

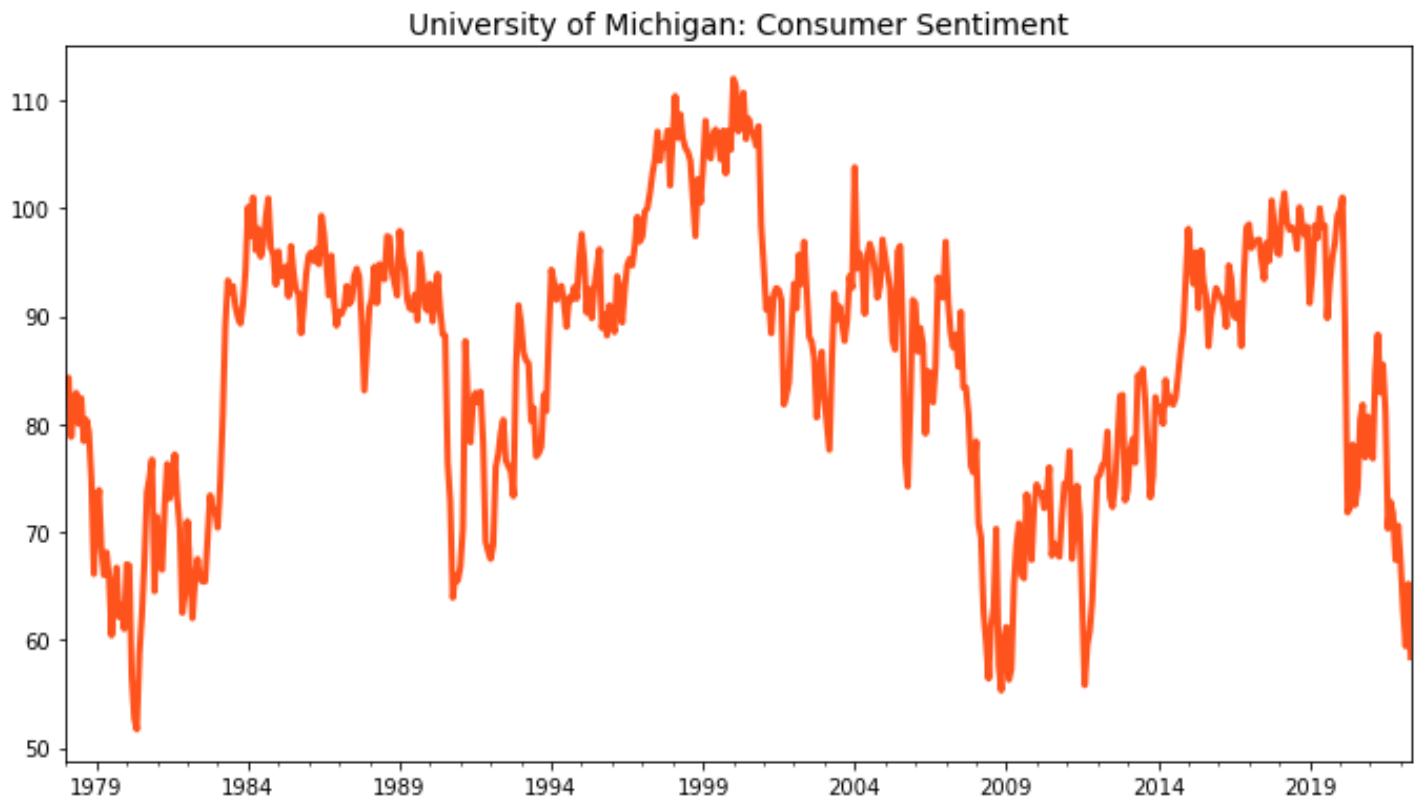


# Market Commentary

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## Market Recap

The second quarter of 2022 saw significant declines in both equity and bond markets. With further interest rate increases and a growing risk of recession, financial securities have been forced to reprice. Inflation also continued to move higher in major economies around the world with numerous central banks hiking rates. The U.S. Federal Reserve indicated that there would be more interest rate increases than initially estimated and noted the difficult task of bringing down inflation without triggering a recession. Under the high inflationary pressures, U.S. Real GDP growth releases showed a contraction during the first quarter by 1.6%, and second quarter Real GDP growth estimates look to be near zero or possibly negative. Further, despite low unemployment, wage growth, and robust consumer balance sheets, the University of Michigan Consumer Sentiment Index (a measure of current consumer confidence), has plunged to one of its lowest levels in recent history.



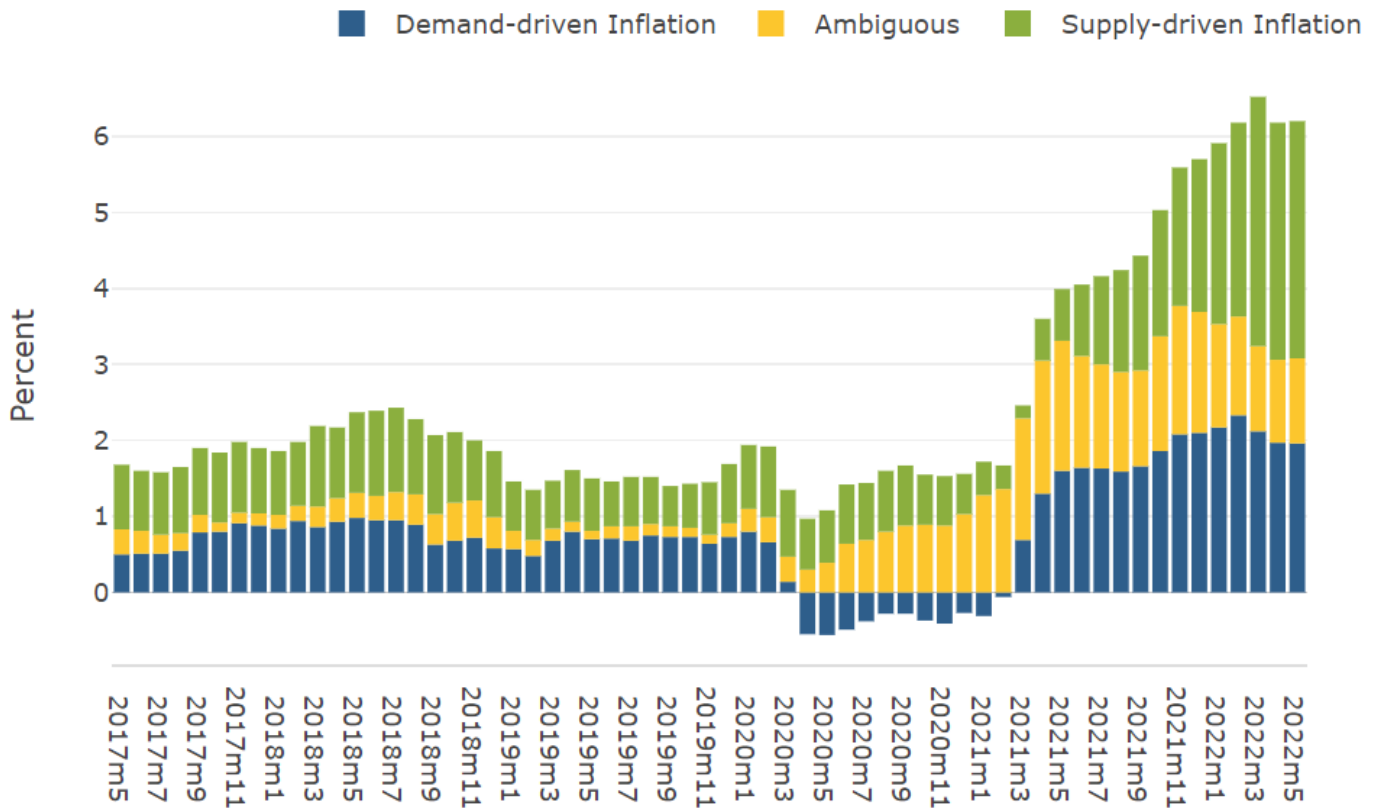
Source: FRED, University of Michigan: Consumer Sentiment as of 2022-06-30

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### Market Recap (Continued)

The question remains whether the current inflation is supply-side driven (lockdowns, sanctions, supply chain disruptions) or demand-driven (too much stimulus and quantitative easing). The Federal Reserve cannot fix supply-side driven inflation; they can only impact the demand side by extracting liquidity and increasing interest rates. The most recent estimates by the Federal Reserve Bank of San Francisco suggest that both supply and demand are currently driving inflation.

Figure 3: Supply- and Demand-Driven Contributions to Year-over-Year Headline PCE Inflation

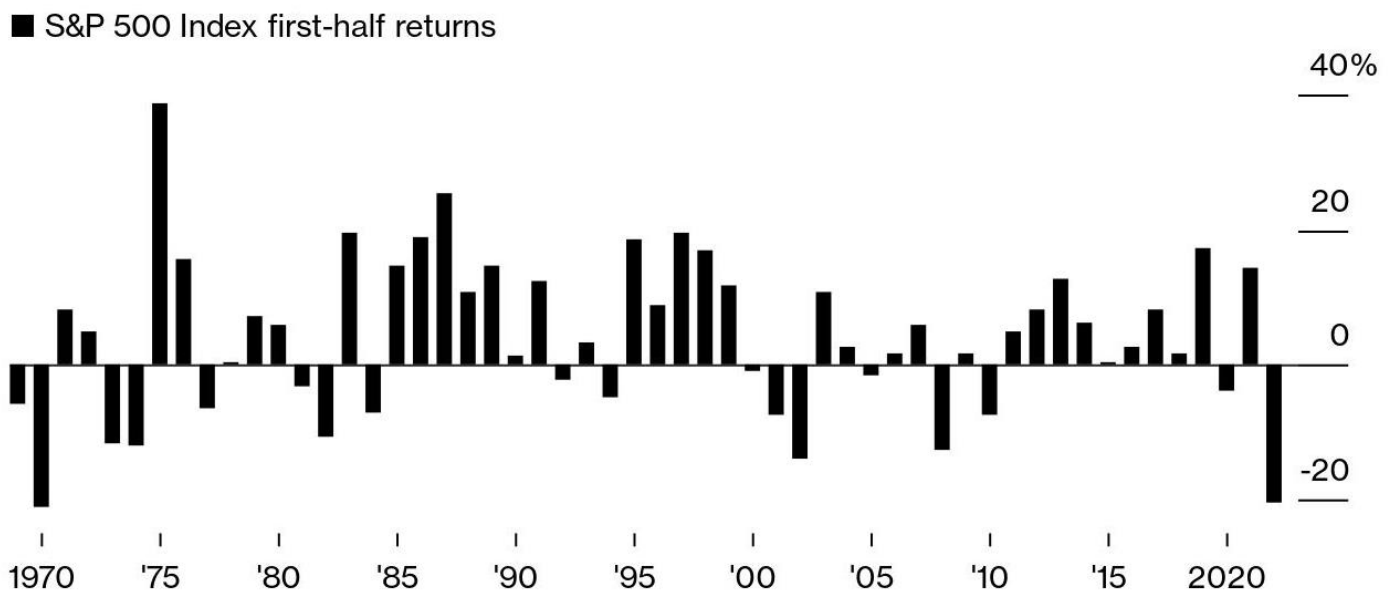


Source: Federal Reserve Bank of San Francisco  
 (<https://www.frbsf.org/economic-research/indicators-data/supply-and-demand-driven-pce-inflation/>)

**Domestic Stocks**

U.S. stocks posted a large quarterly decline in Q2 2022. The S&P 500 lost 16.10% for the quarter, while the DJIA and the NASDAQ lost 10.78% and 22.28%, respectively. This brings the loss for the S&P 500 during the first half of 2022 to 19.96%, the largest first-half loss since 1970. Large caps underperformed mid-caps and small caps. The Morningstar Large Cap Index lost 17.13%, while the Morningstar Mid Cap and Small Cap Indices lost 15.93% and 16.43%, respectively. Volatility remained elevated; the VIX Index (Chicago Board Options Exchange’s CBOE Volatility Index) started the quarter at 19.63 and finished at 28.71. All U.S. equity sectors posted losses. However, some fared better than others. With historically low consumer sentiment, it was no surprise that the Consumer Cyclical sector was the worst performer, losing 25.19%. The Technology and Communication Services sectors also posted large losses of 22.33% and 21.89%. Defensive sectors fared best, as Utilities, Consumer Defensives, and Healthcare posted lower relative losses of 5.07%, 5.70%, and 7.07%, respectively. Growth stocks continued their descent, as the Morningstar US Large Growth Index lost 29.81% during the quarter. Value stocks fared much better, as the Morningstar US Large Value index posted a smaller loss of 8.12%. On a one-year basis, the Morningstar US Large Growth Index has now lost 35.67%, while the Morningstar US Large Value Index is almost flat, posting a meager 0.81% loss.

The S&P 500 Index posted its worst first half since 1970



Source: Bloomberg

**Bloomberg**

## International Stocks

International equities fared a bit better than US equities in the second quarter. Developed markets represented by the MSCI EAFE Index posted a loss of 14.51%. Emerging market equities performed even better on a relative basis, as the MSCI EM Index lost 11.45%. Chinese shares proved a bright spot as prolonged lockdowns were lifted in some major cities. China's equity market was the only major market to post gains, as the MSCI China Index gained 3.41% for the quarter. However, on a one-year basis, China remains one of the worst performers, as the MSCI China Index has lost 31.79%. Overall, the MSCI ACWI ex US All Cap Index has lost 13.73% for the quarter and 19.42% on a one-year basis.

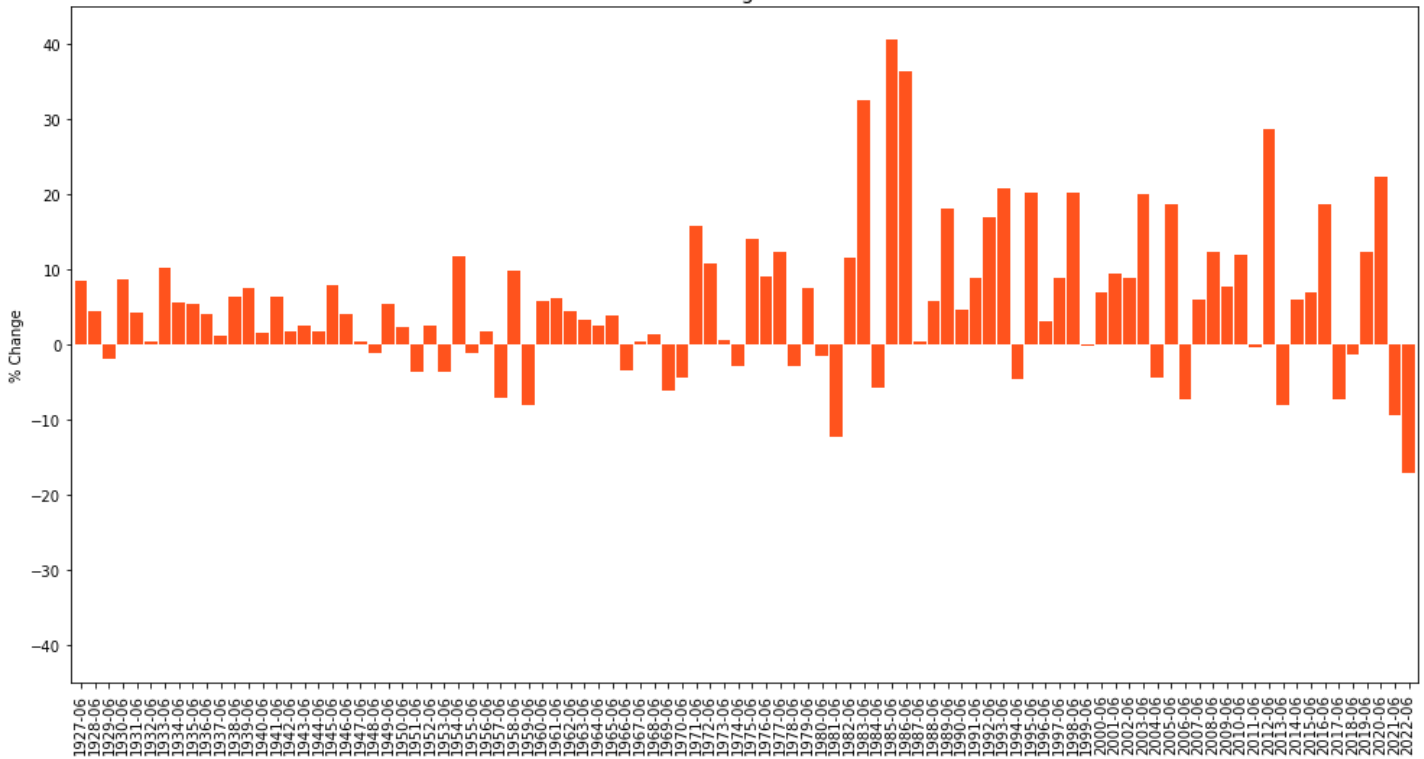
## Fixed Income

Even with equities down, bonds did not provide a safe haven during the quarter. The U.S. Treasury yield curve was up among all maturities but most visibly in the short end, leading to a flatter curve. The 10-year Treasury yield ended the quarter at 3.02%, 68 basis points higher than at the end of Q1. However, in contrast to the first quarter's interest rates driven sell-off, fixed income market declines in the second quarter were driven by both rising interest rates and widening credit spreads. The ICE BofA US High Yield Index Option-Adjusted Spread rose from 340 to 587 basis points (yield above Treasuries) during the quarter.

The Bloomberg US Aggregate Bond Index lost 4.69% for the quarter, bringing the half-year loss to 10.29%. No sector of the bond market was spared, but low duration and government backed securities lost the least. The Bloomberg US Universal 1-5 Years Index posted a smaller relative loss of 1.72%. The Bloomberg US Treasury Index posted a loss of 3.78%, while the Bloomberg US Municipal Index lost 2.94%. However, long duration Treasuries did not fare well, as the Bloomberg 20-30Y Treasury Strips Index posted a loss of 17.09%. In nearly 100 years, this has been the largest drawdown for U.S. long duration government bonds.

It appears that the Federal Reserve's focus on inflation is having an impact on inflation expectations, as the Bloomberg US Treasury Inflation Protected Securities lost 6.09%. US credit securities also had a particularly hard quarter. Both high and low quality corporate bonds performed poorly. The Bloomberg Investment Grade Index and the Bloomberg US Corporate High Yield Index posted losses of 7.26% and 9.83%. High inflation has become a global issue with rates in Europe approaching U.S. levels. Non-US fixed income fared similar to US fixed income, as the Bloomberg Global Aggregate ex-USD Index lost 4.50%. However, the Bloomberg Global Aggregate ex-USD Index has lost 18.79% on a 1-year basis compared to a smaller loss of 10.29% for the Bloomberg US Aggregate Bond Index.

1-Year Return of the IA SBBI Long-Term Government Bonds Index



Source: Morningstar, IA SBBI US LT Govt TR USD Index as of 2022-06-30

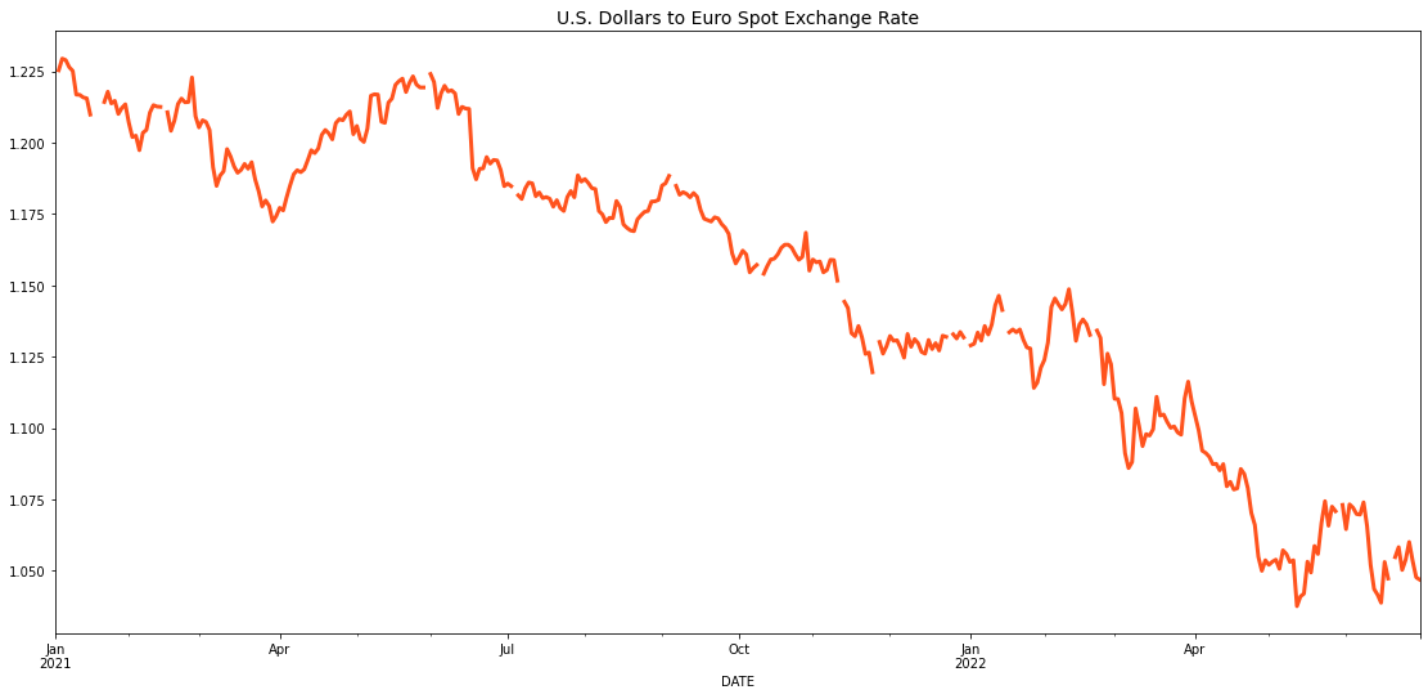
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### Commodities

Commodities posted their largest quarterly loss since the first quarter of 2020. The Bloomberg Commodity Index lost 5.66% for the quarter, but on a one-year basis it has gained 24.27%. The best performers were energy commodities, as the S&P GSCI Brent Oil Index posted a gain of 8.80% for the quarter, while the S&P GSCI Energy Index gained 11.89%. On the other hand, economically sensitive industrial metals declined, as the S&P GSCI Industrial Metal Index lost 25.35%. The S&P GSCI Precious Metals Index posted a smaller loss of 8.81%. Food price increases might also take a breather, as the S&P GSCI Agricultural & Livestock Index declined 7.88%.

### Currency

The U.S. dollar remained strong during the quarter, as the U.S. Dollar Index appreciated by 6.48%. On a one-year basis the U.S. Dollar Index has appreciated 13.54%. One of the primary drivers of the U.S. Dollar ascent has been the poor performance of the Euro, which has depreciated significantly relative to the U.S. Dollar since the beginning of 2021.



Source: FRED, U.S. Dollars to Euro Spot Exchange Rate as of 2022-06-30

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## Outlook

We have seen a massive repricing of asset classes driven by rising interest rates and inflation. This has hurt both bonds and equities with only commodities performing well. If the economy truly enters a recession, we could see more turmoil and a reversal of certain asset class trends (e.g., high quality bonds will trend up, while commodities will trend down). We believe the best approach is to invest in a diversified portfolio that matches your personal risk tolerance. Over time, small adjustments should be made to the portfolio as market opportunities and asset prices change. It is also important to recognize that declines in asset classes bring down their valuations and increase the probability of better long-term returns. As assets re-price for the current economic regime, we will continue to adjust our portfolios in pursuit of attractively priced assets and to limit downside where we can.

Global Target Risk	QTD	YTD	1 Year	3 Years	5 Years	Since Inception (1/1/2009)
IRON Core Plus - Conservative	-5.79	-10.21	-8.97	0.59	1.65	4.30
MSCI ACWI 20% Bloomberg US Agg 80%	-6.94	-12.33	-11.29	0.69	2.28	4.32
IRON Core Plus - Moderately Conservative	-7.14	-11.50	-9.45	1.62	2.68	5.55
MSCI ACWI 35% Bloomberg US Agg 65%	-8.61	-13.82	-12.07	1.85	3.27	5.41
IRON Core Plus - Moderate	-8.53	-12.85	-10.01	2.54	3.60	6.72
MSCI ACWI 50% Bloomberg US Agg 50%	-10.26	-15.29	-12.87	2.95	4.22	6.46
IRON Core Plus - Moderately Aggressive	-9.78	-14.04	-10.45	3.45	4.49	7.77
MSCI ACWI 65% Bloomberg US Agg 35%	-11.90	-16.77	-13.71	4.00	5.12	7.45
IRON Core Plus - Aggressive	-10.98	-15.23	-10.96	3.74	4.91	8.76
MSCI ACWI 80% Bloomberg US Agg 20%	-13.52	-18.23	-14.57	4.99	5.96	8.40

US Large Cap Equity	QTD	YTD	1 Year	3 Years	5 Years	Since Inception (12/1/2003)
IRON High-Quality Equity Portfolio	-7.85	-5.80	3.82	13.34	14.03	13.08
S&P 500 TR USD	-16.10	-19.96	-10.62	10.60	11.31	9.26

Global Multi-Asset	QTD	YTD	1 Year	3 Years	5 Years	Since Inception (2/1/2019)
IRON Incertus Portfolio	-10.89	-16.81	-12.26	5.18	—	8.36
Morningstar Mod Tgt Risk TR USD	-11.34	-15.94	-13.64	3.53	4.91	4.94

Global Multi-Asset Income	QTD	YTD	1 Year	3 Years	5 Years	Since Inception (7/1/2020)
IRON Income & Growth Portfolio	-8.60	-12.35	-9.77	—	—	0.96
Morningstar Con Tgt Risk TR USD	-6.98	-12.02	-11.30	0.70	2.29	-2.04



Market Performance	QTD	YTD	1 Year	3 Years
<b>US Equity</b>				
S&P 500 TR USD	-16.10	-19.96	-10.62	10.60
NASDAQ Composite TR USD	-22.28	-29.23	-23.43	12.18
DJ Industrial Average TR USD	-10.78	-14.44	-9.05	7.24
CBOE Market Volatility (VIX)	39.64	66.72	81.36	23.94
<b>Non-US Equity</b>				
MSCI ACWI Ex USA NR USD	-13.73	-18.42	-19.42	1.35
MSCI EAFE NR USD	-14.51	-19.57	-17.77	1.07
MSCI EM NR USD	-11.45	-17.63	-25.28	0.57
MSCI China NR USD	3.41	-11.26	-31.79	-0.57
<b>US Equity Sectors</b>				
Morningstar US Basic Materials TR USD	-17.53	-18.59	-9.15	10.73
Morningstar US Consumr Cyclcl TR USD	-25.19	-33.17	-25.79	8.91
Morningstar US Consumr Dfnsve TR USD	-5.70	-6.93	2.63	11.36
Morningstar US Financial Services TR USD	-17.13	-19.62	-16.42	5.80
Morningstar US Healthcare TR USD	-7.07	-10.82	-2.92	12.19
Morningstar US Industrials TR USD	-15.24	-18.48	-14.58	5.75
Morningstar US Real Estate TR USD	-15.01	-20.30	-7.82	4.28
Morningstar US Technology TR USD	-22.33	-29.83	-16.89	17.97
Morningstar US Utilities TR USD	-5.07	-0.82	13.65	8.11
Morningstar US Commun Svc TR USD	-21.89	-31.41	-33.20	3.82
Morningstar US Energy TR USD	-5.96	30.21	38.12	9.89
<b>US Fixed Income</b>				
Bloomberg US Universal TR USD	-5.13	-10.93	-10.89	-0.94
Bloomberg US Agg Bond TR USD	-4.69	-10.35	-10.29	-0.93
Bloomberg US Universal 1-5 Years TR USD	-1.71	-5.44	-6.07	0.06
Bloomberg US Credit TR USD	-6.90	-13.81	-13.64	-1.00
Bloomberg US MBS TR USD	-4.01	-8.78	-9.03	-1.44
Bloomberg US IG Corp USD 300 M TR USD	-7.26	-14.39	-14.19	-0.99
Bloomberg US Corporate High Yield TR USD	-9.83	-14.19	-12.81	0.21
Bloomberg Municipal TR USD	-2.94	-8.98	-8.57	-0.18
Bloomberg US Treasury US TIPS TR USD	-6.08	-8.92	-5.14	3.04
Bloomberg US Treasury TR USD	-3.78	-9.14	-8.90	-0.88
Bloomberg 20-30Y Treasury Strips TR USD	-17.09	-28.49	-24.63	-4.35
<b>Global Fixed Income</b>				
Bloomberg Gbl Agg Ex USD TR USD	-11.01	-16.49	-18.78	-5.07
Bloomberg EM Ex US Agg TR USD	-12.08	-17.62	-20.70	-5.48
Bloomberg EM USD Sovereign TR USD	-11.47	-20.04	-20.69	-5.29
Bloomberg EM USD Agg HY TR USD	-12.34	-18.03	-21.23	-5.71
Bloomberg EM Local Currency Broad TR USD	-9.85	-15.97	-22.39	-7.57
Bloomberg China Aggregate TR USD	-4.27	-3.09	1.53	5.36
<b>Commodities</b>				
Bloomberg Commodity TR USD	-5.66	18.44	24.27	14.34
S&P GSCI Energy TR	11.89	63.46	77.04	14.23
S&P GSCI Industrial Metal TR USD	-25.34	-12.13	-4.69	9.94
S&P GSCI Agrcl&Livestock TR	-7.88	8.00	11.93	9.82
S&P GSCI Precious Metal TR	-8.81	-2.71	-1.44	7.03
S&P GSCI Gold TR	-7.62	-1.53	1.31	6.95
S&P GSCI Brent Crude TR USD	8.80	55.60	70.53	21.71
<b>Currency</b>				
DB Long US Dollar TR USD	6.63	9.72	13.54	3.90

Source: Morningstar Direct as of 6/30/2022

**Disclosure**

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Past performance is not indicative of future results. Information is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any security.

**IRON Core Plus Portfolios:**

The IRON Core Plus portfolios offer diversified exposure to global equities and fixed income in varying proportions in an attempt to maintain varying levels of correlation to the S&P 500. These provide investors with choices representing different amounts of risk and price volatility. The starting weights of the portfolios are as follows: Conservative Portfolio 20% Equity and 80% Fixed Income, Moderately Conservative Portfolio 35% Equity and 65% Fixed Income, Moderate Portfolio 50% Equity and 50% Fixed Income, Moderately Aggressive Portfolio 65% Equity and 35% Fixed Income, Aggressive Portfolio 80% Equity and 20% Fixed Income.

Performance is based on a model from 1/1/2009 inception through 12/31/2019. Performance since 1/1/2020 is based on a composite. Inclusion of a managed account within the composite is determined on a monthly basis, requires investment in a given Core Plus strategy for the entire calendar month, and a beginning monthly balance of at least \$50,000. Actual returns for individual client portfolios managed by IRON may vary and do not necessarily coincide exactly with the returns for the model or composite. Actual performance of client portfolios may differ due to the timing related to the actual deployment and investment of a client portfolio, reinvestment of dividends, and client-requested restrictions. Performance for periods longer than a year has been annualized using a geometric mean.

All results are net of commissions (if any). Results are shown net a 0.50% annual advisory fee. These are IRON's highest published fees for these strategies, and results reflect monthly accrued deductions of these fees. Actual fees may vary depending upon, among other things, portfolio size. Accounts are charged quarterly in arrears based on quarter end value adjusted for capital flows. IRON's fees are available upon request and may be found in our Form ADV Part 2A disclosure brochure.

**IRON High-Quality Equity Portfolio:**

For time periods between December 1, 2003 and March 31, 2022, management fees of 0.70% annually, our highest published fee during that period, have been deducted from gross performance results for the IRON High-Quality Equity Portfolio ("High-Q"). From April 1, 2022 onward, management fees of 0.59% annually are deducted from gross performance results. Client accounts are charged quarterly in arrears based on the quarter-end value adjusted for capital flows. Net returns reflect a monthly accrued deduction of management fees. IRON's fees are available upon request and may be found in our Form ADV Part 2A disclosure brochure.

Investments within portfolios, and therefore, portfolios, involve risk and the possibility of loss, including a permanent loss of principal. Performance results are based on a hypothetical model portfolio from inception of December 1, 2003 through August 31, 2020. No accounts were managed using this portfolio during this period. From August 31, 2020 to the present, performance results are based on a composite consisting of eligible client accounts. Inclusion of an account within the composite is determined on a monthly basis, requires investment in the High-Q portfolio for the entire calendar month, and a beginning monthly balance of at least \$100,000. Performance for periods longer than a year has been annualized using a geometric mean.

## Disclosure

### IRON High-Quality Equity Portfolio (Continued)

The model performance shown is hypothetical and for illustrative purposes only. Model portfolio monthly returns were computed based on the daily total returns of underlying securities. Model performance does not include trading costs. Performance data for the model assumes reinvestment of dividends but not the effects of taxation or transaction costs. If dividends and interest were not reinvested, then the above results would be considerably different. The model was developed with the benefit of hindsight and the results do not represent actual trading, which may be influenced by real-time market and economic events.

The S&P 500 Index is a market-capitalization-weighted index of 500 of the largest publicly traded companies listed on US stock exchanges. The S&P 500 Total Return Index was determined to be an appropriate benchmark because portfolio holdings are selected from the S&P 500. Benchmark returns do not reflect the deduction of advisory fees. You cannot invest directly in an index.

High-Q is rebalanced semi-annually. Actual performance of client portfolios may differ materially due to the timing of investment of capital, the reinvestment of dividends, length of time various positions are held, client objectives and restrictions, and fees and expenses incurred by the individual portfolio.

### IRON Incertus Portfolio:

For time periods between February 1, 2019 and December 31, 2021, management fees of 0.70% annually, our highest published fee during that period, have been deducted from gross performance results for the IRON Incertus Portfolio. From January 1, 2022 onward, management fees of 0.59% annually are deducted from gross performance results. Client accounts are charged quarterly in arrears based on the quarter-end value adjusted for capital flows. Net returns reflect a monthly accrued deduction of management fees. IRON's fees are available upon request and may be found in our Form ADV Part 2A disclosure brochure.

Investments within portfolios, and therefore, portfolios, involve risk and the possibility of loss, including a permanent loss of principal. Performance results are based on a composite consisting of eligible accounts. Performance results from inception of February 1, 2019 to April 30, 2020 are of a single account owned and managed by a related person of IRON under the supervision of IRON's Chief Investment Officer. A second account owned by a related person of IRON was added on May 1, 2020. Unrelated client accounts are included in the composite beginning September 1, 2020. Inclusion of an account within the composite is determined on a monthly basis, requires investment in the IRON Incertus Portfolio for the entire calendar month, and a beginning monthly balance of at least \$100,000. Performance for periods longer than a year has been annualized using a geometric mean. Actual performance of client portfolios may differ materially due to the timing of investment of capital, the reinvestment of dividends, length of time various positions are held, client objectives and restrictions, and fees and expenses incurred by the individual portfolio.

The Morningstar Target Risk Index family is designed to maintain various target levels of equity exposure through portfolios diversified across equities, bonds, and inflation-hedged instruments. The Morningstar Moderate Target Risk Index seeks approximately 60% exposure to global equity markets.

### IRON Income & Growth Portfolio:

Management fees of 0.35% annually, our highest published fee, have been deducted from the gross performance results for the IRON Income & Growth portfolio ("Income & Growth"). Client accounts are charged quarterly in arrears based on the quarter-end value adjusted for capital flows. Net returns reflect a monthly accrued deduction of management fees. IRON's fees are available upon request and may be found in our Form ADV Part 2A disclosure brochure.

Investments within portfolios, and therefore, portfolios, involve risk and the possibility of loss, including a permanent loss of principal. Performance results are based on a hypothetical model portfolio from inception of July 1, 2020 through December 31, 2021. No accounts were managed using this portfolio during this period. From December 31, 2021 to the present, performance results are based on a composite consisting of eligible client accounts. Inclusion of an account within the composite is determined on a monthly basis, requires investment in the Income & Growth portfolio for the entire calendar month, and a beginning monthly balance of at least \$5,000. Performance for periods longer than a year has been annualized using a geometric mean.

**Disclosure****IRON Income & Growth Portfolio (Continued)**

Actual performance of client portfolios may differ materially due to the timing of investment of capital, the reinvestment of dividends, length of time various positions are held, client objectives and restrictions, and fees and expenses incurred by the individual portfolio.

The model performance shown is hypothetical and for illustrative purposes only. Model portfolio monthly returns were computed based on the daily total returns of underlying securities. Model performance does not include trading costs. Performance data for the model assumes reinvestment of dividends but not the effects of taxation or transaction costs. If dividends and interest were not reinvested, then the above results would be considerably different. The model was developed with the benefit of hindsight and the results do not represent actual trading, which may be influenced by real-time market and economic events.