CONCENTURE
WEALTH MANAGEMENT

2024 Year Ahead Outlook

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Managing Director

2024

Executive Summary

2024: The Year of The Bucking Bull For Stocks and Bonds

We believe 2024 will be the year that the Bull returns to the bond market, and that the Bull keeps charging ahead for equities with the S&P 500 reaching new highs in 2024. But we expect periods of volatility (bucking) for both markets, as investors try to forecast when the Federal Reserve (Fed) will raise interest rates and possibly begin to cut. In fact, the market is already expecting rate cuts to begin in May 2024. Based on this year's market behavior, if rate cuts don't come, equities and bonds will continue to experience volatility.

As for interest rates, we believe the 40-year secular decline was completed in 2020-2021, and a new upward secular cycle for interest rates has begun. Our outlook for 2024 is a countertrend bull market where rates fall across the curve.

We don't believe the economy will move into a recession next year, but economic growth will slow. If interest rates fall, a bonus could be recovery for manufacturing and housing, two pockets of the economy that had gone into recession.

We expect the consumer to remain resilient as household net worth reaches a record high. Spending should remain selective. Female spending power certainly revealed itself with Taylor Swift and Beyoncé accounting for record spending on concerts and in the hospitality & leisure industry, which benefited from the superstars' global tours. It is forecast that the two tours and two movies contributed 0.7 percentage points to growth in U.S. consumer spending and 0.6 percentage points to GDP in Q3. Importantly, consumer debt levels are manageable, and the consumer can even take on more debt. So don't give up on the U.S. consumer in 2024.

Peak Inflation, Peak Rates, Moderate Economic Growth And Trough Earnings

The most shocking investment outcome for 2023 was that the economy continued to grow despite the fastest interest rate hike in 40 years. But the vast amount of monetary and fiscal stimulus implemented since Covid struck helped empower the consumer to spend and keep the economy growing. There was a recession in manufacturing, which now appears to be bottoming. Housing also felt the pain of higher rates and should benefit if rates fall.

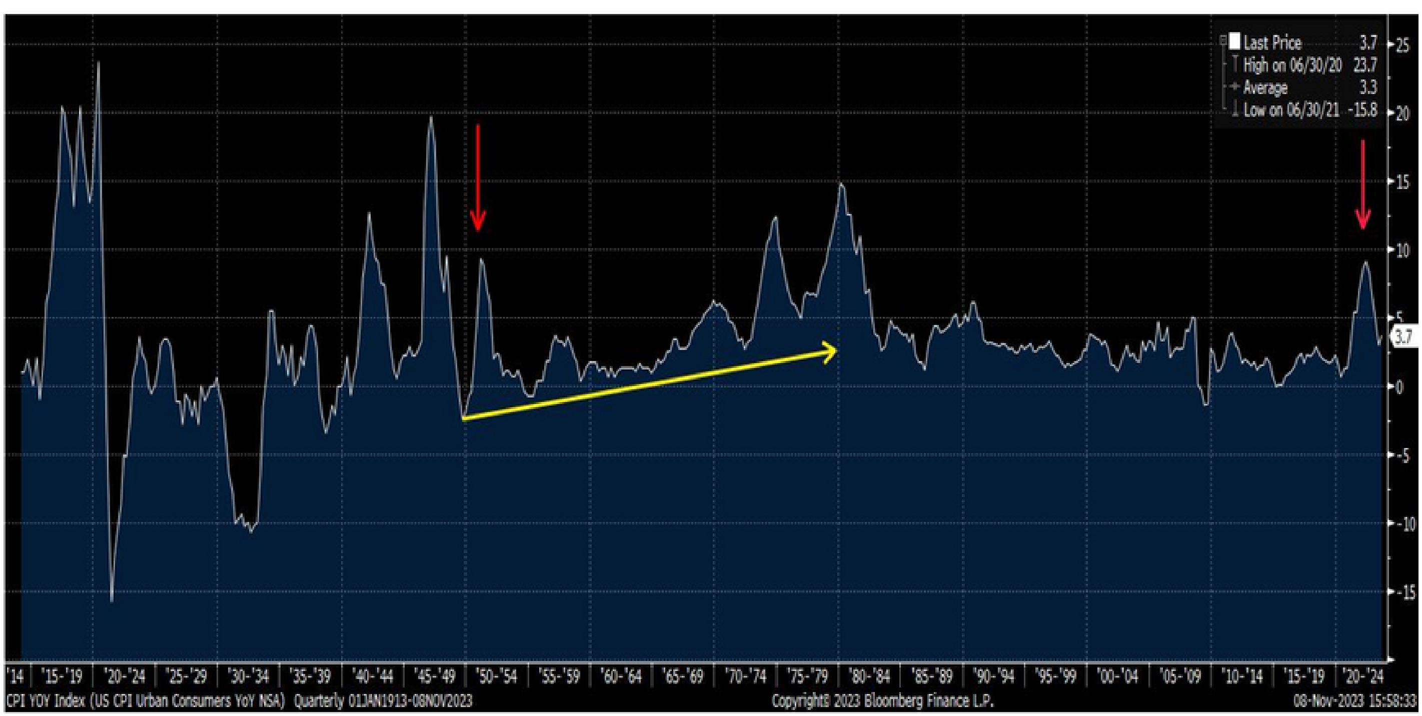
Inflation To Fall Cyclically But To Rise Secularly

We believe the inflation environment as measured by the Consumer Price Index (CPI) year-to-year appears to be like the period of the 1950s, not the 1970s. If we are correct, inflation has peaked and should continue to fall to the Fed's target of 2% and possibly lower. But the trend in inflation should reaccelerate in time. What drives this? The unprecedented stimulus from fiscal and monetary policy. Wage growth has been falling by several measurements, but if wages begin to grow again this is likely to put pressure on inflation in the future. The message here is that the asset allocation of 60/40 is back, but how the bond portfolio is managed is critical. Laddering should be strongly considered when building bond portfolios.

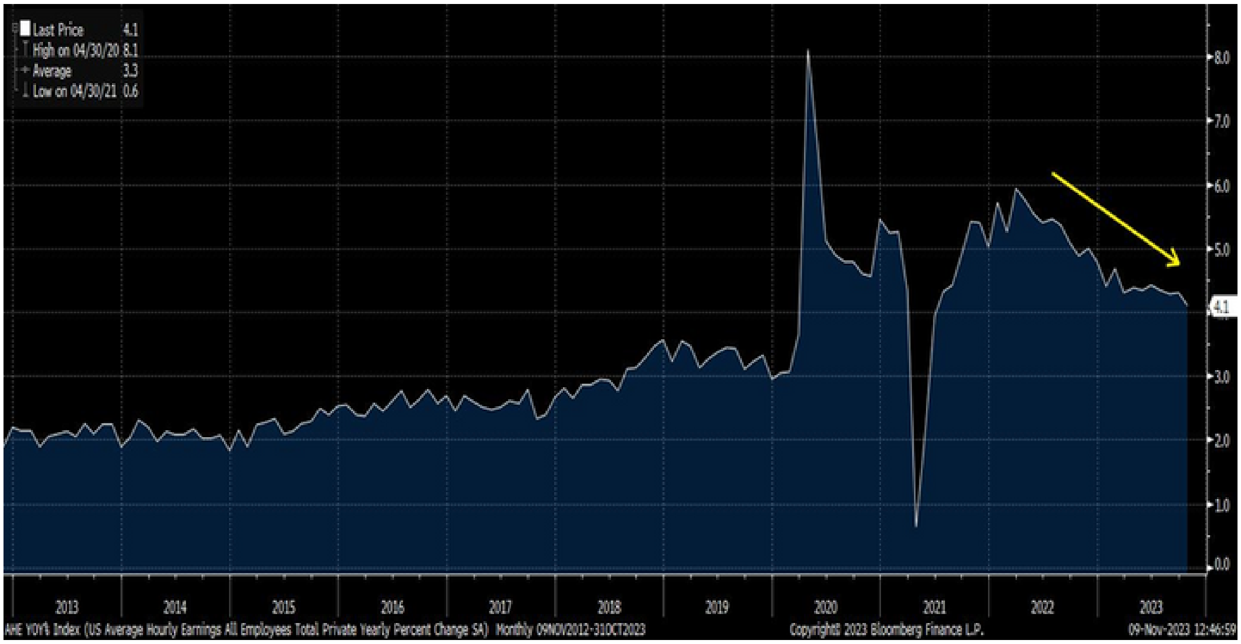
Positioning For 2024

We expect that yields are in a cyclical peaking process as we believe inflation has peaked, which should be bullish for stocks and bonds in 2024. We expect the S&P 500 to reach new highs next year. Leadership remains Mega Cap and Technology. Growth tops Value as earnings still will remain on the scarce side. Cyclicals to outperform Defensives as no recession is expected. Large over Small Cap, but we acknowledge the value in Small Caps. If rates have peaked, the U.S. Dollar should weaken, and with better value in non-U.S. markets, international markets should perform well. We would still stay with Quality. As for Fixed Income, we would also stay with quality – we would slowly begin to add to duration if you are short duration and focus on Treasuries, Investment Grade, and Municipals. Laddering is key to investing in this new biased higher interest rate secular cycle.

Consumer Price Index (CPI) Year-to-Year: Repeat of the 1950s?



Wage Inflation Falling: Average Hourly Earnings Declining Should Help Lower Inflation

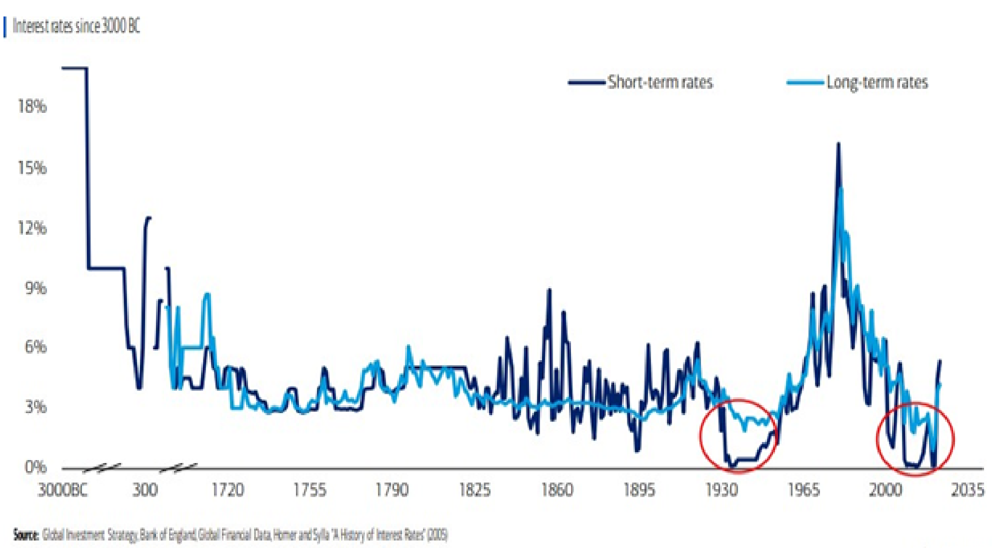


Coming Off 5,000 Year Lows In Interest Rates – What Did We Learn From The 1930s?

The pain of normalizing interest rates should be completed in 2024, leading to a Bull in the bond market. But the secular trend for rates has shifted from down to up.

Short and long interest rates reached the lowest levels in history in 2020-2021. The last time rates were this low was in the 1930s. Rates reached a generational low in the 30s, and we most likely just experienced another generational low in interest rates. The interest rate cycle generally lasts 20-30 years. In this cycle, the peak-to-trough in rates was 40 years. Secular moves are long and choppy. The benefit from interest rates normalizing is that Baby Boomers now have a liquid and lower volatility investment vehicle that generates income.

5,000 Years Of Interest Rate History



Source: BofA Global Strategy, November 3, 2023

2- & 10-Year Treasury Yields Should Peak In 2024

The 10-Year Treasury yield rose to the highest level since 2007 at 5% and met strong resistance. Near-term rates could be range-bound between 4.5% and 5.0%. But we expect rates to fall in a range of 4.0%-3.8% in 2024. When the economy does enter a recession (which we are not expecting in 2024), rates could fall to 2.5% area. Once rates reach bottom on the 10-year Treasury, we do expect the upward trend to continue. In a number of years, we believe it is possible to have 10% interest rates again.

The 2-year Treasury yield also struggled around the 5% area. We expect to see rates fall in 2024 to the 4.0% to 3.6% range. Interest rates on both the front and back end of the curve can fall in 2024.

Bond volatility, as measured by the ICE BofA MOVE Index, should trend down, but with choppiness as inflation comes down and the market gets comfortable that rates hikes are done.

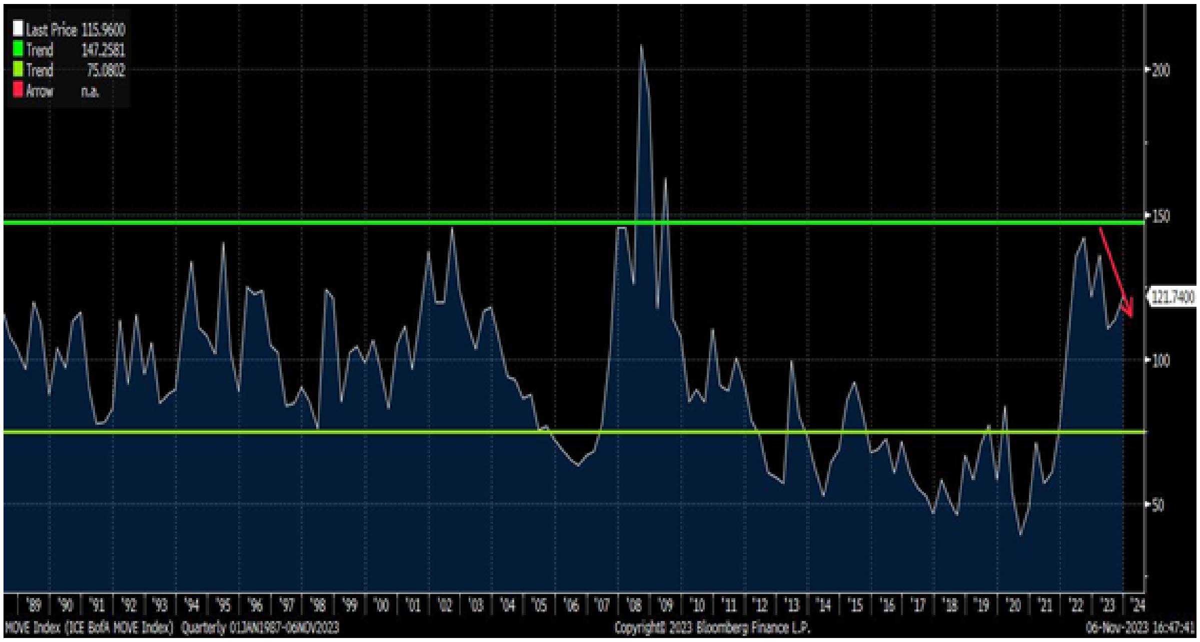
10-Year Treasury Yields – Secular Trend Up, Tactical Low of 3%-2.5%

2-Year Treasury Hit Resistance At 5% - Appears To Be Peaking

Year Ahead Outlook 2024

As Rates Fall Bond Volatility Should Also Fall

ICE BofA MOVE Index Appears To Have Peaked

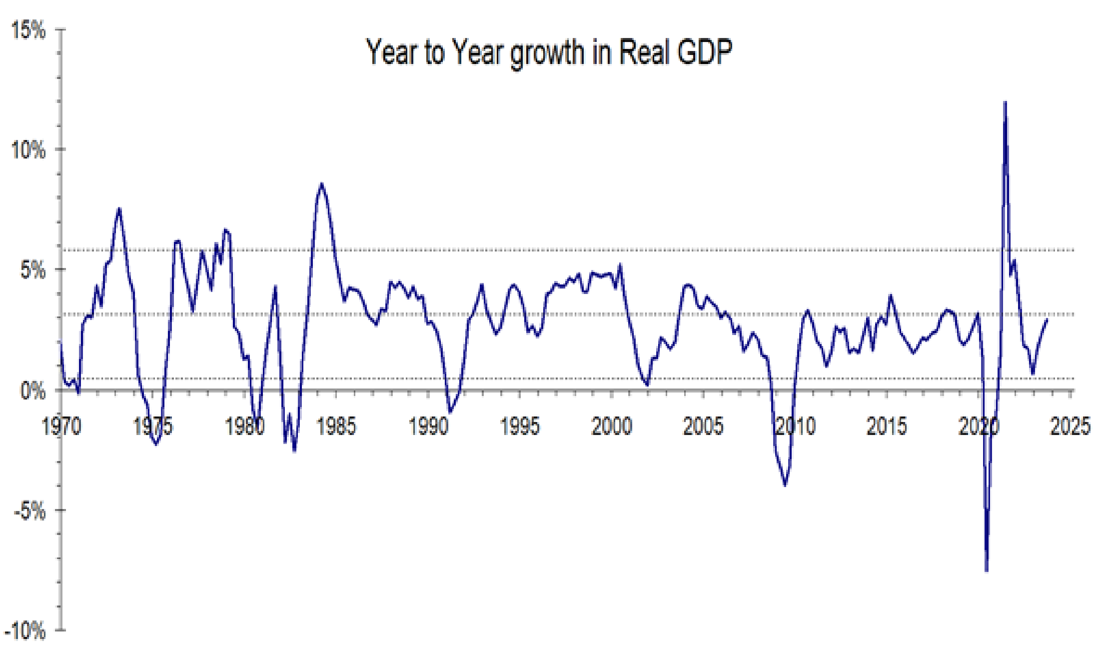


No Recession For 2024

Real GDP growth is positive and looks to improve in 2024. Manufacturing experienced a recession as measured by the ISM Manufacturing Index, the OECD Composite Leading Indicator (CLI), and Leading Economic Index—each of which contracted sharply in 2023 as the Fed aggressively raised interest rates. But now these measures appear to have bottomed and are beginning to improve. Manufacturing capacity has also begun to improve. *A return of manufacturing growth in 2024 should keep economic growth positive even if the consumer slows purchases.*

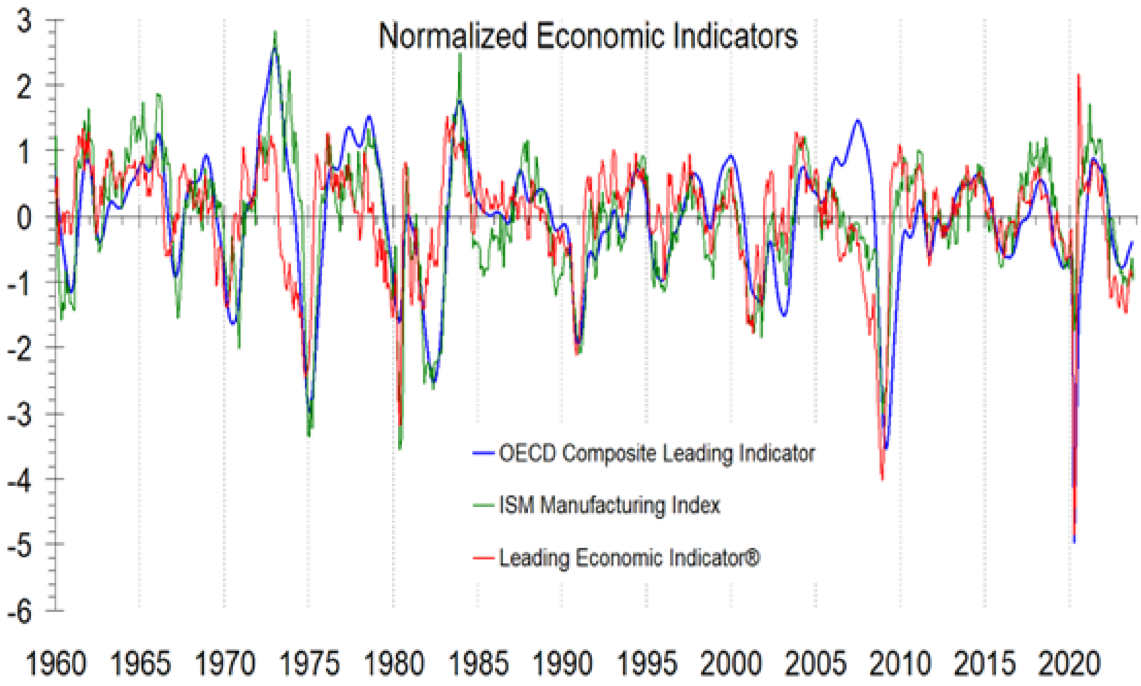
Another strong positive for the economy going into 2024 is that fiscal stimulus from Biden Administration legislation (Infrastructure Investment and Jobs Act, the CHIPS and Science Act, and Inflation Reduction Act) will really begin to positively impact the economy and will carry through to 2026.

Economic Growth Rate Signals Positive Growth



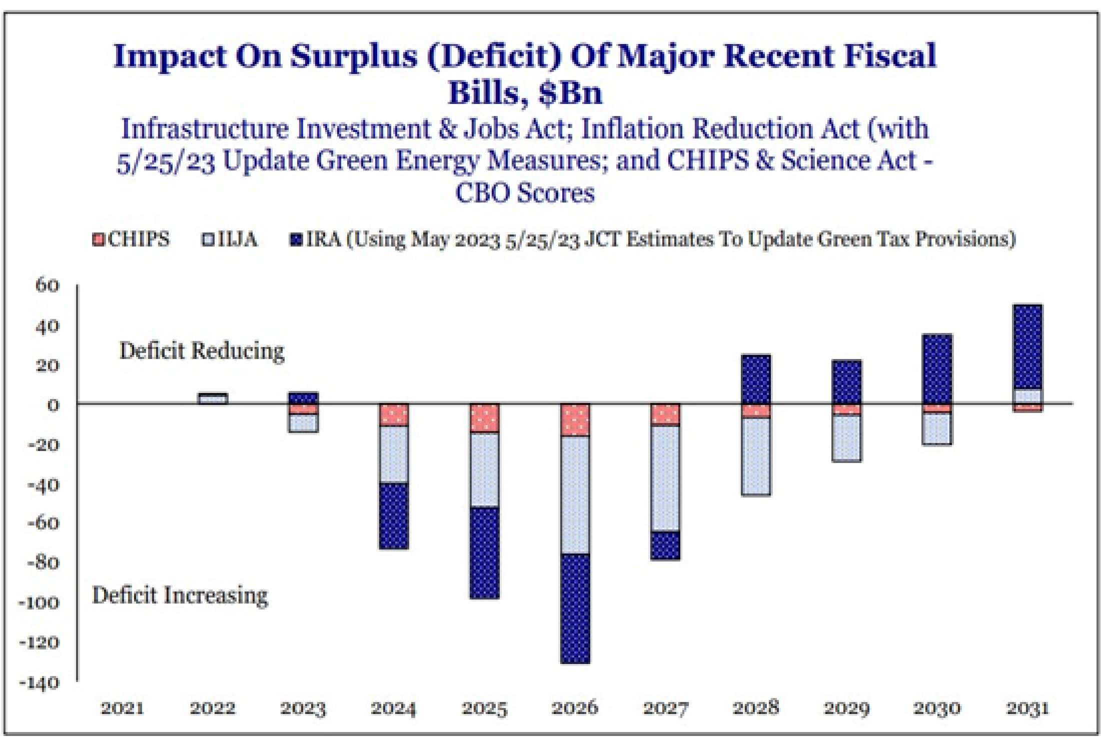
Source: Bureau of Economic Analysis, October 26, 2023

Manufacturing Likely To Move Positive In 2024



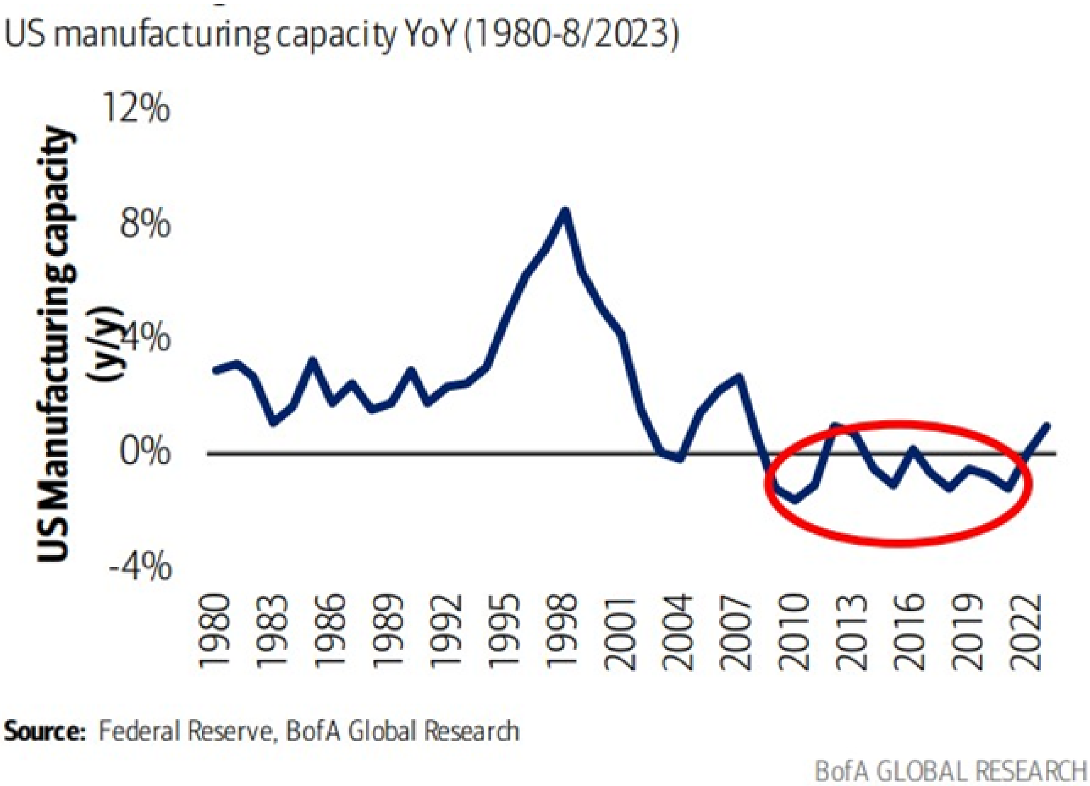
Source: Organization for Economic Co-operation and Development, November 10, 2023; Institute for Supply Management, November 1, 2023; Conference Board, October 19, 2023

THE THREE PILLARS OF BIDEN'S FISCAL POLICY: INFRA, CLEAN ENERGY & CHIPS ARE A 2024-2026 STORY

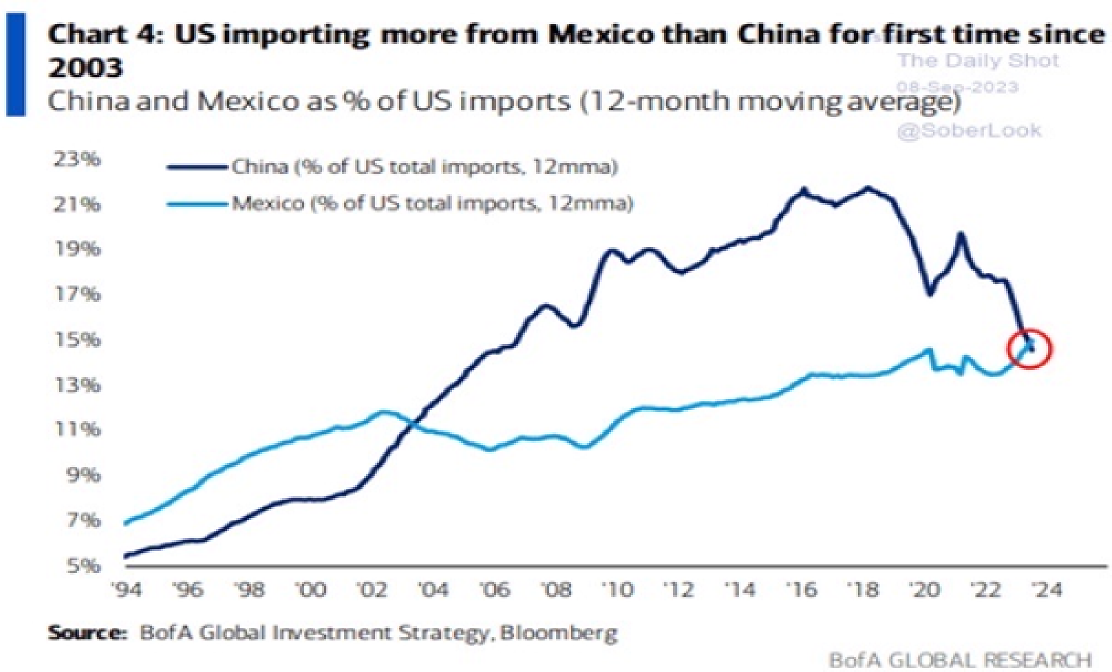


Source: Strategas, September 2023

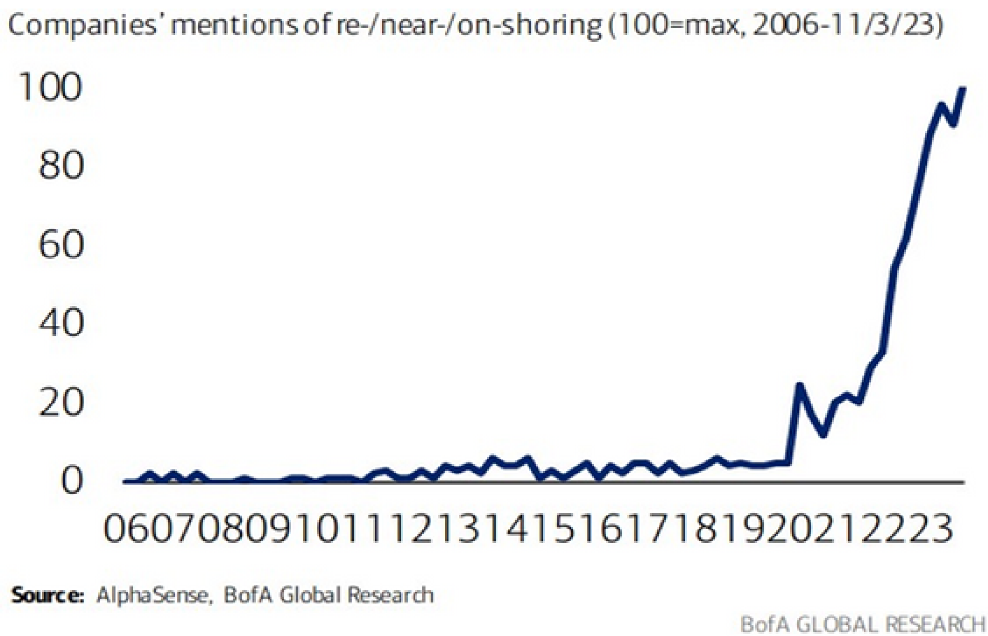
Manufacturing Capacity Is Already Improving



Re-Shoring Already Under Way With Mexico – Now Importing More From Mexico Than China



On-Shoring And Re-Shoring A Major Theme For Manufacturing And Industrial Sector

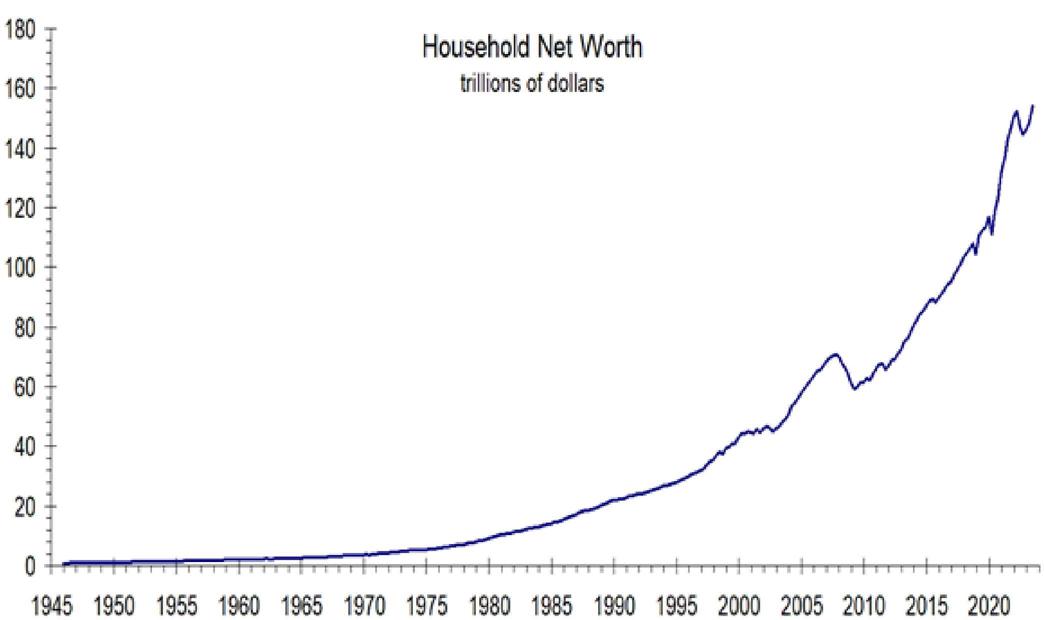


Consumer Spending May Be Slowing But Is Not Down And Out – Consumers Can Still Spend

The American consumer has built wealth, with Household Net Worth now at an all-time record of $146 trillion. When consumers see that their assets have increased in value, they are more comfortable spending money. We believe consumers will spend in 2024 but will be selective in their purchases.

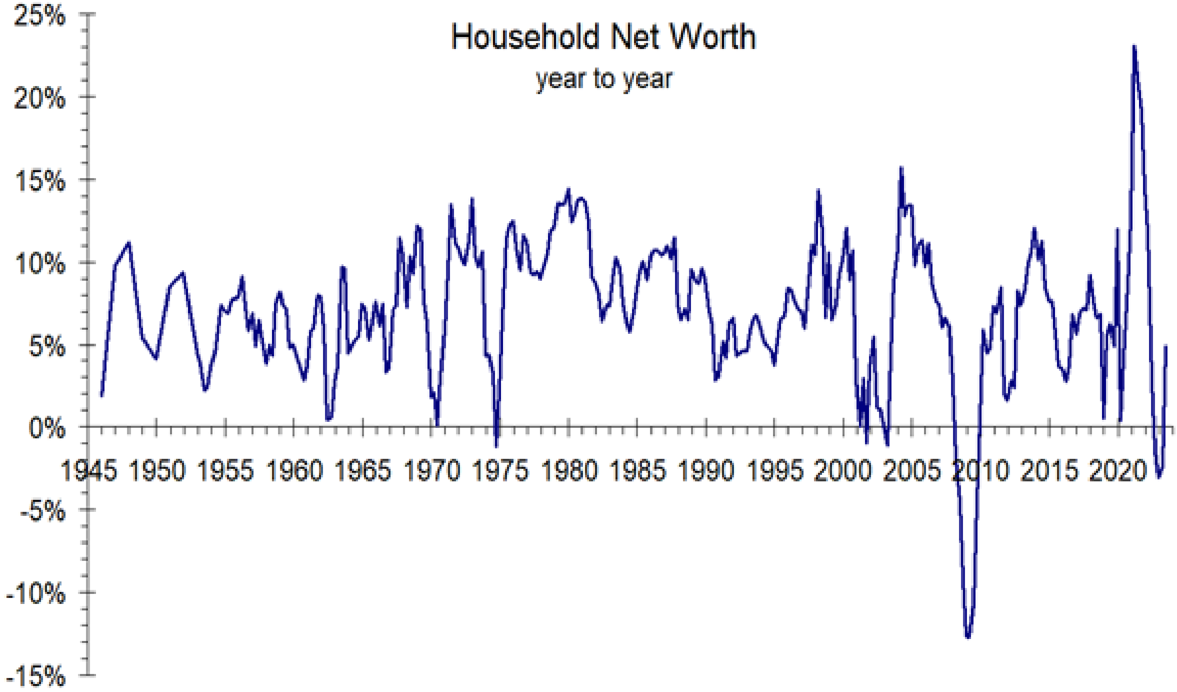
When we look at the balance sheets of consumers, they are adding credit, but levels are not so excessive that they should cause any major default issues. Debt levels as a percentage of disposable income remain very low, so this would allow the consumer to actually add to credit.

Household Net Worth Is At An All-Time Record High At $ 146 Trillion



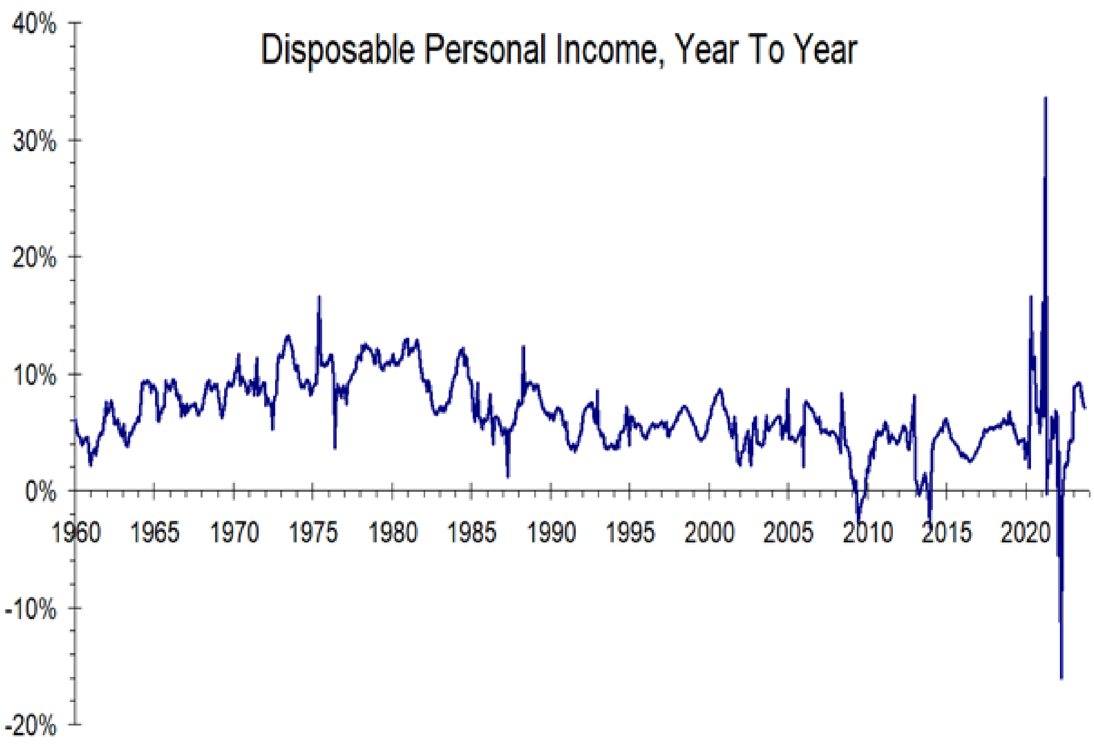
Source: Board of Governors of the Federal Reserve System, Z.1 Financial Accounts of the United States (formerly known as Flow of Funds), September 8, 2023, Sanctuary Wealth

Household Net Worth Levels Are Growing



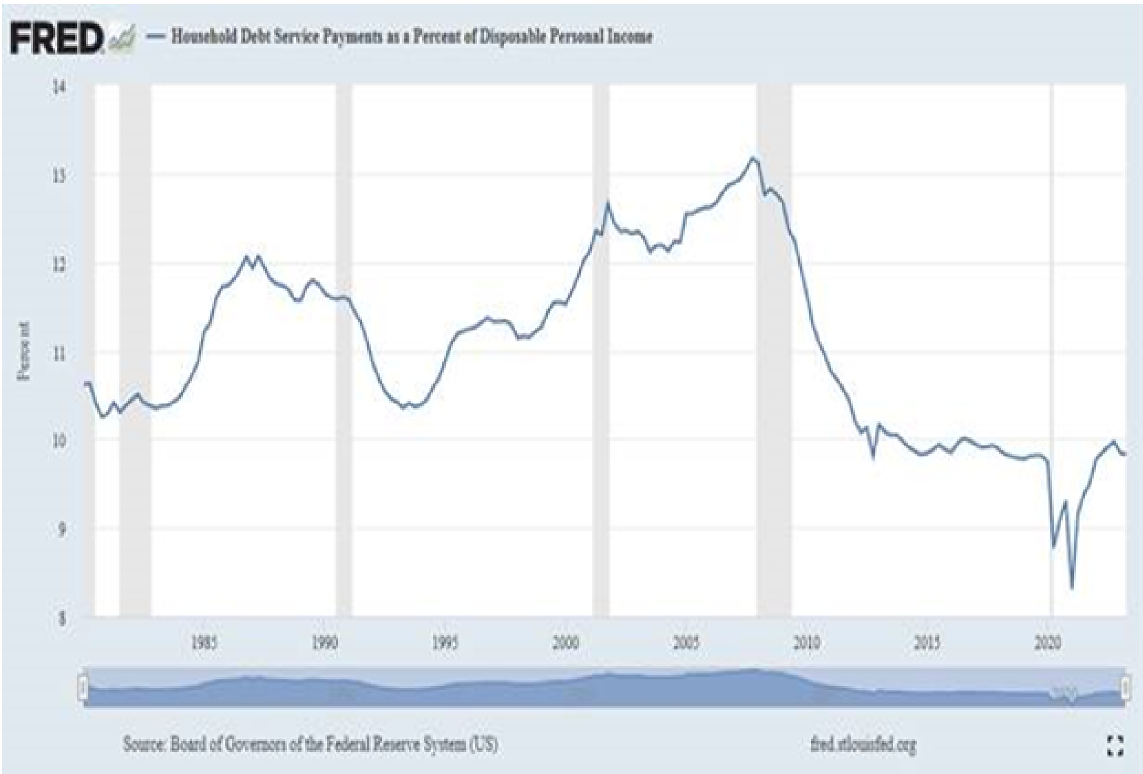
Source: Board of Governors of the Federal Reserve System, Z.1 Financial Accounts of the United States (formerly known as Flow of Funds), September 8, 2023, Sanctuary Wealth

Consumer Disposable Personal Income Growth Remains High And Combined With Net Worth Should Keep The Consumer Spending

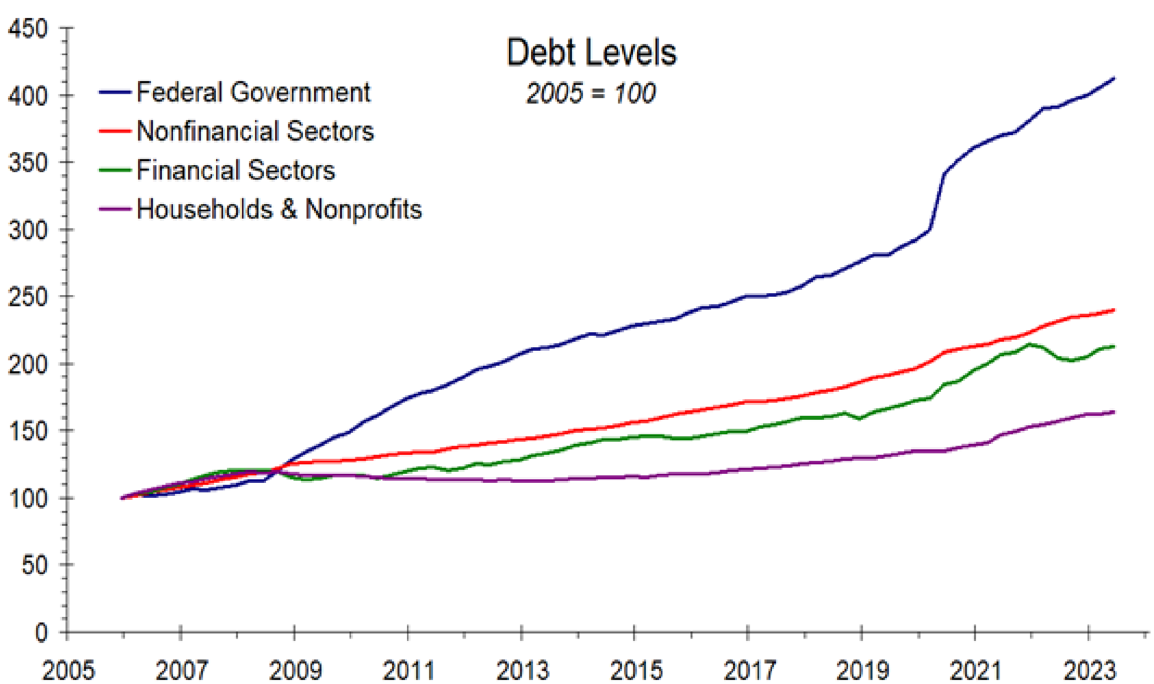


Source:U.S. Bureau of Economic Analysis, October 27, 2023, Sanctuary Wealth

Household Debt Service Payments Relative To Disposable Personal Income Is Very Low



Households & Businesses Don't Have Excessive Debt Levels, But The Government Does



Source: Federal Reserve Board, Z.1 Financial Accounts of the United States (formerly known as Flow of Funds), September 8, 2023, Sanctuary Wealth

Positioning & Cycles Are Bullish For Stocks In 2024

The Sell Side Indicator is a composite of the views of Wall Street strategists on how bullish or bearish they are on equities. This is a long-term sentiment model and is also a contrarian model, meaning the signal is the opposite of the reading. The model as of October was more bearish than bullish, so this is a contrarian bullish reading for the equity market. The current reading suggests 16% return for the S&P 500 over a twelve-month time period, or a target move to 4850 from the end of October.

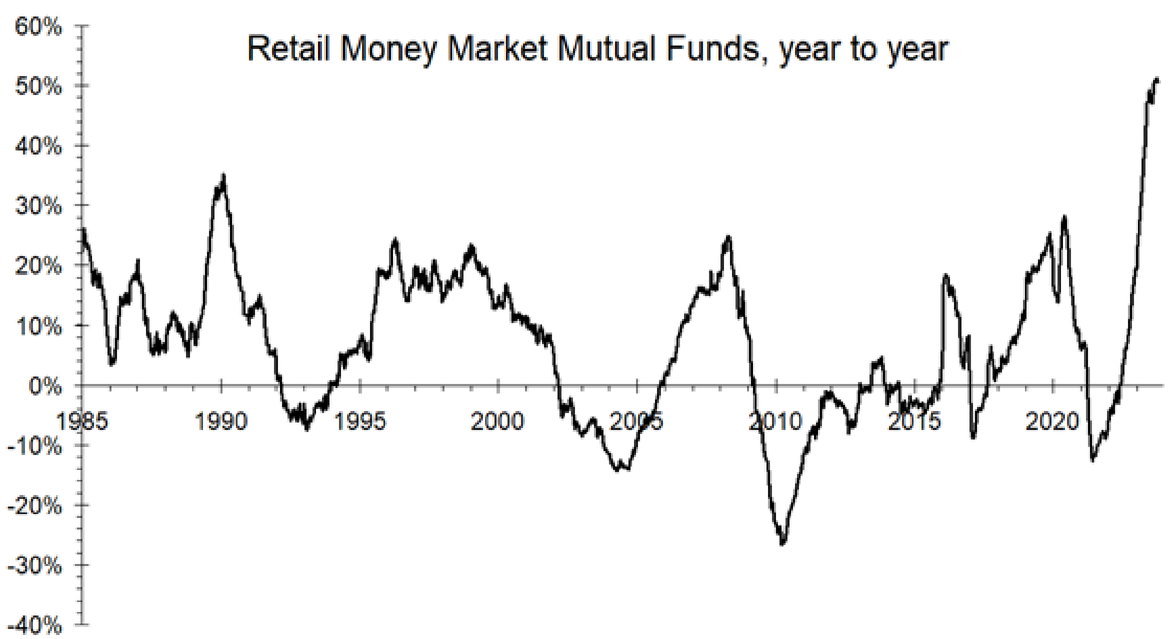
Sell Side Indicator Suggests A 16% Rally Over The Next 12-Months

Sell Side Indicator, 8/1985-10/2023

Source: BofA US Equity & Quant Strategy Note: Buy and Sell signals are based on rolling 15-year +/- 1 standard deviation from the rolling 15-year mean. A reading above the red line indicates a Sell signal and a reading below the green line indicates a Buy signal

BofA GLOBAL RESEARCH

Cash Grows At A Record Pace In 2023 As Short Rates Reach 5%

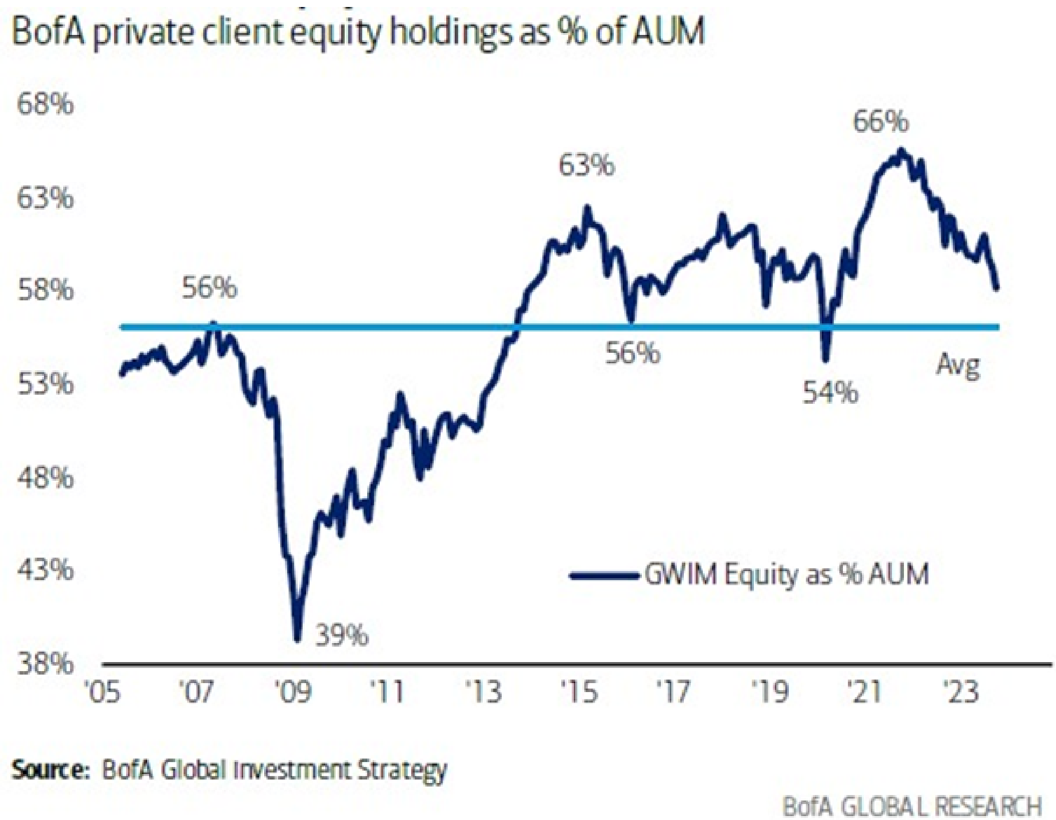


Source: Federal Reserve Board, H.6 Money Stock Measures, October 24, 2023, Sanctuary Wealth

Private Wealth Not Overweight Equities, & Allocations Have Fallen Sharply

Allocations to equities at Bank of America have fallen sharply to 59% from a peak of 66%. This leaves room for clients to add to stocks, especially if cash rates do begin to fall.

Private Client Equity Holdings At Bank Of America (59% Of AUM) Are Not Elevated Vs. History

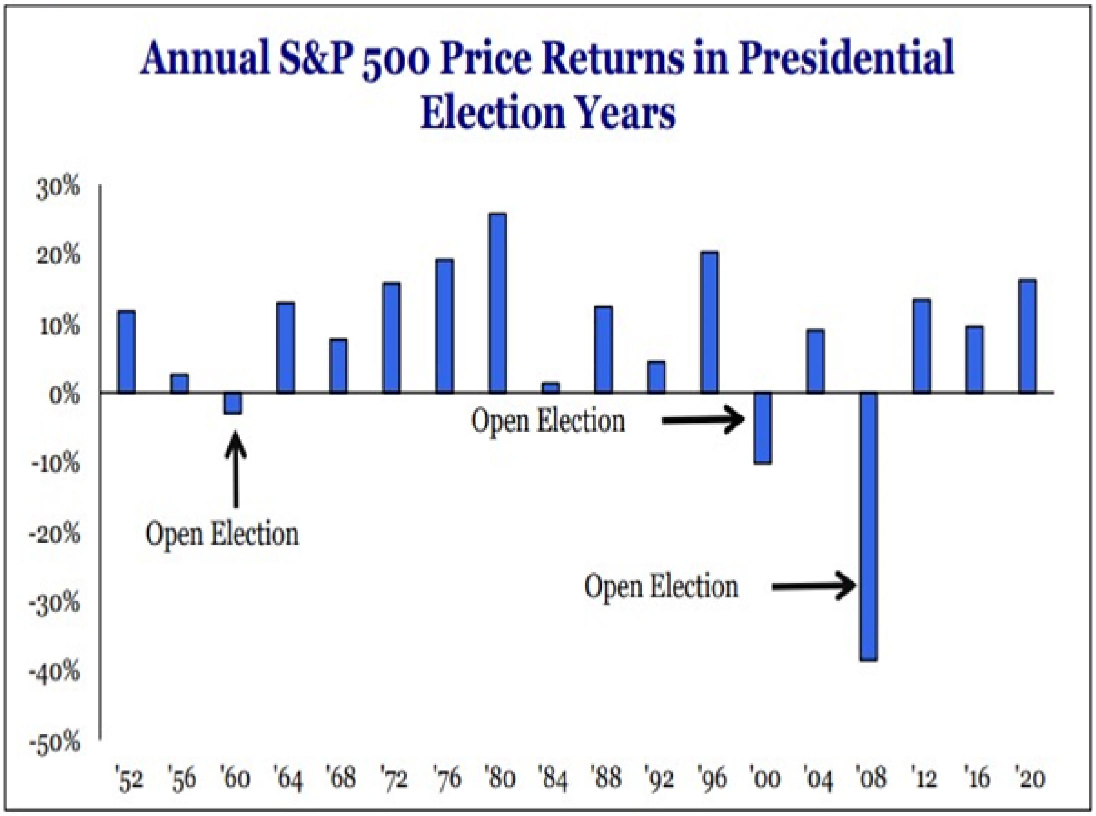


Source: BofA, November 6, 2023

Historical Market Cycles Are Bullish For Equities In 2024

The Presidential Cycle is Bullish For Incumbent Presidential Re-Election

According to Strategas, since 1952, the S&P 500 has not declined in a year in which an incumbent president was running for re-election. Stocks have declined in presidential election years, but in each of those cases, it was a year in which there was an open election with no incumbent running (1960, 2000, and 2008). This makes sense, because Presidents want to be re-elected and will use whatever policy levers are needed to boost the U.S. economy. In fact, every president who avoided a recession two years before their re-election went on to win election. And, every president who had a recession in the two years before their reelection went on to lose. We have noticed that presidents like to prime the pump in the year prior to the presidential election with the hope that the stimulus feeds into the economy in the actual election year. Data demonstrates this. Of the four-year presidential cycle, the best performing year for stocks is Year 3 of a president's term, and real GDP growth is strongest in the presidential election year itself. In the cycles of an incumbent running for re-election (compared to an open election), this effect is stronger for both stocks and growth. *Interestingly, the current cycle is matching up nearly perfectly with the historical cycle heading into 2024.*



Source: Strategas, November 6, 2023

The Decennial Pattern For Equities is Bullish In Year 4

The history of market analysis has found many different types of patterns that tend to repeat. One is called the Decennial Pattern, discovered by Edgar Lawrence Smith. In his book Tides and the Affairs of Men (1939), he presented the notion of a ten-year stock market cycle. Smith's theory resulted from combining two other theories, Wesley Mitchell's 40-month cycle theory and the theory of seasonality. Combining these two periods, Smith theorized that there must be a ten-year, or 120-month, cycle. This would result from ten 12-month, annual cycles and three 40-month cycles coinciding every 10 years.

When Smith investigated prices more closely, he found that indeed there appeared to be a price pattern in the stock market that had similar characteristics every ten years. This pattern has since been called the "Decennial Pattern."

We looked at the period from 1900-1999, and in this period, Year 4 had a positive return. Then we looked at the period of 1950-Present, and the same result appeared: Year 4 was a positive year. *So, here we have two statistically important pieces of cycle work – the Presidential Cycle and the Decennial Pattern – both suggesting 2024 should have a positive return.*

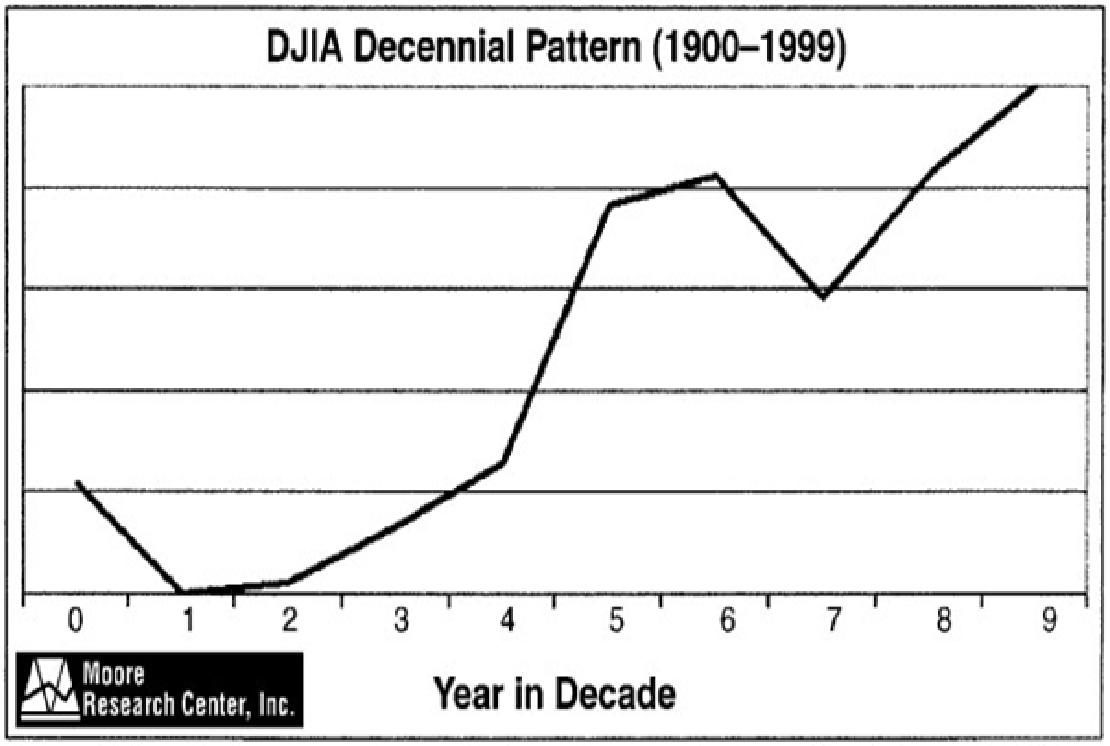
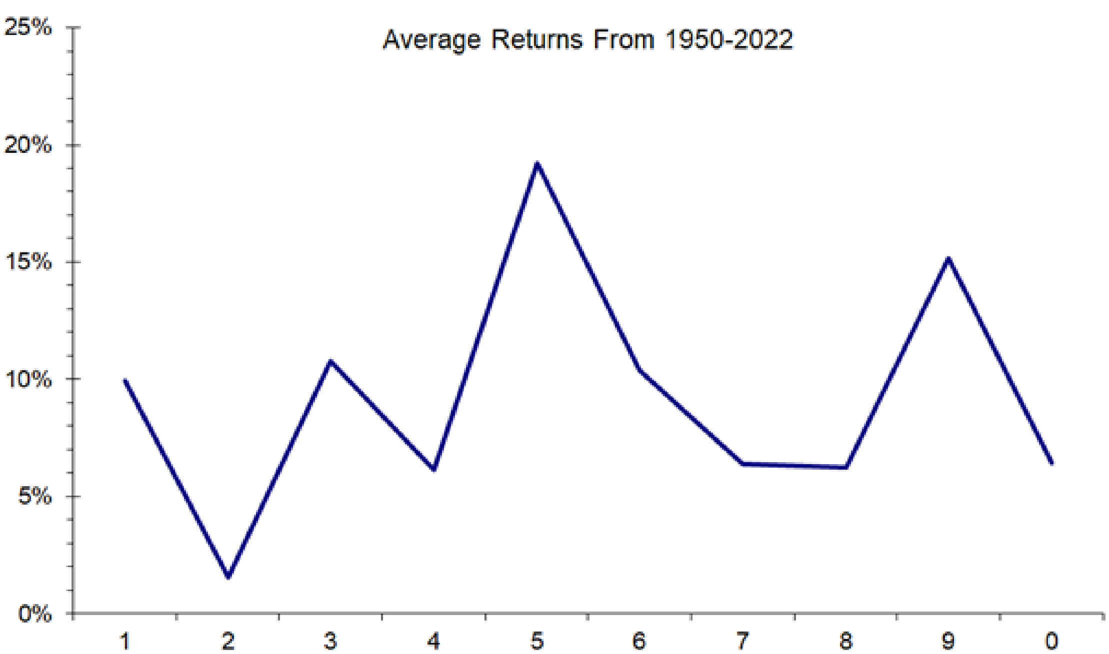


Figure 1.8 Dow Jones Industrial Average Decennial Pattern, 1900–1999
Source: Moore Research Center, Inc.

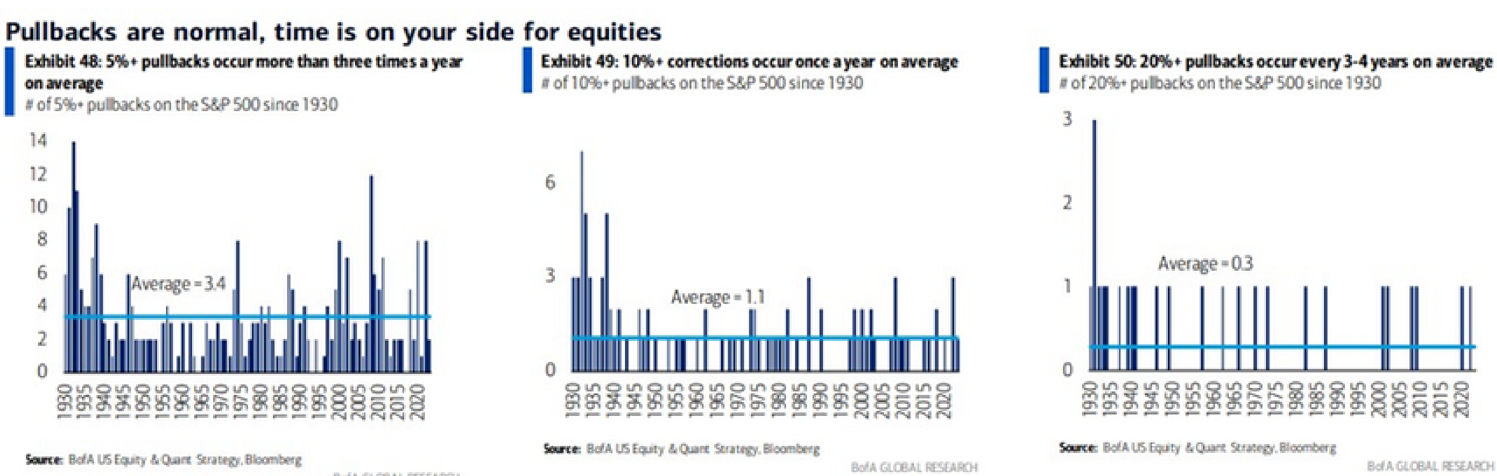


Source: Standard & Poor's, Sanctuary Wealth Management

Significant Corrections Within A 5-Year Period Should Extend The Life Of The Market Rally

What doesn't get a lot of attention is the amount of price correction the S&P 500 has had since 2018. There have been three bear market corrections within a five-year period. In 2018, the S&P corrected 20%, in 2020, the market was down over 35%, and, in 2022, there was a decline of 27% as measured from intraday high to intraday low. Traditionally, there is a bear market every 3 to 4 years. *The market is not up excessively based on historical price behavior corrections since 2018.*

Since 2018 The Market Had 3 Bear Market Returns And Recently A 10% Correction



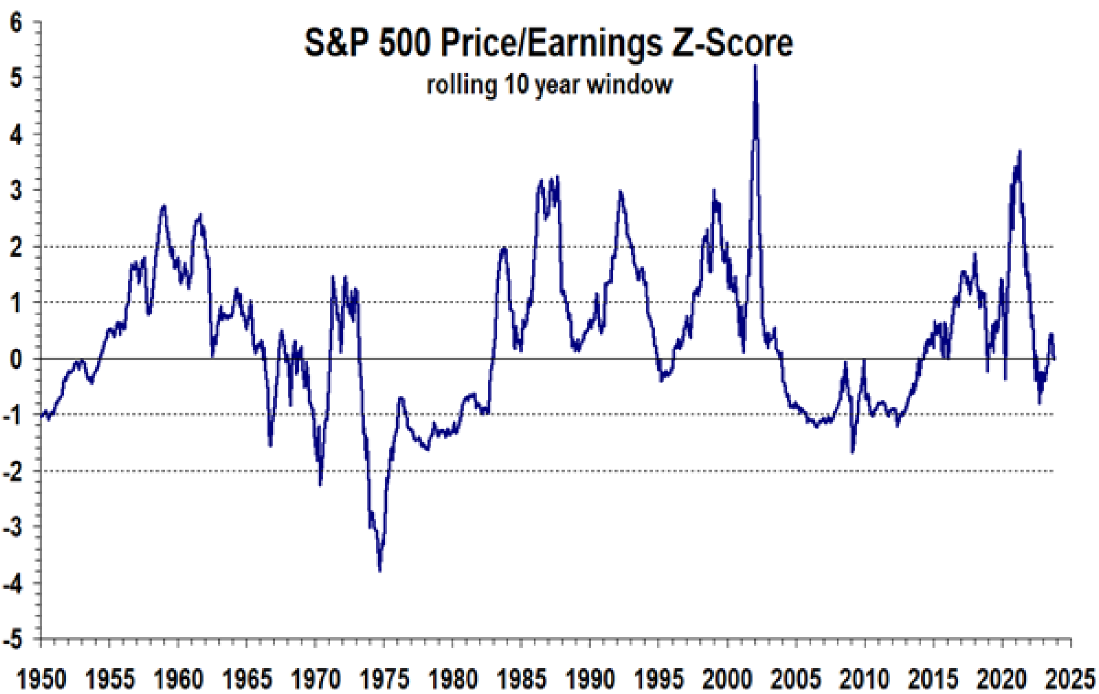
Source: Bank of America, November 2023

Valuations Are Not Excessive For The S&P 500

Forecasting earnings is just as hard as forecasting the economy. Using the price/earnings (p/e) ratio valuation metric for the S&P 500 is very common. Turn on any financial news and someone will be talking about the p/e ratio of the market. It is important to know where valuations stand, but they have never been good at timing the market. Here we take a more quantitative approach to analyzing the p/e ratio. Valuations do have long cycles from peak to trough. To normalize these moves, we use a rolling 10-year window of the p/e and apply a z-score. A z-score is a statistical measurement that describes a value's relationship to the mean of a group of values. Z-score is measured in terms of standard deviations from the mean. *When we apply this z-score analysis, the p/e of the market is actually cheap.* Yes, you read that correctly: the market is cheap.

The p/e ratio tends to trend higher during secular bull markets. *We believe before the end of the secular bull market, p/e ratios will trend into the 20s and possibly 30s.*

Valuations Are Not Excessive For The S&P 500



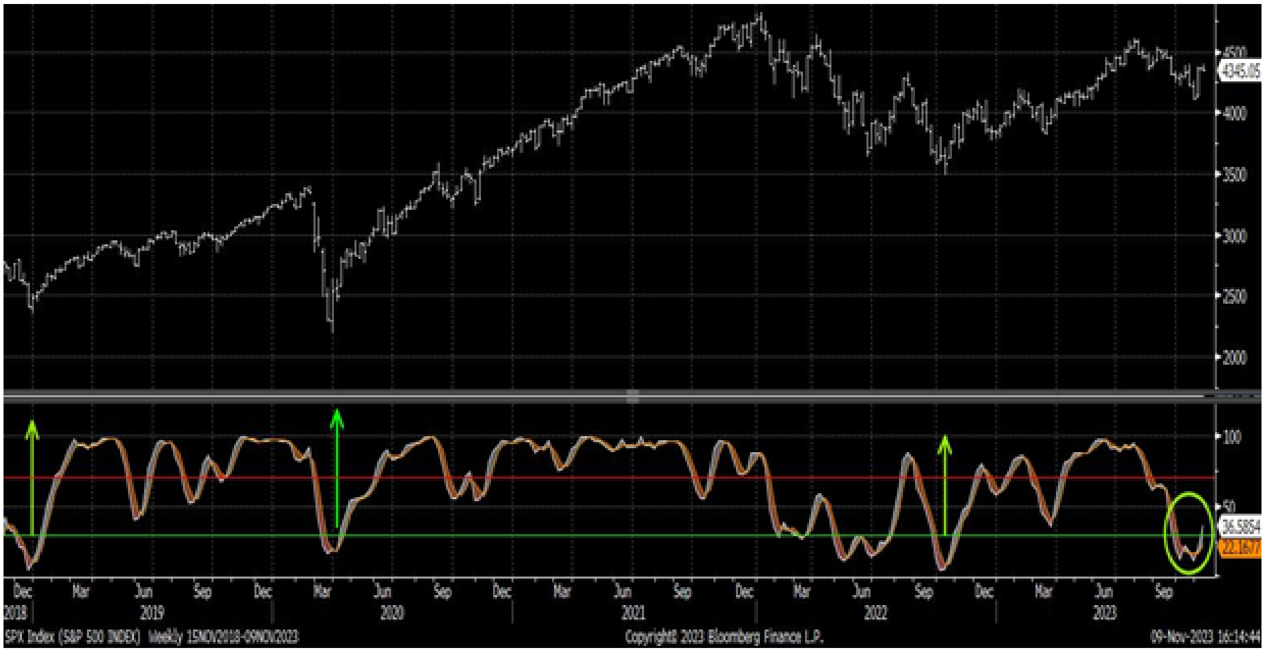
Source: Standard & Poor's, Sanctuary Wealth Management November 2023

A Bucking Rally In Stocks That Reaches New Highs In 2024

The 10% correction the S&P 500 had during the autumn drove the 14-week price momentum stochastic to an oversold reading. This reading is expected to extend a year-end rally into January. The market may need a pause early in the year, but a bucking rally is expected for 2024. We think investors will still fight this rally, and the on-again, off-again expectations that rates have peaked and will fall should be a factor driving volatility. Keep in mind: April tends to be a very good-performing month. Pullbacks early in the year are also a buying opportunity. *So how high can the market trade?* Assuming no recession, increased productivity, moderate growth in the economy that leads to earnings growth (the market is forecasting 11%), and multiple expansion (when the p/e goes up), the S&P 500 can rally into the range of 5200-5400. This also assumes inflation peaks and that the Fed is close to ending its tightening cycle.

What are the risks? The biggest risk is geopolitical and the Middle East war drives oil to a level sustainable above $100. Another risk is that the consumer clamps down spending and the growth rate in spending falls sharply. Lastly, the Fed interest rate hikes will hit their 2-year mark in February, so Fed rate tightening and quantitative tightening have a sharper negative impact on economic growth.

S&P 500 With 14-Week Stochastic With A Buy Signal



Leadership Remains Technology And The Magnificent 7

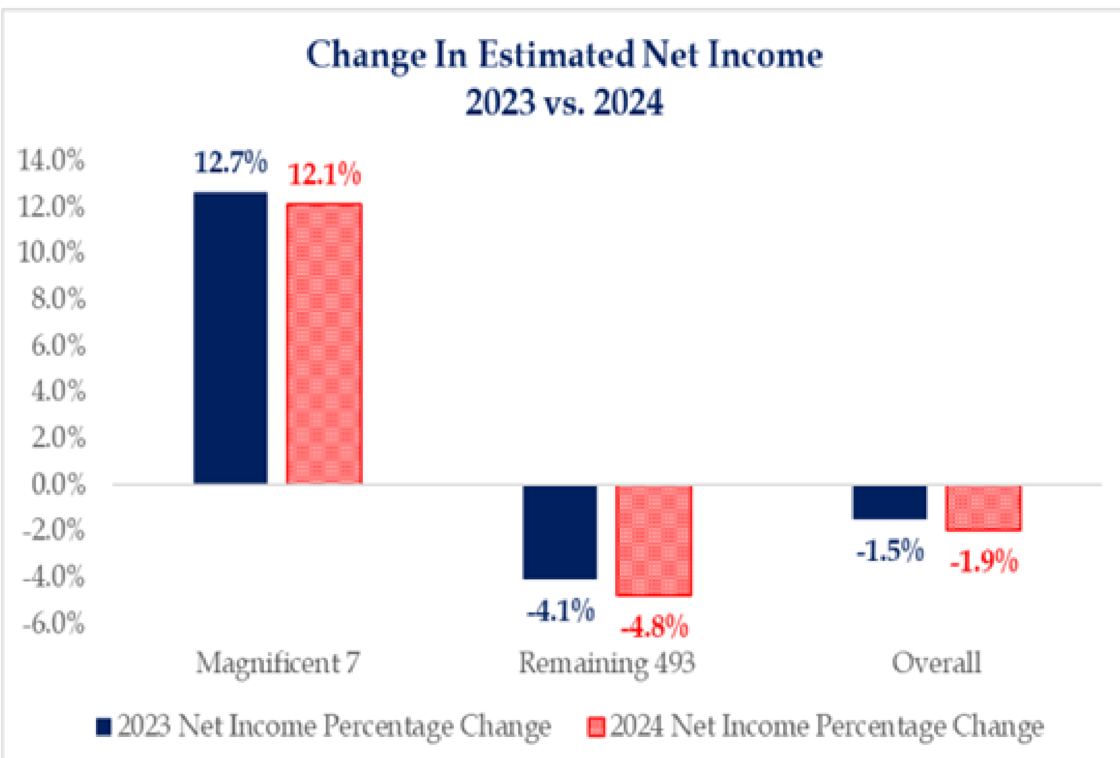
We don't see any change in leadership for 2024. Growth stocks perform best in a scarce earnings environment, which we are experiencing. Value outperforms when earnings are abundant, and we don't see this happening in 2024. The stocks with the best earnings growth forecast for 2024 are the Magnificent 7. We also view Technology as Leadership, with Semiconductors still the main driver of performance. It is important to point out that having a concentration of weighting in a small group of stocks providing a large percentage of the return of the market is not a timing indicator. As long as the companies are providing earnings and are not grossly overvalued based on history, these stocks can continue to provide the best returns.

Mega Cap also remains leadership. *The S&P 500 Top 50 index has had an 18-year breakout from the S&P 500 – this is huge and significant.*

Magnificent 7 Still The Leadership

S&P 500 Top 50 vs. S&P 500: Mega Cap With A Huge Multi-Year Breakout

Strongest Earnings Coming From The Magnificent 7



Source: Strategas, November 7, 2023

Nasdaq 100 Had A 17-Year Breakout That Is Still Running – New Highs In 2024

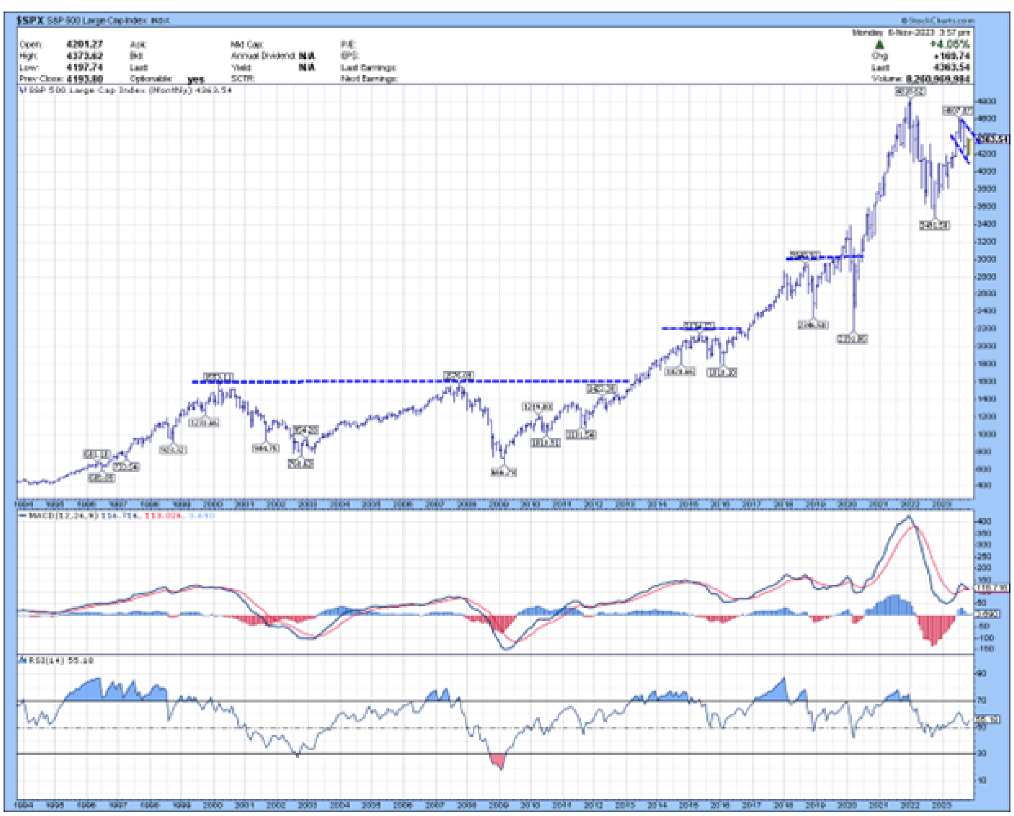
We view the Nasdaq 100 as the Digital Index as it houses the most critical and important companies growing in the digital and Artificial Intelligence space. The Nasdaq 100 had a monthly buy signal last year on the monthly stochastic and, this year, it has a monthly buy signal on the monthly Moving Average-Convergence Divergence (MACD) price momentum indicator. *We see new all-time highs for the Nasdaq in 2024.*

Nasdaq 100 With Monthly MACD Buy Signal & Neutral RSI

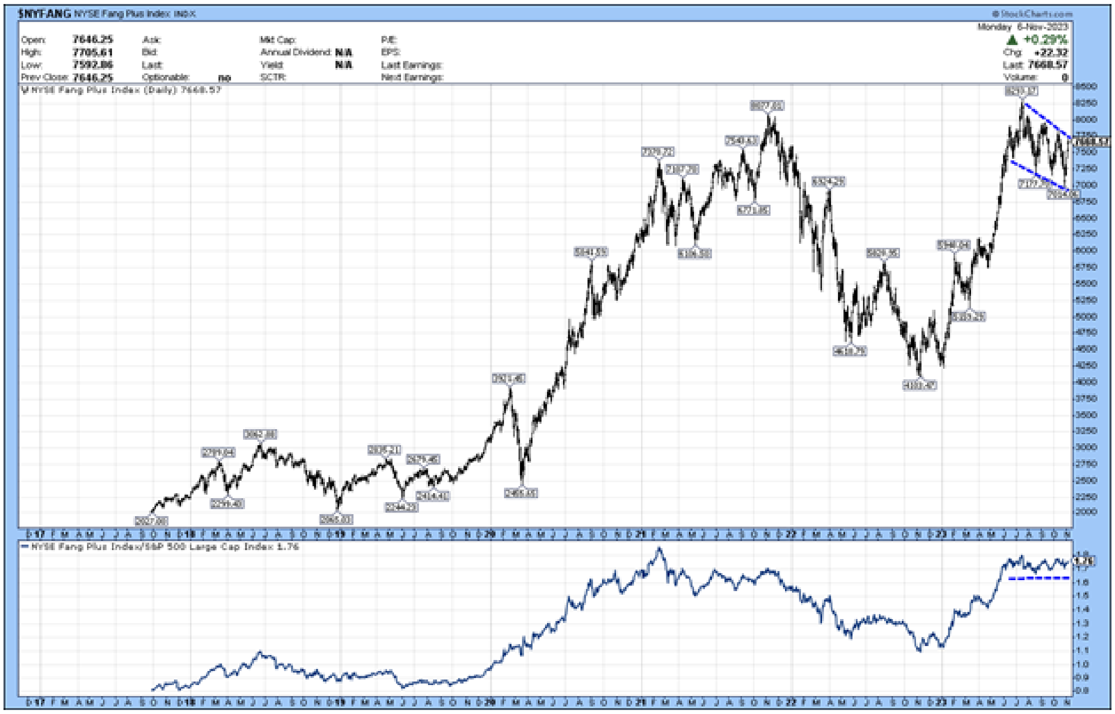
S&P 500 To Reach New Highs In 2024

The S&P 500 also has a monthly buy signal on the Moving Average/Convergence Divergence price momentum indictor (MACD) as we move into 2024. The Relative Strength Index (RSI) is still on a buy signal in the neutral range. We expect new highs for the S&P 500 in 2024. *In our view, achievable price objectives are 5200-5400.*

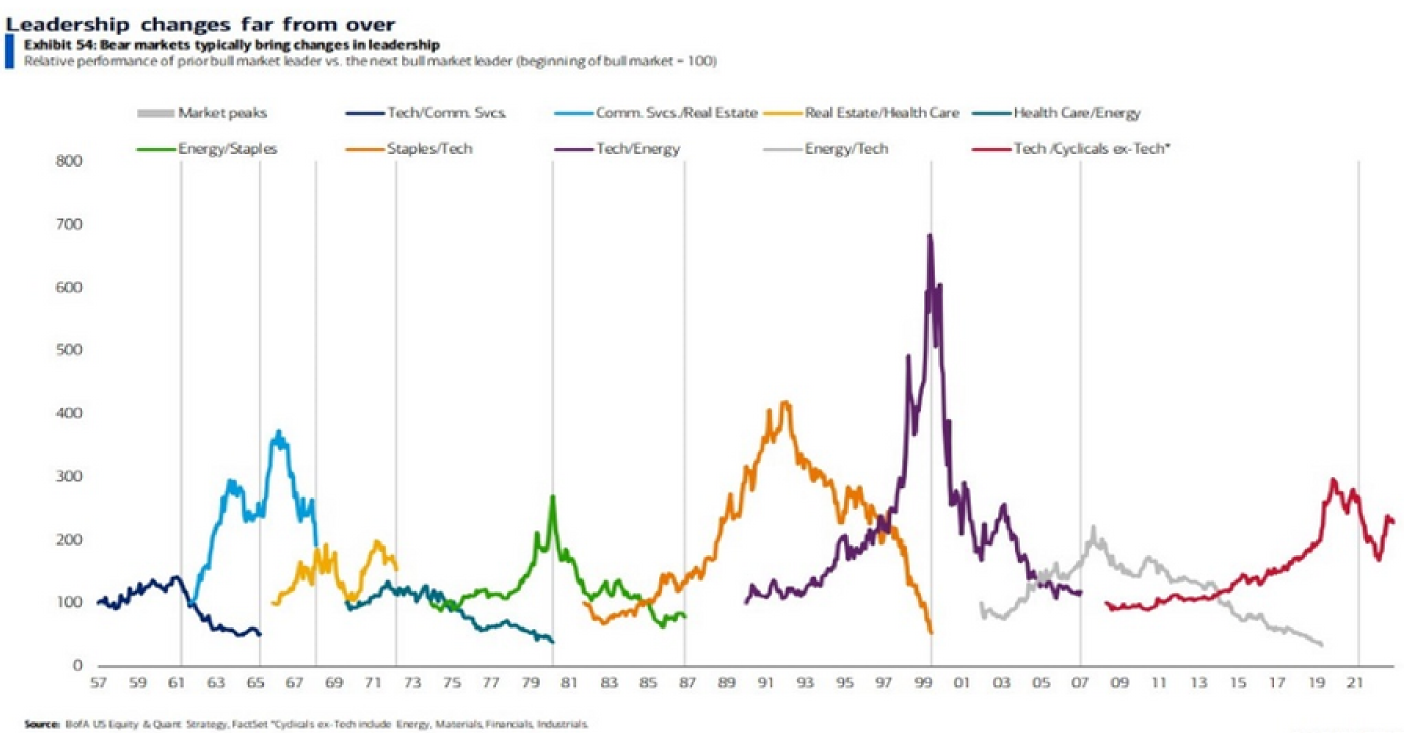
S&P 500 Index With Moving Average/Convergence Divergence (MACD) And RSI



Fang Plus Consolidating To Move To New Highs

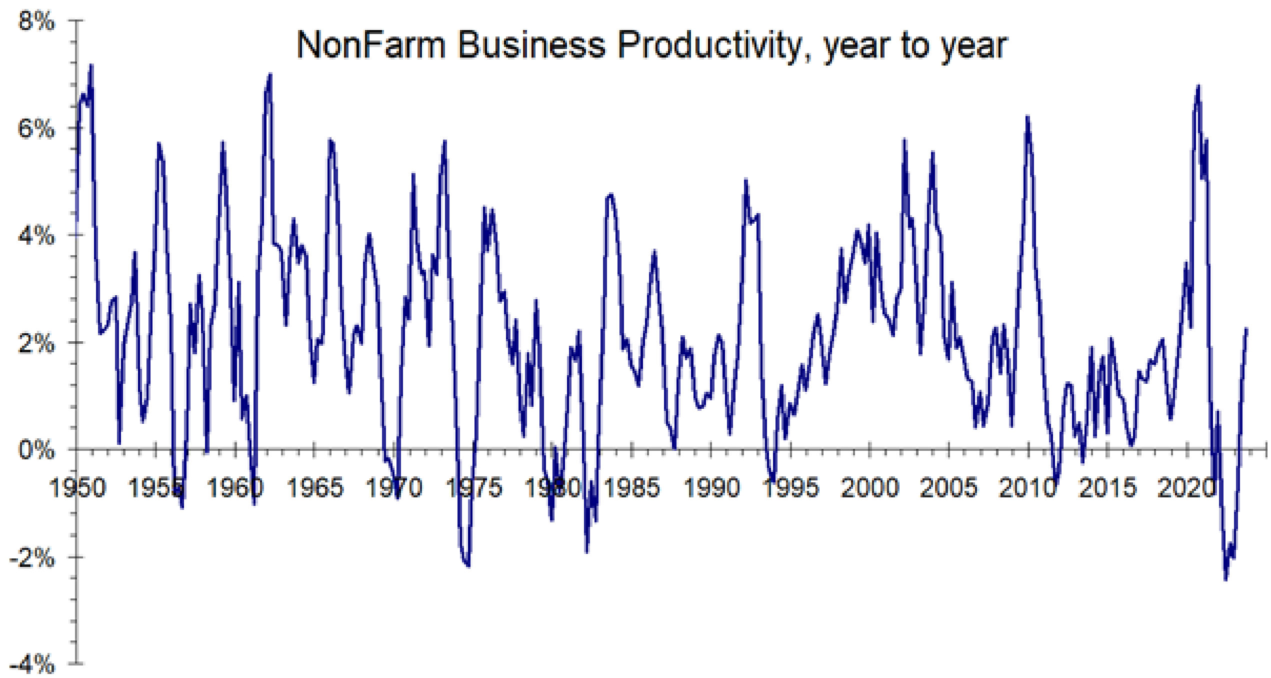


Technology Remains Leadership – Productivity Will Help Drive The Economy

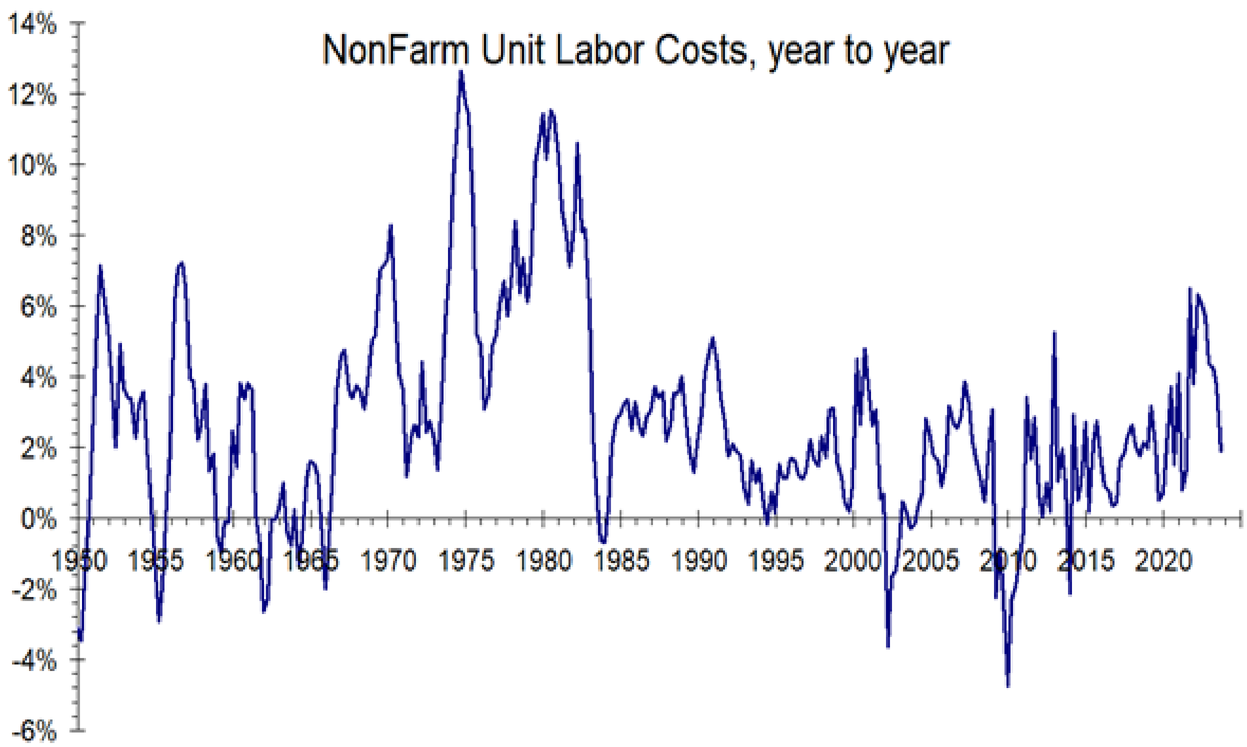


Source: BofA Equity and Quant Strategy, November 2023

Productivity To Expand In 2024 While Unit Labor Cost Growth Stable To Down



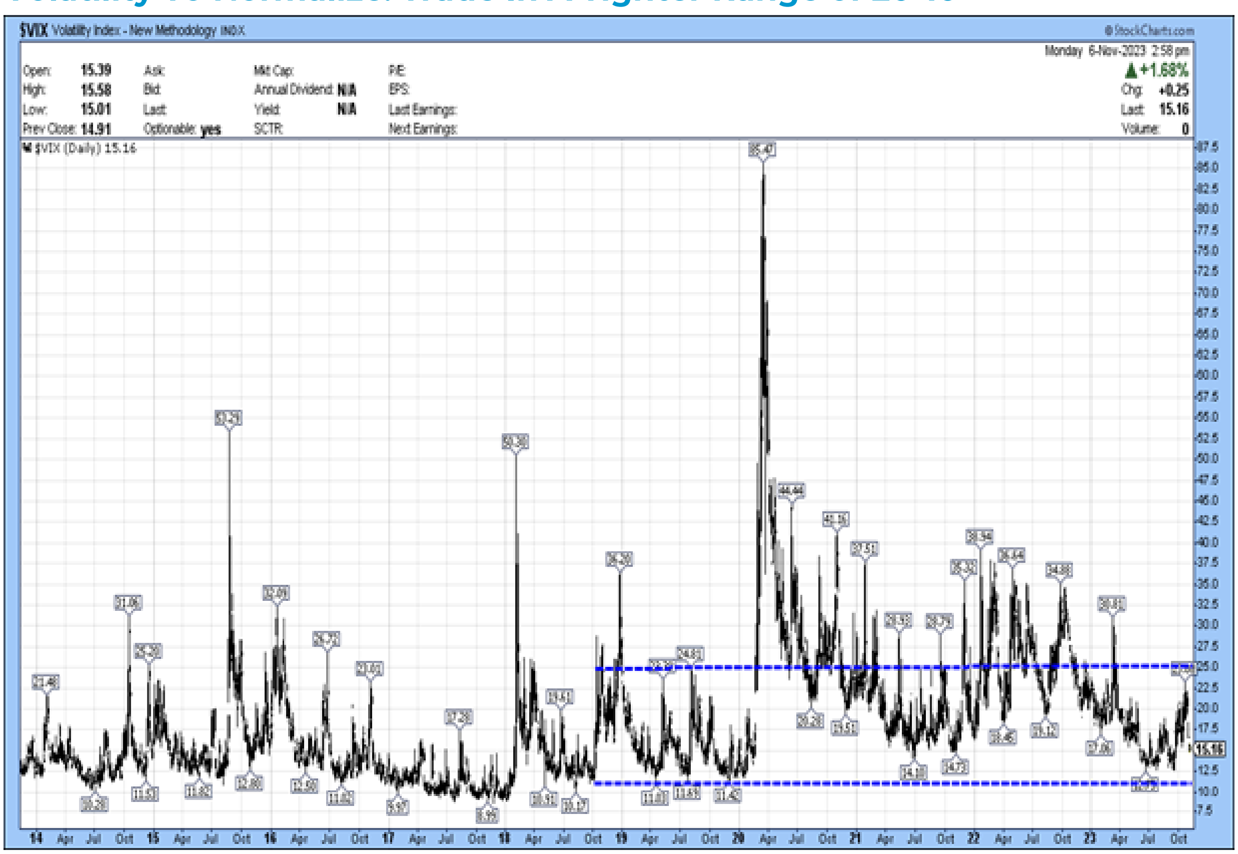
Source: Bureau of Labor Statistics, November 2, 2023, Sanctuary Wealth Management



Source: Bureau of Labor Statistics, November 2, 2023, Sanctuary Wealth Management

Semiconductors Still Leading Technology

Volatility To Normalize: Trade In A Tighter Range of 20-10



Growth Over Value Wins In 2024

We expect earnings to remain scarce, so investors will pay up for companies that are producing the earnings – this is Technology – this is the Magnificent 7. These are known as Growth companies. We believe Value has a fundamental problem with Financials, particularly the Banks. They are Value, but we believe they are value traps. Now Banks are grossly oversold, and we believe they can have a sharp rally in the magnitude of 20% from their recent lows. But we would be renters, not buyers of Banks. Value also performs when earnings are abundant. Investors become price sensitive to the companies they are purchasing. We are not expecting an abundant earnings cycle, so value should underperform.

We believe we could be in a Super Cycle for Growth companies. Artificial Intelligence (AI) should contribute to productivity and earnings power in the quarters and years ahead.

What If There Is A Super Cycle For Growth?

Favor Cyclicals Over Defensives

With an economy not entering a recession in 2024, we believe Cyclical stocks will perform better than Defensive ones. Consumer Discretionary and Industrials, along with Technology, would be sectors to focus on.

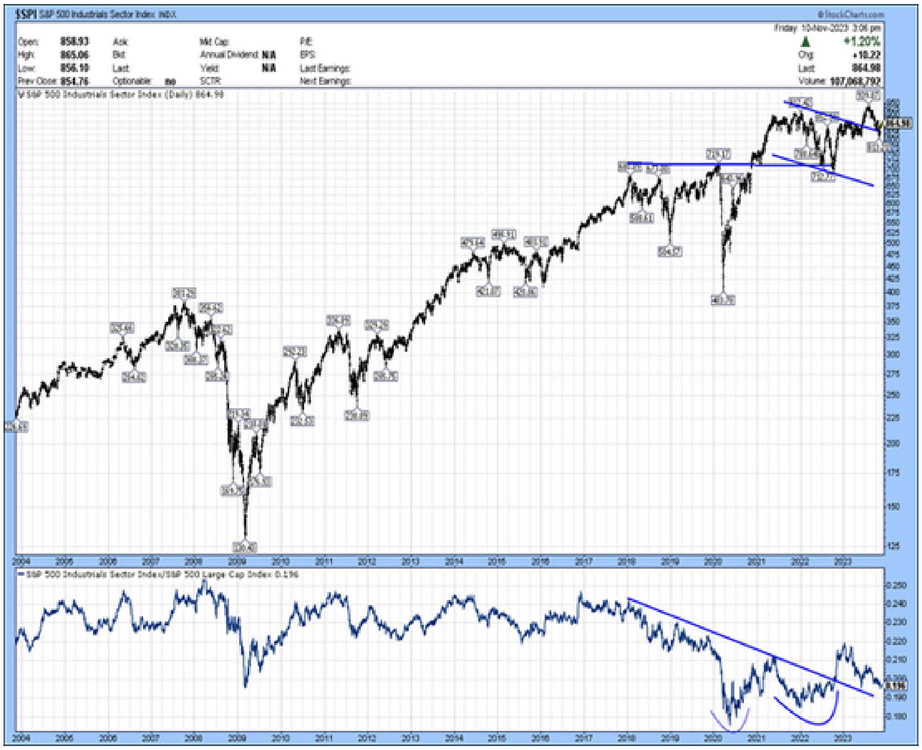
Consumer Discretionary Versus Consumer Staples: Cyclicals Leading

Homebuilding: A Highly Sensitive Cyclical Industry That Looks To Have Bottomed Homebuilding Still In A Bull Trend

Industrials Are Emerging Leadership

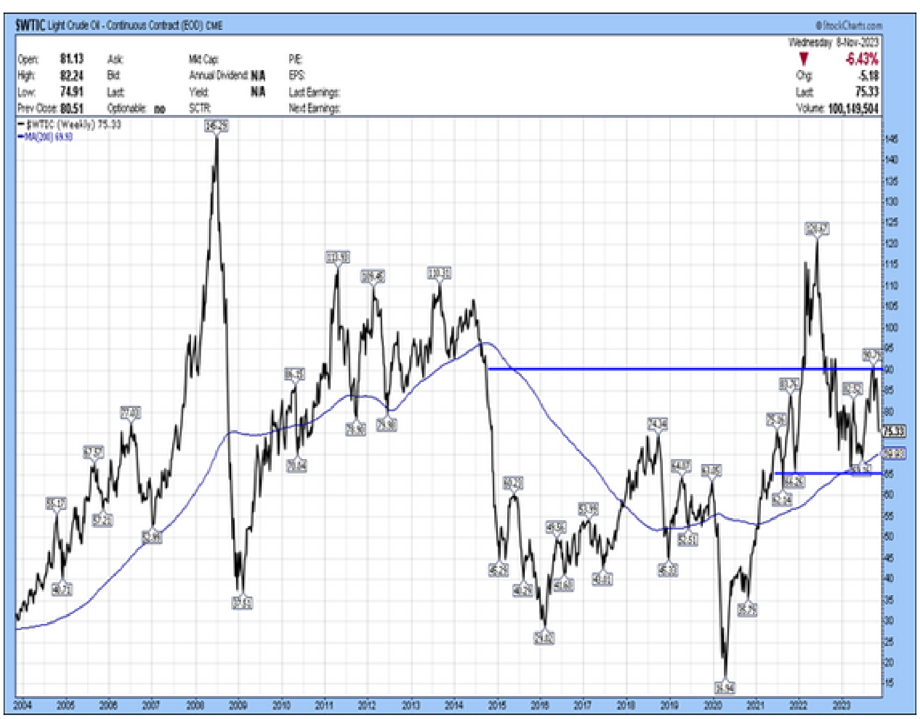
Industrials should be beneficiaries of the recent Biden legislation on Infrastructure Investment and Jobs Act, Inflation Reduction Act and CHIPS & Science Act. Onshoring is also a driver of this sector. If we do get a pickup in Manufacturing, we believe Industrials will be beneficiaries. This is a favored Cyclical sector.

S&P 500 Industrial Sector With Relative Performance To S&P 500



Crude Oil Looks To Be In A Trading Range Between $90-$65

Supply Is Low And Demand: High Risk Remains Crude Oil Does Rally More Sharply



Year Ahead Outlook 2024

We Favor Energy Longer-Term, But Energy Companies To Be Range-Bound Until Oil Moves Higher

Financials: Range-Bound With No Leadership – Value Trap

We believe Banks, especially the Regionals, face strong regulatory headwinds with Basel III Endgame regulations still pending. Capital is abundant and available, but how to access it is changing. Credit conditions are tightening at the banks. However, there is a huge disintermediation occurring with Private Credit and Equity providing capital to businesses. This can change the landscape of the banking industry. Banks are cheap, but with tighter credit conditions, fears of credit losses in the future, and new regulations that are believed to be negative for earnings, Bank stocks appear stuck in a trading range with no leadership. Banks have declined sharply and can sharply rally, given their deeply oversold conditions, but we would not be long-term holders.

S&P Financials With Relative Performance To S&P 500

Regional Banks Can Bounce But No Leadership – Value Trap

SPDR S&P Regional Bank ETF (KRE) With Relative Performance To S&P 500

Private Markets Are Disintermediating The Banking Industry

So Capital Is Available But How It Gets Accessed Is Changing

THE WALL STREET JOURNAL.

FINANCE

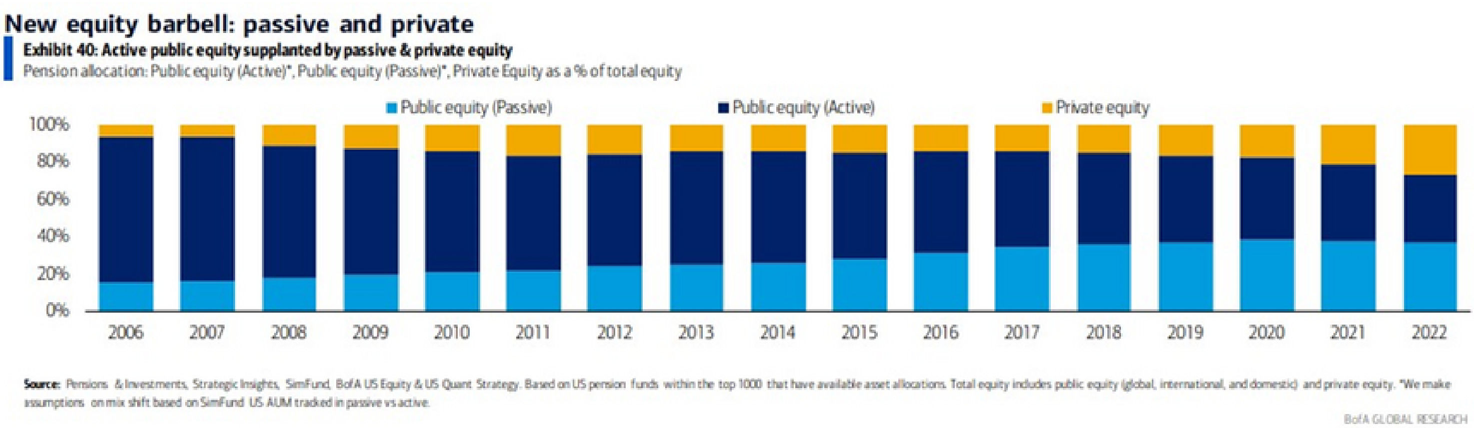
The New Kings of Wall Street Aren't Banks. Private Funds Fuel Corporate America.

With interest rates at multiyear highs, hedge funds and private equity are taking over lending

Oct. 8, 2023 9:00 am ET

Pension Asset Allocation Model Shifting To The Wealth Management World

Over the past 16 years, pension asset allocations have shifted significantly away from active public equities to passive public equities, but more importantly, to the private equity markets. This new asset allocation approach for pension funds is now drifting to the wealth management industry as the private markets have democratized the asset class to make it available to the individual investor with better liquidity options. *This appears to be a secular shift in the industry where passive investing and private markets will continue to grow within the individual asset allocation portfolio.*



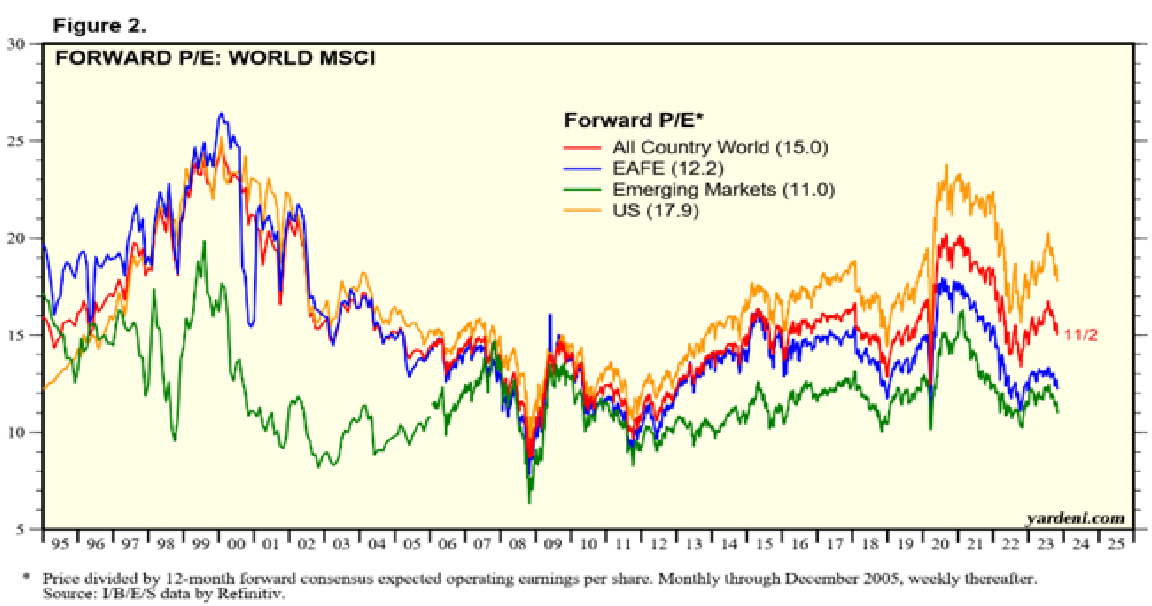
Source: Bank of America, October 2023

Watch Utilities And Real Estate If Rates Peak

Once interest rates peak, utilities and real estate are two interest rate-sensitive sectors that are very oversold and down sharply. These two sectors should rally sharply once there is market confidence that interest rates have peaked.

Valuations More Attractive in Non-US Markets

We don't view valuations as excessive anywhere in the world. But when comparing global regions, EAFE and Emerging Markets have the most attractive valuations. This might be the year non-U.S. markets catch up to the U.S. equity markets in U.S. dollars.



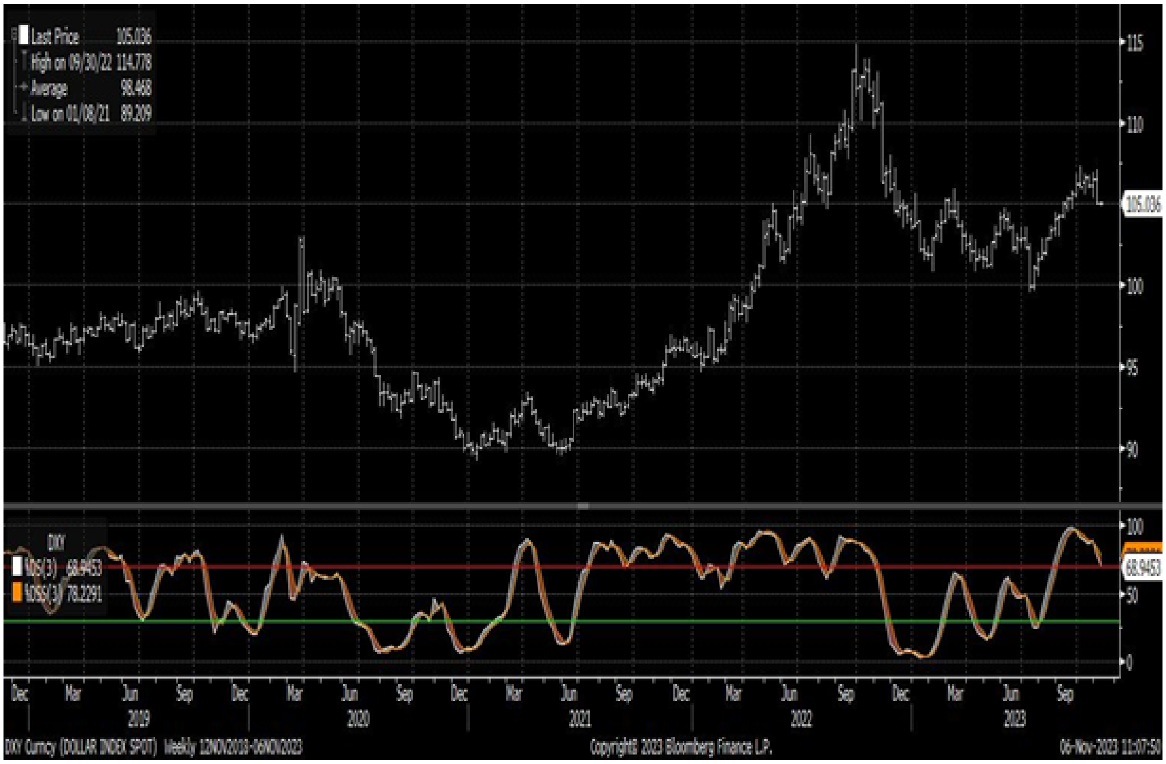
Source: Yardeni Research, Inc., "Global Index Briefing: MSCI Forward P/Es," November 8, 2023, page 3

US Dollar To Be Weak In 2024

Interest rates will likely peak in 2024 – which will take some wind out of the U.S. dollar. We don't see it as very weak, but also not very strong. This is bullish for investing in non-U.S. markets.

US Dollar Likely Corrects In 2024

US Dollar With Weekly Stochastic Close To A Sell Signal



Time For Mean Reversion? US Returns Look Stretched to Non-US Markets

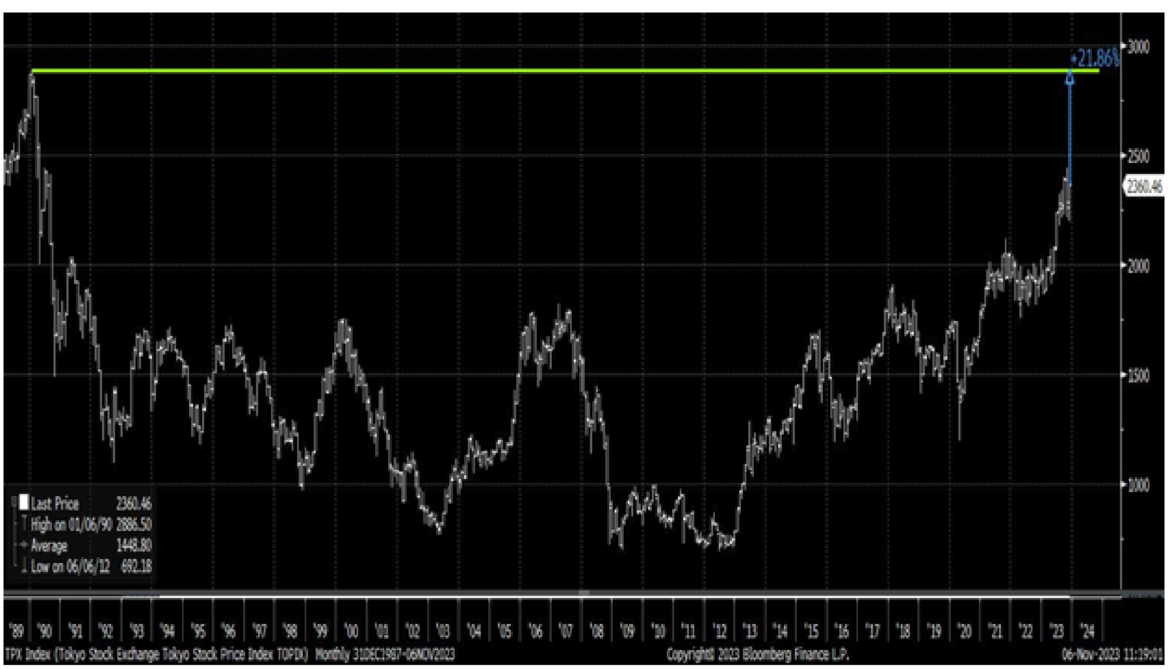
US relative to Rest-of-World stocks since 1950

Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg

BofA GLOBAL RESEARCH

Eurozone Holding Breakout Level Compared To S&P 500

Japanese TOPIX Index – Heading To Test Record High In 1990?

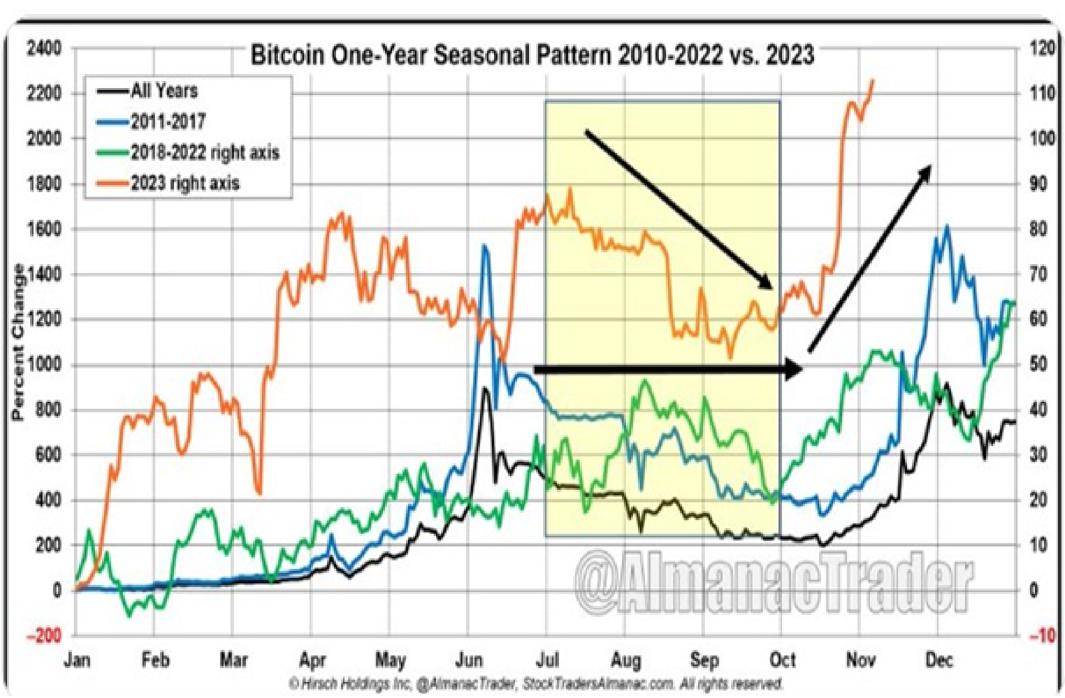


Bitcoin Joining The Bucking Bull Rally

Despite all the skepticism on Bitcoin, it is still here and off its low, and should join the Bucking Bull Rally with the Halving coming in April. Bitcoin halving is when the reward for Bitcoin mining is cut in half. Halving takes place every four years. The halving policy was written into Bitcoin's mining algorithm to counteract inflation by maintaining scarcity. Historically, the halving drives the price of Bitcoin higher. Bitcoin technically can trade up to the range of $50,000-$60,000. If an ETF gets launched, expect new all-time highs. But also expect extreme volatility. *Based on historical price behavior, Bitcoin has the most extreme volatility of any other asset class.*

Bitcoin Has Bottomed – To Test The All-Time High

Seasonally Bitcoin Begins A Strong Rally In September That Carries To April



Last Words for 2023
First Insights for 2024

Let's put aside the 2023 surprise of no recession, a strong bull rally in stocks, and another disappointing year in the fixed income market. But let's celebrate the return of cash on cash with short interest rates back to 5% and that household net worth hit a new record high. As we move into 2024, let's celebrate a continuation of the Bull run in stocks and the return of the bond Bull, although the Bull might be bucking. What to expect in 2024? 1. Interest rates finally peak and inflation falls to levels that make the Fed comfortable holding and eventually cutting interest rates. 2. Leadership in the equity market remains Technology and the Magnificent 7. 3. Growth continues to outperform Value, Mega Cap outperforms Small Cap and Cyclical over Defensive sectors outperform. 4. We would maintain high-quality positions. 5. Investors feel comfortable with a 60/40 portfolio. 6. It's time to add duration to the fixed income side of the portfolio. 7. The cheaper valuations in the international equity markets are recognized by investors. 8. Private wealth clients continue to diversify portfolios to public passive investments, but the bigger shift is to the private equity and credit markets.

Most of all, it's a Presidential Election Year, and history has shown that when the incumbent runs, we get positive equity returns. Yes, there are negatives such as war in the Middle East and Ukraine, the highest U.S. deficit in history with high costs of funding this debt, and the highest interest rates in 16 years with inflation impacting spending. We don't see any of these factors negatively impacting asset classes in 2024. What we need to keep our eyes on is that the world is shifting to a Digital Economy with Artificial Intelligence as the new driver of productivity. The United States has the majority of companies driving this evolutionary shift in the world economy. *Investors may be bucking the Bull, but the Bull will keep charging.*