



Chart book

As of August 31, 2024

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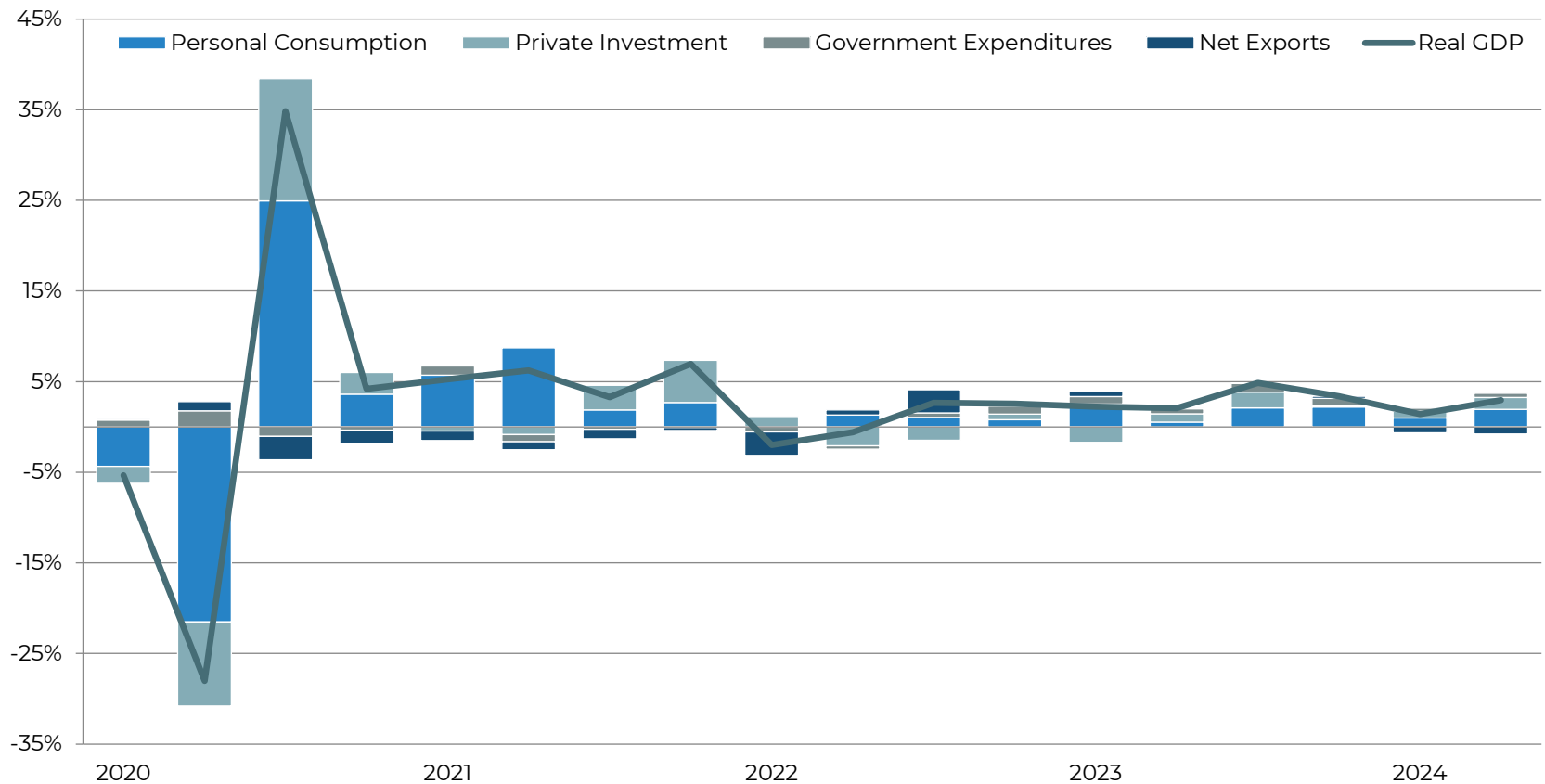


**ECONOMIC
PERSPECTIVE**

The U.S. economy grew faster than forecast during the second quarter driven by strong consumer spending and a rebound in corporate profits, both of which should continue to sustain economic growth. Gross Domestic Product increased at a revised rate of 3.0% annualized last quarter as reported by the Commerce Department's Bureau of Economic Analysis. That was an upward revision from the 2.8% rate initially reported last month. Consumer spending increased at an upwardly revised 2.9% rate which helped offset deceleration in business investment, exports and private inventory investment. Spending is being supported in part by wage gains, but momentum is slowing as the labor market shifts into lower gear. Personal income increased by \$233.6 billion in the second quarter, a downward revision of \$4.0 billion from the previous estimate.

Economic Growth

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

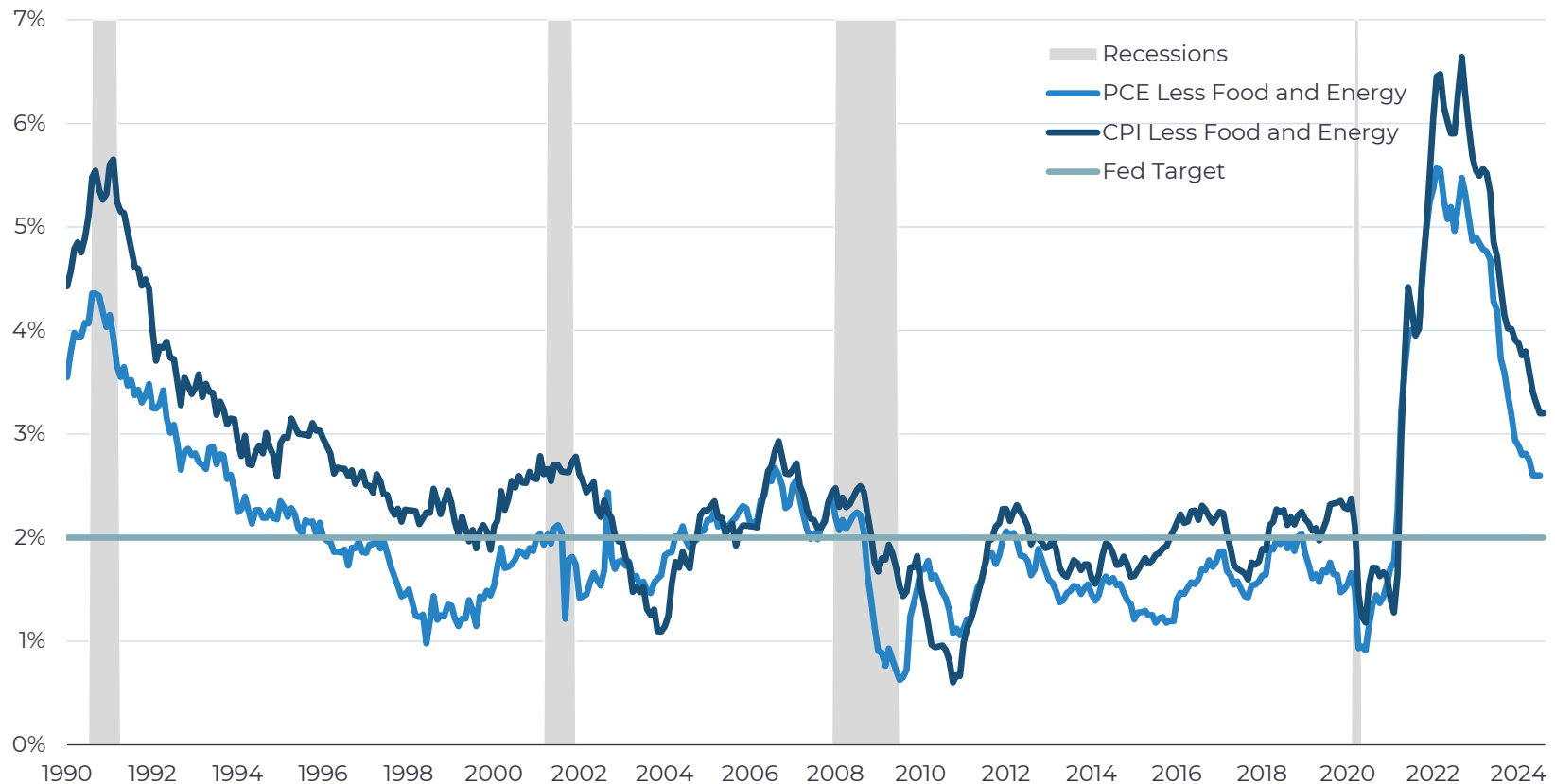


Source: U.S. Bureau of Economic Analysis (Reported quarterly)

U.S. consumer prices rose slightly in August, but underlying inflation showed some stickiness amid higher costs for housing and other services. The mixed inflation report followed data showing the labor market still cooling in an orderly fashion in August. Financial markets boosted the chances of a 0.25% rate cut and sharply lowered the probabilities of a 0.50% reduction. In the 12 months through August, CPI advanced 2.5%. That was the smallest year-on-year rise since February 2021 and followed a 2.9% increase in July. Prices increased at a 1.1% annualized rate in the past three months, indicating that a disinflationary trend was now firmly entrenched, allowing policymakers to focus more on the labor market in their quest to sustain the economic expansion.

Inflation Outlook

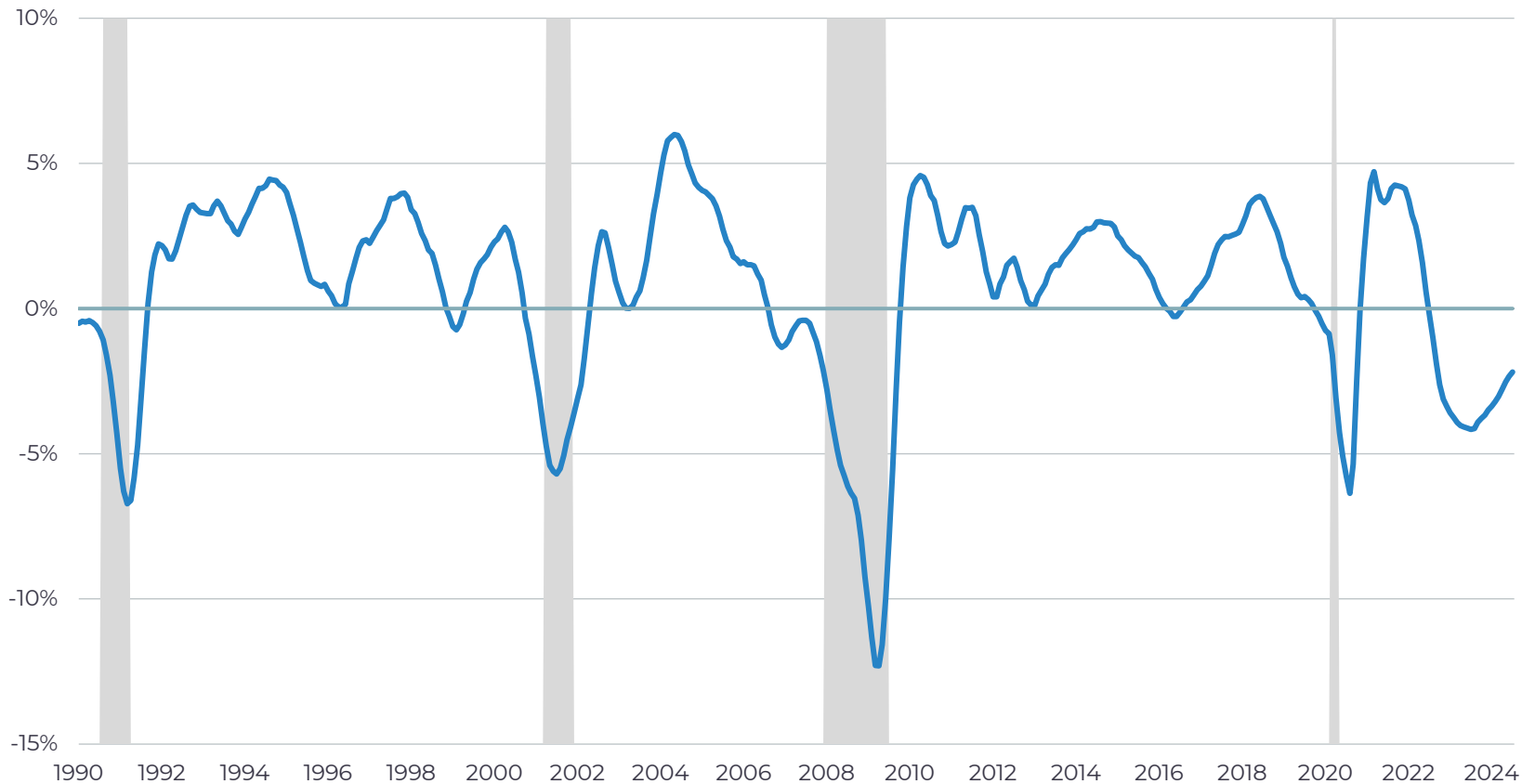
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



According to the Conference Board, LEI continued to fall in July on a month-over-month basis, but the six-month annual growth rate no longer signals recession ahead. In July, weakness was widespread among non-financial components. A sharp deterioration in new orders, persistent weakness in consumer expectations of business conditions, softer building permits and hours worked in manufacturing drove the decline. Combined with the still-negative yield spread, the data continue to suggest headwinds in economic growth going forward. The Conference Board expects U.S. real GDP growth to slow over the next few quarters as consumers and businesses continue cutting spending and investments. U.S. real GDP is expected to expand at a pace of 0.6 % annualized in Q3 2024 and 1.0% annualized in Q4 2024.

U.S. Economic Outlook

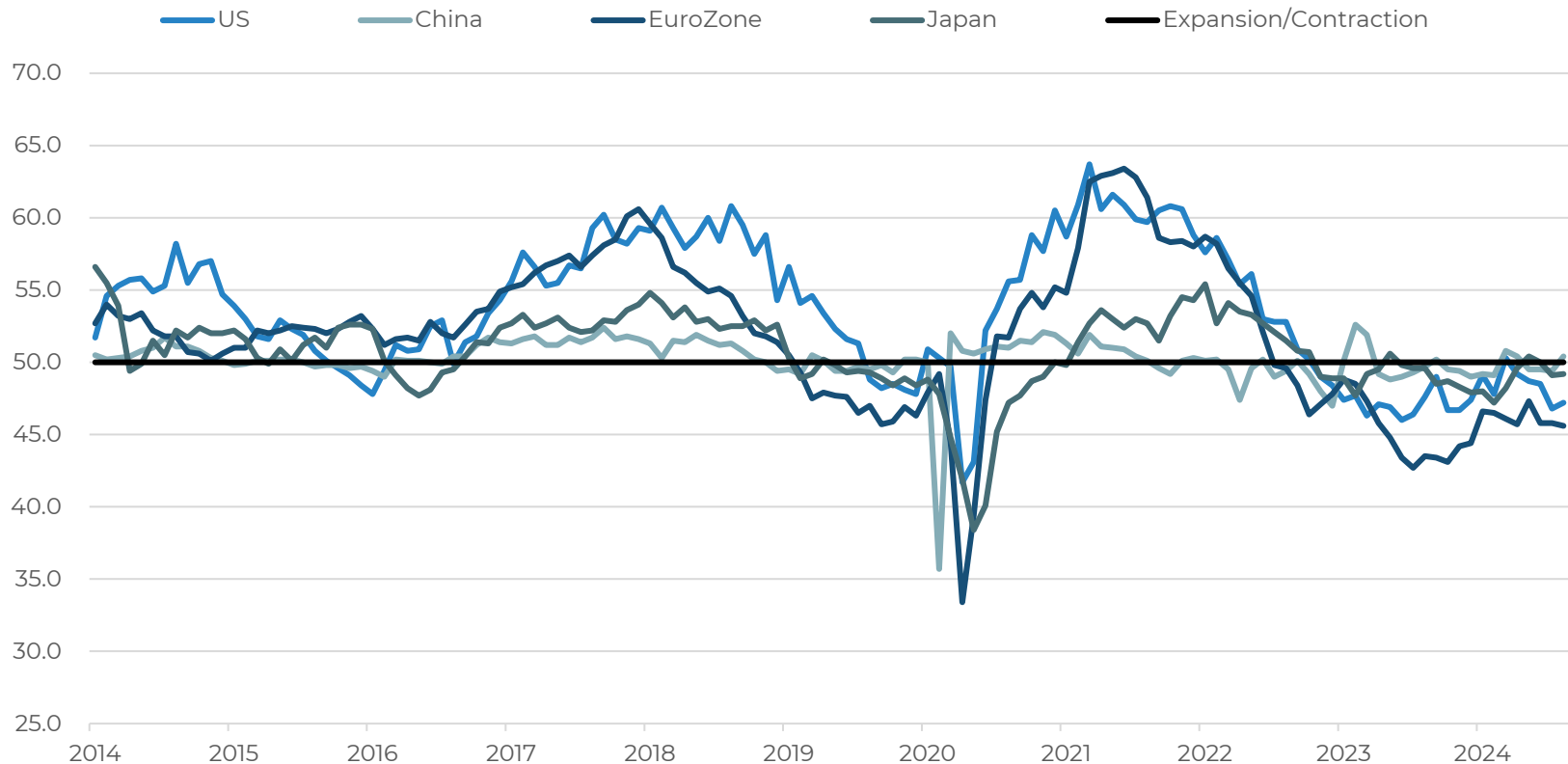
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



August PMI data from across the world pointed to a widening disparity between the manufacturing and service sectors. Service providers saw an accelerating upturn, with activity levels rising at one of the fastest rates since mid-2023. In contrast, conditions in the manufacturing sector deteriorated further, with output, new orders and employment all contracting. The J.P.Morgan Global Composite PMI® Output Index increased to 52.8 in August, up from 52.5 in July and above the neutral 50.0 mark for the tenth month in a row. Of the 15 nations for which August PMI data was available, only three registered declines in combined manufacturing and services activity. Notable exceptions were downturns in Germany and Canada. India saw the strongest growth overall, followed by the U.S..

Global Economic Outlook

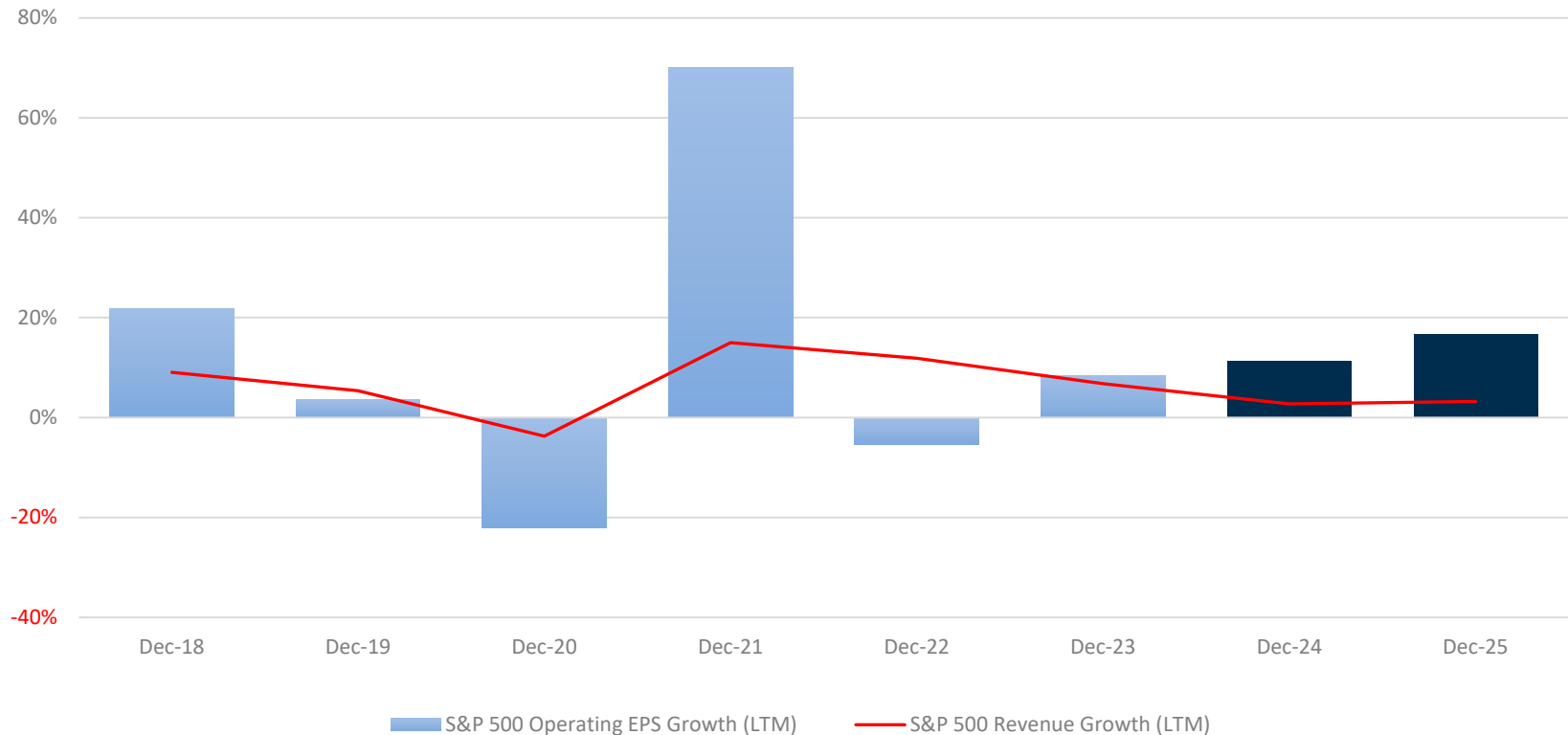
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6275, which is 12% above the closing price of 5595. At the sector level, the Information Technology (+22.5%) and Energy (+21.3%) sectors are expected to see the largest price increases. On the other hand, the Consumer Staples (+2.3%) sector is expected to see the smallest price increase. Overall, there are 11,826 ratings on stocks in the S&P 500. Of these 11,826 ratings, 54.8% are Buy ratings, 40.1% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Communication Services (64%), Energy (63%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%), Utilities (47%), and Materials (49%) sectors have the lowest percentages of Buy ratings.

Corporate Profitability

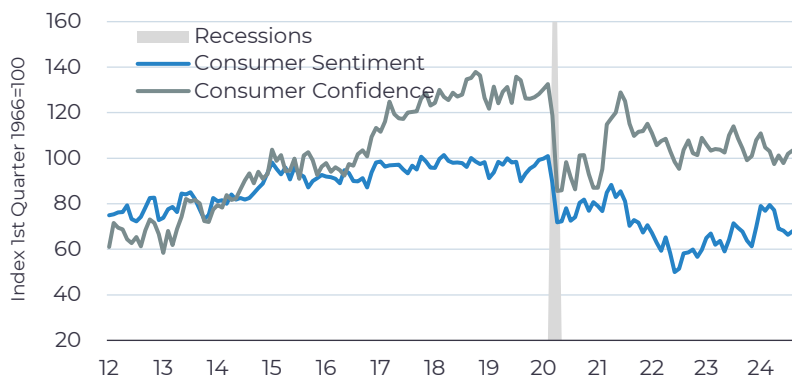
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



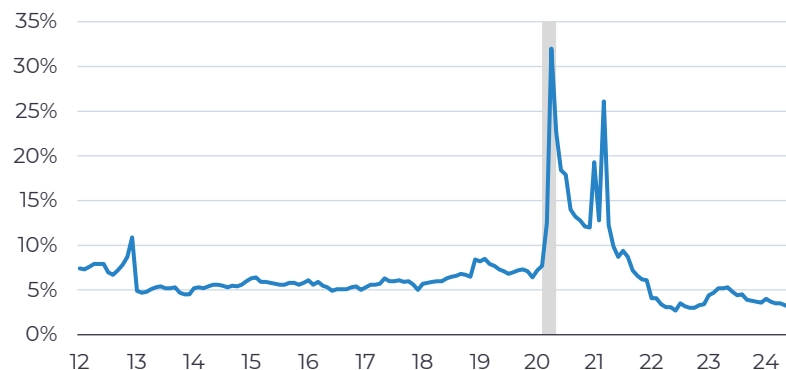
Overall, Consumer Confidence rose in August but remained within the narrow range that has prevailed over the past two years. Consumers continue to express mixed feelings on current conditions and expectations of growth. Compared to July, they were more positive about business conditions, both current and future, but also more concerned about the labor market. Consumers' assessments of the current labor situation, while still positive, continued to weaken, and assessments of the labor market going forward were more pessimistic. This likely reflects the recent increase in unemployment. Consumers were also a bit less positive about future income.

Consumer Outlook

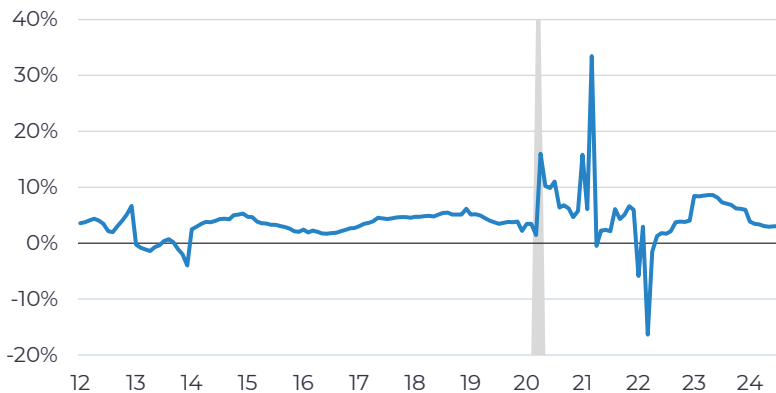
Consumer Sentiment & Confidence Indexes



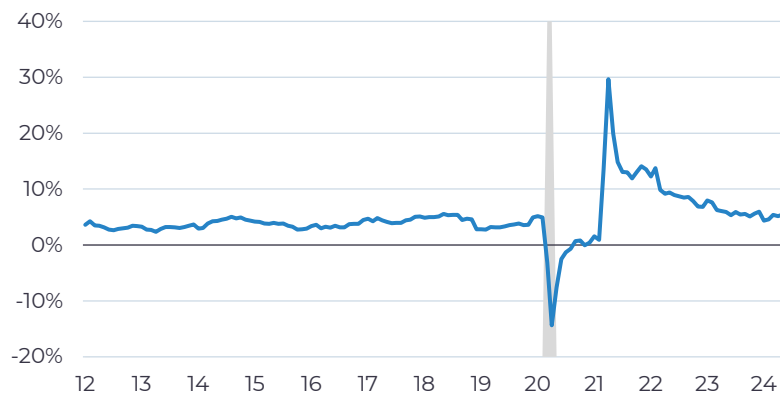
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



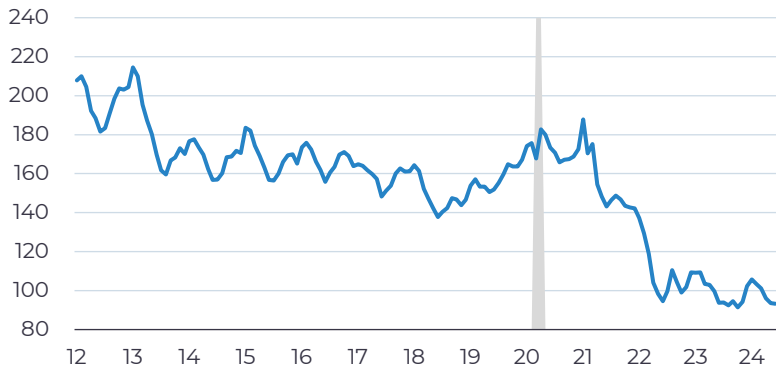
Personal Consumption Expenditures (Y/Y % Change)



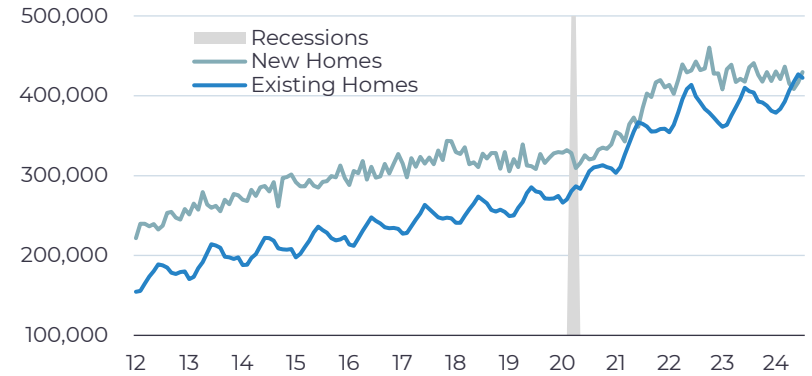
The U.S. housing market just had its worst spring selling season in a dozen years. The question now is whether the Federal Reserve can orchestrate a soft landing that keeps the economy strong while also dropping rates enough to jump-start the stalled housing market. Rates on a 30-year fixed mortgage have fallen nearly 160 basis points from their recent peak, and expectations are building that the Fed's meeting this month could shepherd in even lower borrowing costs. Many renters are priced out of homeownership and owners who might like to move have held off from listing in order to hang on to rates secured when borrowing costs were cheaper. The so-called "lock-in effect" prevented the sale of about 1.7 million homes between the second quarter of 2022 and second quarter of 2024, according to the Federal Housing Finance Agency.

Housing Market Outlook

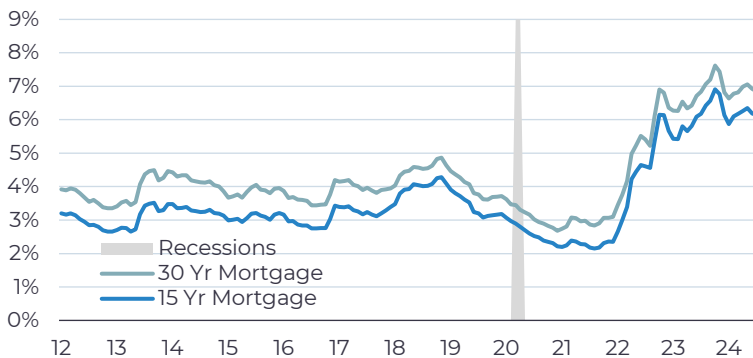
Housing Affordability (higher = more affordable)



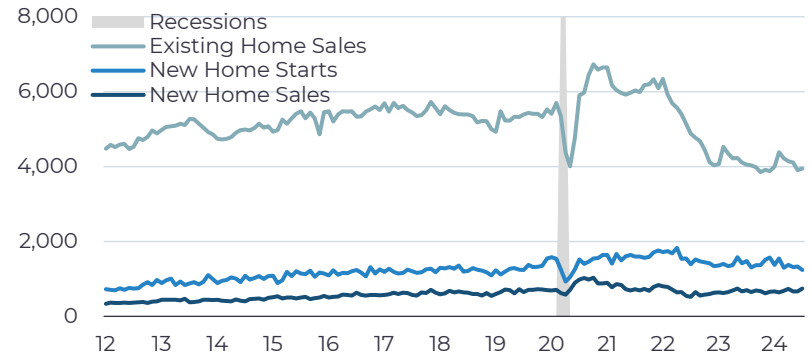
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.©



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

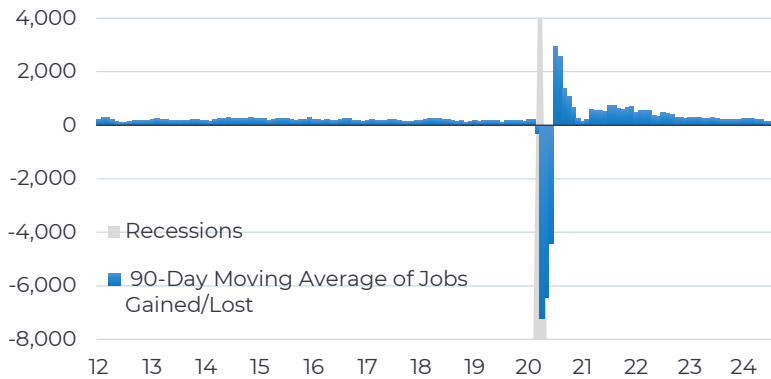


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

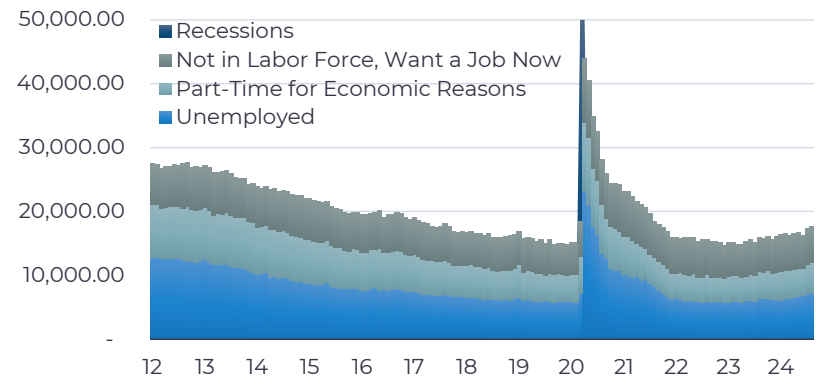
The Bureau of Labor Statistics reported that the U.S. economy added 142,000 jobs in August, 28,000 more than in July. That said, job growth over the prior two months was revised down by 89,000 jobs. The unemployment rate fell a tenth of a percent to 4.2%. Wage growth came in slightly above expectations, up 3.8% year-over-year, which is consistent with Federal Reserve Chairman Jerome Powell's comments at Jackson Hole that the labor market currently isn't posing an inflationary threat. The August employment report reinforces the view that the U.S. labor market is slowing but not breaking. It also appears that the "hard landing" sell-off following the July jobs report was perhaps an overreaction. This leaves the Fed in a position of comfort for a rate cut at the Federal Open Market Committee (FOMC) meeting later this month.

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)

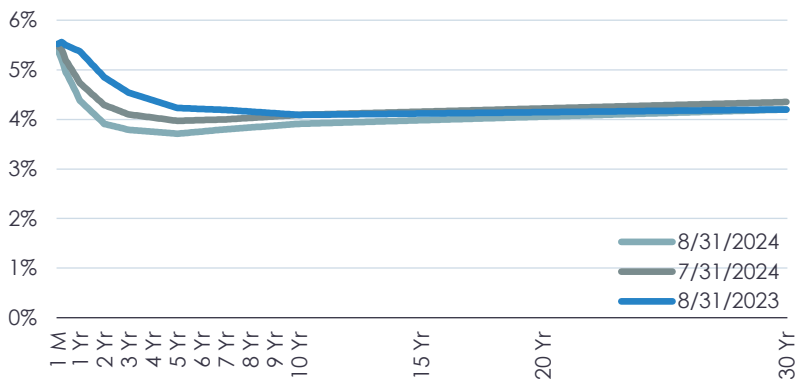


**BOND MARKET
PERSPECTIVE**

Treasury yields fell during the month. The 2-year U.S. Treasury yield ended the month down 34 basis points (bps) at 3.91%, while the 10-year fell 13 bps to 3.91%. The minutes from the July Federal Open Market Committee (FOMC) meeting showed the vast majority observed that, if the data continued to come in about as expected, it would likely be appropriate to ease policy at the next meeting. Federal Reserve (Fed) Chair Jerome Powell spoke at the Fed's annual retreat in Jackson Hole during the month and said, "The time has come for policy to adjust." Accordingly, investors are now pricing in a 67% chance for a 25-basis-point rate cut in September, and 33% chance for a 50-bps cut. Investment-grade corporate spreads remained unchanged and high-yield spreads slightly narrowed. The Bloomberg U.S. Aggregate Index rose 1.44%.

U.S. Treasury Market

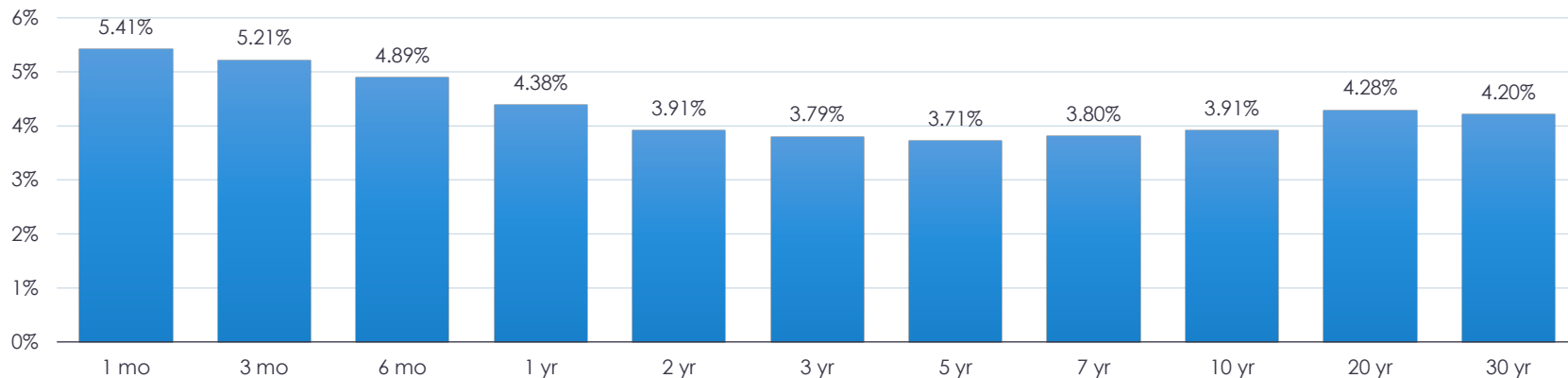
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

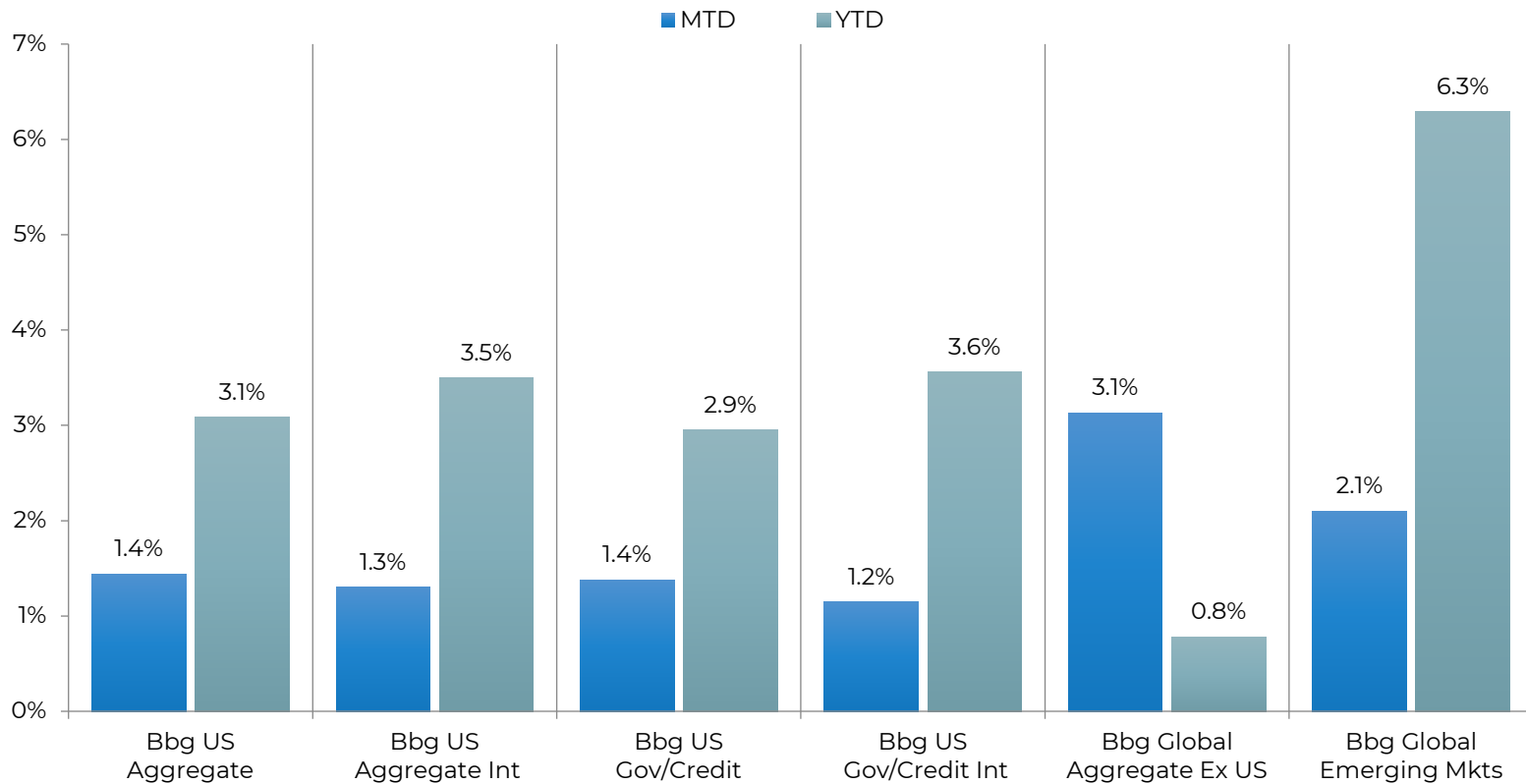


Current U.S. Treasury Yields by Maturity



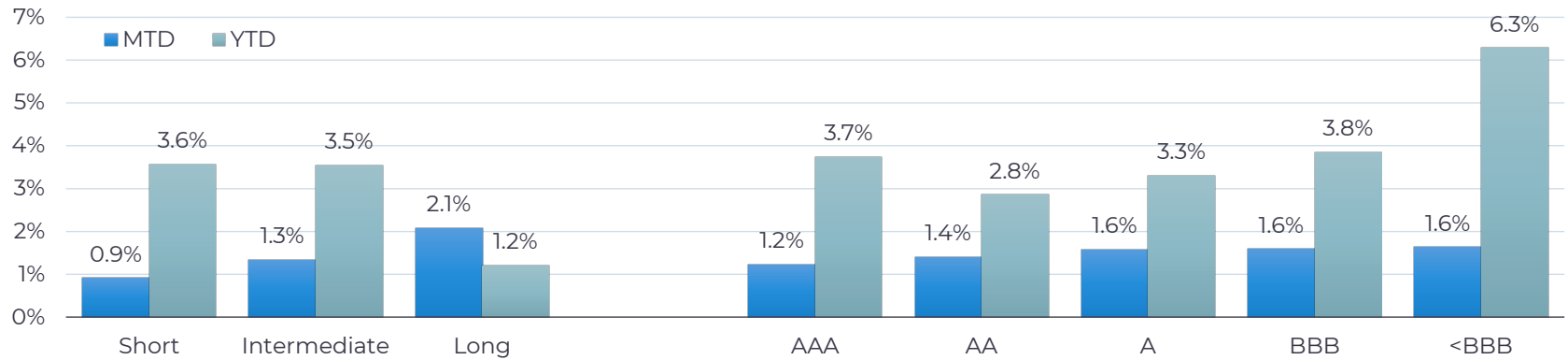
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

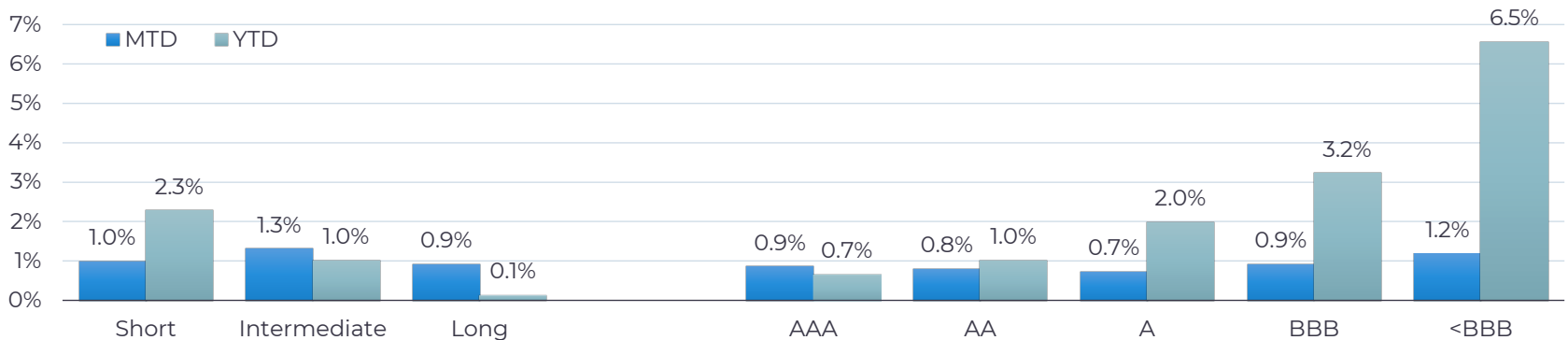


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

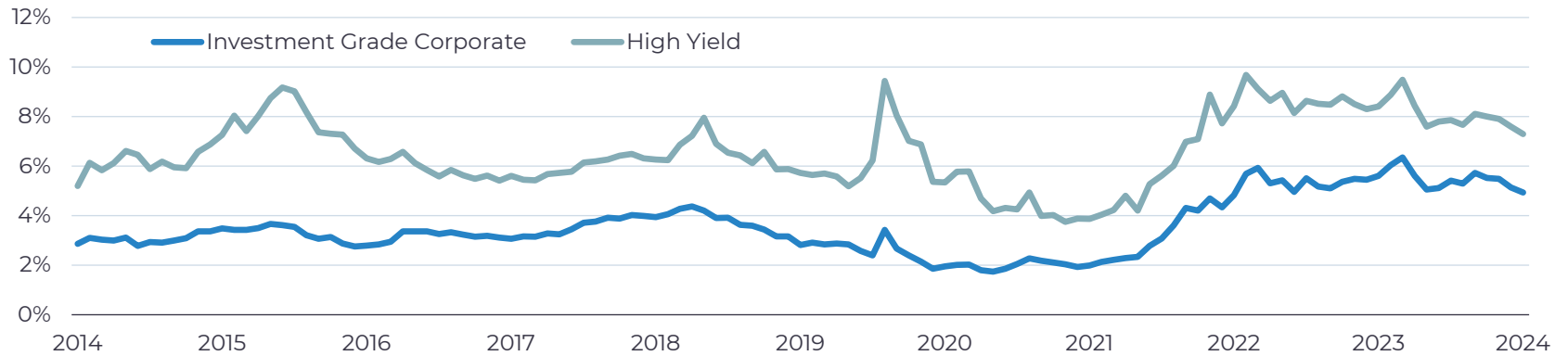


Domestic Bond Market - Municipal

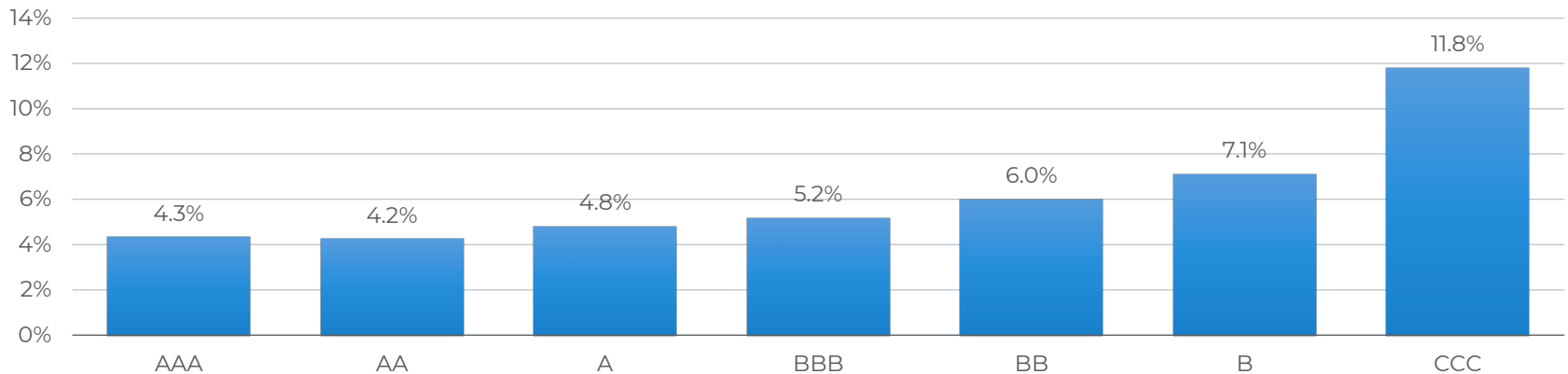


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



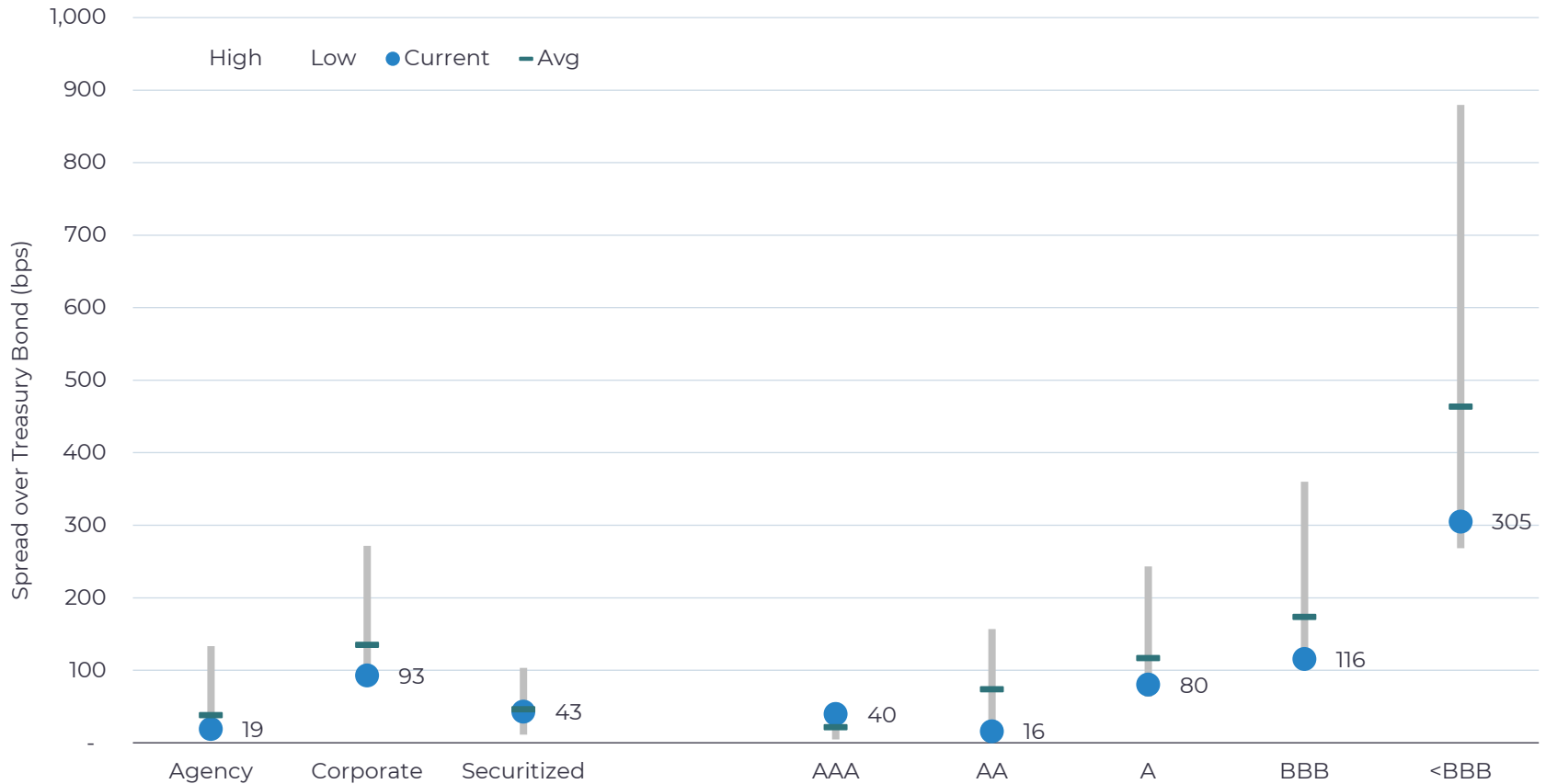
Current Corporate Bond Market Yields by Credit Quality



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

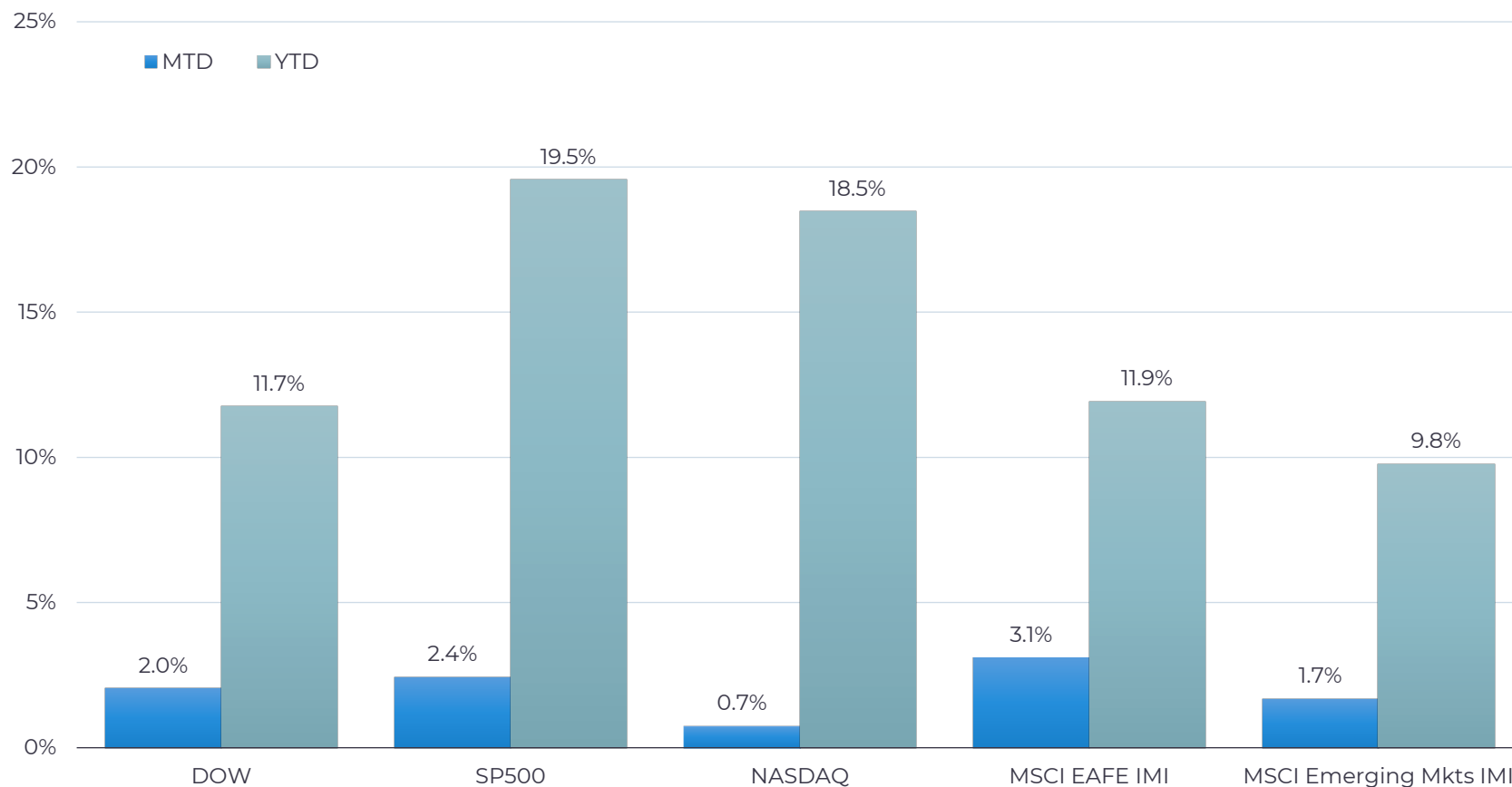
An aerial photograph of a bridge spanning a river, overlaid with a teal color scheme. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text 'EQUITY MARKET PERSPECTIVE' is centered in white, bold, sans-serif font. There are two thin teal horizontal lines: one above the text and one below it. In the bottom center, there is a graphic of several concentric teal circles of varying radii.

**EQUITY MARKET
PERSPECTIVE**

The S&P 500 rose 2.4%, but experienced increased volatility at the start of the month, logging its worst and best sessions since 2022. The increased volatility was triggered by a weak jobs report, raising concerns about a faster-than-expected economic slowdown. Technical factors, such as light trading volumes, concentration in big-tech companies, and the unwinding of a yen carry trade, also amplified volatility. Equity markets recovered toward the end of the month, driven by a favorable CPI reading that supported the Federal Reserve's (Fed's) case for a rate cut. Small cap stocks underperformed their large cap peers, -1.5% versus 2.0%, respectively. Large cap growth stocks underperformed value stocks, 2.0% versus 3.1%. The MSCI EAFE IMI Index rose 3.1% in August. Emerging markets, represented by the MSCI Emerging Markets IMI Index, rose 1.7%

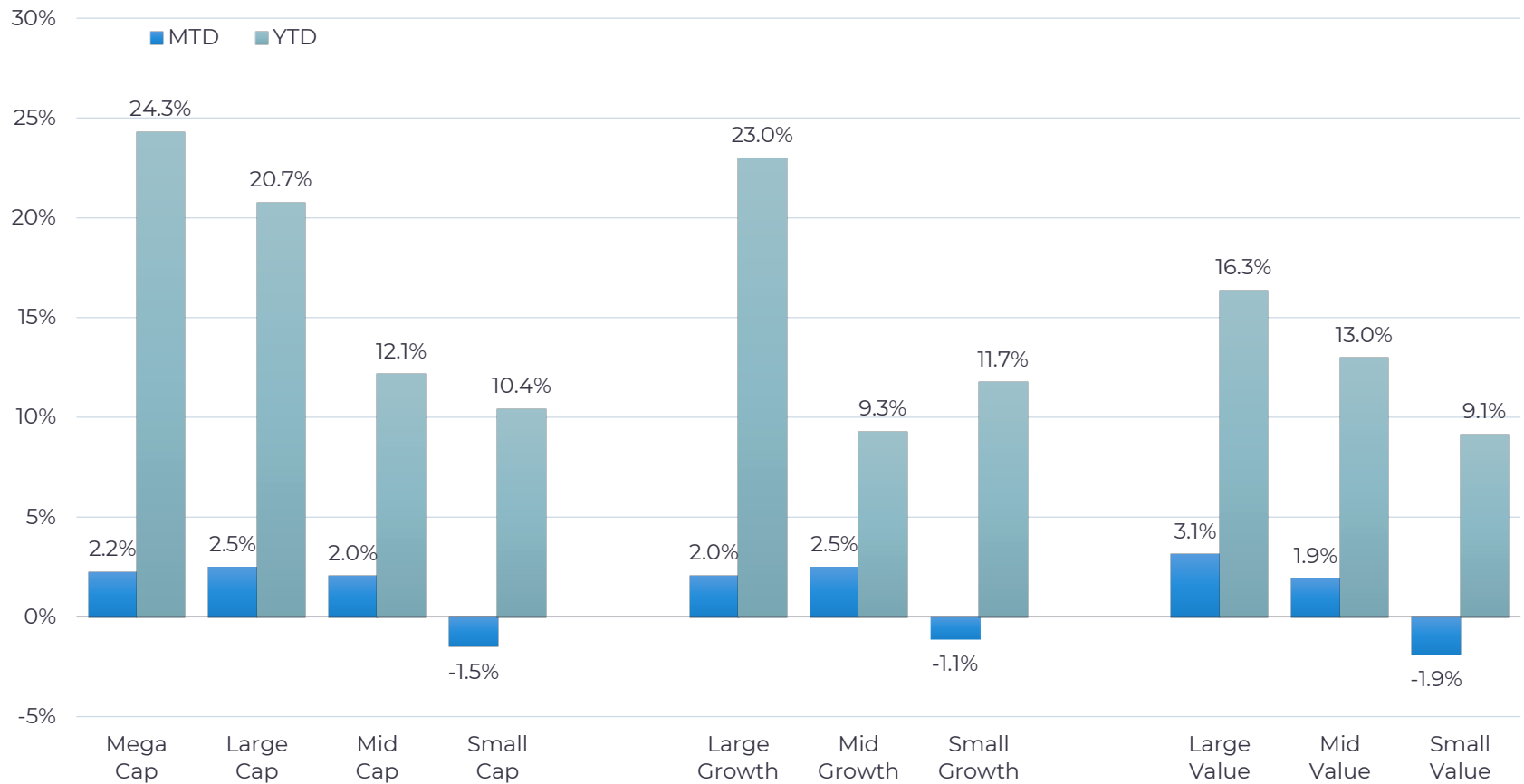
Global Equity Returns by Bellwether Index

Global Equity Markets



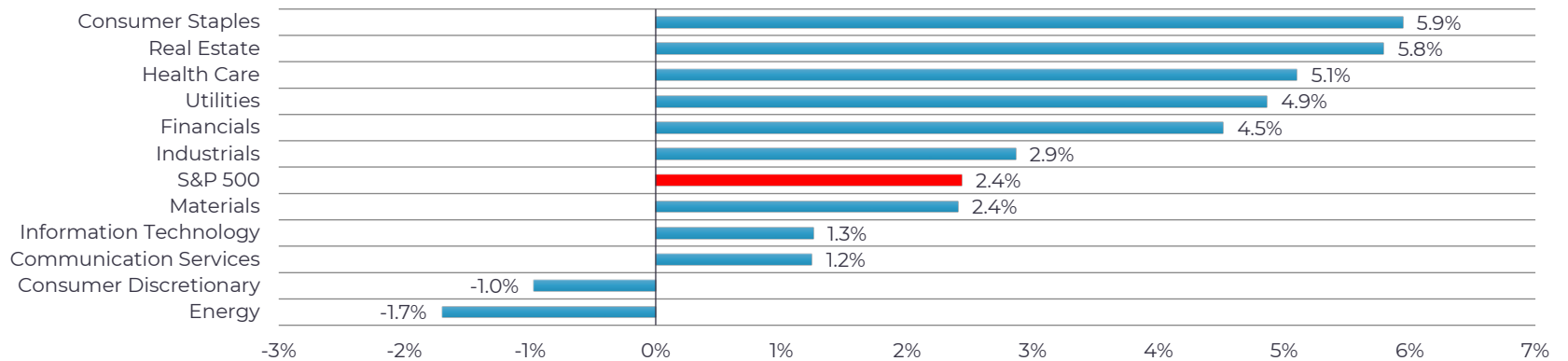
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

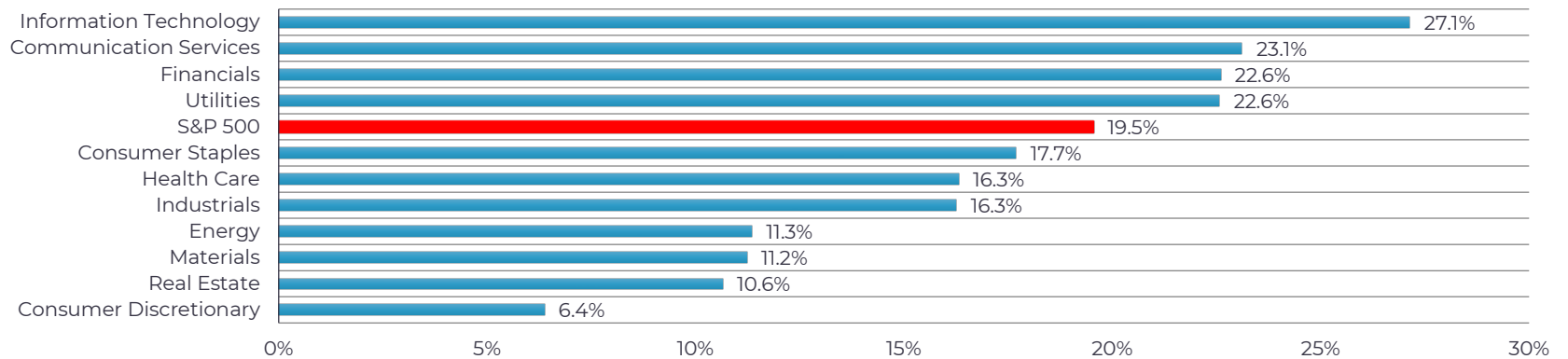


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

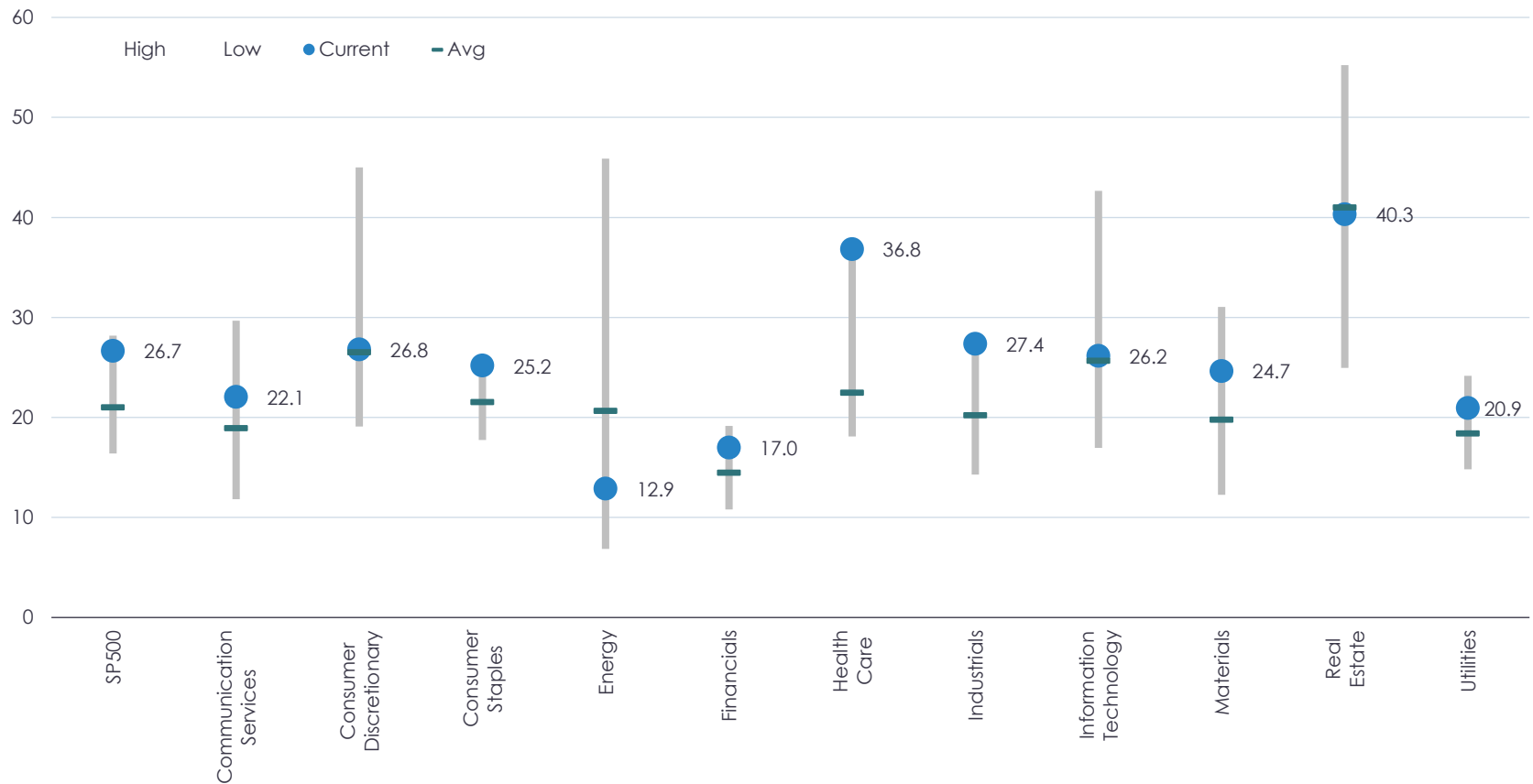


YTD S&P 500 Returns by Sector



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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