TRIVANT
CUSTOM PORTFOLIO GROUP, LLC

October 2023

Quarterly Insights

EXECUTIVE SUMMARY

Stocks And Bonds Fall In Q3

In the Third Quarter, the domestic S&P 500 Index was down 3.27% and was in line with major regions. All global regions were negative. China was down 3.00% in Q3 and is down 9.24% year-to-date as its economic growth continues to be challenged. Energy (+12.02%) was by far the leading Q3 sector. Communication Services (+3.86%) was the other positive Q3 sector. Technology (-4.13%) lost steam. To combat high annual inflation (3.7% in August), the Fed raised its target rate by 0.25% on July 27, bringing its current target rate to 5.50%. One more rate hike was suggested. In Q3, the Bloomberg US Aggregate Bond Total Return USD Index (AGG) fell 3.23%.

TriVant: Our 20-Year Anniversary

We are not sure where the time went, but we just reached our 20-year anniversary!

In our first 20 years we have seen 4 bear markets, 3 recessions, a historic market crash, and a world pandemic. We have also seen an average annual return of about 10% for the S&P 500 Index, a level of return we historically expect. Patience is key in investing.

Every overnight success is 20 years in the making. TriVant has grown one client at a time. Thank you for your trust, confidence and referrals.

You are very important to us. We enjoy working with you and look forward to doing so for many more years!

Third Quarter 2023

In This Issue

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Deliberate Investing

For Your

Peace Of Mind

Humble Beginnings In A Surf Town (As Narrated By Dan Laimon)

John Barber and I left Fisher Investments a couple of weeks apart in early 2003. At the time, John asked me whether we should "open our own shop". I immediately responded "that is the worst idea I have ever heard!" After all, we had no experience running a firm, no performance track record, and no clients. Common sense did not prevail. About a month later, I moved from San Francisco to San Diego and we filed a state application to start TriVant. Our goal was to manage portfolios and clients better than Fisher.

Steve Jobs famously started Apple out of a garage. We also started our company out of a garage (any further comparisons to Steve Jobs and Apple stop here). Cardiff by the Sea, a small coastal town 15 minutes north of La Jolla better known for surfing than business, was our home for the first three years. One of the house residents was a somewhat hyper Jack Russell Terrier named Jigger. Every morning, Jigger would jump up on my desk to steal my bran muffin. The highlight of Jigger's weekday afternoons was the arrival of the FedEx truck. Jigger was so excited to see the truck and driver that he took long running starts to jump aboard, often without the knowledge of the driver. It was not unusual to have the driver return Jigger at the end of the day.

Our First-Year Unofficial Mascot: Jigger

Movin' On Up To A Deluxe Apartment In The Sky

Our third partner Mike Harris joined us in January 2008. Mike brought us a wealth of knowledge and experience - and the 2008 stock market crash.

We moved from North County to downtown San Diego in 2006. For the first four years, we were on the 4th floor at Emerald Plaza. Then we moved to the 32nd floor at Symphony Towers for the next 7 years, enjoying a stunning view of the Convention Center. Since 2018 we have been on the 2nd floor at One America Plaza.

We have come a long way from our first year in Cardiff by the Sea. Today we serve over 150 clients and manage over $170 million in assets. While we initially anticipated we would be a "local San Diego firm", our clients are spread out across the United States.

We are building for the future at TriVant and look forward to the next 20 years.

Again, we thank you for being the reason for our success.

Stocks Fall In Q3

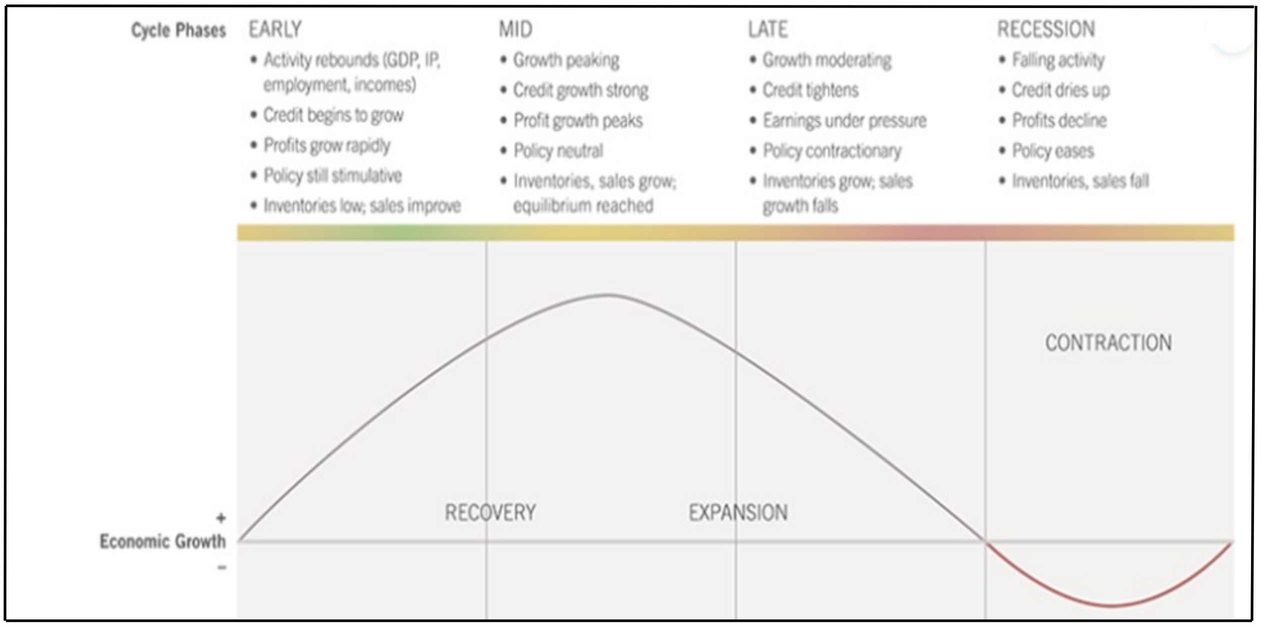
In the Third Quarter, the domestic S&P 500 Index was down 3.27% and was in line with major regions. All global regions were negative. China was down 3.00% in Q3 and is down 9.24% year-to-date as its economic growth continues to be challenged. Energy (+12.02%) was by far the leading Q3 sector. Communication Services (+3.86%) was the only other positive sector in Q3. Technology (-4.13%) lost steam.

Equity Index Performance

Index	Q3 2023	2023 YTD
S&P 500 (Domestic)	**(3.27%)**	**13.07%**
MSCI EAFE (Foreign) *	**(4.11%)**	**7.08%**
MSCI Emerging Markets	**(2.93%)**	**1.82%**
MSCI EMU (European Monetary Union)	**(7.21%)**	**9.35%**
MSCI Japan	**(2.36%)**	**9.07%**

* Europe, Australia and the Far East

We Believe We Are In The Late Phase Of The Business Cycle



Source: Fidelity Investments

While we are not in a recession and the US consumer is resilient, we currently maintain a defensive component in the portfolio because:

1. The Fed target rate is now 5.50% and another hike has been suggested. Annual inflation has come down to 3.7% for the 12 months ending in August, but that is still almost twice the Fed's preferred 2% target.

2. While Fed median GDP growth projections (+2.1% in 2023, +1.5% in 2024, +1.8% in 2025) indicate a "soft landing" to slowing the economy, we are less enthusiastic. There are several signs the consumer is stretched.

3. Banks are not anxious to lend. Tougher loan access could slow the economy. It is interesting to see the rise of private lending in these conditions.

4. With higher interest payments for corporations, earnings are under pressure.

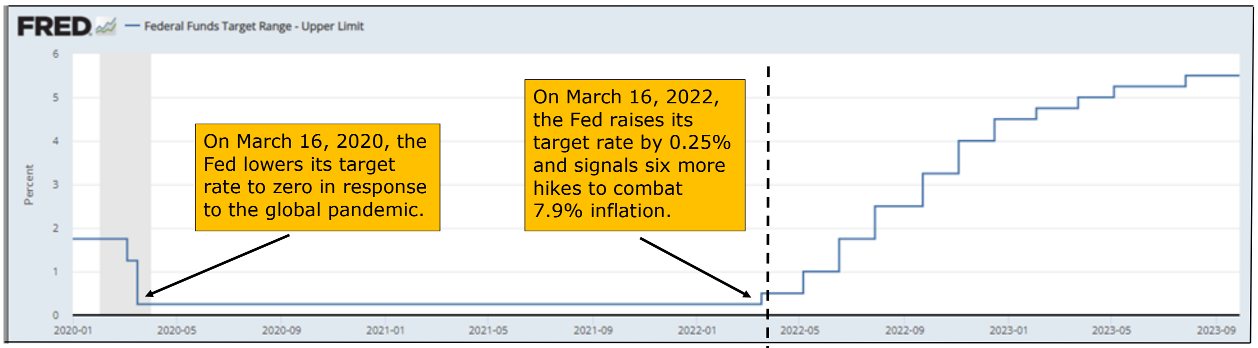
Bonds Fall In Q3

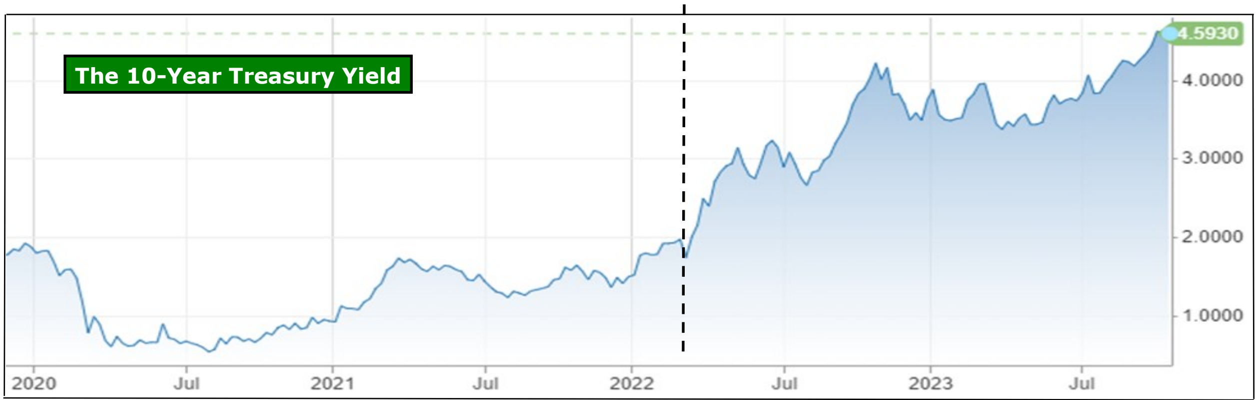
The Bloomberg US Aggregate Bond Total Return USD Index (AGG), a broad-based representation of bond performance, fell 3.23% in the Third Quarter. Year to date, the index is down 1.21%. To combat high inflation, the Fed further raised its target rate by 0.25% on July 27 but paused on September 20. Chairman Jerome Powell suggested one more rate hike is ahead.

Key US Interest Rates	Sept. 30, 2023	June 30, 2023	Change
Federal Reserve Board Funds Target Rate	5.25% - 5.50%	5.00% - 5.25%	+ 25 basis points
2-Year Treasury (Constant Maturity)	5.03%	4.87%	+ 16 basis points
5-Year Treasury (Constant Maturity)	4.60%	4.13%	+ 47 basis points
10-Year Treasury (Constant Maturity)	4.59%	3.81%	+ 78 basis points

10-Year Treasury Yield Reaches Multi-Year Highs

The series of Fed rate hikes started in early 2022 has caused the 10-Year Treasury yield to spike to levels not seen in the last 15 years.





The Relationship Between Interest Rates and Bonds

Interest Rates Rise

↓

Bond Prices Fall

↓

Bond Yields Rise

Ultimately we view rising bond yields as good news for investors who need income from their investment assets.

Right now, a risk-free short term (2-Year) US Treasury bond is yielding over 5%.

We continue to seek bonds that offer the best risk/return tradeoffs.

We have evolved tremendously as a company in our first 20 years and look forward to future advances. One of the most gratifying things we do is help our clients transition from employment to safe retirement. On the next pages, we will highlight what we view as the key considerations in successful financial planning.

Five Rules For Successful Financial Planning

1. Don't Bet Against The Baseline!

Over more than 100 years, the US stock market has had an annual return of roughly 10% (the "baseline rate") despite numerous external shocks. Betting against the baseline (going to cash) is a bad bet to take, and an increasingly bad bet the longer your investment time horizon. Why? You can't time the market. It is a virtual certainty you will miss periods of great returns while sitting in cash and dramatically reduce your long-term investment results. The frequency of great returns is shocking. Over the last 106 years, 3 out of 4 years have been positive and 40 years have seen 20%+ returns. The "prospective disaster" years that drive fearful investors to cash have been infrequent.

The Frequency Of Great Returns Over The Last 106 Years: Much Better Than You Think!

Annual Return	Frequency	Comments
<-40%	1	1931 Was The Worst Year: -43.3%
-20% to –40%	6	
0% to –20%	21	
0% to 20%	38	
20% to 40%	**36**	
>40%	**4**	1954 Was The Best Year: +52.6%

Investment time horizon drives optimal portfolio strategy. Life expectancy is the biggest factor in determining time horizon and it is likely longer than you think. Medical advances are increasing the number of years investors will be retired. According to Social Security Administration calculations, as age increases, the median age at death also increases. In other words, the probability of survival is conditional, not constant.

2. Choose Your Target Asset Allocation And Re-Visit The Decision On An Annual Basis

Given the historical annual return of stocks (roughly 10%) and bonds (roughly 5%), and given that stocks are riskier than bonds, an investor must choose a target asset allocation (relative weighting of stocks and bonds) that fits investment time horizon, risk tolerance and income needs. We suggest the target should be assessed on an annual basis.

3. Stick To Your Game Plan

Much of financial theory is based on the notion that individuals act rationally and consider all available information in the decision-making process. However, there is a surprisingly large amount of evidence that this is frequently not the case.

Most investors want to cash out when they feel the market is going to fall or in the midst a market fall. In doing so, they severely under-estimate their investment time horizon and disregard the baseline rate. The best advice we give investors with long-term investment time horizons who say they are feeling nervous at the moment is to "stop feeling" and stick to the game plan with the highest probability of success - a disciplined approach to asset allocation that remembers the baseline.

4. Choose Your Asset Sources Wisely

Before and/or during retirement, it is almost certain that you will need to access funds from your portfolio assets to meet income needs. From which type of account(s) should funds be taken? There is a hierarchy of portfolio income sources that considers optimal tax efficiency. We are here to help you sort it out.

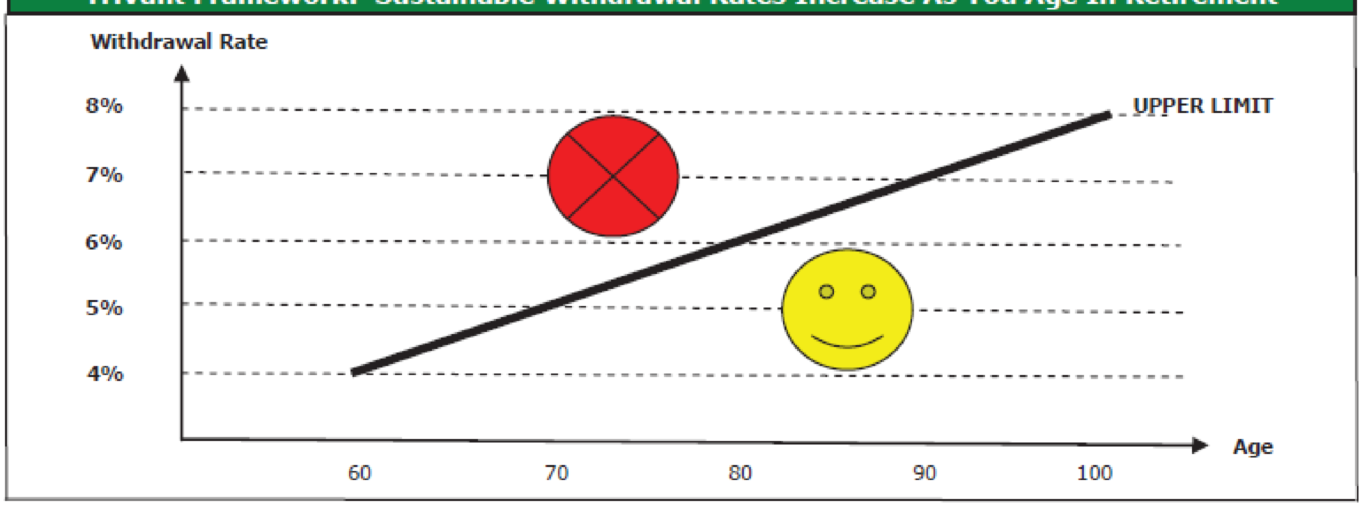
The Hierarchy Of Portfolio Income Sources (First To Last)

1. Required Minimum Distributions (RMDs) From Traditional/Inherited IRAs
2. Taxable Assets — Individual Account, Joint Account, Trust Account
3. Tax-Exempt Bonds
4. Tax-Deferred Assets — Traditional IRA, Inherited IRA, 401k
5. Roth IRAs

5. Spend In A Safe Range

The goal is to target and maintain a “safe withdrawal rate” (80%+ probability of success).
We suggest the following “sliding scale framework” for sustainable portfolio withdrawal rates in retirement. (Greater details are provided in a regularly-scheduled MoneyGuide Pro analysis).

TriVant Framework: Sustainable Withdrawal Rates Increase As You Age In Retirement



We made several portfolio adjustments in Q3 with the goal of diversifying the portfolio at a time where we remain cautious about the market. Three stocks were purchased because we like the company business models. One bond was purchased because of its combination of safety and attractive yield.

We bought

- JP Morgan Chase & Co. (symbol: JPM: $425 billion market cap), which has the largest market share of any U.S. bank.
- General Electric (symbol: GE; $125 billion market cap), a high-tech industrial company that is a global leader in air travel and energy transmission.
- Cheniere Energy (symbol: LNG; $40 billion market cap), a Houston-based global leader in the liquefied natural gas (LNG) industry.
- Federal Home Loan Bank (FHLB) bond (a callable security with a 6.34% yield that matures in 10 years).

We sold Charles Schwab Corporation (symbol: SCHW: $103 billion market cap), a diversified financial company, due to its vulnerability to rising interest rates (there was one rate hike in Q3 and another signaled). We also sold Dollar General (symbol: DG; $35 billion market cap), a large US discount store, due to store theft ("shrinkage") and management issues. Finally, we sold Newmont Corp (symbol: NEM; $35 billion market cap), the world's largest gold miner, because there was no need to hedge for a weak US Dollar or economy.

We will continue to closely monitor the market and adjust your portfolio as needed. Please feel free to contact us anytime to discuss questions or comments you may have. We will keep you informed of portfolio progress.

Respectfully submitted,

TRIVANT

CUSTOM PORTFOLIO GROUP, LLC