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2024 YTD MARKET COMMENTARY – MARCH 2024

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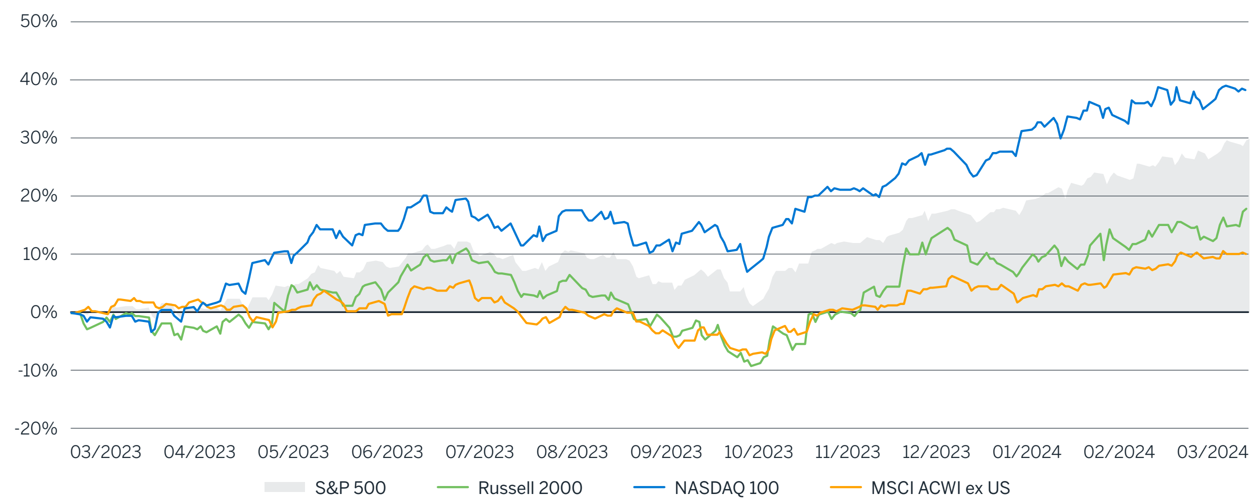
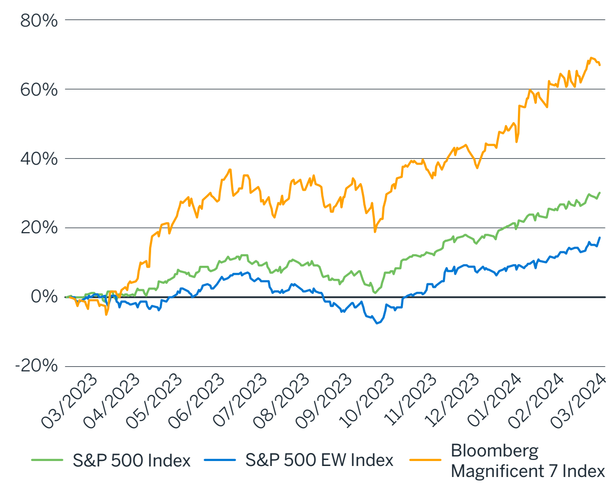
- U.S. Equity markets started the year off posting robust performance, with significant gains across the major indices.
  - The S&P 500 led the charge with an impressive rally, closing the quarter up 10.6%, marking its best first-quarter performance since 2019. The large cap index is up nearly 30% from one year ago.
    - 10 of the 11 S&P sectors finished the quarter in positive territory. Communication, Energy and IT led the way, increasing 15.8%, 13.7%, and 12.7% respectively. Real Estate was the only laggard, closing the quarter out down .5%.
- The technology heavy NASDAQ also posted strong returns in the first quarter, with the index rising by over 8.7%. Companies poised to benefit from the artificial intelligence boom continued to dominate performance across equity markets.
  - The Bloomberg Magnificent 7, an equal weighted index that tracks the returns of just 7 companies (NVDIA, MSFT, AAPL, META, GOOGL, AMZN, TSLA), is up 17.1% for the quarter.
    - The chip maker NVDIA was the largest driver of returns, with the stock up over 82% since the beginning of the year. TSLA and AAPL lagged, closing -29.3% and -10.8%, respectively.
- The Russell 2000, which tracks small-cap stocks, experienced a more modest increase, rising about 5% in Q1. This underperformance relative to the S&P 500 and NASDAQ can be attributed to the smaller companies' struggles in a high-interest rate environment, which impacts their balance sheets and borrowing costs more significantly.

Equity Market Total Returns - 1 Year

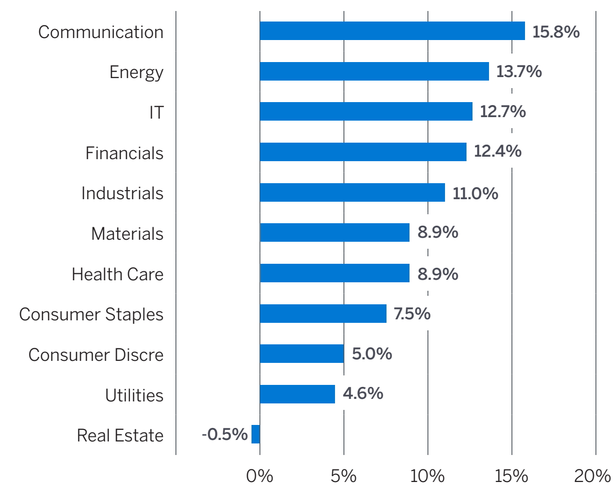


1 Year Returns

S&P 500 vs Equal Weighted S&P 500 vs BBG Mag 7



S&P 500 YTD Sector Performance



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STRATEGY PERFORMANCE

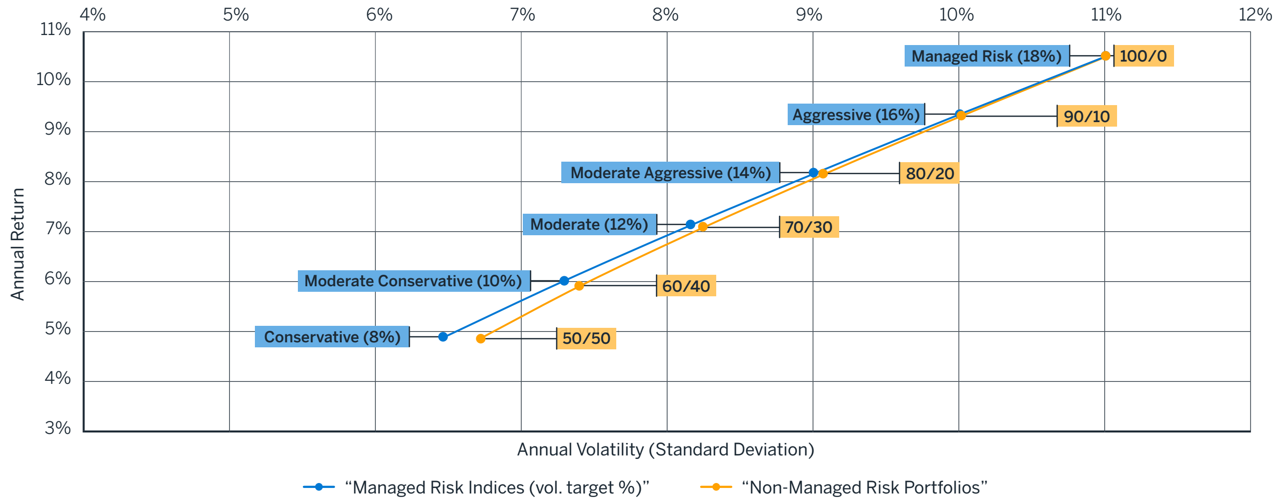
Managed Risk Investments

- The first quarter produced a few small, albeit not sustained flashes in volatility. Geopolitical risks, including turmoil in the Red Sea affecting trade routes along with sticky inflation measurements fueled uncertainty as markets continued their march upward.
  - Managed risk strategies were 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 49% of the S&P 500 rally to kick off the year.
  - With equities rallying, the buffer did not come into play and still has room to move with its cap sitting at 14.1%.
    - The risk-adjusted return of the Buffered index has historically been in line with that of the S&P 500, due to its control for volatility.

S&P 500 Managed Risk Indices vs. Non-Managed Risk Portfolios 2023*



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 Index (18% Vol. Target)	CBOE S&P 500 15% Buffer Protect Index - January Series
YTD	10.6%	7.1%	5.9%	6.0%	5.2%
1 Year	30.1%	21.0%	18.1%	17.2%	18.2%
5 Year	15.0%	11.0%	9.6%	7.7%	7.9%
10 Year	13.0%	9.8%	8.7%	7.2%	6.8%
YTD Vol	10.9%	8.2%	7.4%	7.2%	5.2%
1YR Vol	11.6%	8.8%	8.0%	7.5%	6.5%
5YR Vol	21.3%	15.1%	13.1%	7.9%	11.4%
10YR Vol	17.8%	12.5%	10.7%	7.3%	9.1%
YTD Risk Adjusted	0.97	0.87	0.80	0.83	0.99
1YR Risk Adjusted	2.59	2.39	2.27	2.29	2.79
5YR Risk Adjusted	0.71	0.73	0.73	0.98	0.69
10YR Risk Adjusted	0.73	0.79	0.81	0.98	0.74
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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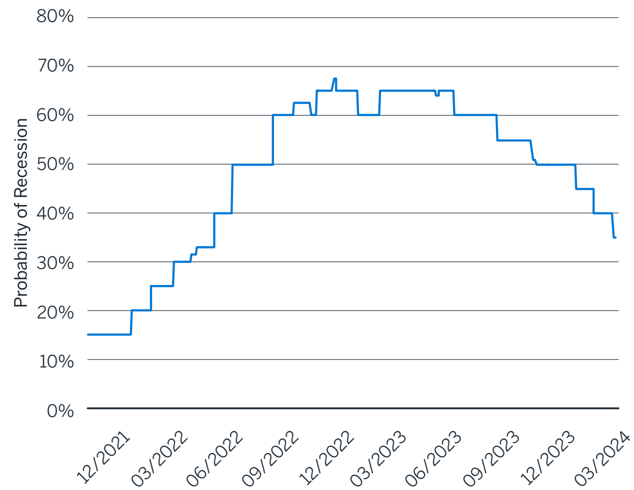
OUTLOOK

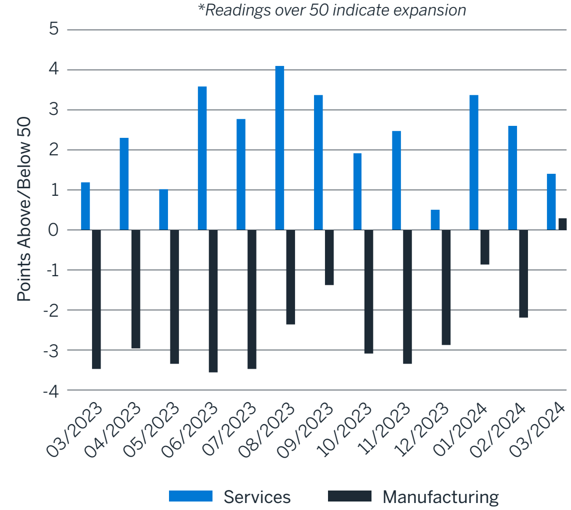
- The economic landscape for the remainder of 2024 presents a complex picture influenced by various factors.
  - Retreating inflation and strong market performance have bolstered investor confidence that the Fed will achieve a soft landing.
    - According to the Bloomberg U.S. Recession Probability Forecast, surveyed banks have lowered their estimates of the U.S. slipping into a recession within the next 12 months to 35%
- However, there are some downside risks to consider:
- There seems to be a bifurcation in the economy. Interest rate-sensitive sectors are showing signs of recession, while the services sector, which constitutes a major part of the GDP, continues to expand.
  - Strong labor markets may continue to put upward pressure on prices and postpone anticipated interest rate cuts.
    - Persistent inflation readings in February changed Fed Fund Futures Traders expectations of rate cuts in 2024 from 5 at the beginning of the year to 3.
  - Developing rebounds in housing prices may also create headwinds for rate cuts going forward.
    - Housing makes up about 40% of the inflation basket. Housing prices increased 6% from a year earlier.
    - Further increases will complicate the Fed's path back to its 2% inflation target, causing the Fed to continue to hold interest rates higher for longer

Bloomberg U.S. Recession Probability Forecast

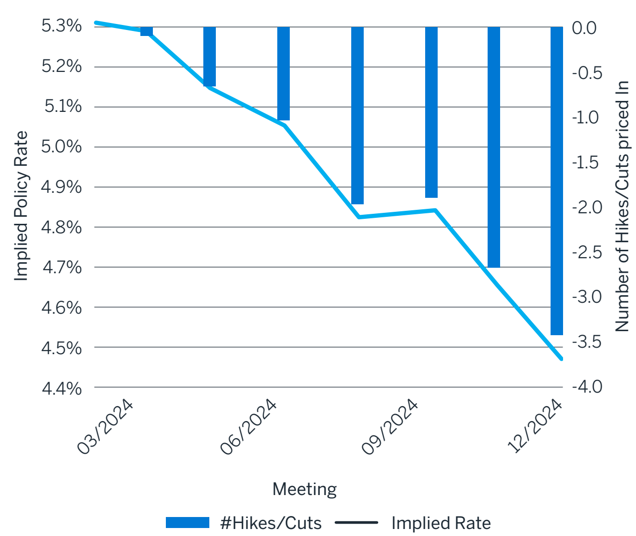


US PMIs - 1 Year

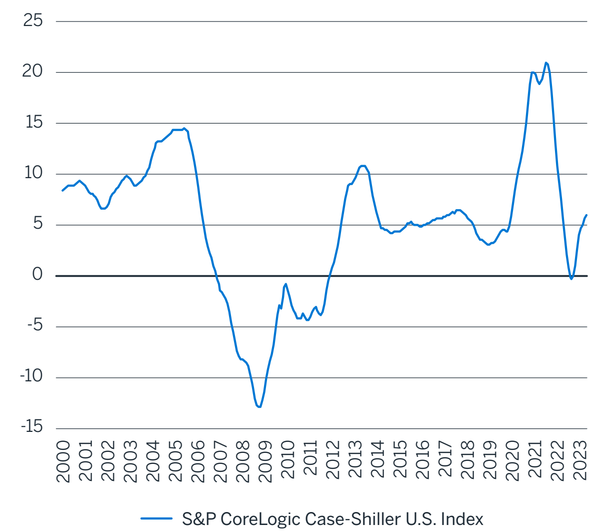
**Readings over 50 indicate expansion*



Implied Fed Funds Rate & Number of Hikes/Cuts



Home Price Inflation



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Milliman Financial Risk Management LLC is a global leader in financial risk management to the retirement savings industry. Milliman FRM provides investment advisory, hedging, and consulting services on approximately $165.9 billion in global assets (as of March 31, 2024). Established in 1998, the practice includes more than 200 professionals operating from four trading platforms around the world (Chicago, London, Amsterdam and Sydney). Milliman FRM is a subsidiary of Milliman, Inc.

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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-weighed 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.