



R|W INVESTMENT MANAGEMENT

Quarterly Market Review

[Fourth Quarter 2024]



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Quarterly Market Review

Fourth Quarter 2024

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

Overview

- Quarterly Topic: How to Feel About Consumer Feelings
- World Stock Market Performance
- US Stocks
- International Developed Stocks
- Emerging Markets Stocks
- Country Returns
- Real Estate Investment Trusts (REITs)
- Commodities
- Fixed Income
- Global Fixed Income
- Market Summary



How to Feel About Consumer Feelings

4th quarter 2024

Matt Lipps, CFA, Investment Strategist, Dimensional Fund Advisors

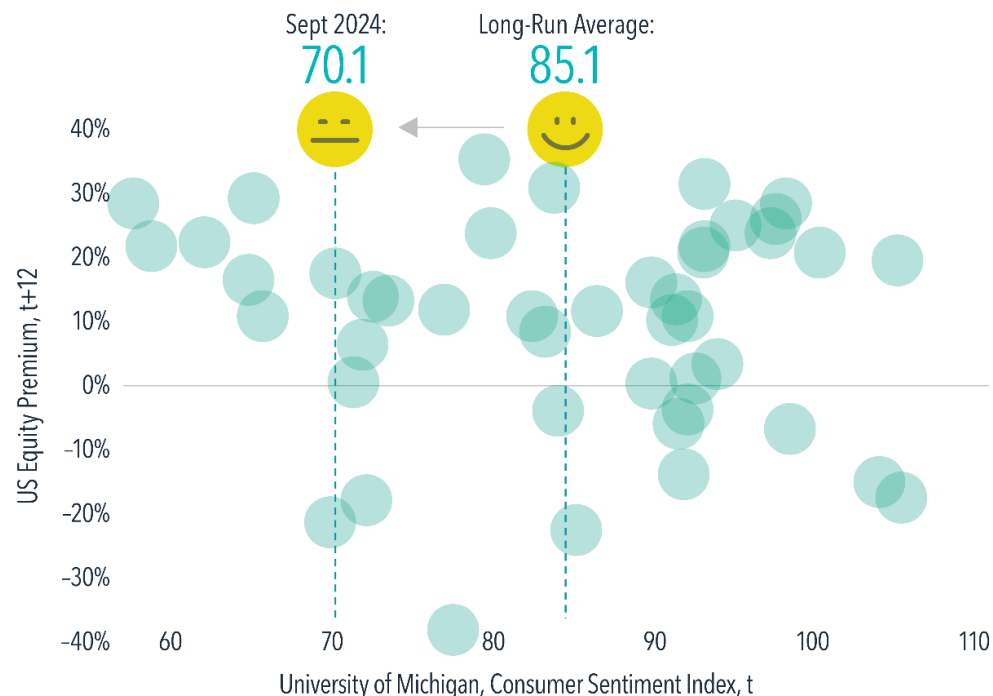
Does your neighbor know where the economy is headed in the next 12 months? Since the 1960s, the University of Michigan has published the popular Consumer Sentiment Index, which asks everyday folk questions like: “Are you better off or worse off financially than you were a year ago?” or “Do you think that a year from now you will be better off financially, worse off financially, or just about the same as now?”¹ This index is sometimes viewed as a beacon of how investors feel about the direction of the economy.

As of September 30, 2024, the index sat at 70.1, pessimistic relative to its long-run average of 85.1.² Investors interpreting this as an ominous sign for markets may not have anything to fear though, as the data show this index has not been great at predicting future returns. Plotting the level of the Consumer Sentiment Index against subsequent 12-month stock market returns shows no discernible pattern, except that stocks tend to go up more often than they go down. Out of the 226 months where the sentiment index was below the long-run average, the average equity premium over the next year was 10.6%.

If your neighbor is feeling sour, that doesn't necessarily mean *you* should be changing your outlook or your investment portfolio. Markets tend to price in the latest views on the economy, including consumer optimism.

NEXT 12-MONTH US EQUITY PREMIUM AGAINST UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX

December 1978–December 2023



1. “Surveys of Consumers,” The Regents of the University of Michigan, 2024. All rights reserved.

2. Current index level as of September 30, 2024. The date range for the long-run monthly average is December 1978–December 2023.

How to Feel About Consumer Feelings



(continued from page 2)

Past performance is no guarantee of future results.

Index Descriptions

Fama/French Total US Market Research Index: July 1926–present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: Ken French website. Results shown during periods prior to each index's inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

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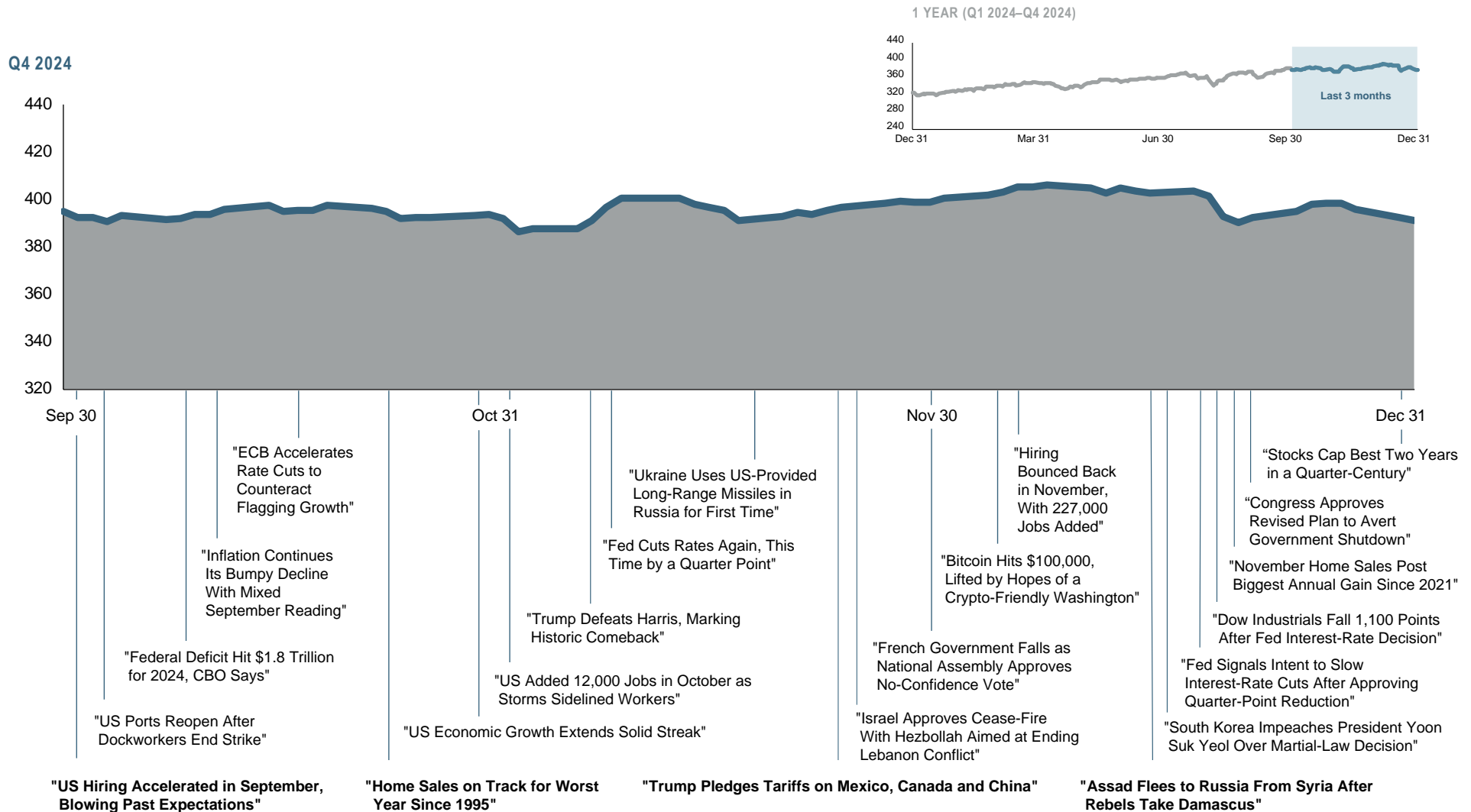
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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q4 2024



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2025, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.



World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

SHORT TERM (Q1 2024–Q4 2024)



Dec 31

Mar 31

Jun 30

Sep 30

Dec 31

- "US Border Deal Is Declared Dead"
- "Dow, S&P 500, Nikkei Surge to Records after Nvidia's Blockbuster Earnings Spark Global Rally"
- "Bitcoin Funds Pull In Money at Record Pace"
- "US Senate Approves Measure Averting Government Shutdown"
- "Stock Indexes Book Records after Inflation Eases"
- "ECB Cuts Interest Rates for First Time since 2019"
- "US Housing Starts Fall to a Four-Year Low"
- "Major Tech Outage Grounds Flights, Hits Banks and Businesses Worldwide"
- "Biden Drops Out of Presidential Race, Endorses Harris"
- "The Fed's Bold Move Jolts Global Markets"
- "US Job Market Was Weaker Than Previously Reported, Data Show"
- "China Tries to Jolt Ailing Economy"
- "US Economic Growth Extends Solid Streak"
- "Fed Signals Intent to Slow Interest-Rate Cuts After Approving Quarter-Point Reduction"
- "Assad Flees to Russia From Syria After Rebels Take Damascus"
- "Israel Approves Cease-Fire With Hezbollah Aimed at Ending Lebanon Conflict"
- "Fed Cuts Rates Again, This Time by a Quarter Point"
- "Congress Approves Revised Plan to Avert Government Shutdown"
- "Stocks Cap Best Two Years in a Quarter-Century"

"US Inflation Edged Up in December After Rapid Cooling Most of 2023"

"Iranian President Ebrahim Raisi Killed in Helicopter Crash"

"Growth Fears Rattle Markets; Nasdaq Suffers Correction"

"Trump Defeats Harris, Marking Historic Comeback"

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US Stocks



Returns (USD), 4th Quarter 2024

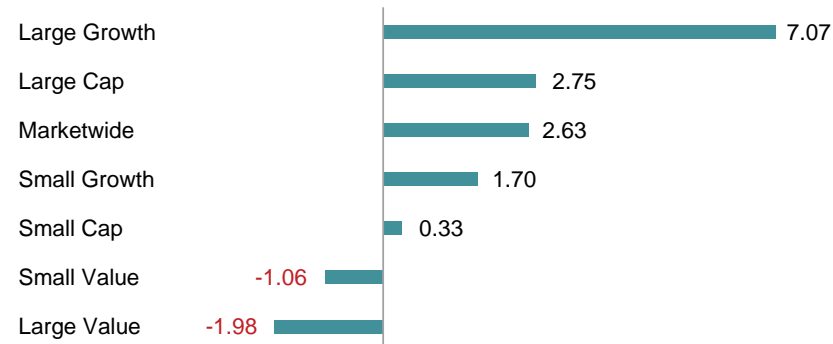
- The US equity market posted positive returns for the quarter and outperformed both non-US developed and emerging markets.
- Value underperformed growth.
- Small caps underperformed large caps.
- REIT indices underperformed equity market indices.

World Market Capitalization



US
\$56.7 trillion

Ranked Returns (%)



Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Large Growth	7.07	33.36	10.47	18.96	16.78	16.45	12.56
Large Cap	2.75	24.51	8.41	14.28	12.87	13.79	10.39
Marketwide	2.63	23.81	8.01	13.86	12.55	13.56	10.22
Small Growth	1.70	15.15	0.21	6.86	8.09	10.92	8.32
Small Cap	0.33	11.54	1.24	7.40	7.82	10.33	7.79
Small Value	-1.06	8.05	1.94	7.29	7.14	9.46	7.01
Large Value	-1.98	14.37	5.63	8.68	8.49	10.75	7.89

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.



International Developed Stocks

Returns (USD), 4th Quarter 2024

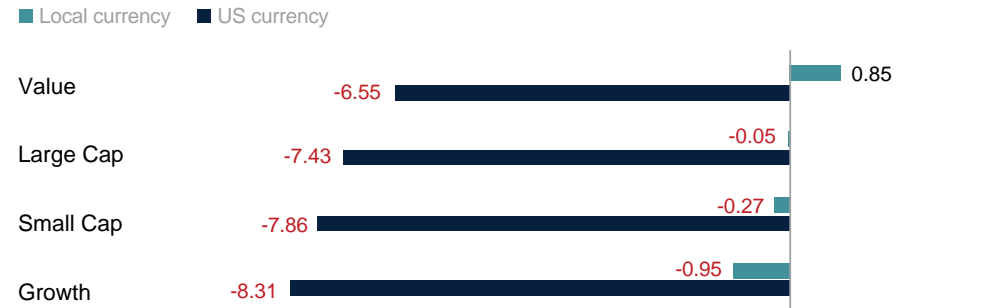
- Developed markets outside of the US posted negative returns for the quarter and underperformed the US market, but outperformed emerging markets
- Value outperformed growth.
- Small caps underperformed large caps.

World Market Capitalization



International Developed Market
\$21.1 Trillion

Ranked Returns (%)



Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	-6.55	6.65	6.04	5.50	4.54	4.53	4.36
Large Cap	-7.43	4.70	1.91	5.10	5.26	5.25	4.95
Small Cap	-7.86	2.76	-2.77	2.87	5.49	6.29	5.68
Growth	-8.31	2.82	-2.26	4.29	5.72	5.77	5.38

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Emerging Markets Stocks

Returns (USD), 4th Quarter 2024

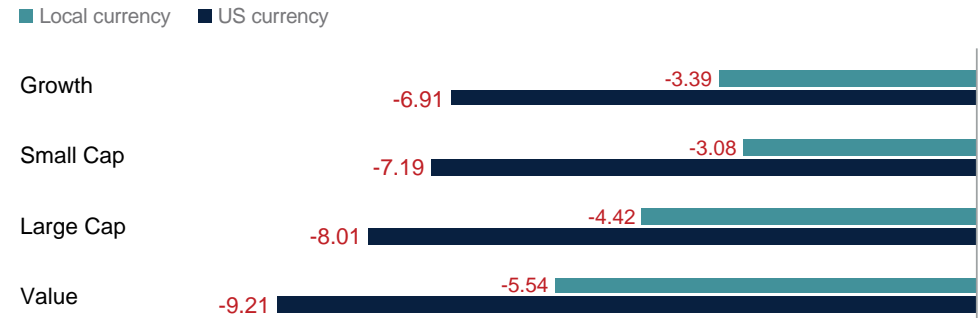
- Emerging markets posted negative returns for the quarter and underperformed both US and non-US developed markets.
- Value underperformed growth.
- Small caps outperformed large caps.

World Market Capitalization



Emerging Markets
\$9.0 Trillion

Ranked Returns (%)



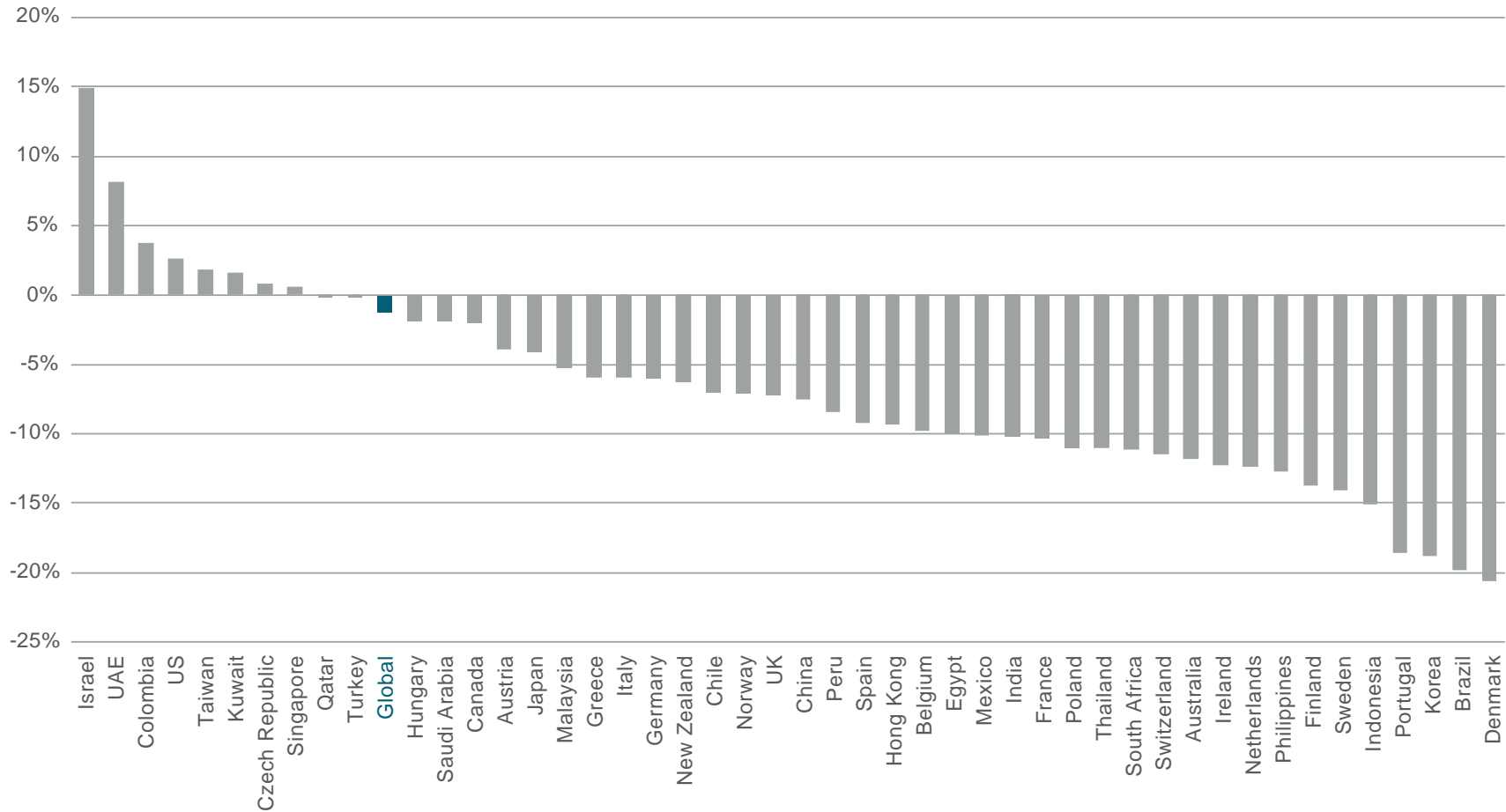
Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	-6.91	10.30	-3.90	1.32	4.34	3.89	6.26
Small Cap	-7.19	4.79	2.11	8.56	5.73	4.79	7.66
Large Cap	-8.01	7.50	-1.92	1.70	3.64	3.01	6.01
Value	-9.21	4.51	0.16	1.96	2.81	2.04	5.66

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Country Returns

Returns (USD), 4th Quarter 2024



Past performance is no guarantee of future results.

Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2025, all rights reserved.

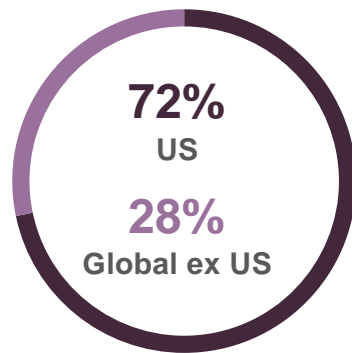


Real Estate Investment Trusts (REITs)

Returns (USD), 4th Quarter 2024

- US real estate investment trusts outperformed non-US REITs during the quarter.

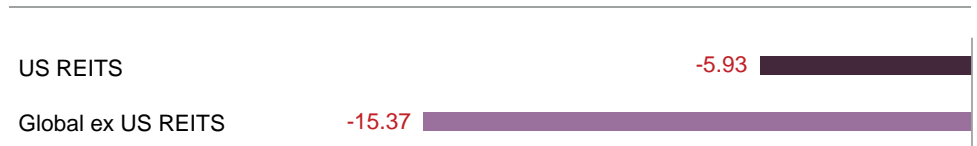
Total Value of REIT Stocks



US
\$1,037 billion
103 REITs

Global ex US
\$409 billion
268 REITs
(25 other countries)

Ranked Returns (%)



Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITs	-5.93	8.10	-3.02	3.40	4.89	8.78	6.49
Global ex US REITs	-15.37	-7.83	-9.00	-5.25	0.05	3.22	2.15

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.



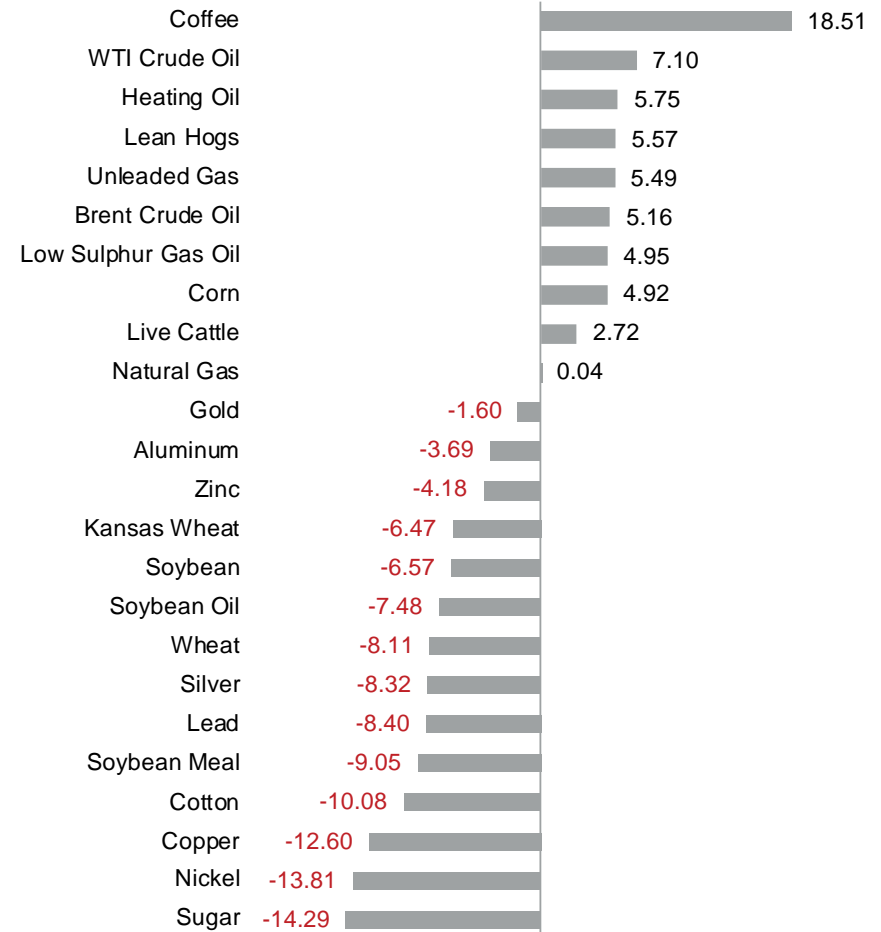
Commodities

Returns (USD), 4th Quarter 2024

The Bloomberg Commodity Total Return Index returned -0.45% for the fourth quarter of 2024.

Sugar and Nickel were the worst performers, returning -14.29% and -13.81% during the quarter, respectively. Coffee and WTI Crude Oil were the best performers, returning +18.51% and +7.10% during the quarter, respectively.

Commodities Ranked Returns (%)



Commodities Periodic Returns (%)

QTR	ANNUALIZED					
	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
-0.45	5.38	4.05	6.77	1.28	-1.04	-0.30

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Commodities returns represent the return of the Bloomberg Commodity Total Return Index. Individual commodities are sub-index values of the Bloomberg Commodity Total Return Index. Data provided by Bloomberg.

Fixed Income



Returns (USD), 4th Quarter 2024

Within the US Treasury market, interest rates generally increased during the quarter.

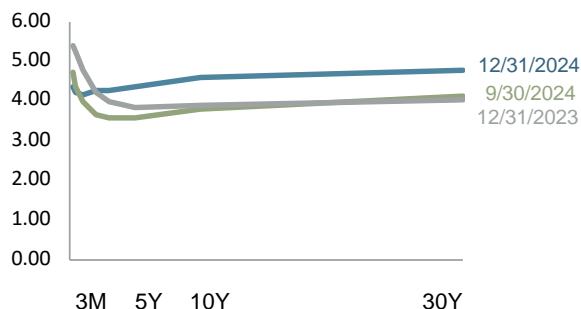
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased 53 basis points (bps) to 4.40%, while the 1-Year US Treasury Bill yield increased 18 bps to 4.16%. The yield on the 2-Year US Treasury Note increased 59 bps to 4.25%.

The yield on the 5-Year US Treasury Note increased 80 bps to 4.38%. The yield on the 10-Year US Treasury Note increased 77 bps to 4.58%. The yield on the 30-Year US Treasury Bond increased 64 bps to 4.78%.

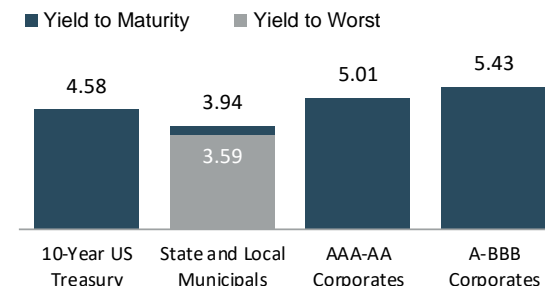
In terms of total returns, short-term US treasury bonds returned -0.83% while intermediate-term US treasury bonds returned -1.70%. Short-term corporate bonds returned -0.40% and intermediate-term corporate bonds returned -1.40%.¹

The total returns for short- and intermediate-term municipal bonds were -0.40% and -1.30%, respectively. Within the municipal fixed income market, general obligation bonds returned -1.18% while revenue bonds returned -1.25%.²

US TREASURY YIELD CURVE (%)



BOND YIELD ACROSS ISSUERS (%)



PERIODIC RETURNS (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
ICE BofA US 3-Month Treasury Bill Index	1.17	5.25	3.89	2.46	1.77	1.20	1.66
ICE BofA 1-Year US Treasury Note Index	0.70	4.75	2.78	2.01	1.63	1.22	1.82
Bloomberg U.S. High Yield Corporate Bond Index	0.17	8.19	2.92	4.21	5.17	6.44	6.45
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.15	4.31	1.59	1.43	1.67	1.71	2.39
Bloomberg Municipal Bond Index	-1.22	1.05	-0.55	0.99	2.25	3.21	3.49
Bloomberg U.S. TIPS Index	-2.88	1.84	-2.30	1.87	2.24	2.86	3.30
Bloomberg U.S. Aggregate Bond Index	-3.06	1.25	-2.41	-0.33	1.35	2.37	3.01
FTSE World Government Bond Index 1-5 Years	-3.38	0.11	-1.44	-0.52	0.11	-0.05	1.00
Bloomberg U.S. Government Bond Index Long	-8.60	-6.37	-11.91	-5.17	-0.61	2.76	3.35

1. Bloomberg US Treasury and US Corporate Bond Indices

2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2025 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2025 ICE Data Indices, LLC. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

Global Fixed Income

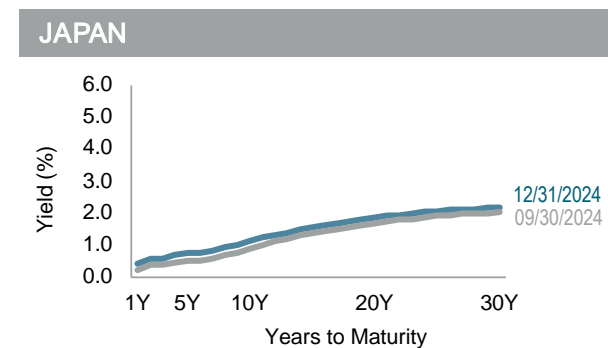
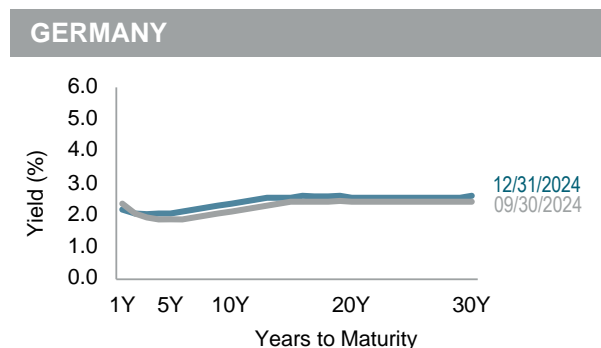
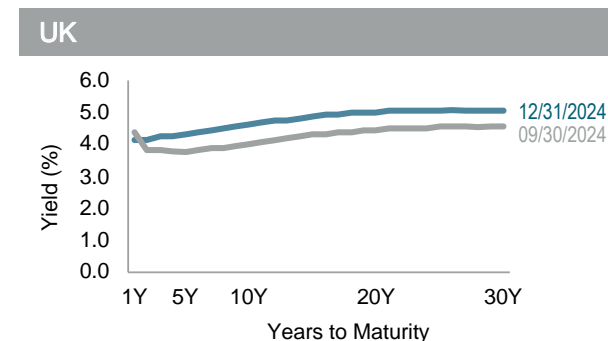
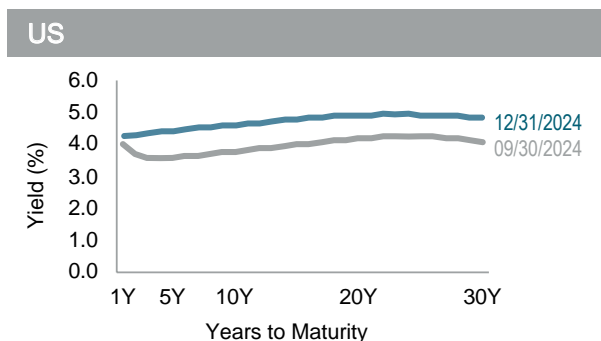


Yield curves, 4th Quarter 2024

Interest rates generally increased across global developed markets for the quarter.

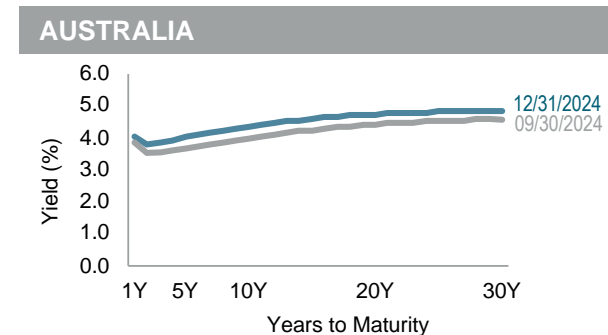
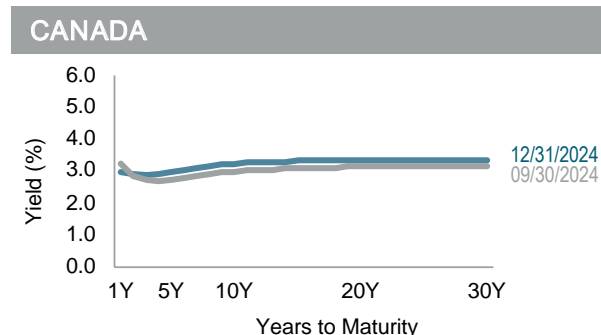
Realized term premiums were generally negative across global developed markets, as longer-term bonds generally underperformed shorter-term bonds.

In the UK, Germany, Canada and Australia, the short-term segment of the yield curve remained inverted.



CHANGES IN YIELD (BPS) SINCE 09/30/2024







	1Y	5Y	10Y	20Y	30Y
US	24.9	81.7	80.8	69.5	70.1
UK	-23.5	51.2	57.5	55.8	52.2
Germany	-23.0	20.2	23.5	12.8	14.7
Japan	20.2	22.6	22.0	16.1	14.1
Canada	-26.4	26.6	25.8	19.1	19.0
Australia	14.7	32.9	38.0	30.9	27.1





Quarterly Market Summary

Returns (USD), as of December 31, 2024

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate		US Bond Market	Global Bond Market ex US
Q4 2024	STOCKS				BONDS		
	2.63%	-7.43%	-8.01%	-9.02%		-3.06%	0.74%
							
Since January 2001							
Average Quarterly Return	2.4%	1.6%	2.5%	2.2%		0.9%	1.0%
Best Quarter	22.0%	25.9%	34.7%	32.3%		6.8%	5.4%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3		2023 Q4	2023 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%		-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4		2022 Q1	2022 Q1

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Long-Term Market Summary

Returns (USD), as of December 31, 2024

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	23.81% ↑	4.70% ↑	7.50% ↑	2.77% ↑	1.25% ↑	4.97% ↑
5 Years						
	13.86% ↑	5.10% ↑	1.70% ↑	0.46% ↑	-0.33% ↓	1.01% ↑
10 Years						
	12.55% ↑	5.26% ↑	3.64% ↑	2.98% ↑	1.35% ↑	2.43% ↑
15 Years						
	13.56% ↑	5.25% ↑	3.01% ↑	6.28% ↑	2.37% ↑	3.18% ↑
20 Years						
	10.22% ↑	4.95% ↑	6.01% ↑	4.38% ↑	3.01% ↑	3.54% ↑

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