PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

September 12, 2022

Market Commentary

Last Week's Highlights: Equities recovered last week, but inflation data looms. The Dow was up 2.66% last week, while the S&P 500 gained 3.65%, the Nasdaq was up 4.14%, and the Russell 2000 improved by 4.04%. Bonds declined for the 3rd consecutive week as yields moved higher. The BBgBarc Agg Bond Index was down 0.72% for the week and short-term bonds dropped by 0.26%. The US dollar was lower for the week, but it didn't seem to help international equities. The MSCI EAFE Index was down 1.87%, while the MSCI Emerging Markets Index lost 0.14%. **Economic Data:** Unlike last week, there's a plethora of economic data for investors to consume, highlighted by the inflation numbers. The key economic data releases this week are NFIB Small Business Optimism, Consumer Price Index (inflation), IBD/TIPP Economic Optimism, Producer Price Index (inflation), IPSOS Consumer Sentiment, Continuing Claims, Weekly Jobless Claims, NY Empire State Manufacturing Index, Philly Fed Manufacturing Index, Retail Sales, Capacity Utilization, Industrial Production, Business Inventories, & UoM Consumer Sentiment (P),. **Earnings Releases:** Earnings are few and far between this week. The earnings releases this week are ORCL, ADBE, CNM, DOOO, & BRZE. **Takeaways:** Equities are at nearly the same level as they were on May 17th. Yet, in that time, the asset class has seen moves of –4.5%, +7%, -12%, +17%, and –9% over the past 4 months only to end up in the same spot. Clear direction either way is something the markets are sorely lacking. One thing that is certain is that the Fed is dedicated to raising rates. Multiple Fed speakers, most notably Fed Governor Waller, indicated further "significant" rate increases. Bond yields jumped last week and the 30-year mortgage rate is nearing 6%, a level we haven't seen since 2008. Investors continue to hope on a Fed pivot that even the Fed itself has debunked. The economic data continues to soften, but the market is looking out beyond the current economic fundamentals. The Fed's Beige Book released last week showed that, overall, economic activity was unchanged. Five of the regions showed slight-to-modest growth, which means that the other 7 regions were flat-to-negative economic growth. Credit Card activity unexpected slowed in July, perhaps indicating a strained U.S. consumer. The consensus view is that the inflation numbers will show a 2nd consecutive month of declines. The final August numbers are likely to move markets either way.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	3.82%	-23.93%
Industrials	3.71%	-10.08%
Energy	0.71%	48.71%
Communication Svcs	3.02%	-30.40%
Basic Materials	5.31%	-12.47%
Consumer Cyclical	5.82%	-20.30%
Financial Svcs	4.38%	-12.15%
Real Estate	4.37%	-15.75%
Consumer Defensive	2.16%	-3.85%
Healthcare	4.57%	-8.52%
Utilities	3.48%	9.21%

Key Indices	1 Week Return	YTD Return
S&P 500	3.65%	-14.66%
Dow Jones Industrial Average	2.66%	-11.52%
Russell 2000	4.04%	-16.14%
Nasdaq	4.14%	-22.58%
MSCI EAFE	-1.87%	-21.29%
BBgBarc Agg Bond	-0.72%	-12.28%
60% S&P / 40% BB Agg Bond	-1.30%	-13.71%

Key Rates—as of 9/09/2022	
3mth T-bills	3.01%
2yr U.S. Treasury	3.56%
10yr U.S. Treasury	3.31%
Fed Funds	2.25%-2.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	2.67%	4.03%	6.26%
Mid	3.90%	3.84%	6.21%
Small	3.39%	3.84%	6.73%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	-3.32%	-13.04%	-31.74%
Mid	-0.63%	-12.52%	-25.83%
Small	-4.45%	-12.69%	-24.96%

See important disclosures on last page.

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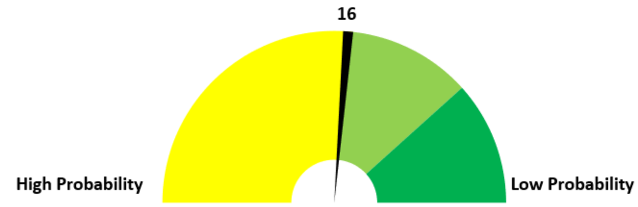
Recession Indicator

The current score of our Recession Indicator suggests that there is a <u>high probability</u> of a recession in the next 6-12 months. The Indicator was unchanged last week. It is now at a level of 16. Financial Stress, & the Savings Rate are at positive levels. The Yield Curve is at a moderate levels. The ANFCI, NAAIM, GDP, CPI (Inflation), Consumer Sentiment, Unemployment, Wages, & Housing Starts are at levels that are typically associated with recessions. The Indicator is fluctuating as economic data is shifting between contraction and growth.



Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

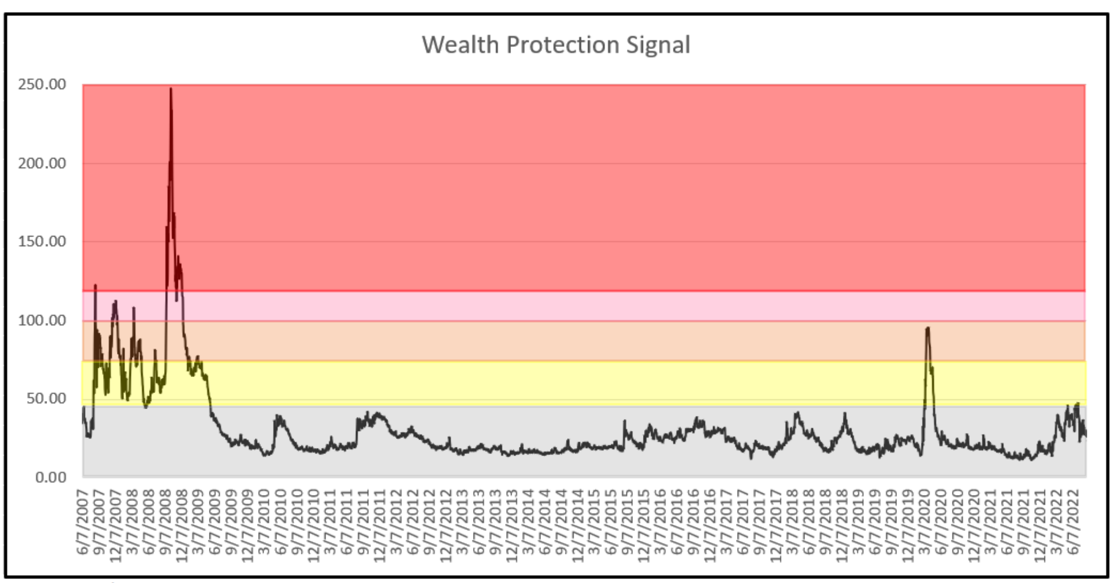
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 25.40 as of Friday's close on September 9th, 2022. The Signal decreased 13.1% from the previous week's close. Both the VIX (volatility) and the TED Spread (fear) decreased last week as equities saw improved for the first time in 4 weeks. The Signal remains range-bound and would have to increase 176% to reach the next trigger point. The Wealth Protection Signal is currently indicating that investors should have a <u>10% cash-weighting</u> within their respective asset allocation at this time.



Cash Raise Level
40%
30%
20%
10%
0%

Current Level
25.40
9/9/2022

Source: Eudaimonia Asset Management

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Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear. The principal risks of Eudaimonia Asset Management strategies are disclosed in the publicly available Form ADV Part 2A.