



## Quarterly Investment Commentary

Equity Strategy Commentary as of Q3 2023

### Market Overview:

The third quarter of 2023 was marked by a mix of positive economic developments and lingering concerns about interest rate changes. The S&P 500, our benchmark, posted a strong return of 9.12% during the quarter, driven primarily by the continued recovery in the automotive sector and expansion in new service-oriented industries. Central banks maintained a cautious approach to monetary policy, keeping interest rates relatively stable, which supported equity markets. Sector-wise, technology and healthcare outperformed, while energy and materials lagged behind.

### Key Drivers:

Our Equity strategy returned 4.95% during the quarter, underperforming the benchmark by 4.17%. A key contributor to our relative underperformance was our overweight position in Tesco PLC, which benefited from the ongoing auto industry recovery post-pandemic. We also initiated a position in Roche Holding AG, capitalizing on the company's expansion into new service sectors. Our proactive approach to portfolio management and tactical adjustments helped mitigate the impact of underperforming sectors on our overall performance.

### Sector Performance:

In response to market conditions, we made strategic adjustments to our sector allocations. We trimmed our exposure to energy and materials, which faced headwinds from declining commodity prices and global trade tensions. Conversely, we increased our allocation to technology, healthcare, and consumer discretionary sectors, which are poised to benefit from secular growth trends and improving consumer sentiment.

### Strategic Adjustments:

Our analysis of major sectors and stocks highlights the importance of being selective in this environment. We believe that companies with strong balance sheets, solid earnings growth, and a proven ability to adapt to changing market conditions will continue to outperform. Our overweight position in healthcare, for instance, is driven by the sector's resilience and the potential for further innovation and consolidation. In contrast, we remain cautious on energy and materials, as we expect continued volatility in commodity prices and trade policy uncertainty.

### Outlook:

Looking ahead to the next quarter, we anticipate that market conditions will remain dynamic, with ongoing trade talks and central banks' policy decisions likely to drive market sentiment. While we expect some volatility, we believe that our disciplined investment approach, focused on bottom-up stock selection and active sector rotation, will enable us to navigate

the landscape effectively. Our strategic focus areas for the next quarter include identifying opportunities in the technology and healthcare sectors, while maintaining a cautious stance on energy and materials. By staying agile and adaptative, we are confident in our ability to deliver strong risk-adjusted returns for our investors over the long term.

*Together, we create financial solutions that lead the way to a prosperous future.*



Scott M. Morgan  
President

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels.