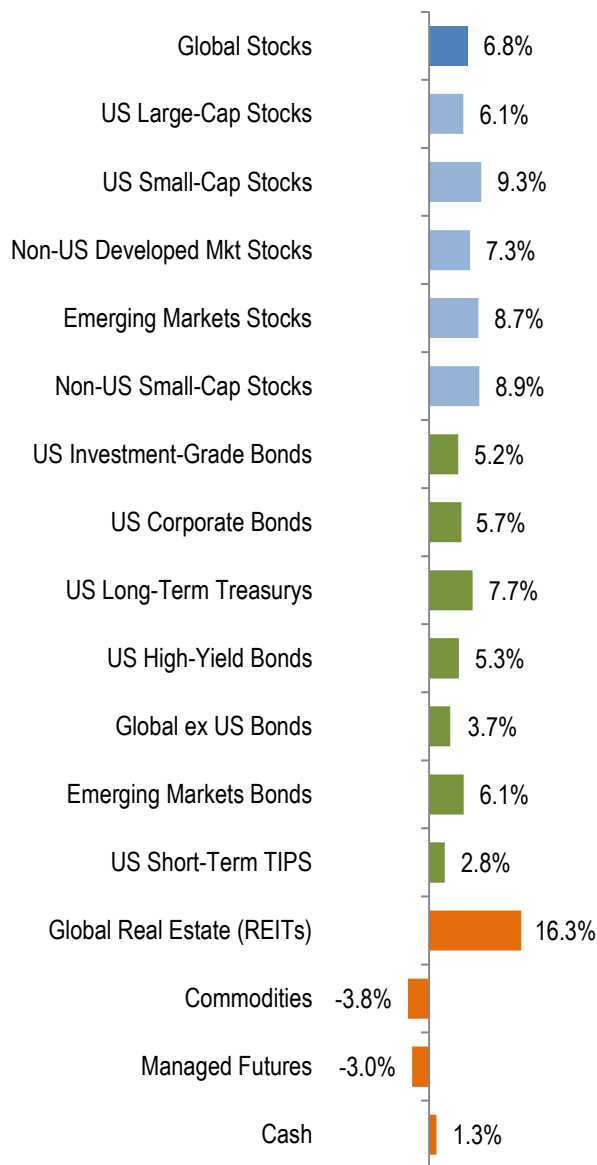


Third Quarter 2024



Third Quarter 2024: The Eagle Just Might Be Landing

The third quarter's mixed economic news and the Fed's first rate cut in four years brought, paradoxically, both the return of market volatility and new stock market highs. Despite two modest drawdowns in the quarter, the S&P 500 is up 22% this year, the best first nine months of a year since 1997.

Stocks and bonds appreciated as expectations for future interest rate decreases materialized into actual rate decreases. Mixed economic data, however, made for an uncertain path along the way: the S&P 500 declined 8% in August and 4% in September, before recovering to new highs. In September, the Federal Reserve announced a 0.50% rate cut, which was steeper than the 0.25% anticipated by markets just days before. This marked the Fed's first rate cut of this rate cycle, after holding overnight interest rates steady for 15 months. Both improved inflation readings over the past year, with inflation now hovering just above the Fed's long-term target, and slowing job growth, supported its decision. While GDP growth is strong, it remains to be seen whether the Fed's recent policy of higher rates to control inflation will bring negative consequences for employment.

Increased confidence that the Federal Reserve has tamed inflation and will follow its recent 0.50% rate cut with substantially lower rates benefited asset classes across the board. Unlike in recent years, this quarter's stock market rally wasn't confined to big technology and artificial-intelligence-adjacent companies, as large swaths of the market rallied beyond the Magnificent Seven. In a resounding reversal, value stocks beat growth stocks, small stocks beat big stocks, long-term bonds outperformed short-term bonds, real estate outperformed everything else, and even international stocks beat their U.S. counterparts.

	QTD	YTD	1 Year	3 Years	5 Years	20 Years
Global Stocks	6.8%	17.8%	31.0%	7.4%	11.9%	8.4%
US Large-Cap Stocks	6.1%	21.2%	35.7%	10.8%	15.6%	10.8%
US Large-Cap Value	9.4%	16.7%	27.8%	9.0%	10.7%	8.5%
US Large-Cap Growth	3.2%	24.6%	42.2%	12.0%	19.7%	12.7%
US Small-Cap Stocks	9.3%	11.2%	26.8%	1.8%	9.4%	8.5%
US Small-Cap Value	10.2%	9.2%	25.9%	3.8%	9.3%	7.7%
US Small-Cap Growth	8.4%	13.2%	27.7%	(0.4%)	8.8%	9.0%
Non-US Developed Markets (USD)	7.3%	13.0%	24.8%	5.5%	8.2%	6.0%
Non-US Developed Markets (Local)	0.8%	12.0%	17.5%	7.9%	8.8%	6.6%
Emerging Markets (USD)	8.7%	16.9%	26.1%	0.4%	5.8%	7.3%
Emerging Markets (Local)	6.6%	18.4%	25.0%	2.9%	7.4%	8.7%
US Investment-Grade Bonds	5.2%	4.7%	11.6%	(1.4%)	0.3%	3.2%
US Long-Term Treasurys	7.7%	3.0%	15.4%	(7.8%)	(3.9%)	3.9%
US Short-Term TIPS	2.8%	5.0%	7.9%	2.1%	3.5%	2.9%
Global Real Estate (REITs)	16.3%	12.6%	30.2%	1.4%	2.4%	6.4%
Cash	1.3%	4.0%	5.4%	3.5%	2.3%	1.6%

Returns for periods longer than 1 year are annualized.

Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, ICE BofA, Credit Suisse

Prices ticked up in December and paychecks grew, delivering real wage gains in 2023 for the first time in three years. The Consumer Price Index increased 3.4% from a year earlier in December, up from a 3.1% annual rate in November, as reported by the Labor Department.

Gold prices broke above \$2,100 per ounce as rising geopolitical tensions have spurred demand from foreign central banks and investors bet on potential rate cuts.

The Federal Reserve kept the benchmark federal-funds rate steady at 5.25%-5.5%, the highest in two decades, after recent data showed persistent price pressures.

The consumer-price index rose 2.9% from a year earlier, the Labor Department announced, the lowest reading since 2021.

The Federal Reserve lowered interest rates by 50 basis points, the first rate cut in four years.

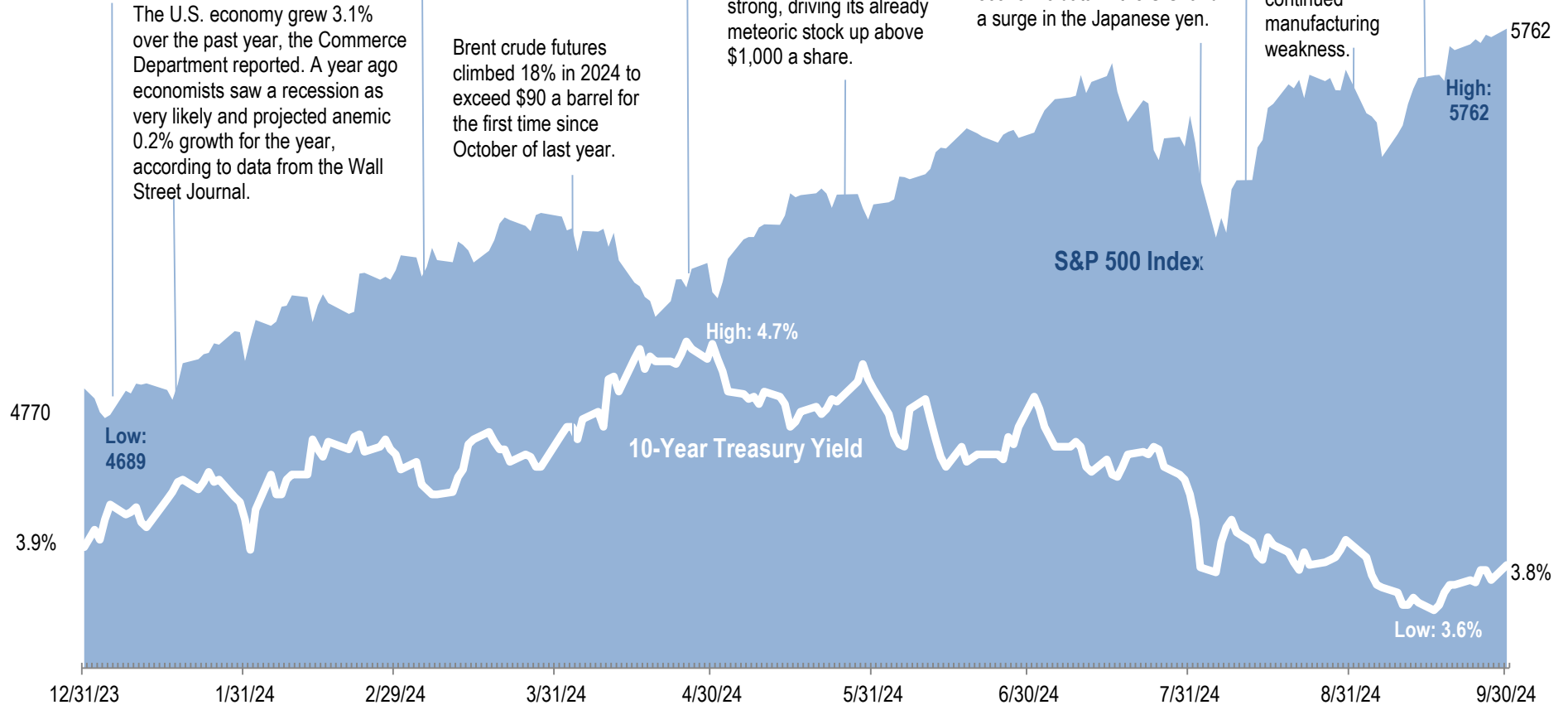
The U.S. economy grew 3.1% over the past year, the Commerce Department reported. A year ago economists saw a recession as very likely and projected anemic 0.2% growth for the year, according to data from the Wall Street Journal.

Brent crude futures climbed 18% in 2024 to exceed \$90 a barrel for the first time since October of last year.

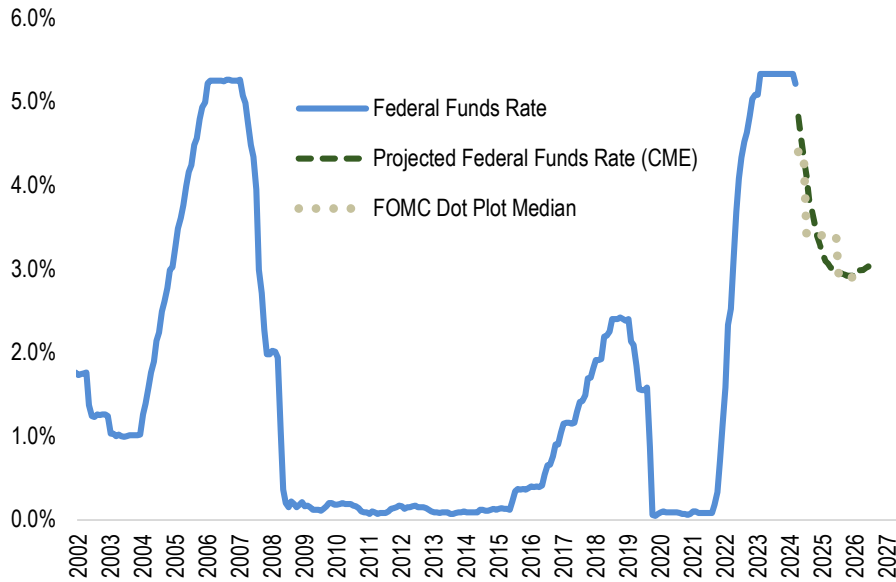
Nvidia delivered a record quarter and signaled that the AI boom is still going strong, driving its already meteoric stock up above \$1,000 a share.

Japan's Nikkei Stock Average had its worst day since 1987, falling 12% in a frenzy of selling triggered by disappointing economic data in the U.S. and a surge in the Japanese yen.

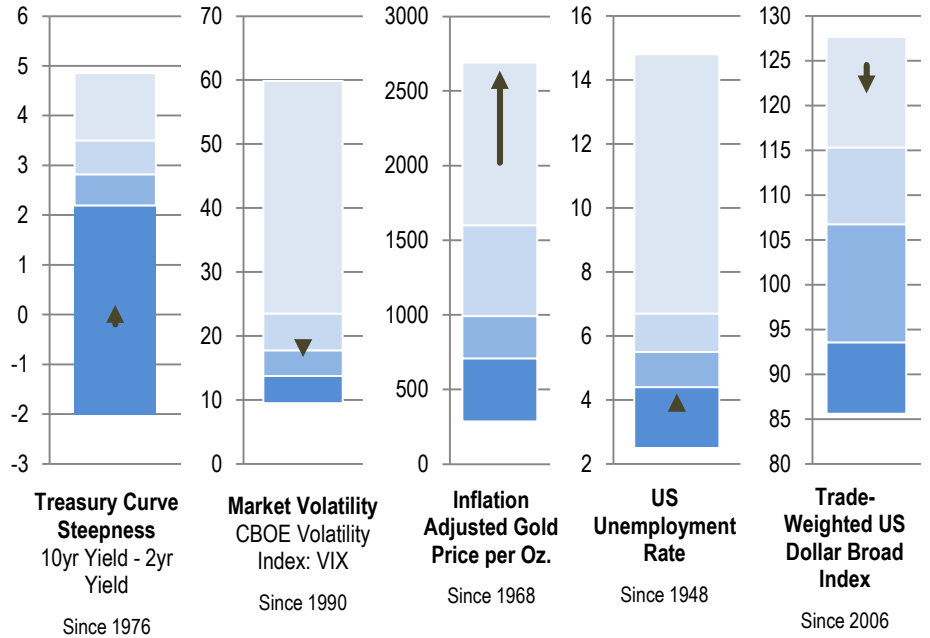
ISM's purchasing managers' index remained in contraction, pointing to continued manufacturing weakness.



Federal Funds Rate

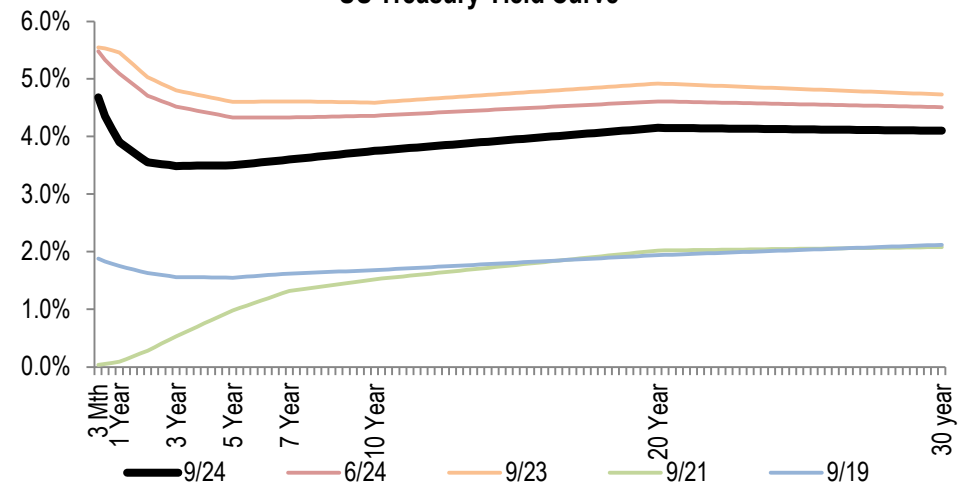


As of September 30, 2024



	9/2024	6/2024	9/2023	9/2021	9/2019
Market Inflation Expectations					
5 Year	2.0	2.2	2.2	2.5	1.4
10 Year	2.2	2.3	2.4	2.4	1.5
20 Year	2.3	2.5	2.7	2.4	1.6
CPI Year-over-Year	---	3.0	3.7	5.4	1.7
West Texas Crude Oil	71.3	82.8	90.8	75.2	54.1
Consumer Sentiment Index	70.1	68.2	68.1	72.8	93.2
S&P 500 Operating EPS	60.5*	58.4	52.3	52.0	39.8
Real GDP Growth YoY	---	3.0	4.4	3.5	4.8
Federal Funds Rate	4.83	5.33	5.33	0.08	2.04

US Treasury Yield Curve

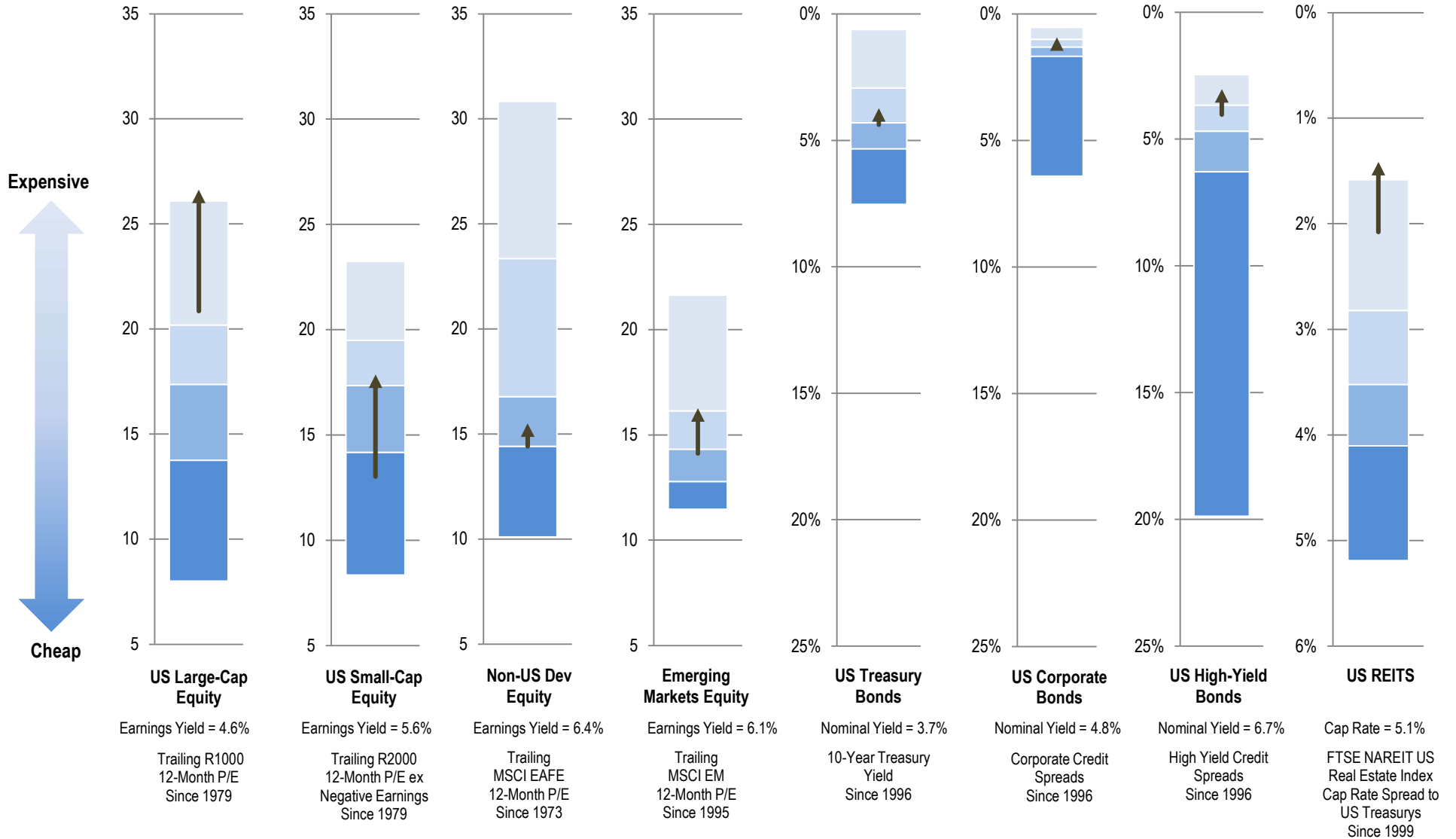


Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

*Estimate, provided by S&P Dow Jones Indices.

As of September 30, 2024

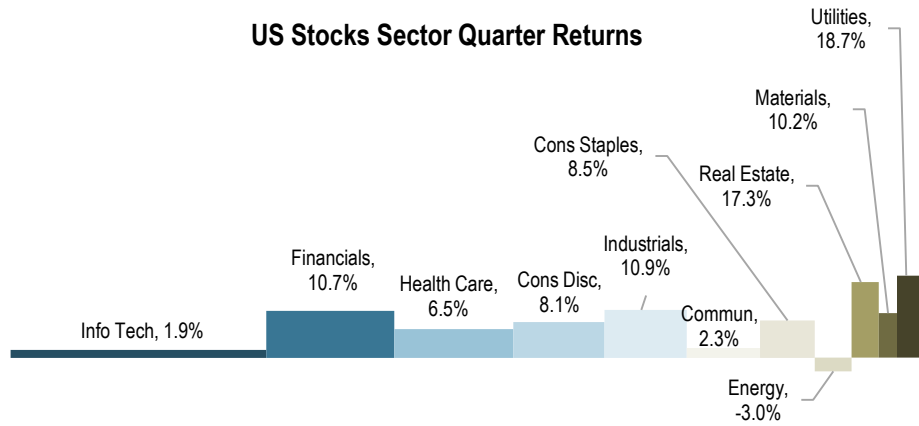


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

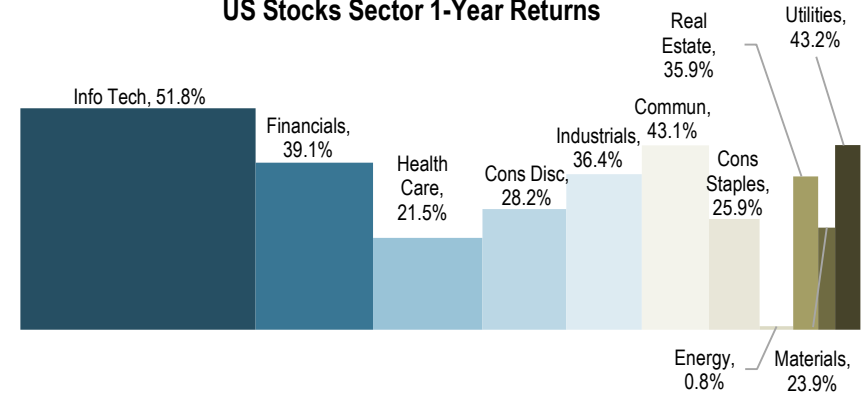
Sources: Sellwood Consulting LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

As of September 30, 2024

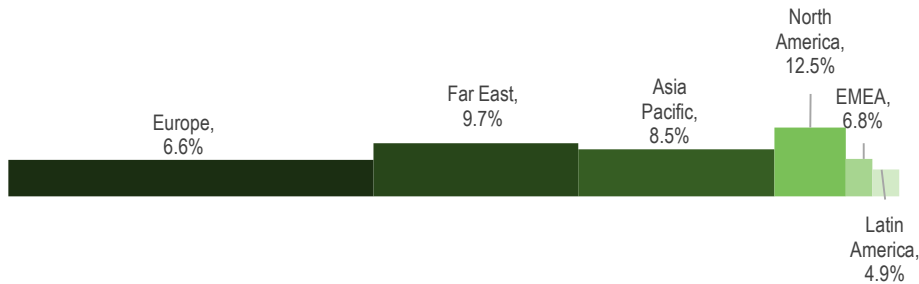
US Stocks Sector Quarter Returns



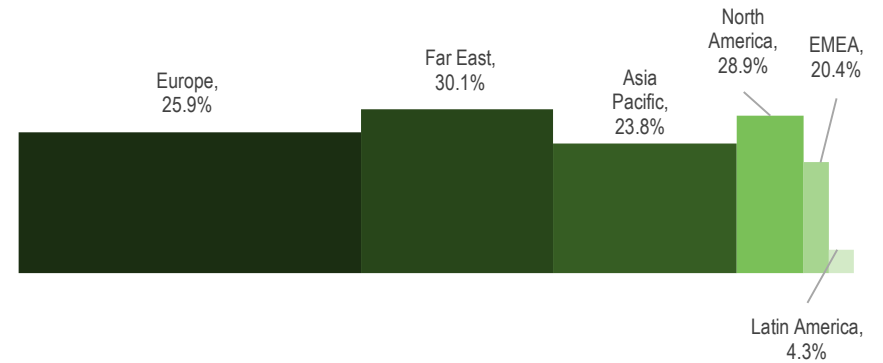
US Stocks Sector 1-Year Returns



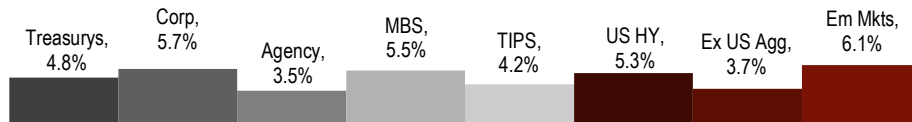
World Stocks ex USA Region Quarter Returns



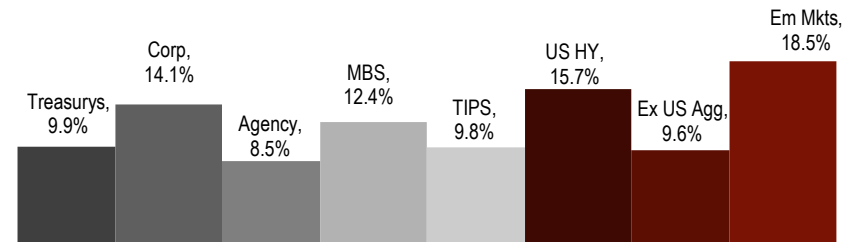
World Stocks ex USA Region 1-Year Returns



Fixed Income Sectors Quarter Returns



Fixed Income Sectors 1-Year Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Consulting LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA