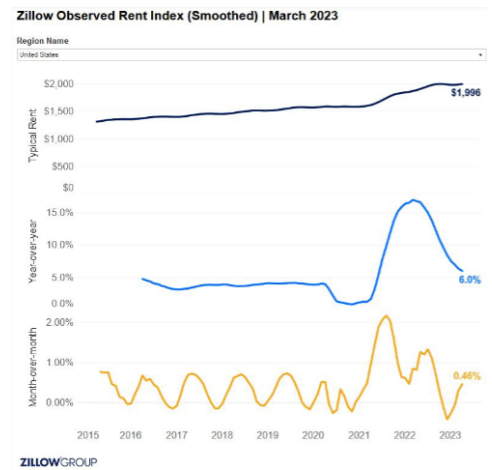


Macro Environment and Current Conditions

The Committee reviewed data on growth, inflation, and the labor market. Currently the 10yr-3m term spread is at its most negative level since 1980, but a **recession** had never started while the yield curve was inverted, indicating that the economy might still have some time to run. **Inflation** has peaked but is well above the Fed's 2% target. A big component of today's inflation is service inflation, which is different from what we had in 2021 when goods and commodity prices drove inflation. Service inflation is closely tied to wage inflation and shelter inflation. In recent months, we do see that the latter started to roll over, but the real time rent decline has also slowed down, bringing into question how much moderation we will see in shelter inflation going forward. The labor market and the U.S. PMI Composite continue to be strong.



Stock Market Rotations

It becomes increasingly clear now that the stock market started a rotation after January. It was initially triggered by the blowout jobs report in

¹ **Disclaimer:** The proceeding content is a summary of the discussion and data reviewed during the monthly Investment Committee meeting. It is informational only and based on information available when created. It is not an offer or a solicitation nor is it tax or legal advice. It does not consider your clients' financial circumstances and objectives and may not be suitable for your clients.