Equity Intelligence Report

July 2023

GAMMA INVESTMENT CONSULTING

Gamma Global Macro Model Highlights

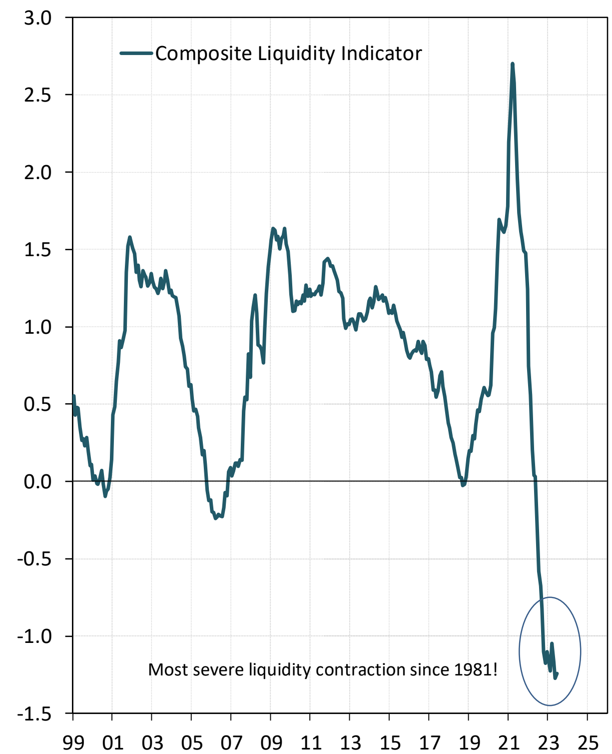
- **The S&P 500 and Nasdaq Models remained neutral (in cash) for July**. Despite last month's 6%+ gains by the S&P 500 and Nasdaq, the combination of the most extreme overvaluation since 2002 and the worst liquidity contraction in 40 years is keeping the Model out of the market.
- **The defensive Consumer Staples sector jumped to the top of the sector list despite the continued rally in technology stocks last month.** Energy, which had consistently been the highest ranked sector for the last six months, dropped to fourth behind Health Care and Real Estate.
- **EQT Corp. (EQT) was added to our recommended portfolio for July.** The Gamma Company Model maintained long positions in all the current holdings as their expected returns remained above the average for the stocks in the S&P 500. Several current holdings including Pulte Group (PHM), Skyworks Solution Inc. (SWKS), DaVita Inc. (DVA), McKesson Corp (MCK), and Celanese Corp (CE) remained in this month's top-25 list.
- **The Gold and Gold Mining Share Models remained neutral despite attractive valuation.**

I. Equity Index Outlook

Stock prices continue to grind higher despite the most extreme overvaluation since 2010 and 2021 and the most severe liquidity contraction since 1981. The S&P 500 rallied 6.5% in June and ended the month up over 12% from its February low. The Nasdaq posted a 6.4% gain while ending up almost 20% from February. Equities and the economy continue to benefit from the lingering effects of the massive Covid-fueled surge in liquidity in 2020-21. Despite these gains, however, fundamentals for equities remain poor. US equities, especially technology stocks, remain extremely overvalued. The Gamma Liquidity Indicator is at its lowest level in 40 years and shows no signs of bottoming given the prospect of additional Federal Reserve rate hikes (Chart 1). For those reasons, the Gamma Equity Models remains neutral for the S&P 500 and the Nasdaq (Chart 2).

CHART 1

Composite Liquidity Indicator



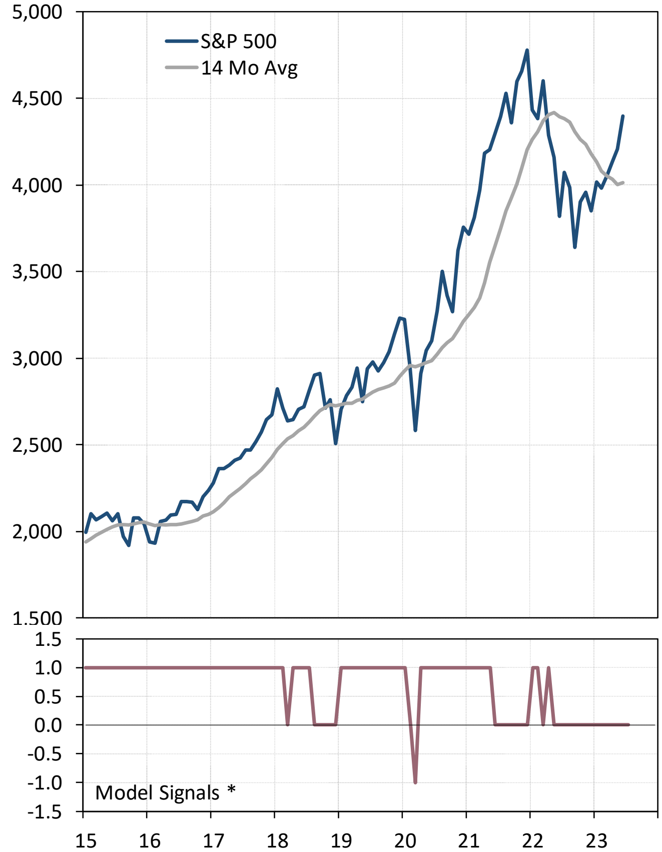
Positive Factors

- **<u>The economy and labor market remain robust</u>**. First quarter 2023 GDP growth was revised up to a 2% annual rate from a 1.3% rate which itself was revised up from an initial 1.1% estimate. Consumer spending jumped 4.2%, the fastest growth rate since the Covid stimulus checks went out in Q1 2021. Spending continues to benefit from a tight labor market which is keeping upward pressure on wages and incomes.

339,000 jobs were created in May, the biggest increase since January. The economy has created over 1.57 million new jobs in the past twelve months. As a result, personal income is up 5.5% from a year ago while hourly earnings are up 5%. The growth in income has helped support personal consumption expenditures which are up 6% yr./yr. Strength in the economy will support earnings, though strong growth is also likely to encourage additional tightening by the Fed.

CHART 2

USA: S&P 500 Model Forecast

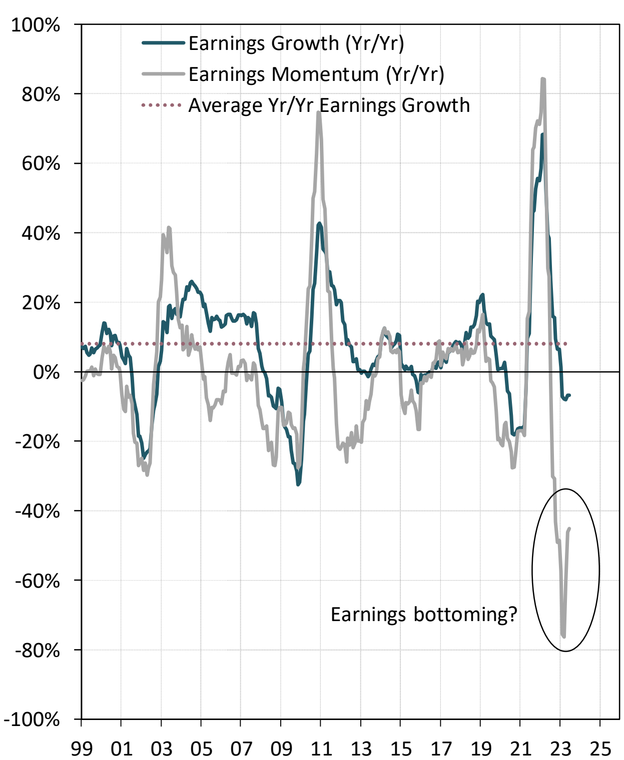


Neutral Factors

- **Corporate earnings *may* be bottoming**. 12-month trailing earnings still look awful, but measures for the total U.S. market, S&P 500, and Nasdaq indexes all improved in June (Chart 3). Total earnings for all U.S. stocks were down -6.8% yr/yr for the second month in a row, but this was an improvement from -8.0% two months ago. Earnings momentum (the 12-month change in 12-month earnings growth) also improved to –45.2% from its -60.6% bottom in April. Whether this improvement continues depends on whether the economy manages to avoid recession as the Fed raises rates further. Earnings have historically turned higher about six months after the Index of Leading Economic Indicators bottoms. The Index just put in a new cyclical low last month which suggests that further short-term deterioration may still be possible. With earnings momentum still negative, it is unlikely that earnings will provide much support for stocks for the balance of the year. It may, however, remove one of the major drags on stock prices over the last year.

Chart 3

US Total Market Earnings Growth

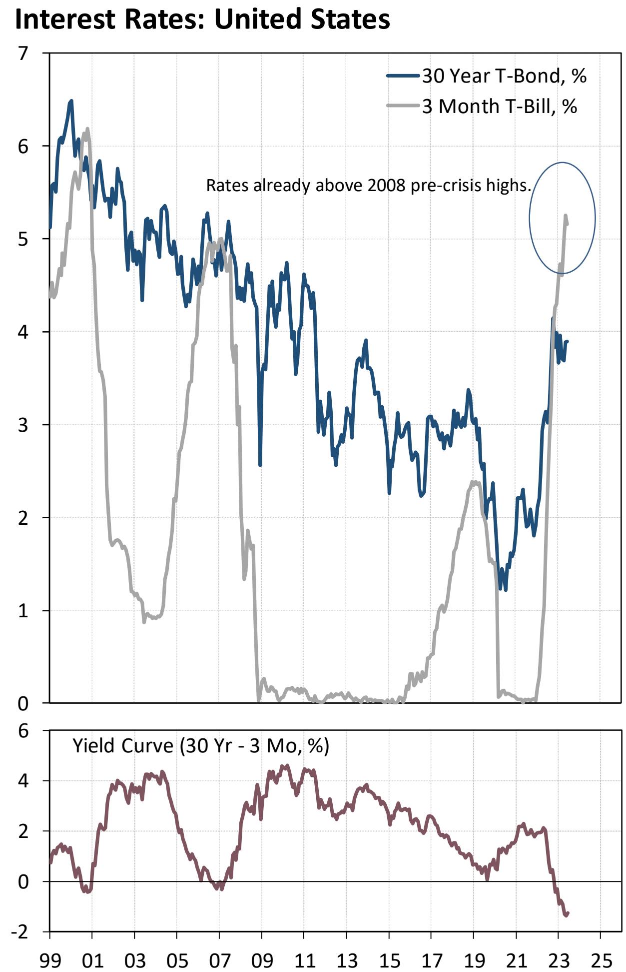


- **Seasonals: a July rally**? Stocks during the summer months have tended to post returns only 1/6 that of the rest of the year. July, however, is the major exception with an average gain of 1.1% since 1973. Investors should note, however, that most of those gains have tended to come following average-to-below average returns for June. With the S&P 500 up 6.5% in June (June averages a 0.8% gain), the odds of July posting a 1.1% or better return are well below their historical average especially in the face of likely another Fed rate hike.

Negative Factors

- **Core inflation is still short of the Fed's 2% goal**. Inflation continues to be a mixed bag. Headline consumer price inflation accelerated last month, rising 0.4% after

CHART 4



only a 0.1% gain the previous month. At the same time, the yr/yr inflation rate remained unchanged at 5% which is down from an 8.9% peak ten months ago. Core inflation (excluding food and energy) was up 5.3% yr/yr, down only modestly from its 6.6% peak. Most of the improvement in inflation has been due to a decline in food and fuel prices. Services prices, however, have declined only very slowly to their current 5.3% rate. The overall picture is one of a very gradual slowing in inflation. The problem is that, assuming that this decline continues, inflation will remain well above the Fed's 2% target rate well into 2024.

- **Short-term interest rates continue to rise**. A firm labor market and the lack of recent progress in core inflation will keep upward pressure on interest rates (Chart 4). Market expectations previously called for rates to peak with the Fed's May FOMC meeting. Instead, recent comments by Fed officials have highlighted their concerns about inflation becoming entrenched at a 5% rate. Fed officials following the last FOMC meeting had indicated that they would "pause" in July to assess the impact of their ten rate hikes since February 2022 on the economy and the inflation rate. Instead, the CME FedWatch Tool, following the unexpectedly strong upward revision to 1Q2023 GDP, now calls for another 25 basis points hike at the July meeting followed by another 25 basis points in November. That would raise the Fed Funds rate to 5.75% - it's highest level since 2000.
- **The yield remains extremely inverted.** The 2-10 Treasury yield curve inverted to -1.03% last month as 2-year rates skyrocketed following the first quarter GDP revision. The 2-10 curve is now at its most extreme inversion since 1981. The 3-30 curve did not react as aggressively but at –1.28% still remained just shy of its most extreme inversion in 42 years (Chart 4). **Both curves remain indicative of a very restrictive monetary policy.** Both are likely to contribute to even weaker money growth which has already fallen at the most extreme rate since the 1930's.
- **Every measure of real money growth continues to deteriorate**. Both nominal and inflation-adjusted measures of True Money Supply (TMS) growth continue to plummet. Nominal TMS was down -15.3% yr/yr last month - its largest 12-month decline since WW II (Chart 5). Real TMS was down -10.3%. **The decline in both measures is the largest since the bank failures of the 1930's.** Real M2 was down -8.9% yr/yr. Nominal M2 contracted -4.0%, only the second time that the measure was negative since the 1930's. All the measures are indicative of a severe contraction in liquidity which is likely to worsen due to the persistent inversion of the yield curves which is likely to worsen as the Fed increases short-term rates further. It is highly unlikely that money growth will recover until interest rates have clearly peaked.

Normally such a severe liquidity contraction would already have sent the economy and the stock market into a tailspin. The massively irresponsible Covid-fueled surge in the money supply almost doubled the ratio of money to nominal GDP (Chart 6). Even after ten rate hikes, a $729 billion contraction in the Fed's balance

CHART 5

Real True Money Supply and M2

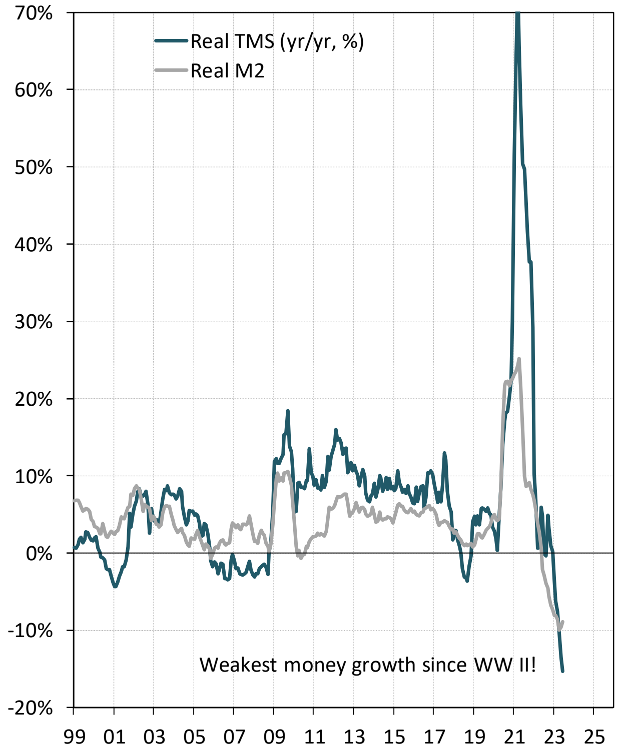
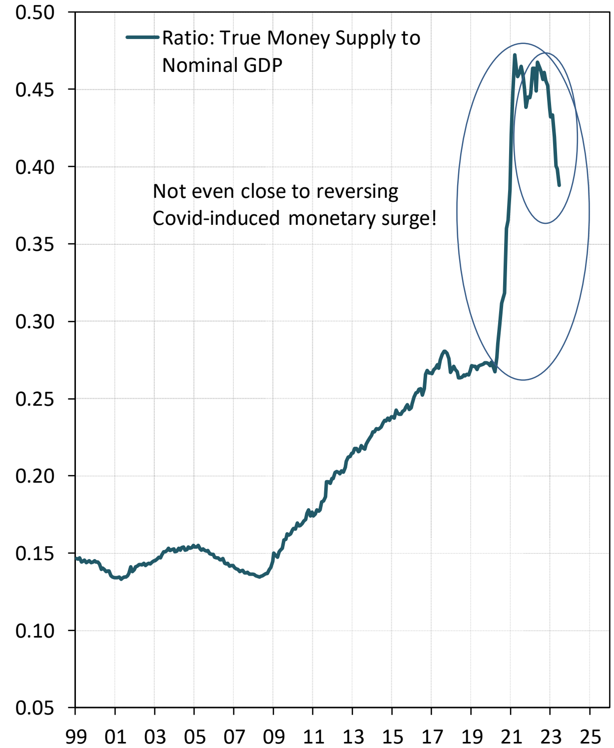


CHART 6

Ratio: True Money Supply to GDP

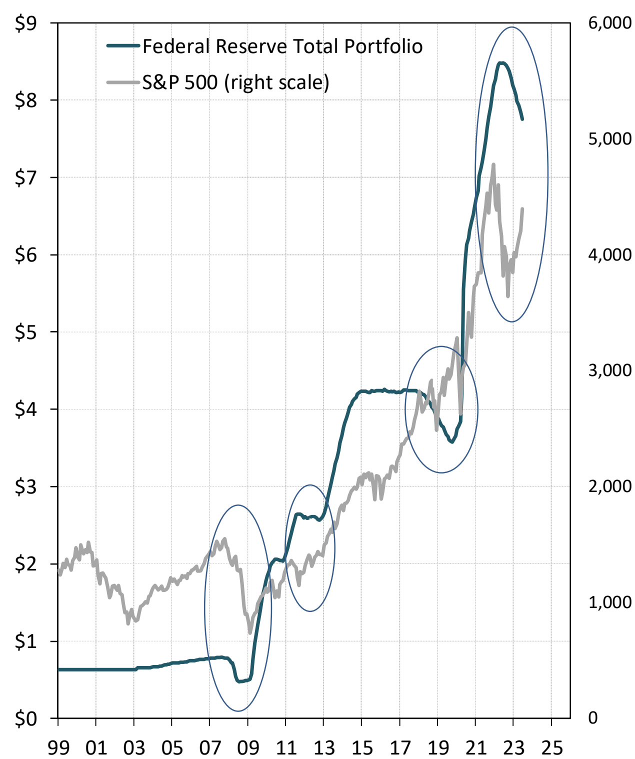


sheet, and the sharpest drop in the money supply in 90 years, liquidity relative to GDP is still 43% higher than it is was in December 1999. **Given these unusual circumstances, the Fed may need to raise rates even more aggressively to offset the lingering effects of a liquidity surge that pushed inflation to its highest level since the early 1980's**.

- **The Federal Reserve's balance sheet continues to contract**. Even though the Fed injected almost $500 billion in reserves into the banking system in reaction to the flurry of regional bank failures, this occurred against a backdrop of ongoing tightening. The Federal Reserve's balance sheet has now contracted by $729 billion from its pre-tightening peak (though bank borrowing from the Fed is still $185 billion above is pre-Silicon Valley Bank failure level). Since the introduction of so-called "quantitative easing" after the 2008-2009 financial crisis, changes in the Fed's balance sheet have correlated strongly with movements in the stock market. Chart 7 shows that contractions in the Fed's balance sheet have since been predictably accompanied by flat or negative equity performance. With the Fed still in tightening mode, further contraction in its balance sheet should continue to weigh on stock prices.

CHART 7

Fed Portfolio (Trillion $) vs S&P 500



- **<u>Equities remain overvalued</u>**. The persistent overvaluation of equities despite a record liquidity contraction continues to be the biggest puzzle of the current cycle. The S&P 500 peaked at 1.32 standard deviations overvalued (28%) in April 2021 (Chart 8). That was the highest level of overvaluation since October 2002. The drop in the S&P 500 from mid-2021 through late 2022 caused valuation to converge close to fair value. Since then, however, valuation has steadily worsened. Stock prices have climbed in the face of rising interest rates and declining earnings. Overvaluation for the S&P 500 hit 1.30 standard deviations last month (27%), the third most extreme reading in the last twenty years. Valuation for the Nasdaq index has hit an even more extreme level of 1.60 standard deviations (44%), the highest level since March 2002.

  This extreme overvaluation has occurred despite a steady rise in the return on equity alternatives – bonds and cash – since the Fed began tightening in April 2002. Chart 9 shows the earnings yield on the S&P 500 compared to the yield on investment grade corporate bonds and money market accounts. Since 2004, the S&P 500 has averaged an earnings yield about 1.2% higher than the yield on corporate bonds. Since September 2022, however, the earnings yield - corporate bond yield spread has been negative and currently is at its most extreme level since 2008. We remain extremely concerned by the equity market's persistent overvaluation in the face of a sustained rise in interest rates and contraction of liquidity. **Despite interest rates 5% higher than April 2022, equities are more overvalued now than at the beginning of the current bear market. As we have repeatedly warned, no recovery from a major bear market low has occurred in the last 60 years when stocks were not at least fairly-valued. On average, new bull markets launched when stocks were 25% undervalued. <u>Stocks would need to fall over 50% from current levels to reach that level of valuation</u>.**

- **<u>The economic outlook continues to deteriorate</u>**. Despite the unexpectedly strong upward revision to first quarter GDP, the overall economic outlook continues to worsen. The Conference Board's index of leading economic indicators (LEI) dropped -0.7% last month to a new cycle low (Chart 10). The index

CHART 8

USA: S&P 500 Valuation

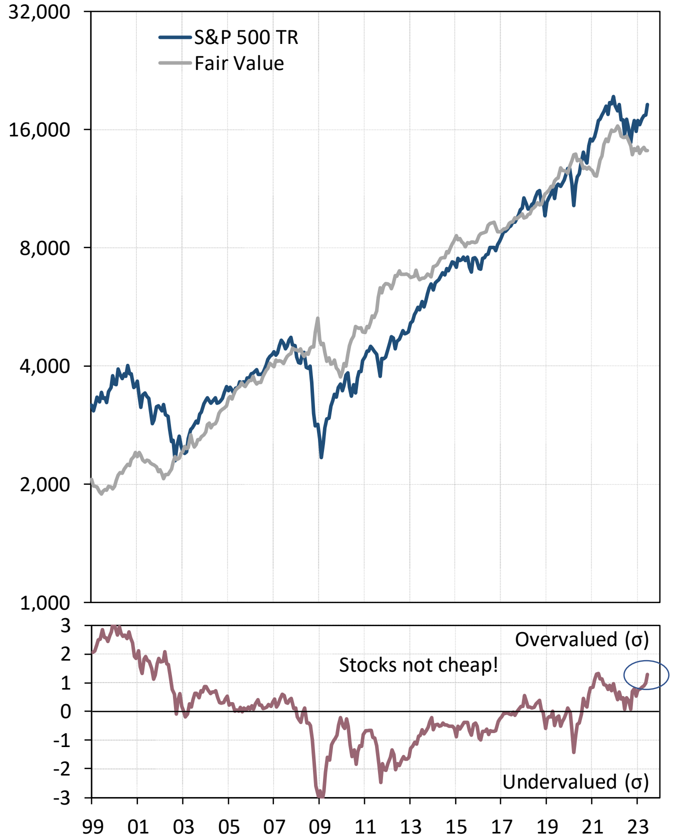
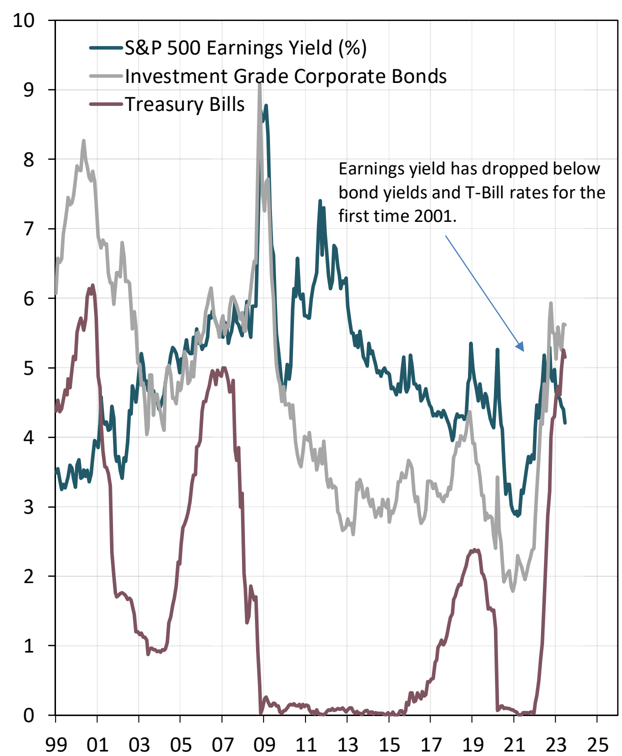


CHART 9

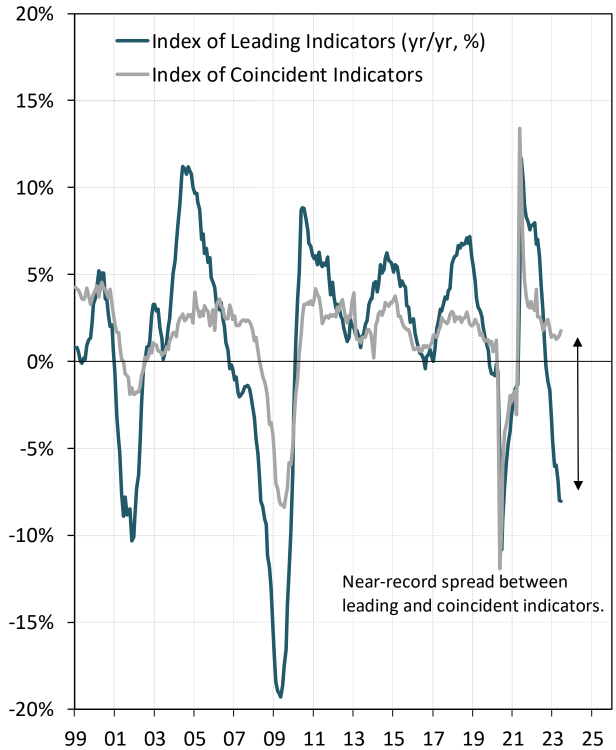
Earnings Yield vs Interest Rates



has now dropped fourteen months in a row. In contrast, the index of coincident indicators (CEI, a monthly proxy for real GDP) rose 0.2% to a record high. This discrepancy, along with equity valuation, is the other big puzzle of this tightening cycle. Peaks in the LEI since 1960 have occurred on average 10 months before the peak in the CEI, though the lag has varied from as short as three months to as long as 21 months. The LEI peaked 16 months ago in February 2022 which makes the peak in the CEI overdue. The yr/yr change in the LEI has, on average, been 5% below the yr/yr change in the CEI at the time of the peak in the CEI. The spread currently is -10%. Unfortunately, wider spreads have preceded the more severe downturns. For example, the most extreme readings since 1960 predicted the severe 1980-82 recession and the 2008-09 financial crisis. We believe that the excessive Covid stimulus is keeping the economy afloat. We also believe that the Fed's focus on controlling inflation will eventually drain enough liquidity that previous relationships that appear to be broken will snap back with a vengeance.

CHART 10

Measures of Economic Activity



II. Equity Sector Outlook

Sector forecasts changed significantly for July (Table 1). Energy, which had held the top spot for the last six months, dropped into fourth place. Consumer Staples took over the top spot most likely due to its defensive nature during periods of slower economic growth. As noted above, the index of leading indicators dropped to a new cycle low last month and was down -8% yr/ry. Since 1973, the Consumer Staples sector has outperformed the S&P 500 by almost 3:1 in those months when the yr/yr change in the LEI has been negative.

TABLE 1

1 Mo Stock Sector Index Forecasts (%)

Sector	Ticker	1 Mo Forecast
Consumer Staples	XLP	1.27%
Health Care	XLV	0.86%
Real Estate	XLRE	0.73%
Energy	XLE	0.65%
Utilities	XLU	0.39%
Financials	XLF	-0.18%
Communications Services	XLC	-0.33%
Industrials	XLI	-0.37%
Technology	XLK	-0.55%
Gold Mining		-0.65%
Materials	XLB	-0.68%
Consumer Discretionary	XLY	-1.35%

Second behind Consumer Staples is the Health Care sector. Since demand for health services is relatively inelastic, Health Care has historically been almost as good a defensive play as Consumer Staples stocks. The Health Care sector has outperformed the S&P 500 by 2.8:1 when, like now, the LEI has been negative yr/yr.

Third behind Consumer Staples and Health Care was, surprisingly, the Real Estate sector. The sector continues to hold up well despite fixed 30-year mortgage rates at 6.71% being just short of their 7.08% peak of November 2022 and commercial real estate defaults accelerating by the week. New home sales jumped 12.2% last month. Housing starts surged 21.7% to their highest level since April 2022. Permits rose 5.6% to an eight-month high. The strength in the residential sector reflects near-record-low inventories and a -4.5% drop in the median single-family home price since the peak in July 2022. Offsetting this favorable news, however, is the delinquency rate of Commercial Mortgage-Backed Securities (CMBS) backed by office properties which jumped to 4.5% by loan balance in June, up from 1.6% just six months ago in December 2022.

The Energy sector dropped from its top ranking largely due to what is turning into a persistent decline in energy prices (Chart 11). Crude oil prices have drifted steadily lower all year and are currently down -35% from their year-ago levels. Natural gas prices have similarly been under pressure due to weak demand resulting from a combination of favorable weather in North America and Europe and a shut down a major liquid natural gas facility in the U.S. The result has been the shuttering of scores of rigs to reduce the persistent oversupply.

On the other extreme is Consumer Discretionary which is dead last for the second month in a row with an expected loss of -1.35%. The sector suffers from the adverse economic outlook in contrast to Consumer Staples. It also has the unfortunate distinction of being the most overvalued sector at +2.42 standard deviations – a whopping 60% above fair value (Table 2).

Gold Mining Shares have a negative expected return of -0.65% for July despite the sector being -1.31 standard deviations undervalued (-39%). Gold prices rallied 21% between October 2022 and April 2023 on expectations that the Fed would end its tightening cycle with a final rate hike in March (and then May). Instead, a resilient labor market is helping support income growth which in turn is driving consumer spending. The Fed is increasingly concerned that higher wages and service prices, which tend to be "stickier" than goods prices, will require additional interest rate hikes to bring inflation under control. That expectation is preventing gold and gold shares from making much headway given that nominal interest rates are now at their highest levels since 2000 and real (inflation-adjusted) interest rates are positive for the first time in five years. The Fed's rate hikes will at some point reach a tipping point where economic activity slows. At that point, interest rates will likely come down quickly allowing gold and gold shares to quickly recover to and likely overshoot their fair value prices. **At 36% undervaluation, we continue to encourage long-term investors to take advantage of weakness in the sector to add to long positions in Gold Mining shares.**

CHART 11
Energy Prices

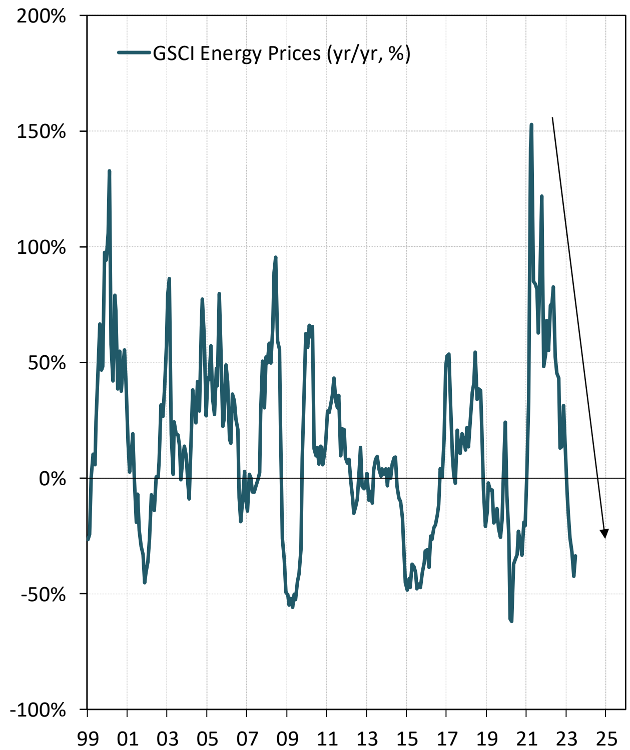


TABLE 2
Sector Valuation

Sector	Valuation (σ)	Valuation (%)
Consumer Discretionary	+2.42	+60%
Communication Services	+2.15	+59%
Technology	+1.84	+61%
Utilities	+1.77	+26%
Health Care	+1.32	+30%
Materials	+0.78	+12%
Industrials	+0.75	+16%
Consumer Staples	+0.09	+2%
Real Estate	-0.34	-10%
Financials	-0.36	-9%
Gold Mining Shares	-1.31	-39%
Energy	-3.06	-62%

III. Stock Recommendations and Review

The Gamma Company Model starts July with 15 names on our "hold long" list of companies including the latest addition, EQT Corp. (EQT) (Table 3). No companies were removed from last month's list. All the names on the previous list have expected returns above the average for the stocks in the S&P 500. Several current holdings including Pulte Group (PHM), Skyworks Solution Inc. (SWKS), DaVita Inc. (DVA), McKesson Corp (MCK), and Celanese Corp (CE) remained in this month's top-25 forecast list. Aggressive investors may consider adding to long positions in those stocks.

TABLE 3

GAMMA COMPANY MODEL - Recommended List Performance **As of: Jun 30, 2023**

Sector	Ticker	Entry Price	Closing Price 6.30.23	% Change	Trade Date	S&P 500 % Change	Excess Return
Altria Group, Inc.	MO	$47.63	$45.30	-4.9%	12.2.22	9.3%	-14.2%
Celanese Corp.	CE	$122.12	$115.80	-5.2%	2.6.23	8.3%	-13.4%
Centene Corp.	CNC	$63.21	$67.45	6.7%	3.31.23	0.0%	6.7%
DaVita Inc.	DVA	$90.36	$100.47	11.2%	4.28.23	12.6%	-1.4%
Diamondback Energy, Inc.	FANG	$145.46	$131.36	-9.7%	12.2.22	9.3%	-19.0%
EQT	EQT	$41.13	$41.13	0.0%	6.30.23	0.0%	0.0%
Henry Schein Inc.	HSIC	$78.31	$81.10	3.6%	3.1.23	12.6%	-9.1%
Kroger Co.	KR	$47.57	$47.00	-1.2%	12.2.22	9.3%	-10.5%
McKesson Corp.	MCK	$313.34	$427.31	36.4%	6.10.22	14.1%	22.3%
ONEOKE Inc.	OKE	$68.20	$61.72	-9.5%	2.6.23	8.3%	-17.8%
PG&E Corporation	PCG	$17.11	$17.28	1.0%	4.28.23	6.7%	-5.7%
Pulte Group	PHM	$57.48	$77.68	35.1%	2.6.23	8.3%	26.9%
Sempra	SRE	$143.53	$145.59	1.4%	5.31.23	6.5%	-5.0%
Skywork Solutions Inc.	SWKS	$93.96	$110.69	17.8%	12.2.22	9.3%	8.5%
WEC Energy	WEC	$87.35	$88.24	1.0%	5.31.23	6.5%	-5.5%

The company being added, EQT (EQT: $41.13), has an expected return of 3.99% for July and is also a member of the Energy sector which has a positive expected return of 0.65%.

- EQT is an energy company focusing on natural gas with operations concentrating on the Marcellus and Utica Shales of the Appalachian Basin. The company has approximately 25.0 trillion cubic feet equivalents (Tcfe) of proven natural gas, NGLs and crude oil reserves. These reserves are spread across approximately 2.0 million gross acres, with 90% located in the Marcellius play. The company is the largest natural gas producer in the Appalachian Basin.
- EQT focuses on developing several multi-well pads concurrently.
- The company is the top-rated stock for July from our Gamma Company Model Forecast for the S&P 500, with a forecasted one-month price gain of +3.99% and a previous month (June) forecast gain of +3.83%. Energy is our fourth-rated sectors for July. Please note these are the highest forecasted monthly price gains since we started publishing.
- Analyst coverage: 23 analysts cover EQT and the recommendations are 4 strong buys, 12 buys and 7 holds. The price target ranges from $65.00 - $35.00.
- Trades at a Forward P/E (NTM) of 18.2 and pays a dividend with a 1.46% yield.
- EQT expects an improvement in 2024 price realizations, and one analyst believe the Q2 2023 "appears to be operationally sound."
- Another analyst stated "value can be unlocked if EQT's downstream connection projects are approved, which could connect Appalachian gas to demand centers sin the Southeast US."

- According to Zacks Investment Research "the strongest domestic integrated oil and gas company is EQT Corp." and "EQT also boosts impressive triple-digit earnings growth."
- Its three-year revenue growth rate is 26.1%, better than 80% of competitors.
- On the ESG front, EQT Corp is uniquely positioned to take an active role in addressing climate change as the company emits lower greenhouse gases than the major oil-producing companies.
- EQT has a strong balance sheet with lower exposure to debt capital than competitors, easily adjusting to volatility in energy prices.
- The company doubled its 2022-2023 share buyback program to $2 billion.

IV. Asset Allocation and Gamma Model Performance Analysis

This month we are adding a new section to the Report that will track the performance of the Program's major investment recommendations. We will monitor the performance of the long-only S&P 500 and Nasdaq Composite Model portfolios plus a long-only balanced portfolio that invests 50% in the S&P 500 and 50% in Investment Grade Corporate Bonds.

These portfolios are long-only - they are either fully 100% invested in the underlying index (such as the S&P 500) when a Model is "long" or are invested in Treasury Bills when the Model is "neutral" or "short." We also plan to add an additional portfolio based on our individual equity recommendations.

The portfolios for the S&P 500, Nasdaq Composite, and balanced portfolios are structured so that any investor can replicate their performance by investing in mutual funds or exchange traded funds (ETFs) that replicate the returns of the underlying indexes. The performance data is based on end-of-month forecasts from the Models as of the time that they occurred. Updated forecasts are typically available around 11:00 AM EST on the last business day of each month. Portfolio rebalancing occurs at the daily closing price of these indexes on the last business day of the month so investors have time to implement the signals.

The Gamma Program has been run since the early 1980's, but not all of the forecasts have been used for actual trades. For that reason, the performance records are based on the updated forecasts when they occurred, but they do necessarily represent actual trades. The performance history also makes no adjustments for execution costs, management fees, or other associated expenses. Prior performance does not guarantee future results.

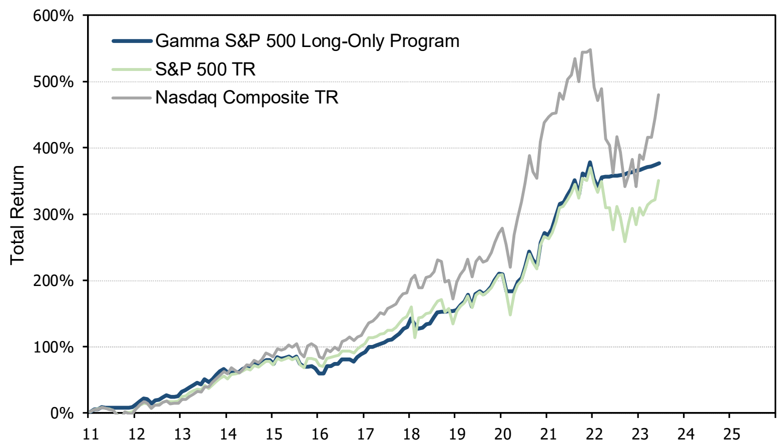
-Karl Chalupa and N. Claude Colabella

Mr. Chalupa is the CIO and Co-Founder of Gamma Investment Consulting and Editor of the Gamma Intelligence Reports. He is also President of Gamma Capital LLC, a quantitative global macro investment firm. Mr. Chalupa developed the Gamma Investment Program used for previously trading the firm's $400 million global macro program. He was previously Director of Risk Management at Titan Advisors LLC, a $4.5 billion alternative investments firm. Mr. Chalupa was also Managing Director of the Currency and Alternative Investment Strategies Groups at State Street Global Advisors (SSGA) where he developed a $9 billion currency overlay program and launched SSGA's first hedge fund based on his Gamma Model. Mr. Chalupa spent 13 years at ABN Amro Bank where he traded interest rate and currency derivatives and was Manager of the Proprietary Trading and Economic Research Desk. He began his career as an economist for the Federal Reserve Bank of Chicago. Mr. Chalupa holds an MA in Economics from Brown University, graduated magna cum laude from Northern Illinois University with BAs in Economics and Political Science, and is Series 3 registered.

Mr. Colabella is the Chief Operating Officer, Co-Founder of Gamma Investment Consulting and Co-Editor of the Gamma Equity Intelligence Report. He was previously Director of Communications and Investor Relations at Titan Advisors, LLC, a $4.5 billion alternative assets solutions firm. Mr. Colabella has equity research experience with working at Petroleum Research Group, Inc. (Rye, NY), an independent energy equity research boutique and at John S. Herold, Inc., a leading petroleum research and consulting firm. He was a Managing Partner at Alpha Beta Alternative Investments, Inc., an alternative investment boutique that managed Alpha Beta Partners, LP, a multi-strategy "fund of funds". Mr. Colabella holds an MBA in Finance from Duke University, Fuqua School of Business. He graduated magna cum laude from Manhattan College, with a BS BA in Economics and is Series 7 and 63 registered.

Gamma Model Performance Analysis

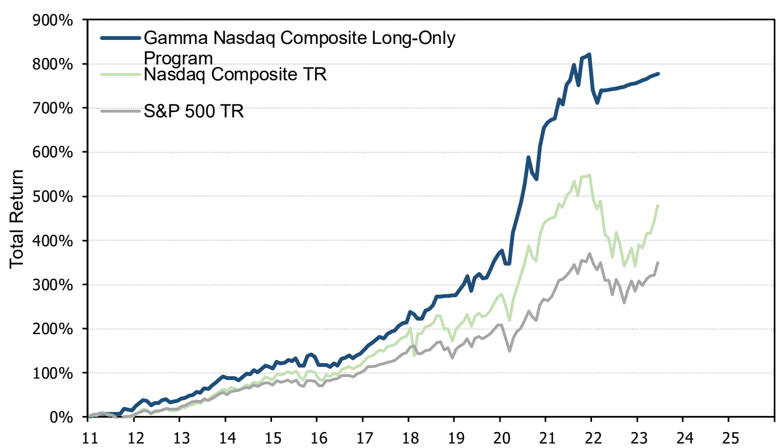
Gamma S&P 500 Long-Only Program — Jan 2011 - Jun 2023



Historical Performance	Program	BM1	BM2
Compound ROR	13.3%	12.8%	15.1%
Cumulative Return	476.9%	350.4%	480.2%
Cumulative VAMI	$4,769	$4,504	$5,802
Best Month	10.9%	13.9%	20.7%
Worst Month	-8.2%	-17.7%	-20.9%
% Positive Months	78.7%	70.7%	66.0%
Historical Risk	**Program**	**BM1**	**BM2**
Standard Deviation	9.9%	15.7%	18.8%
Sharpe Ratio (1.0% RFR)	1.25	0.75	0.75
Sortino Ratio (1.0% RFR)	1.71	1.14	1.24
Downside Deviation	7.2%	10.3%	11.4%
Maximum Drawdown	-14.1%	-23.8%	-31.8%
Months In Maximum Drawdown	18	18	18

BM1: S&P 500 Total return
BM2: Nasdaq Composite Total Return

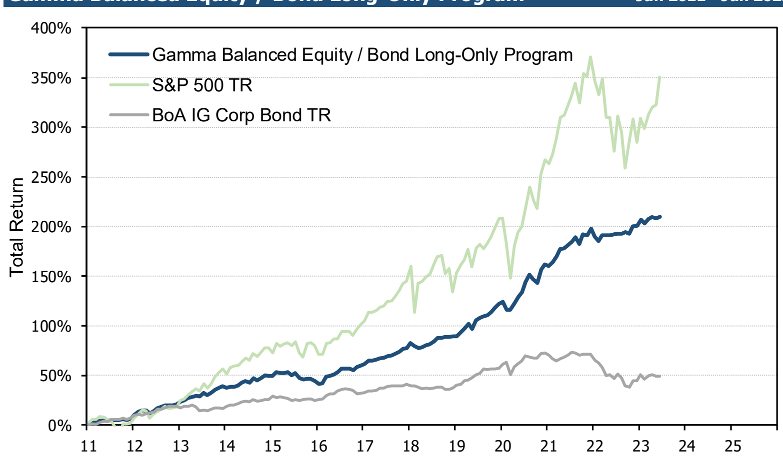
Gamma Nasdaq Composite Long-Only Program — Jan 2011 - Jun 2023



Historical Performance	Program	BM1	BM2
Compound ROR	19.0%	15.1%	12.8%
Cumulative Return	878.0%	480.2%	350.4%
Cumulative VAMI	$8,780	$5,802	$4,504
Best Month	15.5%	20.7%	13.9%
Worst Month	-9.0%	-20.9%	-17.7%
% Positive Months	77.3%	66.0%	70.7%
Historical Risk	**Program**	**BM1**	**BM2**
Standard Deviation	12.9%	18.8%	15.7%
Sharpe Ratio (1.0% RFR)	1.39	0.75	0.75
Sortino Ratio (1.0% RFR)	2.15	1.24	1.14
Downside Deviation	8.4%	11.4%	10.3%
Maximum Drawdown	-12.0%	-31.8%	-23.8%
Months In Maximum Drawdown	18	18	18

BM1: Nasdaq Composite Total Return
BM2: S&P 500 Total Return

Gamma Balanced Equity / Bond Long-Only Program — Jan 2011 - Jun 2023



Historical Performance	Program	BM1	BM2
Compound ROR	9.5%	12.8%	3.3%
Cumulative Return	309.6%	350.4%	49.4%
Cumulative VAMI	$3,096	$4,504	$1,494
Best Month	5.5%	13.9%	5.3%
Worst Month	-3.5%	-17.7%	-7.5%
% Positive Months	78.7%	70.7%	61.3%
Historical Risk	**Program**	**BM1**	**BM2**
Standard Deviation	5.3%	15.7%	6.0%
Sharpe Ratio (1.0% RFR)	1.60	0.75	0.38
Sortino Ratio (1.0% RFR)	2.60	1.14	0.46
Downside Deviation	3.3%	10.3%	4.9%
Maximum Drawdown	-7.8%	-23.8%	-20.1%
Months In Maximum Drawdown	13	18	23

BM1: S&P 500 Total Return
BM2: BofA M-L Investment Grade Corp Bond Index Total Return

Past performance is not indicative of future results

Gamma Equity Model Forecasts for July 2023 (as of 6.30.2023)

TABLE 1

1 MONTH STOCK INDEX MODEL FORECASTS (%)

Country	Stock Index	Price	1 Mo Forecast	Previous Forecast	Position	Trade	Updated
USA	S&P 500	4,396.44	0.00%	0.00%	Neutral	Hold	6/30/23
USA	Nadaq	13,754.11	0.00%	0.00%	Neutral	Hold	6/30/23
Canada	S&P/TSX 60	1,209.19	0.00%	0.00%	Neutral	Hold	6/30/23
Mexico	IPC	53,518.95	0.50%	0.00%	Long	Buy	6/30/23

TABLE 2

1 MONTH STOCK SECTOR MODEL FORECASTS (%)

Sector	Ticker	1 Mo Forecast	Previous Forecast	Updated
Consumer Staples	XLP	1.27%	0.03%	6/30/23
Health Care	XLV	0.86%	0.20%	6/30/23
Real Estate	XLRE	0.73%	-0.16%	6/30/23
Energy	XLE	0.65%	0.94%	6/30/23
Utilities	XLU	0.39%	-0.18%	6/30/23
Financials	XLF	-0.18%	-1.42%	6/30/23
Communications Services	XLC	-0.33%	-1.20%	6/30/23
Industrials	XLI	-0.37%	-0.42%	6/30/23
Technology	XLK	-0.55%	-1.38%	6/30/23
Gold Mining	0	-0.65%	-1.22%	6/30/23
Materials	XLB	-0.68%	0.45%	6/30/23
Consumer Discretionary	XLY	-1.35%	-1.93%	6/30/23

TABLE 3

S&P 500: LARGE CAP STOCKS — Top 25 Picks Based on Expected Return and Factor Momentum — Forecast for: Jul 2023

1 Month Company Stock Price Forecasts (%) — Updated: Jun 30, 2023

Company	Ticker	Closing Price	1 Mo Forecast	Previous Forecast	Change	% Off 52 Wk High	Forward P/E	Dividend Yield	Factor Momentum
EQT	EQT	$41.13	3.99%	3.83%	0.16%	-14.0%	12.01	1.46%	Positive
PULTEGROUP	PHM	$77.68	2.43%	1.42%	1.01%	0.0%	8.35	0.82%	Positive
RAYMOND JAMES FINL.	RJF	$103.77	2.33%	1.50%	0.84%	-12.2%	10.92	1.62%	Positive
SKYWORKS SOLUTIONS	SWKS	$110.69	1.84%	1.27%	0.57%	-6.2%	12.25	2.24%	Positive
NETFLIX	NFLX	$440.49	1.56%	1.05%	0.51%	0.0%	33.58	0.00%	Positive
CIGNA	CI	$280.60	1.51%	0.75%	0.76%	-15.3%	10.48	1.75%	Positive
DAVITA	DVA	$100.47	1.48%	0.91%	0.57%	0.0%	14.25	0.00%	Positive
MCKESSON	MCK	$427.31	1.48%	1.27%	0.21%	0.0%	15.31	0.51%	Positive
BATH AND BODY WORKS	BBWI	$37.50	1.36%	0.51%	0.85%	-18.5%	11.73	2.13%	Positive
CELANESE	CE	$115.80	1.33%	0.52%	0.81%	-6.0%	9.17	2.42%	Positive
NVR	NVR	$6,350.62	1.30%	0.83%	0.48%	0.0%	15.54	0.00%	Positive
EXPEDIA GROUP	EXPE	$109.39	1.24%	0.81%	0.43%	-4.3%	10.35	0.00%	Positive
TRIMBLE	TRMB	$52.94	1.21%	0.49%	0.72%	-23.8%	19.09	0.00%	Positive
EDISON INTL.	EIX	$69.45	1.19%	1.14%	0.04%	-5.6%	13.94	4.25%	Positive
UNITED PARCEL SER.'B'	UPS	$179.25	1.15%	1.12%	0.02%	-8.0%	15.62	3.62%	Positive
GLOBE LIFE	GL	$109.62	1.11%	0.89%	0.21%	-9.9%	10.07	0.82%	Positive
WHIRLPOOL	WHR	$148.79	1.08%	0.37%	0.71%	-13.9%	8.84	4.70%	Positive
NRG ENERGY	NRG	$37.39	1.07%	0.94%	0.13%	-15.8%	6.20	4.04%	Positive
GENERAL ELECTRIC	GE	$109.85	1.03%	0.78%	0.25%	0.0%	35.62	0.29%	Positive
QUANTA SERVICES	PWR	$196.45	1.00%	0.68%	0.32%	0.0%	25.42	0.16%	Positive
TERADYNE (XSC)	TER	$111.33	0.94%	0.29%	0.65%	0.0%	29.34	0.40%	Positive
APPLIED MATS.	AMAT	$144.54	0.94%	0.80%	0.14%	0.0%	20.05	0.89%	Positive
LENNAR 'A'	LEN	$125.31	0.91%	0.47%	0.45%	0.0%	9.41	1.20%	Positive
CHAS.RVR.LABS.INTL.	CRL	$210.25	0.86%	0.44%	0.42%	-16.1%	18.64	0.00%	Positive
TARGET	TGT	$131.90	0.82%	0.32%	0.51%	-23.4%	14.68	3.34%	Positive

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