



MONTHLY RECAP

OCTOBER 2024

MONTHLY OBSERVATIONS

Final Quarter Starts on a Weak Footing

Third quarter upward momentum in risk markets carried through for most of October with US large cap equity markets grinding out further record highs to start the month. Risk markets initially reacted positively to stronger economic readings, especially September's strong payroll and third quarter GDP reports. Data pointed to a "no-landing" scenario for the economy, prompting markets to once again reassess their outlook for Fed monetary policy, with expectations shifting to only two 25 bps cuts to end the year. Subsequently, yields of U.S. government bonds rose throughout the month with the 10-year note closing the month with a 4.28% yield – well above a recent low of 3.62% on September 16th. Listed real estate and infrastructure, both interest rate sensitive asset classes, fell alongside the higher rate environment. Higher yields did help send the US Dollar higher – up over 3% – which created a headwind for non-US developed and emerging market equities. Equity markets were unable to sustain their momentum as the month came to a close, though; higher yields and consolidation trades ahead of the US election likely played a part. The latter was also impactful on non-US equities as prospects for a Trump win rose in October and with it, the prospect for higher tariffs.

US Economy Remains Robust

The economy remained on solid footing as showcased by a reported 2.8% annualized GDP growth rate in the third quarter, increased retail sales growth and continued expansion in the service sector. Markets have reduced expectations for further Fed moves meaningfully as they weigh the prospects of a reflating economy.

Middle East Situation Remains Tenuous

Conflict in the Middle East escalated with Iran's early October launch of over 200 missiles into Israel. Late October then saw a highly anticipated response by Israel as it launched a retaliatory strike within Iran. Oil's response was muted, rising 1.9% for the month, as Israel was careful to avoid any disruption to oil in their military strike.

COMMENTARY FROM ASSET MANAGERS

Global Equity Manager

S&P 500 leadership has been very narrow over the past year, with the Mag Seven driving returns. Enthusiasm for semiconductor stocks appears excessive as the AI capital expenditure boom is based on high expectations for future services revenue, which might not be met. The semiconductor industry has seen unusual price increases since the pandemic, but these are unlikely to continue.

Real Estate Manager

Private CRE valuations currently sit 21% below their peak in Q2 2022. Based on historical patterns, it is anticipated that private CRE valuations will bottom out at approximately -25% over the next several quarters. This projection is supported by the stabilization of transaction volumes and lending standards. Additionally, lending standards have ceased tightening, further pointing to a potential market trough.

High Yield Manager

Broadly speaking, credit fundamentals remain sound as default rates remain low. The trailing twelve-month par-weighted default rate for high yield bonds and bank loans was 0.9% and 1.3%, respectively. By comparison, default rates reached a maximum of 6.3% and 4.3% for bonds and loans respectively in 2020.

MARKET RETURNS - 10.31.2024

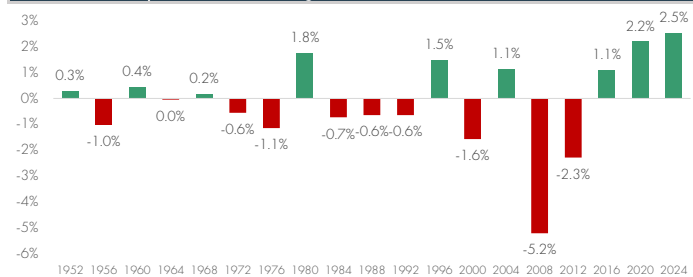
	1-Mo	QTD	YTD	2023	2022	2021
<b>Equity</b>						
S&P 500	-0.9%	-0.9%	21.0%	26.3%	-18.1%	28.7%
Nasdaq Composite	-0.5%	-0.5%	21.2%	44.6%	-32.5%	22.2%
Russell 1000 Growth	-0.3%	-0.3%	24.1%	42.7%	-29.1%	27.6%
Russell 1000 Value	-1.1%	-1.1%	15.4%	11.5%	-7.5%	25.2%
Russell 2000	-1.4%	-1.4%	9.6%	16.9%	-20.4%	14.8%
MSCI EAFE	-5.4%	-5.4%	6.8%	18.2%	-14.5%	11.3%
MSCI Emerging Markets	-4.4%	-4.4%	11.7%	9.8%	-20.1%	-2.5%
<b>Fixed Income</b>						
Treasury	-2.4%	-2.4%	1.4%	4.1%	-12.5%	-2.3%
Municipal	-1.5%	-1.5%	0.8%	6.4%	-8.5%	1.5%
Aggregate	-2.5%	-2.5%	1.9%	5.5%	-13.0%	-1.5%
Investment Grade Corporate	-2.4%	-2.4%	2.8%	8.5%	-15.8%	-1.0%
High Yield Corporate	-0.5%	-0.5%	7.4%	13.4%	-11.2%	5.3%
<b>FX</b>						
US Dollar Index	3.2%	3.2%	2.6%	-2.1%	7.9%	6.7%
Real Estate	-3.7%	-3.7%	9.5%	11.5%	-25.1%	39.9%
<b>Real</b>						
Infrastructure	-1.3%	-1.3%	15.6%	5.8%	-1.0%	11.0%
Oil	1.9%	1.9%	-5.0%	-10.3%	10.5%	50.2%
Gold	3.8%	3.8%	32.0%	12.8%	-0.7%	-4.3%

ASSET CLASS VALUATIONS - 10.31.2024



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

S&P 500 1-Day Returns Following Presidential Election



Throughout the month, markets were largely focused on November given the US presidential election and a FOMC meeting two days after. Big moves are not uncommon following a presidential election and this year was no exception as the S&P 500 gained 2.5% on 11/6/2024 following Donald Trump's victory.

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

**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 10.31.2024

Bloomberg as of 10.31.2024

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 NASDAQ 100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ.

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.