Second Quarter 2024
Investment Environment

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CANDOR ASSET ADVISORS

Agenda

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

The Economy

Has inflation been tamed and is a soft landing a certainty?

World Economic Snapshot - 1

	Real Year-Over-Year GDP Growth		CPI Growth			Short Term Interest Rate			ISM Services		
	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	3.60%	2.36%	3.56%	3.41%	6.77%	5.37%	5.40%	4.75%	51.67	51.43	52.65
Eurozone	0.58%	2.47%	3.42%	2.32%	9.53%	3.73%	3.75%	2.52%	45.74	44.36	47.31
United Kingdom	0.09%	2.17%	4.59%	4.35%	11.31%	5.15%	5.25%	3.96%	49.85	46.21	47.88
France	1.20%	1.31%	3.69%	3.93%	6.79%	3.85%	3.79%	2.58%	45.80	42.06	47.26
Germany	0.08%	0.83%	3.05%	3.61%	9.28%	3.73%	3.73%	2.52%	41.63	43.30	44.72
Canada	0.92%	3.76%	2.97%	3.38%	6.02%	4.91%	4.99%	4.46%	49.83	45.43	48.58
South Korea	1.49%	2.76%	3.36%	3.17%	5.39%	3.35%	3.26%	3.45%	49.83	49.94	47.57
Japan	1.45%	1.93%	2.20%	3.29%	3.69%	-0.05%	-0.22%	-0.16%	48.22	47.92	49.20
China	12.59%	13.25%	0.19%	-0.68%	1.57%	1.60%	1.79%	1.94%	51.13	50.80	50.04
India	10.73%	9.87%	-	4.98%	6.08%	6.90%	6.93%	6.66%	-	54.88	56.39
Brazil	3.34%	4.44%	5.37%	5.11%	6.66%	9.80%	11.25%	14.03%	53.63	48.39	46.95
Russia	#N/A	#N/A	-	-	-	139.07%	162.43%	270.02%	55.70	54.57	53.21

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

Inflation has moderated year-over-year but stabilized sequentially. Central banks face a conundrum on when and how much to cut rates.

Central banks raised rates to reign in inflation. Rates may have peaked in developed markets and have already started to fall in China & Brazil.

Services are slightly 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	4.21%	4.50%	3.75%	3.70%	3.70%	3.60%		2.76%	1.08%	5.28%	51.86	47.92	49.15
Eurozone	2.30%	2.49%	2.67%	6.50%	6.50%	6.60%	-	1.74%	3.36%	7.44%	45.74	44.36	47.31
United Kingdom	4.09%	4.24%	3.44%	3.90%	3.80%	4.00%		-0.26%	3.77%	5.18%	49.85	46.21	47.88
France	2.82%	3.19%	2.87%	7.50%	7.50%	6.90%		24.83%	7.82%	-6.52%	45.80	42.06	47.26
Germany	2.36%	2.62%	2.41%	3.10%	3.10%	2.90%		0.95%	2.07%	2.95%	41.63	43.30	44.72
Canada	3.45%	3.72%	3.18%	5.80%	5.80%	5.00%		2.78%	1.72%	4.58%	49.83	45.43	48.58
South Korea	3.39%	3.89%	3.44%	3.20%	2.80%	2.60%		17.88%	15.44%	10.39%	49.83	49.94	47.57
Japan	0.74%	0.81%	0.50%	2.50%	2.50%	2.60%		3.57%	4.98%	5.96%	48.22	47.92	49.20
China	2.34%	2.68%	2.92%	2.50%	5.00%	5.60%		12.78%	5.55%	-	51.13	50.80	50.04
India	7.06%	7.28%	7.36%	-	-	-		-	-	-	-	54.88	56.39
Brazil	11.04%	11.39%	13.56%	5.10%	7.50%	8.60%		5.31%	4.69%	11.30%	53.63	48.39	46.95
Russia	56.37%	56.37%	60.28%	-	-	-		-	-	-	55.70	54.57	53.21

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

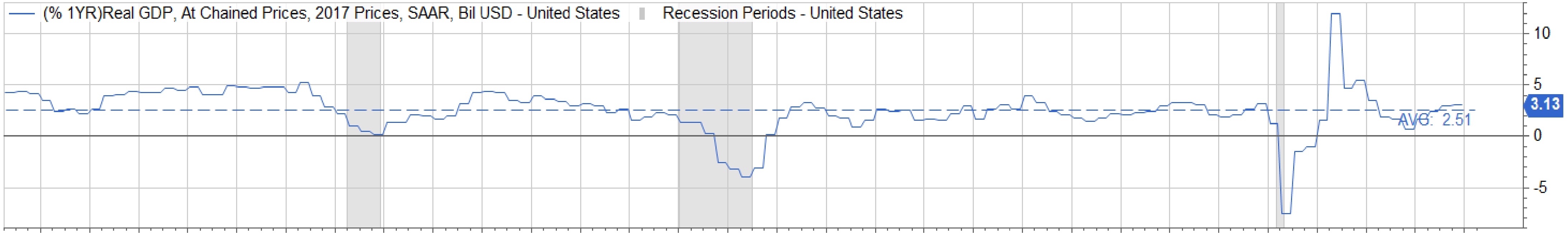
Unemployment remains near historic lows. Many economists cite this data as evidence we are experiencing a soft landing.

Retail sales growth is mixed.

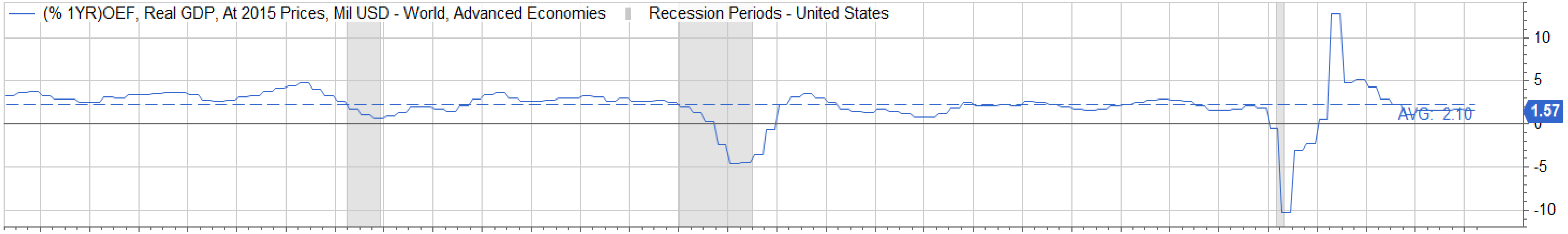
Manufacturing has improved in most markets. The readings are still contractionary in most developed markets and expansionary in emerging markets.

Source: FactSet

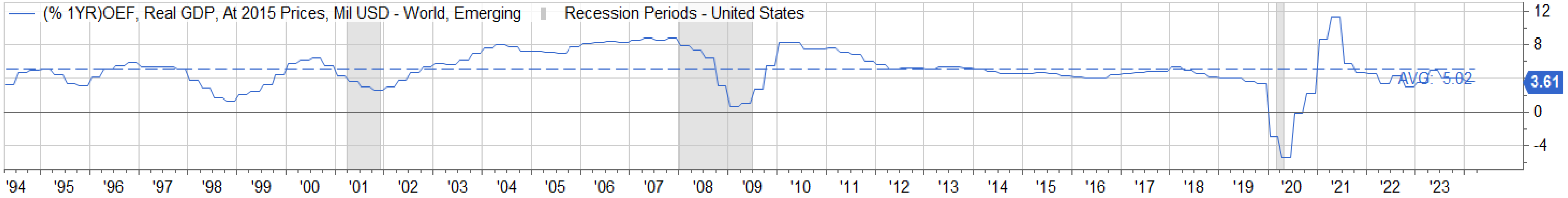
US real GDP growth is slightly above history



Developed economy real GDP growth is weaker than historical average

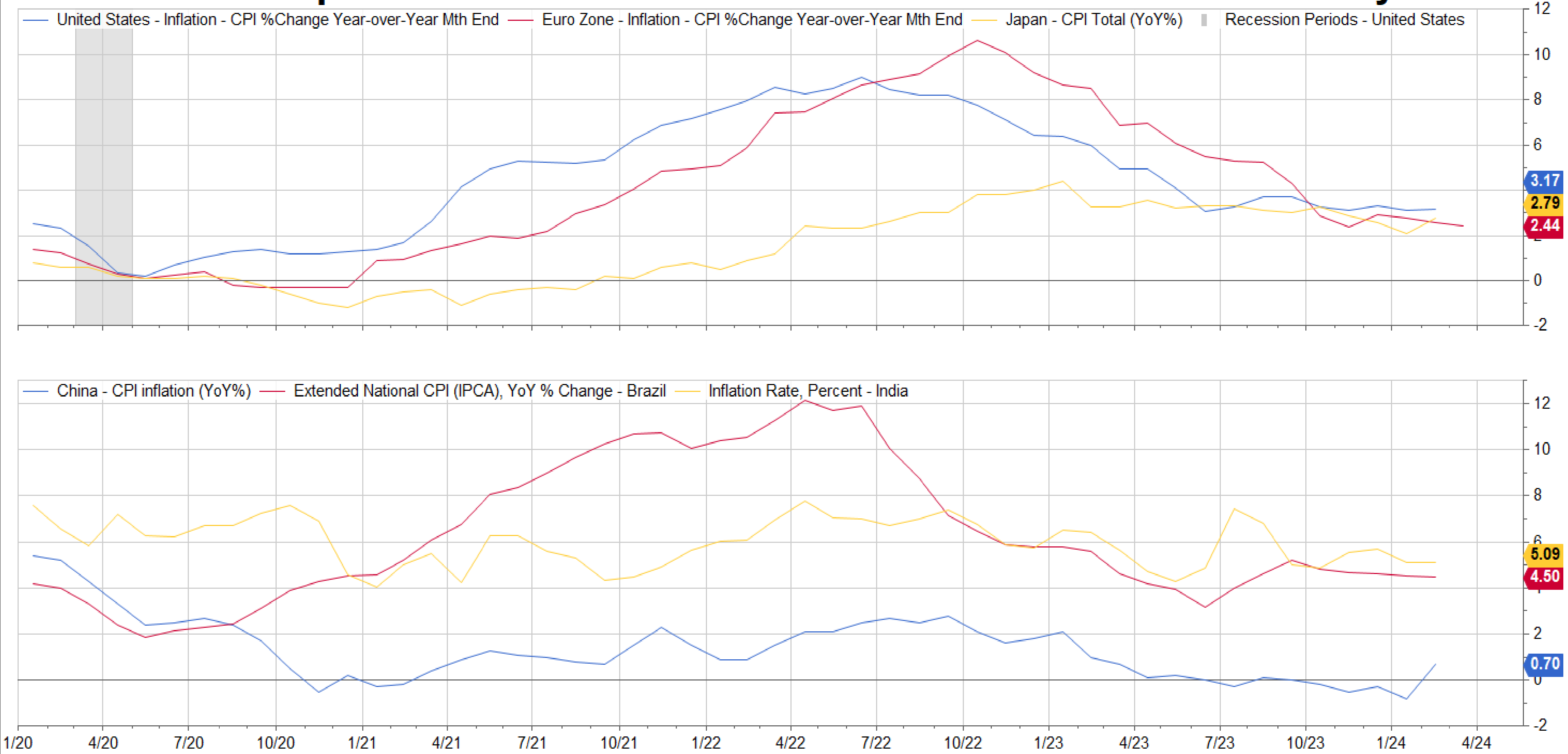


Emerging market real GDP growth is slightly below long term averages



Source: FactSet

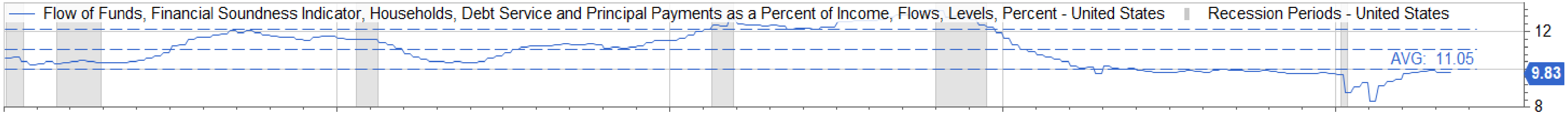
Inflation pressures have eased since 2022 but stabilized recently



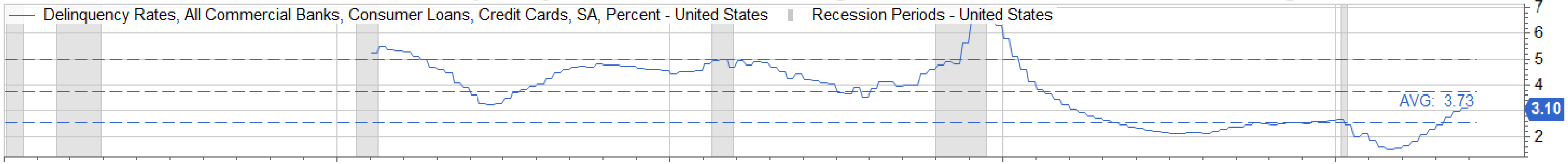
Source: FactSet

Consumers remain in ok shape despite recent financial stress

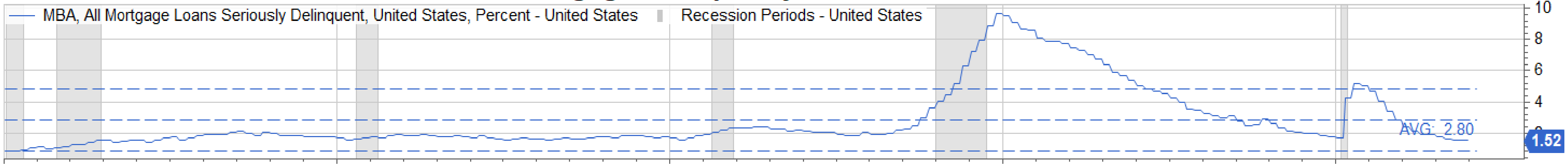
Higher rates have caused debt service ratios to rise, fortunately debt service remains below historical averages



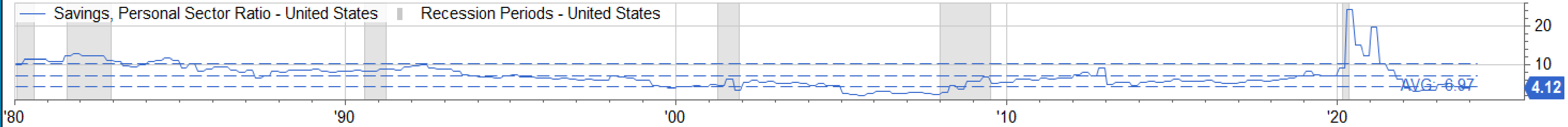
Consumer loan delinquency rates have been rising but remain below historical averages



Mortgage delinquency rates remain low

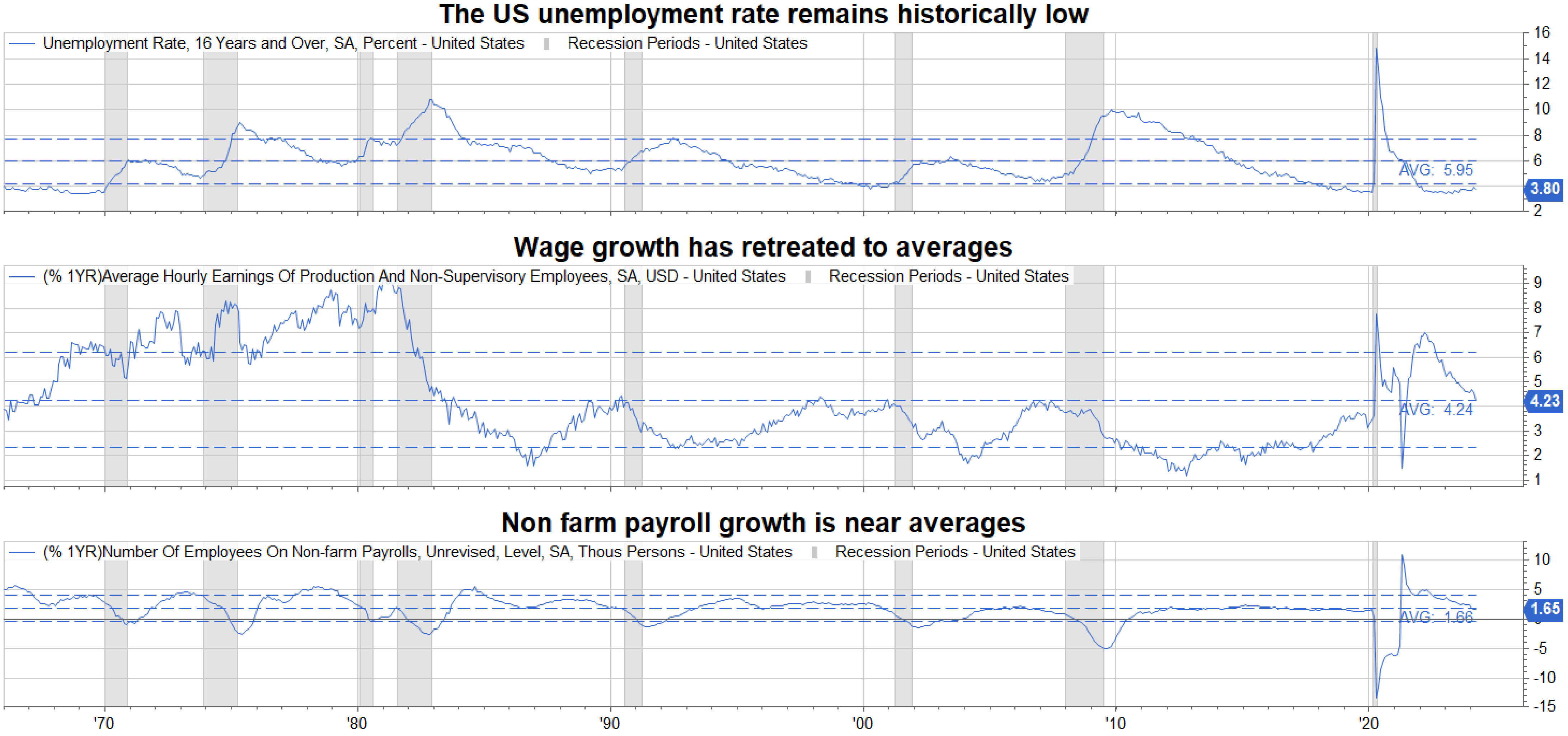


Personal savings rates are low now



Source: FactSet

The labor market remains a bright spot



Source: FactSet

Economists have become more optimistic about US and emerging markets' GDP growth and less optimistic about Europe GDP growth

World Economic Outlook, January 2024 *Update*

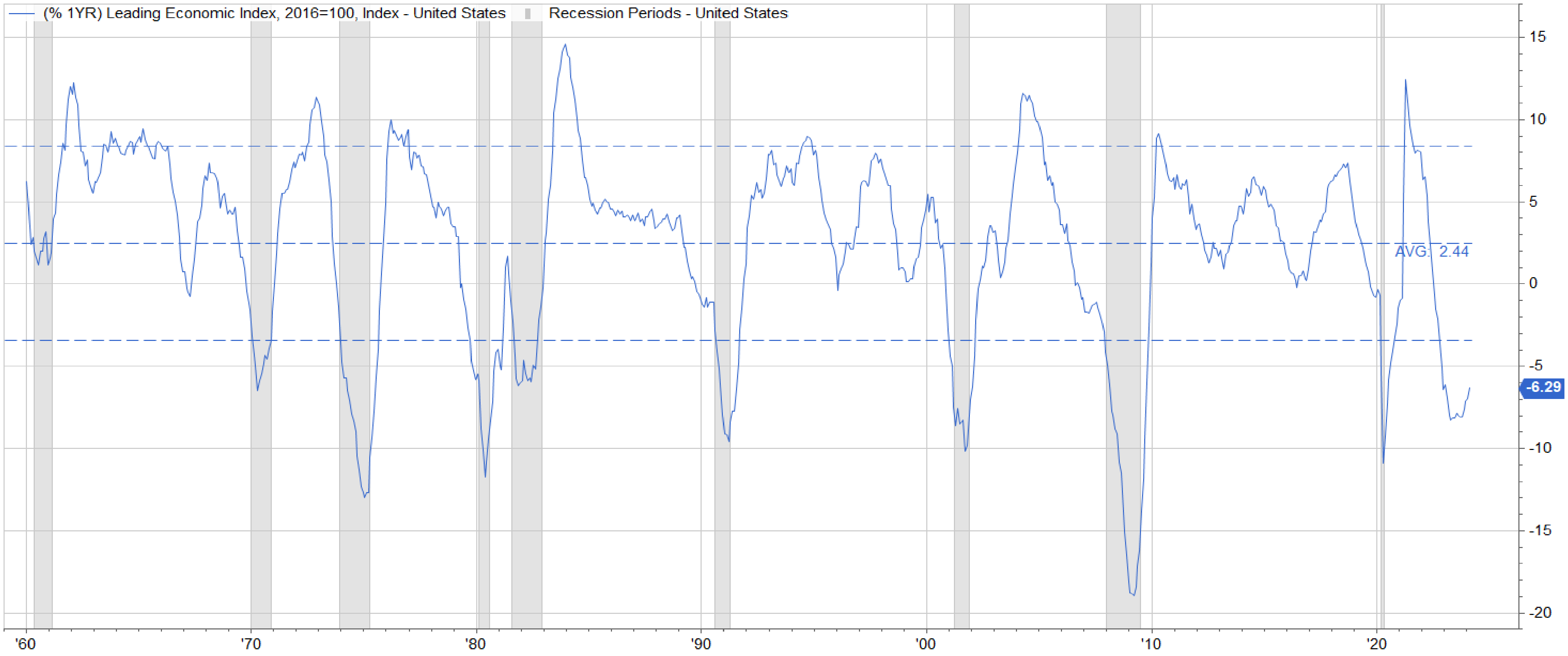
Selected Economies Real GDP Growth

(Percent change)

		Estimate	Projections		Difference from October 2023 WEO Projections	
	2022	2023	2024	2025	2024	2025
United States	1.9	2.5	2.1	1.7	0.6	–0.1
United Kingdom	4.3	0.5	0.6	1.6	0.0	–0.4
Germany	1.8	–0.3	0.5	1.6	–0.4	–0.4
France	2.5	0.8	1.0	1.7	–0.3	–0.1
Canada	3.8	1.1	1.4	2.3	–0.2	–0.1
Korea	2.6	1.4	2.3	2.3	0.1	0.0
Japan	1.0	1.9	0.9	0.8	–0.1	0.2
Advanced Economies	**2.6**	**1.6**	**1.5**	**1.8**	**0.1**	**0.0**
Brazil	3.0	3.1	1.7	1.9	0.2	0.0
Russia	–1.2	3.0	2.6	1.1	1.5	0.1
India	7.2	6.7	6.5	6.5	0.2	0.2
China	3.0	5.2	4.6	4.1	0.4	0.0
Emerging Market and Developing Economies	**4.1**	**4.1**	**4.1**	**4.2**	**0.1**	**0.1**

Source:
IMF January 2024 World Economic Outlook Update

US Leading Economic Indicators currently point to a slowdown but they have improved in the last few months



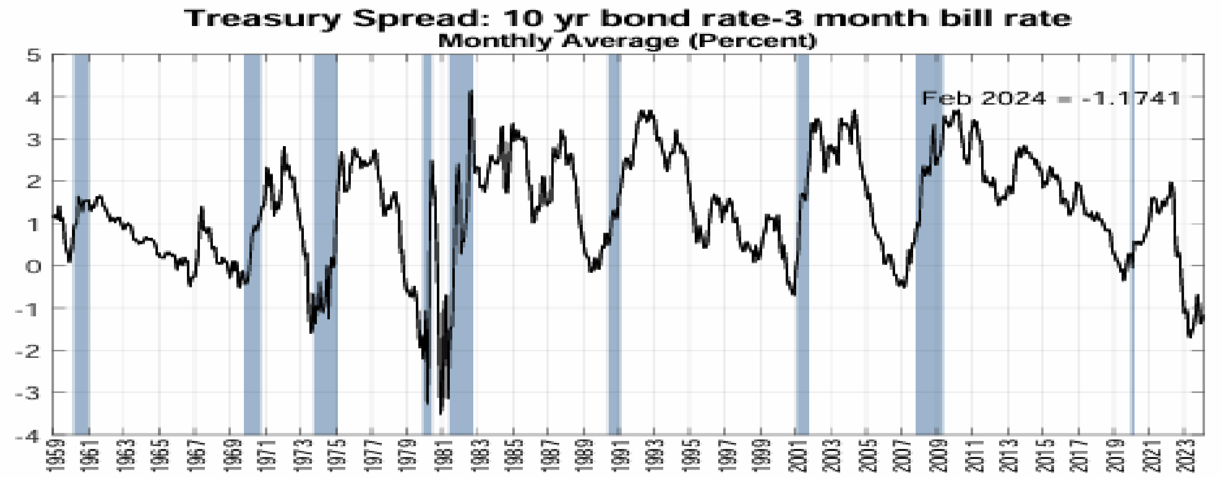
Source: FactSet

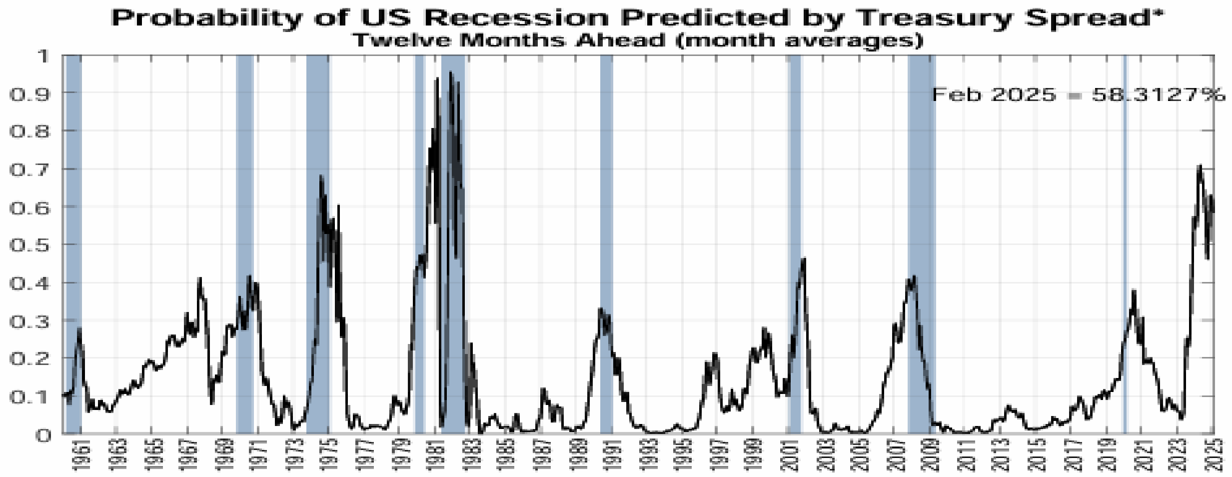
According to NBER, a recession is defined as a significant decline in economic activity lasting more than a few months. Economic activity has slowed recently.

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.

Source: New York Federal Reserve





*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Feb 2024. The parameter estimates are α=-0.5333, β=-0.6330.

Updated 11-Mar-2024

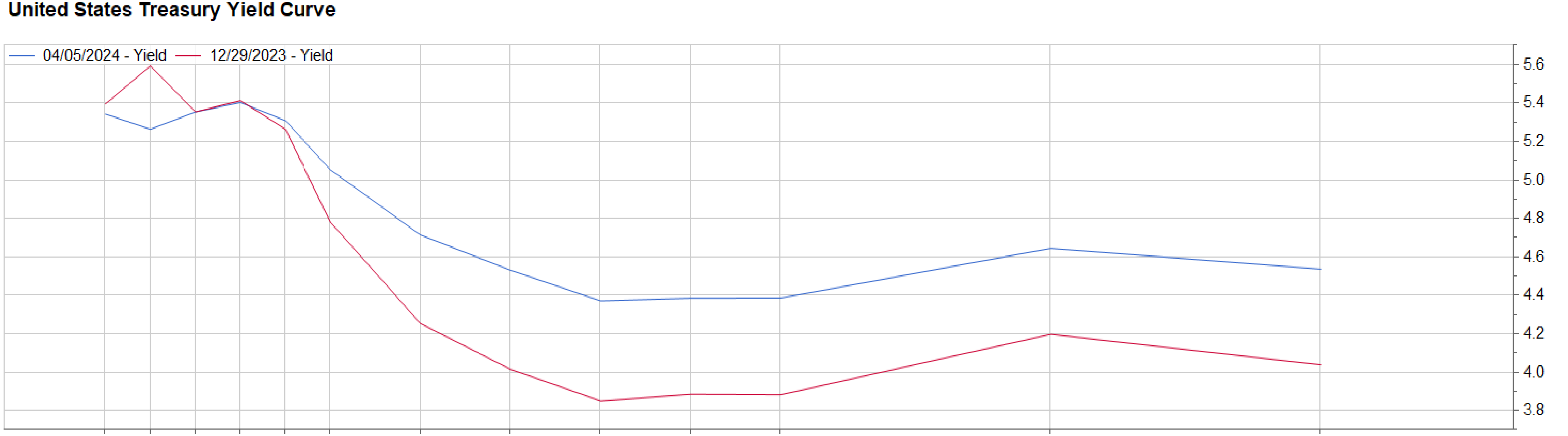
US recessions have averaged 10 months since 1945 and caused a 1-10% decline in real GDP.

Notice how expansions exceed recessions in duration.

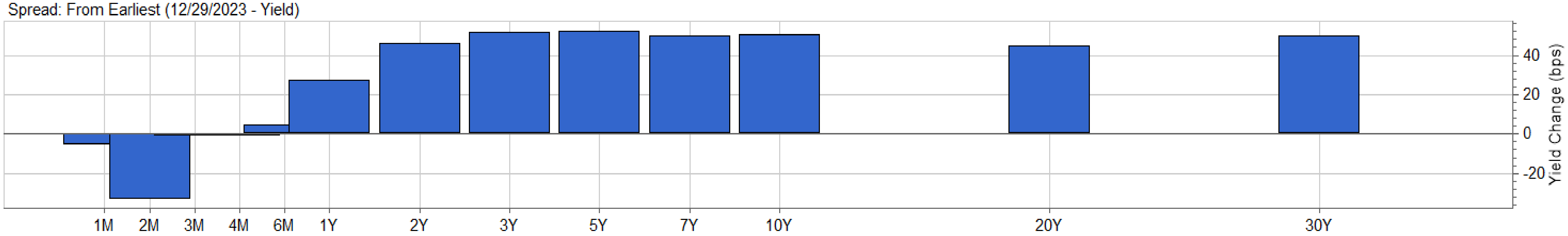
Source: National Bureau of Economic Research

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

The Treasury Yield Curve remains inverted but the curve has flattened recently



This observation suggests investors are placing lower odds of a recession



Source: FactSet

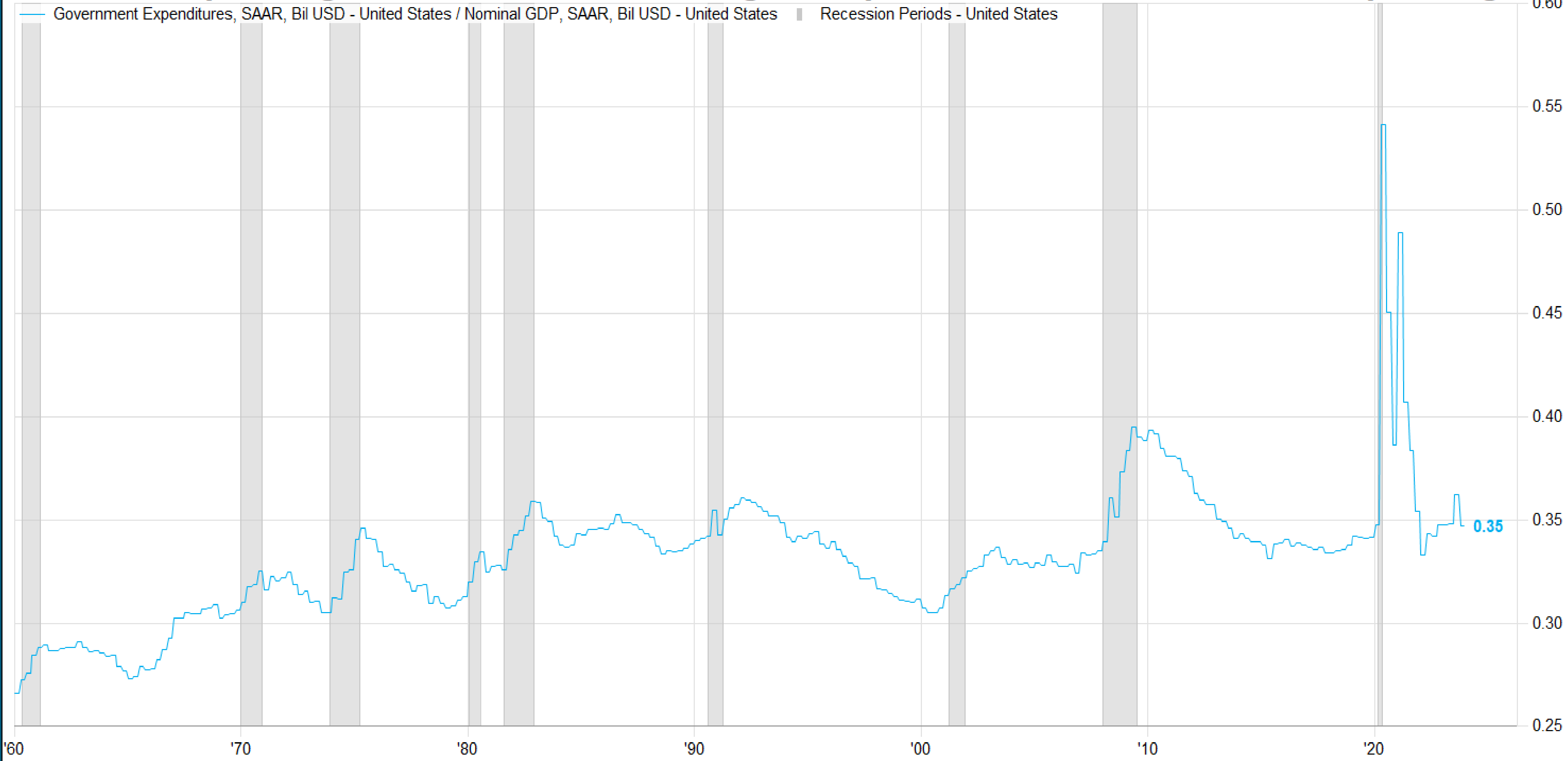
Economy Conclusions

- Economic growth has been slowing and is modest today
- Inflation has moderated since 2022 but has stabilized recently
- The consumer and labor market have been holding up and continue to support the economy
- Consensus calls for modest economic growth in 2024 & 2025
- Recessionary indicators still suggest an elevated risk of a recession
- Most recessions last 6-24 months
- Investors are increasingly anticipating a soft landing

Government Fiscal and Monetary Activity

Will central banks overreact?

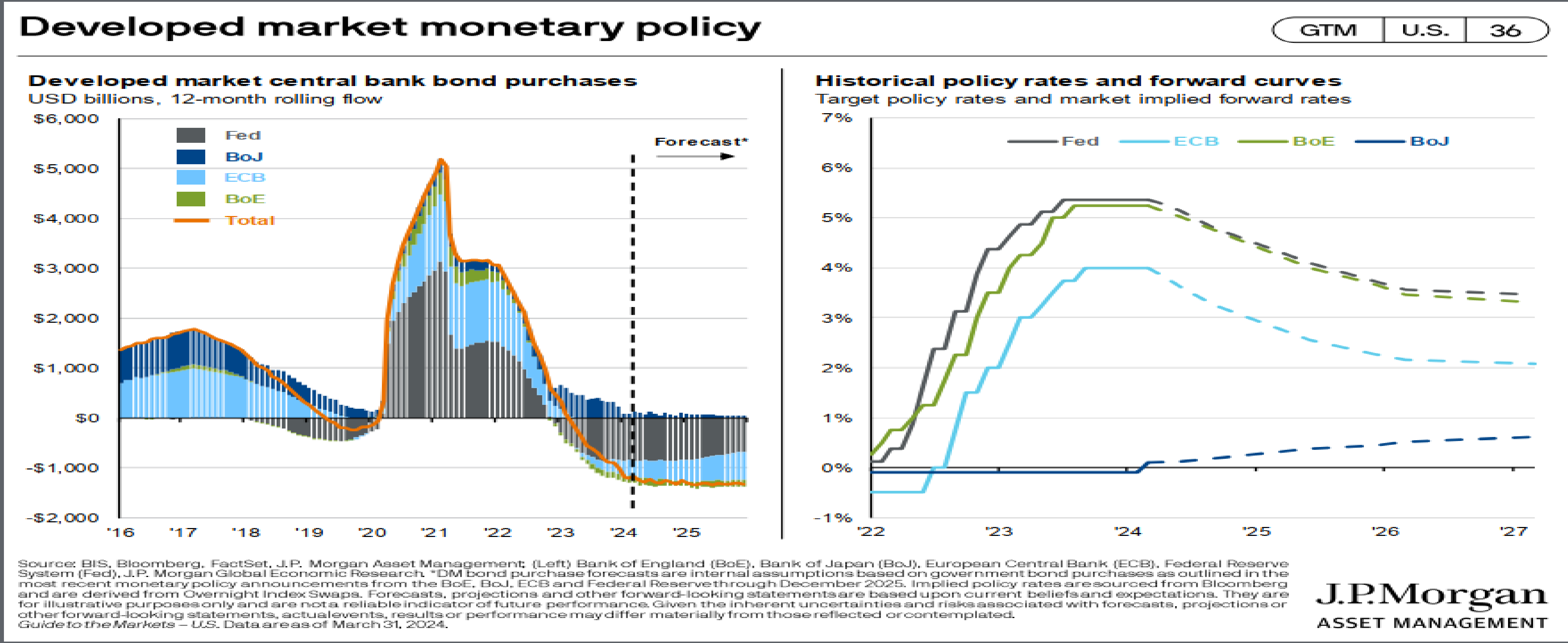
US fiscal spending as a % of GDP faces tough comparisons from COVID related spending



Source: FactSet

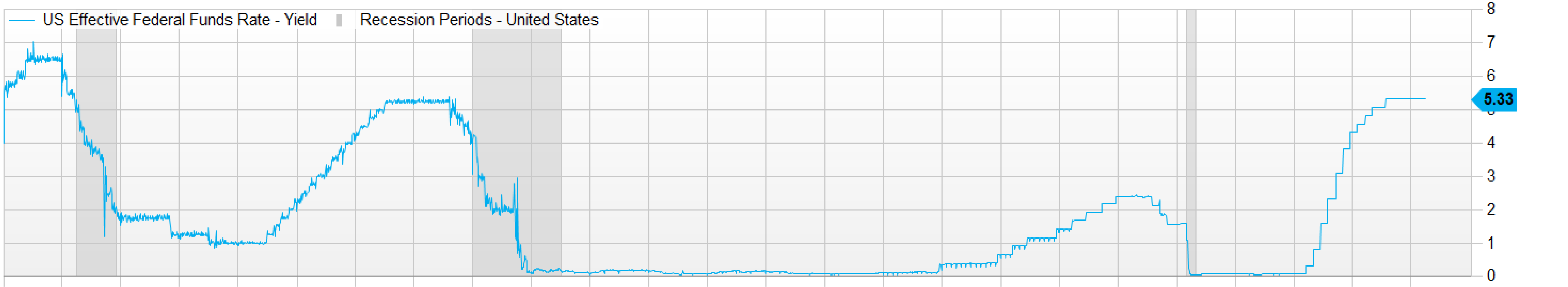
Candor Asset Advisors

Central banks have been providing less monetary support due to inflationary pressures. Investors are now betting on smaller rate declines.

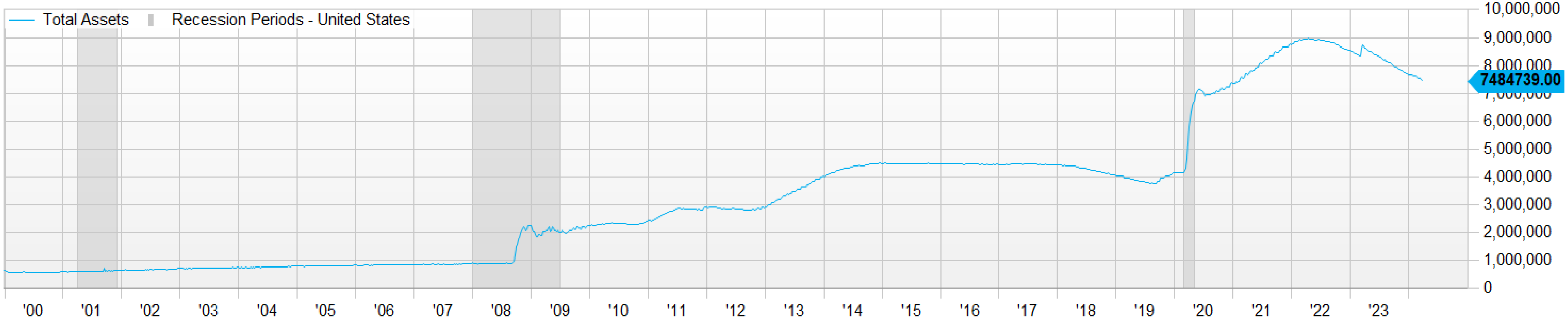


Source: JP Morgan Asset Management

The Fed raised rates at the fastest pace since the early 1980s in 2022-23. They now expect to cut rates starting in 2024.



The Fed has been engaging in quantitative tightening since 2022. They are now signaling QT should diminish in 2024-25.



Source: FactSet

The Fed is increasingly anticipating a US soft landing with stronger GDP growth, higher inflation and rates higher for longer

Variable	Median[1]			
	2024	2025	2026	Longer run
Change in real GDP	2.1	2.0	2.0	1.8
December projection	1.4	1.8	1.9	1.8
Unemployment rate	4.0	4.1	4.0	4.1
December projection	4.1	4.1	4.1	4.1
PCE inflation	2.4	2.2	2.0	2.0
December projection	2.4	2.1	2.0	2.0
Core PCE inflation[4]	2.6	2.2	2.0	
December projection	2.4	2.2	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	4.6	3.9	3.1	2.6
December projection	4.6	3.6	2.9	2.5

Source:
Federal Reserve Summary of Economic Projections, March 2024

Fiscal and Monetary Policy Conclusions

- US fiscal spending comparisons remain difficult
- Central banks raised rates aggressively in 2022 and 2023
- Central banks have been engaging in quantitative tightening
- Central banks are now signaling short-term rate cuts should occur sometime in 2024-25
- If a recession occurs, central banks now have more capacity to lower rates given rates are higher than the ultra low 2008-2021 period

Investment Backdrop

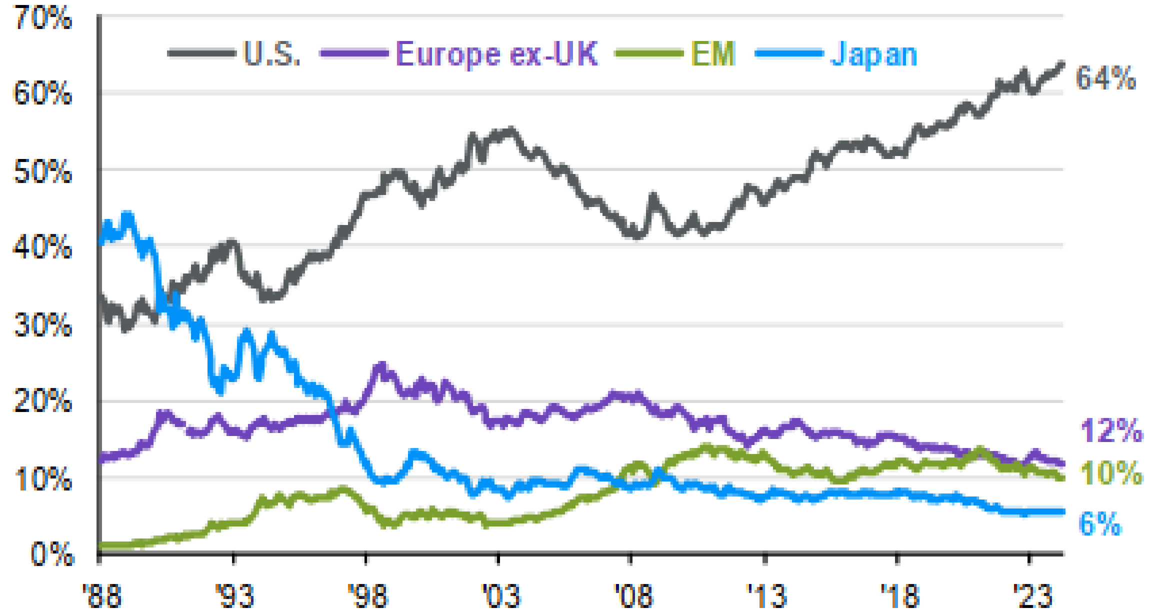
Are stocks fully factoring in a soft landing?

Global stock markets rallied in 2023 and 2024 year-to-date. The US has outpaced the world for a while.

Returns	YTD 2024		2023		15-years	
	Local	USD	Local	USD	Ann.	Beta
Regions						
U.S. (S&P 500)	-	10.6	-	26.3	15.6	0.9
AC World ex-U.S.	8.3	4.8	14.7	16.2	8.4	1.0
EAFE	10.1	5.9	16.8	18.9	8.9	1.0
Europe ex-UK	9.7	6.1	17.3	22.7	9.7	1.2
Emerging markets	4.6	2.4	10.3	10.3	7.0	1.1
Selected Countries						
Japan	19.3	11.2	29.0	20.8	8.2	0.7
United Kingdom	4.1	3.1	7.7	14.1	7.9	1.0
France	8.4	5.9	18.1	22.3	9.8	1.2
Canada	6.9	4.2	13.3	16.4	8.9	1.1
Germany	9.6	7.1	19.8	24.0	8.6	1.3
China	-1.7	-2.2	-10.6	-11.0	4.4	0.9
Taiwan	17.3	12.5	31.1	31.3	14.4	1.1
India	6.4	6.1	22.0	21.3	11.7	1.0
Brazil	-4.5	-7.3	22.7	33.4	4.1	1.4

Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



Source: JP Morgan Asset Management

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

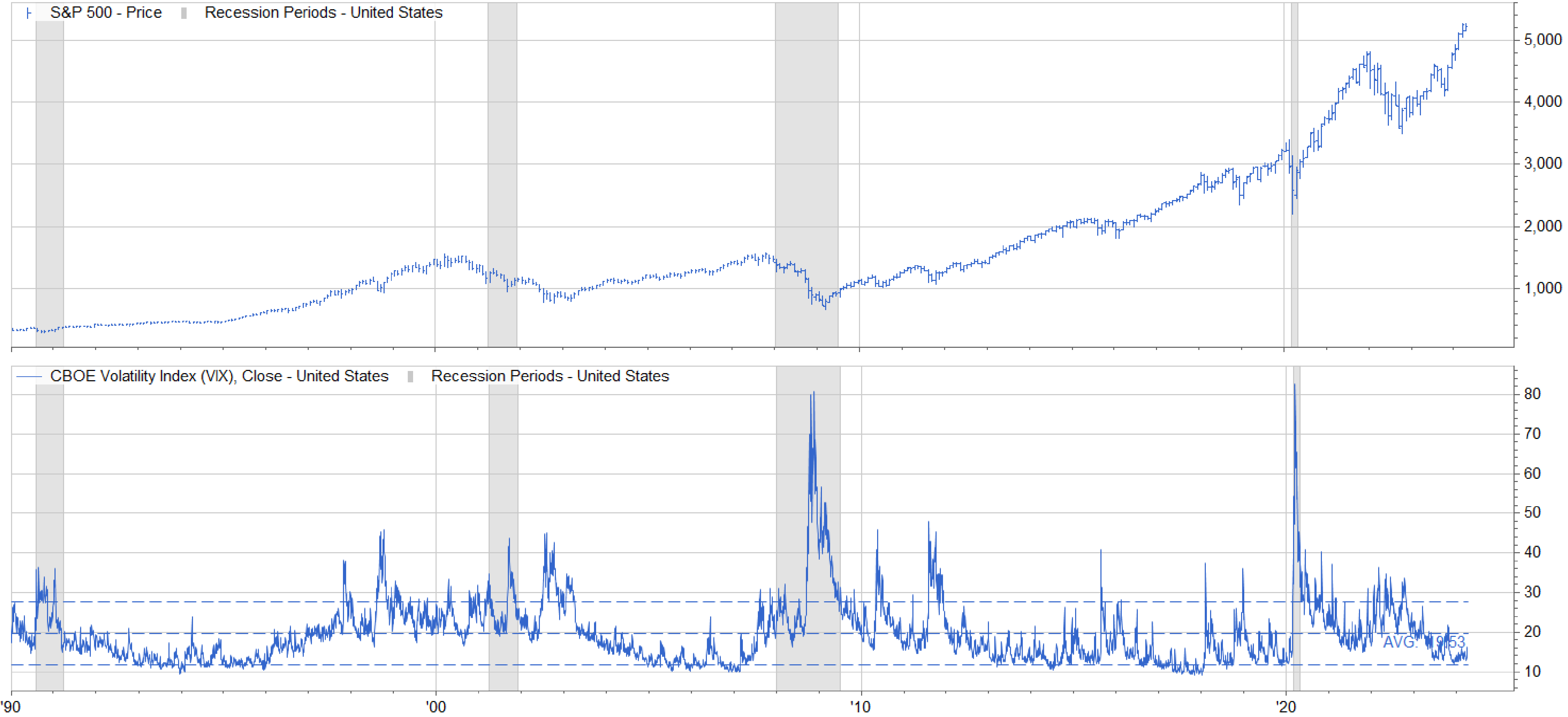
A good first quarter (S&P +10.2% in 1Q 24) has usually signaled a good year for the S&P

- Since 1950 there have been 16 times the S&P 500 has rallied more than 8% in the first quarter.
  - Only once in 1987 did the index lose ground the rest of the year.
  - In the other 15 years, the index gained an average of 9.7% during the subsequent three quarters.
    - In 10 of these 15 instances, the S&P's 1st quarter gain exceeded the second, third and fourth quarter gains, however.

Source: Barron's 4/1/24

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

The S&P is enjoying lower than average volatility today



Source: FactSet

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

Unfortunately, stock bear market risk exists today due to the elevated stock market valuation and odds of a recession. Fortunately, aggressive fed actions and commodity spikes are likely now behind us. Also, incremental economic data has fared better than most feared.

S&P Composite Statistics 1928-2020

Bull Markets

- Average rise 166%
- Average duration 54 months

Bear Markets

- Average decline 42%
- Average duration 22 months

Sources of bear markets % of the time

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

% of time a recession occurs due to

- 23% one factor
- 46% two factors
- 31% three factors

Source: JP Morgan Asset Management

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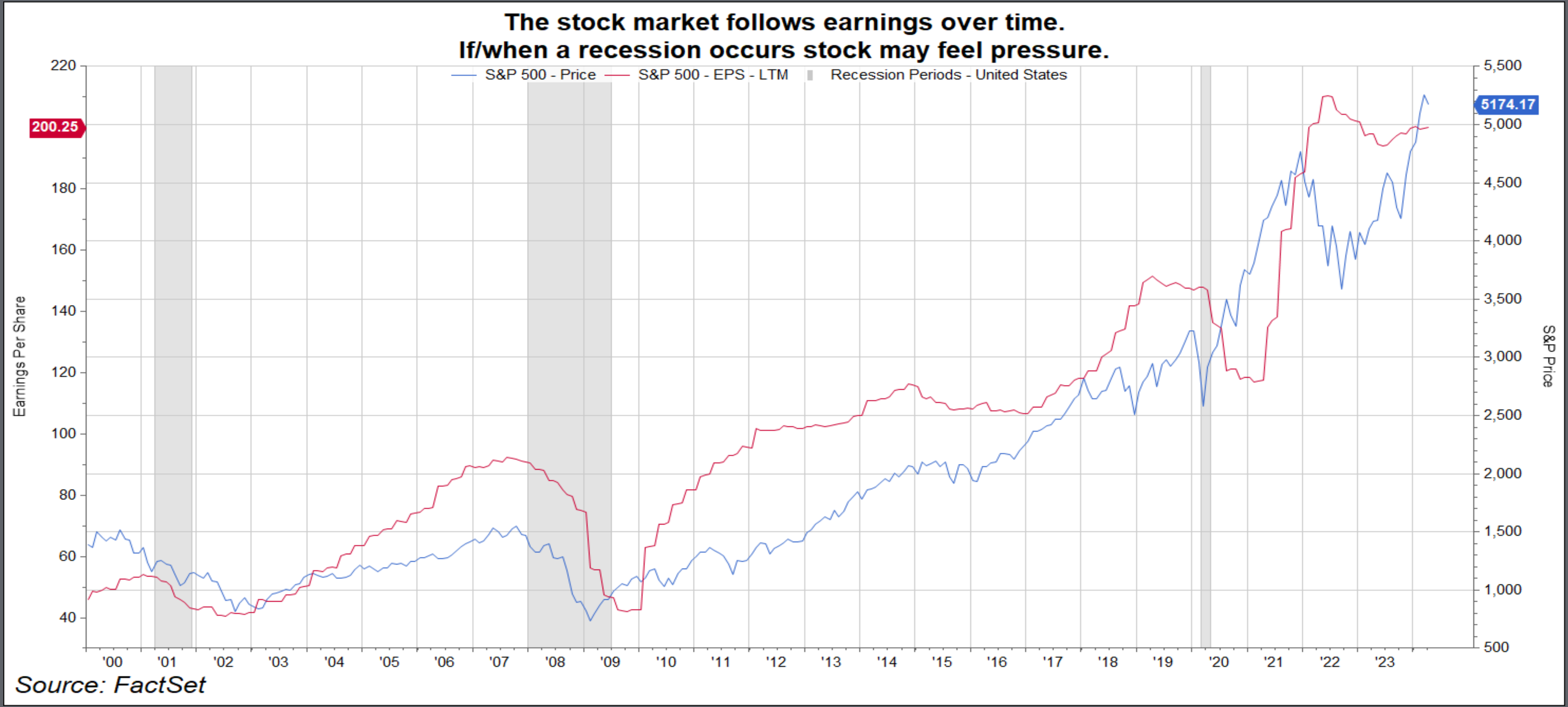
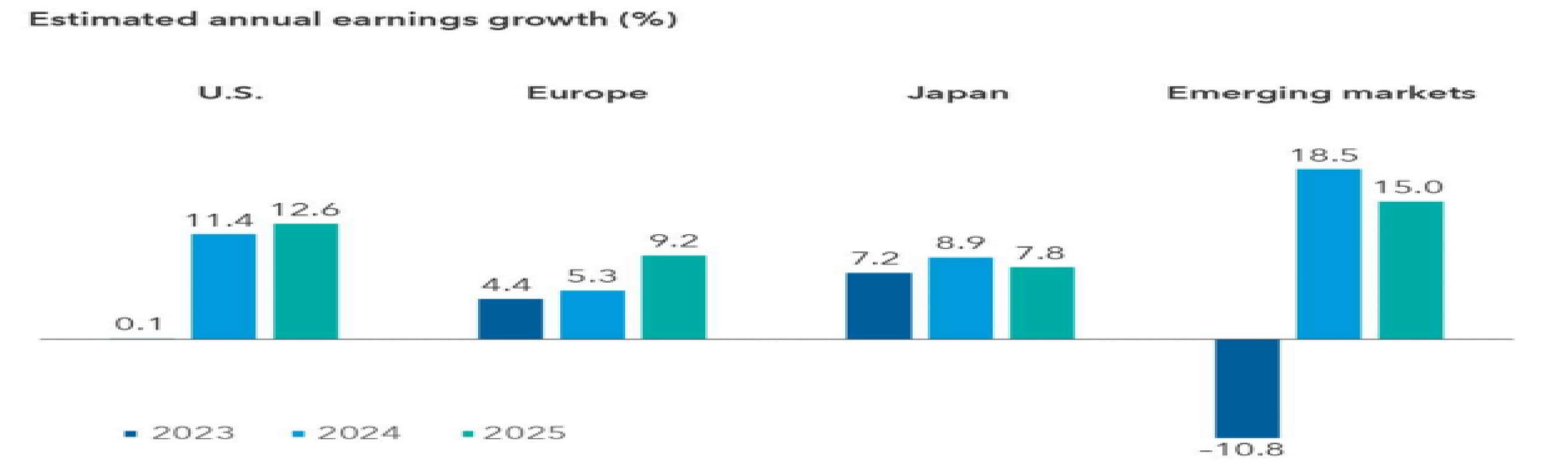


Earnings grew 1% in 2023 and 4.2% in 4Q 23. 4th Quarter 2023 results exceeding forecasts by 4.2%

Source: FactSet Earnings Insight 3/28/24

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

Analysts expect solid earnings growth globally



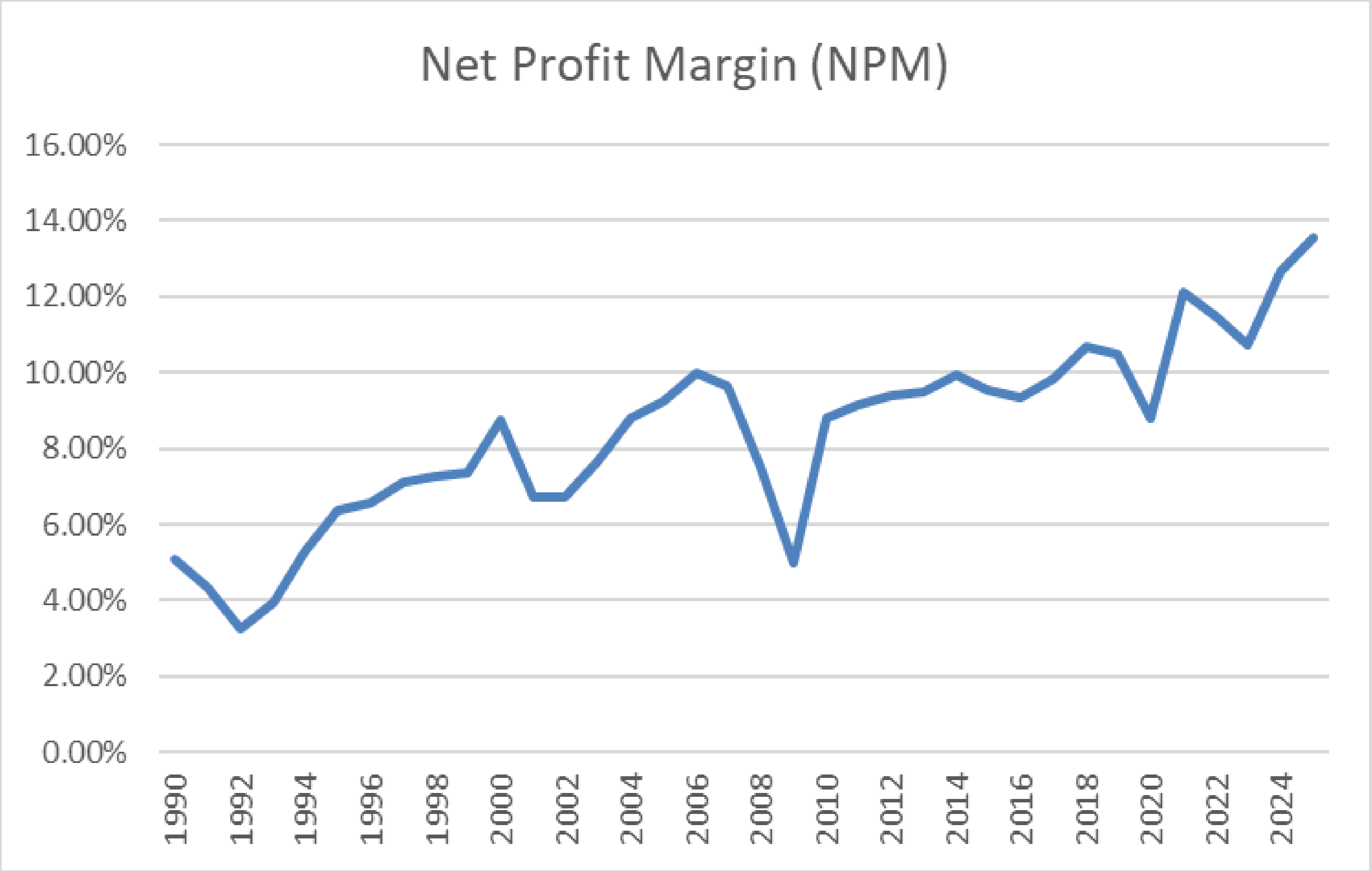
Sources: Capital Group, FactSet, MSCI, Standard & Poor's. The chart shows estimated earnings growth for each region. Estimated annual earnings growth is represented by the mean consensus earnings per share estimates for the years ending December 2023, December 2024 and December 2025. U.S. = S&P 500 Index. Europe = MSCI Europe Index. Japan = MSCI Japan Index. Emerging markets = MSCI Emerging Markets Index. Estimates as of December 31, 2023.

Source: Capital Group

S&P profit margins will be a key factor to watch.

Bulls say labor, input and interest costs should ease and lead to further margin expansion.

Bears say these margin cost pressures will persist.



Source: FactSet

Earnings have generally been coming in above expectations. Consensus estimates are factoring in a soft landing. Earnings risk is noteworthy if a recession occurs.

	Consensus Estimates			Past Recessions	If Recession Starts in	Implied
	2023	2024E	2025E	Since 1990	2024E	Revision
Sales Per Share	$1,859.33	$1,915.89	$2,026.85		$1,865.57	-2.6%
Annual Growth	5.5%	3.0%	5.8%	0.3%		
EPS	$199.77	$242.47	$275.11		$163.22	-32.7%
Annual Growth	-1.2%	21.4%	13.5%	-18.3%		
Dividend Per Share	$67.42	$73.87	$77.28		$74.11	0.3%
Annual Growth	5.1%	9.6%	4.6%	0.3%		

Revisions were as follows from January 2024 to March 2024
2024 Estimate to Estimate: Sales +0.8%, EPS -0.4%, Dividends Per Share +0.8%

2024 and 2025 EPS growth estimates appear optimistic given historically high margins and EPS growth has averaged 7.1% over the last 33 years.

Source: Candor Asset Advisors and FactSet

If a recession occurs, expect subdued stock returns and better fixed income returns. Recessions raise the risk of stock bear markets.

Since 1950	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 Return 6 Months Prior to Recession	-0.12%	0.12%	0.09%	0.29%	0.42%	0.49%	0.41%
Average Monthly Return 12 Months Prior to Recession	0.48%	0.48%	0.08%	0.15%	0.33%	0.46%	0.43%
Average Recession Monthly Returns	-0.01%	0.26%	1.04%	1.08%	1.06%	0.79%	0.74%
Median Recession Monthly Returns	0.20%	0.65%	0.81%	0.83%	0.75%	0.46%	0.38%
All Months Average Monthly Returns	1.00%	1.20%	0.54%	0.48%	0.44%	0.33%	0.29%
All Months Median Monthly Returns	1.28%	1.47%	0.41%	0.25%	0.29%	0.31%	0.29%

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.
- There have been 11 recessions and 6 stock bear markets since 1950.
- 3 bear markets occurred during recessions (1973/1974, 2008/9, 2020) and 2 occurred soon afterwards (1962, 2002) and one occurred in isolation (1987).

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.

The Federal Reserve expects to lower rates sometime in 2024. Investors bid up stocks in the last 9 months as they factored in 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	0.95%	1.16%	0.68%	0.62%	0.52%	0.36%	0.32%
Median Monthly Returns	1.24%	1.45%	0.67%	0.54%	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:

- When the Fed cut rates since 1971
  - In 7 of 11 instances a recession occurred within 12 months. As shown previously, recessions usually correlate with lower stock returns and better fixed income returns.
  - In 5 of 11 instances a bear market occurred within 12 months
  - In 3 of 11 instances neither a bear market or recession occurred within 12 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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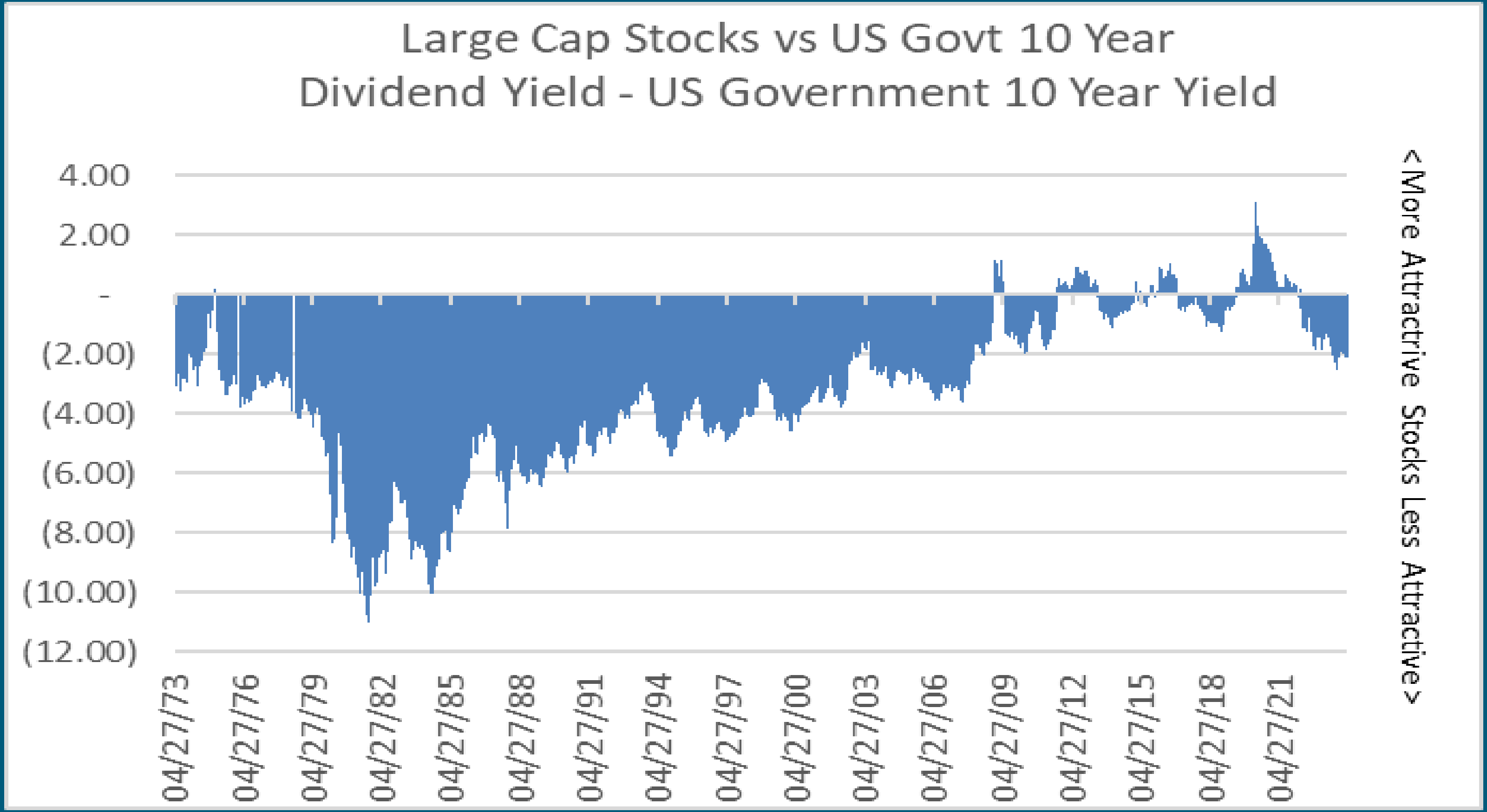
With the recent rise in rates stocks and the stock market rally, US stocks don't look as attractive versus fixed income



Source: Value Line Investment Survey

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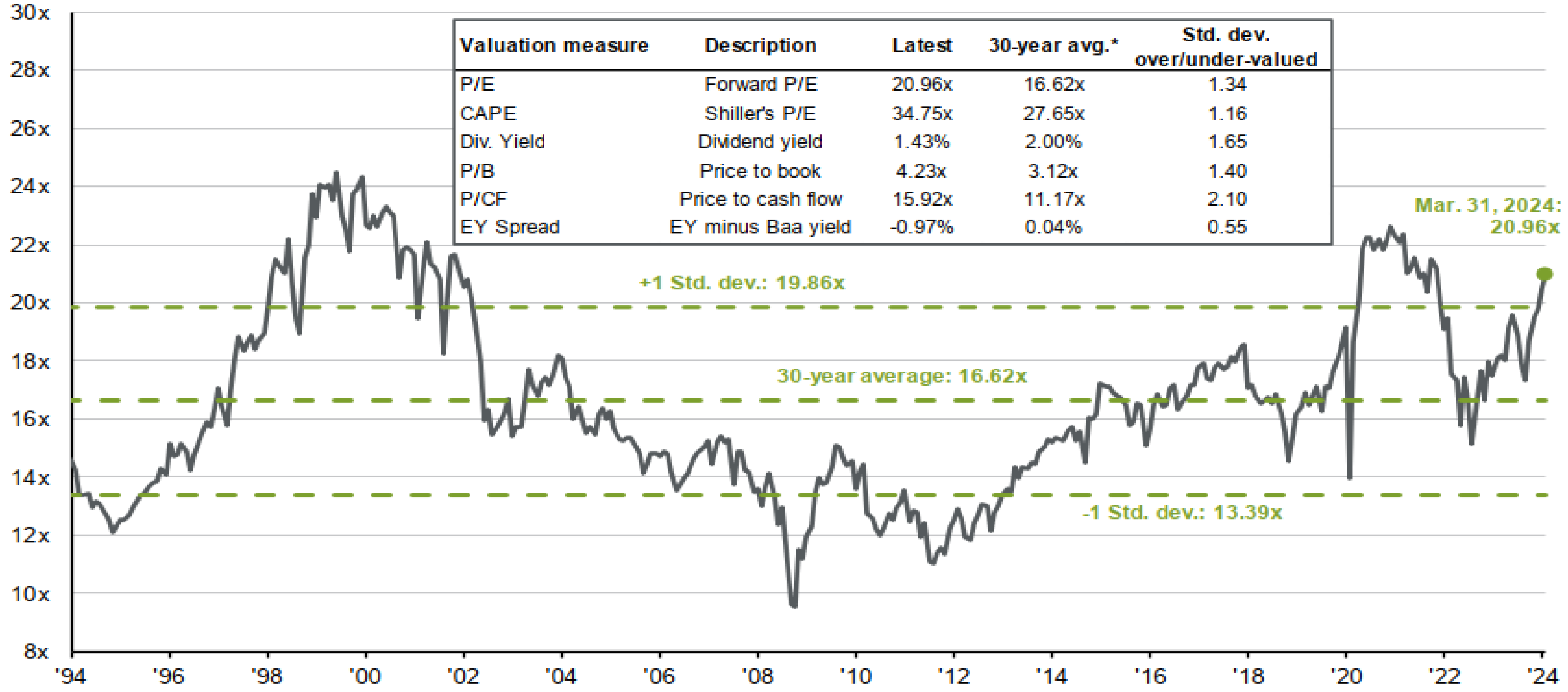
The S&P is elevated versus more recent history

S&P 500 valuation measures

GTM | U.S. | 5

S&P 500 Index: Forward P/E ratio



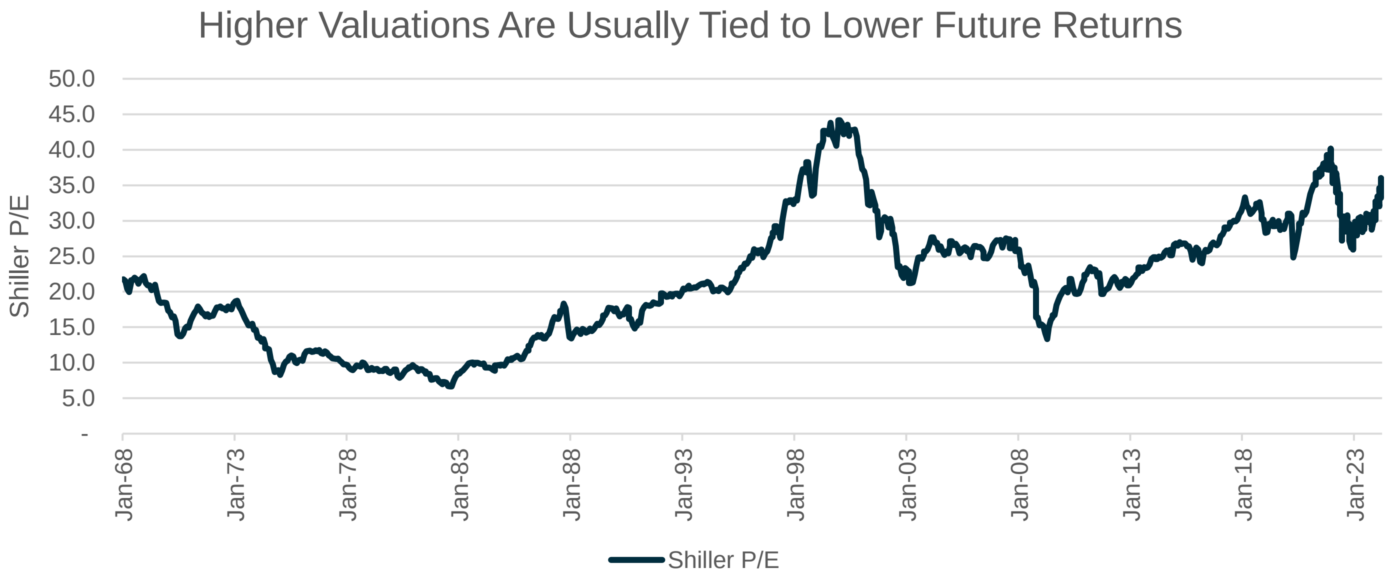
Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	20.96x	16.62x	1.34
CAPE	Shiller's P/E	34.75x	27.65x	1.16
Div. Yield	Dividend yield	1.43%	2.00%	1.65
P/B	Price to book	4.23x	3.12x	1.40
P/CF	Price to cash flow	15.92x	11.17x	2.10
EY Spread	EY minus Baa yield	-0.97%	0.04%	0.55

Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.
Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since February 1994 and by FactSet since January 2022. Current next 12-months consensus earnings estimates are $245. Average P/E and standard deviations are calculated using 30 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 30 years for each measure. *Averages and standard deviations for dividend yield and P/CF are since November 1995 due to data availability.
Guide to the Markets – U.S. Data are as of March 31, 2024.

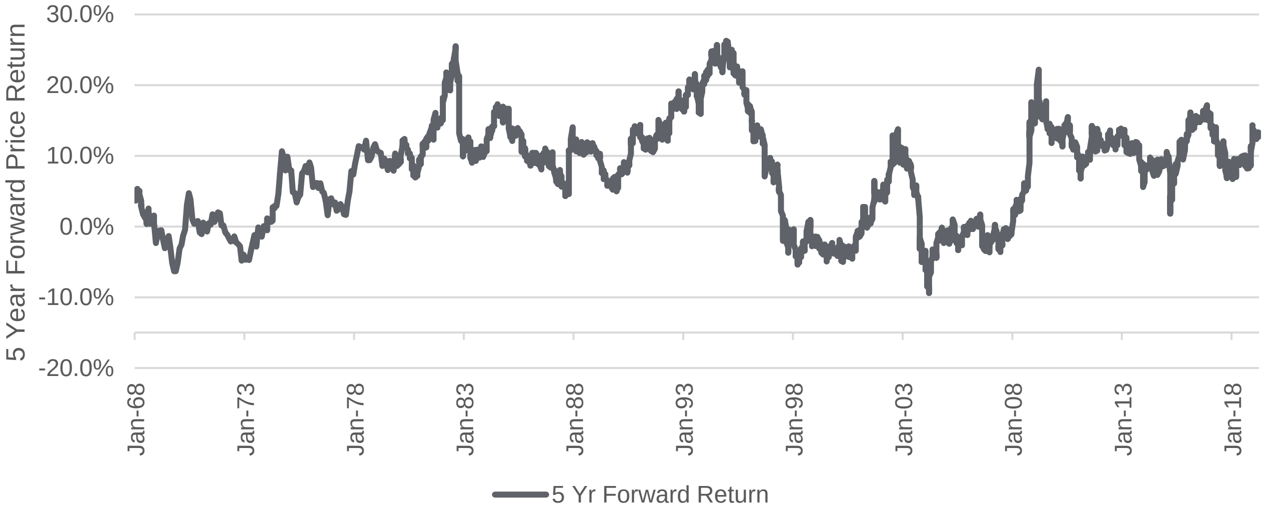
J.P.Morgan
ASSET MANAGEMENT

Source: JP Morgan Asset Management
Past performance is not a guarantee or predictor of future performance. Stocks are not guaranteed and have been more volatile than other asset classes.

Even if a recession or stock bear market don't occur in the near term, it is not uncommon for elevated stock market valuations to lead to lower returns over the next 5 years



5 year forward returns denote price returns.



Source: Value Line Investment Survey

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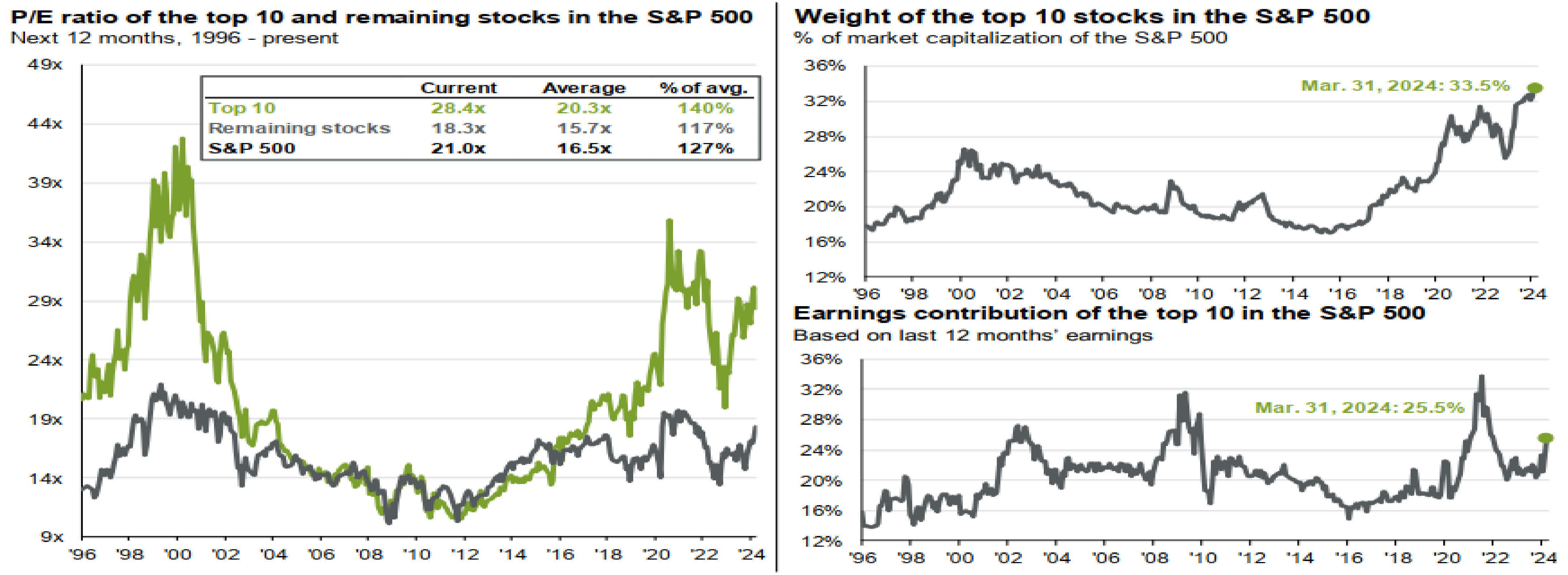
The top 10 stocks' valuations and S&P weighting are elevated versus the broader market



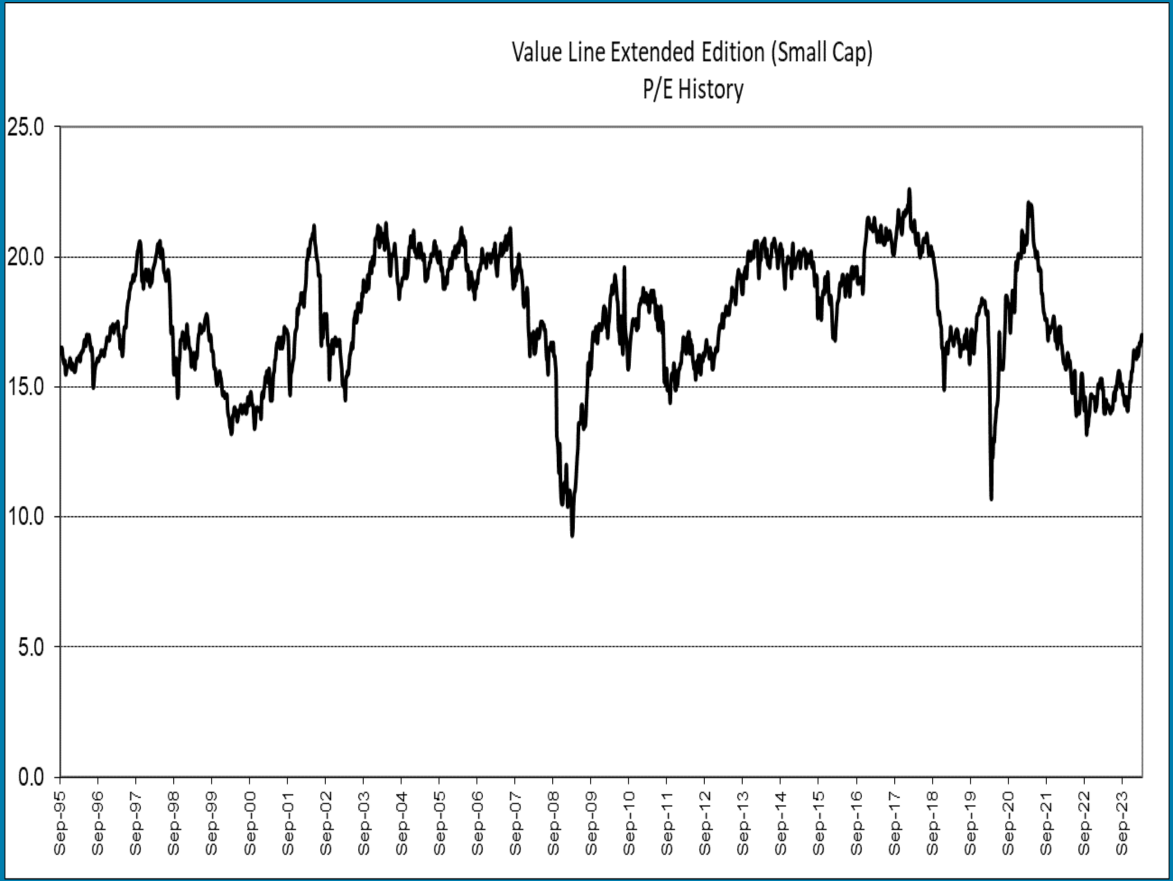
	Current	Average	% of avg.
Top 10	28.4x	20.3x	140%
Remaining stocks	18.3x	15.7x	117%
S&P 500	21.0x	16.5x	127%

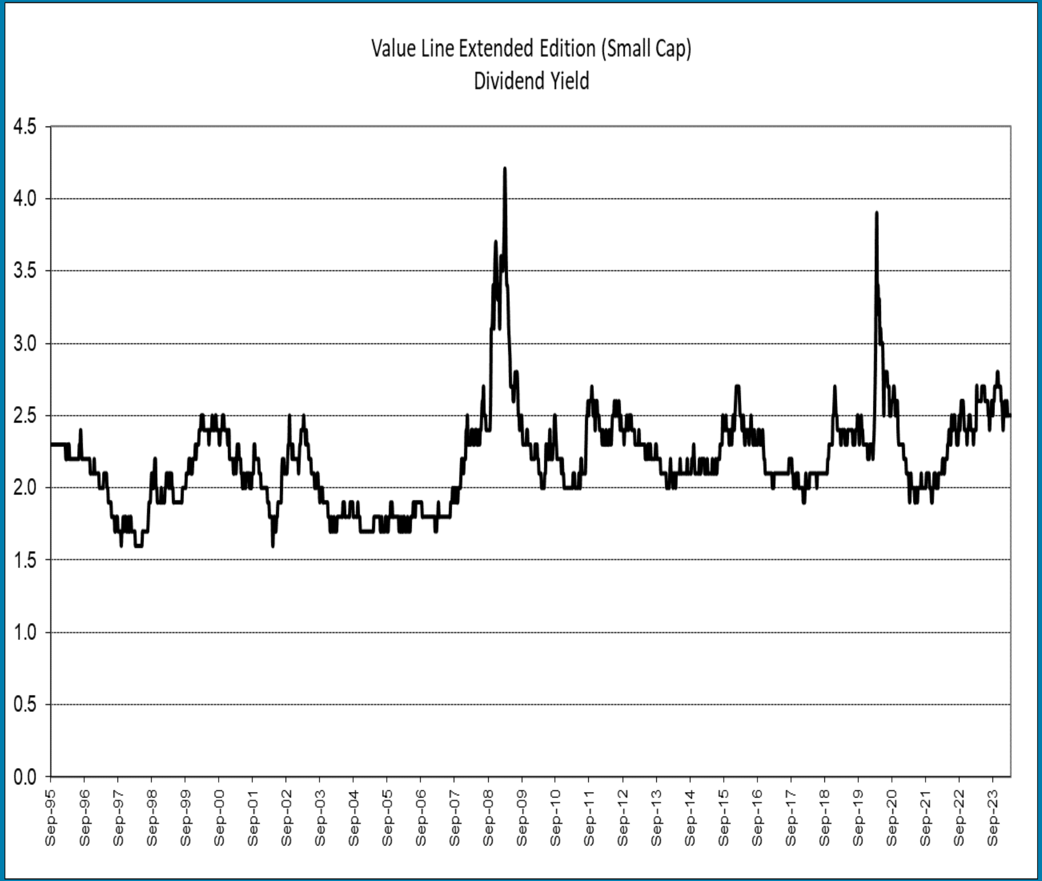
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each month. As of 3/31/2024, the top 10 companies in the index were MSFT (7.2%), AAPL (5.6%), NVDA (5.1%), AMZN (3.7%), META (2.4%), GOOGL (2.0%), BRK.B (1.7%), GOOG (1.7%), LLY (1.4%), AVGO (1.3%) and JPM (1.3%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of March 31, 2024.

J.P.Morgan ASSET MANAGEMENT

Source: JP Morgan Asset Management
Past performance is not a guarantee or predictor of future performance.

US small caps are historically cheap





Source: Value Line Investment Survey

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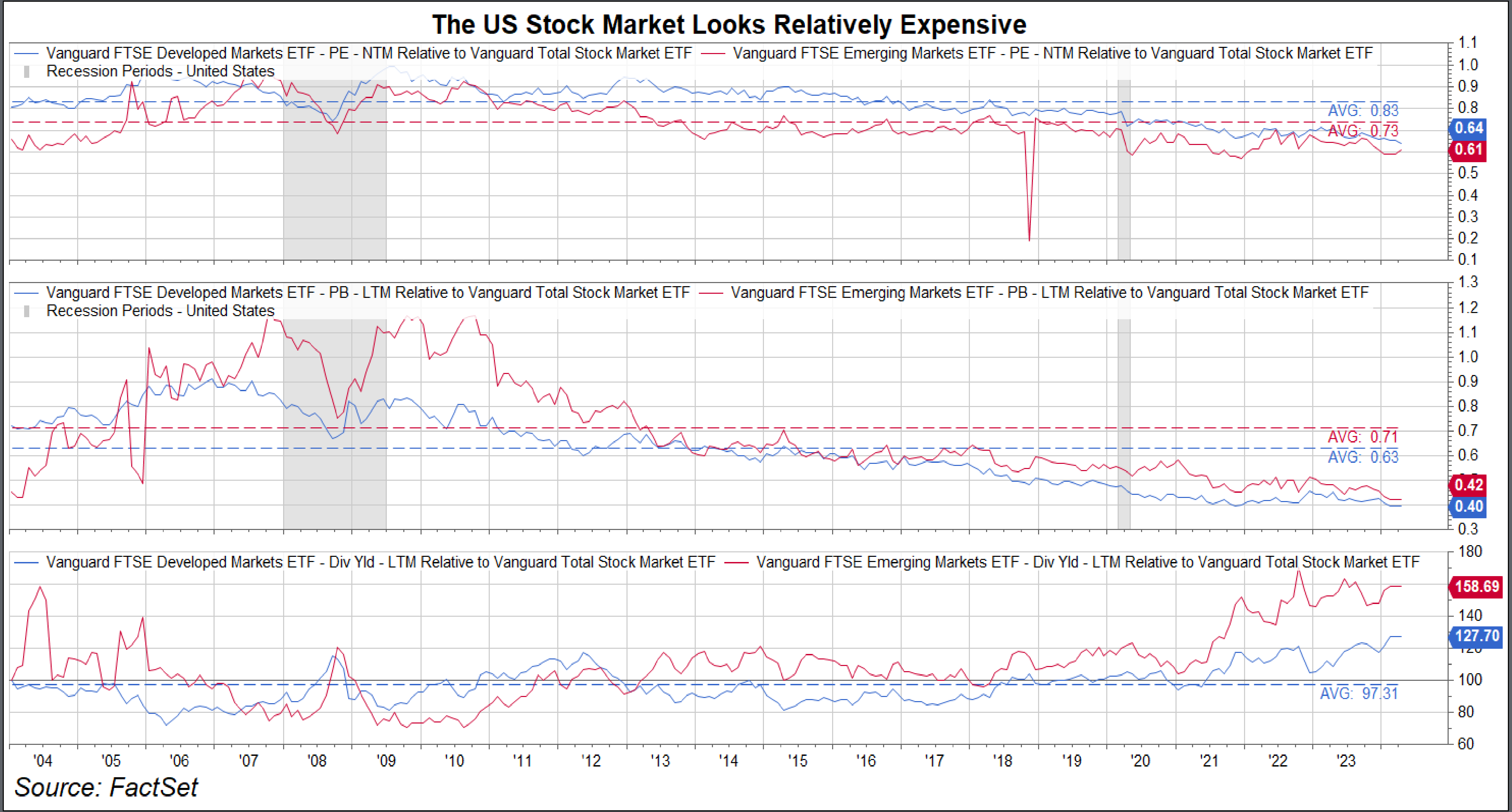
The US Stock Market Looks Relatively Expensive
Vanguard FTSE Developed Markets ETF - PE - NTM Relative to Vanguard Total Stock Market ETF
Vanguard FTSE Emerging Markets ETF - PE - NTM Relative to Vanguard Total Stock Market ETF
Recession Periods - United States
AVG: 0.83
AVG: 0.73
0.64
0.61
Vanguard FTSE Developed Markets ETF - PB - LTM Relative to Vanguard Total Stock Market ETF
Vanguard FTSE Emerging Markets ETF - PB - LTM Relative to Vanguard Total Stock Market ETF
Recession Periods - United States
AVG: 0.71
AVG: 0.63
0.42
0.40
Vanguard FTSE Developed Markets ETF - Div Yld - LTM Relative to Vanguard Total Stock Market ETF
Vanguard FTSE Emerging Markets ETF - Div Yld - LTM Relative to Vanguard Total Stock Market ETF
158.69
127.70
AVG: 97.31
'04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23
Source: FactSet

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

Political Scenarios	Avg. Chg.	Years
Unified Government	**10.2%**	**33**
>Democratic Pres. & Congress	9.4%	24
>Republican Pres. & Congress	12.8%	8
Unified Congress	**7.8%**	**32**
>Dem. Pres./Rep. Congress	14.0%	10
>Rep. Pres./Dem. Congress	5.0%	22
Split Congress	**7.7%**	**14**
>Democratic President	13.2%	5
>Republican President	4.9%	10
All Years	**8.8%**	**79**

Source: CFRA, Data between 12/31/1944-12/29/2023

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.

Source: Capital Group

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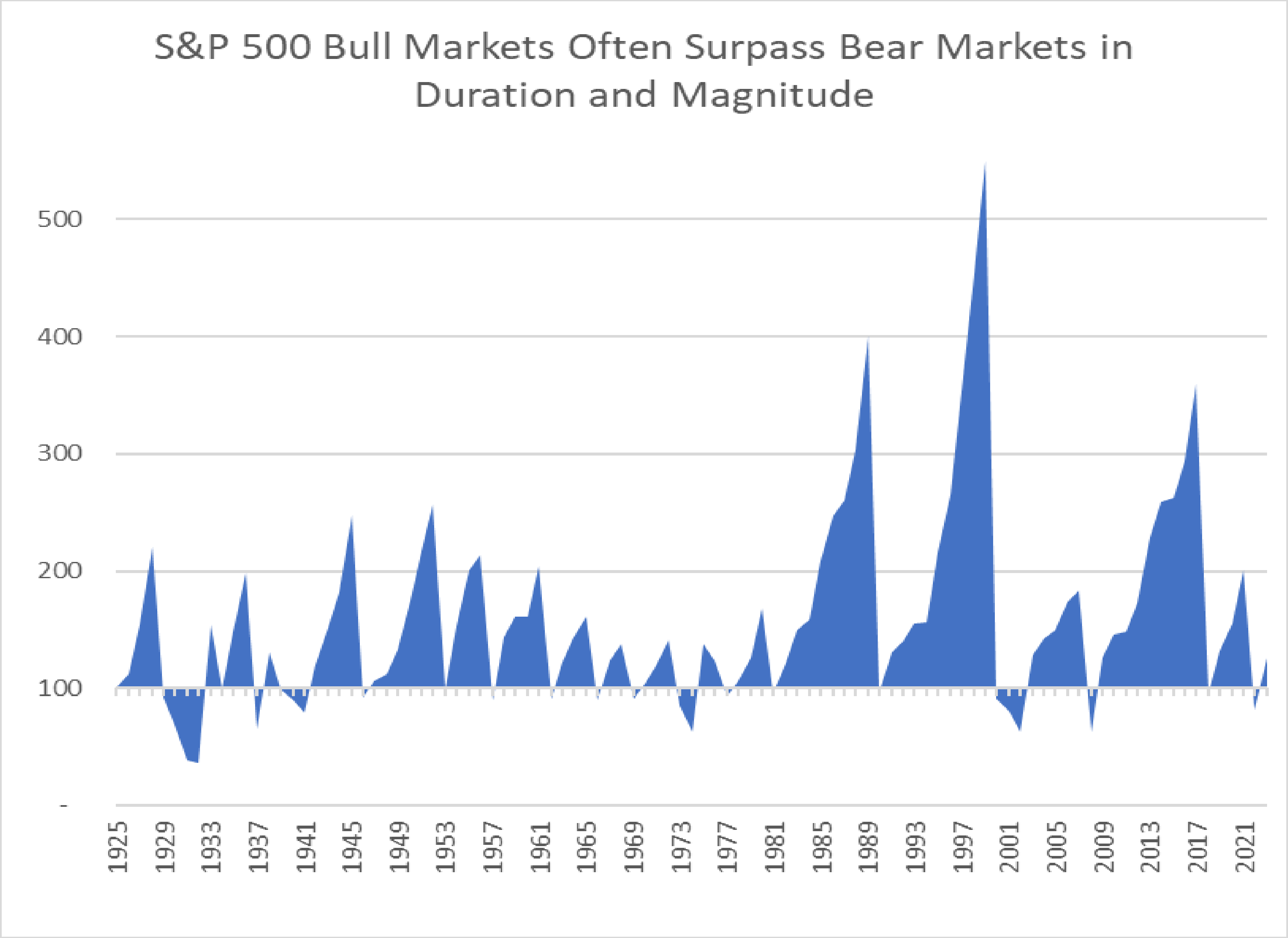

Source: CFA Institute, Ibbotson, Candor Asset Advisors

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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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Equity Conclusions - 1st

- Global stocks rallied in 2023 and 2024 year-to-date
- Seasonal studies and low volatility are supportive of the US stock market
- There is an above average risk of a stock bear market given the elevated probability of a recession and above average stock market valuation
- Stocks follow earnings over the long run and consensus expects margins to remain high and earnings growth to accelerate
- If a recession occurs in the near term, earnings will likely fall short of expectations. Stocks are usually depressed before or during recessions
- Rate cuts in and of themselves don't mean investors are out the woods for a near-term recession or bear market.

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Equity Conclusions - 2nd

- It is not uncommon for elevated stock market valuations to correspond with lower five year forward returns
- US stocks are relatively expensive and particularly large caps
- The US stock market has performed well under Republicans, divided government and Democrats
- Stock market corrections usually occur every 1-2 years and bear markets occur every 6-7 years on average
- Stock bull markets are usually longer in duration and greater in magnitude than bear markets and it often makes sense to ride out stock bear markets

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

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 26 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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