



Chart book

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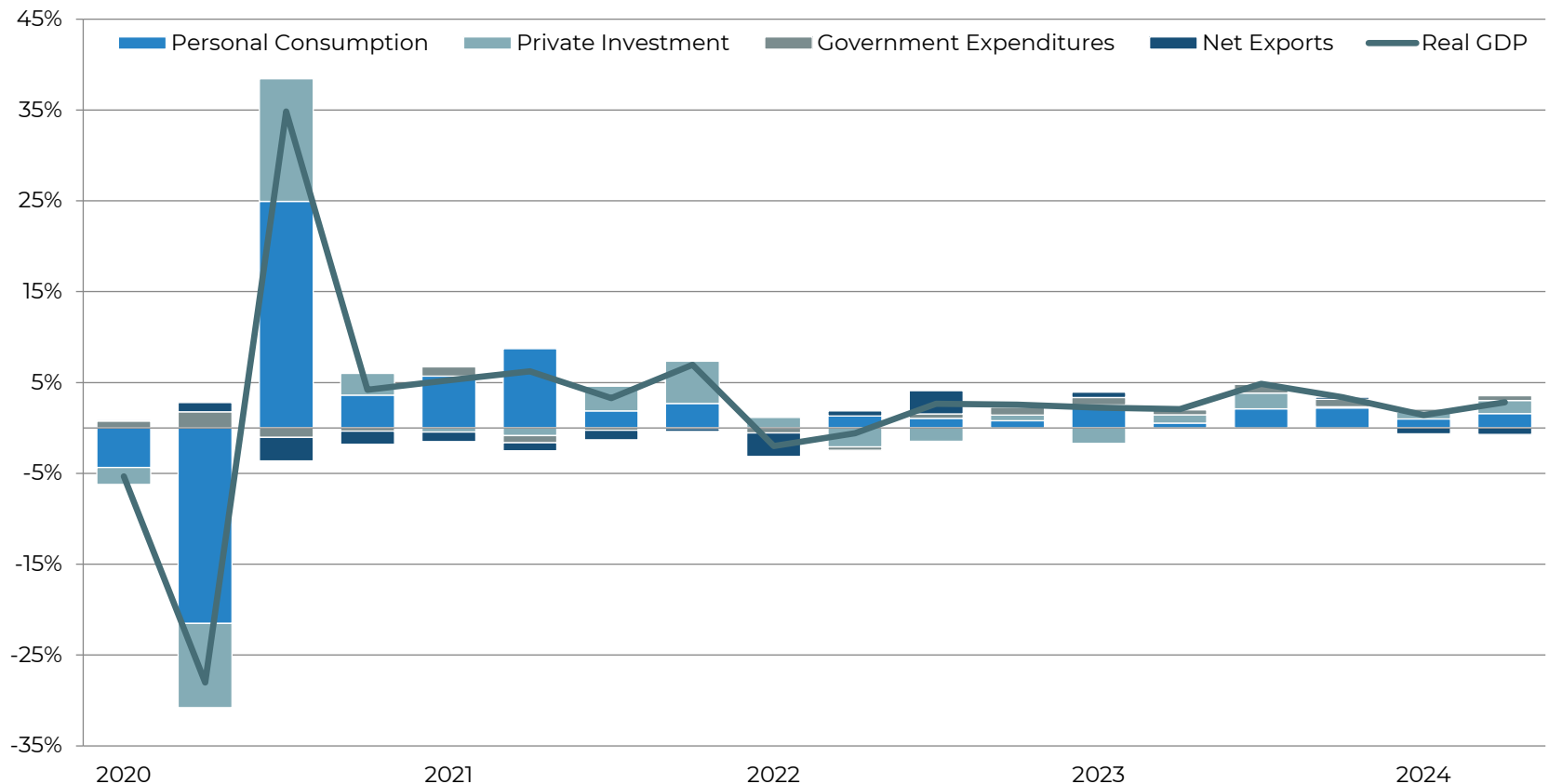


**ECONOMIC
PERSPECTIVE**

The U.S. economy powered through the second quarter, growing more than expected even as inflation resumed its path back to the Federal Reserve's 2% target. Real GDP grew at an annualized rate of 2.8% in the second quarter according to the Bureau of Economic Analysis. That was not only a significant rebound from the 1.4% pace logged in the first quarter of the year, but it surpassed the 1.9% growth forecast by economists. A robust economy is a good sign for the average consumer and because it came in tandem with positive data on prices, it is in line with the soft landing of a healthy economy and cooling inflation that Federal Reserve officials are looking to achieve. Economists consider real GDP growth rates of between 2% and 3% to be healthy in developed economies.

Economic Growth

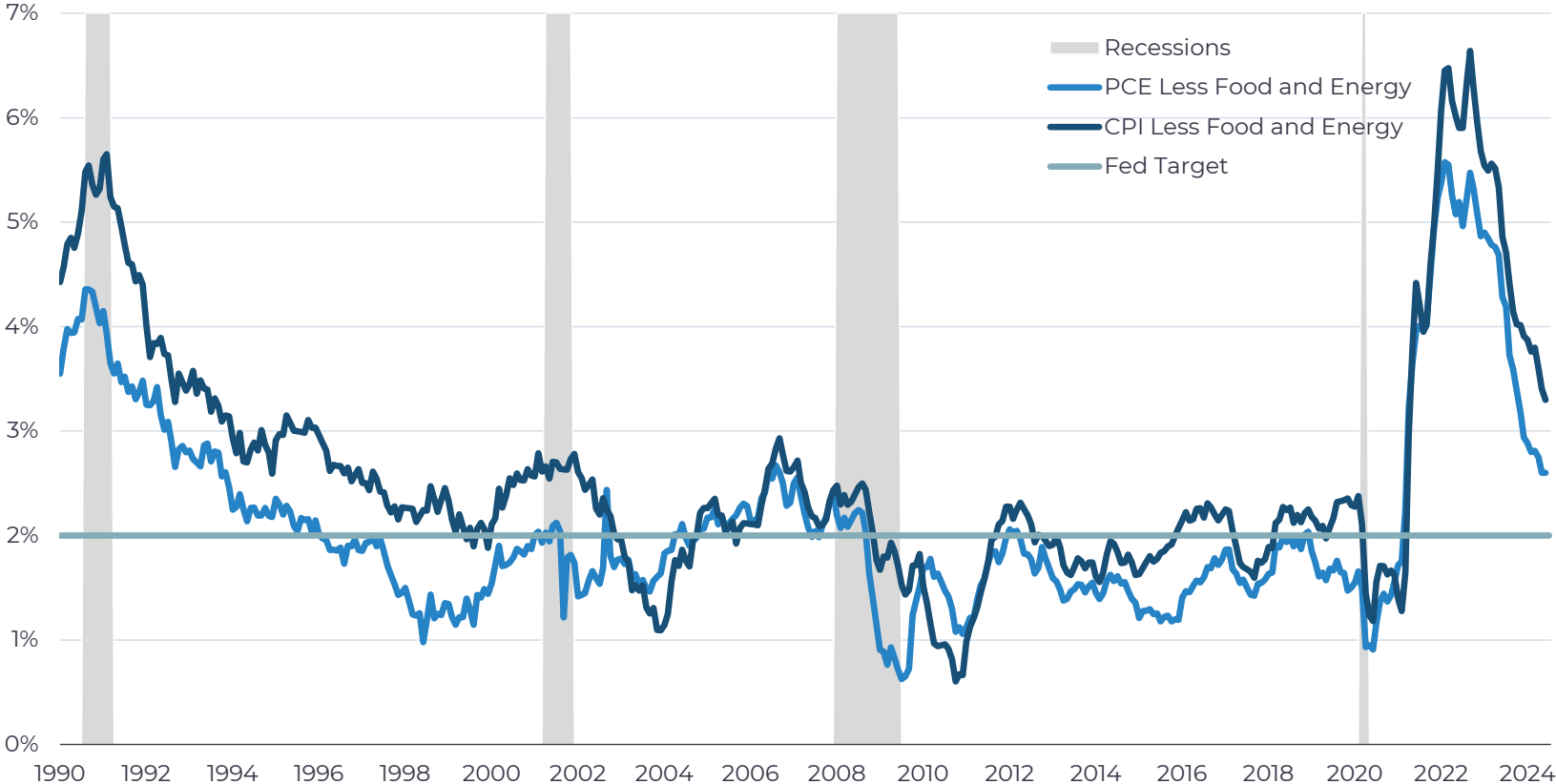
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



On a year-over-year basis, consumer prices were up 3% in June, cooling further from the 3.3% rate in May. Excluding volatile food and energy costs, so-called core prices rose 3.3% in June, down from 3.4% May. Core prices are thought to provide a particularly telling signal of where inflation is likely headed. The latest inflation readings will likely help convince the Fed's policymakers that inflation is returning to their 2% target. Policymakers have stated they would need to see several months of mild price increases to feel confident enough to cut the Fed Funds rate from 5.5%, a 23-year high which they have held steady since July 2023. Even as inflation slows, the costs of food, rent, health care and other necessities remain much higher than they were before the pandemic — a source of public discontent.

Inflation Outlook

Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)

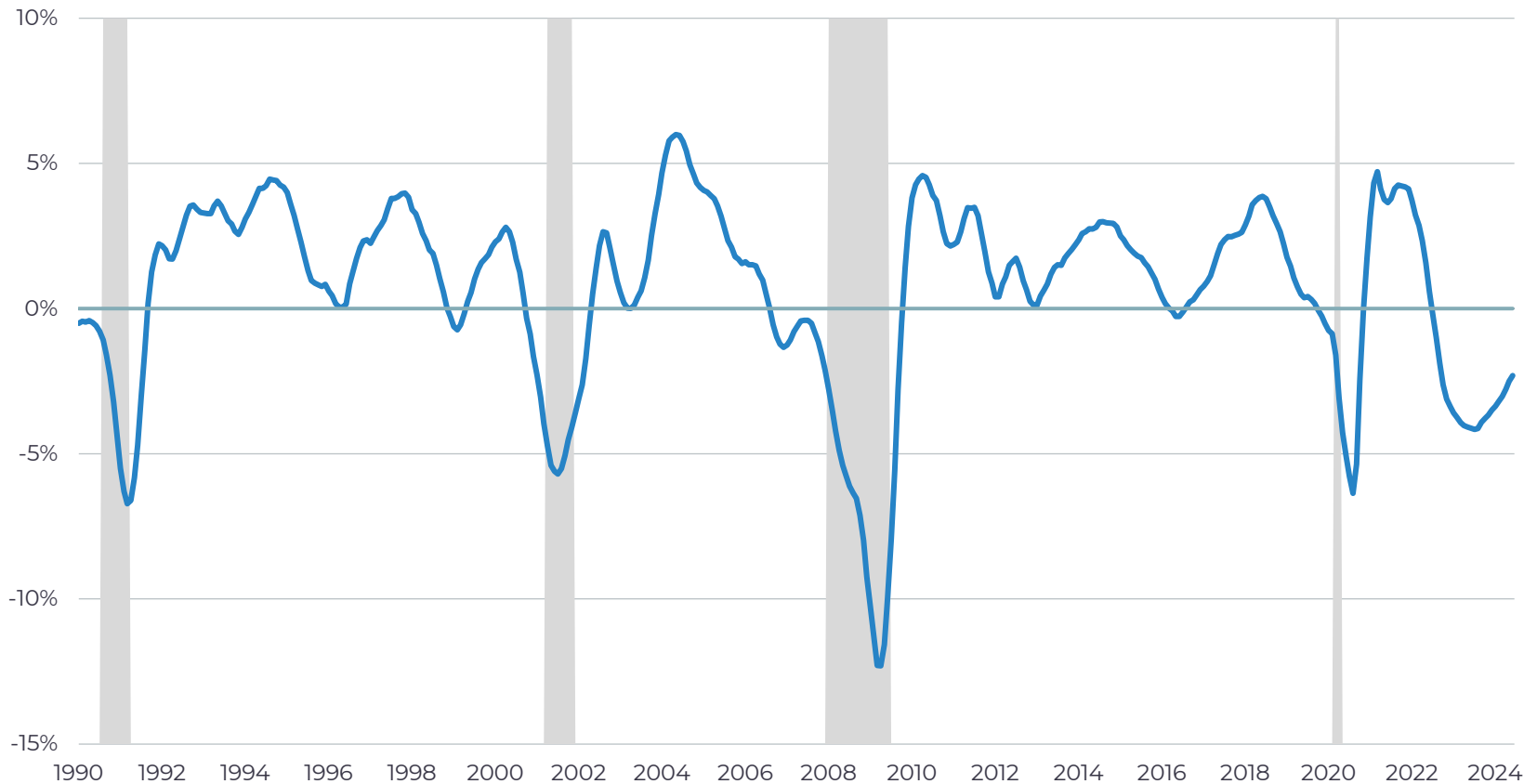


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

According to the Conference Board, June's decline in the U.S. LEI was fueled by gloomy consumer expectations, weak new orders, negative interest rate spread, and an increased number of initial claims for unemployment. However, due to the smaller month-on-month rate of decline, the LEI's long-term growth has become less negative pointing to a slow recovery. Taken together, June's data suggest that economic activity is likely to continue to lose momentum in the months ahead. The Conference Board currently forecast that cooling consumer spending will push U.S. GDP growth down to ~1% annualized in Q3 of this year.

U.S. Economic Outlook

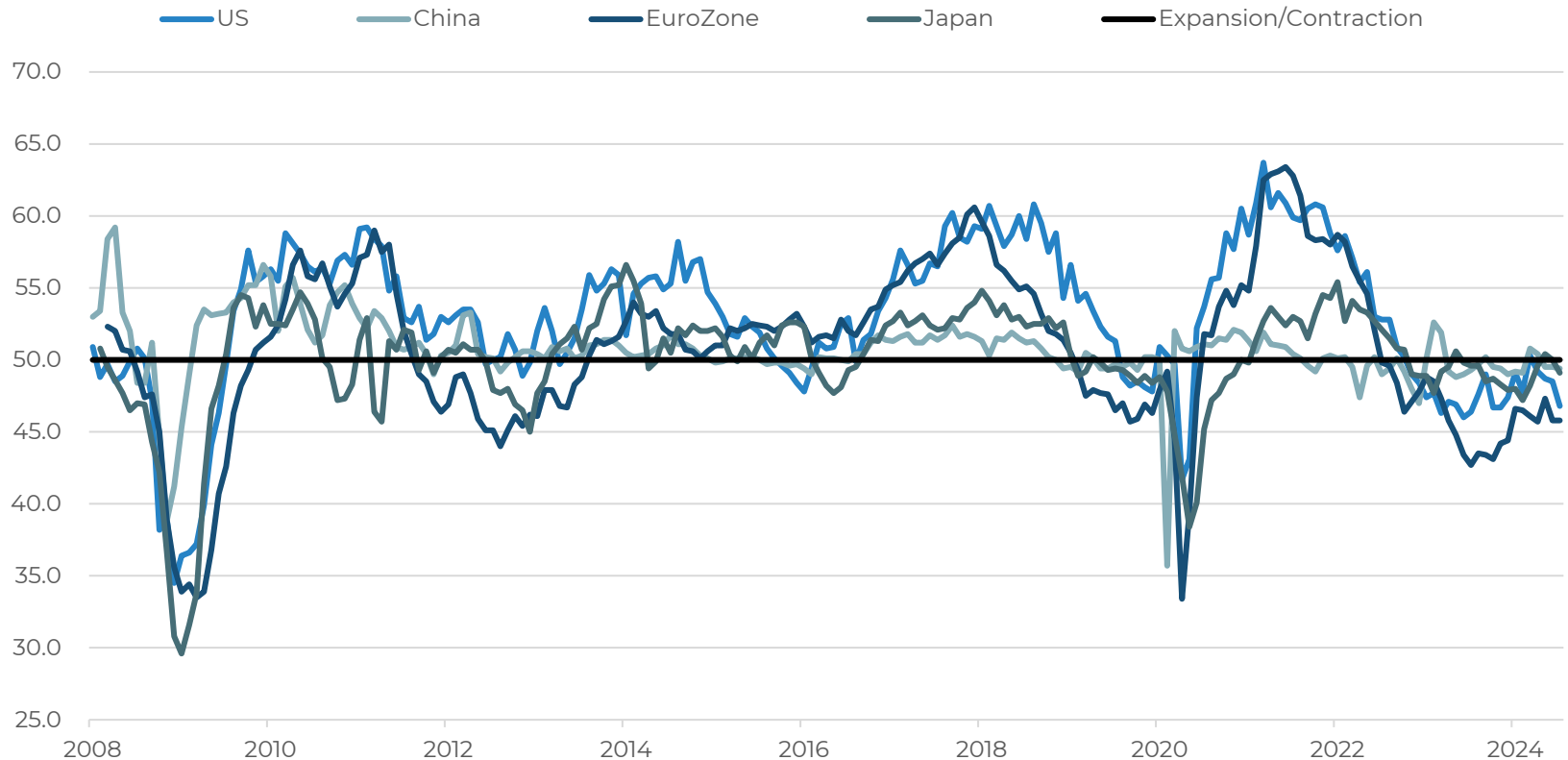
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



The global manufacturing sector experienced a setback at the start of the second half of 2024. The slowdown reflected weaker expansions in the U.S. and China, an ongoing downturn in the Euro area and a fall back into contraction in Japan. Declining new order intakes were also a major factor underlying the weaker expansion, as new business fell for the first time since January. The J.P. Morgan Global Manufacturing PMI – a composite index produced by J.P. Morgan and S&P Global Market Intelligence in association with ISM and IFPSM – posted 49.7 in July, down from 50.8 in June and below the neutral 50.0 mark separating expansion from contraction for the first time in 2024.

Global Economic Outlook

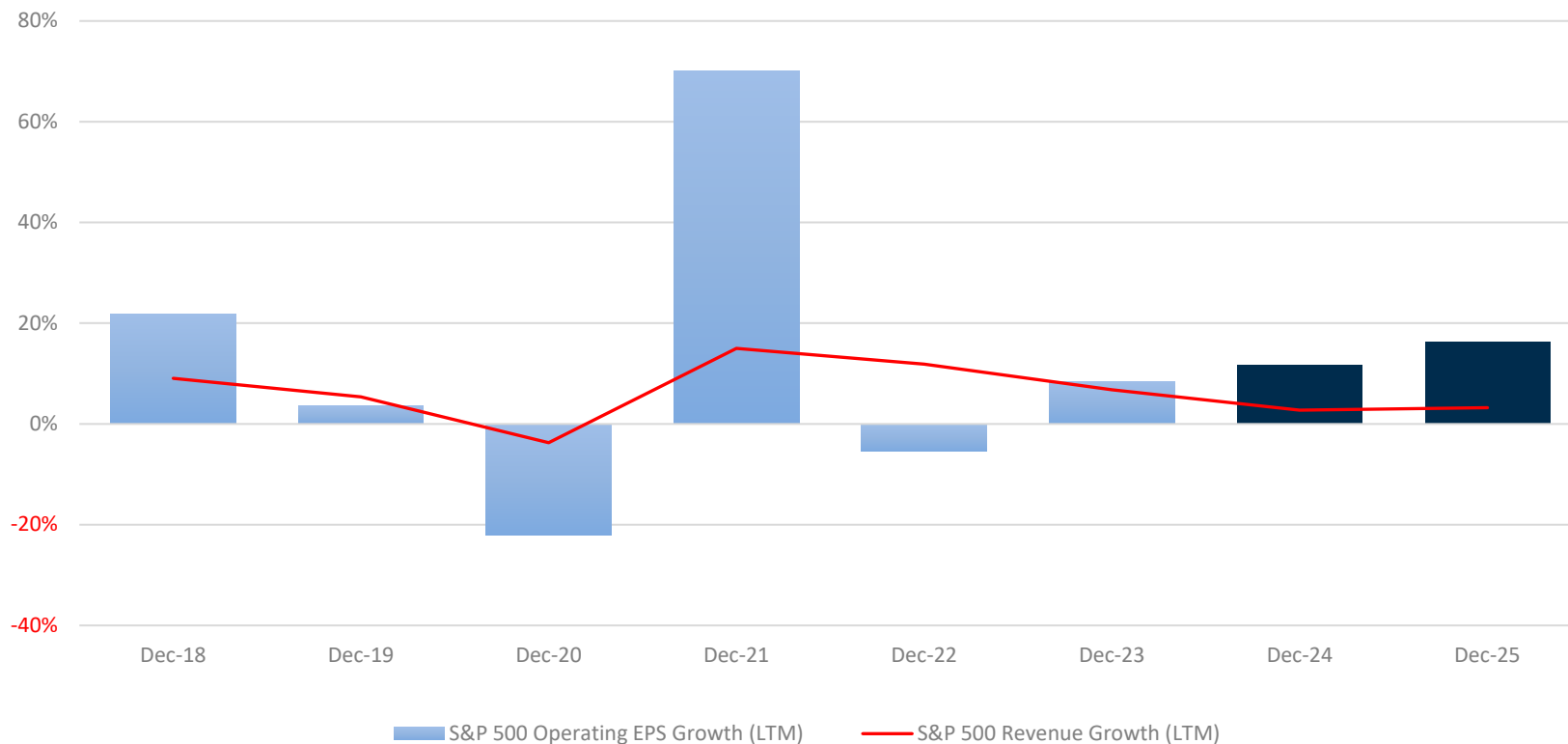
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6079, which is 14.3% above the closing price of 5319. At the sector level, the Information Technology (+19.8%) and Consumer Discretionary (+18.2%) sectors are expected to see the largest price increases. On the other hand, the Real Estate (+5.7%) and Consumer Staples (+6.1%) sectors are expected to see the smallest price increases. Overall, there are 11,809 ratings on stocks in the S&P 500. Of these 11,809 ratings, 54.9% are Buy ratings, 40.1% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Communication Services (63%), Energy (63%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Materials (47%) sectors have the lowest percentages of Buy ratings.

Corporate Profitability

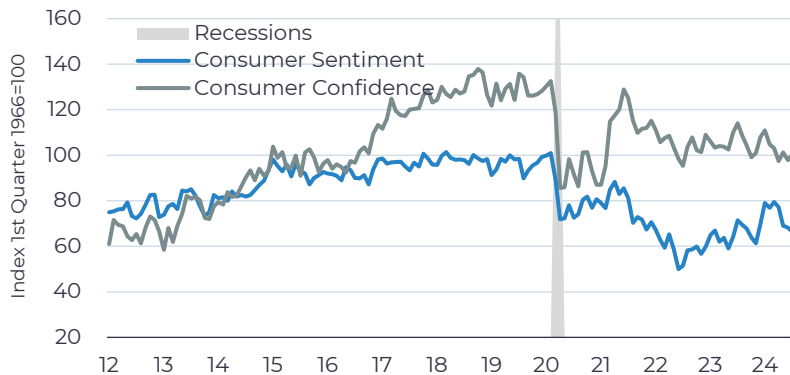
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



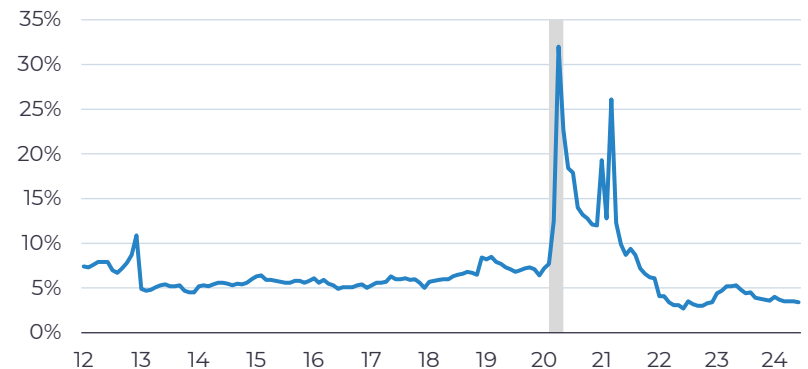
Consumer confidence increased mildly in July but remained within the narrow range that has prevailed over the past 2 years. Compared to last month, consumers were somewhat less pessimistic about the future and remained relatively positive about the labor market. However, they are still concerned about elevated prices and inflation, interest rates as well as uncertain about the future, all of which may not improve rapidly in 2024. Expectations for future income improved slightly but again, were balanced about by generally negative feelings regarding business and employment conditions. Generally, the consumer remains strong but concerns on weakening savings rates and disposable income persist.

Consumer Outlook

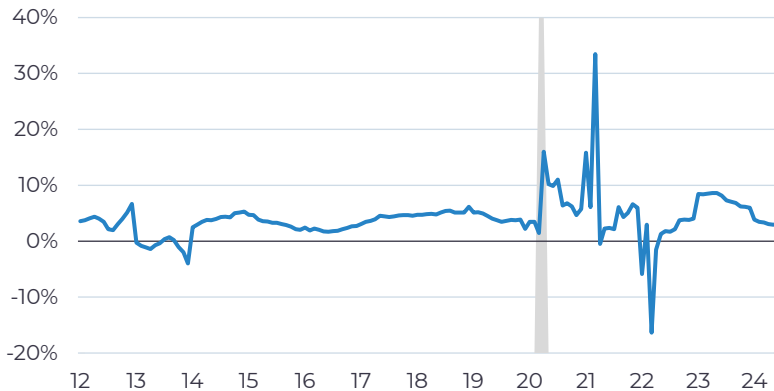
Consumer Sentiment & Confidence Indexes



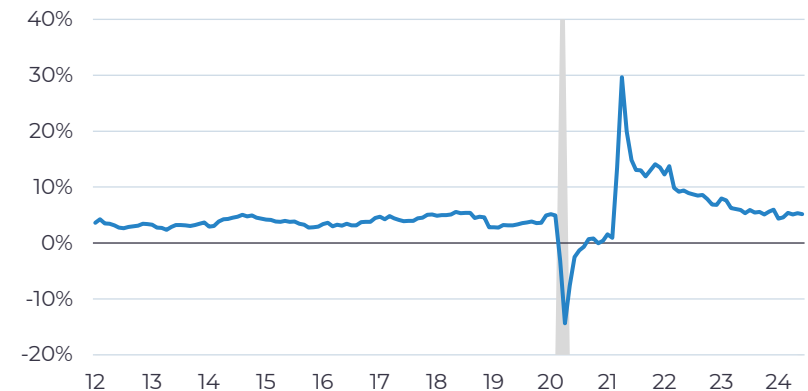
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



Personal Consumption Expenditures (Y/Y % Change)



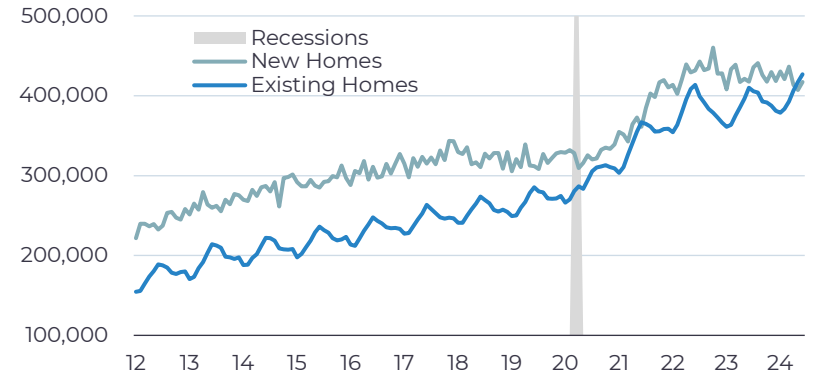
The nation's housing slump deepened in June as sales of previously occupied homes contracted to their slowest pace since December, hampered by elevated mortgage rates and record-high prices. Sales of previously occupied U.S. homes fell 5.4% on a month-over-month basis to a seasonally adjusted annual rate of 3.89 million. Existing home sales were also down 5.4% compared with June of last year. The latest sales came in below the 3.99 million annual pace economists were expecting. Despite the pullback in sales, home prices climbed compared with a year earlier for the twelfth month in a row. The national median sales price rose 4.1% from a year earlier to \$426,900, an all-time high with records going back to 1999.

Housing Market Outlook

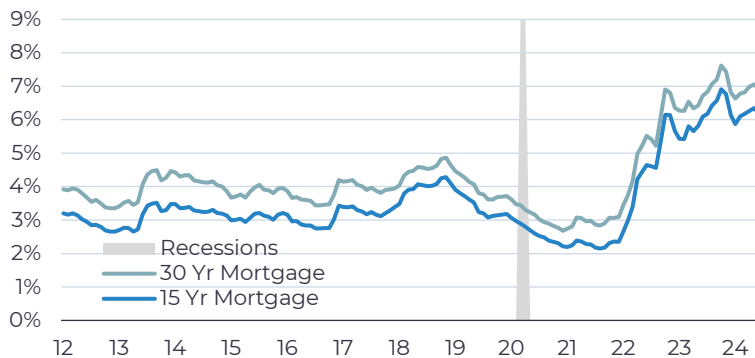
Housing Affordability (higher = more affordable)



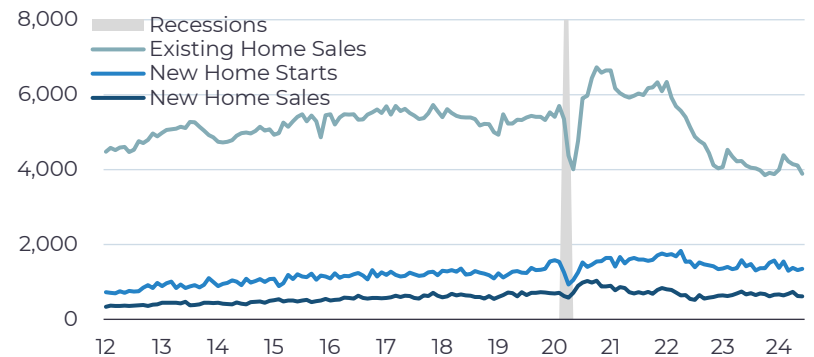
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



Housing Starts, Existing Home Sales and New Home Sales (000's)

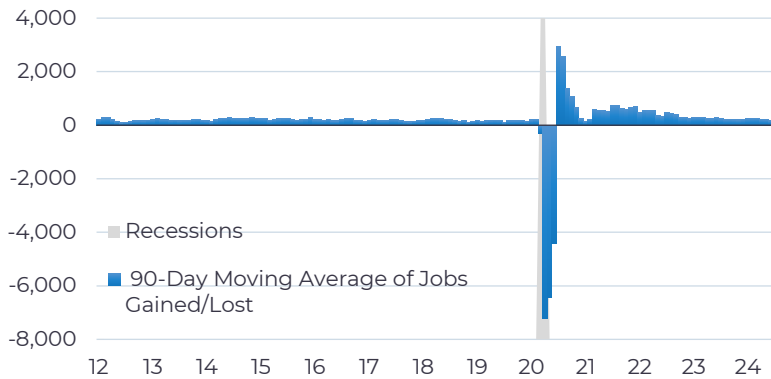


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

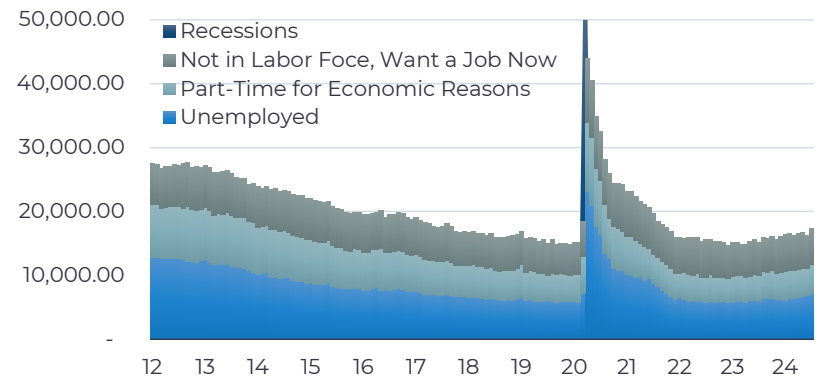
The U.S. unemployment rate increased to 4.3% in July amid a significant slowdown in hiring, heightening fears the labor market was deteriorating and potentially making the economy vulnerable to a recession. Its rise from a five-decade low of 3.4% in April 2023 to now all but guarantees a September interest rate cut from the Federal Reserve. Economists argue that the U.S. central bank is most likely behind the curve in easing monetary policy. The employment report also showed the increase in annual wages last month was the smallest in more than three years. Nonfarm payrolls increased by 114,000 jobs last month, well below the 215,000 jobs per month added over the last 12 months, and the at least 200,000 that economists say are needed to keep up with growth in the population, accounting for the recent surge in immigration.

Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



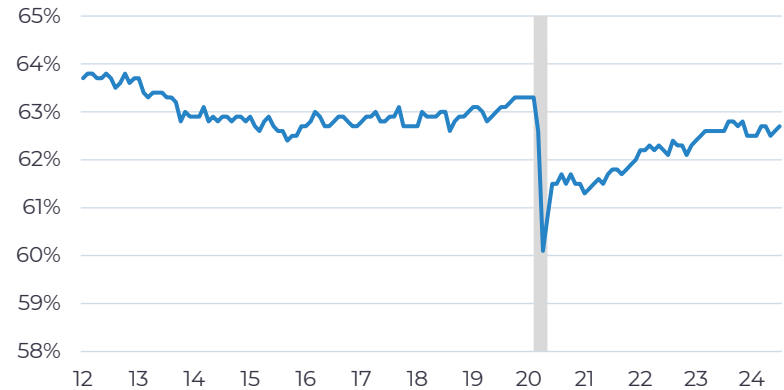
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



Source: U.S. Bureau of Labor Statistics, (Reported monthly, Wage Growth reported quarterly)

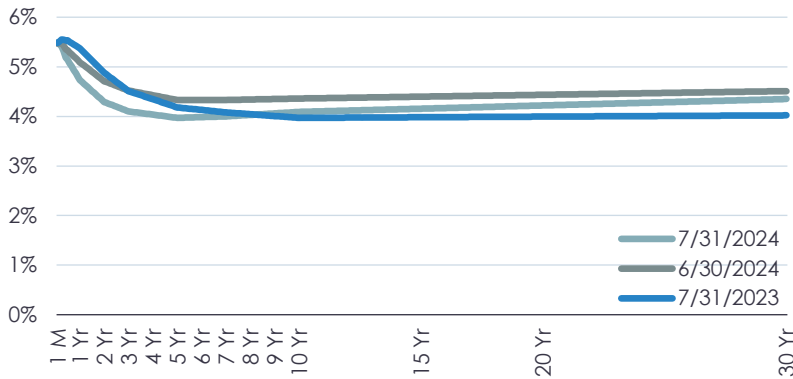


**BOND MARKET
PERSPECTIVE**

Positive economic growth, cooling inflation, and expectations for interest rate cuts in 2024 have guided bonds to a three-month win streak for the first time since 2021. During this time, the 10-year U.S. Treasury yield has declined meaningfully from 4.70% to 4.09%. Longer-term bonds have benefitted from falling Treasury yields over the past three months and have been closing the gap year-to-date versus shorter-term bonds. When the Fed eventually lowers short-term rates, money market yields will likely adjust lower rapidly as they have historically been highly correlated with the Fed Funds rate. Investment grade corporate bonds (rated BBB and above) have benefited from higher yields (5.3%) compared to like Treasury bonds (4.0%) and longer duration (7 yrs.) versus high yield bonds (3 yrs.).

U.S. Treasury Market

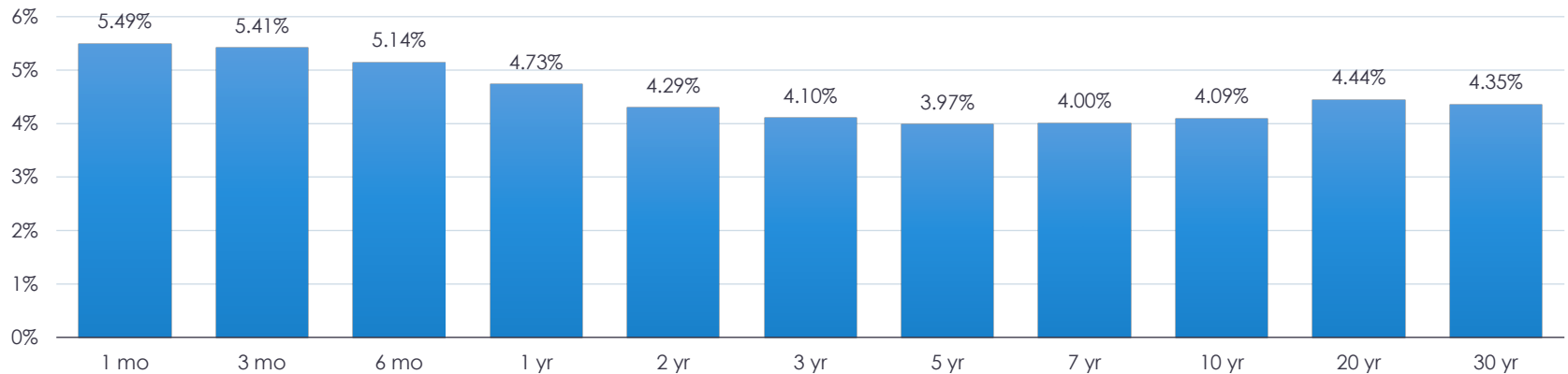
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

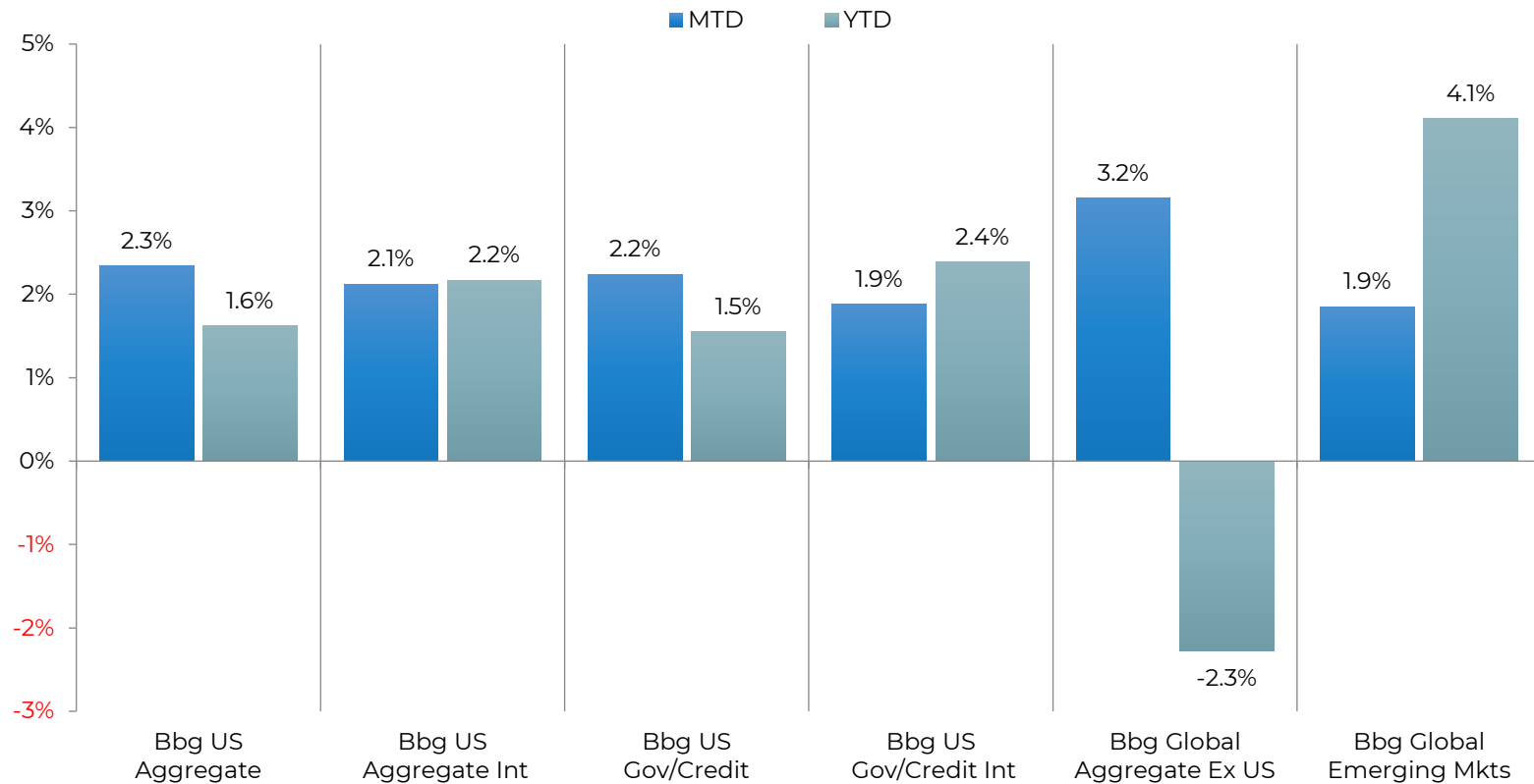


Current U.S. Treasury Yields by Maturity



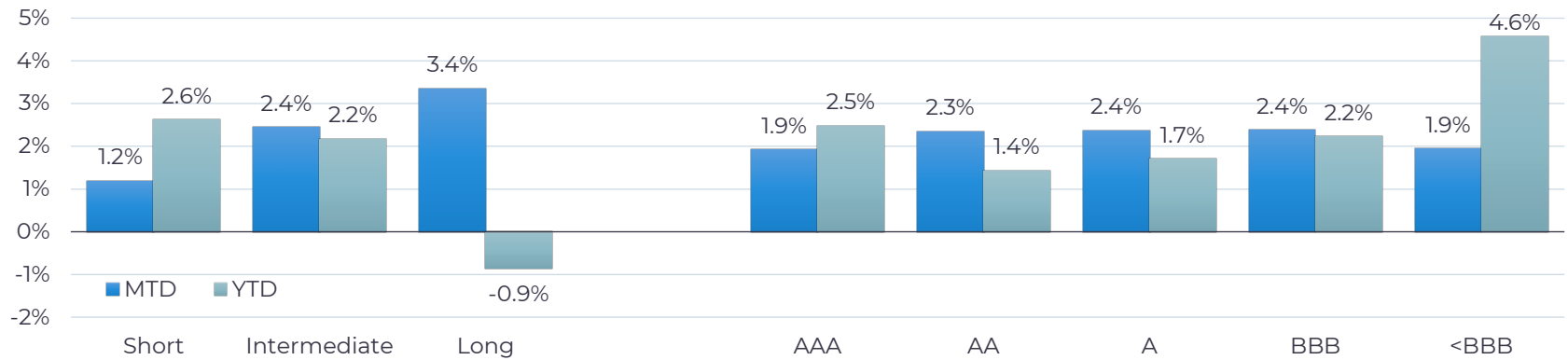
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index



Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

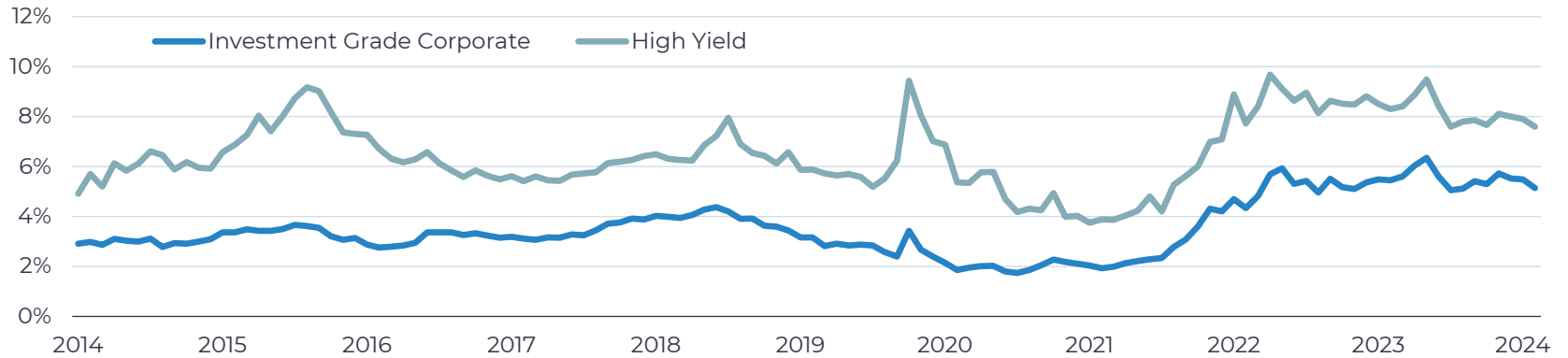


Domestic Bond Market - Municipal

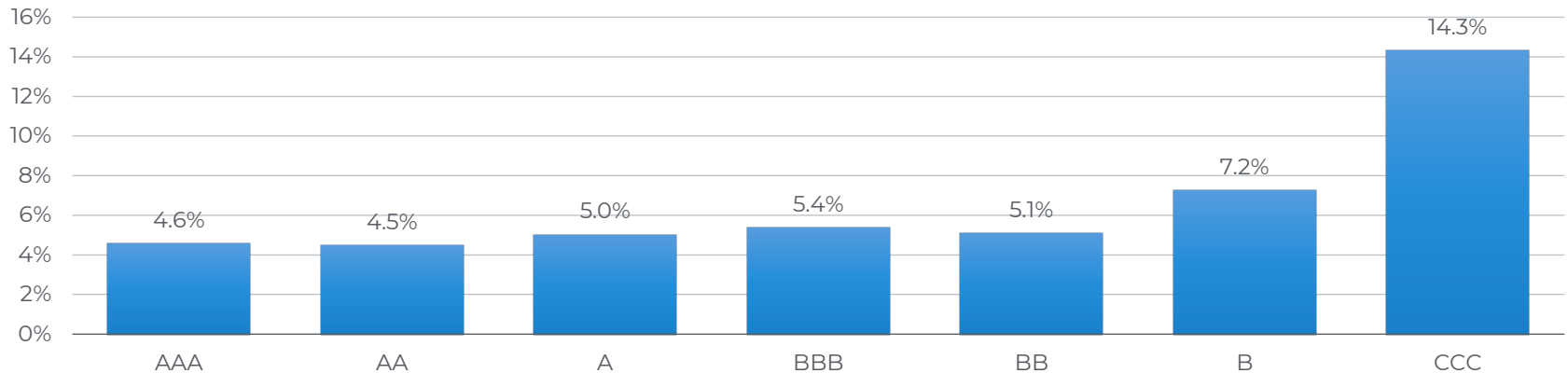


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



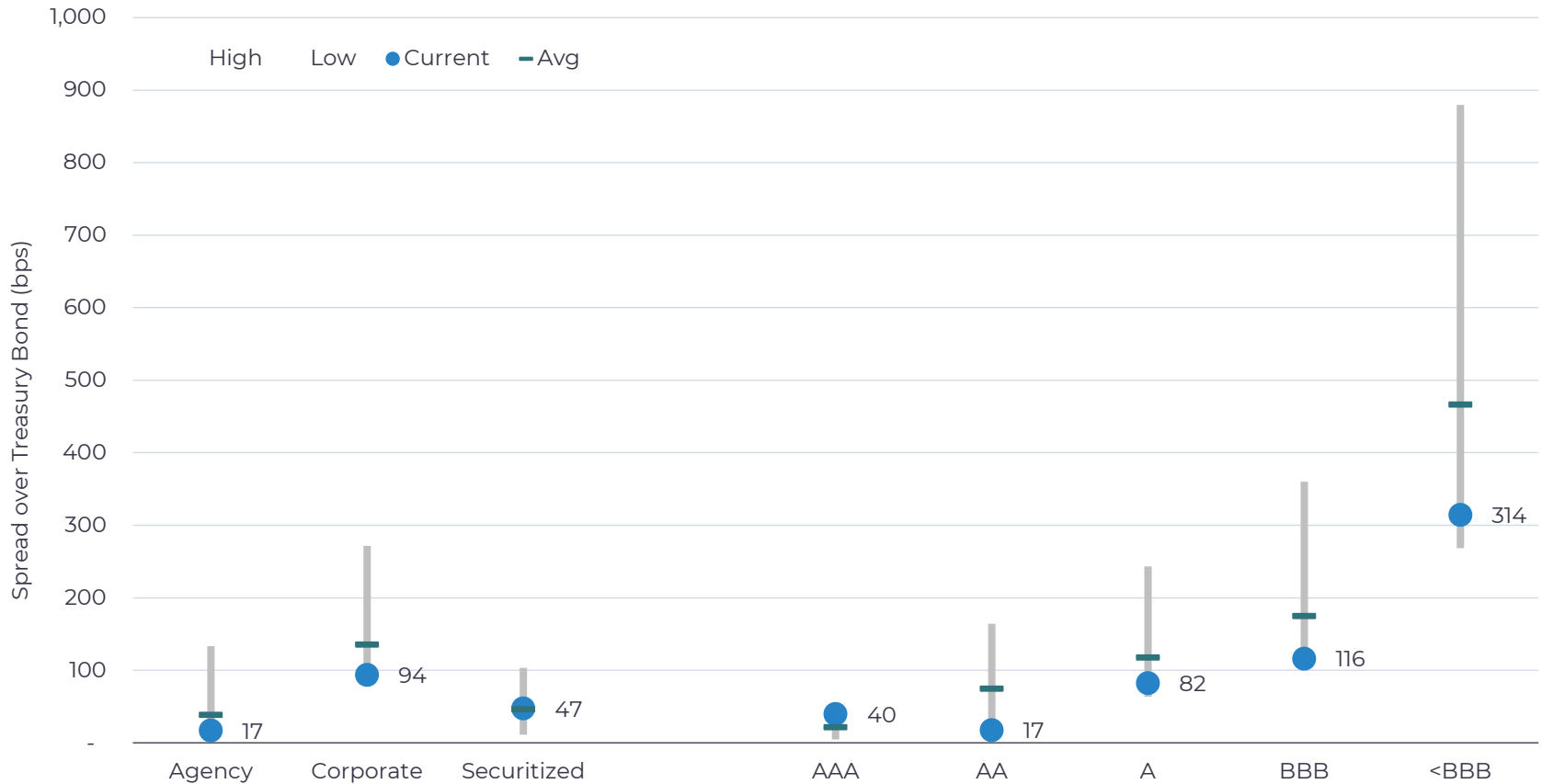
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

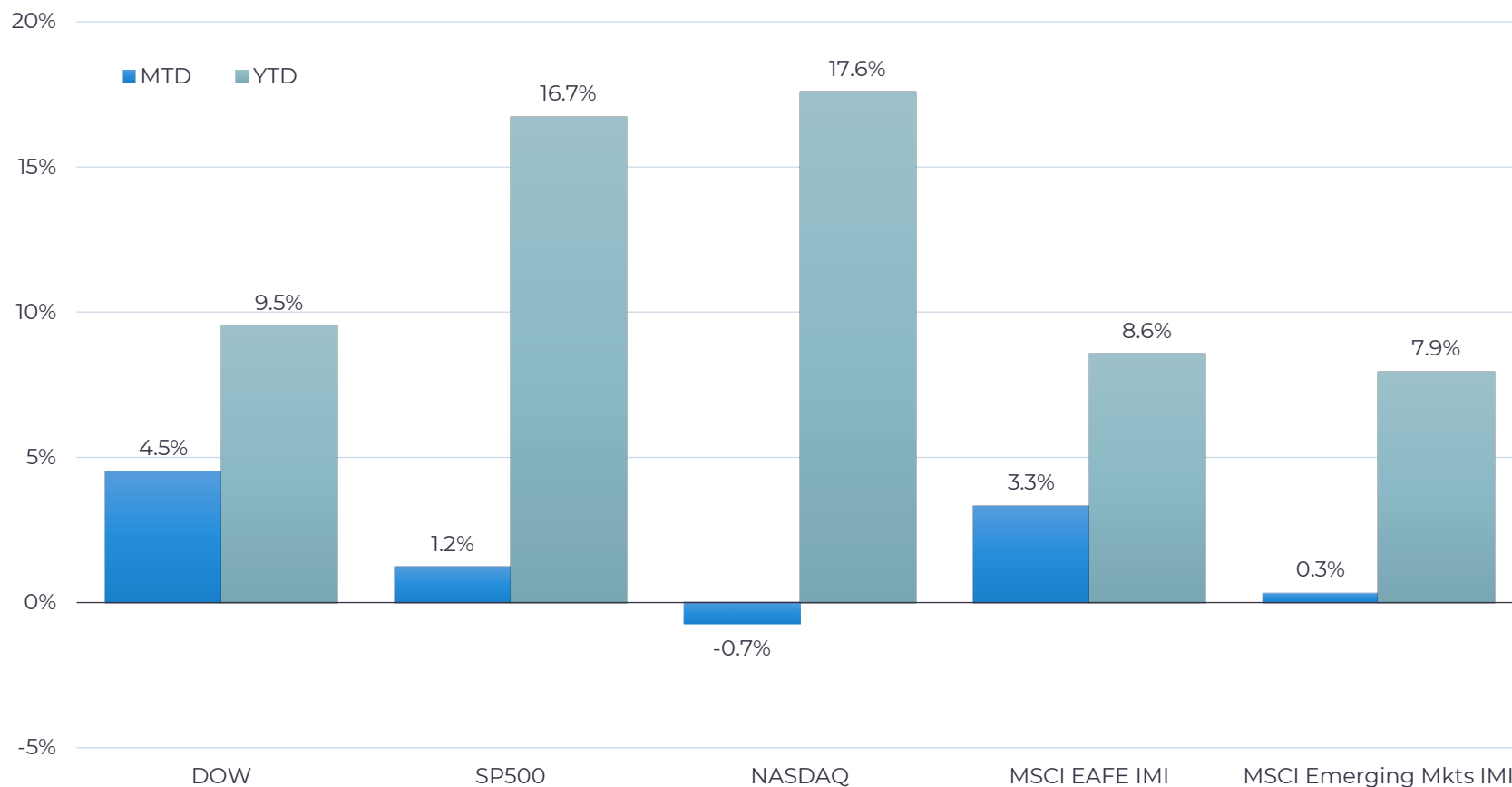
An aerial photograph of a bridge spanning a river, overlaid with a teal color scheme. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text 'EQUITY MARKET PERSPECTIVE' is centered in white, bold, sans-serif font. A thin teal line is positioned above the text, and a larger teal arc with concentric lines is at the bottom.

**EQUITY MARKET
PERSPECTIVE**

Investor sentiment shifted during July as small cap stocks, value-oriented stocks, and dividend paying stocks all posted strong returns while mega cap technology stocks lost momentum. The S&P 500 Index returned 1.2% for the month. Reflecting a wider rotation among investors in the stock market, the Large Growth index was down 2% while the Small Value index gained 12.2%. On a factor basis, dividend yielding and low-volatility securities outperformed growth-oriented factors. The market rotational trend was further reflected in sector-level performance during the month. Communications Services (-4%) and Information Technology (-2.1%) were the worst-performing sectors. Traditionally defensive sectors substantially outperformed the S&P 500 Index average with Real Estate (+7.2%), Utilities (+6.8%) and Financials (+6.4%).

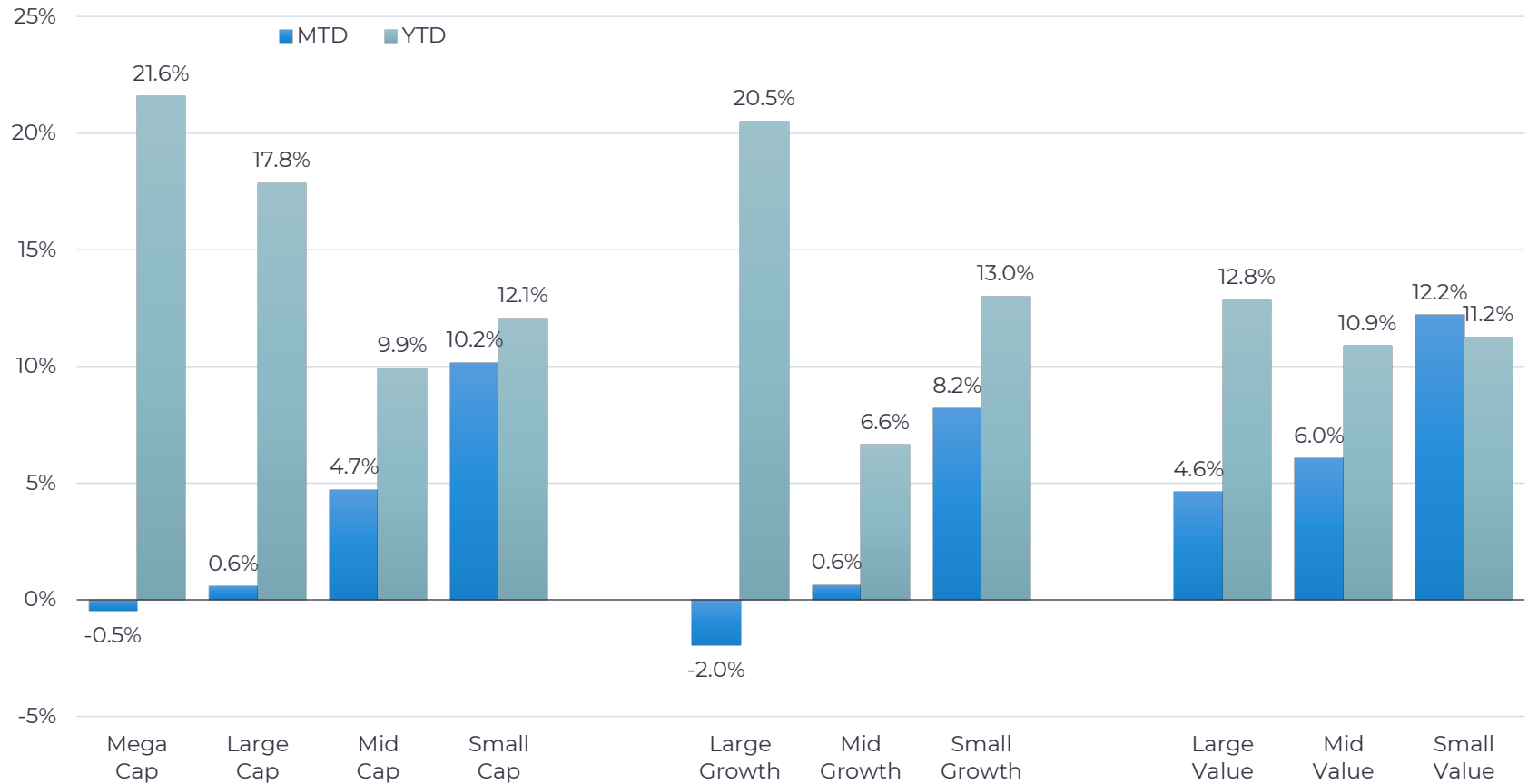
Global Equity Returns by Bellwether Index

Global Equity Markets



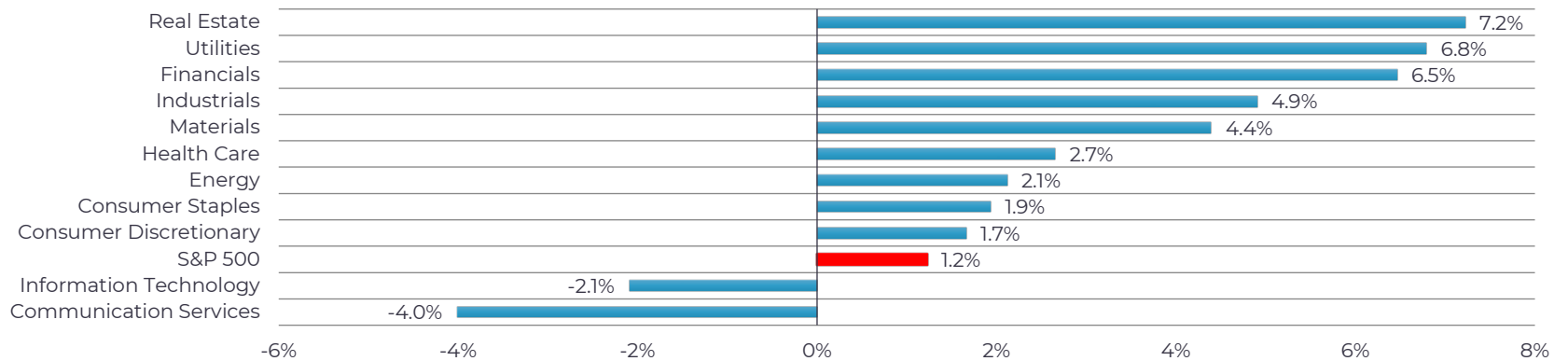
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

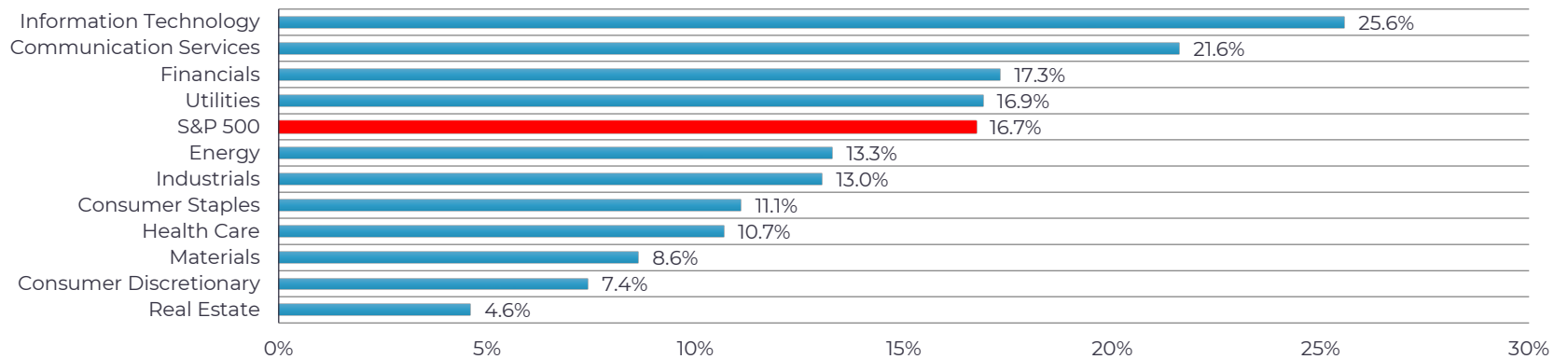


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

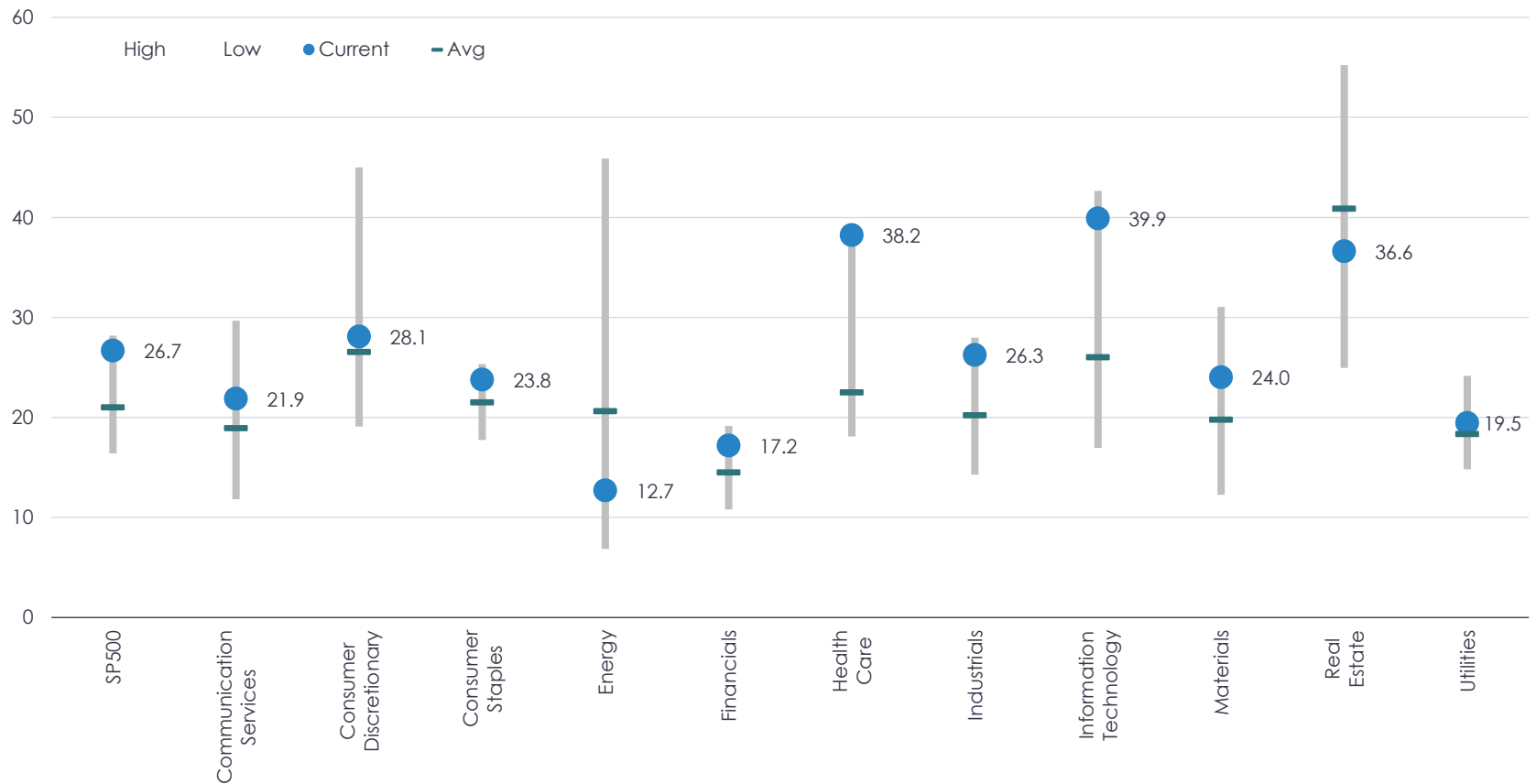


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MCSI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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