MARKET COMMENTARY

MAY 2024

- The best industry sector performance for April was Utilities, while Real Estate was the worst
- Fed slows pace of QT to reach goal gradually
- Consumers pinched as savings fall and credit card delinquencies rise

After a strong start to the year, equity markets gave back a portion of year-to-date gains in April. A combination of geopolitical and macroeconomic factors coalesced, moving some investors to the sidelines during the month. Strength in the economic backdrop fueled rising concerns that the Fed might shift back to a somewhat more restrictive stance, thereby adding a potential headwind to equity performance. The VIX Index or "fear gauge" peaked mid-month in the high-teens, reflecting fears linked to rising Middle East hostilities before easing back to the mid-teens by month-end. For the full month, the Dow Jones Industrial Average decreased 5.0%, the S&P 500® index was down 4.2%, and the smaller cap-weighted Russell 2000® decreased by 7.1%.

Ten of the eleven sectors of the S&P 500 decreased during the month of April. The best performing and only positive sector for the month was Utilities, which increased 1.6% and was followed by the Energy sector, which was down 0.9%. The weakest performance in the month was posted by the Real Estate sector, which decreased by 8.6%, followed by the Information Technology sector, which was down 5.5%. For the prior twelve months period, the Communication Services sector was the best performer with a 40.2% increase, followed by the Information Technology sector, which was up 36.3%, while the Real Estate sector was the worst performer for the past twelve months with a 4.2% decrease followed by the Utilities sector which was down 3.3%.

Going into late April's FOMC meeting, investor sentiment had turned more hawkish, so the Fed's decision to maintain the Fed Funds rate at 5.25%-5.50% and Fed Chair Powell's specific commentary that "I think it's unlikely that the next policy rate move will be a hike" was initially well received by investors. Investors keenly listened to post-Fed meeting commentary led by Chair Powell for signals around the timing of possible rate moves. Given the inflation trajectory, Powell indicated that he is unsure of when rate cuts will begin. However, when the Fed gains confidence that inflation is heading back to its 2% target, a goal that Powell has vehemently defended, the Fed appears likely to start considering rate cuts, providing some support for investor sentiment. Apart from the rate decision, Powell indicated that the Fed will slow the pace of quantitative tightening. The monthly cap on how much Treasuries it will allow to mature without being reinvested dropped from $60 billion to $25 billion. Powell noted that the decision to slow the pace of run-off does not mean that the balance sheet will shrink by less than it would otherwise, but rather, it will allow the Fed to approach its ultimate target level more gradually.

Consumers appear to be feeling the pinch with the Fed's 'higher for longer' stance. As pandemic-era savings dwindle and credit card delinquencies rise, consumer resilience appears to be showing signs of weakness. Against this backdrop, the impacts from higher interest rates appear to be working their way through the economy, with mortgage rates surpassing 7%, leading some to pause house hunting. In addition, the ongoing turmoil in the Middle East and Ukraine is being reflected in higher gas prices at the pump, which have been steadily rising since January, adding further to consumer pressure. The Conference Board released consumer confidence results below the median expectation of 104.0 at 97.0 from the downwardly revised number of 103.1 in March. Although confidence has waned, consumers are still relatively optimistic about their outlook for business conditions, job availability, and income expectations in the face of high food and gas prices, a tight labor market, high inflation, high interest rates, and elevated geopolitical tensions.

Where to from here?

We continue to favor selective investment while taking a 12-18 month, intermediate-term investment time horizon. We perceive there is little room for disappointment related to future earnings expectations among market leadership and or a tightening shift in Fed interest rate policy. Our focus today remains on quality, well-managed company stocks having attractive relative valuations, along with favorable growth prospects and strong balance sheets offering solid intermediate-term potential returns. In particular, we see interesting opportunities that may arrive with a potential broadening in equity market leadership. We anticipate improved economic trends to drive economic and corporate earnings growth later in 2024 and into 2025, offering solid opportunity for intermediate-term returns for investors among quality holdings.

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MARKET AND ECONOMIC STATISTICS

Market Indices:	**4/30/2024**	**12/29/2023**	**% Change YTD**	**3/28/2024**	**% Change (Monthly)**
S&P Composite	5,035.69	4,769.83	5.57%	5,254.35	-4.16%
Dow Jones Industrials	37,815.92	37,689.54	0.34%	39,807.37	-5.00%
NASDAQ Composite	15,657.82	15,011.35	4.31%	16,379.46	-4.41%
Russell 2000	1,973.91	2,027.07	-2.62%	2,124.55	-7.09%
FTSE 100	8,144.13	7,733.24	5.31%	7,952.62	2.41%
Shanghai Composite	3,104.82	2,974.94	4.37%	3,010.66	3.13%
Nikkei Stock Average	38,405.66	33,464.17	14.77%	40,168.07	-4.39%
Stoxx Europe 600	504.89	478.99	5.41%	512.67	-1.52%
MSCI Emerging Markets	1,045.95	1,023.74	2.17%	1,040.39	0.53%
MSCI Emerging Markets Small Cap	1,402.50	1,367.16	2.58%	1,377.63	1.81%

Performance of S&P 500 by Industry:	**% of Index as of 3/28/2024**	**1 Month**	**3 Month**	**Year to Date**	**12 Months**
Consumer Discretionary	10.39%	-4.35%	3.88%	0.19%	23.29%
Consumer Staples	6.12%	-1.07%	4.23%	5.67%	-0.21%
Energy	4.08%	-0.87%	12.28%	11.70%	9.12%
Financials	13.14%	-4.31%	4.12%	7.14%	21.70%
Health Care	12.29%	-5.19%	-0.07%	2.77%	5.08%
Industrials	8.83%	-3.62%	7.56%	6.57%	21.51%
Information Technology	29.09%	-5.46%	2.34%	6.34%	36.33%
Materials	2.38%	-4.61%	7.67%	3.44%	10.08%
Communication Services	9.18%	-2.22%	7.78%	13.00%	40.15%
Utilities	2.33%	1.59%	8.57%	5.24%	-3.27%
Real Estate	2.17%	-8.62%	-5.33%	-9.86%	-4.21%
S&P 500 (Absolute performance)	100.00%	-4.16%	3.92%	5.57%	20.78%

Interest Rates:	**4/30/2024**	**12/29/2023**	**YTD Change (Basis Points)**	**3/28/2024**	**Month Change (BPS)**
Fed Funds Effective Rate	5.33%	5.33%	0	5.33%	0
Prime Rate	8.50%	8.50%	0	8.50%	0
Three Month Treasury Bill	5.32%	5.33%	-1	5.30%	2
Ten Year Treasury	4.68%	3.88%	80	4.20%	48
Spread - 10 Year vs 3 Month	-0.64%	-1.45%	81	-1.10%	46

Foreign Currencies:	**4/30/2024**	**12/29/2023**	**% Change YTD**	**3/28/2024**	**% Change (Monthly)**
Brazil Real (in US dollars)	0.19	0.21	-6.6%	0.20	-3.5%
British Pound (in US dollars)	1.25	1.27	-1.9%	1.26	-1.0%
Canadian Dollar (in US dollars)	0.73	0.76	-3.9%	0.74	-1.7%
Chinese Yuan (per US dollar)	7.24	7.10	2.0%	7.23	0.2%
Euro (in US dollars)	1.07	1.10	-3.4%	1.08	-1.1%
Japanese Yen (per US dollar)	157.80	141.04	11.9%	151.38	4.2%

Commodity Prices:	**4/30/2024**	**12/29/2023**	**% Change YTD**	**3/28/2024**	**% Change (Monthly)**
CRB (Commodity) Index	546.17	510.32	7.0%	536.35	1.8%
Gold (Comex spot per troy oz.)	2286.25	2062.98	10.8%	2229.87	2.5%
Oil (West Texas int. crude)	81.93	71.65	14.3%	83.17	-1.5%
Aluminum (LME spot per metric ton)	2584.84	2345.50	10.2%	2295.09	12.6%
Natural Gas (Futures 10,000 MMBtu)	1.99	2.51	-20.8%	1.76	12.9%

Economic Indicators:	**3/31/2024**	**1/31/2024**	**% Change YTD**	**2/29/2024**	**% Change (Monthly)**
Consumer Price Index	312.2	309.7	-0.8%	311.1	0.4%
Producer Price Index	258.4	255.0	-1.3%	258.5	0.0%
	1Q24	**4Q23**	**3Q23**	**2Q23**	**1Q23**
GDP Growth Rate (Quarterly)	1.60%	3.40%	4.90%	2.10%	2.20%
Unemployment Rate (End of Month)	**"March 3.8%"**	**"February 3.9%"**	**"January 3.7%"**	**"December 3.7%"**	**"November 3.7%"**

*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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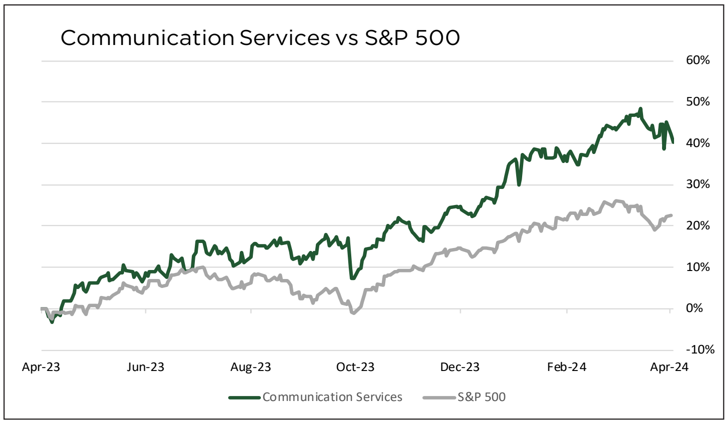
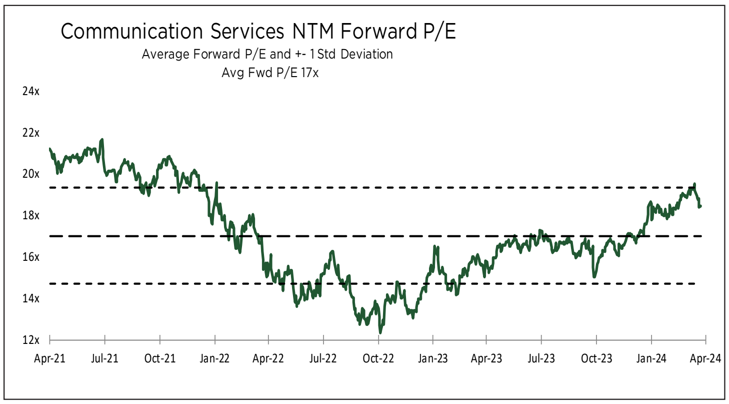
COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-2.22%	7.78%	13.00%	40.15%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	Alphabet Inc	8.1%
	Alphabet Inc	7.9%
	T-Mobile US Inc	0.6%
	Fox Corp	0.2%
	Fox Corp	-0.8%
Laggards	Live Nation Inc	-15.9%
	Warner Bros Discovery Inc	-15.7%
	Match Group Inc	-15.0%
	Comcast Corp	-12.1%
	Charter Comm. Inc	-11.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$13.42	$14.92	$16.64
20.7x	18.6x	16.7x

Sector Update

The decline in the Communications Services sector in April (-2.2%) was less pronounced than the market (-4.2%) due to the slight increase in the Interactive Media & Services sub-sector.

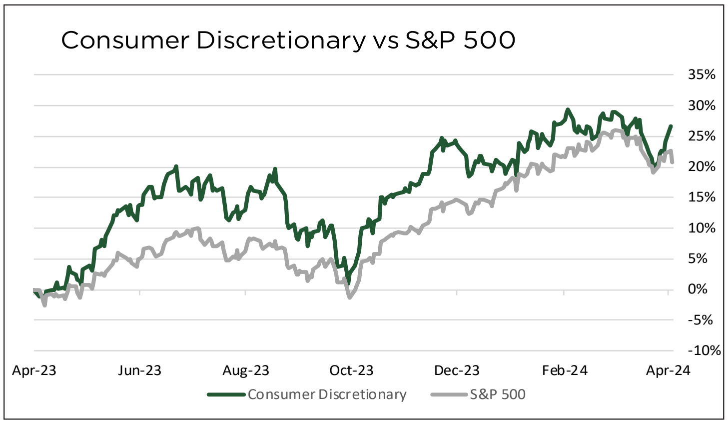
Alphabet was the top equity performer (+8.1%) in the Interactive Media & Services sub-sector and the Communications Services sector in April after reporting better than expected Q-1 24 results. Alphabet's Google Cloud revenue growth accelerated from 26% year-over-year in Q-4 23 to 28% growth in Q-1 24 due to higher generative AI demand.

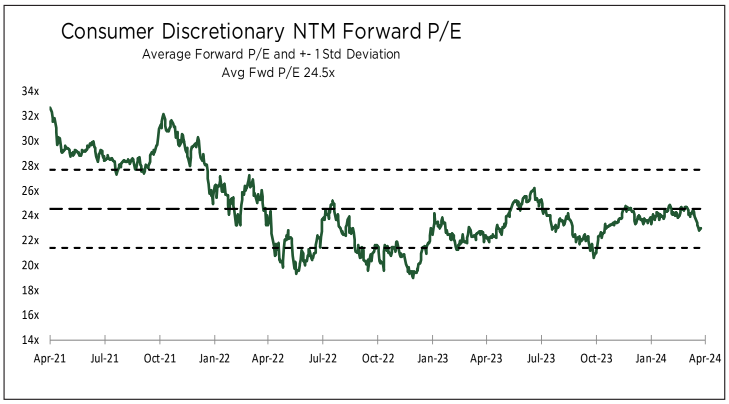
The Diversified Telecommunications Services sub-sector (-5.1%) underperformed the market due to the double-digit decline in Charter Communications and Comcast shares after both companies reported a loss of high-speed Internet subscribers. Both cable companies attributed their customer losses to increased competition from telecommunications carriers' lower-priced 5G fixed wireless high-speed Internet service and fiber optic high-speed Internet service offerings. Cable companies and telecom carriers could also be impacted by the U.S. government's termination of its Affordable Connectivity program, which helped subsidize high-speed Internet service for 23 million households.

The Entertainment sub-sector (-9.2) underperformed the market due to the sharp decline in Warner Brothers Discovery (WBD) shares after a Wall Street Journal (WSJ) article suggested that Comcast's NBC Universal could outbid WBD for the right to air NBA regular season and playoff games. WSJ suggested that Comcast's NBC Universal could offer $2.5 billion a year for the NBA rights, more than double the annual fee WBD pays for NBA rights. Professional sports rights are coveted by media and entertainment companies as well as streaming platforms such as Amazon Prime and Alphabet's YouTube since professional sports attract far more viewers than traditional cable and TV content.

The Communications Services sector appears close to fairly valued, with a P/E of 18.6x and 16.7x the consensus analyst FY24/FY25 EPS estimates, compared to estimated FY25 earnings growth of 12% and its average twelve month forward P/E multiple of 17x.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.35%	3.88%	0.19%	23.29%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	Chipotle Mexican Grill	8.7%
	Hasbro Inc	8.5%
	Domino's Pizza Inc	6.5%
	Tractor Supply Co	4.3%
	Tesla Inc	4.3%
Laggards	Ulta Beauty Inc	-22.6%
	CarMax Inc	-22.0%
	LKQ Corp	-19.2%
	Caesars	-18.1%
	MGM Resorts	-16.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$52.22	$56.40	$64.29
27.2x	25.2x	22.1x

Sector Update

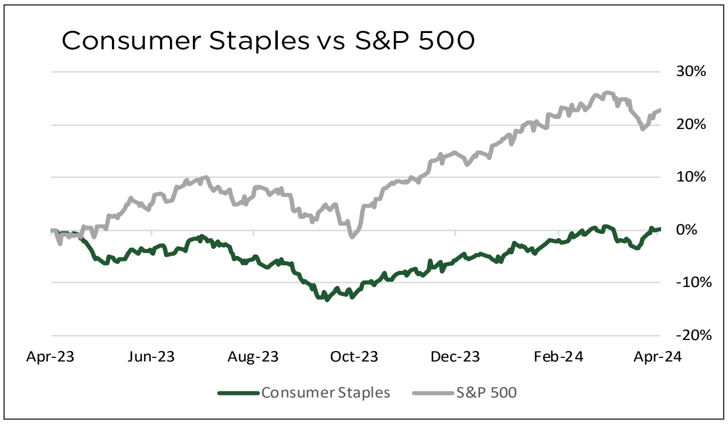
The Consumer Discretionary sector declined in April amidst signs of inflation fatigue and weakening consumer confidence. Among Consumer Discretionary subsectors, the strongest performance was seen in Leisure Products as well as in Automobiles. Consumer Discretionary subsectors that were softest included Specialty Retail, Household Durables, and Auto Components. The Consumer Discretionary sector has underperformed the S&P 500 on a 1-month, 3-month, and year-to-date basis, as seen in the accompanying chart.

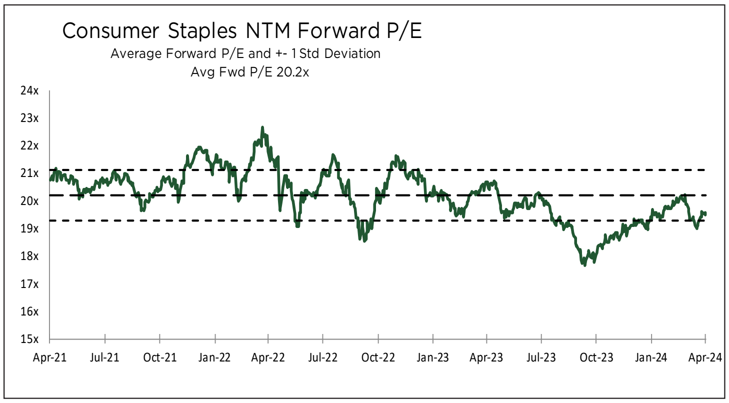
Retail sales were reported by the Census Bureau in mid-April and came in above expectations, with an increase of 0.7% for the month of March. Core retail sales, excluding motor vehicles and gasoline, grew 1.0%. Sales in the month may have benefited from the early calendar date of Easter this year. Helping fuel the strong monthly sales report was a very strong performance from internet retailers, where sales rose by 2.7%. It was not all good news, however, with pockets of weakness showing up among auto dealers as well as at appliance, clothing, consumer electronics, and furniture retailers. With consumer spending representing about two-thirds of the U.S. economy, the strong finish to the first quarter may be supportive of broader GDP growth.

Housing starts dropped a steep 14.7% in March to a 1.32 million annual pace from 1.55 million according to the Commerce Department. Single-family home starts dropped 12.4% to 1.02 million from a revised February level of 1.17 million units. The drop in housing starts came despite an ongoing shortage of existing homes for sale, which are still tracking well below pre-COVID levels, with existing home sales down 4.3% versus February. Prices dropped 3.7% versus the prior year, according to the National Association of Realtors, with the median selling price up 4.8% to $393,500.

Existing home sales dropped on a month-over-month basis by 4.3% in March to an annual rate of 4.19 million, according to the National Association of Realtors. On a year-over-year basis, existing home sales declined by 3.7%, while the median price rose by 4.8%. On an encouraging note regarding supply trends, the total number of existing homes listed for sale in March increased by 14.4% versus the prior year. All-cash buyers represented about 28% of homes sold which could be a reflection of the current mortgage rate and credit environment. A rising mortgage rate backdrop appears to continue to be a key factor restraining the overall housing market.

The University of Michigan reported that consumer sentiment in April dropped to 77.2 from 79.4 in March. Consumers also pulled back on their views of both current economic conditions and expectations. The report indicated that consumers continue to be uncertain about the future trajectory of the economy but, so far, have not shown evidence of impact from global geopolitical factors. Likewise, the Conference Board reported softening consumer confidence with a reading of 97.0 in April from 103.1 in March as consumers grapple with factors including high inflation and interest rates.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.07%	4.23%	5.67%	-0.21%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	Keurig Dr Pepper Inc	9.9%
	Kimberly-Clark Corp	5.6%
	Kraft Heinz Co/The	4.6%
	Conagra Brands Inc	3.8%
	Philip Morris Interna-	3.6%
Laggards	Lamb Weston Holdings	-21.8%
	Walgreens Boots	-18.3%
	Molson Coors Beverage	-14.9%
	Kenvue Inc	-12.3%
	Dollar Tree Inc	-11.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$38.22	$39.63	$42.50
21.1x	20.3x	19.0x

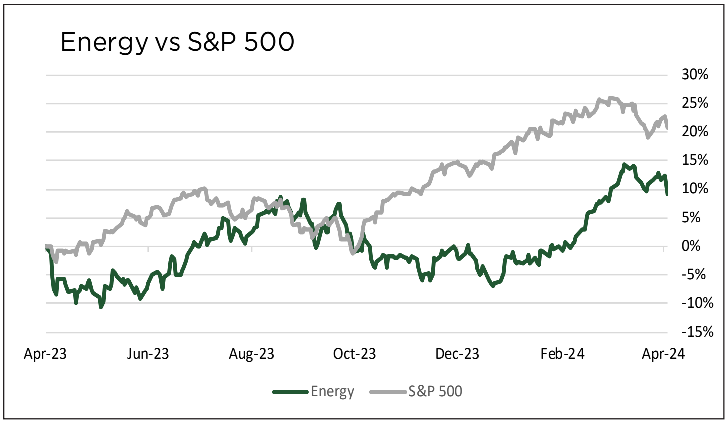
Sector Update

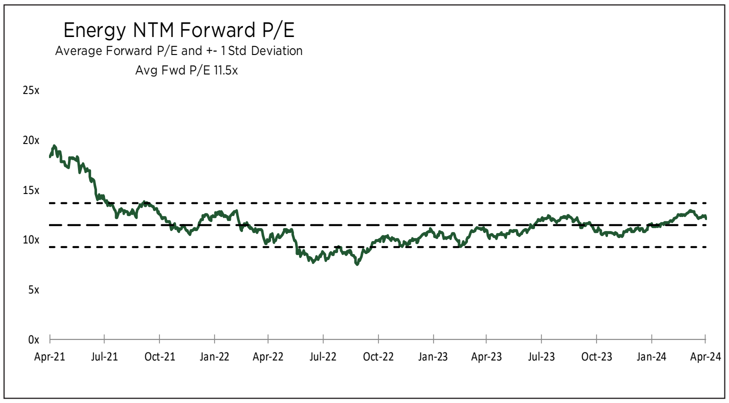
The Consumer Staples sector decreased by 1.1% on average in April and outperformed the S&P 500 Index, which decreased by 4.2% as the market broadened. YTD through April, the Consumer Staples segment is up 5.7% vs the S&P 500, which is up 5.6%. Household Product and Tobacco segments reported monthly gains, while the remaining segments reported declines. The Consumer Staples segment trades with a current forward P/E of about 20.3x, slightly ahead of its average forward P/E, and a market weighting remains preferred. The outlook for margins remains a key focus, reflecting improved price/mix, realized cost efficiencies, and strengthened volume, as well as the overall competitive promotional environment. Those companies demonstrating inflation-positive volumes remain attractive investments. The timing of volume inflection remains critical as pricing will likely be more muted in 2024. The industry, in general, remains rational and continues to operate in a relatively rational price promotional environment. Further emphasis remains on consumer shopping patterns and behavior. The domestic consumer appears bifurcated, with the lower-end consumer increasingly purchasing more price- and value-selective products while the upper-end continues to purchase premium products. We continue to advise a selective investment among the Consumer Staples stocks and prefer an investment in companies with pricing, leading market share, strong balance sheets, and experienced management. Portfolio transformation through divestments and acquisitions, as well as streamlining the number of product offerings, also remains a key theme.

Senator Chuck Schumer recently reintroduced the Cannabis Administration and Opportunity Act in the Senate. While the bill is not expected to pass, the action represents positive action. The proposed legislation to legalize cannabis at the federal level had previously been introduced in 2022 by Senator Schumer. The legislation would create a new legal measure to regulate the domestic cannabis industry, including a tax strategy. The bill was reintroduced one day after the Justice Department introduced a proposal to reclassify marijuana as a Class III substance vs Class I substance. While the tobacco companies continue to state they will not consider entering cannabis until it is legalized at the Federal level, the recent developments serve as positive steps.

In the Household and Personal Care segment, results reflect improved margins, more normal inventory levels, expected improving volumes, and focus on premium products and mix. For the beverage segment, recent results highlight improving margins and international market strength, as well as a focus on mix, channel, and innovation. The domestic spirits industry still faces elevated inventory levels and softening consumer consumption.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-0.87%	12.28%	11.70%	9.12%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	EQT Corp	8.1%
	EOG Resources Inc	3.4%
	Hess Corp	3.2%
	Pioneer Natural Re-	2.6%
	Chevron Corp	2.2%
Laggards	Schlumberger NV	-13.4%
	Phillips 66	-12.3%
	Marathon Petroleum	-9.8%
	APA Corp	-8.6%
	Valero Energy Corp	-6.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$58.81	$57.50	$63.45
12.2x	12.4x	11.3x

Sector Update

Conflict in the Middle East, as Iran launched strikes against Israel, added to volatility in global energy markets during April. Energy stocks slipped during the month against a more challenging macro backdrop. Energy prices moved higher leading up to the attack and eased afterward as fears of escalation appeared to subside. Against this backdrop, the Energy Equipment & Services subsector outperformed the Oil, Gas & Consumable Fuels subsector during the month. The Energy sector overall has outperformed the S&P 500 for the 1-month, 3-month, and year-to-date periods, as seen in the accompanying table.

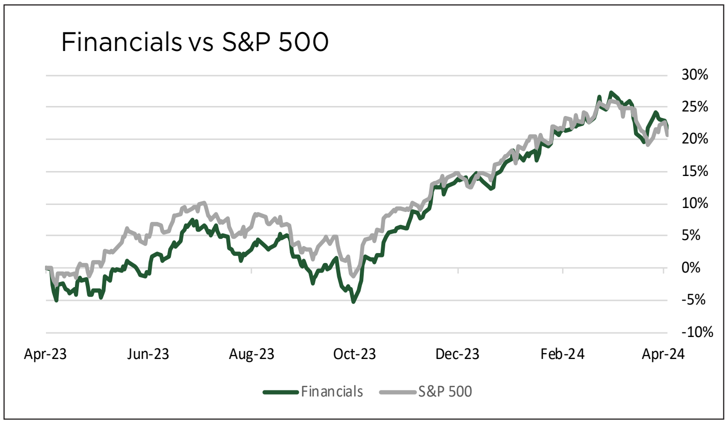
The International Energy Agency, or IEA, issued a cautionary outlook on oil demand for this year and next. The agency trimmed its forecast for oil demand growth this year to 1.2 million barrels per day from 1.3 million barrels per day as unusually warm weather, slowing economies, and weak deliveries weigh on the outlook. In addition, the IEA also noted that post-pandemic growth is tapering while electric vehicle use is growing, which contributed to their caution. The slowdown is expected to continue in 2025, with the IEA forecasting oil demand growth declines to 1.1 million barrels per day. We note that the IEA forecast continues to be well below OPEC's more bullish stance in total barrels per day, although OPEC also expects a deceleration to occur next year.

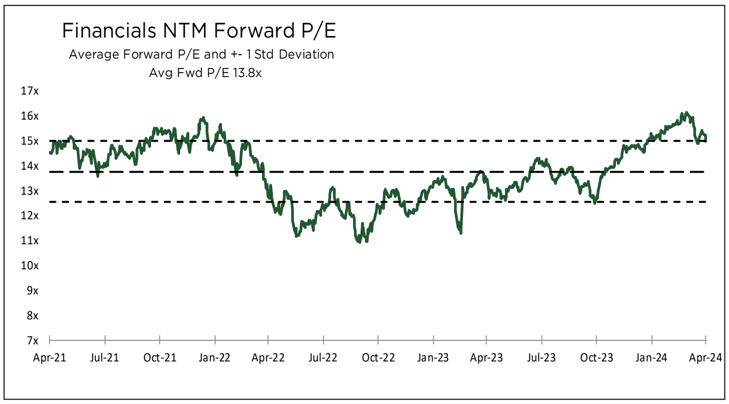
In mid-April, OPEC provided an update on the cartel's energy demand outlook. OPEC maintained its view of global oil demand in 2024 while trimming targets for non-OPEC supply growth this year by 100,000 barrels per day. OPEC sees the U.S., Brazil, Canada, and Norway as the nations driving supply growth this year. OPEC expects robust oil demand this summer, which the organization notes warrants careful monitoring given ongoing uncertainties to ensure a sustainable market balance.

West Texas Intermediate (WTI) crude oil prices moved slightly lower in March, with WTI trading from the $84 per barrel range to end the month approaching $82 per barrel. Natural gas prices increased from about $1.76 per million Btu to end the month at about $1.99 per million Btu. Retail gasoline prices increased in the month, moving to $3.78 per gallon at the end of the month from the $3.64 average price seen at the end of the prior month and up slightly from the prior year's level of $3.77.

The Baker Hughes oil rig count was flat in the month, coming in at 506 rigs versus 506 rigs last month. The oil rig count at month-end was down versus the prior year's level of 591 rigs. U.S. crude oil storage at 461 million barrels was up from last month's level of 448 million barrels. We note that storage levels have generally been declining off the 2020 pandemic high and are currently in line with the prior year's level of 460 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 13.1 million barrels per day at the end of the month.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.31%	4.12%	7.14%	21.70%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	American Express Co	2.8%
	Wells Fargo & Co	2.3%
	Charles Schwab Corp/	2.2%
	Goldman Sachs Group	2.2%
	Synchrony Financial	2.0%
Laggards	Globe Life Inc	-34.5%
	Franklin Resources Inc	-18.7%
	MSCI Inc	-16.9%
	Aon PLC	-15.5%
	Invesco Ltd	-14.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$40.82	$44.05	$46.81
16.4x	15.2x	14.3x

Sector Update

The Financials sector fell 4.3%, slightly worse than the S&P500® index decline of 4.16% in the same period as the market reacted to a back-up in interest rates as expectations of Fed rate cuts were pushed out on stickier than forecasted inflation prints. The Financials sector performance in the past quarter, year-to-date, and trailing twelve months now demonstrates outperformance vs. the broader market index with the sector rebounding from March 2023 turmoil and benefitting from resilient economic activity.

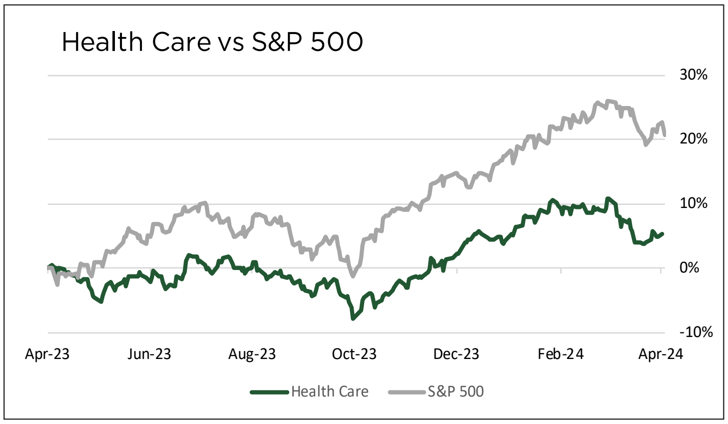
The Consumer Finance sub-sector was the best performing among Financials in April, up just 0.3% in the period. All other sub-sectors declined in a range of 3.2% to 5.2% in the month. The relative strength of consumer lenders in the period appears to have been driven by a relaxed risk posture in the market (indicated by multi-decade credit spread tightness and low volatility), along with resilient labor statistics and industry commentary suggesting credit loss performance is stabilizing toward historical seasonal trends despite being in excess of pre-pandemic levels.

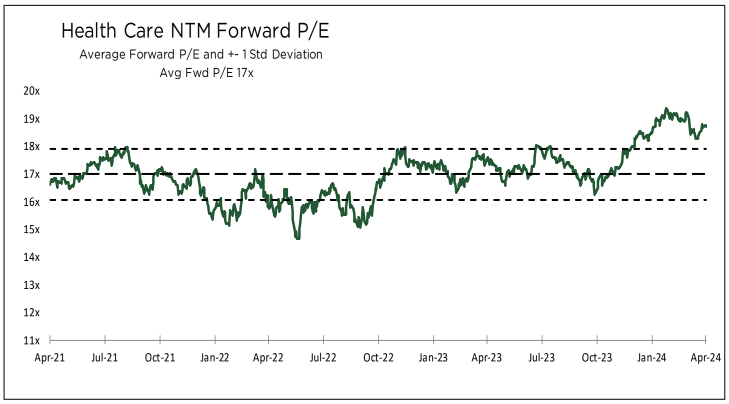
Q1 bank results were broadly better than expected, although below prior-year levels. Interest income growth remains challenged for depository institutions against an inverted yield curve; however, capital markets-oriented, and mega-cap firms saw fee incomes rebound on improved activity resulting from lower interest rates and rate volatility in the first three months. Regional lenders remain relatively more challenged, given commercial real estate exposures and limited capital flexibility from unrealized losses on bond portfolios against the elevated interest rate backdrop.

American Express (AXP) was the best performing Financial in the month, up 2.8% as the company posted better than forecasted Q1 earnings on resilient consumer spending and credit results.

Globe Life (GL) was the worst-performing Financials component in April, down 34.5% in the period, including a single-day drop of more than 50% following a short report alleging fraud, bribery, and workplace malfeasance at its largest operating segment, American Income Life. The McKinney, TX-based insurer responded to the report, calling the inflammatory allegations "wildly misleading" with intent to more fully rebut the accusations 'in the near future.'

The Financials Sector currently trades at a forward P/E ratio of 15.2x FY24 expectations, above its three-year average forward twelve-month multiple (13.8x). Valuations in the sector appear fair to full and will require selectivity in the face of an uncertain near-term fundamental outlook not apparent in current credit spread or volatility measures.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-5.19%	-0.07%	2.77%	5.08%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	ResMed Inc	8.1%
	Boston Scientific Corp	4.9%
	Quest Diagnostics Inc	3.8%
	Moderna Inc	3.5%
	Elevance Health Inc	1.9%
Laggards	Bio-Rad Laboratories	-22.0%
	Bristol-Myers Squibb Co	-19.0%
	Molina Healthcare Inc	-16.7%
	GE HealthCare Tech.	-16.1%
	Charles Riverr	-15.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$77.33	$82.74	$97.20
21.1x	19.8x	16.8x

Sector Update

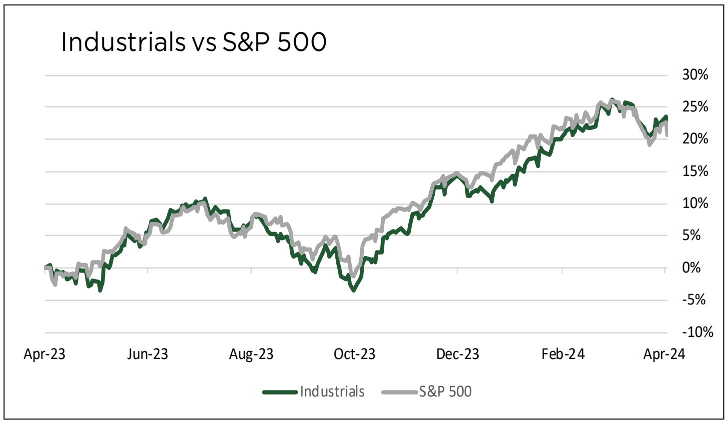
The Health Care sector declined 5.19% in April, underperforming the S&P 500's 4.16% decline. Health Care earnings results came in mixed during the month, supported by normalizing pharmaceutical R&D spending and Life Science Tools order trends that may be improving. Additionally, elective surgical volumes appear to be above historical averages, while Medicare Advantage funding may be less than in prior years.

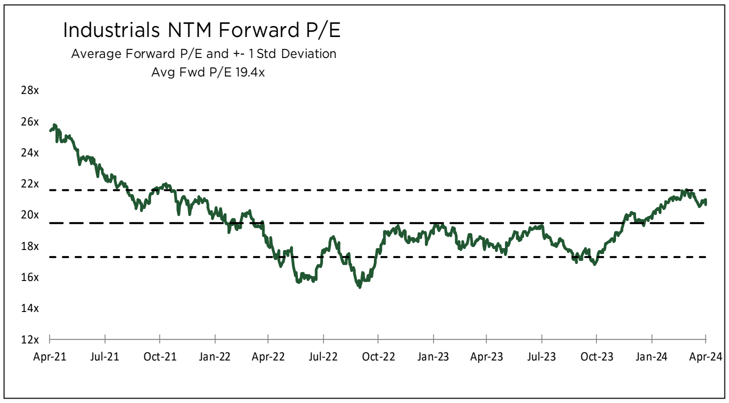
During April, regulatory developments took center stage within the Health Care sector. Following a court case that ruled in favor of IRA drug price negotiations in March, a separate court case yielded a similar outcome in April. Late in the month, blue-chip pharmaceutical companies Bristol Myers and Johnson & Johnson argued in court that drug price negotiations would be unconstitutional. Despite these claims, a federal judge ruled in favor of these negotiations. Following the outcomes of these court cases, many investors may be anticipating that these negotiations will become implemented. As of right now, ten high-expenditure drugs are scheduled to undergo negotiations starting in 2026, while negotiations of additional drugs are set to undergo negotiations throughout the rest of the decade.

During April, the government also finalized Medicare Advantage funding rate increases. Earlier in the year, the Center for Medicare Services (CMS) proposed that the government should keep Medicare Advantage funding relatively flat in 2025 despite growing inflation and elevated medical costs. This proposal was finalized early in April, contrary to the expectations of certain analysts.

The other major sector development during the month was related to the Change Healthcare cyberattack. Change Healthcare is the nation's largest clearing house for medical payments, touching the health records of roughly one in three U.S. residents. Through a variety of technology systems, Change Healthcare processes around 15 billion transactions a year. After the hack occurred, Change Healthcare was knocked offline, which created a backlog of unpaid claims. This led to disruption in the Health Care sector in April, as doctors' offices and hospitals across the country faced cash flow disturbances. The Health Care sector trades at a current forward P/E ratio of 19.8x, above the historical average of 17x.

INDUSTRIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-3.62%	7.56%	6.57%	21.51%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	General Electric Co	15.6%
	GE Vernova Inc	12.4%
	Westinghouse Air Brake	10.6%
	3M Co	8.8%
	Generac Holdings Inc	7.8%
Laggards	JB Hunt Transport	-18.4%
	Equifax Inc	-17.7%
	Old Dominion Freight	-17.1%
	PACCAR Inc	-14.4%
	Uber Technologies Inc	-13.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$44.62	$47.59	$54.11
23.0x	21.6x	19.0x

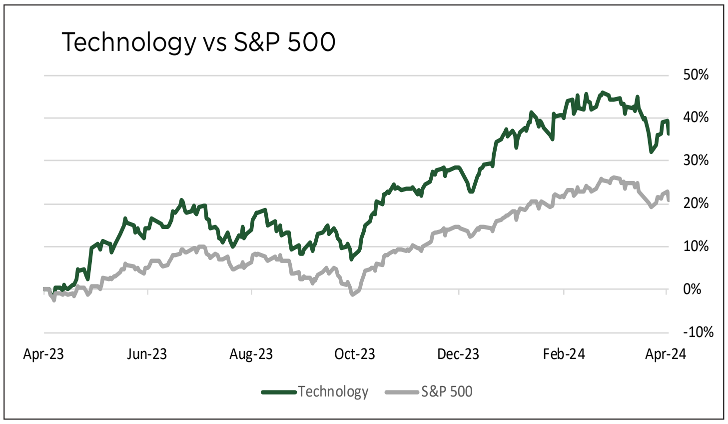
Sector Update

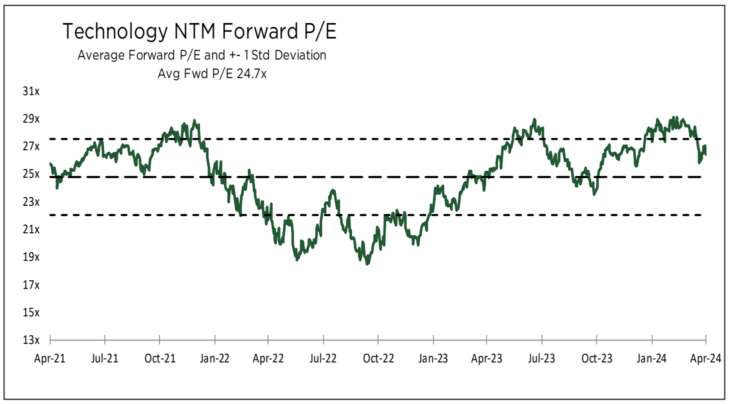
The Industrial Sector decreased 3.62% in April, outperforming the 4.16% decrease in the S&P 500. The Industrial sector has also outperformed the S&P 500 on a three-month basis, a year-to-date basis, and on a trailing 12-month basis. In the face of heightened geopolitical risks, the Aerospace & Defense subsector registered the highest gain in April with a 2.3% return.

The Institute for Supply Management's Purchasing Managers Index, or PMI index, did not maintain momentum in April after previously breaking a 16-month streak of contraction in March. PMI's came in at 49.2 in April, down from 50.3 in March. Economists surveyed by FactSet expected a reading of 50, indicating that April PMIs came in slightly worse than expected. Meanwhile, the New Orders Index came in at 49.1, below the March reading of 51.4. Although demand improvement slowed, output remained positive, and inputs stayed accommodative. Manufacturing demand remains at the early stages of recovery, with continuing signs of improving conditions.

Overall, earnings results among Industrial companies were mixed in April. The worst-performing subsectors in the month were Road & Rail, with a 10.2% decline; Trading Companies & Distributors, with a 9.5% decline; and Machinery, with a 6.2% decline. The best-performing subsectors in the month were Aerospace & Defense, with a 2.3% gain; Building Products, with a 0.4% decline; and Construction & Engineering, with a 0.5% decline. The ongoing war in the Middle East and East Europe is causing geopolitical tensions across the globe. The Aerospace & Defense subsector benefited from these escalating tensions in April, as the global defense budget jumped to record highs during the month. Within the Aerospace & Defense subsector, 10 of the 12 stocks within the subsector increased during April. The Industrial Sector is trading at a Forward P/E of 21.6x, above the sector's three-year average of about 19.4x.

INFORMATION TECHNOLOGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-5.46%	2.34%	6.34%	36.33%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	Tyler Technologies Inc	8.6%
	Amphenol Corp	4.7%
	First Solar Inc	4.4%
	Zebra Technologies	4.4%
	Western Digital Corp	3.8%
Laggards	Intel Corp	-31.0%
	Autodesk Inc	-18.3%
	Super Micro Computer	-15.0%
	EPAM Systems Inc	-14.8%
	Gartner Inc	-13.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$112.46	$111.70	$130.25
32.1x	32.3x	27.7x

Sector Update

The Technology sector (-5.64%) underperformed the market in April, driven by the sharp decline in the IT Services subsector (-13.7%) and its largest components, Accenture and IBM. Over the past two months, both companies reduced their annual guidance due to lower global enterprise demand for consulting services as they responded to a challenging global macroeconomic environment.

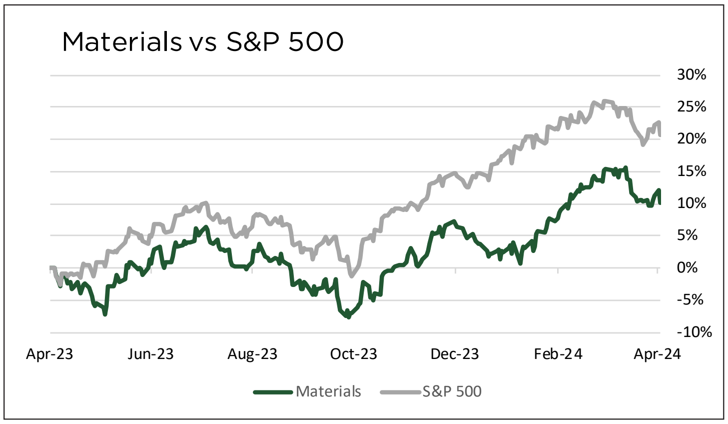
Even though a number of enterprise software companies reported robust long-term demand, investors were disappointed that they provided near-term guidance slightly below the consensus analyst estimate. This contributed to Software's weak performance in April (-7.7%). For example, a leading enterprise software company reported robust long-term enterprise demand for its cloud-based software to drive its digital transformation and noted that its long-term bookings growth accelerated. However, investors headed for the exits after the company provided near-term guidance below the consensus estimate.

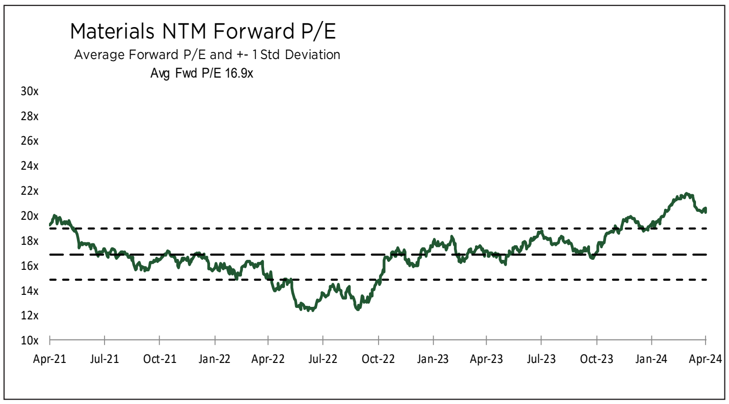
The Semiconductors & Semiconductor Capital Equipment sub-sector slightly underperformed the market in April (-5%) due to a mixed demand environment. Generative AI remains strong, with an increasing number of global enterprises planning to invest in generative AI. PC and smartphone unit volumes are increasing and could accelerate due to the introduction of new PCs and smartphones this fall, which include on-device generative AI technology.

Automotive and industrial semiconductor revenue is expected to decline year-over-year through the June quarter due to the reduction in manufacturer and channel inventory. Semiconductor companies could grow their automotive and industrial quarterly revenue on a sequential basis in the second half of 2024 if the inventory rationalization runs its course and the global economy continues to expand.

The Technology sector appears fully valued, with a P/E of 32.3x and 27.7x the consensus analyst FY24/FY25 EPS estimates, compared to the estimated FY25 EPS growth of 16.6% and its average twelve-month forward P/E of 24.7x.

MATERIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-4.61%	7.67%	3.44%	10.08%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	Newmont Corp	13.4%
	Freeport-McMoRan Inc	6.2%
	Ball Corp	3.3%
	International Flavors &...	-1.6%
	Dow Inc	-1.8%
Laggards	Nucor Corp	-14.8%
	Sherwin-Williams Co	-13.7%
	Steel Dynamics Inc	-12.2%
	PPG Industries Inc	-11.0%
	Celanese Corp	-10.6%

Consensus FY EPS / P/E

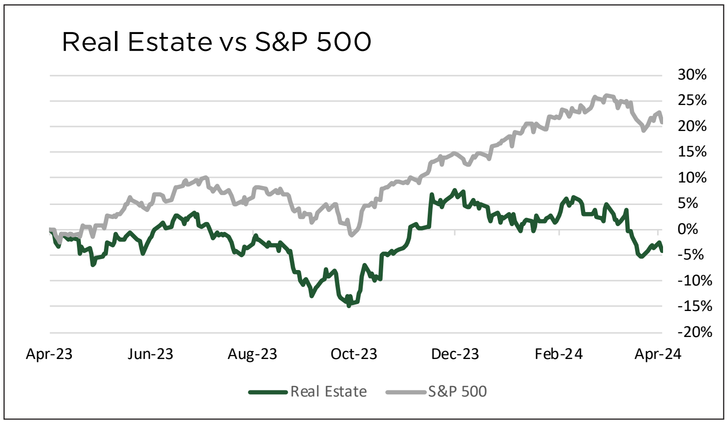
Last Year	Current Year	Next Year
$26.47	$26.46	$30.17
21.1x	21.1x	18.5x

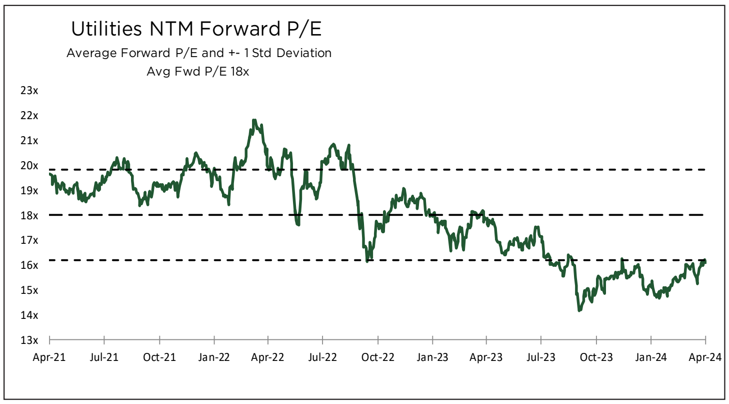
Sector Update

The Materials segment decreased by 4.6% in April and slightly underperformed the S&P 500 Index, which decreased by 4.2%. Results reflect broad-based weakness across the segments. Given both micro and macro issues, ongoing volatility remains for the Materials sector. Challenges include supply chain disruptions, the Ukraine/Russia war, and higher energy and production costs. The Materials segment now trades with a current forward P/E of about 21.1x and above its average forward P/E of about 16.9x. For 2024, key factors to monitor include interest rate trends, consumer behavior and confidence trends, inventory levels, realized pricing, the outlook for the macroeconomic environment, capital spending, and volume. Mortgage rates remain a key factor to monitor, along with labor costs. Inflation pressure remains elevated, which is reducing investor hopes for Fed action to cut interest rates in 2024. With strong balance sheets, further M&A is expected, and portfolio transformation through divestments and acquisitions, as well as streamlining the number of product offerings, also remains a key theme.

Recent earnings updates by paint supply companies delivered results with favorable margins, reflecting the benefit of raw material moderation while customer volumes remain a key question. The movement in interest rates remains a key factor influencing the stock price movement in the group. Q1 is a seasonally low quarter historically for the group as well. For aluminum can production companies, the quarter brought stronger than-expected aluminum can growth globally. Following destocking over the past quarter, Q1 results reflect improved inventory levels and favorable customer demand. Questions for the balance of the year center on performance during the key summer selling season, along with consumer demand, promotions, and the weather. The industry is monitoring the recent uptick in aluminum prices while companies are better operating at present to manage costs. For the lithium sector, a more favorable outlook for 2H could change the view and provide a catalyst for renewed interest in the group. Recent updates include the view that lithium inventory in China is low, with about two weeks supply, and that demand for lithium in China remains strong. While the lithium market remains volatile in China, there is a tight supply, and prices have increased by 15% recently. There is also a growing opinion that the lithium cycle appears to be bottoming. Lithium producers are managing/delaying projects in response to low lithium prices and unfavorable reinvestment metrics. More rational lithium production/supply should support a more balanced supply/demand dynamic and improved pricing as the year progresses. Selective investment among the group remains a key factor, with a preference for strong management teams and high-quality businesses.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-8.62%	-5.33%	-9.86%	-4.21%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	AvalonBay	2.2%
	Equity Residential	2.0%
	Federal Realty	2.0%
	Welltower Inc	2.0%
	UDR Inc	1.8%
Laggards	Prologis Inc	-21.6%
	Weyerhaeuser Co	-16.0%
	SBA Communications	-14.1%
	Equinix Inc	-13.8%
	American Tower Corp	-13.2%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$12.49	$13.01	$13.88
18.2x	17.4x	16.3x

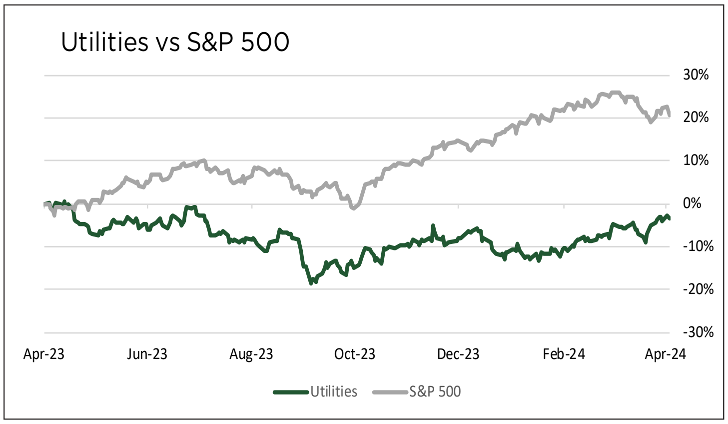
Sector Update

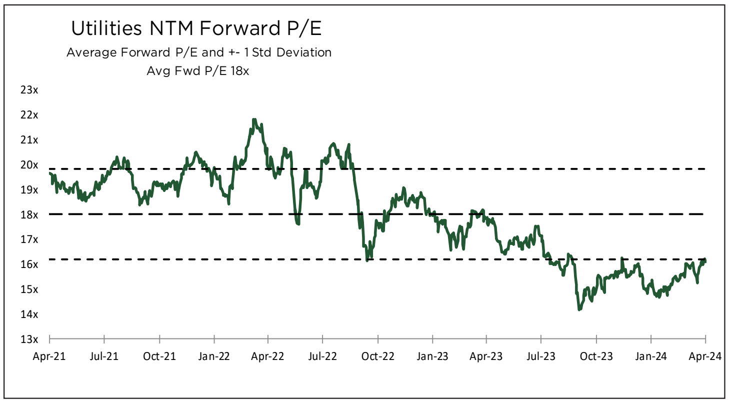
Real estate was the worst sector performer for April among all eleven S&P 500 sectors as yields moved higher along the curve, with the 10-year benchmark moving from 4.20% to close the month at 4.68%. As a strong labor market continues to put upward pressure on inflation, the Real Estate index moved lower, with the index down 8.6% compared to the S&P 500's 4.2% decline for the month. Combining this with the expected higher for-longer stance from the Fed, it is clear why Real Estate continues to underperform the S&P. With Investors now looking for one to three rate cuts by yearend, the hawkish Fed will likely need to see further signs of slowing inflationary pressure to begin cutting, presenting a potential sector headwind.

In April, housing starts and building permits came in lower than expected at 1321K and 1458K, respectively. The slowdown has led builders to focus more on current projects rather than new homes, given that high mortgage rates (7%+) have discouraged many consumers from buying a home. With this backdrop, sales for new homes increased as homebuilders utilized incentives such as price reductions, mortgage rate buy-downs, and paying buyers closing costs to keep a healthy pace of home sales. Existing home sales contract closings decreased 4.3% to a 4.19 million annualized rate. While the inventory of previously owned homes is still historically low, it has been creeping up as homeowners normalize mortgage expectations. According to Bloomberg, the housing market remains tight; if all the properties on the market were to be sold at their current pace, it would take ~3.2 months, compared to 2.7 months in March of last year. Generally, a number below five months is considered tight by realtors.

Most of the top performers were apartment REITs, which were supported by new lease rate growth. As the pace of rent growth normalizes, coastal markets continue to outpace the sunbelt on a blended basis. The sunbelt market currently suffers from a high degree of oversupply, leading to underperformance compared to coastal markets. The worst performers were hindered by a poor wood products environment attributed to a stagnant housing market and soft repair and remodel activity. Industrial REITs suffered during the month as customers have heightened focus on controlling costs given the high-interest rate environment. Telecommunication REITS continue to be hampered as carriers have lowered their capex spending on their deployment of 5G, continuing the decline from the start of the year.

Amidst the uncertain economic outlook in 2024, selectivity remains important. However, there are promising growth prospects in senior housing and data centers.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.59%	8.57%	5.24%	-3.27%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
-4.16%	3.92%	5.57%	20.78%

	Company Performance	1 Month
Leaders	NRG Energy Inc	7.4%
	NextEra Energy Inc	4.8%
	Consolidated Edison Inc	4.0%
	Dominion Energy Inc	3.6%
	Public Service	3.4%
Laggards	Evergy Inc	-1.7%
	DTE Energy Co	-1.6%
	Pinnacle West Capital	-1.4%
	Alliant Energy Corp	-1.2%
	Atmos Energy Corp	-0.8%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$17.92	$20.46	$22.35
18.9x	16.6x	15.2x

Sector Update

Utilities were the best-performing sector in April on a 1.6% gain that outperformed the 4.16% decline in the broader market S&P 500® index by a wide margin. Utilities were the only S&P 500 sector to post a positive return in the month. Utilities appeared to benefit from a risk-off tilt in the broader market, while recent investor discourse seems to be more positive on the sector as a beneficiary of AI-driven electricity demand as a multi-year growth driver. Shifting investor perceptions of the sector's growth potential appears to have provided a positive de-coupling from interest rates as the group performed well against a material back-up in rates throughout the month, with the ten-year treasury yield up nearly 50 bps in the period.

The Utilities group performance continues to struggle on a relative basis over the past twelve-month period, given interest-bearing investments in the bond market provide reasonable alternatives to 'bond proxy' equities, a dynamic rarely seen since the Great Financial Crisis.

While interest rate direction and macro uncertainty may continue to be primary drivers of Utility performance in 2024, the sector appears to be well-positioned for above-trend earnings growth on a multi-year basis given significant visibility into long-term capex cycles around AI driven power demand, transmission and distribution line modernization, and renewable energy projects supported by regulators.

Recent subsector performance highlights growing enthusiasm toward electrification, with the Electric Utilities subsector outperforming Multi and Water Utilities on a one-, three-, and twelve-month basis through April. Subsector earnings growth outlooks favor the Electric Utilities group, forecasted to improve by 17.5% in the current year, trailed by Multi-Utilities at 10.9% and Water at 8.3%.

The Utilities sector appears attractively valued relative to its historical average as the group trades approximately one standard deviation below its three-year average forward earnings multiple of 18x. The sector remains a beneficiary of lower rates and could see a potential improvement in 2024 if soft landing optimism erodes—possibly driving a defensive rotation in the broader market while providing attractive current yields and multi-year opportunities supporting earnings growth. Given these factors, we would consider overweighting Utilities.

ECONOMIC CALENDAR

Date	Release	For	Prior
7-May	Consumer Credit	Mar	$15.0B
8-May	MBA Mortgage Applications Index	5/4	-2.3%
8-May	Wholesale Inventories	Mar	0.2%
8-May	EIA Crude Oil Inventories	5/4	+7.27M
9-May	Initial Claims	5/4	208K
9-May	Continuing Claims	4/27	1774K
9-May	EIA Natural Gas Inventories	5/4	+59 bcf
10-May	Univ. of Michigan Consumer Sentiment - Prelim	Mar	7720.0%
10-May	Treasury Budget	Apr	-236.5B
14-May	PPI	Apr	0.2%
14-May	Core PPI	Apr	0.2%
15-May	MBA Mortgage Applications Index	5/11	2.6%
15-May	CPI	Apr	0.4%
15-May	Core CPI	Apr	0.4%
15-May	Retail Sales	Apr	0.7%
15-May	Retail Sales ex-auto	Apr	1.1%
15-May	Business Inventories	Mar	0.4$%
15-May	NAHB Housing Market Index	May	5100.0%
15-May	EIA Crude Oil Inventories	5/11	-1.36M
15-May	Net Long-Term TIC Flows	Mar	$71.5B
16-May	Initial Claims	5/11	NA
16-May	Continuing Claims	5/4	NA
16-May	Housing Starts	Apr	1321K
16-May	Building Permits	Apr	1458K
16-May	Import Prices ex-oil	Apr	0.1%
16-May	Export Prices ex-ag.	Apr	0.4%
16-May	Capacity Utilization	Apr	78.4%
16-May	Industrial Production	Apr	0.4%
16-May	EIA Natural Gas Inventories	5/11	NA
17-May	Leading Indicators	Apr	-0.3%
22-May	MBA Mortgage Applications Index	5/18	NA
22-May	Existing Home Sales	Apr	4.19M
22-May	EIA Crude Oil Inventories	5/18	NA
23-May	Initial Claims	5/18	NA
23-May	Continuing Claims	5/11	NA
23-May	New Home Sales	Apr	693K
23-May	EIA Natural Gas Inventories	5/18	NA
24-May	Durable Orders	Apr	2.6%
24-May	Durable Orders -ex transportation	Apr	0.2%
24-May	Univ. of Michigan Consumer Sentiment - Final	May	7720.0%
28-May	FHFA Housing Price Index	Mar	1.2%
28-May	S&P Case-shiller Home Price Index	Mar	7.3%

ECONOMIC CALENDAR

28-May	Consumer Confidence	May	9700.0%
29-May	MBA Mortgage Applications Index	5/25	NA
29-May	EIA Crude Oil Inventories	5/25	NA
30-May	Adv. Intl. Trade in Goods	Apr	-$91.8B
30-May	Adv. Retail Inventories	Apr	0.3%
30-May	Adv. Wholesale Inventories	Apr	-0.4%
30-May	Initial Claims	5/25	NA
30-May	Continuing Claims	5/18	NA
30-May	GDP Second Estimate	Q1	1.6%
30-May	GDP Deflator - Second Estimate	Q1	3.1%
30-May	Pending Home Sales	Apr	3.4%
30-May	EIA Natural Gas Inventories	5/25	NA
31-May	Personal Income	Apr	0.5%
31-May	Personal Spending	Apr	0.8%
31-May	PCE Prices	Apr	0.3%
31-May	PCE Prices - Core	Apr	0.3%

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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