

Monthly Commentary

July 2025

Executive Summary

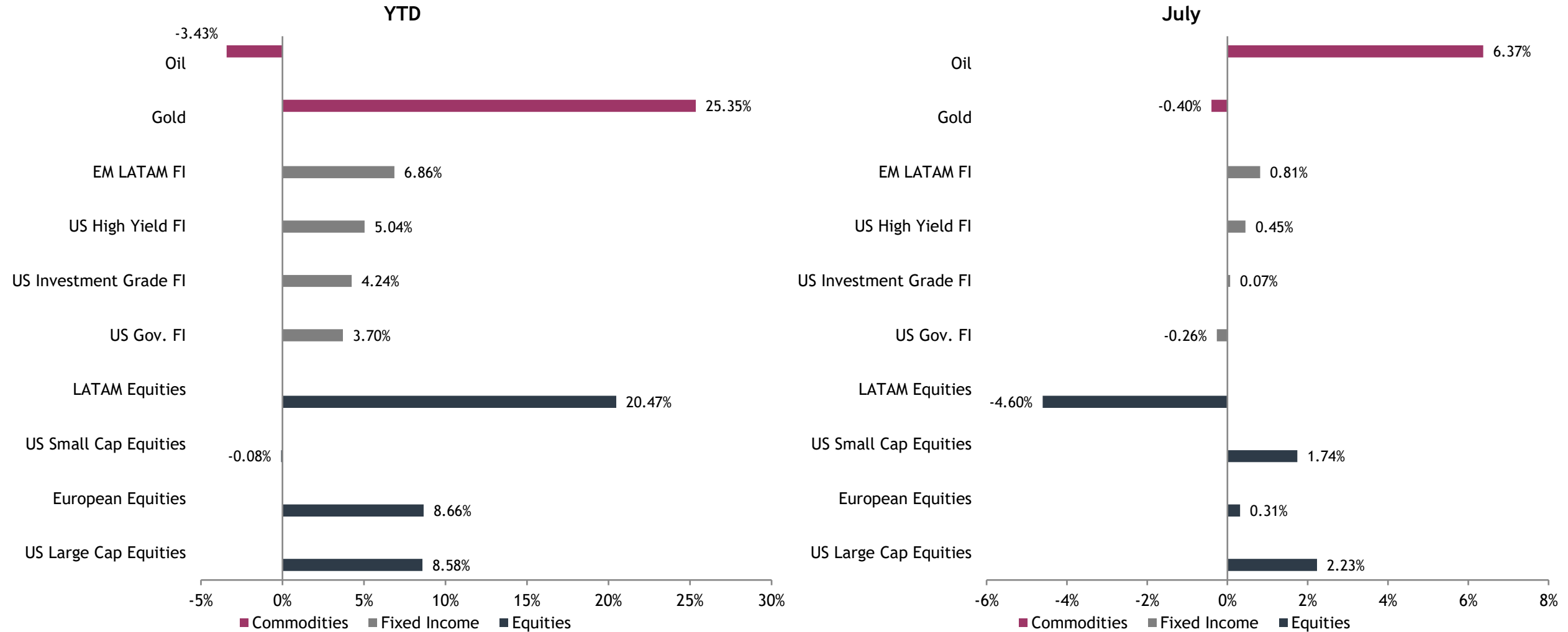


- U.S. GDP grew 3.0% in Q2 2025, but the rebound was largely driven by a sharp drop in imports boosting net exports, masking weaker core domestic demand and highlighting temporary trade-driven strength amid easing inflation.
- Labor market data shows mixed signals: continuing and initial jobless claims declined, pointing to stabilization, but slowing payroll growth and a slight uptick in the unemployment rate suggest softening momentum.
- Core inflation ticked up slightly in June, but falling consumer inflation expectations and the Fed's cautious stance—despite political pressure—highlight a delicate balance between controlling inflation and responding to moderating economic activity.
- Since 1928, when the S&P 500 gained over 10% between May and July, as it did in 2025 with a 13.8% rise. August historically delivered moderate gains, momentum typically slowed in October, and strong recoveries in November-December have often driven the index to year-end highs.
- In July, market rotation still favored large-cap growth as the S&P 500 gained 2.2%, driven by mega-cap tech leadership, while small caps and value lagged, early signs of broader participation renewed early in the month but faded towards the end of the month amid tariff concerns and softer economic data.
- Large-cap factors delivered broad-based gains led by momentum and earnings-related factors in July, reinforcing YTD leadership, while small-cap factors saw a mixed rebound with strength in growth and momentum offset by continued weakness in defensive and value factors, leaving most YTD returns negative.
- Broad sector participation in July, led by growth and cyclicals on AI-driven tech strength, infrastructure tailwinds, and stabilizing energy, with 82% of S&P 500 companies beating earnings estimates, keeping full-year growth forecasts intact despite cautious guidance on trade, inflation, and currency risks.
- U.S. Treasury yields rose in July as the tariffs uncertainty continues fading while U.S. inflation didn't show much progress and FED FOMC stayed on hold.
- U.S. Corporate credit spreads remain on a solid pace supported by a positive start of the Q2 earnings season and improved macro backdrop.
- Emerging Markets FI also had a positive performance as U.S. - China tariffs implementation was postponed and the U.S. dollar continues weakening.
- Gamma Indicated to Beat (ITB) model lagged the S&P 500 by 2.19% in July 2025.*
- Gamma Small Cap Core model (SCC) lagged the Russell 2000 by 2.23% in July 2025.*
- GAEM ETF posted another month of positive performance (1.11%) benefitting from an improved EM macro environment **

Source: Bloomberg & FactSet. As of 7/31/2025.

Disclaimer: * The ITB and the Gamma Small Cap Core Model are proprietary investment models developed and implemented by Douglas Roman. Models' performance and the quantitative factors within the methodology are believed to be accurate by GAM. All Performance figures provided herein are Gross Returns. Past performance does not guarantee future results and actual returns could vary. ** Please read the prospectus carefully before you invest. An investment in the fund involves risk, including possible loss of principal. Investors should carefully consider the investment objectives, risks, charges, and expenses of Exchange Traded Funds (ETFs) before investing. To obtain an ETF's prospectus or Summary prospectus containing this and other important information, please call (855) 772-8488, or visit SimplifyETFs.com.

Asset Class Performance

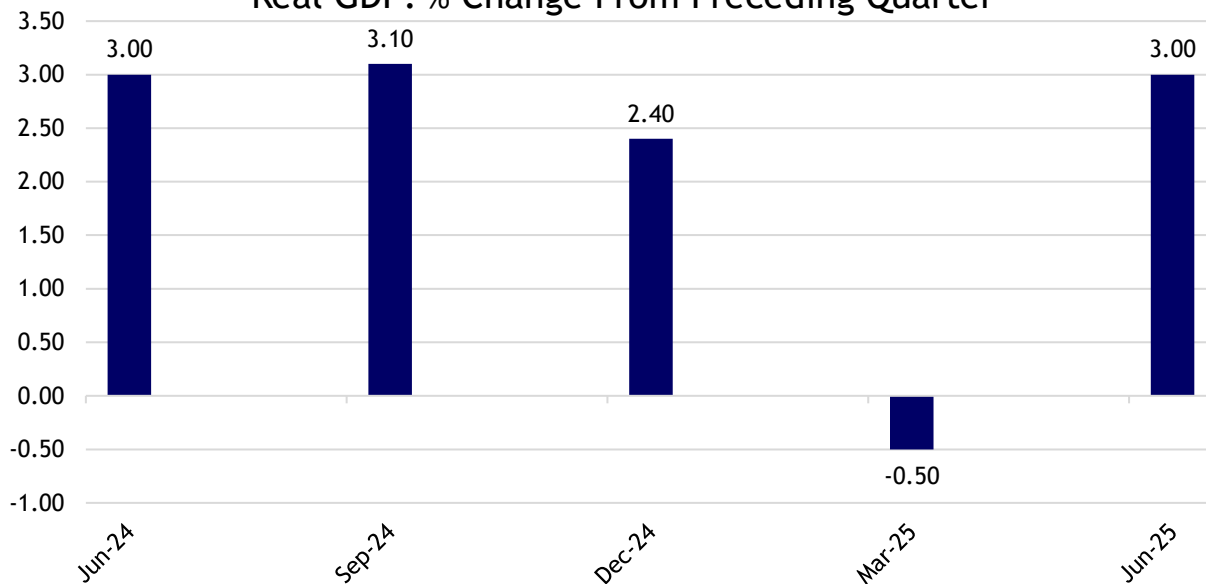


Source: Bloomberg. As of 7/31/2025. Indices by Asset Class: Oil references Crude Oil Futures, Gold references the Gold Spot price quoted in US Dollars, EM LATAM FI references the Bloomberg Emerging Markets LATAM Total Return Index, US High Yield FI references the Bloomberg US Corporate High Yield Bond Index, US Investment Grade FI references the Bloomberg US Corporate Bond Index for investment grade taxable corporate bonds, US Gov. FI references the Bloomberg US Treasury Index, LATAM Equities references MSCI Emerging Markets Latin America Index, US Small Cap references Russell 2000 Index, European Equities references EURO STOXX 50 Index, Europe's leading blue-chip index, US Large Cap references the S&P 500 Index

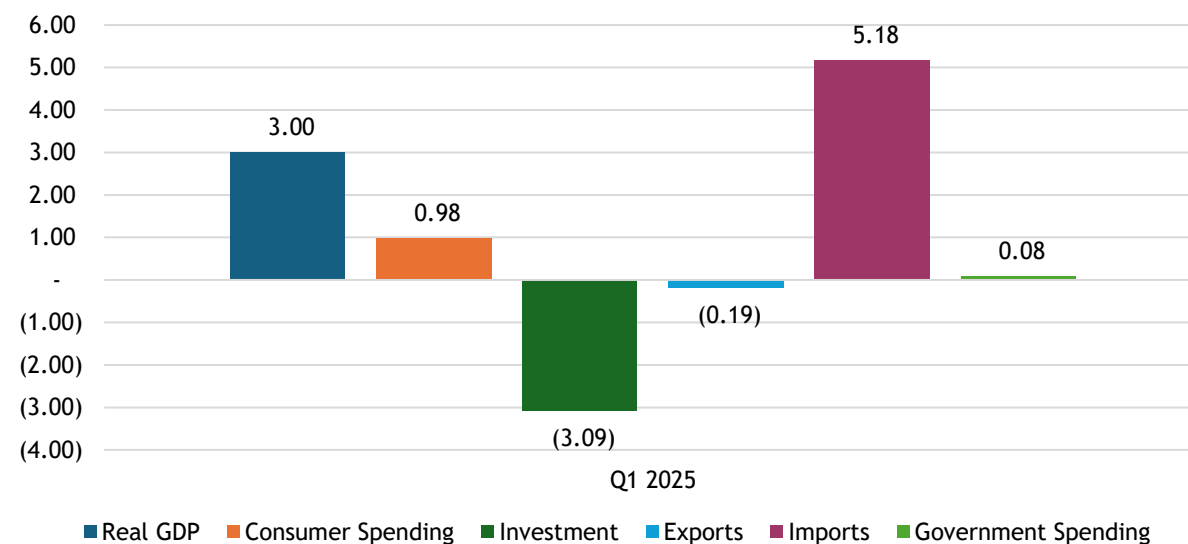
U.S. Q2 GDP comes at 3.0% QoQ

- Real GDP grew at a 3.0% in Q2 2025, rebounding from a -0.5% contraction in Q1.
- The largest contributor to growth was net exports: a sharp drop in imports added nearly +5 percentage points to GDP, significantly boosting the headline figure.
- Consumer spending contributed +0.98 percentage points, supported by gains in services (healthcare, food services) and goods (motor vehicles, pharmaceuticals).
- Real final sales to private domestic purchasers—a key measure of core domestic demand—rose just 1.2%, down from 1.9% in Q1.
- PCE inflation eased to 2.1%, while core PCE inflation fell to 2.5%, marking significant disinflation from Q1 levels.
- Despite the strong headline number, the growth composition highlights underlying weakness, with much of the rebound driven by temporary trade dynamics rather than sustained domestic strength.

Real GDP: % Change From Preceding Quarter



Contributions to Percent Change in Real GDP

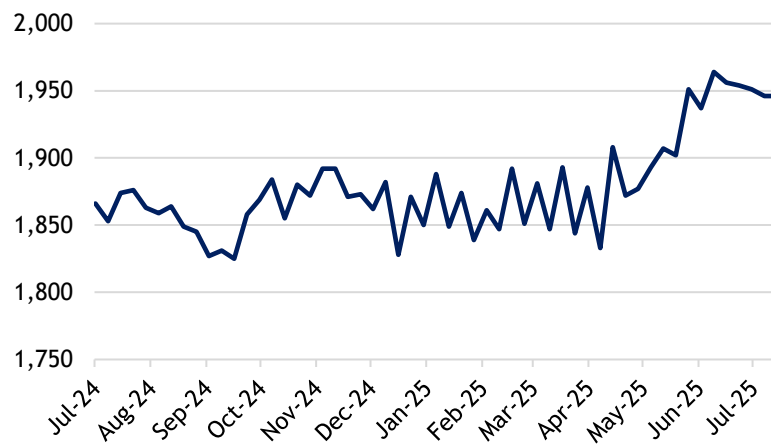


Source: BEA Gross Domestic Product, 2nd Quarter 2025 (Advance Estimate)

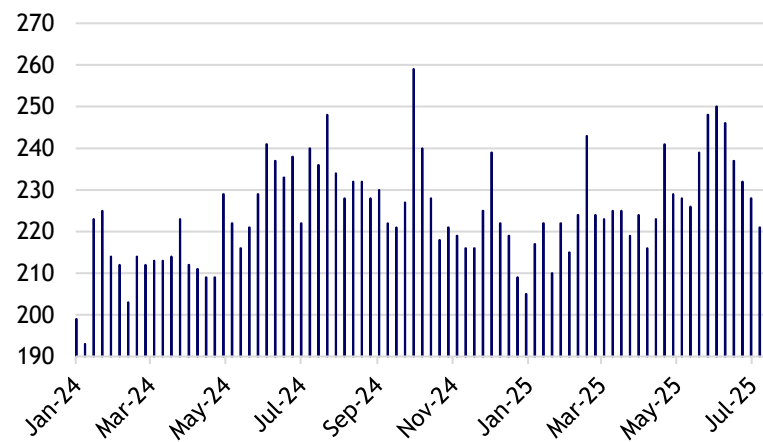
Labor Market

- **Continuing Jobless Claims Declined**
 - Americans receiving unemployment benefits fell slightly to 1.946M, down from 1.954M at the end of June.
 - This suggests modest improvement in ongoing employment conditions.
- **Initial Jobless Claims Trending Lower**
 - New unemployment claims dropped to 218K by the end of July.
 - This continues the downward trend and may indicate stabilization following early-June volatility.
- **Non-Farm Payrolls rose in June, but momentum dropped:**
 - U.S. employers added 147k jobs in June (vs. 139k in May).
 - However, the MoM change weakened based on revised data, suggesting a possible slowdown in job creation.
- **Slight Uptick in Unemployment Rate:**
 - The unemployment rate rose from 4.1% in June to 4.2% in July.

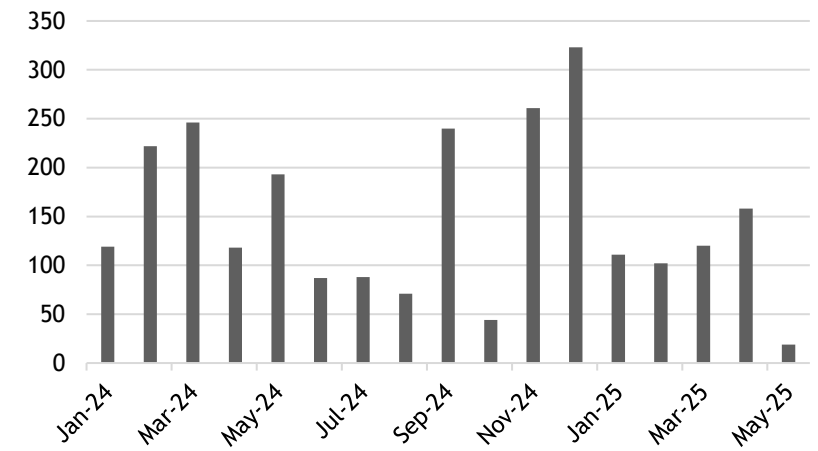
Continuing Jobless Claims



Initial Jobless Claims



Non-Farm Payrolls MoM Net Change

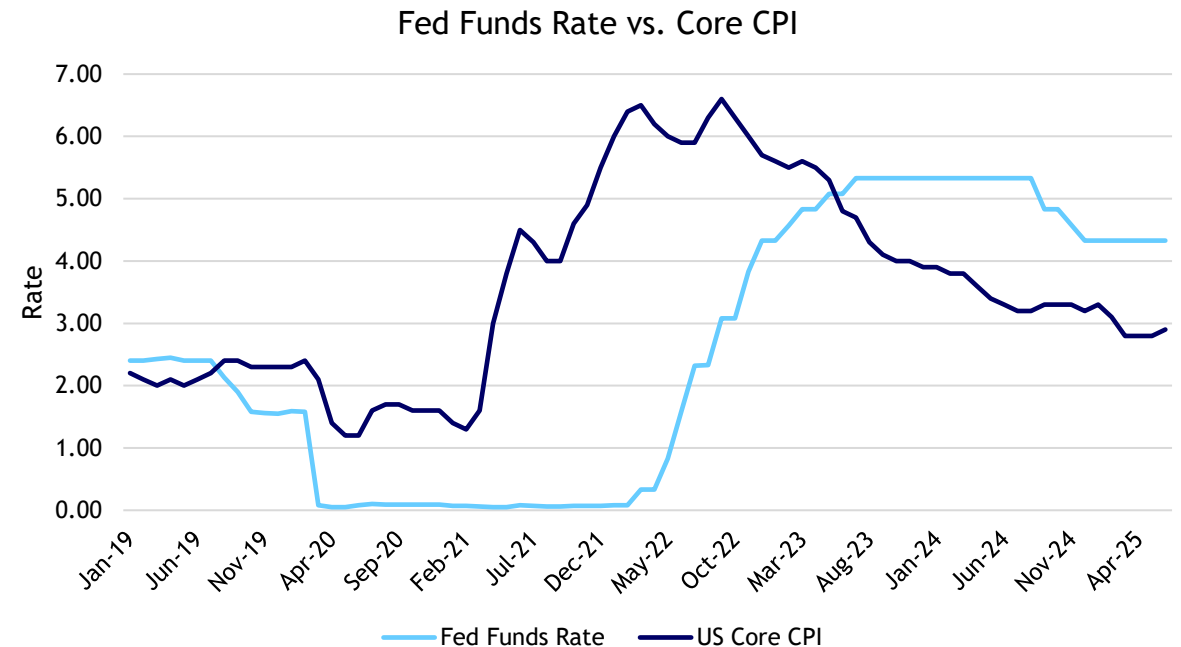
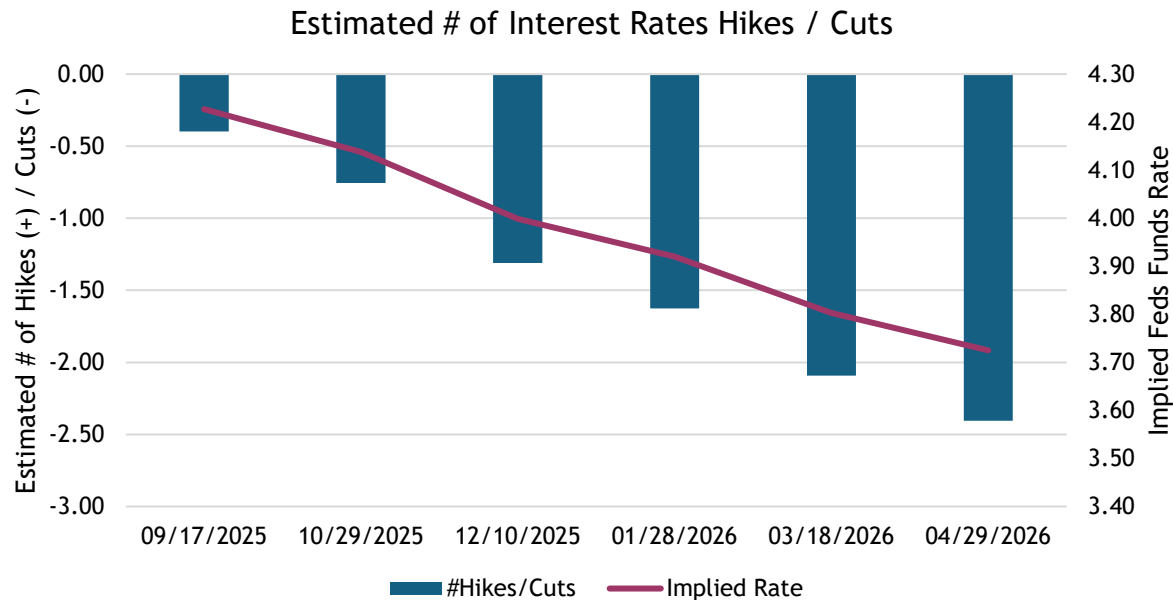


Source: Bloomberg, Bureau of Labor Statistics (BLS). As of 7/31/2025

Note: Initial Jobless Claims refer to claims filed by individuals for unemployment benefits, while continuing jobless claims refers to continuing claims of unemployment. Non-Farm Payrolls reflect data from payroll records of nonagricultural business establishments.

Inflation & Monetary Policy

- Core CPI (excludes food and energy) came in at 2.9% YoY in June, slightly higher than the previous three months at 2.8%.
- U.S. Core Personal Consumption Expenditures (PCE) increased 2.8% YoY in June, rising slightly from 2.7% in May- indicating a slight acceleration in inflation.
- The Federal Open Market Committee (FOMC) held interest rates steady, with two dissenting votes in favor of a cut. The policy statement acknowledged that "economic activity moderated," marking a softer stance on growth. However, Chair Powell's hawkish tone during the press conference dampened expectations for near-term easing, pushing market-implied odds of a September rate cut back to 50%.
- Amid growing political pressure, former President Trump publicly criticized Powell and called for immediate rate cuts. Chair Powell reaffirmed the Fed's independence, signaling that policy decisions remain guided by economic data rather than political influence.
- According to the University of Michigan, inflation expectations have fallen drastically, with households anticipating a 4.5% increase in prices over the next 12 months (median estimate), down from almost 7% by May's end. This survey-based measure offers insight into how everyday consumers perceive economic volatility and inflation.*



Source: Bloomberg Economic Forecasts, Bloomberg World Interest Rate Probability, Bureau of Labor Statistics (BLS). As of 7/31/2025.
Note: Core CPI excludes Food & Energy Prices. *University of Michigan May Estimate

Macro Updates - EM LatAm



South America:

- Brazil's economic activity (-0.74% YoY vs -0.02%e), industrial production (3.3% YoY vs 3.5%e) and retail sales (2.1% YoY vs 2.6%e) came weaker than expected which suggest a gradual deceleration of the economy. However, the labor market remains resilient as the unemployment rate fell to 5.8%. The U.S. stated a 50% tariff on Brazil's exports to U.S. which could have an effect on economic growth if these are not negotiated. Central bank kept its reference rate at 15%, as expected, since inflationary pressures are stabilizing
- Mexico's recent macro data was mixed. Retail sales rose 2.7% YoY vs 1.1%e, Industrial production fell 0.8% YoY vs -1.9%e while the economic activity fell 0.19 YoY vs +0.44%e. The 2Q projected GDP came at 0.1%, reflecting the delicate situation of the Mexican economy. Core inflation came weaker than expected so this is reinforcing a potential cut by Banxico to 7.75% in the upcoming monetary meeting.
- Colombia's economy continues to show resilience, supported partially by fiscal policy, while inflation maintains its downward trajectory. Retail sales rose 13.2% YoY vs 12.1%e, the economic activity came at 2.8% YoY vs 2.9%e while Core CPI rose 0.15% vs 0.19%e MoM. Banrep kept its reference rate at 9.0%
- Argentina's inflation rose only 1.6% MoM vs 1.9%e while the economic activity index rose 5.0% YoY (Prior at 8.0%). The IMF approved a disbursement of \$2bn as part of the first review of the lending program while the currency is still under pressure. Fiscal primary balance posted a surplus in June, bringing the YTD number to 0.9% of GDP.

Central America and Caribbean (CAC)

- Dominican Republic's central bank kept its reference rate at 5.75% and projects this year's economic growth between 3%-3.5%. This dovishness might explain the recent increases in liquidity in the local markets. Inflation reading was 3.56% YoY (Prior at 3.84%) and remains within the central bank's target range.
- Panama's government presented its 2026 budget which aims for a 3.4% GDP deficit, although it was perceived by investors as too optimistic. The economic activity in May rose 3.0% YoY (Prior at 4.2%) as social protests influenced this number.
- Costa Rica's central bank cut its reference rate to 3.75% (Prior at 4.0%) as the inflation continues decreasing (-0.22% YoY vs -0.12%e) even though the economy activity came at 3.8% YoY vs 3.4%e in May. The central bank believed this cut was necessary as the level was deemed too restrictive.
- EL Salvador posted an increase in overseas remittances of 29% YoY (prior at 17.7%), the economic activity in April rose 2.5% YoY (prior at 2.7%) while inflation fell 0.17% YoY (prior at -0.21%). Fiscal primary surplus continues its positive trend, and latest reading suggests it stands ~1% of GDP.

Equity Summary - July 2025



Returns

S&P 500*
July: 2.24%
YTD: 8.56%
12 Months: 16.30%

NASDAQ*
July: 3.71%
YTD: 9.79%
12 Month: 20.86%

RUSSELL 2000*
July: 1.71%
YTD: -0.10%
12 Month: -0.62%

Market Overview:

- The S&P 500 rose 2.24% in July, supported by strong corporate earnings and easing trade tensions. The index hit 10 new record highs during the month and 15 so far in 2025. NASDAQ and Russell 200 were also up.
- Sector leadership was broad, with Industrials up over 17%, and Information Technology, Communication Services, Utilities, and Financials each gaining over 10%.
- Artificial intelligence (AI)-related names outperformed, with Alphabet, NVIDIA, and Advanced Micro Devices all benefiting from heightened demand for AI chips and infrastructure.
- Highly shorted names delivered gains in July, with the 50 most shorted names (Goldman Sachs Most Shorted Rolling Index) rising 13% in July. Unprofitable companies also did well.

Key Market Drivers in July

- Corporate earnings exceeded expectations, with 82% of S&P 500 companies beating estimates — the highest beat rate since the second quarter of 2021. Standouts included financial companies like JPMorgan Chase.
- Progress on international trade helped lift sentiment. The U.S. secured agreements with Japan, Indonesia, the UK, and the Philippines, and reached a new framework with the European Union to avoid steep tariffs.
- U.S. GDP surprised to the upside, rising 3.0% in Q2, driven in part by a sharp drop in imports and continued resilience in consumer spending.
- The “One Big Beautiful Bill” passed, solidifying provisions of the 2017 tax cuts and introducing new energy and capital spending incentives. This provided fiscal tailwinds, especially for industrial and manufacturing sectors. The government also released an AI Action plan supporting deregulation and chip innovation.

Key Catalysts to Watch Going Forward:

- Despite recent market turbulence, the underlying trend remains upward, supported by strong corporate earnings, improved market technicals as indexes reach new highs, and resilient market internals like stable inflation expectations.
- Peak tariff uncertainty appears to be behind us, improving investor confidence.
- Federal Reserve policy shift expected: While Fed Chairman Powell struck a hawkish tone in July, soft labor data has raised the odds of a September rate cut to 80%.
- Small-cap and non-U.S. equities continue to trade at attractive valuations and could outperform in the second half of 2025.
- Short-term volatility is seen as an opportunity to add and diversify equity exposure, positioning for earnings driven gains into year end.

Source: FactSet. As of 7/31/2025.

Note: For S&P 500, using SPDR S&P 500 ETF (SPY) as proxy. For NASDAQ, using Fidelity NASDAQ Composite Index ETF (ONEQ) as proxy. For Russell 2000, using iShares Russell 2000 ETF as proxy.

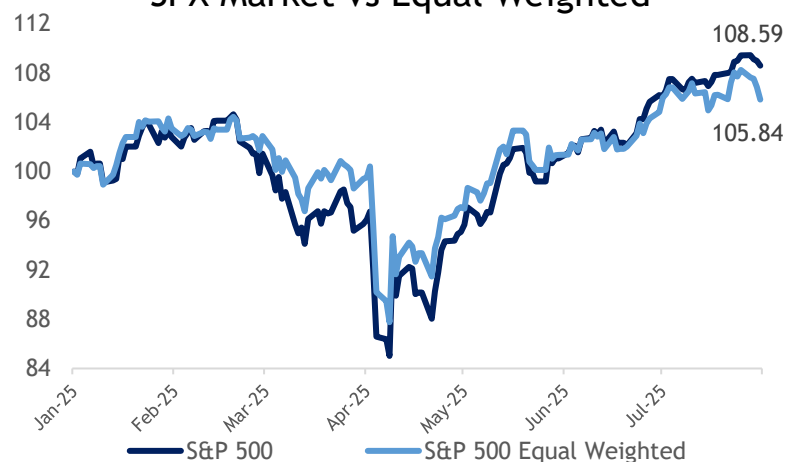
Market Rotation Observation

- The S&P 500 gained 2.2% in July, extending its YTD rally and reaching a closing high of 109.44 on July 28 before easing slightly into the month-end due to concerns surrounding new tariffs and economic data. The equal-weighted S&P 500 rose 1.0%, underperforming the cap-weighted index as mega-cap tech stocks continued to drive market leadership. While the performance gap persisted, mid-month strength in the equal-weighted index suggested incremental broadening of participation before momentum shifted toward large-cap leaders late in the month.
- Small caps rose 1.7% in July, starting the month strong with a high of 103.14 on July 23 before fading into the month-end. While the index posted a monthly gain, it continued to lag the S&P 500 on a YTD basis. The July performance reflected mixed investor sentiment toward economically sensitive areas. Early optimism around domestic resilience was tempered by late-month pullbacks.
- In style terms, growth continued to outperform value in July, especially evident in large cap. The S&P 500 Growth index rose 3.4%, outpacing the 0.9% gain for S&P 500 Value. In the small-cap segment, performance was more balanced, with Russell 2000 Growth up 1.7% and Russell 2000 Value up 1.8%.

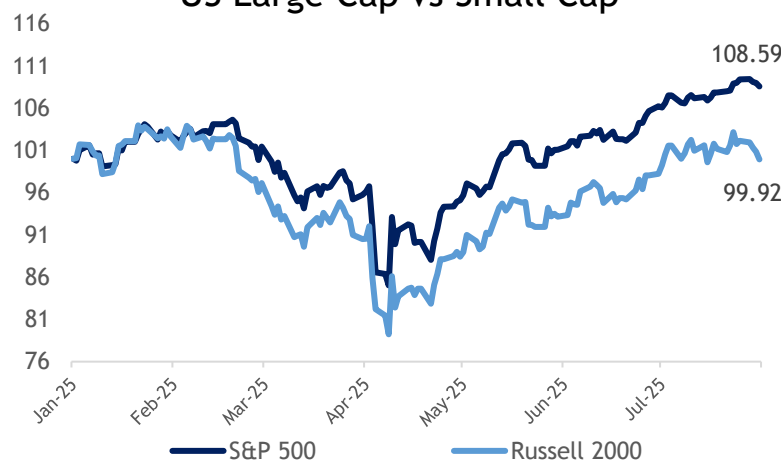
S&P 500 Growth vs Value



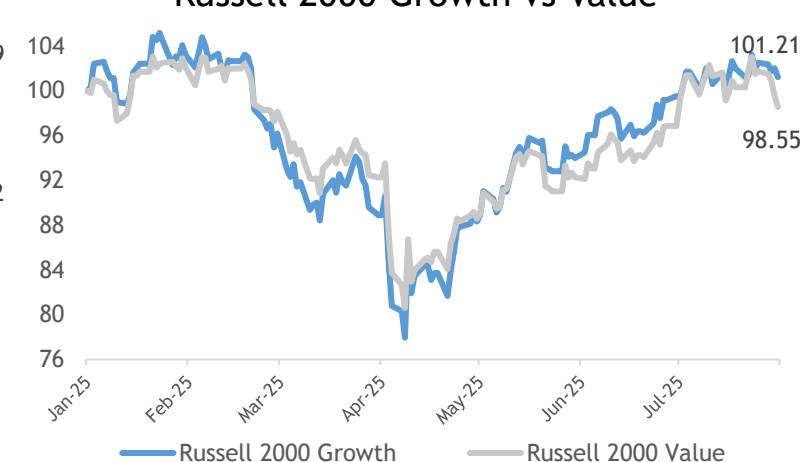
SPX Market vs Equal Weighted



US Large Cap vs Small Cap

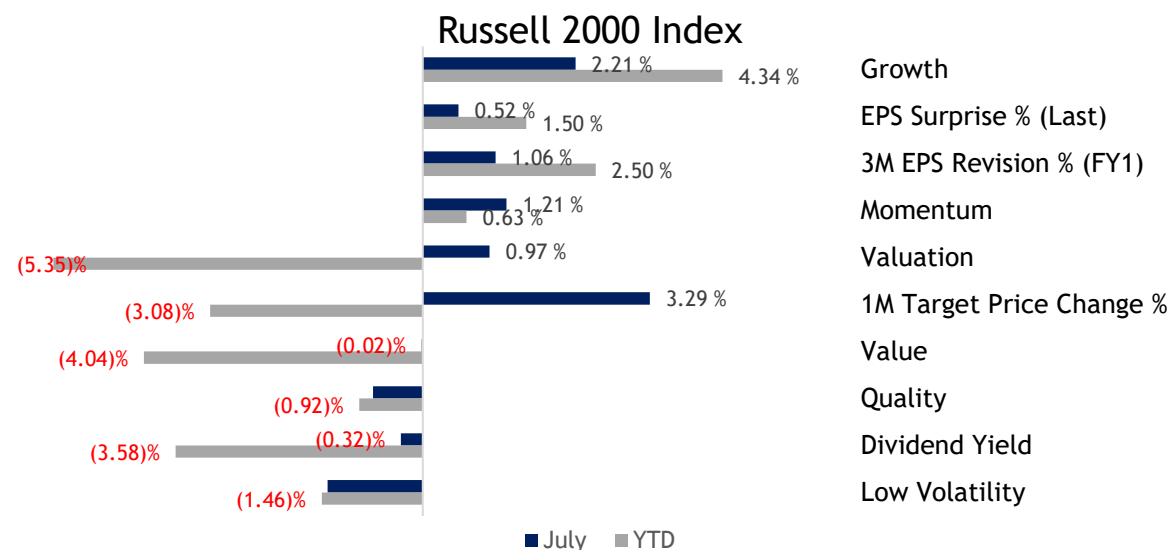
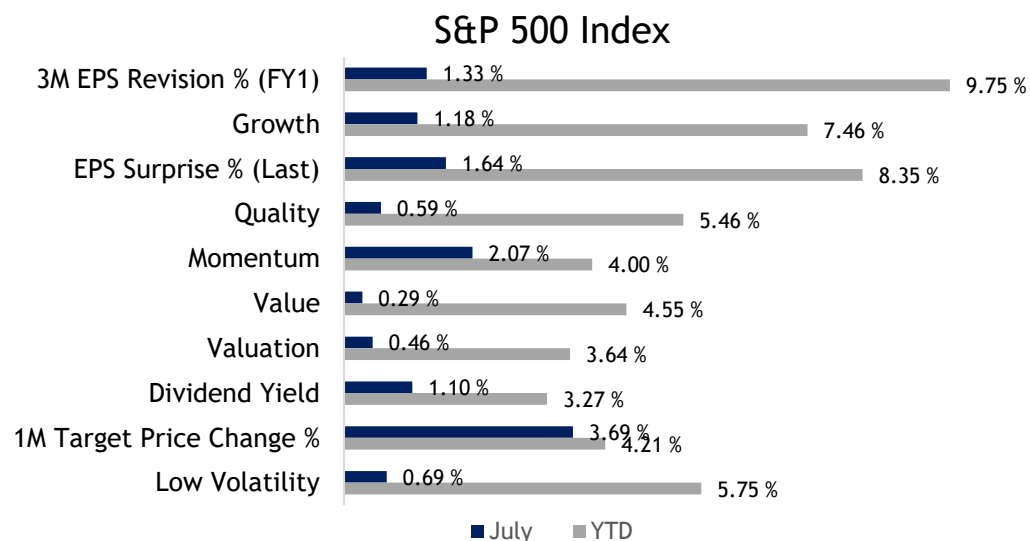


Russell 2000 Growth vs Value



Factor Performance

- In July 2025, both large caps and small caps continued to rise, though gains were more moderate than in June. Large caps maintained broad-based strength, with all factors posting positive monthly returns and continued year-to-date leadership from earnings-related styles. Small caps also extended their rebound, but returns were mixed, and YTD performance remains negative across most small-cap factors, reflecting persistent macro uncertainty and weaker sentiment in rate-sensitive areas.
- Large Cap (S&P 500):** Large-cap factors posted another solid month in July, led by 1M Target Price Change (+3.69%), Momentum (+2.07%), and EPS Surprise (+1.64%), indicating ongoing risk appetite and earnings-driven optimism. Growth (+1.18%), EPS Revisions (+1.33%), and Valuation (+0.46%) also added to gains, while Quality (+0.59%) and Low Volatility (+0.69%) rose modestly. YTD performance remains strongest in EPS Revisions (+9.75%), EPS Surprise (+8.35%), and Growth (+7.46%), underscoring the market's preference for high-earnings visibility and forward-looking upgrades.
- Small Cap (Russell 2000):** Small-cap factor performance was more uneven in July. Growth (+2.21%), Momentum (+1.21%), and 1M Target Price Change (+3.29%) posted the largest gains, while EPS Surprise (+0.52%) and EPS Revisions (+1.06%) showed modest improvement. However, defensive and value-oriented factors—including Value (-0.02%), Dividend Yield (-0.32%), and Low Volatility (-1.38%)—declined, and Quality (-0.72%) continued to weaken. Despite the July rebound, YTD returns for small-cap factors remain broadly negative, with Valuation (-5.35%), Value (-4.04%), and 1M Target Price Change (-3.08%) still reflecting macro headwinds and limited investor conviction in small-cap fundamentals.

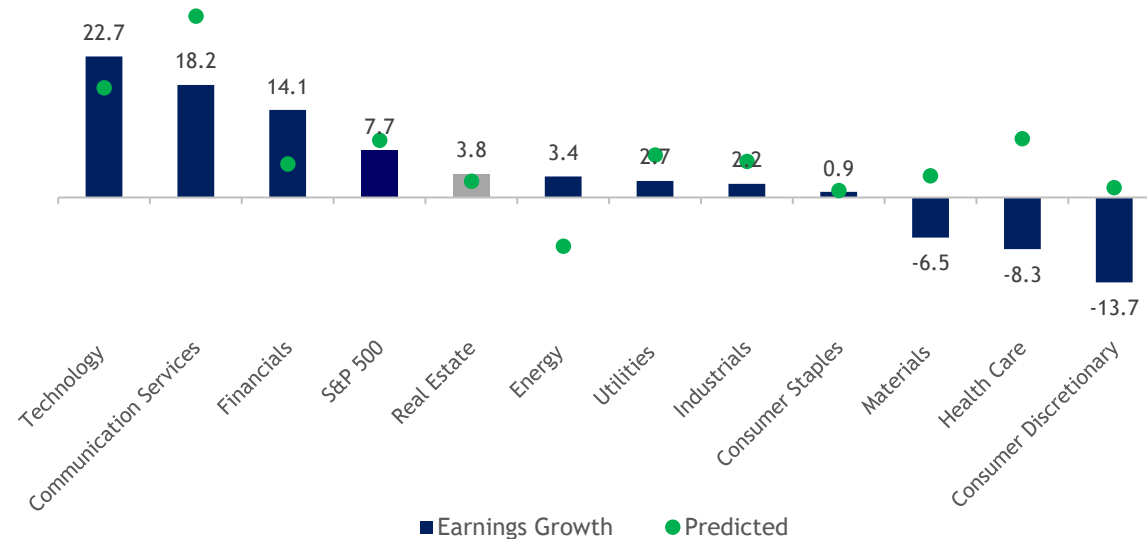


Source: Bloomberg. As of 7/31/2025.

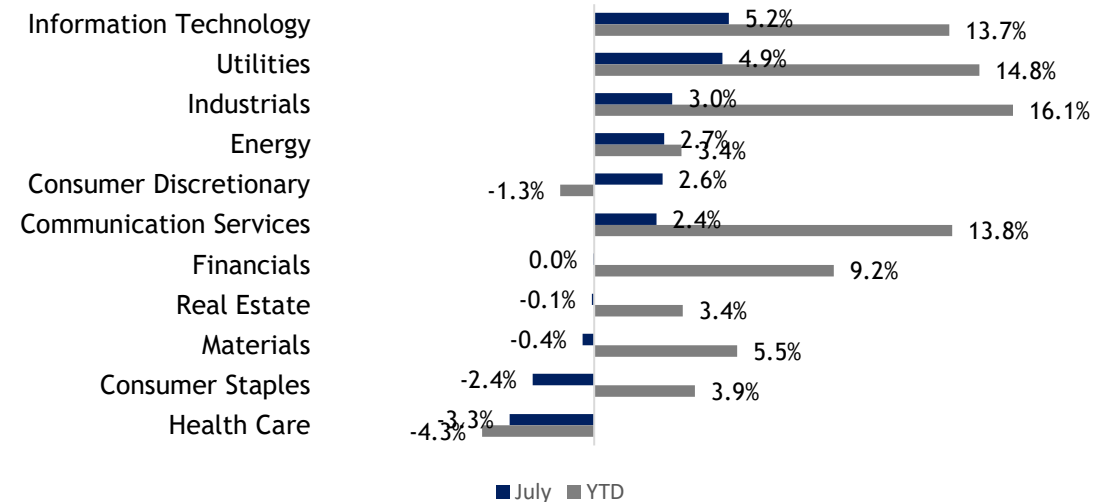
Sector Performance

- U.S. equities advanced in July, with gains led by growth and cyclical sectors amid supportive macro sentiment and stronger Q2 earnings. Technology rose +5.2% (YTD +13.7%) on continued AI infrastructure and software momentum, while Utilities gained +4.9% (YTD +14.8%) as defensive demand and steady earnings offset rate pressures. Industrials added +3.0% (YTD +16.1%), supported by infrastructure investment and healthy order flows, and Energy climbed +2.7% (YTD +3.4%) on stabilizing oil prices and earnings surprises. Consumer Discretionary advanced +2.6% (YTD -1.3%) and Communication Services rose +2.4% (YTD +13.8%) on strength in media and streaming. In contrast, Financials were flat, Real Estate (-0.1%) and Materials (-0.4%) softened on higher yields and commodity weakness, while Consumer Staples (-2.4%) and Health Care (-3.3%) lagged as investors rotated away from defensives toward higher-beta areas.
- S&P 500 earnings grew 7.7% YoY in Q2, slightly below the 9.2% forecast, with strong gains in Technology (+22.8% vs. +17.7% predicted), Financials (+14.1% vs. +5.4%), and a positive surprise from Energy (+3.4% vs. -7.8%). Communication Services (+18.2%) posted healthy growth but missed lofty expectations. Weakness was concentrated in Consumer Discretionary (-13.7% vs. +1.6%), Health Care (-8.4% vs. +9.5%), and Materials (-6.5% vs. +3.5%), reflecting margin pressure, regulatory headwinds, and soft commodity demand. Guidance and revisions were mixed—while Q2 strength kept full-year 2025 earnings growth expectations near 9%, up from early-year estimates of 7-8%, management commentary signaled caution on the back of trade tensions, cost inflation, and currency volatility, suggesting a more uneven earnings trajectory into the second half of the year.

Sector Earnings Growth vs Predicted



Total Return (%)



Equity Market Outlook 2025

- Near-term market volatility, fueled by trade tensions, softer labor data, and seasonal patterns, presents an opportunity to rebalance portfolios and increase broad market exposure, positioning for sustained long-term growth.
- Despite recent market turbulence, the underlying trend remains upward, supported by strong corporate earnings, improved market technicals as indexes reach new highs, and resilient market internals like stable inflation expectations.
- Earnings are increasingly critical to sustaining market gains, with over 80% of companies reporting earnings beating expectations so far for the second quarter, S&P 500 earnings growing 10.3% in the quarter, 'Magnificent 7' stocks exceeding very high expectations, and analysts RAISING 3rd quarter earnings growth expectations. Earnings should continue to be supportive of the US equity market strength.
- The likelihood of Federal Reserve rate cuts has increased, with market expectations pointing to a potential move as soon as September, which could further boost investor sentiment and stock prices.
- Lower interest rates are particularly favorable for small- and mid-cap equities, which stand to benefit from cheaper borrowing costs and renewed growth prospects.
- Investors should remain diversified and emphasize profitable equities in sectors beyond info tech, like financials, health care, and consumer discretionary, positioning for earnings-driven gains into year-end.

SPX Performance May to July >10% Return (1928-YTD)							
Year	May-Jul	Aug	Sep	Oct	Nov	Dec	Aug-Dec
1929	11.47%	9.80%	-4.89%	-19.93%	-13.37%	2.53%	-25.73%
1932	11.89%	39.14%	-3.69%	-13.86%	-5.89%	5.65%	14.76%
1933	27.49%	11.46%	-12.35%	-7.82%	10.27%	0.91%	0.20%
1935	18.33%	1.44%	3.11%	7.51%	3.85%	3.79%	21.21%
1936	14.44%	0.88%	0.13%	7.62%	0.29%	-0.58%	8.39%
1938	26.15%	-2.19%	1.49%	7.60%	-3.34%	3.22%	6.57%
1939	10.62%	-7.14%	14.40%	0.31%	-4.91%	2.13%	3.49%
1941	11.24%	-1.06%	-0.78%	-6.86%	-4.00%	-4.71%	-16.36%
1942	11.37%	0.70%	2.67%	5.76%	-0.75%	5.17%	14.14%
1955	14.17%	-0.78%	1.13%	-3.05%	7.49%	-0.07%	4.50%
1980	13.86%	0.58%	2.52%	1.60%	10.24%	-3.39%	11.58%
1987	10.22%	3.50%	-2.42%	-21.76%	-8.53%	7.29%	-22.46%
1989	11.56%	1.55%	-0.65%	-2.52%	1.65%	2.14%	2.12%
1997	18.02%	-5.74%	5.32%	-3.45%	4.46%	1.57%	1.69%
2009	12.74%	3.36%	3.57%	-1.96%	5.74%	1.78%	12.92%
2020	11.88%	7.01%	-3.92%	-2.77%	10.75%	3.71%	14.83%
2025	13.28%	-	-	-	-	-	-
Average	14.63%	3.91%	0.35%	-3.35%	0.87%	1.95%	3.24%
Median	12.74%	1.16%	0.63%	-2.64%	0.97%	2.14%	5.54%
% Positive	100.00%	68.80%	56.30%	37.50%	56.30%	75.00%	81.30%
Maximum	27.49%	39.14%	14.40%	7.62%	10.75%	7.29%	21.21%
Minimum	10.22%	-7.14%	-12.35%	-21.76%	-13.37%	-4.71%	-25.73%

- In 2025, the S&P 500 rose 13.8% from May to July, a move seen only 17 times since 1928; historically, August shows modest gains, momentum slows in October, and recoveries in November-December are common.
- Based on historical Aug-Dec averages, the SPX could reach a year-end range of 6,553 to 6,690.

Fixed Income Summary

Returns

US Gov.

July: +-0.26%
YTD: +3.70%

US IG

July: +0.07%
YTD: +4.24%

US High Yield

July: +0.45%
YTD: +5.04%

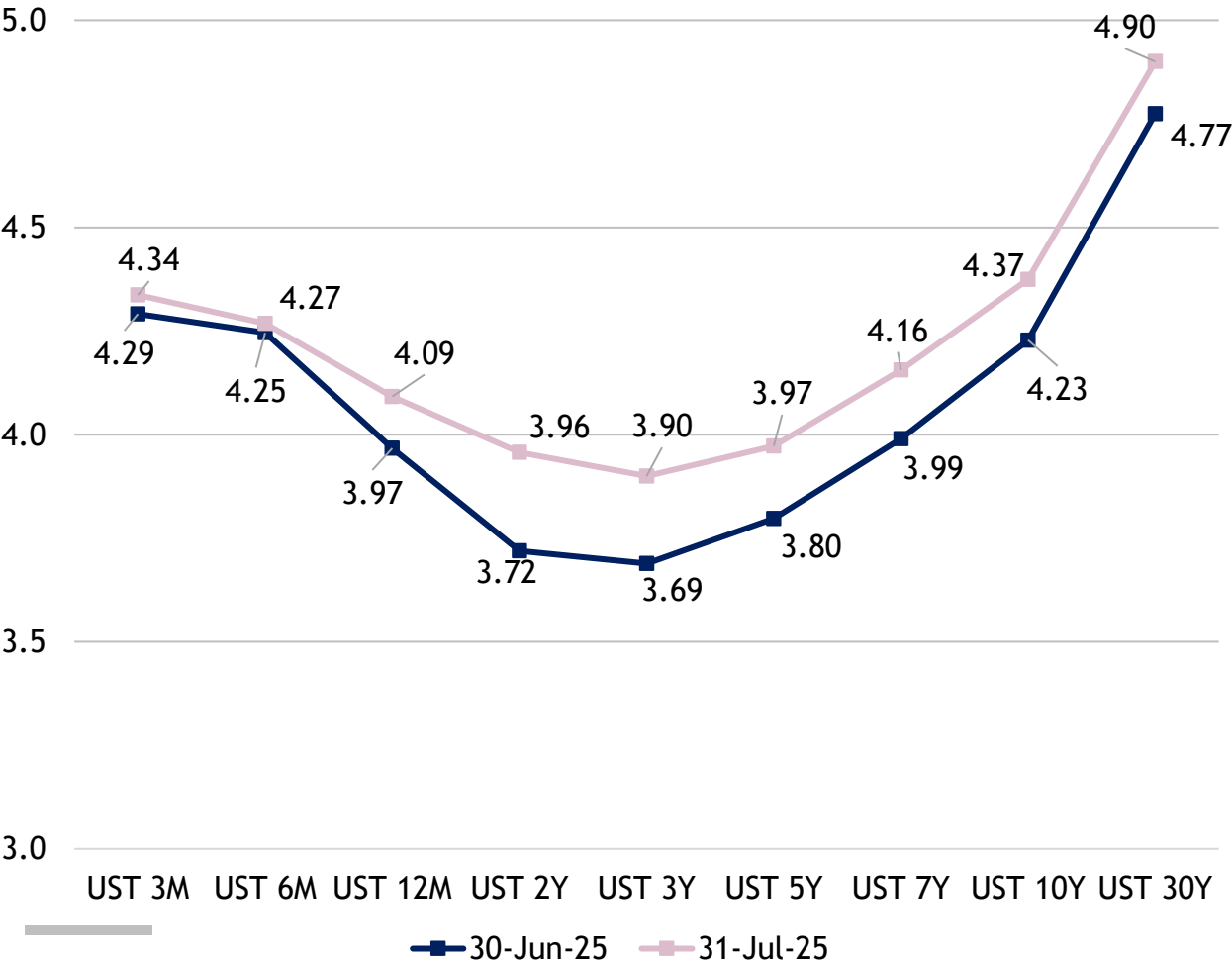
EM LATAM

July: +0.81%
YTD: +6.86%

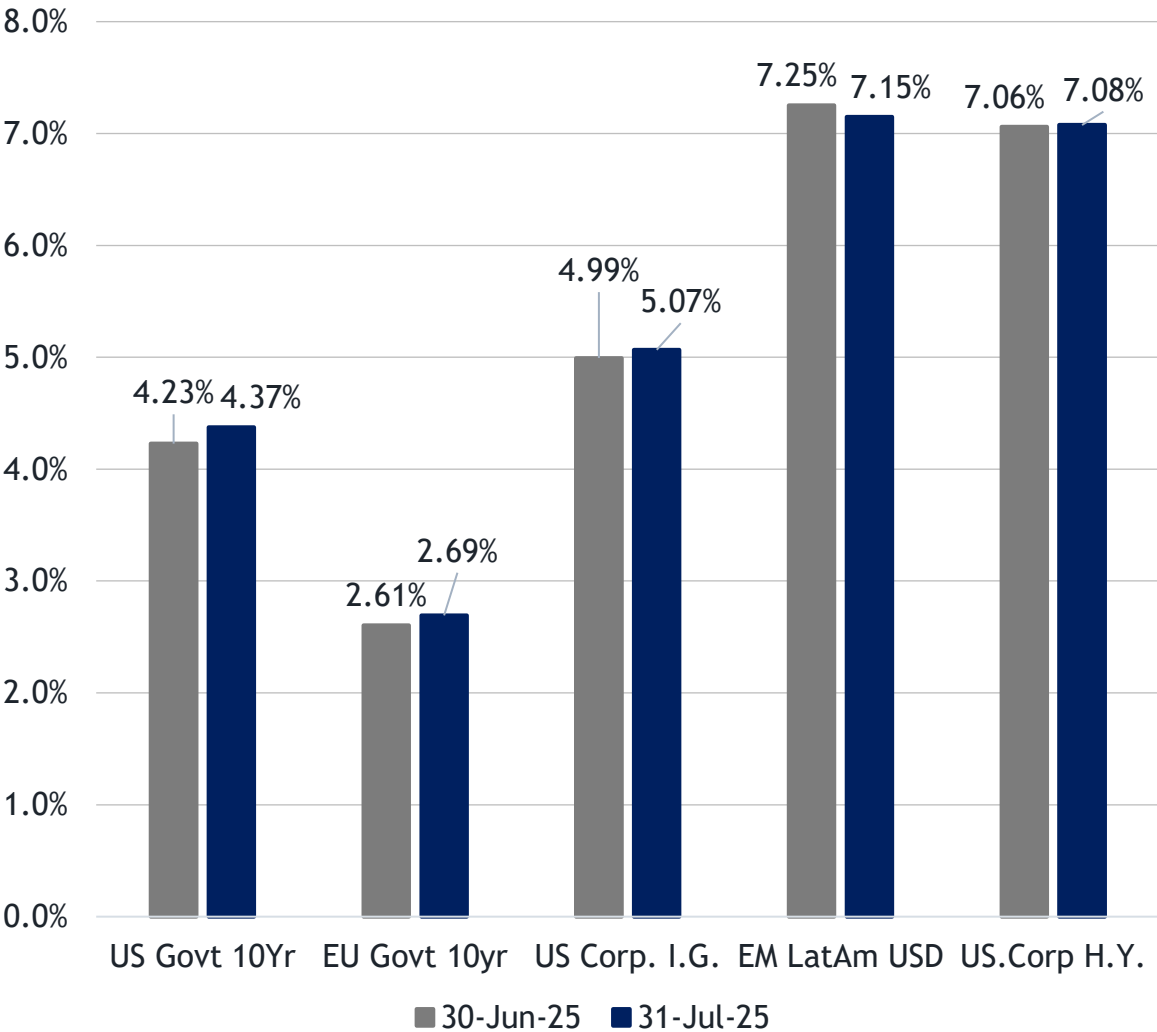
- Global fixed income rates had a volatile month pressured by decreased global tariff uncertainty as more trade deals were closed, Japanese long end yields selloff, and a resilient US economy which led to government curves to steepen.
- U.S. Treasury yields increased during July as the June labor market data came better than expected, U.S. inflation didn't show much progress, and GDP readings came stronger than expected. The Fed FOMC kept its reference rate at 4.25%-4.50%, as expected. This time there was high expectation regarding Fed Powell providing hints about any potential rate cut in the near term, but he reinforced that the uncertainty caused by the tariffs environment would warrant more data before any move.
- US Credit spreads continued its positive performance and compressed across the risk spectrum. They have reached year lows supported by a positive risk-on sentiment combined with a solid start of earnings season.
- EM Fixed income also had a good month supported by an extension of the US-China tariff implementation while negotiations continue, and EM Central banks starting to support their economies.

U.S. Treasury Curve and Yield Changes

UST Yields rose as risk on sentiment improves



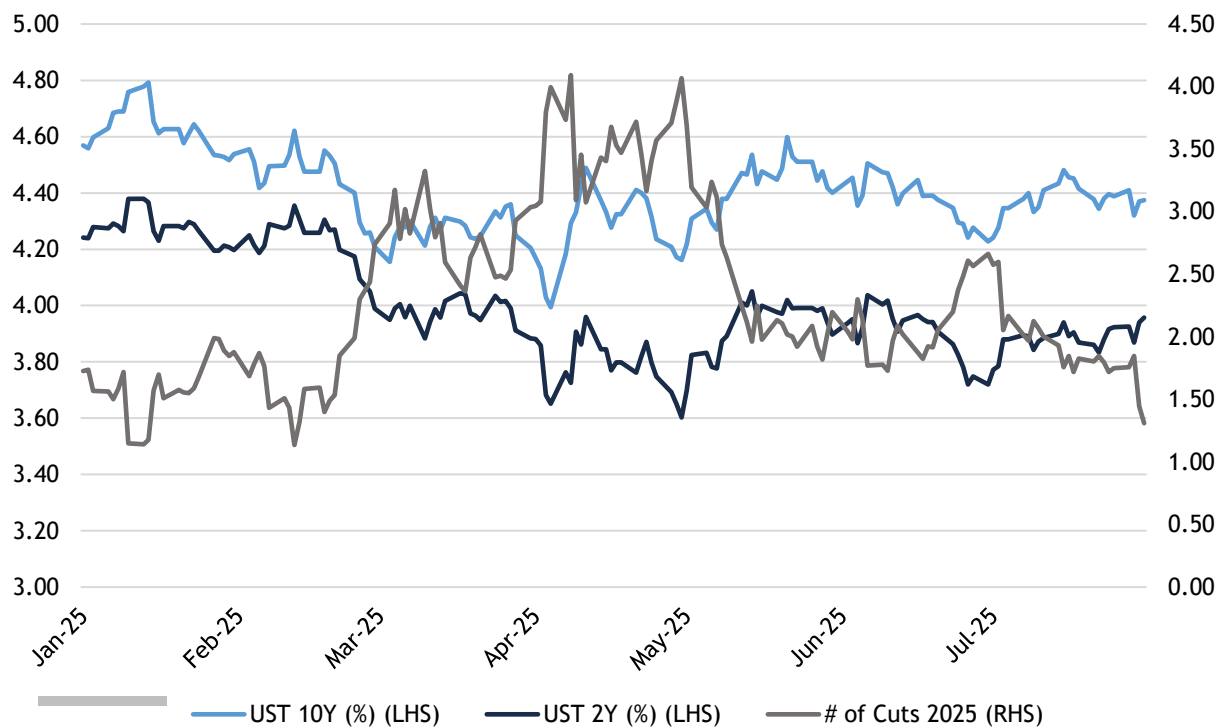
Yields by asset class



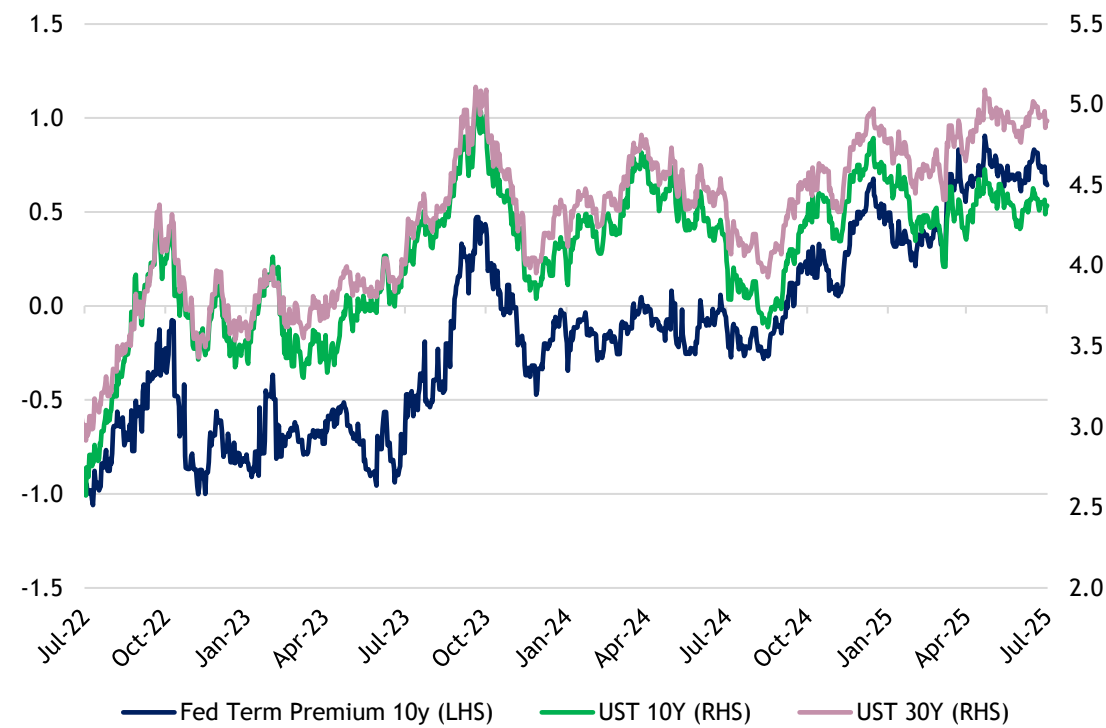
UST yields rose due to decreased tariffs uncertainty

- U.S. Treasury yields had a choppy month as the uncertainty in tariffs continues decreasing. The U.S. closed a trade deal with EU & Japan and provided extension to key trading partners. Additionally, the economic data released during July depicted a balanced economy.
- FED Powell stated that more data is needed to support a change in the reference rate and that the effect of tariffs in the inflation will be hard to assess, as it's not clear yet how will the tariffs be passed to consumers.
- U.S. Treasury announced its quarterly refunding plan and as expected, didn't increase the size of issuance and there was no major change in the tenor of auctions, so the term premium remained rangebound.

The implied # of cuts has remained stable



Trem premium still remains elevated

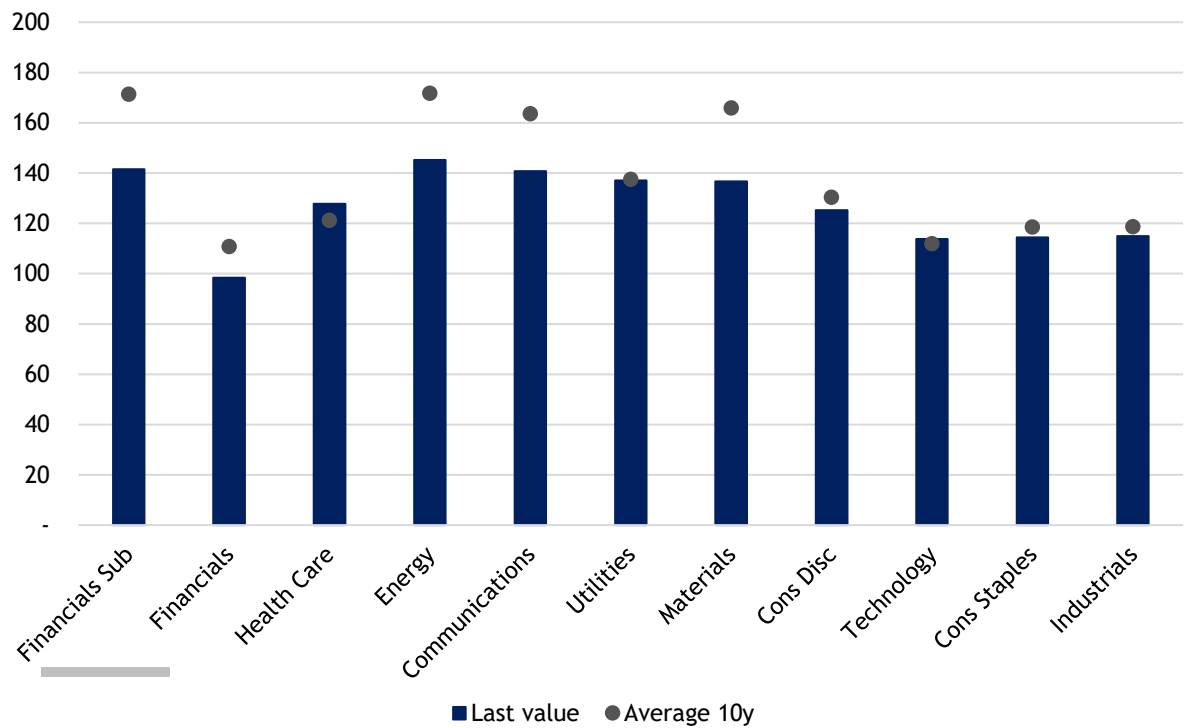


U.S. credit spreads are pushing new year lows

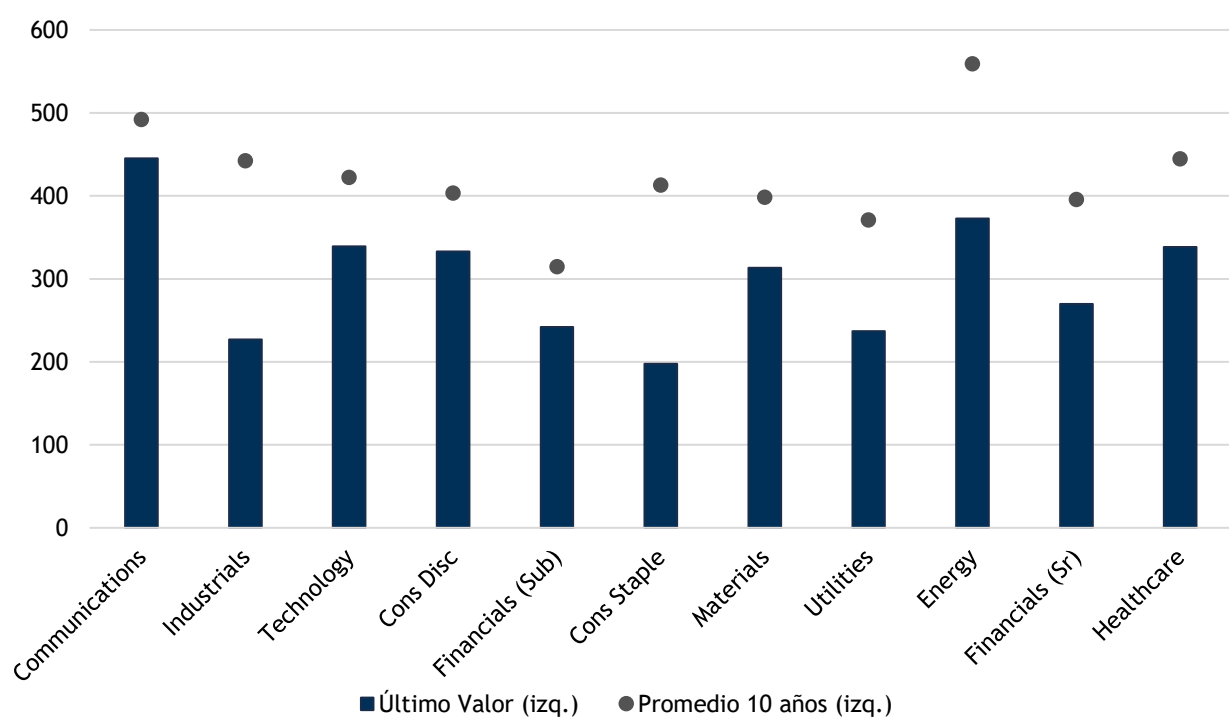


- U.S. Corporate debt had a positive performance in July as key trade deals were reached between US-EU and US-Japan, while US-China negotiations are still ongoing. U.S. Investment Grade(IG) average spreads hit a new year low while U.S. High Yield(HY) average spreads traded near this year low(February).
- The U.S. earnings season so far has also been supportive for corporate spreads. Companies' balance sheets* are showing revenues increasing 6.6% QoQ and EPS growth 9.5%. Additionally, July was a slow month for U.S. IG issuance, while U.S. HY issuance was been very active.
- The Energy, Communications and Financials (Sub) were the outperformers while the Healthcare and Consumer Staples the underperformers as the oil price recovered in July.

US IG OAS by Sector



US HY OAS by Sector

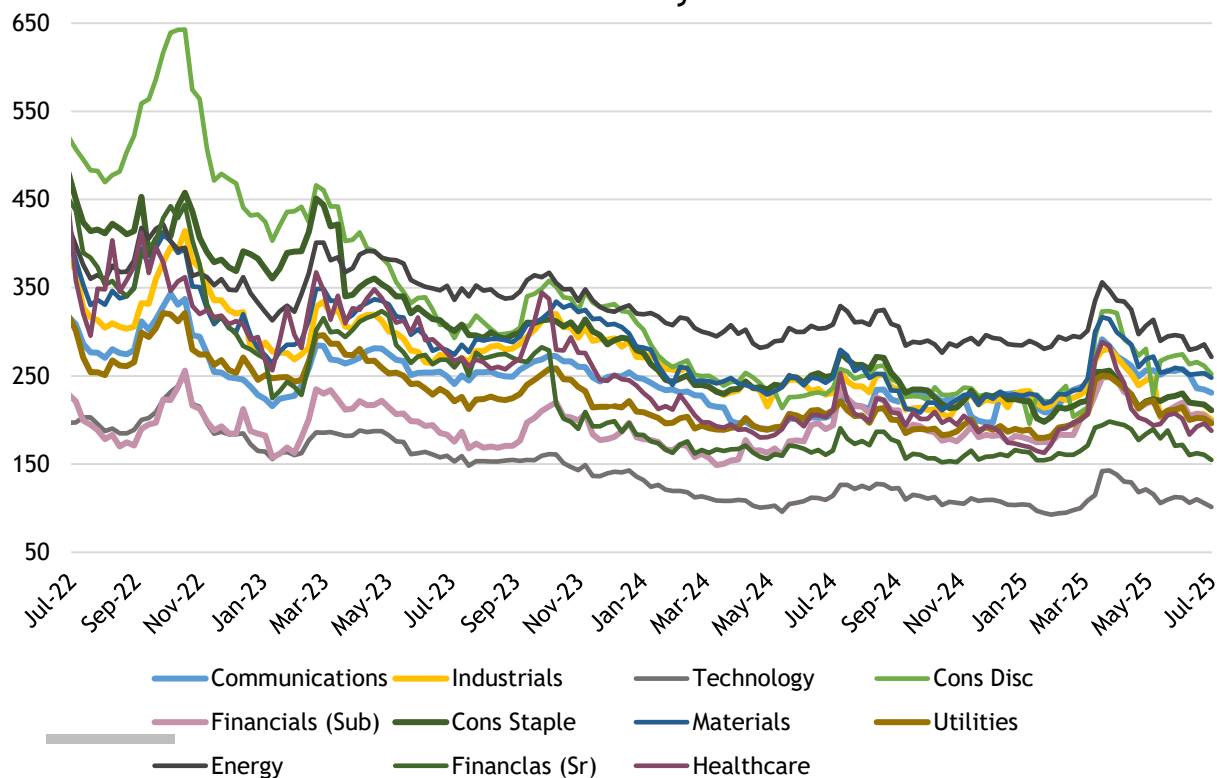


Source: Bloomberg as of 07/31/2025. *JPM Research as of July 31, 2025 with 58% of SP500 companies having reported.

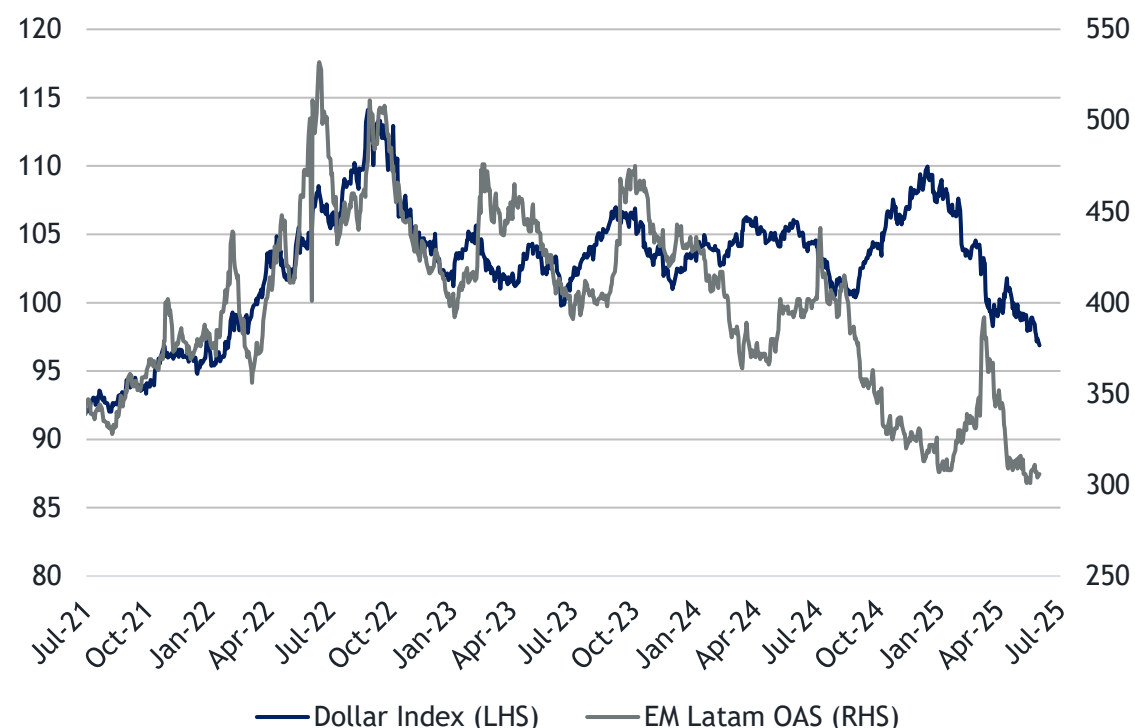
EM Fixed Income benefits from improved macro

- EM Fixed Income markets benefitted from the positive macro sentiment due to reduced tariffs uncertainty, US-China tariff implementation extension/ongoing negotiations and a recovery of oil prices in July.
- The U.S. dollar depreciated this month as the U.S. fiscal risks remain, and this has historically been supportive of EM USD spreads.
- Additionally, the macro scenario is changing as EM Latam central banks are shifting to a less restrictive monetary policy i.e Brazil while others continue to cut their reference rates, providing a boost to their economies.

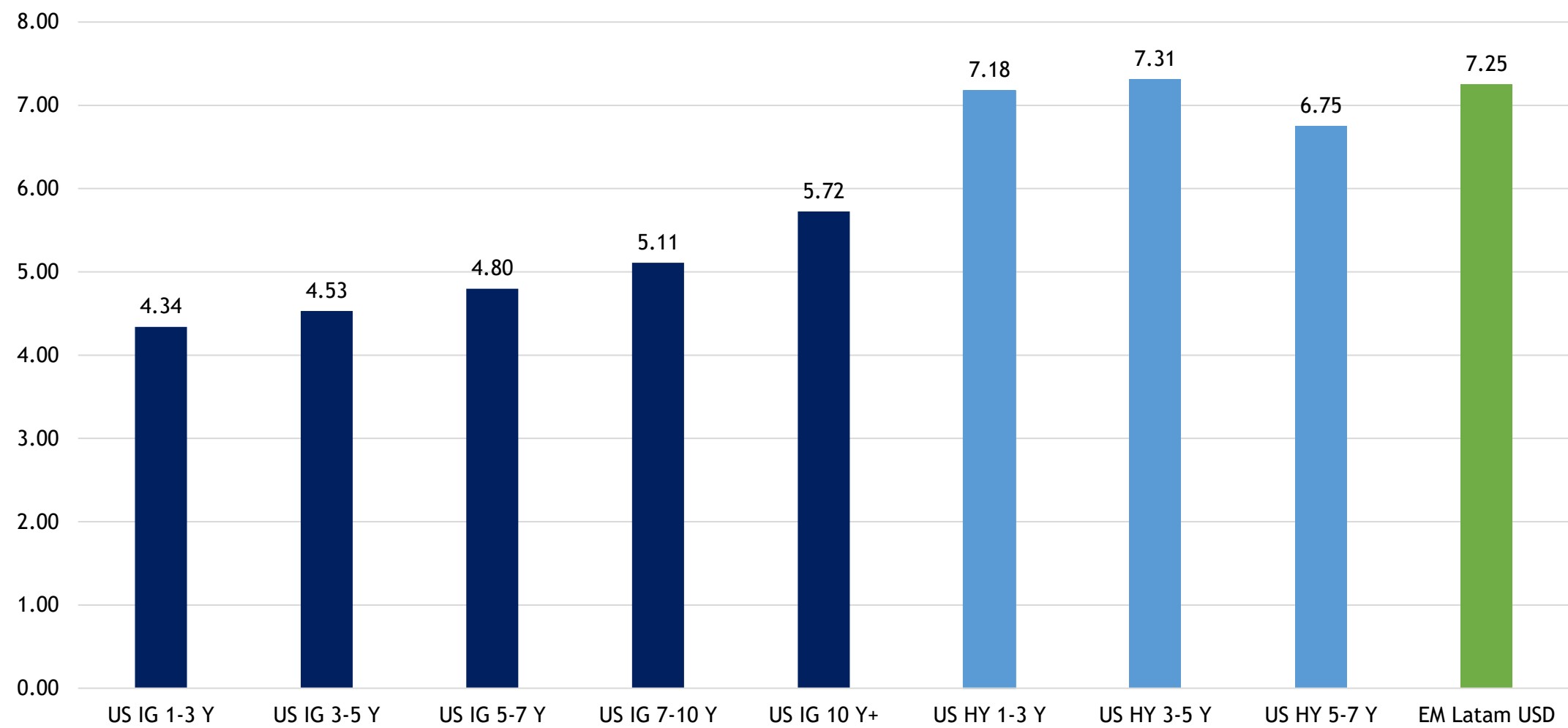
EM USD OAS by Sector



Dollar weakness continues supporting EM USD spreads



Yields by Maturity and Region



Source: As of July 31, 2025. Bloomberg. US IG 1-3: Bloomberg US Corporate 1-3 Yr Total Return Index, US IG 3-5Y : Bloomberg US Corporate 3-5 Yr TR Index, US IG 5-7 Bloomberg US Corporate 5-7 Yr TR, US IG 5-7 10y : Bloomberg US Corporate 5-7 Yr TR , US IG 10y+ Bloomberg US Long Credit TR Index, US HY 1-3 Y: Bloomberg US HY 1-3 Yr TR, US HY 3-5Y: Bloomberg US HY Corporate 3-5 Yr, US 5-7y: Bloomberg US HY Corporate 507 Index, EM Latam USD: Bloomberg Emerging Markets LatAm TR Index. Note EM Latam USD groups IG and HY and doesn't explicitly state maturity

Gamma Indicated to Beat (ITB) July Performance

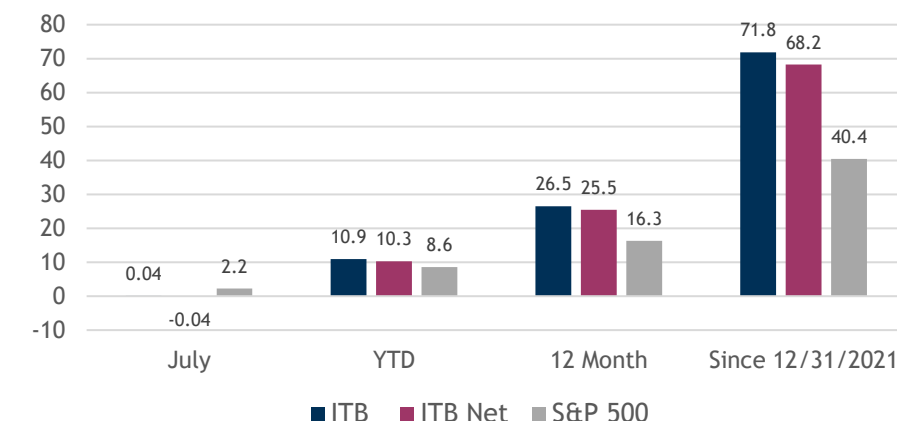
- The ITB was up 0.04% for July, while the S&P 500 was up 2.24%. On a YTD basis, the ITB was up 10.90% vs. 8.56% for the S&P 500. On a trailing 12-month basis, the ITB was up 26.48% vs 16.30% for the S&P 500.
- The underperformance in July was driven by a sharp market rotation away from stocks that outperformed the market over the last 12 months toward YTD laggards, including highly shorted stocks such as meme stocks and some unprofitable stocks, at the beginning of July. This pattern of “Momentum” reversal was similar to what occurred in February.
- Several ITB holdings that had contributed meaningfully to relative returns YTD experienced notable pullbacks in July, underperforming the broader market:

	YTD	July
Brinker International (EAT)	36%	-12.6%
Netflix (NFLX)	50.2%	-13.42%
Carpenters Technology (CRS)	63.2%	-9.77%
Sprouts Farmers Market (SFM)	29%	-7.96%

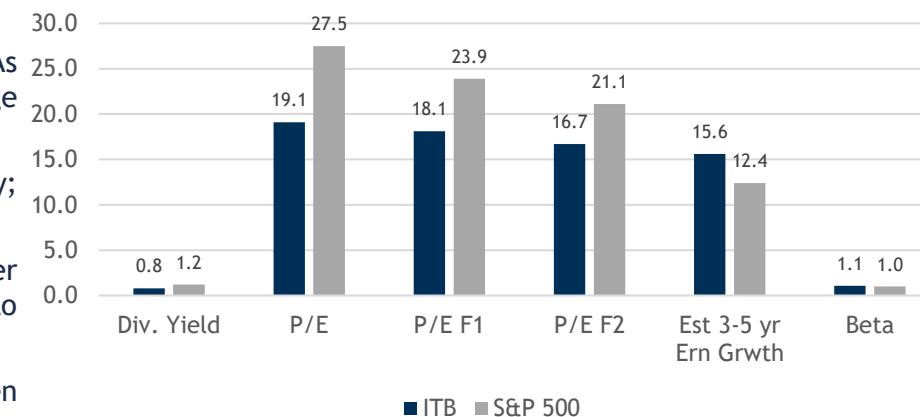
- Despite July’s performance, ITB continues to deliver stronger earnings results than the broader market. As of month-end: 96% of ITB holdings beat earnings estimates, compared to 80% for the S&P 500. The average earnings surprise for ITB holdings was +19.2% vs +6.1% for the S&P 500.
- Notable earnings contributors included: InterDigital (IDCC): Beat estimates by 97% and rose +17% in July; Allstate: Exceeded estimates by 83%, though the stock was flat for the month.
- Stock selection in the Consumer Service sector was the biggest detractor to relative returns. Charter Communications (CHTR) missed estimates and declined 34%, making it the biggest individual detractor to relative returns in July. The position was exited during the monthly rebalancing.
- Stock selection in the Industrial Service sector was the top positive contributor to relative returns, driven by strong performances from: Sterling Infrastructure (STRL) +16% and Dycom Industries (DY) +15%.

Source: FactSet. As of 7/31/2025.

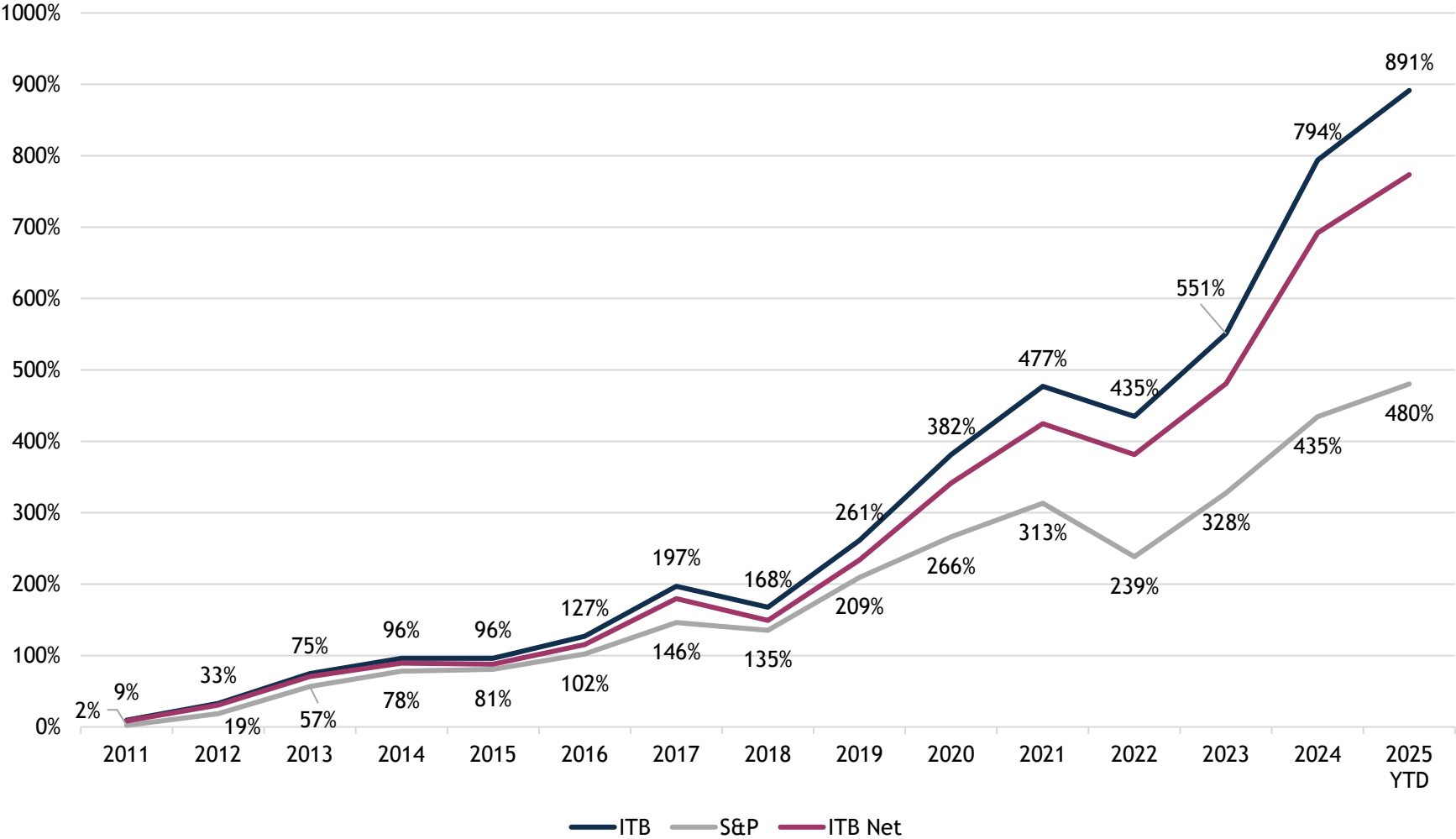
Performance



Key Ratios



Gamma Indicated to Beat (ITB) Cumulative Performance



Gross Returns	ITB	S&P 500
2011	9.41%	2.20%
2012	21.52%	15.99%
2013	31.44%	32.10%
2014	12.18%	13.70%
2015	0.05%	1.40%
2016	15.74%	11.95%
2017	30.88%	21.80%
2018	-9.93%	-4.38%
2019	35.01%	31.47%
2020	33.31%	18.40%
2021*	19.79%	12.80%
2022	-7.26%	-18.09%
2023	21.63%	26.29%
2024	37.37%	25.03%
2025 YTD	10.90%	8.56%

Source: FactSet. As of 7/31/2025.

Disclaimer: The ITB Model is a proprietary investment model developed and implemented by Douglas Roman since 2011. Although the ITB Model’s performance and the quantitative factors within the methodology are believed to be accurate by GAM, LLC, data has not been back tested. *2021 performance numbers reflect the period of Jan. 1, 2021 to May 31, 2021. 2022 YTD performance data represent model returns maintained on FactSet at Gamma Asset Management. Performance figures provided herein are Gross Returns and Net Returns assume a management fee based on tier GAM tier bracket. Past performance does not guarantee future results and actual returns could vary. gammaam.com

Gamma Small Cap Core (SCC) July Performance



- The Gamma Small Cap Core was down 0.50% in July, while the Russell 2000 was up 1.74%. On a YTD basis, the Gamma Small Cap Core was up 7.04% vs. -0.08% for the Russell 2000. On a trailing 12-month basis, the Gamma Small Cap Core was up 5.63% vs. -0.53% for the Russell 2000.
- High-short interest and unprofitable companies were the big winners in July in small cap. In the beginning of July, in which YTD winners sold off and unprofitable, poor-performing companies rallied, was more pronounced in the Russell 2000 than in the S&P 500, due to the Russell's higher concentration of unprofitable companies. As of mid-July, Gamma Small Cap was down 3.5% relative to the Russell 2000 month to date before recovering ground in the second half of the month. This pattern of "winners" underperformance resembled what occurred in February.
- Several stocks that had significantly contributed to ITB's YTD outperformance sold off more than the broad market in July:

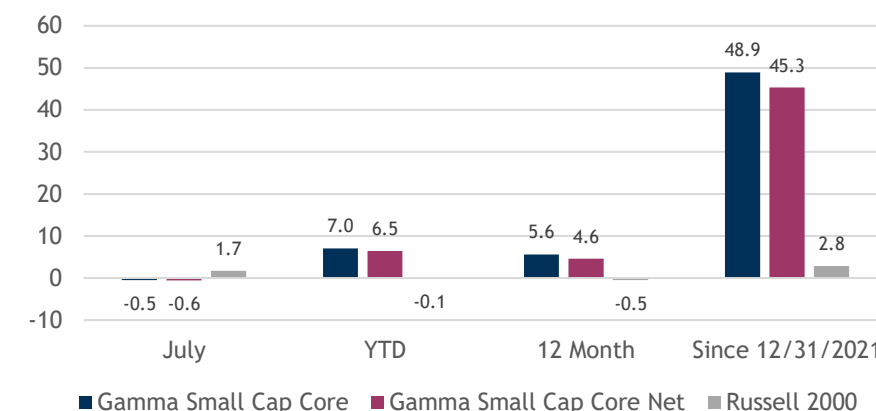
	YTD	July
Dave Inc (DAVE)	156.3%	-12.12%
Sezzle Inc (SEZL)	57.2%	-13.6%
Stride Inc (LRN)	39.7%	-11.68%
Life-Time Group (LTH)	37.1%	-5.31%

- Stock selection in the Distribution Service and Process Industry sectors was the biggest positive contributor to relative returns in July, led by DXP Enterprises (DXPE) +29%, Perimeter Solutions (PRM) +15.9%, and Cal-Maine Foods (CALM) +11.6%.
- Stock selection in the Finance sector, which included Dave Inc (DAVE), was the biggest detractor to relative returns, followed by Commercial Services, which includes for-profit education companies. Although these education names have supported YTD relative returns, the group sold off in July due to concerns around US government spending. Along with Stride (LRN), both Grand Canyon Education (LOPE) and Adtalem Global Education (ATGE) declined more than 10% during the month.

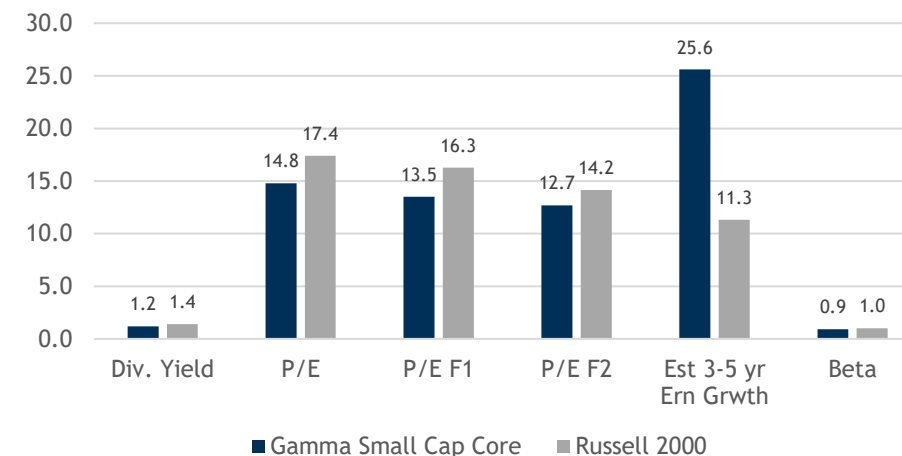
Source: FactSet. As of 7/31/2025.

Disclaimer: The Gamma Small Cap Core Model is a proprietary investment model developed and implemented by Douglas Roman since 2021. The Gamma Small Cap Core Model's performance and the quantitative factors within the methodology are believed to be accurate by GAM, LLC Performance figures provided herein are Gross Returns and Net Returns assume a management fee based on tier GAM tier bracket. Past performance does not guarantee future results and actual returns could vary.

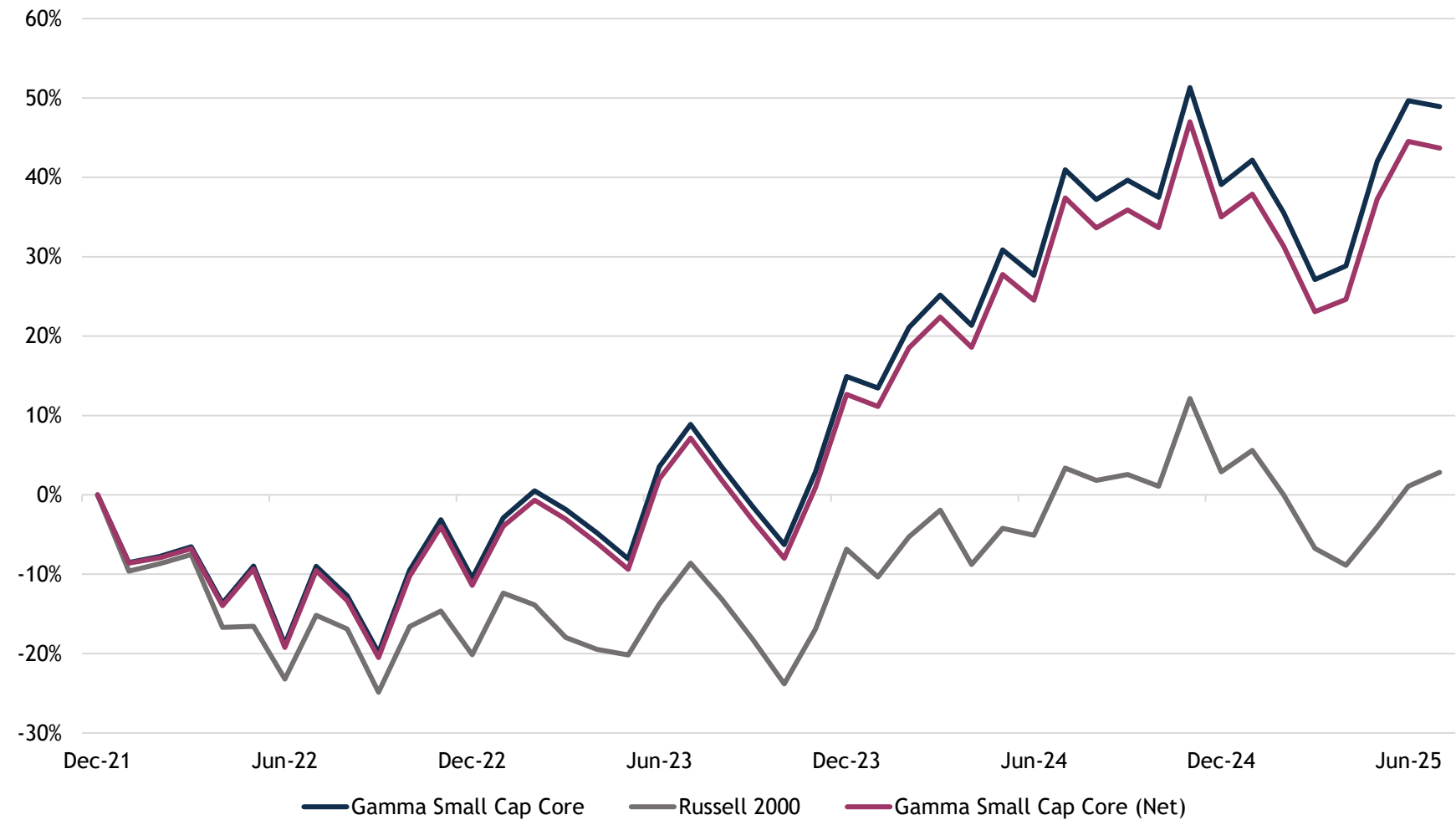
Performance



Key Ratios



Gamma Small Cap Core (SCC) Cumulative Performance



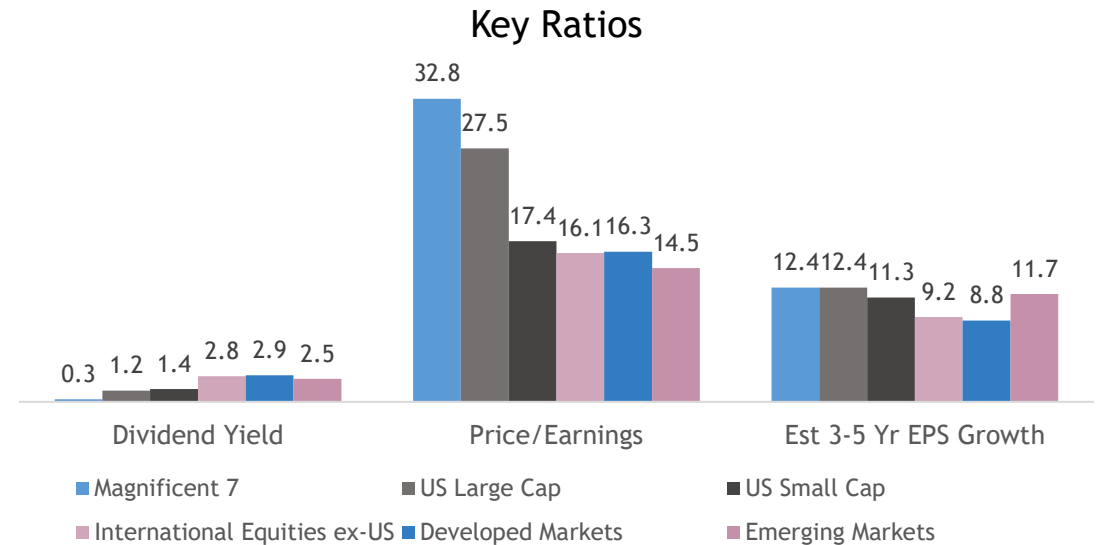
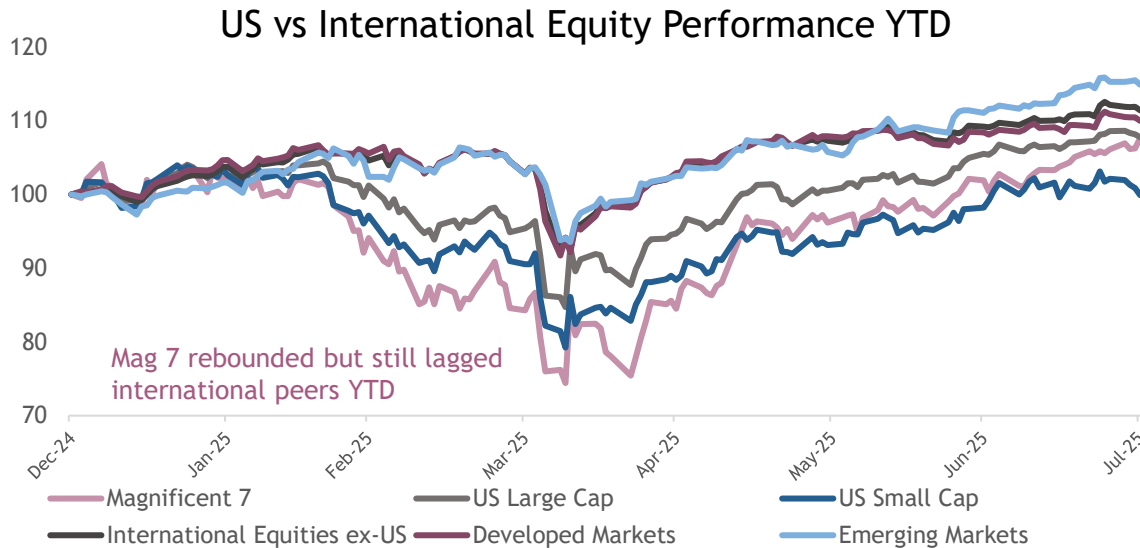
Gross Returns	SCC	Russell 2000
2022	-10.51%	-20.15%
2023	29.27%	16.68%
2024	21.04%	10.40%
2025 YTD	7.04%	-0.08%

Source: FactSet. As of 7/31/2025.

Disclaimer: The Gamma Small Cap Core Model is a proprietary investment model developed and implemented by Douglas Roman since 2021. The Gamma Small Cap Core Model’s performance and the quantitative factors within the methodology are believed to be accurate by GAM, LLC Performance figures provided herein are Gross Returns and Net Returns assume a management fee based on tier GAM tier bracket. Past performance does not guarantee future results and actual returns could vary.

Opportunities in International Equity

- International equities offer an attractive mix of lower valuations, higher dividend income, and more competitive growth potential. Supported by recent performance momentum and structural tailwinds, they present a compelling opportunity for investors looking to diversify beyond the U.S. equity market.
- Attractive Valuation:** International equities, particularly in developed and emerging markets, remain attractively valued relative to U.S. equities. The P/E ratios for Developed Markets and Emerging Markets are significantly lower than those of the U.S. Large Cap and Magnificent 7. This valuation gap provides a compelling entry point for investors seeking reversion to mean or looking to rotate out of stretched U.S. growth names.
- Comparable Long-Term Growth with Higher Income:** Despite their discounted valuations, international equities offer comparable long-term EPS growth expectations – with Emerging Markets projected at 11.6%, nearly on par with the Magnificent 7. Furthermore, dividend yields are significantly higher: 2.9% for Developed Markets ex-US and 2.6% for Emerging Markets, versus just 0.3% for the Magnificent 7. This combination of income and growth strengthens the total return profile for international exposures.
- While U.S. large caps and the Magnificent 7 rebounded sharply since mid April, they still lag international peers YTD. Notably, MSCI Developed Markets ex-US and MSCI Emerging Markets indices have shown stronger resilience and have largely recovered from the March lows, indicating improving sentiment and momentum abroad. This underscores the diversification benefit and recovery potential in non-U.S. markets, particularly as global macro conditions stabilize.



Gamma International Equity Strategy (GIE)



- **Benchmark:** MSCI ACWI ex USA Index (ACWX), representing broad and diversified exposure to both developed and emerging markets.
- **Universe: 41 country-specific ETFs**
 - **No regional funds but only country-specific funds** to avoid overlap and calculate exact geographic exposure to each country
 - **Broad market exposure** including large, mid, and small caps
 - **Provide geographical exposure to all main regions:** North America (Canada), Latin America (e.g. Argentina, Brazil, etc.), Europe (e.g. Germany, Poland, Spain, etc.), Asia-Pacific (e.g. Japan, China, etc.), Middle East & Africa (e.g. South Africa, etc.)
 - **ETFs are evaluated across multiple dimensions:** traded in US with low fund closure risk, broad market-based (including mid and small caps), low expense ratios, good liquidity/tradability, good Morningstar fund ratings and manager average tenures.
- **Portfolio:**
 - Include only countries/markets with top quintile price momentum
 - Rebalance monthly
 - Maximum weight for each holding is capped at 15% to avoid overconcentration risk in one specific country
 - Intend to provide investors with diversification across different regions, balanced risk-return characteristics, and efficient management and reasonable turnover

Geo Exposure as of 07/31/2025	Gamma International Equity (GIE)	MSCI World ex-US Benchmark
Asia-Pacific	48.1%	43.9%
Europe	29.1%	41.5%
Middle East & Africa	16.6%	3.3%
Latin America	5.2%	9.6%
North America	1.1%	1.8%

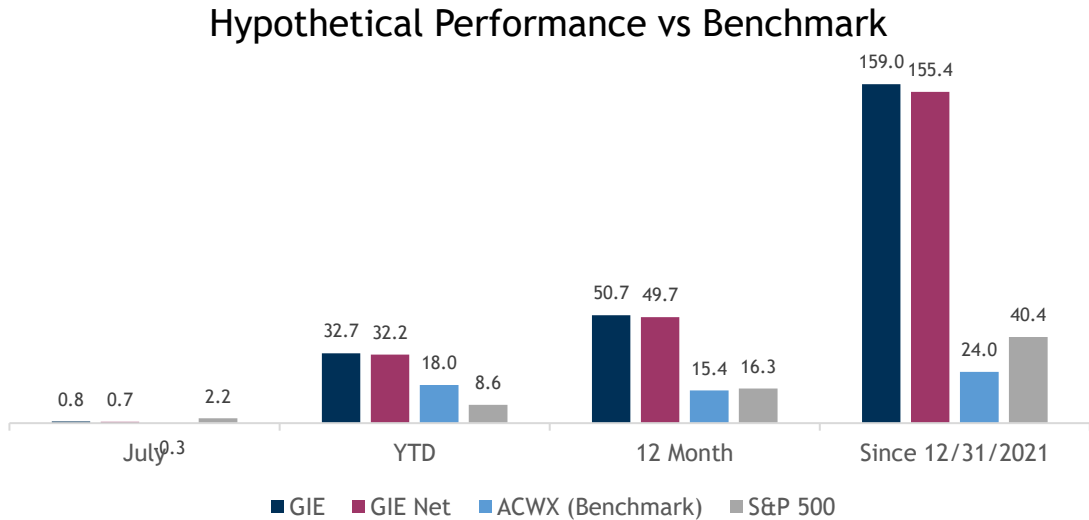
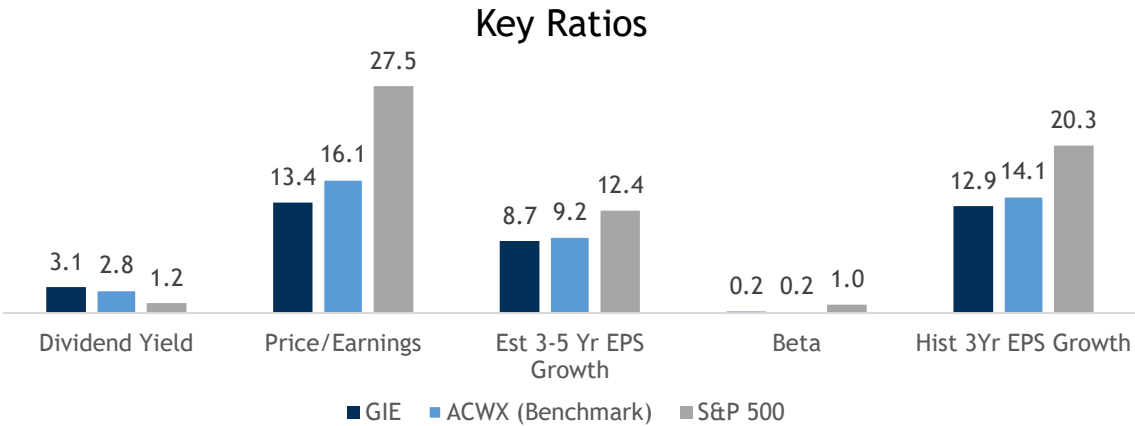
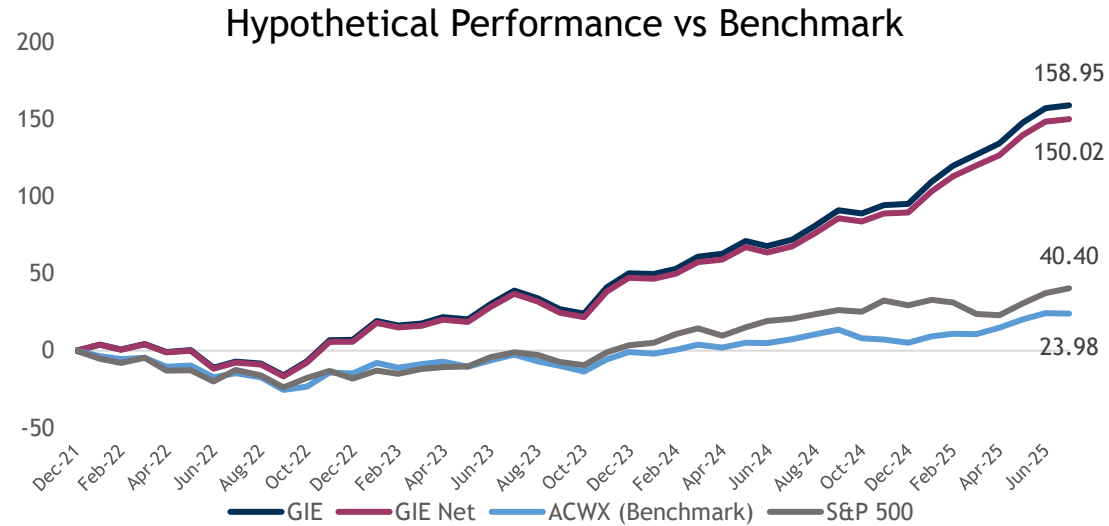
Top 2 Quintile (16 countries)

VanEck Vietnam ETF
 Global X MSCI Greece ETF
 iShares MSCI Hong Kong ETF
 iShares MSCI UAE ETF
 Franklin FTSE China ETF
 iShares MSCI Israel ETF
 Franklin FTSE South Korea ETF
 iShares MSCI Spain ETF
 Franklin FTSE Taiwan ETF
 iShares MSCI Singapore ETF
 iShares MSCI Austria ETF
 iShares MSCI Italy ETF
 iShares MSCI Poland ETF
 iShares MSCI Qatar ETF
 iShares MSCI Thailand ETF
 iShares MSCI Peru and Global Exposure ETF

Gamma International Equity (GIE) July Performance



- GIE is not a passive index-tracking ETF strategy. Rather, it involves active alpha from the price momentum factor and offers diversification benefits for clients' asset allocation.
- Based on simulated performance, GIE outperformed the designated benchmark (ACWX - MSCI World ex-US Index) and S&P 500 across most timeframes.
- GIE has better characteristics in terms of dividend yield, valuation, EPS growth and Return on Equity vs the benchmark. It can be a great addition to the traditional US large cap portfolio as it has attractive valuation and lower beta against S&P 500.



Source: FactSet. As of 7/31/2025.

Disclaimer: The GIE Strategy is a proprietary investment strategy developed and implemented by Gamma Asset Management since May 2025. May performance data represent actual model returns maintained on FactSet. Performance figures provided herein are Gross Returns and Net Returns assume a management fee based on tier GAM tier bracket. Past performance does not guarantee future results and actual returns could vary. The performance before May 2025 shown is hypothetical and based on a simulated portfolio allocation using historical data from 12/31/2021 onward. These returns do not reflect trading in actual accounts and may not reflect the impact of additional fees. Past performance does not guarantee future results and actual returns could vary.

Model Stock Selection



Gamma Indicate to Beat (ITB)	
Buys	Sells
(BYD) Boyd Gaming Corp	(CHTR) Charter Communications Inc
(HLI) Houlihan Lokey	(EQT) EQT Corporation
(JBL) Jabil Inc.	(EXEL) Exelixis Inc.
(APH) Amphenol Corp	(TSN) Tyson Foods

Gamma Small Cap Core (SCC)	
Buys	Sells
(BANF) BancFirst	(CNX) CNX Resources Corp
(LAUR) Laureate Education	(LTH) Life Time Group
(MCRI) Monarch Casino & Resort	(OTTR) Otter Tail Corp
(VC) Visteon Corp	(STBA) S&T Bancorp

Gamma International Equity (GIE)	
Buys	Sells
(VNM) VanEck Vietnam ETF	(EWG) iShares MSCI Germany ETF
(FLCH) Franklin FTSE China ETF	(EZA) iShares MSCI South Africa ETF
(QAT) iShares MSCI Qatar ETF	(BBCA) JPMorgan BetaBuilders Canada ETF
(THD) iShares MSCI Thailand ETF	(KWT) iShares MSCI Kuwait ETF

Indicate to Beat (ITB) Buys



- **(BYD) Boyd Gaming Corp.** BYD is a casino/gaming company. It operates in Las Vegas and the Midwest and Southern US. The company recently sold its stake in FanDuel to lower debt. The company recently beat estimates by 13%.
- **(HLI) Houlihan Lokey, Inc.** HLI is a Los Angeles Investment Bank. It is split across three segments - corporate finance (M&A advisory, capital markets, etc.), financial restructuring (bankruptcy filings, liability management, etc.), as well as financial & valuation advisory.
- **(JBL) Jabil, Inc.** JBL continues to derive revenue from 3 main businesses: Connected Living and Digital Commerce, Intelligent Infrastructure, and Regulated Industries. The Intelligent Infrastructure segment is the primary source of growth, benefitting from Artificial Intelligence infrastructure spending.
- **(APH) Amphenol Corporation.** APH engages in the design, manufacture, and marketing of electrical, electronic and fiber optic connectors, interconnect systems, antennas, sensors and sensor-based products, and specialty cable. The company has been around since 1932 but has recently benefited from business in data centers and electric cars.

Indicate to Beat (ITB) Sells



- **(CHTR) Charter Communications.** A cable and internet company that missed estimates when it reported earnings in July. It no longer meets our criteria.
- **(EQT) EQT Corporation.** A natural gas production company that exceeded earnings expectations when it reported earnings in July, but analysts subsequently lowered earnings expectations for next quarter's earnings by 7%. It no longer meets our criteria.
- **(EXEL) Exelixis Inc.** An oncology company that focuses on discovering, developing, and commercializing new medicines for difficult-to-treat cancers. It was a recent purchase to the ITB portfolio. Although the company beat estimates, it missed on revenue and halted the advancement of its experimental cancer drug zanzalintinib trial. It no longer meets our criteria.
- **(TSN) Tyson Foods.** A food company that operates in the following segments: Beef, Pork, Chicken, and Prepared Foods. Following the company's latest earnings reports, guidance was lowered, and the stock no longer meets ITB criteria.

Small Cap Core (SCC) Buys



- **(BANF) BancFirst Corp.** BANF is an Oklahoma Bank, with operations in Texas, and a history of exceeding analyst earnings expectations. When the company last reported on July 18th, it exceeded expectations by 11% and analysts raised estimates on next quarter's earnings by 6%.
- **(LAUR) Laureate Education.** LAUR provides higher educational services to undergraduate and graduate degree programs. It operates through the Mexico and Peru segments, although the company is headquartered in Miami, Florida. The company recently reported EPS of \$0.79 vs. estimates of \$0.72.
- **(MCRI) Monarch Casino & Resort.** MCRI owns casinos in Reno, Nevada and Black Hawk, Colorado. In the last earnings report, the company exceeded earnings expectations by 20%.
- **(VC) Visteon Corp.** VC is a lesser-known company in the automotive electronics business. The company is involved in vehicle digitalization and Electronic Vehicle adoption. On July 24th, the company reported earnings and exceeded expectations by 17%.

Small Cap Core (SCC) Sells



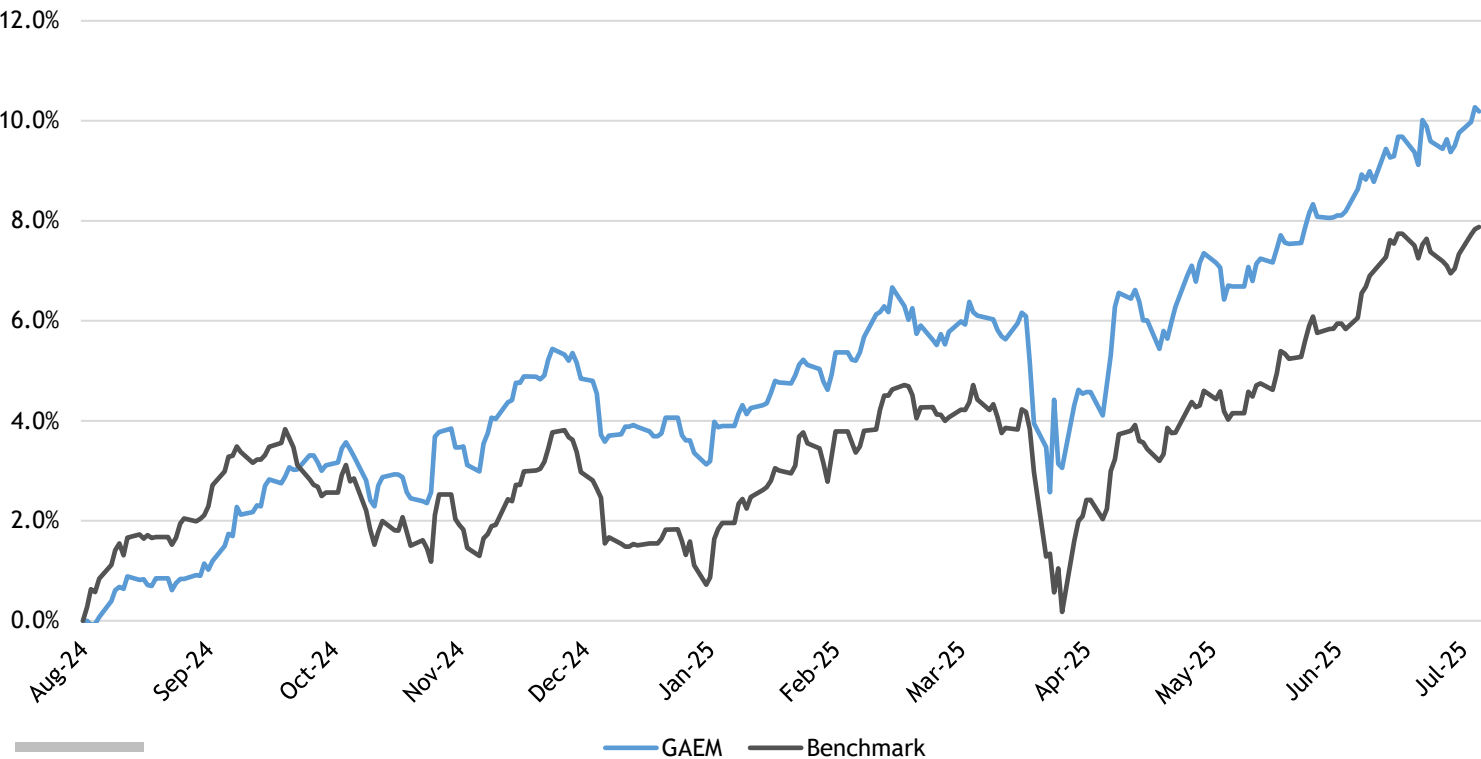
- ([CNX](#)) CNX Resources Corp. CNX was added to the portfolio earlier in the year. Is a shale oriented natural gas company. Following its last earnings report estimates on forward earnings declined
- ([LTH](#)) Life-Time Group operates fitness and spa centers. The company now has a market cap above or guidelines for a small cap stock and was sold from the portfolio
- ([OTTR](#)) Otter Tail Corp is a utility company also involved in manufacturing. The sale follows a disappointing quarter last may
- ([STBA](#)) S&T Bancorp, is a banking company located in Northwest Pennsylvania. The company has dropped in score using our proprietary models following a disappointing earnings report.

GAEM continued its positive performance



- GAEM is an active ETF that seeks to achieve income and capital appreciation, investing primarily in bonds issued by Emerging Markets from Latin America.
- GAEM had a positive performance of 1.11% as spreads of both of corporate and government bonds compressed given the improved macroeconomic backdrop that is supportive of EM FI space.
- During July, Pemex bonds and Colombian debt were the main outperformers while the Braskem corporate debt and Argentinian global bonds were the underperformers.
- As the 2Q earnings season unfolds, we'll closely monitor how companies are dealing with this global tariff uncertainty.

Cumulative Performance



		GAEM	Benchmark
2024	Since Inception	10.66%	8.35%
	September	1.88%	1.85%
	October	-0.17%	-1.72%
	November	2.26%	1.19%
	December	-1.14%	-1.40%
2025	YTD	6.72%	6.98%
	January	1.04%	1.44%
	February	1.82%	1.57%
	March	-0.67%	-0.76%
	April	0.41%	-0.22%
	May	0.80%	1.12%
	June	2.05%	2.41%
	July	1.11%	1.27%

Performance Review

Strategy	July	YTD	12 Months	Since Inception
Gamma Indicated to Beat (ITB)	0.04%	10.90%	26.48%	71.83%
Gamma Core	0.68%	6.94%	16.87%	51.59%
Tactical ETF	1.58%	8.98%	15.01%	37.65%
<i>Benchmark (S&P 500)</i>	<i>2.24%</i>	<i>8.56%</i>	<i>16.30%</i>	<i>40.40%</i>
Gamma Small Cap Core (SCC)	-0.50%	7.04%	5.63%	48.90%
Gamma Small Cap ITB	2.22%	8.10%	6.40%	29.74%
<i>Benchmark (Russell 2000)</i>	<i>1.74%</i>	<i>-0.08%</i>	<i>-0.53%</i>	<i>2.82%</i>
Gamma International Equity (GIE)	0.76%	32.74%	50.66%	158.95%
<i>Benchmark (MSCI World ex-US)</i>	<i>-0.26%</i>	<i>17.95%</i>	<i>15.35%</i>	<i>23.98%</i>
Themes Portfolio	1.24%	14.04%	24.78%	9.83%
Global X Thematic ETF	1.22%	10.95%	10.65%	-38.15%
Healthcare	-2.27%	0.50%	-8.58%	13.55%
<i>Benchmark (Healthcare ETF)</i>	<i>-0.48%</i>	<i>-1.58%</i>	<i>-11.31%</i>	<i>1.50%</i>

Source: Bloomberg & Factset as of 7/31/2025.

Inception date for Healthcare strategy was 4/30/2023. Inception date for Gamma International Equity (GIE) was 4/30/2025. All other strategies' inception dates were 12/31/2021.

Note that the performance of GIE before May 2025 shown is hypothetical and simulated returns using a model portfolio with backtesting data back to 12/31/2021.

Glossary



- Bearish: Term used to denote a negative behavior and is linked with falling prices
- Bullish: Term used to denote a positive behavior and is linked with increasing prices
- YTD: Year to Date; MTD: Month to Date
- Fed Funds Rate: Interest rate at which commercial banks borrow and lend their excess reserves to each other overnight.
- FOMC: Federal Open Market Committee is a branch within the Federal Reserve that determines the direction of monetary policy by directing open market operations. The committee is made up of 12 members, including seven members of the Board of Governors, the President of the Fed of New York, and four of the remaining 11 reserve bank presidents
- Basis Point: Typically expressed with abbreviations “bp”, or “bps”. One basis point is equal to 1/100th of 1%, or 0.01%.
- PCE: Personal Consumption Expenditure, also known as consumer spending, is a measure of the spending on goods and services by people of the United States
- Magnificent 7: A group of high-performing influential stocks in the technology sector. Included are Alphabet ([GOOGL](#)), Amazon ([AMZN](#)), Apple ([AAPL](#)), Meta ([META](#)), Microsoft ([MSFT](#)), NVIDIA ([NVDA](#)), and Tesla ([TSLA](#)).
- Broadening of the Market: Term used to explain that there is less concentration in the market.
- Bull Steepening: When the magnitude of the decrease in the short-term rates is bigger than in the long-term rates
- OAS: Option Adjusted Spread, measures the spread between the yield of a fixed income security and a duration (or tenor)matched bond used as a reference. Usually, the reference is the US Treasury curve.
- EM: Emerging Markets
- IG: Investment Grade
- HY: High-Yield
- P/E: Price to earnings, which refers to the ratio of the current stock price and the earnings per share (EPS).
- Duration (Modified): Metric that measures the approximate change in the price of a bond for a given change in the interest rate.
- Beta: Metric used to measure how much an asset is expected to move in relation to changes in the market index (usually).

Investments & Wealth Management Team



Pelayo Troncoso, CFA
Chief Executive Officer
ptroncoso@gammainternationalbank.com

Douglas Roman, CFA, CMT
Chief Investment Officer
droman@gammainternationalbank.com

Jorge Suarez, CFA
Fixed Income Portfolio Manager
jsuarez@gammainternationalbank.com

Shirley Chen
Senior Investment Analyst
schen@gammainternationalbank.com

Rodrigo Sanchez
Investment Analyst
rsanchez@gammainternationalbank.com

Luis Neumann
VP Wealth Management
lneumann@gammainternationalbank.com

Jose Javier Torron
Wealth Management Associate
jjtorron@gammainternationalbank.com

Maria Gabriella Liriano
Investment Advisor Representative
mliriano@gammainternationalbank.com

Jordan Rothenberg
Head of Business Development
jrothenberg@gammainternationalbank.com

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For complete disclosure information please contact:

Gamma Asset Management
Ochoa 500 Building, La Tanca Street, Suite 305
San Juan, Puerto Rico
Office (Main): 1-787-957-3262