

Quarterly Market Update – April 2024

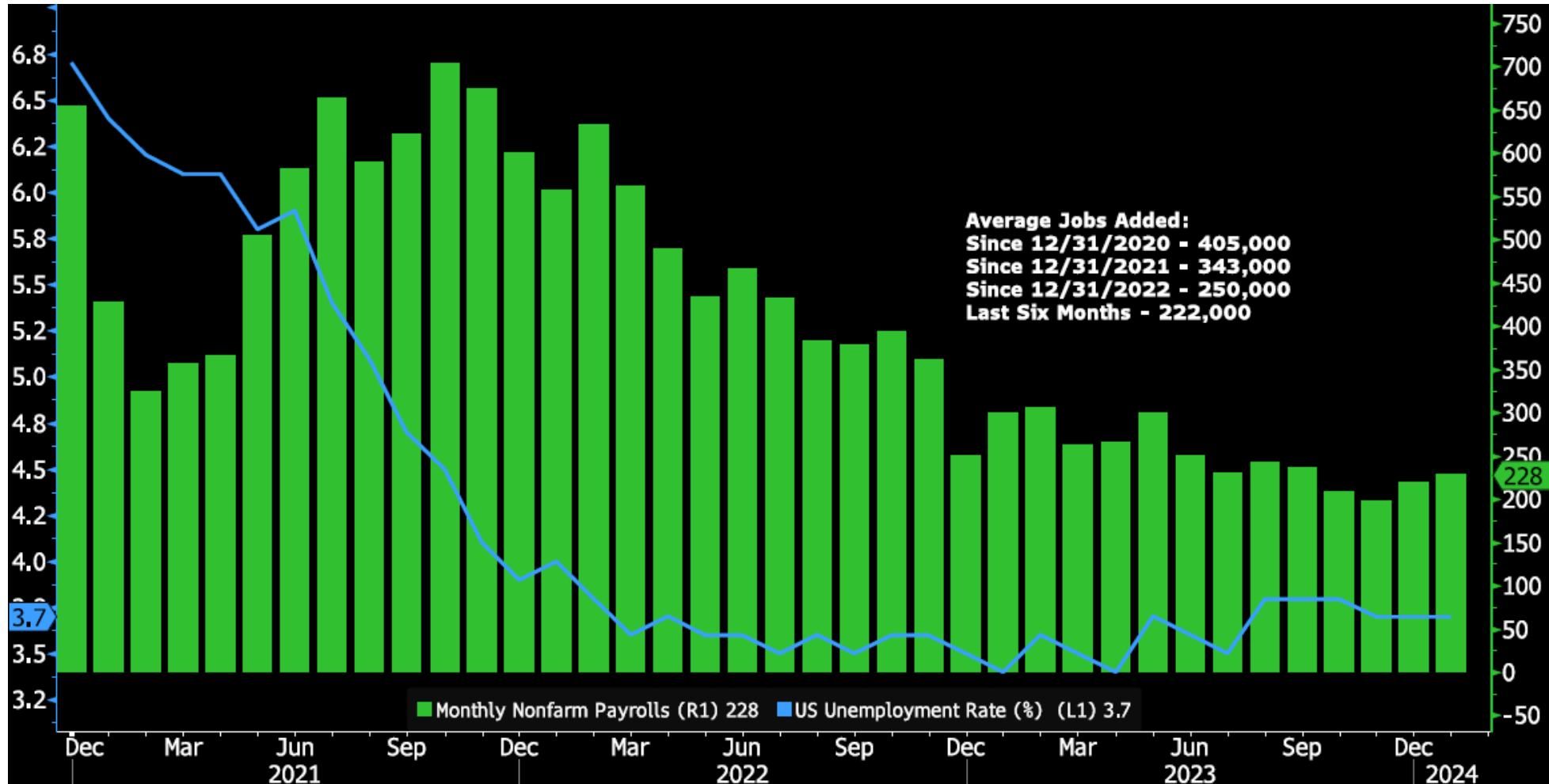
Jeff Dicks - Co-Chief Investment Officer

January 2024

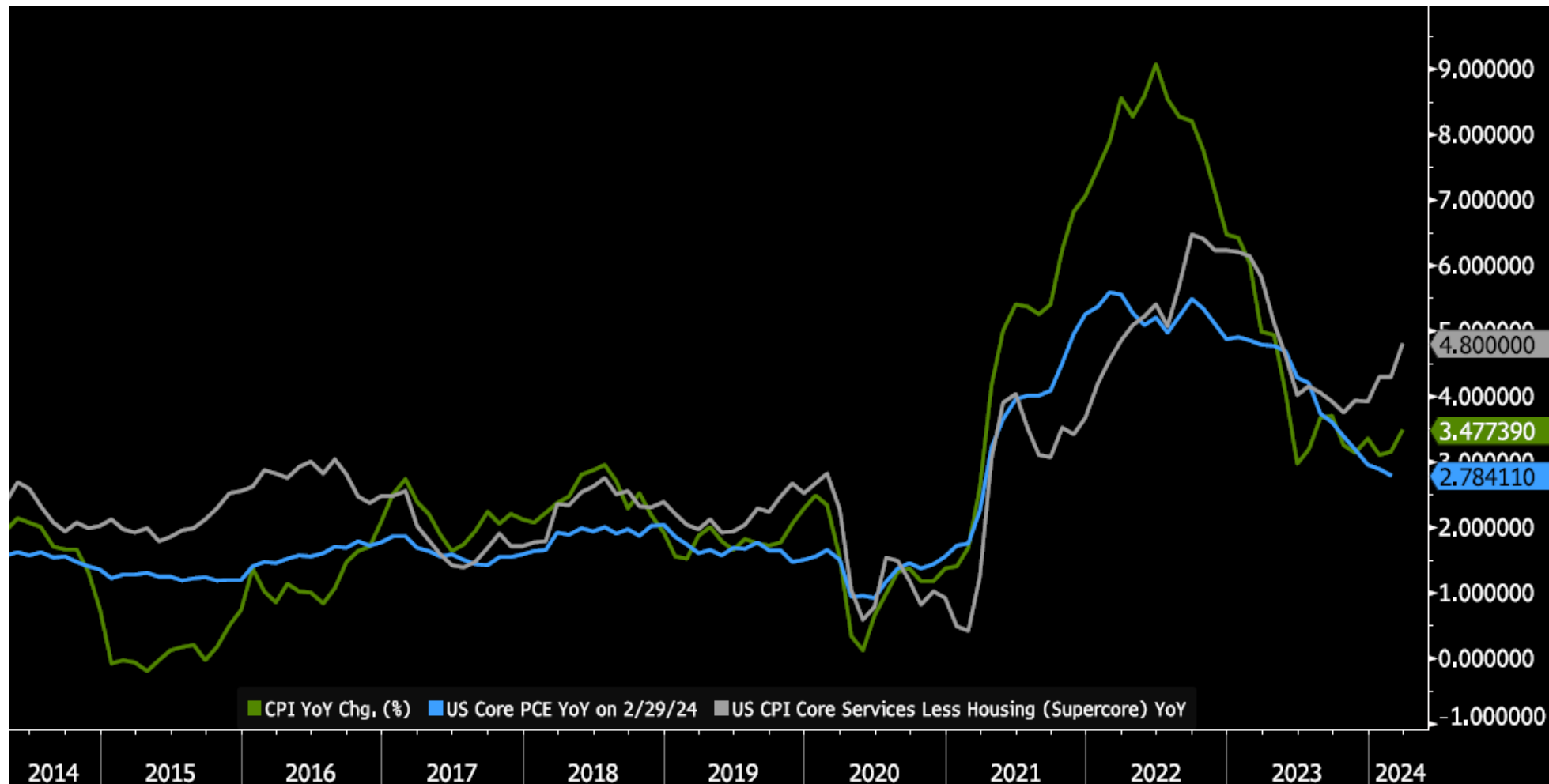


See important disclosures following the presentation.

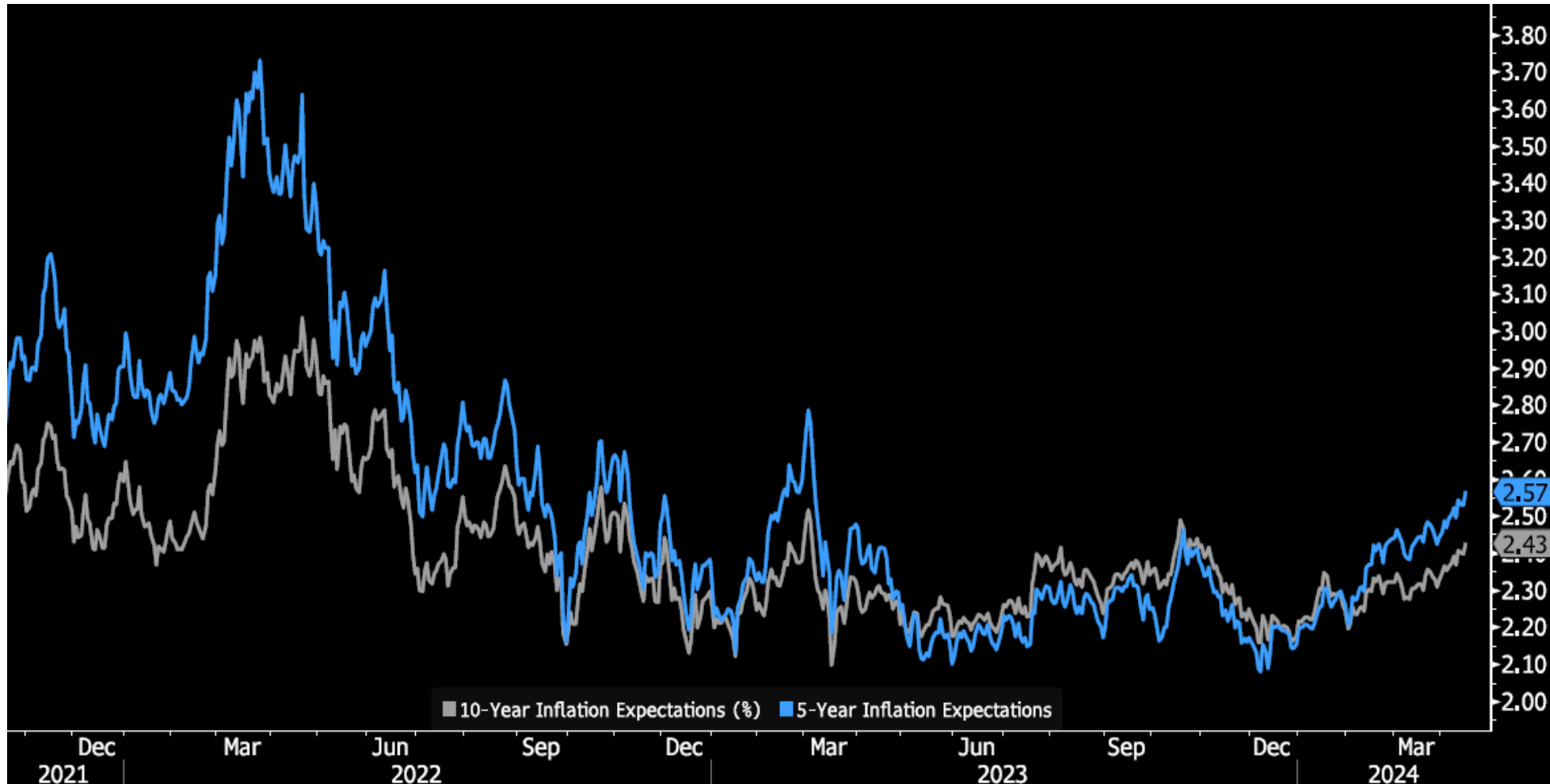
Jobs Market Strong though Job Additions Continue to Slow



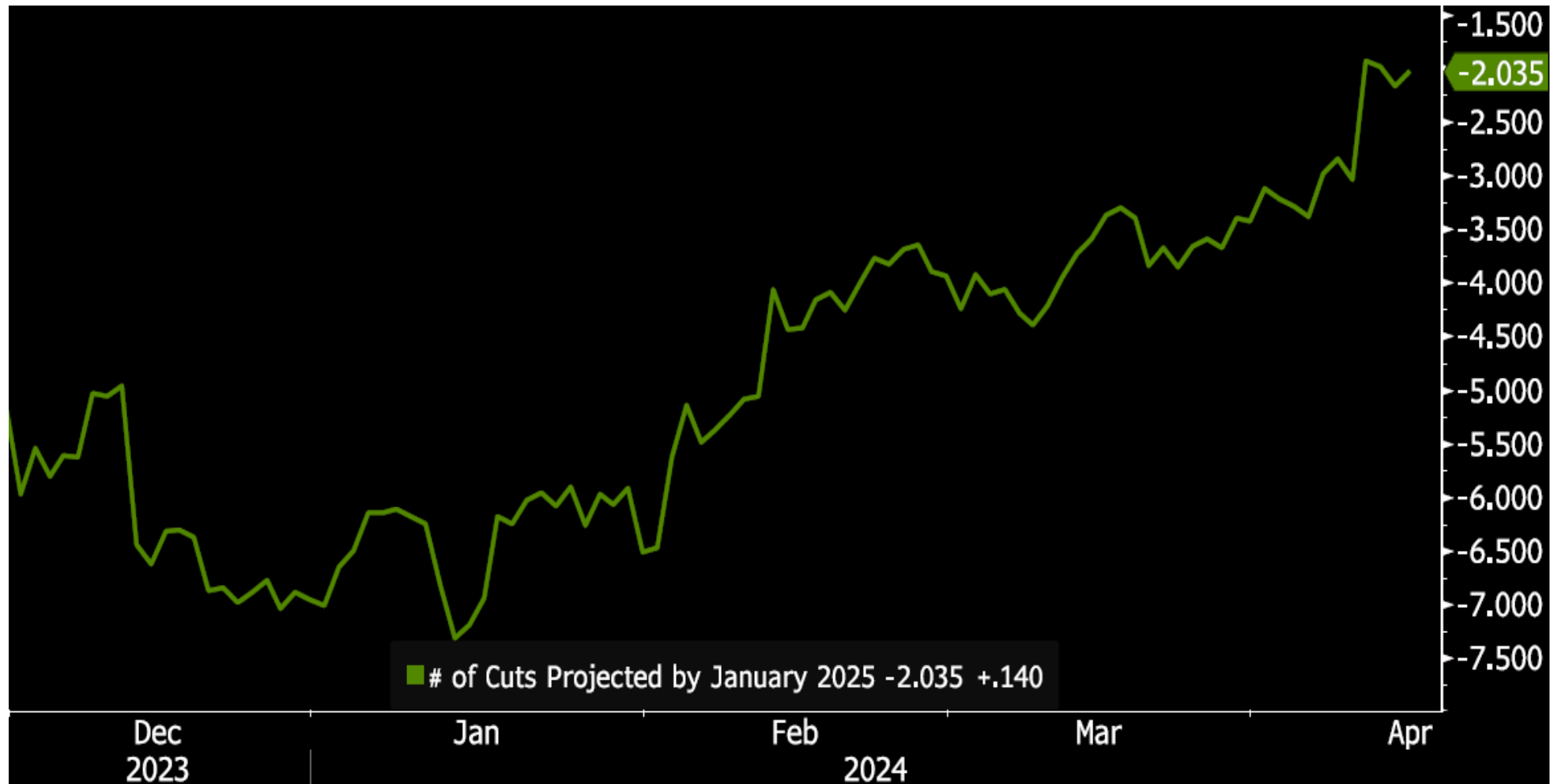
US Inflation Rates Have Eased From Their Peaks but Have Moved Up Recently



Inflation Expectations Have Increased Sharply



Number of Expected Fed Cuts by January 2025 Has Fallen from Seven to Two



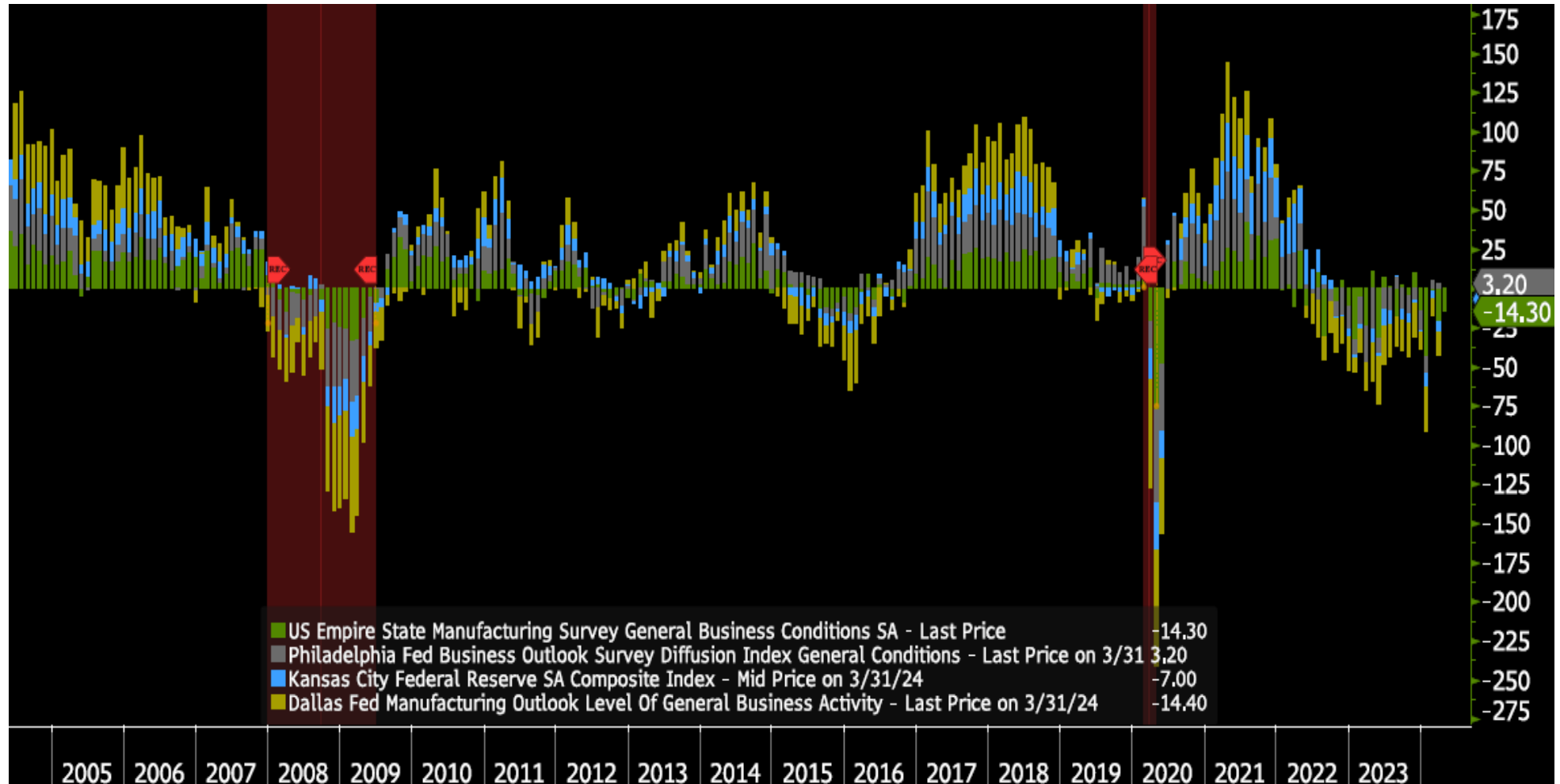
Household Net Worth Hits All-Time High and Retail Sales Resilient



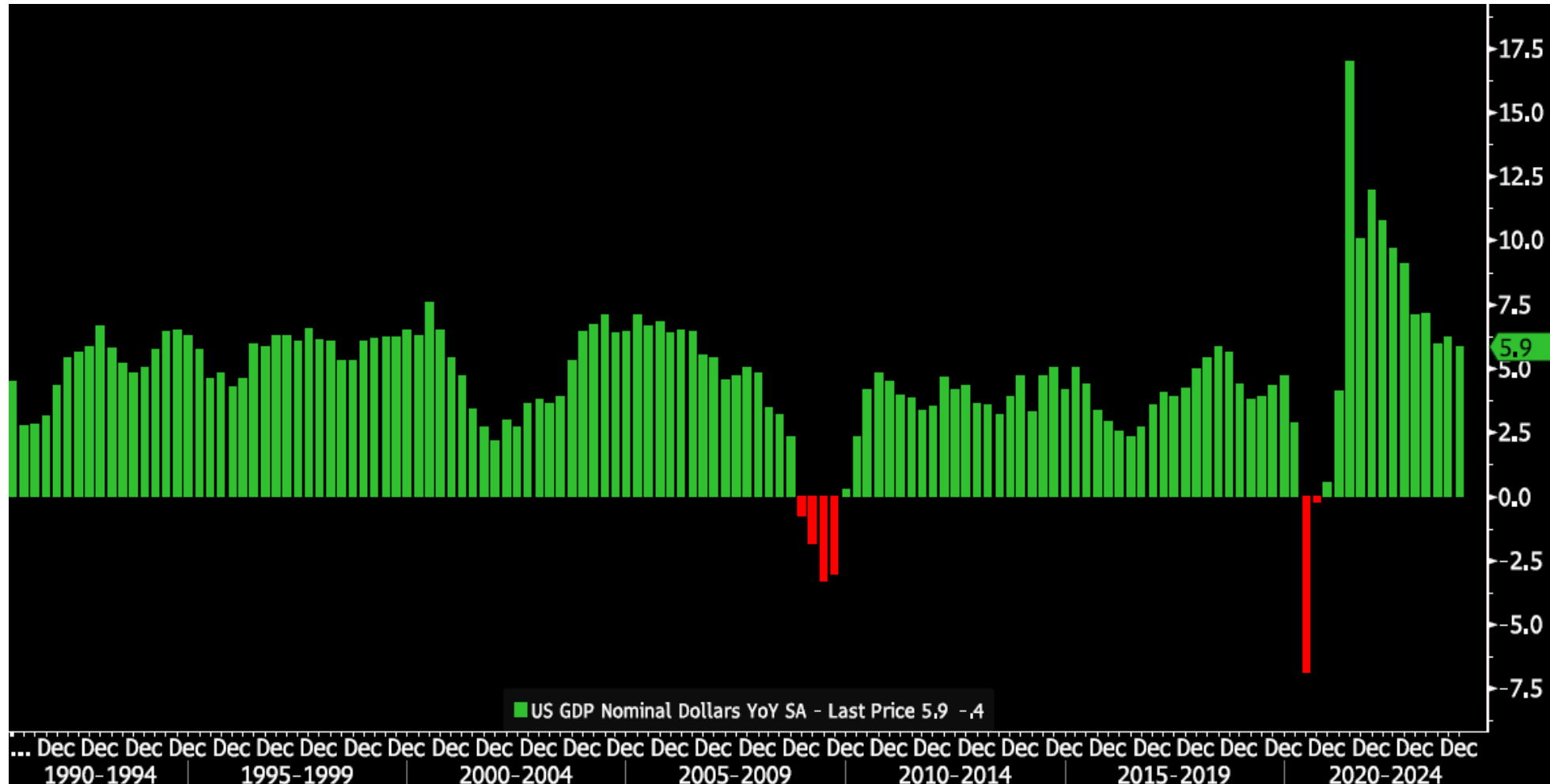
US Leading Economic Indicators Finally Ticking Up



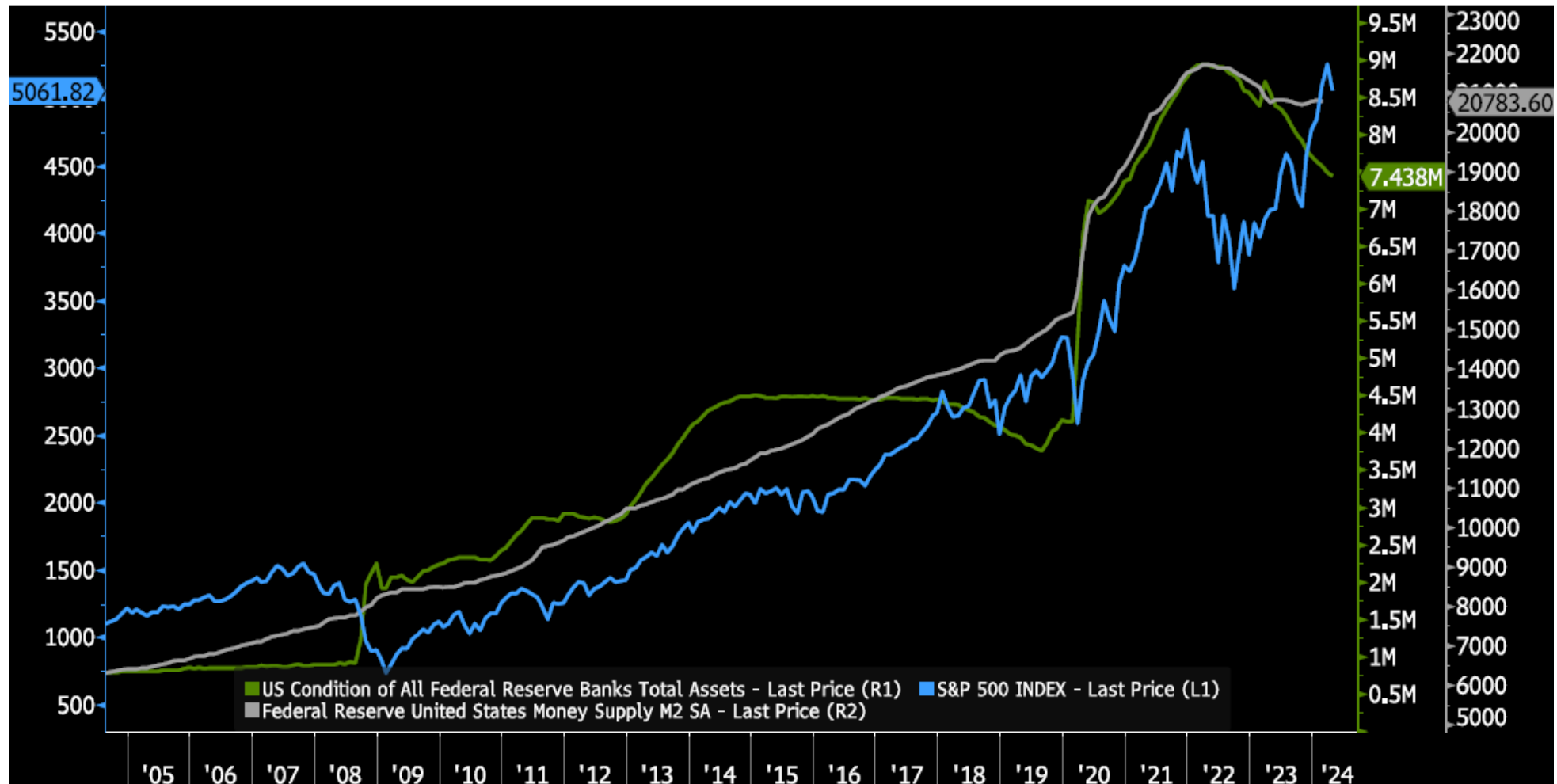
US Manufacturing Activity Beginning to Improve



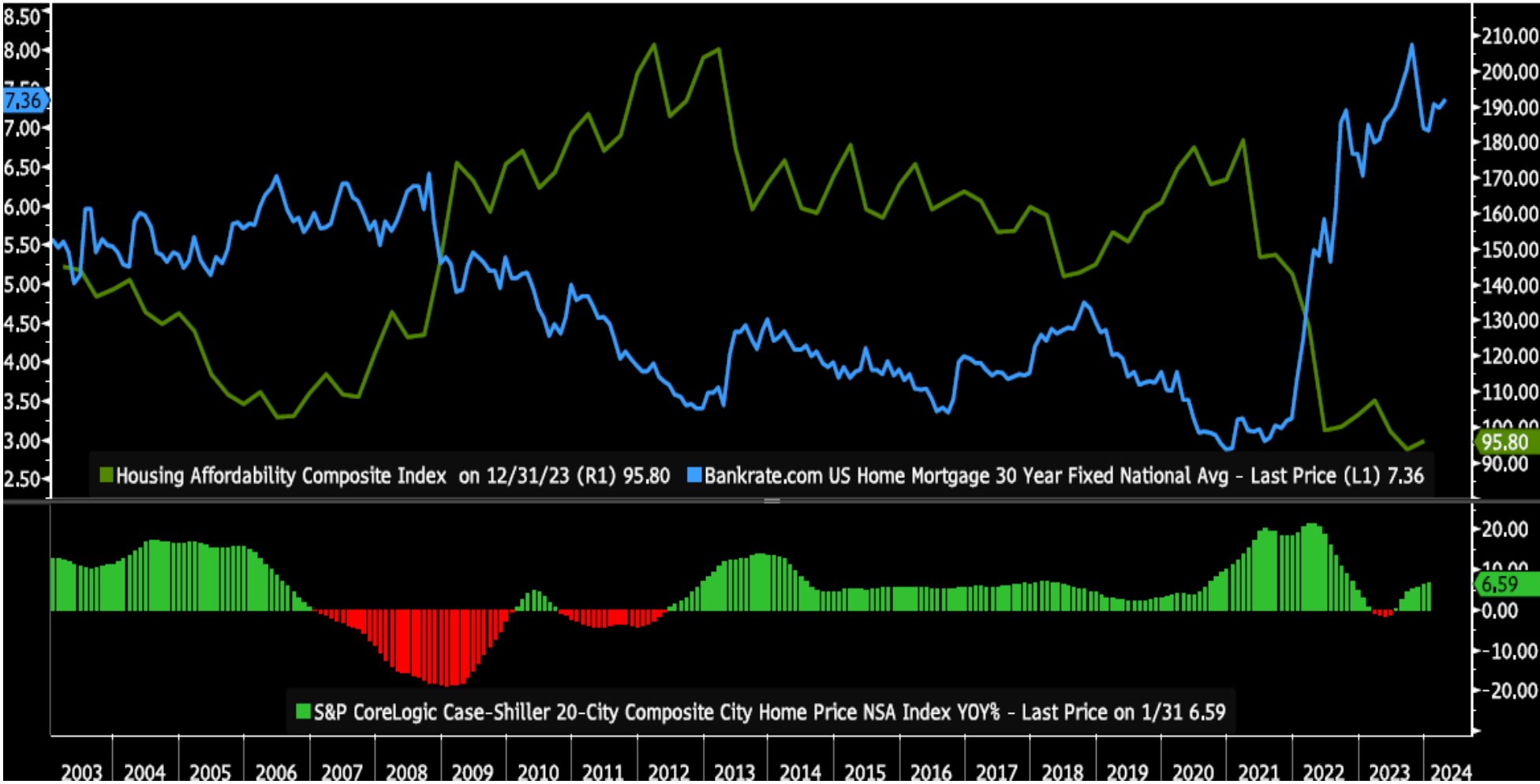
Nominal GDP Trend Still Strong, but Decelerating



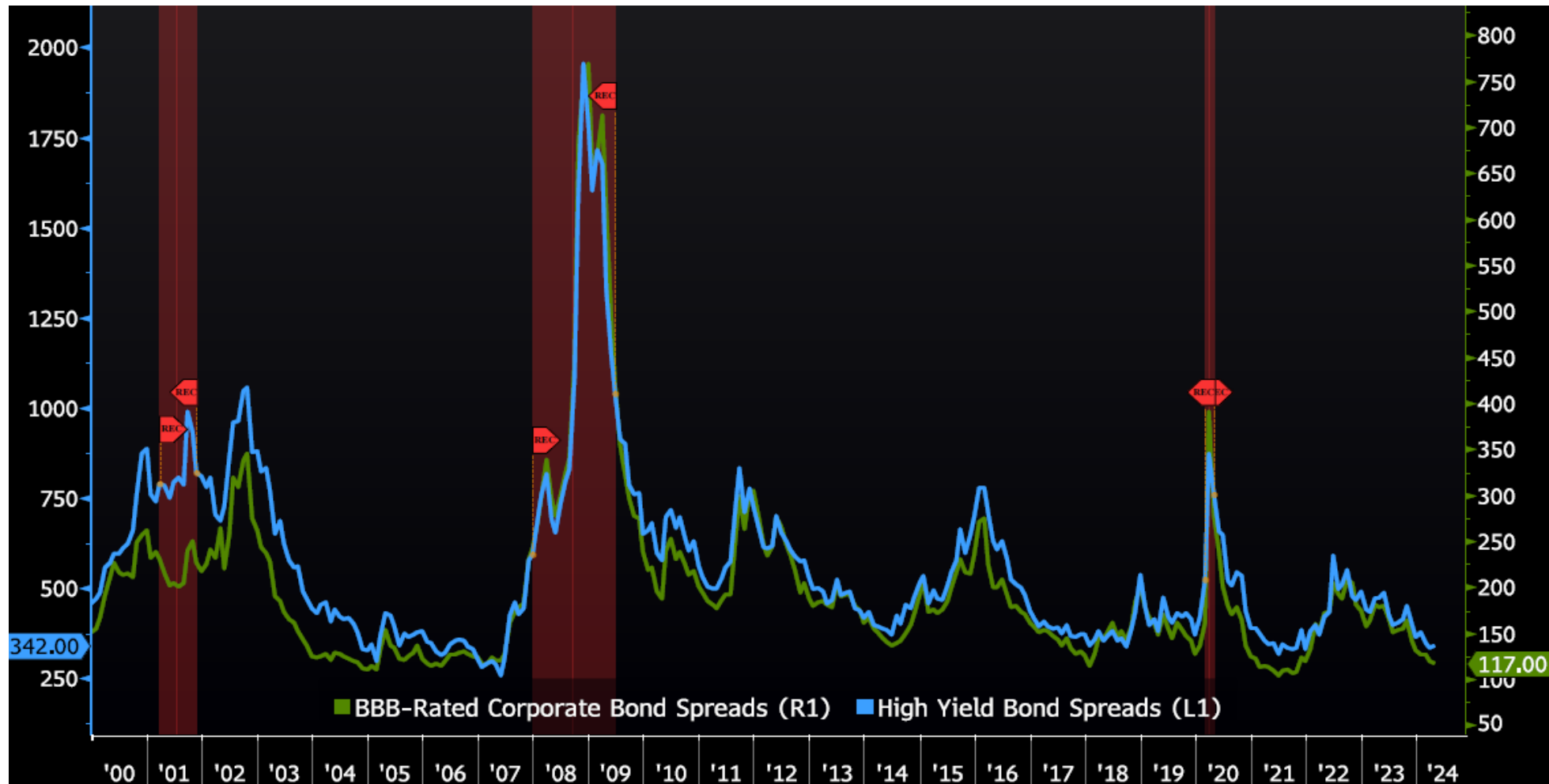
Fed Balance Sheet and Money Supply Falling Could Pressure Markets



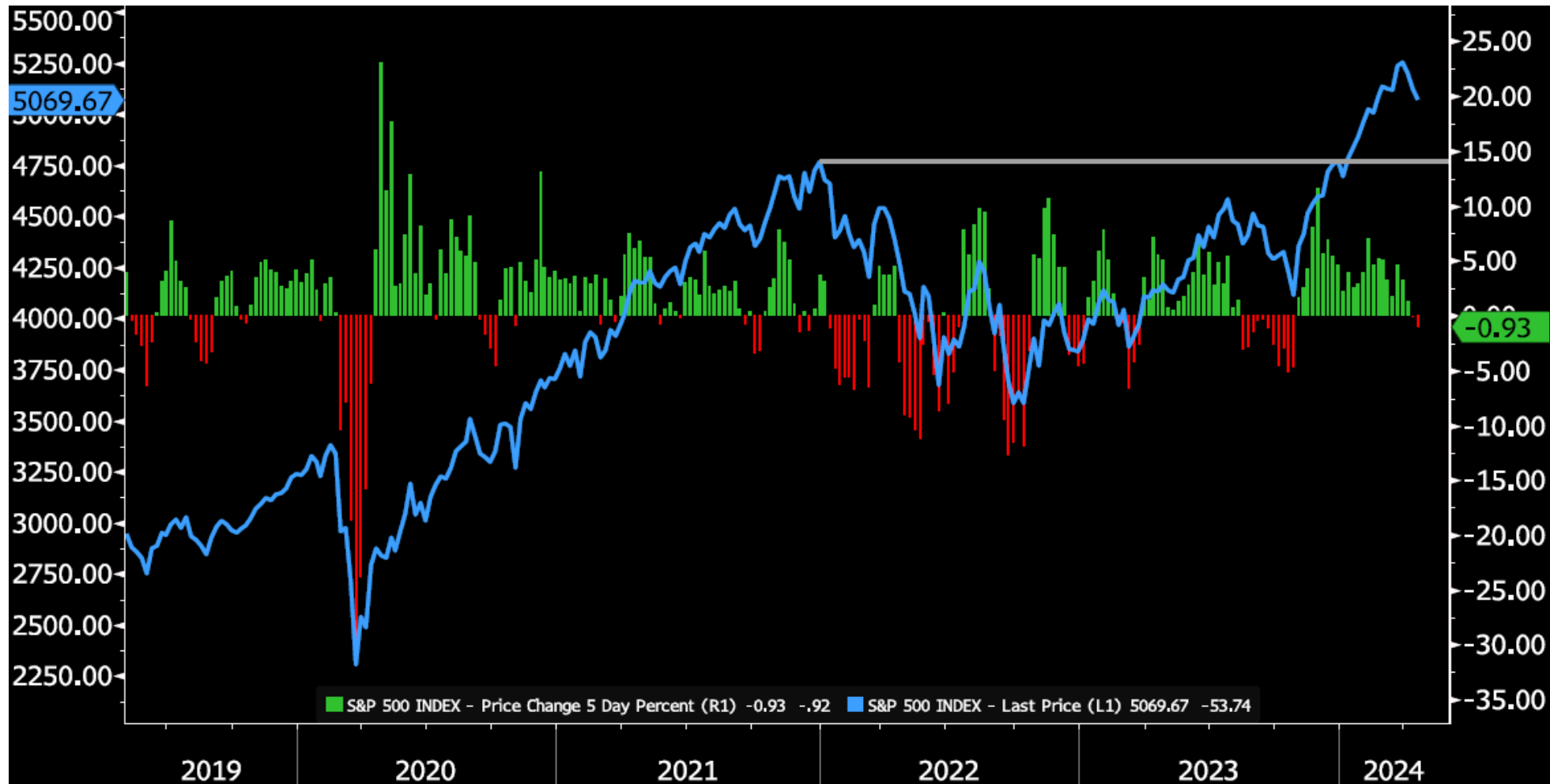
Housing Market Continues To Recover, but Affordability Still Terrible



Credit Spreads Continue to Tighten



S&P 500 Has Experienced an Impressive Breakout, but Extended Near-Term



Equity Market Returns through 4/15/2024 – Growth Continues to Lead



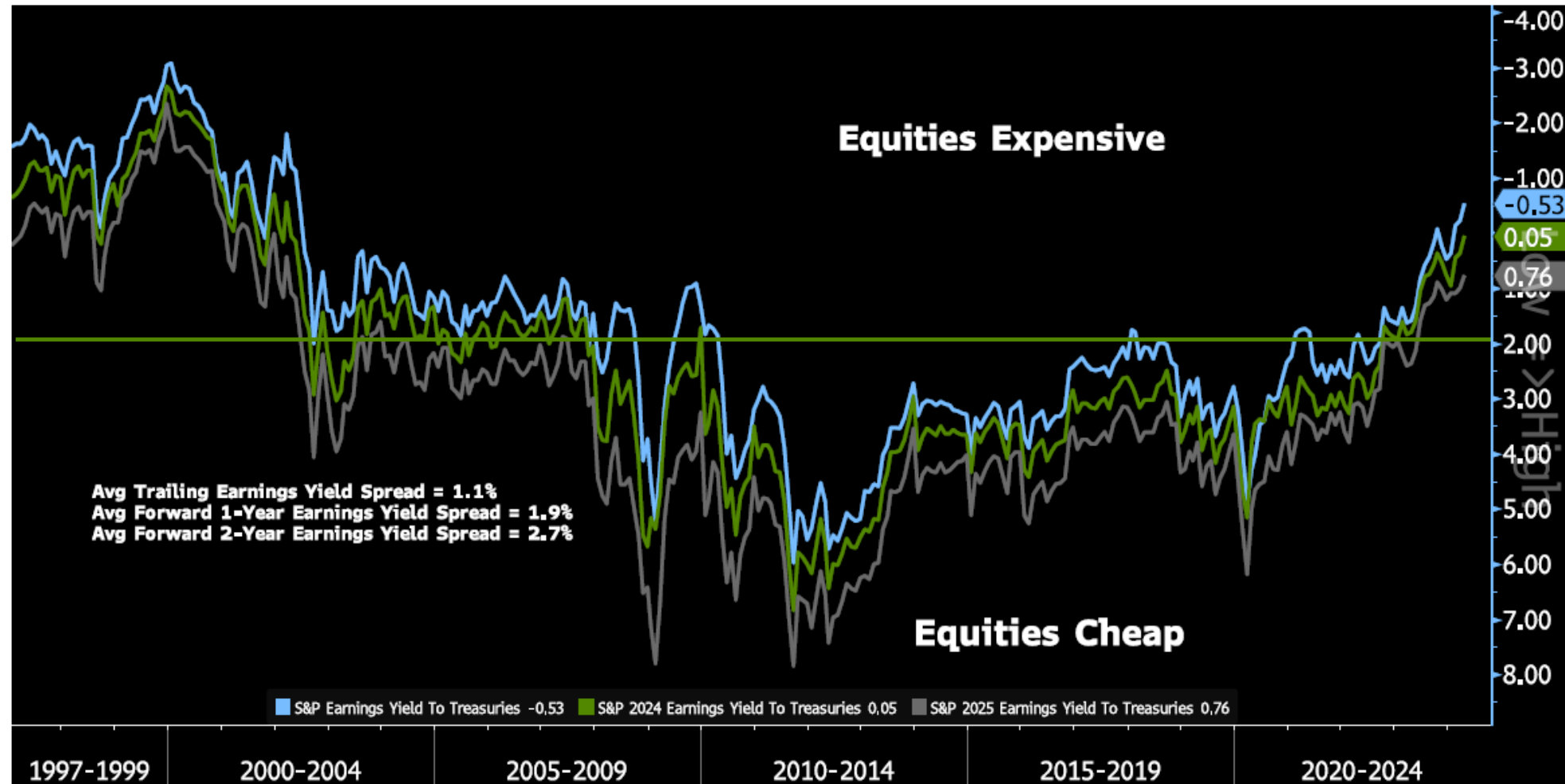
Equity Market Returns by Sector – Interest Rate Sensitive Stocks Lagging



S&P 500 Price/Earnings Multiples Getting Pricier



S&P Risk Premium Look Very Expensive Due to the Recent Spike in Rates



S&P 500 Earnings Expectations Look Bright

S&P 500 INDEX
 Periodicity **A** Flavor **F12** View **Growth** Currency **USD**

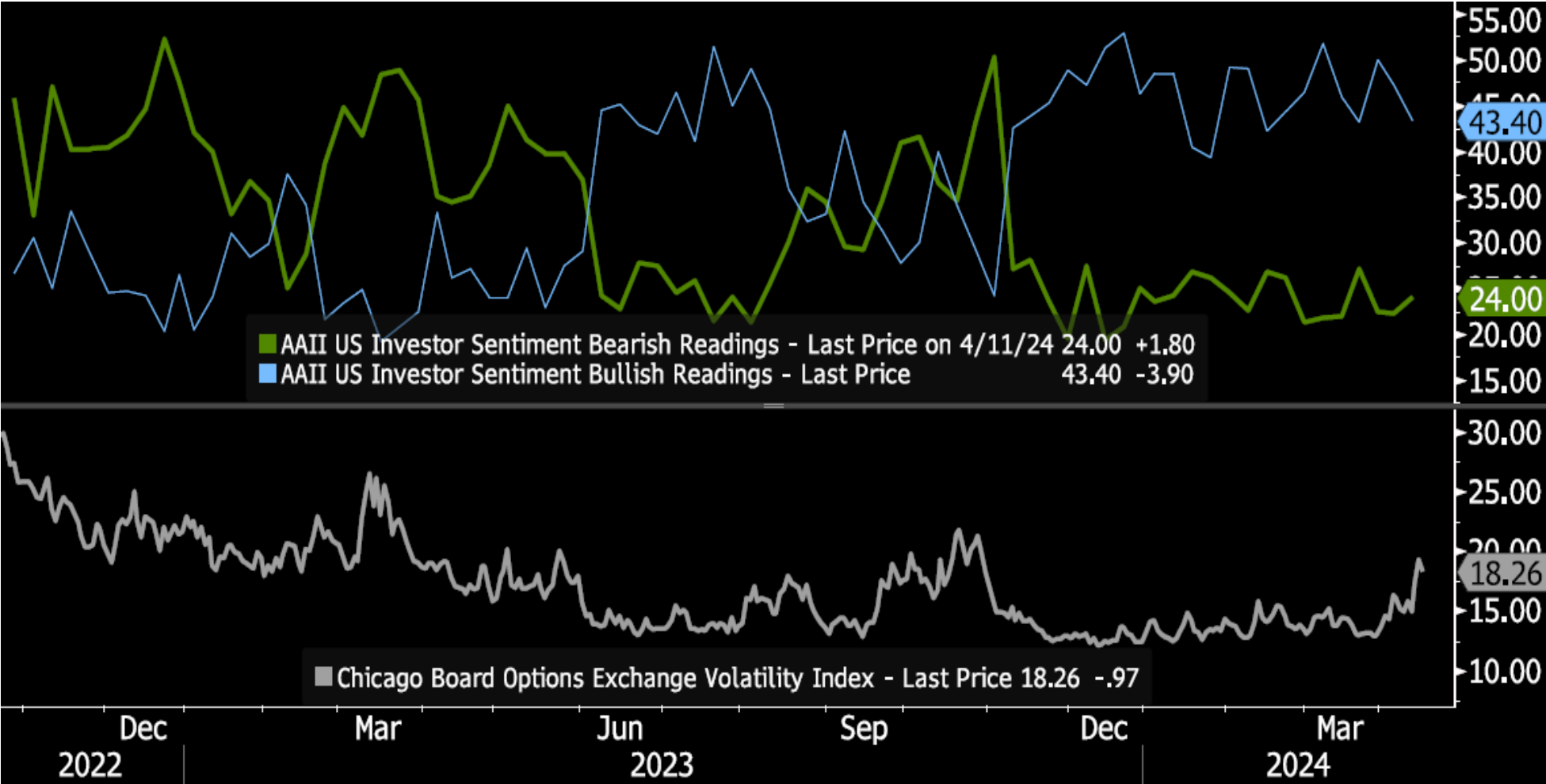
| Measure | Actual | F12 Est | Growth | Y+1 Est | Growth | Y+2 Est | Growth |
|--------------------------------|---------|---------|--------|---------|---------|---------|---------|
| 1) Earnings Per Share | 223.19 | 243.76 | 9.22% | 274.36 | 12.56% | 298.86 | 8.93% |
| 2) EPS before XO, Positive | 205.85 | 226.04 | 9.81% | 256.87 | 13.64% | 280.81 | 9.32% |
| 3) Cash Flow Per Share | 293.90 | 334.29 | 13.74% | 375.80 | 12.42% | 425.30 | 13.17% |
| 4) Dividends Per Share | 71.49 | 74.41 | 4.09% | 79.32 | 6.59% | 88.02 | 10.97% |
| 5) Book Value Per Share | 1092.85 | 1213.64 | 11.05% | 1352.17 | 11.42% | 1485.52 | 9.86% |
| 6) Sales Per Share | 1798.27 | 1880.23 | 4.56% | 1993.80 | 6.04% | 2102.28 | 5.44% |
| 7) EBITDA Per Share | 378.23 | 401.22 | 6.08% | 444.55 | 10.80% | 482.87 | 8.62% |
| 8) Long Term Growth | 0.00 | 11.20 | 0.00% | 0.00 | 0.00% | 0.00 | 0.00% |
| 9) Net Debt Per Share | 515.54 | 501.88 | -2.65% | 445.71 | -11.19% | 367.66 | -17.51% |
| 10) Enterprise Value Per Share | 5569.44 | 5555.34 | -0.25% | 5499.17 | -1.01% | 5421.12 | -1.42% |

| Valuation Measure | Actual | F12 Est | Y+1 Est | Y+2 Est |
|-----------------------------------|--------|---------|---------|---------|
| 11) Price/EPS | 22.64 | 20.73 | 18.42 | 16.91 |
| 12) Price/EPS before XO, Positive | 24.55 | 22.36 | 19.67 | 18.00 |
| 13) Price/Cash Flow | 17.19 | 15.12 | 13.45 | 11.88 |
| 14) Dividend Yield | 1.41 | 1.47 | 1.57 | 1.74 |
| 15) Price/Book | 4.62 | 4.16 | 3.74 | 3.40 |
| 16) Price/Sales | 2.81 | 2.69 | 2.53 | 2.40 |
| 17) Price/EBITDA | 13.36 | 12.60 | 11.37 | 10.47 |
| 18) EV/EBITDA | 13.97 | 13.85 | 12.37 | 11.23 |
| 19) Net Debt/EBITDA | 1.36 | 1.25 | 1.00 | 0.76 |

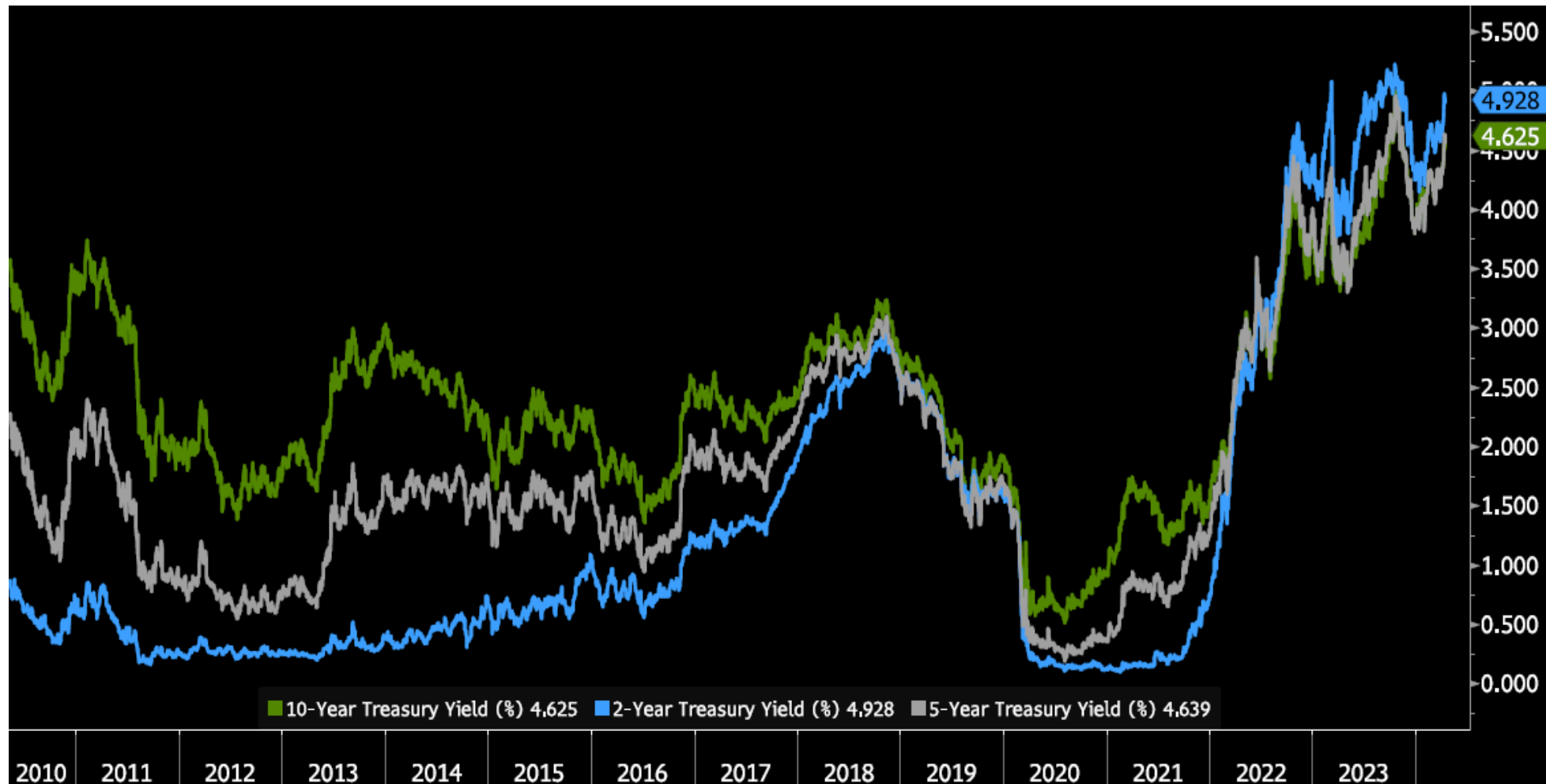
S&P Relative Strength Was Extended, but Moving Back Down



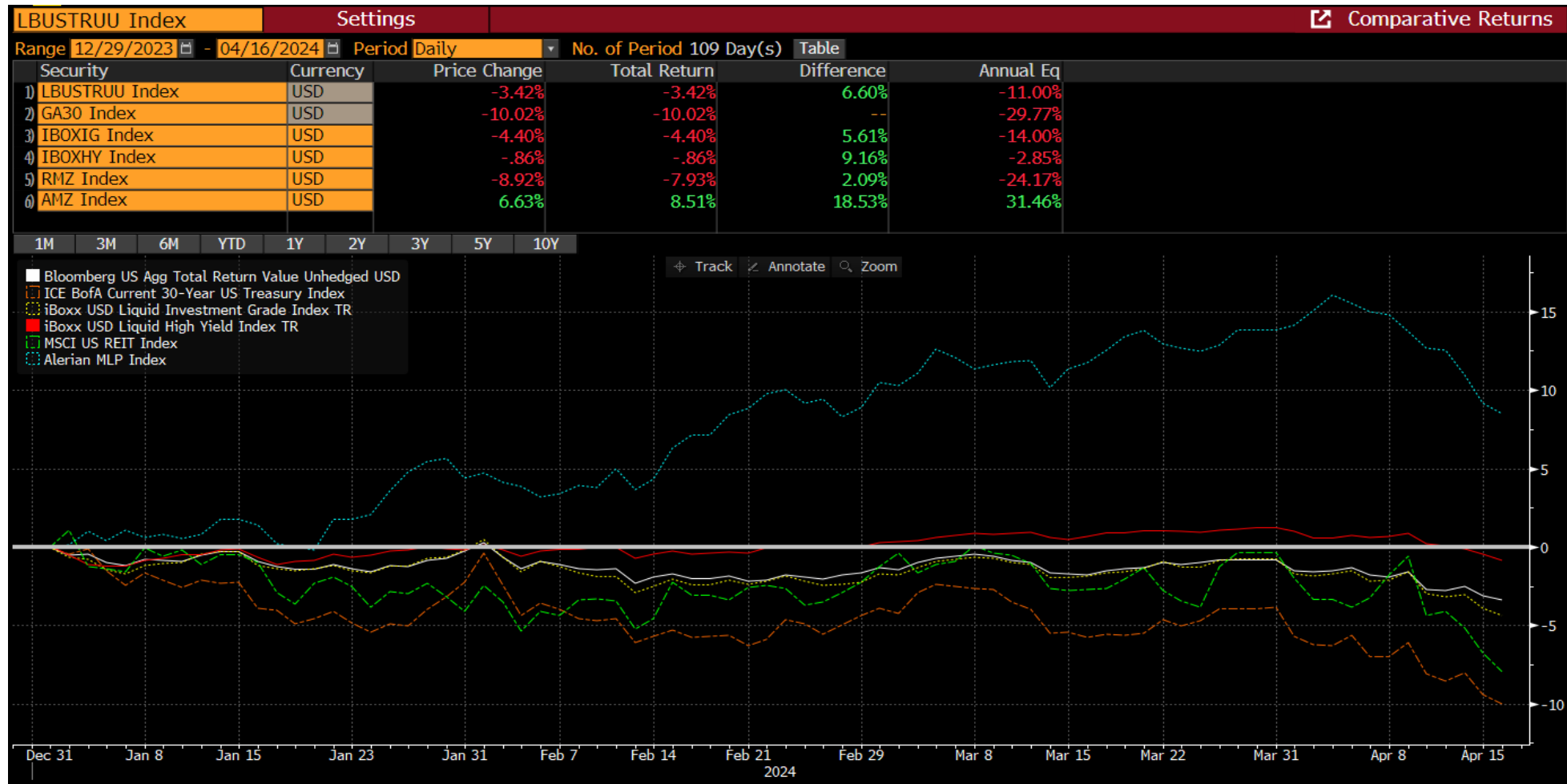
AAII Bull / Bear Sentiment and Volatility Index



Interest Rates Have Moved Back Up



Bond Market Returns Have Struggled Year-to-Date



Corporate Bond Yields Still Look Attractive



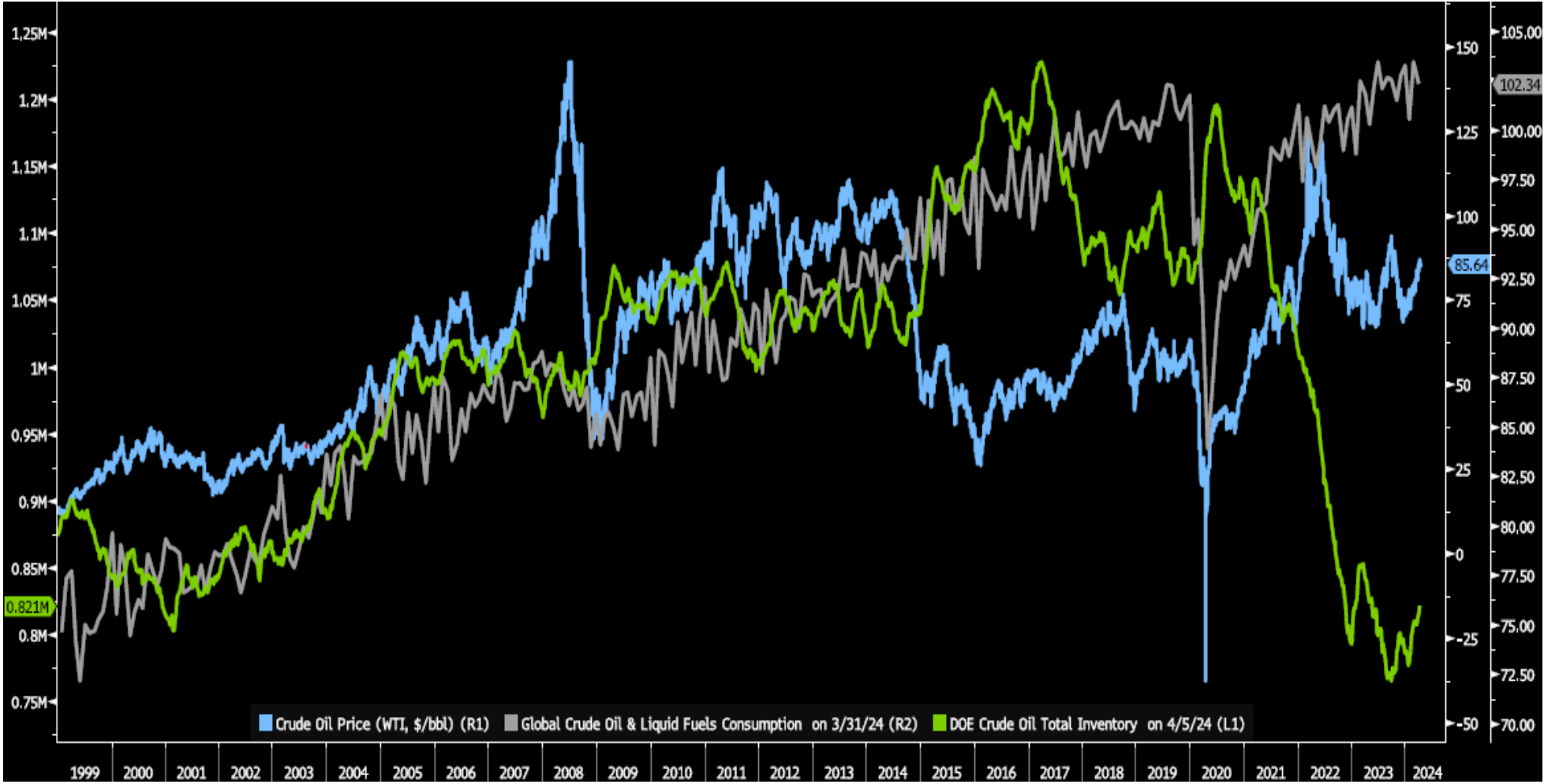
Mortgage-Backed Security Yields as Well



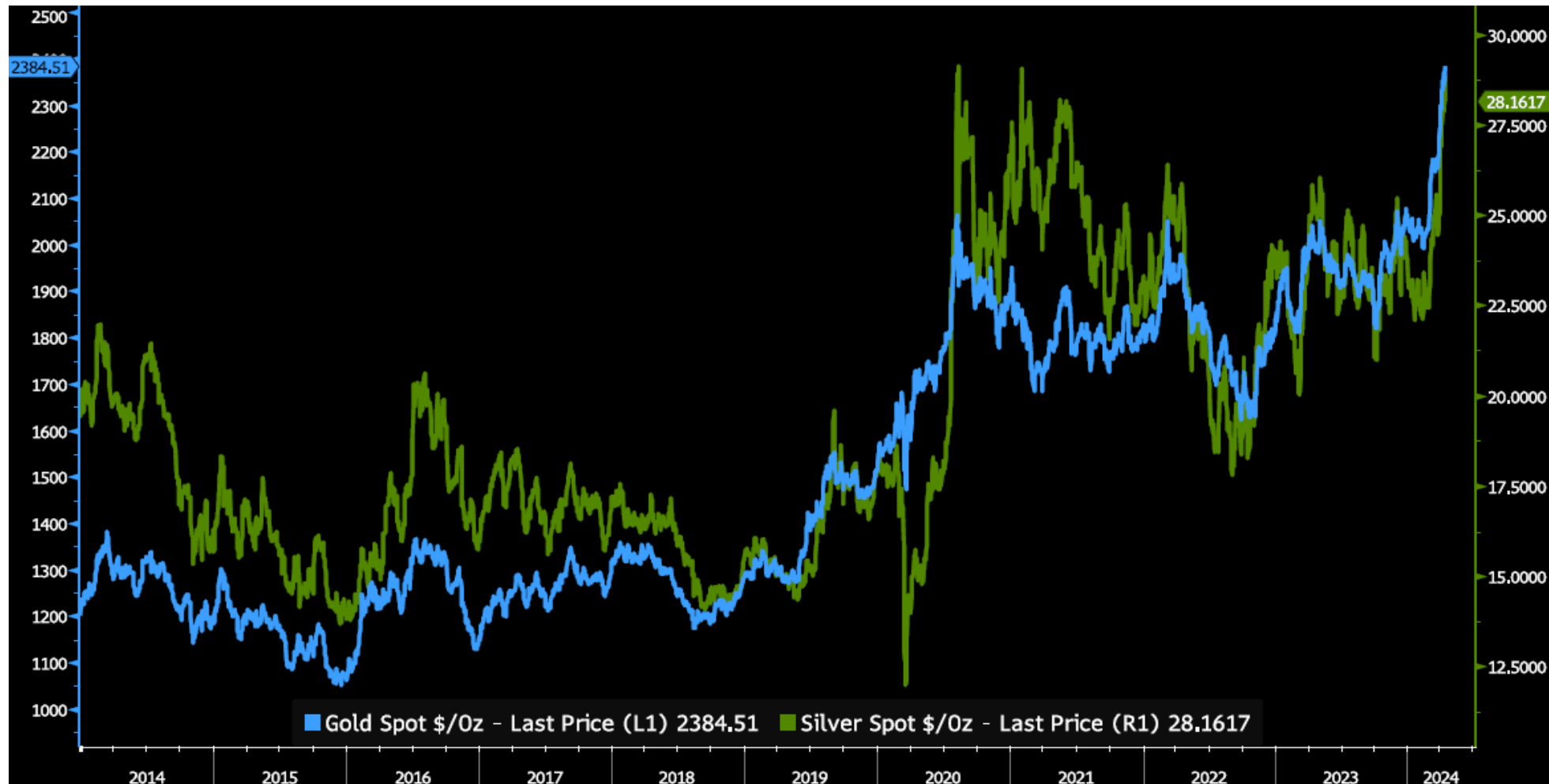
Midstream Energy Sector Extended, but Valuation Still Reasonable



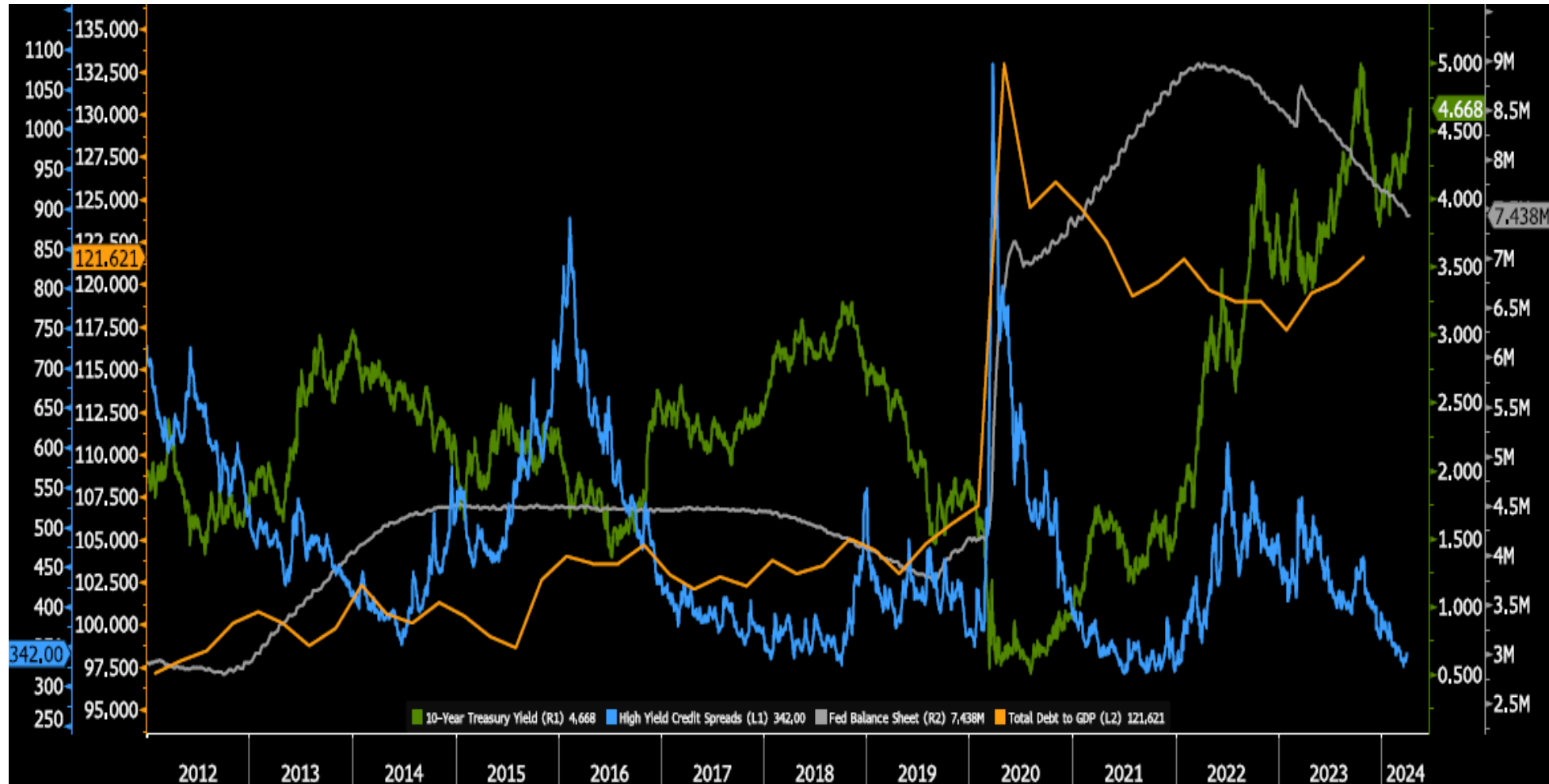
Price of Oil, Inventory, and Consumption



Gold and Silver



Interest Rates, Fed Balance Sheet, Credit Spreads, and Government Debt/GDP



Thank you!

April 2024

Jeff Dicks
Co-Chief Investment Officer



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Index Definitions

- Monthly nonfarm payrolls Monthly nonfarm payrolls are published by the Bureau of Labor Statistics and track the number of payrolls in the U.S. economy, excluding farm workers, government employees, private household employees, and employees of nonprofit organizations. The data is released on the first Friday of every month.
- US unemployment Rate is tracked by the Bureau of Labor Statistics (BLS) and represents the number of unemployed persons as a percentage of the labor force.
- The Consumer Price Index (CPI) represents changes in prices of all goods and services purchased for consumption by urban households, and the data is collected and provided by the Bureau of Labor Statistics (BLS).
- The core CPI, which is tracked by the Bureau of Labor Statistics (BLS), measures inflation by excluding the impact from volatile food and energy prices.
- The supercore CPI is a measure of inflation that excludes energy and shelter costs, providing a more stable view of price changes, and is tracked by the Bureau of Labor Statistics (BLS) through the CPI reports.
- The 5/10-year inflation expectations are calculated by considering the expected inflation rate over the next decade, which can be derived from the difference between the yields of 5/10-year Treasury notes and Treasury Inflation-Protected Securities (TIPS).
- The US FOF Household Net Worth is calculated by the Federal Reserve Board and measures the non-seasonally adjusted net worth held by households, which is determined by subtracting total liabilities from total assets.
- US retail sales are tracked by the U.S. Census Bureau and represent the total receipts of retail stores, reflecting consumer spending patterns in the economy.
- The US Conference Board Leading Indicators is a composite index of ten economic indicators designed to signal peaks and troughs in the business cycle.
- The US OECD Leading Indicators is a composite economic metric that includes indicators such as employment statistics, stock market performance, manufacturing activity, and consumer expectations to provide early signals of turning points in business cycles showing fluctuations in economic activity.
- The US Empire State Manufacturing Survey General Business Conditions is a monthly survey conducted by the Federal Reserve Bank of New York that tracks sentiment among manufacturers in the state of New York.
- The Philadelphia Fed Business Outlook Survey Diffusion Index is a monthly survey conducted by the Federal Reserve Bank of Philadelphia that measures the level of manufacturing activity in the Philadelphia Federal Reserve district, which includes Eastern Pennsylvania, Southern New Jersey, and Delaware.
- The Kansas City Federal Reserve Composite Index is a monthly survey conducted by the Federal Reserve Bank of Kansas City that tracks sentiment among manufacturers in its district, which includes Kansas, Colorado, Nebraska, Oklahoma, Wyoming, the northern half of New Mexico, and the western third of Missouri.
- The Dallas Fed Manufacturing Outlook Level of General Business Activity is a monthly survey by the Federal Reserve Bank of Dallas that measures the sentiment among manufacturers in Texas.
- Nominal GDP is the total market value of all final goods and services produced within a country in a specific period, evaluated at current market prices.
- The US Condition of All Federal Reserve Banks Total Assets is a weekly statistic that represents the total value of the assets of all Federal Reserve Banks as reported in the weekly balance sheet.
- The Federal Reserve US Money Supply M2 is the Federal Reserve's estimate of the total money supply available in the economy, which includes cash, checking deposits, and easily convertible near money.
- The S&P 500 Index tracks the stock performance of 500 large publicly traded companies in the United States, weighted by market capitalization and published by S&P Dow Jones Indices.
- The Housing Affordability Index measures the degree to which a family with an average household income can afford the monthly mortgage payments on an averagely-priced home, with a value of 100 indicating that a family earning the median income can afford a median-priced home using conventional financing.

Index Definitions

- The Bankrate.com US Home Mortgage 30-Year Fixed National Average tracks the average interest rate for 30-year fixed-rate home mortgages across the United States, serving as a benchmark for mortgage borrowing costs.
- The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index tracks the value of single-family housing within the United States, representing a composite of home price indices for the nine U.S. Census divisions.
- Credit spreads refer to the difference in yield between bonds of different credit qualities, typically measuring the additional yield over a risk-free benchmark that investors demand to compensate for the higher risk of default associated with lower-rated bonds.
- The Russell 1000 Value Index measures the performance of large-cap U.S. companies that are perceived as undervalued relative to their peers, as determined by lower price-to-book ratios and lower expected growth rates, published by FTSE Russell.
- The Russell 1000 Growth Index tracks the performance of large-cap U.S. companies that are projected to have strong growth potential, weighted by market capitalization and published by FTSE Russell.
- The Russell 2000 Index is a benchmark that measures the performance of the 2,000 smallest companies in the Russell 3000 Index, representing the U.S. small-cap stock market.
- The MSCI ACWI Ex. U.S. Index is a market-capitalization-weighted index that provides a broad measure of stock performance throughout the world, excluding U.S.-based companies, and includes stocks from 22 developed and 24 emerging markets
- The MSCI Emerging Markets (EM) Index is a free float-adjusted market capitalization index that measures the performance of large and mid-cap securities across 24 emerging market countries.
- The S&P 500 earnings yield is the sum of the earnings of the underlying S&P 500 companies for the previous year, divided by the S&P 500 index level at the end of the year, reflecting the percentage of earnings 'made back' versus the current trading price.
- The Relative Strength Index (RSI) is a momentum oscillator in technical analysis that measures the speed and magnitude of recent price changes to evaluate overbought or undervalued conditions in the price of a security.
- The AAI US Investor Sentiment is a weekly survey conducted by the American Association of Individual Investors (AAII) that measures the mood of individual investors towards the stock market, specifically reflecting the percentage of investors who are bullish, bearish, or neutral on the market for the next six months.
- The CBOE Volatility Index (VIX), often referred to as the "fear index," is a real-time market index that represents the market's expectations for volatility over the coming 30 days.
- The 10-year Treasury yield is the annualized rate of return an investor would earn on a 10-year Treasury note issued by the U.S. government if they held the note to maturity, determined by the open market.
- The 2-year Treasury yield is the annualized rate of return an investor would earn on a 10-year Treasury note issued by the U.S. government if they held the note to maturity, set by the Federal Reserve target rate.
- The ICE BofA Current 30-Year US Treasury Index is a one-security index that measures the performance of the most recently issued 30-year US Treasury bond.
- The ICE U.S. Treasury 7-10 Year Bond Index is a market value weighted index designed to measure the performance of U.S. dollar-denominated, fixed rate securities with a term to maturity between seven and ten years.
- The ICE U.S. Treasury 1-3 Year Bond Index is a market value weighted index designed to measure the performance of U.S. dollar-denominated, fixed rate securities with a term to maturity between seven and ten years.
- The MSCI US REIT Index is a free float-adjusted market capitalization weighted index that comprises equity Real Estate Investment Trusts (REITs) included in the MSCI US Investable Market 2500 Index.
- The Alerian MLP Index is a capped, float-adjusted, capitalization-weighted index that serves as a benchmark for investors to track the performance of energy Master Limited Partnerships (MLPs).
- The Uniform Mortgage-Backed Securities (UMBS) are passthrough securities, each representing an undivided interest in a pool of residential mortgages, issued jointly by Fannie Mae and Freddie Mac to standardize the mortgage-backed securities market.
- West Texas Intermediate (WTI) is a light, sweet crude oil, primarily sourced from Texas, that serves as one of the main global oil benchmarks and is the underlying commodity for the NYMEX's oil futures contract.
- Global Crude Oil & Liquid Fuels Consumption refers to the total amount of petroleum and other liquid fuels consumed worldwide, which is influenced by factors such as economic growth, industrial production, and seasonal weather.
- The DoE Crude Oil Total Inventory is a measure of the weekly change in the number of barrels of commercial crude oil held by U.S. firms, as reported by the U.S. Department of Energy's Energy Information Administration.
- The Gold/Silver Spot Price is the current market price at which one ounce of refined gold can be bought or sold for immediate delivery.
- The Total Debt to GDP is a ratio that compares a country's total public debt to its Gross Domestic Product (GDP), indicating the country's ability to repay its debts¹. It is calculated by dividing the total debt of the country by the total GDP of the country.

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