May 17, 2023 – Market Update and Outlook Letter - ***Relevant Portfolio Adjustments***

Greetings!

Before we get started, we want to let you know we retained a new web designer to rebuild our site. Our goal is to have a website within the website, where, when complete, you will find these letters, archived letters, our charts and indicators, our top equity holdings, and an investing and financial academy, helping investors advance their financial acumen. Whether just starting out or a sophisticated financial professional, we will have something for everyone. This should be complete by mid to late July.

To help you stay on top of our market outlook, after years of flying under the radar, we've begun using social media. Over the next several months, these apps and the website will be how we communicate with you. They are in the early stages and the content will develop over time. You can follow us at:

LinkedIn: https://www.linkedin.com/company/parisigray/
Instagram: https://www.instagram.com/parisigray/ @parisigray
Facebook: https://www.facebook.com/parisigray
Twitter: https://twitter.com/parisigray

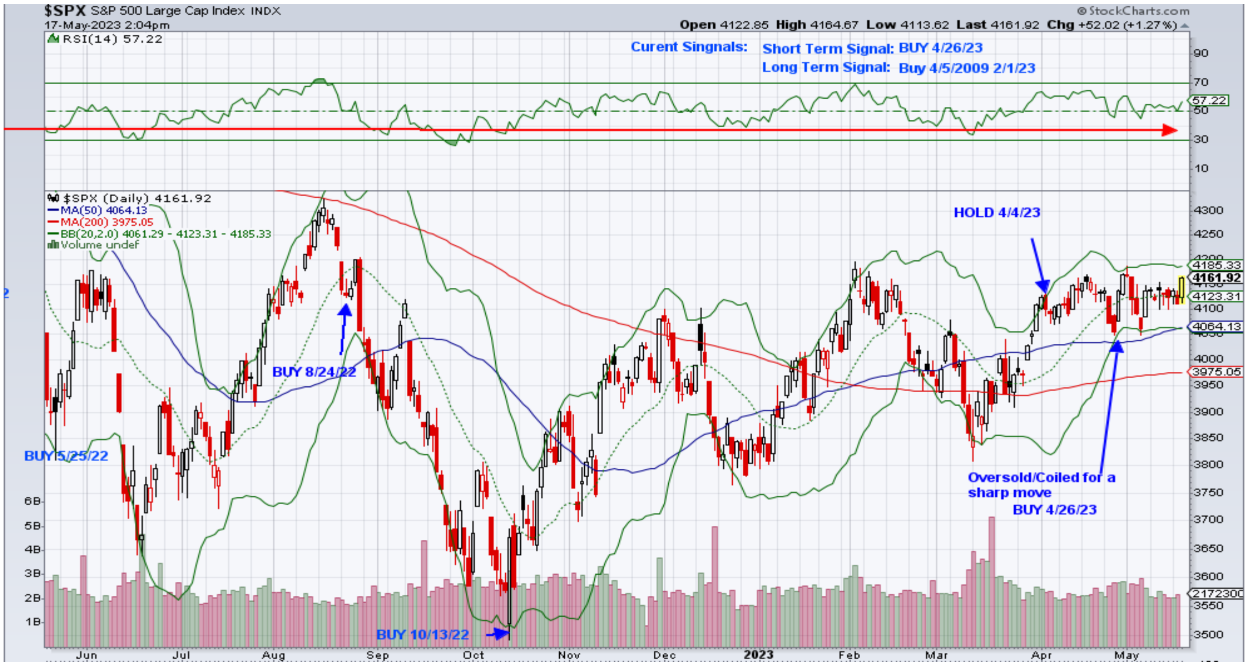
<u>Market Outlook and Update</u>:

We made the decision in late April to move from underweight equities back to target weight in our Core Portfolios. This increase in equity exposure was made a little over two weeks ago (between 4/26/23 and 5/1/23). As customary, we implement changes in portfolios before sharing this information. Until the start of May, we have been in a more defensive posture, underweighting equities for the past 18 months. As we entered 2023, we have taken the position that equities would finish this year higher, but we expected this to begin in the second half of the year, as Q1 and Q2 would experience more of the same volatility we saw in 2022, as the Fed continued its rate hike cycle. Although we are a little less than halfway through the year, we are making this shift in risk exposure now for the following reasons: 1) We believe the Fed has finished their rate hike cycle. 2) The market will remove another headwind when the debt ceiling debate ends and has been raised. 3) We believe the earnings outlook for 2024 and 2025 will be favorable, and these will begin to be priced into the market in the second half of 2023.

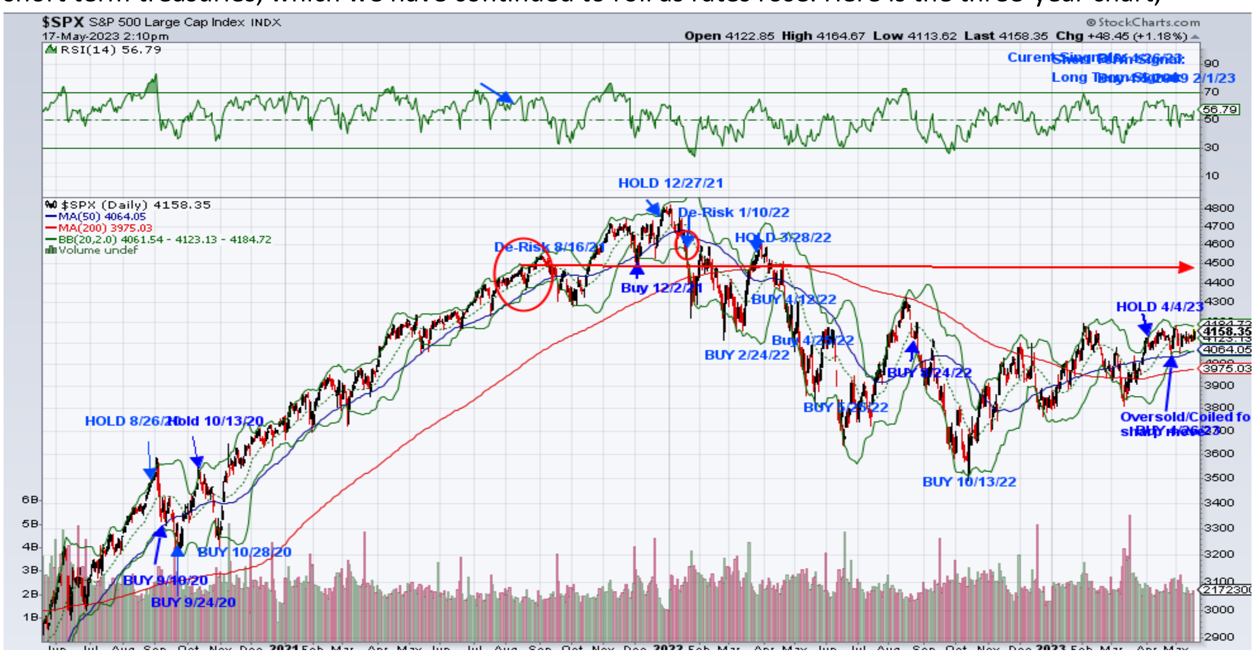
There are still plenty of headwinds we are concerned with and closely watching, as they have not given the "all clear" signal yet. Namely, Leading Indicators continue to trend downward for the past year, and the yield curve remains inverted (short rates higher than long rates). However, in the past weeks, the yield curve has begun to flatten and has cut its inversion by 50% from its peak. More importantly, the yield curve is once again positive from 5-year treasuries to 10 yr T's and 30 yr T's. Five- and ten-year treasuries generally lead the curve in both inversion and a return to normal. We will take this as a first sign the rate hikes are ending. As we move past the debt ceiling process, and if leading indicators turn upward, this will be the final piece of the equation to raise more exposure to risk assets. As always, should the situation change, and markets retreat, we will be quick to "go to the whip," and lighten up for a better re-entry point. Our annotated Chart is on the next page.

Our best to you and your families!

- **John F. Parisi -Managing Partner and Chief Investment Officer**



Above is a one year S&P chart that we keep, with our buy/hold/sell indicators. The red line across at the top marks the level in the S&P 500 where we de-risked out portfolios in Q4 of 2021, reducing stocks for short term treasuries, which we have continued to roll as rates rose. Here is the three-year chart,



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