

A decorative geometric pattern of overlapping triangles in various shades of blue and green is overlaid on the left side of the image. A prominent white triangle with a blue shadow is positioned to the left of the main title text.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

NOVEMBER 2024
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Headline CPI rose +0.2% in October for the fourth consecutive month, bringing year-over-year inflation to 2.6%. Core CPI increased +0.3%, matching forecasts of 3.3% year-over-year. Shelter costs and services increased +0.4%, up to 4.9% year-over-year, and continue to be a major contributor to elevated inflation.
- November nonfarm payrolls totaled 227,000, slightly above expectations of 220,000. With September and October totals being revised higher by a combined 56,000, the effects of previous labor strikes and weather events on this print seemed to have eased.
- The ISM Manufacturing index came in at 48.4, up +1.9 from October. While still in contractionary territory, there have been notable signs of improvement. New orders climbed +0.3 to 50.4—entering expansionary territory—possibly a result of less uncertainty in policy decisions as U.S. elections are now in the rearview mirror.

U.S. EQUITIES

- Following a decline in October, stocks posted their best month of 2024 (+5.9%) during November. Markets responded positively to U.S. election results, a unanimous 25bps Federal Reserve rate cut, and a variety of relatively strong economic data releases.
- The S&P 500 surpassed the 6,000 milestone for the first time in November. The influence of mega-cap stocks diminished as the broader market lifted the index with 77% of its constituents posting positive results. Small-cap growth (Russell 2000 Growth +12.6%) was the top-performing style index.
- On November 6th, market optimism around the election helped push stocks higher and volatility lower as the VIX showed its second largest single-day drop in 2024, declining by -4.2 to close at 16.2.

U.S. FIXED INCOME

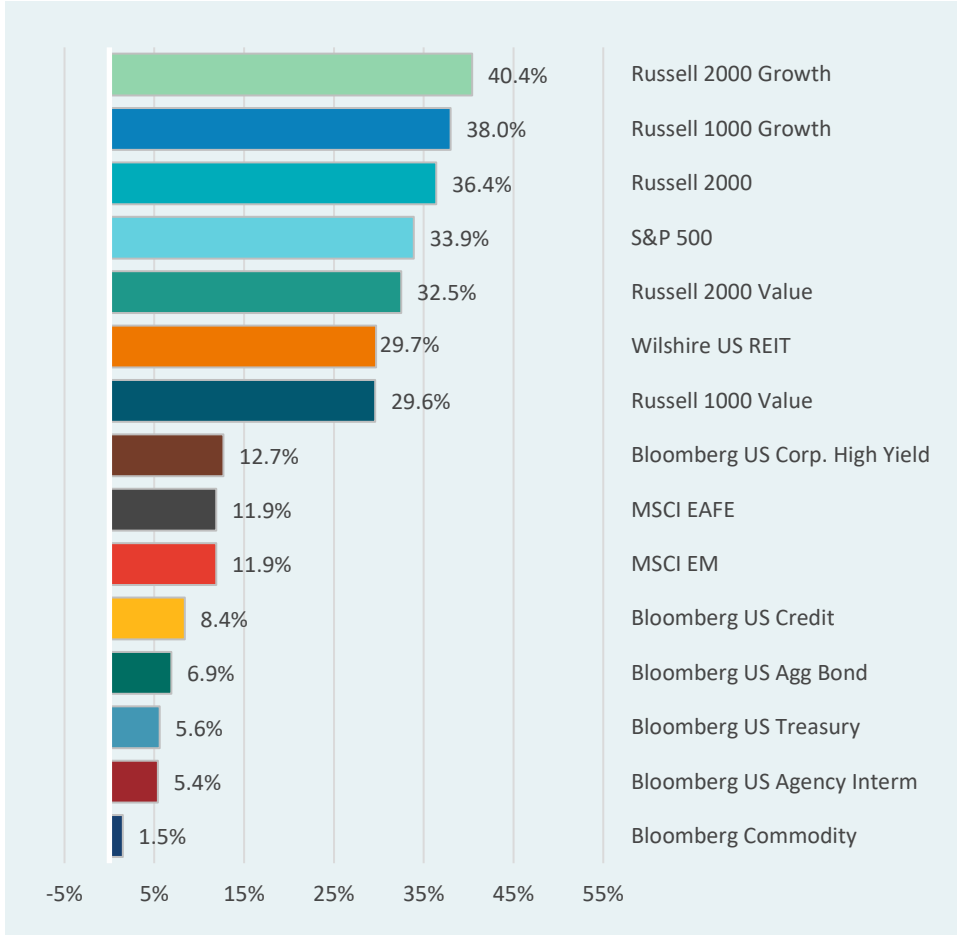
- On November 7th, the Federal Reserve voted to cut rates an additional 0.25%, which followed a 0.50% rate cut in September. Fed officials emphasized that economic data would continue to play a pivotal role in any December rate cut decision. Markets were skeptical at month-end, only pricing in a 55% chance of a 0.25% rate cut in December.
- Yields fell slightly. Yields of 10- and 2-year U.S. Treasuries ended the month -10bps and -3bps lower, respectively. The yield curve remained upward-sloping.
- Fixed income indexes trended higher in November, posting moderate gains. Bond yields have been volatile as investors attempt to work out potential impacts of the election.

INTERNATIONAL MARKETS

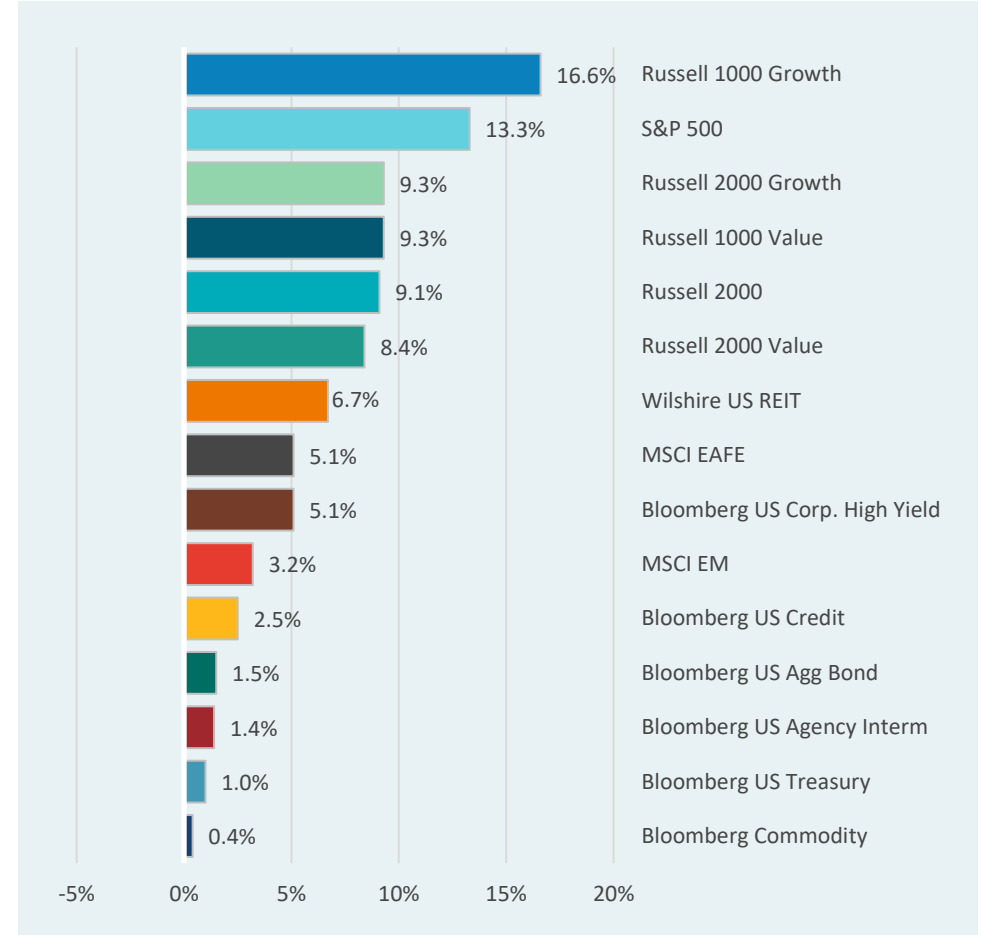
- Snap elections in Germany were announced in early November, after continuous internal conflict around budget and fiscal policy led to a breakup of the existing coalition. There is hope that the vote in February will bring some economic stability back to Germany.
- UK inflation data came in at 2.3% year-over-year, +60bps increase from last month. The jump in inflation came amid rising price pressure for households, specifically in regulated energy prices. Investors could interpret this as a signal for slower rate cuts by the European Central Bank in 2025.
- Chinese equities continued to show extreme volatility (MSCI China -4.4%). Foreign direct investment in China was down through the first 9 months of 2024, with expectations to decrease for the remainder of the year. Investors were further disappointed by a lack of transparency from the Chinese Communist Party relating to stimulus and other actions that might be taken to tackle the country's structural issues.

Major asset class returns

ONE YEAR ENDING NOVEMBER



TEN YEARS ENDING NOVEMBER



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

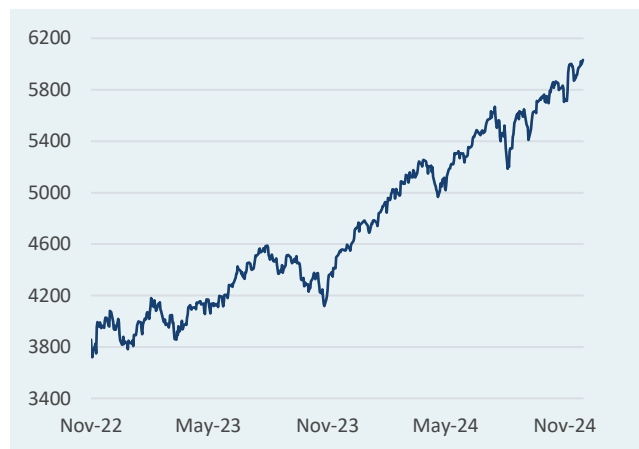
Source: Morningstar, as of 11/30/24

Source: Morningstar, as of 11/30/24

U.S. large cap equities

- In November, the S&P 500 surpassed the 6,000 price milestone, setting six new closing highs, compared to four in October. Gains were broad-based as 385 index constituents were positive, greater than 199 in October. The S&P 500 forward P/E ratio ended at 22.2x, above the 30-Year average of 16.8x.
- S&P sector performance was broadly positive. All 11 sectors finished the month in the green. Consumer Discretionary (+13.3%) and Financials (+10.3%) were among the top performers. Consumers Discretionary gains were largely driven by Tesla (+38%) while Financials rallied on optimism surrounding potential deregulation.
- In Q3 2024, 75% of companies exceeded EPS expectations, while 62% surpassed revenue forecasts. Looking ahead to Q4 2024, earnings are anticipated to grow +11.9% year-over-year, with revenues projected to rise by +4.8%. This revenue growth estimate was slightly below the +5.2% forecast as of September 30th. If achieved, Q4 would mark the 17th consecutive quarter of revenue growth for the S&P 500.
- The VIX closed November at 13.5, lower than its October close of 23.2. Following the election, the VIX dropped -4.2 in a single day, marking the second-largest one-day decline of 2024.

S&P 500 PRICE INDEX



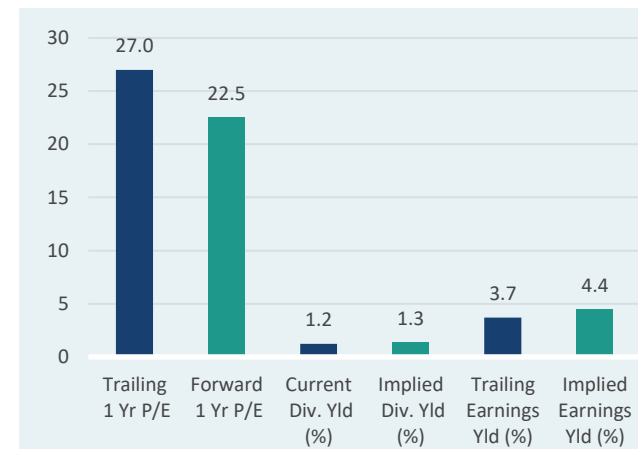
Source: S&P, as of 11/30/24

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, based on closing price, as of 11/30/24

S&P 500 VALUATION SNAPSHOT

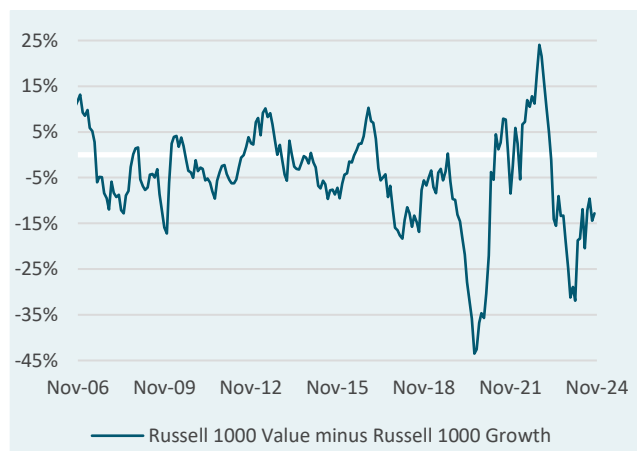


Source: S&P, as of 11/30/24

Domestic equity size and style

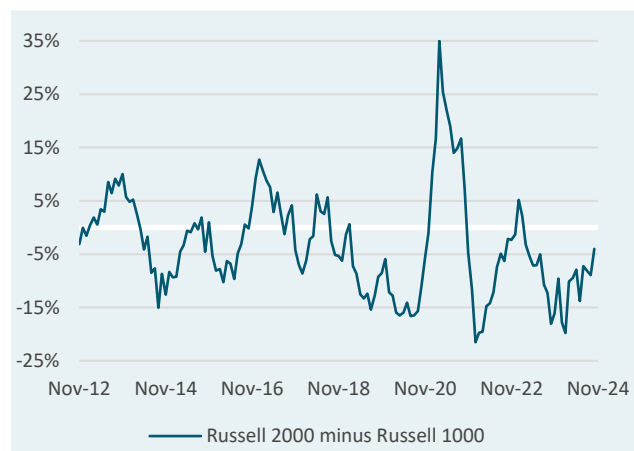
- In November, U.S. small caps (Russell 2000 +11.0%) outperformed their large cap counterparts (Russell 1000 +6.4%), reaching an all-time high for the first time in three years. Small cap growth (+12.3%) helped contribute to overall outperformance, which was likely aided by optimism following election results, monetary easing by the Federal Reserve, and a relatively strong economy.
- Large cap growth continues to trade at a premium relative to value as the Russell 1000 Value index forward P/E ratio was 17.5x, far lower than the Russell 1000 Growth index's forward P/E of 29.2x. The S&P 500 forward P/E is 22.2x, above its 30-year average of 16.8x.
- The S&P 500 market-cap weighted index rose +5.9% in November, trailing the S&P 500 Equal-Weighted Index's +6.4% gain. The influence of the Magnificent Seven was less during the month, with year-to-date contribution to the index falling from 47% to 44%. Since the November 5th election, these stocks contributed 28% to the index return while representing 32% of the total market cap.
- In a reversal from October, small cap growth (+12.3%) outperformed large cap growth (+6.5%). Year-to-date, small caps growth (+25.4%) still lags large cap growth by a margin (+32.2%).

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE Russell, as of 11/30/24

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE Russell, as of 11/30/24

1-YEAR SIZE & STYLE PERFORMANCE

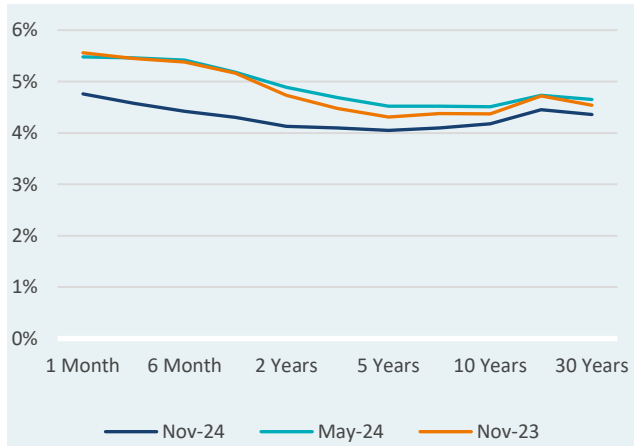
	Value	Core	Growth
Large Cap	29.6%	34.4%	38.0%
Mid Cap	31.5%	33.7%	40.1%
Small Cap	32.5%	36.4%	40.4%

Source: FTSE Russell, as of 11/30/24

Fixed income

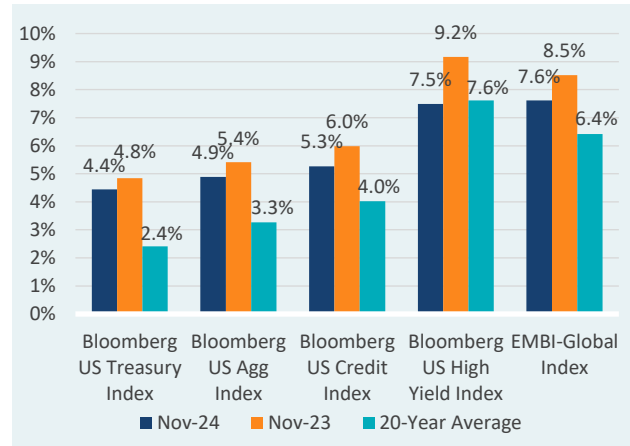
- U.S. core fixed income (Bloomberg U.S. Aggregate Index +1.1%) gained slightly in November, following an eventful month of elections, wavering inflation expectations, and a strong jobs report.
- After the November FOMC decision to cut rates 25bps, Jerome Powell underscored that the Fed is not on a preset course regarding rate decisions. Markets were mixed at month-end, pricing only a 55% probability of another 25bps cut in December. Despite a mid-month uptick in sentiment around a December rate cut following comments from the Missouri Fed President, many investors retain a *higher for longer* outlook for 2025.
- Fixed income markets overall performed well in November. The Bloomberg US Treasury Long Index (+1.8%) was the top performer.
- Treasury yields trended higher on news of a unified government but later cooled following an announcement of Scott Bessent's appointment to Treasury Secretary. Markets seemed to welcome news of Bessent's views on tariff negotiations and fiscal policy. Yields ended the month slightly lower across the curve, with 2- and 10-year yields falling -3bps and -10bps, respectively.

U.S. TREASURY YIELD CURVE



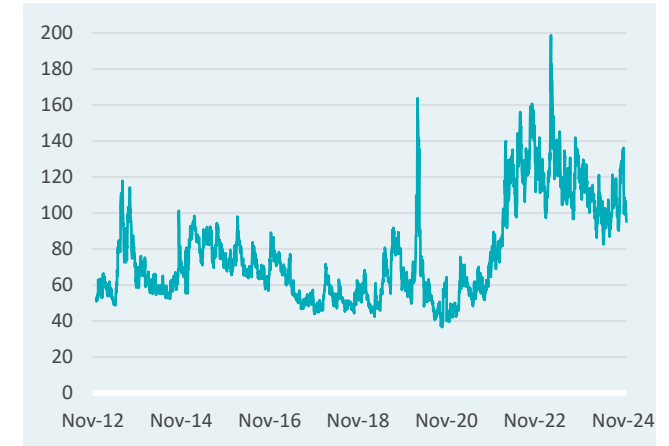
Source: U.S. Treasury, as of 11/30/24

NOMINAL YIELDS



Source: Morningstar, as of 11/30/24

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)

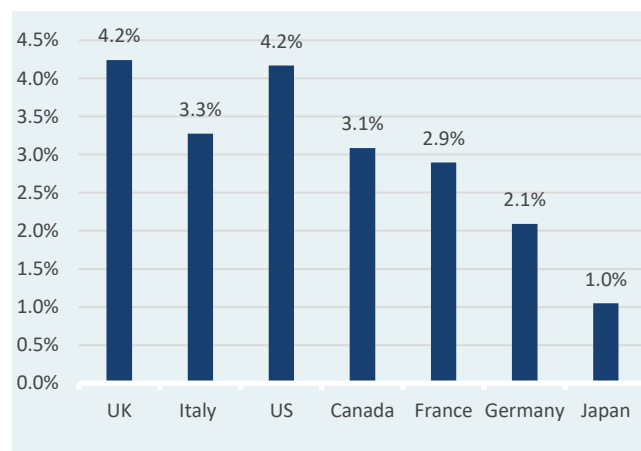


Source: BofA, as of 11/30/24

Global markets

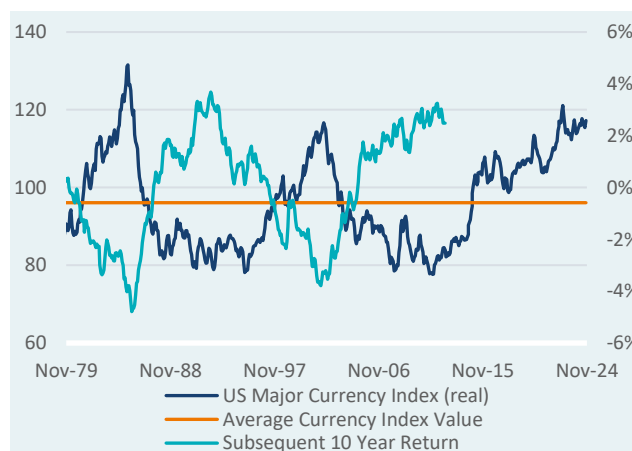
- International equities (MSCI ACWI ex U.S. -0.9%) underperformed the MSCI ACWI by -4.6%. Europe (-3.1%), Asia (-3.7%), and Latin America (-5.5%) were the top detractors of the index.
- Foreign firms continue to pull funds from China with foreign direct investment down nearly \$13 billion USD through the first 9 months of 2024. Automakers and manufacturers were among the list of investors evaluating the landscape. MSCI China closed the month -4.4% from October, as investors awaited the December Bank of China meeting that could provide more stimulus details.
- UK October CPI came in hotter than expected at 2.3% year-over-year, up from 1.7% in September. The largest contributions stemmed from housing and household services. Investors appear to have leaned into the *higher for longer* narrative amid news of the print, thereby lowering expectations for a December rate cut.
- Snap elections were called in Germany as the three-party coalition struggled to set a 2025 budget due to conflicting growth and spending approaches. Germany's business service activity entered contractionary territory for the first time in 9 months, falling from 51.4 in October to 49.4.

GLOBAL SOVEREIGN 10-YEAR YIELDS



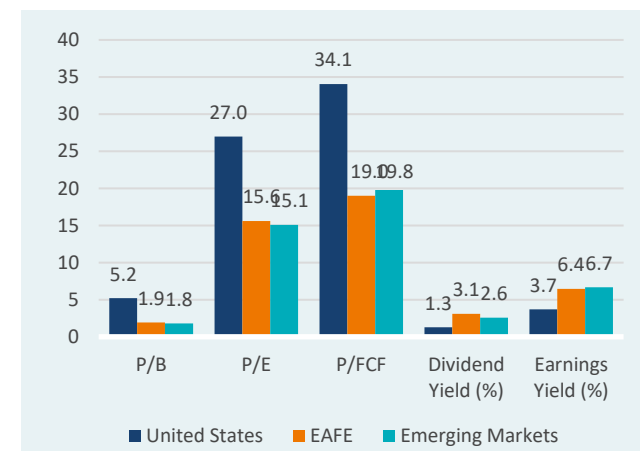
Source: Bloomberg, as of 11/30/24

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 11/30/24

MSCI VALUATION METRICS (3-MONTH AVG)

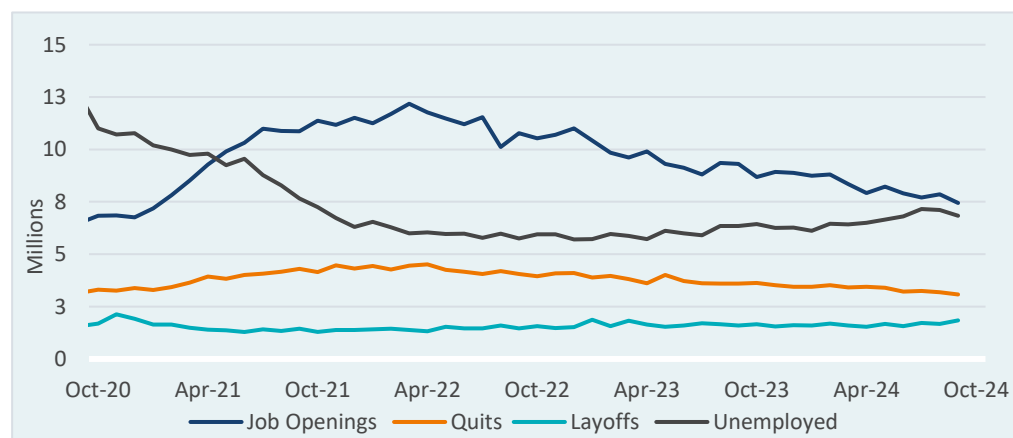


Source: MSCI, as of 11/30/24

U.S. economic review

Data Print	Period	Prior	Estimate	Actual
Change in Nonfarm Payrolls	Nov	36,000	220,000	227,000
Unemployment Rate	Nov	4.1%	4.1%	4.2%
CPI MoM	Nov	0.2%	0.2%	0.2%
CPI YoY	Nov	2.4%	2.6%	2.6%
CPI Ex Food and Energy MoM	Nov	0.3%	0.3%	0.3%
ISM Manufacturing	Nov	47	48	48
ISM Services Index	Nov	56	56	52
Conf. Board Consumer Confidence	Nov	110	112	112
S&P Global US Manufacturing PMI	Nov	49	49	50
S&P Global US Composite PMI	Nov	55	55	55
S&P Global US Services PMI	Nov	57	57	56
U. of Mich. Sentiment	Nov	73	74	72

LABOR MARKET METRICS



Source: FRED, as of 11/30/24

Labor Market

— November’s jobs report seems to suggest labor market normalization following the effects of labor strikes and weather events in October. The unemployment rate rose 0.1% to 4.2% after holding steady at 4.1% for two months. Nonfarm payrolls were broadly in line with expectations, with positive revisions in September and October totals. This could be a signal to investors that the seasonal factors previously clouding the print have cleared.

Consumers

— The Confidence Board noted that consumers were optimistic about the current state of the labor market and its future. Consumer sentiment improved for the fifth consecutive month to 71.8, led by a surge in buying conditions for durable goods as consumers seek opportunities to avoid the suspected 2025 price increases. The consumer expectations index continued to recalibrate post election as constituents predicted the effects the Trump administration policies could have on inflation and consumer buying power over the next four years.

Looking Ahead

— At the November FOMC meeting, Fed officials appeared to be comfortable with holding rates steady if the economy continues to show strength. Now, investors will likely remain focused on the labor market and inflation data for guidance ahead of the December 18th FOMC meeting.

Appendix

Periodic table of returns

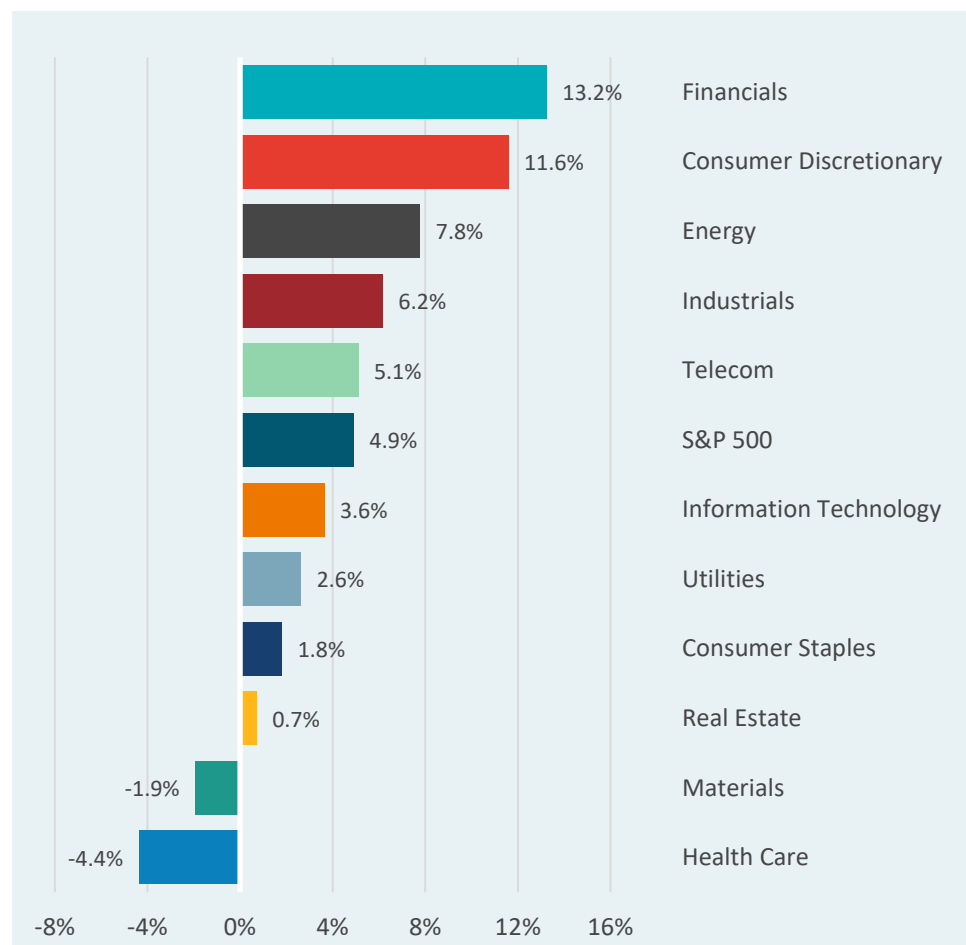
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD	5-Year	10-Year
Large Cap Growth	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	32.2	19.5	16.6
Large Cap Equity	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	28.1	15.6	13.2
Large Cap Value	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	18.7	25.4	10.8	9.3
Small Cap Growth	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	18.2	22.8	9.9	9.3
Emerging Markets Equity	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	16.9	21.6	9.9	9.1
Small Cap Equity	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	15.4	17.9	9.2	8.4
60/40 Global Portfolio	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	14.6	12.0	7.6	5.9
Small Cap Value	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	11.5	9.3	6.3	5.8
International Equity	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	9.8	7.7	5.9	5.1
Hedge Funds of Funds	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	6.3	6.2	5.6	3.8
Cash	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	5.5	4.8	3.3	3.2
Commodities	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	5.0	4.3	3.2	1.7
US Bonds	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-7.9	2.9	2.4	1.5
Real Estate	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-7.9	0.9	0.0	0.4



Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/24.

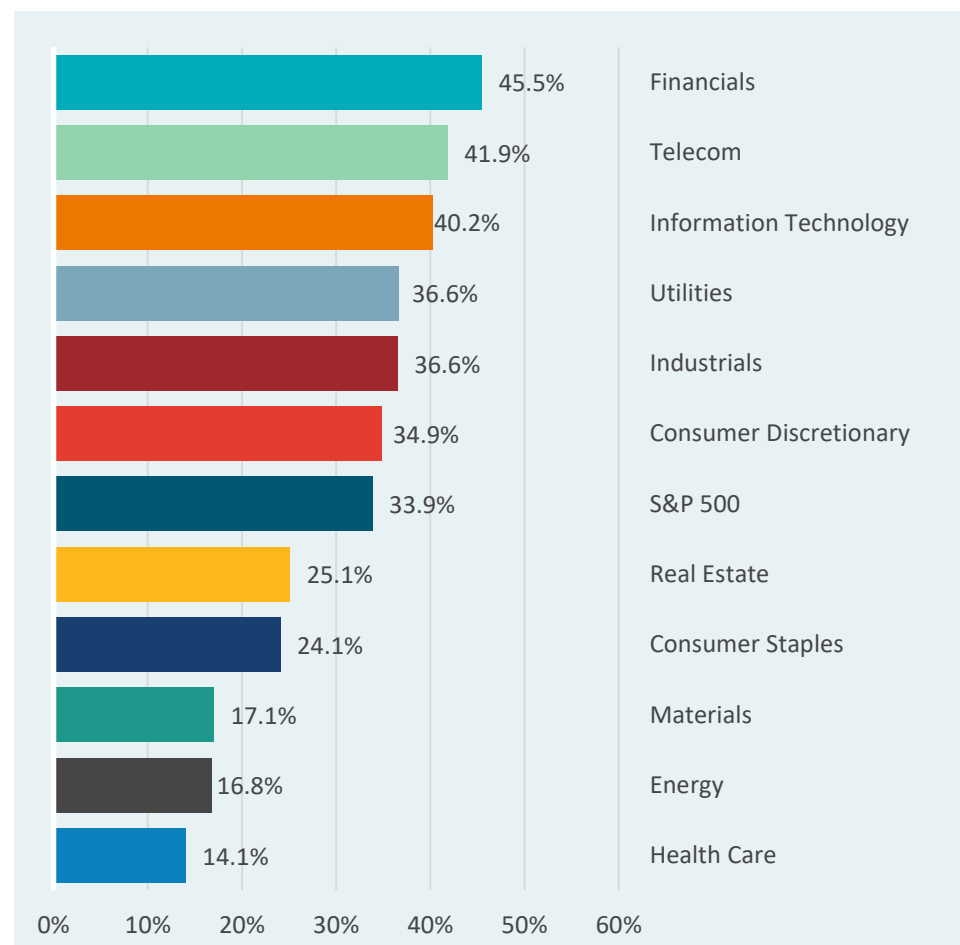
S&P 500 sector returns

QTD



Source: Morningstar, as of 11/30/24

ONE YEAR ENDING NOVEMBER



Source: Morningstar, as of 11/30/24

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	5.9	4.9	28.1	33.9	11.4	15.8	13.3
S&P 500 Equal Weighted	6.4	4.7	20.6	28.8	8.9	12.8	11.0
DJ Industrial Average	7.7	6.4	21.2	27.2	11.4	12.1	12.2
Russell Top 200	5.8	5.0	29.4	34.7	11.9	16.8	14.2
Russell 1000	6.4	5.7	28.1	34.4	10.9	15.6	13.2
Russell 2000	11.0	9.4	21.6	36.4	5.0	9.9	9.1
Russell 3000	6.7	5.9	27.7	34.5	10.5	15.2	12.9
Russell Mid Cap	8.8	8.2	24.1	33.7	7.8	12.0	10.5
Style Index							
Russell 1000 Growth	6.5	6.1	32.2	38.0	10.9	19.5	16.6
Russell 1000 Value	6.4	5.2	22.8	29.6	10.4	10.8	9.3
Russell 2000 Growth	12.3	10.8	25.4	40.4	3.3	9.2	9.3
Russell 2000 Value	9.6	7.9	17.9	32.5	6.3	9.9	8.4

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	3.7	1.4	20.3	26.1	7.7	11.4	9.3
MSCI ACWI ex US	(0.9)	(5.8)	7.6	13.0	2.9	5.4	4.6
MSCI EAFE	(0.6)	(6.0)	6.2	11.9	4.1	5.9	5.1
MSCI EM	(3.6)	(7.9)	7.7	11.9	(1.3)	3.2	3.2
MSCI EAFE Small Cap	0.1	(6.2)	4.2	11.8	(1.1)	3.7	5.7
Style Index							
MSCI EAFE Growth	(0.4)	(6.5)	4.9	11.0	(0.3)	5.2	5.8
MSCI EAFE Value	(0.8)	(5.4)	7.6	12.9	8.6	6.2	4.1
Regional Index							
MSCI UK	1.4	(4.2)	10.6	15.6	8.8	6.0	3.8
MSCI Japan	0.7	(3.3)	8.7	13.4	3.6	5.3	6.1
MSCI Euro	(3.1)	(9.0)	2.6	7.1	4.2	6.0	4.6
MSCI EM Asia	(3.7)	(8.1)	11.7	15.3	(1.2)	4.4	4.6
MSCI EM Latin American	(5.5)	(10.4)	(21.6)	(15.1)	6.3	(0.2)	0.0

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	0.5	(1.3)	3.5	6.3	(1.7)	2.3	2.3
Bloomberg US Treasury Bills	0.4	0.8	4.9	5.4	3.7	2.4	1.7
Bloomberg US Agg Bond	1.1	(1.4)	2.9	6.9	(2.0)	(0.0)	1.5
Bloomberg US Universal	1.1	(1.2)	3.6	7.5	(1.5)	0.4	1.9
Duration							
Bloomberg US Treasury 1-3 Yr	0.3	(0.3)	3.8	5.0	1.3	1.4	1.3
Bloomberg US Treasury Long	1.8	(3.5)	(1.2)	7.4	(10.8)	(4.7)	0.2
Bloomberg US Treasury	0.8	(1.6)	2.2	5.6	(2.5)	(0.5)	1.0
Issuer							
Bloomberg US MBS	1.3	(1.5)	2.9	7.3	(1.6)	(0.4)	1.1
Bloomberg US Corp. High Yield	1.2	0.6	8.7	12.7	3.7	4.7	5.1
Bloomberg US Agency Interm	0.5	(0.4)	3.8	5.4	0.5	0.9	1.4
Bloomberg US Credit	1.3	(1.2)	4.0	8.4	(1.6)	0.7	2.5

OTHER

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Index							
Bloomberg Commodity	0.4	(1.5)	4.3	1.5	4.9	7.6	0.4
Wilshire US REIT	5.1	2.4	17.7	29.7	2.9	6.0	6.7
CS Leveraged Loans	0.8	1.7	8.4	10.2	6.9	5.9	5.0
S&P Global Infrastructure	3.4	2.1	20.5	25.6	11.1	7.2	6.3
Alerian MLP	(1.2)	(1.3)	18.5	22.5	22.7	13.7	1.9
Regional Index							
JPM EMBI Global Div	(1.7)	(1.7)	6.8	18.2	(1.0)	0.5	2.9
JPM GBI-EM Global Div	(0.6)	(5.2)	(0.5)	2.7	0.2	(0.7)	0.0
Hedge Funds							
HFRI Composite	2.6	2.2	10.4	13.9	5.0	7.5	5.3
HFRI FOF Composite	2.1	2.0	9.3	11.6	3.3	5.6	3.8
Currency (Spot)							
Euro	(2.7)	(5.4)	(4.4)	(3.2)	(2.1)	(0.9)	(1.6)
Pound Sterling	(1.1)	(5.2)	(0.3)	0.4	(1.3)	(0.3)	(2.1)
Yen	1.4	(4.8)	(6.1)	(1.6)	(8.9)	(6.1)	(2.3)

Source: Morningstar, HFRI, as of 11/30/24

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	2.7	3.3	14.1	12.1
<i>MSCI World Index (PME)</i>	20.3	7.3	12.1	8.8
Global Private Equity Direct Funds ¹	4.4	3.1	14.5	13.6
<i>MSCI World Index (PME)</i>	20.2	7.7	12.1	9.4
U.S. Private Equity Direct Funds ¹	5.2	4.4	16.1	15.0
<i>Russell 3000 Index (PME)</i>	23.1	8.9	14.4	12.3
Europe Private Equity Direct Funds ¹	4.3	3.9	13.7	12.1
<i>MSCI Europe Index (PME)</i>	11.9	4.9	7.8	4.5
Asia Private Equity Direct Funds ^{1,4}	(0.2)	(2.8)	8.0	10.6
<i>MSCI AC Asia Pacific Index (PME)</i>	13.1	(1.8)	4.8	4.7

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt ^{2,4}	7.5	9.7	11.9	10.6
<i>Morningstar LSTA U.S. Leveraged Loan 100 Index (PME)</i>	10.7	6.3	5.8	4.9

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	(3.5)	5.8	7.0	9.8
<i>FTSE NAREIT Equity REIT Index (PME)</i>	8.0	1.2	4.8	6.6

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ^{3,4}	8.6	14.9	7.2	2.9
<i>S&P Global Natural Resources Index (PME)</i>	8.1	6.5	8.9	5.7
Global Infrastructure ⁴	7.8	9.5	9.8	9.9
<i>S&P Global Infrastructure Index (PME)</i>	7.3	5.8	4.9	5.2

Source: Pooled IRRs and Public Market Equivalents (PMEs) are both from FTSE (previously Refinitiv C|A), as of June 30th, 2024. All returns in U.S. dollars.

1. Includes Buyout, Growth Equity and Venture Capital.

2. Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.

3. Includes Private Equity Energy, Timber and Upstream Energy & Royalties.

4. Due to limited history of the PME, only the funds with the same vintage years as PMEs are included.

Notices & disclosures

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