The views expressed below are those of Anchor Capital Advisors, LLC ("Anchor") as of the stated date and are subject to change at any time. They are based on our proprietary research and general knowledge of said topic. The below content and applicable data are in support of our views on said topic. Please see additional disclosures at the end of this publication.

Market Review

US equity returns were negative during Q1 2022 despite a positive return in March[i]. Value outperformed growth led by the strength of the energy sector and large capitalization stocks outperformed small cap stocks[ii]. Fixed Income suffered as a result of the rapid increase in interest rates to finish the first quarter with negative returns[iii]. We believe the current market environment continues to be influenced by pandemic related factors. We are experiencing high national debt levels similar to the 1940's as a result of massive government stimulus[iv]. Inflation has reached the highest levels since the 1970's due to supply chain issues and the growing money supply[v]. We believe that equity valuations remain elevated, similar to 2000 as a by-product of low rates over the last decade. Currently, we feel that it's a macro driven environment with a focus on energy, natural resources, and interest rates. While we see the pandemic as the root cause of these market headwinds, the Russia-Ukraine war has accelerated them.

Pockets of Strength

The consumer is in good shape as labor markets are tight, wages have been increasing[vi], and home values have appreciated[vii]. Corporations are also in good shape with hefty cash balances that can be used for stock repurchases, M&A activities, and capital expenditures[viii]. We expect increased capital expenditures in the energy sector in the coming years to shore up energy security in the U.S. [ix]. In addition, we expect that there will be increased capital expenditures to improve capacity, ease supply chain bottlenecks, and to build out US-based manufacturing capabilities[x]. We also believe that U.S. value-oriented equities look relatively attractive because of the impact of higher interest rates, inflation and geopolitical unrest. Consensus estimates for the S&P 500 are for 9% earnings growth in 2022, but with lower valuations as multiples have contracted.[xi] The forecast for the U.S. economy is 3% GDP growth in 2022[xii].

Areas of Concern

The stock market started the year at an all-time high[xiii]. The Price-to-Earnings (PE) ratio of the S&P 500 was 21.5x[xiv], the Fed balance sheet ballooned to over $8 Trillion[xv], inflation (as measured by the Consumer Price Index (CPI)) was well over 7% annualized,[xvi] and the Fed shared plans to start raising interest rates and shrinking the balance sheet[xvii]. For years, oil companies have under invested in exploration and production to focus on sustainability and returning cash to shareholders[xviii]. This, coupled with increasing global demand, has created a supply imbalance. As a result, oil prices accelerated from $75 per barrel to $92 per barrel before the Russia/Ukraine war started[xix].

The Russian invasion of Ukraine at the end of February has further escalated the supply imbalance. Russia is the world's third largest exporter of oil, after the U.S. and Saudi Arabia. A large portion of Russian oil and natural gas is supplied to Europe[xx]. The U.S. and the U.K. have sanctioned all energy products from Russia and many shipping companies are refusing to transport Russian oil[xxi]. As a result, the price of oil climbed as high as $123 per barrel before retreating to $101 per barrel by quarter end[xxii]. Russia and Ukraine are also large producers of natural resources and agriculture products[xxiii]. Other commodities have been impacted in a similar way. The war has accelerated shortages and caused the already high prices of copper, aluminum and nickel to spike further[xxiv].

We expect inflation to be persistent for the next couple of years. Beginning in April 2021, inflation started to climb due to supply chain issues and rising energy and natural resource prices. In addition, wages and rents increased significantly, which we believe will have a more permanent impact on the markets. The February Consumer Price Index (CPI) reading was 7.9% annualized[xxv] and we expect the March reading will be much higher because of the Russia-Ukraine war.

Interest Rates

At the beginning of the year interest rates started increasing as a result of market activity. This increase likely signaled the Federal Reserve was slow in acting to combat rising levels of inflation[xxvi]. The 10-year Treasury bond yield went from 1.5% at the beginning of the year to 2.32% by quarter end[xxvii]. A large move in interest rates is negative for bond performance and, as such, treasury bonds had their worst quarterly performance since 1973[xxviii]. At the March Fed meeting the Fed Funds rate was raised by 0.25% -- the first increase since 2018[xxix]. General consensus is the Fed will raise interest rates seven times in 2022 with potentially 0.50% increases at the May and June meetings[xxx].

The front end of the yield curve (0-3 years) has steepened to reflect the near-term pressure to stabilize inflation, while longer dated parts of the curve have flattened or become inverted[xxxi]. Generally, an inverted yield curve signals recessionary pressures, an inverted curve typically precedes a recession by 12 to 24 months[xxxii]. Through early March equity markets sold off due to the combination of pressure created from rising interest rates and geo-political uncertainty.

We believe the fundamental underpinnings of the U.S. markets are sound in spite of equity markets being oversold in response to the war, inflation, and higher interest rates. This period feels similar to the mid-2000 (2002-2007) period. During that time, we believe the market shifted away from growth orientated technology and towards value centric parts of the market such as energy, natural resources, agriculture, and aerospace/defense.

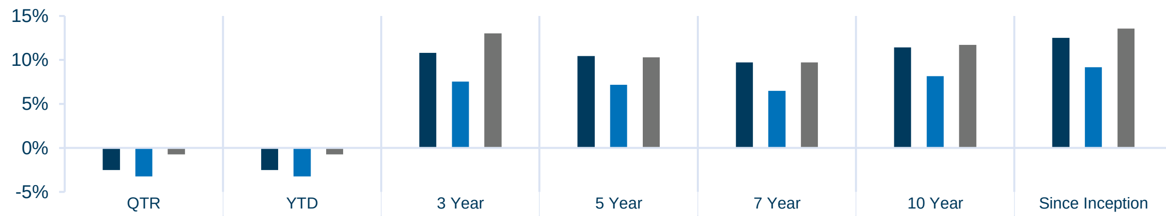
Performance Overview

The Anchor Capital Dividend Income Value Portfolio returned -2.50% (gross of fees) and -3.24% (net) during the quarter, underperforming the Russell 1000 Value Index, which returned -0.74%.

On a relative basis, the Portfolio benefitted the most from overweight allocations in the Basic Materials and Energy sectors, and an underweight allocation in the Consumer Discretionary sector. Security selection in the Energy, Industrials, and Consumer Staples sectors were the greatest detractors from relative performance.[xxxiii]

Managed Accounts Model Performance[xix]

Past performance is not indicative of future results. Inhereint in any investment is the possibility of loss.



	QTR	YTD	3 Year	5 Year	7 Year	10 Year	Since Inception
Anchor Div (Gross)	-2.51%	-2.51%	10.81%	10.45%	9.72%	11.44%	12.51%
Anchor Div (Net)	-3.24%	-3.24%	7.53%	7.18%	6.48%	8.14%	9.18%
R1000V	-0.74%	-0.74%	13.02%	10.29%	9.73%	11.70%	13.56%

Quarterly Attribution Highlights[xxxv]

Sector - Top 3 Contributors	Sector - Bottom 3 Detractors[xxxvi]
Energy	Industrials
Basic Materials	Real Estate
Utilities	Financials

Security - Top 5 Contributors	Avg. Weight %	Contribution %	Security - Bottom 5 Detractors	Avg. Weight %	Contribution %
Marathon Petroleum Corporation (MPC)	3.62%	1.00%	A. O. Smith Corporation (AOS)	2.01%	-0.59%
Royal Gold, Inc. (RGLD)	1.86%	0.62%	First American Financial Corporation (FAF)	2.91%	-0.53%
Lockheed Martin Corporation (LMT)	2.05%	0.46%	RPM International Inc. (RPM)	2.40%	-0.53%
Texas Pacific Land Corporation (TPL)	3.30%	0.36%	Avery Dennison Corporation (AVY)	2.05%	-0.46%
Air Products and Chemicals, Inc. (APD)	0.45%	0.28%	Insperity, Inc. (NSP)	2.48%	-0.41%

Quarterly Transactions

Purchased	Sold
Air Products and Chemicals, Inc. (APD)	Globe Life Inc. (GL)

Purchases

Air Products and Chemicals, Inc. (APD) operates in an attractive industrial gases business which is globally dominated by only three key players who enjoy features of a local monopoly. The company's core business is likely to grow in line with the global GDP while maintaining steady gross margins at around 30%. ADP is also a growth-oriented company, pursuing large scale clean energy projects, especially in area of hydrogen. The company should grow earnings 10-11% annually going forward. APD has been consistently growing dividends over years. In the past 10 years, dividends grew 10% annually. We took advantage of the share price weakness to purchase a quality compounder at an attractive dividend yield of 2.85%.

Sales

Globe Life Inc. (GL) is a leading health and life insurance company with the highest underwriting margins in the insurance space. At the same time, we decided to sell it to make room for a higher dividend stock, with greater total return potential.

Outlook

We believe that the outlook for the markets this year is okay given the potential earnings growth and the stability of U.S. consumers and corporations. In fact, we view the U.S. equity markets as safe given the volatility in most asset classes as a result of persistent inflation and rising interest rates, we believe U.S. value-oriented stocks continue to look attractive. Like most, we have experienced the extreme cyclicality of oil and natural resources in the past and believe that prices will remain high.

Since the start of the year, we have repositioned portfolios to reduce or sell both high valuation and cyclical stocks. Simultaneously, we have added energy related and more defensive (lower beta and what we consider reasonably valued) stocks. This has resulted in increased cash levels in portfolios. We believe that due to continued market uncertainty, portfolios will benefit from taking a slightly more defensive posture.

Looking out to next year, given that Fed is behind in raising interest rates to combat inflation, we believe that we should be cautious. Maintaining diversified portfolios that could benefit during higher inflation and interest rate environment is prudent. We continue to look to uncover what we feel are quality, well-managed companies that can consistently generate and grow free cash flow.

[i] FactSet Data & Analytics, Charting
[ii] Ibid.
[iii] Ibid.
[iv] https://www.nytimes.com/2022/02/01/us/politics/national-debt-30-trillion.html
[v] https://www.forbes.com/advisor/investing/why-is-inflation-rising-right-now/
[vi] https://www.wsj.com/articles/young-workers-rake-in-biggest-wage-gains-in-tight-labor-market-11646044201
[vii] https://slate.com/business/2022/03/home-values-appreciated-income-housing-market.html
[viii] https://www.reuters.com/markets/stocks/live-markets-capex-dividends-or-ma-how-spend-36-trillion-2022-02-17/
[ix] https://ihsmarkit.com/research-analysis/global-energy-sector-capex-strong-rebound.html
[x] https://www.forbes.com/sites/greatspeculations/2022/01/12/are-capex-cycle-stocks-poised-to-outperform-this-year/?sh=79a71a926443
[xi] FactSet Data & Analytics, Estimates
[xii] https://www.conference-board.org/research/us-forecast
[xiii] FactSet Data & Analytics, Charting
[xiv] Ibid.
[xv] https://www.yardeni.com/pub/fedbal.pdf
[xvi]https://www.bls.gov/cpi/#:~:text=In%20February%2C%20the%20Consumer%20Price,over%20the%20year%20(NSA).
[xvii] https://www.wsj.com/livecoverage/federal-reserve-meeting-inflation-march-2022#:~:text=The%20Fed%20raised%20interest%20rates,by%20the%20end%20of%202023.
[xviii] https://www.drillingcontractor.org/preemptive-under-investment-in-oil-gas-likely-to-lead-to-recurrent-economic-crises-in-coming-years-62126
[xix] FactSet Data & Analytics, Charting
[xx] https://www.cnbc.com/2022/03/16/oil-market-heads-for-biggest-supply-crisis-in-decades-with-russias-exports-set-to-fall-iea-says.html#:~:text=Russia%20is%20the%20third%2Dlargest,United%20States%20and%20Saudi%20Arabia.
[xxi] Ibid.
[xxii] FactSet Data & Analytics, Charting
[xxiii] https://www.bloomberg.com/graphics/2022-russia-commodities-shortage/
[xxiv] FactSet Data & Analytics, Charting
[xxv]https://www.bls.gov/cpi/#:~:text=In%20February%2C%20the%20Consumer%20Price,over%20the%20year%20(NSA).
[xxvi] FactSet Data & Analytics, Charting
[xxvii] Ibid.
[xxviii] https://www.marketwatch.com/story/u-s-government-bonds-just-suffered-their-worst-quarter-of-the-past-half-century-heres-why-some-investors-may-not-be-fazed-11648859211#:~:text=U.S.%20government%20bonds%20lost%205.6,U.S.%20Treasury%20Total%20Return%20Index.
[xxix] https://www.wsj.com/livecoverage/federal-reserve-meeting-inflation-march-2022#:~:text=The%20Fed%20raised%20interest%20rates,by%20the%20end%20of%202023.
[xxx] https://www.reuters.com/business/finance/bofa-citi-expect-multiple-50-bps-fed-hikes-this-year-inflation-bites-2022-03-25/
[xxxi] FactSet data & Analytics, Charting
[xxxii] https://www.forbes.com/sites/simonmoore/2022/02/17/the-risk-to-the-stock-market-from-an-inverted-yield-curve/?sh=1368fdb74811
[xxxiii] FactSet financial data & analytics; attribution
[xxxiv] eVestment Analytics, see model disclosures below.
[xxxv] FactSet financial data & analytics; Attribution
[xxxvi] For the fourth quarter of 2022 there were no sectors that detracted from performance