

SOLIST FINANCIAL  
WEALTH MANAGEMENT

## Q3 Market Commentary

Solist Wealth Management

As of 08/04/2024



## Q3 Market Commentary

### The VIX Fix

People always say, "if it was easy, everyone would do it." Applying that to the markets, "if it was easy, everyone would be a successful investor." This past month has detailed that it is not easy. We see the beginning of a correction and a build up of investor fear, as characterized by the VIX (see exhibit "VIX YTD: ANNOTATED 1M CHANGE %").

On the bright side, there was money to be made so where was it *easy*? Portfolios that did well were diversified in fixed income (up over 2.5%), small caps (up 4%), equal weighted S&P (up 1.5%), Russell 1000 Value (up 2.45%), gold (up over 2%).

That said, it was not *easy* for investors both domestic and globally with the worst movers being: Nikkei (down over 12% JPY), Hang Seng (down 4.8% HKD), Euro Stoxx 50 (down 6.8% EUR), Asian Pacific Bond Agg (down 3.93% JPY), Nasdaq 100 (down 9.57%), Nasdaq Comp (down 8.59%), S&P (down 3.96%), Bitcoin (down 7.3%), and copper (down 11.2%).

The question... is this a standard correction or is the VIX painting a different picture for the months to come?

Q3 (month ahead):

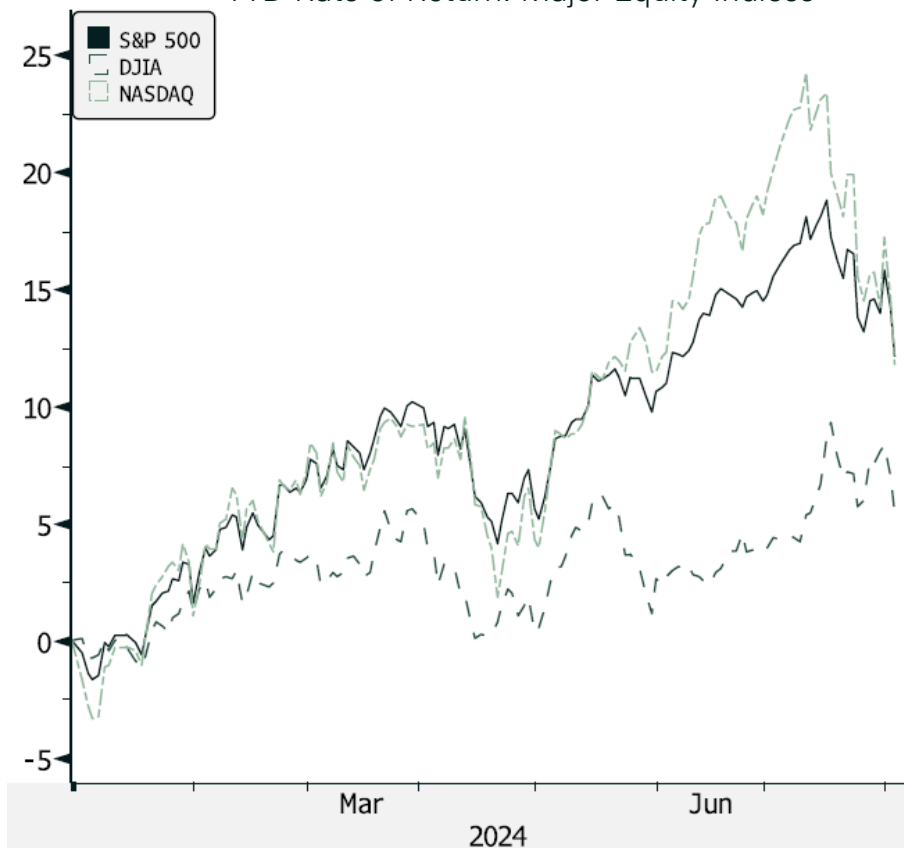
Equities: **Stock Pickers Market**

Fixed Income: **Can You Take Me Higher Part II**

Economy: **When September Ends**

BENCHMARK	CURRENT MONTH	CURRENT		YTD
		QUARTER		
S&P 500	3.59%	4.28%		15.29%
Dow Jones Industrial Average	1.23%	(1.27%)		4.79%
NASDAQ	6.03%	8.47%		18.57%
Euro STOXX	(1.13%)	1.50%		9.43%
Nikkei 225 Stock Average	2.99%	(1.81%)		19.34%
Benchmark Return (%) (VIX)	(3.72%)	(4.38%)		(0.08%)

YTD Rate of Return: Major Equity Indices



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

Forecast	Q3 '24	Q4 '24	Q1 '25	Q2 '25
S&P 500 (Spot 5460.48)	5700	5950	6000	5600
US Dollar (Spot 105.866)	107	105	103.3	103
Gold (Spot 2326.75)	2,320	2,300	2,200	2,085
GDP	2.80%	2.60%	2.70%	2.60%
CPI	3.10%	3.10%	3.00%	2.60%
Fed Funds	5.33%	5.15%	5.15%	4.88%

Source: Solist Wealth Management as of 08/04/2024. Unchanged since 6/29/2024.

# Equity Market Overview

## Stock Pickers Market

The first week of August represents the 4th week of earnings. The markets have had a chance to digest macro trends and how they play a role at a micro level in terms of forward guidance. The result so far is spiked investor sentiment, a rotation/broadening away from tech names, and better performance found in small caps and equal weights. It is a stock picker's market because broad-based ETFs, which are predominantly market cap weighted, are feeling every bit of the nearly \$2 trillion in market cap swing from leadership pullbacks. In that breath, we now see new horses in the race. Our market-moving sectors are cyclical! Say hello to real estate, healthcare, and utilities, up 5-10% on the month. Market laggards over the same period are IT, consumer discretionary, and communication services.

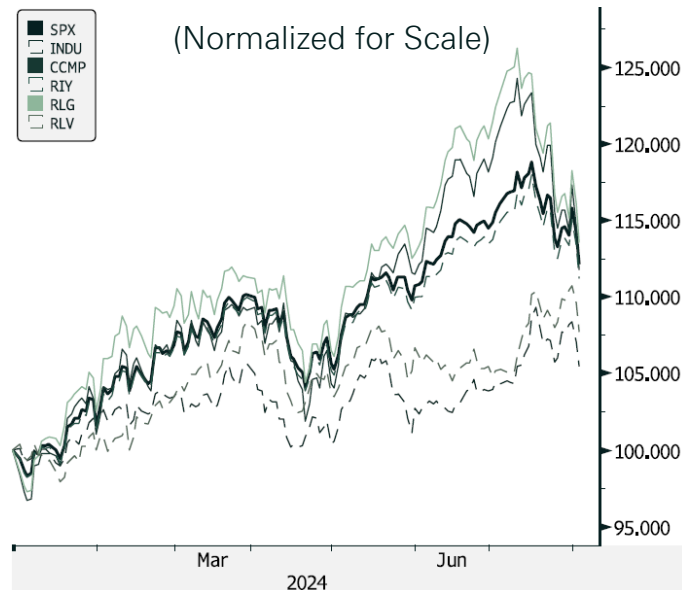
On the next page, you see the broadening out represented by two exhibits: Mag 7 vs. the Ex-Mag 7, and the S&P 500 compared to Equal Weight S&P 500. In our last monthly market commentary, our stance was that we still had some time before we saw a major shift in rotation. During the 2nd week of earnings, our trades included real estate, neutral positioning in small caps, and equal weighting several strategies. On the flip side, we still have significant exposure and see this leadership pullback as a buy-the-dip scenario. So, is this the beginning of a hard landing and bear market? No.

We think that stronger markets lead to broader portfolios. We see this as a standard correction that likely and statistically rebounds and then retests today's lows at least once, creating a range-bound opportunistic market from July - September. We see a major catalyst for value and cash cows being a drop in money market yields, which will also create a broad tailwind.

## US Equity Indices Returns

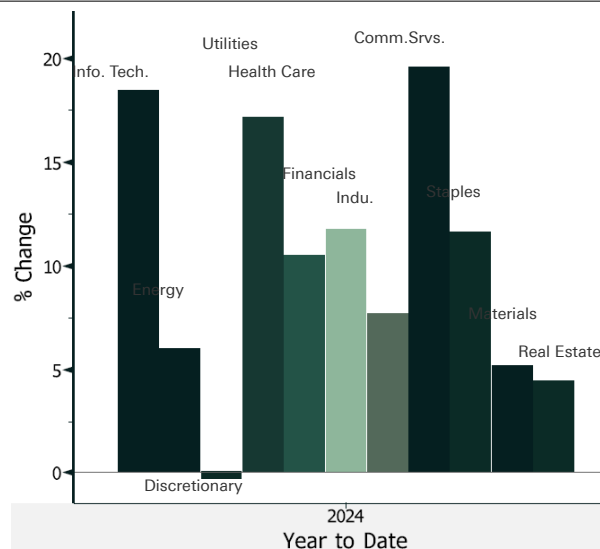
BENCHMARK	YTD	2023	2022	2021	2020	2019
S&P 500	15.29%	26.29%	(18.11%)	28.71%	18.40%	31.49%
Dow Jones Industrial Average	4.79%	16.18%	(6.86%)	20.95%	9.72%	25.34%
NASDAQ	18.57%	44.64%	(32.54%)	22.18%	44.92%	36.69%
Russell 1000	14.24%	26.53%	(19.13%)	26.45%	20.96%	31.43%
Russell 1000 Value	6.62%	11.46%	(7.54%)	25.16%	2.80%	26.54%
Russell 1000 Growth	20.70%	42.68%	(29.14%)	27.60%	38.49%	36.39%

Price Chart  
(Normalized for Scale)



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

Index	Starting Price (1/1/2024)	Last Price (08/02/2024)	Change	% Change
S&P 500 (SPX)	4769.83	5346.56	576.73	12.09%
DJIA (INDU)	37689.54	39737.26	2047.72	5.43%
Nasdaq (CCMP)	15011.35	16776.16	1764.81	11.76%
Russell 1000 (RIY)	2622.14	2914.727	292.587	11.16%
Russell 1000 Growth (RLG)	3051.68	3465.188	413.508	13.55%
Russell 1000 Value (RLV)	1629.42	1754.59	125.17	7.68%



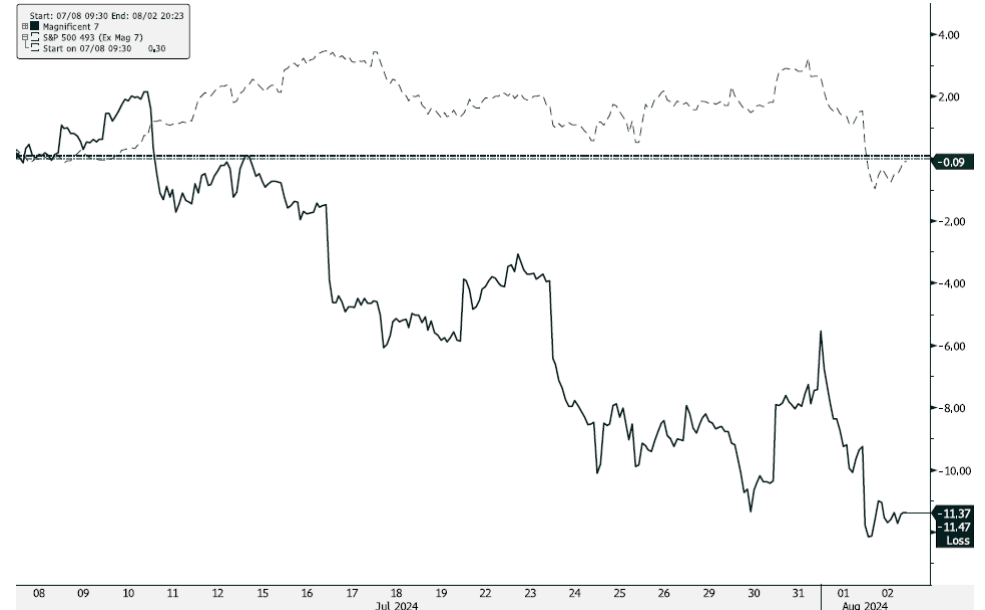
Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

### VIX YTD: ANNOTATED 1M CHANGE %



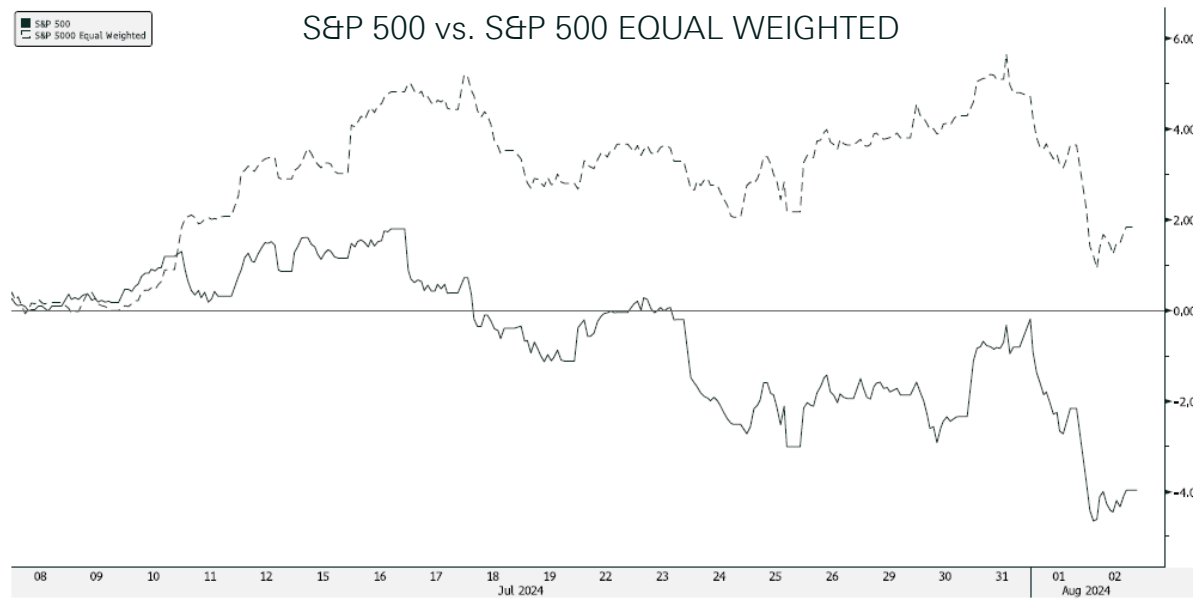
Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

### MAG 7 vs. S&P 493 (EX MAG 7)



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

### S&P 500 vs. S&P 500 EQUAL WEIGHTED



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

## Fixed Income and Cash Market Overview

### Can You Take Me Higher II

Fixed income this past month has us at Solist still singing *can you take me higher*.

Per the exhibits right of the column, our instincts and guidance last month came to fruition. We have seen a sharp increase in performance not just domestically but also globally for bonds. We expect to see a continuation of this as the Fed and other central banks implement their easing cycle.

Looking at the performance of long dated fixed income, we are pricing in a normalized yield curve sooner than later and that generally is a good thing for markets not just FI but also equities.

What do we expect next and what are we buying/selling?

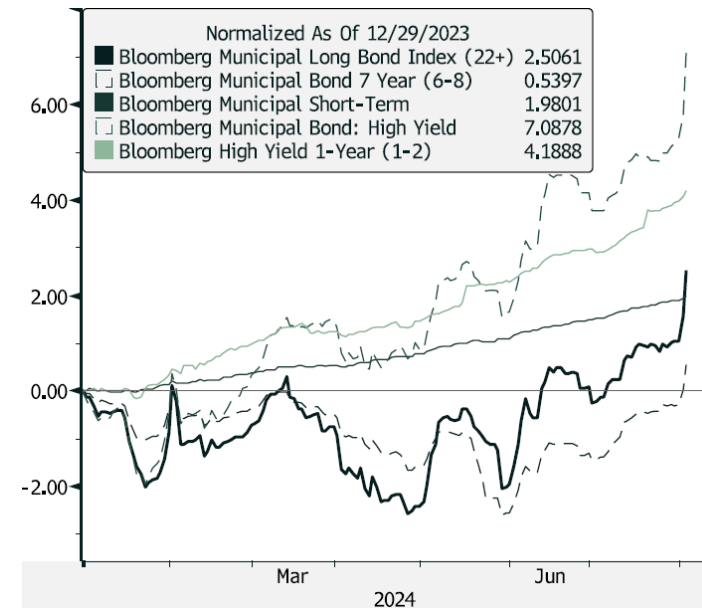
Much like last month, our strategies is to continue to push duration and quality in both corporates and municipals. Our outlook supports this given the tailwinds we see. On the flip side, a major headwind that would derail double digit returns is any faltering in quantitative easing or economic data.

Our buying has shifted nominally since last month.

We are buying:

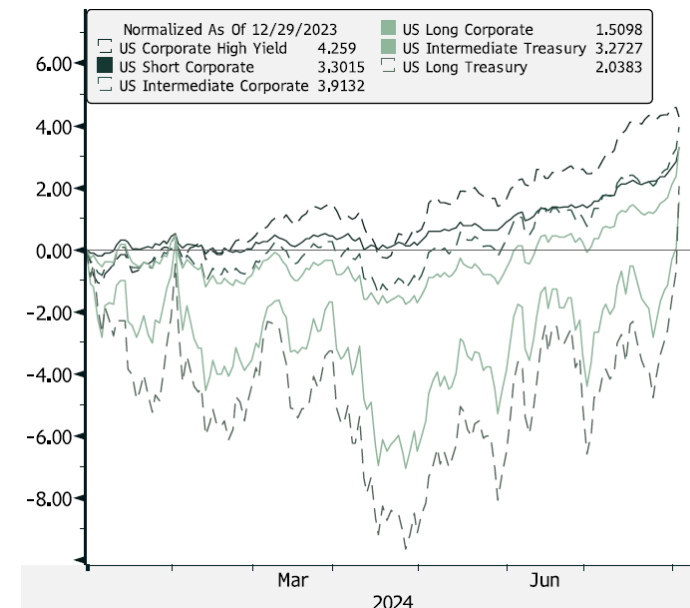
- Short& Intermediate Corp.
- Short Duration Corp. High Yield
- Similarly, Short and Intermediate Muni High Yield
- Preferred Stock
- Convertibles

## MUNI FIXED INCOME



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

## US CORP AND TREASURY FIXED INCOME



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

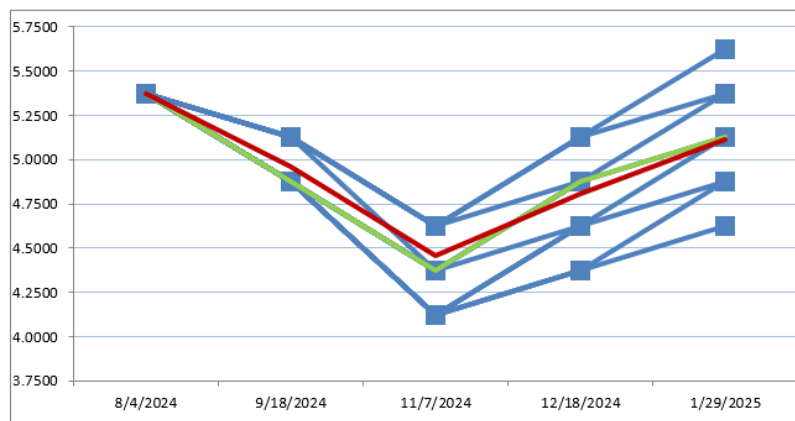
# Economic Overview

## When September Ends

This last month can be summarized by disinflationary data and outlook. Meaning, expect a cut. At least that's the tone of Fed chair, Jerome Powell. The labor market is normalizing. Non farm payroll cooled showing that jobless claims are no where near stabilizing. And ultimately, the path we are on suggests the unemployment rate should continue to rise. So much so that now, per the exhibit below, we are pricing in a sharper rate cut schedule on the front end. Specifically, we see that there is a 65% chance the fed brings rates to an effective rate of 4.88% at the September meeting. This is a huge adjustment. We like the prospect of a rate cut and being more dovish on the front end.

Globally, there has been major activity out of Japan, China, and England. Japan with QT. China threw a unexpected rate cut. and the BOE cautiously cut rates as well. Currencies have responded accordingly. Most notably, the JPY has weakened nearly 6% on the news. This has sent the JPY/USD sky rocketing. For perspective, the Nikkei quoted in JPY is down 12.23%, quoted in USD, is down 3.68% over the same period.

Prob of Rate Hike/Cut

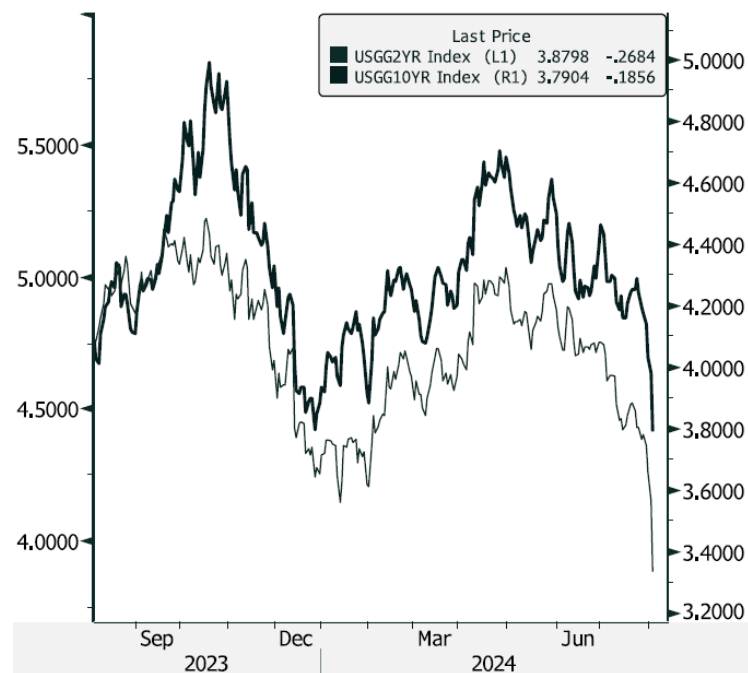


Meeting Date	4.13%	4.38%	4.63%	4.88%	5.13%	5.38%	5.63%	5.88%	6.13%	6.38%	6.63%	6.88%	7.13%
9/18/2024				65.00%	35.00%								
11/7/2024	1.40%	64.40%	34.20%										
12/18/2024		0.90%	38.70%	46.50%	13.90%								
1/29/2025			0.70%	30.60%	44.80%	21.00%	3.00%						

Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024

Date	Upcoming Economic Events
Monday, August 5, 2024	PMI
Monday, August 5, 2024	ISM Services
Wednesday, August 7, 2024	Mortgage Applications
Thursday, August 8, 2024	Initial Jobless Claims
Tuesday, August 13, 2024	PPI
Wednesday, August 14, 2024	Mortgage Applications
Wednesday, August 14, 2024	CPI MoM and YoY
Thursday, August 15, 2024	Empire Manufacturing
Thursday, August 15, 2024	Initial Jobless Claims
Friday, August 16, 2024	Housing Starts & Permits
Friday, August 16, 2024	U. of Mich. Sentiment
Monday, August 19, 2024	Leading Index
Thursday, August 22, 2024	Continuing Claims
Thursday, August 22, 2024	Existing Home Sales
Friday, August 23, 2024	New Home Sales
Friday, August 30, 2024	PCE

Yield Curve: 2/10yr



Source: Solist Wealth Management, Bloomberg Terminal L.P. as of 08/04/2024