

INVESTMENT UPDATE

First Quarter 2024



Planning



Investing



Advising



MARKET REVIEW

Momentum from 2023 carried into the new year, with stocks rallying across the globe and many equity markets setting record highs. Bond returns were mixed as rate cut expectations waned amid surprisingly strong economic data and stubbornly elevated C.P.I. levels that drove interest rates higher and prices lower.

Once again, the US led other equity markets on the back of some large growth names with exposure to artificial intelligence. Encouragingly, participation strength among stocks was broader than prior quarters, both across styles and down the cap spectrum. Worth noting, however, is that US Equity valuations appear stretched following a multiple expansion fueled 1000-point rally in the S&P 500 dating back to last October. As such, it will be important to see corporate earnings come through during the remainder of 2024 or the chances of a market correction will increase.

Given a widening out of global interest rate expectations during the first quarter, the US dollar moved higher and dampened what would have otherwise been more compelling Non-US Equity returns. Japan was a notable

performer to the upside, with structural reforms and economic stimulus helping to push stocks 21% and 46% higher for the quarter and one-year periods respectively. Despite the run up, the Asian market still offers promise with a variety of catalysts, including interest rates turning positive and deflation concerns abating. Emerging Markets trailed

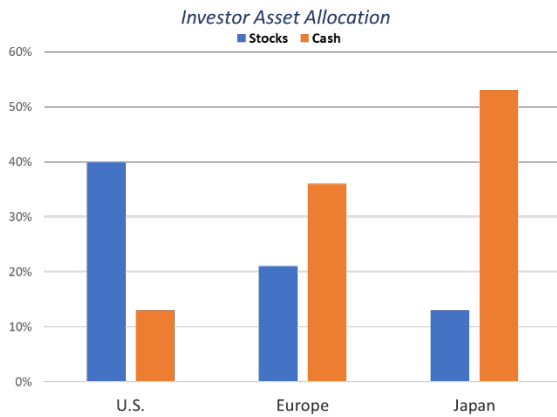
In 9 of 10 occurrences dating back to 1970, the S&P 500 finished the year even higher when first quarter returns eclipsed 10%.

developed peers but were still positive. With compelling absolute and relative valuations and the International Monetary Fund forecasting strong economic growth for the region, it shouldn't take too much of an inflection in investor enthusiasm to spark a well-overdue rally.

Following a significant fourth quarter bond rally, rate cut expectations appear to have become too optimistic. The needed inflationary backdrop remains elusive and contrarian data sent

yields higher and prices lower. Importantly, bond investors do not appear overly concerned about prospects for a soft landing or credit overall as spreads further tightened to cycle lows.

ELEVATED CASH LEVELS CREATE POTENTIAL NON-US OPPORTUNITY



Source: Bank of Japan

CYBERSECURITY

Online risks continue to intensify, both in terms of event frequency and sophistication. With users churning through the web at an increasingly fast pace, Spoofed Websites is one area of cyber-danger that appears to be on the rise. To help mitigate this threat, Charles Schwab recently identified some best practices as follows:

- **URL errors and issues:** Look for misspellings or unusual domain extensions. A single letter out of place might mean you're on a fake site.
- **Grammar and spelling mistakes:** Legitimate sites take care to avoid errors. If you spot poor grammar, spelling, or formatting mistakes in content, that's often your first clue it's a fake site.

- **False security notification:** Once you click on a site link, you're presented with a screen notifying you of a login issue and directing you to a hotline number. Wording on these fake sites may mention "unauthorized activity" or other details designed to trigger anxiety.
- **Request for personal information:** Legitimate operators should never ask for your account password over the phone. However, if someone does, err on the side of caution and do not provide it.
- **Privacy policy:** Genuine sites will have a privacy policy available. If it's missing, think twice.
- **Avoid searching for a site:** Use your saved bookmarks for visiting websites, especially financial ones, to avoid the risk of phishing and downloading malware.
- **Question urgency:** Phishing attempts often create a sense of urgency. Take a moment to verify the information through official channels.
- **Use secure networks:** Access financial accounts only through secure networks and consider enabling multi-factor authentication where possible.
- **Call before acting:** If you have concerns about a site or link, it's always best to directly contact the provider before taking any action, like downloading software.

Q1 Market Performance

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| US Large Cap | 10.6% |
| US Small Cap | 5.2% |
| Non-US Developed | 5.9% |
| Emerging Markets | 2.4% |
| Treasuries | -0.9% |
| Investment Grade | -0.1% |
| High-Yield | 1.5% |
| Oil | 16.1% |
| Gold | 8.1% |

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