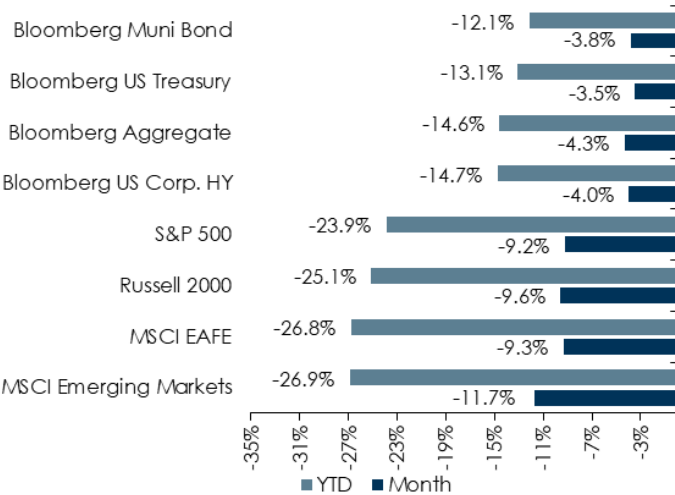


**Economic Overview**

- At its September meeting, the US Federal Reserve hiked the Federal Funds rate 75 bps to 3-3.25%, the third consecutive hike of that magnitude
- The August jobs report showed slowing growth with unemployment rising to 3.7% from 3.5%, but the labor market remains strong overall
- US inflation surprised to the upside, with core CPI increasing 6.3% year-over-year, up from 5.9%

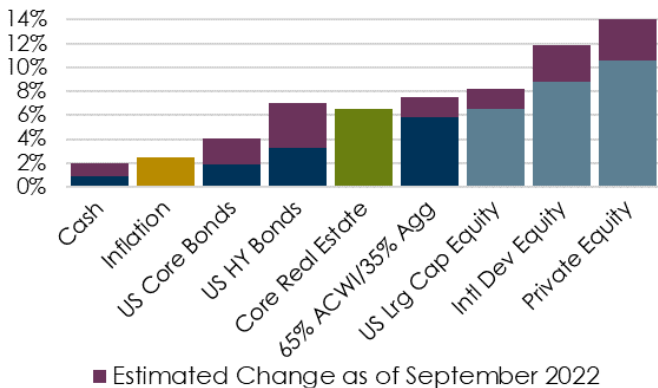
**Market Returns**

- Difficult month across assets saw many new YTD lows
- 3<sup>rd</sup> straight negative quarter for both stocks and bonds



Source: Bloomberg, ACG Research (as of 9/30/2022)

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



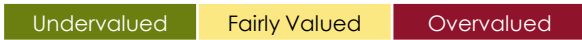
**Asset Class Valuations**

- Equities appear fairly valued across markets
- Favor investment grade credit over high yield
- Slightly higher cash weight provides flexibility

	Current Fwd P/E	Historical Avg P/E	Current Avg Ratio
S&P 500	15.2	15.8	1.0
R2000	18.2	22.6	0.8
MSCI EAFE	10.8	13.4	0.8
MSCI EM	10.3	11.6	0.9

	Current Yield	Historical Avg Yield	Current Avg Spread
3-month T-Bill	3.3%	4.1%	-0.9%
10-year UST	3.8%	6.0%	-2.2%
Bloomberg Agg	4.8%	6.3%	-1.5%
High Yield	9.7%	9.6%	0.1%

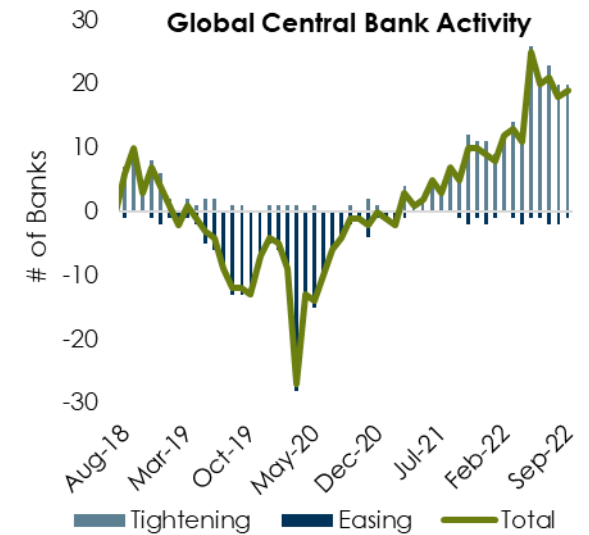
Core R.E.	3.9%	5.8%	-2.0%
Core Inflation	6.3%	3.7%	2.6%



**Key Risk Factors We Are Watching**

- Inflation and pace of consumer spending
- Tightening financial conditions
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Regulatory policy shifts (US and China in particular)

**Central Banks Largely Synchronized in Tightening**



Source: Bloomberg, Bank for International Settlements

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

- Mid-Term Elections (October)
- Real Estate in a Rising Rate Environment (July)
- Rates, Inflation, and US Dollar (June)
- Market Update Q3'22
- Webinar - Upcoming Mid-Term Elections

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