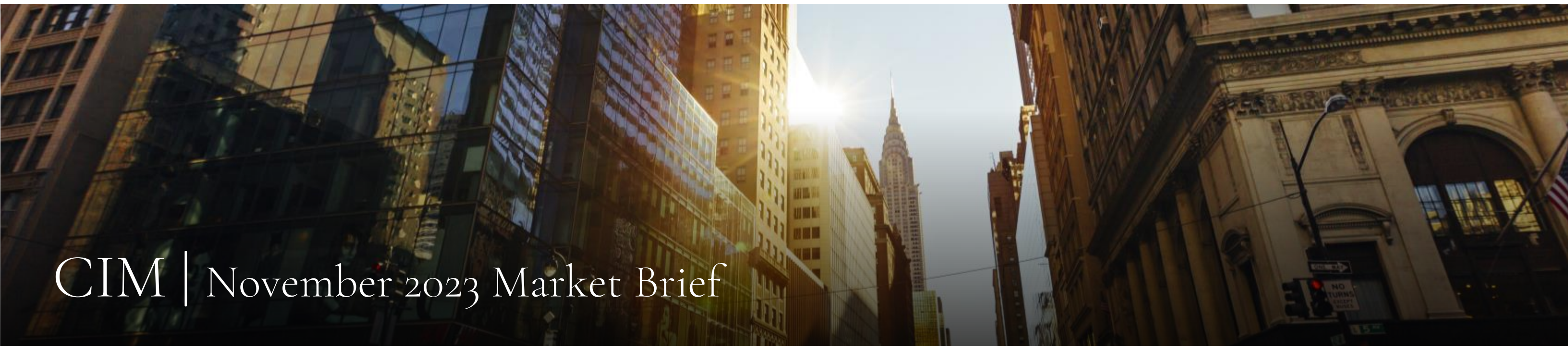
CLINTON
INVESTMENT MANAGEMENT



What just happened?

In November fixed income markets and municipal bonds in particular experienced the best monthly return since 1982[1]. Clinton Investment Management's Market Duration and Municipal Credit Opportunities strategies enjoyed their best monthly performance in our firm's history[2]. Positive bond market momentum has carried into December as well.

Where are rates headed?

Over every prior hiking cycle in US history, the Federal Reserve has never raised rates again, immediately following two consecutive pauses in hikes. Therefore, we believe that rates have likely peaked and are heading materially lower over time.

What data supports the downward trajectory of interest rates?

1. Five consecutive months of declining durable goods prices, including furniture, used cars and appliances is evidence of deflation. Airfares are down over 15% year-over-year according to the most recent CPI data.
2. 20 consecutive months of declining leading economic indicators have historically been correlated with recession 100% of the time.
3. Declines in inflation to the degree we have seen have been historically correlated with recession 100% of the time.
4. Increases in joblessness to the degree the Fed is forecasting has been historically correlated with recession 100% of the time.
5. Oil is in a bear market, down over 20% from its high in September despite OPEC supply cuts and war in the Middle East.
6. CPI 3.2%, ex lagging shelter, is actually 1.5%-1.8% today…Rosenberg Research believes inflation could be 0% by the end of 2024.
7. Fed historically cuts rates 10 months following Fed pause on average, interest rates move prior to cuts.
8. Walmart has stated that its outlook for the food and goods industry is heading into a period of deflation.
9. The Fed has historically cut 500 bps, on average, during prior easing cycles.

What should investors do now?

Act expeditiously, as it is better to be early rather than late to reduce the risk of missing further declines in rates.

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[1] Bloomberg
[2] Based on Market Duration Strategy composite monthly performance with an inception date of May 31, 2017 and Municipal Credit Opportunities Strategy composite monthly performance with an inception date of September 30, 2014.

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Where are the best opportunities in Munis today?

The muni curve is positively sloped by 0.83% or 83 basis points 2s/30s while the muni curve is inverted by -26bps 2's/10's, a dislocation from the inverted Treasury curve and an indication of the relative richness and likelihood of future underperformance of short-intermediate maturities in the muni market.

Moody's municipal default study demonstrates the higher risk-adjusted yield/return in lower investment grade bonds presents opportunity to investors with longer-term investment horizons, seeking to maximize tax-free cash flow and total return over time.

There may be a significant opportunity to increase portfolio tax efficiency through active tax loss/gain harvesting strategies heading into 2024 remains.

Endnotes

Clinton Investment Management, LLC ("CIM") is registered as an investment adviser with the US Securities and Exchange Commission under the Investment Adviser's Act of 1940. CIM headquarters is located at 201 Broad Street, 8th Floor, Stamford, CT 06901.

Please refer to clintoninvestment.com for CIM's most recent performance data.

Data referenced may have been obtained from a variety of sources sources, including, but not limited to, Bloomberg, CreditScope or other systems and programs. CIM makes no representation concerning the accuracy of information received from any third party.

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Interest on municipal bonds is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds were issued. However, some municipal bonds may be subject to federal alternative minimum tax (AMT). Municipal bonds are subject to capital gain or losses if they are sold prior to maturity.

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A copy of our current written disclosure statement discussing our advisory services and fees is available for review upon request.

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