

Monthly Investment Report

September 2024



In August, the S&P 500 climbed +2.4% while the Dow Jones Industrial Average advanced +2.0%, both outperforming the tech-focused Nasdaq Composite which saw a more modest gain of +0.7%. Large-cap value stocks saw the highest gains, surging +3.0%, while small-caps declined. Most sectors posted gains except for Energy -1.7% and Consumer Discretionary -1.0%. Real Estate led the sector gains with a +6.1% increase, followed by Consumer Staples +5.9% and Health Care +5.1%. The bond market also performed well, with the Bloomberg US Aggregate Index rising by +1.4%, as Treasury yields fell, contributing to positive bond returns. Commodities underperformed equities and bonds, with crude oil prices dropping by -5.6%, while gold prices rose by +3.2%. The MSCI US REIT Index posted a strong +6.4% gain, and the US dollar depreciated against major currencies, falling -1.6%. Overall, the markets had a strong month, with gains across most sectors and indices.

Markets

In August, the S&P 500 climbed +2.4%, while the Dow Jones Industrial Average gained +2.0%. Both the indices outperformed the tech-heavy Nasdaq Composite, which increased by +0.7%. Gains for the month were mostly driven by large cap. The highest gains were seen in large-cap value, which surged +3.0%. Small-caps, on the other hand, fell during the month. Most market sectors posted gains, except for the Energy sector, which dropped by -1.7%, and Consumer Discretionary, which fell by -1.0%. Real Estate led the gains with a +6.1% increase, followed closely by Consumer Staples at +5.9%, Health Care at +5.1%, and Utilities at +4.9%. Nearly 97% of the S&P 500 Information Technology stocks have reported their Q2 earnings, with 68% showing positive earnings growth and an overall sector increase of +20.3%. The Materials sector stocks saw gains of +2.4%, despite experiencing the largest negative earnings growth of any sector at -7.1%, with 36% of its companies reporting negative earnings growth for Q2. Almost all sectors delivered positive earnings surprises, except for Communication Services, which reported a significant negative earnings surprise of -10.9%. Among major international markets, the MSCI-Pacific ex-Japan recorded the highest gain, rising by +4.7%. The MSCI-Europe ex-UK followed with a gain of +4.1%, while the MSCI-Developed World ex-US and MSCI-UK posted gains of +3.3%. The MSCI - Emerging Markets increased by +1.6%, the MSCI - China rose by +1.0%, and the MSCI - Japan saw a modest gain of +0.5%.

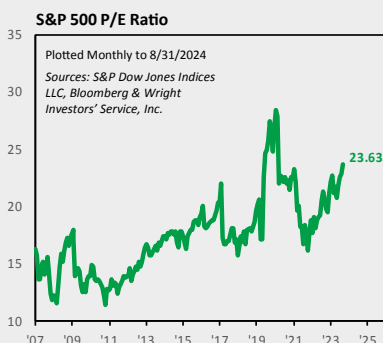
In August, the Bloomberg US Aggregate Bond Index rose by +1.4%.

Non-US dollar bonds, as represented by the Bloomberg Global Aggregate ex-US Index, rose by +3.1% outperforming the Bloomberg US High Yield Bond Index, which increased by +1.6% for the month. Treasury yields decreased across all maturities, causing a downward shift in the yield curve. The 10-year Treasury yield notably fell from 4.03% at the end of July to 3.90% at the end of August, which contributed to positive returns in the bond market. Over the month, Treasury yields decreased more significantly than those on TIPS, indicating a decline in inflation expectations.

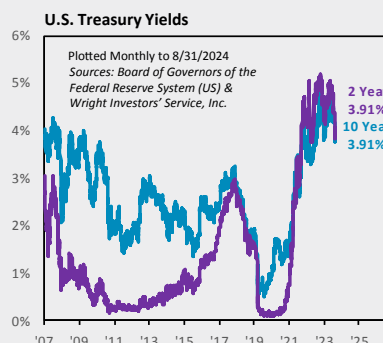
In August, commodities underperformed relative to equities and bonds.

The Bloomberg Commodities Index, a key benchmark for commodity performance, was flat for the month. Crude Oil prices declined by -5.6% with Unleaded Gasoline experiencing the steepest drop at -10.9%, followed by Heating Oil at -6.8%. Corn prices fell by -1.2%, and Copper decreased by -0.8%. In contrast, Gold prices rose by +3.2% for the month and the MSCI US REIT Index gained +6.4%. The US dollar Index fell by -1.6% overall, with the dollar depreciating against most major currencies, most notably by -3.2% against the Swiss Franc.

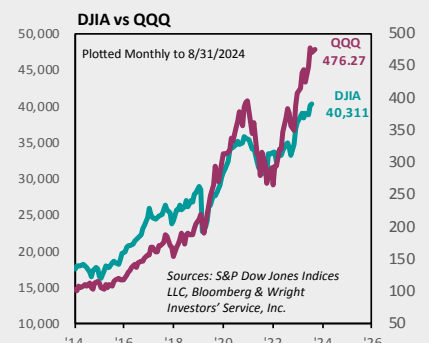
P/Es Have Gotten Richer



2 Year & 10 Year Yields Drop



US Equities Push Higher



Total Investment Returns—08.31.2024

	August	Last 12 Mos.
Dow Jones Industrial Average	2.0%	22.1%
Nasdaq Composite	0.7%	27.1%
S&P 500 Composite	2.4%	27.1%
S&P MidCap 400	-0.1%	18.7%
S&P SmallCap 600	-1.4%	17.3%
MSCI World (\$)	2.6%	24.4%
MSCI World ex U.S. (\$)	3.3%	19.4%
Bloomberg U.S. Aggregate	1.4%	7.3%
90-Day Treasury Bills (Yield)	5.1%	5.5%
CPI ex-Food & Energy SA* (Jul 2024)	0.2%	3.2%

*SA: Seasonally Adjusted

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

U.S. Economy

The S&P Global US Services Business Activity Index reached 55.2 in August, exceeding the market expectation of 54.0 and up from July's reading of 55.0, indicating solid growth in the service sector activity.

In contrast, U.S. manufacturing contracted at a moderate pace, despite some improvement in employment. The decline in new orders and an increase in inventory suggest that factory activity may remain subdued for a while. The S&P Global US Manufacturing PMI fell from 49.6 in July to 48 in August. The flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, edged down to 54.1 this month from 54.3 in July. Although it reached a four-month low, output has increased steadily over the past 19 months.

The unemployment rate rose to 4.3% in July, up from 4.1% in June, with the number of unemployed individuals increasing by 352,000 to 7.2 million.

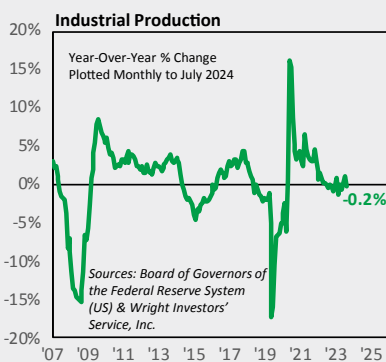
Although still low by historical standards, the rate is nearly a full percentage point above its level from early 2023. Nonfarm payroll employment grew by 114,000, falling short of the average monthly gain of 215,000 over the previous 12 months. Employment continued to rise in healthcare, construction, and transportation and

warehousing, while the information sector saw job losses. In July, average hourly earnings for all employees on private nonfarm payrolls increased by 8 cents, or 0.2%, to \$35.07 marking a 3.6% rise over the past year. The PCE inflation remained unchanged at 2.5% from June, while Core PCE, which excludes volatile food and energy prices, also held steady at 2.6%. The Federal Reserve remains confident that inflation is trending towards its 2% target, with a rate cut in the September meeting now considered almost certain. In the housing market, sales of new single-family houses in July 2024 were at a seasonally adjusted annual rate of 739,000, up from the revised June rate of 668,000. Housing starts increased to 1,353,000 from the revised June number of 1,329,000, while building permits fell to 1,396,000 from 1,454,000.

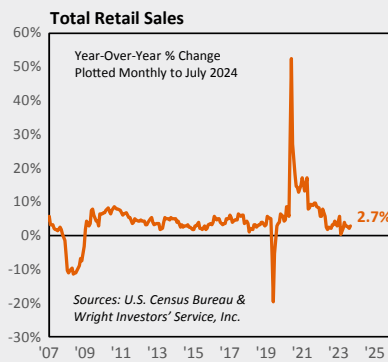
Investment Outlook

The US economy seems to be heading in the right direction. The labor market is becoming less tight, business activity has been expanding for nearly two years, and inflation is moderating. Supply and demand disruptions from the pandemic, along with major shocks to energy and commodity markets, are gradually stabilizing. A rate cut is now considered almost certain. However, global geopolitical uncertainties remain due to ongoing conflicts such as the Russia-Ukraine and Israel-Hamas wars, and aggressive actions by China in the South China Sea. Additionally, uncertainty around potential policy shifts leading up to the US elections may contribute to market volatility. Despite these factors, maintaining a well-diversified portfolio of high-quality investments for the long-term remains a sound approach in both favorable and challenging times.

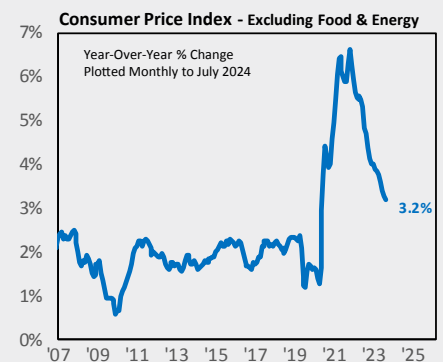
Manufacturing: Improving Again



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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