

MONTHLY RECAP

JANUARY 2024

MONTHLY OBSERVATIONS

Mixed Bag of Returns to Start 2024

On the positive side, U.S. economic data continued to point to strength in the underlying growth trajectory. That said, markets expectations for rate cuts were curtailed which led to ample disparity in market returns. Large cap growth once again led the way as the Magnificent 7 carried returns higher and pushed the S&P 500 toward a record high. Small value was a clear laggard with the resurgence of a "higher-for-longer" outlook and rekindling of regional bank fears near the end of the month. Dollar strength dragged on international developed equities, although its modestly positive return was helped by the Japanese equity market, which posted a 4.6% return. Emerging markets were down primarily due to market worries over economic trends in China; the latter was down over 10% in January despite central bank measures to arrest the decline. REITS fell with only one positive sector during the month, that being data centers which were up 3.5%.

Fed Points to Rate Cuts in 2024

As expected, the Federal Reserve held rates steady at their January meeting, the fourth meeting in a row with no change. Chair Powell seemed happy with the inflation news from recent quarters, suggesting that more of the same in the coming months could be enough to give the FOMC enough confidence to start cutting rates. Powell largely shut the door on a March rate cut, briefly dampening market spirits though the S&P 500 recovered to hit new all-time highs.

Presidential Primaries Underway

Current odds point to a rematch of former Republican President Donald Trump and the Democratic incumbent, Joe Biden. After the caucus in Iowa and New Hampshire primary in January, Trump led by a wide margin versus the remaining Republican candidate, Niki Haley. Late January's New Hampshire primary election saw Trump win handily, with 54% of the casted votes vs. Niki Haley's 43%.

COMMENTARY FROM ASSET MANAGERS

Private Capital Manager

Record amounts of uncalled capital commitments, or "dry powder", sit idle as fund managers await normalization in forward looking underwriting assumptions for deal makers, who are captive to a finite investment period.

Global Value Manager

The Magnificent 7 stocks have roughly the same market cap as China. What is being missed by investors is that things change. Of the 10 largest companies in the world today, only one (Microsoft) was in the top 10 in 2000. Meanwhile, prominent names in 2000 such as General Electric, Cisco Systems, Nokia, and Intel Corporation, some of the largest companies at that time, all failed to outperform the S&P 500 over the subsequent 10 years.

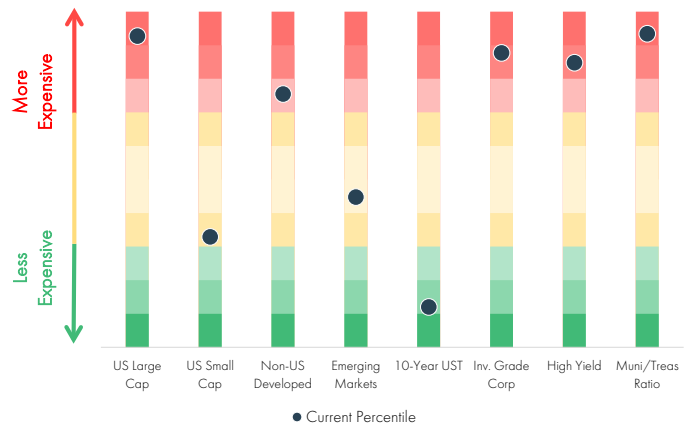
High Yield Bond Manager

Companies have been holding off on issuing new debt given the higher rate environment. Sixteen percent of the high yield market matures in the next three years; whether issuers come to market or reduce leverage remains to be seen due to strong balance sheets (notably in the energy sector) and investor demand going to the private credit markets.

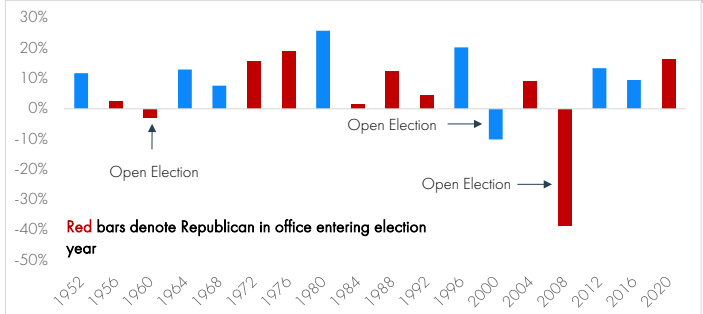
MARKET RETURNS - 01.31.2024

	1-Mo	QTD	YTD	2023	2022	2021	
Equity	S&P 500	1.7%	1.7%	1.7%	26.3%	-18.1%	28.7%
	Nasdaq Composite	1.0%	1.0%	1.0%	44.6%	-32.5%	22.2%
	Russell 1000 Growth	2.5%	2.5%	2.5%	42.7%	-29.1%	27.6%
	Russell 1000 Value	0.1%	0.1%	0.1%	11.5%	-7.5%	25.2%
	Russell 2000	-3.9%	-3.9%	-3.9%	16.9%	-20.4%	14.8%
	MSCI EAFE	0.6%	0.6%	0.6%	18.2%	-14.5%	11.3%
Fixed Income	MSCI Emerging Markets	-4.6%	-4.6%	-4.6%	9.8%	-20.1%	-2.5%
	Treasury	-0.3%	-0.3%	-0.3%	4.1%	-12.5%	-2.3%
	Municipal	-0.5%	-0.5%	-0.5%	6.4%	-8.5%	1.5%
	Aggregate	-0.3%	-0.3%	-0.3%	5.5%	-13.0%	-1.5%
	Investment Grade Corporate	-0.2%	-0.2%	-0.2%	8.5%	-15.8%	-1.0%
FX	High Yield Corporate	0.0%	0.0%	0.0%	13.4%	-11.2%	5.3%
	US Dollar Index	1.9%	1.9%	1.9%	-2.1%	7.9%	6.7%
Real	Real Estate	-4.8%	-4.8%	-4.8%	11.5%	-25.1%	39.9%
	Infrastructure	-3.2%	-3.2%	-3.2%	5.8%	-1.0%	11.0%
	Oil	6.1%	6.1%	6.1%	-10.3%	10.5%	50.2%
	Gold	-0.7%	-0.7%	-0.7%	12.8%	-0.7%	-4.3%

ASSET CLASS VALUATIONS - 01.31.2024



S&P 500 PRICE RETURNS DURING PRESIDENTIAL ELECTION YEARS



Analyzing the yearly performance of the S&P 500 in re-election years since 1952 reveals a consistent trend of positive returns, with no instances of decline observed, except for open (no incumbent running) election years. The last recorded instance of the S&P 500 experiencing a price decline during a re-election year dates back to 1948.

Source: Morningstar Direct, Bloomberg; See important information in the disclosures.

100 South Brentwood Blvd. | St. Louis, MO 63105 | monetagroup.com | (314) 726-2300



DISCLOSURES

© 2024 Advisory services offered by Moneta Group Investment Advisors, LLC, ("MGIA") an investment adviser registered with the Securities and Exchange Commission ("SEC"). MGIA is a wholly owned subsidiary of Moneta Group, LLC. Registration as an investment adviser does not imply a certain level of skill or training. The information contained herein is for informational purposes only, is not intended to be comprehensive or exclusive, and is based on materials deemed reliable, but the accuracy of which has not been verified.

Trademarks and copyrights of materials referenced herein are the property of their respective owners. Index returns reflect total return, assuming reinvestment of dividends and interest. The returns do not reflect the effect of taxes and/or fees that an investor would incur. Examples contained herein are for illustrative purposes only based on generic assumptions. Given the dynamic nature of the subject matter and the environment in which this communication was written, the information contained herein is subject to change. This is not an offer to sell or buy securities, nor does it represent any specific recommendation. You should consult with an appropriately credentialed professional before making any financial, investment, tax or legal decision. An index is an unmanaged portfolio of specified securities and does not reflect any initial or ongoing expenses nor can it be invested in directly. Past performance is not indicative of future returns. All investments are subject to a risk of loss. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets. These materials do not take into consideration your personal circumstances, financial or otherwise.

SOURCES

Morningstar Direct as of 01.31.2024

Bloomberg as of 01.31.2024

Manager comments come from discussions with various asset managers and are broad commentary on sectors and not be considered recommendations by any asset manager. These comments do not necessarily reflect strategy allocations or the view or opinion of MGIA or Moneta Group.

DEFINITIONS

The S&P 500 Index is a free-float capitalization-weighted index of the prices of approximately 500 large-cap common stocks actively traded in the United States.

The NASDAQ Composite Index is a market capitalization weighted index with more than 3000 common equities listed on the NASDAQ Stock Market.

The Russell 1000® Index is an index of 1000 issues representative of the U.S. large capitalization securities market.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000® Value Index measures the performance of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth values, representative of U.S. Securities exhibiting value characteristics.

The Russell 2000® Index is an index of 2000 issues representative of the U.S. small capitalization securities market.

The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies.

Bloomberg U.S. Treasury Bond Index includes public obligations of the US Treasury, i.e. US government bonds. Certain Treasury bills are excluded by a maturity constraint. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded.

The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. It includes general obligation and revenue bonds, which both can be pre-refunded years later and get reclassified as such.

The Bloomberg U.S. Aggregate Bond Index is an index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities and mortgage-backed securities.

The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded.

The US Dollar Index measures the US dollar against six global currencies: the euro, Swiss franc, Japanese yen, Canadian dollar, British pound, and Swedish krona.

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

The S&P Global Listed Infrastructure index measures the performance of global companies that are engaged in infrastructure and related operations. It provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

Brent crude is the most traded of all of the oil benchmarks, and is defined as crude mostly drilled from the North Sea oilfields: Brent, Forties, Oseberg and Ekofisk (collectively known as BFOE).

The Dow Jones Commodity Index Gold is designed to track the gold market through futures contracts.

The ICE BoFA Option-Adjusted Spreads (OASs) are the calculated spreads between a computed OAS index of all bonds in a given rating category and a spot Treasury curve. An OAS index is constructed using each constituent bond's OAS, weighted by market capitalization. The Corporate Master OAS uses an index of bonds that are considered investment grade (those rated BBB or better). When the last calendar day of the month takes place on the weekend, weekend observations will occur as a result of month ending accrued interest adjustments.

The ICE BoFA Option-Adjusted Spreads (OASs) are the calculated spreads between a computed OAS index of all bonds in a given rating category and a spot Treasury curve. An OAS index is constructed using each constituent bond's OAS, weighted by market capitalization. The ICE BoFA High Yield Master II OAS uses an index of bonds that are below investment grade (those rated BB or below).

Asset class valuations are a percentile ranking based on monthly data going back to common inception of 9/1/2006. The US Large Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the S&P 500 Index. The US Small Cap percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the Russell 2000 Index. The International Developed percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI EAFE NR Index. The Emerging Market percentile is the average percentile ranking of the trailing P/E, P/B, P/S, and P/C ratio of the MSCI Emerging Markets NR Index. The 10-Year US Treasury percentile is the percentile ranking of the 10-Year US Treasury yield. The Investment Grade percentile is the percentile ranking of the ICE BoFA US Corporate option adjusted spread. The High Yield Corporate percentile is the percentile ranking of the ICE BoFA US High Yield corporate option adjusted spread. The Municipal/Treasury percentile is the percentile ranking of the Bloomberg Municipal Index yield divided by the 10-Year US Treasury Yield.