

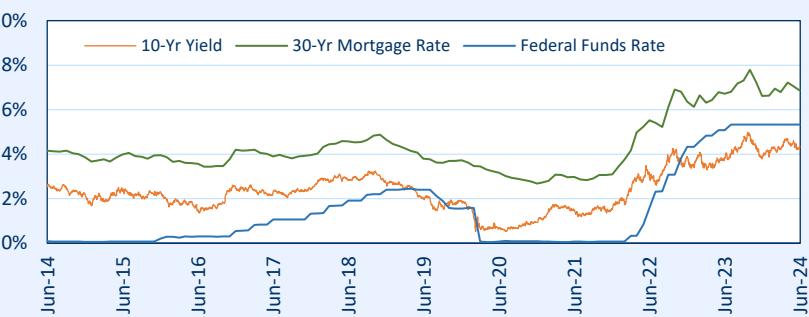
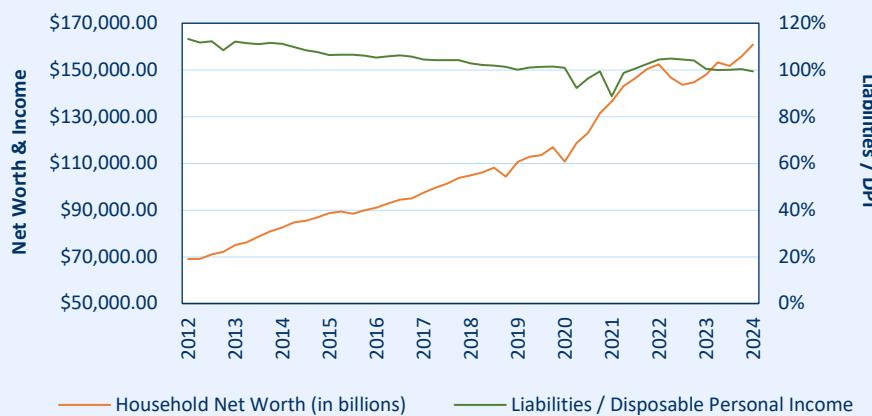
U.S. Economic Conditions

Following stronger than expected growth in 2023, the U.S. economy continued to expand in the 1st half of 2024 - albeit at a more moderate pace. The economy's resiliency in the face of much higher interest rates has been a surprise to economists nationally and policymakers at the Federal Reserve (who predicted in late 2023 that they would reduce interest rates six times in 2024). What seems to have been underestimated has been the degree to which consumers would creatively continue to spend - even with higher prices and interest rates - in a way that has made inflation stickier than the Fed predicted. Fortunately, there was positive news on the inflation front in the 2nd quarter of 2024, and this is contributing to confidence that the Fed will start to loosen financial conditions by reducing rates in September of this year (with the intent of ensuring that we experience a soft landing as they reach their 2.0% inflation target). The U.S. stock market has been positively responding to this possibility over the short term. However, investors should be mindful that there are so many variables in the mix currently that even a more certain economic forecast could be derailed by unexpected changes in a key input (such as geopolitical risks, tax or regulatory changes from the election, etc.).

U.S. Gross Domestic Product and Unemployment

Interest Rates and Yields

Date	6/30/2023	12/31/2023	3/31/2024	6/30/2024
10-Year Yield	3.81	3.88	4.20	4.36
30-Year Mortgage Rate	6.71	6.61	6.79	6.86
Federal Funds Rate	5.08	5.33	5.33	5.33

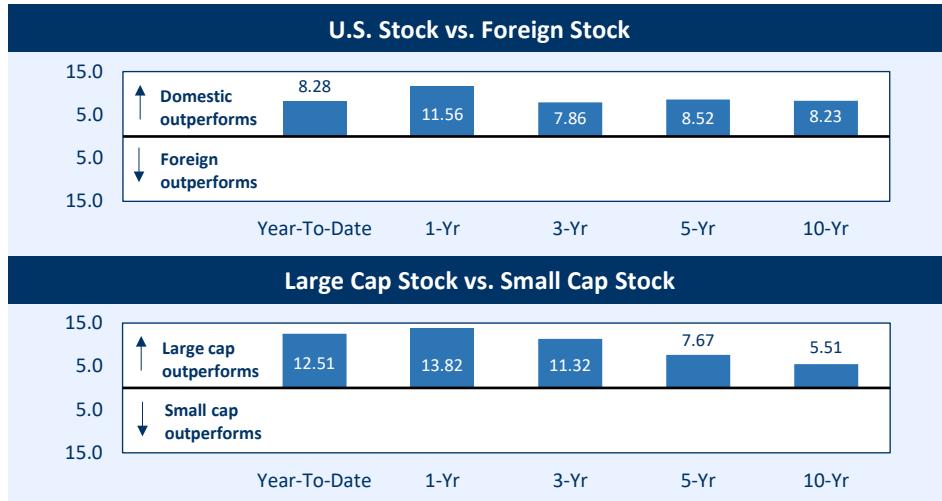

Consumer Finances

Corporate Earnings


U.S. Stock Market

Broadly speaking, U.S. equity market performance was favorable in the 1st half of 2024. However, as was the case in 2023, the advance in broader market indices (e.g., the S&P 500) was driven by an underlying (and concentrated) rally in large growth stocks. And while there is some justification for higher prices in this market segment - given favorable earnings from Tech companies and optimism related to Artificial Intelligence - investors may not have a full grasp of how stretched valuations have become for Tech stocks (see the top-right table below). With this said, it is important to note that valuations are not as misaligned with historical averages in other areas of the U.S. market. More specifically, while the Tech stock run has pushed up the forward price-to-earnings (P/E) ratio for the S&P 500 Index (large cap blend stocks) to 134% of its 20-year average, the same valuation measure for the Russell Mid Cap Index (mid cap blend stocks) is 104%, and it is 102% for the Russell 2000 Index (small cap blend stocks). We mention this because valuations are a key driver of forward returns, and there is also less price protection (from market volatility) when valuations are tighter. We believe the latter point is important to mention since the U.S. election, Fed policy decisions, and geopolitical concerns could all trigger volatility prospectively. For this reason, aligning allocation with time horizon and maintaining proper diversification is as important as ever.

Market Segment		YTD	1-Year	3-Year	5-Year	10-Year
Russell 3000	Broad Indices	13.6%	23.1%	8.1%	14.1%	12.1%
S&P 500		15.3%	24.6%	10.0%	15.0%	12.9%
Russell 2000		1.7%	10.1%	-2.6%	6.9%	7.0%
Large Growth		17.6%	29.1%	6.1%	15.1%	13.4%
Large Blend		12.6%	21.4%	8.0%	13.3%	11.2%
Large Value		7.3%	14.8%	6.5%	9.9%	8.4%
Mid Growth		5.8%	12.5%	-2.4%	8.6%	9.4%
Mid Blend		5.6%	13.2%	3.4%	9.4%	8.2%
Mid Value		3.7%	11.7%	5.0%	9.3%	7.3%
Small Growth		4.8%	9.1%	-4.4%	7.5%	8.5%
Small Blend	Category	2.2%	10.4%	0.9%	8.1%	7.1%
Small Value		0.5%	11.2%	2.9%	9.2%	6.5%

Sector	YTD Return	Forward Price-to-Earnings Ratio		
		Jun. 30 2024	20-yr Avg	Relative to 20-yr Avg.
S&P 500 Index	15.3%	21.0	15.7	134%
Basic Materials	1.7%	19.5	15.0	130%
Consumer Cyclical	2.8%	24.5	19.7	124%
Financial Services	10.3%	15.1	12.5	121%
Real Estate	-2.4%	16.5	17.1	96%
Comm. Services	17.2%	19.4	18.7	104%
Energy	10.5%	12.0	13.5	89%
Industrials	7.2%	20.5	16.3	126%
Technology	26.0%	30.4	18.0	169%
Consumer Defensive	8.7%	20.0	17.5	114%
Healthcare	7.2%	19.0	15.0	127%
Utilities	9.6%	16.4	15.7	104%



Foreign Economic Conditions & Stock Markets

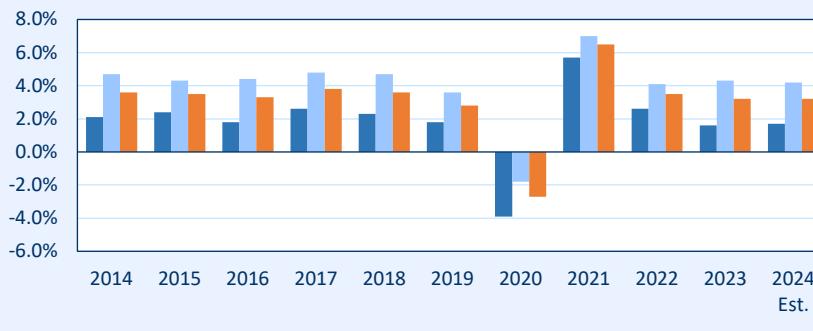
After a more challenging year (overall) for foreign economies in 2023, the economic outlook overseas appears to be improving. Specifically, global manufacturing data is now in expansionary territory after spending most of last year in contraction. European growth has been stronger in 2024, and in Japan, nominal GDP growth has surpassed China's for the first time in 30 years. Regarding China, the country's growth has been weaker than long-term averages, but Chinese economic data has also been stabilizing in recent months. From an equity market perspective, foreign stocks posted positive single digit returns in the 1st half, but broader foreign indices continued to trail domestic indices by a wide margin through midyear. This has been the case for more than a decade, which is illustrated by the large gap in the 10-year average in the chart on the bottom-right of this page (blue shading and left axis). Lastly, from a regional perspective, Emerging Markets stocks had a strong 2nd quarter (particularly certain Asian markets), and they are now outperforming Developed Market stocks through the 1st half of 2024 (a reversal of what has generally occurred over the past 10 years).

Currency Impact on Foreign Investment (made by U.S. investors)



Return	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
In Local Currency	1.9%	7.0%	18.2%	-10.6%	20.8%	6.0%	13.0%	-9.6%	14.1%	10.6%
Currency Impact	-7.6%	-2.5%	9.0%	-3.6%	0.7%	4.7%	-5.2%	-6.4%	1.5%	-4.9%
Net In U.S. Dollars	-5.7%	4.5%	27.2%	-14.2%	21.5%	10.7%	7.8%	-16.0%	15.6%	5.7%

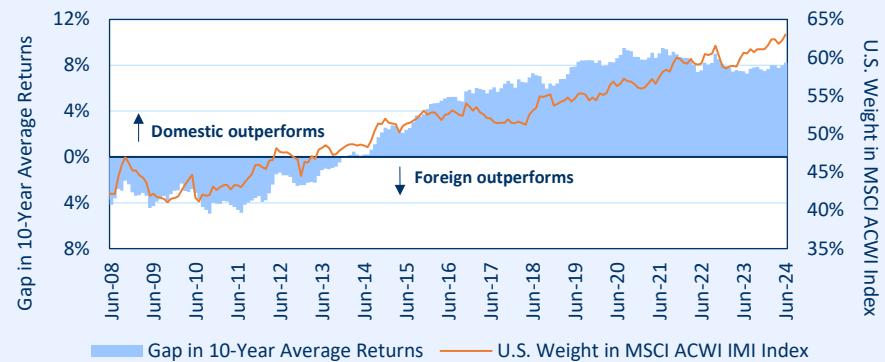
Global Gross Domestic Product



Foreign Stock Performance

Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
MSCI ACWI ex-U.S. IM	5.3%	11.6%	0.2%	5.6%	3.9%
Developed Markets	4.7%	11.0%	2.0%	6.1%	4.3%
	7.4%	13.6%	-4.1%	3.9%	3.1%
	6.4%	9.9%	-2.3%	6.2%	5.4%
Emerging Markets	5.4%	10.6%	1.2%	5.9%	4.2%
	4.0%	10.9%	3.6%	6.1%	3.2%
	1.5%	6.9%	-6.8%	4.0%	4.2%
	2.5%	9.1%	-2.1%	5.1%	3.9%
	3.7%	13.1%	2.6%	6.7%	4.1%
Foreign Large Growth					
Foreign Large Blend					
Foreign Large Value					
Foreign Small/Mid Growth					
Foreign Small/Mid Blend					
Foreign Small/Mid Value					

Foreign vs. U.S. Performance and Allocation

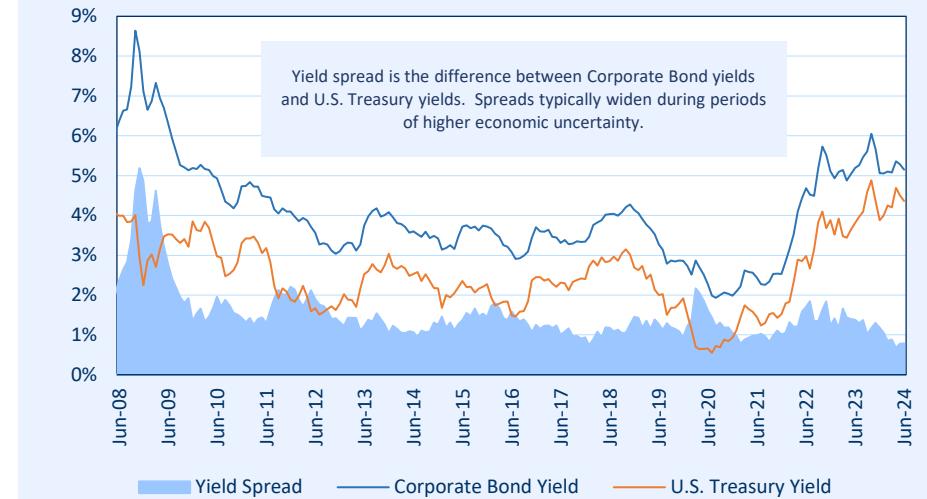
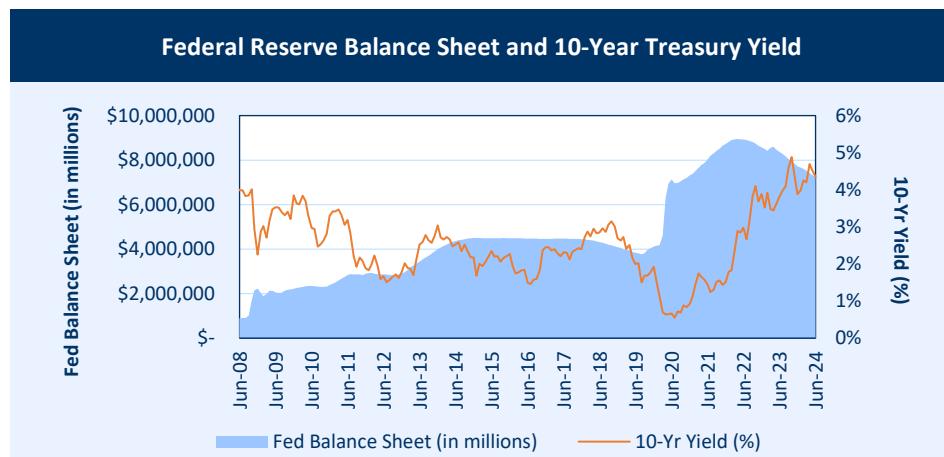
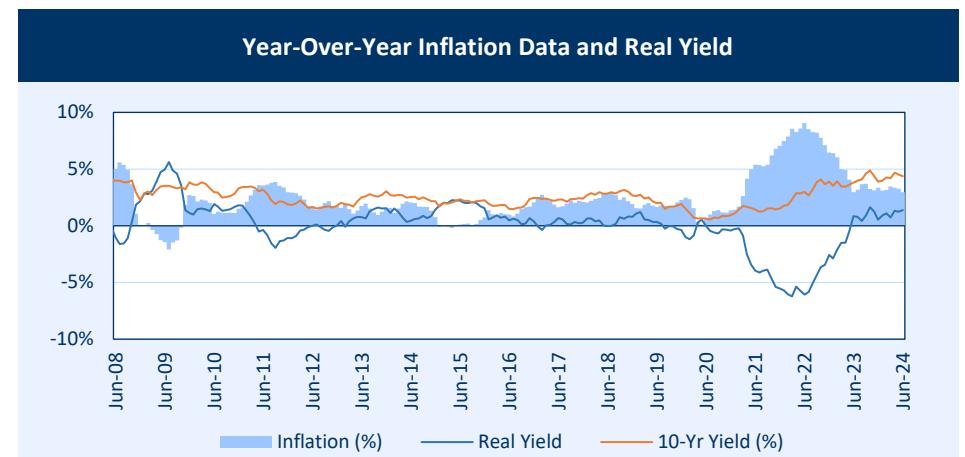


Fixed Income Markets

Bond returns have been mixed through midyear as the rise in interest rates has had varying degrees of impact on performance. As a reminder, interest paid on bonds (the income side of the bond) helps to offset any potential loss that occurs on the price side of the bond when interest rates rise (higher rates make newly issued bonds more attractive than existing bonds owned by investors, so existing bond prices often take a hit). Therefore, sectors that provide more income (like High-Yield Corporate) have more insulation from price declines - which played out in the 1st half of 2024. Regarding rate levels, the 10-year Treasury Yield began the year at 3.88%, rose to as high as 4.70% in late-April, and finished the 1st half at 4.36%. From a maturity perspective, short to medium-term bonds have held up better than long-term bonds (since they are less sensitive to rate increases), while High-Yield and Emerging Markets bonds posted the highest returns (though still modest overall). With regard to the interest rate outlook, Federal Reserve policymakers held rates steady in their latest June meeting, but as mentioned earlier, the lower inflation readings in the 2nd quarter are leading to consensus that the Fed will reduce rates in their upcoming September meeting (and may reduce rates again in November if data supports an additional adjustment).

Fixed Income Performance

Sector, Maturity, Region	Avg. Yield	Avg. Maturity	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Agency MBS	5.22%	7.7	0.8%	4.3%	-1.0%	0.7%	1.5%
U.S. Treasuries	4.68%	6.7	-0.4%	2.1%	-2.5%	-0.3%	0.9%
U.S. TIPS	2.08%	7.1	0.7%	2.7%	-1.3%	2.1%	1.9%
Municipals	3.72%	13.4	-0.4%	3.2%	-0.9%	1.2%	2.4%
Invest. Grade Corporate	5.48%	10.7	-0.5%	4.6%	-3.0%	0.6%	2.3%
High-Yield Corporate	7.91%	4.9	2.6%	10.4%	1.6%	3.9%	4.3%
Emerging Markets	8.41%	11.9	2.2%	8.0%	-2.2%	0.5%	2.5%
Short-Term Bond	3.95%	3.7	1.9%	6.0%	0.7%	1.6%	1.6%
Intermediate-Term Bond	4.12%	9.4	0.1%	3.8%	-2.8%	0.2%	1.5%
Long-Term Bond	4.60%	21.9	-2.4%	1.7%	-6.5%	-0.9%	2.2%
Foreign Bond	3.18%	8.9	0.7%	5.3%	-0.5%	0.5%	2.5%
U.S. Bond	5.00%	8.4	-0.7%	2.6%	-3.0%	-0.2%	1.3%

Yield Spreads

Federal Reserve Balance Sheet and 10-Year Treasury Yield

Year-Over-Year Inflation Data and Real Yield


Definitions:

Federal Funds Rate - The interest rate set by the Federal Open Market Committee (FOMC), the governing body of the Federal Reserve Bank, which determines the amount banks charge for overnight lending of their reserve balances to other financial institutions. **Disposable Personal Income (DPI)** - The amount of total discretionary income received by a household net of taxes. **Liabilities / DPI** - The amount of total debt owed by households in relation to their DPI, measured as the aggregate of the entire U.S. population.

Data Sources:
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Gross Domestic Product (GDP): Second quarter 2024 GDP is an advanced estimate from the U.S. Bureau of Economic Analysis. **Unemployment**: U.S. Bureau of Labor Statistics, Unemployment Rate, retrieved from FRED, Federal Reserve Bank of St. Louis. **10-Year Treasury**: U.S. Treasury, Daily Treasury Yield Curve Rates. **30-Year Mortgage Rates**: FreddieMac, Monthly Average Commitment Rate And Points On 30-Year Fixed-Rate Mortgages Since 1971. **Fed Funds Rate**: The effective federal funds rate (EFFR) is calculated as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates. Data from the Federal Reserve Bank of New York. **Household Net Worth**: Board of Governors of the Federal Reserve System (US), Households and Nonprofit Organizations; Net Worth, Level [TNWBSHNO], retrieved from FRED, Federal Reserve Bank of St. Louis. **Median Household Income**: U.S. Census Bureau, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis. **Liabilities / Disposable Personal Income**: Board of Governors of the Federal Reserve, Balance Sheet of Households and Nonprofit Organizations, 1952 - 2024. **Earnings**: Standard & Poor's Global.

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Index Data: Source - Morningstar Direct. Indices listed are as follows: Russell 3000 Index (broad U.S. market), S&P 500 (U.S. large cap), Large Growth (Russell 1000 Growth), Large Blend (Russell 1000), Large Value (Russell 1000 Value), Mid Growth (Russell Mid Cap Growth), Mid Blend (Russell Mid Cap), Mid Value (Russell Mid Cap Value), Small Growth (Russell 2000 Growth), Small Blend (Russell 2000), Small Value (Russell 2000 Value). **Sector Performance Data**: Source - Morningstar Direct. Represents Morningstar sector index performance. **Price to Earnings Data**: J.P. Morgan Guide to the Markets, p.14. **Factor Performance Data**: Source - Morningstar Direct. U.S. Stock vs. Foreign Stock (Russell 3000 vs. MSCI ACWI ex-U.S. IM Index), Growth vs. Value (Russell 3000 Growth vs. Russell 3000 Value Index), Large Cap Stock vs. Small Cap Stock (S&P 500 vs. Russell 2000 Index), Quality Stock vs. Low Quality Stock (S&P 500 Quality Index vs. S&P 500 Index).

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Gross Domestic Product: Source - imf.org. Gross Domestic Product (GDP) for Developed markets (advanced economies), Emerging markets (emerging and developing economies), and World represent year-over-year economic growth data. **Foreign Stock Performance**: Source - Morningstar Direct. In order from top to bottom, the indices used are as follows: the MSCI ACWI ex-U.S. IM Index (broad foreign market), the MSCI EAFE IM Index (Developed Markets), the MSCI EM IM Index (Emerging Markets), the MSCI ACWI ex-U.S. Large Growth Index, the MSCI ACWI ex-U.S. Large Blend Index, the MSCI ACWI ex-U.S. Large Value Index, the MSCI ACWI ex-U.S. Small/Mid Growth Index, the MSCI ACWI ex-U.S. Small/Mid Blend Index, and the MSCI ACWI ex-U.S. Small/Mid Value Index. **Currency Impact on Returns**: Source - Morningstar Direct. Represents the yearly returns for the MSCI ACWI ex-U.S. Local Currency Index (Local Currency) and the MSCI ACWI ex-U.S. USD Index (U.S. Dollar). The currency data represents the difference between the yearly returns of the MSCI ACWI ex-U.S. Index in U.S. dollars versus Local Currency. **Foreign vs. U.S. Performance and Allocation**: Source - Morningstar Direct. Represents 1) the 10-year rolling return difference between the Russell 3000 Index (domestic) and the MSCI ACWI ex-U.S. IM Index (foreign) and 2) the U.S. historical weight within the MSCI ACWI ex-U.S. Index.

Page 4:

Fixed Income Performance: Source - Morningstar Direct. Indices/categories listed are as follows: Agency MBS (Bloomberg US MBS Index), U.S. Treasuries (S&P/BGCantor U.S. Treasury Bond Index), U.S. TIPS (Bloomberg U.S. Treasury U.S. TIPS Index), Municipal (Bloomberg Municipal Index), Invest. Grade Corporates (Bloomberg US Corp Bond Index), High-Yield Corporates (Bloomberg High Yield Corporate Index), Emerging Markets (JPM EMBI Global Diversified Index), Short-Term Bond (Morningstar Short-Term Bond Category), Intermediate-Term Bond (Morningstar Intermediate Core-Plus Bond Category), Long-Term Bond (Morningstar Long-Term Bond Category), Foreign Bond (Bloomberg Global Agg ex USD Hedged USD), U.S. Bond (Bloomberg U.S. Aggregate Bond). **Yield Spreads**: Corporate Bond Yield - U.S. Department of the Treasury, 10-Year High Quality Market (HQM) Corporate Bond Par Yield [HQMCB10YRP], retrieved from FRED, Federal Reserve Bank of St. Louis. Treasury Yield / Real Yield - U.S. Treasury, Daily Treasury Yield Curve Rates. **Federal Reserve Balance Sheet Size & 10-Year Treasury Yield**: Fed Balance Sheet - Board of Governors of the Federal Reserve System (US), Assets: Total Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level [WALCL], retrieved from FRED, Federal Reserve Bank of St. Louis. **Inflation Data & Real Yield**: Source - inflationdata.com. U.S. Treasury, Daily Treasury Yield Curve Rates. Real yield represents the 10-Year Treasury Bond Yield less the year-over-year change in the Consumer Price Index (CPI).

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