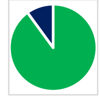
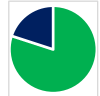
Market Update and Model Portfolio Reviews 10/31/2022

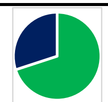
Model Strategies Trailing Returns* Compared to Respective Global and Domestic Benchmarks - Annualized Greater Than 1-Year

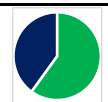
Higher Risk/Reward Potential

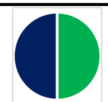
Lower Risk/Reward Potential

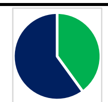
Ultra Aggressive			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	2.24%	-7.52%	-5.97%	-16.10%	-14.92%	10.83%	9.22%	9.90%
90% Equity		Global Benchmark	5.54%	-7.94%	-9.12%	-21.06%	-20.46%	2.98%	3.52%	5.88%
10% Bond		Domestic Benchmark	7.07%	-6.39%	-6.16%	-18.40%	-15.81%	7.54%	8.02%	9.32%

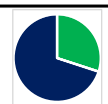
Aggressive			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	1.87%	-7.55%	-6.10%	-15.83%	-14.79%	9.80%	8.38%	8.80%
80% Equity		Global Benchmark	4.82%	-7.93%	-8.88%	-20.49%	-19.97%	2.14%	3.00%	5.17%
20% Bond		Domestic Benchmark	6.13%	-6.63%	-6.29%	-18.18%	-15.89%	6.20%	6.99%	8.20%

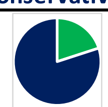
Growth			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	1.69%	-7.37%	-5.94%	-15.46%	-14.56%	8.41%	7.41%	7.90%
70% Equity		Global Benchmark	4.09%	-7.93%	-8.63%	-19.92%	-19.48%	1.28%	2.46%	4.43%
30% Bond		Domestic Benchmark	5.19%	-6.87%	-6.41%	-17.96%	-15.98%	4.84%	5.94%	7.08%

Growth and Income			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	1.51%	-7.17%	-5.92%	-15.02%	-14.23%	7.31%	6.56%	6.90%
60% Equity		Global Benchmark	3.37%	-7.92%	-8.39%	-19.35%	-19.00%	0.42%	1.92%	3.69%
40% Bond		Domestic Benchmark	4.25%	-7.11%	-6.54%	-17.74%	-16.08%	3.47%	4.88%	5.94%

Balanced			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	1.29%	-7.05%	-5.93%	-14.77%	-14.10%	5.71%	5.41%	5.82%
50% Equity		Global Benchmark	2.65%	-7.91%	-8.14%	-18.77%	-18.51%	-0.45%	1.36%	2.93%
50% Bond		Domestic Benchmark	3.31%	-7.35%	-6.66%	-17.52%	-16.17%	2.10%	3.80%	4.78%

Moderate			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	0.99%	-7.06%	-6.14%	-14.78%	-14.22%	3.77%	4.17%	4.77%
40% Equity		Global Benchmark	1.92%	-7.91%	-7.89%	-18.20%	-18.03%	-1.34%	0.78%	2.15%
60% Bond		Domestic Benchmark	2.37%	-7.59%	-6.79%	-17.30%	-16.27%	0.71%	2.71%	3.62%

Conservative			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	0.61%	-7.19%	-6.42%	-15.00%	-14.56%	1.83%	2.81%	3.43%
30% Equity		Global Benchmark	1.20%	-7.90%	-7.65%	-17.62%	-17.07%	-2.23%	0.19%	1.36%
70% Bond		Domestic Benchmark	1.43%	-7.83%	-6.91%	-17.08%	-16.36%	-0.69%	1.60%	2.44%

Ultra Conservative			1-Month	3-Month	6-Month	YTD	1-Year	3-Year	5-Year	Inception
Target Risk/Reward Profile		Model Strategy	0.30%	-7.25%	-6.61%	-15.10%	-14.76%	-0.04%	1.52%	2.20%
20% Equity		Global Benchmark	0.48%	-7.89%	-7.40%	-17.05%	-17.07%	-3.13%	-0.41%	0.55%
80% Bond		Domestic Benchmark	0.49%	-8.07%	-7.04%	-16.86%	-16.46%	-2.10%	0.48%	1.24%

*DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. *Trailing returns as of 10/31/2022 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 10/31/2022. "Inception" refers to Inception to Date. Inception calculation assumes end of day market prices on 12/30/2016 for starting period values to calculate Inception to Date figures. Performance presented net of highest advisory fee. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is no guarantee of future results.*

Market Update and Model Portfolio Reviews 10/31/2022

By Dustin Latham, CFA, CAIA, CRPC

November 1, 2022

Global Equities rebounded in October up 6.02%, and down -21.14% year to date. Domestic equities helped lead the rebound up 8.10% and climbed out of bear market year to date down -17.70%. Emerging Markets continued to disappoint on the month down -3.54% in October bringing the year-to-date losses to -26.60%. The primary driver of emerging market losses was weaker performance across Chinese equities. The Treasury yield curve (interest rates) rose higher in October for all maturities sending Treasury prices lower, although there appeared to be a near term peak reached in yields. As a result, Domestic Investment Grade Bonds ended October down -1.18% and down -14.47% year-to-date. All of the large cap domestic sectors finished positively in October with no shortage of variation of returns amongst the sectors. The Energy Sector boomed up 24.96% off strong earnings and higher energy prices, while the Communications Sector lagged as the mega cap names like Google parent, Alphabet, and Facebook parent, Meta, both disappointed on earnings and on guidance for anticipated slowing advertising spend (their primary revenue source).

The U.S. personal savings rate for the month of September (reported in late October) fell to 3.1%. Again, mortgage rates followed the 10-year Treasury yield to this economic cycle high with rates ending the month at 7.08% for 30-year mortgages. Housing data continue to show signs of weakening which on balance is a positive for a reduction in inflation narrative. The September headline inflation (CPI) increased on a month over month basis primarily due to shelter (or rental equivalent), food, and medical care increases.

The S&P 500 index bounced higher October 13 after another high inflation print lead to a new intraday low on the index for the bear market this year. We're having a hard time embracing this rally as it appears more technically driven than what lies ahead for the lagged effect of monetary policy. A case can be made that more companies are beating on their estimates for earnings, but this is a quarterly phenomenon where estimates versus earnings are lower resulting in earnings beats on estimates (on average). The overall positive contribution of earnings is primarily being driven by the Energy Sector, while with Energy stripped out would have otherwise resulted in a negative earnings growth year for the large cap index through the third quarter. The sectors impacted first by way of economic slowdown are feeling the pain of slowing advertising spend. Energy prices may continue to rally past the October increase into the winter months which should lead to a peak in Energy Sector earnings and an ultimate rollover across the aggregate of earnings growth. Revenue growth is expected in inflationary periods, but margin pressures should breakdown as they have in the past and likely give way to new lows in equities.

Markets appear to be anticipating a pivot from the Federal Reserve, and not a pause. We can doubt the Fed's decisions, but there's opportunity for mistakes in doubting they will stick to script. Higher interest rates for longer is not something markets will absorb well after four decades of trending lower interest rates. Prior to the pandemic, the Fed's dual mandate was more of a solo mandate for full employment. Now we are in a solo mandate for price stability (bringing down inflation). The market might be focusing too much on the anticipated future change of pace of interest rate hikes, rather than the effects of higher interest rates for longer. This as the market and economy has been conditioned for more than a decade of low interest rates. The Federal Reserve has done away with guidance commentary although the market appears forgetful of this. As indicated in comments back in late August from Federal Reserve Chair Jerome Powell: *While the lower inflation readings for July are welcome, a single month's improvement falls far short of what the Committee will need to see before we are confident that inflation is moving down. We are moving our policy stance purposefully to a level that will be sufficiently restrictive to return inflation to 2 percent*.

*DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. Investment Grade Bonds measured by the S&P U.S. Aggregate Bond Index. S&P 500 Total Return Index**. *Trailing returns as of 12/31/2022 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 10/31/2022. "Inception" refers to Inception to Date. Inception calculation assumes end of day market prices on 12/30/2016 for starting period values to calculate Inception to Date figures. Performance presented net of highest advisory fee. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is no guarantee of future results.*

<u>**Market Update and Model Portfolio Reviews 10/31/2022**</u>

By Dustin Latham, CFA, CAIA, CRPC

Given the lagged effect of monetary policy and the Federal Reserve's commitment to not change course with one or two inflation readings below the prior month, it seems markets are moving more on hope than reality in the short term. A reminder from the minutes of the September FOMC meeting: *Many participants indicated that, once the policy rate had reached a sufficiently restrictive level, it likely would be appropriate to maintain that level for some time until there was compelling evidence that inflation was on course to return to the 2 percent objective*.

There is not much in preliminary data that would point to one month of slowing inflation, let alone compelling evidence that inflation is on course for a return to 2%. Therefore, we look for more commentary about an anticipated pause at future meetings and not a pivot back to pre-pandemic levels of monetary policy. The market seems to be stuck in a belief of a soft landing and should prepare for consistent remarks from the Federal Reserve in their war against inflation. These comments will be out of date by the 2pm Federal Reserve decision on November 2nd.

There is no positive spin we can put on our relative performance in October. By our calculations, it was our worst month in relative performance terms for our Growth and Income up to our Ultra Aggressive strategies since the inception of our model performance track record. The model strategies were all positive on the month, and that is all the spin we can add. Detracting from performance was our higher allocation to cash while the market was rebounding. Although a small allocation, individual company performance from Meta was a significant drag. This was compounded by our continued overweight to Chinese equities. We like these exposures even more so now and would otherwise increase these weightings but want to limit our concentrations to any one company or region of the world and as such are maxed out on our self-imposed concentration limits. It is hard to see a growth company like Meta trading at multiples like a value company such as a bank or financial institution and not add more to the position.

At the risk of being compared to a broken clock, we still think a rebound in Chinese equities is on the table and the draconian Covid restrictions are a signal away from a significant rebound in the asset class. These investment allocations are swallowed up in negative sentiment and otherwise are trading like we're in another Great Financial Crisis.

We were tactical in our Risk-Off positioning with the volatility at the start of October and on October 20th. We reduced cash and then added back to cash as equities rebounded on October 3 to October 5. Interest rates providing a near term exit on October 4th. Heading into October 20th we used the back up in interest rates to add to our longer duration interest rate sensitivities, but more in an average costing approach as we are not entirely convinced of a peak in interest rates in the 10-year and longer maturities for Treasury yields. Shortly after the market open on November 1st, we used the rally in equities and fixed income to raise additional cash to end, or come close to month end, with cash around 30% for our equity allocation sleeve and 20% for our fixed income sleeve. There's risk of being out of the market, although we do not think we have seen anything break, or financial conditions tight enough to warrant our own pivot away from Risk-Off.

*DISCLOSURE (Click links for sources. If in print, sources available upon request). Calculations & Definitions available upon request. Investment Grade Bonds measured by the S&P U.S. Aggregate Bond Index. S&P 500 Total Return Index**. *Trailing returns as of 10/31/2022 and are annualized returns if over 1-Year. See "Model Disclosure" page for important disclosures and information – Total Period Measured 12/31/2016 – 10/31/2022. "Inception" refers to Inception to Date. Inception calculation assumes end of day market prices on 12/30/2016 for starting period values to calculate Inception to Date figures. Performance presented net of highest advisory fee. Views and opinions are of Alternative Capitalis, LLC and are not intended as investment advice or recommendation(s). The results do not represent actual trading and actual results may significantly differ from the theoretical results presented. Past performance is no guarantee of future results.*

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Model Disclosure

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Thus, the performance shown does not reflect the impact that material economic and market factors had or might have had on decision making if actual investor money had been managed. Model portfolio performance is shown net of the model advisory fee of 1.25%, the highest fee charged by Alternative Capitalis, LLC. This reflects a change from Alternative Capitalis, LLC highest fee charged to a client(s) account from 1% to 1.25% annually. April 1, 2018 model performance to most recent date presented adjusts for the higher 1.25% annual fee. Model portfolio performance is shown net of the sample trading costs based on our Custodian's, TD Ameritrade Institutional, trading costs. Performance does not reflect the deduction of other fees or expenses, including but not limited to brokerage fees, custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by Alternative Capitalis, LLC. The performance calculations have not been audited by any third party. Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, the reinvestment of dividends, the length of time various positions are held, the client's objectives and restrictions, and fees and expenses incurred by any specific individual portfolio. The performance calculations are based on a hypothetical investment of $100,000 for both the model and benchmarks presented. **Benchmarks:** The performance results shown are compared to the performance of the performance of a blended ETF (exchange-traded-fund) portfolio comprised of the following two ETF's symbols, SPY & AGG, are described below. The benchmarks used are investable ETFs and their performance calculation is inclusive of the highest fee charged to a client(s) account, 1.25% annually. This will reduce the total return of the investable benchmark by the annualized rate of 1.25%. The ETF symbol SPY (SPDR® S&P 500® ETF Trust) which seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index (the "Index"). Visit https://us.spdrs.com/en/etf/spdr-sp-500-etf-SPY for more information about the ETF. The S&P 500® Index results do not reflect fees and expenses and you typically cannot invest in an index. The ETF symbol AGG (iShares Core U.S. Aggregate Bond ETF). The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. (the "Index"). Visit https://www.ishares.com/us/products/239458/ishares-core-total-us-bond-market-etf for more information about the ETF. The index composed of the total U.S. investment-grade bond market results do not reflect fees and expenses and you typically cannot invest in an index. <u>The benchmark is blended representing a weighting of a percentage (%) to SPY and percentage (%) to AGG based on the respective model weights below.</u> Unless otherwise indicated, the benchmarks are not rebalanced to maintain their original weighting over the period measured. Instead, they are comprised of the starting allocation and will shift given the prevailing market environment over the period measured. **Return Comparison:** To benchmark the results, the ETF (exchange-traded-fund) symbol SPY (SPDR® S&P 500® ETF Trust) which seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index (the "Index"). The S&P 500 was chosen as it is generally well recognized as an indicator or representation of the stock market in general and includes a cross section of equity holdings. In addition, the ETF symbol AGG was chosen as a benchmark. The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. The total U.S. investment-grade bond market was chosen as it is generally well recognized as an indicator or representation of the bond market in general and includes a cross section of debt holdings. For each respective model benchmark the performance measurement weightings are as follows to SPY / AGG %: 20/80, 30/70, 40/60, 50/50, 60/40, 70/30, 80/20, 90/10 % respectively for Ultra Conservative, Conservative, Moderate, Balanced, Growth & Income, Growth, Aggressive, Ultra Aggressive. **OPTIONS TRADING RISK DISCLOSURE**: Options Trading – Both the purchase and writing (selling) of options contracts –involves a significant degree of risk not suitable for all investors. Investors should carefully consider the inherent risks and financial obligations associated with options trading as further detailed in the Options Clearing Corporate booklet "[Characteristics and Risks of Standardized Options](#)." 101 Federal Street, Suite 1956A, Boston, MA 02210 is Alternative Capitalis, LLC's client facing address. All books, records, receipts, correspondence (mailing address) and day to day operations are located at 1565 West St, Wrentham, MA 02093.

The results do not represent actual trading and actual results may significantly differ from the theoretical results presented.

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Model Disclosure Continued

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ETF	Earliest Available Price Data for ETF	Backfill Index 1	Earliest Available Data for Index Backfill 1	Backfill Index 2	Earliest Available Data for Index Backfill 2
BNDX	5/31/2013	*ICE BofAML Global Broad Market Index*	9/22/1998	N/A	N/A
VT	6/24/2008	MSCI All Country World Index TR	12/29/2000	*S&P 500 (TR) Index*	9/22/1998
BND	4/3/2007	Barclays US Aggregate Bond Index	9/22/1998	N/A	N/A

The ETF symbol BNDX (Vanguard Total International Bond ETF). The Vanguard Total International Bond ETF attempts to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). Visit https://investor.vanguard.com/etf/profile/BNDX for more information about the ETF. The ETF symbol VT (Vanguard Total World Stock ETF) seeks to track the performance of the FTSE Global All Cap Index, which covers both well-established and still-developing markets. Visit https://investor.vanguard.com/etf/profile/VT for more information about the ETF. The ETF symbol BND (Vanguard Total Bond Market ETF). The Vanguard Total Bond Market ETF attempts to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index and attempted to track the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009. Visit https://investor.vanguard.com/etf/profile/BND for more information about the ETF. <u>The benchmark is blended representing a weighting of a percentage (%) to BND, percentage (%) to VT and percentage (%) to BNDX based on the respective model weights below.</u> The benchmarks are rebalanced over periods that include a calendar year end date, on the calendar year end date, to their original weighting over the period measured. The Benchmarks are comprised of the starting allocation and will shift given the prevailing market environment over the period measured. **Return Comparison:** To benchmark the results, the ETF symbol BNDX (Vanguard Total International Bond ETF) attempts to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). The Vanguard Total International Bond ETF was chosen as it is generally well recognized as an indicator or representation of the global bond market, ex-U.S. bonds, and tracks an investment-grade, non-USD denominated bond index, hedged against currency fluctuations for U.S. investors. The ETF symbol VT (Vanguard Total World Stock ETF) seeks to track the performance of the FTSE Global All Cap Index, which covers both well-established and still-developing markets. The Vanguard Total World Stock ETF was chosen as it is generally well recognized as an indicator or representation of the global stock market and tracks a market-cap-weighted index of global stocks covering approximately 98% of the domestic and emerging market capitalization. The ETF symbol BND (Vanguard Total Bond Market ETF) attempts to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index and attempted to track the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009. The Vanguard Total Bond Market ETF was chosen as it is generally well recognized as an indicator or representation of the U.S. Domestic bond market, and tracks a broad, market-value-weighted index of U.S. dollar-denominated, investment-grade, taxable, fixed-income securities with maturities of at least one year. For each respective model benchmark the performance measurement weightings are as follows to BND/VT/BNDX %: 66/20/14, 57.8/30/12.3, 49.5/40/10.5, 41.2/50/8.8, 33/60/7, 24.7/70/5.3, 16.5/80/3.5 and 8.2/90/1.8 % respectively for the Ultra Conservative, Conservative, Moderate, Balanced, Growth & Income, Growth, Aggressive and Ultra Aggressive Global Benchmarks.