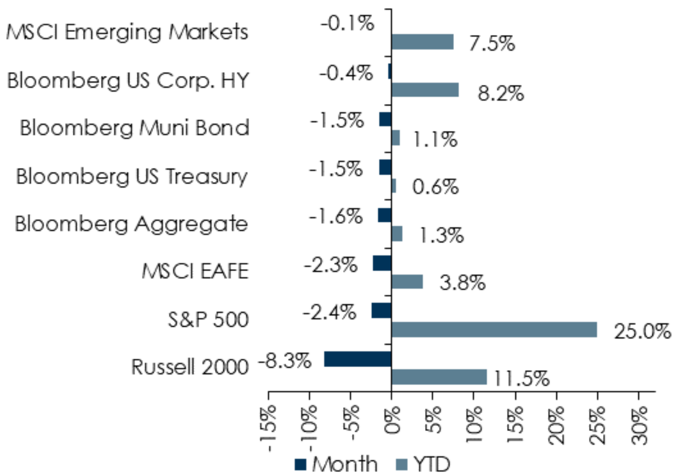
Market Snapshot — December 31, 2024

Economic Overview

- **The FOMC cut rates by 25 bps to 4.25% - 4.50%, as expected, however the committee's economic projections signaled hawkish policy in 2025**
- **Non-farm payroll growth rebounded in November to a solid 227,000, while the unemployment rate ticked higher from 4.1% to 4.2%**
- **Inflation remains stuck above the Fed's target, with both core CPI and core PCE unchanged from the prior month at 3.3% and 2.8%, respectively**

Market Returns

- Asset prices fell in Dec. as higher rates weighed on sentiment
- 2024 was positive overall for most assets, led by US equities

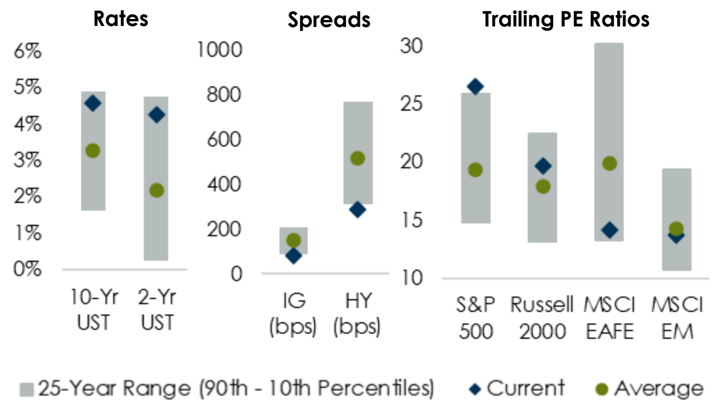


Source: Bloomberg, ACG Research (as of 12/31/2024)

Recent Articles (click on links below)

- 2025 Outlook (January)
- Has Real Estate Hit Bottom? (September)
- The Evolution of Private Wealth (April)

Fixed Income and Equity Valuation Metrics



Source: Bloomberg (as of 12/31/2024)

Asset Class Valuations – Rebalancing Rationale

- Equities are discounting a soft landing, continued policy easing
- Upside for duration limited with additional Fed cuts already discounted by markets
- Cash yields set to fall as Fed continues easing

Asset Class	Current Valuation	Rationale
US Large Cap	Overvalued	Expensive valuations
US Small Cap	Fairly Valued	Balanced upside/downside risks
Int'l Developed	Fairly Valued	Fair valuations, mixed growth across regions
Emerging Mkt	Fairly Valued	Balanced upside/downside risks

Cash	Fairly Valued	Cash rates likely to decline
Core Bonds	Fairly Valued	Balanced duration risks
Multi-Sector	Fairly Valued	Attractive income, tight spreads
Unconstrained	Fairly Valued	Duration, spreads balanced

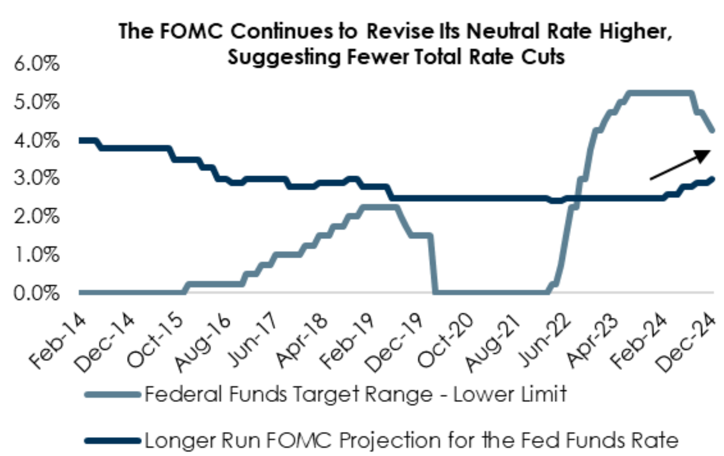
Core Real Estate	Fairly Valued	Market values stabilizing

Overvalued	Fairly Valued	Undervalued

Key Risk Factors We Are Watching

- Stronger inflation and labor market data
- Rising headwinds for consumers (higher rates, student loan repayments, depleted savings…)
- Potential Fed policy error
- Headwinds to corporate earnings
- US policy uncertainty and rising geopolitical tensions
- Weaker than expected China recovery

US Fed Cuts but Signals Higher for Longer Rates



Source: Federal Reserve (12/31/2024)

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