



THE RECAP - Q1 2024

THE MARKETS

The first quarter of 2024 got off on the right foot for investors. Equity markets gained early in the year as market participants were cheering on expected rate cuts and the softest of soft landings. Domestically, the S&P 500 was the top performing broad index up 10.5%. International equities and small caps were positive in the first quarter as well, even though they lagged domestic large cap peers, they were up 4.6% and 5.1%, respectively.

When looking at what styles, factors, and sectors worked for the quarter, there were some familiar faces and big changes from the fourth quarter of 2023. Large cap growth was your top style up 11.3%, keeping its top spot for the fifth consecutive quarter. Momentum was your top factor up 19.5% building on its momentum from the fourth quarter. Energy was your top broad sector up 13.5% after a tough ending to 2023 and homebuilders continued their move higher and were the top subsector up another 14% in the first quarter.

Moving to fixed income, treasury yields were higher in the first quarter as rate cut expectations moderated. Despite moving higher, the overall shape of the curve was relatively the same and remains inverted. While the 2s/10s (2-year treasury / 10-year treasury yield) spread has improved (-0.39% as of this writing) from its deepest inversion in July of 2023 (-1.08%) it has been in negative territory now since July of 2022.

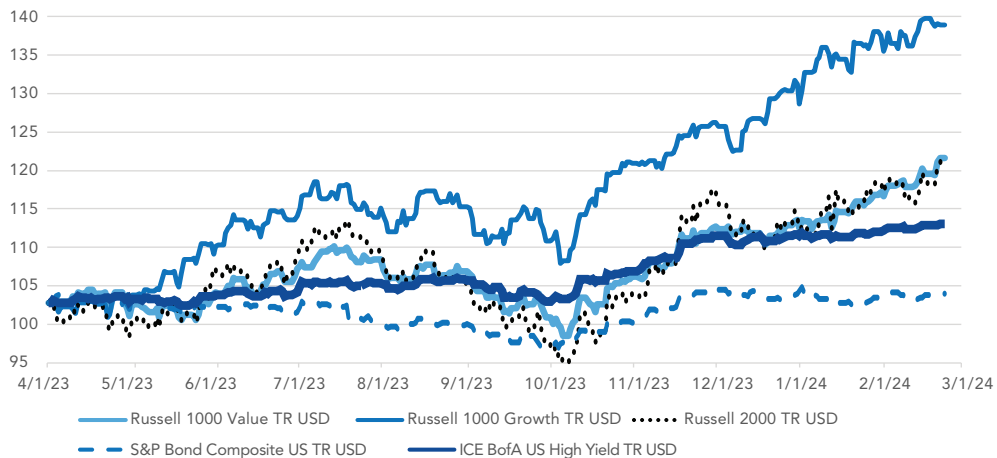
High yield was your top performing broad sector of fixed income up 1.4% for the quarter while the US Aggregate index was down 78 basis points. We believe that short-term treasuries (cash) remain an attractive place to position fixed income exposure as yields have remained around 5% and rate directions are all but certain today.

THE ECONOMY

In the first quarter, the economy began to show signs of life from a leading indicator perspective. The Conference Board Leading Economic Index (CBLEI) registered its first positive month-over-month change in two years in February 2024. The gain was driven by improvements in the Conference Board's Leading Credit Index, stock prices, and some employment data. With that in mind, the CB LEI is still in negative territory on year-over-year basis. Further, the ISM Index of New Orders, one of the most widely followed leading economic data points, has yet to recover which would give much more credence to positive reading for the month.

Inflation began to creep back into the minds of investors, and the Federal Reserve, this quarter as inflation measures came in above expectations. The higher-than-expected readings stoked fears that the inflation genie has not been put back into the bottle. This prompted the Federal Reserve to quickly address the inflation issue via their communication with Wall Street. In the many press conferences and interviews, Jerome Powell reiterating the Fed's commitment to curbing inflation and doing what is necessary to hit their goal of 2% target inflation. The result was a reduction in the number of rate cuts expected via the Fed's dot plot from the end of 2023 (i.e. moving the target Federal Funds Rate for year end 2024 higher). All in all, the Fed pickle is alive and well, will they prioritize curbing inflation, risking capping economic recovery? Or will they let the economy continue humming along, risking another rise in inflation?

Market Performance



Broad Market Equities	March 24	February 24	January 24	QTD	YTD
S&P 500	3.78	3.65	1.68	10.56	10.56
Nasdaq 100	2.21	3.36	1.89	8.72	8.72
Dow Jones Industrial	2.38	1.66	1.31	6.14	6.14
Russell 2000	4.34	3.07	-3.89	5.18	5.18
Russell 3000	3.79	3.65	1.11	10.02	10.02
Developed International	3.88	2.39	-0.36	5.12	5.12
Emerging International	1.97	3.72	-3.55	2.03	2.03

Equity Factors/Styles

Large Cap Value	5.38	2.57	0.10	8.99	8.99
Large Cap Growth	2.45	4.59	2.49	11.41	11.41
Momentum Factor	4.15	8.13	5.61	19.68	19.68
Quality Factor	3.08	5.00	2.26	11.86	11.86
High Beta Equities	5.90	3.07	-2.45	6.92	6.92
Low Volatility Equities	2.83	0.99	0.99	5.84	5.84
Dividend Growth Equities	4.09	1.96	1.30	8.55	8.55

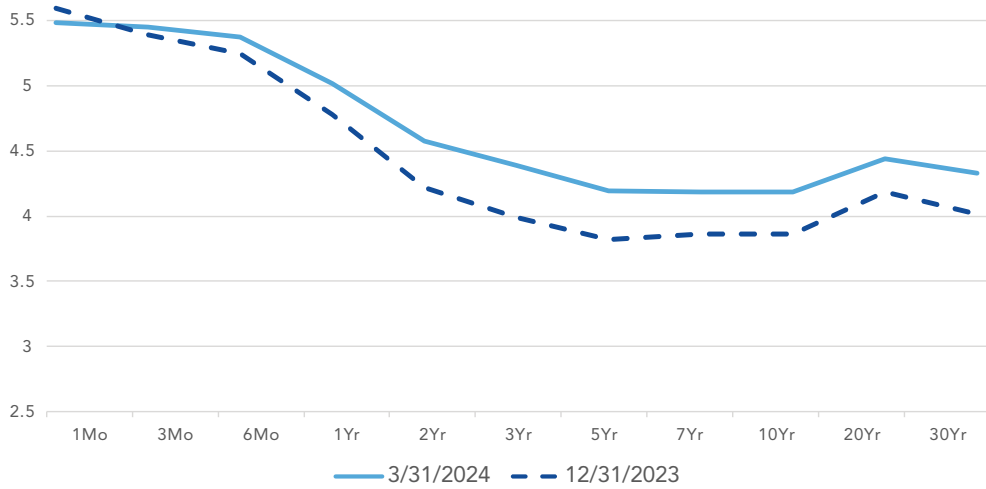
Fixed Income

Bloomberg US Aggregate	1.07	-0.96	-0.27	-0.78	-0.78
High Yield Bond Index	1.29	0.23	0.02	1.51	1.51
Intermediate Treasuries	0.86	-1.31	0.02	-1.35	-1.35
Investment Grade Corporate	1.71	-1.60	-0.20	-0.72	-0.72
Treasury Bills	0.47	0.44	0.44	1.32	1.32

Currencies/Commodities

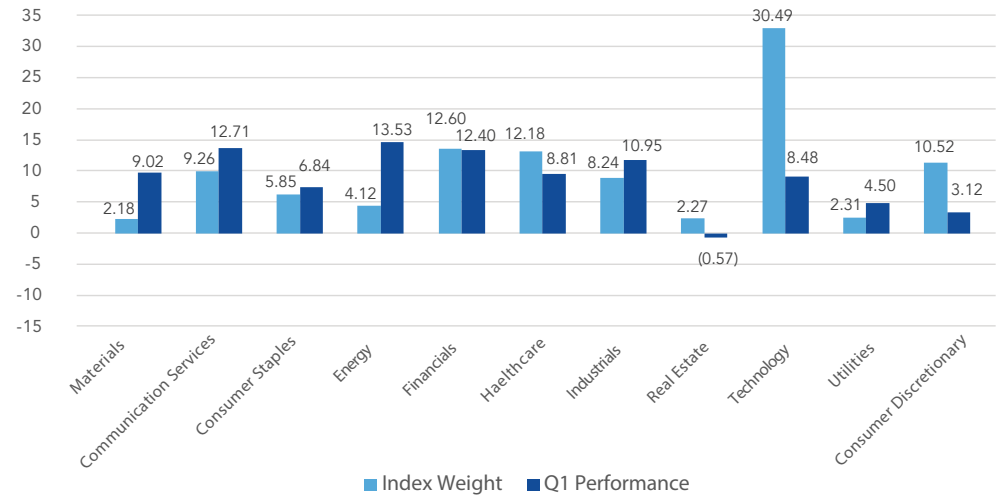
Commodities	3.37	-1.75	0.40	2.19	2.19
US Dollar	1.13	1.30	2.53	4.94	4.94
Gold	8.95	0.24	-1.21	6.54	6.54
Brent Crude Oil	4.54	0.91	6.06	13.55	13.55

Yield Curve Changes



Source: Morningstar Direct 3/31/2024

S&P 500 Sector Performance and Weighting



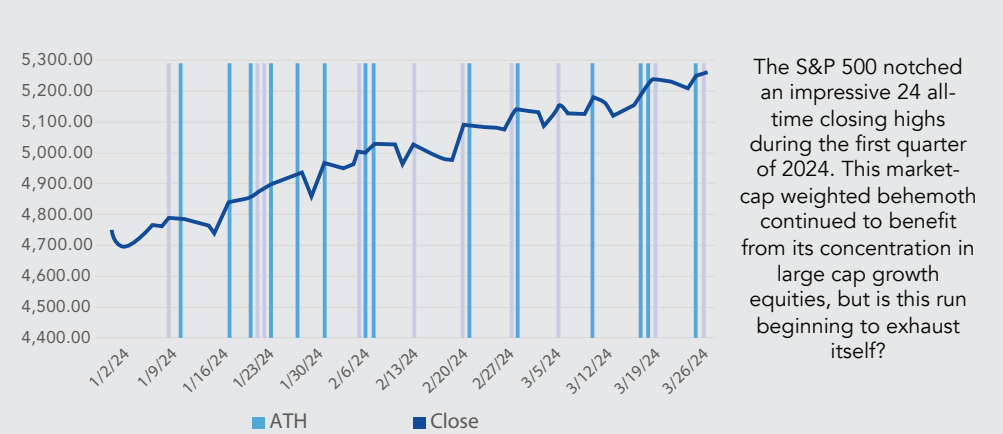
Source: Morningstar Direct 3/31/2024

Crazy for Cocoa Puffs Futures?



Source: Stock Charts 3/31/2024

S&P 500 All Time Closing Highs Dueing Q1 2024



Source: : Morningstar Direct 3/31/2024

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