

**Mark R. Shenkman, Founder & President**

*In April, investors endured a broad-based decline in the equity and bond markets. Investors have had to face the reality that three to six rate cuts by the Fed was overly optimistic, and they needed to recalibrate their forecasts. Slower GDP growth and nagging inflation may further delay the Fed's pivot until later in the year. The inflation dragon has not been slain and the U.S. may now be entering a new era of 'AI'—The Age of Inflation." U.S. GDP expanded at a modest 1.6% seasonally adjusted rate in the first quarter versus a revised 3.4% growth in the previous quarter. More troublesome was the jump in the Fed's preferred core inflation gauge (personal consumption expenditure index), which rose 0.3% in March and 2.8% year-over-year. Meanwhile, inflation-adjusted consumer spending gained 0.5% more than forecast, which represented the largest increase for this year. The Federal Reserve has now boxed itself into a corner with forward guidance and dot-plot charts. The U.S. government's record fiscal spending and the Fed's massive printing of money are the root cause of this age of inflation as the US government's outlays are now 40% larger than pre-Covid. With borrowing costs in the U.S. remaining near a 23-year high, GDP growth could continue to moderate at a time when prices are still rising. Although the resilience of the U.S. economy may forestall a recession, a period of stagflation could increase market volatility over the next several quarters.*

Please contact [InvestorRelations@ShenkmanCapital.com](mailto:InvestorRelations@ShenkmanCapital.com) for the full letter.

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The ISM Manufacturing Index is a monthly gauge on the level of economic activity in the U.S. manufacturing sector versus the previous month.

The ICE BofA Current 10-Year U.S. Treasury Index (GA10) is a one security index comprised of the most recently issued 10-year U.S. Treasury Note.

The ICE BofA U.S. Corporate Index (COA0) has an inception date of December 31, 1972 and tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

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The Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon weightings, spreads and interest payments.

The Refinitiv US All-Cap Focus Convertible Bond Index has an inception date of December 1993, is a subset of the Refinitiv US Convertible Bond Index and includes securities that have a price between 60 and 140 and a conversion premium of < 100%, among other criteria. The Refinitiv US Convertible Bond Index includes convertible securities that are denominated in USD, have a market value of over \$300mm, and have underlying stocks that trade on US equity markets.

The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their respective industries.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The S&P 500 Index is designed to reflect the U.S. equity markets and focuses on the large-cap sector of the market, which includes the 500 leading companies in leading industries of the U.S. economy.

The NASDAQ composite index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American Depositary Receipts, Common Stock, Limited Partnership Interests, Ordinary Shares, Real Estate Investment Trusts, Shares of Beneficial Interest, and Tracking Stocks. The index includes all Nasdaq listed stocks that are not Security types not included in the Index are closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities.

The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 1,398 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

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