MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

DECEMBER 2023

- The best and worst performing S&P 500® sector in December was Information Technology and Energy, respectively
- GDI ticks up modestly, but lags behind GDP
- Investor expectations on rate cuts seem excessive

Equity markets surged in November, with all major indexes moving sharply higher. Optimism around the economic environment and a pullback in interest rates appeared to be drivers of market gains in the month. The VIX Index, or "fear gauge," reflected the market sentiment as it pulled back from the high teens starting in November to end the month at 12.9. For the full month, the Dow Jones Industrial Average increased 8.8%, the S&P 500® index was up 8.9%, and the smaller cap-weighted Russell 2000® increased 8.8%.

Ten of the eleven sectors of the S&P 500 increased during November. Information Technology was the best-performing sector for the month, which increased by 12.7%, and was followed by the real estate sector, which was up 12.3%. The weakest performance in the month was posted by the energy sector, which decreased by 1.7%, followed by the consumer staples sector, which went up by 3.8%. For the prior twelve months, the Information Technology sector was the best performer, with a 38.0% increase, followed by the Communication Services sector, up 35.8%. In comparison, the utilities sector was the worst performer for the past twelve months, with a 12.4% decrease, followed by the energy sector, down 7.6%.

The November downside move in interest rates appears to have been catalyzed by two factors. First was commentary by Fed governor Waller, known as a monetary policy 'hawk,' that he believed the Fed would not need to hike rates further from here. The second driver influencing interest rates appeared to be related to datasets released by the Bureau of Economic Analysis (BEA) recapping October Personal Income and Expenditures (PCE) that pointed to further progress as forthcoming on the inflation front.

We note that a report from BEA recapping Gross Domestic Income (GDI) - a measure of incomes earned and costs incurred in the production of gross domestic product - rose at a modest annual rate of just 1.5% in the 3Q2023 while measurably lagging GDP over the past year. BEA noted that over the past four quarters, GDP has increased 3% while GDI has fallen 0.16%, while the total level of GDI is running 2.5% below that of GDP, representing the largest spread in 30 years. The takeaway is that some economists anticipate that GDP overestimates the U.S. economy's strength, with GDI being a more accurate measure. Thus, it is unsurprising to see an array of economic forecasts ranging from 'no landing' with sustained growth to substantive 'recession' as being on the horizon into 2024.

Current investor expectations of potentially five (or even six) 25 BPS rate cuts starting in March 2024 seem excessive unless a severe recession sets in - inconsistent with consensus forecasts targeting 10% growth for S&P 500 earnings. Although we are happy to see the November rally – and remain hopeful it persists into yearend – we believe it is far too early to declare victory on inflation and note that Fed Chair Powell uttered the same words at Spelman College last Friday, while suggesting 'it would be premature to conclude with confidence that we have achieved a sufficiently restrictive stance or to speculate on when policy might ease.'

We see investors' expectations as inconsistent with our economic outlook, targeting a modest slowdown in 1H2024 and weaker-than-consensus forecasted earnings growth with improved economic trends emerging in 2H2024. Historically, interest rate cuts do not arise during good times with economic expansion, inflation running at 3% plus, and unemployment in the 4% range - all implied by existing 2024 earnings forecasts for the S&P 500. If the Fed meets market expectations and starts cutting aggressively, it likely will be against a backdrop of a sharply slowing economy and rising unemployment. Time will tell how the economy and Fed policy evolves, but we expect the Fed to take its time before cutting the funds rate later in 2024 if the economy heads toward a relatively soft landing

Where to from here?

Factoring in our outlook for a weaker 1H2024 followed by an improvement into 2H2024 along with declining interest rates later in 2H2024, we sense that intermediate-term opportunities exist for investors, particularly among select health care, industrial, and energy-related issues that have all lagged in 2023, while interest rate sensitive utilities and real estate could respond positively to stabilizing and or falling interest rates later in the year. That is, we anticipate improved economic trends to drive sustained moderate economic and corporate earnings growth later in the year after a weaker 1H2024, potentially offering solid intermediate-term returns.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	**11/30/2023**	**12/30/2022**	**% Change YTD**	**10/31/2023**	**% Change (Monthly)**
S&P Composite	4,567.80	3,839.50	18.97%	4,193.80	8.92%
Dow Jones Industrials	35,950.89	33,147.25	8.46%	33,052.87	8.77%
NASDAQ Composite	14,226.22	10,466.48	35.92%	12,851.24	10.70%
Russell 2000	1,809.02	1,761.25	2.71%	1,662.28	8.83%
FTSE 100	7,453.75	7,451.74	0.03%	7,321.72	1.80%
Shanghai Composite	3,029.67	3,089.26	-1.93%	3,018.77	0.36%
Nikkei Stock Average	33,486.89	26,094.50	28.33%	30,858.85	8.52%
Stoxx Europe 600	461.61	424.89	8.64%	433.66	6.45%
MSCI Emerging Markets	987.10	956.38	3.21%	915.20	7.86%
MSCI Emerging Markets Small Cap	1,311.59	1,127.18	16.36%	1,197.61	9.52%

Performance of S&P 500 by Industry:	**% of Index as of 11/30/2023**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	10.72%	10.76%	-0.59%	32.96%	17.93%
Consumer Staples	6.30%	3.75%	-2.58%	-4.48%	-7.45%
Energy	4.10%	-1.65%	-5.34%	-4.62%	-7.64%
Financials	12.95%	10.68%	4.28%	4.45%	-1.22%
Health Care	12.69%	5.23%	-1.43%	-3.69%	-5.66%
Industrials	8.29%	8.51%	-1.09%	8.60%	5.23%
Information Technology	29.07%	12.73%	4.87%	50.68%	37.99%
Materials	2.44%	8.06%	-0.70%	5.65%	-0.48%
Communication Services	8.61%	7.81%	2.20%	47.31%	35.75%
Utilities	2.40%	4.52%	-0.37%	-11.69%	-12.37%
Real Estate	2.43%	12.27%	0.46%	0.28%	-5.21%
S&P 500 (Absolute performance)	100%	8.92%	1.33%	18.97%	11.95%

Interest Rates:	**11/30/2023**	**12/30/2022**	**YTD Change (Basis Points)**	**10/31/2023**	**Month Change (BPS)**
Fed Funds Effective Rate	5.33%	4.33%	100	5.33%	0
Prime Rate	8.50%	7.50%	100	8.50%	0
Three Month Treasury Bill	5.35%	4.40%	95	5.40%	-5
Ten Year Treasury	4.33%	3.87%	45	4.93%	-60
Spread - 10 Year vs 3 Month	-1.03%	-0.52%	-50	-0.47%	-56

Foreign Currencies:	**11/30/2023**	**12/30/2022**	**% Change YTD**	**10/31/2023**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.20	0.19	7.5%	0.20	2.4%
British Pound (in US dollars)	1.26	1.21	4.5%	1.22	3.9%
Canadian Dollar (in US dollars)	0.74	0.74	-0.1%	0.72	2.3%
Chinese Yuan (per US dollar)	7.14	6.90	3.4%	7.32	-2.5%
Euro (in US dollars)	1.09	1.07	1.7%	1.06	3.0%
Japanese Yen (per US dollar)	148.20	131.12	13.0%	151.68	-2.3%

Commodity Prices:	**11/30/2023**	**12/30/2022**	**% Change YTD**	**10/31/2023**	**% Change (Monthly)**
CRB (Commodity) Index	529.90	554.78	-4.5%	539.51	-1.8%
Gold (Comex spot per troy oz.)	2036.41	1824.02	11.6%	1983.88	2.6%
Oil (West Texas int. crude)	75.96	80.26	-5.4%	81.02	-6.2%
Aluminum (LME spot per metric ton)	2155.76	2349.51	-8.2%	2240.09	-3.8%
Natural Gas (Futures 10,000 MMBtu)	2.80	4.48	-37.4%	3.58	-21.6%

Economic Indicators:	**10/31/2023**	**12/31/2021**	**% Change YTD**	**6/30/2023**	**% Change (Monthly)**
Consumer Price Index	307.5	280.9	9.5%	303.8	1.1980%
Producer Price Index	260.0	233.5	11.3%	251.19	3.50%
	3Q23	**2Q23**	**1Q23**	**4Q22**	**3Q22**
GDP Growth Rate (Quarterly)	5.20%	2.10%	2.20%	2.60%	2.70%
Unemployment Rate (End of Month)	**October** **3.9%**	**September** **3.8%**	**August** **3.8%**	**July** **3.5%**	**June** **3.6%**

*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. **S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation.Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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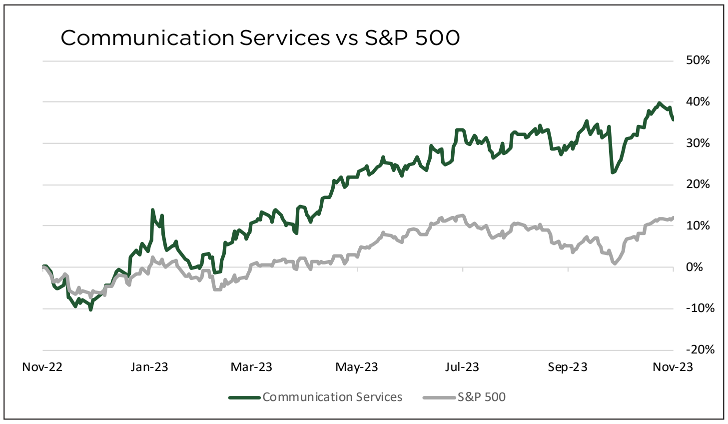
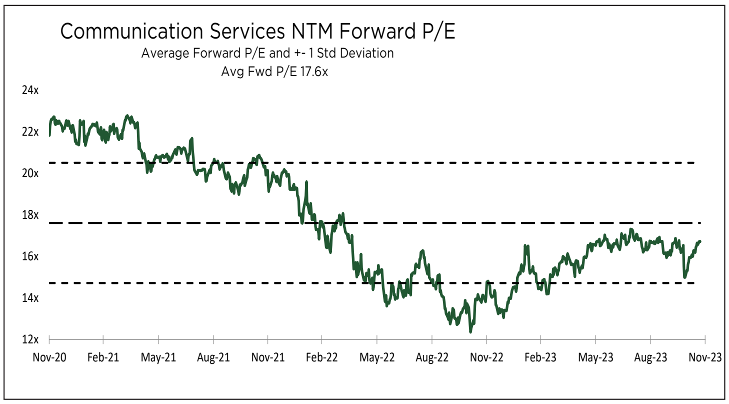
Sector Updates

COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
7.81%	2.20%	47.31%	35.75%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Paramount Global	32.1%
	Take-Two Interactive	18.3%
	Netflix Inc	15.1%
	Walt Disney Co/The	13.6%
	Electronic Arts Inc	11.5%
Laggards	Match Group Inc	-6.4%
	Fox Corp	-2.8%
	Fox Corp	-0.9%
	Charter Comm.	-0.7%
	Comcast Corp	1.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$11.67	$12.59	$14.78
20.1x	18.7x	15.9x

Sector Update

Communications Services (+7.81%) underperformed the market in November as the Media sub-sector weighed on the sector's returns.

The Communications Services sector appears attractively valued, with a P/E of 18.7x and 15.9x the consensus analyst FY23/24 EPS estimates, compared to estimated FY24 earnings growth of 17.3% and its average three-year forward P/E multiple of 17.6x.

Entertainment (+13.7%) was the top performing Communications Services sub-sector in November, driven by the rise in the shares of video game companies Electronic Arts and Take-Two Interactive and companies with streaming media services such as Netflix, Paramount Global, and the Walt Disney Company.

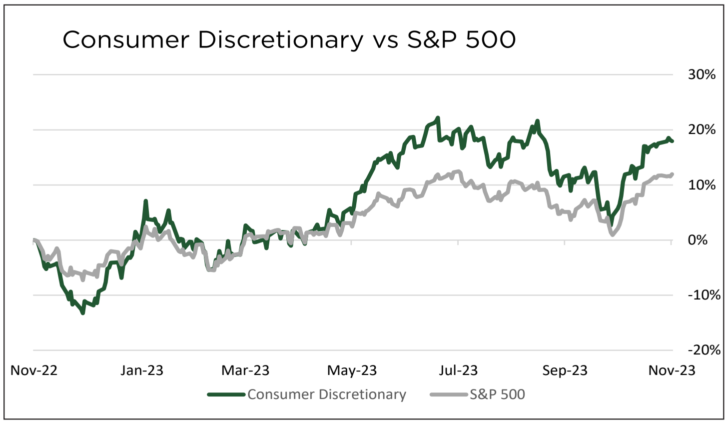
Take-Two Interactive reported better than expected and disclosed that Grand Theft Auto 5 sold 190 million units, with a trailer for Grand Theft Auto 6 debuting in December. Netflix recently announced it would provide its subscribers free access to three games of Take-Two Interactive's Grand Theft Auto franchise.

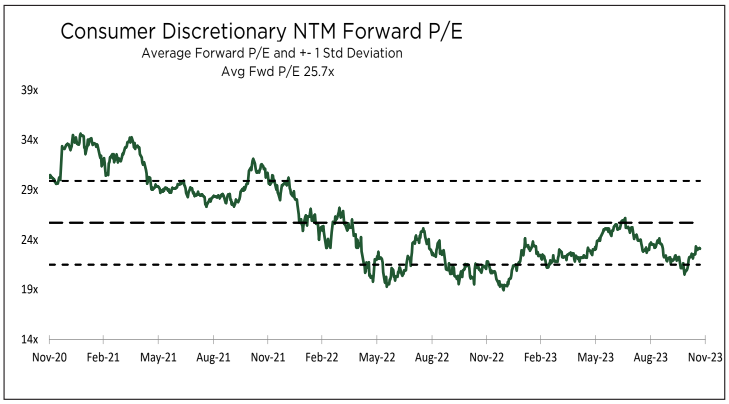
Entertainment companies' introduction of lower-priced ad-supported streaming content services and their crackdown on subscribers' password sharing could boost their streaming media revenue and subscriber growth.

Entertainment companies are focused on driving improved streaming media profits by consolidating streaming services into a single platform (such as the Walt Disney Company launching a new app with Disney+, ESPN+, and Hulu content), reducing investment in new content, and lowering operating costs.

The Diversified Telecommunications sub-sector outperformed the market in November (+8.5%) for the second month in a row. As U.S. Treasury yields pulled back over the past month, income-oriented investors may have been more inclined to purchase shares of U.S. telecommunications companies that provide 6.5% or higher dividend yields.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
10.76%	-0.59%	32.96%	17.93%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Expedia Group Inc	42.9%
	Carnival Corp	31.4%
	Royal Caribbean	26.8%
	DR Horton Inc	22.3%
	Etsy Inc	21.7%
Laggards	BorgWarner Inc	-8.7%
	Aptiv PLC	-5.0%
	Wynn Resorts Ltd	-3.8%
	Las Vegas Sands Corp	-2.8%
	TJX Cos Inc/The	0.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$47.48	$53.00	$58.81
28.2x	25.2x	22.7x

Sector Update

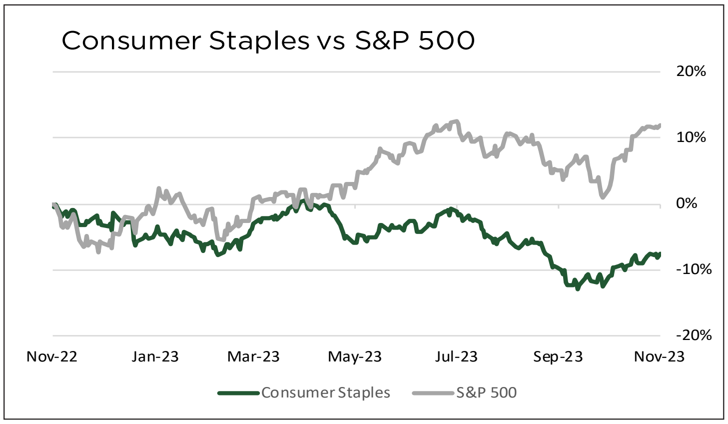
The Consumer Discretionary sector outperformed the broader market in November as investor optimism around the sector improved. Among Consumer Discretionary sub-sectors, the strongest performance was seen in Household durables and Automobiles. Consumer Discretionary sub-sectors that were softest included Auto Components, Leisure Products, and Distributors. The Consumer Discretionary sector has outperformed the S&P 500 on a 1-month, year-to-date, and trailing twelve-month basis, as seen in the accompanying chart.

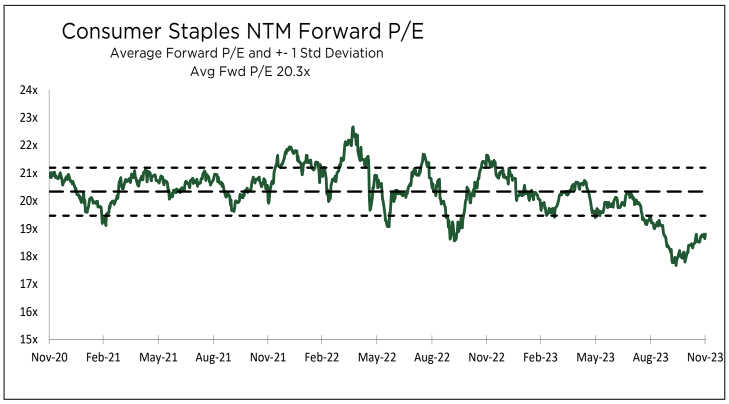
Consumer confidence was reported by the Conference Board at 102.0 for November versus 99.1 in October. The improvement in confidence comes despite continuing high inflation and interest rates as well as concerns around conflict in the Mideast. Future expectations are strengthening, with the six-month forward confidence gauge improving from 72.7 in October to 77.8 in November, suggesting that consumers feel better about the current outlook despite fear of potential recession on the horizon.

Retail sales for October were reported in mid-November and dropped for the first time in seven months, coming in at down 0.1%. Lower gas prices contributed to a drop in gasoline sales in the month, while auto dealer sales dropped 1%. Retail sales, excluding autos and gasoline, increased 0.1%. Areas of relative sales strength in the month included restaurants and internet retailers. With wages rising and relatively low unemployment levels, consumer spending through the holiday season will remain a key focus in the coming periods.

Existing home sales reported in mid-November for October declined to the lowest level since 2010 as homebuyers continue to face high mortgage rates and a low supply of houses for sale. According to the National Association of Realtors, existing home sales declined 4.1% in the month, reaching an annualized rate of 3.79 million units. The decline is much steeper on a year-over-year basis, with sales down 14.6%. A key factor impacting home sales has been low supply, with an inventory of homes for sales of 1.15 million, down 5.7% from last year. Mortgage rates have recently shown some signs of weakening but reached a 20-year high during October, contributing to an environment where approximately one-third of home buyers are paying all cash for their home purchases, according to Redfin. Recent declines in mortgage rates could provide some relief, potentially benefiting home sales in the coming months.

CONSUMER STAPLES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
3.75%	-2.58%	-4.48%	-7.45%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Clorox Co/The	21.8%
	Target Corp	20.8%
	Kraft Heinz Co/The	11.6%
	Lamb Weston Holdings	11.4%
	Dollar Tree Inc	11.3%
Laggards	Hormel Foods Corp	-6.0%
	Walgreens Boots	-5.4%
	Walmart Inc	-4.7%
	J M Smucker Co/The	-3.6%
	Kroger Co/The	-2.4%

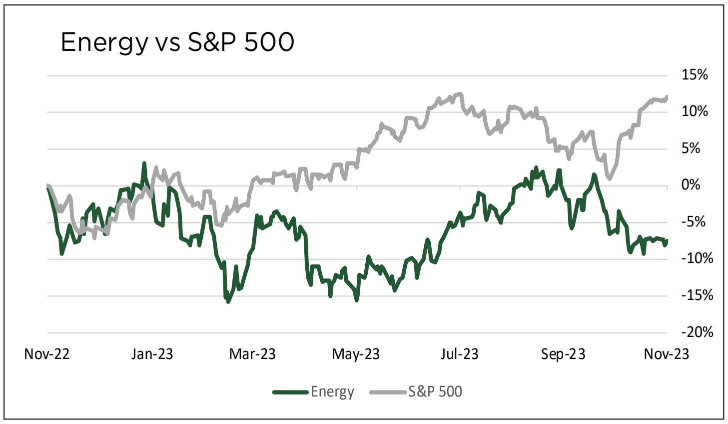
Consensus FY EPS / P/E

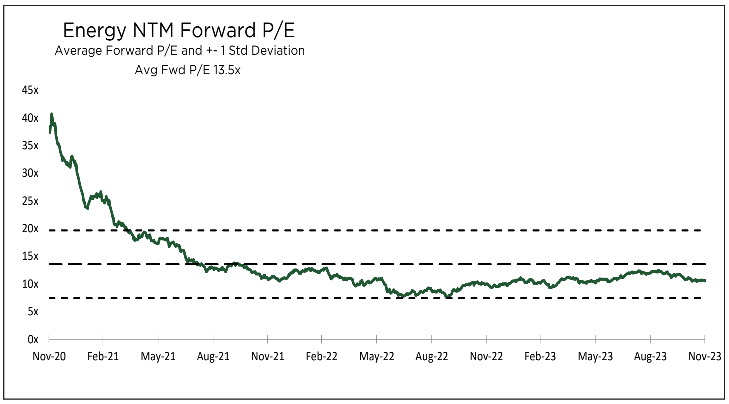
Last Year	Current Year	Next Year
$36.94	$37.94	$40.37
20.1x	19.6x	18.4x

Sector Update

The Consumer Staples sector increased by 3.75% on average in November and underperformed the S&P 500 Index, which increased by 8.92%. Year-to-date, the Consumer Staples sector decreased by 4.48% on average and has well underperformed the S&P 500 Index, which increased by 18.97%. The Consumer Staples segment trades with a current forward P/E of about 19.6x, below its average forward P/E of about 20.3x. In 2023, packaged food and beverage company valuations were negatively impacted by the GLP-1/weight loss drug overhang, along with rotation out of yield and more defensive stocks. The Consumer Staples sector is exiting 2023 with more reasonable valuations versus historical measures, and that disparity should begin to attract investor interest for investment in high-quality companies. Moderating input cost pressures and improving supply chains should provide tailwinds in 2024 and contribute to further margin recovery. Margins should continue to recover next year depending on such key variables as consumer shopping patterns, the promotional environment, and the macro environment. Domestic food volume remains relatively flat as consumer behavior shifts to eating down existing pantries, reducing waste, stocking up less, and reducing basket unit sizes. Private label share of food volume continues to increase. We continue to advise a selective investment among the Consumer Staples stocks and prefer investing in companies with pricing, leading market share, strong balance sheets, and experienced management. An investment in many of the Consumer Staples companies continues to offer an attractive dividend yield.

The latest earnings updates from Consumer Staples companies exhibited continued margin recovery, moderating input cost pressures with some exceptions, changing consumer shopping patterns and behaviors, and ongoing focus on realizing efficiencies and innovation. Ingredient companies continue to provide customers with solutions and innovations to appeal to consumers. Expectations for the soft drink segment are for another year of solid results and in-market execution. Strong beer brands are gaining additional shelf space following fall shelf resets by retailers. Portfolio transformation through divestments and acquisitions and streamlining the number of product offerings remains a key theme. Companies seek to drive top-line growth by adding faster brands to portfolios, and potential M&A remains a key theme. Potential investment themes in response to the GLP-1/weight loss drugs include companies that sell traditional meat protein products, protein shakes, bars, or adjacent offerings such as energy drinks. The sector trend towards consolidation remains a key factor as companies seek options to remain competitive with customers and deliver versus changing trends.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.65%	-5.34%	-4.62%	-7.64%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Phillips 66	13.0%
	Kinder Morgan Inc	8.5%
	Targa Resources Corp	8.2%
	Williams Cos Inc/The	6.9%
	ONEOK Inc	5.6%
Laggards	APA Corp	-9.4%
	Marathon Oil Corp	-6.9%
	Schlumberger NV	-6.5%
	Halliburton Co	-5.9%
	EQT Corp	-5.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$62.39	$58.50	$60.24
10.3x	11.0x	10.6x

Sector Update

Against a backdrop of weakening energy prices and concerns about the pace of economic growth, the Energy sector sharply underperformed the broader market in November. Both the Oil, Gas & Consumable Fuels subsector and the Energy Equipment & Services subsector declined in the month. The Energy sector has underperformed the S&P 500 for the 1-month, 3-months, year-to-date, and trailing twelve-month periods, as seen in the accompanying table.

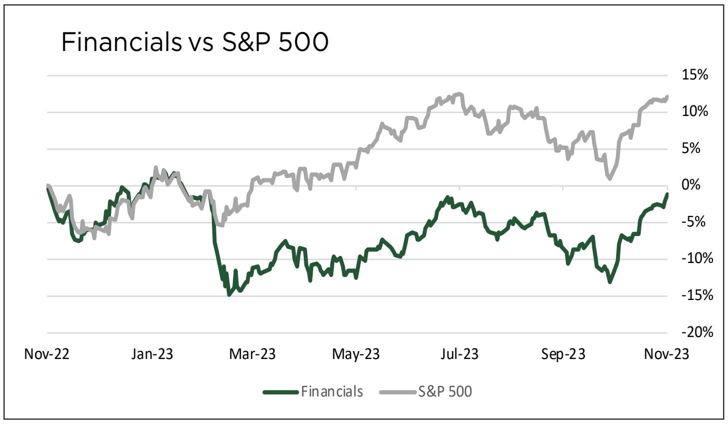
After delaying its November meeting, the OPEC+ oil cartel agreed to reduce monthly oil production above current cuts by an additional 1 million barrels per day beginning in 2024. OPEC reported that voluntary production cuts by the group totaled 2.2 million barrels per day, including a 1 million per day extension by Saudi Arabia and a 300,000 barrels per day extension by Russia. Although production cuts are intended to further reduce supplies, market reaction was muted by the view that compliance may be challenged, as well as concerns around global demand.

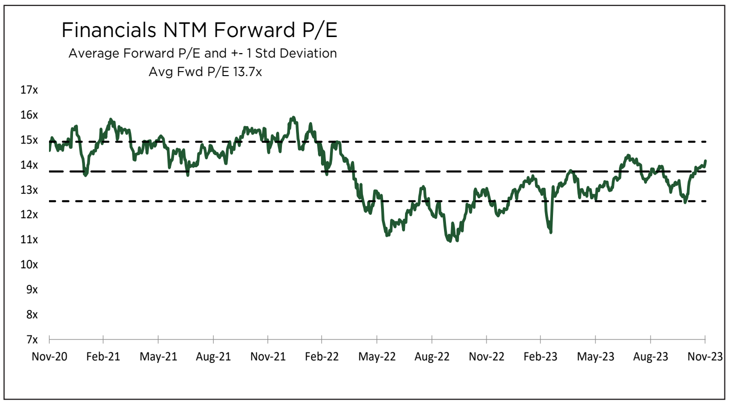
In mid-November, the International Energy Agency or IEA boosted its oil demand growth forecast for 2024. In 2023, oil demand is expected to rise by 2.4 million barrels per day. The IEA increased its target for oil demand growth in 2024 to 930,000 barrels per day from 880,000 barrels per day, which we note is well below the OPEC target. The outlook incorporates expected benefits from potential interest rate cuts and recent pullbacks in oil prices. The IEA forecast falls well below that of OPEC, which has called for increased demand of 2.25 million barrels per day. The IEA further supports its outlook by noting that demand will likely be impacted by advancing energy efficiency gains, expanding electric vehicle fleets, and structural factors.

West Texas Intermediate (WTI) crude oil prices moved lower in November, with WTI trading from the $81 per barrel range to end the month at about $76 per barrel. Natural gas prices decreased from about $3.81 per million Btu to end the month at about $2.80 per million Btu. Retail gasoline prices dropped in October, moving to $3.36 per gallon at the end of the month from the $3.60 average price seen at the prior month's end and down from the prior year's level of $3.65.

The Baker Hughes oil rig count was up slightly in the month, coming in at 505 rigs versus 504 rigs last month. The oil rig count at month-end was down versus the prior year's level of 627 rigs. U.S. crude oil storage at 450 million barrels was up from last month's level of 422 million barrels. We note that storage levels have generally been declining off the 2020 pandemic highs but are currently above the prior year's level of 419 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend which continued during 2023. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to about 13.2 million barrels per day at the end of the month.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
10.68%	4.28%	4.45%	-1.22%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	BlackRock Inc	22.7%
	Fifth Third Bancorp	22.1%
	Blackstone Inc	21.7%
	KeyCorp	21.2%
	Northern Trust Corp	20.2%
Laggards	Arch Capital Group Ltd	-3.4%
	CME Group Inc	2.3%
	Cincinnati Financial	3.1%
	Progressive Corp/The	3.8%
	Everest Group Ltd	3.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$38.56	$41.14	$43.58
15.4x	14.5x	13.7x

Sector Update

The Financials sector rallied 10.7% in November, benefitting from a significant back-down in interest rates and risk-on sentiment supported by hopes of a soft-landing in the broader economy. The sector outpaced the strong S&P500® index advance of 8.9% in the same period. The Financials sector has outperformed the broader market index over the past three months, largely related to November gains, but lags the S&P by a wide margin in year-to-date and trailing twelve-month comparisons.

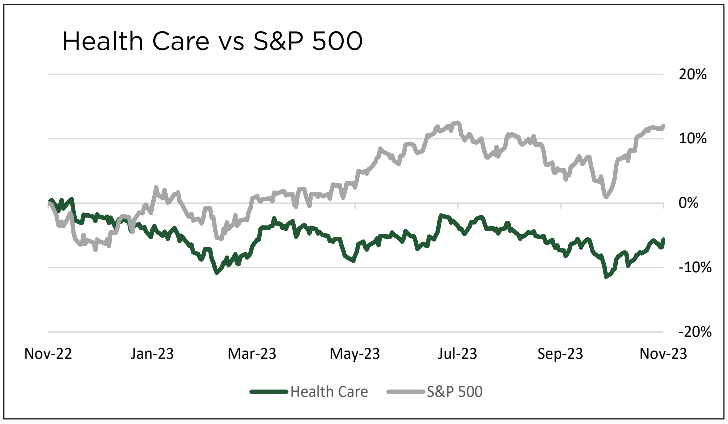
A significant back-down in rates appears to have been the primary driver of Financials (and broader market) performance in November. Ten, Twenty, and Thirty-year treasury rates were ~60bps lower than the prior month, with yields across the curve pulling in from the end of October on softer inflation expectations. With current consensus pointing to multiple rate cuts in 2024 and the conclusion of the current Fed tightening cycle in place, two-year treasury rates were down 40bps in the month, also representing a significant shift in investor psychology.

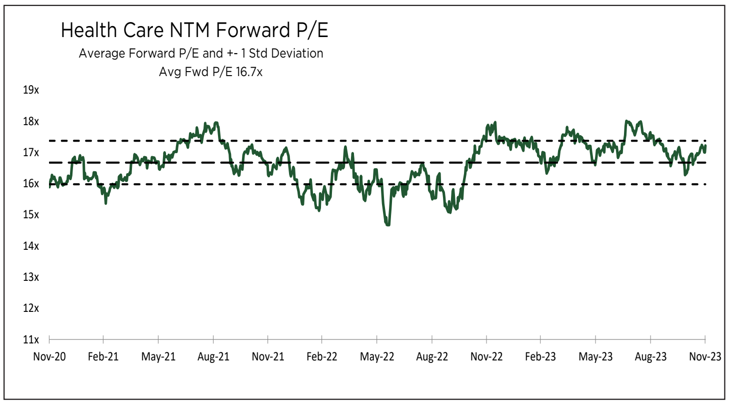
Consumer Finance, Banks, and Capital Markets subsectors were the best performers in November, each up more than 14% in the period. In November, the five best-performing stocks among the Financials group particularly benefited from retrenchment in interest rates. Leading alternative asset managers BlackRock (BLK) and Blackstone (BX), as well regional banks Fifth Third (FITB) and KeyCorp (KEY), were the strongest performers on better than 20% gains in the month. In the case of alternatives managers, lower rates benefit both the cost of capital and fundraising from clients relative to traditional income vehicles. Regional and trust banks saddled with unrealized losses in their bond portfolios as a result of higher rates also outperformed in November, as lower rates (higher bond prices) offset these concerns.

Conversely, Insurers were the worst-performing Financials subsector, still up a solid 5.7% in November—but breaking a streak of relative outperformance in recent months tied to the pullback in interest rates. Insurers represented four of the five worst performing Financials stocks in November, reflecting the potential for softer interest income gains into 2024.

The financial sector currently trades at a forward P/E ratio of 13.7x FY24 expectations, in line with its three-year average forward twelve-month multiple. Valuations in the financial sector appear fair on recent gains but require selectivity in the face of an uncertain near-term outlook tied to recessionary and liquidity concerns.

HEALTHCARE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.23%	-1.43%	-3.69%	-5.66%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Insulet Corp	42.6%
	DaVita Inc	31.4%
	Dexcom Inc	30.0%
	Agilent Technologies	23.6%
	Teleflex Inc	22.2%
Laggards	Cigna Group/The	-15.0%
	Humana Inc	-7.4%
	Illumina Inc	-6.8%
	Becton Dickinson & Co	-6.6%
	STERIS PLC	-4.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$68.90	$76.02	$91.07
22.2x	20.1x	16.8x

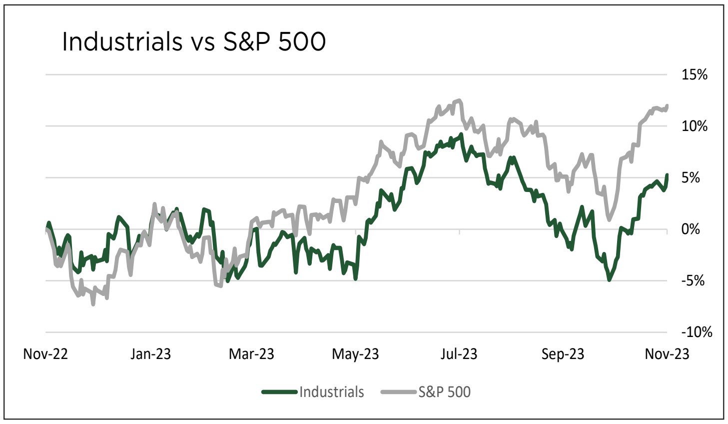
Sector Update

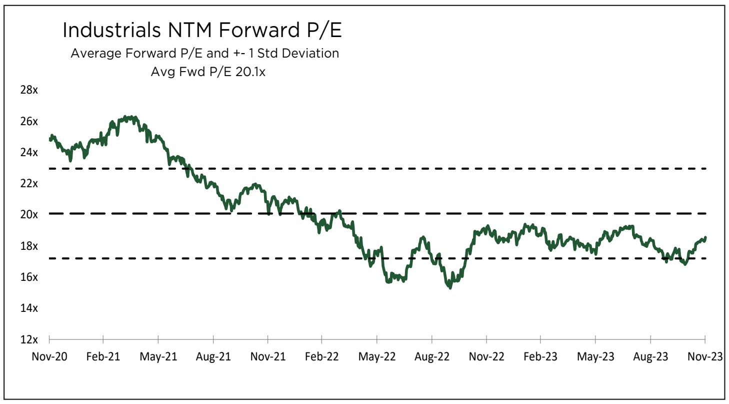
The S&P 500 rose 8.92% in November, registering a gain after three prior months of losses. Better-than-expected earnings and easing inflation increased the probability that the Federal Reserve will halt its monetary tightening campaign, helping push the S&P 500 to its highest closing price so far this year. The defensive-natured healthcare sector underperformed the market in November yet increased 5.23%, supported by solid earnings results and a rebound from yearly lows seen in October.

Each subsector within Health Care was up in November, led by a 13.5% gain from Life Sciences Tools & Services. Last month, a slowdown in China and waning R&D spend from Pharmaceutical companies customers drove the subsector to its lowest level since 2020, although a market rally fueled positive performance in November. The biotechnology subsector was the worst-performing subsector within health care, with a 1.4% gain, reflecting a funding environment for emerging biotech firms that remains subdued. As illustrated in the adjacent tables, Insulet, DaVita, Dexcom, Agilent Technologies, and Teleflex led the Health Care sector during the month. Insulet, DaVita, and Dexcom were the best-performing stocks in November, following yearly lows in October. Fears that new weight-loss drugs would impact the demand for the core offerings from these companies was a factor that weighed on the shares of these companies throughout this year, prompting the management teams of these three companies to quell some of this fear by stating that their end-market demand remains intact. Agilent Technologies and Teleflex also each registered strong November gains, driven by upside financial results posted during their latest earnings calls.

On the contrary, Cigna, Humana, Illumina, Becton Dickinson, and Steris performed the worst within the Health Care sector during November. While managed Care stocks Cigna and Humana led the sector last month, they gave back those gains in November as reports came out that the two firms were in talks to merge. Details surrounding the potential deal are scarce, although the rumors about the merger sparked concerns about each firm's growth prospects. Illumina shares also lagged during November, reflecting a class action lawsuit filed by shareholders and sales results that came in below consensus expectations. The Health Care sector trades at a forward P/E ratio of 16.8x, in-line with its historical average of 16.7x.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.51%	-1.09%	8.60%	5.23%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Generac Holdings Inc	39.3%
	Equifax Inc	28.4%
	Boeing Co/The	24.0%
	Alaska Air Group Inc	19.5%
	Howmet Aerospace Inc	19.3%
Laggards	Paycom Software Inc	-25.8%
	Jacobs Solutions Inc	-4.6%
	Lockheed Martin Corp	-1.5%
	Deere & Co	-0.3%
	Emerson Electric Co	-0.1%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$43.31	$44.79	$50.32
20.8x	20.2x	17.9x

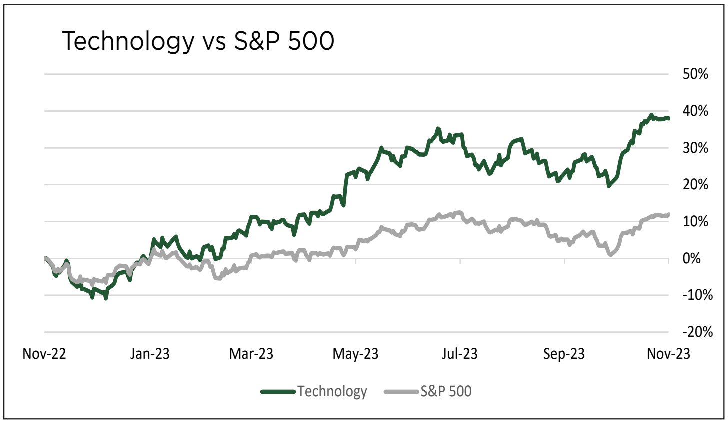
Sector Update

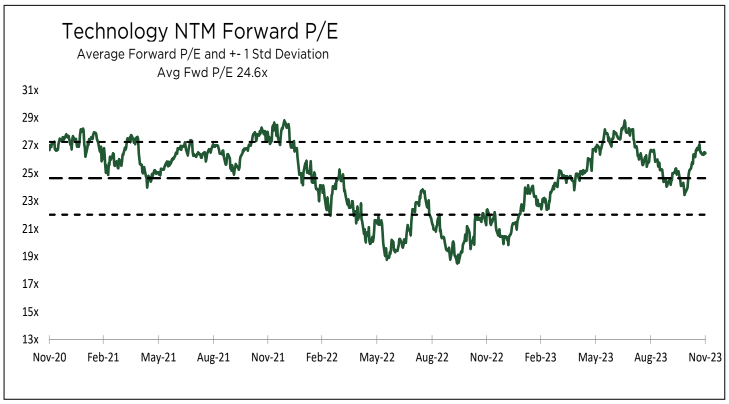
The Industrial Sector increased 8.51% in November, underperforming the 8.92% increase in the S&P 500. The Industrial sector has also lagged behind the S&P 500 on a three-month basis, a Year-to-Date basis, and on a trailing-12-month basis. All 12 subsectors within Industrials increased in the month, with the most increase coming from Airlines with 15.5%. This represents a rebound for the Airlines subsector after declining 16.1% last month. While rising costs such as labor and maintenance have been on the rise in the airline industry, growing expectations that the Federal Reserve's higher interest rate campaign will be finished contribute to a more positive view of airline stocks. In contrast to October, the second best-performing subsector was Construction and Engineering, with a 12.7% gain. Its sole member, Quanta Services, reported positive financial results during the month and improved sales guidance.

Generac Holdings was the best-performing equity in the Industrial Sector, with a 39.3% gain. Generac reported strong financial results during the month, while management highlighted that the inventory issues that weighed on shares earlier in the year are behind them. Aerospace and Defense peers Boeing and Howmet Aerospace made it onto the leaders list in November with 24.0% and 19.3% returns, respectively. Howmet Aerospace reported upside financial results and raised their 2023 guidance during November, with particular strength coming from their commercial aerospace segment. Boeing enjoyed a strong month regarding new orders, leading some investors to believe the company is now on a better trajectory. During the month, Boeing also participated in the Dubai Airshow, where the company noted particular strength in wide-body jet demand and chalked up 295 total aircraft orders. On the contrary, Paycom Software performed the worst in the industrial sector, with a 25.8% decline. Paycom missed sales expectations during their November earnings call and lowered their guidance below expectations, citing sales cannibalization arising from a shift to Paycom's automated payroll system.

The November Manufacturing PMI registered a reading of 46.7%, unchanged versus October. The New Orders Index remained in contraction territory at 48.3%, 2.8% higher than the October figure of 45.5%. The Production Index reading of 48.5% represents a 1.9% decrease compared to October's figure of 50.4%. The Industrial Sector is trading at a Forward P/E of 17.9x, running below the three-year average of 20.1x.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
12.73%	4.87%	50.68%	37.99%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Gen Digital Inc	32.5%
	Gartner Inc	31.0%
	Fair Isaac Corp	28.6%
	Enphase Energy Inc	26.9%
	NetApp Inc	25.6%
Laggards	Fortinet Inc	-8.1%
	Cisco Systems Inc	-7.2%
	Trimble Inc	-1.5%
	SolarEdge Technologies	4.5%
	CDW Corp/DE	5.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$93.37	$113.93	$135.64
35.1x	28.7x	24.1x

Sector Update

The Technology sector (+12.7%) outperformed the market in November, driven by the double-digit return in four of seven sub-sectors. Semiconductors & Semiconductor Capital Equipment (+15.2%) was the top-performing technology sub-sector driven by higher cloud service providers and corporate and government demand for semiconductor components utilized in high-performance computer networks to support generative AI. However, the downturn in the semiconductor industry broadened to include most industrial sectors as well as the automotive sector. Given the improved supply of semiconductor components and shorter lead times, distributors of semiconductors and OEM customers require less inventory and, therefore, are reducing their orders until their inventories reach targeted levels. Semiconductor companies also noted weaker end-market demand due to the more challenging global macroeconomic environment as consumers cope with higher interest rates.

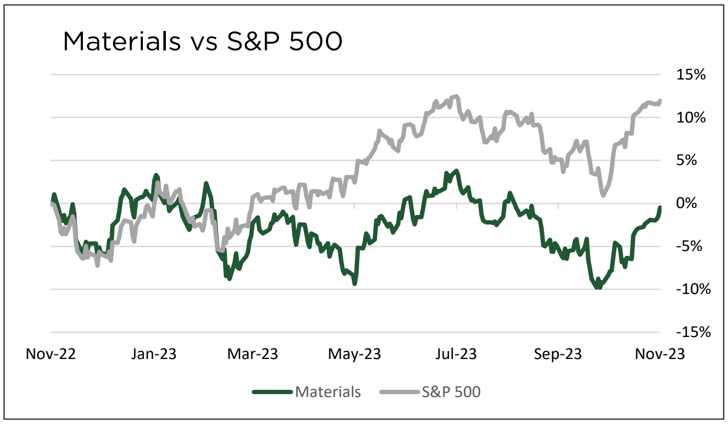
The Software sub-sector (+13.4%) also outperformed the market in November, driven by the performance of large enterprise software companies that enhanced their productivity software applications with generative AI co-pilots Adobe and Microsoft plan to charge their customers more for their software applications enhanced by generative AI.

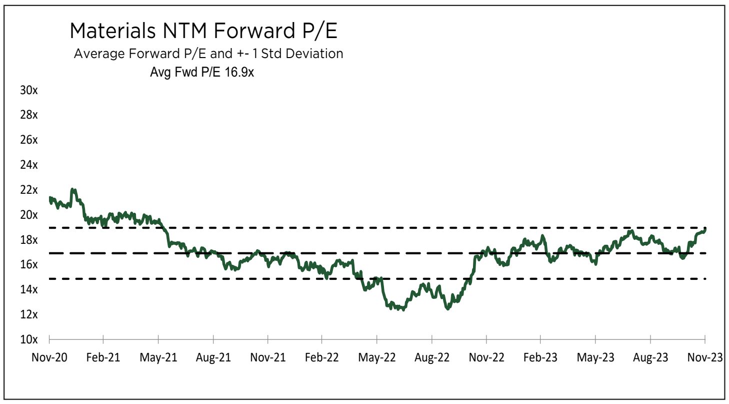
According to NVIDIA, consumer-focused chatbots such as Open AI's ChatGPT and Alphabet's Bard drove initial demand for generative AI. Then, software companies such as Microsoft and ServiceNow introduced generative AI co-pilots to enhance their productivity applications, and Adobe augmented its creative software with generative AI. Then, Accenture, Alphabet, Amazon Web Services, IBM, Microsoft, and NVIDIA consultants and engineers helped enterprises and governments create custom large language models based on proprietary data. These companies helped customers analyze their data and apply generative AI technology to develop custom software applications. According to NVIDIA, the most recent development in generative AI was governments such as France, Germany, Israel, Japan, and the U.S. investing in generative AI supercomputers.

NVIDIA estimated that $1 trillion is invested in general computing infrastructure and believes that companies will replace this legacy infrastructure with new GPUs/CPUs and networking infrastructure that enables accelerated computing and generative AI over the next ten years.

The Technology sector appears close to fairly valued, with a forward P/E of 24.1x, compared to its average forward P/E of 24.6x.

MATERIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
8.06%	-0.70%	5.65%	-0.48%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Celanese Corp	21.1%
	Sherwin-Williams Co/	17.0%
	PPG Industries Inc	15.7%
	Nucor Corp	15.0%
	Ball Corp	14.8%
Laggards	Corteva Inc	-6.1%
	CF Industries Holdings	-5.8%
	Albemarle Corp	-4.3%
	Air Products and Chemicals	-4.2%
	DuPont de Nemours Inc	-1.8%

Consensus FY EPS / P/E

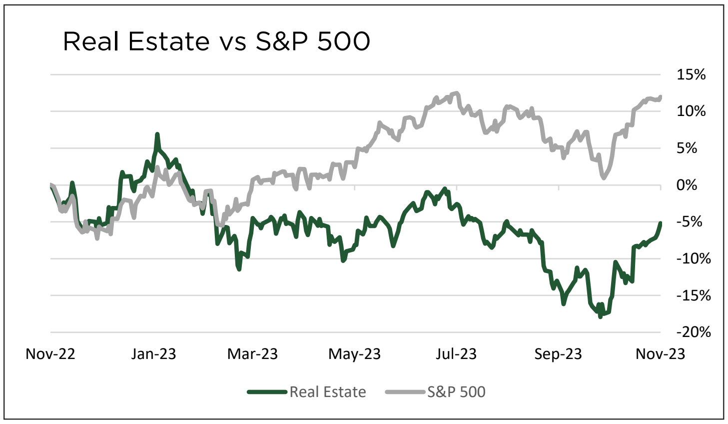
Last Year	Current Year	Next Year
$27.33	$27.11	$28.32
18.9x	19.1x	18.3x

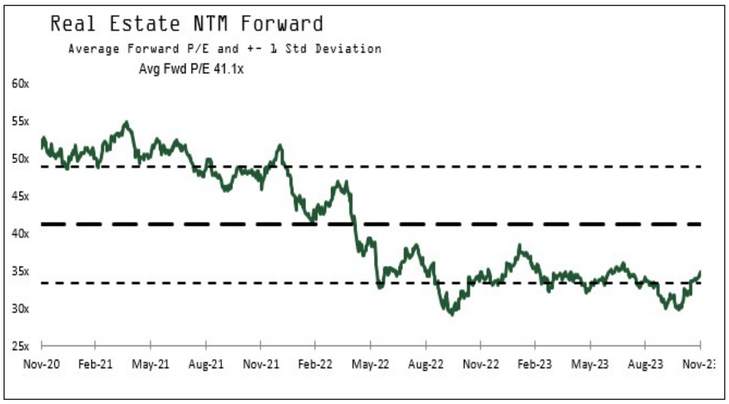
Sector Update

The Materials segment increased by 8.06% in November and slightly underperformed the S&P 500 Index, which increased by 8.92%. All segments reported solid gains for the month, reversing the declines reported in October. Year to date, the Materials segment increased by 5.65% and well underperformed the S&P 500 Index, which increased by 18.97%. The Materials segment trades with a current forward P/E of 18.3x and an above-average forward P/E of about 16.9x. The current valuation reflects the continued volatile global operating environment across the segments in the near term. For 2024, Key factors to monitor include the outlook for the macro-economic environment and potential for a recession, consumer behavior and confidence trends, realized pricing, capital spending, volume, and inventory levels. Execution and managing input cost pressures remain critical, and the companies could begin to realize strengthening margins as input costs moderate. Selective investment among the group remains a key factor, with a preference for strong management teams and high-quality businesses. Preferred areas for potential investment include hydrocarbon, coatings, and lithium.

Recently reported Q3 results for the building segment were generally solid for both the building supply companies and the homebuilders. While homebuilder companies are experiencing a seasonal slowdown, the underlying demand remains resilient despite the higher mortgage rates. For 2024, the key focus centers on the interest rate environment, remodeling demand, pricing, and the pace of new home starts. Housing data remains muted, with new home sales down 5.6% in October vs the prior month. High mortgage rates (approximately 8%) and prices continue to create pressures for new home buyers concerning affordability. Home prices increased 3.9% in September vs the prior month as measured by CoreLogic Case-Shiller and are up 6.1% year-to-date. The tight housing inventory persists, supporting higher prices despite the rise in mortgage rates. Continued tight lending standards remain an overhang and contribute to volatility. An investment in repair and remodel companies remains attractive as consumers with low fixed mortgage rates increasingly lack incentive to move. The lithium bear cycle continues with continued severe negative sentiment towards the group. The lithium sector has faced price deflation, IRA concerns, inventory destocking, declining EV demand and sentiment, and an increasingly uncertain supply/demand balance. With confidence at a low point, it is hard to argue that sentiment should worsen further in 2024. Rebuilding positive sentiment and a movement towards greater confidence in the outlook could provide positive catalysts in the new year.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
12.27%	0.46%	0.28%	-5.21%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	Crown Castle Inc	26.1%
	Extra Space Storage Inc	25.7%
	SBA Communications	18.4%
	Alexandria Real Estate	17.5%
	American Tower Corp	17.2%
Laggards	Essex Property Trust Inc	-0.2%
	Equity Residential	2.7%
	Regency Centers Corp	4.2%
	AvalonBay	4.3%
	Federal Realty	4.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$5.78	$6.61	$6.74
40.3x	35.2x	34.5x

Sector Update

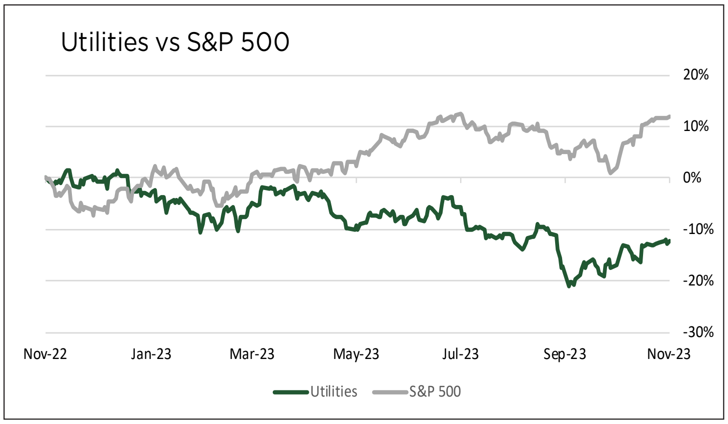
Post the November 1st FOMC session, signs of slowing inflation have investors anticipating the Fed has finished with its rate hikes for this cycle while currently anticipating five or so Fed fund rate cuts will commence in the Spring of 2024. Thus, interest rates have retrenched sharply over the past five weeks ended December 1st - with the 10-year Benchmark Treasury yield declining from 4.95% to a recent 4.22%. Not surprisingly, equity markets have rallied, ratcheting higher in response to interest rates, with the S&P 500 advancing 11.6% over the five weeks. S&P sectors responsive to interest rates, including Real Estate, measurably outperformed the broad market with this rally. As depicted in the adjacent table, for the month, the Real Estate sector surged by 12.27% - out distancing a strong S&P 500 that itself advanced by 8.92%. Still, this sector has a long way to go to close the performance gap relative to the S&P 500 as Real Estate has lagged significantly over the three, six, and 12-month bases. And, as outlined in the adjacent company performance detail, sector gains were not forthcoming across the board.

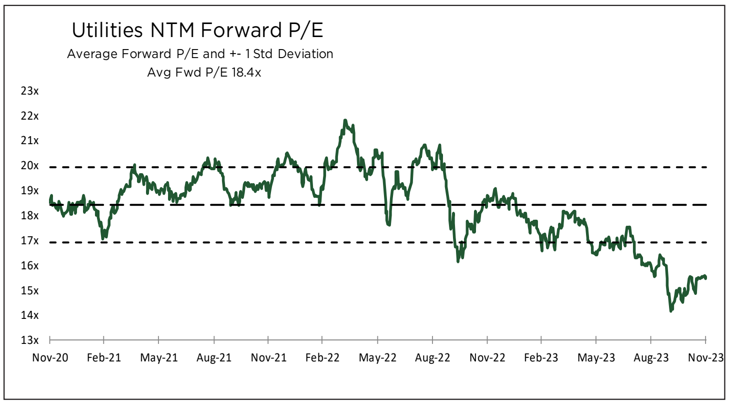
This past month, one sees that cell tower REITs – Crown Castle, SBA Communications, and American Tower – were among the leading gainers after trailing the S&P 500 for over a year in response to cellular carriers curbing capital investment post their 2019-2022 nationwide rollout of 5G networks. An activist investor arrived at Crown Castle agitating for change, attracting investor attention to a sector that has delivered growth and income with sentiment shifting to a tailwind. Outside of the tower segment, Extra Space Storage rebounded smartly in November after the firm reported better than forecasted 3Q2023 operating results that, although down from 3Q2022, showed encouraging trends on the consolidation of the July 2023 Life Storage acquisition.

In contrast to segment gainers, we see underperformance from apartment/multifamily REIT players as persisting with particular weakness among companies having greater exposure to the West Coast (notably San Francisco and Seattle). Rental rates have been intentionally reined in sharply in 2023 to build occupancy. A weak leasing environment is expected to persist into 2024, implying slower revenue and FFO growth for those operating in that region, including both Essex Properties and Equity Residential. In contrast, the East Coast has seen better performance for apartment REITs as supply remains tight, rents continue to rise, and extensive new capacity is emerging across the Sunbelt.

Furthermore, sector M&A valuations have yet to reflect higher interest rates requiring higher cap rates to drive hurdle rate returns – that has limited acquisition activity and near-term growth prospects of late. Given a mixed U.S. economic outlook that exists into 2024, selective investment is the name of the game for those sifting through the Real Estate sector, with better growth potential persisting for the Data Center and Cell Tower segments.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.52%	-0.37%	-11.69%	-12.37%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
8.92%	1.33%	18.97%	11.95%

	Company Performance	1 Month
Leaders	AES Corp/The	15.5%
	NRG Energy Inc	12.9%
	Dominion Energy Inc	12.5%
	American Water Works	12.1%
	Eversource Energy	10.4%
Laggards	Exelon Corp	-1.1%
	NextEra Energy Inc	0.4%
	Pinnacle West Capital	1.0%
	Public Service Ent.	1.3%
	NiSource Inc	1.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$18.22	$18.67	$20.34
17.4x	17.0x	15.6x

Sector Update

The utilities sector gained 4.5% in November but lagged a strong 8.9% rally in the broader market S&P 500® index. While the group bounced on a pullback in rates across the yield curve, risk-on sentiment backed by growing expectations of a soft landing in the US economy appeared to benefit the broader market to a greater degree. The Utilities group continues to be the worst-performing sector in the S&P year-to-date and the past twelve months, reflecting a stretch of relative weakness against an elevated interest rate backdrop and resilient economic behavior. It remains the case that alternative interest-bearing investments in the bond market provide reasonable alternatives to 'bond proxy' equities compared to the past ~15 years, and cost of capital remains in an upward trajectory for these large debt issuers.

Despite relative weakness in the sector, a handful of Utilities, including local company Dominion Energy (D), outperformed the S&P in the month, with the top five gainers up in a range of 10.4% to 15.5%. We note that four of the five best-performing Utility stocks in the month were the biggest losers in 2023 through October, including AES (AES), Dominion, American Water Works (AWK), and Eversource (ES). NRG (NRG) led the Sector into October, up 33% in 2023, and continued strong performance in November on a 12.9% monthly gain. NRG's performance appears to benefit from its strategic shift toward 'whole home' services, with investors seeing value in its acquisition of Vivint Smart Home in March.

Despite near-term volatility tied to interest rate dynamics, Utilities continue to appear well-positioned for above-trend earnings growth on a multi-year basis, given significant visibility into long-term capex cycles around transmission and distribution modernization in addition to renewable energy projects supported by regulators. According to Bloomberg data, earnings growth expectations in the Electric Utilities sub-sector look particularly strong at ~10.9% in FY23 and ~9.1% in FY24.

The Utilities sector appears attractively valued relative to its historical trend as the group trades nearly two standard deviations below its three-year average forward earnings multiple of 18.4x. Elevated interest rates and tax-loss selling have the potential to remain a near-term overhang on the sector; however, a peak in interest rates or relative weakening in broader market earnings trends could be drivers of multiple expansion and stronger performance in the sector into 2024.

Given attractive valuation, yield, and defensive characteristics—we see an opportunity for new investment in the utility sector at this juncture.

ECONOMIC CALENDAR

Date	Release	For	Prior
1-Dec	S&P Global US Manufacturing PMI - Final	Nov	49.4
1-Dec	ISM Manufacturing Index	Nov	46.7%
1-Dec	Construction Spending	Oct	0.4%
4-Dec	Factory Orders	Oct	2.3%
5-Dec	S&P Global US Services PMI - Final	Nov	50.6
5-Dec	ISM Non-Manufacturing PMI	Nov	51.8%
5-Dec	JOLTS - Job Openings	Oct	9.553M
6-Dec	MBA Mortgage Applications Index	12/2	0.3%
6-Dec	ADP Employment Change	Nov	106K
6-Dec	Productivity-Rev.	Q3	4.7%
6-Dec	Uniit Labor Costs-Rev	Q3	-0.8%
6-Dec	Trade Balance	Oct	$61.2B
6-Dec	EIA Crude Oil Inventories	12/2	+1.61M
7-Dec	Initial Claims	12/2	218K
7-Dec	Continuing Claims	11/25	1927K
7-Dec	Wholesale Inventories	Oct	0.2%
7-Dec	EIA Natural Gas Inventories	12/2	+10 bcf
7-Dec	Consumer Credit	Oct	$9.0B
8-Dec	Nonfarm Payrolls	Nov	150K
8-Dec	Nonfarm Private Payrolls	Nov	99K
8-Dec	Avg. Hourly Earnings	Nov	0.2%
8-Dec	Unemployment Rate	Nov	3.9%
8-Dec	Average Workweek	Nov	34.3
8-Dec	Univ. of Michigan Consumer Sentiment - Prelim	Dec	61.3
12-Dec	Core CPI	Nov	0.2%
12-Dec	CPI	Nov	0.0%
12-Dec	Treasury Budget	Nov	-$66.6B
13-Dec	MBA Mortgage Applications Index	12/9	2.8%
13-Dec	Core PPI	Nov	0.0%
13-Dec	PPI	Nov	-0.5%
13-Dec	EIA Crude Oil Inventories	12/9	NA
13-Dec	FOMC Rate Decision	Dec	5.23%-5.50%
14-Dec	Export Prices ex-ag.	Nov	-1.0%
14-Dec	Import Prices ex-oil	Nov	-0.2%
14-Dec	Initial Claims	12/9	NA
14-Dec	Retail sales	Nov	-0.1%
14-Dec	Retail Sales ex-auto	Nov	0.1%
14-Dec	Continuing Claims	12/2	NA
14-Dec	Business Inventories	Oct	0,4%
14-Dec	EIA Natural Gas Inventories	12/9	NA
15-Dec	Empire State Manufacturing	Dec	9.1
15-Dec	Capacity Utilization	Nov	78.9%

ECONOMIC CALENDAR

15-Dec	Industrial Production	Nov	-0.6%
15-Dec	Net Long-Term TIC Flows	Oct	-$1.7B
18-Dec	NAHB Housing Market Index	Dec	34
19-Dec	Building Permits	Nov	1487K
19-Dec	Housing Starts	Nov	1372K
20-Dec	MBA Mortgage Applications Index	12/16	NA
20-Dec	Current Account Balance	Q3	-$212.1B
20-Dec	Existing Home Sales	Nov	3.79M
20-Dec	EIA Crude Oil Inventories	12/16	NA
21-Dec	GDP - Third Estimate	Q3	5.2%
21-Dec	GDP Deflator - Third Estimate	Q3	3.6%
21-Dec	Initial Claims	12/16	NA
21-Dec	Philadelphia Fed Index	Dec	-5.9
21-Dec	Continuing Claims	12/9	NA
21-Dec	Leading Indicators	Nov	-0.8%
21-Dec	EIA Natural Gas Inventories	12/16	NA
22-Dec	Dutable Goods -ex transportation	Nov	0.0%
22-Dec	Durable Orders	Nov	-5.4%
22-Dec	PCE Prices	Nov	0.0%
22-Dec	PCE Prices - Core	Nov	0.2%
22-Dec	Personal Income	Nov	0.2%
22-Dec	Personal Spending	Nov	0.2%
22-Dec	New Home Sales	Nov	679K
22-Dec	Univ. of Michigan Consumer Sentiment - Final	Dec	NA
26-Dec	FHFA Housing Price Index	Oct	0.6%
26-Dec	S&P Case-Shiller Home Price Index	Oct	3.9%
26-Dec	Consumer Confidence	Dec	102.0
27-Dec	MBA Mortgage Applications Index	12/23	NA
28-Dec	Adv. Intl. Trade in Goods	Nov	-$89.8B
28-Dec	Initial Claims	12/23	NA
28-Dec	Continuing Claims	12/16	NA
28-Dec	Pending Home Sales	Nov	-1.5%
28-Dec	EIA Natural Gas Inventories	12/23	NA
28-Dec	EIA Crude Oil Inventories	12/23	NA

DISCLOSURES

This information has been compiled from various sources we believe to be reliable, however, there is no guarantee of its accuracy or completeness. Any opinion expressed herein is based upon our interpretation of the information from such source. This information is not furnished in connection with a sale or offer to sell securities or in connection with the solicitation of an offer to buy securities. Our firm, or its offices or members of their families, may at times, have a long or short position in the securities mentioned herein and may make purchases or sales of these securities while this memorandum is in circulation.

Past performance is not indicative of future results.

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

Leaders: Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Laggards: Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

Members: The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

S&P 500®: The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

Dow Jones Industrials: The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

NASDAQ Composite: The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

Russell 2000®: The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2021. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

FTSE 100: The FTSE 100 is an index of the leading shares on the London Stock Exchange. Shanghai Composite: The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

Nikkei Stock Average: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

Stoxx Europe 600: The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets: The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

MSCI Emerging Markets Small Cap: The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. With 1,889 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. The small cap segment tends to capture more local economic and sector characteristics relative to larger Emerging Markets capitalization segments.

US Dollar Index (USDX, DXY): An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

Shanghai Composite (SSE Index): The Shanghai Composite Index, also known as the SSE Index is a stock market index of all stock (A shares and B shares) that are traded at the Shanghai Stock Exchange.

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