MARKET COMMENTARY

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1863

NOVEMBER 2022

- October was a positive month for ten of the eleven S&P 500® sectors
- The Federal Reserve raised the funds rate by 75 bps
- We sense that signs of slowing inflation may arrive in the months ahead

Markets powered sharply higher in October reversing September's weakness as companies delivered generally better than expected earnings for the third quarter. A strong earnings season and relatively steady macro allowed investors to shake off some of the gloom that had been weighing down markets following a series of macro shocks ranging from surging energy prices to higher interest rates. With this backdrop, the VIX Index or "fear gauge" retreated from over 31 to end the month under 26. For the full month, all major equity indexes were strongly positive with the Dow Jones Industrial Average increasing 14.0%, the S&P 500® index up 8.0%, and the smaller cap weighted Russell 2000® up 10.9% for the month.

October was a positive month for most of the eleven S&P industry sectors with only one down for the month. The best performing sector was Energy which increased 24.8% followed by the Industrials sector which increased 13.9% for the month. The weakest performance in the month was posted by the Communications Services sector which decreased 0.1% followed by the Consumer Discretionary sector which was up 0.2%. For the prior twelve month period, the Energy sector was the best performer with a 58.2% increase followed by the Consumer Staples sector up 2.2%, while the Communication Services sector was the worst performer for the past twelve months with a 41.2% decrease followed by the Consumer Discretionary sector which was down 29.1%.

With the Core PCE index up 0.5% in September and up 5.1% over the past year with labor markets remaining tight, the Federal Reserve raised the funds rate by 75 bps at the November meeting as was widely expected to a new range of 375-400 bps. Importantly, Fed Chair Powell signaled that although the pace of rate hikes could slow with either the December 2022 or February 2023 sessions, the terminal rate attained would likely be higher than earlier anticipated with this rate sustained for an extended period. Post the FOMC session and news conference, markets retreated and interest rates increased across the curve with the S&P 500 closing down 3.35% for the first week of November.

Where to from here?

Looking to the December 14 FOMC session, odds have shifted once again from a recent focus targeting a 50 bps hike (odds at 55%) that have now essentially become split 50/50 for either a 50 or 75 bps rate hike. Quite frankly, the timing of a slowing pace on rate hikes matters little to us, as Powell has clearly espoused plans to continue the tightening policy with the terminal rate reached sometime in 1H2023 likely being at least in the 500-525 bps range if not a bit higher. We anticipate markets - viewed overall as fairly valued today - will likely remain choppy through autumn or early winter until clear signs that Fed tightening is shown to have influenced inflation trends. Some early signs of a slowdown to come are now appearing among small businesses, while some large employers are putting the brakes on hiring. Still, we remain focused on corporate earnings as a key driver for individual stock performance in this environment with 3Q2022 earnings season already sifting out those select companies better positioned to weather the emerging business environment.

We sense that signs of slowing inflation may arrive in the months ahead leading to the Fed's awaited pivot that will likely drive a shift in investor sentiment despite a weak economic outlook. Chair Powell's comments post the FOMC session was in line with our expectations, although many were disappointed as they looked for a pivot. We expect that a Fed pivot in strategy will be forthcoming probably into spring 2023 potentially driving improved investor sentiment despite ongoing weak economic trends as markets typically are focused on expectations to come six to 12 months out with an improved outlook existing later in 2H2023 and into 2024, in our view. As such, we remain optimistic for a return to growth over the intermediate term, and we continue to think of this as the time for long term oriented investors to identify and consider building/adding to positions among quality stocks. We remain very selective employing a barbell strategy that focuses on quality, lower beta, dividend paying companies as well as select growth stocks possessing pricing power to sustain margins and growth over the intermediate/longer term.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	10/31/2022	12/31/2021	% Change YTD	9/30/2022	% Change (Monthly)
S&P Composite	3,871.98	4,766.18	-18.76%	3,585.62	7.99%
Dow Jones Industrials	32,732.95	36,338.30	-9.92%	28,725.51	13.95%
NASDAQ Composite	10,988.15	15,644.97	-29.77%	10,575.62	3.90%
Russell 2000	1,846.86	2,245.31	-17.75%	1,664.72	10.94%
FTSE 100	7,094.53	7,384.54	-3.93%	6,893.81	2.91%
Shanghai Composite	2,893.48	3,639.78	-20.50%	3,024.39	-4.33%
Nikkei Stock Average	27,587.46	28,791.71	-4.18%	25,937.21	6.36%
Stoxx Europe 600	412.20	487.80	-15.50%	387.85	6.28%
MSCI Emerging Markets	848.16	1,232.01	-31.16%	875.79	-3.15%
MSCI Emerging Markets Small Cap	1,045.08	1,412.34	-26.00%	1,046.38	-0.12%

Performance of S&P 500 by Industry:	% of Index as of 10/31/22	1 Month	3 Month	Year to Date	12 Months
Consumer Discretionary	10.79%	0.20%	-12.25%	-30.19%	-29.08%
Consumer Staples	6.95%	8.83%	-2.10%	-5.88%	2.18%
Energy	5.45%	24.84%	15.21%	63.18%	58.15%
Financials	11.55%	11.80%	0.69%	-13.25%	-15.72%
Health Care	15.34%	9.59%	0.31%	-5.92%	-0.81%
Industrials	8.30%	13.86%	-1.31%	-10.87%	-9.69%
Information Technology	26.12%	7.75%	-11.16%	-26.65%	-21.00%
Materials	2.55%	8.97%	-5.13%	-18.17%	-12.78%
Communication Services	7.31%	-0.09%	-15.94%	-39.49%	-41.17%
Utilities	2.99%	2.00%	-9.71%	-6.74%	-0.19%
Real Estate	2.65%	1.91%	-17.02%	-29.10%	-22.95%
S&P 500 (Absolute performance)	100.0%	7.99%	-6.25%	-18.76%	-15.92%

Interest Rates:	10/31/2022	12/31/2021	YTD Change (Basis Points)	9/30/2022	Month Change (BPS)
Fed Funds Effective Rate	3.08%	0.09%	299	3.08%	0
Prime Rate	6.25%	3.25%	300	6.25%	0
Three Month Treasury Bill	4.16%	0.09%	408	3.37%	79
Ten Year Treasury	4.05%	1.51%	254	3.83%	22
Spread - 10 Year vs 3 Month	-0.06%	1.43%	-149	0.46%	-52

Foreign Currencies:	10/31/2022	12/31/2021	% Change YTD	9/30/2022	% Change (Monthly)
Brazil Real (in US dollars)	0.19	0.18	7.6%	0.18	4.5%
British Pound (in US dollars)	1.15	1.35	-15.2%	1.12	2.7%
Canadian Dollar (in US dollars)	0.73	0.79	-7.2%	0.72	1.5%
Chinese Yuan (per US dollar)	7.31	6.36	14.9%	7.12	2.7%
Euro (in US dollars)	0.99	1.14	-13.1%	0.98	0.8%
Japanese Yen (per US dollar)	148.71	115.08	29.2%	144.74	2.7%

Commodity Prices:	10/31/2022	12/31/2021	% Change YTD	9/30/2022	% Change (Monthly)
CRB (Commodity) Index	549.59	578.31	-5.0%	559.45	-1.8%
Gold (Comex spot per troy oz.)	1633.56	1829.20	-10.7%	1660.61	-1.6%
Oil (West Texas int. crude)	86.53	75.21	15.1%	79.49	8.9%
Aluminum (LME spot per metric ton)	2216.75	2806.00	-21.0%	2154.75	2.9%
Natural Gas (Futures 10,000 MMBtu)	6.36	3.73	70.4%	6.77	-6.1%

Economic Indicators:	9/30/2022	12/31/2021	% Change YTD	8/31/2022	% Change (Monthly)
Consumer Price Index	296.8	280.1	5.9%	295.6	0.39%
Producer Price Index	253.0	232.0	9.0%	252.2	0.3%
	Q3 2022	**Q2 2022**	**Q1 2022**	**Q4 2021**	**Q3 2021**
GDP Growth Rate (Quarterly)	2.60%	-0.60%	-1.60%	7.00%	2.70%
Unemployment Rate (End of Month)	**September 3.5%**	**August 3.7%**	**July 3.5%**	**June 3.6%**	**May 3.6%**

*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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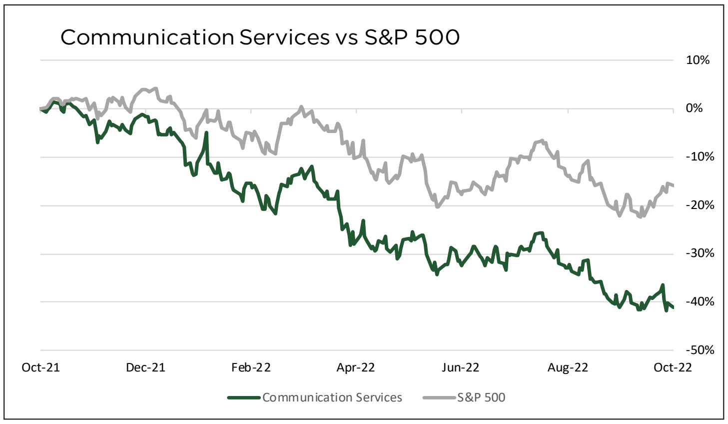
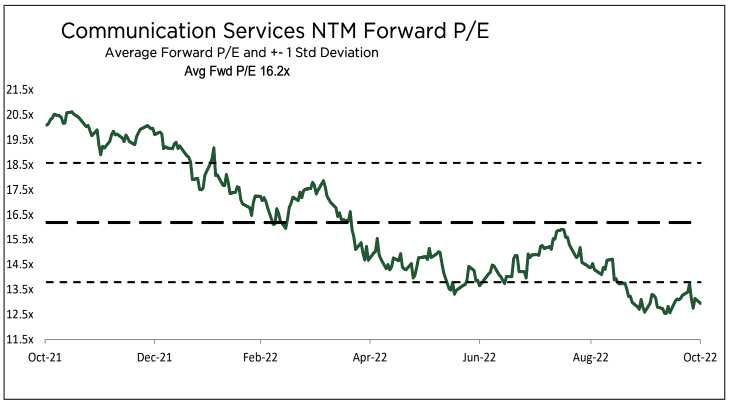




Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-0.09%	-15.94%	-39.49%	-41.17%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Netflix Inc	24.0%
	Charter Communications	21.2%
	AT&T Inc	18.8%
	Interpublic Group	16.4%
	Omnicom Group Inc	15.3%
Laggards	Meta Platforms Inc	-31.3%
	Match Group Inc	-9.5%
	Fox Corp	-5.9%
	Fox Corp	-4.6%
	Paramount Global	-3.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.13	$11.53	$12.76
14.5x	14.0x	12.7x

Sector Update

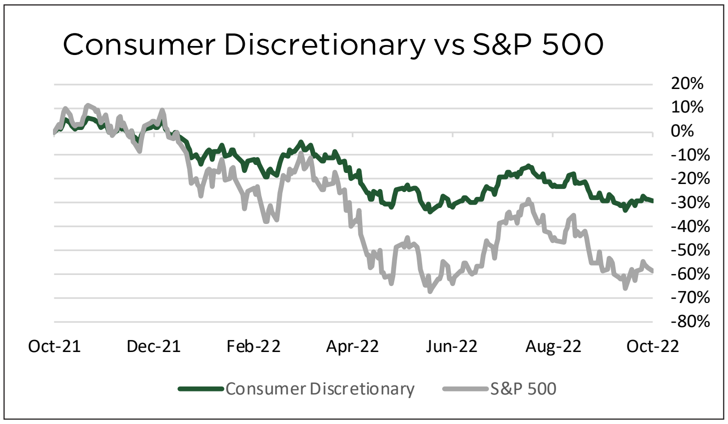
Communications Services and the Interactive Media & Services sub-sector underperformed the market in October due to the sharp decline in the shares of Meta Platforms. The Communications Services sector could outperform the market over the next year, since it trades at a discount to the market, with a forward P/E of 14x. This compares to its average forward P/E multiple of 16.2x.

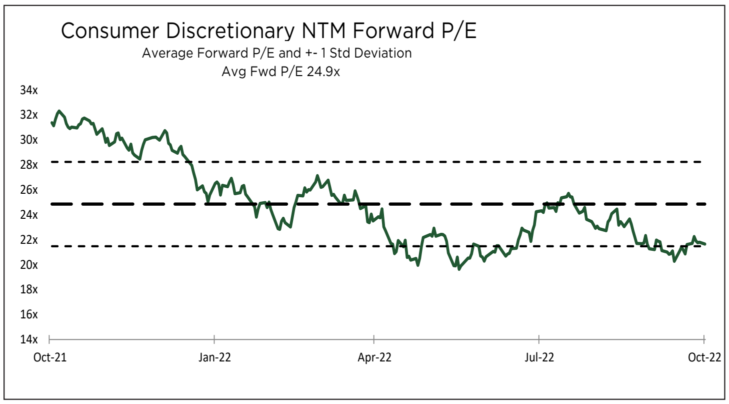
Investors were surprised that Meta Platforms guided to higher than expected growth in its FY23 operating expenses and significant growth in its capital expenditures. Meta Platforms hired 42,000 new employees since 2020 to reach 87,000, with many of these workers hired for its Reality Labs business (includes its Oculus virtual reality headset and its investments in the Metaverse). Meta expects its Reality Labs loss to increase significantly in 2023 (Reality Labs reported a loss of $9.4 billion in the first nine months of 2022). A recent news report suggesting that Meta Platforms could announce significant employee layoffs this week was favorably received by investors.

The Entertainment sector appreciated 13% in October driven by the sharp rise in Netflix shares. Netflix reported better than expected third quarter subscriber additions of 2.41 million to reach 223 million, ahead of its guidance for 1 million additions, and guided to 4.5 million customer additions in the fourth quarter.

Disney+ and Netflix recently introduced a lower priced ad supported service, which may help expand their addressable market opportunity. Both companies expect their ad supported service to generate a similar level of ARPU to their higher priced ad free services. Media companies reported that they obtain a higher ad price per thousand viewers (CPM) for their streaming media content than they do for their Cable TV networks. Media companies delivery of streaming media content over the Internet enables them to more effectively target ads compared to traditional cable TV networks.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
0.20%	-12.25%	-30.19%	-29.08%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Norwegian Cruise	48.7%
	Royal Caribbean Cruise	40.8%
	Caesars Entertainment	35.6%
	Carnival Corp	28.9%
	General Motors Co	22.3%
Laggards	Tesla Inc	-14.2%
	Amazon.com Inc	-9.3%
	Etsy Inc	-6.2%
	VF Corp	-5.5%
	CarMax Inc	-4.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$37.19	$42.05	$54.81
30.2x	26.7x	20.5x

Sector Update

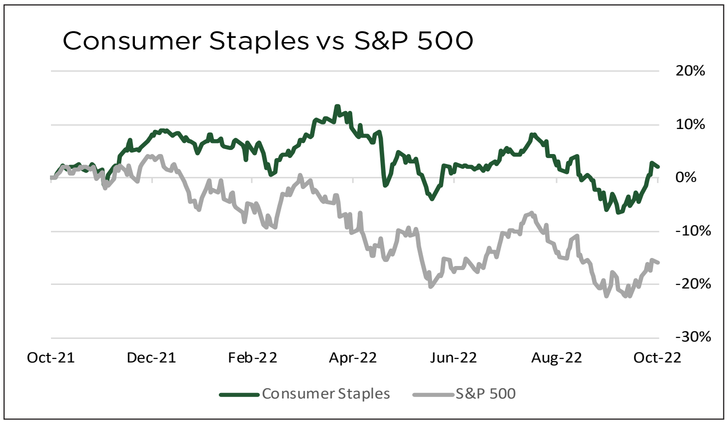
The Consumer Discretionary sector lagged the broader market in October albeit up slightly for the month as seen in the accompanying table. Sub-sector performance was mixed with the most significant increases seen in the Auto Components, Distributors and Hotels, Restaurants & Leisure categories. Declines were notable in the Automobiles, Internet & Direct Marketing Retail and Leisure Products sub-sectors. Looking at the relative performance of Consumer Discretionary stocks, the sector has significantly underperformed the S&P 500 with all sub-sectors in deep negative territory for the 3-month, Year-To-Date and Trailing Twelve Month periods.

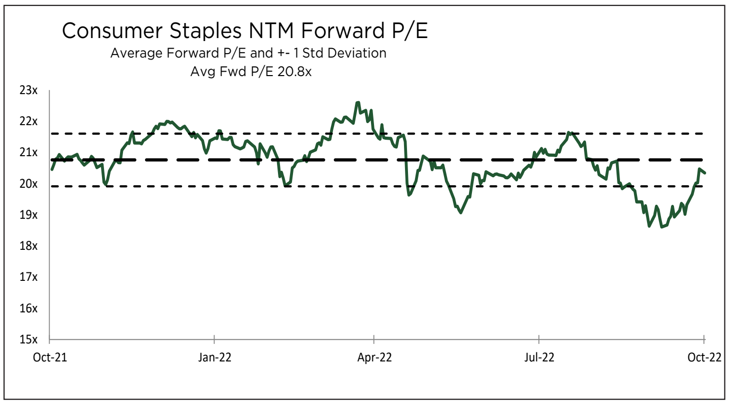
A toxic combination of inflation and recession fears has contributed to a sharp drop in consumer confidence. The Conference Board reported that Consumer Confidence for October slipped to 102.5 from the September level of 107.8. Higher interest rates which are the result of Federal Reserve efforts to fight inflation may be contributing to rising concerns of a recession. These longer term concerns come at a time when consumers are grappling with the day-to-day impact of high inflation and may be fueling softness in the expectations index in the month which is tracking at 78.1 down from 79.5.

Retirees will receive a significant boost in social security benefits as the Social Security Administration has announced an 8.7% annual cost of living or COLA increase for 2023. This move represents the largest increase in the annual adjustment since the 11.2% increase that occurred in 1981. The 2023 boost in benefits represents a sharp jump from the 2022 increase which was 5.9%.

Evidence of slowing trends in the housing market continued to accumulate in October with a sharp drop reported in home builder confidence and existing home sales. The National Association of Home Builders (NAHB) reported that confidence dropped to 38 in October which represents the tenth month in a row of declines in the index and less than half the prior year level of 80. Factors negatively impacting builder confidence include affordability challenges with thirty-year fixed mortgage rates climbing to the 7% range with home prices still tracking above prior year levels. The President of the NAHB indicated that: “This situation is unhealthy and unsustainable. Policymakers must address this worsening housing affordability crisis.”

In addition to declining home builder confidence, existing home sales declined in October as buyers continue to be cautious. Existing home sales for the month dropped 1.5% according to the National Association of Realtors. This drop was the eighth month in a row where existing home sales declined which is the longest streak since 2007. Although home prices have begun to moderate, mortgage rates are up sharply and the supply of homes for sale has declined creating a challenging dynamic for potential home buyers. The easing in home prices is seen in the S&P CoreLogic Case-Shiller index which dropped 1.3% in August although is still up 13.1% versus the prior year.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.83%	-2.10%	-5.88%	2.18%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Sysco Corp	22.4%
	Archer-Daniels-Midland	20.5%
	Walgreens Boots	16.2%
	Kraft Heinz Co	15.4%
	Altria Group Inc	14.6%
Laggards	Estee Lauder	-7.1%
	Brown-Forman Corp	2.1%
	Hormel Foods Corp	2.2%
	Tyson Foods Inc	3.7%
	Church & Dwight Co Inc	3.8%

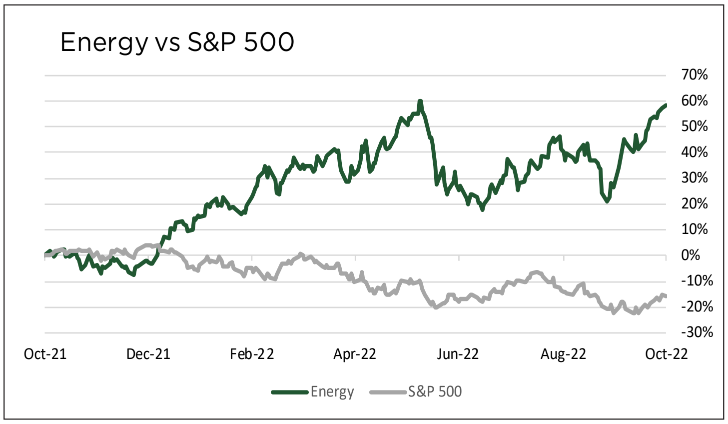
Consensus FY EPS / P/E

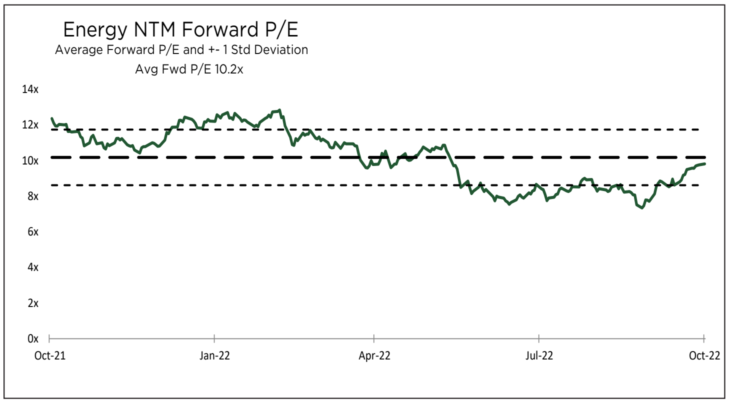
Last Year	Current Year	Next Year
$35.70	$35.91	$38.25
21.2x	21.1x	19.8x

Sector Update

The Consumer Staples sector increased 8.83% on average in October and outperformed the S&P 500 Index which increased 7.99% for the month. All sectors reported increases for the month with the exception of Personal Products. Both the Food Products and Tobacco sectors reported double-digit gains for the month reflecting pricing, strong consumer demand, and better price elasticities versus expectations. YTD through October, the Consumer Staples sector has decreased 5.88% on average and has significantly outperformed the S&P 500 Index which has declined 18.76%. The Consumer Staples segment is now trading with a current forward P/E of about 21.1x which is relatively in line with its average P/E multiple. With the uncertain global economic backdrop, investor sentiment remains favorable to exposure to the more defensive stock segment. The companies continue to face a volatile operating environment with continuing supply chain and labor challenges while also realizing some moderation in input commodity cost pressures. We continue to prefer investment in companies with pricing power, leading market shares, strong balance sheets, and experienced management. We continue to advise the selective investment among the Consumer Staples stocks.

During the third quarter, companies with exposure to China realized pressure on results due to the COVID lockdown restrictions imposed by the government. Any news that the Chinese government could be easing these restrictions supports a more favorable expectation. Within the beverage segment, key trends entering 2023 include a continued focus on spirits and ready-to-drink (RTD) offerings. The future of the beverage industry focuses on the convergence of alcoholic and non-alcoholic segments with a number of companies introducing products leveraging both segments (ie Fresca Mixed, Hard Mtn Dew and Jack Daniel's and Coca-Cola canned cocktail). Additional trends include premiumization, consumer purchase behavior (increasing at-home consumption, trends toward premium brands, and flavors), and the continued growth of low-no-alcohol products. The retail sales value of spirits are expected to be higher than beer in 2022 as measured by IWSR as spirits are expected to increase their share of throat from 35.1% to 41.7% in 2026, sourcing mainly from beer. E-commerce now comprises about 18% of the industry raising the question of demand in the on-premise vs off-premise channel. The snack segment remains well positioned in a more challenging economic environment as it remains well positioned as a more affordable luxury for consumers and benefits from strong brand loyalty and pricing. The Consumer Staples companies are realizing some declining input cost pressures (ie grains, some transportation, packaging, etc). The continued benefit of pricing along with the potential for some moderation in input cost pressures could set up potential margin upside surprises for snack companies over the next year.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
24.84%	15.21%	63.18%	58.15%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Halliburton Co	47.9%
	Schlumberger NV	44.9%
	Marathon Oil Corp	34.9%
	APA Corp	33.0%
	Baker Hughes Co	32.0%
Laggards	EQT Corp	2.7%
	Kinder Morgan Inc	8.9%
	Targa Resources Corp	13.3%
	Williams Cos Inc	14.3%
	Marathon Petroleum	14.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$60.31	$77.43	$68.31
11.4x	8.9x	10.1x

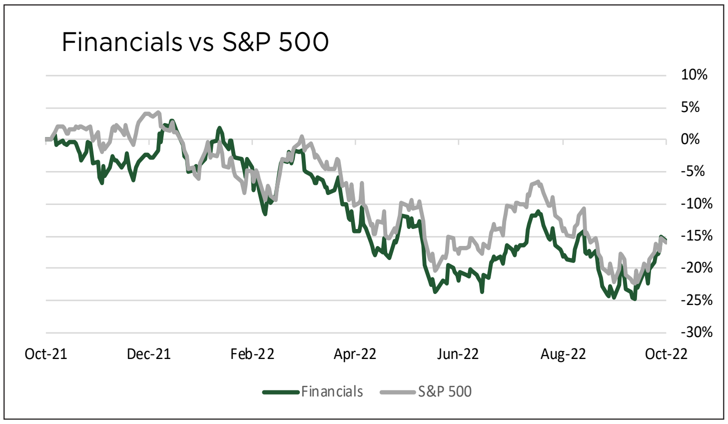
Sector Update

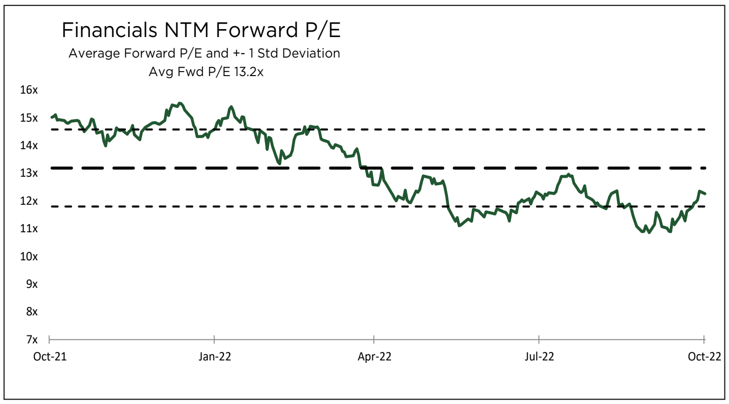
The Energy sector rallied sharply higher leading all S&P sectors in October reflecting tight oil supplies and strong earnings results. Share price strength was relatively widespread across sub-sectors with particularly strong performance seen in Energy Equipment & Services companies. In addition to a significant one-month outperformance relative to the S&P 500, the sector has outperformed on a three-month, year-to-date, and a trailing twelve-month basis, as seen in the accompanying table.

In the face of a slowing macroeconomic environment and pandemic headwinds, OPEC has sharply cut the group's outlook for oil demand this year and next. This announcement follows the cartel's move to trim oil production by 2 million barrels per day. OPEC cut the 2022 oil demand target by 460,000 barrels per day which brings annual growth expected to be 2.6 million barrels per day. The cartel pointed to inflationary headwinds, COVID lockdowns in China and broad economic challenges for the reduction in the demand growth target. For 2023, OPEC has cut the demand outlook by 360,000 barrels per day which brings the organization's annual growth target to 2.3 million barrels per day. The moderation in the growth target for next year is linked to both economic headwinds and the pandemic.

West Texas Intermediate crude oil prices moved higher in October from around $80 per barrel to end the month at almost $87 per barrel. Natural gas prices continued to trend down during the month from a little under $7 per million Btu to end the month at about $6.36 per million Btu. Retail gasoline prices in October slightly increased to $3.86 per gallon at the end of the month from the $3.83 average price seen at the end of September. We note that gas prices remain well above the prior year level of $3.48 per gallon.

The Baker Hughes oil rig count was up slightly in the month coming in at 610 rigs for October versus 604 rigs in September. Oil rig count at month-end was above the prior year level of 444 rigs as we have seen growth in rig counts over the past year. U.S. crude oil storage at 437 million barrels was up from last month's level of 431 million barrels. We note that storage levels have generally been declining off the 2020 pandemic highs but are currently tracking in line to slightly above the prior year level of 434 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
11.80%	0.69%	-13.25%	-15.72%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Arch Capital Group Ltd	26.3%
	Synchrony Financial	26.1%
	Everest Re Group Ltd	22.9%
	Ameriprise Financial Inc	22.7%
	Lincoln National Corp	22.7%
Laggards	SVB Financial Group	-31.2%
	First Republic Bank	-8.0%
	Assurant Inc	-6.5%
	M&T Bank Corp	-4.5%
	Brown & Brown Inc	-2.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$43.17	$41.78	$47.04
13.1x	13.5x	12.0x

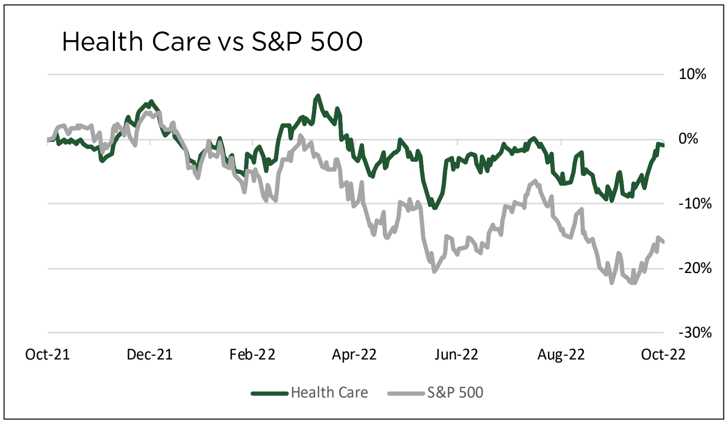
Sector Update

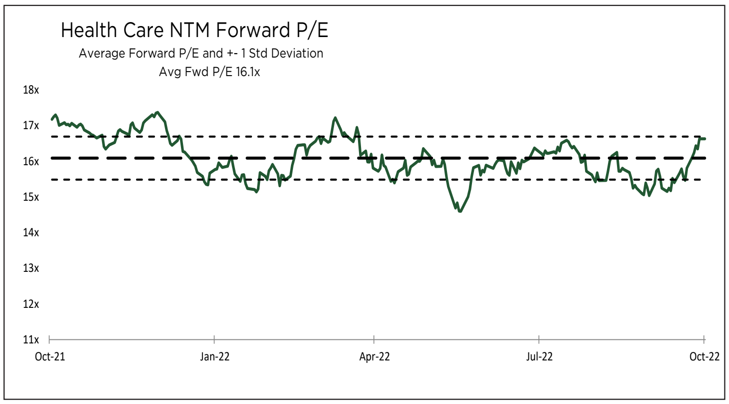
The Financials sector posted welcomed strong gains of 11.8% in October after a weak performance in the preceding three month period. The sector outpaced the broader market recovery with the S&P 500 improving 8% in the month. Year-to-Date (YTD) returns show the Financials group outperforming the S&P 500, down 13.25% compared to an 18.76% decline in the S&P. Trailing twelve month comparisons now favor the Financials sector by a slim margin, down 15.72% but 20 bps better than the broader market. All Financials subsectors finished October higher than the prior month, with Consumer Finance, Insurance, and Banks all up more than 13% in the month. Diversified Financial Services and Capital Markets firms also rallied 10.5% and 9.5%, respectively.

Financials delivered better than expected results and guidance in the pivotal Q3 earnings season. Banks and Consumer lenders saw strong improvements in interest income on higher rates, while credit loss performance remained far stronger than expected. Fee incomes were pressured in many cases by lower investment banking volumes as well as lower mortgage and auto originations, down more than 50% Y/Y in many cases. Overall loan demand remained solid, growing in the high-single digits while deposit growth has slowed materially from record growth in the past two years. Management commentary was mixed, but at the margin appeared incrementally positive on macroeconomic activity and extended pathway of credit loss normalization into 2024. While substantial uncertainty remains, commentary out of leading Financials appeared to stabilize the market in providing a more resilient tone in October.

The FOMC continues to press hard in monetary tightening. In early November, the Fed raised its overnight benchmark rate by another 75 bps to a range of 3.75-4.0%, with the market now implying a terminal overnight rate in the 5.0-5.25% range in mid-2023. The implications of continuously hawkish Fed talk and action are clear, suggesting the central bank will continue to tighten into restrictive territory despite a slowing macroeconomic backdrop and widespread recessionary concerns with a focus on reducing inflation and labor demand. The quantitative tightening process only recently reached its run-rate level of balance sheet run-off in September, adding to liquidity constraints in capital markets while further reducing aggregate economic demand.

Given the Financials group is cyclically linked, the potential for recession exacerbated by monetary policy constraints could remain an overhang in the group near-term. We continue to see the group coming from a fundamental position of strength; however, remain cautious on near-term performance against a deteriorating macro backdrop, offset by higher rate sensitive earnings. For patient long-term investors, we see pockets of value in the sector for multi-year investment in companies trading at material discounts to book value and historic earnings multiples.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
9.59%	0.31%	-5.92%	-0.81%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Dexcom Inc	50.0%
	Intuitive Surgical Inc	31.5%
	Universal Health	31.4%
	Gilead Sciences Inc	27.2%
	Moderna Inc	27.1%
Laggards	Bio-Rad Laboratories	-15.7%
	Edwards Lifesciences	-12.3%
	DaVita Inc	-11.8%
	Catalent Inc	-9.2%
	West Pharmaceutical	-6.5%

Consensus FY EPS / P/E

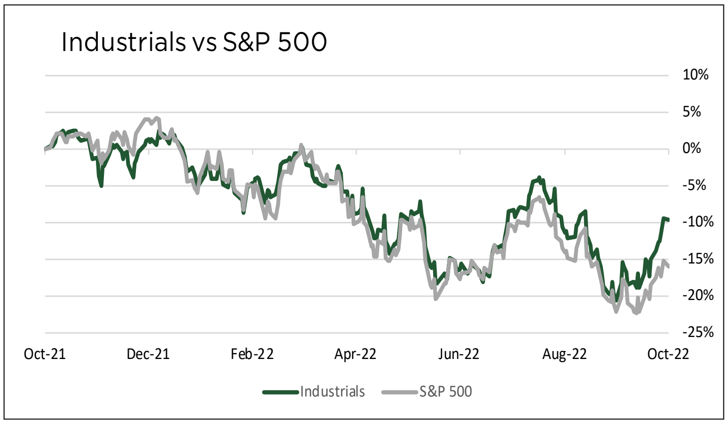
Last Year	Current Year	Next Year
$83.26	$94.28	$93.34
18.6x	16.4x	16.6x

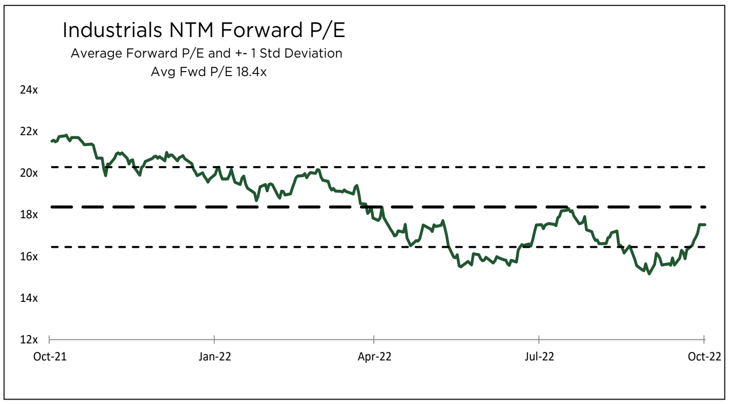
Sector Update

As 3Q2022 earnings season unfolded and investors increasingly looked for the Fed to slow its pace of interest rate hikes into yearend 2022, markets recovered sharply in October – rebounding from a challenging period in September – with the Dow Jones Industrials recording its best monthly performance in decades, rising by 13.95%. The broader market as represented by the S&P 500 also achieved a solid monthly gain rising by 7.99%, while the NASDAQ Composite lagged but still ramped by 3.90% for the month. As illustrated in the adjacent graphic, the Health Care sector advanced 9.59% for the month of October – being one of the better performing sectors – while on a year to date basis a decline of 5.92% compares very favorably to the broad market that had retrenched 18.76%. That is, the defensive nature of the products and services offered by the sector outperformed during a challenging period for the economy/markets. Currently trading at about 16.6x forward earnings, we view the Health Care sector as attractively valued for intermediate and longer term growth although foreign exchange headwinds (Fx), shifting impacts and caseload of COVID globally, and inflationary pressures may weigh on individual company performance to varying degrees through at least 1H2023.

Most recent performance among leading health care stocks has been influenced extensively by operating results reported for the 3Q2022 period – with those firms delivering stronger, upside, results experiencing relative outperformance, while those trimming expectations feeling investor selling pressures. Leading the group to the upside in October, the shares of Dexcom surged by 50% after the firm delivered strong earnings and more importantly saw success with the launch of its next generation continuous blood glucose sensor – the G7 – in the Eurozone with the U.S. expected to follow in the near term. Intuitive Surgical reported a robust 3Q2022 with surgical case volumes in the recovery phase as COVID abated in key U.S. and Eurozone markets with robotic assisted surgeries building ahead of consensus expectations. And, hospital owner and operator Universal Health delivered strong 3Q2022 operating results driven by demand from the firm's behavioral health services facilities as well as via quality incentive fund payments from the government tied to the rising quality of care programs.

In contrast, companies that fell short on 3Q2022 operating expectations due to foreign exchange headwinds; inflationary pressures impact to labor and or raw material costs; and or varying product or service demand tied to abating COVID and or weakening economic conditions emerging in the U.S. – experienced varying degrees of selling pressure post earnings report. Bio-Rad results fell short as the firm experienced soft demand for its life sciences products, while diagnostics revenues were impacted by abating demand for COVID diagnostics. Edwards trimmed their earnings outlook after experiencing soft demand for its replacement heart valves, while DaVita experienced a surprise softening in demand for its dialysis services with the shares backing off post earnings. Although a range of headwinds persists for the health care sector, related to supply chains, raw material, and labor/wage costs, given the current uncertain macro-economic environment we sense that Health Care is poised to outperform into 2023 compared to many other more economically sensitive S&P sectors suggesting selective investment remains appropriate.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
13.86%	-1.31%	-10.87%	-9.69%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	United Airlines	32.4%
	Caterpillar Inc	31.9%
	Lockheed Martin Corp	26.0%
	General Electric Co	25.7%
	Honeywell International	22.2%
Laggards	Generac Holdings Inc	-34.9%
	Republic Services Inc	-2.5%
	Waste Management Inc	-1.1%
	Equifax Inc	-1.1%
	Masco Corp	-0.9%

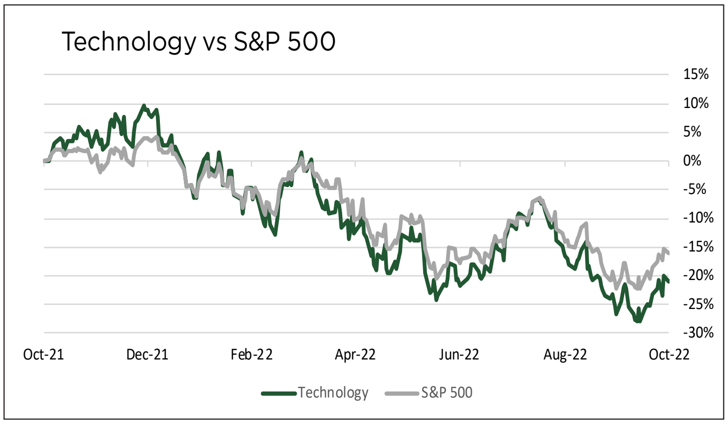
Consensus FY EPS / P/E

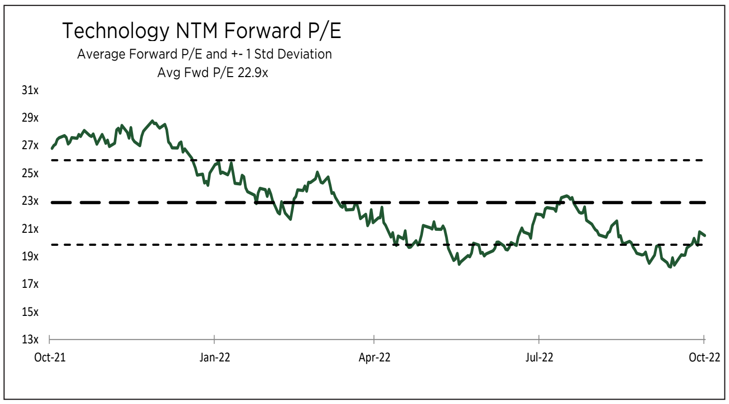
Last Year	Current Year	Next Year
$35.84	$41.27	$47.56
22.3x	19.3x	16.8x

Sector Update

Performance across the Industrials sector was overwhelmingly positive in October as the sector outperformed the broader market by 5.87% with a 13.86% total return. Each subsector registered a positive return for the month, led by Industrial Conglomerates, with a 21.1% total return. Two of the top Leaders in the sector are members of the Industrial Conglomerates group, including General Electric (GE) and Honeywell International (HON), with 25.7% and 22.2% returns, respectively. Both companies overcame persistent supply chain challenges and posted positive Aviation growth, as evidenced in their quarterly earnings calls. Industrial Conglomerates were closely followed by Airlines, which posted a 21.0% return in October. United Airlines led the Industrial sector in gains for the month with a 32.4% return after beating Q3 earnings expectations and delivering an upbeat demand outlook. The Industrial sector has also outperformed the broader market over the past twelve months with a 9.69% decline versus the S&P 500's negative 15.92% return. Year to date, the Industrial sector has returned -10.87%, which is 7.89% better than the S&P 500. Despite the positive performance for the month of October, the cyclical nature of the Industrial sector overhangs the group as mounting concerns that the Federal Reserve may push the economy into recession by employing overly tight monetary policy exist. Inflationary pressures and rising production costs continue to weigh on supply chains throughout the Industrial sector, with companies hiring less as new orders fell.

The September manufacturing ISM fell 0.7% from last month to 50.2% - the lowest PMI figure since May 2020, when the pandemic recovery began. A reading under 50% represents a contraction in the manufacturing sector of the economy, a number that the PMI reading is approaching. PMIs remain a macro lens into earnings revisions, which suggests that global earnings estimates are poised to fall as central banks are staying increasingly hawkish, the Energy crisis in Europe persists, U.S. and China activity slows, and uncertainty persists across Taiwan, Ukraine, and Brazil. This sector of the economy remains a supply-chain constrained environment, although demand also eased with the New Orders Index remaining in contraction territory, the Customers' Inventories Index remaining at a low level, and the Backlog of Orders Index slipping into contraction. The Industrial Sector is trading at a Forward P/E of 19.3x, 2.2x higher than last month's Forward P/E of 17.1x. This increase is a result of both lower earnings estimates and a rebound in prices of the last month.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.75%	-11.16%	-26.65%	-21.00%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	DXC Technology Co	324.4%
	Oracle Corp	27.8%
	Hewlett Packard	19.1%
	Ceridian HCM Inc	18.5%
	Teledyne Technologies	17.9%
Laggards	Cadence Design	-7.4%
	Tyler Technologies Inc	-7.0%
	Seagate Technology	-6.7%
	Monolithic Power	-6.6%
	Advanced Micro Devices	-5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$93.89	$106.37	$117.98
23.9x	21.1x	19.0x

Sector Update

The Technology sector rebounded in October (+7.75%), with most sub-sectors up in the low double-digits. Despite lower guidance provided by a number of leading technology companies, the Technology sector's forward 12-month earnings are only down 1.5% compared to September. In the event of a potential recession in the U.S. over the next year, there is a potential risk of a greater decline in technology company earnings. We consider the Technology sector close to fairly-valued, with a forward P/E of 21x.

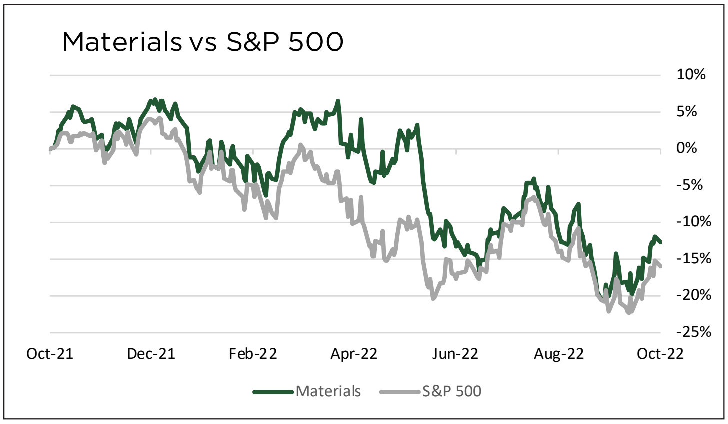
The IT Services sector outperformed the market in October driven by IBM's better than expected results. IBM raised its FY22 revenue guidance from 5% at constant currency to 5%+. The company reported that large enterprises continue to invest in hybrid cloud technology and software applications enhanced by artificial intelligence technology. IBM raised its FY22 consulting revenue guidance from low double-digit to mid-teens growth driven by robust demand from its corporate and government clients for its hybrid cloud, hardware, and software solutions to help drive its digital transformation. In addition, IBM consulting is helping implement the hybrid cloud and software solutions of its strategic partners, including Adobe, Amazon Web Services, Microsoft Azure, and SAP.

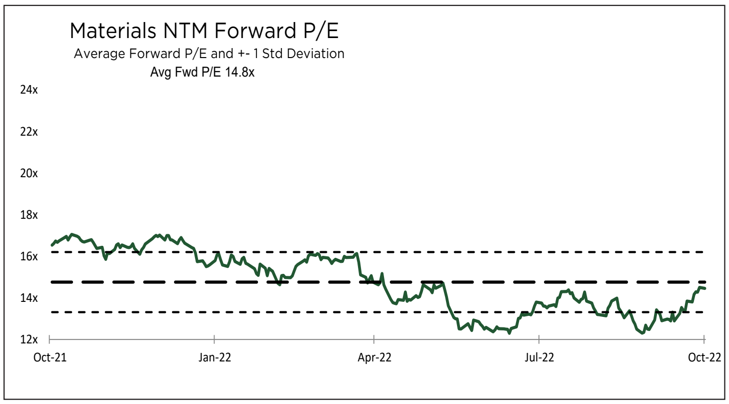
While the Software sector (+3.7% in November) lagged the market in November, Microsoft and ServiceNow reported healthy corporate demand for their enterprise software. Microsoft expects to grow its FY23 revenue by 10% at constant currency driven by 20% growth in its commercial revenue, which includes both its cloud infrastructure and software as a service offerings.

ServiceNow raised its FY22 subscription revenue growth guidance from 28% to 28.5% year-over-year. ServiceNow believes that secular tailwinds such as hybrid multi-cloud deployments, adoption of modern data infrastructure stacks, cybersecurity and risk management, AI and data analytics, remote work, and collaboration are more powerful forces than global macro-economic headwinds.

The Semiconductor and Semiconductor Capital Equipment sector underperformed the market in October. Several semiconductor companies warned of significantly lower consumer demand for PCs and smartphones, with the potential risk that semiconductor demand in other industry sectors could weaken. Nonetheless, it appears that semiconductor demand in the automotive, 5G wireless and wireline infrastructure, and U.S. hyperscale cloud sectors continue to rise.

MATERIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.97%	-5.13%	-18.17%	-12.78%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Nucor Corp	22.8%
	Freeport-McMoRan Inc	16.0%
	Corteva Inc	14.3%
	DuPont de Nemours Inc	13.5%
	FMC Corp	12.5%
Laggards	Newmont Corp	0.7%
	LyondellBasell Industries	1.6%
	Ball Corp	2.2%
	PPG Industries Inc	3.2%
	Vulcan Materials Co	3.8%

Consensus FY EPS / P/E

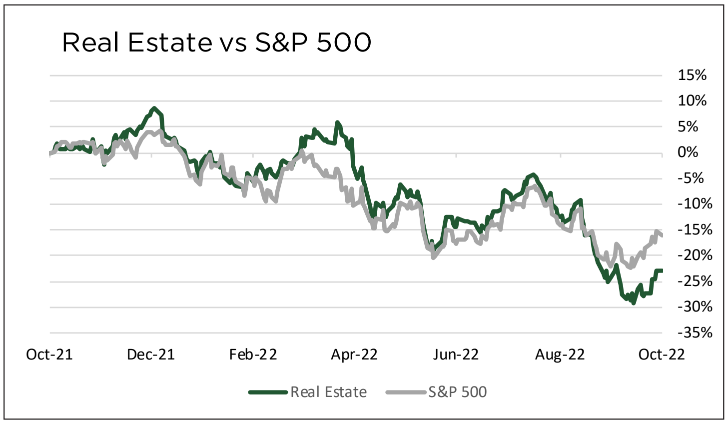
Last Year	Current Year	Next Year
$33.71	$35.34	$32.29
13.8x	13.2x	14.4x

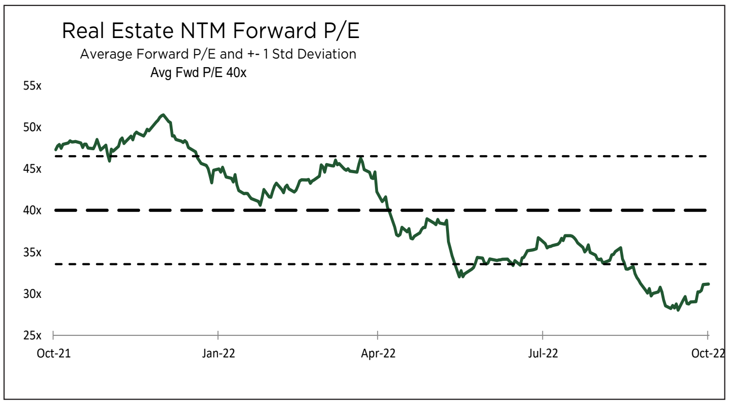
Sector Update

The Materials segment increased by 8.97% in October and outperformed the S&P 500 Index which increased by 7.99%. All sectors reported decreases for the month. The Metals and Mining Containers segment was the strongest rising by 12.8% followed by chemicals which increased by 9.1% for the month. YTD through October, the Materials segment has decreased 18.17% on average and has performed relatively in line with the S&P 500 Index which has declined 18.76%. The Materials segment is now trading with a current forward P/E that is just slightly below its average forward P/E of about 15x. The current valuation seems to reflect the continued near-term global volatile operating environment across the segments. Selective investment among the group remains a key factor, but the outlook remains favorable for long-term investors.

Strength in mining companies during the quarter reflects an ongoing relatively tight supply and demand outlook with expected strengthening demand in 2023. Execution and managing input cost pressures remain critical factors and the companies could begin to realize strengthening margins as input costs moderate. For 2023, the focus remains on currency movement, end market demand, global economies, pricing, and moderation in input cost pressures. For 2023, the global agriculture environment is expected to remain volatile. For the US, grain export volume should remain strong supported by favorable worldwide demand. Pricing should remain favorable subject to currency movement, end market demand, and global economies. Farmers are expected to realize favorable prices while managing input cost pressures (ie natural gas, fuel, fertilizer, etc). Execution and leveraging technology to manage crops and productivity remain key areas of farmer focus. Rising interest rates globally are pressuring such end markets as construction and housing. Within the domestic housing market, the recent rise of fixed mortgages to around 7% is further pressuring the already weakening domestic housing market. Tight housing inventory and declining input costs (lumber, metal, etc) provide positive tailwinds heading into 2023 while moderating consumer demand and higher borrowing rates present challenges. An investment in repair and remodel companies remains attractive as consumers with low fixed mortgage rates increasingly lack the incentive to move.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.91%	-17.02%	-29.10%	-22.95%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	Simon Property Group	21.4%
	Host Hotels & Resorts	18.9%
	Kimco Realty Corp	16.1%
	Iron Mountain Inc	13.9%
	Regency Centers Corp	12.4%
Laggards	Essex Property Trust	-8.3%
	Crown Castle Inc	-7.8%
	Equity Residential	-6.2%
	Invitation Homes Inc	-6.2%
	SBA Communications	-5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$6.82	$7.41	$7.49
33.8x	31.1x	30.7x

Sector Update

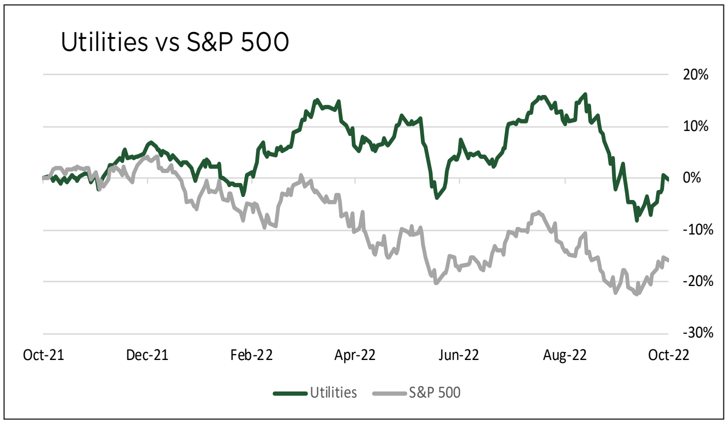
As 3Q2022 earnings season unfolded and investors increasingly looked for the Fed to slow its pace of interest rate hikes into yearend 2022, markets recovered sharply in October – rebounding from a challenging period in September – with the Dow Jones Industrials recording its best monthly performance in decades, rising by 13.95%. The broader market as represented by the S&P 500 also achieved a solid monthly gain rising by 7.99%, while the NASDAQ Composite lagged but still ramped by 3.90% for the month. As illustrated in the adjacent graphic, the Real Estate sector was among the laggards in October, advancing 1.91%, and sustaining a run of underperformance that has persisted throughout 2022 with the sector off 29.10% versus the S&P 500's decline of 18.76%. The key driver to both the Real Estate sector and broad based S&P 500 performance has been interest rate trends; a rising U.S. dollar; along with expectations of further rate hikes to follow into 1H2023 along with fears of recession arriving next year. Since the beginning of September, the yield on the 2 year note moved has risen by 131 basis points to a recent 4.76%, while the 10 year Treasury yield ramped to 4.12% (up 102 basis points). Thus, it is not surprising that Real Estate, frequently viewed as a bond proxy segment of the market, has lagged as performance significantly correlates to interest rates as well as general economic conditions.

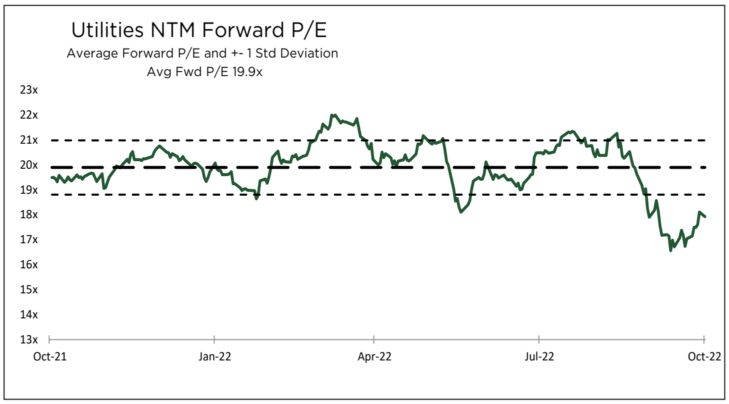
With consumers having retrenched on purchases of durable goods given a slowing economy; the housing sector on the decline; capacity expansion/absorption issues impacting some subsectors; and rising overhead costs impacting others (labor or energy related) REIT investor fears over occupancy and rental pricing implications have arisen with expectations that a slowdown arising in 2023. In the meantime, rising interest rates weigh on M&A activity, while also offering investors competitive returns from the fixed income market (for the first time in over a decade). Still, latest operating results from Simon Property had management reporting occupancy rates on the rise among the firm's mall operations with leasing demand remaining sound through the 3Q – leading to increased guidance for 2022 FFO that catalyzed the shares. Likewise, RevPAR at lodging leader Host Hotels increased by 1.3% in the 3Q2022 driving solid results, while the firm also announced the $315 million acquisition of the Four Season Resort located in Jackson Hole, WY. Kimco saw sustained demand in its retail operations; moved to monetize the investment in Albertson's stock (being sold to Kroger); and, raised guidance for 2022.

On the other hand, Essex Property's West coast apartment rental business could face challenges into 2023 with the employment market softening, while rental spreads could also narrow which saw the shares decline with latest operating reports. Crown Castle anticipates 5G deployment slows over the few years with leasing of tower space following along. And, Equity Residential is expected to see a slowing of spreads on new leases when going up against a surge recorded in 2022 – leading to these REIT's as lagging in October.

Given the Fed's quantitative tightening strategy now underway, we sense that economic uncertainty will persist as the U.S. has not experienced a similar process to any significant degree in the past four decades with the outcome/ramification to follow. Interest rate, occupancy, and pricing trends and the influence they have on the economy will likely remain the challenge to investor sentiment for the Real Estate sector into 2023.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.00%	-9.71%	-6.74%	-0.19%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
7.99%	-6.25%	-18.76%	-15.92%

	Company Performance	1 Month
Leader	PG&E Corp	19.4%
	NRG Energy Inc	16.0%
	AES Corp/The	15.8%
	Constellation Energy	13.6%
	American Water Works	11.7%
Laggards	Southern Co/The	-3.7%
	DTE Energy Co	-2.6%
	Eversource Energy	-2.2%
	CMS Energy Corp	-2.0%
	Alliant Energy Corp	-1.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$16.85	$17.93	$19.12
20.1x	18.9x	17.7x

Sector Update

The Utilities sector gained 2% in October, lagging the 8% improvement in the S&P 500. Year-to-date comparisons favor the Utilities sector relative to the market—with the sector down 6.7% compared to an 18.8% retrenchment in the S&P through October. The sector also meaningfully outpaced the broader market in the past twelve months, remaining flattish compared to the S&P down 15.9% in the same period. In-line with our prior commentary, performance in this historically defensive sector appeared to be pressured on multiple fronts as higher rates increase cost of capital for these large debt issuers while the competing security effects of higher yields in fixed income markets pull investors away from these 'bond proxies'.

PG&E Corp (PCG) led the sector in October after settling wildfire lawsuits for $117MM early in the month, later followed by better than expected earnings and guidance toward month-end. Several sector components enjoyed double digit gains in the month; however, sector performance was quite volatile in the month moving ~12% lower peak to trough early in October as two-year treasury yields marched higher. With some relief on bond yields toward month-end and solid earnings prints, the sector regained momentum to close the month flattish. Electric Utilities improved 1.8% in the month while Multi-Utilities gained slightly less than one percent in October.

We continue to think many Utilities are somewhat 'caught in the middle' between historical defensiveness and inflationary pressures against long-term capital expenditure backlogs. Higher interest rates could be an additional drag; the increasing cost of capital for companies with substantial debt issuance needs, while investors are no longer pinned to bond proxy equities in a search for income with a two-year treasury providing a 4.5% yield at month-end.

We consider the Utilities sector fairly valued at 17.7x FY23 earnings expectations. While there remains significant uncertainty around current and out-year estimates in the broader market, it is likely that earnings revisions in the Utilities sector could remain stable or improve modestly on the back of recent legislation and favorable weather. The Utilities continue to trade at a premium to the market; however, investors appear willing to pay up for stability against an uncertain earnings picture across many segments of the market. We reiterate our preference of placing new investment in secular growth stories with reasonable valuations at this juncture; however, the Utilities no longer appear prohibitively expensive as they had through much of the year.

ECONOMIC CALENDAR

Date	Release	For	Prior
8-Nov	NFIB Small Business Optimism	Oct	92.1
9-Nov	MBA Mortgage Applications Index	11/5	-0.50%
9-Nov	Wholesale Invensories	Sep	1.30%
9-Nov	EIA Crude Oil Inventories	11/5	-3.12M
10-Nov	CPI	Oct	0.40%
10-Nov	Core CPI	Oct	0.60%
10-Nov	Initial Claims	11/5	217K
10-Nov	Continuing Claims	10/29	1485K
10-Nov	EIA Natural Gas Inventories	11/5	+107 bcf
10-Nov	Treasury Budget	Oct	-$429.7B
11-Nov	Univ. of Michigan Consumer Sentiment - Prelim	Nov	59.9
15-Nov	Empire State Manufacturing	Nov	-9.1
15-Nov	PPI	Oct	0.40%
15-Nov	Core PPI	Oct	0.30%
16-Nov	MBA Mortgage Applications Index	11/12	NA
16-Nov	Retail Sales	Oct	0.00%
16-Nov	Retail Sales ex-auto	Oct	0.10%
16-Nov	Export Prices ex-ag.	Oct	-0.90%
16-Nov	Import Prices ex-oil	Oct	-0.40%
16-Nov	Industrial Production	Oct	0.40%
16-Nov	Capacity Utilization	Oct	80.30%
16-Nov	Business Inventories	Sep	0.80%
16-Nov	NAHB Housing Market Index	Nov	38
16-Nov	EIA Crude Oil Inventories	11/12	NA
17-Nov	Housing Starts	Oct	1439K
17-Nov	Building Permits	Oct	1564K
17-Nov	Initial Claims	11/12	NA
17-Nov	Continuing Claims	11/5	NA
17-Nov	Philadelphia Fed Index	Nov	-8.7
17-Nov	EIA Natural Gas Inventories	11/12	NA
18-Nov	Existing Home Sales	Oct	NA
23-Nov	MBA Mortgage Applications Index	11/19	NA
23-Nov	Initial Claims	11/19	NA
23-Nov	Continuing Claims	11/12	NA
23-Nov	Durable Orders	Oct	NA
23-Nov	Durable Orders, Ex-Transportation	Oct	NA
23-Nov	New Home Sales	Oct	603K
23-Nov	Univ. of Michigan Consumer Sentiment - Final	Nov	NA
23-Nov	EIA Crude Oil Inventories	11/19	NA
23-Nov	EIA Natural Gas Inventories	11/19	NA
29-Nov	FHFA Housing Price Index	Sep	NA
29-Nov	Consumer Confidence	Nov	NA

ECONOMIC CALENDAR

30-Nov	MBA Mortgage Applications Index	11/26	NA
30-Nov	ADP Employment Change	Nov	NA
30-Nov	Adv. Intl. Trade in Goods	Oct	NA
30-Nov	Adv. Retail Inventories	Oct	NA
30-Nov	Adv. Wholesale Inventories	Oct	NA
30-Nov	GDP - Second Estimate	Q3	NA
30-Nov	Chicago PMI	Nov	NA
30-Nov	Pending Home Sales	Oct	-10.20%
30-Nov	EIA Crude Oil Inventories	11/26	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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