Quarterly Market Review

Third Quarter 2023

Executive Summary

The U.S. economy shrugged off rising interest rates to produce strong growth in the first half of the year. While we expect economic growth to be positive for the remainder of the year, challenges are mounting, including inflation rising faster than the Fed's 2.0% target, a broader and more protracted UAW (United Auto Workers) strike, a potential government shutdown, rising energy costs, and the resumption of student loan payments. In aggregate, these challenges could produce a formidable economic headwind.

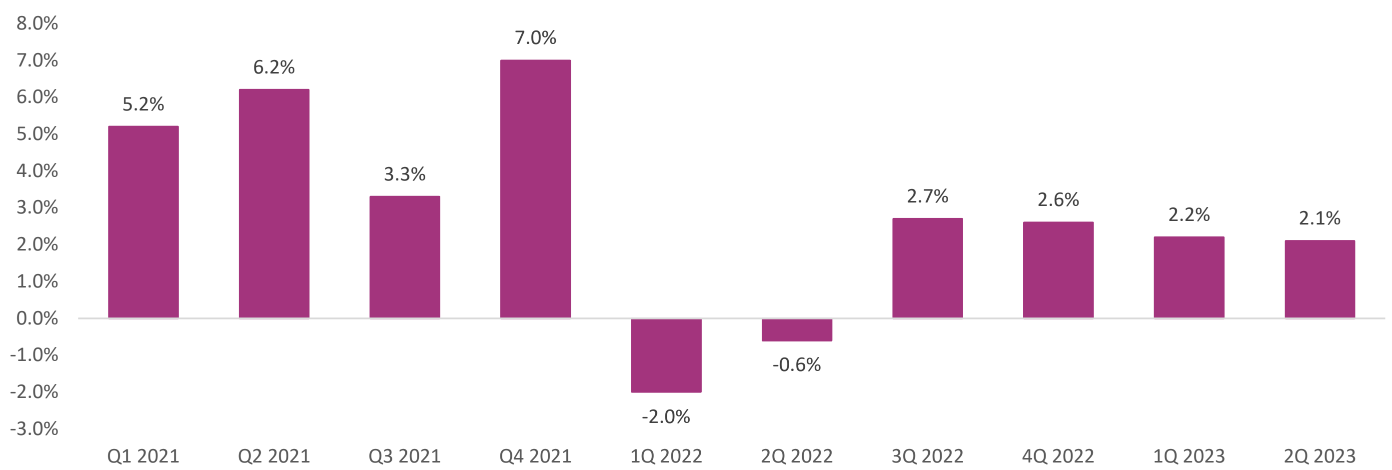
Similar to the first quarter, real gross domestic product (GDP) expanded at 2.1% during the second quarter. Inflation ticked higher in August due to a spike in energy costs. The labor market remained solid despite some softening in job growth. The Federal Reserve raised rates by 0.25% in July to a target of 5.25% to 5.5% and held steady in September.

The third quarter proved challenging for the markets. The S&P 500 index declined by 3.3% but was still up 13% for the year-to-date period. U.S. stock market performance continued to be dominated by a handful of mega cap names. The small-cap Russell 2000 Index lost 5.1% and the developed international MSCI EAFE Index declined 4.1%. Year to date through September, both indices remained in positive territory, 2.5% (Russell 2000) and 7.1% (MSCI EAFE) respectively. The Bloomberg U.S. Aggregate Bond Index declined by 1.2% during the quarter, bringing the year-to-date return to negative 3.25%.

U.S. Economy Resilient In The Face Of Higher Interest Rates

The U.S. economy grew at an annualized rate of 2.1% in the second quarter of 2023, slightly below the upwardly revised first quarter's expansion of 2.2%. Growth rates eased for both consumer spending (0.8% vs 3.8% in Q1) and government consumption (3.3% vs 4.8%), while nonresidential fixed investment saw the most significant increase in almost a year (7.4%). Meanwhile, exports experienced the largest decline since the aftermath of the COVID-19 outbreak in Q2 2020 (-9.3% vs 6.8% in Q1), and residential fixed investment slumped for the ninth consecutive period (-2.2% vs -5.3% in Q1). The shining star in the second quarter was strong business investment in

Real Gross Domestic Product: % Change From Preceding Quarter (Annualized)



Source: Bureau of Economic Analysis

structures, equipment, and intellectual property, which contributed to about half of GDP growth. Consumer spending slowed from initial estimates, contributing only 0.55% to Q2 growth. Spending for services continued to outpace expenditures for goods, with services accounting for 80% of the 0.55% contribution. While facing the effects of monetary tightening, the economy is demonstrating remarkable resilience. Nonetheless, the strain on consumer and business spending, combined with the looming threats of a possible government shutdown and an extended UAW strike, may act as dampers on future growth in the coming quarters. Despite the somewhat subdued outlook for growth, the Atlanta Fed's GDPNow estimate for the third quarter, which represents a dynamic assessment of real GDP using the latest available economic data, suggests that robust growth is expected to persist throughout Q3.

The REAL GDP chart reflects the recent comprehensive update of the national economic accounts. The update provided revised statistics for GDP, GDP by industry, and gross domestic income. Current-dollar measures of GDP and related components have been revised from the first quarter of 2013 through the first quarter of 2023. Based on the revised data, GDP was lowered in each of the first quarters of 2020, 2021 and 2022, mostly due to downgrades to consumer spending growth. The first quarter of 2023 was revised to 2.2% from the previously reported 2%.

Despite the absence of a recession, forward-looking signs point to a continued slowdown. The Conference Board Leading Economic Index (LEI), a bellwether of economic health, declined by 3.8% over the six-month period between February and August. According to The Conference Board, the U.S. LEI has now declined for nearly a year and a half, indicating the economy is heading into a challenging growth phase and possible recession over the next year. This LEI is composed of 10 components that provide insights into the short-term future direction of various economic sectors. These components are combined to create a composite indicator of overall economic performance. The most significant factors contributing to the decline in this composite index include decreased new orders, deteriorating consumer expectations regarding business conditions, elevated interest rates, and constrained access to credit. Collectively, these factors strongly imply a forthcoming deceleration in economic activity, possibly resulting in a brief and mild contraction.

In September 2023, the S&P Global U.S. Composite Purchasing Managers Index (PMI) recorded a reading of 50.1, showing a slight decrease from the August figure of 50.2. While a PMI of greater than 50 is indicative of growth, the month-over-month decline indicates a continued deterioration in activity throughout the private sector. Notably, this marks the fourth consecutive month of declining PMI, representing the weakest overall performance since February. In terms of sector-specific trends, the service sector saw growth dip to its lowest point in eight months, while manufacturing output continued to contract. Additionally, the inflow of new business experienced its most significant decline since December 2022, and outstanding business declined at the sharpest rate since May 2020. Conversely, the rate of job creation accelerated to its swiftest pace since May.

The UAW initiated strikes at auto plants in Missouri, Michigan, and Ohio when negotiations with GM, Ford, and Stellantis failed to yield a labor agreement by the September 14 deadline. Stellantis is the parent company of Jeep and Ram. Initially, this walkout involved fewer than 13,000 of the UAW's approximately 150,000 members. However, on September 22, the union expanded its strike, encompassing all 38 parts-distribution centers operated by General Motors and Stellantis spanning 20 states, impacting an additional 5,600 workers. Ford was spared from further shutdowns at this stage. The implications of this expansion could soon draw consumers into the fray should dealers face shortages of critical parts, increasing the wait time for repairs. An additional 7,000 workers were added to the picket lines on September 29, bringing the total number to 25,000. Already, the strike is reverberating through various supply chains and further escalation remains a possibility.

Federal Reserve Holds Rates Steady

The Federal Reserve made two notable decisions regarding interest rates this quarter. Firstly, at their

July meeting, they voted to increase the federal funds rate target to a range of 5.25% to 5.5%. Subsequently, during the September meeting, they chose to maintain these rates at this 22-year high. At the same September meeting, Fed officials conveyed their intention to keep rates elevated for a longer duration than previously anticipated. This intention was reflected in the Federal Open Market Committee's (FOMC) dot plot, which currently projects one more rate hike before the end of this year and a reduction of 50 basis points in 2024. However, it's worth noting that investors are less convinced about the likelihood of another rate hike. As of the end of the quarter, interest-rate futures suggested a 31% probability of another rate increase by year-end. The prevailing sentiment is that policymakers are leaving room to maneuver by penciling in one final hike just in case inflation surges again. The markets might find it more palatable to skip a telegraphed interest rate hike than to unexpectedly reintroduce one.

So far, there are signs that higher interest rates are exerting a restraining effect on the economy. Recent housing data has shown a softening trend, and the increased cost of borrowing is expected to impede both vehicle sales and small business borrowing in the near future. It's worth noting that higher interest rates have a limited impact on food and energy, as these are influenced by supply and demand dynamics outside the Federal Reserve's direct and immediate control.

The Federal Reserve issues economic projections from the Federal Open Market Committee participants on a quarterly basis, specifically in March, June, September, and December. In their September update, they revised their growth estimates for 2023, increasing it from 1% to 2.1%. This adjustment reflects that the economy has demonstrated greater resilience than initially anticipated at the beginning of the year. It's noteworthy that many economists' expect in 2023 growth closer to a range of 2.4%, significantly surpassing the Fed's updated projection. Importantly, the Fed's longer-term growth outlook remains unchanged at 1.8%.

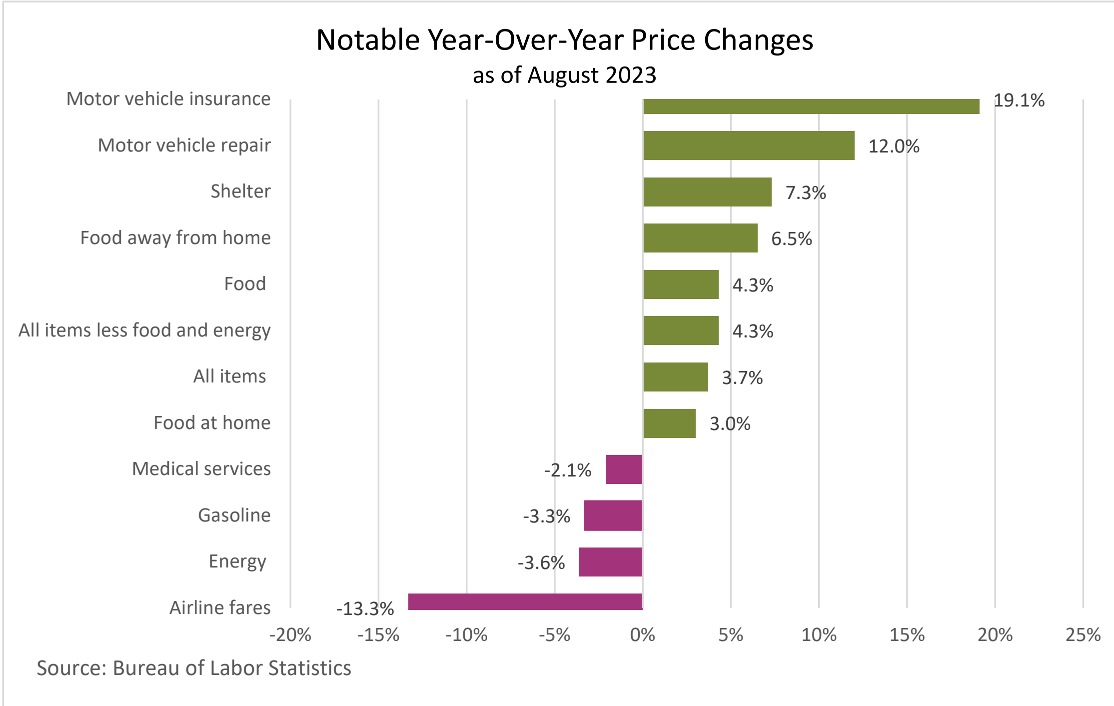
National Debt Soars to New Heights

As the U.S. fiscal year draws to a close, the national debt has reached a historic milestone, surpassing $33 trillion for the first time. This debt represents the total amount borrowed by the federal government to cover its operational expenses, reaching $33.04 trillion in September. The dramatic increase in federal spending between fiscal years 2019 and 2021 has significantly contributed to this debt. Notably, the United States has been running budget deficits since 2002, with factors such as tax cuts, stimulus programs, and reduced tax revenue during the COVID-19 pandemic further driving government borrowing to record levels.

For the current fiscal year, the U.S. is projected to run a deficit of approximately $1.7 trillion, equivalent to around 6.5% of the GDP. This follows deficits of $3.1 trillion and $2.8 trillion in fiscal years 2020 and 2021, respectively. The upcoming fiscal year is expected to see a deficit exceeding $2 trillion, continuing to accelerate the debt-to-GDP ratio well beyond 100%.

The escalating federal deficit has become a focal point of contention in Washington as lawmakers grapple with passing legislation to secure government funding beyond September 30. A last-minute spending bill temporarily averted a government shutdown, providing an additional 45-day window to complete the funding legislation. Failure to secure funding for the new fiscal year before the revised deadline could result in furloughs for hundreds of thousands of federal workers and the suspension of various services, ranging from financial oversight to medical research.

These annual budget disputes primarily concern discretionary spending, which constitutes a shrinking portion of the overall budget. The majority of the federal budget is allocated to mandatory expenses, including Social Security, Medicare, Medicaid, federal retirement, and veterans' programs, which now account for approximately two-thirds of total federal spending. The growth of mandatory spending can be traced back to landmark legislation, such as the Social Security Act of 1935 and the Medicare Act of 1965. In 1962, less than 30% of federal spending was mandatory, with Social Security making up roughly 13% of the total budget or about half of all mandatory spending. Over time, mandatory spending has expanded its share of the federal budget and it currently comprises around two-thirds of the total budget. To tackle the issues of debt and deficits, the necessary adjustments must extend beyond discretionary spending and encompass mandatory spending. However, implementing such measures poses challenges for elected officials, as these remedies are likely to face strong opposition and be unpopular among members of both political parties.



Higher Energy Prices Threaten Downtrend In Inflation

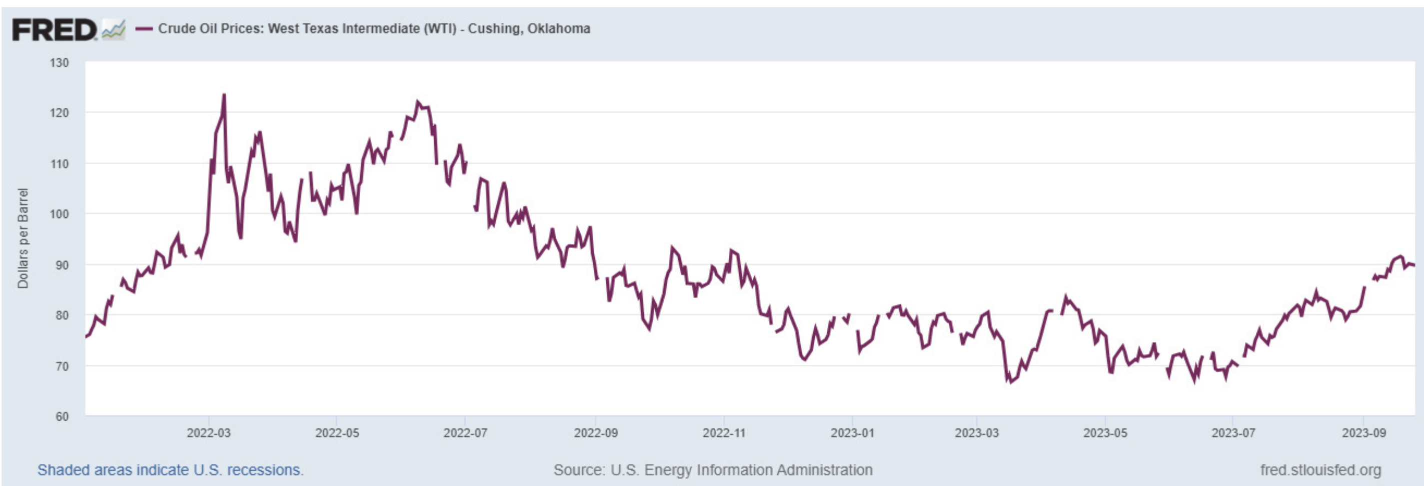
U.S. inflation accelerated in August for the second-straight month, driven by rising gas prices. However, core inflation, which strips out volatile food and energy prices, continued to slow. In August, core inflation rose by 0.3%. Over the past three months, core CPI has risen 2.4% at an annual rate, down from 5.0% during the prior three-month period, and the lowest rate since March 2021. Headline CPI, including the more volatile categories of food and energy, rose 0.6% in August, with the index for gasoline (+10.5%) accounting for over half of the increase. The energy index rose 5.6% in August. The shelter index, which accounts for 34.8% of the CPI basket, rose for the 40th consecutive month with an increase of 0.3%. Owners Equivalent Rent (OER) is a measure of the cost of home ownership and represents 25.6% of CPI. OER is the amount of rent that would have to be paid to substitute a currently owned house as a rental property. This value is also referred to as the rental equivalent. In other words, OER figures the amount of monthly rent that would be equivalent to the monthly expenses of owning a property. This data is obtained through surveys with household members.

Aside from the uptick in August, inflation has declined meaningfully since its peak at 9% in June 2022. This largely reflects lower energy prices and more moderate price increases for core goods as global supply chain constraints have eased and consumers have resumed more normal spending patterns, shifting back from goods toward services.

Personal consumption expenditures, or PCE, is the Federal Reserve's preferred measure of inflation. CPI sources data from consumers, while PCE sources from suppliers and the gross domestic product report and is thought to provide more comprehensive coverage of goods and services. One key difference is that expenditure weights in the PCE can change as people substitute away from one good or service towards another. The CPI is a fixed basket of goods that is only periodically rebalanced. The PCE index for August rose by 0.4%, which is 3.5% higher than a year ago. Further, the Federal Reserve decision-making puts more weight on core inflation, which strips out volatile food and energy prices. Core PCE was up 0.1%, 3.9% on a year-over-year basis. This is the lowest reading since September of 2021.

The producers price index (PPI), which captures prices further up the stream, had been coming down faster than the CPI. However, with energy prices now rising, PPI now risks rising faster than CPI. For August PPI jumped 0.7% month over month and 1.6% year over year. Excluding food and energy, the annual PPI change of 2.2% for August was less than the 2.4% price increase in July.

As of September 30, oil was over $90 a barrel, posing a new challenge for central banks in the fight against inflation. Saudi Arabia and Russia sparked the rise in prices early in September when they said they would restrict supplies until the end of the year. The Russian government announced on September 21 an export ban on gasoline and diesel to all but four ex-Soviet states in response to domestic shortages, a move that will disrupt global trade that has already had to adjust to Western sanctions on Russian fuel exports. Meanwhile, record levels of oil demand — fueled by unexpected economic strength — have outpaced production. Many analysts expect crude prices to keep rising, which would feed into higher fuel bills, potentially sparking a reacceleration of inflation.



Housing Market Challenges

The housing market faces a unique set of challenges. A combination of limited inventory and higher mortgage rates has created a complex dynamic where homeowners are less motivated to sell their properties, even at near-record prices. Simultaneously, prospective buyers are deterred by the high costs and the looming potential for even higher mortgage rates.

Initially, the housing market experienced a boom during the pandemic. Remote work arrangements, substantial government stimulus, and historically low mortgage rates prompted many individuals to relocate and invest in new homes. This surge in demand drove up housing prices, enabling homeowners to trade up for larger and more affordable properties, often beyond their traditional commuting ranges.

However, recent developments have seen a significant slowdown in housing market activity. This downturn can be primarily attributed to a scarcity of available housing, rather than a decline in demand. Nationally, housing inventory, which is calculated by comparing the number of listings to the number of sales, has improved from its all-time low in January 2022. Nevertheless, it remains well below normal levels, with only 3.1 months of supply on the market. Some metropolitan areas have witnessed nearly a 30% drop in listings compared to the previous year.

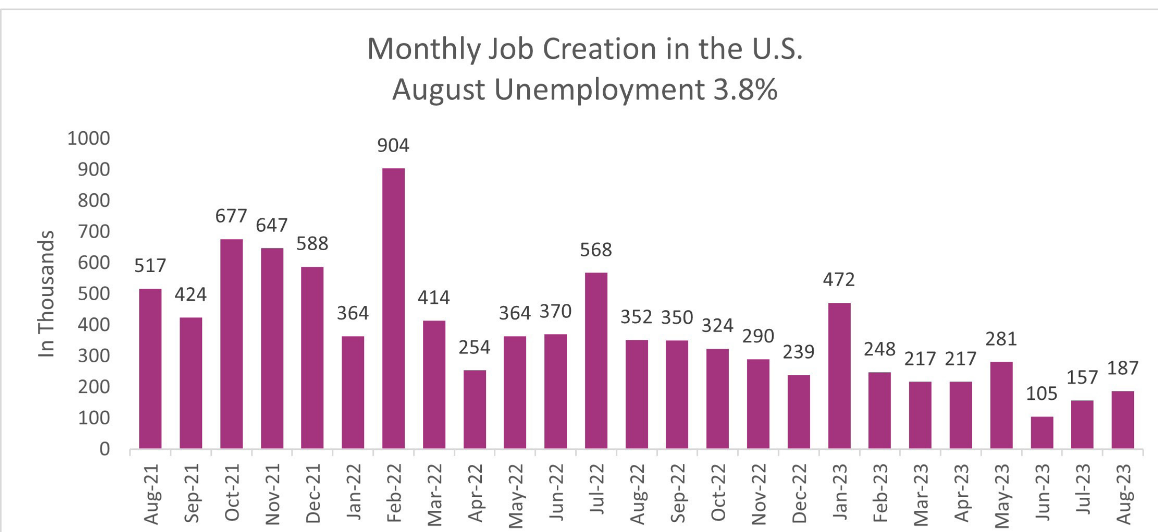
The decline in home sales has become more pronounced, with August marking the slowest pace since January and exacerbating the most significant housing slump in over a decade. Existing-home sales, constituting the majority of the housing market, dipped by 0.7% in August, reaching a seasonally adjusted annual rate of 4.04 million. This figure represents a 15.3% decrease from the previous year. New single-family home sales also contracted by 8.7% in August, offsetting an 8%

increase in the previous month. The Midwest was particularly affected, with a 17.2% drop in sales. Furthermore, the number of refinancing applications has plummeted by 30% compared to a year ago.

Most homeowners currently hold mortgages with rates below 4%, whereas current 30-year fixed-rate mortgage rates have risen to nearly 8%. This divergence in rates has contributed to the complexities facing the housing market.

Status of the Job Market

So far in 2023, the U.S. economy has added almost 1.9 million net new jobs. Recent payroll data continues to show an uptrend up in health care, social assistance, construction, and leisure and hospitality. Payrolls rose by 187,000 in August but the previous two months were revised lower by a total of 110,000 jobs. In a notable trend, public sector jobs at the federal and state level have risen by 327,000 positions so far in 2023. That is close to one in every five jobs created through August. Much of the recent hiring has been to replenish jobs left open by millions of teachers, police officers, and other public servants who quit during the pandemic. The estimated number of job openings as of August has fallen by more than 2.55 million since May, indicating that some companies are altering their hiring plans. Despite the decline, job openings still exceed available workers at a ratio of 1.4 jobs open for every person looking for work. According to the August Household Survey data, the unemployment rate in the U.S. increased to 3.8%. The increase was driven by 514,000 more unemployed people who started actively seeking work rather than a decline in employment. In August, the number of persons not currently in the labor force who want a job was 5.4 million. These individuals are not included in the unemployment count as they are not actively seeking work. Weekly unemployment claims data show a downtrend in new claims and steady continuing claims in recent weeks. Initial jobless claims — that's people filing for the first time — hovered close to an eight-month low, a signal of continued labor market strength. The labor market is closely watched by the Federal Reserve as it contemplates future interest rate policy. This could be complicated by a prolonged government shutdown as the labor department would delay collection and publication of some data until funding is restored. Nonetheless, given strong GDP growth in recent quarters and an overhang of excess job openings, payroll job growth should remain strong enough to keep the unemployment rate below 4.0% into 2024.



Labor shortages are turning into a long-term crisis that could push wages and employee turnover higher. Despite frequent concerns that people are reluctant to return to the workforce, the percentage of eligible workers in the age bracket of 25 to 54 years, who are either employed or actively seeking employment, has remained relatively stable throughout history, consistently hovering around 83.4%. A much bigger challenge as we look ahead is the aging demographic of the U.S. labor force. Those 65 and older now represent almost 22% of the total number of eligible workers. The minimum age is 16 but there is no cap on the age of an eligible worker. Of the more than 58 million potential workers over the age of 65, only 11.2 million are currently in the workforce, which represents 19.3% of the demographic. Over half of those workers fall between the ages of 65 and 69, after which the participation rate falls significantly.

U.S. Consumer Spending Decreases

In the second quarter, household consumption, which has traditionally been America's economic engine, was revised lower to a 0.8% annualized rate. The previous estimate was 1.7%. This revision reflects the weakest spending since the first quarter of 2022.

Consumers spent less on services and nondurable goods. Spending appears to have rebounded over the late summer as monthly consumer spending figures reflect a robust 0.9% gain in July, the strongest monthly gain since January. August reflected a still-strong 0.4% spending gain. Higher gasoline prices contributed to these increased spending levels, which, are not adjusted for inflation. Consumers may encounter some challenges ahead. One notable trend is the decline in pandemic-related excess savings, prompting consumers to rely more on revolving credit to support their future spending. While the current proportion of revolving credit to disposable income is not overly concerning, there has been a rise in delinquencies for credit cards and auto loans. This could be attributed to the delayed impact of monetary tightening on consumer spending habits. Moreover, the impending resumption of student loan payments in October has many individuals grappling with how to fit this additional expense into their monthly budgets.

In September, consumer confidence hit a four-month low, influenced by concerns about rising prices, increased interest rates, and a looming government shutdown. Despite these worries about the higher cost of living, consumers' expectations regarding inflation over the next year remained stable. Furthermore, except for the new home purchases, consumers have shown no indication of significantly cutting back on purchases of big-ticket items such as vehicles, televisions, and refrigerators over the next six months.

Global Economic Growth Trends

Elsewhere around the globe, the Bank of England ended a run of 14 rate hikes, keeping rates at a target of 5.25% after the August inflation report was cooler than expected. The European Central Bank (ECB) elected to raise rates in September after raising their inflation projections for 2024. The upward revisions reflect a higher expected path for energy prices. Financing conditions in the EU have tightened further and are increasingly dampening demand, which is an important factor in bringing inflation back to target. With the increasing impact of this tightening on domestic demand and weakening international trade, the ECB has lowered its eurozone economic growth projections significantly to 0.7% in 2023, 1.0% in 2024, and 1.5% in 2025.

China's central bank announced that it would again cut its reserve requirement ratio for most banks to boost liquidity and support economic recovery. China's gross domestic product grew at 6.3% from April to June, which outpaced a 4.5% expansion in the previous quarter. The Chinese economy grew just 0.4% a year earlier in April-June of 2022 amid strict COVID-19 lockdowns in Shanghai and other cities. Government officials have acknowledged that the economy is facing headwinds, but said they expect growth to reach the Communist Party's 5% target for this year. Many analysts are less optimistic about the outlook for the year, given weakening demand for Chinese exports in other major economies.

The Conference Board, which is a global think tank designed to deliver insights for what's ahead, projects global real GDP to grow by 2.9% in 2023. This is down from 3.3% in 2022. Projections are for further slowing to 2.5% in 2024. Global growth is moderating under the weight of elevated inflation and monetary policy tightening. While a global recession is possible, relatively subdued economic growth is more likely to prevail over the short term. Growth forecasts for the upcoming year are the strongest in emerging Asian economies and weakest in Europe.

Key Rates

	12/31/2022	6/30/2023	9/30/2023
2-yr U.S. Treasury	4.37%	4.89%	5.05%
10-yr U.S. Treasury	3.88%	3.84%	4.58%
30-yr Fixed Mortgage Rate	6.80%	7.24%	7.81%
Fed Funds Target Rate (upper)	4.50%	5.25%	5.50%
U.S. Dollar Index	103.49	102.92	106.17
Crude Oil	$80.51	$70.45	$90.77
Gold	$1,830	$1,928	$1,864
Unemployment Rate	3.50%	3.60%	3.80%*

*As of August 2023 | Source: *The Wall Street Journal*

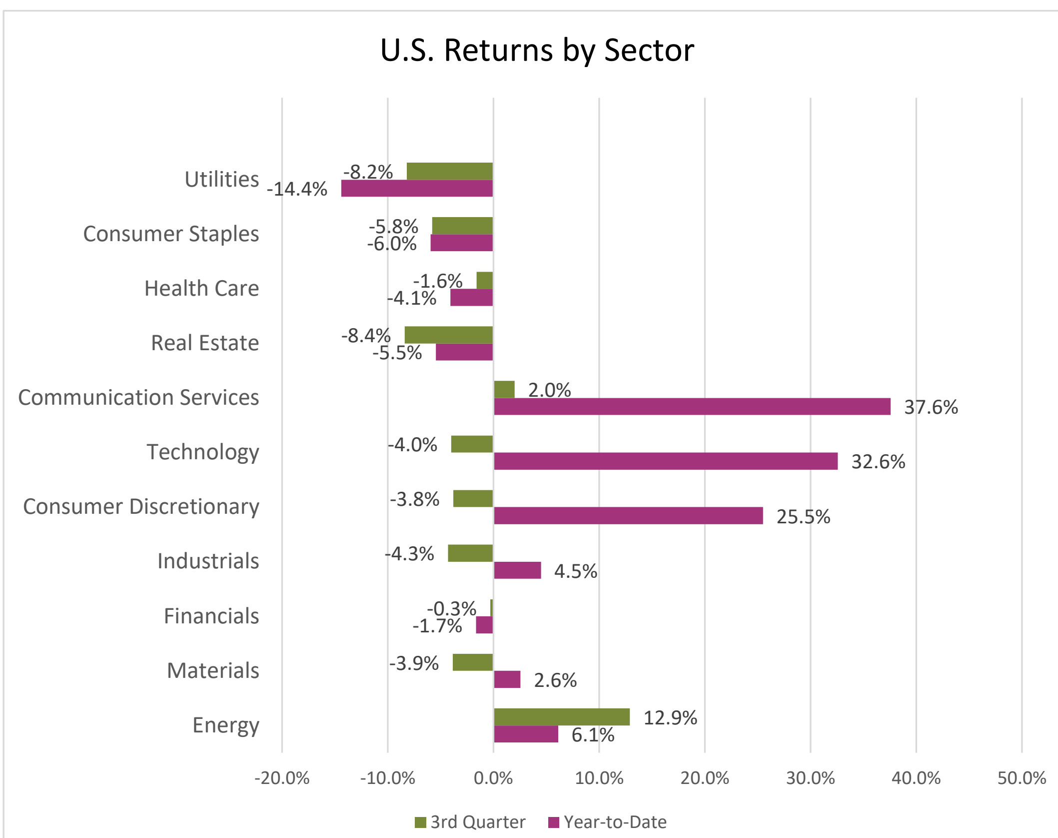
Two significant global outlook risks come to the forefront. The first pertains to persistent inflationary pressures. Although headline inflation has peaked in many economies, core inflation has proven resistant to change. Price pressures in goods and industrial sectors have subsided, and it is anticipated that the service sector will eventually follow suit. There has been some encouraging recent news on the inflation front, such as the slower-than-expected rise in German consumer prices over the year through September, resulting in the lowest inflation level in Europe's largest economy in two years.

The second major risk relates to the stability of global financial markets. While most indicators suggest relative stability in markets, ongoing pressure stemming from tighter monetary policies could potentially lead to increased turbulence.

Market Commentary

The 2023 stock-market rally stalled in the third quarter. The S&P 500 ended the quarter at 4,288, which is about where it was trading in late June. Stagnant summers are nothing new for the stock market as the June-September period has historically been the market's worst four-month stretch. However, expectations for this summer were high where many expected stocks to extend their rally on slowing inflation and the end of the Fed's rate-hiking cycle.

The S&P 500 index declined 3.27% in the quarter. Despite the downturn, the index has a significant gain of 13.07% for the year-to-date period. As highlighted in our last Quarterly Market Review, S&P 500 performance continues to be dominated by the "magnificent seven," which include Apple, Microsoft, Amazon, NVIDIA, Alphabet, Tesla, and META. These seven companies accounted for a staggering 11% of the S&P 500 year-to-date (price change only) return of 11.6%. Including dividends,



the S&P 500 total return to date is 13.07%. Growth sector stocks have far outpaced value to date, 25% versus 5.9%. Similarly, large cap stocks have outperformed small cap stocks with the Russell 2000 generating a positive return to date of just 2.54%. Developed international stocks (MSCI EAFE) are positive to date by 7.08%.

At the sector level, energy stocks had a strong quarter due to the uptick in oil prices. Energy stocks were up 12.9% for the quarter, boosting the year-to-date return to 6%. In contrast, while the communication services and technology sectors were strong year to date, performance has moderated in the quarter as the AI-driven rally has faded and higher interest rates weighed on valuations. Consumer discretionary experienced a similar trend, despite strong earnings results, as corporate guidance points toward a weakening outlook.

Earnings reports for the second quarter have shown positive results. This includes a higher-than-average number of companies reporting positive earnings surprises, along with the magnitude of these surprises surpassing the 10-year average. Just under 80% beat earnings estimates while 17% missed. Corporate profits rose by 0.5% in the second quarter following a decline of 4.1% in the previous quarter. The forward outlook is mixed, with 74 S&P 500 companies issuing negative forward earnings guidance and 42 issuing positive guidance. There were some themes to the quarterly earnings calls with the highest number of S&P 500 companies citing "AI" and fewer mentions of recession and inflation.

U.S. Treasury yields continued marching higher, reaching multi-year highs, as investors digested the Federal Reserve's interest rate moves and forward guidance along with other recent economic data, including continued resilience in the job market. The yield on the 10-year Treasury was up 74 basis points at 4.58%, hitting a fresh 15-year high in the quarter. The 2-year Treasury was 16 basis points higher to 5.05%, hovering around levels last reached in 2006. Yields on the 5-year note and 30-year bond also touched their highest levels since 2007 and 2011, respectively. The inverted yield curve continued to flatten as the 2-year yield is now only 48 basis points over the 10-year Treasury. In March and July of 2023, this differential had hit levels that were over 100 basis points.

Total return was slightly positive for the quarter on the shorter end of the curve. Rates shifted modestly higher, but income provided enough of a return boost to overcome declining bond prices. The intermediate-to-longer end of the curve produced a negative quarterly return due to the steeper rise in rates and longer duration. The year-to-date returns are positive by around 1.7% on the short end of the curve with the Bloomberg U.S. Aggregate Bond index down 1.2%.

Economic Outlook

While 2023 has pleasantly surprised stock market investors thus far, the future brings uncertainty. There is a deceleration in consumer spending, potentially impeding overall growth as tighter household budgets prompt consumers to curtail their discretionary expenses. It's noteworthy that consumer consumption contributes to nearly 70% of the United States' economic output.

Index Total Return	2022	3Q 2023	YTD 2023
S&P 500 Index	-18.11%	-3.27%	13.07%
Russell 2000	-0.20%	-5.13%	2.54%
MSCI EAFE Index	-14.45%	-4.11%	7.08%
MSCI Emerging Markets Index	-20.09%	-2.93%	1.82%
Bloomberg U.S. Aggregate Bond	-13.01%	-3.23%	-1.21%
Bloomberg U.S. Treasury 1-3 Year	-3.82%	0.71%	1.69%
Bloomberg U.S. Treasury 5-7 Year	-11.23%	-2.15%	-0.86%
Bloomberg Municipal Index	-8.53%	-3.95%	-1.38%

Source: Morningstar Direct

Additionally, several headwinds loom on the horizon, encompassing escalating energy costs, the specter of government shutdowns, and ongoing worker strikes. These challenges, combined with existing elevated price levels and rising interest rates, have the potential to exert downward pressure on economic activity. In this uncertain environment, our investment team remains unwavering in its commitment to generate value for our clients by leveraging our extensive experience, knowledge, and wisdom to deftly navigate the evolving landscape.

When considering the myriad of challenges confronting the economy, it is natural to feel apprehensive about the near-term outlook. However, it is imperative to remember that time serves as a potent ally for long-term investors. Throughout history, the equity market has consistently demonstrated an extraordinary capacity to transcend short-term obstacles and fluctuations to build long-term wealth for patient investors. As Warren Buffett famously put it, "The stock market is designed to transfer money from the Active to the Patient."

During this past quarter, we took great pleasure in introducing Matt Rice, who joined our talented Private Wealth team at First Business Bank as its Chief Investment Officer. During Matt's nearly 30-year investment career, including two decades as Chief Investment Officer at a Chicago-based $260 Billion investment advisory firm, he brings an exceptional ability to construct, execute, and communicate investment strategies. We firmly believe that Matt will elevate our services and help deliver even greater value to our clients. As always, please reach out to any member of our team with any questions.

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