

Stocks Trade Higher in February as the Rally Broadens Out

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Monthly Market Summary

- The S&P 500 Index gained +5.2%, underperforming the Russell 2000 Index's +5.6% return. All eleven S&P 500 sectors traded higher, with cyclical sectors outperforming.
- Corporate investment-grade bonds produced a -1.9% total return as Treasury yields rose, while corporate high-yield bonds produced a +0.3% total return.
- International stocks underperformed U.S. stocks. The MSCI EAFE Index of developed market stocks returned +3.0%, while the MSCI Emerging Market Index gained +4.2%.

Stocks Trade Higher for a Fourth Consecutive Month, While Bonds Trade Lower

Stocks traded higher in February, with the rally broadening after large cap stocks accounted for most of January's gains. The S&P 500 traded above 5,000 for the first time, setting a new all-time high, and has now returned +21.5% since the start of November. The Dow Jones Industrial Average set a new closing high in February, and the Russell 2000 Index of small cap stocks outperformed the S&P 500 after trailing by -5.5% last month. The Consumer Discretionary, Industrial, and Material sectors outperformed the S&P 500, while the Utility, Consumer Staple, and Real Estate sectors underperformed.

In the credit market, bonds traded lower for a second consecutive month as two themes caused rates to rise. First, the Federal Reserve told investors it wants more confirmation that inflation will return to its 2% target. This statement effectively pushed back the timing of the first interest rate cut. Second, multiple inflation reports were hotter than expected, hinting at sticky inflation. This year's bond sell-off suggests the market got ahead of itself by forecasting too many rate cuts. Investors now expect three rate cuts this year, a decrease from the forecast for six rate cuts at the start of the year.

Commodity Price Index Trades Near a 2-Year Low, But Energy Prices Are Rising

The Bloomberg Commodity Index, which tracks a broad group of commodities, currently trades at its lowest level since December 2021. It's been a volatile two years. Commodity prices spiked in early 2022 after Russia's invasion of Ukraine disrupted the energy, metal, and agriculture markets. The sharp rise in commodity prices sent inflation soaring above 9% in June 2022, the highest level in 40 years. Since peaking in mid-2022, commodity prices and inflation have both trended lower. The consumer price index rose by 3.1% year-over-year in January 2024, the slowest since March 2021.

Investors and the Federal Reserve are debating the risk of a second inflation wave. The price declines across commodity markets helped ease inflation pressures, but there are questions about whether the trend can continue. The price of crude oil has risen by +9.2% year-to-date and currently trades at a 3.5-month high, while gas prices have risen by +13.3% this year. With the summer driving season fast approaching, there is concern that gasoline prices could continue to rise. Investors will be watching other commodity markets to see if prices start to rise, as that could delay the Fed's plan to cut rates.

THIS MONTH IN NUMBERS

FIGURE 1

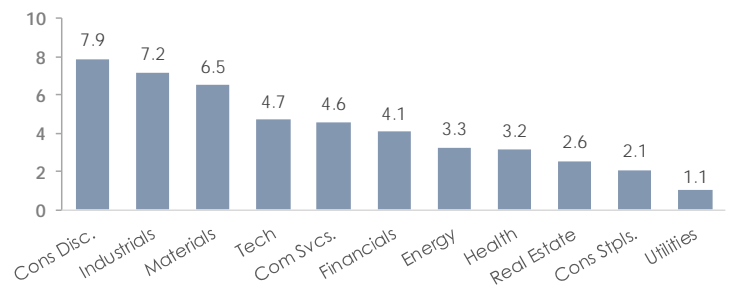
U.S. Style Returns (February in %)

	Value	Blend	Growth
Large	3.6	5.2	6.6
Mid	4.7	5.5	7.5
Small	3.3	5.6	8.0

Data Reflects Most Recently Available As of 2/29/2024

FIGURE 2

U.S. Sector Returns (February in %)



Data Reflects Most Recently Available As of 2/29/2024

FIGURE 3

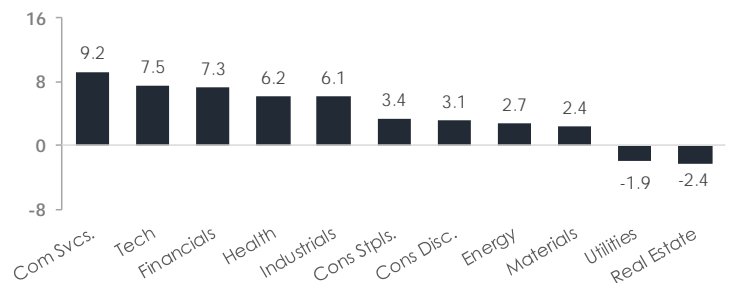
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	3.6	6.9	9.2
Mid	2.8	4.0	6.8
Small	-1.5	1.5	4.7

Data Reflects Most Recently Available As of 2/29/2024

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 2/29/2024

FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years	Dividend Yield	NTM P/E	P/B
S&P 500	5.2%	11.7%	13.6%	6.9%	29.9%	38.5%	1.31%	20.4x	4.6x
Dow Jones	2.4%	8.8%	13.1%	3.7%	21.5%	32.1%	1.74%	18.3x	4.9x
Russell 2000	5.6%	13.8%	8.8%	1.5%	9.7%	-3.3%	1.34%	22.3x	1.9x
Russell 1000 Growth	6.6%	14.1%	17.9%	9.2%	45.3%	40.7%	0.57%	27.5x	12.1x
Russell 1000 Value	3.6%	9.4%	8.9%	3.6%	13.5%	25.8%	1.95%	15.4x	2.4x
MSCI EAFE	3.0%	8.0%	9.3%	2.5%	14.6%	13.3%	2.91%	14.0x	1.8x
MSCI EM	4.2%	3.0%	4.0%	-0.5%	7.4%	-20.0%	2.65%	12.0x	1.6x
NASDAQ 100	5.3%	13.2%	16.6%	7.2%	50.4%	41.8%	0.53%	26.0x	7.4x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	4.92%	-1.5%	2.0%	-1.6%	3.3%	-9.1%
U.S. Corporates	5.50%	-1.9%	2.4%	-2.4%	5.9%	-10.2%
Municipal Bonds	3.89%	-0.2%	2.1%	-0.2%	5.1%	-0.3%
High Yield Bonds	8.00%	0.3%	3.6%	0.4%	9.7%	3.2%

Key Rates	2/29/2024	1/31/2024	11/30/2023	8/31/2023	2/28/2023	2/28/2021
2 yr Treasury	4.63%	4.22%	4.71%	4.84%	4.80%	0.14%
10 yr Treasury	4.24%	3.95%	4.36%	4.09%	3.92%	1.46%
30 yr Treasury	4.36%	4.19%	4.51%	4.21%	3.93%	2.19%
30 yr Mortgage	7.31%	6.96%	7.57%	7.53%	7.03%	3.25%
Prime Rate	8.50%	8.50%	8.50%	8.50%	7.75%	3.25%

Commodities	Level	1 month	YTD
Oil (WTI)	78.24	3.2%	9.2%
Gasoline	2.34	5.2%	13.3%
Natural Gas	1.85	-11.9%	-20.5%
Propane	0.83	-7.7%	23.4%
Ethanol	1.42	-6.6%	-12.4%
Gold	2,052	-0.7%	-0.9%
Silver	22.86	-1.3%	-5.1%
Copper	3.83	-1.9%	-1.4%
Steel	795	-8.1%	-30.0%
Corn	4.30	-4.1%	-8.8%
Soybeans	11.37	-7.2%	-11.8%

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Disclosures

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Exchange-traded funds (ETFs) are subject to risks similar to those of stocks, such as market, interest rate, foreign exchange, and liquidity risks. An investor in ETFs may bear indirect fees and expenses charged by the ETFs in addition to their direct fees and expenses, and is subject to the risk of loss of principal. ETF sponsors may suspend trading in ETFs and may not honor redemption requests. ETFs may trade at a discount or premium to their net asset value and are subject to the market fluctuations of their underlying investments. When considering investing in an ETF, you should consult your financial advisor and accountant on how investing in the fund will affect your taxes.

Before investing in an ETF, you should read both its summary prospectus and its full prospectus, which provide detailed information on the ETF's investment objective, principal investment strategies, risks, costs, and historical performance (if any). The SEC's EDGAR system, as well as Internet search engines, can help you locate a specific ETF prospectus. You can also find prospectuses on the websites of the financial firms that sponsor a particular ETF, as well as through your broker.

Past performance is no guarantee of future results of any ETF.

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The S&P 500 Index is a commonly recognized, market-capitalization-weighted index of 500 widely-held companies, designed to measure the performance of US large-cap stocks. The Russell 3000 Index is a free float-adjusted, market-capitalization-weighted index which measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The MSCI All Country World Index [ACWI] is designed to measure the performance of the global equity market and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed and emerging countries throughout the world. The MSCI ACWI ex-USA Index is designed to measure the performance of the global equity market excluding the US component and is a free float-adjusted, market-capitalization-weighted index composed of large- and mid-cap stocks of companies located in developed- and emerging-market countries. The Bloomberg Barclays US Aggregate Bond Index [BBG Barc Agg] provides a broad-based measure of the fixed-rate US investment-grade debt market. The Bloomberg Barclays Global Aggregate Bond Index [BBG Barc Global Agg] measures global investment-grade, fixed-rate debt from both developed- and emerging-markets. The J.P. Morgan Global Aggregate Bond Index (JPM GABI) provides a broad-based measure of the global fixed-rate, investment-grade debt markets. The JPM GABI is a US dollar denominated, investment-grade index with asset classes from developed and emerging markets. Cash refers to overnight Fed funds.