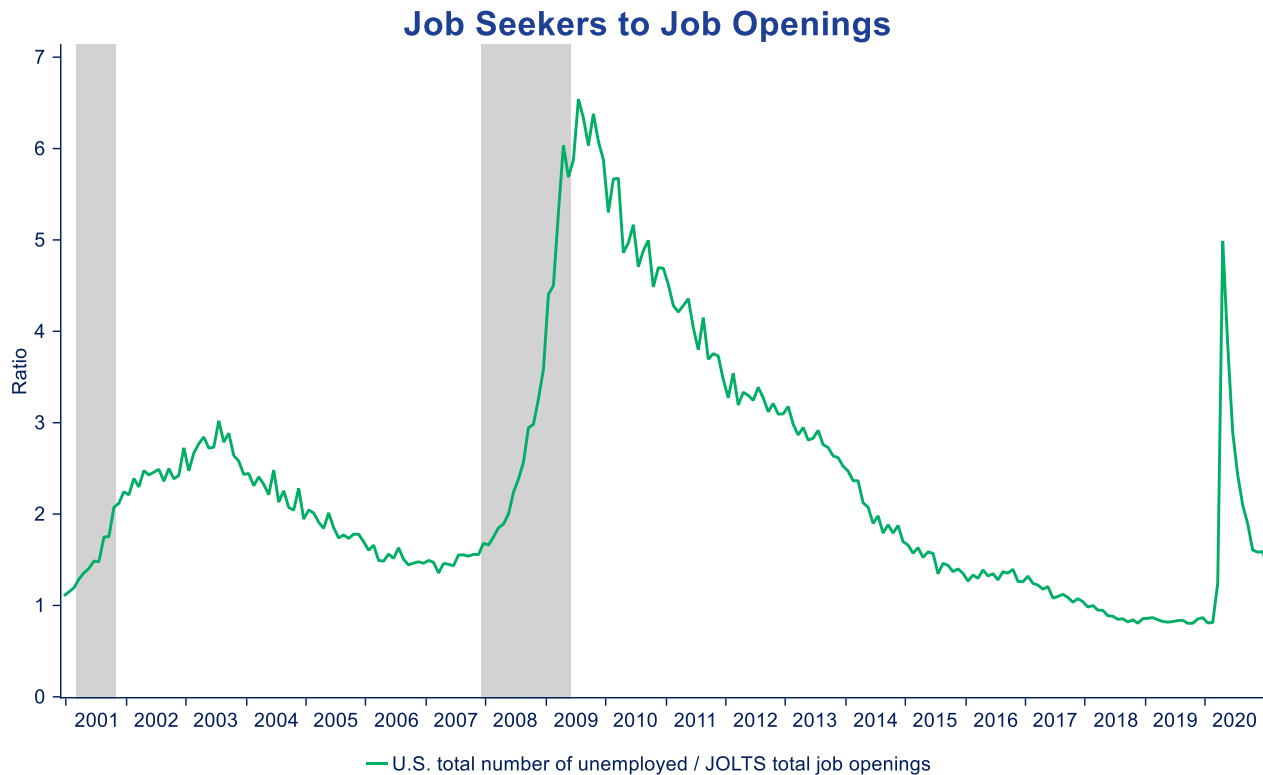
Fiscal/regulatory policy expectations

- A slim majority is still a majority
- Regulatory shift
- More stimulus
- Modestly higher taxes
- Lower trade tensions

New monetary policy framework: the punch bowl stays

“The Federal Reserve...is in the position of the chaperone who has ordered the punch bowl removed just when the party was really warming up.”

– Fed Chair William McChesney Martin, Jr., 1955



Source: Macrobond, Bloomberg, as of 4/28/2021



The labor market paradox



Source: Wall Street Journal



FIFTH THIRD BANK

Labor force challenges and opportunities

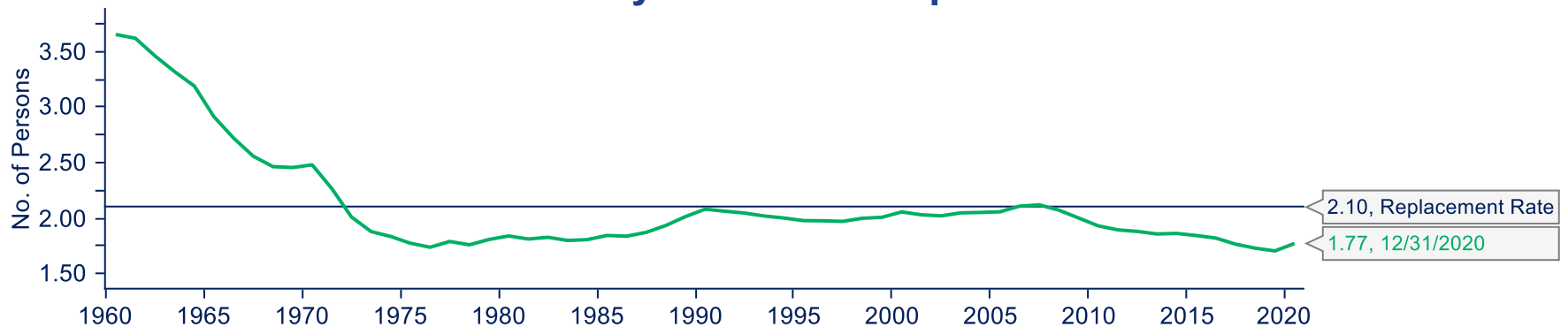
Challenges

- Minimum wage
 - Skills mismatch
 - Long-term unemployment
-
- Female labor force participation
 - Demographic challenges

Opportunities

- Workforce development
-
- Second chance/marginalized hiring
 - Supportive employment

U.S. Fertility Rate - Births per Woman

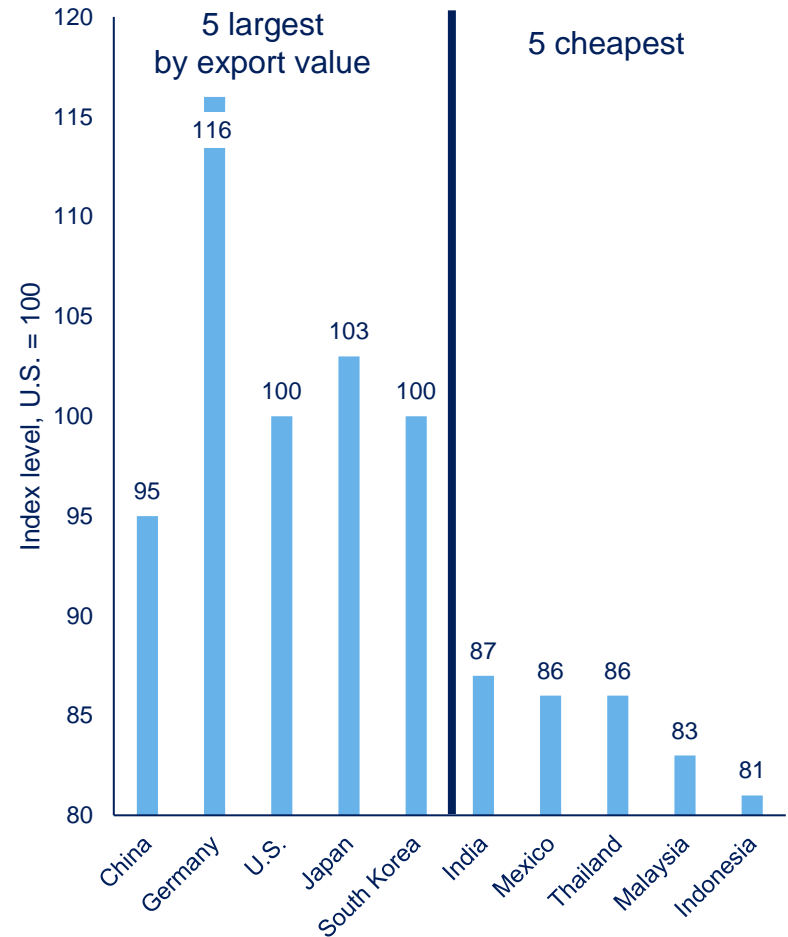


Source: Macrobond, World Bank, as of 4/28/2021

Reshoring: opportunity ahead

- Bipartisan agreement
- Weaker dollar
- Infrastructure challenge
- Industry cluster challenge
- Manufacturing multipliers

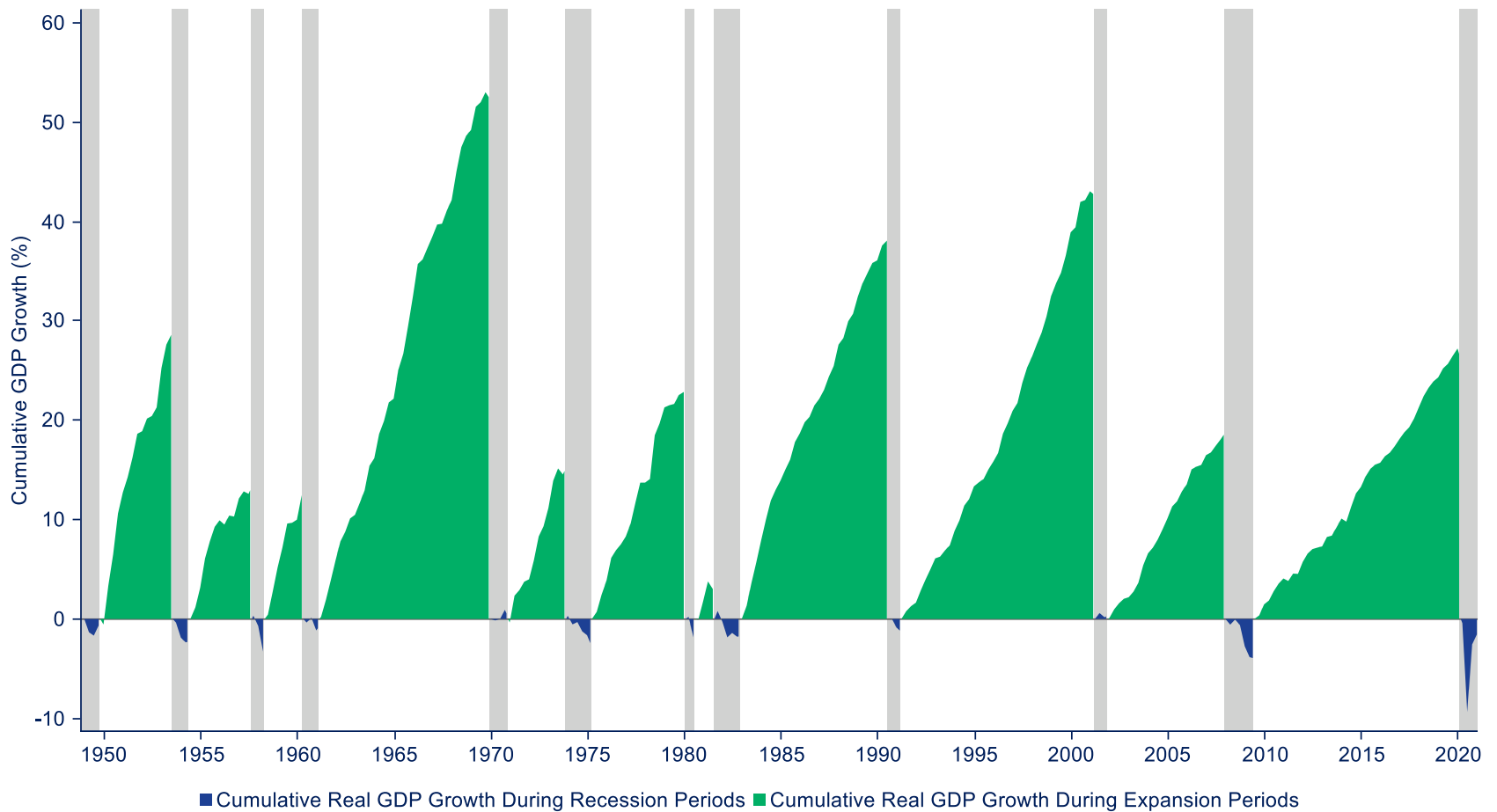
Manufacturing cost competitiveness



■ Manufacturing cost index, 2019 (U.S. = 100)

Source: Boston Consulting Group

The long view



Source: Macrobond, NBER, BEA, as of 12/31/2020

Definitions

Retail sales, also referred to as retail trade, tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

The S&P 500 REITS sub industry indexes are comprised of equity Real Estate Investment Trusts (REITs). The parent index is the S&P 500 Index.

The S&P 500 Stock Index (SPX) is a composite of the 500 largest companies in the U.S. and it is often used as a measure of the overall U.S. stock market.

U-3 Unemployment Rate is the total unemployed as a percentage of the civilian labor force. **U-6 Unemployment Rate** is the total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.

The labor force participation rate is a measure of the economy's active workforce. It is the sum of all workers who are employed or actively seeking employment divided by the total noninstitutionalized, civilian working-age population.

The Job Openings and Labor Turnover Survey (JOLTS) job openings tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

The U.S. Treasury Federal Budget Deficit or Surplus is reported in the monthly Treasury statement of Receipts and Outlays of the U.S. Government. This statement summarizes the financial activities of the Federal Government and off-budget federal entities conducted in accordance with the budget of the U.S. Government.

GDP (Gross Domestic Product) is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

The Boston Consulting Group (BCG) Global Manufacturing Cost-Competitiveness Index estimates shifts in direct costs for the world's 25 leading manufacturing exporting economies in four dimension: manufacturing wages, productivity, energy costs and currency exchange rates.

The BarCap U.S. Corporate HY YTW – 10-yr Treasury Spread is calculated by taking the Barclays Capital U.S. Corporate High Yield Yield-to-Worst minus the U.S. Generic Government 10-year Yield.

Purchasing Managers' Indexes (PMIs) are indicators of the economic health of the manufacturing and services sectors. PMIs are based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

The Russell 2500 Index is an index that measures the performance of the 2,500 smallest companies in the Russell 3000 Index. This index is constructed to provide a comprehensive and unbiased barometer for the small and mid-cap segment of the U.S. equity universe.

The MSCI EAFE Index is a market capitalization weighted index composed of companies representative of the 20 Developed Market countries in Europe, Australasian and the Far East. Net of taxes is calculated in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from double taxation treaties.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices. Net of taxes is calculated for Morgan Stanley Capital Int'l Equity Indices in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from double taxation treaties.

Nonfarm Payrolls measures the number of employees on business payrolls.

The Fed Trade Weighted Nominal Broad Dollar Index is a measure of the value of the United States dollar relative to other world currencies.

Personal consumption, or consumer spending, tracks goods and services purchased by consumers. Core personal consumption expenditures measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

5-Year, 5-Year Forward Inflation Expectation Rate measures expected inflation (on average) over the five-year period that begins five years from today.

ICE BofA Merrill Lynch 91-Day Treasury Bill Index is an unmanaged index consisting of U.S. Treasury Bills maturing in 90 days.

Bloomberg Barclays Intermediate Gov/Cred Index tracks the performance of investment grade intermediate term U.S. government and corporate bonds with maturities between one and ten years.

MSCI All Country World Index offers a modern, seamless, and fully integrated approach to measuring the full equity opportunity set with no gaps or overlaps. MSCI ACWI represents the Modern Index Strategy and captures all sources of equity return in 23 developed and 26 emerging markets.

S&P United States REIT defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

Disclosures

Opinions are provided by Fifth Third Private Bank, National Association. This information is intended for educational purposes only and does not constitute the rendering of investment advice or a specific recommendation on investment activities and trading. The mention of any specific security does not constitute a solicitation or an offer to buy or sell any security. This information is current as of the date of this presentation and is subject to change at any time, based on market and other conditions. Asset Allocation, Diversification, Alternative Investment and Hedging strategies are intended to mitigate the overall risk within your portfolio. Some strategies may be subject to a higher degree of market risk than others. There are no guarantees that any strategy presented will perform as intended. Indexes are unmanaged and do not incur investment management fees. You cannot invest directly in an index. Past performance is no guarantee of future results.

Fifth Third Private Bank is a division of Fifth Third Bank, National Association, which is an indirect subsidiary of Fifth Third Bancorp. Banking, investment and insurance products and services are offered through or made available by one or more of Fifth Third Bancorp's indirect subsidiaries. Investments, investment services and insurance:

Are Not FDIC Insured	Offer Not Bank Guaranteed	May Lose Value
Are Not Insured by Any Federal Government Agency		Are Not a Deposit

Insurance Products are made available through Fifth Third Insurance Agency, Inc.