

Market Performance Perspective

The S&P 500's performance figures can be deceiving if not put into context. The S&P 500 operates on a "cap-weighted" mechanism, allowing dominant stocks like the "Magnificent 7" stocks to considerably influence its trajectory. Their stellar or poor performance can drastically affect the entire index, potentially masking the big picture reality of many other constituent stocks.

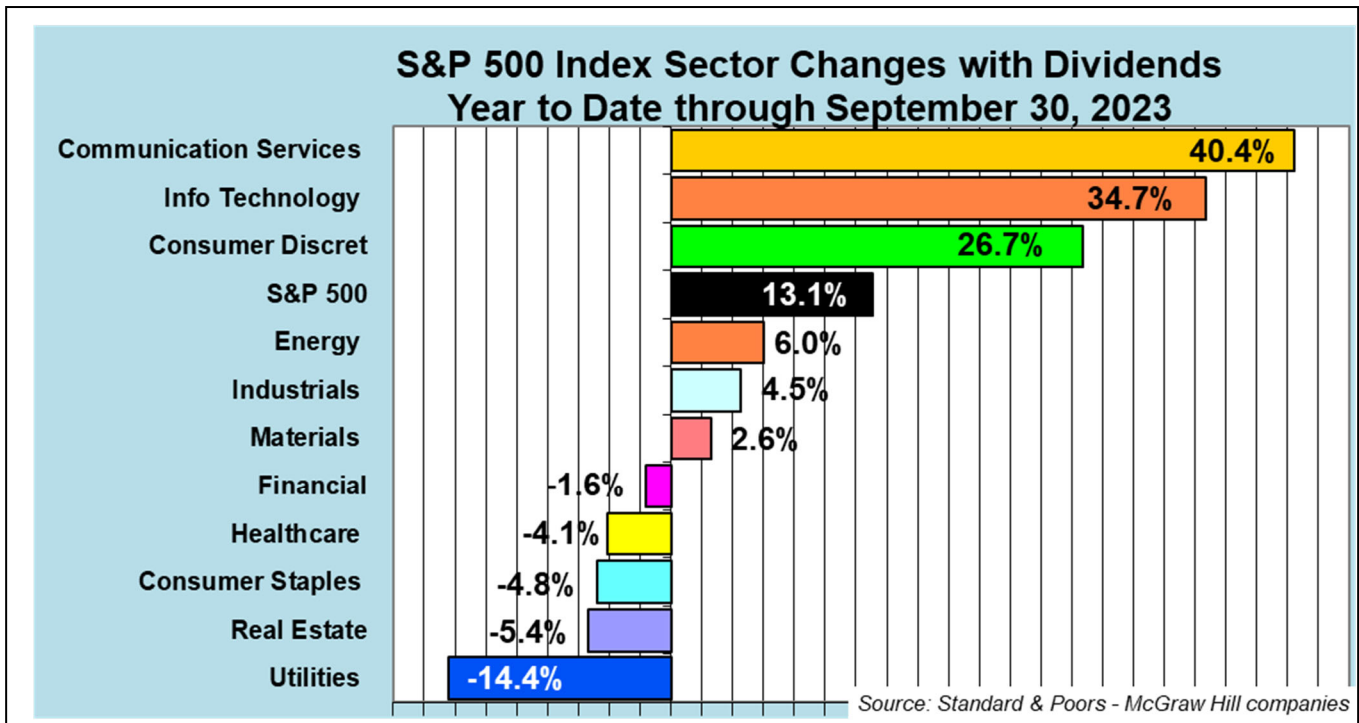
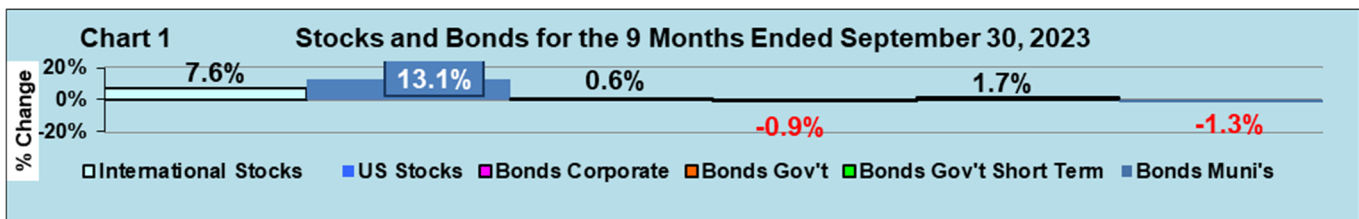


While the "Magnificent 7" paint one picture, other benchmarks tell varied stories: **The equal-weighted version of the S&P 500, which neutralizes the influence of mega-caps, stands with a modest gain of 1.78% for the year.** Source: Bloomberg

The Russell 2000, representing smaller companies, shows an uptick of 2.5%, suggesting that smaller caps have had a relatively tepid year. Source: PSN

The S&P 500 Index average **annualized** return for periods ending September 30, 2023:

<u>YTD</u>	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20 Yrs</u>
13.1%	21.6%	9.9%	11.9%	9.7%



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Chart 3 Russell Indices Style Returns
9 Months Ended September 30, 2023

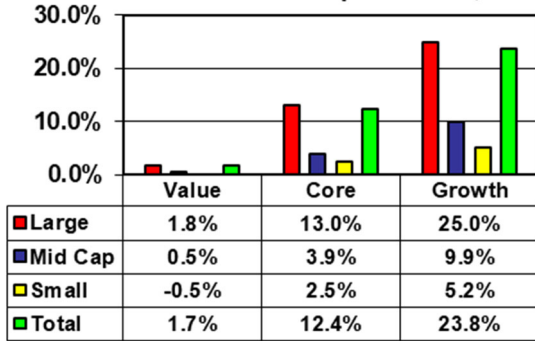
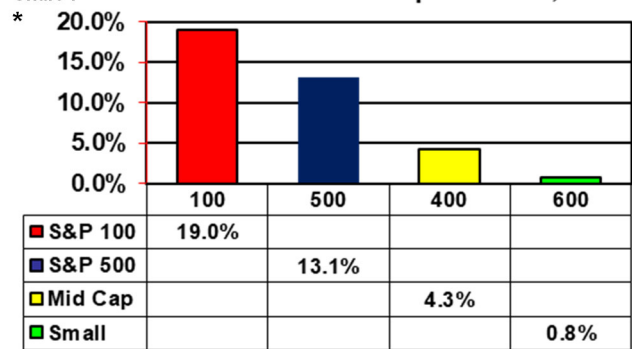


Chart 4 Standard & Poor Indices "Cap" Returns
9 Months Ended September 30, 2023



Sector Returns - Chart 2:

The tech and communications sectors lead the positive performers. Financials, utilities, real estate, consumer staples and healthcare were the only sector losers the first nine months of 2023.

Style & Capitalization Size Returns - Chart 3 & 4:

Growth style stocks outperformed value across all capitalization ranges and all were led by Mega-cap Growth.

The Economy

Higher interest rates and rising bond yields appear to be having an impact on many facets of the U.S. economy. Under the burden of higher rates, home affordability fell to its lowest level since 1984 in September, with monthly payments requiring nearly 38% of a median U.S. household's income. *Source: First Trust Advisors L.P.*

Black Knight reported that the typical mortgage payment (including principal and interest) for a median priced home in the U.S. with a 30-year fixed-rate mortgage and a 20% down payment stood at \$2,423 per month as of 08/24/23, an increase of 91% over the past two years. *Source: First Trust Advisors L.P.*

Source: Chart 1, 3 & 4 = MSCI Barra, Standard & Poors, Wall Street Journal; Frank Russell **Chart 1 Indices:** International Stocks = MSCI EAFE Index; U.S. Stocks = S&P 500 Index; Bonds Corporate = BB Credit; Bonds Gov't = BB Government; Bonds Gov't Short Term = BB 1-3 Year Government; Bonds Muni's = BB 7 Year Municipal Year Index; **Chart 3 Indices:** Value Large = Russell 1000 Value; Value MidCap = Russell MidCap Value; Value Small = Russell 2000 Value; Value Total = Russell 3000 Value; Core Large = Russell 1000; Core Midcap = Russell MidCap; Core Small = Russell 2000; Core Total = Russell 3000; Growth Large = Russell 1000 Growth; Growth Midcap = Russell Midcap Growth; Growth Small = Russell 2000 Growth; Growth Total = Russell 3000 Growth. **Chart 4 Indices:** Large = S&P 100 Index; Midcap = S&P MidCap 400 Index; Small = S&P Small Cap 600 Index. The Russell Indices are provided by The Frank Russell Company. The BB indices are provided by Bloomberg Capital, Inc. The MSCI EAFE Index is provided by Morgan Stanley. The S&P 100, 400, 500 and 600 Indices (a registered trademark of the McGraw Hill Companies) are unmanaged indices of common stocks. S&P Dow Jones Indices information is a joint venture between S&P Global, the CME Group, and News Corp Investors cannot purchase any index. Past performance is no guarantee of future results.

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