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Serving short-term investment needs . . .

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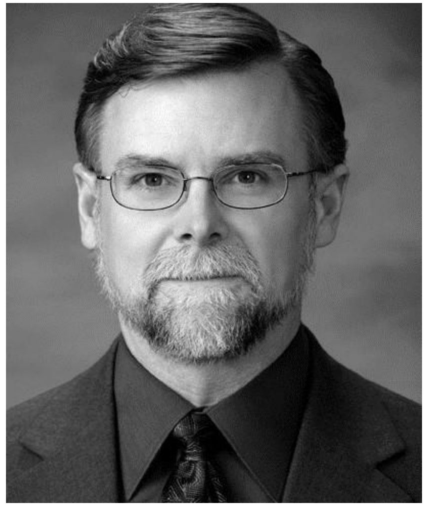

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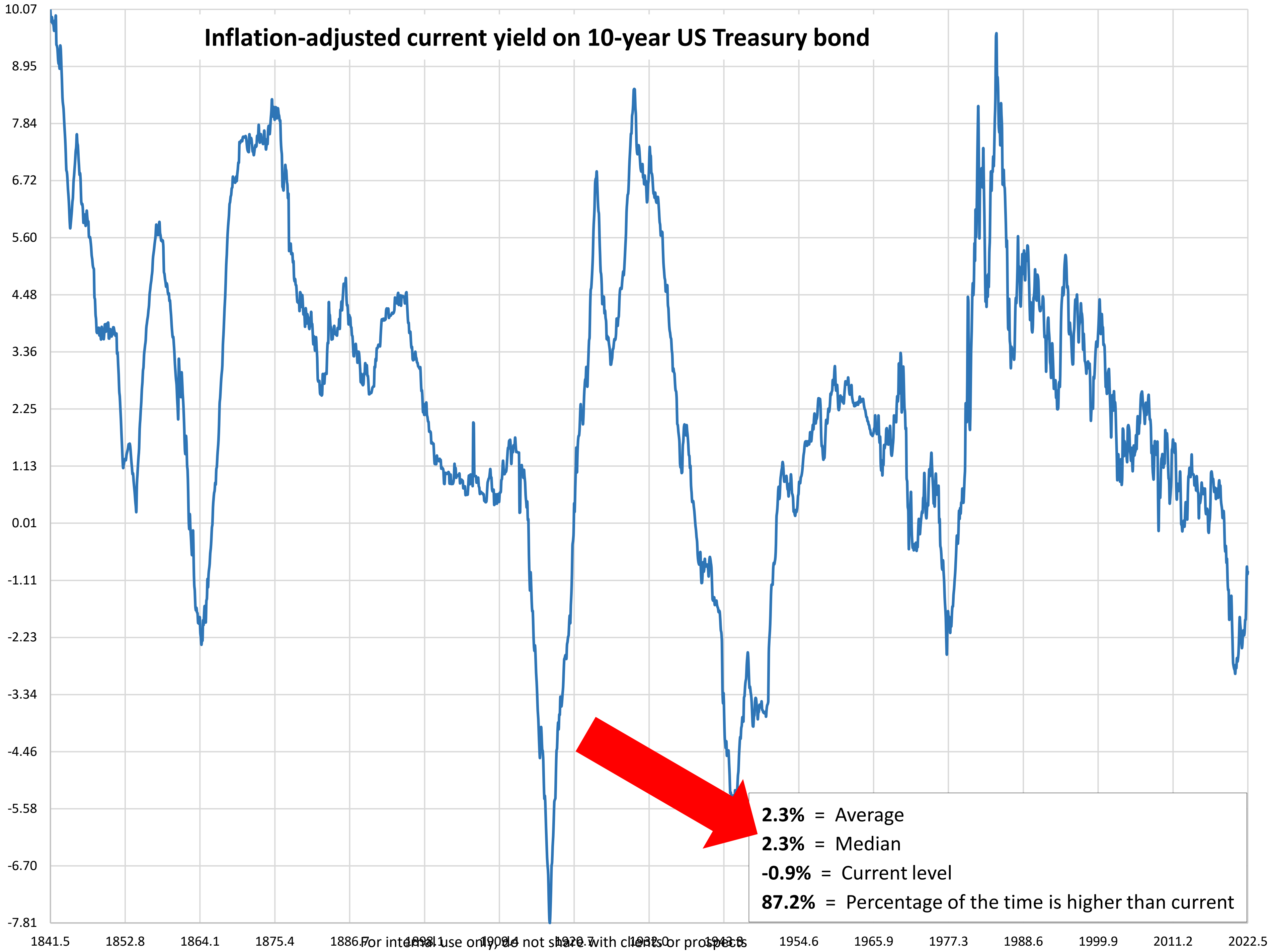
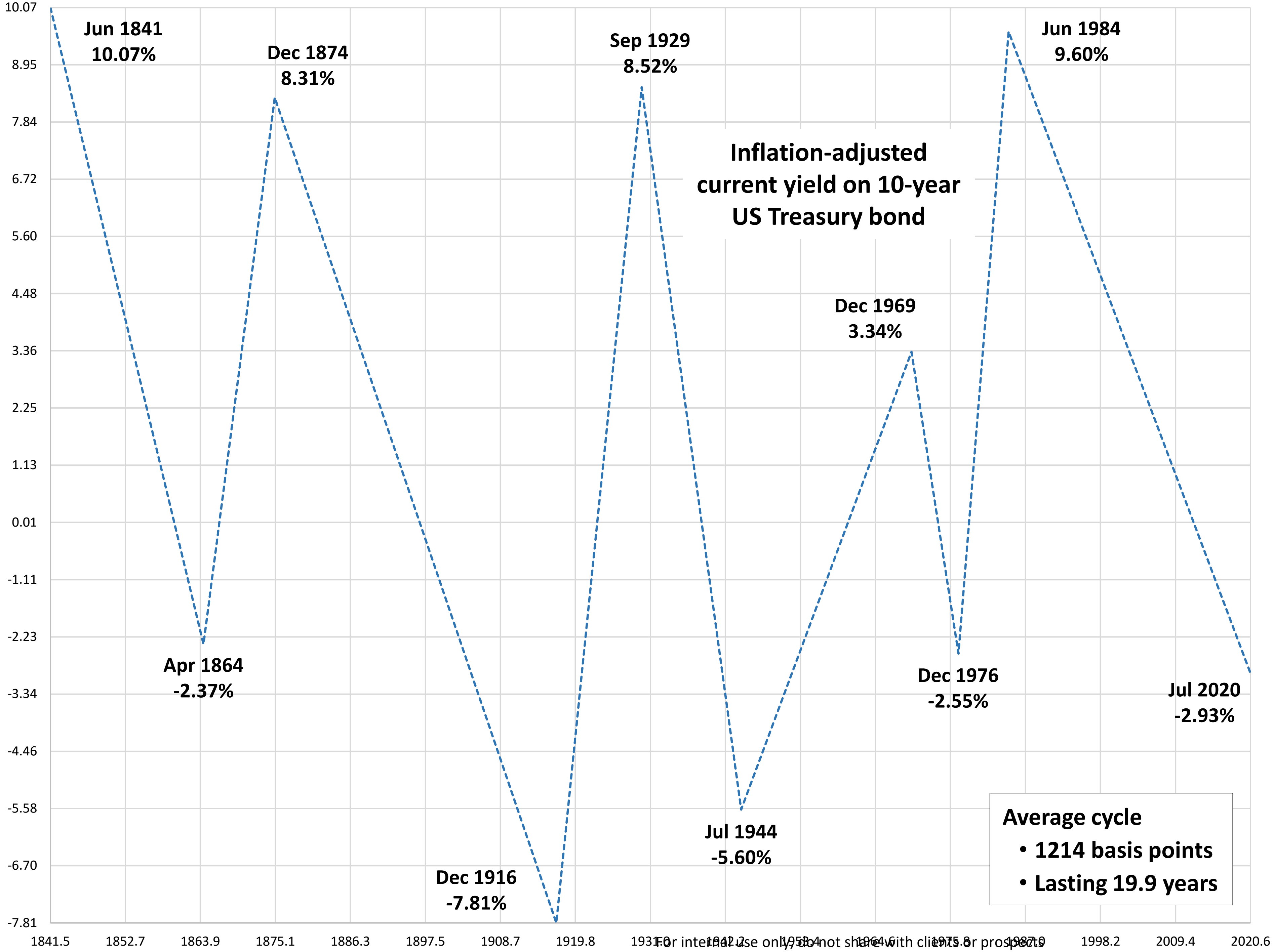
Serving investment needs arriving . . .

Between 0 and 5 years in the future

Interest rates - details



Interest rates - the cycles



What comes next - the next "18 years"

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Bloomberg

US Edition

● Live Now | Markets | Industries | Technology | Politics | Wealth | Pursuits | Opinion | Businessweek | Equality | Greer

Markets

No Escape From Biggest Bond Loss in Decades as Fed Keeps Hiking

- Swaps show slight tilt toward a 75-basis-point hike this month
- BlackRock's Rick Rieder sees more upside for 10-year yields

Investors who might be looking for the world's biggest bond market to rally back soon from its worst losses in decades appear doomed to disappointment.

What comes next - the next 18 years

Bloomberg
US Edition

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Markets

Rocket Scientist Turned Quant Says Inflation Is Here for Awhile

Normalization will be a “multi-year trend,” PGIM’s George Patterson says.

Interest rates

Wow . . . . . We haven’t seen this since about 1850

What just happened

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- Mar 9, 2020
  - 0.499% current yield on 10-year Treasury

- Sep 25, 2022
  - 3.68% current yield on 10-year Treasury

- That's an increase of 318 basis points
- That's also . . . . The absolute wrong way to look at it

- The correct way
- It's a proportionate increase of 637%

What can we conclude

- The pain is over . . . . . it's just plain over . . . . no more pain

- Unfortunately, the challenge is not over

- Interest rates will now rise up through 2040 . . . . they won't peak until 2040

- Although NOT in a straight-line fashion

I can't say this strongly enough

- The pain is over . . . We're done

- BUT . . . The challenge is <u>ahead</u> of us . . . For bonds

This is a bond bear market . . . . Just like we've always had

	Cumulative percentage return, unannualized	Duration in years	Start date	End date	Volatility, annualized standard deviation of monthly returns	Percentage of monthly returns that were POSITIVE	Annualized return during BEAR market
	-22	2.67	Mar 1863	Nov 1865	6.1	31	-9.1
	-50	11.42	Dec 1908	May 1920	4.8	41	-5.9
	-31	16.58	Jan 1941	Aug 1957	3.3	45	-2.2
	-40	16.33	May 1965	Sep 1981	6.4	45	-3.0
	?	?	Jul 2020	?	?	?	?
Median BEAR market	-35	13.87			5.4	43	-4.5

This is a bond bear market . . . . Just like we've always had

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Bear markets for inflation-adjusted U.S. bonds since 1845

	Cumulative percentage return, unannualized	Duration in years	Start date	End date	Volatility, annualized standard deviation of monthly returns	Percentage of monthly returns that were POSITIVE	Annualized return during BEAR market	Number of years to regain what was lost during this bear market
	-22	2.67	Mar 1863	Nov 1865	6.1	31	-9.1	5.4
	-50	11.42	Dec 1908	May 1920	4.8	41	-5.9	18.1
	-31	16.58	Jan 1941	Aug 1957	3.3	45	-2.2	44.6
	-40	16.33	May 1965	Sep 1981	6.4	45	-3.0	19.5
	?	?	Jul 2020	?	?	?	?	?
Median BEAR market	-35	13.87			5.4	43	-4.5	18.8

Why must interest rates rise from now through 2040

- The inflation-adjusted current yield on the 10-year Treasury is just 1.6%
- The historical average and median are 2.3%
- Current interest rates have to rise 44% . . . . just to reach "normal"

- But we won't stop at normal . . . . because we and the rest of the world are financing the following mega-projects
  - Cold war with Russia
  - Cold war with China
  - Conversion from fossil fuels to renewables
  - Income inequality gap
  - Wealth inequality gap
  - Expanding social welfare programs
  - Demographic decline
  - Transitioning from one political structure, to a different structure . . . and this breeds uncertainty, fear, inefficiency, mistakes

Interest rates today

For the US Treasury market

Conventional Treasury bonds

Treasury Yields

NAME	COUPON	PRICE	YIELD
GB3:GOV **3 Month**	0.00	3.15	3.24%
GB6:GOV **6 Month**	0.00	3.73	3.93%
GB12:GOV **12 Month**	0.00	3.89	4.06%
GT2:GOV **2 Year**	4.25	99.94	4.28%
GT5:GOV **5 Year**	3.13	95.33	4.18%
GT10:GOV **10 Year**	2.75	90.30	3.95%
GT30:GOV **30 Year**	3.00	85.38	3.83%

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Treasury Inflation Protected Securities (TIPS)

NAME	COUPON	PRICE	YIELD
GTII5:GOV **5 Year**	0.13	92.54	1.84%
GTII10:GOV **10 Year**	0.63	91.12	1.61%
GTII20:GOV **20 Year**	0.75	82.31	1.84%
GTII30:GOV **30 Year**	0.13	64.95	1.63%

One of my preferred solutions

I use it with many of my own clients

Julex's tactical asset allocation approach to short-term bonds

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Opportunistic Yrs 0-5 TAA
Product Sheet

Overview

- A tactical limited duration bond strategy aiming to generate higher-than-average income while preserving capital.
- Portfolio duration: less than 4.25 years
  Portfolio weighted average credit rating: BBB- or better
  Monthly portfolio update
- Use unique RiskSwitch™ indicator to determine the level of participation in high yield and bank loan markets.

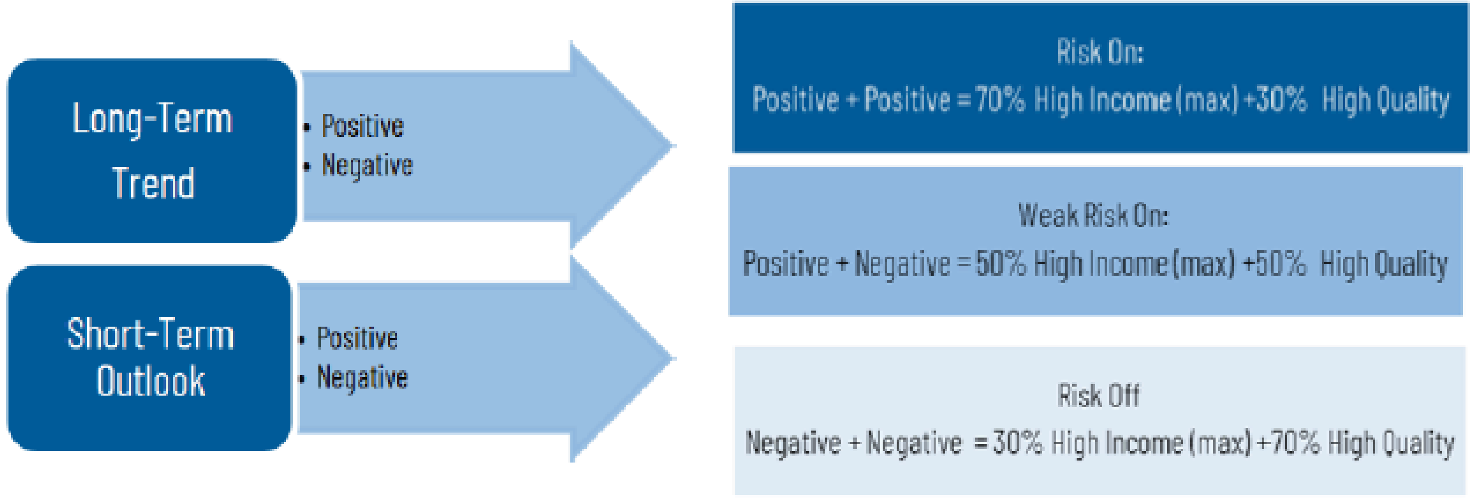
Facts

Customized Benchmark:
60.84% Bank Loans,
30.40% Short-Term Treasuries, 7.81%
Intermediate-Term Treasuries, 0.95% T-Bill

Portfolio Manager:
Henry Ma, Ph. D., CFA
25-Year Investment Experience

Investment Process

Julex Capital uses a tactical model combining both long-term trend analysis and short-term market outlook to position the portfolios among high yield bonds, bank loans, mortgages, Treasuries and cash/short-term Treasuries.



Julex's tactical asset allocation approach to short-term bonds

Investment Universe

High Income Bonds	High Quality Bonds
High Yield Bonds	Treasuries
Bank Loans	Mortgages
	Cash/Cash Equivalents

Julex's tactical asset allocation approach to short-term bonds

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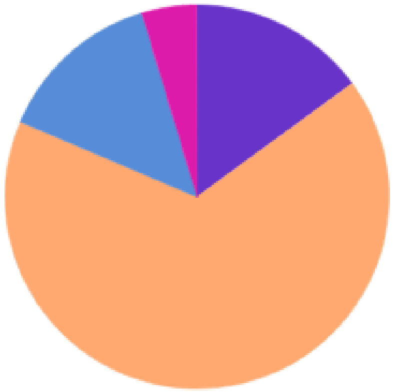
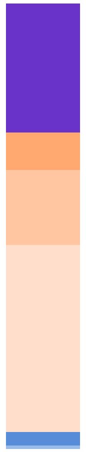
Bond Sector Exposure (?)



Government	14.96%
Corporate	66.45%
Securitized	13.96%
Municipal	0.00%
Cash	4.63%
Derivative	0.00%

As of September 27, 2022

Bond Credit Quality Exposure (?)



AAA	28.90%
AA	0.00%
A	0.00%
BBB	8.23%
BB	16.97%
B	42.07%
Below B	2.61%
Not Rated	1.22%

As of September 27, 2022

Bond Maturity Exposure (?)

Short Term	**1.05%**
1-7 Days	0.00%
8-30 Days	0.00%
31-90 Days	0.00%
91 to 182 Days	0.75%
183 to 364 Days	0.30%
Intermediate	**84.46%**
1 to 3 Years	12.57%
3 to 5 Years	26.57%
5 to 7 Years	36.21%
7 to 10 Years	9.11%
Long Term	**14.48%**
10 to 15 Years	1.48%
15 to 20 Years	0.60%
20 to 30 Years	12.26%
Over 30 Years	0.15%

As of September 27, 2022

Julex's tactical asset allocation approach to short-term bonds

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All Holdings (?)

Symbol	Name	Target Weight
BKLN	Invesco Senior Loan ETF	35.00%
SRLN	SPDR Blackstone Senior Loan ETF	35.00%
SPMB	SPDR® Portfolio Mortgage Backed Bond ETF	15.00%
SPTI	SPDR® Portfolio Intmdt Term Trs ETF	7.50%
IEF	iShares 7-10 Year Treasury Bond ETF	6.80%
BIL	SPDR® Blmbg 1-3 Mth T-Bill ETF	0.70%

As of September 27, 2022

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Why the 4% retirement withdrawal strategy is all wrong

Friday

October 7th

11:00 a.m. EASTERN

Important Disclosures

All data and statistics were provided by Global Financial Data, Inc. and NDR, Inc. (unless otherwise indicated in the exhibit)

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One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the presentation of hypothetical performance results and all of which can adversely affect actual trading results.

The composition of a benchmark index may not reflect the manner in which a Julex portfolio is constructed in relation to expected or achieved returns, investment holdings, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error targets, all of which are subject to change over time.

No representation or warranty is made to the reasonableness of the assumptions made or that all assumptions used to construct the performance provided have been stated or fully considered.