LEVERAGED FINANCE
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SHENKMAN

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U.S. financial markets experienced another surprisingly strong month of performance in June. The post-pandemic economic boom has been driven by the unleashing of pent-up demand, limited supply of many goods, ultra-low interest rates, and a torrent of fiscal and monetary stimulus. The old adage of "too much money chasing too few goods" inevitably drives valuations to new heights. The unprecedented lockdowns resulted in a modest 3.5% contraction in U.S. GDP; however, many companies altered their business models not only to survive, but to enhance profitability. Investors continue to shrug off the recovery impediments of sharply rising oil prices, supply chain bottlenecks, and labor shortages amid a hostile geopolitical environment for business. The wildcard in the markets remains the timing and magnitude of changes to the Federal Reserve's monetary policy. While most indicators appear to be improving, investors should be more concerned about inflation, slower GDP growth, and a resurgence of the COVID virus. We are living in unconventional times, where conventional wisdom is being challenged.

Please Contact InvestorRelations@ShenkmanCapital.com for the full letter.