

MONTHLY RECAP

MARCH 2024

MONTHLY OBSERVATIONS

Upward Momentum Continues for Markets

A resilient economy continued to support all markets with the labor market remaining robust as the first quarter came to a close. The S&P 500's 10.2% quarterly return gave the index its second consecutive quarterly return exceeding 10% for the first time since 2011Q4 – 2012Q1. Over the month, sustained growth has helped reduce recession worries and buttress momentum in risk assets. March saw a clear change in leadership as value-oriented equities outperformed growth significantly within both large-cap and small-cap equities. Growth-oriented sectors, such as technology and communication services sectors, while positive for the month, lagged value-oriented sectors such as energy and basic materials. The latter two were helped by strength in oil and commodities. Non-US and emerging markets performance was more competitive to US markets with Mexico, Taiwan, Italy, and the United Kingdom posting strong returns. Rates were largely range-bound which helped fixed income markets. Stable rates also helped REITS and infrastructure finish higher on the month.

Dove-ish Tone by the Fed

March's FOMC meeting saw interest rates hold at 5.25%-5.50%, with the Fed Chair Jerome Powell leaving little doubt about his intent to start cutting rates in the not-too-distant future. Worry over January and February inflation prints were regarded as "bumps in the road" in the ongoing journey to disinflation.

End of an Era

A 12-year experiment with negative interest rates ended as the last holdout, the Bank of Japan, moved its key policy rate back to at least zero. It raised rates for the first time in more than 17 years, leading to a fresh post-pandemic low for negative yielding debt. At its height, negative yielding debt hit \$18 trillion, but that figure has now shrunk to a mere ~\$ 300 billion.

COMMENTARY FROM ASSET MANAGERS

Private Credit Manager

With credit conditions easing as we move into 2024, leveraged credit investors are optimistic that buyers and sellers in the M&A and leveraged buyout (LBO) market will find a more balanced equilibrium and drive new issue supply upward. This optimism is shared by credit investors in private and public markets alike.

Small Cap Equity Manager

Despite the recent headwinds, US small caps appear poised for a rebound. Going back to the 1970s, small caps have traded at their current discounted level relative to large cap during only one other period.... the "dot-com bubble" of the late 1990s.

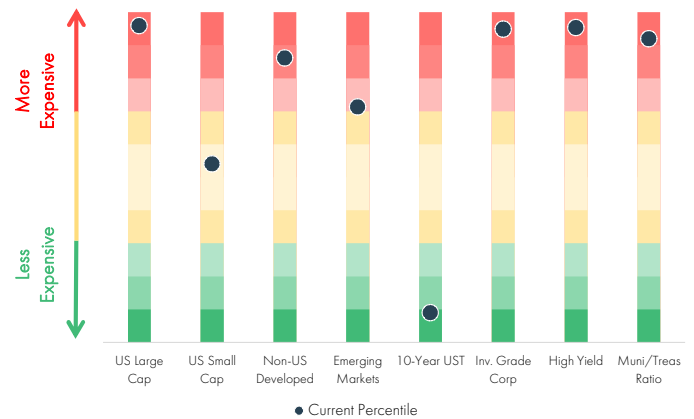
International Developed Equity Manager

There are many reasons to believe that we may have entered a period of sustained long-term performance from the Japanese stock market. Japan provides one of the most attractive opportunities to be found anywhere in the world, especially with solid corporate fundamentals, presence of positive inflation and the return of pricing power for many Japanese companies.

MARKET RETURNS - 03.31.2024

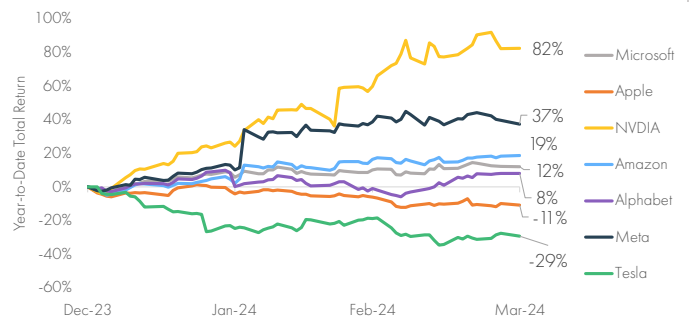
	1-Mo	QTD	YTD	2023	2022	2021
Equity						
S&P 500	3.2%	10.6%	10.6%	26.3%	-18.1%	28.7%
Nasdaq Composite	1.8%	9.3%	9.3%	44.6%	-32.5%	22.2%
Russell 1000 Growth	1.8%	11.4%	11.4%	42.7%	-29.1%	27.6%
Russell 1000 Value	5.0%	9.0%	9.0%	11.5%	-7.5%	25.2%
Russell 2000	3.6%	5.2%	5.2%	16.9%	-20.4%	14.8%
MSCI EAFE	3.3%	5.8%	5.8%	18.2%	-14.5%	11.3%
MSCI Emerging Markets	2.5%	2.4%	2.4%	9.8%	-20.1%	-2.5%
Fixed Income						
Treasury	0.6%	-1.0%	-1.0%	4.1%	-12.5%	-2.3%
Municipal	0.0%	-0.4%	-0.4%	6.4%	-8.5%	1.5%
Aggregate	0.9%	-0.8%	-0.8%	5.5%	-13.0%	-1.5%
Investment Grade Corporate	1.3%	-0.4%	-0.4%	8.5%	-15.8%	-1.0%
High Yield Corporate	1.2%	1.5%	1.5%	13.4%	-11.2%	5.3%
FX						
US Dollar Index	0.4%	3.2%	3.2%	-2.1%	7.9%	6.7%
Real						
Real Estate	1.9%	-1.3%	-1.3%	11.5%	-25.1%	39.9%
Infrastructure	4.5%	1.1%	1.1%	5.8%	-1.0%	11.0%
Oil	4.6%	13.6%	13.6%	-10.3%	10.5%	50.2%
Gold	8.3%	7.4%	7.4%	12.8%	-0.7%	-4.3%

ASSET CLASS VALUATIONS - 03.31.2024



Asset class valuations are a percentile ranking based on monthly data going back to a common inception of 9/1/2006.

MAGNIFICENT SEVEN DOWN TO FOUR?



While the famed "Magnificent 7" stocks contributed the bulk of returns in 2023, only four of those seven (Microsoft, NVIDIA, Amazon, and Meta) have managed to outperform the S&P 500 year-to-date while two (Apple and Tesla) have both declined over the first three months of the year.

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



DISCLOSURES

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SOURCES

Morningstar Direct as of 03.31.2024

Bloomberg as of 03.31.2024

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.