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Second Quarter 2024 Weather(ly) Report
July 2024

As we head into the second half of 2024, we have several focal points affecting world economies. Central bank policies with their dual mandate of inflation and employment remains center stage. Entering 2024, the Federal Reserve (Fed) and European Central Bank (ECB) were expected to lower rates several times both with their targeted inflation of 2%. Only the ECB lowered rates in June while the Fed held rates higher for longer alluding to a potential rate cut in the Fall. The Fed's preferred inflation gauge, Personal Consumption Expenditures (PCE), appears to be showing a downward trend falling to 2.6% from a recent high of 4.8%. The employment backdrop shows U.S. unemployment at 4.1% and those that are unemployed looking for longer. May's Job Opening (JOLTS) remained historically robust with 8.1 million openings.

The yield curve in the US remains inverted offering attractive yields in shorter maturities for investors but putting pressure on interest rate sensitive sectors such as financials and real estate. As of June 30, the average 30-year mortgage rate declined to 6.58% according to Zillow data. Real Estate funds experienced redemptions from investors. Some funds like Starwood restricted redemptions to avoid further leverage or forced liquidation; in contrast Blackstone noted their redemptions were improving. These show the divergence both in real estate sector and location.

2024 has been highlighted as an extraordinary year for global elections. Half of the global population votes in 2024 including 3 of the largest democracies India, U.S. and Indonesia. Add this to the mix of global conflicts with the Russia/Ukraine war, escalation of the war in the Middle East and ongoing concerns surrounding China and North Korea, leaving additional risks for investors to quantify.

While the Nasdaq composite reached a record at the end of the 2nd quarter, the breadth of the S&P 500 rally was extremely concentrated. The S&P 500 year to date was up 15.60%, in contrast the DJIA was up only 4.93%. The S&P equally weighted index was up 4.26% showing the depth of concentration of the rally, with 322 stocks positive and 191 down for the year. AI darling Nvidia accounted for nearly 1/3 of the S&P gain, with Apple, Alphabet, Microsoft, Amazon, and Meta accounting for another 1/3. The month of June showed this rally widening to 20 stocks, still quite narrow. The health care sector expanded due to drugs that mimic hormones in the intestine often helping adults and children with obesity and weight loss. This market is expected to grow in magnitude worldwide as specialty drugs expand in this specific arena.

Weatherly continues to work with clients on our core competencies of their specific planning and investment opportunities. Focus shifted to rebalancing portfolios close to asset allocation neutral. In fixed income we positioned clients with a barbell approach, utilizing short-term US Treasuries and tax-free municipals to build out the portfolio. For equity exposure we added some new positions in cybersecurity and further diversified our exposure to the growth of AI and impact on other sectors in the future.

"Top Ten" Holdings*

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|-----------------------------|--------------------------------|
| 1. Apple Inc | 6. Costco Corp. |
| 2. Amazon Inc. | 7. Waste Management Inc. |
| 3. Microsoft Corp | 8. NVIDIA Corp. |
| 4. Netflix Inc. | 9. Alphabet Inc. Class A |
| 5. Invesco Global Water ETF | 10. Vanguard Intl Dividend ETF |

The world and markets have many conflicting priorities. World geopolitical tensions remain high while company onshoring and diversification become a requirement to minimize risk. The advancement of AI has been and will continue to impact how individuals, companies and governments implement strategies for profitability, labor needs and energy demands. The broader, long-term implications of these trends present both opportunities and risk for portfolio investments and planning. Weatherly continues to focus on thematic investing and individual financial planning for clients with these trends in mind.

We welcome the opportunity to make an impact on your situation and look forward to our dialogs.

***Please see reverse side**

-The Weatherly Crew

*** TOP TEN DISCLOSURE**

"Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings.

	<u>WAM</u> <u>Equity**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Equity</u> <u>(net fee)</u>	<u>S&P 500†</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM Fixed**</u> <u>(gross fee)</u>	<u>WAM Fixed</u> <u>(net fee)</u>	<u>Merrill Lynch</u> <u>1-3 year</u>	<u>WAM</u> <u>Balanced**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Balanced (net</u> <u>fee)</u>	<u>Blended</u> <u>Benchmark</u>
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.18%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
2015	4.86%	3.86%	1.38%	-1.84%	1.31%	0.81%	0.54%	3.55%	2.80%	1.09%
2016	8.70%	7.70%	11.95%	8.48%	2.79%	2.29%	0.88%	6.41%	5.66%	6.33%
2017	24.52%	23.52%	21.82%	24.62%	4.49%	3.99%	0.42%	17.01%	16.26%	10.75%
2018	-1.92%	-2.92%	-4.39%	-8.93%	0.61%	0.11%	1.59%	-0.80%	-1.55%	-1.06%
2019	32.54%	31.54%	31.48%	27.30%	7.05%	6.55%	3.55%	22.85%	22.10%	17.01%
2020	30.97%	29.97%	18.39%	16.82%	4.35%	3.85%	3.10%	21.36%	20.61%	12.08%
2021	20.55%	19.55%	28.68%	19.04%	0.69%	0.19%	-0.55%	14.34%	13.59%	13.45%
2022	-22.33%	-23.33%	-18.13%	-17.96%	-5.71%	-6.21%	-3.65%	-17.45%	-18.20%	-10.80%
2023	26.32%	25.32%	26.26%	22.81%	5.39%	4.89%	4.26%	19.10%	18.35%	15.03%
2 nd Quarter 2024	4.62%	4.37%	4.28%	3.07%	0.76%	0.63%	0.95%	3.42%	3.23%	2.62%
Year-to-Date 2024	13.09%	12.59%	15.29%	11.58%	1.31%	1.06%	1.24%	9.30%	8.92%	8.18%
1-Year Trailing (Ann.)	21.42%	20.42%	24.54%	19.92%	4.64%	4.14%	4.53%	15.81%	15.06%	14.38%
5-Year Trailing (Ann.)	13.86%	12.86%	15.01%	11.27%	1.55%	1.05%	1.06%	9.74%	8.99%	8.39%
10-Year Trailing (Ann.)	12.63%	11.63%	12.83%	8.98%	2.24%	1.74%	1.13%	9.03%	8.28%	7.21%
Since Inception (Ann.)	10.69%	9.69%	10.80%	8.14%	4.27%	3.77%	3.16%	9.88%	9.13%	7.96%

Please see footnotes

**** PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 2nd Quarter 2024, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36%, for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined 8.57%, for 1995-2014 combined 8.54%, for 1995-2015 combined 8.31%, for 1995-2016 combined 8.29%, for 1995-2017 combined 8.91%, for 1995-2018 combined 8.39% for 1995-2019 combined 9.23%, for 1995-2020 combined, 9.96%, 1995-2021 combined, 10.31%, for 1995-2022 combined 8.88%, for 1995-2023 combined, 9.41%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined 4.54%, for 1995-2016 combined 4.44%, for 1995-2017 combined 4.42%, for 1995-2018 combined 4.23%, for 1995-2019 combined 4.32%, 1995-2020 combined, 4.31%, 1995-2021 combined, 4.15%, for 1995-2022 combined 3.76%, for 1995-2023 combined, 3.80%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm's managed accounts that align with a particular strategy. Individual account performance will vary, and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e., "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.