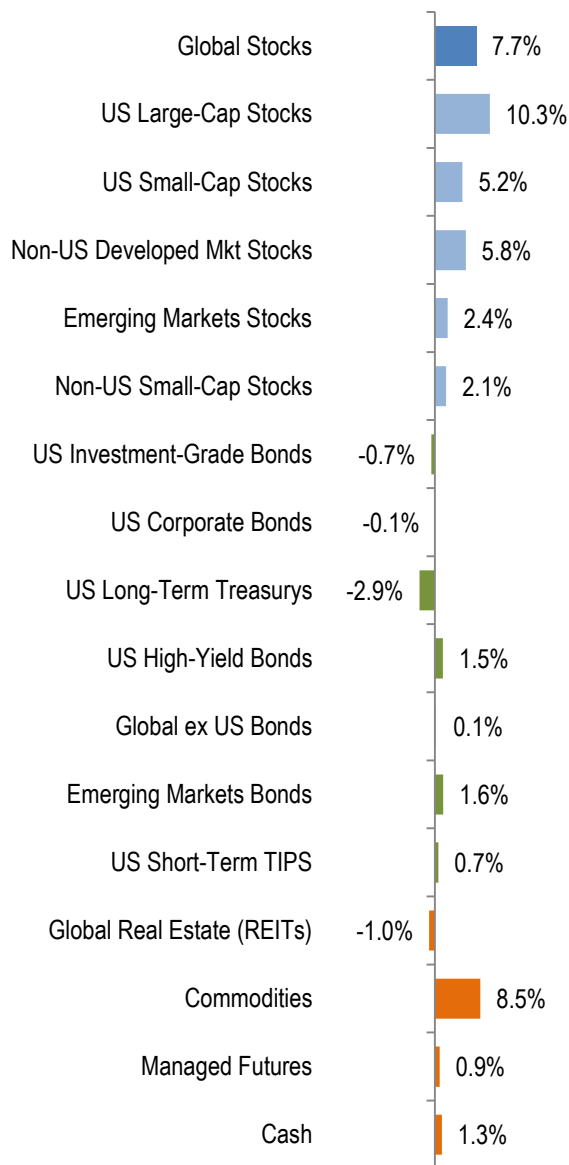


First Quarter 2024



First Quarter 2024: Fresh Highs Just in Time for Spring

The first quarter of 2024 saw new highs in global stock markets, despite the backdrop of higher-for-longer interest rates. Initially fueled by expectations of aggressive rate cuts this year, investors saw robust gains in the US stock market, as economic data continued to surprise on the upside. The S&P 500 rose just over 10%, marking its best first-quarter performance since 2019. Global stocks outperformed bonds by the widest quarterly margin since 2020.

The same economic strength that propelled US stock prices upward forced investors to recalibrate hopes of interest rate cuts from the Federal Reserve. Whereas rate-watchers entered the year expecting six rate cuts this year, investor expectations now align more closely with the Fed's projected path of three cuts for the year. Yields rose and prices fell for investment-grade bonds, with longer-term bonds suffering the most from these revised expectations. Real estate suffered for the same reason, and its returns were additionally weighed upon by continuing issues in its commercial sector.

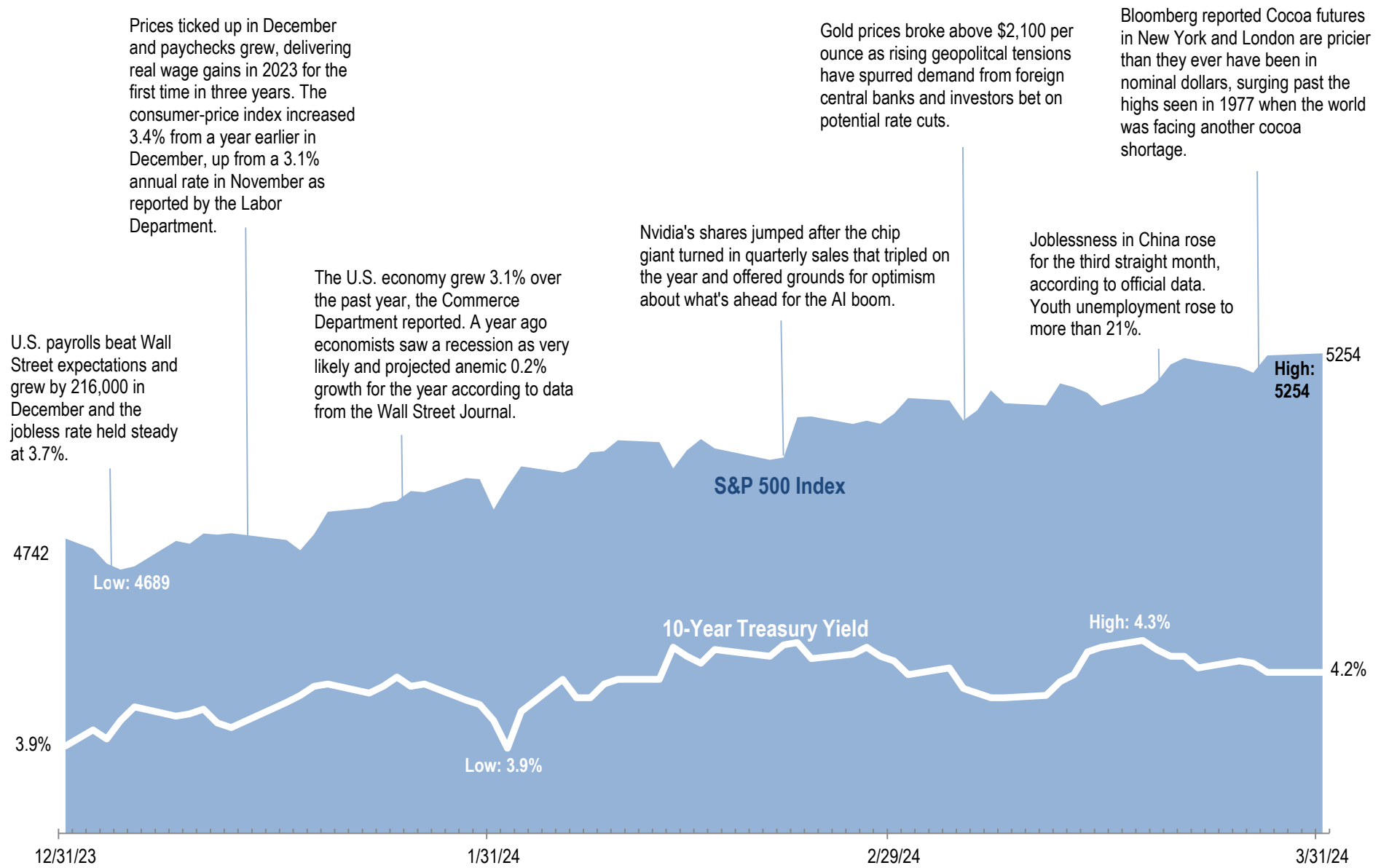
As it did in 2023, the Artificial Intelligence boom powered the market's gains. Chip designer Nvidia added more than \$1 trillion in market value during the first quarter alone, equivalent to about one-fifth of the total gain for global stocks over that period. While Nvidia was making fresh highs, other members of the so-called Magnificent Seven, namely Apple and Tesla, struggled in the first quarter, even as the market rally broadened in March.

Gold prices surged to record highs, and Bitcoin reached new peaks following regulatory approvals for exchange-traded funds tied to the cryptocurrency. Meanwhile, continued Chinese growth and geopolitical worries hurt returns for emerging markets in the quarter.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
Global Stocks	7.7%	7.7%	22.5%	6.3%	10.6%	11.7%
US Large-Cap Stocks	10.3%	10.3%	29.9%	10.5%	14.8%	15.6%
US Large-Cap Value	9.0%	9.0%	20.3%	8.1%	10.3%	13.1%
US Large-Cap Growth	11.4%	11.4%	39.0%	12.5%	18.5%	17.8%
US Small-Cap Stocks	5.2%	5.2%	19.7%	(0.1%)	8.1%	12.9%
US Small-Cap Value	2.9%	2.9%	18.8%	2.2%	8.2%	12.1%
US Small-Cap Growth	7.6%	7.6%	20.3%	(2.7%)	7.4%	13.4%
Non-US Developed Markets (USD)	5.8%	5.8%	15.3%	4.8%	7.3%	8.4%
Non-US Developed Markets (Local)	10.0%	10.0%	18.8%	9.4%	9.4%	9.6%
Emerging Markets (USD)	2.4%	2.4%	8.2%	(5.1%)	2.2%	6.7%
Emerging Markets (Local)	4.5%	4.5%	10.6%	(2.4%)	4.4%	8.2%
US Investment-Grade Bonds	(0.7%)	(0.7%)	1.7%	(2.5%)	0.3%	2.7%
US Long-Term Treasurys	(2.9%)	(2.9%)	(5.8%)	(7.6%)	(2.6%)	2.4%
US Short-Term TIPS	0.7%	0.7%	2.7%	1.7%	3.0%	2.3%
Global Real Estate (REITs)	(1.0%)	(1.0%)	8.6%	(0.2%)	0.7%	10.0%
Cash	1.3%	1.3%	5.2%	2.6%	2.1%	1.0%

Returns for periods longer than 1 year are annualized. Managed Futures Index returns are available on a lag following month-end.

Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, ICE BofA, Credit Suisse



Prices ticked up in December and paychecks grew, delivering real wage gains in 2023 for the first time in three years. The consumer-price index increased 3.4% from a year earlier in December, up from a 3.1% annual rate in November as reported by the Labor Department.

U.S. payrolls beat Wall Street expectations and grew by 216,000 in December and the jobless rate held steady at 3.7%.

The U.S. economy grew 3.1% over the past year, the Commerce Department reported. A year ago economists saw a recession as very likely and projected anemic 0.2% growth for the year according to data from the Wall Street Journal.

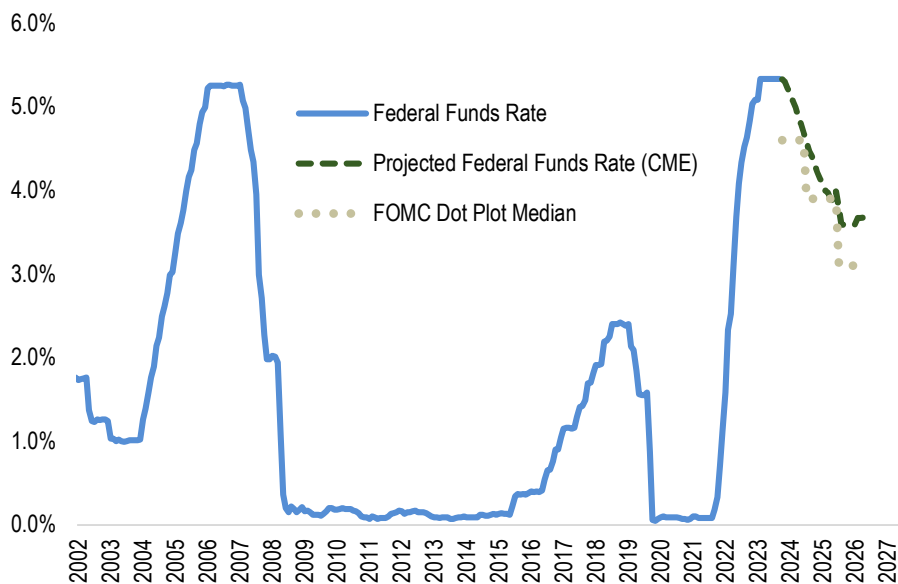
Nvidia's shares jumped after the chip giant turned in quarterly sales that tripled on the year and offered grounds for optimism about what's ahead for the AI boom.

Gold prices broke above \$2,100 per ounce as rising geopolitical tensions have spurred demand from foreign central banks and investors bet on potential rate cuts.

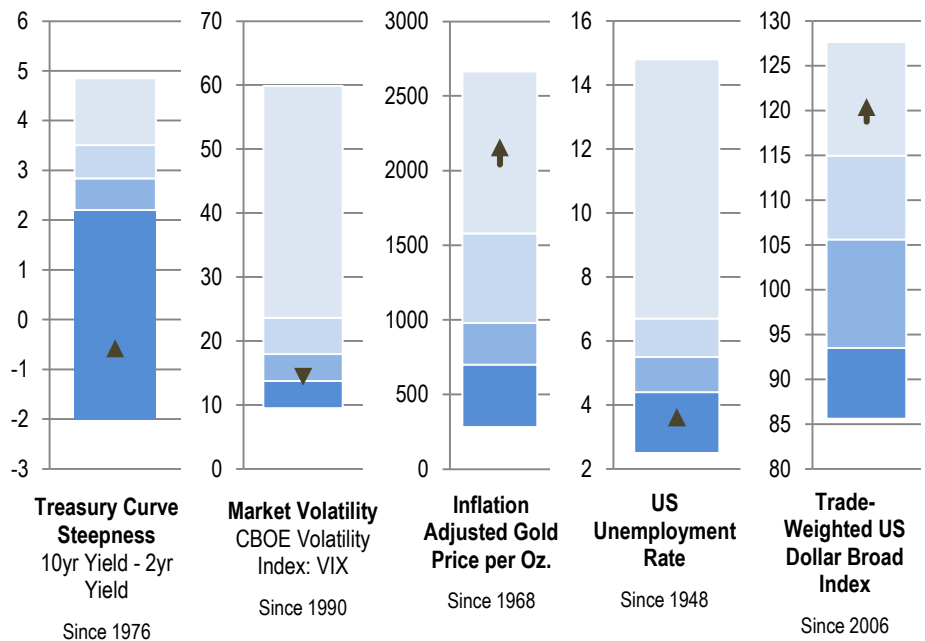
Joblessness in China rose for the third straight month, according to official data. Youth unemployment rose to more than 21%.

Bloomberg reported Cocoa futures in New York and London are pricier than they ever have been in nominal dollars, surging past the highs seen in 1977 when the world was facing another cocoa shortage.

**Federal Funds Rate**

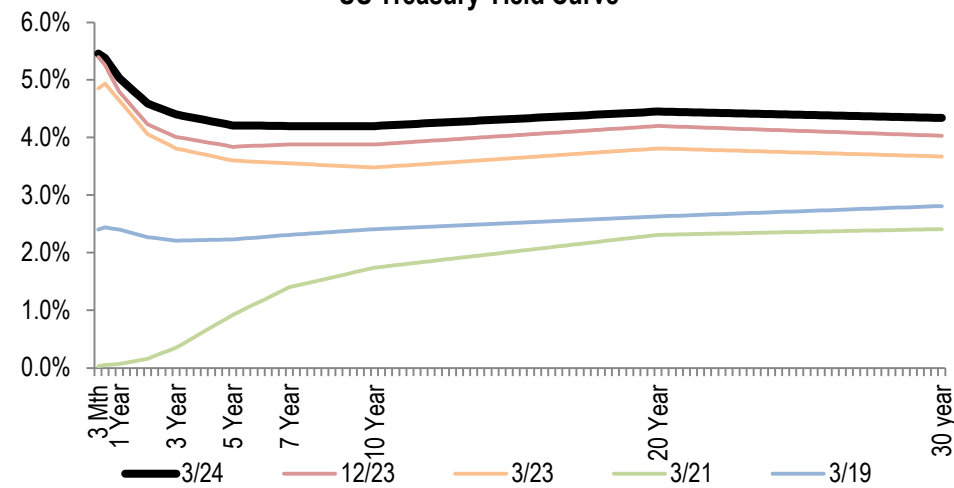


As of March 31, 2024



	<u>3/2024</u>	<u>12/2023</u>	<u>3/2023</u>	<u>3/2021</u>	<u>3/2019</u>
<b>Market Inflation Expectations</b>					
5 Year	2.4	2.1	2.4	2.5	1.8
10 Year	2.3	2.2	2.3	2.4	1.9
20 Year	2.5	2.4	2.5	2.4	1.9
CPI Year-over-Year	---	3.4	5.0	2.6	1.9
West Texas Crude Oil	82.4	71.9	75.7	59.2	60.2
Consumer Sentiment Index	79.4	69.7	62.0	84.9	98.4
S&P 500 Operating EPS	54.3*	53.9	52.5	47.4	38.0
Real GDP Growth YoY	---	3.4	2.2	5.2	2.2
Federal Funds Rate	5.33	5.33	4.65	0.07	2.41

**US Treasury Yield Curve**

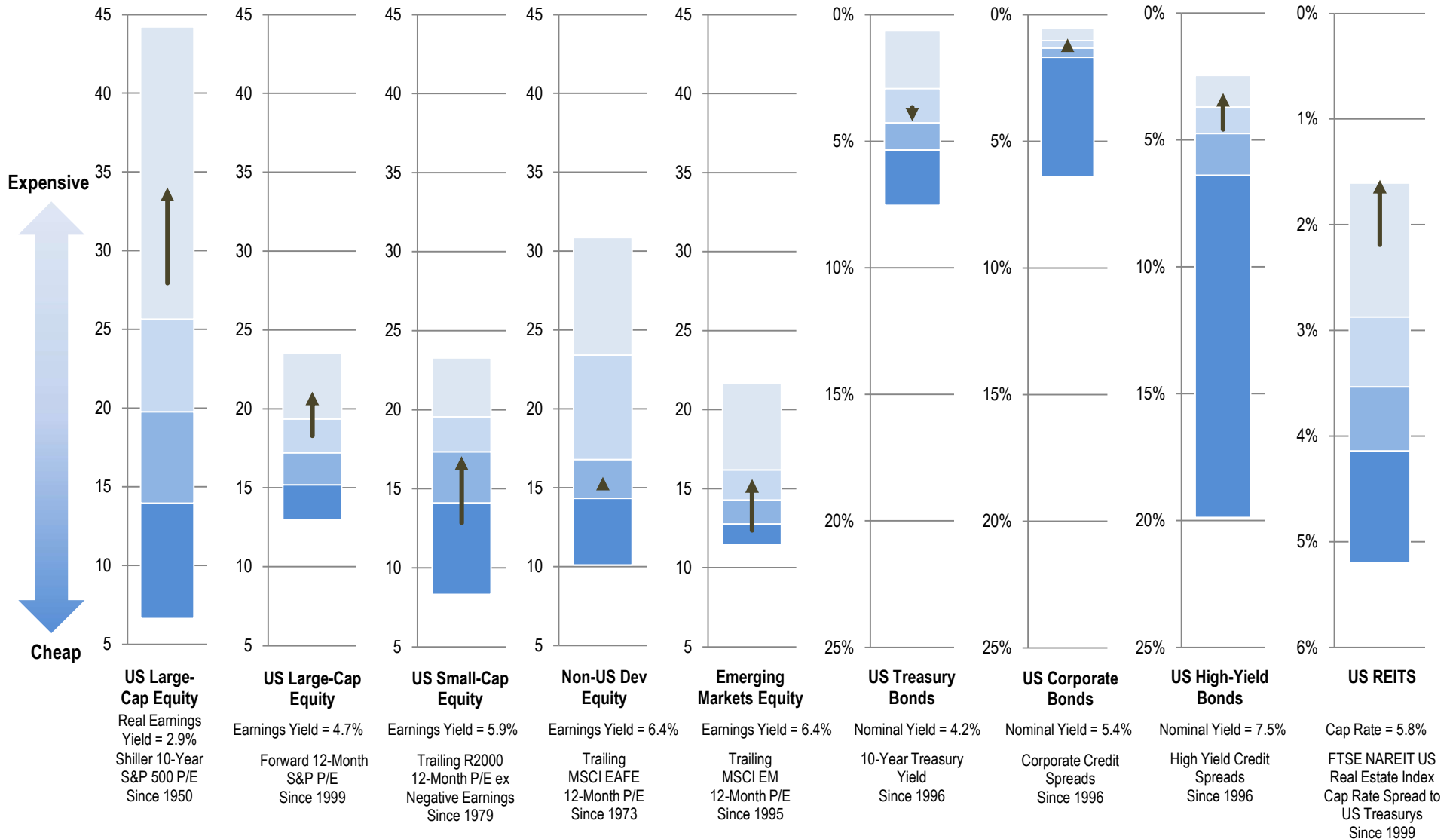


Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

\*Estimate, provided by S&P Dow Jones Indices.

As of March 31, 2024

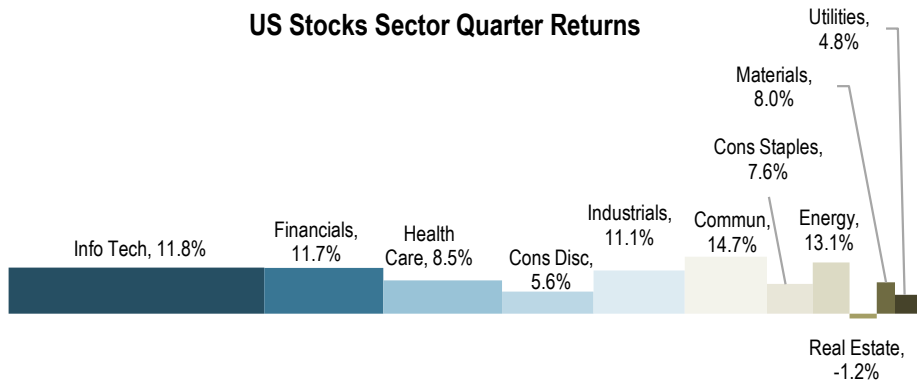


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

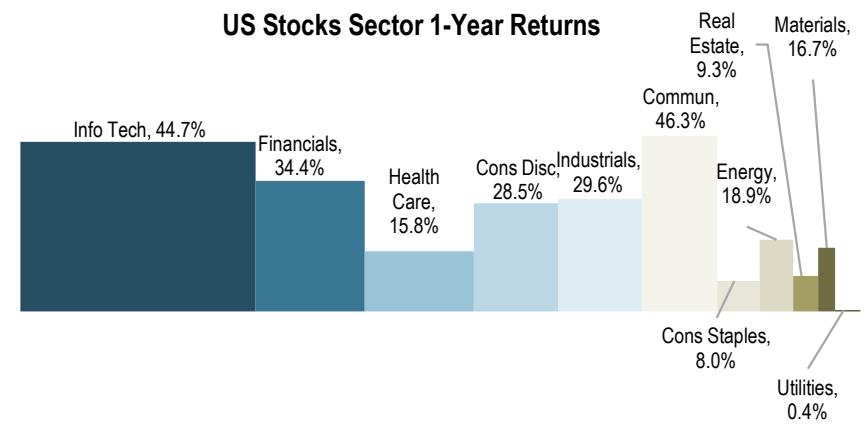
Sources: Sellwood Consulting LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

As of March 31, 2024

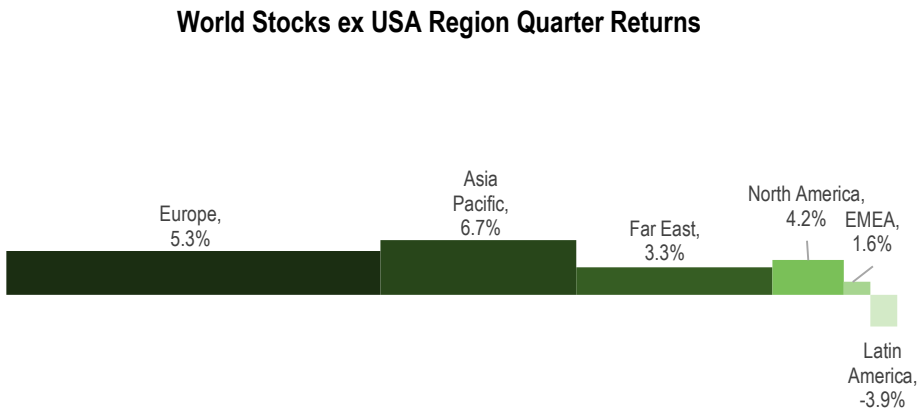
**US Stocks Sector Quarter Returns**



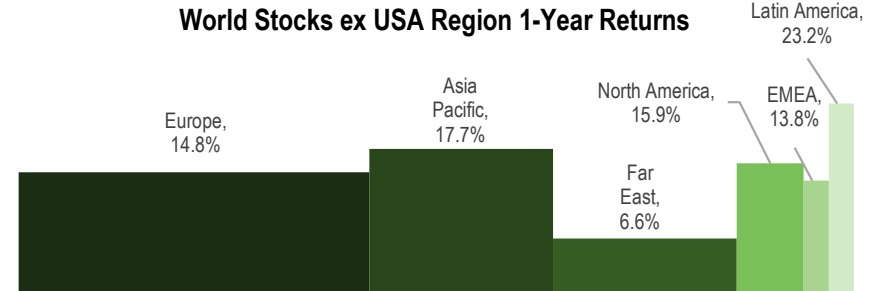
**US Stocks Sector 1-Year Returns**



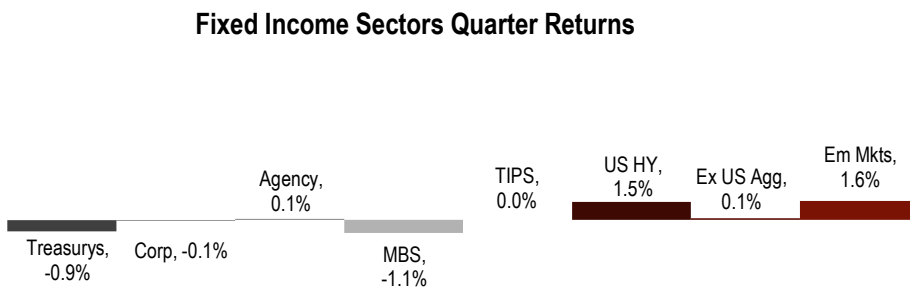
**World Stocks ex USA Region Quarter Returns**



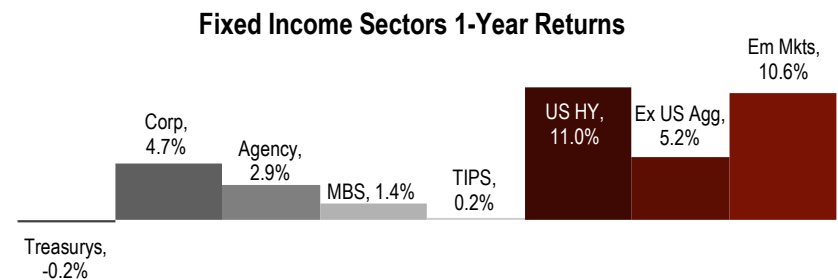
**World Stocks ex USA Region 1-Year Returns**



**Fixed Income Sectors Quarter Returns**



**Fixed Income Sectors 1-Year Returns**



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Consulting LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA