MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

MAY 2022

- Markets registered the worst month dating to the financial crisis of 2008
- Consumer Staples was the only S&P 500 sector to increase
- Inflation sustained at 40 year highs in April
- Personal Income and Spending showed compensation accelerating
- Equities returned to historical valuations

Investors endured another volatile month of market swings with stocks closing out April with the worst performance dating to the financial crisis of 2008. A range of persistent uncertainties related to evolving Fed policy, inflation at 40-year highs, an ongoing invasion by Russia into Ukraine, and spiking COVID caseloads in China threatening widespread lockdowns have created volatile market conditions. Reflecting this environment, the VIX Index or "fear gauge" climbed from around the 20 level at the beginning of April to end the month near the mid-30's. For the full month, major equity indexes declined sharply with the Dow Jones Industrial Average down 4.9%, the S&P 500® index down 8.8%, and the smaller cap weighted Russell 2000® decreasing 10.0%.

The uncertain market backdrop contributed to widespread sector declines with only the more defensive Consumer Staples sector ending in positive territory for the month. The best performing S&P 500 sector in March was Consumer Staples which increased 2.4% followed by the Energy sector which was down 1.6% for the month. The weakest performances in the month were posted by the Communication Services sector which decreased 15.8% followed by the Consumer Discretionary sector which was down 13.0%. For the prior twelve month period, the Energy sector was the best performer with a 49.9% increase followed by the Consumer Staples sector up 13.6%, while the Communication Services sector was the worst performer for the past twelve months with a 23.8% decrease followed by the Consumer Discretionary sector which was down 11.1%.

Inflation sustained at 40 year highs in March, while compensation also surged, supporting Fed tightening strategies. The Bureau of Economic Analysis (BEA) reported the Personal Consumption Expenditures Index (PCE) - the Fed's preferred inflation measure- climbed 6.6% over the past 12 months ended March as surging energy costs lead to the fastest pace of inflation dating to January 1982. Excluding energy and food costs, Core PCE growth stabilized in March - being up 0.3% that was consistent with February levels - and is up 5.2% over the past year that some view as a sign of plateauing inflation. However, compensation continue to increase supporting a sustained wage/price spiral.

Latest Personal Income and Spending trends from March show compensation accelerating, rising at a seasonally adjusted 1.4% in the first quarter compared with a 1.0% increase in the fourth quarter as labor markets remain extremely tight. On average, private and public sector employers spent 4.5% more on employee costs in 1Q 2022 versus year earlier levels - marking the fastest pace of increase dating to 2001 - with no signs of a slowdown yet evident. However, fast paced inflation has eroded wage gains with inflation adjusted private sector wages actually being down 3.3% in 1Q 2022. Personal Consumption Expenditures by consumers ramped by 1.1% in March. Of course, inflation again was a critical driver here with spending up a modest 0.2% adjusted for inflation - driven by expanded spending on services that more than offset declines in demand for durable goods (notably autos). In sum, we continue to see a mixed bag of economic news, with strong labor markets combined with persistent high inflation driving a wage/price spiral.

Where to from here?

In the face of the Fed rate increase, the U.S. economy has already shown signs of a slowdown as evidenced by preliminary 1Q 2022 GDP growth being reported down 1.4% by the Commerce Department (contrasting with forecasts targeting a slowdown but with an expansion of 1.1%), while interest rates that trended sharply higher during the first four months of 2022 having remained near recent peaks. Given cumulative declines, equities have returned toward historical valuation metrics - suggesting those having a longer-term investment time horizon could start building new positions.

We remain selective on new investment being focused on quality, lower beta, leading companies possessing pricing power that enhances the odds for sustained growth of earnings and dividends over the intermediate-term. We also note that with April's market selloff many growth stock valuations have pulled back to more reasonable levels offering those having an intermediate/longer-term investment time horizon the opportunity to start building positions. That is, although we cannot call the market, an S&P 500 P/E trading in the range of 16-17x 2023 consensus estimates has returned toward historical averages that while not cheap appears reasonable for longer-term investment.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	**4/29/2022**	**12/31/2021**	**% Change YTD**	**3/31/2022**	**% Change (Monthly)**
S&P Composite	4,131.93	4,766.18	-13.31%	4,530.41	-8.80%
Dow Jones Industrials	32,977.21	36,338.30	-9.25%	34,678.35	-4.91%
NASDAQ Composite	12,334.64	15,644.97	-21.16%	14,220.52	-13.26%
Russell 2000	1,864.10	2,245.31	-16.98%	2,070.13	-9.95%
FTSE 100	7,544.55	7,384.54	2.17%	7,515.68	0.38%
Shanghai Composite	3,047.06	3,639.78	-16.28%	3,252.20	-6.31%
Nikkei Stock Average	26,847.90	28,791.71	-6.75%	27,821.43	-3.50%
Stoxx Europe 600	450.39	487.80	-7.67%	455.86	-1.20%
MSCI Emerging Markets	1,076.19	1,232.01	-12.65%	1,141.79	-5.75%
MSCI Emerging Markets Small Cap	1,276.03	1,412.34	-9.65%	1,346.95	-5.27%
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	11.45%	-13.03%	-12.53%	-21.02%	-11.14%
Consumer Staples	6.82%	2.40%	2.29%	0.73%	13.61%
Energy	4.17%	-1.64%	13.82%	35.40%	49.85%
Financials	10.96%	-10.02%	-11.67%	-11.74%	-5.61%
Health Care	14.20%	-4.79%	-0.78%	-7.63%	7.12%
Industrials	7.96%	-7.57%	-5.61%	-10.10%	-7.24%
Information Technology	27.23%	-11.31%	-12.87%	-18.90%	-0.41%
Materials	2.77%	-3.52%	0.64%	-6.26%	1.39%
Communication Services	8.64%	-15.76%	-20.92%	-25.96%	-23.80%
Utilities	2.87%	-4.29%	2.90%	-0.50%	7.56%
Real Estate	2.92%	-3.65%	-1.90%	-10.28%	9.78%
S&P 500 (Absolute performance)	100.0%	-8.80%	-8.50%	-13.31%	-1.89%
Interest Rates:	**4/29/2022**	**12/31/2021**	**YTD Change (Basis Points)**	**3/31/2022**	**Month Change (BPS)**
Fed Funds Effective Rate	0.08%	0.09%	-1	0.33%	-25
Prime Rate	3.50%	3.25%	25	3.50%	0
Three Month Treasury Bill	91.21%	0.09%	9112	0.36%	9085
Ten Year Treasury	2.93%	1.51%	142	2.34%	60
Spread - 10 Year vs 3 Month	-88.28%	1.43%	-8970	1.98%	-9025
Foreign Currencies:	**4/29/2022**	**12/31/2021**	**% Change YTD**	**3/31/2022**	**% 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	-7.1%	1.31	-4.3%
Canadian Dollar (in US dollars)	0.78	0.79	-1.7%	0.80	-2.8%
Chinese Yuan (per US dollar)	6.31	6.36	-0.7%	6.37	-0.9%
Euro (in US dollars)	1.05	1.14	-7.3%	1.11	-4.7%
Japanese Yen (per US dollar)	129.70	115.08	12.7%	121.70	6.6%
Commodity Prices:	**4/29/2022**	**12/31/2021**	**% Change YTD**	**3/31/2022**	**% Change (Monthly)**
CRB (Commodity) Index	643.29	578.31	11.2%	634.41	1.4%
Gold (Comex spot per troy oz.)	1896.93	1829.20	3.7%	1937.44	-2.1%
Oil (West Texas int. crude)	104.69	75.21	39.2%	100.28	4.4%
Aluminum (LME spot per metric ton)	3032.50	2806.00	8.1%	3480.61	-12.9%
Natural Gas (Futures 10,000 MMBtu)	7.24	3.73	94.2%	5.64	28.4%
Economic Indicators:	**4/29/2022**	**12/31/2021**	**% Change YTD**	**2/28/2022**	**% Change (Monthly)**
Consumer Price Index	281.1	280.1	0.3%	280.1	0.34%
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)	**March** **3.6%**	**February** **3.8%**	**January** **4.0%**	**December** **3.9%**	**November** **4.2%**

*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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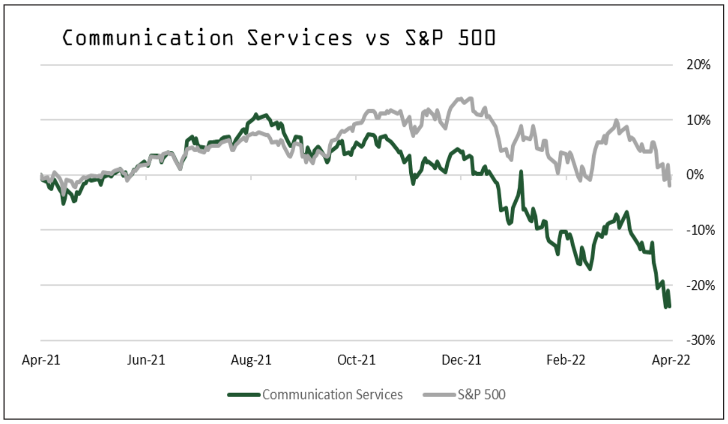
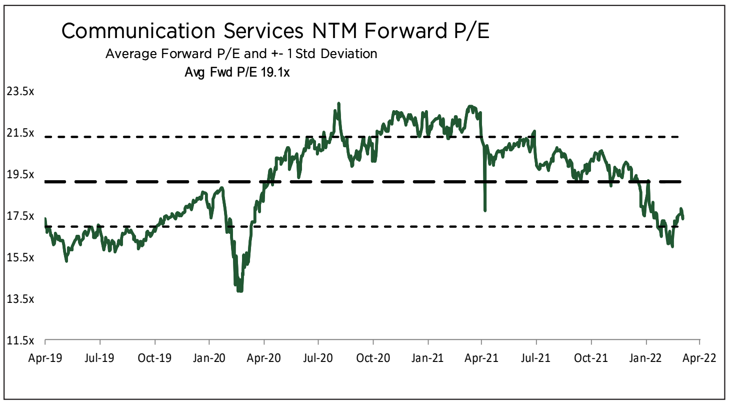
COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-15.76%	-20.92%	-25.96%	-23.80%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Twitter Inc	26.7%
	AT&T Inc	5.7%
	T-Mobile US Inc	-4.1%
	Activision Blizzard Inc	-5.6%
	Electronic Arts Inc	-6.7%
Laggards	Netflix Inc	-49.2%
	Match Group Inc	-27.2%
	Warner Bros Discovery	-27.2%
	Paramount Global	-23.0%
	Take-Two Interactive	-22.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.91	$12.96	$14.87
21.0x	19.3x	16.8x

Sector Update

Communications Services continued to underperform the market in April (-15.76%) and YTD (-25.96%).

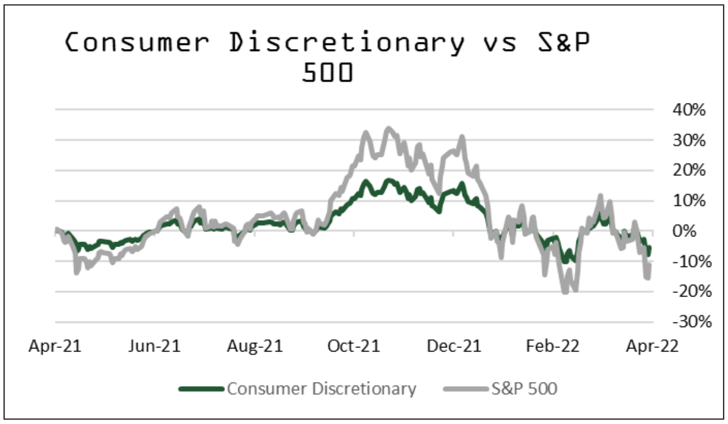
The Diversified Telecommunications Services sub-sector outperformed the Communications sector in April (-4.1%) and YTD (-7.1%). Given the volatile market environment, investors may have been attracted to the telecommunications sector as a potential safe haven. AT&T was the top-performing U.S. telecommunications company in April (+5.7%). AT&T completed the spin-off of Warner Media to its shareholders to form a separate company, Warner Brothers Discovery. AT&T led the U.S. wireless industry with the addition of 691,000 long-term smartphone customers, compared to T Mobile with the addition of 589,000 customers. iiiTTT

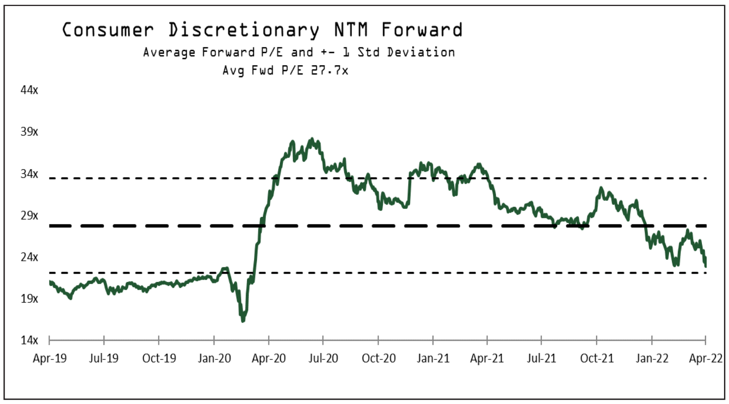
The Interactive Media and Services sub-sector lagged the market in April (-15.4%) and YTD (-26.8%). Despite reporting 22% growth in Q-1 22 advertising revenue, Alphabet shares declined 18% in April. Meta Platforms (parent company of Facebook) shares declined 10% in April after reporting 8% growth in Q-1 22 advertising revenue and warning of lower than expected June quarter revenue. Nonetheless, Twitter was the top-performing company in the Communications Service sector in April (+26.7%) due to Elon Musk's offer to purchase the company for $54.20 per share in cash. The offer was accepted by Twitter's Board of Directors and is subject to regulatory approval.

The Media sub-sector significantly underperformed the market in April (-15.4%) and YTD (-26.8%). Netflix's warning that it expected to lose 2 million subscribers in the June quarter contributed to the sharp decline in Netflix shares and also the shares of media companies with streaming media businesses, including Warner Brothers Discovery, the Walt Disney Company, and Paramount Global.

While Communications Services companies benefited from increased consumer spending over the past two years as they benefited from government subsidies, the sharp rise in inflation could impact consumer spending on goods and services (such as streaming media and telecommunications services).

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-13.03%	-12.53%	-21.02%	-11.14%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Mohawk Industries Inc	13.6%
	Bath & Body Works Inc	10.6%
	Ross Stores Inc	10.3%
	LKQ Corp	9.3%
	Newell Brands Inc	8.1%
Laggards	Etsy Inc	-25.0%
	Amazon.com Inc	-23.8%
	Tesla Inc	-19.2%
	Starbucks Corp	-18.0%
	Domino's Pizza Inc	-17.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$36.79	$49.32	$62.59
34.6x	25.8x	20.3x

Sector Update

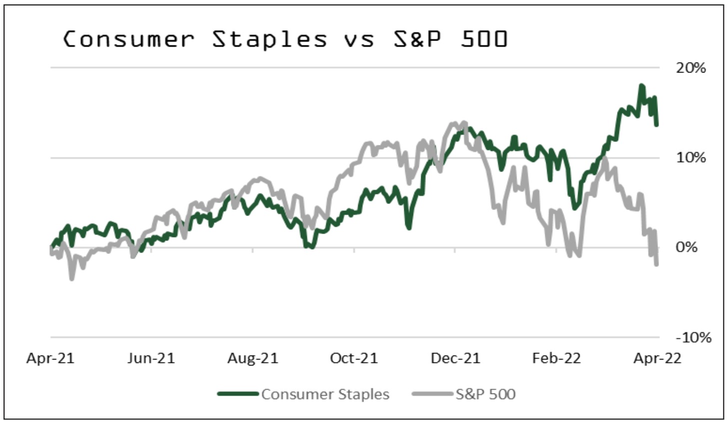
The Consumer Discretionary sector significantly underperformed the S&P 500 during April as seen in the accompanying table. Sub-sector performance was fueled by a sharp downturn in the Internet & Direct Marketing Retail subsector as well as underperformance in the Automobiles subsector. Leisure Products and Multiline Retail were the two strongest subsectors 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 despite strength in sub-sectors including Automobiles and Multiline Retail.

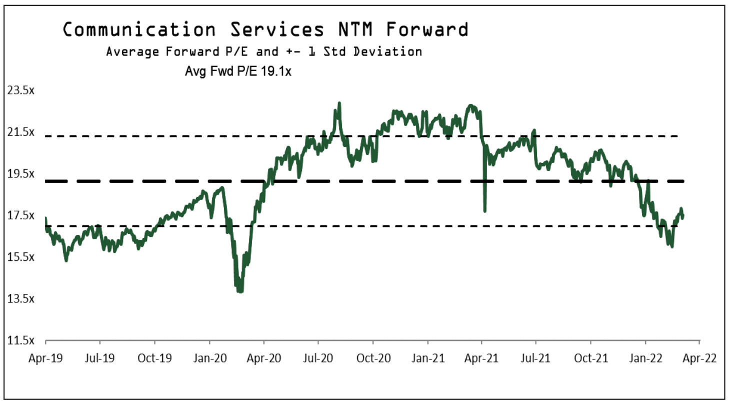
The Consumer Price Index or CPI for March jumped to 40-year highs according to data released mid-April with the index up 1.2% for the month and 8.5% versus the prior year. We note that the last time that the CPI exceeded 8% was in January 1982 underscoring the magnitude of recent inflation increases. On a more positive note, the core CPI rose only 0.3% for the month and up 6.5% for the year with the core index removing food and energy price increases. A significant driver in the headline CPI increase was much higher gasoline prices which rose 18% in March. One sign of slowing pricing was in used vehicle pricing which declined for the month.

High gasoline prices proved to be a driver for much of the increase reported in March retail sales which advanced 0.5% for the month. Booming sales at gasoline stations of 8.9% fueled by rising gasoline prices represented the strongest reported growth sector for the month with internet retailers down 6.4% the weakest. The reopening of the broader economy with consumers visiting brick and mortar retailers likely weighed on e-commerce sales while further boosting fuel demand.

Against a backdrop of rising mortgage rates, the National Association of Realtors reported a sharp drop in existing home sales for March. From February to March existing home sales dropped 2.7% while sales were down 4.5% on a year-over-year basis. The combination of high home prices and higher mortgage rates appear to be weighing on sales trends which are annualizing at about 5.77 million homes. The Case-Shiller 20-city home price index rose 20.2% year-over-year for February underscoring the backdrop of home price inflation. Inventory of homes for sales rose in March but was still about 9.5% below last year's level while median prices for existing homes increased 15% year-over-year to $375,300. About 87% of homes sold in March had been on the market for less than a month.

CONSUMER STAPLES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.40%	2.29%	0.73%	13.61%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Kimberly-Clark Corp	12.7%
	Lamb Weston Holdings	10.3%
	Kraft Heinz Co/The	8.2%
	Monster Beverage Corp	7.2%
	Constellation Brands Inc	6.8%
Laggards	Costco Wholesale Corp	-7.7%
	Kroger Co/The	-5.9%
	Walgreens Boots Alliance	-5.3%
	Estee Lauder Cos Inc	-3.0%
	Church & Dwight Co Inc	-1.8%

Consensus FY EPS / P/E

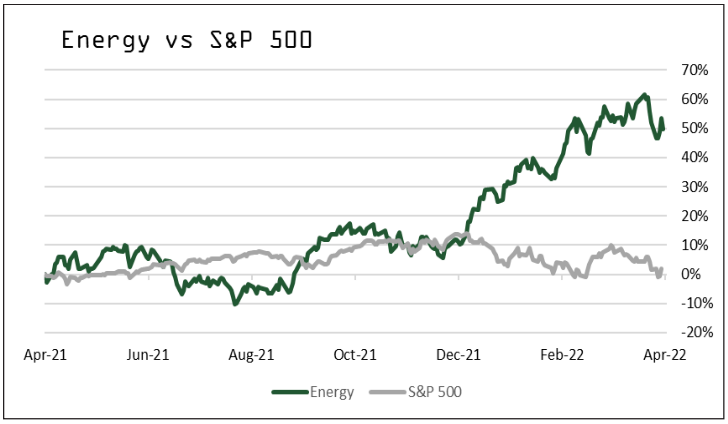
Last Year	Current Year	Next Year
$35.54	$35.93	$38.64
22.8x	22.6x	21.0x

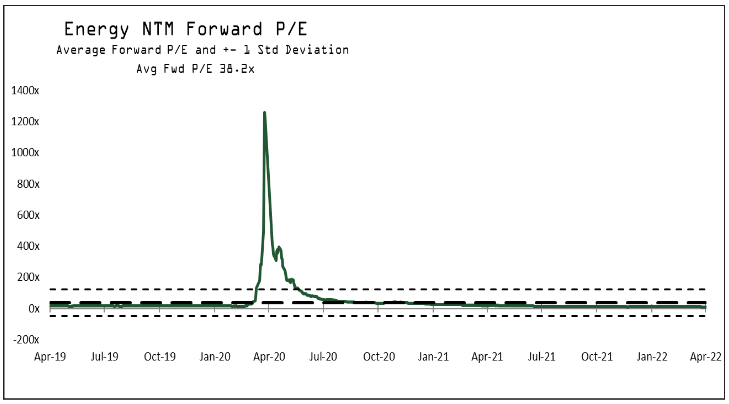
Sector Update

The Consumer Staples sector increased 2.4% on average in April and significantly outperformed the S&P 500 Index, which decreased 8.8% for the month. Tobacco, Household Products, Beverages and Food Products all reported gains for the month. YTD through April, the Consumer Staples sector has increased 2.29% on average and has significantly outperformed the S&P 500 Index that decreased 8.5%. The Consumer Staples segment is now trading with a current forward P/E of 22.6x which is above its average forward P/E of about 20.3x. The uncertain global economic backdrop has resulted in an increasing level of interest in Consumer Staples stocks despite the higher input cost volatility and uncertainty as investors look to reposition with more defensive investments. We continue to prefer investment in Consumer Staples Companies with strong brands with leading market shares and pricing, strong balance sheets and cash flow generation, consistent earnings delivery, experienced management and a focus on returning value to shareholders. Historically, strong top-line growth translates into higher margins and earnings for the Consumer Staples companies. An investment in many of the Consumer Staples companies continues to offer an attractive dividend yield including tobacco stocks. We continue to advise the selective investment among the Consumer Staples stocks.

As Consumer Staples companies report earnings and update full year outlooks, key takeaways include the challenge of greater than expected input cost pressures, reports of continued solid consumer demand and focus on execution in the marketplace and supply chain management. Managements face the most challenging environment they have seen reflecting significantly higher input and freight costs, labor challenges, supply chain disruptions, pricing, consumer behavior, the uncertain pace of market reopenings, COVID uncertainty, a volatile operating environment, and a tough comps with last year. While many companies already increased prices in Q1 to mitigate higher input and logistic cost pressures, companies are executing additional pricing actions as input costs (grains, oils, natural gas, resin, etc) are running ahead of initial expectations. Year-to-date, consumer demand has remained greater than expected despite the price increases. As the year progresses, the key question centers on the level of continued consumer demand as consumers face higher living expenses. 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 for many companies. 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. Historically, strong top-line growth translates into higher margins and earnings for the Consumer Staples Companies.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.64%	13.82%	35.40%	49.85%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Baker Hughes Co	24.1%
	Valero Energy Corp	9.8%
	Coterra Energy Inc	6.7%
	Exxon Mobil Corp	3.2%
	Williams Cos Inc/The	2.6%
Laggards	ONEOK Inc	-10.3%
	Diamondback Energy	-7.9%
	Pioneer Natural Res.	-7.0%
	Halliburton Co	-5.9%
	Schlumberger NV	-5.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$41.83	$62.06	$55.69
13.7x	9.2x	10.3x

Sector Update

The Energy sector declined in April although the sector still managed to post the second-best stock performance of all eleven sectors of the S&P 500 for the month. Sector performance was seen against the backdrop of the Russia's incursion into Ukraine, concerns around China's growth given the spread of COVID-19, constrained supply growth and an uncertain global demand environment. With the April sector performance, the Energy sector further demonstrated its relative outperformance versus the S&P 500 for both the one-month and on a trailing twelve-month basis, as seen in the accompanying table.

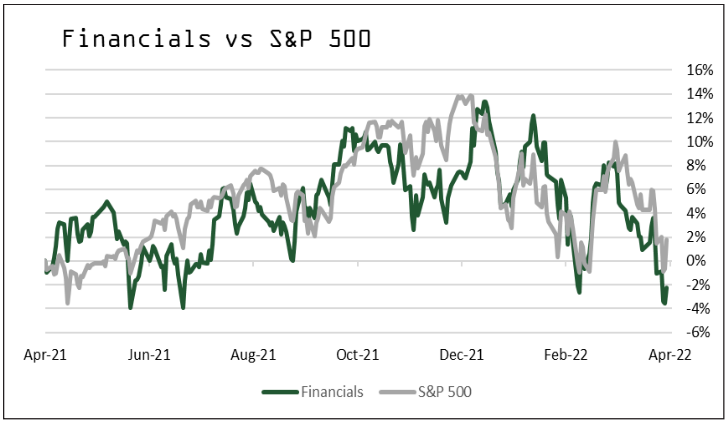
In mid-April, the Energy Information Administration or EIA reduced its forecast for 2022 average global petroleum and liquid fuels consumption to 99.8 million barrels per day from the prior level of 100.6 million barrels per day. In addition, the EIA trimmed its forecast for 2023 consumption to 101.7 million barrels per day from 102.6 million barrels per day. We note that although the EIA trimmed its annual forecasts, the new 2022 consumption outlook still incorporates targeted annual growth of 2.4 million barrels per day versus 2021. The forecast reduction reflects downward revisions in global GDP growth forecasts reflecting high uncertainty in Russia and the Ukraine incursion.

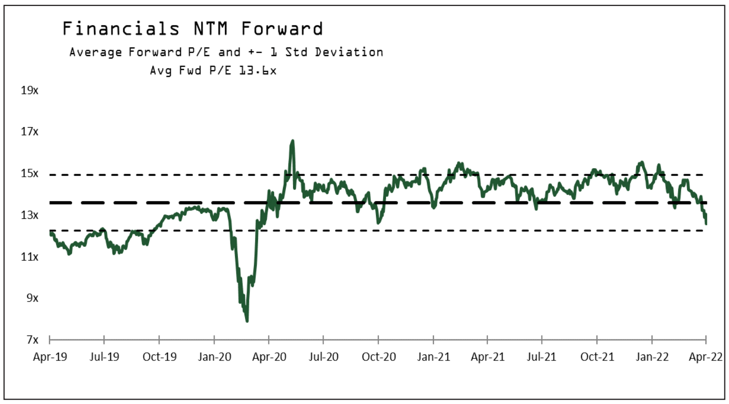
Oil prices generally traded around the $100 barrel plus or minus about $5 per barrel for the month of April despite an uncertain macro backdrop that included growing growth concerns in key regions. Natural gas prices, although volatile, remained in a general uptrend during the month moving from about $5.72 per million Btu at the start of the month and ending the month at about $7.24 per million Btu. Retail gasoline prices in April dipped back to $4.21 per gallon at the end of April from the $4.33 price seen at the end of March. We note that gas prices remain well above the April 2021 level of $2.96 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.

The Baker Hughes oil rig count increased slightly in the month coming in at 552 rigs for April versus 549 rigs in March. Oil rig count at month-end was above the prior year's level of 342 rigs as we have seen consistent growth in rig counts in recent months. U.S. crude oil storage at 416 million barrels was up from last month's level of 410 million barrels. We note that storage levels have 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.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-10.02%	-11.67%	-11.74%	-5.61%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Synchrony Financial	5.7%
	Discover Financial	2.1%
	Assurant Inc	0.0%
	W R Berkley Corp	-0.2%
	Cboe Global Markets Inc	-1.3%
Laggards	State Street Corp	-23.1%
	MarketAxess Holdings	-22.5%
	Charles Schwab Corp	-21.3%
	Invesco Ltd	-20.3%
	T Rowe Price Group Inc	-18.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$45.96	$43.70	$49.75
12.5x	13.1x	11.5x

Sector Update

The Financials sector suffered a 10.02% pullback in April, lagging an 8.8% retrenchment in the S&P 500 in the month. Year-to-Date (YTD) returns show the Financials group outperforming the broader market index by 1.57%, while on a trailing-twelve month comparison shows a 3.72% unfavorable return differential. In the past two months, concerns of a looming recession and yield curve flattening/inversion tied to expectations of a swift Fed tightening cycle appear to have been a drag on the cyclically sensitive sector.

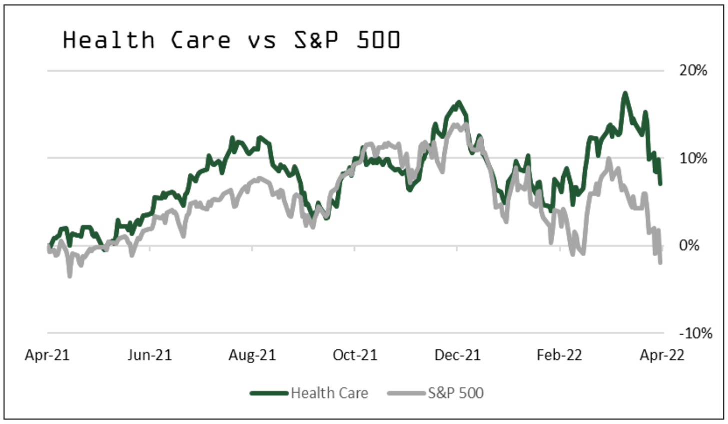
The Capital Markets and Banks sub-sectors were the worst performings within the Financials sector in the month, down 12.4% and 11.6%, respectively. Interestingly, given the consternation over a potential recession, the Consumer Finance group was the best performing in the month, down 4.9% and outperforming the S&P500's monthly decline by a wide margin. Indeed, consumer balance sheets remain quite strong and credit losses remain well below pre-pandemic levels with losses improving from early 2021 levels according to recent reports from banks and consumer credit providers.

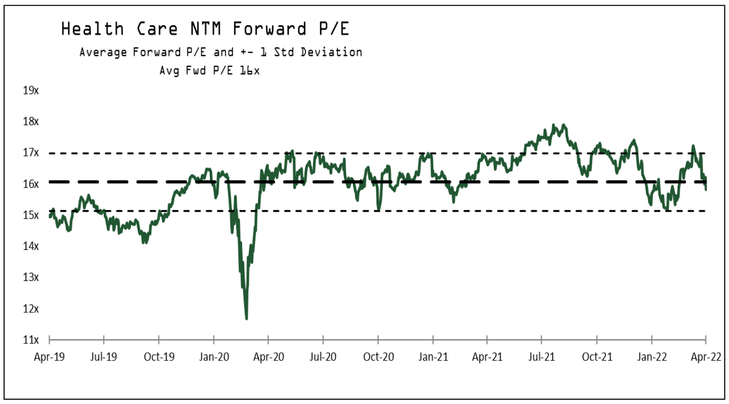
Unsurprisingly, the bulk of Q1 earnings calls in the sector has involved lengthy discussions around credit quality and the impact of inflation on the health of the consumer as it relates to future expected losses. Industry peers reiterated the astounding strength of the consumer, including the cumulative impact of deleveraging and wage gains in the past two years as an offset to the often-cited 'savings depletion' narrative at work in the market. It remains the case that household debt levels as a percentage of disposable income stand near record lows. Based on industry commentary, it appears the credit cycle has a long journey toward normalization while credit loss reserves remain more than twice as large as pre-pandemic levels. In addition, we think technology driven advances in consumer credit monitoring, including ease of access to FICO scores and credit history, have created a positive structural shift in consumer focus in relation to loss performance.

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. Commensurate with the expectation of aggressive tightening, yields moved aggressively higher since the March rate hike and appear to reflect substantial further increases in short-term rates. Fed Funds Futures imply a 2.75%-3.00% overnight rate by year-end, compared to 0.75%-1.0% in place today.

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.

HEALTH CARE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.79%	-0.78%	-7.63%	7.12%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Merck & Co Inc	8.1%
	Vertex Pharmaceuticals	4.7%
	Bristol-Myers Squibb Co	3.1%
	Cigna Corp	3.0%
	Cardinal Health Inc	2.4%
Laggards	Align Technology Inc	-33.5%
	West Pharmaceutical	-23.3%
	Moderna Inc	-22.0%
	IDEXX Laboratories Inc	-21.3%
	Intuitive Surgical Inc	-20.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$80.50	$95.58	$95.30
18.9x	15.9x	15.9x

Sector Update

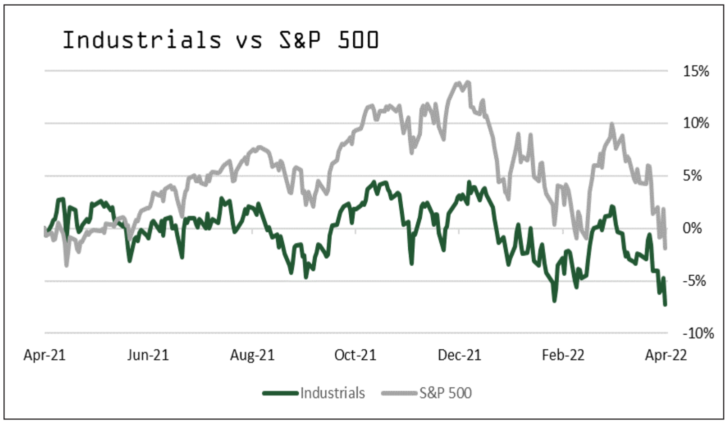
Markets experienced the worst performance for April since the financial crisis of 2008, with the S&P 500 declining by 8.80% that brought year to date results being down 13.31% as investors encountered a challenging environment that saw a combination of surging inflation driven most recently by war in Ukraine along with increasingly hawkish commentary from the Fed on evolving strategies to staunch inflation now running at 40-year highs. Investor sentiment shifted to risk off refocusing on defensive issues/sectors. Dr. Fauci suggests the COVID pandemic has ended in the U.S., while tight labor markets persist. A combination of these factors had varying degrees of impact across the health care sector – that overall did measurably outperform the broad market last month as is depicted in the adjacent tables showing a more limited decline in April of 4.79% bringing the year to date dip to -7.63%.

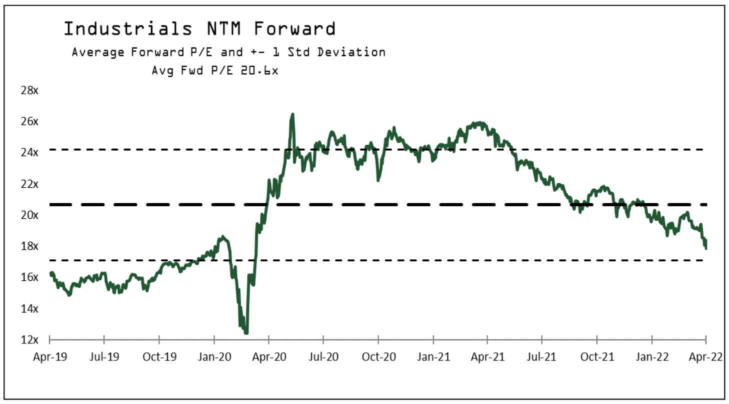
Still, performance across the sector varied measurably as those firms that generated significant revenues from COVID – notably with diagnostic testing for the virus – saw demand decline as home testing ramped and the overall caseload moved sharply lower. Then, in contrast, some companies benefitted as deferred medical therapies that arose during COVID (think of orthopedics) 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.

A select group of Health Care stocks were actually up in the past month led by Merck which moved up 8.1%, while Vertex advanced by 4.7% and Bristol Myers by 3.1%. Merck held an investor event early in the month offering details on new R&D efforts in the cardiology segment – viewed as a good diversification effort to complement the firm's leading oncology platform dominated by Keytruda. Vertex reported on clinical studies of a new non-opioid acute pant management therapy that achieved positive results in phase 2 trials – gaining the attention of investors given the ongoing opioid crisis in the U.S. And Bristol Myers gained regulatory in the Eurozone for a new CAR T cell therapy – Breyanzi – for lymphoma as well as label expansion for flagship oncology therapeutic Opdivo.

On the other hand, steep declines arose for others such as Align Technologies which saw softening demand due to weakening macro-economic trends; abating COVID weighed on anticipated demand for West Pharmaceuticals and Moderna, while high P/E multiple growth issues, in general, were under pressure impacting IDEXX and Intuitive Surgical. We continue to focus on interest rate policy; COVID; inflation; and employment. Still, with Health Care trading in line with its average forward P/E multiple, we view the sector as poised to outperform in the evolving environment.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-7.57%	-5.61%	-10.10%	-7.24%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	United Airlines Holdings	8.9%
	Delta Air Lines Inc	8.7%
	Huntington Ingalls	6.7%
	Allegion plc	4.1%
	Waste Management Inc	3.7%
Laggards	Generac Holdings Inc	-26.2%
	Boeing Co/The	-22.3%
	General Electric Co	-18.5%
	Carrier Global Corp	-16.6%
	United Parcel Service Inc	-16.1%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$32.81	$42.34	$50.67
24.5x	19.0x	15.9x

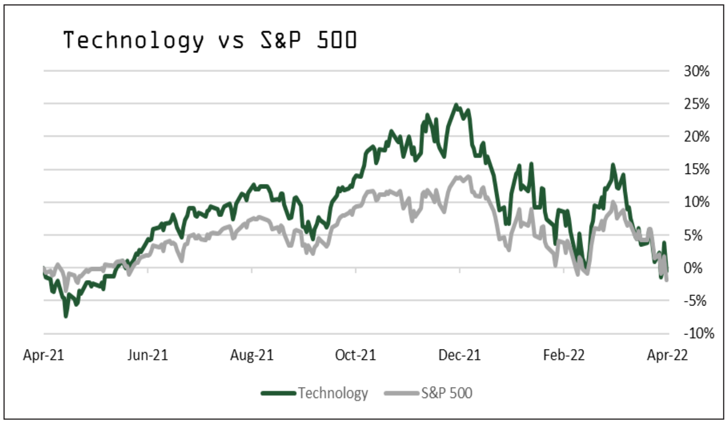
Sector Update

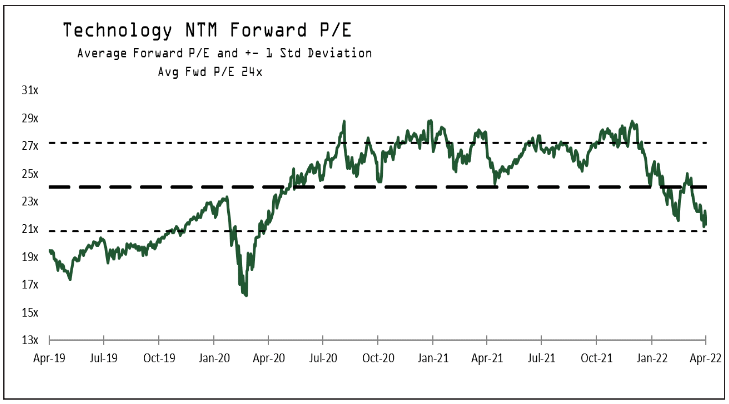
The Industrials Sector outperformed the S&P 500 by 1.23% in the month of April with a -7.57% return, with each subsector barring Commercial Airlines registering a loss. Airlines and Freight led the decline with a -13.9% return for the month, as FedEx (FDX) and United Parcel Service (UPS) shares dropped amid pressure from a tough macroeconomic environment which was highlighted by management during the first quarter 2022 earnings calls. Alternatively, the Airlines subsector's 4.6% monthly gain led the Industrials sector for the quarter as 4 of the 5 Airlines in the S&P 500 experienced share price gains on improved travel demand expectations, led by 8.9% and 8.7% returns by United Airlines (UAL) and Delta Airlines (DAL), respectively. On a trailing 12-month basis, rotation out of cyclicals and into secular growth underpinned a major shift in investor sentiment in the spring of last year, while wide performance variability among sub-sectors and a shift in the macroeconomic landscape led to the underperformance against the S&P 500.

The April manufacturing PMI reading of 57.1 percent represents the lowest reading since July 2020 (53.9%), while the New Orders Index registered 53.5%, down 0.3% compared to the March reading of 53.8%, while the Production Index of 53.6%, a 0.9% decrease compared to March's figure of 54.5%. The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, as it has been over the last few months. While the abatement of Covid helped spur optimism on the labor front through February and March, progress slowed in solving labor shortage problems throughout the supply chain as panelists reported higher rates of quitting resulting in slowing improvement in meeting head-count targets.

On a valuation basis, the Industrial sector is trading at a Next Twelve Month Forward P/E of 19.0x, beneath the 4-year Average Forward P/E of 20.6x, and trending towards a standard deviation below the historical average at 17.1x. With a rising interest rate economy and weakening macroeconomic trends, we remain selective within the Industrials sector due to the cyclical nature of the sector and tough comps in place from the aggressive growth phase of 2021.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-11.31%	-12.87%	-18.90%	-0.41%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Western Digital Corp	6.9%
	PTC Inc	6.0%
	IBM	1.7%
	Mastercard Inc	1.7%
	HP Inc	0.9%
Laggards	NVIDIA Corp	-32.0%
	PayPal Holdings Inc	-24.0%
	SolarEdge Technologies	-22.3%
	Advanced Micro Devices	-21.8%
	Enphase Energy Inc	-20.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$93.68	$108.93	$121.58
26.5x	22.7x	20.4x

Sector Update

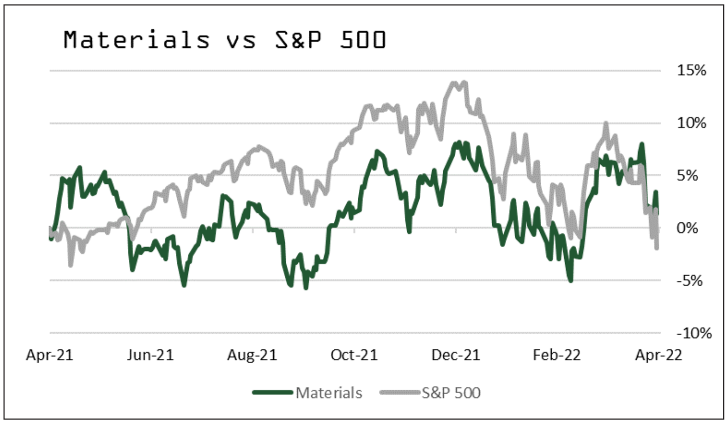
The Technology sector continued to underperform the market in April (-11.3%) and year-to-date (-18.9%). The contraction in the Technology P/E multiple from 26.2x in February to 22.7x in April, impacted sector performance. Given that the Technology sector's valuation is below its average forward P/E multiple of 24x, we believe the sector could perform in line with the market.

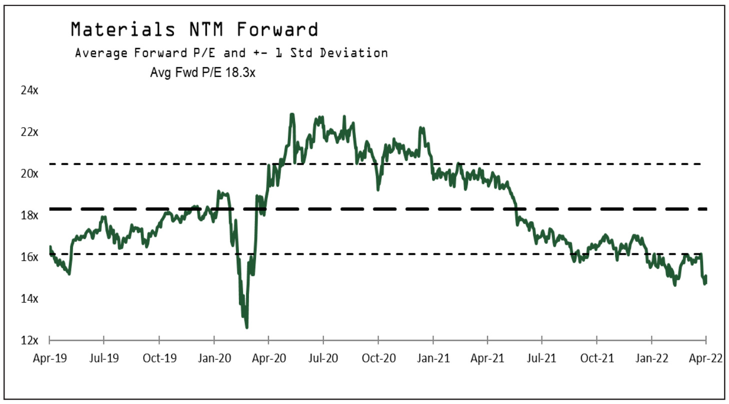
The IT Services sub-sector outperformed the Technology sector and the market in April (-5.4%) due to IBM's better than expected Q-1 22 results. IBM benefited from corporations' increased spending on the hybrid cloud, software, and services to drive their digital transformation.

The Semiconductor and Semiconductor Capital Equipment sub-sector underperformed the market in April (-18.4%) and YTD (-27%). While the semiconductor sector benefited from robust demand for PCs, tablets, and smartphones over the past two years as many people worked and learned from home during the Covid pandemic, there is less need for these devices as people return to their in person work and school locations. IDC estimated that global PC unit demand declined 5% year-over-year in Q-1 22. China's lockdown of the Shanghai region to combat rising Covid infections is impacting semiconductor supply and demand. In addition, the Russia and Ukraine war is disrupting the supply of key raw materials to auto manufacturers, which impacts auto production and auto manufacturer demand for semiconductors.

While the Software sub-sector continued to underperform the market in April (-11%), PTC significantly outperformed the market in April (+6%). Despite a challenging macro-economic environment, PTC benefited from increased spending by industrial companies on PTC's augmented reality (AR), computer-aided design (CAD), Industrial Internet of Things (IOT), and Product Life Cycle Management (PLM) software, which helped drive their digital transformation.

MATERIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-3.52%	0.64%	-6.26%	1.39%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Sherwin-Williams Co	10.2%
	Amcor PLC	6.1%
	Westrock Co	5.3%
	Dow Inc	4.4%
	Nucor Corp	4.1%
Laggards	Freeport-McMoRan Inc	-18.5%
	Albemarle Corp	-12.8%
	DuPont de Nemours Inc	-10.4%
	Ball Corp	-9.8%
	Eastman Chemical Co	-8.4%

Consensus FY EPS / P/E

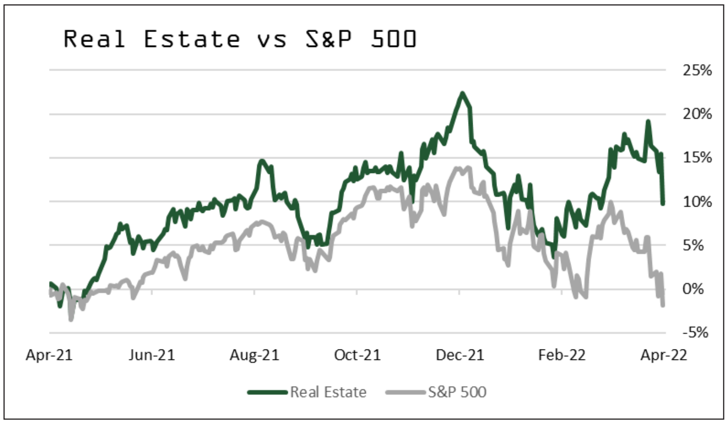
Last Year	Current Year	Next Year
$33.70	$37.29	$35.53
15.8x	14.3x	15.0x

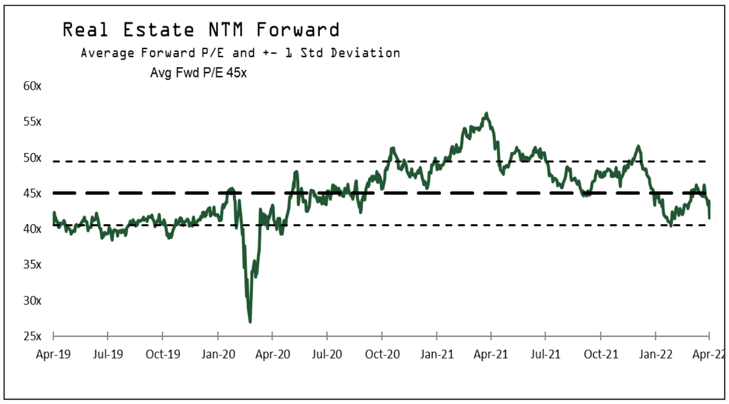
Sector Update

The Materials segment reversed a prior month's increase and declined 3.52% in April, but outperformed the S&P 500 Index which decreased 8.80% for the month. All segments reported declines for the month with the greatest in Metals and Mining and Construction Materials. The Materials segment is now trading with a current forward P/E of 14.3x which is below its average forward P/E of about 18.3x and towards the low end of its historic trading range. Higher oil prices are driving up input costs across many sectors and the question centers on the risk of input shortages in 2H given the current market disruptions. The ability of the companies to raise prices to offset higher input cost pressures remains a key factor as company updates and earnings season begins for these companies. Builders have faced a challenging supply chain and higher input costs for labor and materials. 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. Key factors for the year 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.

The outlook for the housing market remains a primary conversation given mixed data and uncertainty surrounding the Fed's approach to inflation and rates. The Fed raised interest rates by 50bp on May 4, 2022, and additional increases are expected this year. As mortgage rates rise, the housing market is expected to slow as affordability is pressured. Demand for homes rose significantly during the pandemic as consumers relocated geographically and mortgage rates remained favorable. Mortgage rates for 30-year mortgages have risen nearly 200bp in two months to over 5% raising the question of affordability for buyers. New home sales declined 8.6% sequentially for March to a seasonally adjusted annual rate of 763,000 which slightly missed the consensus forecast. As compared with the prior year, new home sales declined 12.6%. Housing starts increased 0.3% month-over-month in March to a seasonally adjusted annual rate of 1.793 million units which outperformed the outlook for a decline. However, single family starts declined by 1.7% reflecting the challenge of rising mortgage rates. It is important to note that housing prices still remain elevated and supply remains tight, especially for low-priced housing options. Strong consumer demand should continue to support the repair and remodel activity.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-3.65%	-1.90%	-10.28%	9.78%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Weyerhaeuser Co	8.8%
	Host Hotels & Resorts	4.7%
	Digital Realty Trust Inc	3.0%
	Kimco Realty Corp	2.6%
	SBA Communications	0.9%
Laggards	Vornado Realty Trust	-14.6%
	Simon Property Group	-10.3%
	Ventas Inc	-10.1%
	Alexandria Real Estate	-9.5%
	Equity Residential	-9.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$6.38	$6.89	$7.40
45.7x	42.3x	39.4x

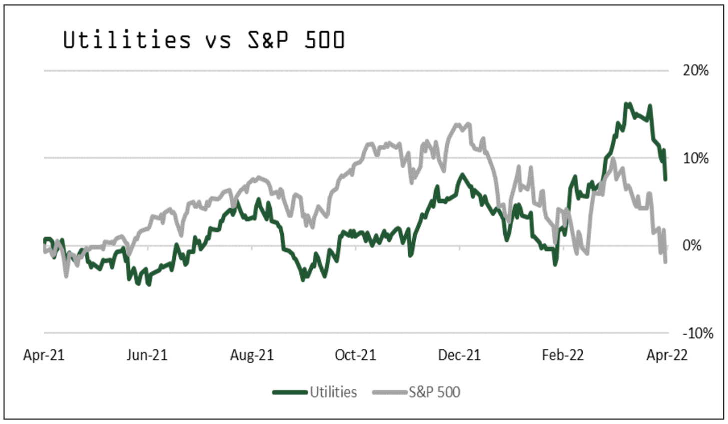
Sector Update

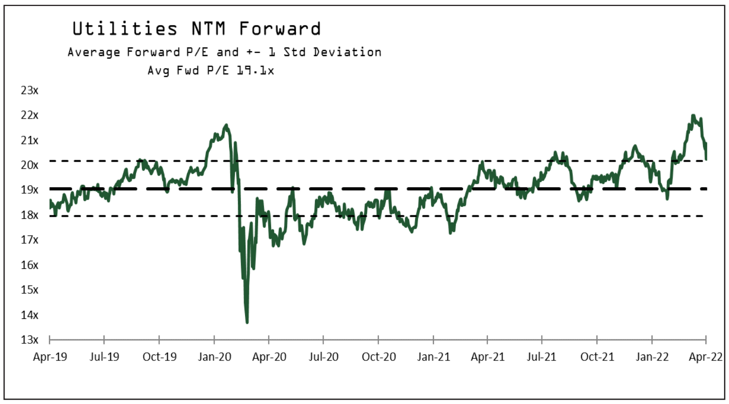
April was a tough month for investors as investors encountered a challenging environment that saw surging inflation driven the by war in Ukraine along with increasingly hawkish commentary from the Fed on evolving strategies to staunch inflation now running at 40-year highs. As a result, the S&P 500 had its worst month since the financial crisis of 2008, falling sharply by 8.80% that brought year to date declines to -13.31%. Thus, investor sentiment shifted to risk off refocusing on defensive issues/sectors including Real Estate. Still, tight labor markets persist that do impact some sectors of the real estate business (notably health care REITs) while the reopening of American society continues with the end of the COVID pandemic (per Dr. Fauci) benefits companies involved in travel and entertainment. However, surging inflation also crimps real incomes that may influence purchases by consumers, while rising interest rates likely impact homeownership affordability that influences demand for apartment REITs. Thus, a combination of these factors had varying degrees of impact across the Real Estate sector – that overall outperformed in April as is depicted in the adjacent tables showing a moderate decline last month of 3.65% with year to date performance down -10.28%.

Rising interest rates this year have tempered performance among many REITs, with fears of Fed fund rate hikes likely remaining a critical factor for the Real Estate sector this year. Still, company specific issues were the primary drivers to stock performance last month. Among the top performing REITs in April were Weyerhaeuser, Host Hotels and Digital Realty. Commodities have surged tied to inflation with Weyerhaeuser being well placed with timberlands owned to benefit from rising commodity prices for its products. Host Hotels, as well as others in the lodging sector are positioned for improved occupancy rates as consumers look forward to summer vacation season, while also having the flexibility to adjust pricing if necessary on a daily basis. Digital Realty delivered strong new bookings in 1Q22 driven by strong demand for its data center solutions that support an improved pricing environment.

On the other hand, Vornado, Simon Properties, and Ventas each saw share prices fall by double digits in April. Potential concerns exist over state funding support for Vornado's Penn Station renewal project, while investors raise concerns over weakening discretionary spending based on macroeconomic trends. Ventas has experienced stiff labor cost increases at its SHOP (owned) senior housing properties, while an activist shareholder has surfaced.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.29%	2.90%	-0.50%	7.56%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-8.80%	-8.50%	-13.31%	-1.89%

	Company Performance	1 Month
Leaders	Constellation Energy	5.3%
	Entergy Corp	1.8%
	Xcel Energy Inc	1.5%
	Southern Co/The	1.2%
	WEC Energy Group Inc	0.2%
Laggards	AES Corp/The	-20.6%
	NextEra Energy Inc	-16.2%
	Pinnacle West Capital	-8.8%
	NiSource Inc	-8.4%
	American Water Works	-6.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.41	$17.45	$18.80
22.0x	20.7x	19.3x

Sector Update

The Utilities sector declined 4.29% in April after a robust 10.1% gain in the prior month. The sector outperformed the S&P 500 in April by ~4.5% relative to the 8.8% pullback in the broader market. Year-to-date comparisons favor the Utilities sector relative to the market as well—with the sector down 0.5% compared to an 13.31% retrenchment in the S&P. The sector meaningfully outpaced the broader market in the past twelve months, up 7.56% compared to the S&P down 1.89% in the same period.

Increased volatility and flight to defensive positioning have continued to drive sector performance in recent months. In the past thirty years, the sector has held an inverse relationship to yield curve spreads; indeed, this appears to have played out in the past two months. The sector rallied more than 10% in March as yield spreads compressed toward a slight inversion in early April. Subsequently, yield spreads have widened on higher 10-year rates with the Utilities group giving up recent gains.

All Utilities sub-sectors posted monthly declines in April. The Independent Power and Renewables sub-sector, which only includes AES, fell 20.6% in April after gaining 21.2% in March. Following AES, NextEra (NEE) was the second worst performing component in the sector, down 16.2%. Other subsectors, including Multi-Utilities, Electric Utilities, and Water Utilities decreased 2.3%, 4.7% and 6.9% respectively.

Constellation Energy (CEG), a recent spin-off from Exelon (EXC), was the top performer in the Utilities sector for a second consecutive month on a 5.3% gain in April. CEG is the largest clean-energy provider in the US with 163GWh of zero-emission energy produced based on a 2021 M.J. Bradley Air Emissions report. For comparison, NextEra (NEE) has been widely considered the renewables leader in recent years generating ~99GWh of zero-emission energy. NEE is still the 'Renewables leader' given a substantially higher mix of wind and solar generation. CEG is largely driven by Nuclear, representing 86% of its generation mix, with renewables providing just 3% of its output and Natural Gas representing the remaining 11%.

We continue to favor new investment in secular growth stories with reasonable valuations following recent volatility; however, the attractive yields and historically defensive characteristics of the sector in combination with renewable growth themes for select firms remain reasons to maintain exposure in the Utilities space.

ECONOMIC CALENDAR

Date	Release	For	Prior
4-May	MBA Mortgage Applications Index	4/30	-6.80%
5-Apr	ADP Employment Change	Apr	479k
5-Apr	Trade Balance	Mar	-$89.8B
4-May	IHS Markit Services PMI - Final	Apr	54.7
4-May	ISM Non-Manufacturing Index	3/26	1307K
4-May	EIA Crude Oil Inventories	4/30	0.69M
4-May	FOMC Rate Decision	4/30	0.88%
5-May	Initial Claims	4/30	180K
5-May	Continuing Claims	4/23	1408K
5-May	Productivity-Prel	Q1	6.60%
5-May	Unit Labor Costs - Prelim	Q1	0.90%
5-May	EIA Natural Gas Inventories	4/30	+40 bcf
6-May	Nonfarm Payrolls	Apr	431K
6-May	Nonfarm Private Payrolls	Apr	426K
6-May	Unemployment Rate	Apr	3.60%
6-May	Avg. Hourly Earnings	Apr	0.40%
6-May	Average Workweek	Apr	0.35
6-May	Consumer Credit	Mar	$41.8B
9-May	Wholesale Inventories	Mar	2.50%
11-May	MBA Mortgage Applications Index	5/7	2.50%
11-May	CPI	Apr	1.20%
11-May	Core CPI	Apr	0.30%
11-May	EIA Crude Oil Inventories	5/7	NA
11-May	Treasury Budget	Apr	-$192.7B
12-May	Initial Claims	5/7	NA
12-May	Continuing Claims	4/30	NA
12-May	PPI	Apr	1.40%
12-May	Core PPI	Apr	1.00%
12-May	EIA Natural Gas Inventories	5/7	NA
13-May	Univ. of Michigan Consumer Sentiment - Prelim	4/16	NA
16-May	Empire State Manufacturing	May	24.6
17-May	Retail Sales	Apr	0.50%
17-May	Retail Sales ex-auto	Apr	1.10%
17-May	Capacity Utilization	Apr	78.30%
17-May	Industrial Production	Apr	0.90%
17-May	Business Inventories	Mar	1.50%
18-May	MBA Mortgage Applications Index	5/14	NA
18-May	Housing Starts	Apr	1793K
18-May	Building Permits	Apr	1873K
18-May	EIA Crude Oil Inventories	5/14	NA
19-May	Initial Claims	5/7	NA
19-May	Continuing Claims	5/7	NA

ECONOMIC CALENDAR

19-May	Philadelphia Fed Index	May	17.60%
19-May	Existing Home Sales	Apr	5.77M%
19-May	EIA Natural Gas Inventories	5/14	NA
24-May	New Home Sales	Apr	NA
25-May	MBA Mortgage Applications Index	5/21	NA
25-May	Durable Orders	Apr	NA
25-May	Durable Orders, Ex- Transportation	Apr	NA
25-May	EIA Crude Oil Inventories	5/21	NA
26-May	GDP - Second Estimate	Q1	NA
26-May	GDP Deflator - Second Estimate	Q1	NA
26-May	Initial Claims	5/21	NA
26-May	Continuing Claims	5/14	NA
26-May	Pending Home Sles	Apr	NA
26-May	EIA Natural Gas Inventories	5/21	NA
27-May	Personal Income	Apr	NA
27-May	Personal Spending	Apr	NA
27-May	PCE Prices	Apr	NA
27-May	PCE Prices - Core	Apr	NA
27-May	Adv. Intl. Trade in Goods	Apr	NA
27-May	Adv. Retail Inventories	Apr	NA
27-May	Adv. Wholesale Inventories	Apr	NA
27-May	Univ. of Michigan Consumer Sentiment - Final	May	NA
31-May	FHFA Housing Price Index	Mar	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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