

Monthly Investment Report

November 2024



In October, equity markets faced broad-based declines, with the S&P 500 down -0.9% and the Dow Jones Industrial Average falling -1.3%, while the Nasdaq Composite fared slightly better, slipping just -0.5%. Small-cap growth stocks were hit the hardest, losing -3.6%, whereas mid-cap value stocks held relatively steady. The bond market also struggled, as the Bloomberg US Aggregate Index declined -2.5%, pressured by rising Treasury yields. Commodities outperformed bonds but trailed equities. Real estate also underperformed, with the MSCI US REIT Index down -2.9%. Meanwhile, the US dollar strengthened, rising +2.9% against major currencies per the Bloomberg Dollar index. Overall, October was a challenging month, marked by losses across most sectors and asset classes.

Markets

In October, U.S. equity markets experienced mixed performance.

The S&P 500 declined by -0.9%, and the Dow Jones Industrial Average fell -1.3%, while the Nasdaq Composite outperformed with a modest loss of -0.5%. Small-cap growth stocks were particularly weak, dropping -3.6%, while mid-cap value stocks were stable, posting no gains but faring better than most. Sector performance was largely negative, with Healthcare leading the declines by -4.6%, followed by Real Estate at -3.6%. Financials stood out as the strongest sector, gaining +2.7%, followed by Telecom (+1.9%), and Energy (+0.8%). As of this report, 68% of the S&P 500 companies have reported Q3 earnings, with 52% reporting sales growth at or above expectations. While most sectors showed positive earnings surprises, Materials and Real Estate were exceptions, reporting earnings surprises of -1.7% and -0.3%, respectively. International markets faced a challenging month as well. The MSCI-Pacific ex-Japan posted the steepest decline, down -6.3%, followed by MSCI-Europe ex-UK (-6.0%) and MSCI-China (-5.9%). Other notable declines included the MSCI - Emerging Markets (-4.4%) and the MSCI-UK (-5.5%).

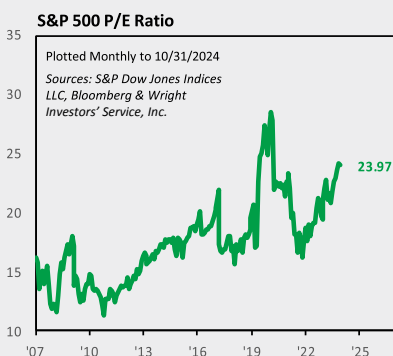
The Bloomberg US Aggregate Bond Index lost -2.5%. Non-US dollar bonds, as represented by the Bloomberg Global Aggregate ex-US Index, lost -4.1% while the Bloomberg US High Yield Bond Index decreased by -0.5% for the month. Treasury yields rose across all maturities, pushing the yield curve higher; notably, the 10-year Treasury yield increased from 3.8% at the end of September to 4.3% by October's close, weighing on bond returns. Treasury Inflation-Protected Securities

(TIPS) saw gains on longer maturities, reflecting both higher real interest rates and rising inflation expectations. Commodities, as represented by the Bloomberg Commodities Index, decreased by -1.9% for the month, outperforming bonds but lagging equities. Natural Gas saw the largest decline in the commodity sector, down -7.4%, followed by copper at -4.7%. The MSCI US REIT Index recorded a -2.9% loss as real estate continued to face headwinds. Meanwhile, the Bloomberg Dollar Index up +2.9%, marking gains against most major currencies, particularly a +5.8% rise against the Japanese Yen.

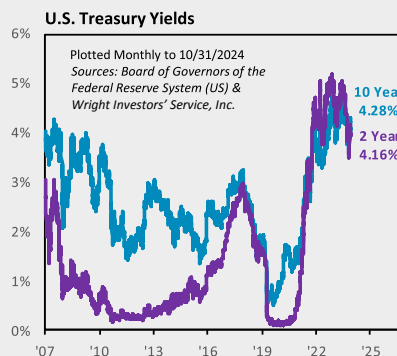
U.S. Economy

The U.S. service sector showed continued expansion, with the S&P Global US Services Business Activity Index reaching a 2-month high of 55.3 in October, up slightly from 55.2 in September. This signals ongoing growth, supported by the strongest rise in new orders for goods and services in 17 months as domestic demand surged. New business in the services sector experienced its most significant increase since April 2022, reflecting a robust uptick in sales. Manufacturing also saw slight improvement, the S&P Global US Manufacturing PMI edged up from 47.3 in September to 47.8 in October, though it remained in contraction territory. The combined performance of the manufacturing and services sectors lifted the flash U.S. Composite PMI Output Index to 54.3 in October, up from 54.0 in September. This suggests a solid expansion in overall business activity as the fourth quarter begins, with growth momentum primarily driven by strong demand in the services sector.

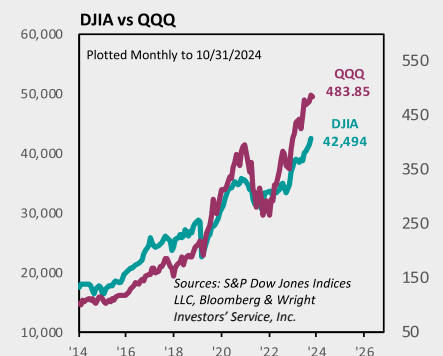
P/E's Remain Higher



2 Year & 10 Year Yields Rise



US Equities Remain Strong



Total Investment Returns—10.31.2024

	October	Last 12 Mos.
Dow Jones Industrial Average	-1.3%	28.9%
Nasdaq Composite	-0.5%	41.9%
S&P 500 Composite	-0.9%	38.0%
S&P MidCap 400	-0.7%	33.0%
S&P SmallCap 600	-2.6%	30.0%
MSCI World (\$)	-2.0%	33.7%
MSCI World ex U.S. (\$)	-5.1%	23.8%
Bloomberg U.S. Aggregate	-2.5%	10.5%
90-Day Treasury Bills (Yield)	4.5%	5.4%
CPI ex-Food & Energy SA* (Sep 2024)	0.3%	3.3%

*SA: Seasonally Adjusted

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

Employment fell for a third straight month in October, though the decrease was modest and less severe than in August and September.

The unemployment rate held steady at 4.1% but was up from 3.8% a year ago, with the number of unemployed rising by 541,000 to 7 million over the past year. Nonfarm payrolls showed minimal growth, adding just 12,000 jobs – well below expectations for a 100,000 increase. The limited job gains likely reflect disruptions from recent hurricanes in the Southeast and a large strike at Boeing. Wages continued to rise, with average hourly earnings for all private-sector nonfarm employees up 13 cents, or 0.4%, to \$35.46 in October. Over the past 12 months, wages have grown by 4.0%. Inflation indicators also moderated: the Personal Consumption Expenditures (PCE) inflation rate eased to +2.1% in October from +2.3% in August, while Core PCE inflation, which excludes food and energy prices, remained steady at 2.7%. The Federal Reserve, led by Chair Jerome Powell, is expected to reduce the benchmark rate by a quarter-point, to 4.5% – 4.75%, following a half-point cut in September as it adjusts policy in response to moderating inflation. In the housing market, new single-family home sales in September rose by 4.1% to a seasonally adjusted annual rate of 738,000, up from 709,000 in August. However, housing starts declined

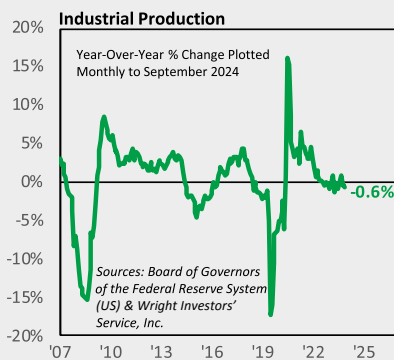
slightly to 1,354,000 from a revised 1,361,000 in August, and building permits dropped to 1,428,000 from 1,470,000. These mixed signals suggest ongoing adjustments in the housing sector amid changing interest rates and economic conditions.

Investment Outlook

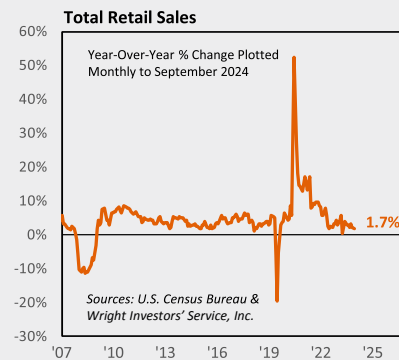
The U.S. economy is demonstrating resilience amid mixed signals.

The Bloomberg Survey of US Economic Forecasts is projecting a 2.6% growth rate for 2024, moderating to 1.9% in 2025. While inflation has receded from mid-2022 highs, its trajectory remains uneven. The labor market is loosening even as business activity has expanded for nearly two years. Expectations for lower inflation and interest rates are growing, but achieving these goals remain challenging. Nevertheless, the Federal Reserve appears to be steering the economy toward a “soft landing” – an outcome that, if fully realized, could support continued stock market growth. However, sustained demand growth without corresponding supply increases could drive inflation above current forecasts. Additionally, ongoing geopolitical issues, such as the Russia-Ukraine war and the conflict in the Middle East, may lead to supply chain disruptions, putting further pressure on prices. The upcoming election could bring some relief to market volatility, regardless of the outcome. In this environment, maintaining a well-diversified portfolio of high-quality investments remains a prudent long-term strategy, offering stability through both favorable and uncertain times.

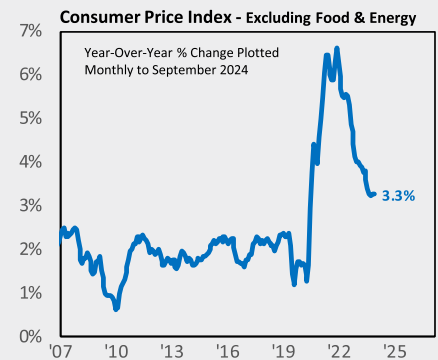
Manufacturing: Weakened Slightly



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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