

Q3 2024 Review and Market Update

Jonathan Shiffer

Chief Investment Officer

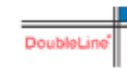
Freedom Investment Management, Inc.

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Money Managers



Money Managers



J.P.Morgan





FREEDOM

INVESTMENT MANAGEMENT

Q3 Market Performance

Jonathan Shiffer

Chief Investment Officer

Freedom Investment Management, Inc.

Fixed Income Performance as of 9/30/2024



Broad Fixed Income	Quarter	YTD	1 Year
Bloomberg US Agg Bond TR USD	5.2%	4.4%	11.6%
Bloomberg Global Aggregate TR USD	7.0%	3.6%	12.0%
Treasuries			
Bloomberg US Treasury Bill 1-3 M TR USD	1.4%	4.1%	5.5%
Bloomberg 1-5 Yr Treasury TR USD	3.4%	4.2%	7.5%
Bloomberg Treasury 5-7 Yr TR USD	5.1%	4.5%	10.2%
Bloomberg Treasury 7-20 Yr TR USD	6.6%	3.9%	13.1%
Bloomberg US Treasury 20+ Yr TR USD	8.0%	1.6%	15.2%
Bloomberg US Treasury US TIPS TR USD	4.1%	4.9%	9.8%
Credit			
Bloomberg Municipal TR USD	2.7%	2.3%	10.4%
Bloomberg US Corp Bond TR USD	5.8%	5.3%	14.3%
Bloomberg US Corporate High Yield TR USD	5.3%	8.0%	15.7%

Outperformance

- Global Bonds
- Duration
- Credit

Underperformance

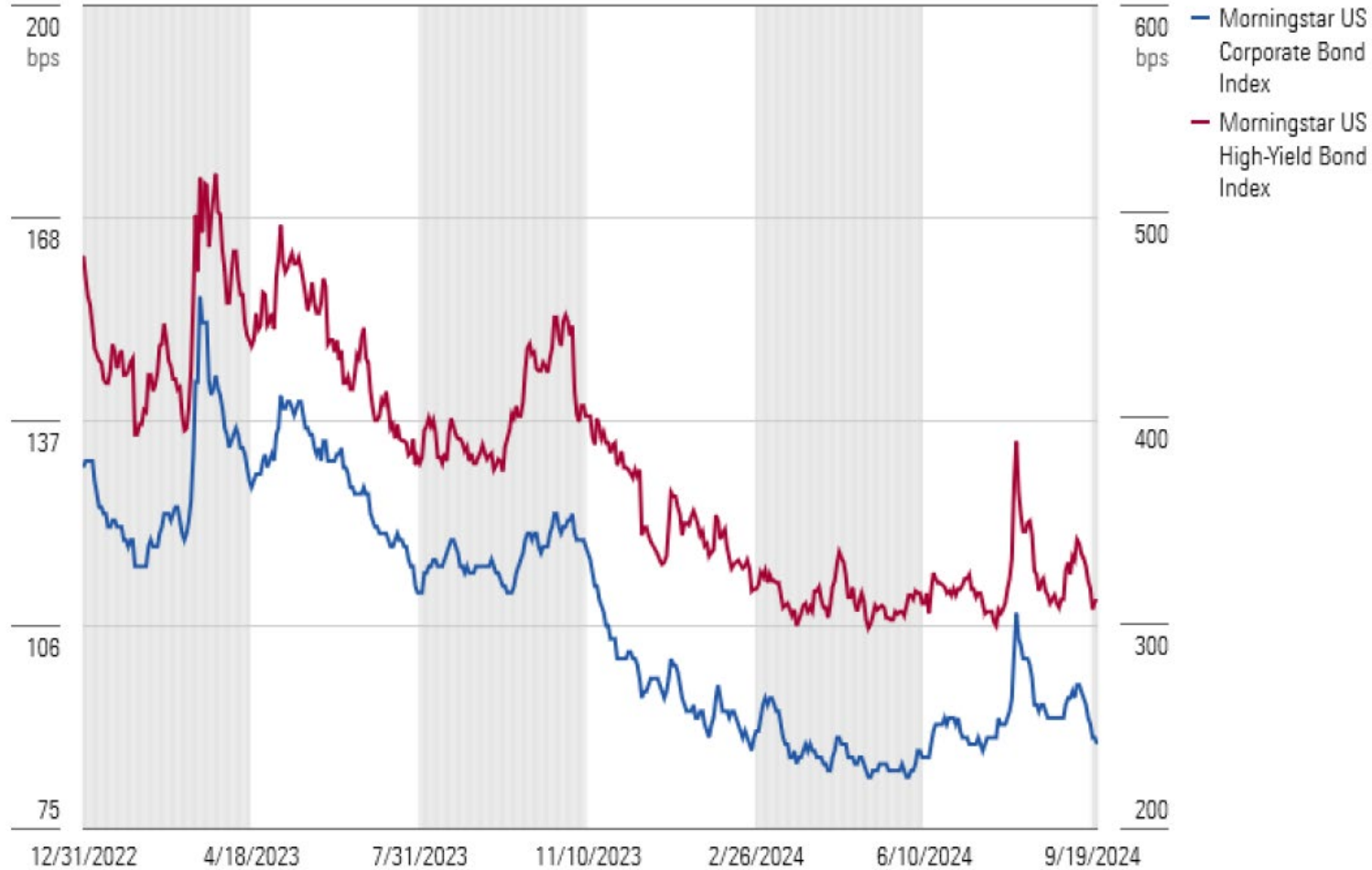
- Short Duration

Source: Morningstar

Credit Offers Limited Yield Premium

Corporate Credit Spreads Tighten

Credit spreads widened in early August and just started to look attractive before rallying back.



Source: Morningstar

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Equity Performance as of 9/30/2024

Domestic Equity	Quarter	YTD	1 Year
NASDAQ Composite TR USD	2.8%	21.8%	38.6%
S&P 500 TR USD	5.9%	22.1%	36.4%
Russell 1000 Growth TR USD	3.2%	24.5%	42.2%
Russell 1000 TR USD	6.1%	21.2%	35.7%
Russell 1000 Value TR USD	9.4%	16.7%	27.8%
Russell Mid Cap Growth TR USD	6.5%	12.9%	29.3%
Russell Mid Cap TR USD	9.2%	14.6%	29.3%
Russell Mid Cap Value TR USD	10.1%	15.1%	29.0%
Russell 2000 Growth TR USD	8.4%	13.2%	27.7%
Russell 2000 TR USD	9.3%	11.2%	26.8%
Russell 2000 Value TR USD	10.2%	9.2%	25.9%
International Equity			
MSCI ACWI NR USD	6.6%	18.7%	31.8%
MSCI ACWI Ex USA NR USD	8.1%	14.2%	25.4%
MSCI Europe NR USD	6.6%	12.8%	25.2%
MSCI EM NR USD	8.7%	16.9%	26.1%
MSCI AC Asia Pacific IMI NR USD	9.1%	16.8%	26.2%
MSCI EM Latin America NR USD	3.7%	-12.5%	2.8%

Source: Morningstar

Outperformance

- Value
- Small/Mid Cap

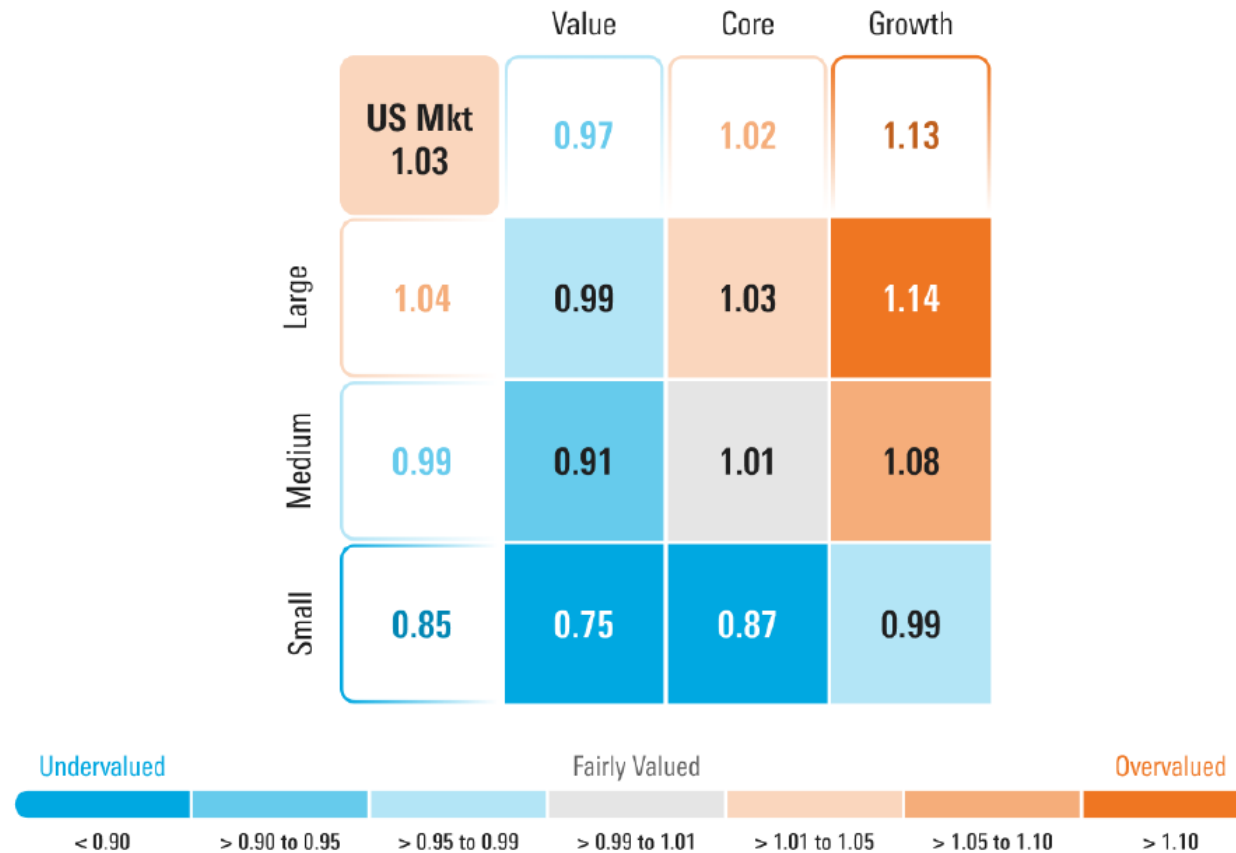
Underperformance

- Latin America
- Large Growth

Large Cap Growth is Expensive

US Stock Market Trading Above Fair Value

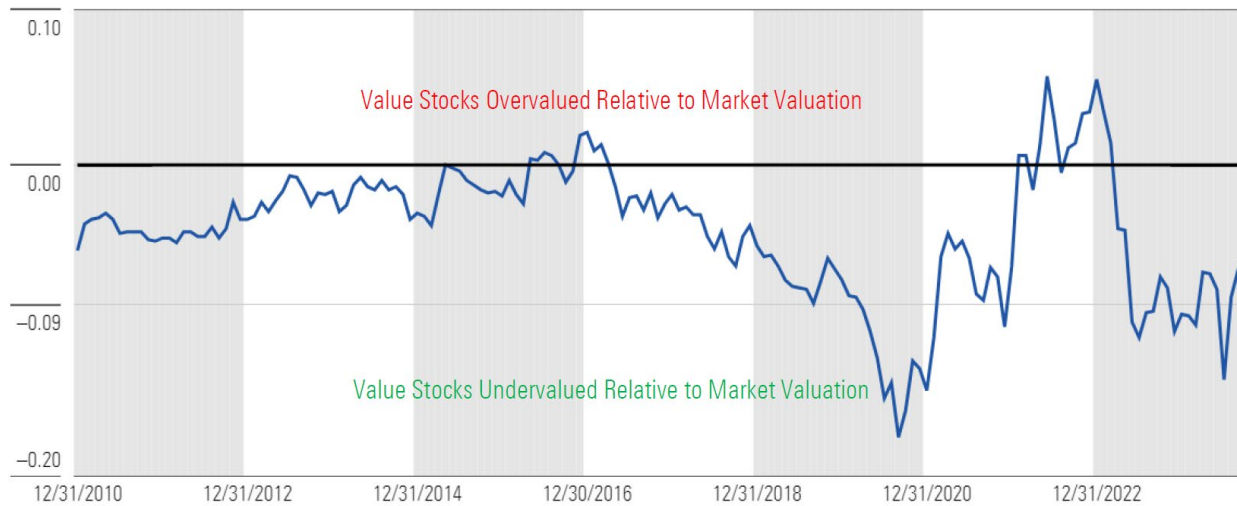
Valuations of Morningstar's equity research coverage by equity style box.



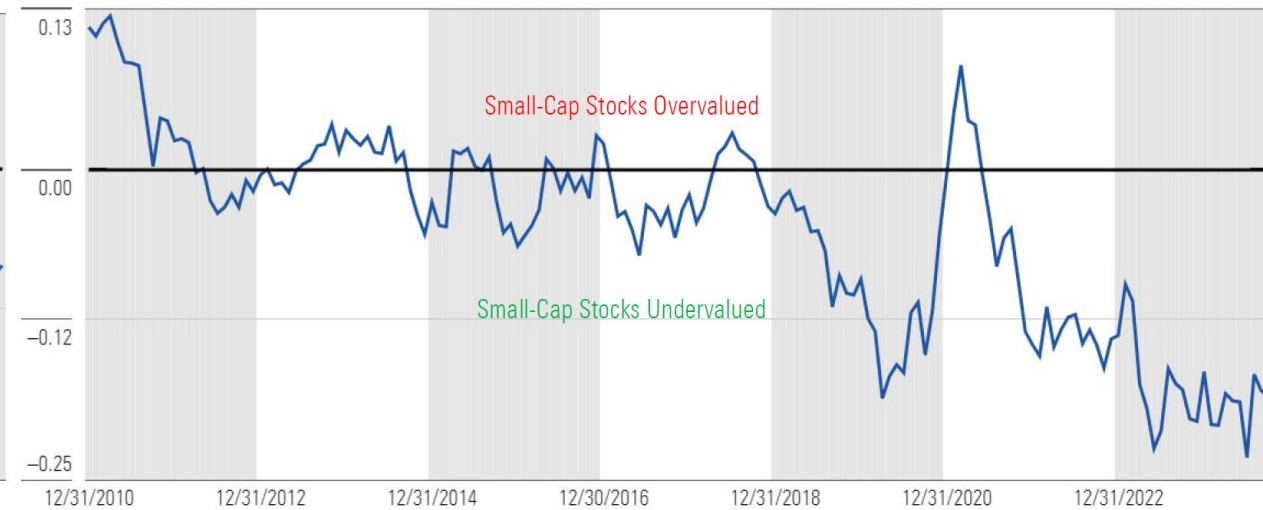
Source: Morningstar. Data as of Sept. 23, 2024.

Small / Value Stocks Remain Cheap

Value Stocks Trade at Relatively Low Valuations as Compared With the Broad Market Valuation



Small-Cap Stocks Trade Near Lowest Valuations Relative to the Broad Market Valuation



Source: Morningstar. Data as of Sept. 23, 2024.

Index	Quarter	YTD	1 Year
S&P 500 TR USD	4.3%	15.3%	24.6%
S&P Utilities Select Sector TR USD	19.4%	30.6%	41.8%
S&P Real Estate Select Sector TR USD	17.2%	14.3%	35.8%
S&P Industrial Select Sector TR USD	11.5%	20.2%	35.9%
S&P Financial Select Sector TR USD	10.7%	21.9%	39.0%
S&P Consumer Disc Select Sector TR USD	10.2%	12.9%	25.7%
S&P Materials Select Sector TR USD	9.7%	14.2%	25.3%
S&P Cons Staples Select Sector TR USD	9.1%	17.8%	24.2%
S&P Health Care Select Sector TR USD	6.1%	14.4%	21.7%
S&P Cmmncton Svces Select Sector TR USD	5.9%	25.6%	39.5%
S&P Technology Select Sector TR USD	0.0%	18.0%	38.9%
S&P Energy Select Sector TR USD	-2.9%	7.4%	0.6%

Relative Outperformance

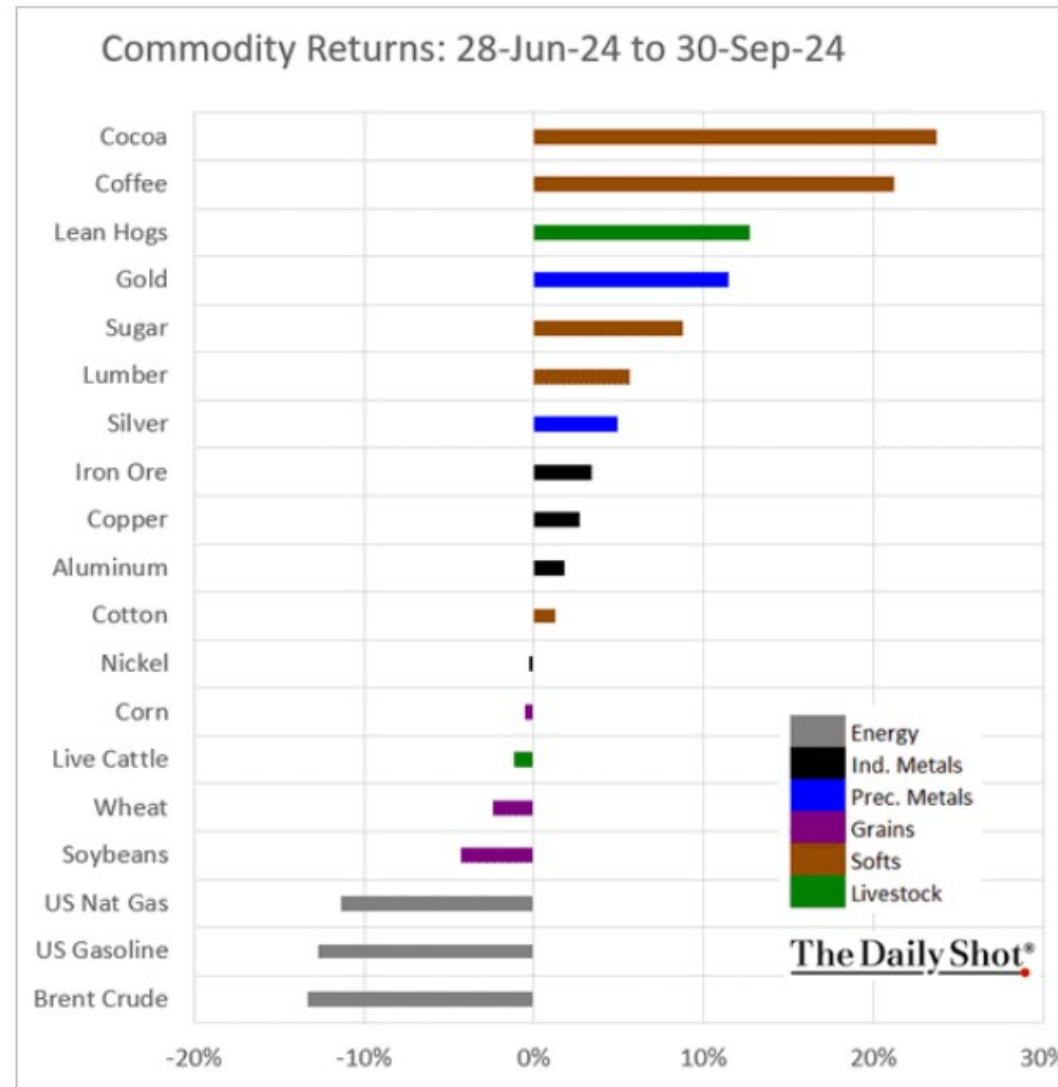
- Utilities
- Real Estate

Relative Underperformance

- Energy
- Technology
- Communication Services

Source: Morningstar

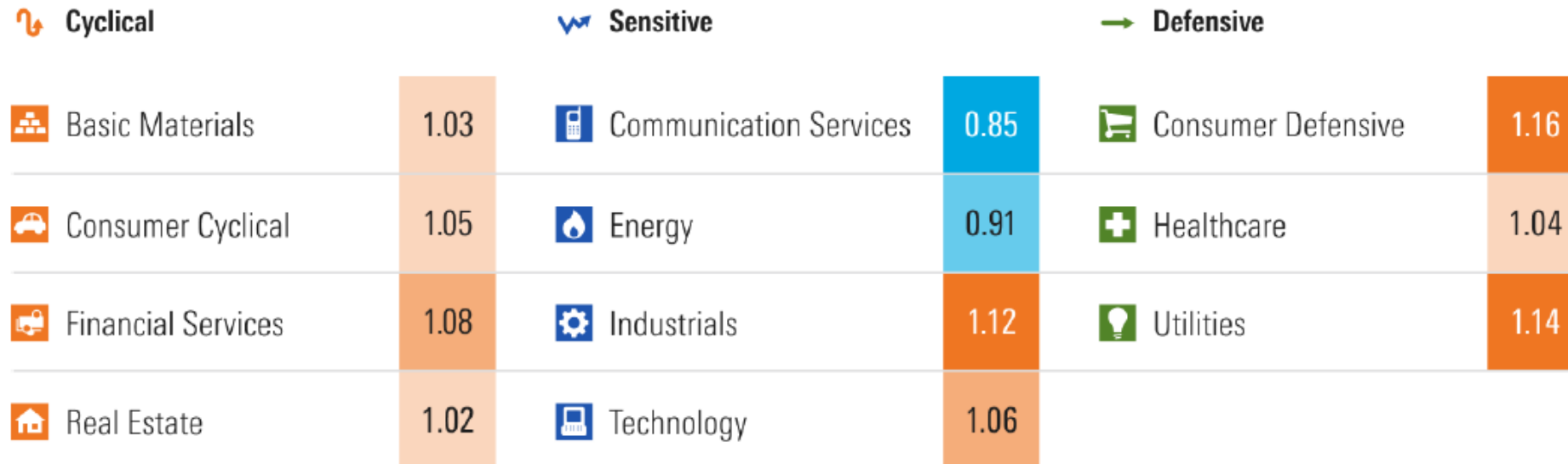
Oil Gas Struggled Q3



Sectors Fairly Valued, Stock Selection Now Important

Morningstar Price/Fair Value Estimate Metric by Sector Weighted by Intrinsic Value

Figures below 1 are undervalued, while those above 1 are overvalued.



Source: Morningstar. Data as of Sept. 23, 2024.

Index	Quarter	YTD	1 Year
S&P High Yield Dividend Aristocrats TR USD	12.5%	16.1%	27.2%
S&P 500 Dividend Aristocrats TR USD	11.7%	14.2%	23.7%
S&P 500 Low Volatility TR USD	11.0%	16.5%	25.1%
S&P 500 Quality High Dividend TR USD	10.1%	15.3%	23.3%
S&P 500 Value TR USD	9.1%	15.4%	31.1%
S&P 500 Quality TR USD	6.3%	25.8%	36.5%
S&P 500 High Beta TR USD	5.9%	9.3%	28.8%
S&P 500 Enhanced Value TR USD	4.7%	15.0%	26.6%
S&P 500 Momentum TR USD	3.8%	39.1%	59.5%
S&P 500 Growth TR USD	3.7%	28.2%	41.1%

Relative Outperformance

- Dividends
- Low Volatility

Relative Underperformance

- Growth
- Momentum

Source: Morningstar

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Freedom shall select managers for each underlying strategy and may change the allocations and managers in each model from time to time at its discretion. Investors should review the Model and underlying strategies' facts sheets for information specific to each strategy, including the dates of any hypothetical performance used. The comparative benchmarks are designed to measure global portfolio of stocks, bonds, and cash, allocated to represent five distinct investor risk profiles. They represent stock exposure levels in line with investors' expectations relative to a targeted level of equity risk. The benchmark returns do not represent the results of actual trading of investable assets/securities. Freedom maintains the benchmark blend and calculates the benchmark levels and performance shown or discussed but does not manage actual benchmark assets. Benchmark returns displayed do not reflect a deduction of management fees and do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the benchmark or investment funds that are intended to track the performance of the benchmark. The imposition of these fees and charges would cause the actual and back tested performance of the securities/fund to be lower than the benchmark performance shown.



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Economic Outlook and Asset Class Preferences

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Asset Allocation Preferences for Q3 2024

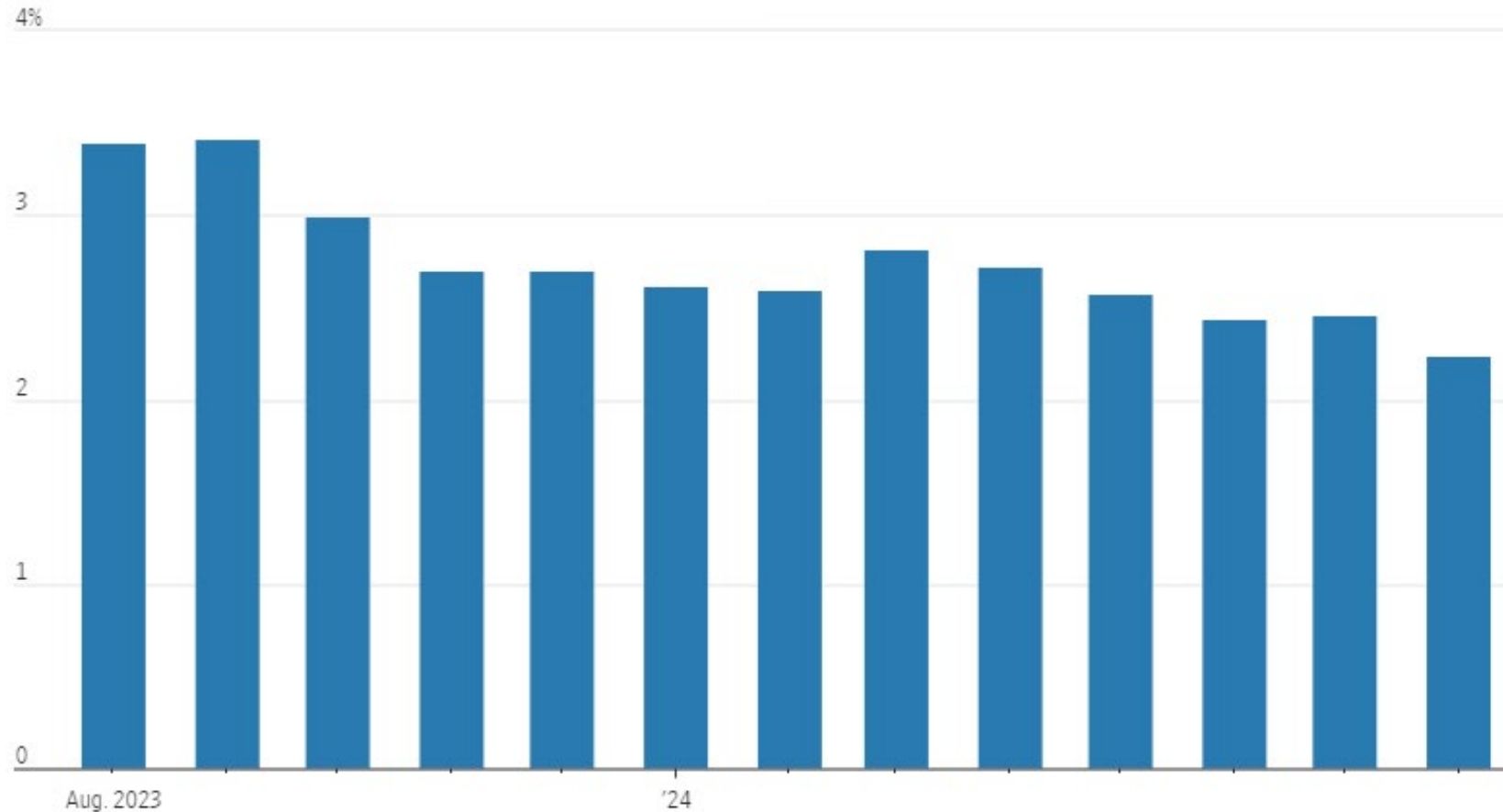
Asset Class - 2024			Change in Opinion
Asset Class	Concern	Neutral	
Equities		0	
Bonds		0	
Equity			
Geographic Exposure			
US			1
Intl Developed		0	
EM		0	
Size			
Large			1
Mid		0	
Small		0	
Style			
Growth		0	
Value		0	
Fixed Income			
Geographic Exposure			
US		0	
Intl Developed		0	
EM	-1		
Credit Exposure			
Treasuries		0	
IG Corporates			1
High Yield		0	
Interest Rate Exposure			
Duration			1
Alternatives			
Liquid Alts (F)		0	
Commodities			1
Real Estate		0	

Freedom Advisors Allocation Calls

- Maintain diversification within global equities, favoring US region
- Trim international developed fixed income
- Hedge against near term reflation risk with hard assets
- Monitor volatility in advance of US election

Fed's Preferred Inflation Measure Nearing 2% Target

PCE price index, change from a year earlier



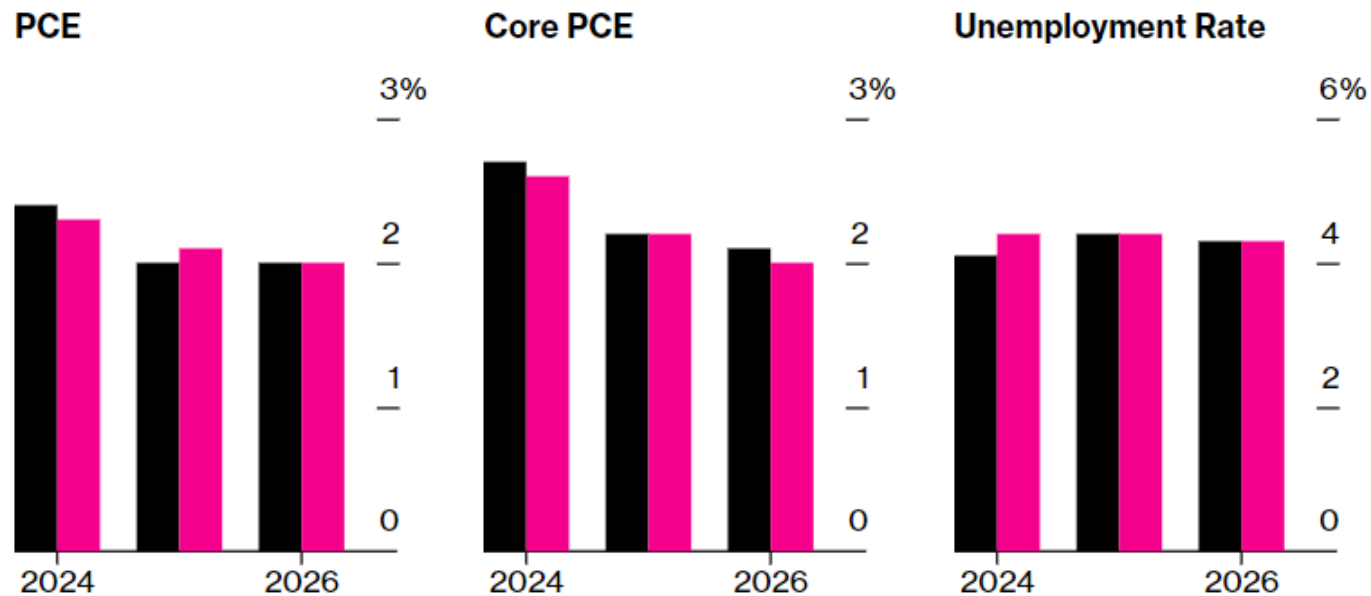
Note: Seasonally adjusted.

Source: Commerce Department via St. Louis Fed

Bloomberg Survey Results Closely Follow Fed Projections

Economists and policymakers are mostly aligned with inflation, labor forecasts

■ Bloomberg survey ■ Fed's SEP

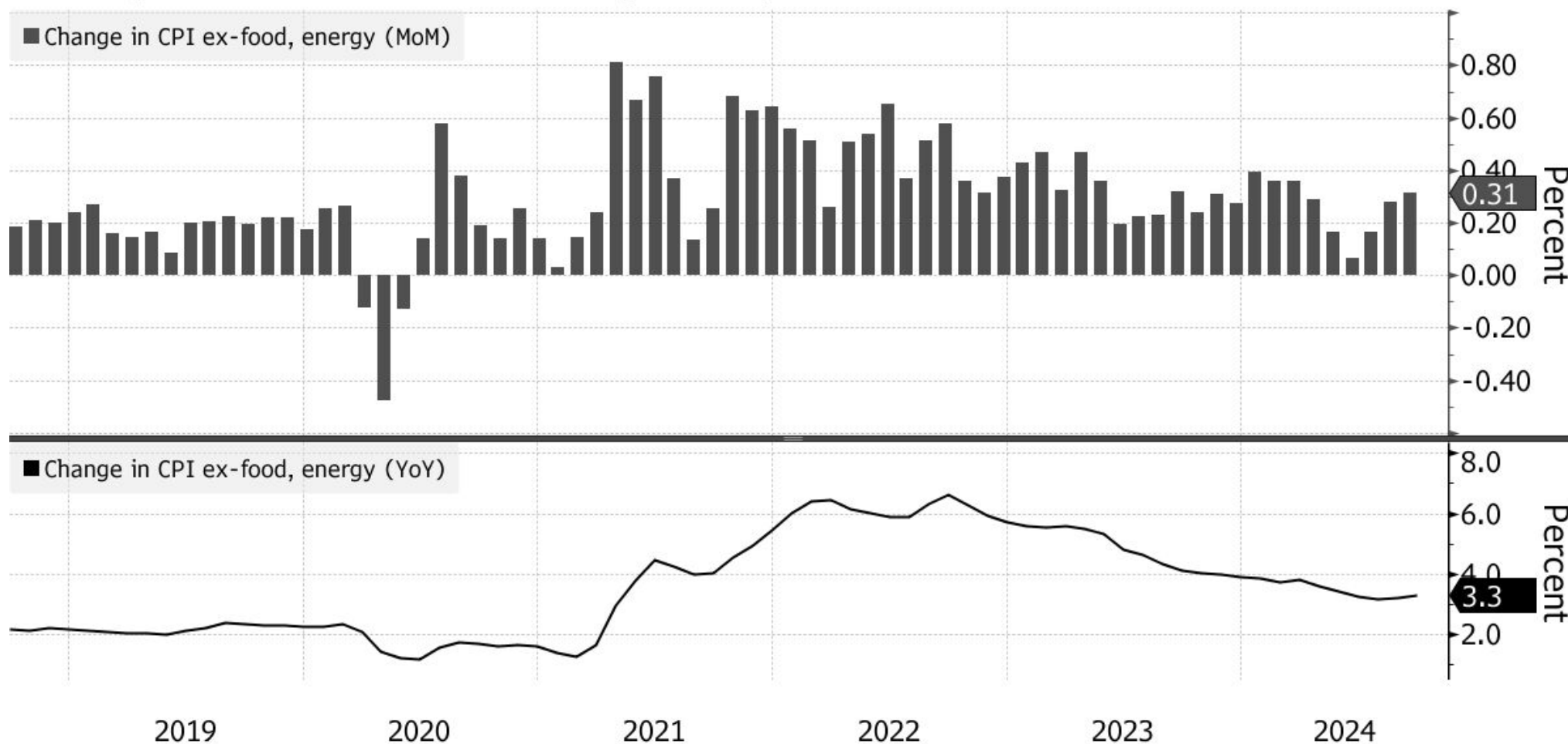


Source: Bloomberg, Federal Reserve Summary of Economic Projections

Note: Bloomberg surveyed 75 economists from Sept. 20-25. Fed's SEP was released Sept. 18.

US Core Inflation Rises More Than Forecast

Goods prices climb most since May 2023, core services costs also advance

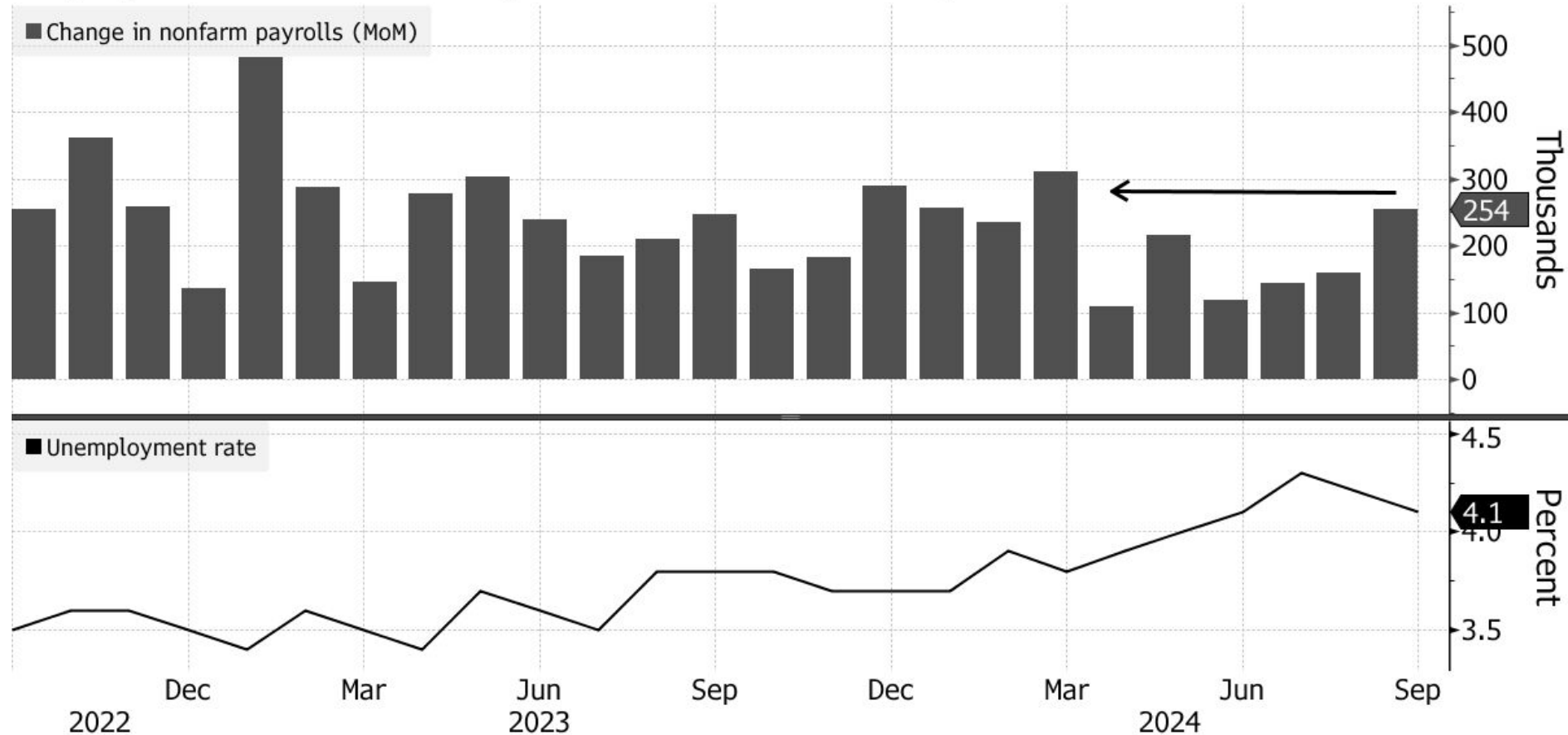


Source: Bureau of Labor Statistics

Bloomberg 

US Hiring Tops All Estimates

Employers added the most jobs in six months in September



Source: Bureau of Labor Statistics

Bloomberg

Market Pricing In Two More Cuts by Year End



Region: United States »

Target Rate 5.00
Effective Rate 4.83

Instrument: Fed Funds Futures »

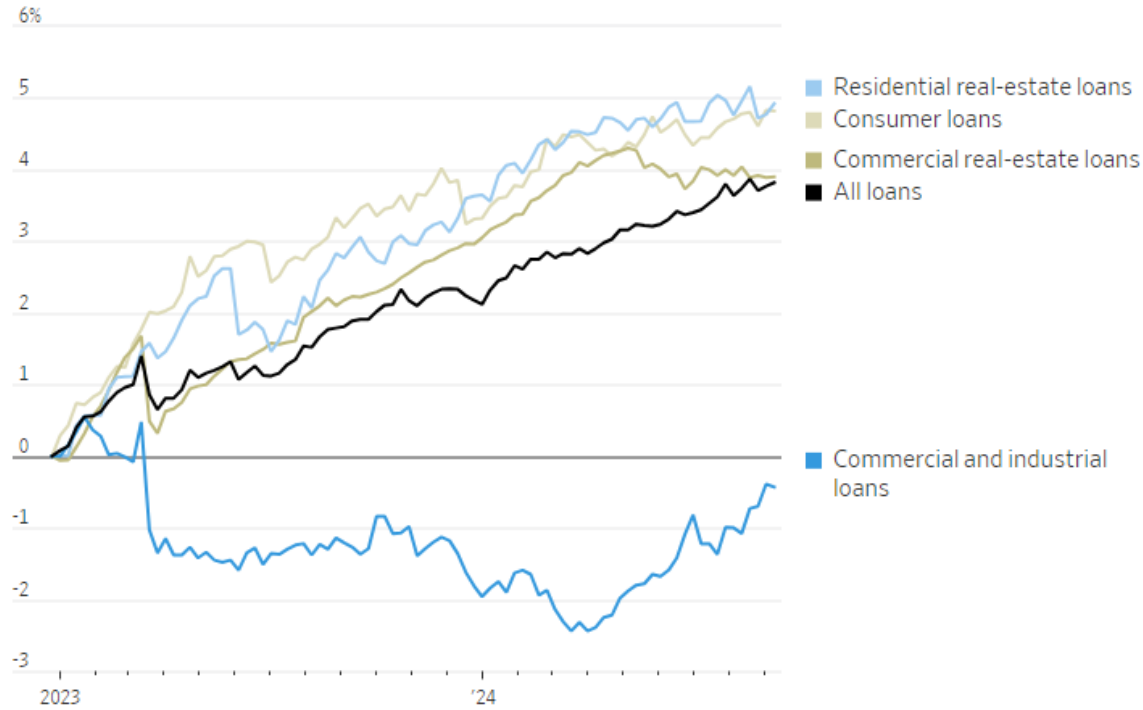
Pricing Date 10/10/2024
Cur. Imp. O/N Rate 4.826

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
11/07/2024	-0.854	-85.4%	-0.214	4.613	0.250
12/18/2024	-1.851	-99.6%	-0.463	4.364	0.250
01/29/2025	-2.635	-78.4%	-0.659	4.168	0.250
03/19/2025	-3.524	-88.9%	-0.881	3.945	0.250
05/07/2025	-4.155	-63.1%	-1.039	3.788	0.250
06/18/2025	-4.760	-60.5%	-1.190	3.636	0.250
07/30/2025	-5.095	-33.5%	-1.274	3.552	0.250
09/17/2025	-5.441	-34.6%	-1.360	3.466	0.250
10/29/2025	-5.665	-22.4%	-1.416	3.410	0.250
12/10/2025	-5.884	-21.9%	-1.471	3.355	0.250
01/28/2026	-6.025	-14.1%	-1.506	3.320	0.250
03/18/2026	-5.893	+13.2%	-1.473	3.353	0.250
04/29/2026	-5.925	-3.2%	-1.481	3.345	0.250
06/17/2026	-5.966	-4.1%	-1.492	3.335	0.250
07/29/2026	-5.665	+30.1%	-1.416	3.410	0.250
09/16/2026	-5.659	+0.6%	-1.415	3.411	0.250
10/28/2026	-5.565	+9.4%	-1.391	3.435	0.250
12/09/2026	-5.443	+12.2%	-1.361	3.465	0.250
01/27/2027	-5.365	+7.8%	-1.341	3.485	0.250

Source: Bloomberg

Rate Cuts May Take Time to Have Impact

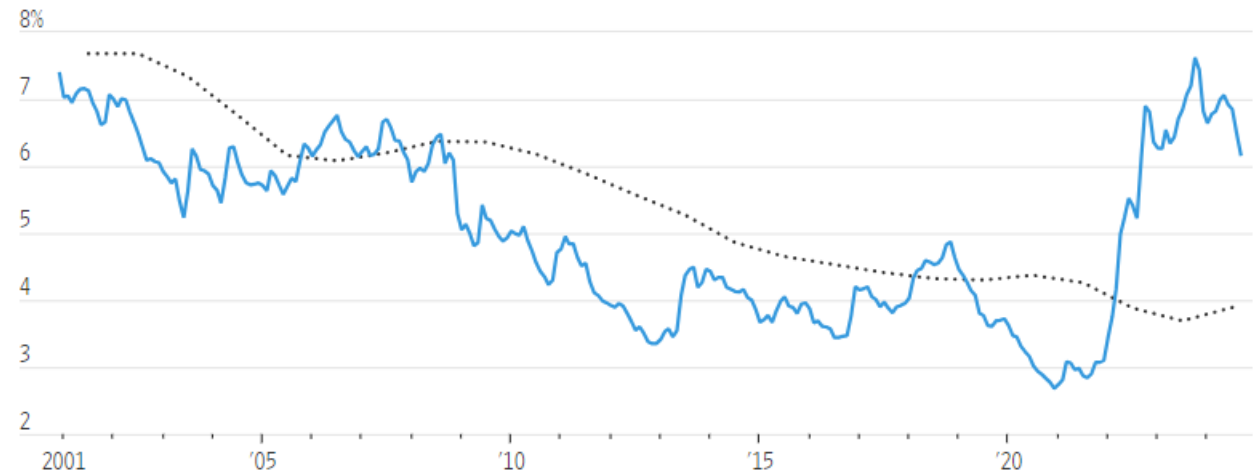
Lending by domestically chartered banks, change since January 2023



Source: Federal Reserve

Mortgage rates

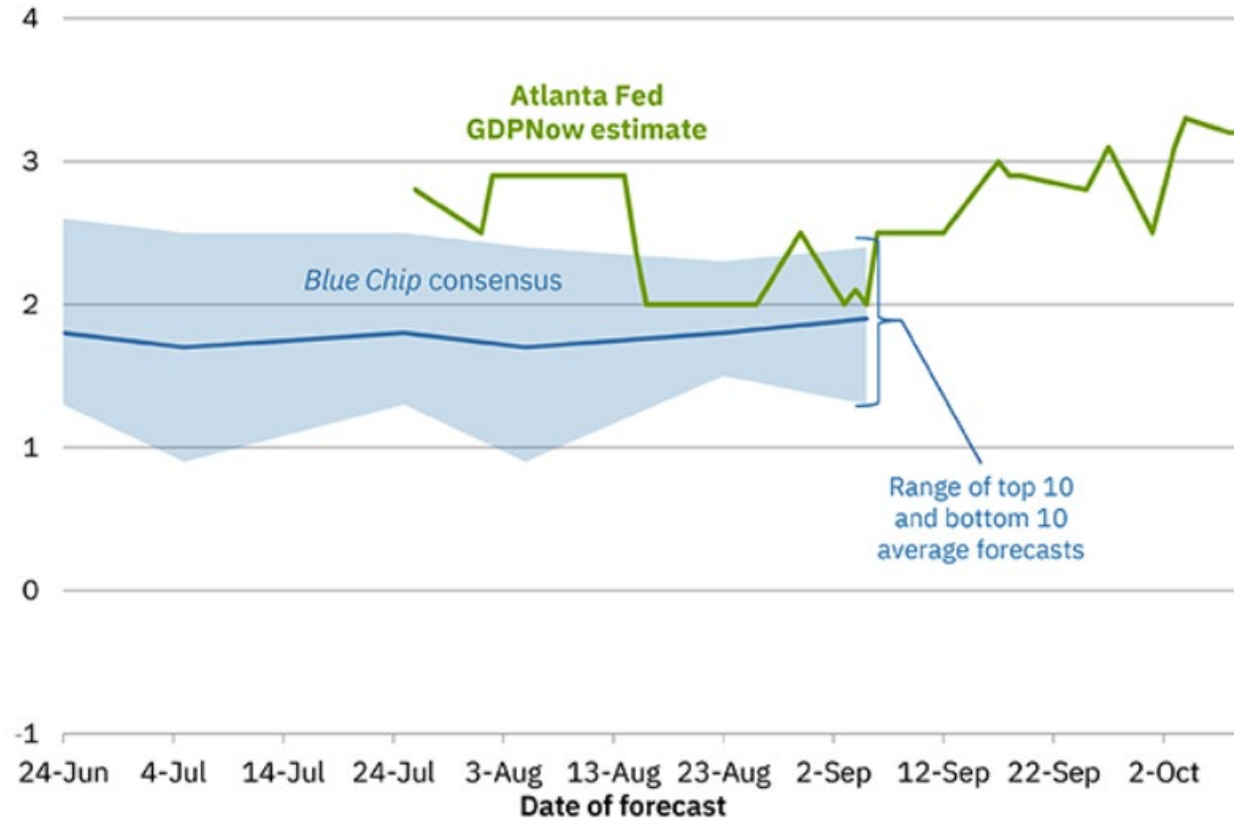
■ Prevailing 30-year rate ■ Avg. interest rate for all active mortgages



Note: Data for prevailing 30-year rate are monthly; all active mortgages data are for July of each year.
Sources: Intercontinental Exchange (active mortgages); Freddie Mac via St. Louis Fed (30-year rate)

Q3 GDP Growth Revised Up to 3.2%

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q3
Quarterly percent change (SAAR)



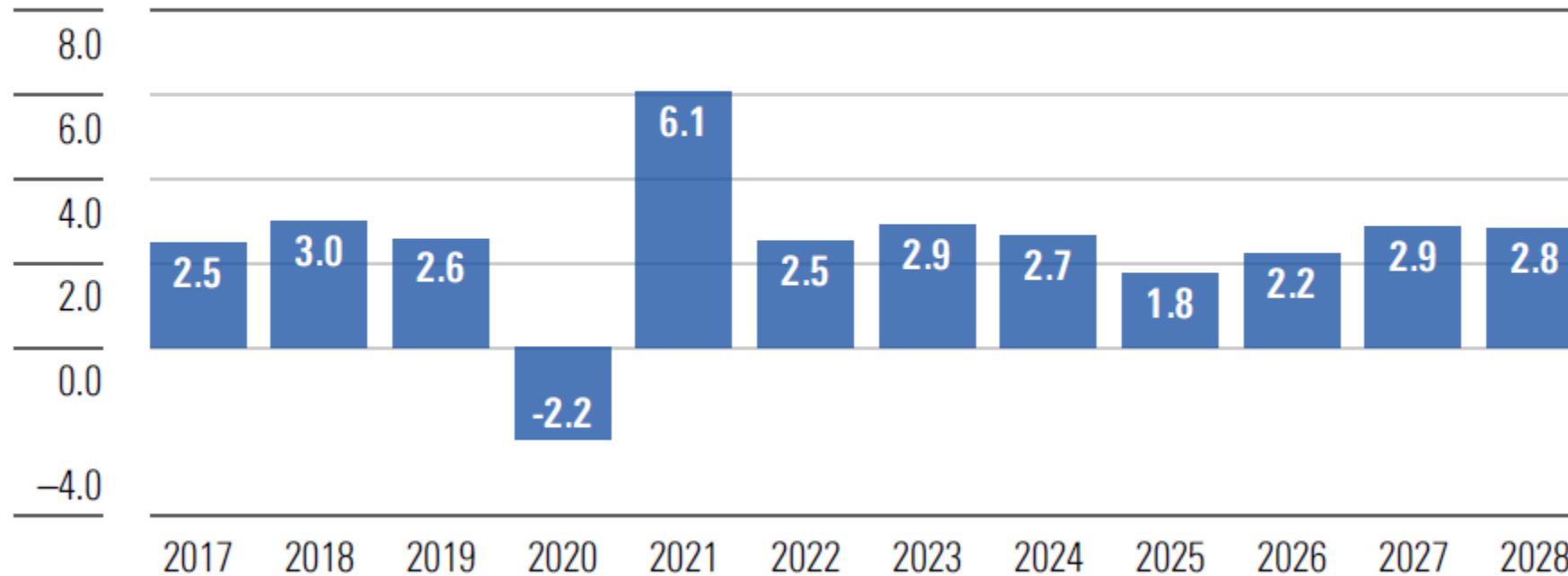
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

GDP Expected to Slow but Rebound

US Real GDP Growth (%)

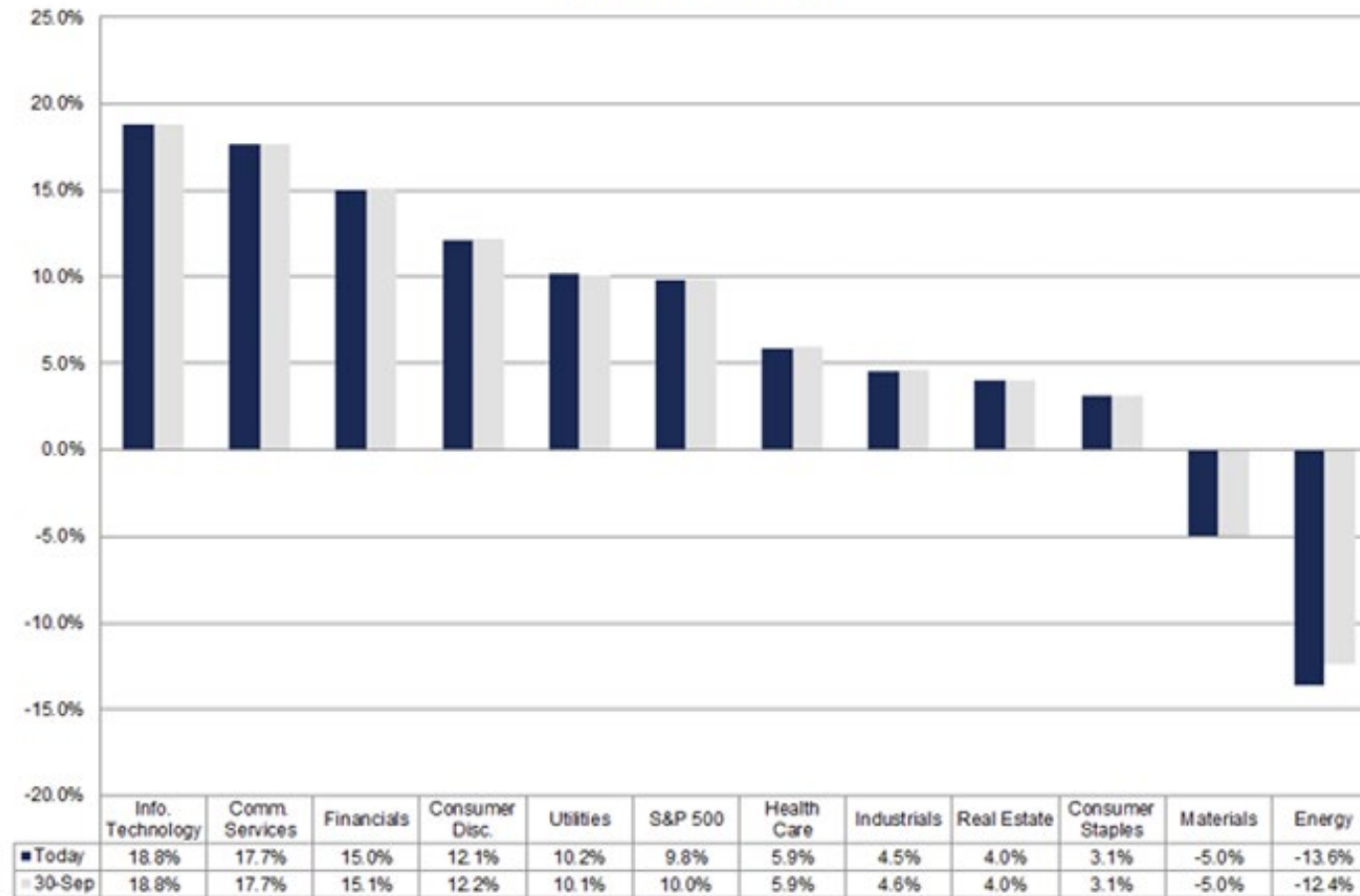
Annual Averages



Source: Bureau of Economic Analysis, Morningstar.

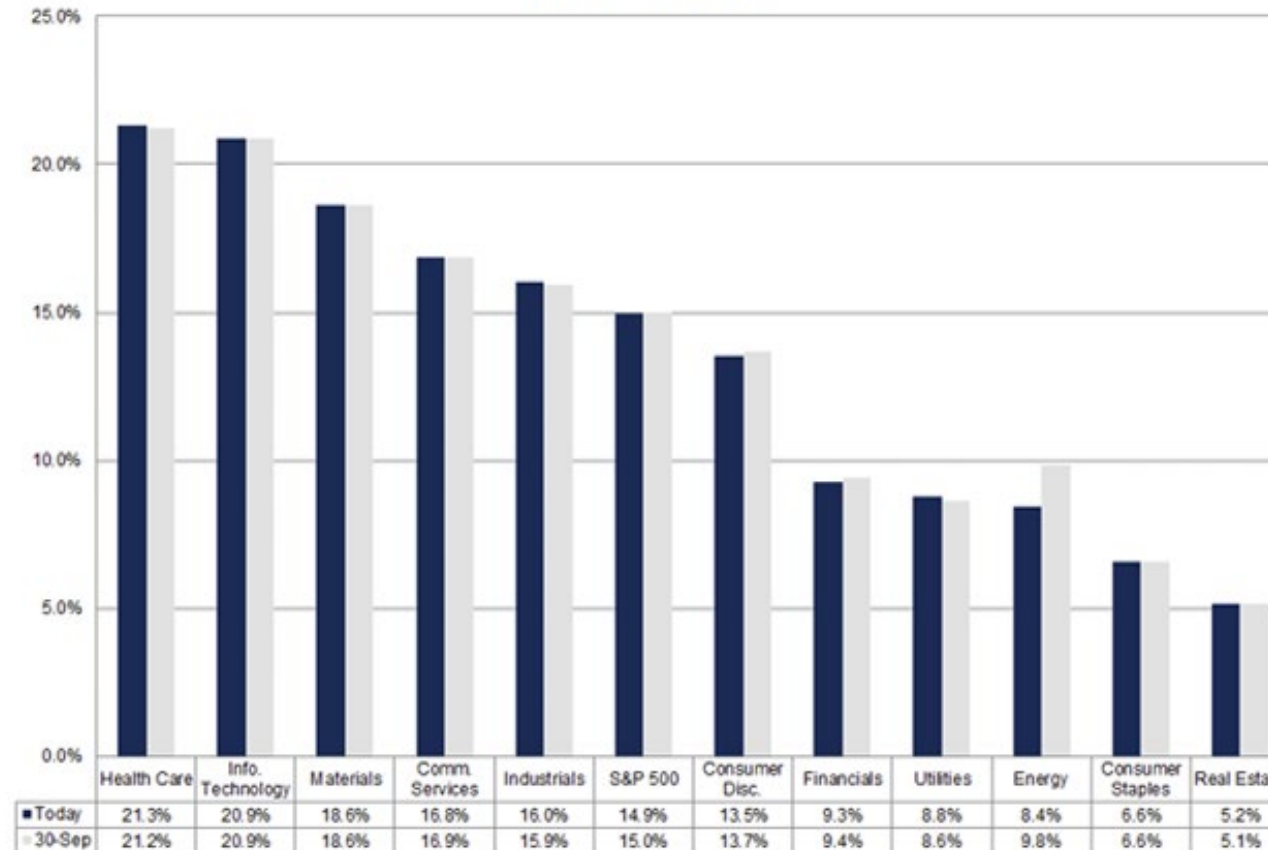
S&P 500 Earnings Forecasted to Grow

S&P 500 Earnings Growth (Y/Y): CY 2024
(Source: FactSet)



S&P 500 Earnings Forecasted to Grow

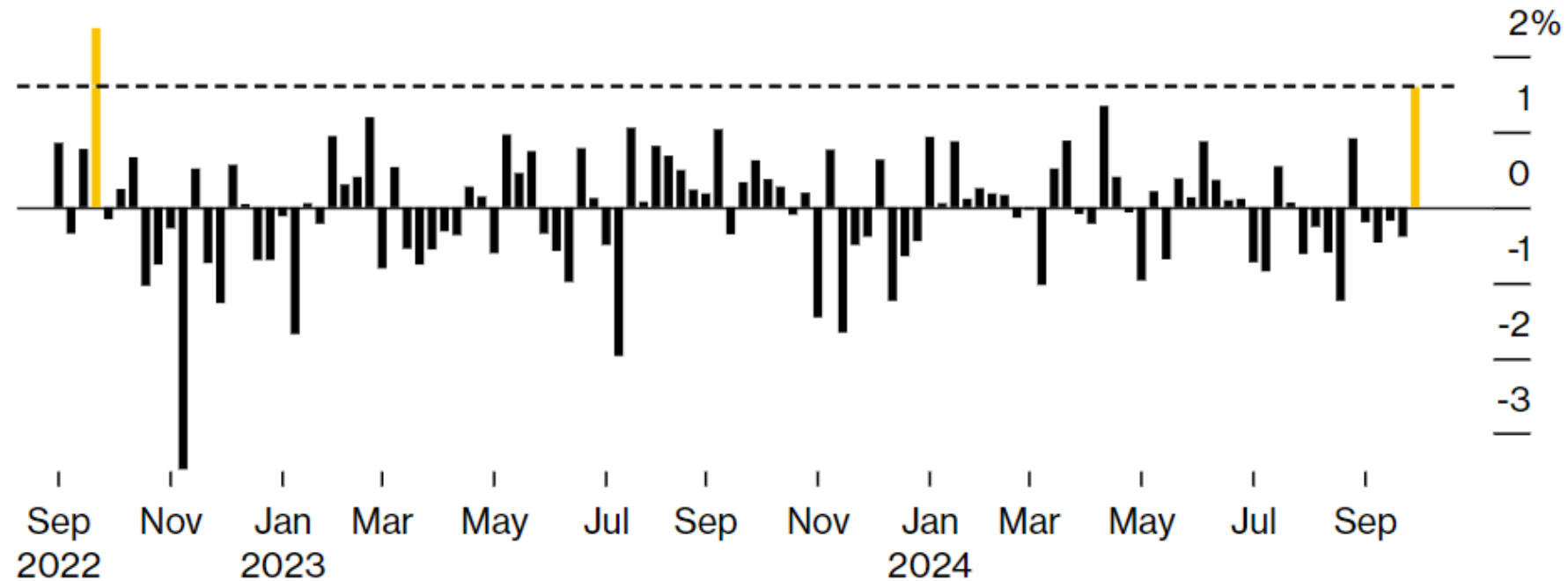
S&P 500 Earnings Growth (Y/Y): CY 2025
(Source: FactSet)



Bloomberg Dollar Gauge Is Having Best Week in Two Years

Greenback adds to week's gains after hot September jobs report

■ BBDXY weekly change

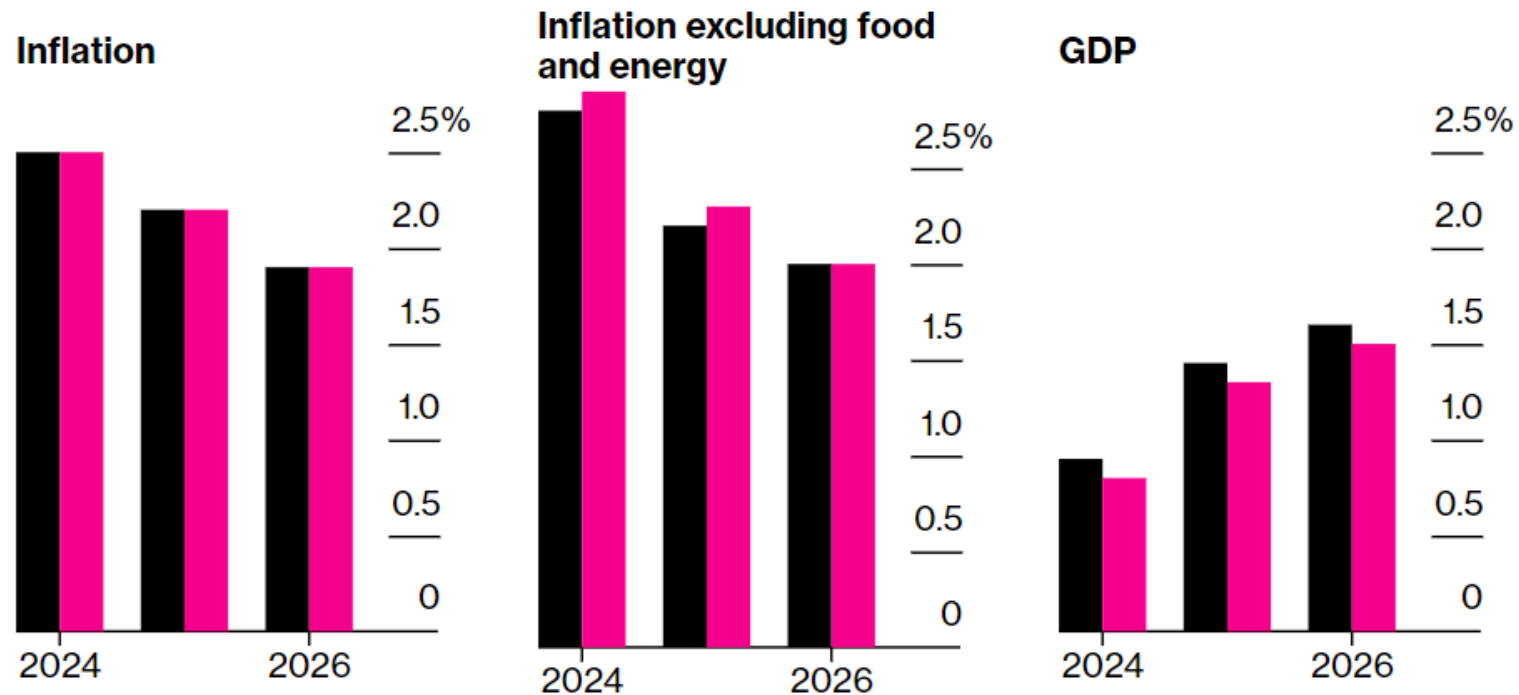


Source: Bloomberg

ECB Cuts Growth Forecasts Through 2026

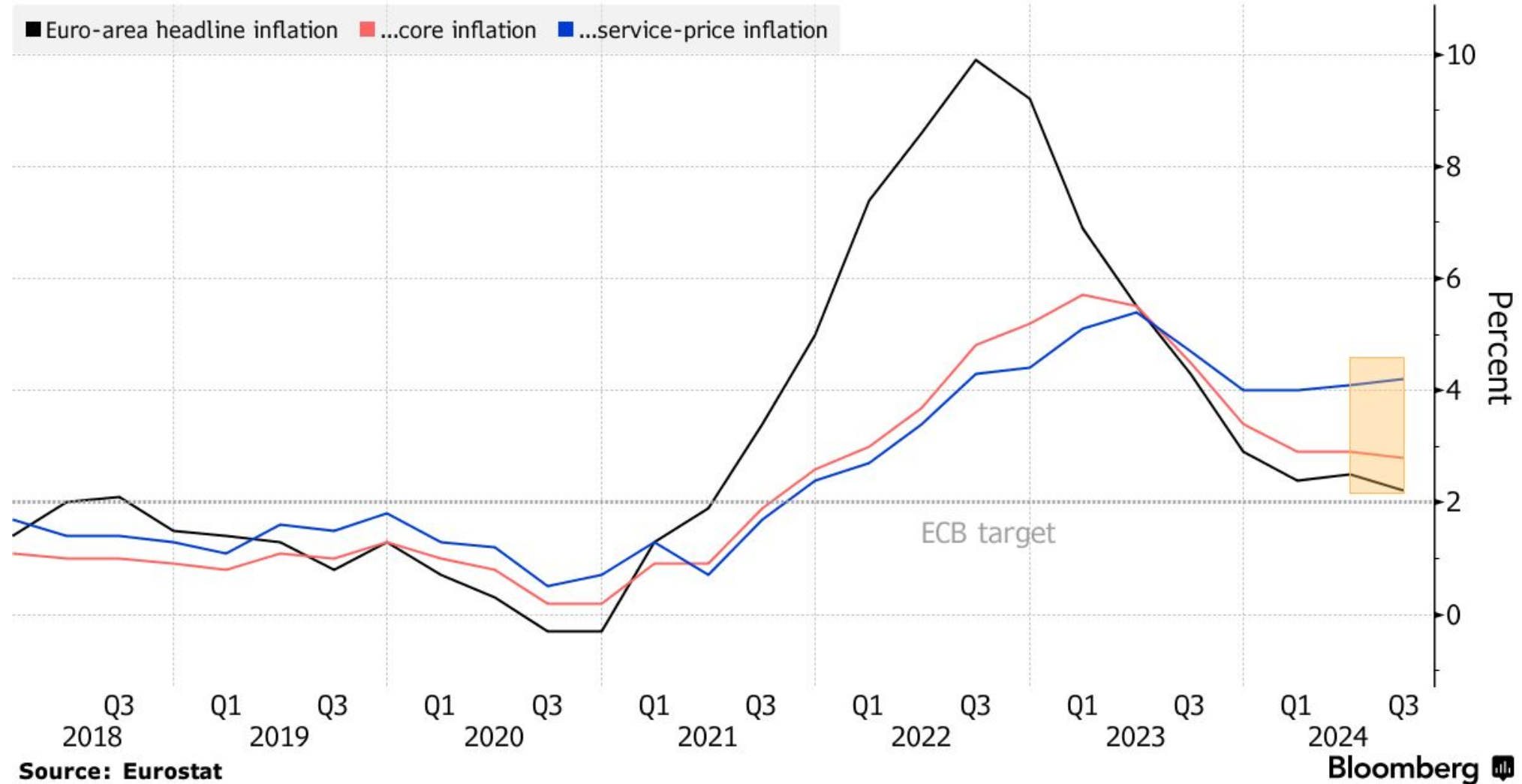
Inflation estimates largely in line with earlier projections

■ June forecast ■ September forecast



Source: ECB

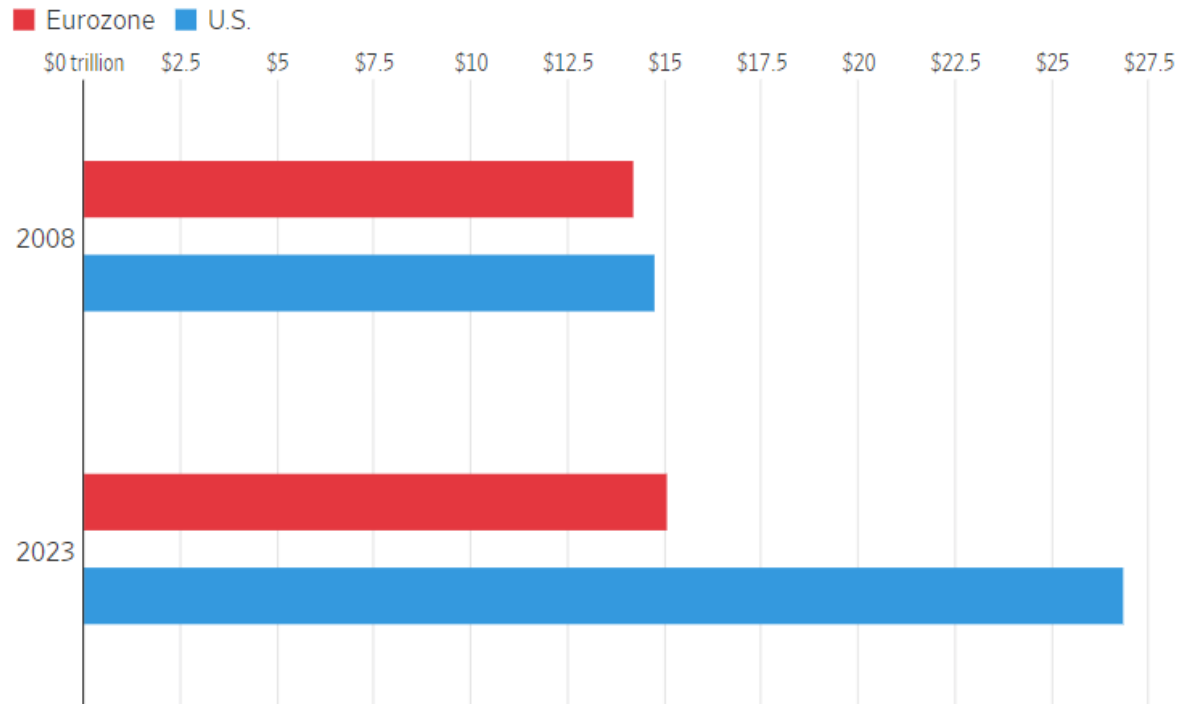
Euro-Area Inflation Slowed But With Sticky Services Prices



EU Growth, Consumption Remain Weak

America's economy is nearly twice the size of the eurozone's. They were similar in 2008.

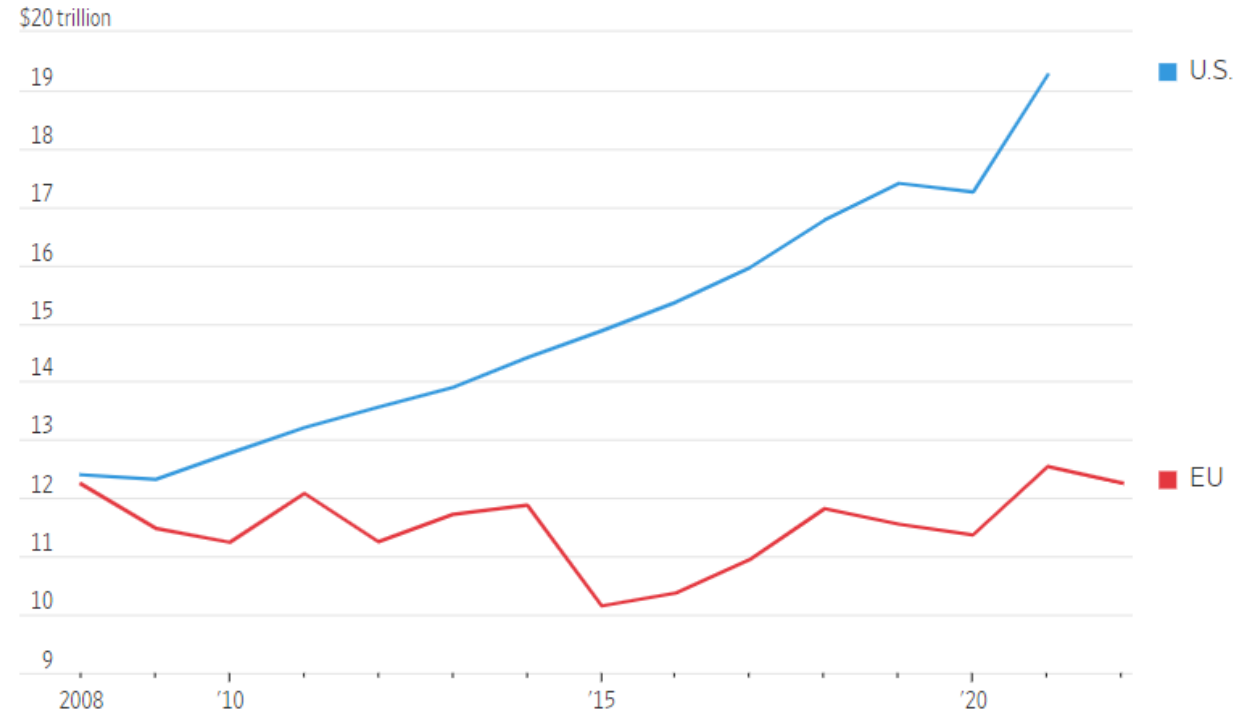
Gross domestic product, current prices



Source: International Monetary Fund

Americans spend ever more while Europeans' consumption spending has stalled.

Final consumption expenditure, current prices



Source: World Bank

ECB Expected to Continue Cutting Rates

Region: Eurozone »

Target Rate 3.5000

Effective Rate 3.4140

Instrument: Overnight Index Swaps »

Pricing Date 10/09/2024 📅

Cur. Imp. O/N Rate 3.413

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
10/17/2024	-0.943	-94.3%	-0.236	3.177	0.250
12/12/2024	-1.944	-100.1%	-0.486	2.927	0.250
01/30/2025	-2.753	-80.8%	-0.688	2.725	0.250
03/06/2025	-3.684	-93.1%	-0.921	2.492	0.250
04/17/2025	-4.281	-59.8%	-1.070	2.343	0.250
06/05/2025	-4.904	-62.3%	-1.226	2.187	0.250
07/24/2025	-5.244	-34.0%	-1.311	2.102	0.250
09/11/2025	-5.552	-30.8%	-1.388	2.025	0.250

Source: Bloomberg

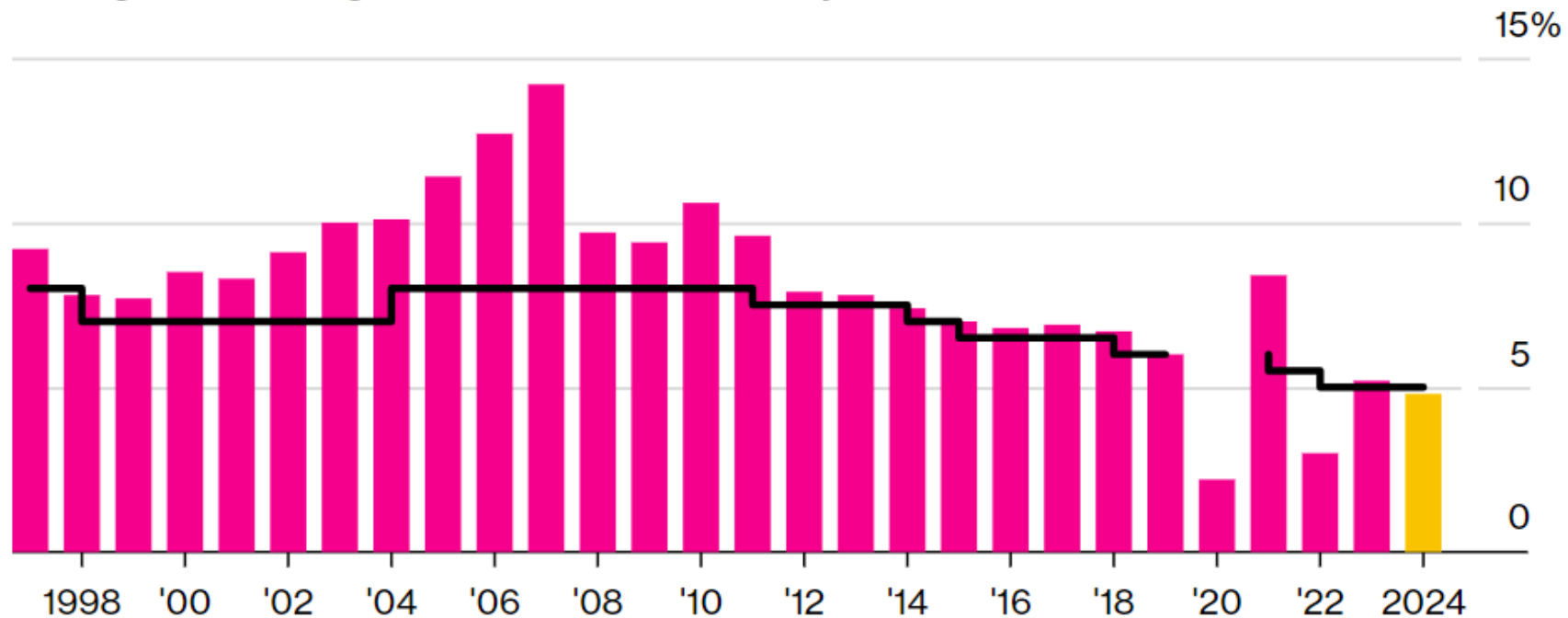
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China Expected to Miss Growth Target in 2024

Property slump, tight fiscal stance have weighed on economic momentum

Target Actual growth Median forecast by economists

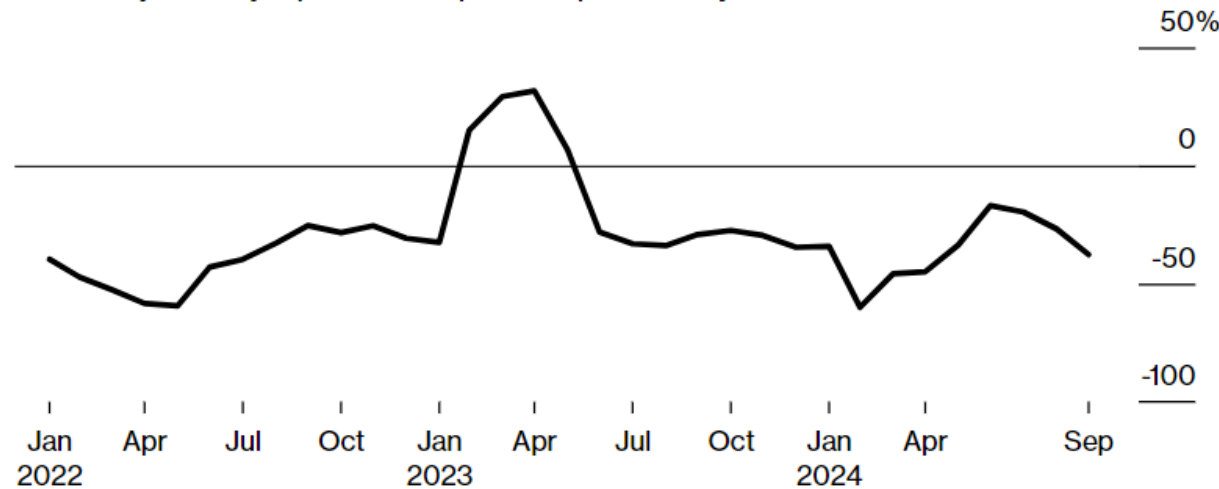


Sources: National Bureau of Statistics, Bloomberg

Note: China didn't set a growth target for 2020, when the pandemic first hit.

China Home Sales Slump Deepens in September

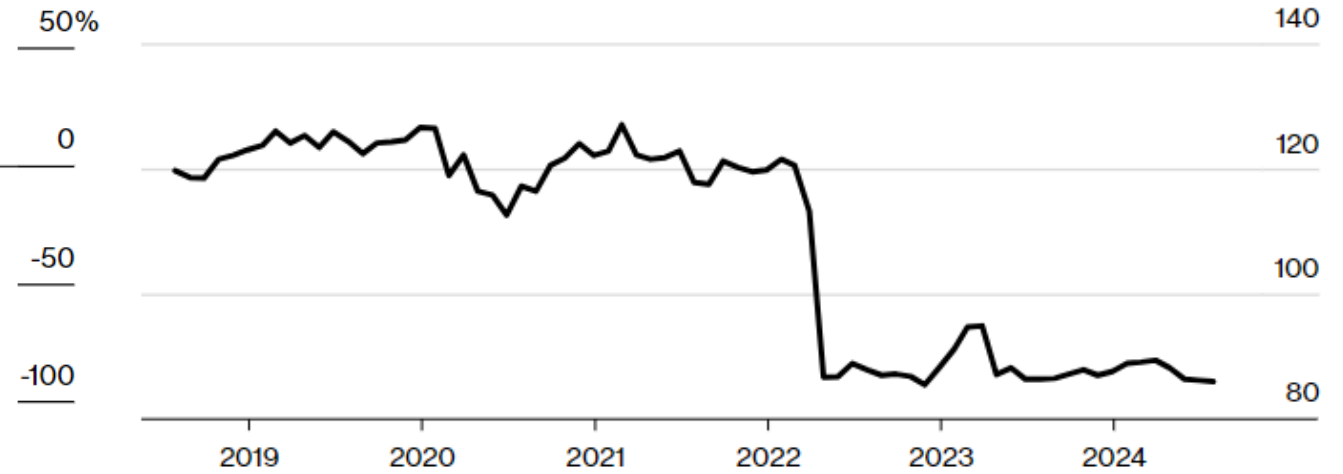
Monthly sales by top 100 developers compared with year earlier



Source: China Real Estate Information Corp.

China's Consumers Remain Depressed Amid Property Slump

China Consumer Confidence Index

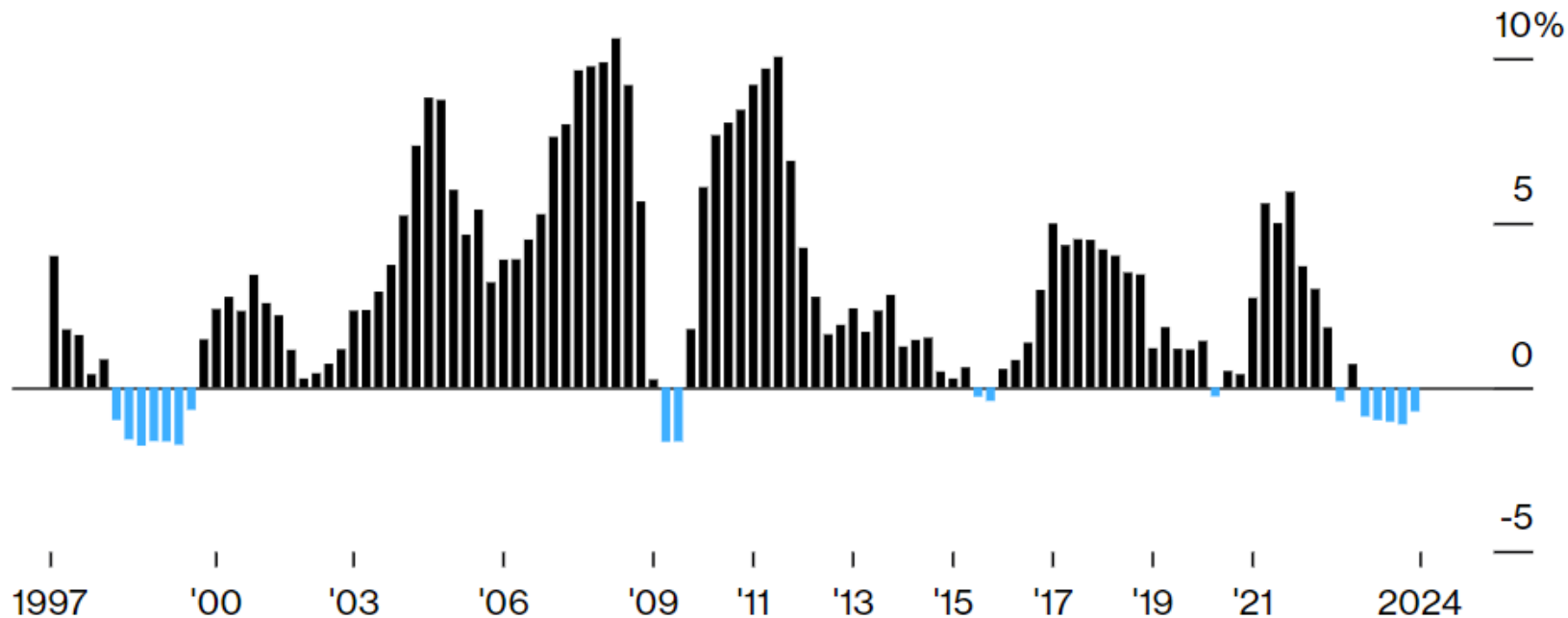


Source: China National Bureau of Statistics

China's Economy-Wide Prices in Longest Decline Since 1999

Broad measure of prices contracts for fifth straight quarter in 2Q 2024

■ GDP deflator



Source: National Bureau of Statistics, Bloomberg

Note: The GDP deflator is calculated by subtracting real GDP growth from nominal GDP growth.

China Announced Stimulus Measures

China's Announced/Reported Stimulus Measures

Sector	Measure	Status
Monetary	Seven-day reverse repurchase rate cuts	Delivered on Sept. 27
	Medium-term lending facility rate cuts	Delivered on Sept. 25
	Loan prime rate cuts	To be guided lower
	RRR cuts	Delivered on Sept. 27, more could come
Property	Outstanding mortgage rate cuts	Delivered on Sept. 29
	Cuts on minimum down-payment ratio on second-home purchases	Delivered on Sept. 29
	Expansion of PBOC re-lending program	Delivered on Sept. 29
	Megacities to relax curbs for non-local buyers	Delivered by Guangzhou on Sept. 29
	Scrapping of distinctions between first- and second-home purchases	Delivered by Guangzhou on Sept. 29
Stocks	Swap facility to tap PBOC money to purchase equities	Still to come
	Re-lending facility to buy back shares and raise holdings	Still to come
	A possible stabilization fund	Still to come
	New measures to encourage mergers and acquisitions	Delivered on Sept. 24
Finance	Addition of core tier 1 capital to six major commercial banks	Still to come
Fiscal	Potential issuance of special sovereign bonds	Still to come

Source: Government statements, media reports

China May Embrace Debt Supply Surge on Fiscal Support



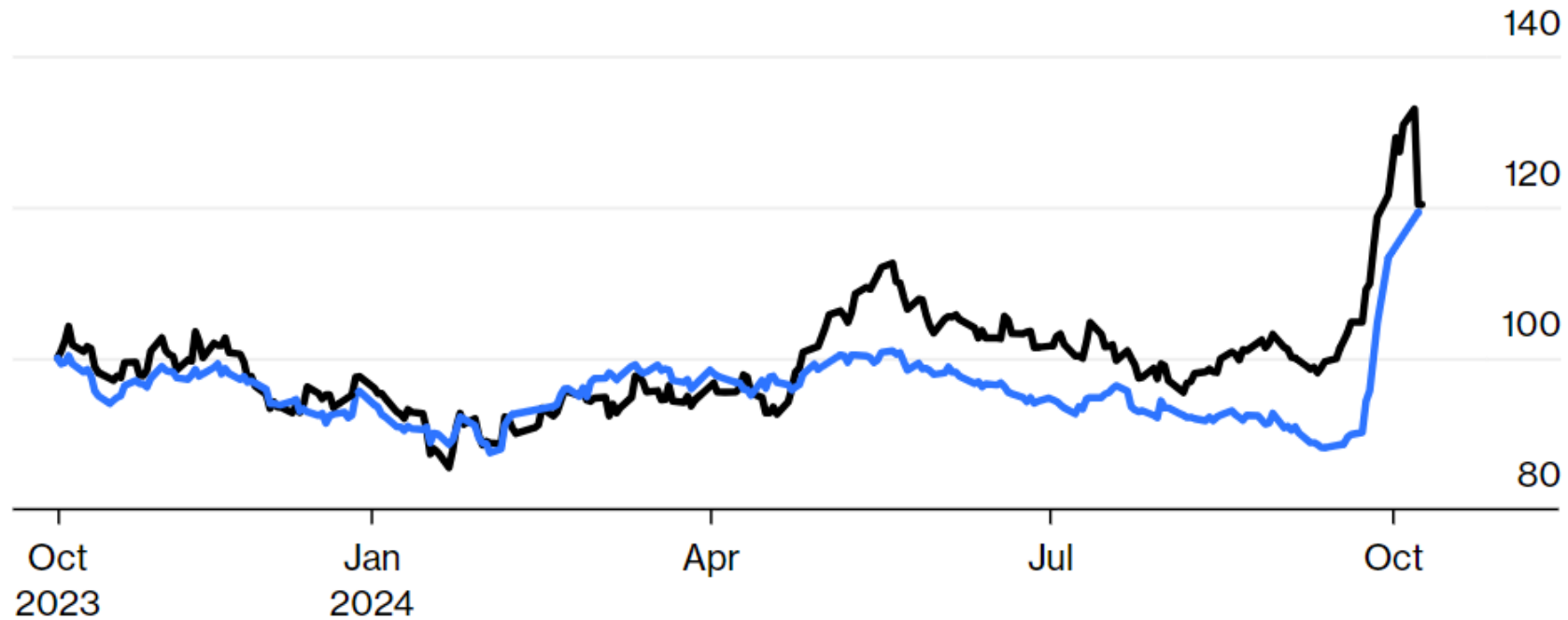
Source: Bloomberg

Note: The additional supply is illustrative only and calculated based on reports that are not confirmed by officials.

Reality Check

Global investors' renewed faith in Chinese equities wavers briefly

— CSI 300 Index (USD) — Hang Seng China Ent Index (USD)



Source: Bloomberg

Note: 2023/10/09 = 100

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