SUMMIT FINANCIAL

Investment Newsletter

Second Quarter 2023

Executive Summary

During the second quarter, U.S. economic growth continued near a 2% pace, the Fed raised rates once and promised to deliver another two hikes prior to year-end, U.S. equities were strong performers led by mega cap Nasdaq names, fixed income returns were negative as long rates rose, real assets were mixed with gold and real estate rising while energy fell. Alternative assets remained well positioned, especially as certain segments continue to rerate lower in price given the change in rates.

U.S. growth estimates, as forecast by Blue Chip Financial Forecasts rose above 1% from an initial estimate near 0%. Real time nowcasts, as measured by GDPNow, suggest the economy may be growing at a rate above 2%. Key indicators such as non-farm payrolls, retail sales, ISM manufacturing, housing starts, and consumer confidence all showed growth or improvement during the quarter.

Globally, growth is mixed to negative. Europe is experiencing stagnant growth with the Eurozone reporting -0.1% in Q2 2023, largely driven by the recession in Germany. Its normally resilient, export-driven economy has suffered due to rising energy costs, which hurt margins and reduced output. Demand from China has also accelerated at a slower pace than in past downturns. The UK reported +0.1% growth, China 2.2% and Japan registered 0.7% - versus the U.S. which reported 2% for 2023 Q2.

Equity markets continued their upward trajectory over the second quarter of 2023. While nearly all major global equity markets posted gains, U.S. stocks retook the lead from developed international stocks over the quarter. Despite the impressive nearly 17% gain for the S&P 500 Index so far this year, an extremely narrow handful of mega-cap technology and consumer names drove nearly all of that performance.

There has been a wide level of dispersion between S&P 500 sectors so far this year, with a nearly 50% gap between the top (IT) and bottom (utilities) performing sectors. The IT, communication services, and consumer discretionary sectors were standouts for the quarter and year-to-date, rising double digits over both periods. Positive performance paired with stalling earnings growth has raised valuations across most global equity markets. Compared to the start of the year, current valuations have risen to be either expensive (U.S.) or closer to long-term averages (international).

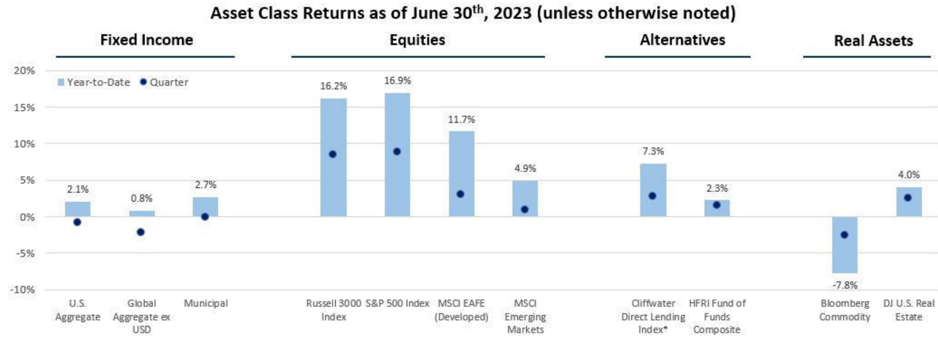
Fed raised rates once during the quarter and made clear that it will maintain a restrictive stance until there is additional progress on inflation or signs of meaningful weakness in the labor market. Chair Powell's most recent comments indicate that "a strong majority of Committee participants expect to raise interest rates two or more times by the end of the year".

Most fixed income sectors performed poorly as intermediate and long-term rates rose during the quarter. Credit spreads across corporate bonds are priced for continuing economic growth, not recession.

During the quarter, Real Assets continued the pattern of mixed performance seen in Q1. Energy drifted moderately lower with West Texas Intermediate (WTI) falling from $72 towards $70, largely trading in a tight range between $66 and $70 while Brent crude fell from $80 towards $75. Gold rose towards a 13-month high, closing near $2,060, but could not hold that level and ended the quarter approximately 3% lower. Public Real Estate markets continued to display very choppy performance in Q2 with returns near 2% for the Dow Jones U.S. Real Estate Index.

For most alternative strategies, fundraising levels are down significantly this year versus recent years. Despite the recent slowdown in deals, many managers feel the current market environment should setup ample opportunities to select investments with a high potential for excess returns.   As a broad global rerating of pricing continues across many alternative asset classes, timing, setup and opportunistic entry points will be key to successfully capturing structural or cyclical excess returns. Arguably, this rerating process may take between six to eighteen months to play out. If the Fed retains a higher for longer policy stance, it could push the process towards the longer end of that time horizon. The implication for alternative investments vary greatly by strategy and style.

Asset Class Returns as of June 30th, 2023 (unless otherwise noted)



Data Sources: Morningstar and Hedge Fund Research, Inc. (HFRI), Bond indices from Bloomberg Barclays, *Trailing quarter and year end as of 3/31/2023

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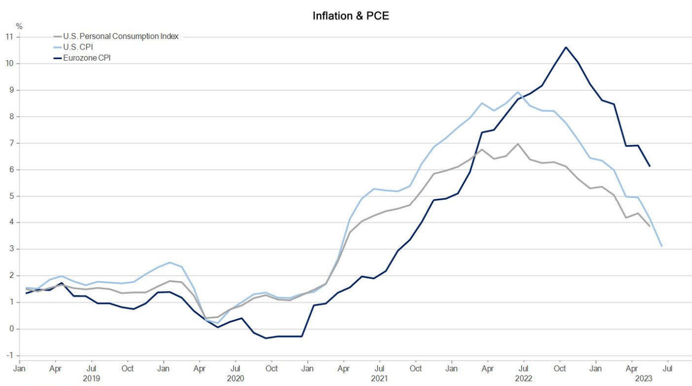
Economy

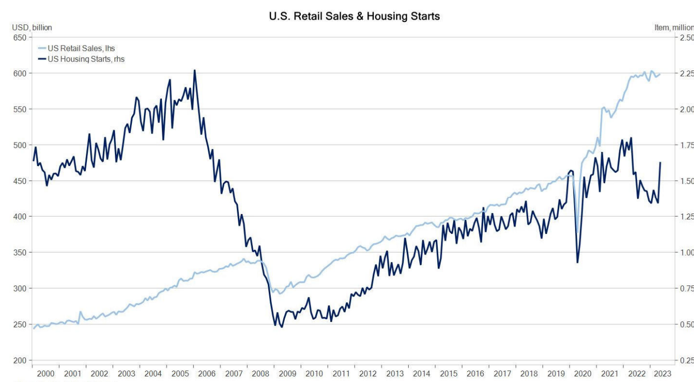
During the second quarter, U.S. growth estimates, as forecast by Blue Chip Financial Forecasts rose above 1% from an initial estimate near 0%. Real time nowcasts, as measured by GDPNow, suggest the economy may be growing at a rate above 2%. Key indicators such as non-farm payrolls, retail sales, ISM manufacturing, housing starts, and consumer confidence all showed growth or improvement during the quarter. Looking forward, concerns over 'sticky' inflation continue to linger. Core CPI remains above 4.5%, though down from 5.6% at the start of the quarter. Core PCE, the Fed's preferred measure, is currently running at 4.6%. Both are well above the Fed's target level of 2%.

While 'the most anticipated recession' continues to lurk in the background, the lagged effects from monetary tightening may last longer this cycle. Economic growth has been more resistant to Fed rate hikes due, in part, to cash from fiscal stimulus remaining in consumer bank accounts. Additionally, a higher percentage of homeowners have fixed rate mortgages versus 2008 and corporations extended balance sheet duration during 2020/21, eliminating the need to refinance at higher rates. Investment grade corporate borrowing alone exceeded $3 trillion during 2020 and 2021 - all at longer durations.

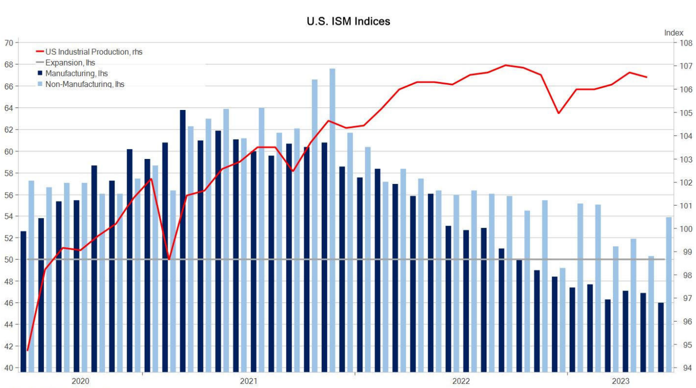
Globally, growth is mixed to negative. Europe is experiencing stagnant growth with the Eurozone reporting -0.1% in Q2 2023, largely driven by the recession in Germany. Its normally resilient, export-driven economy has suffered due to rising energy costs, which hurt margins and reduced output. Demand from China has also accelerated at a slower pace than coming out of past downturns. The UK reported +0.1% growth, China 2.2% and Japan registered 0.7% - versus the U.S. which reported 2% for 2023 Q2.



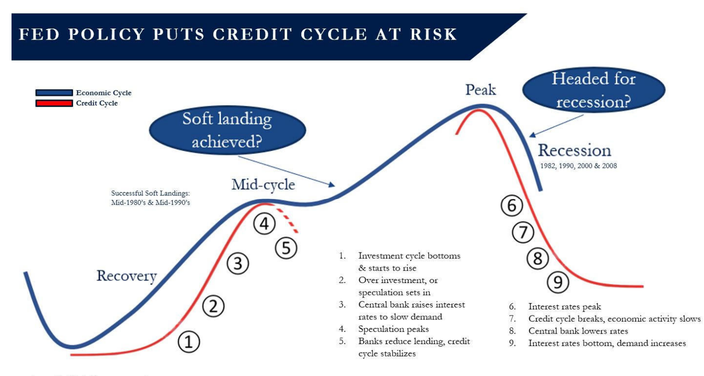
Inflation remains above target levels. With wage gains running near 4%, the Fed may be concerned that consumer expectations around future wage gains may rerate higher to levels above their inflation target, potentially creating an adverse feedback loop. However, a lower CPI reading for June offers evidence that inflation has receded further.



U.S. Retail sales resumed growth during May and June after declining moderately during March and April. Motor vehicle, building materials and food and beverage sales were the main contributors to growth. Housing starts and new home sales moved notably higher in the quarter, though median sale prices declined. Existing home sales moderated slightly but prices increased.



Industrial Production resumed moderate growth during Q2 but remains below its September 2022 peak though the ISM Manufacturing Purchasing Managers Index (shown) – a survey of future activity - remains in contraction. ISM Services Purchasing Manager survey data remains in positive territory.



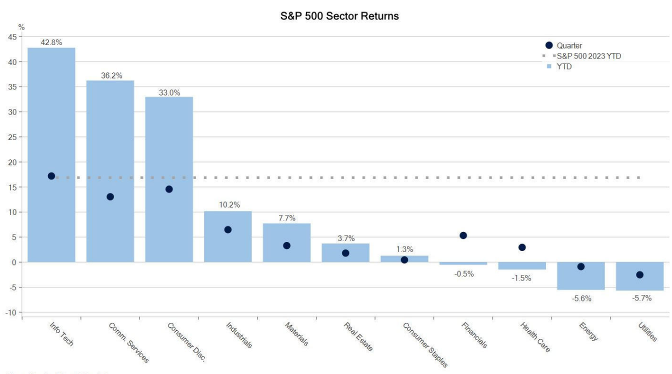
The Fed began this rate cycle with its federal funds rate 500bps below the core PCE inflation rate. After 10 rate hikes, the real fed funds rate is now +40bps (core PCE 4.7%, Fed 5% to 5.25%). In past tightening cycles, the Fed has pushed real rates +200bps versus core PCE. The combination of a July hike and some relief from inflation could move the real rate towards +100bps, effectively bringing the Fed to neutral.

Equity Markets

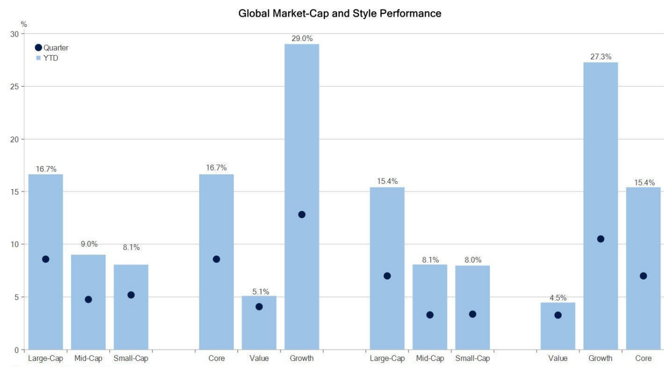
Equity markets continued their upward trajectory over the second quarter of 2023. While nearly all major global equity markets posted gains, U.S. stocks retook the lead from developed international stocks over the quarter. Despite the impressive nearly 17% gain for the S&P 500 Index so far this year, an extremely narrow handful of mega-cap technology and consumer names drove nearly all of that performance. The recovery in U.S. large-cap stocks has also pushed valuations higher from lower levels at the end of 2022. Positive equity market performance, in conjunction with rising U.S. rates, has compressed the equity risk premium (equity market earnings yield less 10-year treasury yield) to its lowest level since 2000 – a notable headwind going forward. On the contrary, outside of the narrow subset of the U.S. market that has supported recent gains, other portions of the U.S. market and many international markets are trading at reasonable levels. Resiliency from these portions of the market that have largely been left out of the rally could offer additional support in the future if the breadth of the rally were to widen.

Positive performance in stocks so far in 2023 reflects a less dire economic reality than was anticipated. In response to expectations for slow or declining growth, many companies prepared for the worst by reducing cost structures and/or delaying expenditures. Earnings and profits were again the focus of investors where revenue growth, above all, has captivated many over the past several years. Greater cost discipline from management teams and the ability to continue to raise prices has largely protected margin and profit levels.

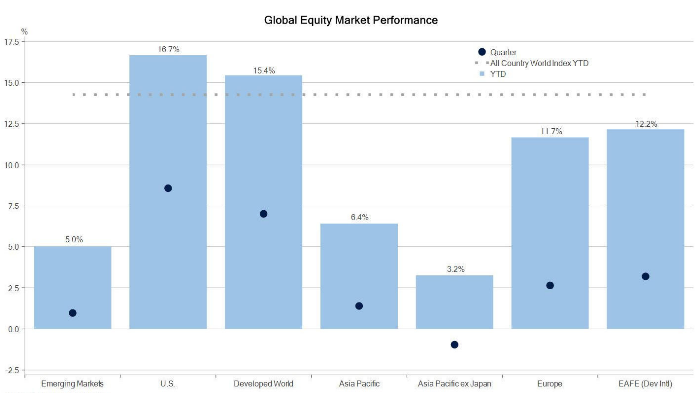
Looking forward, the market's ability to sustain the rally or even hold at current levels come into question. Higher rates, rising interest payments and a resumption of student loans payments- which have been suspended for almost three years - will reduce overall consumer purchasing power. If this translates into firms having a diminished ability to push through inflationary price increases to consumers, margins and earnings could suffer.



There has been a wide level of dispersion between S&P 500 sectors so far this year, with a nearly 50% gap between the top (IT) and bottom (utilities) performing sectors. The IT, communication services, and consumer discretionary sectors were standouts for the quarter and year-to-date, rising double digits over both periods.



Large cap and growth stocks have established sizeable leads relative to their respective portions of the market over the first half of the year. These trends are persistent over both U.S. and global markets and are a continuation of recent market action outside of 2022.



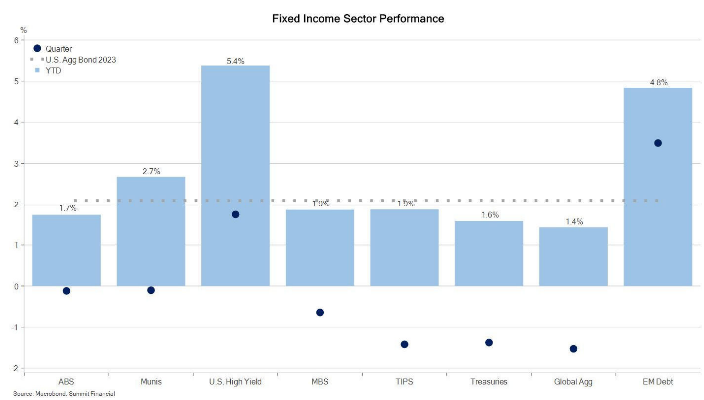
Reversing leadership from the first quarter, U.S. stocks have offered the best results so far in 2023. The Nasdaq had its best first half performance on record. Emerging market stocks are again a notable laggard due to slower growth and rising geopolitical tension from China.

Risk premiums have narrowed. Positive performance paired with stalling earnings growth has raised valuations across most global equity markets. Compared to the start of the year, current valuations have risen to be either expensive (U.S.) or closer to long-term averages (international).

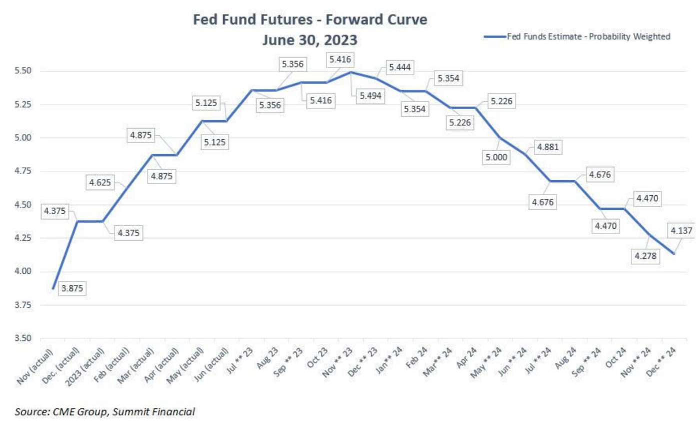
Fixed Income Markets

The Fed raised rates once during the quarter and made it clear that it will maintain a restrictive stance until there is additional progress on inflation or signs of meaningful weakness in the labor market. Chair Powell's most recent comments indicate that "a strong majority of Committee participants expect to raise interest rates two or more times by the end of the year". Looking forward, Fed futures are predicting 25 basis point hikes in July and September. Despite concern over the banking failures in the first quarter, Federal Reserve board member Chris Waller was blunt stating that he does not support altering policy "over worries of ineffectual management at a few banks".

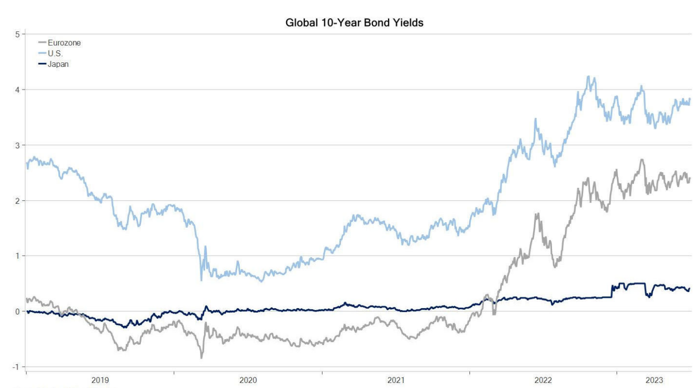
Long rates, as measured by the yield on the U.S. Treasury 10-Year Bond, rose from 3.5% towards 4%. The yield remains negative versus inflation as it is below both headline CPI and core PCE. Nonetheless, the relentless increase in rates is starting to have an impact. The uptick in credit costs has caused defaults to rise across bond and leverage loan portfolios, as well as consumer credit card obligations. It is also driving an increase in corporate (smaller firms) bankruptcy filings. Recent research from Apollo suggests that "the lagged effects of Fed hikes will continue to drag down growth" over the next year, with the steepest impact likely during Q2 and Q3 of 2024.



Most fixed income sectors performed poorly as intermediate and long-term rates rose during the quarter. Investors also embraced riskier assets. Emerging Markets debt saw the best return for the quarter as the inflation outlook in many EM countries has improved.



Futures markets see a greater than 90% probability that rates are above 5% in December 2023, and a greater than 50% probability that rates remain above 4.5% through summer 2024. Regardless, the Fed will have to see material progress towards lower inflation before it can shift towards a less restrictive stance.



While U.S. long bond yields ticked higher by almost 30 basis points ending the quarter at 3.8%, there was little change in the Euro benchmark 10-year yield as rates oscillated between 2.4% and 2.5%. Japan's remained pinned at less than 50 basis points.

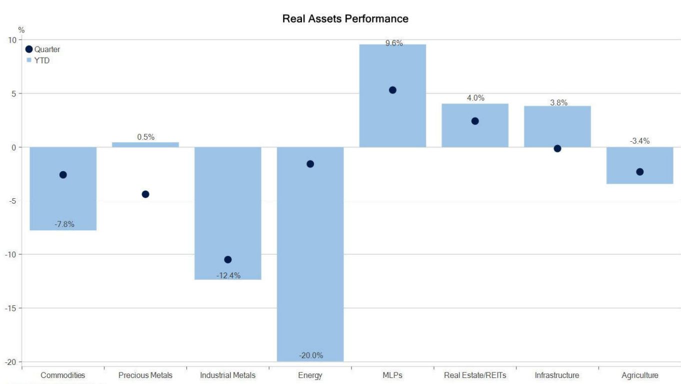
Credit spreads across corporate bonds are priced for continuing economic growth rather than a recession. Investment grade spreads are near cycle lows and interest coverage ratios, as measured by EBITDA/Interest expense, at 8x are near all-time highs dating back to 2000. High yield spreads are toward the higher end of the cycle range and interest coverage ratios are close to 4x, comparable to the 2010 period. Bond volatility has moderated compared to last cycle's peaks but remains high versus historic levels.

Real Assets

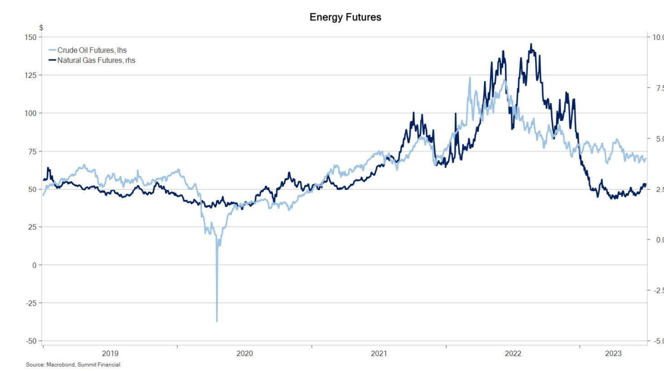
During the quarter, Real Assets continued the pattern of mixed performance seen in Q1. Energy futures drifted moderately lower with West Texas Intermediate (WTI) falling from $72 per barrel towards $70, largely trading in a tight range between $66 per barrel and $70. Brent crude fell from $80 per barrel towards $75. A late quarter pledge by Saudi Arabia to unilaterally cut output by 1 million barrels a day, approximately 10% of its production, may begin to impact markets as we enter the back half of the year. Analysts estimate that Saudi Arabia requires prices near $80 a barrel to balance its budget and fund upcoming building projects. An expected strong rebound in Chinese oil demand has been slow to materialize. Looking forward, the EIA - Energy Information Administration – raised its price forecast for Brent crude by $1 to $79 for the second half of the year and by $9 to $84 for 2024.

Gold rose towards a 13-month high, closing near $2,060, but could not hold that level and ended the quarter approximately 3% lower. Since early 2021 when inflation levels began to rise dramatically, gold - which is normally a good hedge for inflation - has not outperformed U.S. equities. Though it has significantly outperformed bonds. If inflation continues to decline and the Fed remains restrictive, gold prices may face further downward pressure. Alternatively, geopolitical tensions and a falling USD may provide ongoing support for the precious metal. Investors are also regaining interest in crypto currencies, likely at the expense of gold. Bitcoin, after a very strong Q1, continued to rise during Q2, adding another 20% in the quarter.

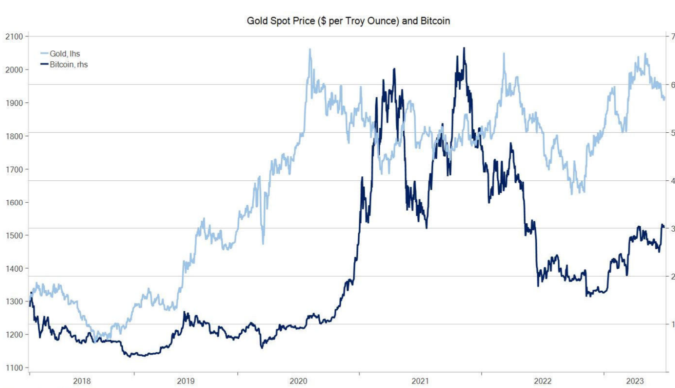
Public Real Estate markets continued to display choppy performance in Q2 with returns near 2% for the Dow Jones U.S. Real Estate Index and a large dispersion between sectors year to date. Data centers led with returns near 11%, followed by Industrial (+8.9%) and Self-Storage (+5.4%). Office (-24%) and Shopping Centers/Malls (-9%) have remained notable laggards.



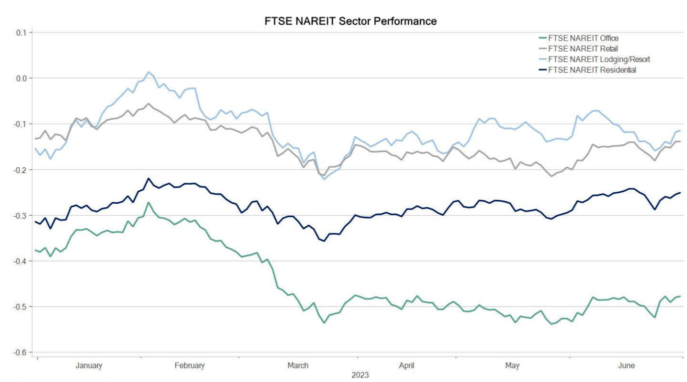
Most Real Assets lagged last quarter. Only MLPs and Real Estate generated positive returns. Several MLPs benefited from higher earnings last quarter. Industrial metals performed the worst, with zinc, nickel, and aluminum prices all sharply lower for the quarter.



Natural gas rose 27% towards $2.50 during the quarter but continues to trade towards the low end of its historic price range which averaged $3.35 over the past 20 years and $4.60 over the last 10 years. Looking forward to Q3, energy prices will likely return to the fore as markets consider stockpiling and potential supply issues related to increasing winter demand.



Gold may gain a steady bid from countries and central banks looking to diversify away from the USD. Bitcoin remains far off from its 2021 high but has clearly regained a strong bid gaining over 80% YTD, although it has retained extreme levels of volatility.



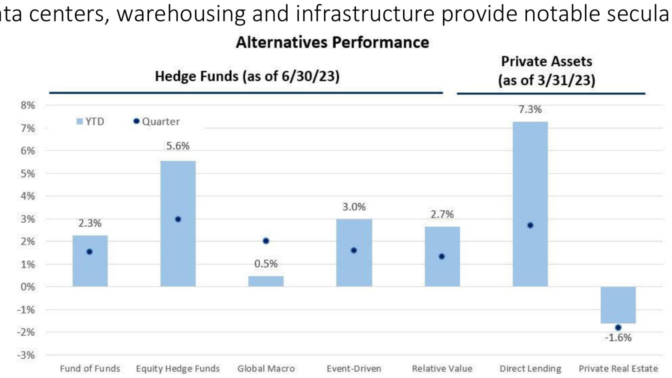
Public REITs have experienced significant dispersion in returns through Q2. Year to date, Industrials and Data Centers lead performance while Office, Regional Malls, Shopping Centers and Manufactured Housing lag.

Alternatives

For most alternative strategies, fundraising levels are down significantly this year versus recent years. Despite the recent slowdown in deals, many managers feel the current market environment should setup ample opportunities to select investments with a high potential for excess returns. As a broad global rerating of pricing continues across many alternative asset classes, timing, set up and opportunistic entry points will be key to successfully capturing structural or cyclical excess returns. Arguably, this rerating process may take between six to eighteen months to play out. Potentially, towards the longer end of the time horizon if the Fed retains a higher for longer policy stance and shorter if the Fed pivots faster than their current forecasts indicate. The implications for alternative investments vary greatly by strategy and style.

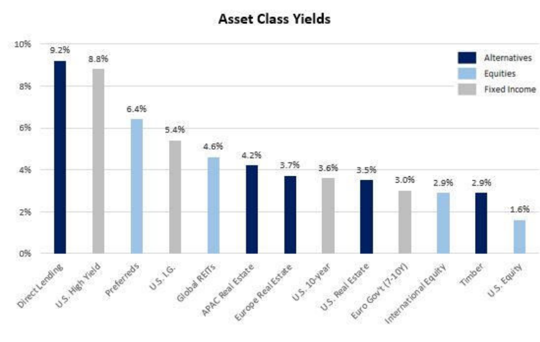
Private credit is well positioned in the current environment. It will benefit from higher rates and stronger demand as banks withdraw lending due to net interest margin compression and a more challenging regulatory environment. In particular, senior secured debt, which is least sensitive to the cycle, provides solid capital preservation and is well positioned in such an environment. Though a smaller share of the overall asset class, secondaries are also well positioned as pricing has been quicker to adjust with discounts to NAVs running near -19% with Venture (-32%) and Real Estate (-29%) discounted even further. Growth equity is an interesting set up. As overall economic growth slows or lands softly, higher secular growth firms become even more attractive. Strategies that can identify strong management teams with solid cash flows can tactically allocate to market segments that present opportunities. Notably venture capital funds have significant levels of dry powder and this segment may see heightened activity in the near term. Additionally, a reopening of the IPO market provides additional tail winds.

Within Real Estate, the strong rise in global yields is driving a significant reset of cap rates, though impact varies greatly by sector. While cap rates are always sensitive to global yields, the rerate may be more notable this cycle given that spreads are narrow versus historic levels. Performance dispersion has been significant across the public REIT sectors and will likely be similar, though with a lag, across private markets. Mixed performance across segments and regions has been driven, in part, by the widest spread in vacancy rates in over 20 years. The industrial sector is below 2%, Apartments near 6%, Retail near 8% and Office is over 12%. Opportunities across region and sector are often driven by supply issues. Sectors such as data centers, warehousing and infrastructure provide notable secular growth potential even through a potential economic slowdown.



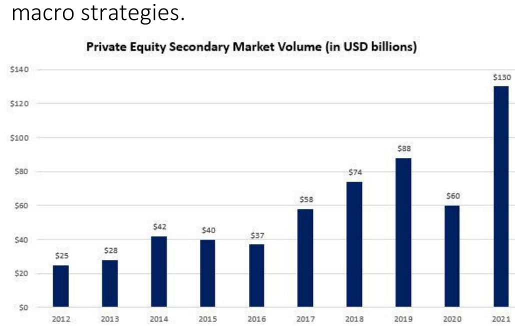
Bloomberg and Hedge Fund Research, Inc. (HFRI)

All hedge fund categories generated positive returns for the quarter, led by equity hedge and global macro strategies. Event driven and relative value followed closely behind. All were ahead of directly lending and private real estate which were flat for the quarter. Given the economic backdrop, higher asset volatility and global cross currents, the environment may give an edge to global macro strategies.



JPMorgan Asset Management as of 5/31/2023

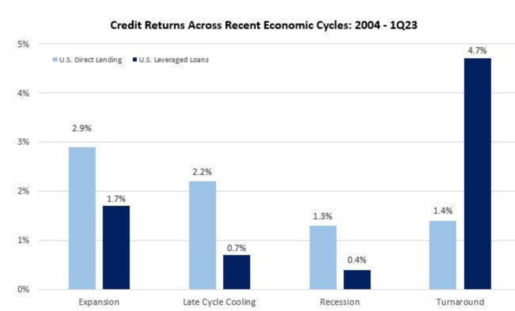
Direct lending offers the best yield pick up across asset classes. It benefits from rising short rates and less competition as banks potentially reduce existing exposures. In addition, yields are competitive with or moderately above long-term equity average. U.S. Real Estate yields are similar to the U.S. 10 Year Treasury through certain sectors are offering higher yield opportunities.



Asset Class	Secondary Pricing (Percent of NAV)
Buyout	87%
Real Estate	71%
Venture	68%
All	81%

JPMorgan Asset Management as of 5/31/2023

Many PE drawdown funds have not yet triggered additional capital calls providing a solid set up for funds to capture opportunistic returns and benefit from an expected rerating of many assets. Year to date, strong cash flow or exit activity has benefited the funds and offset valuation declines.



JPMorgan Asset Management as of 5/31/2023, Returns are through 3/31/2023

Private credit tends to deliver consistent returns through most market cycles including 'late cycle cooling' environments which, for now, reflects the policy stance of the Federal Reserve as it aims to remain restrictive in efforts to rein in inflation.

Capital Market Returns

	Q2 2023	YTD
Cash and Fixed Income		
U.S. Treasury Bills	1.3%	2.4%
Bloomberg Barclays U.S. Aggregate Bond	-0.8%	2.1%
Bloomberg Barclays Municipal Bond	-0.1%	2.7%
Bloomberg U.S. Treasury Inflation-Link Bond	-1.4%	1.9%
Bloomberg Barclays Global Aggregate ex. USD	-2.2%	0.8%
Bloomberg Emerging Markets Tradeable Debt	3.5%	4.8%
Real Assets		
Bloomberg Commodity	-2.6%	-7.8%
DJ U.S. Real Estate	2.4%	4.0%
S&P Global Infrastructure Index	-0.1%	3.8%

	Q2 2023	YTD
U.S. Equity		
S&P 500	8.7%	16.9%
Russell 3000	8.4%	16.2%
Russell 2000	5.2%	8.1%
International Equity		
MSCI ACWI ex. U.S.	2.4%	9.1%
MSCI EAFE (Developed)	3.0%	11.7%
MSCI Emerging Markets	0.9%	4.9%
Alternatives		
HFRI Fund of Funds Composite	1.5%	2.3%
Cliffwater Direct Lending Index*	2.7%	7.3%
NCREIF Property Index*	-1.8%	-1.6%

*Morningstar, Bloomberg, and Hedge Fund Research, Inc. (HFRI), * trailing quarter and year as of 3/31/2023*

Disclaimer

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It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership; The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 90% of the total market capitalization of that index. It includes approximately 1,000 of the largest securities based on a combination of their market-cap and current index membership; The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies; the S&P 500 Index is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of eleven different sectors; the MSCI EAFE Index (Europe, Australasia, Far East) captures large- and mid-cap representation across developed markets countries around the world excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country; the MSCI Emerging Markets Index captures large- and mid-cap representation across emerging markets countries across the world. The index covers approximately 85% of the free float-adjusted market capitalization in each country; The MSCI World Index captures large- and mid-cap representation across developed markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country; the Bloomberg Commodity Index reflects commodity futures price movements and is calculated on an excess return basis. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from the 6th-10th business day based on the roll schedule; the Bloomberg 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 (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency); the Bloomberg Global Aggregate Ex U.S. Index is a measure of investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Bonds issued in U.S. dollars are excluded; the Bloomberg Municipal Bond Index covers the U.S. dollar-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds; the Dow Jones U.S. Real Estate Index measures the performance of real estate investment trusts (REITs) and other companies that invest directly or indirectly in U.S. real estate through development, management, or ownership, including property agencies; The Bloomberg U.S. Corporate High-Yield Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded; The HFRI Fund of Funds Composite Index is an equally weighted hedge fund of funds benchmark composed of global constituent funds. The underlying constituents are typically diversified among multiple managers and styles to provide a comprehensive representation of the hedge fund of funds investment space.; The HFRI Equity Hedge Index is an equally weighted hedge fund benchmark composed of investment managers who maintain both long and short positions, primarily in equity and equity derivative securities. Equity hedge managers typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short; The HFRI Event-Driven Index is an equally weighted hedge fund benchmark composed of investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets, and idiosyncratic, company-specific developments; The HFRI Macro Index is an equally weighted hedge fund benchmark composed of investment managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top-down and bottom-up theses, quantitative and fundamental approaches, and long- and short-term holding periods. The HFRI Relative Value Index is an equally weighted hedge fund benchmark composed of investment managers who maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types can range broadly across equity, fixed income, derivative, or other security types. The Cliffwater Direct Lending Index seeks to measure the unlevered, gross of fee performance of U.S. middle-market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. Constituents include operating apartment, hotel, industrial, office, and retail properties. The S&P Case-Shiller Home Price Index measures the value of single-family housing within the U.S. The index is a composite of single-family home price indices for the nine U.S. Census divisions. Leading economic indicators (LEI) are statistics that precede economic events. They predict the next phase of the business cycle. The OECD Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend, continue to strengthen in most major economies. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The Consumer Confidence Index is a measure based on a survey administered by The Conference Board that reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectations for inflation, stock prices and interest rates. A Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less. The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the manufacturing sector. The ISM Non-Manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the services (or non-manufacturing) sector. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss. Economic and market forecasts presented herein reflect our judgment as of the date of this presentation and are subject to change without notice. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client.