MISSION WEALTH
Market Perspectives
Q1 | 2023

Presented By

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Kieran Osborne is responsible for all portfolio management, trading, analysis, investment and economic research functions and leads the firm's Investment Committee.

Mr. Osborne oversees portfolio construction and implementation, conducts in-depth manager research and due diligence, and monitors fund performance on an ongoing basis.

Key Themes

KEY THEMES	COMMENTARY
Market Update	Stocks have recovered since bottoming in October 2022 and bond yields have stabilized. Increased clarity about Fed policy, moderating inflation and the potential for a soft landing have all helped sentiment. 2022 was a statistical outlier for the bond market, with the most aggressive rate hiking cycle in the last 40 years leading to broad bond market weakness. Bond market volatility has since abated, helping to underpin recent asset class strength. Alternative income-oriented strategies have performed particularly well, helping shelter many of our portfolios from the volatility of public markets.
The Economy	There is diverging data on the economy. On the one hand, the labor market is robust, supporting consumer spending. On the other hand, leading indicators such as manufacturing and housing point to a contraction in economic activity. While the risks of a recession are elevated, the chances of a "soft landing" have also increased. Should a recession occur, we believe it would be relatively mild. Inflation is likely to remain sticky for some time and may dictate Fed policy. We believe we have entered a structural regime shift with respect to monetary policy: expect the forthcoming time period to be marked by tighter policies (higher interest rates and quantitative tightening).
Outlook & Positioning	We are constructive on the outlook for stocks from current levels. Longer term, and with a structural shift underway with respect to monetary policy, we expect a moderation in stock returns over the next decade, relative to the strength experienced in the post-2008 years ending 2021. We aren't bearish on stocks, but think expectations need to be reset for returns commensurate with historic averages of mid- to high-single digits. Bond yields have stabilized and are more attractive today, particularly shorter-dated yields. We believe select income strategies are well-positioned to generate enhanced risk-adjusted returns and yields, with limited correlation to the broad stock market.

Mission Wealth Actions

- Recent volatility and divergence in performance across asset classes continues to provide us with **enhanced rebalancing opportunities**.
- We are constructive on the outlook for **global equities** from current levels and hold a **positive long-term view**. Any near-term volatility may offer us the opportunity to add on weakness.
- We are also now more **constructive on the outlook for bonds**, given the **more attractive yields** available. We are emphasizing shorter-dated maturities within our portfolios.
- We have increased our exposure to less liquid income-oriented strategies, which we believe offer **attractive risk-adjusted returns, compelling yields and limited correlation to the broad stock market**.
- We have taken the opportunity to <u>tax-loss harvest</u> across taxable accounts to **enhance the after-tax returns for our clients**.
- Ultimately, we continue to focus on long-term fundamentals and believe our portfolios are **well positioned** to continue to **meet the financial goals of our clients**.

PART 1:
MARKET UPDATE

Market Update

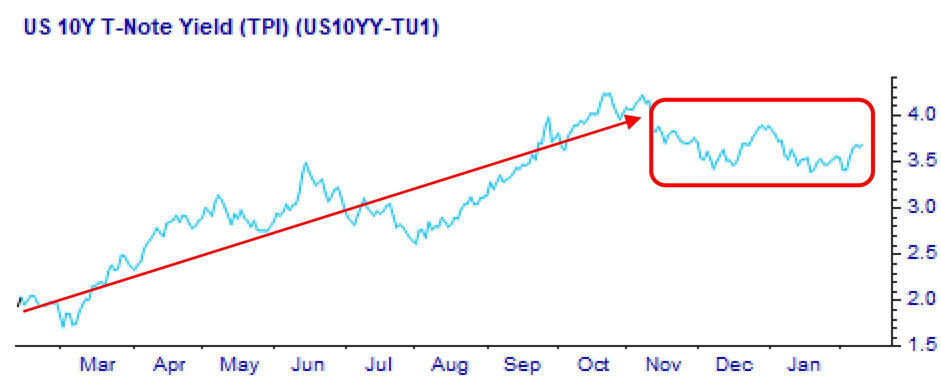
Stocks Rebound

- **Stocks have recovered** since bottoming out in October 2022.
- Growing consensus around Fed **policy, moderating inflation** and the potential for a **"soft landing"** has helped sentiment.

Source: FactSet

Bond Yields Stabilize

- While yields remain elevated, they have **stabilized** somewhat recently, as the market gains **increasing clarity on Fed policy.**



Source: FactSet

Market Update

Assets Finished 2022 Positively

- Assets rebounded in Q4 to finish a negative year on a positive note.
- In fact, 2H 2022 was positive for stocks, with the S&P 500 returning +2.3% and EAFE +5.3%

Source: Bloomberg, Morningstar Direct and AB

Market Update

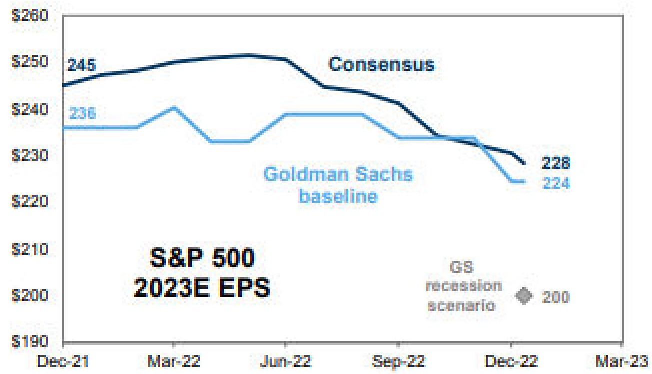
Earnings Revised Lower

- At the start of 2022, consensus expected 2023 S&P 500 earnings per share (EPS) of $245.
- Wage pressures, a spike in commodity prices, rising interest rates and consumer uncertainty resulted in **lowered earnings expectations through the course of the year.**
- This, combined with multiple contraction, **weighed on stocks.**

Bond Yields Rose

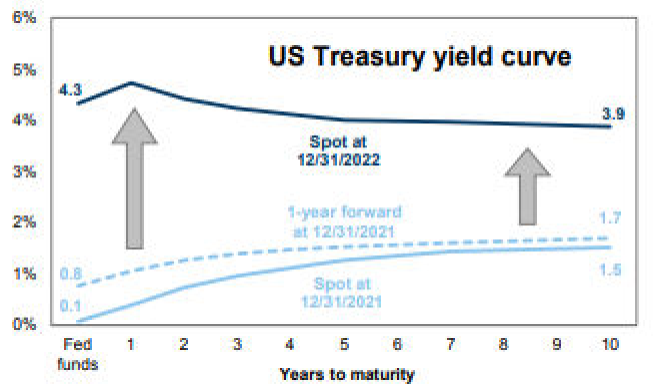
- At the same time, **yields rose more than expected in 2022**, leading to broad bond market weakness.

Progression of 2023 S&P 500 EPS estimates in 2022



Source: FactSet, Goldman Sachs Global Investment Research

US yields rose by more than expected in 2022

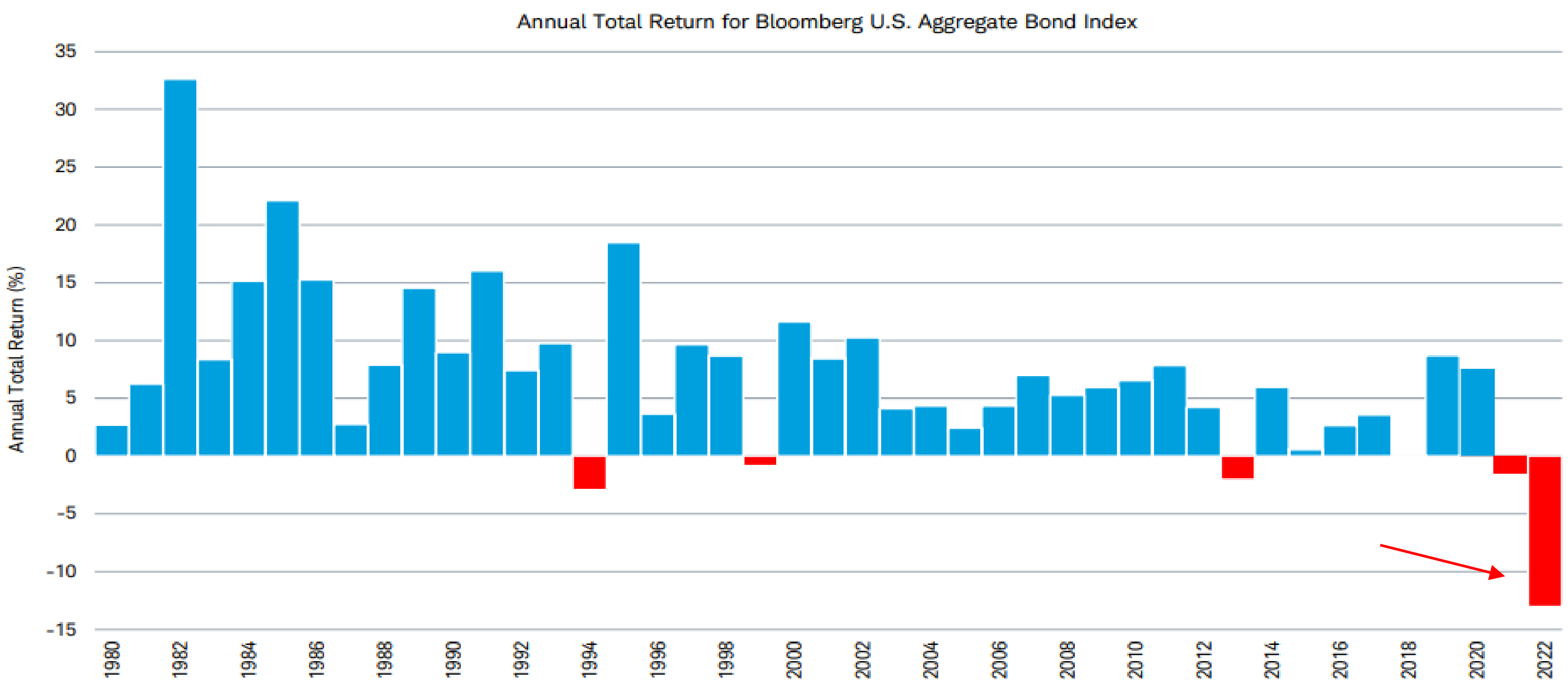


Source: FactSet, Goldman Sachs Global Investment Research

Market Update

2022: An Unusual Year for Bonds

- **2022 was an outlier for bond market returns**, driven by the most aggressive rate hiking cycle in the last 40 years.

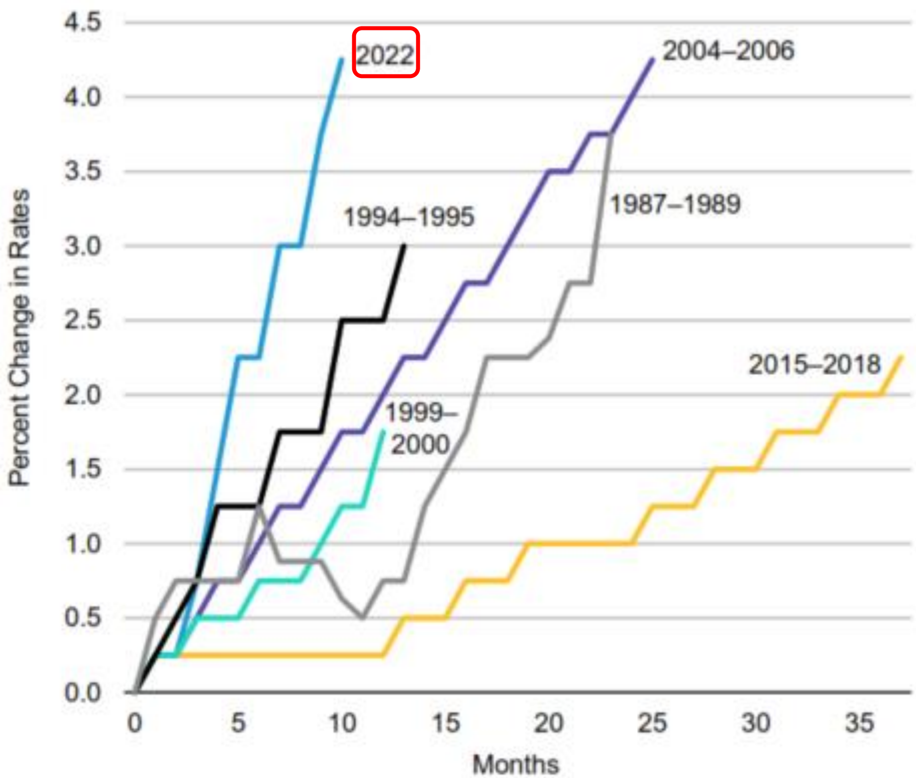


Source: Bloomberg as of 12/31/2022. Shown in the chart are annual total returns including price change and income for the Bloomberg U.S. Aggregate Bond Index.

Market Update

2022: An Unusual Year for Bonds

- 2022 saw the most rapid Fed rate hiking cycle since the 1970s.



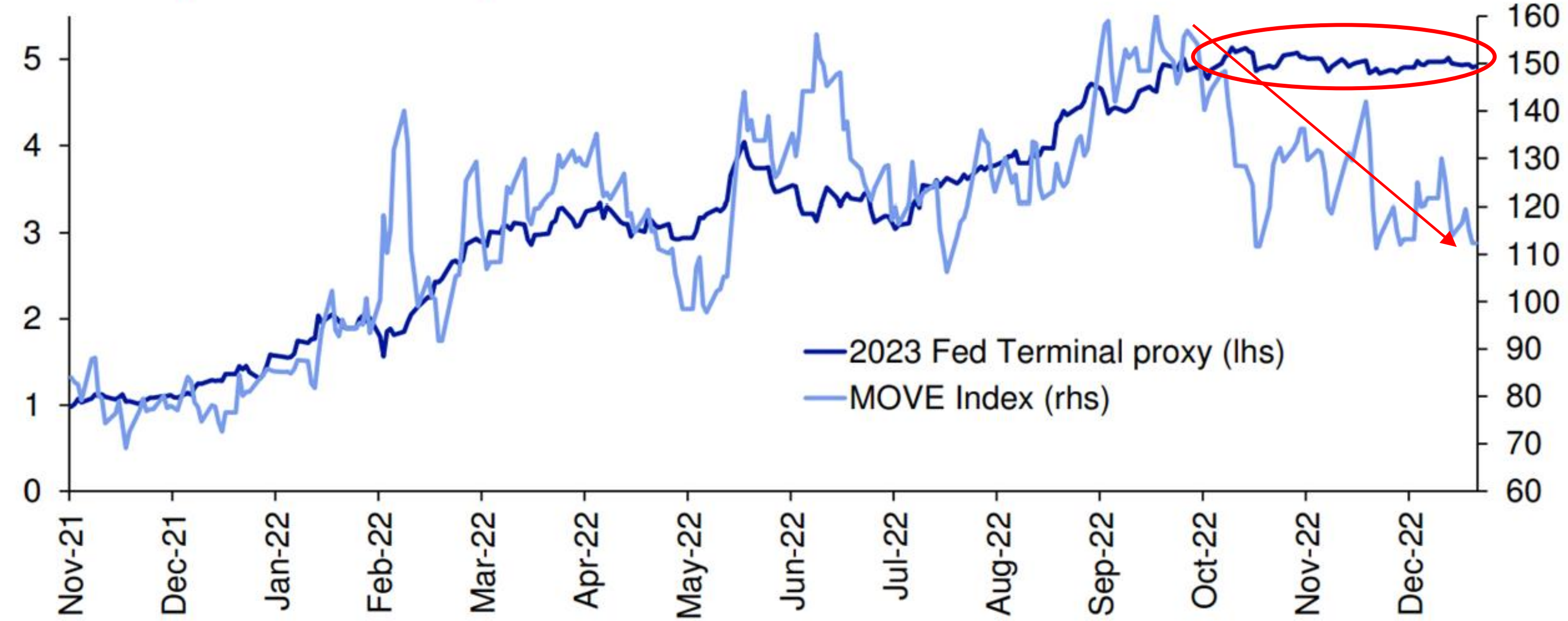
As of December 31, 2022
Source: Bloomberg, J.P. Morgan

Market Update

Bond Volatility Elevated, but Falling

- Market expectations for terminal fed funds rate stabilized around ~5% in October 2022, which led to a **reduction in bond volatility**, and helped **propel stocks higher**.

Rates vol peaked once expectations for the Fed terminal rate stabilised



Source : Bloomberg Finance LP, Deutsche Bank
Note: Fed Terminal is approximated by Fed Funds futures for June 2023

Market Update

An End of an Era

- For the first time since 2014, there is now **no negative yielding debt globally**. Just two years ago $18.4 trillion in global bonds had a negative yield.
- A welcome development with **value returning to global fixed income.**

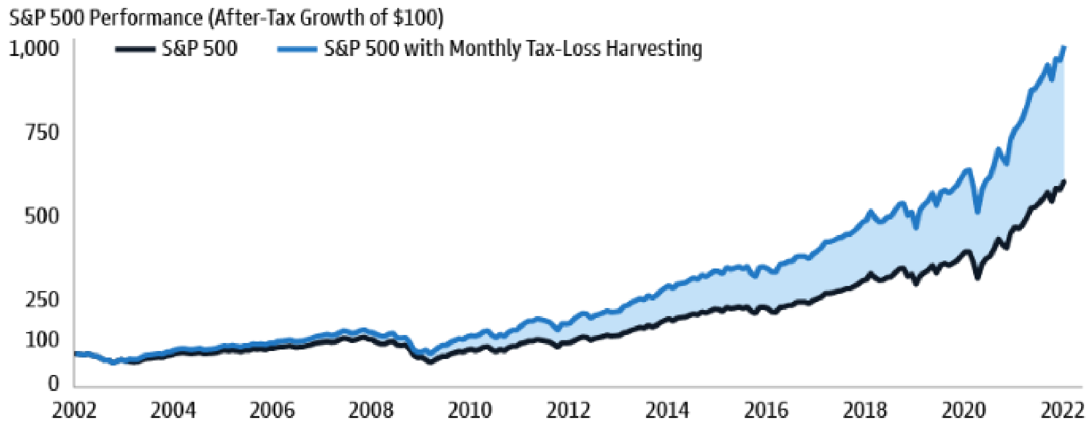
Bloomberg Global Aggregate Negative Yielding Debt (USD trillions)

Source : Bloomberg Finance LP, Deutsche Bank

Market Update

Tax-Loss Harvesting

- While no one likes a down market, tax-loss harvesting can be a silver lining during these times. We were **proactive with our tax-loss harvesting** across taxable accounts throughout 2022.
- Studies show **tax-loss harvesting may provide significant after-tax benefits** over time.
- In many instances, we were able to use **losses to help offset gains elsewhere** in the portfolio and help **diversify concentrated stock positions.**



Source: Bloomberg and Goldman Sachs Asset Management.
For illustrative purposes only. Chart shows the after-tax returns for the S&P 500 and the S&P 500 with monthly tax-loss harvesting based on data from January 1, 2002 to January 1, 2022.

Market Update

Tax-Loss Harvesting

- In this example, a $25,000 loss can provide over $8,000 in potential tax savings. It can be used to offset gains first ($20,000 in this example), then can reduce ordinary income, and any excess can be applied to future gains or income.

Source: Schwab Center for Financial Research. Assumes a 35% combined federal/state marginal income tax bracket. The example is hypothetical and provided for illustrative purposes only.

Market Update

Select Income-Oriented Strategies Perform Well

- Ahead of 2022, we **increasingly allocated to alternative income-oriented strategies** we believed would fare well in a rising interest rate and sticky inflationary environment.
- We are pleased that our view was vindicated, with **these strategies helping to protect our clients' portfolios from the broad-based public market weakness.**
- Select income-oriented strategies that performed relatively well:
    - Direct Real Estate
    - Direct Credit
    - Floating Rate Securities

PART 2:
THE ECONOMY

The Economy

Economic Growth Outlook

- There is diverging data on the economy. On the one hand, **the labor market is robust, supporting consumer spending.** On the other hand, **leading indicators such as manufacturing and housing data point to a contraction** in economic activity.
- Consensus estimates the **U.S. economy will expand +0.5% in 2023** after growing +2.1% in 2022.
- The market also anticipates **inflation will remain above the Fed's long-term target of 2%** through at least 2024.

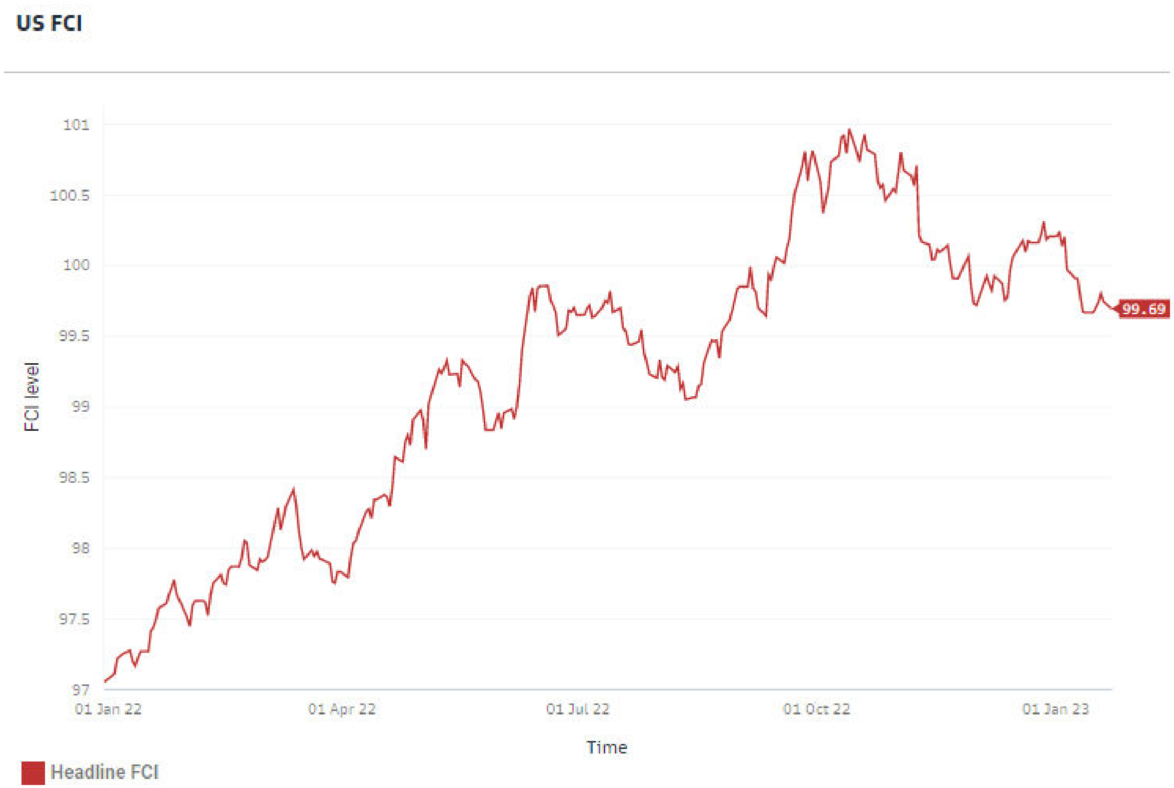
United States Economy	**2020**	**2021**	Q1 '22	Q2 '22	Q3 '22	Q4 '22	**2022**	***2023 Est.***	***2024 Est.***	***2025 Est.***
Real GDP (%q/q, SAAR)	-2.8	5.9	-1.6	-0.6	3.2	2.9	2.1	*0.5*	*1.3*	*1.8*
Real GDP (%y/y)	-2.8	5.9	3.7	1.8	1.9	1.0	2.1	*0.5*	*1.3*	*1.8*
Household Consumption (Real, %y/y)	-3.0	8.3	4.8	2.4	2.2	1.9	2.8	*1.0*	*0.9*	*1.9*
Government Consumption (Real, %y/y)	2.6	0.6	-1.6	-1.3	-0.3	0.9	-0.6	*1.5*	*1.2*	*1.1*
Gross Private Domestic Investment, Residential (Real, %y/y)	7.2	10.7	-3.7	-7.2	-13.0	-19.3	-10.7	*-12.8*	*4.2*	*7.1*
Gross Private Domestic Investment, Non-Residential (Real, %y/y)	-4.9	6.4	4.8	2.4	3.8	3.7	3.6	*0.8*	*1.4*	*2.5*
Inflation										
CPI (%q/q, SAAR)	1.2	4.7	9.2	10.5	5.7	3.1	8.0	3.9	2.5	*2.1*
Core CPI (%q/q, SAAR)	1.7	3.6	6.5	6.6	6.4	4.4	6.1	*4.0*	*2.5*	*2.1*

Source: FactSet

The Economy

Financial Conditions Have Relaxed

- After becoming much tighter throughout 2022 as rates rose, financial conditions have relaxed recently.
- Rates have stabilized, credit spreads have narrowed, and equities have rebounded.

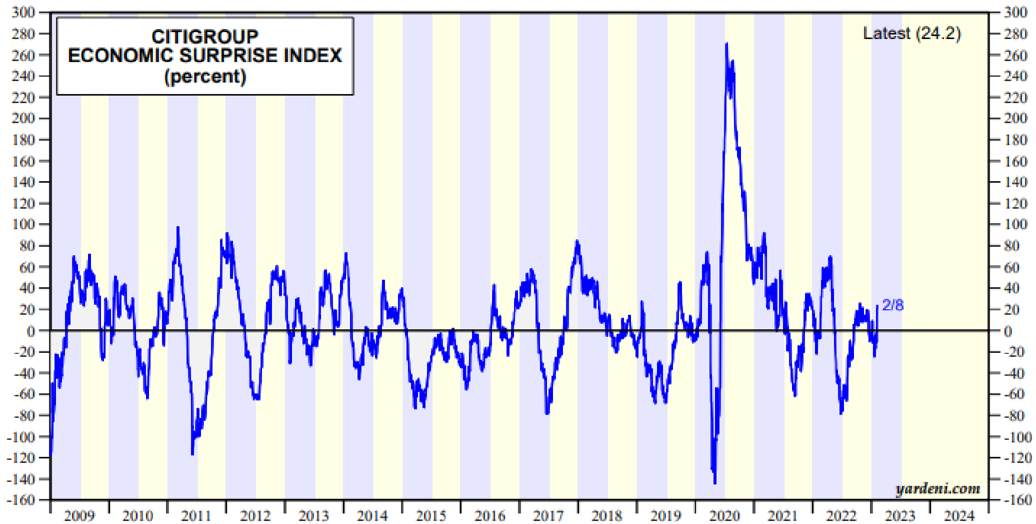


Source: Goldman Sachs Investment Research

The Economy

Economic Surprises Have Turned Positive

- A sharply positive increase in economic surprises has been **driven by the labor market.**



Note: Blue shaded areas are first half of each year.
Source: Citigroup.

Macro surprises (MAP scores)

Source: Goldman Sachs Global Investment Research

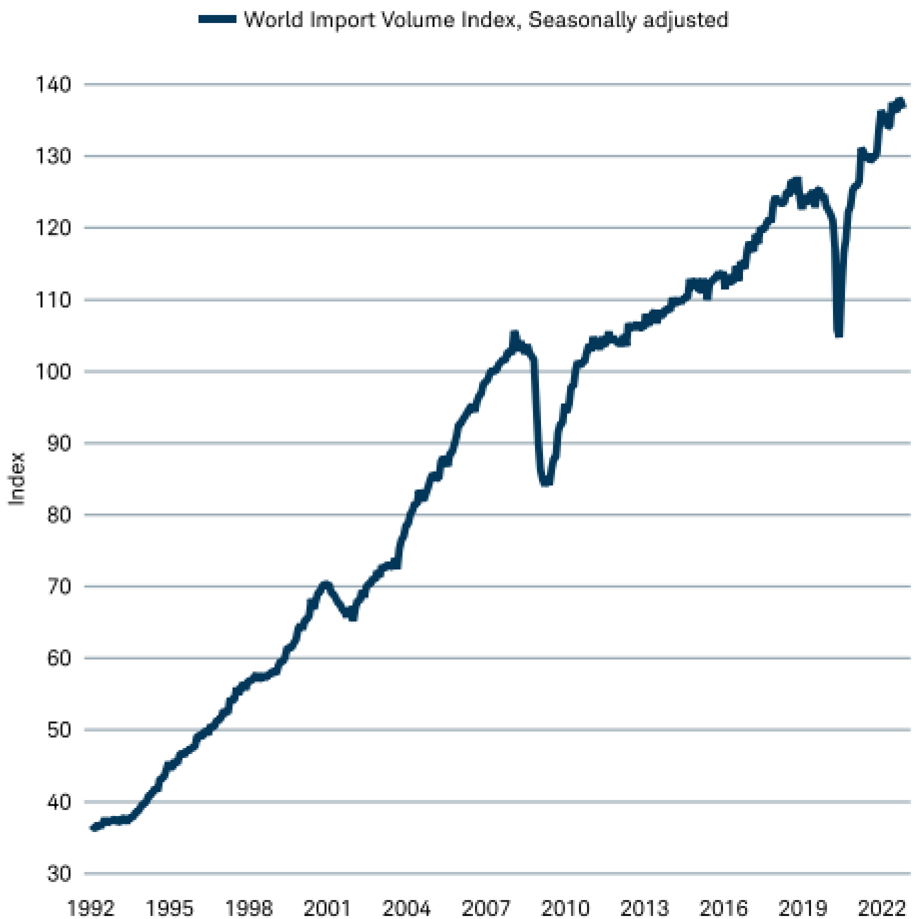
The Economy

Global Trade Volumes Robust

- Despite a turbulent geopolitical landscape, **strong global trade volumes are supportive of ongoing global economic growth.**

- China's recent reopening may act as an additional tailwind.

Global trade



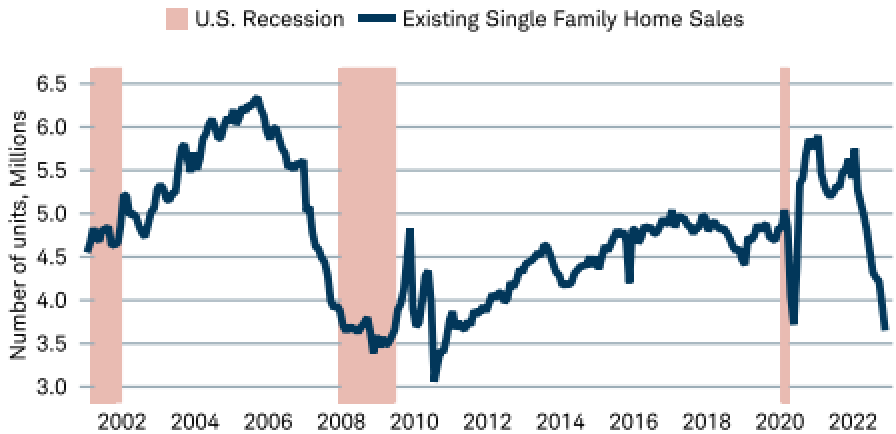
Source: Charles Schwab, Macrobond as of 12/31/2022.

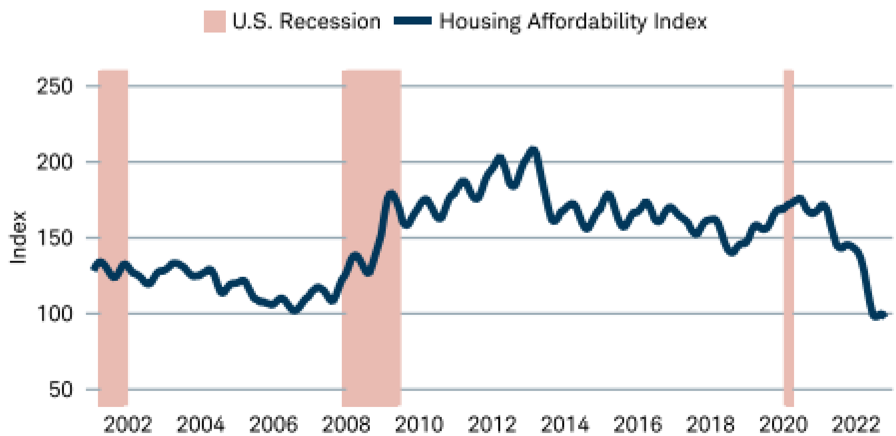
The Economy

Slowing Housing Market

- With residential mortgage rates rising, housing affordability has declined, weighing on home prices and home sales.

- With that said, there remains a **structural undersupply of housing** in the U.S.



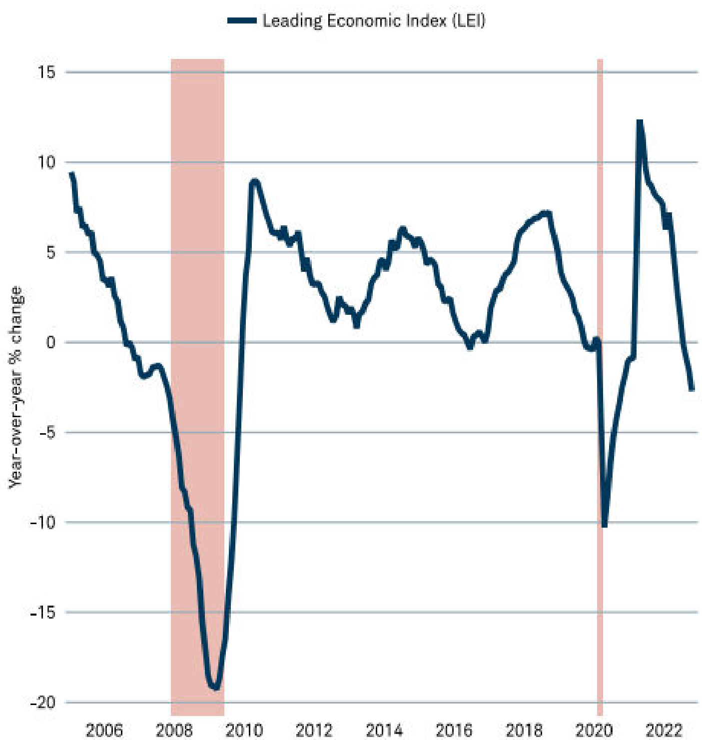


Source: Charles Schwab, Bloomberg, Macrobond as of 12/31/2022.

The Economy

Leading Economic Indicators Point to Slowing Growth

- Leading indicators and measures of manufacturing and services **point to a near-term decline in economic activity.**



Bars represent National Bureau of Economic Research defined recession periods.

Source: Macrobond as of 12/31/2022. ISM data as of 1/6/2022.

Bars represent National Bureau of Economic Research defined recession periods.

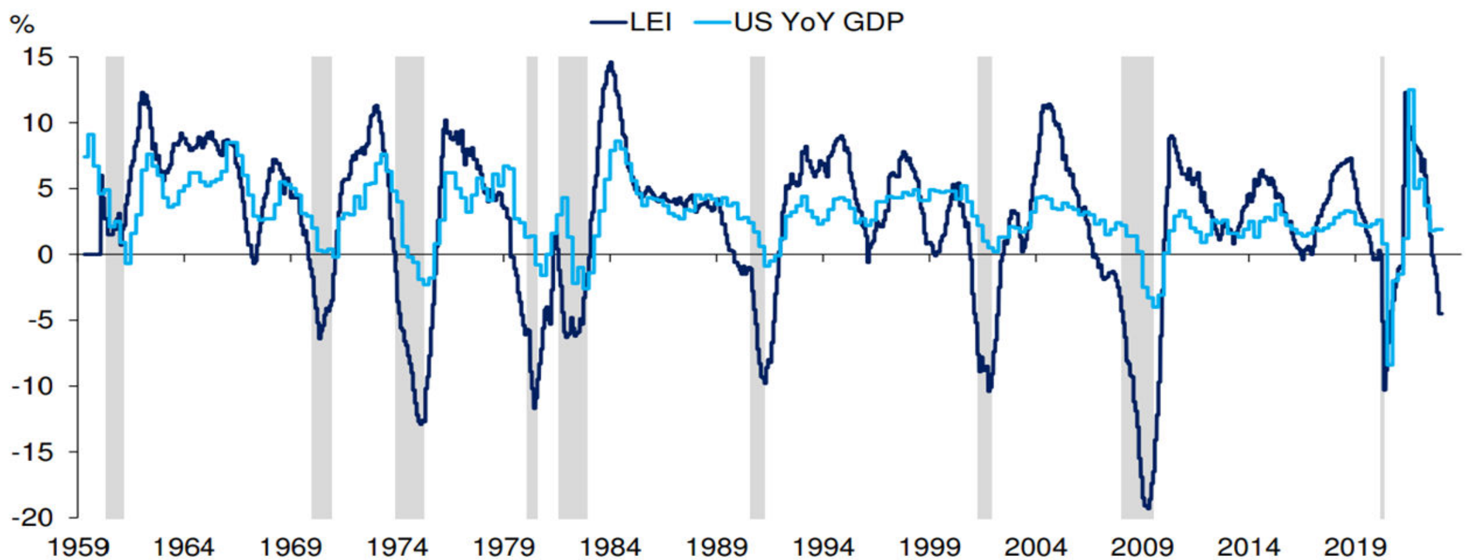
Source: Macrobond as of 12/31/2022. ISM data as of 1/6/2022.

The Economy

Leading Economic Indicators Point to Slowing Growth

- LEI Index has declined over the last nine months and is negative year-over-year. This has historically preceded a recession.
- At the same time, falling inflation, continued tight labor market and excess savings well above historic averages support the view of a soft landing.

The US leading index and recessions...



Source : The Conference Board, BEA, Bloomberg Finance LP, Deutsche Bank

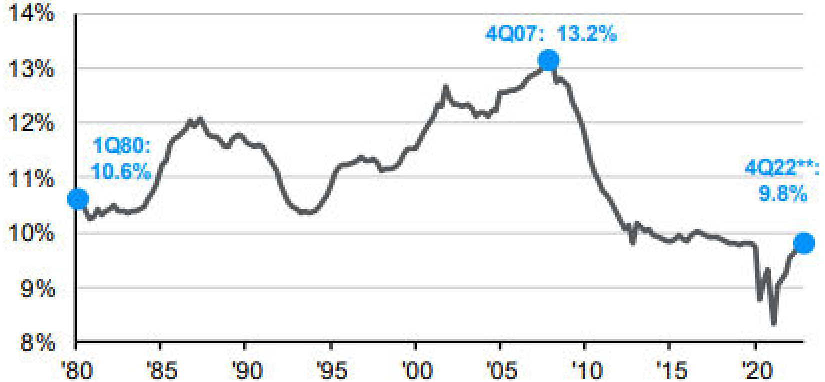
The Economy

Next Recession Likely to be Mild

- To be sure, recession risks are elevated.
- But if a recession were to occur, we believe it would be relatively **mild, particularly compared to the two most recent recessions** (the GFC of 2008 and COVID in 2020).
- **The economy does not have anywhere near the level of excesses** built up as it did ahead of 2008
    - ➢ These excesses tend to cause more drawn-out economic contractions
- In contrast to 2008, **consumers and corporations are in a much healthier situation today.**

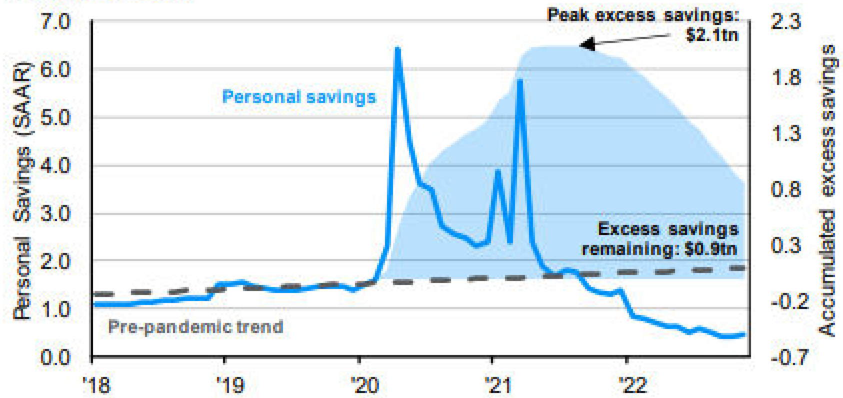
Household debt service ratio

Debt payments as % of disposable personal income, SA



Household excess savings

Trillions of USD

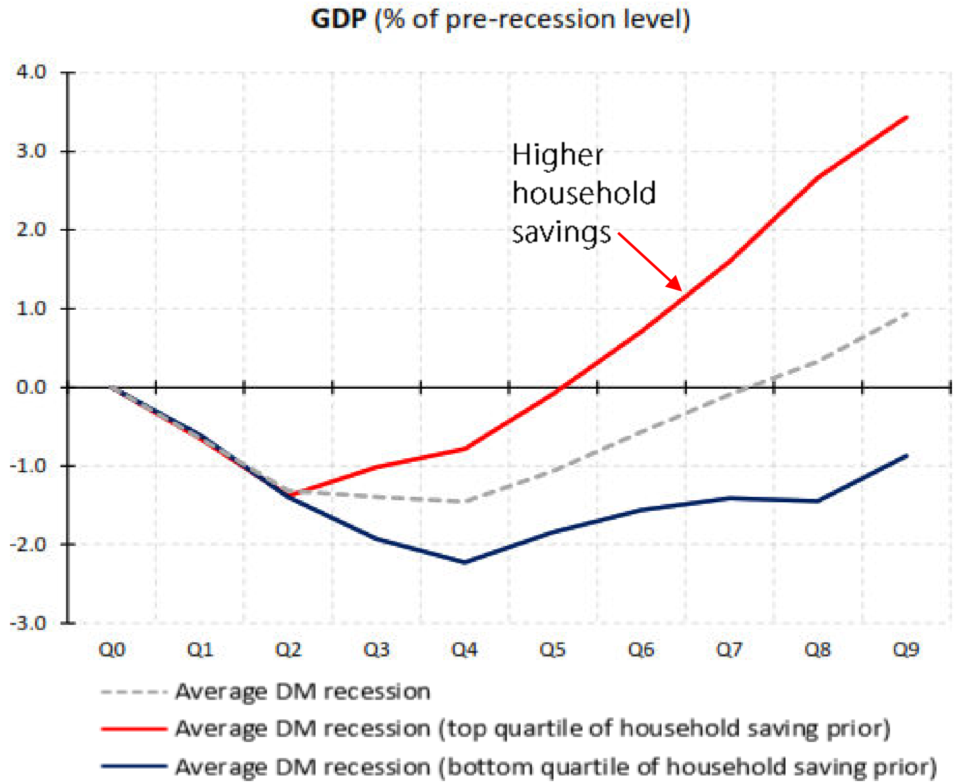


Source: FactSet, FRB, J.P. Morgan Asset Management;

The Economy

Next Recession Likely to be Mild

- Historically, **higher household savings rates** (such as those seen today) tend to lead to **shorter and much shallower recessions.**

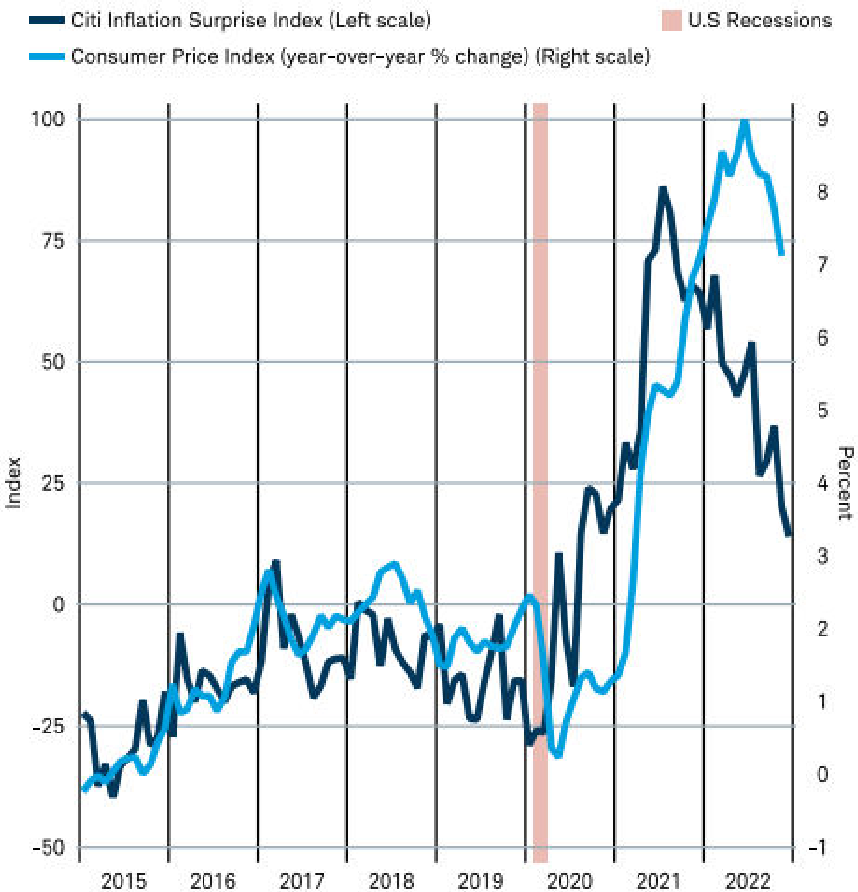


Source: Various stats offices, PIMCO calculations.

The Economy

The Case for a Soft Landing

- Positive but below-trend economic growth can cool wage and price inflation.
- While the risks of a recession are elevated, there is a chance we avoid a recession and **signs of moderating inflation are already underway.**
- The Citi Inflation Surprise Index has continued to fall, and **inflation has sequentially slowed during the past three months.**
- The latest US employment report showed **slowing wage inflation**, albeit still at a high level.



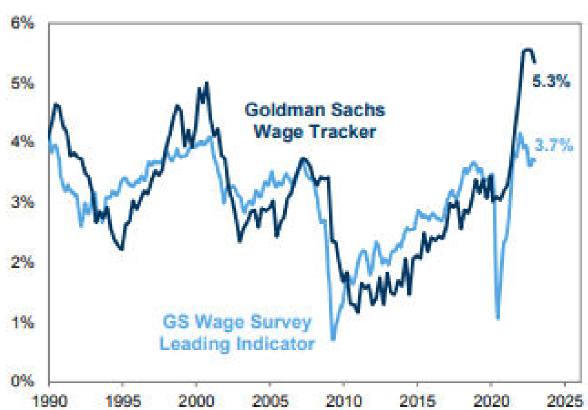
Source: Macrobond as of 12/31/2022.

The Economy

The Case for a Soft Landing

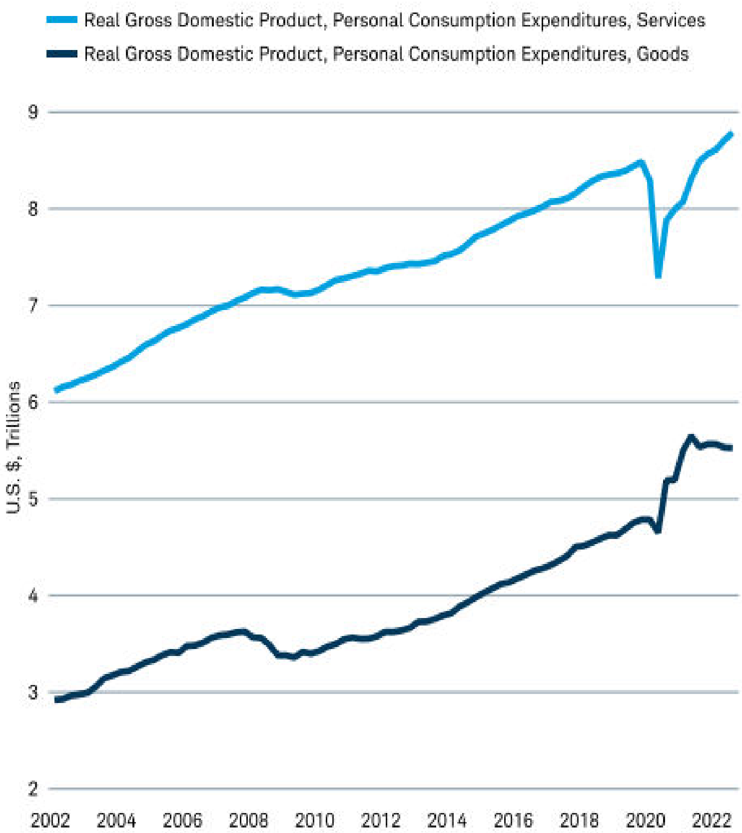
- At the same time, the **outlook for real consumer spending**, the primary driver of economic growth (~70% of GDP), is **relatively optimistic**.
- Consumer spending likely to be underpinned by **positive wage growth** and a (still) **tight labor market**.
  - ➢ Coupled with moderating inflation, leading to **positive real disposable income growth**.

Wage inflation has turned lower but remains high



Source: Goldman Sachs Global Investment Research

Spending on services has offset relatively softer goods spending.



Source: Charles Schwab, Macrobond as of 12/31/2022.

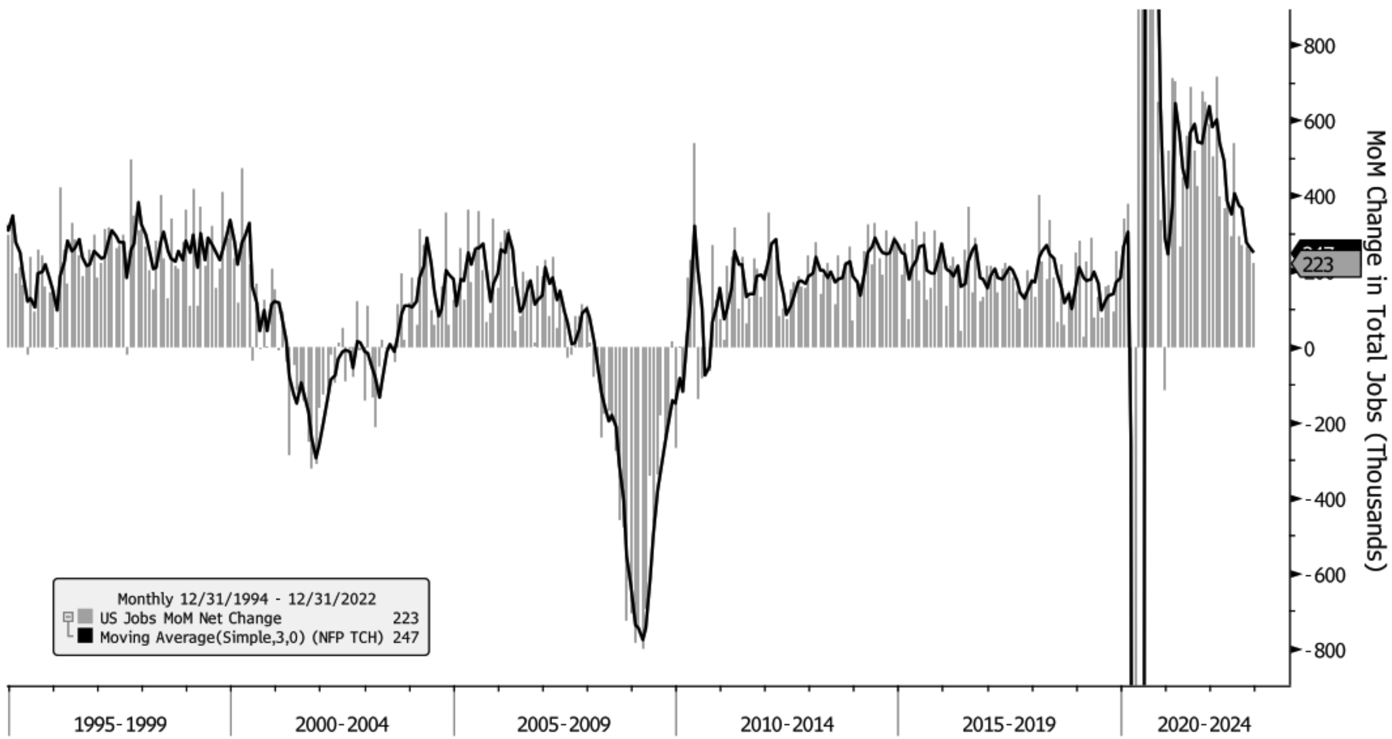
The Economy – Healthy Consumer

The Case for a Soft Landing

- Job gains have declined but remain strong and above historic averages.

Job Gains

The Net Monthly Change in Non-farm Payrolls (grey) with 3-month Moving Average (black)



The Economy

The Case for a Soft Landing

- Slowing wage inflation is what the Fed wants. And it's occurring without an increase in the unemployment rate.
- Lower inflation with a steady economy = a soft landing.

Wage inflation across the income distribution

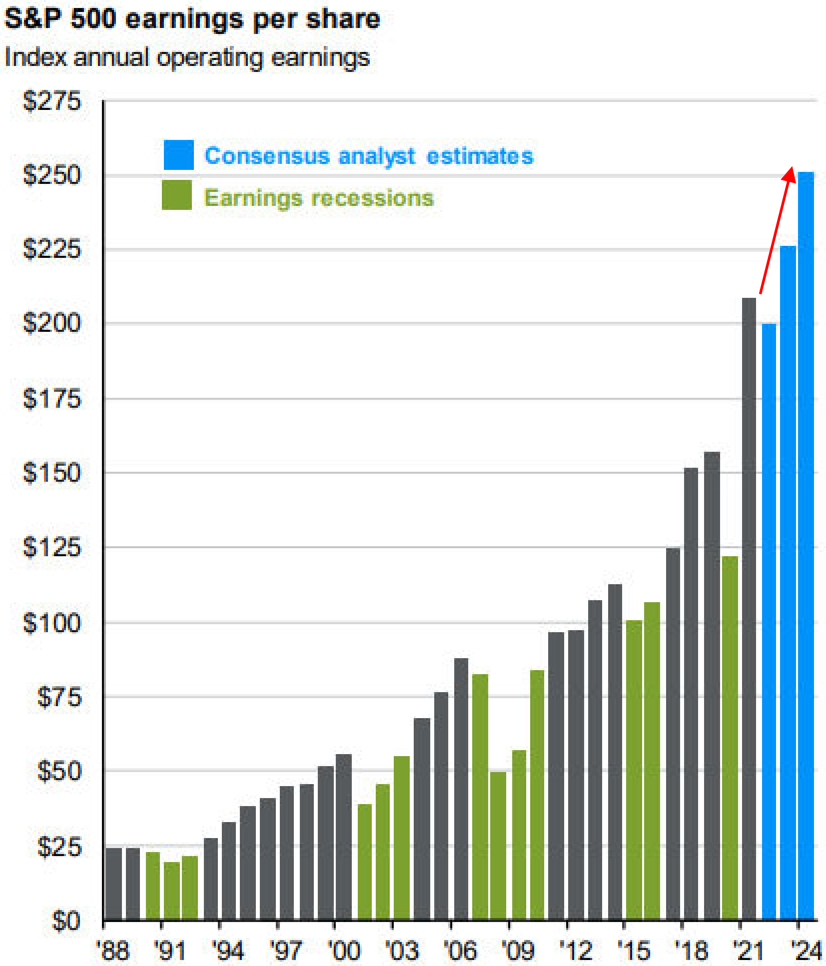
Source: BLS, Apollo Chief Economist. Note: Low wage workers are defined as the bottom third percentile in the wage distribution, mid wage workers as the mid third percentile and high wage workers as top third percentile

The Economy

Corporate Profits Expected to Grow

- Despite lowered earnings expectations, forward looking earnings growth for S&P 500 company earnings is relatively robust.

- This is a good indicator for business activity and GDP growth.

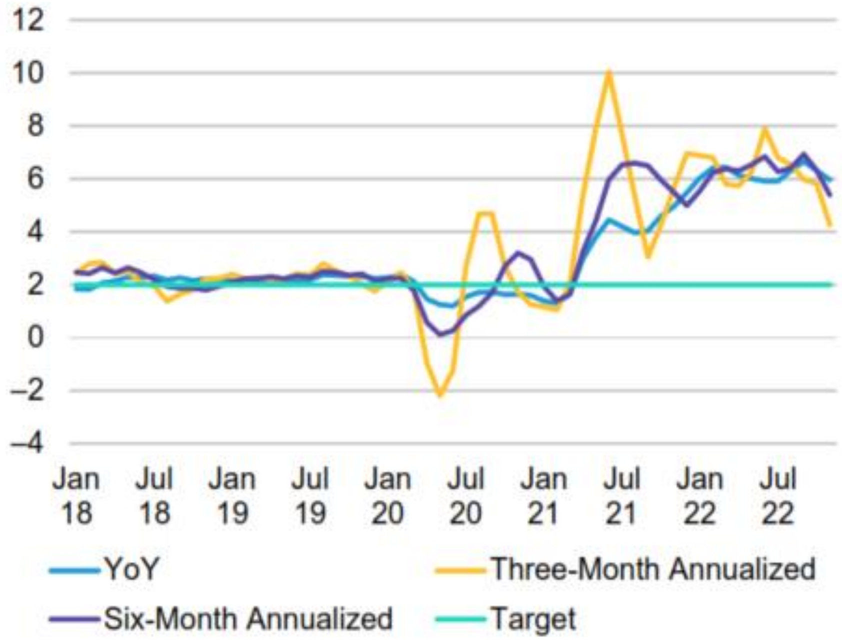


Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

The Economy – Inflation

Falling, but Sticky Inflation

- While inflation has moderated, it **remains well above the Fed's target of 2%.**

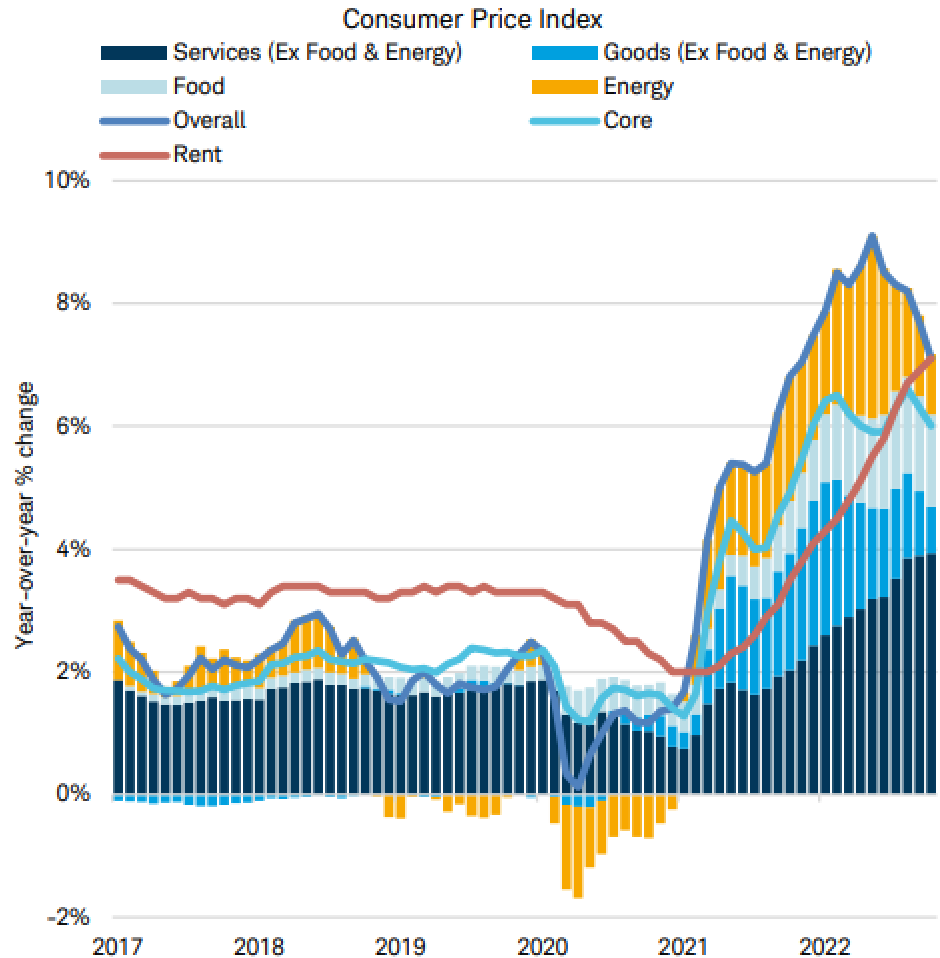


As of December 31, 2022
Source: Refinitiv and AB

The Economy – Inflation

Falling, but Sticky Inflation

- Inflation remains elevated and while we believe it will fall over time, we anticipate it will stay elevated and above the Fed's longer-term target of 2% for the foreseeable future.
    - ➢ Supports the notion of a higher for longer interest rate regime.
- Goods-oriented inflation continues to soften but services prices remain stubbornly sticky.

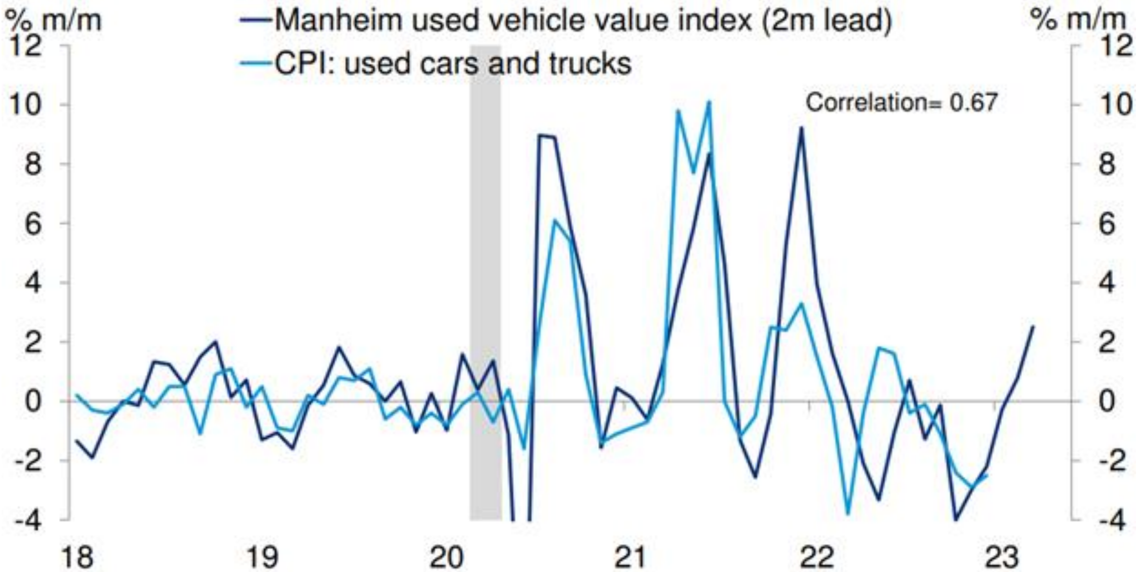


Source: Charles Schwab, U.S. Bureau of Labor Statistics.

The Economy – Inflation

Falling, but Sticky Inflation

- In fact, some inflation inputs point to **potential upward pressure over the near-term.**
- For instance, **used car prices have risen after months of decline**, with January's increase being the strongest month since November 2021.

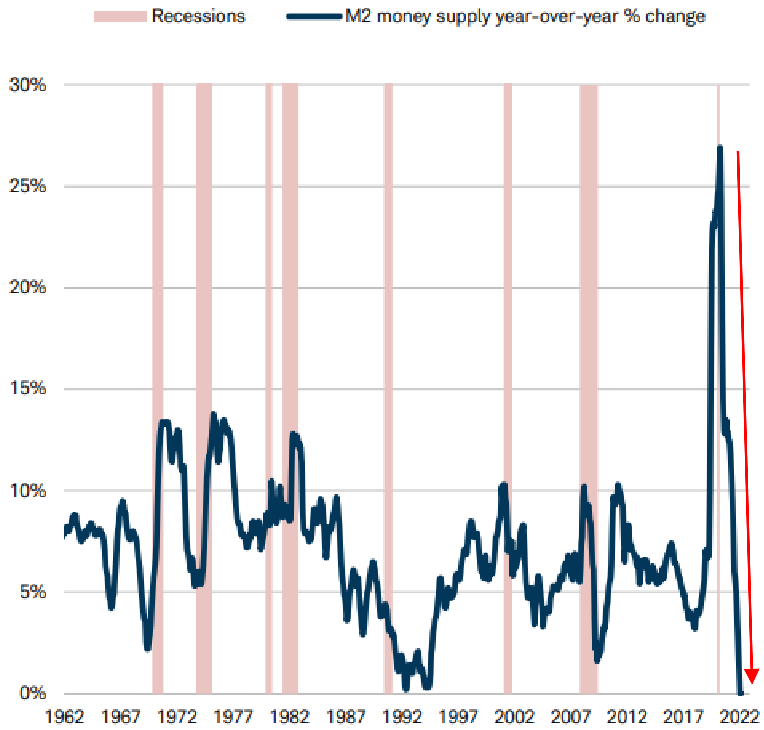


Source : Manheim, BLS, Haver Analytics, Deutsche Bank

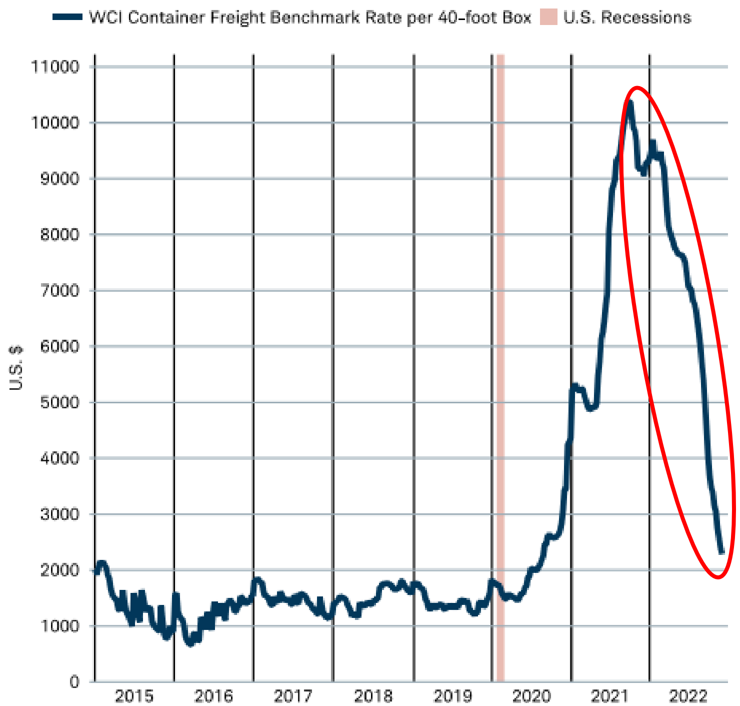
The Economy – Inflation

Falling, but Sticky Inflation

- Money Supply growth is supportive of a continued decline in inflation.
- While supply chain issues have largely abated, as evidenced by reduced shipping costs.



Source: Charles Schwab, Bloomberg, Federal Reserve Bank of St. Louis, as of 12/31/2022.

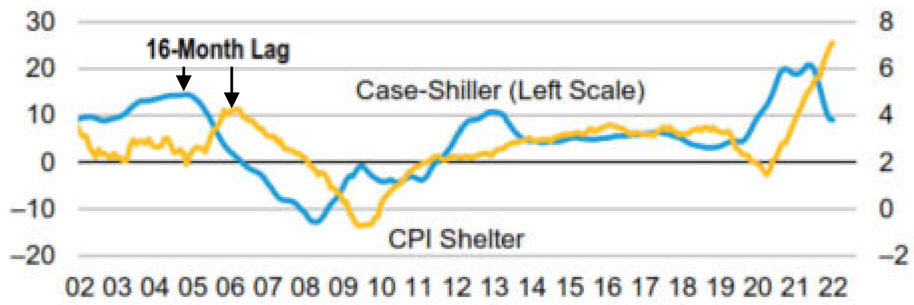


Source: Charles Schwab, Bloomberg, Macrobond as of 12/31/2022.

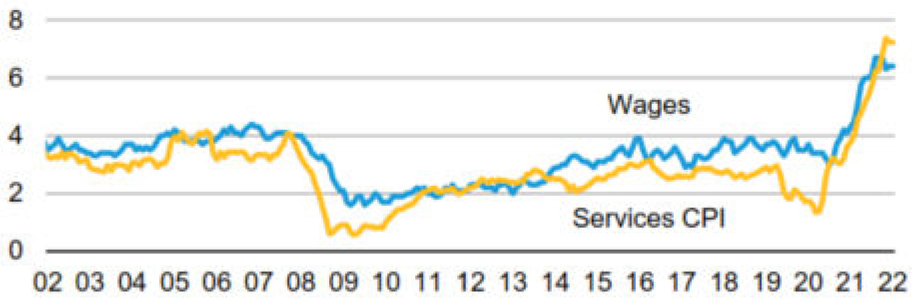
The Economy – Inflation

Falling, but Sticky Inflation

- Shelter inflation tends to lag the broader housing market, so may remain elevated near-term despite softening housing prices.
- At the same time, service prices are elevated due to higher wages and shifting consumer demand.
- While **inflation is likely to fall, many inputs may cause inflation to remain sticky over the near-term.**
  - With this backdrop, the **Fed is likely to keep interest rates higher for longer.**



As of December 31, 2022
Source: Bloomberg, Refinitiv and AB



As of December 31, 2022
Source: Bloomberg, Refinitiv and AB

The Economy – Fed Policy

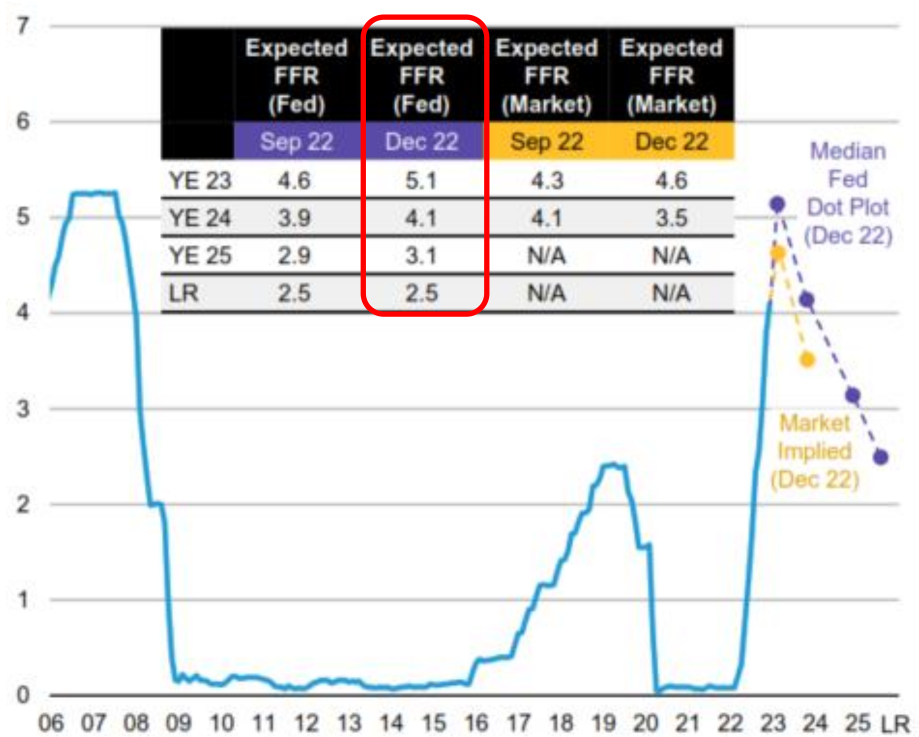
Regime Shift

- Fed has made it clear that **bringing down inflation**, not sustaining growth, is its **primary focus**.

- **Structural change**: whereas post 2008 was marked by easy policies, expect the **forthcoming period to be marked by tighter policies**: higher interest rates & Quantitative Tightening (QT).

- With still sticky inflation, it would take a significant decline in economic fundamentals for the Fed to cut rates over the near-term. We don't see it happening.
    - ➢ Per the most recent Fed minutes, **no FOMC participants believe it will be appropriate to begin reducing the fed funds rate in 2023.**

Fed and Market Expectations Going Forward
Percent



	Expected FFR (Fed) Sep 22	Expected FFR (Fed) Dec 22	Expected FFR (Market) Sep 22	Expected FFR (Market) Dec 22
YE 23	4.6	5.1	4.3	4.6
YE 24	3.9	4.1	4.1	3.5
YE 25	2.9	3.1	N/A	N/A
LR	2.5	2.5	N/A	N/A

Source: Bloomberg, US Federal Reserve and AB

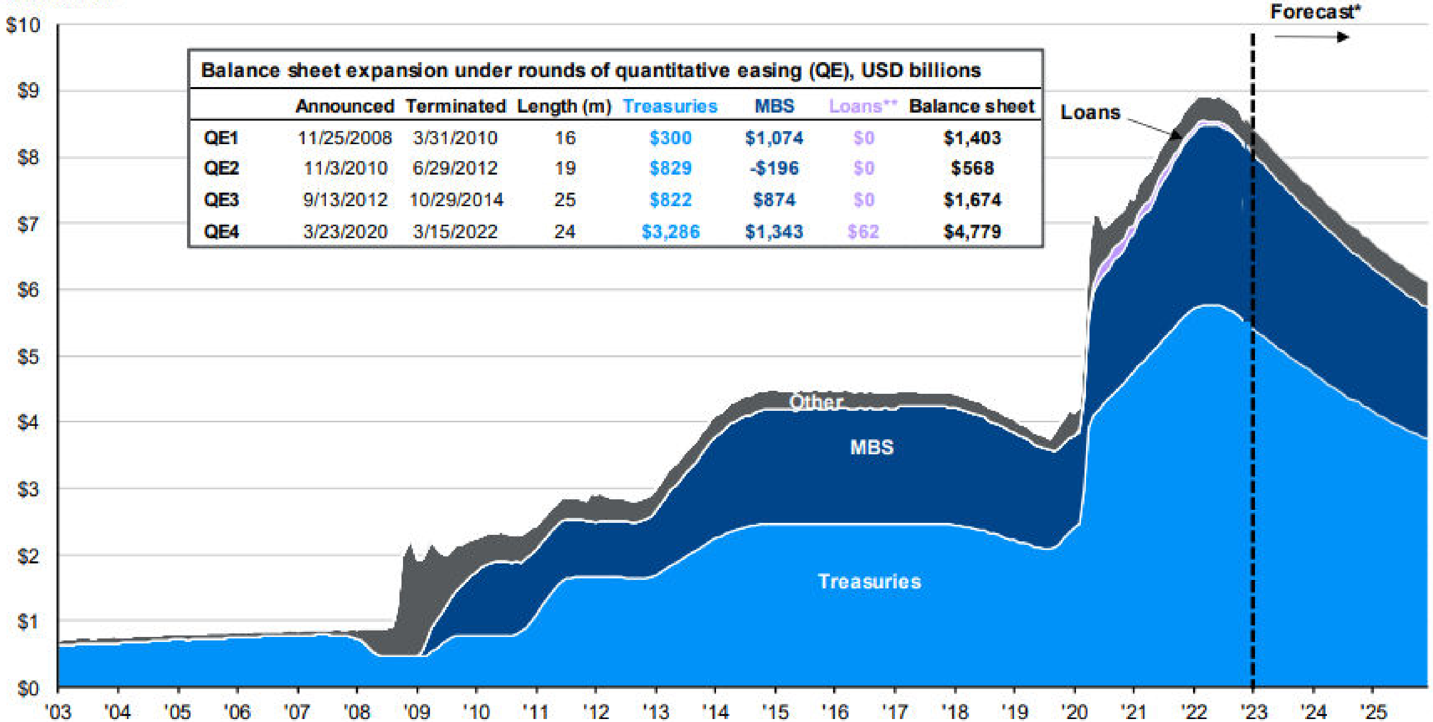
The Economy – Fed Policy

Regime Shift

- The Fed is anticipated to continue shrinking its balance sheet via QT in the years ahead.

The Federal Reserve balance sheet

USD trillions



Balance sheet expansion under rounds of quantitative easing (QE), USD billions

	Announced	Terminated	Length (m)	Treasuries	MBS	Loans**	Balance sheet
QE1	11/25/2008	3/31/2010	16	$300	$1,074	$0	$1,403
QE2	11/3/2010	6/29/2012	19	$829	-$196	$0	$568
QE3	9/13/2012	10/29/2014	25	$822	$874	$0	$1,674
QE4	3/23/2020	3/15/2022	24	$3,286	$1,343	$62	$4,779

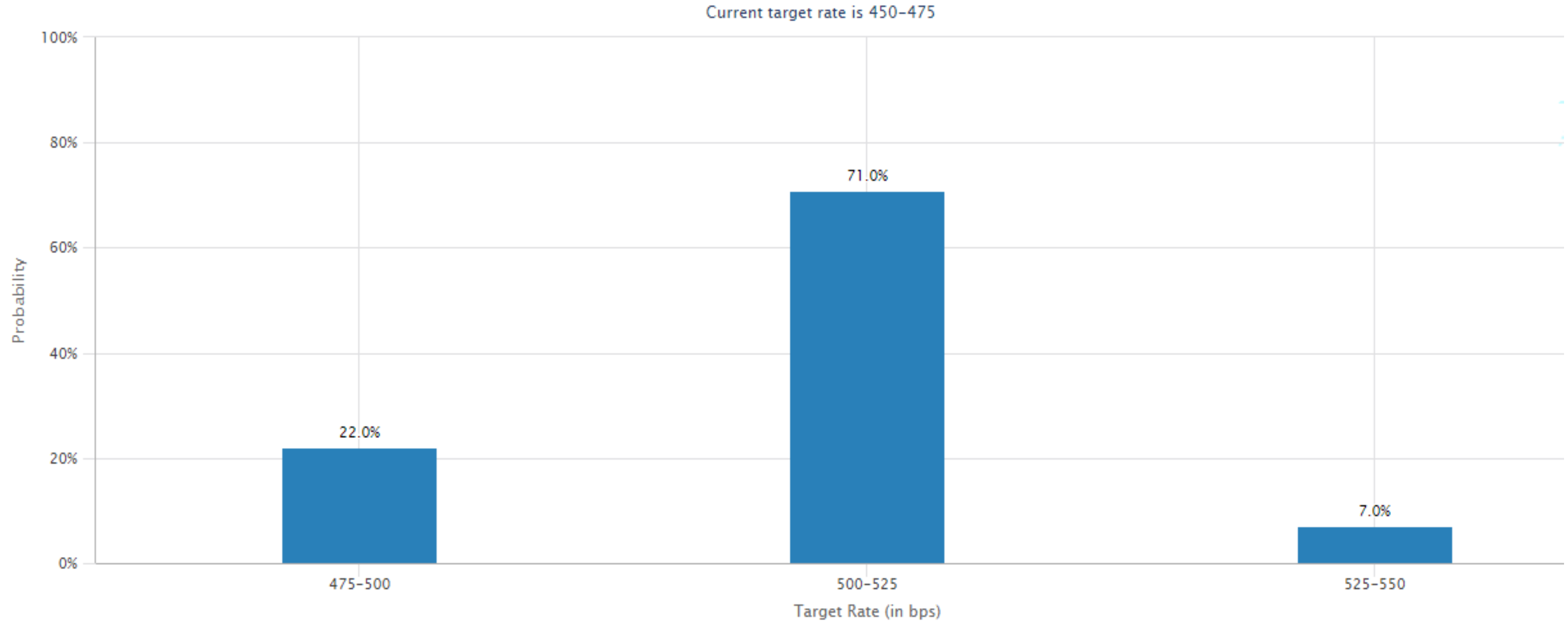
Source: FactSet, Federal Reserve, J.P. Morgan Investment Bank, J.P. Morgan Asset Management.

The Economy – Fed Policy

Regime Shift

- The market currently assigns a **71% chance the Fed will raise the target for the fed funds rate to 5.00-5.25% by May**, and then pause.

TARGET RATE PROBABILITIES FOR 3 MAY 2023 FED MEETING



Source: CME FedWatch Tool

PART 3: OUTLOOK

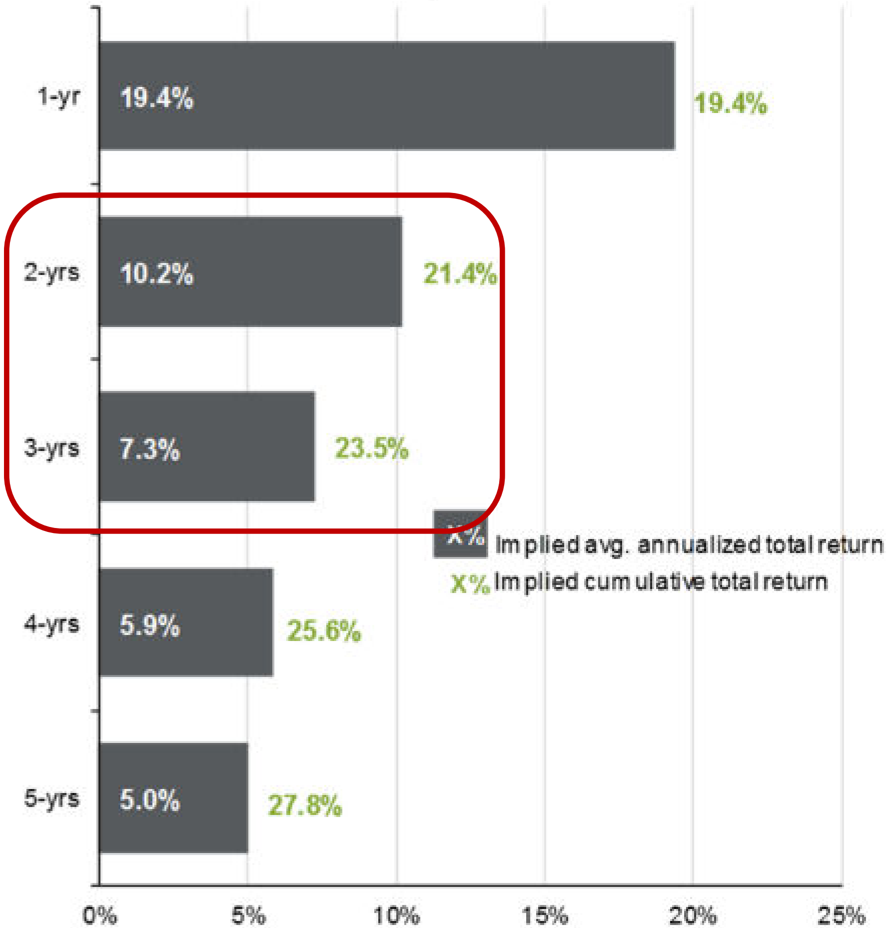
Outlook - Stocks

Constructive on Outlook

- Given the macro backdrop, we are **constructive on the outlook for stocks** from current levels.
- Memories of 2008 associated with current recessionary risks may have **contributed to recent volatility.**
- The reality is the **next recession is likely to be a mild one** and particularly mild relative to 2008.
- If it takes two years to recoup January '22's level on the S&P, that **equates to over a 10% annual return.** If it takes three years to recoup January's level for the S&P 500, **that is over a 7% annualized return.**

Return needed to reach January 2022 peak of 4,797

S&P 500 level as of 1/31/2023 is 4,077



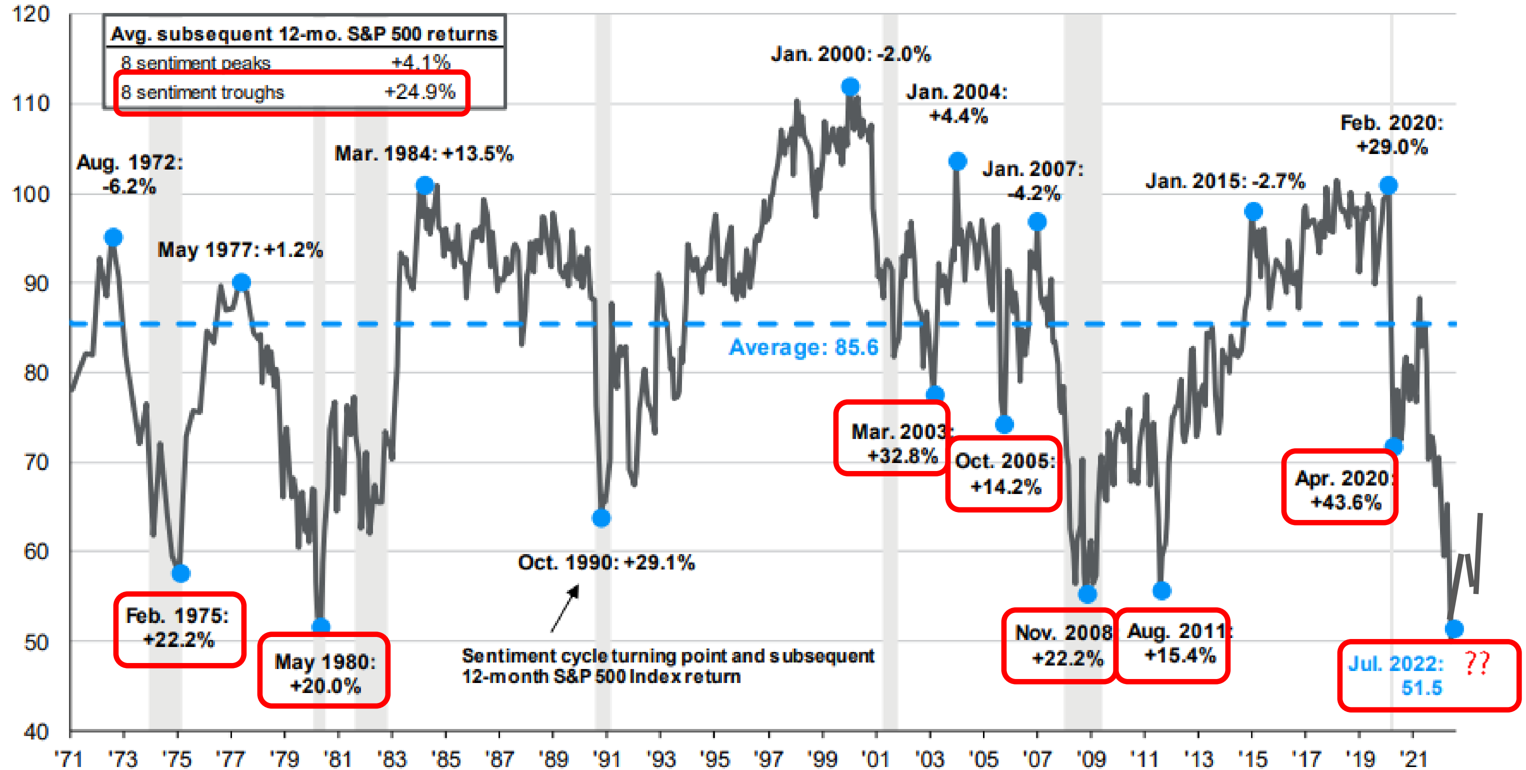
Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.

Outlook - Stocks

Constructive on Outlook

- Prior times of heightened fear have proven beneficial for investors. Stock market returns have historically been very strong following consumer sentiment troughs.

Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.

Outlook - Stocks

Constructive on Outlook

- Inflation backdrop may be supportive for the stock market. Historically, stock market returns have been higher when moving from high inflationary environments to lower inflationary environments.
- While we anticipate sticky inflation, we believe it will fall over time.

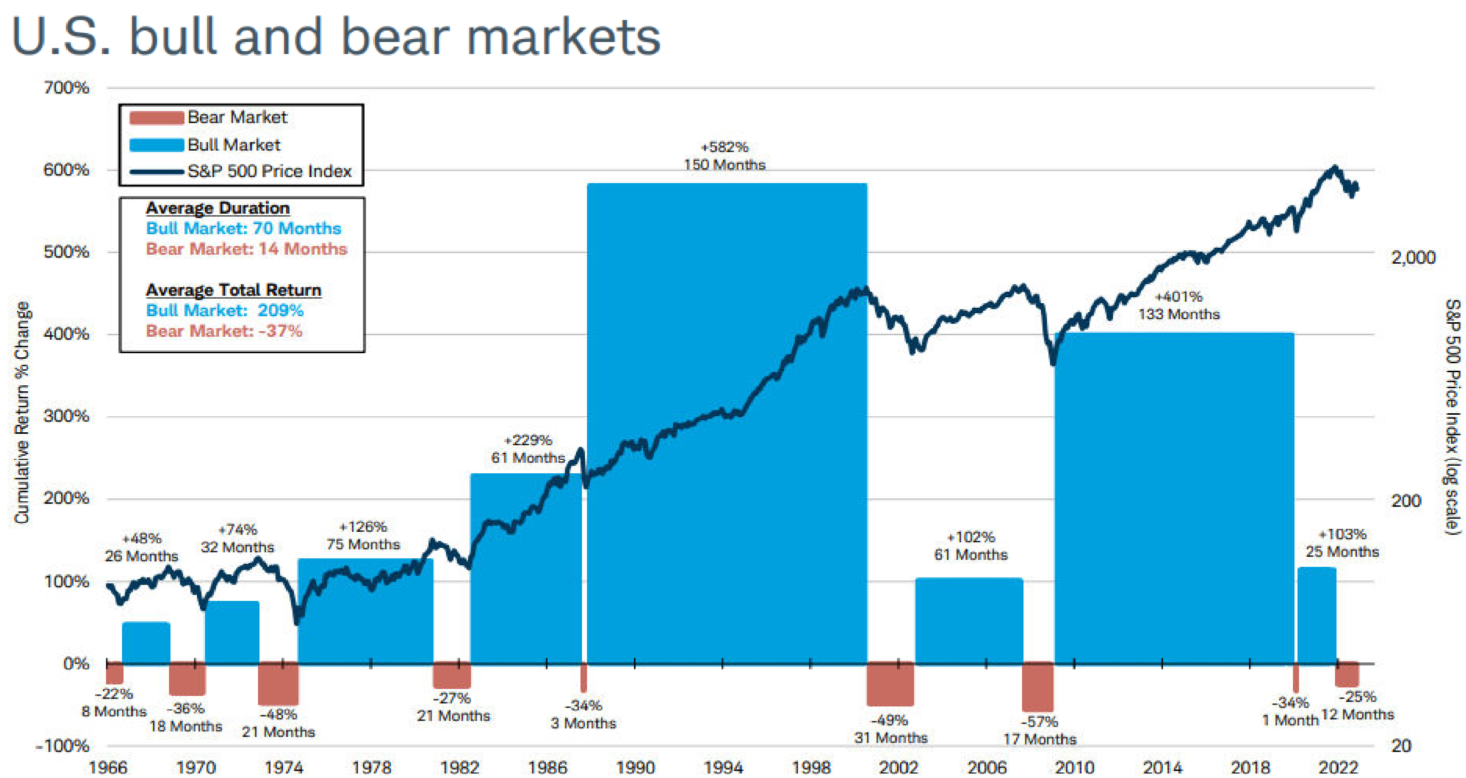
	Annualized gain (3/31/1947-9/30/2022)			
CPI (YoY % change)	Non-farm productivity	Real GDP	S&P 500	Average S&P 500 P/E
Below 1%	3.5%	4.9%	16.9%	25.0
1% to 4%	2.4%	3.2%	9.8%	19.7
4% to 9%	1.1%	2.5%	0.4%	14.3
Above 9%	1.0%	1.2%	-0.3%	9.2

Source: Charles Schwab, Macrobond, Ned Davis Research using monthly data available as of 12/31/2022.

Outlook - Stocks

Constructive on Outlook

- Average bear markets last 14 months; the current one is at 13 months.
- Bull markets tend to last longer and be greater in magnitude, leading to gains over time.



Source: Bloomberg. Bull and bear markets as defined by Yardeni Research.

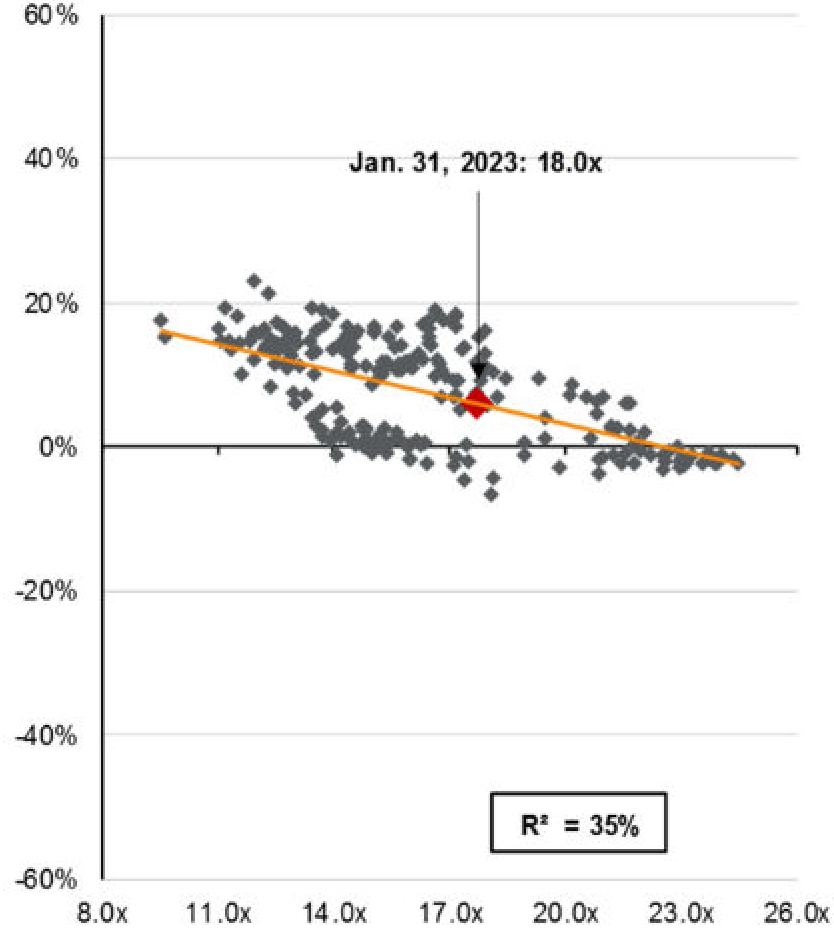
Outlook - Stocks

Constructive on Outlook

- Current stock market valuation implies 5-year forward returns of approx. ~7%.
- Over the next decade, we expect a moderation in stock returns given the structural shift towards tighter policies.
    - Higher returns may be had in earlier years given current valuations.
- For context, the 10-year annualized return ending 2021 for the S&P 500 was +16.5%. That is simply unsustainable.

Forward P/E and subsequent 5-yr. annualized returns

S&P 500 Total Return Index



Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

Outlook - Stocks

Fund Flows & Positioning Supportive of Stocks

- Investors entered 2023 underweight stocks, with more forecasters than ever anticipating a recession that has yet to materialize.

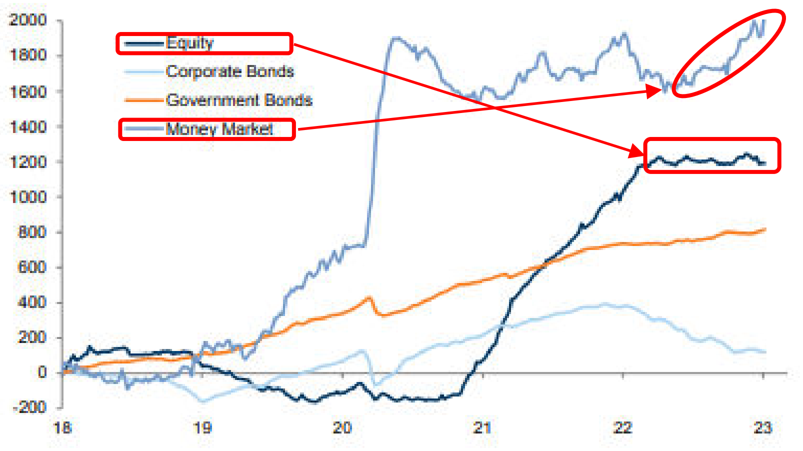
Source: Federal Reserve Bank of Philadelphia, Haver Analytics, Apollo Chief Economist

Outlook - Stocks

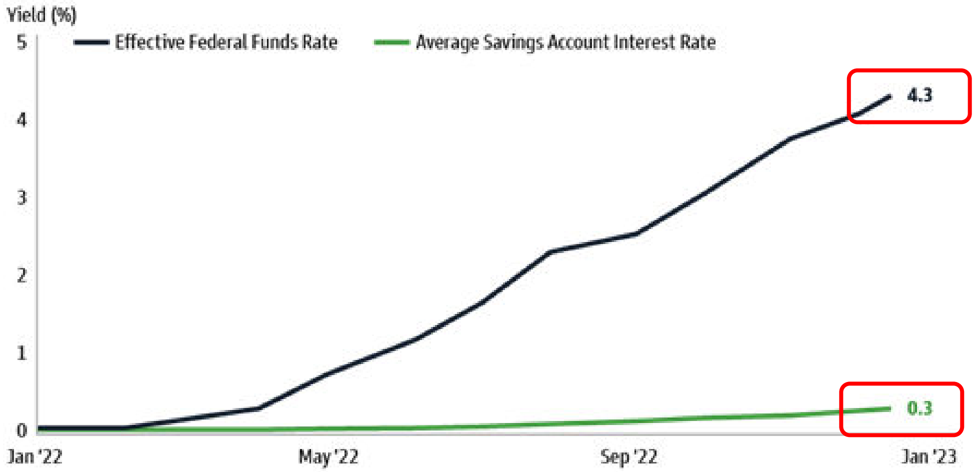
Fund Flows & Positioning Supportive of Stocks

- ...as a result, stock flows plateaued over the last 12 months while money market flows accelerated
- Historically high money market flows and balances may **support future stock (and bond) flows**, particularly when considering the **still low interest rates on savings accounts, despite** the Fed **having raised rates significantly.**

Cumulative fund flows across assets



Source: Datastream, Haver Analytics, EPFR, Goldman Sachs Global Investment Research



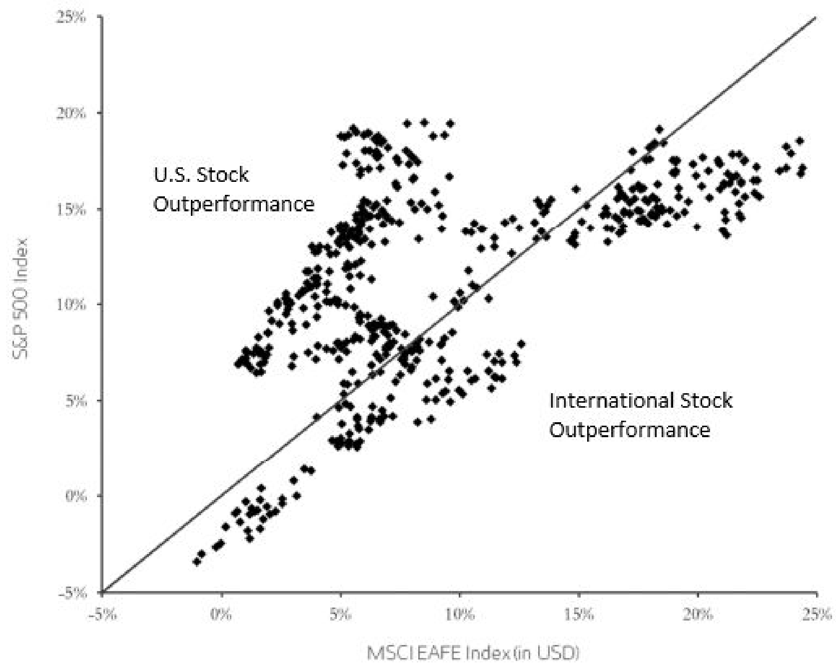
Source: Goldman Sachs Investment Research

Outlook – Stocks

Upside Potential for International Stocks

- Historically, there has been a **balance between U.S. and International stock outperformance**, with U.S. stocks outperforming ~55% of the time.

S&P 500 Index & MSCI EAFE Index (in USD) | 10-Year Rolling Returns (calculated monthly)
December 31, 1969 through September 30, 2022

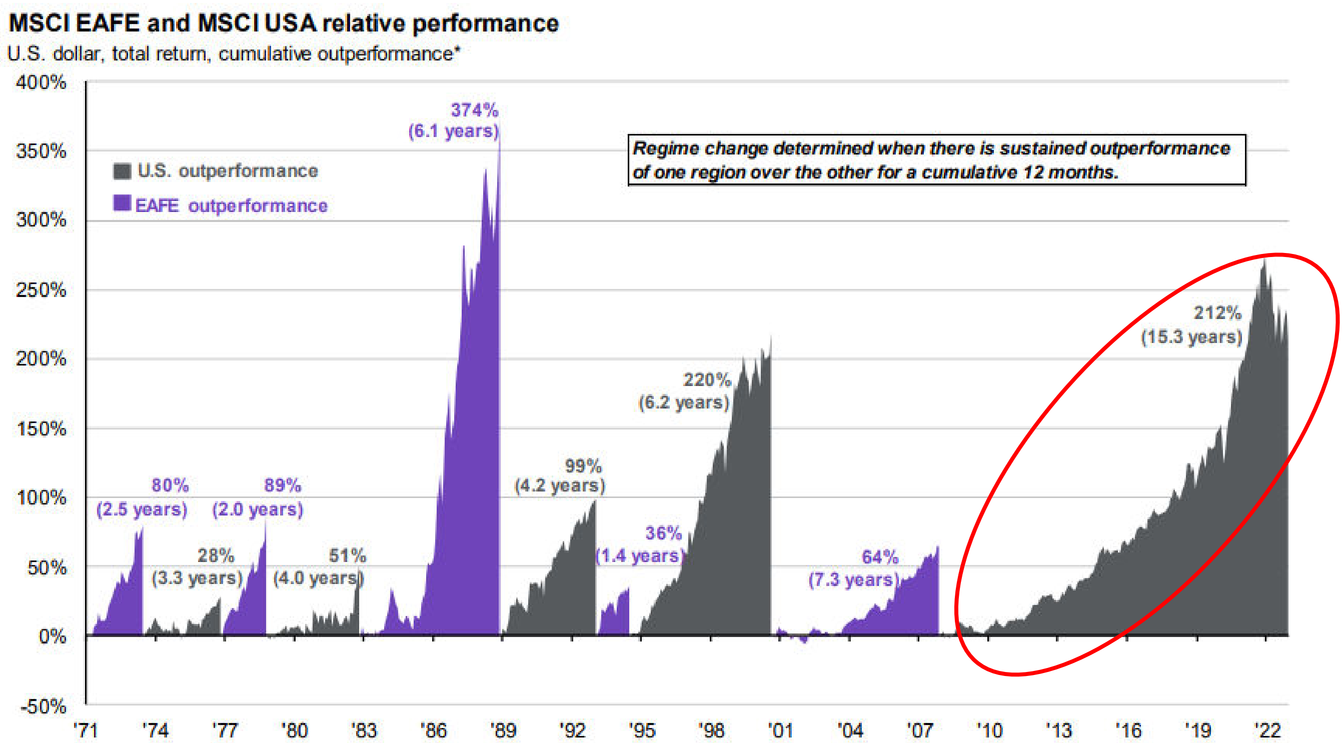


Source: Bloomberg and MSCI

Outlook – Stocks

Upside Potential for International Stocks

- We have just experienced a historic period of significant U.S. stock outperformance.
  - ➢ Statistically speaking, International stocks may be due to outperform.

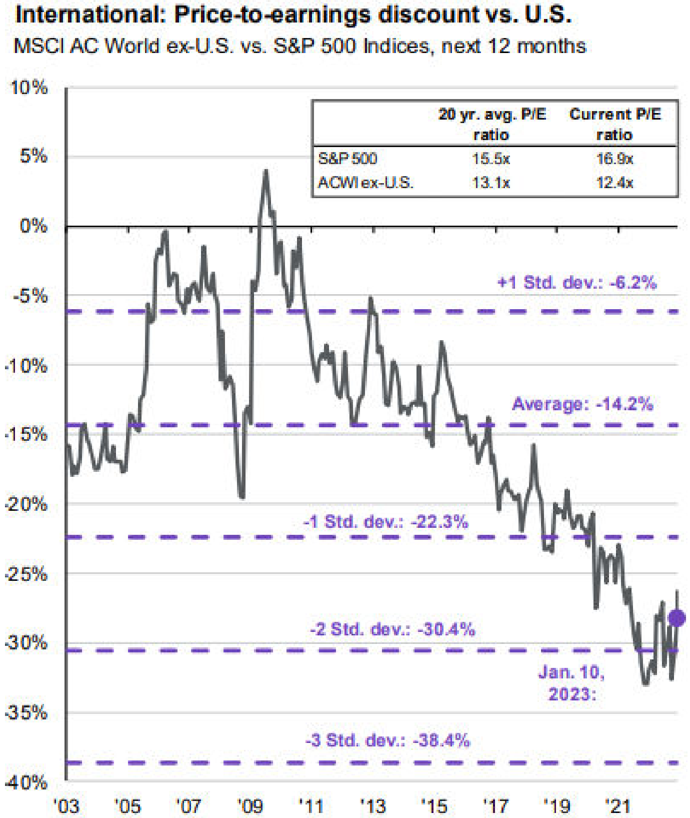


Source: FactSet, MSCI, J.P. Morgan Asset Management.

Outlook – Stocks

Upside Potential for International Stocks

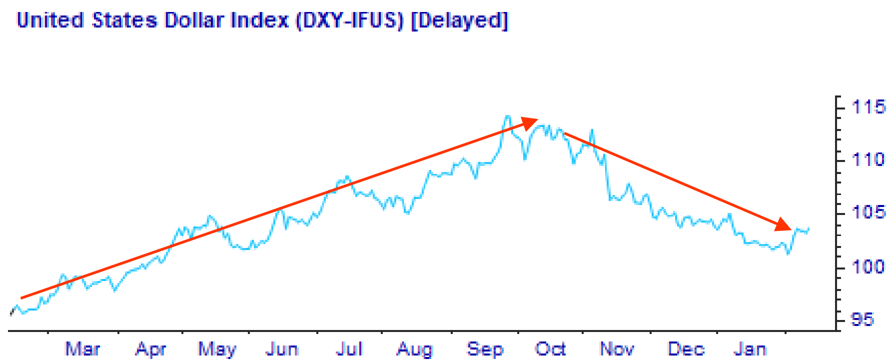
- International stocks are **historically cheap** relative to U.S. stocks.



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

- Many countries are **experienced improving economic fundamentals** and (in the case of EM) **higher economic growth rates** relative to the U.S.

- If recent USD currency strength continues to reverse, would act as a tailwind for international stocks.

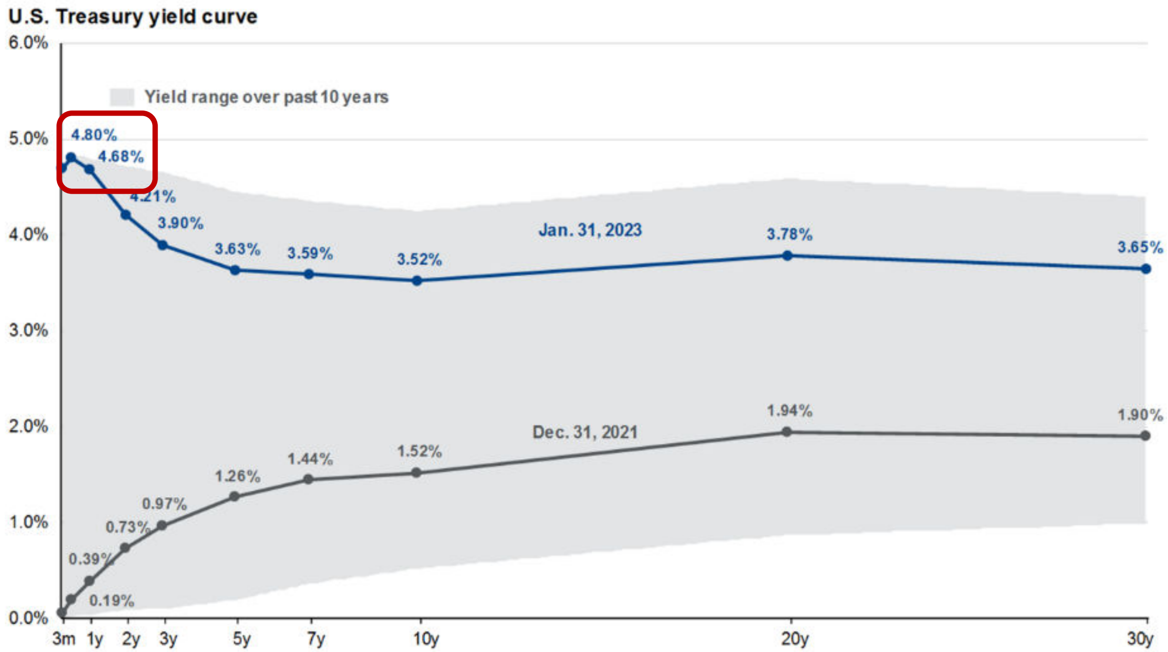


Source: FactSet

Outlook – Bonds

Bonds: Looking More Attractive

- We are **more constructive on the outlook for bond returns** with interest rates resetting to a higher trading band.
- Treasury maturities towards the **front end of the curve may offer relatively better risk-adjusted returns** without additional duration risks.

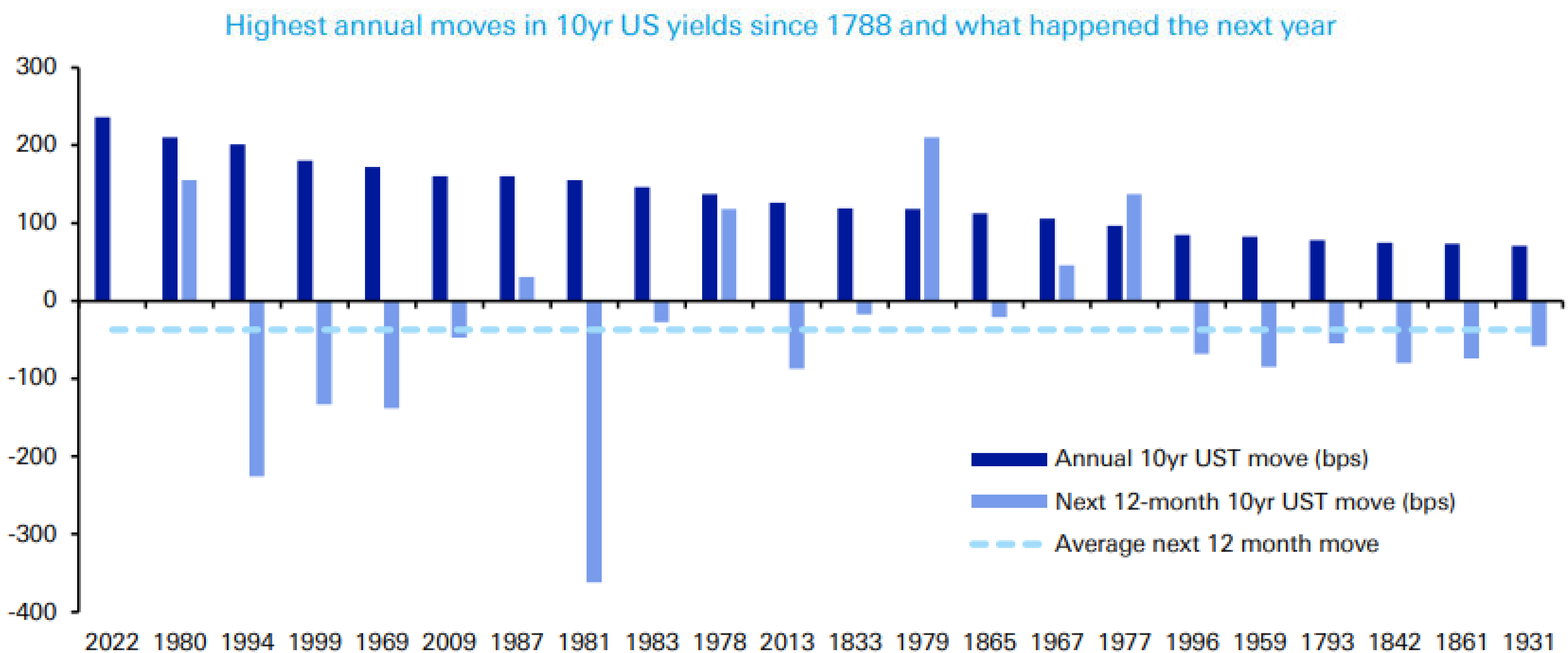


Source: FactSet, MSCI, J.P. Morgan Asset Management.

Outlook – Bonds

Bonds: Looking More Attractive

- 2022 saw the **largest increase in the 10-year Treasury yield since 1788.**
- On average, yields declined by -37bps in the subsequent year.

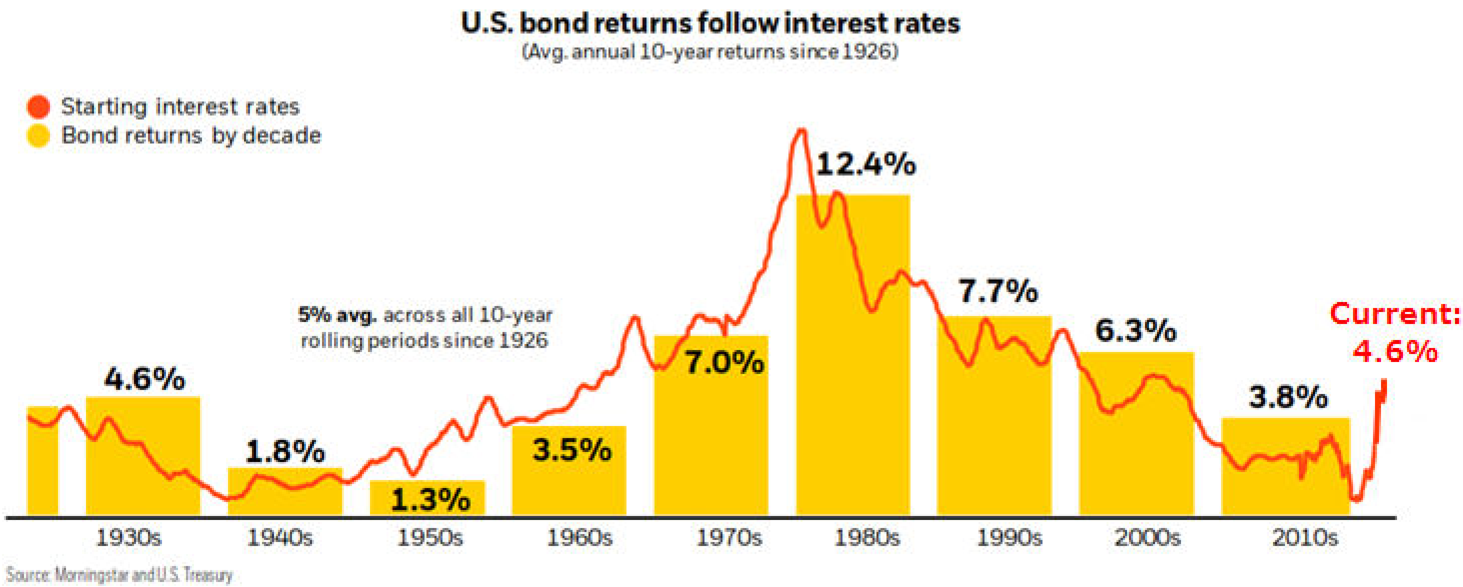


Source : GFD, Deutsche Bank

Outlook – Bonds

Bonds: Looking More Attractive

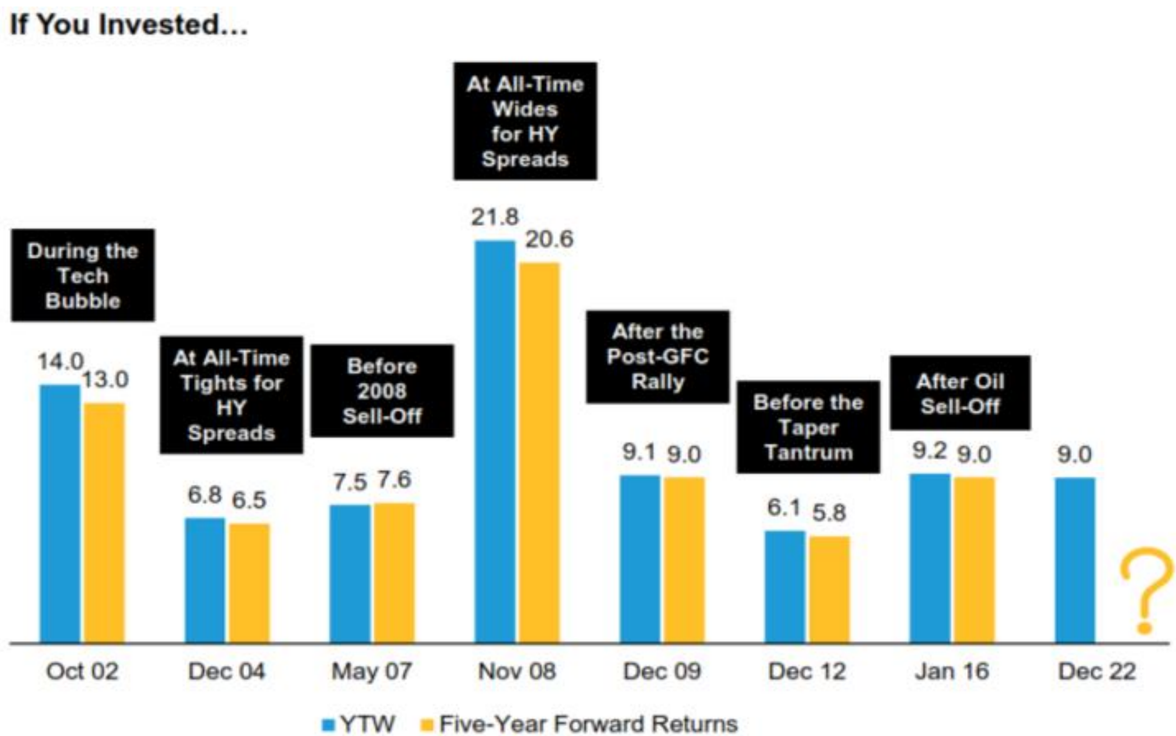
- Bond yields have **already moved higher** as the Fed has telegraphed ongoing interest rate increases.
- There is a **strong correlation between current yield and forward-looking bond returns.**



Outlook – Bonds

Bonds: Looking More Attractive

- This strong correlation holds for credit-oriented bond strategies too.



As of December 31, 2022
Source: Bloomberg and AB
YTW and returns represent Bloomberg US Corporate High Yield

Outlook

- We are **constructive on the outlook for stocks and bonds** from current levels, though anticipate ongoing volatility.

- Looking further out, and with a **structural shift underway with respect to monetary policy**, we expect a **moderation in returns for the stock market over the next decade**, relative to the strength experienced in the post-2008 years ending 2021. We are not bearish on the outlook for stocks; we simply think **expectations need to be reset** for returns more commensurate with historic averages, in the **mid- to high-single digit range**.

- **Bond yields are more attractive today** and are likely to be the primary determinant of future bond returns. We believe shorter-dated maturities are currently offering better risk-adjusted yields.

- Ongoing volatility may offer us continued opportunities to **rebalance across our client accounts**.

- We believe select income strategies are well positioned to continue to generate **attractive risk-adjusted returns with compelling yields and limited correlation to the stock and bond markets**.

Disclosures

The information in this presentation is subject to change without notification. Certain statements contained within are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans, or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Although the opinions expressed are based upon assumptions believed to be reliable, there is no guarantee they will come to pass. This information may change at any time due to market or other conditions.

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Diversification helps you spread risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better. Neither diversification nor rebalancing can ensure a profit or protect against a loss.

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Fixed income securities carry interest rate risk, inflation risk and credit and default risks. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Interest income generated by municipal bonds is generally expected to be free from federal income taxes and, if the bonds are held by an investor resident in the state of issuance, state and local income taxes. Such interest income may be subject to federal and/or state alternative minimum taxes. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets. Short- and long-term capital gains and gains characterized as market discount recognized when bonds are sold or mature are generally taxable at both the state and federal level. Short- and long-term losses recognized when bonds are sold or mature may generally offset capital gains and/or ordinary income at both the state and federal level.

Fixed income yields are provided by Barclay's Capital based on the following sources: US Treasury, Barclay's Capital, FactSet, and JP Morgan Asset Management, and are represented by Brad Market, US Barclay's Capital Index, MBS, Fixed Rate MBS Index, Corporate, US Corporates, Municipals, Muni Bond Index, Emerging Debt, Emerging Markets Index, High Yield, Corporate High Yield Index. Treasury securities date for # of issues and market value based on US Treasury benchmarks from Barclay's Capital. Yield and return information based on Bellwethers for Treasury securities.

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