

SECOND QUARTER 2024

# Quarterly Market Insights



# Second Quarter 2024

## Quarterly Market Insights

### Glass Half Full

#### EXECUTIVE SUMMARY

- The Fed looks ready to cut in September
- A slowing economy has been embraced by markets
- Broader earnings growth is expected in 2H24
- Election year autumns typically present opportunity

The second quarter began with a military escalation between Iran and Israel and concerns about a possible reacceleration in U.S. inflation. It ended with Fed officials openly discussing the timeline for policy easing and all three major U.S. equity averages within 2% of their respective all-time highs. The early spring unease led to a 5.5% correction in the S&P 500 in the first three weeks of the quarter. From April 19 through June 18, tamer inflation data, sufficiently dovish messaging from Fed officials, and a solid 1Q24 earnings season powered the index to a nearly 11% rally on its way to a 4.28% total return in the quarter. The S&P 500 recorded its 32nd new closing high of the year on June 18, a pace similar to the first six months of 2013 and 2021. In both of these years, the index recorded double-digit second half returns.

On opposite sides of the S&P 500's quarterly return was the mega cap technology-driven Nasdaq (+8.5%) and Dow Jones Industrial Average (-1.3%). The Nasdaq benefitted from another leg of impressive performance by a group of mega cap technology stocks including NVIDIA (NVDA), Apple (AAPL), Broadcom (AVGO) and Alphabet (GOOGL), all of which surged between 20% and 37% in the quarter. As seen in Chart 1, strong quarterly results and share-split announcements from NVDA and AVGO on May 22 and June 12, respectively, lit a fire under the Nasdaq in the last six weeks of the quarter. A strong share price response to AAPL's long-awaited June 10 announcement of an artificial intelligence interface for iPhones further boosted the Nasdaq compared to other major averages.

Despite the Dow's relative struggles in the quarter, the 30-stock index eclipsed the 40,000 level for the first time in its history on May 17, which happened to be the Friday of a week that April consumer and producer inflation data were reported below expectations. Meanwhile, the four S&P 500 sectors historically most closely tied to the U.S. economic cycle (financials, industrials, materials, and energy) all experienced quarterly declines between 2% and 5%, suggesting investors remained wary of a slowing economy heading into the summer.

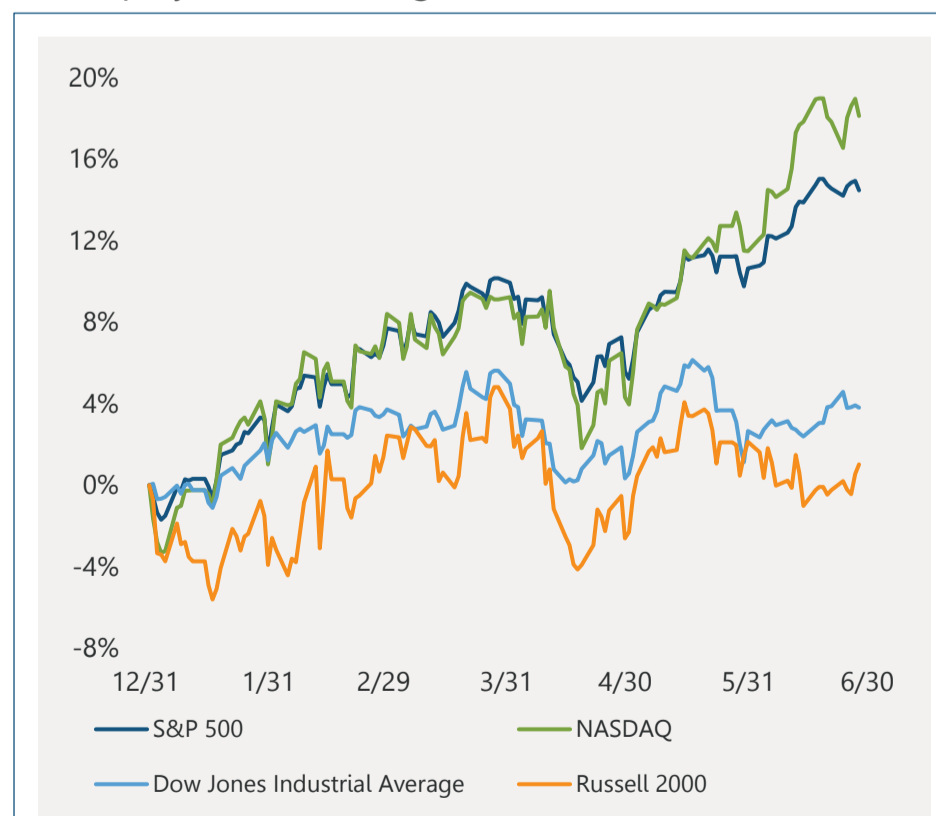
U.S. 10-year Treasury yields recorded a six-month intraday high of 4.73% the morning of April 25 (just four trading days after the S&P 500 finished its modest correction) and proceeded to move lower in fits and starts to close the quarter at 4.40%. The generally benign yield backdrop in May and June was supported by economic data that suggested cooling inflation and a bit of emerging slack in the labor market. The acknowledgment by Fed Chair Jerome Powell and many of his colleagues beginning in May that the central bank's next move was likely to be a rate cut and not a hike also helped keep a lid on bond yields and support market capitalization-weighted U.S. large cap stock indexes.

#### The Extended Pause

At the beginning of the year, fed funds futures markets priced 1.50% to 1.75% worth of rate cuts in 2024. Disappointingly sticky inflation in the first quarter, combined with resilient official labor market data led most Fed officials to throw cold water on the hopes of many market participants for rate cuts in May or June. In the middle of April, there was a small but growing group of commentators suggesting policymakers might need to increase their benchmark rate to combat another wave of price pressures. This hawkish sentiment surrounding the Fed's likely policy path contrasted sharply with a more dovish change in direction undertaken by other central banks across the developed world. The Swiss National Bank kicked off the global easing cycle with an unexpected initial rate cut on March 21, followed by Sweden's Riksbank on May 8, the Bank of Canada on June 5 and the European Central Bank on June 6.

CHART 1

#### U.S. Equity Market Divergence



Bloomberg: Data as of 6/30/24. Past performance does not guarantee future results.

## Second Quarter 2024 Quarterly Market Insights

By the end of the second quarter, it became difficult to ignore the general trajectory of domestic data (unemployment up to 4% and consumer price inflation down to 3%) was pointing to a slowing economy. As such, a growing majority of market participants embraced the view that the nearly one-year pause in the Fed's rate hike cycle was much more likely to evolve into a series of rate cuts rather than another bout of painful hikes.

The median forecast of Federal Open Market Committee (FOMC) participants in the June Summary of Economic Projections released June 12 was for one 0.25% rate cut by the end of the year. As of mid-July, the market currently expects a slightly more dovish path, with two 0.25% cuts beginning in September. The FOMC has three more policy meetings this year: July 30-31, September 17-18, November 6-7 (immediately following Election Day), and December 17-18. Sandwiched between the late-July and mid-September meetings is the Kansas City Fed's Jackson Hole Symposium August 22-24, which has historically been used by Fed officials as a messaging platform.

As of July 19, it has been 352 days during which the Fed has been "on pause," the second-longest period between the final rate cut of tightening cycle (July 28, 2023) and the first rate cut of an easing cycle over the last 40 years (see Chart 2). If policymakers do not cut their benchmark rate by the September 17-18 FOMC meeting (which is seen as increasingly unlikely), the duration of the current Fed pause cycle will eclipse the June 2006 – August 2007 period as the longest stretch between the last Fed hike and the initial Fed

cut in the last four decades. As seen in Chart 2, five out of the last six Fed pause periods have coincided with periods of strong performance from U.S. large cap stocks. The one notable exception was market weakness in the second half of 2000 related to a peak in the dot-com bubble and inconclusive 2000 presidential election results. The average return of the S&P 500 in the six months following initial Fed rate cuts in June 1989, July 1995, January 2001, September 2007, and July 2019 is just -0.4%, with recessions in 2001, 2008, and 2020 offsetting market strength in 1989 and 1995.

### Slower is Probably Better

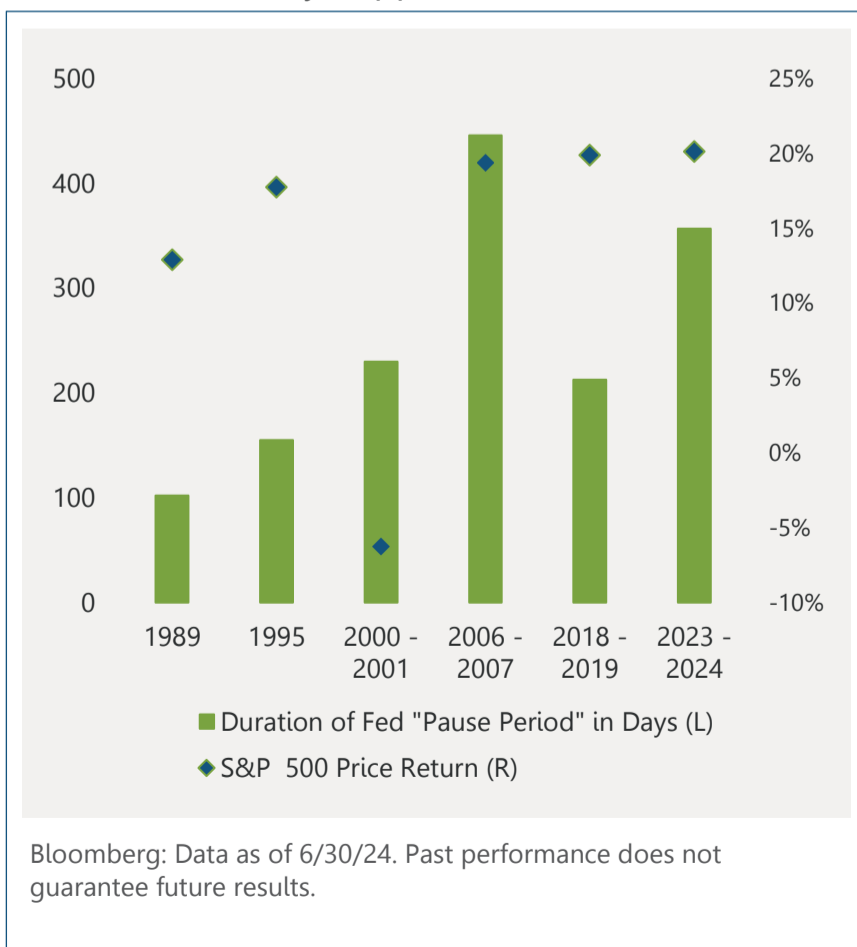
Surprisingly strong job growth in the first three months of the year eased noticeably in the second quarter. In many ways, a cooling (but not collapsing) U.S. labor market is a feature and not a bug of the Federal Reserve's policy mix as officials lean on elevated interest rates to constrain aggregate wage gains and consumer inflation.

Over the last 14 months, the unemployment rate has quietly crept 0.7% higher from a cycle-low of 3.4% in April 2023 to 4.1% in June. The three-month moving average of revised monthly nonfarm payroll gains fell to a 42-month low of 177,000 in June. While the trajectory is clearly down, this is very close to the average monthly job gain of 183,000 in the ten years from 2010 through 2019. Notably, the pattern of monthly jobs data thus far in 2024 has been to surprise on the upside only to be revised lower in a month or two. Compared to the initial releases, the headline nonfarm payrolls figures in January through May were downwardly revised in following months by a combined 250,000, which means there was about 20% fewer jobs added to the economy in the first five months of the year than originally reported.

Other labor market data releases in 2Q24 pointed to a continued slowing in demand for workers. Employees characterized as "temporary" on U.S. payrolls declined for a 27th consecutive month in June to 2.67 million, down from a post-pandemic high of 3.18 million in March 2022. A slowdown in temporary hiring has sometimes acted as a leading indicator of broader labor market weakness as companies are more likely to part ways with temporary workers prior to reducing their full-time workforce. In late June, the 4-week moving average of initial jobless claims recorded a fresh 10-month high of 238,500. Meanwhile, continuing weekly claims (a proxy for how difficult it is for laid off workers to find a new job) rose to a 31-month high of 1.86 million in the third week of June. While the trajectory of the claims data shows employers are pulling back from hiring, investors should not necessarily be alarmed. In the five years prior to the pandemic, the 4-week moving average of initial weekly jobless claims ranged between 200,000 and 300,000, while continuing weekly claims were between 1.54 million and 2.4 million. The late June readings of these two data series of 238,500 (4-week moving average of weekly claims) and 1.86 million (continuing claims) are squarely below the mid-points of their respective ranges from 2015 through 2019.

CHART 2

### Fed Pauses Usually Support Stocks



The relationship of job openings in the U.S. to unemployed workers searching for jobs is perhaps one of the simplest ways to visualize a domestic labor market that has gradually cooled from an overheated status. As Chart 3 depicts, the ratio of open positions in the Labor Department’s Job Openings and Labor Turnover Survey (most recent reading of 8.06 million) to total employed persons in the labor force (most recent reading of 6.81 million) declined to 1.20 in June. This marks the lowest reading in three years and is down from a peak of 2.03 in March 2022, three months before the annual consumer price index (CPI) peaked at 9.1%.

**Yield Curve: Return to Normal?**

The combination of stabilizing labor demand and inflation, along with a period of potential Fed rate cuts could lead to a long-awaited de-inversion, or normalization in the U.S. Treasury yield curve. Since the first week of July 2022 (amidst a stretch of four straight 0.75% Fed rate hikes), yields on the 2-year U.S. Treasury note have been above those on the 10-year maturity. Thus, the yield curve has been inverted (shorter rates higher than longer rates) for about two years. When the yield curve de-inverts, a more natural curve structure takes hold whereby longer-term yields are restored to higher levels than their shorter-term counterparts.

Investors’ preferred path of yield curve normalization is a so-called “bull steepener” in which short-term yields decline more than long-term yields. The word “bull” refers to the positive returns for bondholders associated with lower yields, while the “steepener” phrase describes how the shape of the curve shifts. Bull-steepeners tend to be market-friendly because lower yields ease financing pressure on the broad corporate sector and create a healthier operating environment for banks, which typically borrow short (deposit funding) and lend long (multi-year commercial, industrial, real estate loans). A more challenging route to a normalized yield curve would be a “bear steepener,” a term describing an environment in which long-term yields increase at a faster rate than short-term yields. The yield curve normalizes, or re-steepens, but the move higher in yields creates a bearish return backdrop for bondholders. We saw a brief episode of yield curve bear-steepening in September and October of 2023 amid growing concerns of persistently high inflation and a surge in longer-dated Treasury issuance. This period coincided with double-digit peak-to-trough corrections in the S&P 500 (-10.3%), Nasdaq (-12.3%) and Russell 2000 (-18.3%).

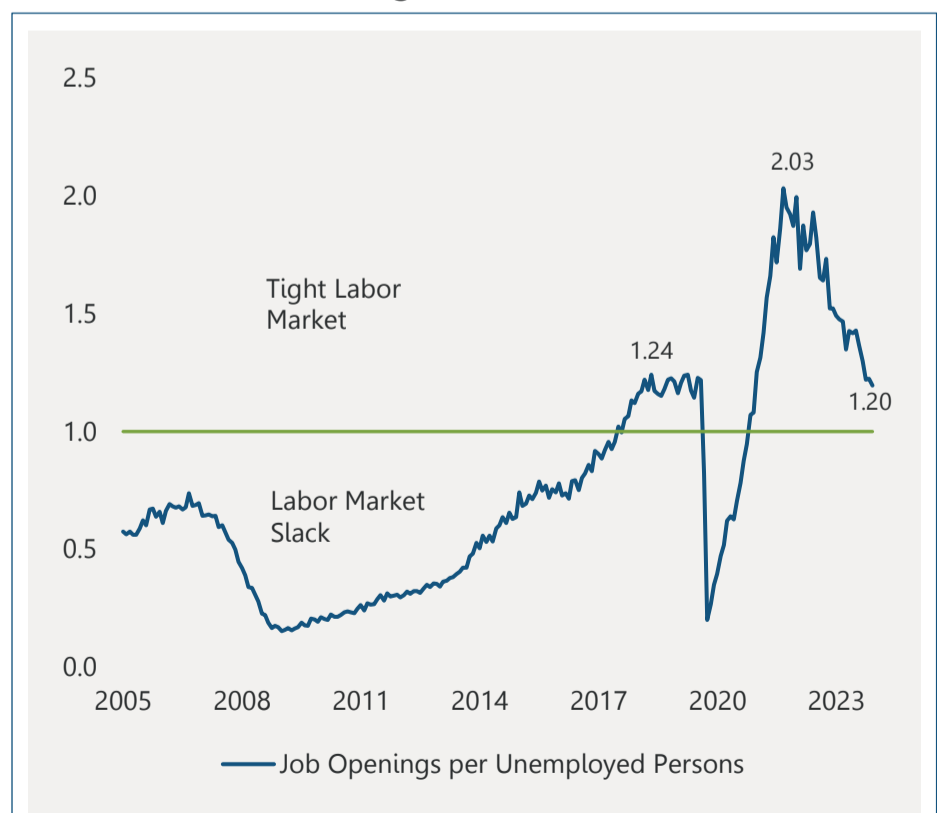
In recent weeks, some commentators and market participants have raised concerns about the increased likelihood of higher long-term Treasury yields under a prospective unified Republican government beginning in 2025. These voices describe the preferred policy mix of a Trump administration (deregulation, lower taxes, partial reductions in discretionary government spending, higher

tariffs, tighter immigration controls) as likely to result in stronger short-term economic growth and higher inflation. Although the logic seems defensible, we would note legislation-driven policy outcomes in 2025 and 2026 seem almost impossible to predict more than three months away from Election Day, even assuming Republican control of the presidency and both chambers of Congress. We would also point out that consumer inflation was generally contained during the first Trump Administration as the year-over-year CPI ranged from 0.1% to 2.9%. Meanwhile, the 10-year Treasury yield was above 3% for a total of 12 weeks in the four years spanning 2017 to 2020 (briefly in May 2018 and for most of 4Q18).

**The Elusive Broadening**

As noted previously, a bull steepening in the U.S. Treasury yield curve would likely be greeted enthusiastically by the stock market. It could also be a catalyst for increased market breadth (i.e., a higher percentage of stocks fully participating in gains) after an 18-month period of very narrow leadership. We did not see much improvement in market breadth during the second quarter as there was a particularly wide gap between the “haves” and “have nots.” The mega cap technology Nasdaq (+8.5%) outperformed the small cap Russell 2000 (-3.3%) by nearly 1,200 basis points from April through June. This was the third widest quarterly performance gap in favor of the Nasdaq since 2009. The two larger quarterly instances of Nasdaq outperformance over small caps in the last 15 years were the first quarter of 2023 (17.1% vs. 2.7%) and the first quarter of 2020 (-13.9% vs. -30.6%). In the first six months of 2024, just eight stocks (NVIDIA, Microsoft, Alphabet, Apple, Amazon, Meta Platforms, Eli Lilly, and Broadcom) accounted for nearly 70% of the S&P 500’s 15.29%

CHART 3  
Labor Market Loosening



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## Second Quarter 2024

# Quarterly Market Insights

total return. Of the 11 major S&P 500 sectors, only technology (+13.8%), communication services (+9.4%), and utilities (+4.7%) outpaced the broad index's 4.3% total return in the second quarter.

A durable broadening of market leadership in the second half of 2024 will likely require a reemergence of soft-landing expectations surrounding Fed rate cuts. This would probably develop alongside a combination of benign inflation readings, lower bond yields, and a pick-up in key cyclical economic sectors including residential construction. Market performance at the end of 2023 could provide a useful context for thinking about a potential market broadening in coming months. Readers may recall the Russell 2000 surged 22% in the final two months of 2023 and the S&P 500 Equal Weighted Index (+16.1%) outperformed the traditional market capitalization-weighted version of the index (+13.7%) over the same period. This market environment was supported by a lack of regional escalation in the Israel-Hamas war. More importantly, bullish sentiment was boosted by a set of encouraging inflation readings in October and November that led markets to price up to 1.75% of Fed rate cuts in 2024, while 10-year U.S. Treasury yields plunged from 4.99% on October 19 to 3.84% on December 28.

### Earnings Growth: Pass the Baton

S&P 500 operating earnings per share (EPS) grew 7.8% in the first quarter reporting season inclusive of quarter-ends from February 16 through May 15. This was a much better outcome than the meager 2.0% growth expected in the second week of April right before earnings season got rolling. According to Bloomberg Intelligence data, the Magnificent 7 (NVIDIA, Microsoft, Apple, Alphabet, Amazon, Meta Platforms, and Tesla) accounted for slightly more than 100% of the index's year-over-year profit growth in the quarter. Notably, the magnitude of revenue beats (just 60% of S&P companies) was significantly below the index's longer-term average. The broad takeaway is large U.S. corporates have been able to hit their profit numbers despite some top-line pressure by keeping costs in check, improving efficiency, and repurchasing shares.

In the second quarter, index-level operating EPS are projected to grow 8.8%, based on bottom-up analysts' estimates aggregated by Bloomberg Intelligence. The Magnificent 7 cohort is projected to generate 29.1% year-over-year profit growth in 2Q24 compared to just 4.7% for the rest of the index (S&P 493). By the fourth quarter, the profit growth gap between the Magnificent 7 and the S&P 493 is expected to narrow, with consensus expectations for 18.3% profit growth for the former and 11.2% for the latter (see Chart 4). Increased earnings growth breadth is typically a bullish development for the broad equity market, especially if it occurs in an environment of lower bond yields. We would argue that markets driven by broad earnings growth tend to be more durable than those

boosted predominantly by valuation expansion. This is partly because earnings-driven rallies often engage more investors with longer investment horizons as opposed to shorter-term sentiment-focused players. Encouragingly, this can support an equity bull market's longevity.

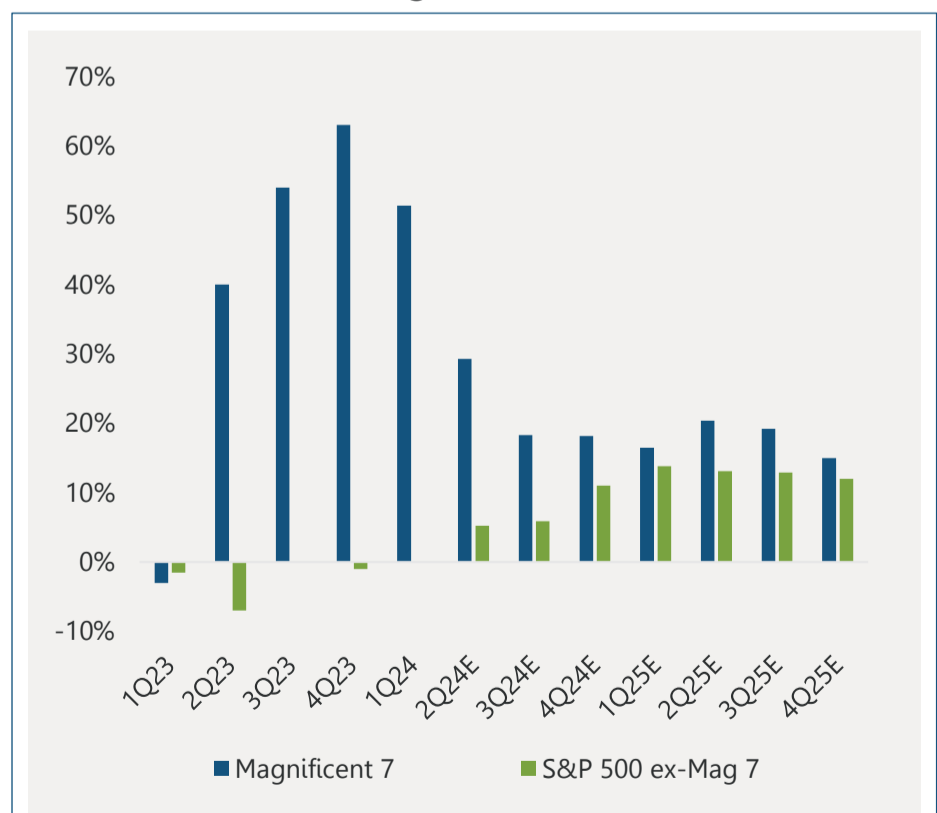
The S&P 500's price-to-earnings multiple based on expected adjusted EPS over the next four quarters expanded 17% from 18.0 (4,117 / \$229) at the intermediate-term market low on October 27, 2023 to 21.8 as of July 19 (5,505 / \$253). Thus, about 63% of the index's 34% price return from the last Friday in October through the middle of July can be attributed to valuation expansion, with the remaining 37% attributed to higher profit expectations over the next 12 months. For the full year, S&P 500 EPS is anticipated to be \$245, a 10% increase from \$223 last year. Index-level operating profit is projected to grow about 13% in 2025 to \$277, followed by 8% growth in 2026 to \$300. If the expectations summarized above come to pass, a much wider set of companies will contribute to S&P 500 earnings growth in 2025 and 2026.

### Election Thoughts

*May you live in interesting times* is an English expression believed to be a translation of a Chinese proverb. Despite its international origins, in the early summer of 2024, the phrase is probably most applicable to the American political landscape. In a span of three weeks President Biden delivered a disastrous debate performance, former President Trump narrowly survived an assassination attempt, and Biden announced he would drop out of the presidential race and support Vice President Kamala

CHART 4

### A More Balanced Earnings Growth Picture

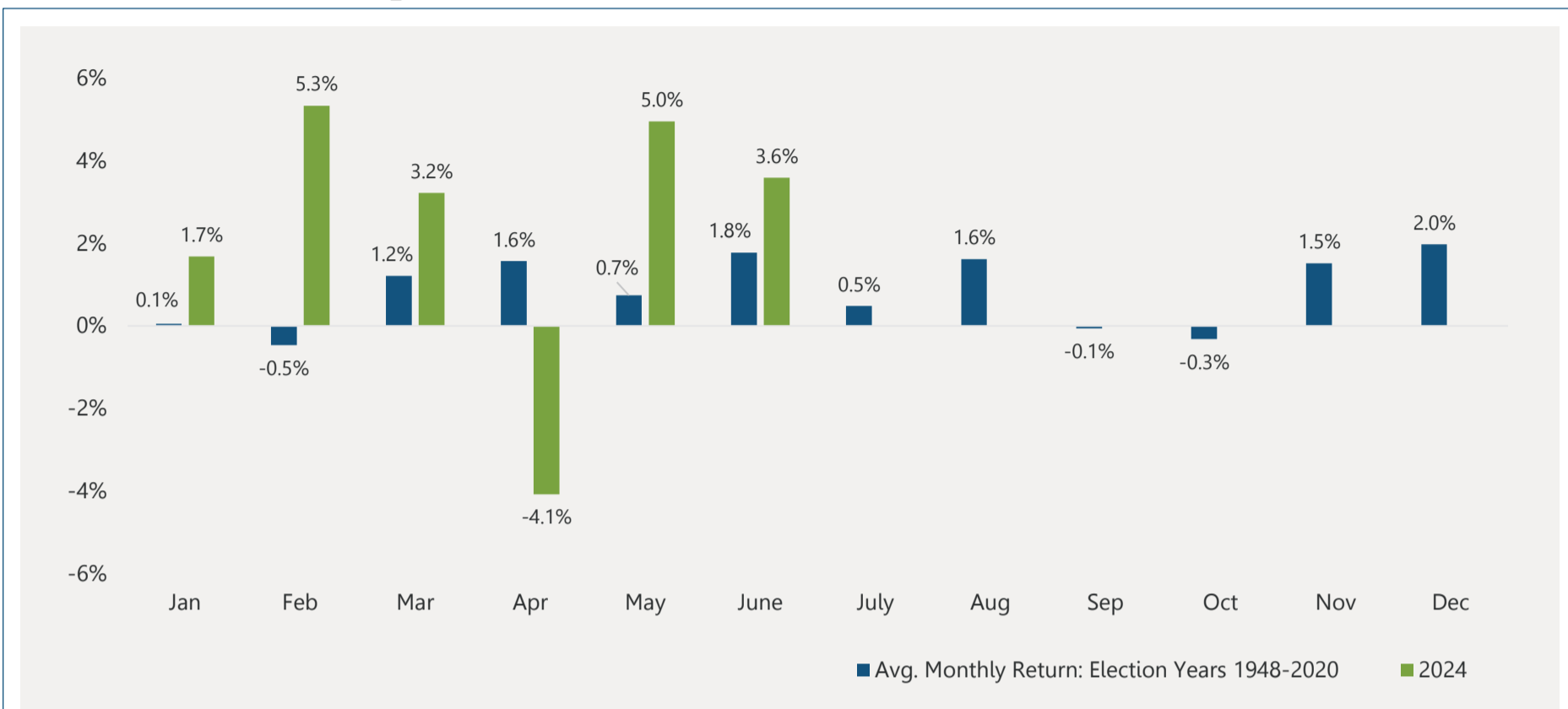


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## Second Quarter 2024 Quarterly Market Insights

CHART 5

### Stocks Tend to Finish Strong in Presidential Election Years



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Harris as the Democratic nominee. Broad market reactions to these potentially seismic political developments have been relatively muted. Under the surface, however, there has been a bit more movement as the market has perhaps begun to price higher odds of a Republican victory. In the first half of July, we have seen outperformance from a group of industries believed to be beneficiaries from a Trump administration relative to a Democratic administration mostly due to regulatory priorities. This group includes regional banks, investment banks, health insurers, private equity firms, homebuilders, auto manufacturers, and semiconductor makers with a domestic production focus.

In bond markets, yields on the 2-year U.S. Treasury note have come down (4.71% to 4.51%) at faster clip than 10-year yields (4.29% to 4.23%) since President Biden's poor debate performance on June 27 through July 19. This type of "bull steepening" has historically provided a boost to the broad equity market and smaller, more cyclical companies in particular. In the commodity complex, gold rallied 6% in the first half of July to a new all-time high, while West Texas Intermediate (WTI) crude oil has been rangebound between \$78/barrel and \$84/barrel since the June 27 presidential debate. Bitcoin has exhibited perhaps the strongest reaction to recent political developments, as the digital currency rallied nearly 25% from a four-month intraday low of \$54,313 on July 7 to above \$67,000 on July 19. President Trump's July selection of junior Ohio Senator and outspoken

cryptocurrency supporter JD Vance as his running mate was clearly a catalyst for the recent Bitcoin rally.

Zooming out, the historical sequence of monthly returns in the second half of election years suggests a decent backdrop for stocks in July and August, followed by weakness in September and October. As shown in Chart 5, the final two months of the year are historically quite strong as markets adjust to the election results and domestic economy gets a boost from holiday spending and travel. With the exception of a weak April, S&P 500 returns in the first half of 2024 have been considerably stronger than during average election years as shown in Chart 5. Of course, expectations of forthcoming Fed rate cuts and technology sector-led earnings growth probably explain a large portion of the outperformance in January, February, March, May, and June versus the average monthly returns in presidential election years from 1948 through 2020.

A prospective Trump administration's set of policy preferences could be better for the broad stock market than the bond market over a short-to-medium-term timeframe. In large part this is because the combination of policy directed at lower tax rates and a lighter regulatory touch would likely support corporate profit margins and stoke small business activity. A more hands-off regulatory agenda (as seen during the first Trump administration) would be amplified by a set of recent Supreme Court rulings that have significantly constrained the capacity of federal agencies to interpret legislation. A more predictable regulatory environment could very well lead to improved business confidence and create the conditions for

more mergers, acquisitions, and overall dealmaking activity. At the same time, an expansion of tariffs from current levels and tighter immigration controls could put some upward pressure on import prices and domestic wages. The anticipation of higher trajectories for both growth and inflation might cause investors to price a stronger trajectory for U.S. companies' earnings growth but be unwilling to discount meaningfully lower long-term bond yields.

**Outlook**

We continue to advise investors with longer-term time horizons embrace a "glass half full" view that balances optimism with a healthy dose of realism. In recent months, softer economic data has been received well by the broad U.S. stock market given its tendency to push bond yields lower and pull forward the timeline for Fed rate cuts. We think this dynamic can continue and does not necessarily need to devolve into a more acute economic slowdown, especially if the Federal Reserve delivers several rate cuts and more cyclical areas of the economy begin to perk up. It seems difficult to argue that the combination of cooling inflation, a less overheated jobs market, strong corporate profit growth expectations and likely Fed rate cuts can create the conditions for a recession in the U.S. and associated bear market. Although not perfect, the most important underlying components of the U.S. economy (aggregate job growth, wages, consumer spending) do not appear on the cusp of an imminent contraction. This is important because most extended periods of U.S. equity market declines over the last 70 years coincided with recessions.

While upside surprises in inflation data remain a risk to the positive market backdrop, a faster-than-expected deterioration in the labor market (if the unemployment rate pushes up to 4.5% and/or weekly initial jobless claims print above 250,000) could present an equally formidable headwind. Such a development would call into question the goldilocks/soft landing consensus and raise concerns about a Fed policy mistake. Looking at the current economic data trends and corporate profit momentum, however, neither reaccelerating inflation nor a sharp slowdown in net hiring seems worthy of a base-case view.

In this environment, we think investors should pay close attention to credit markets as the proverbial "canary in the coal mine" for a broad economic contraction and sustained market weakness. As seen in Chart 6, there was a bit of spread-widening in the most speculative areas of the U.S. high yield bond market in May and June, as CCC-rated Option-Adjusted Spreads (OAS) moved from a two-year tight of roughly 7.15% in early May to 8.14% by the first week of July. Less speculative C-rated, BB-rated and Investment Grade OAS did not experience a similar magnitude of widening credit spreads during this period, so this modest amount of pressure in credit markets appears contained to the lowest quality borrowers.

**CHART 6**  
Credit Markets Remain Calm



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Putting it all together, we expect a bout of market volatility leading up to Election Day in early November as market pricing adjusts to the likelihood of policy changes. All other things equal, this could provide an opportunity to increase exposure to equity and credit allocations in client portfolios given the constructive fundamental backdrop and historical pattern of a strong final two months of the year for U.S. stocks during presidential election years. We expect short-to-intermediate-term U.S. government bonds and high-quality corporate bonds will play an increasingly important role in dampening the volatility of diversified portfolios due to the improved coupon cushion they offer after a two-year period of interest rate normalization.

# Economic Outlook and Investment Policy

## ECONOMIC FACTORS

## CURRENT OUTLOOK

U.S. GDP Growth	Domestic economic growth will likely slow to an annualized rate of 1.5% - 2.0% in the the second half of 2024 and first half of 2025.
Federal Funds Rate	Cooling inflation and slowing labor market growth probably set the stage for an initial Fed rate cut in September.
Inflation	Disinflationary forces in the economy should push measures of core annual inflation from 3.0% to near 2.5% by the end of the year.
Employment	Monthly payroll gains between 100,000 and 150,000 in 2H24 would be a sweet spot for Fed rate cuts without stoking recession fears.
Consumer Confidence	Elevated price levels, a softer labor market, and pre-election political uncertainty could weigh on sentiment in coming months.
Oil	Although a direct Israel/Iran confrontation has so far been contained, elevated tensions could keep a \$75/barrel floor under WTI crude oil.
Housing	Housing market activity will probably remain suppressed until 30-year fixed mortgage rates drop another 200 basis points to below 6%.
International Economies	Above-trend GDP growth in India and Indonesia in 2024 is likely to be offset by weakness in China, the euro zone, and the UK.

	MINIMUM	NEUTRAL	MAXIMUM
<b>FIXED INCOME</b>		●	
Core Bonds			●
TIPS	●		
Non-Investment Grade		●	
International	●		

## CURRENT OUTLOOK

We continue to favor short and intermediate-term U.S. government bonds and high-quality corporate bonds as they will likely benefit most from a de-inversion of the yield curve in which front-end rates decline but longer rates remain relatively unchanged. We anticipate high-quality bonds will play an important role in dampening the volatility of diversified portfolios in 2H24 and beyond due to the improved coupon cushion they provide compared to most of the last 15 years.

If longer-term Treasury yields push above 5% (like we almost saw in October 2023), we would likely consider recommending extending duration in client portfolios.

U.S. high yield corporate bond spreads have narrowed by about 200 basis points since the regional banking turmoil in the of 2023, supported by resilient economic data and less issuance. If signs of a weakening labor market begin to emerge, we will likely recommend reducing exposure to credit and reallocating to government bonds in the core sleeve of portfolios.

	MINIMUM	NEUTRAL	MAXIMUM
<b>EQUITIES</b>		●	
Large Cap		●	
Mid Cap			●
Small Cap		●	
Developed International		●	
Emerging Markets		●	

## CURRENT OUTLOOK

Although not perfect, the most important underlying components of the U.S. economy (aggregate job growth, wages, consumer spending) do not appear on the cusp of an imminent contraction. This is important because most extended periods of U.S. equity market declines over the last 70 years coincided with recessions.

It seems difficult to argue that the combination of cooling inflation, a less overheated jobs market, strong corporate profit growth expectations and likely Fed rate cuts can create the conditions for a recession in the U.S. and associated bear market.

An expansion of corporate earnings growth to more sectors and industries outside of the top 10 S&P 500 stocks in the second half of 2024 would be a welcomed development. This could create the conditions for another leg of the current bull market that would likely prove more durable than the narrow leadership of the last 18 months.

Given the balance of risks and opportunities, we think it makes sense to keep equity allocations focused on areas of the market that exhibit quality characteristics in terms of leverage, earnings volatility, and return on capital.

	MINIMUM	NEUTRAL	MAXIMUM		
<b>ALTERNATIVES*</b>		●			
	Cap Pres	IWSG	Balanced	GWSI	Growth
Gold		●	●	●	
Hedged Equity					
Arbitrage					

## CURRENT OUTLOOK

We recommend most portfolios maintain a moderate allocation to gold given our assessment that the economic, policy, and geopolitical backdrops remain well suited for the precious metal. The likely beginning of a Fed rate cut cycle, elevated geopolitical tensions, and domestic political uncertainty leading up to the November election should allow gold to improve the risk-adjusted returns of portfolios in coming quarters. Our alternatives allocations, as seen in the table to the left, are designed to decrease the overall risk profile of our five investment objective-based portfolios (CAP PRES, IWSG, BAL, GWSI, and GROWTH.)

The above minimum/neutral/maximum recommendations represent MainStreet Advisors' current positions relative to our Strategic Asset Allocation ranges. Views expressed have a 6-12 month horizon and are those of the MSA Investment Committee.

\*Cap Pres: Capital Preservation, IWSG: Income with some growth, GWSI: Growth with some income



## Second Quarter 2024

# Quarterly Market Insights

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