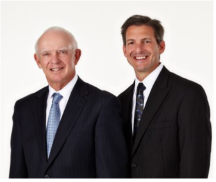
NOVEMBER 30, 2023 THE REGAN GROUP, INC. VOLUME 17.2



Our Scorecard – Stock Market Considerations

Opinions of The Regan Group, Inc.

	Negative for Equities	Neutral for Equities	Positive for Equities	
Economic Growth	-		+	The U.S. economy grew at an impressive 5.2% annualized rate in 3Q23, a sharp acceleration compared to last quarter. Many of the underlying details looked strong, as consumption, private inventories, single-family homebuilding and government spending all contributed to growth. On the other hand, weakness in private nonresidential investment and a modestly widening trade deficit, helped pare back gains. We think this strength will be difficult to maintain in the months ahead. We expect a weaker consumer, tighter financial conditions and slower business spending may weigh on growth. *Source: J.P. Morgan Asset Management*
Corporate Profits	-		+	With 89.4% of market cap having reported, J.P. Morgan's current estimate for operating earnings per share (EPS) is $52.63. If realized, this would represent year over year earnings growth of 4.5% and a quarter over quarter decline of 3.8%. Revenue growth has been the largest contributor to earnings, adding 3.9%. Across sectors, energy has been the largest detractor while consumer discretionary has been the largest contributor. Management commentary has been relatively downbeat, painting a picture of a more challenged business environment ahead. *Source: J.P. Morgan Asset Management*
Inflationary Pressures	-		+	The October CPI report was cooler than expected, providing further confirmation that disinflation is well underway, in our opinion. Headline CPI was unchanged in the month and up 3.2% year over year, while Core CPI rose by 0.2% month over month and 4.0% year over year. In the details, energy was a big detractor with gas prices down 5% while shelter continues to account for the majority of overall inflation. Continued disinflation progress may keep the Fed on pause and keep yields off their highs. *Source: J.P. Morgan Asset Management*
Interest Rate Pressures	-		+	The FOMC voted to leave the federal funds rate unchanged at a range of 5.25% to 5.50% for the second consecutive-meeting, showing a willingness to be patient and proceed with caution. We think the Fed will continue to maintain its data-dependent stance from here, although Fed Chair Powell did acknowledge that risks are now more "two-sided." That said, he made it clear that economic and labor market conditions will need to ease further to convince them inflation is heading back to target. Moreover, the committee is not discussing rate cuts, keeping the "higher for longer" mantra intact.
Valuation	-		+	We believe some companies are very attractively priced, but, some large technology companies may be fully priced. We continue to suggest discipline, patience, and an emphasis on quality using fundamental analysis in selection of investments.

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Gaza Crisis Market Impact

The horrifying events of October 7, when the Palestitan terrorist group Hamas staged a surprise attack on Israel, have led to a comparison with the Arab Israel “Yom Kipper War” of 1973. That war helped mark the 1970s as an era of stagflation in the U.S. due to a pan-Arabic oil embargo among some OPEC (Organization of Petroleum Producing Companies) members protesting US support for Israel.

Oil prices tripled in a span of 3 months in 1973 and caused a seriess of rolling recessions in the US for the decade, damaging stock and bond returns. We think some investors have worries of this conflict negatively impacting stock and bond returns. We disagree.

We think the US energy supply is dramatically different today than it was in the early 1970s and therefore we believe the current war in the Middle East is less likely to lead to very high oil prices and significant stock declines.

In 1973, the US was the world’s largest importer of petroleum and relied heavily on foreign oil. Today the US is almost energy independent. We now have major production in areas like the Permian Basin in Texas and New Mexico due to the US shale revolution and Canadian energy extraction, combining horizontal drilling with hydraulic fracturing.

We are Thankful

Inflation is lower (3.2% versus 7.1% a year ago).

The economy is growing.

Unemployment is very low at 3.9%.

Stocks have turned up again.

Savers are being rewarded with yields above inflation.

Artificial Intelligence “AI”

Artificial Intelligence (AI) is having an “IPhone Moment” with the launch of ChatGPT, a chatbot technology that can simulate human-like understanding and produce well created conversational responses. Racing to a million users in five days and 100 million by January 2023, ChatGPT has already been used to write short stories and academic papers, as well as to create music and videos. Every day seems to bring news of incremental advances in natural language models, along with occasional apocalyptic warnings about the rise of robot overlords, which we think are ridiculous without human logic abilities (a brain). ChatGPT should be considered as a hyper-scale pattern recognition as it does not yet possess human logic abilities.

Technology analyst Drew Macklin of the Capital Group, an American financial services company said the following:

"As was true with the mainframe era in the 1950s, PCs in the 1980s and 1990s and most recently the mobile and cloud era, AI has the potential to be the next technology platform that drives major productivity gains and changes the world. Each of these eras created investment opportunities, but it’s critical for investors to separate the reality from the hype and be sharp on where value can accrue in the chain.”

The key question for investors is: Has AI finally reached a commercial tipping point?

Our Mission

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.