First Quarter 2024 Investment Environment

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CANDOR ASSET ADVISORS

Agenda

- The Economy
- Government Fiscal and Monetary Activity
- Investment Backdrop

The Economy

Will we experience a soft landing or a recession?

World Economic Snapshot - 1

	Real Year-Over-Year GDP Growth			CPI Growth			Short Term Interest Rate			ISM Services		
	Latest Available	Previous Quarter	12 Months Ago	1 Month Ago	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago
United States	#N/A	2.24%	2.54%	3.33%	4.12%	7.98%	5.38%	5.46%	4.20%	51.34	50.05	44.71
Eurozone	#N/A	1.41%	4.58%	2.60%	5.43%	10.85%	3.68%	3.67%	1.23%	44.36	43.41	47.79
United Kingdom	#N/A	0.40%	3.82%	4.35%	7.19%	11.49%	5.21%	5.43%	3.06%	46.21	44.31	45.30
France	#N/A	1.57%	4.31%	3.79%	4.77%	6.40%	3.69%	3.78%	1.38%	42.06	44.24	49.19
Germany	#N/A	-0.04%	1.92%	3.61%	6.32%	9.40%	3.68%	3.67%	1.24%	43.30	39.60	47.06
Canada	#N/A	2.15%	5.73%	3.38%	4.07%	7.23%	4.98%	5.04%	3.97%	45.43	47.45	49.18
South Korea	#N/A	1.63%	3.20%	3.17%	3.88%	5.56%	3.45%	3.46%	3.61%	49.94	49.92	48.22
Japan	#N/A	3.38%	1.07%	3.19%	3.41%	4.21%	-0.17%	-0.17%	-0.13%	47.72	48.51	48.89
China	#N/A	11.45%	7.83%	-0.68%	0.29%	1.97%	2.18%	1.99%	1.91%	50.80	50.58	49.03
India	#N/A	-1.83%	17.12%	4.98%	5.61%	6.08%	6.96%	6.83%	6.45%	-	57.51	57.81
Brazil	#N/A	4.74%	4.56%	5.11%	4.88%	6.91%	11.11%	11.64%	13.98%	48.39	49.04	44.17
Russia	#N/A	#N/A	#N/A	-	-	-	161.92%	174.54%	462.90%	54.57	54.53	52.99

Economic growth is modest in most developed nations and stronger in emerging economies.

Inflation has moderated. Central banks now have ammo to lower rates to stimulate the economy if needed.

Central banks have raised rates to reign in inflation. Short term rates may be peaking.

Services are contractionary in most developed markets and expansionary in emerging markets.

Source: FactSet

World Economic Snapshot - 2

	Long Term Rates			Unemployment Rate				Retail Sales Growth			ISM Manufacturing		
	Latest Available	3 Months Ago	12 Months Ago	2 Month Ago	3 Months Ago	12 Months Ago		2 Months Ago	3 Months Ago	12 Months Ago	Latest Available	3 Months Ago	12 Months Ago
United States	4.02%	4.38%	3.89%	3.80%	3.80%	3.60%		2.69%	2.69%	6.40%	47.92	49.84	46.23
Eurozone	2.00%	2.82%	1.96%	6.50%	6.50%	6.70%	-	3.46%	3.46%	7.77%	44.36	43.41	47.79
United Kingdom	3.77%	4.38%	3.30%	4.20%	4.20%	3.70%		3.45%	3.45%	5.06%	46.21	44.31	45.30
France	2.65%	3.24%	2.58%	7.40%	7.40%	7.20%		1.36%	1.36%	6.18%	42.06	44.24	49.19
Germany	2.11%	2.70%	2.08%	3.10%	3.10%	3.00%		2.44%	2.44%	6.00%	43.30	39.60	47.06
Canada	3.24%	3.82%	3.18%	5.50%	5.50%	5.10%		2.24%	2.24%	6.15%	45.43	47.45	49.18
South Korea	3.43%	3.95%	3.93%	2.60%	2.60%	2.80%		17.45%	17.45%	3.96%	49.94	49.92	48.22
Japan	0.67%	0.70%	0.25%	2.60%	2.60%	2.50%		7.44%	7.44%	4.01%	47.72	48.51	48.89
China	2.64%	2.66%	2.79%	2.60%	5.00%	5.70%		9.84%	9.84%	-4.55%	50.80	50.58	49.03
India	7.20%	7.17%	7.36%	-	-	4.10%		-	-	-	-	57.51	57.81
Brazil	10.79%	11.60%	13.03%	5.00%	7.70%	8.10%		4.10%	4.10%	12.13%	48.39	49.04	44.17
Russia	56.37%	60.28%	60.28%	-	-	-		-	-	-	54.57	54.53	52.99

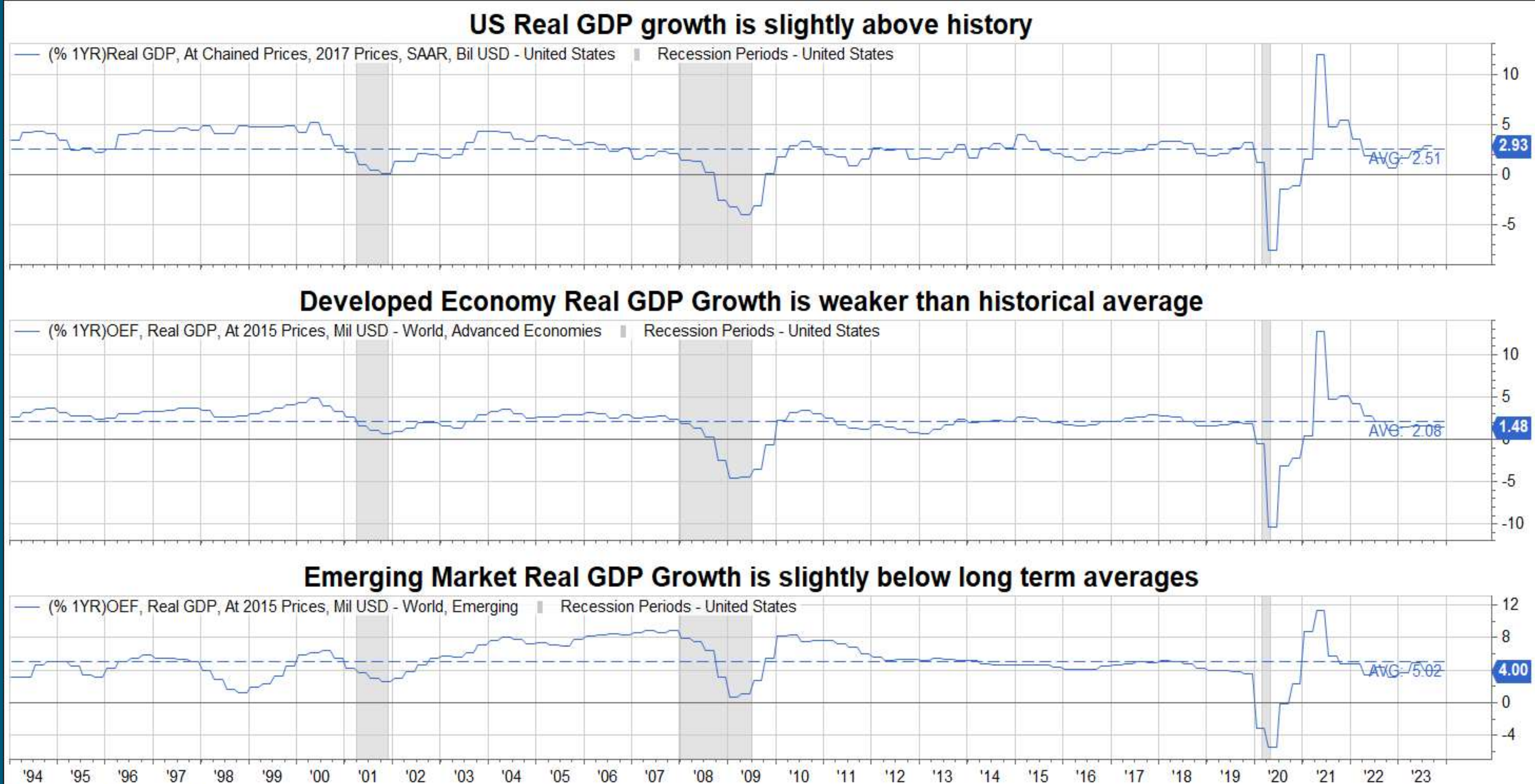
Long-term rates have fallen sequentially in anticipation of slowing economic growth and easing inflation.

Unemployment remains near historic lows. Many economists cite this data as evidence we may have a soft landing.

Retail sales growth is weak in most areas.

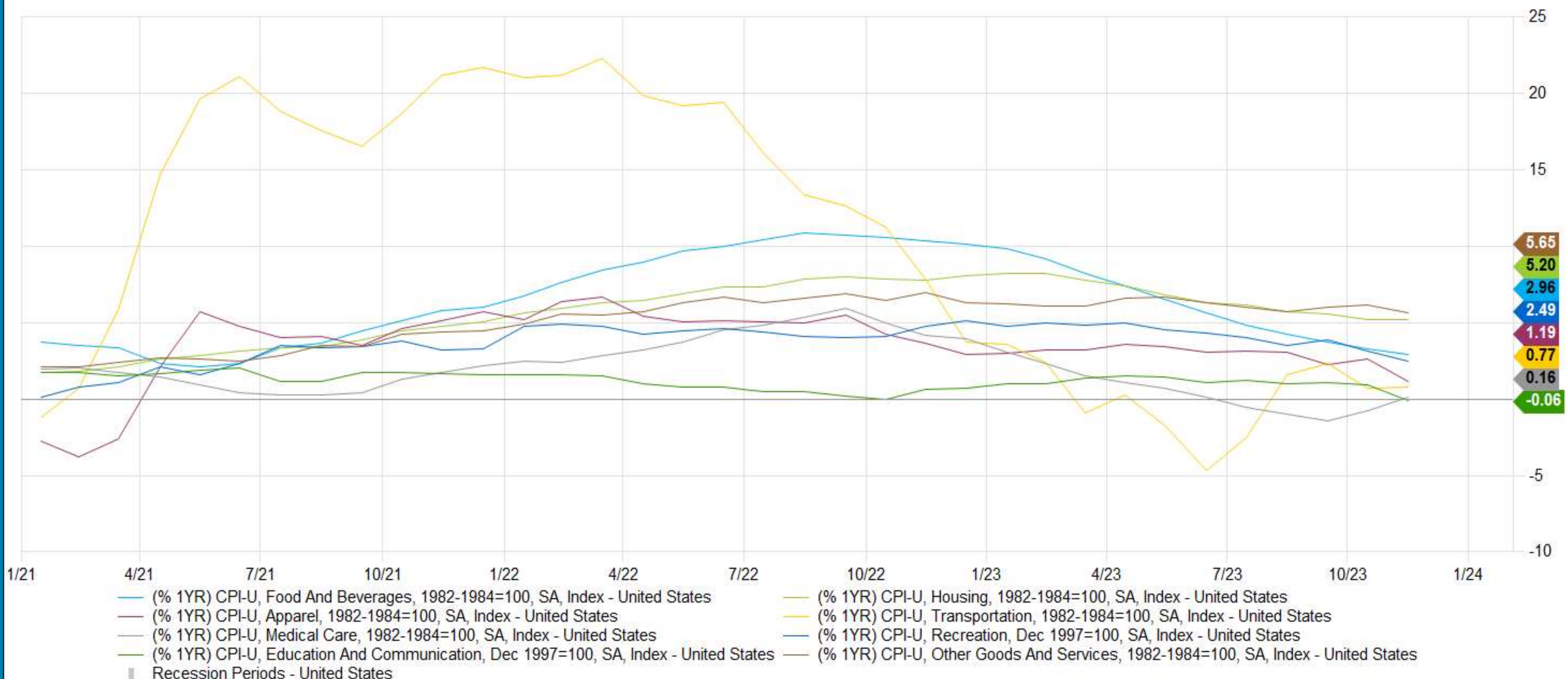
Manufacturing is contractionary in most developed economies and expansionary in emerging markets.

Source: FactSet

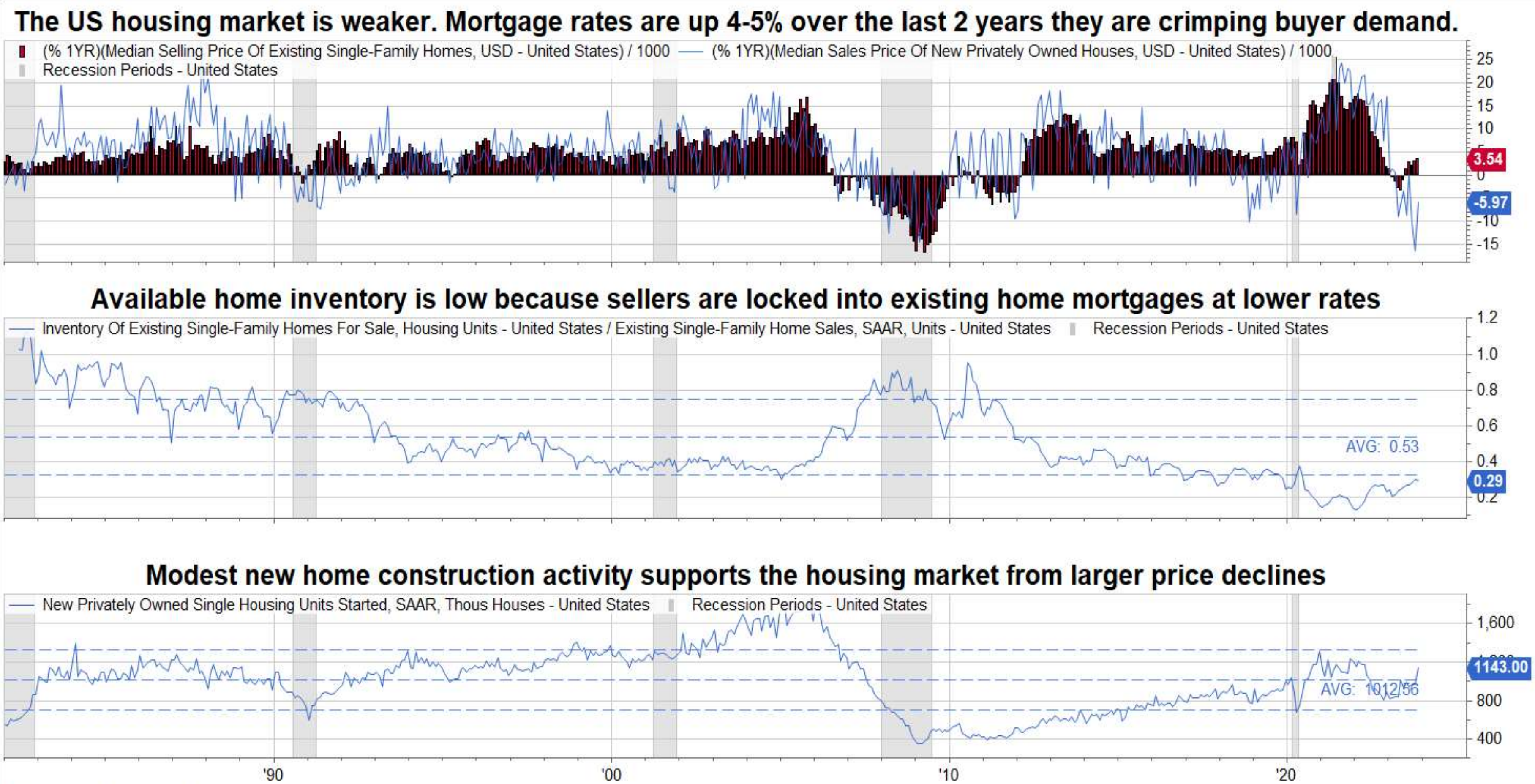


Source: FactSet

US Inflation Components: Food & Beverage and Transportation (led by Energy) were inflation leaders in 2022, Inflation is broadly retreating today



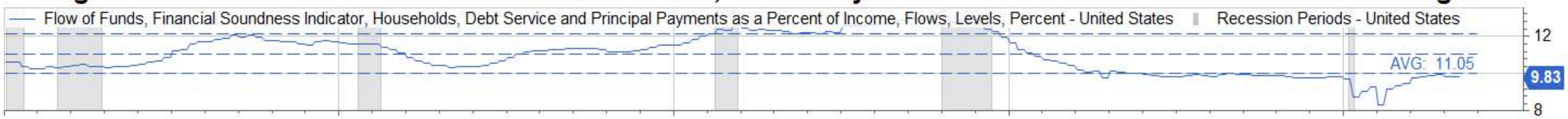
Source: FactSet



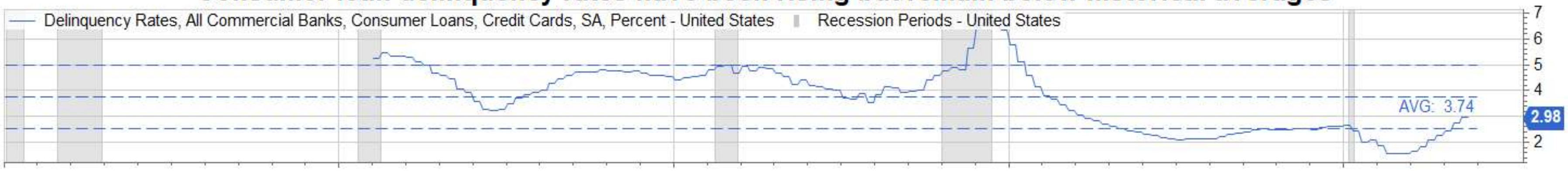
Source: FactSet

Consumers remain in ok shape despite recent financial stress

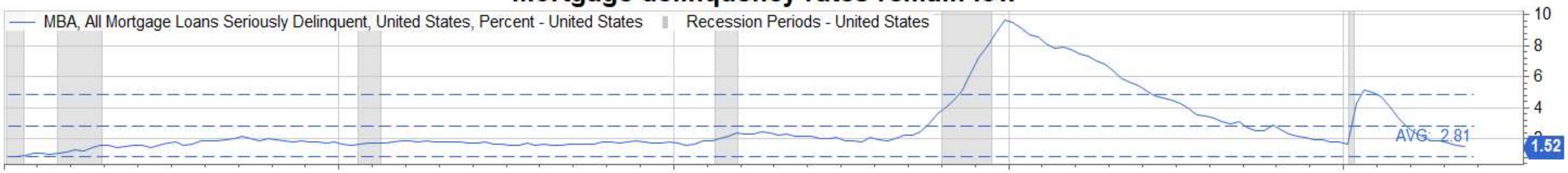
Higher rates have caused debt service ratios to rise, fortunately debt service remains below historical averages



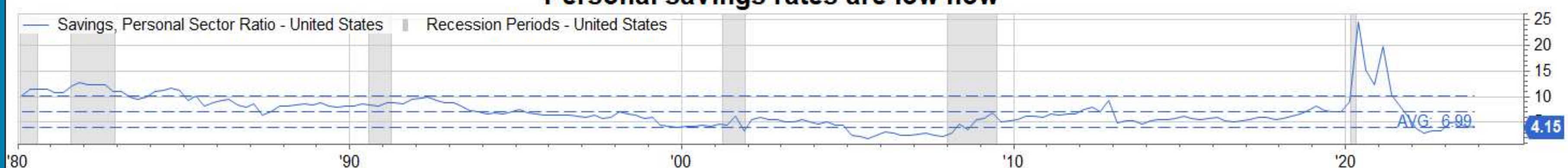
Consumer loan delinquency rates have been rising but remain below historical averages



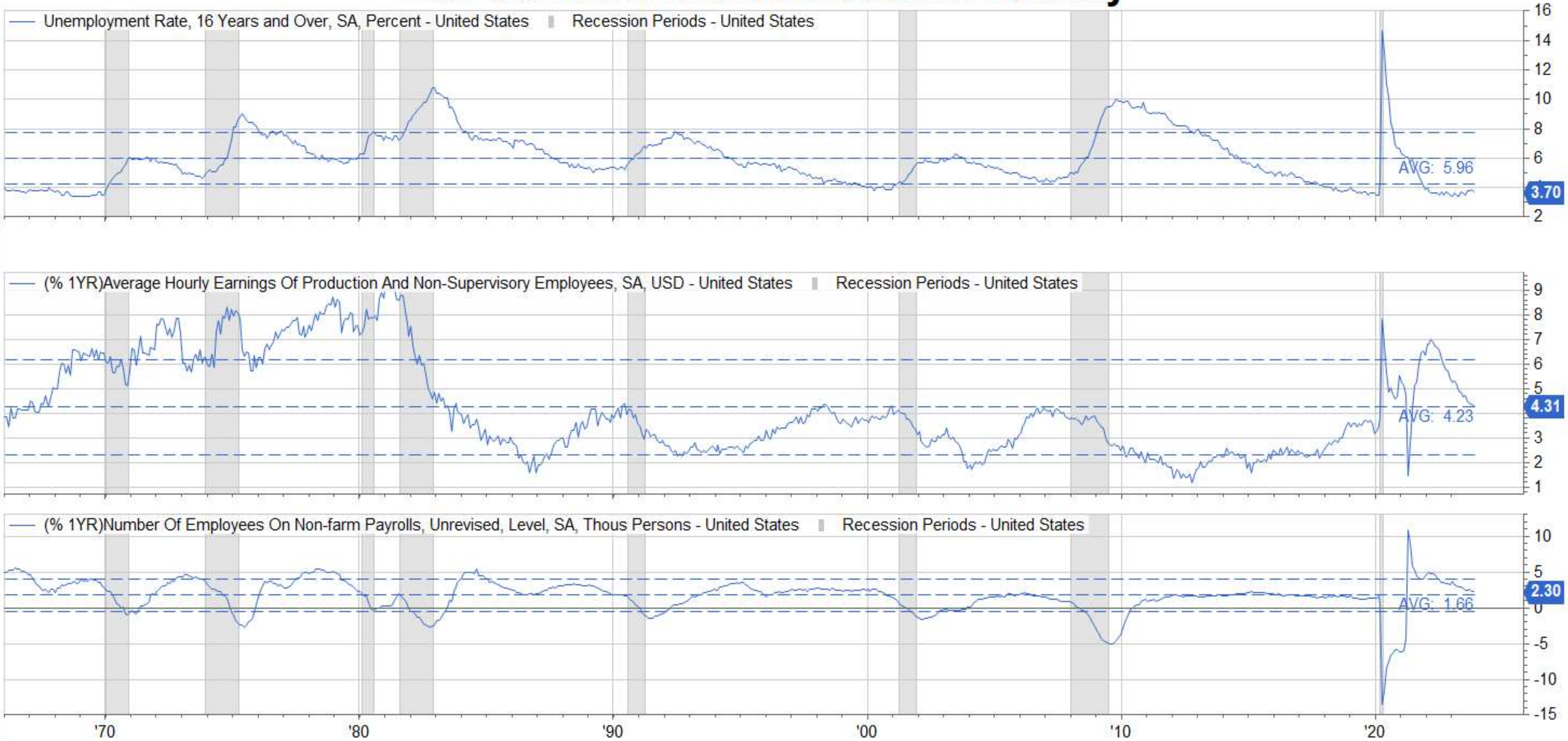
Mortgage delinquency rates remain low



Personal savings rates are low now

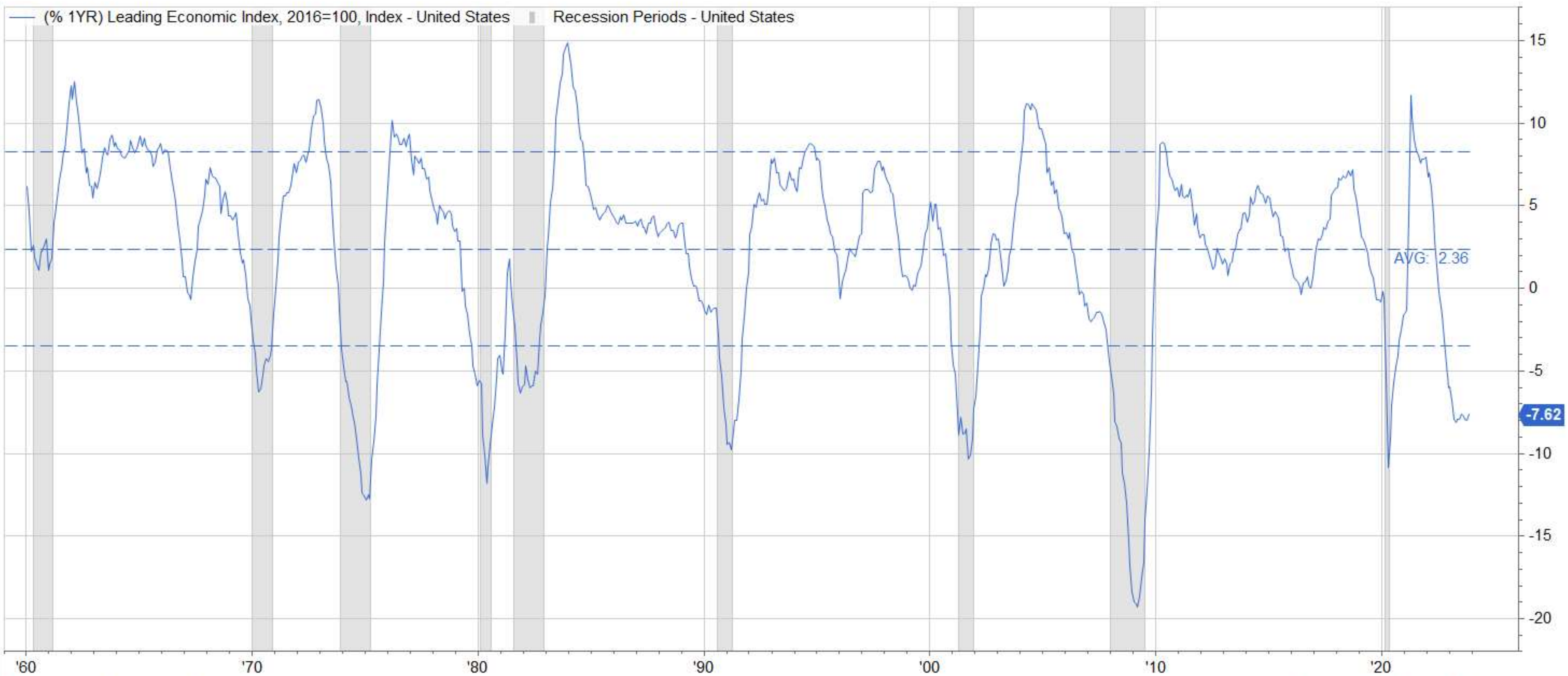


The US labor market remains healthy



Source: FactSet

US Leading Economic Indicators currently point to a slowdown



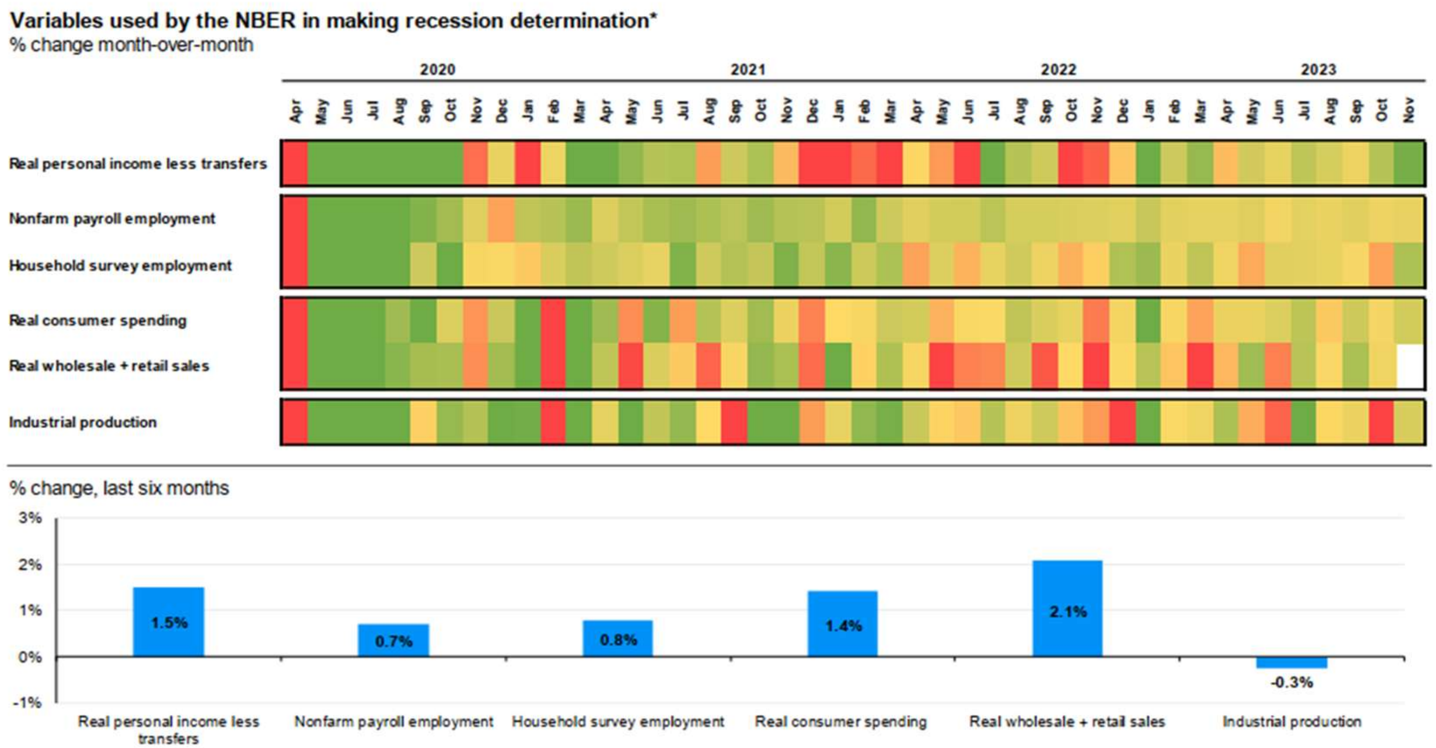
Source: FactSet *Candor Asset Advisors*

According to NBER, a recession is defined as a significant decline in economic activity lasting more than a few months. Economic activity has slowed recently. Whether we are already in a recession is debatable.

Key economic factors that often lead to a recession are looking ok right now and have modestly improved sequentially

Recession determinants

GTM | U.S. | 17



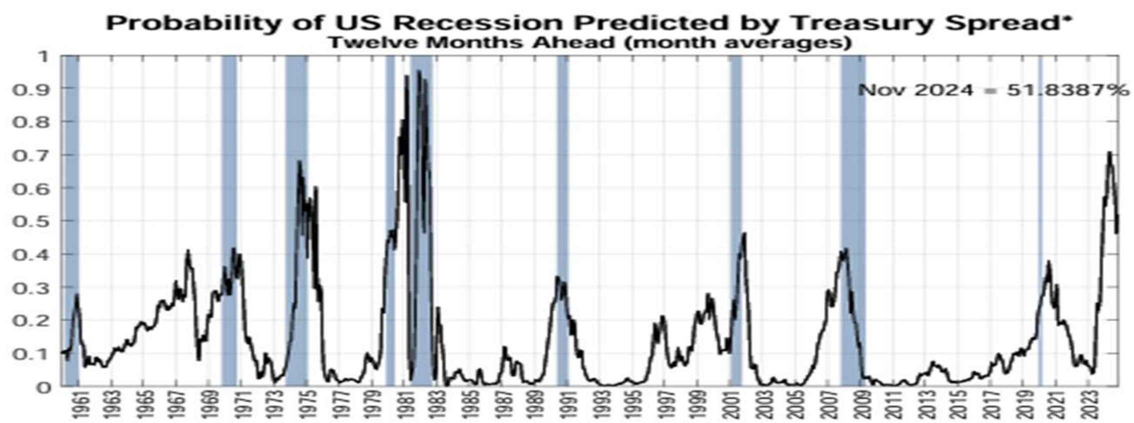
Source: BEA, BLS, Census Bureau, NBER, J.P. Morgan Asset Management. Heatmap shading reflects 10 years of data, with green and red reflecting a range of +/- 0.5 standard deviations from a baseline of 0% monthly growth. *The NBER's definition of a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months. Specifically, they consider real personal income less transfers, nonfarm payroll employment, employment as measured by the household survey, real personal consumption expenditures, wholesale-retail sales adjusted for price changes and industrial production. There is no fixed rule about which measures contribute to the process or how they are weighted, but the committee notes that "in recent decades, the two measures we have put the most weight on are real personal income less transfers and nonfarm payroll employment."
Guide to the Markets – U.S. Data are as of December 31, 2023.

J.P.Morgan ASSET MANAGEMENT

The New York Fed's Recession Probability Model has predicted all recessions since the 1960s.

Today's reading suggests an elevated probability of a recession. Fortunately, the recession probability isn't as high as a quarter ago.

Source: New York Federal Reserve



*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Nov 2023. The parameter estimates are α=-0.5333, β=-0.6330.

Updated 04-Dec-2023

Most economists expect GDP growth and inflation to moderate

	Real GDP Growth Forecast					Inflation Forecast			
	2022A	2023E	2024E	2025E		2022A	2023E	2024E	2025E
USA	2.1%	2.2%	1.5%	1.7%		6.3%	3.9%	2.8%	2.2%
France	2.5%	1.0%	0.8%	1.2%		5.9%	5.7%	2.7%	2.2%
Germany	1.9%	-0.2%	0.6%	1.2%		8.7%	6.2%	2.7%	2.1%
Canada	3.4%	1.2%	0.8%	1.9%		6.8%	4.0%	3.0%	1.9%
Korea	2.6%	1.5%	2.3%	2.1%		5.1%	3.6%	2.7%	2.0%
Japan	1.0%	1.8%	1.0%	1.2%		2.5%	3.2%	2.6%	2.1%
China	3.0%	5.1%	4.7%	4.2%		1.9%	0.5%	1.1%	1.5%
India	7.2%	6.3%	6.1%	6.5%		6.7%	6.2%	5.3%	4.3%
Brazil	3.0%	3.2%	1.8%	2.0%		9.3%	4.6%	3.2%	3.0%
Russia	-2.0%	0.8%	1.1%	1.0%		13.7%	5.8%	7.2%	5.3%
G20	3.1%	3.1%	2.8%	3.0%		7.8%	6.2%	5.8%	3.8%
World	3.3%	3.0%	2.7%	3.0%					
Source: OECD November 2023 Forecast									

US recessions have averaged 10 months since 1945 and caused a 1-10% decline in real GDP.

Notice how expansions exceed recessions in duration.

Peak month	Trough month	Contraction	Expansion	Cycle	
(Peak Quarter)	(Trough Quarter)	*Duration, peak to trough*	*Duration, trough to peak*	*Duration, trough to trough*	*Duration, peak to peak*
	December 1854 (1854Q4)				
June 1857 (1857Q2)	December 1858 (1858Q4)	18	30	48	
October 1860 (1860Q3)	June 1861 (1861Q3)	8	22	30	40
April 1865 (1865Q1)	December 1867 (1868Q1)	32	46	78	54
June 1869 (1869Q2)	December 1870 (1870Q4)	18	18	36	50
October 1873 (1873Q3)	March 1879 (1879Q1)	65	34	99	52
March 1882 (1882Q1)	May 1885 (1885Q2)	38	36	74	101
March 1887 (1887Q2)	April 1888 (1888Q1)	13	22	35	60
July 1890 (1890Q3)	May 1891 (1891Q2)	10	27	37	40
January 1893 (1893Q1)	June 1894 (1894Q2)	17	20	37	30
December 1895 (1895Q4)	June 1897 (1897Q2)	18	18	36	35
June 1899 (1899Q3)	December 1900 (1900Q4)	18	24	42	42
September 1902 (1902Q4)	August 1904 (1904Q3)	23	21	44	39
May 1907 (1907Q2)	June 1908 (1908Q2)	13	33	46	56
January 1910 (1910Q1)	January 1912 (1911Q4)	24	19	43	32
January 1913 (1913Q1)	December 1914 (1914Q4)	23	12	35	36
August 1918 (1918Q3)	March 1919 (1919Q1)	7	44	51	67
January 1920 (1920Q1)	July 1921 (1921Q3)	18	10	28	17
May 1923 (1923Q2)	July 1924 (1924Q3)	14	22	36	40
October 1926 (1926Q3)	November 1927 (1927Q4)	13	27	40	41
August 1929 (1929Q3)	March 1933 (1933Q1)	43	21	64	34
May 1937 (1937Q2)	June 1938 (1938Q2)	13	50	63	93
February 1945 (1945Q1)	October 1945 (1945Q4)	8	80	88	93
November 1948 (1948Q4)	October 1949 (1949Q4)	11	37	48	45
July 1953 (1953Q2)	May 1954 (1954Q2)	10	45	55	56
August 1957 (1957Q3)	April 1958 (1958Q2)	8	39	47	49
April 1960 (1960Q2)	February 1961 (1961Q1)	10	24	34	32
December 1969 (1969Q4)	November 1970 (1970Q4)	11	106	117	116
November 1973 (1973Q4)	March 1975 (1975Q1)	16	36	52	47
January 1980 (1980Q1)	July 1980 (1980Q3)	6	58	64	74
July 1981 (1981Q3)	November 1982 (1982Q4)	16	12	28	18
July 1990 (1990Q3)	March 1991 (1991Q1)	8	92	100	108
March 2001 (2001Q1)	November 2001 (2001Q4)	8	120	128	128
December 2007 (2007Q4)	June 2009 (2009Q2)	18	73	91	81
February 2020 (2019Q4)	April 2020 (2020Q2)	2	128	130	146
Average	1854-2020	17.0	41.4	58.4	59.2
Average	1854-1919	21.6	26.6	48.2	48.9
Average	1919-1945	18.2	35.0	53.2	53.0
Average	1945-2020	10.3	64.2	74.5	75.0

Source: National Bureau of Economic Research

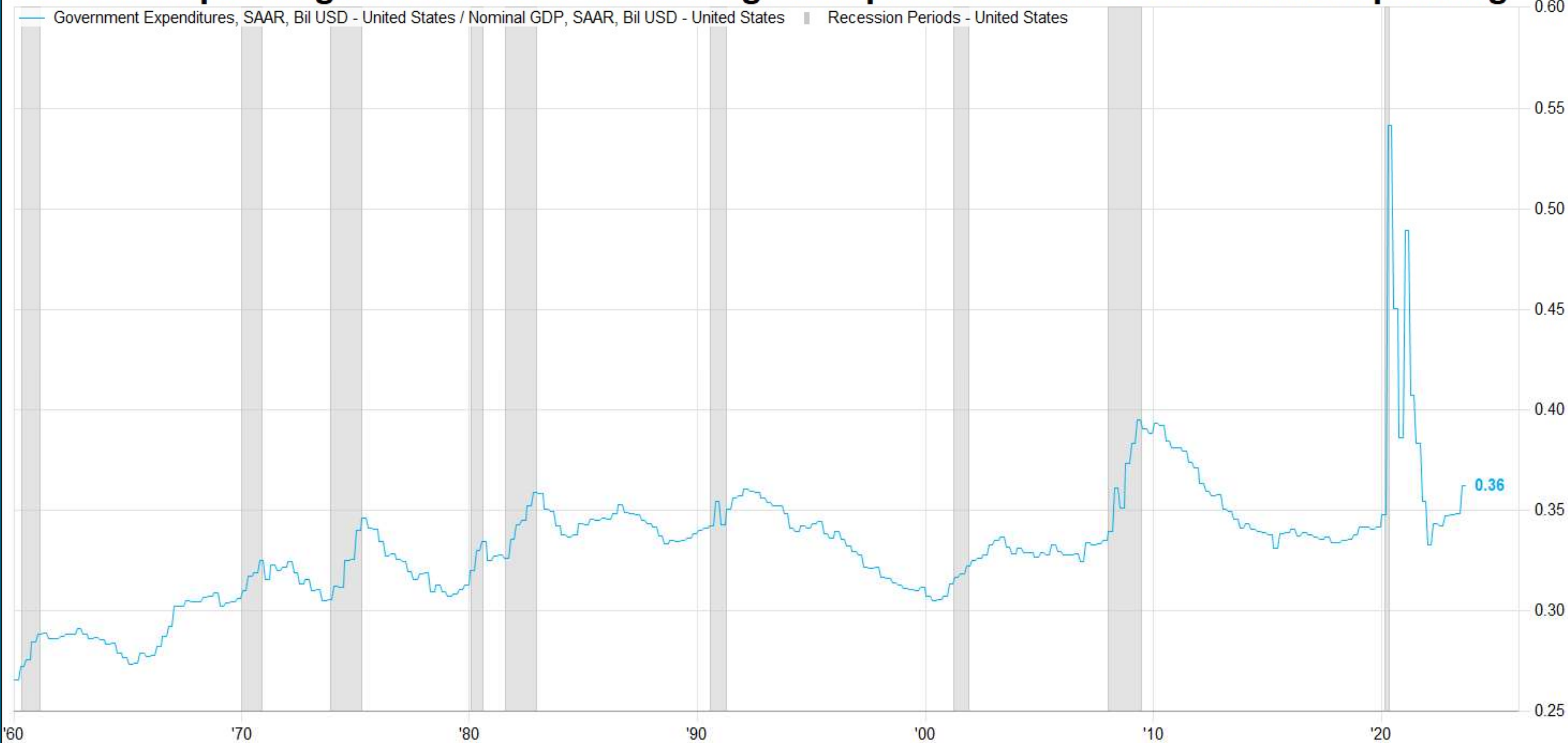
Economy Conclusions

- Economic growth has been slowing and is modest today
- Inflation has been moderating
- The consumer and labor market have been holding up and continue to support the economy
- Recessionary indicators suggest an elevated risk of a recession
- Consensus calls for economic growth and inflation to continue to moderate in 2024
- Most recessions last 6-24 months

Government Fiscal and Monetary Activity

Will central banks overreact?

US fiscal spending as a % of GDP faces tough comparisons from COVID related spending



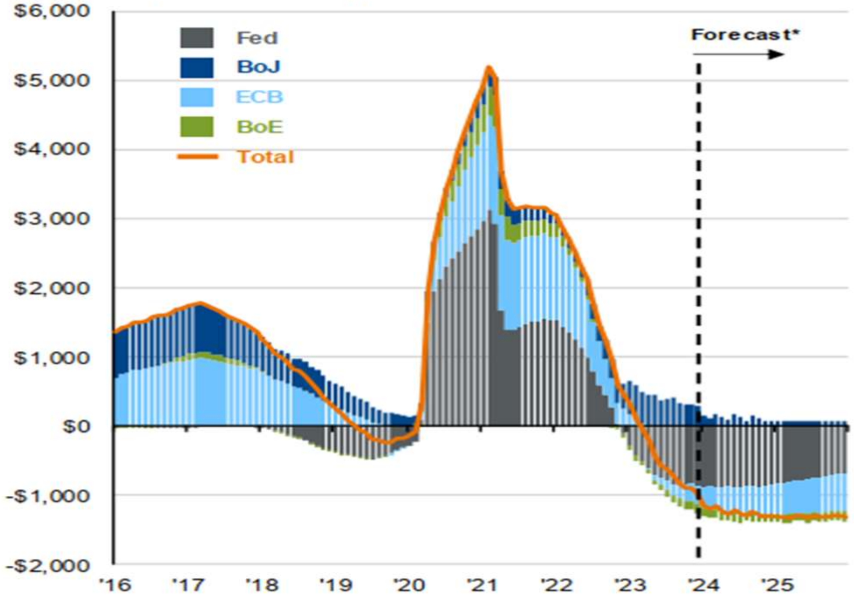
Source: FactSet

Candor Asset Advisors

Central banks have been providing less monetary support due to inflationary pressures. Investors are now betting on a steeper rate decline.

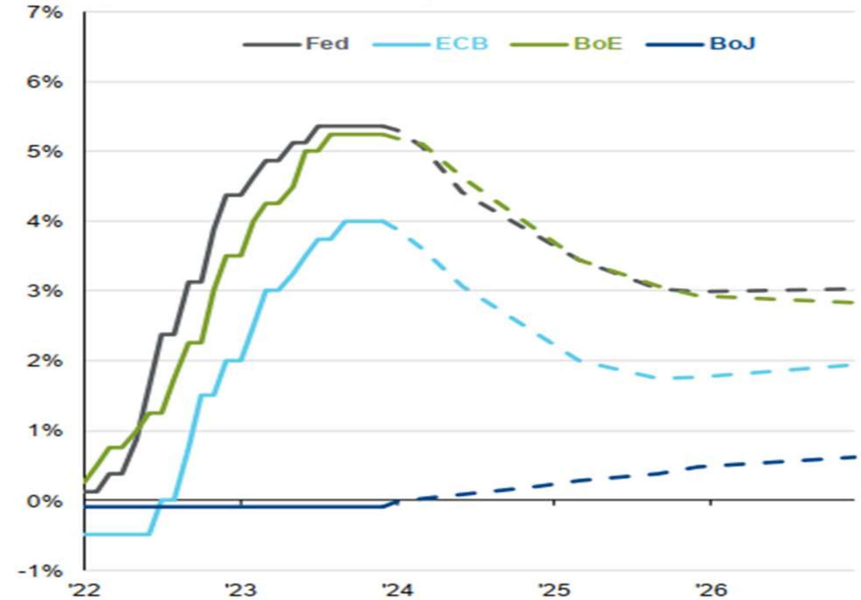
Developed market central bank bond purchases

USD billions, 12-month rolling flow



Historical policy rates and forward curves

Target policy rates and market implied forward rates



Source: BIS, Bloomberg, FactSet, J.P. Morgan Asset Management; (Left) Bank of England (BoE), Bank of Japan (BoJ), European Central Bank (ECB), Federal Reserve System (Fed), J.P. Morgan Global Economic Research. *DM bond purchase forecasts are internal assumptions based on government bond purchases as outlined in the most recent monetary policy announcements from the BoE, BoJ, ECB and Federal Reserve through December 2025. Implied policy rates are sourced from Bloomberg and are derived from Overnight Index Swaps. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and are not a reliable indicator of future performance. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
Guide to the Markets – U.S. Data are as of December 31, 2023.

J.P.Morgan
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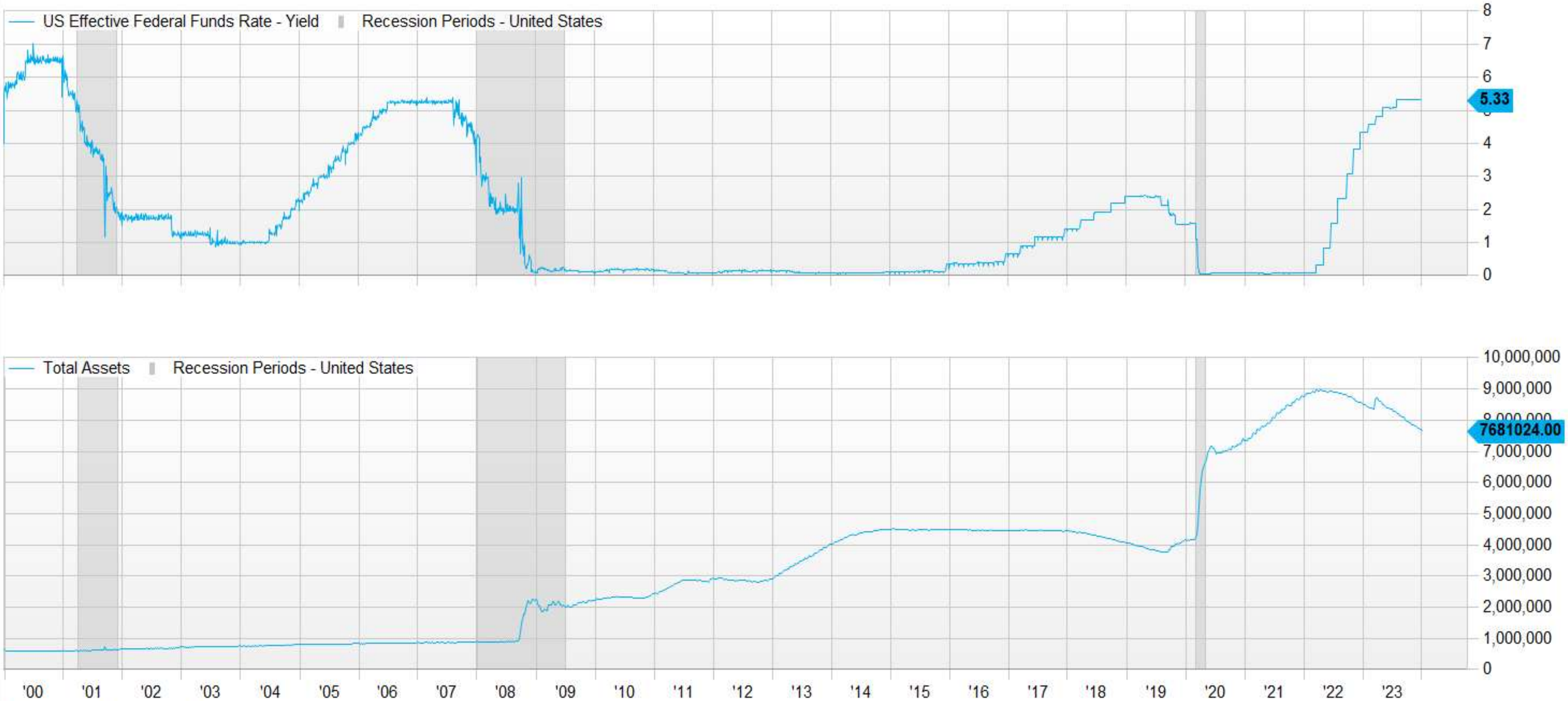
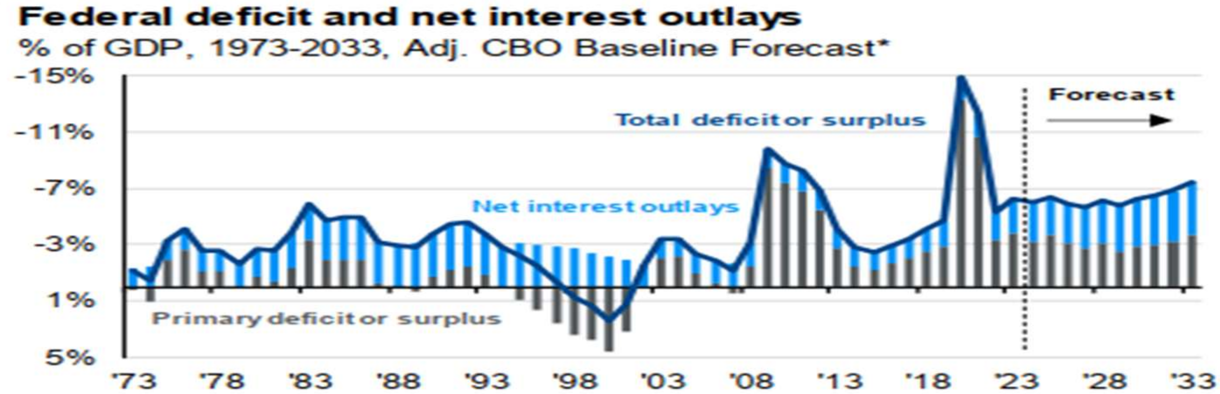
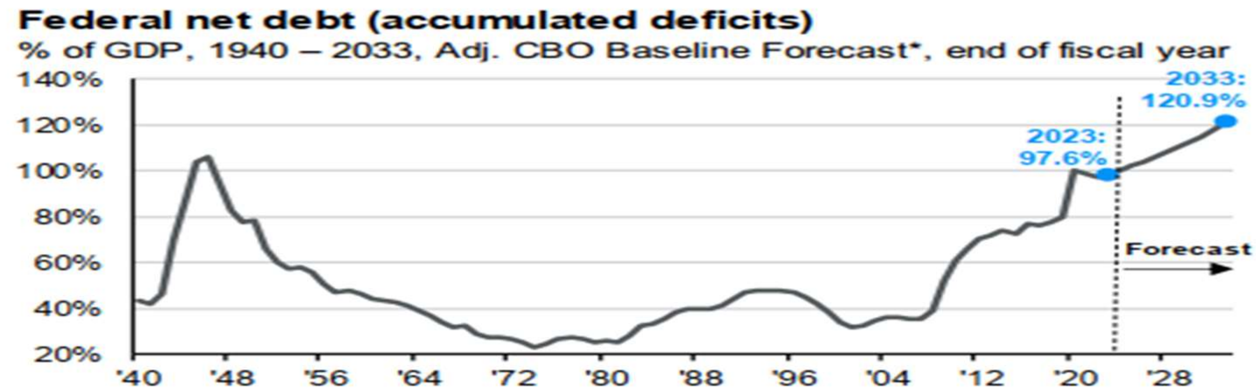
The Fed recently raised rates at the fastest pace since the early 1980s.
The Fed now expects to lower rates in starting in 2024. In the interim they are still contracting the balance sheet.



Source: FactSet

A growing US federal deficit may lead to higher interest rates and slower economic growth





Source: JP Morgan Asset Management, BEA, Treasury Department and Congressional Budget Office

Fiscal and Monetary Policy Conclusions

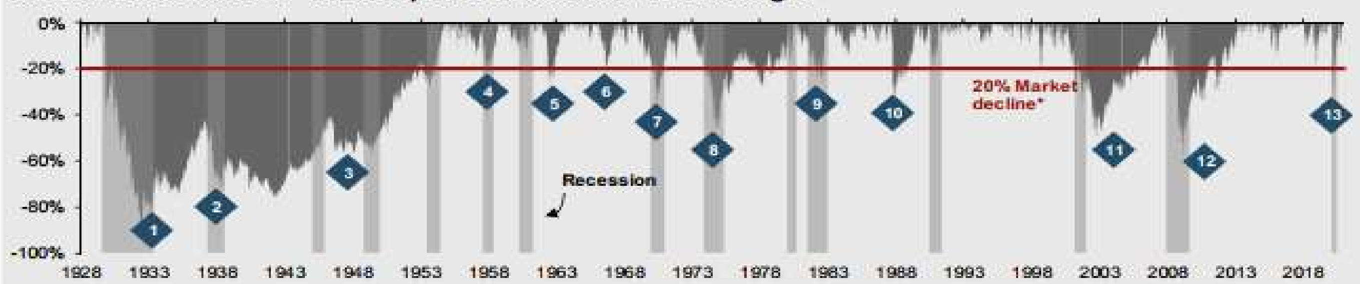
- US fiscal spending comparisons remain difficult
- Central banks raised rates aggressively most of the last 18 months
- Central banks have been engaging in quantitative tightening
- Long-term rates were pressured upward throughout much of 2023
- Central banks are now signaling short term rates should be relatively flat and rate cuts should occur sometime in 2024-25
- If a recession occurs, central banks now have more capacity to lower rates given easing inflation
- Growing fiscal deficits and government debt to GDP may pressure economic growth and interest rates over the long term

Investment Backdrop

Are stocks fully factoring in a soft landing? How attractive are equities and fixed income?

Stock bear market risk still exists in the near term due to elevated odds of a recession. Fortunately, aggressive fed actions and commodity spikes (around Ukraine conflict) are likely now behind us. Stock valuations are not extreme today.

U.S. recessions and S&P 500 composite declines from all-time highs



Characteristics of bull and bear markets

	Market correction	Bear Market: Market peak	Bear Market: Bear return*	Bear Market: Duration (months)*	Macro environment: Recession	Macro environment: Commodity Spike	Macro environment: Aggressive Fed	Macro environment: Extreme Valuation	Bull markets: Bull begin date	Bull markets: Bull return	Bull markets: Duration (months)
1	Crash of 1929 - Excessive leverage, irrational exuberance	Sep 1929	-86%	32	◆			◆	Jul 1926	152%	37
2	1937 Fed Tightening - Premature policy tightening	Mar 1937	-60%	61	◆		◆		Mar 1935	129%	23
3	Post WWII Crash - Post-war demobilization, recession fears	May 1946	-30%	36	◆			◆	Apr 1942	158%	49
4	Eisenhower Recession - Worldwide recession	Aug 1956	-22%	14	◆		◆	◆	Jun 1949	267%	85
5	Flash Crash of 1962 - Flash crash, Cuban Missile Crisis	Dec 1961	-28%	6				◆	Oct 1960	39%	13
6	1966 Financial Crisis - Credit crunch	Feb 1966	-22%	7			◆	◆	Oct 1962	76%	39
7	Tech Crash of 1970 - Economic overheating, civil unrest	Nov 1968	-36%	18	◆	◆	◆		Oct 1966	48%	25
8	Stagflation - OPEC oil embargo	Jan 1973	-48%	20	◆	◆			May 1970	74%	31
9	Volcker Tightening - Whip Inflation Now	Nov 1980	-27%	20	◆	◆	◆		Mar 1978	62%	32
10	1987 Crash - Program trading, overheating markets	Aug 1987	-34%	3				◆	Aug 1982	229%	60
11	Tech Bubble - Extreme valuations, .com boom/bust	Mar 2000	-49%	30	◆			◆	Oct 1990	417%	113
12	Global Financial Crisis - Leverage/housing, Lehman collapse	Oct 2007	-57%	17	◆	◆	◆		Oct 2002	101%	60
13	Global Slowdown - COVID-19, oil price war	Feb 2020	-34%	1	◆				Mar 2009	401%	141
	Averages	-	-42%	22					-	166%	54

Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
*A bear market is defined as a 20% or more decline from the previous market high. The related market return is the peak to trough return over the cycle. Periods of "Recession" are defined using NBER business cycle dates. "Commodity spikes" are defined as movement in oil prices of over 100% over an 18-month period. Periods of "Extreme Valuations" are those where S&P 500 last 12-months P/E levels were approximately two standard deviations above long-run averages, or time periods where equity market valuations appeared expensive given the broader macroeconomic environment. "Aggressive Fed Tightening" is defined as Federal Reserve monetary tightening that was unexpected and/or significant in magnitude. Bear and bull returns are price returns.
Guide to the Markets – U.S. Data are as of December 31, 2020.

J.P.Morgan Asset Management

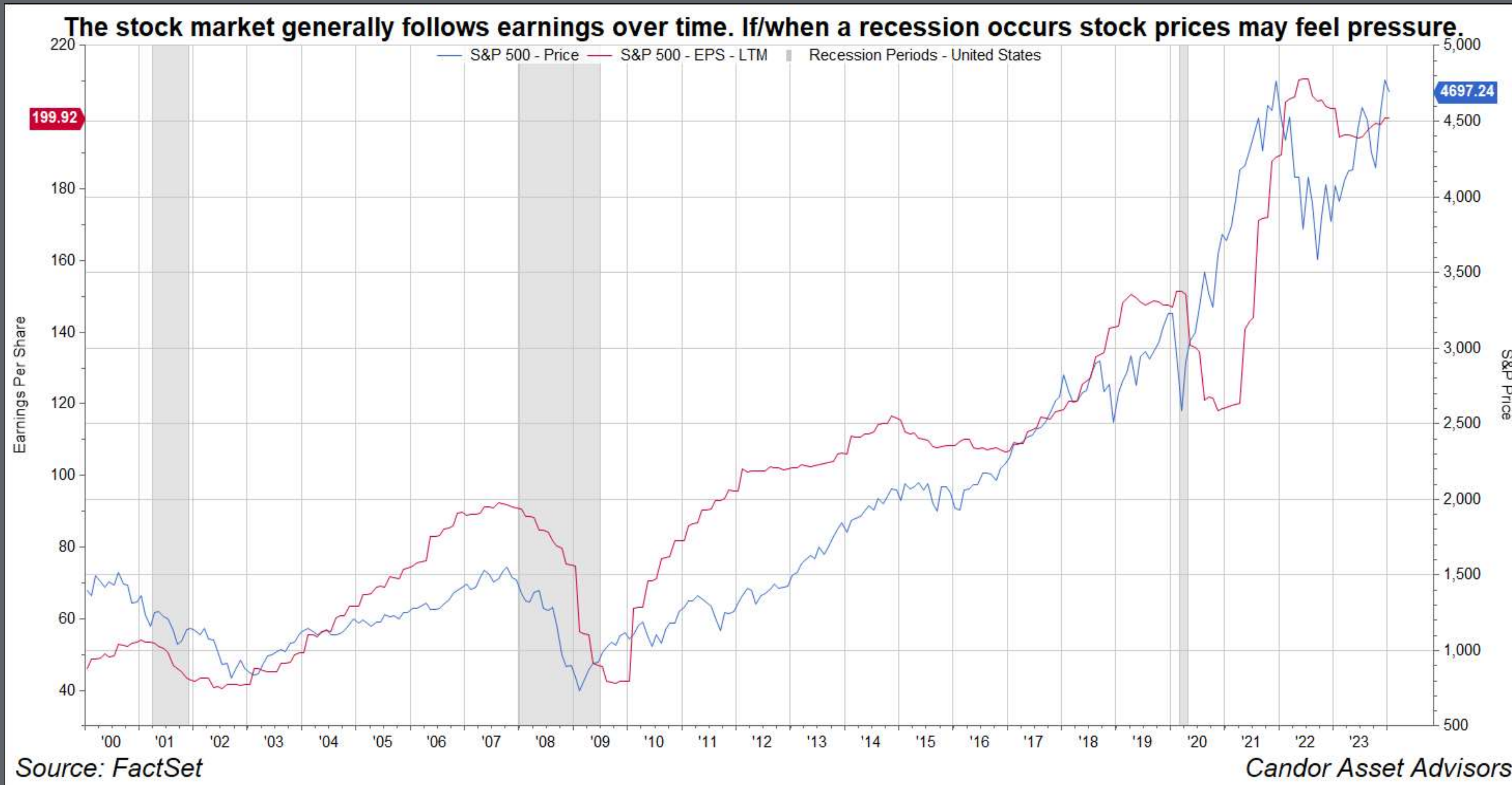
Sources of bear markets:

% of the time
- 77% recessions
- 54% extreme valuations
- 46% aggressive fed actions
- 31% commodity spikes

The % of time a recession occurs due to
- 23% one factor
- 46% two factors
- 31% three factors

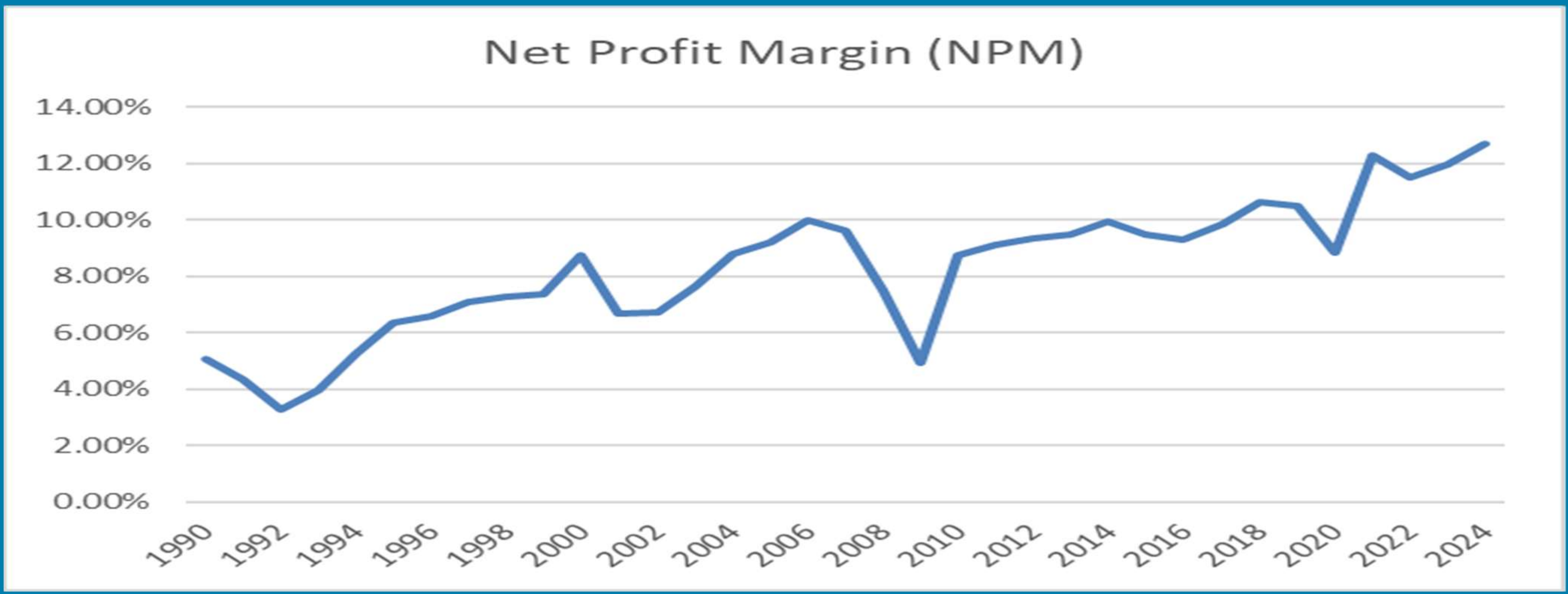
Source: JP Morgan Asset Management

Past performance is not a guarantee or predictor of future performance.



Past performance is not a guarantee or predictor of future performance.

S&P profit margins will be a key factor to watch. Margins are near historic highs and consensus expects margins to hold up. Bull say higher margins are here to stay. Bears say margin reversion in the cards.



Source: FactSet

Consensus estimates are factoring in a soft landing. Earnings risk is noteworthy if a recession occurs. Fortunately, earnings to date have held up well.

	Consensus Estimates			Past Recessions	If Recession Starts in	Implied
	2022	2023E	2024E	Since 1990	2024E	Revision
Sales Per Share	$1,761.92	$1,819.28	$1,914.37		$1,825.72	-4.6%
Annual Growth	14.7%	3.3%	5.2%	0.4%		
EPS	$202.51	$218.02	$243.26		$178.19	-26.7%
Annual Growth	7.3%	7.7%	11.6%	-18.3%		
Dividend Per Share	$64.24	$69.27	$73.24		$69.50	-5.1%
Annual Growth	11.1%	7.8%	5.7%	0.3%		

Revisions were as follows from January 2023 to January 2024
2023 Estimate to Estimate: Sales +1.0%, EPS -5.9%, Dividends Per Share +0.7%

Revisions were as follows from October 2023 to January 2024
2023 Estimate to Estimate: Sales +0.4%, EPS -0.7%, Dividends Per Share +0.3%

Source: Candor Asset Advisors and FactSet

Stock returns are often depressed right before and during recessions. Fixed income often outperforms during recessions. Recessions raise the risk of stock bear markets.

Since 1926 through April 2023	US Large Cap Stocks	US Small Cap Stocks	US 20 Year Corporate Bonds	US 20 Year Govt. Bonds	US 5 Year Govt. Bonds	US 30 Day T-Bills	US Inflation
Average Monthly Returns	0.96%	1.24%	0.51%	0.45%	0.41%	0.27%	0.24%
Median Monthly Returns	1.30%	1.45%	0.40%	0.31%	0.26%	0.22%	0.24%
Average Monthly Return 6 Months Prior to Recession	0.47%	0.62%	0.13%	0.23%	0.33%	0.38%	0.33%
Average Monthly Return 12 Months Prior to Recession	0.94%	5.98%	0.16%	0.14%	0.28%	0.35%	0.35%
Average Recession Monthly Returns	-0.25%	-0.59%	0.71%	0.79%	0.68%	0.29%	0.03%
Median Recession Monthly Returns	0.17%	-0.79%	0.53%	0.55%	0.49%	0.18%	0.00%

Conclusions

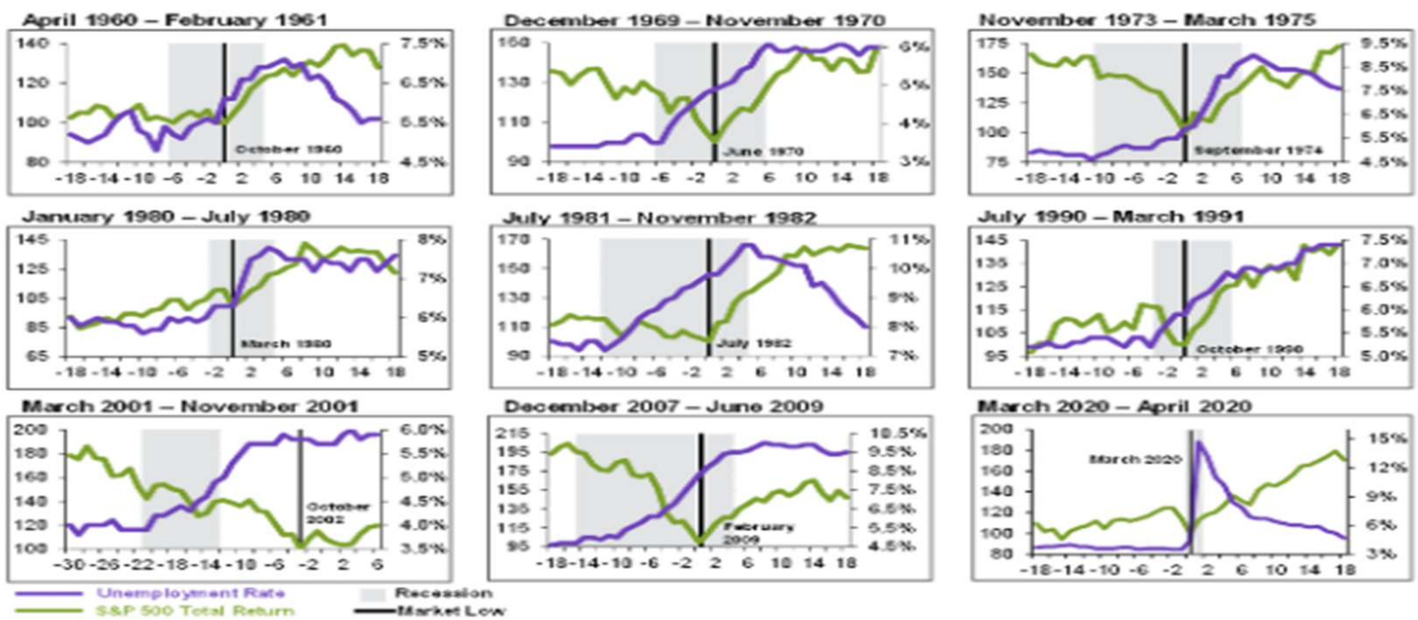
- Stock and fixed income returns generally moderate 6 to 12 months before a recession.
- Fixed income returns are relatively flat 0 to 6 months prior to a recession.
- During recessions fixed income and particularly long-term debt outperform stocks.
- 54% of the time there has been a recession a bear market has occurred at the same time or soon after.
- 70% of stock bear markets occur around the same time or soon after a recession.

Source: CFA Institute, Ibbotson, Candor Asset Advisors

Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. Diversification does not eliminate the risk of experiencing investment losses.

History suggests the stock market typically bottoms during the recession as investors increasingly focus on the pending recovery

Market inflection points, recessions and the unemployment rate Actions



Time zero represents the numeric low of the S&P 500 Total Return Index associated with the recessionary period defined by the shaded grey area; data shown in months. S&P 500 Index is rebased to 100 at time zero.
Source: BLS, Ibbotson, J.P. Morgan Asset Management Guide to the Markets May 31, 2023
Past performance is not a guarantee or predictor of future performance.

The Federal Reserve expects to lower rates sometime in 2024. Investors bid up stocks late in 2023 when they factored greater odds of a soft landing.

	US Large Cap Stocks	US Small Cap Stocks	US 20 Year Corporate Bonds	US 20 Year Govt. Bonds	US 5 Year Govt. Bonds	US 30 Day T-Bills	US Inflation
Since February 1971							
Average Monthly Returns	0.94%	1.15%	0.68%	0.63%	0.52%	0.36%	0.33%
Median Monthly Returns	1.24%	1.45%	0.67%	0.57%	0.48%	0.37%	0.29%
Fed Easing Periods Average Monthly Returns	0.77%	0.83%	1.27%	1.33%	1.09%	0.43%	0.27%
Fed Easing Periods Median Monthly Returns	0.93%	1.70%	1.06%	1.15%	0.95%	0.43%	0.28%

Conclusions:

- Rate cuts by themselves don't mean stock investors are out of the woods
- When the Fed cut rates
  - In 4 of 12 instances a stock bear market and recession occurred within 6 months
  - In 3 of 12 instances a recession occurred within 6 months
- During rate cut months, intermediate term and long-term fixed income outperformed equities. Short term fixed income underperformed everything else. Staying in cash is often sub optimal.

Source: CFA Institute, Ibbotson, Candor Asset Advisors

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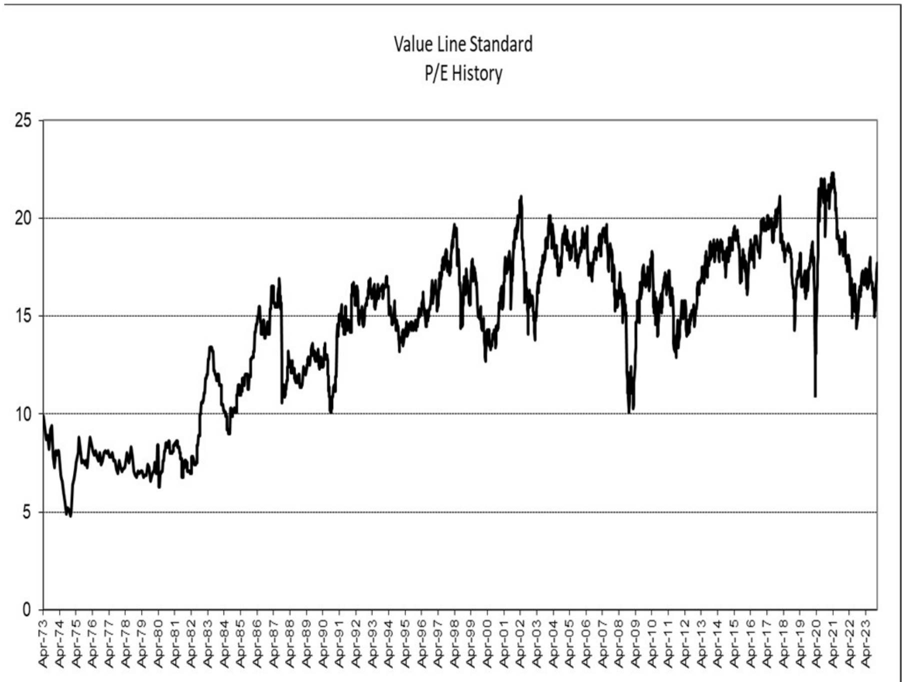
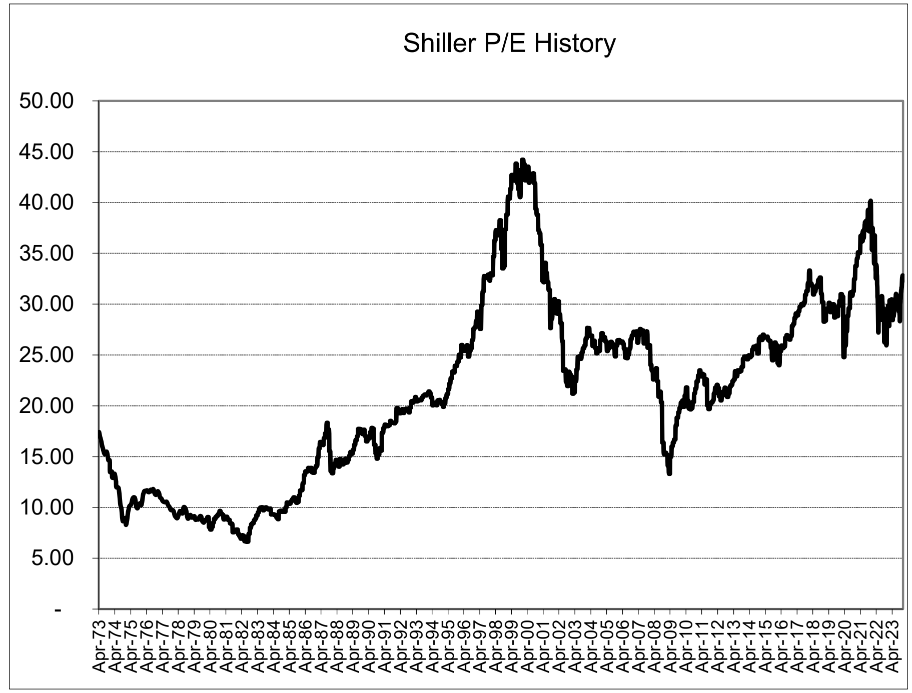
US large cap stocks are in line with historical averages since the late 1990s





Source: Value Line Investment Survey

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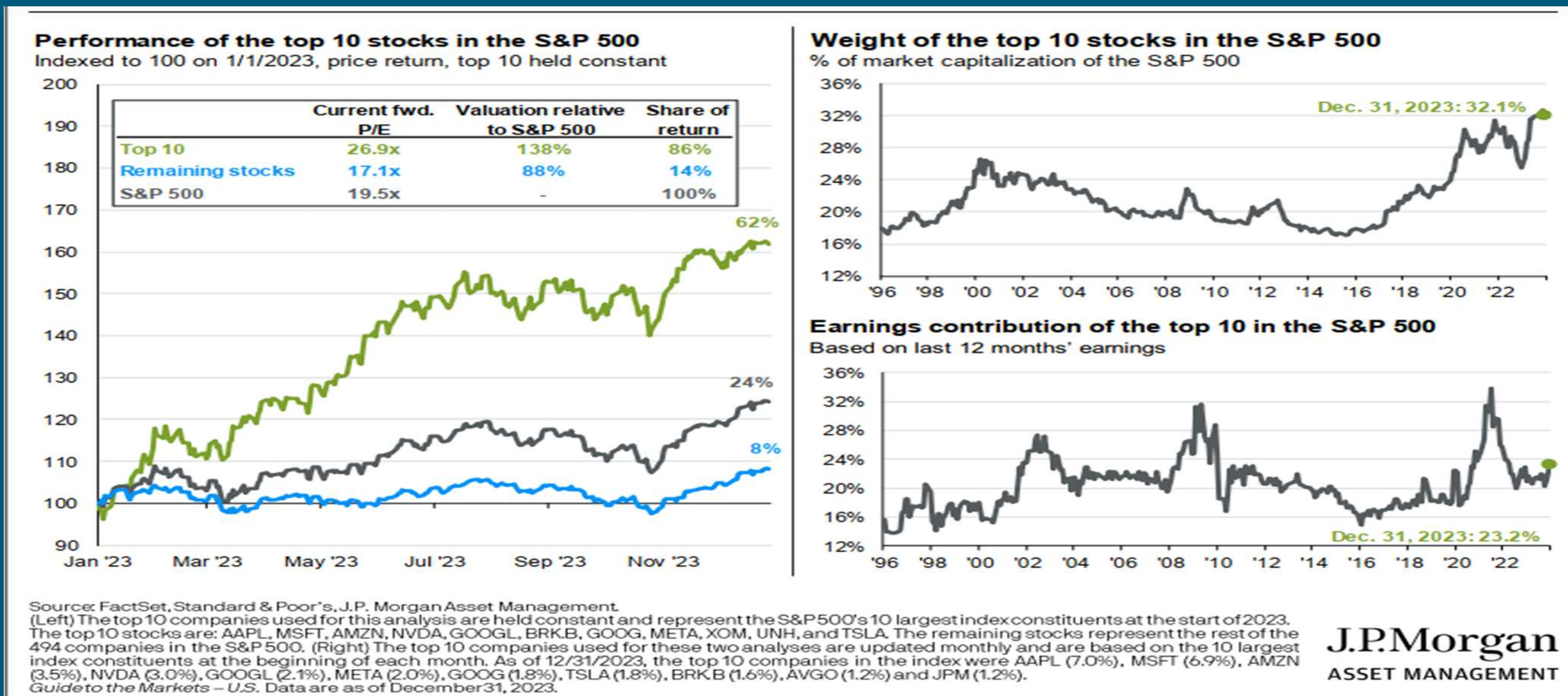
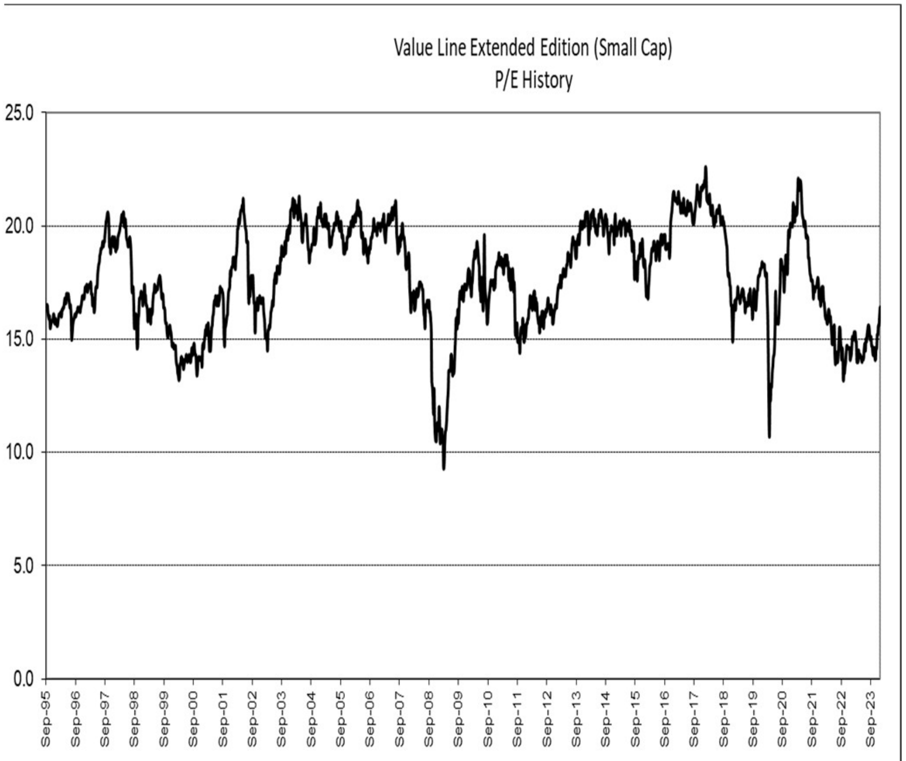
The S&P is top-heavy today with the top 10 stocks' valuations and S&P weighting elevated versus the broader market

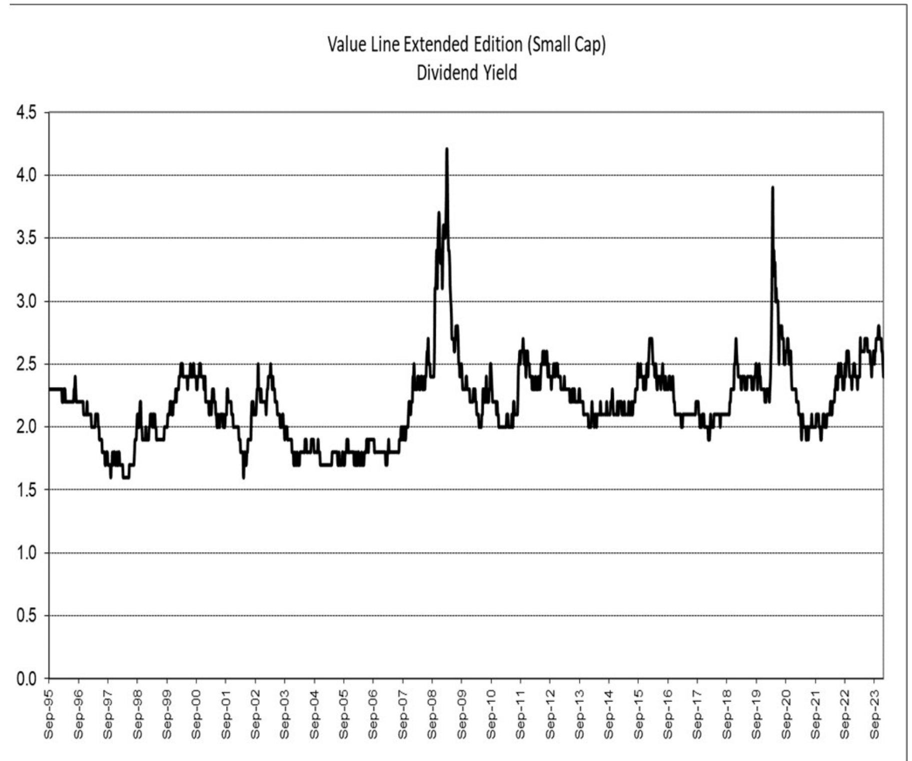


	Current fwd. P/E	Valuation relative to S&P 500	Share of return
Top 10	26.9x	138%	86%
Remaining stocks	17.1x	88%	14%
S&P 500	19.5x	-	100%

Past performance is not a guarantee or predictor of future performance

US small caps are historically cheap

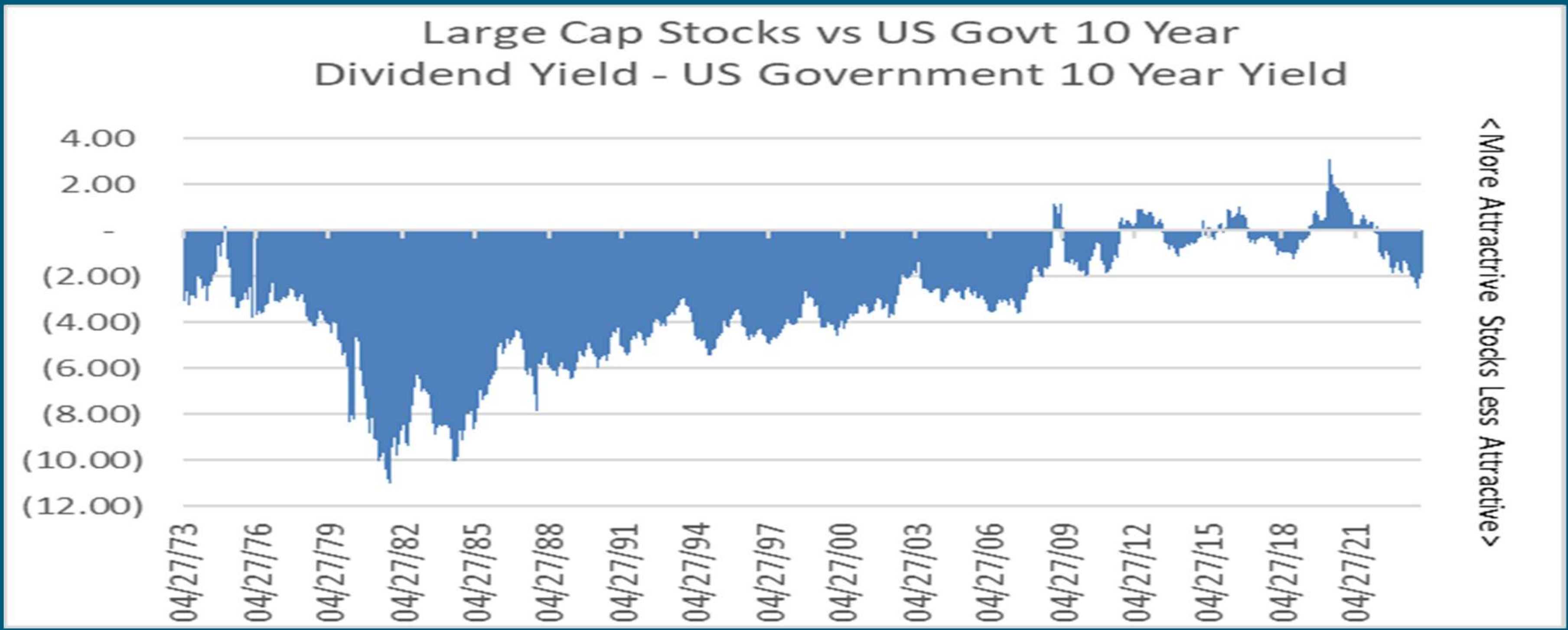




Source: Value Line Investment Survey

Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes.

With the recent rise in rates stocks and stock market rally stocks don't look as attractive versus fixed income



Source: Value Line Investment Survey

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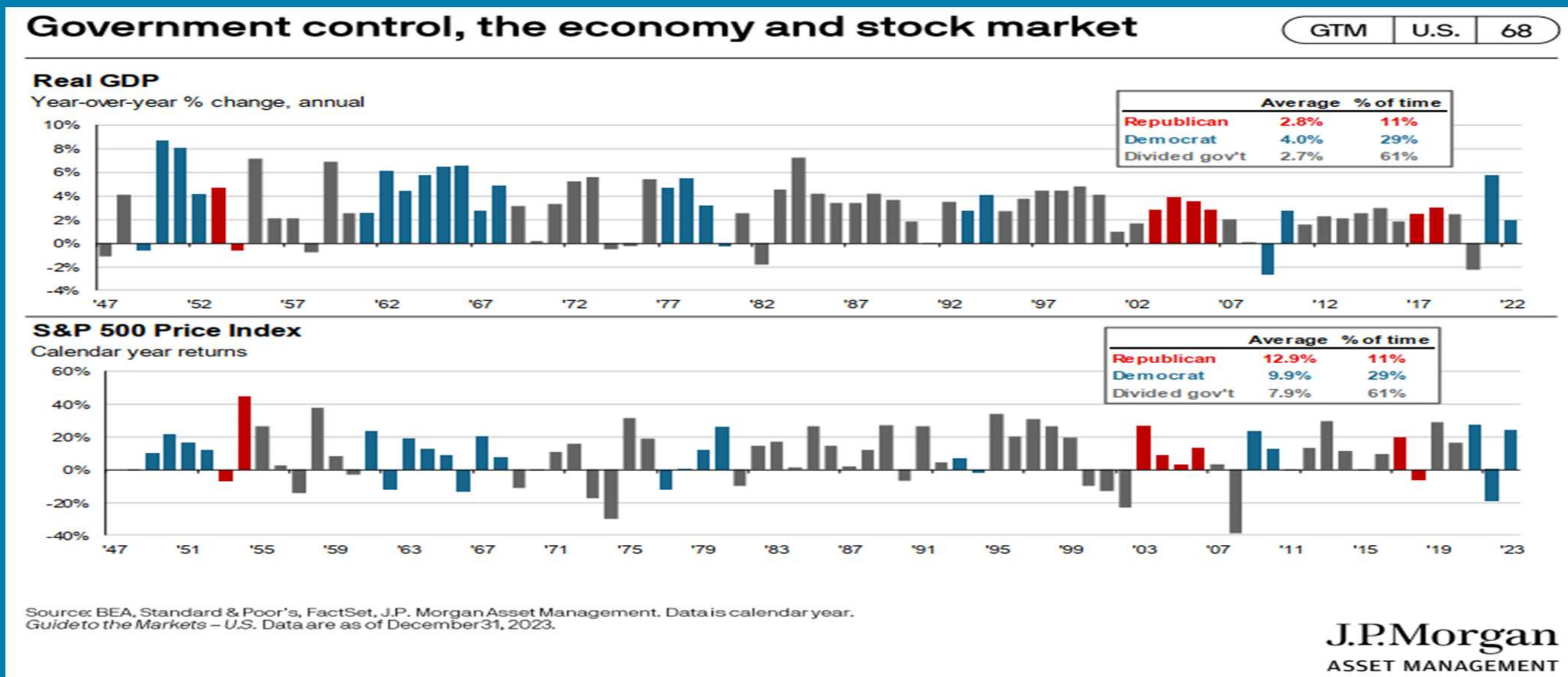
Some investors overly fret over elections and the party that controls government. The economy and stock market have performed well in diverse political environments.



Past performance is not a guarantee or predictor of future performance.

Stock market declines regularly occur

A history of market declines

Standard & Poor's 500 Composite Index (1951–2021)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency*	About three times per year	About once per year	About once every three years	About once every six years
Average length†	43 days	110 days	251 days	370 days
Last occurrence	October 2021	September 2020	March 2020	March 2020

* Assumes 50% recovery of lost value.
† Measures market high to market low.

Sources: Capital Group, RIMES, Standard & Poor's. As of 12/31/21.

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Riding out a potential rough patch is usually the best advice for most stock investors over the long run.

		10 Year Compound Annual Growth Rate From Start Date		
Month Where US Large Cap Stocks Total Return Cumulative Decline Surpassed 20%	10 years Hence	Ride it Out	Sell out and Invest 3 years Later	Sell Out and Invest 5 Years Later
October-29	October-39	-1.0%	10.1%	6.4%
May-31	May-41	2.3%	3.5%	-1.5%
September-31	September-41	6.3%	5.0%	-1.7%
December-31	December-41	6.4%	3.0%	-3.8%
April-32	April-42	8.7%	2.0%	-4.5%
May-32	May-42	12.3%	2.3%	-3.8%
November-32	November-42	9.4%	0.7%	1.3%
October-37	October-47	8.1%	7.4%	7.7%
March-38	March-48	11.9%	6.9%	11.9%
May-40	May-50	13.8%	8.6%	5.2%
September-46	September-56	18.4%	15.8%	9.7%
June-62	June-72	10.5%	4.8%	3.3%
August-74	August-84	14.2%	9.1%	6.0%
October-87	October-97	17.2%	13.8%	9.5%
July-02	July-12	6.3%	2.6%	0.6%
October-08	October-18	13.2%	14.3%	5.5%
March-20	March-21	?	?	?
Averages		**9.9%**	**6.9%**	**3.2%**
Pre 1950 Averages		**7.2%**	**4.5%**	**1.3%**
Since 1950 Averages		**13.4%**	**9.9%**	**5.7%**

Source: CFA Institute, Ibbotson, Candor Asset Advisors

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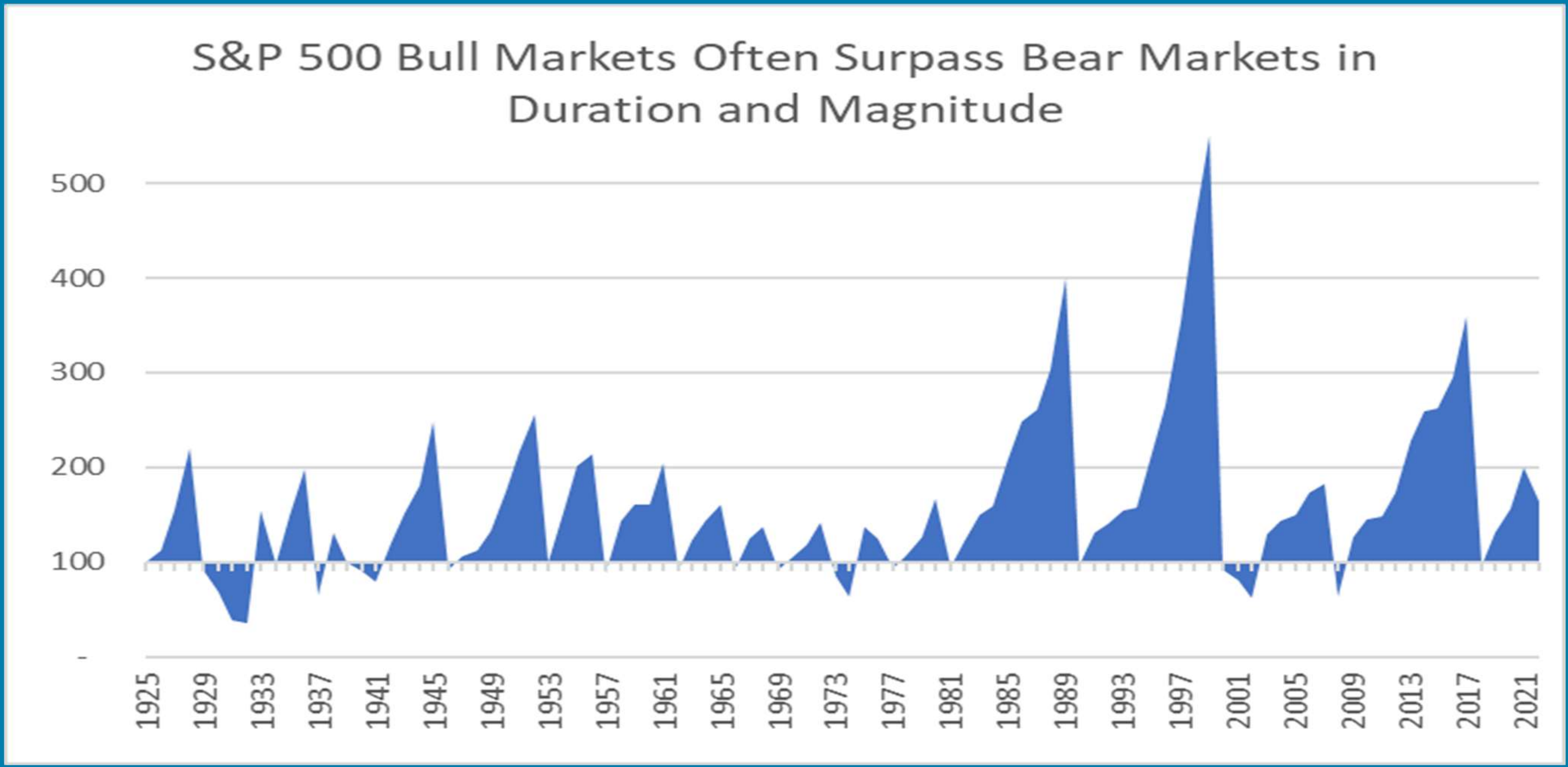

Source: CFA Institute, Ibbotson, Candor Asset Advisors

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Equity Conclusions - 1st

- There is an above average risk of a stock bear market given the elevated probability of a recession.
- Fortunately, the odds of a stock bear market have diminished as aggressive fed actions are likely behind us and the commodity markets have addressed price spikes related to the Ukraine conflict.
- Stocks follow earnings over the long run
- Consensus expects margins to remain high and earnings growth to continue
- If a recession occurs in the near-term, earnings will likely fall short of expectations
- Stocks are usually depressed before or during recessions
- In stock bear markets associated with recessions, stocks usually bottom during the recession
- Intermediate and long-term fixed income often outperforms stocks during rate cut months. Cash usually underperforms stocks and intermediate and long-term fixed income.
- Stocks no longer look as attractive versus fixed income

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Equity Conclusions - 2nd

- US large cap stock market valuations are near post 1990's averages
- Mega cap stock valuations look elevated
- Small cap stocks are historically cheap, are more volatile than large caps and at least some of the recessionary risk is likely priced in
- The stock market has performed well under Republicans, divided government and Democrats
- Stock market corrections usually occur every 1-2 years
- Stock bear markets occur every 6-7 years on average
- 70% of stock bear markets are associated with recessions
- It often makes sense to ride out stock bear markets
- Stock bull markets are usually longer in duration and greater in magnitude than bear markets

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For more information

- Check out our website at:

www.candorassetadvisors.com

- We discuss where we see opportunities in stocks, fixed income and other asset classes in our investment strategy commentaries

- Sign up to receive our insights by emailing us at:
  - info@candorassetadvisors.com

- To schedule a conversation, use the following link:
  - https://calendly.com/bhawes-1/brief_conversation

William E. Hawes, CFA, CFP®
President and Chief Investment Officer

With over 24 years of industry experience, Bill brings a wealth of knowledge in investment management and financial planning. Prior to earning his MBA, Bill worked in mortgage banking and insurance, and the insights gained provided him with a broader perspective of the financial issues facing clients.

Bill has been a Chartered Financial Analyst since 2000 and is a Certified Financial Planner. Bill also enjoys golf, travel, studying history, watching his favorite sports teams, and spending time with family.

Before founding Candor Asset Advisors™, Bill co-created and managed Century Management's Large Cap Absolute Value and Large Cap Value strategies. Bill also analyzed companies in a variety of industries for the firm's all-cap value strategy.

Prior to moving back to Texas, Bill served as an equity analyst for Engemann Asset Management in Southern California. He co-managed a mid-cap growth fund and served as a multi-sector analyst for the mid-cap and large-cap growth teams.

After graduate school, Bill served as co-portfolio manager and equity analyst at Franklin Templeton. While there he served as portfolio manager on All Cap, Large Cap Core, and Consumer Sector portfolios. Notable institutional clients included CalPers, Mitsui Trust, Norges Bank, and Penn Mutual. He also spent considerable time analyzing auto, transportation, and consumer stocks.

Bill earned his Master in Business Administration from the University of Southern California. While there he also served on USC's MBA student investment fund.

Between his graduate and undergraduate studies, Bill worked at North American Mortgage Company in California as a management trainee and later as a financial analyst and marketing coordinator. The experience gave him a better understanding of the mortgage and real estate markets which he leverages to this day.

Bill earned his Bachelor of Business Administration from the University of Texas at Austin. While a student, he also served as a special agent for Northwestern Mutual. The experience gave him an understanding of life and disability insurance and the work ethic, tools, and temperament needed to grow a financial services practice.

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