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**Fourth Quarter 2022 Weather(ly) Report
January 2023**

World events in 2022 created a whirlwind of outcomes as individuals, businesses and central banks grappled with the impact of the Russia-Ukraine War, highest inflation in 40 years and central bank pivots to increase interest rates rapidly, coupled with an inverted yield curve and tight labor markets in the U.S. Volatility hit stocks, bonds, and real estate with global stocks down 18%, bonds down 16% and real estate sales halted to a standstill as 30-year fixed mortgage rates hit 6.58% at year end. The U.S. dollar and oil remained strong throughout the bulk of 2022. Higher risk assets were decimated throughout the year, with cryptocurrencies, SPACs, venture capital and IPO deal flows crumbling.

U.S. Bonds reached their highest yields in a decade and the yield curve inverted for most of 2022, with short-term bonds yielding more than long-term. Weatherly chose to selectively add individual bonds (both municipal and taxable) in the 2–4-year area of the curve. Municipal MOB spread became more attractive as taxable equivalent yields vs their treasury counterparts improved above recent averages.

We continue to widen our lens on potential investment scenarios as we head into the New Year given higher interest rates, tighter costs, and lower earnings. While we expect the Federal Reserve to slow the pace of the Fed funds rate rise, geopolitical events including China's reopening, continuation of the Russia-Ukraine War and a split U.S. Congress all leave room for continued volatility in the first half of the year.

When interest rates were close to zero, investors favored growth stocks and higher risk assets, given there was no alternative (TINA) for income. As the Federal Reserve aggressively raised rates, investors turned to cash, dividend paying stocks, and short-to-intermediate duration in fixed income. With slower growth anticipated in 2023, we are focusing on our hybrid approach (growth and dividends) to equity investments in sectors including healthcare, consumer non-discretionary, raw materials, and a splash of international and high-quality fixed income.

"Top Ten" Holdings *

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|-----------------------------|--------------------------|
| 1. Apple Inc. | 6. Waste Management Inc. |
| 2. Microsoft Corp. | 7. SPDR Biotech ETF |
| 3. Invesco Global Water ETF | 8. Costco Corp. |
| 4. Amazon Inc. | 9. Home Depot Inc. |
| 5. Netflix Inc. | 10. Starbucks Corp. |

Recent studies show market volatility is causing individuals to revisit their financial goals, with 88% of Americans stating the importance of improving their financial wellness, encouraging family and business preparedness. Going into the New Year, we see several potential planning opportunities for clients surrounding the sunset of the estate exemption in 2025 and impact of higher inflation on Social Security, tax bracket ranges and retirement contributions. Clients can now wait until age 73 to begin their required minimum distributions (RMDs) as a result of the SECURE Act 2.0. Qualified charitable distributions (QCDs) from retirement accounts, previously maxed out at \$100k, are indexed for inflation. With Social Security payments receiving a 8.7% cost of living adjustment in 2023, clients should consider QCDs to offset modified adjusted gross income and paying income-related monthly adjustment amount (IRMAA) premiums on Medicare benefits. Federal tax bracket ranges also increased in the New Year, allowing the potential for larger Roth conversions. Gifting to next gen and planning for non-spouse retirement beneficiaries should be reviewed with clients' team of professionals as the current estate exemption of \$12.92 million per person is set to sunset in 2025.

We look forward to positively impacting our clients' families, businesses, and communities as we head into the New Year.

*Please see reverse side

-The Weatherly Crew

*** TOP TEN DISCLOSURE**

“Top Ten” holdings consist of Weatherly’s largest stock positions within the equity composite as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account’s portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account’s entire portfolio and in the aggregate may represent only a small percentage of an account’s portfolio holdings.

	<u>WAM</u> <u>Equity**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Equity</u> <u>(net fee)</u>	<u>S&P</u> <u>500t</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM</u> <u>Fixed**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Fixed (net</u> <u>fee)</u>	<u>Merrill</u> <u>Lynch 1-3</u> <u>year</u>	<u>WAM</u> <u>Balanced**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Balanced</u> <u>(net fee)</u>	<u>Blended</u> <u>Benchmark</u>
2006	16.21%	15.21%	15.78%	21.53%	4.94%	4.44%	3.95%			
2007	11.18%	10.18%	5.49%	12.18%	5.47%	4.97%	7.32%			
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.18%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
2015	4.86%	3.86%	1.38%	-1.84%	1.31%	0.81%	0.54%	3.55%	2.80%	1.09%
2016	8.70%	7.70%	11.95%	8.48%	2.79%	2.29%	0.88%	6.41%	5.66%	6.33%
2017	24.52%	23.52%	21.82%	24.62%	4.49%	3.99%	0.42%	17.01%	16.26%	10.75%
2018	-1.92%	-2.92%	-4.39%	-8.93%	0.61%	0.11%	1.59%	-0.80%	-1.55%	-1.06%
2019	32.54%	31.54%	31.48%	27.30%	7.05%	6.55%	3.55%	22.85%	22.10%	17.01%
2020	30.97%	29.97%	18.39%	16.82%	4.35%	3.85%	3.10%	21.36%	20.61%	12.08%
2021	20.55%	19.55%	28.68%	19.04%	0.69%	0.19%	-0.55%	14.34%	13.59%	13.45%
2022	-22.33%	-23.33%	-18.13%	-17.96%	-5.71%	-6.21%	-3.65%	-17.45%	-18.20%	-10.80%
4 th Quarter 2022	6.20%	5.95%	7.55%	9.88%	1.89%	1.76%	0.73%	4.70%	4.51%	4.14%
5-Year Trailing (Ann.)	9.78%	8.78%	9.40%	5.75%	1.30%	0.80%	0.77%	6.90%	6.15%	5.60%
10-Year Trailing (Ann.)	12.15%	11.15%	12.54%	8.53%	1.89%	1.39%	0.67%	8.36%	7.61%	6.82%
Since Inception (Ann.)	9.88%	8.88%	9.93%	7.37%	4.26%	3.76%	3.13%	8.67%	7.92%	6.94%

Please see footnotes

**** PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly’s Form ADV. For the 4th Quarter 2022, the maximum quarterly management fee is 0.25% for Weatherly’s Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined 8.57%, for 1995-2014 combined 8.54%, for 1995-2015 combined 8.31%, for 1995-2016 combined 8.29%, for 1995-2017 combined 8.91%, for 1995-2018 combined 8.39% for 1995-2019 combined 9.23%, for 1995-2020 combined, 9.96%, for 1995-2021 combined, 10.31%, and for 1995-2022 combined 8.88%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined 4.54%, for 1995-2016 combined 4.44%, for 1995-2017 combined 4.42%, for 1995-2018 combined 4.23%, for 1995-2019 combined 4.32%, 1995-2020 combined, 4.31%, for 1995-2021 combined, 4.15% and for 1995-2022 combined 3.76%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm’s managed accounts that align with a particular strategy. Individual account performance will vary, and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. “As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e., “Flash numbers”) without quarterly disclosures.” A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.