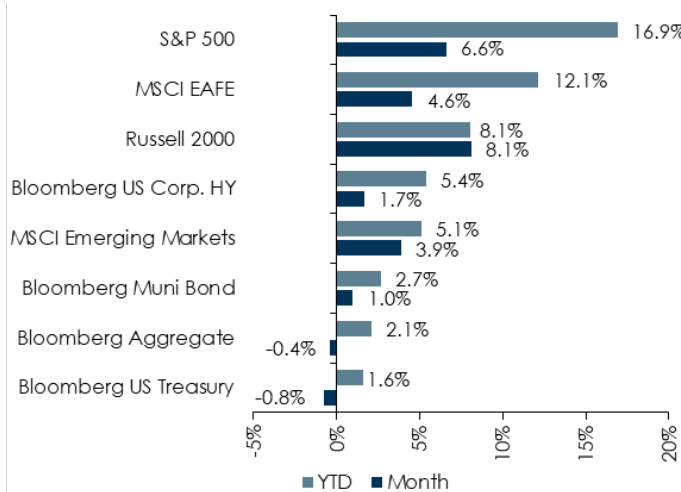


Economic Overview

- Market returns were largely positive as the resolution of the debt ceiling, fading banking crisis, and positive economic data lifted sentiment
- The US Fed paused its rate hiking campaign, but with hawkish forward guidance that projected two additional rate hikes in 2023
- 1st quarter US GDP growth was revised sharply upward from 1.3% to 2.0% and inflation continued to moderate, with headline CPI falling to 4.0% y/y

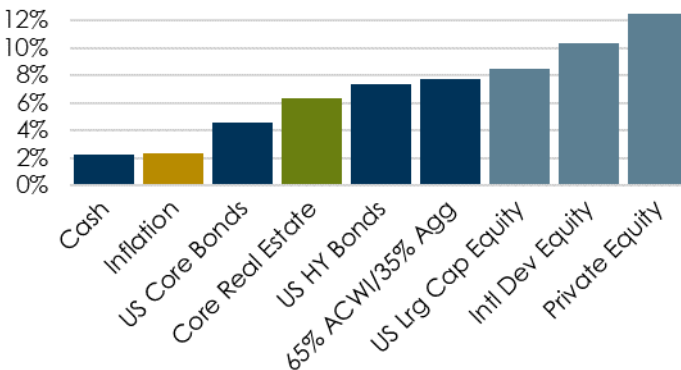
Market Returns

- Markets generally positive in June to close out a strong first half
- US Large Caps lead YTD on resilient economy, tech optimism



Source: Bloomberg, ACG Research (as of 6/30/2023)

Average Annual Return Assumptions (Next 10 Years)



Asset Class Valuations - Rebalancing Rationale

- Equities currently priced for a benign economic outcome
- Favor core bonds (US Treasuries) over high yield
- Cash remains attractive with yields around 5%

Asset Class	Current Valuation	Rationale
US Large Cap	Overvalued	Expensive valuations
US Small Cap	Fairly Valued	Balanced upside/downside risks
Int'l Developed	Fairly Valued	Favorable valuations but stagnant outlook
Emerging Mkt	Fairly Valued	Balanced upside/downside risks

Cash	Undervalued	High current yield
Core Bonds	Undervalued	Favor high quality
Multi-Sector	Fairly Valued	Duration, spreads balanced
Unconstrained	Fairly Valued	Duration, spreads balanced

Core Real Estate	Overvalued	Historically low (but rising) cap rates
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Overvalued Fairly Valued Undervalued

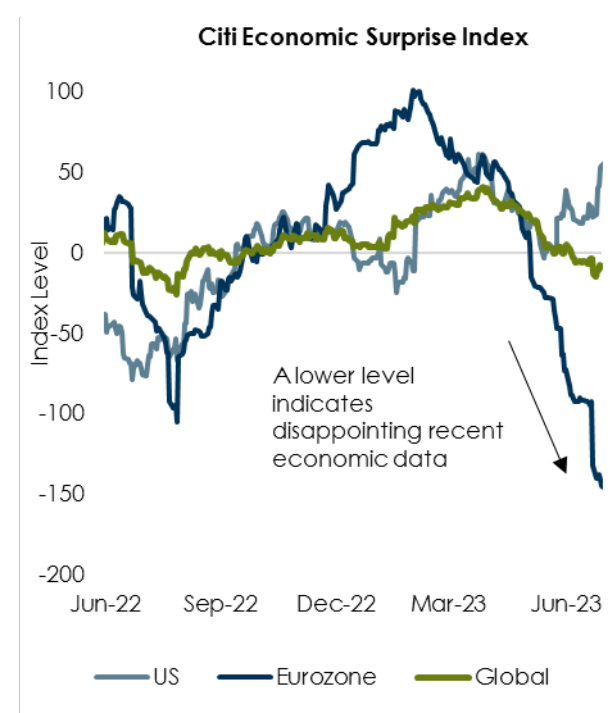
Recent Articles (click on links below)

- [Market Volatility \(July\)](#)
- [US Banking System & the Economy \(May\)](#)
- [Covid - Three-Year Update \(March\)](#)

Key Risk Factors We Are Watching

- Inflation and labor market data
- Tightening financial conditions
- Fed policy mistake
- Downward revisions to corporate earnings
- Ongoing geopolitical tensions
- Weaker than expected China recovery

Recent Economic Data Has Favored US Market



Source: Bloomberg (as of 6/30/23)

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