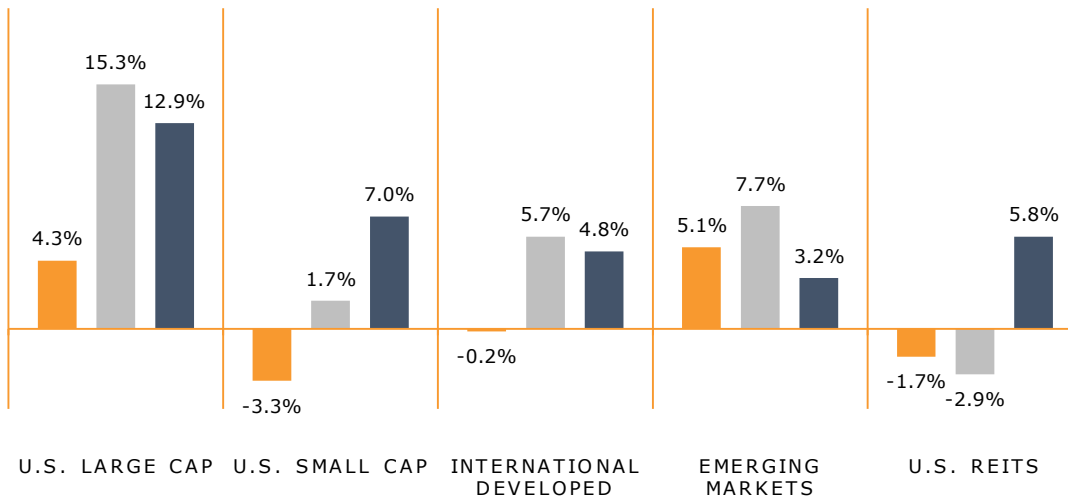
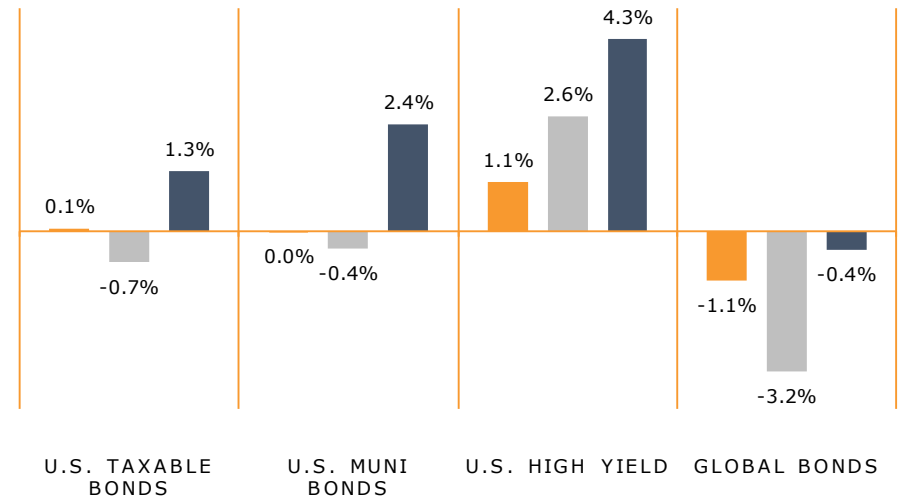


■ 3 Month: 06/28/24 ■ YTD ■ 10 Year*

EQUITY MARKETS HIGHLIGHTS



FIXED INCOME MARKETS HIGHLIGHTS



- **U.S. Large Cap Stocks** closed out a strong 1H'24 with the blended Index up **+4.3%** in Q2 and **+15.3%** YTD. Market leadership narrowed even further into Large Cap Growth from a style perspective.
 - Hopes for a broadening market in Q2 were dashed, with only Large Blend and Large Growth delivering positive returns. Only three sectors finished in the green including Technology **+8.8%**, Communication Services **+5.2%** and Utilities **+4.6%**.
- **U.S. Small Cap Stocks** performed poorly down **-4.1%** in the quarter, now up only **+3.1%** YTD.
- **International Developed Stocks** were roughly flat, down **-0.1%** for the quarter.
- **Emerging Markets Stocks** were a bright spot **+5.1%** for the quarter as China finally managed to regain its footing with ongoing policy support.
- **U.S. REITS** weakened further **-1.7%**, as rate sensitivity and office property concerns continue to plague the group.

- **U.S. Taxable Bonds** were flat, up **+0.1%** in Q2, down **-0.7%** YTD. Rates inched higher in the quarter, while credit spread impacts were mild.
- **U.S. Muni Bonds** were flat as well, down **-0.4%** YTD.
- **U.S. High Yield** credit markets were up **+1.1%** in Q2, and **+2.6%** YTD. Higher carry and shorter duration continue to be the sweet spot with the economy not faltering.
- **Global Bonds** were down **-1.1%** in Q1. A strengthening U.S. dollar was a headwind to global bonds while economic activity outside the U.S. continues to be relatively weak.

*Annualized daily returns as of 6/28/2024.

Source: YCharts, Inc.; underlying indices are S&P 500® TR Index, Russell 2000® TR Index, MSCI EAFE TR, MSCI Emerging Markets Index TR, Dow Jones US Real Estate Index TR, Barclays Municipal Bond Index, Barclays U.S. Aggregate Bond Index, Barclays U.S. Corporate High Yield Bond Index and the Barclays Global Aggregate Bond Index.

Market conditions and trends will vary. Past performance is no guarantee of future results. Investments cannot be made in an index.

US Equity Market Snapshot		6/30/24
Sector		3 Month Return
Technology		8.8%
Comm. Services		5.2%
Utilities		4.6%
Consumer Defensive		1.0%
Consumer Cyclical		-0.6%
Health Care		-1.0%
Real Estate		-1.9%
Financials		-2.0%
Energy		-2.7%
Industrials		-2.9%
Materials		-4.5%

Equity Style Snapshot				6/30/24
	3 Month	Value	Blend	Growth
Large		-0.9%	4.3%	8.7%
Mid		-2.9%	-2.7%	-2.5%
Small		-4.3%	-4.1%	-3.9%

Market Indicators							
Name	As of	Last Month**	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	6/28/24	5.47%	5.50%	▼ -0.5%	5.17%	▲ 5.8%	Daily
2 Year Treasury	6/28/24	4.71%	4.94%	▼ -4.7%	4.71%	▲ 0.0%	Daily
10 Year Treasury	6/28/24	4.36%	4.54%	▼ -4.0%	3.71%	▲ 17.5%	Daily
30 Year Mortgage	6/27/24	6.86%	6.94%	▼ -1.2%	6.67%	▲ 2.8%	Weekly
US Corporate AAA	6/30/24	4.98%	5.11%	▼ -2.5%	4.68%	▲ 6.4%	Daily
US Corporate BBB	6/30/24	5.71%	5.79%	▼ -1.4%	5.83%	▼ -2.1%	Daily
US Corporate CCC	6/30/24	13.95%	13.77%	▲ 1.3%	13.80%	▲ 1.1%	Daily
Effective Federal Funds	6/30/24	5.33%	5.33%	▲ 0.0%	5.08%	▲ 4.9%	Daily
U.S. Economy							
Consumer Sentiment	6/30/24	68.20	77.20	▼ -11.7%	64.20	▲ 6.2%	Monthly
Unemployment Rate	6/30/24	4.10%	3.90%	▲ 5.1%	3.60%	▲ 13.9%	Monthly
Inflation Rate	5/31/24	3.27%	3.36%	▼ -2.6%	4.05%	▼ -19.2%	Monthly
Manufacturing PMI	6/30/24	48.50	49.20	▼ -1.4%	46.00	▲ 5.4%	Monthly
Non Manufacturing PMI	6/30/24	48.80	49.40	▼ -1.2%	53.90	▼ -9.5%	Monthly

The narrowing rally off October 2023 lows narrowed further in Q2. The higher the market cap, the better in most cases. Outside the largest securities, the AI theme was also a leading factor, as investors sought exposure to the secular story of the day. This was apparent in the Utilities sector, bucking its usual rate sensitivity, in favor of exposure to the estimated future electricity demand growth from AI Data Centers.

- **US Stock Valuations** – stretched valuations mean a lot must go right to justify current pricing. Under the surface there is opportunity.
- **Bond Market Valuations** – Spreads are still tight, but long-term risk-free yields above 4% keep the overall moderately attractive.
- **Policy Impacts** – Fed & market still grappling over timing and magnitude of rate cuts.

The yield curve has remained inverted for 25 months, the longest inversion on record without a recession. The Japanese Yen already required intervention and yet has weakened to its lowest level since the 1980s. Geopolitical events in Israel, Ukraine, China and elsewhere continue to arise. Economic data and broad earnings are continuing to suggest a slow down is ongoing. Despite it all, overall markets remain at all-time highs.

Equity market rallies like these are a great reminder that the market is not the economy, and the economy is not the market. This has been shown time and again in market history, especially over finite time periods. Liquidity dynamics both internal and external to the U.S. appear to be providing the cushion the market has needed to avoid more protracted correction. In contrast, those who ignore signals in favor of new paradigms often have been disappointed in the long run.

Performance of “Magnificent 7” stocks in S&P 500* Indexed to 100 on 1/1/2021, price return

Returns	'21	'22	'23	YTD '24
Magnificent 7	40%	-40%	76%	33%
**Share of returns	33%	56%	63%	61%
S&P 500 ex-Mag 7	17%	-8%	8%	5%
**Share of returns	67%	44%	37%	39%

