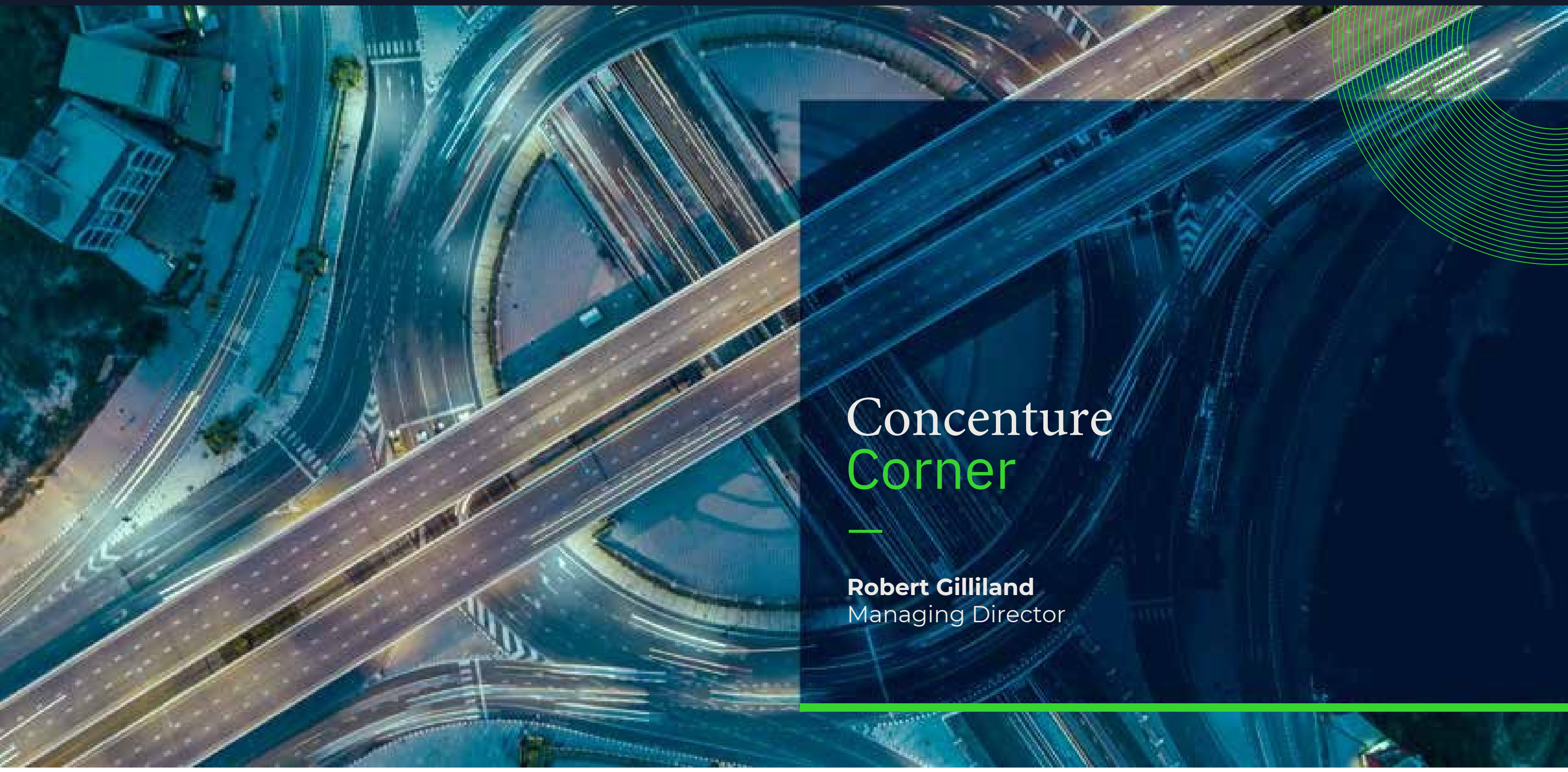
CONCENTURE
WEALTH MANAGEMENT



Concenture Corner

Robert Gilliland
Managing Director

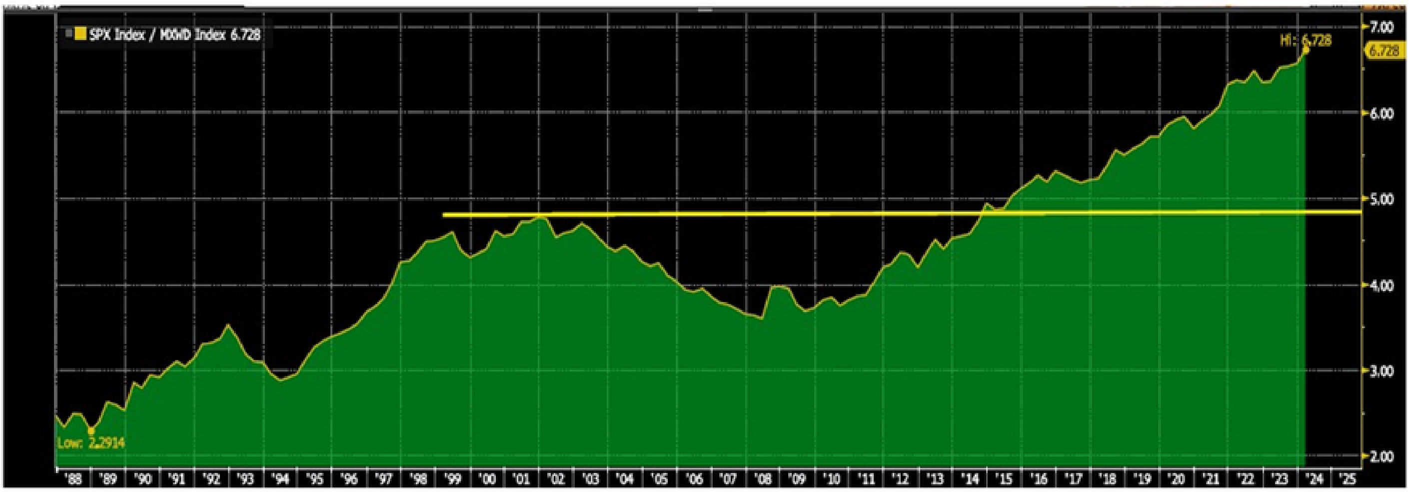
February 2024

Executive Summary

Home Is Where The Heart Is

The U.S. still dominates world indices, but when we compare the S&P 500 to the MSCI All Country World Index (ACWI), the S&P had a significant breakout in 2015 from a 17-year trading range. The U.S. equity market is still in the early stages of leading global indices. As the global economy expands its digital footprint, we believe U.S. companies will spearhead the development of new technologies, particularly in the burgeoning field of Artificial Intelligence. We do see select opportunities to invest overseas, but the U.S. will maintain its leadership, in our view.

S&P 500 Versus MSCI ACWI World Index Favors US Equities: The US Is Still The Place To Be



Source: Bloomberg, February 14, 2024

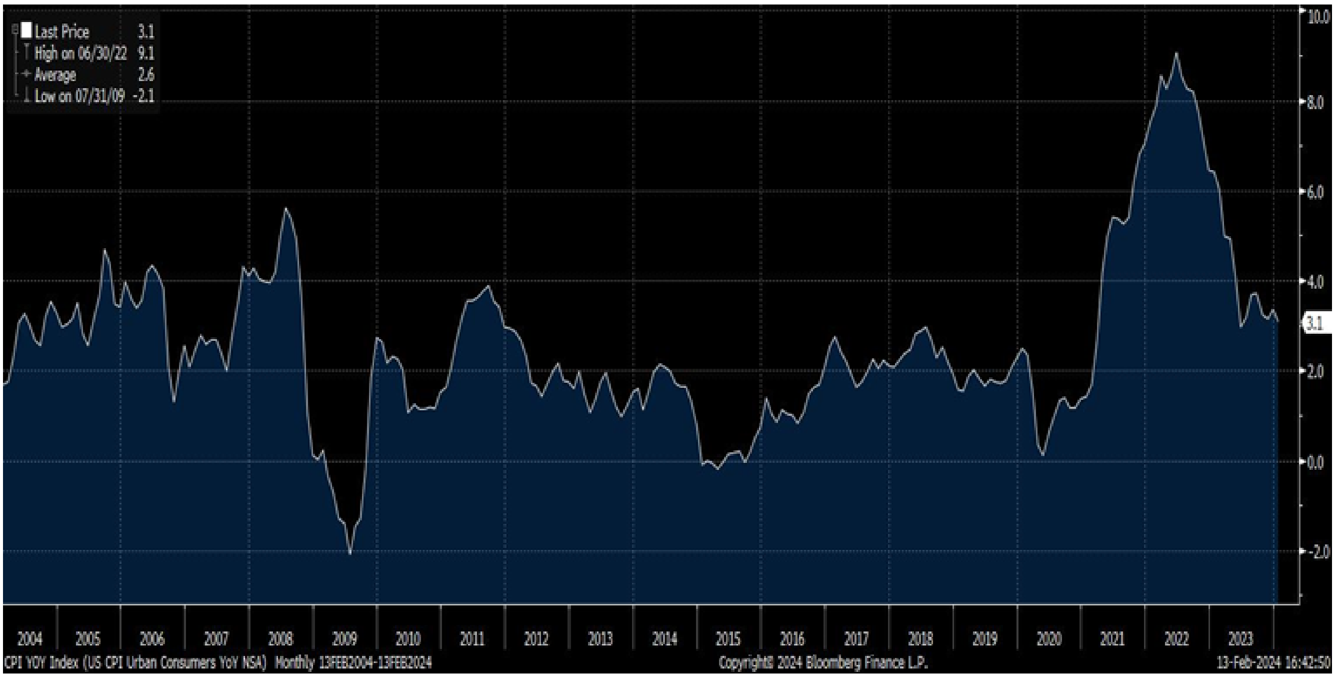
Inflation Scare Spikes Volatility For Stocks And Interest Rates

The January Consumer Price Index (CPI) came in slightly higher than expected. How did investors react? They panicked. Why? They realized that the number of interest rate cuts they've been expecting this year from the Federal Reserve (Fed) was too high given the strength of the economy and employment. Their reaction, coupled with spiking interest rates, drove equity prices lower.

But let's take a step back: the January CPI has still declined year-on-year and Core Price Consumption Expenditure data ("core PCE price index") has inflation tracking at 2.9%. That's really not so bad. But with stocks up sharply so far this year, the market may be getting closer to a pause or correction on the level of 5%-10%. We remain firmly bullish in our outlook this year, expecting the S&P 500 to reach 5200-5400 or a 5%-8% from current levels. Our longer-term target has the S&P 500 at 6144 or a 23% gain from current levels.

January CPI Comes In Hot But Trend Remains Down – Shelter Pricing Has Been Sticky

Consumer Price Index (CPI) Year-to-Year



Interest Rates Spike On CPI News

With January CPI coming in slightly higher than expectations, interest rates spiked higher on the 10-Year and 2 Year Treasury. The 10-Year could move up to resistance levels near 4.3% and, if this level is broken, could move to 4.5%-4.6%. The 2-Year Treasury also broke to the upside and could push as high as 4.8%. Rates moved up as the market removed several interest rate cuts by the Fed to three (3) cuts this year down from as many as seven (7). This reminds us of the volatility we had last year as the market had to adjust its outlook for rate cuts several times and, of course, got zero cuts. But this did not stop risk assets from going up in 2023.

Even if rates were to rise due to stronger economic growth and employment data, we still expect inflation to fall and this would still be a positive environment for earnings and stock prices. Essentially, the economy is normalizing.

When thinking about inflation, here are two important factors to keep in mind:

1. The Fed's favorite measure of inflation, Core CPE, is at 2.9%.

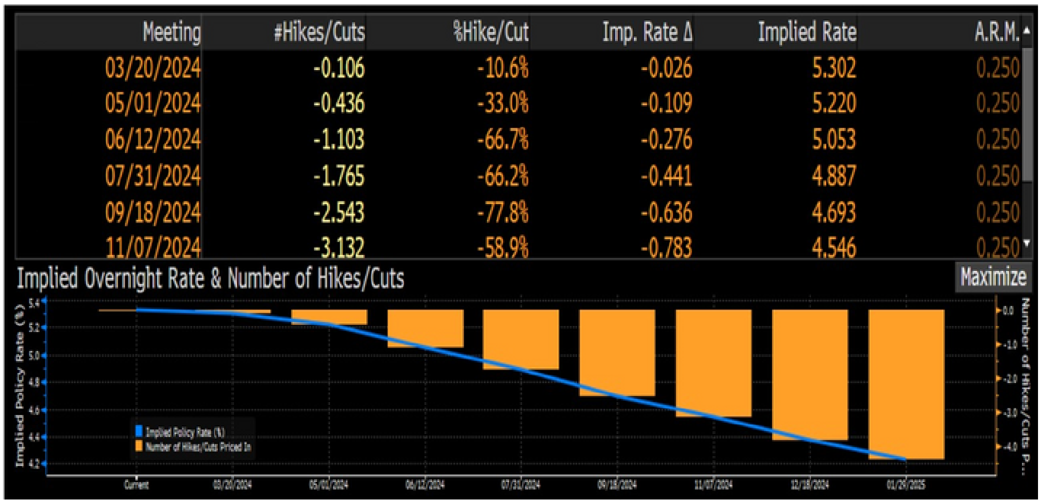
2. China is creating a positive influence on inflation because their weaker economy will likely drive down goods inflation. So, China can be a source of global disinflation/deflation.

10-Year Treasury Yield: Breaking Key Levels And Biased To The Upside Near-Term

2-Year Treasury Yield: Could Push Higher Near 4.8%

Concenture Wealth Corner - **February 2024**

The Market Is Now Discounting 3 Interest Rate Cuts By the Fed, Down From 7



Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/20/2024	-0.106	-10.6%	-0.026	5.302	0.250
05/01/2024	-0.436	-33.0%	-0.109	5.220	0.250
06/12/2024	-1.103	-66.7%	-0.276	5.053	0.250
07/31/2024	-1.765	-66.2%	-0.441	4.887	0.250
09/18/2024	-2.543	-77.8%	-0.636	4.693	0.250
11/07/2024	-3.132	-58.9%	-0.783	4.546	0.250

Source: Bloomberg, February 14, 2024

Risk of Correction – Buy The Dip

The S&P 500 has marched higher this year, up 5% already. A pause or correction is likely. In the accompanying graph, we show the daily S&P 500 price chart with the Relative Strength Index (RSI) price momentum indicator. As the S&P 500 has hit record all-time highs, the RSI has been rolling over, showing that momentum in the market is waning. We think stocks could correct 5%-10%, and the Magnificent 7 – because they've rallied more sharply would have a deeper drawdown of 15%-17%. (Remember: 'up more' means 'down more'.) We would view any correction as the "pause that refreshes." *We remain buyers of this market with our target range of 5200-5400 for this year. Our longer-term forecast is for the S&P 500 to rally up to 6144.*

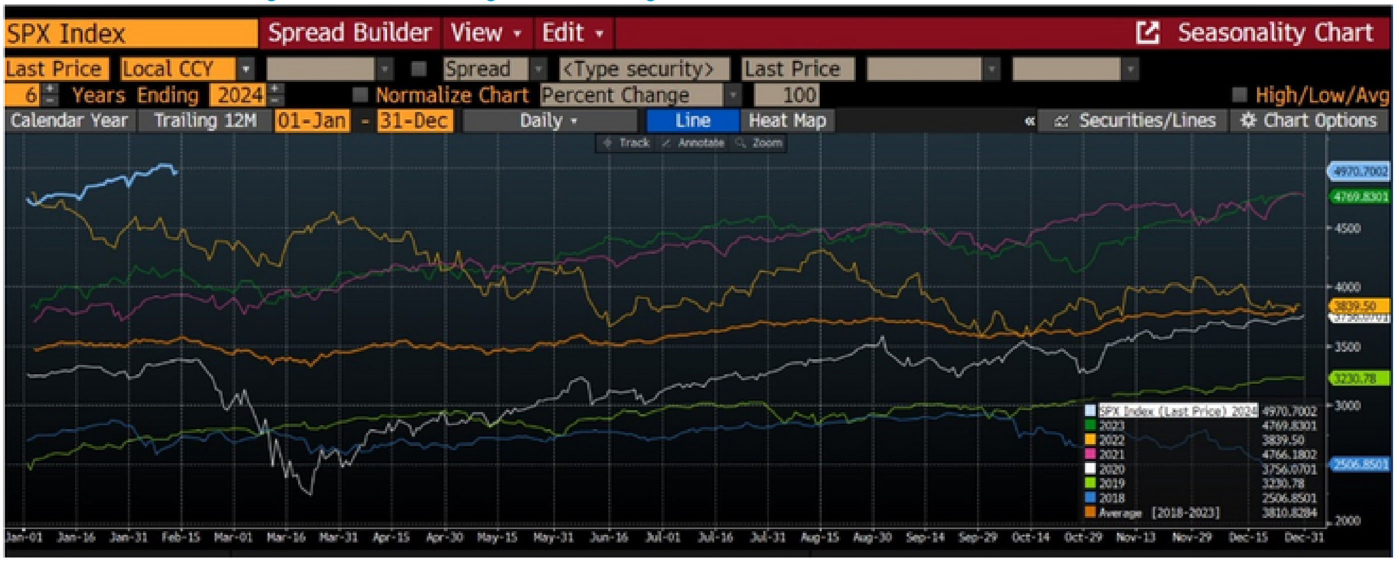
S&P 500 (Top) With Relative Strength Index (RSI) (Bottom)– Correction Signaled

Magnificent 7 To Have Deeper Correction 15%-17% - Testing Breakout Level

Concenture Wealth Corner - **February 2024**

February Is A Weak Month Seasonally

S&P 500 Seasonality Chart: February Historically Weak



Source: Bloomberg, February 14, 2024

Volatility Brings Opportunities

Volatility as measured by the VIX index has been low, but last week it spiked higher. If interest rates continue to rise, this could put pressure on equities. The VIX could move near 20 which would be a signal that stocks are moving into a buy zone.

VIX Volatility Index

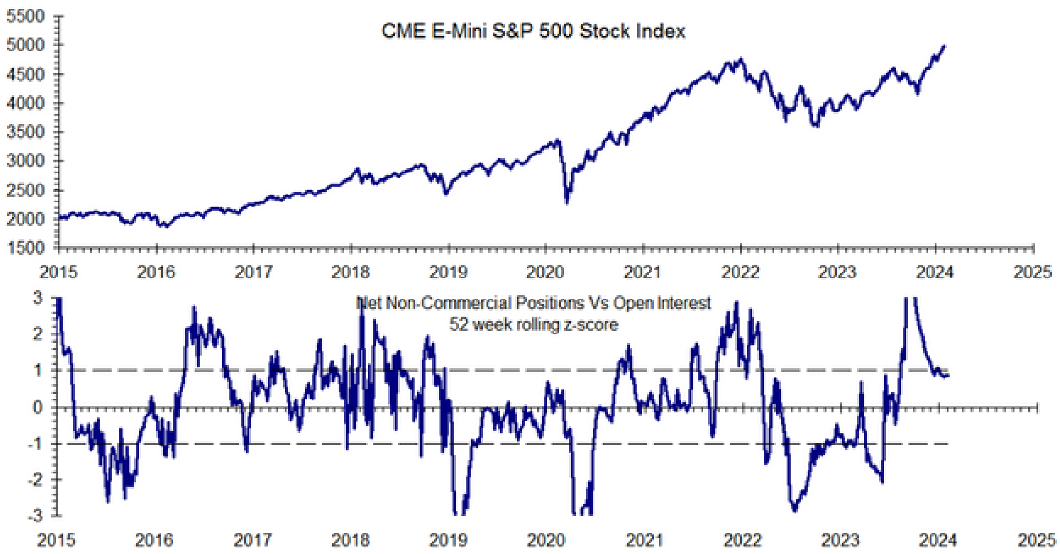
Sentiment Got Too Bullish – Contrarian Tactical Signals For A Correction

Sentiment is a good conditional measure to determine if markets have gotten to an extreme. This measure of the markets is called contrarian investing, meaning if everyone is bullish, the risk is stocks correct; if everyone is bearish, the risk is markets rally. We monitor several measures of sentiment, and they are all signaling risks are rising for a correction or pause.

Fast Money (Traders) Can Pressure The Markets

The measure of exposure to the market by traders has given us a signal that they are selling very long positions within the futures markets of the S&P 500. So, fast money could continue to put pressure on equities.

Trader Futures Positions Signal Pressure On Equities

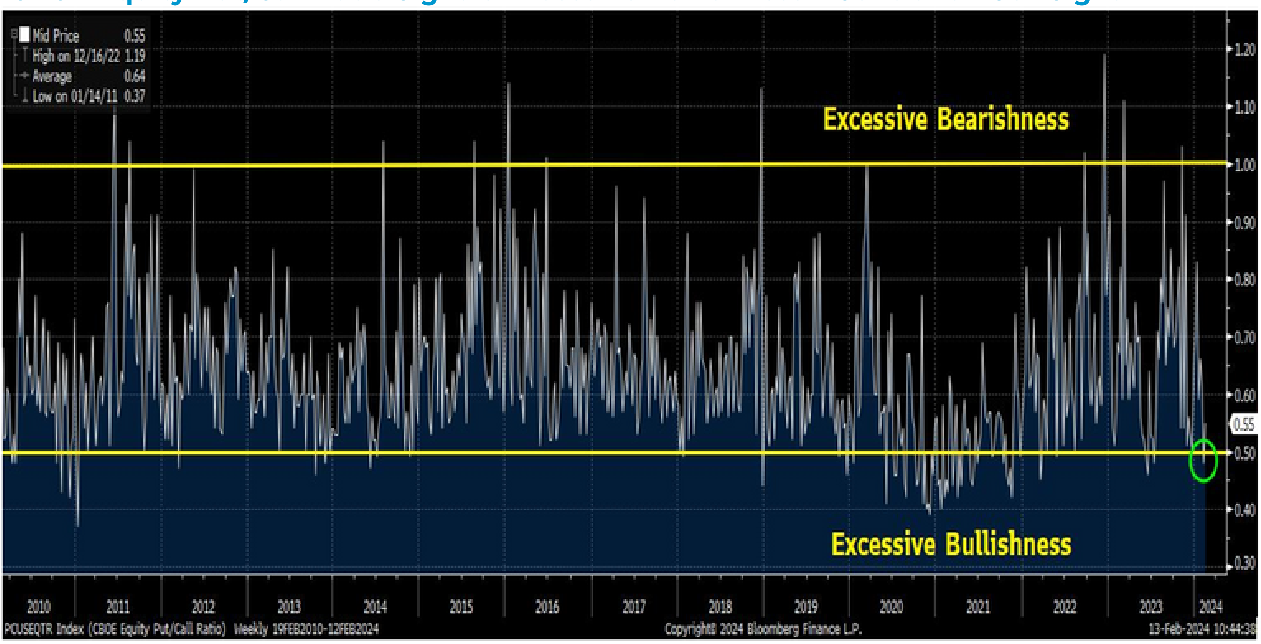


Source: Bloomberg, CFTC and Sanctuary Wealth February 12th, 2024

Options Market Has More Buyers Than Sellers: A Contrarian Sell Signal

We look at the CBOE equity put/call ratio, and we see excessive buying of calls (buying) of equities. This signals that the equity market needs a pause.

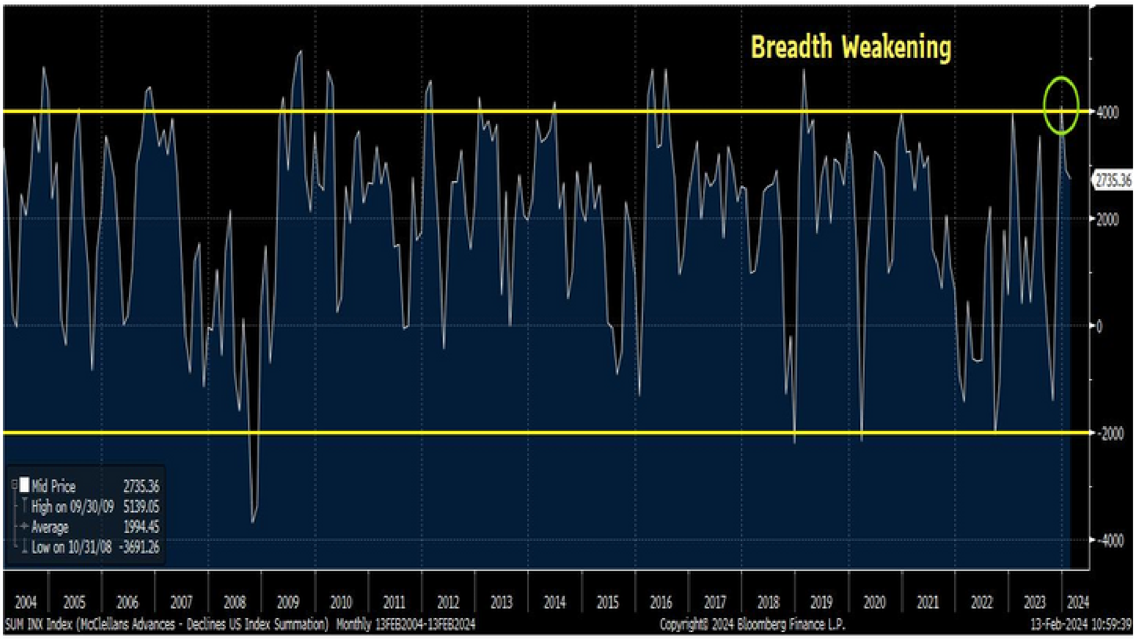
CBOE Equity Put/Call Ratio Signals Excessive Bullishness – Contrarian Sell Signal



McClellan Summation Index Signals Equity Weakness Ahead

The McClellan Summation Index is a breadth indicator derived from the McClellan Oscillator, which is a breadth indicator based on Net Advances (advancing issues less declining issues). The Summation Index is simply a running total of the McClellan Oscillator values. The index has reached 4000, which traditionally signals an equity market pause.

McClellan Advances – Declines US Index Summation



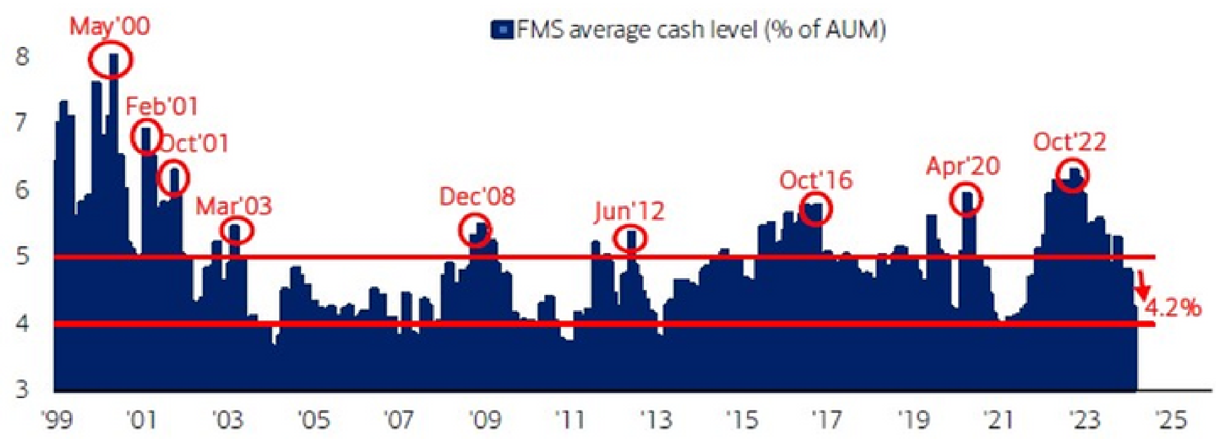
Cash Levels Falling To Levels That Are Close To A Tactical Sell Signal

Bank of America (BofA) follows levels of cash in its Global Fund Manager Survey, and the reading this month has cash levels falling to 4.2%. The model gives a tactical sell signal at 4% or below.

February BofA Global Fund Manager Survey Cash Levels Near A Sell Signal At Or Below 4%

Chart 5: FMS investors reduce cash levels to 4.2%

FMS average cash level (% of AUM)



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: February 13, 2024

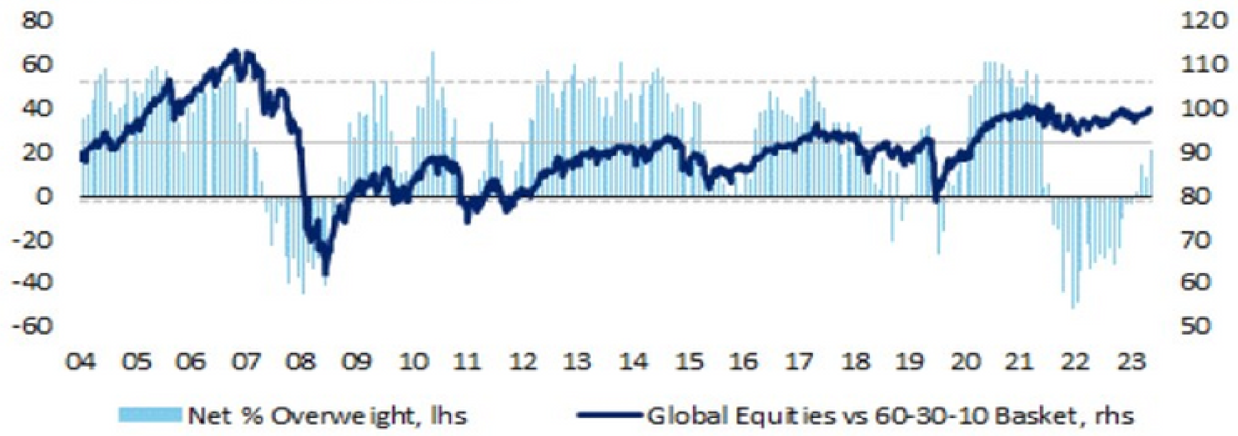
Positioning Still Bullish For Equities

Measuring how overweight investors are in the equity markets serves as another longer-term sentiment indicator. In the accompanying chart, we are measuring institutional exposure to equities. Levels are significantly below levels that would generate a warning sign. Levels remain low which is bullish.

February BofA Global Fund Manager Survey Does Not Show Excessive Exposure to Equities

Chart 33: Net % AA Say they are overweight Equities

Net% of FMS investors overweight equities



Source: BofA Global Fund Manager Survey, Datastream

BofA GLOBAL RESEARCH

Source: February 13, 2024

Earnings Beating After 80% of Companies Reported

As of this writing, some 80% of S&P 500 (334 companies) have reported their 4Q23 earnings. And we can say that fears of a bad reporting season have been eliminated! Why? Consensus 4Q EPS (actuals + estimates) is tracking a 4% beat, and reported EPS coming in 7% above consensus. Earnings are tracking at +7% year-on-year, accelerating from +4% in 3Q23. The only sectors to be trailing consensus are Materials and Utilities. Earnings have clearly troughed and are now growing admittedly, not abundantly, but they are good.

4Q23 Earnings & Sales By Sector

Exhibit 3: Consensus expects 7% earnings growth in 4Q

S&P 500 consensus earnings and sales growth expectations by sector based on current constituents

	Earnings		Sales	
Sector	**YoY%**	**QoQ%**	**YoY%**	**QoQ%**
Consumer Disc.	33.3%	(21.5%)	5.8%	5.8%
Consumer Staples	2.0%	(5.1%)	2.7%	1.0%
Energy	(25.4%)	(6.6%)	(9.4%)	(5.0%)
Financials	6.2%	(9.5%)	6.6%	(1.9%)
Health Care	(16.8%)	(5.6%)	7.2%	3.4%
Industrials	4.5%	1.5%	2.6%	1.8%
Technology	19.8%	14.1%	7.0%	11.4%
Materials	(21.9%)	(16.5%)	(5.8%)	(3.0%)
Real Estate	3.8%	0.7%	6.5%	2.0%
Communication Services	50.6%	39.4%	6.5%	7.8%
Utilities	32.5%	(21.8%)	0.5%	2.1%
S&P 500	**6.8%**	**0.5%**	**3.7%**	**2.7%**
ex. Financials	**7.0%**	**2.7%**	**3.4%**	**3.4%**
ex. Energy	**10.4%**	**1.0%**	**5.0%**	**3.4%**
ex. Fins & Energy	**11.4%**	**3.6%**	**4.8%**	**4.3%**

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

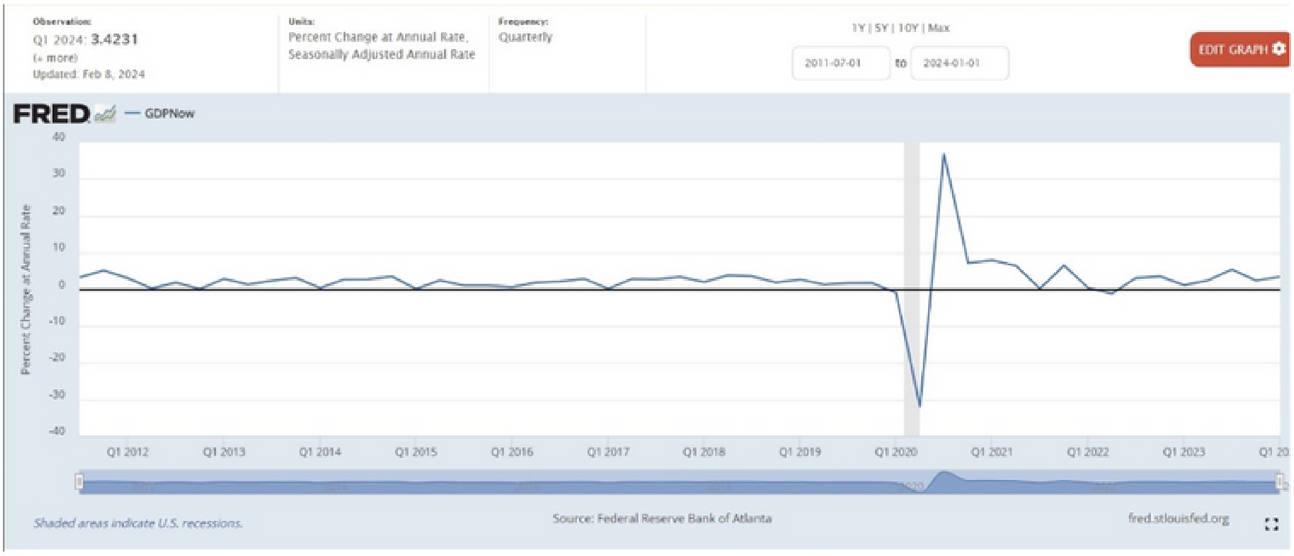
Source: Bank of America, February 12, 2024

Concenture Wealth Corner - **February 2024**

GDPNow Signals Growth In The Economy Remains Strong

The Federal Reserve of Atlanta tracks the economic data to measure the quarterly GDP number. Currently 1Q24 GDP is tracking at 3.4%, which is a very healthy level of economic growth.

Fed GDPNow 1Q24 Estimate Is 3.4% - Still Growing Strong!



Secular Bull Trend Intact: Could We Be Repeating 1995?

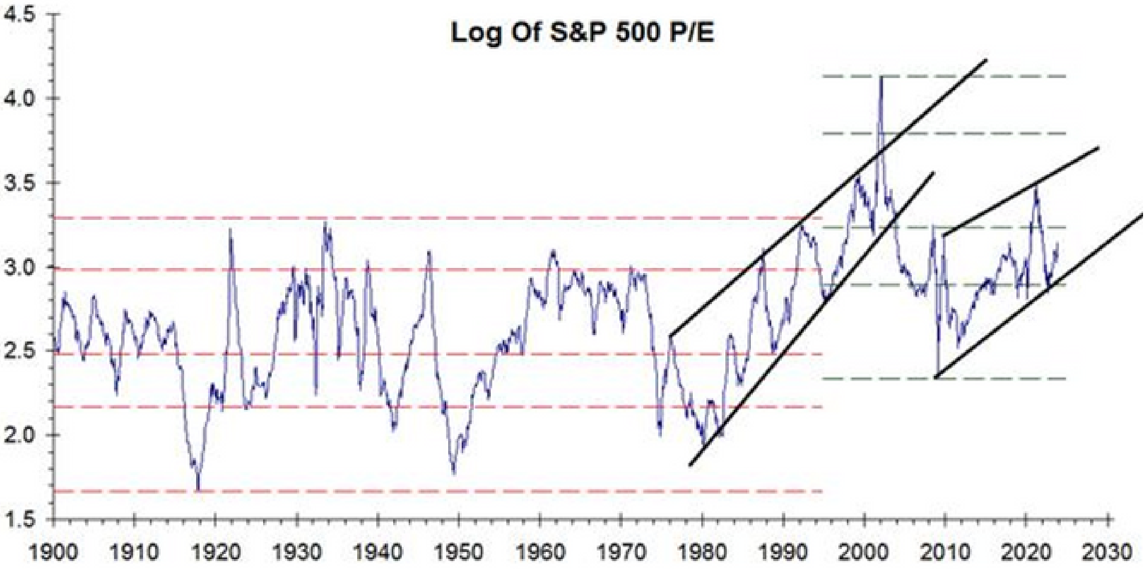
A secular bull market began in 2013 and secular trends can last 15-20 years. We believe the U.S. economy, along with the global economies, is being driven by advancements in Digital Technology. Back in the 1990s, companies introduced personal computers and just-in-time inventory. The market was already in a secular bull market, which had begun in the early 1980s. In 1993, the World Wide Web, now simply "the internet," was introduced to the economy. Notice in the accompanying chart, the Dow Jones Industrial Average spiked up sharply, beginning in 1995 and lasting until the peak in 2000. We believe the introduction of new technologies of the era (computers, telecommunication, and the internet) added to productivity, which in turn drove earnings and stock prices. Of course, near the end of the secular bull market, speculation on the internet began which was a sign the Bull run was ending. Today, with the excitement around Artificial Intelligence, a new generation of semiconductors and software can fuel a cycle similar to 1995. We believe we are in the early stages of a significant increase in productivity and earnings that can drive stock prices to levels that might seem impossible at this time. We believe this secular trend can last until 2029-2030.

Dow Jones Industrial Average

Valuations Expand During Secular Bull Markets

Examining the price/earnings ratio for the S&P 500 in log form gives us better trends and signals for the market. Our observation has been that valuations expand during secular bull markets. You can clearly see this from the 1980s-2000. We believe we are in a similar cycle, which will drive price/earnings ratios higher in the coming years. The value or significantly lower price/earnings ratio may not fall sharply until the 2030s.

Log Of S&P 500 Price/Earnings Ratio

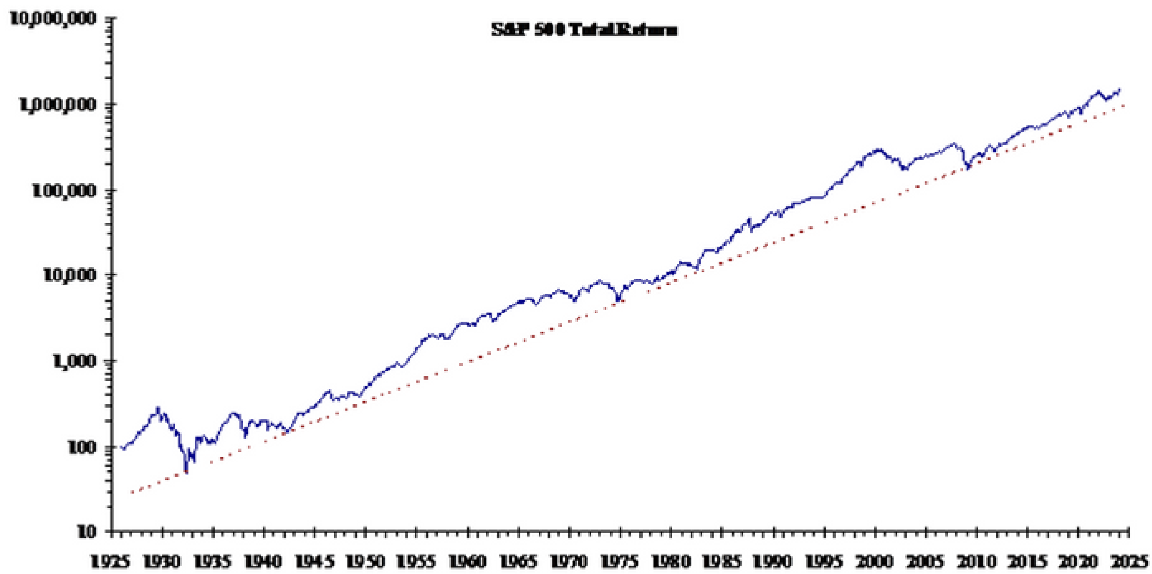


Source: Standard & Poor's, Sanctuary Wealth, February 14, 2024

Total Returns Showing An 11% Per Annum Historically

S&P 500 historical total return data in logarithmic form measuring back to 1933 shows *the underlying growth rate in stocks is 11% per annum and not the signal digit number that is traditionally shown.*

S&P Total Returns



Source: Standard & Poor's and Sanctuary Wealth, February 14, 2024

Growth vs. Value Trying To Breakout To Test 2000 Level

We continue to believe that we are entering a Mega Cycle for Growth stocks.

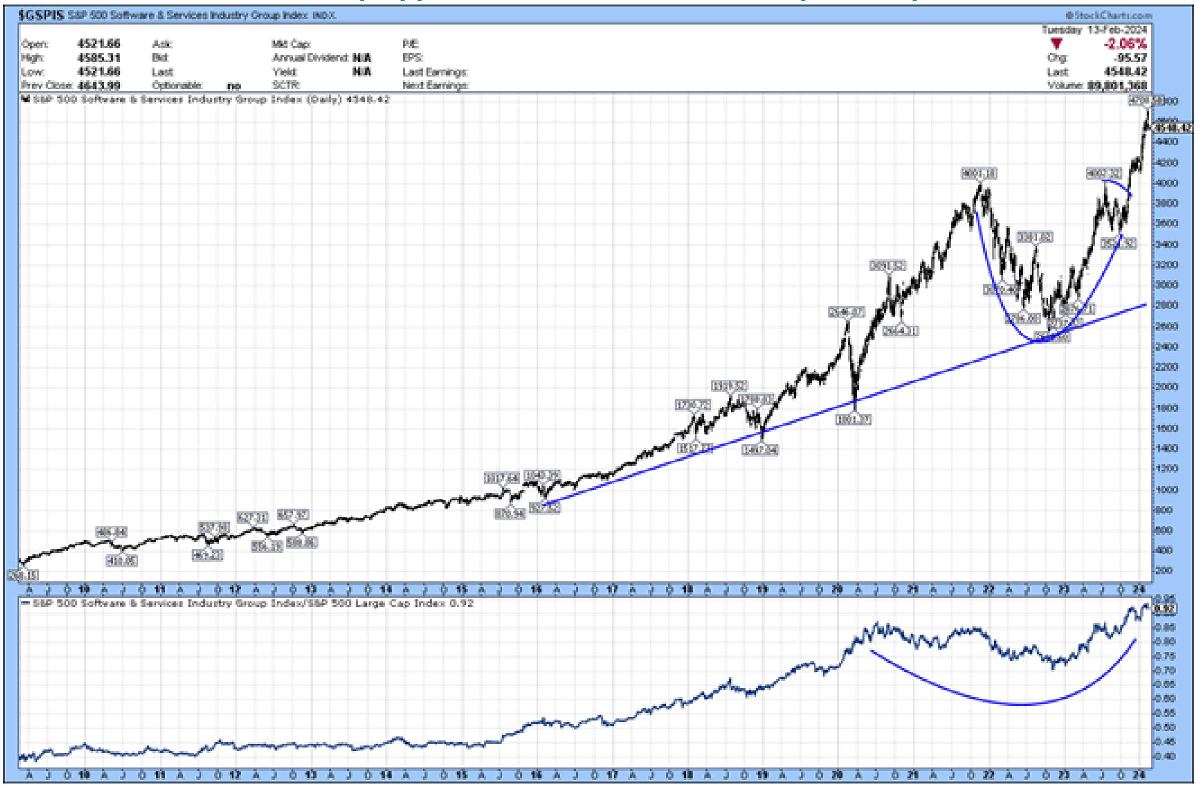
Russell 1000 Growth Vs. Russell 1000 Value

Semiconductors Still "Leader Of The Pack"

VanEck Semiconductor ETF (Top) With Relative To S&P 500 (Bottom)

Software & Services Also Strong Leaders

S&P Software & Services (Top) With Relative To S&P 500 (Bottom)



Industrials Benefitting From Fiscal Spending: Hitting Record Highs

S&P Industrials (Top) With Relative To S&P 500 (Bottom)

Financials Rally Into Resistance – Rally Now Appears Over

S&P 500 Financials (Top) With Relative Performance To S&P 500 (Bottom)

Regional Bank Rally Appears To Be Over – Value Trap Continues

KBW Regional Bank Index (Top) With Relative To S&P 500 (Bottom)

Insurance Has Rallied Sharply And Is Extended; It May Correct

SPDR Insurance ETF (Top) With Relative To S&P 500 (Bottom)

Russell 2000 Small Caps Still Lagging S&P 500 – Rally Completed

Russell 2000 Small Caps (Top) With Relative To S&P 500 (Bottom)

Bitcoin Breaking Out To Test Old Highs – New Highs Possible

The Halving Takes Place In April – Historically Bitcoin Rallies

Target Range $60,000-$80,000

Bitcoin (Top) Relative To S&P 500 (Bottom) Beating S&P 500

Positioning

Continuing into 2024, we reiterate our perspective for positioning your portfolios. We prefer Growth over Value. Why? Because growth stocks tend to outperform value stocks when earnings are scarcer. Technology remains the market leader with Semiconductors playing "Leader of the Pack." Still, with technology expanding to all areas of the global economy, every sector has a place to invest based on the growth in new technologies. For example, Communication Services has many of the other technologies that are being embraced across the economy.

We prefer Cyclicals over Defensives because, when the Bull is running, cyclical stocks tend to outperform defensive stocks. We prefer Discretionary over Staples. Why? When the economy is expanding (rather than contracting), consumers are usually not concerned about their income, and so, discretionary spending stocks tend to outperform consumer staples.

Higher rates continue to create an opportunity to add duration to portfolios and we continue to stress laddering maturities as the longer-term trend in interest rates is higher.
Overall, we would focus on staying with Quality.

Let us reiterate two risks we can currently see to our outlook for 2024:

1. There are no interest rate cuts at all by the Federal Reserve during the year, and
2. Oil prices cross $100 per barrel and stay there.

Either of these scenarios could overturn our 2024 market outlook.

Concenture Wealth Corner - **February 2024**

Market Performance

	Last 2/14/2024	Month End 1/31/2024	Month to Date	Quarter End 12/29/2023	Quarter to Date	Year End 12/29/2023	Year to Date	Year Ago 2/14/2023	Year To Year
S&P 500	5000.62	4845.65	3.2%	4769.83	4.8%	4769.83	4.8%	4136.13	20.9%
NASDAQ Composite	15859.15	15164.01	4.6%	15011.35	5.6%	15011.35	5.6%	11960.15	32.6%
NASDAQ 100	433.22	416.97	3.9%	409.52	5.8%	409.52	5.8%	306.75	41.2%
Russell 2000	2012.10	1947.34	3.3%	2027.07	-0.7%	2027.07	-0.7%	1939.91	3.7%
S&P Consumer Discretionary Sector	1432.44	1367.70	4.7%	1418.09	1.0%	1418.09	1.0%	1181.11	21.3%
S&P Consumer Staples Sector	771.40	772.80	-0.2%	762.32	1.2%	762.32	1.2%	764.47	0.9%
S&P Energy Sector	634.03	636.73	-0.4%	640.05	-0.9%	640.05	-0.9%	687.78	-7.8%
S&P Financial Sector	649.73	644.54	0.8%	626.35	3.7%	626.35	3.7%	609.58	6.6%
S&P Health Care Sector	1678.50	1635.58	2.6%	1590.37	5.5%	1590.37	5.5%	1546.71	8.5%
S&P Industrials Sector	997.44	955.86	4.4%	964.73	3.4%	964.73	3.4%	869.36	14.7%
S&P Information Technology Sector	3695.41	3529.92	4.7%	3397.16	8.8%	3397.16	8.8%	2502.34	47.7%
S&P Materials Sector	523.94	518.41	1.1%	539.62	-2.9%	539.62	-2.9%	520.68	0.6%
S&P Real Estate Sector	237.62	239.54	-0.8%	251.58	-5.5%	251.58	-5.5%	251.75	-5.6%
S&P Communications Sector	274.82	257.91	6.6%	246.00	11.7%	246.00	11.7%	181.85	51.1%
S&P Utilities Sector	305.64	312.07	-2.1%	321.92	-5.1%	321.92	-5.1%	344.09	-11.2%
S&P 500 Total Return	10897.61	10501.38	3.8%	10327.83	5.5%	10327.83	5.5%	8826.32	23.5%
3 month Treasury Bill Price	98.65	98.66	0.0%	98.66	0.0%	98.66	0.0%	98.81	-0.2%
3 month Treasury Bill Total Return	245.44	245.05	0.2%	243.98	0.6%	243.98	0.6%	233.21	5.2%
10 Year Treasury Bond Future	110.02	112.33	-2.1%	112.89	-2.5%	112.89	-2.5%	112.33	-2.1%
10 Year Treasury Note Total Return	289.87	294.07	-1.4%	294.12	-1.4%	294.12	-1.4%	285.02	1.7%
iShares 20+ Year Treasury Bond ETF	92.82	96.66	-4.0%	98.88	-6.1%	98.88	-6.1%	104.02	-10.8%
S&P Municipal Bond Total Return	271.69	272.53	-0.3%	272.94	-0.5%	272.94	-0.5%	262.92	3.3%
iShares S&P National Municipal Bond NAV	107.59	108.19	-0.6%	108.42	-0.8%	108.42	-0.8%	107.08	0.5%
S&P 500 Investment Grade Corporate Bond Total Return	447.22	455.62	-1.8%	455.89	-1.9%	455.89	-1.9%	430.31	3.9%
S&P Investment Grade Corporate Bond	89.86	91.49	-1.8%	91.76	-2.1%	91.76	-2.1%	89.76	0.1%
S&P Investment Grade Corporate Bond Total Return	475.07	482.96	-1.6%	482.66	-1.6%	482.66	-1.6%	455.18	4.4%
SPDR Bloomberg High Yield Bond ETF	94.16	94.87	-0.7%	94.73	-0.6%	94.73	-0.6%	92.00	2.3%
iShares iBoxx High Yield Corporate Bond ETF	76.87	77.48	-0.8%	77.39	-0.7%	77.39	-0.7%	74.99	2.5%
Gold	1992.33	2039.52	-2.3%	2062.98	-3.4%	2062.98	-3.4%	1854.31	7.4%
Bitcoin	51772.71	42458.43	21.9%	41935.34	23.5%	41935.34	23.5%	22252.63	132.7%

Source: Sanctuary Wealth, Bloomberg, February 14, 2024

Last Words

As 2024 continues to unfold, there's a tangible sense of optimism, supported by a wealth of positive indicators and ripe investment opportunities, not least because history suggests that Presidential Election Years with incumbents running typically yield robust equity returns.

Nonetheless, a balanced perspective requires acknowledging significant challenges, including war in the Middle East and Ukraine, a record-high U.S. deficit accompanied by the steep costs of managing national debt, and the highest interest rates seen in over a decade, all amidst inflationary pressures that affect consumer spending habits.

Despite these considerations, our confidence in the resilience of various asset classes through 2024 remains unshaken. Our strategy includes a keen focus on the opportunities emerging from the shift towards a digital economy, with Artificial Intelligence paving the way for new productivity gains. This trend, predominantly led by U.S. firms, promises to underpin strong performance in U.S. markets.

3815 River Crossing Pkwy, Suite 200
Indianapolis, IN 46260