



Chart book

As of December 31, 2024

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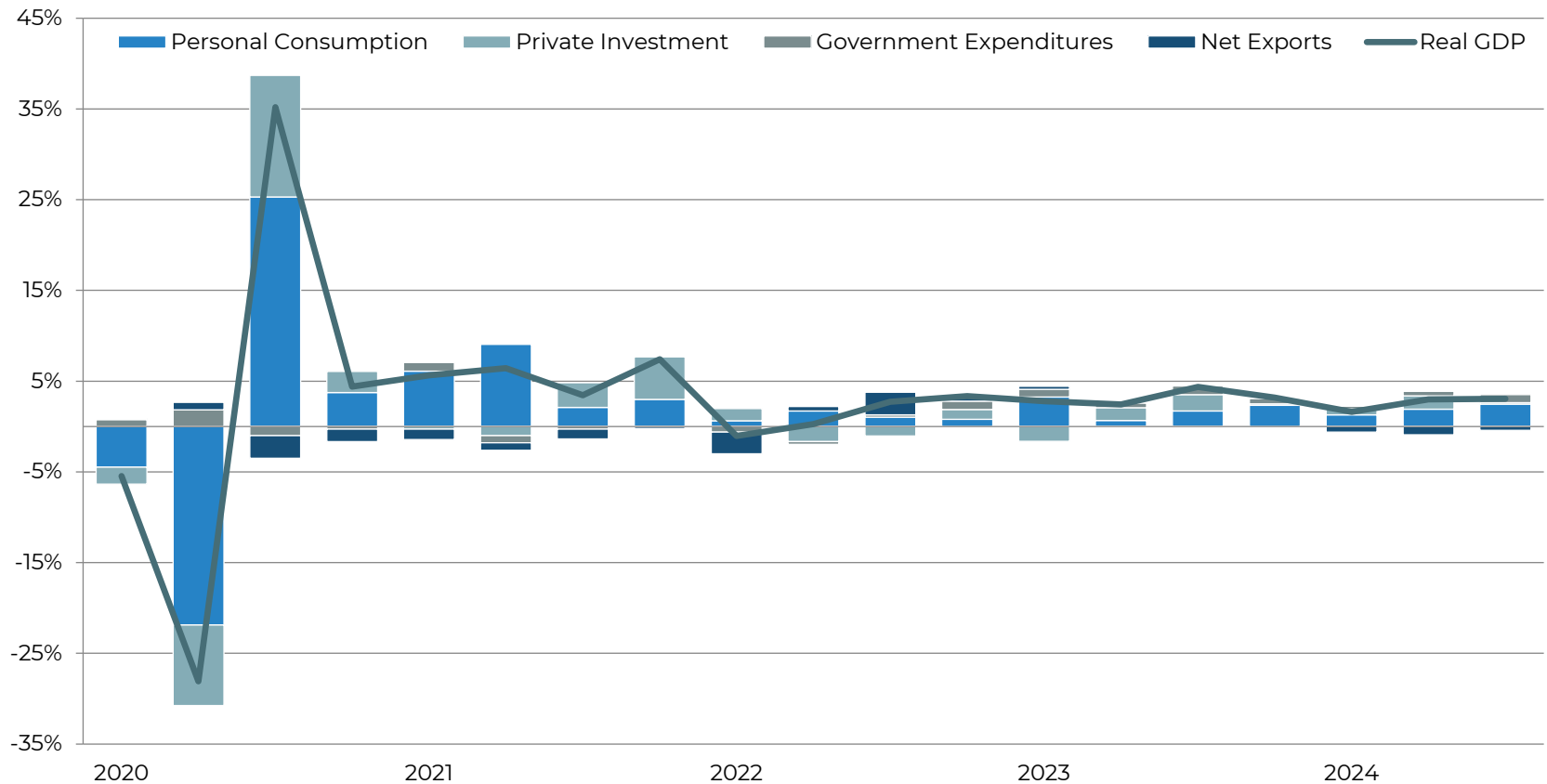


**ECONOMIC
PERSPECTIVE**

According to the Commerce Department, the economy grew at a healthy 3.1% annual clip in 3Q 2024, propelled by vigorous consumer spending and an uptick in exports. Third-quarter growth accelerated from the April-July rate of 3% and continued to look sturdy despite high interest rates. Consumer spending, which accounts for about two-thirds of U.S. economic activity, expanded at a 3.7% pace, the fastest since the first quarter of 2023. Business investment grew a lackluster 0.8%, but investment in equipment expanded 10.8%. Spending and investment by the federal government jumped 8.9%, including a 13.9% surge in defense spending.

Economic Growth

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

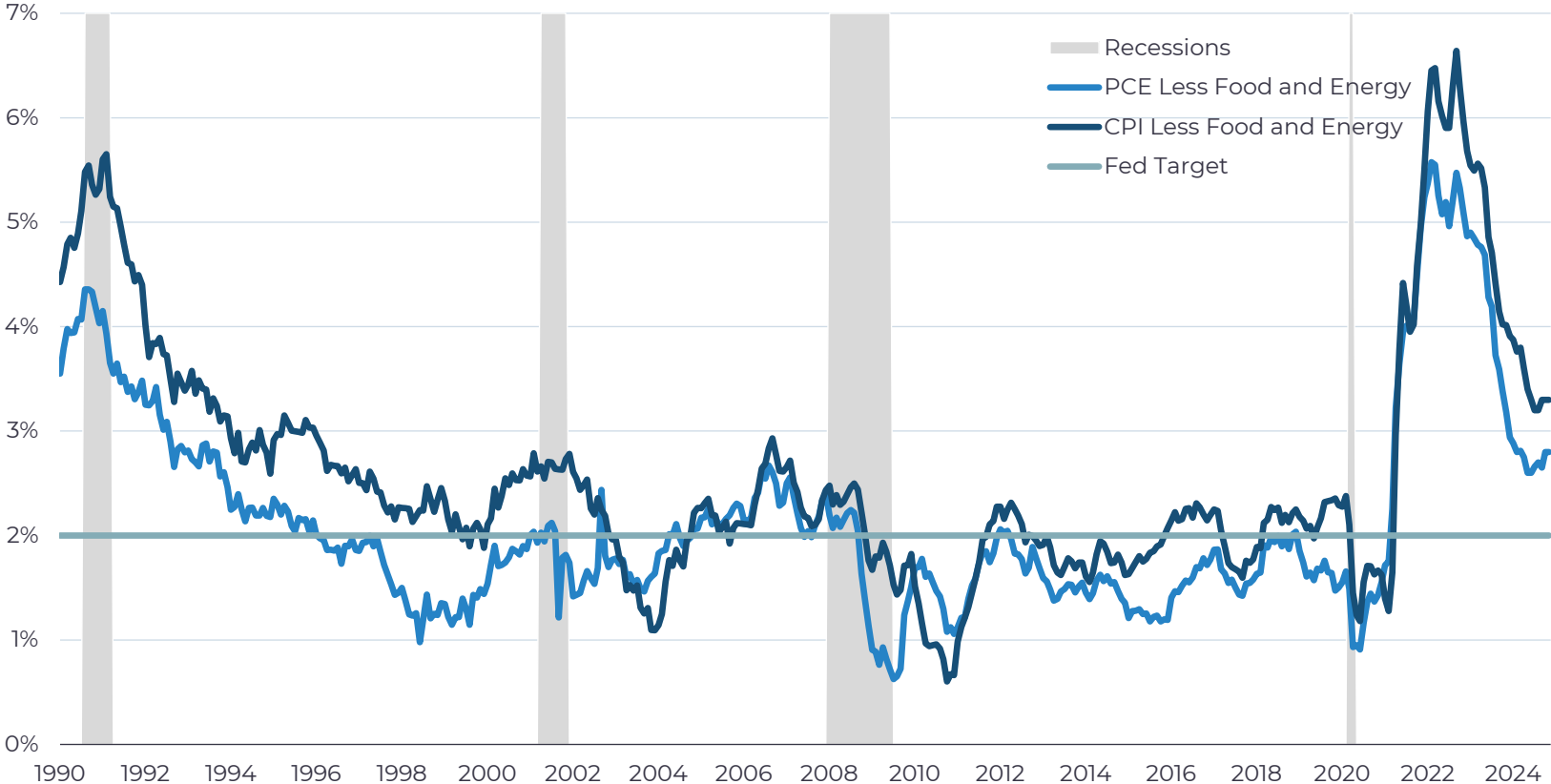


Source: U.S. Bureau of Economic Analysis (Reported quarterly)

The Commerce Department reported that price accelerated in November, a sign that efforts to cool inflation may be stalling. Over the past 12 months, the consumer price index climbed 2.7% . That was in line with expectations, but higher than the 2.6% annual rate in October. Excluding more volatile items like food and gas, the "core" measure of inflation climbed 3.3% on a 12-month basis, the same as in October. The monthly pace of price increases picked up for new cars and apparel, while shelter costs and the category that includes auto insurance showed declines. The stalled progress adds pressure on the Federal Reserve, which had hoped to continue lowering interest rates heading into next year in tandem with slower price growth. Now, analysts expect the Fed to pause its rate cutting in January.

Inflation Outlook

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

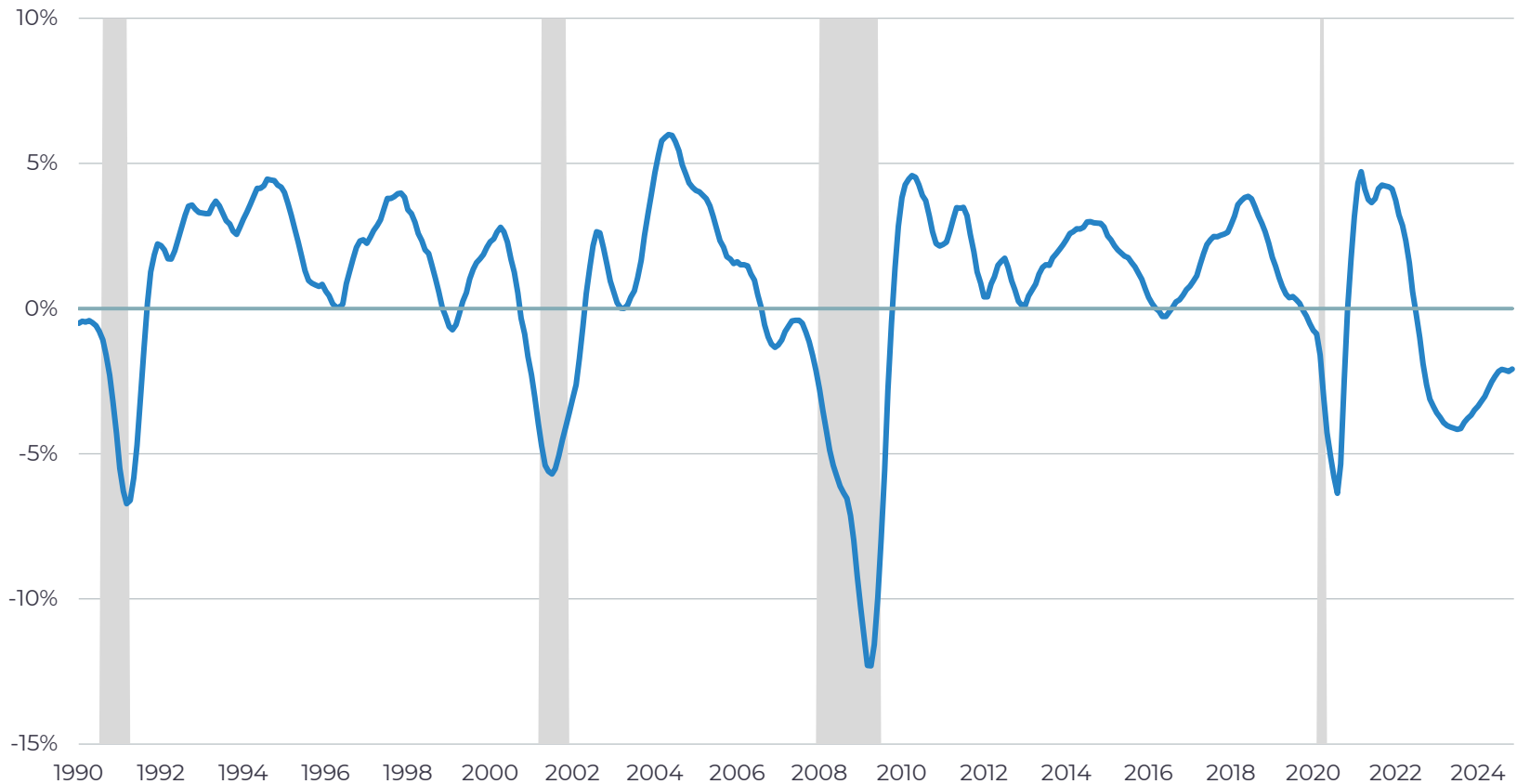


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

According to The Conference Board, the U.S. LEI increased in November to 99.7. Over the six-month period between May and November 2024, the LEI fell by 1.6%, slightly less than its 1.9% decline over the previous six-month period (November 2023 to May 2024). November's increase can be attributed to a rebound in building permits, continued support from equities, improvement in average hours worked in manufacturing, and fewer initial unemployment claims. Overall, the rise in LEI is a positive sign for future U.S. economic activity. The Conference Board currently forecasts U.S. GDP to expand by 2.7% in 2024, but to slow to a 2.0% growth rate in 2025.

U.S. Economic Outlook

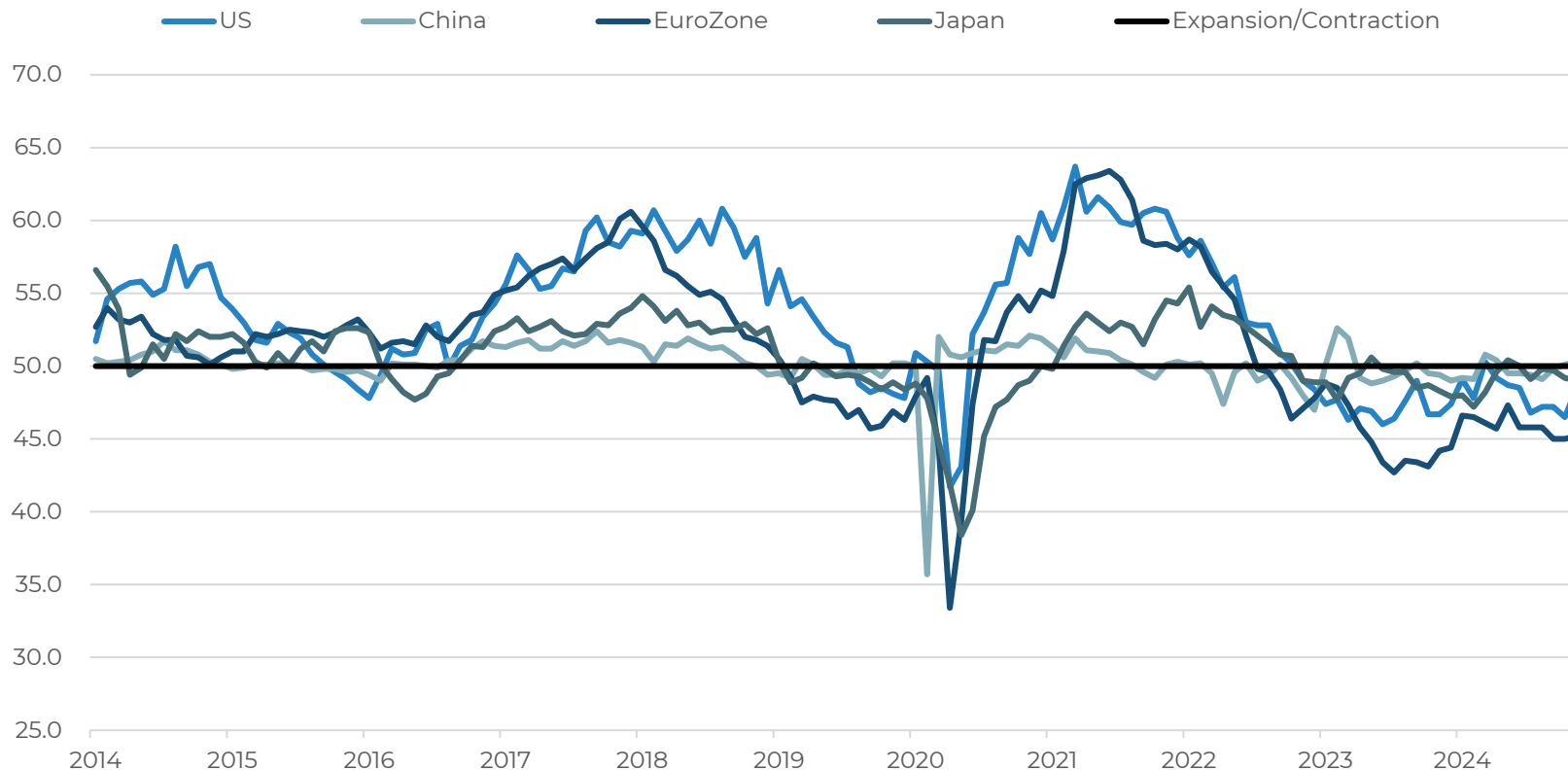
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



The JPMorgan Global Composite PMI® Output Index rose to 52.6 in December, up from 52.4 in November, to signal expansion for the fourteenth consecutive month. The upturn was beset by regional and sectoral disparities, however, as a solidly performing service sector offset a renewed downturn in manufacturing. Pockets of solid expansion in nations including India and the U.S. contrasted with contraction in the Euro area. The service sector was the driver of the latest expansion, seeing output, new orders, employment and new export business all rise in December. In contrast, manufacturers saw contraction each of these categories.

Global Economic Outlook

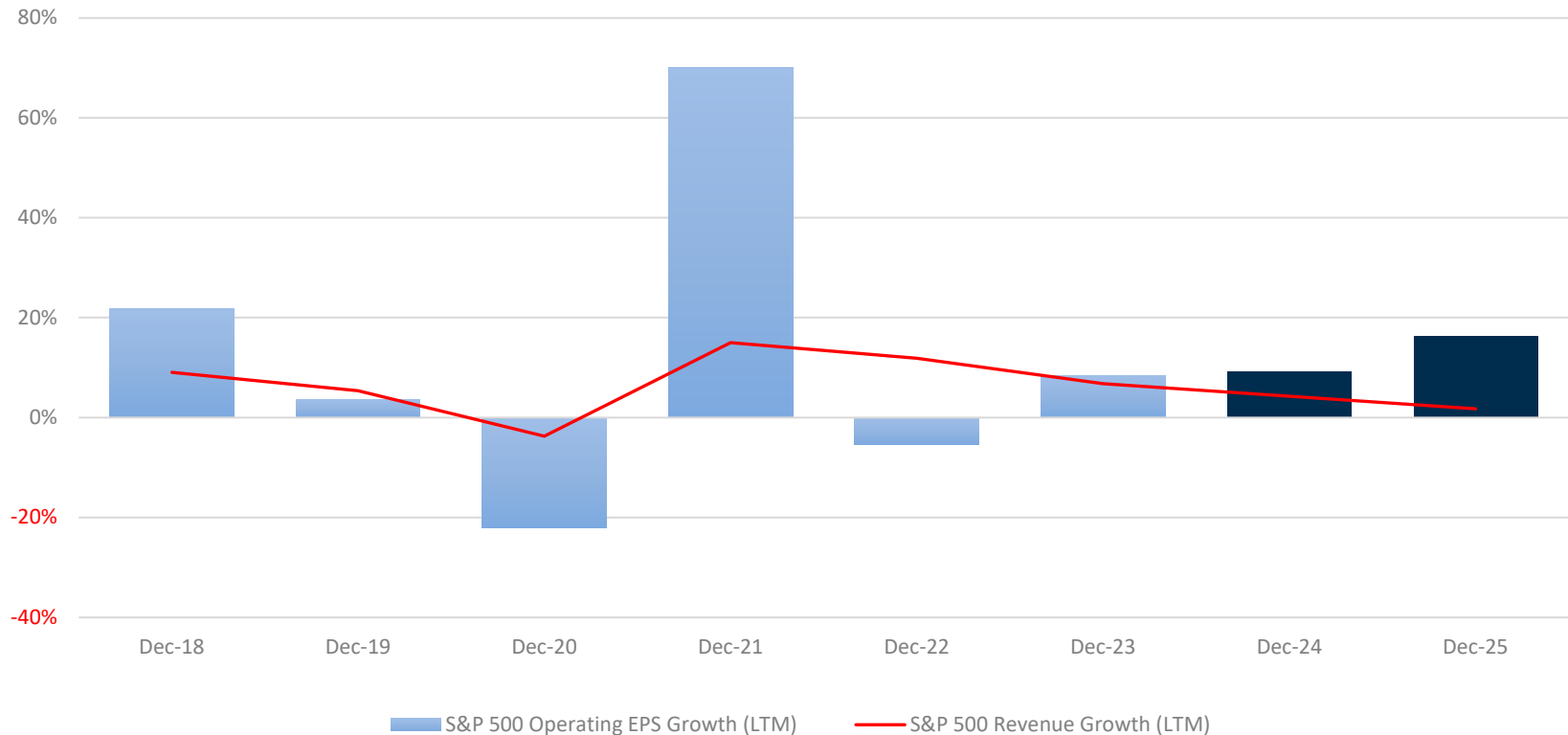
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6756, which is 14.1% above the closing price of 5918. At the sector level, the Materials (+23.8%) sector is expected to see the largest price increase. On the other hand, the Consumer Discretionary (+5.1%) sector is expected to see the smallest price increase. Overall, there are 12,301 ratings on stocks in the S&P 500. Of these 12,301 ratings, 54.5% are Buy ratings, 39.7% are Hold ratings, and 5.8% are Sell ratings. At the sector level, the Energy (63%), Communication Services (62%), and Information Technology (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

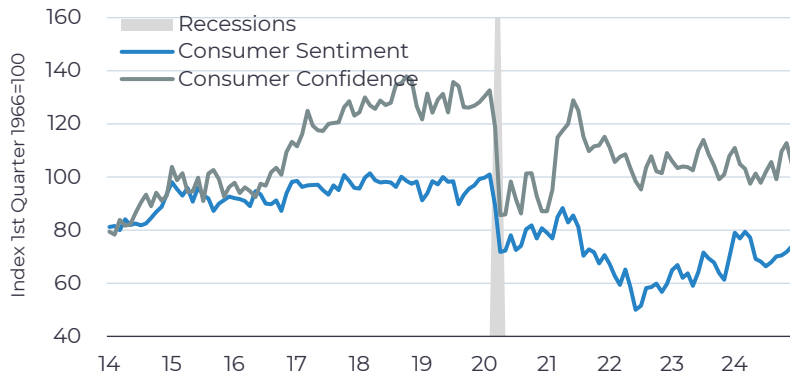
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



According to The Conference Board, the recent rebound in consumer confidence was not sustained in December, as the Index dropped back to 104.7 - the middle of the range that has prevailed over the past two years. While weaker consumer assessments of the present situation and expectations contributed to the decline, the expectations component saw the sharpest drop. Consumer views of current labor market conditions continued to improve, consistent with recent jobs and unemployment data, but their assessment of business conditions weakened. Compared to last month, consumers in December were substantially less optimistic about future business conditions and incomes. Moreover, pessimism about future employment prospects returned after cautious optimism prevailed in October and November.

Consumer Outlook

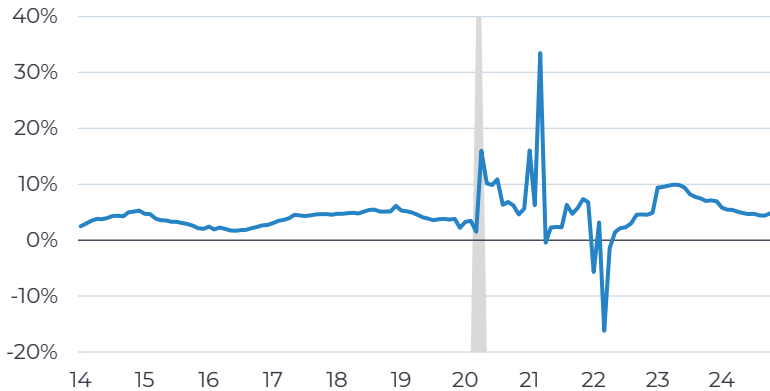
Consumer Sentiment & Confidence Indexes



Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



Personal Consumption Expenditures (Y/Y % Change)



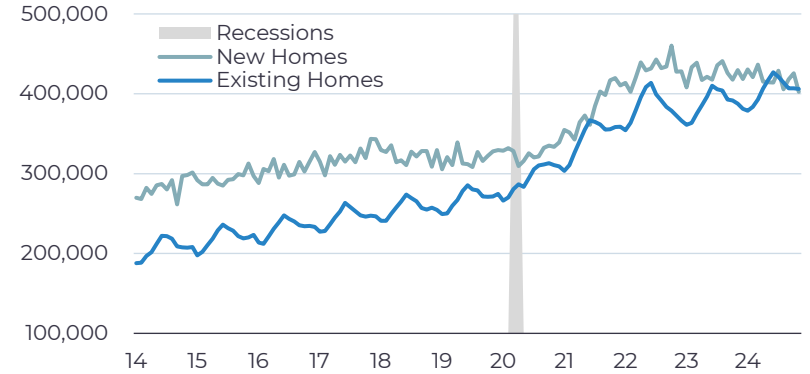
After nearly three years of grappling with an expensive housing market, home buyers are showing signs of getting used to it. Though the data is still preliminary, it points to an emerging trend in which house hunters are adjusting to higher mortgage rates. Home transactions are broadly up over the past few months, and consumer sentiment toward buying a house is warming up. Consumers have grown accustomed to a new normal of mortgage rates between 6% and 7%. Even if homeowners with ultra-low mortgage rates remain reluctant to move - a phenomenon known as the lock-in effect - that dynamic may be easing among those with relatively higher rates. In October and November home sales increased and the trend was broad-based. Pending home sales also rose in November in most regions.

Housing Market Outlook

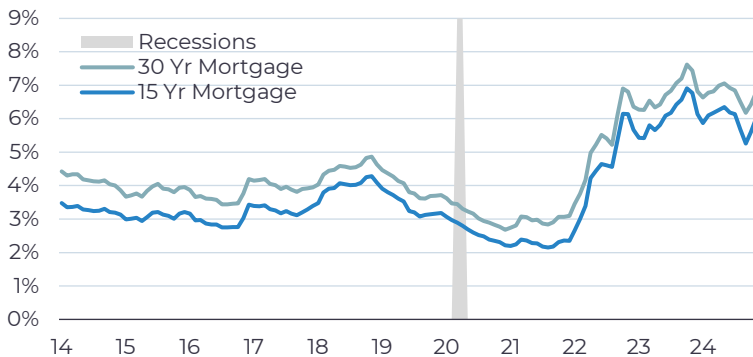
Housing Affordability (higher = more affordable)



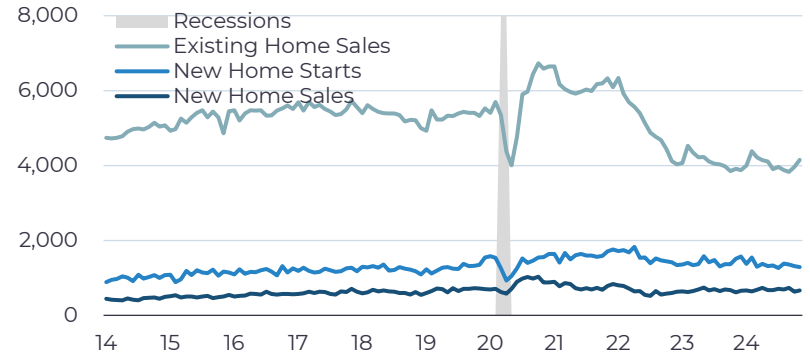
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



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

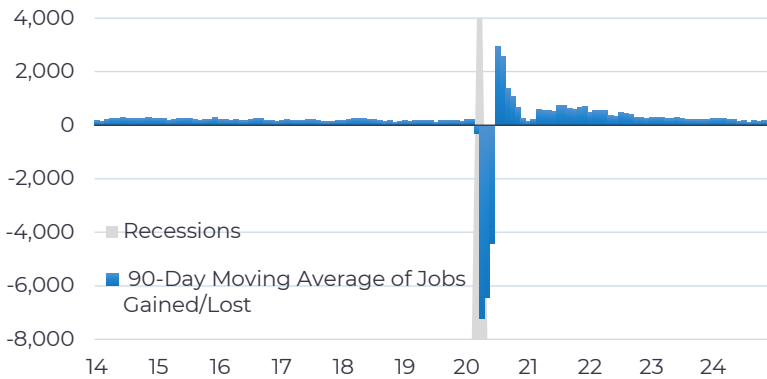


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

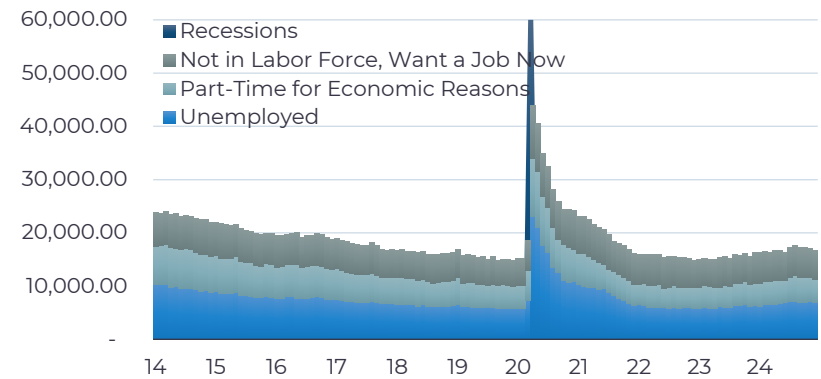
According to the U.S. Bureau of Labor Statistics (BLS), U.S. job growth unexpectedly accelerated in December while the unemployment rate fell to 4.1% as the labor market ended the year on a solid footing, reinforcing views that the Federal Reserve would keep interest rates unchanged in January 2025. Nonfarm payrolls increased by 256,000 jobs last month, the most since March. The report also showed a decline last month in the number of people who have permanently lost their jobs and a shortening in the median duration of unemployment. A rise in these measures had raised concerns about labor market deterioration. The upbeat report supported the U.S. central bank's cautious stance toward further monetary policy easing this year.

Labor Market Outlook

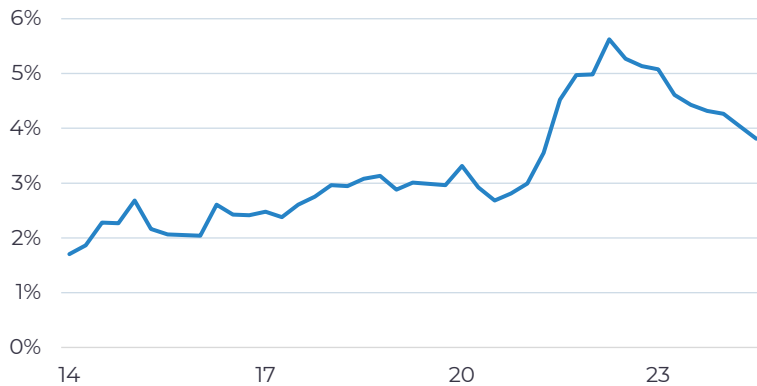
Jobs Gained/Lost (000's) with 12-Month Moving Average



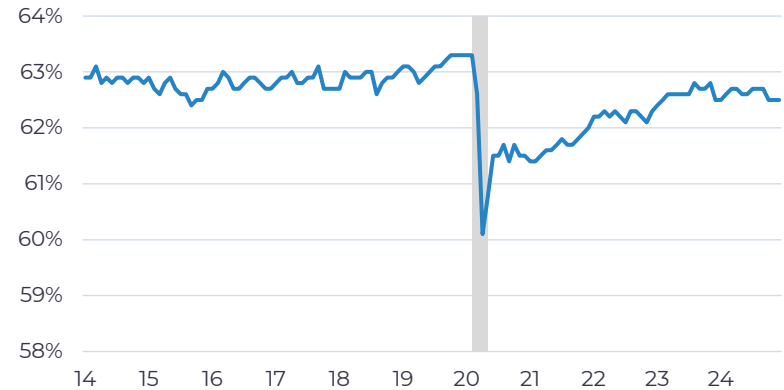
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



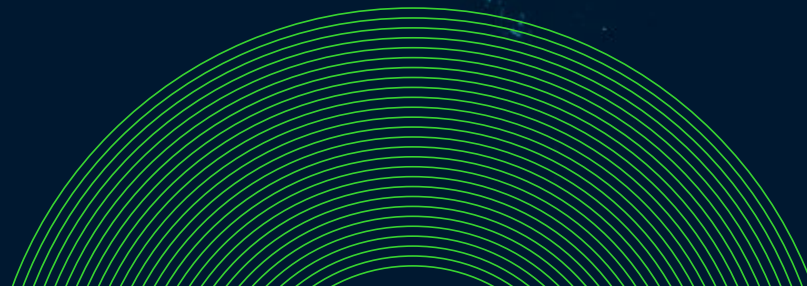
Labor Force Participation Rate



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

An aerial photograph of a bridge spanning a river, with a blue color overlay. The bridge is a simple concrete structure with a single lane. The river is dark and flows through a rocky canyon. The sky is a deep blue. The overall mood is serene and modern.

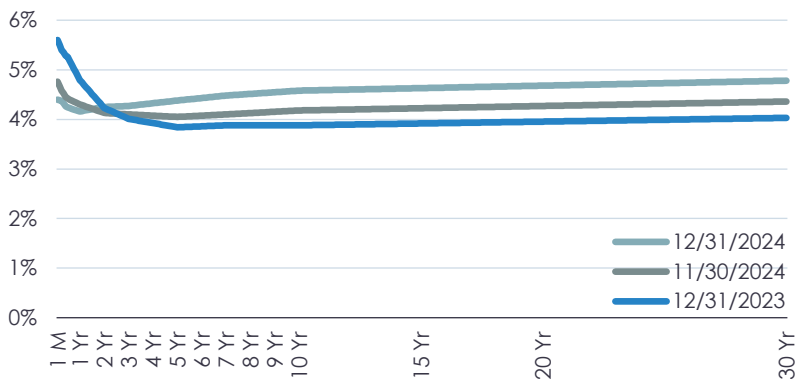
**BOND MARKET
PERSPECTIVE**



The Federal Reserve cut its target rate by an additional 0.25% in December, bringing the total reduction to 100 basis points for 2024. As a result, fixed income yields rose on the long end of the curve and put negative pressure on the market. Widening credit spreads in the risk off environment led to modest negative returns within high yield during December, but the sector remains a standout year-to-date. Despite the move higher in spreads, corporate credit valuations remain elevated as spreads sit well below their long-term averages. Foreign bonds fell in the month primarily due to a stronger U.S. dollar. The yield curve steepened as yields on the long end rose amid ongoing uncertainty about the impact of future government policy and continued strength in the economy.

U.S. Treasury Market

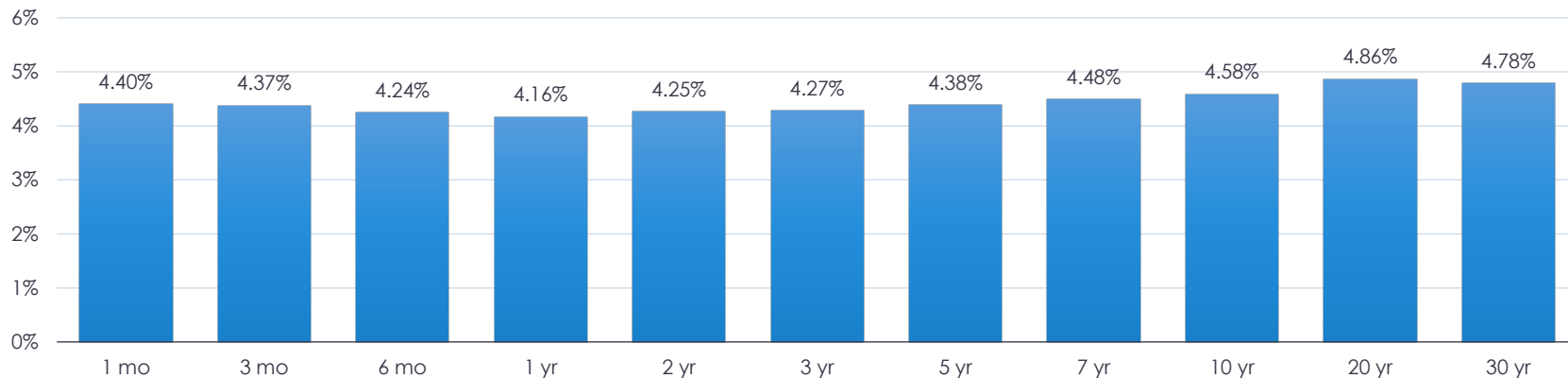
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

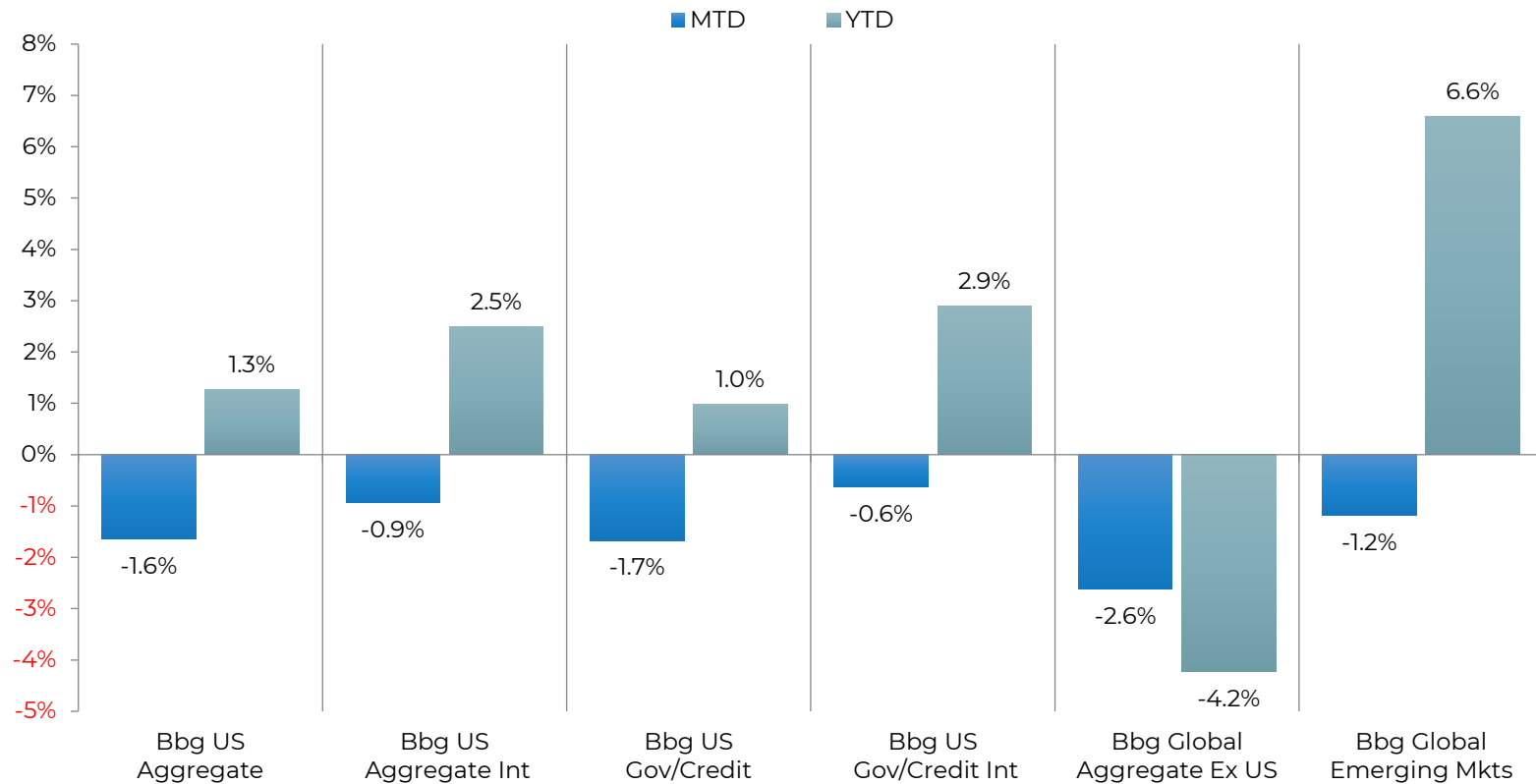


Current U.S. Treasury Yields by Maturity



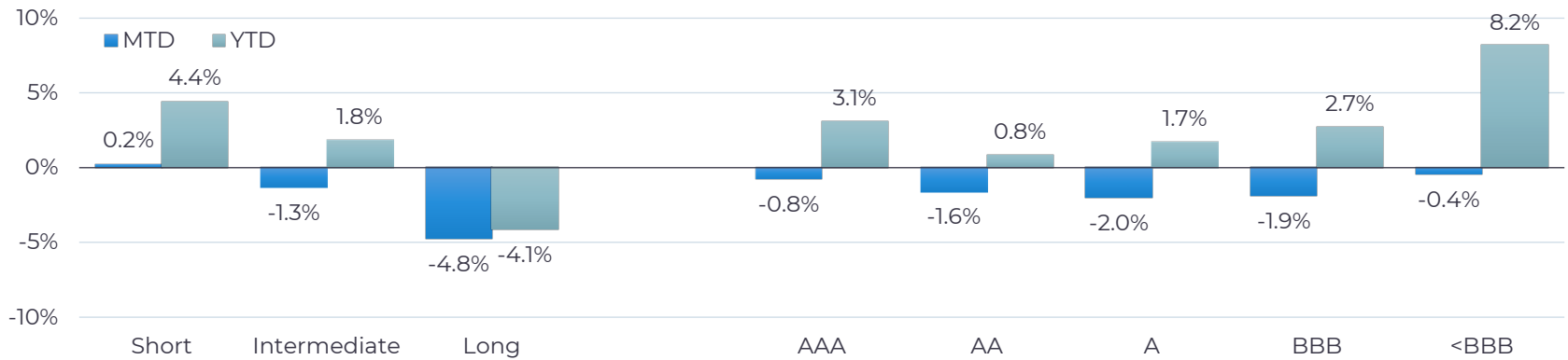
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

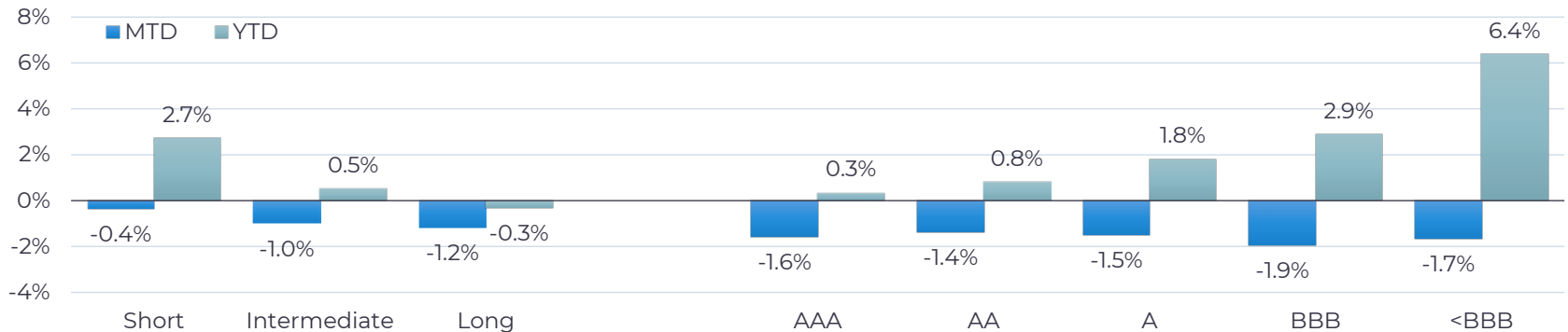


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

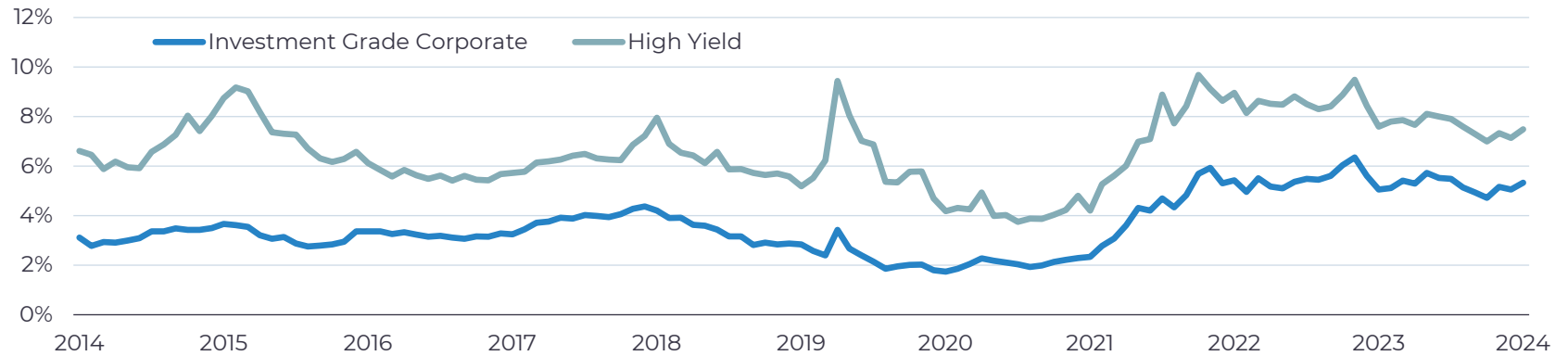


Domestic Bond Market - Municipal

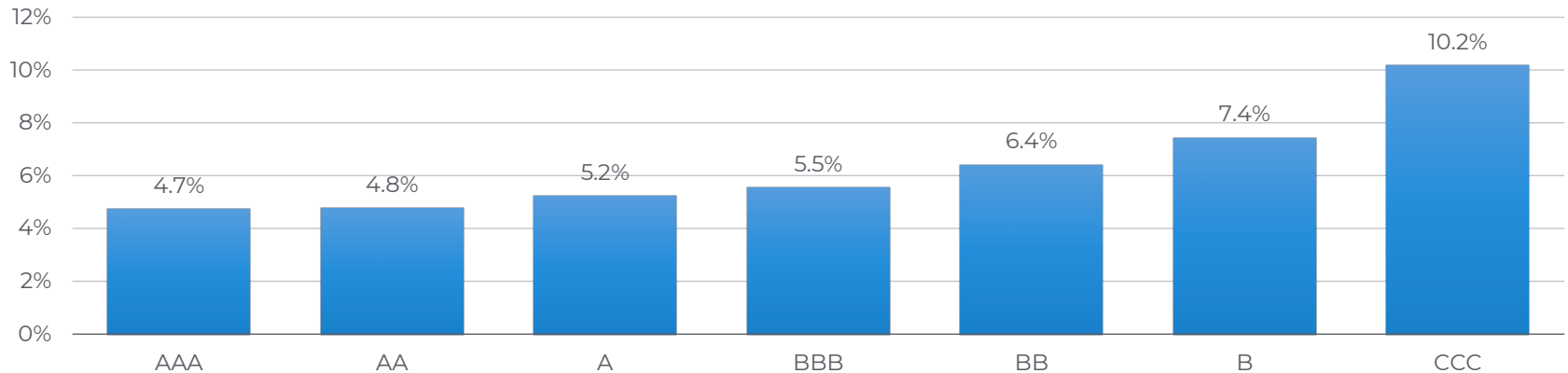


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



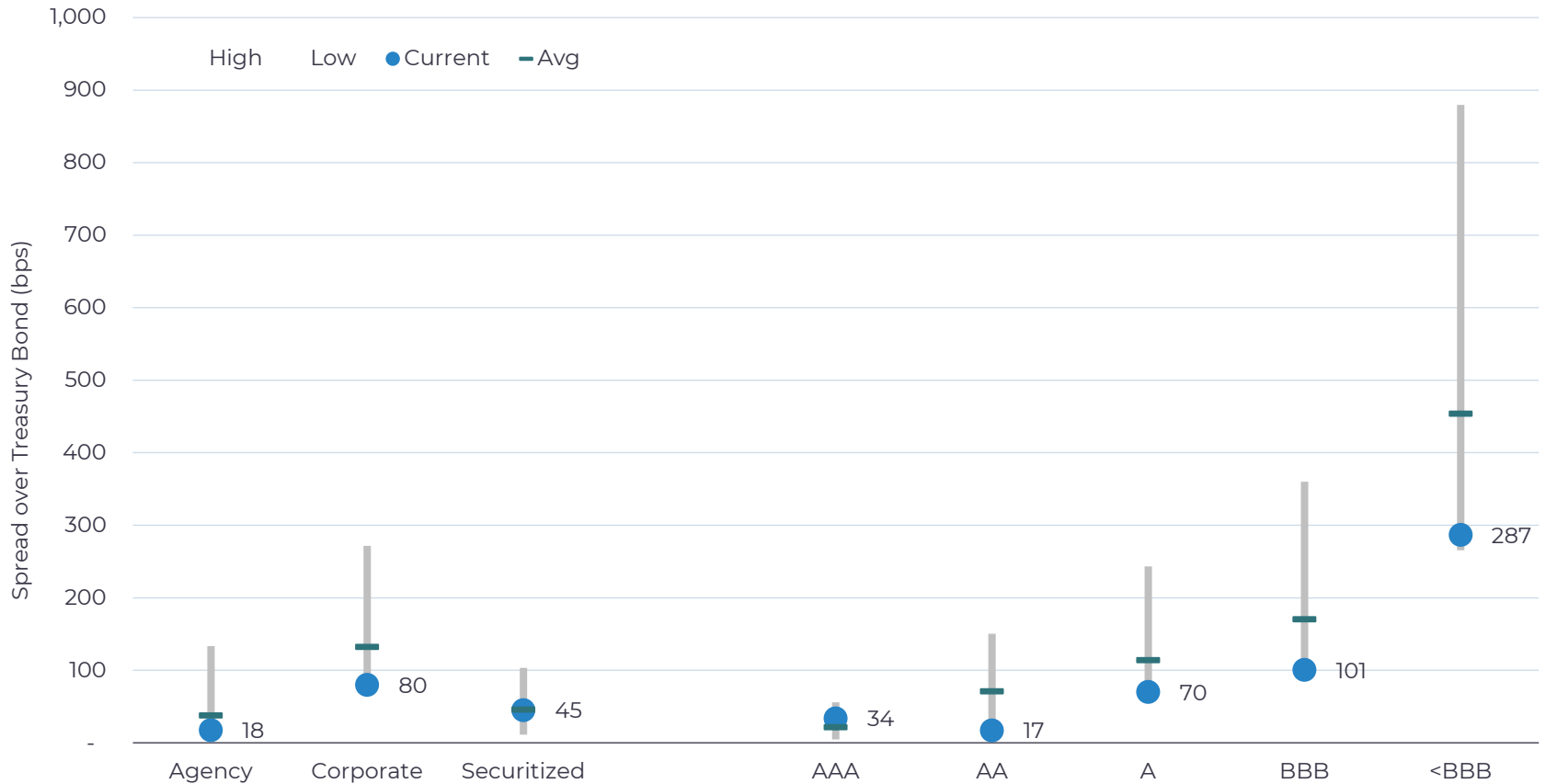
Current Corporate Bond Market Yields by Credit Quality



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

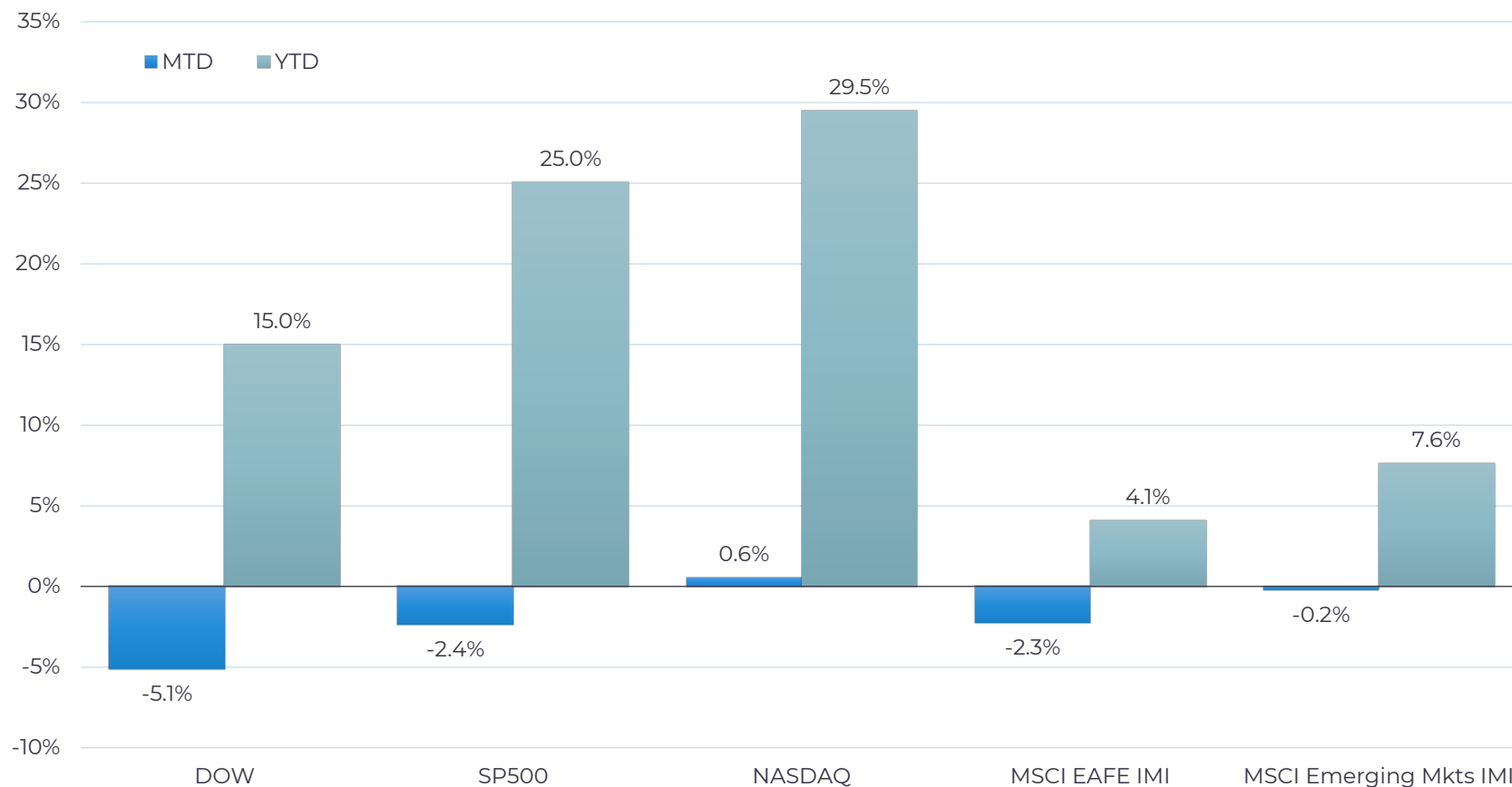
An aerial photograph of a bridge spanning a river, overlaid with a teal color scheme. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text 'EQUITY MARKET PERSPECTIVE' is centered in white, bold, sans-serif font. A thin teal line is positioned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

**EQUITY MARKET
PERSPECTIVE**

Equity markets took a step back in December despite a resilient economy and a favorable outlook on earnings as higher yields, persistent inflation, and uncertainty surrounding new government policies weighed on confidence. U.S. small cap was disproportionately impacted compared to large cap. International markets also declined in December as geopolitical uncertainty and economic data that came in weaker. China had a favorable month compared to other countries and helped propel emerging markets ahead of international developed equities. Despite Nvidia falling in the month, the information technology sector was one of the three sectors in positive territory, alongside the consumer discretionary and communications services sectors.

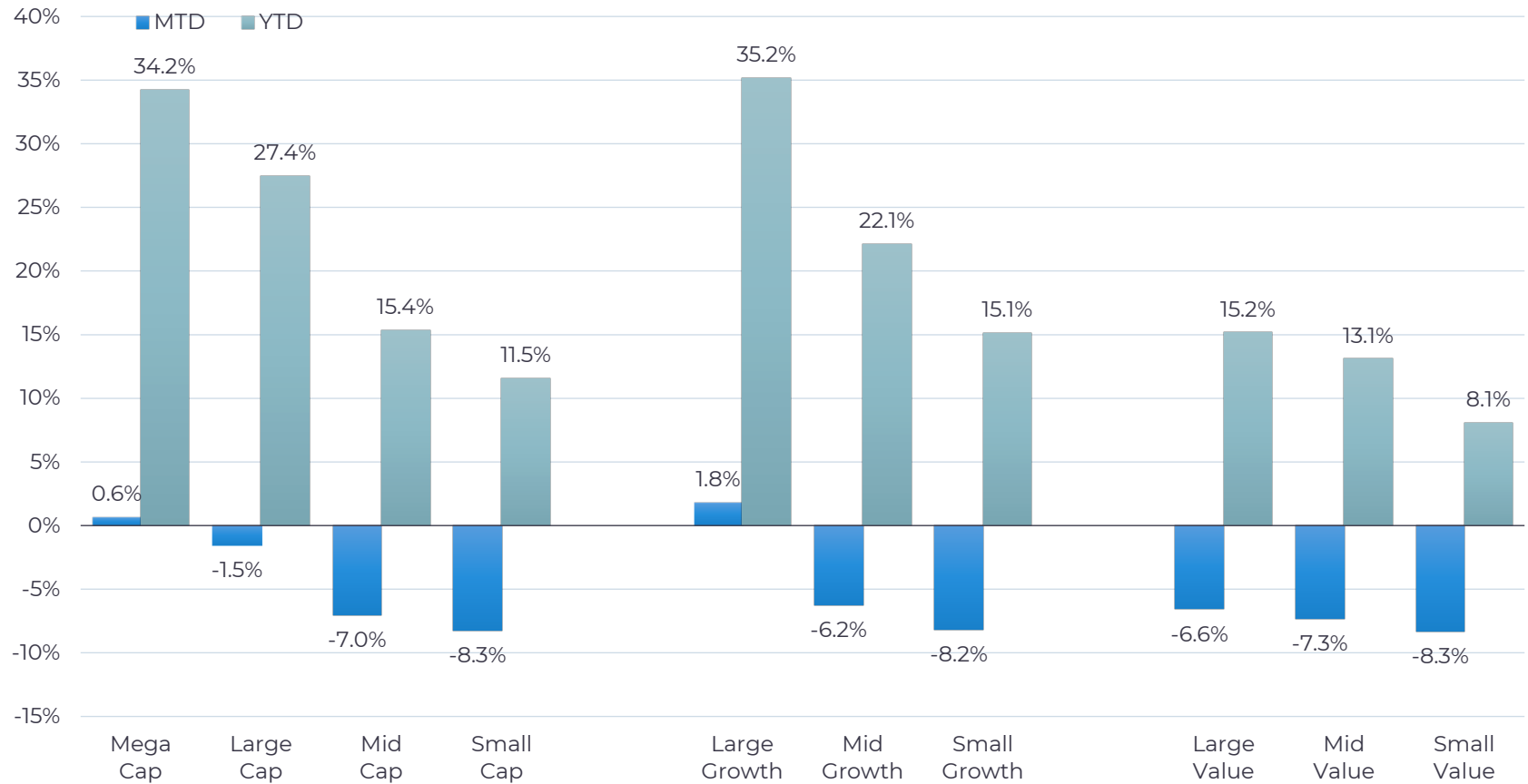
Global Equity Returns by Bellwether Index

Global Equity Markets



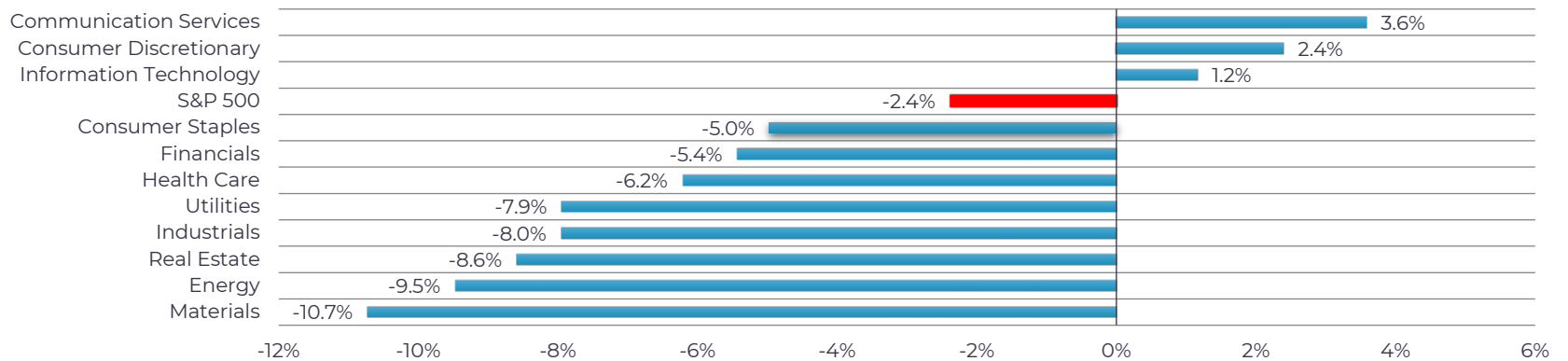
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

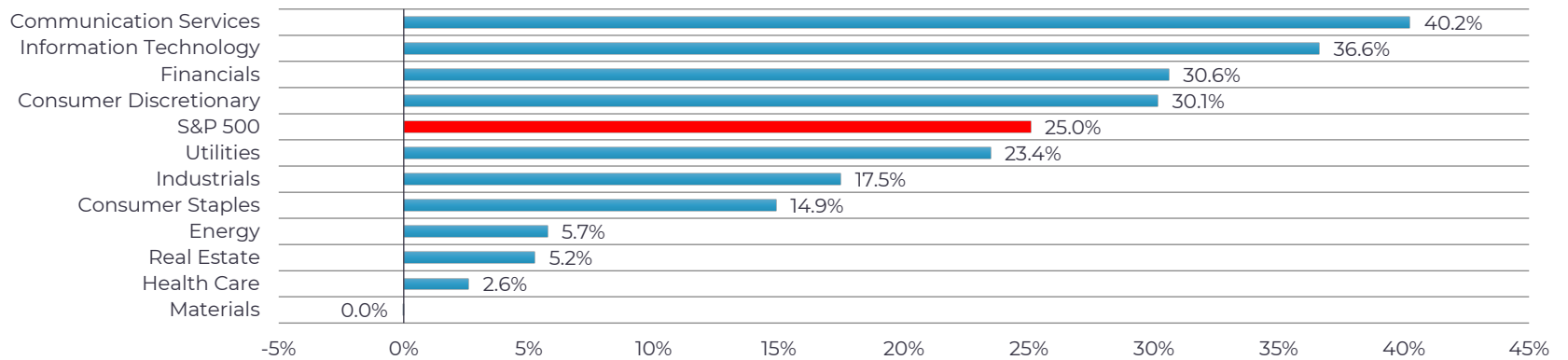


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

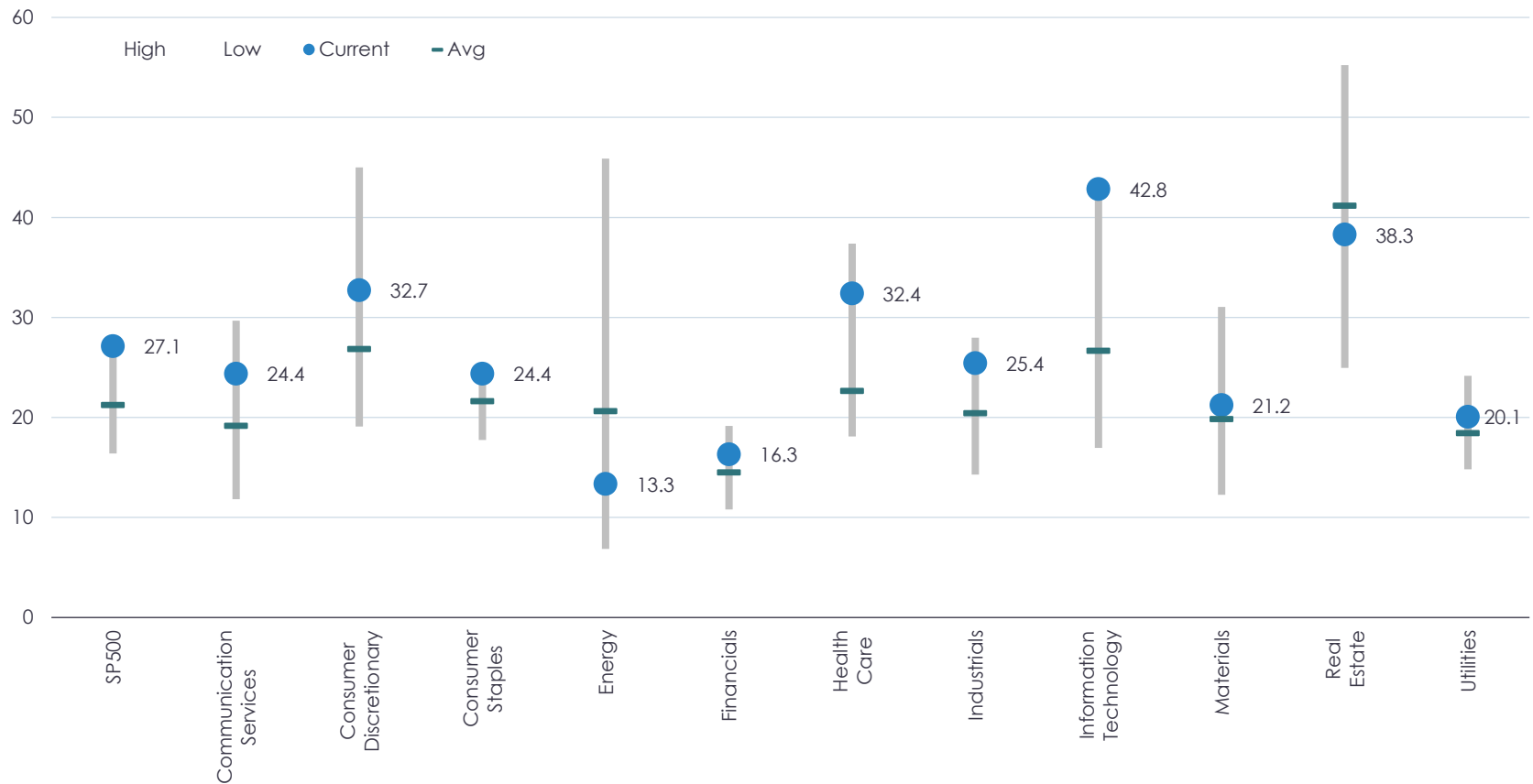


YTD S&P 500 Returns by Sector



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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