

INVESTMENT UPDATE

Second Quarter 2024



Planning



MARKET REVIEW

During the second quarter, economic growth slowed and consumption spending moderated, while inflation proved stubborn and job growth moved higher. With the Fed focused on the latter two indicators, expectations for rate cuts decreased and weighed on the majority of stocks, even though a handful of large technology companies once again pushed the S&P 500 higher.

After US equities fell 5% in April, investor enthusiasm around corporate earnings and ongoing (and perhaps overextended) AI exuberance pushed markets higher by quarter-end. While most sectors sold off, Communication Services and Technology were markedly higher, as was defensive Utilities given the expected electricity demand spike to fuel AI solutions. Reflective of the concentrated Magnificent 7 led narrow US market, Small Caps fell more than 3% for the quarter, culminating in relative underperformance not seen in decades.

Emerging Markets bested most Developed Markets during the period, generating a 5% return amid strong earnings in Taiwan and India. Moreover, China expectations

rebounded off depressed levels due to favorable exports, stronger fundamentals and optimism surrounding government support.

Consistent with reduced rate cut expectations, the yield curve moved up and bond prices fell. However high absolute interest rate levels offered some respite, and the U.S. Aggregate

Following new market highs, the S&P 500 has delivered positive returns 1, 3, and 5 years later 69%, 86%, and 82% of the time since 1957.

finished flat for the quarter. Outliers to the upside were found in lower quality, short duration exposure like High Yield and Leveraged Loans.

Following six months of downward pressure, natural gas prices jumped 47%. Conversely, investors shrugged off Middle East tensions and sent crude prices down 2% to levels similar to the start of the year. REIT performance remain subdued amid sluggish demand and higher interest rate levels, whereas Gold continued its slow and persistent

Investing

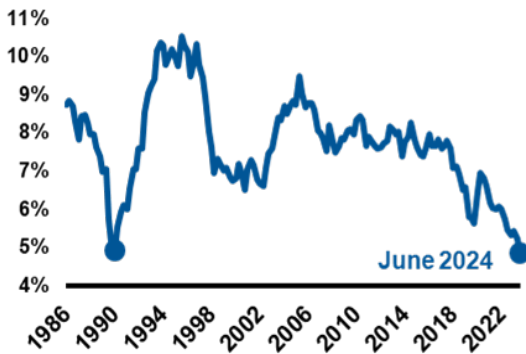


Advising



grind higher. Finally of note, the dollar strengthened as some Non-US central banks initiated or signaled easing campaigns whereas the Fed did not.

% Small Cap Weight of U.S. Stock Market



Source: Russell Investments

SELECTING A TRUSTEE

Choosing a trustee to honor your wishes and act in the best interest of your beneficiaries is a decision that carries significant responsibility. It’s important to approach the task with empathy and understanding, recognizing that the role of a trustee is both a privilege and a serious commitment. Should you find yourself charged with making or influencing such a decision, Trust & Estate Attorney Kim Butler Rainen has helped identify the following factors for consideration:

- **Trustworthiness & Integrity:** At the core of a good trustee is a foundation of trust and integrity. Choose someone who has demonstrated these qualities consistently in their personal and professional life.
- **Financial Acumen:** While your trustee doesn’t need to be a

financial expert, a solid understanding of financial matters and the ability to make informed decisions is crucial, especially in the areas of investments, taxes, and trust guideline adherence.

- **Objectivity & Fairness:** A good trustee is able to remain impartial, especially when dealing with multiple beneficiaries. They should be capable of making decisions that are fair and in line with the trust’s terms, even when faced with potential family conflicts.
- **Communication Skills:** The trustee should be able to clearly convey information and be open to questions and concerns. They should also be able to collaborate effectively with legal and financial advisors.
- **Organizational Abilities:** The trustee should be adept at keeping records, managing documents, and meeting all legal and administrative responsibilities.
- **Commitment to Duty:** Serving as a trustee can be a long-term commitment. It’s important to choose someone who is willing and able to dedicate the necessary time and effort over the duration of the trust.
- **Availability & Proximity:** While not always necessary, having a trustee who is readily accessible can be beneficial, especially for trusts that require hands-on management.

Q2 Market Performance

US Large Cap	4.3%
US Small Cap	-3.3%
Non-US Developed	-0.2%
Emerging Markets	5.0%
Treasuries	0.2%
Investment Grade	0.1%
High-Yield	1.1%
Oil	-2.0%
Gold	4.3%

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