MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

JUNE 2022

- Geopolitical events continued to rattle markets
- The best performing S&P 500 sector in May was Energy
- The U.S. economy could be poised for a significant slowdown in 2H2022
- The major equity indexes were flat to up very slightly for the month

Although markets oscillated sharply during May, equity indexes closed out the month in relatively flat territory as swings in prices generally were not sustained. Geopolitical events continued to pressure markets during the month with the war in Ukraine adding uncertainty against a backdrop of rising interest rates and inflation. Although the VIX Index or "fear gauge" repeatedly broke above 30 during the month, by month-end it had trended down towards the mid-20's range. For the full month, major equity indexes were flat to up very slightly with the Dow Jones Industrial Average up 0.04%, the S&P 500® index up 0.01%, and the smaller cap weighted Russell 2000® flat for the month.

By far the best performing S&P 500 sector in May was Energy which increased 15.0% followed by the Utilities sector which was up 3.8% for the month. The weakest performances in the month were posted by the Real Estate sector which decreased 5.1% followed by the Consumer Discretionary sector which was down 4.9%. For the prior twelve month period, the Energy sector was the best performer with a 68.8% increase followed by the Utilities sector up 14.0%, while the Communication Services sector was the worst performer for the past twelve months with a 21.7% decrease followed by the Consumer Discretionary sector which was down 12.4%.

Amid signs pointing to peak inflation potentially being behind us, markets responded favorably towards month end to the release of minutes from the May 4th FOMC session. Investors may be sensing that the Fed could moderate the pace of quantitative tightening into September. The latest release from the Bureau of Economic Analysis (BEA) signals that inflation has at least plateaued and possibly started to abate from recent 40-year highs. The Core Personal Consumption Expenditures (PCE) price index - a key inflation indicator favored by the Fed - rose by 0.3% month over month and was up 4.9% on an annualized basis in April (as widely expected) and was down from the 5.2% pace reported for March. Headline PCE that includes volatile energy and food increased by 0.2% for the month and ran up at ac 6.3% annual pace but again was down versus the 6.6% pace from March. However, the month over month move slowed to up just 0.2% compared with the 0.9% surge reported for the month of March.

Given the pace of inflation and fast paced decline in the savings rate, we anticipate the U.S. economy could be poised for a significant slowdown into 2H2022 as consumers deplete COVID government funds distributed (and previously saved), job gains slow, and real incomes decline. The double digit decline in the S&P 500 year-to-date also hits net worth among upper income households that could impact spending. The issue becomes, will the U.S. head toward a broad based GDP recession, or a corporate earnings recession with slowing single-digit overall GDP trends, while uncertainty on Fed strategy leaves questions over the outlook for inflation. That is, will the Fed stay the course to drive inflation toward 2-3% over the next couple of years that likely requires incremental rate increases into 2023, or respond to a weakening economy by pausing tightening efforts that could lead to stagflation followed by higher rates and recession into 2024? Minutes from the May 4th FOMC session suggest the Fed will reexamine policy with datasets into September after planned 50 basis point rate increases in June and July. Still, the governors seem to indicate they will if necessary move rates above the ~2.75% neutral rate to more restrictive levels as necessary if inflation fails to abate into this fall. Time will tell how Fed policy and inflationary trends evolve. This uncertainty has us focused on stocks among durable, quality companies positioned to sustain pricing and profits.

Where to from here?

Have the markets bottomed? We sense it is too early to make that type of call. Still, although a range of uncertainties related to Fed policy, inflation, the U.S. economy and global geopolitics persist, we sense that a lot of this is already reflected in market valuations. The S&P 500 trades at about 16x-17x 2023E earnings which we view as reasonable for those having a longer term investment time horizon. As such, we reiterate our recommendation that it is time for long term investors to commence building/adding to positions among quality stocks. Time will tell how Fed actions and the U.S. economy play out in 2H2022 and into 2023. We remain selective employing a barbell strategy that focuses on quality, lower beta, dividend paying companies as well as select leading growth stocks poised for sustained growth over the intermediate/longer term investment time horizon.

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Please see important disclosures in the Disclosure Section at the end of this document.

MARKET AND ECONOMIC STATISTICS

Market Indices:	**5/31/2022**	**12/31/2021**	**% Change YTD**	**4/29/2022**	**% Change (Monthly)**
S&P Composite	4,132.15	4,766.18	-13.30%	4,131.93	0.01%
Dow Jones Industrials	32,990.12	36,338.30	-9.21%	32,977.21	0.04%
NASDAQ Composite	12,081.39	15,644.97	-22.78%	12,334.64	-2.05%
Russell 2000	1,864.04	2,245.31	-16.98%	1,864.10	-0.00%
FTSE 100	7,607.66	7,384.54	3.02%	7,544.55	0.84%
Shanghai Composite	3,186.43	3,639.78	-12.46%	3,047.06	4.57%
Nikkei Stock Average	27,279.80	28,791.71	-5.25%	26,847.90	1.61%
Stoxx Europe 600	443.35	487.80	-9.11%	450.39	-1.56%
MSCI Emerging Markets	1,077.67	1,232.01	-12.53%	1,076.19	0.14%
MSCI Emerging Markets Small Cap	1,251.95	1,412.34	-11.36%	1,276.03	-1.89%

Performance of S&P 500 by Industry:	**% of Index as of 04/29/22**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	10.93%	-4.91%	-13.31%	-24.90%	-12.35%
Consumer Staples	6.42%	-4.73%	-1.06%	-4.03%	6.44%
Energy	4.86%	14.95%	23.00%	55.65%	68.80%
Financials	11.13%	2.57%	-8.03%	-9.47%	-6.61%
Health Care	14.22%	1.28%	1.63%	-6.45%	6.99%
Industrials	7.72%	-0.78%	-5.28%	-10.80%	-9.95%
Information Technology	27.36%	-1.01%	-9.19%	-19.72%	1.07%
Materials	2.77%	0.95%	3.07%	-5.37%	-1.51%
Communication Services	8.90%	1.78%	-13.46%	-24.64%	-21.68%
Utilities	2.97%	3.82%	9.38%	3.30%	14.00%
Real Estate	2.73%	-5.13%	-1.94%	-14.88%	2.39%
S&P 500 (Absolute performance)	100.0%	0.01%	-5.53%	-13.30%	-1.71%

Interest Rates:	**5/31/2022**	**12/31/2021**	**YTD Change (Basis Points)**	**4/29/2022**	**Month Change (BPS)**
Fed Funds Effective Rate	0.08%	0.09%	-1	0.33%	-25
Prime Rate	4.00%	3.25%	75	3.50%	50
Three Month Treasury Bill	1.12%	0.09%	104	0.89%	23
Ten Year Treasury	2.84%	1.51%	133	2.93%	-9
Spread - 10 Year vs 3 Month	1.72%	1.43%	30	2.04%	-32

Foreign Currencies:	**5/31/2022**	**12/31/2021**	**% Change YTD**	**4/29/2022**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.19	0.18	7.9%	0.19	1.9%
British Pound (in US dollars)	1.26	1.35	-6.9%	1.26	0.2%
Canadian Dollar (in US dollars)	0.79	0.79	-0.1%	0.78	1.7%
Chinese Yuan (per US dollar)	6.31	6.36	-0.7%	6.37	-0.9%
Euro (in US dollars)	1.07	1.14	-5.6%	1.05	1.8%
Japanese Yen (per US dollar)	128.67	115.08	11.8%	129.70	-0.8%

Commodity Prices:	**5/31/2022**	**12/31/2021**	**% Change YTD**	**4/29/2022**	**% Change (Monthly)**
CRB (Commodity) Index	629.45	578.31	8.8%	643.29	-2.2%
Gold (Comex spot per troy oz.)	1837.35	1829.20	0.4%	1896.93	-3.1%
Oil (West Texas int. crude)	114.67	75.21	52.5%	104.69	9.5%
Aluminum (LME spot per metric ton)	2757.75	2806.00	-1.7%	3032.50	-9.1%
Natural Gas (Futures 10,000 MMBtu)	8.15	3.73	118.4%	7.24	12.4%

Economic Indicators:	**5/31/2022**	**12/31/2021**	**% Change YTD**	**4/29/2022**	**% Change (Monthly)**
Consumer Price Index	287.4	280.1	2.6%	280.1	2.59%
Producer Price Index	234.7	232.0	1.2%	234.0	0.3%
	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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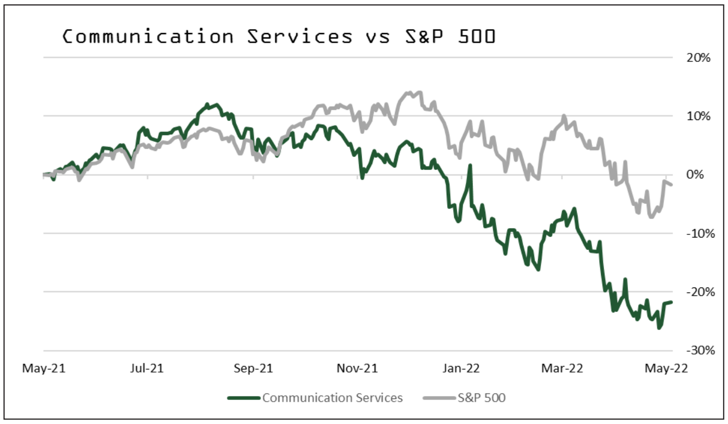
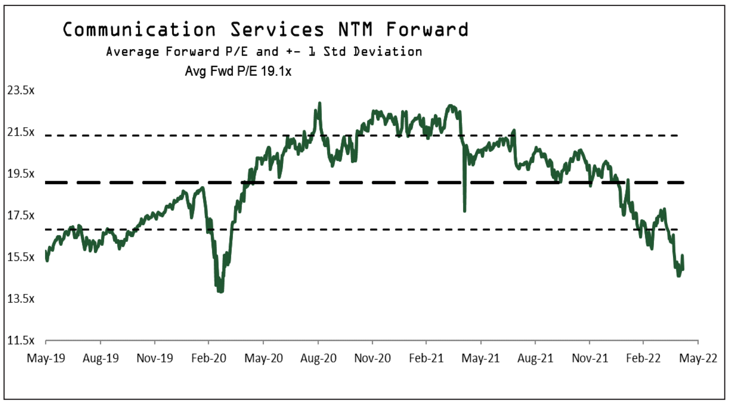
Sector Updates





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.78%	-13.46%	-24.64%	-21.68%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Lumen Technologies Inc	21.7%
	Charter Communications	18.3%
	Paramount Global	17.9%
	Electronic Arts Inc	17.5%
	AT&T Inc	12.9%
Laggards	Warner Bros Discovery	-26.0%
	DISH Network Corp	-19.9%
	Twitter Inc	-19.2%
	News Corp	-12.4%
	News Corp	-11.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.93	$12.67	$14.61
16.9x	15.9x	13.8x

Sector Update

Communications Services outperformed the market in May (+1.78%) driven by the performance of the Diversified Telecommunications Services, Entertainment, and Media sectors. Communications Services could continue to outperform the market, since it trades at a discounted P/E multiple (15.9x) relative to the market and its historic average forward P/E multiple of 19.1x.

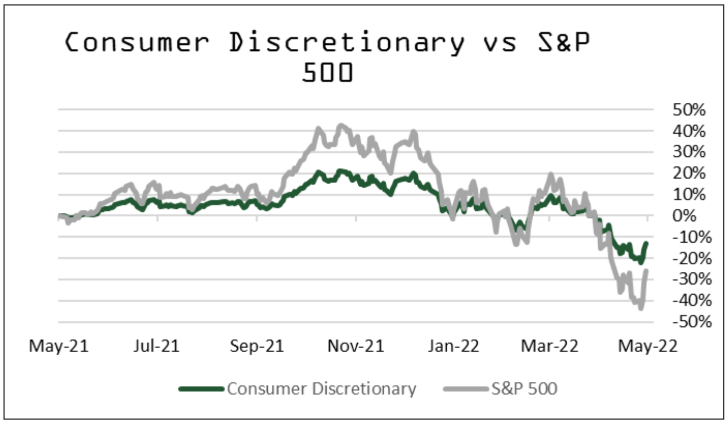
Diversified Telecommunications Services outperformed the market in May (+11.9%) and YTD (+4%). Both AT&T and T Mobile reported that wireless industry additions in the June quarter remained at the robust levels they were in the prior year quarter. Investors may have been attracted by healthy industry trends as well as attractive telecommunications carrier dividend yields.

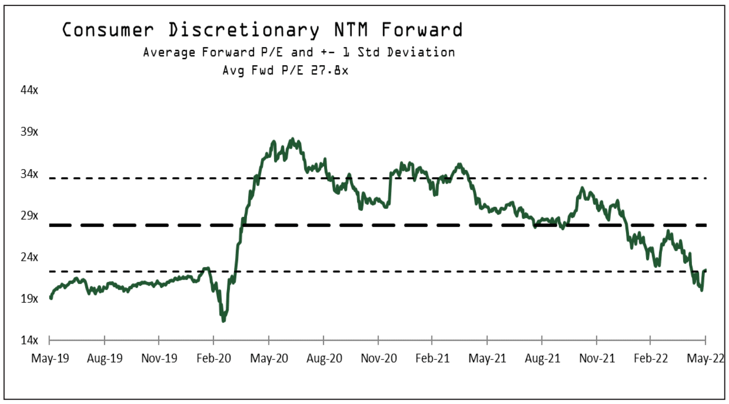
Media outperformed the market in May (+9.5%) driven by the rise in Charter Communications and Comcast shares. While both companies reported lower high-speed Internet customer additions than in the prior year period, they sustained robust growth in new mobile wireless customers. Both companies are upgrading their networks to DOCSIS 4.0, which could enable download speeds up to 10 gigabits. In addition, both companies are expanding their network coverage to cover more households and businesses.

The Entertainment sector outperformed the market in May (+1.9%) driven by the rise in Electronic Arts (EA) shares. News reports suggested that EA was in discussions with a number of media companies that might be potential acquirers of EA. Given Microsoft's potential acquisition of Activision Blizzard at a premium valuation, EA's management may be trying to maximize the potential value of the company during a heightened period of M&A activity in the video game industry.

Interactive Media and Services continued to lag the market in May (-1.7%) and YTD (-28%) due to Snapchat's (SNAP) warning of lower than expected advertising demand in the June quarter. The company attributed weaker advertising demand to macro-economic factors associated with the Russian and Ukraine war and inflation. In addition, both SNAP and Meta Platforms (Facebook) may have been impacted by Apple's privacy initiative (Apple customers were able to opt out of having their web activity tracked), since it significantly impacted the company's ability to target ads and measure ad outcomes. Following SNAP's warning, industry analysts reduced their estimate of FY22 digital advertising growth from 15%-20% to 10%-15% year-over-year.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.91%	-13.31%	-24.90%	-12.35%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	CarMax Inc	15.7%
	BorgWarner Inc	9.5%
	PulteGroup Inc	8.4%
	DR Horton Inc	8.0%
	Domino's Pizza Inc	7.4%
Laggards	Under Armour Inc	-31.6%
	Under Armour Inc	-31.1%
	Target Corp	-29.2%
	Expedia Group Inc	-26.0%
	Royal Caribbean Cruises	-25.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$36.84	$48.44	$61.80
32.8x	25.0x	19.6x

Sector Update

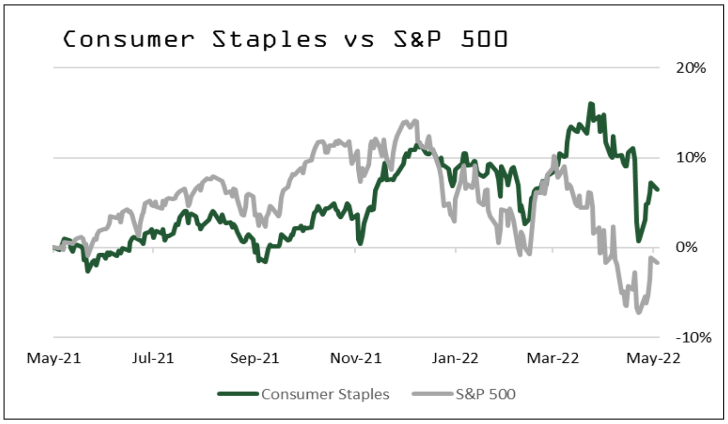
The Consumer Discretionary sector once again significantly underperformed the S&P 500 during the month as seen in the accompanying table. Rising macro concerns including fears that the slowing economy could slip into recession appear to be weighing on investor sentiment in the space. Sub-sector performance was fueled by a sharp downturn in the Multiline Retail subsector as well as underperformance in the Automobiles subsector. Household Durables, Distributors, and Auto Components were the only subsectors rising for the month. Looking at the performance of the Consumer Discretionary sector over the past twelve month period, the sector has significantly underperformed the S&P 500 with all sub-sectors down except for Automobiles.

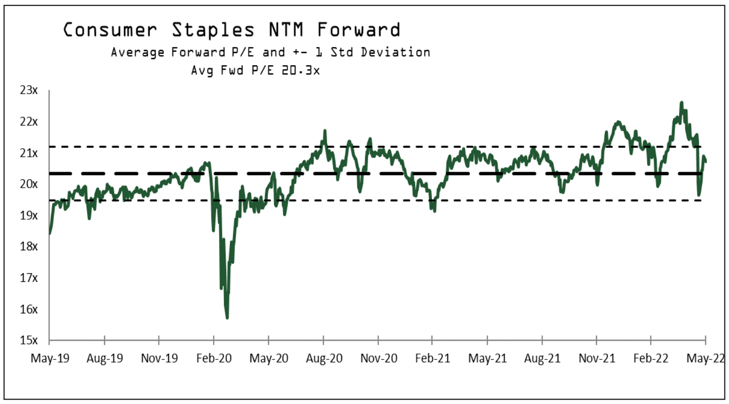
The Consumer Price Index or CPI increased 0.3% in April which was a decrease from the 1.2% rise in March. This was the first time in eight months that the rate of increase declined sequentially. On a year-over-year basis, CPI slipped from 8.5% in March to 8.3% in April according to data released mid-May by the Bureau of Labor Statistics. The March CPI increase was the largest reported increase since 1981. A key driver of the moderation in April inflation was gasoline where prices dropped 6.1% over the month. The gasoline price drop helped offset increases seen for natural gas and electricity although we note that more recently, gasoline prices have surged higher. For the third month in a row, prices on used vehicles declined coming down 0.4% in April.

Retail sales grew at a 0.9% pace in April according to the Census Bureau monthly report released in mid-May. Relative strength was seen in miscellaneous retailers which included office supplies, gift stores and florists with a monthly sales gain of 4.0%. Auto sales for the month were also strong with a 2.2% gain followed by ecommerce non-store retailers up 2.1% and restaurants up 2.0%. Somewhat offsetting these increases were declines in gas stations down 2.7% and sporting goods, books and hobbies stores down 0.5%.

The housing market continues to reflect the impacts of low supply and high demand against a backdrop of rising interest rates and high prices. April existing home sales reported in May indicate that sales dropped 2.4% to a seasonally adjusted annual rate of 5.6 million according to the National Association of Realtors. On a year-over-year basis, April home sales dropped 5.9% and have now declined for three months in a row. When a 4 month supply of homes was a normal level pre-pandemic, the current market is dealing with supply levels closer to 2.2 months underscoring the challenge presented by a low supply of homes for sale.

CONSUMER STAPLES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.73%	-1.06%	-4.03%	6.44%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Philip Morris	6.3%
	Monster Beverage Corp	4.0%
	Walgreens Boots	3.4%
	Molson Coors Beverage	3.1%
	Colgate-Palmolive Co	2.3%
Laggards	Walmart Inc	-15.9%
	Costco Wholesale	-12.3%
	Kraft Heinz Co	-11.3%
	J M Smucker Co	-8.4%
	Procter & Gamble Co	-7.9%

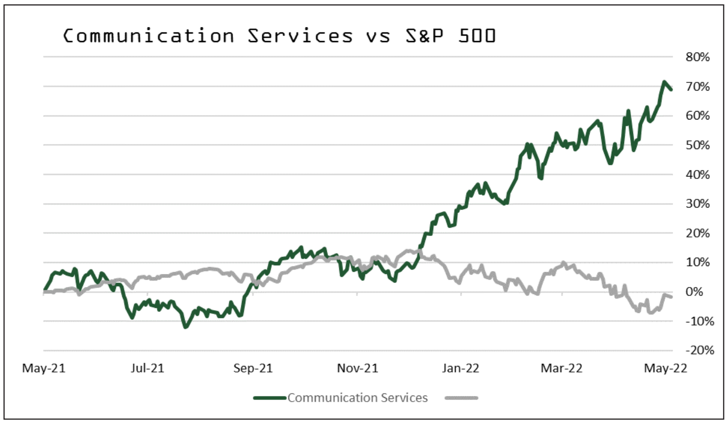
Consensus FY EPS / P/E

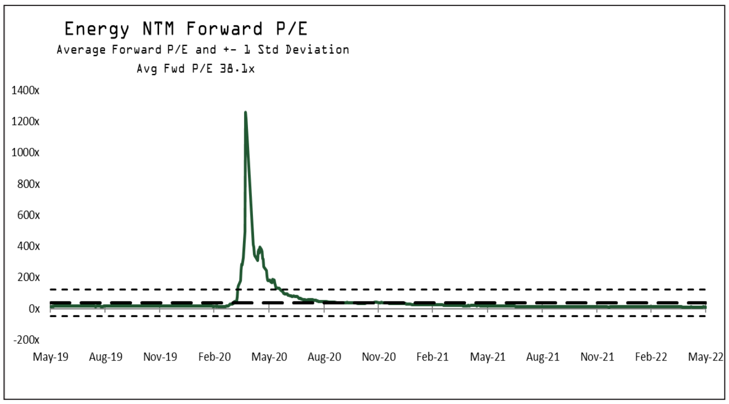
Last Year	Current Year	Next Year
$35.55	$35.90	$38.58
21.7x	21.5x	20.0x

Sector Update

The Consumer Staples sector decreased 4.73% on average in May and significantly underperformed the S&P 500 Index which was flat for the month. All sectors reported declines for the month with the exception of Tobacco. Food and Staples Retailing was the weakest subsector with a decline of 11.4%. YTD through May, the Consumer Staples sector has decreased 4.03% on average and has significantly outperformed the S&P 500 Index that declined 13.3%. The Consumer Staples segment is now trading with a current forward P/E of 21.5x which is above its average forward P/E of about 20.3x. The need for additional pricing in 2H for many food and beverage products to offset greater input cost pressures remains a key focus especially as large retailers highlight their emphasis on protecting volumes and keeping prices low for consumers. Without pricing to mitigate inflation cost pressures, the Consumer Staples companies face margin pressures. At present, consumer demand remains strong despite the price increases and elasticities are ahead of historical levels. With rising living costs, consumer demand remains in focus. Historically, strong top-line growth translates into higher margins and earnings for the Consumer Staples Companies. The companies are modeling for elasticities to return to historic levels as the best conservative option in full year forecasts. If consumer demand exceeds those conservative outlooks, there could be upside to full year guidance. In addition, if input cost pressures begin to moderate as they lap the prior year, there is further potential upside to margin targets, especially in 2H. An investment in many of the Consumer Staples companies continues to offer an attractive dividend yield and we continue to advise selective investment.

Focus remains on the global uncertainty from the Russia/Ukraine conflict resulting in tight supplies for fertilizer, grain, cooking oils, packaging, energy and other inputs. Weather presented a headwind for the US during the key crop planting season. As updated by the USDA in its World Agricultural Supply and Demand Estimates (WASDE) report dated May 12, 2022, the outlook for grains remains tight. For US wheat, the outlook is for reduced supplies, exports, domestic use stocks, and higher prices. The global wheat outlook is for lower supplies and consumption, increased trade and lower ending stocks. Pricing is higher vs last year. For US corn, the outlook is for lower production, domestic use, exports, ending stocks and higher prices. The corn crop is forecast 4.3% lower vs last year with a lower yield reflecting unfavorable weather during the key planting season. The global outlook is for lower production and use and smaller ending stocks. Prices are higher. For US soybeans, the outlook is for higher supplies, crush, exports and ending stocks vs the prior year. Production is forecast higher for soybean, canola and sunflower seed. Global oilseed production is forecast to rise vs last year which included drought conditions in South America. Projected increased production in Brazil, Argentina and Paraguay should partly offset declines in Ukraine. The average US soybean price is currently $14.40 per bushel vs $13.25 per bushel last year. Total US red meat and poultry production for 2023 is forecast below 2022 while pork should increase. Cattle prices are forecast higher in tighter supplies. Hog, broiler and turkey prices are forecast lower. Tight supply of key oil used by consumers, packaged food companies and cooking oil remains a concern.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
14.95%	23.00%	55.65%	68.80%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Devon Energy Corp	28.8%
	Marathon Oil Corp	26.1%
	Occidental Petroleum	25.8%
	Baker Hughes Co	24.1%
	Diamondback Energy	20.4%
Laggards	ONEOK Inc	4.0%
	ConocoPhillips	4.7%
	Williams Cos Inc	8.1%
	Kinder Morgan Inc	8.5%
	Chevron Corp	11.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$42.87	$67.03	$59.18
15.3x	9.8x	11.1x

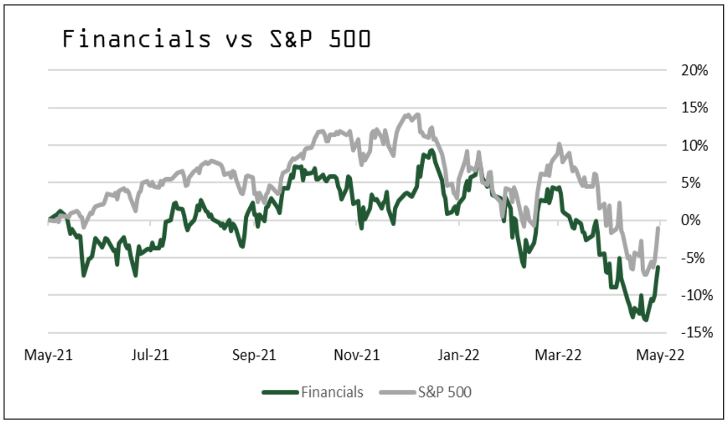
Sector Update

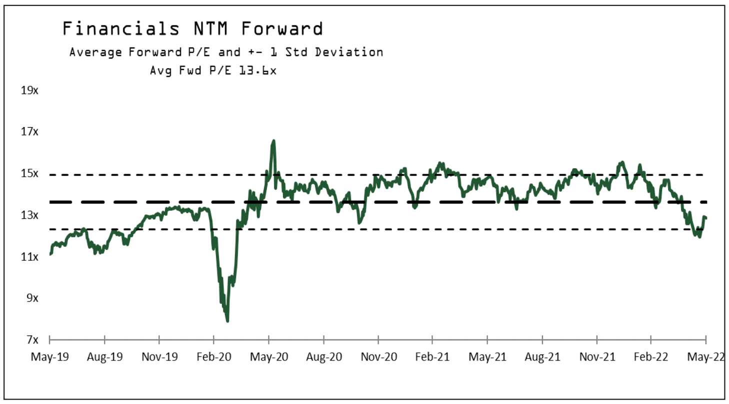
The Energy sector was quite strong in May posting the best stock performance by far of all eleven sectors of the S&P 500 for the month. Sector performance was fueled amidst a volatile geopolitical backdrop including the Russian incursion into Ukraine while news of potential reopenings in select China cities presented new demand growth potential. With the May performance, the Energy sector further demonstrated its relative outperformance versus the S&P 500 for the one-month, three-month, year-to-date and on a trailing twelve-month basis, as seen in the accompanying table.

The Energy Information Administration or EIA forecasts Brent oil will average about $103 per barrel in the second half of 2022 before falling to an average price of $93 per barrel in 2023. The EIA updated forecast underscored the many variables that could impact oil pricing including sanctions imposed on Russia, factors that impact the sale of Russian oil, the degree of response from other oil producers, and the effects of other macroeconomic developments on oil demand. With this forecast adjustment, the EIA now sees oil markets to be mostly balanced from Q2 2022 through the end of 2023. However, because oil inventories are currently low, the EIA expects downward oil price pressures will be constrained. In OPEC's mid-May update, the cartel cut its forecast for growth of oil demand citing slower economic growth, the war in Europe and ongoing COVID-19 constraints. OPEC reduced its growth outlook for the year by 300,000 barrels per day to average growth of 3.4 million barrels per day. For the second quarter, OPEC expects oil demand growth to decrease to 2.8 million barrels per day versus 5.2 million in the first quarter.

West Texas Intermediate Crude Oil prices trended higher in May moving from about $105 per barrel to end the month at a little over $114 per barrel. Natural gas prices also moved higher during the month moving from about $7.24 per million Btu at the start of the month and ending the month at about $8.15 per million Btu. Retail gasoline prices in May rose sharply to $4.73 per gallon at the end of May from the $4.21 price seen at the end of April. We note that gas prices remain well above the May 2021 level of $3.21 per gallon. We remain concerned about the potential path of gas prices as the high demand summer driving season commences as consumers potentially return to pre-pandemic vacation travel activities in an environment of constrained refining capacity.

The Baker Hughes oil rig count increased in the month coming in at 574 rigs for May versus 552 rigs in April. Oil rig count at month-end was above the prior year level of 359 rigs as we have seen consistent growth in rig counts in recent months. U.S. crude oil storage at 420 million barrels was up from last month's level of 410 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 485 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in 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 11.9 million barrels per day at the end of the month.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.57%	-8.03%	-9.47%	-6.61%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Progressive Corp	11.2%
	Bank of New York	10.8%
	Citigroup Inc	10.8%
	JPMorgan Chase & Co	10.8%
	Franklin Resources Inc	10.1%
Laggards	Intercontinental Ex.	-11.6%
	Signature Bank	-10.7%
	CME Group Inc	-9.4%
	S&P Global Inc	-7.2%
	FactSet Research	-5.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$46.24	$43.18	$49.52
12.7x	13.6x	11.9x

Sector Update

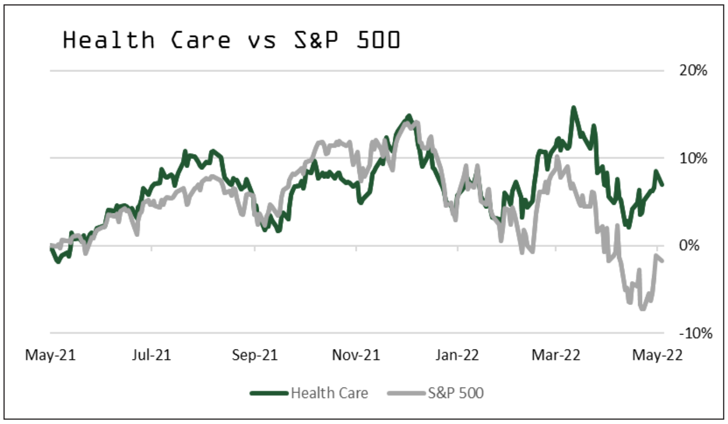
The Financials sector rebounded 2.57% in May after suffering a 10.0% pullback in April. May performance was better than the S&P 500 that finished the month flat from April. Year-to-Date (YTD) returns show the Financials group outpacing the broader market index by 3.83%, and trailing-twelve month comparisons indicate a 4.9% unfavorable return differential. Recent risk-off sentiment saw a modest reversal, with the sector posting a 7.68% rally from May 20th through month-end.

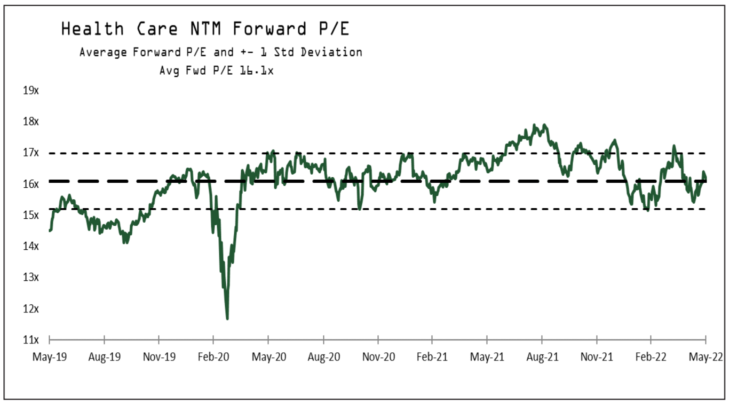
Banks were the top performing sub-sector in the month at 6.7%, propelled higher in the last week of the month following bullish commentary from JPMorgan Chase (JPM) at its investor day, including raised net interest income (NII) guidance. Diversified Financial Services was the worst performing sub-sector in May, down 2.1%. Diversified Financial Services remains the top performing subsector year-to-date, up 5.7%, while the Capital Markets segment remains the laggard, down 19.8% since year-end.

Toward month-end, JPM held an upbeat investor day focusing on its high degree of confidence in achieving a 'through-the-cycle' 17% return on tangible common equity. The company provided detail on potential new opportunities and strategic initiatives across its franchise enabled through higher tech spend that previously caused shares to pull back on lower guidance in Q1. The company raised its FY22 NII guidance by 6%, reflecting positive impacts of higher rates and loan growth. In early June, CEO Jamie Dimon commented that 'dark clouds' on the horizon now look like a 'hurricane offshore' tied to Fed tightening and war in Ukraine following significant fiscal and monetary stimulation of the domestic economy. In any case, the company commented that the past decade of de-risking positions the firm and industry to weather the storm in a downside scenario. We note Bank of America CEO Brian Moynihan presented later that same day with commentary suggesting the domestic consumer remains very strong with employment, wage gains, and account balances remaining well ahead of historic averages.

Fed policy remains a central theme in the market and Financials sector. The FOMC raised the overnight 'Fed Funds' rate by 50 bps in early May, still in the early innings of a tightening cycle designed to quell inflation pressures in the US. Dot plot projections and market expectations embed a further 50 bps hike in both June and July with Fed Funds Futures pointing toward a 2.75%-3.0% overnight rate by year-end. In addition to rate hikes, the Federal Reserve will begin shrinking its ~$9T balance sheet in early June, further tightening monetary policy through lower liquidity.

Despite heightened volatility and macro slowdown fears, Financials continue to enjoy several supportive macro drivers over the near-term—including capital adequacy, strong credit performance, improved rate backdrop, and reports of firming loan demand among lenders.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.28%	1.63%	-6.45%	6.99%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Viatris Inc	18.8%
	Organon & Co	17.4%
	Catalent Inc	13.8%
	Amgen Inc	10.1%
	Gilead Sciences Inc	9.3%
Laggards	Dexcom Inc	-27.1%
	Illumina Inc	-19.3%
	DaVita Inc	-10.0%
	IDEXX Laboratories Inc	-9.0%
	ABIOMED Inc	-8.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$80.79	$95.42	$94.88
19.0x	16.1x	16.2x

Sector Update

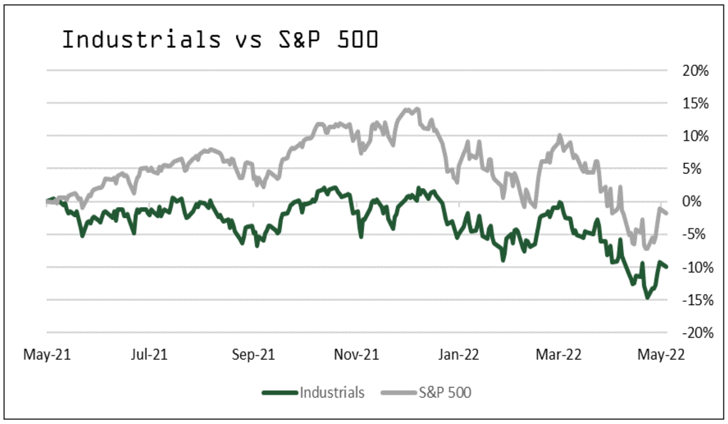
Volatile markets persisted in May with a late month bear market rally driving the S&P 500 to end the period relatively flat – up 0.01%. In contrast, the Health Care sector outperformed as depicted in the adjacent table, rising by 1.28% for the month, while year to date declines have been relatively muted being down just 6.45% versus the S&P's decline of 13.30%. Historically, the sector has been known as defensive in nature as demand for services and therapeutics is sustained despite the variability of the economy and or market actions. Although the majority of companies reported solid, better than forecast earnings with the latest quarterly results, company specific factors were primary drivers among stocks that outperformed and or lagged in the month of May.

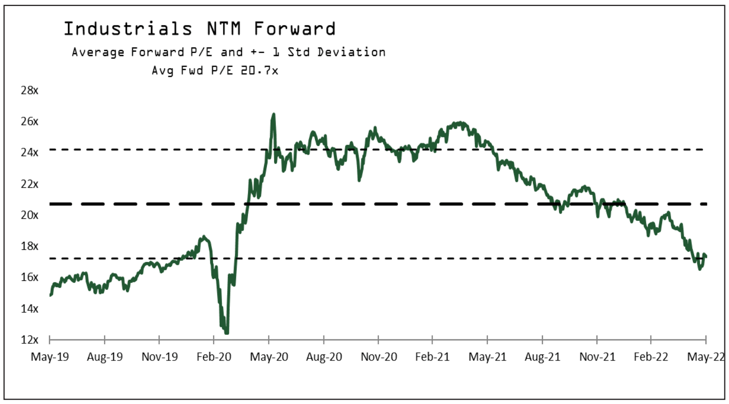
On the upside, Viatris shares lead the sector higher in May after announcing plans to divest its biosimilar assets to privately held Biocon Biologics for $3.3 billion, while also indicating it would target to reduce debt a total of $2.84 billion by year end 2022 (having already trimmed $840 million year to date) and raise the dividend by 9%. In addition, both Organon and Catalent reported strong upside quarterly earnings driven by pharma logical product sales with the latter firm also expanding manufacturing capacity of its soft gel products.

Laggards in May included Dexcom, Illumina and DaVita. Speculation that Dexcom (diabetes monitoring systems firm) was targeting an acquisition of insulin pump manufacturer Insulet had investors nervous over potential fit and dilution that pressured the shares prior to management indicating at month end that no deal was in the works. Illumina shares backed off after the FDA warned of possible cybersecurity risks to one of its gene sequencer technologies, while a competitor completed a $600 million capital raise pointing to potential heightened competition to come in the gene sequencing equipment sector down the road. And, DaVita earnings fell short of expectations with investors concerned over dialysis patient volume declines registered by the firm, while margins were also under pressure.

Thus, performance across the sector varied measurably as some firms that generated significant revenues from COVID – notably with diagnostic testing for the virus – saw demand decline. Then, in contrast, other companies benefitted as 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. Still, it is evident that in the current macro-economic environment Health Care is poised to outperform – sustaining a positive trend clearly illustrated in the adjacent graphic. With the Health Care sector trading in line with its average forward P/E multiple, we view the sector as poised to continue outperforming in the evolving economic environment.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-0.78%	-5.28%	-10.80%	-9.95%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	FedEx Corp	13.0%
	Generac Holdings Inc	12.6%
	Cummins Inc	10.5%
	Expeditors Int	9.9%
	Masco Corp	7.6%
Laggards	Rockwell Automation	-15.6%
	Verisk Analytics Inc	-14.3%
	Boeing Co	-11.7%
	Alaska Air Group Inc	-11.3%
	Johnson Controls	-9.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$32.88	$42.38	$50.70
24.3x	18.8x	15.7x

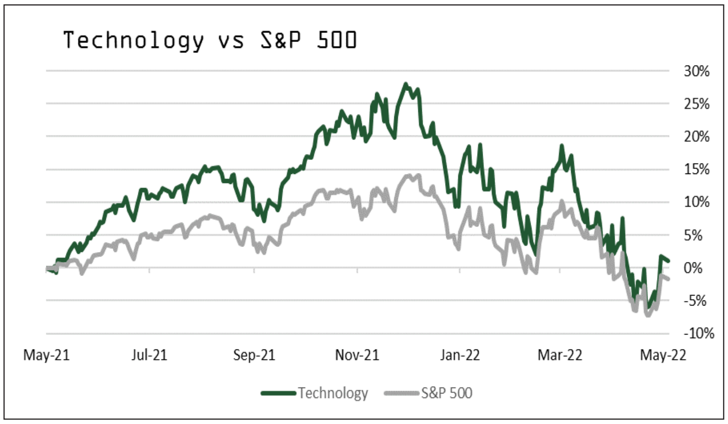
Sector Update

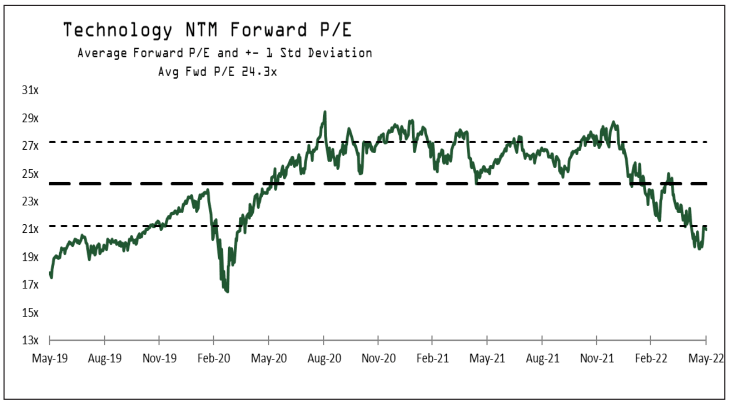
The Industrials Sector underperformed the S&P 500 by 0.77% in the month of May with a -0.78% return, while 8 of the 12 subsectors registered a loss during the month. While the S&P 500 briefly entered bear market territory during May, a rally later in the month drove the S&P 500 to a very slight gain of 0.01%. Road and Rail led the decline with a -6.5% return for the month, as investors have begun to fear that companies in the subsector will see dampened earnings growth as inflation could impact shipping demand while being forced to pay rising costs for fuel. Alternatively, the best performing subsector was Airlines and Freight with a 4.7% return. The gains reflect a rebound from April when the subsector performed worst in relation to the rest of the subsectors within Industrials after earnings results suggested bottom-line pressures amid a tough macroeconomic environment, yet rebounded in May as Fedex (FDX) lead the Industrial sector in share gains with a 13.0% return. This outperformance emerged despite Air Freight volumes being down 7% in May year-over-year, repeating April's slide, likely reflecting a rebound based on valuation. After leading the Industrials sector in share gains in April, the Commercial Airlines subsector gave back the majority of their 4.6% gain in April with a 4.0% decline in May. One of the top 5 laggers in the Industrials subsectors operates in the Commercial Airlines subsector, Alaskan Airlines (ALK), which posted a return of -11.3%. Despite this underperformance, a few positive developments emerged in May for the subsector, including a rally from Spirit Airlines (SAVE) after Jet Blue (JBLU) officially commenced a hostile takeover bid for the company, and an increased Q2 unit outlook from United Airlines (UAL) on expectations that consumers will be spending more to travel.

The May PMI reading marked the second lowest manufacturing PMI reading since September 2020, but still slightly improve from April's PMI of 57.1. A certain measure of factory employment contracted for the first time in nearly a year, suggesting that manufacturers are struggling to find workers. While the abatement of Covid suggested positive trends on the labor front through February and March, progress continued to slow in May. The ISM survey's forward-looking new orders sub-index increased to 55.1 from April's reading of 53.5, as manufacturing is continuing to face supply chain troubles, which have been accelerated by Russia's invasion into Ukraine along with new lockdowns in China. A measure of prices paid by manufacturers dropped from a reading of 84.6 to 82.2, implying that inflation may have peaked, although it is likely going to remain a headwind in the near-term regardless if we've hit a peak. The Industrial sector largely remains a demand-driven, supply chain constrained environment, while rotation out of cyclicals and into secular growth underpinned a major shift in investor sentiment over the past year. Wide performance variability among sub-sectors and a shift in the macroeconomic landscape led to underperformance against the S&P 500 on a trailing 12 month basis.

On a valuation basis, the Industrial sector is trading at a Next Twelve Month Forward P/E of 18.8x, beneath the 4-year Average Forward P/E of 20.7x and trending towards a single standard deviation drop of 17.2x. Tough comps are in place from the aggressive growth experienced in 2021, while rising interest rates and quantitative tightening remain pressures for the sector going forward.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.01%	-9.19%	-19.72%	1.07%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	EPAM Systems Inc	27.7%
	DXC Technology Co	22.7%
	Advanced Micro Devices	19.1%
	Enphase Energy Inc	15.4%
	Monolithic Power Sys-	14.8%
Laggards	Arista Networks Inc	-11.5%
	Akamai Technologies Inc	-10.0%
	Tyler Technologies Inc	-9.9%
	Gartner Inc	-9.7%
	Salesforce Inc	-8.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$94.60	$109.04	$121.40
25.9x	22.5x	20.2x

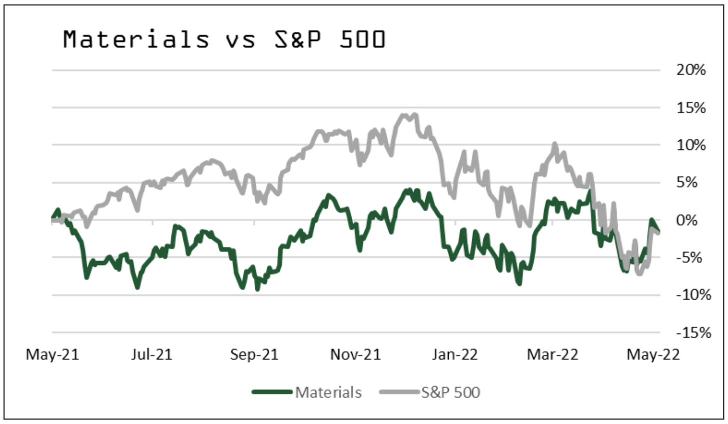
Sector Update

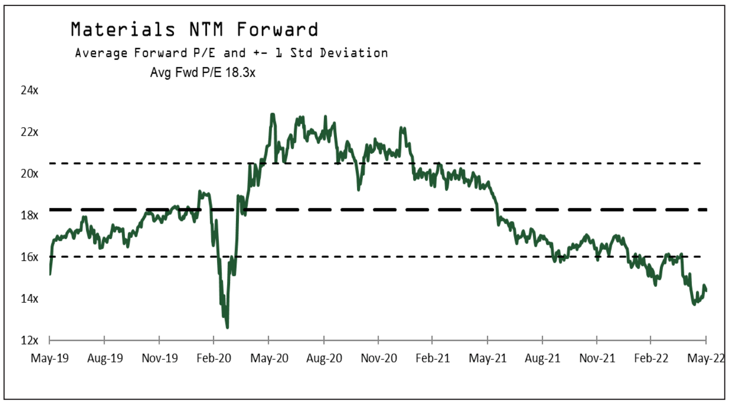
The Technology sector continued to underperform the market in May (-1.01%) and year-to-date (-19.72%). While the Technology sector P/E multiple (22.5x) is below its historic average forward P/E multiple of 24.3x, sector performance may be influenced by the level of long-term interest rates. If inflation continues to moderate, the U.S. Federal Reserve might be less aggressive in raising interest rates. This potential development could be a positive development for the technology sector, since sector valuations are often dependent on discounted future cash flows.

The Semiconductor and Semiconductor Capital Equipment sub-sector outperformed the market in May (+5.5%) driven by better than expected results from Advanced Micro Devices, Analog Devices, and NVIDIA. Based on their earnings commentary, demand for advanced semiconductor components remains robust from hyperscale cloud companies (they are increasing capacity to meet soaring demand), and telecom carriers (expanding their 5G wireless networks as well as their core and edge fiber networks). In addition, industrial sector demand remains strong in the factory automation/IOT, and digital healthcare segments.

The Communications Equipment sub-sector significantly underperformed the market in May (-6.6%) and YTD (-27.4%) driven by Cisco Systems warning of lower than expected Q-4 22 results. Cisco Systems warned that Covid related lockdowns in Shanghai would impact component supply and customer demand. Given China's inability to control the Covid pandemic, there is a potential risk that China will continue to alternate between restricting consumer/business activity and removing restrictions as Covid infections surge and then fall off. Cisco Systems indicated that it plans to dual/triple source the components it relies on from China by the first half of calendar 2023.

Despite better than expected results from Autodesk, Palo Alto Networks, and Salesforce.com, the software sector continued to underperform the market in May(-1.6%). Corporations and governments continue to increase their spending on software to drive their digital transformation and increase efficiencies. Given the significant compression in elevated software company P/E multiples YTD, software company valuations could obtain valuation support if inflation moderates and long-term interest rates remain near current levels.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.95%	3.07%	-5.37%	-1.51%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	Albemarle Corp	35.1%
	Amcor PLC	17.2%
	International Flavors	9.0%
	Corteva Inc	8.5%
	LyondellBasell Industries	7.8%
Laggards	Nucor Corp	-14.4%
	Ball Corp	-12.7%
	FMC Corp	-7.5%
	Newmont Corp	-6.9%
	Avery Dennison Corp	-4.5%

Consensus FY EPS / P/E

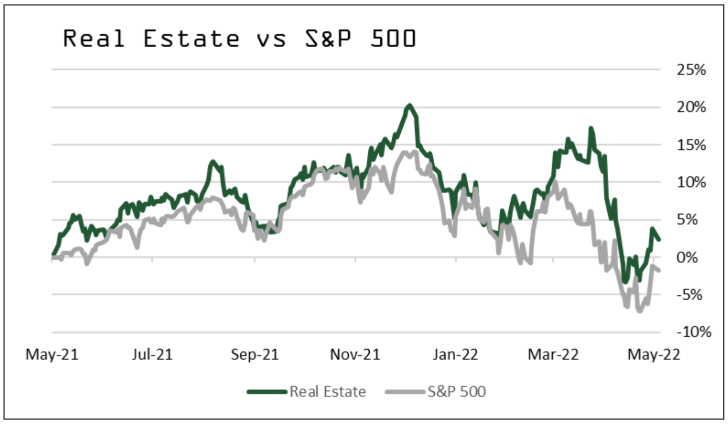
Last Year	Current Year	Next Year
$33.81	$38.23	$36.13
15.9x	14.1x	14.9x

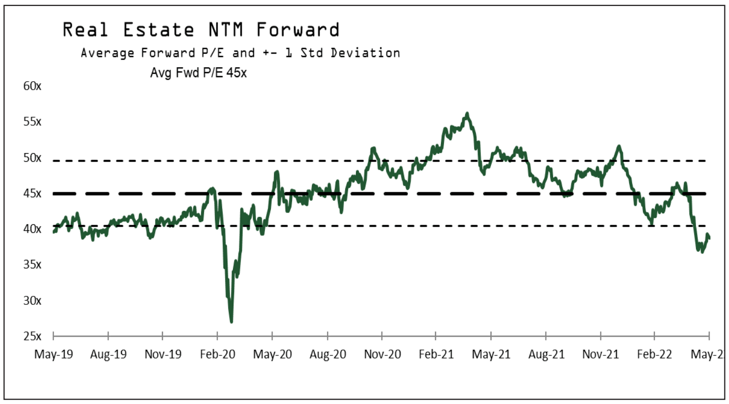
Sector Update

The Materials segment increased 0.95% in May and outperformed the S&P 500 Index which was flat despite volatile trading for the month. The Chemical sector was the only one to report a gain for the month supported by continued strong demand and favorable pricing. The Chemical industry continued to invest in capacity and to further sustainability and decarbonization efforts. The Materials segment is now trading with a current forward P/E of 14.1x which is below its average forward P/E of about 18.3x and towards the low end of its historic trading range. For 2H, the outlook centers on such factors as pricing, input cost inflation, supply and demand, and the global economic outlook. The question centers on the risk of input shortages in 2H given the current market disruptions. Selective investment among the stocks in the segment remains a key strategy.

The Construction Materials sector is the weakest year-to-date with nearly a 22% decline. Builders have faced a challenging supply chain and higher input costs for labor and materials. The Fed raised interest rates by 50bp on May 4, 2022 and additional increases are expected this year. Rising mortgage rates could pressure some potential home buyers to exit the market, but that factor remains a key wildcard in 2022 along with pricing dynamics. As mortgage rates rise, the housing market is expected to slow as affordability is pressured. New home sales declined 16.6% in April versus the prior month to a seasonally adjusted annual rate of 591,000 units and missed the consensus forecast of 750,000. As compared with the prior year period, new home sales declined 26.9%. As reported by CoreLogic Case-Shiller Home Price Index, home price on a national basis rose 20.6% vs the prior year period. It is important to note that housing prices still remain elevated and supply remains tight, especially for low-priced housing options. Strong consumer demand and pricing should continue to support the repair and remodel activity. The outlook for the housing market remains a primary conversation given mixed data and uncertainty surrounding the Fed's approach to inflation and rates along with rising living costs for consumers.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-5.13%	-1.94%	-14.88%	2.39%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	American Tower Corp	6.3%
	Crown Castle Int	2.4%
	Ventas Inc	2.1%
	Iron Mountain Inc	0.3%
	CBRE Group Inc	-0.2%
Laggards	Prologis Inc	-20.5%
	Essex Property Trust Inc	-13.8%
	Public Storage	-11.0%
	UDR Inc	-10.2%
	Vornado Realty Trust	-9.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$6.37	$6.98	$7.35
43.4x	39.6x	37.6x

Sector Update

Investors experienced significant market volatility in May with the S&P 500 briefing entering into a bear market status before a late month bear market rally drove a partial recovery that had the index down 13.30% year to date with the month coming in flattish (up 0.01%). The Real Estate sector has been viewed as a reasonably safer haven for investors given steady cash flows and dividend distributions. Still, the rise of interest rates and fears of an economic slowdown to come weighed on valuations after a period of outperformance. Thus, for the month of May as depicted in the adjacent tables, the REIT sector lagged the S&P 500 – declining by 5.13% versus the flattish outcome for the broad based market.

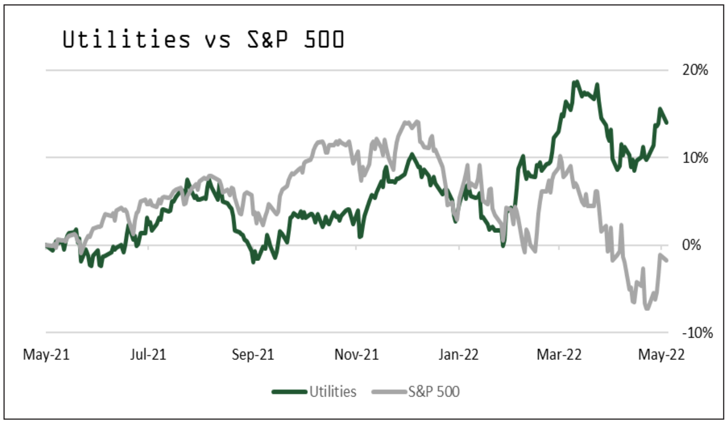
Given the Fed's quantitative tightening strategy just now being rolled out, we sense that economic uncertainty will persist as the U.S. has not experienced a similar tightening strategy to any significant degree in the past with the outcome/ramification to follow. Surging inflation crimps real incomes influencing consumer spending, while rising mortgage rates and home prices impact home ownership trends as well. Still, company specific issues were the primary drivers of stock performance last month.

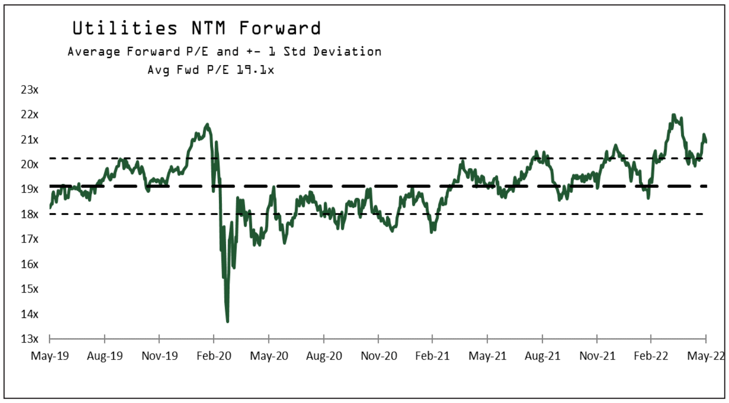
Among the top performing REITs in May were American Tower and Crown Castle – two leaders in the expanding cell tower sector. Both stocks continue to grind higher after reporting upside quarterly results with strong organic gains tied to the deployment of 5G technology by the telecom sector. Ventas, which has struggled after experiencing soft occupancy trends in its senior housing line of business tied to COVID, has gained improved traction as the pandemic abates and investors refocus on the intermediate and longer term growth prospects for the business tied to demographics of an aging society.

On the other hand, Prologis, Essex Property and Public Storage experienced profit taking after a strong run up in valuations over the past year. Prologis also announced a $24 billion offer to acquire Duke Realty that was rebuffed as being inadequate, with the firm going to a hostile takeover effort. This move along with word from Amazon.com that it had excess warehouse space raised investor concerns over future pricing and profit trends, pressuring the shares. A slowing U.S. economic outlook that emerged this spring raised fears among investors over future employment trends and pricing power for rental rates – that impacted share valuations for apartment operator Essex Property as well as for Public Storage.

Interest rate trends and the influence they have on the economy will likely remain the challenge to investor sentiment for the Real Estate sector in 2022. Still, we like the intermediate and longer term outlook for the sector remaining more focused on issues in the logistics, cell tower, and self-storage segments for long term investment.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.82%	9.38%	3.30%	14.00%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
0.01%	-5.53%	-13.30%	-1.71%

	Company Performance	1 Month
Leader	NRG Energy Inc	28.2%
	Pinnacle West Capital	9.1%
	Alliant Energy Corp	8.5%
	NiSource Inc	8.0%
	AES Corp/The	7.9%
Laggards	American Water Works	-1.8%
	Public Service Ent.	-1.6%
	FirstEnergy Corp	-0.8%
	Entergy Corp	1.2%
	DTE Energy Co	1.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.79	$17.39	$18.83
22.4x	21.6x	20.0x

Sector Update

The Utilities sector gained 3.82% in May, outperforming the S&P500 that finished flat from April. Year-to-date comparisons favor the Utilities sector relative to the market as well—with the sector up 3.3% compared to a 13.3% retrenchment in the S&P. The sector meaningfully outpaced the broader market in the past twelve months, up 14% compared to the S&P down 1.71% in the same period. Recent risk-off positioning appears to have driven recent strong performance in the sector with broad-based effect. Both renewables focused and traditional power producers have performed well, with just three companies in the sector seeing downside moves in May. Renewables producers see long-term growth opportunities with large capital backlogs, while elevated power and natural gas prices have improved results substantially in the sector.

Independent Power and Renewables was the leading sub-sector in the month, up 7.9% while water utilities experienced a 1.8% decline. We note these two sub-sectors each include just one component each, with AES corp (AES) in Renewables and American Water Works (AWK) in Water utilities. Importantly, Electric Utilities and Multi-Utilities saw 4.4% and 3.0% respective improvements with many more companies included.

NRG Energy (NRG) was the top performer in the month, up 28.2% following very strong Q1 results posted in early May. The company delivered nearly $8B in revenues compared to a $3.8B consensus expectation, while operating profits and free cash flow also significantly outperformed street estimates. NRG lapped very weak prior year results that included Winter Storm Uri in Texas, while higher natural gas and power prices in the current year drove $1.7B in net income compared to an $82MM loss in the prior year. The company maintained its full year guidance, but increased its dividend by 8%. Shares saw continued momentum throughout the month following the release, delivering more than three times the return of the second best performer in May.

The historically defensive characteristics of the sector in combination with renewable growth themes for select firms remain reasons to maintain exposure in the Utilities space. We continue to favor new investment in secular growth stories with reasonable valuations following recent volatility. Valuations look more full in Utilities following recent performance, trading well ahead of its multi-year average forward earnings multiple.

ECONOMIC CALENDAR

Date	Release	For	Prior
2-Jun	ADP Employment Change	May	202K
2-Jun	Initial Claims	5/28	211K
2-Jun	Continuing Claims	5/21	1343K
2-Jun	Productivity-Rev.	Q1	-7.50%
2-Jun	Unit Labor Costs - Rev.	Q1	11.60%
2-Jun	Factory Orders	Apr	1.80%
2-Jun	EIA Natural Gas Inventories	5/28	+80 bcf
2-Jun	EIA Crude Oil Inventories	5/28	-1.02M
3-Jun	Nonfarm Payrolls	May	428K
3-Jun	Nonfarm Private Payrolls	May	406K
3-Jun	Avg. Hourly Earnings	May	0.30%
3-Jun	Unemployment Rate	May	3.60%
3-Jun	Average Workweek	May	34.6
3-Jun	IHS Markit Zservices PMI -Final	May	53.5
3-Jun	ISM Non-Manufacturing Index	May	57.10%
7-Jun	Trade Balance	Apr	-$109.8B
7-Jun	Consumer Credit	Apr	$52.4B
8-Jun	MBA Mortgage Applications Index	6/4	-2.30%
8-Jun	Wholesale Inventories	Apr	2.30%
8-Jun	EIA Crude Oil Inventories	6/4	NA
9-Jun	Initial Claims	6/4	NA
9-Jun	Continuing Claims	5/28	NA
9-Jun	EIA Crude Oil Inventories	6/4	+90 bcf
10-Jun	CPI	May	0.30%
10-Jun	Core CPI	May	0.60%
10-Jun	Univ. of Michigan Consumer Sentiment - Prelim	Jun	NA
10-Jun	Treasury Budget	May	$308.0B
14-Jun	Core PPI	May	0.40%
14-Jun	PPI	May	0.50%
15-Jun	MBA Mortgage Applications Index	6/11	NA
15-Jun	Empire State Manufacturing	Jun	-11.6
15-Jun	Export Prices ex-ag.	May	0.50%
15-Jun	Import Prices ex-oil	May	0.40%
15-Jun	Retail Sales	May	0.90%
15-Jun	Retail Sales ex-auto	May	0.60%
16-Jun	Housing Starts	May	1724K
16-Jun	Building Permits	May	1819K
16-Jun	Initial Claims	6/11	NA
16-Jun	Continuing Claims	6/4	NA
16-Jun	Philadelphia Fed Index	Jun	2.6
16-Jun	EIA Natural Gas Inventories	6/11	NA
17-Jun	Industrial Production	May	1.10%

ECONOMIC CALENDAR

17-Jun	Capacity Utilization	May	79.00%
21-Jun	Existing Home Sales	May	NA
22-Jun	MBA Mortgage Applications Index	6/18	NA
23-Jun	Current Account Balance	Q1	NA
23-Jun	Initial Claims	6/18	NA
23-Jun	Continuing Claims	6/11	NA
23-Jun	EIA Natural Gas Inventories	6/18	NA
24-Jun	New Home Sales	May	NA
24-Jun	Univ. of Michigan Consumer Sentiment - Final	Jun	NA
27-Jun	Durable Orders	May	NA
27-Jun	Pending Home Sles	May	NA
28-Jun	Adv. Intl. Trade in Goods	May	NA
28-Jun	Adv. Retail Inventories	May	NA
28-Jun	Adv. Wholesale Inventories	May	NA
28-Jun	FHFA Housing Price Index	Apr	NA
28-Jun	S&P Case-Shiller Home Price Index	Apr	NA
28-Jun	Consumer Confidence	Jun	NA
29-Jun	MBA Mortgage Applications Index	6/25	NA
29-Jun	GDP - Third Estimate	Q1	NA
29-Jun	GDP Deflator - Third Estimate	Q1	NA
29-Jun	EIA Crude Oil Inventories	6/25	NA
30-Jun	Initial Claims	6/25	NA
30-Jun	PCE Prices	May	NA

DISCLOSURES

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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

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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.

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

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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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