MARCH 29, 2023 STATE OF THE ECONOMY CALL TRANSCRIPT

Michael Gibb: Good morning, everybody. Welcome to our March 2023 State of the Economy Call. We appreciate the time you are all taking to be here with us. As usual, we have a couple of housekeeping items before we begin. Today's call is scheduled for 45 minutes. Jean is going to kick the call off with her prepared remarks regarding the state of the economy and financial markets. After her remarks, she's going to use any remaining time to address any questions submitted during the call. If you would like to submit a question, you can do so by sending it to me directly using the chat functionality of Zoom. Nobody else is going to be able to see that question. That is going to be private between you and me. At the end of the call, I will go ahead and send those questions to Jean. If we run out of time before we answer your question, or if your question is specific to your particular circumstances, we will reach out individually after the call to make sure that you get an answer. As always, if any questions arise after the call, or if you have any comments or suggestions on how we can improve, we encourage you to reach out directly to your advisor after the call and they will pass that information along to us. With that said, I am going to stop talking and pass things over to Jean.

Jean McGowan: Thank you, Michael. Everybody should have received a copy of the slides, but I am going to bring them up on my screen so that everybody can see them. We will get started. Echoing what Michael said, we are happy to have you all here on the call. I'm going to try to go through some of our key themes for this year, and I'll address some of the recent happenings that we've seen in the market.

Before I get into the slides, I'll start with page 2. You can see there are some key themes listed here, both events that are occurring in the market and some of the areas of the market that we think are most important in terms of what's happening this year and what our expectations are. Before I go into these topics in more detail, I thought I'd start with just a quick overview of our outlook for this year. I think that, unfortunately, the economic and market volatility that were key themes last year are going to continue this year. We have seen some momentum in the economy at the start of this year. GDP is looking to come in pretty solidly for the first quarter. The consumer remains healthy. The labor market is continuing to outperform expectations, and there is very little sign of weakness there. Business balance sheets are healthy and that's been very supportive in terms of business investments. Particularly we're seeing businesses investment in the area that supports productivity gains (technology investments and other investments that are helping businesses to bridge the gap from the worker shortages that we will talk about later).

On the flip side, the housing market has clearly weakened. We've seen a decline in demand for goods, that is impacting activity in the manufacturing sector. Inflation is still too high, and we think that will keep the Fed in play and raise the risk of a recession. If you asked about our thoughts on a recession at the start of this year, I think we would have said that if we do have a recession, it would likely occur later in the second half of 2023, or potentially even at the beginning of 2024. Given the recent troubles in the banking sector, we think that the potential for a recession to occur earlier has risen. We do still believe that if there is a recession this year, it is likely to be relatively shallow given some of the strengths that we see in the overall economy that we'll talk about as we go through the slides.

As you can see, the very first bullet point on our agenda is the impact of the Silicon Valley Bank failure, and the other bank failures, that we've seen over the last couple of weeks. If you received our March Wealth Management Dispatch, you'll see a more detailed summary of what happened - particularly with Silicon Valley Bank – in our Q&A. I'll make a few short comments about the underlying problems at those banks, but will spend more time on the impact that the bank failures have had on expectations for monetary policy interest rates and the potential impact it could have on the economy. Real quickly, a couple of points on the bank failures (again, I'm going to use Silicon Valley Bank as kind of my proxy for all three banks). I think one of the most important points to note about the recent bank failures, is that they were liquidity events and not credit events (like we saw during the financial crisis). At the core, each bank's failure was impacted in small part by rising interest rates, but primarily due to mismanagement of the banks, and the lack of oversight by the regional bank regulators.

If we look at Silicon Valley Bank, they had a very concentrated exposure to a certain customer type and to a small sector of the market. They also did not do a very good job of managing their investment portfolio. Silicon Valley Bank's retail deposits were less than 10% of their overall deposits. Banks like to have retail deposits, because they tend to be "stickier." Anybody who has had to move their checking account from one bank to another knows that it is not a simple process, and it is not something you do very rapidly or often. This is why retail deposits are much "stickier" than commercial deposits. Of the 90% of Silicon Valley Bank's deposits that were commercial, they were primarily deposits from the technology sector - and more specifically from venture capital or startup companies in the technology sector. Additionally, 90% of their deposits were larger than $250,000 (the FDIC insures deposits up to $250,000). I thought this was a great example. Roku, which everybody is probably familiar with, had $487 million in deposits at Silicon Valley Bank – or about 26% of the company's entire cash reserve. As confidence in the bank declined, depositors (like Roku) with uninsured deposits began to take money out. This led to an increase in the lack of confidence in Silicon Valley Bank and a run on deposits.

Silicon Valley Bank also had mismanagement in its investment portfolio. The company was buying long duration treasuries which are high quality and great when you can hold them to maturity. The problem is that with the interest rate increase as we saw last year, their securities were actually trading at a mark to market loss. Since Silicon Valley Bank had to sell these bonds to raise capital, they were generating losses for the bank. This particular problem was exacerbated by the significant growth in deposits. At the end of 2022, the bank had $175 billion in deposits, up from $61 billion in 2019 and $49 billion in 2018. So, they were building a portfolio of treasury bonds at a time when interest rates were historically low and close to 0. Most banks have built their investment portfolio over the course of their entire history, but Silicon Valley Bank was investing when rates were near 0, so there were increasingly susceptible to increases in interest rates. As liquidity was drawn down, as I said, they were forced to sell assets at a loss. They didn't have any other opportunities to raise capital. Their stock price was down so much they couldn't raise capital in the equity market, so they lost all options to do that, and the FDIC took the bank over on March 10th.

After taking over the bank, the Fed and the FDIC took actions to shore up the deposits. The FDIC guaranteed all deposits at Silicon Valley Bank (in addition to the other two banks that had failed). More importantly, the Fed introduced what is called "The Bank Term Funding Program." This program allows all banks, not just these three, to borrow from the Fed for terms up to a year using their U.S. Treasury, agency, and mortgage-backed bonds as collateral. In addition, the Fed will take this collateral at par value, rather than at the current market value. This provides liquidity to the banking system that mitigates the needs for banks to sell high quality assets at a loss (helping to stabilize the banking system). It is important to note that most banks have some issues with losses in their investment portfolio, but most take those losses over time, and you see this in their earnings reports. It was the nature of Silicon Valley Bank's business, and their inability to generate capital, that really led to its demise.

The banks in our portfolio aren't immune to this. They do have some mark to market risk in their investment portfolios, but they also have multiple sources of liquidity (the ability to generate capital from various areas, if necessary). In addition, they have much more diversified customer bases, high retail deposits, and much more diversified revenue streams (beyond the traditional deposit taking and lending activity of some of these smaller banks). Then, of course, there is the Fed facility that helps with liquidity. While we believe these bank failures will have an impact going forward, we don't think it is a problem for the banking system as a whole. Although, there will certainly be some impact on the economy and lending standards as we go forward.

One last comment on the banks before I get into my next slide. We recognize that the events we've recently witnessed are going to lead to discussions surrounding new regulations on banks, but it is really much too early to know what that might look like. It is certainly something that could impact smaller banks going forward. From an economic standpoint, we have to remember that small local banks are important lenders within their communities, and fill a void for small businesses on a local level that some of the larger banks may not always be able to fill. We hope that whatever legislation comes out recognizes the economic importance of those banks on a regional or local level.

Moving on. The most immediate impact of the bank failures was a decline in equity prices across the banking sector, a flight to quality trade into bonds, and a repricing of market expectations for the Fed. With that, I'm going to dig into the slides and talk about that last point (which is on Page 3). This graph shows the market expectations for the Fed's plans going forward. The green bars are the number of rate hikes that investors expect to happen between now and January 2024. The light green line is the implied Fed funds rate given those rate hikes. The number of hikes works off of the left axis and the implied funds rate off of the right axis. You can see, that just prior to the bank failures, the market was looking for more than 4 rate increases by September 2023 to take the Fed funds rate to a peak of about 5.5 to 5.75. The market was then expecting to see some decline in interest rates through January, with the Fed funds rate falling to 5.25 or 5.5 by January 2024. If you look at the graph on the right, it is the same data, but it looks at the expectations following the failure of Silicon Valley Bank. What you see here, is that the market very quickly shifted to believing that the Fed would not only not raise rates, but that they would cut rates pretty significantly. The market was expecting 5 to 6 rate cuts through January 2024, to take the Fed funds rate down to about 3.5 to 3.75. This shows a very dramatic repricing of expectations for the Fed.

During the same period, if you were to look in the interest rate markets. For instance, the 2-year Treasury note reached a yield of just over 5% prior to the bank failures. This was driven by expectations for higher interest rates. By March 15th, that yield had fallen to 3.9% - a pretty dramatic decline. It's currently just over 4%, so the market is clearly telling us that they believe we have reached a peak in the rate. However, the Fed has not signaled a shift in monetary policy, but we do expect that the bank failures will lead to tighter financial conditions. Bank lending standards have already been higher throughout the cycle – they have been tightening over the last 12 to 18 months, and we think that will continue. It is going to be harder for people to get loans and for businesses to get loans. This will have an impact on overall economic growth, something we will talk about a bit as we go through the slides.

Now, to shift away from the banking failures, and to talk about a few parts of the economy that we want to highlight. Moving on to page 4, the housing market is really the first area of the economy that we saw weakness. The chart that you are seeing here is the historical 30-year mortgage rate, and it is based on a 30-year conforming loan for the Federal Home Loan Mortgage Corporation or Freddie Mac (as you might know it). The gray dotted line is the average 30-year mortgage rate since 2000 (so, the last 23 years) at 5%. As you can see, we have been through more than a decade of historically low mortgage rates. During the COVID pandemic, it went even lower than the historically low rates. Since that time, mortgage rates have risen dramatically, and are well above the 5% average that we've seen over the last 23 years. From a historical perspective, they still don't look that bad. For anybody who is looking to take out a mortgage, I think age is probably the biggest determinant of the level of sticker shock we might have when we see a mortgage rate. Some of us still believe 6.5% isn't bad from a historical perspective. With that said, it is not just the interest rates, it is the combination of higher interest rates and higher home prices that is impacting housing affordability. Housing affordability has gotten worse and worse over the last 12 months, to the point where it is difficult for somebody earning a median income to purchase a median price home. That, along with tighter lending standards, is impacting activity in the housing market, which we can see in the next graph.

On page 5, on the right, you can see the total existing home sales on an annualized basis. We had a relatively large shift upwards in housing sales during the pandemic. Some of this shift was driven by people working from home who were suddenly able to live anywhere they wanted, no longer tied to their office. This caused some migration away from cities - an interstate migration during that time period. Since interest rates began to rise, activity has really fallen quite dramatically. We had a little bit of a bounce in activity in February, but it is much too early to know whether that is just a blip (a good month for sales for whatever reason). It is probably not a trend to significant improvement in the housing market.

On the right-hand side of the page, the dark green line is the year-over-year change in the price of the median home. This shows us what price is doing. Prices peaked at about the end of 2021, and we've seen prices start to come down on a year-over-year basis. In fact, in February, we actually saw that prices were modestly lower versus where they were a year ago. The grey line, is the inventory of existing homes for sale. That is stated as month supply, and what it shows is at the current pace of buying, how many months the existing supply will last. That is pretty low. If you look at new housing, you see something similar, where construction on new housing (particularly single family homes), is lower than we would normally see. Demand has come down, but supply is also relatively low, and we think that will provide some floor to prices going forward.

One other interesting point to note regarding the prices, is that the price changes are very different depending on where you live. In fact, if you were to draw a line through the center of the country and look to the west of that center line, prices are down high single digits to double digits in most areas. As an example, San Francisco home prices are down about 10% year-over-year. If you were to go east of that center line, through the middle of the country, you would find that home prices are still up significantly year-over-year. Miami, FL (probably not unexpected) is up 12% year-over-year and Buffalo, NY is also up 8.3% year-over-year. This means that your perspective of the state of the housing market probably varies depending on where you live. It is clear that slower activity is a drag on overall GDP growth.

While housing activity is slowing, we are seeing very little sign of any slowing in the labor market. We can start to look at that on page 6. There has been an increase in announced job layoffs that have primarily come from large tech companies - particularly companies that saw increased activity during the COVID pandemic years, and significantly added to their headcount. These companies are getting back to the head count they had in 2019. Outside of these companies, we're still seeing that labor supply is lower than labor demand. This is shown on the left-hand side of Page 6. I think we have looked at this chart before, but I think it is telling of the state of supply and demand in the labor market. This data comes from the Job Openings and Labor Turnover Survey, which is referred to as the JOLTS report. What it shows us, is that there are currently 10.8 million job openings in the country and 5.9 million people that are unemployed. That results in 1.9 jobs available for every unemployed individual. Other labor market data that we can look at - like weekly unemployment claims, monthly non-farm payrolls, the unemployment rate (which is at 3.6%) - all confirm the health of the labor market.

If you shift over to the graph on the right-hand side that (also pulled from the JOLTS report); this tells us where those 10.8 million job opening are. As you can see, in some sectors there are less jobs available (information, financials, and some of the other services). There are job openings, but they're not as significant as the openings in some of the other sectors. In the past, we have talked about the leisure and hospitality sector, and the trouble that businesses have had in rehiring people as they reopened coming out of the pandemic. You can see this struggle in this graph. Interestingly, education and healthcare have more than 2 million job openings. We know that there are teacher shortages in many states. We've also seen estimates that more than 100,000 nurses left their jobs during COVID and did not return. This is having an impact on health and the ability to service patients in the healthcare system. In the government category, the shortages are primarily at the state and local level With this said, there is still relatively strong demand across a broad base of the economy for labor, and not enough people skilled enough or willing to take these jobs. The problem with the imbalance, is that imbalances in the labor market are leading to higher inflation and higher wage inflation. Wage inflation is stickier and tends to last longer once it gets into the system. This is one of the things that is making it more difficult for the Fed to get inflation back under control.

Moving on. We're actually going to start with the graph on the right-hand side of the page which is the year-over-year change. Change in wages across the economy are calculated by the Atlanta Fed. You can see we've come down a little bit from the peak. This data is through February and wages are up 6.1% year-over-year. Notably, the Consumer Price Index, which we'll look at in a few pages, was up 6% year-over-year, just below the wage gains. But, clearly wage inflation has a long way to go to get back to something that's more sustainable for the Fed. The graph on the left shows the total household debt as a percentage of disposable income. This measure of household debt includes mortgages, auto loans, credit cards, and other types of consumer loans. This is important because we have seen headlines and heard people talking more about the increased use of consumer credit and the rise in credit card debt. This has been rising, and it is something that is worth paying attention to. We think that the debt service that individuals have relative to their disposable income is a better way of measuring the health of the consumer. As you can see, household debt service as a percentage of disposable income has risen recently, and it is at 9.7% - still at a manageable level. This probably helps explain why we're seeing relatively moderate or surprisingly decent consumer spending in the first quarter of this year.

We will take a deeper dive into inflation starting on page 8. This graph shows two kind of narrow measures of inflation. The grey line is the Core Personal Consumption Expenditures Price Index (or Core PCE). The green line, is the Core Consumer Services Price Index excluding housing, which is referred to as Super Core inflation. You may wonder why we would want to use very narrow definitions of inflation. There are really two reasons. One, the Fed has told us that these are two of their favorite measures of inflation, so paying attention to what is happening and the trends in the in these two series offers us insight into future monetary policy changes. The second, is that Core inflation measures are meant to take out the month-to-month noise and focus on trends. This was important when we saw inflation moving higher, to figure out if we trending up and where. As inflation is coming back down, we also want to see where the overall trend is without looking at month-to-month shifts. The Super Core inflation, which Chairman Powell seems to value, excludes housing-related factors. The importance he has mentioned for this, is that changes to housing costs come into the broader inflation measures with the lag, and they leave the inflation measures with the lag. As we have seen, and just discussed, home prices are starting to come down. We're seeing anecdotal evidence that rents are also coming down, but the broader measures of inflation are not picking that up yet. This provides another view as both of these measures reached a peak last fall. They have since come down a little bit, but they have also stalled out a bit. I think this might help explain why the Fed was willing to raise interest rates by 25 basis points last week, despite the fact that they had uncertainty in the banking sector.

The next page takes a closer look at broader inflation, The Consumer Price Index, and what is improving or not improving. So here, the first data, February 2023, all of these are year-over- year changes. The overall CPI index is up 6% year-over-year through February. The column to the right of that shows what the year-over-year change was at the peak, if we've reached a peak. The last column shows the date that we reached a peak in each different series. So overall CPI peaked in June 2022 at 9.1% and has since fallen to 6%. If you look at some of the details here, in the top half, we see that food inflation is still high, but it is coming down from its peak. Energy inflation is also coming down from its peak, and in fact energy commodity prices are actually down slightly year-over-year. That is a volatile component, so we don't expect that trend to necessarily continue. It could bounce around, but we are seeing some improvement.

Now, to move to the bottom part of the page, to core CPI components - particularly the core goods. You can see that peaked in February 2022 and now in February 2023 (this year), it is up just 1% year-over-year. This is significant movement from the peak, and you can see that with some of the factors we have talked about in the past, like new vehicles and used vehicles, the prices there are surging during COVID. So, there is improvement there. The last section of the table is core services. We do not know that we have seen a peak with core services. We are at high levels, and we are still watching that data. We are also seeing positive signs that inflation is improving, but we are not done yet - and the Fed is probably not done yet.

To wrap up the inflation discussion, we're going to move to page 10 and inflation expectations. If you remember, expectations are important because future inflation expectations drive both consumer and business buying decisions. So again, we have seen significant improvement. This data comes from a New York Fed survey. the gray line shows that the expectations are for inflation to fall to 2.7% over the next three years and 4.2% in the next year. This shows that expectations are trending down, which should help consumers and businesses feel comfortable to continue spending. With that said, these inflation drivers are impacting Fed activity which we will talk about more on the next page.

Moving to page 11, we can talk more about Fed policy. Fed policy has become a little bifurcated in the last couple of weeks. We've talked about the Feds dual mandate, which is price stability and full employment. The Fed also has the important responsibility of making sure the financial system is stable. The recent problems in the banking sector have kind of shifted and created this bifurcation. Last week, as I mentioned earlier, the Fed raised the Fed funds rate by 25 basis points to a range of 4.75% to 5%. You can see this on the chart on the left-hand side of the page. The Fed is also using its balance sheet to provide liquidity to the financial system, so the graph on the right is really where we have seen a change. This shows the size of the Feds balance sheet. Since May of last year, we have been in a period where the balance sheet has been shrinking. The Fed hasn't been selling assets, but they have not been replacing maturities or reinvesting coupon payments. Because of this, the balance sheet has been shrinking by about $95 billion a month. Since that peak in May 2022, the balance sheet has fallen from $8.9 trillion to about $8.3 trillion. However, if you're looking at the graph, you can see a little tick up that occurred in the last two weeks. With the Feds announcement of the liquidity facility to aid the banking sector, the balance sheet actually increased back up to $8.6 trillion. The Fed hasn't made any change to its balance sheet run off policy, but they have been very clear that they're willing to use the balance sheet to make sure that the banking system stays stable. Chairman Powell, in his commentary last week talked about using interest rates to manage inflation and using the balance sheet to provide stability in the financial system. This is why we say that these two tools that the Fed has, may be moving in different directions for a little bit.

On the interest rate side, we do believe that we're kind of at the beginning of the end of the tightening cycle. There may still be a couple of rate hikes needed to get inflation under control, but the bulk of the move is behind us. The recent bank failures are probably going to help that process. They could almost be considered as additional rate hikes because they are likely to lead to tightening financial conditions and certainly some other deflationary pressures. The other point I'd add about the Fed, is that we still believe there is a pretty high bar for future rate cuts. The market thinks that the Fed is going to cut rates. Chairman Powell and the rest of the Fed have told us repeatedly that they are very concerned about reaccelerating inflation, like we saw in the 1970s. So, we do take them at their word, that they are going to get to a terminal rate and leave it there for longer, in order to make sure that we don't have a reacceleration.

In the interest of time, I'm going to skip page 12, as it just shows some changes in interest rates, and am going to move to page 13 to talk about both the fixed income and the equity markets and the opportunities that we see there, given the disruptions that we have seen over the last 12 or 18 months. 2022 was a very unusual year, in that both stocks and bonds had negative returns. Bond prices move opposite of yields, and the Fed raising rates pushed bond prices down. The longer the maturity of your bond, the more that impacted your return. If you look at a broad measure of investment grade corporate bonds of all types (treasuries, agencies, etc.), they were down about 13% last year. Shorter bonds did better than longer bonds, but overall, we had an unusual year in the bond market that has created a great opportunity. The chart that you see here, is the yield to maturity of an investment grade corporate bond that is set to mature in the next 1-5 years. As you can see, those yields have risen dramatically. Over the last couple of years, we've talked a lot about fixed income being a diversifier, but not providing incremental income. After last year, we are now in a situation where bonds can be a diversifier and can provide attractive incremental income and returns going forward. A high-quality bond, which is what this would be a proxy for, would be yielding somewhere between 4-5% depending on the credit rating and maturity of your bond. If you buy these bonds and hold them to maturity, you can expect a solid income stream over the next several years. We don't think that now is the time to take more credit risk in the fixed income market, or to take more maturity risk, but we think the opportunity with high-quality bonds is really good for the first time in many, many years. Chris Leslie, our Portfolio Manager, did a nice write up in our March Wealth Management Dispatch talking about this opportunity with bonds.

The last page, page 14, looks at the equity market opportunities. I thought I would talk about what has worked and not worked in the market over several time periods. The chart you see here, are the returns of the S&P 500 and the broad sectors of the market year-to-date, for the trailing 12 months, and then for the past three years (with all data ending last Friday). The main reason we included the 3-year returns, is that sometimes, we get caught up in the day-to-day and I think it is important to look at the longer term and to put the volatility that we have seen in perspective.

The S&P 500 is still up 22.7% annually for the three years ending last week, so there are still good returns in the market. In this type of strong market, as you would expect, the outperforming sectors tend to be some of the more cyclical sectors (like technology which performed quite well). The industrial sector and defensive sectors in this type of market environment would usually not be expected to do as well, but they still did provide significant positive returns over the three-year period. Even if you look at utilities, the utility sector was up 16% annually for that three-year period.

Moving to the one-year total returns for the last year (or the trailing 12 months), the S&P 500 is down 11% and the energy sector is the only sector of the market that provided positive returns. Interest rate sensitive sectors, like real estate, really underperformed. Consumer discretionary and communications both underperformed during that time period, but also the defensive sectors did not provide as much defense as you would have thought. Utilities are down during that time period as well.

Finally, we have the year-to-date, which is shown through the light green bars. The market is up marginally year-to-date, but the returns across sectors are very different. We have seen a start to this year that the more cyclical, the higher growth companies, have outperformed - and that really shows up in the technology sector. The communication sector is really driven by Facebook, which is up something like 60% year-to-date. This is not what we would expect to see an environment with heightened volatility, both economic and market-related, but it is what has been happening this year.

When we look at all of these different iterations, I think what we're looking at, is given the economic uncertainty, we still want to remain defensive. We think there are some good opportunities in some of the more defensive sectors that have underperformed. Opportunities for us to find good quality companies that can provide long term benefits to our portfolio. We have some companies in our income equity portfolio that did quite well last year, that do not provide the same income opportunity as they did when we purchased them. So, we are going to take a look at potentially upgrading the yield and opportunities there. In the growth portfolio, there are also going to be opportunities to upgrade the potential growth characteristics of that portfolio while staying defensive overall. From a sector basis, energy has done quite well. We still think that there is a long-term positive trend in the energy sector, but you need to be selective in your names. I think the same would be the case for the technology sector, as there is still a good long-term upside to that sector, but you want to be very selective. Real estate has underperformed, it is one of the worst performing sectors, but we do not think now is the time to be investing in real estate given some of the concerns we have within those sectors - particularly with commercial real estate. The main point we want to make, is that market dislocations create opportunities, and we expect to make some changes to the portfolios going forward to take advantage of them.

With that, I think I will leave you a couple of key takeaways. Parts of the economy are weakening (housing, manufacturing, etc.), but the labor market, corporations, and the consumer balance sheets remain healthy and could support growth going forward. Inflation is receding, but there is still some work to be done, particularly in the service area and wages. We think the Fed will remain active and hold rates at a higher level for longer in order to be certain that they can get inflation to a level that does not impact decision making, and more importantly, that they can get rates to a level where they can hold them and not risk reaccelerating inflation. Outside of the topics we have covered, we certainly recognize that there are a lot of other areas of volatility this year. We have a debt ceiling debate coming up that is going to be quite ugly in the short run, but we believe it will be resolved. There are still lingering questions in the banking sector. We think overall the banking sector is healthy, and the Fed is taking the right moves to support stability (but that is likely to cause volatility). The ongoing war in Ukraine is certainly disruptive on many levels. We expect to stay defensive, but we think there are some opportunities for us to make changes in the portfolio, and you should see those going forward. Finally, fixed income is as attractive as it has been in more than a decade and certainly should be considered as part of a balanced portfolio.

With that, I will turn it back over to Michael.

Michael Gibb: Well, great. Thank you, Jean. You must have done a pretty good job, because we have zero questions today, which works out well because we are also out of time. Again, any questions that come up after the call, comments, suggestions – we are always happy to hear those. We want to do the best job we possibly can for each and every one of our clients. With that said, we hope to hear from at least some of you with some feedback. Aside from that, I think that is it. Thank you all again for attending and we will hopefully talk to you soon.

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