

CORE EQUITY STRATEGY

as of 9/30/2023

Exencial
Wealth Advisors™

OVERVIEW

For the third quarter, we saw a pause in the global market rally as most equity markets were down between 3-5% for this time period. For the most part, this market weakness can be attributed to a sharp rise in interest rates, reaching new multi-decade highs, and a 25%+ increase in oil prices. This combination reignited concerns about the health of the U.S. consumer and the possibility of an upcoming recession.

At this point, we need to examine what has driven this sharp rally for the first half of 2023. In our opinion, the two major contributors have been relief and belief. Relief that inflation has been tamed, and of course, belief that we (Fed) managed to achieve said taming without breaking the economy. This is in stark contrast to investor sentiment in 2022, when we were counting the days till the next recession. As such, the longer things don't break, the closer we get to a soft-landing scenario, and of course, the more bullish investors become. It remains to be seen if the market reaction in Q3 was a short-term correction, or a more meaningful price check as the equity and bond markets keep signaling different things.

Overall, we remain defensive in our positioning as we wait for better opportunities to deploy capital. It is our view that as long as the FED remains steadfast on keeping rates "higher for longer", the markets will remain volatile as they are trying to discount the severity of the upcoming economic slowdown. Along similar lines, we will rely on leading economic indicators for clues regarding the depth and duration of the economic slowdown.

In times of economic uncertainty, we believe that a balanced approach is the best move forward. As such, we have a higher level of cash than normal, but we also have an eye on the longer term as all recessions and bear markets give way to the next cycle.

From a portfolio perspective, we came into the year with a tilt to growth. As the market has rewarded growth we have trimmed and exited positions into that strength as the markets continue to price an "immaculate" soft landing scenario in which the Fed threads the needle of fighting inflation while simultaneously not killing economic growth. In the quarter we exited one position, Eaton Corp.

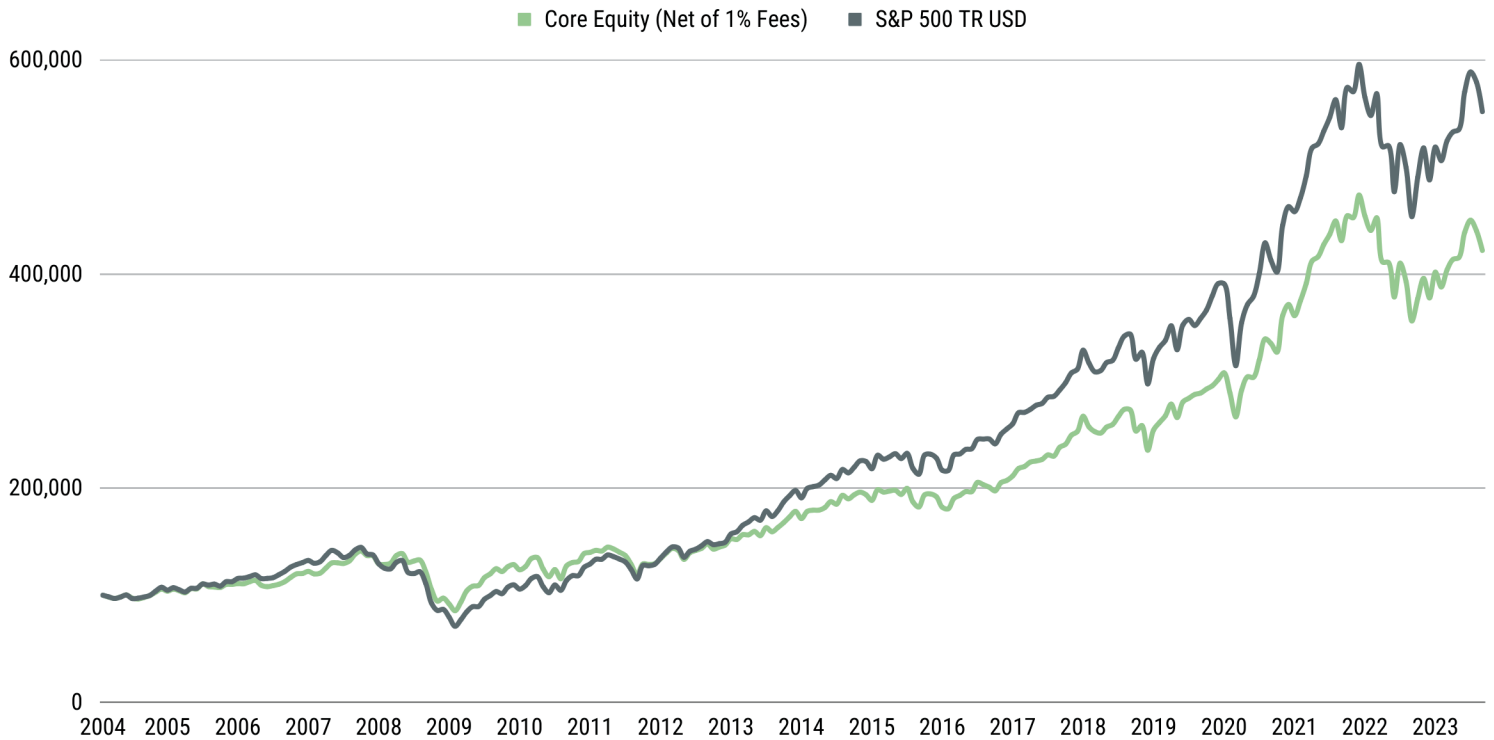
Overall, we continue to favor high quality companies with strong balance sheets and strong management teams. In Q3 we added a few new names: Resmed, Quest Diagnostics and Wabtec.

While we cannot predict near-term risk factors, we can control the companies we invest in. Our disciplined approach of owning high quality, financially viable and intrinsically cheap companies forms the Core Equity portfolio.

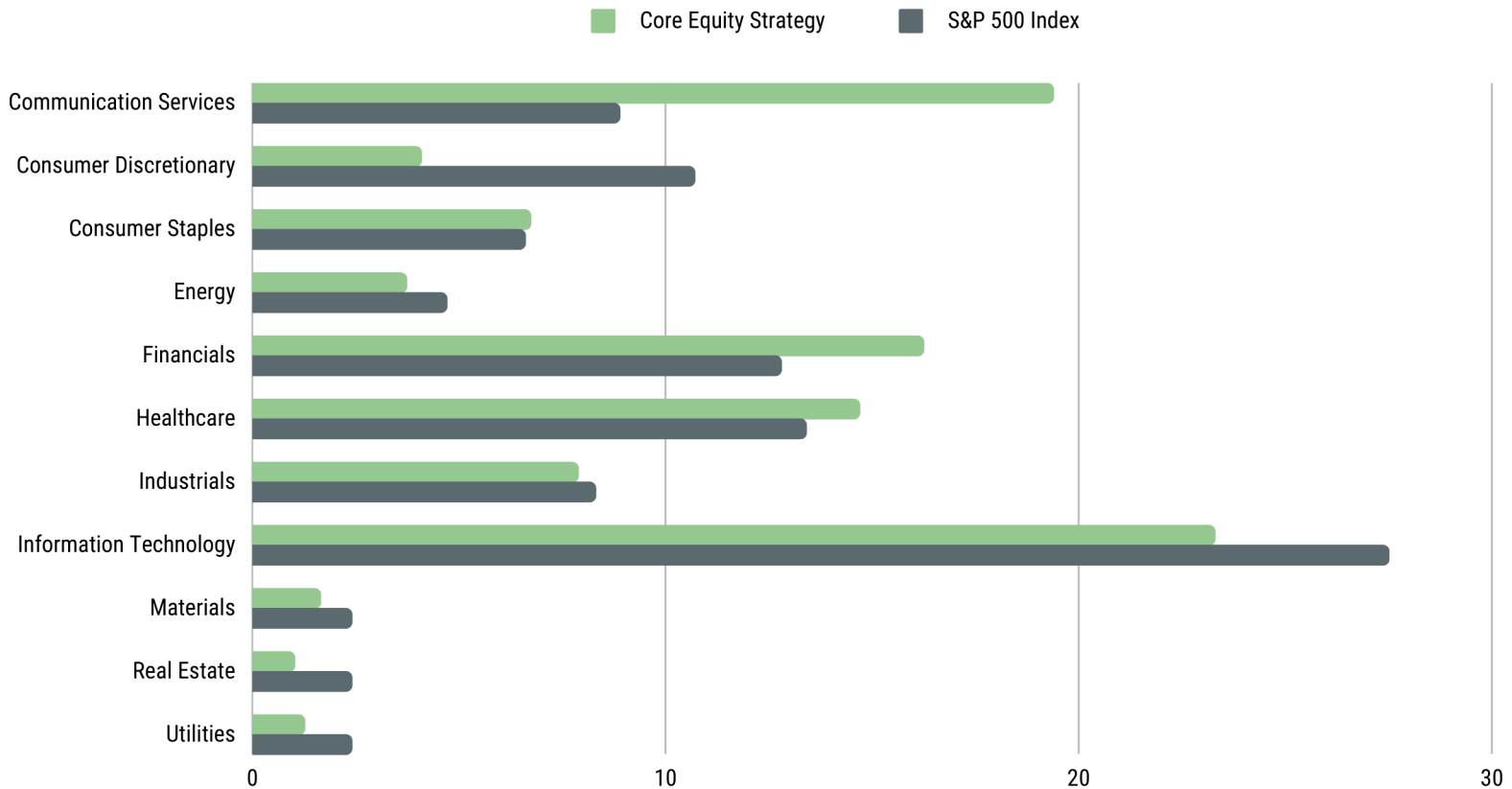


Fidelity@Government Cash Reserves	8.9	Berkshire Hathaway Inc Class B	2.9
Apple Inc	5.7	Activision Blizzard Inc	2.9
Alphabet Inc Class C	4.9	Mastercard Inc Class A	2.5
Microsoft Corp	4.6	UnitedHealth Group Inc	2.5
Meta Platforms Inc Class A	3.7	Other	57.6
Amazon.com Inc	3.7		

GROWTH OF \$100,000



CORE EQUITY STRATEGY GICS SECTOR WEIGHTS



MEET THE TEAM



PETE TRONTIS, CFA Sr. Portfolio Manager

Pete joined Exencial Wealth Advisors as a portfolio manager for the Enhanced Yield strategy. Prior to joining Willingdon, he was a research analyst for Horizon Investments where he focused on global equity research and supported the firm's trading and performance reporting operations. Prior to Horizon Investments, Pete was a Market Risk analyst for Wells Fargo Securities. He began his career as an analyst for Liquid Credit Products at Bank of America.

Pete holds a BS in Finance and a BS in Economics from DePaul University where he graduated cum laude. He also holds an MBA from Duke University where he graduated in the top 10 percent of his class and was designated a Fuqua scholar. He is a CFA charterholder and a member of the CFA society of North Carolina.



RANDY FARINA, CFA Sr. Portfolio Manager

Randy joined Exencial as a Senior Portfolio Manager for the Core and International Strategies. Randy has an extensive background in global equities with over 20 years' experience as an analyst and portfolio manager. Randy also has experience in client service partnering with both institutional and retail relationship managers. Before Exencial, Randy was a Portfolio Manager and Analyst for 16 years on the Global Small Cap Team for Putnam Investments. Randy helped implement a structured investment process focusing on intrinsic value. During his tenure at Putnam Randy also developed and managed an apprentice program to train and develop junior analysts. Randy most recently comes from Westwood Global in Boston where he was a Senior Research Analyst focusing on an International Large Cap Strategy.

Randy has a Master of Science in Finance from Boston College and a Bachelor of Science in Business Administration from the University of Massachusetts at Lowell. Randy is a CFA charterholder.

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The S&P 500® is widely regarded as the best single gauge of large cap U.S. equities. This index includes the 500 leading U.S. companies and covers approximately 80% of the available equities market cap in the U.S.