LibertyWealth® ADVISORS
A PRIME CAPITAL INVESTMENT ADVISORS COMPANY

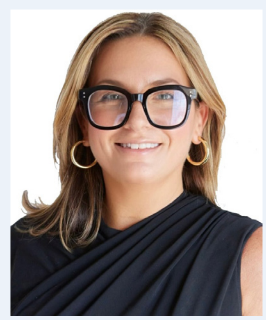
Annette A. VanderLinde, MBA, CWS®, AIF®
Chief Client Officer

Dear Valued Friends and Clients,

Summertime is in full swing, and so are the graduation parties, gatherings and barbeques with friends and family. At these events, I'm often asked to share my thoughts about the market, investing, and what might happen this election year – and I enjoy these discussions. However, I sometimes run into folks who are rather vocal, boasting about their calls on buying Bitcoin or getting into Nvidia at the "right time". Hearing this, I smile politely and quietly, knowing that these individuals will never share details of the inevitable losses and poor judgment calls they also made along the way.

Our investment approach is purposely designed to avoid the pitfalls of day trading and the sensational appeal of trying to "time the market". We employ a disciplined, evidence-based approach that continues to perform through varied market conditions. By building globally diversified portfolios and utilizing strategic asset allocation, we effectively and appropriately manage risk according to each client's individual circumstances. Perhaps it's not the sexiest story to tell, but it's an approach that works for our clients. Now that's something to brag about!

Team Updates



As Liberty Wealth Advisors continues to grow and expand, it's important that we continue to build our team of qualified professionals to support the important work we do for our clients. At the start of 2024, we began an exhaustive talent search to find a new team member. I'm delighted to announce that we welcomed our new colleague, Leah Heide, to the Liberty Wealth Advisor's team in May. Leah joins us as a Senior Client Service Specialist, directly serving our clients and supporting our Advisory team. Leah has a wealth of professional knowledge, having over 18 years of experience in financial services. Based in our Stamford, CT office, Leah is a friendly face and voice to help with any questions or service requests that you may have.

You can read more about Leah on our **website.** Please join me in welcoming Leah to the team!

As always, we thank you for being a valued client. We appreciate the ongoing trust and faith you have in our firm and look forward to serving you.

Warm Regards,

Annette A. VanderLinde, MBA, CWS®, AIF®
Chief Client Officer

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Global Markets Report – 2nd Quarter 2024

Positive Momentum Continues

The global financial markets have exhibited significant movement over the second quarter of 2024, driven by a confluence of macroeconomic factors, technological advancements, and geopolitical developments. The US markets, represented by the S&P 500, have demonstrated robust performance with a year-to-date return of approximately 15%, a significant portion of which materialized in June alone, as the 2nd quarter returned 4.4%.

This upward momentum has been primarily fueled by large-cap growth stocks, particularly within the technology and communications sectors, which continue to dominate the market landscape.

Despite the overall positive trajectory, market breadth remains a concern. The substantial performance divergence between large-cap growth and smaller, more-speculative stocks suggests a lack of broad-based market participation, typically indicative of a healthy bull market. International markets, although lagging behind the US, have also shown resilience, with specific regions like India and China leading in performance, while developed markets in Europe and Japan have posted more moderate returns.

KEYS TO THE QUARTER:

- Equities move higher, but on narrow breadth
- Mega-cap growth, communications, and tech drive returns
- Bond returns mixed, led by credit sectors
- Inflation trending lower

Market Dynamics and Key Themes

US Market Performance and Sector Analysis

The US market's performance has been notably skewed towards large-cap growth, with the top 200 growth stocks and mega-cap entities driving the bulk of returns.

The S&P 500's impressive ~15% year-to-date increase contrasts sharply with the underwhelming performance of small cap stocks, such as those in the Russell 2000, which have seen little to no appreciation. This disparity underscores the current market environment, where investors favor established, high-growth companies over smaller, riskier ventures. Mid and small cap stocks returned 4.90% and 3.05% for the quarter, whereas large cap returned 14.36% in the second quarter. Despite these gaps, small cap and value maintain their merits. While large cap growth valuations are stretched, small cap value stocks remain undervalued from a historical perspective and can serve as a potential opportunity for investors. Simply put, valuations over a long-term time horizon can point to opportunities for future returns. See Figure 1 below, reflecting data through the end of January 2024.

Valuations of Large Cap Growth vs. Small Cap Value

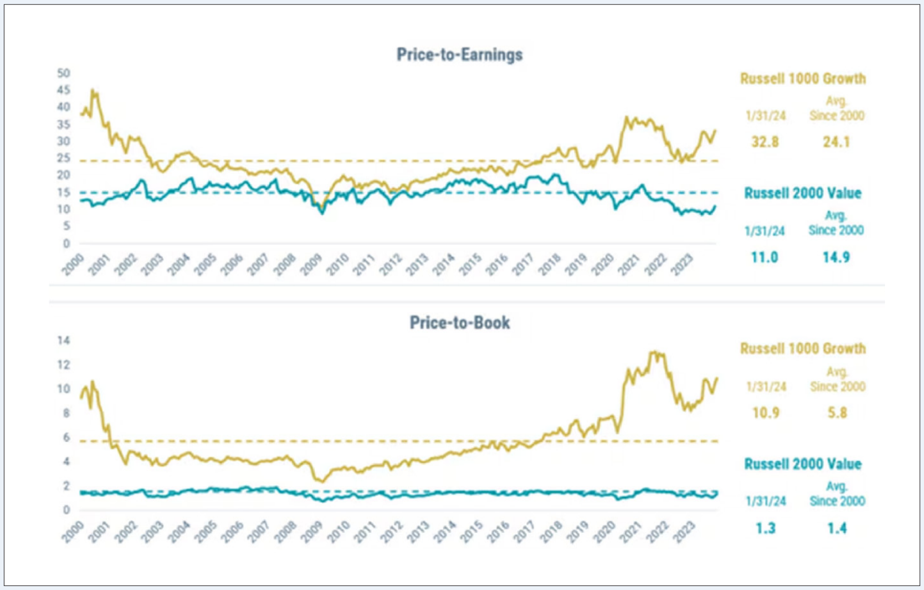

Figure 1: Source: Morningstar

Sector-wise, technology and communications have been the standout performers, buoyed by significant contributions from major players like Alphabet (also known as Google). These sectors alone comprise a substantial portion of the S&P 500 (roughly 43%), reflecting their dominant role in the economy. Conversely, sectors tied to traditional industries, such as real estate and utilities, have lagged, with real estate in particular facing headwinds due to the rise in interest rates and concerns over commercial real estate stability.

Fixed Income Markets

In the fixed income arena, bond markets have experienced mixed results. Long-term rates have generally trended downwards this quarter, resulting in positive returns for longer-duration bonds, while shorter-term bond yields have been stable, leading to more-muted returns. The broad aggregate bond market, as represented by ETFs like AGG, has remained relatively flat for the year, reflecting the cautious sentiment among fixed income investors. The Bloomberg US Aggregate Bond Index showed modest returns at 0.07%, with TIPS faring better (0.79%) and municipals slightly dropping (-0.34%) during the second quarter.

High-yield bonds (1.14%) outperformed, driven by their higher correlation to equity markets. This segment's performance highlights the nuanced landscape within fixed income, where credit risk and duration management are key drivers of return in sectors of the bond market.

Global Markets and Currency Dynamics

Internationally, markets have shown a diverse range of outcomes. Emerging markets, particularly in Asia, have posted strong gains, while developed markets in Europe and Japan have delivered more modest returns. The strength of the US dollar continues to play a crucial role, as it impacts the translated returns of international investments. In addition, the stronger dollar puts pressure on countries that are net importers of goods, especially energy that trades primarily in the US dollar.

Investment Themes and Strategic Considerations

Inflation and Bond Markets

Inflation remains a central theme in investor conversations, with the general trend pointing towards a gradual decline. However, the potential for re-acceleration due to various factors, including geopolitical developments and policy shifts, remains a concern. The bond market's performance, in the short term, is closely tied to inflation expectations and Federal Reserve policies. While a potential re-acceleration is a concern and would be a clear negative for bond (and equity) markets, in our view a re-acceleration of inflation to, say, above 4%, is a relatively low probability. The Personal Consumption Expenditures Index, which is the preferred inflation gauge of the US Federal Reserve, rose 0.1% month over month in May and just 2.6% year over year. This marked the lowest annual rate since March of 2021. The market is currently forecasting at least one 0.25% cut by the Fed this year. See Figure 2.

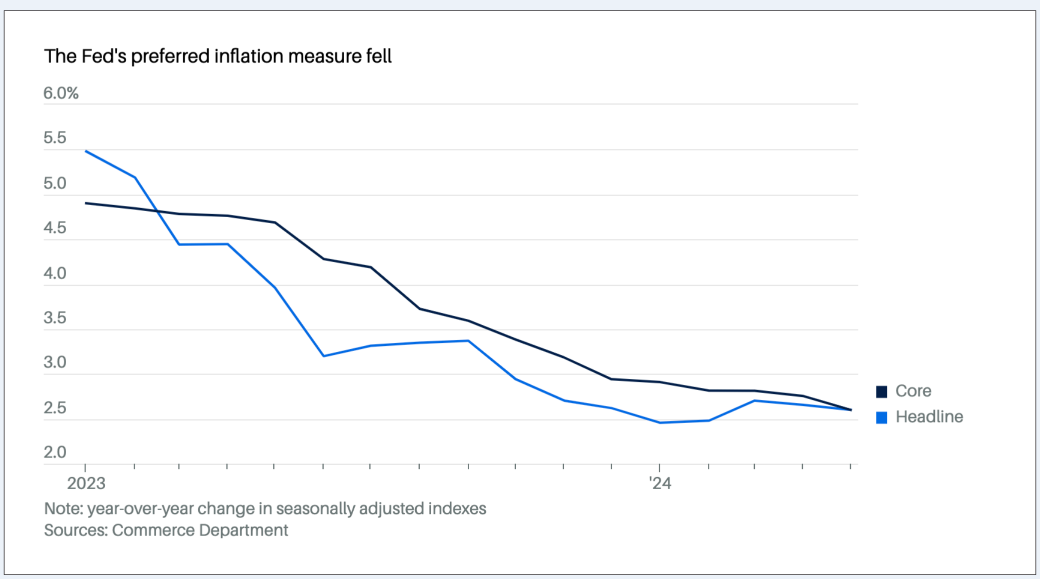

Figure 2: Source: Barron's

Our allocations to fixed income represent a well-diversified mix of ETFs and mutual funds, including inflation protected bonds (TIPS), international bonds, and either high yield or short-term bonds, depending upon approach. In addition, our approach results in generally less duration in client portfolios compared to the Barclays Aggregate Bond Index, which has been a tailwind for our clients this quarter and year to date. While investors have been understandably disappointed in bond returns over the last several years, current yield levels offer the strong likelihood of much higher returns going forward.

AI and Technological Advancements

The buzz around artificial intelligence (AI) continues to permeate the market discourse, with significant implications for productivity and economic growth. Companies at the forefront of AI development, such as Nvidia, have garnered substantial investor interest. However, the broader impact of AI extends across various sectors, potentially transforming productivity dynamics akin to historical technological revolutions like the adoption of electricity and personal computing. For investors, participating in this transformative trend does not necessarily mean picking individual winners but understanding and leveraging the overall growth potential within diversified portfolios. We are frequently asked about direct exposure to AI in our investment approach, which is a good question. Given the concentration of large cap stocks in the "Magnificent 7" that is driving the "AI Buzz" we have meaningful, but prudent exposure in our equity holdings to AI!

Election Cycle and Market Sentiment

As the election cycle heats up, market sentiment often becomes entwined with political developments. While historical data suggests that market performance is not significantly impacted by election outcomes in the long term, investor perceptions and reactions can lead to short-term volatility. Maintaining a neutral stance and focusing on fundamental investment principles is advisable to navigate this period. Ultimately, what drives stock returns is earnings growth and what drives bond performance is starting yields. As we have previously noted, current yields on bonds are at levels not seen since 2007, which bodes well for bond performance over the next 3-5 years.

Conclusion

The second quarter of 2024 has underscored the importance of long-term, strategic allocations and diversification in navigating complex market environments. While large-cap growth continues to drive US market performance, broader participation across smaller cap stocks and international markets remains vital for a balanced portfolio. Inflation trends, bond market dynamics, and the transformative potential of AI are key themes shaping the investment landscape. As always, maintaining a disciplined investment approach, grounded in long-term perspectives and adaptive to evolving market conditions, is essential for achieving sustainable returns.

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Select Index Measures
(As of 6/30/2024)

	Quarter End	Year-To-Date	Last 5 Years Annualized
CRSP US Total Market Index Total Return	3.25	13.58	14.08
S&P 600 Value	-4.85	-5.85	7.23
CRSP US REIT Index Total Return	-1.63	-2.68	2.37
MSCI Europe Total Return	0.55	5.81	7.45
MSCI Pacific Total Return	-2.18	4.39	5.71
MSCI Emerging Markets Total Return	5.00	7.49	3.70
Bloomberg US Aggregate	0.07	-0.71	-0.06
Bloomberg Global Aggregate ex-USD USD Hedged	-1.10	-3.16	-1.80
Bloomberg US TIPS (Series-L)	0.79	0.70	2.14
Bloomberg US High Yield Very Liquid Index	1.14	2.43	3.39
Bloomberg Municipal 1-15 Year	-0.34	-0.63	1.16

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

MARKET UPDATE

Bloomberg

Asset Class Snapshot	6/30/24
Asset Class	**YTD Return**
U.S. Stock	13.58%
Global Stock Ex U.S.	5.69%
U.S. High Yield	2.43%
U.S. Bond	-0.71%
Global Bond	-3.16%

Region Snapshot	6/30/24
Region	**YTD Return**
U.S. Stock	13.58%
Asia Pacific Stock	7.77%
Emerging Markets	7.49%
Europe Stock	5.81%
Global Stock Ex U.S.	5.69%
Latin America Stock	-18.17%

Equity Style Snapshot			6/30/24
YTD	Value	Blend	Growth
Large	8.73%	14.36%	20.54%
Mid	4.92%	4.90%	4.87%
Small	2.48%	3.05%	3.79%

Asset Class Summary							6/30/24
Asset Class	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
U.S. Stock	0.07%	3.14%	3.25%	13.58%	27.01%	8.30%	14.23%
Global Stock Ex U.S.	0.38%	-0.10%	1.11%	5.69%	15.37%	1.40%	5.97%
U.S. Bond	-0.65%	0.95%	0.07%	-0.71%	4.35%	-2.93%	-0.06%
Global Bond	-0.41%	0.14%	-1.12%	-3.16%	2.02%	-5.44%	-1.80%
U.S. High Yield	0.06%	1.00%	1.14%	2.43%	11.49%	1.36%	3.39%

Region Summary							6/30/24
Region	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
U.S. Stock	0.07%	3.14%	3.25%	13.58%	27.01%	8.30%	14.23%
Global Stock Ex U.S.	0.38%	-0.10%	1.11%	5.69%	15.37%	1.40%	5.97%
Emerging Markets	0.06%	3.94%	5.29%	7.49%	16.05%	-2.94%	3.70%
Europe Stock	-0.36%	-2.25%	0.55%	5.81%	15.36%	3.81%	7.45%
Asia Pacific Stock	0.79%	2.34%	2.95%	7.77%	17.13%	-0.48%	5.47%
Latin America Stock	-0.21%	-6.78%	-14.03%	-18.17%	-0.59%	4.40%	0.68%

Equity Style Summary							6/30/24
Region	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
Large Growth	0.17%	6.61%	8.68%	20.54%	40.36%	10.76%	19.28%
Large Blend	-0.02%	3.63%	3.96%	14.36%	29.59%	9.66%	15.21%
Large Value	-0.29%	0.20%	-0.93%	8.73%	17.12%	7.91%	10.37%
Mid Growth	-0.49%	0.50%	-2.51%	4.87%	12.80%	-0.39%	9.47%
Mid Blend	-0.39%	-0.62%	-2.74%	4.90%	11.54%	2.02%	9.12%
Mid Value	-0.31%	-1.56%	-2.94%	4.92%	10.44%	4.42%	8.47%
Small Growth	0.71%	0.03%	-3.89%	3.79%	8.40%	-4.38%	6.22%
Small Blend	0.44%	-1.34%	-4.15%	3.05%	10.21%	0.36%	8.15%
Small Value	0.23%	-2.37%	-4.35%	2.48%	11.61%	3.81%	9.07%

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

MARKET UPDATE

Bloomberg

Sector Snapshot	6/30/24
Sector	**YTD Return**
Comm. Services	17.89%
Technology	17.53%
Financials	9.34%
Energy	8.72%
Utilities	7.60%
Industrials	6.91%
Health Care	6.87%
Consumer Defensive	6.32%
Materials	3.24%
Consumer Cyclical	2.01%
Real Estate	-4.12%

S&P 500 Sector Weights*	6/30/24
Sector	**Weight**
Technology	33.22%
Financials	12.33%
Health Care	11.40%
Consumer Cyclical	10.14%
Comm. Services	9.42%
Industrials	7.89%
Consumer Defensive	5.68%
Energy	3.48%
Utilities	2.23%
Materials	2.11%
Real Estate	2.10%

Sector Summary							6/30/24
Sector	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
Cyclical							
Consumer Cyclical	-0.11%	3.65%	-0.81%	2.01%	13.49%	2.43%	10.33%
Financials	-0.53%	-1.27%	-2.40%	9.34%	25.66%	6.31%	10.52%
Materials	-1.48%	-3.52%	-4.93%	3.24%	10.55%	4.09%	11.12%
Real Estate	-0.18%	0.95%	-2.83%	-4.12%	4.86%	-2.58%	3.50%
Sensitive							
Comm. Services	0.85%	2.88%	4.90%	17.89%	36.72%	3.44%	12.55%
Energy	1.56%	-2.20%	-3.45%	8.72%	12.64%	23.61%	12.30%
Industrials	-0.89%	-1.33%	-3.25%	6.91%	14.35%	7.12%	11.52%
Technology	-0.95%	7.65%	8.62%	17.53%	38.87%	17.08%	25.33%
Defensive							
Consumer Defensive	-1.40%	-0.98%	0.29%	6.32%	8.21%	6.01%	8.18%
Health Care	-0.72%	1.43%	-1.34%	6.87%	13.99%	5.89%	11.21%
Utilities	-1.80%	-6.30%	3.79%	7.60%	9.90%	5.56%	5.89%

Market Indicators							
Name	**As of**	**Last Month****	**1 Month Ago**	**1 Mo. % Change**	**1 Year Ago**	**1 Year % Change**	**Freq.**
Key Interest Rates							
1 Month Treasury	6/28/24	5.47%	5.50%	-0.5%	5.17%	5.8%	Daily
2 Year Treasury	6/28/24	4.75%	4.98%	-4.5%	4.71%	0.9%	Daily
10 Year Treasury	6/28/24	4.40%	4.55%	-3.4%	3.71%	18.6%	Daily
30 Year Mortgage	6/28/24	7.26%	7.35%	-1.2%	7.10%	2.3%	Daily
US Corporate AAA	6/28/24	4.95%	5.08%	-2.4%	4.51%	9.8%	Daily
US Corporate BBB	6/28/24	5.68%	5.78%	-1.9%	5.72%	-0.7%	Daily
US Corporate CCC	6/28/24	12.82%	12.31%	4.2%	12.96%	-1.0%	Daily
Effective Federal Funds	6/28/24	5.50%	5.50%	0.0%	5.25%	4.8%	Daily
U.S. Economy							
Consumer Sentiment	6/30/24	68.20	69.10	-1.3%	64.20	6.2%	Monthly
Unemployment Rate	5/31/24	4.00%	3.70%	8.1%	3.70%	8.1%	Monthly
Inflation Rate	5/31/24	3.30%	3.40%	-2.9%	4.00%	-17.5%	Monthly
Manufacturing PMI	5/31/24	48.70	49.20	-1.0%	46.60	4.5%	Monthly
Non Manufacturing PMI	5/31/24	53.80	49.40	8.9%	51.00	5.5%	Monthly
Retail Sales	5/31/24	2.90%	3.80%	-23.7%	3.40%	-14.7%	Monthly
Building Permits	5/31/24	1,386	1,440	-3.8%	1,532	-9.5%	Monthly

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

NOTES AND DISCLAIMERS

Asset Class Indices

Name	Index	Index Start Date
U.S. Stock	CRSP US Total Market Index Total Return	3/31/11
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/31/98
U.S. Bond	Bloomberg US Aggregate	1/30/76
Global Bond	Bloomberg Global Aggregate	1/1/90
U.S. High Yield	Bloomberg US High Yield Very Liquid Index	1/4/10

Region Indices

Name	Index	Index Start Date
U.S. Stock	CRSP US Total Market Index Total Return	3/31/11
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/31/98
Emerging Markets	MSCI Emerging Markets Net Total Return	12/29/00
Europe Stock	MSCI Europe Net Total Return	12/31/69
Asia Pacific Stock	MSCI AC Asia Pacific Net Total Return	12/29/00
Latin America Stock	MSCI Emerging Markets Latin America Net Total Return	12/31/87

Equity Style Indices

Name	Index	Index Start Date
Large Growth	CRSP US Large Cap Growth Index Total Return	9/7/12
Large Blend	CRSP US Large Cap Index Total Return	3/31/11
Large Value	CRSP US Large Cap Value Index Total Return	9/7/12
Mid Growth	CRSP US Mid Cap Growth Index Total Return	9/7/12
Mid Blend	CRSP US Mid Cap Index Total Return	3/31/11
Mid Value	CRSP US Mid Cap Value Index Total Return	9/7/12
Small Growth	CRSP US Small Cap Growth Index Total Return	9/7/12
Small Blend	CRSP US Small Cap Index Total Return	3/31/11
Small Value	CRSP US Small Cap Value Index Total Return	9/7/12

Sector Indices

Name	Index	Index Start Date
Consumer Cyclical	Consumer Discret Sel Sect SPDR® ETF	12/22/98
Financials	Financial Select Sector SPDR® ETF	12/16/98
Materials	Materials Select Sector SPDR® ETF	12/22/98
Real Estate	Real Estate Select Sector SPDR®	10/8/15
Comm. Services	Communication Services Sel Sect SPDR®ETF	6/18/18
Energy	Energy Select Sector SPDR® ETF	12/22/98
Industrials	Industrial Select Sector SPDR® ETF	12/22/98
Technology	Technology Select Sector SPDR® ETF	12/22/98
Consumer Defensive	Consumer Staples Select Sector SPDR® ETF	12/22/98
Health Care	Health Care Select Sector SPDR® ETF	12/22/98
Utilities	Utilities Select Sector SPDR® ETF	12/16/98

Sources: Liberty Wealth Advisors® using data from Bloomberg