

Monthly Investment Report

December 2024



With the conclusion of election-related uncertainties, U.S. equity markets demonstrated notable strength in November. The S&P 500 rose by +5.9%, the Nasdaq Composite gained +6.3%, and the Dow Jones Industrial Average advanced by +7.7%. Small-cap growth stocks outperformed with an +11.2% increase, driven by notable gains in Consumer Discretionary (+13.3%) and Financials (+10.3%). On the international front, the MSCI China index declined by -4.4%. Meanwhile, the Bloomberg US Aggregate Bond Index posted a gain of +1.1%, supported by a Federal Reserve rate cut of 25 basis points, bringing the benchmark interest rate to a range of 4.5-4.75%. Treasury yields also declined, with the 10-year yield falling from 4.28% to 4.17%. Economic indicators such as the S&P Global Services PMI reached a 32-month high of 57, while the US Manufacturing PMI edged up from 48.5 in October to 48.8 in November. The Flash U.S. Composite PMI Output Index improved to 55.3 from 54.1. Overall, November delivered robust gains across most sectors and asset classes, marking a strong close to the month.

Markets

In November, U.S. equity markets rallied, driven by the resolution of election-related uncertainties. The S&P 500 increased by +5.9%, the Nasdaq Composite rose +6.3%, and the Dow Jones Industrial outperformed with a +7.7% increase. Small-cap growth stocks led the charge, surging +11.2%. Sector-wise, Consumer Discretionary climbed +13.3%, and Financials rose +10.3%, and Industrials advanced +7.5%. Earnings reports further supported market momentum, with 97% of the S&P 500 companies having reported Q3 results. Among these, 73% met or exceeded sales expectations. While most sectors posted positive earnings surprises, Materials and Real Estate lagged with slight declines of -0.7% and -1.1% respectively. Internationally, performance was mixed performance amid geo-political pressures. The MSCI-Pacific ex-Japan and the MSCI UK indices rose +2.8% and 1.4%, respectively. In contrast, The MSCI China fell sharply by -4.4%, followed by declines in MSCI Emerging Markets (-3.6%) and MSCI Europe ex-UK (-2.6%). Overall, November delivered robust gains across U.S. markets, while international equities faced varied results amid regional challenges.

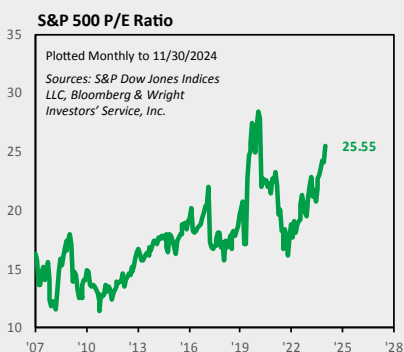
The Bloomberg US Aggregate Bond Index rose +1.1% in November, while the Bloomberg US Credit Index gained +1.3%. However, the Bloomberg Global Aggregate ex-US Index declined by -0.2%. Treasury yields fell across most maturities, with the 10-year Treasury yield dropping from 4.28% in October to 4.17%, boosting bond prices.

Treasury Inflation-Protected Securities (TIPS) saw declines at both shorter and longer maturities. Commodities underperformed equities and bonds, with the Bloomberg Commodities Index rising just +0.4%. Wheat led sector declines, falling -6.7%, followed by copper, which dropped -6.0%. The Bloomberg Dollar Index increased +1.3%, driven by a +2.9% gain against the Euro, though it fell -1.5% against the Yen. Real estate also saw strong performance, as the MSCI US REIT Index gained +4.3% for the month, bringing its year-to-date return to +16.3%. Overall, November was marked by broad-based strength in fixed income and real estate, with mixed results in commodities and currencies.

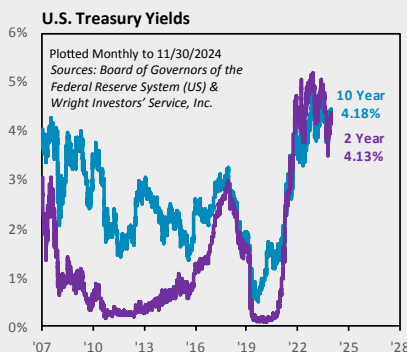
U.S. Economy

The U.S. service sector expanded further in November, with the S&P Global US Services PMI reaching a 32-month high of 57, up from 55 in October. Manufacturing showed modest improvement, as the S&P Global US Manufacturing PMI rose slightly from 48.5 to 48.8, remaining in contraction but stabilizing. Combined, these gains lifted the Flash U.S. Composite PMI Output Index to 55.3 in November, the highest since April 2022, compared to 54.1 in October. This reflects the fastest growth in business activity in over a year, driven by rising demand. New orders increased significantly, marking the strongest growth in business inflows since May 2022.

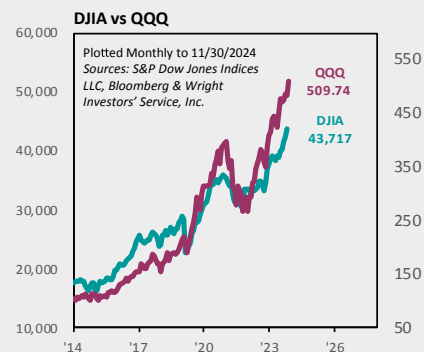
P/Es Remain Higher



2 Year & 10 Year Yields Fall



US Equities Remain Strong



Total Investment Returns—11.30.2024

	November	Last 12 Mos.
Dow Jones Industrial Average	7.7%	27.2%
Nasdaq Composite	6.3%	36.1%
S&P 500 Composite	5.9%	33.9%
S&P MidCap 400	8.8%	33.4%
S&P SmallCap 600	10.9%	33.2%
MSCI World (\$)	4.6%	27.8%
MSCI World ex U.S. (\$)	0.2%	13.5%
Bloomberg U.S. Aggregate	1.1%	6.9%
90-Day Treasury Bills (Yield)	4.5%	5.4%
CPI ex-Food & Energy SA* (Oct 2024)	0.3%	3.3%

*SA: Seasonally Adjusted

Sources: Bloomberg LP & Wright Investors' Service, Inc.

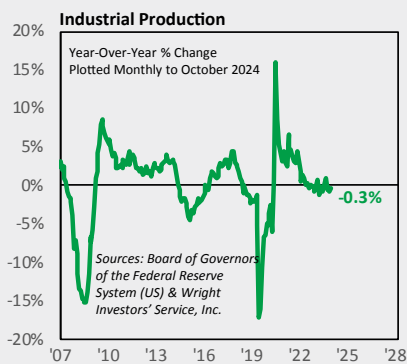
In October, the unemployment rate held steady at 4.1%, up from 3.8% a year ago, as the number of unemployed individuals grew by 541,000 to reach 7 million. Nonfarm payrolls increased by just 12,000 jobs, well below the anticipated 100,000, with job growth potentially impacted by recent hurricanes affecting the Gulf and Southeast regions. Wages continued to climb, with average hourly earnings for private-sector nonfarm employees rising by 13 cents (0.4%) to \$35.46 in October. Over the past year, wages increased by 4.0%. Inflationary pressures persist, as the Personal Consumption Expenditures (PCE) inflation rate rose to 2.3% from 2.1% a year earlier. Core PCE inflation, excluding volatile food and energy prices, edged up to 2.8% from 2.7%. Early November saw the Federal Reserve reduce its benchmark interest rate by 25 basis points to 4.5-4.75%, marking its lowest level since March 2023. In the housing sector, new home sales dropped to an annualized rate of 610,000 in October, down from 738,000 in September, as affordability challenges and competition from existing homes weighed on the market. Housing starts fell to 1,311,000 from a revised 1,353,000 in September, while building permits declined to 1,416,000 from a revised 1,425,000. High costs and labor shortages continued to hinder new construction activity.

Investment Outlook

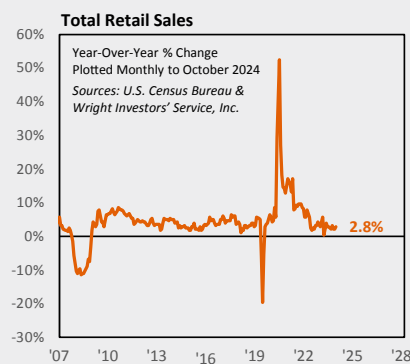
Policy changes under the new administration remain uncertain, but the US economic outlook is generally positive. Growth projections are optimistic, with a recent Bloomberg survey of 58 economists forecasting a 2.7% growth rate in 2024, followed by approximately 2% annual real growth in 2025 and 2026. While inflation has moderated from its mid-2022 peak, it remains above the Federal Reserve's 2% target. Consequently, the pace and extent of interest rate cuts by the Fed remain uncertain, as sustained demand growth could challenge price stability without corresponding supply-side adjustments.

The labor market has softened slightly but continues to display resilience. Meanwhile, the housing market faces challenges from high mortgage rates and low inventory levels. However, expected reductions in borrowing costs by 2025 could help revive demand. Pro-growth measures and Fed rate adjustments could bolster expansion but require careful calibration to prevent economic overheating or a resurgence of inflation. Investors should maintain a diversified portfolio of high-quality assets to balance potential opportunities with long-term stability ensuring resilience amid a dynamic economic environment.

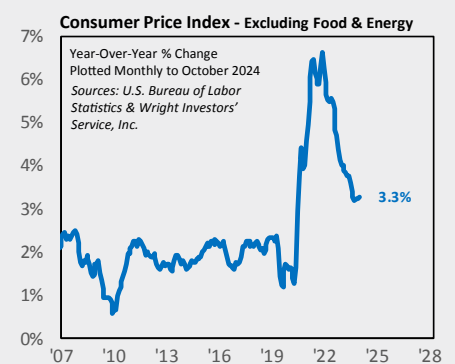
Manufacturing: Weakened Slightly



Consumer Spending: Slowing Growth



Core Inflation: Ticked Up This Month



Source: Bloomberg Index Services Limited. "Bloomberg®", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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