Chris Hyzy: This is Chris Hyzy, Chief Investment Officer, for the August Viewpoint update titled: What's the next move? With the gap between the leading and coincident indicators at the widest level of the post pandemic cycle and distortions from the aggressive fiscal and monetary stimulus beginning to normalize, we ask the question, “What's the next move?” As far as the economy is concerned it appears growth is skimming along the pond and remaining resilient with the recent increase in productivity as one of the new major tailwinds; still slow, but yet it is increasing. The next move here is still undetermined as capital investment could underpin the economy in the next year or consumer spending could actually slow more than expected with student loan repayments starting up again and the jobs market showing some signs of slowing down. If there is indeed a fork in the road here, it will likely be picked up in corporate earnings by year end. Inflation has come down sharply with most components still in a downtrend even if wages continue to showcase stickiness. The next move for inflation is further downside in our view with the driving catalyst being declining pricing power, lower input costs despite the recent rise in gasoline prices, slower European growth, continued bumpiness in the economy in China, and more normalized consumer spending post pandemic. As far as the markets are concerned, with market gauges close to yearly highs and only a few percentage points away from all time highs, we expect some softness in August which we would use as an opportunity for long term growth investors to rebalance portfolios. Given the sharp June and July market gains, August - which is typically the weakest month on a calendar basis – is likely to give up a few percentage points in our opinion. Bond yields should be stuck in a narrow range after rising off the back of the recent Fitch downgrade. Eventually longer dated yields should begin to track the combined trend of inflation and growth expectations overall. The short end of the curve should largely take its cue obviously from the Federal Reserve. Furthermore, we don't expect much movement in the near term in credit spreads with economic growth remaining resilient. However, if the leading indicators - which remain negative - become the telltale anchor to current conditions, then credit spreads will begin to pick up the deterioration first. This is a key market indicator to watch through and into 2024. So bottom line, we continue to remain balanced. With excessive cash on the sidelines, the equity markets have an upward bias to them, but they need support from corporate earnings and continued move lower in inflation. This is an important point in the cycle. Does the economy avert a recession or are the leading indicators whispering something much weaker than what is expected? B of A Global Research is now forecasting a soft landing for the US economy. At this point we believe investors should remain neutral across equities and fixed income as data continues to point to a mixed atmosphere even in a soft landing scenario. This has been our base case since the start of the year. We maintain our preference for value and high quality overall. Longer term investors should keep small capitalization shares, emerging markets, and energy industrial sectors on their add to exposures list as we approach 2024. That'll do it for today. Thanks for listening.

Operator: Please see important information provided in this report.

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