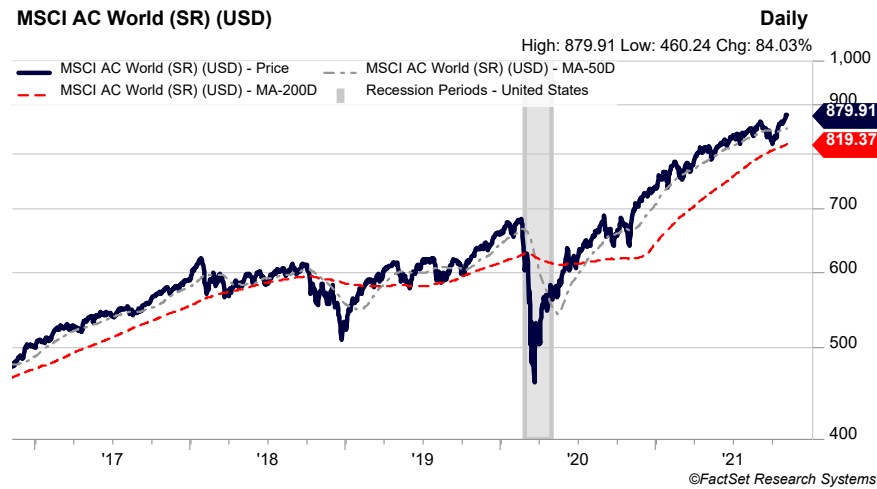


Observation Deck

Views from the Investment Policy Committee



4th Quarter 2021

Purpose

- The Observation Deck is a series of pictures designed to communicate points of view and to stimulate discussion and debate, it is NOT a set of recommendations
- Our commentary is not the result of any single data point or graphic, it is a reflection of the weekly conversations within the Investment Policy Committee and a set of perspectives that are derived from many observations accumulated over varying time frames
- Slides that are included in the Observation Deck are a subset of the scores of data points and graphics that the Investment Policy Committee views each week in assessing the status of the business cycle and the health of financial markets
- We hope that you enjoy the Observation Deck and recognize that the views and opinions expressed are capturing a moment in time and are subject to change without notice



FT 300 Ranking July 2020

Macro TIP Chart

Tactical Investment Positioning

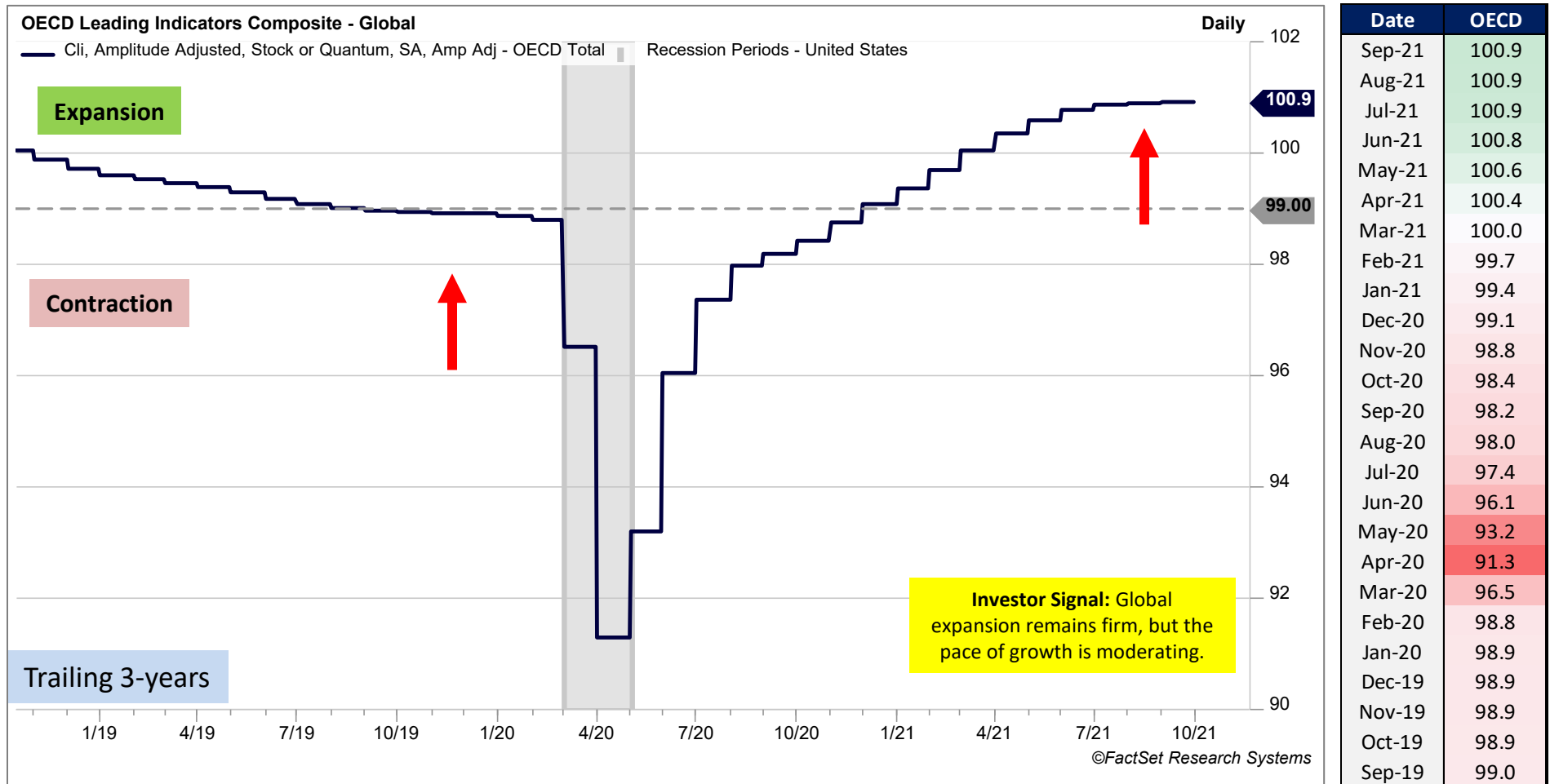
4th Quarter 2021

| Strength of Conviction | Chg | Negative | Neutral | Positive | Rationale |
|------------------------|-----|----------------|---------------|----------|--|
| Business Cycle | ← | | | | Economic growth decelerating from 2Q21 highs. Expansion remains above trend in US, but slowing. China economy appears vulnerable. |
| Financial Conditions | | | | | Monetary support remains robust but likely to tighten to combat inflation. Fiscal is coming, but likely to disappoint markets. |
| Relative Preference | Chg | Neutral | | | Rationale |
| Asset Class | ← | Bonds | Stocks | | All risk assets look expensive. Profits to remain firm but margins under pressure against back-drop of high expectations. |
| Economic Sensitivity | | Defensive | Cyclical | | Favor late-stage cyclical as inflation rises and growth remains above trend. Next move likely to be in the direction of defensive. |
| Credit Quality | ← | Sovereign | Credit | | IG credit spreads remain very narrow and HY not offering enough compensation even as growth outlook becomes less certain. |
| Duration Profile | | Short Maturity | Long Maturity | | Expect yields to drift higher as nominal growth remains strong and inflation expectations continue to rise. |
| Commodities | | Below Weight | Above Weight | | Commodity prices supported by above trend growth, supply constraints, and view on inflation. Watching global growth trend. |
| Cash | | Below Weight | Above Weight | | Negative real yields at extreme. Prefer short duration high quality FI as a source of incremental yield to cash. |

This document is for informational purposes only. It contains views of the Investment Policy Committee (IPC) of Vigilant Capital Management, LLC (Firm) and does not serve as advice or recommendation. The views and opinions expressed in this document are subject to change at any moment and without notice.

Observation #1 – Global Growth Firm but Moderating

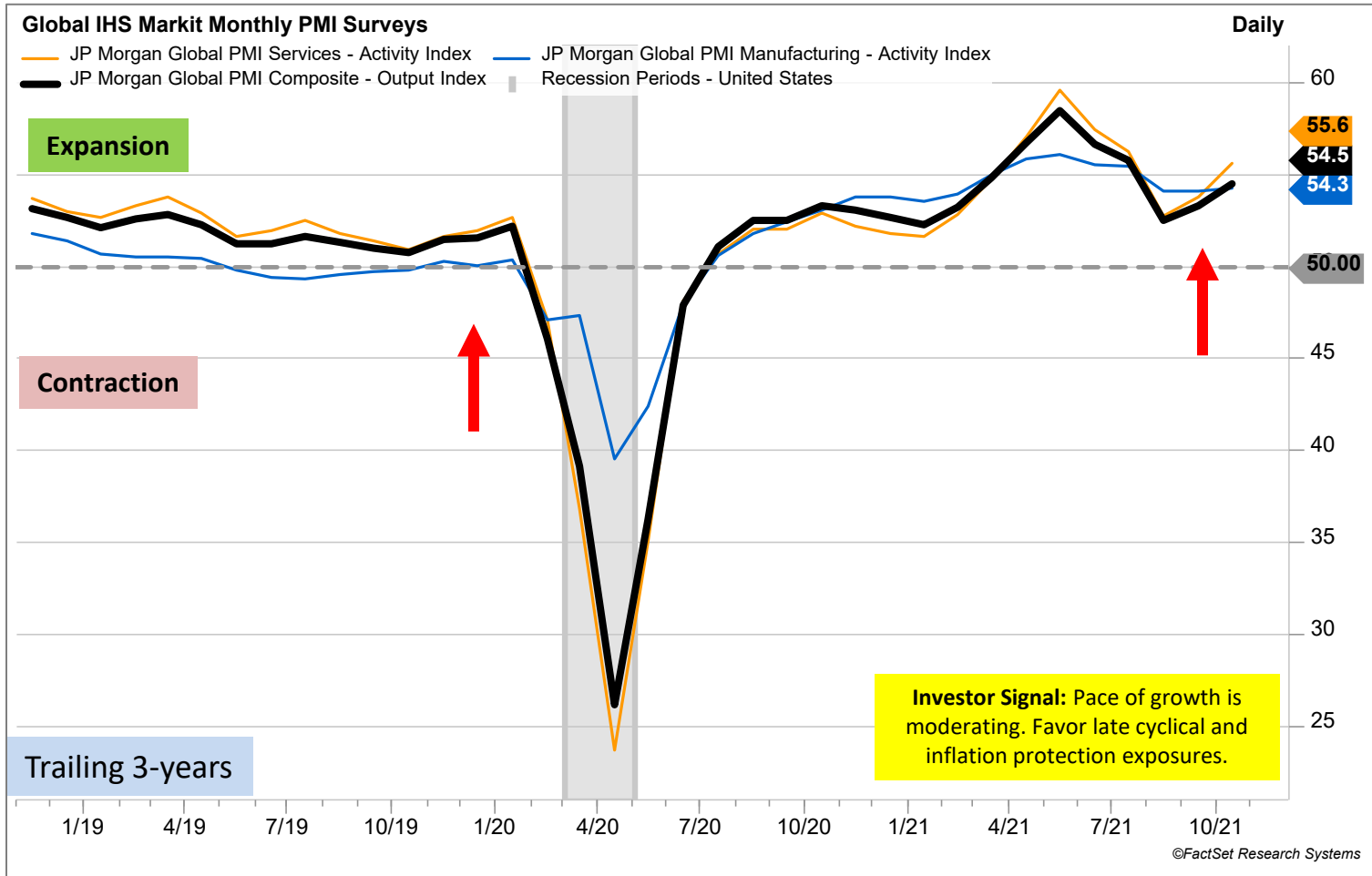
- The OECD Composite Leading Indicator is designed to provide early signals of turning points in the business cycle. Covering 32 countries, the CLI is constructed from a large set of economic indicator series that have similar cyclical fluctuations to those of the business cycle. It focuses on early stages of production, rapid changes in economic activity, and sensitivities around future expectations and policy stance.
- Observers of the OECD Composite Leading Indicator tend to rely on a reading of 99.0 as the demarcation between economic expansion and economic contraction.



- The Heat Map is conditionally formatted using the month-end data points in a rolling 20Y time series.

Observation #1 – Global Growth Firm but Moderating

- The Purchasing Managers' Index Series are monthly economic surveys that provide an advance signal of what is happening in the real economy. They track activity variables such as output, new orders, supply times, employment and prices across key sectors.
- The Series cover 30 countries and 86% of global GDP. The PMI is a diffusion index with values above 50 signaling expansion and below 50 indicating contraction. The further from 50 the faster the rate of change indicated.
- The Composite (black line) accommodates the activities within the Manufacturing (blue line) and Services (orange line) sectors.

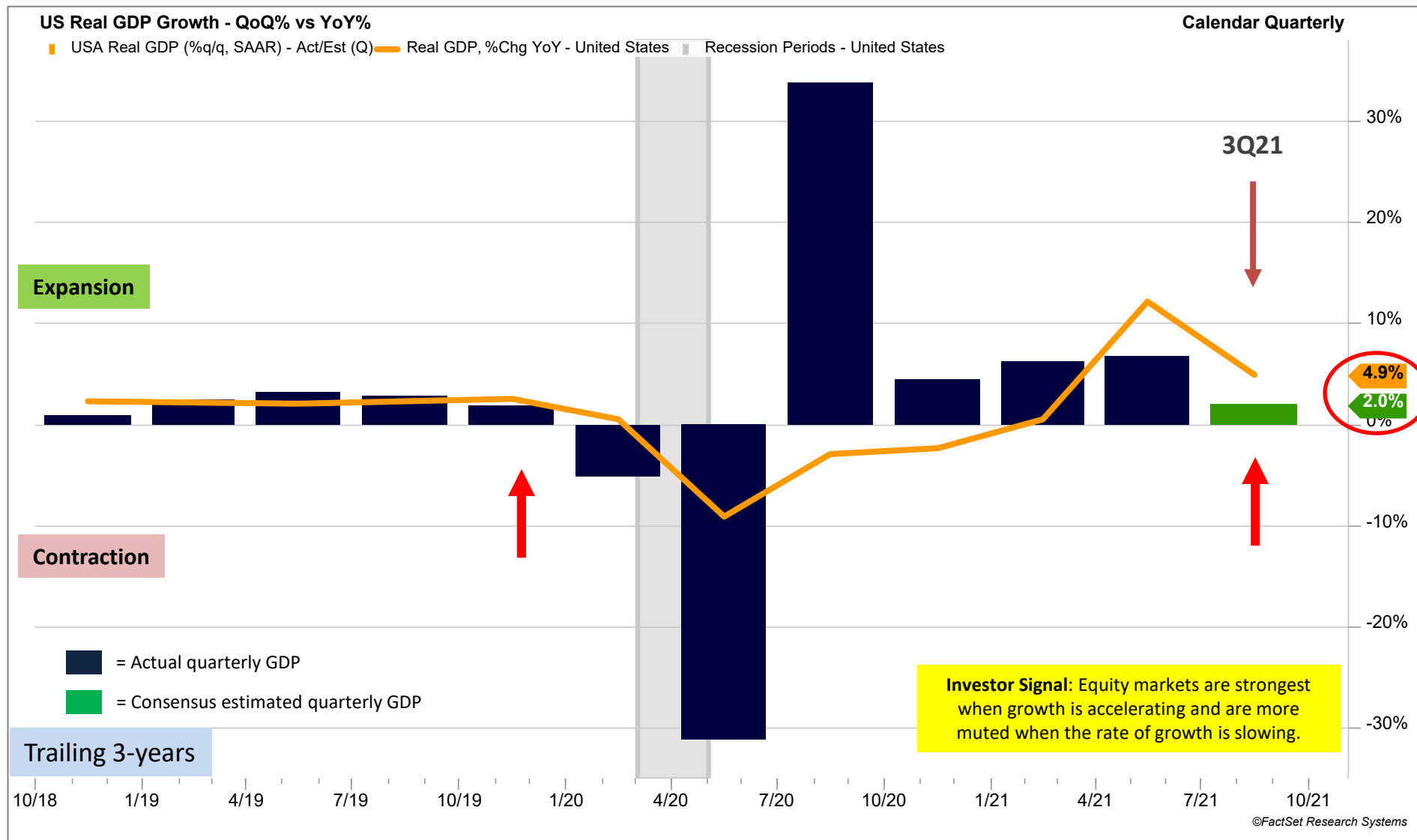


| Date | Mfg | Srv |
|--------|------|------|
| Oct-21 | 54.3 | 55.6 |
| Sep-21 | 54.1 | 53.8 |
| Aug-21 | 54.1 | 52.8 |
| Jul-21 | 55.4 | 56.3 |
| Jun-21 | 55.5 | 57.4 |
| May-21 | 56.1 | 59.6 |
| Apr-21 | 55.9 | 57.1 |
| Mar-21 | 55.0 | 54.7 |
| Feb-21 | 54.0 | 52.8 |
| Jan-21 | 53.6 | 51.6 |
| Dec-20 | 53.8 | 51.8 |
| Nov-20 | 53.8 | 52.2 |
| Oct-20 | 53.1 | 52.9 |
| Sep-20 | 52.4 | 52.0 |
| Aug-20 | 51.8 | 52.0 |
| Jul-20 | 50.6 | 50.7 |
| Jun-20 | 48.0 | 48.1 |
| May-20 | 42.4 | 35.1 |
| Apr-20 | 39.6 | 23.7 |
| Mar-20 | 47.3 | 36.9 |
| Feb-20 | 47.1 | 47.1 |
| Jan-20 | 50.3 | 52.7 |
| Dec-19 | 50.1 | 52.0 |
| Nov-19 | 50.3 | 51.6 |
| Oct-19 | 49.8 | 50.9 |

- The Heat Map is conditionally formatted using the month-end data points in a rolling 20Y time series.

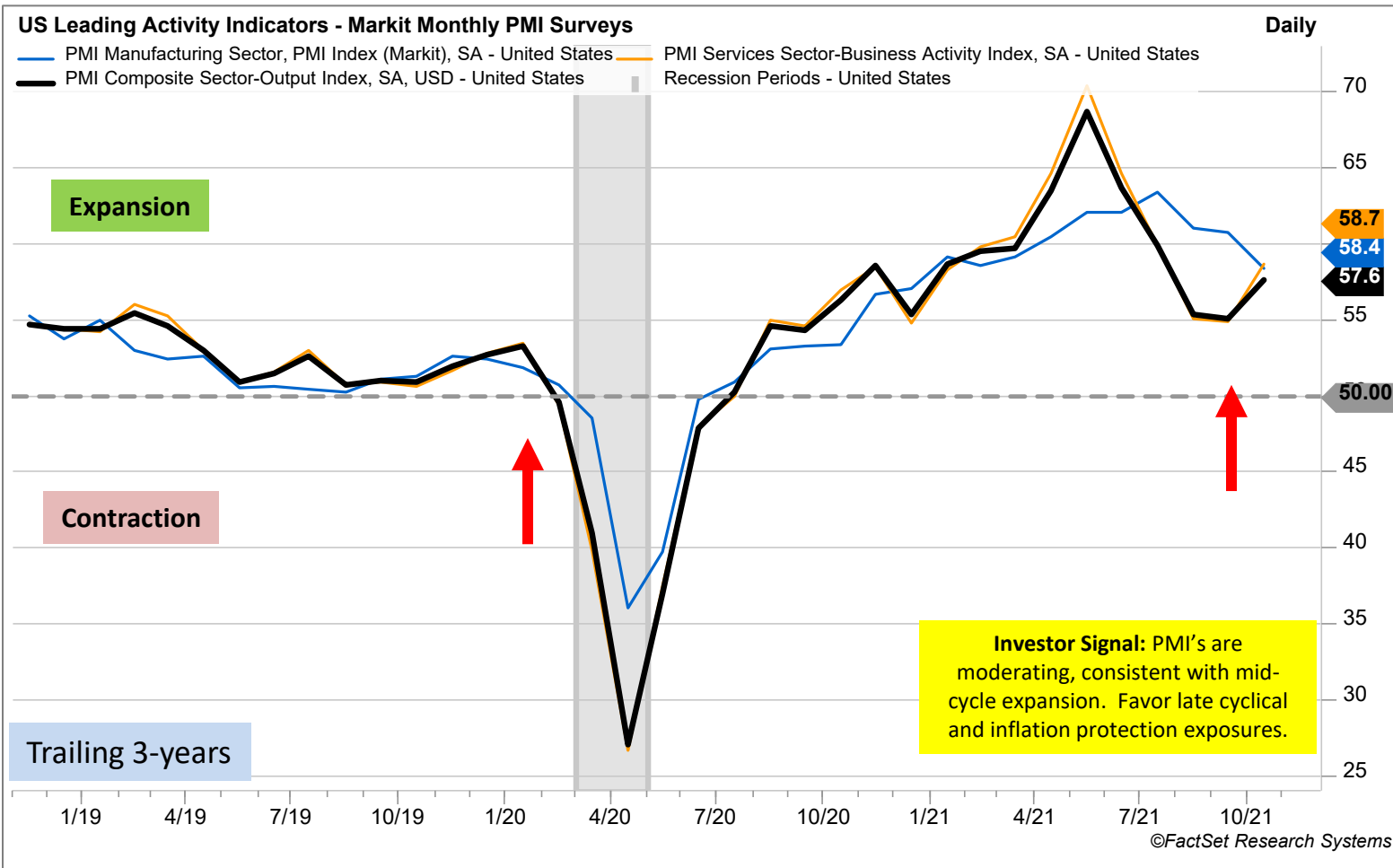
Observation #2 – US Growth Decelerating

- Real Gross Domestic Product (GDP) is a macroeconomic statistic used to measure the value of goods and services produced by an economy in a specified period, adjusted for inflation. The Bureau of Economic Analysis (BEA) provides a quarterly report on GDP with headline data statistics representing annualized real GDP growth over the prior period. The report provides important detail on the components of GDP.



Observation #2 – US Growth Decelerating

- The IHS Purchasing Managers Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing (light blue) and services (gold) sectors of the economy. The direction of the trend in the PMI tends to precede changes in the trends of major estimates of economic activity and output, such as GDP, industrial production and employment.
- The PMI is a diffusion index with values above 50 signaling expansion and below 50 indicating contraction. The further from 50 the faster the rate of change indicated.

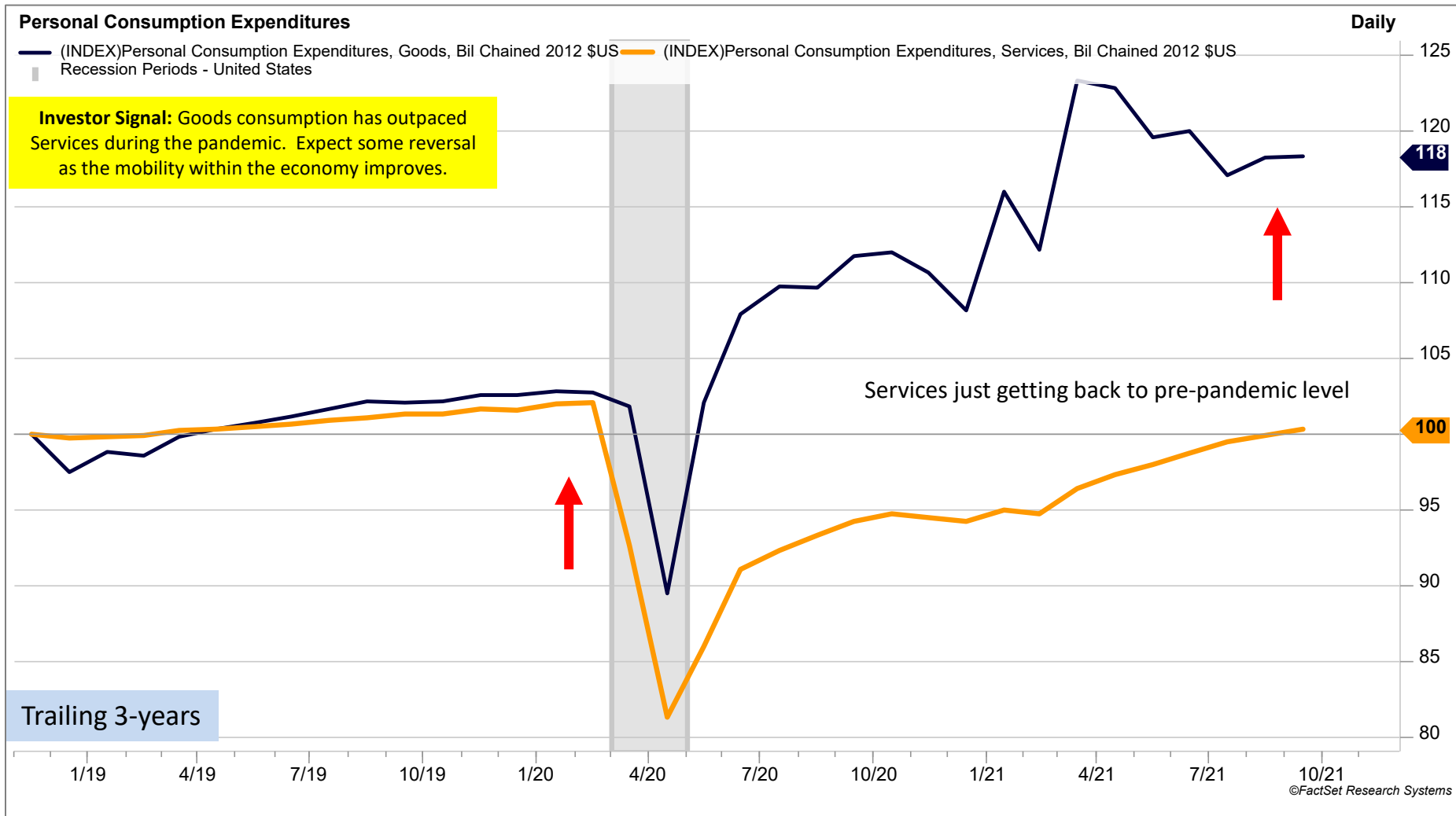


| Date | Mfg | Srv |
|--------|------|------|
| Oct-21 | 58.4 | 58.7 |
| Sep-21 | 60.7 | 54.9 |
| Aug-21 | 61.1 | 55.1 |
| Jul-21 | 63.4 | 59.9 |
| Jun-21 | 62.1 | 64.6 |
| May-21 | 62.1 | 70.4 |
| Apr-21 | 60.5 | 64.7 |
| Mar-21 | 59.1 | 60.4 |
| Feb-21 | 58.6 | 59.8 |
| Jan-21 | 59.2 | 58.3 |
| Dec-20 | 57.1 | 54.8 |
| Nov-20 | 56.7 | 58.4 |
| Oct-20 | 53.4 | 56.9 |
| Sep-20 | 53.2 | 54.6 |
| Aug-20 | 53.1 | 55.0 |
| Jul-20 | 50.9 | 50.0 |
| Jun-20 | 49.8 | 47.9 |
| May-20 | 39.8 | 37.5 |
| Apr-20 | 36.1 | 26.7 |
| Mar-20 | 48.5 | 39.8 |
| Feb-20 | 50.7 | 49.4 |
| Jan-20 | 51.9 | 53.4 |
| Dec-19 | 52.4 | 52.8 |
| Nov-19 | 52.6 | 51.6 |
| Oct-19 | 51.3 | 50.6 |

- The Heat Map is conditionally formatted using the month-end data points in a rolling 20Y time series.

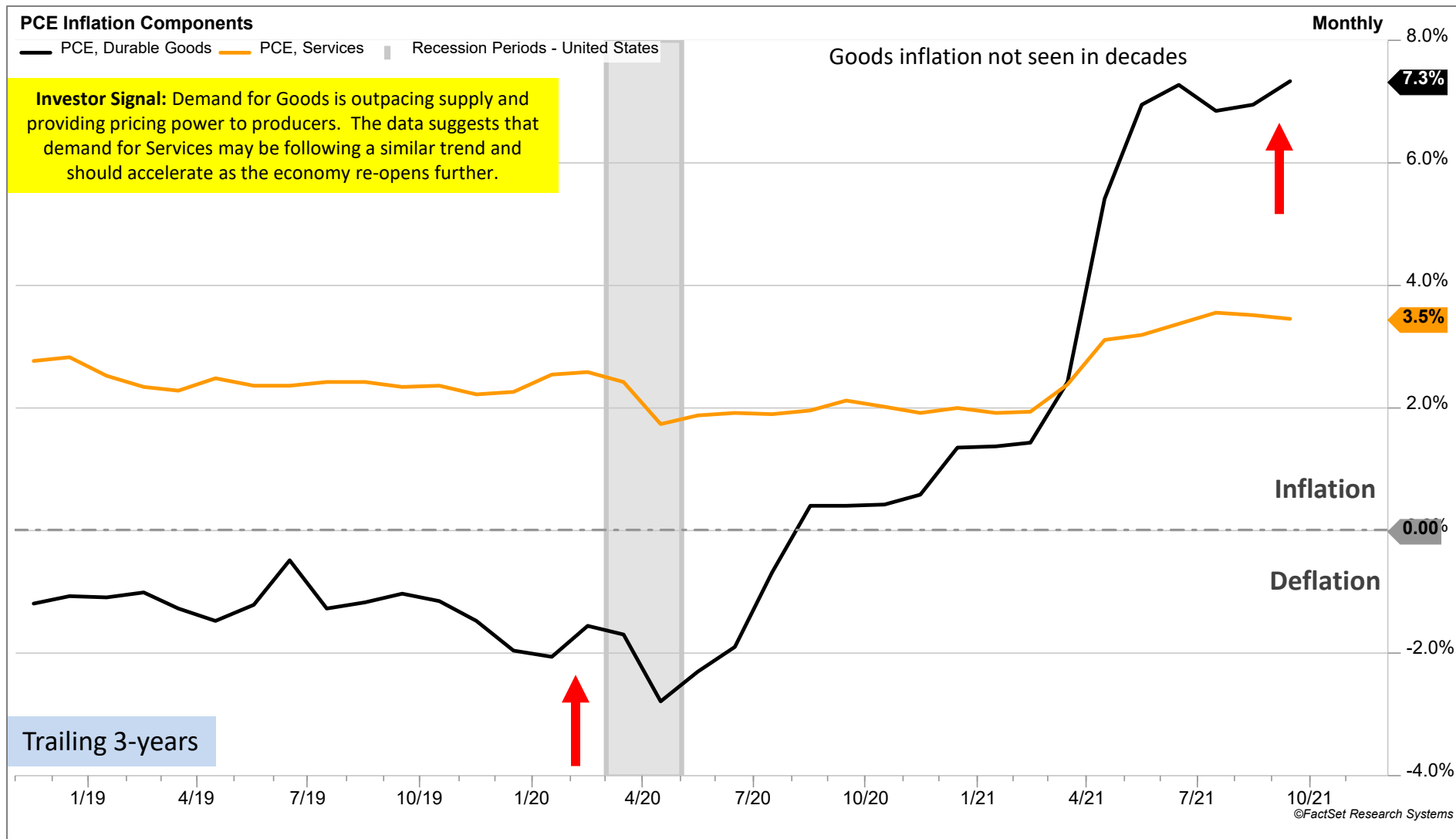
Observation #3 - Demand for Goods vs. Services

- The Bureau of Economic Analysis (BEA) reports the total value of personal consumption expenditures (PCE) collectively every month. The PCEs are broken down by goods (blue line) and services (gold line), with goods split between non-durable goods that have a life expectancy that is less than three years and durable goods that are pricier items that last longer than three years.
- The BEA uses the current dollar value of PCEs to calculate the PCE Price Index that shows the price inflation that occurs from one period to the next. The PCE Price Index is the preferred measure of inflation used by the Federal Reserve in setting monetary policy.



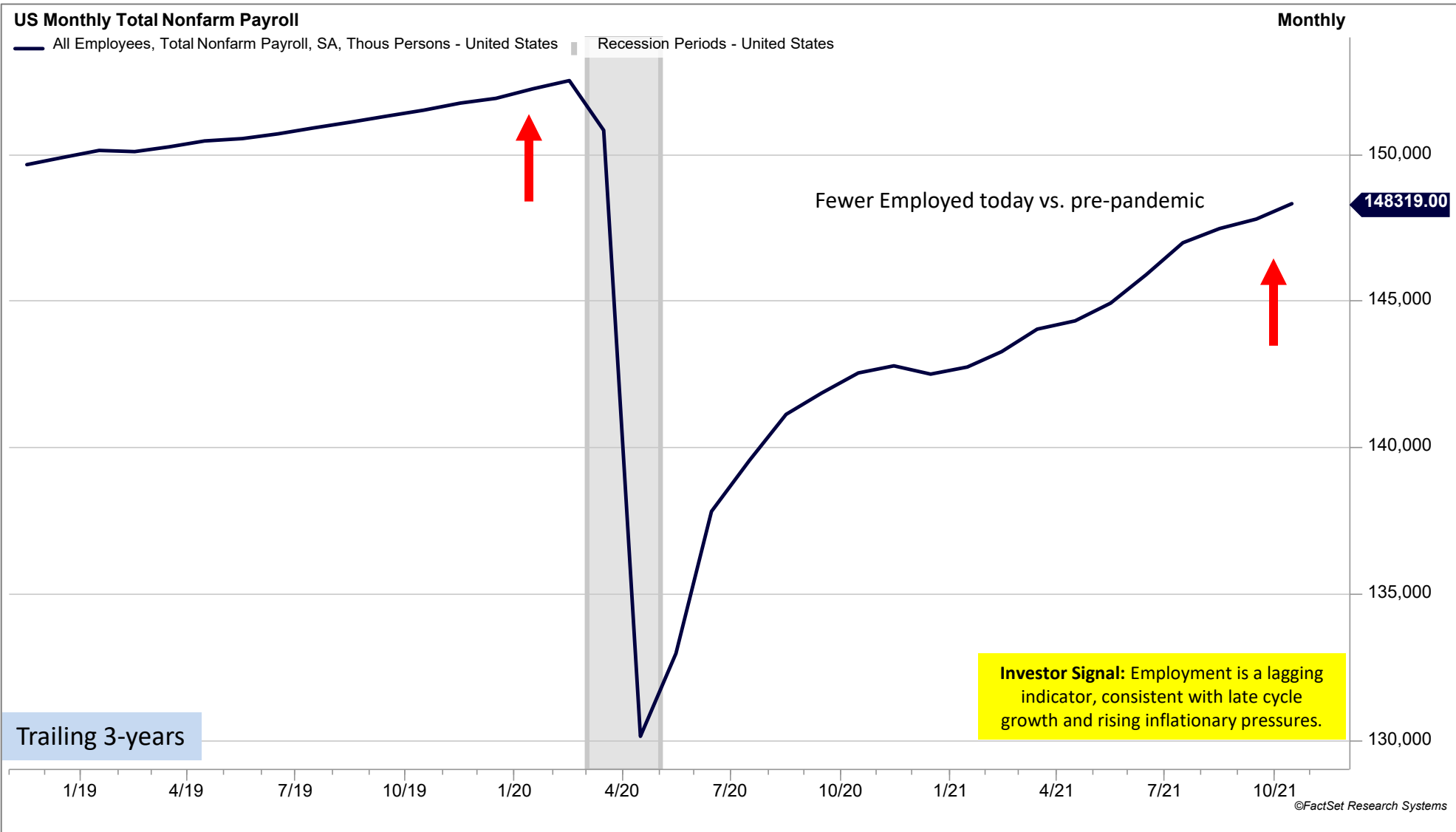
Observation #3 – Demand for Goods vs. Services

- The PCE Price Index is released each month in the Bureau of Economic Analysis (BEA) Personal Income and Outlays report. The BEA uses the current dollar value of PCE's to measure the price inflation or deflation that occurs from one period to the next.
- In 2012, the PCE Price Index became the primary inflation index used by the Federal Reserve when making monetary policy decisions.



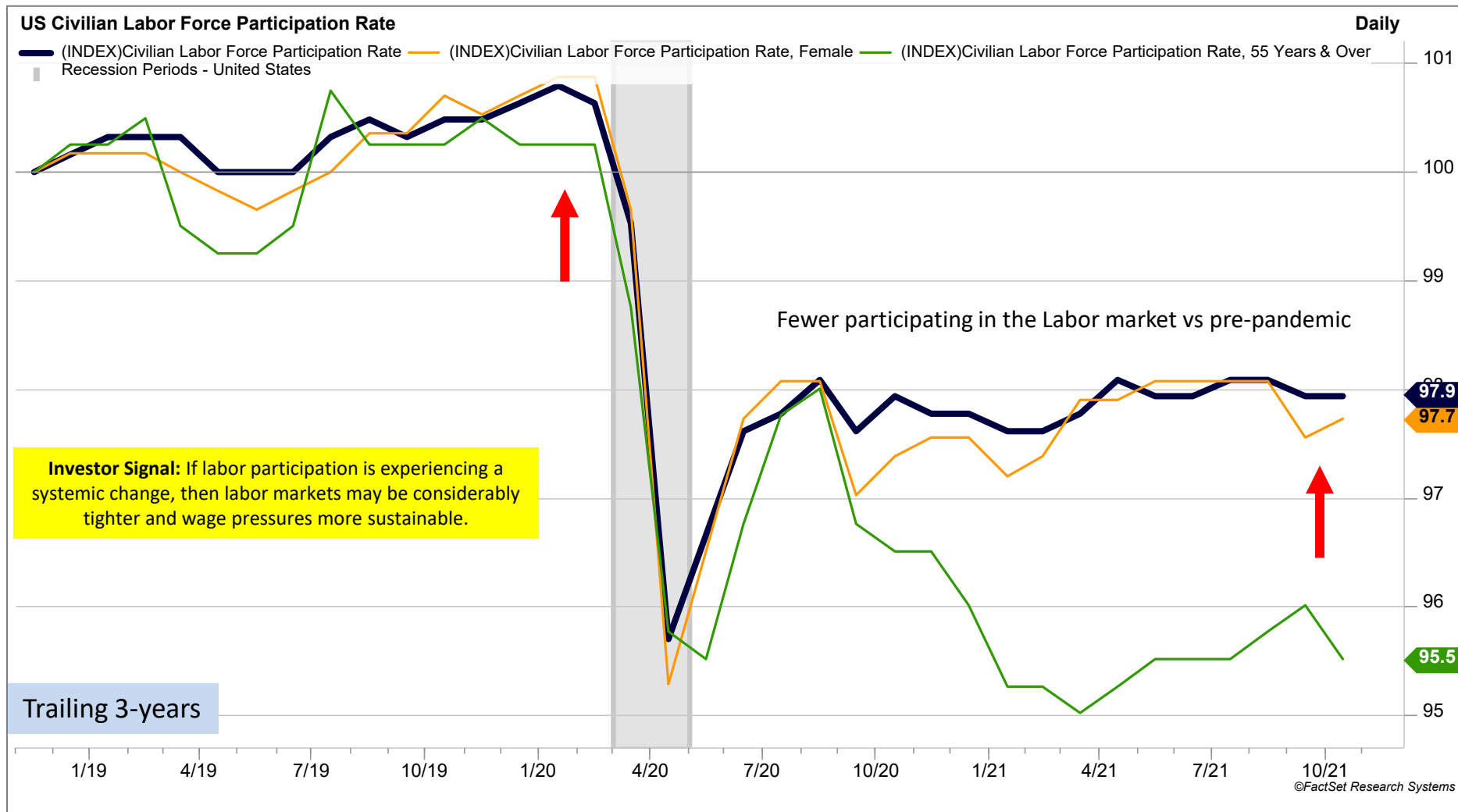
Observation #4 – Fewer Employed

- The US economy remains roughly 5 million full-time jobs short of the nearly 153 million people in full-time jobs entering the pandemic. As vaccinations rise, restrictions are lifted and unemployment benefits recede, we anticipate payroll gains may accelerate in the coming months.



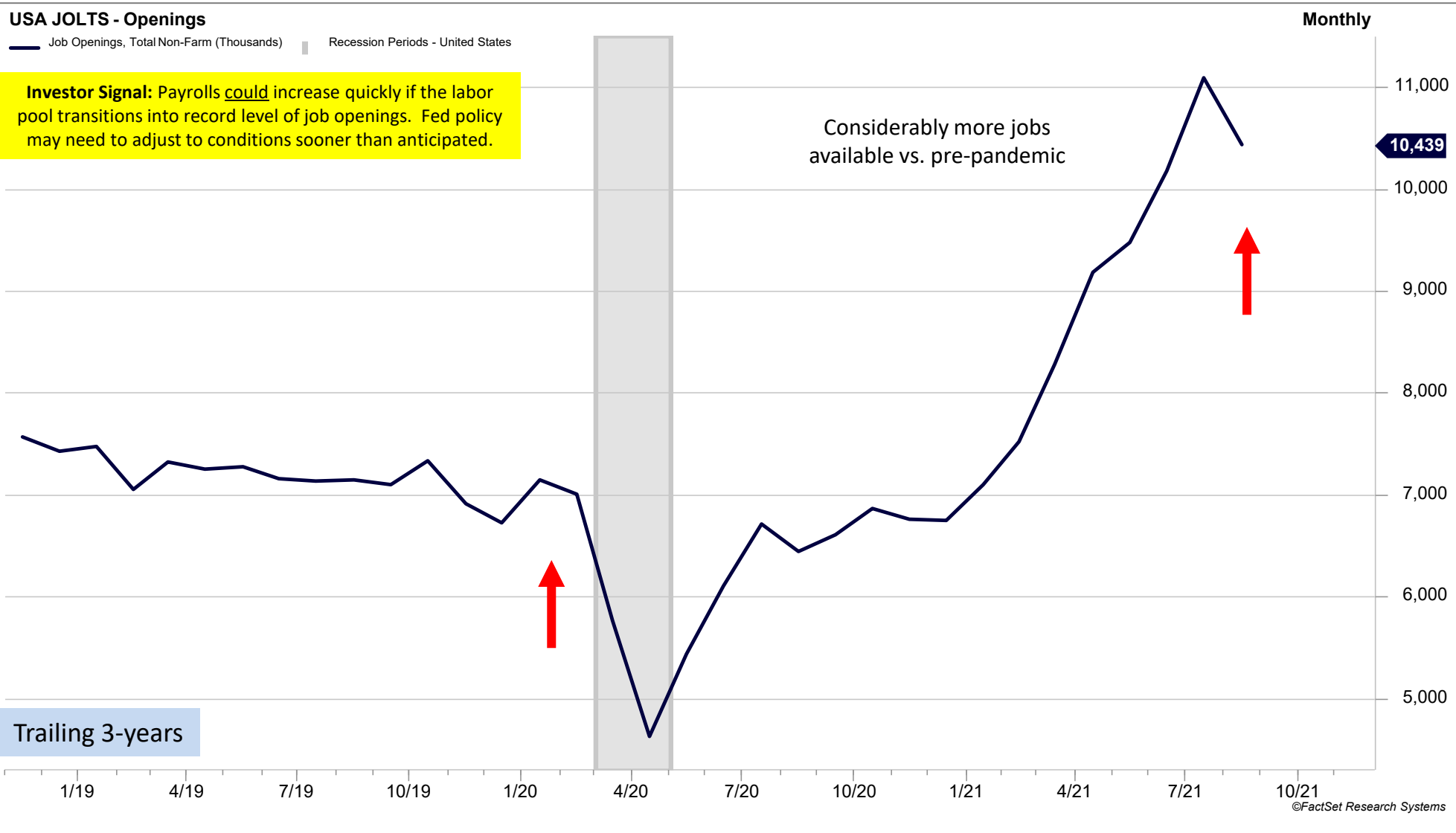
Observation #4 – Fewer Employed

- The Bureau of Labor Statistics (BLS) publishes a monthly update to the US Labor Participation Rate which measures the percentage of all people of working age who are employed or are actively seeking work. It offers additional perspective when used in conjunction with the monthly unemployment numbers from the Nonfarm Payrolls Report and Household surveys.
- Over the long-term, the labor participation rate (blue line) changes based on economic, social and demographic trends. So far, we seeing fewer women (gold line) returning to the labor force and it appears that an increasing number age 55+ are choosing early retirement (green line).



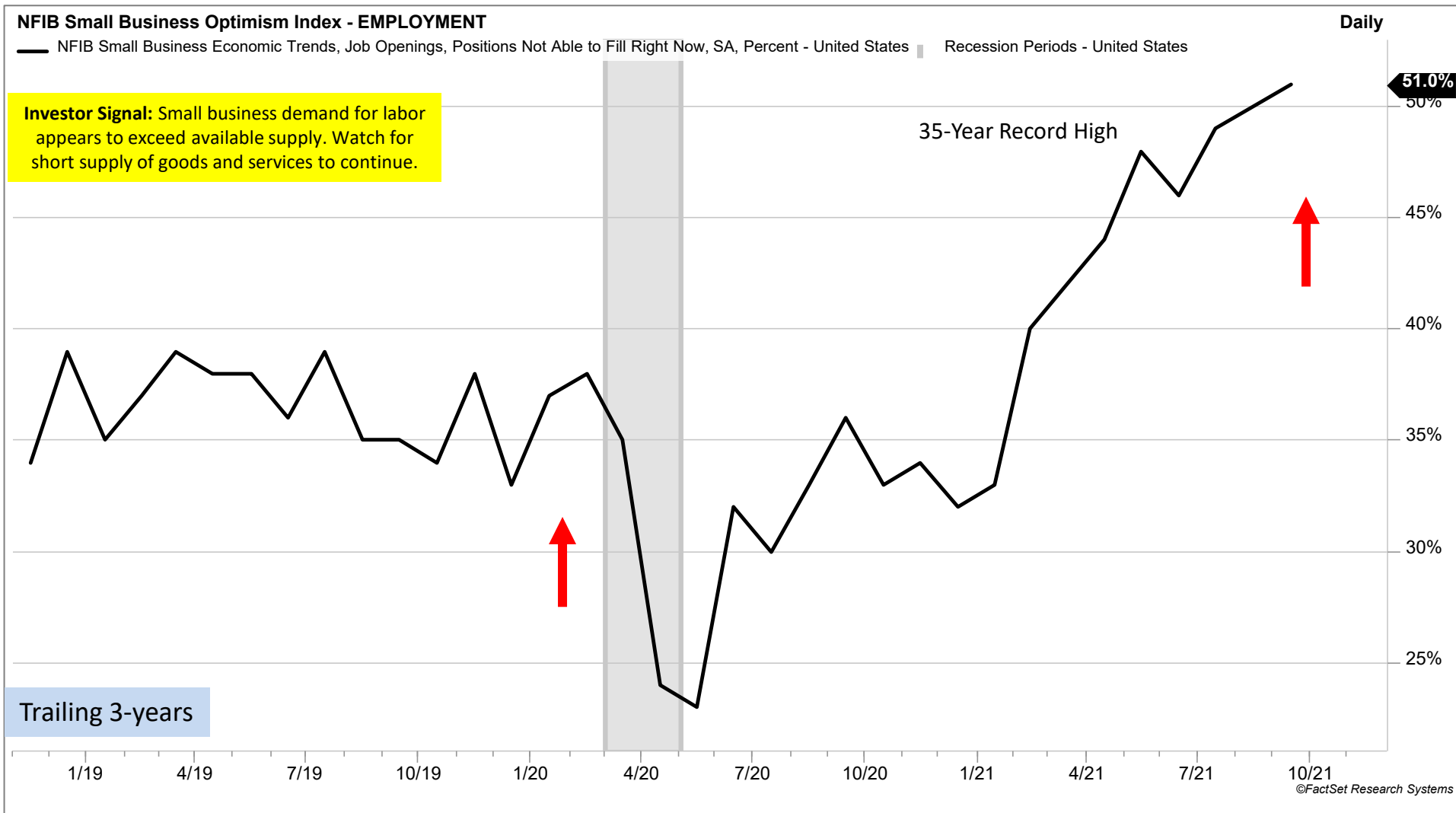
Observation #5 – High Demand for Workers

- The Job Openings and Labor Turnover Survey (JOLTS) is a survey conducted by the Bureau of Labor Statistics to measure job vacancies. Each month, the BLS surveys a wide variety of employers across geographies asking quantitative and qualitative questions about their businesses' employment trends, job openings, recruitment, hires, separations and layoffs.

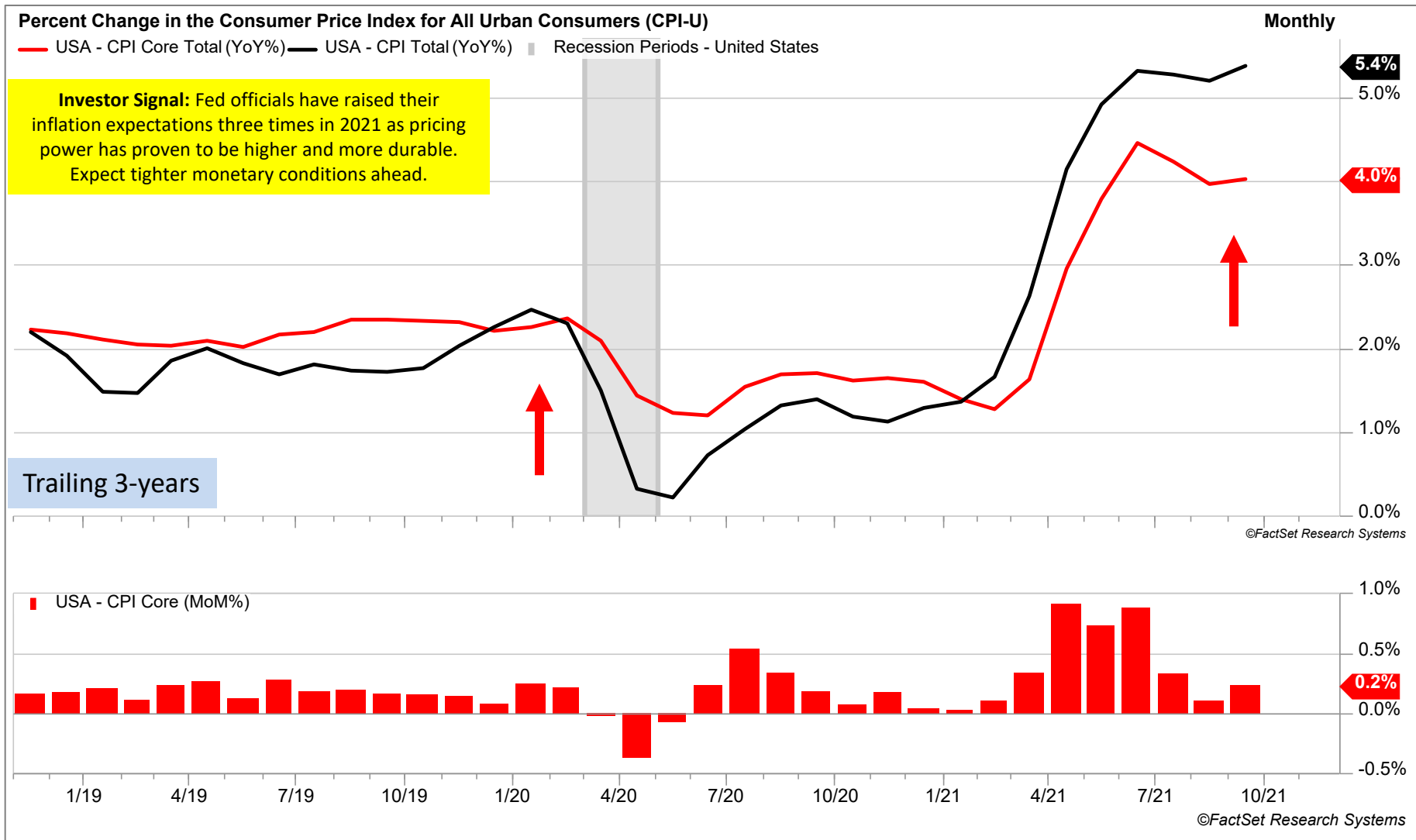


Observation #5 – High Demand for Workers

- The National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of 10 seasonally adjusted components. It provides an indication of the health of small businesses in the US, which account for roughly 50% of the nation's private workforce. The survey is conducted monthly (since 1986), and each component may be viewed as an independent index with commentary.
- **% of Small Business owners that reported job openings they could not fill**

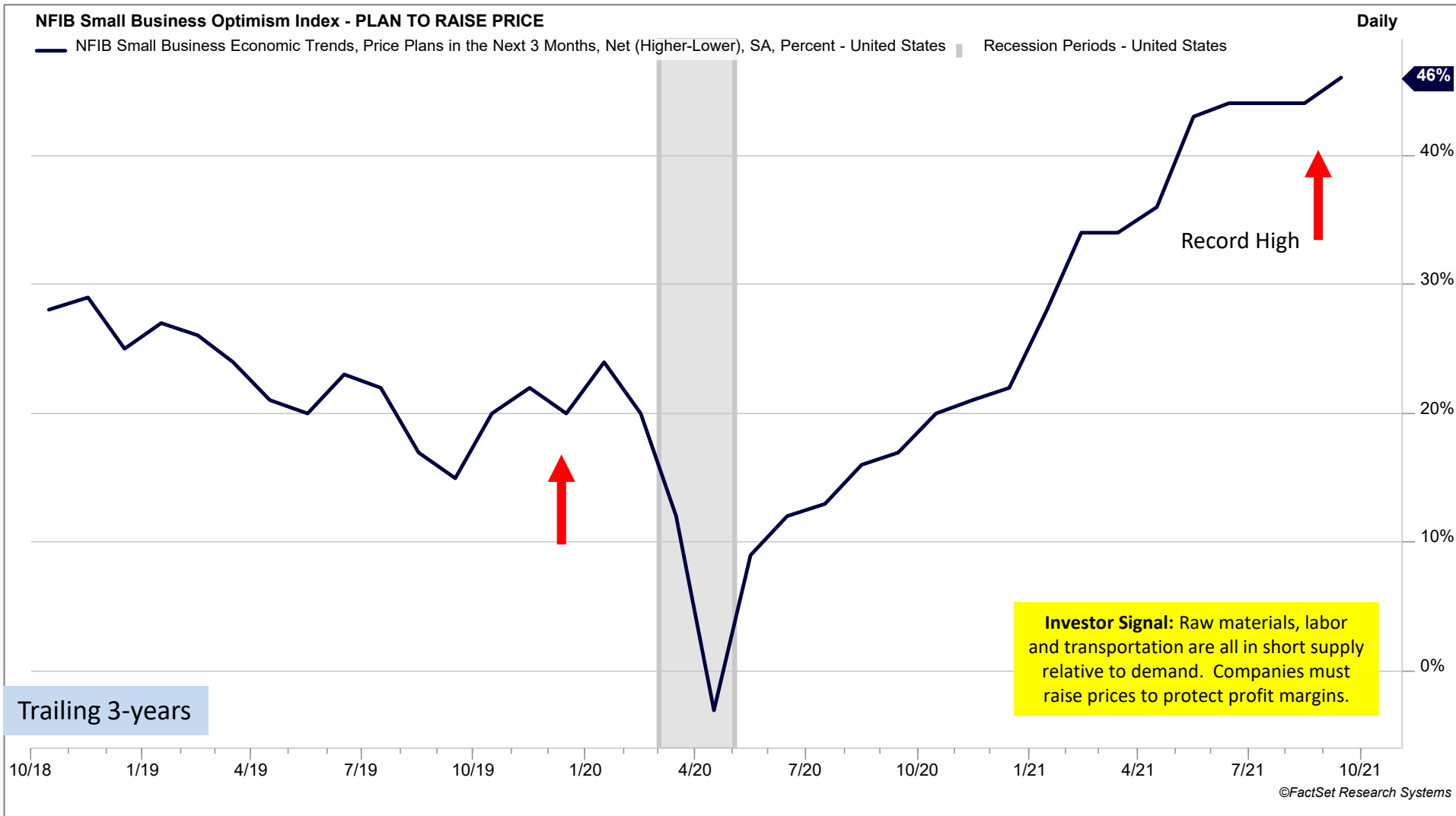


- The Consumer Price Index (CPI) measures the changes in prices paid by consumers for goods and services. Released by the Bureau of Labor Statistics each month, the CPI-U is based on prices of food, clothing, shelter, fuels, transportation, medical services, drugs, and other goods and services that people buy for day-to-day living. The Urban Consumer group represents approximately 93% of the US population.
- Core CPI (red line) excludes the more volatile prices of food and energy from the headline CPI (black line)



Observation #6 – Prices are Elevated

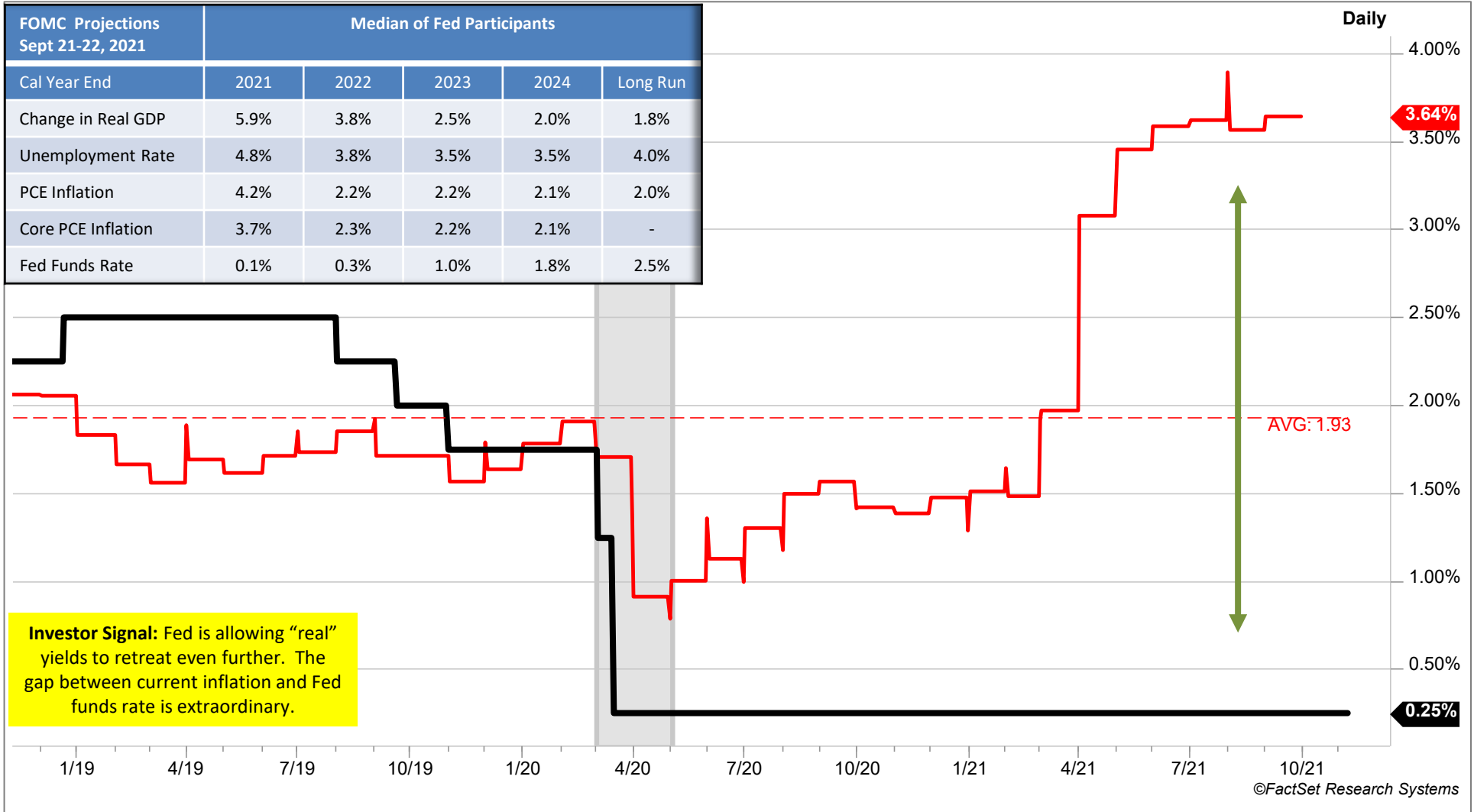
- The National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of 10 seasonally adjusted components. It provides an indication of the health of small businesses in the US, which account for roughly 50% of the nation’s private workforce. The survey is conducted monthly (since 1986), and each component may be viewed as an independent index with commentary.
- **% of Small Business owners that reported plans to raise price over next 3 months**



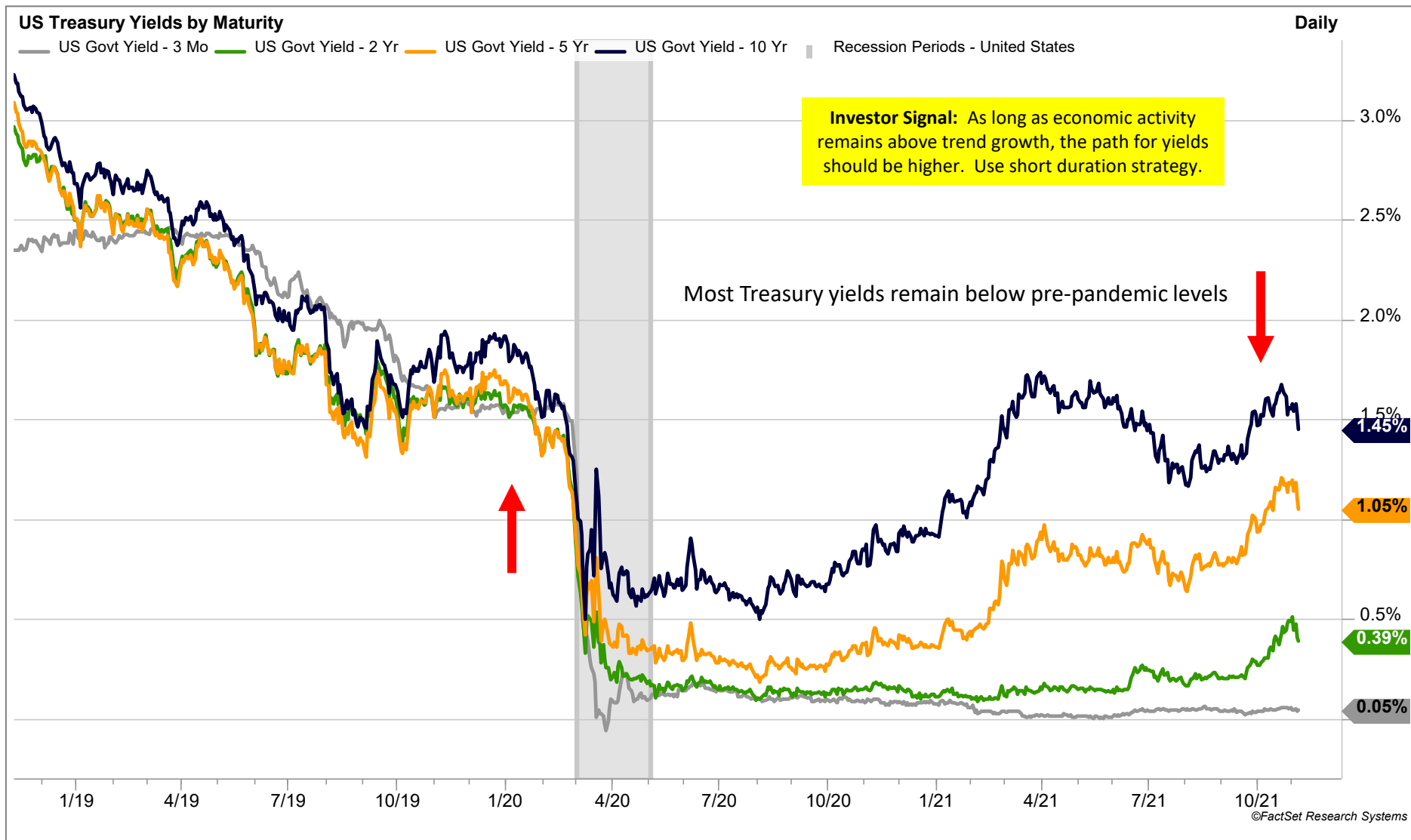
Observation #7 – Negative “Real” Yields

- In Conjunction with the Federal Open Market Committee meetings, Federal Reserve Board members and Federal Reserve Bank presidents submit their projections of the most likely outcomes for real gross domestic product (GDP) growth, the unemployment rate, and inflation.
- “Appropriate Monetary Policy” is defined as the future path of policy that each participant deems most likely to foster outcomes for economic activity and inflation that best satisfy the mandate to promote maximum employment and price stability.

| FOMC Projections Sept 21-22, 2021 | Median of Fed Participants | | | | |
|--------------------------------------|----------------------------|------|------|------|----------|
| Cal Year End | 2021 | 2022 | 2023 | 2024 | Long Run |
| Change in Real GDP | 5.9% | 3.8% | 2.5% | 2.0% | 1.8% |
| Unemployment Rate | 4.8% | 3.8% | 3.5% | 3.5% | 4.0% |
| PCE Inflation | 4.2% | 2.2% | 2.2% | 2.1% | 2.0% |
| Core PCE Inflation | 3.7% | 2.3% | 2.2% | 2.1% | - |
| Fed Funds Rate | 0.1% | 0.3% | 1.0% | 1.8% | 2.5% |



- Inflation expectations can be viewed in the shape of the yield curve. Longer maturities tend to react sooner than shorter maturities to changes in direction. Rising yields anticipate economic growth and higher inflationary pressures.



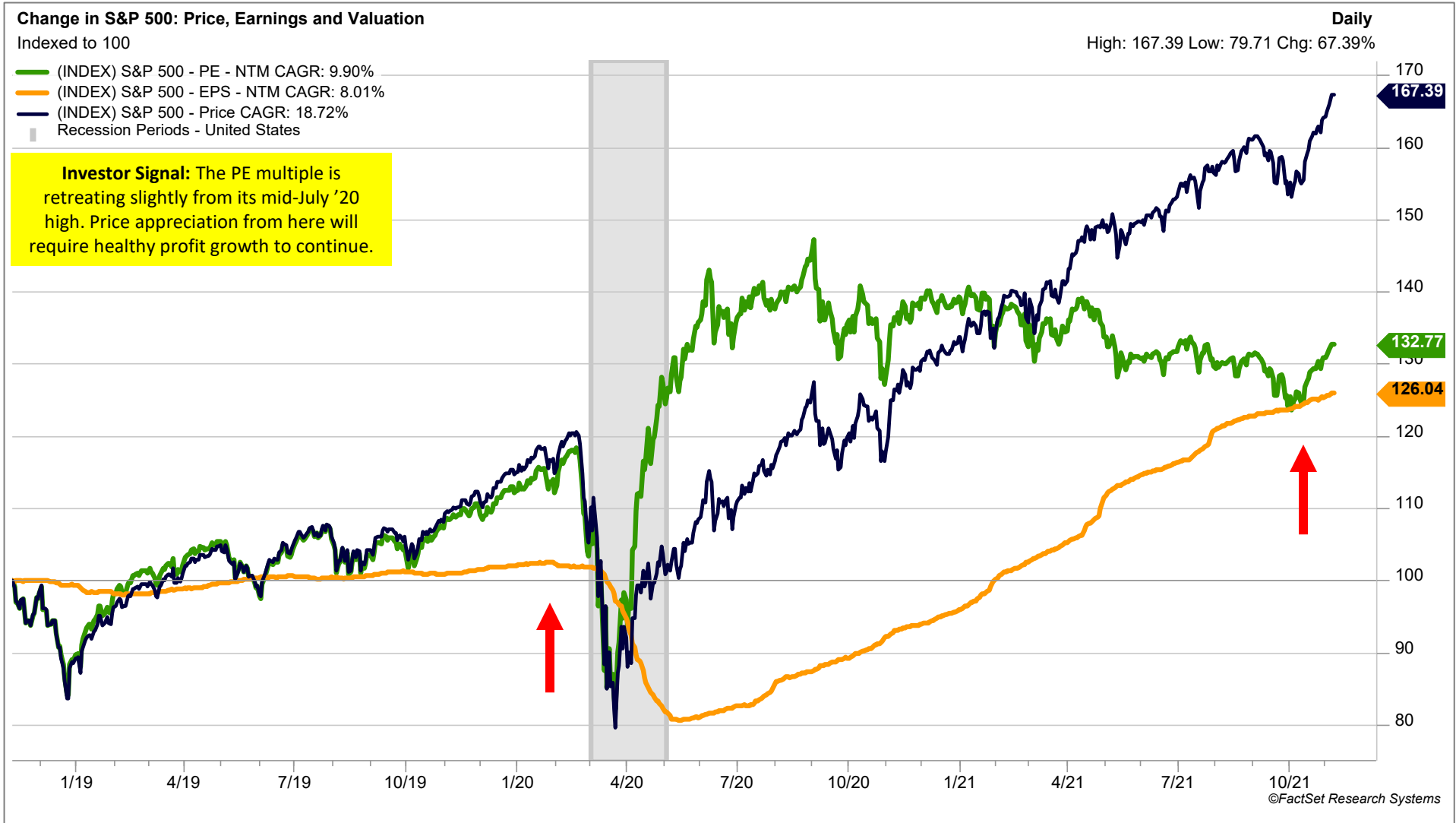
Observation #8 – Extraordinary Returns

- S&P 500 Price Index on a trailing 3-year time horizon versus the 200-day moving average of the index.

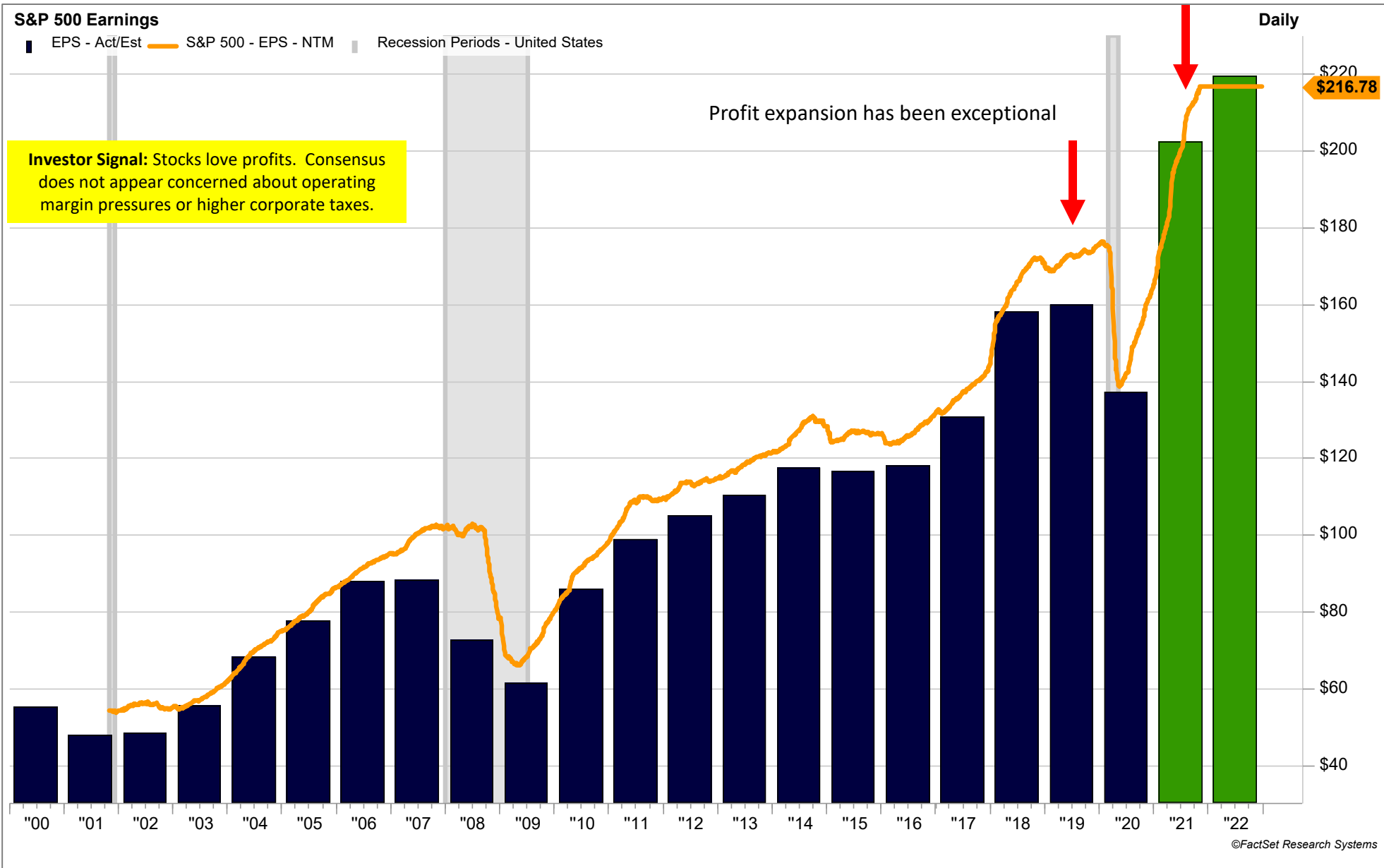


Observation #8 – Extraordinary Returns

- Stocks love profits. The price return of a stock market (blue line) reflects the change in the Price-to-Earnings valuation multiple (green line) that investors are willing to pay to participate in the expected stream of profits (gold line).



Observation #9 – Lofty Expectations

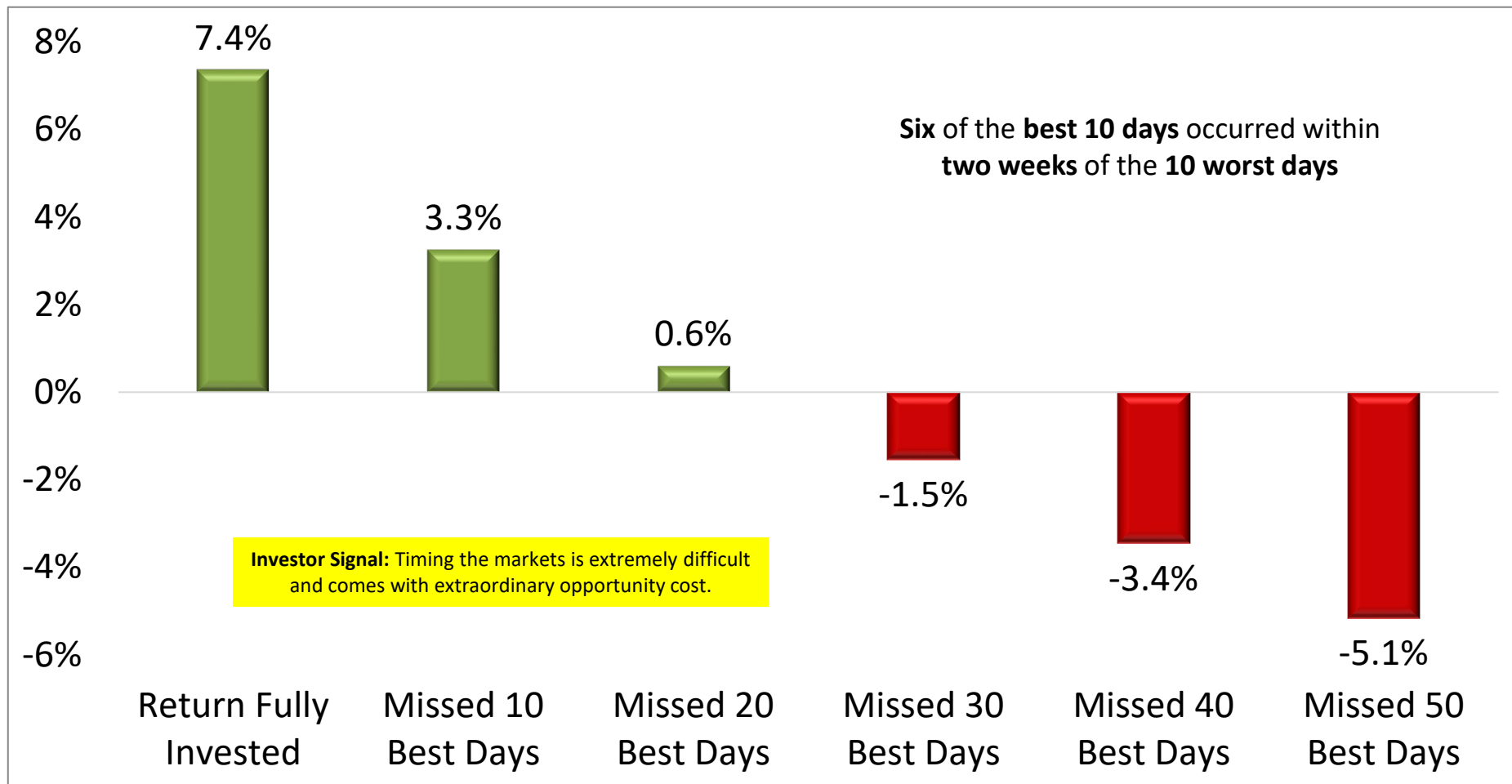


- Methods for valuing the stock market are plentiful, from using a simple Price/Earnings Ratio to employing a more complex model that contemplates future cash flows and discount rates. A wide variety of methods are used by investors everyday.
- The P/E ratio is used by investors to determine the relative value of a market against its own historical record or to compare markets over time.



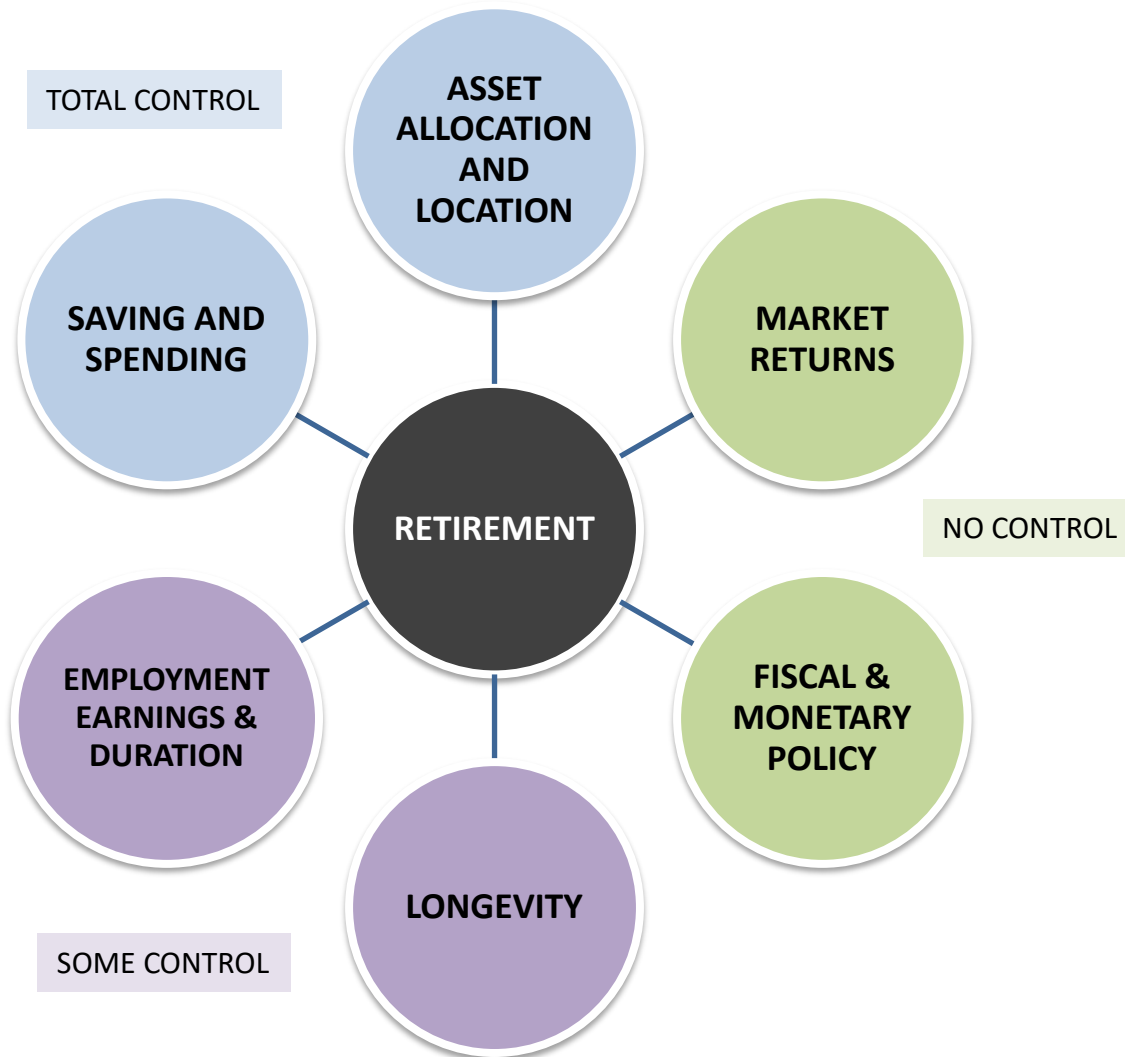
Observation #10 – What the Investor Can Control

Returns of the S&P 500 between September 28, 2001 and September 30, 2021
(Total = 5,037 trading days)



Source: Bloomberg, L.P. Returns are based on the S&P 500 Price Index, an unmanaged, capitalization weighted index. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are for illustrative purposes only and are not meant to be representative of actual results while investing during the time period. Past performance is not indicative of future returns.

Observation #10 – What the Investor Can Control



A SOUND RETIREMENT PLAN

Make the most of the things that you can control.

Select the Investment Advisor that is best positioned to evaluate the factors that are somewhat or completely out of your control.

Review the results with your Investment Advisor at least annually.

Disclosure

This document is for informational purposes only. It contains views of the Investment Policy Committee (IPC) of Vigilant Capital Management, LLC (Firm) and does not serve as advice or recommendation. The views and opinions expressed in this document are subject to change at any moment and without notice.

Any performance data quoted or expressed in graphs and commentary represent past performance and is not a guarantee of future results. Investing involves risk and you could lose all or a portion of the value of your investment portfolio. The value of your investment portfolio and your investment return will fluctuate based on changes in the value of your portfolio investments. In the future, your investment portfolio may be worth more or less. This document does not represent the investments that may or may not be held in your investment portfolio.

Please contact Vigilant Capital Management, LLC if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account.

Vigilant Capital Management, LLC completes and updates regulatory filings with the SEC as required. Please refer to the Firm's ADV Part 1, Part 2A and Part 2B filings for important information about how the Firm manages investment portfolios, what fees may apply to investment portfolios, important Firm disclosures, and information about employees that may participate in the investment process of the Firm. These filings may be viewed at www.sec.gov and are available upon request.

Certain information ©2020 MSCI ESG Research LLC. Reproduced by permission; no further distribution. This report contains certain information (the "Information") sourced from MSCI ESG Research LLC, or its affiliates or information providers (the "ESG Parties"). The information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. Although they obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

For a description of the Financial Times FT 300 Ranking, please visit <https://vigilantcap.com/wp-content/uploads/2019/07/2019-FT-300-List-Announcement.pdf>

Portsmouth, New Hampshire
18 Congress Street, Suite 209

www.vigilantcap.com

Portland, Maine
One Monument Square, Suite 601