

FORTITUDE FOCUS

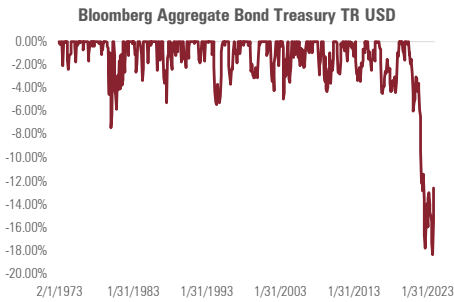


Investment Department

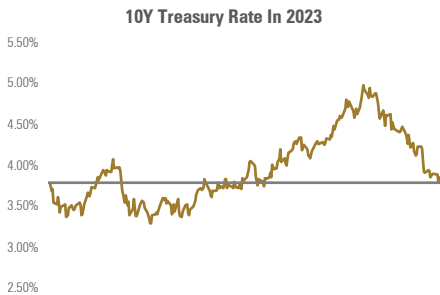
Fortitude Family Office | fortitudefo.com

THE STORY

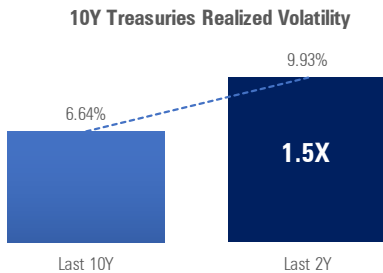
Historic Crash In Treasuries



10Y Roller Coaster To Nowhere



Amplified Treasury Volatility



*Sources: Charts produced internally using historical price data from Morningstar Direct as of 1/2/2024.

BOND VOLATILITY: WHEN SAFE HAVENS TURN STORMY.

The bond market pain induced by the Fed's recent rate hiking cycle raises an important question: Just how risky are "low risk" bonds?

We often think of bonds as stable, predictable components of a portfolio (which is generally true when held to maturity) but the principal collapse which debt assets experienced in 2022, serves as a poignant reminder that even "risk-free" assets can carry considerable near-term risks.

While we all know it's been a bumpy ride for fixed income over the last two years, the seismic magnitude of the moves is historic and should not be easily dismissed.

For example, treasury valuations were so inflated by central banks' zero interest rate policies in 2021, that a normalization of rates to the 5% range caused the Bloomberg Agg Treasury Index to realize a drawdown several times larger than any loss it had experienced in the last 50 years.

Ultimately, fixed income's tumultuous journey illustrates an important lesson: portfolio risks cannot be measured simply based on recent price stability.

Instead, effective risk management requires that we go beyond strict empirical analysis to also think critically about the fundamental risks present in the market - including those which we have yet to witness in the historical record.



UPCOMING EVENTS

Monthly CPI - 1/11

MLK Day (Closed) - 1/15

FOMC Meeting - 1/31

“The Market Is Filled With People Who Know The Price Of Everything, But The Value Of Nothing.”

- Philip Fisher



WHAT HAPPENED?

Gold Prices Reached An All-Time

High: London's LBMA Gold Price benchmark hit an all-time high of \$2,069.4 per ounce in December rising 12.7% for the year amidst increased expectations for Fed rate cuts in 2024. ([Reuters](#))

Alaska Airlines To Acquire

Hawaiian Airlines: Alaska Airlines will pay \$18 a share, roughly \$1.9B, for Hawaiian Airlines. If approved, the brands will still operate under their respective brands. ([CNBC](#))

Coal Usage Expected To Reach

Record High: The IEA forecasts that global coal consumption is expected to reach a record high this year, surpassing 8.5B tons, as demand in emerging and developing economies remains strong. ([Reuters](#))

Toshiba Delisted After 74 Years:

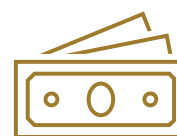
After 74 years on the Tokyo Exchange, one of Japan's biggest conglomerates is being taken private by private equity firm Japan Industrial Partners (JIP). ([Reuters](#))



EQUITIES JUMPED

US equity markets rose in December with the S&P 500 up **4.5%**. Global ex-US equity markets also rallied with the MSCI World ex-US Index up **5.7%**.

FUND	MONTH*	YTD*
US Large	4.5%	26.3%
US Mid	8.7%	16.4%
US Small	12.8%	16.0%
Global ex-USA	5.7%	16.9%
Int'l Dev	5.3%	18.2%
Emerging	3.9%	9.8%



FIXED INCOME BOUNCED

Fixed income markets continued to rally in December as the market priced in expectations for Fed rate cuts pushing the Bloomberg Agg Index up over **3.8%** in the period.

FUND	MONTH*	YTD*
Ultra-Short	0.4%	5.3%
Short	1.1%	4.2%
Core	3.8%	5.5%
Long-Term HY	8.6%	2.2%
US TIPS	3.7%	13.4%
Intl Bonds	2.5%	3.7%
EM Bonds	4.2%	5.7%
	4.3%	9.0%



ALTERNATIVES GAINED

Alternatives continued to produce stable returns and income amidst the rise in other risk-on asset classes.

FUND	MONTH*	YTD*
Gold	1.1%	12.8%
Merger Arbitrage	1.4%	2.2%
Infrastr.	2.8%	3.8%
Direct Lending*	1.1%	12.7%
Hedge Funds	2.4%	8.6%
Managed Futures	1.6%	-5.9%

*Due to reporting lags, some data represents the latest return as of the month prior to this period.



General Disclosure. This information has been developed internally and/or obtained from sources which Fortitude Family Office (“Fortitude”), believes to be reliable; however, Fortitude does not guarantee the accuracy, adequacy, or completeness of such information nor does it guarantee the appropriateness of any investment approach or security referred to for any particular investor. Fortitude, its affiliates, and/or its clients may have an investment position in a security or strategy (or related or opposing security or strategy) discussed in this information and may change that position without notice at any time. This material is provided for informational purposes only and is not advice or a recommendation for the purchase or sale of any security.

This information may include commentary by Fortitude, in which case all or some of the following may apply: This information reflects subjective judgments and assumptions, and unexpected events may occur. Therefore, there can be no assurance that developments will transpire as forecasted. This material reflects the opinion of Fortitude on the date made and is subject to change at any time without notice. Fortitude has no obligation to update this material. Fortitude does not suggest that the strategy described herein is applicable to every client of or portfolio managed by Fortitude. In preparing this material, Fortitude has not considered the investment objectives, financial situation, or particular needs of any particular person. Before making an investment decision, you should consult your professional advisor, and you should consider whether the information provided in this material is appropriate in light of your particular investment needs, objectives, and financial circumstances. Transactions in securities give rise to substantial risk and are not suitable for all investors. This material is protected by copyright and all other laws, all rights reserved, and no part may be (i) copied, photocopied, or duplicated in any form, by any means, or (ii) redistributed without the prior written consent of Fortitude.

Investment Risks. As with any investment strategy, there is potential for profit as well as the possibility of loss. Asset allocation does not ensure a profit or guarantee against a loss. Fortitude does not guarantee any minimum level of investment performance or the success of any index portfolio or investment strategy. All investments involve risk and investment recommendations will not always be profitable. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate, so that at any time an investment portfolio may be worth more or less than its original cost. Please contact Fortitude for additional information on portfolio performance results, data sources and descriptions, and fees.

Sample Portfolio. Fortitude’s model portfolios provided in this presentation are a representation of a possible allocation Fortitude could recommend but is for illustrative purposes only. Actual asset allocations will differ between clients based upon their investment objectives, financial situations, and risk tolerance. Fortitude makes no warranty, express or implied, that the depicted allocation will be used to manage an account, or that any specific performance returns identified and described will be achieved in a portfolio.

Model Index Portfolios. All model index performance data shown represent hypothetical results of market index returns designed to show certain risk-return characteristics. The model index and performance portfolios have been constructed using one or more underlying market index returns.

Limitations of Model Performance. Fortitude constructs its model index portfolios using forward-looking estimates of risk and return for each asset class. Model index portfolios represent a hypothetical reconstruction based on historical market data accumulated after the end of a given time period. This hypothetical performance record is merely a reflection of the performance of market indexes in the past. Accordingly, all of the model index portfolios can be constructed with the benefit of hindsight.

Model index performance does not represent actual performance and should not be construed as an indication of such performance. The model index performance results do not represent the impact that material economic and market factors might have had on the management decision-making process compared to actually managing client money during that period. Model performance also differs from actual performance because it is achieved through the retroactive application of an asset allocation designed with the benefit of hindsight.

Not Comparable to Actual Client Returns/Fees and Costs. Benchmarks, indexes, funds, and asset class performance shown does not reflect deduction of any Fortitude fees, trading costs, or other expenses of trading fund shares, but does reflect the reinvestment of dividends and other earnings. Results have not been audited or reviewed by any third party. Performance results for clients that invest in any actual fund or asset class will vary from the performance data shown due to market conditions and other factors, including client objectives, investment cash flows, size and timing of mutual fund (and other investment) allocations, Fortitude fees, trading costs, frequency and precision of rebalancing and reconstitution, tax-management strategies, cash balances, varying custodian fees, and/or the timing of fee deductions. The net compounded impact of the deduction of Fortitude fees over time will be affected by the amount of the fees, the time period, and investment performance. These and other factors may materially influence performance results and therefore actual client performance for any portfolio would only match actual fund performance by coincidence. Actual performance for client accounts may be materially lower or higher than that of the fund or asset class performance shown. Clients should consult their account statements for information about how their actual performance compares to that of the fund or asset class performance shown.

Fund Performance. Information regarding the mutual funds and alternative funds shown is provided for information only, does not reflect any specific time period when such mutual funds were held by Fortitude clients, and does not reflect any prior performance of clients. Additional information about each mutual fund and alternative fund is available from Fortitude. The recommended funds are as of a specific date and do not reflect past recommendations or future changes in recommendations. Mutual funds can lose value. Mutual fund investments are subject to market risk, fluctuate in value, and can result in actual loss of money. Diversification does not ensure against losses.

Illiquid Investments. Illiquid investments may not be suitable for all clients. Investors in illiquid investments must qualify for these investments based on suitability criteria, and they must complete subscription documents.

Reference Above	Benchmark Index	Reference Above	Benchmark Index
US Large	S&P 500 Index	Hedge Funds	Eurekahedge Hedge Fund NR Index
US Mid	S&P 400 Index	Managed Futures	Credit Suisse Mgd Futures Liquid TR
US Small	S&P 600 Index	Ultra-Short	Bloomberg US Treasury Fit Rate Index
Global ex-USA	MSCI World ex-USA All Cap NR Index	Short	ICE US Treasury 1-3Y Bond Index
Intl Dev	MSCI EAFE NR USD Index	Core	Bloomberg Aggregate Bond Index
Emerging	MSCI EM NR US Index	Long-Term	ICE US Treasury +20Y Bond Index
Gold	S&P GSCI Gold TR	High Yield	Bloomberg US Corporate HY Index
Merger Arbitrage	IQ Hedge Merger Arb TR USD Index	US TIPS	ICE US Treasury Inflation Linked Index
Infrastr (Infrastructure)	MSCI ACWI Infrastructure NR Index	Intl Bonds	Bloomberg Global Agg ex-USD Index
Direct Lending	Cliffwater Corporate Lending I	EM Bonds	Morningstar EM BD GR Index