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ASSET MANAGEMENT

Q2 2024 in Review

Mark Mowrey, CFA

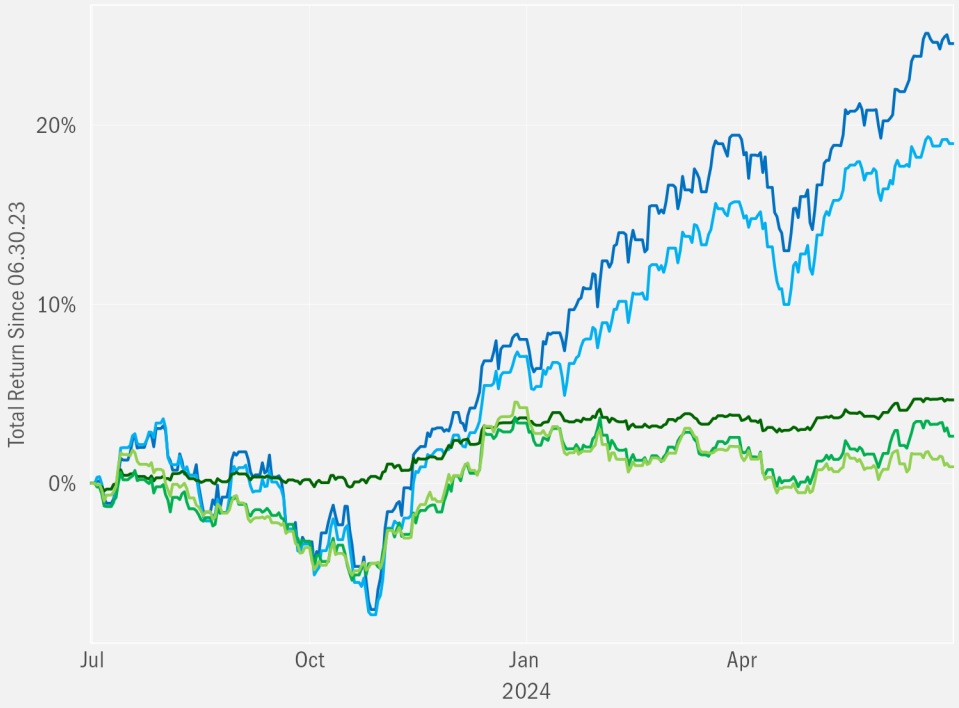
Chief Investment Officer

Global Market Overview

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After a dicey April, stocks and bonds both saw gains sufficient to pull into the green for the quarter. And fixed income exposures now largely are in the green year-over-year

Trailing 1-Year Total Return of Major Asset Classes (through 06.30.24)



	Total Return	Maximum Drawdown
S&P 500 Index	24.56%	-9.94%
Bloomberg World Large & Mid Cap Net Return Index	18.97%	-10.56%
Bloomberg 1-5 Year Government/Credit Index	4.66%	-1.23%
Bloomberg U.S. Aggregate Index	2.63%	-6.09%
Bloomberg Global Aggregate Index	0.93%	-6.87%

Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Global Equity Market Overview

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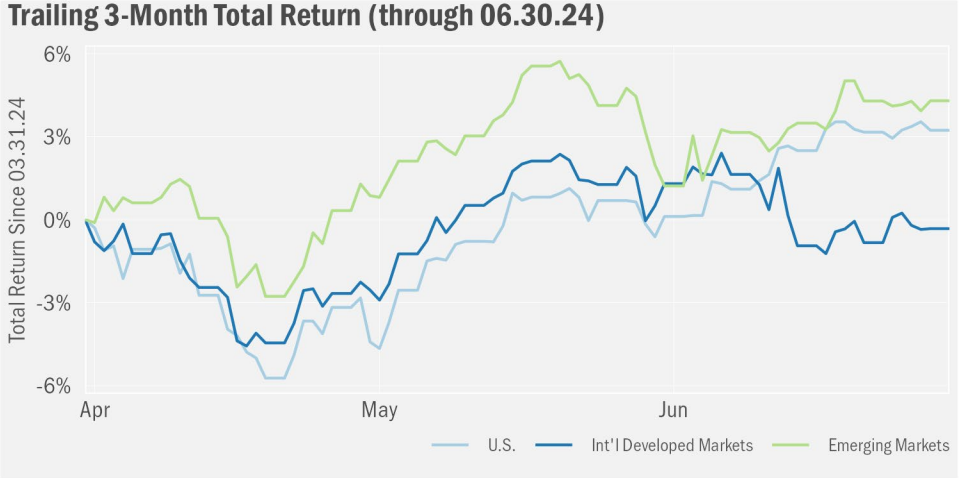
Both the trailing quarter and year saw stocks struggle at the beginning, only to pull higher by period end. The U.S. continues to lead the rest of the world. European stocks saw increasing pressures near quarter end on account of Continental political/fiscal matters

Trailing Broad Equity-Market Performance

Percent total return, annualized for periods greater than 1 year

	3 Month	1 Year	3 Year	5 Year	10 Year
Global	2.81	18.97	5.00	10.48	8.32
World ex. U.S.	0.98	10.98	0.09	5.57	3.94
U.S.	3.23	23.19	7.92	14.15	12.13
Int'l Developed Markets	−0.33	11.70	3.50	7.14	4.80
Emerging Markets	4.29	10.84	−5.10	3.83	3.82

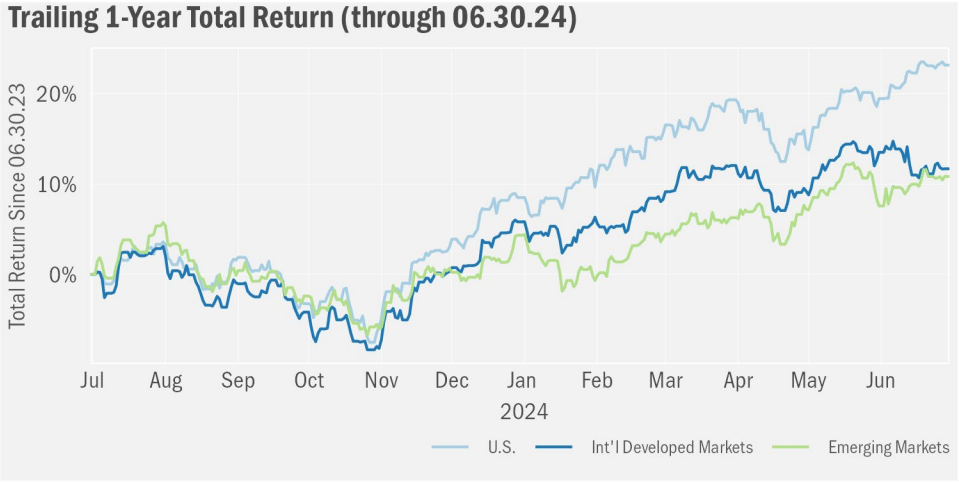
From 06.30.14 to 06.30.24. Total return data are annualized for periods greater than 1 year.
SOURCE: SRCM using data from Bloomberg



Notable events of the prior three months include:

- Apr/May: Federal Reserve releases, pressers and minutes ease fears of potential hikes this year, while subduing any excitement over a series of cuts in 2024, seemingly firming ranges for rates (for the time being at least...)
- 06.09: French President Emmanuel Macron dissolved the National Assembly, triggering surprise election for early July
- 06.27: First debate of the 2024 U.S. presidential election

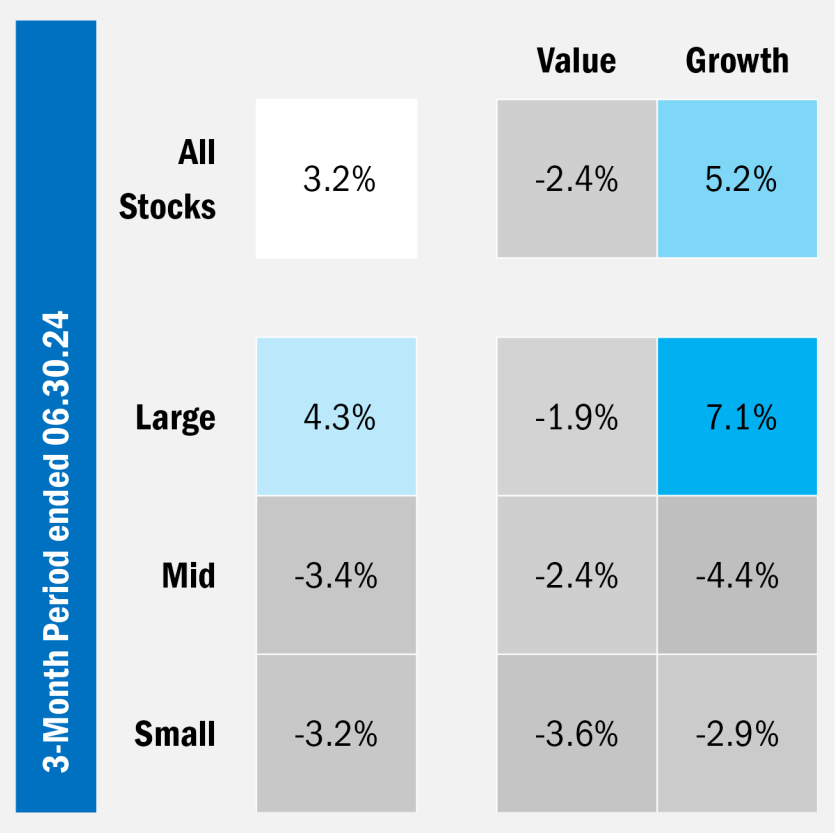
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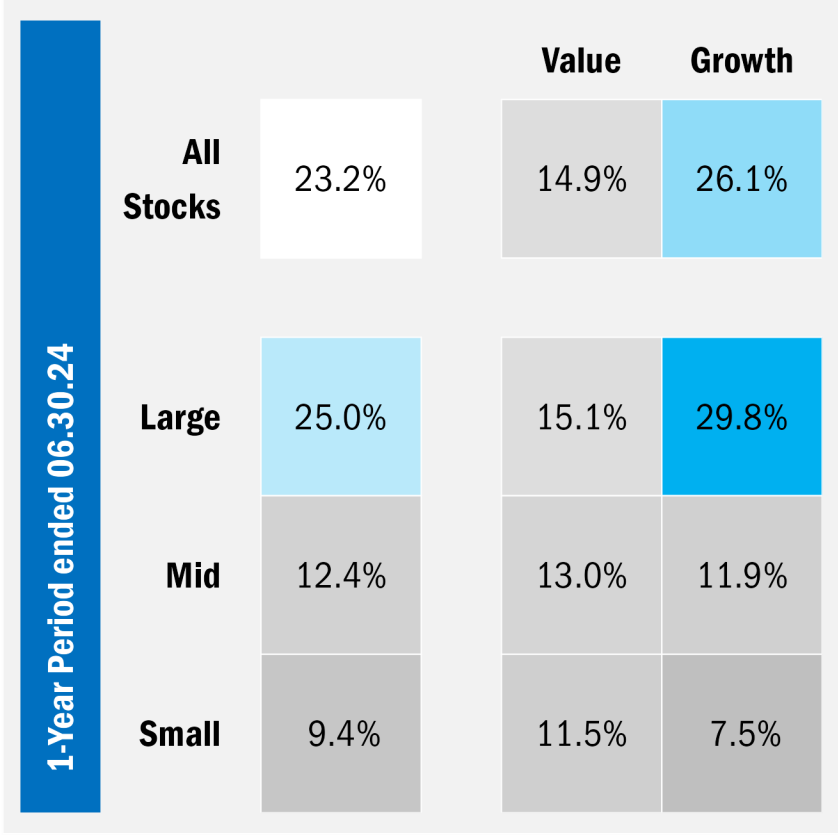


Core Factors: U.S. Stocks

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Growth stocks extended a substantial lead over Value in the second quarter, expanding a historical gap. Meantime large-cap stocks soared above smaller names, which collectively fell during the quarter



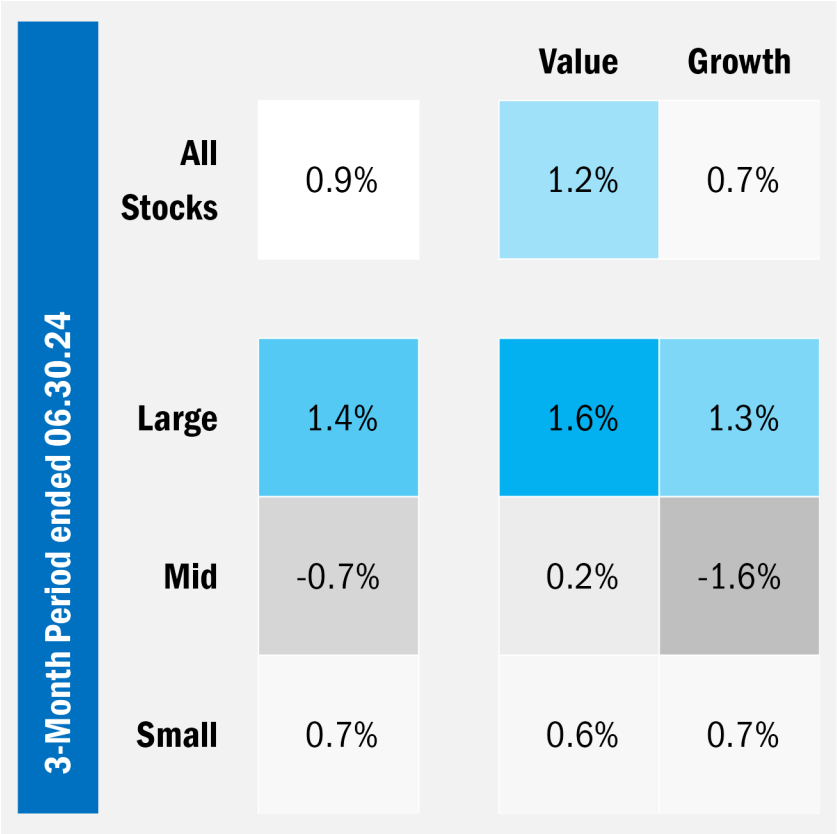


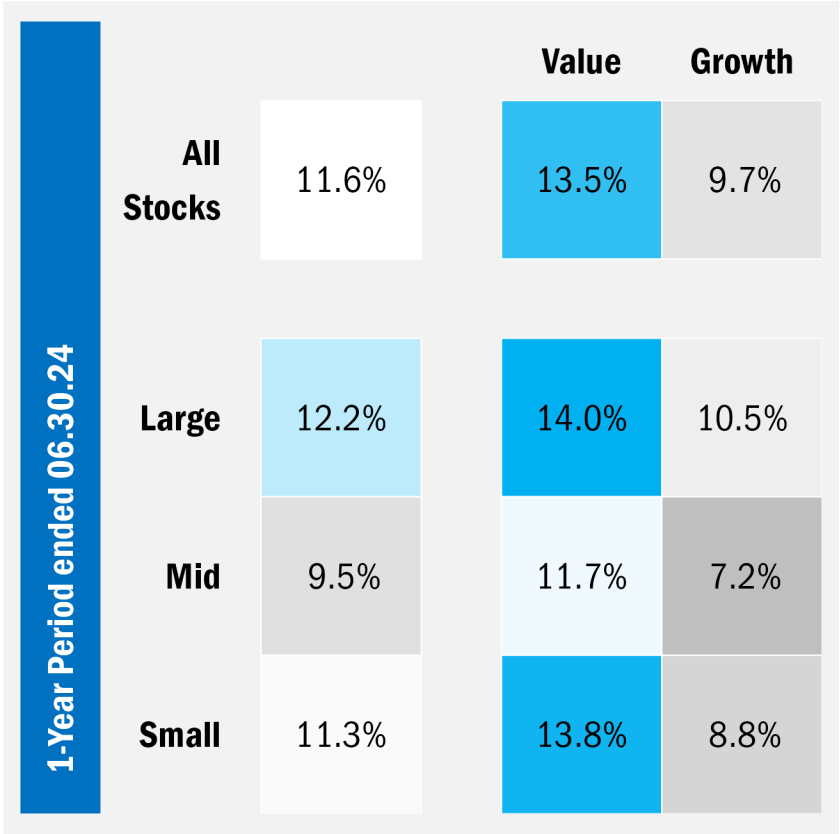
The table displays the relative performance of different indexes representing U.S. stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Core Factors: International Stocks

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Though small-cap stocks trailed in the quarter, the outperformance of Value stocks abroad suggests heady Growth gains reflect a phenomenon unique to the U.S.



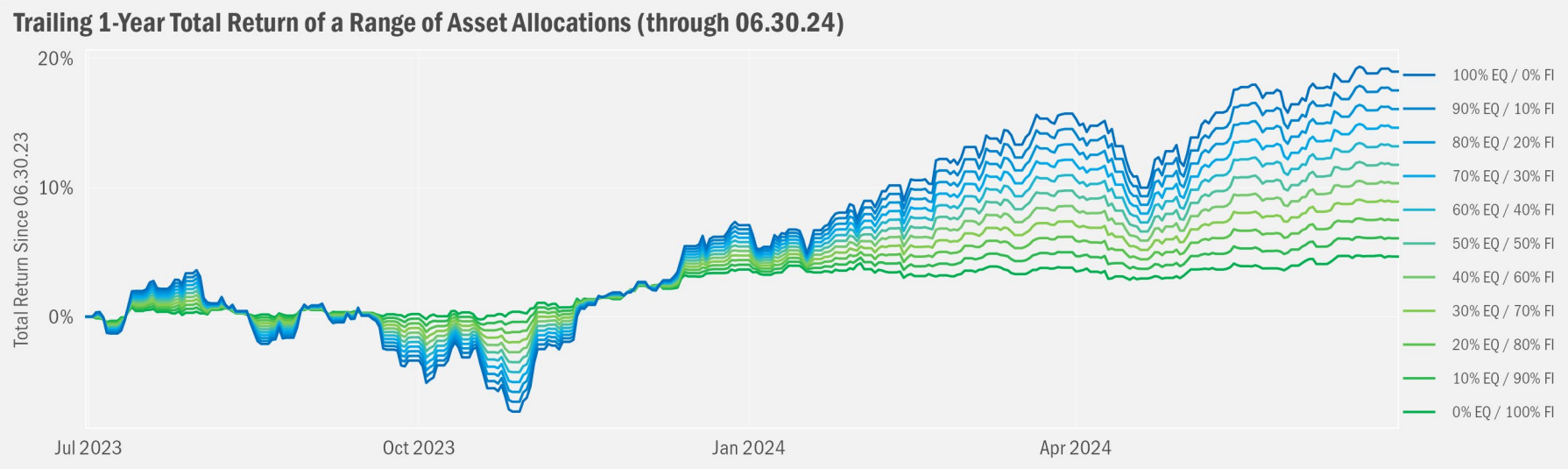


The table displays the relative performance of different indexes representing international stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Range of Returns for Different Asset Allocations

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The prior year reflects the meaningful volatility one can experience owning equities. Fixed income, too, on account of volatile yields



	0% EQ / 100% FI	10% EQ / 90% FI	20% EQ / 80% FI	30% EQ / 70% FI	40% EQ / 60% FI	50% EQ / 50% FI	60% EQ / 40% FI	70% EQ / 30% FI	80% EQ / 20% FI	90% EQ / 10% FI	100% EQ / 0% FI
Total Return	4.66%	6.07%	7.48%	8.90%	10.33%	11.76%	13.19%	14.63%	16.07%	17.52%	18.97%
Maximum Drawdown	-1.23%	-1.55%	-2.26%	-3.31%	-4.35%	-5.41%	-6.46%	-7.5%	-8.53%	-9.55%	-10.56%

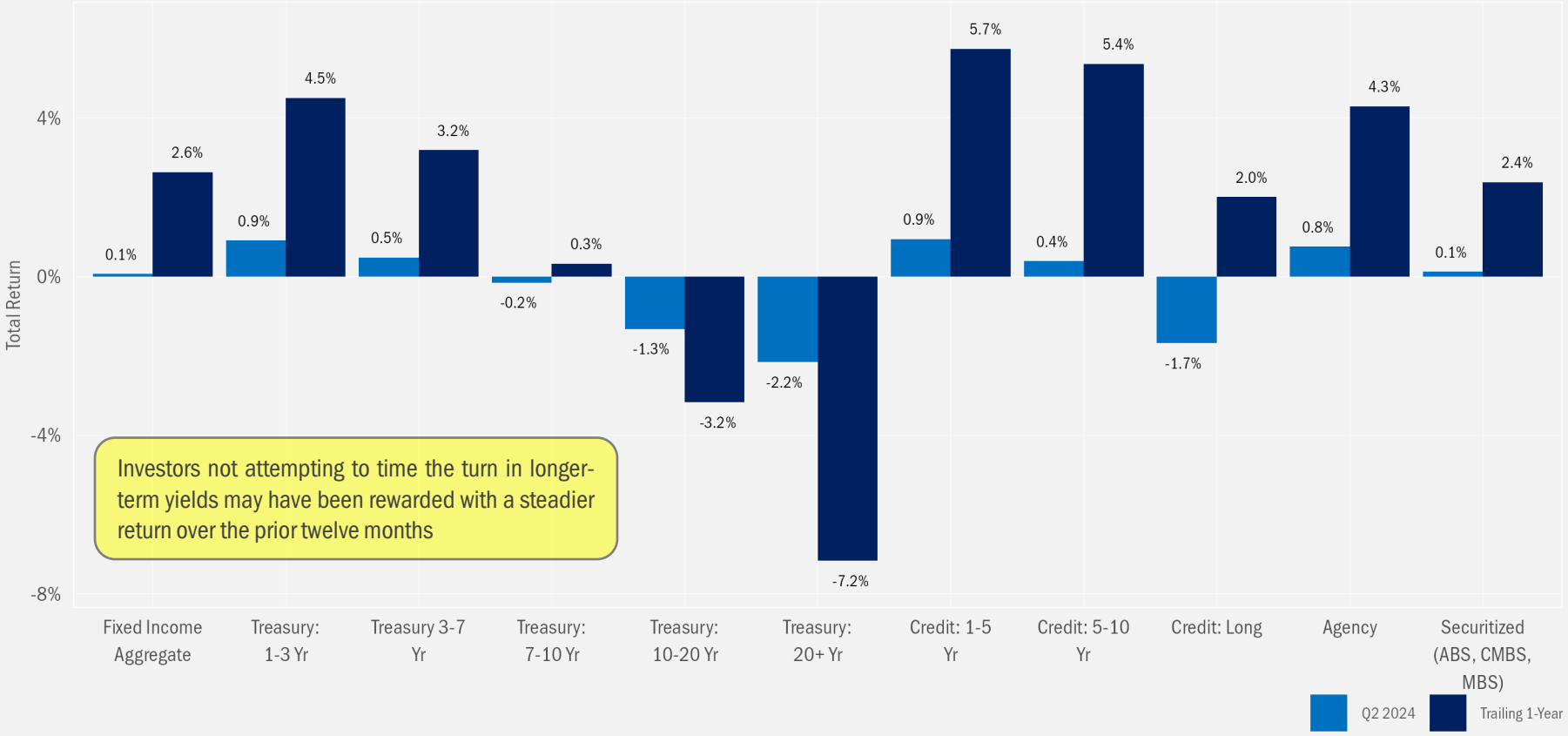
Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. The equity index used for this presentation is the Bloomberg World Large & Mid Cap Net Return Index. The fixed income index used for this presentation is the Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Fixed Income: Broad-Market Returns

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Relative performance yet again reflects the challenge in timing shifts in interest rates. Those who had bet on a more rapid decrease in yields likely failed to see those wagers pay off

Bloomberg U.S. Aggregate Bond Index and Sub-Index Performance



From 06.30.23 to 06.30.24. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

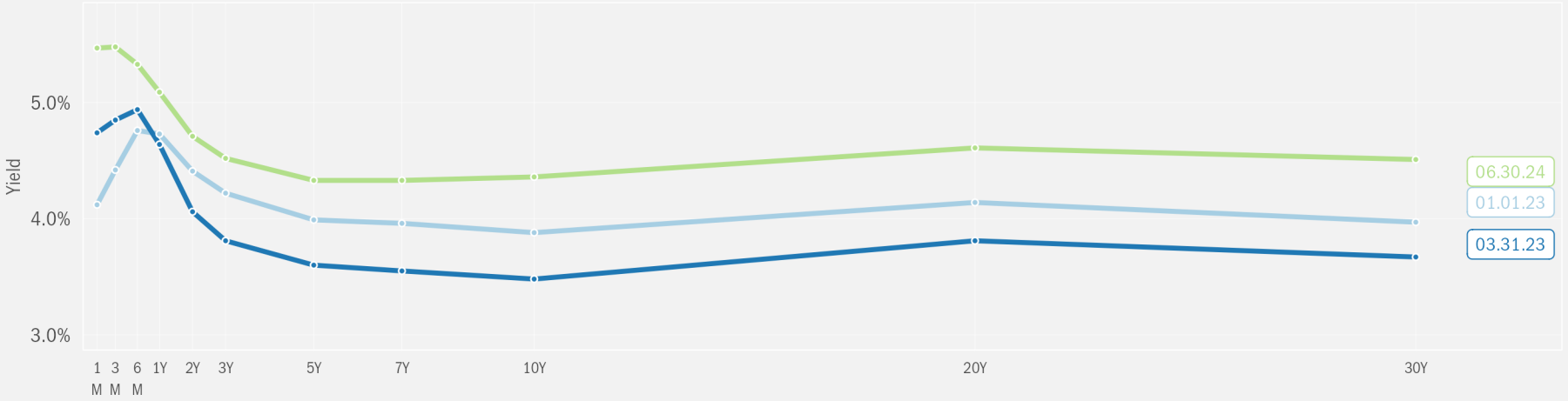
Interest Rates: U.S. Treasury Rates

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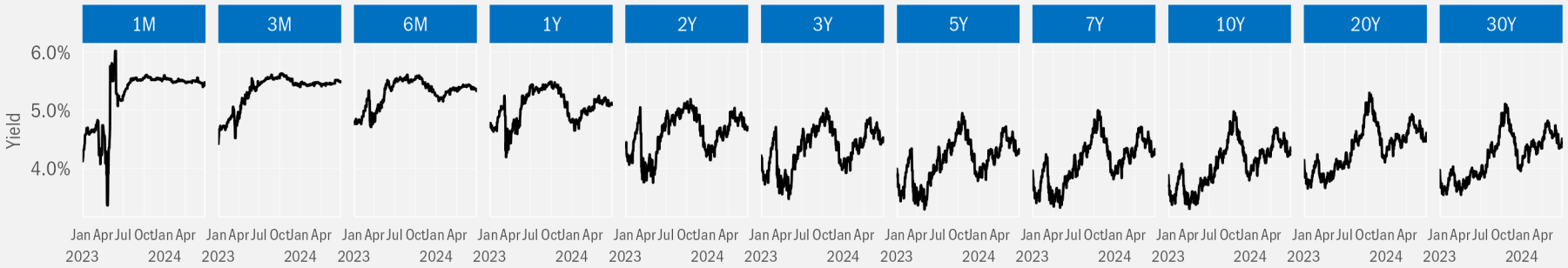
While not near the peaks set last October, yields have remained range-bound as investors have come to accept stickier inflation and have gained a general sense that longer-term yields may want to be higher than those we saw since the Great Financial Crisis

U.S. Yield Curve Shift

With longer-term rates near multi-decade highs, investors may wish to consider longer-term bond exposures



Change in Key Rates Over the Period

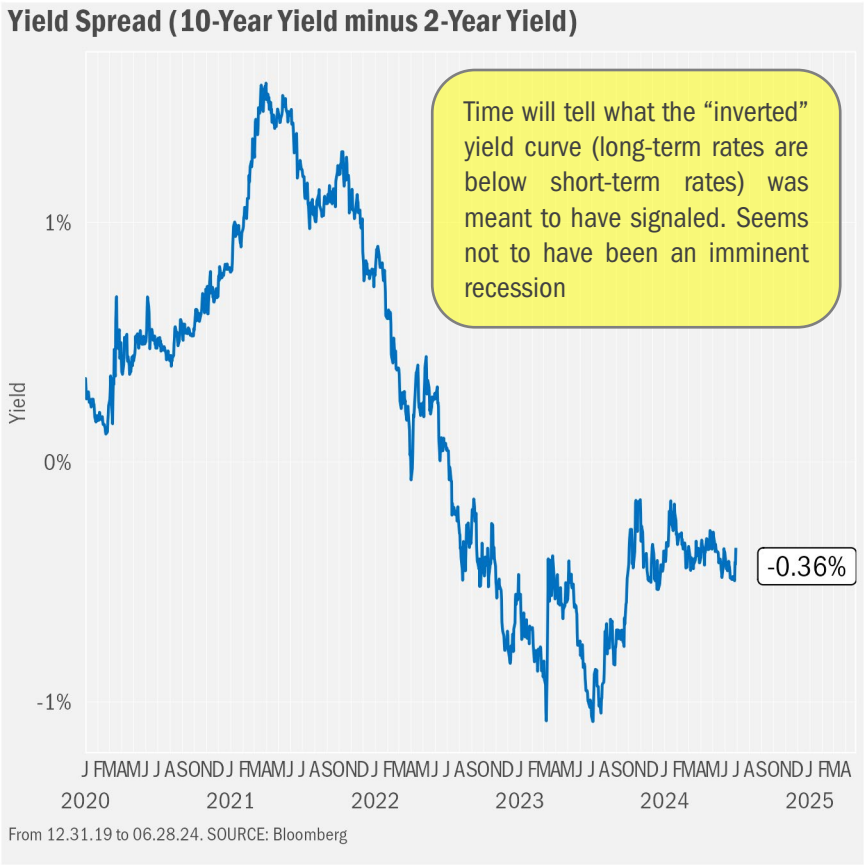


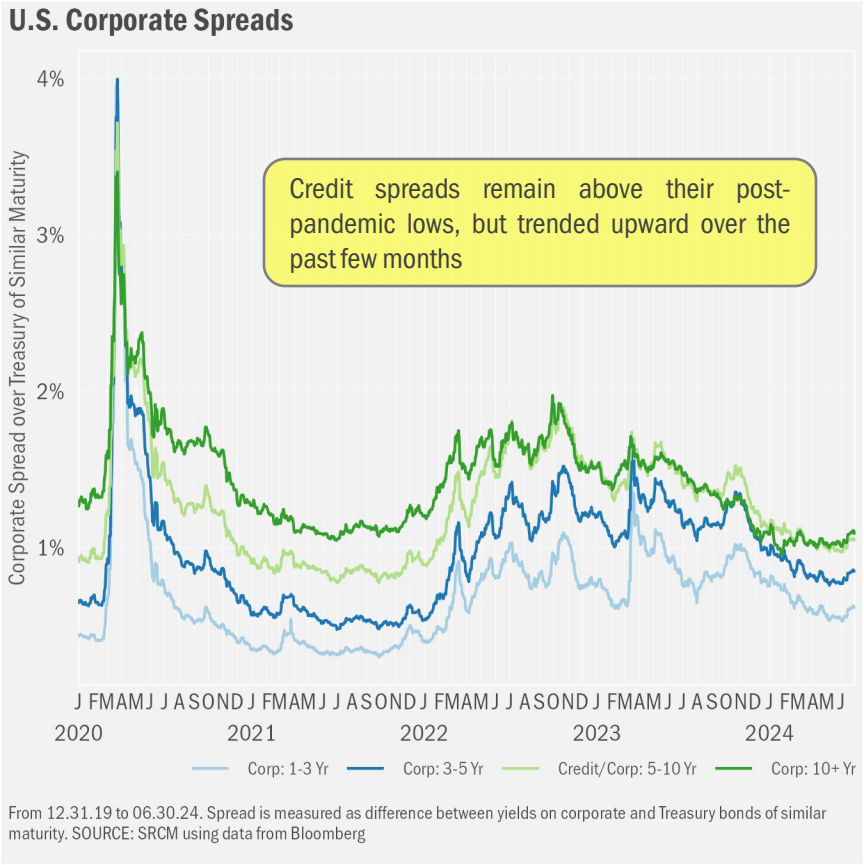
From 12.31.22 through 06.30.24. SOURCE: SRCM using data from Bloomberg

Interest Rates: Spreads

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Recession or no recession? Given history, one likely will come sooner or later. While maturity spreads seem to suggest sooner, credit spreads continue to project that a more immediate downturn is less likely



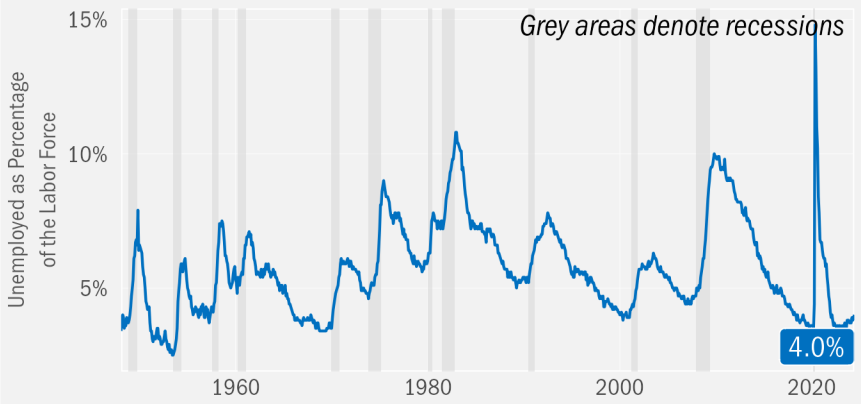


Macroeconomic Trends

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Labor markets are near as tight as they've been in the last half century

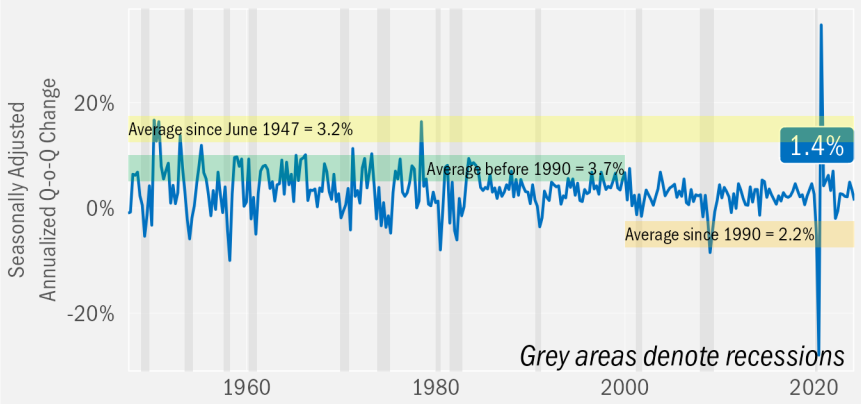
U.S. Civilian Unemployment Rate



From 01.31.48 to 05.31.24. SOURCE: U.S. Bureau of Labor Statistics via Bloomberg

Latest data show a still humming economy (best somewhat less robustly)

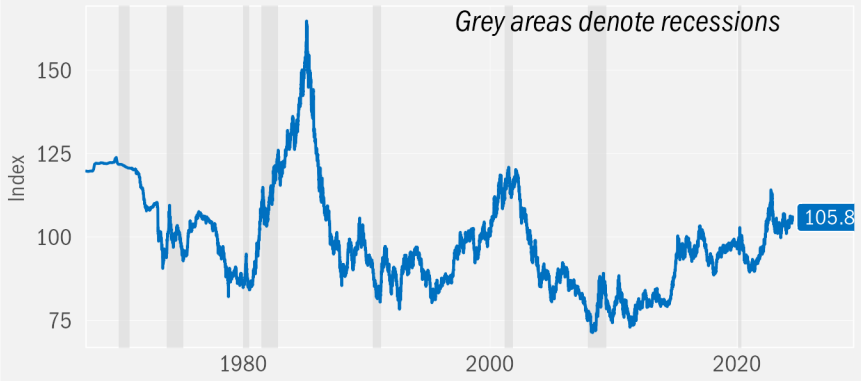
Real U.S. GDP



From 06.30.47 to 03.31.24. In 2009 dollars. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

The U.S. dollar remains near the strongest it's been in nearly 20 years

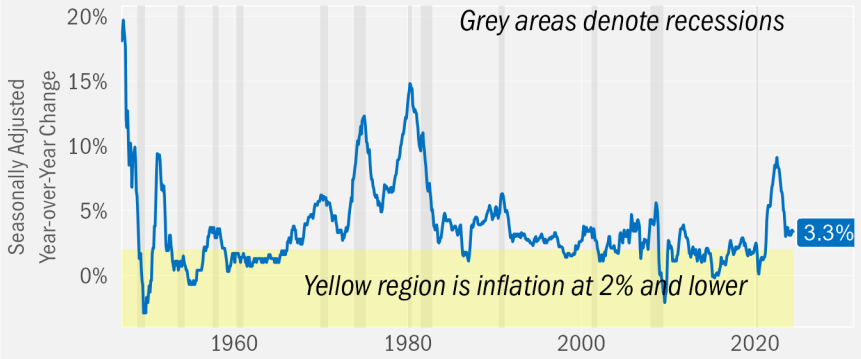
U.S. Dollar Index



From 03.31.67 to 06.28.24. The U.S. Dollar Index indicates the general int'l value of the USD as an average of the exchange rates between the USD and major world currencies.

Bumpier road to the Fed's preferred target of 2%?

Inflation: U.S. Consumer Price Index (CPI)



From 12.31.46 to 05.31.24. Year-over-year change in seasonally adjusted Consumer prices (CPI) as measured by prices paid by urban consumers for a market basket of consumer goods and services. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

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One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Asset classes and their respective indexes mentioned in this report include the following:

Domestic (U.S.) fixed income (Fixed Income Aggregate): The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

Global equity (stocks): Bloomberg World Large & Mid Cap Net Return Index is a float market-cap-weighted equity benchmark that covers 85% market cap of the measured market.

The MSCI ACWI Index captures large- and mid-cap representation across 23 Developed Markets and 23 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.

Developed markets equity (stocks): Bloomberg Developed Markets Large & Mid Cap Total Return Index is a float market-cap-weighted equity benchmark that covers 85% market cap of the measured market.

Emerging markets (EM) equity (stocks): Bloomberg Emerging Markets Large & Mid Cap Total Return Index is a float market-cap-weighted equity benchmark that covers 85% market cap of the measured market.

Domestic (U.S.) equity: Bloomberg U.S. 3000 Total Return Index is a float market-cap-weighted benchmark of the 3000 most highly capitalized U.S. companies.

Domestic (U.S.) large-cap equity: Bloomberg U.S. Large Cap Total Return Index is a float market-cap-weighted benchmark of the 500 most highly capitalized U.S. companies. “Value” and “Growth” versions of this index are constructed as described in the “Bloomberg Value and Growth Indexes” note below. May be referred to as “Large” in a section specifically describing only U.S. stocks.

Domestic (U.S.) mid-cap equity: Bloomberg U.S. Mid Cap Total Return Index is a float market-cap-weighted benchmark of the lower 800 in capitalization of the Bloomberg U.S. 1000 Index. “Value” and “Growth” versions of this index are constructed as described in the “Bloomberg Value and Growth Indexes” note below. May be referred to as “Mid” in a section specifically describing only U.S. stocks.

Domestic (U.S.) small-cap equity: Bloomberg U.S. 2000 Total Return Index is a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index. “Value” and “Growth” versions of this index are constructed as described in the “Bloomberg Value and Growth Indexes” note below. May be referred to as “Small” in a section specifically describing only U.S. stocks.

Bloomberg Value and Growth Indexes are float market-cap-weighted indexes based on an equal-weighted combination of four factors: earnings yield, valuation, dividend yield and growth.

International equity (stocks): Bloomberg World ex U.S. Large & Mid Cap Net Return Index is a float market-cap-weighted equity benchmark that covers 85% market cap of the measured market.

International large-cap equity (stocks): The MSCI ACWI ex USA Large Cap Index captures large-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country. May be referred to as international large-cap stocks, “World ex. U.S. Large-Cap”, and/or “Large” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International mid-cap equity (stocks): The MSCI ACWI ex USA Mid Cap Index captures mid-cap representation across 22 of 23 Developed Markets (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country. May be referred to as international mid-cap stocks, “World ex. U.S. Mid-Cap”, and/or “Mid” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

International small-cap equity (stocks): The MSCI ACWI ex. USA Small Cap Index captures small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S. May be referred to as international small-cap stocks, “World ex. U.S. Small-Cap”, and/or “Small” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

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International Stocks (page 5): The MSCI ACWI ex USA Investable Market Index (IMI) captures large-, mid- and small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 99% of the global equity opportunity set outside the U.S. May be referred to as “World ex. U.S.”, “international equity”, “international stocks” and/or “All Stocks” in a section specifically describing only international stocks. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below.

MSCI Value and Growth Indexes: The value investment style characteristics for MSCI index construction are defined using the following variables: book value to price, 12-month forward earnings to price and dividend yield. The growth investment style characteristics are defined using the following variables: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend. The objective of the MSCI Value and Growth Indexes design is to divide constituents of an underlying market capitalization index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying index. The market capitalization of each constituent should be fully represented in the combination of the value index and the growth index, and, at the same time, should not be double-counted. One security may, however, be represented in both the value index and the growth index at a partial weight.

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