

QUARTERLY MARKET REVIEW

Q2

SECOND QUARTER 2024

REALITY MEETS EXPECTATION FOR THE MAG 7

It is unlikely any stock has an expected return of 100% per year. That seems too high to be the cost of equity capital for a company, and it's doubtful anyone would sell a stock with an expected return 10 times the historical stock market return.¹ A realized return that big likely means the company surprised investors in a good way.

The Magnificent 7 stocks returned on average more than 111% in 2023, exceeding the S&P 500 Index by over 85 percentage points. While it's hard to say what cash flow expectations were built into their stock prices, comparing analyst earnings estimates to actual earnings suggests these companies exceeded expectations for the year. All seven reported earnings exceeding average forecasts. For example, Nvidia posted an earnings per share 37.4% higher than the average analyst expectation. Contrast this with 2022, when five of the seven companies' earnings fell short of analyst expectations. The average Magnificent 7 stock return that year trailed the S&P 500 Index by 28 percentage points.

Expecting Mag 7 outperformance to continue is to bet on these companies further exceeding the market's expectations. Simply meeting expectations may result in returns more in line with the market, consistent with the history of top US stocks.

1. The S&P 500 Index had an annualized return of 10.3% from January 1926 to December 2023. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. See following page for important disclosure.

Surprise, Surprise

Magnificent 7 Actual vs. Analyst Forecast Earnings Per Share, 2022-2023

	2022			2023		
	ANALYST FORECAST	ACTUAL	DIFFERENCE	ANALYST FORECAST	ACTUAL	DIFFERENCE
NVDA	\$3.77	\$1.74	-53.8% ▼	\$8.69	\$11.94	+37.4% ▲
AAPL	\$6.06	\$6.10	+0.7% ▲	\$5.95	\$6.13	+3.0% ▲
TSLA	\$3.73	\$3.63	-2.7% ▼	\$3.61	\$4.30	+19.2% ▲
MSFT	\$9.14	\$9.64	+5.5% ▲	\$9.35	\$9.68	+3.6% ▲
AMZN	\$1.09	-\$0.27	-125.0% ▼	\$1.93	\$2.89	+49.7% ▲
GOOGL	\$5.04	\$4.55	-9.6% ▼	\$5.21	\$5.81	+11.4% ▲
META	\$10.49	\$8.59	-18.2% ▼	\$11.33	\$14.90	+31.5% ▲

CONTINUED ON NEXT PAGE ►

REALITY MEETS EXPECTATION FOR THE MAG 7 CONTINUED

Article by Wes Crill, PhD, Senior Investment Director and Vice President, Dimensional Fund Advisors

Past performance is no guarantee of future results.

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QUARTERLY MARKET REVIEW OVERVIEW

Quarterly Topic: Reality Meets Expectation for the Mag 7

Quarterly Market Summary

Long-Term Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

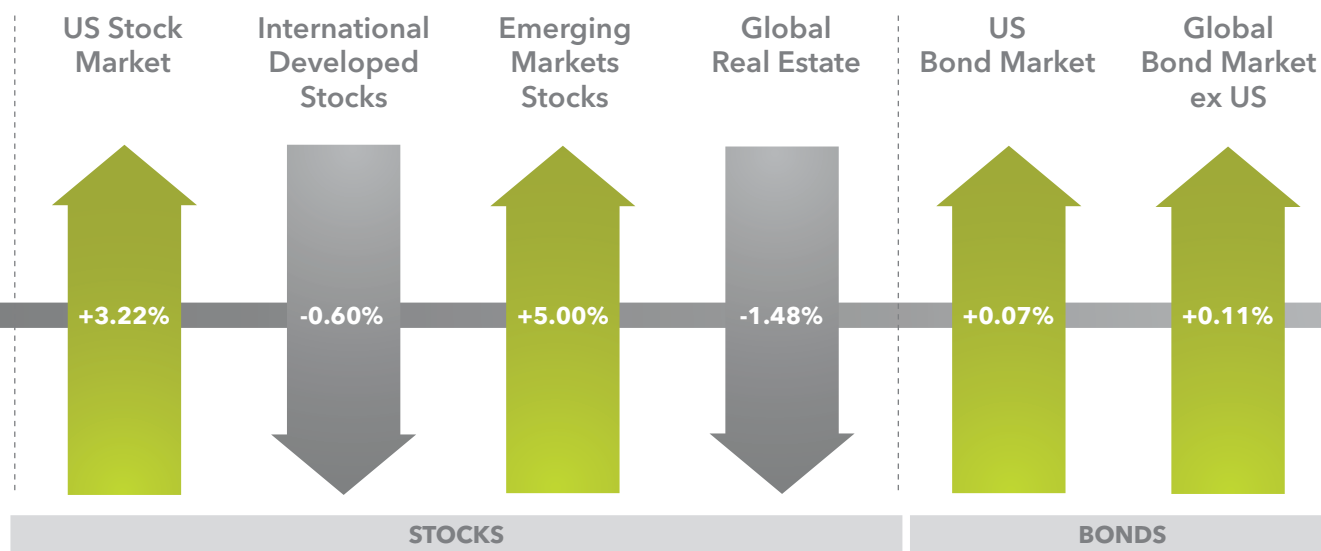
Commodities

Fixed Income

Global Fixed Income

This report features world capital market performance and a timeline of events for the past quarter. It begins with a quarterly topic and a global overview, then features the returns of stock and bond asset classes in the US and international markets.

QUARTERLY MARKET SUMMARY: INDEX RETURNS



Since Jan. 2001

Avg. Quarterly Return	2.4%	1.6%	2.5%	2.2%	0.9%	0.9%
Best Quarter	22.0% Q2 2020	25.9% Q2 2009	34.7% Q2 2009	32.3% Q3 2009	6.8% Q4 2023	5.4% Q4 2023
Worst Quarter	-22.8% Q4 2008	-23.3% Q1 2020	-27.6% Q4 2008	-36.1% Q4 2008	-5.9% Q1 2022	-4.1% Q1 2022

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved. Bloomberg data provided by Bloomberg.

LONG-TERM MARKET SUMMARY: INDEX RETURNS

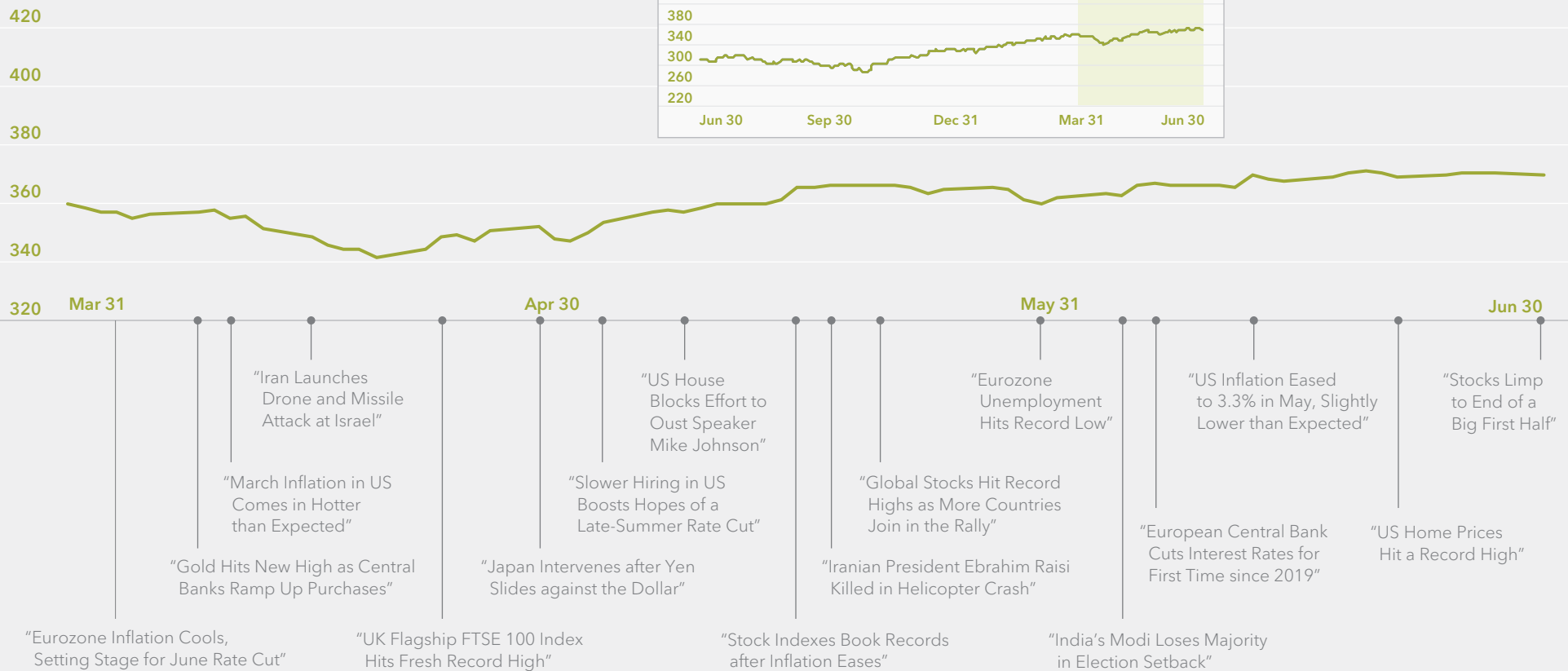


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WORLD STOCK MARKET PERFORMANCE: SELECT HEADLINES

MSCI All Country World Index With Selected Headlines From Q2 2024

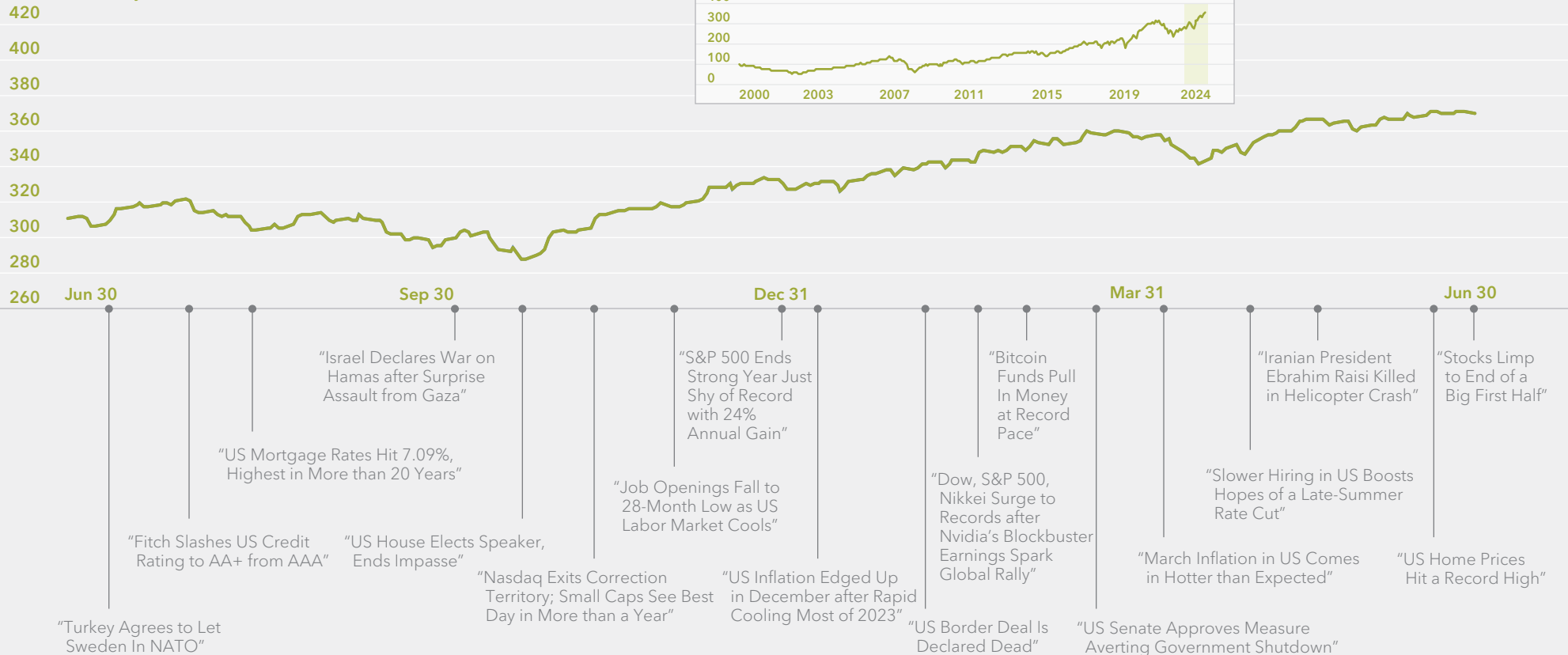


These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

WORLD STOCK MARKET PERFORMANCE: SELECT HEADLINES

Short Term (Q3 2023-Q2 2024)
MSCI All Country World Index With Selected Headlines From Past 12 Months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

US STOCKS: INDEX RETURNS

The US equity market posted positive returns for the quarter and outperformed non-US developed markets, but underperformed emerging markets.

Value underperformed growth.

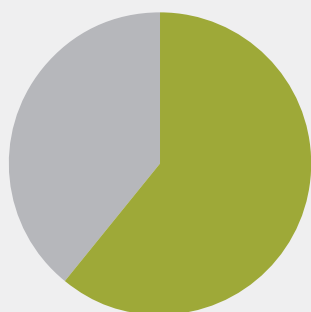
Small caps underperformed large caps.

REIT indices underperformed equity market indices.

Ranked Returns for the Quarter (%)

Large Growth		8.33
Large Cap		3.57
Marketwide		3.22
Large Value	-2.17	
Small Growth	-2.92	
Small Cap	-3.28	
Small Value	-3.64	

World Market Capitalization—US



63%
US Market
\$52.1 trillion

Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Large Growth	8.33	20.70	33.48	11.28	19.34	16.33
Large Cap	3.57	14.24	23.88	8.74	14.61	12.51
Marketwide	3.22	13.56	23.13	8.05	14.14	12.15
Large Value	-2.17	6.62	13.06	5.52	9.01	8.23
Small Growth	-2.92	4.44	9.14	-4.86	6.17	7.39
Small Cap	-3.28	1.73	10.06	-2.58	6.94	7.00
Small Value	-3.64	-0.85	10.90	-0.53	7.07	6.23

* Annualized

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Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

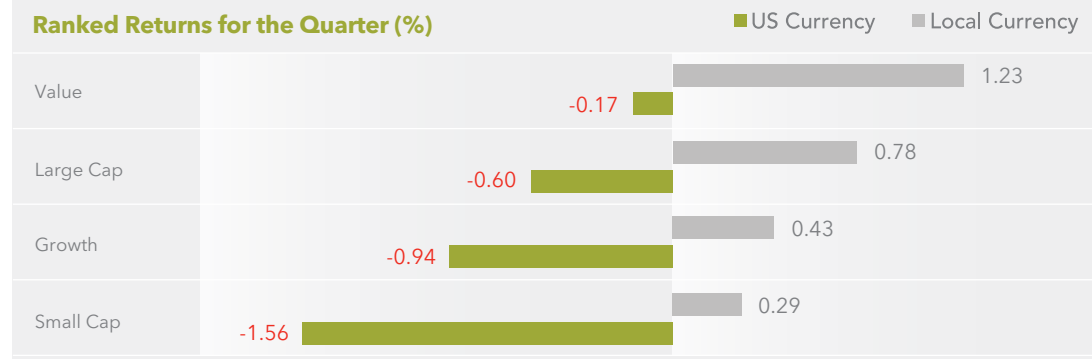
INTERNATIONAL DEVELOPED STOCKS: INDEX RETURNS

Developed markets outside of the US posted negative returns for the quarter and underperformed both US and emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

Ranked Returns for the Quarter (%)



World Market Capitalization—International Developed

26%

International
Developed
Market
\$21.4 trillion



Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Value	-0.17	4.03	13.17	5.45	6.21	3.06
Large Cap	-0.60	4.96	11.22	2.82	6.55	4.27
Growth	-0.94	5.91	9.36	0.02	6.46	5.23
Small Cap	-1.56	0.98	7.80	-2.98	4.69	4.04

* Annualized

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Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

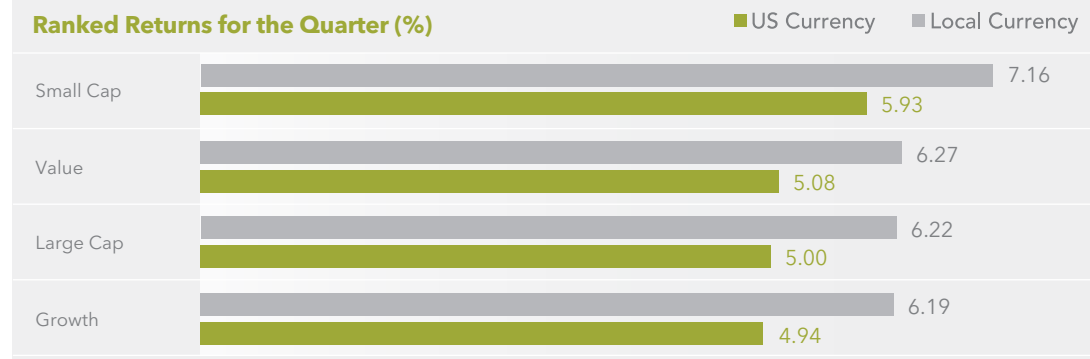
EMERGING MARKETS STOCKS: INDEX RETURNS

Emerging markets posted positive returns for the quarter and outperformed both US and non-US developed markets.

Value outperformed growth.

Small caps outperformed large caps.

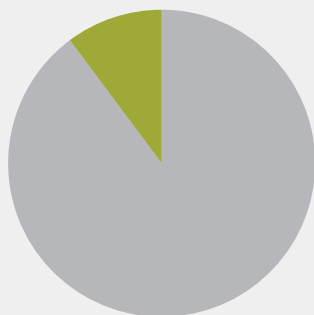
Ranked Returns for the Quarter (%)



World Market Capitalization—Emerging Markets

11%

Emerging Markets
\$8.9 trillion



Period Returns (%)

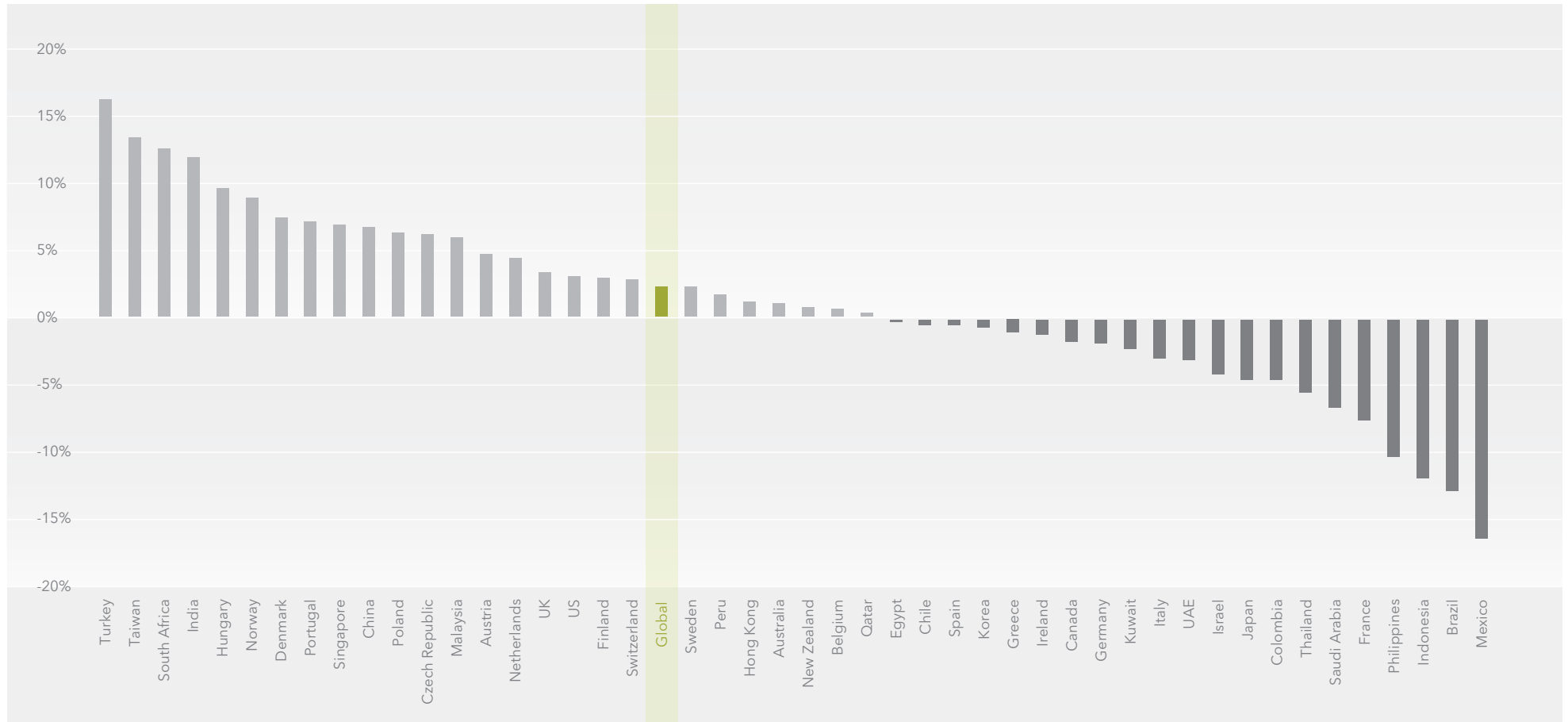
Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Small Cap	5.93	7.04	20.04	2.54	9.99	5.15
Value	5.08	6.46	14.13	-1.09	2.91	1.96
Large Cap	5.00	7.49	12.55	-5.07	3.10	2.79
Growth	4.94	8.45	11.08	-8.70	3.18	3.51

* Annualized

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Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

COUNTRY RETURNS: INDEX RETURNS



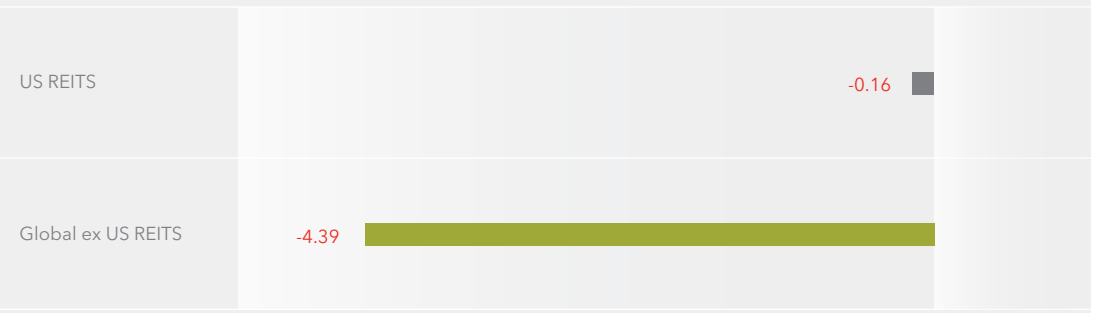
Past performance is no guarantee of future results.

Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved.

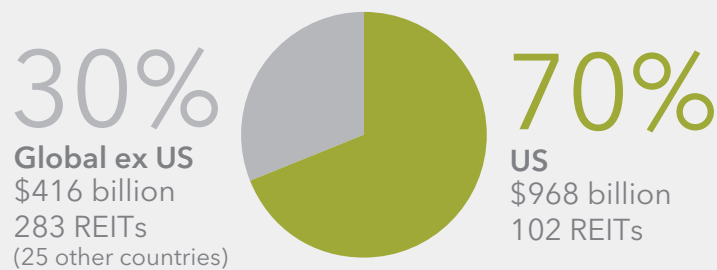
REAL ESTATE INVESTMENT TRUSTS (REITs): INDEX RETURNS

US real estate investment trusts outperformed non-US REITs during the quarter.

Ranked Returns for the Quarter (%)



Total Value of REIT Stocks



Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
US REITS	-0.16	-0.55	7.15	-0.14	2.78	5.17
Global ex US REITS	-4.39	-6.72	2.45	-7.80	-3.59	-0.05

* Annualized

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Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

COMMODITIES: INDEX RETURNS

The Bloomberg Commodity Total Return Index returned +2.89% for the second quarter of 2024.

Coffee and Zinc were the best performers, returning +20.96% and +18.78% during the quarter, respectively. Cotton and Lean Hogs were the worst performers, returning -21.81% and -11.74% during the quarter, respectively.

Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
Commodities	2.89	5.14	5.00	5.65	7.25	-1.29

* Annualized

Ranked Returns for the Quarter (%)

Coffee	20.96
Zinc	18.78
Silver	16.22
Natural Gas	12.35
Copper	9.08
Lead	5.97
Aluminum	5.93
Live Cattle	4.14
Gold	3.52
Nickel	1.87
Soybean Meal	0.62
Brent Crude Oil	-0.10
WTI Crude Oil	-0.18
Kansas Wheat	-1.07
Low Sulphur Gas Oil	-2.28
Wheat	-3.42
Heating Oil	-3.72
Unleaded Gas	-5.51
Soybean	-6.18
Sugar	-8.19
Soybean Oil	-10.46
Corn	-11.15
Lean Hogs	-11.74
Cotton	-21.81

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Commodities returns represent the return of the Bloomberg Commodity Total Return Index. Individual commodities are sub-index values of the Bloomberg Commodity Total Return Index. Data provided by Bloomberg.

FIXED INCOME: INDEX RETURNS

Interest rates generally increased in the US Treasury market for the quarter.

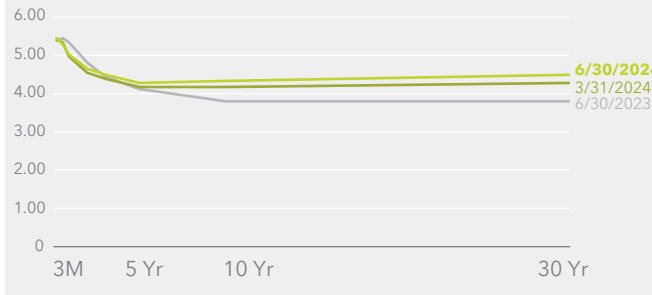
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased 2 basis points (bps) to +5.47%, while the 1-Year US Treasury Bill yield increased 6 bps to +5.09%. The yield on the 2-Year US Treasury Note increased 12 bps to +4.71%.

The yield on the 5-Year US Treasury Note increased 12 bps to +4.33%. The yield on the 10-Year US Treasury Note increased 16 bps to +4.36%. The yield on the 30-Year US Treasury Bond increased 17 bps to +4.51%.

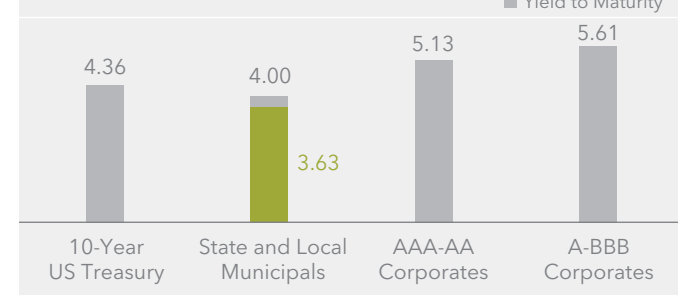
In terms of total returns, short-term US treasury bonds returned +0.77% while intermediate-term US treasury bonds returned +0.58%. Short-term corporate bonds returned +0.96% and intermediate-term corporate bonds returned +0.74%.¹

The total returns for short- and intermediate-term municipal bonds were +0.35% and -0.92%, respectively. Within the municipal fixed income market, general obligation bonds returned -0.30% while revenue bonds returned +0.07%.²

US Treasury Yield Curve (%)



Bond Yields Across Different Issuers (%)



Period Returns (%)

Asset Class	QTR	YTD	1 Year	3 Years*	5 Years*	10 Years*
ICE BofA US 3-Month Treasury Bill Index	1.32	2.63	5.40	3.03	2.16	1.51
ICE BofA 1-Year US Treasury Note Index	1.11	1.95	5.02	1.80	1.69	1.36
Bloomberg U.S. High Yield Corporate Bond Index	1.09	2.58	10.44	1.64	3.92	4.31
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.87	1.13	4.84	0.38	1.03	1.43
Bloomberg U.S. TIPS Index	0.79	0.70	2.71	-1.33	2.07	1.91
Bloomberg U.S. Aggregate Bond Index	0.07	-0.71	2.63	-3.02	-0.23	1.35
Bloomberg Municipal Bond Index	-0.02	-0.40	3.21	-0.88	1.16	2.39
FTSE World Government Bond Index 1-5 Years	-0.06	-1.41	2.43	-2.73	-0.79	-0.78
Bloomberg U.S. Government Bond Index Long	-1.80	-4.99	-5.55	-10.45	-4.24	0.60

* Annualized

1. Bloomberg US Treasury and US Corporate Bond Indices. 2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

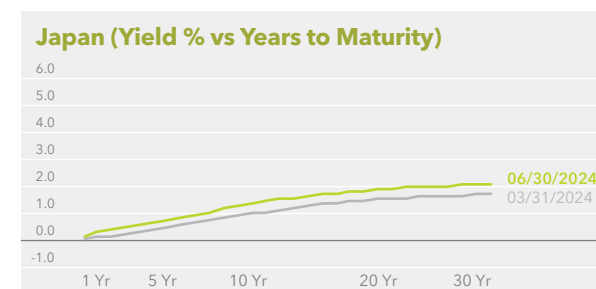
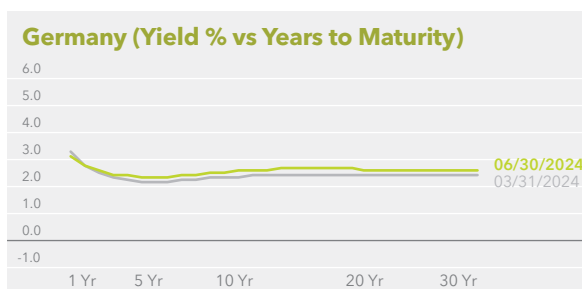
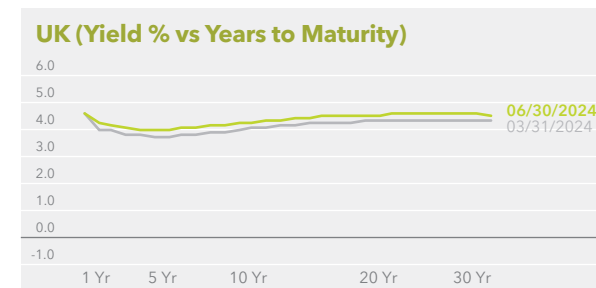
Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2024 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2024 ICE Data Indices, LLC. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

GLOBAL FIXED INCOME: YIELD CURVES

Interest rates generally increased across global developed markets for the quarter.

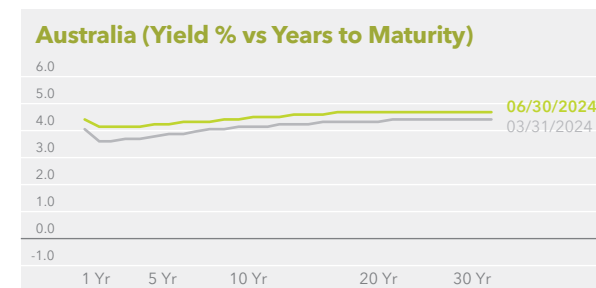
Realized term premiums were negative across global developed markets, as longer-term bonds generally underperformed shorter-term bonds.

In Germany and Canada, short-term interest rates decreased while longer-term interest rates generally increased. The short-term segment of the yield curve remained inverted in Australia, UK, Germany, and Canada.



Changes in Yields (bps) Since 09/30/2023

	1Y	5Y	10Y	20Y	30Y
US	11.1	12.2	18.1	18.2	18.5
UK	2.7	23.5	25.9	23.6	23.5
Germany	-15.0	13.2	19.0	21.9	22.3
Japan	10.9	23.2	33.9	35.6	36.9
Canada	-28.4	-0.8	4.5	4.4	3.6
Australia	38.3	44.6	34.8	32.5	30.4



One basis point (bps) equals 0.01%. Source: ICE BofA government yield. ICE BofA index data © 2024 ICE Data Indices, LLC.

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