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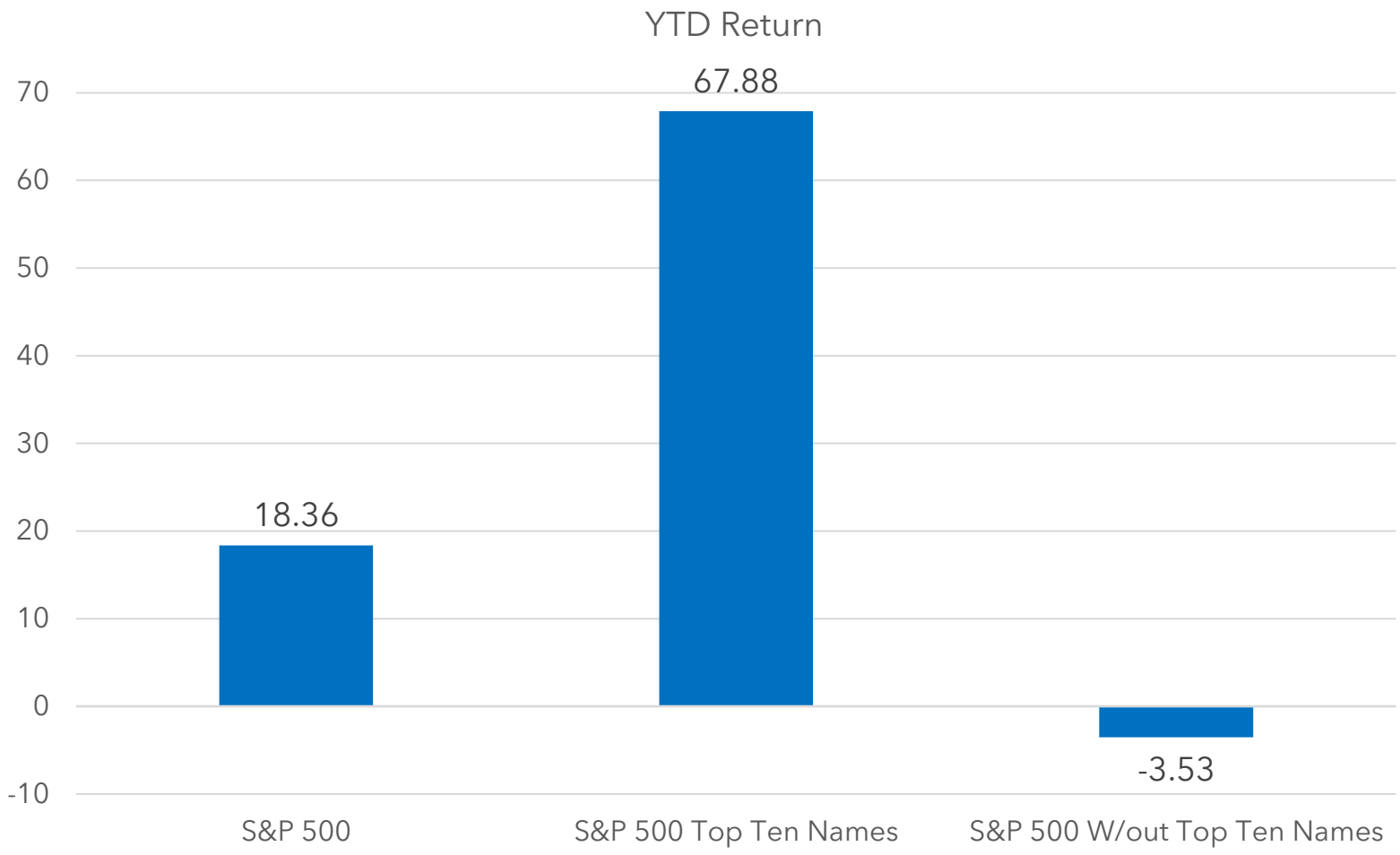
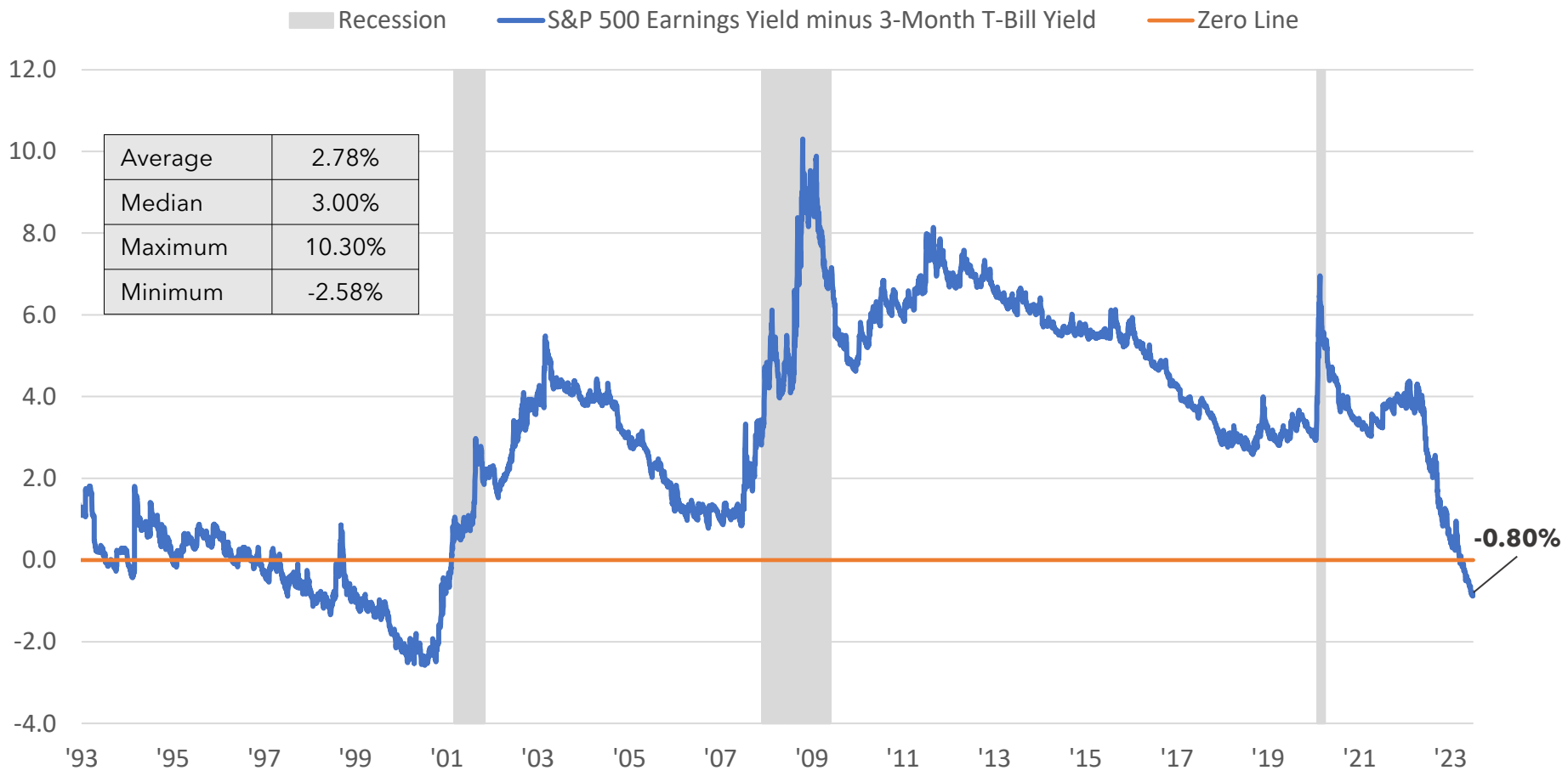
Does this look like a strong equity market?



As of August 4, 2023 | Bloomberg

Equity Risk Premium Has Turned Negative



Average	2.78%
Median	3.00%
Maximum	10.30%
Minimum	-2.58%

As of August 2, 2023 | Bloomberg

Fed is Looking Backwards

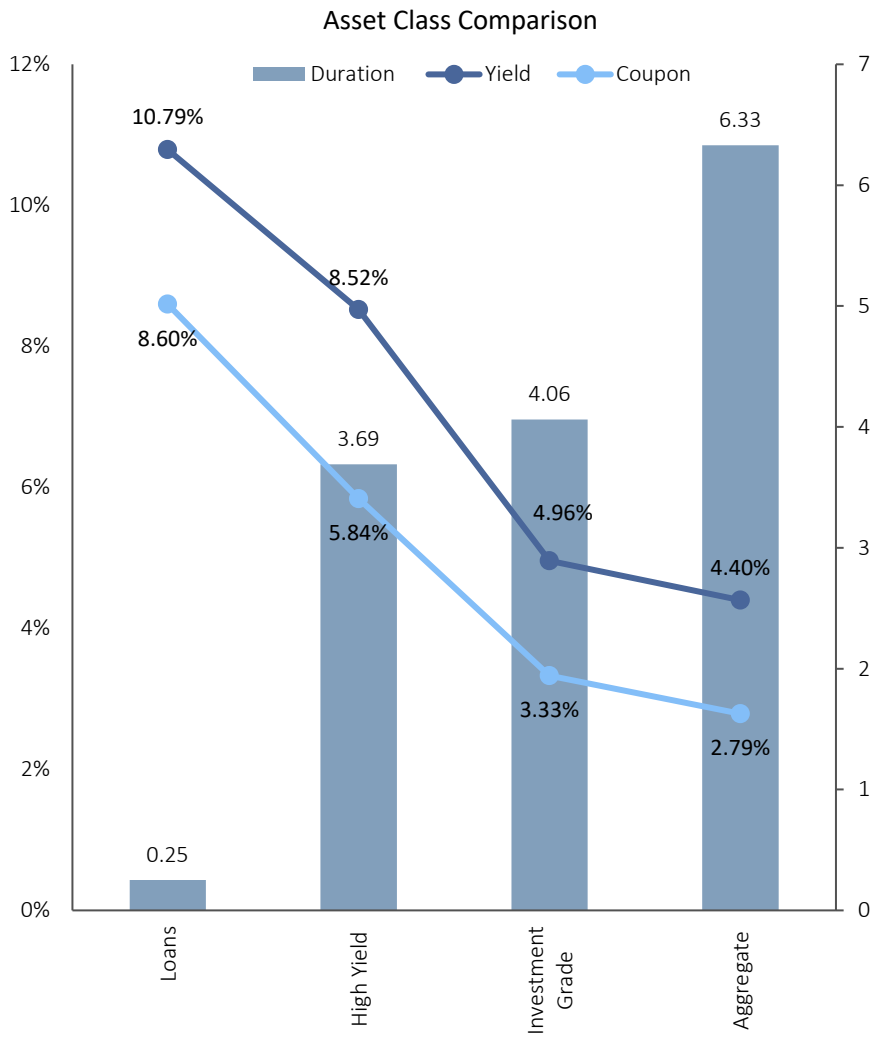
- Unemployment Rate
- Inflation (Core CPI)

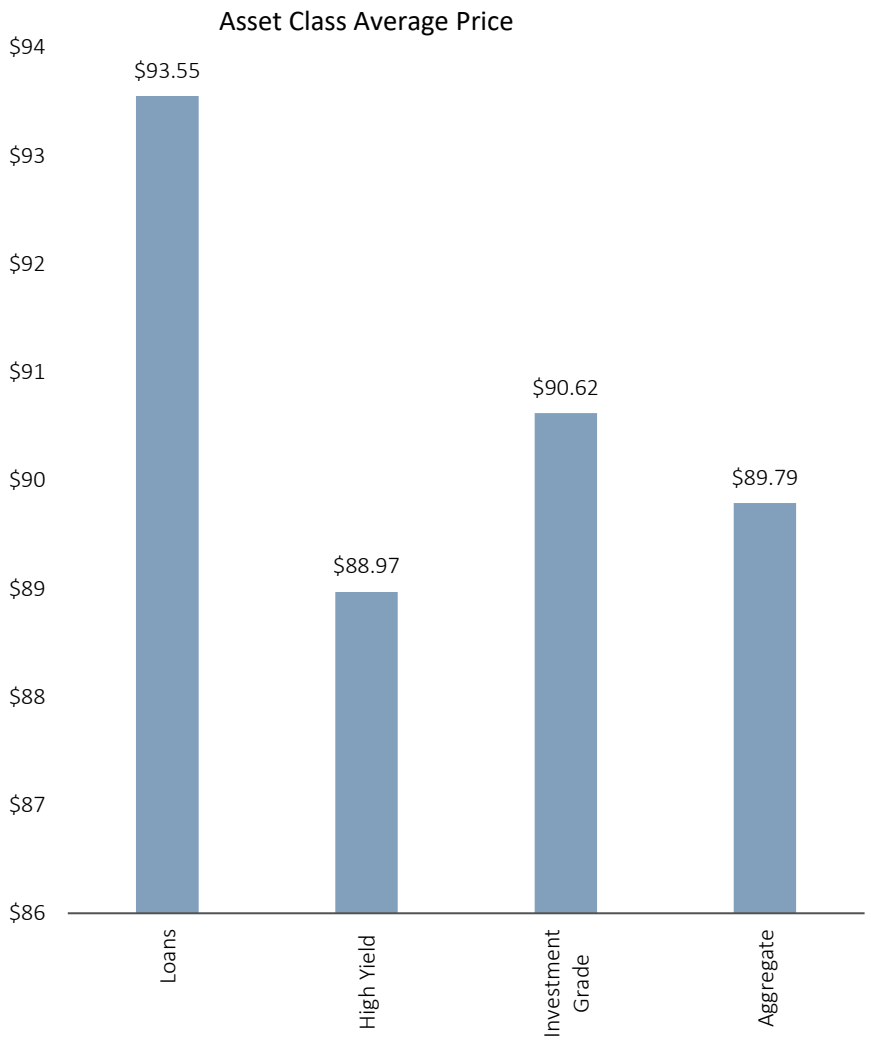
Forward Looking Data

- Leading Economic Indicators
- Money Supply
- Inverted Yield Curve

Opportunities in Fixed Income

ATTRACTIVE COUPONS AND YIELDS

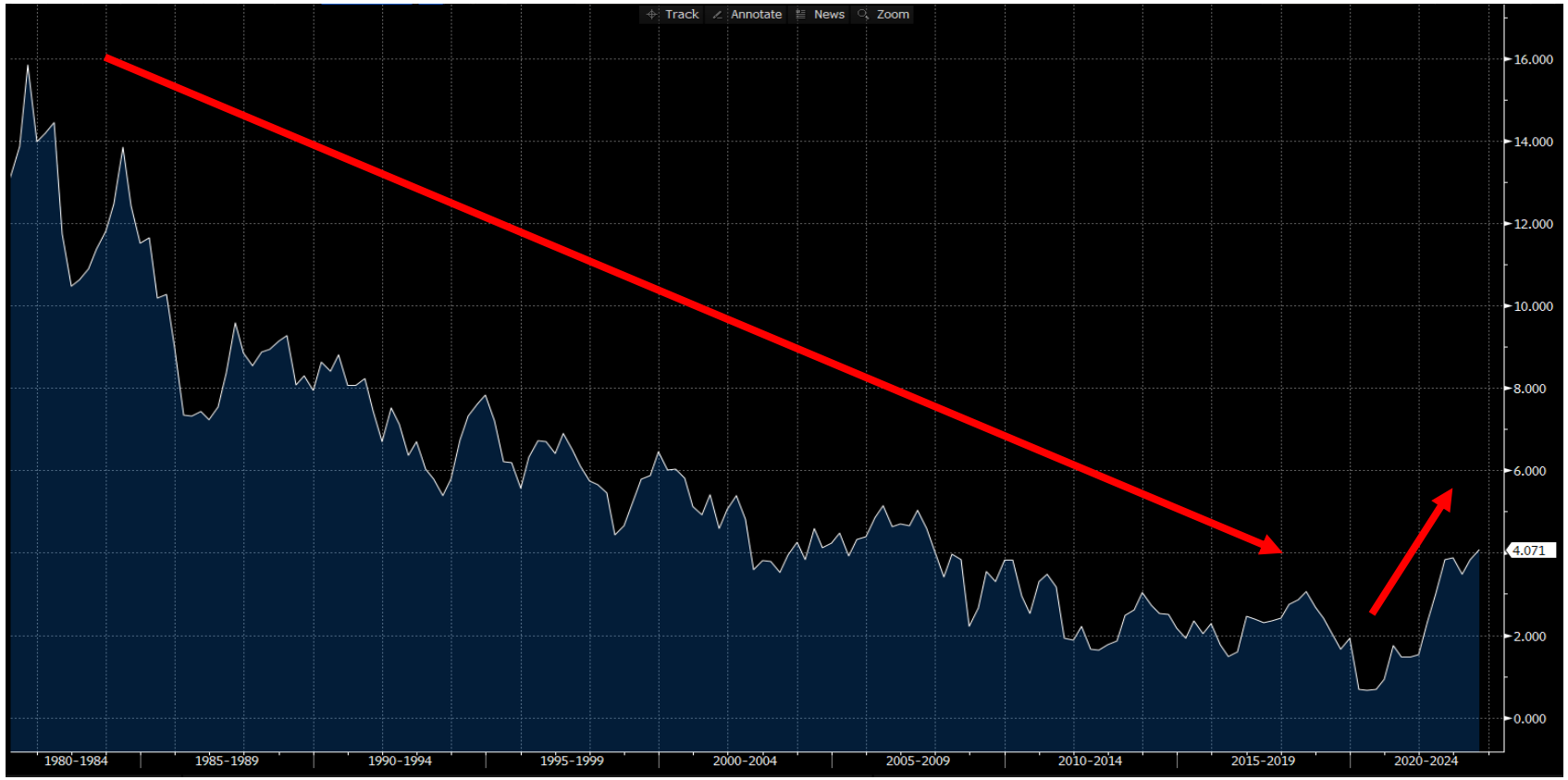




ARISTOTLE PACIFIC CAPITAL

We’re in the beginning of a new interest rate environment

10 Year Treasury Rate



Source: Bloomberg Finance L.P.

New world of Fixed Income investing

Then
(1980 – 2020)

Interest rates
↓ 75% **↑ 25 %** = **OW Duration**
OW High Yield

Now
(2020 – ?)

Interest rates
↑ 75% **↓ 25 %** = **UW Duration**
Need an actively managed approach

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