

Monthly Investment Report

June 2024



In May, the S&P 500 rose by +5.0%, with the Dow Jones and Nasdaq gaining +2.6% and +7.0%, respectively. All sectors except Energy saw gains. Large-cap growth stocks performed best, outpacing mid- and small-caps. International markets also saw positive movements, with notable gains in Europe, the Pacific region, and the UK. Bond indices performed well, particularly the Bloomberg US Aggregate and US Credit indices at +1.7% and +1.8%, respectively. Commodities rose too, with the Bloomberg Commodities index up 1.8% for the month. The US dollar weakened with the Bloomberg Dollar Index falling by -1.1% yet it is up +3.2% year-to-date. The Federal Reserve maintained interest rates at 5.25%-5.50%, emphasizing their reliance on economic data to guide them on future moves. US business activity hit a two-year high, driven by strong service sector and manufacturing performance, indicating robust economic growth despite concerns over inflation, interest rates, and geopolitical uncertainties. While unemployment rose, job losses slowed due to increased business confidence and higher orders.

Markets

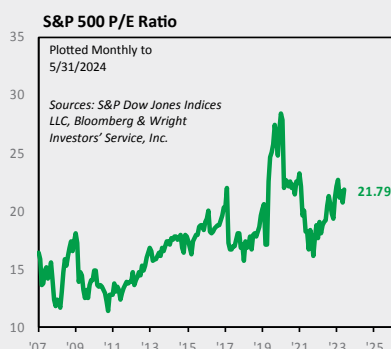
Following a decline in the previous month, the S&P 500 surged by +5.0%. This brings its total gain to +11.3% so far in 2024. In May, the Dow Jones Industrial Average and the tech-centric Nasdaq Composite Index also rose, increasing by +2.6% and +7.0%, respectively. All sectors, except Energy, experienced gains. Information Technology led with a +10.1% increase, followed by Utilities at +9.0%. The Energy sector was the only one to decline, falling by -0.4%. In terms of corporate earnings, Communication Services posted the highest earnings growth at +41.43% while Consumer Discretionary had the highest earnings surprise at +16.9%. Conversely, the Energy, Healthcare, and Materials sectors saw negative earnings growth of -25.68%, -25.46%, and -21.5% respectively.

Large-cap growth stocks led the performance with a +6.6% increase, while large-cap value stocks underperformed, rising just +3.0%. Among value stocks, mid-caps led with a 4.7% increase. The MSCI Europe ex-UK index rose by +5.2%, and the MSCI Pacific ex-Japan and MSCI Developed Markets ex-US indices gained +3.4% and +3.8% respectively. Japan's market saw a +1.3% increase, and China's market grew by +2.4%. In contrast, the MSCI Emerging Markets index experienced a modest rise of +0.6%.

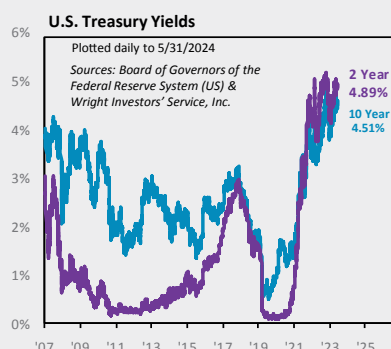
Bond prices rose, with the Bloomberg US Aggregate Index increasing +1.7% during the month. The Bloomberg US Credit Index saw the largest gain, rising +1.8%. Non-US Dollar bonds, represented by the Bloomberg Global Aggregate ex USD Index, rose +1.0% for the month but are down -4.8% year-to-date. The Bloomberg US High Yield Bond index increased by +1.1%. Treasury yields fell across nearly all maturities, with the 10-year yield dropping to 4.50% from 4.68% at the end of April. Yields on Treasuries with maturities of 2 years and longer declined more than those of short-term Treasuries. Despite this, yields remain higher than at the end of 2023, and the yield curve continues to dis-invert.

The Bloomberg Commodities Index, a benchmark for commodity market performance, ended the month +1.8% higher. Natural gas prices surged by +29.9% while crude oil and heating oil prices fell by -6.0%. Unleaded gasoline declined by -10.5%. Gold has increased +12.1% year-to-date, likely due to strong demand in Asia. Copper has risen by +18.3% for the year, indicating some strength in demand from construction and manufacturing. The MSCI US REIT Index gained +4.6% for the month, while the US dollar weakened against most major currencies.

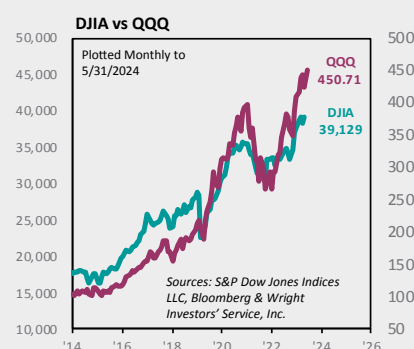
P/Es Fully Valued



2 Year & 10 Year Yields Edge Up



US Equities Take a Pause



Total Investment Returns—05.31.2024

	May	Last 12 Mos.
Dow Jones Industrial Average	2.6%	20.0%
Nasdaq Composite	7.0%	30.4%
S&P 500 Composite	5.0%	28.2%
S&P MidCap 400	4.4%	26.0%
S&P SmallCap 600	5.0%	20.3%
MSCI World (\$)	4.5%	24.9%
MSCI World ex U.S. (\$)	3.8%	18.5%
Bloomberg U.S. Aggregate	1.7%	1.3%
90-Day Treasury Bills (Yield)	5.3%	5.4%
CPI ex-Food & Energy SA* (Apr 2024)	0.3%	3.6%

*SA: Seasonally Adjusted

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

U.S. Economy

In May, US business activity surged to a two-year high, driven by robust service sector performance and a rebound in manufacturing.

The S&P Global US PMI Composite Output Index rose significantly from 51.3 in April to 54.4, indicating the strongest growth since April 2022. The S&P Global US Services PMI increased from 51.3 to 54.8, reflecting the fastest growth in the services sector in a year. Manufacturing output expanded for the fourth consecutive month despite a decline in new factory orders. Business optimism improved, though it remained below long-term averages due to concerns over interest rates, elections, and geopolitical uncertainties.

Manufacturing jobs saw the highest increase in ten months, while job losses in the service sector were muted due to staff shortages.

Input costs and output prices rose sharply, with manufacturers experiencing the highest cost increases in 18 months due to higher input, energy, and labor costs. The S&P Global US Manufacturing PMI increased from 50.0 in April to 50.9 in May, marking the third-highest level in 20 months, as output and employment improved and supply chain pressures eased slightly.

At its most recent meeting, the Federal Reserve kept interest rates steady at 5.25%-5.50%.

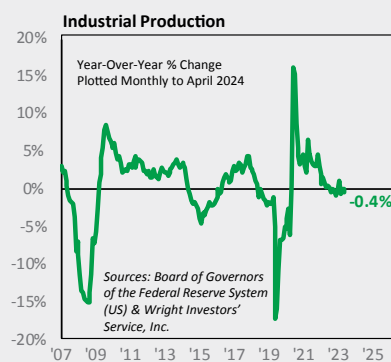
While the Fed is inclined to lower rates, they are seeking evidence of economic softness or a movement towards the 2% inflation target but have yet to find substantial proof. Headline PCE inflation and Core PCE inflation, which excludes food and energy, remained steady at 2.7% and 2.8% respectively. The unemployment rate increased to 3.9% with nonfarm payroll employment rising by 175,000 in April. Job gains were significant in sectors such as health care, social assistance, transportation and warehousing, with health care adding the most jobs at 56,000. The labor force participation rate was 62.7% in April.

New home sales decreased to 634,000 from a revised 665,000 in the previous month, while annualized housing starts rose to 1,360,000 units from a revised 1,287,000. The 30-year mortgage rate was 7.03% at the end of May. Although the mortgage rates have decreased from the end of April, they remain high compared to pre-pandemic levels.

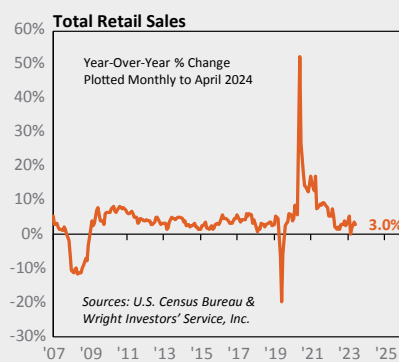
Investment Outlook

Strong US business activity and cautious Fed policies create a favorable environment for continued investment growth. However, companies and consumers remain cautious due to concerns about inflation, deteriorating labor conditions, geopolitical issues, and the upcoming US presidential election. Despite the Federal Reserve's efforts to slow growth and inflation, the US economy continues to show resilience. Looking ahead, we remain cautiously optimistic about achieving positive returns from US stocks and bonds. As always, we believe that maintaining diversified portfolios—comprising a variety of stocks, bonds, and other assets issued by high-quality companies and held for the long term—is the most prudent strategy for investors.

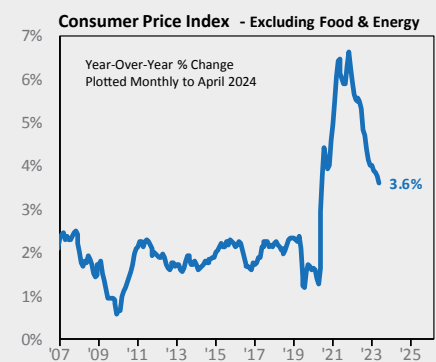
Manufacturing: Stalled Out



Consumer Spending: Weaker Growth



Core Inflation: Moderating



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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