SENIOR SOLUTIONS UPDATE

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SUBJECT: INVESTMENT COMMENTARY
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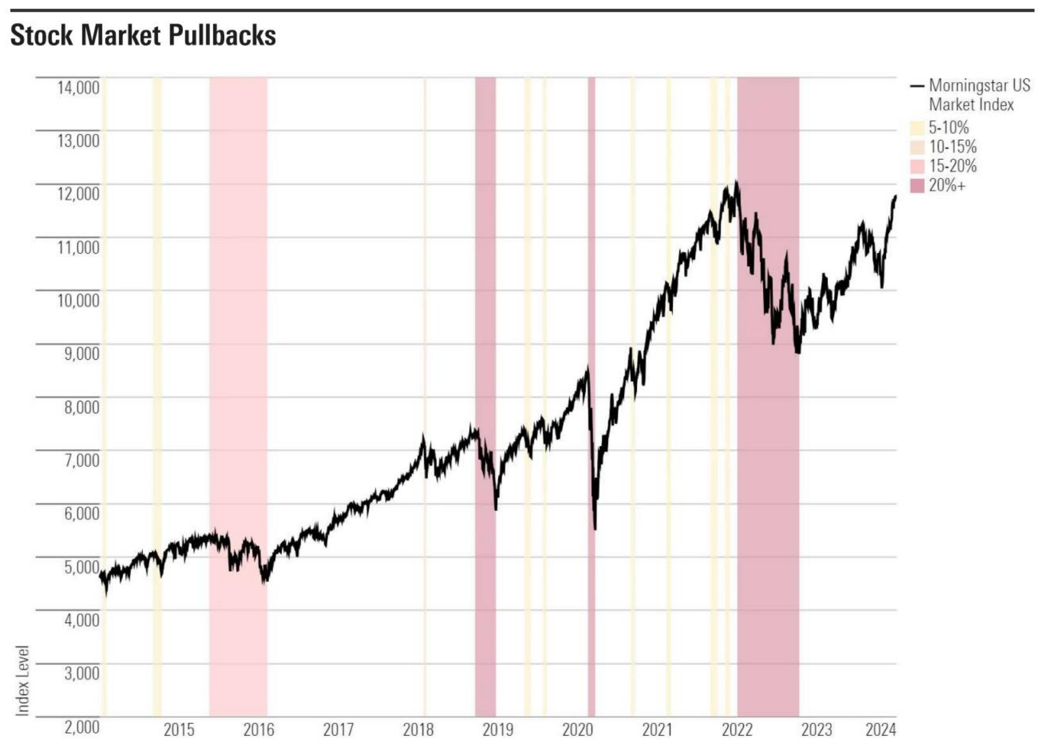
Economic Overview

The 2023 monetary tightening cycle has been the steepest and fastest over the past 40 years, yet the US economy grew.

Despite the monetary tightening cycle, it has been far less restrictive than the policy during the 1970-80s. The US economy continued to defy constriction as 'real' Gross Domestic Product (GDP) still rose by 5.2% in the 3Q23, leading Morningstar to increase the real GDP forecast for 2023. The rate of economic growth began slowing in 4Q23 and is expected to continue to slow until bottoming out in the 3Q24. Morningstar reports US growth was better than expected overall in 2023 at 2.4% but is forecast it to drop to 1.2% in 2024.



The US Federal Reserve kept interest rates at 5.25% at their January meeting, remaining at their 22-year high. The FOMC does "not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%," as well as unemployment "moving into better balance."

The Consumer Price Index (CPI) rose more than expected in January, up 3.1% year over year (y/y). Core CPI excluding food and energy increased by 0.4% between December and January versus expectations of 2.9% y/y as of December. Core *services* and *durable goods* inflation is lower but still on the high side. The Organization for Economic Cooperation and Development (OECD) projects US inflation of 2.2% in 2024 and 2% in 2025. The decline in inflation increased 'real interest rates' (after inflation), raising pressure on the Federal Reserve to pivot away from tightening. The timing for actual rate cuts will be dependent on upcoming economic/inflation reports.

Economists are looking to the June Federal Open Market Committee (FOMC) Meeting for a rate cut. US Treasuries annual return across all maturities yielded over 5%, for the first time since 2000, reported DWS. The long-term Treasury Yields moved higher before the announcement of the Treasury Quarterly Borrowing estimates. The long-term yields reversed course so the short-term rates remain higher with an inversed yield curve.

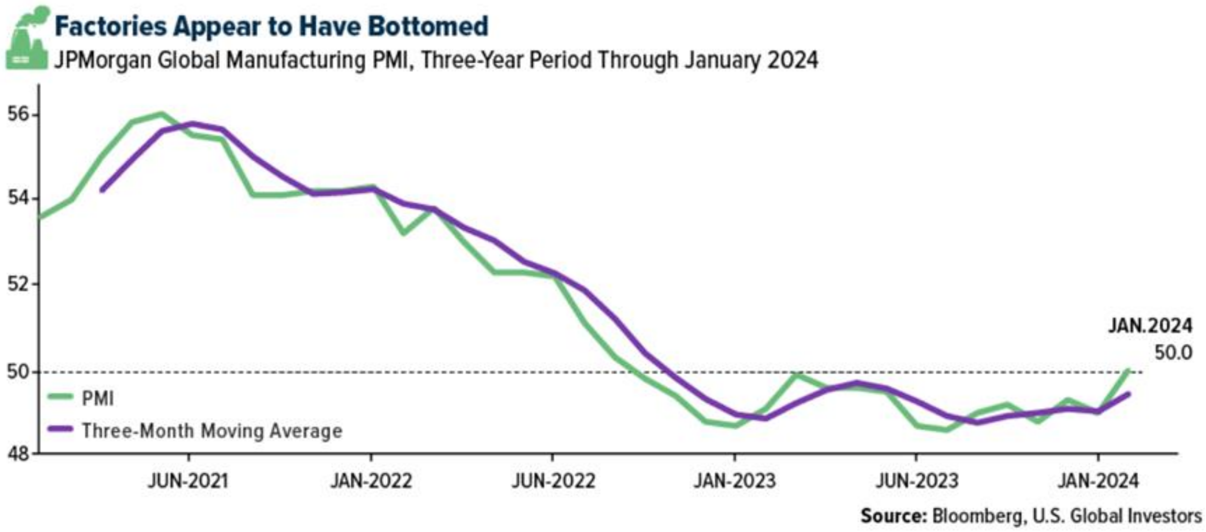
Higher interest rates are weighing on the government's finances and are expected to be the main cause of a nearly two-third increase in the budget deficit, according to the Congressional Budget Office (CBO). The CBO has been able to issue more debt but at a higher price than before and plans to set a date for a buyback program during the May refunding announcement, reports the Securities Industry and Financial Markets Association (SIFMA).

International demand for Treasuries remains high. The Treasury Department sold $42 billion in 10-year notes in February at a yield of 4.093% with a slightly lower yield as prices were bid higher. The record amount sold indicates increased appetite from traders. Auctions for 2- and 5-year Treasurys also are set to reach record sizes between February and April. Investor demand for long-dated debt appears to be holding up. The US government sold $25 billion in 30-year Treasury Bonds at a lower-than-expected yield this month as well, which was the largest sale in over two years. Those T-Bonds had a yield of 4.36%, compared to 4.38% just before they went up for sale, indicating higher-than-anticipated demand

There has been steady softening in wage pressure, Nuveen reports. The private quits rate is down, the number of job openings is lower, the pace of job creation has slowed, and cyclical measures of employment have moderated. Unemployment is likely to rise this year. January jobs report showed a number nearly double what was expected with a headline pace of 353,000 jobs for the month and another 126,000 in upward revisions to the November and December figures. Labor Market growth came from part-time, not full-time employment. Part-time employment hit its highest level since 2018. Full-time employment hit its lowest level in about a year. The average number of hours worked, save for the dip during the COVID pandemic, hit its lowest level since 2010.

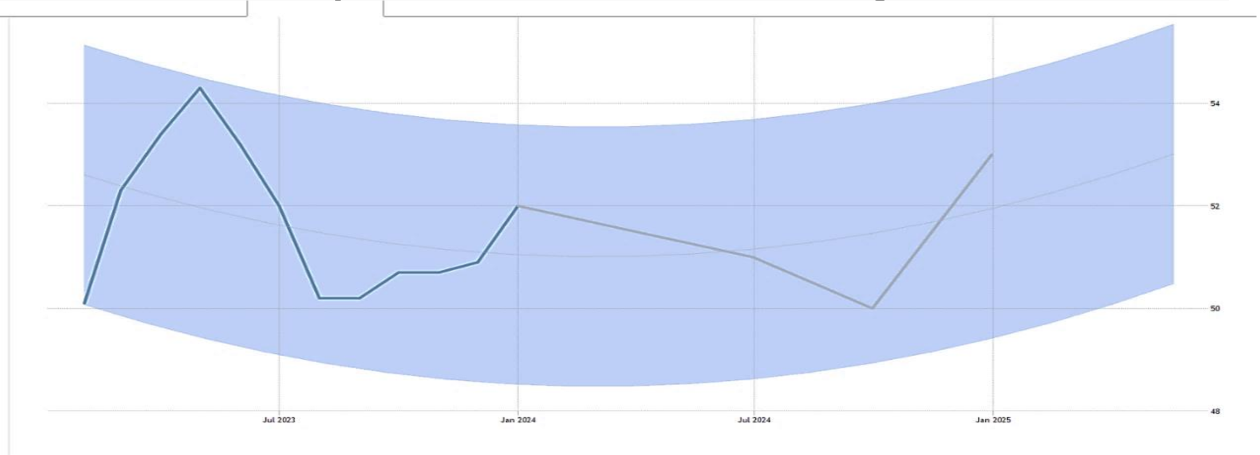
The unemployment rate stayed flat at its low level of 3.7%, and wage inflation picked up to 4.5% year-over-year. FOMC Chairman Powell acknowledged the progress in labor markets and indicated the Fed may start cutting before wage growth normalizes to the pre-pandemic level. According to the SIMFA, the total labor market picture, beyond the headline non-farm payroll number, is showing that the jobs market starting to crack. Unemployment is likely to rise this year.

Data shows the US economy is strong but Americans are feeling downbeat about its prospects, reports SIFMA. Consumer spending is resilient, inflation is falling, and unemployment is low. But Americans remain concerned about their long-term financial security due to social and political risks.



Global manufacturing is slowly stirring back to life, as evidenced by a positive Purchasing Managers' Index (PMI) reading in January. This is benefiting Industrial Metals especially Copper, according to US Global Investors. The JPMorgan Global Manufacturing PMI registered 50.7 in January, halting 16-months of contractionary signals. The Institute for Supply Management (ISM) manufacturing Index is neutral with a PMI at 50.7 in January, it is up from 49.7 in December. Trading Economics forecasts that the PMIs will dip in 3Q24 then spike higher.

United States Composite PMI Forecast - Trading Economics



Related	Last	Previous	Unit	Reference
Manufacturing PMI	50.70	47.90	points	Jan 2024
Services PMI	52.50	51.40	points	Jan 2024
Composite PMI	52.00	50.90	points	Jan 2024

The International Monetary Fund (IMF) projects an economic global growth of 3.1% for 2024 along with 3.2 % for 2025. The forecast for 2024 was increased by 20 basis points (bps) higher than its October 2023 projection. The forecast for 2024–25 is still below the historical (2000–19) average of 3.8%, due to higher Central Bank rates to fight inflation, a withdrawal of fiscal support, high debt, and low underlying productivity growth. Shipping costs between Asia and Europe have increased markedly and are adding to the headwinds, as Red Sea attacks reroute cargoes around Africa. Signs of strain are growing in interest rate-sensitive sectors, with declining construction and loan activity.

Global headline inflation is expected to fall to 5.8% in 2024 and to 4.4% in 2025. A substantial share of recent disinflation occurred from declining in Commodity and Energy prices. Tech improvements over the last 20 years have been deflationary. Artificial Intelligence (AI) can be far more deflationary. Disinflation could happen faster than anticipated, especially if labor market loosens and short-term inflation expectations continue to decline, allowing central banks to ease sooner. There will be increased public spending toward the upcoming global election year in history. This could boost economic activity, but also spur inflation.

A faster pace is needed to address the world's many structural challenges: the climate transition, sustainable development, and raising living standards. Addressing constraints to economic activity, such as governance, business regulation and external sector reform, could unleash latent productivity gains. Important strategies include phasing out fossil-fuel subsidies, which have reached a record $1.3 trillion. It will also be key to expand carbon pricing. Efficient multilateral coordination is needed for debt resolution, to avoid debt distress and create space for necessary investments to mitigate the effects of climate change.

Market Overview

Investors are underestimating the risks to the economy as it transitions from tight monetary policy - SSGA

After a historically poor 2022, investors anticipated poor and possibly worse in 2024. They were caught off guard for the 2023 rally, according to State Street Global Advisors (SSGA). The S&P 500 Index rose by more than 24% and the 60/40 portfolio returned 18% In 2024, investor expectations are now much higher. But investors are underestimating the risks to the economy as it transitions from tight monetary policy to those that stimulate economic expansion. Risks are skewed to the downside. 2023 stock market gains were mainly due to an increase in Price/Earnings ratios (P/E).

The S&P 500 closed above 5,000 for the first time Friday, Feb 7th and increased 5.4% in 2024 so far. Such records make it attractive to invest now. Be cautious not to "overinterpret any one move as being a big meaningful thing," said Dan Egan, vice president of behavioral finance and investing at Betterment. Additionally, the big stocks that have been driving growth are expensive now.

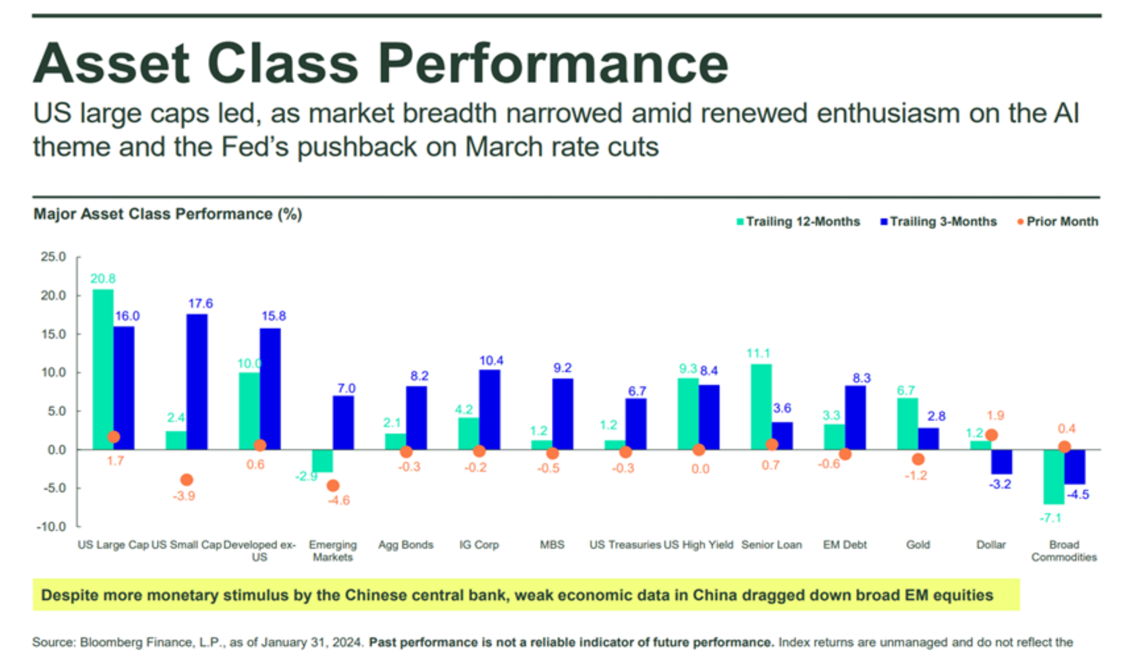
The 4Q23 rally began on October 27th, recast the entire year's results, noted DWS. Only a few asset classes were in the red for last year, with Brent losing 10% and China losing ground. Small Caps companies returns were weak compared to the megacaps. The European Stoxx 200 Small Cap Index was up 8% and the broader US Midcap Russell 2000 Index had a 15% gain for 2023.

US companies suffered through an earnings recession, after three consecutive quarters of negative year-over-year earnings growth. Rather than contracting as expected, the US economy actually expanded in every quarter of 2023. Year-over-year, 4Q23 earnings for S&P 500 companies are on pace to grow by 4.3%, with net profit margins of 12.1%. In 2024, S&P 500 companies are forecast to grow their earnings by 11%.

With the strongest labor market in more than 50 years, the consumer continued to be the engine of the exceptional US economic growth in 2023. More than a decade of ultra-low interest rates enabled consumers and businesses to lock in cheap financing costs on growing debt obligations. This trend may be spent out. The economic effects of the recent jump in union wages haven't yet impacted.

Rising unemployment and higher cost of living are headwinds for consumer-based industries and asset classes. In new homes data, there are signs of disinflation atleast in rents. 'Owners' Equivalent Rent' is about one-third of CPI. Shelter was the last category of high inflation in the official statistics. A housing slowdown is a risk to the economy likely in the next six months.

Companies with strong cash flow and low debt burdens outperformed in 2023. Analysts expect US equities to continue to outpace broad developed Ex-US and Emerging Markets (EM). European economic momentum has weakened since 1Q23. The Eurozone Purchasing Manager Indices (PMIs) contracted for both the manufacturing and services sectors over the Summer, as weak demand China for goods spilled over to services sectors. The EU Economic Sentiment Indicator has steadily declined.



While 2024 EM earnings growth projections are higher than the US, those numbers are more vulnerable to downgrades during a global economic slowdown. EM earnings revisions have been negative throughout the year due to deteriorating earnings prospects. Despite more monetary stimulus by the Chinese central bank, weak economic data in China dragged down broad EM equities. Earnings growth is likely to be the key driver of regional returns around the world.

U.S Equities	Performance (%) Q4 2023	2023
U.S. Market	12.08	26.43
Value	9.71	11.98
Growth	14.87	38.48
Dividend Composite	9.63	10.98
Wide Moat Composite	12.97	33.58
Global Equities		
Developed Markets ex-US	10.57	17.91
Emerging Markets	7.83	11.92
Fixed Income		
U.S. Core Bond	6.56	5.31
U.S. Treasury Bond	5.46	3.88
U.S. High Yield Bond	7.07	13.48
TIPS	4.45	3.68
10+ Year Treasury Bond	12.32	2.58

Source: Morningstar Direct. Data as of Dec. 31, 2023.

Equity Markets

2024 is lining up to be the first year after the pandemic when all the disruptions and dislocations are finally past.

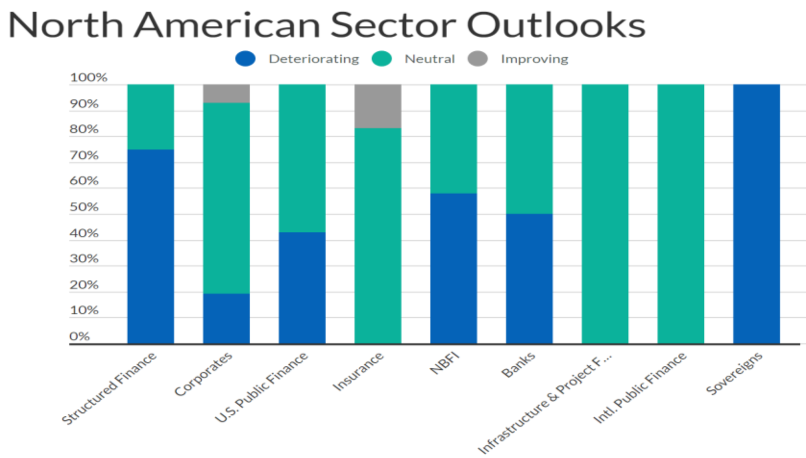
US value stocks are trading for 14 to 15 times earnings, excluding the expensive Tech stocks. It equates to a 7% equity earnings yield and a 500 basis point (5%) equity premium over Treasury Inflation Protected Securities (TIPS). Small Cap have an 8%–9% earnings yields. In 2024 many Small and Mid-Cap companies are unprofitable and will not be able to service higher borrowing costs and rising costs of capital. The Small-Cap Value could revert to their higher average market prices which will bring down that earnings yield. While Quality Large Cap equity are likely to be less volatile.

Volatility will remain elevated in 2024. The S&P 500 index fluctuated between going up by 6.5% in roughly the first four months of 2023, a 12% jump in the next three, a loss of 9.7% between late July and October and another 12% climb through the middle of December, according to Financial Planning reports. Frequent rebalancing might not have been beneficial in that environment. Opportuntistic cash flow rebalancing can be implemented by reinvesting dividends more often.

As long-term interest rates rose in 2023 and the 10-year US Treasury bond neared 5% last Fall, stocks dropped into undervalued territory. The rate of economic growth in 2024 is expected to slow whereas stocks rallied back to their highs. There are undervalued Sectors that can benefit investors. The "Magnificent Seven" have run out of steam. These include (Apple AAPL, Amazon.com AMZN, Alphabet GOOGL, Meta Platforms META, Microsoft MSFT, Nvidia NVDA, and Tesla TSLA), which now account for only 52% of the market return 3Q23.

Halfway through the 4Q23 earnings reporting season, the growth rate for S&P 500 companies earnings slowed to 1.6%. That is much lower than the 5% forecasted by analysts in early October. Some stock values are still on the high side after the recent rally. With lower forward earnings likely, they are now trading at a 10-15% premium.

Some Sector outlooks have improved to 'neutral' from 'deteriorating' year-over-year, including Public Finance and Insurance. Inflationary pressures have eased for US Public Finance after firms incorporated higher operating costs into budgets, including water and sewer utilities. The higher across-the-board costs for public services could translate into rate increases.



Note: NBFI - Non-bank financial institutions. Sectors cover multiple industries.
Source: Fitch Ratings.

The Leading Economic Indicators (LEI) have been negative since July 31, 2022 on a y/y comparison. Quality has outperformed since March 31, 2023, as the Fed moved closer to stopping rate hikes. Overall investor sentiment remained positive. It declined recently after a significant runup into 2024. Institutional investors' risk appetite is marginally positive. Given the prospects of slowing demand, 2024 earnings sentiment has weakened.

Growth continued to lead into 4Q23. The Earnings Per Share (EPS) growth outlook plateaued for the Russell 1000 Large Caps and declined modestly for the Russell 2000 Mid Cap Index. Estimates for US Small Cap Growth remained below Large Caps after bounding in the 4Q23 risk-on rally. Large Caps are better positioned than Small Caps for a slowing economy. Small Caps tend to be more economically sensitive with less pricing and wage negotiation power.

U.S. Equity Style Box Performance

Q4

	Value	Blend	Growth
Large	8.02	10.74	15.72
Mid	14.11	9.97	14.69
Small	15.38	12.55	14.47

2023

	Value	Blend	Growth
Large	11.83	18.64	47.26
Mid	10.94	13.45	25.38
Small	14.58	21.45	26.65

Source: Morningstar Direct. Data as of Dec. 31, 2023.

U.S. Barometer

	Val	Core	Gwth
Lg	0.73	0.20	−0.08
Mid	1.10	0.90	0.26
Sm	1.94	1.10	0.84

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Value stocks and Small-Cap stocks still trade at attractive discounts according to Morningstar. By capitalization, Small-Cap stocks remain at a 16% discount, followed by Mid-Caps at a 6% discount. Value stocks remain the most attractive, trading at a 10% discount to fair value, while core stocks are trading into overvalued territory and growth are essentially at fair value.

Projections for Quality 2024 earnings are 15.9% higher with revenue up by 7.3%, exceeding the broad market. Companies with the Quality Factor have historically expanded profit margins during economic slowdowns. Quality companies' valuations have become more expensive but are not too overvalued. The Momentum led Factor performance last year and continues to outperform the broad market. Quality continues to perform strongly amid weak earnings sentiment. Quality companies have lower financial leverage than the broad market and positive free cash flows.

	Performance (%)	
Cyclical	Q4 2023	2023
Basic Materials	11.05	14.96
Consumer Cyclical	12.35	39.47
Financial Services	14.61	16.09
Real Estate	17.89	11.76
Sensitive		
Communication Services	11.67	54.45
Energy	-6.64	-0.55
Industrials	13.55	20.90
Technology	17.23	59.06
Defensive		
Consumer Defensive	5.80	2.37
Healthcare	6.81	2.22
Utilities	8.65	-7.04

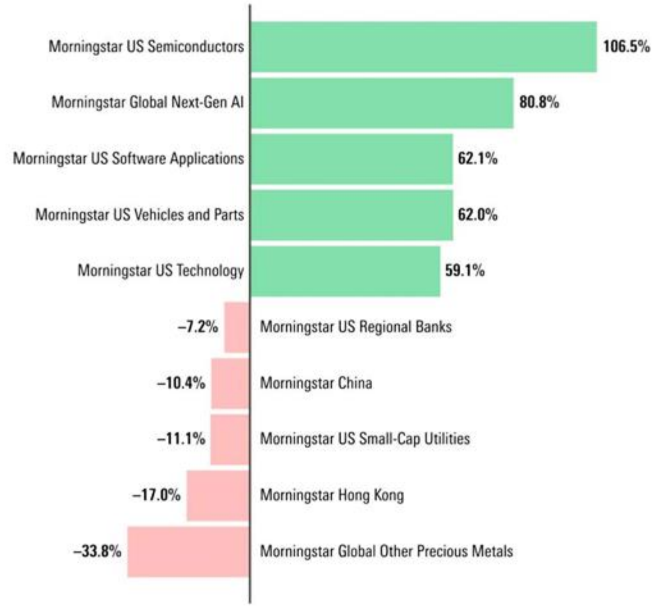
Source: Morningstar Direct. Data as of Dec. 31, 2023.

Retailers are looking to M&A to grow revenue/income as they face higher cost of operating and Capex. Online retail platforms that have large amounts of customer data to train the large language models are in a strong position to leverage AI technologies to improve efficiency in marketing and sales.

Enthusiasm for AI has propelled the Tech Sector in the S&P 500, lifting the index overall to record levels. The strong earnings in Tech and Industrials come at a high price. The other 10 sectors have lagged, with stocks trading well below all-time highs. The limited rally could signal vulnerability, as the market's gains depend on only a few stocks.

Gains in Large-Cap Tech shares were from stronger-than-expected economic data, which delayed expectations for interest-rate cuts. Meta and Amazon have reported positive results 4Q23, and the shares rose by 20% and 7.9% respectively in December. But Google, Microsoft and Apple shares slumped, despite higher-than-expected results.

2023 Top and Bottom Sector Performance



Source: Morningstar Direct. Data as of Dec. 31, 2023.

Communication Services and Tech Sectors outperformed driven by the AI frenzy. Only Alphabet remains undervalued at the end of 2023. Communications started 2023 as the most undervalued Sector. It remained undervalued even after its above-market returns. A wide array of traditional communications stocks are undervalued not just Alphabet.

New home sales have risen with developer incentives driving construction, home retail, and furnishings. Home improvement projects are still strong. Homebuilders has witnessed a near 4% increase and still trading at a larger-than-normal discount to the S&P 500. Rate cuts will lower mortgage costs, enhancing demand. Easing financial conditions supported a strong rebound in Real Estate and Small-Cap Financial firms.

Health Care and Utilities have shown positive earnings sentiment with attractive valuations, reports DWS. Gains in Health Care, Financials and Staples in 4Q23 lifted the Russell 2000 Small Caps to outperform the Russell 1000 Larger Cap Index. Staples and Utilities lagged in 4Q23.

While Energy continues to show attractive valuations, its momentum and earnings sentiment has weakened significantly. Energy is now one of the more undervalued Sectors, as oil prices declined during the year. The Utility Sector is now undervalued after it dropped sharply as interest rates rose. There is value in the Basic Materials Sector. Lithium prices dropped too far to the downside. Gold-mining companies are attractive.

The defense budget has expanded from $687 billion in 2019 to $817 billion in 2023. Aerospace & Defense firms have had their 12-month earnings forecast revised upwards by 3% with earnings per share growth gaining 57% in the last few months, exceeding expectations. Aerospace & Defense firms trade at a 1% discount versus a historical premium.

The outlook for the US Life Insurance Sector is improving, as insurers benefit from higher rates and balance sheet strength. In the first half of 2023, Property & Causality (P&C) insurers' net written premium increased by 9%, supporting positive net income going into 2024. Insurers have been raising premiums to catch up with increasing underwriting expenses. Prices are rising due to wild fires and extreme weather events. Whereas adverse auto claims are declining. The higher interest rate environment supports insurers' investment income, the second-largest part of their revenues. The industry's EPS growth is projected to be above 20.0% again in 2024. US mortgage insurers continued to record strong profitability despite a slowing economy.

US banks' profits dropped nearly 45% to $38 billion in the 4Q23. That is the largest year-over-year decrease since 2Q20, data from BankRegData shows. Profits were affected by costs relating to the US regional banking crisis in March last year, an increase in bad loan provisions, portfolio losses, and higher operating costs, reported SIFMA. Fitch Ratings' has 'deteriorating' Financial Sector outlooks in 2024 for the majority of North American credit, including Treasuries, US banks, leveraged finance, Retailing, Real Estate Investment Trusts (REITs), most Non-Bank Financial Institutions (NBFI) and most structured finance asset classes.

International x-US

The valuation gap between the S&P 500 and the MSCI World index is at its widest in over two decades. prompting some to search for bargains abroad -SIFMA

In the Euro area, activity is expected to rebound slightly after a challenging 2023, when high energy prices and tight monetary policy restricted demand. The Organization for Cooperation and Economic Development (OECD) expects inflation to hit the Group of 20 countries' targets by the end of 2025. Core inflation in the Eurozone retreated 5.4 to 3.6% during November to January. The European Central Bank (ECB) increased the deposit rate from 2 to 4%. Eurozone governments sold €200 billion in bonds since the start of 2024 as they move to take advantage of increased demand. January issuance was 20% greater than a year ago and the highest monthly total on record, according to Barclays. UK Monetary Policy Committee members voted to raise the bank rate to 5.5% from 5.25% at the latest BoE meeting.

Government Bonds from Italy and Spain offer yield premiums to US Treasuries. For Corporate Bonds, a drop in price would be a buying opportunity. In Europe, Corporate Hybrids like Convertibles and Preferred are attractive as are the Banking Sector Senior Bonds. High Yield bonds have significant risk due to disruptions in the Financial Sector. In Emerging Market Bonds (EMB), yields are tight across the yield curve, leaving little cushion for prices if there is an increase in risk.

The trouble in the US commercial real estate market extended into Europe, with Germany's Deutsche Pfandbriefbank facing a bond slump because of Real Estate concerns. Rising interest rates globally are a trouble for loan payments. There are concerns about the potential for broader problems, with analysts suggesting further write-downs might be necessary.

In Japan, the potential for wage increases and service-sector price growth has turned the Bank of Japan bullish on its inflation outlook, which could mean the world's last negative interest-rate regime is near an end. A forthcoming change in fiscal policy in Japan could improve return on equity (ROE) and other quality metrics that might attract fund flows into Japan. There Is No Alternative (TINA) to stocks in Japan when bonds yield nothing. The Topix generates 2.35% versus 0.96% in Japan Global Bonds (JGP)s.

According to the International Monetary Fund (IMF), weaker consumption and investment continue to weigh on economic activity in China. China is planning to pump about 1 trillion yuan ($140 billion) into its economy. China's consumer price index fell 0.8% in January from a year before, the fastest pace since 2009, mainly led by a sharp decrease in food prices. A sell-off in green stocks last year prevented investors from 'baking in the uplift in value' from the energy transition. The benchmark CSI 300 Index fell 3.4%. The authorities have discussed a stock stabilization fund in recent months. Chinese stocks rallied after the government started taking measures to stop the rout. Trading in the country's largest listed companies rose to a five-month-high, likely due to purchases by Beijing's state-run financial institutions.

Many other emerging economies are showing resilience, with growth accelerating in Brazil, India, and Southeast Asia's major economies. Emerging Markets (EM) have held up, with stronger-than-expected growth and stable external balances, partly due to improved monetary and fiscal policies. Local currency Emerging Market Bonds (EMB) were boosted by a decline in rates in EM.

India's NSE Nifty 50 Index has grown by a third over the past 10 months with foreign inflows of $20 billion last year. Investors are turning away from the Chinese stock market towards India's faster growing one. India looks to be a rising star. Chinese equity valuations are near 15-year lows. India and US large-cap growth equities continue leading price momentum, while UK equity momentum has weakened further. Overall, volatility management strategies are in order.

Fixed Income Assets

US long yields peaked in late-October and declined over 70 bps for the quarter, increasing the value of long-duration assets.

March will also be exactly two years from when the Fed started hiking rates. US Treasury yields rallied last week after the US Federal Reserve Chair Powell left rates at a 5-5.5% range and indicated that a rate cut in March is unlikely. Consensus is for 50 bps rate cuts by the July 2024 Fed meeting. The Fed's revised Dot Plot now sees three rate cuts totally 75 basis points (bps) for next year. While the market was pricing in six cuts totaling 150 bps. There is concern about heightened volatility in the US Treasury market. The longer-term investor can withstand some day-over-day volatility.

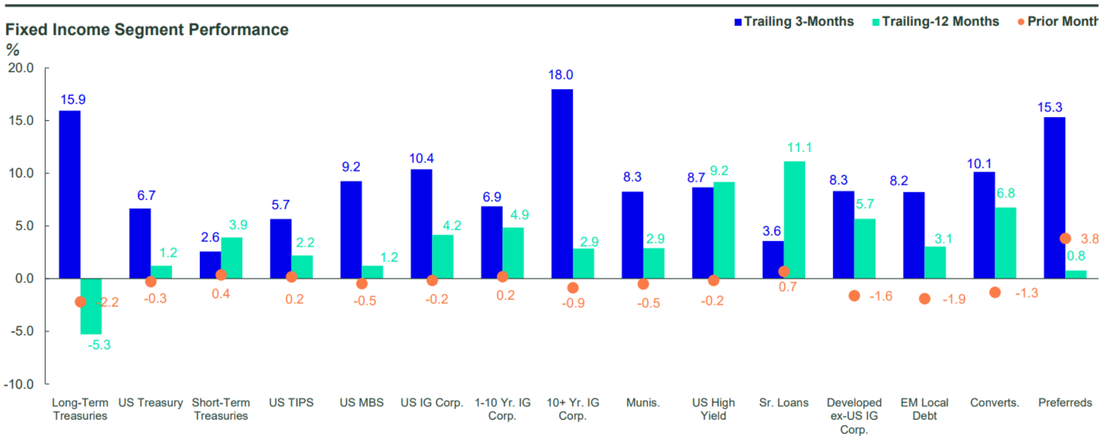
The 10-year US Treasury yield at 4.02% is poised to fall from current levels to finish 2024 around 3.50%, which will boost market prices. The US 2-year consensus forecasts are for 3.88% and US 10-year forecasts at 3.90%, with steepening expected to continue toward the end of the year.

Spreads on BBB rated bank debt widened 10 to 20 bps, indicative of higher risk. The value for Globally Systemically Important Banks (G-SIBs) rallied slightly, while regional banks were lower on losses in commercial real estate. Mortgage Back Securities (MBS) are well-suited for core holdings by generating above-benchmark yields with less volatility Mortgages are a historically defensive sector with current a 5.5% attractive yields relative to Treasuries.

The Bloomberg US Aggregate Bond Index (AGG) is down 15% over the past three years, so roughly on par with 2023, with far fewer drawdowns over the past three years (max drawdown of -7% versus -18% in 2020). Short-term bonds have their own risks due to declining interest rates. Reinvestment risk may become an issue as the Fed cuts rates. Core bonds' yield-per-unit-of-duration' has moved from 0.65 at the start of the year to 0.90, so one-year total return could still be positive with even another 100 basis point (bps) rise in rates, which is unlikely.

Fixed Income Sector

After a strong rally in the last two months of 2023, returns of most fixed income segments were muted in January



Source: Bloomberg Finance, L.P., as of January 31, 2024. **Past performance is not a reliable indicator of future performance. Index** returns are unmanaged and do not reflect

Tight spreads, more downgrades, rising defaults are negatives for High Yield (HY) Bonds that have yields over 7%. Collateralized Loan Obligations (CLO) with yields near 10% are subject to declining consumer credit. The higher rates counterbalance credit risks. Broad HY and Investment Grade (IG) credit spreads are at least 30% below their long-term averages so investors are not rewarded for the added HY risk and are exposed to market value declines if spreads widen to reflect the risk.

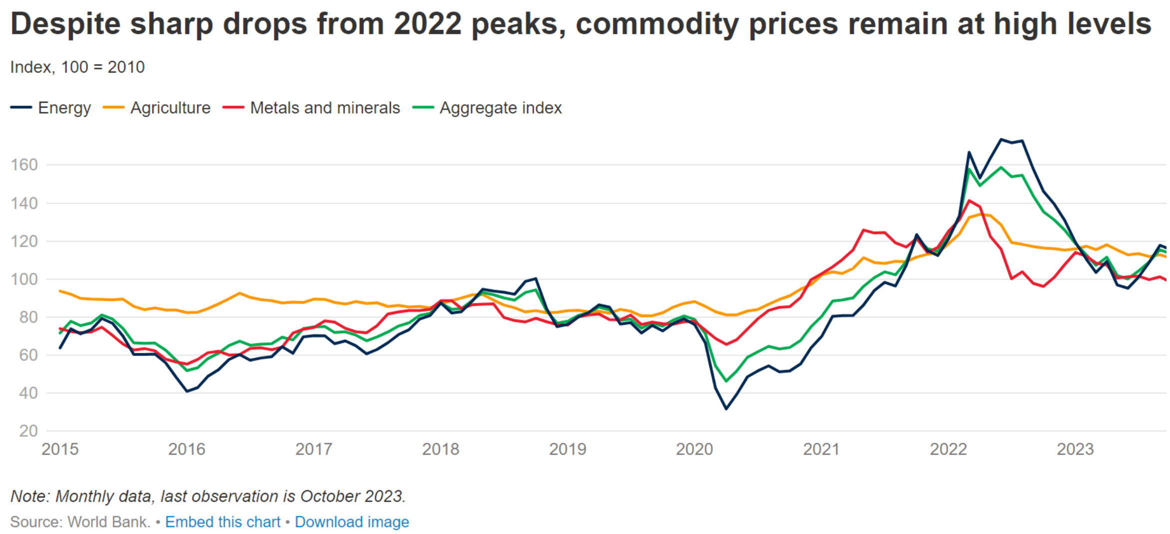
With short-term Treasuries hovering above 5%, there is an investor preference for Bonds vs Equities. There is an opportunity cost in Equities because there is no volatility in Money Markets by design. This benefit is likely to be short lived. There is a 25% additional yield for investors by investing in IG credit over TIPS. The US Treasury is issuing new debt to cover their trillion-dollar deficits. This could result in price declines for the long-term Treasures if supply is more than demand. The first order of impact on Fixed Income will be the FOMC cutting rates this year.

Other Assets

Increased geopolitical risks resulted in commodity prices volatility.

Geopolitical risk adds yet another layer of complexity to Commodity prices, explains DWS. The higher the volatility, the larger the analyst forecasting error for a Commodity's future price. Price forecast for Gold and Copper forecasts are typically off by no more than 10%. By contrast, price forecasts are more volatile for Energy Commodities, making reliable forecast more difficult.

Both Gold and Copper had positive returns in 2023. Copper markets made the sign of the 'golden cross', with the 50-day moving average rising above the 200-day moving average. Prices are in the range of $8,400-$8,600 per metric ton, with potential of $9,500 according to the Robert Freidland, founder of Ivanhoe Mines. China … "has not slowed its consumption of the red metal, despite the country's shaky real estate market". China imported a record 27.54 tons in 2023. Demand from military applications are also strong. Increasing demand for new homes are supporting prices, as is Clean Tech which relies on Copper. Asia's Centre for Research on Energy and Clean Air reported investments of $890 billion last year. There is a tension between mining and greening.



DWS sees a return to $88 per barrel for Brent Crude this year. The US Energy Information Administration (EIA) increased the spot price estimate for Brent crude to $94.91 a barrel in 2024, up from a previous forecast of $88.22. Brent crude is poised to end the week slightly below $82 per barrel. Planned OPEC+ output cuts, alongside tighter US inventories support the price of oil. Bearish calls from the EIA have also buoyed oil prices, saying that US crude output is unlikely to surpass the current level of 13.3 million barrels a day until early 2025.

Geopolitical upheavals have prompted JP Morgan to forecast $10 upside for oil prices, as reported in Oil Price. Shipping giants such as Maersk have voiced concerns that the Red Sea shipping crisis may continue throughout 2024. The geopolitical risk premium returned this week after Israel rejected a ceasefire offer and bombed Rafah. After falling through the first nine months of 2023, implied oil volatility spiked 30% in October following the attack by Hamas, reports SSA. There is widening dispersion in the global markets amongst Commodity markets. The outlooks for Aluminium and Copper are positive. Demand for the Industrial Metals of iron ore and metallurgical Coal is strong as inputs for the increase in steel production.

Real Estate (RE) is languishing while Equity Markets are hovering near all-time highs. RE transactions are likely to recoup the 43% decline in 2023 activity. Investment returns have been negative for in 2023 with a -16.4% loss. With potential rate cuts, opportunities exist in Retail and Housing Real Estate. US grocery and drugstore anchored malls are at record low occupancies. Retailers have expanded into suburbia where people have moved. Globally, housing demand outstrips supply, making prices out of reach for many would-be homebuyers, according to Nuveen. New homes prices are rising in China as well.

Gold remained resilient against the macroeconomic headwinds. Gold had risen 11.64% near the end of 2023 and had reached US$2,050/oz in May 23. It is testing its all-time high of US$2,075/oz. Looking ahead to 2024, shifting monetary policy, an economic slowdown, and elevated volatility may create a positive environment for Gold. There is record high demand for Gold from Central Bank purchases and robust jewelry demand. Expectations for rate cuts during the first half of 2024 can be good for Gold prices. Trailing returns are below Gold's historical annualized return of 7.75%, indicating Gold may have more room to run, both in the short term and over the longer term. SSGA sees a potential trading range between US$1,800/oz and US$2,200/oz.

Central Banks continued purchasing Gold to diversify their reserves away from the USD and other reserve currencies. This may add more pressure on the greenback. Gold has had a -45% correlation to the dollar over the past 20 years and is likely to benefit from a USD softening in the foreign exchange markets (FX). US interest rate cuts as well as the potential for US government shutdowns, fiscal policy debates, and political standoffs ahead of the 2024 US election may also spur demand for non-dollar currencies.

The strong USD domestic currency had resulted in cheap imports from countries like Germany and Japan. That disinflationary effect took pressure off further hike rates. USD currency is slipping but remains dominant. The USD dropped 9.48% from its 20-year high in 2022, as it reverts to its average position amongst other currencies. Slowing growth can weigh on the USD over the medium term. This affects most Commodities valued in USD.

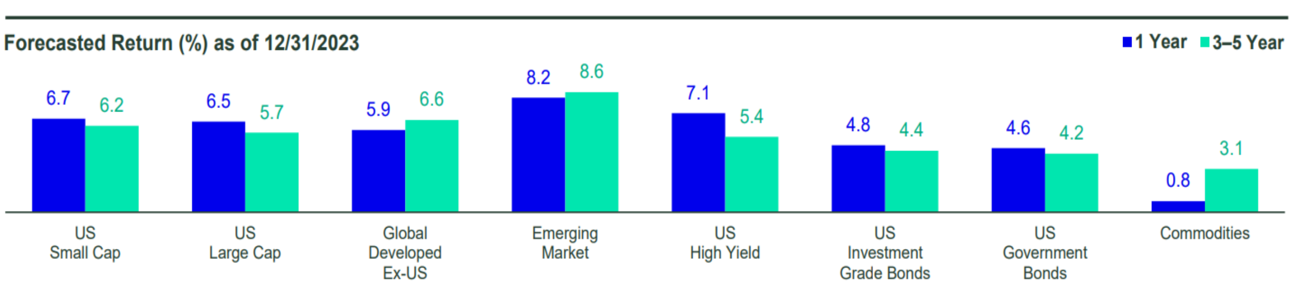
Asset Allocation

Add commodities for diversification, with a less correlated tactical real asset natural resource sector rotation, suggests SSGA.

Based on Morningstar valuations, the recommendation is to overweight Value, underweight Core, and marketweight Growth. By market capitalization, underweight Large-Cap stocks and overweighting Small-Cap and Mid-Cap stocks. The Tech and Industrials Sectors moved into an underweight category. Whereas overweight Communications, Basic Materials, Real Estate, and Utilities. Real Estate continues attracting flows as investors expect lower rates. Sturdy economic growth is needed to rejuvenate the Sector. According to DWS the RE Sector has stabilized.

Nuveen recommends avoiding Cyclical exposures in favor of Defensive less economically sensitive areas. Information Technology such as Software is less cyclical. Health managed-care and health care- distributors are more Defensive. Strong consumer balance sheets and solid levels of business investment support these markets Sectors. SSGA suggests industries driven by consumer spending could provide momentum in 2024. DWS has a preference for Communications and Consumer Discretionary, as well as Housing and Home Retail, Defense Industry, Real Assets, and Gold.

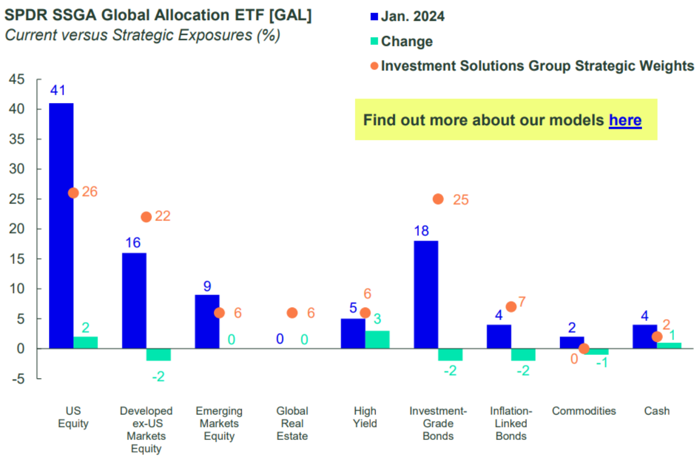
The Factor Focus should be a blend of Quality, Value, and Minimum Volatility to capture a quality-centric upside with a defensive bias. DWS maintains a strong overweight on EU Small and Midcap companies (SMEs). Quality Asian Consumer, Tech and Financial Sectors are the focus for DWS in EM, including those in India.



Source: State Street Global Advisors Investment Solutions Group. The forecasted returns are based on SSGA's Investment Solutions Group's 12/31/2023. Forecasted returns and long-term standard deviations. The forecasted performance data is reported on a gross of fees basis. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in the local (or regional)

State Street Current Positioning

Given strong risk sentiment and solid economic fundamentals, State Street increased allocations to high yield bonds and US equities while trimming IG bonds



Tactical Rebalance Trades

Bought	• US Equity • High Yield • Cash
Sold	• Investment Grade Bonds • Inflation Linked Bonds • Commodities

Sector Rotation Trades

US Equity Allocation Total: 6%

Dec.	**Tech.** 2%	**Comm. Svs.** 2%	**Energy** 2%
Jan.	**Tech.** 2%	**Indust.** 2%	**Energy** 2%

Sectors are included based on their relative valuation, momentum and earnings sentiment

Source: State Street Global Advisors. As of January 31, 2024. Exposures are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector. It is not known whether the sectors shown will be profitable in the future. The information above is rounded to the nearest whole number.

After rate hikes in 2023, Core Bond Yields are now more in line with their duration. To ensure that the duration risk is being fairly compensated, overweight intermediate Investment-Grade (IG) Corporate Bonds with a maturity less than 10 years. Those valuations are not as stretched. With a weighted duration of 4 years, duration risk is lessened while also limiting reinvestment risks. Nuveen advises to strike a balance between yield, duration, and potential volatility in interim term Bonds.

The US, affordable housing has tended to outperform during economic downturns, making it an appropriate choice as growth decelerate. Mortgage Securities (MBS) provide higher income that might offer FHA/GMA government guarantees. MBS have higher yields than traditional Bonds. Their negative correlation to stocks and bonds can provide portfolio diversification benefits as well.

A solution for heightened volatility in the Bond market could be Floating Rate Treasuries which are a good diversification against equities. A 'barbell approach' could be a solution to achieve a duration target, by toggling between Floating Rate notes on the short-end and Core Bonds for the long-term exposure. Extend duration by Investment Grade (IG) Corporates bonds, and securitized bonds such as Mortgage or Asset Backed Securities (MBS or ABS), Preferreds, high quality High Yield (HY) Bonds, and CLO Senior Bank loans. The 1-to-10-year IG Corporate bonds provide investors with more compensation for credit and rate risks than other Bonds, based on yield per unit of duration.

Add Commodities for diversification, through a less correlated tactical real asset natural resource sector rotation suggests SSGA. Gold may provide portfolio protection in a heightened risk environment as was the case in 2023 when Gold aided in buffering against rising market volatility. It also serves as an Asset Alloction diversifier for Bonds and Stocks. When 'real rates' dropped more than 50 bps, Gold historically has averaged a slightly higher return than US bonds, notes SSGA.

Conclusion - *Now is not the time to stay on the sidelines but time to invest cautiously PH*

There is a shift in the capital markets toward fixed income, with a comparable return to Equities without the level of equity volatility. Bonds have been more volatile and are generating historically high levels of volatility for that asset class. However, there is a lot of uncertainty surrounding Equities. The SSL Model Portfolio has 20% in Bonds, 50% US Equities,15% International Equities, 5% Emerging Market, and 10% in real assets.

In Bonds, we are adding the SPDR Floating Rate ETF FLRN in place of the Janus Ultra Short VNLA, as rates are expected to decline at varying rates depending on the change in the yield curve. We are adding exposure to the iShares Core Total Bond IUSB to add to interim term duration.

For Equities, the focus is still on the Quality Factor within US, International, and Emerging Markets with our selection of ETFs. The xTracker Mid-Cap US Multifactor Fund remains. The iShares Small-Cap is increased slightly. Amongst the SPDR Select Sector ETFs, we added a modest allocation to the Communication Services XLC and added a small amount to the Financial XLF. These Select ETFs are used to fine-tune the portfolio toward the desired weight for a particular Sector based on economics and investor sentiment.

The Emerging Market Equities is being covered by the SPDR MSCI Emerging Market StratFacts QEMM ETF which has a Quality focus. The Small Cap iShares MSCI Europe, Australasia, and the Far East (EAFE) is trimmed slightly. The Real Estate fund is the INVESCO Active US ETF. The iShares US Infrastructure also had a small reduction. The iPath Series B Carbon ETN has a reduced allocation, but the position is not sold. It underperformed but is a long-term prospect, as is the Invesco S&P Global Water ETF. There needs to be attention to the emerging green techs.

The current SSL Model allocation is on the following page and an analytic portfolio Xray is attached.

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 has the superior risk-adjusted returns. The strategies are implemented in the following SSL 4Q2023 Model Portfolio and displayed in the attached portfolio xRay.

Please contact us to analyze your portfolio holdings. SeniorSolutionsBDA@outlook.com

SSL Model Portfolio
1Q24 Portfolio Design Structure

as of 12-Feb-24

Green - Add Red - Remove ETFs

20.00%	Symbol	FIXED INCOME	Crd	Hldg	Hldg	Hldg	Hldg	Reg	Reg	Cap	Dur	MosEnd YtdRet	Yld	MS Star
0.00%		Cash												
0.00%	VNLA	Janus Henderson Short Duration Inc	A-	59%Cr	*22%D*	16%Cash	2%Gov	61%BBB	10%AAA	MidLtd	0.73	5.80%	3.93%	4Neu
5.00%	FLRN	SPDR® Blmbg Inv Grd Flt Rt ETF	AA-	67%Corp	25%Gov	8%Cash		47%A	29%AAA	MidLtd	0.02	6.29%	5.65%	4Gld
0.00%	SRLN	SPDR® Blackstone Senior Loan	B+	94%Crp	5%Cash			65%B	24%BB	LowLtd	0.35	8.54%	8.42%	3Neu
9.00%	IUSB	iShares Core Total USD Bond	A+	41%Gov	32%Corp	23%Sec	63%AA	15%BBB	13%A	MidMod	5.98	1.37%	3.47%	3Gld
2.00%	VGIT	Vanguard Intmdt-Term Treas	AAA	100%Gov				100%AAA		HighMo	5.18	2.13%	2.72%	4Slv
4.00%	VRP	Invesco Variable Rate Preferred	BBB-	100%Corp			62%BBB	32%BB	5%NR	MidLtd	1.92	6.89%	6.49%	5Brz
0.00%	CEMB	iShares JP Morgan EMB Corporate	BBB-	92%Corp	7%Gov		34%BBB	22%A	21%BB	MidMod	4.57	3.33%	4.78%	4Slv
0.00%	CWB	SPDR® Blmbg Convert Secs	B	100%Corp			80%NR	11%BBB	5%BB	NA	1.91	6.48%	1.99%	4Brz
20.00%		Subtotal												

80.00%		EQUITY	Crd	Hldg	Hldg	Hldg	Hldg	Reg	Reg	Cap	Dur	YtdRet	Yld	MS Star
10.00%	QUAL	iShares MSCI USA Quality Factor	A	32%Tech	13%HC	12%FS	10%CC	99%USA		Qual	LrgGrw	24.94%	1.20%	4Slv
5.00%	DEUS	Xtrackers Russell US Multifactor	B+	22%Tech	19%Ind	13%CC	10%Fin	98%USA			MidBld	8.93%	1.49%	4Slv
5.00%	SMLF	iShares U.S. Small-Cap Eq Fac	B-	19%Ind	17%Tech	15%FS	15%CC	95%USA		Vol	SmlBld	7.51%	1.15%	4Gld
5.00%	XAR	SPDR® S&P Aerospace & Defense ETF	B+	100%Ind				100%USA		Vol	MidBld	10.04%	0.57%	3Slv
2.00%	XLC	*Comm Services Sel Sect SPDR®ETF*	A-	100%CommSrvc						Mom	LrgBGrw	39.04%	0.79%	4Slv
3.00%	XLF	*Financial Select Sector SPDR®*	B	96%Fin	3%Tech			97%USA	2%SWZ		LrgBld	8.03%	1.66%	4Brz
6.00%	XLV	*Health Care Select Sector SPDR®*	A	100%HC				100%USA			LrgBld	7.02%	1.54%	5Slv
5.00%	XLY	*Consumer Discret Sel Sect SPDR®*	B+	99%CC	.6%Tech	.4%Ind		99%USA	.6%SWZ		LrgGrw	15.94%	0.70%	4Slv
5.00%	XLP	*Consumer Staples Select Sector SPDR®*	A	99%CD	1%HC			100%USA			LrgBld	1.50%	2.57%	4Brz
3.00%	IXC	iShares Global Energy ETF IXC	B+	99%Enr				60%US	12%UK	11%Cda	LrgVal	-0.13%	3.56%	4Slv
4.00%	SCZ	iShares MSCI EAFE Small-Cap	C+	23%Ind	14%CC	12%FS	11%Tech	34%Jap	14%UK	10%Aus	MidBld	1.71%	2.32%	3Brz
7.00%	IQLT	iShares MSCI Intl Quality Factor	A-	19%FS	15%Ind	12%HC	12%CC	15%Swz	14%UK	12%Jap	LrgBGrw	9.18%	2.30%	5Slv
5.00%	QEMM	SPDR MSCI Emr Mrk StratFacts ETF	B-	22%Tech	21%FS	10%CC	10%CD	24%Chn	20%Ind	16%Twn	LrgVBld	1.57%	5.04%	4Gld
3.00%	PSR	Invesco Active US Real Estate	B+	100%RE				99%USA		LowQ	MidBld	-7.03%	3.09%	3Neu
4.00%	IFRA	iShares US Infrastructure	B	38%Util	36%Ind	17%Mat	8%Enr	95%USA	5%Cda		MSBld	1.56%	2.06%	5Gld
5.00%	GCC	WisdomTree Enhanced Cmdty ETF	A	*35%Eng*	*19%Ime*	*16%Pme*	*12%Agr*	99%Gov			LrgVal	-4.38%	3.63%	2Brz
0.00%	FLOWX	Fidelity Water Sustainbility	B+	67%Ind	27%Util	4%Tech	2%Mat	68%US	13%UK	6%Swz	MidGrw	-2.94%		3Neu
1.00%	CGW	Invesco S&P Global Water ETF	B+	50%Ind	40%Util	7%Mat	2%Tech	59%US	13%UK	7%Swz	MidGrw	2.67%	1.61%	4Brz
2.00%	GRN	iPath® Series B Carbon ETN	na								LrgVal	-31.15%	0%	NR
80.00%		Subtotal												
100.00%		Total												

Previous performance is not a guarantee of future returns. All investments contain risk. Your particular portfolio should be designed to your level of risk and to target your financial goals. Review regularly. *Senior Solutions Ltd (SSL) provides financial planning guidance for a fee. The client receives guidance to implement at their own discretion. SSL does not guarantee any returns from such guidance. SSL is not an investment manager, does not sell investment or insurance products, nor receives any commission or third-party compensation. SSL does not directly manage or custody assets on behalf of clients. SSL is a financial planning firm for select clients.*

Index: The ETF Trading Symbol is followed by the name, credit rating, sector data when applicable, YTD Returns, 12 month Yield, This is preceded by Market Cap and Style. The last column has Morningstar stars and level Neutral, Silver, Bronze or Gold.