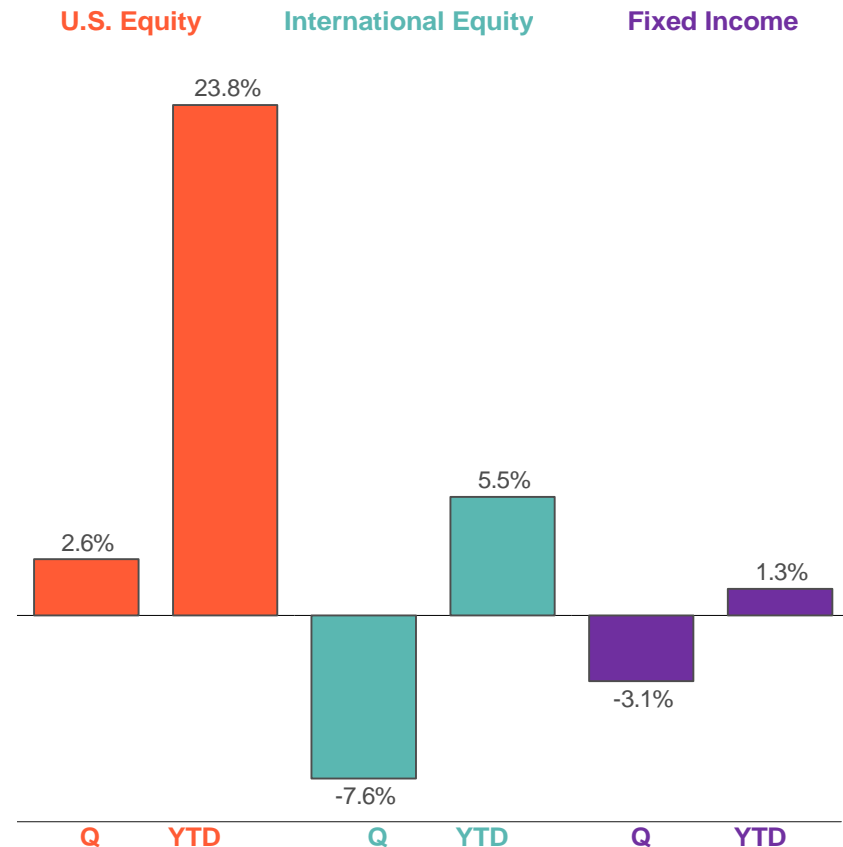


# Q4 2024 Market Review

## SUMMARY

- Equity markets were mixed over the quarter, with U.S. equities posting small positive returns amid large negative returns internationally. Fixed income markets were also negative over the quarter, as long-term rates rose.
- U.S. equities rose 2.6% (Russell 3000) over the quarter with consumer discretionary stocks leading the way. Large cap growth was the best performing style in 2024, outperforming large cap value by almost 2000 basis points (33.4% for Russell 1000 Growth vs. 14.4% for Russell 1000 Value).
- International equities and Emerging Markets equities struggled over the quarter, posting losses of -8.1% (MSCI EAFE) and -8.0% (MSCI Emerging Markets), respectively.
- The broad U.S. fixed income market returned -3.1% (Bloomberg Barclays Aggregate) over the quarter. The Fed cut rates by 25 basis points twice over the quarter; however, longer term rates such as the 10-year treasury rate, rose by almost 80 basis points over the period.
- The unemployment rate remained flat from last quarter at 4.1%.

## TRAILING RETURNS (12/31/2024)



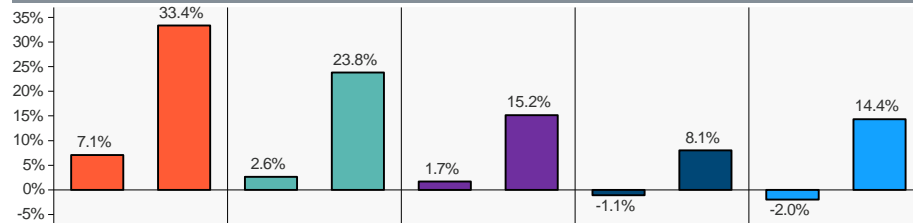
Quarterly and year-to-date returns of the following indices: U.S. Equity (Russell 3000 Index), Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index) and International Equity (MSCI ACWI ex U.S. Index)

# Q4 2024 Market Review – U.S. Equity

## U.S. EQUITY

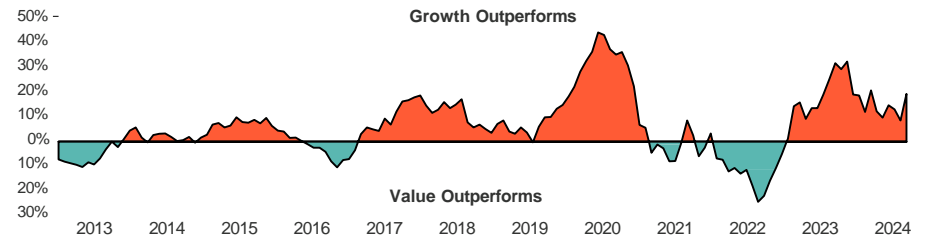
- The broad U.S. equity market, as measured by the Russell 3000 Index, was up 2.6% for the quarter.
- The best performing U.S. equity index for the quarter was Russell 1000 Growth, returning a positive 7.1%.
- The worst performing U.S. equity index for the quarter was Russell 1000 Value, returning a negative 2%

## INDEX PERFORMANCE (sorted by trailing quarterly performance)



|                     | QTR  | YTD  | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---------------------|------|------|------|------|------|-------|
| Russell 1000 Growth | 7.1  | 33.4 | 33.4 | 10.5 | 19.0 | 16.8  |
| Russell 3000        | 2.6  | 23.8 | 23.8 | 8.0  | 13.9 | 12.5  |
| Russell 2000 Growth | 1.7  | 15.2 | 15.2 | 0.2  | 6.9  | 8.1   |
| Russell 2000 Value  | -1.1 | 8.1  | 8.1  | 1.9  | 7.3  | 7.1   |
| Russell 1000 Value  | -2.0 | 14.4 | 14.4 | 5.6  | 8.7  | 8.5   |

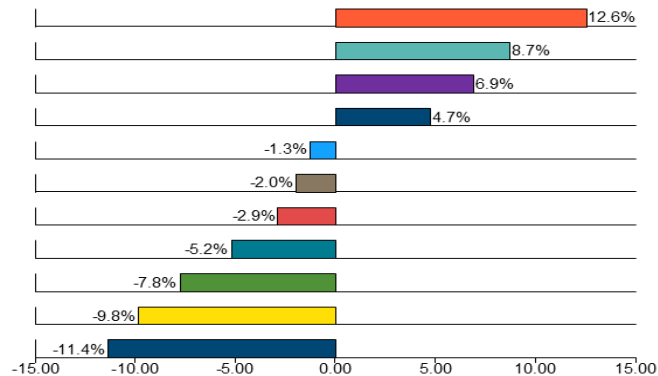
## GROWTH VS. VALUE



Over the last year, growth stocks outperformed value stocks by 19.00%. For the trailing quarter, growth stocks outperformed value stocks by 9.10%.

The graph above is plotted using a rolling one-year time period. Growth stock performance is represented by the Russell 1000 Growth Index. Value stock performance is represented by the Russell 1000 Value Index.

## SECTOR (sorted by trailing quarterly performance)



|                         | QTR   | YTD  | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------|-------|------|------|------|------|-------|
| Consumer Discretionary  | 12.6  | 27.7 | 27.7 | 4.9  | 13.9 | 13.1  |
| Telecommunication Svcs. | 8.7   | 39.6 | 39.6 | 9.1  | 14.2 | 11.0  |
| Financials              | 6.9   | 29.8 | 29.8 | 9.2  | 11.4 | 11.3  |
| Information Technology  | 4.7   | 35.9 | 35.9 | 15.3 | 24.1 | 21.9  |
| Energy                  | -1.3  | 6.0  | 6.0  | 19.9 | 12.1 | 4.3   |
| Industrials             | -2.0  | 16.9 | 16.9 | 9.6  | 12.4 | 11.1  |
| Consumer Staples        | -2.9  | 14.8 | 14.8 | 4.9  | 8.7  | 8.4   |
| Utilities               | -5.2  | 23.6 | 23.6 | 5.0  | 6.3  | 8.4   |
| Real Estate             | -7.8  | 5.4  | 5.4  | -4.7 | 3.5  | 6.0   |
| Health Care             | -9.8  | 2.8  | 2.8  | 0.4  | 7.7  | 9.2   |
| Materials               | -11.4 | -0.3 | -0.3 | 0.3  | 9.0  | 8.0   |

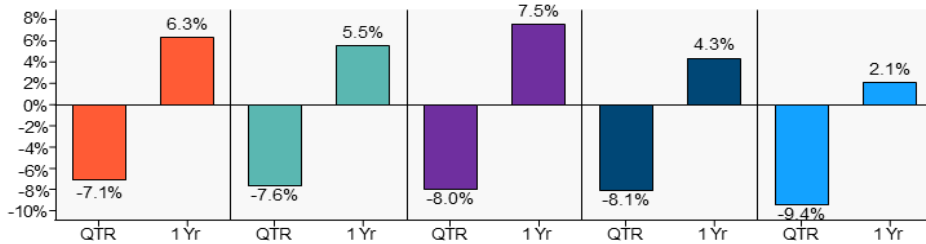
Source: S&P 1500 Sector Indices

# Q4 2024 Market Review – International Equity

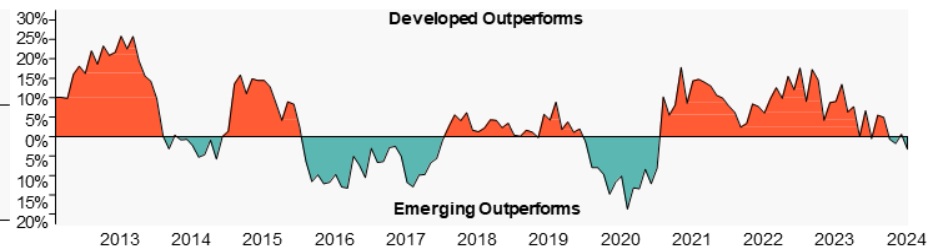
## INTERNATIONAL EQUITY

- Developed international equity returned a negative 8.1% in the last quarter (MSCI EAFE).
- Emerging market equity posted a negative 8% return (MSCI Emerging Markets Index).

## INDEX PERFORMANCE (sorted by trailing quarterly performance)



## DEVELOPED VS. EMERGING MARKETS

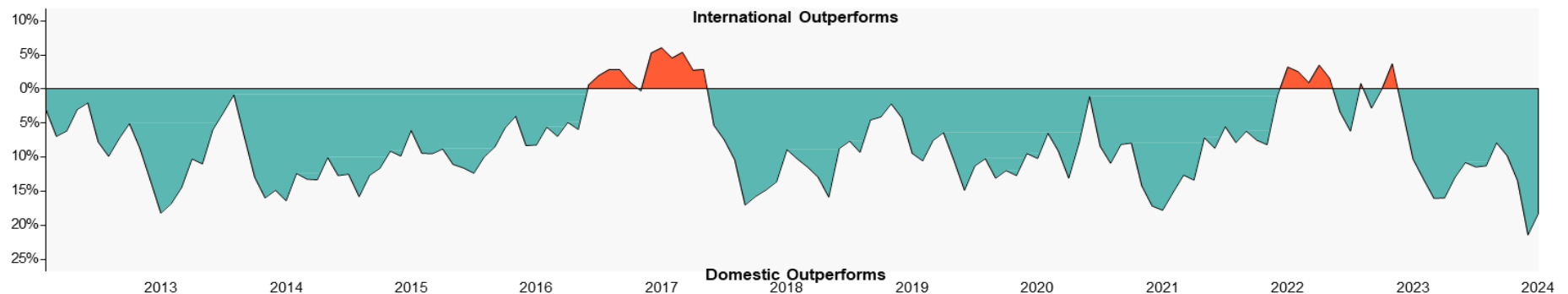


|                        | QTR  | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|------------------------|------|-----|------|------|------|-------|
| MSCI EAFE Large Value  | -7.1 | 6.3 | 6.3  | 7.0  | 5.8  | 4.4   |
| MSCI ACWI ex US        | -7.6 | 5.5 | 5.5  | 0.8  | 4.1  | 4.8   |
| MSCI Emg Markets       | -8.0 | 7.5 | 7.5  | -1.9 | 1.7  | 3.6   |
| MSCI EAFE              | -8.1 | 4.3 | 4.3  | 2.2  | 5.2  | 5.7   |
| MSCI EAFE Large Growth | -9.4 | 2.1 | 2.1  | -2.0 | 4.7  | 6.2   |

Over the last year, emerging market stocks outperformed developed international stocks by 3.20%. For the trailing quarter, emerging market stocks outperformed developed international stocks by 0.10%.

The graph above is plotted using a rolling one-year time period. Developed international stock performance is represented by the MSCI EAFE Index. Emerging market stock performance is represented by the MSCI Emerging Markets Index.

## INTERNATIONAL VS. DOMESTIC



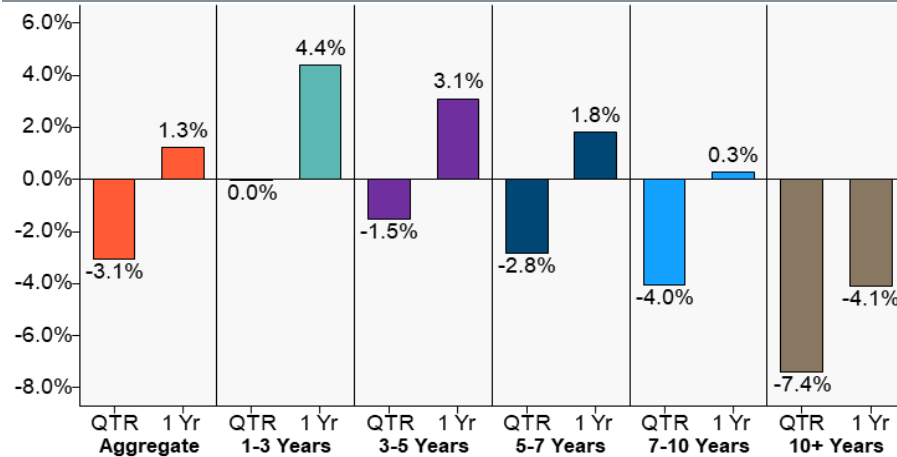
The graph above is plotted using a rolling one-year time period. International stock performance is represented by the MSCI ACWI ex U.S. Index. Domestic stock performance is represented by the Russell 3000 Index.

# Q4 2024 Market Review – Fixed Income

## FIXED INCOME

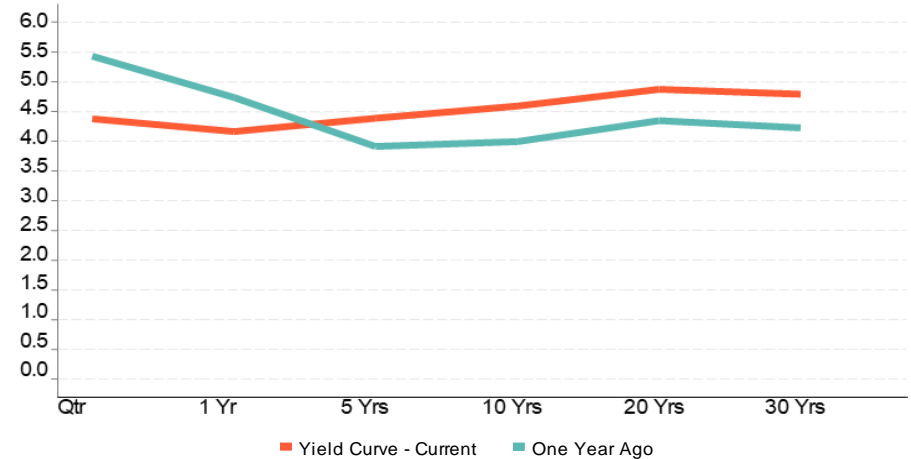
- The broad U.S. fixed income market returned a negative 3.1% (Bloomberg Barclays U.S. Aggregate) for the quarter.
- The best performing sector for the quarter was Cash, returning a positive 1.2%.
- The worst performing sector for the quarter was Mortgage-Backed Securities, returning a negative 3.2%.

## PERFORMANCE BY MATURITY

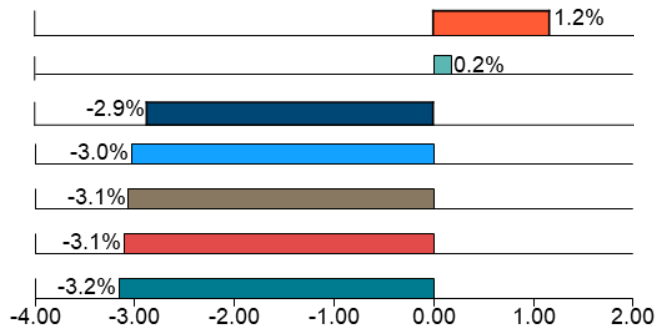


Source: Bloomberg Barclays U.S. Aggregate Indices

## YIELD CURVE



## SECTOR (sorted by trailing quarterly performance)



|                            | QTR  | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|----------------------------|------|-----|------|------|------|-------|
| Cash                       | 1.2  | 5.3 | 5.3  | 3.9  | 2.5  | 1.8   |
| High Yield Corporate Bond  | 0.2  | 8.2 | 8.2  | 2.9  | 4.2  | 5.2   |
| TIPS                       | -2.9 | 1.8 | 1.8  | -2.3 | 1.9  | 2.2   |
| Corporate Investment Grade | -3.0 | 2.1 | 2.1  | -2.3 | 0.3  | 2.4   |
| Aggregate Bond             | -3.1 | 1.3 | 1.3  | -2.4 | -0.3 | 1.3   |
| Government                 | -3.1 | 0.6 | 0.6  | -2.8 | -0.6 | 0.9   |
| Mortgage-Backed Securities | -3.2 | 1.2 | 1.2  | -2.1 | -0.7 | 0.9   |

Source: Bloomberg Barclays U.S. Indices

# Q4 2024 Market Kaleidoscope

## ASSET CLASS RETURNS

The following chart exhibits the volatility of asset class returns from year to year by ranking indices in order of performance, highlighting the importance of diversification.

| 2014                   | 2015                   | 2016                  | 2017                   | 2018                    | 2019                   | 2020                   | 2021                  | 2022                    | 2023                   | 2024                  |
|------------------------|------------------------|-----------------------|------------------------|-------------------------|------------------------|------------------------|-----------------------|-------------------------|------------------------|-----------------------|
| Global REIT<br>22.81   | Large Growth<br>5.67   | Sm Value<br>31.74     | Large Growth<br>30.21  | Cash<br>1.87            | Large Growth<br>36.39  | Large Growth<br>38.49  | Global REIT<br>32.50  | Commodities<br>16.09    | Large Growth<br>42.68  | Large Growth<br>33.36 |
| Large Value<br>13.45   | Global REIT<br>0.59    | Large Value<br>17.34  | International<br>27.19 | Fixed Income<br>0.01    | Sm Growth<br>28.48     | Sm Growth<br>34.63     | Sm Value<br>28.27     | Cash<br>1.46            | Sm Growth<br>18.66     | Sm Growth<br>15.15    |
| Large Growth<br>13.05  | Fixed Income<br>0.55   | Commodities<br>11.77  | Sm Growth<br>22.17     | Large Growth<br>-1.51   | Large Value<br>26.54   | Balanced<br>14.24      | Large Growth<br>27.60 | Large Value<br>-7.54    | International<br>15.62 | Large Value<br>14.37  |
| Balanced<br>6.58       | Cash<br>0.05           | Sm Growth<br>11.32    | Balanced<br>14.95      | Balanced<br>-4.77       | Global REIT<br>24.49   | International<br>10.65 | Commodities<br>27.11  | Fixed Income<br>-13.01  | Balanced<br>15.52      | Balanced<br>10.80     |
| Fixed Income<br>5.97   | Balanced<br>-0.49      | Balanced<br>7.18      | Large Value<br>13.66   | Global REIT<br>-4.77    | Sm Value<br>22.39      | Fixed Income<br>7.51   | Large Value<br>25.16  | Sm Value<br>-14.48      | Sm Value<br>14.65      | Sm Value<br>8.05      |
| Sm Growth<br>5.60      | Sm Growth<br>-1.38     | Large Growth<br>7.08  | Global REIT<br>8.63    | Large Value<br>-8.27    | International<br>21.51 | Sm Value<br>4.63       | Balanced<br>10.75     | Balanced<br>-15.80      | Global REIT<br>11.53   | International<br>5.53 |
| Sm Value<br>4.22       | Large Value<br>-3.83   | Global REIT<br>6.90   | Sm Value<br>7.84       | Sm Growth<br>-9.31      | Balanced<br>20.11      | Large Value<br>2.80    | International<br>7.82 | International<br>-16.00 | Large Value<br>11.46   | Commodities<br>5.38   |
| Cash<br>0.03           | International<br>-5.66 | International<br>4.50 | Fixed Income<br>3.54   | Commodities<br>-11.25   | Fixed Income<br>8.72   | Cash<br>0.67           | Sm Growth<br>2.83     | Global REIT<br>-23.60   | Fixed Income<br>5.53   | Cash<br>5.25          |
| International<br>-3.87 | Sm Value<br>-7.47      | Fixed Income<br>2.65  | Commodities<br>1.70    | Sm Value<br>-12.86      | Commodities<br>7.69    | Commodities<br>-3.12   | Cash<br>0.05          | Sm Growth<br>-26.36     | Cash<br>5.01           | Global REIT<br>3.92   |
| Commodities<br>-17.01  | Commodities<br>-24.66  | Cash<br>0.33          | Cash<br>0.86           | International<br>-14.20 | Cash<br>2.28           | Global REIT<br>-8.11   | Fixed Income<br>-1.54 | Large Growth<br>-29.14  | Commodities<br>-7.91   | Fixed Income<br>1.25  |

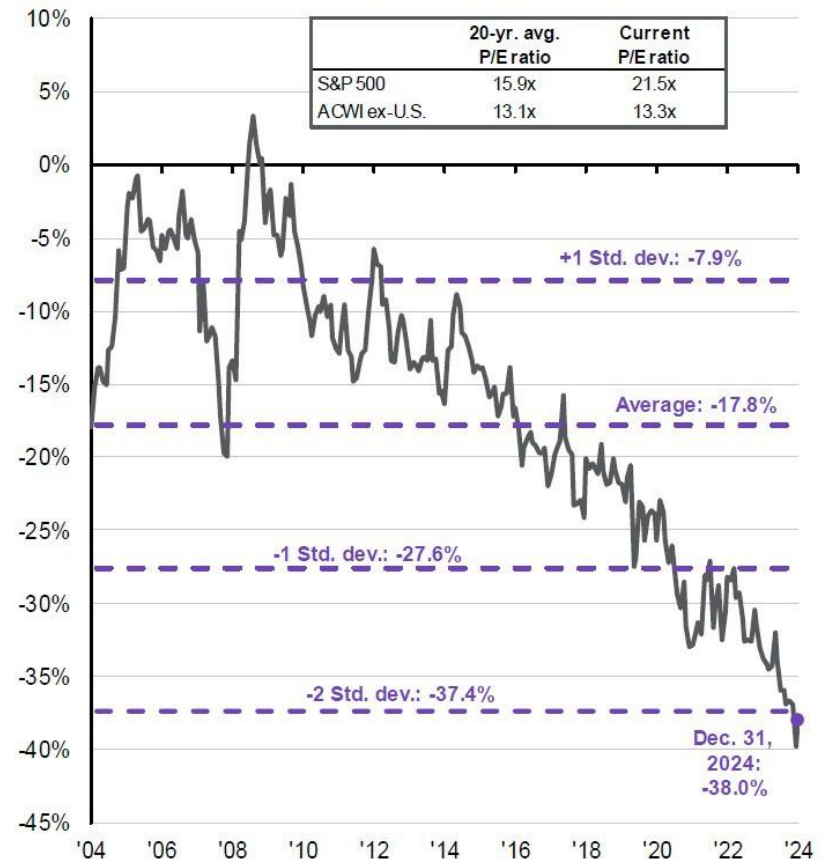
- Large Value (Russell 1000 Value)
- Large Growth (Russell 1000 Growth)
- Small Value (Russell 2000 Value)
- Balanced (40% Russell 3000, 40% Bloomberg Barclay's U.S. Aggregate, 20% MSCI ACWI ex US)
- Small Growth (Russell 2000 Growth)
- International (MSCI ACWI ex-US)
- Fixed Income (Bloomberg Barclays Agg)
- Global REIT (S&P Global REIT)
- Commodities (Bloomberg Commodities)
- Cash (Merrill Lynch 3-Mo T-Bill)

# Q4 2024 Market Review – Chart of the Quarter

## U.S. VS. INTERNATIONAL EQUITY MARKET VALUATIONS

The fourth quarter of 2024 continued the recent trend of U.S. equity markets outperforming international equity markets. While in recent years international equity markets have experienced a few periods of outperformance, U.S. markets have largely maintained their dominance. As shown in the chart below, the differential between U.S. and ex-U.S. equity market valuations on a forward P/E (price-to-earnings) basis highlights this trend. The valuation discount for international equities is now more than two standard deviations below its average over the past 20 years- the widest margin during this period. This indicates that international equities have not been this relatively cheap in a long time.

**International: Price-to-earnings discount vs. U.S.**  
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



# Q4 2024 Disclosures

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

**Citigroup Corporate Bond** is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

**Citigroup Mortgage Master** is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

**Citigroup WGBI Index** is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

**Credit Suisse High Yield Index** is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

**BC (Barclays Capital) U.S. Aggregate Bond Index** represents securities that are U.S., domestic, taxable, and dollar dominated. 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. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**BC Credit Bond Index** includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

**BC U.S. Corporate Investment Grade** represents investment grade corporate securities that are U.S., domestic, taxable, and dollar denominated.

**BC High Yield Corporate Bond** represents below investment grade corporate securities that are U.D., domestic, taxable, and dollar denominated.

**BC TIPS Index** includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

**BC Mortgage-Backed Securities** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**BC Muni Bond** covers the USD-denominated long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

**BC Government Index** includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

**BarCap U.S. Aggregate 1-3 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1-3 years.

**BarCap U.S. Aggregate 3-5 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3-5 years.

**BarCap U.S. Aggregate 5-7 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

**BarCap U.S. Aggregate 7-10 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7-10 years.

**BarCap U.S. Aggregate 10+ Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

**DJW 5000 (Full Cap) Index** measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the U.S.

**MSCI FI Emerging Markets** is a rules-based index which serves as a benchmark for emerging country fixed income performance.

**MSCI FI EAFE International** is a rules-based index which serves as a benchmark for developed international country fixed income performance.

**MSCI EAFE Index** is listed for foreign stock funds (EAFE refers to Europe, Australia and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

**MSCI EAFE Large Value** represents the large cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Large Growth** represents the large cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Value** represents the mid cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Growth** represents the mid cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Small Value** represents the small cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Small Growth** represents the small cap growth stocks within the MSCI EAFE Index.

**MSCI EM (Emerging Markets) Index** serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

**MSCI World Index** is a rules-based index that serves as a benchmark for the developed global equity markets.

**MSCI Europe ex UK Index** is a rules-based index that serves as a benchmark for Europe's equity markets, excluding the United Kingdom.

**MSCI Pacific ex Japan Index** is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

**MSCI United Kingdom Index** is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

**MSCI Japan** is a rules-based index that serves as a benchmark for Japan's equity markets.

**NAREIT All REIT Index** includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange the American Stock Exchange or the NASDAQ National Market List.

**3-Month T-Bills** (90 Day T-Bill Index) are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

**Russell 1000 Growth Index** is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value Index** is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

**Russell Top 200 Growth Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

**Russell Top 200 Value Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

**Russell 2000 Index** consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

**Russell 2000 Value Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratio and lower forecasted growth values.

# Q4 2024 Disclosures

**Russell MidCap Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratio and higher forecasted growth values.

**Russell MidCap Index** includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

**Russell MidCap Value Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having lower price-to-book ratio and lower forecasted growth values.

**Russell Top 200 Index** consists of the 200 largest securities in the Russell 3000 Index. Russell 3000 Index is a market capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

**Salomon 1-10 Yr. Governments** is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

**S&P 500 Index** measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the U.S.

**S&P 1500 Energy Index** measures the performance of the energy sector in the S&P 1500 Index.

**S&P 1500 Industrials** measures the performance of the industrial sector in the S&P 1500 Index.

**S&P 1500 Financials** measures the performance of the financials sector in the S&P 1500 Index.

**S&P 1500 Utilities** measures the performance of the utilities sector in the S&P 1500 Index.

**S&P 1500 Consumer Discretionary Index** measures the performance of the consumer discretionary sector in the S&P 1500 Index.

**S&P 1500 Consumer Staples Index** measures the performance of the consumer staples sector in the S&P 1500 Index.

**S&P 1500 Information Technology** measures the performance of the information technology sector in the S&P 1500 Index.

**S&P 1500 Materials** measures the performance of the materials sector in the S&P 1500 Index.

**S&P 1500 Health Care** measures the performance of the health care sector in the S&P 1500 Index.

**S&P 1500 Telecommunications Services Index** measures the performance of the telecommunications services sector in the S&P 1500 Index.

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