MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

AUGUST 2022

- 75% of S&P 500 companies reported upside EPS results for the second quarter of 2022
- All eleven S&P 500 sectors up for the month
- Economic backdrop remains mixed with inflation persisting and employment remaining robust

Equity markets rallied strongly in July with particular strength seen in beaten down sectors such as Consumer Discretionary and Information Technology. Although recession fears continue to weigh on the market, it appears that some investors may be handicapping the potential for a soft landing for the economy. With this backdrop, the VIX Index or "fear gauge" dropped from near 30 to end the month at a three-month low near 21. For the full month, major equity indexes were all positive with the Dow Jones Industrial Average increasing 6.7%, the S&P 500® index up 9.1%, and the smaller cap weighted Russell 2000® up 10.4% for the month.

The equity market recovery was widespread with all eleven S&P industry sectors up for the month. The best performing sector was Consumer Discretionary which increased 18.9% followed by Health Care which was up 13.5% for the month. The weakest performance in the month was posted by the Consumer Staples sector which increased 3.1% followed by the Industrials sector which was up 3.2%. For the prior twelve month period, the Energy sector was the best performer with a 60.5% increase followed by the Utilities sector up 12.1%, while the Communication Services sector was the worst performer for the past twelve months with a 29.6% decrease followed by the Consumer Discretionary sector which was down 10.9%.

The broader economic backdrop appears mixed with employment remaining robust, while inflation impacted real incomes have been sapped. Against this backdrop, odds of the Fed maintaining a hawkish stance have increased with the likelihood of another 75 bps increase to the funds rate with the September 21st FOMC session moving higher. Rate expectations suggest a target of 350-375 bps at year end 2022 (from current 225-250 bps) that likely persists into mid-2023. Finally, we sense that many may be overlooking an important Fed policy move that raises incremental uncertainties into 4Q2022 - as the Fed ramps its Quantitative Tightening effort (QT) to shrink its roughly $8.7T balance sheet. This effort was just initiated in June with $47.5B of securities rolling off as they matured. The pace of QT is poised to ramp toward ~$95B per month into September with uncertain implications for markets into 4Q2022. What we do know is that Quantitative Easing (QE) was instrumental in driving appreciation of risk assets with QT likely providing incremental impact to rising fed funds rates thus slowing economic growth (some estimate QT represents 100 bps or more of relative incremental interest rate increases).

Where to from here?

As we near the closing of the 2Q2022 earnings season, results were generally better than feared. Factset reports that so far about 75% of S&P 500 companies had reported upside EPS results beating consensus estimates by roughly 3.4% with earnings up 6.7% on average versus the prior year. Key drivers to 2Q2022 earnings growth have been forthcoming from the Energy, Health Care, Industrials and Materials sectors, while declining results have been published by the Financials, Consumer Discretionary, and Communication Services sectors. Factset notes that if results from the Energy sector were excluded, that 2Q2022 results for the remaining ten sectors would be down 3.7% on average.

With the equity market rebound over the past two months, we think that stocks are once again pretty fairly valued for the near term especially as corporate earnings forecasts look poised to be trimmed in 2H2022. Latest economic datasets provide a mixed picture, with employment trends remaining robust (supporting further fed rate hikes), while inflation has sapped real incomes with consumers showing some signs of retrenching with most fearing recession is on the horizon - supported by a significantly inverted 2-10 year yield spread.

We sense that S&P 500 earnings expectations into 2023 looking for ~8% growth may be overly optimistic targeted at ~$245 with the existing market multiple of about 17x likely understated as economic growth slows potentially driving reduced earnings expectations. Thus, equities could face choppiness over the near term, as earnings expectations are adjusted and we await future datasets on inflation trends. Still, we maintain our recommendation for long term investors to commence building/adding to positions among quality stocks. We remain selective employing a barbell strategy that focuses on quality, lower beta, dividend paying companies as well as select growth stocks possessing pricing power to sustain growth over the intermediate/longer term.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	**7/29/2022**	**12/31/2021**	**% Change YTD**	**6/30/2022**	**% Change (Monthly)**
S&P Composite	4,130.29	4,766.18	-13.34%	3,785.38	9.11%
Dow Jones Industrials	32,845.13	36,338.30	-9.61%	30,775.43	6.73%
NASDAQ Composite	12,390.69	15,644.97	-20.80%	11,028.74	12.35%
Russell 2000	1,885.23	2,245.31	-16.04%	1,707.99	10.38%
FTSE 100	7,423.43	7,384.54	0.53%	7,169.28	3.54%
Shanghai Composite	3,253.24	3,639.78	-10.62%	3,398.62	-4.28%
Nikkei Stock Average	27,801.64	28,791.71	-3.44%	26,393.04	5.34%
Stoxx Europe 600	438.29	487.80	-10.15%	407.20	7.64%
MSCI Emerging Markets	993.78	1,232.01	-19.34%	1,000.67	-0.69%
MSCI Emerging Markets Small Cap	1,140.09	1,412.34	-19.28%	1,115.18	2.23%
Performance of S&P 500 by Industry:	**% of Index as of 07/29/22**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	11.59%	18.90%	0.74%	-20.44%	-10.93%
Consumer Staples	6.73%	3.13%	-4.57%	-3.87%	4.71%
Energy	4.26%	9.61%	4.60%	41.63%	60.52%
Financials	10.54%	7.01%	-2.38%	-13.85%	-7.72%
Health Care	14.32%	3.18%	1.54%	-6.21%	0.21%
Industrials	7.85%	9.46%	0.46%	-9.69%	-7.48%
Information Technology	27.90%	13.48%	1.80%	-17.44%	-6.35%
Materials	2.50%	6.08%	-7.99%	-13.75%	-6.83%
Communication Services	8.40%	3.50%	-2.77%	-28.01%	-29.55%
Utilities	3.00%	5.39%	3.81%	3.28%	12.09%
Real Estate	2.89%	8.49%	-4.77%	-14.55%	-4.33%
S&P 500 (Absolute performance)	100.0%	9.11%	-0.04%	-13.34%	-6.03%
Interest Rates:	**7/29/2022**	**12/31/2021**	**YTD Change (Basis Points)**	**6/30/2022**	**Month Change (BPS)**
Fed Funds Effective Rate	0.08%	0.09%	-1	1.58%	-150
Prime Rate	5.50%	3.25%	225	4.75%	75
Three Month Treasury Bill	1.12%	0.09%	104	0.89%	23
Ten Year Treasury	2.65%	1.51%	114	3.01%	-36
Spread - 10 Year vs 3 Month	1.53%	1.43%	10	2.12%	-60
Foreign Currencies:	**7/29/2022**	**12/31/2021**	**% Change YTD**	**6/30/2022**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.19	0.18	7.7%	0.19	1.6%
British Pound (in US dollars)	1.22	1.35	-10.1%	1.22	-0.1%
Canadian Dollar (in US dollars)	0.78	0.79	-1.2%	0.78	0.6%
Chinese Yuan (per US dollar)	6.74	6.36	6.1%	6.70	0.7%
Euro (in US dollars)	1.02	1.14	-10.1%	1.05	-2.5%
Japanese Yen (per US dollar)	133.27	115.08	15.8%	135.72	-1.8%
Commodity Prices:	**7/29/2022**	**12/31/2021**	**% Change YTD**	**6/30/2022**	**% Change (Monthly)**
CRB (Commodity) Index	582.45	578.31	0.7%	596.68	-2.4%
Gold (Comex spot per troy oz.)	1765.94	1829.20	-3.5%	1807.27	-2.3%
Oil (West Texas int. crude)	98.62	75.21	31.1%	105.76	-6.8%
Aluminum (LME spot per metric ton)	2504.24	2806.00	-10.8%	2426.00	3.2%
Natural Gas (Futures 10,000 MMBtu)	8.23	3.73	120.6%	5.42	51.7%
Economic Indicators:	**6/30/2022**	**12/31/2021**	**% Change YTD**	**4/29/2022**	**% Change (Monthly)**
Consumer Price Index	295.3	280.1	5.4%	280.1	5.43%
Producer Price Index	260.4	232.0	12.2%	234.0	11.3%
	Q4 2021	**Q3 2021**	**Q2 2021**	**Q3 2020**	**Q4 2020**
GDP Growth Rate (Quarterly)	7.00%	2.10%	6.70%	6.30%	4.50%
Unemployment Rate (End of Month)	**April** **3.6**	**March** **3.6**	**February** **3.8**	**January** **4.0**	**December** **3.9**

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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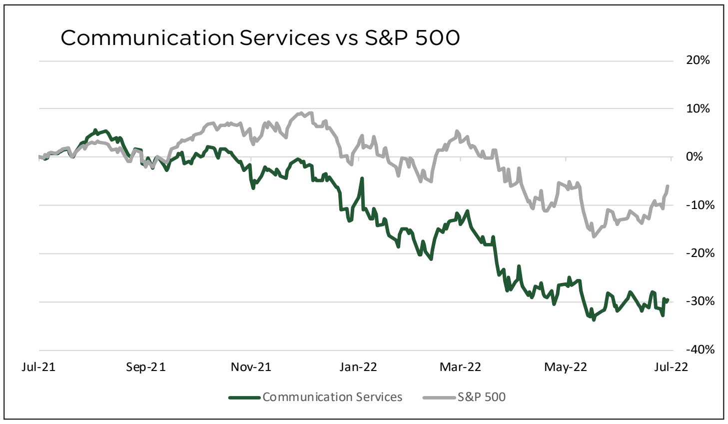
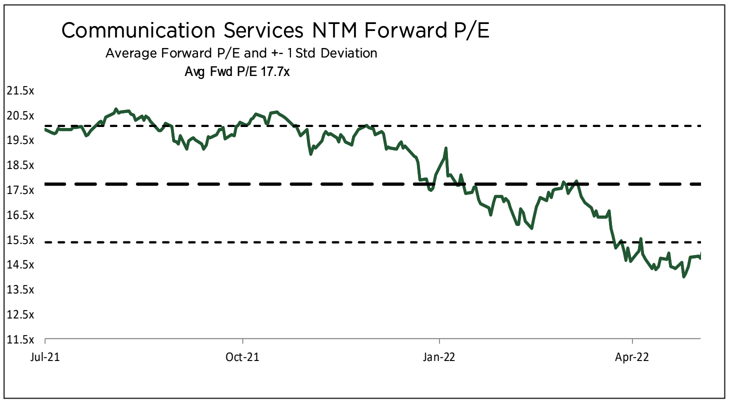
Sector Updates

TELECOMMUNICATIONS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.50%	-2.77%	-28.01%	-29.55%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Netflix Inc	28.6%
	Live Nation Ent.	13.8%
	Walt Disney Co	12.4%
	Warner Bros Discovery	11.8%
	Twitter Inc	11.3%
Laggards	AT&T Inc	-10.4%
	Verizon Comm	-9.0%
	Charter Comm	-7.8%
	Comcast Corp	-4.4%
	Paramount Global	-4.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.74	$12.04	$13.68
16.4x	16.0x	14.1x

Sector Update

Communications Services underperformed the market in July (+3.5%) due to the decline in the Diversified Telecommunications Services sector (-9.3%). AT&T and Verizon's reduction of their FY22 profit guidance due to inflationary pressures contributed to the decline in their share prices. Both AT&T and Verizon generate more than sufficient free cash flow to support their 5%+ dividend yields

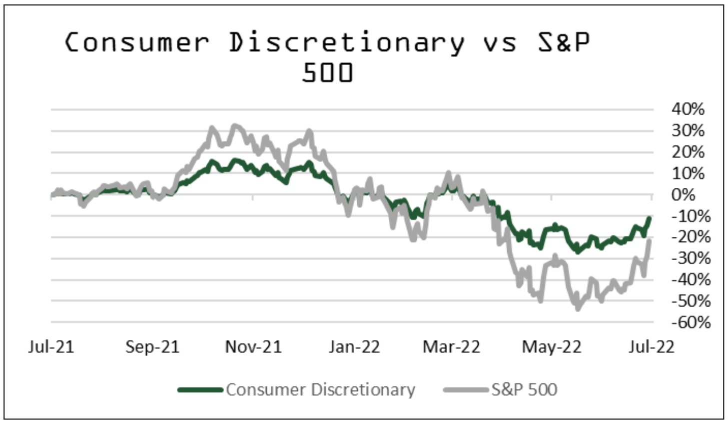
Charter Communications and Comcast generated robust growth in new high-speed Internet subscribers over the past two years as more people learned and worked from home during the Covid pandemic. However, they did not add any new high-speed Internet subscribers in the second quarter, which disappointed investors. Factors that may have contributed to lower demand for their broadband services include macro-economic pressures, increased competition from AT&T high-speed Internet services over its expanded fiber optic network and new 5G fixed wireless high-speed Internet services from T Mobile and Verizon (they added 816,000 subscribers in the second quarter).

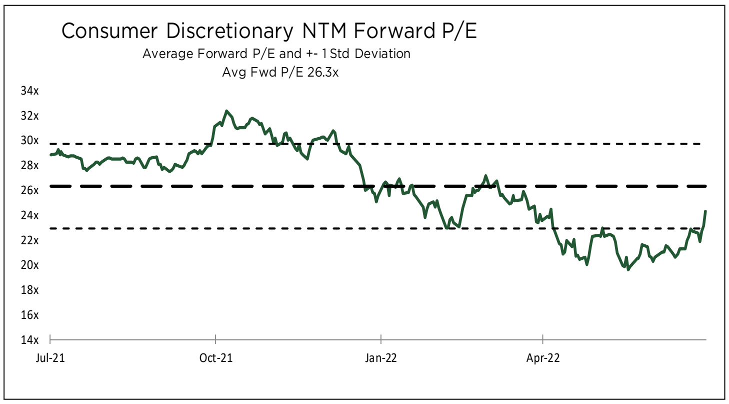
The Entertainment sub-sector (+13.5%) outperformed the market in July driven by improved investor sentiment toward Netflix and Disney. After reporting subscriber losses in the first half of FY22, Netflix guided to subscriber growth in the third quarter and its potential introduction of an ad-supported service in FY23.

Interactive Media and Services (+5%) underperformed the market in July due to the mixed performance of companies within this sector. Twitter shares rebounded from their recent lows as the company sued Elon Musk to compel him to adhere to his original agreement to acquire Twitter for $44 billion.

Apple's privacy initiative significantly impacted Meta Platforms and SNAP's ability to target ads and measure ad outcomes. Advertisers may be shifting their advertising spending to Amazon and Google search (+13.5% growth in Q-2 22 advertising revenue, compared to META's growth of +3% at constant currency) where they can effectively target ads and measure ad outcomes.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
18.90%	0.74%	-20.44%	-10.93%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Etsy Inc	41.7%
	Tesla Inc	32.4%
	Bath & Body Works Inc	32.0%
	Ford Motor Co	32.0%
	Amazon.com Inc	27.1%
Laggards	Hasbro Inc	-3.9%
	Tractor Supply Co	-1.2%
	Garmin Ltd	-0.6%
	AutoZone Inc	-0.5%
	Domino's Pizza Inc	0.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$36.22	$45.44	$58.59
35.4x	28.2x	21.9x

Sector Update

It was a strong month for equities in the Consumer Discretionary sector with the group outperforming the S&P 500 as seen in the accompanying table. Optimism that recessionary fears may be overstated appeared to play a role of the reversal in July. Sub-sector performance was strong across most categories with the most significant increases seen in the Automobiles and Internet & Direct Marketing Retail subsectors. Looking at the performance of Consumer Discretionary stocks over the past twelve month period, the sector has significantly underperformed the S&P 500 with all sub-sectors other than Automobiles declining.

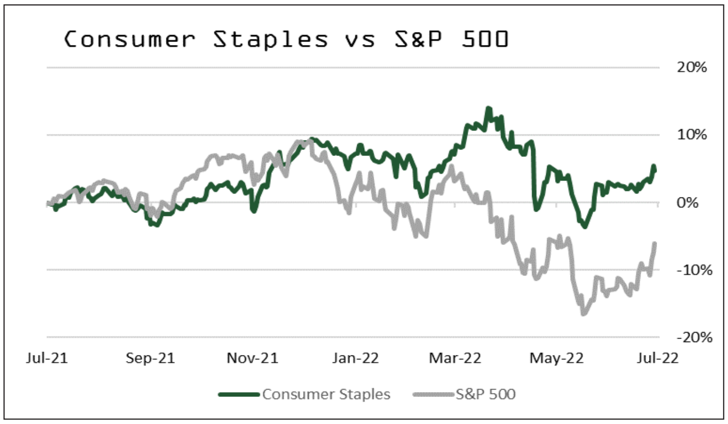
June CPI was reported in mid-July at up 9.1% year-over-year representing a 40 year high and above the May number of up 8.6%. On a month-over-month basis, June CPI advanced 1.3% as consumers continue to grapple with high energy and other prices according to the Bureau of Labor Statistics. Core CPI for June, which excludes food and energy, was up 5.9% versus last year which did reflect an improvement from the 6.0% increase recorded for May.

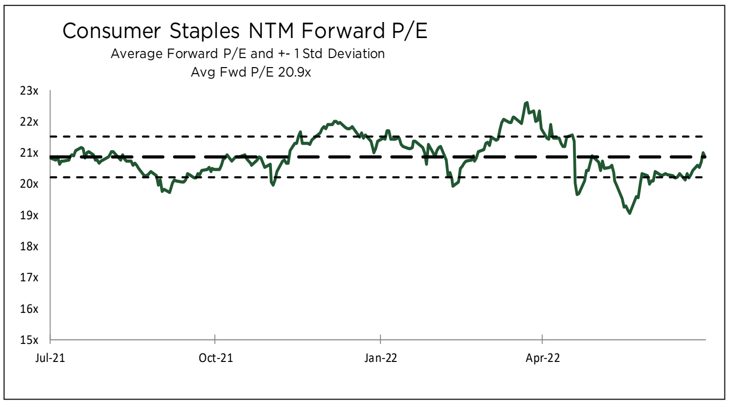
The Commerce Department reported June retail sales were up 1.0% for the month which was slightly ahead of consensus targets. The sales result reflected higher spending across a range of categories such as gasoline, grocery and restaurants that have experienced rising prices from the current inflationary backdrop. Retail spending declined in the month for building supplies, clothing and department stores.

The National Federation of Independent Business or NFIB reported that its business conditions survey has never been worse in the 48 years it has been tracked by the group. NFIB Chief Economist, Bill Dunkelberg, indicated: "As inflation continues to dominate business decisions, small business owners' expectations for better business conditions have reached a new low." With small businesses a key generator of new jobs, a bright spot is that hiring activities continue albeit in a market where finding new hires remains a challenge with 94% surveyed indicating that they are having difficulty finding qualified applicants for job openings.

Both housing starts and building permits declined in June according to data released by the Commerce Department. Housing starts declined 2% for the month on a seasonally adjusted basis to 1.56 million which was the lowest rate since September of 2021. Building permits declined by 0.6% in June to 1.69 million with single family home permits declining 8.0% offset by multi-unit permit growth of 13.1%. The weak housing backdrop was also reflected in a sharp drop in the National Association of Home Builders confidence survey which dropped 12 points to 55. This was the second largest drop for the index on record and coincides with both rising mortgage rates and declining consumer sentiment. The Chairman of the NAHB, Jerry Konter, indicated: "Production bottlenecks, rising home building costs and high inflation are causing many builders to halt construction because the cost of land, construction and financing exceeds the market value of the home."

CONSUMER STAPLES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.13%	-4.57%	-3.87%	4.71%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Costco Wholesale Corp	12.9%
	Lamb Weston	11.5%
	Molson Coors	9.6%
	Keurig Dr Pepper Inc	9.5%
	Walmart Inc	8.6%
Laggards	Church & Dwight Co	-5.1%
	Kraft Heinz Co	-3.4%
	Procter & Gamble Co	-3.4%
	Kimberly-Clark Corp	-2.5%
	Kroger Co/The	-1.9%

Consensus FY EPS / P/E

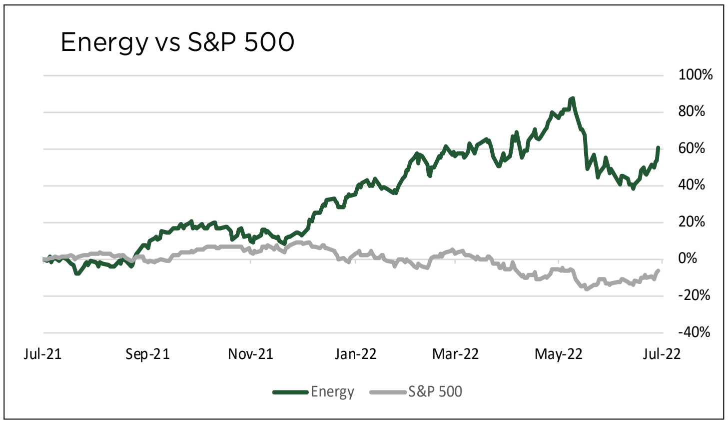
Last Year	Current Year	Next Year
$35.28	$36.06	$38.55
21.9x	21.5x	20.1x

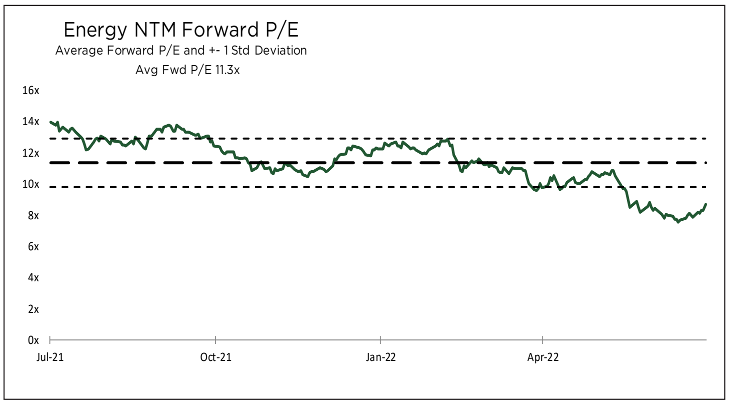
Sector Update

The Consumer Staples sector increased 3.13% on average in July and well underperformed the S&P 500 Index that increased 9.11% for the month. All sectors reported gains for the month with the exception of Household Products. Recent quarterly updates from several household product companies highlighted concerns regarding consumer purchase trade down to more value offerings or low priced pack sizes along with a pullback due to increased discretionary offerings such as small appliances. Supply chain and input cost pressures along with moderating consumer demand pressure the 2H outlook. YTD through July, the Consumer Staples sector has decreased 3.87% on average and has significantly outperformed the S&P 500 Index that declined 13.34%. The Consumer Staples segment is now trading with a current forward P/E of 21.5x which compares to its average forward P/E of about 20.9x. The pace of consumer purchases in response to higher pricing remains a key factor for 2H and 2023 results. Companies are now modeling for elasticities to return closer to historic levels as consumers face inflation cost pressures and shrinking disposable income. With prices rising, there is a growing expectation that consumers will shift purchases more to center of store items and private label. We continue to prefer an investment in companies with pricing power, leading market share, strong balance sheets, and experienced management. Without pricing to mitigate inflation cost pressures, the Consumer Staples companies face margin pressures. If input cost pressures begin to moderate, there is potential upside to margin targets.

Supply chain remains a key theme with most companies citing it as a continuing challenge. A key lesson during the COVID pandemic is that a long and complicated supply chain presents challenges to meeting consumer demands and effectively managing inventory on retailer shelves. Consumer shopping behavior remains a key factor to monitor in 2H. During recent earnings updates, many management teams commented that consumer purchase patterns seem to be shifting from more discretionary items and small appliances to food and beverages and experiences as consumers are increasingly getting squeezed from inflation. An investment in many of the Consumer Staples companies continues to offer an attractive dividend yield and we continue to advise selective investment. With stronger balance sheets, we expect renewed interest for consolidation as consumer staples companies seek to drive faster top-line growth, reformulate brand portfolios and seek additional cost savings.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.61%	4.60%	41.63%	60.52%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Baker Hughes Co	24.1%
	Coterra Energy Inc	18.6%
	Devon Energy Corp	14.0%
	Exxon Mobil Corp	13.2%
	Chevron Corp	13.1%
Laggards	Halliburton Co	-6.6%
	EOG Resources Inc	0.7%
	Schlumberger NV	3.6%
	Valero Energy Corp	4.2%
	Diamondback Energy Inc	5.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$54.03	$74.56	$65.06
11.1x	8.0x	9.2x

Sector Update

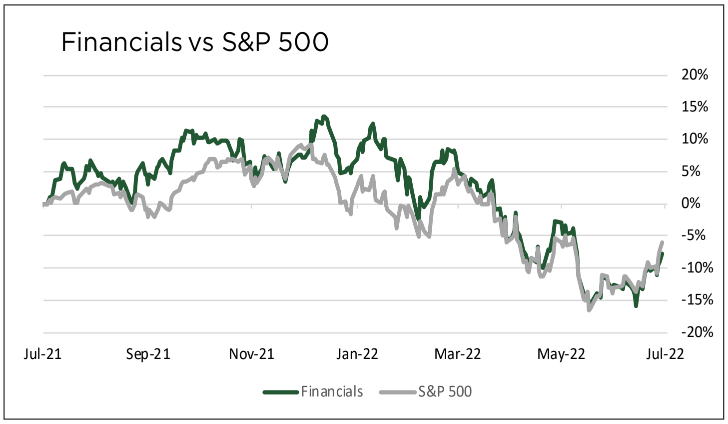
The Energy sector slightly outperformed the broader market in July despite a declining oil price backdrop for the month. Energy sector market strength returned amidst two down quarters of GDP growth and increasing signs of macroeconomic challenges. The Energy sector has outperformed versus the S&P 500 on a one-month, three-month, year-to-date and trailing twelve-month basis, as seen in the accompanying table.

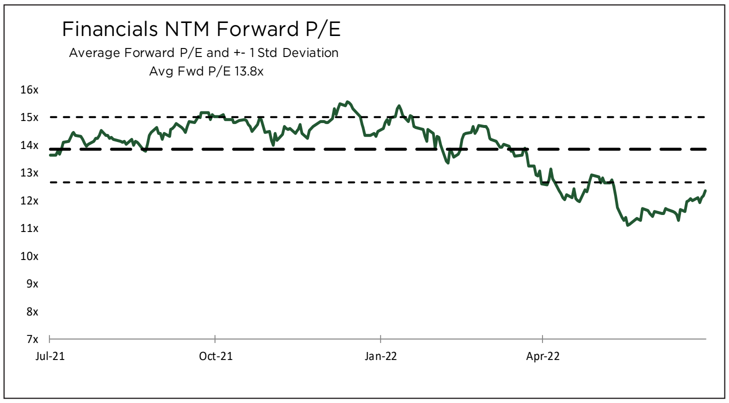
OPEC maintained its forecast for oil demand growth of 3.4 million barrels per day in 2022 averaging 100.3 million barrels per day. They also introduced a 2023 forecast of an additional 2.7 million barrels per day of oil demand growth. The 2023 growth outlook is supported by expectations for solid economic performance in major oil consuming countries along with geopolitical improvements and the containment of COVID-19 in China. OPEC's forecast for 2022 supply growth of 2.1 million barrels per day lags demand growth due in part to production declines in Russia, Indonesia, and Thailand. In 2023, OPEC targets supply growth of 1.7 million barrels per day largely reflecting anticipated U.S. production growth. Considering the 2023 growth outlook, OPEC indicates that the forecast assumes that the pandemic, geopolitical developments in Eastern Europe, and global financial tightening amidst rising inflation, do not have a major impact.

Following the shutdown of the Nord Stream gas pipeline in Europe for regular maintenance, there emerged a period of concern that the shutdown could be extended by Russia. A protracted shutdown could have a significant impact on European economies such as Germany, which rely on Nord Stream gas for a range of industries.

West Texas Intermediate crude oil prices trended lower in July moving from about $106 per barrel to end the month at $98 per barrel. Natural gas prices moved higher during the month from about $5.60 per million Btu to end the month at about $7.89 per million Btu. Retail gasoline prices in July dropped to $4.44 per gallon at the end of the month from the $4.98 average price seen at the end of June. We note that gas prices remain well above the July 2021 level of $3.23 per gallon. We are pleased to see the pullback in gasoline prices during July in an environment of constrained refining capacity.

The Baker Hughes oil rig count increased in the month coming in at 605 rigs for July versus 594 rigs in June. Oil rig count at month-end was above the prior year level of 385 rigs as we have seen consistent growth in rig counts in recent months. U.S. crude oil storage at 427 million barrels was up from last month's level of 416 million barrels. We note that storage levels have generally been declining off the 2020 pandemic highs and are currently below the prior year level of 439 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been on an uptrend which has continued during 2022. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to about 12.1 million barrels per day at the end of the month.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.01%	-2.38%	-13.85%	-7.72%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Synchrony Financial	21.2%
	Nasdaq Inc	18.6%
	Franklin Resources Inc	17.8%
	MSCI Inc	16.8%
	State Street Corp	15.2%
Laggards	Cincinnati Financial Corp	-18.2%
	W R Berkley Corp	-8.4%
	Allstate Corp/The	-7.7%
	Everest Re Group Ltd	-6.8%
	Travelers Cos Inc/The	-6.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$43.61	$41.75	$47.98
12.8x	13.4x	11.7x

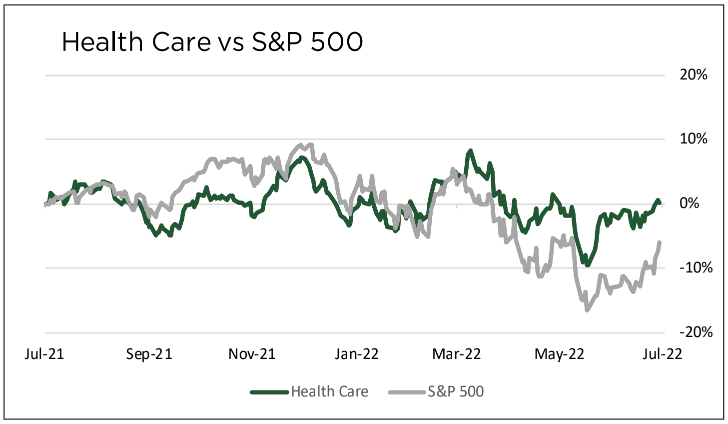
Sector Update

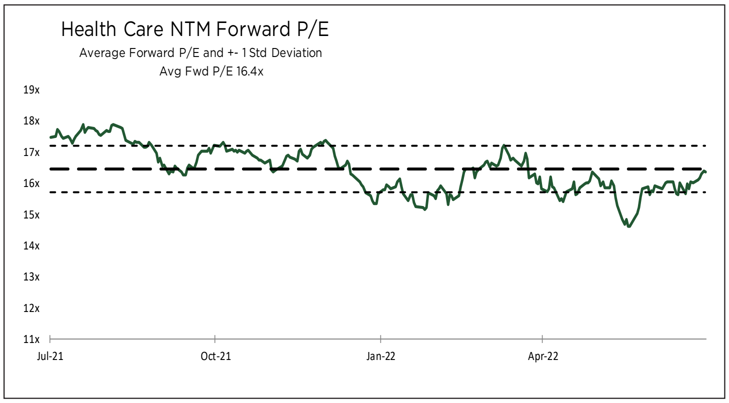
Financials rebounded 7.01% in July from a weak 11% downdraft in June, but lagged the S&P 500 index in the period. The broader market index improved 9.11% off of an 8.39% slide in the prior month. Year-to-Date (YTD) returns show the Financials group slightly underperforming the S&P 500; however, both the sector and index remain more than 13% below year-end levels. Trailing twelve month comparisons favor the S&P 500 index relative to the Financials sector, down 6.0% and 7.7%, respectively. All Financials subsectors finished July higher than the prior month, led by Diversified Financial Services with a 10.1% improvement and followed by 9.9% rebounds in Consumer Finance and Capital Markets firms. Banks finished the month 6.8% higher while the Insurance group rose just 0.7% from June.

Second quarter earnings dominated headlines in the month, with the vast majority of Financials firms reporting in-line to better than expected results and reiterating full year guidance. Many firms, including the nation's largest banks, commented that economic trends remain very resilient with the consumer and credit loss performance in focus. While earnings declined more than 20% Y/Y for lenders, headline results reflected the effects of lapping multi-billion dollar credit reserve releases in the prior year and credit losses remain ~50% of pre-pandemic levels with substantial cushion to allowances. Interest income growth offset noninterest and fee income declines for lenders, with fee pressure arising from lower investment banking and mortgage originations against a higher interest backdrop and capital market volatility. Industry participants called out healthy pipelines in debt and equity underwriting; however, potential issuers understandably sat idle on raising new capital in the period. There remains a wide divergence between industry commentary on credit performance and earnings outlooks compared to the market narrative of inflationary pressures reducing disposable incomes. While credit normalization from historic lows has been more rapid in lower-end credit boxes, even sub-prime accounts continue to deliver losses below historic averages. Management teams commented that they continue to look for cracks in loss performance; however, early stage indicators including line utilization and delinquencies remain benign. Net, despite a better than expected reporting cycle and relatively upbeat guide, the market remains incredulous.

Fed policy remains a central theme in the market and Financials sector. The FOMC raised the overnight 'Fed Funds' rate by 75 bps in late-July, continuing its tightening cycle designed to quell inflation pressures in the US. While higher rates could continue to drive net interest income (NII) growth among asset sensitive lenders, the current tightening cycle against a slowing economic backdrop remains an overhang on this cyclically sensitive group.

We expect continued near-term resilience in fundamentals; however, are not bullish on the group against a slowing macro backdrop. On the other hand, we see pockets of value in the sector for multi-year investment in companies trading at material discounts to book value and historic earnings multiples.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.18%	1.54%	-6.21%	0.21%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	HCA Healthcare Inc	26.4%
	Align Technology Inc	18.7%
	ABIOMED Inc	18.4%
	Illumina Inc	17.5%
	Mettler-Toledo	17.5%
Laggards	Baxter International Inc	-8.7%
	Viatris Inc	-7.4%
	AbbVie Inc	-6.3%
	Organon & Co	-6.0%
	Bristol-Myers Squibb Co	-4.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$83.53	$95.11	$94.04
18.5x	16.2x	16.4x

Sector Update

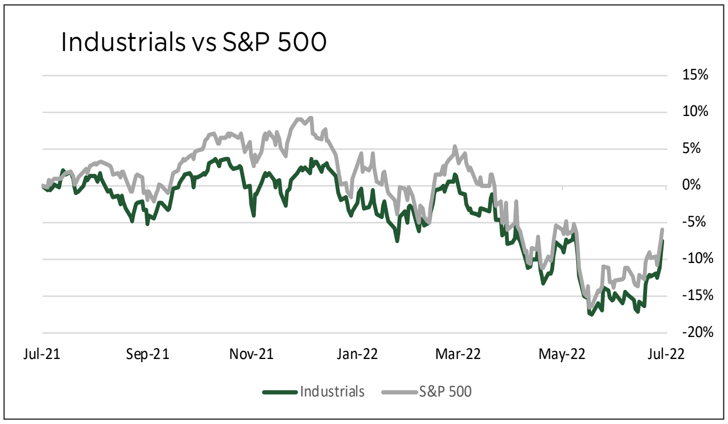
After a challenging 1H2022 that saw volatile markets delivering the worst performance dating to 1970, a bear market rally ensued with the S&P 500 rebounding strongly in July, advancing 9.11%. That is, investor sentiment improved post the FOMC June meeting – anticipating that rate hikes would bring inflation under control with an oversold market rallying. Still, even with the rally, the S&P 500 remained down 13.34% Ytd. As illustrated in the adjacent graphics, the Health Care sector deemed defensive in nature had consistently outperformed the S&P over the past year into June, while lagging the broad market in the ensuing rally (not unexpected in our view). Still, in July, the health care sector was up 3.18%, while down by 6.21% Ytd – although relatively flat over the past year.

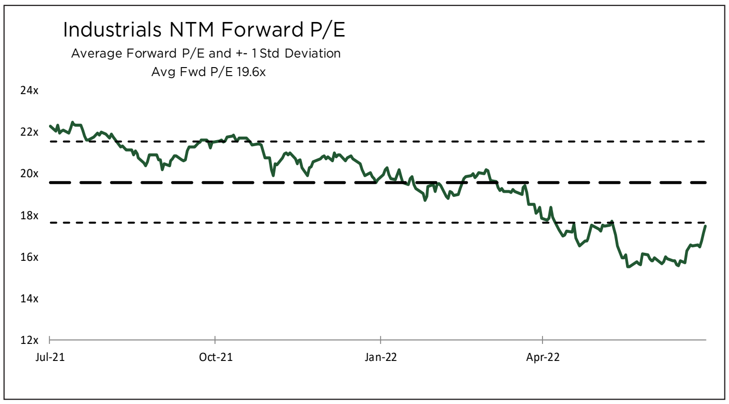
Performance across the sector has varied measurably over the past year as some firms that generated significant revenues from COVID – notably with diagnostic testing for the virus – have experienced demand decline in 2022. Then, in contrast, other companies benefitted as some deferred medical therapies returned to providers. Labor shortages, raw material costs and rising wages all impacted companies to varying degrees – with hospitals experiencing noteworthy headwinds on the labor/wage front. Given the current macro-economic environment Health Care is poised to deliver solid relative earnings although foreign exchange headwinds are expected to weigh on multinational corporations earnings.

Among the stronger performers in July were HCA, Align Technology, and ABIOMED. HCA delivered strong upside 2Q2022 earnings driven by reduced use of outside contract labor (temporary nursing services), while hospital admissions of non-COVID patients trended higher – all combining to drive improved margins and higher expectations for 2022. Align shares firmed after experiencing a 3 quarter 68% price decline despite experiencing further sales erosion as profitability showed signs of stabilizing for this leader offering Invisalign orthodontics. And, ABIOMED recorded solid results for its cardiac assist Impella devices with investor interest on the rise post a late June presentation outlining potential expanded use of the technology among patients having heart failure. Laggards in July included Baxter International and Viatris that both reported 2Q2022 earnings shortfalls driven by foreign exchange headwinds, while AbbVie shares were pressured as concerns over pending patent expiration for the firm's flagship therapeutic Humira approach into 2023.

We sense that the health care sector remains a defensive arena given economic uncertainty that persists through 2022. At current valuations the shares are trading a tad below historical average multiples that is understandable given market dynamics, while the likely passage of the Inflation Reduction Act of 2022 could drive headwinds for the biopharma sector.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.46%	0.46%	-9.69%	-7.48%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	United Rentals Inc	32.8%
	Rockwell Automation Inc	28.1%
	Generac Holdings Inc	27.4%
	WW Grainger Inc	19.6%
	Fortive Corp	18.5%
Laggards	Stanley Black & Decker	-7.2%
	Lockheed Martin Corp	-3.8%
	Raytheon Technologies	-3.0%
	L3Harris Technologies	-0.7%
	Huntington Ingalls	-0.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$34.67	$41.97	$49.35
23.3x	19.3x	16.4x

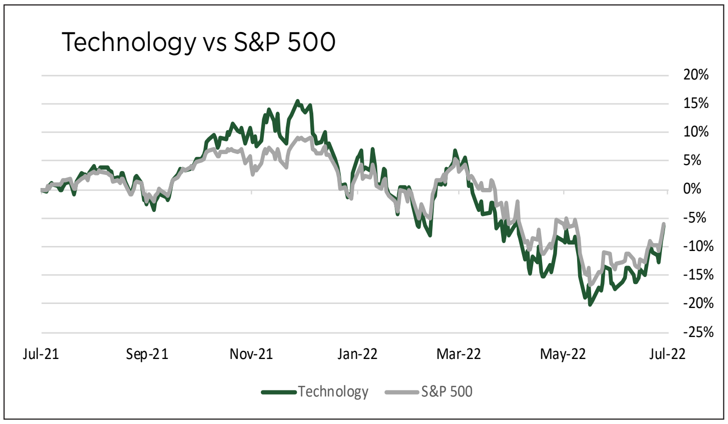
Sector Update

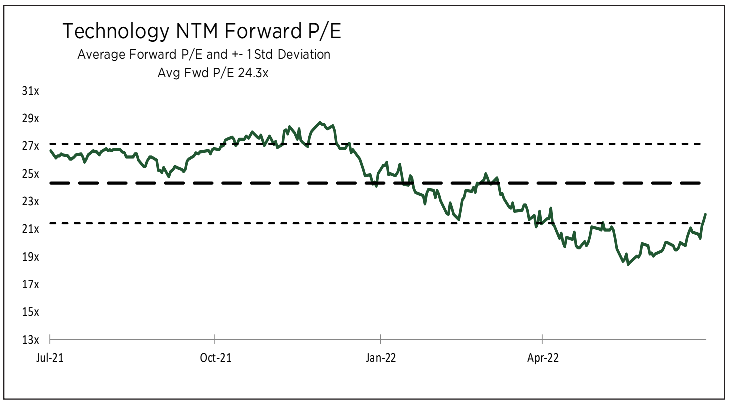
The Industrial Sector outperformed the S&P 500 by 0.35% in the month of July, with a 9.46% monthly gain. Year to date comparisons favor the Industrial Sector against the broader index despite the cyclical nature of the Industrials Sector known for experiencing earnings slowdowns in strong relation to slowing economic growth, with a -9.69% return vs. a -13.34% from the S&P 500 since the start of the year. The Electrical Equipment subsector contributed most significantly to the strong month that the Industrial Sector experienced with a 17.9% gain, the best performing subsector in its group. Two of the top 5 leaders in the group, Rockwell Automation and Generac Holdings, are members of the Electrical Equipment subsector, and contributed 28.1% and 27.4%, respectively. Both stocks lagged the market in June before delivering upside earnings releases in July, leading to a strong rebound in the month. Two of the remaining three equities in the Top 5 leaders for the month, including United Rentals and WW Grainger, helped lead the Trading Companies & Distributors subsector to a 15.8% gain, which is the second highest subsector performance in the Industrial sector. Tough comps continue to weigh on the sector going forward, as does the cyclical nature of sales trends and signs of an economic slowdown ahead. While supply issues weigh on manufacturing and production costs, fears of slowing demand remain on investors' minds as demand dropped during the month with the New Orders Index contracting.

The Institute for Supply Chain management registered a reading of 52.8%, down 0.2% from the 53% reading in May. This is the lowest Manufacturing PMI reading since June 2020, when it registered 52.4%. A reading under 50% represents a contraction in the manufacturing sector of the economy, a number that the PMI reading is approaching. This sector of the economy remains a supply-chain constrained environment, with panelists expressing concern about a softening in the economy, as new order rates contracted for the second month amid developing anxiety about excess inventory in the supply chain.

The Industrial sector is trading at a Next Twelve Month Forward P/E of 16.4x, down 1.0x lower than last month and 3.2x lower than its one year average Forward P/E, while trending toward a two standard deviation drop at a 15.7x Forward P/E. It is likely that the compressed Multiple is justified as rising interest rates, quantitative tightening, depressed consumer confidence, and lower earnings forecasts remain pressures for the sector in the intermediate term.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
13.48%	1.80%	-17.44%	-6.35%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Enphase Energy Inc	45.6%
	ON Semiconductor Corp	32.7%
	SolarEdge Technologies	31.6%
	Autodesk Inc	25.8%
	Arista Networks Inc	24.4%
Laggards	IBM	-7.4%
	ServiceNow Inc	-6.1%
	Intel Corp	-2.9%
	Juniper Networks Inc	-1.6%
	Cognizant Technology	0.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$94.66	$109.72	$120.26
26.7x	23.0x	21.0x

Sector Update

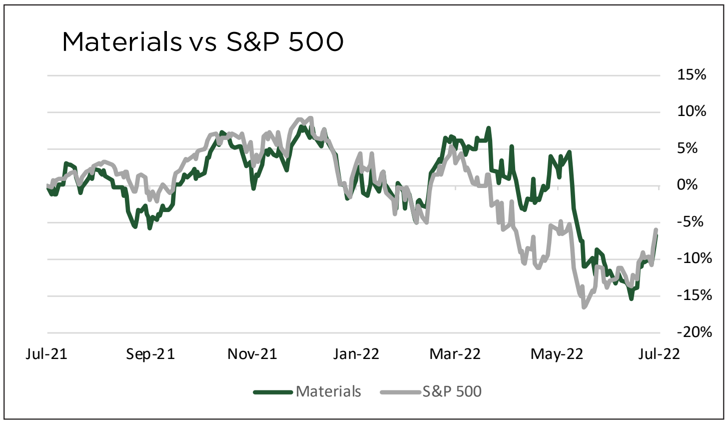
While the rise of long-term interest rates impacted the valuation of high growth technology companies in the first half of the year, investors became more positively inclined toward the Technology sector in July (+13.4%) due to the recent pullback of long-term interest rates as well as the robust June quarter revenue growth reported by leading tech companies. Provided that inflationary pressures continue to abate and demand holds up well, we believe that the Technology sector could continue to outperform the market.

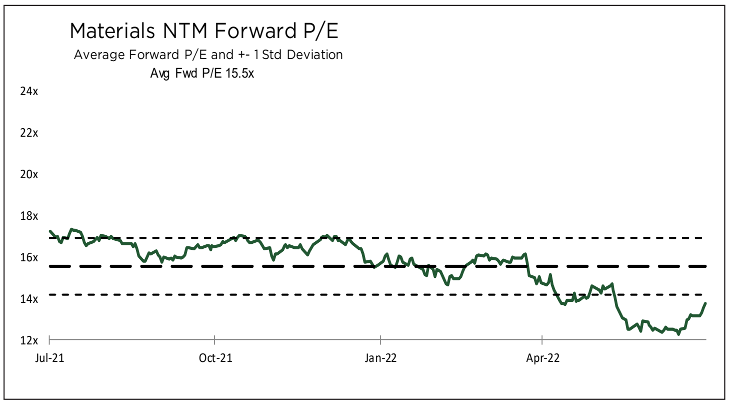
Despite macro-economic and supply chain challenges, corporations continued to invest in their digital transformation based on cloud software and services provided by companies such as Accenture, Adobe, Amazon Web Services, IBM, Microsoft, Oracle, Salesforce.com, and ServiceNow.

Industrial companies continued to invest in factory automation/robotics and IOT (Internet of Things) to drive greater efficiency from companies such as Analog Devices and PTC.

While global automotive production remained below pre-pandemic levels due to the insufficient supply of semiconductor components, semiconductor companies are reporting robust demand from auto manufacturers for advanced semiconductor components that power digital cockpits, electric vehicles (EVs), and autonomous driving. These new technologies require a significant increase in the level of semiconductor content supplied by companies such as Analog Devices, NXP Semiconductor, and Qualcomm.

Amazon Web Services, Google Cloud, Microsoft Azure, and Oracle are relying on industry leading semiconductor technology from Advanced Micro Devices, Marvel Technology, and NVIDIA to expand the capacity of their cloud data centers to accommodate soaring data demand driven by the buildout of fiber optic and 5G networks, the adoption of IOT technology, and the significant increase in huge scale AI/data analytics computing models.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
6.08%	-7.99%	-13.75%	-6.83%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Nucor Corp	30.1%
	Avery Dennison Corp	17.7%
	Martin Marietta Materials	17.7%
	Albemarle Corp	16.9%
	Vulcan Materials Co	16.3%
Laggards	Newmont Corp	-24.1%
	Celanese Corp	-0.1%
	LyondellBasell	1.9%
	International Paper Co	2.2%
	Packaging Corp	2.3%

Consensus FY EPS / P/E

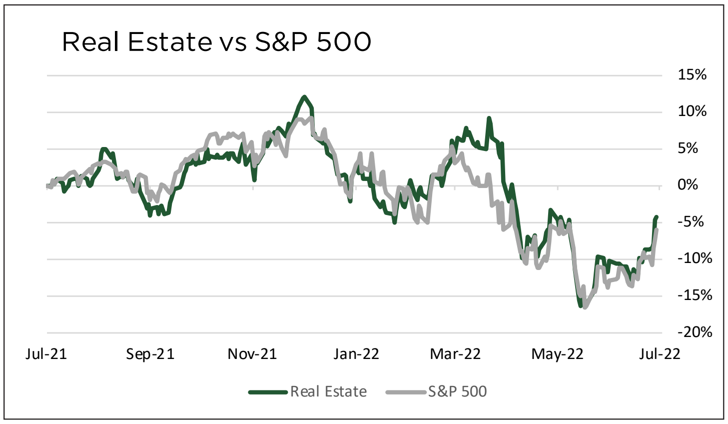
Last Year	Current Year	Next Year
$33.91	$37.17	$34.50
14.5x	13.2x	14.2x

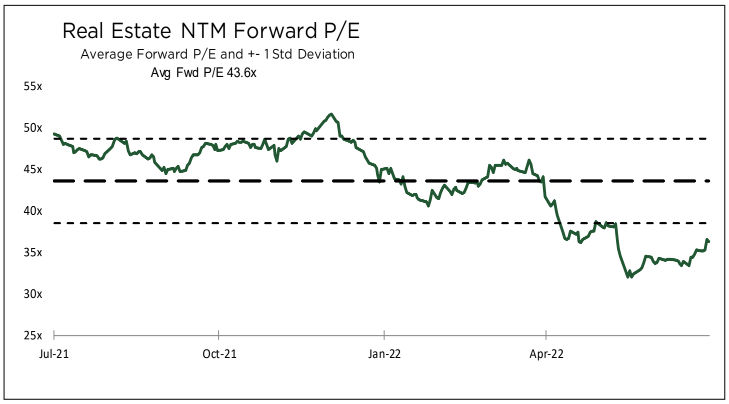
Sector Update

The Materials segment increased 6.08% in July and underperformed the S&P 500 Index that increased 9.11%. All sectors reported increases for the month with the biggest gains for Construction Materials supported by higher pricing and strong consumer demand. Supply chain issues remain an ongoing challenge along with freight and labor. The coatings companies remain well positioned long-term to navigate the worldwide uncertainty supported by sustained consumer demand and higher pricing in the high-single to low-double digit range while near-term challenges of raw material availability, cost inflation and currency movement persist. Demand for lithium remains strong and should increase over 30% to 1.5 million tons by 2025. Lithium supply and demand remains tight supporting favorable pricing. Execution and end market demand remain critical factors. The forecast reflects an acceleration in demand from electric vehicles. During recent updates, auto manufacturers commented on their commitment to expanding their presence in the EV market and highlight securing raw materials and batteries remain a key focus to support growth. The Materials segment is now trading with a current forward P/E of 13.2x which is below its average forward P/E of about 15.2x and towards the low end of its historic trading range. Selective investment among the stocks in the segment remains a key strategy.

Overall, chemical companies reported solid Q2 results. Key focus for 2H for the chemical companies centers on global economies, management of end markets, realizing synergies, and supply/demand balance. For the packaging segment, focus centers on supply/demand balance, pricing, and inventories. Select M&A, pricing, raw material trends and capacity expansion remain factors to monitor. Consumer demand especially from the e-commerce channel remains solid, but that factor could soften by year-end given recession concerns. For 2H, key focus centers on demand, pricing, input cost pressures, global economies, financing and inventory levels. Key factors for 2022 center on the geopolitical risk, supply and demand, pricing, the global economic outlook, and successful navigation of input cost and supply chain issues. Selective investment among the stocks in the segment remains a key strategy.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.49%	-4.77%	-14.55%	-4.33%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	CBRE Group Inc	16.3%
	VICI Properties Inc	14.8%
	Simon Property Group	14.5%
	Alexandria Real Estate	14.3%
	Duke Realty Corp	13.8%
Laggards	Iron Mountain Inc	-0.4%
	Digital Realty Trust Inc	2.0%
	Boston Properties Inc	2.4%
	Public Storage	4.4%
	Ventas Inc	4.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$6.52	$7.45	$7.80
42.6x	37.2x	35.6x

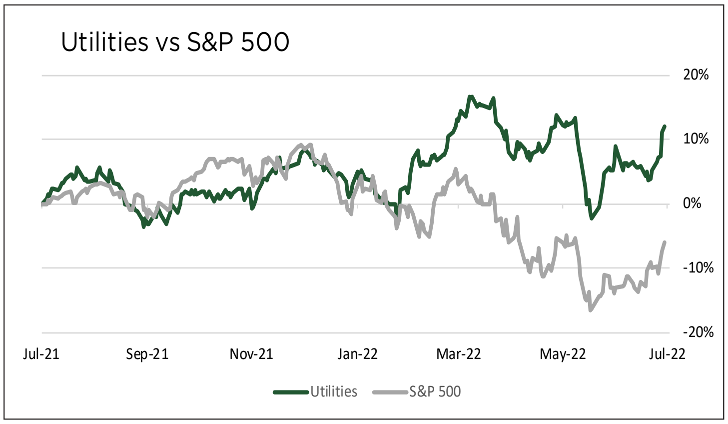
Sector Update

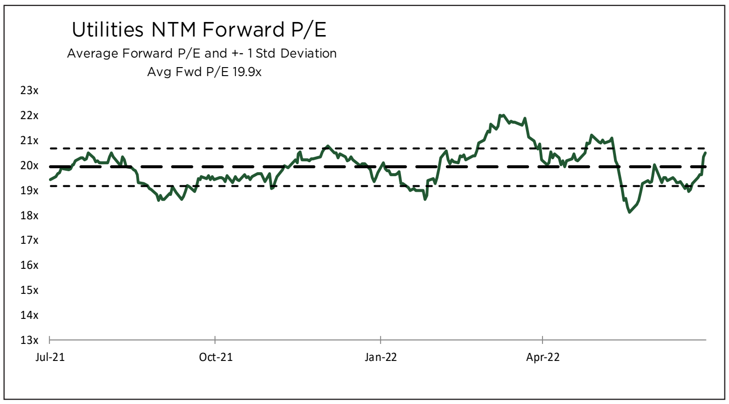
1H2022 saw volatile markets resulting in the worst performance dating to 1970 driven by a shift in Fed interest rate policy targeted at reining in surging inflation. Yet, into mid-June, a bear market rally ensued with the S&P 500 rebounding strongly in July, advancing 9.11% with investor sentiment improving after the June FOMC session - many anticipating that rate hikes would bring inflation under control with an oversold market rallying. Still, even with the rally, the S&P 500 remained down 13.34% Ytd. As outlined in the adjacent tables, the Real Estate sector has fairly closely mirrored performance trends experienced with the broad market (S&P 500) – rising by 8.49% in July with Ytd declines of 14.55% versus the S&P 500 decline of 13.34%. That is, the Real Estate sector performance correlates to interest rates as a bond proxy as well as to general economic trends. With consumers having retrenched on purchases of durable goods given a slowing economy, REIT investor fears over occupancy and rental pricing implications have arisen.

Given the Fed's quantitative tightening strategy now underway, we sense that economic uncertainty will persist as the U.S. has not experienced a similar process to any significant degree in the past four decades with the outcome/ramification to follow. Interest rate, occupancy and pricing trends and the influence they have on the economy will likely remain the challenge to investor sentiment for the Real Estate sector into 2023. Still, we like the longer term outlook for the sector remaining more focused on issues in the logistics, cell tower, and self-storage segments for long term investment.

Although intermediate concerns exist for the sector, some real estate related stocks have bounced solidly with the recent bear market rally including CBRE Group – a leader in property management, project management, and advisory services to the sector – in addition to Vici Properties and Simon Properties. Vici has been added to the S&P 500 helping to drive investor interest in this owner of gaming properties and golf resorts, while Simon has experienced stronger than forecast occupancy (at 93.9% across its portfolio) with the dividend raised by 16.7% most recently.

On the other hand, after extending strong relative performance, data center REITs backed off in July – with weaker performance from Iron Mountain and Digital Realty despite sustained overall operating results. Of course multinational operators have experienced foreign exchange headwinds along with numerous others among the S&P 500 that has impacted guidance for 2022E. We sense that pressure/fears associated with a slowing economy and rising interest rates could continue to weigh on investor sentiment toward Real Estate in 2H2022.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.39%	3.81%	3.28%	12.09%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
9.11%	-0.04%	-13.34%	-6.03%

	Company Performance	1 Month
Leader	Constellation Energy	15.4%
	Sempra Energy	10.3%
	NextEra Energy Inc	9.1%
	Atmos Energy Corp	8.3%
	Southern Co	7.8%
Laggards	NRG Energy Inc	-1.1%
	Pinnacle West Capital	0.5%
	CMS Energy Corp	1.8%
	Entergy Corp	2.2%
	Duke Energy Corp	2.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.92	$17.73	$18.79
22.2x	21.2x	20.0x

Sector Update

The Utilities sector rebounded 5.39% in July from a 5.13% pullback in June. The sector lagged a 9.11% improvement in the S&P500 in the month. Year-to-date comparisons favor the Utilities sector relative to the market—with the historically defensive sector up 3.28% compared to a 13.34% retrenchment in the S&P. The sector also meaningfully outpaced the broader market in the past twelve months, up 12.09% compared to the S&P down 6.03% in the same period.

All four Utilities sub-sectors posted monthly gains in July, with both Electric Utilities and Renewables Producers up 5.8% and 4.5% increases among Multi and Water Utilities. Independent and Renewables Producers (including just AES) leads sub-sector returns in the past three months on an 8.8% improvement while Multi-Utilities have provided the strongest TTM returns among sub-sectors, up 15.8%.

Constellation Energy (CEG) was the top performing Utility in July, up 15.4% in the month after a 15.9% one-day move on July 28th as the Inflation Reduction Act appeared more likely to be passed. The inclusion of ~$369B in renewable energy spending in the proposed legislation is expected to further increase regulated demand for renewable power production. CEG, a spin-off from Exelon (EXC), is the largest renewables producer with ~162GW of carbon free generation, leading the industry with runner-up NextEra (NEE) at ~99GW. CEG previously pledged to achieve 95% carbon-free generation by 2030 and 100% by 2040. The proposed legislation is expected to provide several billion dollars in wind and solar incentives; in addition, provides a windfall through the extension of tax credits for low-carbon production to renewables firms such as CEG.

Risk-off positioning and recent legislative proposals appear to have driven recent relative performance in the sector; however, we continue to think many Utilities are somewhat ‘caught in the middle’ between historical defensiveness and inflationary pressures against long-term capital expenditure backlogs. Higher interest rates could be an additional drag; increasing cost of capital for companies with substantial debt issuance needs. Meantime, Utilities now sell at a material premium to the market at current levels, trading at 21.2x current year expectations compared to the market in the mid-teens. While there remains significant uncertainty around current year estimates in the broader market, it is likely that earnings estimates in the Utilities sector could remain relatively unchanged near-term—thus driving the multiple disparity observed today. We continue to favor new investment in secular growth stories with reasonable valuations at this juncture.

ECONOMIC CALENDAR

Date	Release	For	Prior
9-Aug	Productivity - Prelim	Q2	-7.30%
9-Aug	Unit Labor Costs - Prelim	Q2	12.60%
10-Aug	MBA Mortgage Applications Index	8/6	1.20%
10-Aug	CPI	Jul	1.30%
10-Aug	Core CPI	Jul	0.70%
10-Aug	Wholesale Inventories	Jun	1.80%
10-Aug	EIA Crude Oil Inventories	8/6	+4.47M
10-Aug	Treasury Budget	Jul	-$88.8B
11-Aug	Initial Claims	8/6	260K
11-Aug	Continuing Claims	7/31	1416K
11-Aug	PPI	Jul	1.10%
11-Aug	Core PPI	Jul	0.40%
11-Aug	EIA Crude Oil Inventories	8/6	+41 bcf
12-Aug	Import Prices	Jul	0.20%
12-Aug	Import Prices ex-oil	Jul	-0.5%
12-Aug	Export Prices	Jul	0.70%
12-Aug	Export Prices ex-ag.	Jul	0.90%
12-Aug	Univ. of Michigan Consumer Sentiment - Prelim	Aug	51.10%
15-Aug	Empire State Manufacturing	Aug	NA
15-Aug	NAHB Housing Market Index	Aug	NA
16-Aug	Building Permits	Jul	NA
16-Aug	Housing Starts	Jul	NA
16-Aug	Capacity Utilization	Jul	NA
16-Aug	Industrial Production	Jul	NA
17-Aug	MBA Mortgage Applications Index	8/13	NA
17-Aug	Retail Sales	Jul	NA
17-Aug	Retail Sales ex-auto	Jul	NA
17-Aug	Business Inventories	Jun	NA
17-Aug	EIA Crude Oil Inventories	8/13	NA
18-Aug	Continuing Claims	8/6	NA
18-Aug	Initial Claims	8/13	NA
18-Aug	Philadelphia Fed Index	Aug	NA
18-Aug	Existing Home Sales	Jul	NA
18-Aug	EIA Natural Gas Inventories	8/13	NA
23-Aug	New Home Sales	Jul	NA
24-Aug	MBA Mortgage Applications Index	8/20	NA
24-Aug	Durable Orders	Jul	NA
24-Aug	Pending Home Sles	Jul	NA
24-Aug	EIA Crude Oil Inventories	8/20	NA
25-Aug	Continuing Claims	8/13	NA
25-Aug	GDP-Second Estimate	Q2	NA
25-Aug	GDP Deflator - Second Estimate	Q2	NA

25-Aug	Initial Claims	8/20	NA
25-Aug	EIA Natural Gas Inventories	8/20	NA
26-Aug	Adv. Intl. Trade in Good	Jul	NA
26-Aug	Adv. Retail Inventories	Jul	NA
26-Aug	Adv. Wholesale Inventories	Jul	NA
26-Aug	PCE Prices	Jul	NA
26-Aug	PCE Prices - Core	Jul	NA
26-Aug	Personal Income	Jul	NA
26-Aug	Personal Spending	Jul	NA
26-Aug	Univ. of Michigan Consumer Sentiment - Final	Aug	NA
30-Aug	FHFA Housing Price Index	Jun	NA
30-Aug	S&P Case-Shiller Home Price Index	Jun	NA
30-Aug	Consumer Confidence	Aug	NA
31-Aug	MBA Mortgage Applications Index	8/27	NA
31-Aug	ADP Empolyment Change	Aug	NA
31-Aug	Chicago PMI	Aug	NA
31-Aug	EIA Crude Oil Inventories	8/27	NA

DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

Past performance is not indicative of future results.

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

Leaders: Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Laggards: Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Members: The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

S&P 500®: The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

Dow Jones Industrials: The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

NASDAQ Composite: The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

Russell 2000®: The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

FTSE 100: The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Nikkei Stock Average: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

Stoxx Europe 600: The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

MSCI Emerging Markets Small Cap: The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

US Dollar Index (USDX, DXY): An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Shanghai Composite (SSE Index): The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Certification: As the primary authors of this report, we hereby certify that the views and opinions expressed herein accurately reflect our personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed herein.

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