

Weekly Market Recap

June 24, 2024

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 [®] Index	5,465	0.6%	14.6%
Dow Jones Industrial Average	39,150	1.5%	3.9%
NASDAQ	17,689	0.0%	17.8%
Russell 2000 [®] Index	2,022	0.8%	-0.3%
MSCI EAFE Index	2,308	0.1%	3.2%
Ten-Year Treasury Yield	4.26%	0.0%	0.4%
Oil WTI ¹ (\$/bbl ²)	\$80.63	3.3%	12.5%
Bonds ³	\$97.76	-0.2%	0.0%

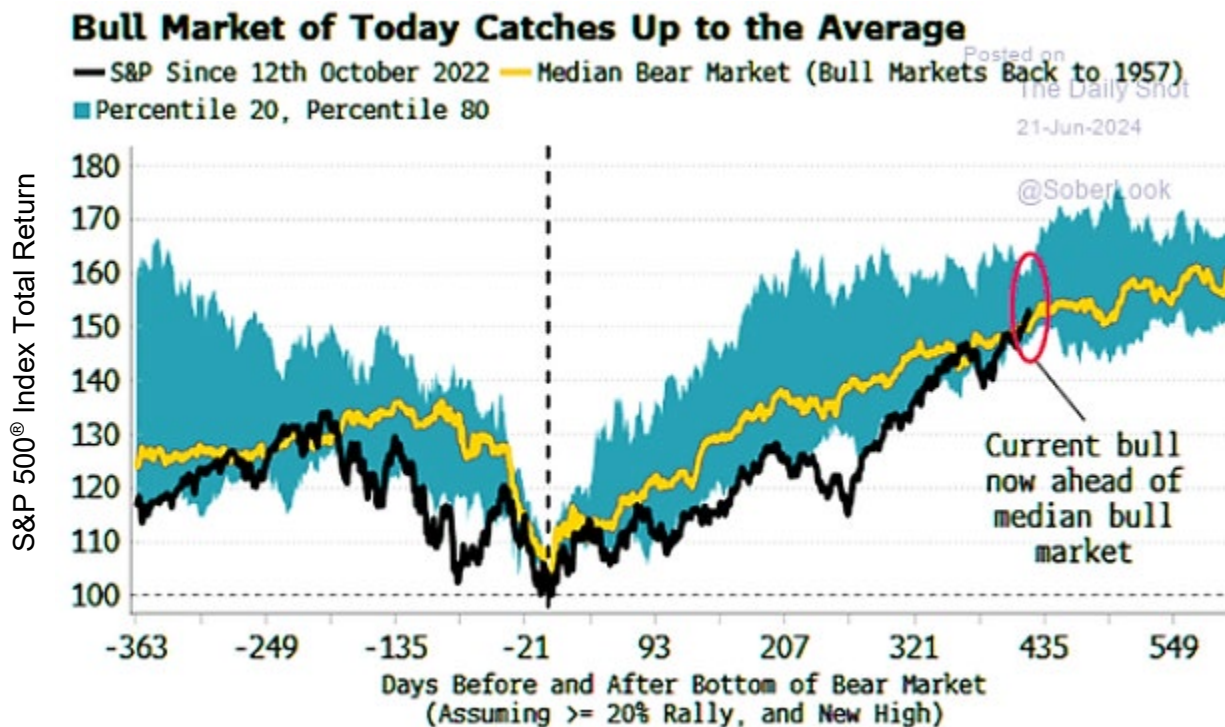
¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

U.S. Equity Market

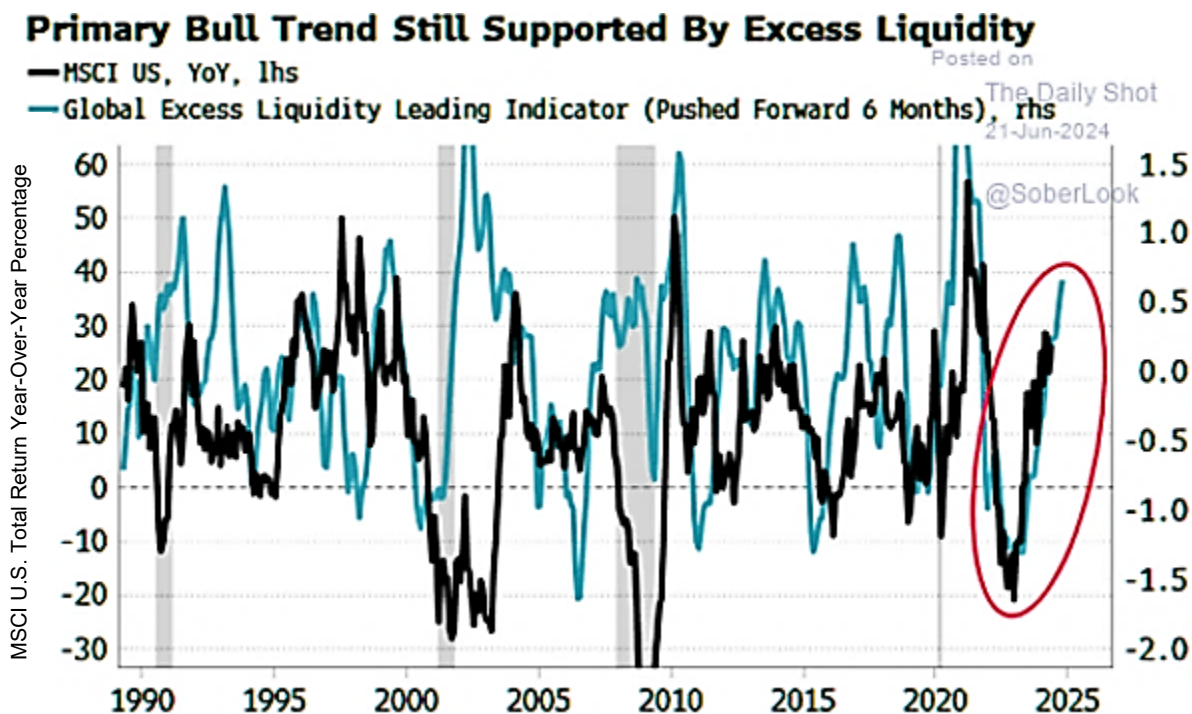
- U.S. large-cap equities (S&P 500 Index) rose +0.6% as Federal Reserve (Fed) rate cut expectations received a boost from the latest retail sales report that was weaker than expected, which supported the narrative that the U.S. economy is slowing to a “soft landing.” Economists said the report reflected an increasingly cautious consumer with spending cooling in a largely orderly manner. Jobless claims were largely in-line with analyst expectations and remained elevated. May housing starts fell month-over-month and came in below analyst expectations. Adriana Kugler, member of the Federal Reserve Board of Governors, said rate cuts are likely appropriate this year and noted consumers are forcing businesses to compete on prices. The 10-year Treasury yield rose to 4.26% from a 4.21% level. Gold was down -0.7%, while WTI crude increased +3.3%.
- S&P 500 Index Sector Returns:
 - Consumer discretionary (+2.5%) rose, with strength from travel stocks and home improvement retailers.
 - Energy (+1.9%) rose, as the price of WTI increased +3.3%.
 - Financials (+1.7%) rose, led by asset managers, fin-tech, and banks.
 - Industrials (+1.6%) rose, led by aerospace and defense stocks, airlines, and transports.
 - Consumer staples (+0.9%) rose.
 - Communication services (+0.8%) rose, led by traditional media, streaming, and internet search stocks.
 - Materials (+0.8%) rose, led by precious metals miners and chemical companies.
 - Healthcare (+0.6%) and utilities (-0.8%) underperformed as investors appeared to favor less-defensive stocks.
 - Real estate (-0.3%) fell, led lower by travel and industrial real estate investment trusts (REITs).
 - Technology (-0.7%) fell, led lower by select software stocks.

- The current bull market (black line) has now caught up to the returns of the historical median bull market (yellow line).



Sources: Bloomberg L.P.; Macrobond; The Daily Shot.

- The equity markets may benefit from the increase in global liquidity.

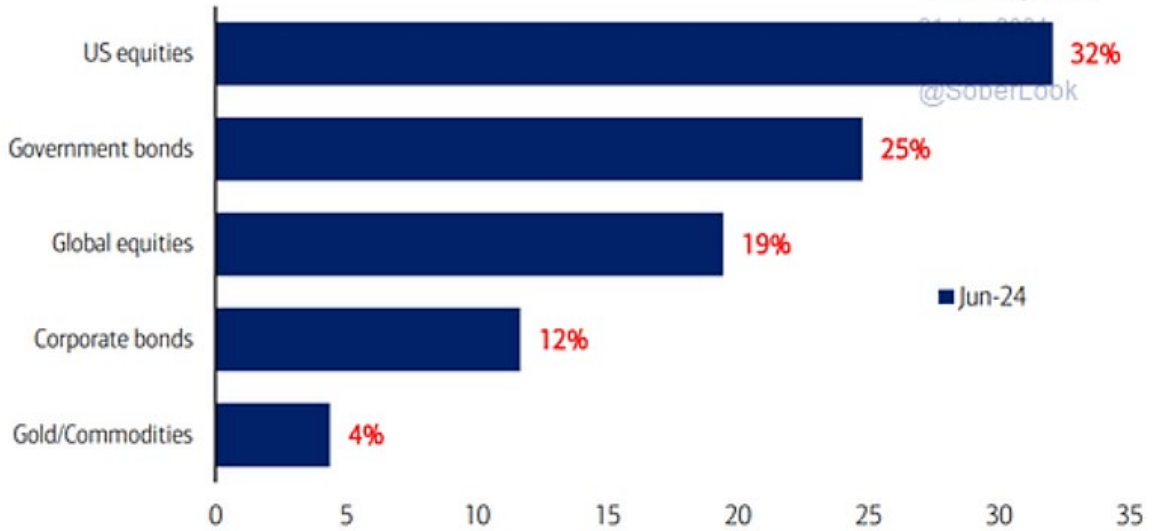


Sources: Bloomberg L.P.; Macrobond; The Daily Shot. LHS: left hand side. RHS: right hand side.

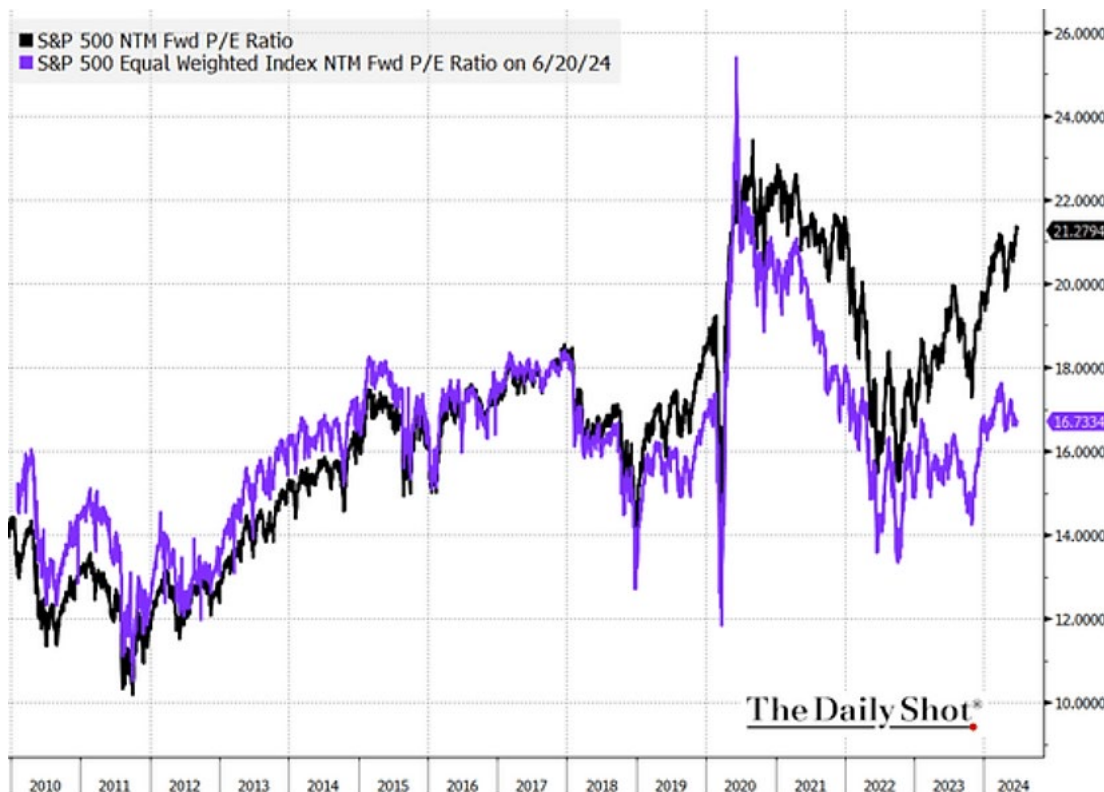
Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6-7.

- U.S. equities and government bonds may potentially benefit from a shift of capital from money market funds, particularly if short-term rates decline as the Fed continues to signal their next move is to cut rates.

Chart 13: US stocks & govt bonds seen as greatest beneficiaries of MMF reallocation
Which asset would most likely be the biggest beneficiary of reallocation from US money market funds?



- The S&P 500[®] Equal Weight Index price-to-earnings ratio continues to trade at a discount to the traditional S&P 500 Index (market cap weighted), as the largest stocks in the index trade at premium multiples.

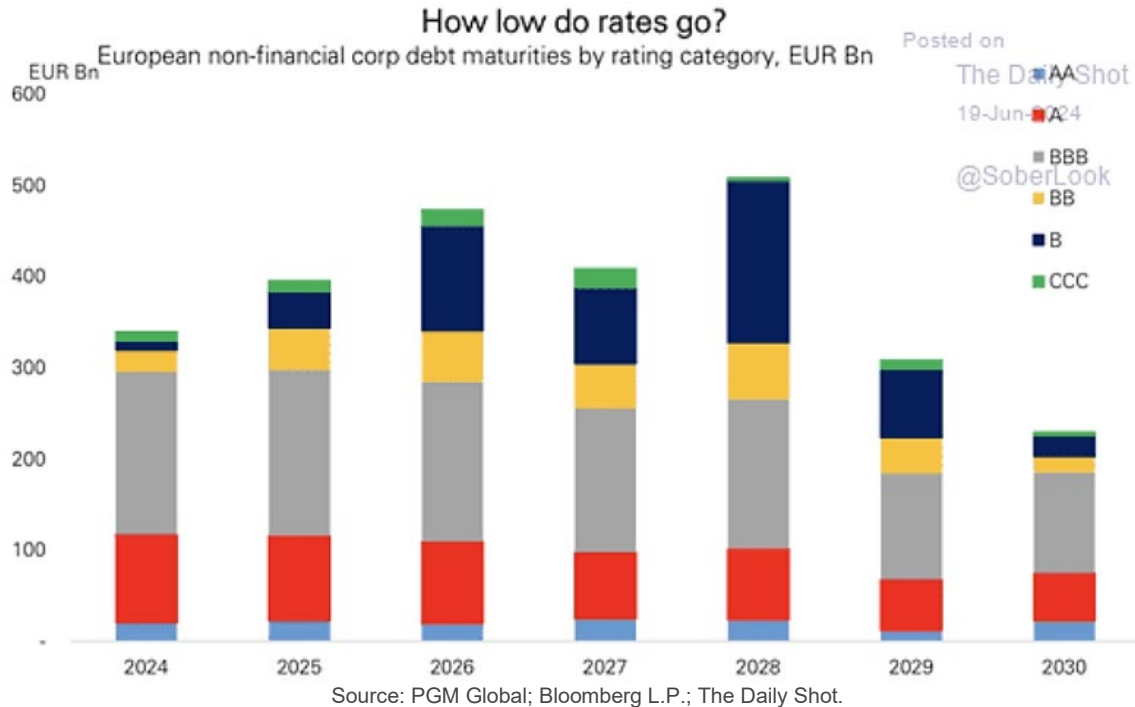


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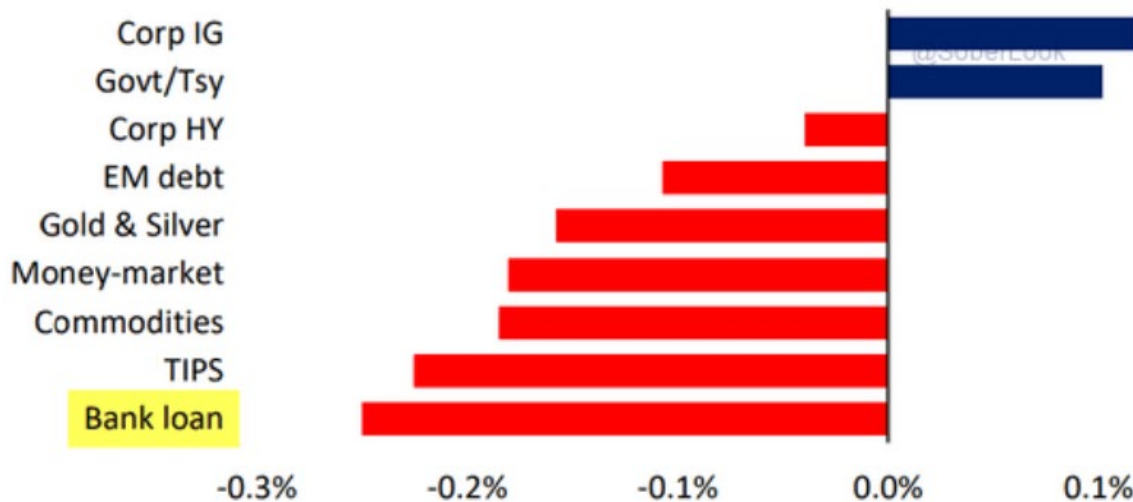
Fixed Income Markets

- European corporate debt has a large refinancing wall over the next 5+ years. According to PGM Global, a fast pace of rate cuts could ease refinancing pressure since roughly half of speculative-grade debt has a floating rate.



- U.S. bond investors appear to be adding to corporate investment grade bonds and U.S. government bonds, while selling bank loans, Treasury Inflation-Protected Services (TIPS), commodities, and money markets.

Chart 8: FICC inflows to IG bonds, Treasuries
Weekly FICC flows as a % AUM



Sources: EPFR Global; Bank of America; The Daily Shot. AUM = assets under management. FICC = Fixed Income Clearing Corporation.

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U.S. Economic and Political News

- The June Empire State Manufacturing Index beat analyst's expectations as the employment index weakened, though prices paid and prices received indexes both fell.
- The Philadelphia Federal Index declined against analyst's expectations for a slight increase.
- June Flash Purchasing Managers' Indexes (PMIs) had higher growth and cooling inflation.

International Markets and News

- European markets (STOXX 600 Index) rose +0.8% as the Bank of England left its key interest rate unchanged as expected, and the U.K.'s inflation rate dropped to the central bank's target of 2% in May.
- The Chinese stock market (Shanghai Composite) fell -1.1% as industrial production rose a weaker-than-expected +5.6% year-over-year in May.
- Japanese equities (Nikkei 225 Index) fell -0.6% as the nationwide core Consumer Price Index (CPI) rose +2.5% year-over-year in May, following a 2.2% uptick in April.

This Week:

- The volume of corporate earnings reports is expected to be light this week.
- Economic data:
 - Monday: Limited U.S. economic data;
 - Tuesday: Federal Housing Finance Agency (FHFA) House Price Index, Consumer Confidence, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, New Home Sales, Department of Energy (DOE) Crude Inventories;
 - Thursday: Durable Orders, Gross Domestic Product (GDP) Chain Price (second revision), GDP (second revision), Wholesale Inventories, Pending Home Sales, Weekly Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories;
 - Friday: Core Personal Consumption Expenditures (PCE), Personal Spending, Personal Income, Chicago PMI, Michigan Consumer Sentiment (Final).

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

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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 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 U.S. Index is designed to measure the performance of the large and mid cap segments of the US market. With 611 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

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: **Assets under management (AUM)**, also called funds under management, is the total market value of the securities a financial institution (such as a bank, mutual fund, or hedge fund) owns or manages on behalf of its clients. **The Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. **Flash Manufacturing PMI** is an estimate of manufacturing for a country, based on about 85% to 90% of total Purchasing Managers' Index (PMI) survey responses each month. **The FHFA House Price Index** is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. **The Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. **A money market fund** is a kind of mutual fund that invests in highly liquid, near-term instruments. These instruments include cash, cash equivalent securities, and high-credit-rating, debt-based securities with a short-term maturity (such as U.S. Treasuries). Money market funds are intended to offer investors high liquidity with a very low level of risk. **New York Empire State Manufacturing Index** is based on data compiled from the survey of 200 executives from the companies in the manufacturing sector in the New York State. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States. **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 price-to-earnings (P/E) ratio** measures a company's share price relative to its earnings per share (EPS). Often called the price or earnings multiple, the P/E ratio helps assess the relative value of a company's stock. **The Purchasing Managers' Index (PMI)**, also known as the ISM Manufacturing Index, is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions are expanding, staying the same, or contracting as viewed by purchasing managers. A **real estate investment trust (REIT)** is a company that owns, operates, or finances income-generating real estate. Modeled after mutual funds, REITs pool capital investors who earn dividends from real estate investments. Investors do not individually buy, manage, or finance any properties. (Technical definitions are sourced from Corporate Finance Institute.)

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