IN THIS ISSUE

MARKET REVIEW
SEPTEMBER 2022

SMB Trust Services

INFLATION REDUCTION ACT

President Biden signed a broad legislation package last month that will spend nearly $450 billion on energy and health care initiatives to address climate change and health care costs. The legislation, known as the Inflation Reduction Act (IRA), is projected to offset the bill's spending with almost $750 billion in additional revenue over the next decade by imposing higher taxes on certain businesses, reducing government spending on prescription drugs, and boosting Internal Revenue Service (IRS) funding to increase tax enforcement. The IRA is a whittled down version of the Build Back Better (BBB) package initially proposed during President Biden's presidential campaign. The original BBB package proposed spending $3.5 trillion on climate change, infrastructure, and social programs. A version of the BBB's infrastructure component was passed by Congress last year. Pushback from moderate Democrat Senators Joe Manchin of West Virginia and Kyrsten Sinema of Arizona led Democrats to scale down their spending bill from $2 trillion to its final form. The IRA contains several provisions that will impact businesses in the energy and health care sectors.

ENERGY

Most of the IRA spending, an estimated $369 billion over the next decade, will be directed toward tax credits, grants, loans, and other incentives to promote technologies that will reduce carbon emissions. These provisions aim to support the adoption of electric vehicles, more energy-efficient appliances, and sources of renewable energy such as solar panels and wind turbines. The IRA also provides funding for clean energy technologies to help reduce emissions in manufacturing, agriculture, and electricity production. The Department of Energy estimates the IRA will reduce the country's carbon emissions around 40% by 2030 compared to the level in 2005.

Morningstar's equity analyst covering clean energy companies, Brett Castelli, CFA, increased the valuations of some companies by up to 20% to account for the projected impact of the IRA. The IRA includes a 10-year extension of solar and wind tax credits and significantly increases production and investment tax credits for these technologies. These measures will likely support domestic manufacturing of solar panels and make solar panels more affordable for consumers. Incentives for producing domestic solar panels are a critical provision since most solar equipment is currently imported from Asia. Hydrogen and energy storage are two areas that had not previously received tax credits, but will receive tax credits under the IRA. Castelli expects renewable energy firms such as Enphase Energy (ENPH), First Solar (FSLR), Plug Power (PLUG), and SunPower (SPWR) to benefit from increased demand.

The IRA also includes tax credits to make electric vehicles (EVs) more affordable. EVs will be eligible for tax credits up to $7,500 for new vehicles, and up to $4,000 for used EVs. Receiving the full tax credit requires EVs to meet three requirements. First, final assembly of the vehicle must take place in North America. Second, the price must be less than $55,000 for cars and $80,000 for SUVs and trucks. Third, starting in 2024, 50% of battery materials must be mined or processed in the U.S. or a free trade partner. The battery material sourcing percentage requirement will rise to 80% in 2026 and 100% in 2028. The Alliance For Automotive Innovation, an industry trade group representing auto manufacturers that account for 98% of U.S. auto production, said none of the current 72 EV models meet all these requirements. The battery sourcing requirement is particularly stringent because a high percentage of battery materials (e.g., lithium, cobalt, and nickel) are currently sourced outside the U.S. and free trade partner countries. CFRA equity analyst Garrett Nelson believes Congress will likely need to ease the battery material restriction to make the tax credit more viable. Garrett expects Tesla (TSLA) and General Motors (GM) to be the largest automotive beneficiaries of the legislation because they have made the most progress with building domestic EV supply chains and manufacturing infrastructure.

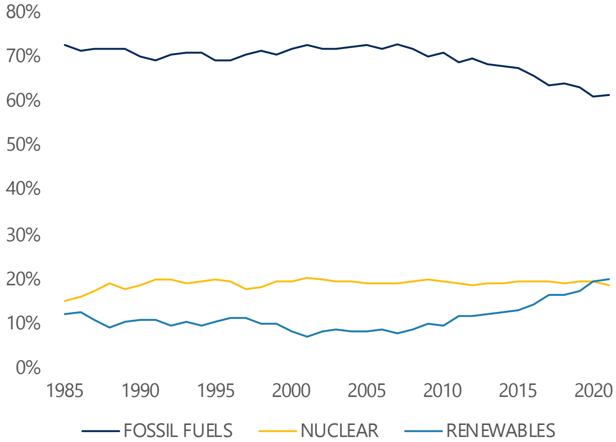
HEALTH CARE

The IRA provides a three-year extension for the Affordable Care Act (ACA) enhancements included in last year's pandemic relief package, the American Rescue Plan (ARP). The ARP enhancements for the ACA reduced or eliminated out-of-pocket premiums for millions of enrollees by increasing premium subsidies and expanding eligibility for premium tax credits. These enhancements were scheduled to expire at the end of this year. The Congressional Budget Office (CBO) estimates the enhancements extension will cost $64 billion. According to the Urban Institute, a Washington D.C.-based think tank, expiration of the enhancements would have caused a large rise in premiums resulting in more than 3 million people becoming uninsured and millions of

CHART 1

INCREASING RENEWABLE ENERGY PRODUCTION

U.S. ELECTRICITY PRODUCTION BY SOURCE

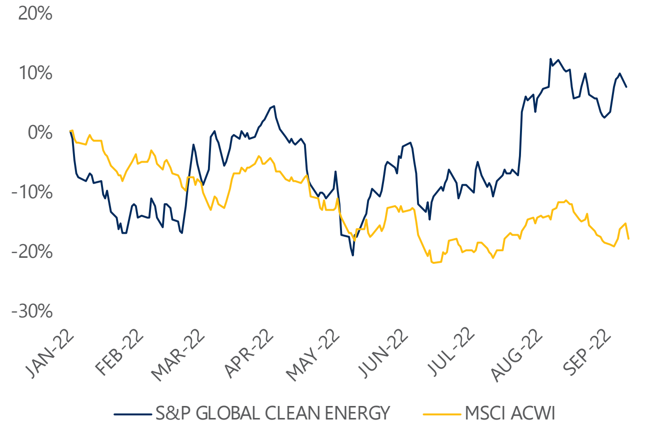


Source: BP PLC.
Past performance does not guarantee future results.

CHART 2

CLEAN ENERGY STOCKS OUTPERFORMING IN 2022

2022 PERFORMANCE THROUGH SEPTEMBER 13



Source: Bloomberg.
Past performance does not guarantee future results.

people leaving the ACA marketplace to find other sources of coverage such as employer-sponsored plans. Some health care insurers that get a sizable percent of their members from the ACA marketplace were likely facing a slump in their membership pool with the subsidies coming to an end this year, but the ARP extension has relieved that concern.

Democrats' longtime goal of enabling Medicare to negotiate prescription prices finally became law with the IRA. Starting in 2026, Medicare will negotiate drug prices for 10 drugs that are among the top 50 drugs for the program's spending, have been on the market for at least seven years, and do not have generic competition. The number of drugs subject to negotiation will expand to 20 drugs by 2029. Senate Democrats estimate drug price negotiation will reduce Medicare spending by $265 billion over 10 years. Bloomberg healthcare equity analyst Letitia Walker forecasts some drug companies could see their revenue fall by over 10% if their flagship drugs are targeted by the price negotiations. Walker believes Bristol-Myers Squibb (BMY) and Astellas are the most vulnerable to Medicare price reductions. Walker views Johnson & Johnson (JNJ) as being one of the least exposed drug companies because price negotiations for its Xarelto drug would only reduce the company's overall revenue by 0.50%.

Additional drug spending savings will come from a provision for drug price increases. Drug companies will be required to pay a rebate to Medicare if they raise drug prices for Medicare beneficiaries more than inflation. Morningstar's health care equity analyst, Karen Andersen, estimates this measure could moderately reduce industry sales by 3%. The IRA will also reduce drug spending for Medicare beneficiaries by limiting out-of-pocket drug costs to $2,000 per year, compared to an unlimited amount under current law, and capping the monthly insulin copay at $35.

TAXES

Besides drug price negotiations, the IRA's other main sources of generating revenue will come from corporate taxes and increased IRS tax enforcement. The IRA is projected to generate $222 billion in revenue over 10 years by implementing a 15% minimum tax rate for corporations. The minimum tax rate is aimed at large companies with over $1 billion in profits that have low tax rates. According to Credit Suisse accounting analyst Ron Graziano, the minimum tax rate would have a small impact on company earnings in aggregate. Graziano's analysis showed that only 170 companies in the S&P 500 index paid less than 15% in taxes last year and fewer than half of those companies would see a tax increase in 2023 because the legislation allows companies to use adjusted earnings which can be steered lower by executives using various accounting techniques. Another $74 billion in new revenue over 10 years is estimated to come from a 1% tax on stock buybacks. Analysts expect the stock buyback tax to have a modest impact on corporations' use of their cash. Lastly, the CBO projects the IRA will generate $124 billion in revenue over 10 years from increasing IRS resources to improve tax enforcement.

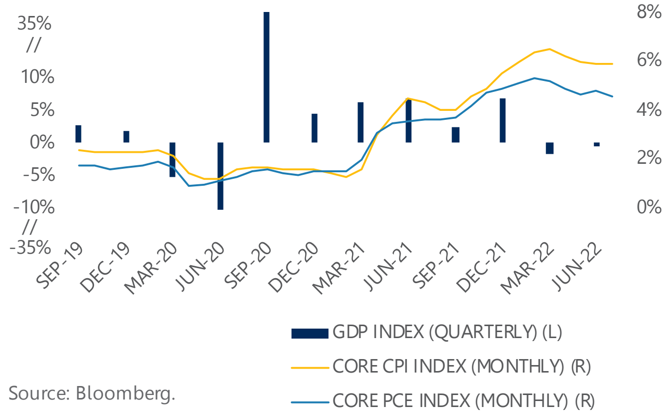
ECONOMIC IMPACT

Most economists appear to have the view that the bill is unlikely to meaningfully reduce inflation despite the legislation's name. For example, the University of Pennsylvania's Penn Wharton Budget Model (PWBM) projects the IRA will slightly reduce inflation by 0.1% over the next decade. There is some disagreement among economists whether the IRA will impact economic growth positively or negatively, but the consensus appears to be that the bill will not meaningfully impact economic growth. One area where the IRA is expected to make a noticeable difference is improving the federal government's finances. The estimated $300 billion in positive net revenue from the IRA will likely help the federal government reduce its budget deficit and debt level.

ECONOMY

GDP AND CONSUMER PRICES

SEPTEMBER 2019 THROUGH JULY 2022



Source: Bloomberg.

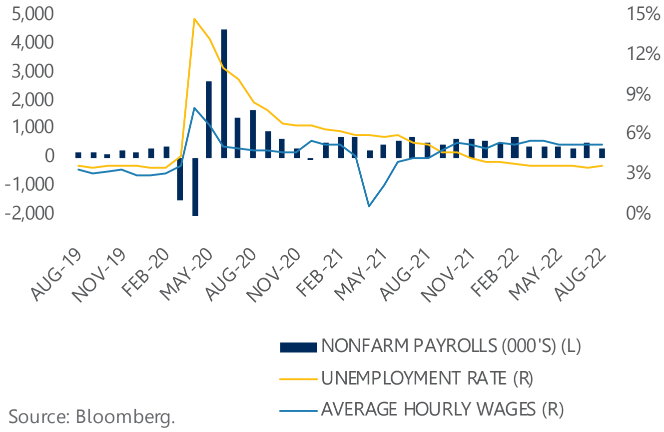
U.S. economic growth contracted 0.6% in the second quarter. This was the second consecutive quarter of negative growth which meets the recession rule of thumb. However, the National Bureau of Economic Research, the official recession recordkeeper, is unlikely to label this a recession given the strong labor market.

The Atlanta Fed's GDPNow model forecasts a return to positive GDP growth in the third quarter with 1.4% growth.

The Core Consumer Price Index (CPI) climbed 5.9% in July and headline CPI was up 8.5%. The core personal consumption expenditures (PCE) index, the Fed's preferred inflation gauge, increased to 4.6% in July, down from 4.8% in June.

LABOR MARKET

AUGUST 2019 THROUGH AUGUST 2022



Source: Bloomberg.

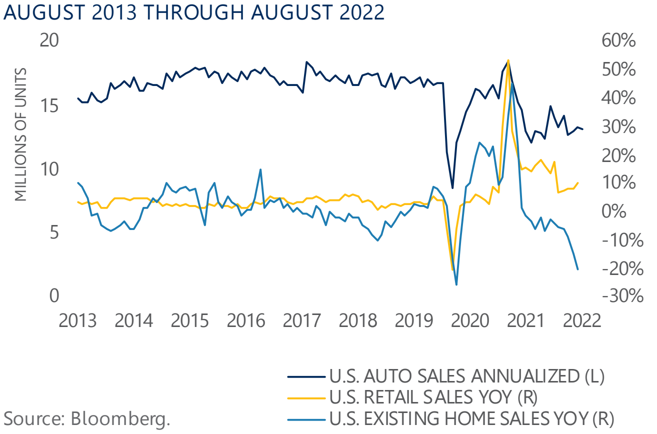
U.S. nonfarm payrolls increased by 315,000 in August, slightly stronger than economists' median forecast of 298,000 jobs. Job gains in July were revised lower to 526,000, bringing job growth down by 81,000 jobs over the last two months.

The professional and business services sector increased by 68,000 jobs, while the healthcare and retail sectors added 48,000 and 44,000 jobs, respectively. The labor force participation rate inched up to 62.4%, and total employment is now 240,000 jobs higher than its pre-pandemic level in February 2020.

The U.S. unemployment rate increased more than expected to 3.7% from 3.5% the prior month. Average hourly earnings growth was unchanged at 5.2%.

HOUSING, AUTO AND RETAIL SALES

AUGUST 2013 THROUGH AUGUST 2022



Source: Bloomberg.

U.S. vehicle sales decreased in August to a seasonally adjusted annualized rate of 13.18 million units down from 13.35 million units in July. A lack of sufficient supply continues to constrain sales and drive prices higher.

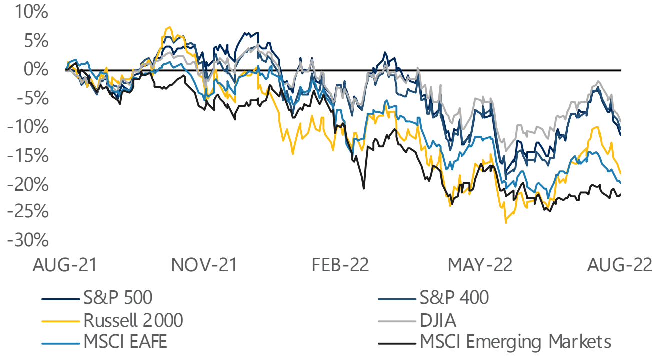
Retail sales increased 10.3% in July as consumers continued to find ways to cope with surging prices. Lower gas prices helped consumers spend on other items.

Sales of previously owned homes fell for the sixth straight month to a new two-year low in July, as higher borrowing costs and limited housing supply weighed on affordability. Existing home sales were down 20.2% in July from a year prior.

EQUITY

TRAILING 12-MONTH EQUITY RETURNS

PRICE APPRECIATION, AUGUST 2021 THROUGH AUGUST 2022



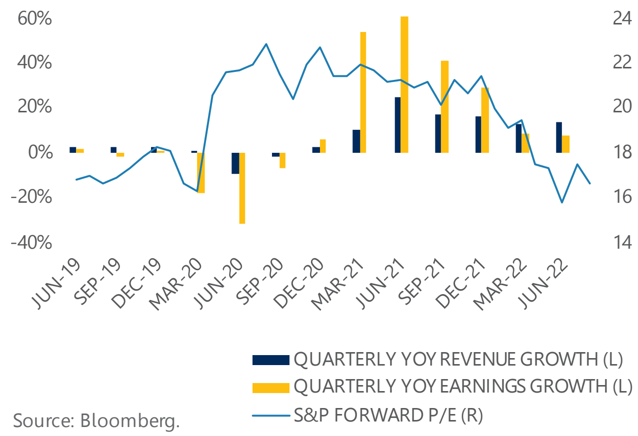
Source: Bloomberg. Past performance is no guarantee of future results.

Equity markets were positive in the first half of August amid signs of slowing inflation. However, equities sold off in the second half of the month after hawkish comments from Fed officials dimmed hopes that the central bank would ease its rate hike plans. The S&P 500 index finished the month down 4.08%.

Emerging markets outperformed developed markets in August with the MSCI Emerging Market (EM) index posting a marginally positive return of 0.45%. MSCI Brazil led the EM index with a 6.51% monthly gain. Brazilian stocks received support from incumbent President Bolsonaro narrowing the gap in the presidential election polls with front-runner candidate Luiz Inácio Lula da Silva ahead in the polls for the October election.

S&P 500 YOY EARNINGS & REVENUE GROWTH

BY QUARTER, JUNE 2019 THROUGH AUGUST 2022



Source: Bloomberg.

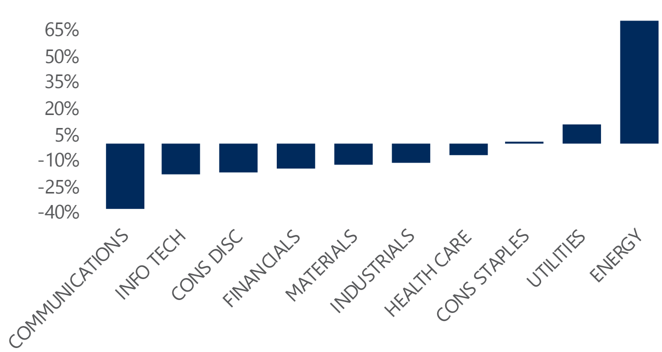
Second quarter earnings reporting season is nearly concluded. S&P 500 companies posted 8.0% earnings growth in the quarter, almost double analysts' forecast for 4.1% growth. Sales growth of 13.7% also outpaced analysts' forecast for 9.9% growth.

S&P 500 earnings received a large boost from the energy and industrials sectors, while earnings contractions in financials and technology were drags. Index-level net income margin of 13.1% was below analysts' forecast for 13.9% and is down for a second consecutive quarter.

Concerns about the slowing economy weighing on corporate earnings have led analysts to reduce their earnings growth estimates for the third and fourth quarters to 3.8% and 6.0%, respectively.

S&P 500 SECTORS 12-MONTH PRICE RETURNS

AUGUST 2021 THROUGH AUGUST 2022



Source: Bloomberg.

The energy sector was one of two S&P 500 sectors with a positive return in August. Oil prices received support from Saudi Arabian Energy Minister Prince Abdulaziz bin Salman saying the Organization of the Petroleum Exporting Countries (OPEC) could reduce oil production to address the disconnect between lower oil prices and the oil market's supply and demand fundamentals.

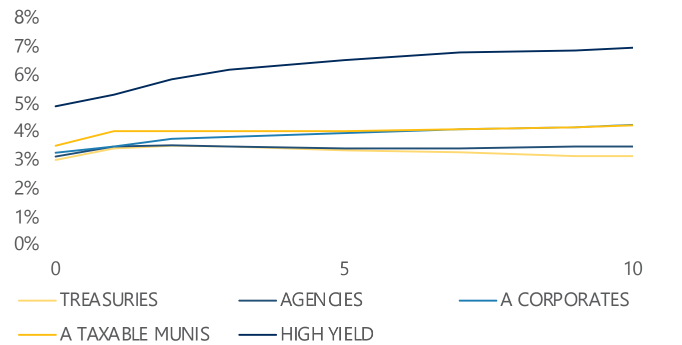
The traditionally defensive S&P 500 utilities sector also posted positive performance for the month.

Higher interest rates and Fed officials' hawkish comments to maintain aggressive rate hikes to combat inflation weighed most heavily on higher growth stocks in the technology and consumer discretionary sectors.

FIXED INCOME

CURRENT YIELD CURVES

YIELD CURVES AS OF AUGUST 2022



Source: Bloomberg. Past performance is no guarantee of future results.

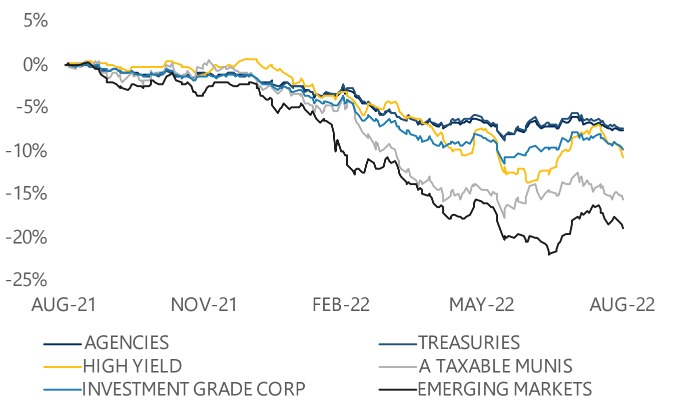
The U.S. Treasury curve bear-flattened in August in response to Federal Reserve Chairman Jerome Powell's hawkish pledge that the Fed is "strongly committed" to bringing down inflation with rate hikes for the foreseeable future. Yields on 2-year Treasuries increased 0.61% to 3.50%, while yields on 10-year Treasuries increased 0.54% to 3.20%.

Fed funds futures as of August 31 indicate investors expect the Fed's policy rate will reach 3.78% in 12 months, 0.96% greater than the projection of 2.84% just a month prior.

A closely watched recession indicator, the spread between 10-year and 2-year U.S. Treasury bond yields, closed the month at its deepest inversion level since 2000.

12-MONTH RETURNS, TAXABLE BOND SEGMENTS

AUGUST 2021 THROUGH AUGUST 2022



Source: Bloomberg. Past performance is no guarantee of future results.

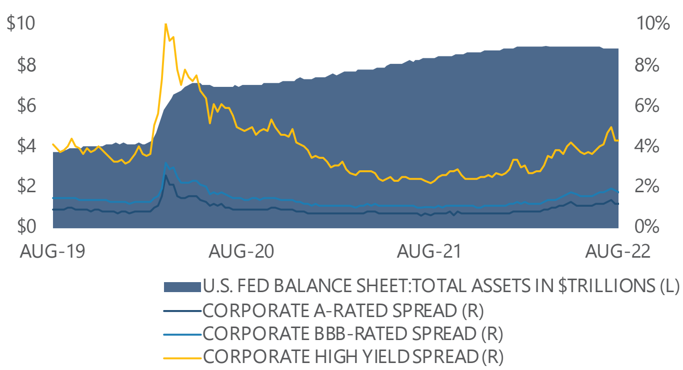
Fed rate hikes to the current range of 2.25% to 2.50% from a range of 0% to 0.25% at the start of the year have caused all the bond segments shown in the accompanying chart to experience sizable negative 12-month returns of at least 7%.

Acute U.S. dollar strength over the last 12 months has enabled domestic high yield corporate bonds to significantly outperform emerging market bonds despite both segments' similar credit quality.

The two highest quality bond segments in the accompanying chart, U.S. Treasuries and U.S. Agencies, have held up best so far in 2022 as market interest rates climbed and credit spreads widened.

FED BALANCE SHEET EXPANSION AND CREDIT SPREADS

AUGUST 2021 THROUGH AUGUST 2022



Source: Bloomberg.

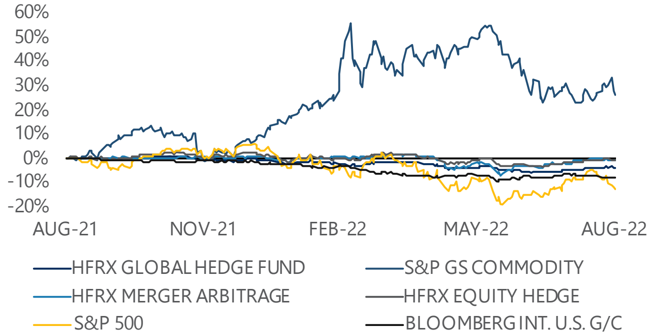
The Fed's balance sheet has shrunk by about $140 billion over the last five months after expanding by 112% from $4.2 trillion in February 2020 to nearly 9.0 trillion in April 2022.

According to the Fed's projections, its balance sheet will be reduced by $522.5 billion this year to roughly $8.375 trillion, a modest 5.87% decrease. In 2023, the balance sheet is projected to shrink by $1.14 trillion to around $7.235 trillion, a 13.6% decrease.

U.S. corporate high yield, BBB-rated, and single A-rated credit spreads compressed again in August in response to strong second quarter corporate earnings results. However, all three spreads remain wider than their highest levels in all of 2019.

ALTERNATIVES

ALTERNATIVES, 12-MONTH RETURNS
AUGUST 2021 THROUGH AUGUST 2022



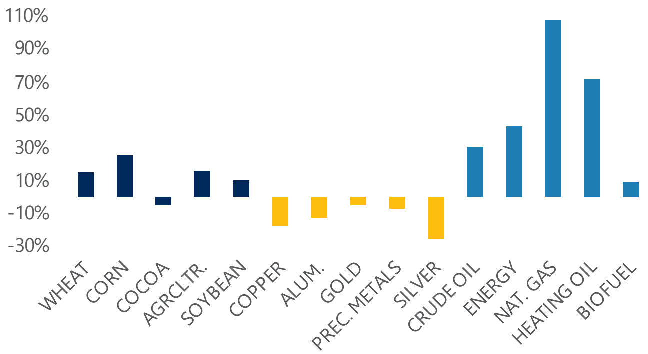
Source: Bloomberg. Past performance is no guarantee of future results.

The S&P GSCI Total Return Index, a measure of the broad commodities asset class, retreated 2.7% in August but remains up 32.1% through the first eight months of the year. Recent strength in agricultural commodities and natural gas have been offset by a 10% decline in crude oil prices during the month.

Growing fears of a global economic slowdown, a strong U.S. dollar, hopes for a nuclear deal with Iran, and releases from the U.S. Strategic Petroleum Reserve have weighed on oil prices over the last three months.

Year to date through August, the HFRX Equity Hedge Index (-2.85%) and HFRX Event Driven Merger Arbitrage Index (-1.35%) have held up better than both the S&P 500 (-16.15%) and the Bloomberg Intermediate Government/Credit Index (-7.14%).

COMMODITIES, 12-MONTH SPOT RETURNS
AUGUST 2021 THROUGH AUGUST 2022



Source: Bloomberg. Past performance is no guarantee of future results.

The Biden administration's release of roughly 150 million barrels of oil from the U.S. Strategic Petroleum Reserve (SPR) from April through August likely constrained further price gains in oil over the summer but led SPR stocks to their lowest level since 1984. The AAA national average retail gasoline price declined 24.7% from a record high of $5.02 per gallon on June 13 to $3.83 per gallon on September 9.

Most industrial metals, including iron ore, nickel, and copper, were flat or declined in August as traders bet rising COVID-19 cases in mainland China would curtail short-term demand.

Gold has retreated 11.7% over the last five months as U.S. dollar strength and expectations of aggressive Fed rate hikes have outweighed the precious metal's appeal as a safe-haven asset.

IMPORTANT DISCLOSURE INFORMATION

This Market Review was prepared by MainStreet Investment Advisors, LLC ("MainStreet Advisors"), an investment adviser registered with the SEC and wholly-owned subsidiary of Fifth Third Bank, National Association. Registration as an investment adviser does not imply any level of skill or training. The MainStreet Advisors' professionals may provide oral or written market commentary or advisory strategies to clients that reflect opinions that are contrary to the opinions expressed herein or the opinions expressed in research reports issued by MainStreet Advisors' Investment Committee and may make investment decisions that are inconsistent with the views expressed herein. Opinions expressed are only our current opinions or our opinions on the posting date. We and our affiliates, officers, directors, and employees may from time to time have long or short positions in, and buy or sell, the securities, if any, referred to in this report. Information and opinions herein are as of the publication date and are subject to change without notice based on market and other conditions.

The material herein was prepared from sources believed to be reliable, however, no assurances can be made. The prices shown are as of the close of business as indicated in this document. Actual results could differ materially from those described. The securities and financial instruments described in this document may not be suitable for you, and not all strategies are appropriate at all times. The specific securities identified are shown for illustrative purposes only and should not be considered a recommendation by MainStreet Advisors. It should not be assumed that investments in these securities were or will be profitable. Index performance used throughout this report is intended to illustrate historical market trends and is provided solely as representative of the general market performance for the same period of time. Indices are unmanaged, may not include the reinvestment of income or short positions, and do not incur investment management fees. An investor is unable to invest in an index. Any graph, data, or information is considered reliably sourced and for educational purposes only, but no representation is made that it is accurate or complete and should not be relied upon as such or used to predict security prices or market levels. Any suggestion of cause and effect or of the predictability of economic or investment cycles is unintentional.

There are substantial risks involved with investing in Alternative Investments. Alternative Investments represent speculative investments and involve a high degree of risk. An investor could lose all or a substantial portion of his/her investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in an Alternative Investment. Traditional and Efficient Portfolio Statistics include various indexes that are unmanaged and are a common measure of performance of their respective asset classes.

This Market Review/Quarterly Market Insights may contain forward-looking statements which may or may not be accurate over the long term. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to make distributions or pay dividends are forward-looking statements. Do not place undue reliance on forward-looking statements; actual results could differ materially from those described and are not guarantees of performance. They involve risks, uncertainties and assumptions. This report may include candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions; however, there is no guarantee that the statements, opinions, or forecasts will prove to be correct.

The material included herein was prepared or is distributed solely for information purposes; is not a solicitation or an offer to buy/sell any security or instrument, to participate in any trading strategy or to offer advisory services by MainStreet Advisors; is not intended to be used as a general guide to investing or as a source of any specific investment recommendations; makes no implied or express recommendations concerning the manner in which any client's account should or would be handled; and should not be relied on for accounting, tax or legal advice. Appropriate investment strategies depend upon the client's investment objectives. The portfolio risk management process and the process of building efficient portfolios includes an effort to monitor and manage risk but should not be confused with or does not imply low or no risk. This report should only be considered as a tool in any investment decision matrix and should not be used by itself to make investment decisions.

There are risks involved with investing including possible loss of principal and the value of investments and the income derived from them can fluctuate. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition. Diversification does not guarantee investment returns and does not eliminate the risk of loss. Investing for short periods may make losses more likely. Future returns are not guaranteed. Past performance is not indicative of future results, which may vary. Investors are urged to consult with their financial advisors before buying or selling any securities.

NOT FDIC INSURED, NOT A DEPOSIT OR OBLIGATION OF THE BANK, NO BANK GUARANTEE, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

NOT A DEPOSIT	NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY			