



Chart book

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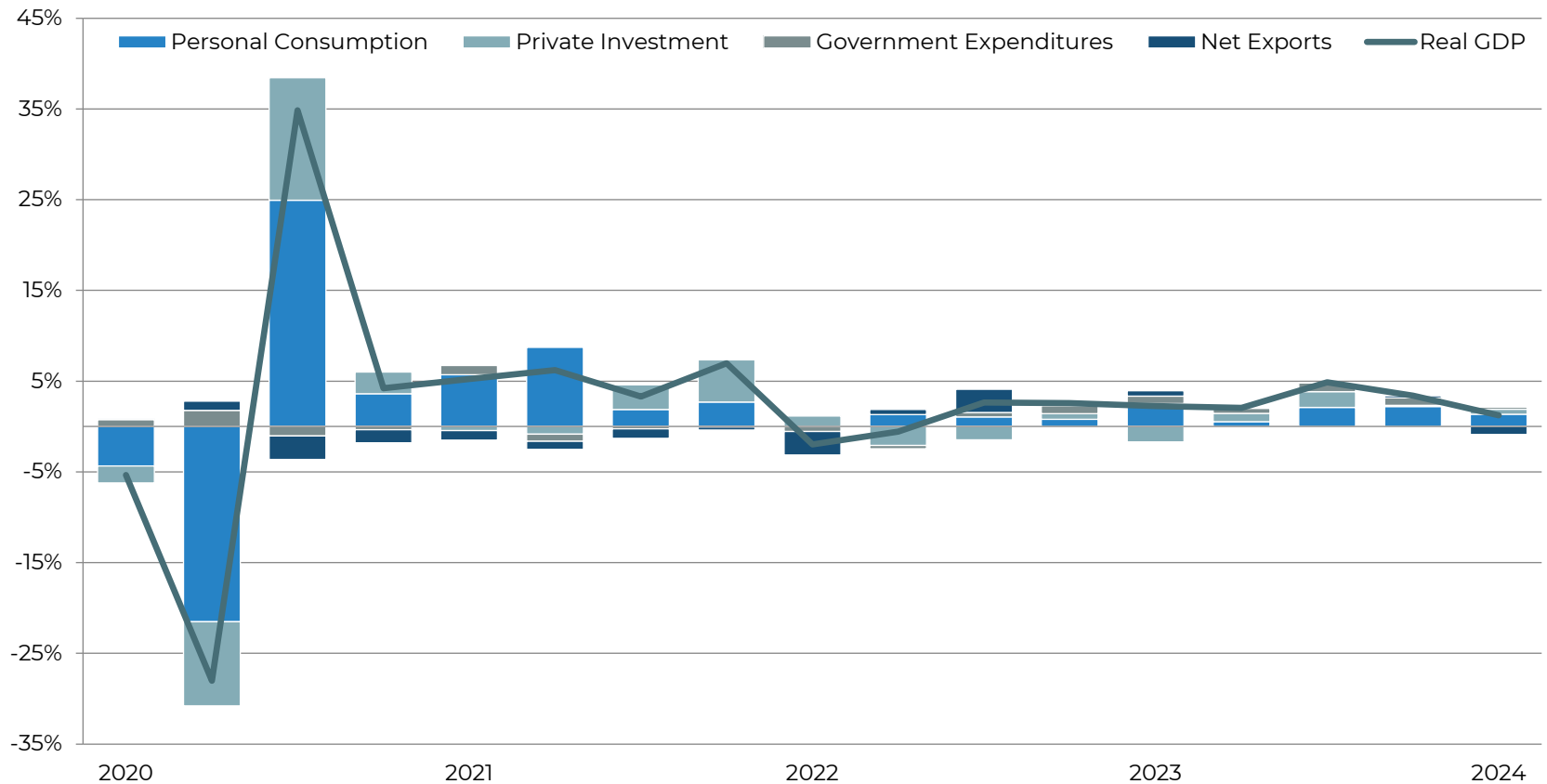


**ECONOMIC
PERSPECTIVE**

Consumer spending slowed in the first quarter, bringing U.S. GDP growth down to a 1.3% annual rate. The number matched forecasts and is down from the advance estimate of 1.6%. With the second estimate, downward revisions to consumer spending, private inventory investment, and federal government spending were partly offset by upward revisions to state and local government spending, nonresidential fixed investment, residential fixed investment, and exports. Momentum appears to be slowing as consumers struggle with lingering inflation pressures. The release was in line with other reports that show consumers balking at higher prices and seeking discounts. Major retailers such as Target and Walmart have recently announced price decreases across a wide range of products.

Economic Growth

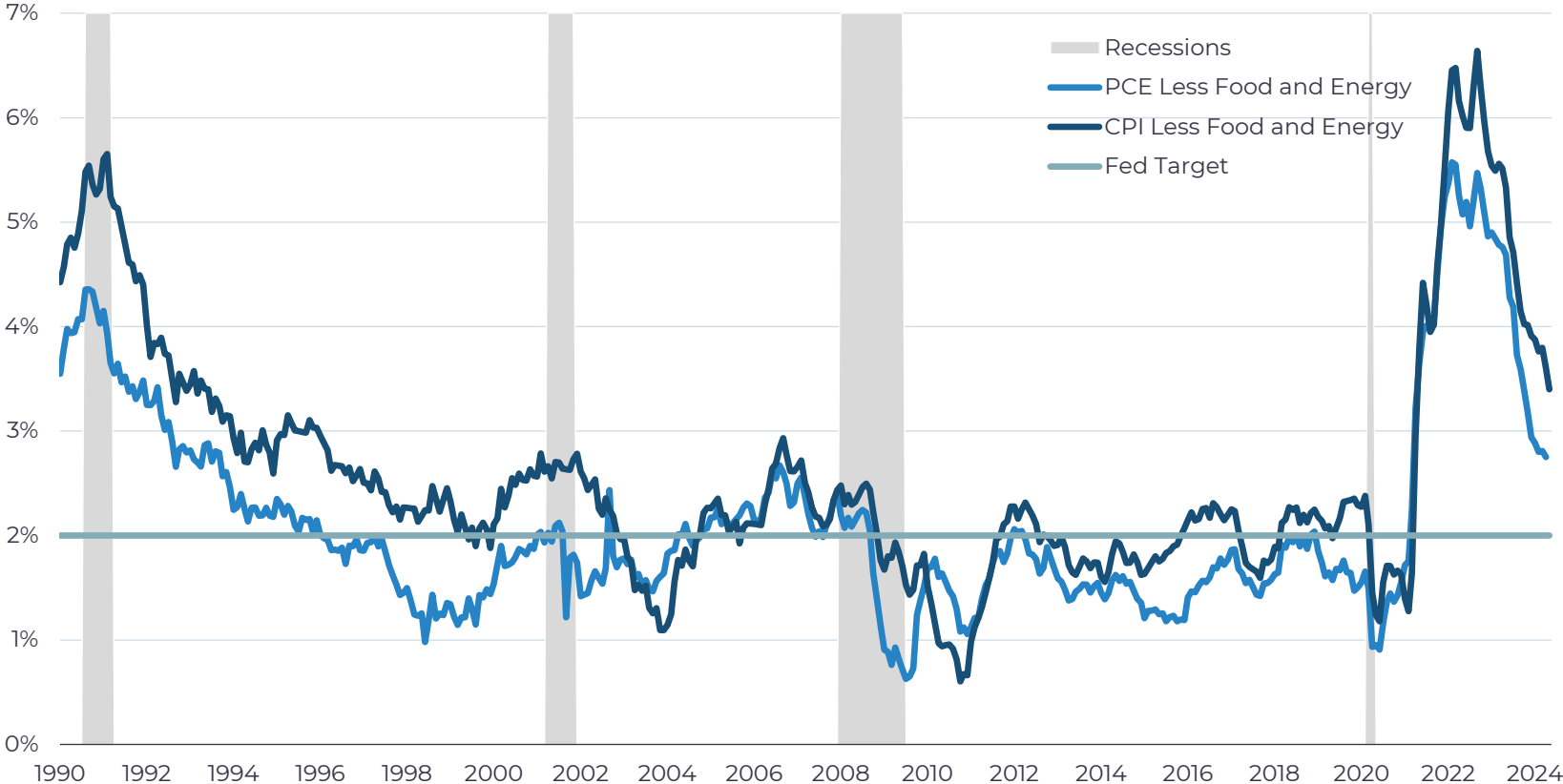
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. inflation tracked sideways in April as consumer spending weakened. The data suggested the elevated pace of price increases could last longer than expected but also the prospect that more tepid consumer spending may keep a lid on prices increases in the months ahead. The April PCE report was an encouraging data point that inflation will continue to decelerate in the coming months. In the 12 months through April, the PCE price index rose 2.7% after advancing at the same pace in March. The PCE price index is the primary inflation measure tracked by the U.S. central bank for its 2% target. Monthly inflation readings of 0.2% over time are needed to bring inflation back to target.

Inflation Outlook

Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)

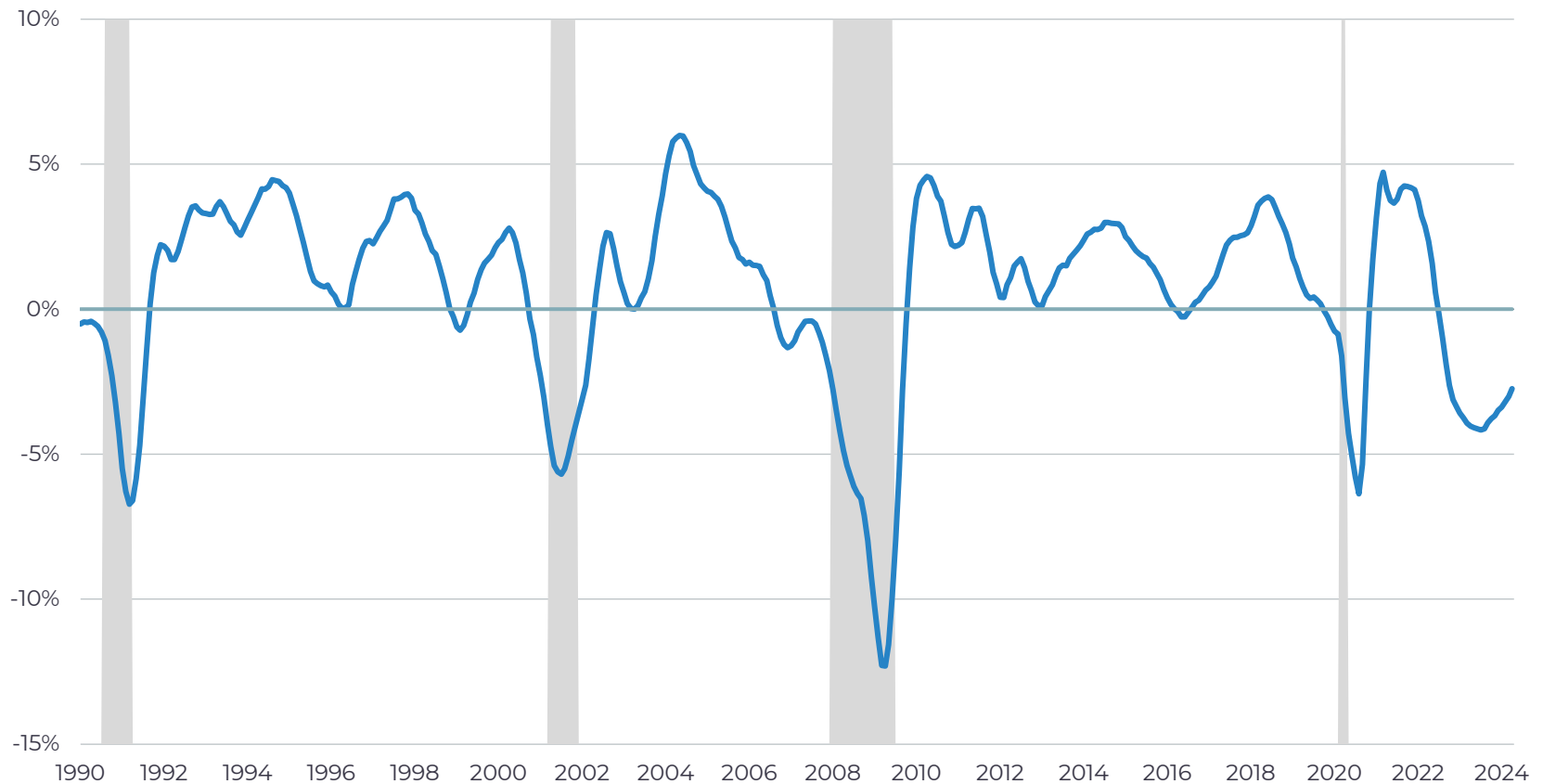


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

According to the Conference Board, the LEI for the U.S. declined in April which confirms that softer economic conditions lay ahead. Deterioration in consumers' outlook on business conditions, weaker new orders, a negative yield spread, and a drop in new building permits fueled the decline. In addition, stock prices contributed negatively for the first time since October of last year. While the LEI's six-month and annual growth rates no longer signal a forthcoming recession, they still point to serious headwinds to growth ahead. Indeed, elevated inflation, high interest rates, rising household debt, and depleted pandemic savings are all expected to continue weighing on the U.S. economy in 2024. As a result, the Conference Board projects that real GDP growth will slow to under 1% over the Q2 to Q3 2024 period.

U.S. Economic Outlook

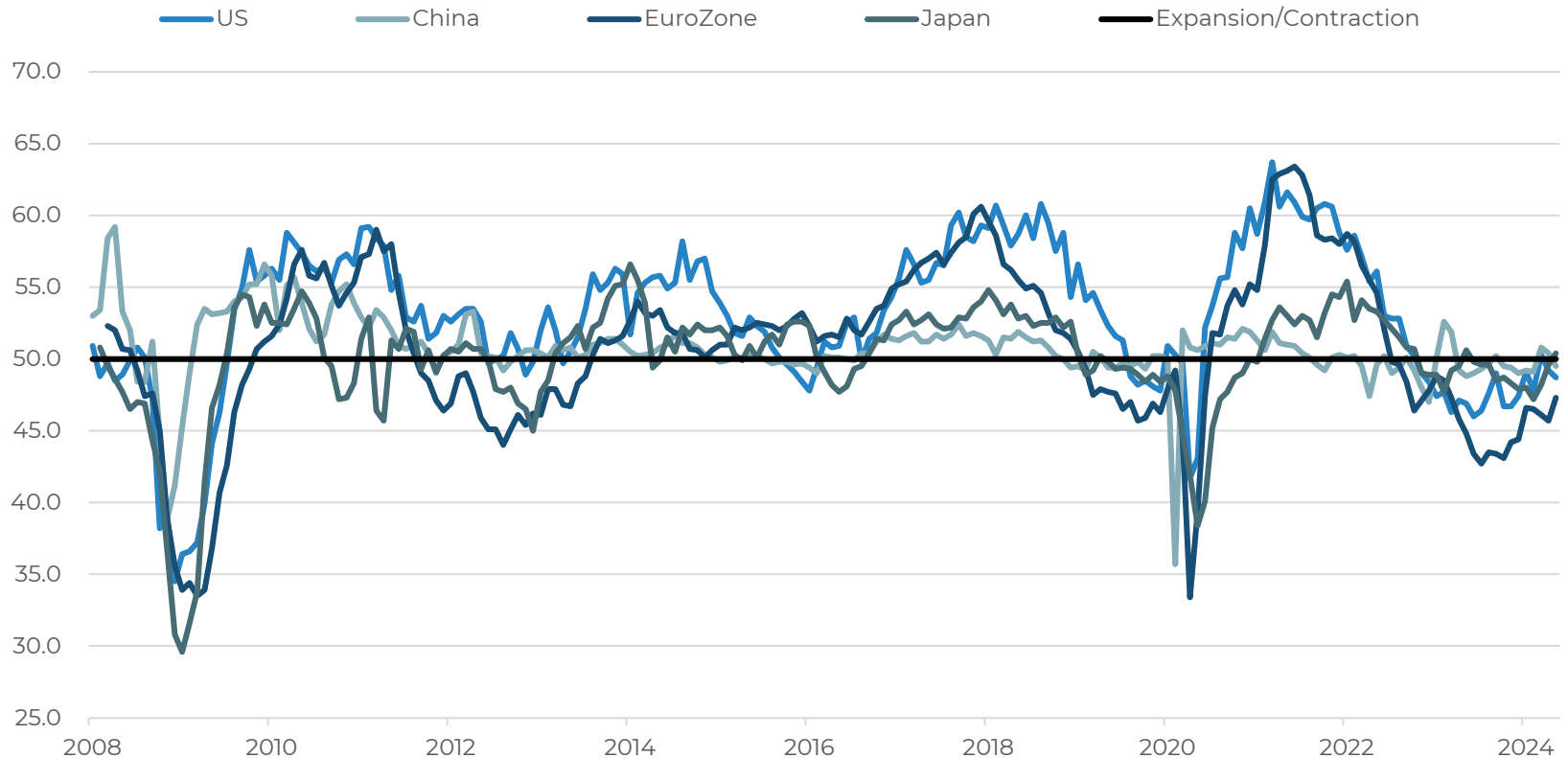
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



The upturn in the global manufacturing sector gathered pace in May, with rates of expansion in output and new orders both strengthening. Signs of recovery were broad-based by nation, with output growth accelerating in the U.S., China and the U.K., while rates of contraction eased in Japan and the Euro area. The JPMorgan Global Manufacturing PMI® composite index rose to a 22-month high of 50.9 in May, to remain above the neutral 50.0 mark for the fourth successive month. Gains in the new orders and employment PMIs also point to an upturn moving ahead. The base of the revival is broadening, with the survey increasing across most of the major economies.

Global Economic Outlook

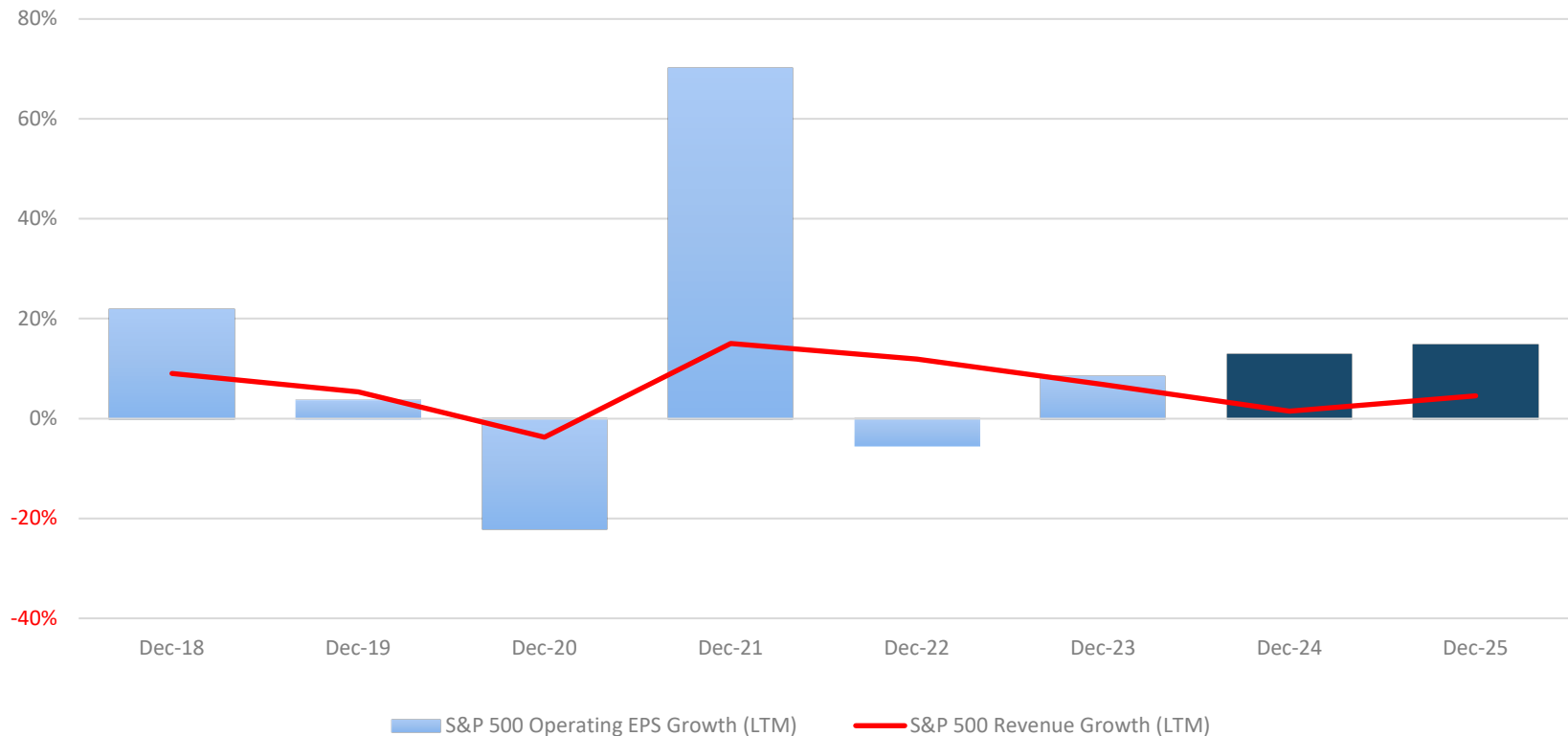
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up target price target for the S&P 500 over the next 12 months is 5925, which is 9.0% above the closing price of 5434. At the sector level, the Energy (+22.1%) sector is expected to see the largest price increase. On the other hand, the Information Technology (+2.7%) sector is expected to see the smallest price increase. Overall, there are 11,740 ratings on stocks in the S&P 500. Of these 11,740 ratings, 54.7% are Buy ratings, 40.3% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Communication Services (63%), Energy (62%), and Information Technology (60%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (46%) and Materials (46%) sectors have the lowest percentages of Buy ratings.

Corporate Profitability

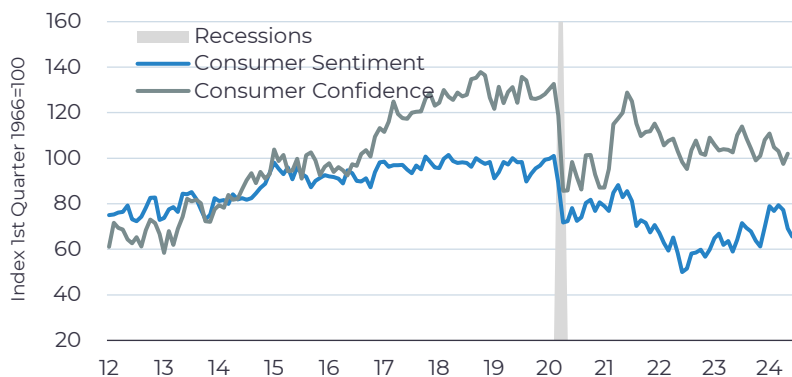
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



As reported by the Conference Board, consumer confidence improved in May after three consecutive months of decline. Consumers' assessment of current business conditions was slightly less positive than last month. However, the strong labor market continued to bolster consumers' overall assessment of the present situation. Views of current labor market conditions improved in May, as fewer respondents said jobs were hard to get, which outweighed a slight decline in the number who said jobs were plentiful. Looking ahead, fewer consumers expected deterioration in future business conditions, job availability, and income, resulting in an increase in the Expectation Index. Nonetheless, the overall confidence gauge remained within the relatively narrow range it has been hovering in for more than two years.

Consumer Outlook

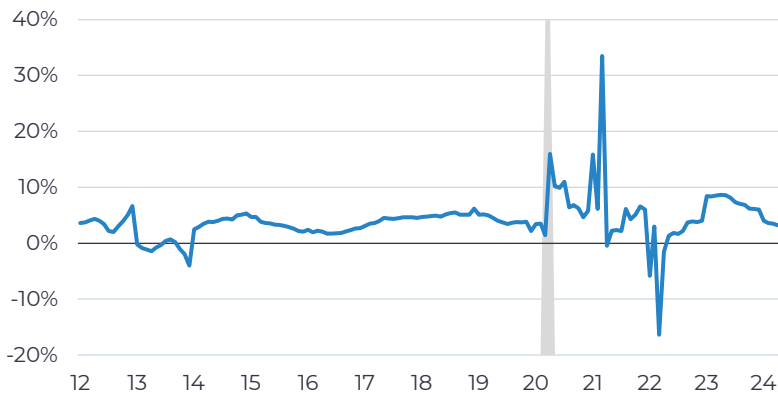
Consumer Sentiment & Confidence Indexes



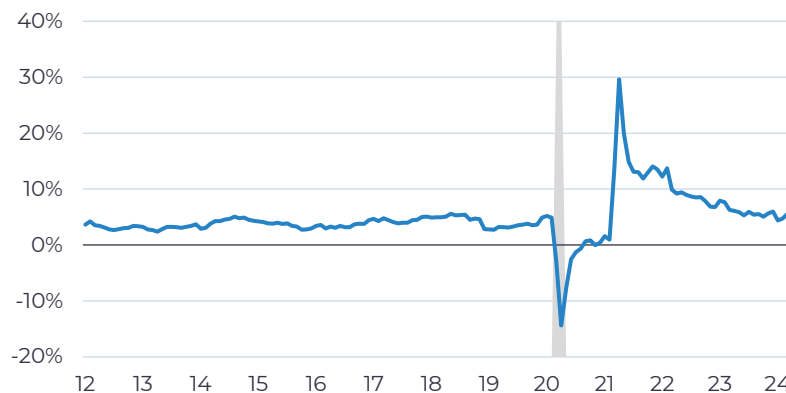
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



Personal Consumption Expenditures (Y/Y % Change)



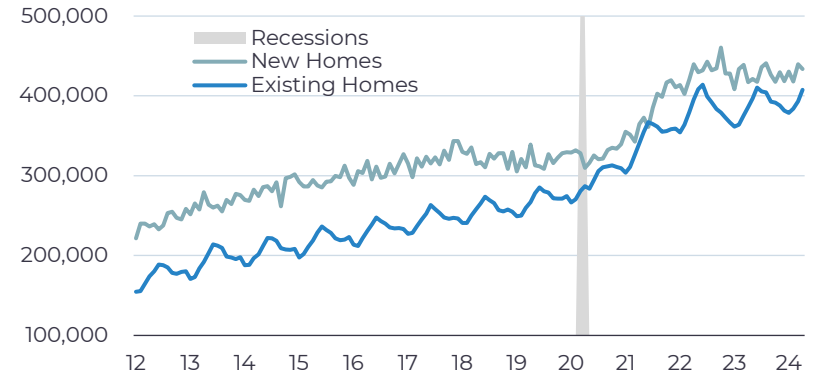
Data from the National Association of Realtors (NAR) shows that existing home sales may be cooling - the typical home for sale spent 44 days on the market in May 2024. That's a far cry from the just-listed-to-pending trend seen during the housing market's hot streak from 2021 to 2022. Experts say that 2024 will likely not be the year that housing prices start their descent to pre-pandemic levels. Home prices remain at heightened levels due to a shortage of existing homes for sale and new home construction failing to fill the demand gap. Some reasons for this housing inventory shortage include homeowners reluctant to give up the ultra-low-rate mortgages they secured early during the pandemic - especially with current mortgage interest rates hovering in the 7% range.

Housing Market Outlook

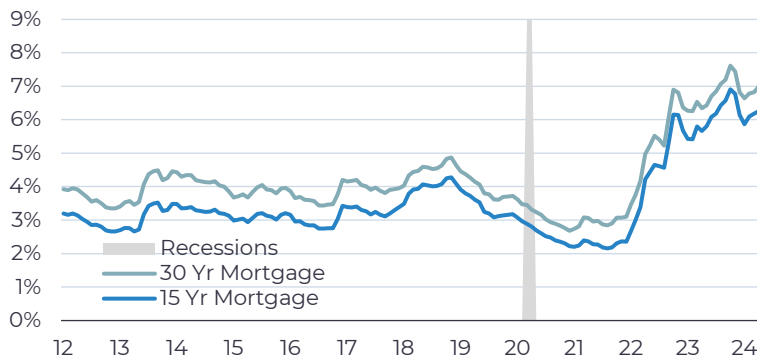
Housing Affordability (higher = more affordable)



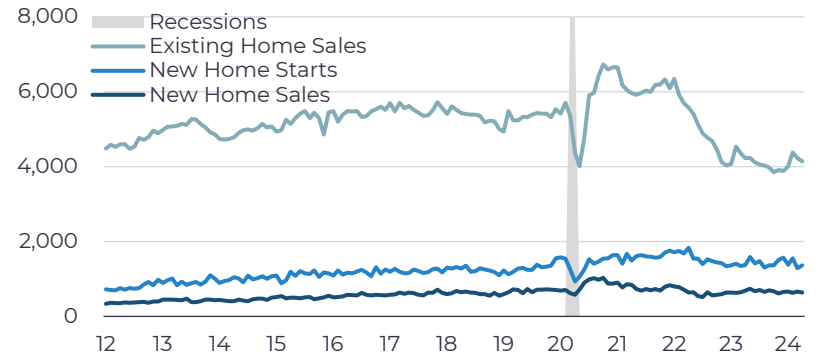
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



Housing Starts, Existing Home Sales and New Home Sales (000's)

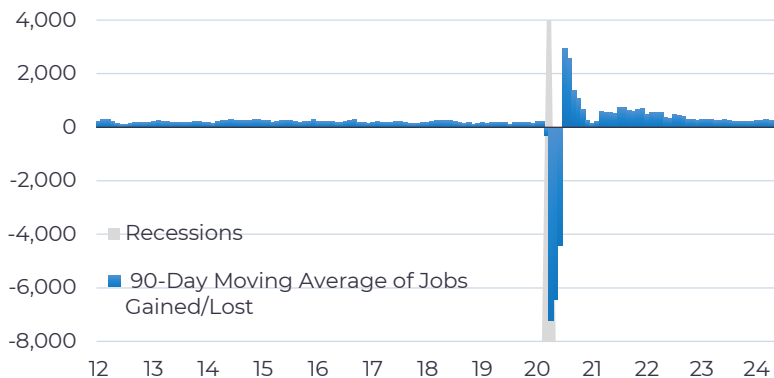


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

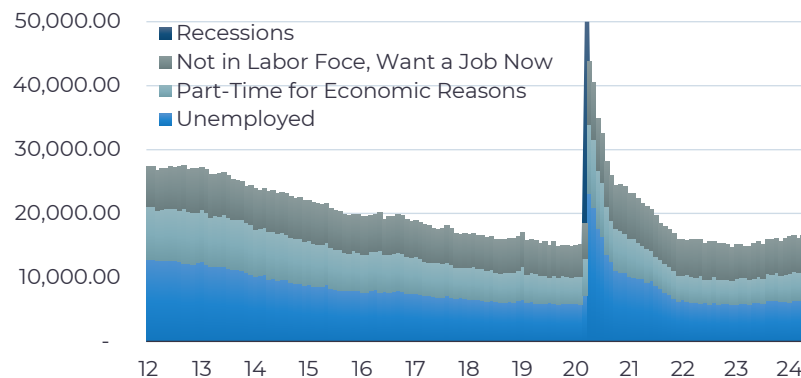
The U.S. economy created more jobs than expected in May and annual wage growth reaccelerated, underscoring the resilience of the labor market and reducing the likelihood the Federal Reserve will be able to start rate cuts in September. Nonfarm payrolls increased by 272,000 jobs last month, the Labor Department's Bureau of Labor Statistics said. Revisions showed 15,000 fewer jobs created in March and April combined than previously reported. Average hourly earnings rose 0.4% after having slowed to a 0.2% rate in April. Wages increased 4.1% in the 12 months through May following an upwardly revised 4.0% annual rise the prior month. Wage growth in a 3.0%-3.5% range is seen as consistent with the Fed's 2% inflation target. The average workweek was unchanged at 34.3 hours.

Labor Market Outlook

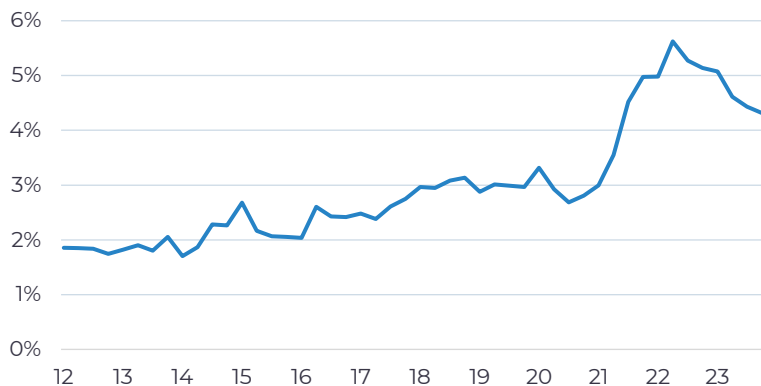
Jobs Gained/Lost (000's) with 12-Month Moving Average



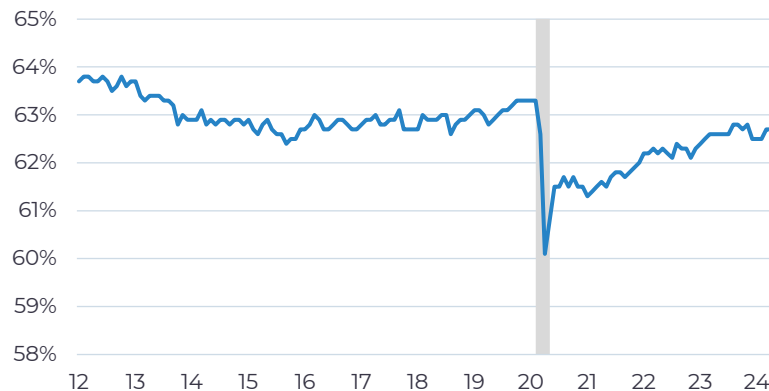
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



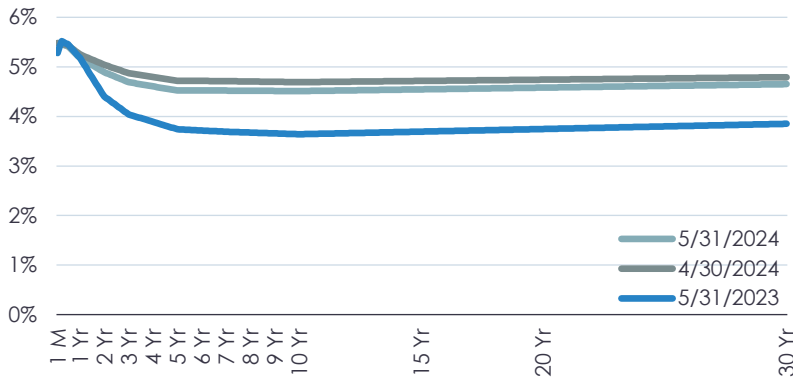
An aerial photograph of a bridge spanning a river, with a blue color overlay. The bridge is a simple concrete structure with a single lane. The surrounding landscape is rocky and forested. The text "BOND MARKET PERSPECTIVE" is centered on the bridge. There are two thin green horizontal lines: one above the text and one below it. In the bottom right corner, there is a decorative graphic of concentric green circles.

**BOND MARKET
PERSPECTIVE**

Inflation data in early May added to uncertainty about the Fed's rate policy for the balance of 2024. Federal Open Market Committee (FOMC) meeting minutes released later in the month suggested some participants might hold hawkish views on rates going forward as reflected in their updated "Dot Plot" chart which now projects only one rate cut in 2024. As the month closed, updated data suggested the economy may be slowing and progress toward the Fed's 2% inflation target is underway. The net effect was a broadly favorable month for stock and bond investors, although technical conditions contributed to negative total returns in the municipal bond market.

U.S. Treasury Market

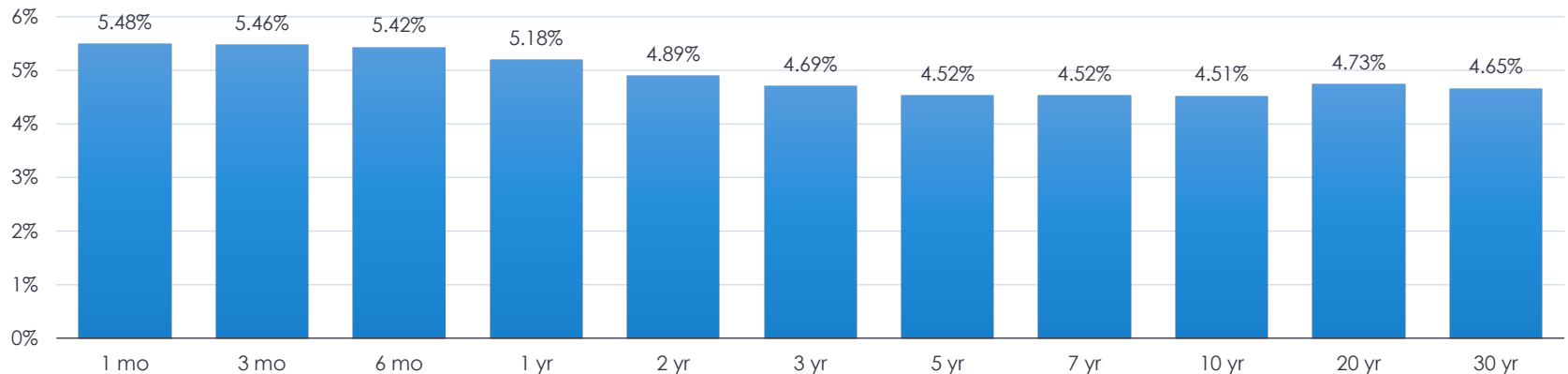
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

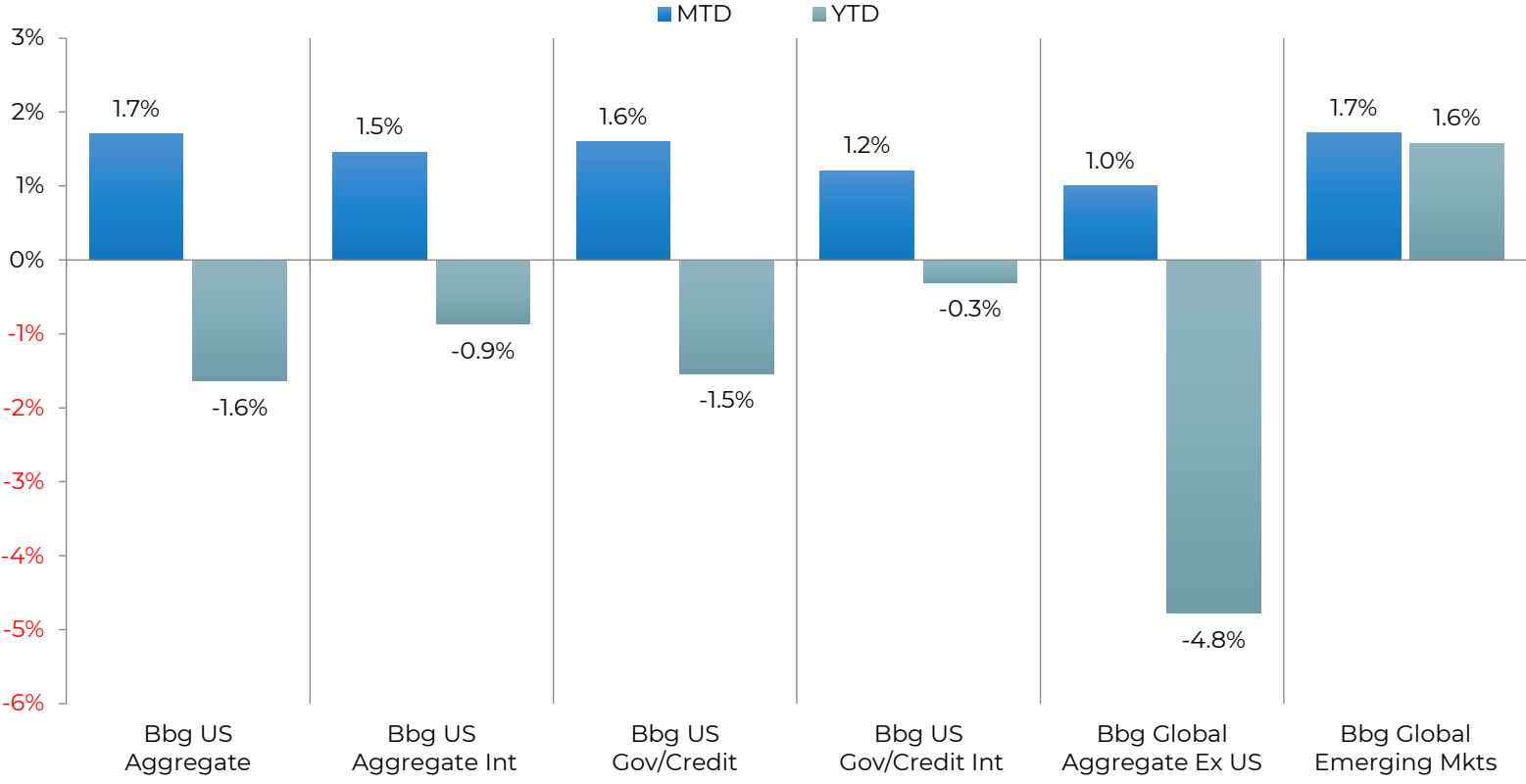


Current U.S. Treasury Yields by Maturity



Source: U.S. Department of Treasury

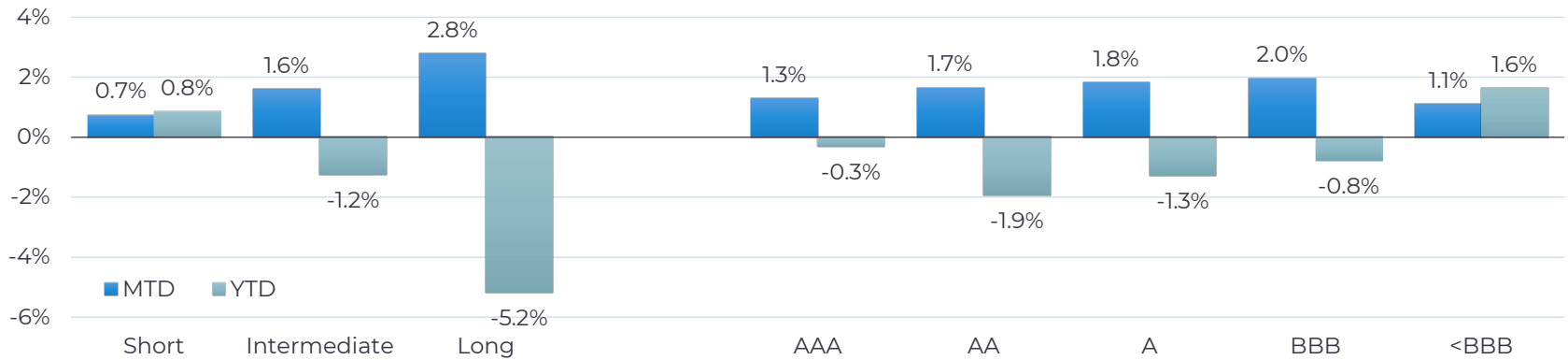
Global Fixed Income Returns by Bellwether Index



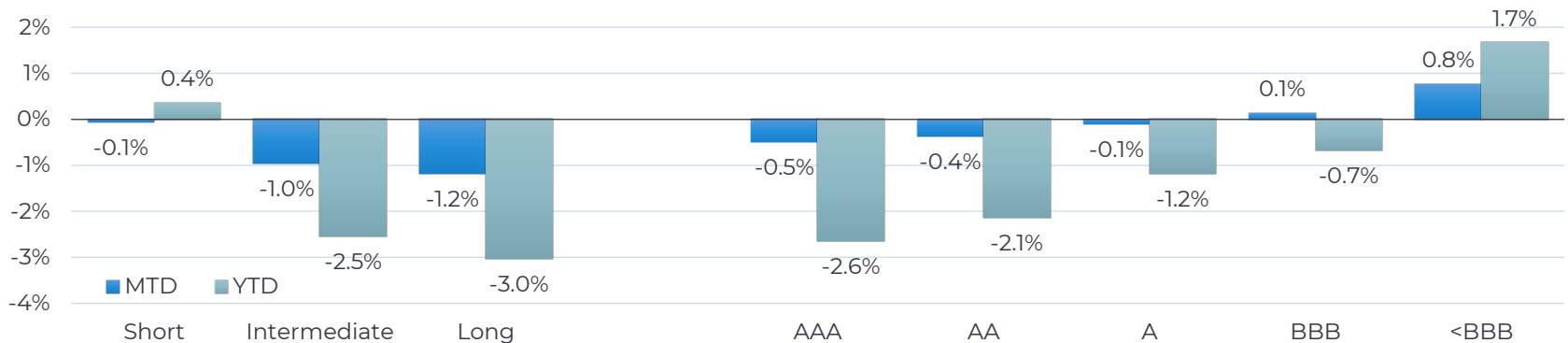
Source: Bloomberg Barclays (BB)

Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

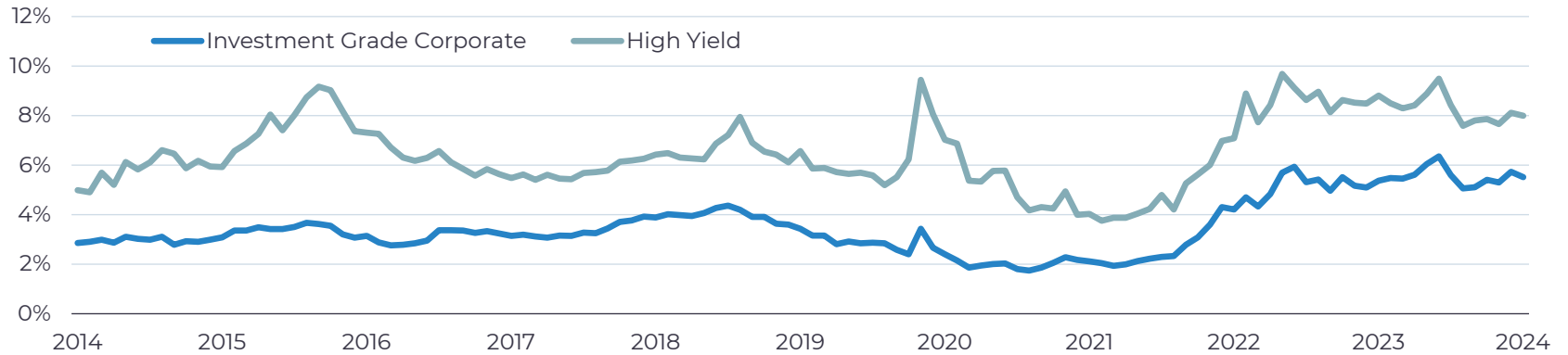


Domestic Bond Market - Municipal

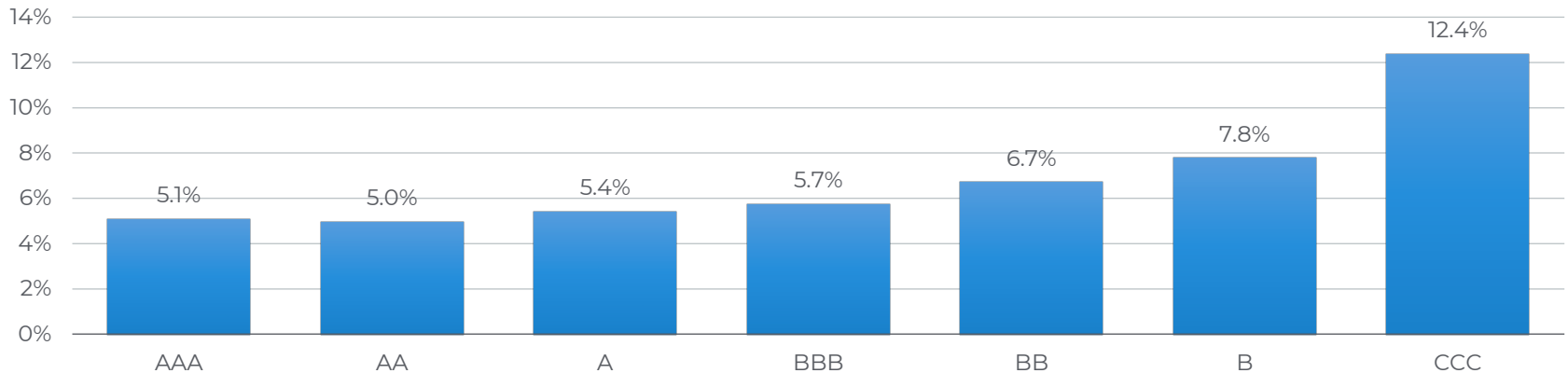


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



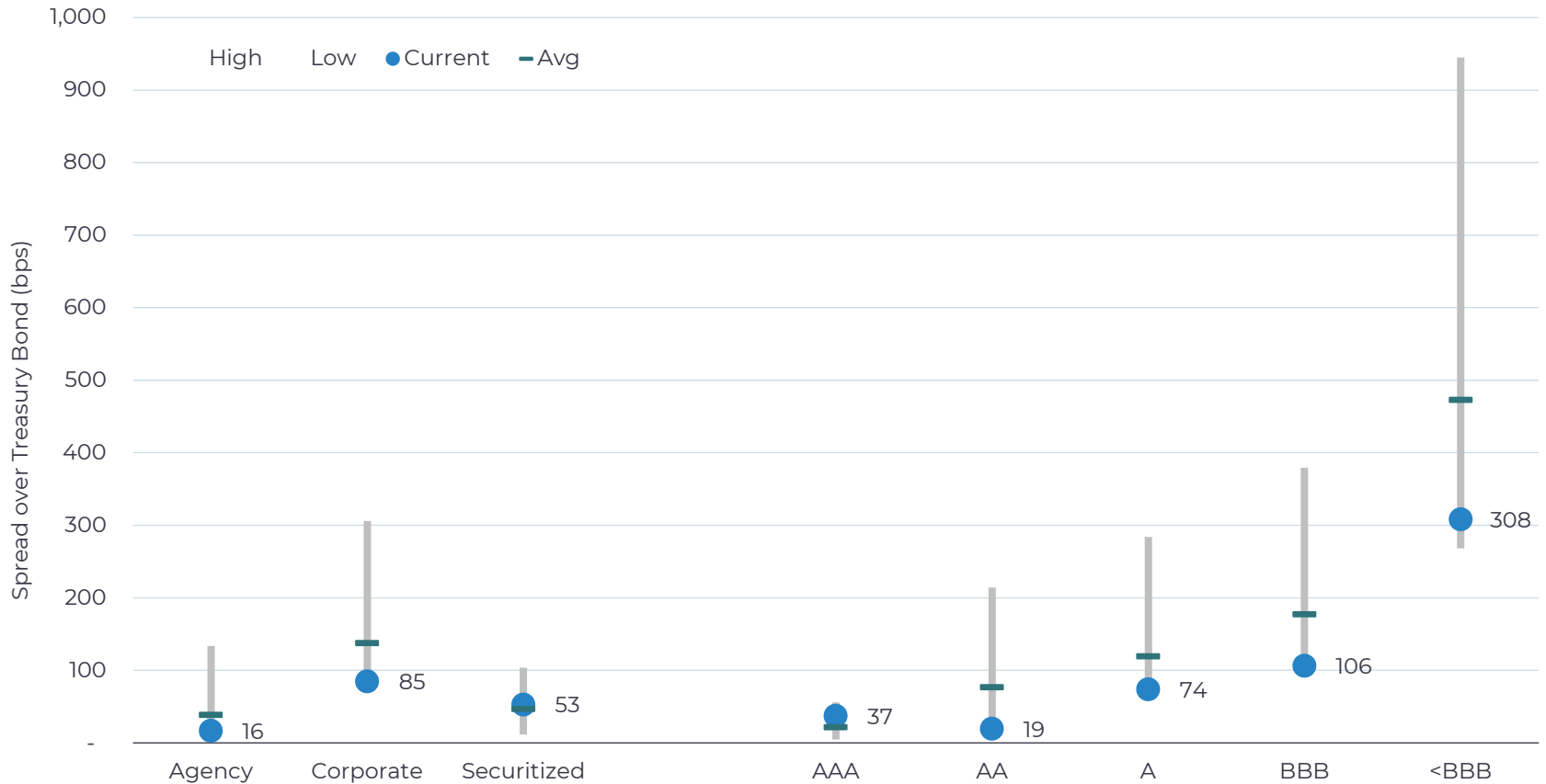
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

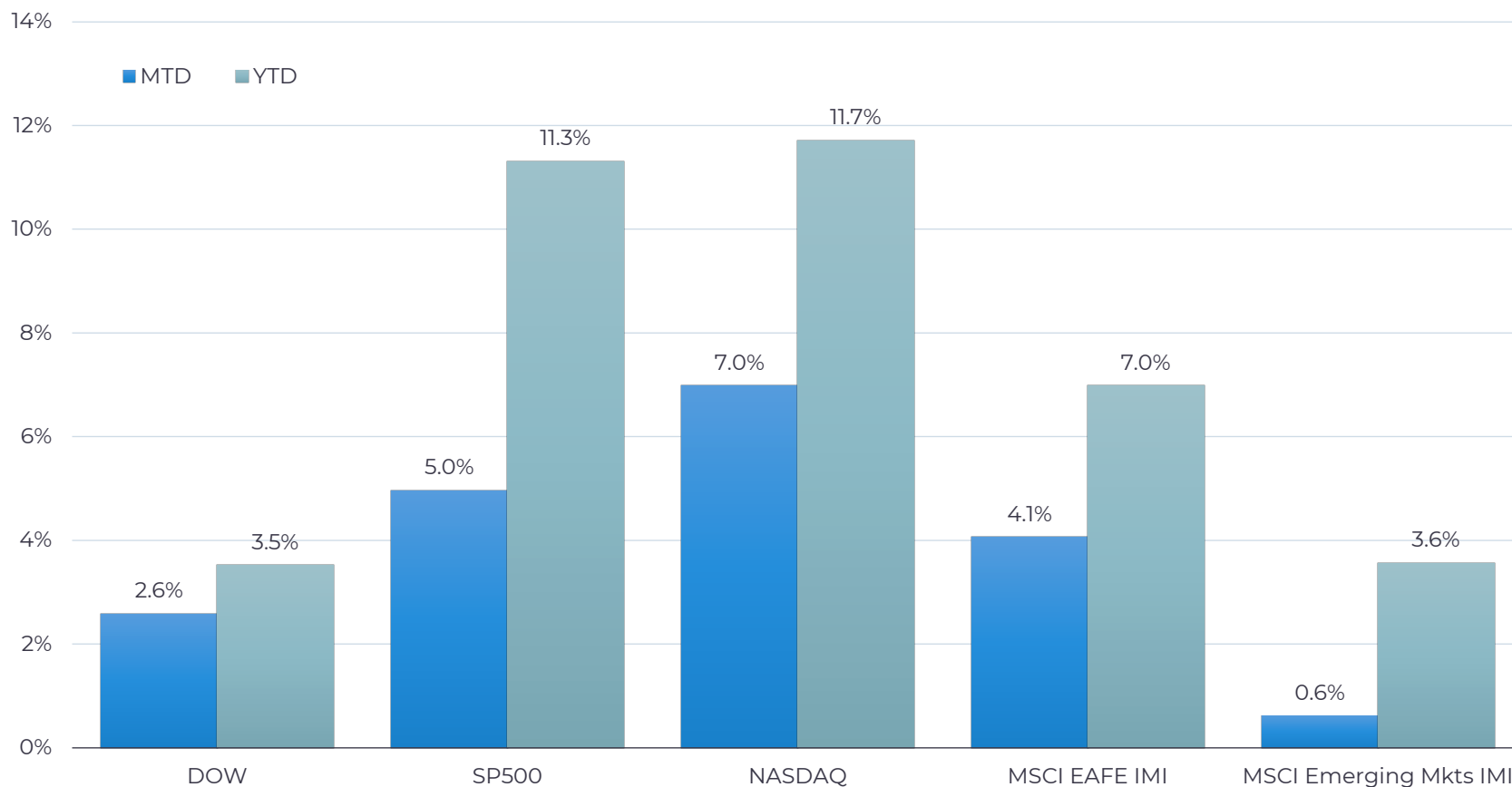
An aerial photograph of a bridge spanning a river, with a blue color overlay. The bridge is a simple concrete structure with a single lane. The river is dark and flows through a rocky, hilly landscape. The text "EQUITY MARKET PERSPECTIVE" is centered on the bridge. There are two thin green horizontal lines: one above the text and one below it. In the bottom center, there is a graphic of several concentric green circles.

EQUITY MARKET PERSPECTIVE

In another reversal from April, the S&P 500 Index earned a 5.0% return in May. For the same period, the MSCI EAFE IMI and the MSCI EM IMI earned 4.1% and 0.6% respectively. On a factor basis, dividend yield, momentum, and size outperformed during the month, while low volatility, quality, and value underperformed. During May, sectors outperforming compared to the S&P 500 Index included Information Technology (10.1%), Utilities (9.0%), Communication Services (6.6%) and Real Estate (5.1%). Sectors delivering positive total returns but trailing the broader S&P 500 Index were Materials (3.2%), Financials (3.2%), Consumer Staples (2.5%), Health Care (2.4%), Industrials (1.7%), and Consumer Discretionary (0.3%). The only sector to deliver a negative total return for the month was Energy (-0.4%).

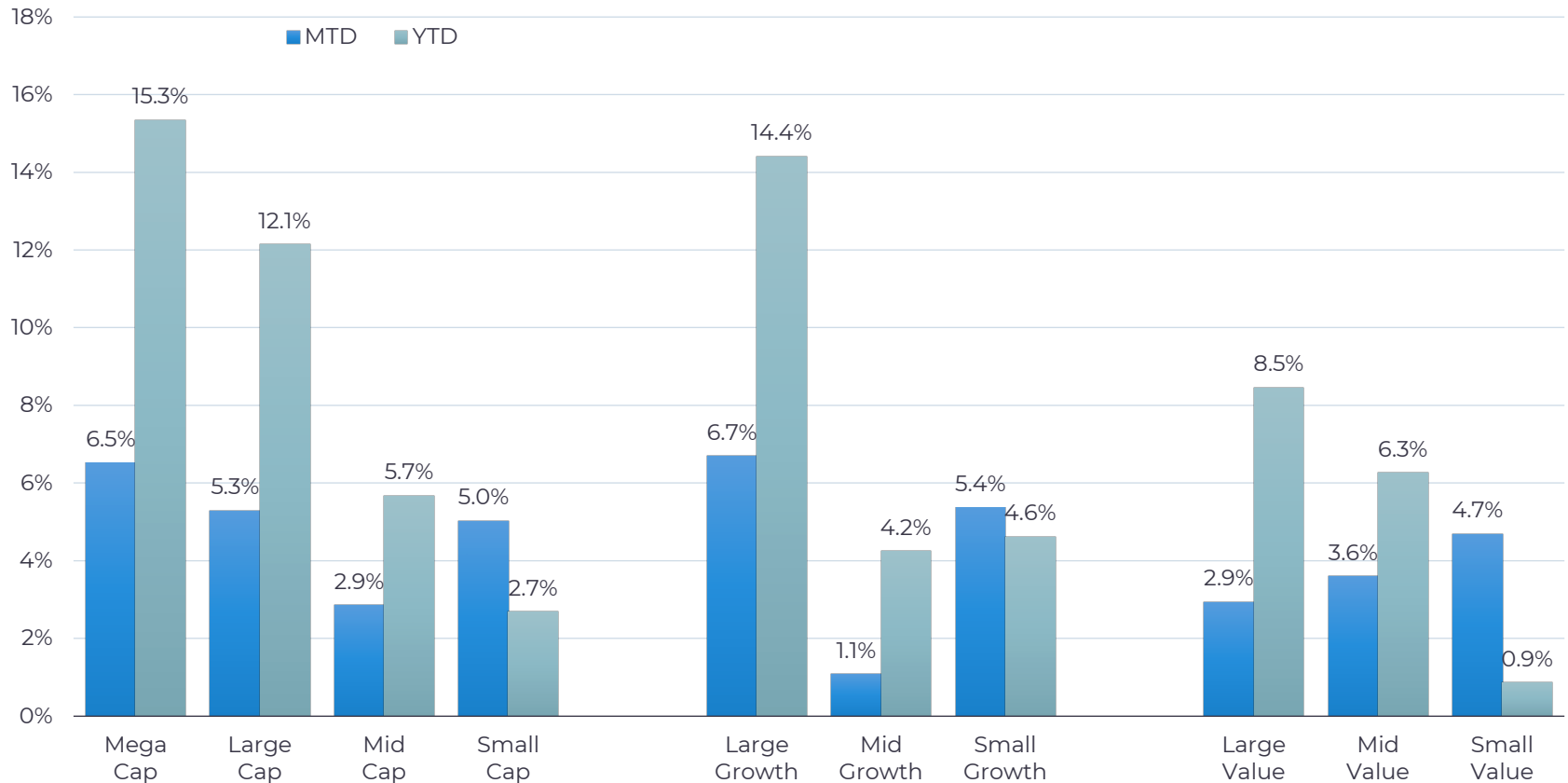
Global Equity Returns by Bellwether Index

Global Equity Markets



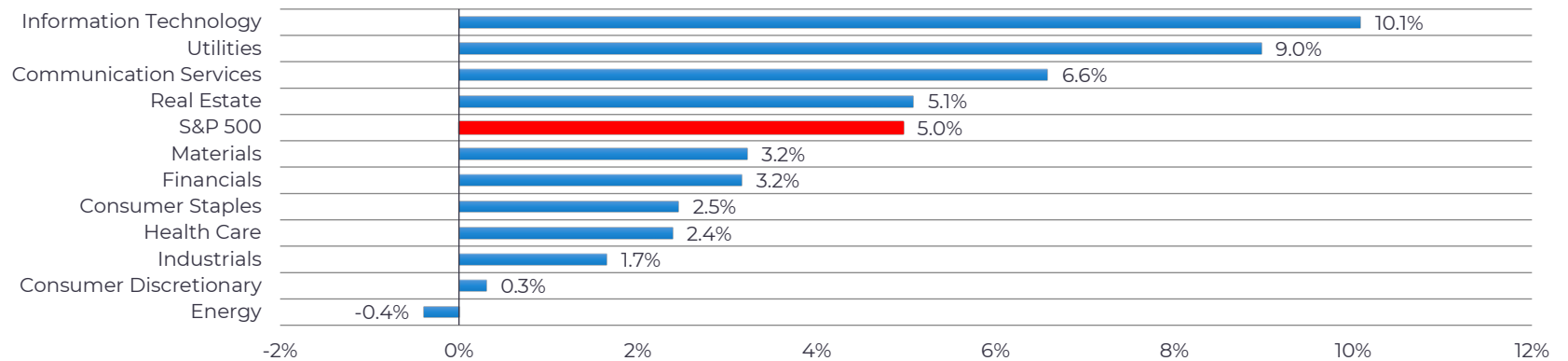
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

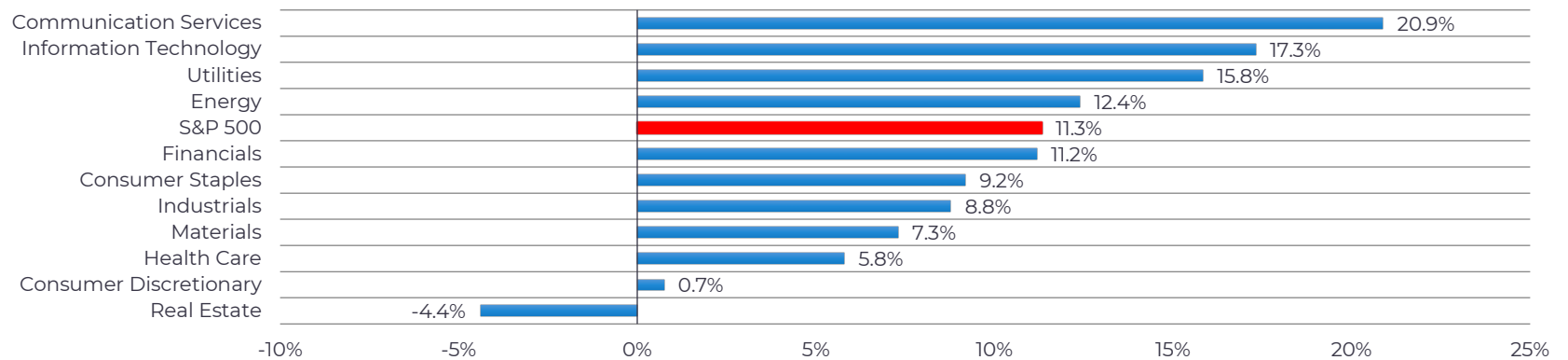


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

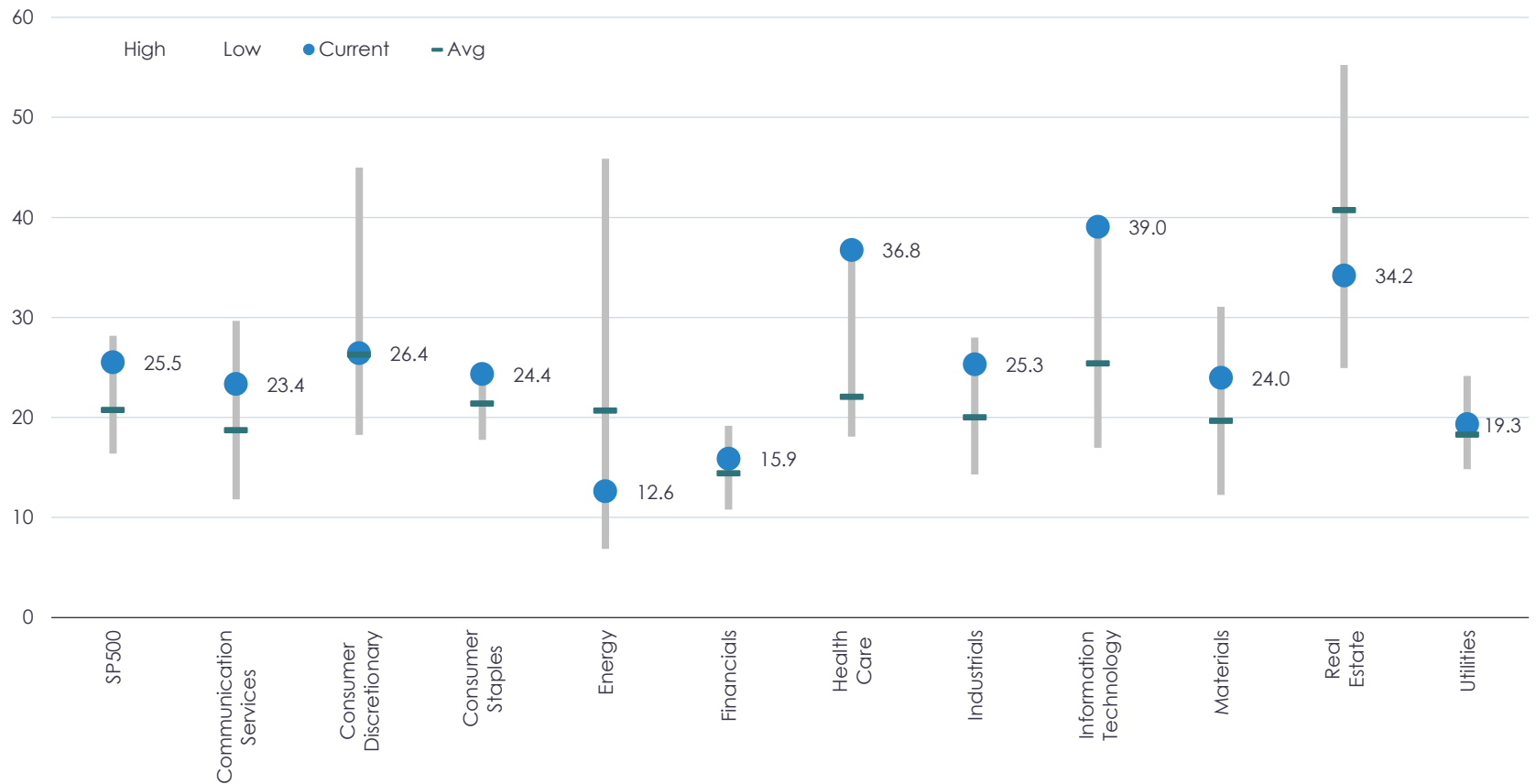


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MCSI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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