ACKERMAN
CAPITAL MANAGEMENT

Quarterly Valuation & Trend Report

Quarter Ending

December 31, 2023

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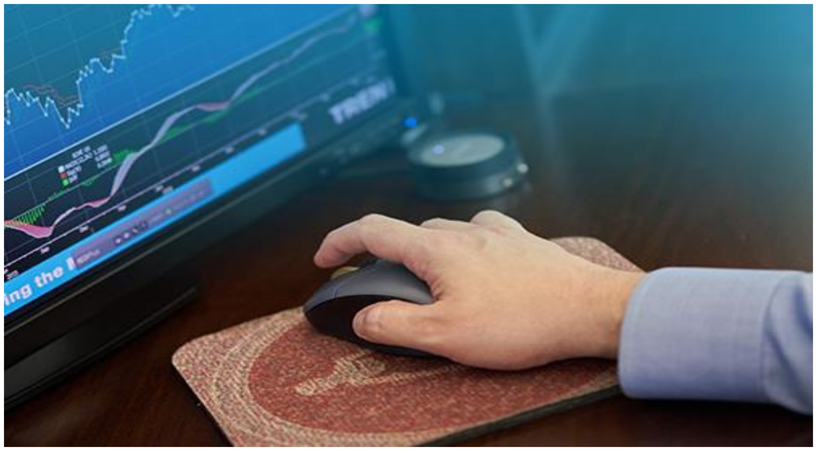
CHART EXPLANATION GUIDE

Color indicates overall attractiveness based on our proprietary combination of relative valuations and price trends.



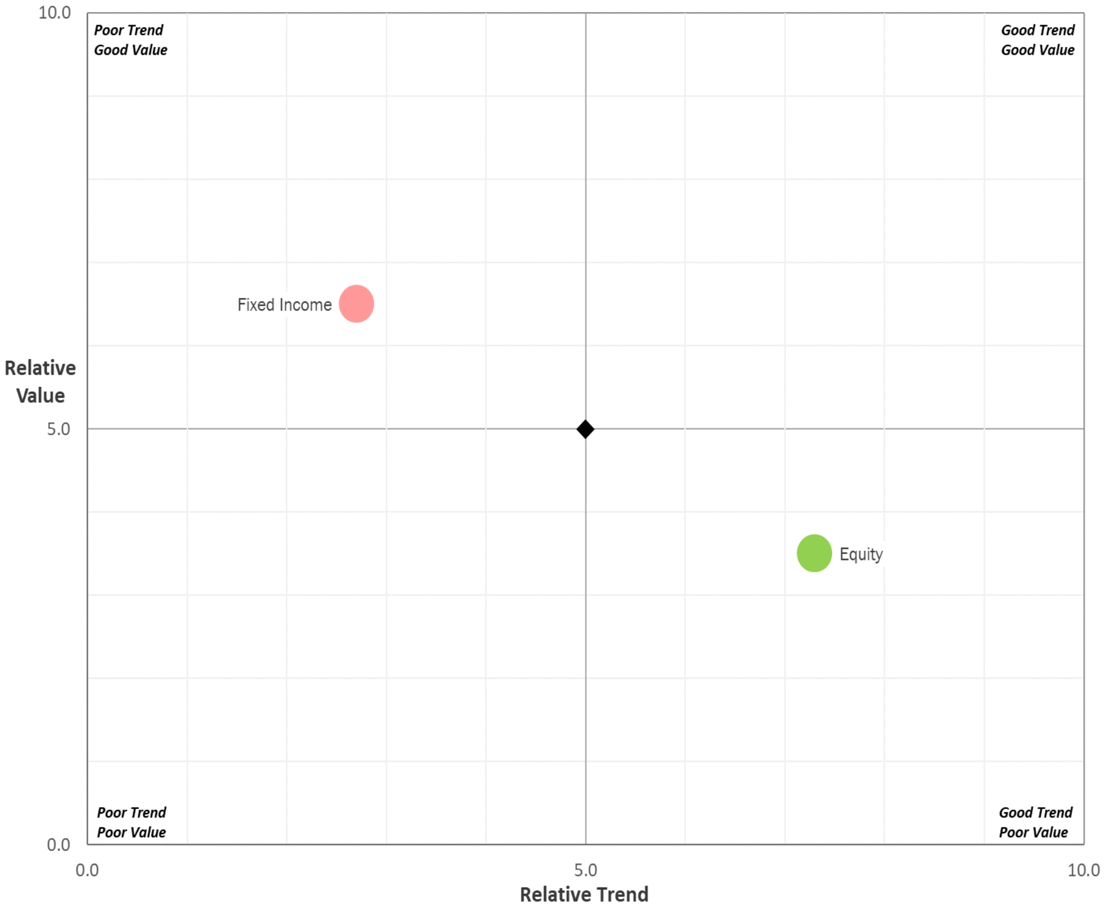
Ackerman Capital Management uses a combination of proprietary valuation and price metrics to dynamically adjust exposure among and within the two major asset classes. Both valuation and price trends are evaluated on a relative basis versus the asset class benchmark and are scaled from 0 to 10, with 10 being the highest score. In our portfolios, we emphasize funds which have attractive relative valuations and the strongest and most consistent relative price strength (top right quadrant) and de-emphasize funds with unattractive relative valuations and weak relative price trends (bottom left quadrant). Because investor sentiment can drive the price of risk assets to extremes, our equity model places greater weight on relative price trends than valuation. As such, we may overweight equity funds that are relatively expensive, but continue to display relative price strength (bottom right quadrant). In contrast, our fixed income model places the greatest emphasis on valuation. As such, we may overweight fixed income funds with attractive valuations and but poor relative price trends (top left quadrant).

The datapoints in each chart are also coded, as shown below, to highlight their attractiveness based on our combined relative valuation and relative trend analysis.

- MOST ATTRACTIVE
- ATTRACTIVE
- NEUTRAL
- UNATTRACTIVE
- LEAST ATTRACTIVE

EQUITY vs. FIXED INCOME

Both stocks and bonds finished the year strongly. The relative trend continues to favor stocks, but valuations are somewhat elevated given competitively attractive bond yields.



- After retreating just over 10%, global stocks rallied in the final two months of 2023. Fourth quarter returns of 11.2% powered a 22.3% gain for the year. Bonds, meanwhile, enjoyed one of their best quarters ever with a 6.7% jump, which flipped yearly returns to a respectable 5.6%.

- Driving this excellent quarter for investors was an abrupt change in economic and inflation expectations. In the third quarter signs were pointing toward more Fed rate hikes to battle lingering inflationary pressures. Then after just a month or two of softer data, the markets embraced the Goldilocks scenario of lower inflation paired with Fed rate cuts in 2024 to engineer a successful soft economic landing.

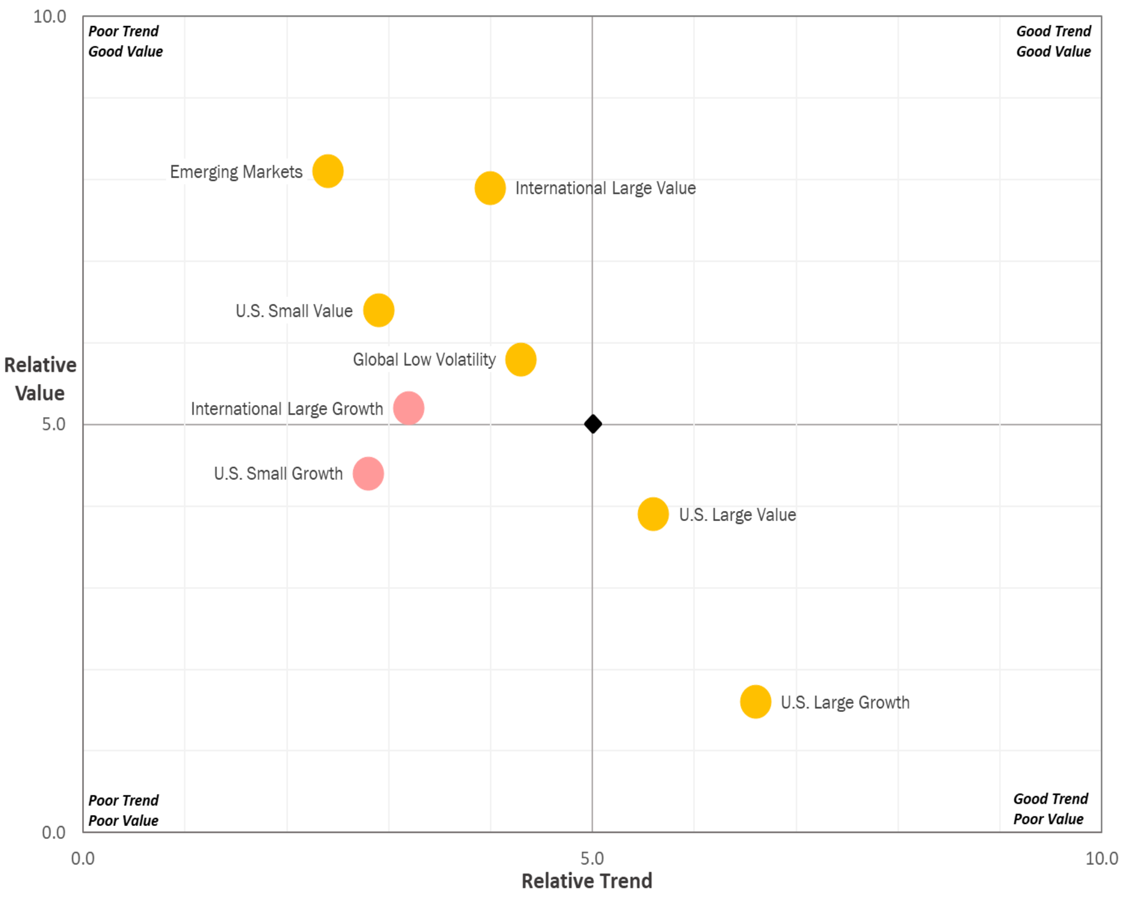
- We would not be surprised to see some continued volatility as overly confident markets wrestle with new data that comes in either “a little too hot or “a little too cold”.

- We see stock prices a bit elevated given current interest rates, but we think both stocks and bonds can deliver returns in the coming years that are in line with long-term historical norms.

Quarter ending 12/31/2023

EQUITY

After a strong finish, 2023 was very good year for stocks. But expectations have shifted, so volatility could increase and market leadership may change again.

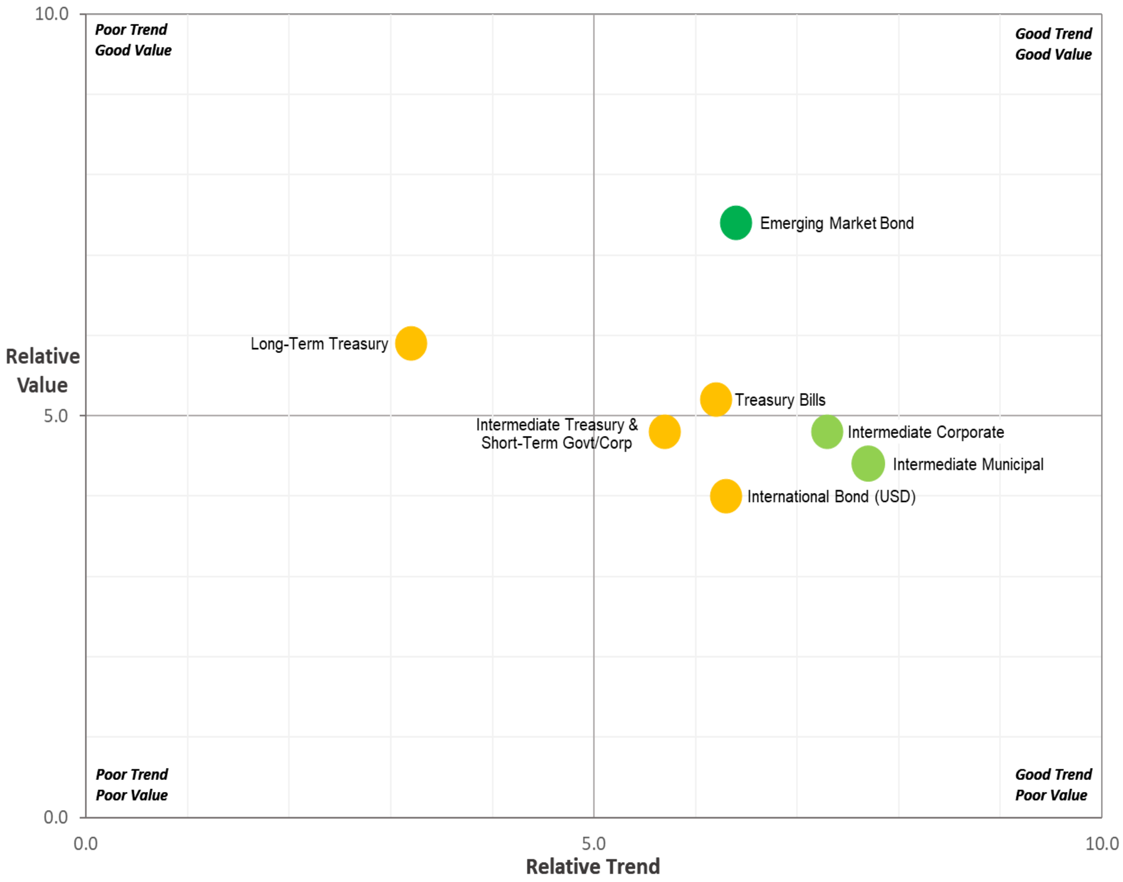


- Global Stocks finished the year up 22.3% after a strong fourth quarter. With this latest surge, stocks have now fully rebounded back to their peak levels at the end of 2021.
- Large U.S. Growth Stocks continue to lead the market, but U.S. Value and International Stocks also performed well in 2023
- As it so happens, at present our value/trend models are guiding us to exposures that more or less mirror the global bond benchmark with no meaningful style or category tilts.
- We believe that stock prices are reflecting high optimism for a successful soft economic landing. History tells us that it is possible, but not probable. At the very least, there will be moments of doubt along the way that could cause more downside volatility.
- Overall we see stocks setup up for a positive year, but less robust than 2023. We would not be surprised to see a change in market leadership, upon which we would adjust portfolios accordingly.

Quarter ending 12/31/2023

FIXED INCOME

Bonds ended on a high note, but the sharp trend reversals and volatility were historic. Bonds offer attractive yields and total returns may compete better with stocks in 2024.



- Both U.S Aggregate and Municipal Bonds had among their strongest quarters ever, leading to a respectable gains of 5.6% for the year.
- Last year investors witnessed one of the sharpest changes in economic expectations and interest rate trends in history (not triggered by a sudden exogenous event). The yield on the 10-year Treasury surged from 3.5% to 5.0% in 2Q and 3Q (economy and inflation too hot), then retreated back below 4.0% in 4Q (economy and inflation perfectly on course).
- The valuation component of our models (a greater emphasis for bonds) kept us positioned reasonable well, despite the trend component being "whip-sawed" by the sharp reversals.
- We see continued volatility for bonds as they wrestle with economic and inflation data that may come in above or below expectations.
- Attractive current yields bode well for bonds in 2024. Given relative expectations, we think returns could be competitive with stocks.

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