



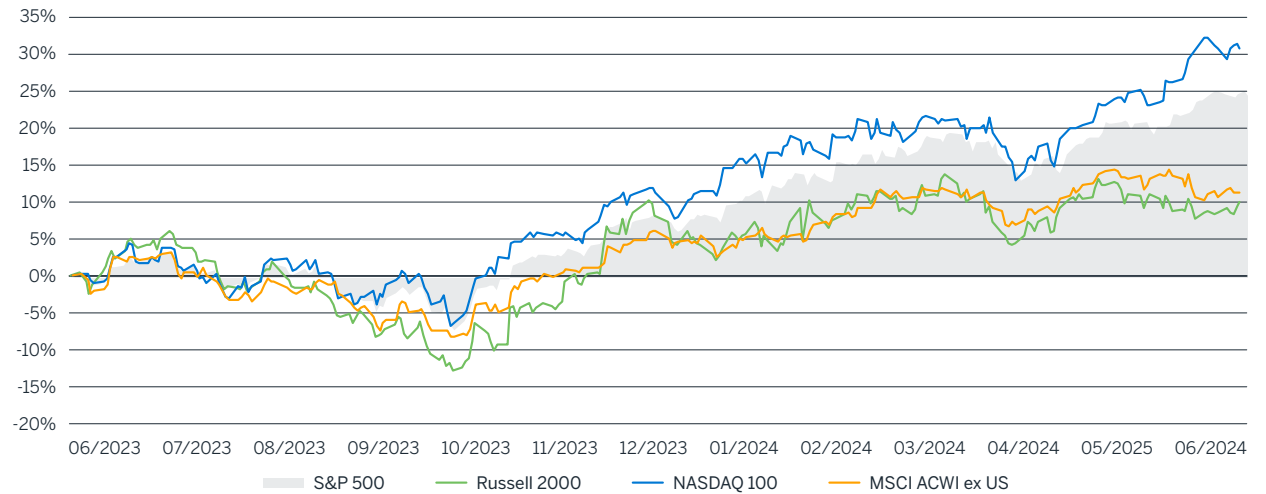
Milliman Financial Risk Management

2024 YTD MARKET COMMENTARY – JUNE 2024

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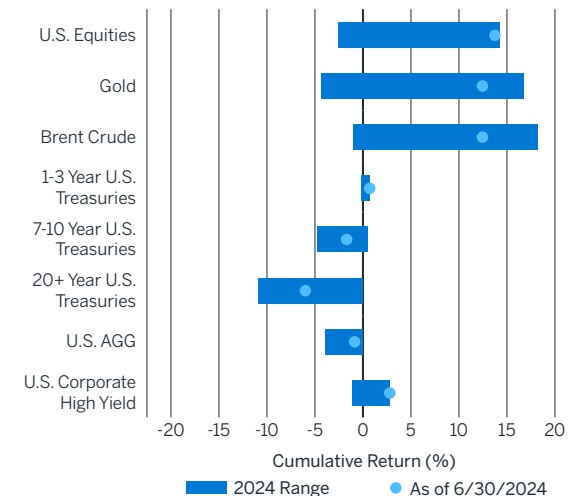
- U.S. Equities continued their rally, with the broad Wilshire 5000 Index hovering around all-time highs. The index closed up 13.6% at the mid-point of the year.
- Technology stocks continued to dominate with the Nasdaq closing 8% higher in the second quarter and 17.5% as of June's close.
- NVDA, AAPL, GOOGL, TSLA, AMZN, MSFT, and META finished the second quarter up 36.7%, 23%, 20.8%, 12.6%, 7.1%, 6.4%, and 3.9%, respectively.
 - Year to date: 149.5%, 9.7%, 30.5%, -20.4%, 27.2%, 19.3%, and 42.7% respectively.
- The S&P 500 closed June out up 4.3% for the quarter and is up 15.3% at the mid-point.
 - Even with some pullbacks in the second quarter, 10 of the 11 S&P 500 subsectors are in positive territory for 2024 and all are within striking distance of their 52-week highs.
- The Russell 2000, which tracks small-cap stocks, continued to lag other equity market indices as smaller companies continue to struggle in a high-interest rate environment.
 - The index was down -3.3% in the second quarter and remains up 1.7% on the year.
- Spot Gold closed the quarter up 5.3% and is up over 12% YTD. Brent crude closed above 82 dollars a barrel at the end of June.
- Corporate High Yield bonds have continued to outperform U.S. treasuries as corporate outlooks continue to look promising. The Bloomberg U.S. Corporate High Yield Index finished the quarter up over 1% and is up 2.6% YTD.

Equity Market Total Returns - 1 Year



S&P 500 Sectors	2Q 2024	1H 2024	vs. 52-week High	vs. 52-week Low
IT	13.8%	28.2%	-2.8%	53.8%
Communication	9.4%	26.7%	-1.6%	46.5%
Utilities	4.7%	9.4%	-5.7%	24.7%
Consumer Staples	1.4%	9.0%	-1.6%	19.5%
Consumer Discret	0.6%	5.7%	-1.4%	29.0%
Healthcare	-1.0%	7.8%	-1.0%	19.9%
Real Estate	-1.9%	-2.4%	-3.5%	22.7%
Financial	-2.0%	10.2%	-2.7%	32.5%
Energy	-2.4%	10.9%	-6.1%	19.0%
Industrials	-2.9%	7.8%	-2.9%	28.0%
Materials	-4.5%	4.0%	-4.6%	20.4%

Asset Performance - 2024 YTD



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STRATEGY PERFORMANCE

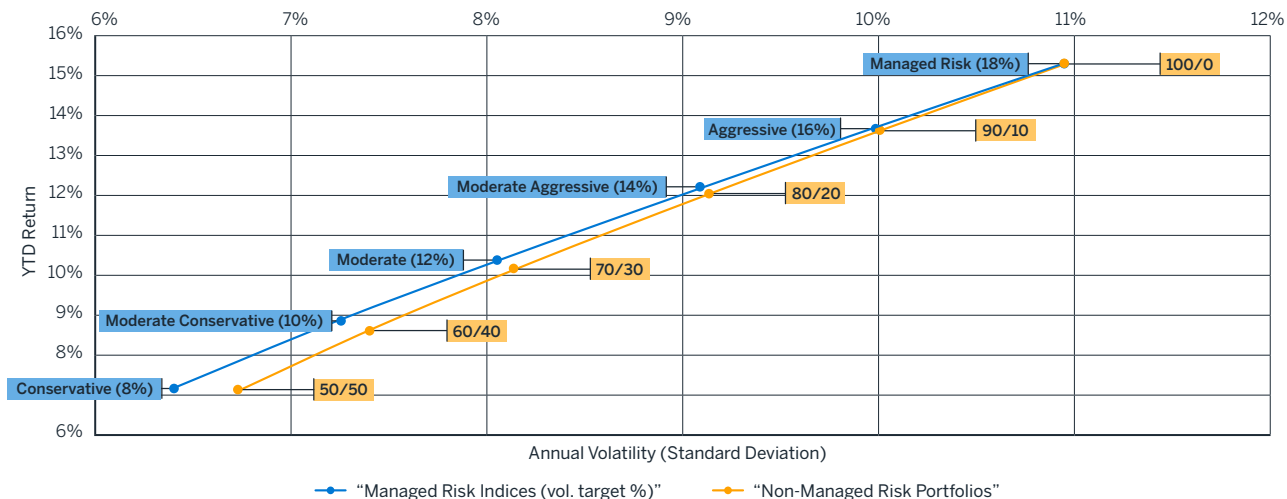
Managed Risk Investments

- The second quarter produced a few small, albeit not sustained flashes in volatility. With geopolitical risks still in the background of positive corporate earnings and easing inflation pressures, markets continued their march upward.
- Year-to-date, managed risk strategies have been able to generate marginally greater or equal returns compared to corresponding non-managed blends of the S&P 500 and Bloomberg U.S. Aggregate.

Defined Outcome

- In the defined outcome space, the January CBOE S&P 500 15% Buffer protect index was able to capture over 54% of the S&P 500 rally to kick off the year.
- With equities rallying, the buffer did not come into play.
- The risk-adjusted return of the Buffered index has historically been in line with that of the S&P 500.

S&P 500 Managed Risk Indices vs. Non-Managed Risk Portfolios *



Total Returns as of March 28, 2023

	S&P 500	70/30 Stock/Bond Blend*	60/40 Stock/Bond Blend*	S&P 500 Managed Risk - Moderate Conservative Index (10% Vol Target)	CBOE S&P 500 15% Buffer Protect Index - January Series
YTD	15.3%	10.3%	8.7%	8.9%	8.3%
1 Year	24.6%	17.7%	15.5%	14.6%	15.1%
5 Year	15.0%	10.8%	9.3%	7.5%	7.9%
10 Year	12.9%	9.7%	8.5%	7.0%	6.9%
YTD Vol	10.7%	8.1%	7.4%	7.2%	5.0%
1YR Vol	11.2%	8.8%	8.1%	7.7%	6.3%
5YR Vol	21.3%	15.1%	13.1%	7.9%	11.4%
10YR Vol	17.8%	12.5%	10.8%	7.4%	9.1%
YTD Risk Adjusted	1.43	1.26	1.17	1.23	1.66
1YR Risk Adjusted	2.19	2.02	1.92	1.90	2.40
5YR Risk Adjusted	0.71	0.71	0.71	0.95	0.69
10YR Risk Adjusted	0.72	0.77	0.79	0.95	0.75
1YR Max Drawdown	-9.9%	-8.3%	-7.7%	-7.4%	-5.6%
5YR Max Drawdown	-33.8%	-24.7%	-21.5%	-16.0%	-20.0%
10YR Max Drawdown	-33.8%	-24.7%	-21.5%	-16.0%	-20.0%

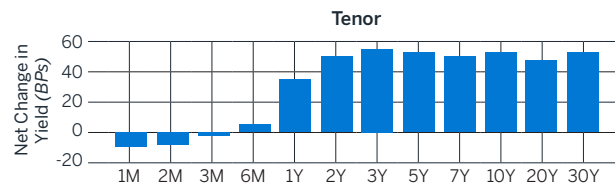
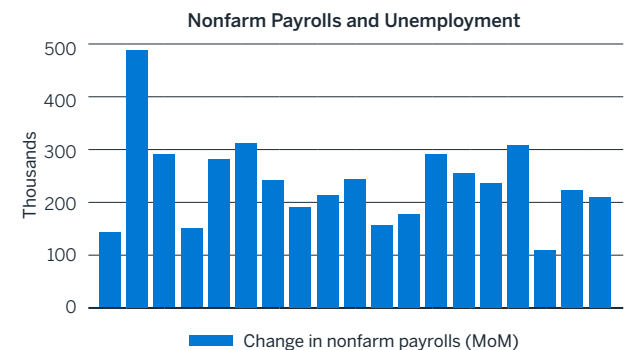
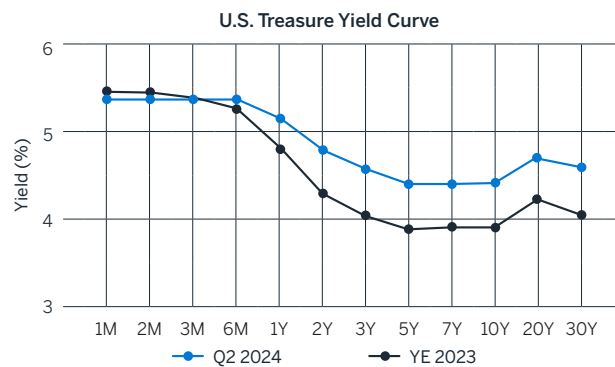
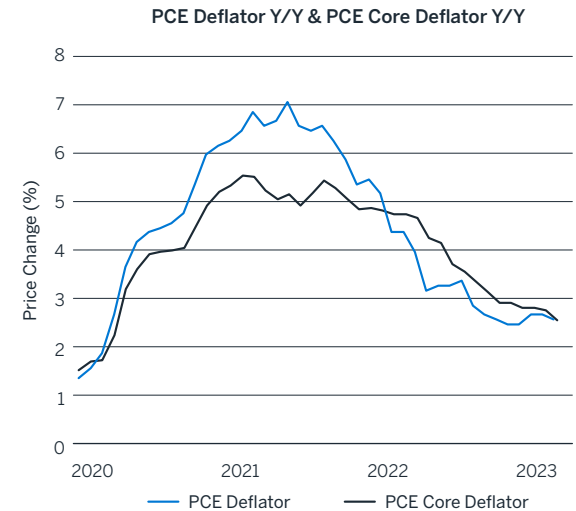
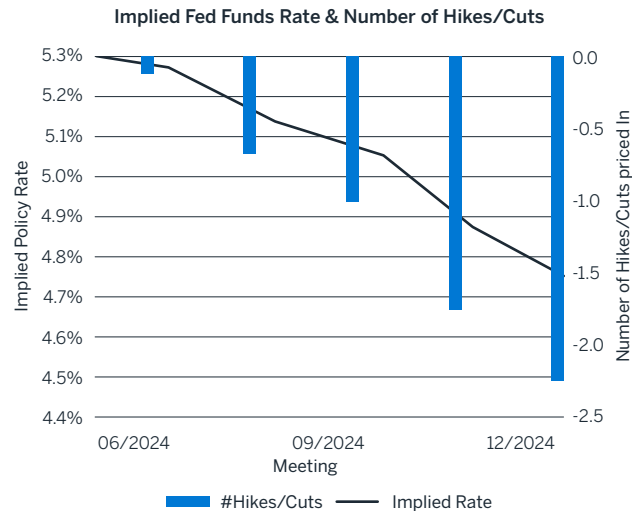
*Portfolio represented by the S&P 500 Index and the Bloomberg US Agg Index

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OUTLOOK

- Investors are closely monitoring the Federal Reserve's anticipated rate cut decision. At the start of 2024, Fed Fund Futures traders expected six rate cuts. However, Fed Chair Jerome Powell's insistence on maintaining high rates due to stubborn inflation dampened these expectations. By the end of June, traders are now pricing in only one rate cut this year.
- The PCE Core Deflator, the Fed's preferred inflation measure, remains stuck at around 2.6% as of May, which is still above its 2% target.
- Second-quarter market data may support the Fed's expectations and justify that a rate cut could be in the cards by year-end.
 - Nonfarm payrolls, a measure of change in the number of people employed during the previous month excluding the farming industry, continued to fall with large revisions down in April and May.
 - The June reading of 206,000 marks a decline of 33% from the last quarter and a 29% decline from the beginning of the year.
 - The unemployment rate, a metric the Fed has been keen on, rose to 4.1%, resuming its upward trend since last quarter.
- While the yield curve remains inverted, the curve has shown some signs of flattening.
 - At the short end of the curve, 1 month treasury yields moved down by 8bps.
 - 3-year yields moved up by 54.1 bps while 10-year, 20-year, and 30-year yields rose by 51.7 bps, 46.8 bps and 53 bps, respectively.



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Definitions:

Standard Deviation: measures volatility in the market or the average amount by which individual data points differ from the mean. **Bloomberg US Aggregate Index:** a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. **NASDAQ 100 Index:** a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. **S&P 500:** widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. **S&P 500 Value:** measures the performance of the large-capitalization value segment in the U.S. equity market. The Index consists of those stocks in the S&P 500 Index exhibiting the strongest value characteristics based on: (i) book value to price ratio; (ii) earnings to price ratio; and (iii) sales to price ratio. **S&P 500 Growth:** measures the performance of the large-capitalization growth segment in the U.S. equity market. The Index consists of those stocks in the S&P 500 Index exhibiting the strongest growth characteristics based on: (i) momentum; (ii) earnings to price ratio; and (iii) sales to price ratio. **CPI:** a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. **Correlation:** describes the relationship that exists between two indices or securities and their respective price movements. **Basis Points (bps):** Standard measure of percentages in finance. One basis point is one hundredth of one percent. **Drawdown:** How much the price of an index or security is down from the peak before it recovers back to the peak.

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