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*Market performance in May was a tale of two phases. In the first half of the month, the equity and credit markets generated solid returns, with the DJIA closing above the historic 40,000-point milestone on May 17<sup>th</sup>. However, the latter half of the month saw a notable selloff, shedding nearly 2,000 points from the record close. The never-ending saga of predicting the timing of the Fed's initial rate cut has caused investors to vacillate between optimism and pessimism based on divergent viewpoints from Fed governors. As the U.S. economy seemingly loses momentum, pressure is growing to lower rates ahead of the November election. Inflation remains a lingering concern for the Fed, with the most recent report showing core PCE rose 2.8% over the last 12 months. The closer PCE moves to the 2% target, the greater the likelihood of a cut in the Fed funds rate. The longer the labor markets remain healthy, the more fortitude the Fed has in staying the course, keeping rates elevated to fully tame inflation. As a result, investors and consumers will likely continue to wrestle with the reality of rates remaining higher. While the economy has remained resilient thus far, these higher costs could eventually impact broader sectors of the economy. Though the threat of recession has failed to materialize, despite high rates and rising costs for consumers, the inflation battle is far from over.*

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The ISM Manufacturing Index is a monthly gauge on the level of economic activity in the U.S. manufacturing sector versus the previous month.

The ICE BofA Current 10-Year U.S. Treasury Index (GA10) is a one security index comprised of the most recently issued 10-year U.S. Treasury Note.

The ICE BofA U.S. Corporate Index (COAO) has an inception date of December 31, 1972 and tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

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The Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon weightings, spreads and interest payments.

The Refinitiv US All-Cap Focus Convertible Bond Index has an inception date of December 1993, is a subset of the Refinitiv US Convertible Bond Index and includes securities that have a price between 60 and 140 and a conversion premium of < 100%, among other criteria. The Refinitiv US Convertible Bond Index includes convertible securities that are denominated in USD, have a market value of over \$300mm, and have underlying stocks that trade on US equity markets.

The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their respective industries.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The S&P 500 Index is designed to reflect the U.S. equity markets and focuses on the large-cap sector of the market, which includes the 500 leading companies in leading industries of the U.S. economy.

The NASDAQ composite index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American Depositary Receipts, Common Stock, Limited Partnership Interests, Ordinary Shares, Real Estate Investment Trusts, Shares of Beneficial Interest, and Tracking Stocks. The index includes all Nasdaq listed stocks that are not Security types not included in the Index are closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities.

The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 1,398 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

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