

Monthly Investment Report

February 2024



U.S. equities experienced a modest uptick in January with the S&P 500 advancing by +1.7%. U.S. equities outperformed both emerging and developed markets. Growth stocks outperformed value stocks, the Communication Services sector saw a notable gain of +5.0%, while the Real Estate sector declined by -4.7%. The 10-year Treasury yield rose marginally and short-term yields decreased month-over-month. Commodities performed better than both equities and bonds, and major global currencies weakened against the U.S. Dollar. On January 31, the FOMC left interest rates unchanged for the fourth consecutive time, signaling a commitment to the current rate policy. Core PCE edged closer to the Fed's target, rising +2.9% year-over-year compared to +3.2% in the previous month. Achieving progress in aligning inflation with the target while maintaining resilient economic growth is an optimal scenario for the Fed. It provides the central bank with increased flexibility in determining the magnitude and timing of monetary policy adjustments.

Markets

U.S. equities gained nicely in January with the S&P 500 Index rising +1.7%. Similarly, the Dow Jones Industrial Average and the tech-heavy Nasdaq Composite Index rose by +1.3% and +1.0%, respectively, during the month. The increase was primarily led by Communication Services, which gained 5.0%. Conversely, Real Estate and Consumer Discretionary dragged the index lower, experiencing declines of -4.7% and -3.5%, respectively. In terms of earnings growth, the leaders were Communication Services (+25.4%) and Information Technology (+15.3%) with decent gains, while Energy and Materials saw earnings declines of -33.3% and -26.4%, respectively. Small Caps and Mid-Caps underperformed Large Caps, with decreases of -3.9% and -1.7%, respectively. Additionally, growth stocks performed better than value stocks across all market capitalizations.

The U.S. equities market outperformed emerging markets and other developed markets. The MSCI – Emerging Markets index recorded a decline of -4.6%, underscoring the challenges faced by emerging markets. Moreover, the MSCI-Developed World ex-US index, with a modest increase of +0.4%, indicated the relative underperformance of developed markets in comparison to the U.S. market. Within major markets, China experienced the most significant downturn, with a notable decrease of -10.6%, while Japan stood out with a positive gain of +4.6%.

According to CME's FedWatch tool, 83.5% of market participants believe that the Federal Reserve will opt to keep the Fed Funds rate

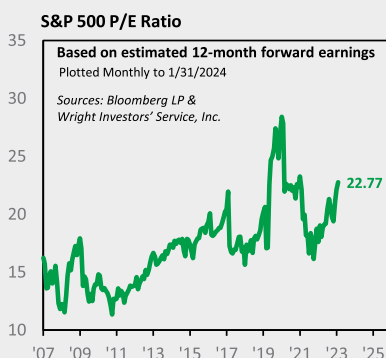
steady at 5.25%-5.50% at the upcoming March FOMC meeting. Fed Chair Jerome Powell sounded optimistic in the recent FOMC meeting and suggested that a rate cut in March is unlikely, as the Fed hopes to see progress towards a sustained lower inflation rate. The 10-year US Treasury yield stood at 3.91% up from 3.88% observed at the end of December. Conversely, yields declined for the 2-year and 5-year Treasury securities. The Bloomberg U.S. Aggregate Index, which represents investment-grade, dollar-denominated bonds, fell -0.3% during the month and underperformed the Bloomberg U.S. High Yield Bond index, which was unchanged. Non-U.S. Dollar bonds, as represented by the Bloomberg Global Aggregate ex-USD Index, fell -2.3% for the month.

Commodities displayed better performance compared to both equities and bonds while the U.S. Dollar strengthened against major global currencies. The S&P GSCI index, a metric for assessing commodity market performance, increased +4.5%. Natural gas experienced a significant decline of -16.5%, exacerbating the -10.3% fall observed in the previous month. Conversely, crude oil prices rose by +5.9%. The U.S. dollar appreciated against all major currencies, with the most substantial gains recorded against the Yen and the Swiss Franc (4.0% and 2.2% respectively).

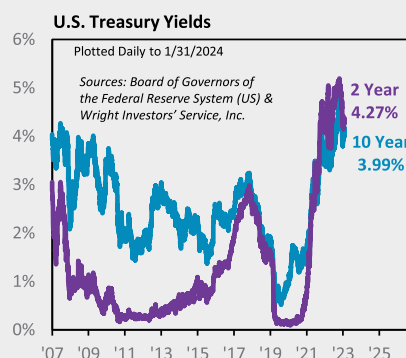
U.S. Economy

The year began with a combination of easing inflation and robust economic growth. In January, the S&P Global US Composite PMI

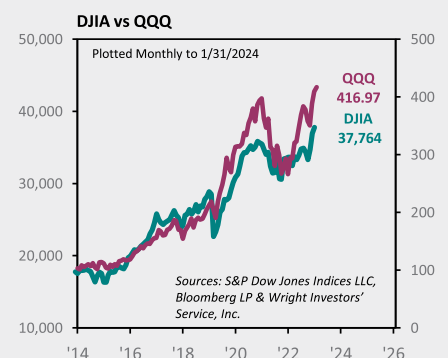
P/Es Bounce



2 Year & 10 Year Yields Fall Sharply



US Equities Trading Higher



Total Investment Returns—01.31.2024

	January	Last 12 Mos.
Dow Jones Industrial Average	1.3%	14.4%
Nasdaq Composite	1.0%	32.0%
S&P 500 Composite	1.7%	20.8%
S&P MidCap 400	-1.7%	4.8%
S&P SmallCap 600	-3.9%	1.8%
MSCI World (\$)	1.2%	17.0%
MSCI World ex U.S. (\$)	0.4%	9.5%
Bloomberg U.S. Aggregate	-0.3%	2.1%
90-Day Treasury Bills (Yield)	5.4%	4.7%
CPI ex-Food & Energy SA* (Dec 2023)	0.3%	3.9%

*SA: Seasonally Adjusted
Sources: Bloomberg LP & Wright Investors' Service, Inc.

experienced a significant jump to 52.3, up from the previous month's 50.9 level, marking the fastest growth in business activity since June 2023. The service sector saw the swiftest expansion in business activity since June 2023, while manufacturing firms showed a slight decrease in output. Despite a consecutive monthly fall in new export orders, new business grew for the third month in a row. On the pricing front, the inflation of input costs decelerated, marking the second lowest level since October 2020, while average prices for goods and services increased at the slowest pace since May 2020. Business confidence soared to its highest point since May 2022. The US Manufacturing PMI for January 2024 advanced to 50.7 from an initial estimate of 50.3, indicating a more substantial improvement in manufacturing conditions than initially expected. Overall growth was fueled by a resurgence in new orders and a slower growth in output. However, production was reportedly hindered by a decline in supplier performance and extended input deliveries. Increased transportation costs contributed to a rise in input prices for the month, leading to cost inflation reaching a nine-month high.

Consumer confidence continued to strengthen as inflation showed signs of softening. In January, U.S. consumer confidence saw a significant increase as inflationary pressures continued to diminish. According to the

Conference Board, the consumer confidence index rose to 114.8, up from a downwardly revised 108.0 in December, marking the third consecutive month of increasing consumer confidence. Household spending is expected to persist on the back of improved inflation expectations and a robust job market. 30-year mortgages averaged around 6.6%, and new home sales improved to 664,000 from 615,000 in the previous month. However, existing home sales fell -1.0% month-over-month as the inventory of houses available for sale remains very low. As mortgage rates have moderated in the recent months, there is a possibility that an increase in inventory could occur, potentially strengthening housing market activity.

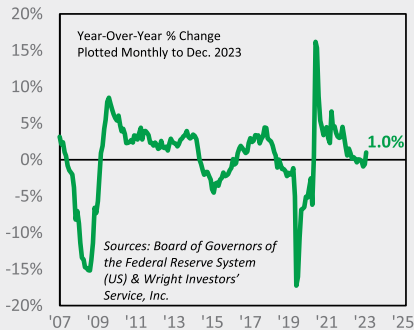
The Fed maintained unchanged policy interest rates during its January 31 meeting. In December, the Core Personal Consumption Expenditures (PCE), the preferred inflation gauge for the Fed, increased by +2.9% year-over-year, a slight decrease from the +3.2% reported last month and the lowest rate since February 2021. The month-over-month growth in Core PCE was +0.2%, in line with market expectations and a small rise from the +0.1% growth in November. Over a two-week period ending January 27th, the number of Americans filing for unemployment benefits rose for consecutive weeks, reaching 224,000. Furthermore, continuing claims increased to 1.9 million in the week ending January 20.

Investment Outlook

Fed Chief Jerome Powell expressed cautious satisfaction with the current state of the economy, acknowledging the challenges ahead in achieving the 'last mile' of the inflation target. Despite several high-profile layoffs announced by major corporations, and a slight softening in the labor market evidenced by recent claims data, the situation remains precarious. The consensus in the market is leaning towards the Fed lowering its key rate in the near future, although there's debate over the timing of such a move. Odds of a rate cut in March were quashed at the January 30-31 Fed meeting, and sights are now set for a cut in May. If the current economic trends persist, the long-awaited and elusive soft-landing may materialize. However, until these positive trends demonstrate sustained progress over an extended period, we believe it's advisable to invest in a well-diversified portfolio of high-quality assets as a prudent approach to navigating market uncertainties and volatility.

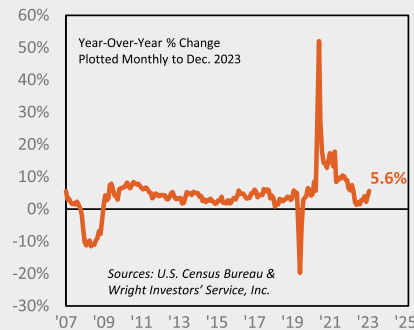
Manufacturing: Reaccelerating

Industrial Production



Consumer Spending: Showing Strength

Total Retail Sales



Core Inflation: Moderating

Consumer Price Index - Excluding Food & Energy



Source: Bloomberg Index Services Limited. "Bloomberg®", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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