TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

When will inflation be tamed? That is the question that has markets jumping up and down over hopes that it will be sooner and fears that it will be later. From late June to mid-August markets appeared hopeful. Interest rates were actually dropping and Growth stocks were rallying over hopes that inflation would slow and the Federal Reserve might slow down its rate hikes. Then, markets changed their minds and sold off for a couple of weeks, rallied nicely last week, and then sold off Tuesday on a higher than expected inflation report.

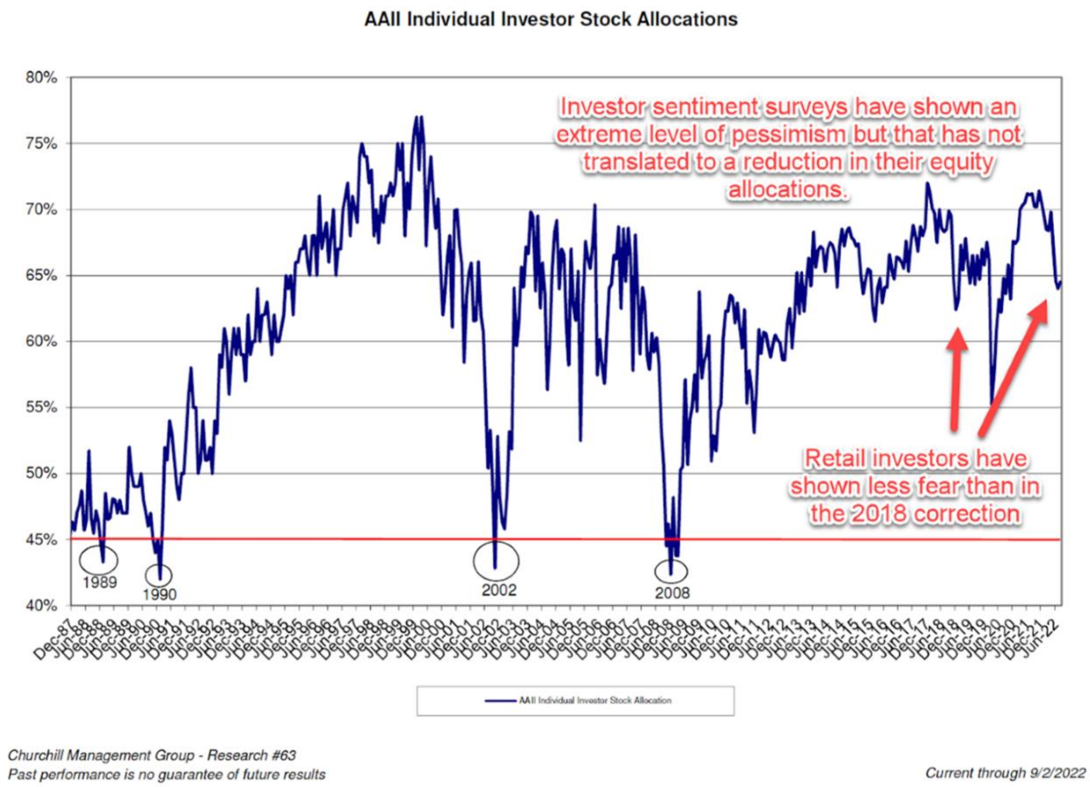
It appears investors are struggling to discount the Federal Reserve's new regime. This despite the fact that, in our view, the Fed has erased any doubts on its position to stay tighter for longer until inflation is under control. As many Fed members have alluded to, it appears America's central bank will be running with a single mandate - to reduce inflation - as long as inflation remains above 3%.

When that will be achieved is a great mystery. Markets seem to cheer when it appears it is sooner, but worries remain over much-tighter financial conditions leading to an economic recession. The Fed remains data-dependent and will meet again next week, with the market apparently discounting another hike of 75 basis points. Tuesday's inflation report likely helps solidify the Fed's tighter for longer approach as it now will likely have to see multiple months of lower than expected inflation before backing off.

The market debate rages on. On the negative side, the fear is that the Fed's new higher-for-longer approach to interest rates could prove to be too much of a headwind for the economy, especially because of the lag in the effects of monetary policy. What the Fed does today may not hit the economy for months. On the positive side, the economy, and particularly consumer spending, has held in the face of inflation keeping earnings in a, even if slow, growth mode.

From a technical perspective, the market got very oversold after Powell's Jackson Hole speech. It bounced off those oversold conditions but Tuesday gave much of it back. It remains unclear if we are in a bottoming process or if the rally since June is just another countertrend/bear market rally similar to what we saw in March.

Sentiment is mixed, with many surveys getting quite bearish — to an extreme. That would be seen as a positive. The problem is that while respondents say they are bearish, they haven't acted accordingly. Most investors remain very invested.



On the positive side, there has been some constructive action since May. The entire formation here does meet the criteria for a complex bottoming process with multiple tests. Should it hold, we would aim to move to a more positive stance.

Given the back and forth and uncertainty in the conditions, we remain in a cautious position in our Tactical Strategies. We suspect the data in the coming weeks will have a lot to tell about the direction of inflation.

TACTICAL OPPORTUNITY

The July rally led to an increase in percent invested, although some turbulence has been encountered along the way. The model continues to hold a decent amount of cash. Core holdings Alphabet and Microsoft lagged somewhat, while fellow mainstays Apple and Amazon moved with the market. We are still open to more buying opportunities if they present themselves.

FULLY INVESTED STRATEGIES

ETF SECTOR ROTATION

Despite a lot of market volatility there has been a relatively low amount of variance among the sectors. Technology has been the laggard since the start of August, taking a breath following a summer revival. In back and forth fashion, Energy took the lead again. We saw no changes in the model.

Value was slightly better than Growth, but not by much. All cap sizes performed about the same.

On the international front, Emerging Markets were about the same as the U.S., while Europe lagged. The model continues to favor the U.S. over international holdings.

EQUITY GROWTH OPPORTUNITY

We have resisted turning the portfolio amid the back and forth action in the market. Until we get clarity regarding what sectors or leadership may emerge, we aim to stay patient. The market may either be attempting to form a bottom or may be pausing before more volatility ensues. We expect a bit more anxiety as the market digests every inflation release and will stay the course until then.

EQUITY GROWTH AND VALUE

Not much change in the portfolio as the market starts and stops. Some more defensive names, such as Molson Coors Beverage and Tyson Foods, took a pause, but solid bounces came from the likes of Chipotle Mexican Grill and EOG Resources. ‘Stay the course’ remains the theme for now.

EQUITY DIVIDEND INCOME

The portfolio’s Dividend stocks continue to hold steady amid a volatile year. The result has been very low activity. Telecoms were weak over the past month, but a few Energy and Financial holdings made up the difference.

RISK BLENDED STRATEGIES

Our Risk Blended Strategies are a combination of both Premier Wealth Tactical Core and ETF Sector Rotation. Please see the above commentary for more information on each strategy.

- **Churchill Moderate:** 70% Premier Wealth Tactical Core / 30% ETF Sector Rotation
- **Churchill Moderately Aggressive**: 50% Premier Wealth Tactical Core / 50% ETF Sector Rotation
- **Churchill Aggressive:** 30% Premier Wealth Tactical Core / 70% ETF Sector Rotation

For a full description of each strategy, please click here.

Best regards,

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** This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information. The references to specific investments were chosen based on our current market outlook, as examples representing how aspects of the market have performed and as representation of what a strategy might own. Those are included for informational purposes only and past specific investment advice does not guarantee future results.