OCTOBER 2024 MARKET RECAP

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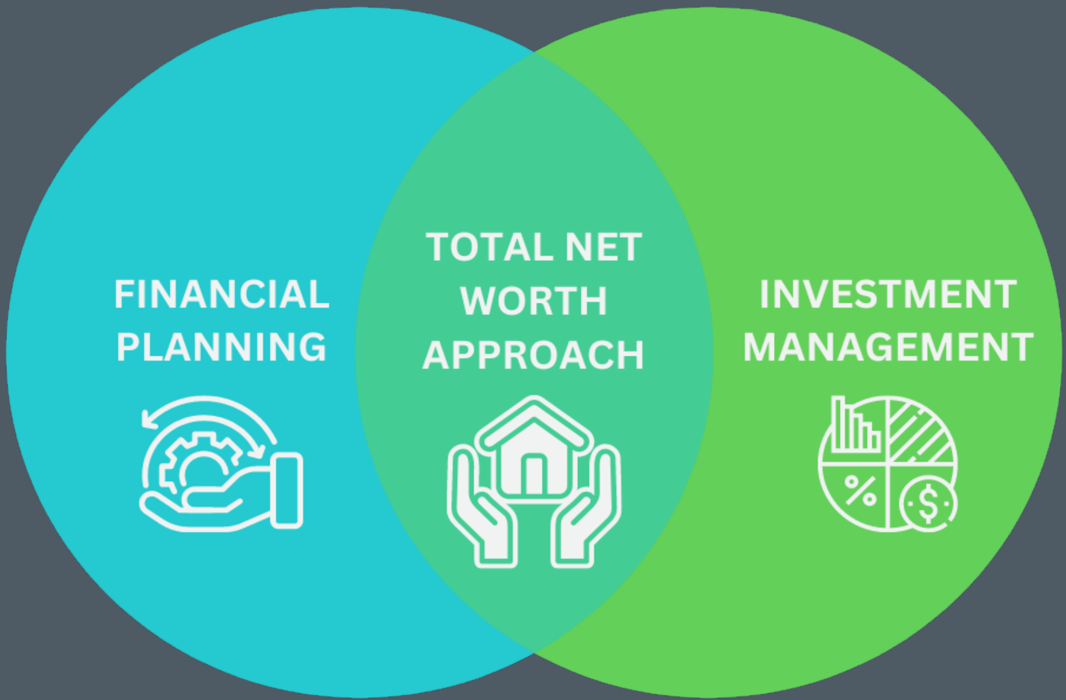

At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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The market declined slightly in October as the S&P 500 decreased by -0.9%. Stocks were positive for most of the month, but Halloween brought an extra scare with a -1.9% selloff, pushing the market into the red for the period. Despite the monthly decline, the S&P 500 is still higher by +21.0% year-to-date with limited volatility thus far. Please see our Client Question: Principles for Long-Term Investing.

- **Upcoming Presidential Election:** With the election fast approaching on November 5th, we want to remind clients that history shows that pulling out of the stock market based on political concerns has been a major financial mistake. Historically, the stock market has increased under every possible combination of Democrat and Republican control of the Presidency and Congress. Any study that attempts to show that markets perform better under a certain political regime is usually an exercise in data mining. Also consider that many other factors drive the stock market other than politics. In a given year, the political makeup of the federal government might not be among the top five or ten factors influencing the stock market's performance. Do not let politics or volatility around the election cause you to lose sight of your long-term financial goals. Please see our Pre-Election commentary.

- **Bull Market Still Alive and Well**: The S&P 500 is higher by over +65% since the start of the latest bull market on 10/12/22. The market rally over that time was driven by disinflation, the economy, labor market, and corporate earnings all exceeding expectations, the Fed moving toward rate cuts, and the impact of artificial intelligence (AI) will have on profits and productivity.

- **Another New All-Time High:** The S&P 500 reached a new all-time closing high of 5,865 on October 18th. The index declined by -2.7% through the end of the month to close at 5,705.

- **Market Caps:** Mid-Caps (S&P 400: -0.7%) outperformed Large (S&P 500: -0.9%) and Small (Russell 2000: -1.4%).

- **Sector Performance:** Only three of eleven sectors were positive for the month. Financials (+2.7%) was the top performer after benefiting from an increase in long-term interest rates. Materials (-3.5%) and Health Care (-4.6%) were the laggards.

- **Upcoming Catalysts:** Q3 Earnings Season, BLS Employment (11/1), Presidential Election (11/5), FOMC Meeting (11/7), CPI Inflation (11/13), Retail Sales (11/15), Nvidia Earnings (11/20), and PCE Inflation (11/27).

Short-Term Outlook: Our short-term outlook continues to be cautious. Despite the small pullback, the stock market has been on a remarkable rally over the last two years. For the stock market to maintain its positive momentum, we will need economic, inflation, and earnings data to continue exceeding already high expectations. We are pleased with the recent market performance; however, we suggest maintaining composure as valuations are stretched and several important catalysts are approaching in the coming weeks, including the Presidential Election. Moving forward, we know that market declines are common, and we expect volatility to increase. *No strategy assures success or protects against loss.*

Long-term Investment Philosophy: Although our short-term outlook changes based on current conditions, our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

- **Disciplined:** consistently applying our investment process and philosophy, which are grounded in a long-term approach.
- **Opportunistic:** rebalancing, repositioning, and tax-loss harvesting to take advantage of market volatility and dislocations.
- **Diversified:** seeking to ensure that portfolios are properly allocated across and among asset classes to enhance consistency.
- **Mitigate:** striving to avoid unnecessary disbursements, including fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 10/31/2024

Fixed Income Markets

Interest Rates

Yields increased during the month as employment and economic data came in higher than expected. The rise in yields from the 2-Year to the 30-Year Treasury surprised many investors, particularly as it occurred after the Fed lowered interest rates in September. Reminder that the market controls long-term rates as investor demand varies based on future expectations of inflation and economic growth. As economic data exceeded expectations, yields moved higher. These are the month-end Treasury yields: 2-Year: 4.17% (+0.53%), 10-Year: 4.28% (+0.50%), 30-Year: 4.48% (+0.36%). The increase in yields created a headwind for the fixed income markets as bond prices move inversely to interest rates and credit spreads.

Short-Term Bonds

The Fed influences short-term interest rates by setting the Federal Funds rates. Short-term Treasury yields ended the month at the following levels: 3-Month (4.54%), 6-Month (4.46%), and 12-Month (4.27%). With the Fed expected to continue lowering interest rates, we anticipate that short-term yields will fall further over the next several months.

Investing in short-term Treasuries with +5% yields was a great strategy over the past several quarters, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*

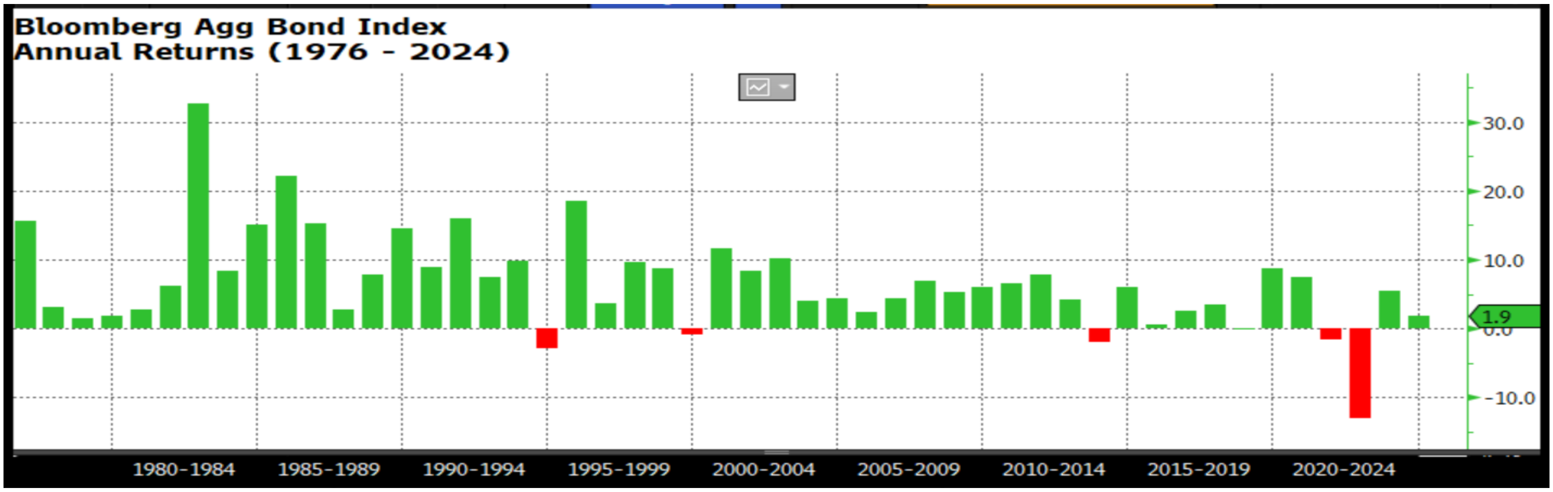
Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, declined by -2.5% due to the increase in the 10-Year Treasury yield. Year-to-date, the Agg index is higher by +1.9%.

After challenging years in 2021 and 2022, we continued to recommend a patient approach for intermediate term bonds. Our belief in maintaining a long-term outlook for fixed income is unchanged despite the monthly decline. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns once yields either stabilized or decline. We will highlight the following examples:

- **Ballast:** The Agg bond index increased by +2.2% during the equity market selloff from July to August.
- **Positive returns if yields stabilize or decline:** From October 20th, 2023, through the end of the month, the 10-Year yield declined by about -70 basis points while the Agg increased by +11.3%.

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended October at 4.7%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). In our view, patient investors should be optimistic about intermediate-term fixed income returns over the next several years. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg.

Monetary Policy

The time has come for policy to adjust. The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks.

- Fed Chair Jerome Powell

October was a quiet month for the Fed as there was no FOMC meeting this month. The next FOMC occurs on November 7th, where according to Bloomberg, market pricing indicates another 25 basis point rate cut. Here is the latest on monetary policy:

- **Interest Rates:** At their September meeting, the FOMC lowered the Federal Funds rate by 0.50%. This was the first rate cut since March 2020. The top end of the Federal Funds rate now stands at 5.00%. After raising interest rates over a seventeen-month period beginning in March 2022, the Fed is now embarking on a rate-cutting cycle. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 4.4% in 2024 and to 3.4% in 2025.
- **Balance Sheet – Quantitative Tightening:** The Fed' Quantitative Tightening program is underway as their balance sheet is shrinking by about $60 billion per month. The Fed's balance sheet now stands at about $7.0 trillion, down from a peak of nearly $9 trillion in 2022. The Fed still thinks they can reduce the balance sheet close to its pre-pandemic size.

While the Fed is in the early stages of their rate cutting cycle, how fast and deep they ultimately lower interest rates will depend on inflation and the health of the economy. If inflation remains elevated while the economy continues to show strength, expect fewer rate cuts. If the economy shows any sign of material slowing, expect the Fed to begin cutting aggressively.

For investors, the important point is that monetary policy will now become a tailwind for the economy and financial markets. Lower interest rates will provide some relief to cash-strapped consumers and businesses, stimulating overall spending. However, this does not mean that the economy can't weaken further or that financial markets can only go up from here. Fed policy is important, but there are also other critical factors driving the markets. Our view is to expect volatility as recent market performance has been abnormally strong and there are a lot of important catalysts over the next several weeks and months.

US Economy

The US Economy appears to have reaccelerated over the past few weeks as many data points have come in higher than consensus expectations. Overall, the economy is growing at a moderate pace as we close out 2024. At some point things will slow down and there will be a recession. However, if a recession occurs this year, it will likely be due to some kind of external shock or unforeseen event. Here are a few indicators we are monitoring to assess the health of the US economy.

- **2024 Real GDP Growth Estimate:** +2.6% - up from a projected +1.2% at the start of the year.
- **Third Quarter Real GDP Report:** +2.8% seasonally adjusted annual rate. Economic growth was supported by strong consumer and government spending. *Source: Bureau of Economic Analysis.*
- **Job Gains:** nonfarm payrolls increased by an eye-popping +254,000 in September. The reading came in well above expectations and was far stronger compared to the last several months. The report threw a monkey-wrench into the notion that the labor market was materially weakening. We do not expect this strength to carry over into the October employment reading due to ongoing strikes and the impacts of Hurricanes Helene and Milton. *Source: Bureau of Labor Statistics.*
- **Unemployment Rate:** 4.1% in September. The unemployment rate has slowly ticked higher since reaching a 50-year low of 3.4% in January 2023. *Source: Bureau of Labor Statistics.*
- **Retail Sales:** +1.7% year-over-year in September. Consumer spending data is critical as consumption drives about 70% of GDP. *Source: US Census Bureau.*
- **Core PCE Inflation:** 2.7% year-over-year in September. This is the Fed's preferred inflation measure, which they target at an average of 2%. *Source: Bureau of Economic Analysis.*

October 2024 MARKET RETURNS

US Equity											
Index	**October**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
S&P 500	-0.92%	20.96%	26.26%	-18.13%	28.68%	18.39%	36.55%	9.05%	15.02%	12.97%	10.56%
Russell 3000	-0.73%	19.74%	25.93%	-19.22%	25.64%	20.88%	36.51%	7.62%	14.34%	12.42%	10.46%
Dow Jones Industrial Average	-1.26%	12.50%	16.18%	-6.86%	20.95%	9.72%	27.99%	7.42%	11.12%	11.63%	10.01%
Nasdaq	-0.49%	21.24%	44.70%	-32.51%	22.21%	45.05%	39.64%	6.17%	17.61%	15.77%	12.94%
S&P 400	-0.71%	12.72%	16.39%	-13.10%	24.73%	13.65%	32.13%	5.14%	11.01%	9.83%	10.15%
Russell 2000	-1.44%	9.56%	16.88%	-20.46%	14.78%	19.93%	33.46%	-0.08%	8.10%	7.91%	8.27%
Russell 1000 Growth	-0.33%	24.14%	42.67%	-29.14%	27.59%	38.49%	41.65%	8.83%	18.78%	16.17%	12.55%
Russell 1000 Value	-1.10%	15.39%	11.41%	-7.56%	25.12%	2.78%	30.37%	6.81%	9.85%	8.84%	8.36%
International Equity											
MSCI Index	**October**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	-5.44%	6.85%	18.24%	-14.45%	11.26%	7.82%	21.67%	2.70%	6.12%	5.27%	5.53%
Europe	-5.96%	6.08%	22.94%	-17.86%	13.54%	7.89%	23.01%	2.23%	6.33%	5.44%	5.05%
Japan	-3.90%	7.97%	20.32%	-16.65%	1.71%	14.48%	18.67%	2.48%	5.30%	6.09%	4.74%
China	-5.91%	21.69%	-11.20%	-21.93%	-21.72%	29.49%	22.26%	-8.40%	-1.31%	2.34%	7.83%
Emerging Markets	-4.45%	11.66%	9.83%	-20.09%	-2.54%	18.31%	25.20%	-1.43%	3.78%	3.43%	6.92%
ACWI ex US	-4.91%	8.61%	15.62%	-16.00%	7.82%	10.65%	23.36%	1.60%	5.65%	4.79%	5.69%
US Fixed Income											
Bloomberg Index	**October**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	-2.48%	1.86%	5.53%	-13.01%	-1.54%	7.51%	9.48%	-2.20%	-0.20%	1.49%	3.05%
Treasury Bills	0.39%	4.49%	5.14%	1.52%	0.04%	0.54%	5.43%	3.70%	2.38%	1.67%	1.59%
Corporates	-2.43%	2.77%	8.52%	-15.76%	-1.04%	9.89%	12.54%	-2.07%	0.58%	2.57%	4.02%
Securitized MBS/ABS/CMBS	-2.74%	1.74%	5.08%	-11.67%	-1.04%	4.18%	9.93%	-1.95%	-0.47%	1.11%	
High Yield	-0.54%	7.42%	13.45%	-11.19%	5.28%	7.11%	16.01%	2.97%	4.52%	4.86%	6.55%
Munis	-1.46%	0.81%	6.40%	-8.53%	1.52%	5.21%	9.51%	-0.30%	1.05%	2.29%	3.49%
US Equity Sectors											
Index	**October**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	-0.97%	29.04%	57.84%	-28.19%	34.52%	43.88%	48.15%	16.40%	25.21%	22.05%	15.51%
Real Estate	-3.27%	10.56%	12.35%	-26.13%	46.20%	-2.17%	34.47%	0.10%	5.55%	6.89%	
Industrials	-1.35%	18.58%	18.08%	-5.51%	21.10%	11.05%	37.57%	10.36%	12.68%	11.14%	9.74%
Energy	0.79%	9.22%	-1.42%	65.43%	54.39%	-33.68%	8.40%	20.29%	13.93%	4.32%	7.56%
Consumer Discretionary	-1.55%	12.14%	42.30%	-37.03%	24.43%	33.30%	30.10%	0.73%	11.50%	12.62%	10.97%
Communication Services	1.94%	31.31%	55.80%	-39.89%	21.57%	23.61%	45.72%	6.14%	14.15%	9.88%	8.81%
Consumer Staples	-2.80%	15.42%	0.52%	-0.62%	18.63%	10.75%	23.37%	7.93%	9.44%	8.94%	9.97%
Utilities	-1.02%	29.29%	-7.08%	1.56%	17.67%	0.52%	37.08%	9.57%	7.98%	9.44%	9.65%
Materials	-3.49%	10.16%	12.55%	-12.28%	27.28%	20.73%	24.69%	5.19%	11.86%	9.00%	8.73%
Financials	2.69%	25.17%	12.10%	-10.57%	34.87%	-1.76%	45.36%	6.92%	12.05%	11.36%	5.74%
Health Care	-4.62%	9.07%	2.06%	-1.95%	26.13%	13.45%	19.69%	4.88%	11.14%	10.03%	10.62%
	Calendar Year Returns						**Annualized Returns**				

Source: Bloomberg

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 com- panies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

DISCLOSURES

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.
Securities offered through LPL Financial, Member FINRA/SIPC. Investment Advice offered through Winthrop Wealth, a Registered Investment Advisor and separate entity from LPL Financial.