MONTHLY FLASH REPORT

EQUITY INCOME | MAY 2023

This monthly report is intended only for CAPTRUST clients who have given us discretionary trading authority over their investment portfolios. This report highlights market activity and strategy performance, along with any portfolio actions taken as a result of our forward-looking tactical views. The opinions expressed in this report are subject to change without notice.

MARKET REWIND

With debt-ceiling debates at the forefront in May, investor concerns about a potential crisis created volatility. However, as the Treasury spent down its reserves, the markets benefited from significant liquidity injections. Large-cap stocks posted modest gains, enjoying their third consecutive month of growth. Although eight of eleven sectors declined, a handful of technology stocks brought balance. Their small-cap counterparts retreated. In the fixed income market, yields climbed, and bond prices fell as investors aligned with the Fed's higher-for-longer expectations. Both real estate and commodities slumped, adding to year-to-date losses.

International developed markets also sagged. Emerging markets fared better but still ended May in negative territory, weighed down by Chinese equity markets.

LOOKING FORWARD

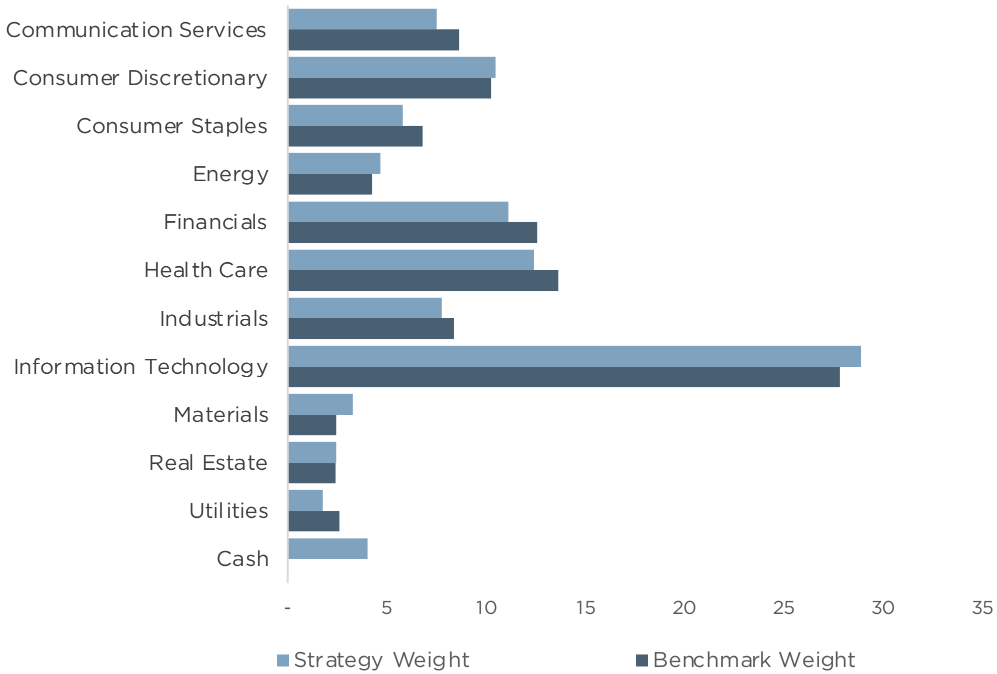
We expect additional short-term volatility under the new debt ceiling as Treasury reserves are rebuilt and liquidity is removed from the economy.

Although war in Ukraine and trade tensions with China create persistent geopolitical risks, so far, the economy has remained stronger than expected, dimming investor hopes for a rate cut before year-end. Thus, we remain cautious across portfolios.

Index Performance Numbers as of 05.31.2023

	May	YTD	1 Year	3 Years	5 Years
S&P 500	0.43%	9.65%	2.92%	12.92%	11.03%
Russell 2000	-0.92%	-0.04%	-4.68%	9.23%	2.74%
MSCI ACWI ex U.S.	-3.52%	4.56%	-1.86%	7.34%	2.10%
Bloomberg Barclays Aggregate Bond Index	-1.09%	2.46%	-2.14%	-3.65%	0.81%

Strategy Sector Weightings (%)



This material has been prepared solely for informational purposes and illustrates historical performance of familiar indices. This does not represent any actual account performance. Indices are unmanaged. Investors cannot invest directly in an index. This is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

Strategy Top Contributors and Detractors

	MAY	
	Return	Contribution
Palo Alto Networks, Inc.	16.95%	0.44%
Lam Research Corporation	17.67%	0.43%
Microsoft Corporation	7.11%	0.39%
Apple Inc.	4.61%	0.39%
Alphabet Inc. Class A	14.47%	0.28%
Starbucks Corporation	-14.14%	-0.27%
Nexstar Media Group, Inc.	-12.24%	-0.27%
AT&T Inc.	-14.26%	-0.29%
Nutrien Ltd.	-24.06%	-0.33%
Lamar Advertising Company Class A	-14.95%	-0.44%

Strategy Changes

New Positions	Ticker	Sector
NVIDIA	NVDA	Info. Tech

Eliminated Positions	Ticker	Sector
AT&T	T	Comm. Services

STRATEGY **UPDATE**

Equity Income declined 1.6% in May, lagging the benchmark S&P 500 by 2.1%. Positive performance was concentrated in an exceptionally small group of stocks. This concentration centered around technology-sector growth stocks. Equity Income's value-focused strategy was a significant headwind to its relative performance.

Unsurprisingly, top contributors for the month came from the technology sector, with Palo Alto Networks, Lam Research, and Microsoft contributing the most.

Negative contributors were mostly companies that are cyclically exposed, as fears of an impending recession gained steam. Lamar Advertising and Nexstar Media Group, both related to advertising, were among the biggest detractors. Nutrien fell as fertilizer prices declined following a weak planting season.

During the month, we sold AT&T as competition in the wireless services industry intensified. We initiated a new position in NVIDIA, a leading enabler in the race toward artificial intelligence. NVIDIA's extremely strong outlook made it a must-own stock for AI-exposure. However, its more than 2% weighting in the benchmark also makes it a relative performance risk to Equity Income, and so we sought to reduce some of that tracking error. We also added to our position in Adobe, which has some exposure to AI. We believe this will accelerate its growth.

The strategy ended May with a dividend yield of 2.2%, 38% above its benchmark.