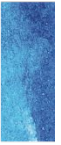




carolyn@weatherlyassetmgt.com
 T 858.259.4507 F 858.259.0782
 832 Camino Del Mar, Ste 4 | Del Mar, CA 92014
 WWW.WEATHERLYASSETMGT.COM



If you prefer to receive this letter via e-mail, please let us know: carolyn@weatherlyassetmgt.com

**First Quarter 2023 Weather(ly) Report
 April 2023**

Wow, what a quarter! The year started with a resurgence in technology stocks after falling sharply in 2022, and a continuation of central bank rate increases to combat higher than desired inflation. Inflation slowly headed in a downward direction as the quarter progressed but remained above the Federal Reserve’s target. Money markets, short-term Treasuries, corporate and municipal bonds all attracted retail and institutional investors given the inverted yield curve after years of near zero interest rates. With this as a backdrop, turmoil brewed in the banking sector, initially with small and mid-sized banks then spreading to larger US and European banks as well. In early March, the FDIC stepped in to guarantee depositors of Silicon Valley Bank (SVB) and Signature Bank. Banks lend long-term and take deposits short-term; this mismatch of assets and liabilities was aggravated as short-term rates increased the fastest in history. SVB was also impacted further by mismanagement and the speed of electronic transfers. Swiss bank leaders’ government-brokered sale of Credit Suisse to UBS was the first global bank merger of its size since 2008. Banking concerns remained elevated until 11 larger banks flowed deposits back to select regional banks along with the Federal emergency lending facility to offer liquidity.

Yields on 2-year Treasury notes experienced extreme swings, hitting a high of 5.05% on March 7 and ending the quarter at 3.77%. Earlier in the quarter, Weatherly opportunistically added 1-year Treasury bills, callable government agencies, and select high-quality corporates to client portfolios. Yield curve inversions (when short term rates are higher than long term) were extraordinarily different in each sector creating unique buying opportunities on the heels of 2022 double-digit negative bond returns.

While Weatherly’s holdings outperformed indices during the first quarter, we continued to opportunistically shave concentrated positions or help clients with their appreciated stock donations to fund their charitable intent.

“Top Ten” Holdings *

- | | |
|-----------------------------|--------------------------|
| 1. Apple Inc | 6. Waste Management Inc |
| 2. Microsoft Corp | 7. Costco Wholesale Corp |
| 3. Amazon.com Inc | 8. SPDR® S&P Biotech ETF |
| 4. Invesco Global Water ETF | 9. Adobe Inc |
| 5. Netflix Inc | 10. Starbucks Corp |

While key inflation gauges have begun to slow, the Federal Reserve’s preferred inflation measure, the personal consumption expenditure (PCE), is still hovering near 5% year-over-year, significantly above the Fed’s desired target of 2%. US consumers, accounting for two-thirds of the economy, continue to spend at high levels, yet spending in discretionary categories slowed slightly. Credit card balances rose by \$61 billion, from \$986 billion at year end. Similarly, corporations tightened the belt on spending and continued with a focus on people, equipment, and commercial real estate expenses.

Real estate sales and mortgage lending, while showing some signs of life, have slowed dramatically with rates highest in the last decade. Layoffs in the tech sector began to further hit other industries, although the service and healthcare sectors remain severely understaffed. Job openings fell in the recent JOLTS (Job Openings and Labor Turnover Summary) report, from 10.6 million at the end of January to 9.9 million openings at the end of the quarter.

Global tensions continued as we crossed the 1-year anniversary of the Russia/Ukraine War and relations between the US, China and Taiwan heightened along with slowing world economic growth. As hopes for a soft-landing head to the distant horizon, a 2023 shallow recession is more of a “when” than an “if.” Gold increased 8.5% as investors sought out less risky asset allocation and safe havens. Post quarter end, Saudi Arabia-led production cuts forced oil prices up 6.3% in one day, the steepest in a year.

As global growth slows, we remain concerned about continued volatility, the Fed’s trajectory, inflation, and a decrease in private bank lending. We continue to capture planning and investment options with our customized approach to each client family alongside their trusted professional advisors.

*Please see reverse side

*** 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%
1 st Quarter 2023	8.07%	7.82%	7.48%	7.44%	1.96%	1.83%	1.56%	5.99%	5.80%	4.52%
5-Year Trailing (Ann.)	10.91%	9.91%	11.16%	7.46%	1.84%	1.34%	1.11%	7.80%	7.05%	6.63%
10-Year Trailing (Ann.)	12.10%	11.10%	12.22%	8.61%	2.03%	1.53%	0.81%	8.44%	7.69%	6.73%
Since Inception (Ann.)	10.10%	9.10%	10.12%	7.58%	4.29%	3.79%	3.16%	9.03%	8.28%	7.20%

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 1st Quarter 2023, 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.