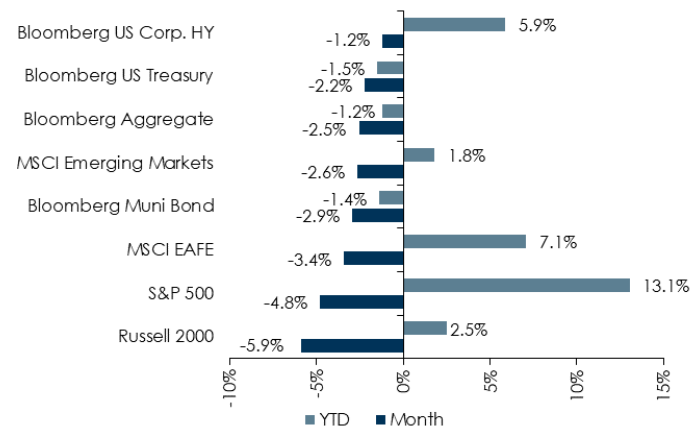


## Economic Overview

- The Fed held its benchmark rate at 5.25% - 5.50% but followed the decision with hawkish forward guidance that sent bond yields higher
- Congress narrowly avoided a government shutdown with a last-minute deal, however funding was only extended to mid-November
- Higher oil prices helped headline CPI surprise to the upside, but core CPI still continued downward, easing from 4.7% to a 4.3% annual change

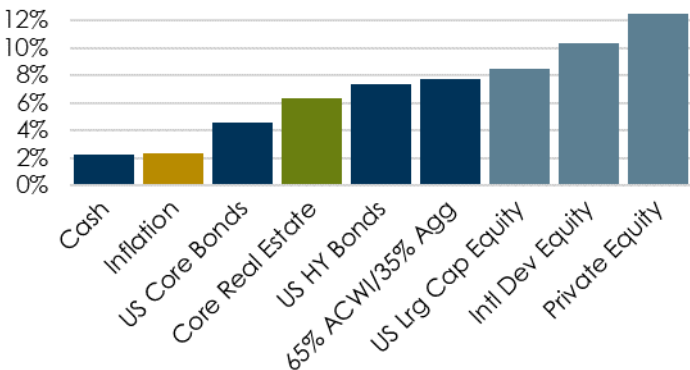
### Market Returns

- Rising rates sent both bond and equity returns lower
- The energy sector outperformed on soaring oil prices



Source: Bloomberg, ACG Research (as of 9/30/2023)

### Average Annual Return Assumptions (Next 10 Years)



### Asset Class Valuations - Rebalancing Rationale

- Equities currently priced for a benign economic outcome
- Favor core bonds (US Treasuries) over high yield
- Cash remains attractive with yields around 5%

Asset Class	Current Valuation	Rationale
US Large Cap	Overvalued	Expensive valuations
US Small Cap	Fairly Valued	Balanced upside/downside risks
Int'l Developed	Fairly Valued	Favorable valuations but stagnant outlook
Emerging Mkt	Fairly Valued	Balanced upside/downside risks

Cash	Overvalued	High current yield
Core Bonds	Overvalued	Favor high quality
Multi-Sector	Fairly Valued	Duration, spreads balanced
Unconstrained	Fairly Valued	Duration, spreads balanced

Core Real Estate	Overvalued	Historically low (but rising) cap rates
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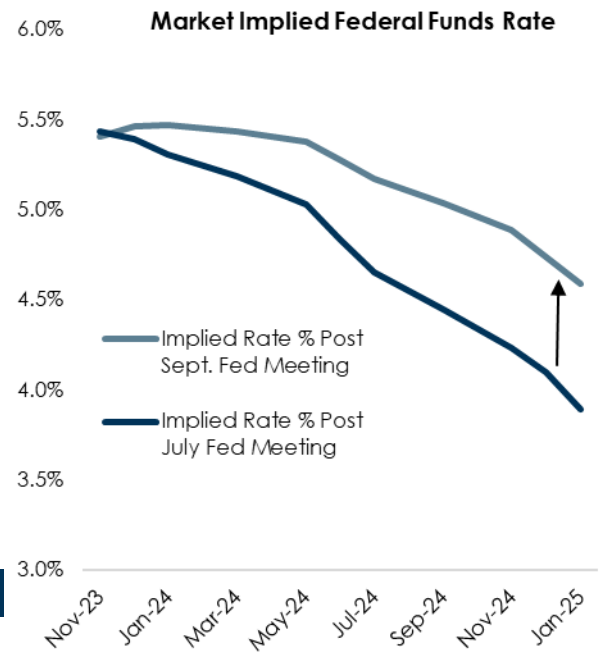
### Recent Articles (click on links below)

- [Artificial Intelligence \(August\)](#)
- [Market Volatility \(July\)](#)
- [US Banking System & the Economy \(May\)](#)

### Key Risk Factors We Are Watching

- Inflation and labor market data
- Accumulating headwinds (higher rates, student loans, depleted savings, UAW strike...)
- Fed policy mistake
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Weaker than expected China recovery

### Fed's Messaging Sends Rate Outlook Higher



Source: Bloomberg (as of 9/30/23)

## Disclosures and Legal Notice

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