Asset Management

Quarterly Economic Report

2nd Quarter 2024

SVB Asset Management views on economic and market factors affecting global markets and business health

Quarterly Economic Report
Published in Q2 2024 | Data for Q1 2024

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Overview

Key Takeaways

- The Federal Open Market Committee (FOMC) held the fed funds rate steady at its March 2024 meeting. A prolonged inflationary environment pushed the timing of rate cuts into mid-2024, and reduced the number of expected rate cuts from six to three for the year.
- During the March press conference, Board Chairman Jerome Powell observed “inflation is on a bumpy road back to 2%.” The FOMC’s Summary of Economic Projections (SEP) revised its 2024 economic expectations for Core Personal Consumption Expenditure (PCE) from 2.4% to 2.6%.
- Investors in fixed income were challenged by the market’s events, including persistent inflation and the Federal Reserve’s shift from its earlier dovish stance. Conversely, equity markets did well in Q1 2024, benefitting from a strong US economy and investor confidence.

The FOMC maintains the fed funds rate for the fifth consecutive meeting.

The FOMC kept the fed funds rate at a range of 5.25% to 5.50%. It remains committed to achieving maximum employment and its 2% inflation target.

The timing of rate cuts in 2024 will be data-dependent.

The Fed continues to forecast three rate cuts of 25 basis points (bps) each by the end of 2024, but is carefully considering inflation metrics and the economy’s financial stability.

Inflation has trended slightly upward.

Core personal consumption expenditures (PCE) — the Fed’s preferred inflation indicator — rose 2.8% on a year-over-year (YoY) basis. The Fed continues to expect inflation to decline into 2024.

High-carry currencies, commodities and cryptocurrencies outperform.

With rate hikes no longer anticipated and the economy proving resilient, reflation assets (i.e., bitcoin, gold, natural gas) have bounced back from cycle lows.

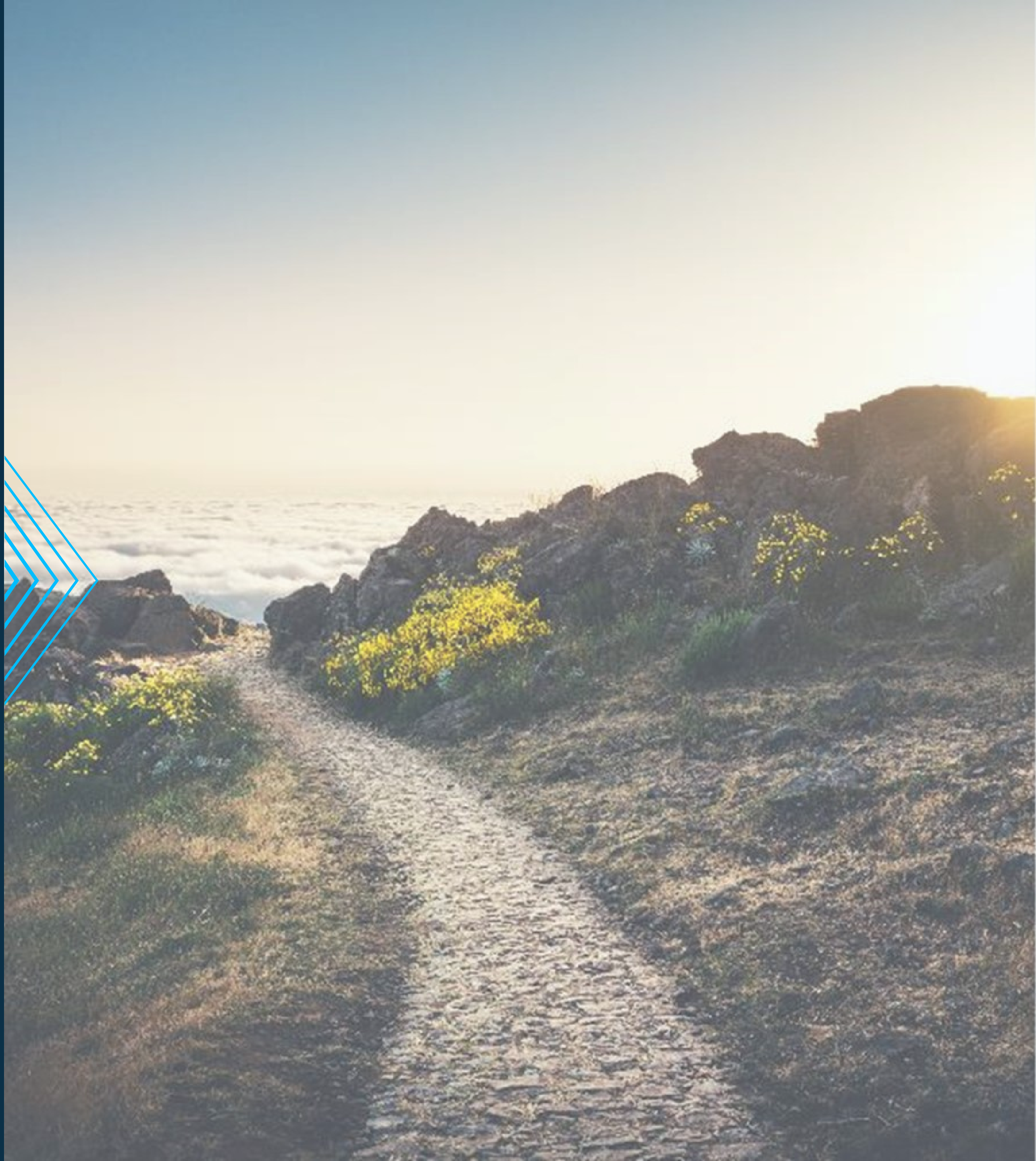
Global equity market performance remains positive.

Leveraging the previous year’s positive momentum, the S&P 500 reached a record high, while other indices also rose, fueled by indications of potential rate cuts by the central banks.

The bond market’s performance was mixed.

The first quarter of 2024 saw shorter-duration strategies benefit from reduced expectations for rate cuts, however, longer-duration strategies faced challenges from the market’s repricing of the Fed’s actions.

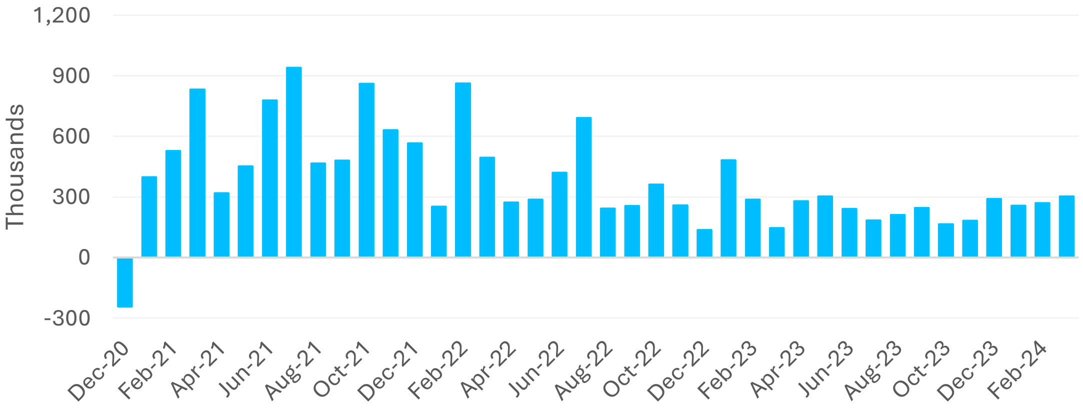
Domestic Economy



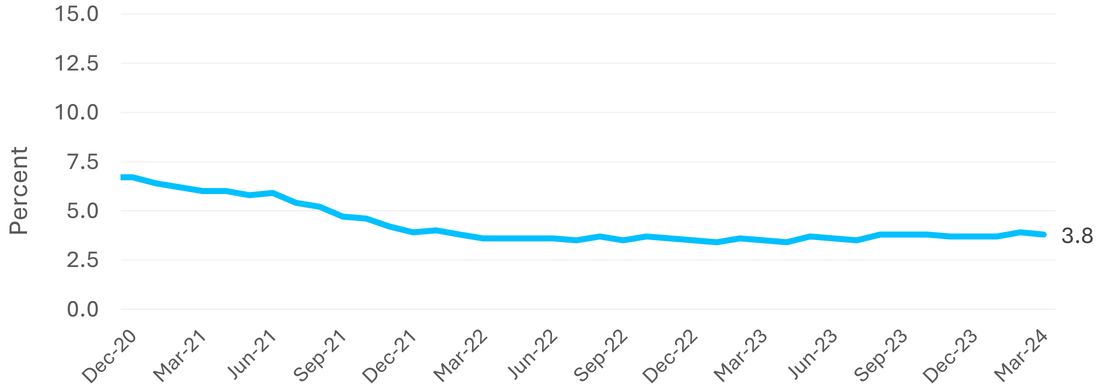
Unemployment Remaining Flat Amidst Job Creation

In Q1 2024, the average number of jobs grew by approximately 276,000 per month. The unemployment rate increased from 3.7% at the end of December to 3.8% at the end of March. As measured in February, there continue to be more jobs available (~8.8 million) than unemployed Americans (~6.5 million). The number of unemployed Americans fell further in March to ~6.4 million.

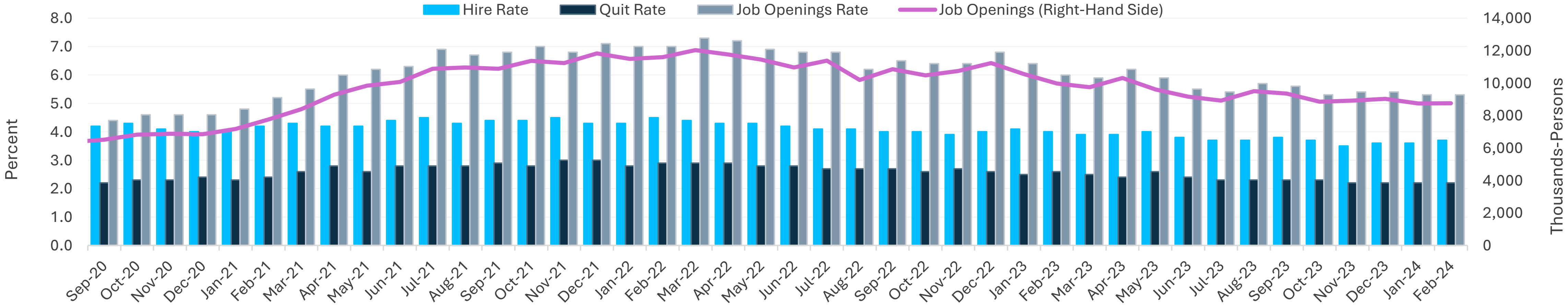
Non-Farm Payrolls



Unemployment Rate



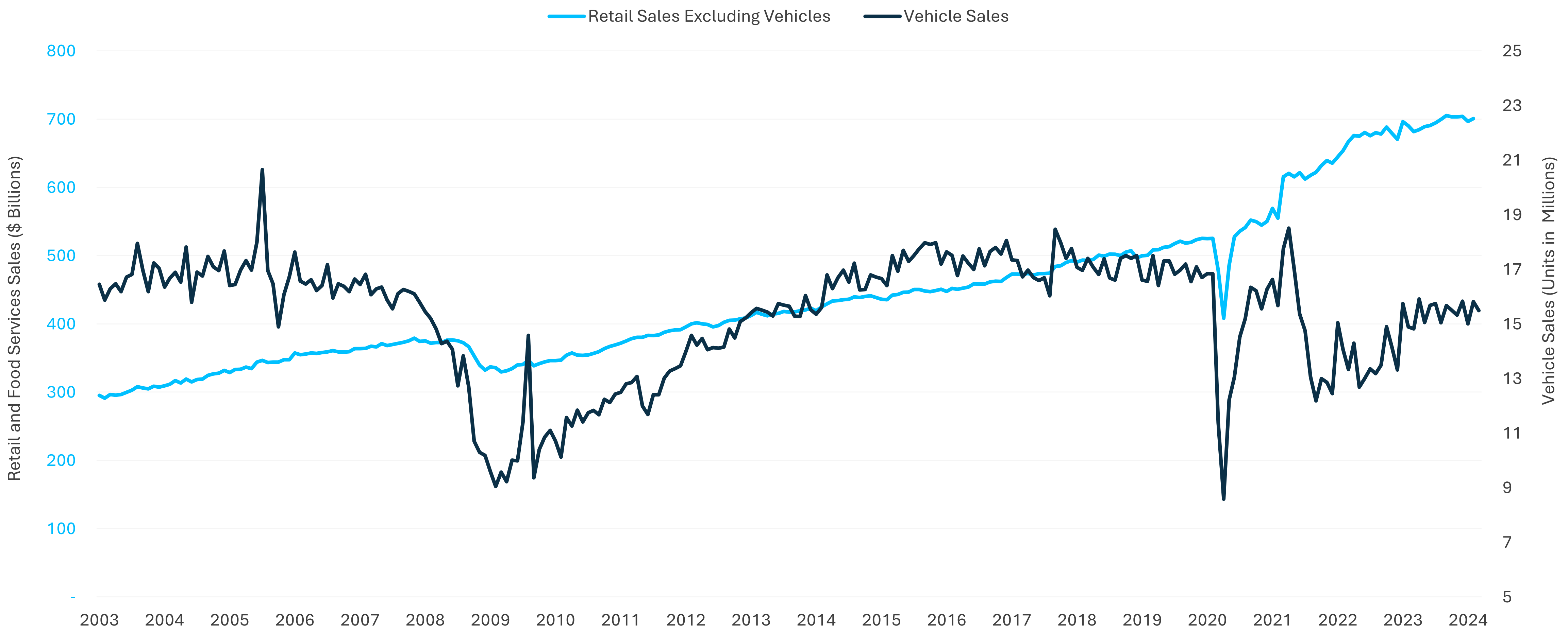
Job Openings and Labor Turnover



Source: US Bureau of Labor Statistics, Bloomberg and SVB Asset Management. Data as of 04/05/2024.

Consumption: Flattening Consumer Spending

Retail sales excluding vehicles have been relatively flat from Q4 2023 to Q1 2024, as consumers slow down on their spending during the winter season. Vehicle sales saw a slight uptick in February 2024, but have dipped back down in March in the current rates environment. This is in keeping with the trends seen in 2023.



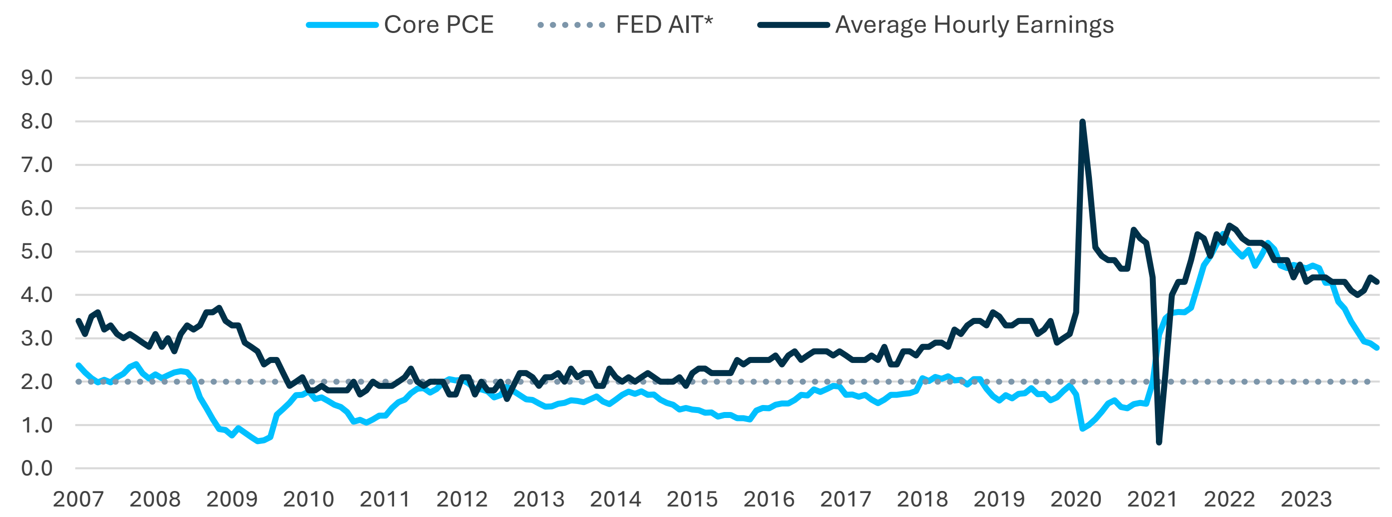
Source: Bloomberg and SVB Asset Management. Data as of 04/02/2024.

Inflation: Slight Rise

Inflation has trended slightly upward with the March 2024 consumer price index (CPI) YoY reaching 3.5%. Core PCE — the Fed's preferred inflation indicator — rose 2.8% on a YoY basis, which is down from 4.8% in February 2023.

In addition to market forecasts, the Fed continues to reiterate that it expects inflation to decline into 2024.

Core PCE



CPI Breakdown (MoM Change)**

	All items	Food	Food at Home	Food Away from Home	Energy	Gasoline (All Types)	Electricity	Natural Gas (Piped)	All Items Less Food and Energy	Commodities Less Food and Energy	Apparel	New Vehicles	Medical Care Commodities	Services Less Energy	Shelter	Medical Care	Education and Communication
Mar-24	3.50%	2.20%	1.20%	4.20%	2.10%	1.30%	5.00%	-3.20%	3.80%	-0.70%	0.40%	-0.10%	2.50%	5.40%	5.70%	2.10%	0.20%
Feb-24	3.20%	2.20%	1.00%	4.50%	-1.90%	-3.90%	3.60%	-8.80%	3.80%	-0.30%	0.00%	0.40%	2.90%	5.20%	5.70%	1.10%	0.40%
Jan-24	3.10%	2.60%	1.20%	5.10%	-4.60%	-6.40%	3.80%	-17.80%	3.90%	-0.30%	0.10%	0.70%	3.00%	5.40%	6.00%	0.60%	0.00%
Dec-23	3.40%	2.70%	1.30%	5.20%	-2.00%	-1.90%	3.30%	-13.80%	3.90%	0.20%	1.00%	1.00%	4.70%	5.30%	6.20%	-0.50%	-0.10%
Nov-23	3.10%	2.90%	1.70%	5.30%	-5.40%	-8.90%	3.40%	-10.40%	4.00%	0.00%	1.10%	1.30%	5.00%	5.50%	6.50%	-0.90%	-0.10%
Oct-23	3.20%	3.30%	2.10%	5.40%	-4.50%	-5.30%	2.40%	-15.80%	4.00%	0.10%	2.60%	1.90%	4.70%	5.50%	6.70%	-2.00%	0.90%
Sep-23	3.70%	3.70%	2.40%	6.00%	-0.50%	3.00%	2.60%	-19.90%	4.10%	0.00%	2.30%	2.50%	4.20%	5.70%	7.20%	-2.60%	1.00%
Aug-23	3.70%	4.30%	3.00%	6.50%	-3.60%	-3.30%	2.10%	-16.50%	4.30%	0.20%	3.10%	2.90%	4.50%	5.90%	7.30%	-2.10%	1.00%
Jul-23	3.20%	4.90%	3.60%	7.10%	-12.50%	-19.90%	3.00%	-13.70%	4.70%	0.80%	3.20%	3.50%	4.10%	6.10%	7.70%	-1.50%	1.20%
Jun-23	3.00%	5.70%	4.70%	7.70%	-16.70%	-26.50%	5.40%	-18.60%	4.80%	1.30%	3.10%	4.10%	4.20%	6.20%	7.80%	-0.80%	1.10%
May-23	4.00%	6.70%	5.80%	8.30%	-11.70%	-19.70%	5.90%	-11.00%	5.30%	2.00%	3.50%	4.70%	4.40%	6.60%	8.00%	-0.10%	1.50%
Apr-23	4.90%	7.70%	7.10%	8.60%	-5.10%	-12.20%	8.40%	-2.10%	5.50%	2.00%	3.60%	5.40%	4.00%	6.80%	8.10%	0.40%	1.60%

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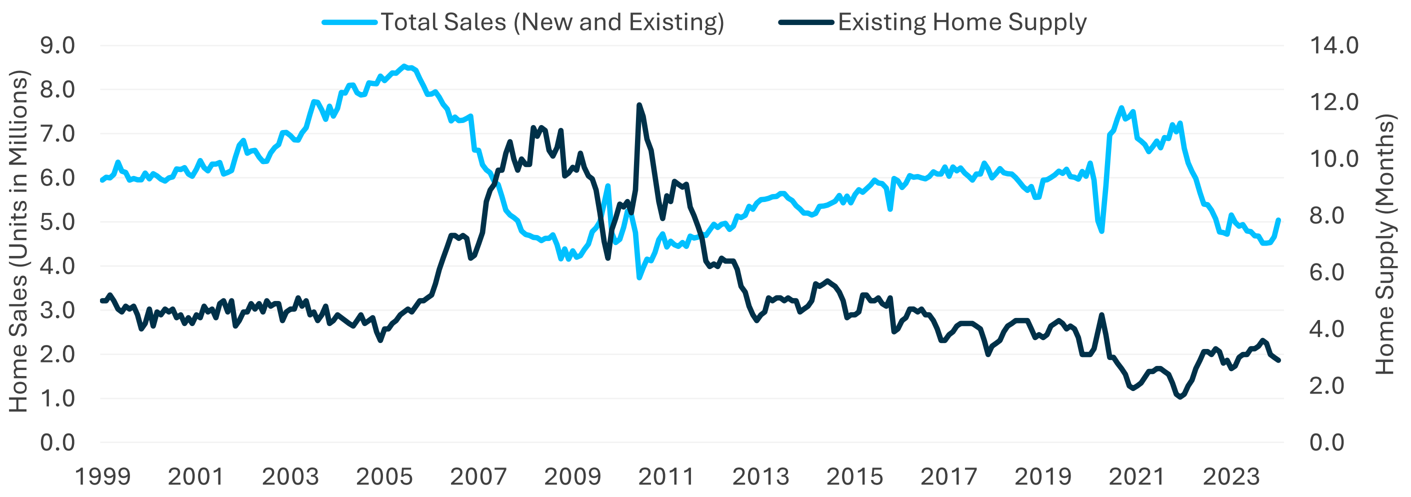
Source: Bloomberg, US Bureau of Labor and Statistics and SVB Asset Management. Data as of 04/10/2024. *FED AIT is average inflation targeting.
The CPI measures the weighted average price change in the prices paid by consumers for household goods and services. **Month-over-month.

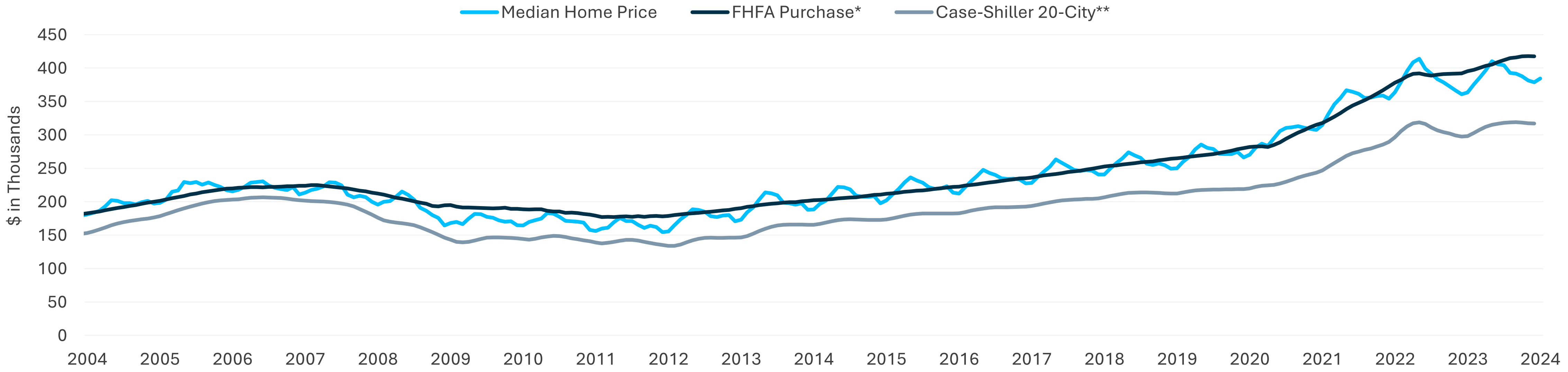
Housing: Sales Picking Back Up

With the December drop in mortgage rates, January and February home sales rose back up to Q3 2023 levels. Home supply, meanwhile, has continued to drop. The median home price has started to curve back upward in Q1 2024, which may affect home affordability.

Housing Market



Home Prices



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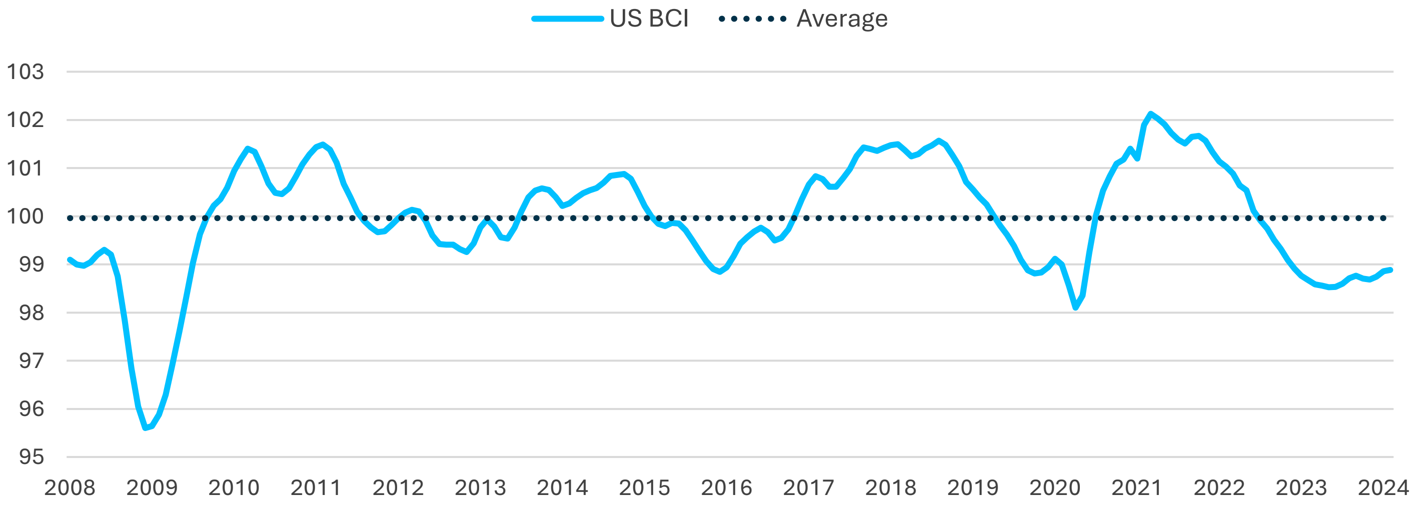
Source: Bloomberg and SVB Asset Management. Data as of 04/01/2024. *Federal Housing Finance Agency.
**The Case-Shiller 20-City measures the prices of residential real estate in 20 major US metropolitan areas.

Business Outlook: Moderating

Business sentiment has been slowly improving after declining over the past several quarters, although it continued to hover below average in Q1 2024. Institute for Supply Management (ISM) data has indicated expansion since the beginning of 2024, while regional factories saw declining activity amidst softening demand for goods.

Business Confidence Index (BCI)



Business Sentiment

	Dallas Fed Manufacturing Survey	Philly Fed Manufacturing Survey	New York Fed Empire Manufacturing Survey	Kansas City Fed Manufacturing Survey	Richmond Fed Manufacturing Survey	ISM Manufacturing PMI SA	ISM Non-Manufacturing
Mar-24	-14.4	3.2	-20.9	-7.0	-11.0	50.3	51.4
Feb-24	-11.3	5.2	-2.4	-4.0	-5.0	47.8	52.6
Jan-24	-27.4	-10.6	-43.7	-9.0	-15.0	49.1	53.4
Dec-23	-10.4	-12.8	-14.5	-1.0	-11.0	47.1	50.5
Nov-23	-21.4	-8.0	9.1	-2.0	-5.0	46.6	52.5
Oct-23	-20.6	-12.1	-4.6	-6.0	3.0	46.9	51.9
Sep-23	-19.2	-13.4	1.9	-7.0	5.0	48.6	53.4
Aug-23	-18.5	7.7	-19.0	0.0	-7.0	47.6	54.1
Jul-23	-21.2	-14.2	1.1	-9.0	-9.0	46.5	52.8
Jun-23	-24.4	-13.6	6.6	-11.0	-8.0	46.4	53.6
May-23	-30.1	-10.0	-31.8	-2.0	-10.0	46.6	51.0
Apr-23	-24.1	-26.3	10.8	-9.0	-12.0	47.0	52.3
Mar-23	-16.7	-22.4	-24.6	-1.0	-8.0	46.5	51.2
Feb-23	-14.5	-17.8	-5.8	-2.0	-14.0	47.7	55.0
Jan-23	-8.5	-9.8	-32.9	-2.0	-7.0	47.4	54.7
Dec-22	-20.9	-15.2	-11.2	-5.0	-4.0	48.1	49.0
Nov-22	-16.0	-17.0	4.5	-2.0	-7.0	48.9	55.2
Oct-22	-20.8	-9.9	-9.1	-1.0	-9.0	50.0	54.7
Sep-22	-18.7	-7.8	-1.5	5.0	-2.0	50.8	55.7
Aug-22	-14.3	2.7	-31.3	5.0	-4.0	52.8	55.9
Jul-22	-23.6	-7.4	11.1	14.0	-2.0	52.8	56.4

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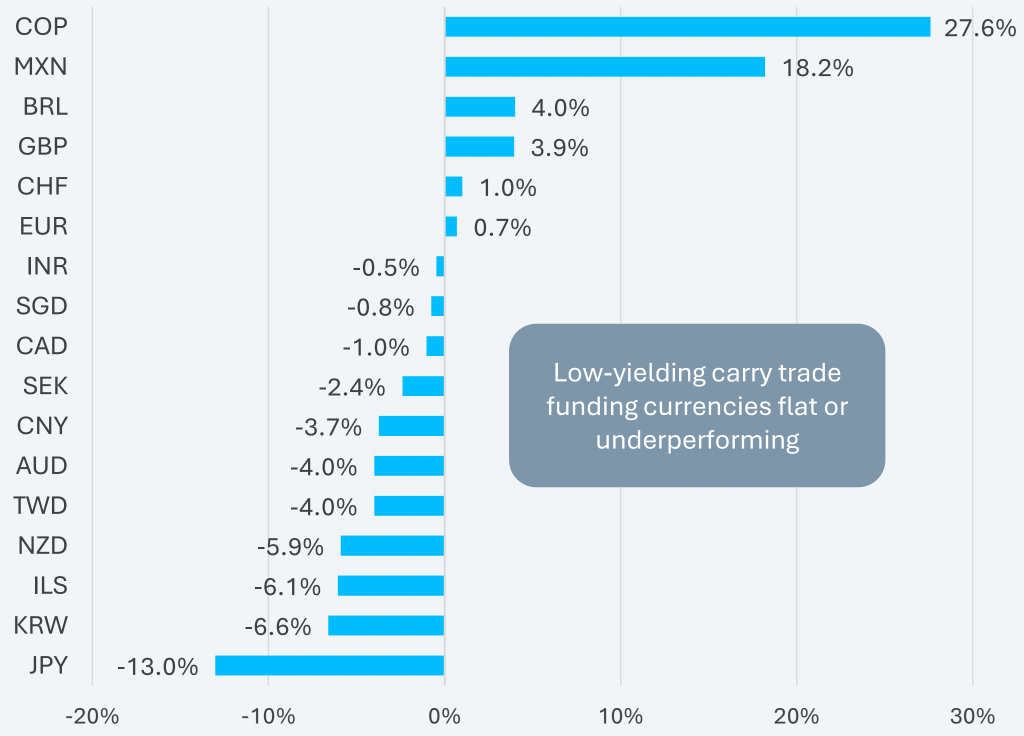
Source: Bloomberg, Organization for Economic Co-operation and Development (OECD, 2022) and BCI (indicator). Updated 04/05/2024. Heatmap colors are based on the indices and time periods shown and summarize business plans for economic activities. For the Fed surveys, the number represents business sentiment, with the higher number representing higher business sentiment. For ISM indices, the neutral number is usually 50. >50, the economy is likely to expand; <50, the economy is likely to contract.

Foreign Exchange

Global Reflation Theme Lifting High-Carry Currencies, Commodities and Crypto

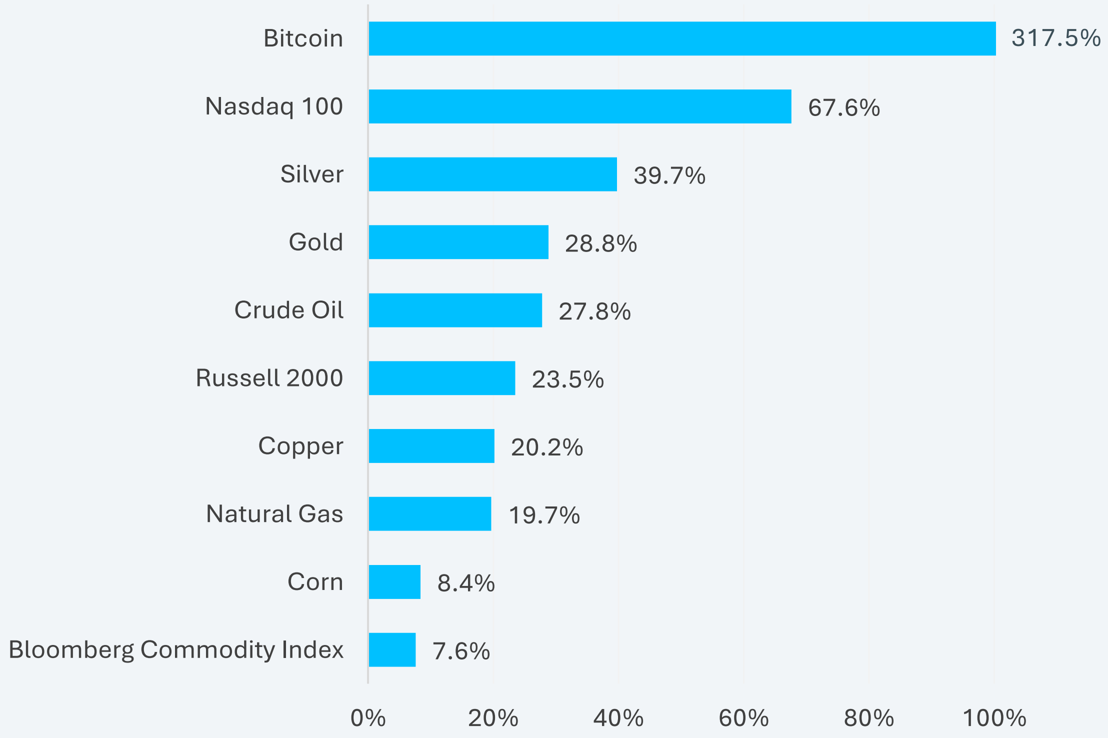
With rate hikes off the table across most of the developed world and economies proving resilient, reflation trades are outperforming recently.

High-carry currencies outperforming



Currency performance between 01/01/2023 to 04/10/2024 versus the USD.

Reflation assets bouncing back from cycle lows



Percentage gain from low price registered between 01/01/2023 to 04/10/2024, as of 04/10/2024.

Source: Bloomberg.

USD Projected to Maintain Yield Dominance, Yet Struggles to Make New Highs

As Fed rate cuts continue to be priced out, the USD is projected to retain its yield advantage over other currencies, paving the way for greater currency performance differentiation and two-way risk.

	Current		Projected Year-End	
Country	Policy Rate	US Policy Rate Advantage	Policy Rate	US Policy Rate Advantage
United States	**5.50%**	--	**4.92%**	--
Australia	4.35%	1.15%	3.97%	(0.95%)
Canada	5.00%	0.50%	4.45%	(0.47%)
Eurozone	4.00%	1.50%	3.16%	1.76%
Japan	0.10%	5.40%	0.28%	(4.64%)
New Zealand	5.50%	0.00%	4.30%	0.62%
Switzerland	1.50%	4.00%	0.97%	(3.95%)
UK	5.25%	0.25%	4.63%	0.29%

Projected policy rates according to futures markets for the US and Australia. Forward rate agreements for overnight indexed swap (OIS) markets.

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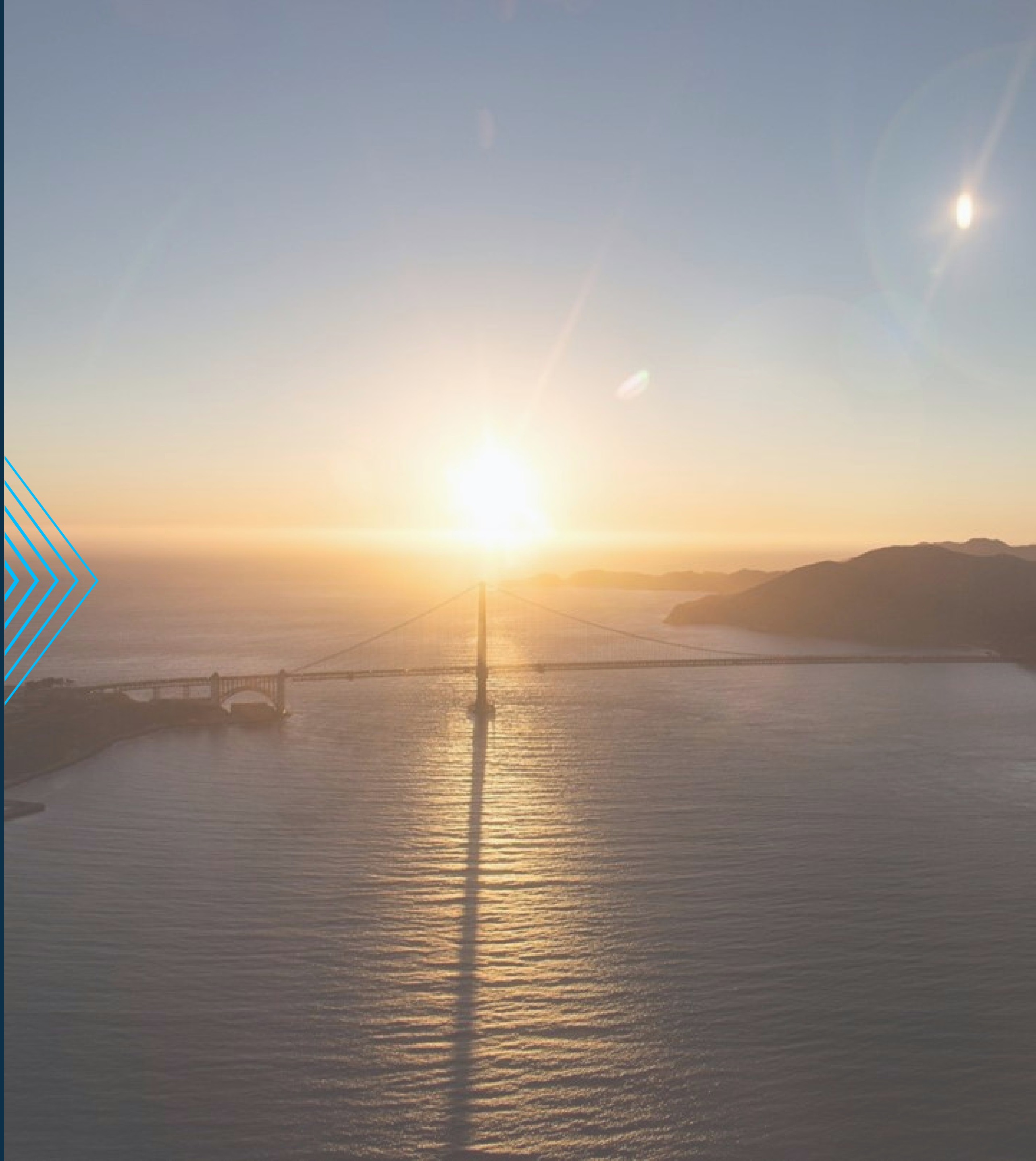
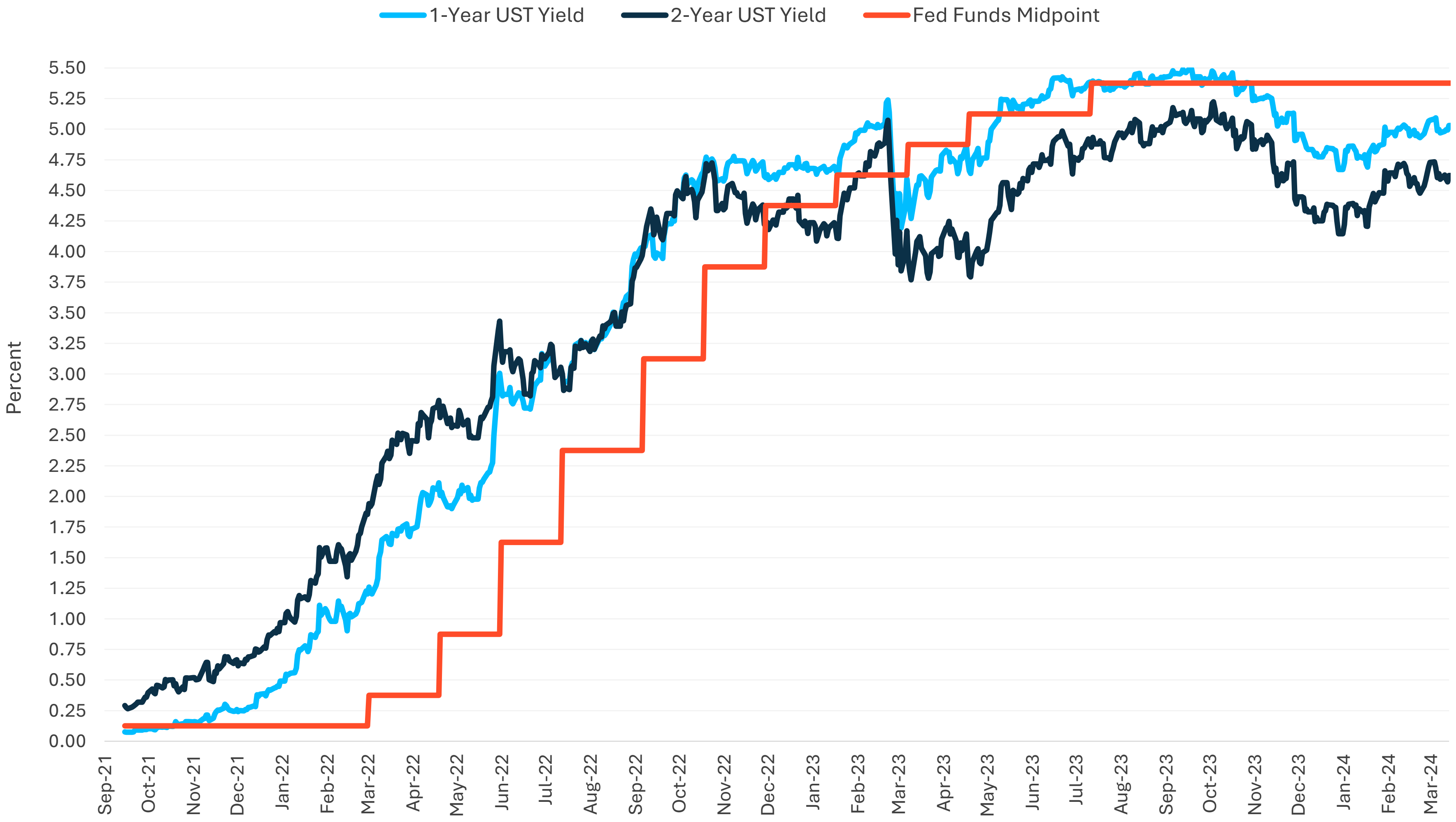
Source: Bloomberg. Data as of 04/10/2024.

Central Banks and Monetary Policy



Short-End Interest Rates

Market expectations for 6 cuts in 2024 dropped to 3 as the disinflation trend slowed in Q1 2024.



Q3 2022: The Fed remained very hawkish with three consecutive 75 bps rate hikes in Q3 2022. Inflation stayed elevated, and all “Fed speak” was unified in the message to raise rates until there was evidence that inflation was heading toward the 2% target.

Q4 2022: The Fed reduced the pace of rate hikes from 75 bps to 50 bps in December, as inflation showed signs of abating and the market expected a fairly stable fed funds rate in 2023.

Q2 2023: The Fed delivered its first pause in rate hikes for the cycle. Inflation materially improved, and the Fed cited the “lag effect” of the rate hikes’ impact on the economy.

Q3 2023: The Fed paused again in September as economic projections improved for 2023 and 2024. The Fed stated that it expected one more hike in 2023, but market odds reflected that it may be done.

Q4 2023: Any expectations for further rate hikes were eliminated as the Fed pointed to accelerating disinflation. Rate cut timing was pulled forward, with the Fed potentially delivering the first cut during the first half of 2024.

Q1 2024: Persistent higher-than-expected inflation pushed the timing of Fed rate cuts into mid-2024 as market pricing reduced rate cuts from six to less than three for the year. The dot plot reiterated the Fed stance for three cuts in 2024.

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Source: Bloomberg, US Treasury Yield and SVB Asset Management. Data as of 03/31/24.

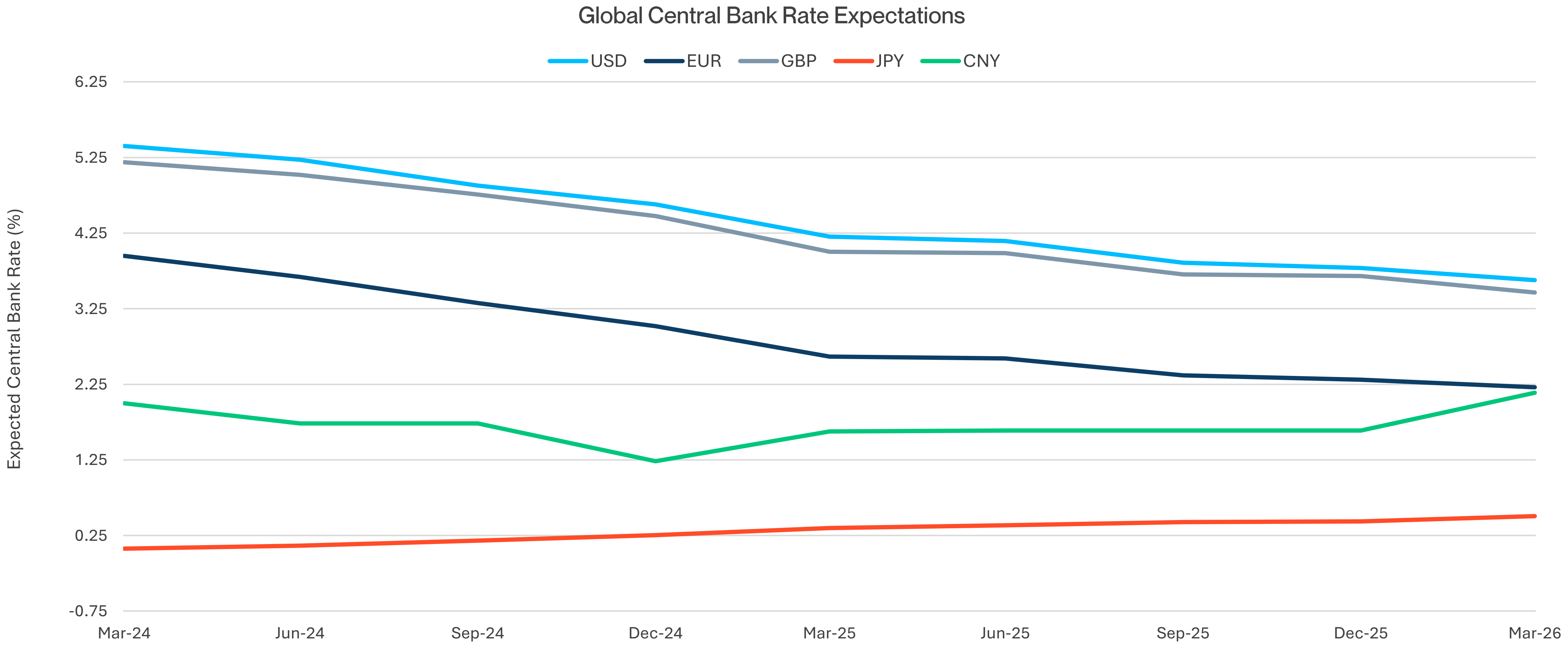
Economic Forecasts

Economic Projections	2024	2025	2026
United States			
Change in Real GDP	2.2%	1.7%	2.0%
Core PCE	2.5%	2.1%	2.1%
Unemployment Rate	4.0%	4.1%	4.0%
United Kingdom			
Change in Real GDP	0.3%	1.2%	1.5%
CPI	2.5%	2.1%	2.0%
Unemployment Rate	4.3%	4.4%	4.6%
Eurozone			
Change in Real GDP	0.5%	1.4%	1.4%
CPI	2.4%	2.1%	2.0%
Unemployment Rate	6.7%	6.6%	6.7%
Japan			
Change in Real GDP	0.7%	1.1%	0.9%
CPI	2.2%	1.7%	1.7%
Unemployment Rate	2.5%	2.4%	2.3%
China			
Change in Real GDP	4.6%	4.4%	4.1%
CPI	0.8%	1.7%	2.0%
Unemployment Rate	5.2%	5.1%	5.0%

Source: Bloomberg. Data as of 03/31/2024.

Global Central Bank Expectations

The trend is unified on Central Bank expectations for lower rates over the next few years, aside from Japan exiting a period of negative rates.



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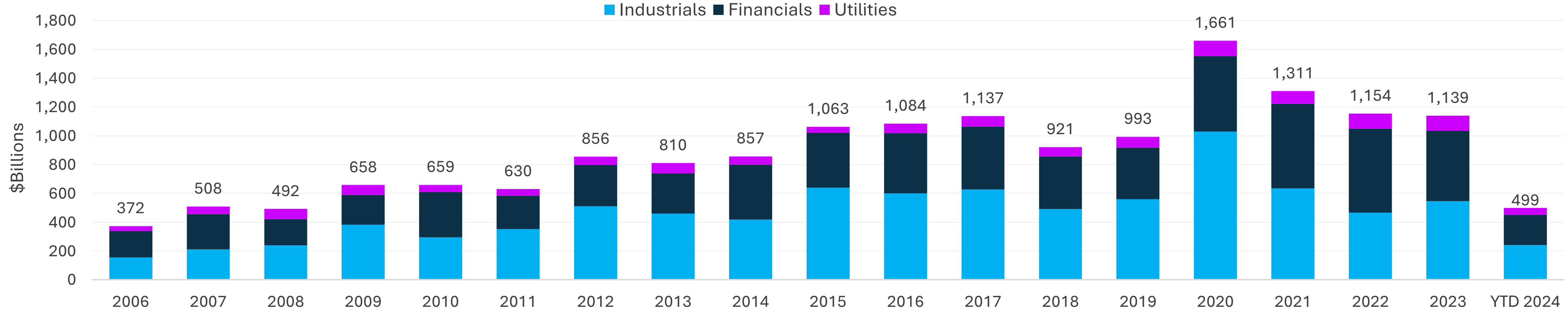
Source: Bloomberg. Data as of 03/31/2024.

Corporate Bond Market

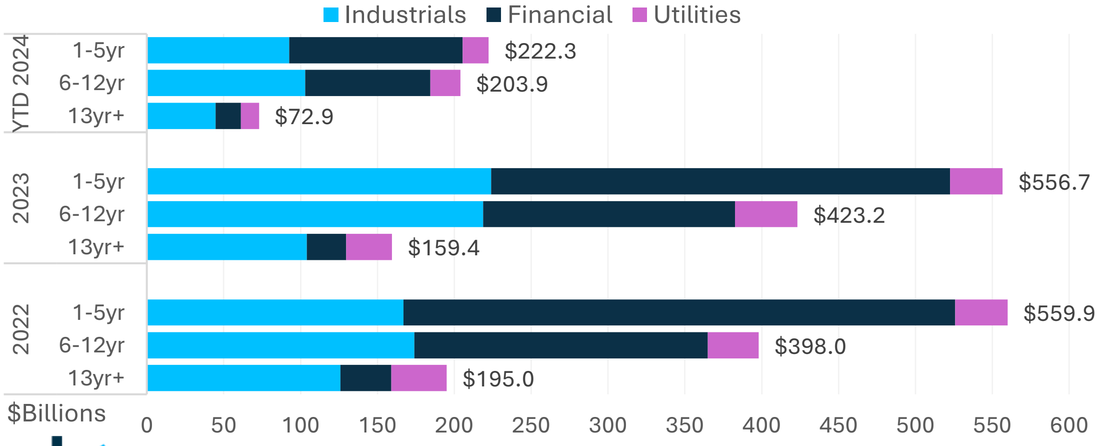
Corporates: New Issue Update

New issuance of investment-grade (IG) corporate bonds saw a strong start during the first quarter of 2024. While supply has slowed slightly from earlier months due to technical and seasonal factors, overall new issuance during 2024 should remain robust given higher corporate financing needs, historically tight spreads, and potential market volatility throughout the year. Additionally, investor demand for corporate credit remains robust due to the combination of higher yields and healthy credit fundamentals. Nearly half of all year-to-date (YTD) issuance has come from single-A rated bonds, continuing the trend seen during 2023.

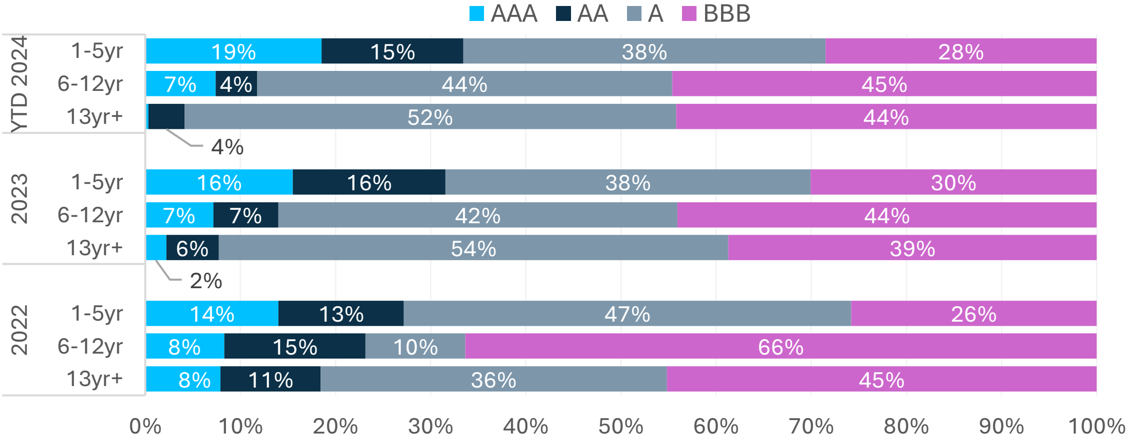
US IG Corporate New-Issue Volume



IG Corporate New-Issue Supply (Sector/Maturity)



IG Corporate New-Issue Supply (Rating/Maturity)



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Source: Bloomberg Fixed Income Indices, Barclays Research. Data as of 03/31/2024. Past performance is not a guarantee of future results.
Totals may not add up to 100% due to rounding.

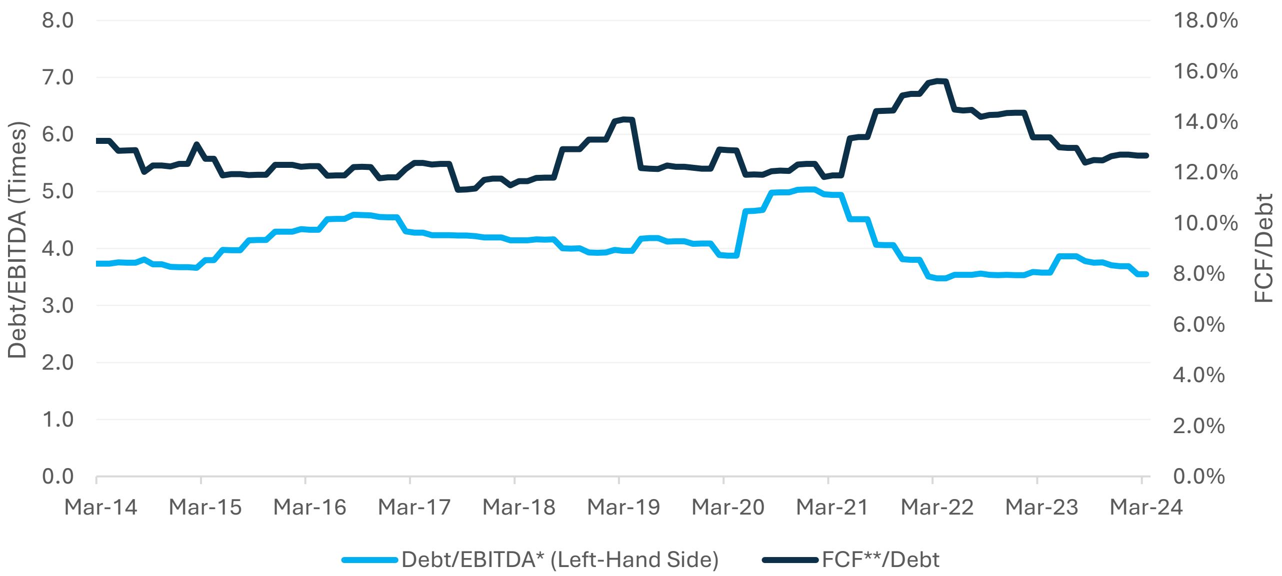
Credit Metrics Remain Solid Despite Economic Challenges

Industrial corporate credit metrics remain healthy with no cause for concern across most sectors. Cash balances remain high, and EBITDA margins have recently closed in on record highs. Leverage continues to remain at historically low levels, while debt coverage has stabilized after mild deterioration during 2022 and 2023.

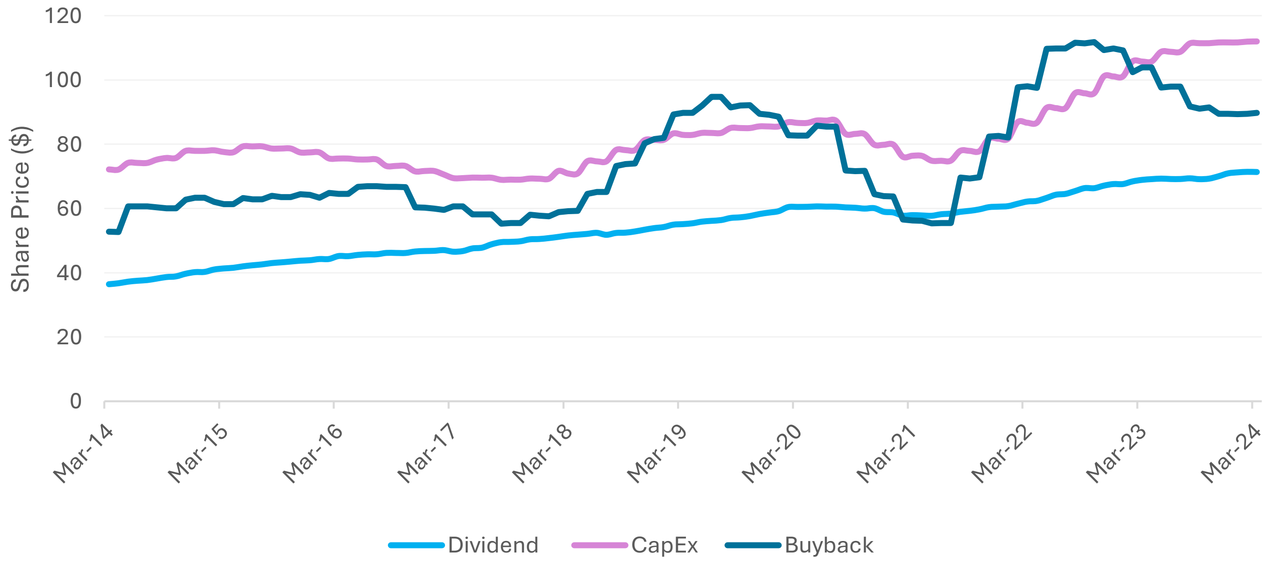
Shareholder spending remains modest overall and generally well below free cash flow levels. While dividends have continued their modest rise, shareholder repurchases have been significantly curtailed, helping corporate issuers maintain their strong credit profiles.

Increased capital spending has begun to level off given elevated borrowing costs and ongoing economic uncertainty. Capital expenditures and long-term investments are expected to continue moderating throughout 2024, which will further bolster corporate credit metrics.

S&P 500 Leverage and Debt Coverage



S&P 500 Capital Spending and Distribution



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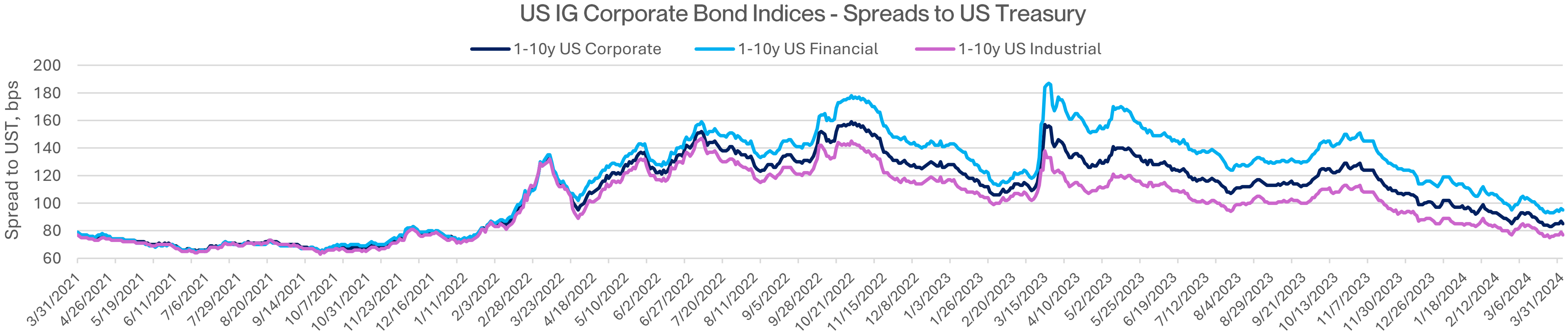
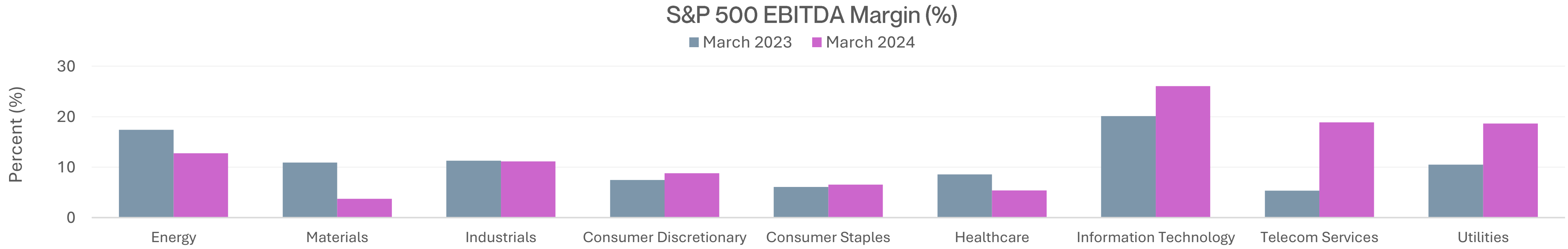
Source: Bloomberg. Data as of 03/31/2024. * Earnings before interest, taxes, depreciation, and amortization. ** Free cash flow.

Corporates: Spread and Sector Performance

The risk premium between US Treasuries and US corporate bonds has continued to compress to the tightest levels in over two years. Investor demand remains strong given the positive impact of higher yields, which has been driving spreads increasingly tighter, despite heavy new supply YTD.

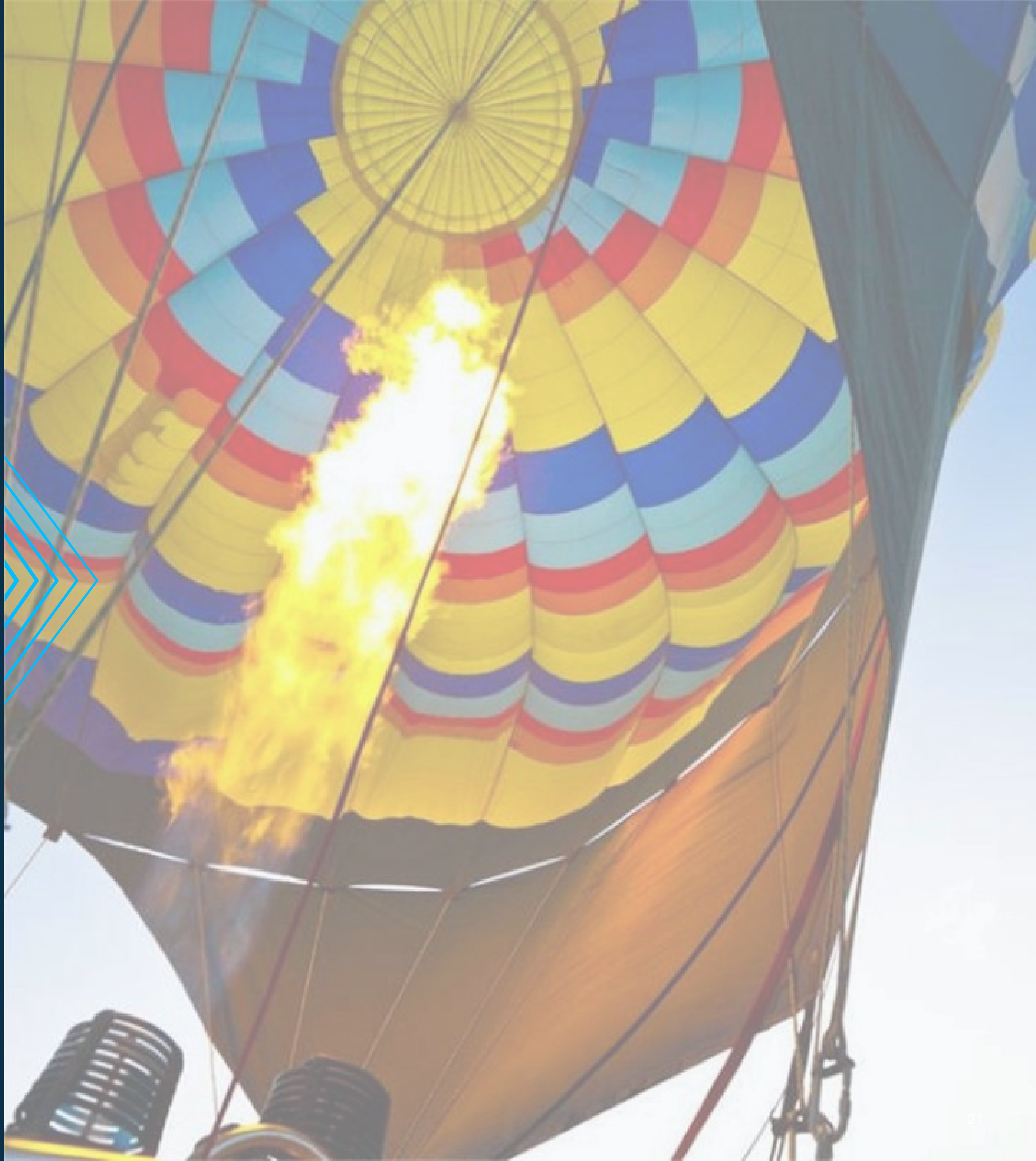


Operating profitability, as measured by EBITDA margin, saw significant growth YoY in the technology and telecom/media sectors as the AI revolution continues to drive increased profitability. Utilities also saw a large jump in operating profitability due in part to record high levels of rate increases during 2023. Margins across the energy sector fell YoY due to lower profitability when compared to the sector's record overall year in 2022 and early 2023. The basic materials sector also underperformed on a YoY basis due to ongoing cost inflation and a general slowdown in economic activity.



Source: Bloomberg, ICE BofA Indices, S&P 500 Indices. Data as of 03/31/24.

Markets and Performance



Market Sector Performance

Equities flourished in the first quarter, buoyed by the solid performance of the US economy, which exceeded Q4 2023 forecasts, and instilled confidence among investors. Conversely, fixed income investors faced hurdles with persistent inflation, strong economic activity, and the Fed shifting away from its dovish December stance, pushing yields higher and resulting in negative bond returns.

Asset Class Returns

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
Biotech 43.24%	Biotech 13.09%	Crude Oil 45.03%	Biotech 43.85%	US Treasury 0.86%	Tech 45.97%	IPO Index 109.60%	Crude Oil 55.01%	Crude Oil 6.71%	Tech 52.75%	Crude Oil 16.08%
Tech 14.23%	Tech 3.23%	High Yield 17.13%	Tech 39.65%	US Aggregate 0.01%	Crude Oil 34.46%	Biotech 48.10%	Tech 28.73%	High Yield -11.19%	IPO Index 50.90%	Tech 12.76%
S&P 500 13.69%	S&P 500 1.38%	Tech 12.27%	IPO Index 35.75%	High Yield -2.08%	IPO Index 33.87%	Tech 42.64%	S&P 500 28.71%	US Treasury -12.46%	S&P 500 26.29%	S&P 500 10.56%
US IG Corporate 7.46%	US Treasury 0.84%	S&P 500 11.96%	S&P 500 21.83%	US IG Corporate -2.51%	Biotech 32.34%	S&P 500 18.40%	High Yield 5.28%	US Aggregate -13.01%	High Yield 13.45%	IPO Index 10.07%
IPO Index 7.17%	US Aggregate 0.55%	US IG Corporate 6.11%	Crude Oil 12.47%	S&P 500 -4.38%	S&P 500 31.49%	US IG Corporate 9.89%	US IG Corporate -1.04%	US IG Corporate -15.76%	US IG Corporate 8.52%	Biotech 6.47%
US Aggregate 5.97%	US IG Corporate -0.68%	US Aggregate 2.65%	High Yield 7.50%	Tech -6.02%	US IG Corporate 14.54%	US Treasury 8.00%	US Aggregate -1.54%	S&P 500 -18.11%	Biotech 7.76%	High Yield 1.47%
US Treasury 5.05%	High Yield -4.47%	US Treasury 1.04%	US IG Corporate 6.42%	Biotech -14.99%	High Yield 14.32%	US Aggregate 7.51%	US Treasury -2.32%	Biotech -25.62%	US Aggregate 5.53%	US IG Corporate -0.40%
High Yield 2.45%	IPO Index -7.98%	IPO Index -0.51%	US Aggregate 3.54%	IPO Index -17.53%	US Aggregate 8.72%	High Yield 7.11%	IPO Index -9.89%	Tech -30.29%	US Treasury 4.05%	US Aggregate -0.78%
Crude Oil -45.87%	Crude Oil -30.47%	Biotech -15.61%	US Treasury 2.31%	Crude Oil -24.84%	US Treasury 6.86%	Crude Oil -20.54%	Biotech -20.38%	IPO Index -57.06%	Crude Oil -10.73%	US Treasury -0.96%

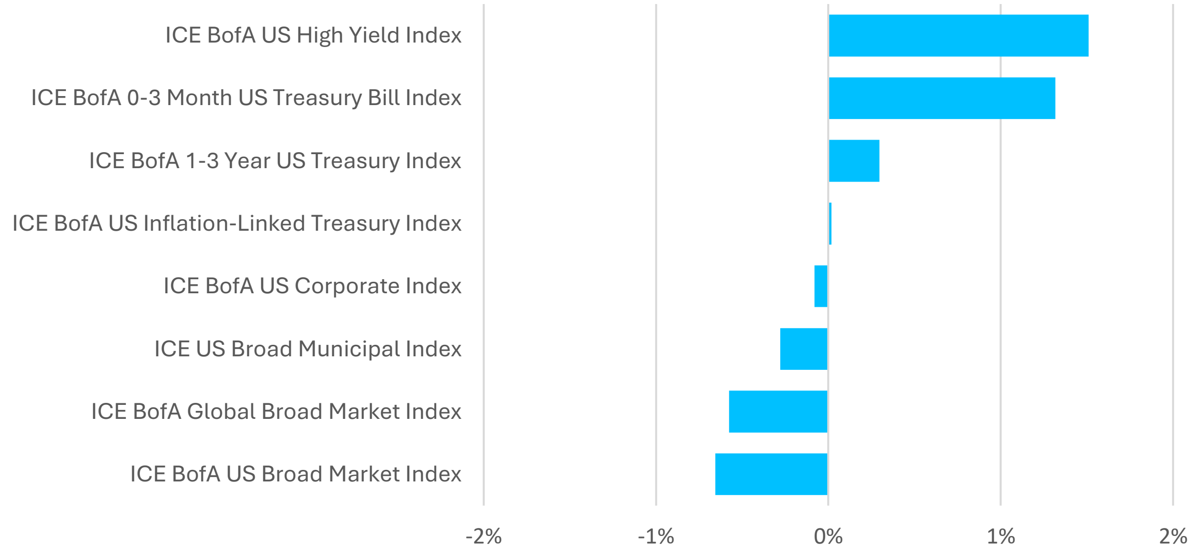
All returns above are on a total return basis. 2024 returns are on an aggregate basis through 03/31/2024. US Aggregate refers to Bloomberg Barclays Aggregate Bond Index. US Treasury refers to the US Treasury allocation of the Bloomberg Barclays Aggregate Bond Index. US IG Corporate refers to the IG Corporate allocation of the Bloomberg Barclays Aggregate Bond Index. High Yield refers to the US Corporate High Yield Bloomberg Index. Crude Oil refers to the Spot West Texas Intermediate Crude Oil — Bloomberg-sourced. S&P 500 refers to the S&P 500 Total Return Index. Tech refers to the S&P Global 1200 Information Technology Index. Biotech refers to the S&P Biotechnology Select Industry Index. IPO Index refers to the Renaissance IPO Index.

Source: Bloomberg and Bloomberg Barclays Indices as of 03/31/2024. Past index performance is no guarantee of future results.

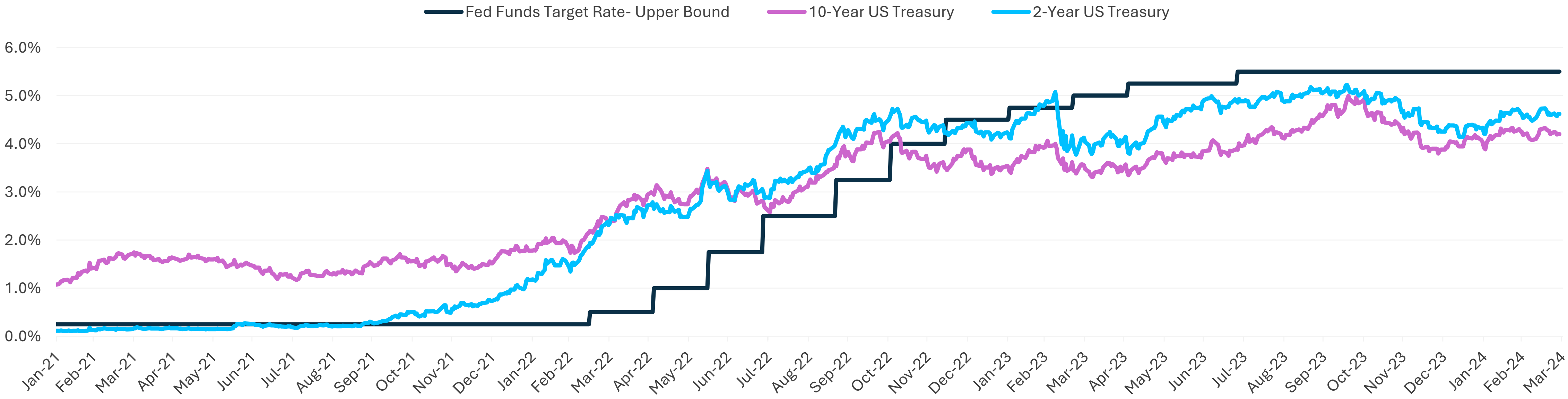
Bond Market Performance

The bond market in Q1 2024 saw mixed results. Shorter-duration strategies profited from reduced expectations of Fed rate cuts. However, longer-duration strategies faced challenges amidst the market's repricing of the Fed. Investment-grade corporate bonds showed subdued performance, while high yield bonds, which are resilient when yields rise, excelled.

2024 YTD Bond Performance



Bond Yields

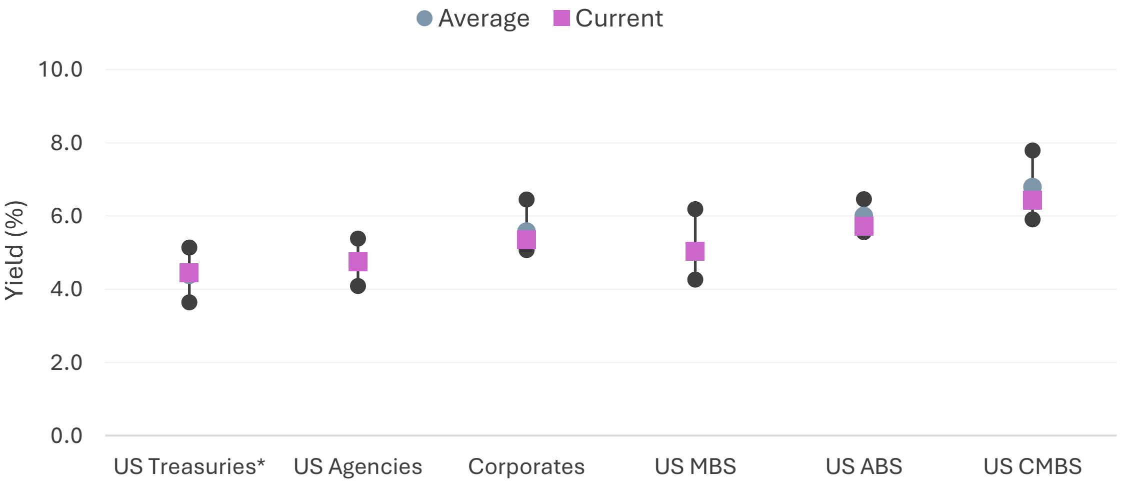


Sources: Bloomberg and ICE BofA Indices. As of 03/29/2024. Indices are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

Global and Domestic Yields

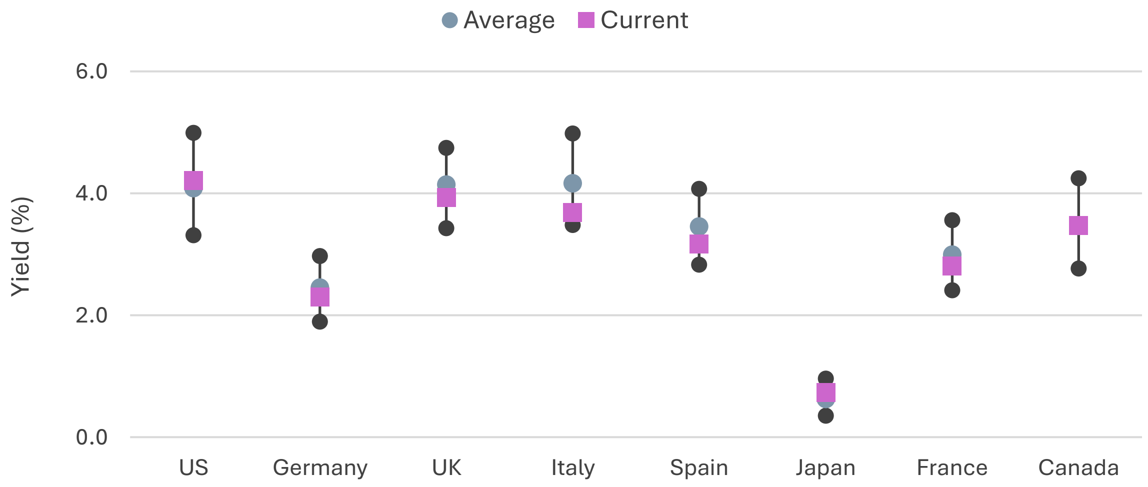
Throughout Q1 2024, bond yields surged upwards, driven by stronger-than-expected economic data and diminishing the expectations of rate cuts, perpetuating interest rate volatility. Yields fluctuated around or below their 12-month averages, contingent upon the asset class and duration position. Furthermore, the strength of the US dollar put downward pressure on global bond yields, influenced by solid US inflation and job market figures, which tempered speculations regarding the likelihood of rate cuts in 2024.

Broad Fixed Income Yields



*US Treasuries pertain to on-the-run sovereign 10-year securities.

Yields Across the Globe



Short-Duration Yields

Daily yields from 03/31/2023 to 03/31/2024. Sources: Bloomberg and ICE BofA Indices. Indices are unmanaged and cannot be invested in directly.
Past performance is not a guarantee of future results.

Quarterly Credit and Duration Performance Stratification

At the onset of the first quarter, market projections anticipated six to seven interest rate reductions from the Fed throughout 2024. However, by the quarter's conclusion, these expectations shifted to approximately three rate cuts. This adjustment affected the performance of both corporate credit and treasury securities, with long-duration bonds notably underperforming compared to their shorter-duration counterparts.

Corporate Credit

Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
AAA	1.38%	1.33%	1.04%	0.51%	0.60%	0.27%	0.33%	0.10%	-0.06%	0.76%	-0.72%	-1.55%	-1.88%	-1.67%	-1.51%	-2.07%	-2.40%
AA1			0.93%	0.75%	0.52%	0.32%	0.05%	-0.21%	-0.40%	-0.54%	-1.02%	-1.18%	0.00%	-0.82%	-0.86%	1.09%	-1.95%
AA2	1.36%	1.34%	1.11%	0.81%	0.55%	0.36%	0.29%	0.09%	-0.27%	-0.12%	-0.81%	-1.27%	-2.13%	-1.37%	-0.51%	-1.37%	-1.89%
AA3	1.37%	1.35%	1.09%	0.80%	0.63%	0.45%	0.37%	0.11%	-0.10%	-0.57%	-0.62%	-0.75%	-1.33%	-1.46%	-0.96%	-1.28%	-2.08%
A1	1.43%	1.36%	1.24%	0.94%	0.81%	0.62%	0.48%	0.38%	0.29%	-0.08%	0.11%	-0.45%	-0.45%	0.15%	-0.28%	0.23%	-1.81%
A2	1.43%	1.37%	1.24%	0.96%	0.74%	0.61%	0.54%	0.37%	0.06%	-0.11%	-0.23%	-0.51%	-0.45%	-1.03%	-0.55%	-0.87%	-2.18%
A3	1.44%	1.39%	1.27%	1.03%	0.85%	0.70%	0.59%	0.49%	0.22%	-0.05%	0.20%	-0.49%	-0.70%	-0.41%	-0.46%	-0.61%	-1.85%
BBB1	1.51%	1.48%	1.31%	1.11%	0.83%	0.79%	0.70%	0.58%	0.31%	0.33%	0.16%	-0.40%	0.20%	-0.35%	-0.28%	-0.06%	-1.41%
BBB2	1.48%	1.44%	1.35%	1.08%	0.92%	0.79%	0.60%	0.38%	0.29%	0.28%	0.16%	-0.22%	-0.09%	0.32%	0.14%	0.43%	-0.91%
BBB3	1.53%	1.64%	1.45%	1.44%	1.21%	1.66%	0.90%	1.02%	0.87%	0.77%	0.75%	0.15%	-0.34%	-0.22%	-0.52%	0.03%	-1.37%

US Treasuries

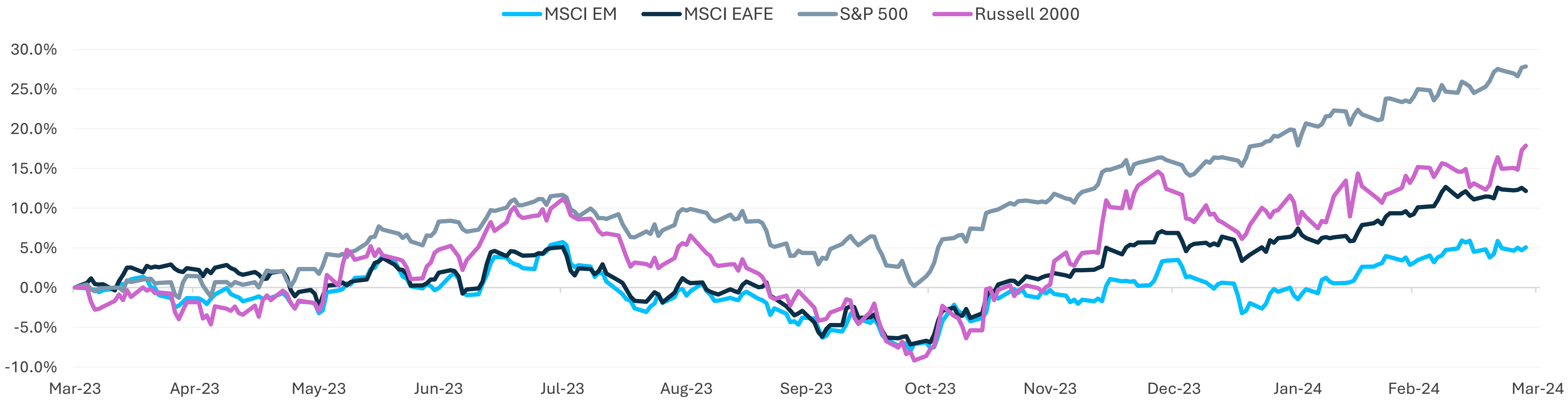
Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
Treasury	1.31%	1.23%	1.02%	0.64%	0.31%	0.03%	-0.18%	-0.45%	-0.63%	-0.79%	-1.19%	-1.33%		-1.55%	-1.85%	-2.10%	-3.02%

Percentages in table represent total return. Red cells indicate the lowest returns, and green cells indicate the highest returns. Gray cells indicate there were no securities within the specific duration range for the evaluation period.

Global Equity Performance

In Q1 2024, global equities continued their positive momentum from the previous year. Small caps capitalized on this momentum, and the S&P 500 reached a record high, fueled by strong valuations and earnings growth. The MSCI EAFE index also saw an upswing, propelled by hints of potential interest rate cuts by the European Central Bank (ECB) and other central banks. Despite obstacles in China and rising geopolitical tensions, emerging markets managed a modest gain.

Price Return	
	YTD 2024
MSCI EM	5.3%
MSCI EAFE	12.3%
S&P 500	27.9%
Russell 2000	17.9%



svb Asset Management

Source: Bloomberg. Represents price return from 03/31/2023 to 03/31/2024. Indices are unmanaged and cannot be invested in directly.
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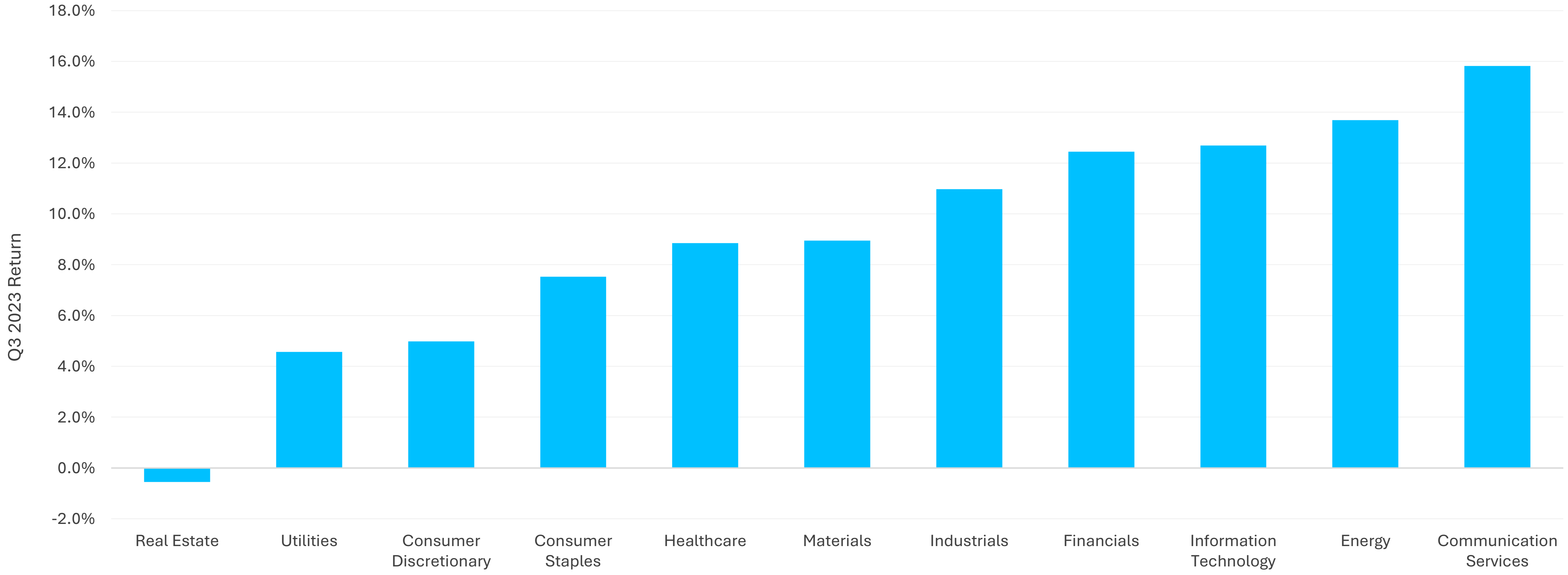
US Equity Sector Performance

In Q1 2024, equity prices soared despite lower expectations for rate cuts in 2024. Standout performers were the communications sector, fueled by strong revenue growth in digital advertising, and technology stocks, driven by exciting advances in AI.

Index Weight	2.3%	2.2%	10.3%	6.0%	12.4%	2.4%	8.8%	13.2%	29.6%	3.9%	9.0%



svb Asset Management

Source: Bloomberg. Represents total return of S&P 500 sectors for Q1 2024. Sector weights as of 03/31/2024. Indices are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

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