

Asset Class Returns

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q3
Sm Cap 38.8%	REIT 28.0%	REIT 2.83%	HY Bond 17.49%	EM 37.28%	Cash 1.82%	Lg Cap 31.49%	Wil 5000 20.82%	REIT 41.30%	Cash 1.52%	Lg Cap 26.29%	Lg Cap 22.08%
Wil 5000 33.1%	Lg Cap 13.7%	Lg Cap 1.38%	EM 16.02%	Int'l Stk 25.03%	HG Bond 0.01%	Wil 5000 31.02%	Sm Cap 19.96%	Lg Cap 28.71%	HY Bond -11.22%	Wil 5000 26.14%	Wil 5000 20.58%
Lg Cap 32.4%	Wil 5000 12.7%	Wil 5000 0.7%	Wil 5000 13.37%	Lg Cap 21.83%	HY Bond -2.26%	REIT 28.66%	Lg Cap 18.40%	Wil 5000 26.70%	HG Bond -13.01%	Int'l Stk 18.24%	EM 16.86%
Int'l Stk 23.3%	HG Bond 6.0%	HG Bond 0.55%	Lg Cap 11.96%	Wil 5000 20.99%	REIT -4.04%	Sm Cap 25.52%	EM 18.31%	Sm Cap 14.82%	Int'l Stk -14.45%	Sm Cap 16.93%	REIT 14.23%
HY Bond 7.4%	Sm Cap 4.9%	Cash 0.1%	Sm Cap 11.32%	Sm Cap 14.65%	Lg Cap -4.38%	Int'l Stk 22.01%	Int'l Stk 7.82%	Int'l Stk 11.26%	Lg Cap -18.11%	HY Bond 13.46%	Int'l Stk 12.99%
REIT 2.9%	HY Bond 2.5%	Int'l Stk -0.8%	REIT 8.63%	REIT 8.67%	Wil 5000 -5.27%	EM 18.42%	HG Bond 7.51%	HY Bond 5.36%	Wil 5000 -19.04%	REIT 11.36%	Sm Cap 11.17%
Cash 0.1%	Cash 0.0%	Sm Cap -4.4%	HG Bond 2.65%	HY Bond 7.48%	Sm Cap -11.01%	HY Bond 14.41	HY Bond 6.17%	Cash 0.04%	EM -20.09%	EM 9.83%	HY Bond 8.03%
HG Bond -2.0%	EM -1.8%	HY Bond -4.6%	Int'l Stk 1.00%	HG Bond 3.54%	Int'l Stk -13.79%	HG Bond 8.72%	Cash 0.54%	HG Bond -1.54%	Sm Cap -20.44%	HG Bond 5.53%	HG Bond 4.45%
EM -2.3%	Int'l Stk -4.5%	EM -14.9%	Cash 0.33%	Cash 0.82%	EM -14.58%	Cash 2.21%	REIT -5.12%	EM -2.54%	REIT -24.95%	Cash 5.14%	Cash 4.08%

If you own or are involved with a business, please take note. The U.S. government has passed a new law requiring specific entities to disclose their beneficial ownership information. This law is significant for its broad scope and the potential penalties for non-compliance.

Entities Required to Report:

Definition of Reporting Companies: The law applies to corporations, LLCs, and other entities created or registered to do business in the U.S. This also includes both U.S. and non-U.S. entities and, likely, L.P.s, LLPs, and others, depending on state requirements.

Exemptions: While there are 23 categories of exemptions primarily for highly regulated or “low-risk” entities like large operating companies with a U.S. physical presence, banks, insurance companies, and 501(c) nonprofit organizations, *most privately held entities used for estate, investment, real estate, tax, privacy, or other personal planning will not be exempt.*

Identifying Beneficial Owners:

Criteria: An individual is considered a beneficial owner if they exercise substantial control over the company, directly or indirectly. This includes senior officers, those with the authority to appoint or remove senior officers or board members, and those with influence over significant company decisions.

Ownership Threshold: This applies to any individual, whether directly or indirectly, who owns or controls at least 25% of the ownership interests in the company. Exceptions include minors.

Special Considerations for Trusts: If a reporting company is owned through a trust, specific individuals associated with the trust (like grantors, sole beneficiaries, trustees, etc.) are deemed to have an ownership interest. This may include trust protectors, distribution or investment advisors, or beneficiaries in some instances.

Reporting Requirements for Applicants: A reporting company must report its applicants only if it was created or registered in or after 2024. This includes the individual who files the document that creates or registers the company and those operating the company.

Equities

- The U.S. economy has survived the first round of interest rate cuts with little volatility. Proving that equities could be appropriately priced for an anticipated soft landing.
- Europe experienced brighter prospects during the third quarter. More robust bank lending and rising incomes are boosting Europe. However, Germany has been the weak link as its industrial sector is struggling due to its reliance on China. Overall growth is picking up, and inflation is moderating, allowing for interest rate cuts.
- Japan's economic performance remains unpredictable. Gross domestic product growth is weak, but business confidence is rising. The Bank of Japan wants to raise interest rates but does not want to upset global markets, as seen through the "Yen Carry Trade."
- China's property market problem continues to be a significant headwind toward long-term growth. The large-scale stimulus has hit the market and lifted emerging markets over the last few weeks. It remains to be seen how this will impact the rest of the Chinese economy.

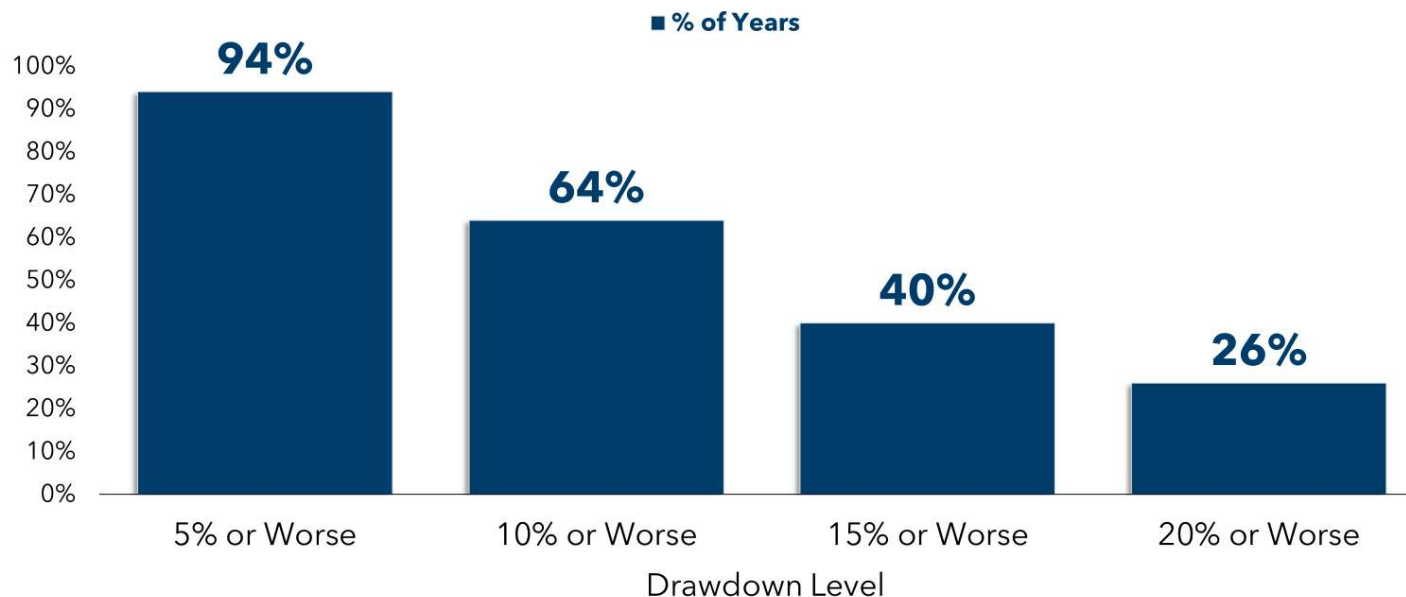
Bonds

- The United States has entered the rate-cutting cycle. This can provide the reprieve the real estate market may be looking for to start making a comeback as borrowing costs become more affordable.
- The United Kingdom is recently benefiting from higher consumer and business confidence. While inflation is declining in line with the U.S. and Europe, the Bank of England suggests a slower pace of rate cuts than other central banks.

94% of Years Have a Drawdown of 5% or Worse



% of Years in the S&P 500 with x% Drawdown
1928 - 2023



Source: Ritholtz Wealth Management, NYU Data Library

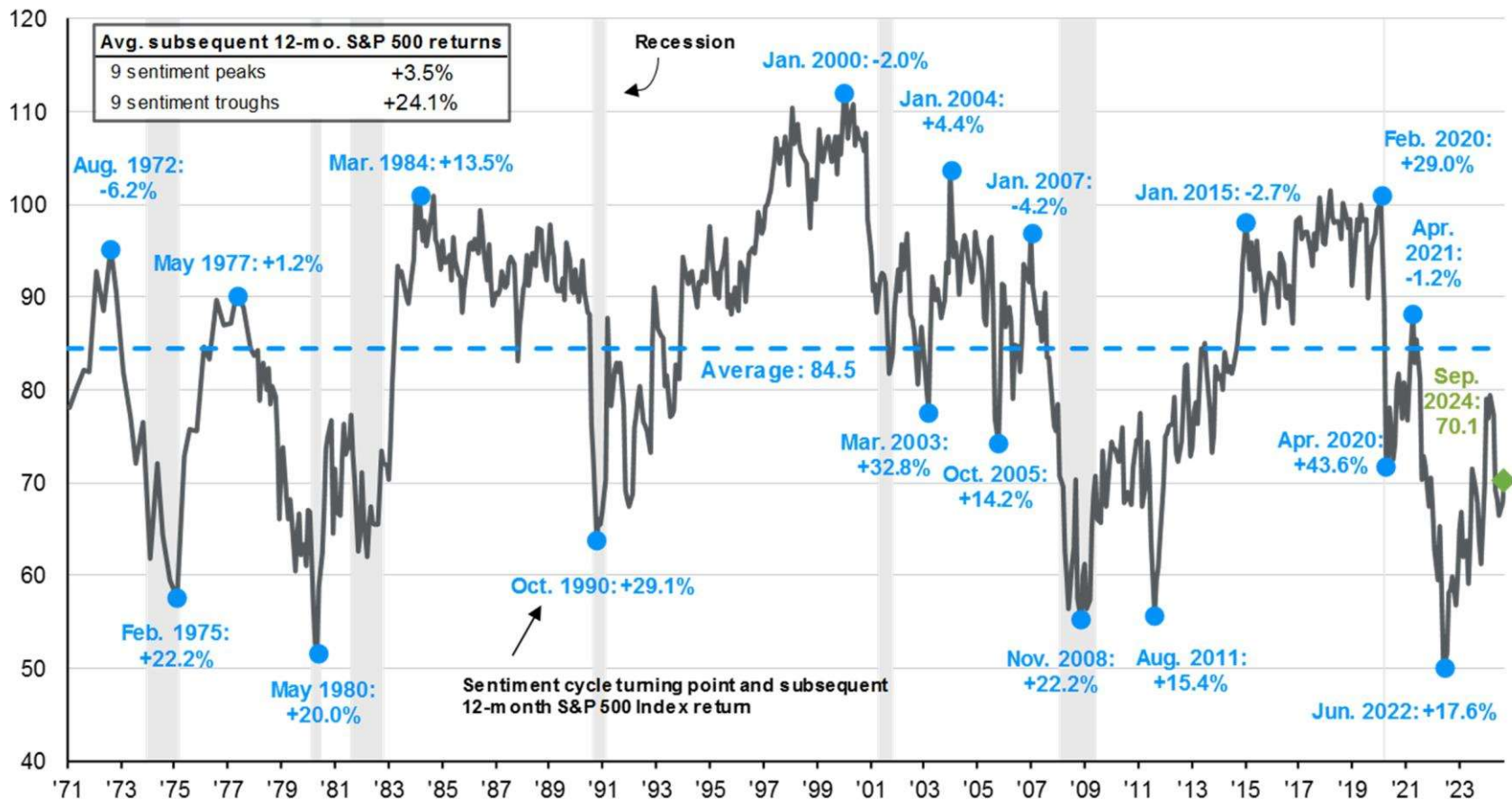
RITHOLTZ
wealth management

Source:
<https://awealthofcommonsense.com/2024/08/this-is-normal-2/>

Markets are back to reaching all-time highs, but let's not forget that corrections happen frequently. The beginning of the third quarter experienced a roughly 8% decline before recovering.

Consumer Confidence and the Stock Market

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



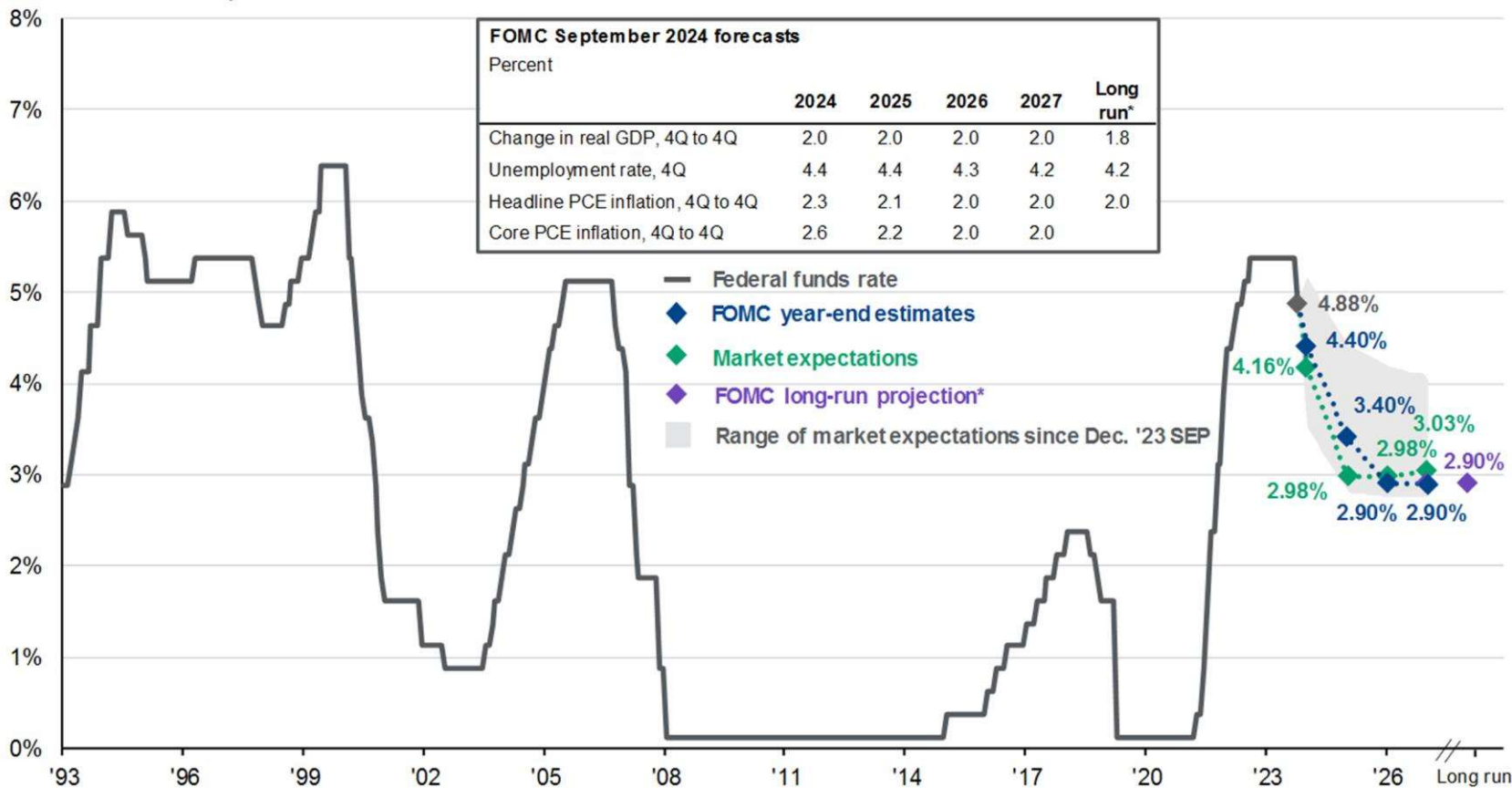
Equity markets are near all-time highs, yet consumer sentiment is well below the average. Returns are typically favorable following a trough.

Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of September 30, 2024.

The Federal Reserve and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Now that we have entered a rate-cutting cycle, the following chart shows the range of market expectations.

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of September 30, 2024.