Current Investment Strategy and Themes

- ***Markets struggled in October only to bounce back in the first few days in November as the Fed stood pat on interest rates and indicated no further rate hikes until additional evidence dictates.***
- ***Investor confidence and market sentiment are at an all-time low, as evidenced by the growing debt burden and the costs to service that debt, along with the high level of geopolitical risk.***
- ***We believe economic growth is near its peak with recession looming, thus pushing us to remain defensive across equities and bonds with additional exposure to non-correlated assets such as commodities and long/short managed futures.***

Markets Review and Outlook: October 2023

- Both equities and bonds traded lower during October only to recently bounce back on the rising interests, taking a short pause due to Fed inaction. The markets went from higher for longer (interest rates) to the Fed not needing to act; the bond market has already done its job with the 10-year Treasury bond yield breaching the 5% yield level.
- It was difficult for investors to avoid the sell-off in most markets during October, with only gold prices posting a sizable gain during the month.
- Equity valuations remain rich, and bonds have become the go-to for safety. Investment sentiment is at an all-time low as uncertainty rules the day with turmoil in the Middle East and jitters across the globe over concerns with China, Russia, and Iran.
- Financial stress in the household sector and reduced investment spending in the private sector suggest that we are at the peak of real economic growth and closer to the economic recession. The housing and commercial real estate markets are stressed by contracting demand and unserviceable debt levels.
- Our portfolio composition remains defensive across all asset classes and has an increased emphasis on commodities, especially long/short investment approaches. In addition, we have added momentum overlays to our riskiest positions to hedge better the downside risk that is more likely to come.
- Looking ahead, we believe it prudent to look for opportunities in undervalued, less popular asset classes (such as small and mid-cap value stocks) that will surely benefit once the economic cycle moves toward recovery. Historically, most recessions are short-lived, and we want to be prepared as we get closer to the shift in economic regime.

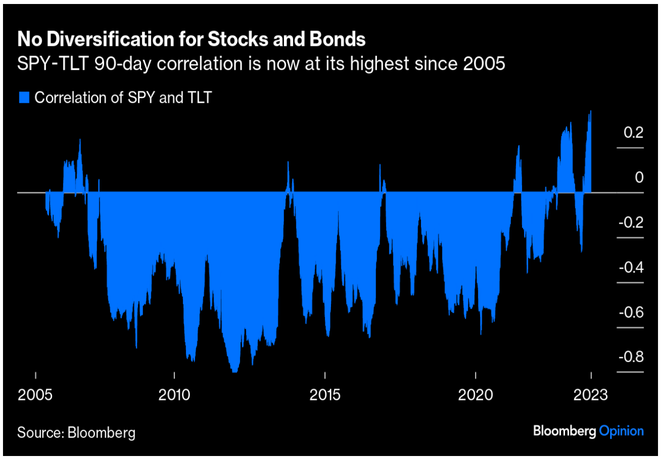
Key Market Indicators

Bullish	Favorable	Neutral	Cautious	Bearish

Equities	Oct 2023	Year to Date	Last 12 Months	Current View
U.S. Large Cap	-2.10%	10.69%	10.14%	Cautious
U.S. Small Cap	-6.82%	-4.45%	-8.56%	Cautious
International Developed	-4.05%	2.74%	14.40%	Neutral
Emerging Markets Equity	-3.89%	-2.14%	10.80%	Cautious
Fixed Income				
U.S. Aggregate	-1.58%	-2.77%	0.36%	Neutral
U.S. Government	-1.18%	-2.61%	-0.55%	Neutral
U.S. Corporate	-1.78%	-1.75%	2.69%	Neutral
U.S. High Yield	-1.16%	4.63%	6.23%	Cautious
Non-U.S. Developed	-1.35%	-5.55%	0.72%	Cautious
Alternatives				
REITs	-4.36%	-6.41%	-6.10%	Cautious
Commodities	-0.15%	-0.20%	2.48%	Neutral
Managed Futures	3.77%	0.62%	-2.83%	Favorable
Hedge Funds	-0.82%	0.55%	0.64%	Favorable

Source: Morningstar, data as of 10/31/2023

Stock/Bond Diversification Difficulties



Source: Bloomberg

Important Disclosures

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Past performance is not a guarantee of future results. All investments are subject to risk, including the loss of principal. Portfolio positions referenced are subject to change at any time; your portfolio may not reflect the information referenced.

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Index definitions:

“U.S. Large Cap” represented by the S&P 500 Index.
“U.S. Small Cap” represented by the Russell 2000 Index.
“International” represented by the MSCI Europe, Australasia, Far East (EAFE) Net Return Index.
“Emerging” represented by the MSCI Emerging Markets Net Return Index.
“U.S. Aggregate” represented by the Bloomberg U.S. Aggregate Bond Index.
“U.S. Government” represented by the Bloomberg U.S. Government Bond Index.
“U.S. Corporate” represented by the Bloomberg U.S. Credit Bond Index.
“U.S. High Yield” represented by the Bloomberg U.S. Corporate High Yield Index.
“Non-U.S. Developed” represented by the S&P International Treasury ex U.S. Index.
“Emerging Market Debt” represented by the JP Morgan GBI-EM Global Core Index.
“REITs” represented by the FTSE North American Real Estate Investment Trust (REIT) Equity REITs Index.
“Commodities” represented by the Dow Jones Commodity Index .
“Managed Futures” represented by the Credit Suisse Managed Futures Index.
“Global Macro” represented by the Credit Suisse Global Macro Index

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