

Making Sense

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What are we going to cover?

- 1 Economic Update
- 2 Market Update





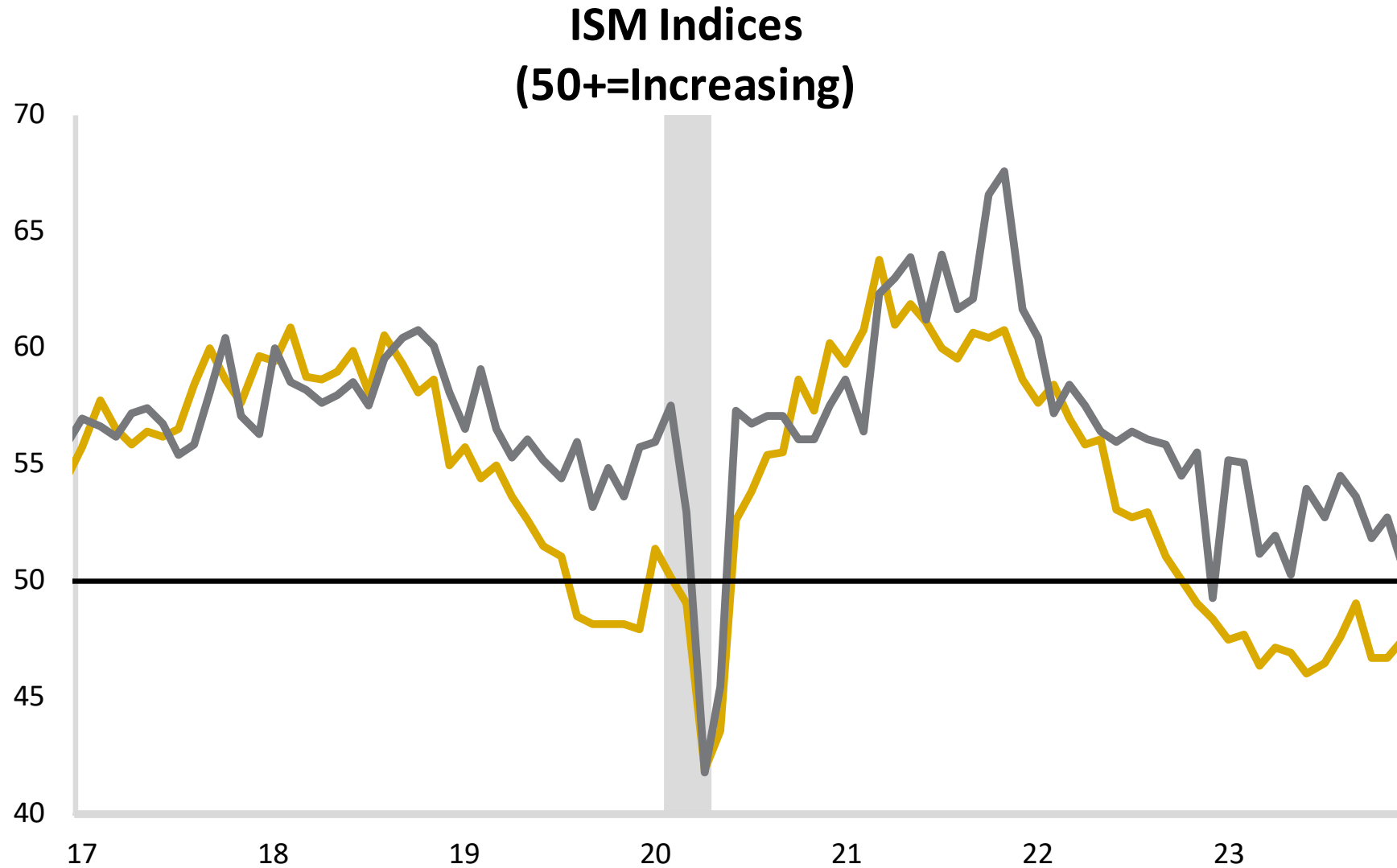
Economic Update

Global Growth Outlook

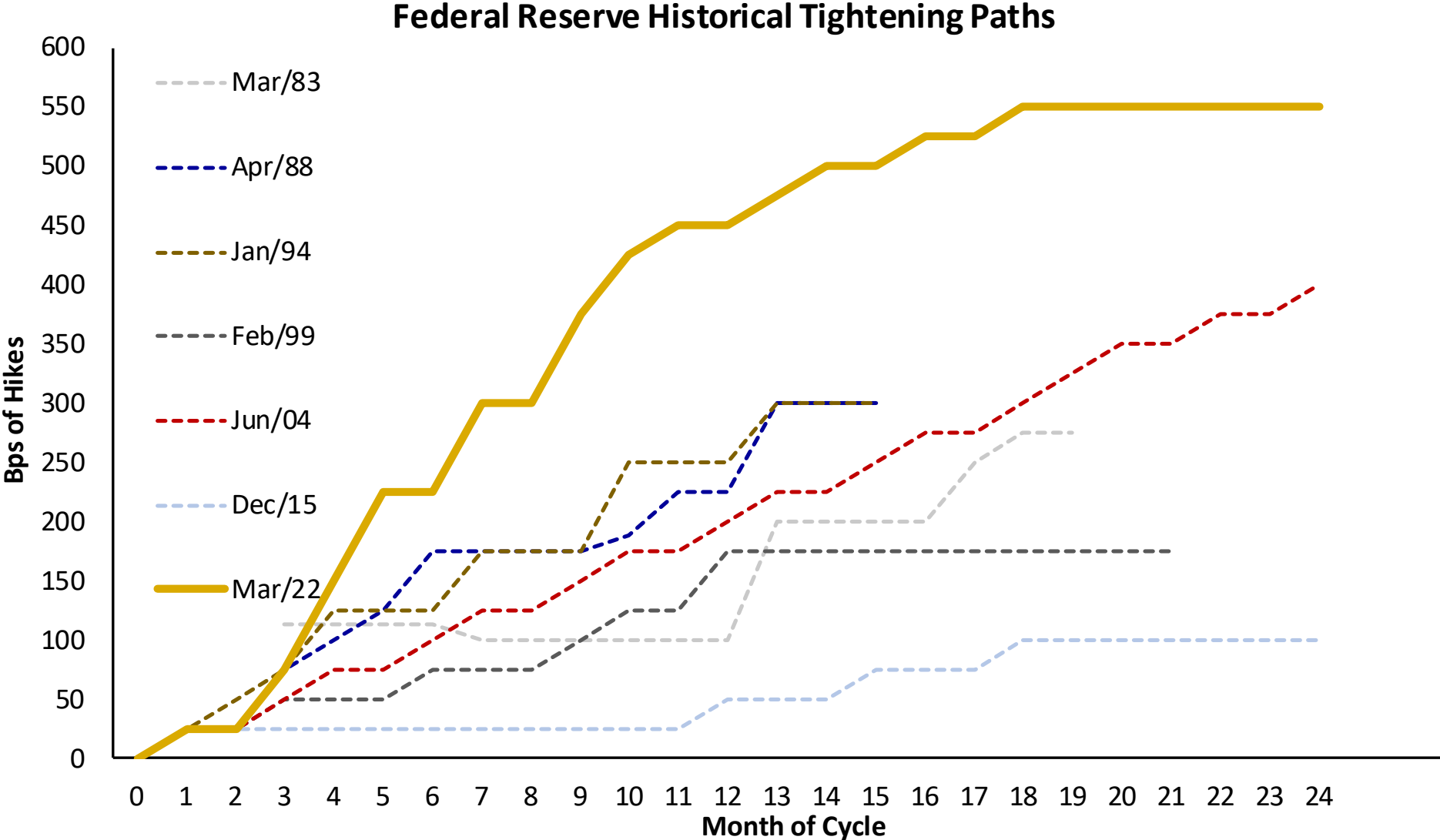
World Economic Outlook Consensus Real Economic Growth Estimates

	2022	2023 Estimate as of:		2024
	Actual Growth	Dec-22	Jan-24	Est. Growth
World	3.5%	2.1%	3.0%	2.6%
United States	1.9%	0.4%	2.4%	1.3%
Euro Area	3.3%	-0.1%	0.5%	0.5%
United Kingdom	4.5%	-0.9%	0.5%	0.4%
Japan	1.1%	1.3%	2.0%	0.8%
China	3.0%	4.8%	5.2%	4.5%

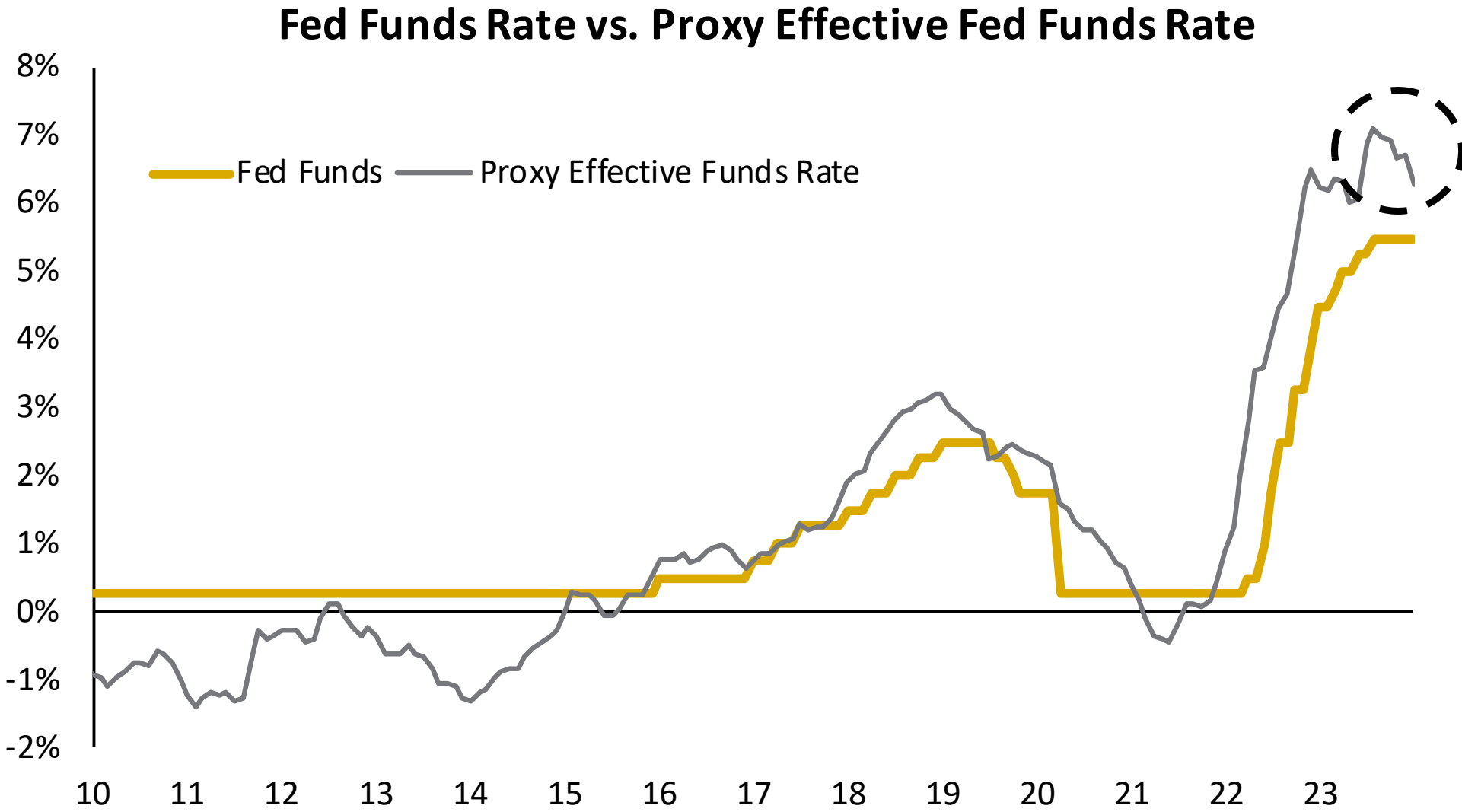
The Pace of Economic Activity Is Slowing



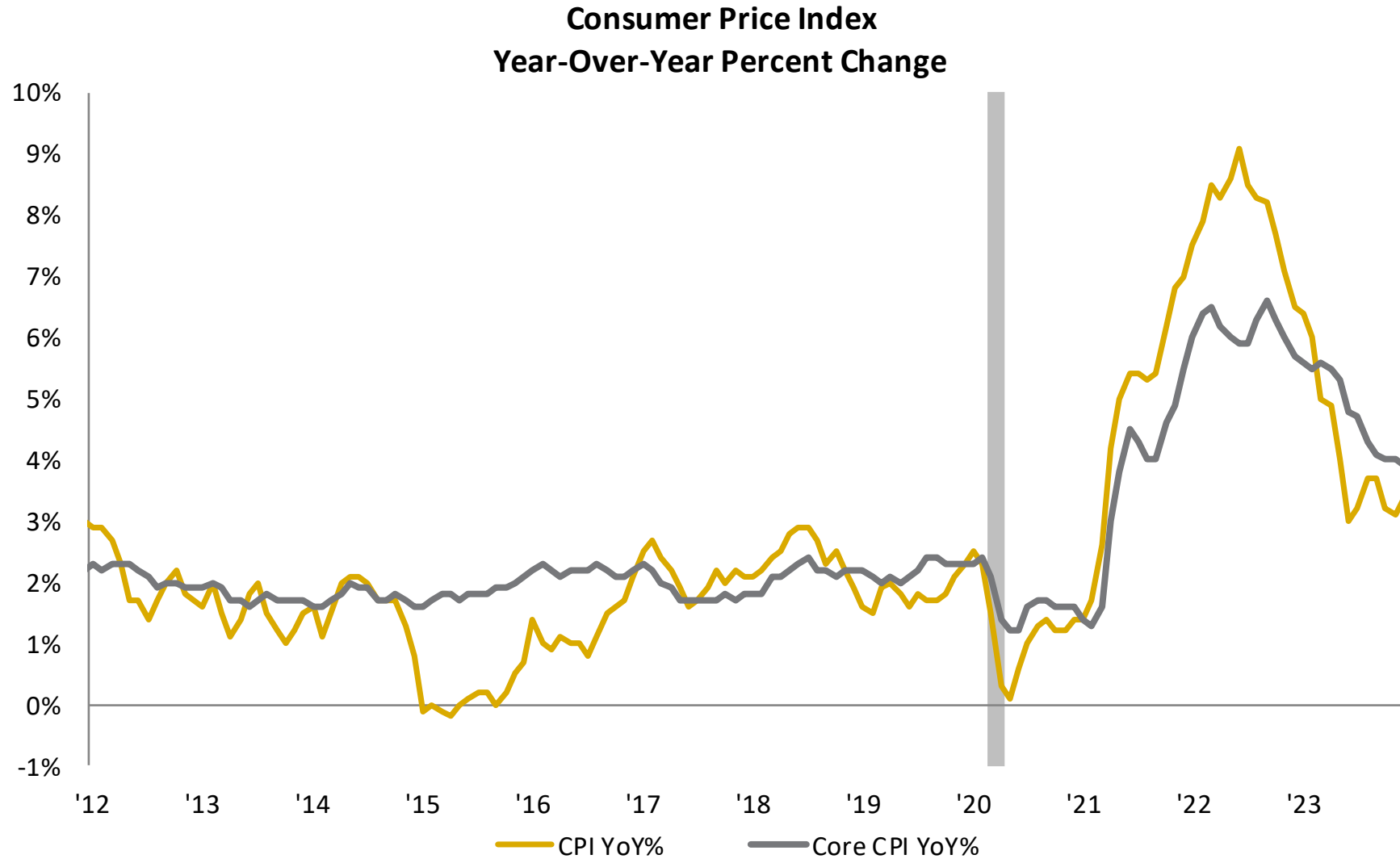
Federal Reserve Has Hiked Aggressively



Federal Reserve's Proxy Rate Measure Is Elevated

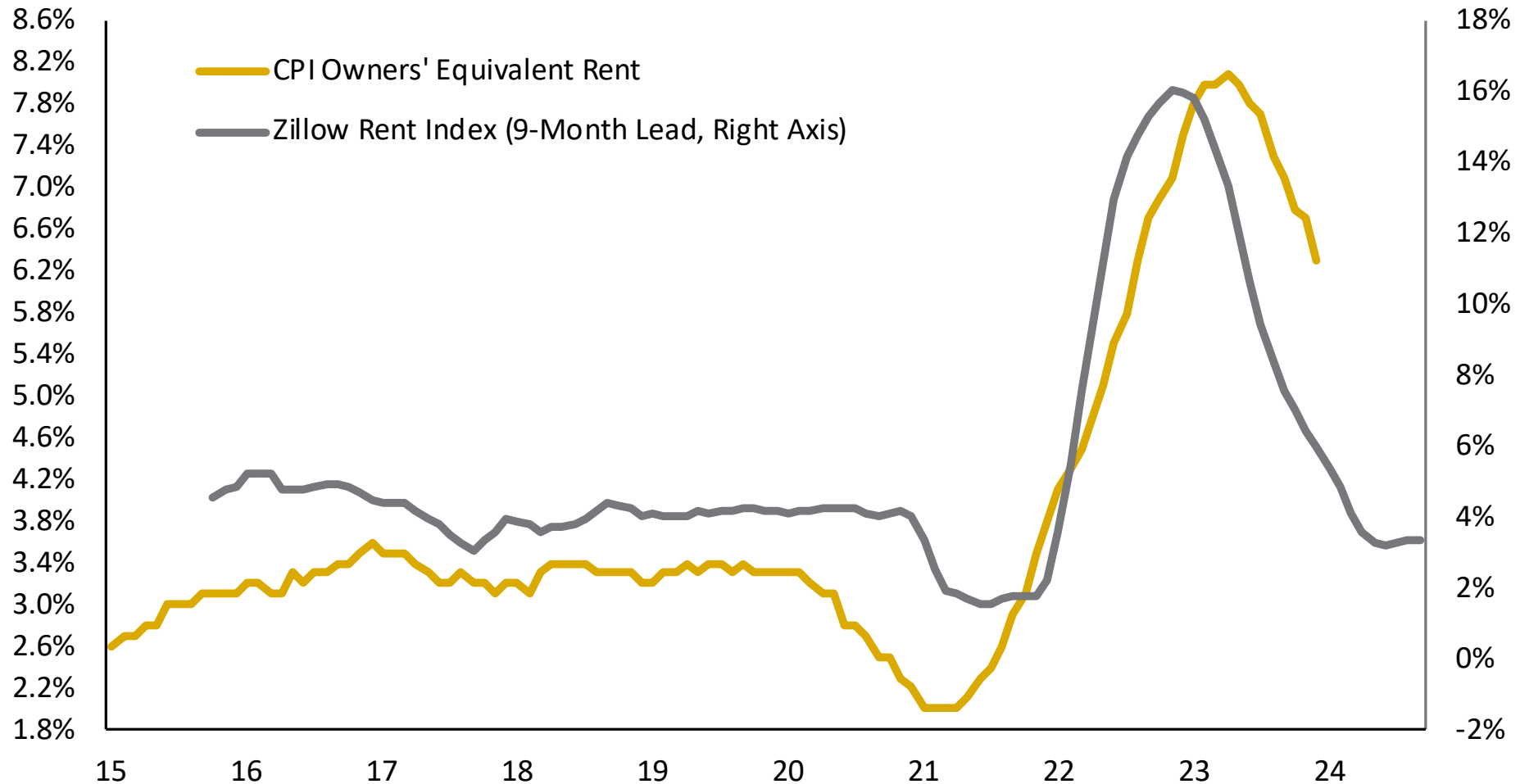


Inflation Moderating at a Slower Pace



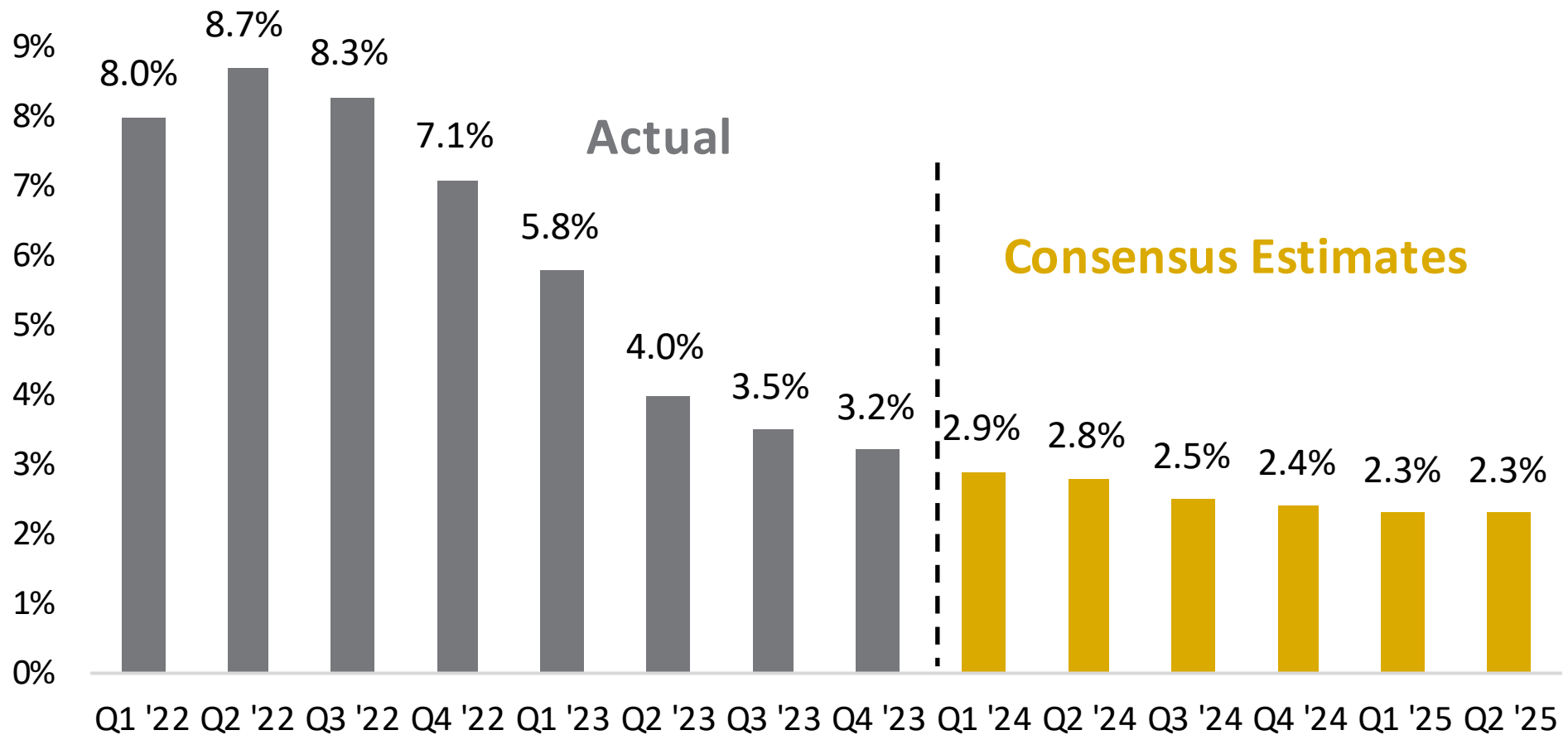
Path of Inflation

CPI: Owners' Equivalent Rent & Zillow Rent Index Year-Over-Year Percent Change

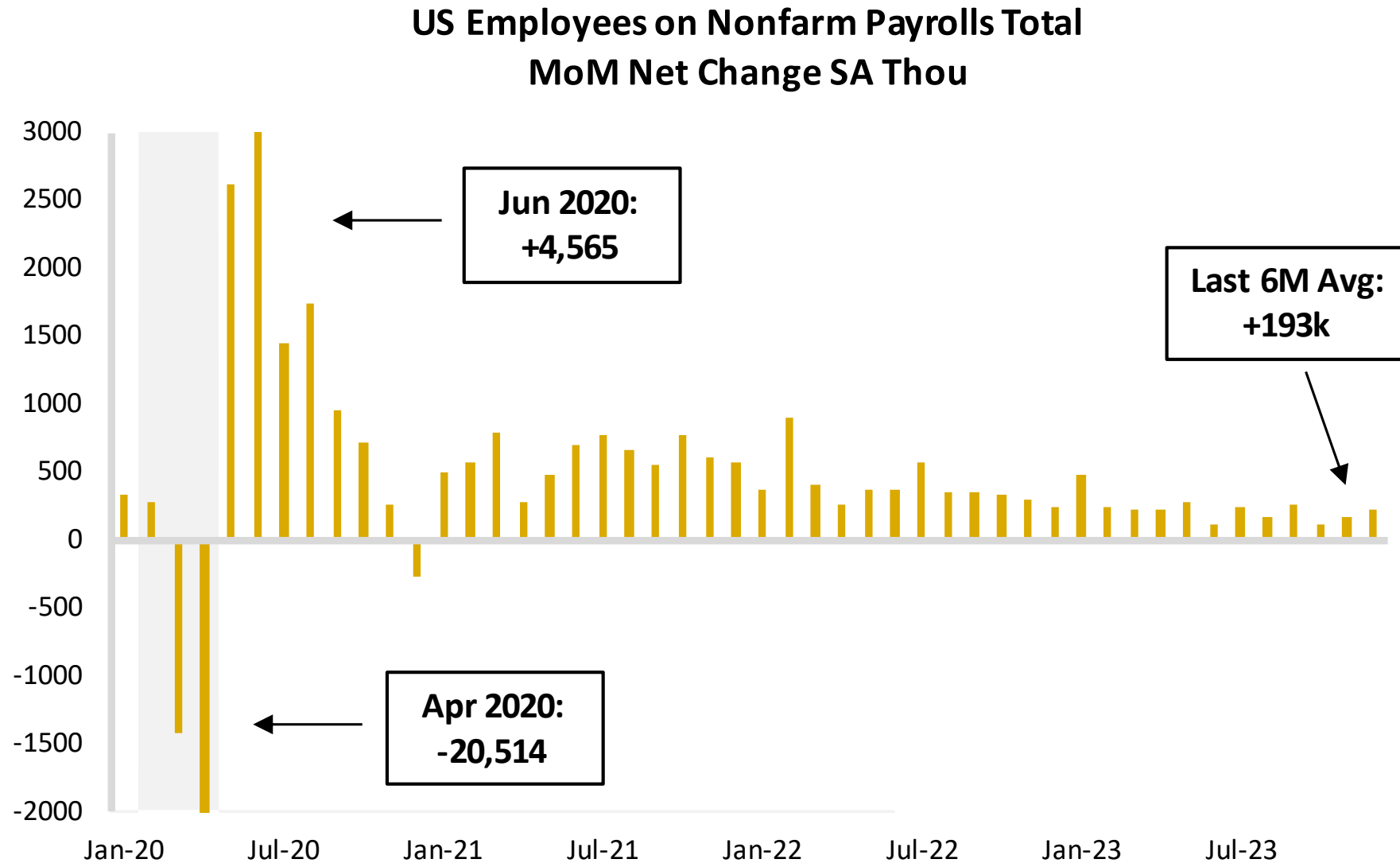


Path of Inflation

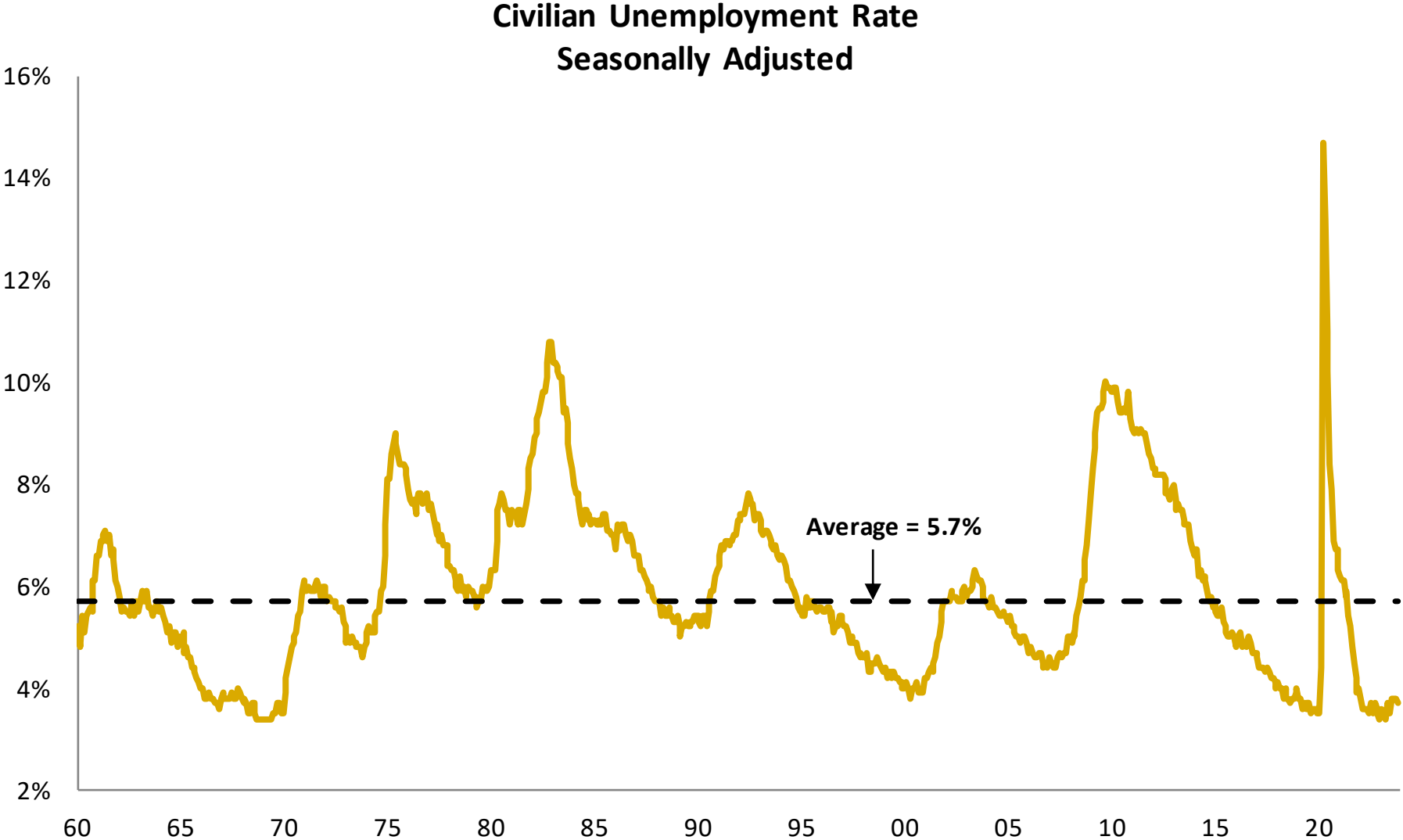
Consumer Price Index Year-over-Year Percent Change



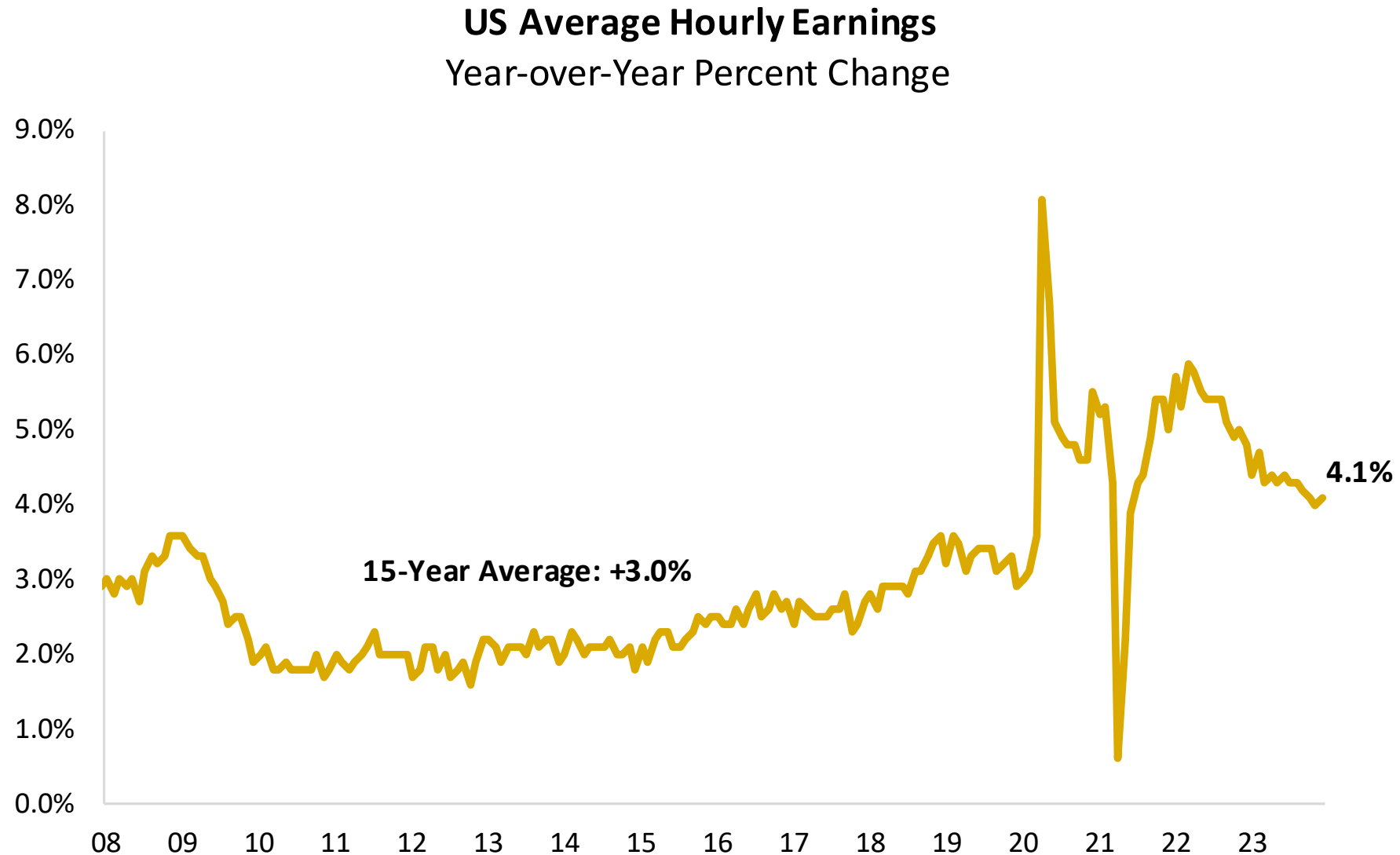
Labor Market Resilient but Job Gains Slowing



Unemployment Has Risen But Remains Historically Low

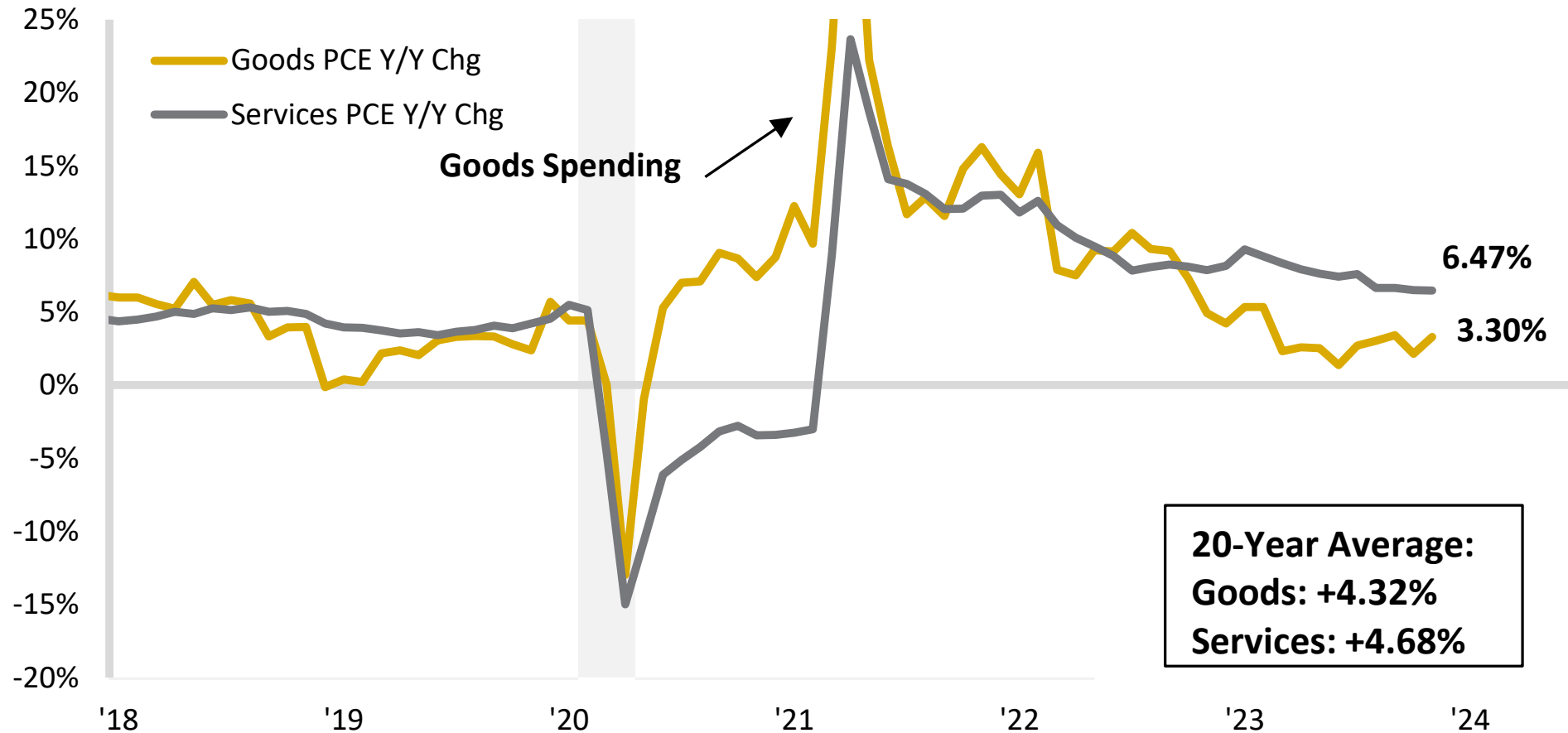


Wage Growth Has Moderated but Remains Robust



Consumer Expenditures

Personal Consumption Expenditures (SAAR, \$) % Change - Year to Year

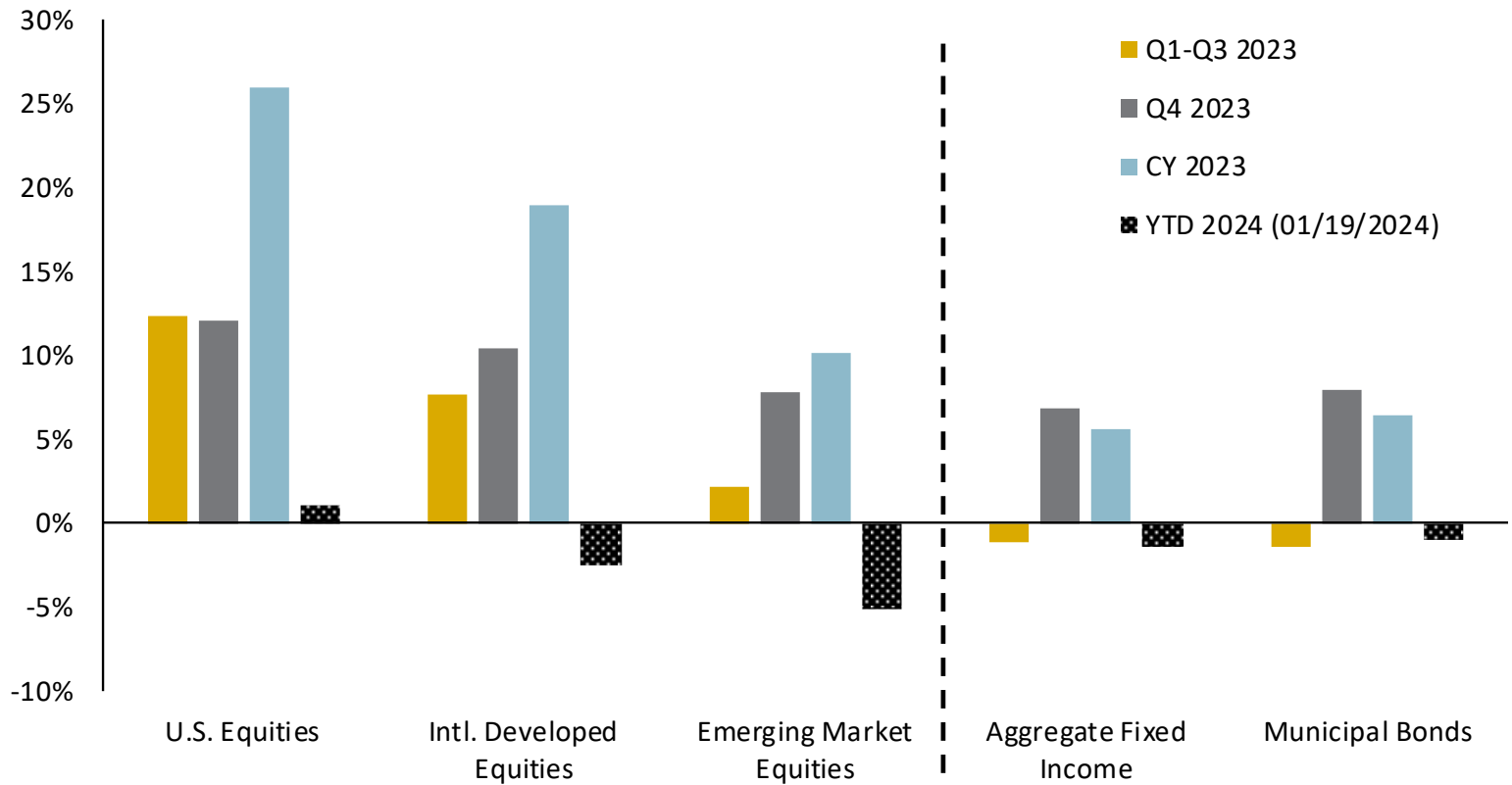




Market Update

Global Markets Year-to-Date

Total Return by Asset Class



YTD US Equity Returns
As of 12/31/2023

	Value	Blend	Growth
Large	10.6%	29.8%	46.6%
Mid	12.7%	17.2%	25.9%
Small	14.6%	16.9%	18.6%

Stocks Have Rallied Sharply; Narrow Rally

S&P 500 Index

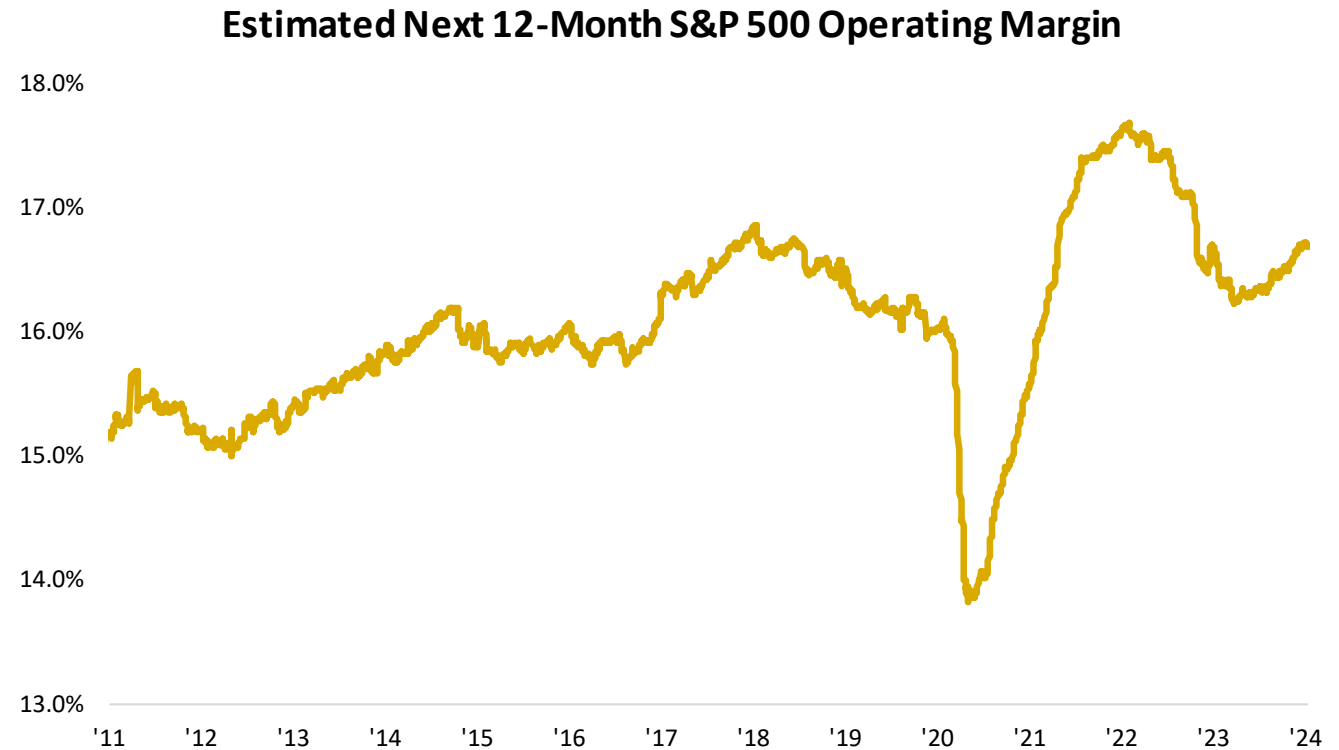


S&P 500: Year-to-Date Through 12/31/2023

Index:	Total Return
S&P 500	26.3%
S&P 500 Equal Weighted	13.8%
Difference	12.5%

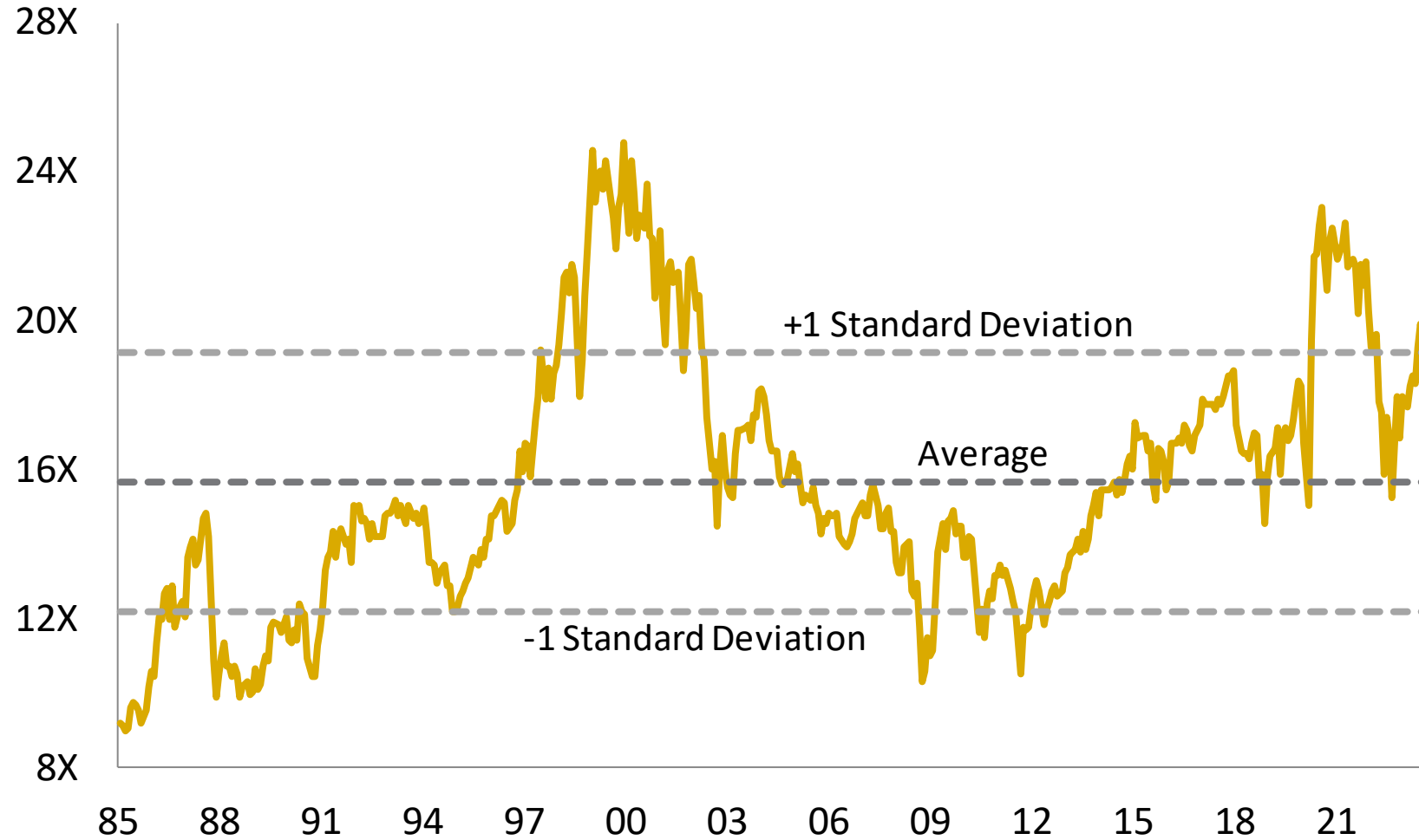
Corporate Earnings

- 2023 estimated growth is **0.5%** or \$221 per share
- 2024 estimated growth is **11.8%** or \$246 per share
- Average growth since 1950 is **7.6%**



Market Valuation Below Extremes but Above Average

S&P 500 Next Twelve Months Price-to-Earnings Ratio



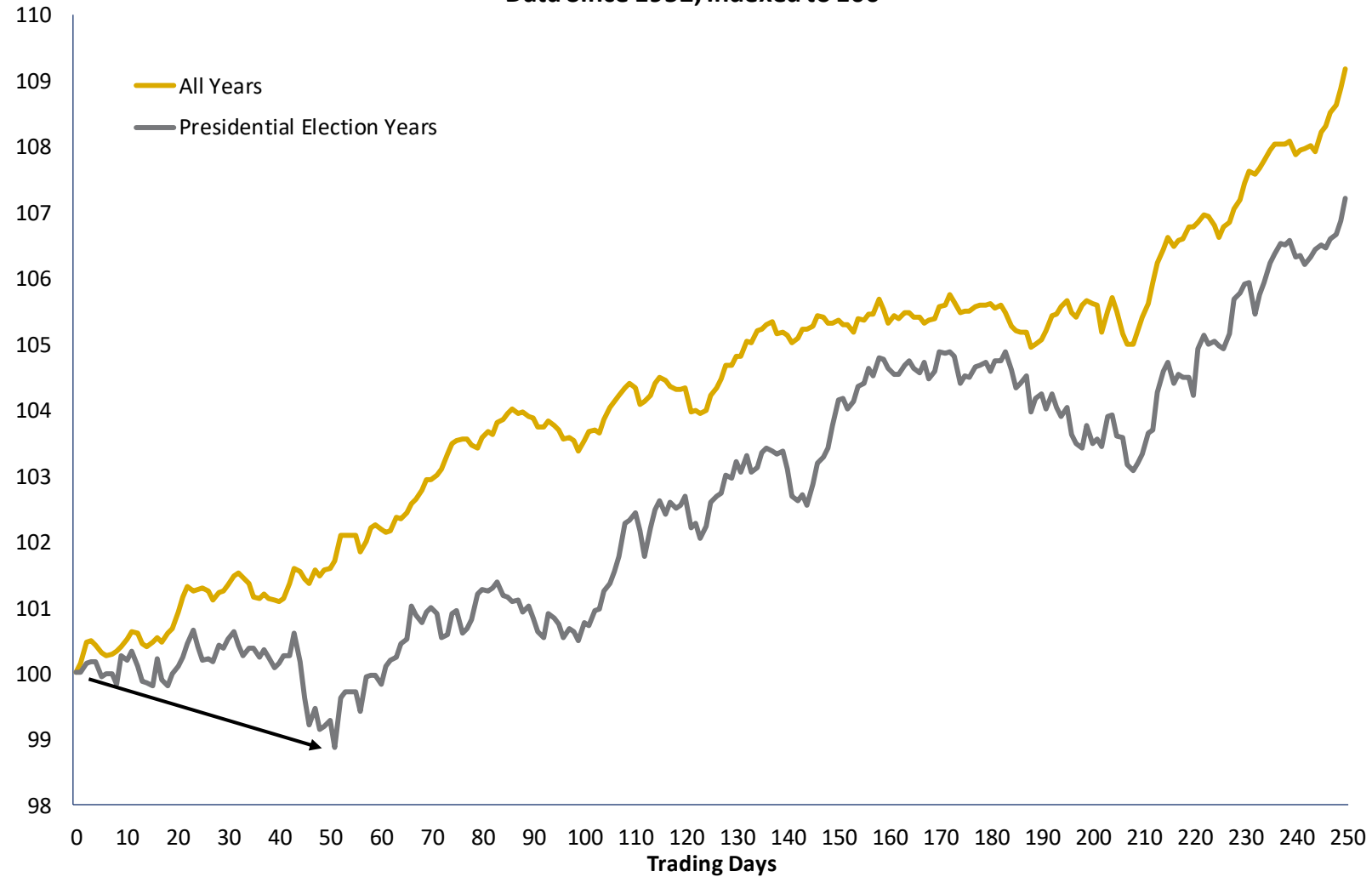
S&P 500 Price Target

Next Twelve-Month S&P 500 Price Target

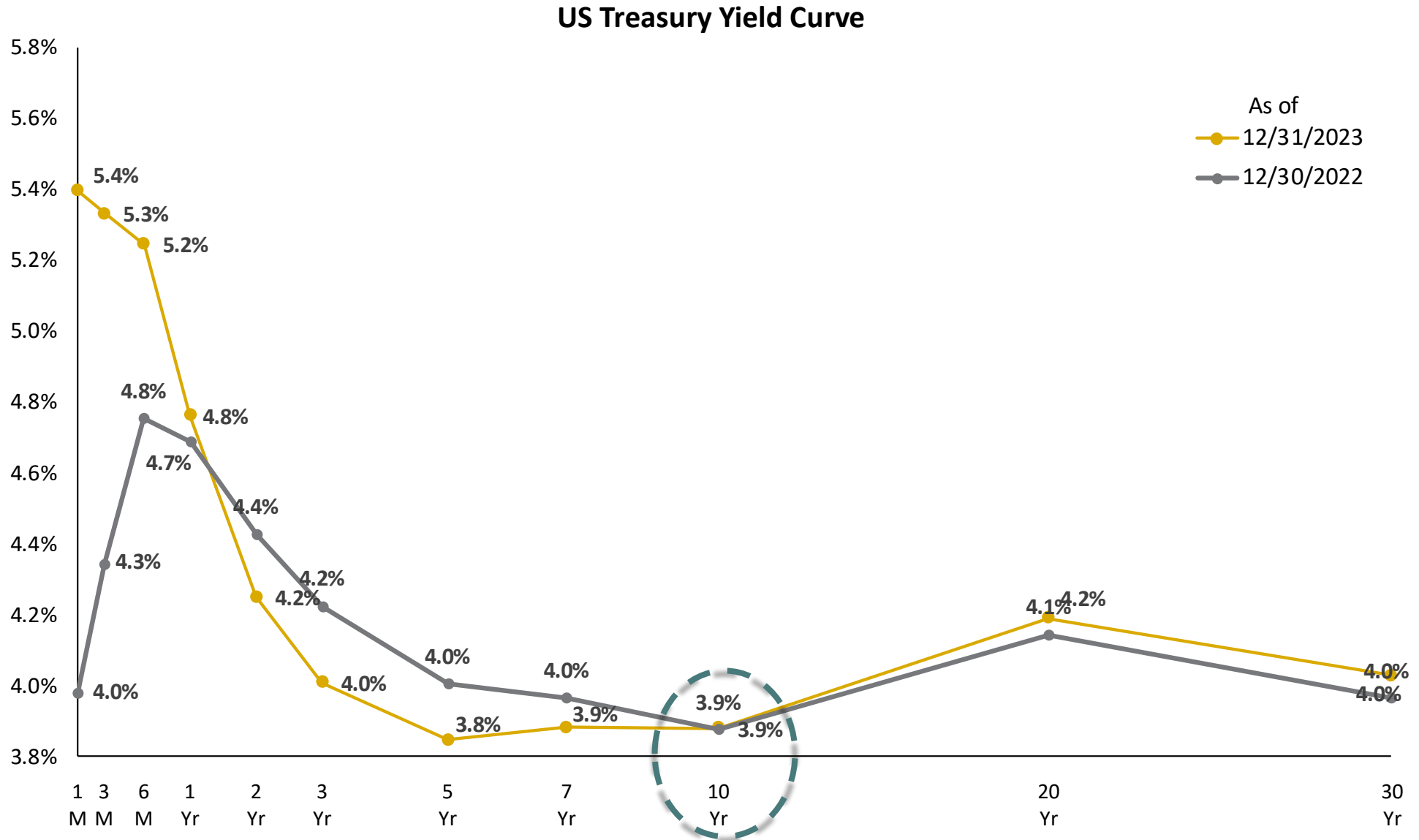
	NTM Price Level	Percent Change from 1/19
Bear	3,700	-23.6%
Base	4,850	0.2%
Bull	5,500	13.6%

US Equities During Election Years

**S&P 500 Historical Performance
During Presidential Election Years vs. All Years
Data Since 1952, Indexed to 100**

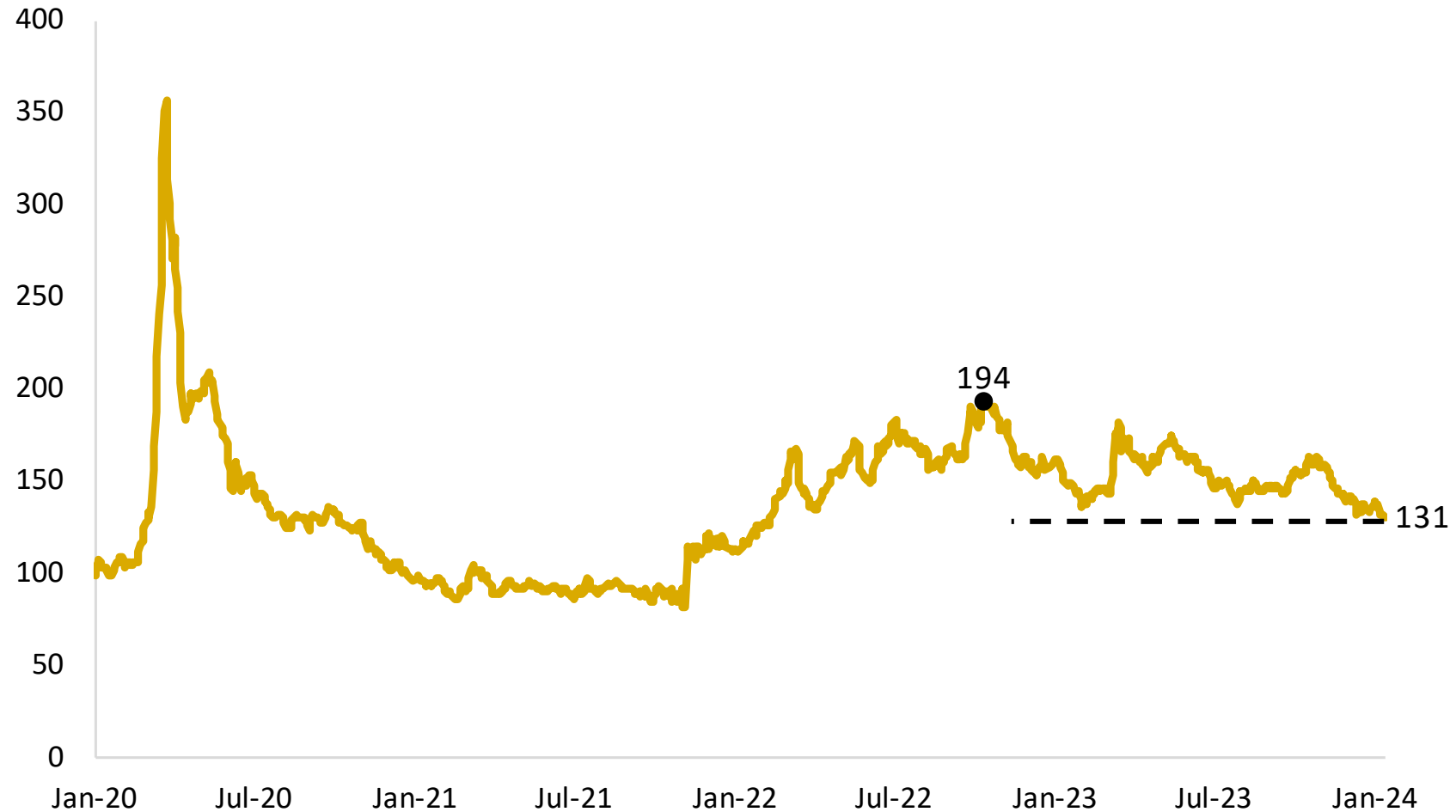


US Treasury Yield Curve Remains Inverted



Credit Spreads Remain Below 2022 Highs

US Investment-Grade Fixed Income
Option Adjusted Spread in Basis Points

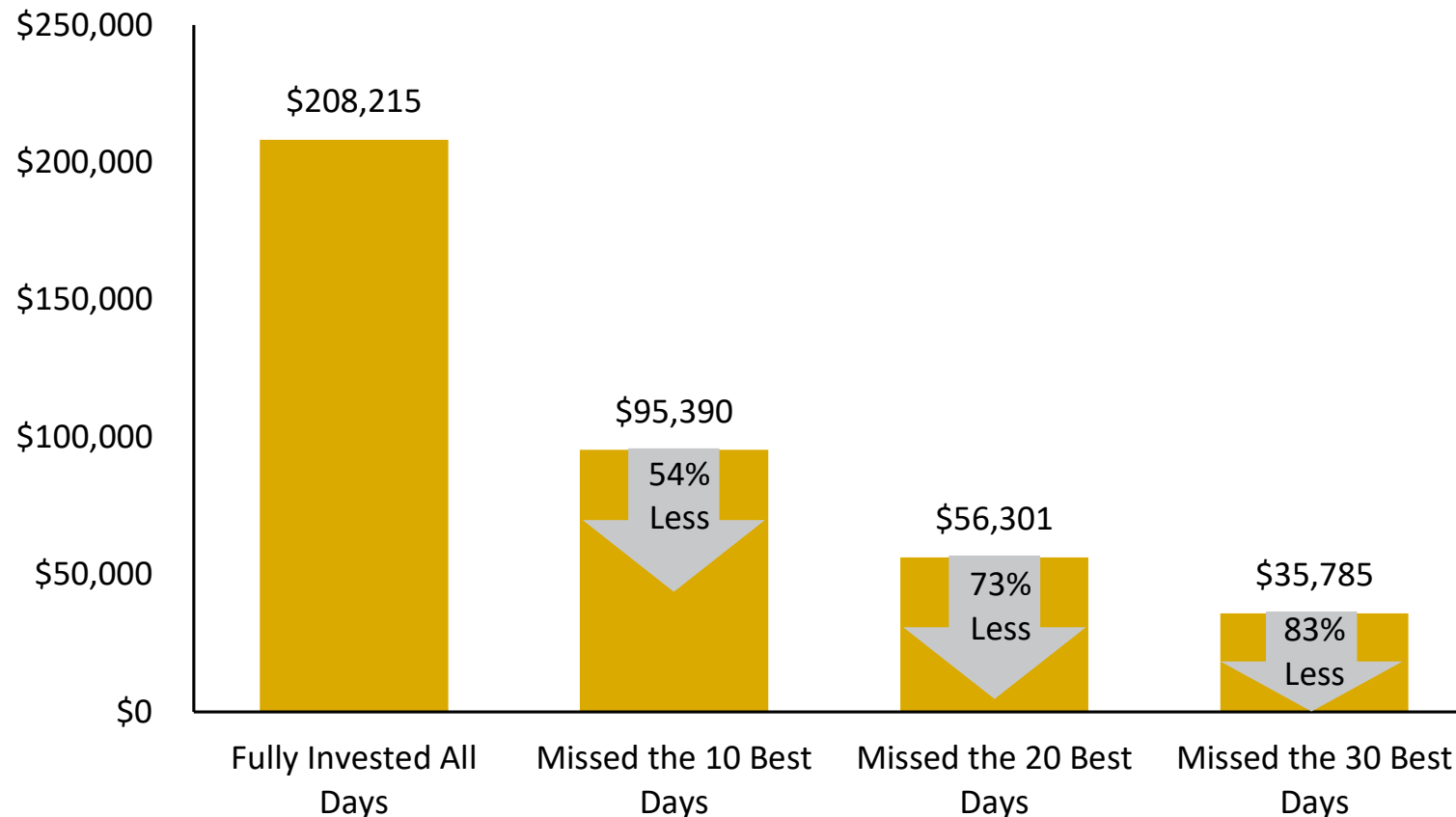


Bond Yields Remain Elevated versus Recent History

US Fixed Income Indices		
	Yield-to-Worst	
Index	12/31/2021	12/31/2023
2-Year Treasury	0.73%	4.25%
10-Year Treasury	1.51%	3.88%
Aggregate Bond	1.75%	4.53%
Intermediate Government/Credit	1.30%	4.37%
Municipal Bond	1.11%	3.22%
Investment Grade Corporate Bond	2.33%	5.06%
High Yield Corporate Bond	4.21%	7.59%

Timing Markets Can Prove Costly

Growth of \$10,000: S&P 500 Average Annual Total Returns
1992-2021

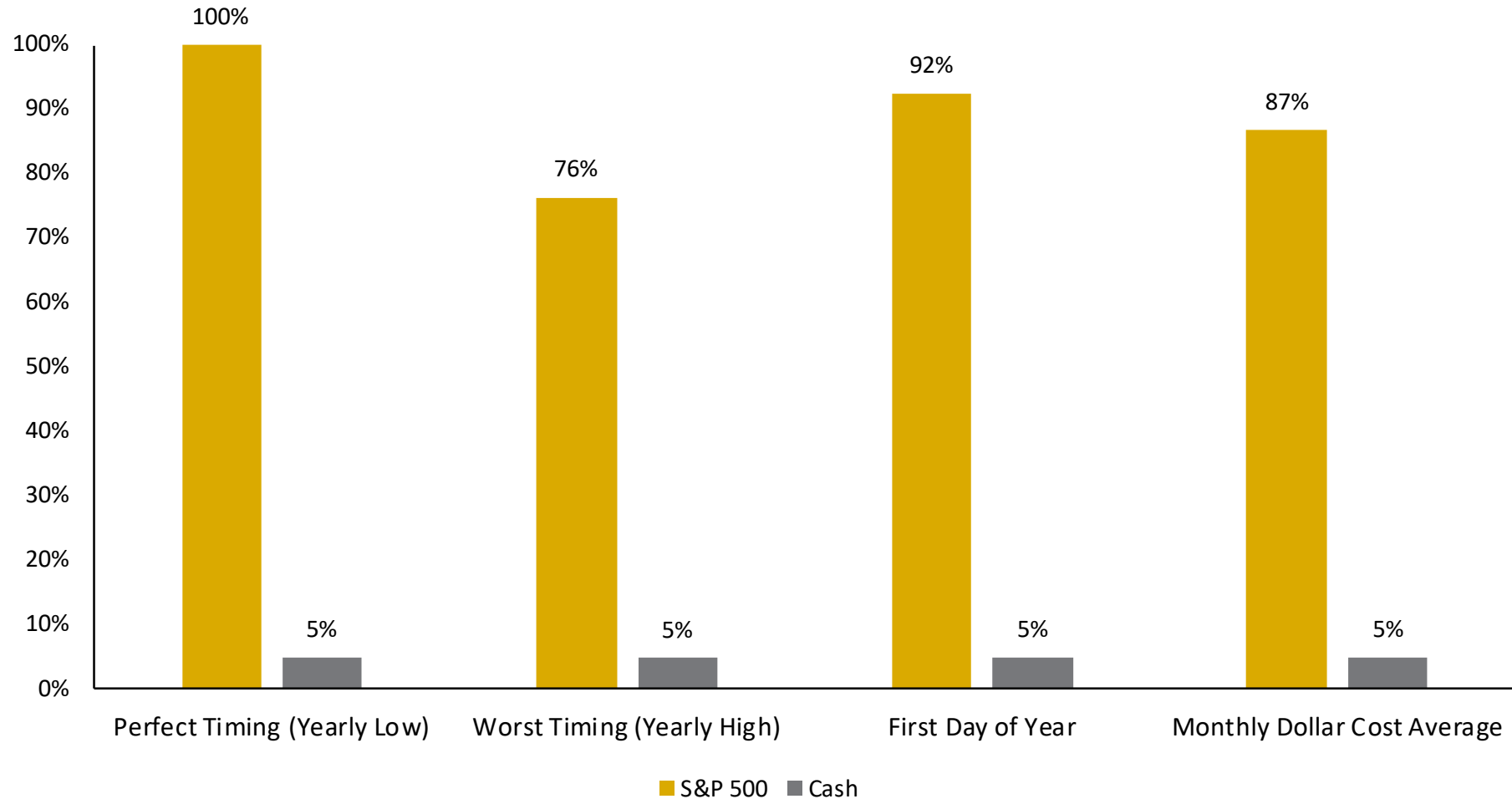


- **Nearly half (48%) of the S&P 500 Index's strongest days occurred during a bear market.***
- **Another 28% of the market's best days took place in the first two months of a bull market—before it was clear a bull market had begun.***

Market Timing, Anyone?

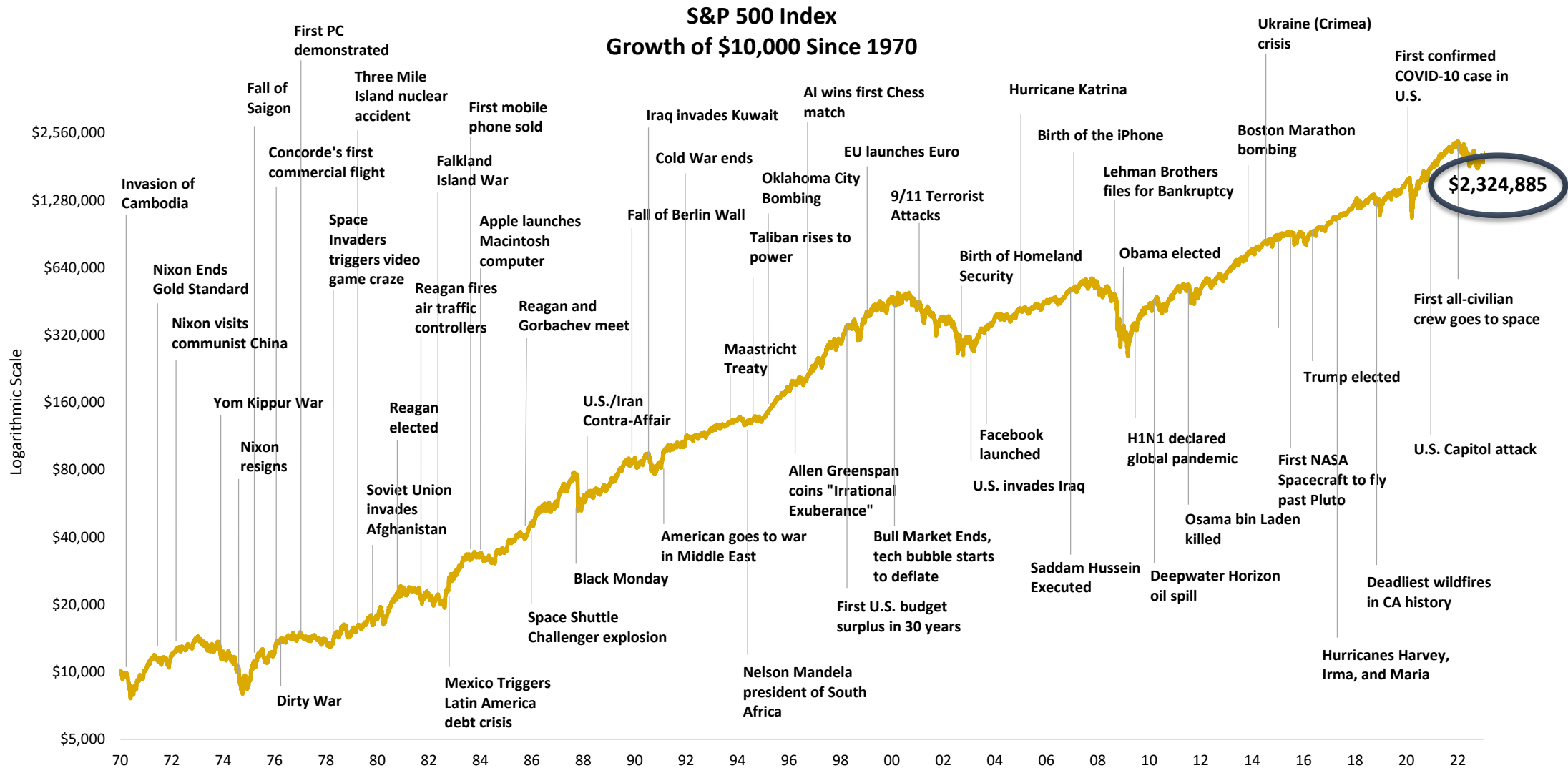
Percent Capture of Perfect Timing with \$12,000 Annual Contribution
1980-2023 YTD

Perfect Timing Portfolio Value: \$10,516,789



Staying Invested Matters!

S&P 500 Average Annual Return Since 1970: +10.6%



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