SENIOR SOLUTIONS UPDATE

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SUBJECT: INVESTMENT COMMENTARY
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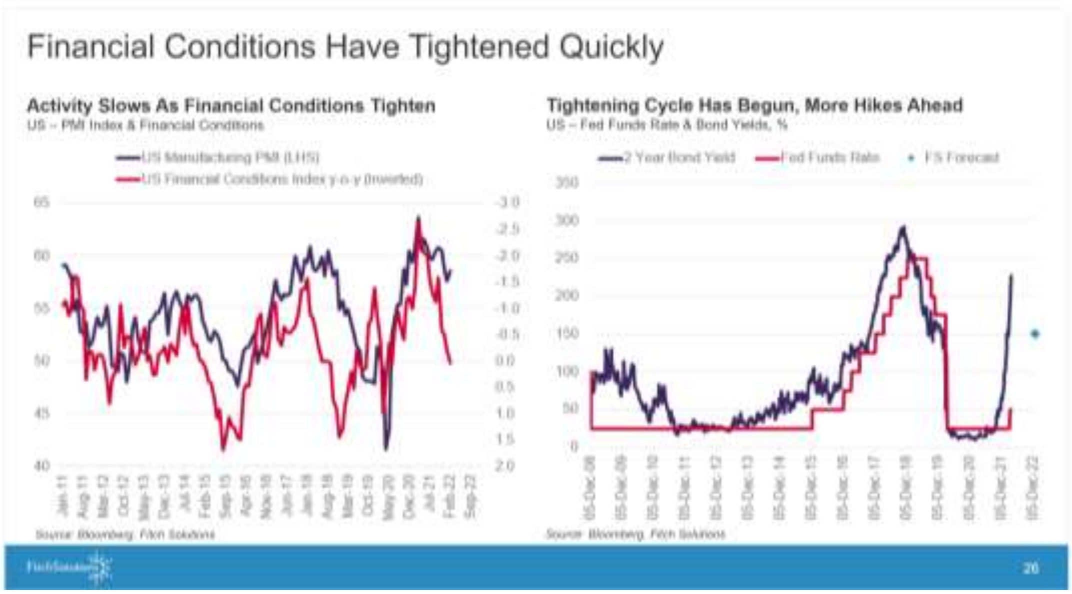
Review

The first quarter of 2022 was eventful. Volatility showed itself in the number of swings between big up or down days. The quarter was over twice as volatile as the median quarter over the past three years. - Morningstar

The market was overvalued coming into the year and now faces four main headwinds for 2022: 1- Slowing Rate of Global Economic Growth, 2-Tightening Monetary Policy, 3-Rising Interest Rates, and 4-Inflation. Recent events have slowed growth and inflation so that rate hikes may be less aggressive in the short term.

The global political risks for 2022 stem in large part from the Russia- Ukraine conflict, however the covid lockdowns in China also play a part: Disruptions to Global Energy, Inflation Stays Higher for Longer, Additional Supply Chain Disruptions, Financial Contagion due to Defaults on Russian and Ukrainian Debt.



The US economy shrank in the first quarter as COVID-19 infections surged while funding to fight the pandemic dwindled. Corporate earnings for 1Q22 beat on a earnings per share (EPS) estimates in over 80% of the reporting so far, with 8% increasing their earnings guidance for 2022. And consumer spending, a key indicator increased by 2.7%. US manufacturing and services activities expanded in March, while Eurozone activities decelerated. US small caps and emerging markets have seen more downgrades than upgrades over the past three months. Economists have downgraded growth and raised inflation projections in Europe by a larger margin than they did to their US projections.

There is still the specter of higher US tax rates in 2022, for corporations and high-income individuals. This could further constrict after-tax earnings and investment prospects. Earnings sentiment has waned in most regions, evidenced by more downward revisions and lower growth estimates. Bearish sentiment has spiked. It serves as a contrarian indicator but has become a less reliable.

The UN's trade and development body UNCTAD has downgraded its global economic growth projection for 2022 to 2.6% from 3.6% due to the Ukraine war and to changes in macroeconomic policies made by countries in recent months. Significant slowdowns in growth are expected in parts of Western Europe and Central, South and South-East Asia, including China. The uncertainties generated in key international markets have caused: an environment of volatile capital flows, exchange rate instability, and rising borrowing costs, with the risk of serious external debt payment difficulties. These have triggered capital flight along with higher risk premia, along with volatility in commodity, currency and bond markets, as investors seek out safe havens.

Italy and Spain stand to lose the most among major euro-area economies from the energy shock unleashed by Russia's war in Ukraine, according to JPMorgan.The investment bank sharply downgraded its 2022 forecast for Italy's economic growth to 2.5% from 4.8%, also lowering Spain's to 4.2% from 6%. In Spain, there is growing pressure from a widening fuel-price protest by truckers which forced companies to close shop and farmers to throw away vegetables.

Consumers have been increasingly pessimistic as rising inflation continues to eat into their disposable incomes, against a backdrop of lacklustre wage growth, particularly in Europe and the UK. We expect that EM Europe will be the region of the EM world where the war will cause the most economic disruption. Elsewhere, Fitch Solutions anticipates slower growth in Japan (2.5% to 2.3%) and South Korea (3.3% to 2.6%) By contrast, they revised upward their forecasts for Australia (3.5% to 4.4%). Due to rising headwinds, Fitch also made downward revisions to growth in several larger economies including: Russia (-1.0% to -5.1%), the US (3.5% to 3.1%), Eurozone (4.0% to 3.4%) and China (5.4% to 5.2%).

Market Overview

Morningstar US Market Index lost 5.3% in the first quarter due to tech stock declines, and the Morningstar US Core Plus Bond Index fell 5.9% as bonds sold off and credit spreads narrowed leading to a flattening yield curve.

Growth stocks stumbled. Oil skyrocketed. Inflation continued to run hot. The Federal Reserve raised interest rates. Then just as markets seemed to be stabilizing, Russia invaded Ukraine, sending oil and other commodity prices soaring. Stocks fell into official correction territory, falling more than 10% from their all-time highs. By the end of the 1Q22, U.S. stocks staged a strong recovery, cutting much of their losses. Year over year U.S. stocks finished the quarter up 12.3% and up 18.3% an average per year for the last three years.

Quarterly Market Performance Barometer

	Performance %				Performance %		
	Q1 2022	Q4 2021	1Y		Q1 2022	Q4 2021	1Y
Equities				**Fixed Income**			
U.S. Market	-5.33	8.27	12.33	U.S. Core Plus Bond	-5.92	0.08	-4.05
Value	2.35	5.66	12.80	U.S. Treasury Bond	-5.50	0.32	-3.46
Growth	-11.97	6.99	9.19	U.S. High Yield Bond	-4.53	0.65	-0.37
Developed Markets ex-US	-5.17	2.75	2.61	TIPS	-2.44	2.51	4.60
Emerging Markets	-5.90	-0.63	-8.27	10+ Year Treasury Bond	-10.49	3.32	-0.86
Top Morningstar Sector Indexes				**Bottom Morningstar Sector Indexes**			
Energy	38.47	5.74	64.37	Communication Services	-12.20	-2.20	-5.01
Utilities	4.48	12.29	19.19	Consumer Cyclical	-10.66	9.29	4.95
Basic Materials	-1.29	14.35	15.62	Technology	-9.66	15.64	19.12

Source: Morningstar Direct, Morningstar U.S. Sector Indexes. Data as of March 31, 2022.
Performance shown in Total Return USD.

Within the Morningstar Style Box for stock performance, the gap between Value and Growth was stark. The US Value Index rose 2.3% for the quarter, while the Morningstar US Growth Index lost 12%. Mid-Cap Value stocks led the quarter with gains of 4.9%. A key factor in the poor performance of the Growth stocks were the losses among Communication Services stocks.

Trailing Returns for Index Market Barometer

	Q1 2022			1Y			3Y		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
Large	1.63	-5.90	-13.55	12.12	16.10	5.79	11.82	19.70	19.01
Mid	4.85	-5.13	-16.01	15.42	11.44	-1.85	12.96	15.87	16.62
Small	1.80	-6.23	-13.37	10.50	-1.00	-13.87	13.06	10.89	9.56

Source: Morningstar Direct, Morningstar Indexes. Data as of March 31, 2022.

Equity Markets

Stocks took a hit as the market reassessed the potential of the Federal Reserve setting out on a more aggressive interest rate hikes. This was compounded as Russia launched an unprecedented attack on the Ukraine.

Morningstar Sector Indexes

	Performance %		
	Q1 2022	Q4 2021	1Y
Cyclical			
Basic Materials	-1.29	14.35	15.62
Consumer Cyclical	-10.66	9.29	4.95
Financial Services	-3.01	1.25	9.38
Real Estate	-6.22	13.11	20.62
Sensitive			
Communication Services	-12.20	-2.20	-5.01
Energy	38.47	5.74	64.37
Industrials	-3.82	7.05	5.23
Technology	-9.66	15.64	19.12
Defensive			
Consumer Defensive	-1.31	9.52	13.44
Healthcare	-4.03	7.40	13.33
Utilities	4.48	12.29	19.19

Source: Morningstar Direct, Morningstar U.S. Sector Indexes. Data as of March 31, 2022.
Performance shown in Total Return USD.

The Consumer Cyclical sector underperformed the broader market in 1Q22. Travel and leisure stocks are now among the most undervalued. Morningstar believes that the market has exaggerated concerns about the impact on the conflict in Eastern Europe. Rising domestic prices will drive consumers' desire to travel. Excess savings and pent-up demand will stimulant bookings for travel and the use of other services.

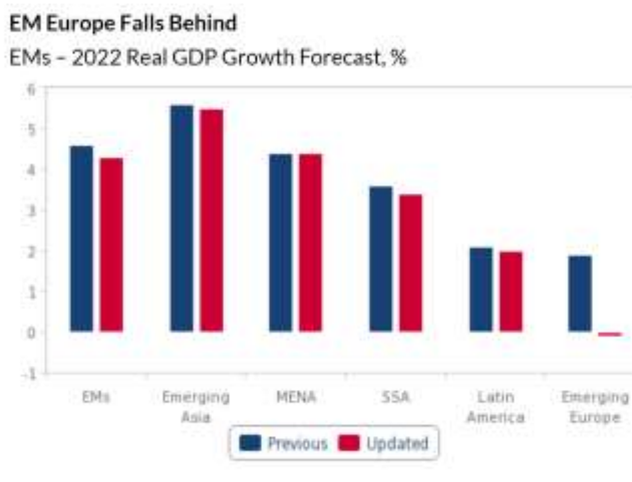
The Morningstar US Communication Services Index declined about 12% year to date versus a 5% drop for the broader market. It now presents as a good value. The market has soured on two large firms recently—Meta Platforms (FB) and Netflix (NFLX)—which are driving most of the sector's underperformance.

The Morningstar US Industrials Sector Index outperformed the Morningstar US Market Index by approximately 200 basis points during the first-quarter 2022, yet the Industrials Index still significantly underperformed the broader market index over the trailing 12 months. Strong first-quarter performance for the Industrials Sector was driven by aerospace and defense and farm and heavy construction machinery, while industrial products notable underperformed. U.S. airlines remain undervalued, with Delta and Southwest the two highest-quality airlines in the space. They are included in XTN and the Consumer Discretionary sector. Both airlines are likely to return to 2019 levels of capacity by 2023.

The Consumer Defensive sector proved relatively resilient despite turbulent market conditions. More consumers may opt to trade-down to lower-priced private-label products as personal budgets become strained. Some 10% of total consumer packaged goods have been out of stock over the past few months, with edible items reapproaching the worst in-stock level since during the pandemic. Companies with strong brand intangible assets that instill value through ongoing brand-building initiatives will benefit.

Emerging Markets

China's real estate sector remains under stress and a sharp rise in Covid-19 cases in Hong Kong and China in recent weeks has resulted in another wave of lockdowns. Fitch anticipates slower growth in Japan (2.5% to 2.3%) and South Korea (3.3% to 2.6%). By contrast, they have revised the forecasts higher for Australia (3.5% to 4.4%). Consumers may support growth more than they did in the last quarter of 2021 when the Omicron variant caused governments to reintroduce private spending-curbing restrictions.



Source: Fitch Solutions

EM Europe will be the region of the EM world where the war will cause the most economic disruption. Russia and Ukraine cumulatively had made up 45% of that region's GDP. The three largest downward revisions to major EMs were to Hungary (5.8% to 2.9%), Poland (4.5% to 3.3%) and Turkey (4.0% to 3.0%).

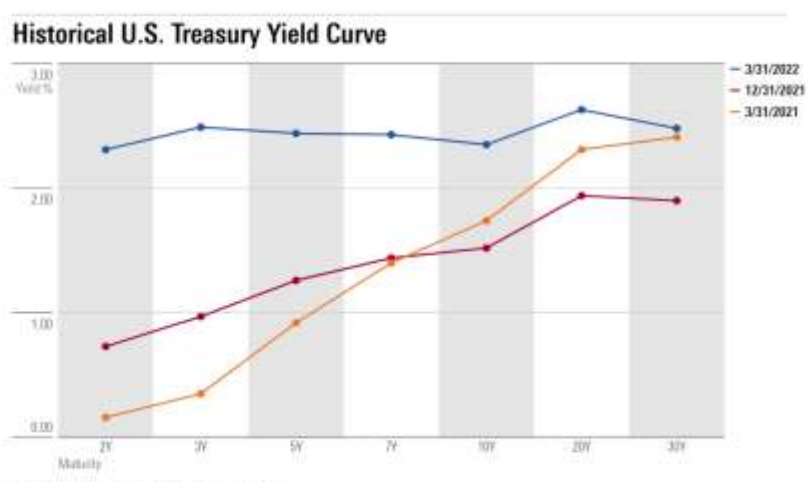
Central and Eastern European economies saw significant downward revisions, as did Central Asian economies including China. Moreover, large energy importers such as Pakistan, India and Turkey will see a deterioration in their terms of trade, which will weigh on economic growth. The sharp rise in energy and food-related prices could have implications for social stability for many EM countries, particularly for those in the Middle East and North Africa, given their reliance on Ukrainian wheat exports.

There is the potential that EM-wide corporate default rates will be at highest since GFC in 2008. Ukraine is expected to experience a nearly 99% corporate default rates. Russia is forecast to have 27% default rate. The Russian Finance Ministry says it has avoided default by sending two payments totaling USD $649 million to Citigroup that had been due April 4. Half of riskier Chinese property bonds may default by year-end. The rest of the EM high-yield corporate bonds are expected to have only a modest 1.1% default rate this year.

Fixed Income Market

Shorter maturities have been selling off faster than their longer-dated peers this year. The Fed raised its benchmark rate 25 points this quarter for the first time since 2018. Traders are betting the central bank will boost its benchmark by 200 basis points by year-end. The yields on the 10yr US note spiked sharply after the hike to 2.969% from 2.153%, and two-year notes rose to 2.117% from 1.942%, as prices fell.

The resultant decline in Treasury market prices prompted the first US yield curve inversion in 16 years. The yield on the 5yr Treasury rose 9 basis points (bps) to reach 2.63%, exceeding the 30yr Treasury yield for the first time since 2006. This follows an inversion of the spread between 5- and 10yr Treasury this year.



The U.S. Treasury yield curve flattened. A reduction in the spread between the 2yr and 10yr US Treasury can be a sign that the market is anticipating a sharp economic slowdown. The spread between the 2yr and 10yr Treasuries narrowed by about 60 basis points since the start of the year. And longer-dated notes are now yielding less than 20 bps more than 2yr debt. The 20yr/30yr spread has been negative since October. Technical factors may have contributed, such as a cessation of the US bond purchase programme.

Morningstar Bond Indexes

	Performance %		
	Q1 2022	1Y	3Y
Broad Market			
Core Plus Bond	-5.92	-4.05	1.83
Sector			
U.S. Treasuries	-5.50	-3.46	1.43
Corporate	-7.88	-4.43	2.80
High Yield	-4.53	-0.37	4.62
Mortgage	-5.03	-5.10	0.56
Maturity			
Short-Term Core	-3.62	-4.12	0.94
Intermediate Core	-5.98	-4.42	1.42
Long-Term Core	-11.26	-3.04	4.22
Inflation-Protected			
TIPS	-2.44	4.60	6.16
Global Sovereign			
Global Treasuries	-6.98	-9.54	-2.18
Global ex-US Treasuries	-7.54	-11.60	-3.12
Emerging Market			
Composite	-9.36	-8.41	0.81
Sovereign	-8.27	-5.62	0.79
Corporate	-10.13	-10.29	0.78

Source: Morningstar Direct, Morningstar Indexes. Data as of March 31, 2022.
Performance shown in Total Return USD.

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The Bank of America (BofA) Treasury Index posted its worst start to a year in history, down 7%.The weakness in bonds came after Fed Chair Jerome Powell said on that the U.S. central bank must move quickly to counter too-high inflation and that it could use bigger-than-usual interest rate hikes if needed. There is less demand for buying Treasuries, therefore sell-offs in Treasury find little support to offset declines. The expectation higher yields had become a consensus trade. However, the fast slowdown in the economy may postpone aggressive rate hikes. The Fed is meeting on May 4th to decide how much to hike this month.

Other Assets

The Wall Street Journal recently published an article calling commodities as the new FANG trade composed of "Fuel, Agriculture, Natural Resources, and Gold". Commodities had suffered many years of low valuation as they were in a cycle where capacity and demand were out of sync for many years. Many commodities, especially agriculture and energy are likely entering a positive cycle.

After Russia, a major oil and gas exporter, attacked Ukraine oil hit a 14-year high of $125 per barrel. That was up from $75 at the start of year. Oil prices gave back partial gains, down nearly 20% for 1Q22. Wheat futures jumped after Russia's invasion of Ukraine. Both countries are among the top five exporters of the commodity in the world. It ended up 31% to $10.06 per bushel.

Heavy short positions accumulated by Chinese steel producers, representing a large portion of the open options interest, were caught in a short-squeeze pushing the nickel market to rally +400% in the space of a couple of days as they bought indiscriminately to cover their shorts. The London Metal Exchange (LME) cancelled all trades above $55,000 and suspended trading in the nickel market. The inventory levels in all industrial metals remains low, well below the last 5yr averages, which supports higher prices.

The LME Aluminium Index hit a 15yr high in February. Industrial metals are currently enjoying steep backwardation due to the lack of supply. With current prices higher than future ones, investors have a positive carry/roll yield, which is another element supporting the Industrial Metals sector. The Metals and Future Exchanges have adapted to the higher volatility by introducing higher margin requirements.

Asset Allocation

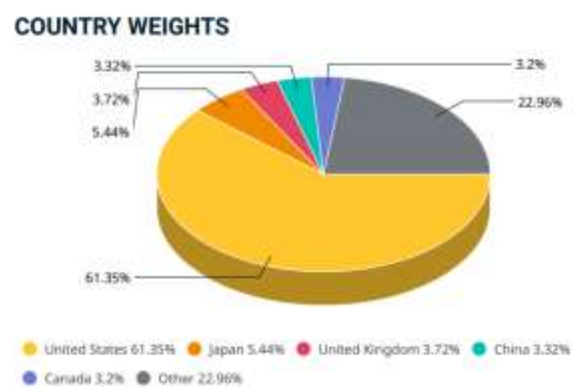
The first quarter presented a major structural turning point in the investment landscape in 40 years. -State Street

The US-China trade war, COVID-19 pandemic, end of the quantitative easing (QE) era and now, the Russia-Ukraine War have conspired to alter the course of investing history. This is in sharp contrast to the declining interest rates, benign inflation, a peacetime dividend between the world's nuclear armed superpowers, and the acceleration of globalization in the post WWII era. 'What worked in investing over the past 40 years may not work over the next 40 years, such as the 60/40 stock/bond portfolios or relying on bonds for income.'

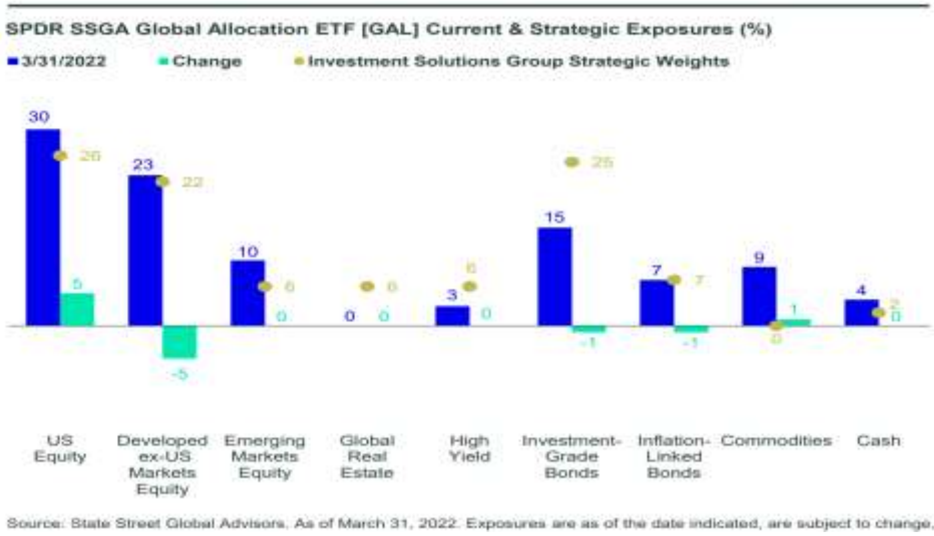
The 2022 Edelman 'Trust Barometer' reported that 52% of global respondents say capitalism does more harm than good in its current form. Governments and corporations are seeking to bring supply chains closer to home, reducing globalization. The McKinsey Global Institute stated globalization reached its peak in the mid-2000s. The share of goods traded across borders has been in steady decline. This will likely increase the price and reduce the availability of product, while decreasing corporate earnings and financial returns.

Today's investment environment is defined by rising rates, raging inflation, military conflict, and deglobalization. Consider investing in higher quality, shorter duration stocks (ie not high growth stocks), as well as investments that are positively correlated with rising rates and elevated inflation, including value, energy, materials, small caps, commodities and natural resource stocks.

Morningstar suggests moving from an overweight position to a market-weight position and thereby lock in some of the gains posted over the past 15 months. Here are the sector and country percentages within the MSCI World Index as of March 31, 2022.



The US is the dominate country in the World Index. State Street Global Advisors (SSGA) tweaked its allocation to the US in their Strategic Allocation, yet retained an emphasis in non-US developed markets exposures. They also have a significant weight in Investment Grade (IG) bonds. Tactically, bonds are being challenged by the central bank tightening cycle as interest rates are increased rapidly to temper inflation.



The SSL 2Q22 Model Portfolio aims for 50% US and 23% ex-US developed markets, with 7% Emerging Markets, and 10% real assets including commodities and real estate, along with 5% other in a carbon market. The remaining 15% is in short-term floating bonds and TIPs. See the following 2Q22 SSL Model Portfolio.

SSL uses a 'Smart Beta' strategy with factor 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 SSL 2Q2022 Model Portfolio.

Conclusion - *HEALTH AND WELLNESS WILL BE KEY*

As we turn the corner on the past and move toward the new epoch, health of the planet and health of individuals is paramount. A focus on being healthy and on better nutrition is more important. Emphasis on green industry and processes is critical for humans' continued survival, along with many other species. This focus will cost more. Corporate profits and bonuses will shrink, holding-back increasing stock-prices. None-the-less, these costs are critical to prevent the longer-term explosion in healthcare and climate catastrophy costs.

2Q22 SSL Model Portfolio

as of 27-Apr-22

	Green - Add Red - Remove ETFs
15.00%	**FIXED INCOME**
0.00%	Cash
3.00%	VNLA Ultrashort (Intl) Bd A-Credit 51%US 63%Corp 0.36Dur -0.54%Ret 1.72%Yld 5s Neu
3.00%	SPIP (3-5YRS) TIPS 100%Gov 99%AAA 8.5Dur 4.22%Ret 5.24%yld 4s BRN
3.00%	SRLN - GSO Senior Loan ETF BCrd 89%Corp0.31Dur 2.78%Ret 4.54%Yld 5sNeu
2.00%	VGIT Vanguard 3-10 Intmdt-Term Trs AAA 5.4Dur -4.85%Ret 1.18%Yld 4sSlv
2.00%	CEMB JPM em BBB- 91%Corp 4.94Dur -7.58%Ret 3.95%Yld,4sSlv
2.00%	CWB SPDR Barclays Convert Sec **91%Util** NotRated 1.98Dur -5.83%Ret 1.97%Yld 4sSlv MB
15.00%	Subtotal
80.00%	**EQUITY**
0.00%	OMFL Invesco Rus1000 Dyno Mltfct B- 19%Tech 14%FS 9.02%Ret 1.01%Yld 5sNeu MV HQ
10.00%	QUAL iShares MSCI USA Quality Factor ETF A- 22%Tech 15FS 14HC 11.85%Ret 1.8%Yld 3sSL
0.00%	MTUM iShares MSCI USA Mometum B+ 32%Tech 24%Fin 5.37%Ret 0.76%Yld 3Brn LG
5.00%	DEUS Xtrackers Russell(1000) US Multifactor B 19%Tech 16%Indust 14%FS 10.17%Ret 1.4%
0.00%	VSS Vanguard FTSE All-Wld ex-US SmCp -0.75%Ret 2.96%Yld 4sSlv MB 98%NA
7.00%	SMLF iShares MSCI USA Small-Cap Mltfctr B- 17%HC 14%Tech 13%ConC -5.19%Ret 1.19%Yl
3.00%	*XHB SPDR Homebuilders B+ 56%CC 44%Ind -9.61%Ret 0.51%Yld 3sSlv MidB*
2.00%	*XTN SP S&P Transportation ETF B- 58%ConC 42%Ind 2.36%Ret 0.62%Yld 3sGld SMC*
2.00%	*XLF Financial Select Sector SPDR® B- 2.36%Ret 1.85%Yld 4sB LV*
5.00%	*XLV SPDR Health Care Sel A- 19%Ret 1.46%Yld 5sSlv LVB*
5.00%	*XLY SDPR Consumer Discretionary Sel B+ 10.74%Ret 0.53%Yld 4Brz LGrw LQ*
5.00%	*XLP SDPR Consumer Staples Select Sector A- 13.8%Ret 2.23%Yld 4sSlv LVB*
5.00%	SCZ iShares MSCI EAFE Small-Cap C- 23%Ind 13%ConC 27%Jap 15%UK -4.89%Ret 3.5%Yld 4Brz MB
0.00%	FKU First Trust UK AlphaDEX®C 20%FS 15%Mat 15%ConC% -4.58%Ret 3.97%Yld NOs MV
0.00%	EFAV iShares MSCI Min Vol EAFE B 19%HC 14%CD 13%FS 27Jap 15%Swz 1.31%Ret 2.77%Yl
8.00%	IQLT iShares MSCI Intl Quality Factor B 20%FS 13% Ind12%HC 14%Swz 14%UK 13%Jap 3.48
7.00%	EMGF iShare Multi-Factor EEM C 21%Tech 15%FS 34%China 18%India 6.84%Ret 2.75%Yld 4
5.00%	FFR - First Trust DM RE B+ 36%xUS 14.24%Ret 3%Yld 3Slv MB LQ
4.00%	*DBE Invesco DB Energy ETF B 54%Mat 31%Enr 11%ConD 76.7%Ret 0%Yld NoRating LV*
3.00%	*DBB Invesco Base Metals Fut B 0%xUS 38.7%Ret 0%Yld 0s NoRate*
0.00%	*COMT iShares ComDynoRoll Strategy A 100%CommSrv&US 58.32%Ret 13%Yld 3Gld LV*
4.00%	FTGC First Trust Global Tact Cmdty Strat 36Agr 23Eng 30Met 45.6%Ret 5.7%Yld 3sNeu LV
5.00%	GRN iPath® SeriesB Carbon ETN 54%Mat 31%Eng 12%ConD 79.6%Ret 0%Yld
85.00%	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.