

103 ADVISORY
G R O U P

Trust Management Network
October 20, 2022

About me....

Richard J. Milton, CFA



As the Founder and Managing Partner of 103 Advisory Group LLC Rick is responsible for relationship management, investment management, and business development. He is frequently invited to speak at conferences and has had the privilege of sharing his investment insight with wealth management professionals across the country.

Prior to starting 103 Advisory Group LLC, Rick was a founding partner of MainStreet Investment Advisors LLC. Over 17 years at MainStreet he provided investment advisory services to community bank trust departments and grew the organization from start-up to over \$7 billion in assets today. Rick and his partners sold MainStreet to MB Financial (“MBFI”) in 2015. MB Financial was further acquired by Fifth Third Bank (“FITB”) in 2018.

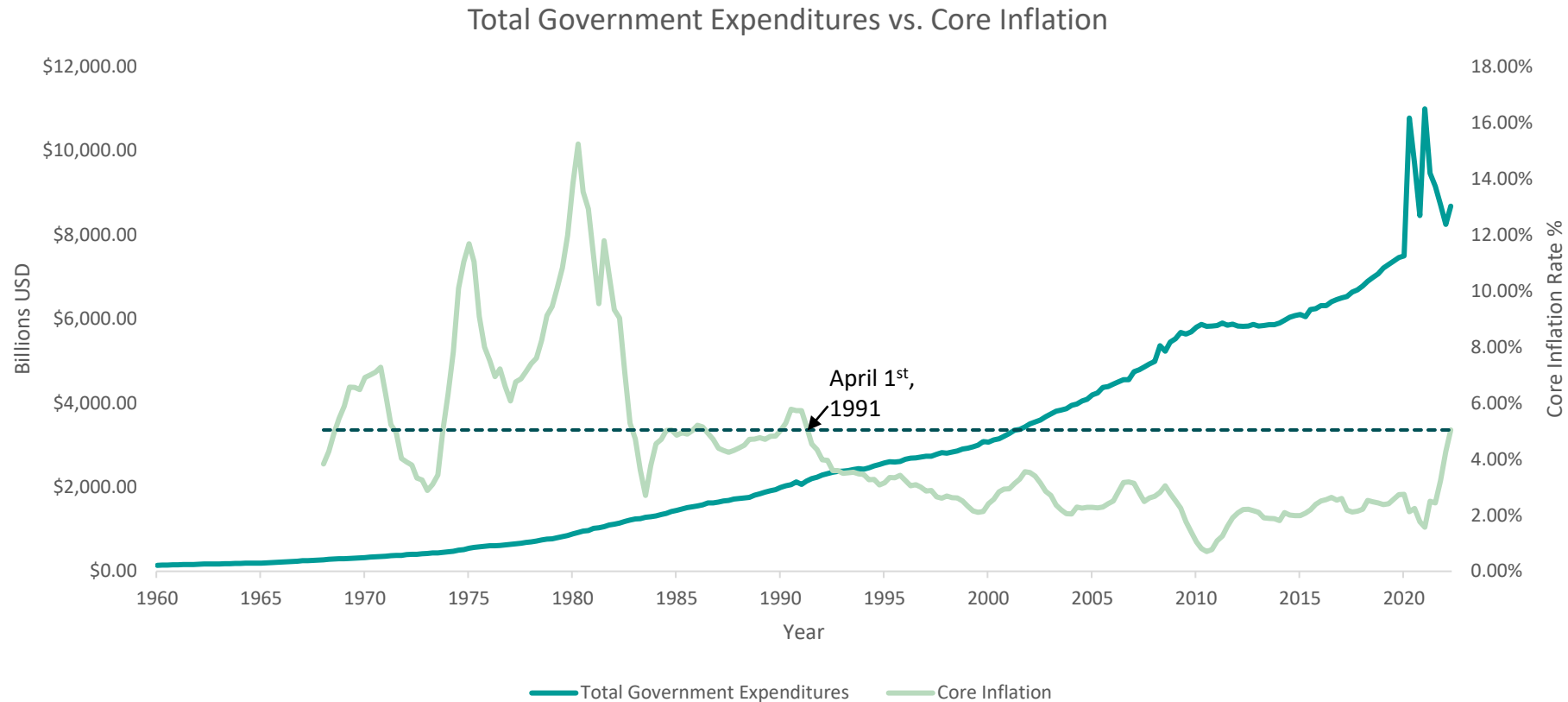
Rick lives in Chicago with his wife and two school-age daughters. He enjoys running, cycling, skiing and vacation travel. He has completed two Ironman Triathlons, several marathons, and countless races.

2021 & 2022 Have Been Outliers

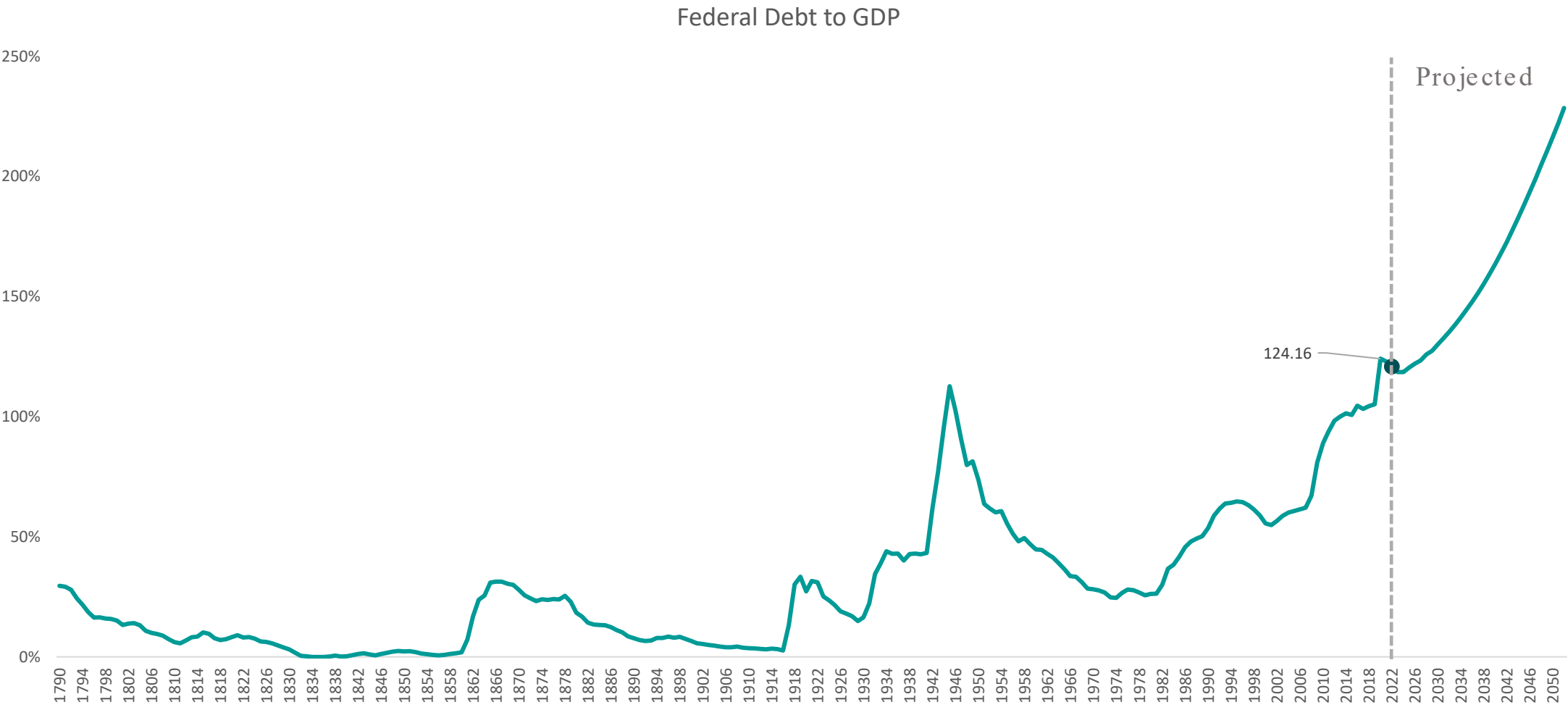


Source: Bloomberg. Global Stocks are represented by MSCI ACWI Index (1988-2022) and the MSCI World Index (1976-1987). Global Bonds are represented by Bloomberg Global Aggregate Bond Index (1991-2022) and Bloomberg US Agg Bond Index (1976-1990).

Government Stimulus Has Spurred Inflation

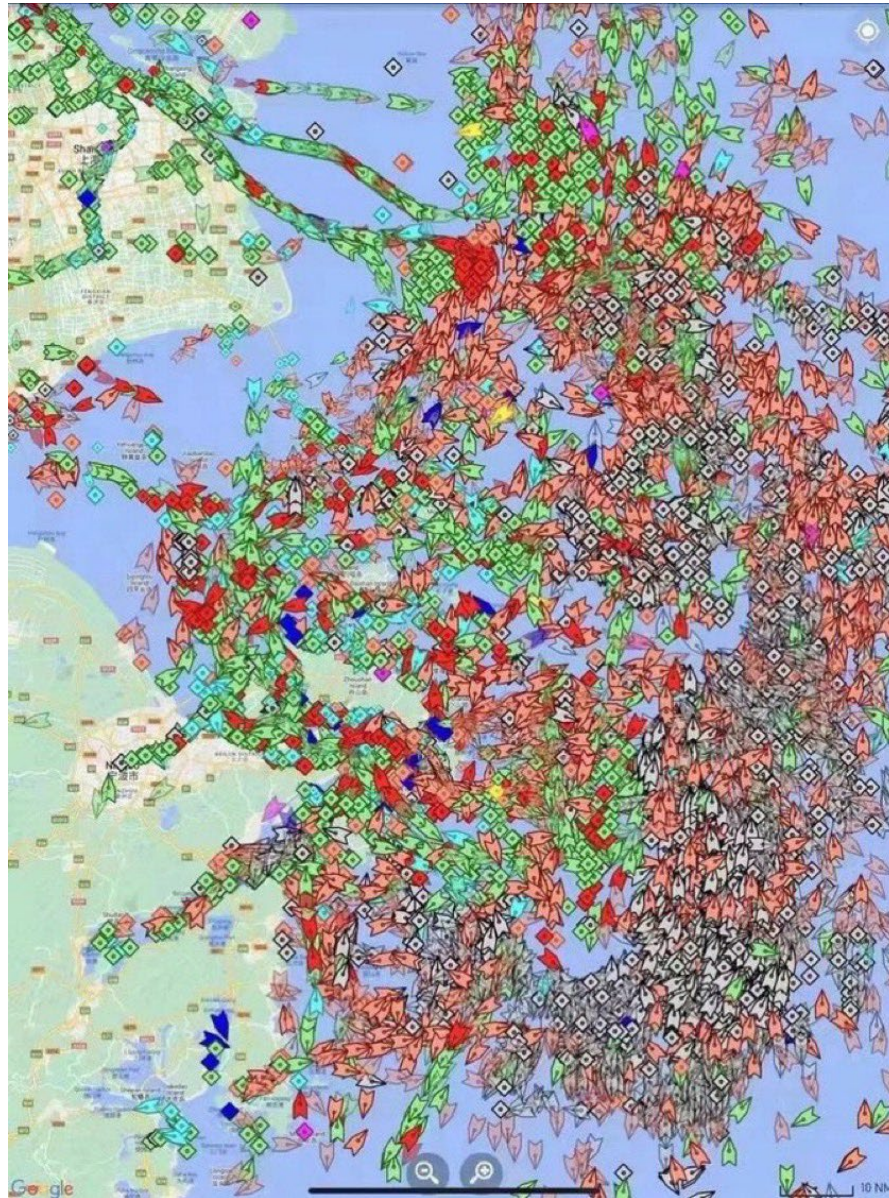


Historical Debt to GDP Levels



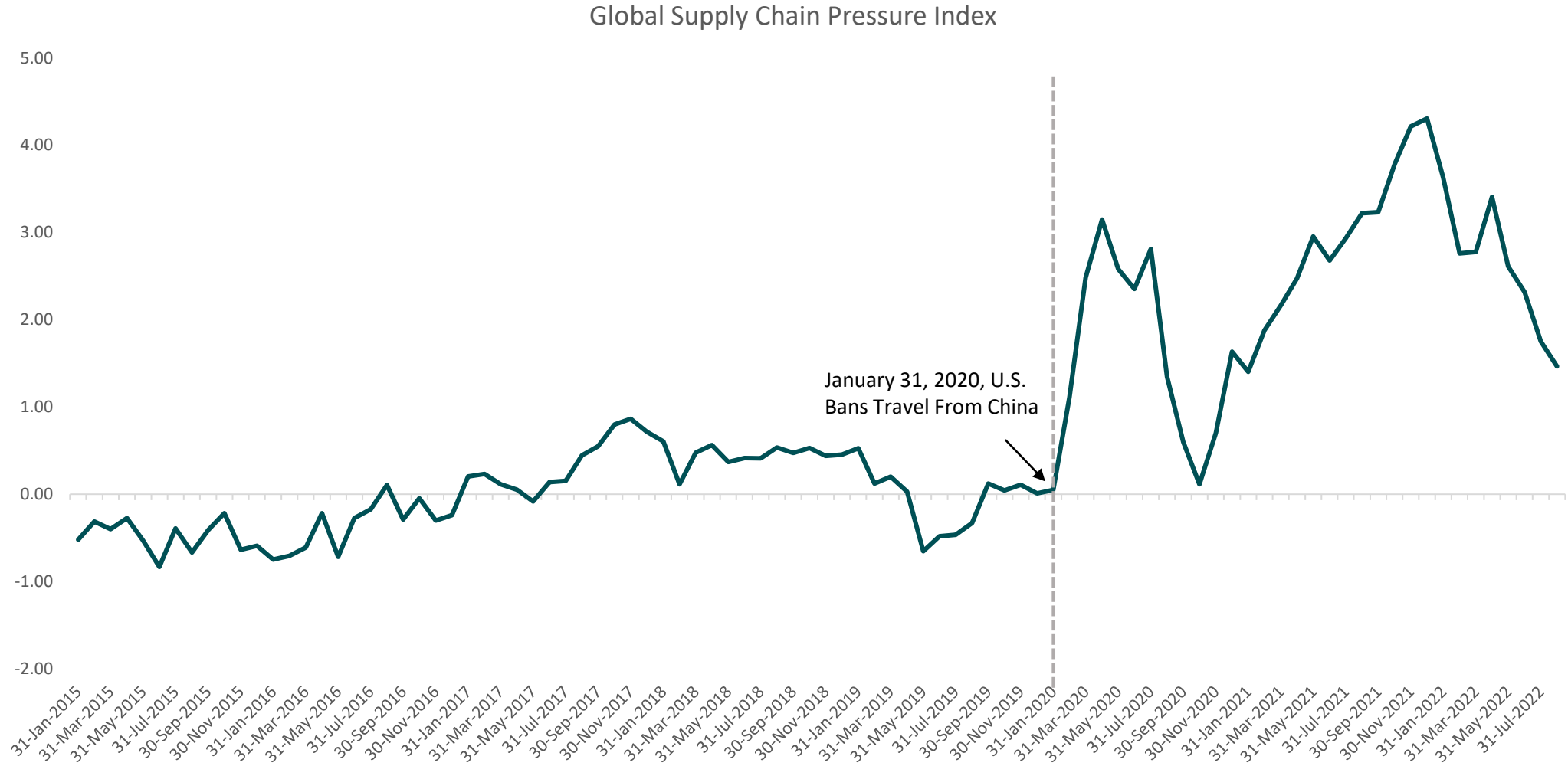
Source: : Atlanta & St. Louis Fed, Congressional Budget Office (CBO)

Shanghai Shipping Container Bottleneck



Source: Econfix April 25, 2022

Supply Chain Issues due to China Covid Policy

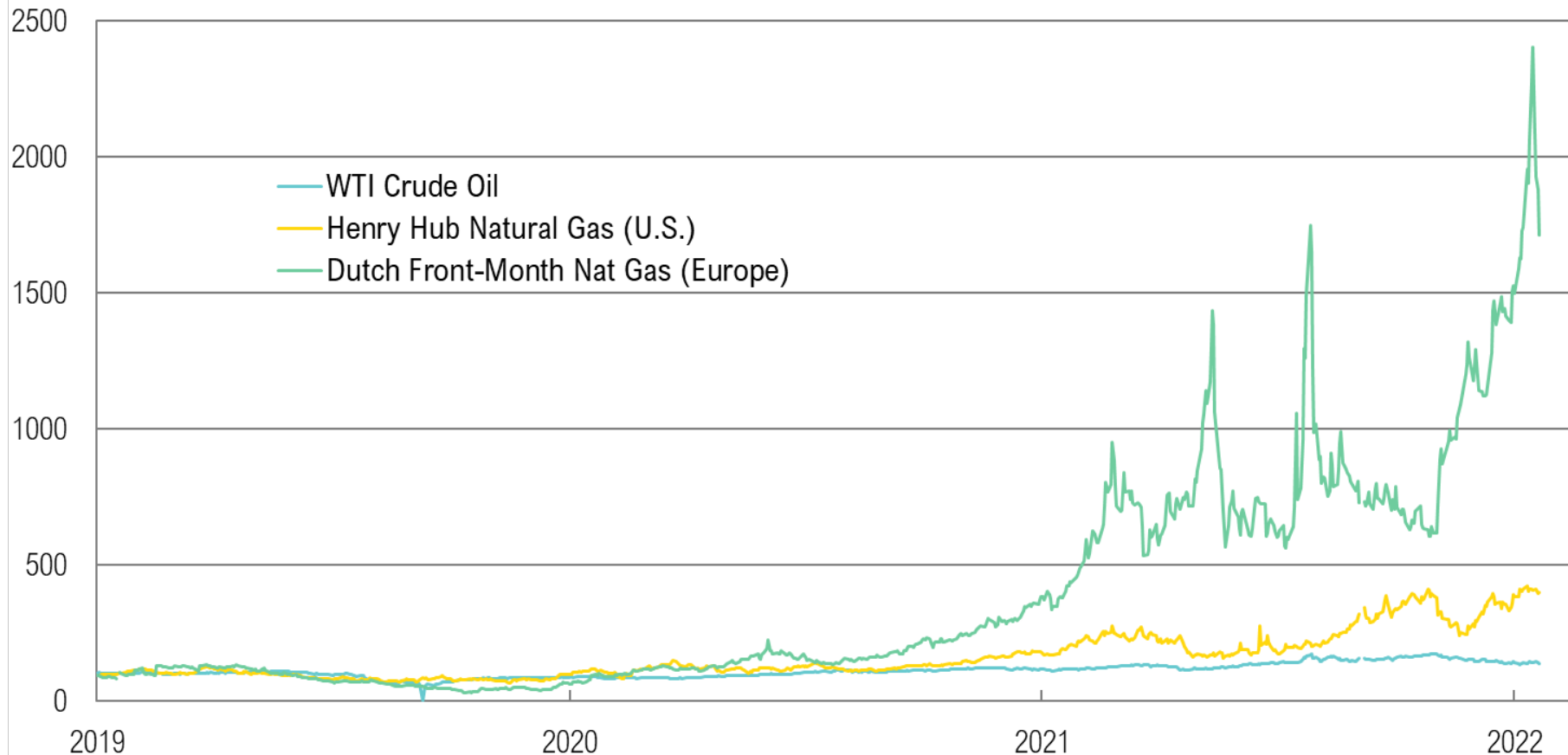


Source: Federal Reserve Bank of New York

Putin – Ukraine War

European Energy Crisis

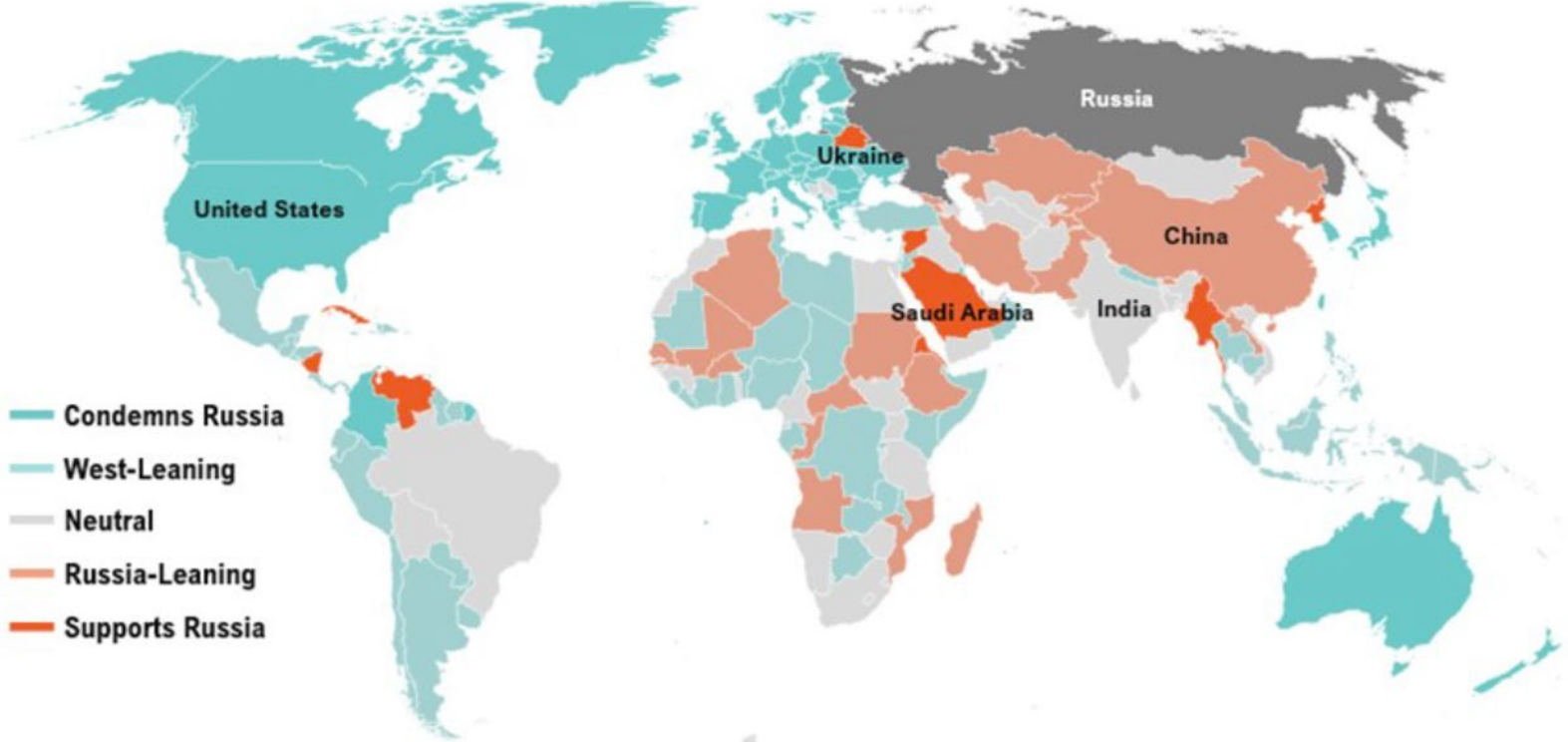
Crude Oil, U.S. and European Natural Gas Price Growth of 100, 9/1/2019 - 8/31/2022



Source: Bloomberg

Multipolar World

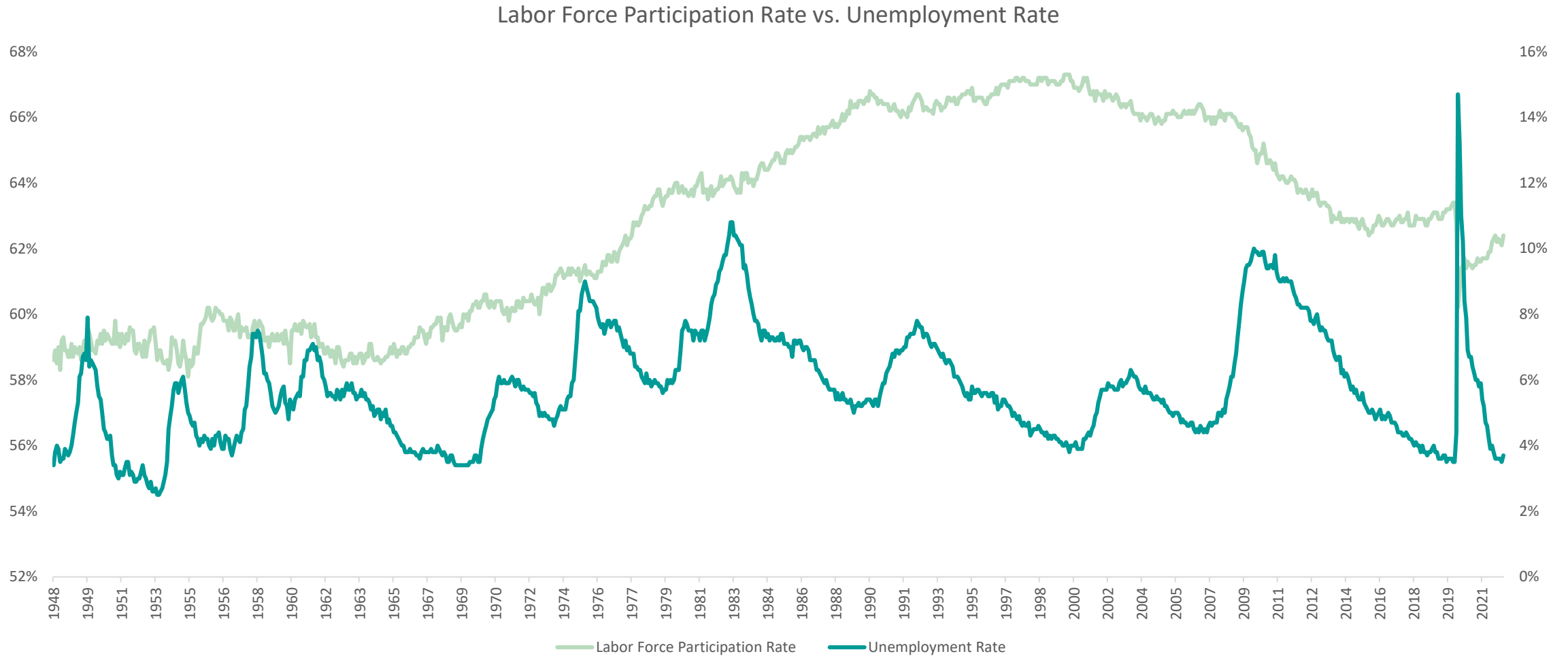
Government Responses to the War in Ukraine



Source: EU

LFPR vs. Unemployment Rate

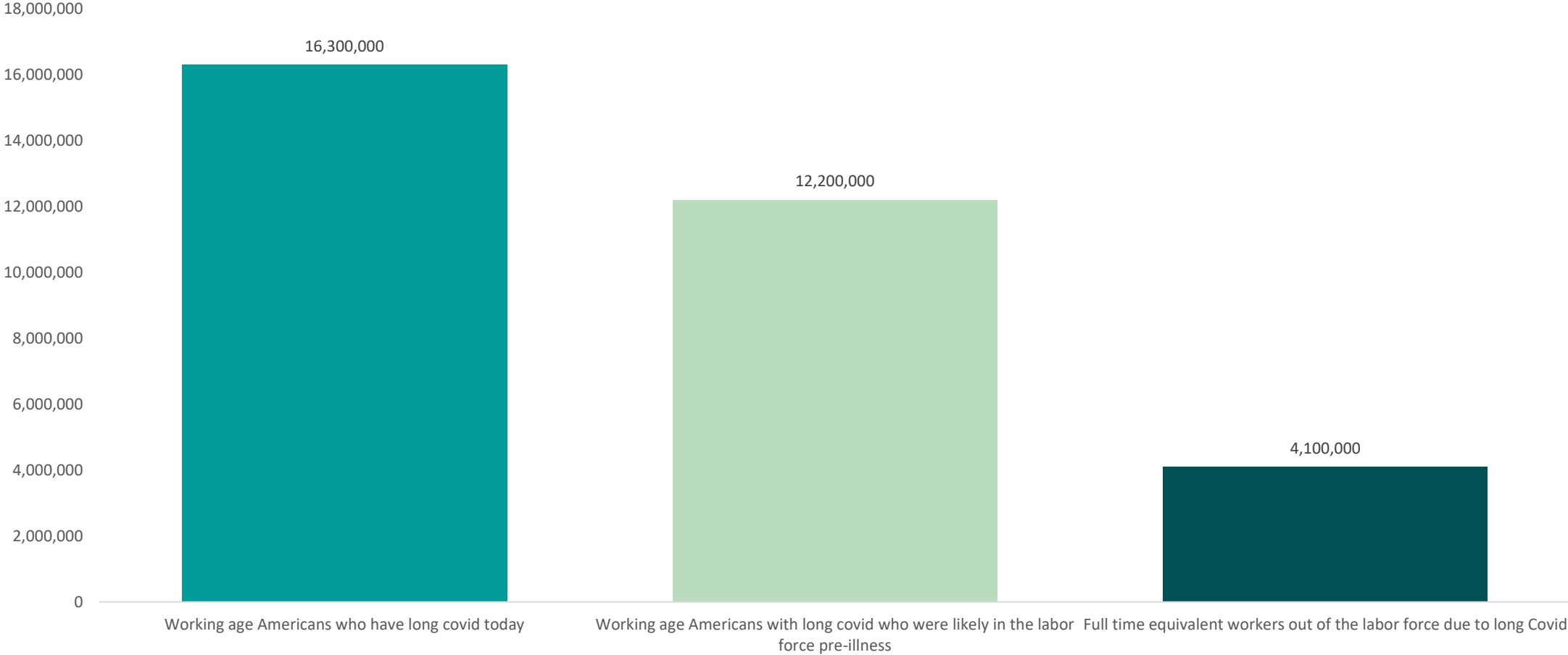
Labor Force Participation Rate, %, Unemployment Rate, %



Source: Atlanta & St. Louis Fed

Long Covid Has Displaced Millions of Workers

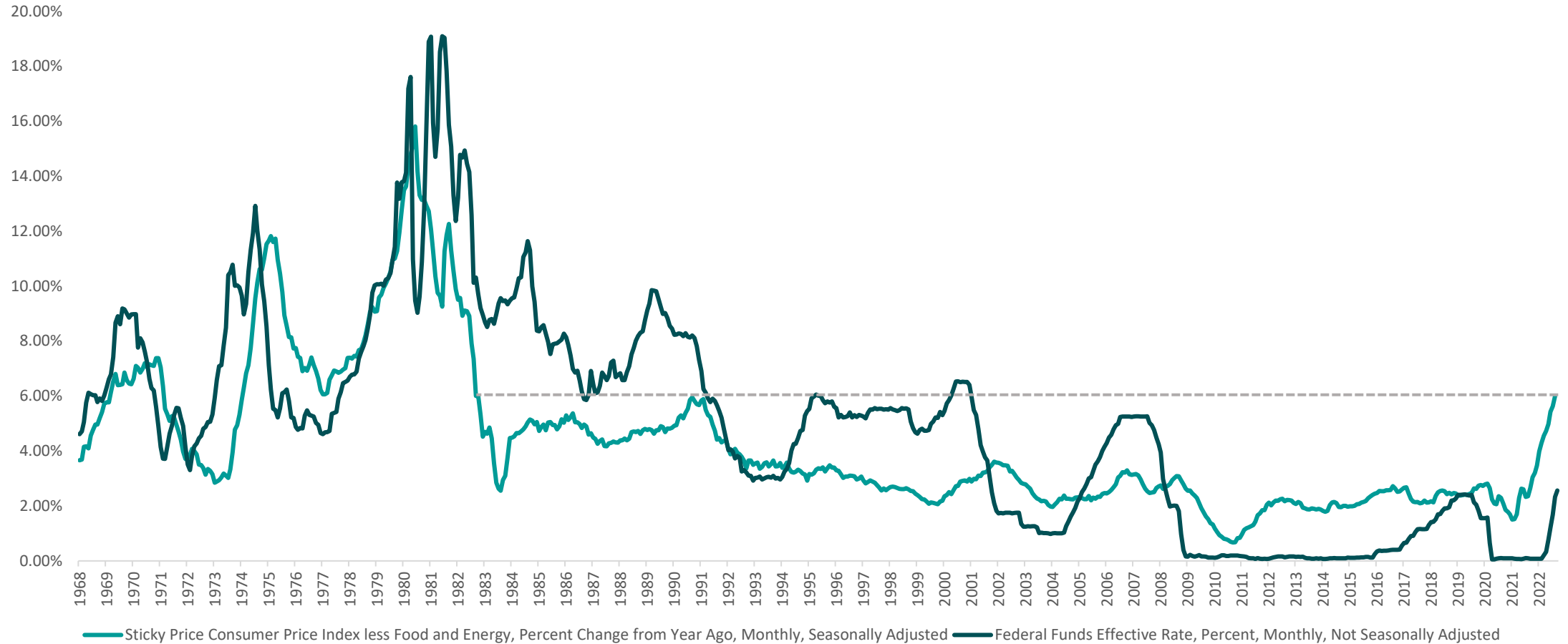
Number of Americans out of the Labor Force due to long Covid



Source: US Census, Long Covid prevalence data from the Household Pulse Survey, BLS, Fed, TUC, Lancet

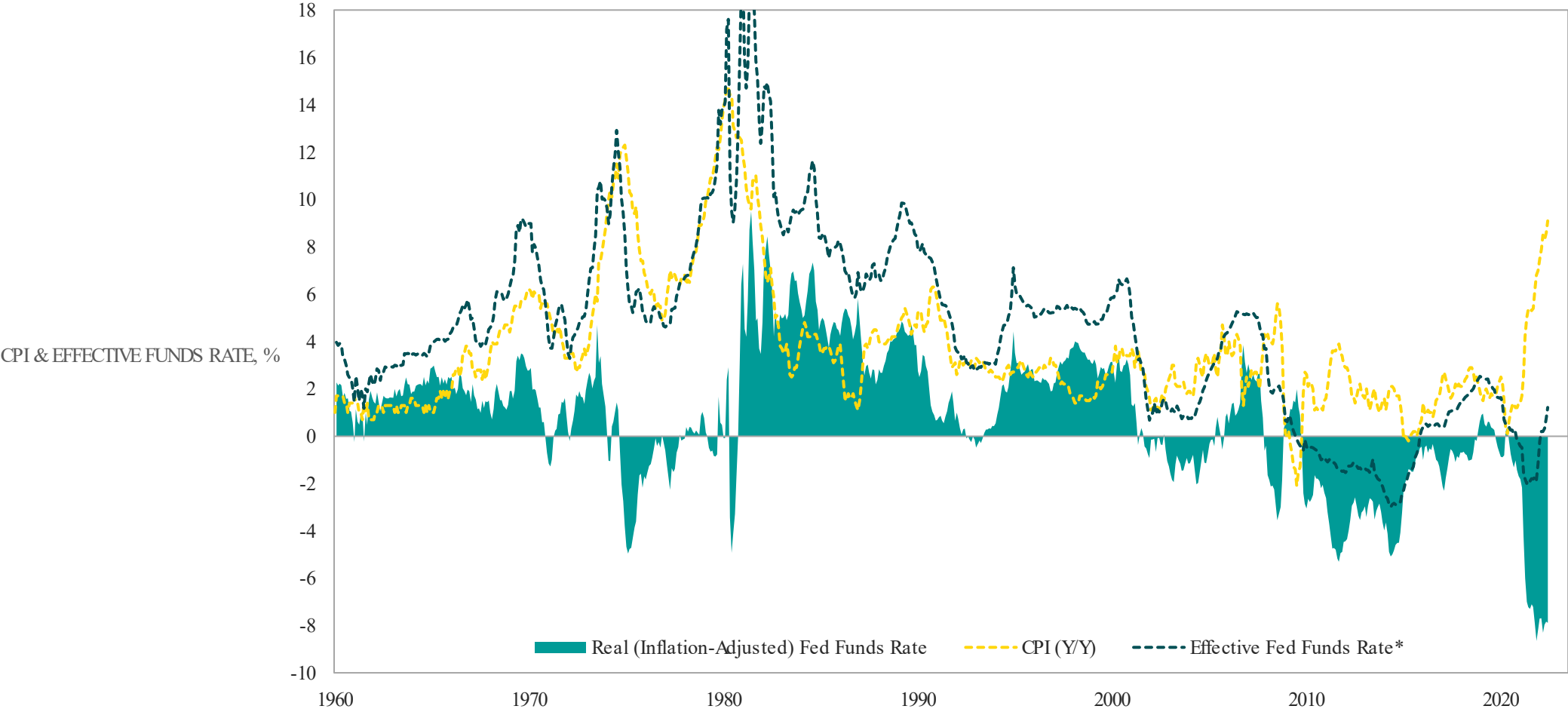
Bottom Line – INFLATION!

Fed Funds Rate & Core CPI



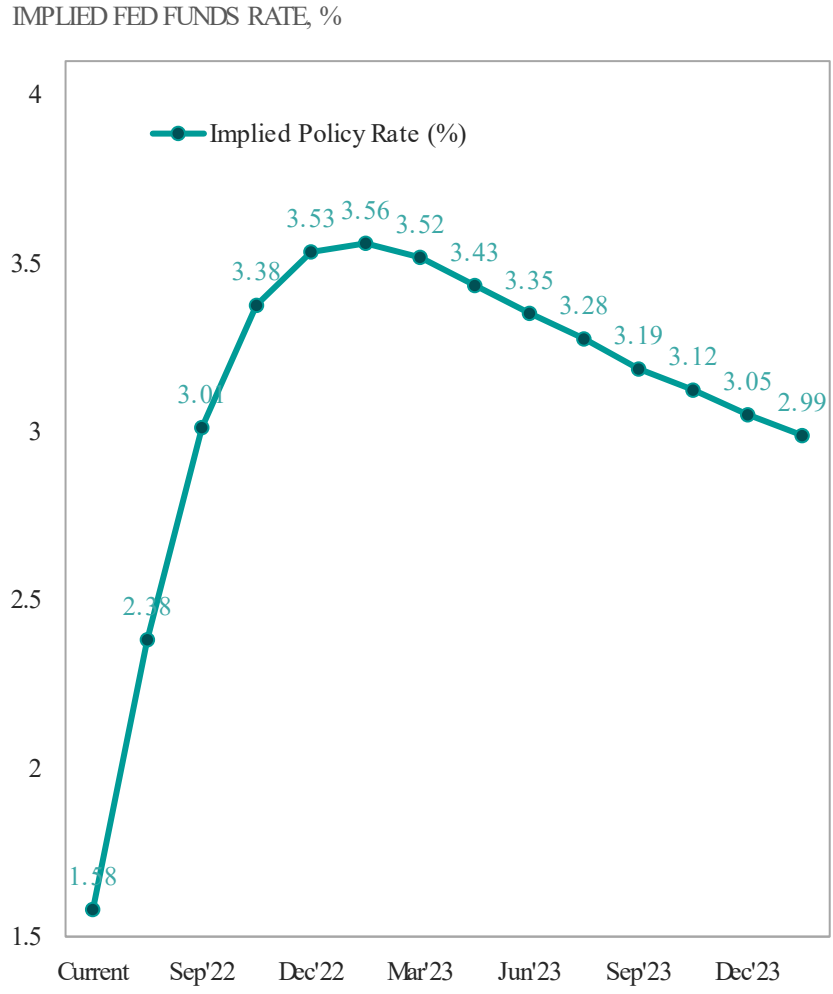
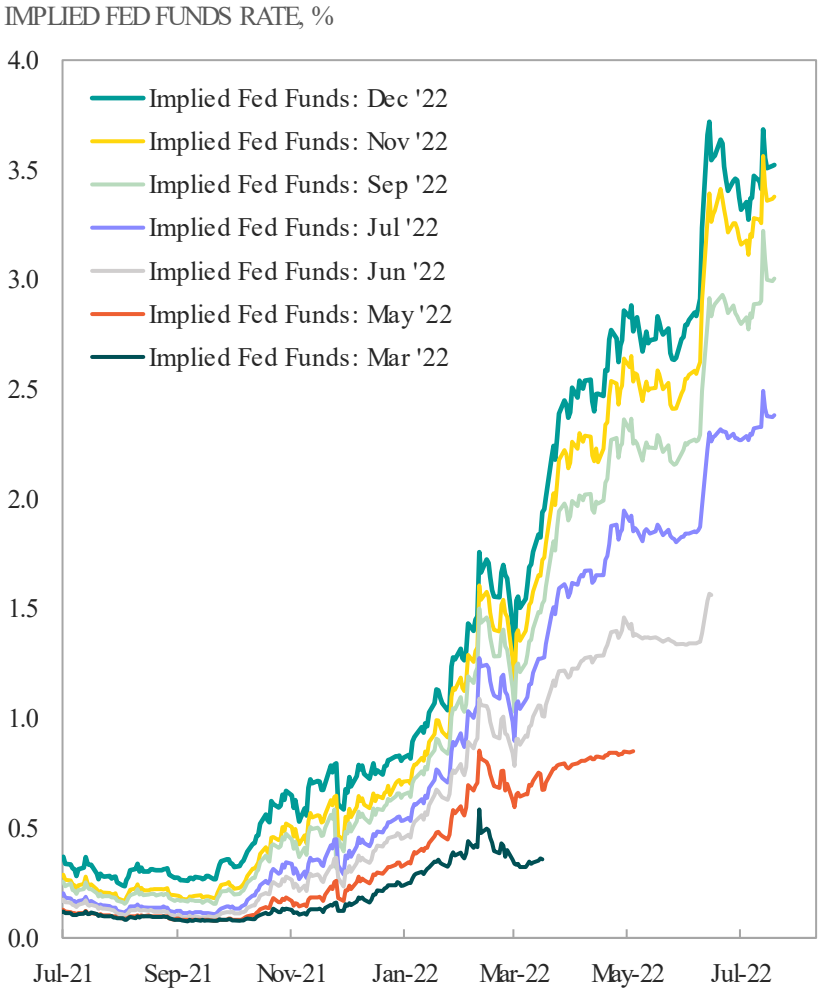
Source: Atlanta & St. Louis Fed

Fed is Playing Catch Up



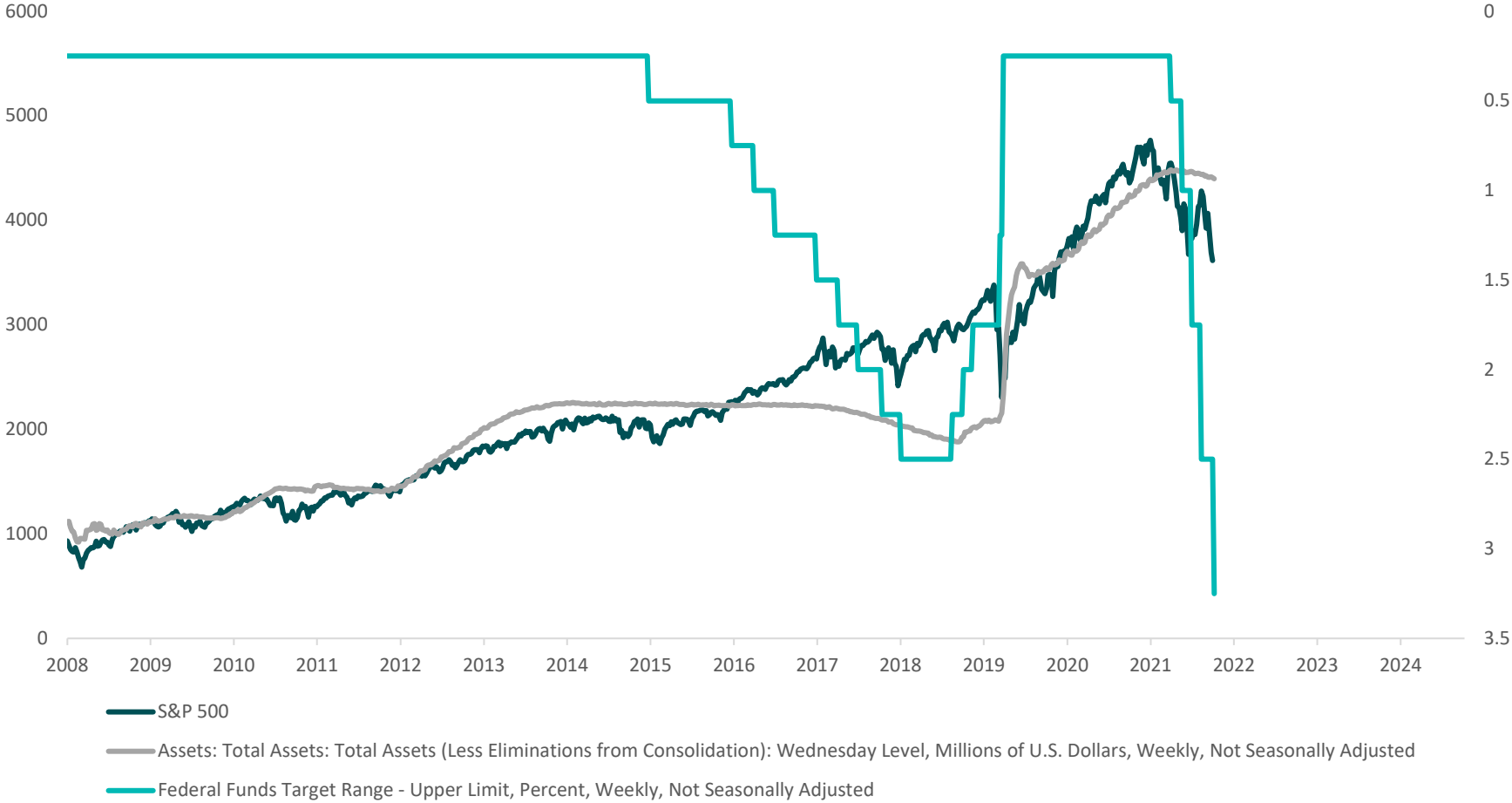
Source: Atlanta & St. Louis Fed
*Effective Fed Funds Rate represents Wu-Xia Shadow Federal Funds Rate during periods of quantitative easing

Fed Funds Rates Implying Higher Rates



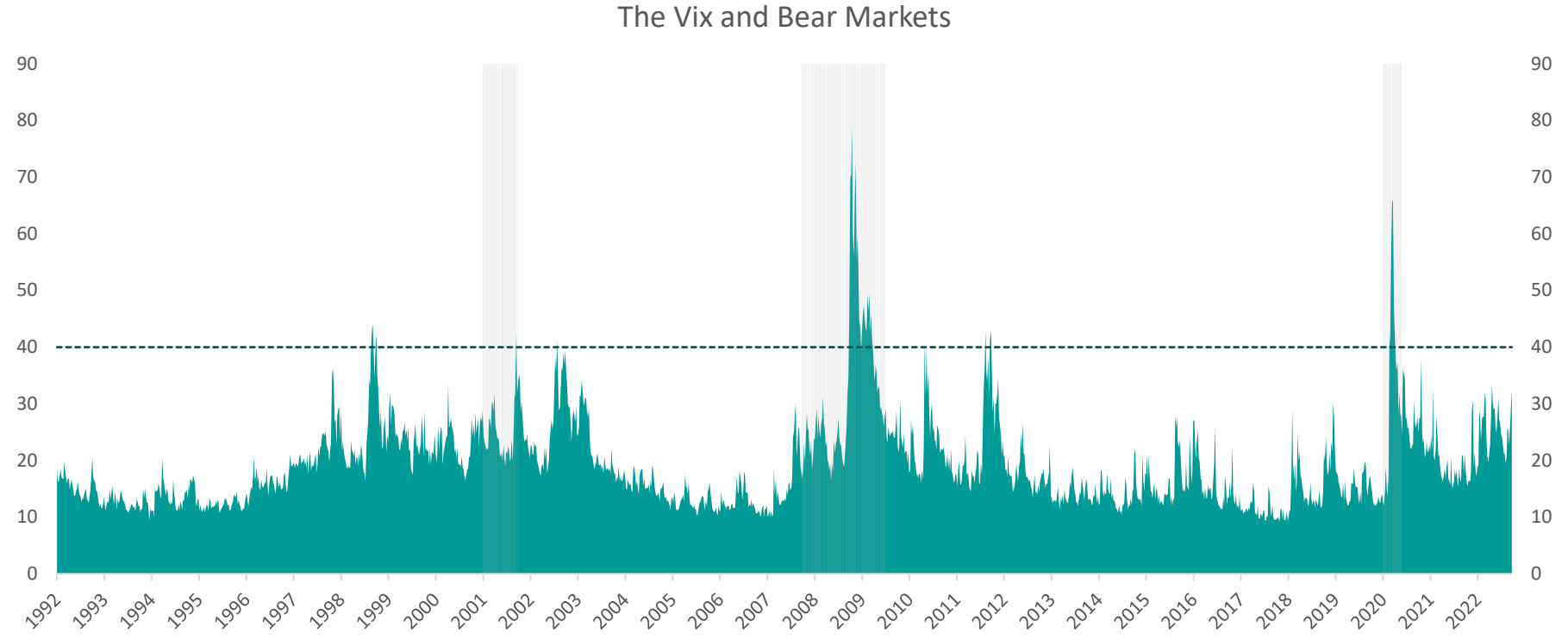
Source: Bloomberg, As at 7/19/22

Monetary Policies Impact on S&P 500



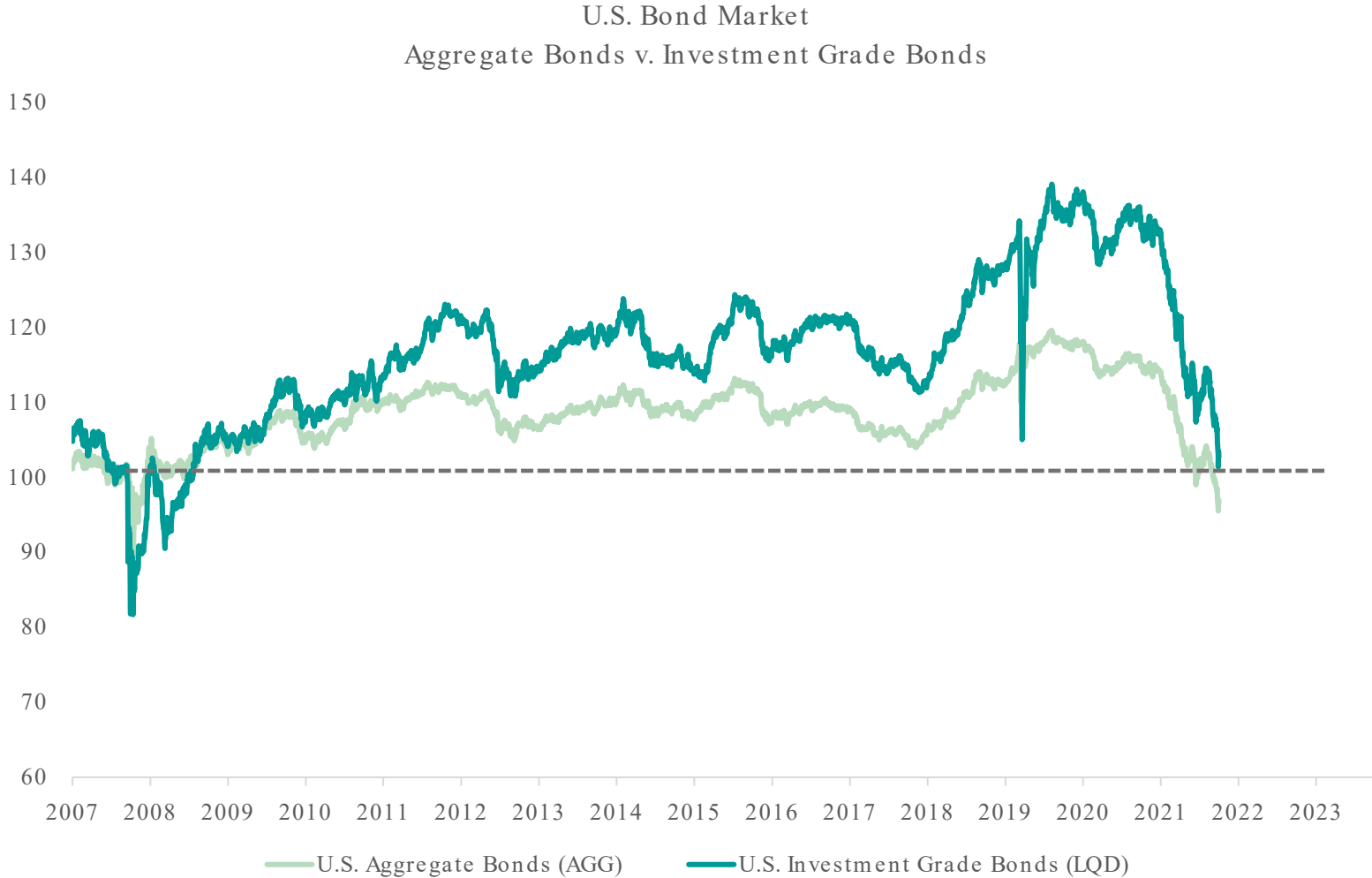
Source: Bloomberg. Federal Funds Target Range rates are inverted.

Vix to 40?



Source: Atlanta & St. Louis Fed

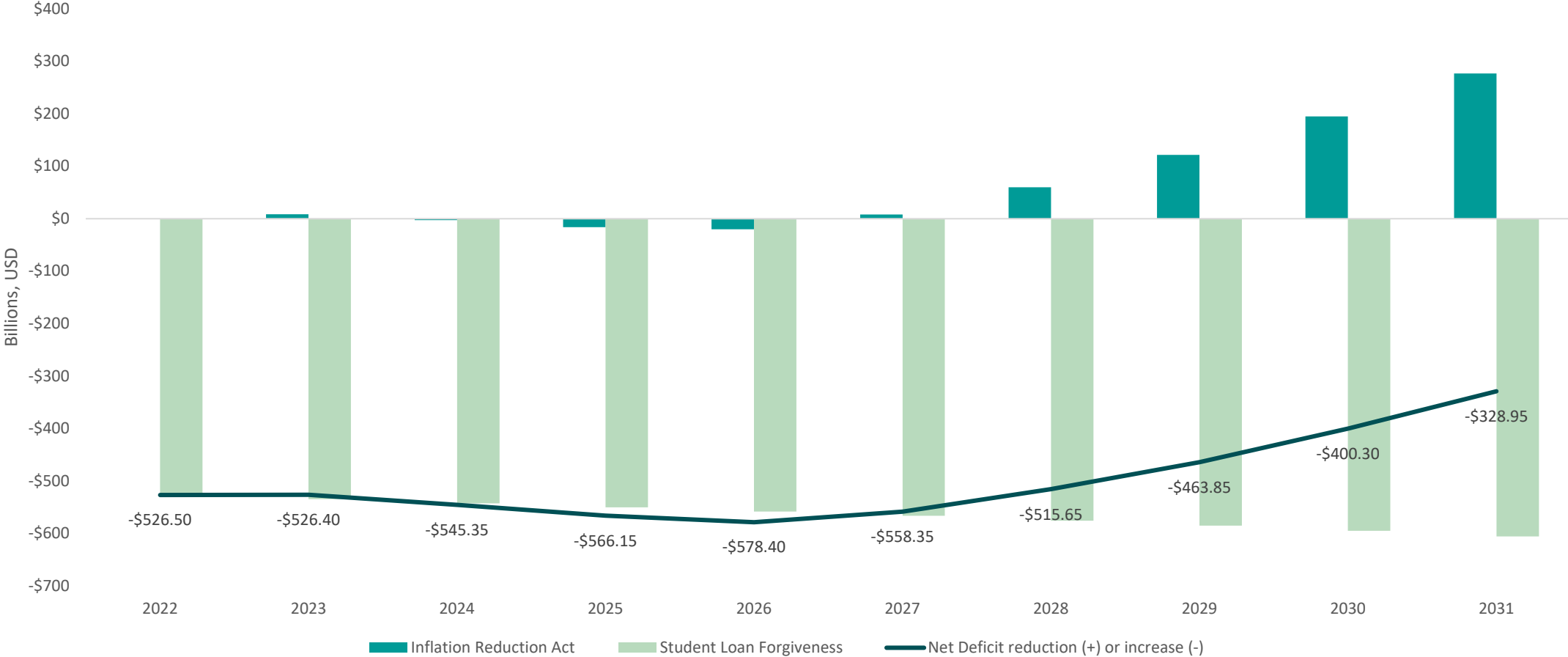
U.S. Bonds Back to 2008 Levels



Source: Federal Reserve Bank of St. Louis

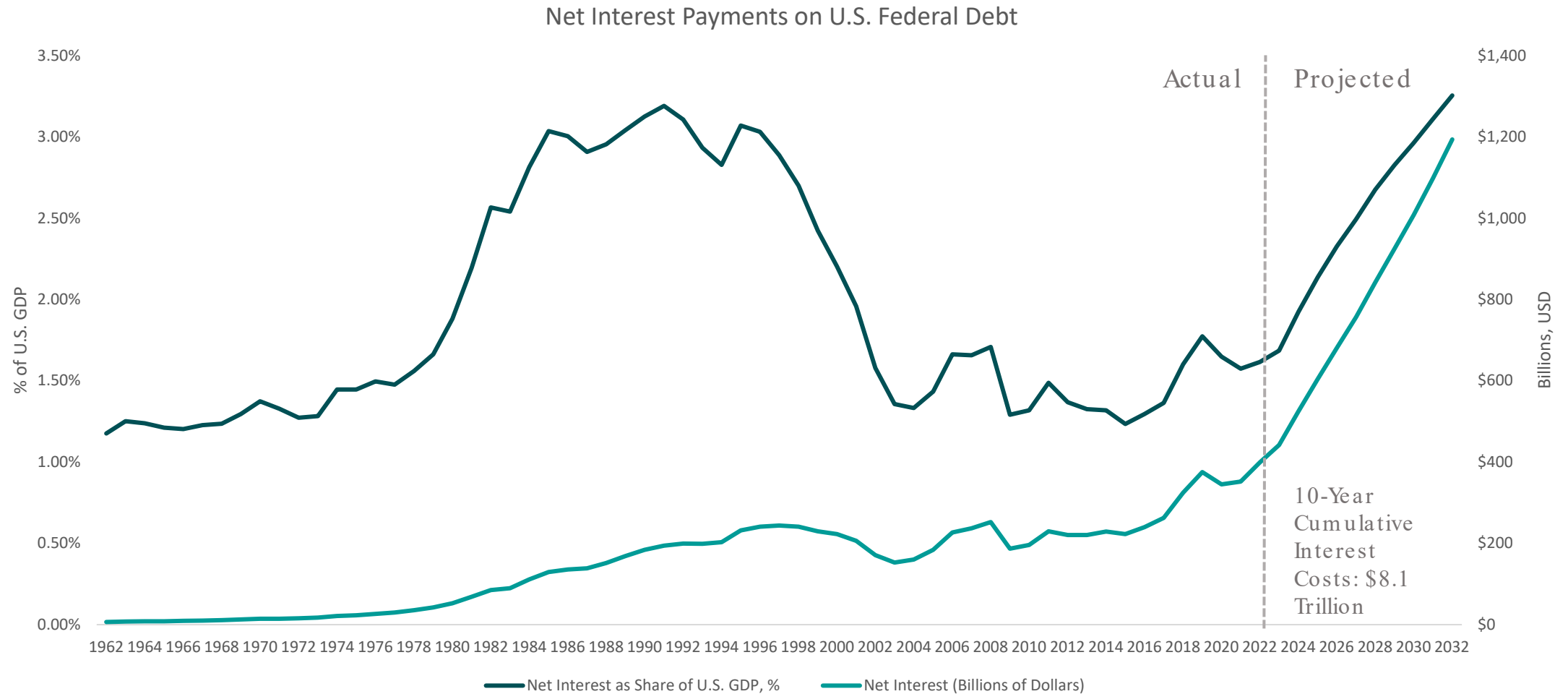
Fiscal Policy is Fighting Monetary Policy

Projected U.S. Budget Impact of Inflation Reduction Act & Student Loan Forgiveness Plan



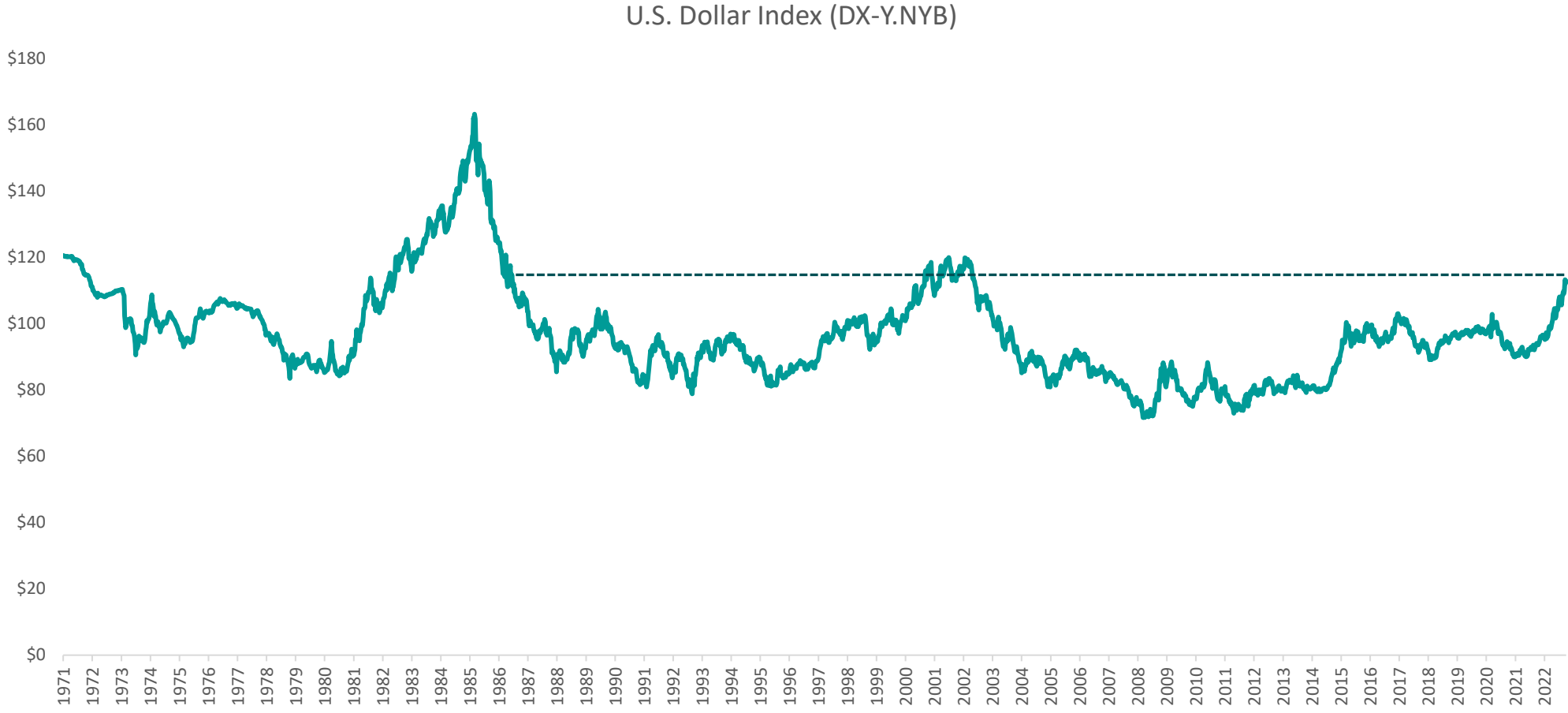
Source: Penn Wharton, University of Pennsylvania

Interest on Federal Debt set to Soar



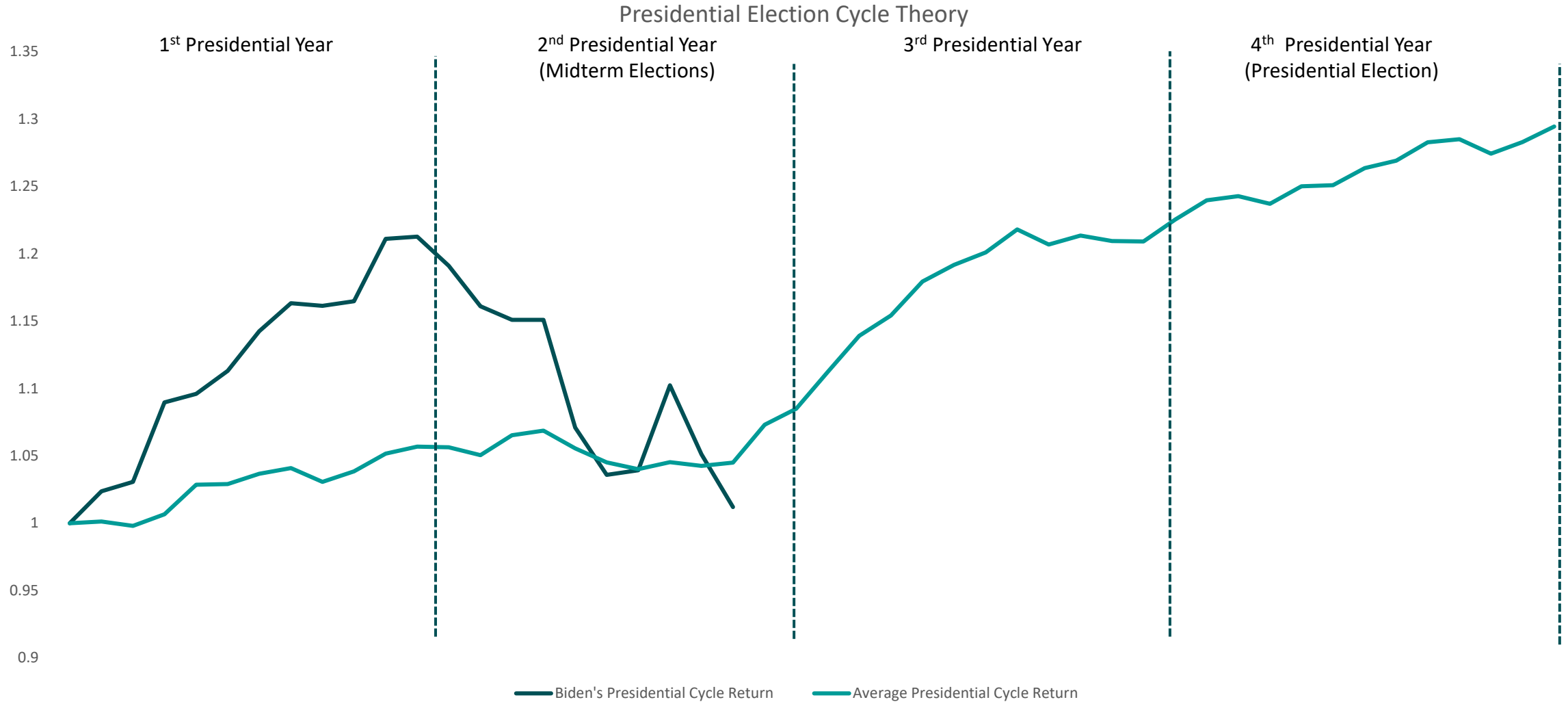
Source: CBO May 2022 report The Budget and Economic Outlook: 2022 to 2032

U.S. Dollar Strengthening

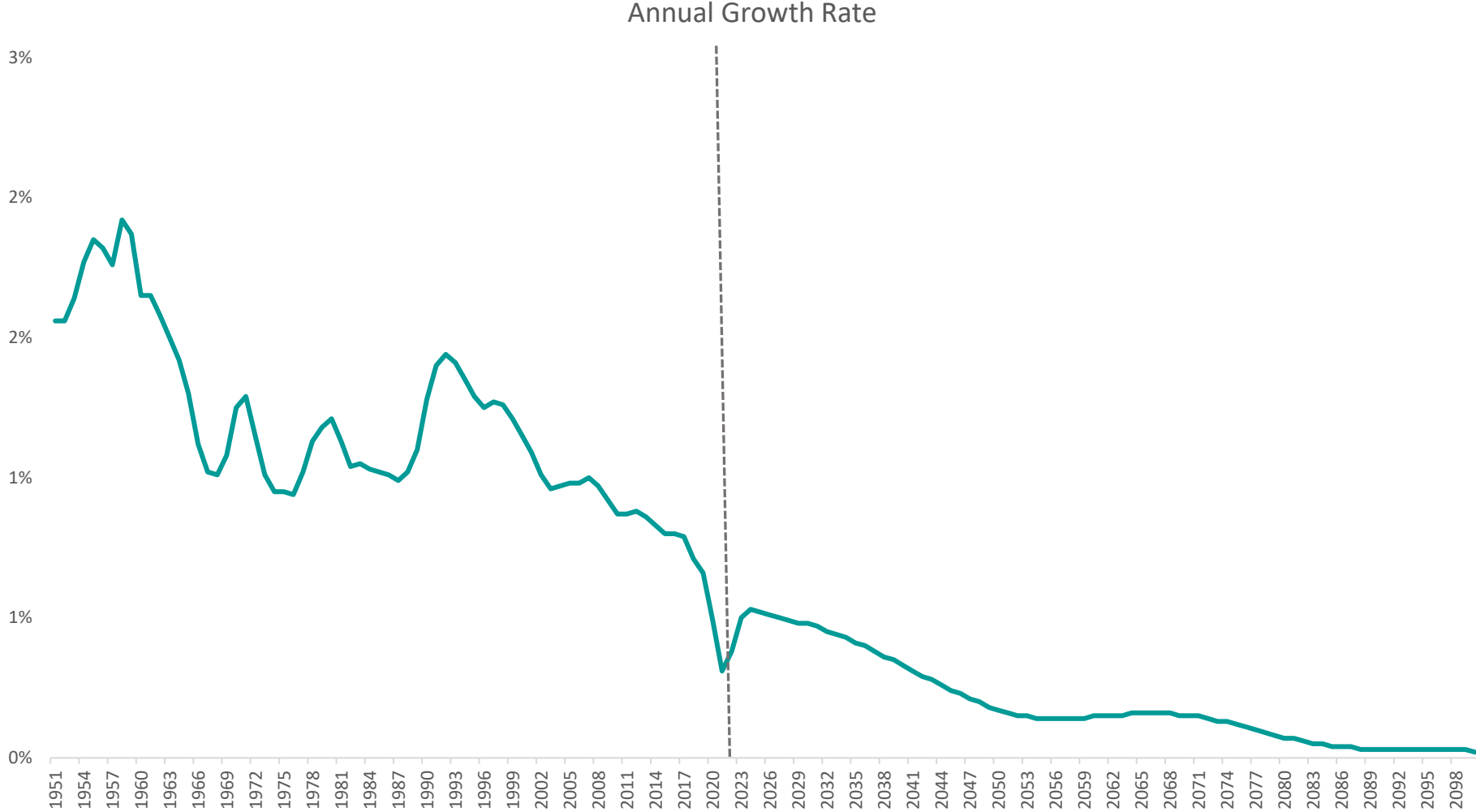


Source: Yahoo Finance

Midterm Worst Performing Since 1953



U.S. Population Growth at Slowest Rate Ever



Source: Penn Wharton, University of Pennsylvania

Firm Overview

Office: Chicago, IL

SEC Registered Investment Advisor (CRD #314694)

Assets Under Management (as of 3/31/2022): \$139,325,176.00

Households throughout the country (as of 3/31/2022): 38



Disclosures

Important Information from 103 Advisory Group:

1. Source: Morningstar. Current Model Composition as of 12/31/2020. Capital Preservation: Bloomberg Barclays U.S. Int G/C-80%, MSCI ACWI-7%, HFRX Global Hedge Fund-10%, FTSE 3-Mo T-Bill-3%. Income with Some Growth: Bloomberg Barclays U.S. Int G/C-63%, MSCI ACWI-24%, HFRX Global Hedge Fund-11%, FTSE 3-Mo T-Bill-2%. Balanced: Bloomberg Barclays U.S. Int G/C-40%, MSCI ACWI-48%, HFRX Global Hedge Fund-10%, FTSE 3-Mo T-Bill-2%. Growth With Some Income: Bloomberg Barclays U.S. Int G/C-22%, MSCI ACWI-70%, HFRX Global Hedge Fund-7%, FTSE 3-Mo T-Bill-1%. Growth: MSCI ACWI-94%, HFRX Global Hedge Fund-5%, FTSE 3-Mo T-Bill-1%.

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Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

Performance results reflect the deduction of advisory fees, brokerage commissions, and fund charges. Performance results reflect the investment of dividends and other earnings. This information is provided to you in a combined form, solely for your convenience and ease of review. Past performance is never a guarantee of future results. All investments have investment risks such as fluctuation in investment principal including the complete loss of principal invested.

Performance report calculations and figures should not be relied upon for tax purposes.

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Please immediately notify 103 Advisory Group of any changes in your financial situation, risk tolerance, or investment objectives. This information is very important as it is used to monitor your portfolio.

Information pertaining our investment advisory operations, services, and fees is set forth in the 103 Advisory Group's Form ADV Disclosure Brochure, a copy of which is available from your investment adviser representative upon request. Please also call us with any questions you may have, or if you would like to review this report or your current investment strategy.