

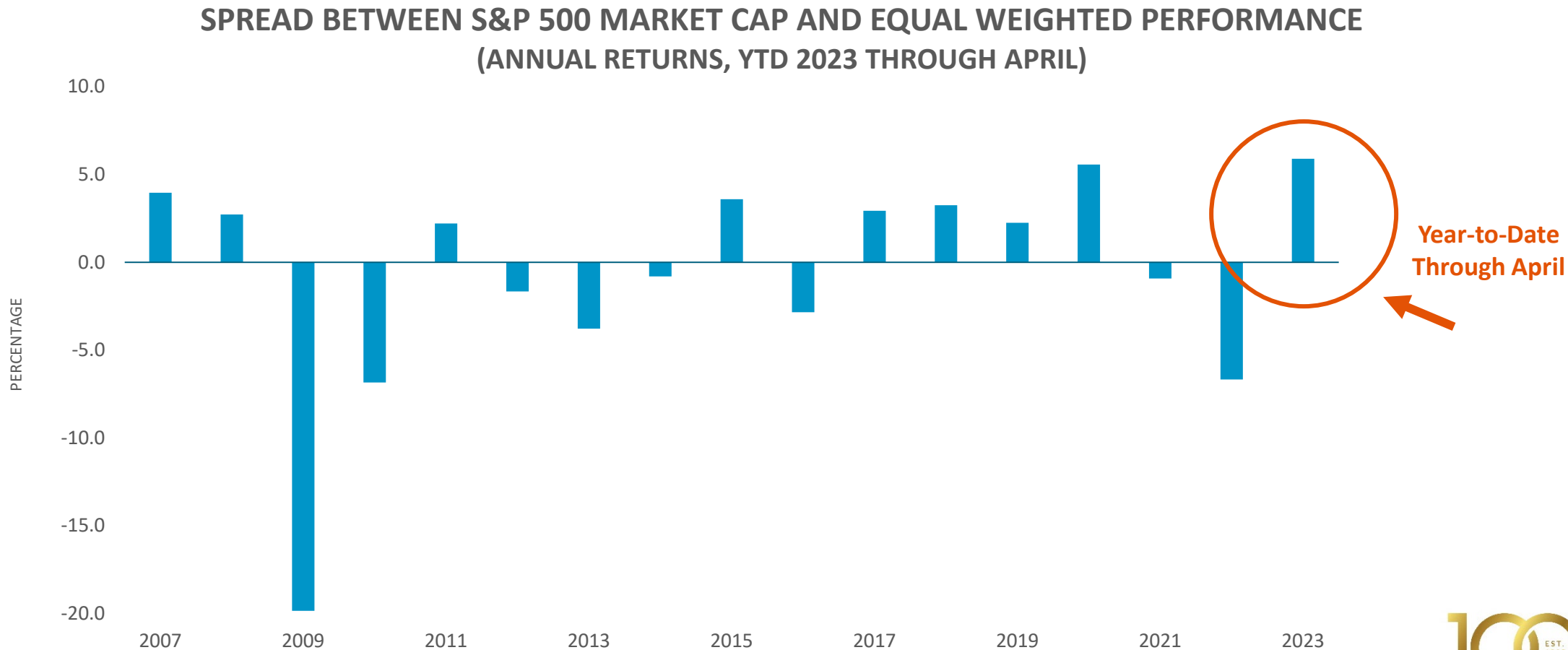


The Market in 5 Charts | May 2023

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Year-to-Date Market Gains Coming from the Biggest Stocks

The historically narrow market leadership is not healthy



Source: Morningstar Direct; Data as of April 2023.

Active Tech Funds Are Not Setting New Highs

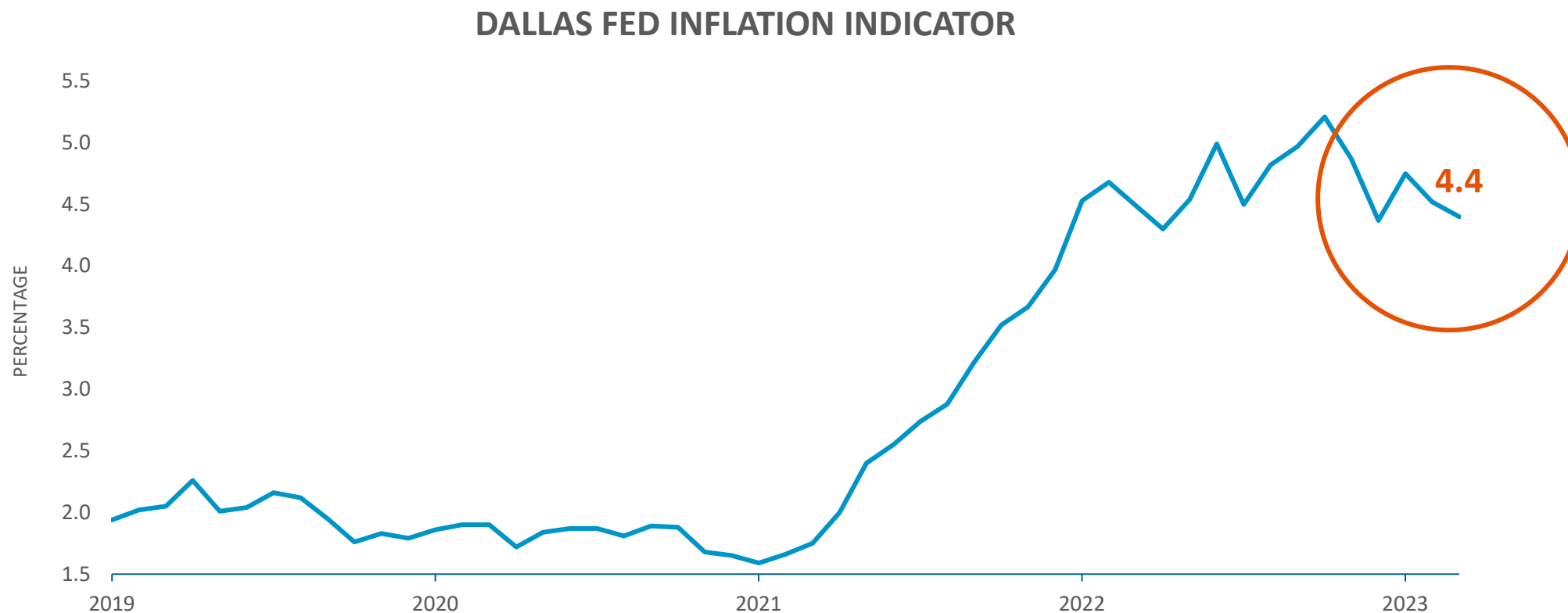
Broad sector is not performing like the biggest technology names



Source: Bloomberg, Data as of 5/2/2023.

“Sticky” Inflation Is Adding to the Fed’s Difficulties

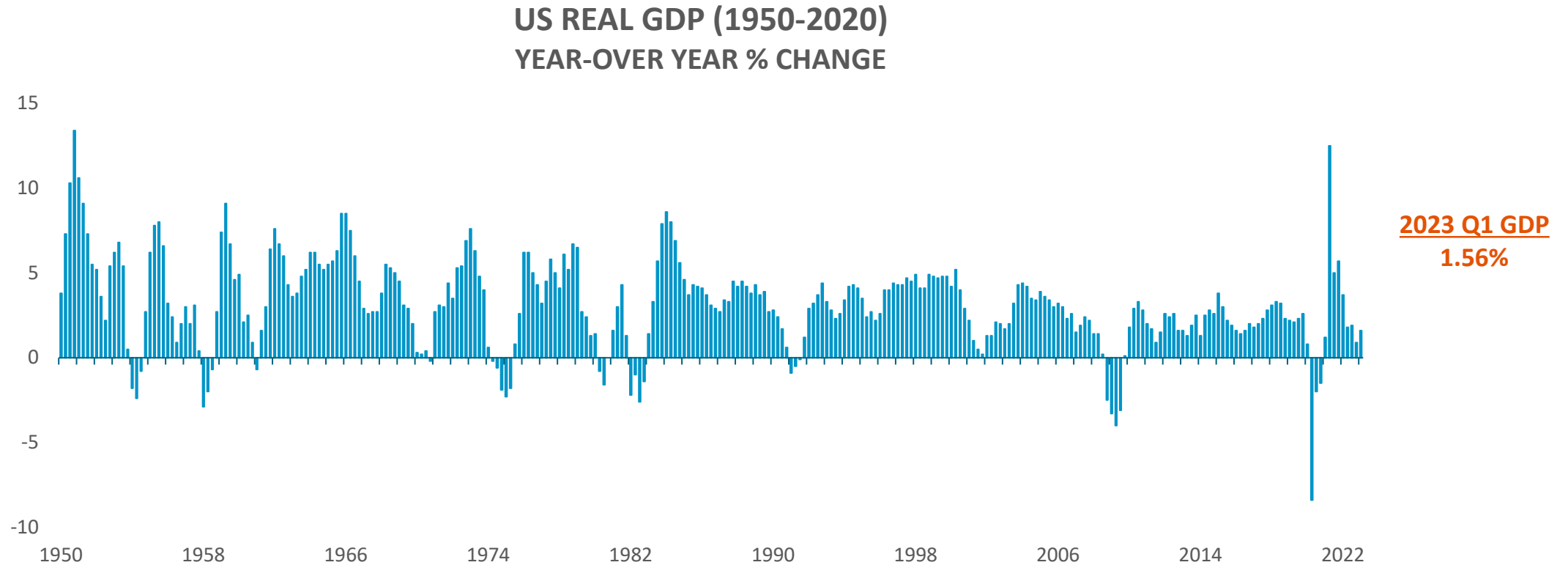
Inflation is not at peak levels but is not falling quickly



Source: Dallas Fed; Data as of March 2023.

GDP Is Positive But Slowing

The much anticipated recession has yet to appear



Source: Bloomberg, Data as of 1Q 2023.

Long Awaited Recession Looks Even More Likely

Recession checklist predicts slowdown

INDICATOR	MOVEMENT	CHECK	EXPLANATION
Single Unit Housing Permits	Decline	X	Single unit permits peaked early in 2022. Still-high mortgage rates could limit any bounce
Non-Defense Capital Goods ex-Aircraft Orders	Decline	X	Business confidence and profits turning lower seem to matter now and are leading data
Consumer Expectations (University of Michigan)	Decline	X	Consumer expectations are down 10 points, drops of this level lead to recessions
Weekly Initial Jobless Claims	Rising Trend		Jobless claims are rising
ISM New Orders	Contraction	X	New Orders are measuring below 50, indicating contraction and weakness in demand
2/10 US Treasury Yield Curve	Inverted	X	Inverted Yield curve is a leading indicator or recession
BAA Spreads	Increase	X	The spread between corporates and US treasuries are still up
Financial Conditions	Tightening	X	Banking shock is likely to stall risk-taking and economic activity

Source: Strategas, 2023.