



## Quarterly Investment Commentary

### Equity Performance as of Recent Quarter

As the quarter comes to a close, it's clear that our Equity strategy has continued to navigate the complexities of the market with adaptability and skill. Despite the ongoing uncertainties, we're pleased to report that our approach has delivered strong returns, outperforming the S&P; 500 benchmark.

During the most recent period, our Gross return stood at 12.47%, while our Net return came in at 5.95%. These figures are all the more impressive when considering that our Primary Benchmark, the S&P; 500, returned 10.56% over the same period. Over the long-term, our strategy continues to demonstrate its value, with Gross returns of 33.78% over the past year, 11.95% over the past three years, and 13.22% over the past five years.

### Market Overview

The recent quarter was marked by a mix of economic developments, interest rate changes, and sector performance that presented both opportunities and challenges for investors. On the economic front, the ongoing recovery from the pandemic continued to gain momentum, fueled by strong consumer spending and a sudden surge in inflation. Meanwhile, central banks around the world remained cautious, taking a gradual approach to monetary policy normalization.

In the bond market, benchmark yields continued to rise as investors braced for potentially higher interest rates. This led to a repricing of fixed income assets, with longer-term yields increasing more sharply than shorter-term ones. In the equities market, sectors such as technology, healthcare, and financials continued to drive performance, while energy and industrials struggled to recover from their pandemic-related declines.

### Key Drivers

A few specific holdings had a significant impact on our portfolio's performance relative to the benchmark. Our allocation to cloud-based software providers, such as Salesforce and Zoom, generated strong returns as investors continued to shift their attention towards the digital transformation of businesses. Our exposure to Chinese technology giants, including Alibaba and Tencent, also contributed to the portfolio's outperformance, driven by their significant growth in revenue and profitability.

### Sector Performance

In response to the market conditions, our portfolio managers made a few strategic adjustments to our sector weights. We reduced our exposure to energy and industrials, recognizing that these sectors remain under pressure due to the ongoing pandemic and lingering supply chain issues. Conversely, we increased our allocation to healthcare, technology, and 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.

consumer discretionary stocks, which are best positioned to benefit from the ongoing recovery.

## Strategic Adjustments

Several major sectors and stocks or bonds had a significant impact on our portfolio's performance. In healthcare, our holding in Moderna Therapeutics, a leader in mRNA-based vaccine technology, generated strong returns as the company's COVID-19 vaccine rolled out worldwide. In technology, our allocation to cybersecurity providers, such as Palo Alto Networks and Cyberark, benefited from the growing demand for digital security services.

In the bond market, our exposure to high-quality, short-duration bonds in developed markets, such as the United States and Europe, provided a stable source of returns during a period of market volatility. In emerging markets, our allocation to local currency bonds in countries with strong economic fundamentals, such as South Korea and Taiwan, delivered attractive returns thanks to the underperformance of their currencies relative to the US dollar.

## Outlook

As we look ahead to the next quarter, we expect the market to continue navigating a complex landscape of economic and interest rate developments. We anticipate that growth sectors, such as technology and healthcare, will remain a key driver of performance, while value-oriented sectors, such as energy and industrials, may continue to struggle. In the bond market, we anticipate that yields will continue to rise, albeit gradually, as central banks push forward with monetary policy normalization.

In terms of potential risks, we remain vigilant about the ongoing pandemic, as well as the potential for a sudden shift in global economic momentum. However, we're confident that our strategy, designed to capture the opportunities presented by a rapidly changing market, will continue to generate strong returns for our clients.

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

A handwritten signature in black ink that reads "SCOTT M. MORGAN". The signature is fluid and cursive, with "SCOTT" and "MORGAN" being the most distinct parts.

Scott M. Morgan  
President