

Weekly Market Recap

December 9th, 2024

| Index | Price | Price Returns | |
|---|---------|---------------|-------|
| | Close | Week | YTD |
| S&P 500 [®] Index | 6,090 | 1.0% | 27.7% |
| Dow Jones Industrial Average | 44,643 | -0.6% | 18.4% |
| NASDAQ | 19,860 | 3.3% | 32.3% |
| Russell 2000 [®] Index | 2,409 | -1.1% | 18.8% |
| MSCI EAFE Index | 2,358 | 1.8% | 5.5% |
| Ten-Year Treasury Yield | 4.15% | 0.0% | 0.3% |
| Oil WTI ¹ (\$/bbl ²) | \$67.15 | -1.2% | -6.3% |
| Bonds ³ | \$99.33 | 0.1% | 3.1% |

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

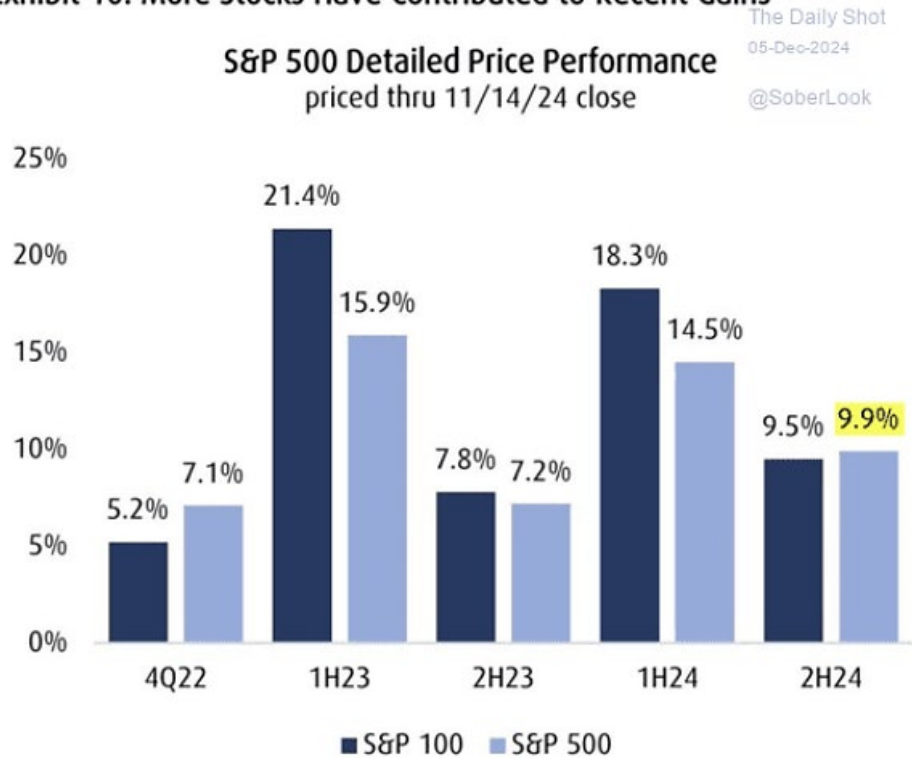
Last Week:

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +1.0% as tech stock leadership continued to support broad equity markets with tailwinds from tech earnings. November payrolls of 227k came in above analyst expectations of 200k. On Wednesday, Federal Reserve (Fed) Chair Jerome Powell said in an interview that the economy was in remarkably good shape, that he feels good about where the economy and the monetary policy are, and that the Fed can afford to be a little more cautious as it tries to find the neutral rate. The dollar index was up +0.3%, gold fell -0.8%, and oil (WTI) was down -1.2%. Bitcoin topped \$100k this week.
- S&P 500 Index Sector Returns:
 - Consumer discretionary (+5.9%) rose, led by home improvement retailers and travel stocks.
 - Communication services (+4.1%) rose.
 - Technology (+3.4%) rose, with strength from software stocks.
 - Financials (-1.8%) fell, led lower by banks.
 - Industrials (-2.3%) fell, led lower by aerospace and defense and logistics stocks.
 - Real Estate (-2.7%) fell, led lower by cell towers and public storage real estate investment trusts.
 - Materials (-3.0%) fell, led lower by paint and chemical stocks.
 - Utilities (-3.8%), healthcare (-2.1%), and consumer staples (-0.8%) underperformed, as investors appeared to favor less-defensive stocks.
 - Energy (-4.6%) fell, as the price of WTI fell -1.2%.

- In the second half of 2024, the 400 smaller companies within the S&P 500 have participated in the rally for U.S. equities.

Exhibit 10: More Stocks Have Contributed to Recent Gains¹ⁿ

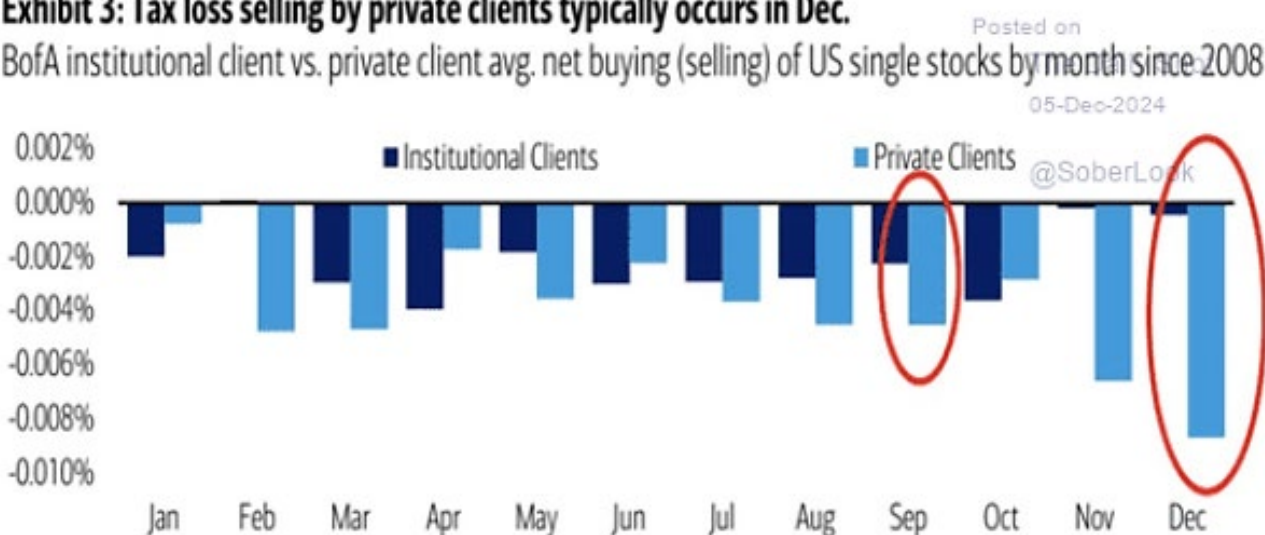


Sources: Morningstar Direct; Edward Jones.

- Bank of America’s private clients have been harvesting losses, which we believe may be adding to the downward pressure on this year’s underperforming stocks.

Exhibit 3: Tax loss selling by private clients typically occurs in Dec.

BofA institutional client vs. private client avg. net buying (selling) of US single stocks by month since 2008

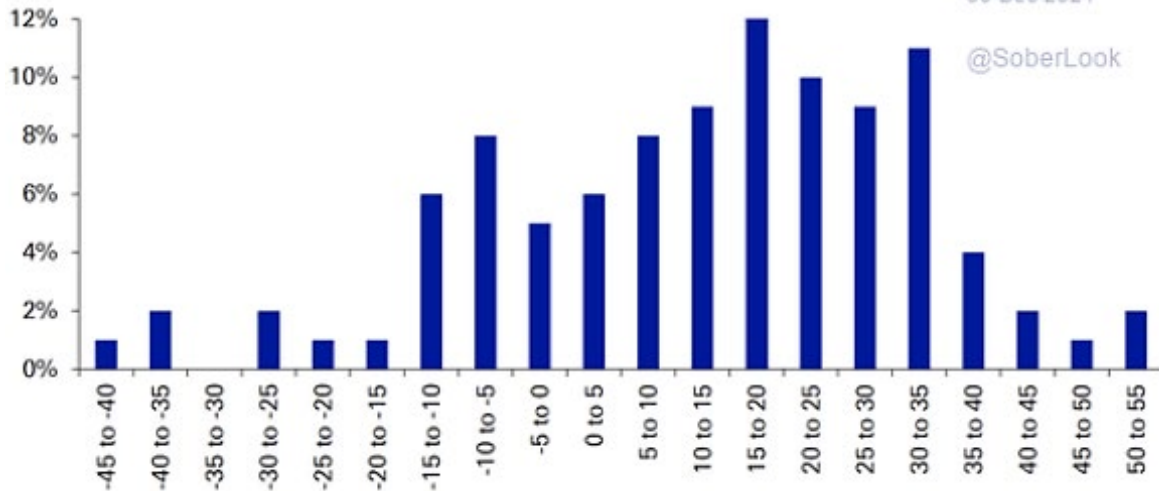


Sources: Bank of America; The Daily Shot.

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 page 6.

- This chart shows the annual distribution of S&P 500 total returns over the past century. Approximately 39% of the years have experienced total returns of over 20%.

Figure 1: Annual distribution of S&P 500 (and equivalent) total returns over the last 100 years (%)

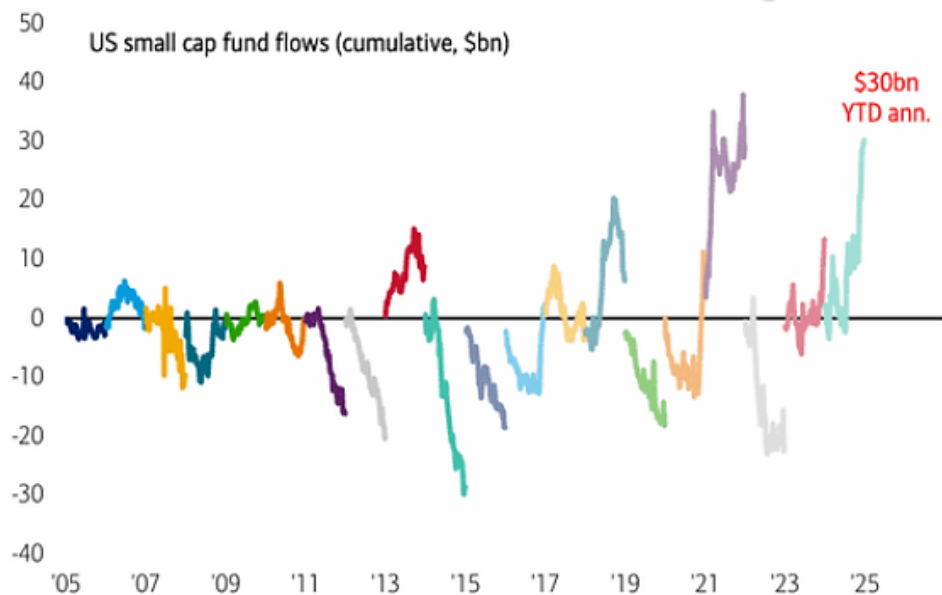


The Y axis represents the percentage of the last 100 years that the S&P 500 Index generated total returns within each range. The X axis represents the range of total returns (percentage) for the S&P 500 Index. Sources: Deutsche Bank; Bloomberg L.P.; The Daily Shot.

- U.S. small caps have experienced strong inflows recently.

Chart 6: Record \$30bn inflow to US small cap funds (surpassing \$29bn in '21)

Annualized inflows to US small cap funds by year (\$bn)



The purple line ended the full year in net inflows at ~\$29B. The teal line shows that in 2024, small cap funds have experienced \$30B in inflows. Sources: Bank of America; Emerging Portfolio Fund Research; The Daily Shot.

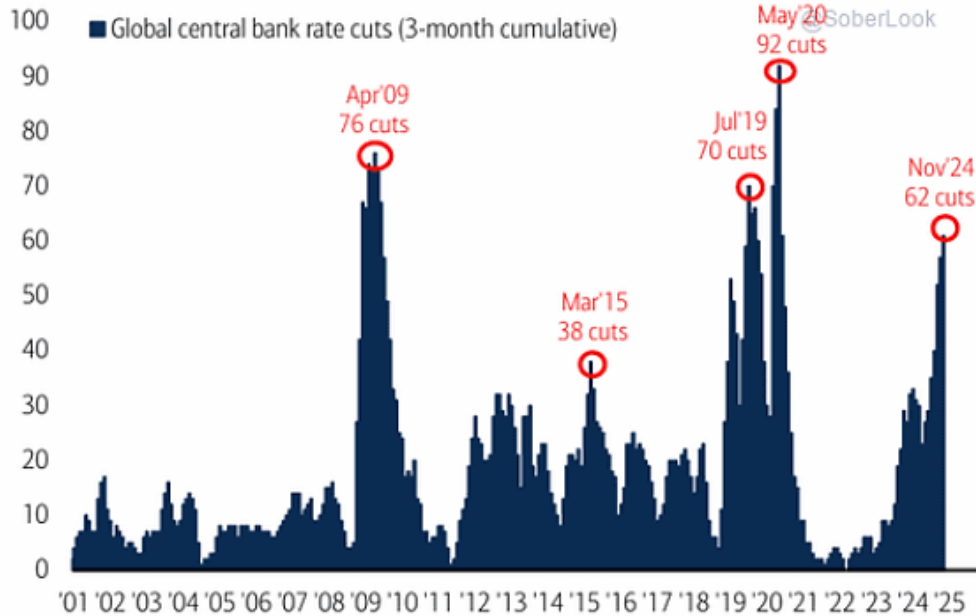
Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6.

Fixed Income Markets

- Globally, central banks have increased their policy accommodations.

Chart 5: Central banks cutting rates at fastest pace since May'20

Global policy rate cuts from central banks, 3-month cumulative



Sources: Bank of America; Bloomberg L.P.; The Daily Shot.

- U.S. capital market liquidity appears to be recovering.

CAPITAL MARKET LIQUIDITY IS JUST STARTING TO RECOVER

Trailing 12-month high yield, leveraged loan & IPO volume as a % of GDP



IPO: initial public offering. GDP: gross domestic product. Sources: JP Morgan; Bloomberg L.P.; The Daily Shot.

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 page 6.

U.S. Economic and Political News

- October's Job Openings and Labor Turnover Survey (JOLTS) job openings of 7.744k were above analyst expectations for 7.465k and September's downward revised 7.372k (was 7.443k).
- November's Institute of Supply Management (ISM) Services of 52.1 was down 3.9 points month-over-month and was below analyst expectations of 55.5, the lowest in three months.

International Markets and News

- European markets (STOXX 600 Index) rose +2.0% as concerns about political instability in France abated and investors appeared to anticipate faster policy easing from the European Central Bank.
- The Chinese stock market (Shanghai Composite) rose +2.3% on anticipation of fresh stimulus measures and resilient manufacturing data.
- Japanese equities (Nikkei 225 Index) rose +2.3% as nominal wages grew +2.6% year-over-year in October and the weakness of the Yen supported the profit outlooks for Japan's export-heavy industries.

This Week:

- The volume of corporate earnings reports will be moderate this week.
- Economic data:
 - Monday: Wholesale Inventories;
 - Tuesday: National Federation of Independent Business (NFIB) Small Business Index, Productivity (revised), Unit Labor Costs (revised), Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Consumer Price Index (CPI), Hourly Earnings, Average Workweek, Treasury Monthly Budget, Department of Energy (DOE) Crude Inventories;
 - Thursday: Producer Price Index (PPI), Weekly Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories;
 - Friday: Export Prices, Import Prices.

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 100 Index, a sub-set of the S&P 500® Index, is designed to measure the performance of large-cap companies in the United States and comprises 100 major blue chip companies across multiple industry groups.

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 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 Price Index (CPI)** is a widely used economic indicator that measures the average change in prices paid by consumers for a basket of goods and services over time. The CPI is a key indicator of inflation and is closely tracked by policymakers, businesses, financial markets, and consumers. **Gross domestic product (GDP)** is the total value of goods and services produced in a country over a specific period of time. It's calculated by subtracting the value of goods and services used in production from the total value of goods and services produced. **The ISM Services PMI** (Purchasing Managers' Index) is a monthly economic indicator that measures the activity of the US services sector. It's published by the Institute for Supply Management (ISM) and is based on surveys of purchasing and supply managers in the services industry. An **IPO**, or initial public offering, is the term for the first time that a private company sells shares of its stock to the public on a stock exchange. **The Job Openings and Labor Turnover Survey (JOLTS)** tells us how many job openings there are each month, how many workers were hired, how many quit their job, how many were laid off, and how many experienced other separations (which includes worker deaths). **The National Federation of Independent Business (NFIB) Small Business Optimism Index** is a monthly index that measures the health of small businesses in the United States. The index is based on a survey of NFIB members and is a composite of 10 seasonally adjusted components. **The Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. **U.S. small cap fund flows** refer to the movement of money into and out of small-cap funds, which are funds that invest in companies with a market capitalization of less than a certain amount. (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.