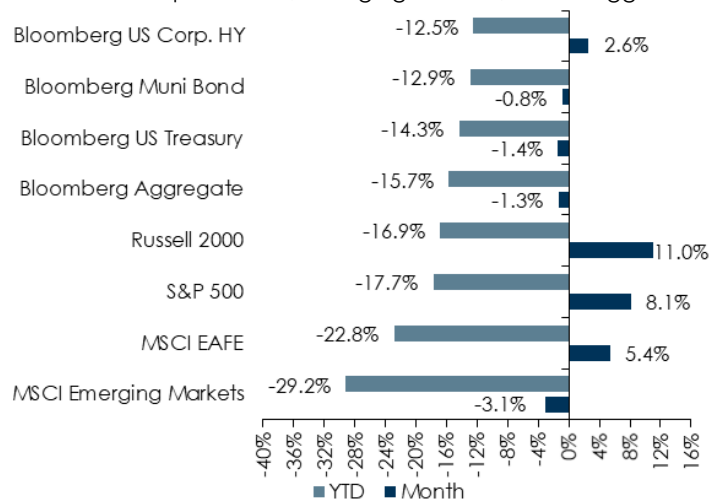


Economic Overview

- US GDP grew at a better than expected annual rate of 2.6% in Q3 following two straight negative quarters
- Unemployment fell back to 3.5% amid continued labor market strength and reduced labor force participation
- US inflation surprised to the upside with Core CPI rising to 6.6% from 6.3%, solidifying expectations of another 75 bps Fed rate hike in November

Market Returns

- Mixed returns as markets weighed inflation and policy outlook
- US Stocks outperformed; Emerging markets, bonds lagged



Source: Bloomberg, ACG Research (as of 10/31/2022)

Asset Class Valuations

- Equities appear fairly valued across markets
- Favor investment grade credit over high yield
- Cash yields remain attractive

	Current Fwd P/E	Historical Avg P/E	Current Avg Ratio
S&P 500	16.7	15.8	1.1
R2000	19.8	22.6	0.9
MSCI EAFE	11.5	13.4	0.9
MSCI EM	10.2	11.6	0.9

	Current Yield	Historical Avg Yield	Current Avg Spread
3-month T-Bill	4.1%	4.1%	-0.1%
10-year UST	4.1%	6.0%	-2.0%
Bloomberg Agg	5.0%	6.3%	-1.3%
High Yield	9.1%	9.6%	-0.5%

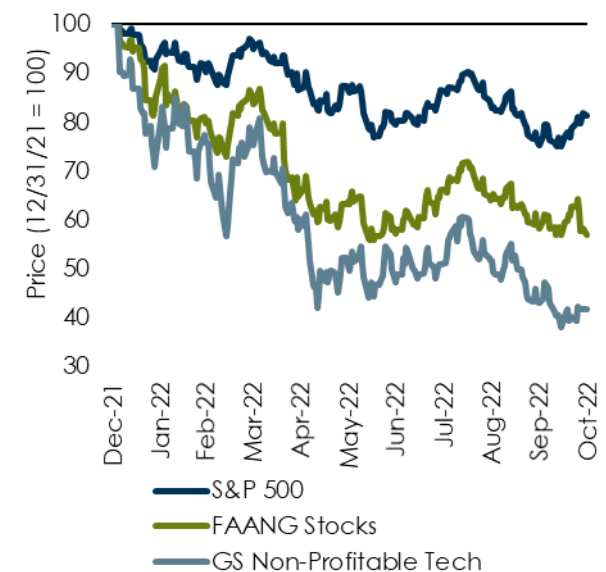
Core R.E.	3.7%	5.8%	-2.1%
Core Inflation	6.6%	3.7%	2.9%

Undervalued Fairly Valued Overvalued

Key Risk Factors We Are Watching

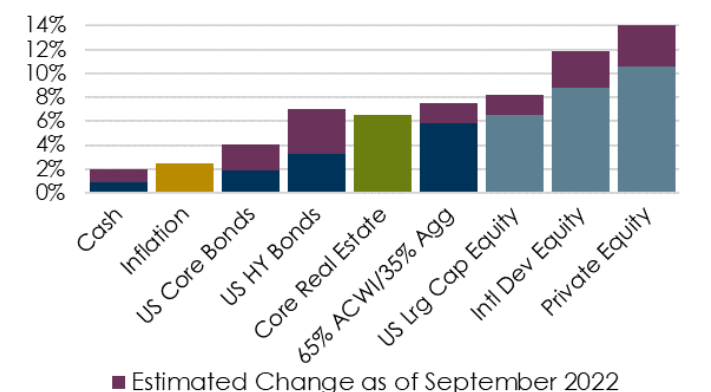
- Inflation and labor market data
- Tightening financial conditions
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Regulatory policy shifts (US and China in particular)

Pandemic-Era Winners See Bubbles Deflate YTD



Source: Bloomberg, Goldman Sachs

Market Moves Y-T-D Enhance 10-Year Return Potential



Recent Articles (click on links below) Upcoming Articles / Webcasts

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- [Real Estate in a Rising Rate Environment \(July\)](#)
- [Rates, Inflation, and US Dollar \(June\)](#)
- [Restoring the Fixed Income Foundation \(Dec\)](#)

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