



FUND DIRECT ADVISORS

2024 Q1 Market Review & Q2 Outlook

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2024 Q1 Summary


- **Major Indices Performance**

- The stock market continued to see gains in the early part of Q1, following a strong Q4 in 2023.
- With the Federal Reserve (Fed) talks of keeping rates higher for longer, the stock market was resilient with the S&P500 Index returning 10%. The Bond Market, however, was negative over the same time.

- **Sector Performance**

- Growth stocks continued to outperform Value stocks – Growth 12%, Value 7%.
- Technology stocks continued to lead the way – mostly due to the Artificial Intelligence boom.
- Other leading sectors included Communication Services, Energy, Financials and Industrials.
- Real Estate was the only major sector that was NEGATIVE.

- **Economic Indicators**

- Investors were optimistic of a “soft landing” or possibly avoiding a recession altogether.
 - Inflation data has shown it to be “sticky”, and with the Fed holding off for now on rate cuts in 2024, there is still some uncertainty that could affect the economy/markets.
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2024 Q2 Outlook

- **The Stock Market**

- Resilient corporate profits and hopes of policy easing have pushed markets to new all-time highs.
- Performance does remain concentrated as the largest stocks in the index are carrying the index performance.
- We still believe there are opportunities across the equity markets given valuations, especially in those companies with high quality earnings.

- **The Bond Market/Cash**

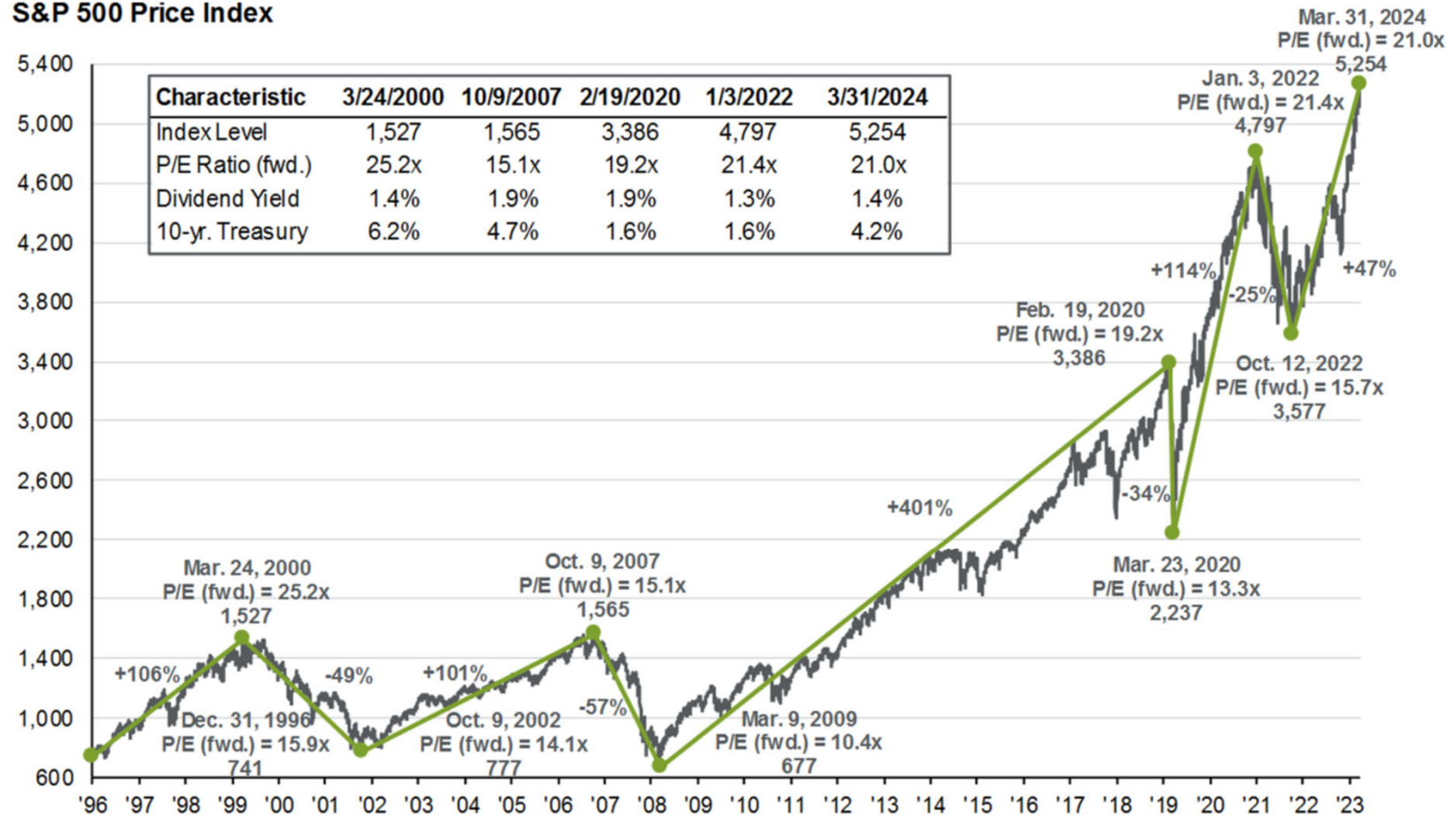
- Bonds have struggled so far in 2024 and that might continue if we continue to see strong economic data coming in. This will most likely lead to the Fed keeping rates higher for longer, thus negatively impacting the bond market.
- With that said, we do expect interest rate volatility to fade.
- While rates may stay higher for longer, fixed income can still be an important component of a portfolio by providing income and diversification.
- While investors may feel tempted to lock in cash yields of 5% before they move lower, there is an opportunity cost for holding EXCESS cash. History has shown that following periods of rising interest rates, there have been more rewarding assets to invest in than cash.
- We believe that investors should continue to put long-term money into long-term investment opportunities.

- **The Economy**

- As falling inflation and rising real wages offset the declining excess cash savings and tighter credit conditions, we believe moderate consumption growth should carry the US into a soft landing
- That said, with the election coming up in November -higher policy rates and elevated geopolitical tension – risks do remain.

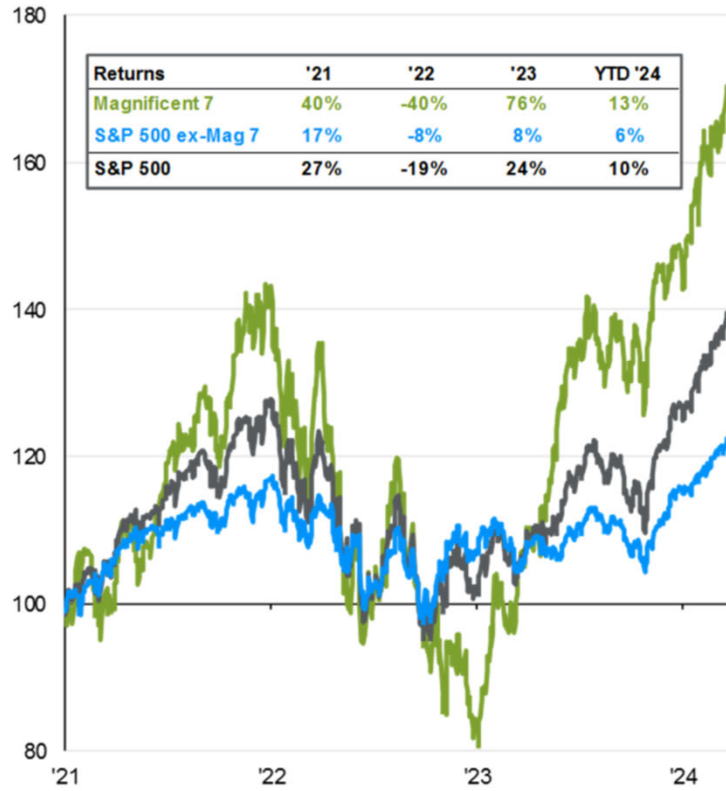
S&P 500 Index through 3/31/2024

S&P 500 Price Index

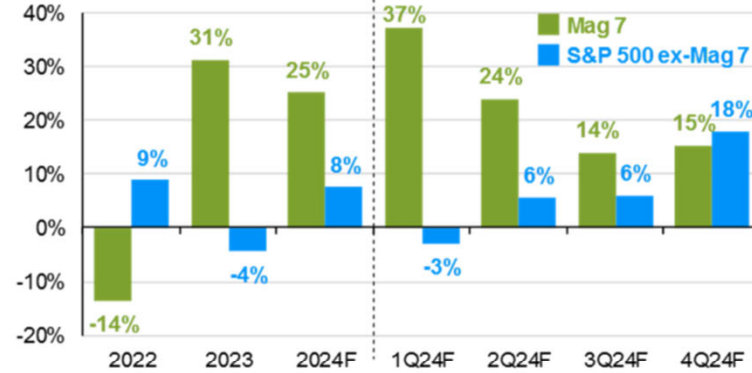


Magnificent 7 Performance & Earnings

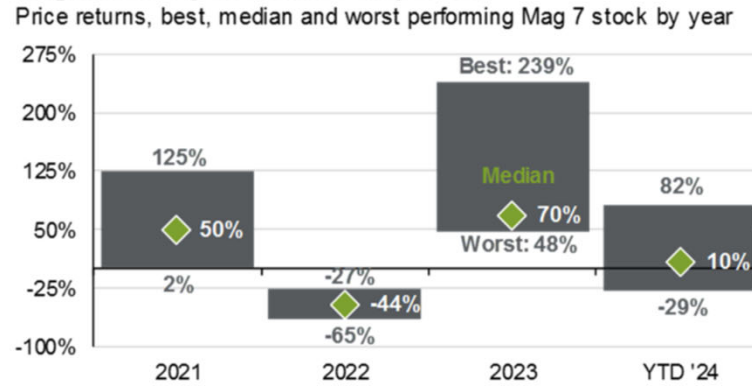
Performance of “Magnificent 7” stocks in S&P 500*
Indexed to 100 on 1/1/2021, price return



Earnings growth
Pro-forma EPS, y/y



Magnificent 7 performance dispersion



Returns & Valuations by Style

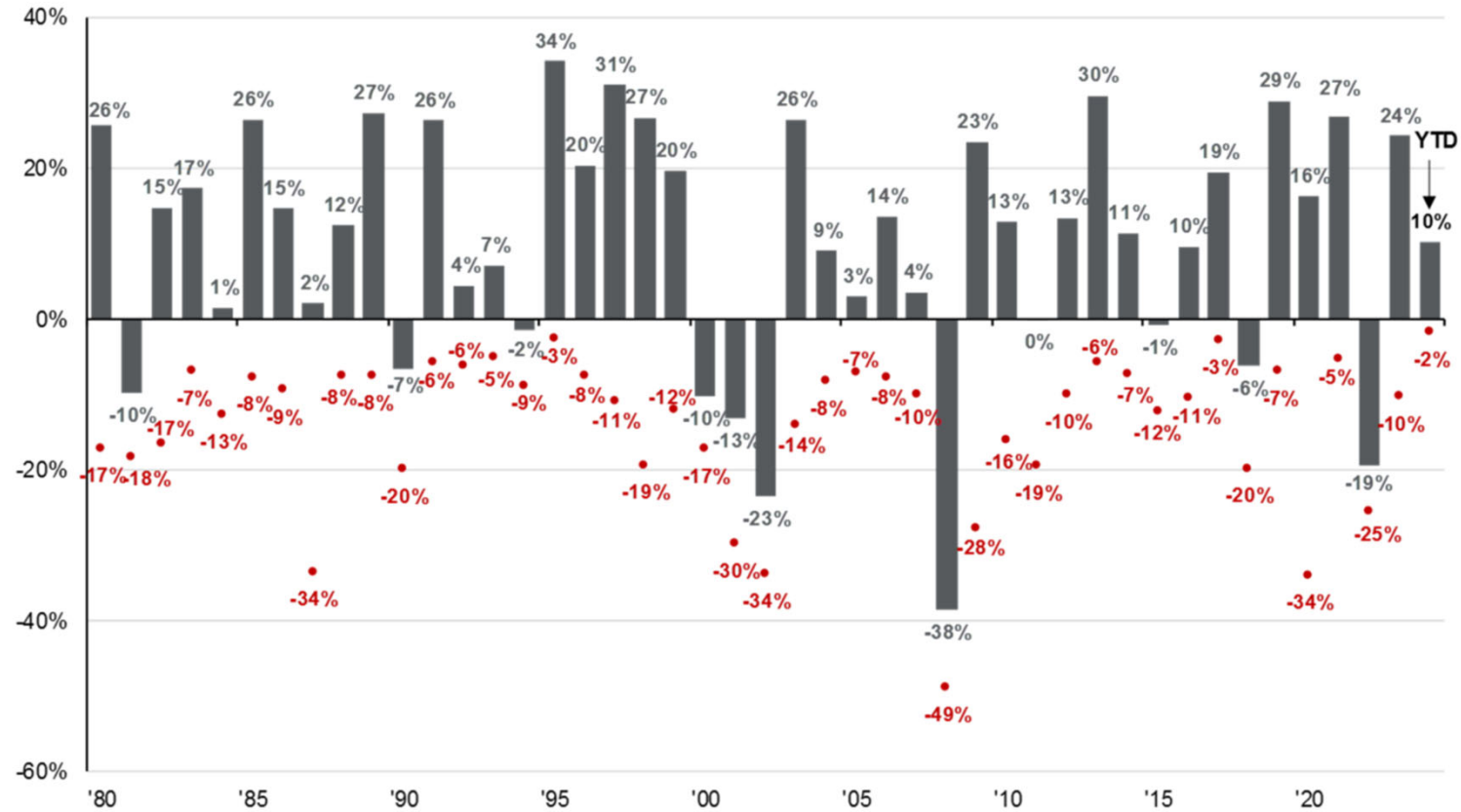
10-year annualized				YTD			
	Value	Blend	Growth		Value	Blend	Growth
Large	9.1%	13.0%	16.1%	Large	9.0%	10.6%	11.4%
Mid	8.7%	10.1%	11.5%	Mid	8.2%	8.6%	9.5%
Small	7.0%	7.8%	8.1%	Small	2.9%	5.2%	7.6%
Since market peak (February 2020)				Since market low (March 2020)			
	Value	Blend	Growth		Value	Blend	Growth
Large	42.8%	65.8%	82.2%	Large	130.9%	150.4%	165.8%
Mid	42.1%	45.5%	44.3%	Mid	151.2%	143.7%	124.4%
Small	38.3%	32.7%	23.8%	Small	143.2%	123.6%	101.2%

Current P/E vs. 20-year avg. P/E			
	Value	Blend	Growth
Large	16.1 / 13.7	21.0 / 15.6	27.8 / 18.9
Mid	16.0 / 14.5	18.2 / 16.4	27.8 / 20.6
Small	17.3 / 16.7	23.6 / 21.3	37.0 / 27.1
Current P/E as % of 20-year avg. PE			
	Value	Blend	Growth
Large	117.4%	134.2%	146.9%
Mid	110.3%	111.4%	135.1%
Small	103.4%	110.5%	136.6%

Annual Returns & Intra-Year Declines

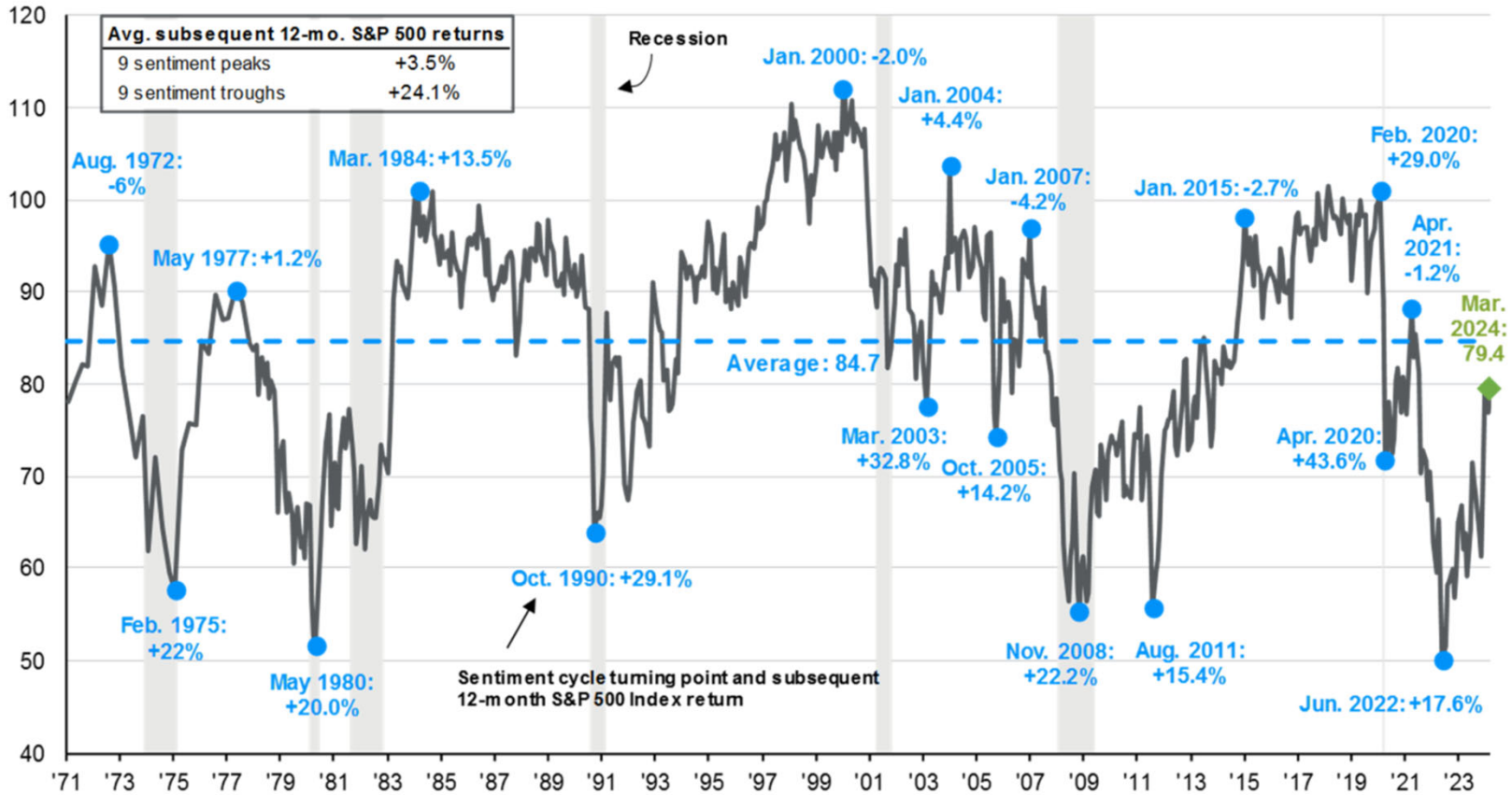
S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years



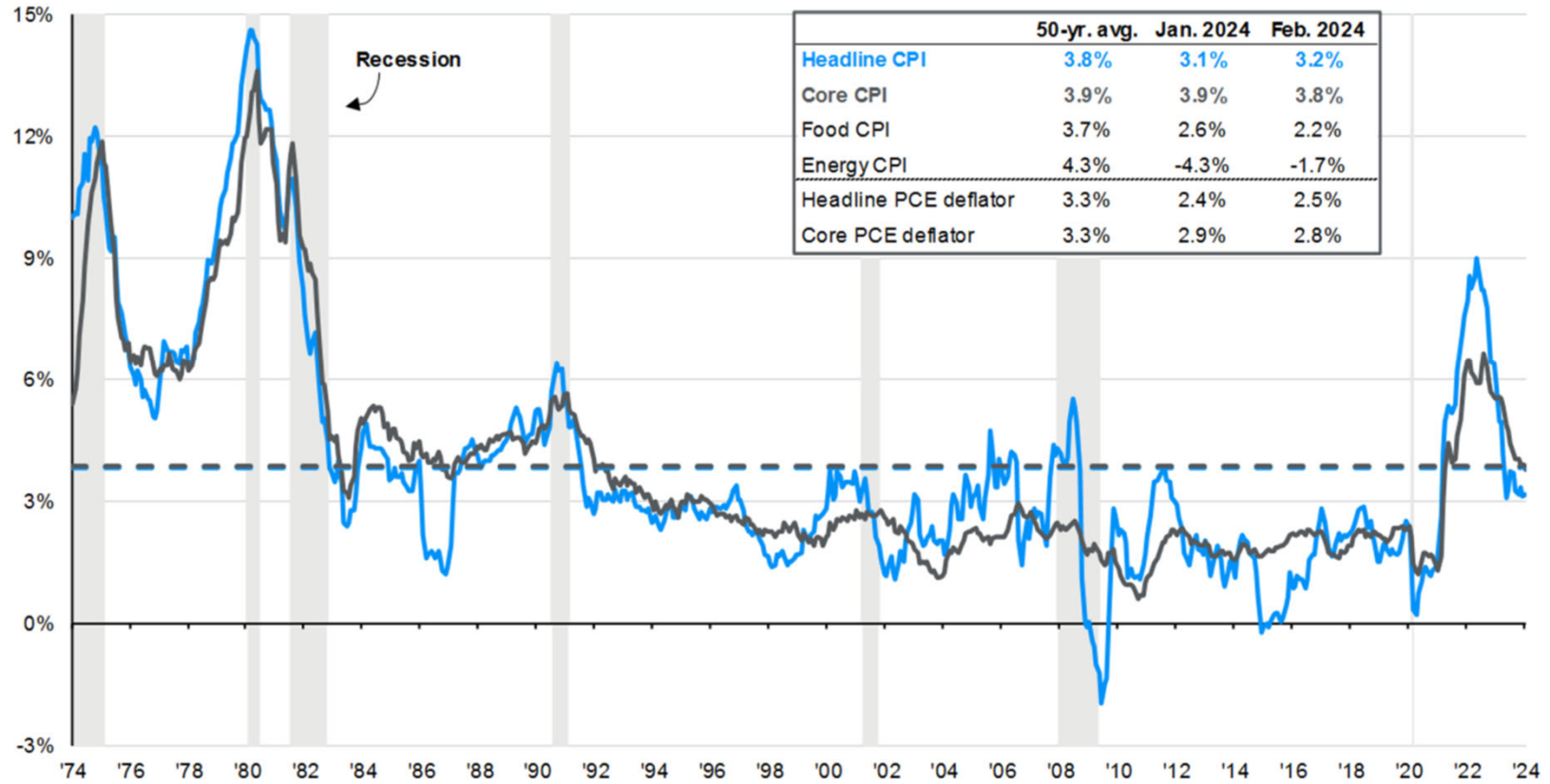
Consumer Confidence & the Stock Market

Consumer Sentiment Index and subsequent 12-month S&P 500 returns



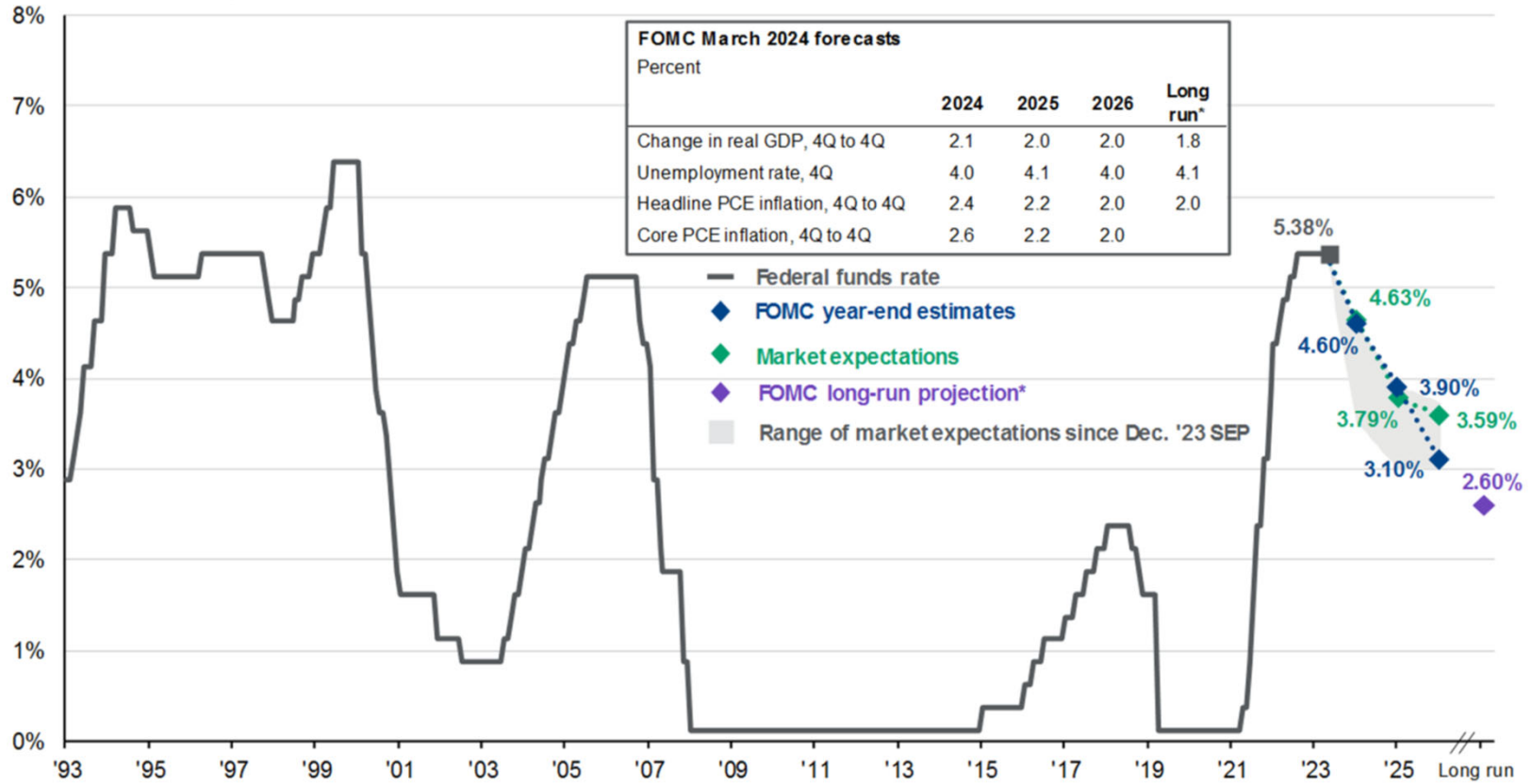
CPI and core CPI

% change vs. prior year, seasonally adjusted



Federal funds rate expectations

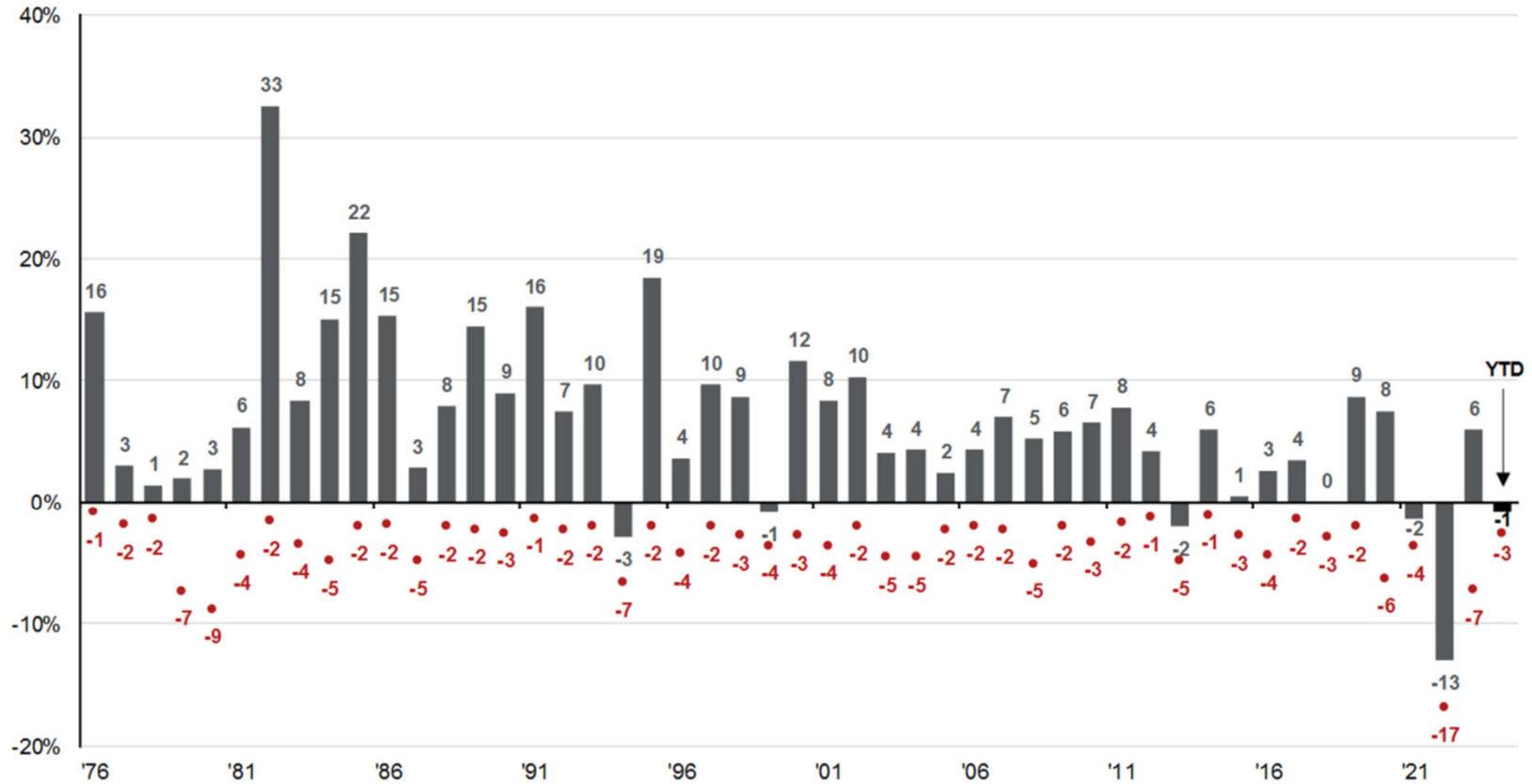
FOMC and market expectations for the federal funds rate



Fixed Income Returns & Intra-Year Declines

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.5%, annual returns were positive in 43 of 48 years



Asset Class Returns & Diversification

2009-2023																	
Ann.	Vol.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Large Cap	Small Cap	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Com dty.	Large Cap	Large Cap
14.0%	21.9%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	10.6%
Small Cap	REITs	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	DM Equity
11.3%	21.2%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	5.8%
REITs	EM Equity	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Com dty.	High Yield	Small Cap	Small Cap
10.9%	20.3%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	5.2%
High Yield	DM Equity	REITs	Com dty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Com dty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	Asset Alloc.
8.6%	18.4%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	4.2%
Asset Alloc.	Com dty.	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	Com dty.
8.1%	16.6%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	2.2%
DM Equity	Large Cap	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	EM Equity
7.4%	16.1%	26.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	2.2%
EM Equity	High Yield	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	High Yield
6.9%	11.5%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	2.1%
Fixed Income	Asset Alloc.	Com dty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Com dty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	Cash
2.7%	11.5%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	1.3%
Cash	Fixed Income	Fixed Income	Fixed Income	Com dty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Com dty.	DM Equity	Com dty.	Com dty.	Fixed Income	Small Cap	Cash	Fixed Income
0.8%	4.5%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	-0.8%
Com dty.	Cash	Cash	Cash	EM Equity	Com dty.	Com dty.	Com dty.	Com dty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Com dty.	REITs
-0.2%	0.7%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	-1.3%

The logo for Fund Direct Advisors features the words "FUND DIRECT" stacked above "ADVISORS" in a black serif font. To the left of the text is a stylized triangle composed of three stacked sections: a black top section, a green middle section, and a black bottom section. A green arrow points horizontally from the right side of the green section to the right.

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