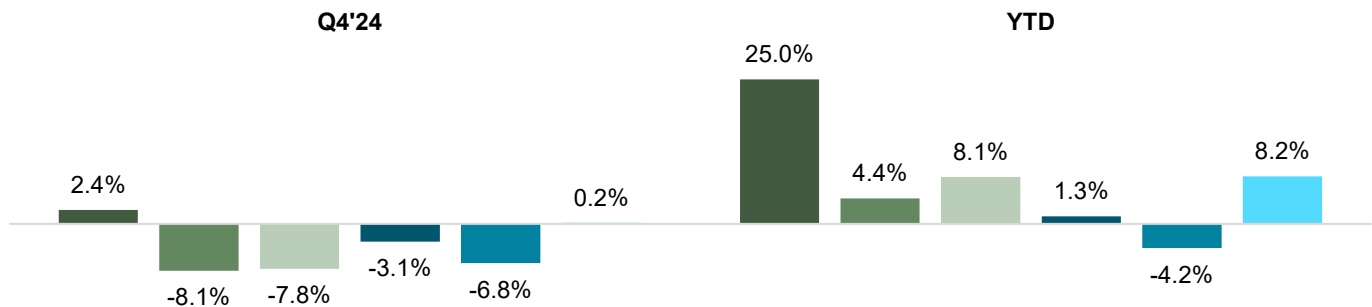


Quarterly Market Review

Returns as of December 31, 2024



Source: FactSet

The S&P 500 climbed 25% for the year, fueled by a strong economy and an AI-driven rally in big-tech stocks. The S&P 500 notched 57 record highs during the year and delivered two consecutive years of 20%+ returns, a feat not seen since the late 1990's. A handful of AI-driven technology stocks dubbed the Magnificent Seven—Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla—accounted for 55% of the stock index's total return in 2024. Across the pond, both developed and emerging market stocks struggled in Q4'24 on tariff concerns and ended the year with muted returns as the U.S. dollar strengthened.

2024 once again delivered a bifurcated market. The number of stocks outperforming the S&P 500 index is close to its post-1990 low, nearly 30%, and the top ten stocks now make up 39% of the S&P 500 index – creating a market concentration that has blown through the last peak. For investors, it is important to not use the S&P 500 index as the sole bogey for their diversified portfolios as not all stocks participated in the party equally.

Within the S&P 500 sectors, there was wide dispersion. AI-related sectors, such as communication services and technology, were the top-performing sectors and gained 40% and 37%, respectively. Materials, the worst-performing sector, fell -0.04% due to concerns about an economic slowdown in China. **Across size, small-cap stocks trailed their larger peers** but managed to gain 8.7% on optimism from the pro-business policies of the new administration. **Within style, growth stocks beat value** as investors bet on AI.

Even as the Fed began cutting rates, the yield on the 10-year U.S. Treasury note rose 70 bps for the year to 4.58%, based on deficit and inflation concerns. The rise in yields led to lackluster returns for bonds. Longer-dated bonds fared the worst. Lower quality bonds, such as high yield, outperformed as the economy remained resilient.

Finally, across other asset classes, gold outperformed the S&P 500 for the year. Demand for gold was fueled by central banks, including China, Turkey, and India, seeking to diversify away from the U.S. dollar, in addition to other investors concerned about the size of the U.S. deficit. **Overall, 2024 was a great year as a globally diversified moderate risk 60/40 stock bond portfolio gained 10.1% to close out a record year.**

INDEX DEFINITIONS

Asset Class	Index	Definition
China	MSCI China	Measures the performance of large and mid-cap shares in China including China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe.
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Emerging Markets Bonds	Bloomberg Emerging Markets USD Aggregate	Measures the performance of hard-currency emerging markets debt, including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.
Emerging Markets (EM) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Global 60/40 Index Blend	60% MSCI ACWI, 40% Bloomberg Global Aggregate	Measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios.
Gold	Bloomberg Sub Gold	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Oil	WTI Crude Oil	Is represented by the near-month crude oil futures contract traded on the NYMEX.
Small Caps	S&P 600	Measures the performance of 600 small-sized companies in the US Constituents that generally have a market cap between \$400 million and \$1.8 billion and meet criteria to ensure they are liquid and financially viable.
Small Cap Value	S&P 600 Value	Measures the performance of the small cap value segment of the U.S. equity market.
Sector	S&P 500 Sector Communication Services	Measures the performance of companies from the media, retailing, and software & services industries in the U.S.
Sector	S&P 500 Sector Technology	Measures the performance of companies involved in technology hardware, storage and peripherals, software, communications equipment, semiconductors and semiconductor equipment, internet software and services, IT services, electronic equipment, instruments and components.
Sector	S&P 500 Sector Materials	Measures the performance of companies involved in industries such as: chemicals, construction materials, containers and packaging, metals and mining, and paper and forest products.
U.S. Dollar	U.S. Dollar Index	Measures the value of the U.S. dollar relative to the value of a 'basket' of currencies of the majority of the U.S.'s most significant trading partners. Factors the exchange rates of six major world currencies: euro, Japanese yen, Canadian dollar, British pound, Swedish krona, and Swiss franc.
US Bonds	Bloomberg US Aggregate	Measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.

U.S. Equity	S&P 500	Measures the performance of 500 leading companies in the U.S. Constituents that generally have a market cap above \$5 billion and represent approximately 80% of the investable market.
US REIT	S&P 1500 Equity Real Estate Investment Trusts	Measures the performance of publicly traded U.S. real estate securities, such as real estate investment trusts (REITs) and real estate operating companies.
U.S. Growth	S&P 500 Growth	Measures the performance of large-cap growth stocks in the U.S., which are identified by sales growth, price-to-earnings, and momentum. Constituents generally have a market cap above \$5 billion.
U.S. Value	S&P 500 Value	Measures the performance of value stocks in the U.S., which are identified by sales growth, price-to-earnings, and momentum. Constituents generally have a market cap above \$5 billion.
U.S. High Yield	Bloomberg Barclays U.S. Corporate High Yield	Measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch, or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt.

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