

Weekly Market Recap

November 25th, 2024

| Index | Price | Price Returns | |
|---|---------|---------------|-------|
| | Close | Week | YTD |
| S&P 500 [®] Index | 5,969 | 1.7% | 25.1% |
| Dow Jones Industrial Average | 44,297 | 2.0% | 17.5% |
| NASDAQ | 19,004 | 1.7% | 26.6% |
| Russell 2000 [®] Index | 2,407 | 4.5% | 18.7% |
| MSCI EAFE Index | 2,271 | -0.2% | 1.5% |
| Ten-Year Treasury Yield | 4.41% | 0.0% | 0.5% |
| Oil WTI ¹ (\$/bbl ²) | \$71.26 | 6.3% | -0.5% |
| Bonds ³ | \$97.81 | 0.2% | 1.5% |

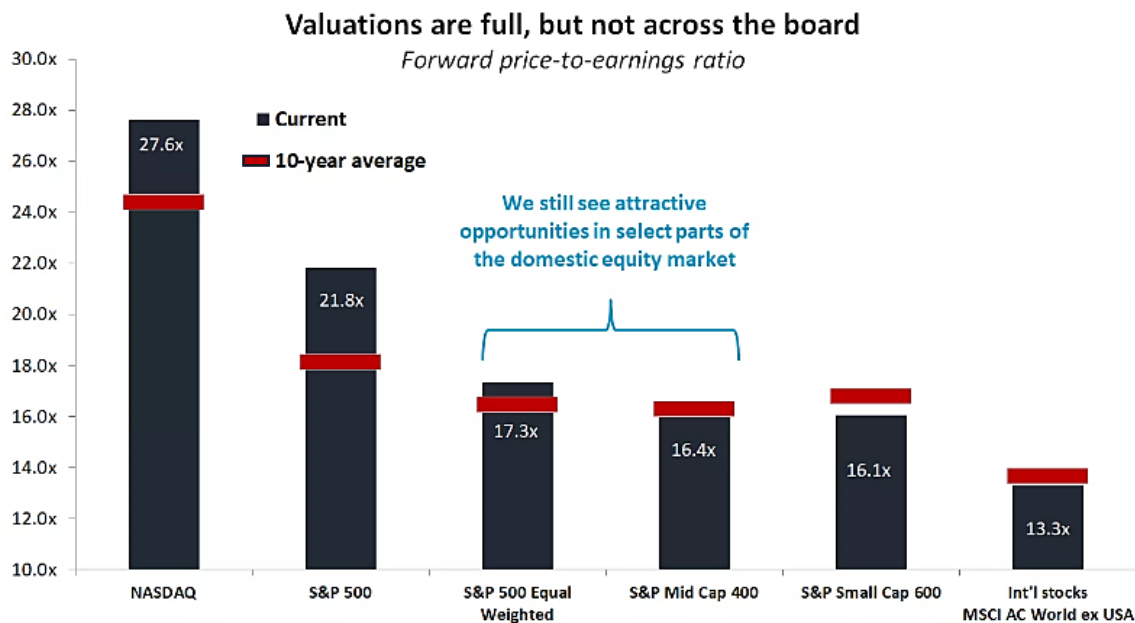
¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +1.7%, partially offset by comments from Federal Reserve (Fed) members stressing patience and data dependence. Richmond’s Tom Barkin, a voting member of the Federal Open Market Committee (FOMC), said in an interview with *Financial Times* that the U.S. is more vulnerable to inflation shocks than in the past and that businesses are concerned about the inflationary effects of President-elect Trump’s tariffs and immigration proposals. The futures market is pricing in only two rate cuts in 2025, down from four cuts as recently as mid-October. Initial jobless claims declined for the third straight week, but continuing jobless claims rose and hit their highest level in three years. The Philadelphia Fed Manufacturing Index unexpectedly flipped back into contraction territory with new orders decreasing. Gold rose +5.5% and WTI crude rose +6.3%.
- S&P 500 Index Sector Returns:
 - Consumer staples (+3.1%) and utilities (+2.6%) outperformed, as investors appeared to favor more-defensive stocks.
 - Materials (+3.0%) rose, led by metals companies.
 - Real estate (+2.6%) rose, led by cell towers.
 - Industrials (+2.5%) rose, led by aerospace and defense stocks.
 - Energy (+2.3%) rose, as the price of WTI increased +6.3%.
 - Financials (+1.7%) outperformed, led by regional banks and credit cards.
 - Healthcare (+1.6%) rose, led by pharmaceuticals.
 - Consumer discretionary (+1.6%) rose, led by autos.
 - Technology (+1.6%) rose, led by semiconductor stocks.
 - Communication services (-0.3%) fell.

- Valuations for the average U.S. large-cap (represented by the S&P 500 Equal Weight Index), mid-cap, and small-cap stocks appear relatively attractive compared to the S&P 500 Index and the NASDAQ.



Sources: FactSet; Edward Jones.

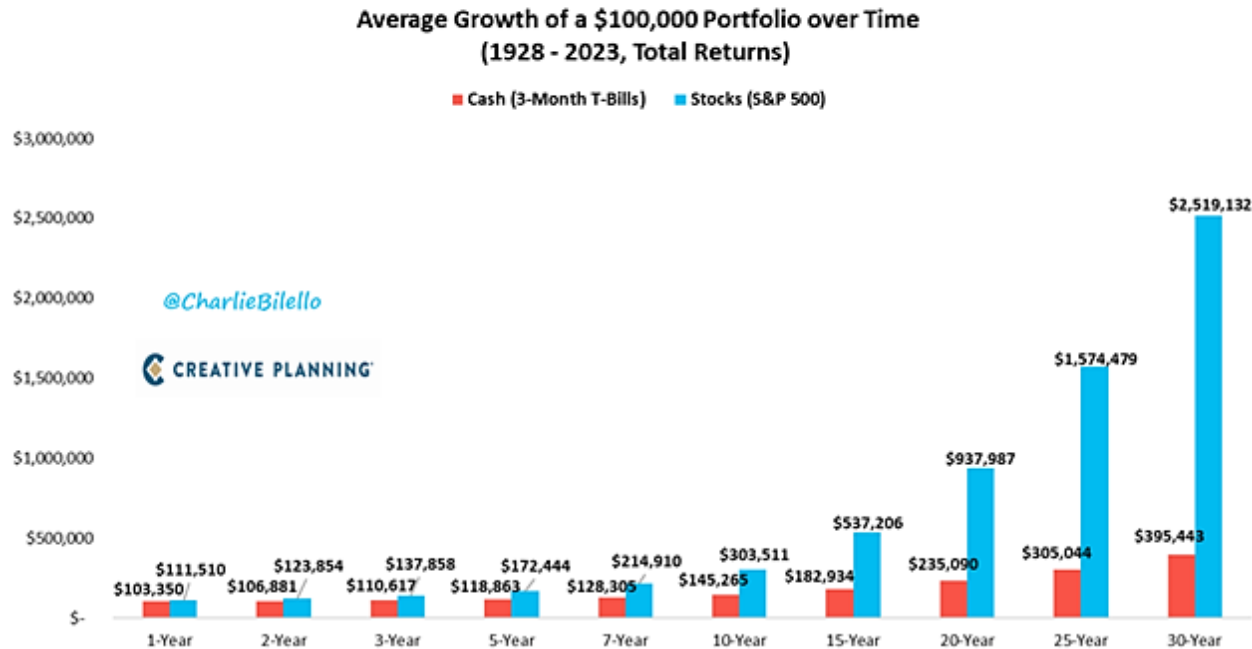
- Earnings for U.S. equities have driven prices since 2021. Will S&P 500 companies continue to generate strong earnings?



Sources: FactSet; Edward Jones.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

- A \$100k investment in the S&P 500 Index for 30 years has averaged a total ending value of \$2.5MM.
 - The **average growth of \$100k** invested in US Stocks over 30 years is \$2.5 million versus \$395k for the same initial investment in Treasury Bills.



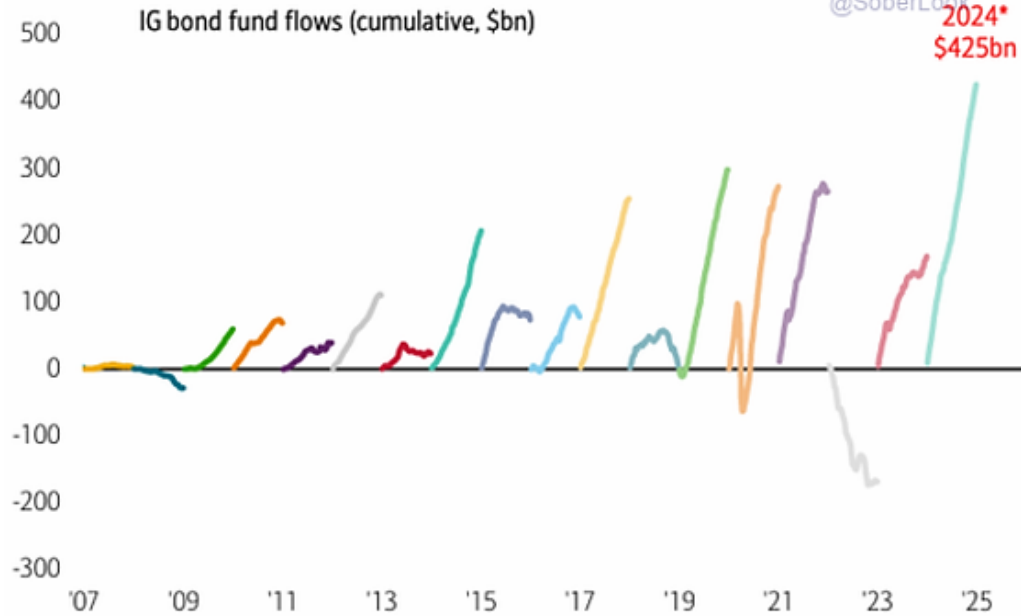
Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

Fixed Income Markets

- Investment-grade (IG) bond funds are experiencing strong inflows in 2024.

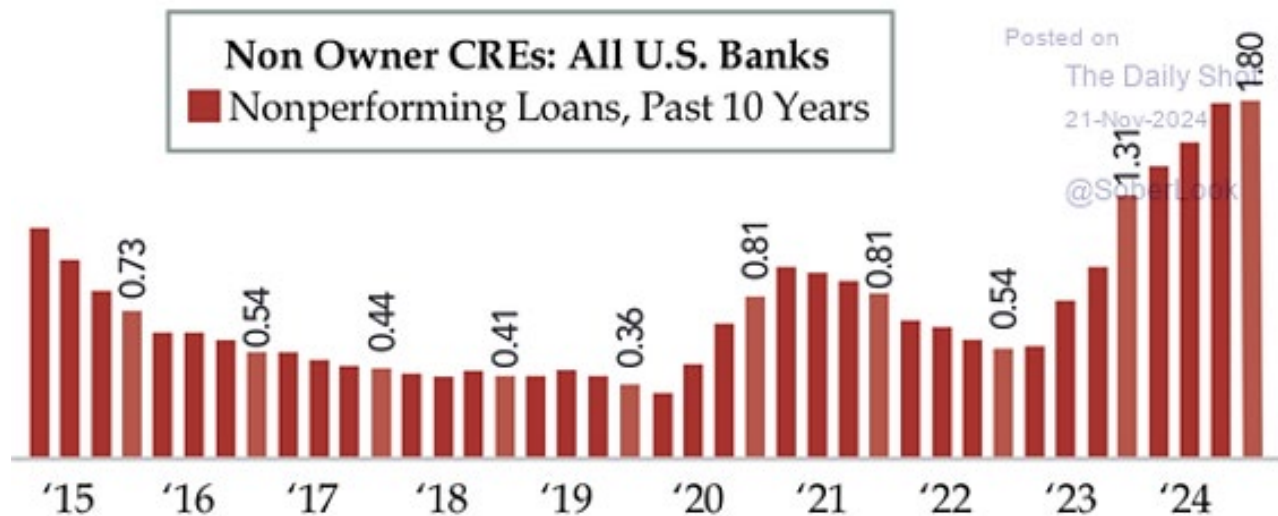
Chart 9: Inflows to IG bonds in '24 on pace for record year

IG bond fund flows (annual cumulative, \$bn)



Sources: Bank of America; The Daily Shot.

- U.S. non-owner commercial real estate (CRE) loan modifications and defaults are increasing.



The y-axis represents the percentage of CREs. Sources: BankRegData; Quill Intelligence; The Daily Shot.

U.S. Economic and Political News

- November's final University of Michigan Consumer Sentiment Index report decreased from the flash reading but still improved month-over-month with year-ahead inflation expectations declining modestly.
- October housing starts missed analyst expectations (with some blame on weather impacts), while National Association of Home Builders (NAHB) homebuilder sentiment came in at the highest level in seven months.

International Markets and News

- European markets (STOXX 600 Index) rose +1.1% on hopes that the European Central Bank could lower borrowing costs in its December meeting after the Purchasing Managers' Index (PMI) report signaled a deterioration in the economic outlook for Europe.
- The Chinese stock market (Shanghai Composite) fell -1.9% with fears that Trump's potential trade policies may negatively impact Chinese exporters.
- Japanese equities (Nikkei 225 Index) fell -0.9% as November's PMI data recorded a slight expansion in activity.

This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
 - Monday: Limited economic data;
 - Tuesday: Federal Housing Finance Agency (FHFA) House Price Index, New Home Sales, Consumer Confidence Index, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Weekly Initial Jobless Claims, Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Durable Orders, gross domestic product (GDP), Personal Income, Wholesale Inventories, Core personal consumption expenditures (PCE), Pending Home Sales, Personal Spending, Department of Energy (DOE) Crude Inventories;
 - Thursday: Weekly Continuing Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories, FOMC Minutes;
 - Friday: Chicago PMI.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.

The opinions contained in this presentation reflect those of Sterling Capital Management LLC (SCM), are for general information only, and are educational in nature. The opinions expressed are as of the date of publication and are subject to change without notice. These opinions are not meant to be predictions and do not constitute an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. SCM does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through SCM, an investment adviser registered with the U.S. Securities & Exchange Commission and an indirect, wholly-owned subsidiary of Guardian Capital Group Limited. SCM manages customized investment portfolios, provides asset allocation analysis, and offers other investment-related services to affluent individuals and businesses.

Sterling Capital does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500®. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI ACWI ex-USA Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 22 Developed Markets (DM) countries and 26 Emerging Markets (EM) countries.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Nikkei 225 is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: **The Consumer Confidence Index (CCI)** is a survey administered by the Conference Board. The CCI measures what consumers are feeling about their expected financial situation, whether that's optimistic or pessimistic. **The core PCE price index**, or the core Personal Consumption Expenditures price index, is a measure of the prices consumers pay for goods and services, excluding food and energy. **The FHFA House Price Index (FHFA HPI)** is a collection of indexes that track changes in the prices of single-family homes in the United States. The FHFA, or Federal Housing Finance Agency, compiles the HPI using home sale data from Fannie Mae and Freddie Mac. **The forward price-to-earnings (P/E) ratio** is a valuation metric that shows how much investors are willing to pay for a company's future earnings per share (EPS). It's calculated by dividing a company's current share price by its forecasted EPS over the next 12 months. **A futures market** is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today. **Gross domestic product (GDP)** is the total value of all final goods and services produced within a country's borders in a given period of time. It's a key economic indicator that's used by policymakers and business owners to make decisions. **Investment grade bond fund flows** are the movement of money into or out of investment grade bond funds over a period of time. **Mega cap** is a designation for the largest companies in the investment universe as measured by market capitalization. While the exact thresholds change with market conditions, mega cap generally refers to companies with a market capitalization above \$200 billion. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. **The National Association of Home Builders (NAHB) Housing Market Index (HMI)** is a monthly index that measures homebuilder sentiment toward the housing market. Each month, the HMI depicts overall builder sentiment toward housing market conditions on a scale ranging between 0 and 100. A higher reading (>50) is an indication that the majority of builders feel confident about the current and near-term outlook for housing. Lower readings signify less optimism among builders. The **Philadelphia Federal Index (or Philly Fed Survey)** is a regional federal-reserve-bank index measuring changes in business growth. It is also known as the "Manufacturing Business Outlook Survey." The **Purchasing Managers' Index (PMI)** is an indicator of the prevailing direction of economic trends in the manufacturing and service sectors. The indicator is compiled and released monthly by the Institute for Supply Management (ISM), a nonprofit supply management organization. (Technical definitions are sourced from Corporate Finance Institute.)

The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.