

Market Performance Perspective

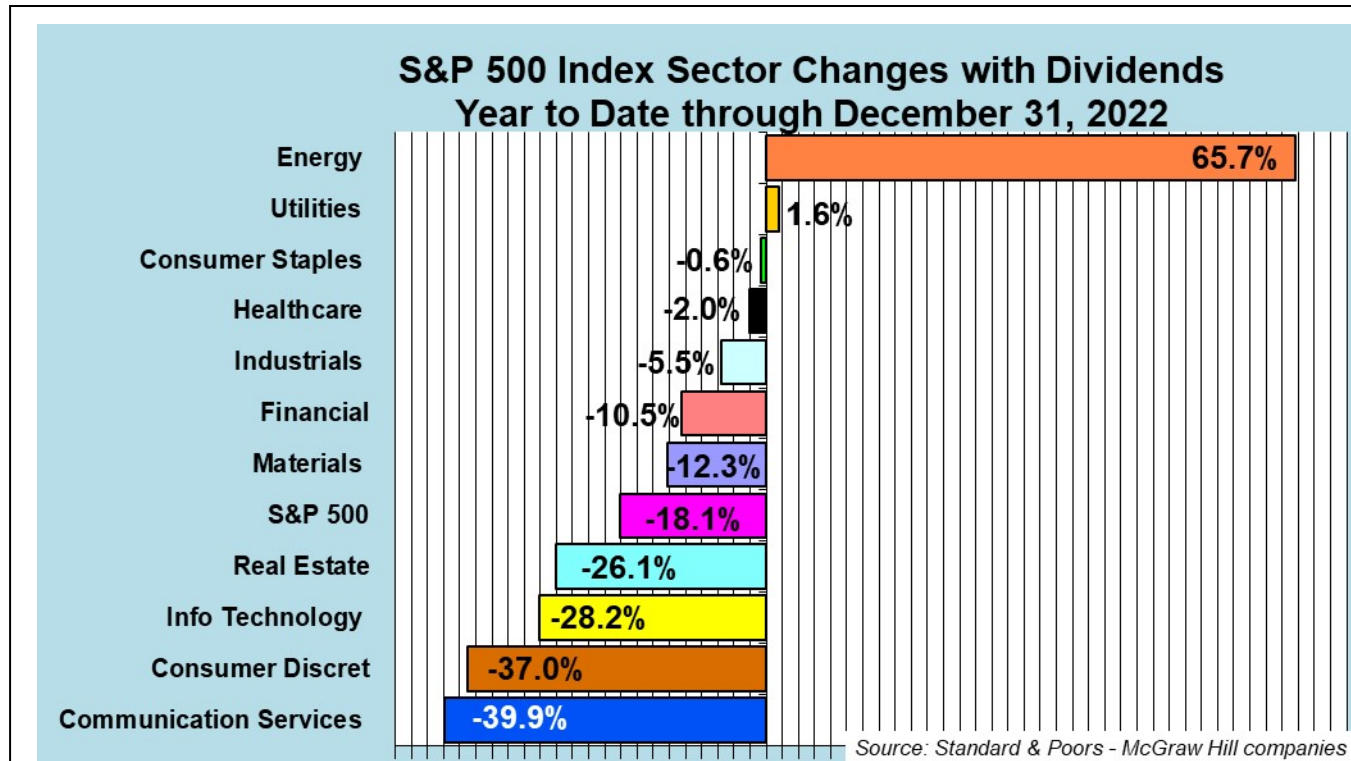
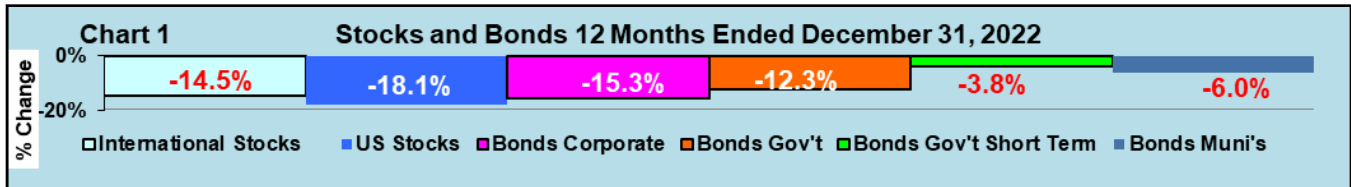
Economic and market conditions remained challenged in the fourth quarter of 2022, concluding a year dominated by surging inflation, Russia’s brutal invasion of Ukraine, and aggressive monetary tightening. Both stocks and bonds suffered unusually large losses,



making 2022 the worst year for a balanced portfolio since 2008. However, in our opinion, this does leave equity valuations at much more reasonable levels than at the start of the year. We also think even bond yields are starting to look more attractive. We expect any recession to be mild.

The S&P 500 Index average **annualized** return for periods ending December 31, 2022:

	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20 Yrs</u>
	-18.1%	9.4%	12.6%	9.8%



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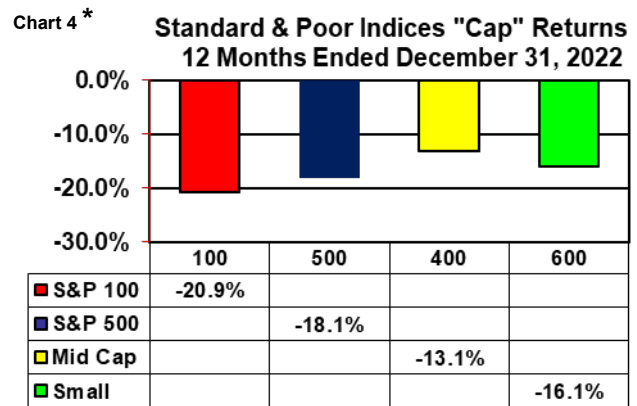
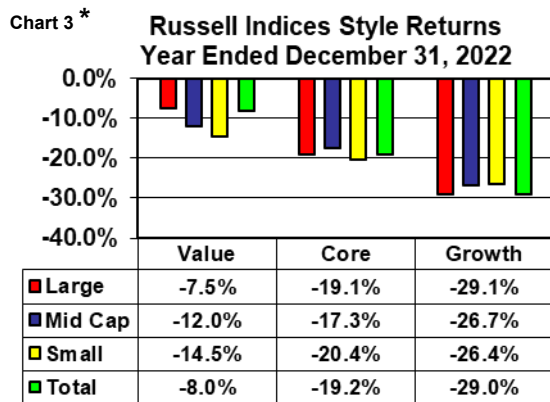
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Sector Returns - Chart 2:

The energy and utilities sectors remain the only positive performers. Neither stocks nor bonds provided a place to hide.

Style & Capitalization Size Returns - Chart 3 & 4:

Value and large companies lost less than growth and small companies.

Better Days Ahead

We think calmer waters should be ahead for investors. Inflation data is falling, the Fed appears to be nearing the end of its tightening cycle, and we think much of the expected weakness in economic growth is already in market valuations.

J.P. Morgan Asset Management recently observed the following:

“It is worth noting that a broadly diversified portfolio could have risen by more than 30% between the end of 2018 and the end of 2022. Even after losses this year, many investors are well ahead of the game in their long-term plans, and, after this year’s global reset in valuations, they are being offered a much broader menu of investment opportunities and higher potential returns than existed a year ago.”

We suggest each investor’s long-term plans and goals are the most relevant to them. While we do not expect the unusually high returns of the recent past, we are optimistic about the future and present opportunities.

Source: Chart 1, 3 & 4 = MSCI Barra, Standard & Poors, Wall Street Journal; Frank Russell **Chart 1 Indices:** International Stocks = MSCI EAFE Index; U.S. Stocks = S&P 500 Index; Bonds Corporate = BB Credit; Bonds Gov’t = BB Government; Bonds Gov’t Short Term = BB 1-3 Year Government; Bonds Muni’s = BB 7 Year Municipal Year Index; **Chart 3 Indices:** Value Large = Russell 1000 Value; Value MidCap = Russell MidCap Value; Value Small = Russell 2000 Value; Value Total = Russell 3000 Value; Core Large = Russell 1000; Core Midcap = Russell MidCap; Core Small = Russell 2000; Core Total = Russell 3000; Growth Large = Russell 1000 Growth; Growth Midcap = Russell Midcap Growth; Growth Small = Russell 2000 Growth; Growth Total = Russell 3000 Growth. **Chart 4 Indices:** Large = S&P 100 Index; Midcap = S&P MidCap 400 Index; Small = S&P Small Cap 600 Index. The Russell Indices are provided by The Frank Russell Company. The BB indices are provided by Bloomberg Capital, Inc. The MSCI EAFE Index is provided by Morgan Stanley. The S&P 100, 400, 500 and 600 Indices (a registered trademark of the McGraw Hill Companies) are unmanaged indices of common stocks. S&P Dow Jones Indices information is a joint venture between S&P Global, the CME Group, and News Corp Investors cannot purchase any index. Past performance is no guarantee of future results.

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Achieve superior results for our clients by providing institutional level investment management and consulting services.

What We Do

We help clients realize their vision of the future with personalized investment planning. Our client specific strategies use independent, full-time professionals to research and manage portfolios for long-term growth of assets.

Our services include:

- **Over 50 years of experience** in both up and down markets.
- Independent, objective advice from professionals with the expertise you need to help you achieve your goals.
- Investment strategies appropriate for **long-term, serious, core money**.
- Asset allocation strategies customized to fit clients’ unique needs, risk tolerance, and time horizons.
- A disciplined investment process.
- Portfolios that attempt to provide **more consistent returns with reduced volatility** over time.
- **Seek out, screen, and hire** high-quality money managers to run portfolios of individual securities.
- **Ongoing review** of the chosen managers’ process, personnel, and investment decisions and report their performance quarterly.
- Replace managers when necessary.

Clients have trusted us for decades to provide their investment services.

We continue to grow and appreciate your introductions to friends and family. Our target markets are clients just like you – individuals, foundations, endowments, retirement plans, and corporations.