

# Quarterly Market Review

## Equity & Fixed Income Markets ‘Reap’ Positive Returns in Q3

Expectations For Federal Funds Rate ‘Turn’ Lower Amidst Growth Concerns

September 2024

### Quarterly Highlights

- The Fed Cut Its Policy Rate In September (4.75% - 5.00%) After A 14-Month Pause. Fed Balance Sheet Down By \$1.9 Trillion From 2022’s All-Time Peak.
- The Unemployment Rate, After Reaching A 34-Month High Last Month, Ticked Lower (4.2%).
- Core Inflation (3.2%) Was Unchanged In August, Buoyed By Stubborn Shelter Costs (+5.2% YoY).
- Consumer Confidence Tumbled -6.5% MoM—the Biggest Monthly Decline In More Than 3 Years.
- President Biden Dropped Out of 2024 Race; Election Between Harris and Trump a Toss-up.
- Congress Narrowly Averts A Shutdown, With A Stopgap Bill Signed Through Mid-December.
- China PMI Manufacturing Fell Into Contractionary Territory; Euro Zone Also Remains In Contraction.
- US Treasury Yield Curve (10s-2s) Rose Into Positive Territory For The First Time Since 2022.
- The 2-Year Treasury Yield Fell 108 bps In The Quarter To The Lowest Level Since Sept 2022.
- S&P 500 Rallied For Fourth Straight Quarter, Best Start Year-to-Date (+22%) Since 1997.
- Small-cap US Equities Outperformed Large Cap By The Widest Margin Since 1Q21 On Falling Rates.
- The US Dollar Index Posted The Worst Quarterly Decline Since 4Q22, Negative YTD In 2024.
- Crude Oil Prices Fell To The Lowest Level Since March 2023, Gold Prices Hit Record High.

### Economy | The Fed May Not Allow Policy Rates to ‘Fall’ as Quickly as the Market Anticipates

- **The Atlanta Fed GDPNow** real GDP growth estimate for 3Q24 remains substantially higher than consensus (+3.1% vs. +1.8%) driven mainly by very strong expectations for consumer spending growth.
- At September’s **FOMC Meeting**, the Fed officially began its anticipated easing cycle after being on pause for the last 14 months, cutting the fed funds rate by 50 bps (new target range of 4.75% – 5.00%). The Fed’s policy shift is clear: its focus is on maintaining the economic expansion (particularly given weakening employment), and less on inflation.
- The **Fed’s balance sheet** is down to ~\$7 trillion and is now more than 21% (~\$1.9 trillion) below its all-time peak in 2022. This marked the sixth straight QoQ decline (-2.1%), albeit at a slower pace.
- Congress averted a **government shutdown** at the end of September through the passage of a stopgap bill to fund the government through December 20—kicking the debate until after the presidential election.
- September **ISM Manufacturing** (47.2) was unchanged from the month prior and has remained in contraction territory (a level below 50) for 6 months in a row. The ‘Prices’ subindex tumbled from 54 to 48.3, pointing to fewer price pressures for manufacturers.
- The **unemployment rate** ticked back down to 4.2% after reaching a 34-month high of 4.3% last month. Meanwhile, the economy added **142k** jobs in August.
- The four-week rolling average of **jobless claims** (225k) has been steadily falling since August, reaching its lowest level since May. **Job openings** increased for the first time in three months, reaching 8,040k.
- The pace of **headline inflation** (+2.5% YoY) decelerated for the fifth consecutive month, while the pace of **core CPI** (+3.2% YoY) was unchanged from the month prior. Shelter costs which reaccelerated for the first time since April 2023, remained stubbornly high (+5.2% YoY).
- **Consumer confidence** (98.7) tumbled -6.5% MoM—the biggest monthly decline in more than three years. ‘Expectations’ remained above 80 for 3<sup>rd</sup> month in a row.
- **Control group retail sales** in August (+0.3% month-over-month (MoM)) rose at its slowest pace since April. The topline number also slowed (+0.1% MoM) and rose only 2.1% YoY—nearly the slowest rate in eight months.
- **Housing data** was mixed in August, as new home sales (-4.7%) and existing home sales (-2.5%) were negative, while housing starts (+9.6%) and building permits (+4.6%) increased. The year-over-year pace of home prices (July Case Shiller 20-City Composite +5.9%) slowed for the fourth consecutive month.
- **China’s Manufacturing PMI** (49.3) entered contraction territory for the second month out of the last three, and the Index is now at its lowest level since July 2023.
- **Euro Zone Manufacturing PMI** (45.0) remained in contraction for the 27<sup>th</sup> straight month, while economic sentiment (96.2) has stalled for the entire year, remaining near a 96 level since December 2023.

## Fixed Income | Global Bonds Rally Amid ‘Chilled’ Sovereign Yields & Global Easing

- The **Bloomberg US Aggregate Bond Index** (+5.2% QoQ) rallied for the third time in the last four quarters. Performance was broad based, as a decline in yields (due to moderating inflation, growth concerns, and the onset of the Fed cutting cycle) and strength in credit-related sectors boosted returns.
- **International sovereign bonds** (G7 ex. US +10.8% QoQ) rallied for the first time in three quarters and posted their best quarterly return since 1Q08 as declining sovereign bond yields in Europe and Japan combined with a weaker dollar supported returns.
- **US Investment grade bonds** (+5.8% QoQ) rallied for only the second time in the last six quarters. IG bonds rallied as a slight fall in spreads (-4 bp to 89 bps) and the decline in long-duration yields boosted the asset class due to the Index’s longer-duration profile.
- **Emerging market bonds** (+5.8% USD QoQ) rallied for the seventh time in the last eight quarters as moderating inflation and the continuation of global central bank easing boosted EM bonds. EM spreads narrowed to their lowest level (247 bps) since 2018.
- **High-yield bonds** (+5.3% QoQ) rallied for the eighth straight quarter—tying the longest streak since 2017. Spreads declined during the quarter (-11 bps to 298 bps), as strength in risk assets boosted high yield.
- **Treasurys** (+4.7% QoQ) rallied for the third time in four quarters. Both 10- and 2-year Treasury yields declined (-58 and -108 bps respectively) to multi-month lows during the quarter. As shorter-term yields fell more, the 10/2-year yield curve rose into positive territory for the first time since July 2022.
- **Municipals** (+2.7% QoQ) rallied for the first time in three quarters. All three municipal sectors (high yield, GO, revenue) rallied in the third quarter.

## Equities | Equities ‘Harvest’ Positive Returns In The Third Quarter

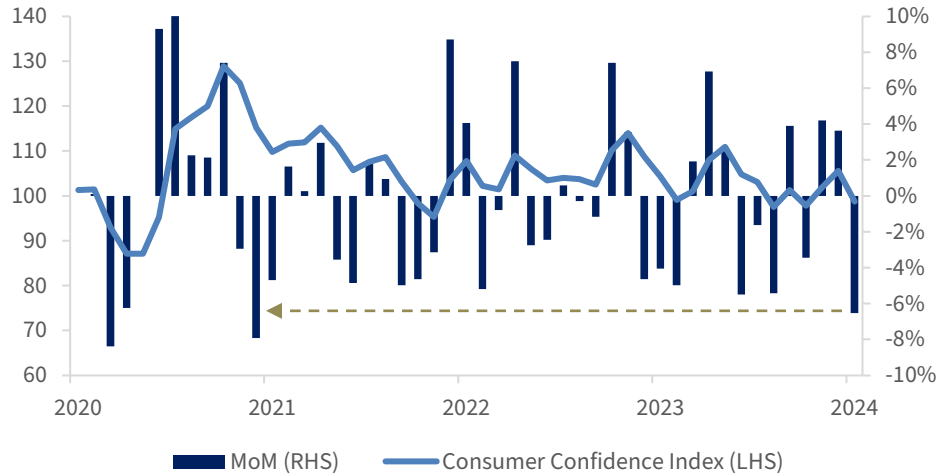
- **Global equities** (MSCI All Country World Index (+6.7% USD QoQ) rallied for the fourth consecutive quarter. Easing from global central banks, declining sovereign bond yields, a weaker dollar, and a solid 2Q24 earnings season boosted global equities.
- **US Small-Cap equities** (Russell 2000 +9.3% QoQ) outperformed large cap for the first time in three quarters and by the widest margin since 1Q21 as falling interest rates boosted the asset class.
- **Emerging Market equities** (MSCI EM +8.9% USD QoQ) posted the best quarterly performance since 4Q22 and outperformed DM (**MSCI EAFE** +7.3% USD QoQ) for the second consecutive quarter.
- Within EM, **Asia** (MSCI Asia ex JP +10.6% USD QoQ) outperformed **LATAM** (MSCI Latin America +3.9% USD QoQ) for the third consecutive quarter.
- **European equities** (MSCI Europe ex UK +6.2% USD QoQ) rallied for the fourth straight quarter but underperformed global equities for the third straight quarter. Europe rallied on ECB cuts and as the market broadened beyond tech (due to its sector weighting).
- **US Large-Cap equities** (S&P 500 +5.9% QoQ) rallied for the fourth straight quarter and are up over 20% YTD (the best start to a year since 1997). Declining interest rates, the onset of the Fed cutting cycle, and a solid 2Q24 earnings season boosted returns.
- 10 of the 11 **S&P 500 sectors** were in positive territory. Tech-related sectors lagged, while more defensive sectors such as Utilities (+19.4%) and Real Estate (+17.0%) were the best performing.
- **Japanese equities** (MSCI Japan +5.9% USD QoQ) rose for the third time in four quarters but declined on a local currency basis as losses were offset by strength in the yen (due to Bank of Japan tightening).

## Commodities | Oil Prices ‘Cool’ Despite a Weaker Dollar and Geopolitical Risk

- The **Bloomberg Commodity Index** (-0.6% QoQ) declined for the first quarter this year as commodities remain down ~7% from its recent high. Despite a weaker dollar and China stimulus, slowing economic data (both in the US and abroad) weighed on oil (which dragged down the broader Index).
- The **US Dollar Index** (-4.8% QoQ) fell for the first time in four quarters and posted the worst quarterly decline since 4Q22. The US dollar declined due to narrowing interest rate differentials (between the US and its DM counterparts) and the onset of the Fed’s easing cycle. The yen strengthened vs. the dollar to the highest level in 14 months.
- The **Bloomberg Energy Index** (-12.4 QoQ) posted the worst quarterly decline since 4Q23. Despite elevated geopolitical risk, crude oil (-16.4% QoQ) fell to the lowest level since March 2023 (~\$67/bbl) as record US production, rising inventories and slowing global demand (particularly in China) hampered prices. Natural gas (+12.5%) prices rallied.
- The **Bloomberg Grains Index** (-2.5% QoQ) declined for the eighth consecutive quarter, down 18.1% YTD.
- The **Bloomberg Industrial Metals Index** (+1.6% USD QoQ) rallied for the second time in three quarters, on the back of hopes of increased demand stemming from China’s stimulus. Both copper (+3.7% QoQ) and aluminum (+5.5% QoQ) rallied in the third quarter.
- The **Bloomberg Precious Metals Index** (+9.8% MoM) rose for the fourth consecutive quarter as a weaker dollar and the start of the Fed easing cycle served as tailwinds for gold (+13.7% QoQ) and silver (+6.4% QoQ). Gold hit a record high of \$2694/oz.
- The **Bloomberg Softs Index** (+13.3% QoQ) posted its best quarterly gain since 3Q21.

## Figure 1: Consumer Confidence Plummets In September

Consumer confidence (98.7) tumbled 6.5% MoM in September—the biggest monthly decline since August 2021 (more than three years).



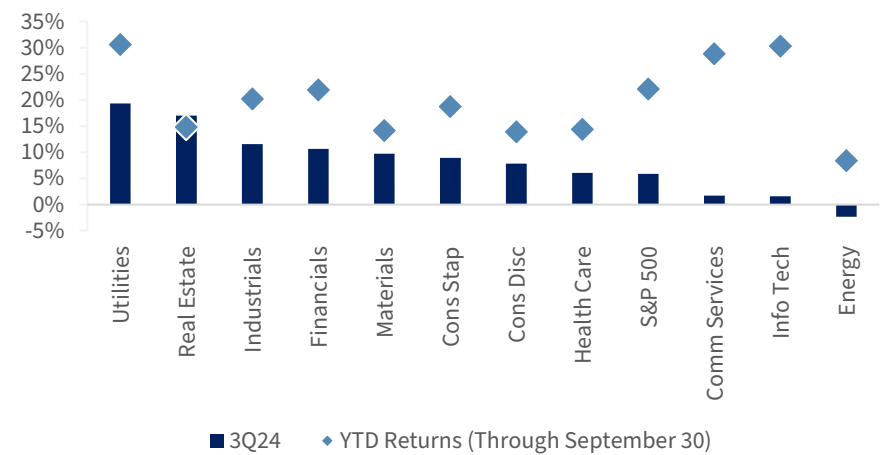
## Figure 3: Quantitative Tightening Alive and Well

The Fed's balance sheet is down to ~\$7 trillion and is now more than 21% (~\$1.9 trillion) below its all-time peak in 2022.



## Figure 2: Most Sectors Rally – Led by Defensive Sectors

Ten of the eleven S&P 500 sectors were positive for the quarter, led by the Utilities (+19.4%) and Real Estate (+17%) sectors.



## Figure 4: Oil Prices Falter Despite Elevated Geopolitical Risk

Slowing economic data (both in the US and abroad) weighed on oil prices (\$68/bbl) which reached their lowest level intra-quarter since March 2023.



## Fixed Income | Sovereign Bond Yields Decline Amidst Global Easing

|                     | September | 3Q24         | YTD  | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------|-----------|--------------|------|--------|--------|--------|---------|
| International Bonds | 2.1%      | <b>10.8%</b> | 0.2% | 9.7%   | -7.7%  | -4.7%  | -1.7%   |
| US Investment Grade | 1.8%      | <b>5.8%</b>  | 5.3% | 14.3%  | -1.2%  | 1.2%   | 2.9%    |
| EM Bonds            | 1.8%      | <b>5.8%</b>  | 8.2% | 16.9%  | -0.2%  | 1.4%   | 3.2%    |
| High Yield          | 1.6%      | <b>5.3%</b>  | 8.0% | 15.7%  | 3.1%   | 4.7%   | 5.0%    |
| US Aggregate        | 1.3%      | <b>5.2%</b>  | 4.4% | 11.6%  | -1.4%  | 0.3%   | 1.8%    |
| Treasuries          | 1.2%      | <b>4.7%</b>  | 3.8% | 9.7%   | -1.8%  | -0.2%  | 1.3%    |
| TIPS                | 1.3%      | <b>3.5%</b>  | 4.9% | 9.0%   | 1.0%   | 3.3%   | 2.6%    |
| Municipals          | 1.0%      | <b>2.7%</b>  | 2.3% | 10.4%  | 0.1%   | 1.4%   | 2.5%    |

## Commodities & FX | Oil Tumbles and Turns Negative YTD

|                       | September | 3Q24          | YTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------|-----------|---------------|-------|--------|--------|--------|---------|
| Gold                  | 5.2%      | <b>13.7%</b>  | 28.4% | 42.5%  | 14.8%  | 12.5%  | 8.2%    |
| BBG Precious Metals   | 5.9%      | <b>9.8%</b>   | 23.0% | 34.0%  | 9.4%   | 8.8%   | 4.9%    |
| Copper                | 8.1%      | <b>3.7%</b>   | 17.0% | 21.8%  | 3.6%   | 12.0%  | 4.2%    |
| BBG Industrial Metals | 6.4%      | <b>1.6%</b>   | 7.8%  | 6.5%   | -1.1%  | 5.9%   | 1.5%    |
| BBG Commodity Index   | 4.4%      | <b>-0.6%</b>  | 1.7%  | -4.3%  | -0.1%  | 5.2%   | -1.7%   |
| US Dollar Index       | -0.9%     | <b>-4.8%</b>  | -0.5% | -5.1%  | 2.3%   | 0.3%   | 1.6%    |
| BBG Energy Index      | 0.1%      | <b>-12.4%</b> | -7.9% | -25.6% | -7.3%  | -3.5%  | -10.9%  |
| Crude Oil (WTI)       | -7.3%     | <b>-16.4%</b> | -4.9% | -24.9% | -3.1%  | 4.7%   | -2.9%   |

## S&P 500 Sectors | 10 of 11 Sectors Positive in Q3, Led By Energy & Utilities

|                        | September | 3Q24         | YTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------|-----------|--------------|-------|--------|--------|--------|---------|
| Utilities              | 6.6%      | <b>19.4%</b> | 30.6% | 41.8%  | 11.7%  | 8.0%   | 10.4%   |
| Real Estate            | 3.3%      | <b>17.0%</b> | 14.8% | 36.4%  | 3.8%   | 6.3%   | 8.9%    |
| Industrials            | 3.4%      | <b>11.5%</b> | 20.2% | 35.9%  | 13.4%  | 13.8%  | 11.7%   |
| Financials             | -0.5%     | <b>10.7%</b> | 21.9% | 39.0%  | 8.6%   | 12.4%  | 11.5%   |
| Materials              | 2.6%      | <b>9.7%</b>  | 14.1% | 25.2%  | 9.1%   | 13.0%  | 9.1%    |
| Consumer Staples       | 0.9%      | <b>9.0%</b>  | 18.7% | 25.3%  | 10.4%  | 10.0%  | 9.6%    |
| Consumer Discretionary | 7.1%      | <b>7.8%</b>  | 13.9% | 28.1%  | 4.8%   | 12.1%  | 13.1%   |
| Health Care            | -1.7%     | <b>6.1%</b>  | 14.4% | 21.7%  | 8.4%   | 13.4%  | 11.1%   |
| Communication Services | 4.6%      | <b>1.7%</b>  | 28.8% | 42.9%  | 6.5%   | 14.6%  | 9.8%    |
| Information Technology | 2.5%      | <b>1.6%</b>  | 30.3% | 52.7%  | 19.9%  | 26.7%  | 22.4%   |
| Energy                 | -2.7%     | <b>-2.3%</b> | 8.4%  | 0.8%   | 24.1%  | 13.9%  | 4.0%    |

## Equities | Small Cap Outperforms Large Cap In Q3

|                       | September | 3Q24         | YTD   | 1 Year | 3 Year | 5 Year | 10 Year |
|-----------------------|-----------|--------------|-------|--------|--------|--------|---------|
| Russell 2000 Value    | 0.1%      | <b>10.2%</b> | 9.2%  | 25.9%  | 3.8%   | 9.3%   | 8.2%    |
| Russell 1000 Value    | 1.4%      | <b>9.4%</b>  | 16.7% | 27.8%  | 9.0%   | 10.7%  | 9.2%    |
| Russell 2000          | 0.7%      | <b>9.3%</b>  | 11.2% | 26.8%  | 1.8%   | 9.4%   | 8.8%    |
| Russell 2000 Growth   | 1.3%      | <b>8.4%</b>  | 13.2% | 27.7%  | -0.4%  | 8.8%   | 8.9%    |
| DJ Industrial Average | 1.8%      | <b>8.2%</b>  | 12.3% | 26.3%  | 7.7%   | 9.5%   | 9.5%    |
| Russell 1000          | 2.1%      | <b>6.1%</b>  | 21.2% | 35.7%  | 10.8%  | 15.6%  | 13.1%   |
| S&P 500               | 2.1%      | <b>5.9%</b>  | 22.1% | 36.4%  | 11.9%  | 16.0%  | 13.4%   |
| Russell 1000 Growth   | 2.8%      | <b>3.2%</b>  | 24.5% | 42.2%  | 12.0%  | 19.7%  | 16.5%   |

## International Equities (in USD) | All Equity Regions Positive In Q3

|                   | September | 3Q24         | YTD    | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------|-----------|--------------|--------|--------|--------|--------|---------|
| MSCI Asia ex JP   | 8.5%      | <b>10.6%</b> | 21.5%  | 29.4%  | 1.0%   | 6.9%   | 5.7%    |
| MSCI EM           | 6.7%      | <b>8.9%</b>  | 17.2%  | 26.5%  | 0.8%   | 6.1%   | 4.4%    |
| MSCI UK           | 0.3%      | <b>7.9%</b>  | 15.4%  | 23.3%  | 9.8%   | 7.9%   | 4.1%    |
| MSCI EAFE         | 1.0%      | <b>7.3%</b>  | 13.5%  | 25.4%  | 6.0%   | 8.7%   | 6.2%    |
| MSCI AC World     | 2.4%      | <b>6.7%</b>  | 19.1%  | 32.3%  | 8.6%   | 12.7%  | 9.9%    |
| MSCI Europe ex UK | 0.4%      | <b>6.2%</b>  | 12.8%  | 26.8%  | 6.6%   | 10.1%  | 7.0%    |
| MSCI Japan        | -0.4%     | <b>5.9%</b>  | 12.7%  | 22.0%  | 3.1%   | 7.5%   | 6.8%    |
| MSCI LATAM        | 0.1%      | <b>3.9%</b>  | -12.2% | 3.4%   | 7.8%   | 2.5%   | 1.0%    |

## Key Asset Class Levels

|                            | September | 3Q24          | Start of Year | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------|-----------|---------------|---------------|--------|--------|--------|---------|
| S&P 500                    | 5,762     | <b>5,762</b>  | 4,770         | 4,288  | 4,308  | 2,977  | 1,972   |
| DJIA                       | 42,330    | <b>42,330</b> | 37,690        | 33,508 | 33,844 | 26,917 | 17,043  |
| MSCI AC World              | 852       | <b>852</b>    | 727           | 657    | 710    | 521    | 417     |
| S&P 500 Dividend Yield     | 1.34      | <b>1.34</b>   | 1.53          | 1.66   | 1.45   | 2.02   | 2.17    |
| 1-3M T-Bills (Cash, in %)  | 4.69      | <b>4.69</b>   | 5.26          | 5.43   | 0.04   | 1.80   | 0.02    |
| 2YR Treasury Yield (in %)  | 3.65      | <b>3.65</b>   | 4.25          | 5.05   | 0.29   | 1.62   | 0.59    |
| 10YR Treasury Yield (in %) | 3.79      | <b>3.79</b>   | 3.86          | 4.58   | 1.52   | 1.67   | 2.51    |
| 30Yr Treasury Yield (in %) | 4.12      | <b>4.12</b>   | 4.02          | 4.70   | 2.08   | 2.12   | 3.21    |
| EURUSD                     | 1.12      | <b>1.12</b>   | 1.10          | 1.06   | 1.16   | 1.09   | 1.26    |
| Crude Oil - WTI (\$/bbl)   | 70        | <b>70</b>     | 72            | 91     | 75     | 54     | 91      |
| Gold (\$/oz)               | 2685      | <b>2685</b>   | 2072          | 1866   | 1757   | 1473   | 1212    |

## DISCLOSURES

**INTERNATIONAL INVESTING** | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

**SECTORS** | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

**OIL** | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

**CURRENCIES** | Investing in currencies is generally considered speculative because of the significant potential for investment loss. These markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

**GOLD** | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

**FIXED INCOME** | Fixed-income securities (or “bonds”) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

**US TREASURIES** | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

**HIGH YIELD SECURITIES** | High yield securities involve additional risks and are not appropriate for all investors.

**SMALL-CAP STOCKS** | Small-cap stocks involve greater risks and are not suitable for all investors.

## DOMESTIC EQUITY DEFINITION

**LARGE GROWTH | Russell 1000 Growth Total Return Index:** This index represents a segment of the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This index includes the effects of reinvested dividends.

**SMALL GROWTH | Russell 2000 Growth Total Return Index:** This index represents a segment of the Russell 2000 Index with a greater-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000.

**LARGE BLEND | Russell 1000 Total Return Index:** This index represents the 1000 largest companies in the Russell 3000 Index. This index is highly correlated with the S&P 500 Index. This index includes the effects of reinvested dividends.

**SMALL BLEND | Russell 2000 Total Return Index:** This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

**LARGE VALUE | Russell 1000 Value Total Return Index:** This index represents a segment of the Russell 1000 Index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This index includes the effects of reinvested dividends.

**SMALL VALUE | Russell 2000 Value Total Return Index:** This index represents a segment of the Russell 2000 Index with a less-than-average growth orientation. The combined market capitalization of the Russell 2000 Growth and Value Indices will add up to the total market cap of the Russell 2000. This index includes the effects of reinvested dividends.

## FIXED INCOME DEFINITION

**AGGREGATE BOND | Bloomberg US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

**MUNICIPAL | Bloomberg Municipal Total Return Index:** The index is a measure of the long-term tax-exempt bond market with securities of investment grade (rated at least Baa by Moody's Investors Service and BBB by Standard and Poor's). This index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

## US INDEXES AND EQUITY SECTORS DEFINITION

**DOW JONES INDUSTRIAL AVERAGE (DJIA) |** The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

**S&P 500 | The S&P 500 Total Return Index:** The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

## INTERNATIONAL EQUITY DEFINITION

**EMERGING MARKETS EASTERN EUROPE | MSCI EM Eastern Europe Net Return Index:** The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**BLOOMBERG BARCLAYS CAPITAL AGGREGATE BOND TOTAL RETURN INDEX |** This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components).

**EMERGING MARKETS ASIA | MSCI EM Asia Net Return Index:** The index captures large- and mid-cap representation across eight Emerging Markets countries. With 554 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS LATIN AMERICA | MSCI EM Latin America Net Return Index:** The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**EMERGING MARKETS | MSCI Emerging Markets Net Return Index:** This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

**PACIFIC EX-JAPAN | MSCI Pacific Ex Japan Net Return Index:** The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**JAPAN | MSCI Japan Net Return Index:** The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

**FOREIGN DEVELOPED MARKETS | MSCI EAFE Net Return Index:** This index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

**EUROPE EX UK | MSCI Europe Ex UK Net Return Index:** The index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. With 337 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

**MSCI EAFE | The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.**



## COMMODITY DEFINITIONS

**US DOLLAR INDEX** | The US dollar index (USDX) is a measure of the value of the US dollar relative to the value of a basket of currencies of the majority of the US's most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies.

**BLOOMBERG COMMODITY INDEX** | Bloomberg Barclays Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

**BLOOMBERG INDUSTRIAL METALS INDEX** | Bloomberg Industrial Metals Index is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of underlying commodity futures price movements only. It is quoted in USD.

**BLOOMBERG SOFTS INDEX** | Bloomberg Softs Index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on coffee, cotton and sugar. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**BLOOMBERG PRECIOUS METALS INDEX** | Bloomberg Precious Metals index is a commodity group sub index of the Bloomberg CI. It is composed of futures contracts on gold and silver. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**BLOOMBERG GRAINS INDEX** | Bloomberg Grains Index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on corn, soybeans and wheat. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

**BLOOMBERG ENERGY INDEX** | The Bloomberg Energy aims to track the performance of an equal-weighted basket of 12 energy commodity futures contracts. It reflects the return of underlying commodity futures price movements only and is quoted in USD.

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## DATA SOURCES:

FactSet, as of 9/30/2024

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