MARKET COMMENTARY

DAVENPORT 1863
BUILDING WEALTH TOGETHER

SEPTEMBER 2024

- The best industry sector performance for August was Consumer Staples, while Energy was the worst
- Potential for profit-taking near term as uncertainties persist in the market
- September and October are historically characterized with market swings and volatility

After a sharp downturn in early August coinciding with an unraveling of the Japanese Carry Trade, the Dow and S&P rallied to end the month in positive territory. The early August downturn was associated with a significant spike in the VIX Index, commonly referred to as the fear gauge, which reached its highest level seen since 2020. Despite the early month weakness, equity markets rebounded as dovish rate expectations were confirmed late in the month by Fed Chair Powell. For the full month of August, the Dow Jones Industrial Average increased by 1.8%, the S&P 500® index was up 2.3%, and the smaller cap-weighted Russell 2000® decreased by 1.6%.

Nine of the eleven sectors of the S&P 500 increased during August. The best-performing sector for the month was Consumer Staples, which increased 5.8% and was followed by the Real Estate sector, which was up 5.6%. The weakest performance in the month was posted by the Energy sector, which decreased by 2.3%, followed by the Consumer Discretionary sector, which was down 1.1%. For the prior twelve months period, the Information Technology sector was the best performer with a 37.7% increase, followed by the Financials sector, which was up 33.0%, while the Energy sector was the worst performer for the past twelve months with a 2.7% increase followed by the Consumer Discretionary sector which was up 11.6%.

At current prices, equity markets do not appear cheap, with investors widely anticipating a soft landing followed by fast-paced economic expansion in 2025. Now, heading into the historically challenged early fall season, we continue to look for an economic slowdown to play out, persisting into 1H2025, given the lag effect of anticipated rate cuts to come. We note the consensus anticipates earnings growth into 2025 for the S&P 500 of 14%, along with 200 plus BPS of fed fund rate cuts as in the cards by midyear – with both sets of expectations potentially being on the optimistic side, leaving no room for disappointment. Net-net, given existing uncertainties on the economic and geopolitical fronts, along with typical seasonal trading activity frequently experienced in September - October, we would not be surprised to see markets experience heightened volatility and some profit-taking in the near term.

With August marking the end of the summer vacation season, investors in September are facing economic and geopolitical uncertainties as well as upcoming November elections. September and October historically have been months characterized by market swings, with this autumn potentially poised for more volatility given economic and geopolitical uncertainties along with an anticipated shift in FOMC interest rate policy. After experiencing a pullback in the second half of July into early August, the S&P 500 recovered by month's end post Powell's Jackson Hole statement that "The time has come for policy to adjust." With the S&P 500 index up sharply this year, markets reflect a lot of good news anticipating a soft landing and a fast-paced, 200 BPS reduction of the funds rate into mid-2025. However, investors' bullishness may not be adequately reflecting the implications of a weakening labor market. We look for an update in early September when the August Jobs report is released. The strength of employment datasets will likely determine the FOMC's initial rate cut expected with the upcoming September 18 meeting, as well as rate actions into yearend 2024.

Where to from here?

We continue to sense an economic slowdown may become evident later this year. Analysts have trimmed expectations for the 3Q and 4Q – now forecasting 3Q earnings growth of 5.2% vs. prior targets at up 8.2%, followed by gains of 15.5% for the 4Q (down from 17.6%) - bringing calendar year gains in on the order of 10%, with Bloomberg's published consensus 2024 earnings estimate for the S&P 500 down to $242.94. In contrast, we anticipate earnings within a range of $235-$237 (up about 7%) for 2024. We sense headwinds on consumer spending are building as evident from recent BLS revisions to prior payroll datasets – cut by 818,000 with the 1Q Quarterly Census Employment & Wage report through March 2024 – and disposable personal income revised down 6.6%. Factoring in a falling saving rate and it appears that consumers' ability to drive the economy could wane - especially if weakening employment trends persist. Thus, looking into 2025, although consensus expectations call for about 14% earnings growth on accelerating sales trends rising at 6.0%, we sense economic gains could be more modest. We note that historically, economic growth tends to reaccelerate about three

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quarters after the FOMC initiates rate cuts – suggesting earnings growth could remain muted into 1H2025 with momentum potentially building into 3Q2025.

At current prices, the S&P 500 is trading at almost 23x forward earnings, with investor sentiment optimistic given the pending shift in FOMC policy. Still, we suggest a range of uncertainties continue to exist on the economic and geopolitical fronts, while expectations of fast-paced, aggressive interest rate cuts among investors could prove overly optimistic. In the meantime, we note markets have historically been weaker seasonally, with profit-taking frequently arising in September – October that could be exacerbated by the pending U.S. presidential election. Thus, we continue to focus on selective investment while taking a 12-18 month, intermediate-term investment time horizon. Although we are not abandoning mega-cap tech issues, our focus today remains on quality, well-managed company stocks, leaning defensive, having attractive relative valuations, along with favorable growth prospects and strong balance sheets offering solid intermediate-term potential returns.

MARKET AND ECONOMIC STATISTICS

Market Indices:	8/30/2024	12/29/2023	% Change YTD	7/31/2024	% Change (Monthly)
S&P Composite	5,648.40	4,769.83	18.42%	5,522.30	2.28%
Dow Jones Industrials	41,563.08	37,689.54	10.28%	40,842.79	1.76%
NASDAQ Composite	17,713.63	15,011.35	18.00%	17,599.40	0.65%
Russell 2000	2,217.63	2,027.07	9.40%	2,254.48	-1.63%
FTSE 100	8,376.63	7,733.24	8.32%	8,367.98	0.10%
Shanghai Composite	2,842.21	2,974.94	-4.46%	2,938.75	-3.28%
Nikkei Stock Average	38,647.75	33,464.17	15.49%	39,101.82	-1.16%
Stoxx Europe 600	525.05	478.99	9.62%	518.18	1.33%
MSCI Emerging Markets	1,099.92	1,023.74	7.44%	1,084.77	1.40%
MSCI Emerging Markets Small Cap	1,467.30	1,367.16	7.32%	1,444.30	1.59%

Performance of S&P 500 by Industry:	% of Index as of 8/30/2024	1 Month	3 Month	Year to Date	12 Months
Consumer Discretionary	9.67%	-1.08%	5.38%	5.79%	11.55%
Consumer Staples	6.00%	5.78%	7.08%	15.78%	15.53%
Energy	3.53%	-2.32%	-1.72%	8.72%	2.71%
Financials	13.32%	4.36%	9.83%	21.21%	33.04%
Health Care	12.19%	4.99%	9.51%	15.05%	18.10%
Industrials	8.46%	2.67%	6.51%	15.14%	21.68%
Information Technology	31.05%	1.16%	8.21%	26.53%	37.72%
Materials	2.24%	2.22%	3.15%	9.96%	13.93%
Communication Services	8.76%	1.23%	1.59%	22.34%	31.01%
Utilities	2.43%	4.29%	4.91%	19.75%	21.33%
Real Estate	2.35%	5.64%	14.66%	8.47%	17.65%
S&P 500 (Absolute performance)	100.00%	2.28%	7.03%	18.42%	25.31%

Interest Rates:	8/30/2024	12/29/2023	YTD Change (Basis Points)	7/31/2024	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	5.04%	5.33%	-29	5.21%	-17
Ten Year Treasury	3.90%	3.88%	2	4.03%	-13
Spread - 10 Year vs 3 Month	-1.14%	-1.45%	31	-1.18%	4

Foreign Currencies:	8/30/2024	12/29/2023	% Change YTD	7/31/2024	% Change (Monthly)
Brazil Real (in US dollars)	0.18	0.21	-13.5%	0.18	0.7%
British Pound (in US dollars)	1.31	1.27	3.1%	1.29	2.1%
Canadian Dollar (in US dollars)	0.74	0.76	-1.8%	0.72	2.3%
Chinese Yuan (per US dollar)	7.09	7.10	-0.1%	7.23	-1.9%
Euro (in US dollars)	1.10	1.10	0.1%	1.08	2.1%
Japanese Yen (per US dollar)	146.17	141.04	3.6%	149.98	-2.5%

Commodity Prices:	8/30/2024	12/29/2023	% Change YTD	7/31/2024	% Change (Monthly)
CRB (Commodity) Index	536.35	510.32	5.1%	535.21	0.2%
Gold (Comex spot per troy oz.)	2503.39	2062.98	21.3%	2447.60	2.3%
Oil (West Texas int. crude)	73.55	71.65	2.7%	77.91	-5.6%
Aluminum (LME spot per metric ton)	2423.65	2345.50	3.3%	2228.01	8.8%
Natural Gas (Futures 10,000 MMBtu)	2.13	2.51	-15.4%	2.04	4.5%

Economic Indicators:	7/31/2024	1/31/2024	% Change YTD	6/30/2024	% Change (Monthly)
Consumer Price Index	313.5	309.7	-1.2%	313.0	0.2%
Producer Price Index	256.9	255.0	-0.7%	255.6	0.5%
	2Q24	**1Q24**	**4Q23**	**3Q23**	**2Q23**
GDP Growth Rate (Quarterly)	3.00%	1.40%	3.40%	4.90%	2.10%
Unemployment Rate (End of Month)	**July** **4.3%**	**June** **4.1%**	**May** **4.0%**	**April** **3.9%**	**March** **3.8%**

*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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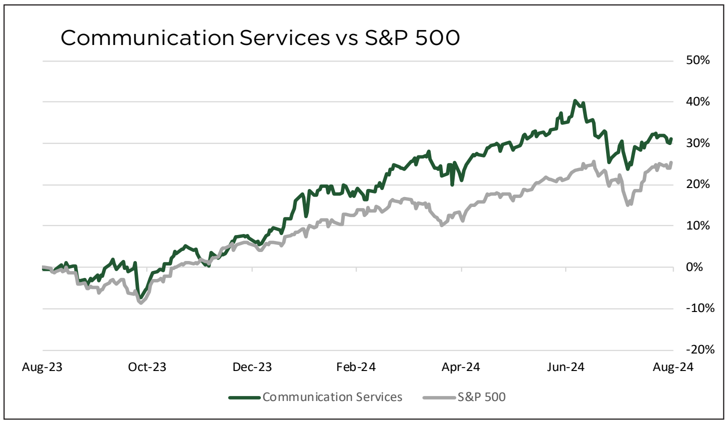
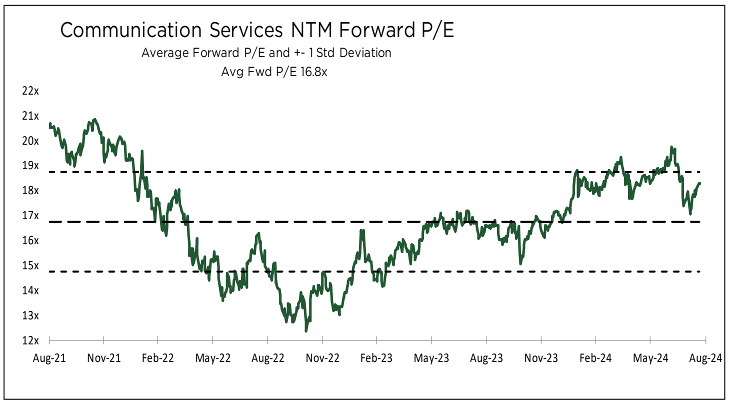
COMMUNICATIONS SERVICES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.23%	1.59%	22.34%	31.01%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Netflix Inc	11.6%
	Meta Platforms Inc	9.8%
	T-Mobile US Inc	9.0%
	Fox Corp	8.8%
	Fox Corp	8.5%
Laggards	Warner Bros Discovery	-9.4%
	Charter Comm.	-8.5%
	Paramount Global	-8.3%
	Alphabet Inc	-4.8%
	Alphabet Inc	-4.6%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$13.62	$14.90	$17.23
22.1x	20.2x	17.5x

Sector Update

Communications Services lagged the market in August as the lackluster performance of the Interactive Media & Services and Media sub-sectors offset the gain in the Diversified Telecommunications and Entertainment sub-sectors.

The U.S. Federal Reserve's signaling of a potential rate cut this fall may have led investors to seek out companies with attractive dividend yields, including U.S. telecommunications companies.

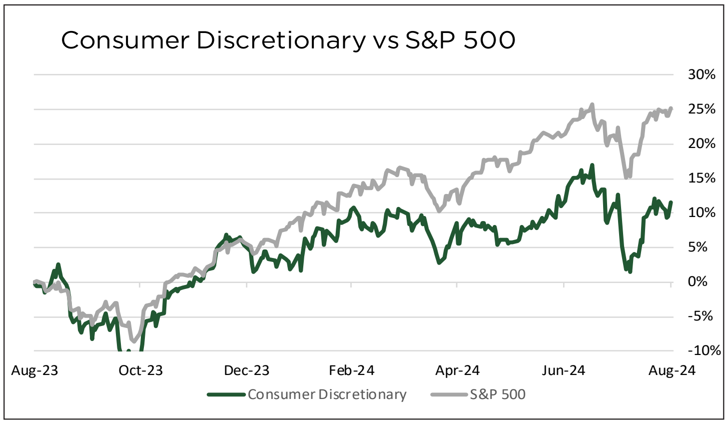
The Entertainment sector outperformed the market driven by Netflix. Streaming media companies are promoting their lower-price ad-supported services to drive subscriber growth and higher long-term revenue and profit growth. Investors were enthused by Netflix's announcement that it closed its upfront ad negotiations and saw a 150% increase in its ad commitments compared to 2023. The company signed up advertisers for its upcoming slate of new shows/movies, live events, and NFL games that it plans to air over the Christmas holiday season.

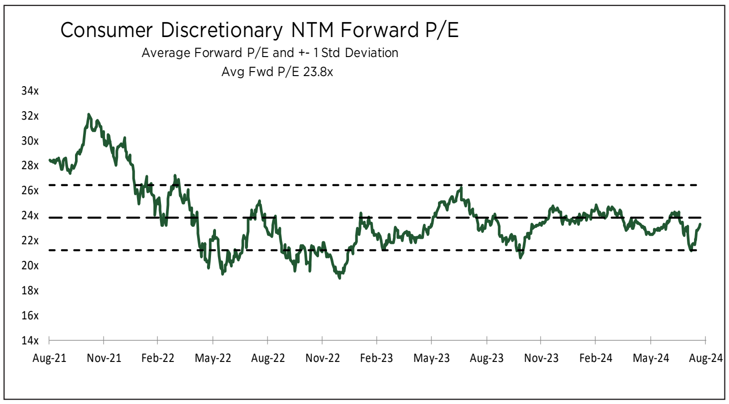
Interactive Media & Services underperformed the market in August as the decline in Alphabet's valuation offset the sharp rise in Meta Platforms shares. The U.S. District Court ruling that Google Search parent Alphabet violated antitrust laws may have influenced Alphabet's share price.

The Media sector underperformed the market, driven by the decline in Charter Communications, Paramount Global, and Warner Brothers Discovery shares. Increased broadband competition from telecommunications carriers' high-speed Internet services provided over their fixed wireless and fiber optic networks contributed to Charter Communications' loss of high-speed Internet customers. Investors were disappointed that Warner Brothers Discovery reported a higher loss in its streaming media business and a $9.2 billion non-cash impairment charge due to its loss of NBA rights.

The Communications Services sector appears close to fairly valued, with a P/E of 20.2x and 17.5x the consensus analyst FY24/FY25 EPS estimates, compared to estimated FY25 earnings growth of 16% and its average twelve-month forward P/E multiple of 16.8x.

CONSUMER DISCRETIONARY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-1.08%	5.38%	5.79%	11.55%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Starbucks Corp	21.3%
	Best Buy Co Inc	16.0%
	General Motors Co	12.3%
	NIKE Inc	11.3%
	Expedia Group Inc	8.9%
Laggards	Bath & Body Works Inc	-16.3%
	Airbnb Inc	-15.9%
	Etsy Inc	-15.4%
	MGM Resorts Int.	-12.5%
	Tesla Inc	-7.7%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$56.53	$57.59	$64.45
26.5x	26.0x	23.3x

Sector Update

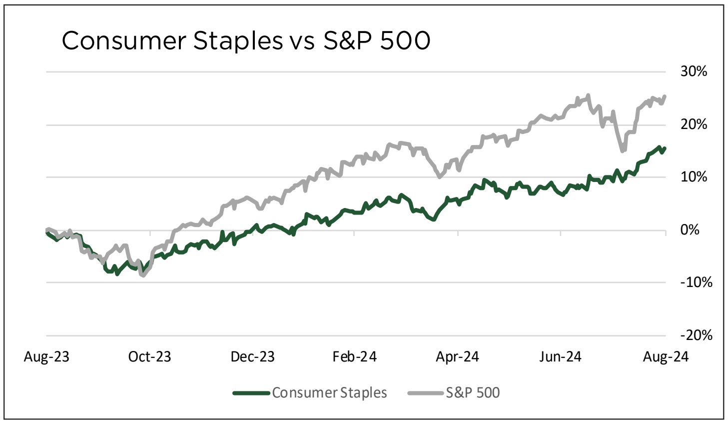
The Consumer Discretionary sector underperformed the broader market in August, reflecting an increasingly cautious environment. Among Consumer Discretionary subsectors, the strongest performance for the month was seen in the Textiles, Apparel & Luxury Goods category, followed by Leisure Products. Subsectors that were softest included Automobiles, followed by Multiline Retail. The Consumer Discretionary sector has underperformed the S&P 500 for the 1-month, 3-months, year-to-date, and trailing twelve-month basis, as reflected in the accompanying chart.

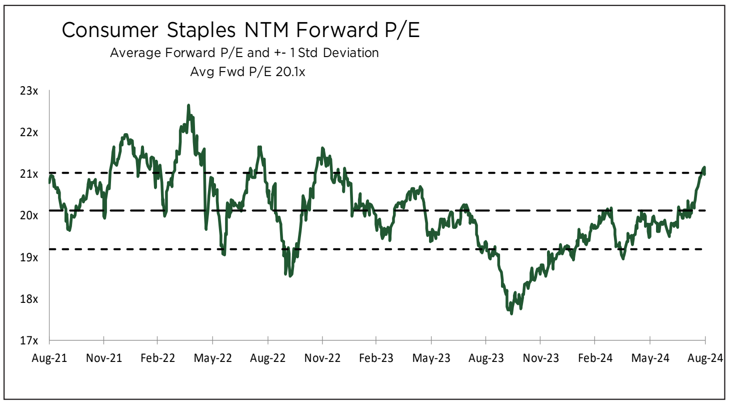
Despite the challenging macro backdrop, the Conference Board reported that August Consumer Confidence rose to 103.3 from 101.9 in July. This better than expected confidence reading represented the highest level since February. Factors that may have contributed to the improved consumer mood include expectations for a possible Fed rate cut as well as the transition in presidential candidates from Biden to Harris.

In a sign of potential consumer stress, the Federal Reserve reported that consumer credit on a trailing twelve-month basis increased 1.9% in June, which is a marked slowdown from the 5.3% growth that was reported in the prior year. Revolving credit, which includes credit cards, declined in June, again indicative of a more cautious consumer. It appears that consumers are becoming more choiceful in spending decisions in an environment where elevated interest rates and depleted savings appear to be pressuring growth in credit.

Rebounding auto sales fueled a better-than-expected +1% retail sales report for July. This was the largest gain for July in the past year and a half. Excluding auto sales, retail sales growth was just 0.4%. The boost in auto sales is being at least partially attributed to the passing impact of an industrywide cyber attack. Sales of vehicles and auto parts increased 4%, reflecting some carryover of delayed sales from June due to the cyber attack. Other strong performers for the month included electronics retailers, groceries, home centers, and pharmacies.

Existing home sales climbed in July, according to data released in late August by the National Association of Realtors. Home sales grew 1.3% to an annual rate of 3.95 million, which represented the first increase in monthly sales in the past five months. Home prices continue to climb, with the median price up 4.2% versus the prior year to $422,600. Buyer demand was robust, with 24% of properties sold above the asking price, supported by an average of 2.7 offers per home sold. Inventory of homes for sale is climbing, with the total number of homes for sale up 19.8% versus the prior year, representing a four-month supply of homes available for sale. We note that a more balanced market can be considered when inventory available for sale stands at four to six months.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.78%	7.08%	15.78%	15.53%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Kellanova	38.6%
	Clorox Co/The	20.0%
	Kenvue Inc	18.7%
	Walmart Inc	12.5%
	Altria Group Inc	9.7%
Laggards	Dollar General Corp	-31.1%
	Walgreens Boots	-22.1%
	Dollar Tree Inc	-19.0%
	Monster Beverage Corp	-8.4%
	Estee Lauder Cos Inc	-8.0%

Consensus FY EPS / P/E

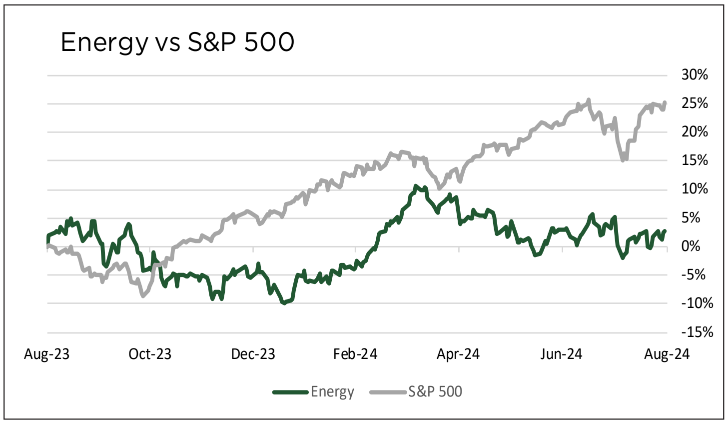
Last Year	Current Year	Next Year
$38.35	$39.60	$42.07
23.0x	22.3x	21.0x

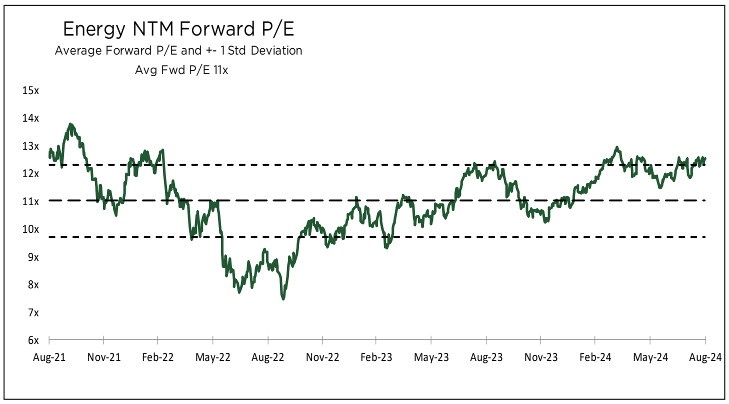
Sector Update

The momentum continued for the Consumer Staples sector with an increase of 5.78% on average in August that well outperformed the S&P 500 Index, which rose by 2.28%. Results reflect the broadening out in the market by investors as well as M&A activity in the packaged food group. Expectations remain for additional M&A activity across the group following the announced proposed acquisition of a global packaged food company. All segments contributed to the results for the month except Personal Products, which may have reflected weakness with beauty and energy drink companies. YTD through August, the Consumer Staples segment increased 15.78% vs the S&P 500, which rose 18.42%. The Consumer Staples segment trades with a forward P/E of 22.3x vs its average forward P/E of 20.1x. The overwhelming conversation centers on consumer behavior globally as the consumer seems to be under more stress in 2H. The consumer also continues to shop through different domestic channels (i.e., mass and e-commerce). The domestic consumer still appears bifurcated, with the lower-end consumer increasingly price- and value-selective. 2H results and categories face continued pressure from the potential reduction of spending from the global consumer. The level of promotions in the domestic market increased during August back to pre-pandemic levels, but the market overall remains rational. Execution and end market demand remain critical factors. We continue to advise a selective investment among the Consumer Staples stocks, and a market weighting remains preferred. We prefer an investment in companies with pricing, leading market share, strong balance sheets, and experienced management. Stronger free cash flow generation should enable enhanced capital allocation to drive increased efficiencies and realized cost savings.

Companies remain focused on driving productivity savings, managing costs, and navigating input costs (i.e., cocoa prices). The main cocoa crop is evolving well with several weeks left to go. Cocoa supply currently appears to be up 20-25% from last year, and prices, while still elevated, have declined recently towards the $8000/ton level. It seems that higher cocoa prices should still pressure input costs in Q4 and 1H of 2025 but could then improve in 2H of FY25. In response, companies are introducing smaller package sizes in chocolate and cookies to meet consumer price points and to drive higher volume. Companies continue to innovate and manage the mix at retail. Tobacco valuations continue to rise, supported by attractive yields as well as the DEA scheduled hearing on cannabis classification. The US Drug Enforcement Administration has scheduled a December 2, 2024, hearing on its proposal to lower the classification of marijuana to the Schedule III drug level. The DEA has never previously scheduled any timeline for the process to potentially reclassify cannabis at the Federal level. Growth for the US spirits category remains muted as both consumers and retailers reduce inventory and overall demand softens. The US spirits industry works to drive household penetration, to drive category growth with innovation, and to gain market share. The domestic energy beverage category remains mixed as consumers shift channels. In the Household and Personal Care segment, companies emphasize the focus on gross profit dollars as well as innovation.

ENERGY





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
-2.32%	-1.72%	8.72%	2.71%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	ONEOK Inc	10.8%
	Targa Resources Corp	8.6%
	Williams Cos Inc/The	6.6%
	ConocoPhillips	2.3%
	Marathon Oil Corp	2.1%
Laggards	Halliburton Co	-10.4%
	Hess Corp	-10.0%
	Valero Energy Corp	-9.3%
	Baker Hughes Co	-9.2%
	Schlumberger NV	-8.9%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$53.32	$50.43	$58.22
13.1x	13.8x	12.0x

Sector Update

The Energy sector underperformed relative to the S&P 500 in August as the continuing conflict in the Middle East and Ukraine weighed on sentiment. Amidst this backdrop, the Oil, Gas, & Consumable Fuels subsector outperformed the Energy Equipment & Services subsector for August. As a whole, the energy sector has been underperforming the S&P 500 on a 3-month, YTD, and trailing twelve-months basis.

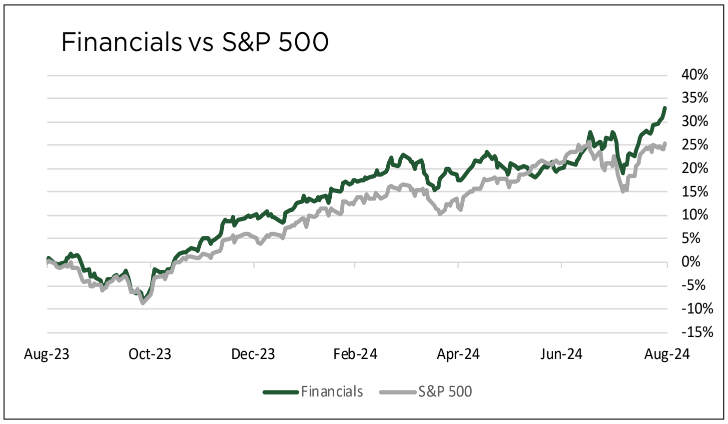
In mid-August, OPEC released a report in which it cut its forecast for global oil demand growth in 2024, marking the first cut in OPEC's 2024 forecast since July 2023. non-OPEC+ countries are expected to continue rampant production, and China continues to be a soft spot, with demand still faltering as diesel consumption falls. The OPEC report also details that world oil demand is expected to rise by 2.11 million barrels per day in 2024, which is down from last month's figure of 2.25 million barrels per day. The cartel mentions that this year's expected demand growth is still above the historical average of 1.4 million barrels per day and anticipates travel demand to remain robust as we continue into the post-COVID world. According to Reuters, OPEC also cut next year's demand growth estimate to 1.78 million barrels per day from the previously expected 1.85 million barrels per day, which is at the top end of industry estimates.

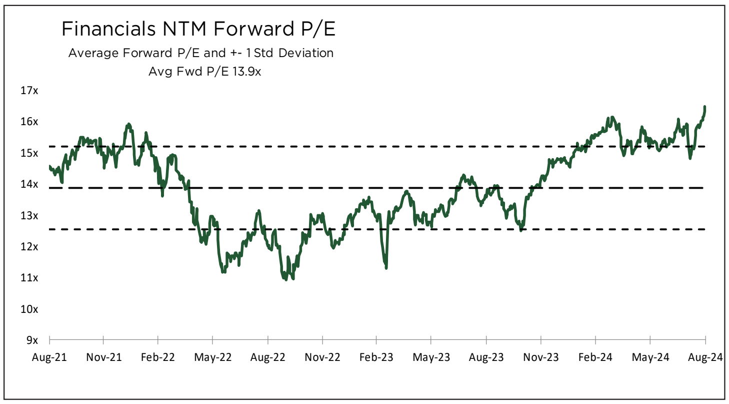
The International Energy Agency's (IEA) mid-August report indicated that global demand increased by 870 thousand barrels per day. China's consumption contraction limited gains, leading to demand that is expected to rise by less than 1 million barrels per day in both 2024 and 2025. World supply rose 230 thousand barrels a day to a total of 103.4 million barrels per day in July as a substantial OPEC+ increase offset losses from non-OPEC+. The IEA and OPEC+ have vastly different demand growth forecasts caused by differences in Chinese consumption expectations and the world transition to cleaner fuels. For the moment, however, the IEA details that supply is struggling to keep pace with peak summer demand, leading the market to a deficit. According to Bloomberg, global oil output fell considerably in the month as Libyan oil saw output falling to about 450,000 barrels per day from 1 million barrels a day since authorities ordered a shutdown of all production.

West Texas Intermediate (WTI) crude oil prices moved down considerably as WTI traded down to $73.55 from the $77.91 figure seen last month. Natural gas prices changed a little, going down 4.5% to $2.13 from $2.04. Retail gasoline cooled a bit to $3.33 from the $3.48 figure seen a month ago.

The Baker Hughes oil rig count increased by two to a figure of 583 for August. For the week ending August 23, U.S. crude oil inventories came in at 425 million barrels, which decreased by 0.8 million from the previous week. 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 a range of ~13.2 million barrels per day at the end of the month.

FINANCIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.36%	9.83%	21.21%	33.04%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Arch Capital Group Ltd	18.1%
	Progressive Corp/The	17.8%
	Aflac Inc	15.7%
	Globe Life Inc	13.3%
	Assurant Inc	12.3%
Laggards	Franklin Resources Inc	-11.5%
	T Rowe Price Group Inc	-7.2%
	Discover Financial	-3.7%
	Citigroup Inc	-3.5%
	Prudential Financial Inc	-3.3%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$43.60	$44.28	$47.07
17.4x	17.1x	16.1x

Sector Update

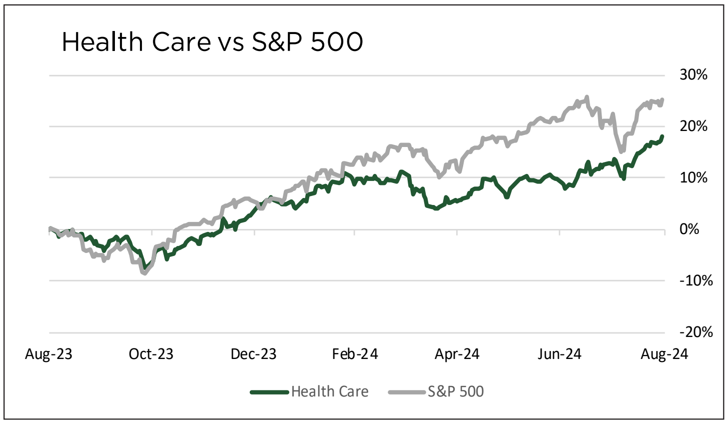
The Financials sector performed well in August, advancing by 4.4% in the period and outpacing the 2.3% gain in the S&P 500® index. After a sharp bout of volatility early in the month, spurred by softer-than-expected employment data, Financials recovered alongside the broader market as soft-landing optimism tamped down volatility measures toward more normal levels. Through August, the Financials sector outperformed the S&P 500 on a year-to-date, trailing twelve, and three-month basis.

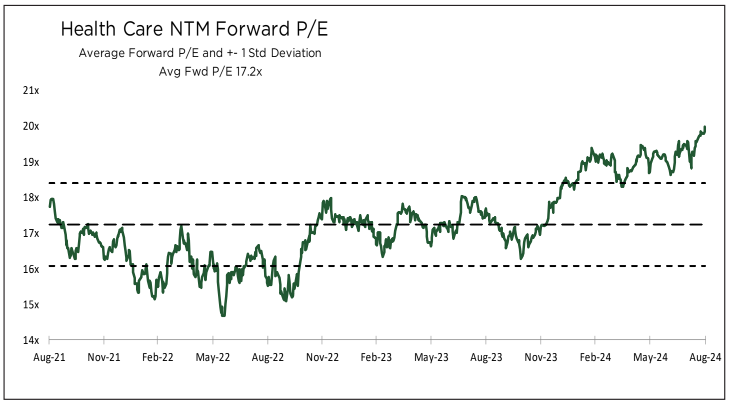
All Financials sub-sectors, with the exception of Consumer Finance, delivered monthly gains in excess of the broader market in August. Diversified Financial Services was the top performing sub-sector on a 6.5% advance, followed by Insurance at 6.2%. Further, all five of the top-performing stocks in the sector during August were Insurance names. Insurer performance appeared to benefit from a modest back-up in longer-term interest rates post-August 5th volatility as economic concerns subsided, poised to sustain interest income gains. In addition, aside from Hurricane Beryl in July, this year's Hurricane season has been tame relative to prior expectations, and a record year of billion-dollar storms in 2023.

The Bank and Consumer Finance sub-sectors were the worst performing among Financials in the month, up 2.4% and flat in the period, respectively. Sub-sector performance reflects a rebound in valuations after a material pullback in early August. The reported July unemployment rate at 4.3% surprised to the upside versus a 4.1% consensus view, driving a spike in the VIX volatility index into the 60s not seen since the early days of the Covid pandemic—and commensurate widening of credit spreads toward historical averages. Lenders' direct cyclical exposure weighed on share performance early in the month but reversed course as volatility subsided and more sanguine conditions persisted on relatively light volume at the tail-end of vacation season, perhaps providing an opportunity for investors to reduce risk exposure at more favorable valuations today.

At period-end, the Financials Sector traded at a forward P/E ratio of 17.1x FY24 expectations, well above its three-year average forward twelve-month multiple (13.9x). Given current valuations, limited loan growth prospects, and potentially softer labor data on the near horizon portending elevated credit costs, we view Financials as an Underweight relative to the sector's 13.3% weighting in the S&P despite the potential benefit to funding costs as the Fed moves to lower short-term benchmark rates.

HEALTH CARE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.99%	9.51%	15.05%	18.10%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Eli Lilly & Co	19.4%
	ResMed Inc	14.9%
	Cooper Cos Inc/The	13.3%
	Cardinal Health Inc	11.8%
	Universal Health	11.3%
Laggards	Moderna Inc	-35.1%
	Charles River	-19.0%
	Bio-Techne Corp	-9.3%
	McKesson Corp	-9.1%
	Mettler-Toledo Int.	-5.4%

Consensus FY EPS / P/E

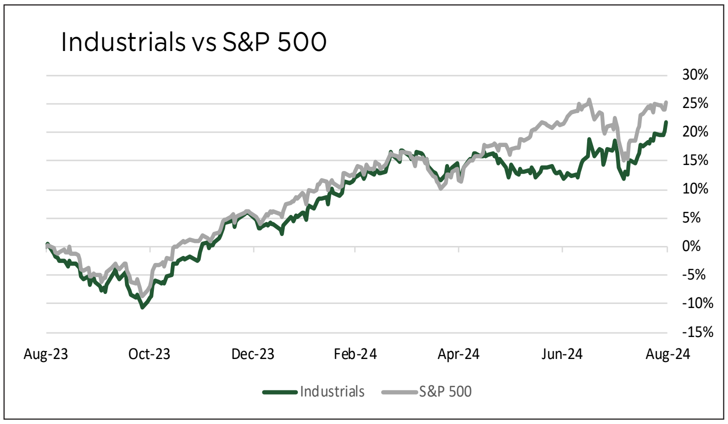
Last Year	Current Year	Next Year
$75.86	$81.29	$97.24
24.1x	22.5x	18.8x

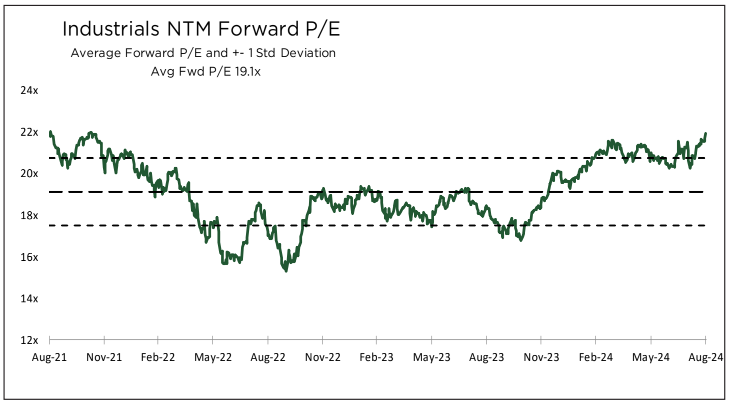
Sector Update

In August, the Health Care sector rose by 4.99%, outpacing the S&P 500's gain of 2.28%. Pharmaceutical stocks gained traction, driven by solid earnings and recent IRA bill drug pricing announcements. The obesity drug class remained well publicized, with major manufacturers reporting strong financial performance and ongoing efforts to enhance their supply chains. Medical Technology firms benefited from high medical utilization, a trend that may persist for the remainder of the year. Meanwhile, the Life Science Tools subsector showed signs of improving demand dynamics. Hospital operators continue to contend with labor shortages and inflation, but strong medical utilization has significantly mitigated these challenges.

During August, Eli Lilly led the Health Care sector with a 19.4% gain. The company's second-quarter earnings exceeded analyst expectations due to higher-than-anticipated sales of its newest obesity drug. Additionally, Eli Lilly announced it would offer this popular weight loss drug directly to consumers in more cost-effective vials. Other Pharmaceutical firms also posted share price gains during the month, driven by an announcement from the federal government regarding the IRA bill. The government unveiled negotiated prices for the first ten drugs under the IRA bill, set to take effect in 2026. While these negotiated prices are projected to save the government about $6 billion, the overall impact on pharmaceutical companies is expected to be manageable. Meanwhile, hospital profitability remains stable on the back of strong utilization, which has driven higher CAPEX budgets for hospital firms.

The Biotechnology, Health Care Providers & Services, and Pharmaceutical subsectors reported gains in August. The Pharmaceutical subsector led the growth in the sector with a 9.2% gain, followed by Health Care Providers & Services with a 7.7 % gain. The Health Care sector trades at a current forward P/E ratio of 22.5x, above the historical average of 17.2x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.67%	6.51%	15.14%	21.68%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Axon Enterprise Inc	21.7%
	CH Robinson World-	16.2%
	Uber Technologies Inc	13.4%
	GE Vernova Inc	12.8%
	Equifax Inc	9.9%
Laggards	Emerson Electric Co	-10.0%
	Ingersoll Rand Inc	-8.9%
	Boeing Co/The	-8.8%
	Old Dominion Freight	-8.3%
	Dayforce Inc	-3.6%

Consensus FY EPS / P/E

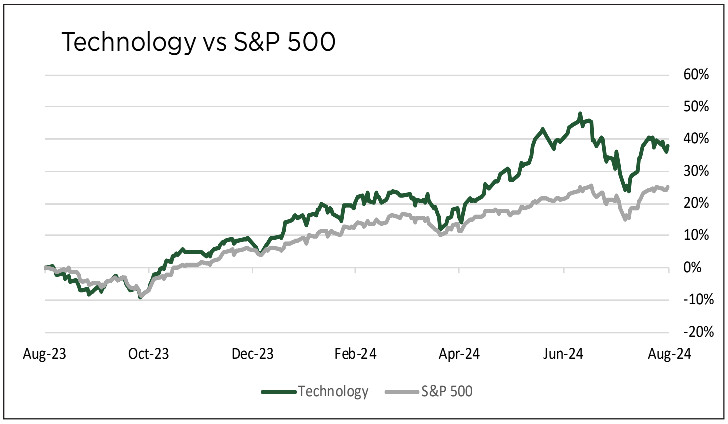
Last Year	Current Year	Next Year
$45.20	$46.32	$52.85
24.6x	24.0x	21.0x

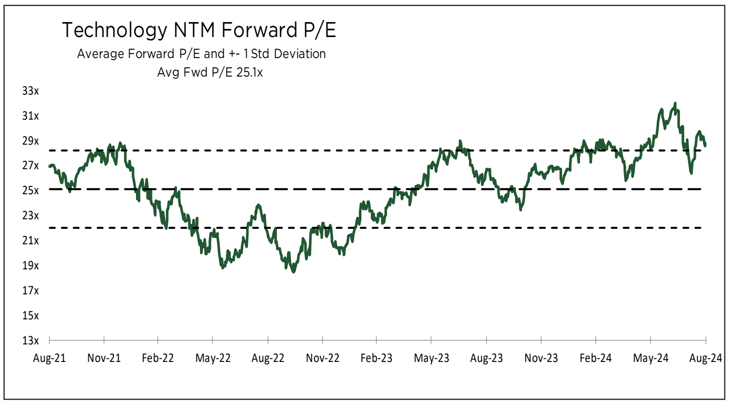
Sector Update

The Industrials Sector increased 2.67% in August, outperforming the 2.28% gain in the S&P 500. Despite underperforming over the past year due to uncertain economic forecasts, the sector's performance in August may have been bolstered by expectations that the Federal Reserve will reduce interest rates in September.

The Institute for Supply Management's Purchasing Managers Manufacturing Index (PMI) contracted for the fifth consecutive month in August. After ending a 16-month streak of contraction in March, the PMI index remained in contraction territory, with August marking the 21st contraction in the past 22 months, albeit with a slight improvement to 47.2 from July's 47.4. The New Orders Index remained in contraction territory, dropping to 44.6 from July's 47.4. Four manufacturing industries reported growth in new orders, including Paper Products, Primary Metals, Wood Products, and Computer & Electronic Products. The remaining 12 industries reported declines in New Orders in August. The Production Index also remained in contraction, falling to 44.8 from July's 45.9.

Within the Industrials sector, the best-performing subsectors in the month were Trading Companies & Distributors with a 19% gain, Construction & Engineering with a 14.7% gain, and Aerospace & Defense with an 11.7% gain. The worst-performing subsectors in the month were Airlines, with a 10.8% decline, and Machinery, with a 4.4% loss. The Industrials Sector is currently trading at a Forward P/E ratio of 24x, exceeding its three-year average of approximately 19.1x.





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
1.16%	8.21%	26.53%	37.72%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Fortinet Inc	32.2%
	Crowdstrike Holdings	19.5%
	GoDaddy Inc	15.1%
	Palo Alto Networks Inc	11.7%
	Motorola Solutions Inc	10.8%
Laggards	Super Micro Computer	-37.6%
	Intel Corp	-28.3%
	Micron Technology Inc	-12.4%
	Lam Research Corp	-10.9%
	Microchip Technology	-7.5%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$118.56	$133.10	$160.75
36.3x	32.3x	26.7x

Sector Update

The Technology sector and its Semiconductors & Semiconductor Equipment and Software sub-sectors lagged the market for the second month in a row.

The potential recovery in the Semiconductor sector remains uneven, with higher demand in the aerospace & defense, digital healthcare, electronic grid, and hyperscale computing (test & measurement equipment) sectors and weaker demand in the automotive and factory automation sectors.

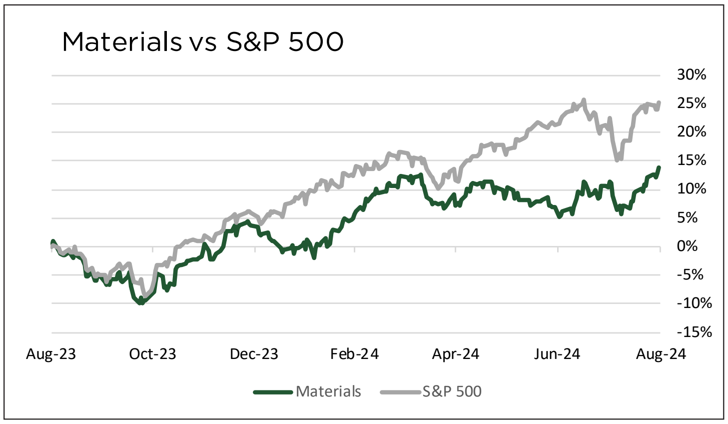
While a number of semiconductor companies reported weaker industrial demand due to their exposure to legacy manufacturing companies in the U.S. and Europe, Analog Devices (ADI) reported improved industrial demand due to its focus on the aerospace & defense, digital healthcare, electronic grid, and hyperscale computing (test & measurement equipment) sectors. ADI's Q-3 24 industrial segment book to bill was above 1.0, with growth in all markets, with the exception of the factory automation sector. ADI expects an acceleration in its industrial segment sequential revenue growth from 4.4% in Q-3 24 to high-single-digit growth in Q-4 24.

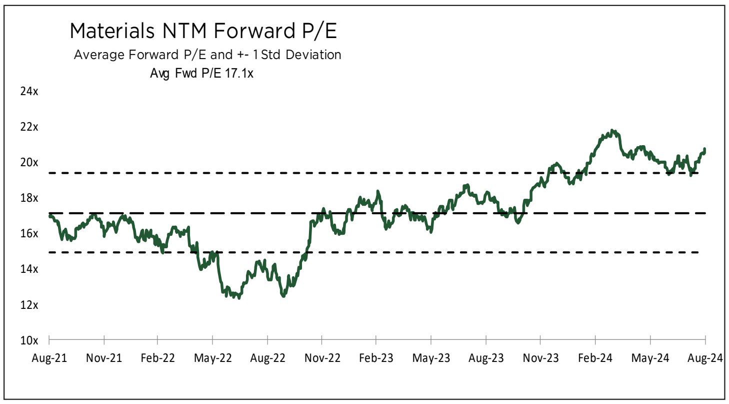
Given the contraction in U.S. and eurozone manufacturing activity in August, with the U.S. purchasing manager's index (PMI) at 47.9 and the eurozone PMI at 45.6, there is a potential risk of a slower-than-expected recovery in the industrial sector.

Even though the Software sub-sector underperformed the market in August, Fortinet and Palo Alto Networks significantly outperformed the market. Both companies benefited from corporations' increased inclination to rely on a single security platform to secure their networks from cyber threats. In addition, Palo Alto Networks reported that a number of corporations switched from Crowdstrike's endpoint security to its own products after Crowdstrike's software update disabled their computers.

The Technology sector appears fully valued, with a P/E of 32.3x and 26.7x the consensus analyst FY24/FY25 EPS estimates, compared to the estimated FY25 EPS growth of 21% and its average twelve-month forward P/E of 25.1x.

MATERIALS





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
2.22%	3.15%	9.96%	13.93%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	FMC Corp	10.7%
	Ecolab Inc	9.7%
	Newmont Corp	8.8%
	CF Industries Holdings	8.8%
	Amcor PLC	8.6%
Laggards	Vulcan Materials Co	-10.7%
	Steel Dynamics Inc	-10.3%
	Martin Marietta	-10.0%
	Celanese Corp	-7.5%
	Nucor Corp	-6.8%

Consensus FY EPS / P/E

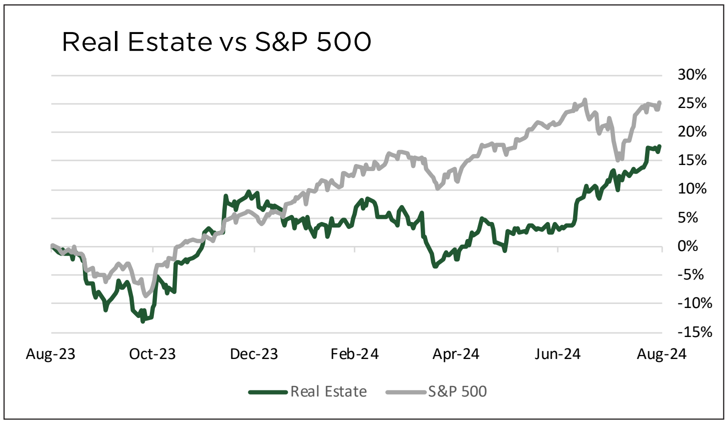
Last Year	Current Year	Next Year
$24.79	$25.86	$30.06
23.9x	22.9x	19.7x

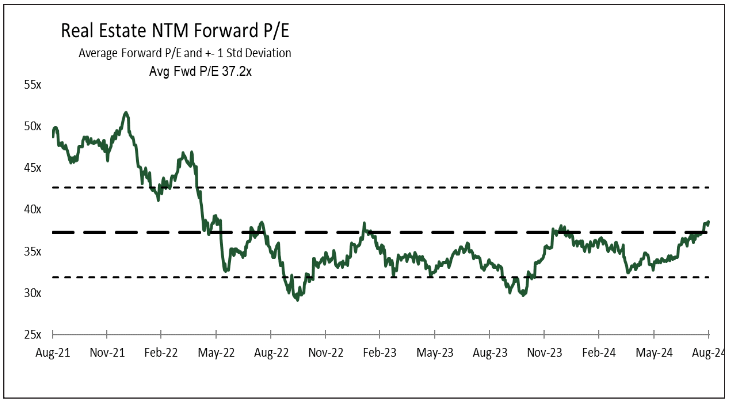
Sector Update

The Materials segment increased by 2.22% in August and relatively matched the S&P 500 Index, which increased by 2.28%. Results were favorable for the chemicals and containers & packaging segments. The Construction Materials segment declined 10%, reversing a gain in July. Q2 weather was hot and wet in key markets (especially Texas) for several aggregate companies pushing out demand. YTD, through August, the Materials segment increased 9.96% vs. the S&P 500, which rose 18.42%. The Materials segment now trades with an average forward P/E of about 22.9x and above its historical valuation range. Investors await the widely expected rate cut by the Fed in September. With lower rates, companies may increase capital spending, benefit from increased execution of backlogged projects, and benefit from more stable pricing. All factors remain key drivers for earnings across the groups. Selective investment among the group remains a key factor, with a preference for strong management teams, high-quality businesses, and strong balance sheets. Portfolio transformation through divestments and acquisitions, as well as streamlining the number of product offerings, also remains a key theme across the segments. With strong company balance sheets and likely lower rates, further portfolio transformation should occur, including divestment of non-core assets and additions. For 2024, key factors to monitor include movement in interest rates, consumer behavior and confidence level, inventory at customers, realized pricing, the outlook for the macroeconomic environment, capital spending, and volume. Mortgage rates have now declined year-to-date, and that trend should support home-buying activity.

Looking forward to FY25, homebuilder stocks should continue to benefit from tailwinds, including a favorable supply/demand outlook, expectations for lower interest rates, higher expected volumes, and strong balance sheets. Uncertainties do persist, including consumer behavior, the upcoming Presidential election, and the overall macroeconomic backdrop. According to the National Association of Realtors, existing home sales rose 1.3% in July compared with June to a seasonally adjusted, annualized rate of 3.95 million units. That was the first gain in five months. Sales were 2.5% lower compared with the same time last year. July new home sales seasonally adjusted rose 10.6% sequentially to 739,000 and 5.6% vs the prior year period, which exceeded the consensus. Data remains subject to the movement in mortgage rates. The outlook for the Chemicals and Packaging companies centers on the uncertain pace of recovery for the end markets/ group. For paperboard companies, demand is strengthening in Europe, with companies commenting on improving end-market demand.

REAL ESTATE





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
5.64%	14.66%	8.47%	17.65%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	Mid-America Apartment	16.2%
	Public Storage	16.2%
	Ventas Inc	14.1%
	Camden Property Trust	13.0%
	UDR Inc	11.1%
Laggards	Weyerhaeuser Co	-4.0%
	CoStar Group Inc	-0.9%
	Host Hotels & Resorts	1.1%
	Prologis Inc	1.4%
	Digital Realty Trust Inc	1.4%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$12.73	$13.02	$13.77
21.4x	21.0x	19.8x

Sector Update

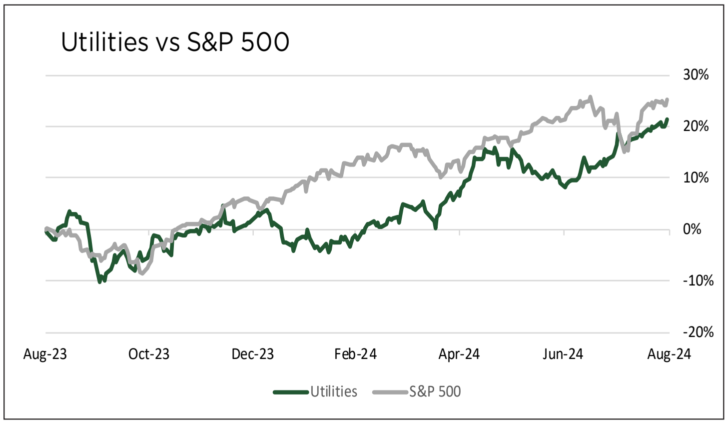
The group rotation we have discussed in prior monthly commentary reports was sustained in August. Cooling inflationary pressures, softening employment trends, as well as commentary from Fed Chair Powell at last month's Jackson Hole Symposium, all support investor expectations that a shift in Fed rate policy may arrive with the upcoming September 18 FOMC session. The rotation from 1H2024 stock leadership among mega-cap Tech sector issues into smaller laggards and defensive issues poised to benefit from lower rates has seen the Real Estate sector surge – outperforming other S&P sectors over the past three months after an extended period of underperformance. As illustrated in the adjacent table, the Real Estate group advanced by 5.74% in August and is up 14.66% in the past three-month period – contrasting with S&P 500 gains of 2.28% and 7.03% over the same time periods.

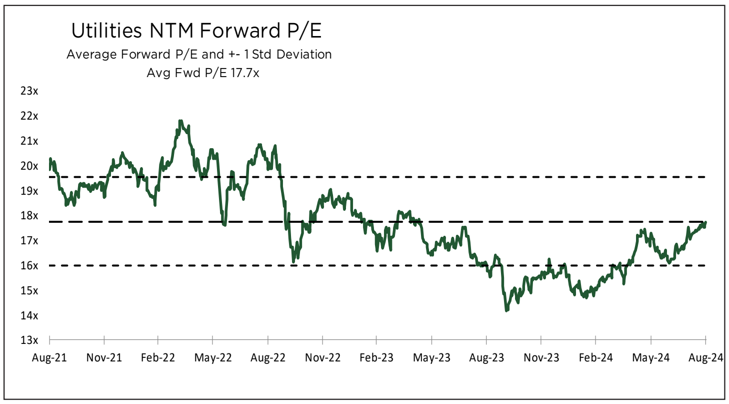
Beyond the macro disinflationary trend, many firms from the Real Estate sector also reported stronger than anticipated operating results for 2Q2024, with the strongest gains being forthcoming from those firms participating in housing-related products and services. Among leading gainers in August were apartment-oriented REITs Mid America Apartments, Camden Property Trust, and UDR – with each firm reporting in-line or upside 2Q24 results. Managements noted that new capacity was being absorbed across most regions of the U.S., while industry capacity additions appear poised to slow in 2H2024 and into 2025 offering enhanced pricing power. Guidance was raised by managements across the segment. In a similar mode, senior housing provider Ventas reported improved occupancy rates for their assisted living side of the business along with higher rates suggestive of a robust recovery underway.

In contrast, other housing-related news drove underperformance for Weyerhaeuser and CoStar Group. Weyerhaeuser revenue fell versus year-earlier levels as stagnant homeownership activity, repair/remodel of existing homes slackened, and challenged wood product market sales created headwinds to their business. Management suggested to investors that 3Q2024 would likely see persistent pressures to the business before improvements arrive with anticipated interest rate cuts this fall. CoStar saw 2Q2024 results dip but still coming in ahead of consensus forecasts. However, revised 2H earnings guidance appears to have fallen short of some investor expectations, with management citing weaker property demand as a key factor to trimmed revenue guide.

We sense future returns for Real Estate may remain closely tied to interest rates and the U.S. economy. The latest jobs datasets point to softening as underway. A recession, if forthcoming, could stifle consumer and business spending, impacting real estate leasing demand. Still, a moderating economy escaping recession along with lower interest rates expected would be supportive for bond proxy issues such as real estate over the intermediate term. In the meantime, the emerging artificial intelligence (AI) trade should drive data center demand, while senior housing fundamentals have improved with enhanced earnings/FFO potential into 2H2024.

UTILITIES





Source : Bloomberg

Sector Performance

1 Month	3 Months	YTD	TTM
4.29%	4.91%	19.75%	21.33%

S&P 500 Performance

1 Month	3 Months	YTD	TTM
2.28%	7.03%	18.42%	25.31%

	Company Performance	1 Month
Leaders	NRG Energy Inc	13.1%
	Edison International	8.8%
	WEC Energy Group Inc	8.1%
	PG&E Corp	7.9%
	Vistra Corp	7.8%
Laggards	AES Corp/The	-3.7%
	CenterPoint Energy Inc	-1.6%
	American Water Works	0.5%
	Public Service Ent.	1.2%
	Evergy Inc	2.0%

Consensus FY EPS / P/E

Last Year	Current Year	Next Year
$19.78	$20.50	$22.42
19.5x	18.8x	17.2x

Sector Update

Utilities continued a recent string of outperformance against the S&P 500® index in August on a 4.3% gain compared to a 2.3% advance in the broader market index. All but two Utilities sector components finished August higher than the prior month as upside participation broadened to more defensive and yield-oriented sectors in the month as Staples, Healthcare, Real Estate, and Utilities were top-performing sectors. The Utilities sector also continues to benefit from heightened investor interest as an AI growth theme, given increasing data center demand poised to drive significant multi-year investment in power production and delivery in the US and abroad.

The Utilities sector has outperformed the S&P 500 in the year-to-date through August but continues to lag the market on a trailing three- and twelve-month period.

Texas-based NRG Energy (NRG) was the best performing Utility in August, up 13.1% in the period after posting better than expected earnings and receiving a handful of street price target increases. NRG's redirection of strategy from the largest power producer in Texas into a nationwide consumer home services company post-acquisition of Vivint in 2023 has driven material valuation expansion in the same period. From the close of March 2023 to the present, NRG's P/E has expanded from less than six to more than twelve times forward earnings estimates.

Interest rate direction and macro uncertainty may continue to be primary drivers of Utility performance into year-end, as exemplified in recent performance against heightened volatility.

The Utilities sector currently trades slightly above its historical average P/E of 17.7x on recent appreciation; however, the sector continues to appear reasonably valued given new secular growth tailwinds, potential performance tailwinds from lower interest rates, and upside optionality from potential defensive rotation against an uncertain macro backdrop. Given these factors, we would continue to overweight Utilities relative to its 2.43% weight in the S&P.

ECONOMIC CALENDAR

Date	Release	For	Prior
3-Sep	S&P Global US Manufacturing PMI - Final	Aug	48.0
3-Sep	ISM Manufacturing Index	Aug	46.8%
3-Sep	Construction Spending	Jul	0.0%
4-Sep	MBA Mortgage Applications Index	8/31	0.5%
4-Sep	Trade Balance	Jul	-$73.1B
4-Sep	Factory Orders	Jul	-3.3%
4-Sep	JOLTS - Job Openings	Jul	8.184M
4-Sep	Fed's Beige Book	Sep	NA
5-Sep	ADP Employment Change	Aug	122K
5-Sep	Initial Claims	8/31	231K
5-Sep	Continuing Claims	8/24	1868K
5-Sep	Productivity-Rev.	Q2	2.3%
5-Sep	Unit Labor Costs-Rev.	Q2	0.9%
5-Sep	S&P Global US Services PMI - Final	Aug	55.0
5-Sep	ISM Non-Manufacturing Index	Aug	51.4%
5-Sep	EIA Natural Gas Inventories	8/31	+35bcf
5-Sep	EIA Curde Oil Inventories	8/31	-0.846M
6-Sep	Nonfarm Payrolls	Aug	114K
6-Sep	Nonfarm Private Payrolls	Aug	97K
6-Sep	Avg. Hourly Earnings	Aug	0.2%
6-Sep	Unemployment Rate	Aug	4.3%
6-Sep	Average Workweek	Aug	34.2
9-Sep	Wholesale Inventories	Jul	0.2%
9-Sep	Consumer Credit	Jul	$8.9B
11-Sep	MBA Mortgage Applications Index	9/7	NA
11-Sep	CPI	Aug	0.2%
11-Sep	Core CPI	Aug	0.2%
11-Sep	EIA Crude Oil Inventories	9/7	NA
12-Sep	Core PPI	Aug	0.0%
12-Sep	Initial Claims	7-Sep	NA
12-Sep	Continuing Claims	8/31	NA
12-Sep	PPI	Aug	0.1%
12-Sep	EIA Natural Gas Inventories	9/7	NA
12-Sep	Treasury Budget	Aug	-$243.7B
13-Sep	Export Prices ex-ag.	Aug	1.0%
13-Sep	Import Prices ex-oil	Aug	0.1%
13-Sep	Univ. of Michigan Consumer Sentiment - Prelim	Sep	NA
17-Sep	Retail Sales	Aug	1.0%
17-Sep	Retail Sales ex-auto	Aug	0.4%
17-Sep	Industrial Production	Aug	-0.6%
17-Sep	Capacity Utilization	Aug	77.8%
17-Sep	Business Inventories	Jul	0.3%

ECONOMIC CALENDAR

17-Sep	NAHB Housing Market Index	Sep	39.0
18-Sep	MBA Mortgage Applications Index	9/14	NA
18-Sep	Housing Starts	Aug	1238K
18-Sep	Building Permits	Aug	1396K
18-Sep	EIA Crude Oil Inventories	9/14	NA
18-Sep	FOMC Rate Decision	Sep	5.25%-5.50%
18-Sep	Net Long-Term TIC Flows	Jul	$96.1B
19-Sep	Initial Claims	9/14	NA
19-Sep	Continuing Claims	9/7	NA
19-Sep	Current Account Balance	Q2	-$237.6B
19-Sep	Exisiting Home Sales	Aug	3.95M
19-Sep	Leading Indicators	Aug	-0.6%
19-Sep	EIA Natural Gas Inventories	9/14	NA
24-Sep	FHFA Housing Price Index	Jul	NA
24-Sep	S&P Case-Shiller Home Price Index	Jul	NA
24-Sep	Consumer Confidence	Sep	NA
25-Sep	MBA Mortgage Applications Index	9/21	NA
25-Sep	New Home Sales	Aug	NA
25-Sep	EIA Crude Oil Inventories	9/21	NA
26-Sep	Continuing Claims	9/14	NA
26-Sep	Durable Goods -ex transportation	Aug	NA
26-Sep	Durable Orders	Aug	NA
26-Sep	GDP - Third Estimate	Q2	NA
26-Sep	GDP Deflator - Third Estimate	Q2	NA
26-Sep	Initial Claims	9/21	NA
26-Sep	Pending Home Sales	Aug	NA
26-Sep	EIA Natural Gas Inventories	9/21	NA
27-Sep	Adv. Intl. Trade in Goods	Aug	NA
27-Sep	Adv. Retail Inventories	Aug	NA
27-Sep	Adv. Wholesale Inventories	Aug	NA
27-Sep	PCE Prices	Aug	NA
27-Sep	PCE Prices - Core	Aug	NA
27-Sep	Personal Income	Aug	NA
27-Sep	Personal Spending	Aug	NA
27-Sep	Univ. of Michigan Consumer Sentiment - Final	Sep	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.

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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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