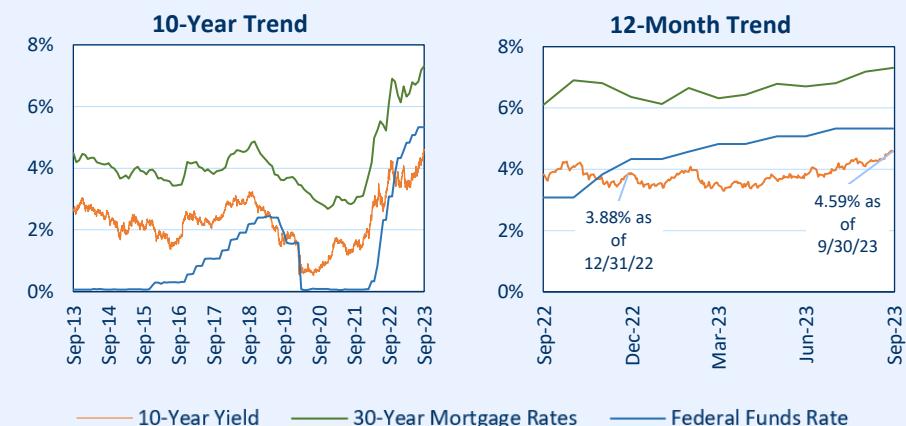


U.S. Economic Conditions

In the first three quarters of the year, the consensus of economic forecasters has vacillated between 1) a pessimistic stance that a recession is coming and the Federal Reserve is nearing the end of their tightening cycle and 2) a stance of surprise that the U.S. economy has been so resilient and Fed policymakers will be forced to push rates higher. In other words, uncertainty is high, but the prevailing sentiment seems to be that the overall economy remains strong and rates may stay higher for longer. What gives us pause is that we clearly live in a world where overreaction has become somewhat normal, and we feel there is a large gap in the impact higher rates are having among individual and corporate consumers. In other words, there are measures of overall economic performance, but are these accurately reflecting 1) the pain that is being felt in segments of the economy and 2) the risk of this pain spreading quicker than anticipated if rates are held too high for too long? Fed policymakers have a very difficult job - and we don't envy them. We simply hope their "data-dependent" approach leads to appropriate policy decisions in the months and quarters to come - not another overreaction.

U.S. Gross Domestic Product and Unemployment

Interest Rates and Yields

Consumer Finances

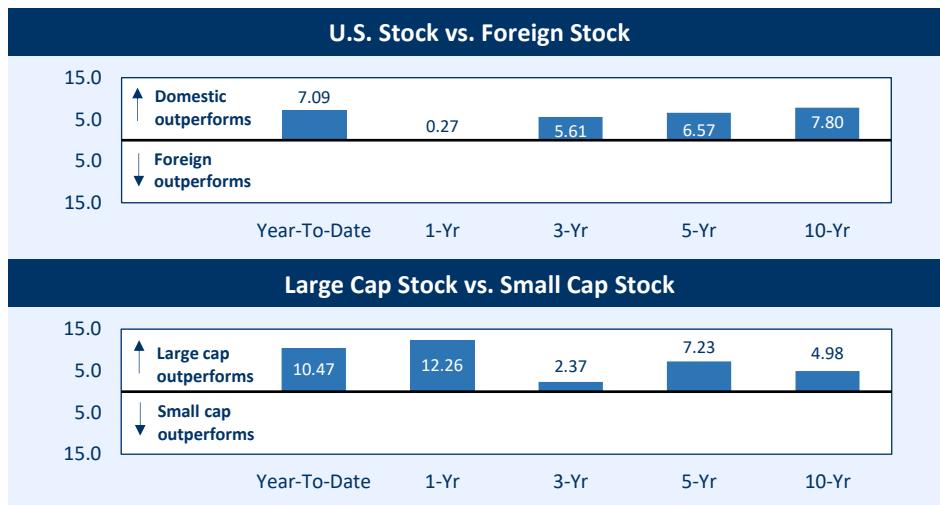
Corporate Earnings


U.S. Stock Market

Following a strong start to the year, the U.S. equity market experienced a weaker 3rd quarter as investors digested a number of ongoing developments (e.g., higher interest rates and energy prices, geopolitical conflict in the Middle East, uncertainty surrounding the Federal Reserve's next steps, etc.). The year-to-date returns from broader indexes remain positive, but it has been interesting how much influence certain areas of the market are having on the performance of overall index averages. In particular, significant rallies among the so-called "Magnificent Seven" that make up more than a quarter of the S&P 500 Index currently (Apple, Amazon, Microsoft, Google, Nvidia, Tesla, and Meta) have accounted for more than 70% of the index's return through the 3rd quarter of 2023. *Optimism related to Artificial Intelligence (AI) and the potential impact of technological advancements on earnings in future years have been a significant contributor to this.* Meanwhile, more defensive sectors of the market have lagged, and smaller-cap stocks have struggled due to volatility within the regional banking sector earlier in the year.

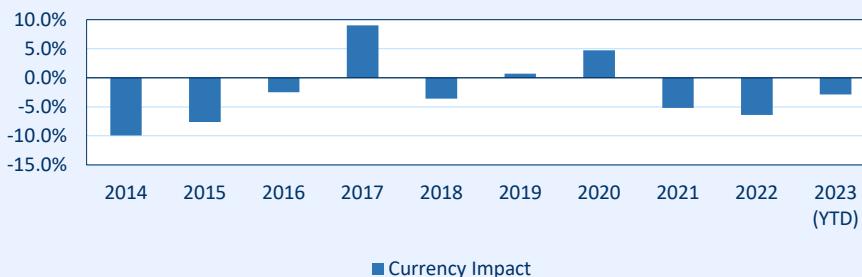
Market Segment		YTD	1-Year	3-Year	5-Year	10-Year
Russell 3000	Broad Indices	12.4%	20.5%	9.4%	9.1%	11.3%
S&P 500		13.1%	21.6%	10.2%	9.9%	11.9%
Russell 2000		2.5%	8.9%	7.2%	2.4%	6.6%
Large Growth		19.8%	23.5%	4.3%	9.0%	11.6%
Large Blend		9.9%	19.1%	9.3%	8.6%	10.4%
Large Value		1.8%	14.9%	11.8%	6.4%	8.4%
Mid Growth		8.0%	13.2%	1.6%	5.8%	9.0%
Mid Blend		4.0%	14.0%	9.7%	5.7%	8.0%
Mid Value		2.2%	14.3%	13.9%	5.7%	7.5%
Small Growth		4.7%	9.1%	2.2%	3.7%	7.8%
Small Blend	Category	3.1%	12.5%	11.0%	3.7%	6.8%
Small Value		3.4%	15.0%	16.7%	4.5%	6.5%

Sector	YTD Return	Forward Price-to-Earnings Ratio		
		Sept. 30 2023	20-yr Avg	Relative to 20-yr Avg.
S&P 500 Index	13.1%	17.8	15.6	114%
Basic Materials	3.5%	17.0	14.8	115%
Consumer Cyclical	24.1%	23.5	19.4	121%
Financial Services		1.3%	13.1	12.5
Real Estate	-5.2%	14.9	16.9	88%
Comm. Services	30.5%	16.3	18.7	87%
Energy	6.5%	11.7	13.6	86%
Industrials		6.5%	17.3	16.3
Technology	35.7%	24.3	17.9	136%
Consumer Defensive	-3.2%	18.4	17.4	106%
Healthcare	-4.3%	16.8	15.0	112%
Utilities		-14.4%	15.0	15.6



Foreign Economic Conditions & Stock Markets

As has generally been the case in recent years, the outlook for foreign economies remains mixed. In Europe, while an energy-induced recession was avoided earlier in the year, the European Central Bank's renewed rate increases (two in the 3rd quarter) to combat higher inflation has dampened economic growth prospects and manufacturing activity has slowed. Meanwhile, following much brighter prospects for the Chinese economy earlier in the year, growth has waned in recent months, and this has spilled over to other regions that rely heavily on the world's second largest economy. In response, the People's Bank of China has implemented interest rate cuts and targeted stimulus measures to support the areas of their economy that are being most impacted (e.g., Real Estate). Weaker results from these regions have overshadowed much more favorable economic data from areas of the world such as Japan and India during the quarter. Given the challenges that many foreign economies have faced, it is not surprising that domestic stocks have continued to outperform foreign stocks YTD.

Currency Impact on Foreign Investment (made by U.S. investors)


Return	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
In Local Currency	6.0%	1.9%	7.0%	18.2%	-10.6%	20.8%	6.0%	13.0%	-9.6%	8.2%
Currency Impact	-9.9%	-7.6%	-2.5%	9.0%	-3.6%	0.7%	4.7%	-5.2%	-6.4%	-2.9%
Net In U.S. Dollars	-3.9%	-5.7%	4.5%	27.2%	-14.2%	21.5%	10.7%	7.8%	-16.0%	5.3%

Global Gross Domestic Product

Foreign Stock Performance

Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
MSCI ACWI ex-U.S. IM	5.3%	20.2%	3.8%	2.6%	3.5%
	6.3%	24.5%	5.1%	2.9%	3.9%
	3.4%	13.2%	-0.3%	1.3%	2.4%
Developed Markets	3.7%	18.1%	-1.4%	2.9%	4.4%
	6.0%	22.9%	4.3%	2.8%	3.6%
	8.1%	27.7%	8.9%	3.0%	3.1%
Emerging Markets	0.3%	14.3%	-4.0%	0.6%	4.1%
	3.6%	19.9%	2.9%	1.3%	3.9%
	6.5%	25.1%	9.5%	2.8%	4.0%
Broad Indices	3.7%	18.1%	-1.4%	2.9%	4.4%
	6.0%	22.9%	4.3%	2.8%	3.6%
	8.1%	27.7%	8.9%	3.0%	3.1%
Category	0.3%	14.3%	-4.0%	0.6%	4.1%
	3.6%	19.9%	2.9%	1.3%	3.9%
	6.5%	25.1%	9.5%	2.8%	4.0%

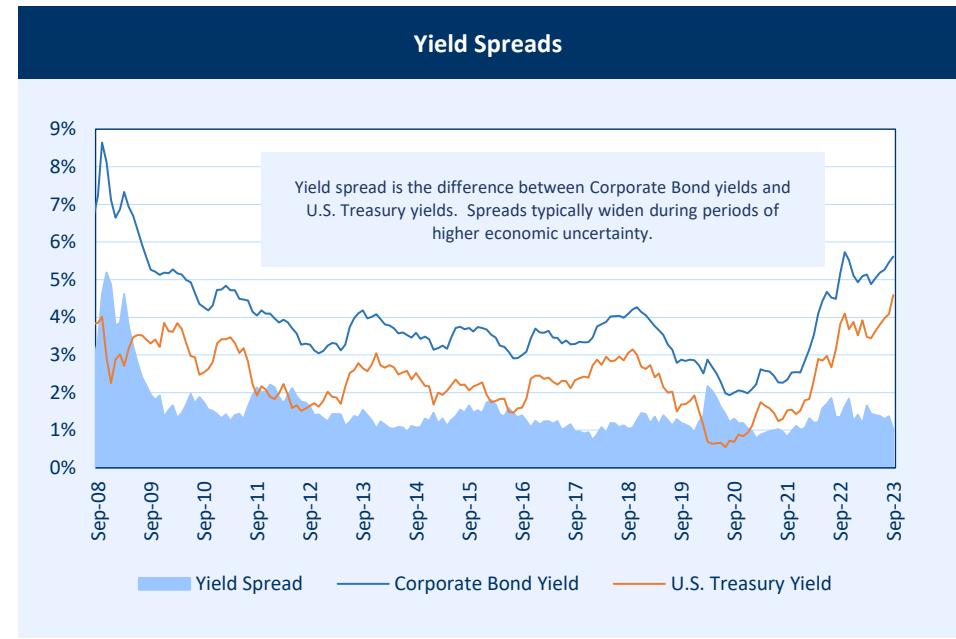
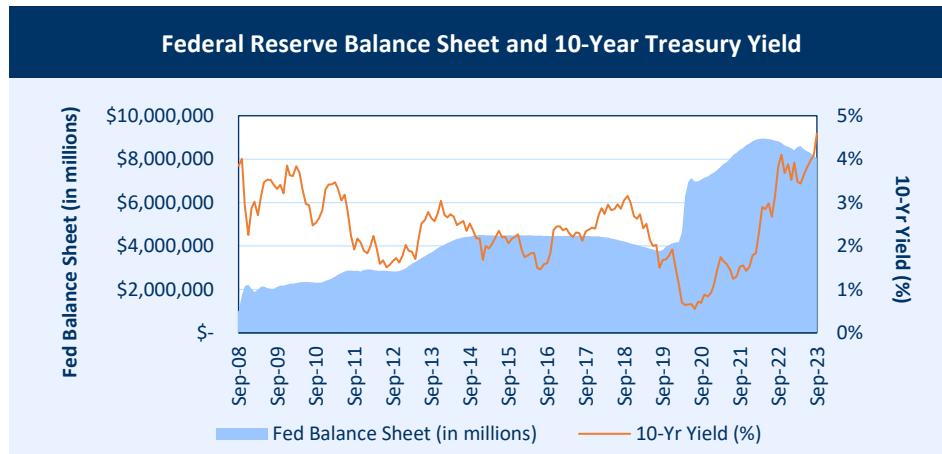
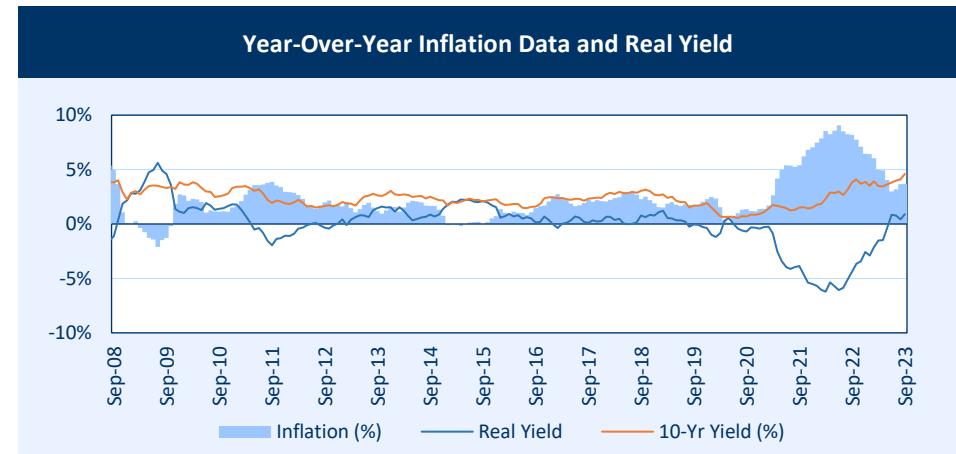
Foreign vs. U.S. Performance and Allocation


Fixed Income Markets

Following a relatively calm first half, the 3rd quarter of 2023 was difficult for fixed-income markets as interest rates rose and prices (which move inversely to rates) fell. *The 10-year Treasury yield began the year at 3.88% and rose to 4.59% by the end of September - most of this increase occurred during the most recent quarter.* Unsurprisingly, medium to long-term bonds were hit hardest given their higher sensitivity to rate movements, while shorter-maturity bonds (which are less rate sensitive) managed to post modest gains. With regard to action from Federal Reserve policymakers, despite leaving the Federal Funds rate unchanged in their latest meeting, they have indicated the need to maintain their restrictive policy stance for some time in order to bring inflation closer to their 2% objective. A key decision factor for the Fed in support of future rate hikes has been the resiliency of the U.S. economy - even in the face of their aggressive tightening. However, they have also signaled the need to remain data dependent and vigilant in identifying early indications of delayed and meaningfully negative economic trends.

Fixed Income Performance

Sector, Maturity, Region	Avg. Yield	Avg. Maturity	YTD	1-Year	3-Year	5-Year	10-Year
Agency MBS	5.57%	8.4	1.4%	2.1%	-2.7%	1.0%	1.2%
U.S. Treasuries	4.97%	6.4	-0.6%	-0.1%	-4.9%	0.2%	0.6%
U.S. TIPS	5.02%	7.1	-0.8%	1.2%	-2.0%	2.1%	1.7%
Municipals	4.32%	13.0	-1.4%	2.7%	-2.3%	1.0%	2.3%
Invest. Grade Corporate	6.04%	10.6	0.0%	3.6%	-4.9%	0.9%	2.2%
High-Yield Corporate	8.88%	5.0	5.9%	10.3%	1.8%	3.0%	4.2%
Emerging Markets	9.03%	11.8	0.9%	7.6%	-4.2%	0.2%	2.3%
Short-Term Bond	4.89%	3.6	2.3%	3.6%	-0.6%	1.3%	1.3%
Intermediate-Term Bond	4.71%	9.0	-0.5%	1.3%	-4.5%	0.3%	1.3%
Long-Term Bond	5.30%	21.2	-2.6%	0.8%	-9.1%	-0.3%	2.5%
Foreign Bond	3.47%	8.8	2.8%	3.0%	-2.6%	0.8%	2.3%
U.S. Bond	5.39%	8.5	-1.2%	0.6%	-5.2%	0.1%	1.1%

Yield Spreads

Federal Reserve Balance Sheet and 10-Year Treasury Yield

Year-Over-Year Inflation Data and Real Yield


Definitions:

Federal Funds Rate - The interest rate set by the Federal Open Market Committee (FOMC), the governing body of the Federal Reserve Bank, which determines the amount banks charge for overnight lending of their reserve balances to other financial institutions. **Disposable Personal Income (DPI)** - The amount of total discretionary income received by a household net of taxes. **Liabilities / DPI** - The amount of total debt owed by households in relation to their DPI, measured as the aggregate of the entire U.S. population.

Data Sources:

Page 1:

Gross Domestic Product (GDP): Third quarter 2023 GDP is an estimate from the Federal Reserve Bank of Atlanta. **Unemployment:** U.S. Bureau of Labor Statistics, Unemployment Rate, retrieved from FRED, Federal Reserve Bank of St. Louis. **10-Year Treasury:** U.S. Treasury, Daily Treasury Yield Curve Rates. **30-Year Mortgage Rates:** FreddieMac, Monthly Average Commitment Rate And Points On 30-Year Fixed-Rate Mortgages Since 1971. **Fed Funds Rate:** The effective federal funds rate (EFFR) is calculated as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates. Data from the Federal Reserve Bank of New York. **Household Net Worth:** Board of Governors of the Federal Reserve System (US), Households and Nonprofit Organizations; Net Worth, Level [TNWBSHNO], retrieved from FRED, Federal Reserve Bank of St. Louis. **Median Household Income:** U.S. Census Bureau, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis. **Liabilities / Disposable Personal Income:** Board of Governors of the Federal Reserve, Balance Sheet of Households and Nonprofit Organizations, 1952 - 2023. **Earnings:** Standard & Poor's Global.

Page 2:

Index Data: Source - Morningstar Direct. Indices listed are as follows: Russell 3000 Index (broad U.S. market), S&P 500 (U.S. large cap), Large Growth (Russell 1000 Growth), Large Blend (Russell 1000), Large Value (Russell 1000 Value), Mid Growth (Russell Mid Cap Growth), Mid Blend (Russell Mid Cap), Mid Value (Russell Mid Cap Value), Small Growth (Russell 2000 Growth), Small Blend (Russell 2000), Small Value (Russell 2000 Value). **Sector Performance Data:** Source - Morningstar Direct. Represents Morningstar sector index performance. **Price to Earnings Data:** J.P. Morgan Guide to the Markets, p.14. **Factor Performance Data:** Source - Morningstar Direct. U.S. Stock vs. Foreign Stock (Russell 3000 vs. MSCI ACWI ex-U.S. IM Index), Growth vs. Value (Russell 3000 Growth vs. Russell 3000 Value Index), Large Cap Stock vs. Small Cap Stock (S&P 500 vs. Russell 2000 Index), Quality Stock vs. Low Quality Stock (S&P 500 Quality Index vs. S&P 500 Index).

Page 3:

Gross Domestic Product: Source - imf.org. Gross Domestic Product (GDP) for Developed markets (advanced economies), Emerging markets (emerging and developing economies), and World represent year-over-year economic growth data. **Foreign Stock Performance:** Source - Morningstar Direct. In order from top to bottom, the indices used are as follows: the MSCI ACWI ex-U.S. IM Index (broad foreign market), the MSCI EAFE IM Index (Developed Markets), the MSCI EM IM Index (Emerging Markets), the MSCI ACWI ex-U.S. Large Growth Index, the MSCI ACWI ex-U.S. Large Blend Index, the MSCI ACWI ex-U.S. Large Value Index, the MSCI ACWI ex-U.S. Small/Mid Growth Index, the MSCI ACWI ex-U.S. Small/Mid Blend Index, and the MSCI ACWI ex-U.S. Small/Mid Value Index. **Currency Impact on Returns:** Source - Morningstar Direct. Represents the yearly returns for the MSCI ACWI ex-U.S. Local Currency Index (Local Currency) and the MSCI ACWI ex-U.S. USD Index (U.S. Dollar). The currency data represents the difference between the yearly returns of the MSCI ACWI ex-U.S. Index in U.S. dollars versus Local Currency. **Foreign vs. U.S. Performance and Allocation:** Source - Morningstar Direct. Represents 1) the 10-year rolling return difference between the Russell 3000 Index (domestic) and the MSCI ACWI ex-U.S. IM Index (foreign) and 2) the U.S. historical weight within the MSCI ACWI ex-U.S. Index.

Page 4:

Fixed Income Performance: Source - Morningstar Direct. Indices/categories listed are as follows: Agency MBS (Bloomberg US MBS Index), U.S. Treasuries (S&P/BGCantor U.S. Treasury Bond Index), U.S. TIPS (Bloomberg U.S. Treasury U.S. TIPS Index), Municipals (Bloomberg Municipal Index), Invest. Grade Corporates (Bloomberg US Corp Bond Index), High-Yield Corporates (Bloomberg High Yield Corporate Index), Emerging Markets (JPM EMBI Global Diversified Index), Short-Term Bond (Morningstar Short-Term Bond Category), Intermediate-Term Bond (Morningstar Intermediate Core-Plus Bond Category), Long-Term Bond (Morningstar Long-Term Bond Category), Foreign Bond (Bloomberg Global Agg ex USD Hedged USD), U.S. Bond (Bloomberg U.S. Aggregate Bond). **Yield Spreads:** Corporate Bond Yield - U.S. Department of the Treasury, 10-Year High Quality Market (HQM) Corporate Bond Par Yield [HQMCB10YRP], retrieved from FRED, Federal Reserve Bank of St. Louis. Treasury Yield / Real Yield - U.S. Treasury, Daily Treasury Yield Curve Rates. **Federal Reserve Balance Sheet Size & 10-Year Treasury Yield:** Fed Balance Sheet - Board of Governors of the Federal Reserve System (US), Assets: Total Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level [WALCL], retrieved from FRED, Federal Reserve Bank of St. Louis. **Inflation Data & Real Yield:** Source - inflationdata.com. U.S. Treasury, Daily Treasury Yield Curve Rates. Real yield represents the 10-Year Treasury Bond Yield less the year-over-year change in the Consumer Price Index (CPI).

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