

2024

10 Market Themes for 2Q 2024

As of April 1, 2024

2023

10 Market Themes for 2Q 2024

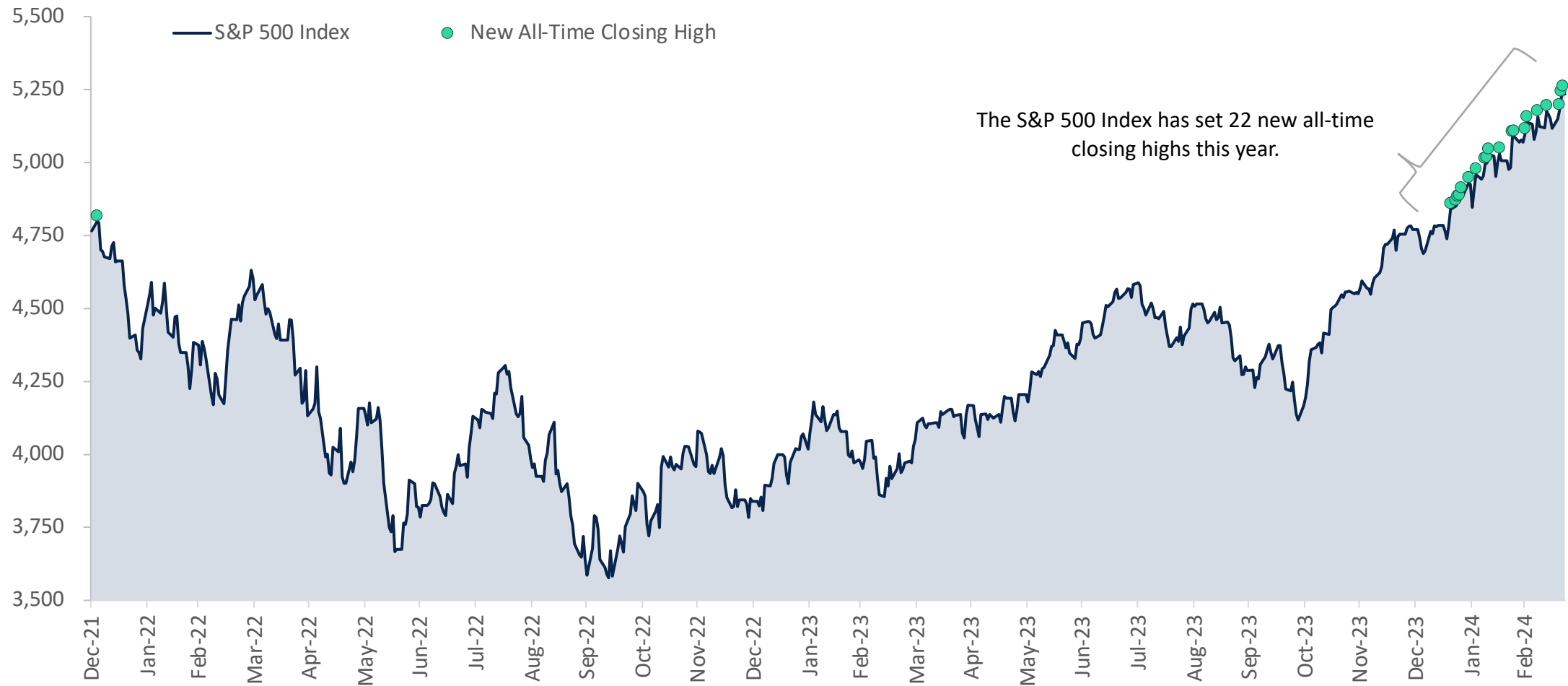
This collection of market insights highlights 10 themes we believe are most likely to shape the investment environment this quarter.

2Q 2024

| | | |
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Market Returns – S&P 500 Index Sets Multiple New Highs in Q1 2024

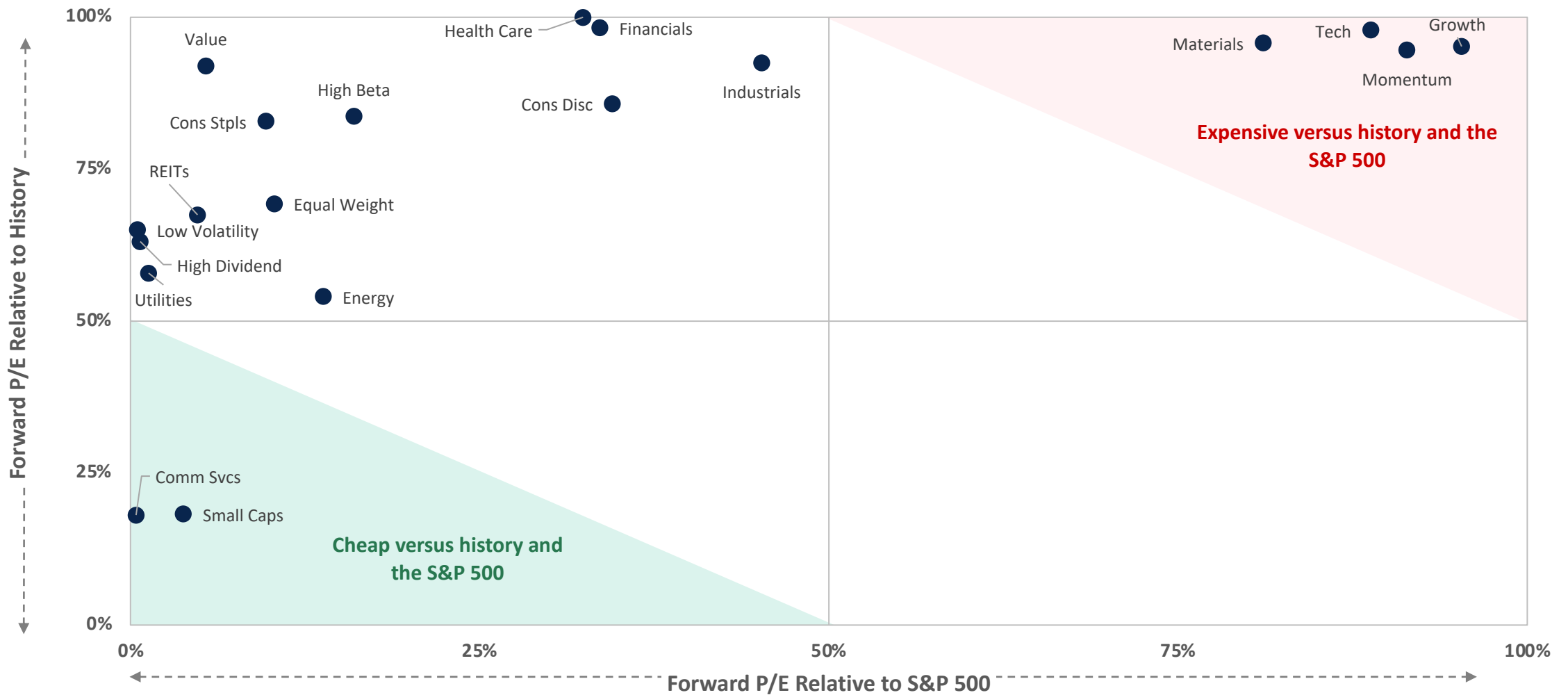
2Q 2024



Disclosures: Past performance is no guarantee of future results. All performance data represents price returns. Data is sourced from Federal Reserve. Latest available data as of 3/31/2024.

Valuations – Measuring Today’s Valuations Against Last 20 Years

2Q 2024

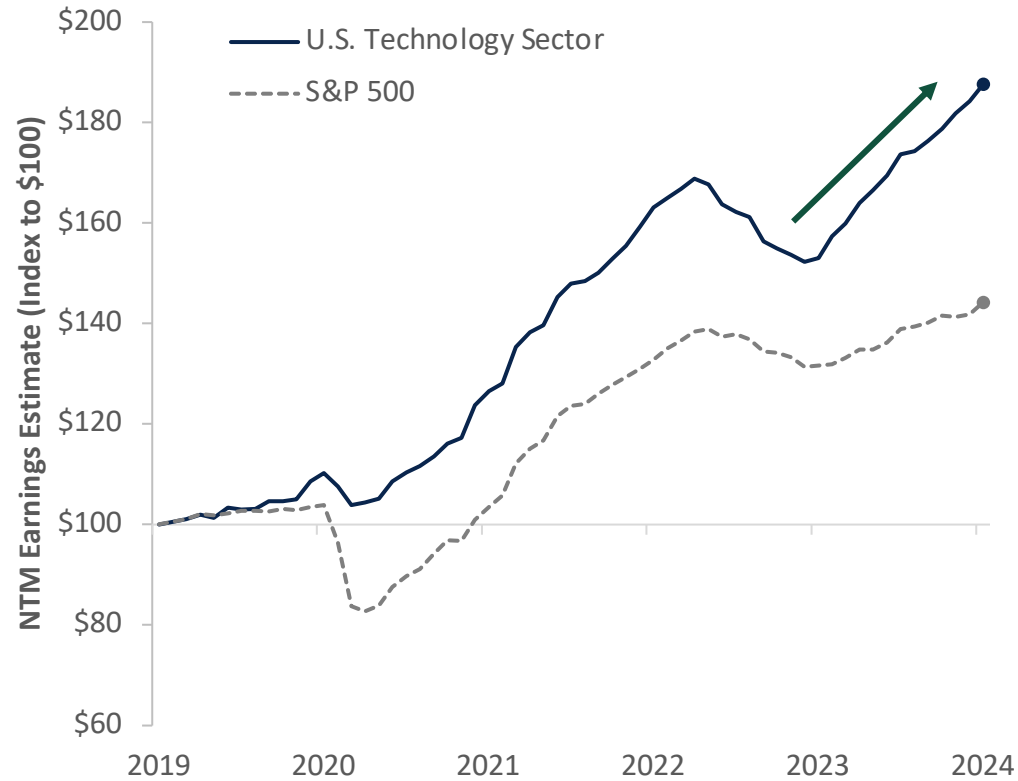


Disclosures: All valuations are based on 12-month forward price to earnings ratios. The range of 0-100% represents percentiles relative to the last 20 years. 100% (0%) equates to the highest (lowest) reading over the last 20 years. Monthly datapoints since 3/31/2004. Latest available data as of 3/31/2024.

Market Themes – Comparing Today Versus the Dot Com Bubble

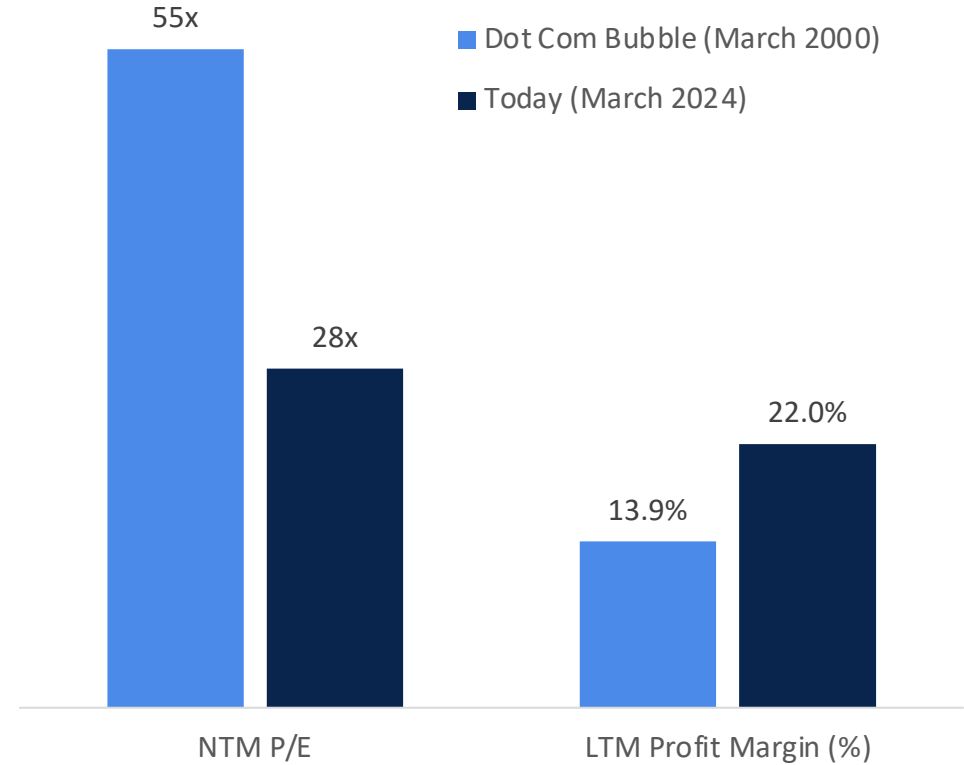
Earnings Growth Trends

Technology Sector vs Equal Weight S&P 500



Corporate Fundamentals

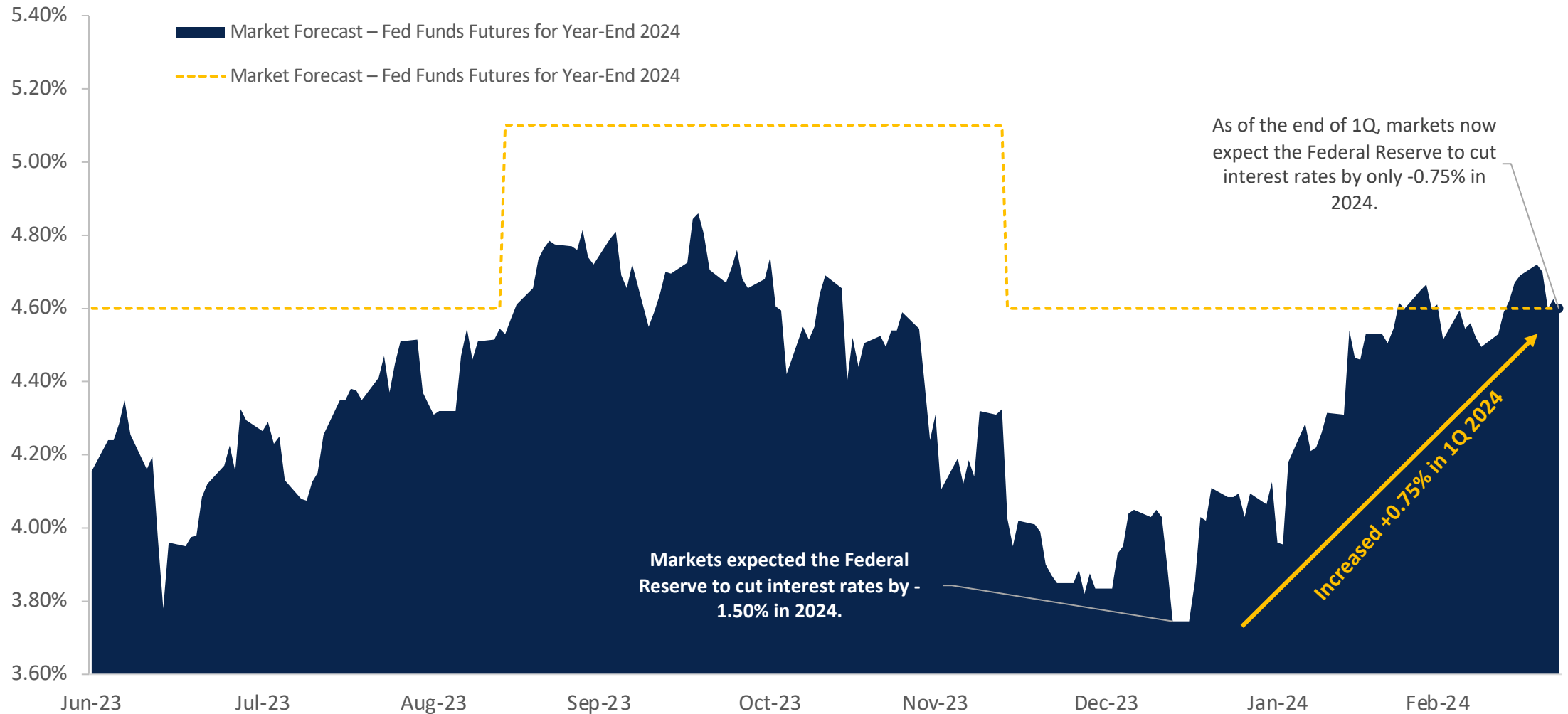
Today vs Dot Com Bubble



Disclosures: Data is based on the holdings of the State Street SPDR Technology Sector ETF. Earnings growth is based on the rolling next 12-month estimate since 3/31/2019. NTM = Next 12 months. LTM = Last 12 months. Latest available data as of 3/31/2024.

Credit Markets – Investors Now Expect Fewer Rate Cuts This Year

2Q 2024

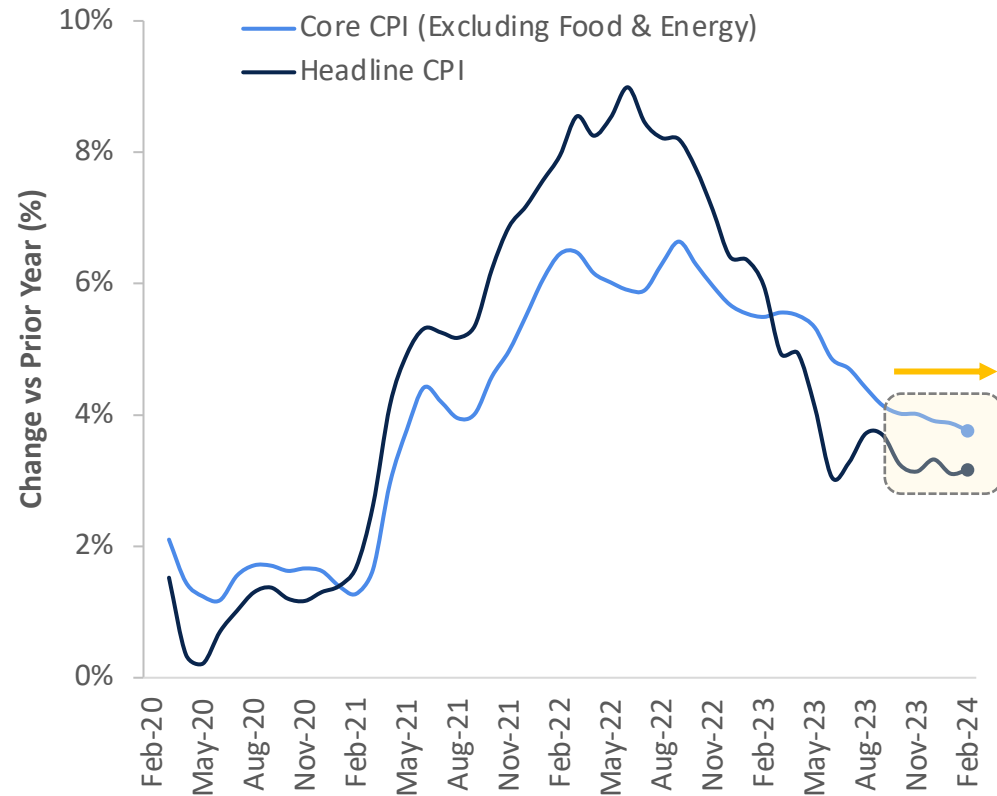


Disclosures: Data is sourced from Federal Reserve, MarketDesk. Latest available data as of 3/31/2024.

Inflation – Slowing Progress and the Impact of Rising Gasoline Prices

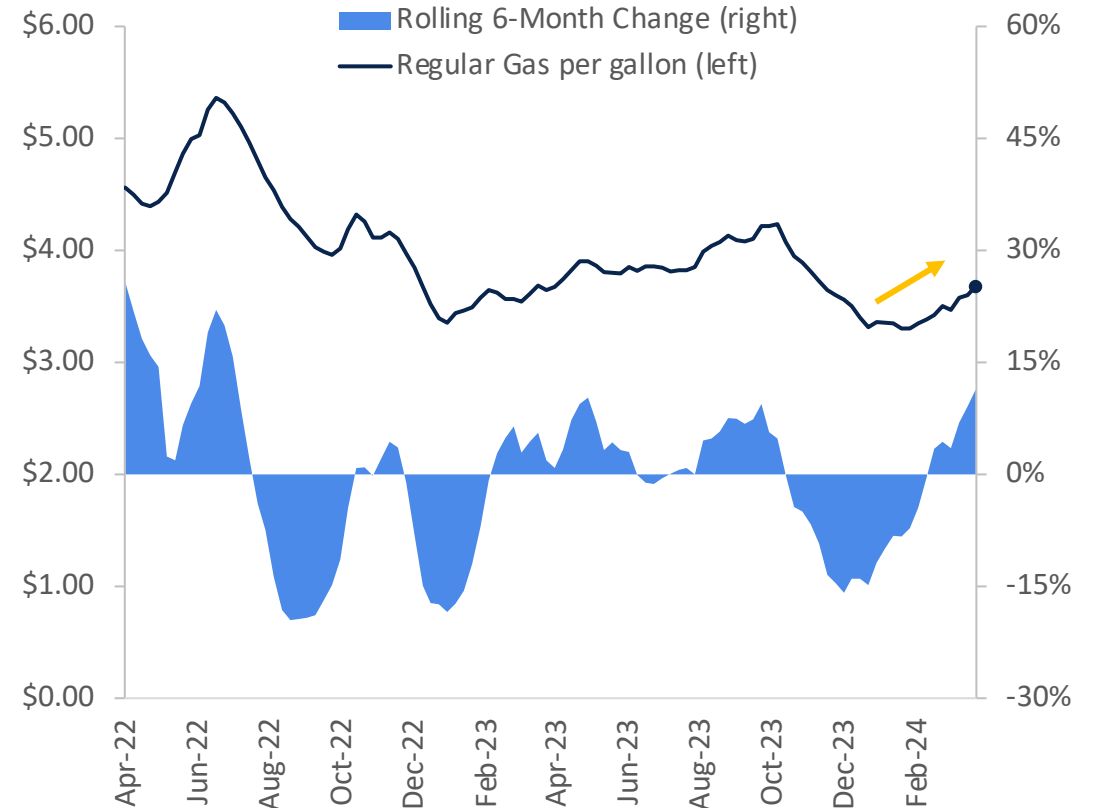
Recent U.S. Inflation Trends

Headline and Core Consumer Price Index (CPI)



Rising Gasoline Prices

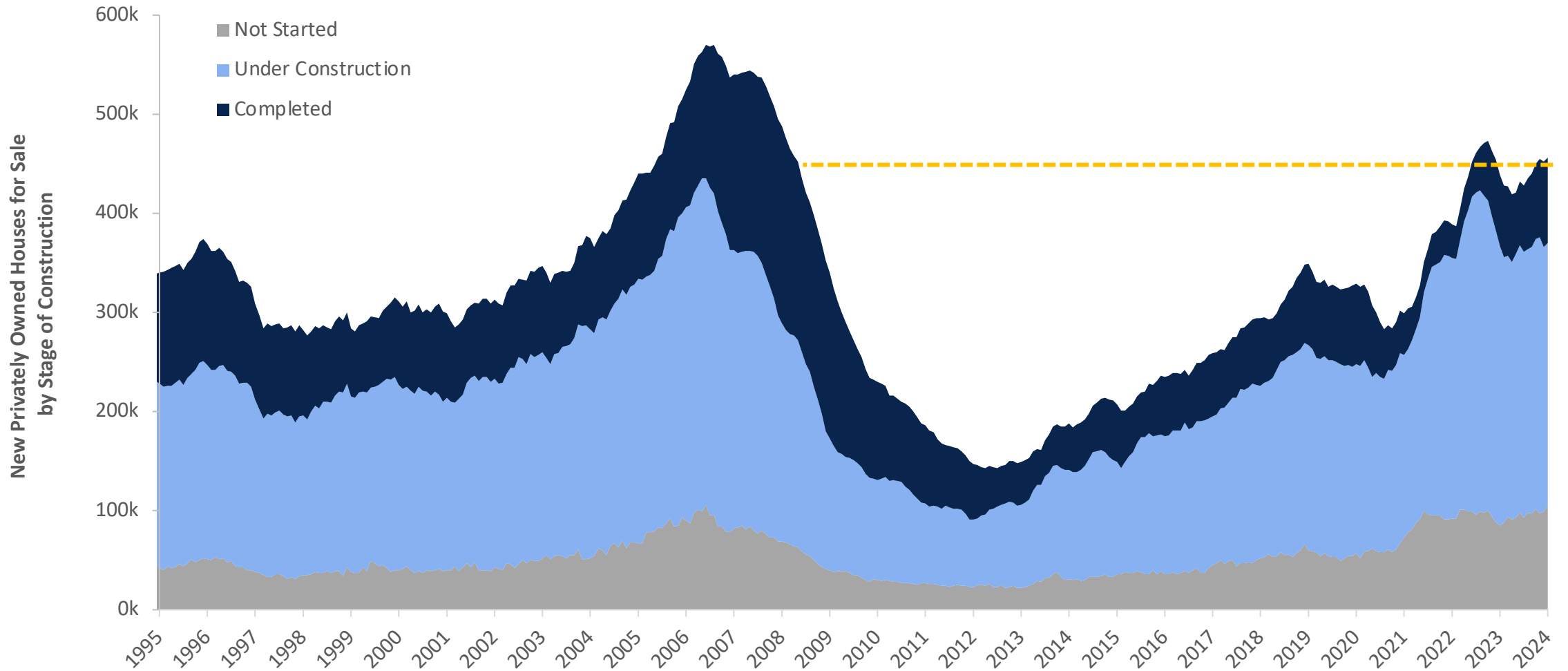
Gas Prices Regular (\$/gallon)



Disclosures: Data is sourced from the U.S. Bureau of Economic Analysis and the National Bureau of Economic Research. Latest available data as of 3/31/2024.

Housing Market – Construction Activity Remains Strong Despite Higher Rates

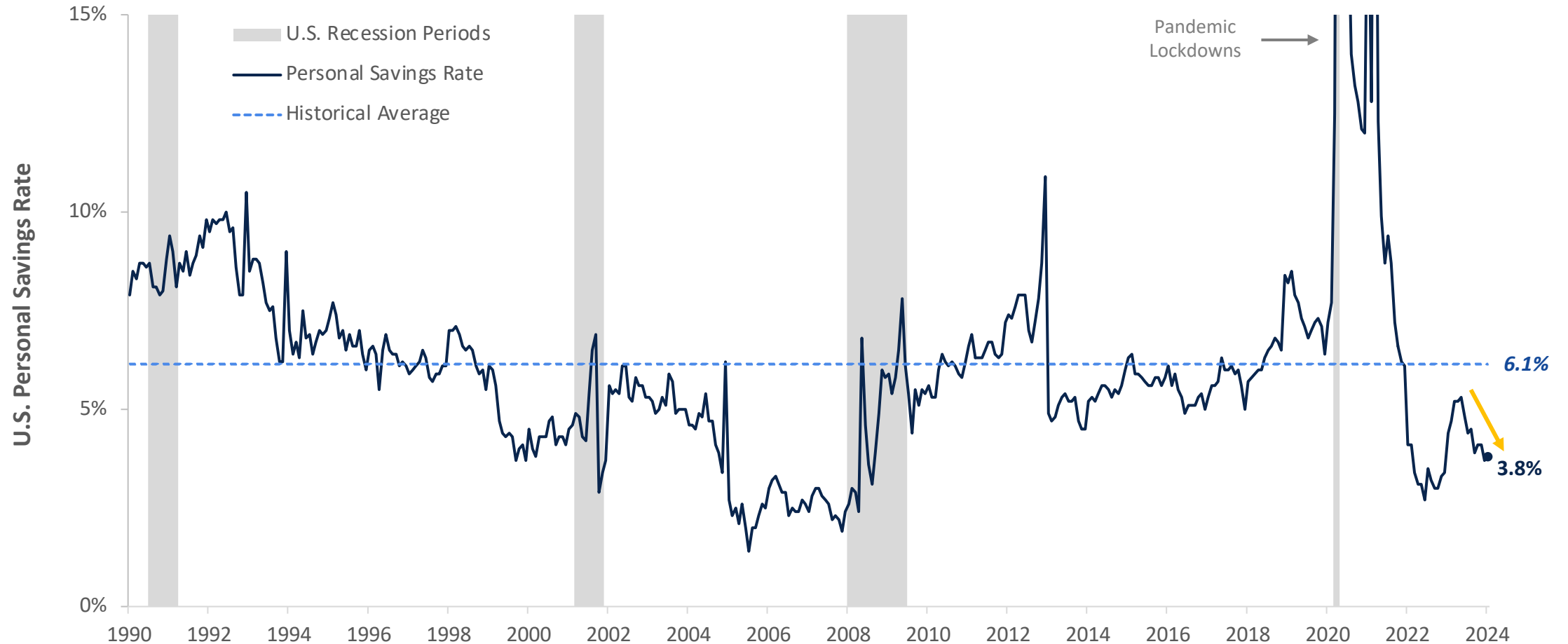
2Q 2024



Disclosures: Data is sourced from U.S. Census Bureau. Latest available data as of 3/31/2024.

Consumer Health – The Low Savings Rate Signals a Willingness to Spend

2Q 2024



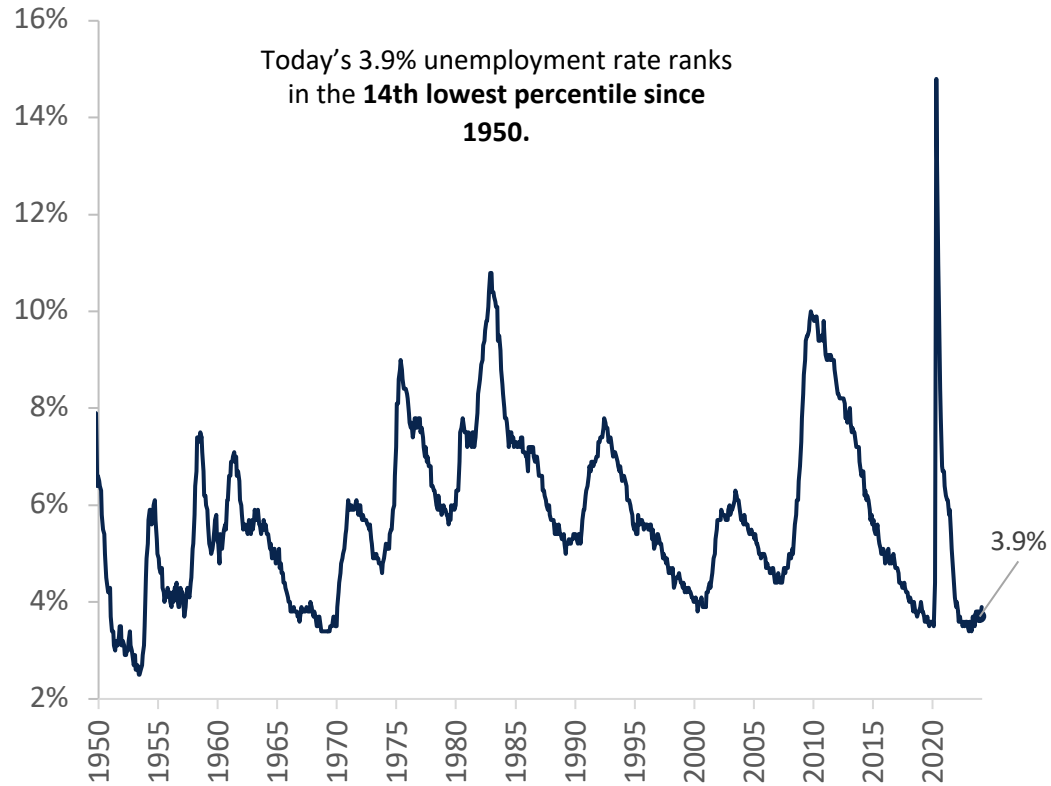
Disclosures: Data is sourced from the U.S. Bureau of Economic Analysis and the National Bureau of Economic Research. Latest available data as of 3/31/2024.

Labor Market – The Unemployment Rate Starts to Creep Higher

U.S. Unemployment Rate

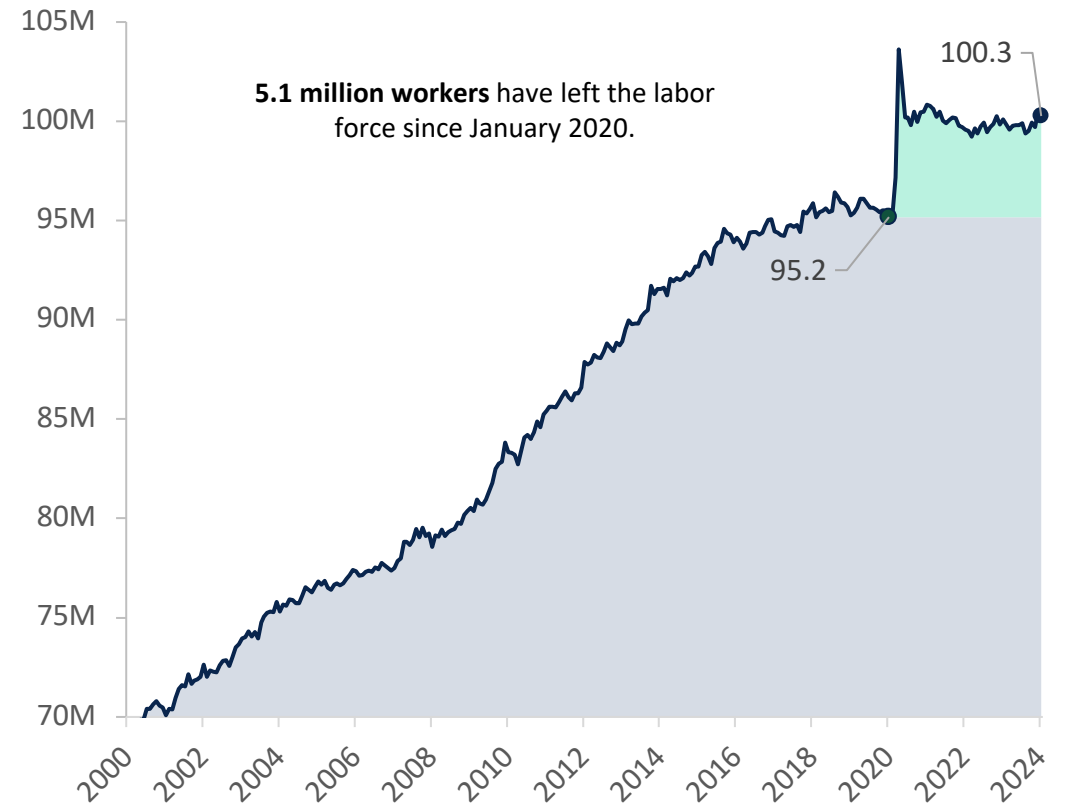
Percentage of Labor Force (1950 to 2024)

2Q 2024



Total "Not in Labor Force" Population

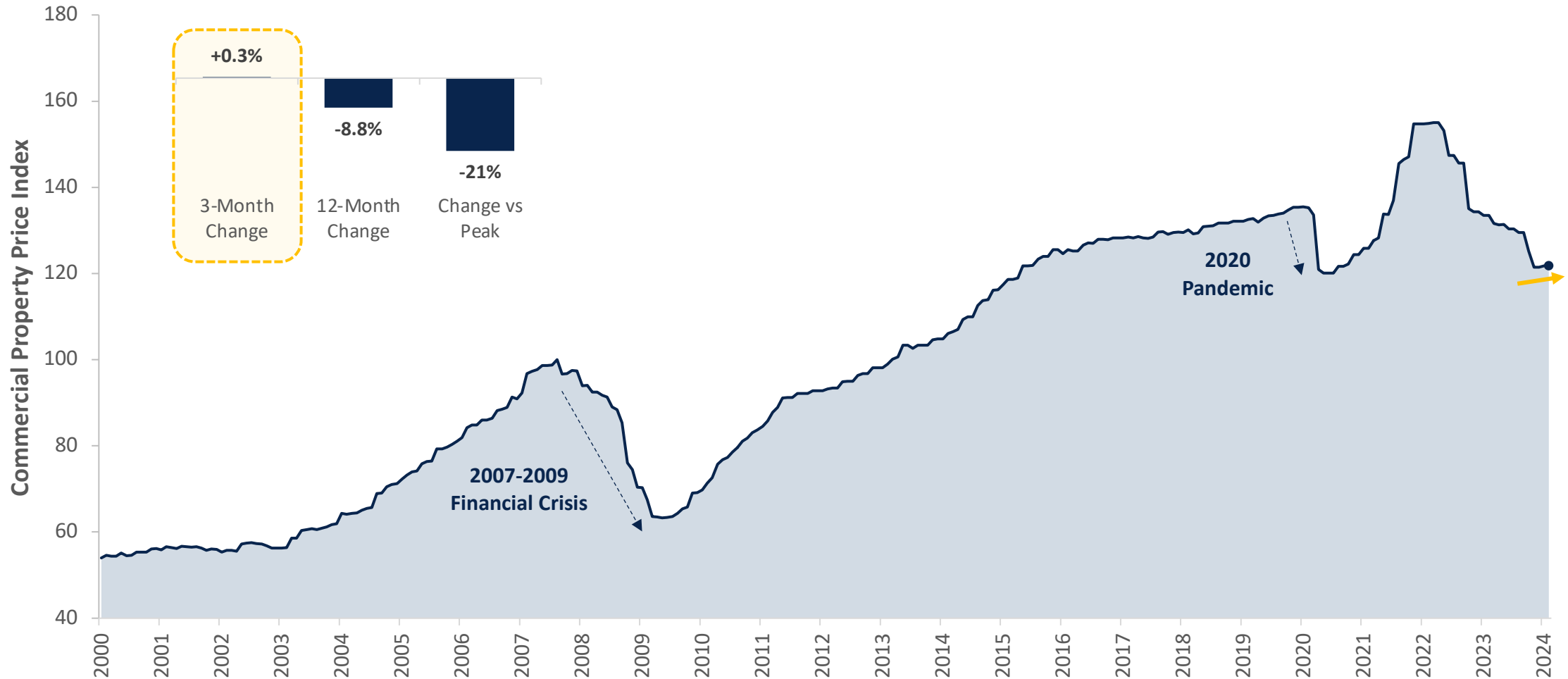
Population in Millions (2000 to 2024)



Disclosures: Data is sourced from U.S. Bureau of Labor Statistics. Latest available data as of 3/31/2024.

What We're Monitoring – Commercial Real Estate Market

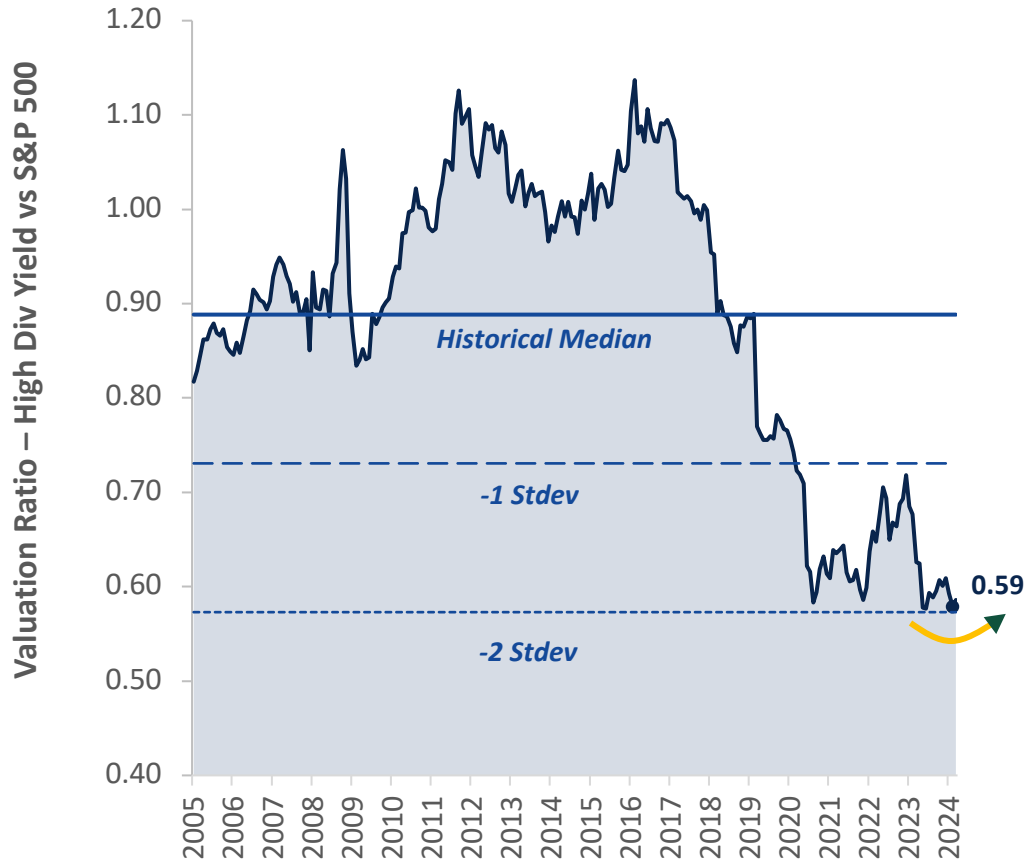
2Q 2024



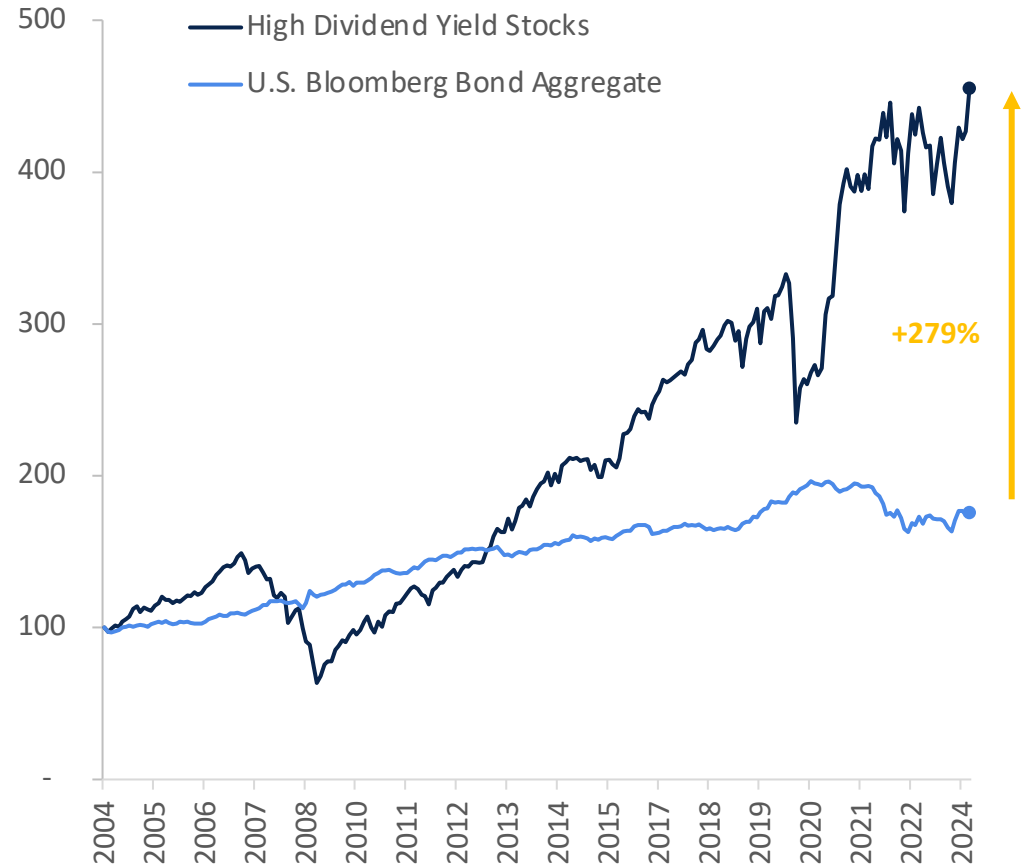
Disclosures: Data is sourced from Green Street Advisors. Latest available data as of 3/31/2024.

New Opportunities – High Dividend Stocks

Ratio of Forward Price-to-Earnings Valuations
High Dividend Stocks versus S&P 500 (2005 to 2024)



Total Return Comparison Over the Last 20 Years
Indexed to 100 with income reinvested (2000 to 2024)



Disclosures: Past performance is no guarantee of future results. All performance data represents total returns. High Dividend Stocks use the iShares Select Dividend ETF as a proxy. S&P 500 uses the State Street S&P 500 ETF as a proxy. Bonds use iShares Core US Aggregate Bond ETF as a proxy. Latest available data as of 3/31/2024.

Questions?

Definitions

| | |
|--|---|
| 2Y / 10Y / 30-Year Treasury Bonds | Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government. |
| Consumer Price Index (CPI) | Measures the changes in the price level of a basket of consumer goods and services purchased by households. |
| Federal Fund's Rate | The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight. |
| Federal Reserve | The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system |
| Forward Price to Earnings Ratio | The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company. |
| Growth Stocks | Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average. |
| Inflation | A general rise in price level relative to available goods and services. |
| ISM Purchasing Managers Index (PMI) | The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy. |
| Price Return | The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends. |
| Real Yield | The interest rate earned on a fixed income investment after factoring in the impact of inflation as measured by the Consumer Price Index (CPI). |
| Total Return | Return on a portfolio of investments including capital appreciation and income received on the portfolio. |
| Unemployment Rate | A lagging economic indicator which is calculated as the percent of the labor force that is jobless. |
| Value Stocks | Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book). |

2Q 2024

Disclosures and Legal Notice

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2Q 2024

A man in a dark suit is seen from the back, looking out a large window at a city skyline. The scene is bathed in a soft, blue light, suggesting dusk or dawn. The window's frame and the city buildings are visible through the glass.

Thank You

The logo for ARROWROOT Family Office. It features a stylized icon of three white, slanted parallel lines on the left, followed by the text 'ARROWROOT' in a bold, white, sans-serif font, and 'Family Office' in a smaller, white, sans-serif font below it.

ARROWROOT
Family Office