OCTOBER 2023 MARKET RECAP

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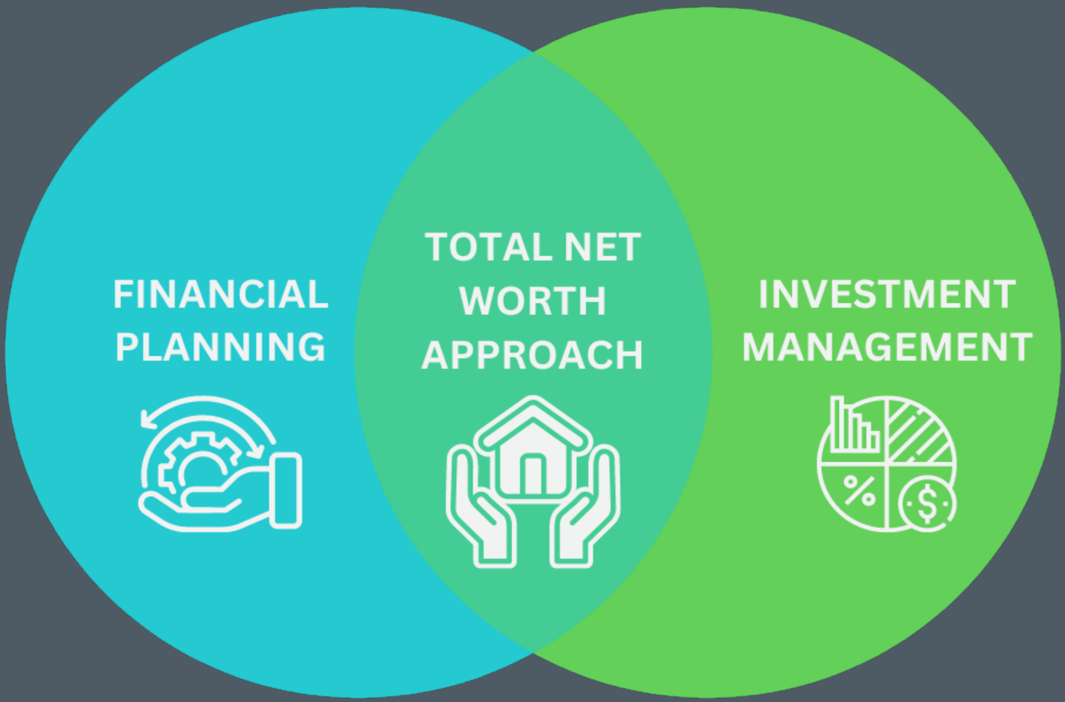

At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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At Winthrop Wealth, we were horrified by the recent attack on Israel. We are deeply saddened by the violence and loss of innocent lives.

The recent equity market weakness continued as the S&P declined by -2.1% in October, which was the third consecutive monthly decline. The year-to-date return for the S&P 500 now stands at +10.7%. The market reached its high point for the year on July 31st, but it has declined by -8.3% since then. On a total return basis, the S&P 500 is now about -10.0% below its all-time high reached on January 3rd, 2022, and about +19.3% above the 2022 closing low on October 12th. The weakness in October was caused by geopolitical events and fears over **rising interest rates**.

We constantly remind our clients to maintain a long-term viewpoint as markets can be incredibly volatile over short-term periods. The stock market has historically gone up over time, but returns are not linear. Since 1928, the S&P 500 has generated a total annualized return of +9.4% despite an average peak-to-trough decline of -15% at some point each year. Market performance over the last several years reinforces our belief in a long-term viewpoint. As noted in our **S&P 500 Bear Markets chart**, historically challenging environments have created strong buying opportunities for long-term investors. Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.

- **Market Cap**: Large (S&P 500: -2.1%) outperformed Mid (S&P 400: -5.3%) and Small Caps (Russell 2000: -6.8%).
- **Style**: Growth (Russell 1000 Growth: -1.4%) exceeded Value (Russell 1000 Value: -3.5%).
- **Sector**: Only one out of eleven sectors was positive in the month with Utilities (+1.3%) as the top performer and Consumer Discretionary (-4.5%) and Energy (-6.0%) as the laggards.

Outlook

Despite the events that occurred in October, both our short- and long-term outlooks remain largely unchanged.

Short-Term: Our near-term view remains balanced. Over the summer, we wrote that we were turning cautious after the market broke above its 14-month trading range of 3,600 to 4,300 and headed toward 4,600. We expected some consolidation after the strong year-to-date performance and stated that a move back down into the upper end of the recent trading range was a probable outcome. Given our cautious view at the time, many of our actively managed portfolios shifted defensively in July and August through a decrease in overall equity and less exposure to certain mega cap stocks that have had massive gains this year. Now that our cautious view has been validated and the market has pulled back into its old trading range, we have upgraded our near-term view to balanced. Although, we are expecting more volatility and for the market to remain rangebound a while longer. We would turn more optimistic as inflation dissipates, the Fed stops their tightening campaign, geopolitical risks abate, and fundamentals improve. We would turn more cautious or pessimistic if the market were to break toward all-time highs without fundamental support, if inflation reaccelerates, or interest rates keep marching higher. *The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.*

Long-term: In our view, investors with a globally diversified portfolio and a long-term time horizon should continue to remain optimistic. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the **power of compounding**, we believe in the benefits of staying Disciplined, Opportunistic, and Diversified, while striving to Mitigate fees, taxes, and expenses.

- **Disciplined**: consistently applying our investment process and philosophy, which are grounded in a long-term approach.
- **Opportunistic**: rebalancing, repositioning, and tax-loss harvesting to take advantage of market volatility and dislocations.
- **Diversified**: seeking to ensure that portfolios are properly allocated across and among asset classes to enhance consistency.
- **Mitigate**: striving to avoid unnecessary disbursements, including fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 10/31/2023

Fixed Income Market

Interest Rates

Yields increased across the Treasury curve, but especially at the long end. The 2-Year Treasury increased from 5.04% to 5.09% and the 10-Year rose from 4.57% to 4.93% during the month. The 10-Year Treasury yield hit a peak of 5.02% on October 23rd, which was the first move above 5% since July 2007. Interest rates moved higher due to the economy performing better than expected, still-elevated inflation, higher oil prices, a renewed focus on the country's **debt and deficit problem**, and the Fed's new "higher-for-longer" outlook combined with their quantitative tightening program.

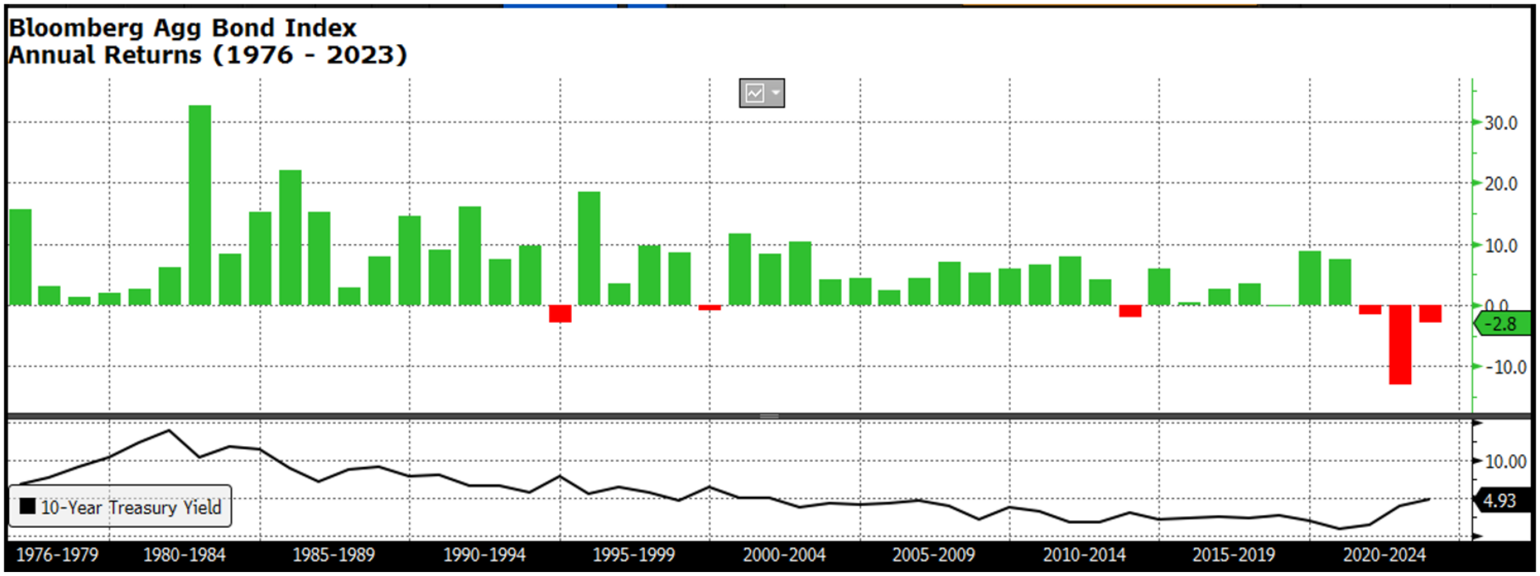
Short-Term Bonds

Short-term bonds have closer maturities and are consequently less interest rate sensitive than intermediate- or long-term fixed income securities. Pursuing stability and income from short-term bonds, including Treasuries, has been a successful strategy as yields remain elevated. Short-term Treasury yields, including, the 3-Month (5.5%), 6-Month (5.6%), and 12-Month (5.5%) are at their highest levels since the early 2000s. Once the Fed starts cutting the federal funds rate, short-term Treasury yields should also decline. We don't expect +5% short-term yields to be around forever, but we are opportunistically enjoying them while they last. If interested, please speak with your advisor about our Cash Alternatives Strategy, which is an investment strategy designed for individuals or entities to invest excess cash seeking potentially attractive yields in a conservative portfolio of short-term fixed income securities, including US Treasuries. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Investing involves risk including loss of principal. This strategy and its related holdings are not FDIC-insured.*

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, decreased by -1.6% in October as the 10-Year Treasury yield increased to 4.93% in the period (bond prices move inversely to interest rates and credit spreads). The bond market has now declined by -2.8% in 2023. The last two-plus years have been frustrating for intermediate-term fixed income investors as bonds have provided negative returns without any ballast. Since September 1, 2021, the Agg bond index has decreased by about -16% as the 10-Year Treasury yield has increased by more than 360 basis points (3.6%).

Does this mean that it's time to throw in the towel and abandon intermediate-term bonds as part of a diversified investment portfolio? No, not in our view. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns in the future once yields stabilize. For both new investors and those that have ridden out the last two years, the good news is that the yield to maturity on the US Aggregate Bond index is now 5.7%, the highest level since 2008. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). In other words, expected future returns from the Agg bond index have not been this attractive in 15 years. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Bond prices move inversely to interest rates and credit spreads.

Please see our **Client Question: Bond Primer** where we detail bond characteristics, types, risks, and historical returns.

All data sourced from Bloomberg as of 10/31/2023

Monetary Policy

"The Committee is proceeding carefully. We will make decisions about the extent of additional policy firming and how long policy will remain restrictive based on the totality of the incoming data, the evolving outlook, and the balance of risks."

- Fed Chair Jerome Powell

The Federal Open Market Committee (FOMC) left the top end of the federal funds rate unchanged at 5.50% at their latest meeting. Since March of 2022, the Fed has increased interest rates by 5.25% total for one of the quickest tightening cycles in United States history.

While the Fed still believes that inflation is too high, they feel they are making progress in the fight to bring it down. The Fed estimates that real interest rates are now in restrictive territory and are putting downward pressure on economic growth and inflation. Chair Powell reiterated that the FOMC will be data dependent and proceed carefully regarding any future rate increases.

The Fed is getting ready to turn the page, from focusing on how high to raise interest rates to concentrating on how long they should keep rates elevated. Recent speeches from committee members as well as the latest Summary of Economic Projections (SEP) indicate the Fed is forecasting that interest rates will remain "higher-for-longer." The latest FOMC projections show the federal funds rate at 5.1% at the end of 2024, which implies a few rate cuts next year.

We suspect that the Fed will keep interest rates elevated until either of the following scenarios occur:

- The Fed declares victory over inflation. The latest measure of the Fed's preferred reading, Core PCE Inflation, came in at +3.7% in September, which is still well above the Fed's 2.0% target. The reading likely needs to approach 3% to give the Fed enough confidence that inflation is on a sustained downward trajectory to their 2.0% target.
- Something breaks in the economy, which causes the Fed to believe that GDP will slow, and that unemployment will rise. We've seen the Fed quickly respond to economic shocks by cutting interest rates and turning to accommodative monetary policy.

Please see our **Client Question on The Fed**, which details the key entities and the impact monetary policy has on the economy, interest rates, and stock prices.

US Economy

The US economy continues to exceed expectations as third quarter GDP came in at an eye-popping +4.9% seasonally adjusted annual rate, beating the consensus estimate of +4.5%. The underlying details showed consumption (70% of GDP) at +4.0%, an increase from +0.8% in the second quarter. The report suggests that individuals splurged on concerts, movies, travel, and restaurants over the summer. Consumer spending is still supported by a strong labor market and excess savings built up since the pandemic.

The resiliency of the economy this year has surprised many observers, including us. Even the Fed is taking a more optimistic view and is no longer forecasting a recession in 2023. The perceived odds of a soft-landing, where the economy avoids a recession while inflation decelerates toward the Fed's 2% target, have increased for now. Real GDP growth for 2023 is estimated at +2.2%, compared with a forecast of +0.3% at the start of the year.

While we have been pleased with how the economy has performed, there are still reasons for caution. Several recessionary indicators are still flashing yellow or red, including the **inverted yield curve**, leading economic indicators, and the ISM Manufacturing survey. There is also some evidence that the consumer may be running low on purchasing power. Furthermore, the lagged effect of tighter monetary policy, rising oil prices, and the resumption of student loan payments will all weigh on near-term economic activity.

We're taking a wait-and-see approach as the post-pandemic economy has thrown a series of head fakes. At times a recession seemed imminent and at other times we watched as the labor market set new records. We continue to believe that the key to economic growth going forward is for inflation to become contained so the Fed can stop their tightening cycle before higher interest rates eventually lead to cracks in the labor market and/or the broader economy.

All data sourced from Bloomberg as of 10/31/2023

OCTOBER 2023 MARKET RETURNS

US Equity

Index	October	2023	2022	2021	2020	2019	1-Year	3-Year	5-Year	10-Year	20-Year
S&P 500	-2.10%	10.68%	-18.13%	28.68%	18.39%	31.47%	10.12%	10.33%	10.99%	11.11%	9.29%
Russell 3000	-2.65%	9.40%	-19.22%	25.64%	20.88%	31.01%	8.35%	9.17%	10.21%	10.46%	9.20%
Dow Jones Industrial Average	-1.26%	1.44%	-6.86%	20.95%	9.72%	25.34%	3.17%	9.83%	7.96%	10.27%	8.87%
Nasdaq	-2.76%	23.61%	-32.51%	22.21%	45.05%	36.73%	18.00%	6.45%	12.98%	13.78%	11.13%
S&P 400	-5.34%	-1.33%	-13.10%	24.73%	13.65%	26.17%	-1.11%	9.18%	6.99%	7.91%	9.16%
Russell 2000	-6.82%	-4.48%	-20.46%	14.78%	19.93%	25.49%	-8.62%	3.91%	3.27%	5.56%	7.29%
Russell 1000 Growth	-1.42%	23.19%	-29.14%	27.59%	38.49%	36.39%	18.94%	8.69%	14.20%	13.78%	10.71%
Russell 1000 Value	-3.53%	-1.82%	-7.56%	25.12%	2.78%	26.52%	0.10%	10.17%	6.57%	7.53%	7.68%

International Equity

MSCI Index	October	2023	2022	2021	2020	2019	1-Year	3-Year	5-Year	10-Year	20-Year
EAFE	-4.05%	2.74%	-14.45%	11.26%	7.82%	22.01%	14.40%	5.73%	4.10%	2.97%	5.35%
Europe	-3.42%	5.61%	-17.86%	13.54%	7.89%	23.20%	19.12%	7.29%	4.26%	2.75%	5.03%
Japan	-4.50%	6.20%	-16.65%	1.71%	14.48%	19.61%	16.79%	1.79%	2.92%	3.82%	4.13%
China	-4.26%	-11.24%	-21.93%	-21.72%	29.49%	23.46%	21.12%	-16.93%	-2.65%	0.97%	7.29%
Emerging Markets	-3.89%	-2.14%	-20.09%	-2.54%	18.31%	18.42%	10.80%	-3.67%	1.59%	1.11%	6.65%
ACWI ex US	-4.13%	0.99%	-16.00%	7.82%	10.65%	21.51%	12.07%	3.03%	3.46%	2.46%	5.46%

US Fixed Income

Bloomberg Barclays Index	October	2023	2022	2021	2020	2019	1-Year	3-Year	5-Year	10-Year	20-Year
Aggregate	-1.58%	-2.77%	-13.01%	-1.54%	7.51%	8.72%	0.36%	-5.56%	-0.06%	0.88%	2.81%
Treasury Bills	0.46%	4.18%	1.52%	0.04%	0.54%	2.21%	4.88%	1.90%	1.76%	1.14%	1.37%
Corporates	-1.87%	-1.86%	-15.76%	-1.04%	9.89%	14.54%	2.77%	-5.47%	0.85%	1.88%	3.69%
Securitized MBS/ABS/CMBS	-1.97%	-3.98%	-11.67%	-1.04%	4.18%	6.44%	-0.59%	-5.55%	-0.90%	0.42%	
High Yield	-1.16%	4.63%	-11.19%	5.28%	7.11%	14.32%	6.23%	1.19%	3.05%	3.86%	6.35%
Munis	-0.85%	-2.22%	-8.53%	1.52%	5.21%	7.54%	2.64%	-2.48%	1.00%	2.12%	3.32%

US Equity Sectors

Index	October	2023	2022	2021	2020	2019	1-Year	3-Year	5-Year	10-Year	20-Year
Technology	-0.02%	34.69%	-28.19%	34.52%	43.88%	50.27%	30.85%	15.29%	20.35%	19.77%	13.10%
Real Estate	-2.79%	-8.15%	-26.21%	46.14%	-2.17%	29.00%	-6.55%	2.44%	4.10%	5.23%	
Industrials	-2.92%	1.45%	-5.51%	21.10%	11.05%	29.32%	6.13%	10.84%	9.09%	9.14%	8.89%
Energy	-5.97%	-0.34%	65.43%	54.39%	-33.68%	11.81%	-2.11%	50.35%	10.14%	3.93%	9.13%
Consumer Discretionary	-4.47%	20.92%	-37.03%	24.43%	33.30%	27.94%	8.37%	1.79%	8.76%	10.52%	9.92%
Communication Services	-1.82%	37.87%	-39.89%	21.57%	23.61%	32.69%	35.77%	4.39%	8.76%	6.18%	7.70%
Consumer Staples	-1.21%	-5.92%	-0.62%	18.63%	10.75%	27.61%	-2.74%	6.67%	7.74%	7.99%	9.03%
Utilities	1.29%	-13.31%	1.56%	17.67%	0.52%	26.35%	-7.72%	1.68%	5.52%	8.00%	9.05%
Materials	-3.18%	-0.66%	-12.28%	27.28%	20.73%	24.58%	4.85%	8.56%	10.07%	7.87%	8.37%
Financials	-2.47%	-4.08%	-10.57%	34.87%	-1.76%	32.09%	-2.73%	12.83%	6.48%	8.88%	4.16%
Health Care	-3.21%	-7.17%	-1.95%	26.13%	13.45%	20.82%	-4.56%	8.78%	9.00%	10.85%	9.72%
	Calendar Year Returns						Annualized Returns				

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DISCLOSURES

All data sources from Bloomberg as of 10/31/2023.

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece,

Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

DISCLOSURES

The Bloomberg Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S.

Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated investment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Financial planning is a tool intended to review your current financial situation, investment objectives and goals, and suggest potential planning ideas and concepts that may be of benefit. There is no guarantee that financial planning will help you reach your goals.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.

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