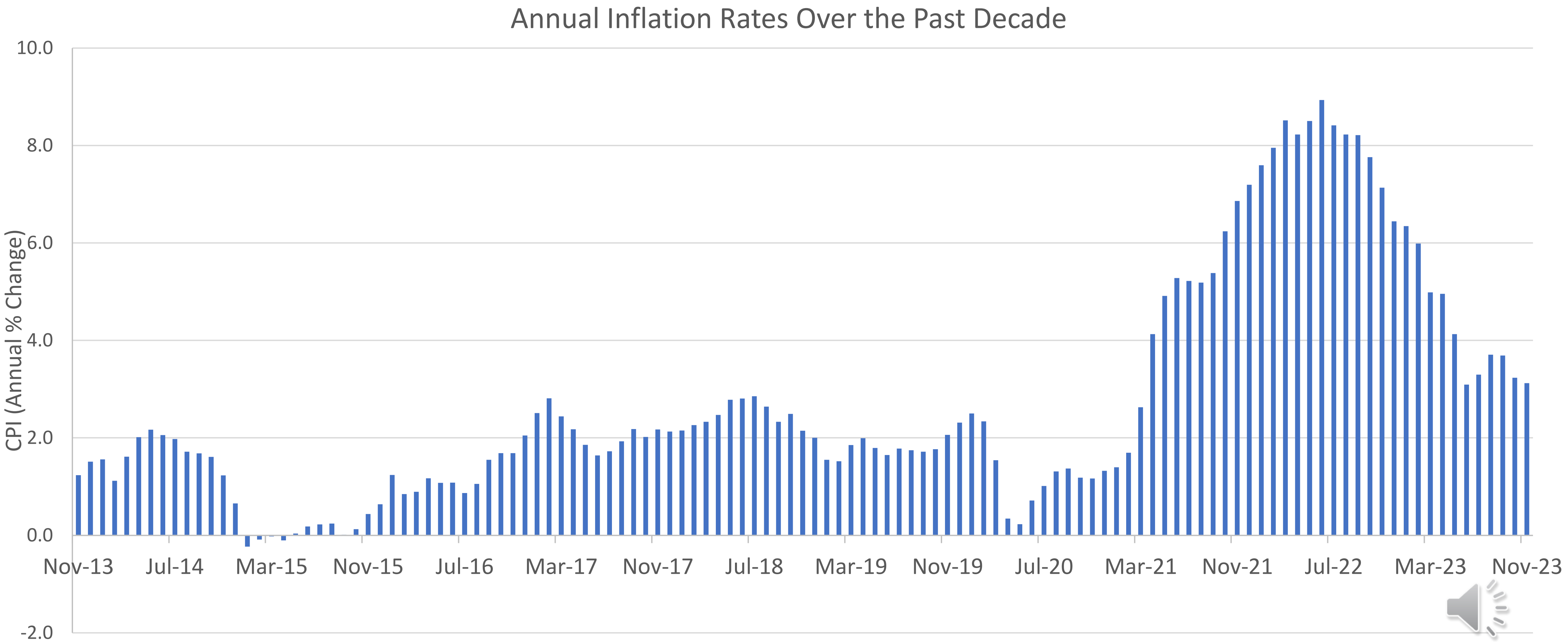
Q1'2024 Quarter Client Presentation

Asa W. Graves VII, CFA Chief Investment Officer
Jason Fink, PhD Director of Research
Ash Heatwole, CFA Portfolio Manager & Director of Wealth Management

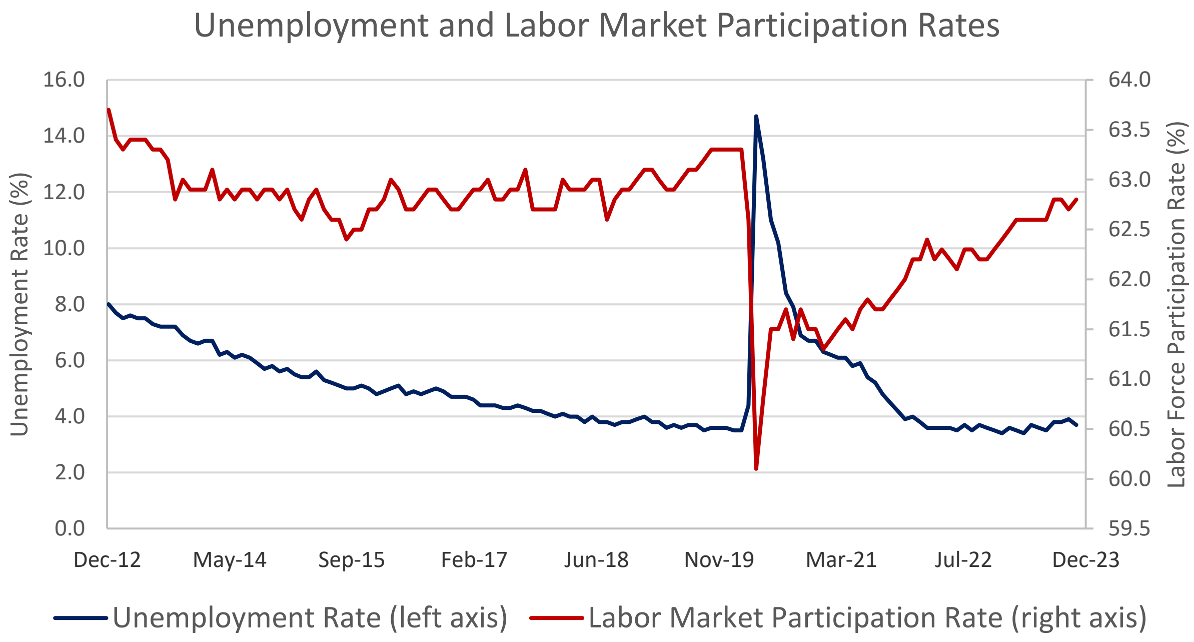
January 19, 2024

Graves Light Lenhart
Build. Protect. Thrive.

What Happened to the Economy in 2023?



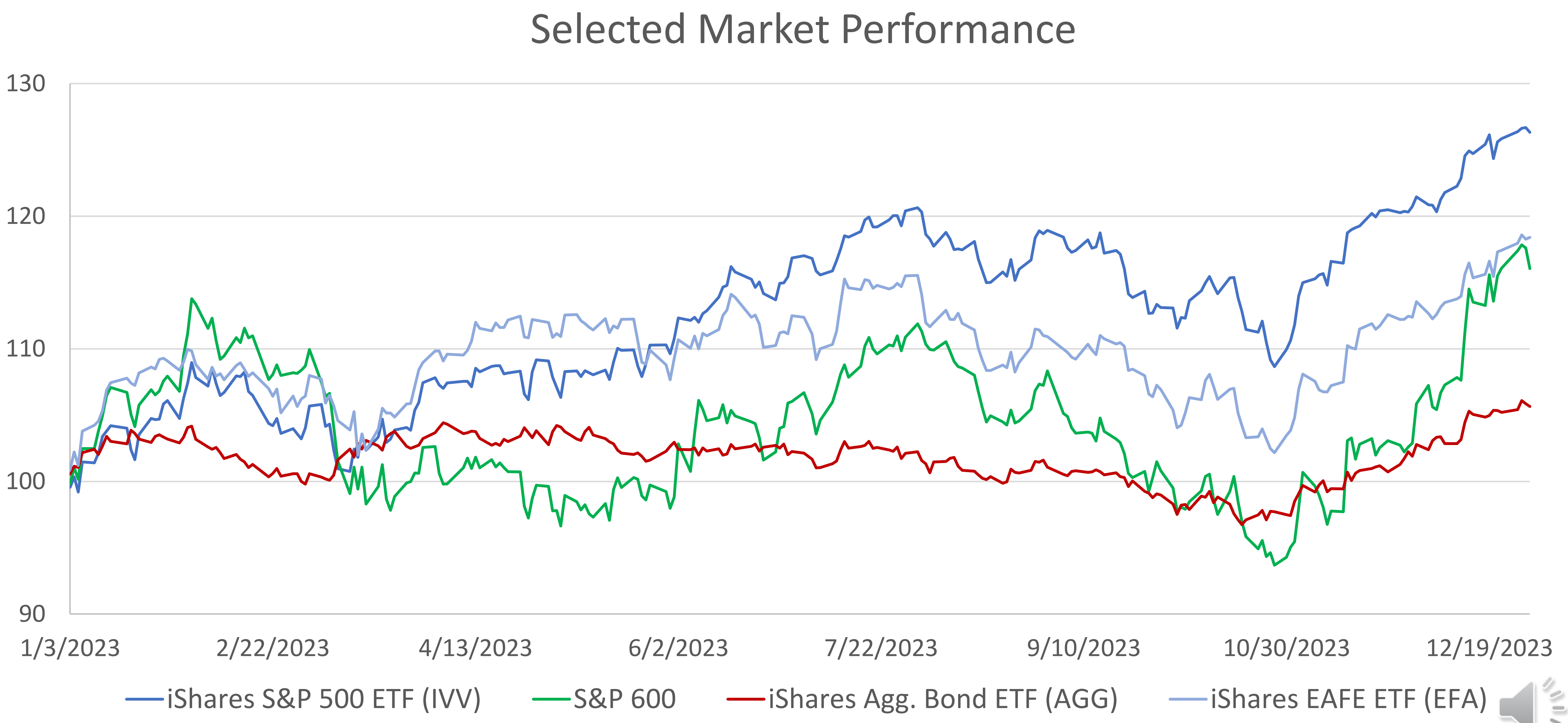
What Happened to the Economy in 2023?



Atlanta Fed GDPNow Estimate for 2023 Q4: 2.2% (As of Jan 10, 2024)

Graves Light Lenhart
Build. Protect. Thrive.

What Happened with Security Markets in 2023?

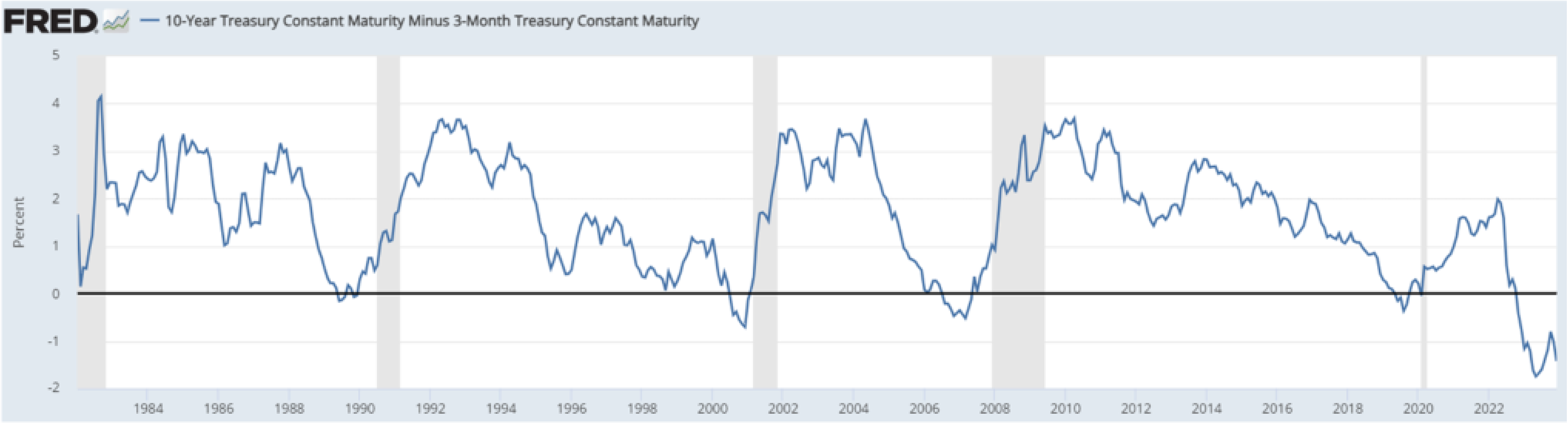


Graves Light Lenhart
Build. Protect. Thrive.

What Appear to be the Major Risks Going Forward?

The Inversion of the Yield Curve is Infrequent

... and usually a negative sign for both the markets and the economy

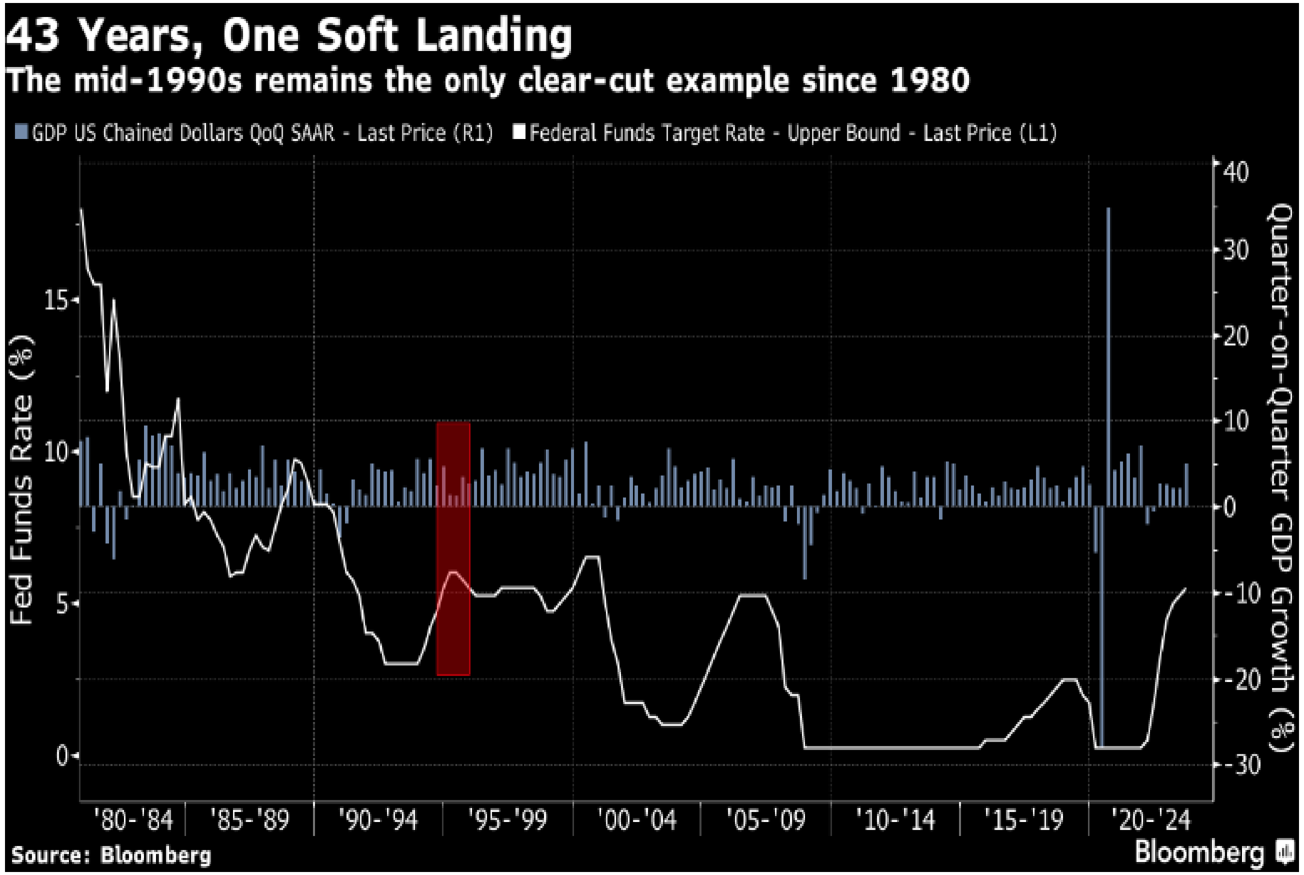


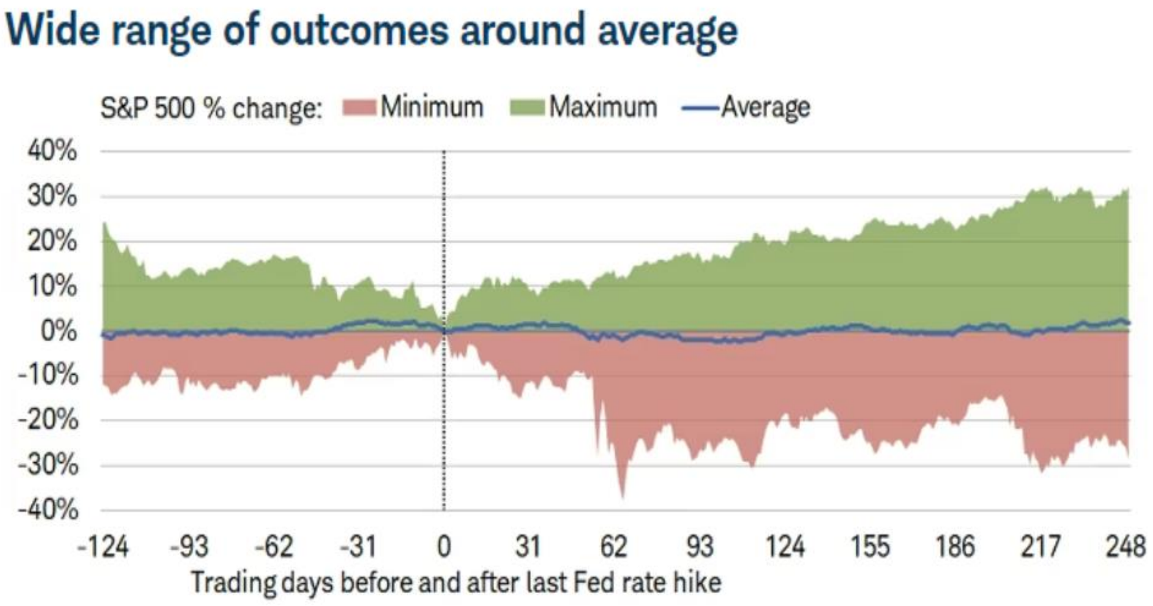
Gray shaded areas indicate an NBER-declared recession.

Graves Light Lennart

Build. Protect. Thrive.

What Appear to be the Major Risks Going Forward?



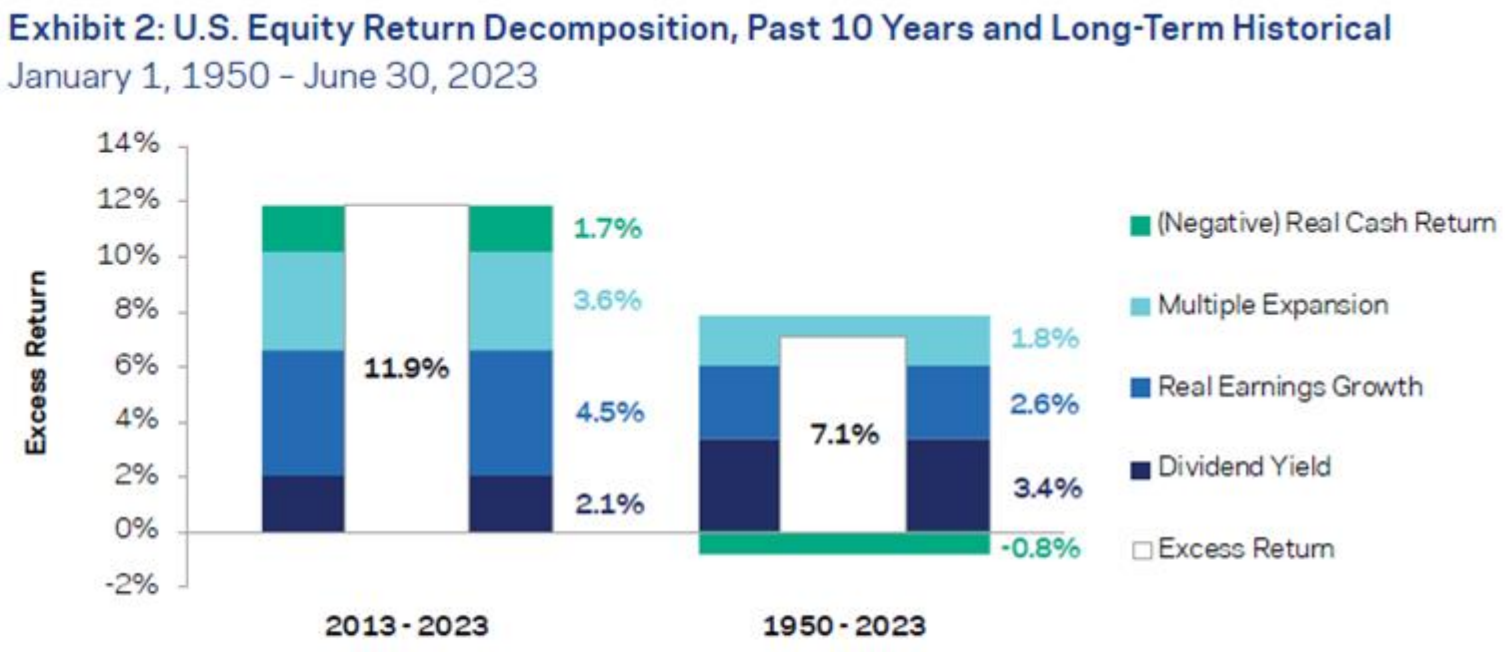


Source: Charles Schwab, Bloomberg, Federal Reserve, 1929-2019.

Graves Light Lenhart
Build. Protect. Thrive.

What Investment Opportunities Look Attractive? Why?

What Do We Intend to do in 2024?



Source: AQR, Robert Shiller's Data Library. U.S. Equities is the S&P 500 and cash is U.S. 3-Month Treasury Bills. All returns are gross of fees. We use the methodology defined in the body of this note to decompose the trailing 10-year equity excess return into the dividend, earnings growth, multiple expansion, and real cash return components. Past performance is not a guarantee of future performance.

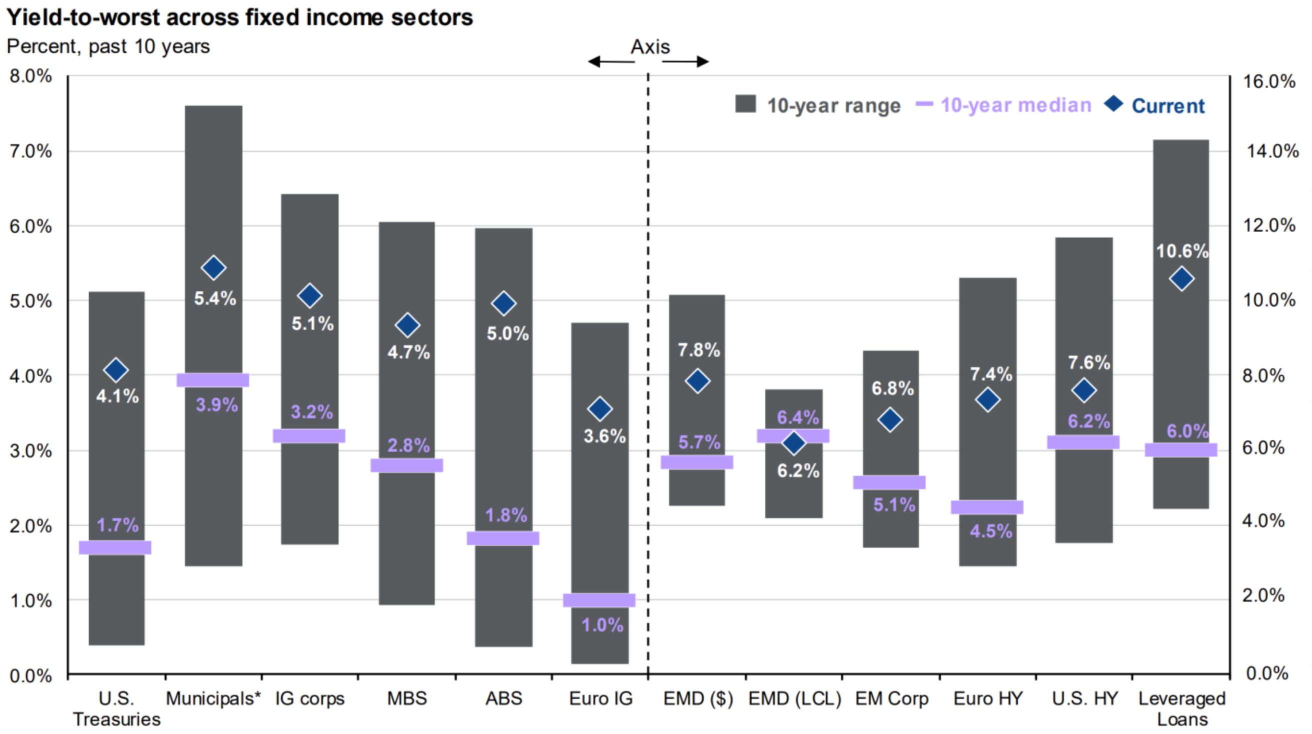
Graves Light Lenhart
Build. Protect. Thrive.

What Investment Opportunities Look Attractive? Why?

What Do We Intend to do in 2024?

Fixed income valuations

GTM | U.S. | 37

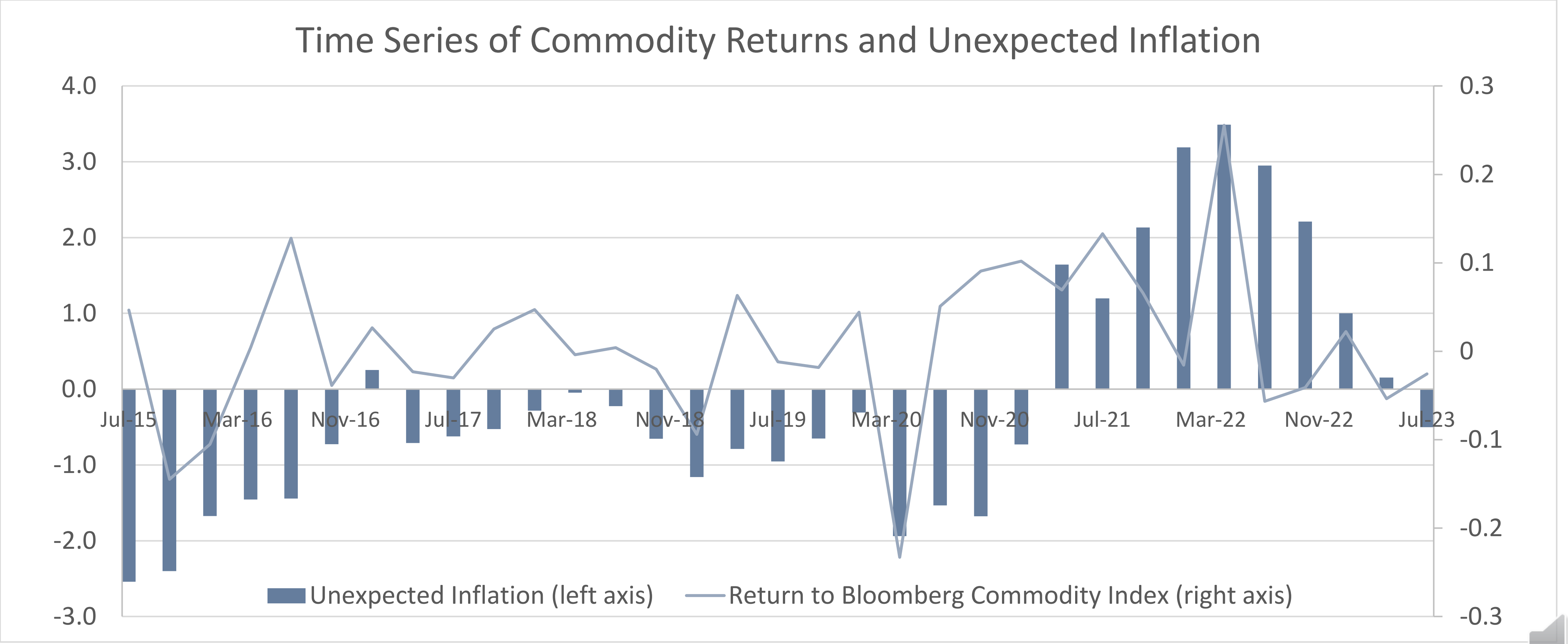


Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management.
Indices used are Bloomberg except for emerging market debt and leveraged loans: EMD (USD): J.P. Morgan EMIGLOBAL Diversified Index; EMD (LCL): J.P. Morgan GBI-EM Global Diversified Index; EM Corp.: J.P. Morgan CEMBI Broad Diversified; Leveraged Loans: JPM Leveraged Loan Index; Euro IG: Bloomberg Euro Aggregate Corporate Index; Euro HY: Bloomberg Pan-European High Yield Index. Yield-to-worst is the lowest possible yield that can be received on a bond apart from the company defaulting and considers factors like call provisions, prepayments and other features that may affect the bonds cash flows.
*All sectors shown are yield-to-worst except for Municipals, which is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%.
Guide to the Markets – U.S. Data are as of December 31, 2023.

J.P.Morgan
ASSET MANAGEMENT

Graves Light Lenhart
Build. Protect. Thrive.

What Role Can Commodities Play?



Graves Light Lenhart
Build. Protect. Thrive.

Main Takeaways:

1) The U.S. economy and markets achieved surprisingly strong performances during 2023, and this will shape the environment going forward. If the "soft landing" does not occur, markets may be vulnerable given current valuation levels.

2) The "mathematics" of equity returns points to below average return potential for the S&P 500. By contrast, the environment for value, small-caps and international stocks appears to be more favorable. As a result, our recommended equity exposure deviates from the conventional S&P 500 position.

3) We believe there are attractive opportunities within the fixed income market, especially investment grade bonds maturing in around three to six years.

4) Given the wide range of uncertainty, we continue to recommend wide diversification across asset classes with a small commodity position in case inflation proves more stubborn than expected.

Graves Light Lenhart

Build. Protect. Thrive.

100 South Mason Street, Suite C | Harrisonburg, VA 22801
www.GLLPWM.com

DISCLOSURE

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. Stock dividends are not guaranteed. Investments primarily concentrated in one sector may be more volatile than those that diversify across many industry sectors and companies. The technology industry can be significantly affected by obsolescence, short product cycles, falling prices and profits, and competition from new market participants. Global/International investing involves risks not typically associated with US investing, including currency fluctuations, political instability, uncertain economic conditions, different accounting standards, and other risks not associated with domestic investments. Investments in emerging markets may be subject to additional volatility. Stocks of small and mid-cap companies may also be subject to greater risk than that of larger companies because they may lack the management expertise, financial
resources, product diversification and competitive strengths to endure adverse economic conditions.

The value of fixed income securities will fluctuate with changes in interest rates, prepayment payment rates, exercise of call provisions, changes in the issuer's credit ratings, market conditions, and other variables such that they may be worth more or less than original cost if sold prior to maturity. There is also a risk that the issuer will be unable to make principal and/or interest payments. Although treasuries are considered free from credit risk they are subject to other types or risks. These risks include interest rate risk, which may cause the underlying value of the bond to fluctuate, and deflation risk, which may cause the principal to decline and treasury securities to underperform traditional securities.

The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Past performance is not indicative of future results and there is no assurance that any forecasts/targets mentioned in this report will be attained. The indices have been provided for information/comparison purposes only. Individual investors cannot directly invest in an index.