

### **Monthly Market Commentary**

We hope that you all were able to enjoy Easter! Next up, we look forward to the unofficial start of summer with Memorial Day! Hopefully you can enjoy the extended weekend with family and friends. While we all look forward to the time off and fun that comes with Memorial Day Weekend, remember those that made the ultimate sacrifice. As always, may you and your family have continued health and happiness in 2023!

Markets remained resilient in April despite deterioration in underlying fundamentals and heightened risks under the surface. The hope for the FED to start easing and expectations for aggressive rate cuts later this year seem to be driving some of the price action in the near term as observed from sudden reversals in certain longer-term trends over the previous year and a half when the hiking cycle began. Looking back at various rate hiking cycles, this cycle remains one of the most confusing and unique. This rate hiking cycle started much later in the economic cycle and despite its aggressive pace, has not done enough to curtail inflation all while the economy is in a sharp slowdown. Currently, the FED is caught between a rock and a hard place as it tries to curtail inflation while the economy declines or ease policy to stimulate the economy and risk runaway inflation which has its own negative impacts over the long run. This dynamic has caused acute pressure on a system that has been accustomed to low rates for over a decade and habituated to some sort of stimulus as and when any signs of stress or slowdown arise. With the current backdrop, we really don't have a crystal ball on whether they'll pick a certain policy path over the other but are positioned to react accordingly if needed.

Finally, we believe this economic cycle will play out in full and we are only starting to see the credit cycle start to play out. It remains prudent to stay disciplined and patient to take advantage of various opportunities that will present themselves over time.

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