

Executive Summary:

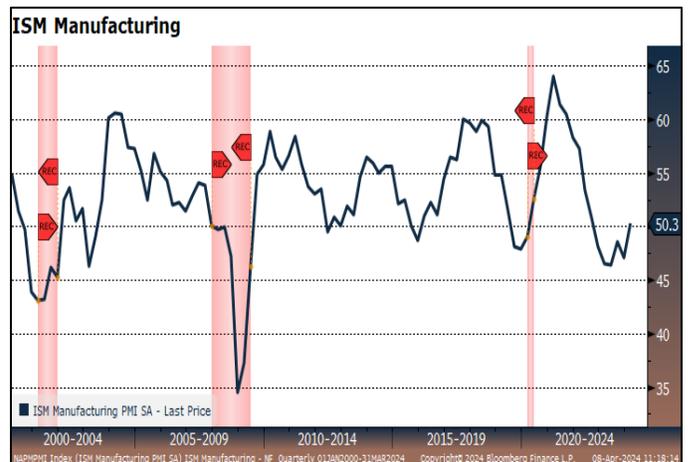
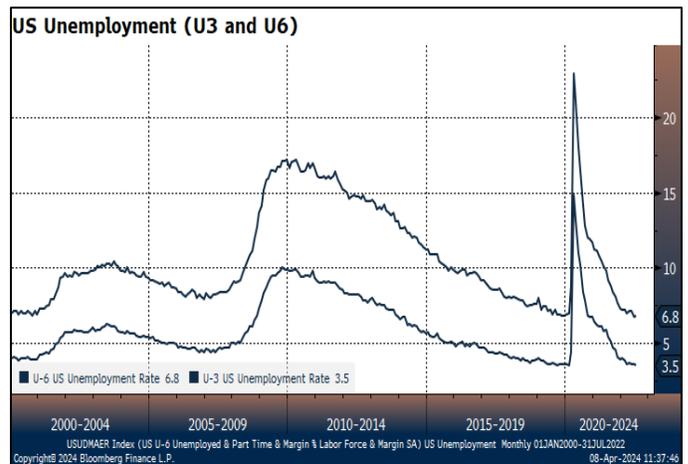
- Stocks continued to reach new all-time highs in March, with underlying participation in the rally expanding, as 70% of NYSE stocks exceeded their own 200-day moving average.
- Economic data continues to be positive, indicating a healthy labor market and improving manufacturing sector.
- Following a robust 2023 and start to 2024, equity markets may be fully priced in the short term.

The first quarter of 2024 was positive for the S&P 500, reaching multiple new all-time highs after gaining another 3.2% in March. Positive returns were seen across all major equity benchmarks, with the large-cap S&P 500, developed international MSCI EAFE, and small-cap Russell 2000 up 10.6%, 5.8%, and 5.2%, respectively. While U.S. large-cap growth stocks continue to lead, the broadening of performance is encouraging. The equal-weighted S&P 500, versus the traditional market-cap-weighted benchmark, was up 7.9% in the quarter.

The March U.S. employment report showed total nonfarm payrolls increasing by 303,000 jobs, surpassing economists' estimates of 214,000. The unemployment rate also slightly declined to 3.8%. Both reports indicate that the labor market remains strong and should continue to drive economic growth through consumer spending. However, the markets may interpret good news as bad news, as expectations for rate cuts from the FOMC have decreased from six cuts, or approximately 150bps, at the beginning of the year to now expecting only two or three rate cuts totaling 50-75bps by year end. This expectation is more in line with our outlook from the beginning of the year. The fact that the markets have repriced less accommodation by the Fed without an equity market drawdown is encouraging.

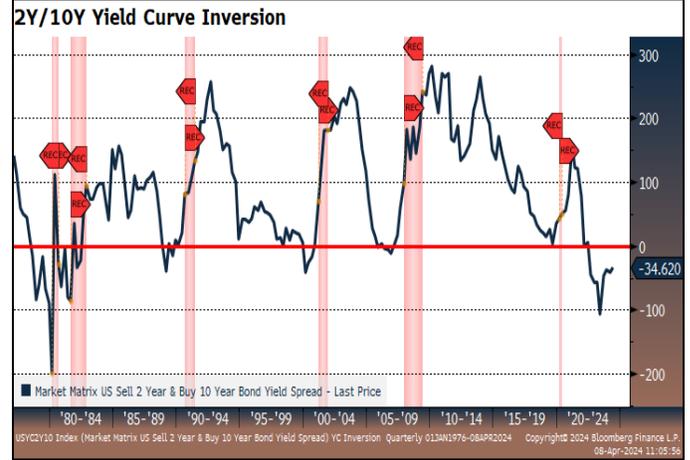
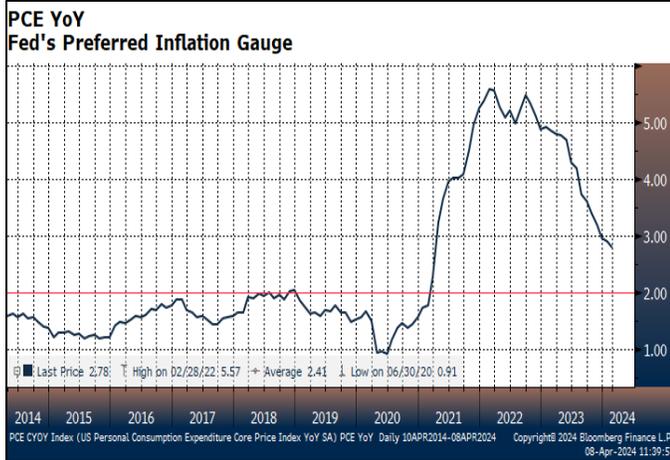
Manufacturing also improved during the quarter, with the ISM Manufacturing PMI once again signaling expansion with a reading of 50.3. This marked the first time the index had been above the 50-level threshold, signaling expansion, since October 2022.

We believe the equity markets have fully priced out the potential for a recession. However, this has left some sectors and stocks trading at valuations that leave little



April 2024

margin for error, especially in the coming weeks and during Q2 earnings season. Within fixed income, the yield curve remains inverted, reflecting the Fed's restrictive policy aimed at achieving its goal of 2% inflation. The recent positive economic data has led to a lift in longer-term yields. As a result, the 3-month to 10-year inversion stands at 95bps, while the 2-year to 10-year inversion is at 34bps. Higher interest rates are making bonds more attractive, which could pose a challenge to stock market performance in the near term.



SECTORS	2023	YTD	EQUITY INDICES	2023	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	55.80%	19.13%	S&P 500 INDEX	26.26%	9.48%	WTI CRUDE FUTURE May24	86.91	18.98%
S&P 500 CONS DISCRET IDX	42.30%	3.77%	DOW JONES INDUS. AVG	16.18%	3.79%	BRENT CRUDE FUTR Jun24	91.17	17.25%
S&P 500 CONS STAPLES IDX	0.52%	4.67%	NASDAQ COMPOSITE	44.70%	8.56%	NATURAL GAS FUTR May24	1.79	-22.80%
S&P 500 ENERGY INDEX	-1.42%	17.31%	S&P 400 MIDCAP INDEX	16.39%	8.10%	LME COPPER 3MO (\$)	9,329.50	9.00%
S&P 500 FINANCIALS INDEX	12.10%	11.18%	RUSSELL 1000 GROWTH INDX	42.67%	10.64%	Gold Spot \$/Oz	2,329.75	12.60%
S&P 500 HEALTH CARE IDX	2.06%	5.22%	RUSSELL 1000 VALUE INDEX	11.41%	7.51%	Silver Spot \$/Oz	27.48	15.16%
S&P 500 INDUSTRIALS IDX	18.08%	10.52%	RUSSELL MIDCAP RT INDEX	17.19%	7.00%	Euro Spot	1.08	-1.75%
S&P 500 INFO TECH INDEX	57.84%	11.44%	RUSSELL 2000 INDEX	16.88%	2.39%	British Pound Spot	1.26	-0.71%
S&P 500 MATERIALS INDEX	12.55%	8.77%	MSCI ACWI ex US	15.62%	3.85%	Japanese Yen Spot	151.62	-7.10%
S&P 500 REAL ESTATE IDX	12.27%	-3.23%	MSCI EAFE	18.95%	4.54%	DOLLAR INDEX SPOT	104.30	2.88%
S&P 500 UTILITIES INDEX	-7.08%	3.92%	MSCI EM	10.20%	2.71%			

Source: Bloomberg

As of: 4/8/2024

Total Return

Bloomberg Barclays Bond Indices	2022	2023	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	-13.01%	5.53%	-1.83%	6.23	8.50	5.00%	Effective Fed Funds	5.33%
Intermediate	-8.23%	5.24%	-0.70%	3.93	4.34	4.83%	2-yr Treasury	4.78%
Global Agg ex USD	-18.70%	5.72%	-3.61%	7.18	8.70	2.84%	10-yr Treasury	4.43%
Inv Grade Corporate	-15.76%	8.52%	-1.57%	7.21	10.81	5.45%	10-yr German Bund	2.43%
U.S. Corporate High Yield	-11.19%	13.45%	0.98%	3.70	4.86	7.84%	Prime Rate	8.50%
Tax Exempt								
Muni 1-10 Yr Blend (1-12)	-4.84%	4.61%	-0.79%	3.80	6.13	3.24%		

Source: Bloomberg

As of: 4/8/2024

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