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DAVID VAUGHAN INVESTMENTS

Capital Markets Commentary

09/30/2024

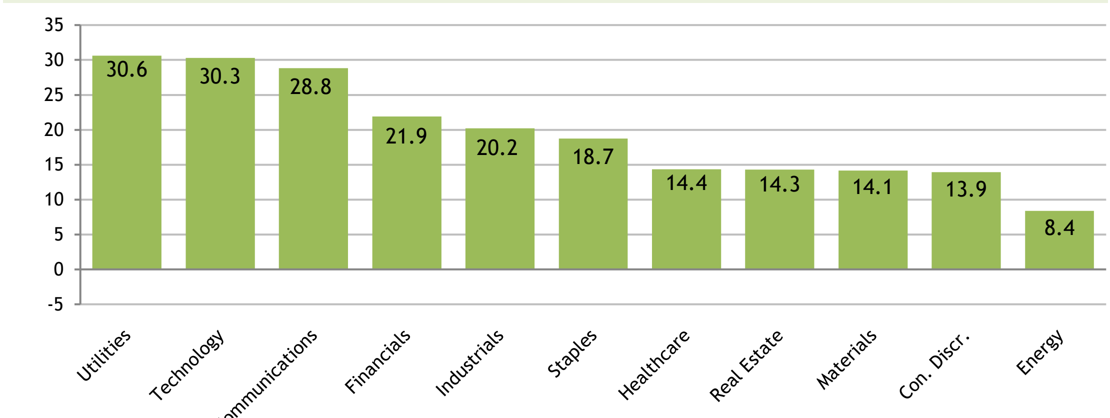
Stocks continued their positive momentum in the third quarter, driven by strong performance in defensive sectors. Significant focus remains on the Federal Reserve, with heightened anticipation surrounding the start of the Fed's easing cycle, marked by an initial 50 basis point cut in September. US economic data remained solid, reflecting declining inflation, resilient consumer spending, and a relatively healthy labor market. The strong performance of the market pushed the S&P 500 Index to a total return of 5.9% in the third quarter, while the Equal Weighted S&P 500 Index surged 9.6% during the quarter.

Utilities emerged as the best-performing market sector during the quarter, alongside real estate, industrials, and financials. In contrast, energy was the worst performer, as geopolitical concerns in the Middle East weighed on commodities. All sectors of the market have posted positive returns year-to-date.

Small-cap and international stocks outperformed the S&P 500 for the quarter. The Russell 2000 Small Cap Index returned 9.3% and the MSCI International Index returned 7.3%.

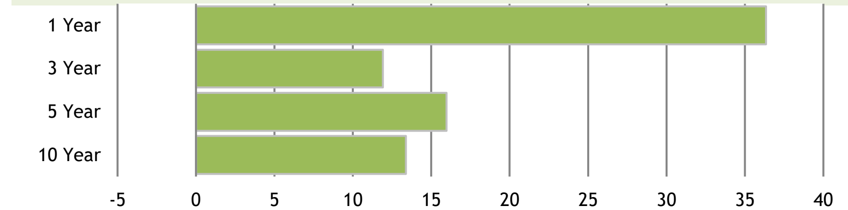
Treasury yields dropped again, resulting in the 2-Year to 10-Year yield spread to slightly disinvert. The 2-year Treasury rate has declined 108 basis points to close the quarter at 3.64%. The 10-year Treasury rate decreased 58 basis points, ending at 3.79%. The Barclays Aggregate Bond Index returned 5.2% for the quarter.

S&P 500 Index: Sector Returns Percent Year-to-Date

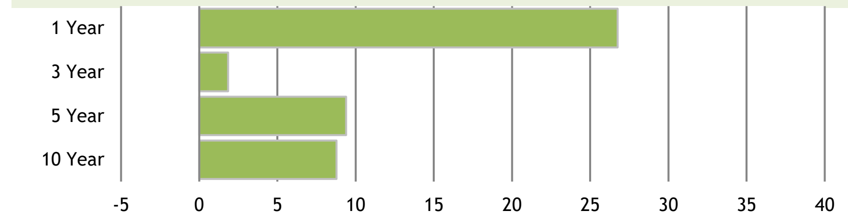


Source: Morningstar

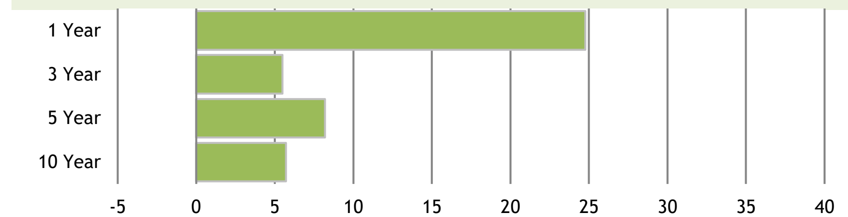
S&P 500 **Average Annual Percent Total Return**



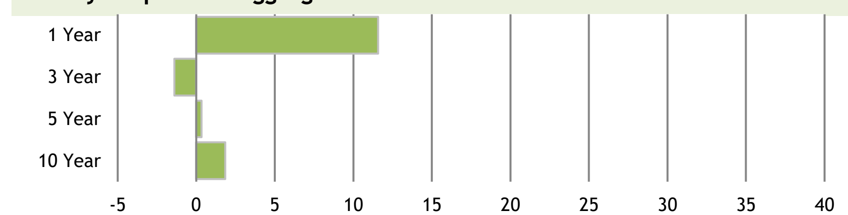
Russell 2000 Small Cap Index



MSCI EAFE International Index



Barclays Capital US Aggregate Bond Index



Barclays US Treasury Bill 1-3 Month