Third Quarter 2023 Investment Environment

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Candor Asset Advisors

Agenda

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

The Economy

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	1.80%	0.88%	3.68%	4.96%	5.99%	8.50%	5.23%	4.75%	0.96%	54.89	50.57	53.35
Eurozone	1.00%	1.83%	5.49%	6.96%	8.51%	8.07%	2.90%	2.52%	-0.63%	44.84	48.45	54.62
United Kingdom	0.23%	0.57%	10.56%	8.66%	10.42%	9.08%	4.45%	3.96%	1.08%	47.06	49.26	54.63
France	0.87%	0.58%	4.49%	5.90%	6.51%	5.33%	3.12%	2.58%	-0.60%	45.69	47.41	54.60
Germany	-0.52%	0.84%	3.75%	7.09%	8.65%	7.14%	2.88%	2.52%	-0.61%	43.21	46.30	54.83
Canada	2.21%	2.07%	3.18%	4.28%	5.45%	7.69%	4.45%	4.46%	1.38%	49.03	52.35	56.81
South Korea	1.01%	1.35%	3.10%	3.70%	4.82%	5.40%	3.34%	3.45%	1.85%	48.38	48.53	51.76
Japan	1.79%	0.42%	0.59%	3.45%	3.27%	2.52%	-0.17%	-0.16%	-0.13%	50.64	47.74	53.26
China	4.55%	2.90%	4.80%	0.29%	0.98%	2.09%	1.83%	1.94%	1.69%	50.86	51.56	48.12
India	6.06%	4.46%	3.96%	5.09%	6.16%	6.97%	6.86%	6.66%	4.53%	58.70	55.35	54.57
Brazil	3.45%	2.50%	2.33%	4.18%	5.60%	11.73%	14.22%	14.03%	13.51%	47.06	49.15	54.19
Russia	#N/A	#N/A	#N/A	-	-	-	235.18%	270.02%	773.24%	53.46	53.56	50.76

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

Inflation has moderated but remains elevated in most nations

Most central banks are raising rates to reign in inflation.

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	3.57%	3.75%	2.90%	3.40%	3.60%	3.60%		0.19%	3.93%	8.98%	48.36	47.30	56.97
Eurozone	2.28%	2.67%	1.14%	6.50%	6.60%	6.70%	-	4.96%	6.50%	9.04%	44.84	48.45	54.62
United Kingdom	3.92%	3.44%	1.89%	-	3.90%	3.80%		4.40%	5.36%	4.20%	47.06	49.26	54.63
France	2.93%	2.87%	1.51%	-	6.90%	7.40%		0.72%	3.51%	5.30%	45.69	47.41	54.60
Germany	2.35%	2.41%	1.00%	2.90%	3.00%	3.00%		3.87%	3.90%	6.87%	43.21	46.30	54.83
Canada	3.04%	3.18%	2.92%	5.00%	5.00%	5.10%		2.95%	4.08%	15.40%	49.03	52.35	56.81
South Korea	3.40%	3.44%	3.30%	2.60%	2.60%	2.90%		14.97%	20.61%	8.09%	48.38	48.53	51.76
Japan	0.40%	0.50%	0.23%	2.60%	2.60%	2.60%		5.22%	7.44%	3.89%	50.64	47.74	53.26
China	2.75%	2.92%	2.83%	2.60%	5.60%	5.90%		18.41%	-	-6.67%	50.86	51.56	48.12
India	7.01%	7.33%	7.34%	-	-	-		-	-	-	58.70	55.35	54.57
Brazil	12.10%	13.56%	12.72%	5.20%	8.60%	9.80%		3.49%	8.85%	14.35%	47.06	49.15	54.19
Russia	60.28%	60.28%	67.03%	-	-	-		-	-	-	53.46	53.56	50.76

Long term rates have declined sequentially in most areas as investors have anticipated a recession

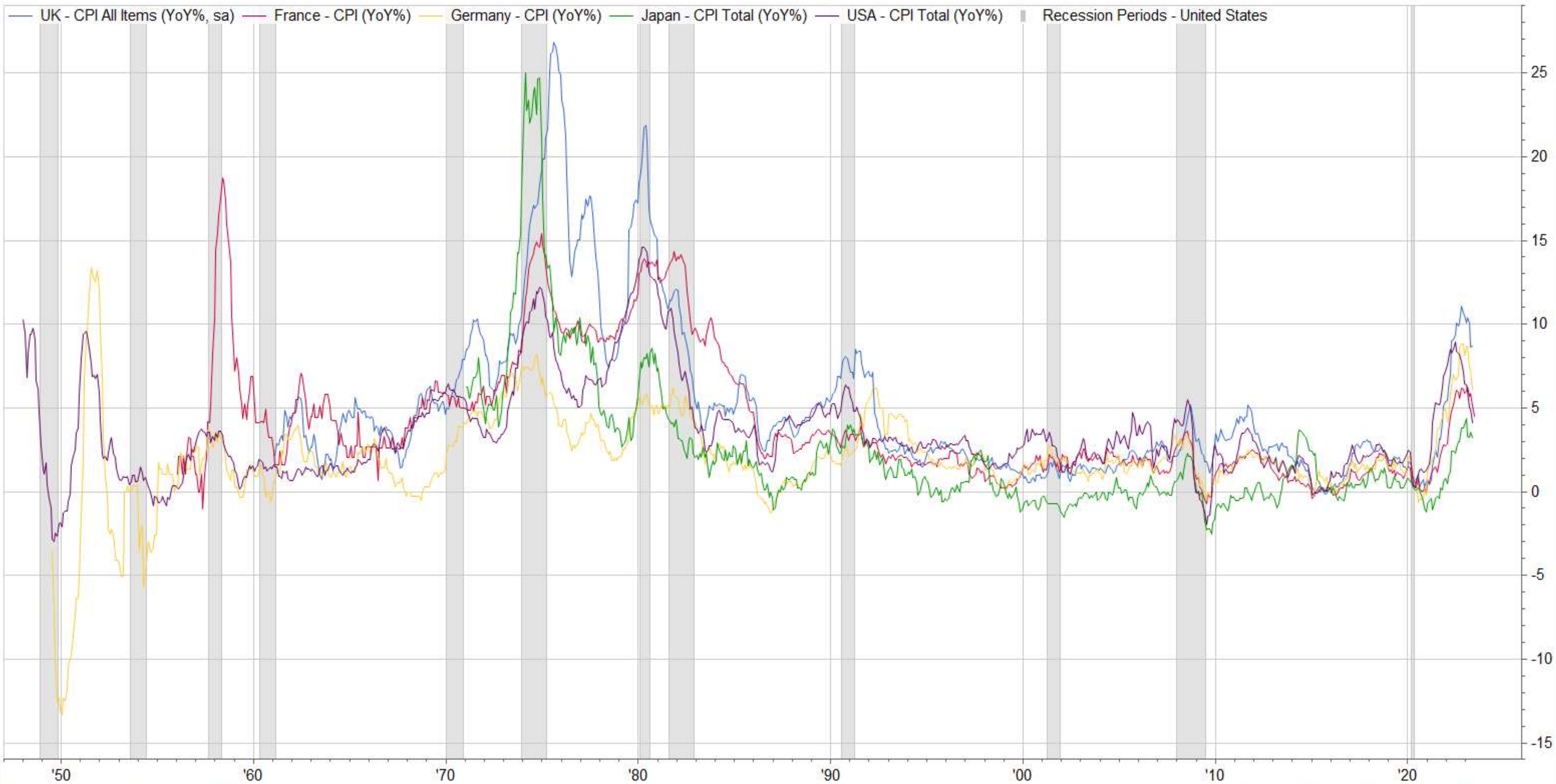
Unemployment remains near historic lows. Most central banks feel they have leeway to raise rates.

Retail sales growth has weakened in most areas

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

Source: FactSet

Inflation has not been this high since the 1980s



Source: FactSet

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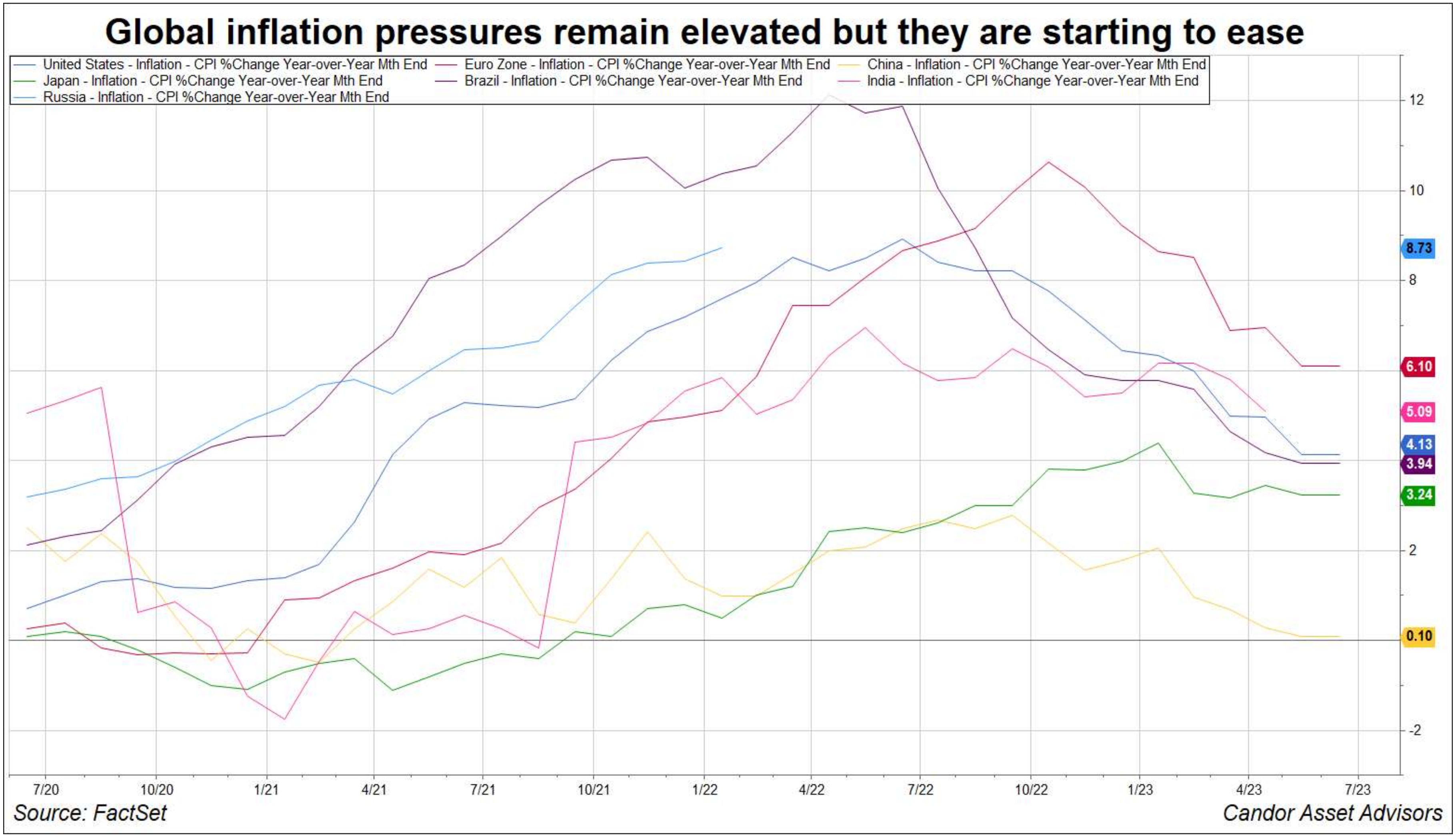

Global inflation pressures remain elevated but they are starting to ease
United States - Inflation - CPI %Change Year-over-Year Mth End
Euro Zone - Inflation - CPI %Change Year-over-Year Mth End
China - Inflation - CPI %Change Year-over-Year Mth End
Japan - Inflation - CPI %Change Year-over-Year Mth End
Brazil - Inflation - CPI %Change Year-over-Year Mth End
India - Inflation - CPI %Change Year-over-Year Mth End
Russia - Inflation - CPI %Change Year-over-Year Mth End
12
10
8.73
8
6.10
5.09
4.13
3.94
3.24
2
0.10
-2
7/20
10/20
1/21
4/21
7/21
10/21
1/22
4/22
7/22
10/22
1/23
4/23
7/23
Source: FactSet
Candor Asset Advisors

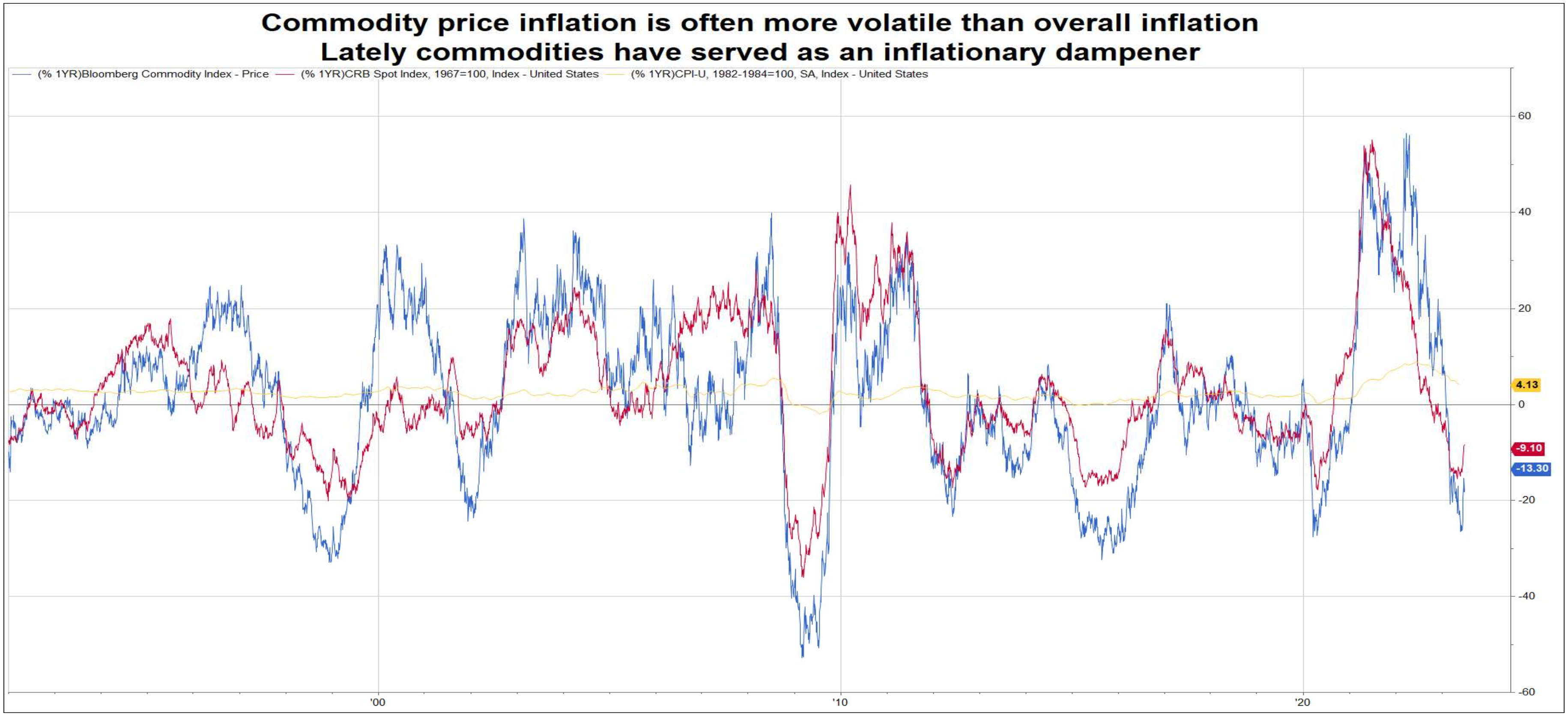
Commodity prices are down 10% year-to-date with a modest distinction between commodities where Russia and Ukraine represent a larger % of global exports.

Most of the Russia/Ukraine war related commodity price pressures were felt by July 2022.

		Commodity Price Changes				Share of Pre-War Global Exports		
	Start Date	12/31/2021	2/23/2022	6/30/2022	12/31/2022			
	End Date	2/23/2022	6/30/2022	12/31/2022	6/29/2023	Russia	Ukraine	Combined
ENERGY								
Natural Gas		20.2%	42.5%	-46.2%	-29.3%	13%	0%	13%
Crude Oil		24.5%	18.6%	-25.2%	-4.4%	11%	1%	12%
Oil Products		22.2%	32.4%	-28.9%	10.9%	10%	1%	11%
BULKS								
Iron Ore*		27.1%	-9.1%	-14.4%	0.1%	1%	3%	4%
PRECIOUS METALS								
Gold*		4.5%	-5.5%	0.9%	4.5%	5%	0%	5%
Platinum*		13.0%	-17.6%	19.5%	-6.9%	1%	3%	4%
Palladium		27.8%	-21.7%	-6.3%	-36.1%	24%	1%	25%
BASE METALS								
Aluminum		18.4%	-27.9%	-1.5%	-25.0%	9%	1%	10%
Copper*		0.6%	-17.1%	2.4%	-17.5%	4%	0%	4%
Nickel		19.2%	-7.4%	31.7%	-5.6%	21%	1%	22%
Zinc*		-0.4%	-10.1%	-7.0%	-35.9%	2%	0%	2%
AGRICULTURE								
Fertilizers*		3.7%	12.8%	-12.5%	20.4%	12%	1%	13%
Corn		14.6%	17.9%	-15.3%	0.5%	1%	13%	14%
Wheat		10.1%	-3.5%	-4.1%	-17.3%	18%	9%	26%
Simple Averages		**14.7%**	**0.3%**	**-7.6%**	**-10.1%**	**9%**	**2%**	**12%**
Average where Russia & Ukraine represent a combined 10%+ of total exports		**17.9%**	**-4.3%**	**-3.3%**	**-9.5%**			

Natural Gas- Henry Hub NYMEX Spot $/Mmbtu; Crude Oil - ICE Brent $/gal;
Oil Products - NY Conventional Gasoline $/gal; Iron Ore - Iron Ore 62% Fe CFR China Cash $/mt;
Palladium - $/ozt; Gold - NY $/ozt, Platinum - $/ozt;
Aluminum, Nickel, Zinc- LME Cash $/t, Copper - NYMEX Cash $/lb
Fertilizer - Potash and Phosphorus USDA Index, Corn - Central Illinois $/bu; Wheat - CBOT $/bu

Source: FactSet price changes, Capital Economics/Wall Street Journal export share, OECD* export share before the war

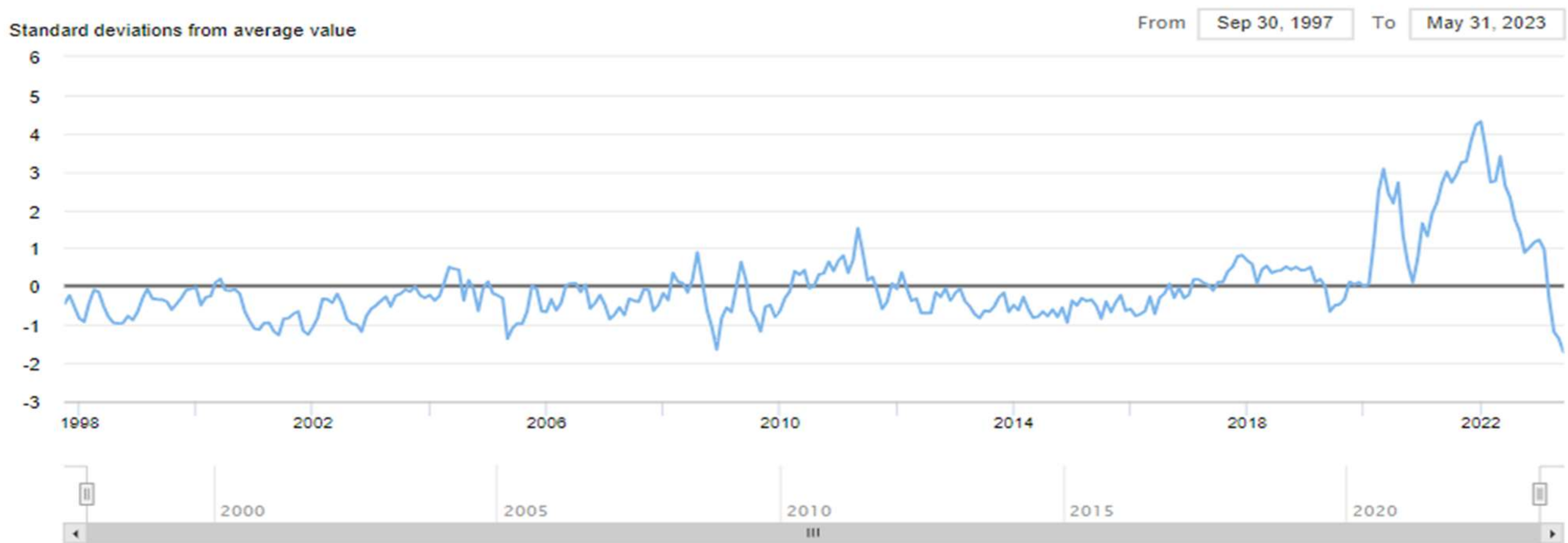


	Weighting In Indices			
	Energy	Agriculture	Precious Metals	Industrial Metals
Bloomberg	29.8%	35.2%	19.8%	15.5%
CRB Spot	39.0%	41.0%	7.0%	13.0%

Source: FactSet, Wikipedia

Global supply chains issues have mostly been addressed

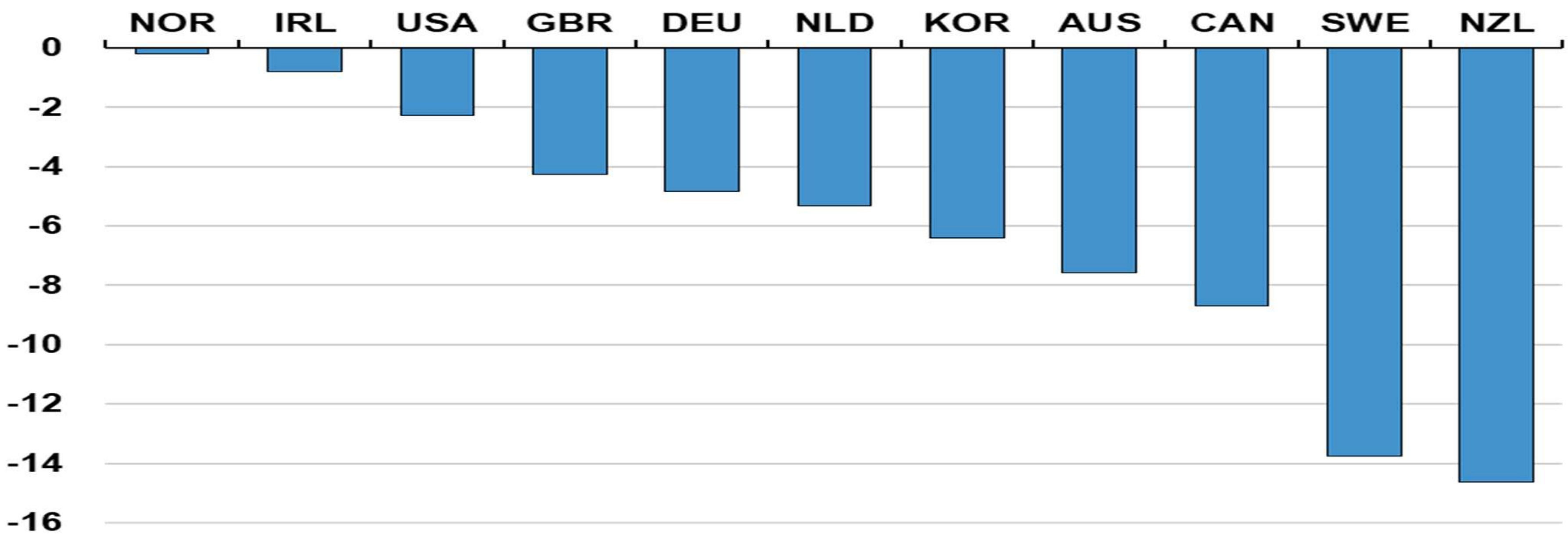
Global Supply Chain Pressure Index



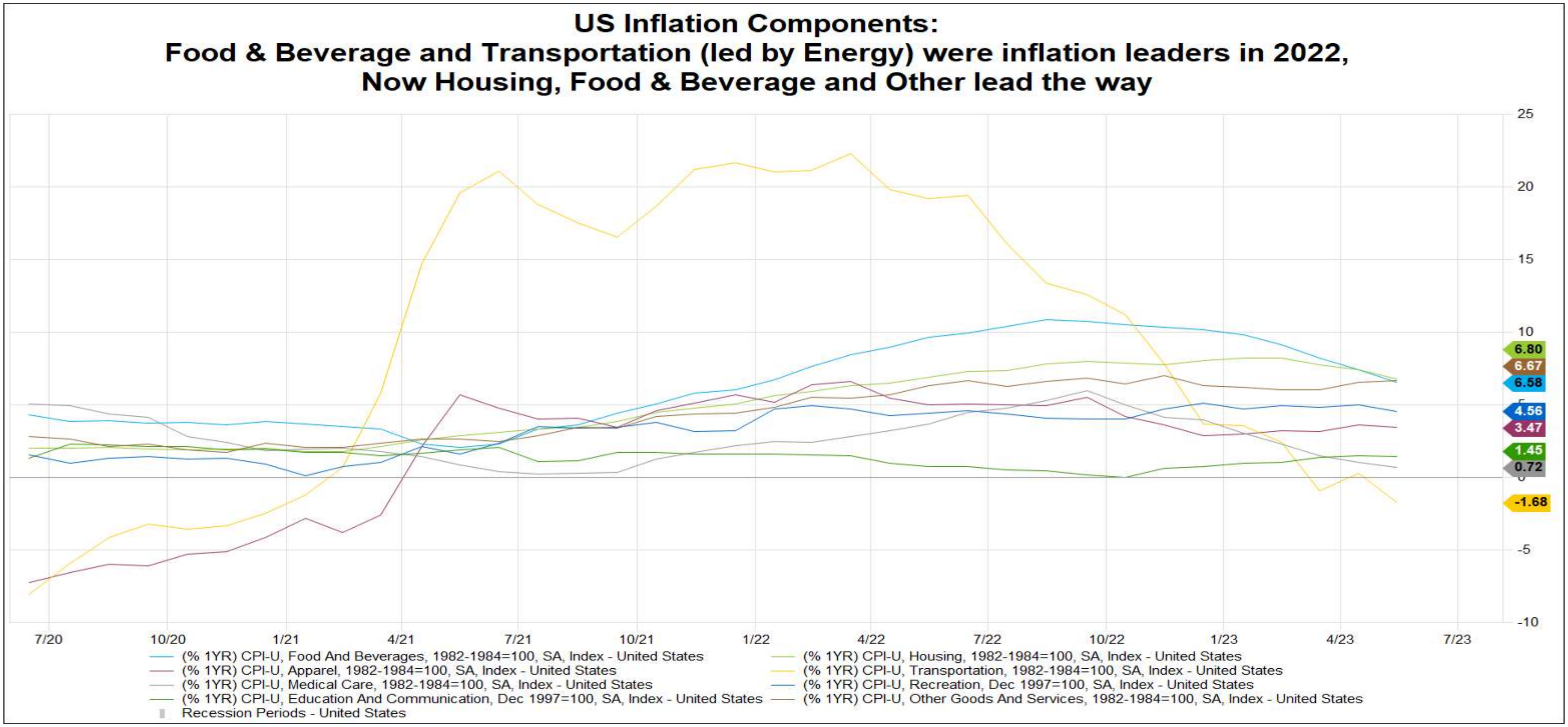
Sources: Bureau of Labor Statistics; Harper Petersen Holding GmbH; Baltic Exchange; IHS Markit; Institute for Supply Management; Haver Analytics; Refinitiv; authors' calculations.
Notes: GSCPI readings for the most recent months can be revised as realized data become available, replacing the imputed values generated through principal component analysis. Further, for some series, mainly the BLS airfreight cost indices, each new release comes with revisions to up to twelve months of previous data. Thus, revisions can have an impact up to a year back in time.

Source: New York Federal Reserve

Housing prices are down from 2022 peaks in a number of countries



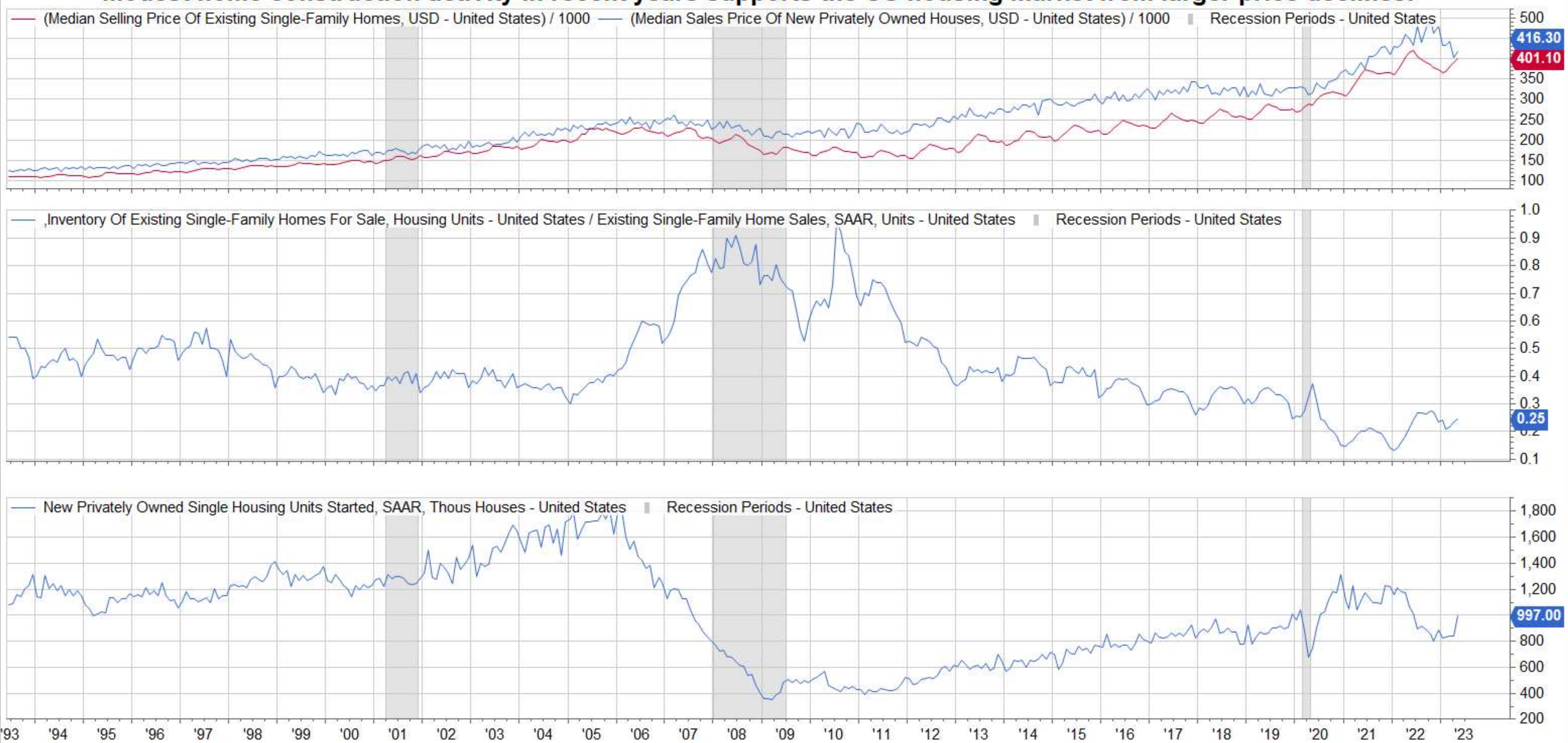
Source: OECD June 2023 economic outlook



Note: housing, transportation (tied to energy prices) and food & beverage are the most important inflation components representing 42%, 18% and 14% of US consumer price indices.

Source: BLS & FactSet

The US housing market is giving mixed signals.
Buyers increasingly can't afford higher cost mortgages and sellers are locked into their existing homes' lower rate mortgages.
Modest home construction activity in recent years supports the US housing market from larger price declines.



Source: FactSet

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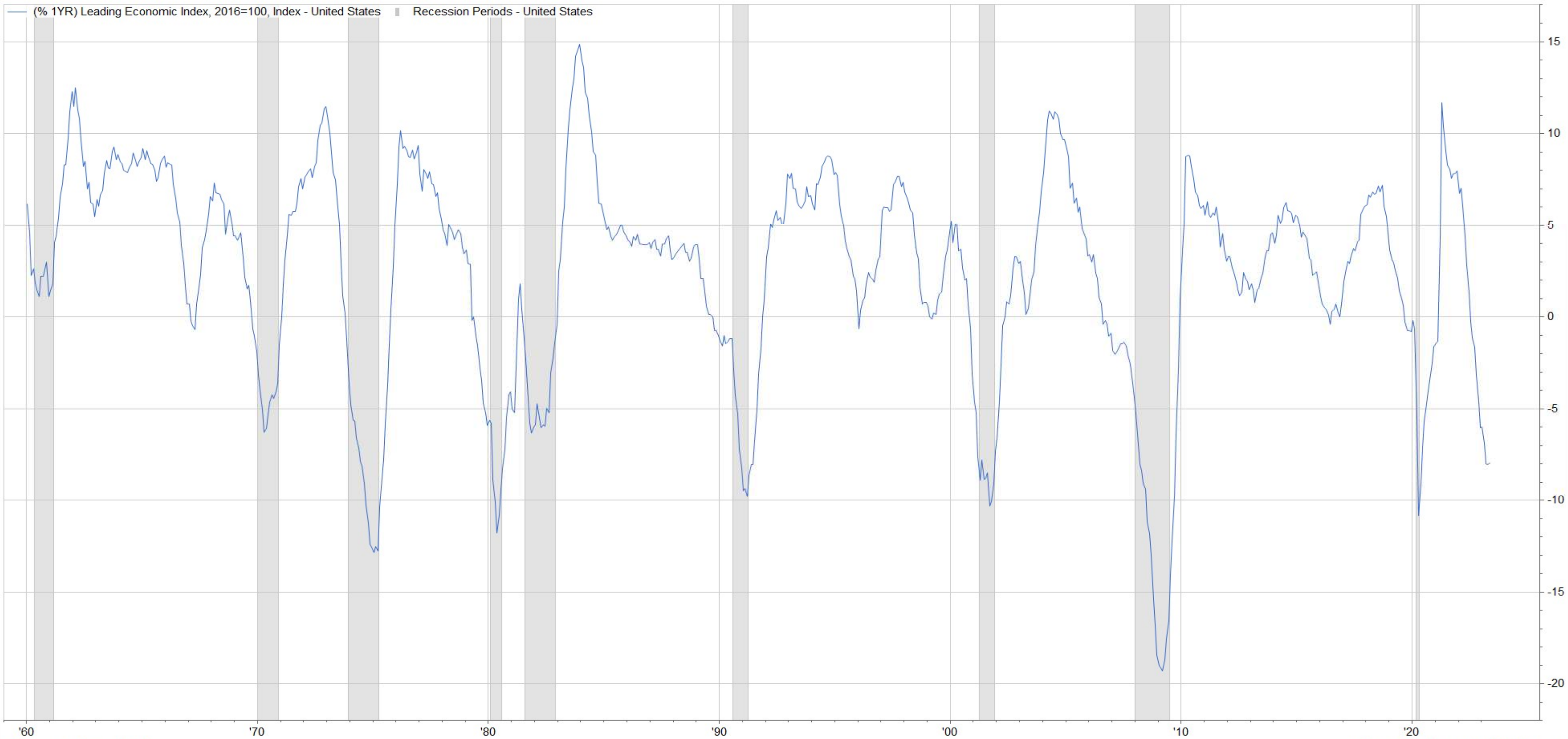
US Leading Economic Indicators currently point to a slowdown



Source: FactSet

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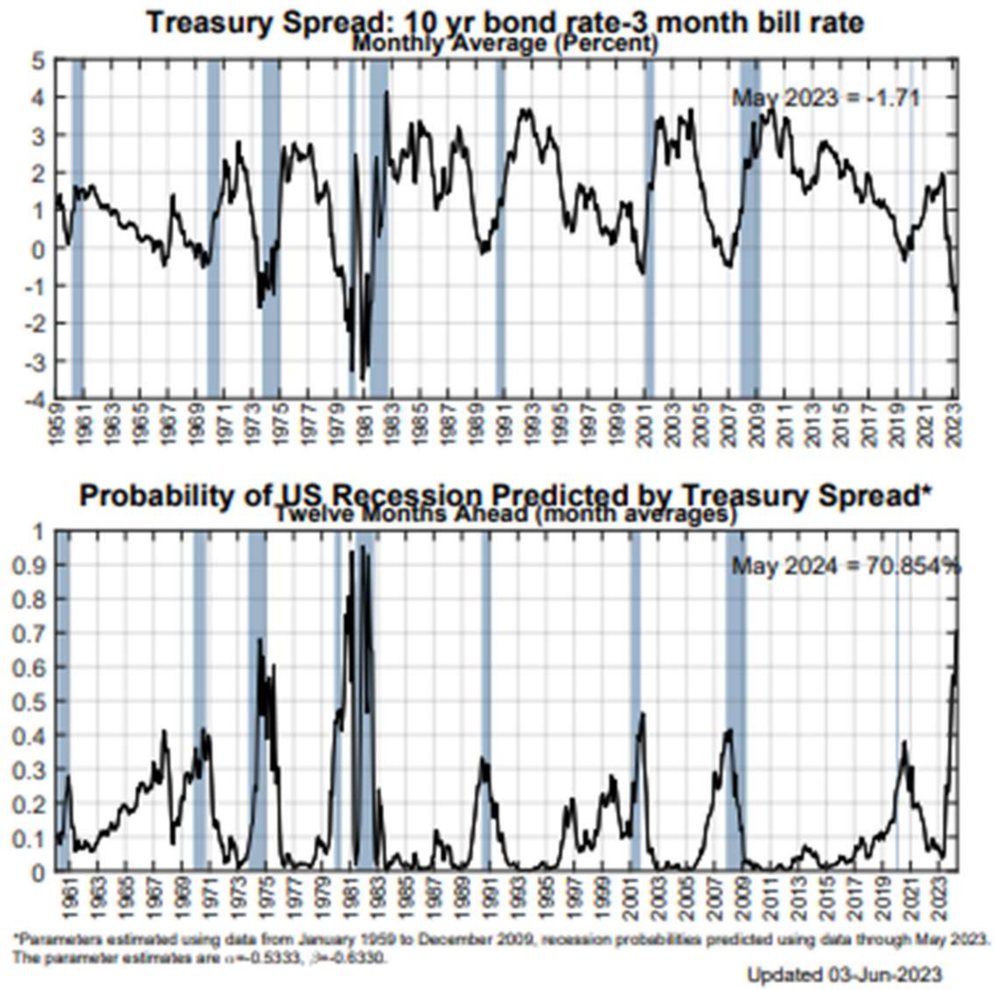
According to NBER, a recession is defined as a significant decline in economic activity lasting more than a few months. Economic activity has slowed recently. Whether we are already in a recession is debatable.

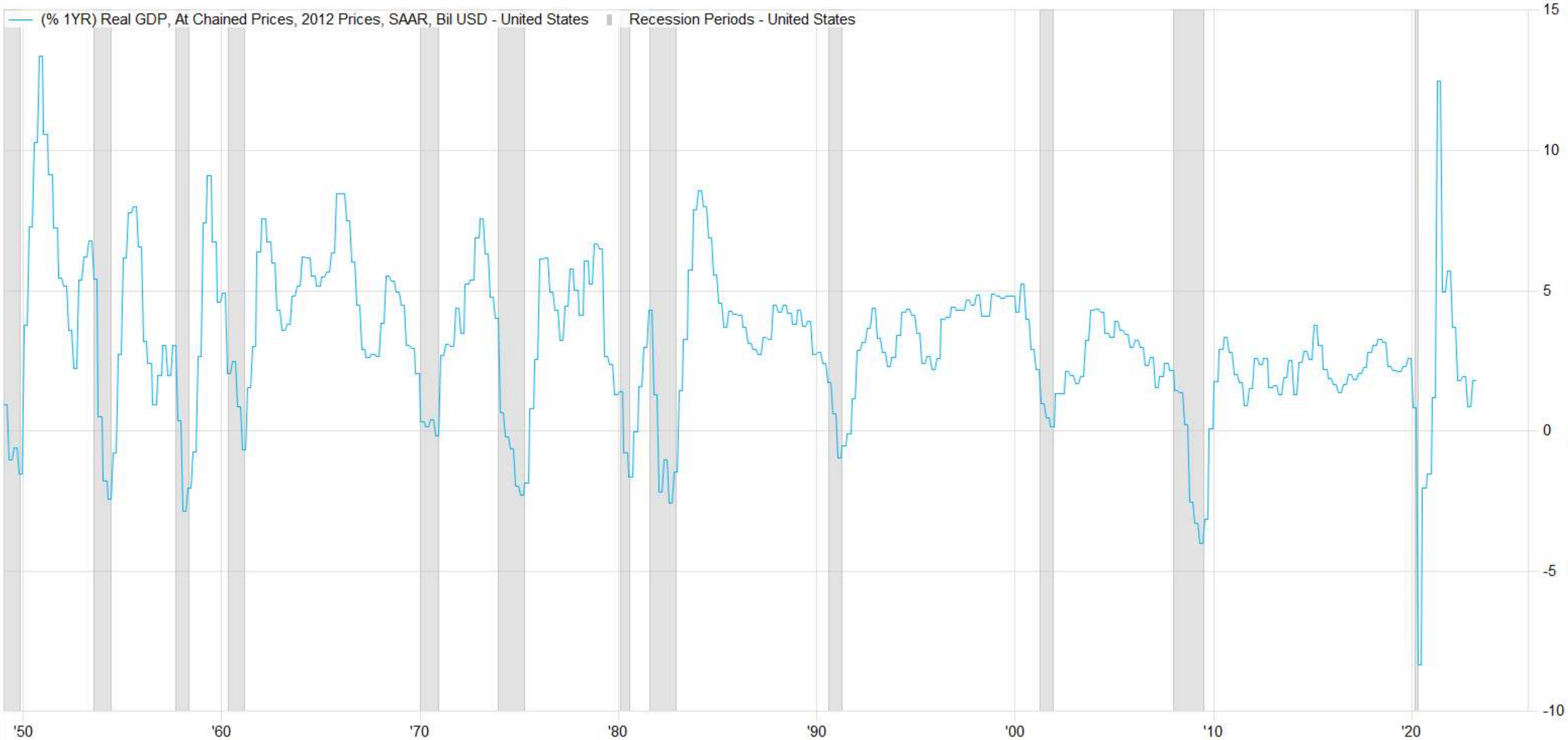
The New York Fed's Recession Probability Model has predicted all recessions since the 1960s

Today's reading suggests an elevated probability of a recession

Source: New York Federal Reserve



US real GDP growth has moderated to a % consistent with the start of prior recessions.
Also note NBER always declares the start of the recession after the fact.



Source: FactSet

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Most economists expect GDP growth and inflation to moderate

	Real GDP Growth Forecast				Inflation Forecast		
	2022	2023	2024		2022	2023	2024
USA	2.1%	1.6%	1.0%		6.3%	3.9%	2.6%
Euro Area	3.5%	0.9%	1.5%		8.4%	5.8%	3.2%
France	2.5%	0.8%	1.3%		5.9%	6.1%	3.1%
Germany	1.9%	0.0%	1.3%		8.7%	6.3%	3.0%
Canada	3.4%	1.4%	1.4%		6.8%	3.5%	2.3%
Korea	2.6%	1.5%	2.1%		5.1%	3.4%	2.6%
Japan	1.0%	1.3%	1.1%		2.5%	2.8%	2.0%
China	3.0%	5.4%	5.1%		1.9%	2.1%	2.0%
India	7.2%	6.0%	7.0%		6.7%	4.8%	4.4%
Brazil	3.0%	1.7%	1.2%		9.3%	5.6%	4.7%
Russia	-2.0%	-1.5%	-0.4%		13.7%	5.4%	5.2%
OECD	3.0%	1.4%	1.4%		9.4%	6.6%	4.3%
G20	3.1%	2.8%	2.9%				
World	3.3%	2.7%	2.9%				
Source: OECD June 2023 Forecast							

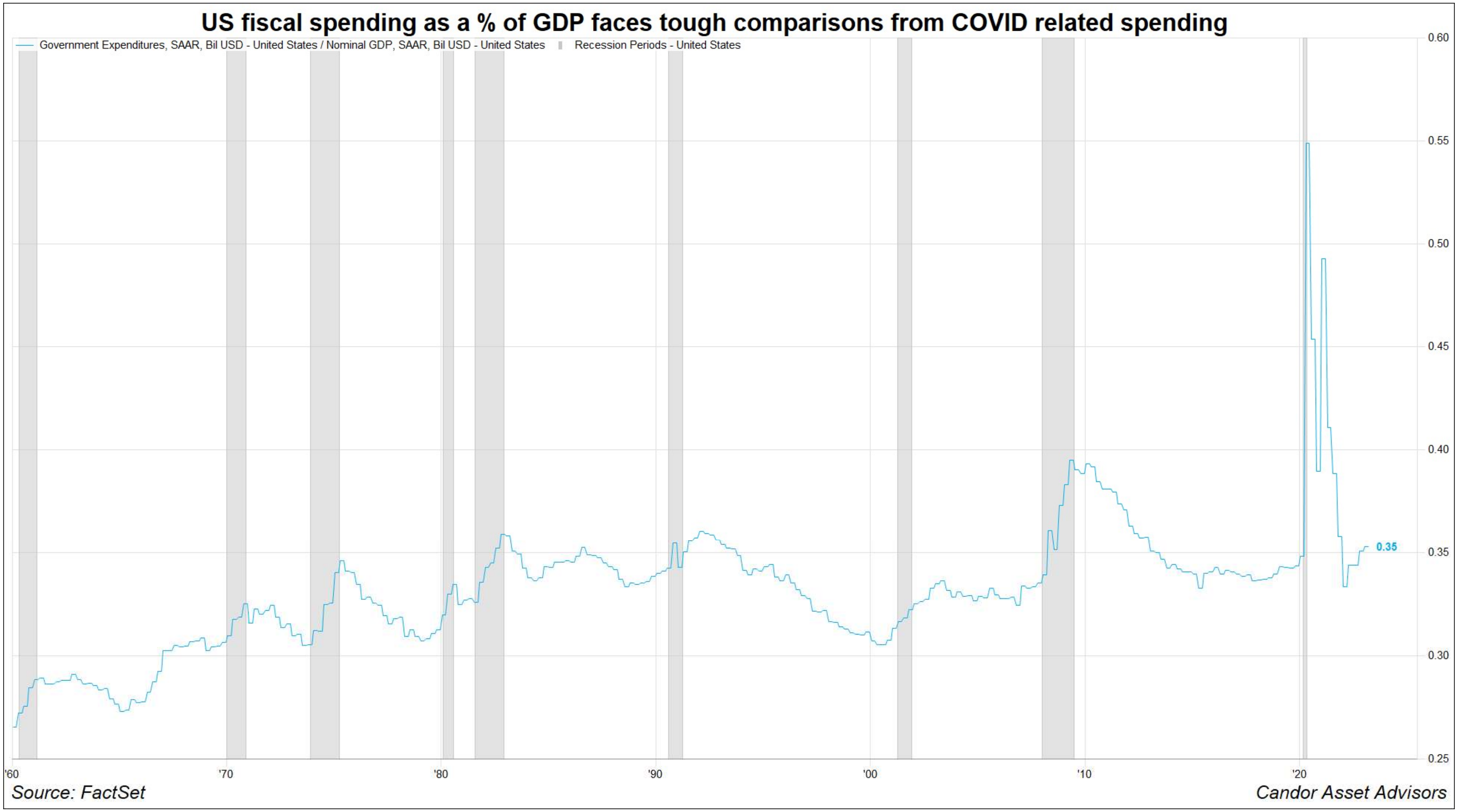
US recessions have averaged 10 months since 1945 and caused a 1-10% decline in real GDP.

Notice how expansions exceed recessions in duration.

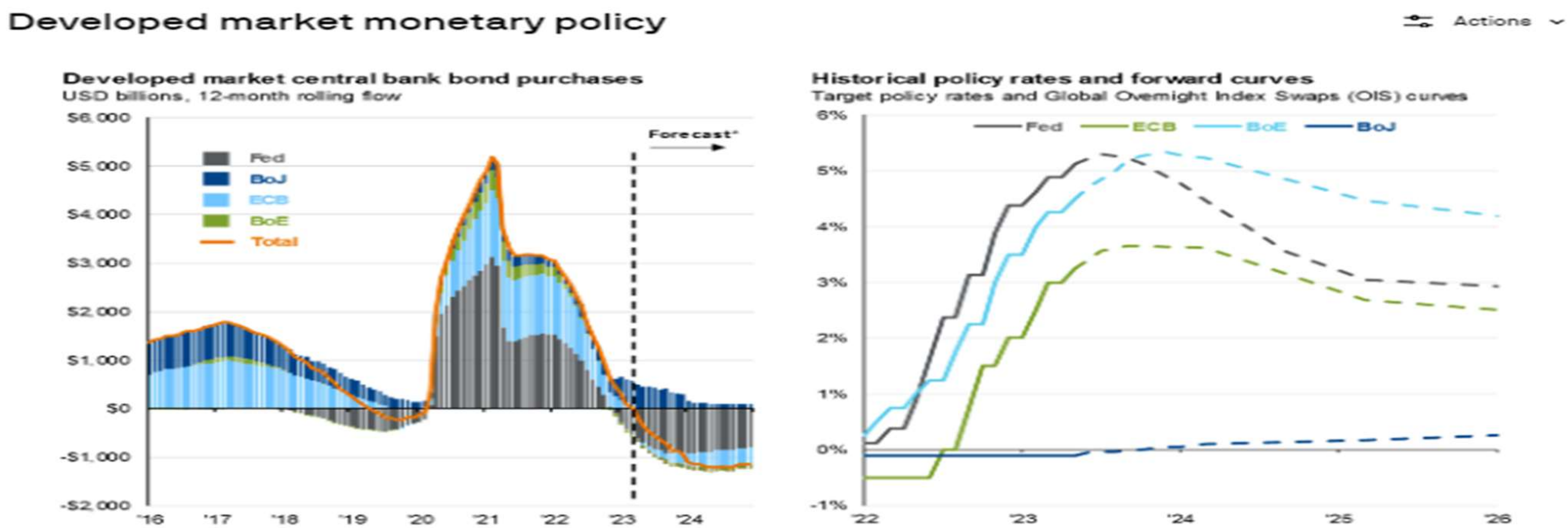
Source: National Bureau of Economic Research

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

Government Fiscal and Monetary Activity


US fiscal spending as a % of GDP faces tough comparisons from COVID related spending
Government Expenditures, SAAR, Bil USD - United States / Nominal GDP, SAAR, Bil USD - United States
Recession Periods - United States
0.60
0.55
0.50
0.45
0.40
0.35
0.30
0.25
0.35
'60
'70
'80
'90
'00
'10
'20
Source: FactSet
Candor Asset Advisors

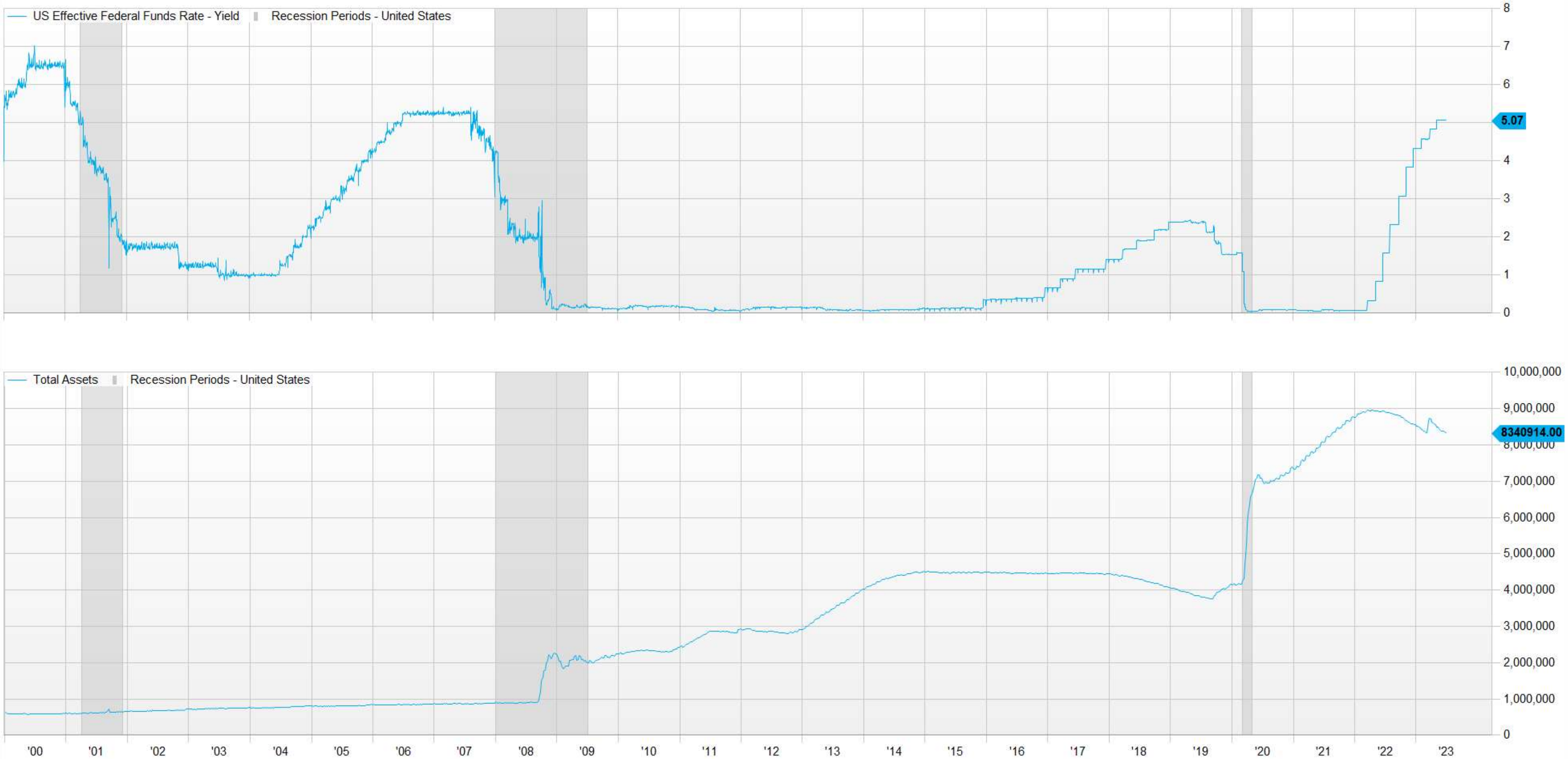
Central banks are providing less monetary support given inflationary pressures. The US and UK are leading the way.



(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 2024.

Source: BIS, Bloomberg, FactSet, JP Morgan Guide to the Markets May 31, 2023

The US Federal Reserve is raising rates at the fastest pace since the early 1980s and shrinking the balance sheet to slow down the economy



Source: FactSet

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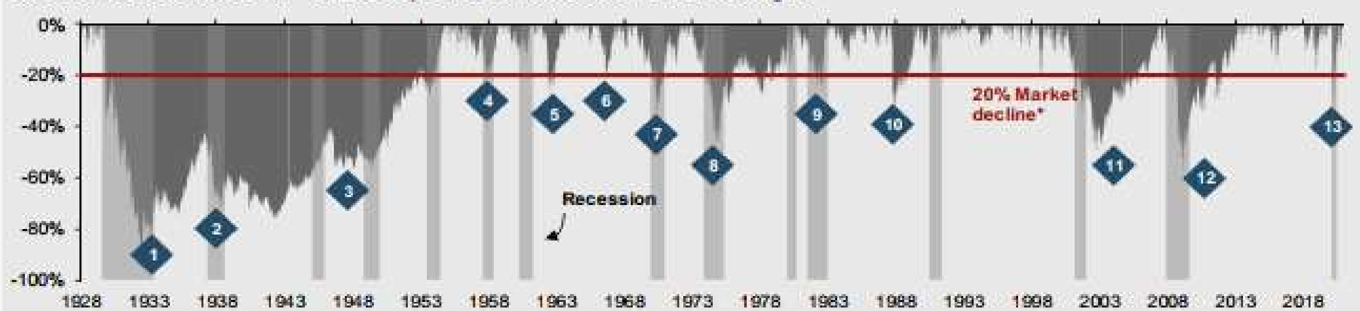
Investment Backdrop

Stock bear market history- We are dealing with greater risks today with central bank tightening and higher odds of a recession

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%	17	◆	◆	◆		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

Source: JP Morgan Asset Management

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

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

Consumer price inflation registered 4.1% year-over-year in the most recent period. How much and how fast it falls will be a key thing to watch. Worth noting, 2022 was a tough year for most asset classes in part due to above average inflation.

Average annual real returns since 1926 are cited below

	US Large Cap Stocks	US Small Cap Stocks	20 year Corporate Fixed Income	20 year Govt. Fixed Income	5 year Govt. Fixed Income	30 Day T-Bills
Real Returns						
Average	9.0%	13.0%	3.4%	2.6%	2.0%	0.3%
Median	11.6%	14.9%	2.1%	1.0%	0.8%	0.0%
When Inflation						
Is Negative	17.2%	13.1%	9.5%	9.8%	7.9%	5.8%
0-5%	11.1%	16.2%	5.4%	5.0%	3.3%	0.7%
5-10%	-1.4%	0.9%	-5.1%	-8.3%	-4.5%	-3.0%
10%+	-9.9%	-1.1%	-16.1%	-14.3%	-10.4%	-6.6%

- Conclusions
  - Stock and fixed income returns are often compelling when annual inflation is less than 5%. Stocks outperform fixed income.
  - When annual inflation is 5-10%, most real returns are negative. Stock often outperform fixed income.
  - All asset real returns are negative when inflation is 10%+.

Source: CFA Institute, Ibbotson and Candor Asset Advisors

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The Federal Reserve expects to raise rates by an additional 0.5% in 2023.
This factor should serve as a diminishing headwind. The Fed raised rates by 4.75% from March 2022 through May 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
Since 1954 Through April 2023							
Average Monthly Returns	0.95%	1.20%	0.56%	0.51%	0.47%	0.34%	0.29%
Median Monthly Returns	1.26%	1.48%	0.45%	0.30%	0.33%	0.32%	0.29%
Fed Tightening Periods Average Monthly Returns	0.65%	0.49%	-0.04%	-0.18%	0.08%	0.39%	0.37%
Fed Tightening Periods Median Monthly Returns	0.95%	0.76%	0.03%	-0.21%	0.07%	0.32%	0.33%

- Conclusions:
  - Significant fed hikes often depress investment returns
  - When the Fed hiked significantly
    - In 10 of 13 instances a recession occurred within 12 months of fed actions
    - In 3 of 13 instances a bear market occurred within 12 months of fed actions

Source: CFA Institute, Ibbotson, Candor Asset Advisors

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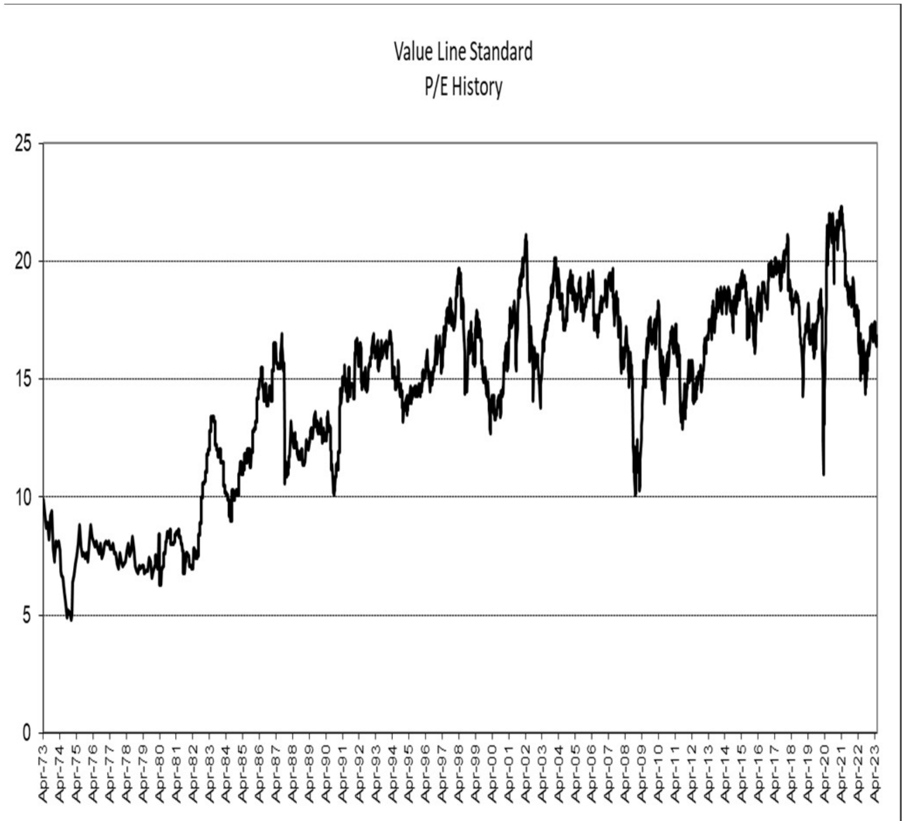
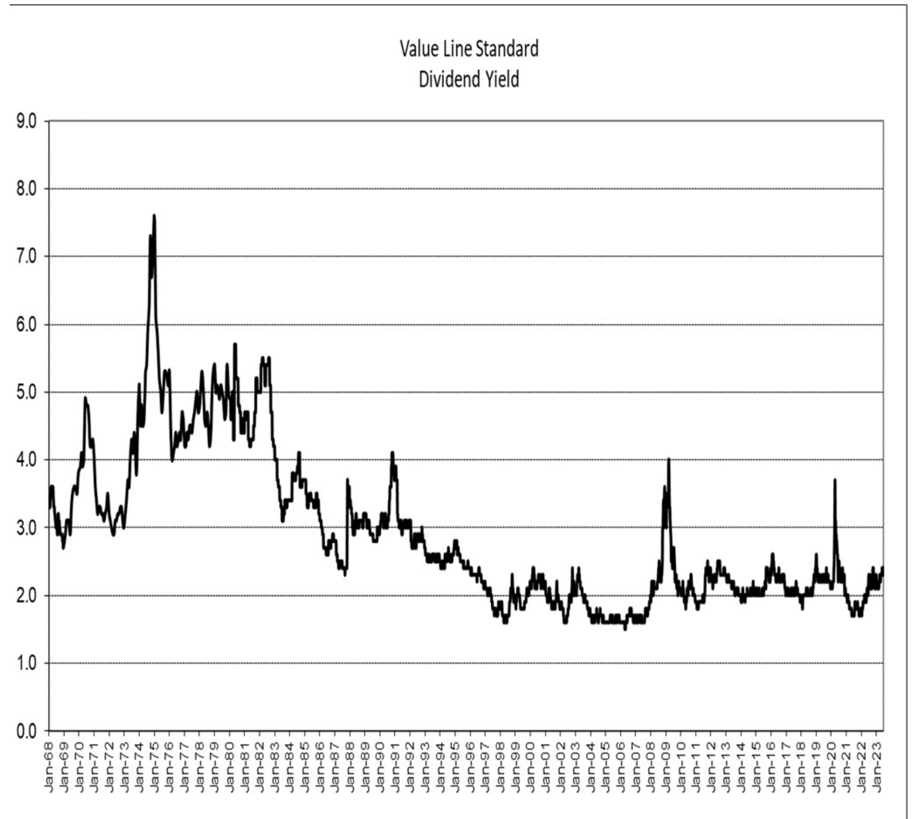
US stock valuations are near historic averages since the late 1990s





Source: Value Line Investment Survey

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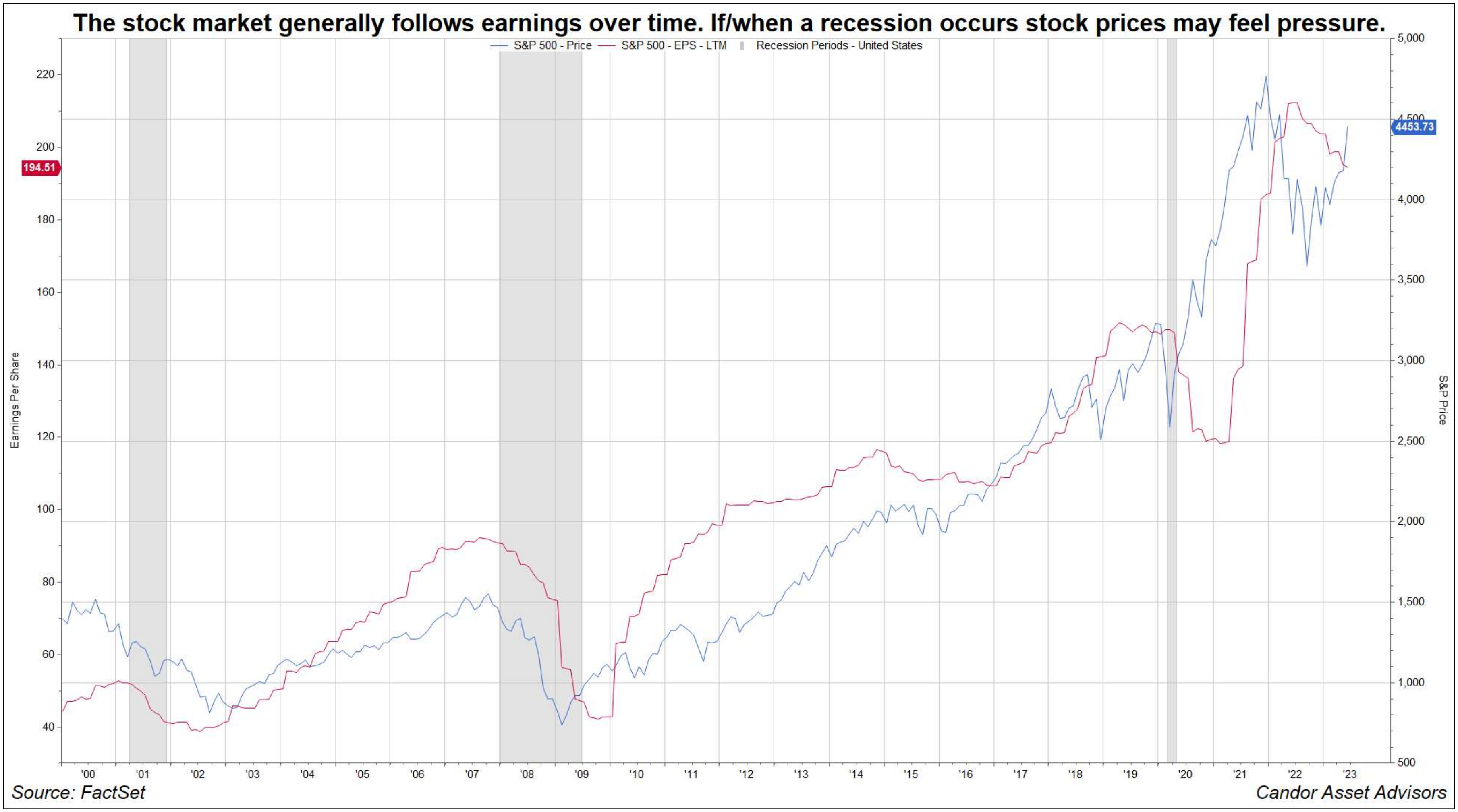
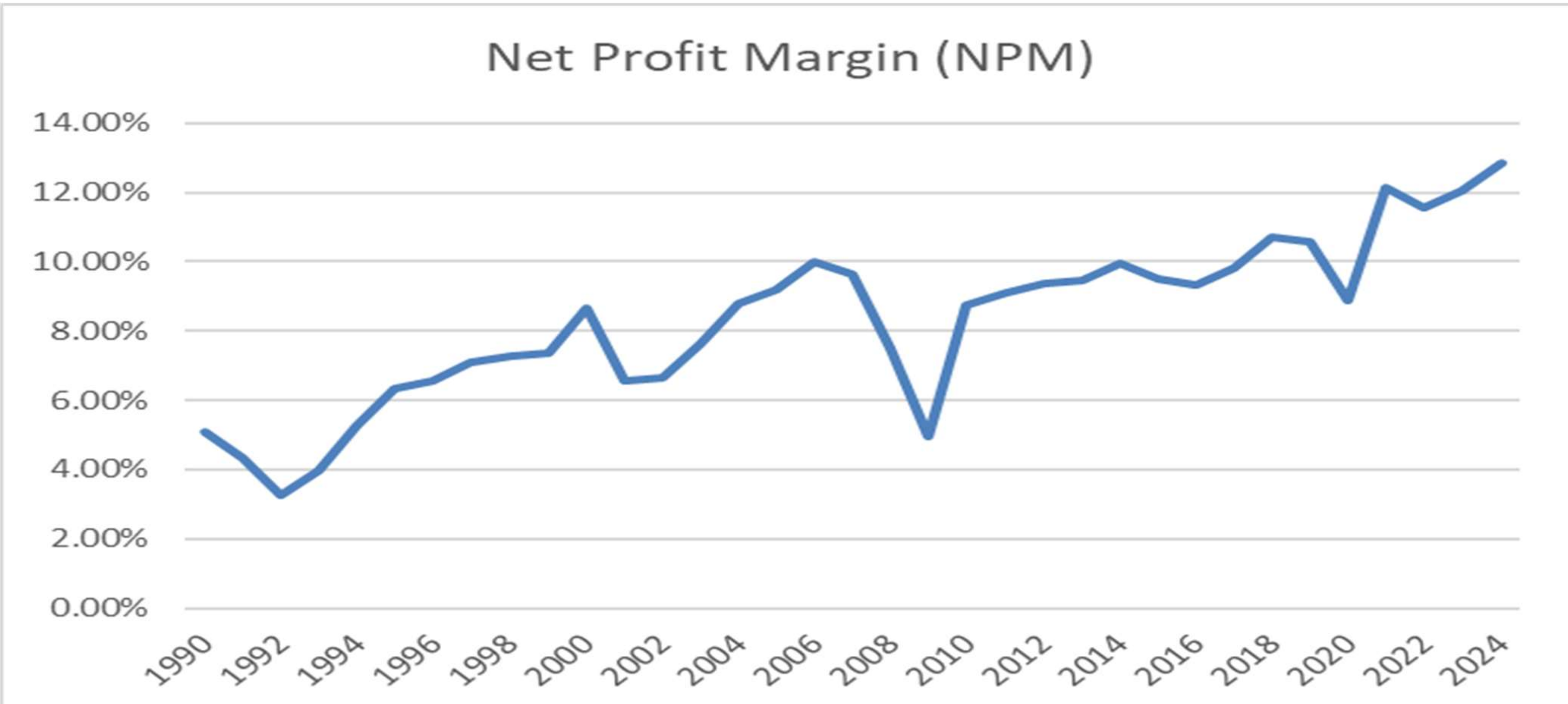


Past performance is not a guarantee or predictor of future performance.

S&P profit margins will be a key factor to watch. Margins are near historic highs and consensus expects margins to hold up.



Source: FactSet

Consensus estimates appear vulnerable if/when a recession occurs. Fortunately, companies' earnings to date have been holding up relatively well.

	Consensus Estimates			Past Recessions	If Recession Starts in	Implied
	2021A	2022E	2023E	Since 1990	2023E	Revision
Sales Per Share	$1,533.65	$1,758.00	$1,807.90		$1,762.85	-2.5%
Annual Growth	14.0%	14.6%	29.5%	0.3%		
EPS	$186.79	$218.13	$229.86		$178.00	-22.6%
Annual Growth	55.9%	16.8%	5.4%	-18.4%		
Dividend Per Share	$57.69	$65.50	$68.97		$65.56	-4.9%
Annual Growth	2.4%	13.5%	5.3%	0.1%		

Revisions were as follows from January 2023 to June 2023
2022 Estimate to Actual: Sales +0.4%, EPS -6.6%, Dividends Per Share -2.6%
2023 Estimate to Estimate: Sales +0.5%, EPS -4.7%, Dividends Per Share -0.6%

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.

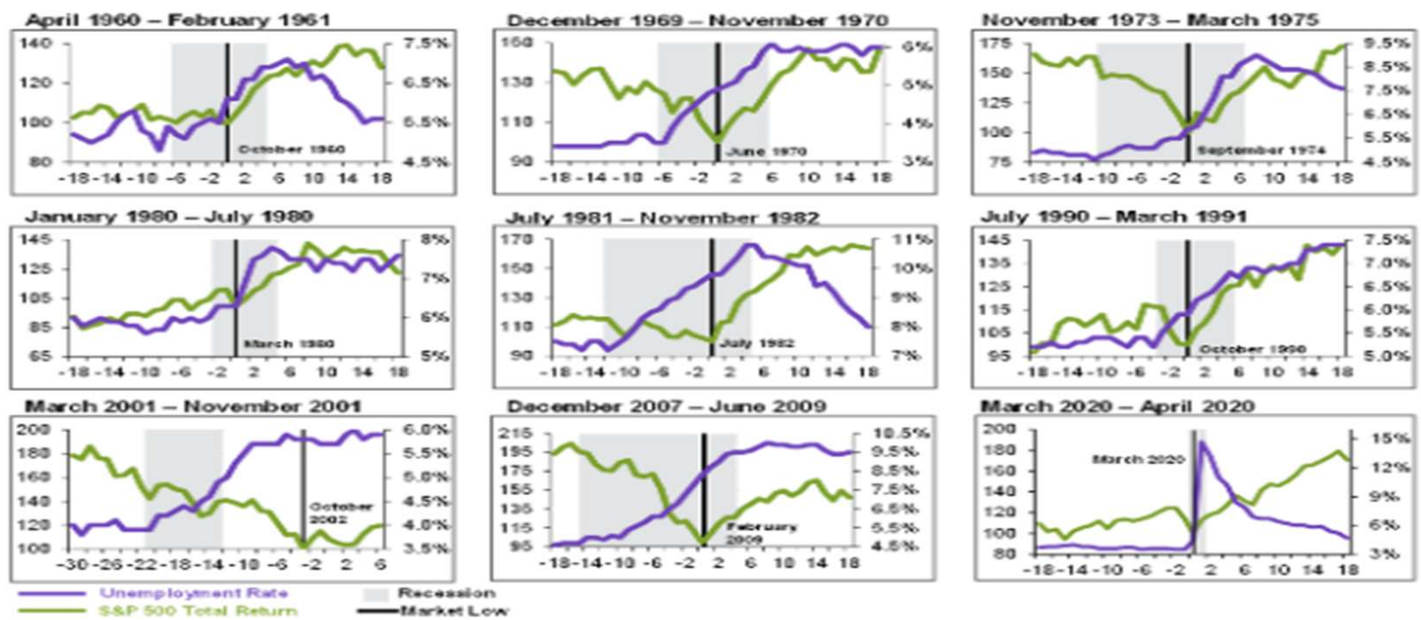
Since 1926 through April 2023	US Large Cap Stocks	US Small Cap Stocks	US 20 Year Corporate Bonds	US 20 Year Govt. Bonds	US 5 Year Govt. Bonds	US 30 Day T-Bills	US Inflation
Average Monthly Returns	0.96%	1.24%	0.51%	0.45%	0.41%	0.27%	0.24%
Median Monthly Returns	1.30%	1.45%	0.40%	0.31%	0.26%	0.22%	0.24%
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

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



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

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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The S&P has now rebounded 17% from recent lows and some of the recession risk does not appear to be priced in. With that said, riding out a potential rough patch is usually the best advice for most stock investors.

		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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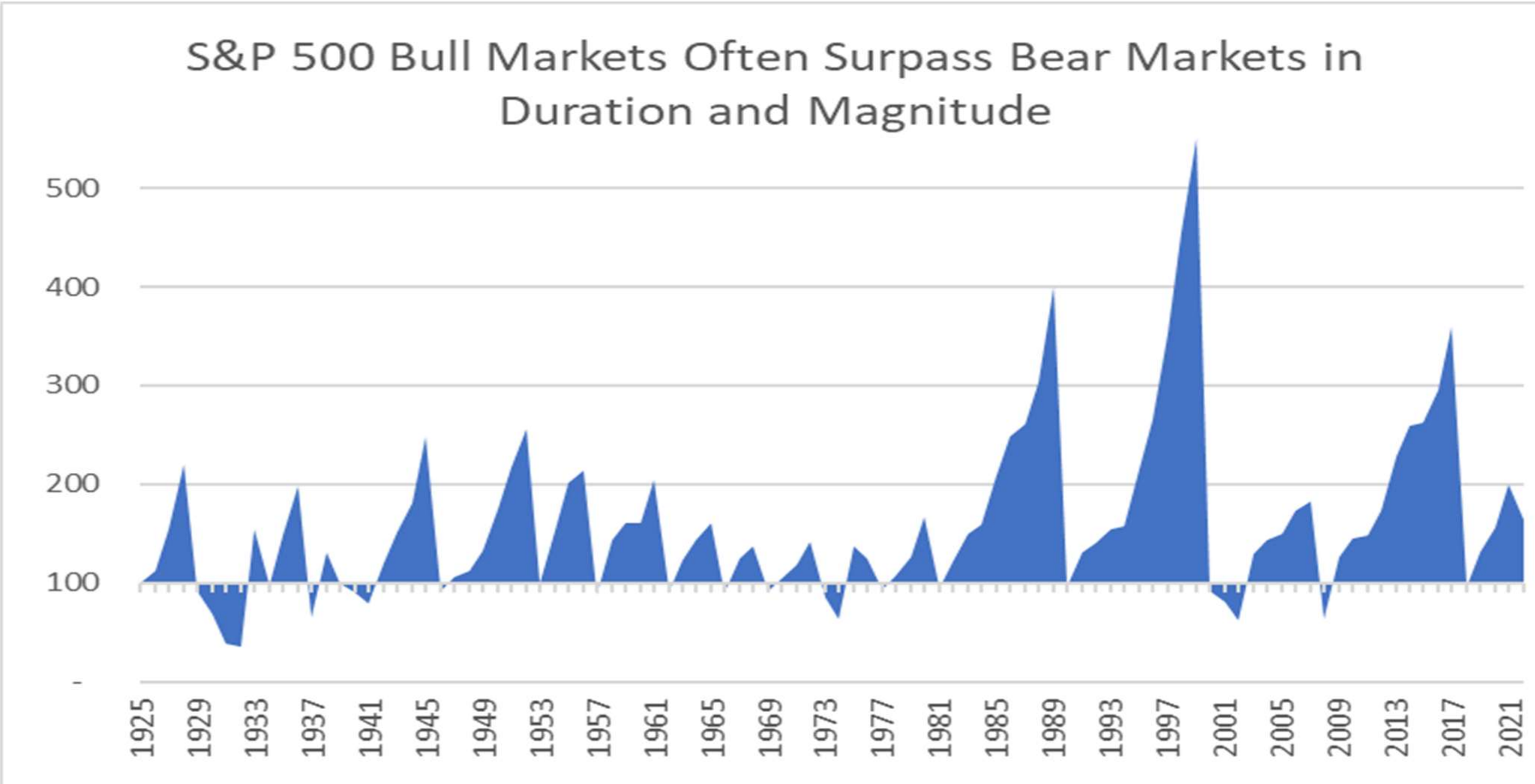

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For more information

- 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 @:
  - 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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