

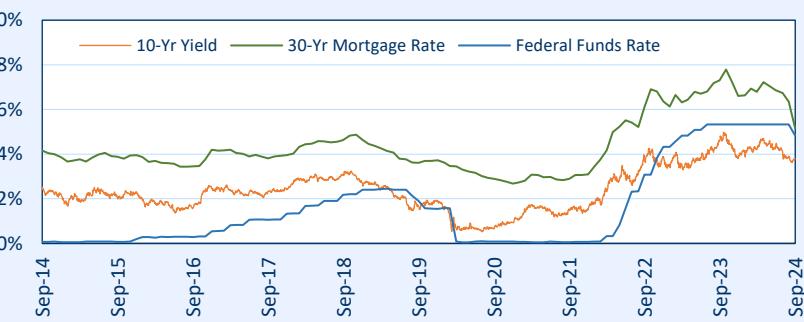
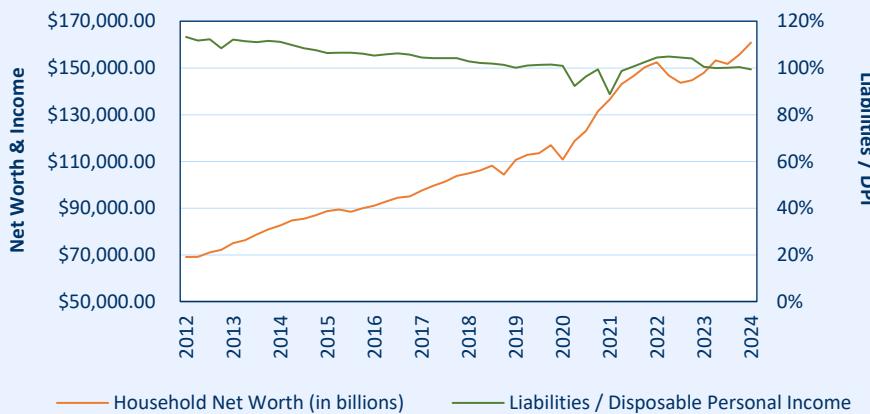
U.S. Economic Conditions

Following a resilient start to the year given the restrictive nature of monetary policy (interest rate levels), 3rd quarter U.S. economic results continued to indicate that a soft-landing is more probable than a recession. Specifically, overall growth as measured by GDP expanded at a moderate but respectable pace, and labor market conditions remained healthy - even though employment figures have modestly weakened in recent months. Additionally, the downward trend in inflation toward the Federal Reserve's 2% target - combined with signals of softening economic growth and labor market conditions - provided Fed policymakers with the evidence they needed to shift their policy to a less restrictive position. This process began at their latest September meeting, where rates were cut (by 0.5%) for the first time in four years - a move which was positively received by stock and bond investors as they celebrated the potential impact of less restrictive financial conditions in the quarters ahead. Moving forward, policymakers have indicated that they will watch economic signals closely as they further adjust policy. However, they must also factor in uncertainties associated with the upcoming election and geopolitical concerns around the world. *Their work is a balancing act we do not envy!*

U.S. Gross Domestic Product and Unemployment

Interest Rates and Yields

Date	12/31/2023	3/31/2024	6/30/2024	9/30/2024
10-Year Yield	3.88	4.20	4.36	3.81
30-Year Mortgage Rate	6.61	6.79	6.86	5.16
Federal Funds Rate	5.33	5.33	5.33	4.83

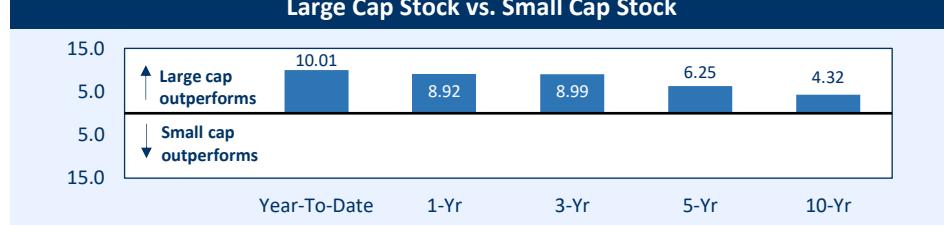
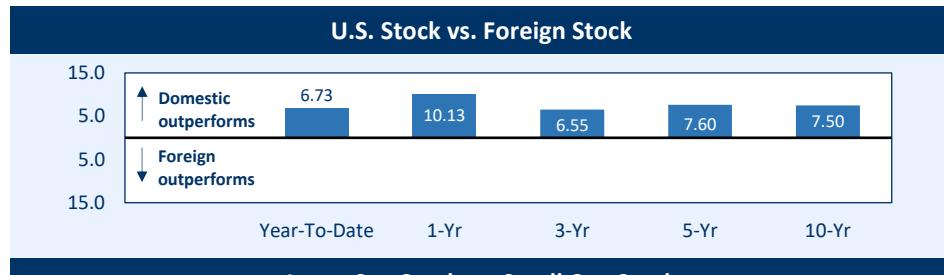

Consumer Finances

Corporate Earnings


U.S. Stock Market

U.S. stock market performance has been favorable for most of 2024, and this continued to be the case in the 3rd quarter. Most segments of the U.S. market have risen by double digits year-to-date (as illustrated by the various category/sector returns in the performance tables below). However, in a reversal of what has generally occurred in recent periods, smaller-cap stocks and more value-oriented areas of the market outperformed by a wide margin during the quarter (valuation levels likely drove this). The recent performance run has pushed up valuations - especially in large growth stocks and sectors like Technology, which have benefited from the optimism related to Artificial Intelligence. This being said, it is also important to mention that businesses fundamentals have been healthy (overall) and valuations are not as elevated in other market categories relative to history. For example, while the current trailing price-to-earnings (P/E) ratio as a percentage of its 20-year average is 140% for large caps, this measure is 113% for mid caps and 98% for small caps (as measured by the Russell Indices). We mention this because valuations are a key driver of returns, and there is also less price protection from a volatility standpoint when valuations are tighter.

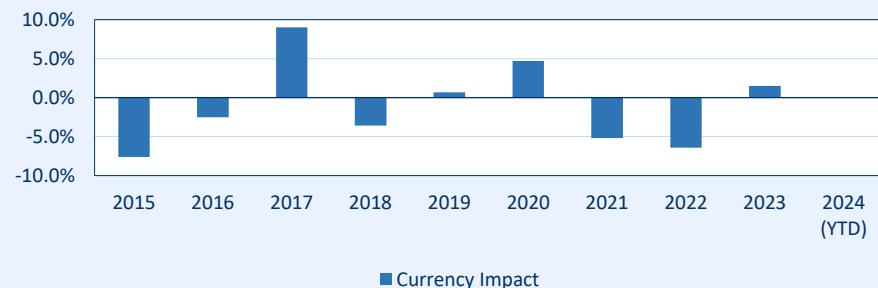
Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
Russell 3000	Broad Indices	20.6%	35.2%	10.3%	15.3%
S&P 500		22.1%	36.4%	11.9%	16.0%
Russell 2000		11.2%	26.8%	1.8%	9.4%
Large Growth		21.9%	38.8%	7.4%	16.1%
Large Blend	Category	19.3%	32.8%	10.1%	14.3%
Large Value		15.9%	27.1%	9.6%	11.2%
Mid Growth		12.7%	26.4%	0.0%	10.5%
Mid Blend		14.3%	27.6%	6.7%	11.2%
Mid Value		13.1%	25.8%	8.5%	11.0%
Small Growth		12.7%	25.7%	-1.4%	10.0%
Small Blend		10.9%	25.0%	4.4%	10.2%
Small Value		8.7%	22.7%	6.5%	11.0%
					8.2%

Sector	YTD Return	Trailing Price-to-Earnings Ratio		
		Sept. 30 2024	20-yr Avg	Relative to 20-yr Avg.
S&P 500 Index	Cyclical	22.1%	27.5	18.8
Basic Materials		11.7%	24.2	18.6
Consumer Cyclical		13.6%	26.4	20.5
Financial Services		21.7%	17.2	14.2
Real Estate		14.1%	36.2	29.2
Comm. Services	Sensitive	22.4%	22.1	19.1
Energy		6.8%	12.3	14.9
Industrials		18.8%	26.3	19.4
Technology		28.9%	37.9	22.8
Consumer Defensive	Defensive	17.5%	25.2	20.3
Healthcare		13.9%	33.1	21.9
Utilities		31.4%	22.7	18.1

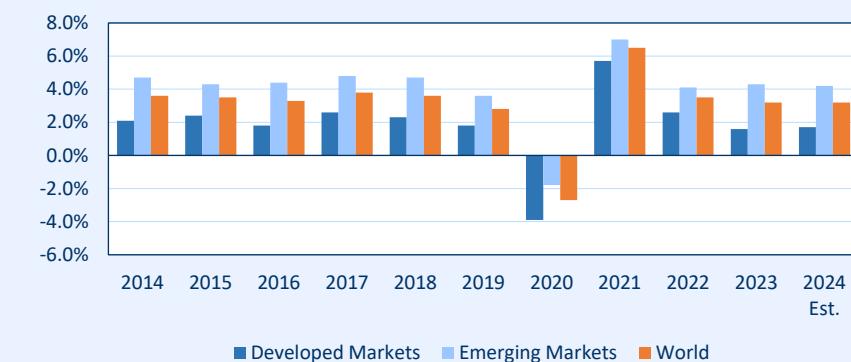


Foreign Economic Conditions & Stock Markets

Broadly speaking, foreign economic conditions have improved in 2024 when compared to last year's sluggish pace. This assessment is supported by data such as global PMI, a measure of global manufacturing activity, which has been in expansionary territory in 2024 after a phase of contraction in 2023. With this said, there has been a noticeable disparity in results at the regional/country level (e.g., Euro Area manufacturing fell into contraction in the 3rd quarter). Overall, global central banks have been easing monetary policy to combat recent headwinds. Most notably, China's central bank announced a sizeable stimulus package in September, which led to a turnaround for Chinese stocks and influenced quarterly results where foreign and Emerging Market (EM) stocks outperformed U.S. stocks. *The MSCI China IM Index gained 23.2% in the quarter, versus 8.2% for the MSCI Emerging Markets IM Index and 6.2% for the Russell 3000 Index (U.S. total market index).*

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

Foreign Stock Performance

Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
MSCI ACWI ex-U.S. IM	13.9%	25.1%	3.7%	7.7%	5.3%
	12.7%	24.6%	4.6%	7.9%	5.8%
	16.3%	25.6%	1.0%	6.5%	4.2%
Foreign Large Growth	12.9%	26.7%	0.2%	7.7%	6.6%
Foreign Large Blend	13.1%	24.2%	4.3%	7.7%	5.4%
Foreign Large Value	12.5%	22.2%	7.1%	8.0%	4.7%
Foreign Small/Mid Growth	9.6%	23.0%	-4.4%	6.1%	5.7%
Foreign Small/Mid Blend	11.2%	23.2%	0.9%	7.3%	5.8%
Foreign Small/Mid Value	12.6%	23.6%	5.7%	9.2%	5.8%

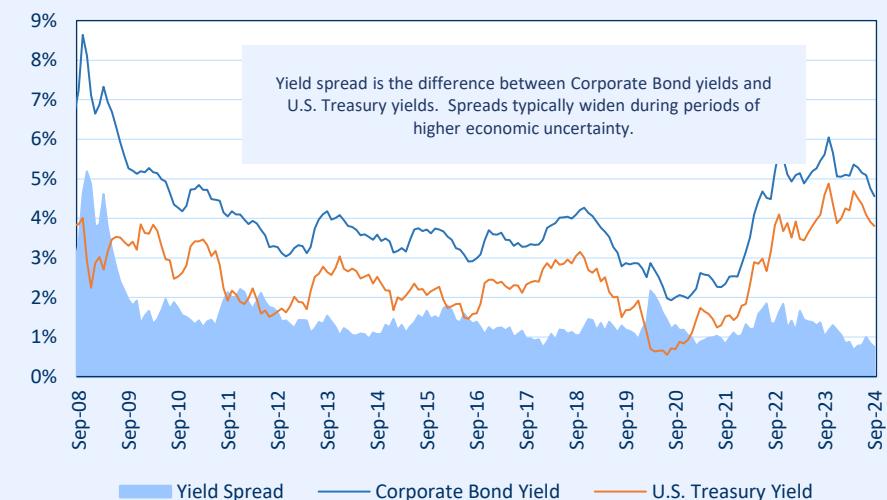
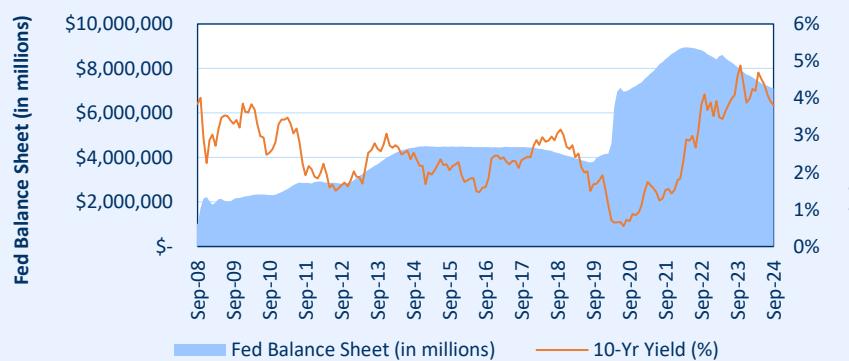
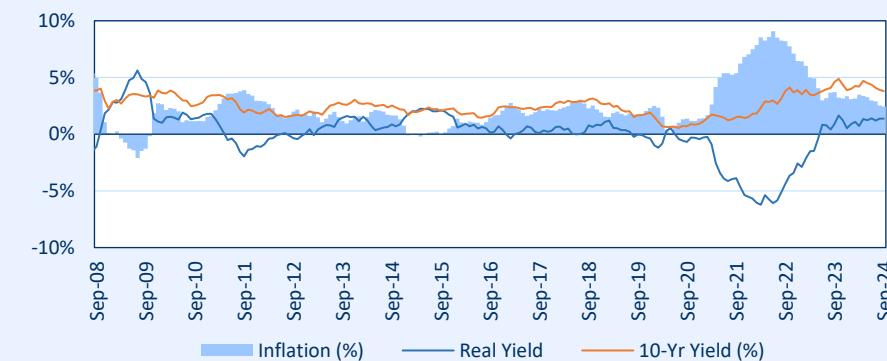
Global Gross Domestic Product

Foreign vs. U.S. Performance and Allocation


Fixed Income Markets

Following mixed results in the 1st half of the year, fixed income performance was favorable during the 3rd quarter as interest rates fell. Interest rate movement is a key driver of bond returns, and the 10-year Treasury Yield rose from 3.88% to 4.36% in the 1st half of the year (peaking at 4.70% on April 25th), and then fell back to 3.81% at the end of September. As a result of the decline in rates during the quarter, longer maturity bonds outperformed shorter maturity bonds and Corporate bonds (both investment grade and high-yield) outperformed U.S. Treasuries. Moving forward, the outlook for bonds over the short to medium term is more favorable than it has been in some time - since bond portfolio yields (the interest being earned on the bonds in the portfolio) are higher than they have been in years and the Federal Reserve has shifted its policy toward rate reduction. The general optimism towards bonds (currently), combined with the uncertainties that must be factored in for stocks, will likely result in increased demand for fixed income as investors seek interest income and downside protection in their portfolios.

Fixed Income Performance

Sector, Maturity, Region	Avg. Yield	Avg. Maturity	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Agency MBS	4.53%	7.0	4.3%	8.1%	0.1%	1.0%	1.8%
U.S. Treasuries	3.86%	6.9	3.9%	9.2%	-1.1%	0.1%	1.3%
U.S. TIPS	1.56%	7.4	4.9%	9.8%	-0.6%	2.6%	2.5%
Municipals	3.32%	13.6	2.3%	10.4%	0.1%	1.4%	2.5%
Invest. Grade Corporate	4.72%	10.9	5.3%	14.3%	-1.2%	1.2%	2.9%
High-Yield Corporate	6.99%	4.8	8.0%	15.7%	3.1%	4.7%	5.0%
Emerging Markets	5.69%	11.9	8.2%	16.9%	-0.2%	1.4%	3.2%
Short-Term Bond	4.32%	3.4	5.2%	8.7%	1.7%	2.1%	2.0%
Intermediate-Term Bond	4.33%	9.0	5.3%	12.4%	-1.2%	0.8%	2.0%
Long-Term Bond	4.73%	19.5	4.9%	17.5%	-4.2%	-0.4%	2.9%
Foreign Bond	2.92%	9.0	4.2%	9.8%	0.6%	0.6%	2.6%
U.S. Bond	4.23%	8.4	4.4%	11.6%	-1.4%	0.3%	1.8%

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:** P/E ratios are trailing 12-month, sourced from Morningstar Direct. **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.

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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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