

Straight Arrow Financial Group Quarterly Update



We've added another new face to the office...

Please welcome Bethany Leonardi to the Straight Arrow Family. We are always looking for ways to continue to provide you with the personalized experience you have come to expect, and Bethany will help with our vision. She comes to us with an extensive background in healthcare and process improvement.

We are excited for everyone to meet her. And, I know she's looking forward to meeting you!



Dates to keep in mind:

- Oct 15th – Part D Open Enrollment Begins
- Nov 1st – ACA Open Enrollment Begins
- Nov 26-27th - Office Closed for Thanksgiving
- Dec 23rd – Office Closed at noon
- Dec 24-25th – Office Closed for Christmas
- Dec 28-30th – Limited staff & hours
- Dec 31-Jan 1st – Office Closed for New Year's

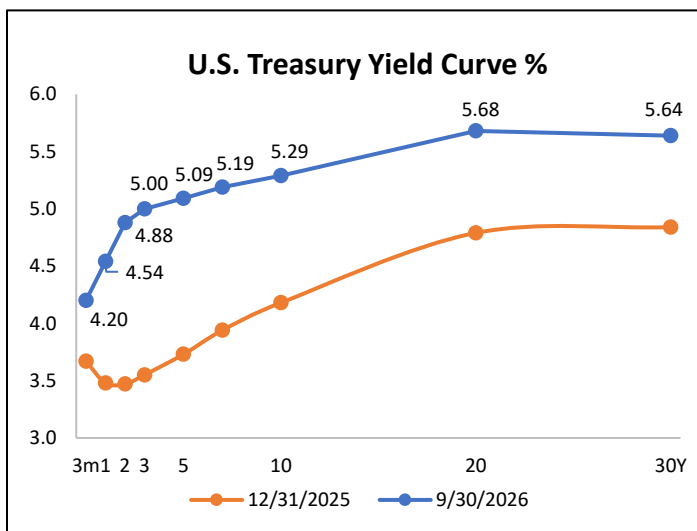
Commentary

Oil Spikes, Interest Rates Shift Higher, Equities Mixed

Throughout Q3 2026, rebounding energy prices and higher interest rates pressured broader financial markets. The escalating conflict in Iran drove increases across crude and refined fuels, raising concerns that these input costs could contribute to additional inflation, negatively impacting consumers and businesses.

Faced with renewed inflationary pressures, the Federal Reserve, led by new Fed Chair Kevin Warsh, responded by raising the federal funds rate by 25 basis points (0.25%) in September to a target range of 3.75% to 4.00%. The Fed continued to signal its commitment to anchoring long-term inflation expectations.

As inflation remained sticky, U.S. Treasury yields pushed higher across the curve as bond investors repriced the market, placing downward pressure on interest rate-sensitive bonds. The heavily watched U.S. 10-year Treasury yield climbed above 5.0% to trade near 5.35%, at levels not seen since 2002. A heavy surge in corporate bond issuance this year, coupled with total U.S. government debt eclipsing \$40 trillion, compounded supply-side pressures across bond markets. These elevated yields could tighten financial conditions for consumers and corporate borrowers alike.



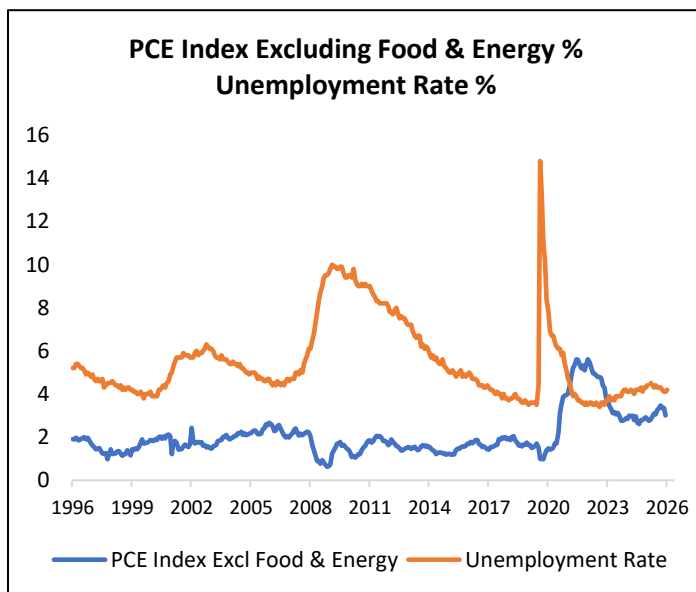
Source: Treasury.gov²

Against a backdrop of rising energy costs and elevated interest rates, equity markets delivered mixed performance in Q3. While the S&P 500 gained 2.30% and the technology-heavy Nasdaq 100 moved 0.58% higher, these headline returns masked significant underlying volatility.¹ Cyclical and rate-sensitive sectors bore the brunt of the pressure, as capital rotated back into secular AI buildout beneficiaries and cash-rich balance sheets better insulated from macroeconomic headwinds.

Fed Balances Inflation Fight with Employment Stability

The Federal Reserve remains focused on its dual mandate of price stability and maximum employment to chart the course for monetary policy. While the more well-known Consumer Price Index (CPI) captures headline household costs, policymakers rely heavily on the Core Personal Consumption Expenditures (PCE) Index, which strips out volatile food and energy, to gauge structural inflation trends and calibrate the trajectory of benchmark interest rates.

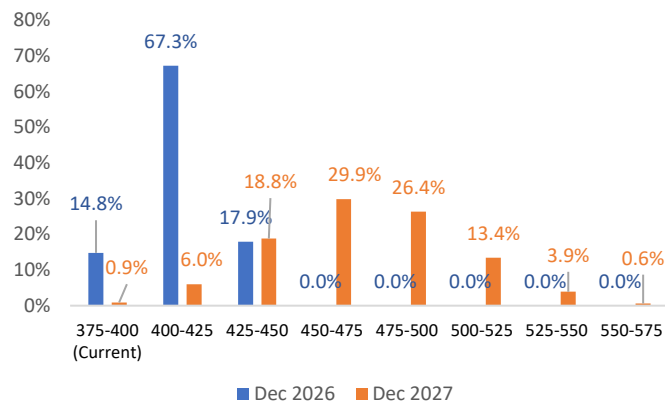
As illustrated in the following chart, the Core PCE Index continues to run persistently above the Fed's 2% long-term inflation target, while unemployment sits near the lower boundary of its 20-year range. With the labor market remaining fundamentally sound, policymakers could retain the flexibility to prioritize price stability over near-term employment support.



Source: FRED³

Amid persistent inflation, and even following the Fed's 25 basis point rate hike in September, financial markets are pricing in one to two additional 25 basis point hikes before year-end, with the potential for further rate hikes in 2027. Investors continue monitoring incoming data closely to gauge whether sustained economic momentum could prompt further Federal Reserve rate hikes and how those moves might affect various asset classes.

Target Fed Funds Rate Probabilities for December 2026 & December 2027 Fed Meetings

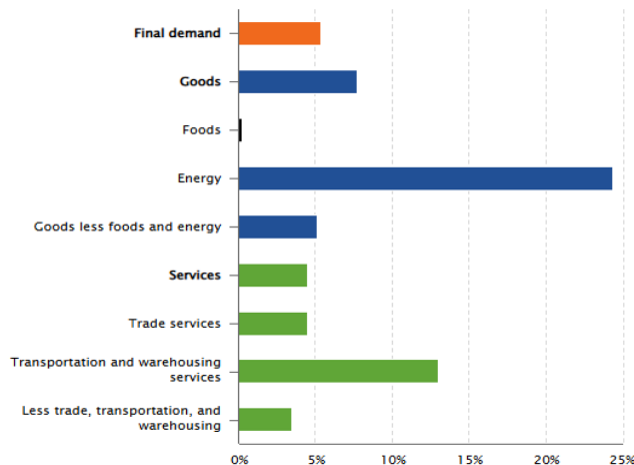


Source: CME Group⁴ as of 10/3/26

Wholesale Inflation Threatens Consumer Budgets

Inflation continues to challenge the corporate sector, where margin pressures typically emerge before hitting household budgets. Over the 12 months ending August 2026, the Producer Price Index rose 5.4%, signaling persistent wholesale cost acceleration.⁵ Surging energy costs served as the primary catalyst, while food prices remained relatively flat. Within services, price pressures stayed elevated, led by transportation and warehousing, where higher diesel fuel costs fed into freight and distribution services.

Producer Price Index for final demand components, 12-month percent changes, August 2026



Data are not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics⁵

Because businesses often find it difficult to absorb prolonged input cost increases, many companies look to pass a portion of these expenses downstream to end users. As a result, persistent strength across wholesale goods and services points to continued upward pressure on upcoming Consumer Price Index

(CPI) readings, potentially threatening to squeeze household purchasing power in the months ahead.

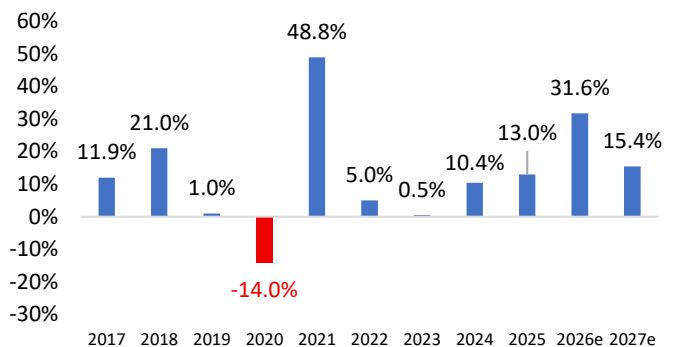
Stable U.S. Economic Growth Amid Higher Rates, For Now

U.S. economic growth is projected to hold relatively steady heading into 2027, with *Wall Street Journal* survey economists forecasting Real GDP between 2.0% and 2.5%.⁶ Yet much like the equity markets, headline stability masks underlying divergence as interest rate-sensitive sectors, particularly consumer discretionary and real estate, remain vulnerable to a higher-for-longer interest rate environment.

We continue to see strength in U.S. manufacturing and services sectors, with September Purchasing Managers' Index (PMI) readings of 54.5 (manufacturing) and 54.9 (services) reflecting economic expansion. Although headline PMI readings indicate solid expansion, price subindices of 77.9 in manufacturing and 74.0 in services highlight persistent inflationary pressures spreading across the broader economy.⁷

Consensus estimates currently reflect continued S&P 500 earnings growth into 2027; however, earnings estimates are subject to revision as economic and company-specific conditions change. Even after accounting for typical downward revisions as forecasts mature, these elevated profit expectations could provide support for U.S. equities heading into next year.

S&P 500 Bottom-Up EPS Growth % Actuals & Estimates



Source: FactSet⁸

Markets are closely watching the conflict in Iran for supply-driven oil spikes that could reignite inflation and keep interest rates higher for longer. Higher borrowing costs risk curbing consumer and business spending, slowing U.S. economic momentum, and creating potential headwinds for corporate profitability and the financial markets.

Navigating Markets as Midterm Elections Near

As news headlines shift some focus toward the upcoming midterm elections, consensus forecasts point to Democrats potentially reclaiming the House majority, while the Senate appears closely contested. Historically, financial markets have generally favored a divided government. Political gridlock often acts as a natural check against sweeping fiscal overhauls and aggressive policy changes, fostering a more predictable tax and regulatory environment for consumers and businesses.

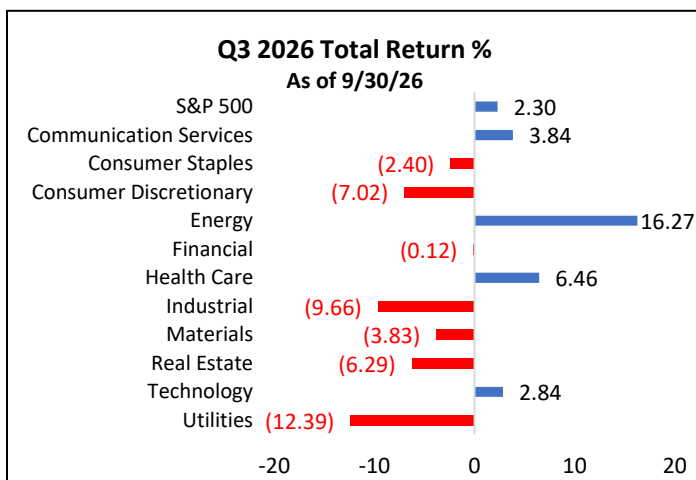
For long-term investors, investment fundamentals like earnings power, balance sheet strength, and cash flow generation often drive investment performance more than the short-term noise of Washington politics.

Q3 Market Review

Equity Markets

Equity volatility picked up in the second half of Q3 as oil prices and bond yields moved higher. While the S&P 500 Index closed the quarter up 2.3%¹, that headline gain masked significant dispersion beneath the surface. Energy led all sectors on the strength of oil prices, while balance sheet strength and secular demand helped communication services, technology, and health care post solid gains despite higher rates.

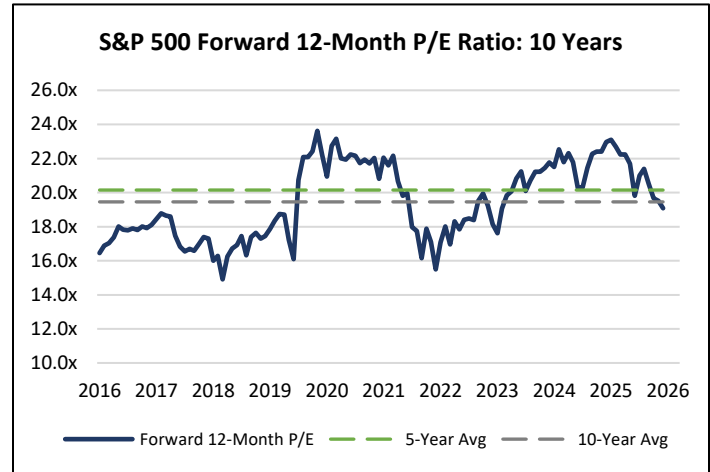
Mid and small cap companies and economically sensitive sectors struggled in Q3, led lower by consumer discretionary, industrials, materials, and real estate. Utilities also faced headwinds as rising bond yields created stiffer competition for dividend-seeking investors.



Source: S&P 500 Sector Performance (Total Return). Morningstar Direct.¹

Even with strong year-to-date returns across U.S. equities, earnings growth has outpaced price appreciation, driving the forward 12-month P/E multiple for the S&P 500 Index down from 22.2x at the end of 2025 to 19.1x at the end of September 2026. This multiple compression may provide a more moderate

valuation environment, which could help support investor demand for U.S. stocks heading into next year.



Source: FactSet. As of 9/30/26.⁹

International equity markets posted mixed results in Q3. Developed markets held steady, with the MSCI EAFE Index returning 0.81%, while the MSCI Emerging Markets Index, with its heavy concentration in Asian technology hardware and semiconductors, declined -0.37%.¹

Bond Markets

Bond markets were broadly weaker in Q3, with the Bloomberg U.S. Aggregate Bond Index down -3.51% and longer-duration Treasuries declining even further.¹ Bond yields have pushed higher across the curve as markets price in persistent inflation and a higher federal funds rate under the Fed's restrictive monetary policy. Interestingly, this has created a policy divergence between the Fed and the U.S. Treasury.

While the Fed maintains a restrictive stance to tame inflation, some market observers note that the U.S. Department of the Treasury's efforts to absorb supply through buybacks could work against the central bank's goal of tightening financial conditions.

U.S. Treasury Yields



Source: TradingView.com. As of 10/8/26¹⁰

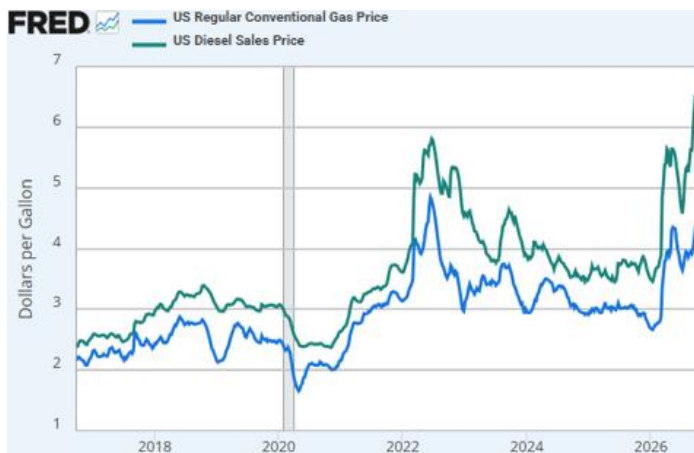
Whether the U.S. Treasury can successfully counter these upward rate pressures and the Fed's tightening remains to be seen, particularly against the backdrop of continued U.S. fiscal deficits, elevated Treasury auction sizes, and heavy corporate bond issuance.

Credit spreads remain historically tight, reflecting investor confidence in corporate balance sheets, even as corporate issuance accelerates sharply. Heavy borrowing by tech hyperscalers to fund AI capex is driving a wave of investment-grade bond supply. As bond markets digest this volume alongside heavy Treasury issuance, the supply overhang is driving yields higher and pressuring the prices of existing bonds.

Commodity Markets

Energy prices remain volatile amid recurring setbacks in diplomatic efforts between the U.S. and Iran. Early in Q3, WTI Crude traded below \$70 per barrel on hopes of regional de-escalation. As talks stalled and hostilities reignited, however, crude surged past \$100 per barrel before settling at \$90 per barrel, capping a 35.84% gain at the end of the quarter.^{1,12}

U.S. Regular Gas and Diesel Prices



Source: FRED Weekly as of 9/28/26.¹¹

Persistently high energy prices threaten to flow through production and logistics into consumer prices. If entrenched across supply chains, these costs could keep inflation uncomfortably high for an extended period. Regular gas prices have continued to press higher while diesel prices, which impact transportation costs, have hit record highs.

Gold experienced heightened volatility throughout Q3 2026 as pressure from climbing Treasury yields clashed with safe-haven demand. Gold rallied 3.15% in the quarter.¹ Federal Reserve policy tightening and higher bond yields have elevated the opportunity cost of holding non-yielding assets like gold, prompting conservative investors to consider rotating toward fixed income for reliable cash flow.

Geopolitical friction and macroeconomic uncertainty continue to support gold demand. Over the past few years, central banks seeking currency reserve diversification have been accumulating gold on pullbacks, providing an underlying source of demand. Looking ahead, market participants will watch closely to see whether this sovereign demand holds up against a higher-for-longer interest rate environment.

Gold Price

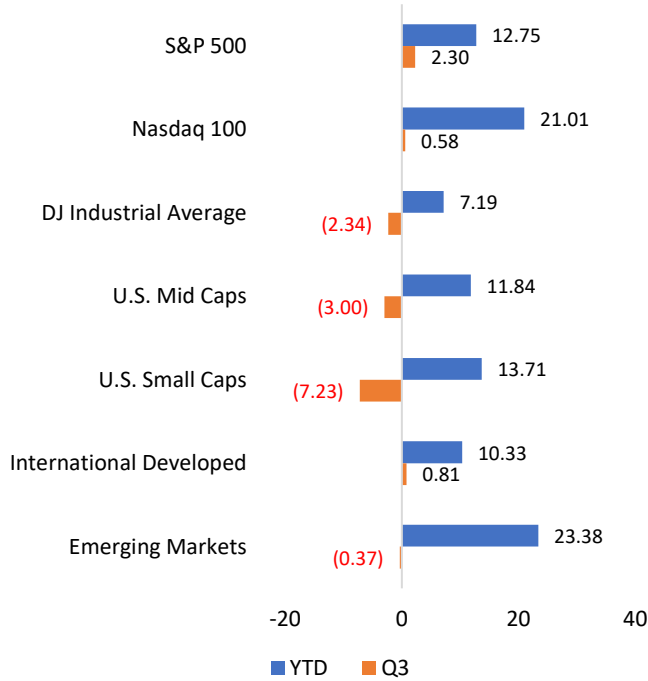
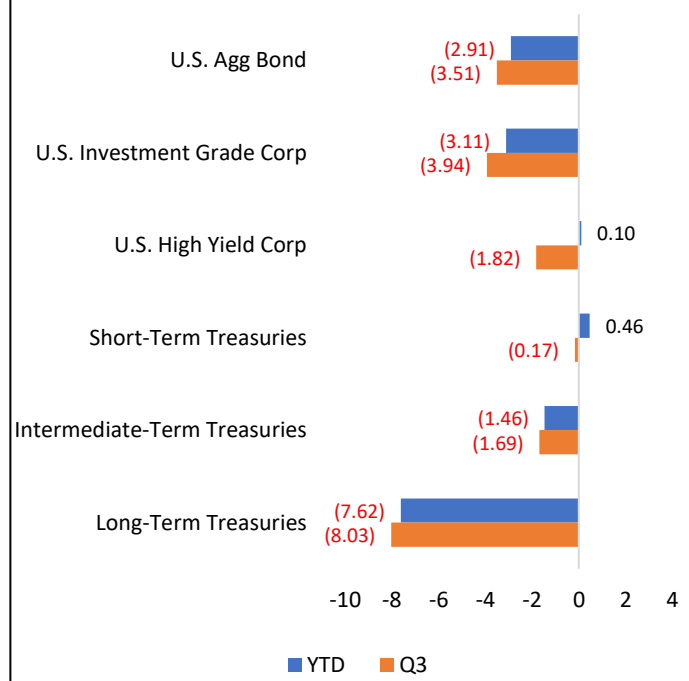
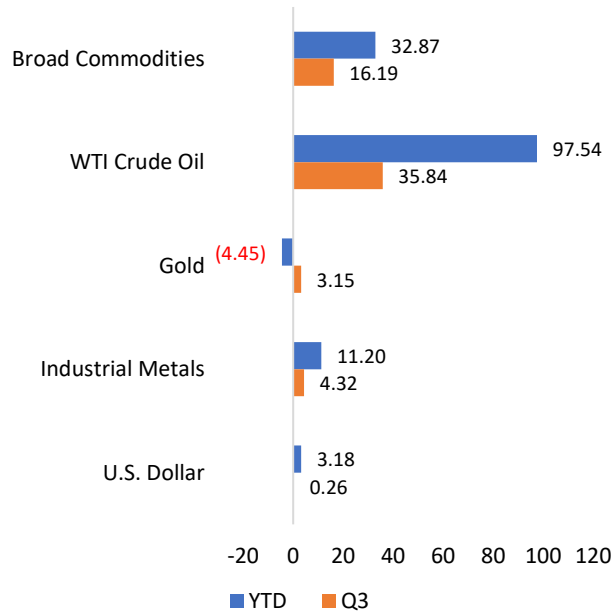


Source: TradingView.com 10/3/26¹³

Currency Markets

The U.S. dollar also experienced choppy trading across much of Q3 2026, whipsawed by shifting geopolitical risks and fluctuating growth expectations. With the Federal Reserve hiking the fed funds rate in September, bond yields climbing across the curve, and U.S. economic growth remaining resilient, dollar-denominated assets drew renewed demand, driving the currency higher into quarter end.

A continued rally in the U.S. dollar could be a headwind for U.S. investors holding international assets with foreign currency exposure. Consequently, investors should monitor this additional source of volatility closely as currency swings unfold.

MARKET PERFORMANCE
Equity Market Performance %
As of 09/30/26

Bond Market Performance %
As of 09/30/26

**Commodity/Currency
Market Performance %**
As of 09/30/26


STRAIGHT ARROW FINANCIAL GROUP FINANCIAL MANAGED STRATEGIES**INCOME STRATEGIES**

The Income strategies primarily invest in higher income-generating assets. This can include dividend-paying stocks, option-income strategies, investment-grade bonds, high-yield bonds, emerging markets debt and real estate securities. The strategies' risk exposure is not tactically managed, which can result in poor performance in weak U.S. market environments. The Income strategies utilize mutual funds and ETFs to construct the strategies.

Performance Review

The Income strategies declined in Q3 as income-generating assets felt pressure from rising interest rates. When bond yields increase, other non-bond income-generating assets often feel the pressure as well and that is what appears to have happened in the quarter. Our strongest performers in the quarter included U.S. and international large cap dividend-oriented strategies, equity option income strategies and our allocation to a multi-asset income manager. The weakest performers in Q3 included closed-end funds, where leverage exacerbated the selloff and discounts to net asset values widened, global real estate income and U.S. mid cap dividend strategies.

Within the Income strategies' bond allocations, our position in a core intermediate-term bond manager was the weakest performer, as its duration positioning was most impacted when interest rates moved higher during the quarter. Our exposure to tactical bond managers was also weak, as their duration positioning, while underweight relative to core bond benchmarks, still negatively impacted returns. These tactical managers' positioning helped protect value relative to core intermediate-term bond indices. The performance of our allocation to a short-term, credit-sensitive bond manager was also negative, but the position outperformed the other bond positions due to its lower interest-rate sensitivity.

Our Income – Ultra-Conservative strategy was negative in Q3 as its bond-only portfolio was fully impacted by rising interest rates during the period. All bond manager positions posted negative returns. The strongest relative performers were our allocations to dedicated short-term bond managers, as their limited interest-rate sensitivity was beneficial relative to intermediate-term core bond benchmarks. Our exposure to tactical bond managers and their duration exposure was also a headwind, but their overall positioning helped performance relative to core bond indices. Our exposure to a core intermediate-term bond manager was the weakest performer, as its longer duration relative to our other holdings was a headwind.

Positioning*Risk Assets*

The Income strategies seek to balance ongoing income generation with long-term capital growth by allocating across multiple income-generating asset classes and investment strategies. To try to provide income diversification, the Income strategies are allocated across global dividend-paying equities, equity option income strategies, global real estate, closed-end funds and credit-sensitive bonds.

Conservative Assets

In the conservative asset allocation of the Income strategies, generating yield is prioritized through an overweight position in credit-sensitive bonds. We allocate to active short- and intermediate-duration bond managers. We believe their flexible approach has the potential to capture competitive yields while navigating shifting interest rate and credit cycles.

TOTAL RETURN STRATEGIES

The Total Return strategies provide long-term diversified exposure across U.S. and international equities, bonds and income-generating assets. The strategies are structured to participate in the upside of bullish equity and credit markets and provide moderate income generation. The strategies' risk exposure is not tactically managed and can result in poor performance in weak market environments. The Total Return strategies utilize mutual funds and ETFs to construct the strategies.

Performance Review

The Total Return strategies delivered mixed Q3 results along the risk spectrum. The more aggressive, equity-heavy strategies generated positive returns, while the more conservative, bond-heavy strategies declined in the quarter under the weight of higher interest rates, which pressured the prices of bonds and other interest rate-sensitive asset classes. The strongest performers in the quarter included exposure to the S&P 500 Index, U.S. large cap dividend growth, global value, and international small cap strategies. Our positions in global value and global growth managers were also positive contributors. The weakest performance was driven by exposure to U.S. mid caps, quality large cap international equities, and emerging market equities. Exposure to multi-asset income strategies was mixed, as our allocation to closed-end funds was negative, while our tactical multi-asset income manager position was slightly positive.

In the Total Return and Total Return Muni strategies' bond allocations, each taxable and municipal bond manager had negative performance in Q3 as interest rates shifted higher during the quarter. The most interest rate-sensitive bond managers experienced the weakest performance in Q3, while the tactical bond managers that were underweight duration and those with less interest rate sensitivity outperformed the others.

Positioning*Risk Assets*

The Total Return strategies seek growth and income through globally diversified equity and multi-asset income allocations. We blend U.S. and international equities across market cap and investment styles, while generating additional yield through allocations to tactical multi-asset income and closed-end fund strategies. This structure is designed to pursue growth and income across full market cycles.

Conservative Assets

Our Total Return strategies attempt to diversify across bond markets by combining active core and tactical bond managers. We believe this blend provides the flexibility to manage short-term market shifts while staying anchored to long-term objectives.

U.S. CORE STRATEGIES

The U.S. Core strategies provide long-term exposure to core U.S. equity and bond markets. The strategies may have some exposure to non-core markets, including foreign assets and lower-quality fixed income. The strategies are structured to participate in the upside of bullish U.S. equity and credit markets. The strategies' risk exposure is not tactically managed and can result in poor performance in weak U.S. market environments. The U.S. Core strategies utilize mutual funds and ETFs to construct the strategies.

Performance Review

The U.S. Core strategies were mixed in Q3 as dispersion in U.S. equity markets and weakness in bonds drove performance. The more aggressive, equity-heavy strategies were generally flat to positive, while the more conservative, bond-heavy strategies declined in the quarter as higher interest rates pushed bond prices lower. Within equities, the strongest performance was led by positions in large cap value, passive S&P 500 Index, and large cap dividend growth strategies. Negative equity performance was driven by exposure to mid and small cap equities.

The U.S. Core and U.S. Core Muni strategies' bond allocations were negative in Q3 as interest rates shifted higher, which pushed bond prices lower. All taxable and municipal bond managers posted negative performance in the quarter. Our positions in tactical bond managers were negative, but relatively beneficial, as their underweight duration positioning held up better in the weak bond market environment. Our more interest rate-sensitive bond manager positions were the weakest performers in Q3.

Positioning

Risk Assets

The U.S. Core strategies offer exposure to U.S. equities by combining passive market cap-weighted, smart beta factor, and actively managed approaches. The portfolios are structured to provide diversification across market cap and investment styles, with a preference for higher-quality, growing companies to drive long-term capital appreciation.

Conservative Assets

The U.S. Core strategies provide diversified exposure to U.S. bonds across sectors, credit quality, and duration. We focus our allocations on active bond managers that have the flexibility to deploy capital in the bond markets to take advantage of opportunities and manage risks over the long term.

SOURCES

1. Morningstar Direct. Performance provided as total returns. U.S. Mid Caps is defined by the Russell Mid Cap TR USD index. U.S. Small Caps is defined by the Russell 2000 TR USD index. U.S. Growth is defined by the Russell 3000 Growth TR USD index. U.S. Value is defined by the Russell 3000 Value TR USD index. International Developed is defined by the MSCI EAFE NR USD index. Emerging Markets is defined by the MSCI Emerging Markets NR USD index. U.S. Agg Bond is defined by the Bloomberg U.S. Aggregate Bond TR USD index. U.S. Investment Grade Corp is defined by the Bloomberg U.S. IG Corp USD 300 M TR USD Index. U.S. High Yield is defined by the Bloomberg High Yield Corporate TR USD index. Broad Commodities is defined by the Bloomberg Commodity TR USD index. WTI Crude Oil is defined by the Bloomberg Sub WTI Crude Oil TR USD Index. Gold is defined by the Bloomberg Sub Gold TR USD Index. Industrial Metals is defined by the Bloomberg Sub Industrial Metals TR USD Index. Short-Term Treasuries defined by the Bloomberg 1-3 Yr U.S. Treasury TR USD index. Intermediate-Term Treasuries defined by the Bloomberg Intermediate U.S. Treasury TR USD Index. Long-Term Treasuries defined by the Bloomberg Long-Term U.S. Treasury TR USD Index.
2. U.S. Treasury. *Daily Treasury Par Yield Curve Rates* https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_bill_rates&field_tdr_date_value=2026
3. Source: FRED. U.S. Bureau of Economic Analysis, Personal Consumption Expenditures Excluding Food and Energy (Chain-Type Price Index) [PCEPILFE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/PCEPILFE>, .. U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/UNRATE>, .
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8. FactSet. S&P 500 Index Forward 12-Month Price-to-Earnings Ratio. 9/30/26.
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11. TradingView.com. *WTI Crude Oil*. Retrieved from <https://www.tradingview.com/chart/S5ol8Odc/?symbol=TVC%3AUSOIL>
12. TradingView.com. *Gold*. Retrieved from <https://www.tradingview.com/chart/S5ol8Odc/?symbol=TVC%3AGOLD>

DEFINITIONS

S&P 500® Index: The S&P 500® Index is a market cap-weighted stock market index of 500 companies across several industries. The index is often used as a broad representation of the common stocks of the largest publicly-traded companies in the United States.

S&P 500® Growth Index: The S&P 500® Growth Index is a subset of the S&P 500® Index, consisting of companies that exhibit above average growth based on sales, earnings and momentum.

S&P 500® Value Index: The S&P 500® Value Index is a subset of the S&P 500® Index, consisting of companies that exhibit value, based on book value, earnings and sales to price.

Dow Jones Industrial Average Index: The Dow Jones Industrial Average Index is a price-weighted stock market index that tracks 30 large, publicly traded companies in the United States.

Nasdaq 100 Index: The Nasdaq 100 Index is a stock index that includes the largest 100 non-financial stocks traded on the Nasdaq exchange.

MSCI EAFE Index: The MSCI EAFE (Europe, Australasia and Far East) Index is a stock market index constructed to measure the performance of large cap and mid cap stocks across developed countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index: The MSCI Emerging Markets Index is a stock market index constructed to measure the performance of large and mid cap stocks across emerging countries around the world.

Emerging Markets: Emerging markets, also known as developing markets or developing countries, refer to countries, nations, and/or regions that are transitioning to more advanced economies. Relative to developed economies, emerging markets often have higher economic growth rates, lower per-capita incomes, higher sociopolitical instability, and less sophisticated financial markets. Investments in emerging markets can often be more volatile than in developed markets due to the potential for greater uncertainty in these markets.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is an unmanaged index that measures investment-grade, U.S. dollar-denominated, fixed rate taxable bonds.

Bloomberg U.S. Corporate Investment Grade Bond Index: The Bloomberg U.S. Corporate Investment Grade Bond Index is a broad-based benchmark that measures the performance of investment-grade, fixed-rate, taxable corporate bonds issued by U.S. companies.

High Yield Bonds: High yield bonds refer to securities that are rated below investment grade by one of the established credit agencies (Standard & Poor's, Fitch, Moody's). These securities are often perceived as having greater risk of default.

Bloomberg High Yield Corporate Index: The Bloomberg High Yield Corporate Index measures the performance of U.S. dollar-denominated, high-yield (non-investment-grade) corporate bonds.

Bloomberg U.S. Treasury Index: The Bloomberg U.S. Treasury Index measures the performance of U.S. Treasury bonds with maturities of one year or more. It includes fixed-rate, non-convertible, investment-grade securities issued by the U.S. Treasury.

Bloomberg Commodity Index: The Bloomberg Commodity Index is an index that is designed to provide diversified exposure to physical commodities via futures contracts.

Bloomberg Sub WTI Crude Oil Index: The Bloomberg Sub WTI Crude Oil Index is a sub-index of the Bloomberg Commodity Index that specifically tracks the performance of West Texas Intermediate (WTI) crude oil futures. It reflects the returns of WTI crude oil futures contracts traded on the New York Mercantile Exchange (NYMEX), providing a measure of the commodity's market performance.

Bloomberg Sub Gold Index: The Bloomberg Sub Gold Index is a commodity group sub-index of the Bloomberg Commodity Index that is composed of futures contracts on gold. It reflects the return of the gold futures price movements only and is quoted in U.S. dollars.

Bloomberg Sub Industrial Metals Index: The Bloomberg Sub Industrial Metals Index is a sub-index of the Bloomberg Commodity Index that tracks the performance of industrial metals futures contracts, providing a measure of price movements in metals such as aluminum, copper, nickel, and zinc.

Mutual Funds: Mutual funds are generally constructed as a pooled investment vehicle, managed by an investment firm. Mutual funds can be invested in stocks, bonds and other types of investments. Mutual funds are priced at net asset value (NAV) at the end of each trading day.

Exchange Traded Funds: Exchange traded funds (ETFs) are generally constructed to attempt to track the performance of an underlying index. ETFs can be invested across stocks, bonds and other types of investments. ETFs can trade intra-day, similarly to common stocks.

Closed End Funds: Closed-end funds (CEFs) are generally constructed as a pooled investment fund, actively managed by an investment management firm. Closed end funds can be invested across stocks, bonds and other types of investments. Closed end funds trade at a market price, which may be at a premium or discount to the net asset value of the underlying fund assets. Closed end funds may utilize leverage, which can potentially increase returns and volatility relative to non-leveraged funds. Closed end funds can trade intra-day, similarly to common stocks.

Risk Assets: Risk assets generally refer to assets that carry a perceived high degree of risk and price volatility. Risk assets can include stocks, lower quality bonds, highly interest rate-sensitive bonds, commodities, currencies and certain alternative strategies.

Conservative Assets: Conservative assets generally refer to assets that carry a perceived low degree of risk and price volatility. Conservative assets can include cash securities and higher quality, less interest rate-sensitive bonds.

Tactical Investing: Tactical or active investing is an investment strategy where investment decisions are driven by opinions based on gathered information. There are different tactical investment styles, including, but not limited to, valuation-sensitive and momentum-driven styles. Tactical investing styles may also differ based on investment time horizons from days, weeks, months or years.

Passive Investing: Passive investing is an investment strategy that generally refers to buy and hold investing. This investment style does not attempt to make changes to portfolio allocations or investments based on opinions and information gathering.

Alternative Strategies: Alternative strategies refer to investments or investment styles that often incorporate non-traditional tactical investing methods, including, but not limited to, technical analysis, shorting, arbitrage, utilizing leverage and short-term tactical trading. Alternative strategies may also be referred to by their investment style categories, including, but not limited to, long/short equity, hedged equity, managed futures, unconstrained, and global macro. Alternative strategies may perform very differently from traditional asset classes, thus investors must be aware of the potential for widely differentiated performance relative to traditional stock and bond markets over shorter periods of time.

Fundamental Analysis: Fundamental analysis refers to making investment decisions based on gathered information, including, but not limited to, economic, sector, industry, company and security research to attempt to forecast future investment performance.

Technical Analysis: Technical analysis generally refers to analyzing an investment's price performance over a specified time period to attempt to predict the future potential performance of that investment. Technical analysis is often utilized in momentum-driven investment styles and may not incorporate fundamental analysis when making investment decisions.

Drawdown: A market drawdown refers to the investment performance from peak-to-trough over a specified time period.

Price-to-Earnings Ratio: The price-to-earnings ratio (P/E ratio) is the ratio of a company's stock price to the company's earnings per share. The P/E ratio is often utilized as a metric in valuing a company.

Price-to-Book Ratio: The price-to-book ratio (P/B ratio) is the ratio of a company's stock price to the company's book value. A company's book value refers to the company's total assets minus its intangible assets and liabilities. A company's book value is listed on its balance sheet and is the total value of the company that shareholders would theoretically receive if the company was liquidated, and liabilities were paid. The P/B ratio is often utilized as a metric in valuing a company.

Duration: Duration is a measure of the sensitivity of a bond's price to a change in interest rates. Generally, the higher the duration of a bond or portfolio, the higher the sensitivity of that bond or portfolio to changes in interest rates.

Credit Risk: Credit risk refers to the risk of default on debt, where the borrower fails to pay, and the lender may lose a portion, or all of the principal lent to the borrower. Generally, the higher the credit risk, the higher the yield and volatility of the security relative to other securities that are believed to have lower credit risk.

Currency Risk: Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged. Exposure to foreign currencies can come from direct investing in foreign currencies or from investing in foreign assets (stocks, bonds, real estate, etc.).

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for any individual security.

Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

The term “portfolios” used in this piece is in reference to the Straight Arrow Financial Group Financial model portfolios. Any reference to performance is based on estimated, unaudited, gross of fee performance of the model portfolios. Model portfolio performance is calculated through Morningstar Direct based on model portfolio holdings. Client accounts assigned a Straight Arrow Financial Group Financial model portfolio may have positioning and performance that differs from the firm’s model portfolios at any given time.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies. Investing in stocks includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond and bond mutual fund values and yields will decline as interest rates rise and bonds are subject to availability and change in price. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market.

Asset management does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

The fast price swings in commodities will result in significant volatility in an investor’s holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

Precious metal investing involves greater fluctuation and the potential for losses.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor’s portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

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This research material has been prepared by Straight Arrow Financial Group Financial, LLC.