SENIOR SOLUTIONS UPDATE

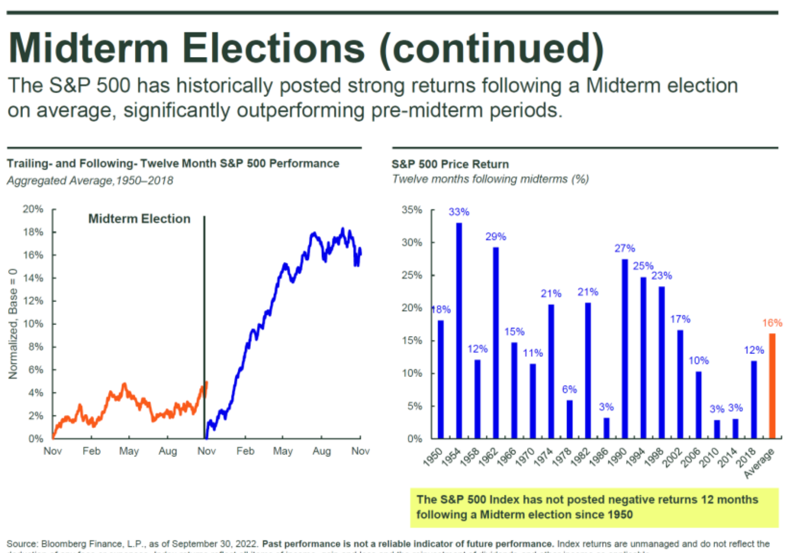
FROM: PATRICE HORNER, CFP, MBA
SUBJECT: INVESTMENT COMMENTARY
DATE: NOV 5, 2022

Quarter in Review

"If you're going through hell, keep going."- Winston Churchill….. The UK is feeling the heat….

Queen Elizabeth II passed away on September 8, as the UK's longest-serving monarch having reigned for 70 years. Two days prior to the Queen's death, Liz Truss became the UK's new Prime Minister. The quick resignation of British Prime Minister Liz Truss in October sent the pound up to a low of $1.127 against the dollar, before settling at $1.1258. Another new Prime Minister was appointed the next week. The U.K. is experiencing 9.9% headline inflation, the highest since 1981. The UK hiked rated in May and August up to 1.75%, then another 75 bps in Nov. Bank of England's (BOE's) emergency bond-buying last week shored up UK pension funds and focused attention on a strategy for corporate pension plans known as liability-driven investing (LDI). The BOEs Temporary Expanded Collateral Repo Facility improves Repurchase Agreement (REPO) liquidity to banks. Short-term LDI margin calls and the longer-term asset management practices results in a classic liquidity squeeze.

Tensions mount over Kim Jong Un's nuclear program after North Korea launched multiple missiles and fired a missile over Japan for the first time in five years. China's 20th Communist Party Congress opened on October 16, 2022 and Premier Xi's has been appointed for another 5 years. Elections loom in many countries around the globe, increasing political uncertainty. This includes mid-term elections in the US.



July exports contracted in Germany, Canada, and Australia, and decelerated in Japan and in the US. They were impacted by periodic shutdowns of the European Nord Stream pipeline and a Summer drought that dried up rivers, critical for continental Europe's supply chains. US exports declined along with international demand for US trade goods. The US trade deficit of $70.7 billion in July is the thinnest since Oct 21. The United States Bureau of Industry and Security (BIS) formally announced the banning of four major semiconductor technologies for export in mid-August.

Electronic Computer-Aided Design (ECAD) software specially designed for the development of integrated circuits. Pressure Gain Combustion (PGC) technology that dovetails with the recent US government 'CHIPS for America Act', for American manufacturing of advanced 5 and 3 nanometre (NM) transistor processors. A Dutch company manufacturing lithography machines for the production of chips, is the only global firm that has the technology to produce Extreme Ultraviolet Lithographic (EUL) services that can manufacture chips at the more advanced 5-nanometre level.

The full impact of monetary tightening and trade restrictions has yet to hit major economies and company earnings as it has a six- month delay. The United Nations has called on multiple central banks, including the Federal Reserve (Fed), to halt interest rate hikes. The UN is concerned about stagflation and potential economic instability for developing nations. The geopolitical realignment of energy supplies in the wake of the war is broad and permanent. The UK Financial Conduct Authority has stepped up its oversight of the UK gilts market due to recent market turmoil. The Bank of England's announcement that it will buy billions of pounds of UK government debt to stabilize the bond market set off a rally that swept through the world's financial markets. Investors who for years bought corporate bonds, sometimes issued by companies with marginal credit, are offloading them now to buy low-risk Treasury securities, draining liquidity from the market. The rapidly falling price of Corporate Bonds is raising concerns over a possible credit crunch.

The Senate has approved Democrats' $740 billion climate, health care, and tax package on Aug 8th. It includes $374 billion for climate and energy spending, along with Medicare negotiations for drug prices, a 15% minimum corporate tax, and a stock buyback tax. The US federal budget deficit was $220 billion in August, a 29% increase from a year earlier. The rise was driven in part by a 153% increase in Medicare outlays, a 127% increase in education spending, and a 53% increase in the interest paid on US Treasury securities. The US Federal Reserve is doubling the pace at which it winds down it's balance sheet, which stands at around $9 trillion, aiming to shed $95 billion in September. The move is causing stress to bond market liquidity, as gaps between prices where traders buy and sell grow ever wider and prices are volatile.

The Inflation Reduction Act

Spending and Tax Cuts

Investments	Amount (billions)
Healthcare	
Affordable care act subsidies	$64
Medicare prescription drug benefit	$34
Clean Energy	
New tax credit for emissions-free electricity	$63
Extending existing tax credits for wind & solar power	$51
Tax credit for existing nuclear reactors	$30
Extending energy credit	$14
Clean energy rebates & grants for residential buildings	$9
Financing energy infrastructure	$7
Tax credit for carbon capture and storage	$3
Clean Fuel and Vehicles	
Clean fuel tax credits	$22
Tax credit for clean energy vehicles	$17

Savings	Amount (billions)
Individual Clean Energy Incentives	
Tax credits for individuals	$37
Manufacturing	
Clean manufacturing incentives	$37
Tax credit for clean energy vehicles	$5
Air Pollution	
Air pollution investments	$35
Conservation, Rural Development and Forestry	
Agriculture and forestry conservation	$22
Rural development	$13
Climate	
Drought Resistance	$5
Weather and climate resilience	$5
Other climate spending	$11

Historical analysis and current forecasts do not guarantee future results.
As of September 12, 2022
Source: The Council of State Governments, The White House and AB

US September Consumer Price Index (CPI) report showed another surprisingly high inflation rate of 0.4%. The core measure was 0.6% which excludes volatile housing and food prices. The FactSet Research price index increased 8.2% year over year in September but had been declining the last three months. It is expected to decline in 2023 and 2024 to 6.5% and 4.1% respectively. Crude oil rallied 16.5% after OPEC+ agreed to the biggest production cut since 2020. A Russian oil price cap is set to go into effect on December 5, followed by a cap on refined products on February 5, 2023. The Western price cap is designed to prevent a surge in prices when the EU stops buying Russian oil. In Europe, more reliant on oil imports, year-over-year (yoy) inflation remains elevated in Spain 10.4%, the UK 10.1%, Germany 7.9%, and Italy 8.4%. On September 12, the European Supervisory Authorities (ESAs) reported that the deteriorating economic outlook, high inflation, and rising energy prices have increased vulnerabilities across the financial sector. The ECB hiked rates 75bps in the first week of November to 1.5% the highest since 2009.

US Housing inflation of 9% decelerated from 17.2% in February to 10.8% in September. Housing makes up almost 1/3rd of CPI. US home prices are in freefall. The Case-Shiller 20-City Index posted the first month-over-month decline in 10 years. Consumer expectations remain weak. The sharp rise in 30-year fixed mortgage rates above 6.0% is depressing home sales. The unemployment rate is expected to a peak at 4.4% from its recent 3.5% low. The U.S. growth rate is below the 1.8% trend, which should discourage companies from hiring new workers. Inflation is dampening consumer confidence due to its impact on purchasing power, with negative implications for consumer spending and thus headline growth in the months ahead.

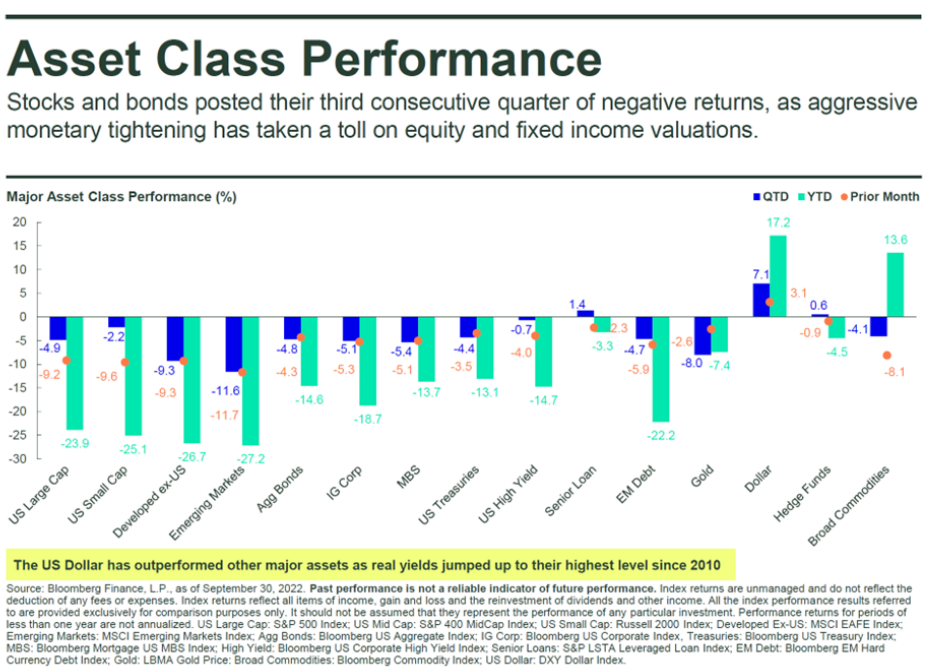
Most of the largest economies saw the unemployment rate remain stable in June and July after decreasing for several months. This is a sign that the pace of labour market momentum may have started to ease. The US unemployment rate rose to 3.7% in August 2022, while the pace of job creation remains strong, with the US economy adding 315,000 payrolls in August. Tight labour markets are feeding into higher inflation numbers.

The US Federal Reserve bank met on November 1-2nd and added another 75bps to their interest rate, for the fourth consecutive time. The Fed Funds rate is currently in a range between 3% and 3.25%. This is the fastest increase in the policy rate since December 1980 and its highest level since 2008. The Fed hadn't raised its flagship policy rate by 0.75 percentage points in any single meeting since 1994. Forecasts now call for rates to rise to a 4.25% - 4.50% range by December. It has been a brutal unexpected historic level of hikes.

Market Overview

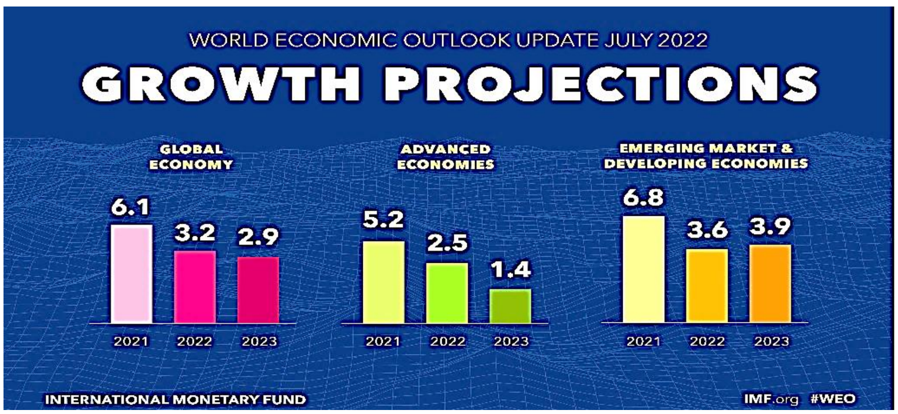
2022 is the end of great moderation of last 40 years – Blackrock Investment Management

In 2022 alone, there have been four bear market rallies, each one stronger and longer than the one before it. Expiration of $3.2 trillion in options played a role in the Sept 13th stock market plunge, when the Morningstar US Market Index lost 4.3 percentage points in a single day. Volatility has increased, indicating more extreme conditions often the hallmark of market lows. Stocks and Treasuries have fallen together to a degree we haven't seen in at least 60 years, noted ATAC. There have only been a couple of instances over the past 30-35 years where stocks and government bonds both fell during the year, but nothing close to what's happened in 2022.

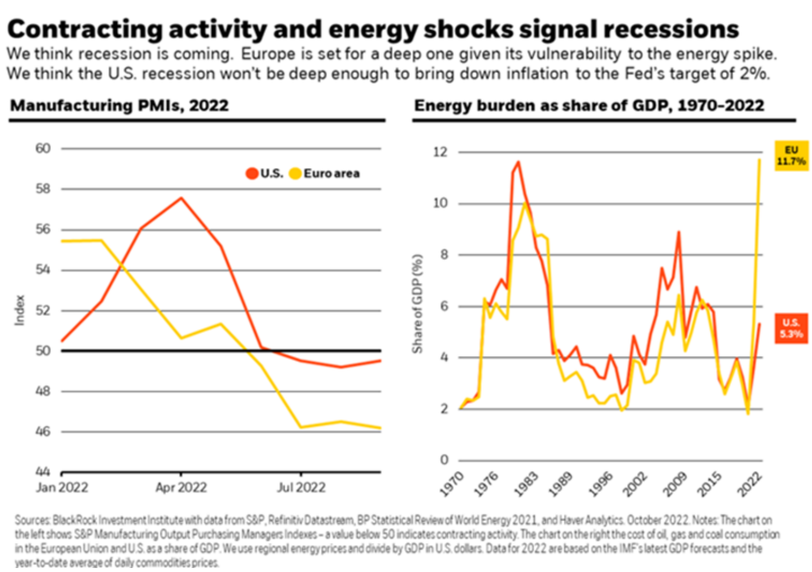


The International Monetary Fund (IMF) predicts 2023 global growth will fall from 3.2% this year to 2.7%. Global economic activity is experiencing a broad-based and sharper-than-expected slowdown. Fitch Solutions forecasts 2022 for Developed Market (DM) growth from 2.3% to 2.4%. For 2023, DM growth is cut from 1.5% to 0.8%, so next year will be weak. In 2023 for the United States, the tightening of monetary and financial conditions will slow growth to a meager 0.9%. The probability of the US entering recession over the next 12-to-18 months is 40-50%.

The global slowdown is most pronounced in the Euro area, with growth only 0.5 % in 2022. A Eurozone recession is expected in 2023 with a contraction of 0.3%. Growth will be the weakest in Germany and Italy, due to the emphasis on the industrial sector and with natural gas as a large share of energy consumption. A recovery for Mainland China is forecast in 2023 with GDP at 5.3%. External demand from the US and the Eurozone will add to the Chinese recovery in 2023, as those regions account for about 32% of Chinese exports (and 5.5% of GDP). Fitch Solution made several upward earnings revisions to two other Emerging Markets economies: Latin America due to their relative resilience in the first half of 2022, as well as to oil producers such as Saudi Arabia in MENA.



US earnings growth was resilient in the first half of 2022. Although for 3Q22, year-over-year the S&P earnings growth turned negative, except for energy sector. The geopolitical realignment of energy supplies in the wake of the war is broad and permanent. Some 40% of S&P 500 revenues derived from outside the US were hurt by the continued US dollar strength. Higher input costs, especially wages have taken their toll on operating margins. Year-Over-Year as of the 2Q22 US earnings forecasts were down from 9.5% to 1.4% and revenues were lower from 9.8% to 8.5%.



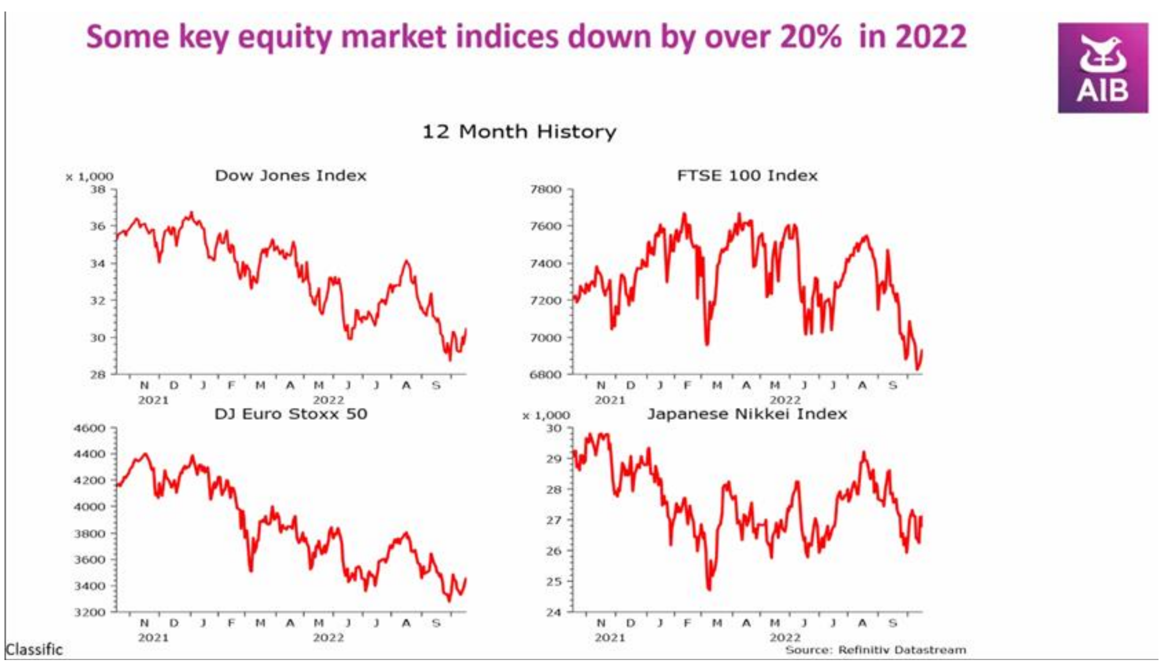
The Purchasing Manager Indexes (PMI) tend to lead earnings estimates by about six months. The PMIs have been trending downward. The US recorded the largest drop in the composite PMI in August, falling by 3.1 points to 44.6. Any score under 50 signals a contraction. It was the second consecutive contraction and reflects a monthly decrease in the Service Sector.

The New Orders Index indicates the demand for goods has now fallen for three straight months. The forward orders-inventory ratio suggest that the downturn has further to run. October's US Consumer Sentiment hit 59.8 in a bounce from the Summer low of 50, suggesting there is optimism.

US productivity suffered its weakest first half performance since the Bureau of Labor Statistics (BLS) began recording data 75 years ago. Productivity fell 4.1% in the second quarter, on the heels of a 7.4% first quarter reduction. An increasing number of workers are producing less per hour. Capex remains under pressure from elevated inflation and sagging demand. Less investment in capital improvements will dimmish productivity going forward as well.

The S&P 500 earnings yield for 2022 minus the 10-Yr real yield is currently 4.56%. Historically, that is the lower end of the range and associated with market tops. The current PE ratio is 16.2 and would need to fall to 15.4 or 14.7 to bring the S&P 500 back to a historic average fair value of range of 3,460 to 3,300. It was 3,855 on November 1st. If rates continue to rise, the S&P 500 will continue to decline.

By quarter-end, stocks were solidly in bear-market territory. Stocks started 3Q22 up over 18% from its mid-June bottom. By the end of the third quarter, the S&P was down 4.6% to hit a new bear market of minus 24.9% for 2022. An increasing number of S&P 500 companies are providing lower profit guidance. According to Nuveen, historically September has been the worst month for the S&P 500 Index returns going back to 1928. At the beginning of October it rallied 10% off the September 30th low.

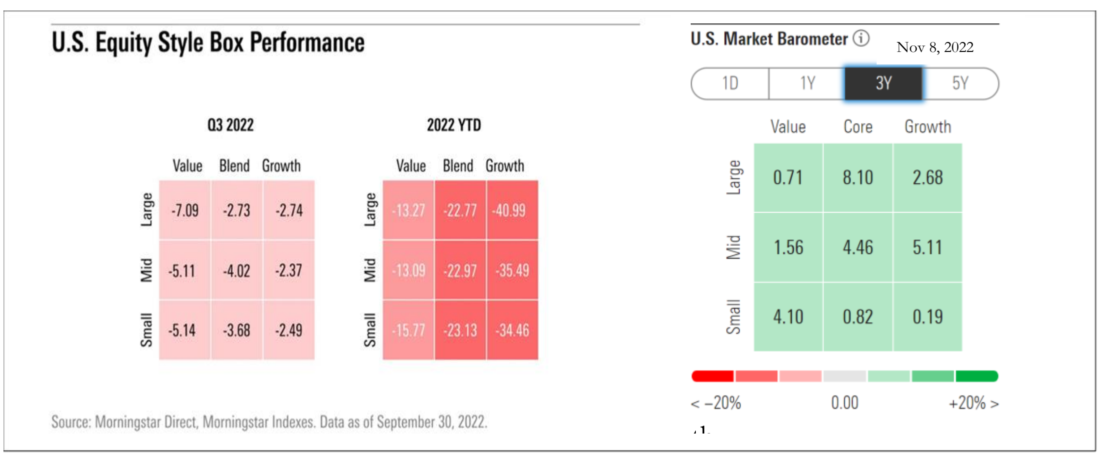


Equity Markets

US households will sell as much as $100 billion in equity holdings in 2023, with foreign investors embarking on a similar selling surge….this will put downward pressure on equity prices.

There is a higher risk premium and a worsening a macro backdrop that is resulting in lower expected equity returns. Economic uncertainty has also been a headwind for growth stocks. The Growth type equities are 4 times as expensive as Value style equities. Over the past 60 years, Value has had better relative prices, according to the Financial Times Stock Exchange (FTSE). In the current market, investors are buying protective Put Options against market declines. Those that are buying Puts are 'over hedged' and will start buying S&P 500 futures which may signal false market support to the broader market.

By the end of the third quarter, losses on Value Stocks exceeded those on Growth Stocks, but not for the year. Large-cap Growth Stocks are having their worst year since 2008. US Small Caps have shown stronger earnings sentiment than Large Caps. SPDR reports that all factors except Quality have outperformed the broad market last month, led by Momentum. Momentum's overweight to Energy contributed to nearly half of its outperformance



The Defensive Sectors of Utilities, Consumer Staples, and Health Care are currently trading at historically high relative valuations, except for Health Care. Large Cap pharmaceutical companies have strong growth prospects, durable margins, and healthy balance sheets. The fundamentals for Information Technology are strong, however the sector is still unwinding from expensive valuations. Consumer Discretionary remains expensive. Prices are falling for Durable Goods as demand has dried up. Consumers prefer to pay high prices for long-delayed vacations. Energy is defensive and trading at reasonable prices. Changeable consumer preferences are challenging for earnings estimates, notes DWS. Health Care and Utilities have shown stronger earnings sentiment and price momentum than Cyclicals. The Cyclical Sectors have declining earnings trends.

The Morningstar US REIT Index for publicly traded Real Estate Investment Trusts (REITs) and the Morningstar 10+ Year Treasury Bond Index, both fell 10% each this quarter due to their interest-rate sensitivity. The Communications Services Sector lost over 12% during the 3Q22, including Google (GOOGL) parent company Alphabet, Facebook parent company Meta (META), and Verizon (VZ). These high-growth, tech-enabled stocks are especially sensitive to interest-rate changes. Only the Cyclical and the US Energy Sector were positive in 3Q22 with about a 3% gain. An earnings warning from global shipping company FedEx (FDX) added to concerns about the impact of a slowing global economy on corporate profits, that had remained stronger longer than many had expected.

Morningstar Sector Indexes

		Performance %	
Cyclical	Q3 2022	Q2 2022	2022 YTD
Basic Materials	-6.16	-17.53	-23.61
Consumer Cyclical	3.21	-25.19	-31.02
Financial Services	-3.24	-17.13	-22.22
Real Estate	-10.71	-15.01	-28.84
Sensitive			
Communication Services	-12.72	-21.89	-40.14
Energy	3.13	-5.96	34.29
Industrials	-3.49	-15.24	-21.33
Technology	-6.12	-22.33	-34.13
Defensive			
Consumer Defensive	-6.39	-5.70	-12.88
Healthcare	-4.94	-7.07	-15.22
Utilities	-5.87	-5.07	-6.64

Source: Morningstar Direct, Morningstar Indexes. Data as of September 30, 2022.

In the Cyclical Sector, travel - leisure and retail apparel are two of the more undervalued sub sectors, with 35% and 33% discounts to intrinsic valuation. Shifting consumer purchasing decisions and supply chain disruptions have left retailers with a challenge in estimating correct inventory positions. Inventories are expected to stabilize over the next few months which will position retailers for a better 2023. Economically sensitive (vs rate sensitive) Consumer Cyclical stocks topped in the third, led by Tesla (TSLA), Amazon.com (AMZN), and Starbucks (SBUX). With retail giants Walmart (WMT) and Home Depot (HD) reporting better-than-expected second-quarter sales and better-than-expected profits in August.

There are structural shifts in travel. Pre-pandemic business travel was about 22% of passengers globally in 2019, according to ACI, but a much higher share of revenues. The outlook for aircraft Asset Backed Securities (ABS) remains negative. Seeking Alpha points out that even Buffet has lost money on airlines.

HedgeLink reports that container shipping posted another round of massive gains in 2Q22, up $63.7 billion or 123% which is $35.1 billion yoy. The cost to ship a 40' container from China to US is down 60% to $5400 and to Europe it is down 42% to $9k. The cost peaked at $11k in Sep 2021. Orders for new shipbuilding have container ships over bulkers style ships, for the first time according to DWT. Sea freight is a strong indicator of global economic growth. Shipping profits are elevated as the demand/supply levels come into balance. The Baltic Dry Index BDI leads inflation. Now the current trend is lower with the index falling behind the CPI. Emerging market economies often rely on income from the dry bulk goods they produce. Low rivers in

Europe this Summer made shipping more costly and more challenging. Sectors that are impacted by shipping include the Materials Sector. BDI is forecasting a substantial decline in XLB.

Quarterly Market Performance Barometer

		Performance %	
U.S. Equities	Q3 2022	Q2 2022	2022 YTD
U.S. Market	-4.58	-16.85	-24.88
Value	-6.60	-9.44	-13.43
Growth	-3.84	-25.33	-36.79
Dividend Composite	-5.64	-9.58	-15.45
Wide Moat Composite	-6.69	-16.99	-27.61
Global Equities			
Developed Markets ex-US	-9.17	-14.90	-26.70
Emerging Markets	-9.81	-11.59	-24.98
Fixed Income			
U.S. Core Bond	-4.83	-4.50	-14.57
U.S. Treasury Bond	-4.53	-3.65	-13.07
U.S. High Yield Bond	-0.68	-9.90	-14.57
TIPS	-5.55	-6.25	-13.61
10+ Year Treasury Bond	-10.28	-11.58	-29.00

Source: Morningstar Direct, Morningstar Indexes. Data as of September 30, 2022

International Equities

There have been far more headwinds to non-U.S. equities. Germany has nationalized a major power company and plans to ration energy. Japan purchased ¥2 trillion of bonds to put a ceiling on rates and bring liquidity to the benchmark 10-year government bond. The UK's economy showed signs of contraction in August, as a result of weakness in manufacturing. This has raised concern that the UK might be entering a recession this year. Equity risk premia are 4.74-U.S. equities 9.44-European equities 8.83-Japanese equities 7.13-Chinese equities. Higher risk premia meas higher equity prices.

European equity markets traded at a sizable discount to their US counterparts over the past few years, due to inclusion of more value-oriented sectors such as Financials, Energy and Materials. A weakening Euro creates both challenges and opportunities. Each member country has one vote in the ECB Governing Council. And every single governor will hear inflation misery stories from home, which he will find hard to ignore.

The finance ministers of France, Germany, the Netherlands, Italy, and Spain have said they will continue with plans to impose a minimum 15% tax on large corporations, and aim to introduce it as soon as next year, reports ISDA. This will add future pressure to global profits.

Emerging Markets

Emerging markets (EMs) performed better than expected in 1H22 as the Russian economy held up better than expected in 2022. The 2022 EM growth estimate is raised to 3.9%, with the 2023 forecast cut from 4.4% to 4.1% The pessimistic view for 2023 is due to Russia, along with downward expectations on the Eurozone and China. EM Europe is down to 0.6% in 2022 and to 0.7% in 2023, which is a much larger revision than elsewhere in the EM world.

The Middle East and North Africa (MENA) is the only region of the EM world where Fitch raised the 2022 forecast from 6.5% to 6.6% and the 2023 forecast from 4.3% to 4.5%. Egypt's forecast for fiscal year 2022/23 dropped significantly from delays in the planned IMF investments. After factoring out raging inflation, the economy is expected to expand by 3.5% in real terms.

The 2022regional forecast for Latin American (LATAM) grew from 2.0% to 2.9% due to strong 2Q22 strong economic growth in certain countries, while the 2023 forecast was cut from 2.0% to 1.8% because inflation will accelerate, while monetary policy will tighten further, and political risk will rise from a spate of elections.

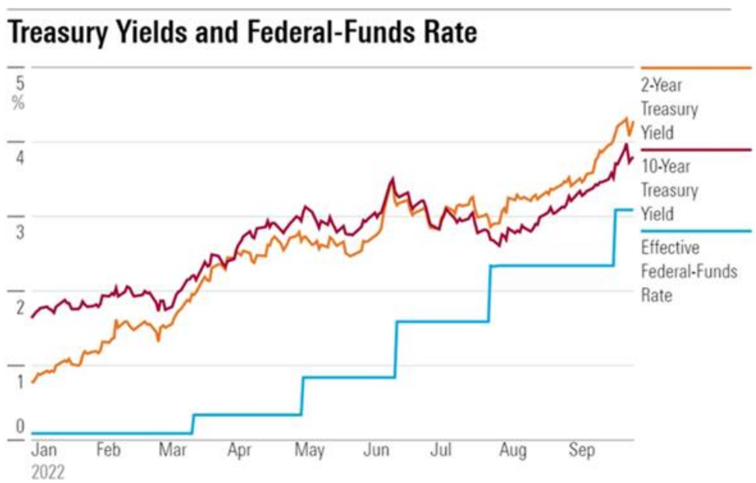
Among Morningstar's country indexes, the Morningstar Turkey Index was the top performer due to lower rates despite a raging 80% inflation rate. Morningstar's Brazil and India indexes each saw positive gains in the last quarter.

The inflationary spike came up faster in most EMs and some of their Central Banks began hiking aggressively since early 2021. Energy prices had the biggest effect on inflation. Global food prices will moderate over the coming months and into 2023. EM inflation will slip from 14.9% in 2022 to 11.4% in 2023, still much higher than the 6.4% average. The strengthening dollar continues to act as a headwind for EMs, especially for those with local currency markets.

Fixed Income Market

Bonds are having their worst year in modern history….Morningstar

The Morningstar US Core Bond Index fell 14.6% for the year through Sept 30th. International developed country Investment Grade (IG) bonds performed the worst due to their long-duration profile and due to a stronger dollar. Most bond sectors rallied over the last few months and valuations are more in line with fundamentals. IG corporate yields ended last week at 5.97% overall, which was a new 13-year high. The US 10-year Treasuries yield reached 4% last week. Expectations are for long-term rates to rally in 2Q23, so that yield curve inversion can right itself and long-term rates return to a higher level than short-term rates.



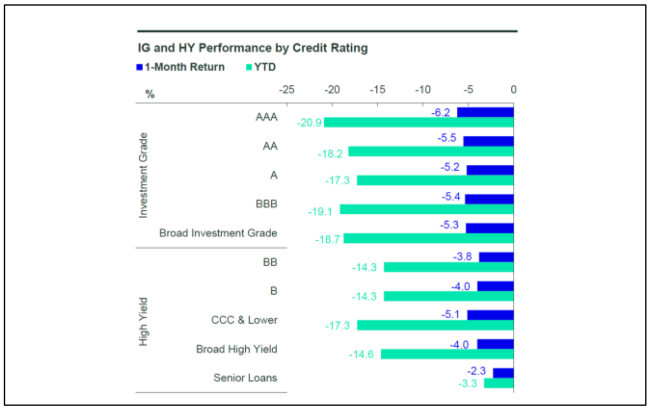
Source: Federal Reserve Economic Database. Data as of September 30, 2022.

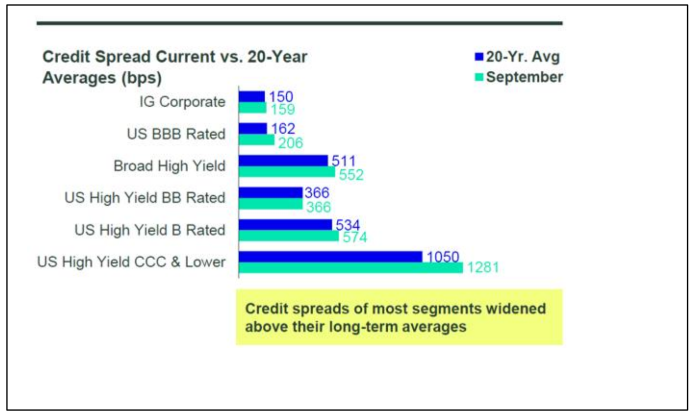
The spread between the 2-year Treasuries and the 30-year has reached 50 basis points (bps). The yield on 10-year Treasuries breached 4% for the first time since 2008, rising at the fastest rate in over four decades and ending the quarter at 3.83%. That is the highest level since 2010 and up from 2.88% on July 1st. The 2-year Treasury yield ended the quarter even higher at 4.22%, up from 2.84% at the end of 2Q22.

The $2.367 trillion of cash held with the Federal Reserve's overnight reverse repurchase (Repo) agreement facility set a record high. Deteriorating liquidity in the Treasury market is calling attention to a need to review the market structure. September was the worst since Spring 2020. Primary dealer inventories of High-Yield and IG bonds fell sharply in July, disrupting the operation of the credit markets. The plummeting inventories increased settlement failures and further fueled price swings. On Oct 10th, the BoE made the second intervention to stabilize the bond market, ending on the 13th as the yield on the 30-year gilt rose as high as 5.1% before falling back to 4.8%.

Seeking Alpha reports that risk-averse investors who have chosen investments like Treasury Inflation-Protected Securities ("TIP") and Separate Trading of Registered Interest and Principal of Securities "STRIPS" like (GOVZ) are not so safe. They posted declines of -14.12% ytd and -33.65% ytd respectively. The principal value of the TIPS bond is tied and adjusted semiannually to the rate of inflation, based upon CPI changes not interest rates. When rising interest rates are greater than the inflation there is no adjustment to the principle, thus the market value declines. When CPI is adjusted downward, the principal value and subsequent coupon payments on TIPS are reduced accordingly.

The EM Europe is the hardest regions because of the Russian hostilities. EM debt denominated in their local dollars is down 14%, with nearly 60% of the negative returns driven by the currency effects. EM spreads touched 165 bps early October, their widest levels of the year.

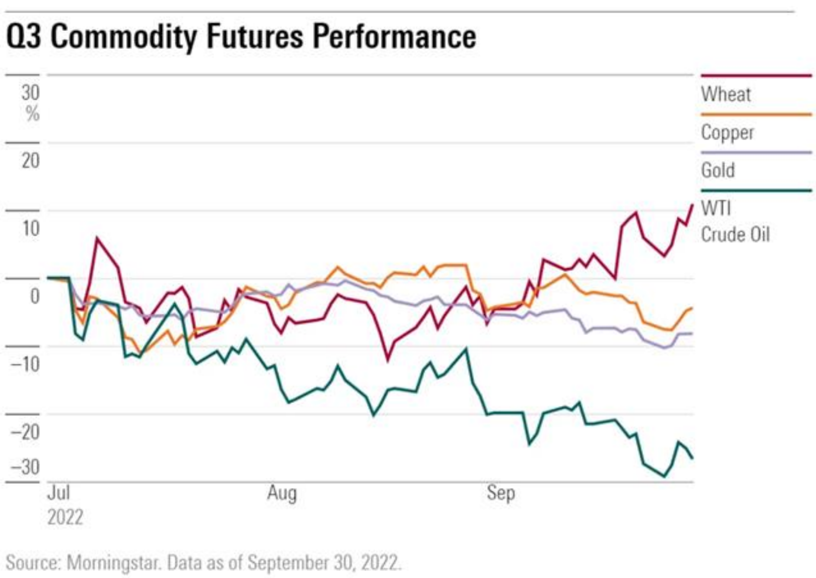




Other Assets

The US Dollar is on the strongest run in 20 years and impacts commodity prices and demand globally.

Key Commodities fell during the third quarter, with the notable exception of wheat prices, which rose 10.9%. Gold is down 9.5% for the year as of September 27. Gold priced in the Canadian dollar, were positive. Copper ended the third quarter in the red, though that decline was muted compared with the steep second-quarter drop of 21%. The demand for industrial Metals used to generate low emissions energy will peak by the 2040s, when the bulk of green infrastructure will have been built. Crude oil prices ending the quarter at $77.1/barrel back to where it started the year.

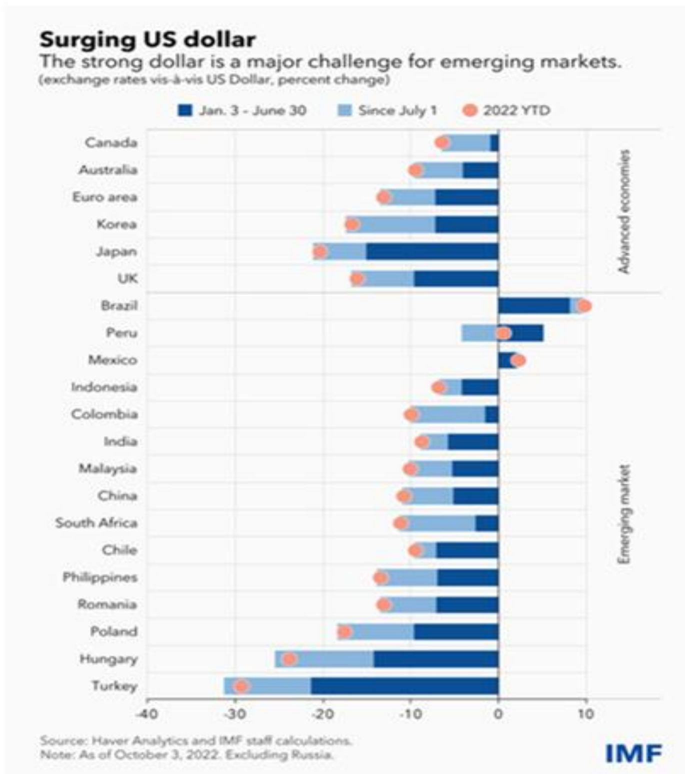


Real Estate

In Real Estate investments sectors, single-family rentals and highly specialized medical offices are well positioned for profit. In Europe, the focus is suburban housing and data centers. In Asia, we see opportunities in senior living which is a demographic trend and industrial properties due to the strong fundamentals. There is a negative view toward the traditional office sector. The medical office buildings sector is supported by the rise in outpatient procedures and aging demographics. Rising rates are likely to increase unemployment. Default rates on home loans might increase. Commerce Department data for August shows sales of new single-family homes increased, which indicates that buyer demand remains strong, while new orders for durable goods dipped marginally.

Sales of existing homes fell 1.5%, to a seasonally adjusted annual rate of 4.71 million units in September, marking the eighth straight month of decline, according to the National Association of Realtors. Building permits decreased in June, while building permits exceeded estimates in July. Order cancellations are up and new orders are declining. Direxion underlines the structural undersupply of new homes in the US as a primary tailwind with only 1.25 million units available in June.

The average 30-year mortgage rate hit an all-time low in January 2021 when it dropped as low as 2.65%, then climbed as high as 5.81% in June 2022, which is the highest level since November 2008. The average 30-year fixed-rate mortgage climbed to the highest level in 20 years, reaching 6.94% this week, Freddie Mac data shows. The median down payment on homes in major U.S. markets has doubled over the past 3 years up to $66,000 this year, a steep rise from the $33,000 pre-pandemic amount. The delinquency rate on single-family mortgages is currently below 1%, a level not seen since 2006, and down from 1.46% year over year.



Currencies

The US Dollar (USD) is on the strongest run in twenty years. The Dollar rose 8.6% during the quarter. The British Pound gave up almost 5% of its value against the dollar on Sept 25th, plummeting to a low of $1.0327, a level not seen since 1985. The Chinese Renminbi lost 8.7% of its value against the USD so far this year. On Sep 22nd, the Bank of Japan sold USD/JPY to support the Yen around the 145.70 level. In Turkey, the Lira has fallen some 52% on a painful annual inflation of 80%. The Euro fell 6.8% and the Yen fell 15.2% against the USD. The Euro went through parity to the USD, which is significant. Other European currencies that are holding strong are the Swedish Krona and Norwegian Krone. Volatility for Bitcoin was more muted last quarter. Bitcoin began trading July 1 at $19,820 and closed on Sept. 30 at $19,431. Ether another leading cyrptocurrency ended the quarter in positive, but off an August peak.

Crypto Exchanges and Block Chain

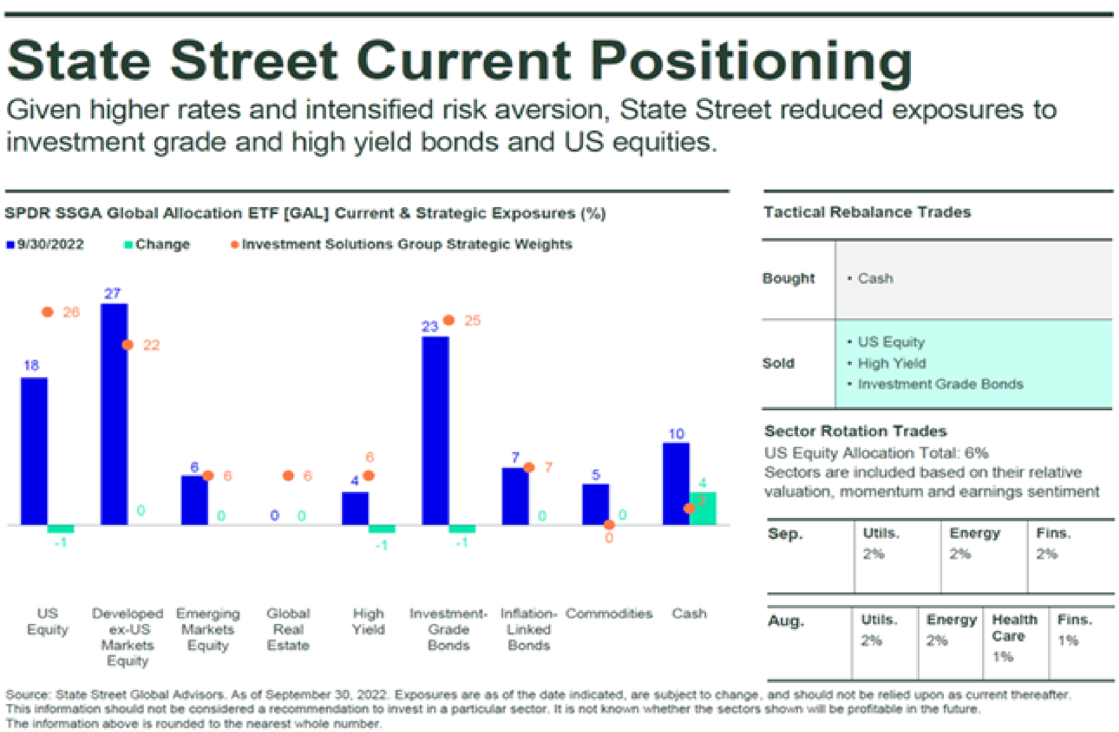
BlackRock has announced a partnership with Coinbase that will allow the asset manager to offer institutional clients a range of Bitcoin trading and management services, reported SIFMA SmartBrief on Aug 5th. Charles Schwab, Citadel Securities, and Fidelity Investments are among traditional financial firms backing the launch of cryptocurrency exchange EDX Markets. A pilot project will launch in November before going live next year. Individual investors will have access to the exchange through partnering brokerages.

While after the recent cryptocurrency collapse, Non-Fungible Tokens (NFT) values also declined sharply, noted American Banker. The average NFT price fell from $3,894 in May 2022 to below $300 in September, according to data from Chainalysis. The potential use cases for these tokens are emerging. NFTs enable businesses and banks to record, manage, and transfer digital assets on a blockchain, so that owners can store data or digital works. The crypto investing remains challenging. Four crypto firms have been ordered by the US Federal Deposit Insurance Corporation to cease-and-desist making "false or misleading statements" by suggesting their digital assets were under government-backed insurance protection. These include Cryptonews.com, Cryptosec.info, SmartAsset.com, and FDICCrypto.com, Voyager Digital LLC. Three celebrities collaborated with EthereumMax to "misleadingly promote and sell" the crypto-currency, including Kim Kardashian, Floyd Mayweather Jr, and basketball player Paul Pierce.

Asset Allocation

Time in the market beats timing the market - Warren Buffet-from Seeking Alpha

Blackrock recommends to remain in the markets but watch the risk budget between Equities and Bonds. Nuveen is underweight Non-US & EM Equities, favoring Bonds and real assets over Equities. Blackrock prefers IG bonds that are overweight for the first time since 2020. The typical negative correlation between high-quality Government Bonds and Stocks reversed during the volatile market, when they both declined. As the Fed evenually shifts from taming inflation to managing growth, this counter-balance between Bonds and Stocks will normalize providing better portfolio diversification. The current wide credit spread levels between Government Bonds and Corporate Bonds (Credits) have room to tighten, which can offset some of the decrease in market price as rates and yields rise. The balance-sheet runoff, known as quantitative tightening (QT), will put additional upward pressure on interest rates, keeping market prices depressed.



Fixed Income Credit can benefit from economic growth. In rising-rate environments, portfolios can use a barbell approach: overweight both longer-term bonds and very short-term bonds. SSL added the 10-year Treasuries to the Model Portfolio as it exited traditional Bonds earlier this year. Nuveen points out that shifting from Equity into Credit now offers relatively less downside risk, while picking-up on higher yields. Rates are at a good entry point. Yields hit these levels only six times in the last 20 years. Historically, the subsequent 12-month total return for Credits averaged +15.3%.

Nuveen recommends maintaining broad sector diversification and a high quality asset strategy. They have a benchmark of one-third Commodities. PGIM strategy is one-third Treasury Inflation Protected Securities (TIPs), and one-third Real Estate. PGIM was Prudential Investment Management. When the market yield adjusts higher, to include higher inflation expectations, investors could do better with TIPS than with normal bonds, as conventional bond prices decline with rising rates. However, at the current time TIPS face the conundrum of higher interest rates as inflation declines. This is unfavorable for TIPs market value.

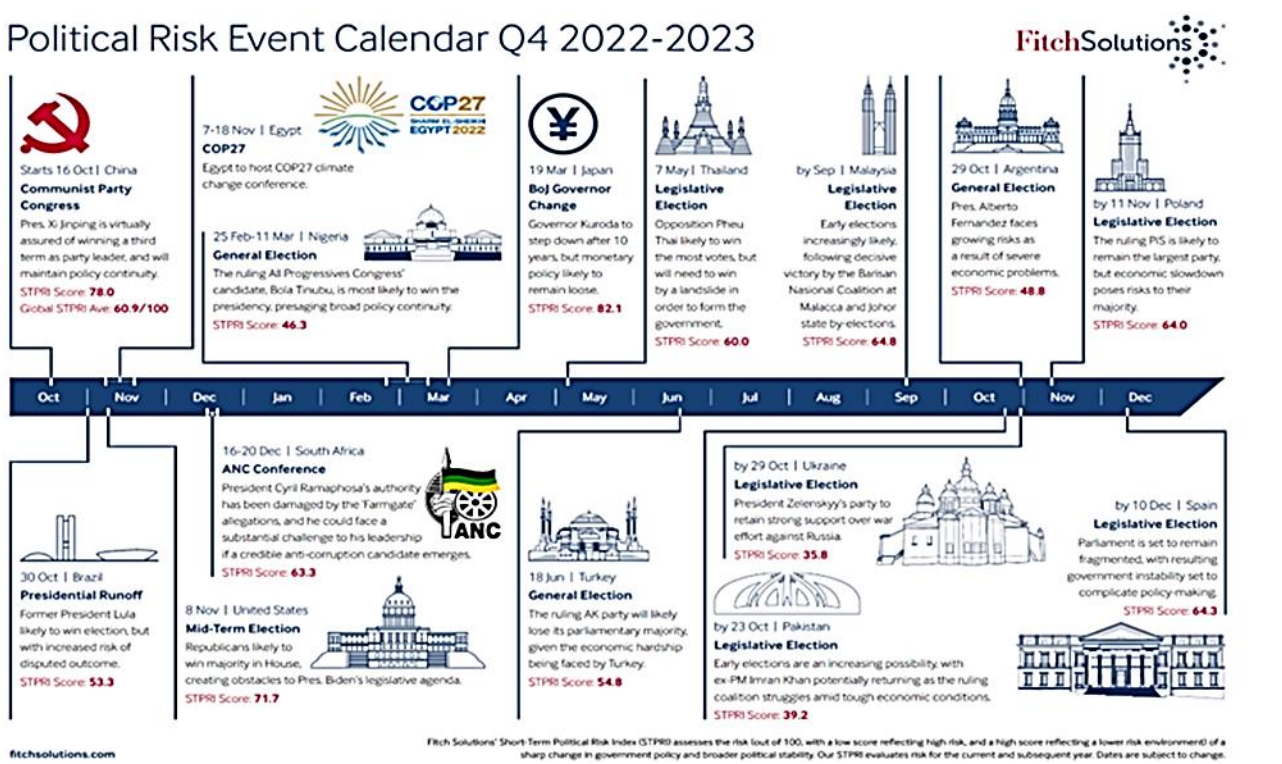
As far as the Asset Allocation going forward, increase Bonds both Treasuries and IG Bonds. Reduce Equity exposure, especially Non-US developed markets, to 75-80% depending on investor profiles. Select Latin America (LATAM) and Middle East North Africa (MENA) and regions that are favorable.

In terms of Equity Factors and Sectors, SSL continues to select Quality Factor over Growth. Momentum can play a role. The objective on Sectors is to increase emphasis in the Defensive Sectors, including Healthcare and Financials, yet retain exposure to Cyclicals and Home Builders as there is indications there are still gains to be made in those two. Continue to rotate into Consumer Staples as they will maintain when the economic slowdown starts to show in expenditures. However, Transportation may have run its course as demand for goods and exports are trending downward.

SSL uses a 'Smart Beta' strategy with factor, sector and regional screens to pinpoint the attractive securities within an index or to make an investable index. Academic and practitioner research have shown that Smart Beta portfolios outperform the overall benchmarks in the long run. High Quality Factor have the superior risk-adjusted returns. The strategies are implemented in the following SSL 4Q2022 Model Portfolio.

Conclusion - *VOLATILITY IS NOT THE SAME THING AS RISK -AKHIL LODHA*

It is a risky world, with real risks. Investment volatility is something to be managed with careful security selection and asset allocations. SSL reviews the global environment and adjusts to the expected impact on investments.



Senior Solutions Ltd

4Q22 Portfolio Design Structure

as of 5-Nov-22

lio	*Green - Add Red - Remove ETFs*
20.00%	**FIXED INCOME**
0.00%	Cash
7.00%	VNLA Ultrashort (Intl) Bd A-Credit 4.7%Gov 55%Corp 18%Cash Corp 0.90Dur -1.36%Ret 1.95%Yld 5s Neu
0.00%	SPIP (3-5YRS) TIPS 100%Gov 100%AAA 7.5Dur -13.47%Ret 7.72%yld 3s BRN
6.00%	SRLN - GSO Senior Loan ETF B+Crd 91%Corp 9%Cash 0.3Dur-5.94%Ret 5.164%Yld 3sNeu
5.00%	IUSB iShares Core TTL USD Bonds AA- 41%G 31%Crp 20%Sec 6.32%dur -15.7%ret 2.3%yld 3Gld
2.00%	VGIT Vanguard 3-10 Intmdt-Term Trs AAA 100%Gov5.3Dur -8.95%Ret 1.2%Yld 4sSlv
0.00%	CEMB iShares JPM em BBB 8%Gov 90%Corp 4.41Dur -18.97%Ret 4.46%Yld,5sSNeu
0.00%	CWB SPDR Barclays Convert Sec 96%Util 3%HC 1%Comm NotRated 2.32Dur -20.6%Ret 2.57%Yld 4s MB
20.00%	Subtotal
80.00%	**EQUITY**
0.00%	OMFL Invesco Rus1000 Dyno Mltfct B- 26%HC 16%Tech 13%CD -14.4%Ret 1.%1.3%Yld 5sNeu MQ
10.00%	QUAL iShares MSCI USA Quality Factor ETF 20%Tech 16%HC 15%FS -19.5%Ret 1.55%Yld 3s Q LM
3.00%	MTUM iShares MSCI USA Mometum 30%HC 23%Eng 17% CD -17.8%Ret 1.5%Yl 2s M LM
5.00%	DEUS Xtrackers Russell(1000) US Multifactor b 16%Tech 16%Ind 14%FS 12HC -12.5%Ret 1.7%Yld 4sMLV M
0.00%	VSS Vanguard FTSE All-Wld ex-US SmCp 27%Asia/22EEur 19%NA 19%Ind 13%Tech 12%CC -28%Ret 3.2%Yld 3s M
5.00%	SMLF iShares MSCI USA Small-Cap Mltfctr 18%HC 17%Tech 16%FS -11%Ret 1.4%Yld 4s SV
2.00%	*XHB SPDR Homebuilders 51%CC 49%Ind -32%Ret 0.99%Yld 3s MB Q*
0.00%	*XTN SP S&P Transportation ETF 96%Ind 4%Tech -24.7%Ret 1%Yld 2s SV*
3.00%	*XLF Financial Select Sector SPDR® C+ 13%Ret 1.96%Yld 4sBrn LV*
6.00%	*XLV SPDR Health Care Sel 4.7%Ret 1.48%Yld 5s LB Mom Qual*
3.00%	*XLY SDPR Consumer Discretionary Sel 93%CC 56%CD -29.1%Ret 0.84%Yld 4s LG $135.50*
7.00%	*XLP SDPR Consumer Staples Select Sector 99%CD **-3.9%%Re** t 2.5%Yld 4s LB Mom$72LVB$72*
3.00%	SCZ iShares MSCI EAFE Small-Cap 22%Ind 13%ConC 34%Eur 32%Jap 14%UK -29%Ret 5%Yld 3sMB
0.00%	FKU First Trust UK AlphaDEX 24.8%FS 18%ConC 11.3%Mat-32.9% Ret 7.24%Yld NR MV Yld
0.00%	EFAV iShares MSCI MV EAFE B 19%HC 17%CD 13%FS 41.9%Eur 28%Jap -22.5%Ret 2.98%Yld% 3s LB
5.00%	IQLT iShares MSCI Intl Quality Factor B 20%FS 13% Ind 12%HC 52%Eur 14%UK 13%Jap -24%%Ret 3.8%Yld 5s LB
5.00%	EMGF iShare Multi-Factor EEM C 20%Tech 16%FS 15%CC 34%China 20%18%India -18%Ret 3.2%Yld 4Neu LV Q
5.00%	PSR Invesco Active US Real Estate B 20.2%Infra 10.7%Apt 13.4%Ind 11.2%Data 7.6%Str -25.7%Ret 3.5%Yld 4sB
0.00%	DTRE (FFR) - First Trust DM RE B 36%xUS -15%Ret 3.77%Yld 3Slv MB LQ
5.00%	DBE Invesco DB Energy ETF B 27%Lte 30%Crd 20%Petro 31%Gas 44%Ret 0%Yld NR LV
3.00%	DBB Invesco Base Metals Fut B 0%xUS 107%Zinc 50%Alum 44%Cop -21%Ret 0%Yld 0s NoRate
0.00%	COMT iShares ComDynoRoll Strategy 38%Enr 10%CD 21%Ret 14%Yld 3Gld LV
5.00%	FTGC First Trust Global Tact Cmdty Strat 47%Mat 38%Enr 11%CD 14%Ret 4s 6.2%Yld 3sNeu LV
0.00%	FLOWX Fidelity Water Sustainbility 62%Ind $7%Mat 22%Util -21%Ret 0%yld MG 0sBrx
5.00%	GRN iPath® SeriesB Carbon ETN 0.6%Ret 0%Yld Nr
80.00%	*Subtotal*
100.00%	Total

Index: The ETF Trading Symbol is followed by the name, credit rating, sector data when applicable, 1yr Returns, 12 month Yield, Morningstar stars and level Neutral, Silver, Bronze and Gold. This is followed by Market Cap and Style, and HQ if HighQuality.