

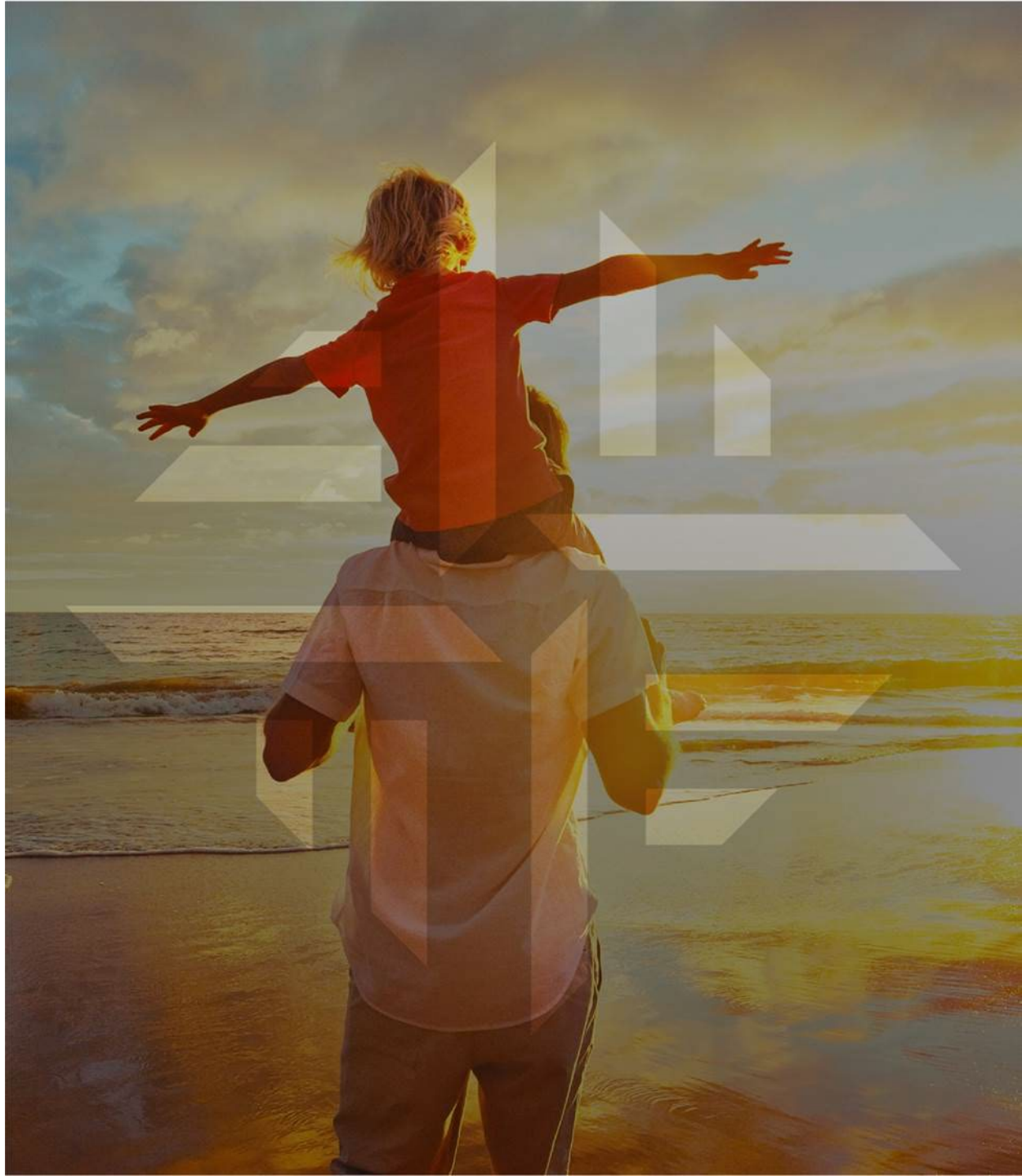


## Quarterly Market Recap

SEPTEMBER 2022

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FIDELIS CAPITAL PARTNERS, LLC


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## Who We Are

Fidelis Capital is an advisor-owned wealth management firm, dedicated to helping very successful people gain more time in their lives to enjoy what's most important to them.

We do this by coordinating, clarifying and simplifying all their financial affairs so they can easily make smart decisions that impact their lives, their organizations, their families and their legacies.

With the drastic changes in the private banking model in recent years, our mission is to revive access to a group of experts and give ultra-high-net-worth families, institutions and other clients the kind of team that can manage all — not just some — of their financial matters, giving them back what money can't buy... time.



Fidelis was founded on a shared passion to deliver a higher level of personalized service and a superior private banking experience by surrounding clients with a diverse team of true specialists.

## What We Do

The Fidelis team is comprised of some of the industry's most accomplished and recognized private banking professionals. We designed and developed a suite of effective solutions to manage the financial complexity our clients face.

### OUR INVESTMENT PHILOSOPHY

Our approach to investing is guided by a disciplined process and a philosophy informed by over 200 years of experience.

We believe that the only investment results that matter are the ones that are after fees, taxes, or other expenses. We therefore work to reduce those elements by (1) managing some client assets in-house, avoiding third party manager fees, (2) being attentive to tax reduction strategies, and (3) focusing on lower cost solutions.

For most of our clients, risk is as important as return, so we spend even more time seeking out ways to lower a client's risk exposure through negatively correlated assets, asset allocation and option strategies.



*faithful*  
*loyal*  
*service*

*trust*  
*legacy*

*honesty*

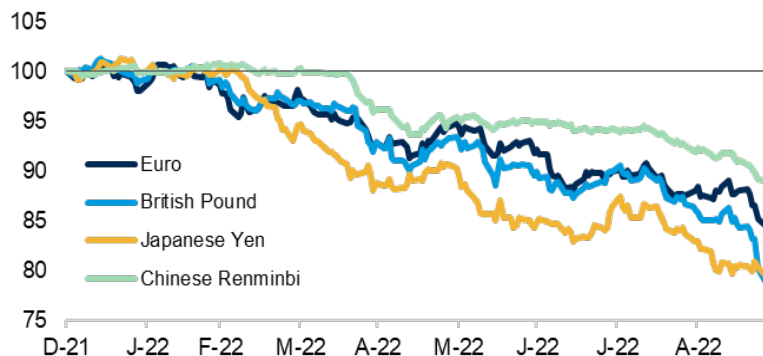


# ECONOMIC OVERVIEW

1. The pace of the current rate hiking cycle is among the fastest we've experienced, as the Fed remains steadfast in its mission to combat inflation at the potential expense of slowing economic demand.
2. For much of the year, higher interest rates in the U.S., along with recent elevated concerns for growth stemming from Europe, have provided a tailwind for the U.S. dollar.
3. A host of macroeconomic factors – global inflation, tightening monetary policy, supply chain logistics – are contributing to slowing global demand. Uncertainty around economic growth has resulted in elevated market volatility which is likely to continue in the near term.

## Foreign Currencies Weaker versus U.S. Dollar

Foreign exchange markets have been volatile this year and the U.S. dollar has shined relative to many major currencies. The British pound came under pressure late in September following the announcement of the new Prime Minister's tax cut agenda; the Bank of Japan also stepped in to help curb the decline of the yen.

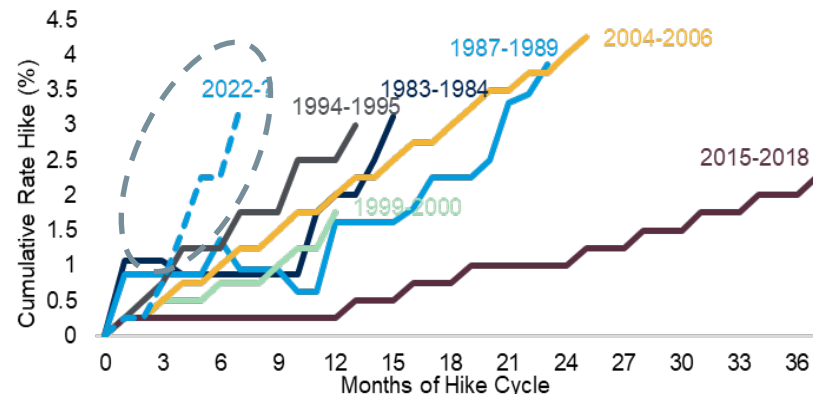


Sources: FactSet. As of September 30, 2022.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

## Federal Reserve Hiking Cycles

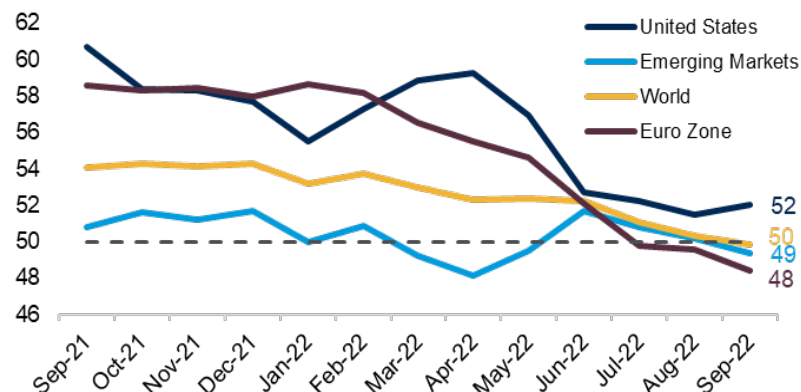
The Federal Reserve reaffirmed its commitment on fighting inflation at the September policy meeting by raising its policy rate an additional 75 bps and projected a more aggressive policy path compared to June.



Sources: FactSet, Federal Reserve. As of September 30, 2022.

## Manufacturing PMI Shows Signs of Slowing

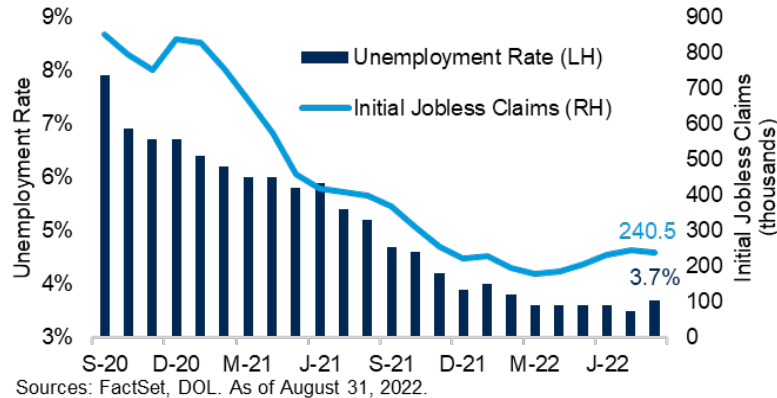
The Euro Zone & Emerging Markets have moved into contraction, while the U.S. remains resilient and moved higher in September.



# ECONOMIC OVERVIEW

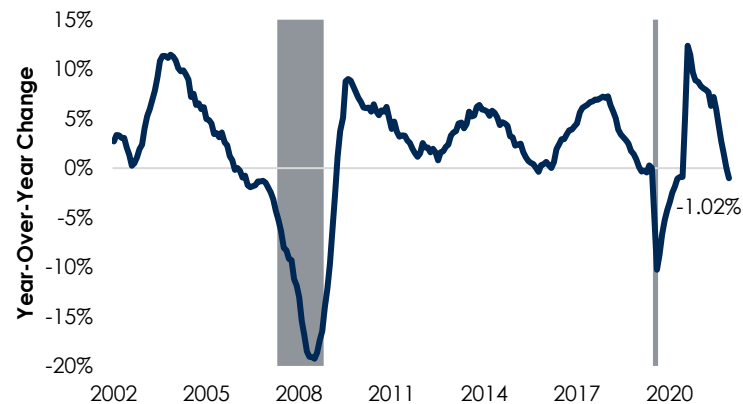
## Labor Market Remains Resilient

The U.S. labor market remains strong, with both unemployment and jobless claims at pre-COVID levels, providing a solid foundation for the U.S. consumer and support for the broader economy.



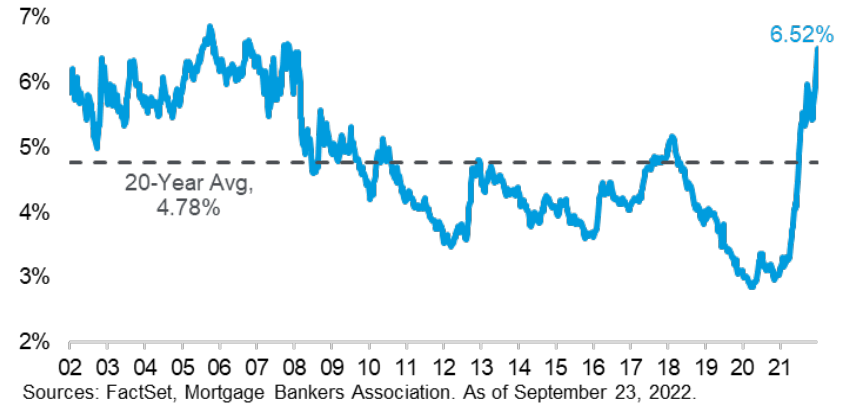
## Leading Economic Indicator Index

The LEI moved into negative territory on a year-over-year basis, the first time since February 2021, indicating an elevated risk of recession.



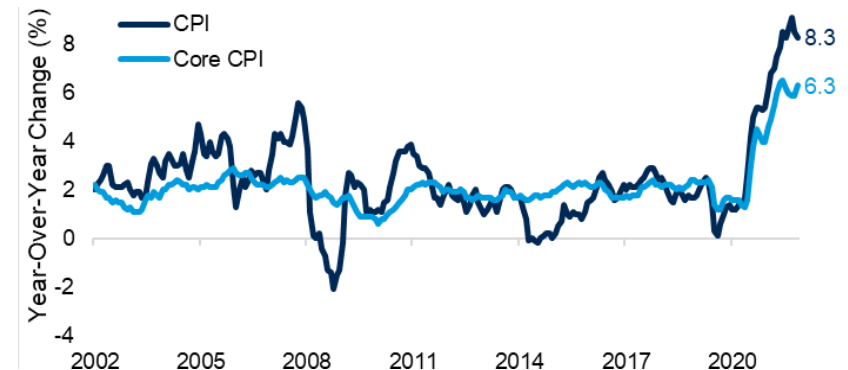
## Tightening Financial Conditions – 30-Year Mortgage Rates

Rates on 30-year fixed mortgages crossed six percent for the first time since 2008, resulting in mortgage payments that are over \$800 higher per month than the beginning of the year.

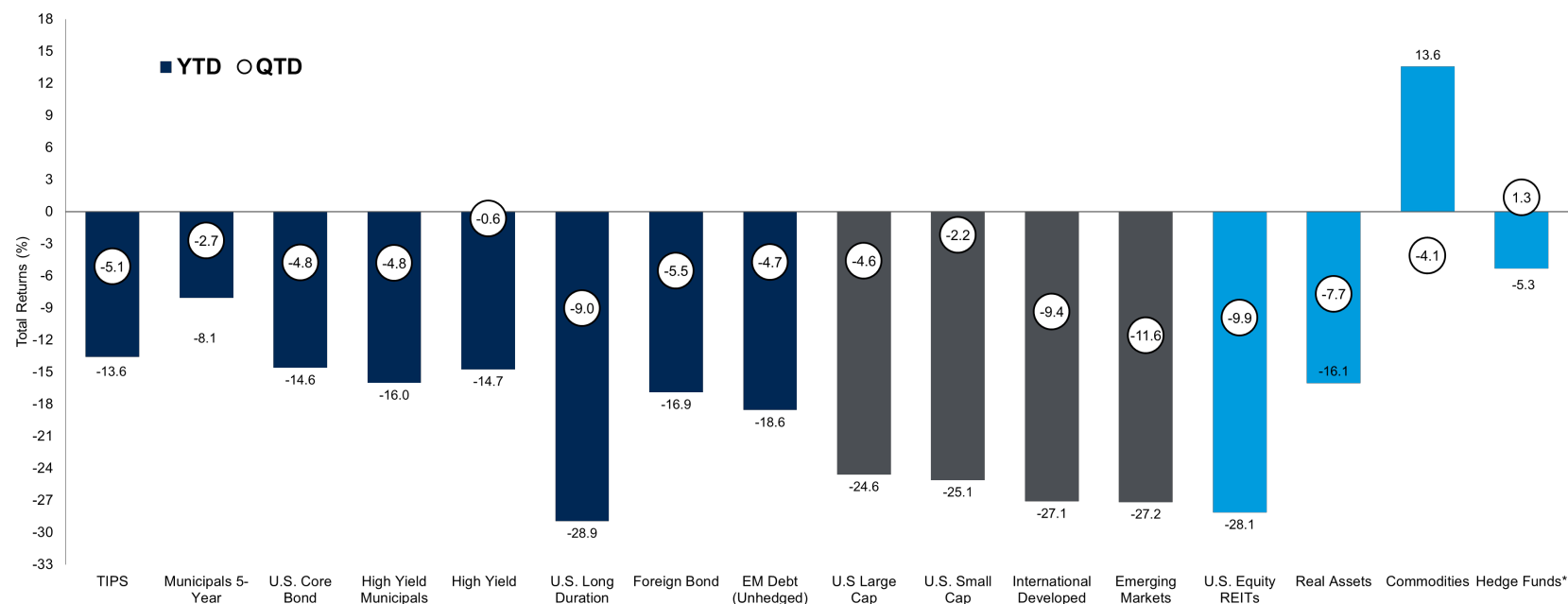


## U.S. Inflation

Inflation remains elevated but has tapered from recent peaks. Energy & Food continue to drive the headline number with the food component experiencing the largest year over year increase since May 1979.



# ASSET CLASS PERFORMANCE



## Fixed Income (3Q)

- Central banks grappled with reducing inflation, raising policy rates globally; interest rates moved higher as a result and bonds were negative on the quarter.
- U.S. high yield held in relatively well, benefiting from a bull market rally early in the quarter but gave some back as concerns about the business cycle turning took hold in September.
- A strong U.S. dollar, as well as a spike in interest rates in the UK, pushed foreign debt lower for the quarter, trailing the U.S. market.

## Equity (3Q)

- Investors continued to digest the impact of global inflation and a reduced outlook for economic growth sent risk assets lower, touching new 2022 lows in the quarter.
- U.S. equities outpaced their international counterparts as many see the U.S. positioned relatively better than non-U.S. regions. A strong U.S. dollar was an added headwind for non-U.S. equity markets.
- Diminished natural gas supply in Europe was a headwind for developed markets, while China was among the leading detractors within emerging markets

## Real Asset/Alternatives (3Q)

- Commodity markets took a step back in the third quarter on the back of slowing growth, improved supply, and the likelihood of reduced demand.
- REITs fell alongside the broader equity market in a risk-off move. Rising rates, falling home prices and reduced affordability contributed to the decline as well.
- + One of the few positive areas in the quarter, hedge funds have performed well YTD relative to both equities and fixed income and are earning their keep.

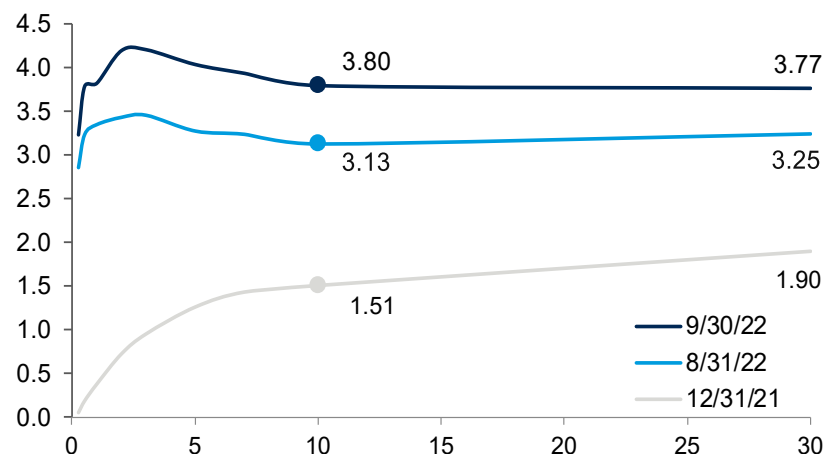
Sources: Morningstar Direct. As of September 30, 2022. \*Hedge fund returns are as of August 31, 2022.

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# Fixed Income Market Update

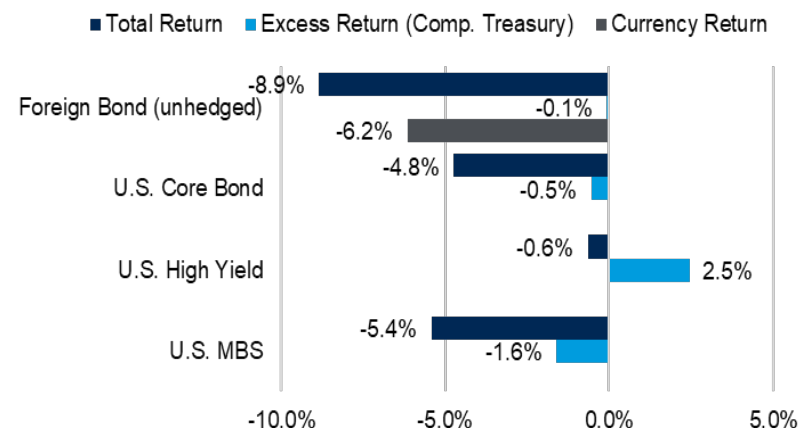
## U.S. Treasury Yield Curve

A third 75 basis point hike by the Fed showed their adherence to policy tightening, leading to higher rates and further inversion of the yield curve as shorter-term rates rose faster than medium- and long-term rates.



## Index Performance Attribution (Q3 2022)

A strong U.S. dollar was once again a headwind for foreign bonds, while fiscal policy in the U.K. drove yields significantly higher. High yield outpaced similar duration Treasuries despite a late quarter sell-off.

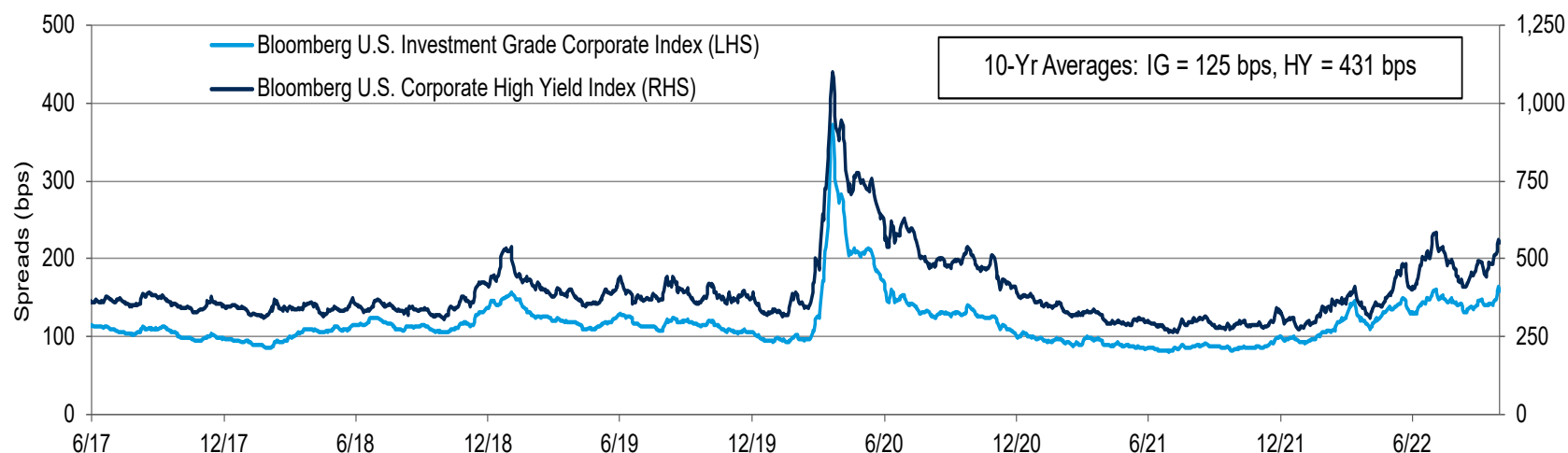




# Fixed Income Market Update (cont'd)

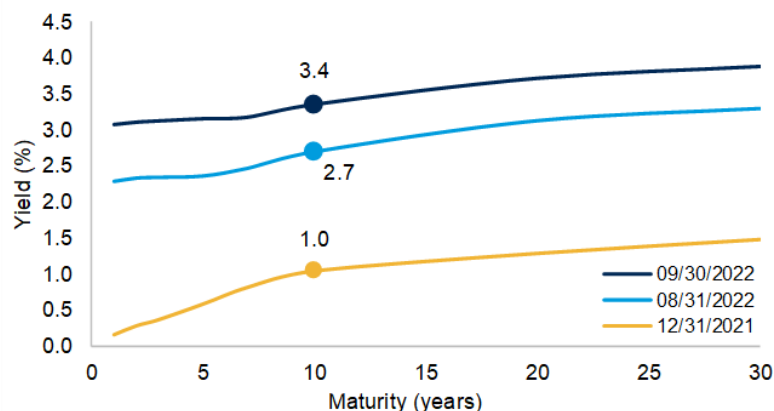
## Credit Market Spreads – Trailing 5 Years

Credit markets saw deteriorating fundamentals amid downward earnings estimates and weaker demand forecasts. These negative events led to higher spreads, as both the investment grade and high yield indices ended September with spreads higher than their 10-year averages.



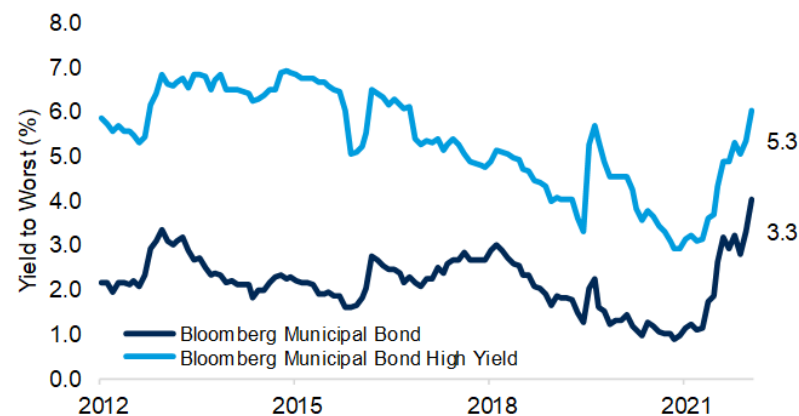
# Municipal Market Update

### S&P AAA Muni Yield Curve



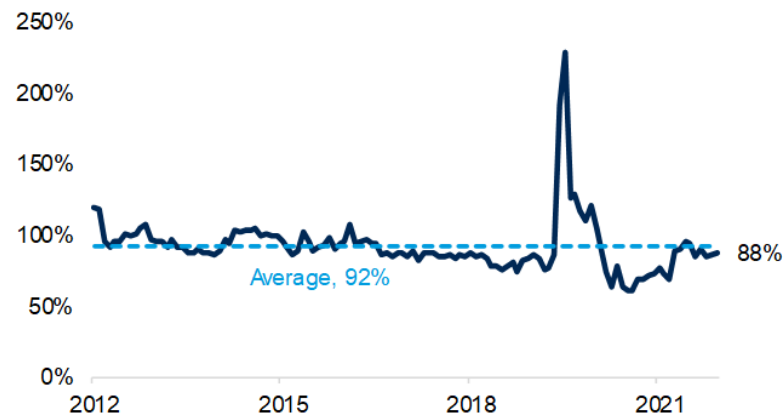
Sources: FactSet, S&P. As of September 30, 2022.

### Municipal Bond Yields



Sources: FactSet, Bloomberg. As of September 30, 2022.

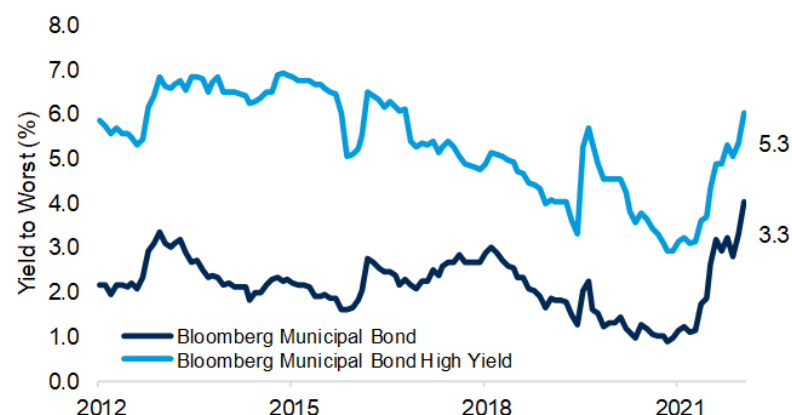
### 10-Year Muni/Treasury Yield Ratio



Sources: FactSet, S&P, Morningstar. As of September 30, 2022.

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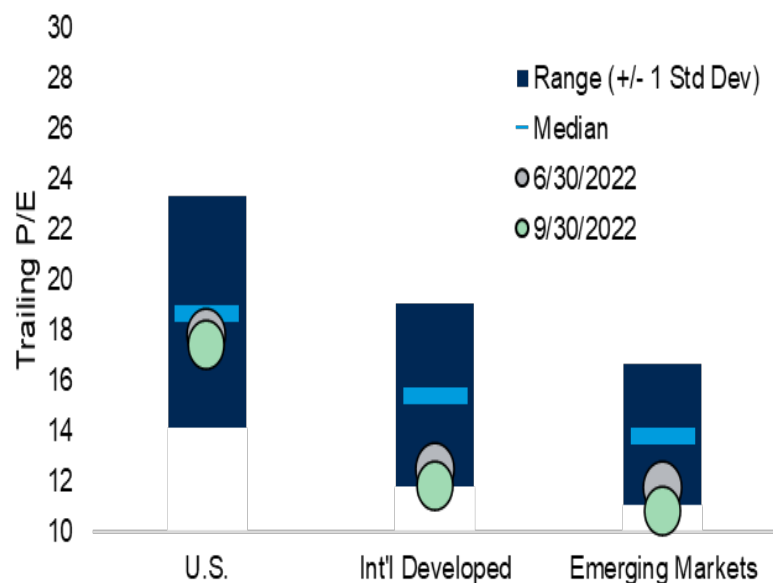
### Municipal Bond Yields



# Equity Market Update

## Equity Valuations (Trailing PE – Last 15 Years)

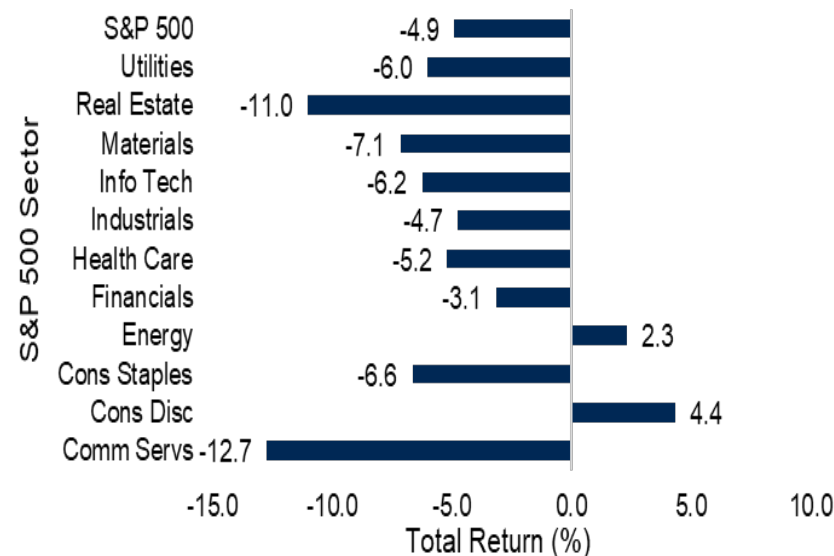
Falling equity prices pushed valuations lower across regions, a silver lining as entry points are now more attractive, especially abroad. It remains to be seen if earnings – the “E” in P/E – will follow suit, as analysts reduce their estimates.



Source: FactSet. As of September 30, 2022.

## U.S. Equities – Return by Sector (3Q 2022)

Equity sectors were broadly negative, but energy and consumer discretionary were the lone positive standouts in the quarter. Energy is one of the few areas with positive EPS growth expected for the third quarter.

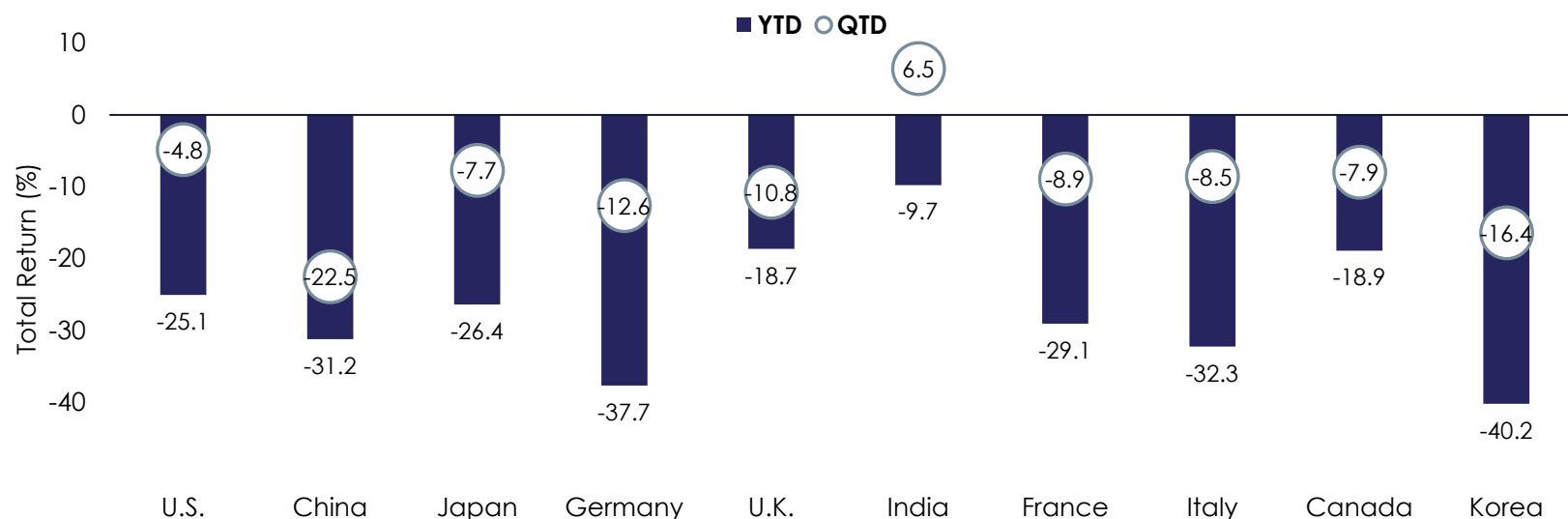


Source: Morningstar Direct. As of September 30, 2022.

# Equity Market Update (cont'd)

## Country Total Returns (%) – Top 10 Largest Economies

Global inflation continues to roil equity markets around the world, sending risk assets lower. Europe has come under pressure as of late as the energy crisis continues to unfold amidst restricted natural gas supplies from Russia and the impact it has on electricity prices, industrial production and household heat as we move into colder months. China's zero-COVID policy, weakness in the housing market, and supply disruptions have put negative pressure on the country's stock market.

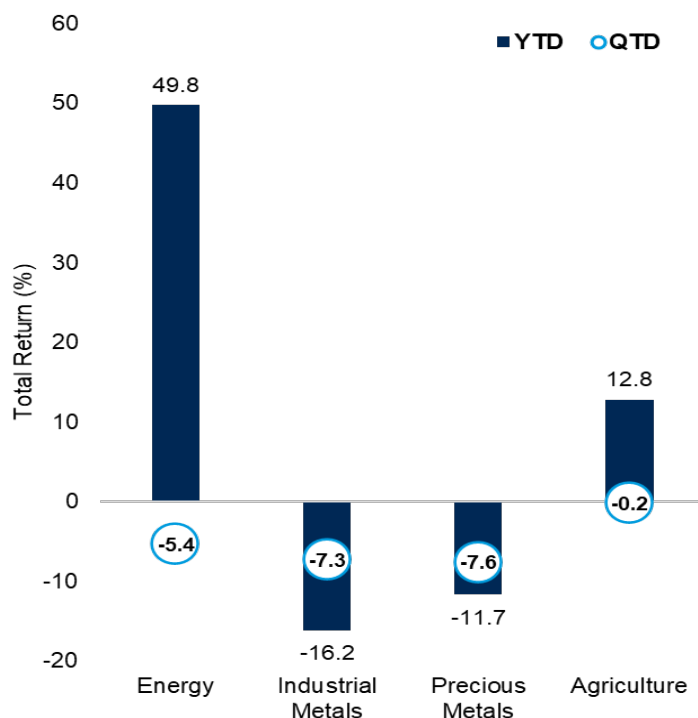


Source: Morningstar Direct. As of September 30, 2022.

# Real Asset Market Update

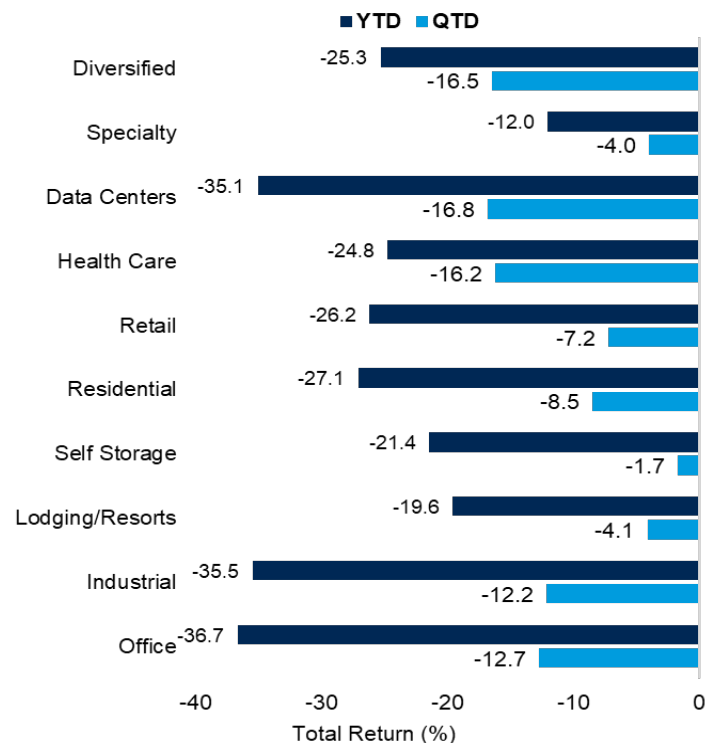
## Commodity Performance (Q3 2022)

Commodity prices were generally weaker in the quarter as investors grew concerned that a slowing global economy will weaken demand for the assets. Energy remains the standout year-to-date as natural gas supply in Europe has been significantly reduced as a result of the Russia-Ukraine conflict.



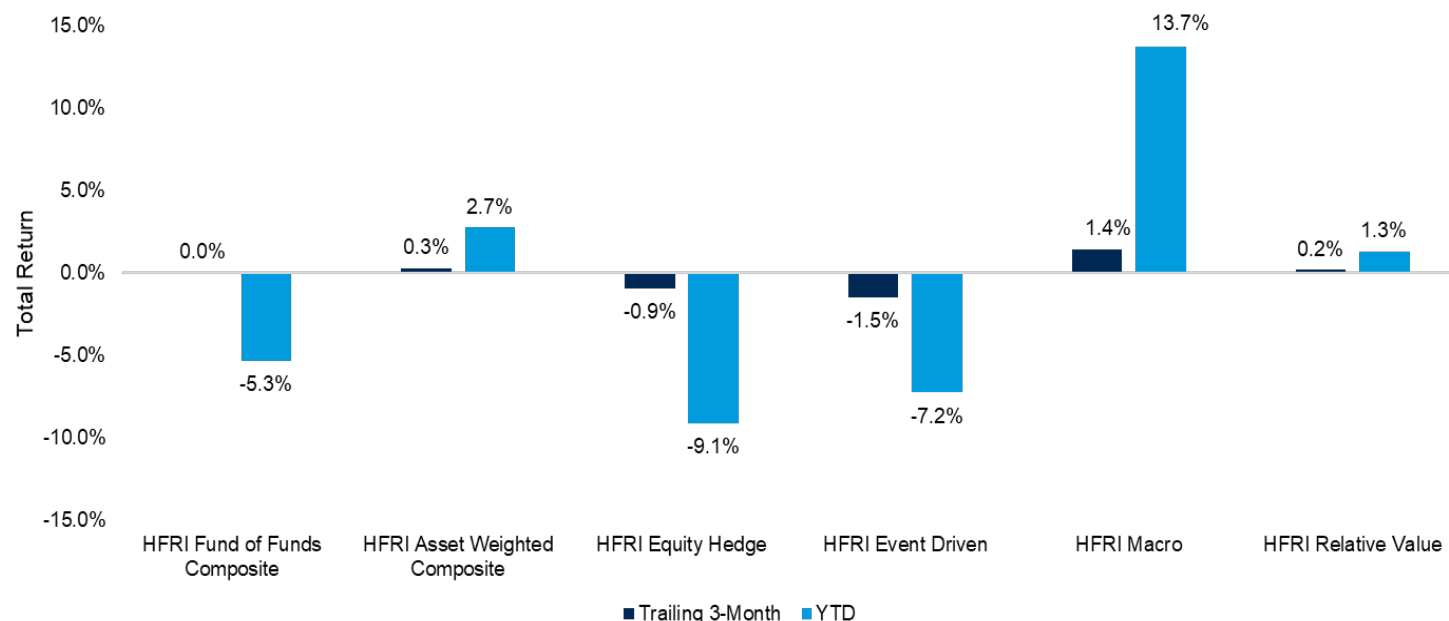
## REIT Sector Performance (Q3 2022)

Real estate continues to come under pressure. A myriad of forces worked against the asset class – higher interest rates, a cooling housing market, and uncertainty as to what the office space landscape will look like in the future – resulting in negative price moves for REITs.





# Marketable Alternatives Market Update



## Fund of Funds / Asset Weighted (3Q)

+/- The HFRI Fund of Funds Composite was flat over the trailing 3-month period, keeping year-to-date returns in negative territory at -5.3%.

+ The HFRI Asset Weighted Composite was positive over the trailing 3-month period, bringing year-to-date returns to 2.7%.

+ While there has been significant dispersion across strategies, hedge funds have largely served their purpose this year in limiting drawdowns.

## Equity Hedge/ Event Driven (3Q)

- Equity hedge strategies detracted during the period, though still outperformed equities as many strategies reduced net leverage and added index-level shorts.

- Event driven strategies were the largest detractors during the period, led by activist and distressed restructuring strategies.

+ Merger arbitrage strategies were positive during the period and have now generated positive returns year-to-date.

## Macro/ Relative Value (3Q)

+ Macro strategies were positive over the period, adding to a strong year of performance as an abundance of political and economic activity has provided significant opportunity.

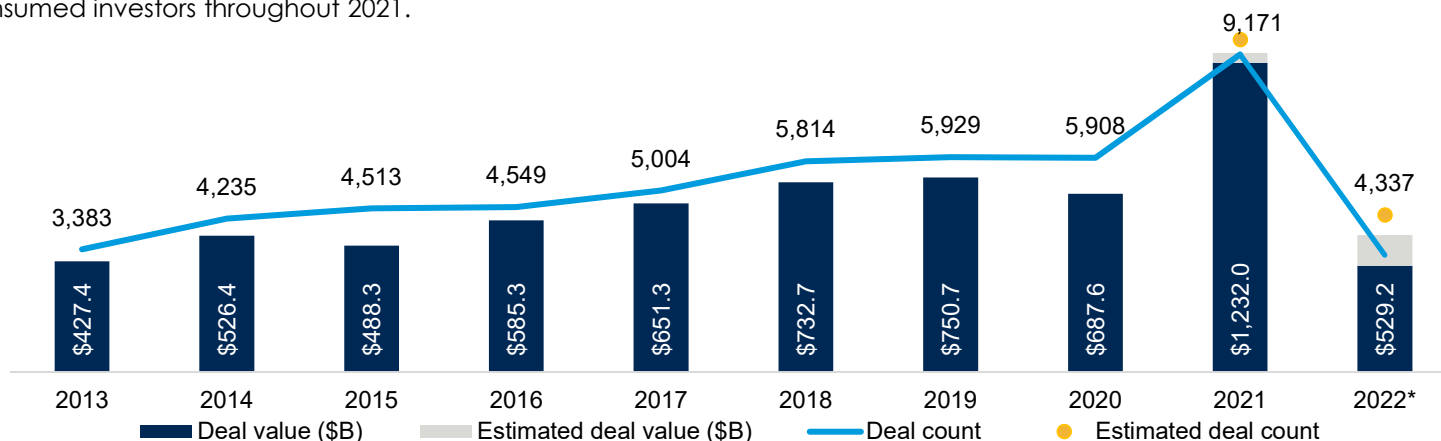
+ Relative value strategies were slightly positive over the period, led by volatility strategies.

- Corporate and sovereign fixed income strategies were the largest detractors.

# Private Equity Market Update

## U.S. Private Equity Deal Activity

U.S. Private Equity deal activity, while still high historically, moderated during the first half of the year relative to the frantic environment that consumed investors throughout 2021.



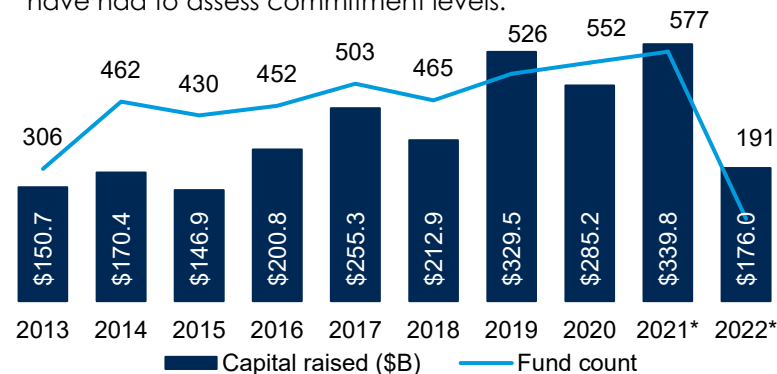
## Private Equity Performance (As of March 31, 2022)

Private equity performance was flat during the first quarter with US Growth and Venture modestly negative. Over the one-year and longer time periods, performance remains strong with dispersion between asset classes normalizing in recent quarters.

Benchmark	1-YR	3-YR	5-YR	10-Y	15-Y
US Private Equity	27.4%	26.6%	22.7%	17.9%	13.3%
US Buyout Index	27.1%	24.3%	21.0%	17.3%	12.6%
US Growth Equity Index	28.2%	33.8%	28.2%	20.3%	16.3%
US Venture Capital Index	26.6%	37.0%	28.0%	20.1%	14.6%
S&P 500 Index	15.6%	18.9%	16.0%	14.6%	10.3%

## U.S. Private Equity Fundraising Activity

The fundraising market continues to be competitive for both investors and fund managers. With more LPs nearing target allocations due, in part, to the denominator effect, many have had to assess commitment levels.



# Financial Markets Performance

## Financial Markets Performance

Total Return as of September 30, 2022

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.2%	0.6%	0.6%	0.6%	1.1%	0.9%	0.6%	0.6%
Bloomberg U.S. TIPS	-6.6%	-13.6%	-11.6%	0.8%	2.0%	2.2%	1.0%	3.2%
Bloomberg Municipal Bond (5 Year)	-2.8%	-8.1%	-8.0%	-0.9%	0.5%	0.9%	1.2%	2.7%
Bloomberg High Yield Municipal Bond	-6.2%	-16.0%	-15.1%	-1.4%	2.3%	3.4%	3.5%	3.9%
Bloomberg U.S. Aggregate	-4.3%	-14.6%	-14.6%	-3.3%	-0.3%	0.5%	0.9%	2.7%
Bloomberg U.S. Corporate High Yield	-4.0%	-14.7%	-14.1%	-0.5%	1.6%	4.1%	3.9%	5.7%
Bloomberg Global Aggregate ex-U.S. Hedged	-2.3%	-9.9%	-9.9%	-3.0%	0.7%	1.5%	2.2%	3.1%
Bloomberg Global Aggregate ex-U.S. Unhedged	-5.9%	-23.9%	-24.8%	-7.8%	-4.0%	-1.7%	-2.4%	0.3%
Bloomberg U.S. Long Gov / Credit	-8.3%	-28.9%	-27.4%	-7.3%	-1.2%	1.0%	1.4%	4.4%
JPMorgan GBI-EM Global Diversified	-4.9%	-18.6%	-20.6%	-7.1%	-3.9%	0.4%	-2.4%	1.2%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	-9.2%	-23.9%	-15.5%	8.2%	9.2%	11.4%	11.7%	8.0%
Dow Jones Industrial Average	-8.8%	-19.7%	-13.4%	4.4%	7.4%	11.0%	10.5%	7.6%
NASDAQ Composite	-10.4%	-32.0%	-26.3%	10.6%	11.2%	13.7%	14.2%	10.7%
Russell 3000	-9.3%	-24.6%	-17.6%	7.7%	8.6%	10.9%	11.4%	7.9%
Russell 1000	-9.3%	-24.6%	-17.2%	7.9%	9.0%	11.2%	11.6%	8.0%
Russell 1000 Growth	-9.7%	-30.7%	-22.6%	10.7%	12.2%	13.7%	13.7%	10.1%
Russell 1000 Value	-8.8%	-17.8%	-11.4%	4.4%	5.3%	8.1%	9.2%	5.7%
Russell Mid Cap	-9.3%	-24.3%	-19.4%	5.2%	6.5%	8.8%	10.3%	7.5%
Russell Mid Cap Growth	-8.5%	-31.5%	-29.5%	4.3%	7.6%	9.5%	10.9%	8.0%
Russell Mid Cap Value	-9.7%	-20.4%	-13.6%	4.5%	4.8%	7.7%	9.4%	6.8%
Russell 2000	-9.6%	-25.1%	-23.5%	4.3%	3.6%	7.5%	8.6%	6.4%
Russell 2000 Growth	-9.0%	-29.3%	-29.3%	2.9%	3.6%	7.1%	8.8%	6.8%
Russell 2000 Value	-10.2%	-21.1%	-17.7%	4.7%	2.9%	7.4%	7.9%	5.7%
MSCI ACWI	-9.6%	-25.6%	-20.7%	3.7%	4.4%	7.4%	7.3%	4.1%
MSCI ACWI ex. U.S.	-10.0%	-26.5%	-25.2%	-1.5%	-0.8%	3.3%	3.0%	0.6%
MSCI EAFE	-9.4%	-27.1%	-25.1%	-1.8%	-0.8%	2.8%	3.7%	0.6%
MSCI EAFE Growth	-9.7%	-33.0%	-30.3%	-1.5%	0.7%	3.9%	4.7%	1.6%
MSCI EAFE Value	-9.0%	-21.1%	-20.2%	-2.8%	-2.7%	1.4%	2.4%	-0.6%
MSCI EAFE Small Cap	-11.5%	-32.1%	-32.1%	-2.2%	-1.8%	3.2%	5.3%	2.4%
MSCI Emerging Markets	-11.7%	-27.2%	-28.1%	-2.1%	-1.8%	3.9%	1.0%	0.3%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.1%	5.5%	8.2%	4.9%	3.8%	3.1%	2.5%	2.4%
FTSE NAREIT Equity REITs	-12.2%	-28.1%	-16.4%	-2.0%	2.9%	4.9%	6.3%	4.9%
S&P Real Assets	-8.7%	-16.1%	-12.0%	0.4%	2.1%	4.0%	3.0%	3.6%
FTSE EPRA NAREIT Developed	-12.3%	-29.4%	-22.1%	-5.6%	0.1%	2.4%	3.8%	1.7%
FTSE EPRA NAREIT Developed ex U.S.	-12.7%	-31.0%	-29.6%	-9.5%	-3.1%	0.0%	1.3%	-0.7%
Bloomberg Commodity Total Return	-8.1%	13.6%	11.8%	13.5%	7.0%	4.5%	-2.1%	-2.4%
HFRI Fund of Funds Composite*	0.5%	-5.3%	-4.8%	4.6%	3.5%	3.1%	3.7%	2.0%
HFRI Fund Weighted Composite*	0.5%	-4.0%	-3.8%	6.9%	5.1%	5.1%	5.0%	3.9%
Alerian MLP	-7.6%	18.9%	19.6%	4.5%	1.9%	2.5%	0.7%	4.9%

Sources: FactSet, Morningstar. As of September 30, 2022. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms. \*CPI and HFRI returns as of August 31, 2022. See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged  
Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD  
Core Bond: Bloomberg US Aggregate Total Return Index USD  
High Yield Municipals: Bloomberg Muni High Yield Total Return Index Value Unhedged USD  
High Yield: Bloomberg US Corporate High Yield Total Return Index USD  
U.S. Long Duration: Bloomberg US Aggregate Government & Credit - Long  
Foreign Bond: Bloomberg Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)  
Real Assets: S&P Real Assets  
U.S. Large Cap: Russell 1000 Total Return Index  
U.S. Small Cap : Russell 2000 Total Return Index  
International Developed: MSCI EAFE Net Total Return USD Index  
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index  
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD  
Commodities: Bloomberg Commodity Total Return Index  
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index

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## Disclosures and Definitions (cont'd)

Foreign Bond: Bloomberg Global Aggregate x USD Total Return Unhedged

U.S. Core Bond: Bloomberg U.S. Aggregate Total Return Index USD

U.S. High Yield: Bloomberg US Corporate High Yield Total Return Index USD

U.S. MBS: Bloomberg U.S. MBS (30Y) Total Return Index

U.S. All Cap: Russell 3000 Total Return Index

U.S. Large Cap: Russell 1000 Total Return Index

U.S. Small Cap: Russell 2000 Total Return Index

US Value: Russell 3000 Value Total Return Index

US Growth: Russell 3000 Growth Total Return Index

International Developed All Cap: MSCI EAFE IMI Net Total Return USD Index

International Developed Large Cap: MSCI EAFE Large Cap Net Total Return USD Index

International Developed Small Cap: MSCI EAFE Small Cap Net Total Return USD Index

International Developed Value: MSCI EAFE Value Net Total Return USD Index

International Developed Growth: MSCI EAFE Growth Net Total Return USD Index

Emerging Markets All Cap: MSCI Emerging Markets IMI Net Total Return USD Index

Emerging Markets Large Cap: MSCI Emerging Markets Large Cap Net Total Return USD Index

Emerging Markets Small Cap: MSCI Emerging Markets Small Cap Net Total Return USD Index

Emerging Markets Value: MSCI Emerging Markets Value Net Total Return USD Index

Emerging Markets Growth: MSCI Emerging Markets Growth Net Total Return USD Index



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