

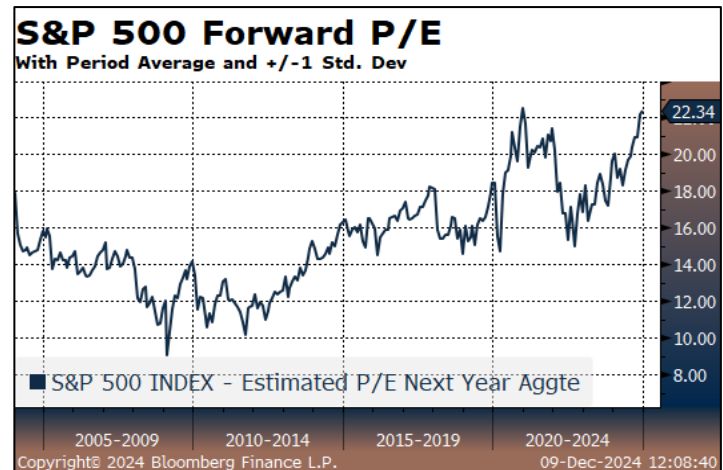
Executive Summary:

- The stock market continues to produce excellent returns in 2024.
- We recommend staying the course while monitoring policy developments under the new administration.
- The trajectory of interest rates is trending lower, though the pace of cuts is unclear.
- Economic growth continues, even though challenges exist in the labor market.

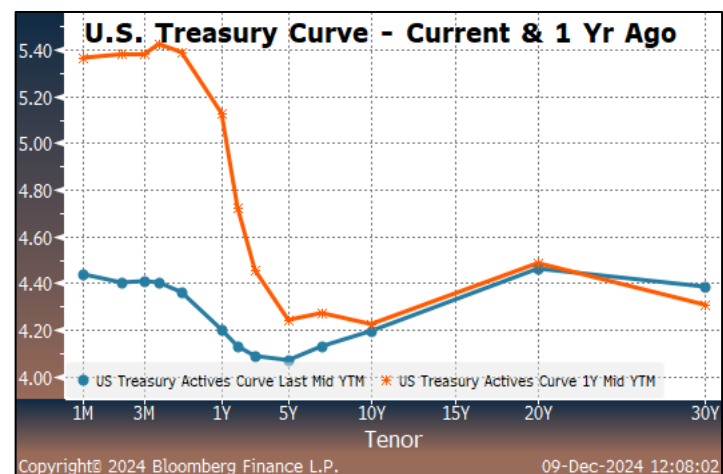
U.S. stocks continue to hit record highs. In fact, the S&P 500 set a new all-time high 53 times during the first 11 months of 2024 – that is 23% of the trading days. This gave investors an easy entry into the list of things to be thankful for this Thanksgiving – though hopefully it comes after family, friends, and health. Investors have been pouring money into the market; U.S. equity inflows totaled \$141B last month – the largest amount ever. Earnings have helped to push stocks higher, but the bigger driver recently has been the hope that the new administration will bring market-friendly policies to an economy that is already strong.



Some clients ask if the election results should prompt an adjustment to their investment portfolios. Our recommendation is to keep your allocations in line with your long-term plan. We will pay attention to the pertinent issues from the campaign, such as tariffs, taxes, deregulation, immigration, and the debt ceiling, to see which of them become policy. We will also adjust our views as conditions warrant. As always, we will keep our clients’ best interests at the heart of our analysis.



We remind ourselves and our clients that over the long-term, the market trades on fundamentals. The P/E ratio indicates that stocks have become expensive during their impressive run this past two years. While this doesn’t mean it can’t continue, it does cause us to keep shorter-term expectations in check.

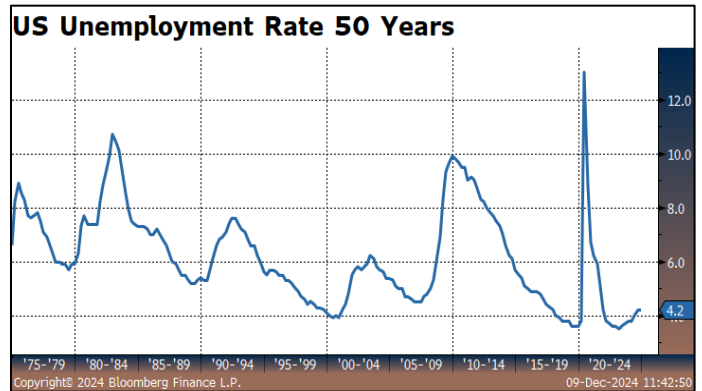


With the rate cut by the Federal Reserve a few months ago, we have entered a period of declining interest rates. Most economists expect the short-term rates to travel from above 5% to below 4%, though the timing of this remains uncertain as we see the new legislative agenda impact the economy, specifically inflation and employment.

December 2024

The Fed will certainly consider a slowing labor picture as they weigh future rate moves. The unemployment rate has crept up to 4.2% with payroll gains and labor force participation slowing. However, for some historical context, the unemployment rate has been below 4.5% for 37 straight months – the 3rd longest streak since 1948.

Thank you for allowing us at Diamond Capital Management to be a part of your financial journey in 2024. We wish you all the best in 2025!



SECTORS	2023	YTD	EQUITY INDICES	2023	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	55.80%	39.41%	S&P 500 INDEX	26.26%	28.87%	WTI CRUDE FUTURE Jan25	67.20	-1.96%
S&P 500 CONS DISCRET IDX	42.30%	34.35%	DOW JONES INDUS. AVG	16.18%	20.55%	BRENT CRUDE FUTR Feb25	71.12	-2.72%
S&P 500 CONS STAPLES IDX	0.52%	19.54%	NASDAQ COMPOSITE	44.70%	32.54%	NATURAL GAS FUTR Jan25	3.08	-15.68%
S&P 500 ENERGY INDEX	-1.42%	12.70%	S&P 400 MIDCAP INDEX	16.39%	21.32%	LME COPPER 3MO (\$)	9,122.50	6.58%
S&P 500 FINANCIALS INDEX	12.10%	34.79%	RUSSELL 1000 GROWTH INDX	42.67%	36.21%	Gold Spot \$/Oz	2,633.37	29.30%
S&P 500 HEALTH CARE IDX	2.06%	7.41%	RUSSELL 1000 VALUE INDEX	11.41%	20.20%	Silver Spot \$/Oz	30.97	34.70%
S&P 500 INDUSTRIALS IDX	18.08%	23.66%	RUSSELL MIDCAP RT INDEX	17.19%	22.68%	Euro Spot	1.06	-4.20%
S&P 500 INFO TECH INDEX	57.84%	38.91%	RUSSELL 2000 INDEX	16.88%	20.24%	British Pound Spot	1.27	0.41%
S&P 500 MATERIALS INDEX	12.55%	9.35%	MSCI ACWI ex US	15.62%	9.47%	Japanese Yen Spot	150.00	-6.73%
S&P 500 REAL ESTATE IDX	12.35%	12.05%	MSCI EAFE	18.95%	8.68%	DOLLAR INDEX SPOT	106.06	4.54%
S&P 500 UTILITIES INDEX	-7.08%	27.90%	MSCI EM	10.20%	10.77%			

Source: Bloomberg

As of: 12/9/2024

Bloomberg Barclays Bond Indices	2022	2023	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	-13.01%	5.53%	3.40%	6.21	8.42	4.58%	Effective Fed Funds	4.58%
Intermediate	-8.23%	5.24%	3.96%	3.88	4.31	4.32%	2-yr Treasury	4.13%
Global Agg ex USD	-18.70%	5.72%	-1.54%	7.16	8.70	2.54%	10-yr Treasury	4.19%
Inv Grade Corporate	-15.76%	8.52%	4.66%	7.23	10.81	4.98%	10-yr German Bund	2.12%
U.S. Corporate High Yield	-11.19%	13.45%	9.11%	3.38	4.79	7.05%	Prime Rate	7.75%
Tax Exempt								
Muni 1-10 Yr Blend (1-12)	-4.84%	4.61%	2.01%	3.98	6.34	3.03%		

Source: Bloomberg

As of: 12/9/2024

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