

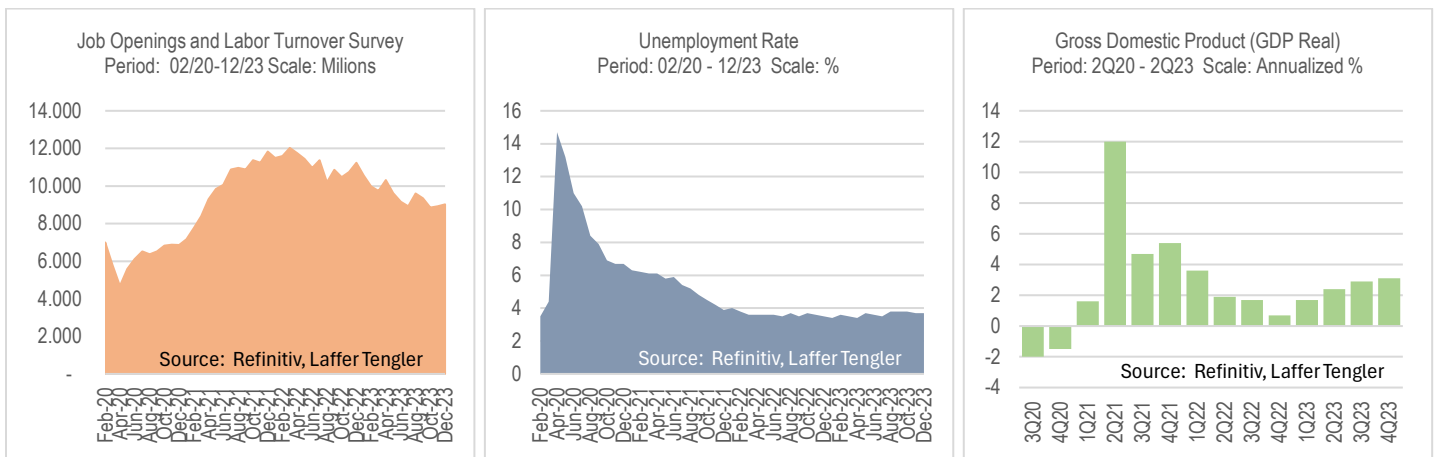
# LAFFER | TENGLER

## INVESTMENTS

### Dynamic US Inflation | Fourth Quarter 2023

#### Portfolio Team Outlook

Inflation and inflation expectations peaked about a year ago and have been declining consistently since. We expect this general scenario to continue but also forecast monthly surprises to the upside. Overall inflation is still at elevated levels and does not currently warrant a shift in the inflation strategy to a low inflation positioning but we have already started to reposition for a declining inflation environment and made another shift in the model strategy in September. Additionally, we expect US economic activity to remain resilient and we do not see a recession 2024. The US economy has been very accommodating to rising interest rates in spite of dire predictions to the contrary. We believe that the US Fed will cut the Fed Funds rate by 25 basis points in May but maybe April if the economy starts to slow significantly or inflation drops faster than forecasted. What is clear to us is that the Fed won't be aggressive in lowering the Fed Funds rate anytime soon. The reason for this position is that the service side/labor is still way too tight for the Fed's liking. The Fed will want to see slack in the labor market and wages cool before they start to lower the Fed Funds rate. We are not near that level based upon the current data.



The economy continues to surprise on the upside and seems to be shrugging off higher rates for longer.

Headline CPI has been coming down fast from its recent high of 8.9% in June of 2022 to 3.1%. There was a surprise in December that popped the trailing CPI print back up to 3.3% jolting markets and beating forecasts. Still too high for the Fed to think of lowering rates but definitely a big improvement.

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LAFFER TENGLER DYNAMIC US INFLATION MODEL AS OF 09/29/23		
NAME	TICKER	NEW WEIGHT
VanEck Inv Grade Floaring Rate ETF	FLTR	15%
iShares Treasury Floating Rate Bond ETF	TFLO	15%
Invesco Variable Rate Inv Grade Bond ETF	VRIG	15%
JP Morgan Equitiy Premium Income ETF	JEPI	10%
iShares 0-5 Yr HY Corp Bond ETF	SHYG	10%
Aberdeen Physical Gold Shares ETF	SGOL	6%
Invesco CurrencyShares Yen Currency ETF	FXY	6%
United States 12 Month Natural Gas Fund	UNL	6%
ProShares K-1 Free Crude Oil ETF	OILK	5%
SPDR S&P Aerospace & Defense ETF	XAR	5%
Teucrium Corn Fund	CORN	5%
Cash	CASH	2%
		100%

## Positions Added to Model Strategy

N/A

## Positions Removed from Model Strategy

N/A

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Dynamic US Inflation | Fourth Quarter 2023

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