CREWCIAL® PARTNERS

Q1 2024 Global Market Summary

QUARTERLY HIGHLIGHTS

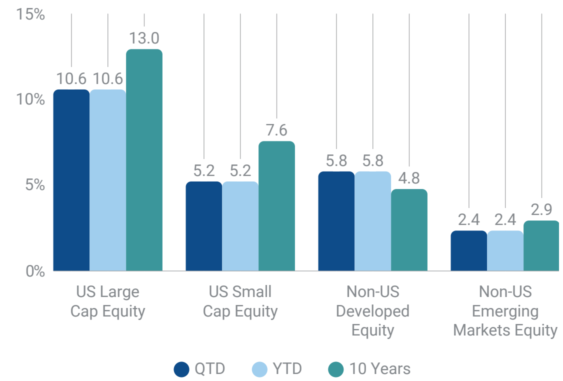
CLIMBING HIGHER

US:

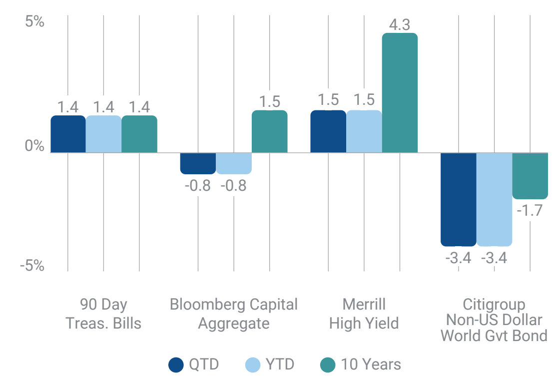
US economic growth remained on solid footing during the first quarter. Increases in real wages and year-over-year downward trends in inflation rates helped the economy overcome tighter credit conditions and a drop in excess savings. However, questions about inflation's longer-term levels persisted through the quarter. The Institute for Supply Management (ISM) manufacturing PMI increased to 50.3 in March—its first reading above 50.0 since September 2022. US manufacturing activity picked up for the first time in twelve to 18 months as both demand and production rebounded. The survey's measure of prices paid by manufacturers for inputs rose for the third month in a row in February, to 55.8 from 52.5, indicating raw-material prices have been trending upwards as commodity prices remain volatile. The US services sector PMI was also in positive territory, while the survey's measure of prices paid for inputs showed signs of moderation.

Both the New York Fed Survey of Consumer Expectations and The University of Michigan's consumer sentiment most recent surveys have shown consumer Inflation expectations at around 3%, well ahead of the target of the Federal Reserve (the Fed). The Federal Open Market Committee (FOMC) met in January and March. At both meetings, it agreed to maintain the federal-funds target rate corridor at 5.25-5.50%. The meetings did not feature any notable announcements or changes, and no major changes were made to the Summary of Economic Projections (SEP); however, notably, the median Fed member's expectation for core inflation in 2024 increased from 2.4% to 2.6%. The FOMC made no changes to its balance-sheet reduction plans ($95 billion per month); however, the Fed confirmed it is nearing a decision around slowing the pace of its balance-sheet run-off. During the quarter, the Fed's balance sheet fell from $7.8 trillion to $7.5 trillion.

EQUITY MARKET PERFORMANCE



CREDIT MARKET PERFORMANCE



In March, former US Treasury Secretary Steve Mnuchin spearheaded a $1 billion rescue of New York Community Bank. The intervention was driven by challenges within the bank's commercial real-estate loan portfolio, particularly among its office and affordable housing holdings. The office sector has experienced significant difficulties as post-pandemic work arrangements have reduced demand for office space and created uncertainties around the demand for such properties in the future. Additionally, the bank's concentration of affordable housing assets in the New York City area suffered from recent regulatory changes that led to a decline in property values.

The impact of these challenges was compounded by the bank's acquisition of $23 billion of Signature Bank's loan portfolio last year. The acquisition increased the bank's size, pushing it into a regulatory category that requires higher reserves. The $1 billion injection aims to strengthen the bank's key regulatory capital ratio.

EUROPE:

Economic data from Europe trended positively over the past quarter, pointing to modest strengthening after a stagnant 2023. Unemployment remains at historically low levels, with the February 2024 seasonally adjusted unemployment rate across Europe and within the European Union at 6.5% and 6.0%, respectively. In addition, the HCOB Eurozone Composite Purchasing Managers Index (PMI), a forward-looking indicator of economic development in Europe, improved from 47.0 as of December 15, 2023, to 50.3 as of April 4, 2024, indicating that respondents are seeing a slight improvement in market conditions overall. Inflation across Europe also continued to decrease, driven by the slower growth of durable goods' inflation, though services and wage inflation remain at uncomfortable levels (4.0% and above). March 2024 year-over-year headline inflation is estimated at 2.4%, with core inflation higher at 2.9%, driven by a significant reduction in natural gas prices over the past year, leading to energy-price deflation.

The European Central Bank's (ECB) most recent forward-looking projections expect real GDP growth to remain subdued through early 2024 amid waning tailwinds and tightening financing conditions before strengthening thereafter. With inflation approaching the ECB's target of 2%, the bank has been more open to the prospect of scaling back monetary policy. ECB President Christine Lagarde indicated as much following the bank's most recent meeting, stating "if [inflation data] reveals a sufficient degree of alignment between the path of underlying inflation and our projections…we will be able to move into the dialing back phase of our policy cycle and make policy less restrictive."

CHINA:

China's economy has struggled to regain its pre-COVID momentum, as a protracted property downturn, mounting local government debts, and weak private-sector spending have slowed the pace of growth. In the first two months of 2024, China experienced a 7.1% year-on-year surge in exports—outpacing the modest 2.3% seen last December—from expanded demand in emerging markets (e.g., India and Latin America), a resurgence in exports to the US (in spite of dips in exports to the EU, Japan, and Australia), and a sharp 22% increase in the volume of vehicle exports. Meanwhile, the Chinese Lunar New Year holiday period saw a record rise in travel and consumption, although tourism-related spending continued to lag pre-COVID levels. January and February's retail sales exceeded forecasts, but the consumer price index revealed a complex picture; while costs for clothing and housing grew, prices fell significantly across food, tobacco, and alcohol, suggesting that consumer spending is still in a state of cautious recovery.

On February 20, 2024, the People's Bank of China (PBOC) reduced its benchmark mortgage rate—the five-year Loan Prime Rate (LPR)—by 0.25% to support the struggling real-estate sector. Despite the cut, the continued downturn in housing sales indicates that the move's impact may be limited; regulators have also implemented additional initiatives, including relaxing purchasing restrictions and providing financing to developers. Beyond interest rates, China's real-estate issues seem mired in broader systemic challenges, including substantial debt burdens and diminished consumer confidence.

US Treasury Secretary Janet Yellen's visit to China in 2024 concluded with no major breakthroughs, yet US-China relations seem more stable today compared to the turbulent period last year. Both nations agreed to hold more discussions to address rising friction over trade, investment, and national security issues. Nevertheless, major differences and competition between the two superpowers remain, with anticipated ongoing tension in domains such as semiconductor access, Taiwan, and the South China Sea.

JAPAN:

Japan's fourth-quarter 2023 GDP growth came in at +0.1% (quarter-over-quarter), driven by strong capital expenditure spending growth of 2.1%, which overcame weak private consumption. Core inflation readings remain above the 2% target of the Bank of Japan (BOJ), with year-over-year inflation at 2.8% through February 2024. Japanese equity markets continued to climb on positive fundamentals, including record earnings in the manufacturing sector propelling the Nikkei past the 40,000-yen level, a milestone last reached during Japan's late-80s economic boom. Most notably, in March, the BOJ hiked rates for the first time in 17 years, from -0.1% to a range of 0.0%-0.1%. The bank's shift included abandoning its yield curve control (YCC) policy and ceasing its ETF purchase program.

This year's shunto wage negotiations ended with Japan's largest companies agreeing to raise salaries by 5.28% in March, the biggest hike in more than three decades. BOJ Governor Kazuo Ueda has repeatedly noted that the outcome of these negotiations will influence the bank's decision on rates. This—combined with favorable core inflation readings—gave policy makers enough confidence in Japan's macroeconomic development trends to change course. However, these policy makers remain cautious about the future pace and path of tightening and will continue to buy government bonds at a pace of $6 trillion yen per month.

Increased tourist and travel demand alongside rising profits from price hikes buoyed optimism in Japan's services sector, which climbed to a 33-year high according to BOJ's Tankan survey. Business sentiment was positive as well, although it trended slightly lower in the first quarter of 2024 (+11) relative to the fourth quarter of 2024 (+13) as measured by the BOJ's Tankan Index of sentiment. This was primarily driven by lower confidence among motor vehicle, nonferrous metals, and business-oriented manufacturers, while confidence increased among oil & coal, food & beverage, and shipbuilding & heavy machinery manufacturers.

COMMODITIES:

The S&P Goldman Sachs Commodity Index (SPGSCI) ended the quarter up with a total return of 10.36%, driven by robust growth (and positive performance) across all components of the index. Energy (15.71%, S&P GSCI Energy—SPGSEN) and livestock (10.54%, S&P Livestock—SPGSLV) were the best performing constituents, while agriculture (S&P GSCI Agriculture; SPGSAG) and industrial metals (S&P GSCI Industrial Metals; SPGSIM) both achieved modest gains (relative to other commodities) of 0.86% and 0.25%, respectively. Within energy, only natural gas experienced a sharp price decline; all other sub-sectors achieved strong price growth. Within agriculture—due to strong demand and supply shortages in West Africa (where more than half of the world's cocoa beans are harvested), the price of cocoa rose higher during the quarter. Across industrial metals, prices for copper, lead, and nickel were modestly higher than that of zinc and aluminum, whose prices fell in the quarter. Gold and silver prices also rose in Q1 2024.

Following a slow start to the year, the digital-assets market took off in February and March, resulting in one of the strongest performing quarters in recent history. The premier digital token, Bitcoin (BTC) was up 68.8% in Q1 2024, while the second-most-popular digital token, Ethereum (ETH), was also up 59.9%. Bitcoin reached a new all-time high on March 14, 2024, at $73.8k for the price of one BTC. These returns were supported by strong macro tailwinds and high investor demand, following the approval and subsequent launch of eleven physically backed Bitcoin exchange traded funds in the United States on January 11, 2024.

ECONOMIC INDICATORS:

UNEMPLOYMENT:

A total of 931,000 jobs were created in the first quarter of 2024, outpacing the previous quarter's gains of 494,000. The US economy added 303,000 jobs in March 2024, which is above the twelve-month average monthly gain of 231,000. March's notable job gains occurred within government (+71,000), healthcare (+72,000), and construction (+39,000).

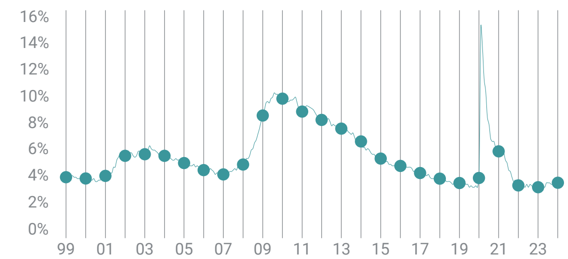
Both the unemployment rate, at 3.8%, and the number of unemployed people, at 6.4 million, changed little in March. The labor-force participation rate slightly increased in the first quarter to 62.7%.

CPI:

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4% in March following a 0.4% increase in February. The all-items index rose 3.5% before seasonal adjustment over the previous twelve months. Over the past twelve months, the major contributors have included transportation services, up 10.7% (driven by motor-vehicle insurance, up 22.2%), tobacco and smoking products, up 6.8%, and shelter, up 5.7%.

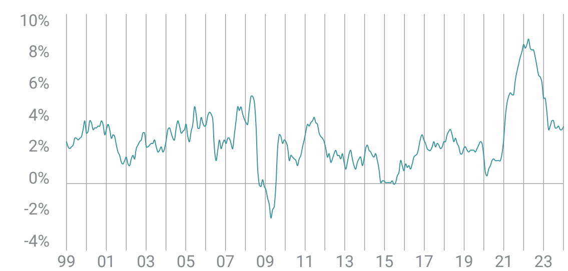
UNEMPLOYMENT RATE

25 YEARS THROUGH MARCH 2024



ROLLING 12 MONTH CONSUMER PRICE INDEX

25 YEARS THROUGH MARCH 2024



VIX:

Market volatility, as measured by the VIX Index, had an average close in Q1 2024 at 13.69, trending down from Q4 (15.29) and Q3 (15.01). The index has dropped below its five-year average of 21.21, reflecting the continuation of a protective investing environment. Investors look towards alternative investments as economic development pressures (interest rates and inflation) continue.

GDP:

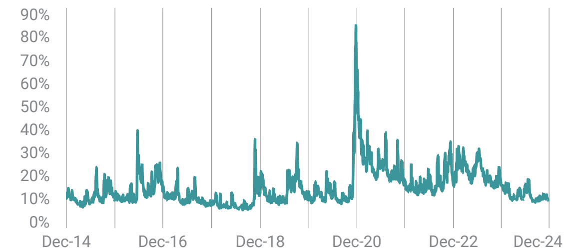
During Q4 2023, real GDP rose at an annual rate of 3.4% followed by the 4.9% increase in Q3 2023. The increase primarily reflected increases in consumer spending, state and local government spending, exports, non-residential fixed investment, federal government spending, and residential fixed investment, partly offset by a decrease in private inventory investment; imports also increased. Overall, 18 of 22 industry groups contributed to real GDP growth over the fourth quarter.

RETAIL SALES:

Total retail and food sales increased 0.6% and decreased 1.1% month to date and year to date, respectively, as of the end of February. Total sales from December 2023 through February 2024 were up 2.1% compared to the same period one year ago. In the past year, significant contributors included non-store retailers and food services and drinking places.

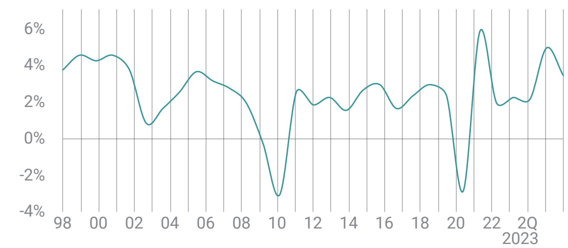
CBOE VIX DAILY CLOSING VALUES

LAST 10 YEARS



REAL GROSS DOMESTIC PRODUCT

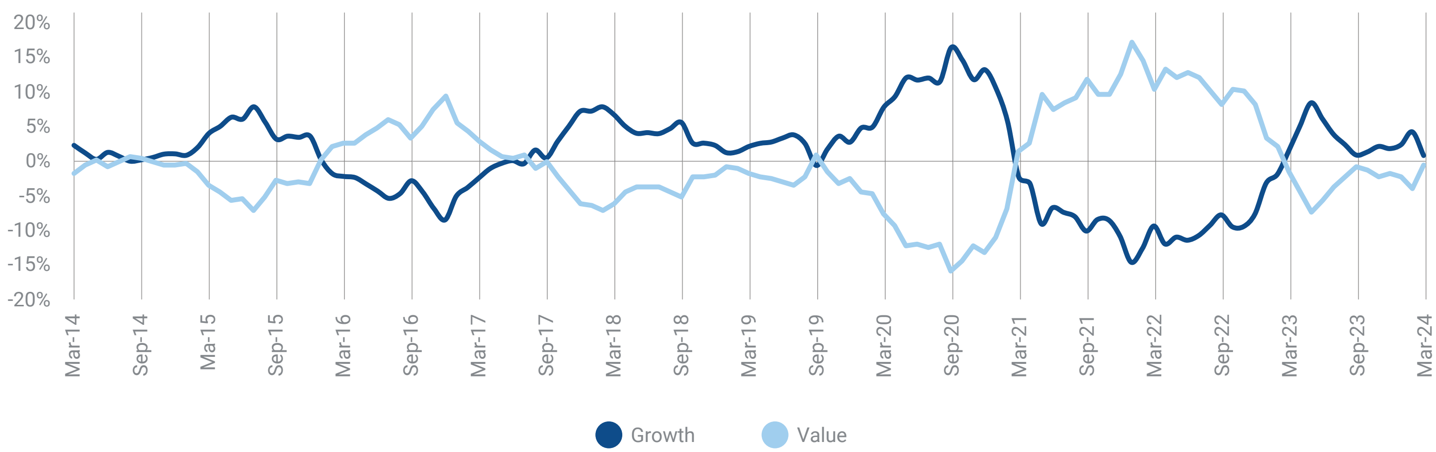
25 YEARS THROUGH 4Q2023



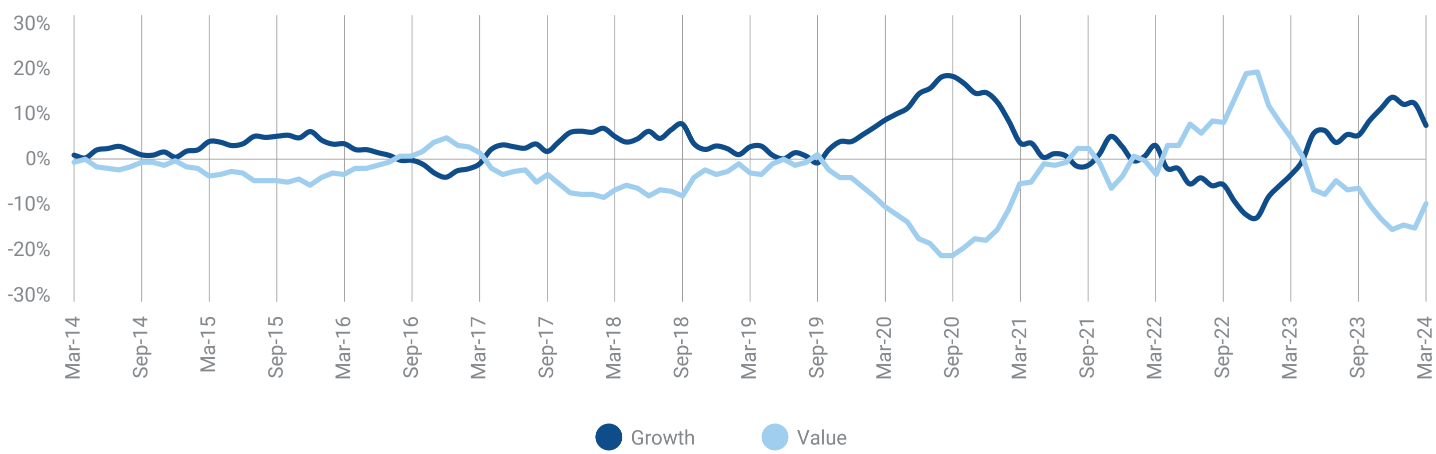
RETURNS BY STYLE

	Q1 2024	YTD		Q1 2024	YTD
Large Cap Value	9.4%	9.4%	Large Cap Growth	11.7%	11.7%
Mid Cap Value	8.2%	8.2%	Mid Cap Growth	9.5%	9.5%
Small Cap Value	2.9%	2.9%	Small Cap Growth	7.6%	7.6%

SMALL CAP VALUE VS. GROWTH
ROLLING 1 YEAR PERFORMANCE VS. RUSSELL 200
12/31/2013 TO 12/31/2023



LARGE CAP VALUE VS. GROWTH
ROLLING 1 YEAR PERFORMANCE VS. RUSSELL TOP 200
3/31/2014 TO 3/31/2024



SECTOR RETURNS BY CAPITALIZATION

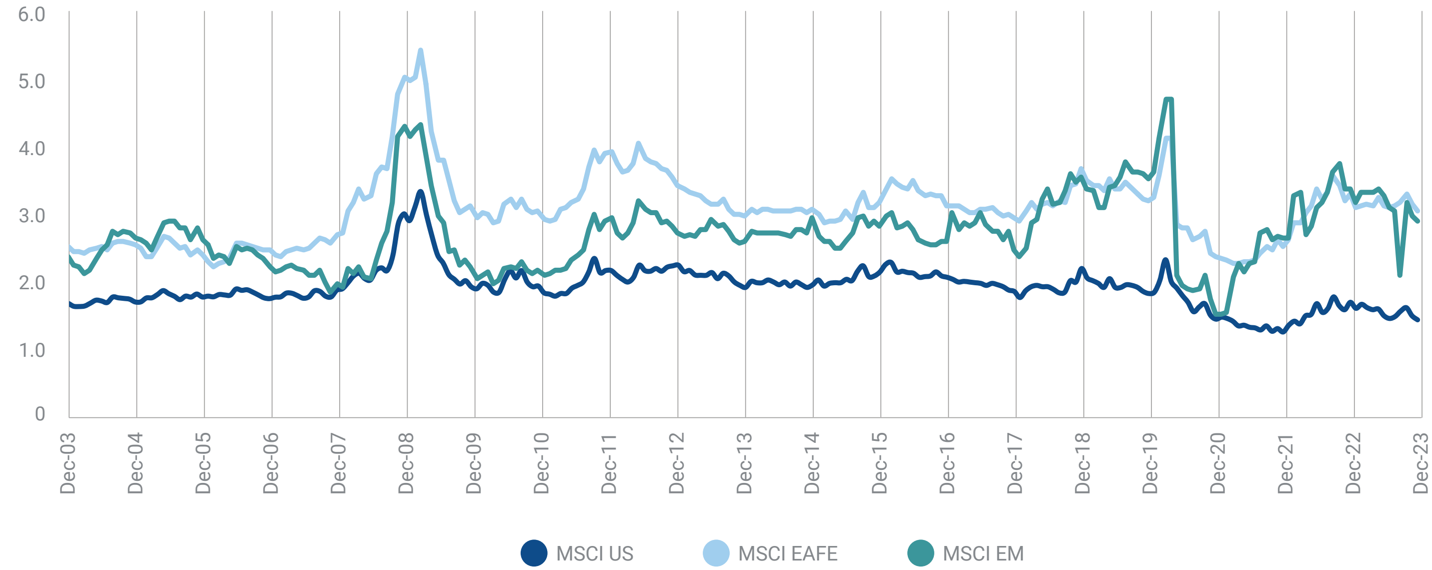
	U.S. Large Cap		U.S. Mid Cap		U.S. Small Cap	
	Q12024	YTD	Q12024	YTD	Q12024	YTD
Basic Materials	7.2	7.2	8.4	8.4	2.6	2.6
Consumer Goods	5.5	5.5	10.0	10.0	1.2	1.2
Consumer Services	8.1	8.1	7.9	7.9	4.8	4.8
Financials	12.9	12.9	12.6	12.6	-1.8	-1.8
Health Care	9.6	9.6	5.1	5.1	5.5	5.5
Industrials	8.6	8.6	12.6	12.6	9.7	9.7
Oil & Gas	13.8	13.8	10.8	10.8	9.8	9.8
Real Estate	-3.4	-3.4	0.0	0.0	-1.4	-1.4
Technology	14.0	14.0	6.7	6.7	13.6	13.6
Telecommunications	4.5	4.5	-12.7	-12.7	-12.8	-12.8
Utilities	6.1	6.1	7.1	7.1	-1.7	-1.7

Source: Russell Investments & Industry Classification Benchmark

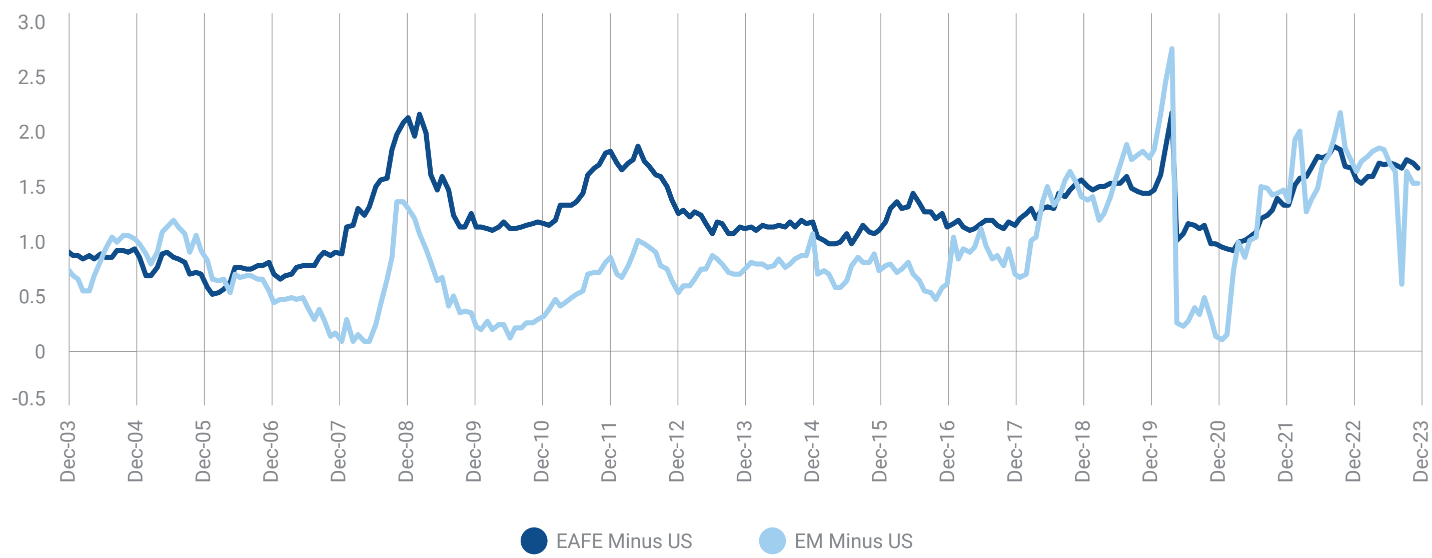
*Large Cap: Russell Top 200 Index Mid Cap: Russell Mid Cap Index Small Cap: Russell 2000 Index

GLOBAL EQUITY RATIOS

DIVIDEND YIELDS

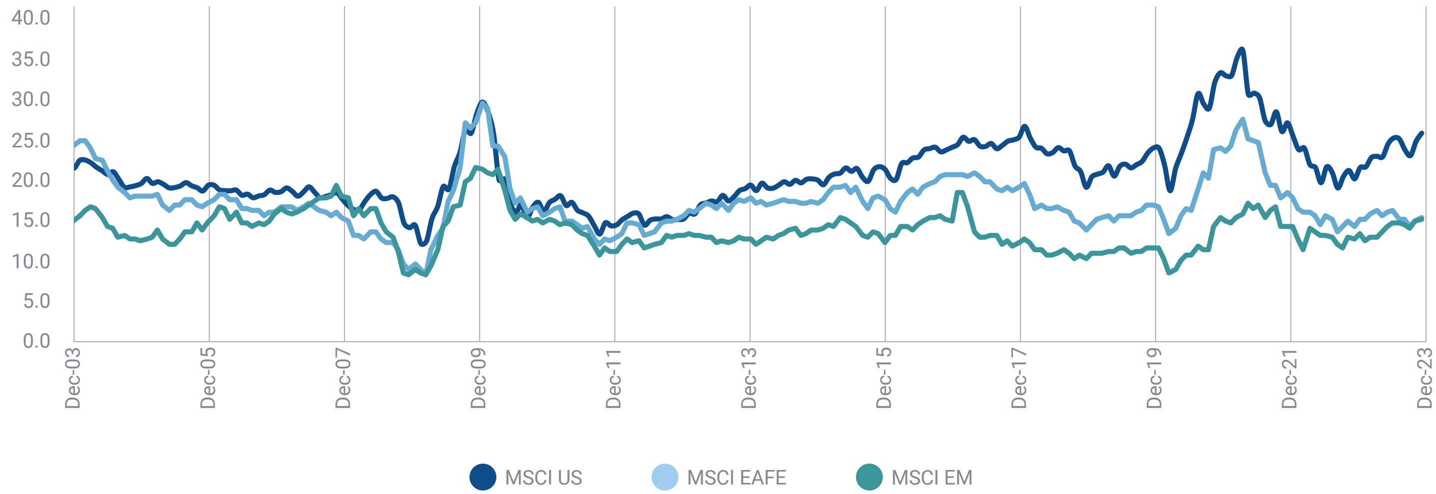


DIVIDEND YIELD DIFFERENTIALS

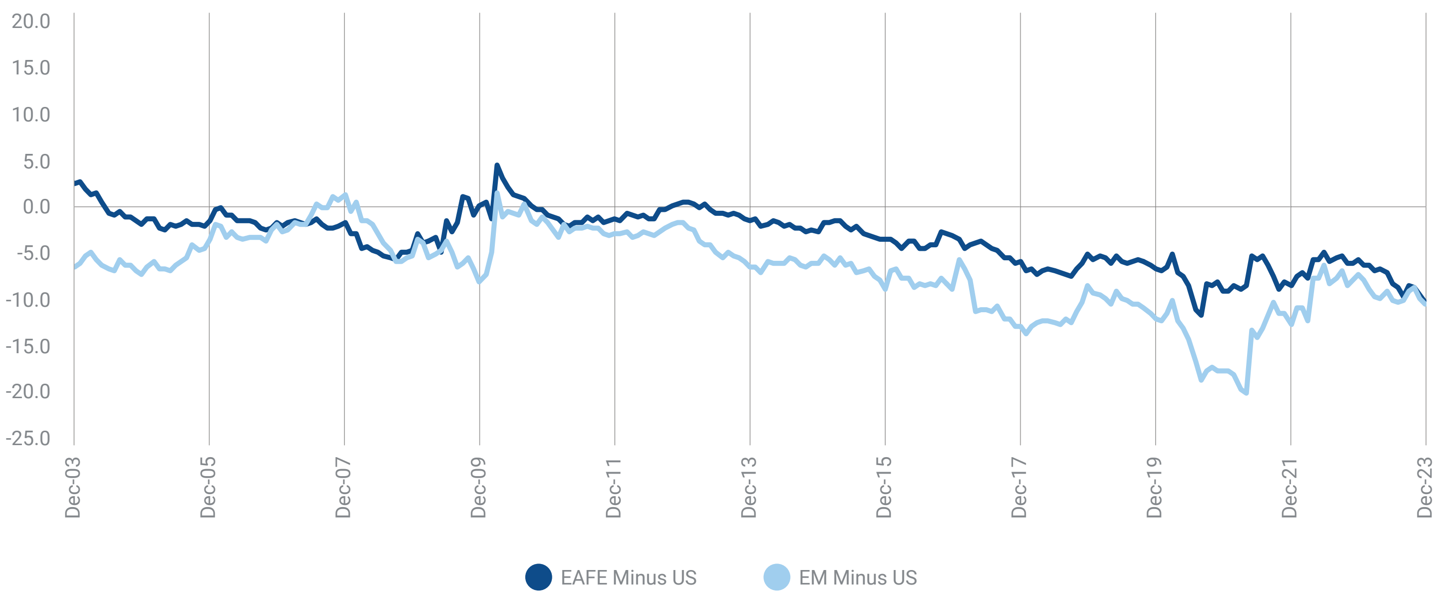


GLOBAL EQUITY RATIOS

PRICE/EARNINGS RATIOS



PRICE/EARNINGS RATIO DIFFERENTIALS



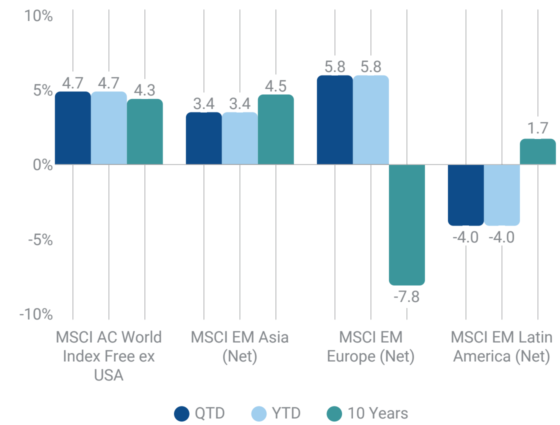
GLOBAL EQUITY:

Global equity markets continued their ascent with the S&P 500, MSCI EAFE, and MSCI Emerging indices gaining 10.6%, 5.8%, and 2.4%, respectively. A resilient US economy, steady earnings growth, and expectations of rate cuts by the Fed and ECB added fuel to the rally that started in 2023.

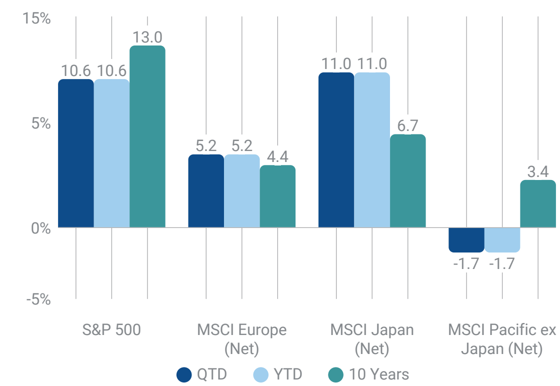
The MSCI All Country World Index (ACWI) finished the quarter up 4.7%, as US and international developed markets posted sizeable gains. Overall, emerging markets performed positively as well, with the notable exception of Brazil. Portugal was the worst performing of the developed markets, as policy uncertainty stemming from a snap election weighed on investor sentiment. However, most of developed Europe posted a solid quarter, led by gains in Ireland and Italy.

Peru was the top-performing emerging market following measures concerning currency and monetary policy easing, including a reduction in the country's reference rate to 6.5%. Egypt posted double-digit declines after the country moved forward with currency market reforms, resulting in a rapid devaluation of the Egyptian pound.

GLOBAL EQUITY MARKET PERFORMANCE



DEVELOPED EQUITY MARKET PERFORMANCE



US VALUATIONS:

Price multiples expanded across the domestic equity market in Q1. Multiple expansion was greatest among small-cap growth equities, while their value counterparts experienced the lowest relative re-rating on a forward-looking P/E basis. On a normalized basis, the S&P 500 Index remains expensively priced, trading at a cyclically adjusted P/E (CAPE) more than two standard deviations above its long-term average.

Earnings growth estimates for US equities declined over the quarter, with Q1 earnings now expected to grow 3.2% year over year (down from an estimated 5.7% at the beginning of the quarter). Overall, six of the eleven sectors are projected to increase earnings, led by utilities (+24%), tech (+20%), communication services (+19%), and consumer discretionary (+15%). Conversely, energy (-26%), materials (-24%), and healthcare (-7%) are expected to post the most significant declines. Looking ahead, analysts' estimates currently predict earnings and revenue growth of 10.9% and 5.1%, respectively, for CY 2024.

INTERNATIONAL VALUATIONS:

Both non-US developed growth- and value-style equities registered multiple expansion during the quarter, with forward price multiples expanding by high single digits. On both an absolute and relative basis, international equities continue to trade at a discount relative to historical averages (as compared to US equities). Emerging-market valuations trended slightly higher in Q1, although they remain cheap on both an absolute and relative basis.

Europe is expected to increase earnings by 3% in 2024 and 10% in 2025, while Japan's earnings are expected to increase 10% and 8%, respectively. The broader emerging markets are expected to grow by 17% and 15%, respectively, in 2023 and 2024.

US VALUATIONS

US Large Cap Equity	Quarter Ending 3/31/2024		Quarter Ending 12/31/2023	
	Value	Growth	Value	Growth
Price/Earnings Ratio	22.4	36.2	20.3	36.4
IBES LT Growth (%)	8.7	17.8	8.0	13.8
1 Year Forward P/E Ratio	16.8	28.8	15.4	27.1
Negative Earnings (%)	5.9	1.7	7.9	2.7

US Mid Cap Equity	Quarter Ending 3/31/2024		Quarter Ending 12/31/2023	
	Value	Growth	Value	Growth
Price/Earnings Ratio	24.2	36.8	23.4	39.1
IBES LT Growth (%)	8.7	15.6	7.6	15.8
1 Year Forward P/E Ratio	17.0	26.8	15.6	24.7
Negative Earnings (%)	10.8	10.6	11.5	16.7

US Small Cap Equity	Quarter Ending 3/31/2024		Quarter Ending 12/31/2023	
	Value	Growth	Value	Growth
Price/Earnings Ratio	27.4	16.9	23.8	15.7
IBES LT Growth (%)	8.4	16.1	7.9	14.3
1 Year Forward P/E Ratio	12.8	21.1	12.3	18.6
Negative Earnings (%)	24.2	27.6	23.9	30.8

INTERNATIONAL VALUATIONS

International Equity	Quarter Ending 3/31/2024 Value	Quarter Ending 3/31/2024 Growth	Quarter Ending 12/31/2023 Value	Quarter Ending 12/31/2023 Growth
Price/Earnings Ratio	12.5	25.8	10.8	23.7
IBES LT Growth (%)	5.6	11.7	5.5	12.5
1 Year Forward P/E Ratio	10.6	22.5	9.8	20.5
Negative Earnings (%)	5.6	2.4	6.7	3.2

Emerging Markets Equity	Quarter Ending 3/31/2024 Value	Quarter Ending 12/31/2023 Value
Price/Earnings Ratio	16.9	21.6
IBES LT Growth (%)	14.7	9.4
1 Year Forward P/E Ratio	13.5	17.9
Negative Earning (%)	4.4	6.3

Source: Russell Investments Total Equity Profile

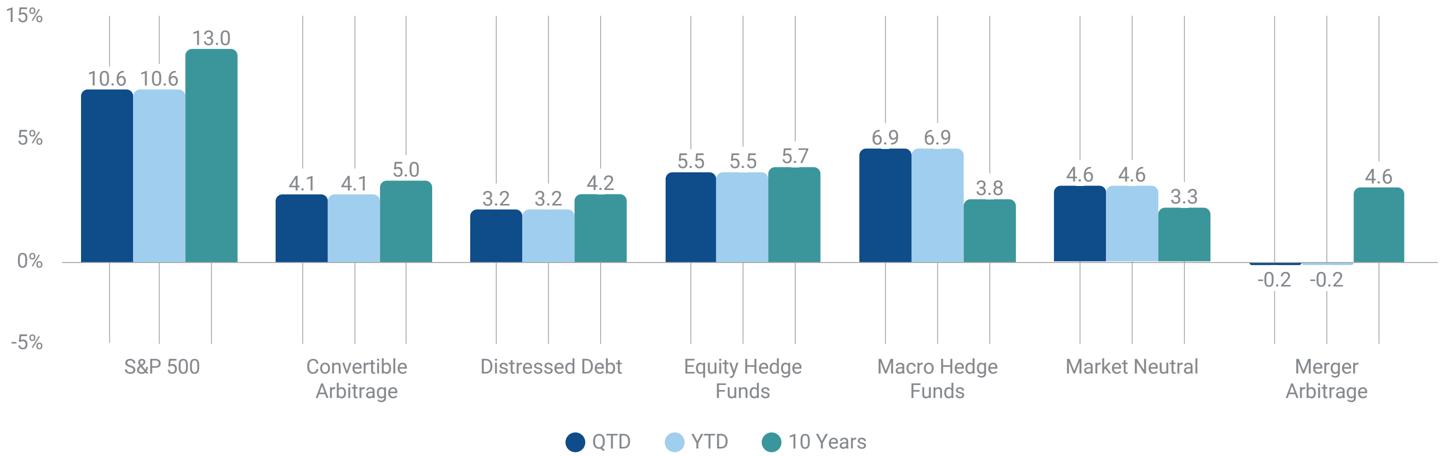
NON-US DEVELOPED/EMERGING CAP & STYLE: MSCI AC WORLD EX - US INDICES (SOURCE: MSCI - DATA SOURCED 'AS IS')

	Q1 2024	YTD		Q1 2024	YTD
Large Cap Value	0.2%	0.2%	Large Cap Growth	3.3%	3.3%
Mid Cap Value	-1.1%	-1.1%	Mid Cap Growth	1.8%	1.8%
Small Cap Value	-1.1%	-1.1%	Small Cap Growth	-0.4%	-0.4%

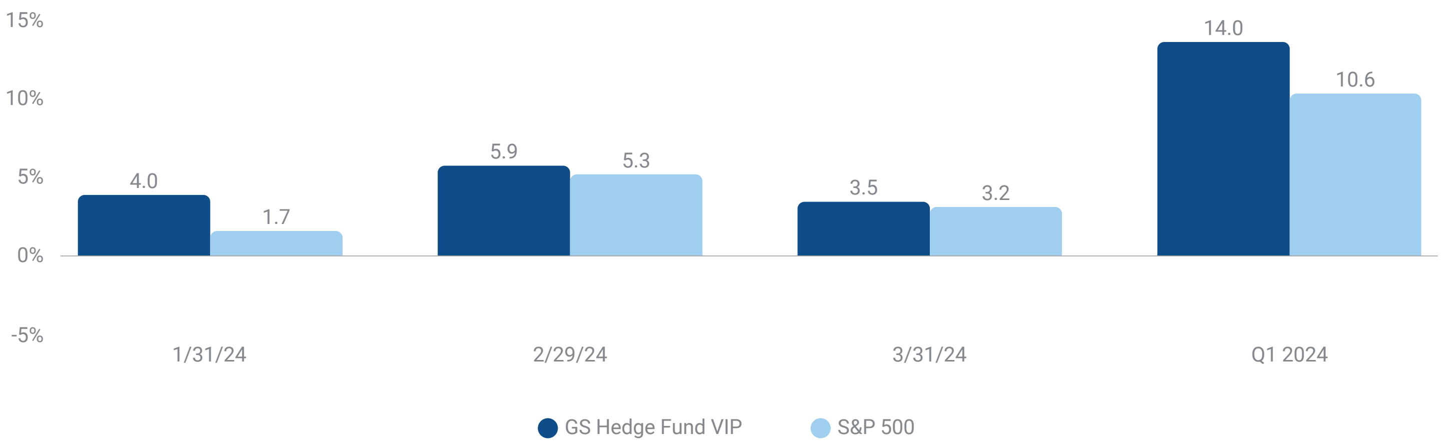
Country	Best Performing Style
Australia	Growth
Brazil	Value
Canada	Growth
China	Value
France	Growth
Germany	Growth
Hong Kong	Value
Indonesia	Value
Italy	Growth
Japan	Value
Mexico	Value
Singapore	Growth
Spain	Value
Thailand	Growth
United Kingdom	Growth

HEDGE FUND PERFORMANCE

HFR HEDGE FUND STRATEGY RETURNS

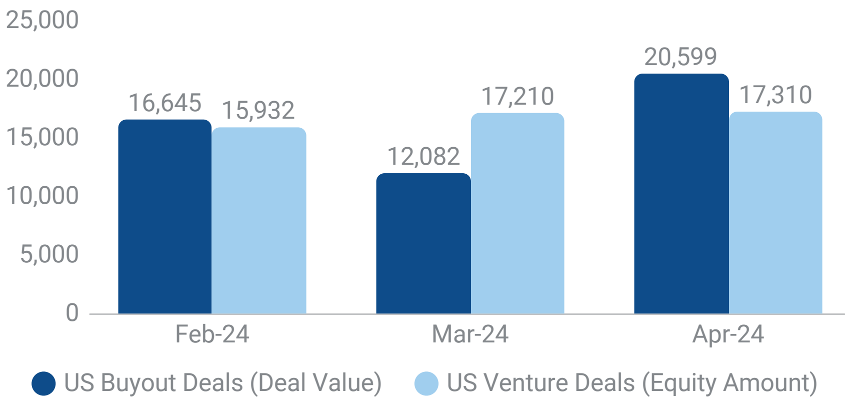


GS HEDGE FUND VIP INDEX
(THE 50 STOCKS MOST WIDELY HELD BY HEDGE FUNDS)

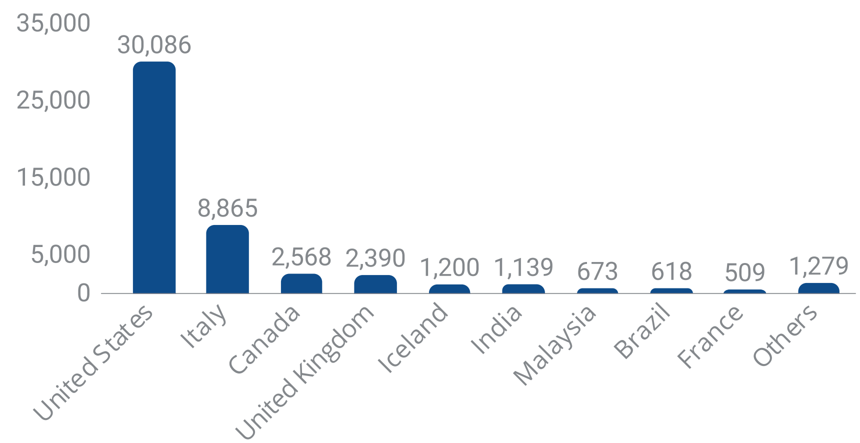


PRIVATE EQUITY PERFORMANCE

Q1 2024 PRIVATE EQUITY DEALS
(USD MIL)



Q4 2023 PE DEALS BY VALUE
(USD MIL)
SNAPSHOT AS OF 4/9/2024

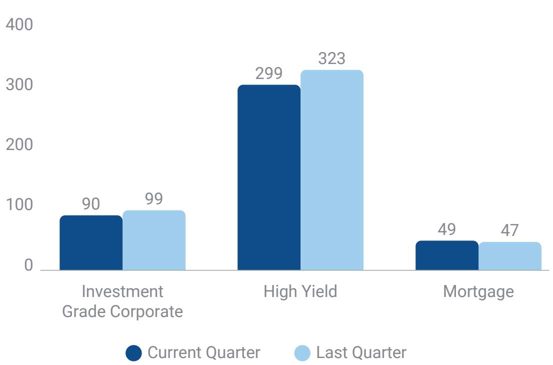


US SPREAD PRODUCTS:

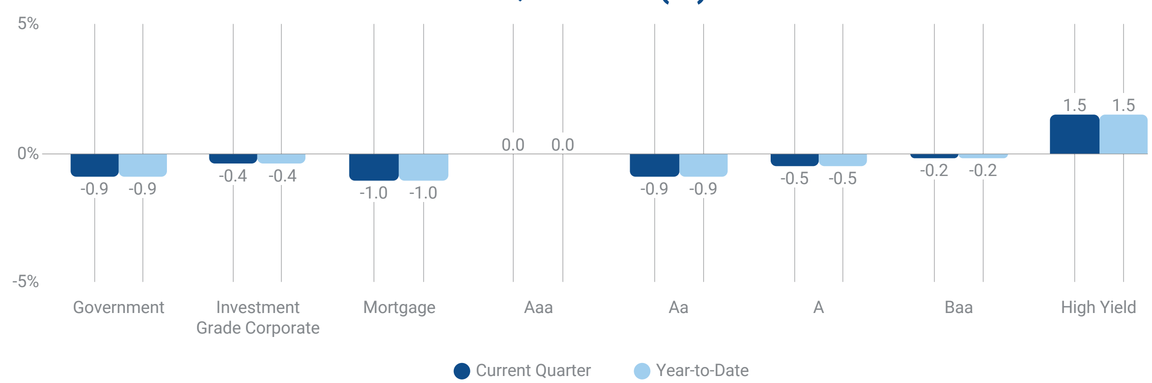
The investment-grade corporate bond market returned -40 bps for the quarter. The return drivers were rates (-), spreads (+), and coupons (+). A rising interest-rate environment was the only driver of this market's negative return. This market has an average duration of seven years and its credit spread is trading at a historically tight level; therefore, its return is very sensitive to changes in the general level of interest rates. This market's option-adjusted spread (OAS) tightened by 9 bps to end the quarter at 90 bps, which is approximately 20 bps below the ten-year median spread (120 bps) and its tightest level since 2021. Performance by credit quality favored lower-quality issues: Baa-rated corporates, -20 bps; A-rated corporates, -50 bps; and Aa-rated corporates, -90 bps. This market's issuance totaled approximately $540 billion for the quarter, a 30% increase from the corresponding period in 2023.

The high-yield corporate-bond market returned 1.5% for the quarter. The return drivers were rates (-), spreads (+), and coupons (+). Tighter credit spreads and cash coupons more than offset the negative price impact caused by the rising interest-rate environment. This market's OAS tightened by 24 bps to end the quarter at 299 bps, approximately 90 bps below the ten-year median spread and its tightest level since the earliest days of 2022. However, this is a bifurcated market; Ba- and B-rated corporates' OAS are trading at their lowest levels since 2007, while the Caa-rated corporate OAS is approximately 250 bps wider than at its cycle nadir in mid-2021. In general, higher-quality credits have relatively longer-maturity debt, and a general increase in risk appetite and rising interest rates helped lower-quality credits outperform: Caa-rated corporates, 2.1%; B-rated corporates, 1.4%; and Ba-rated corporates, 1.1%. This market's issuance totaled approximately $90 billion for the quarter, an increase of nearly 120% from the corresponding period in 2023.

YIELD SPREADS
(BASIS POINTS)



RETURNS BY SECTOR AND QUALITY (%)



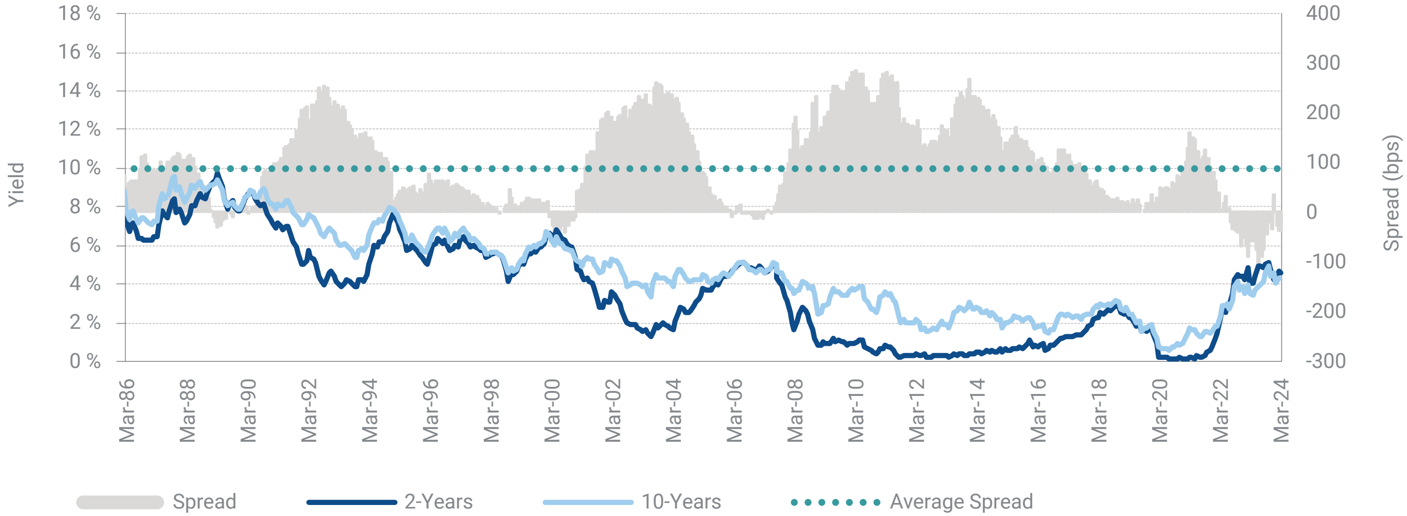
YIELD CURVE:

US Treasury yields rose during the quarter, walking back some of the steep declines that occurred in the final quarter of 2023. Yields increased by approximately 30-40 bps for the two-, five-, ten-, and 30-year notes and bonds; this part of the curve remained modestly inverted and settled in a range of 4.2-4.6%, while Treasury bills remained comfortably above 5%. The two- to ten-year spread decreased by 4 bps (to -39 bps). This spread has been negative for a record 21 months, eclipsing the previous record of 624 days of inversion set in 1978.

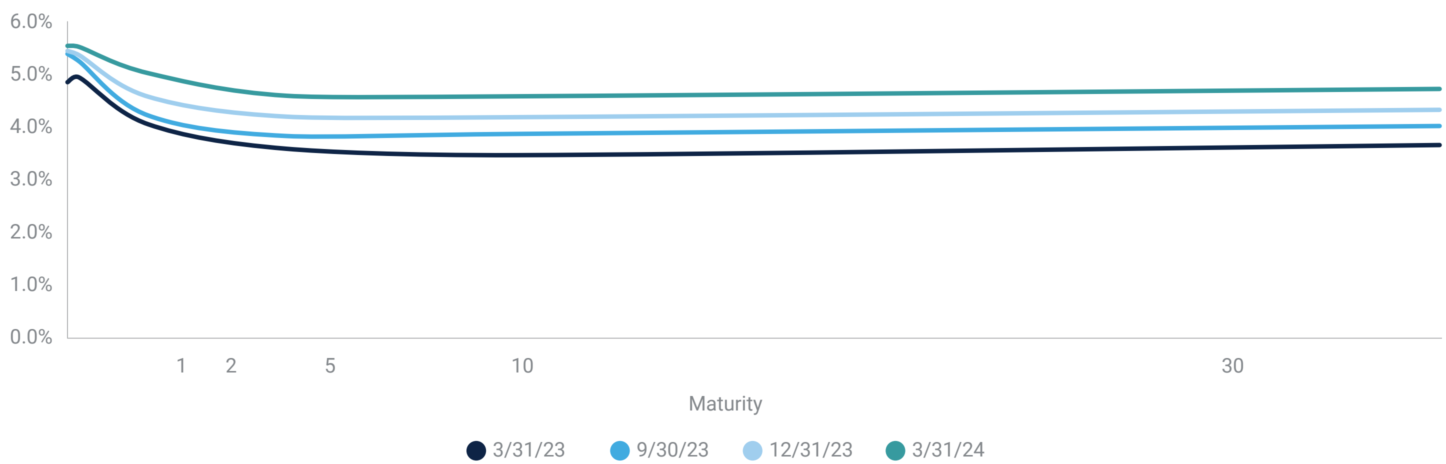
The yield curve's shift higher can be attributed to the continuation of solid economic growth and sticky inflation, neither of which have slowed, defying expectations. Indeed, core PCE inflation appears to be re-accelerating—although the year-over-year rate through February is 2.8%, the six-month trailing annualized rate is 2.9% and the three-month trailing annualized rate is 3.5%.

At the end of the first quarter, the federal-funds futures market predicted a target rate of 4.7% by the end of 2024—this is approximately in line with expectations of Fed officials (4.6%).

2 YEAR VS. 10 YEAR TREASURY YIELDS



TREASURY YIELD CURVE



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