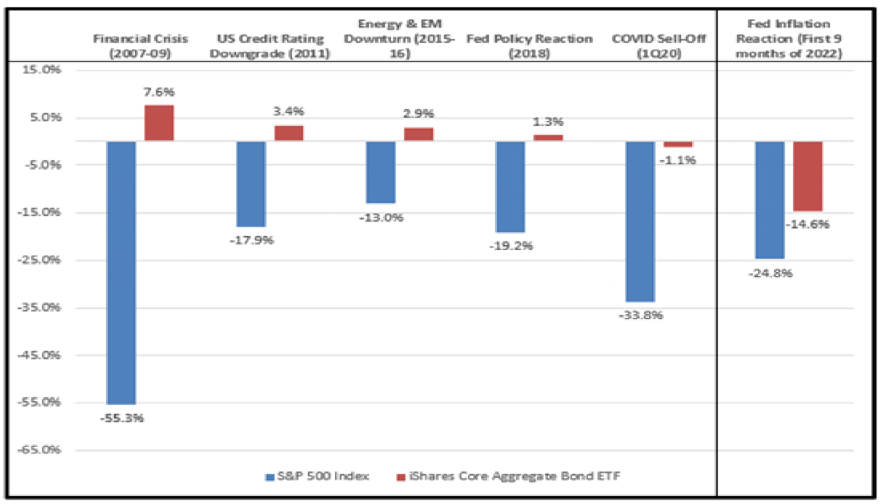
UNITED
Asset Strategies, Inc.

Dear clients and friends, January 2023

Looking back at 2022, it could best be characterized as volatile. In our opinion, last year's volatility was the culmination of two years of extreme global events. The global COVID pandemic led to lockdowns in 2020, which fueled unprecedented fiscal and monetary policy responses. These extreme policy responses, coupled with lingering global supply-chain issues and the Russian invasion into Ukraine, led to a rapid rise in inflation. The Federal Reserve then moved aggressively to undercut these inflationary trends, leading to an unusual and simultaneous decline in both stocks and bonds (see Figure 1). While bonds are typically flat or higher in periods of stock-market declines, this was not the case through three quarters of 2022. While stocks and bonds rose in the fourth quarter, stocks finished 2022 down 19.4% and bonds down 13.0%. Importantly, a typical 60/40 balanced portfolio experienced a decline of nearly 17% in 2022, the second worst in history.

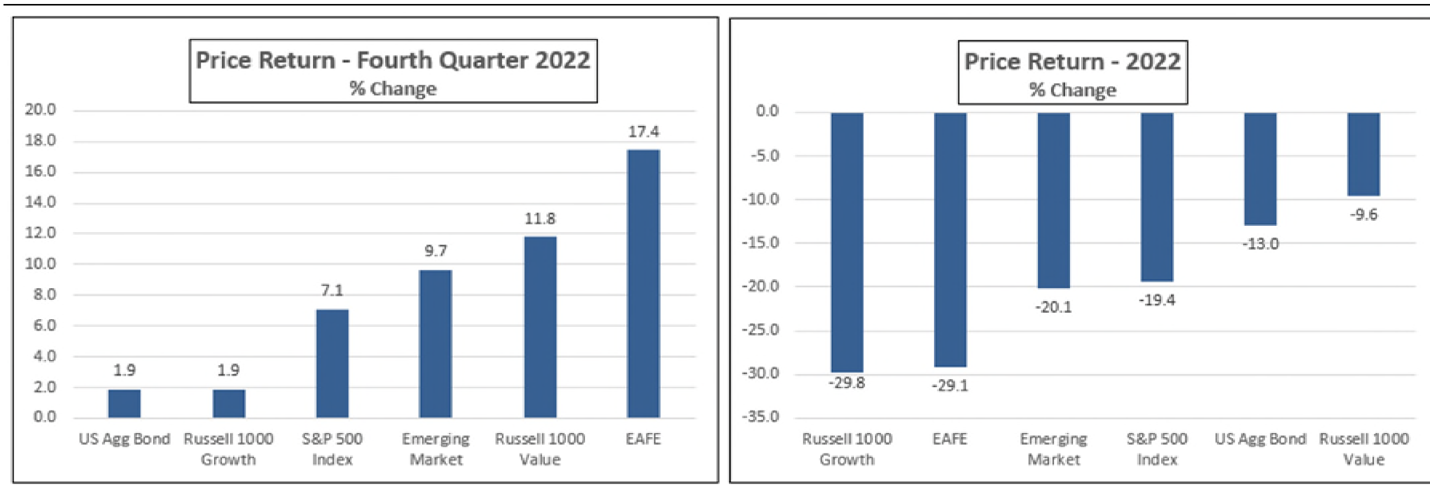
Figure 1: Bond Market Returns during Stock Drawdowns



Source: Blackrock

As mentioned, stocks and bonds moved higher in 4Q, led by developed international and dividend-paying stocks, including value stocks. Despite the 4Q upturn, all segments of the global stock market declined for the year, with value and dividend stocks holding up relatively well. All of United's managed equity strategies outpaced their respective benchmarks in 2022, driven by active management and a dual focus on returns and downside risk management. Lastly, the US dollar was higher in 2022, gold roughly flat, crude oil up 7% (after rising 70% in 1Q) and Bitcoin down 60%.

Figure 2: Return by Asset Class



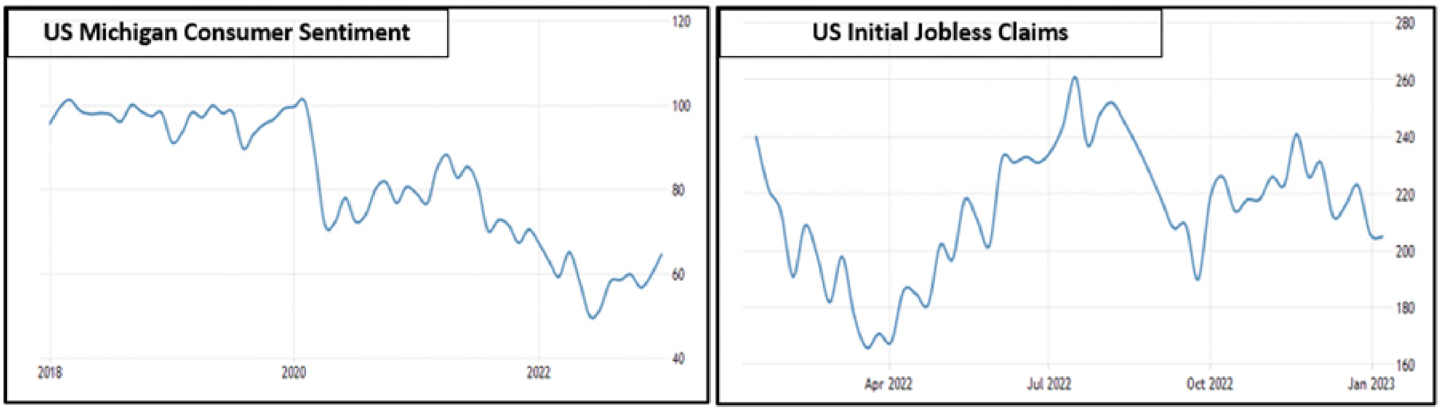
Source: Standard & Poor's

OUR CURRENT VIEWS

ECONOMY:

The Federal Reserve rate hikes are designed to reduce inflationary pressures by slowing the economy. The impact has been evident in parts of the economy, most notably housing, manufacturing and regional surveys. It is quite possible that the US will go into recession - we believe the depth and length of which will likely be determined by the resilience of US consumer spending, which makes up 70% of US GDP and 15% of global GDP. To that end, the strength of the labor market will be key to the consumer, and we have seen a recent bounce in the consumer sentiment surveys as initial jobless claims have come in lower than expected. We will be watching the key consumer trends (i.e. spending, sentiment, credit card trends, employment) in trying to gauge whether a recession is imminent and the likely depth of such a recession.

Figure 3: Consumer Confidence and Initial Jobless Claims



Source: Trading Economics

EQUITIES:

As noted on page 1, the S&P 500 Index was down 19.4% in 2022, despite a 7% uptick in the fourth quarter. This decline occurred while earnings actually moved up 3.1%, resulting in a 22% retrenchment in valuations. During this period, the United team of portfolio managers raised risk-management levels and shifted to more defensive sectors to manage downside volatility. There was also an emphasis throughout the year on tax-loss harvesting for taxable accounts. We expect continued volatility in 2023, as investors gauge whether the Fed will successfully orchestrate a soft economic landing and what the impact on corporate earnings will ultimately be. The fourth quarter 2022 recovery in stocks has extended into early 2023, but we do not believe that it will be smooth sailing from here. As such, we will continue to actively manage through this volatility.

FIXED INCOME:

The Fed continued to tighten policy in 4Q, delivering a 75 basis-point interest-rate hike in November before stepping down to deliver a 50 basis-point hike in December. Meanwhile, the Fed continued to shrink its balance sheet. Throughout the quarter, the market pined over the "terminal rate", or in other words, what the peak Fed Funds rate would be. The expectation for this rate climbed as high as 5.15% in early November (implying an additional 75 basis points of hikes from the current rate), before leveling off and falling slightly into year end. Looking ahead, we see an opportunity for long-duration fixed-income securities to perform well in 2023. In addition to offering higher yields than during most of the last 15 years, long bonds also offer appreciation potential in the event of falling interest rates. Bottom-line, rates may very well fall in 2023 as the economy slows and inflation declines from the very high levels seen in 2022.

Note: Schwab/TD Ameritrade Integration Update: For our clients with accounts at TD Ameritrade, 2023 will see the integration of the TD and Charles Schwab platforms. As a result, all TD Ameritrade Institutional accounts are expected to transition to the Schwab platform in September 2023. Importantly, your relationship with United Asset Strategies will remain unchanged, as we have long-standing relationships with both custodians. We will provide proactive and regular updates and remain available to answer all questions. For more details, please feel free to reach out to your United relationship manager.

Respectfully submitted by the Professional Staff at United Asset Strategies

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Strategy Review and Positioning – Fourth Quarter 2022

FIXED INCOME UPDATE

As inflation expectations cooled and fears of incrementally tight policy into 2023 waned, the bond market began staging a rally. The Bloomberg US Aggregate Bond Index rallied 4.53% from 10/21/22 to year end. United's strategies posted a solid quarter and performed well into the close of the year, driven by overweighted positions in high-quality, long-duration municipal bonds and discounted fixed-rate agency bonds.

GROWTH & INCOME STRATEGY (GI)

Overview: Growth & Income (GI) is our most utilized strategy, favored by clients seeking growth with income while managing risk.

Update: The combination of preset stop-loss orders and active trade decisions shifted the strategy to an increasingly defensive posture, as seen in a shift toward value stocks and defensive sectors. These trades also resulted in a net increase in cash. For taxable accounts, we also harvested some losses via tax swaps to best manage client tax bills. Risk management consists of 11% cash and 4% in stops.

HIGH DIVIDEND EQUITY STRATEGY (HDIV)

Overview: This strategy is recommended for risk-averse clients who seek a steady stream of income with a preference for dividend payouts. The strategy aims to generate a yield that is greater than that of the broader market, while exhibiting defensive characteristics that have less downside volatility during periods of economic or market weakness.

Update: The strategy spent much of last year in a defensive posture, overweight value and underweight cyclical and small-cap exposures. Having sidestepped much of last year's market declines, the team has begun to add exposure to cyclicals and small caps with more attractive valuations and has trimmed value exposure to lock in some of the outperformance achieved last year. For taxable accounts, we also harvested some losses via tax swaps to best manage client tax bills.

VALUE PLUS EQUITY STRATEGY (VAPL)

Overview: This strategy is recommended for clients who seek a value-based equity strategy with a beta below that of the overall market. This strategy seeks to invest in mispriced stocks with attractive fundamentals in a diversified portfolio.

Update: The team continued to lock in gains from cyclical stocks, while adding to more defensive sectors. Losses were harvested in taxable accounts to offset gains. Risk management equals 3.0% cash, 2.0% hedge and 5.0% gold.

GROWTH PLUS EQUITY STRATEGY (GP)

Overview: This strategy is recommended for clients who seek a growth-based equity strategy with a beta above that of the overall market. Higher growth names across the various sectors are selected using a two-part screening process.

Update: During the quarter, the team reduced financials and staples, while taking overweight positions in energy and materials. The strategy is fully invested with no current weight to cash or hedges.

TACTICAL OPPORTUNITIES PLUS EQUITY STRATEGY (TOPS)

Overview: This strategy is recommended for clients who seek to take advantage of opportunities created by timely investing decisions in evolving trends and themes. The strategy seeks to combine growth with downside protection.

Update: During the quarter, the team reduced exposure to discretionary and REITs while adding to technology. To manage risk, the team increased the cash allocation to 5%, while the weight to gold remained at 1%.

ESG STRATEGY (ESG)

Overview: This strategy is recommended for clients seeking a values-based equity strategy that invests in companies that rank well on environmental, social and governance criteria, while being expected to generate attractive returns.

Update: The team executed swaps in both the financials and discretionary sectors to enhance the portfolio and to harvest tax losses. The team also added to solar exposure. Risk management is 6% cash, 2% hedge and 3% gold.

CORE QUALITY (CORQ)

Overview: This strategy is recommended for risk-averse clients who seek to invest in high-quality businesses. A portfolio of quality stocks has historically reduced volatility, outperformed in weak markets and participated in strong markets.

Update: To mitigate downside risk in a recessionary scenario, the strategy boosted exposure to companies with resilient earnings profiles, as measured by business quality (strong balance sheets, efficient business models) and a defensive revenue stream (less reliant on a strong economy). For taxable accounts, the team also harvested some losses via tax swaps to best manage client tax bills.

EXCHANGE-TRADED FUNDS STRATEGIES (ETF)

Momentum Plus®: This is a dynamic strategy that utilizes technical indicators, such as relative strength and momentum, to make sector selections. The team increased exposure to international, industrials, energy and gold, which resulted in a reduction to the cash allocation.

Risk-Based ETF**:** This strategy seeks to identify relative value opportunities for investment. The team increased Large Cap US, Developed Non-US and gold weights, reducing cash, REITs and small cap. Risk management: 2.5% BIL and 5% gold.