Quarterly Economic Report

3rd Quarter 2024

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

Quarterly Economic Report

Published in Q3 2024 | Data for Q2 2024

svb Asset Management

Key Takeaways

- The Federal Open Market Committee (FOMC) continued to hold the fed funds rate steady at a range of 5.25% to 5.50% at its June meeting. The committee updated its fed funds forecast to one 25-basis point (bps) rate cut in 2024.
- The FOMC noted "modest" progress has been made toward its 2% inflation objective. Chairman Jerome Powell reinforced that they would like to see more data to be confident that a decline in inflation is sustainable.
- While the labor market and GDP remain solid, there have been indications of weakening from a historically strong position.
- Consumer sentiment reports reflect that consumers remain cautious, and will continue to be influenced by inflation as well as the uncertainty about the strength of the labor market.

svb Asset Management

Overview

The FOMC maintains the fed funds rate for the seventh consecutive meeting.
At its June meeting, the committee revised its fed funds target expectations to 5.1% from 4.6%, implying only one rate cut for 2024.

The labor market shows early signs of softening.
The unemployment rate increased from 3.8% at the end of March to 4.1% at the end of June. These statistics are higher than a year earlier, when the jobless rate was 3.6%.

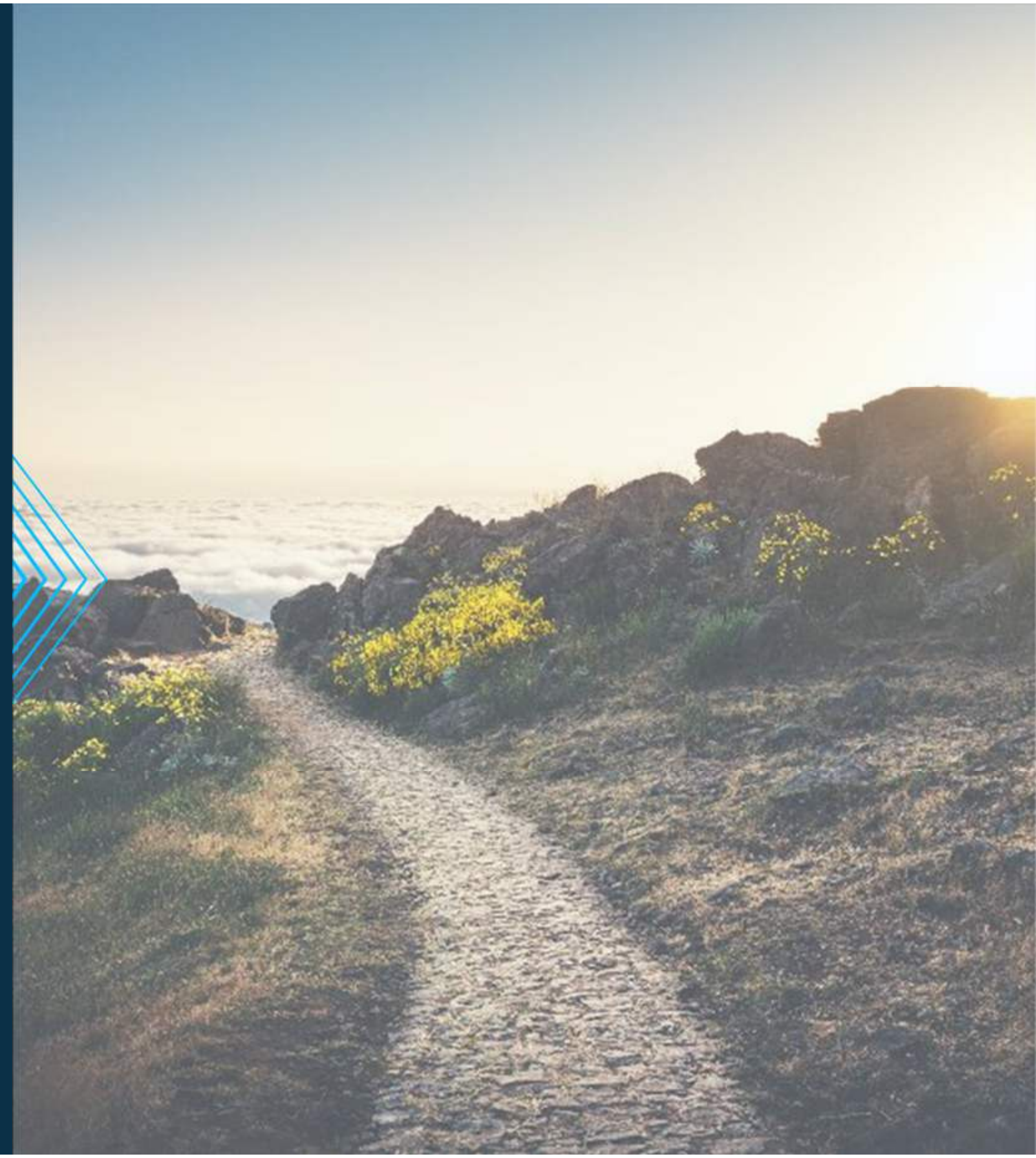
Inflation has been on the decline.
Core personal consumption expenditures (PCE) — the Federal Reserve's preferred inflation indicator — rose 2.6% on a year-over-year (YoY) basis, which is down from 4.2% in June 2023.

Lower yields are expected for central banks.
Central banks expectations point to lower yields in late 2024 and into 2025, with the exception of Asia normalizing higher over time.

The USD slides downward after the first half of 2024.
As the Fed provides clarity on its monetary policy and markets price in rate cuts in 2024 and 2025, narrower interest rate differentials will put pressure on the USD.

Fixed income yields have rebounded since the beginning of 2024.
The first half of 2024 saw shorter-duration government bonds benefit from the Fed's action of keeping interest rates higher. Tighter credit spreads have helped corporate bonds, in particular, high yield (HY), which outperformed.

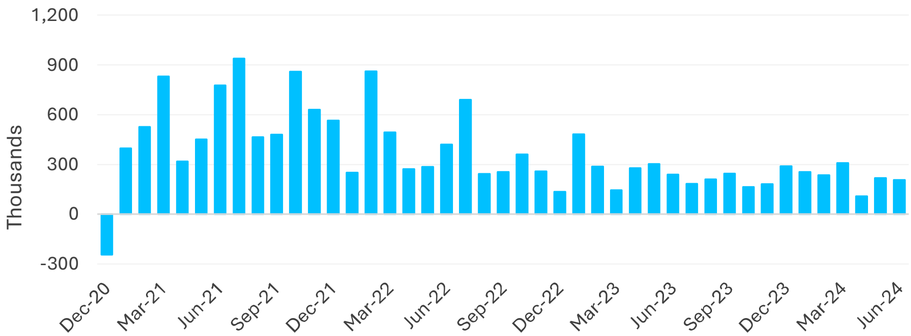
Domestic Economy



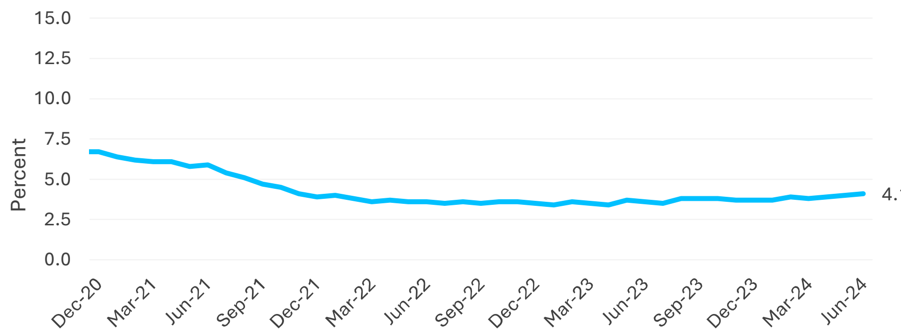
Unemployment: On the Rise Amidst Slowing Job Creation

In Q2 2024, the average number of jobs grew by approximately 177,000 per month. The unemployment rate increased from 3.8% at the end of March to 4.1% at the end of June. As measured in May, there continue to be more jobs available (~8.1 million) than unemployed Americans (~6.6 million). The number of unemployed Americans rose further in June to ~6.8 million.

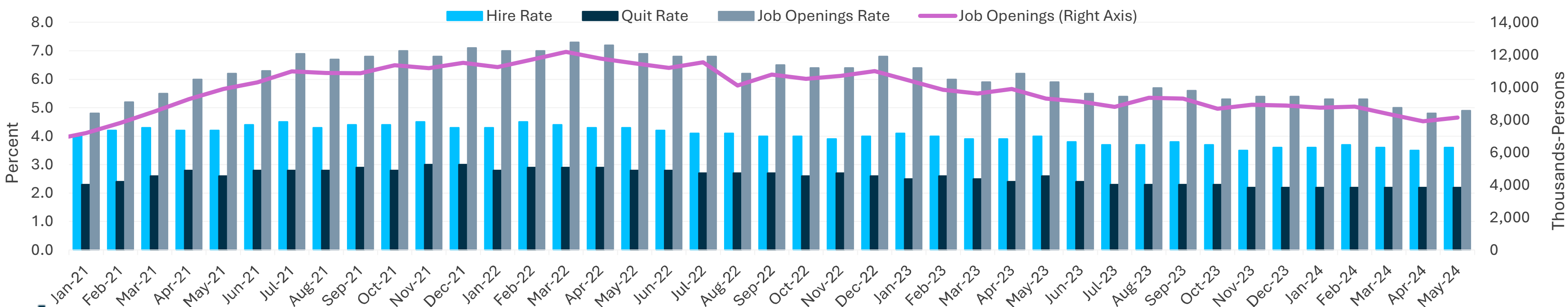
Non-Farm Payrolls



Unemployment Rate



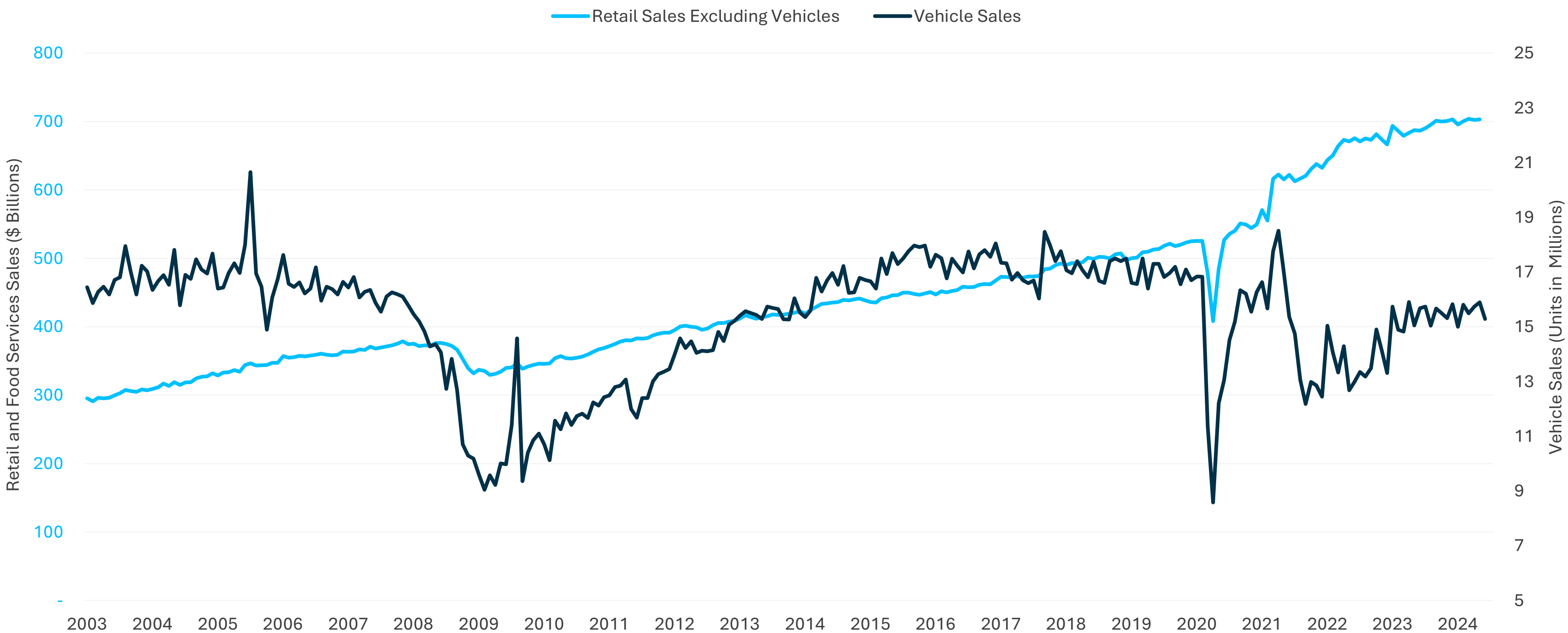
Job Openings and Labor Turnover



Source: US Bureau of Labor Statistics, Bloomberg and SVB Asset Management. Data as of 07/08/2024.

Consumption: Continued Flattening of Consumer Spending

Retail sales excluding vehicles have remained relatively flat from Q1 2024 to Q2 2024, as consumers slow down on their spending in the current rate and inflation environment. Vehicle sales saw a downturn in June, dipping to January levels. This is in keeping with the oscillating trends seen in 2023.



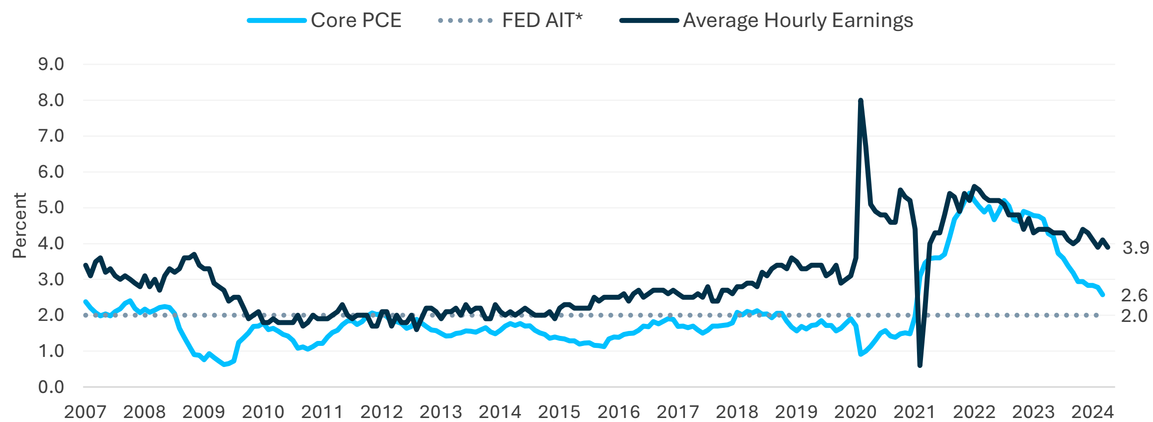
Source: Bloomberg and SVB Asset Management. Data as of 07/08/2024.

Inflation: On the Decline

Inflation has slowly trended downward with the June 2024 consumer price index (CPI) dipping to 3.0% YoY. Core PCE — the Fed's preferred inflation indicator — rose 2.6% YoY, which is down from 4.2% in June 2023.

In addition to market forecasts, the Fed continues to reiterate that it expects inflation to decline into 2025.

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
Jun-24	3.00%	2.20%	1.10%	4.10%	1.00%	-2.50%	4.40%	3.70%	3.30%	-1.80%	0.80%	-0.90%	3.10%	5.10%	5.20%	3.30%	0.70%
May-24	3.30%	2.10%	1.00%	4.00%	3.70%	2.20%	5.90%	0.20%	3.40%	-1.70%	0.80%	-0.80%	3.10%	5.30%	5.40%	3.10%	0.50%
Apr-24	3.40%	2.20%	1.10%	4.10%	2.60%	1.20%	5.10%	-1.90%	3.60%	-1.30%	1.30%	-0.40%	2.50%	5.30%	5.50%	2.70%	0.40%
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%

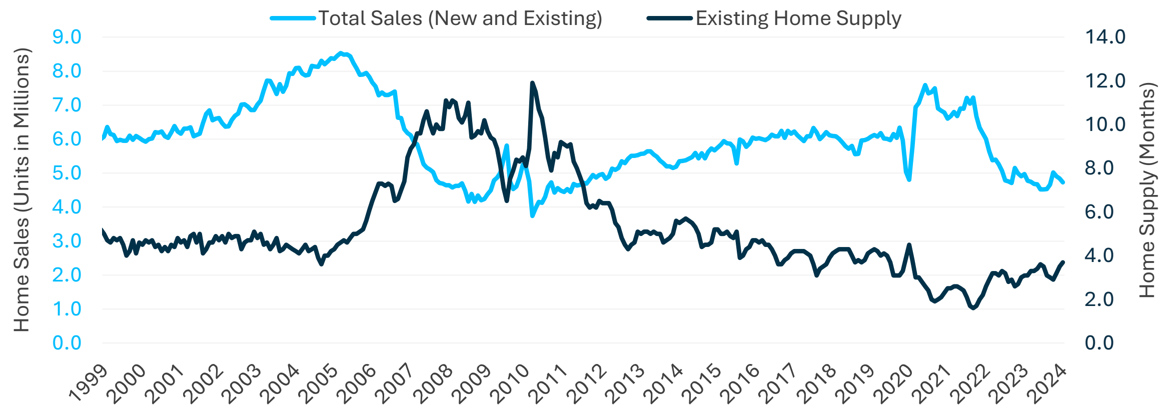
svb Asset Management

Source: Bloomberg, US Bureau of Labor and Statistics and SVB Asset Management. Data as of 07/11/2024. *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.

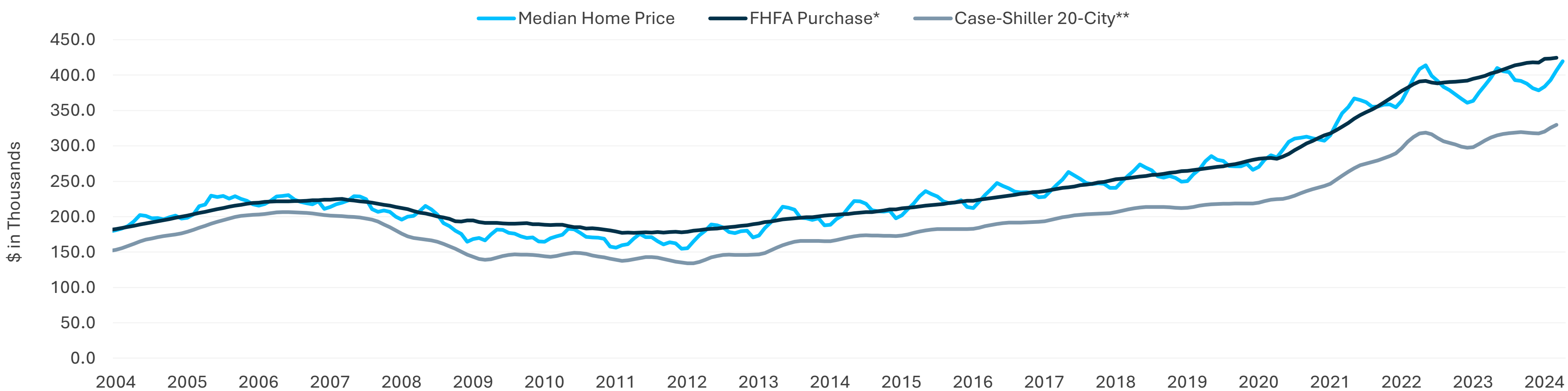
Housing: Sales Slump as Prices Rise

In spite of existing home supply increasing during Q2 2024, rising median home prices have pushed down total home sales. Meanwhile, mortgage rates had steadily fallen since peaking in April, but appear to be bouncing back up since mid-June. This is expected to further reduce home affordability for buyers.

Housing Market



Home Prices



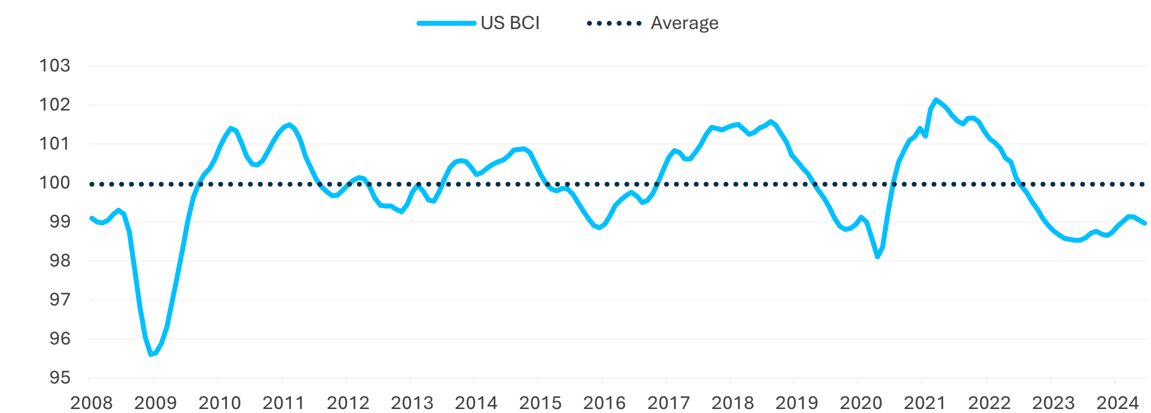
svb Asset Management

Source: Bloomberg and SVB Asset Management. Data as of 07/08/2024. *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 continued to hover below average in Q2 2024, flattening after months of slowly improving. Institute for Supply Management (ISM) data has indicated that US manufacturing has been contracting throughout Q2, due to weak demand and subsequently declining output in a high inflation environment.

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
Jun-24	-15.1	1.3	-6.0	-8.0	-10.0	48.5	48.8
May-24	-19.4	4.5	-15.6	-2.0	0.0	48.7	53.8
Apr-24	-14.5	15.5	-14.3	-8.0	-7.0	49.2	49.4
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

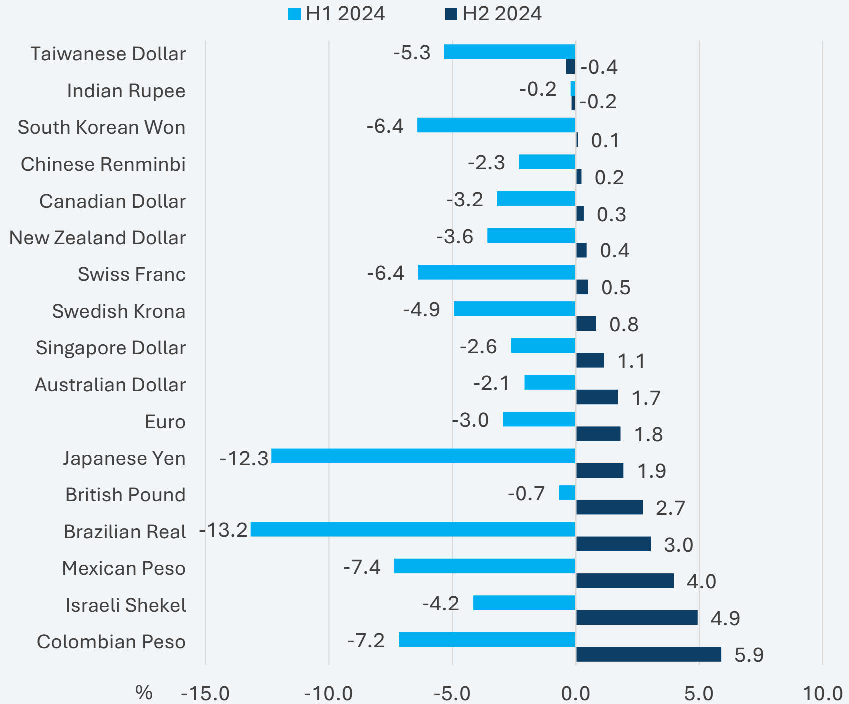
svb Asset Management

Source: Bloomberg, Organization for Economic Co-operation and Development (OECD, 2022) and BCI (indicator). Updated 07/08/2024. 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

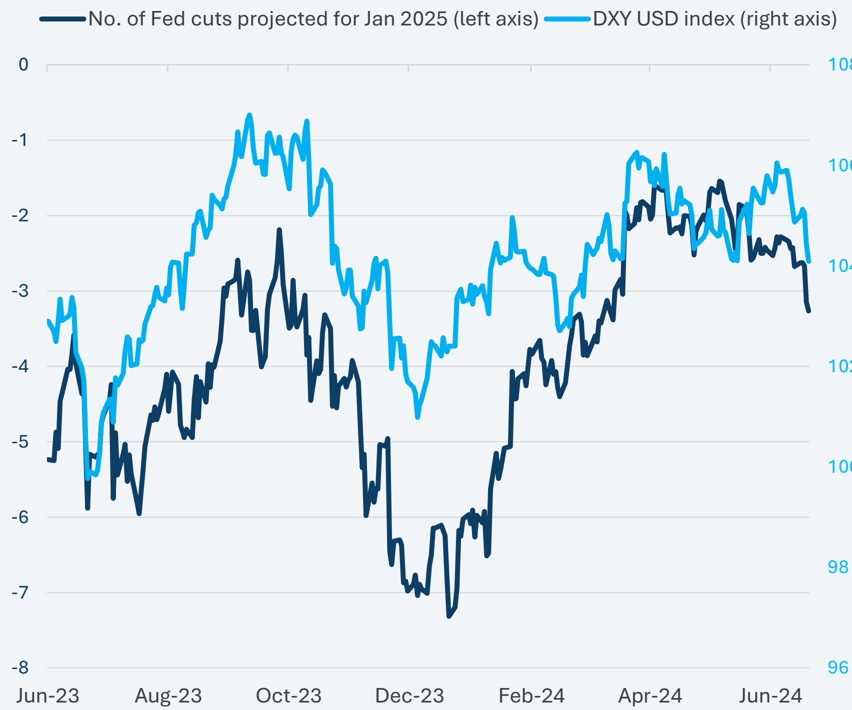
USD Resumes Its Downward Slide as the Fed Provides Clarity on Monetary Policy

After a strong half of the year, the USD reverses.



Currency performance vs. the USD (percent) through 07/12/2024.

The USD has closely tracked Fed rate cut expectations.



Projected US rate cuts determined from fed fund futures market pricing.

Source: Bloomberg.

Narrower Interest Rate Differentials Will Weigh on the USD

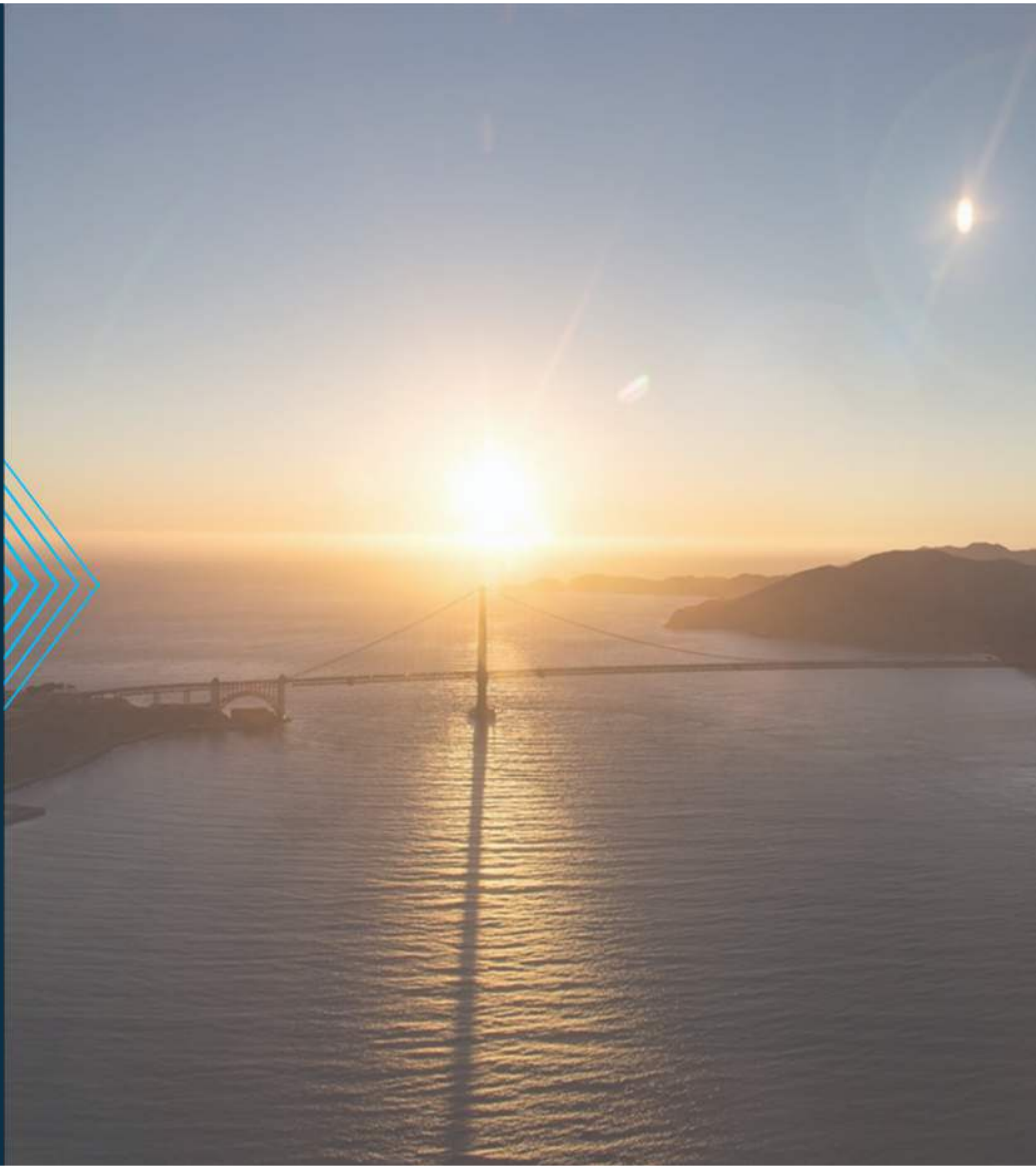
With markets pricing in two full rate cuts in 2024 and up to four more in 2025, the US interest rate advantage is projected to narrow or disappear altogether, putting downward pressure on the USD.

	Current		Projected 2024 Year-End	
Country	Policy Rate	US Policy Rate Advantage	Policy Rate	US Policy Rate Advantage
United States	**5.50%**	--	**4.47%**	--
Australia	4.35%	1.15%	4.38%	0.09% ↓
Canada	4.75%	0.75%	4.10%	0.37% ↓
Eurozone	3.75%	1.75%	3.20%	1.27% ↓
Japan	0.10%	5.40%	0.29%	4.18% ↓
New Zealand	5.50%	0.00%	4.60%	-0.13% ↓
Switzerland	1.25%	4.25%	0.95%	3.52% ↓
UK	5.25%	0.25%	4.69%	-0.22% ↓

Projected policy rates according to futures markets for US and Australia, and overnight indexed swap (OIS) markets for all other currencies.

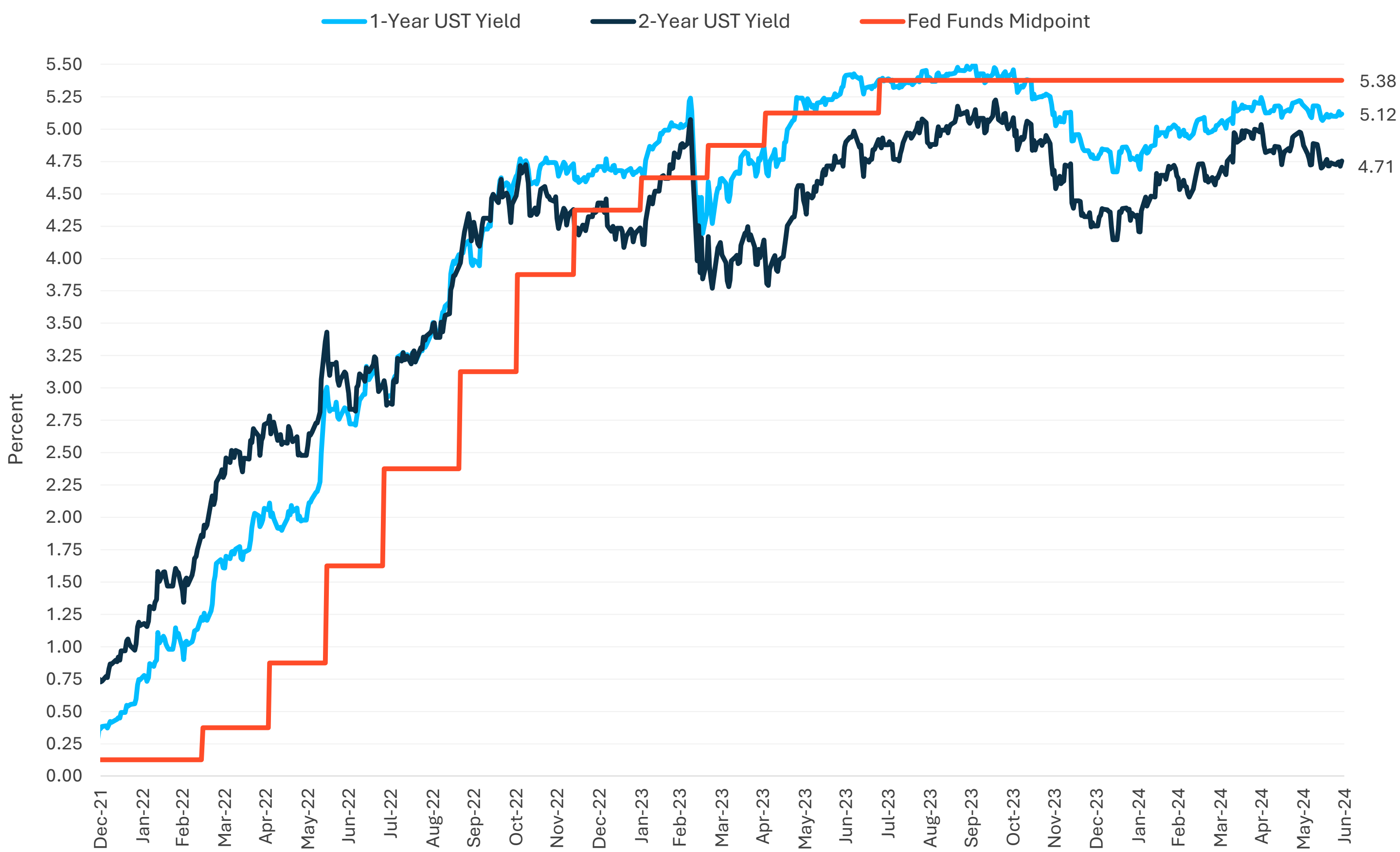
Source: Bloomberg. Data as of 07/12/2024.

Central Banks and Monetary Policy



Short-End Interest Rates

Rate cut timing has been delayed until late 2024 as persistent inflation forces the Fed to keep rates higher for longer.



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.

Q2 2024: Elevated growth and stubborn inflation forced the Fed to revise rate cut timing to late 2024 and drop the cut count to 1 for this year. The holding pattern persists, but the quantity of easing expected through 2026 remains unchanged.

svb Asset Management

Source: Bloomberg, US Treasury Yield and SVB Asset Management. Data as of 06/30/24.

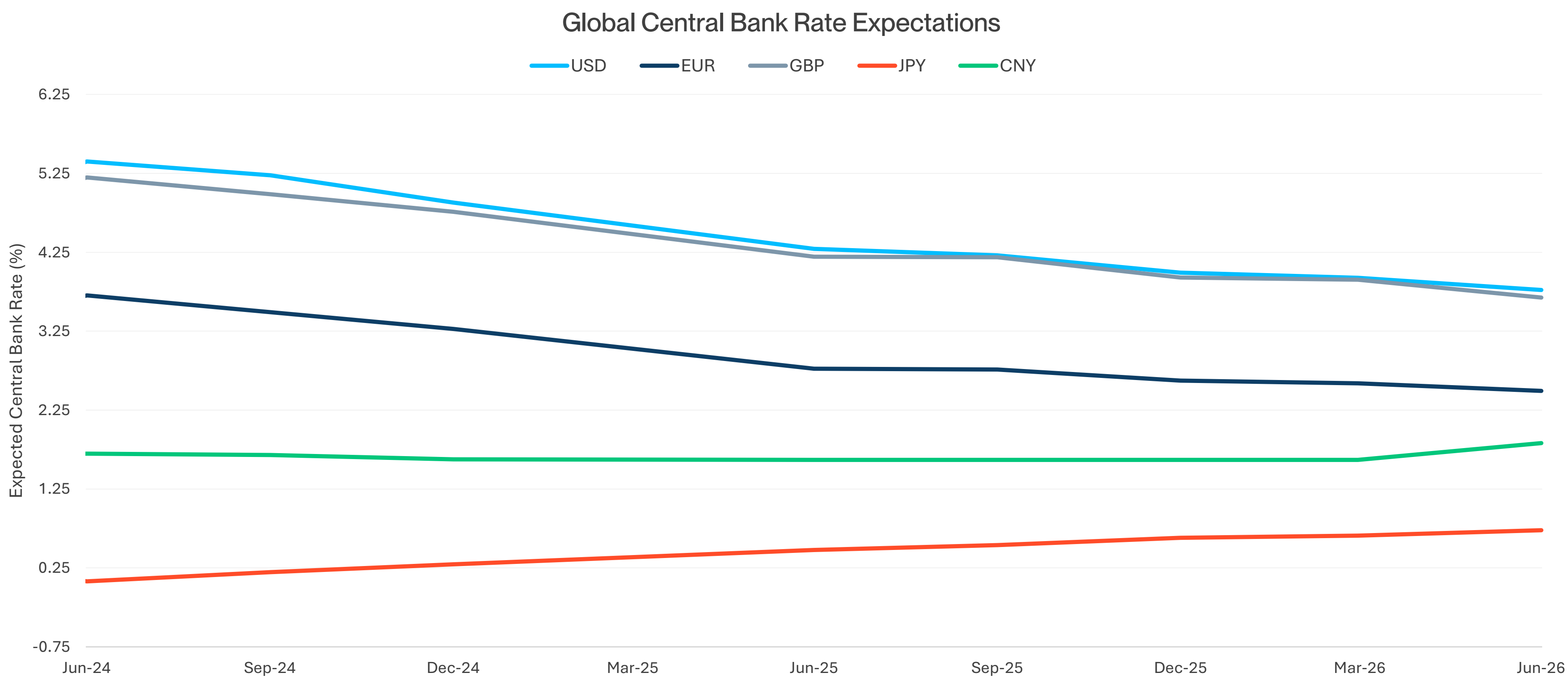
Economic Forecasts

Economic Projections	2024	2025	2026
United States			
Change in Real GDP	2.3%	1.8%	2.0%
Core PCE	2.8%	2.2%	2.1%
Unemployment Rate	4.0%	4.1%	4.0%
United Kingdom			
Change in Real GDP	0.7%	1.2%	1.5%
CPI	2.6%	2.2%	2.0%
Unemployment Rate	4.4%	4.5%	4.7%
Eurozone			
Change in Real GDP	0.7%	1.4%	1.3%
CPI	2.4%	2.1%	2.0%
Unemployment Rate	6.5%	6.5%	6.5%
Japan			
Change in Real GDP	0.4%	1.1%	0.9%
CPI	2.4%	1.8%	1.7%
Unemployment Rate	2.5%	2.4%	2.3%
China			
Change in Real GDP	5.0%	4.5%	4.2%
CPI	0.6%	1.5%	1.9%
Unemployment Rate	5.1%	5.1%	5.0%

Source: Bloomberg. Data as of 06/30/2024.

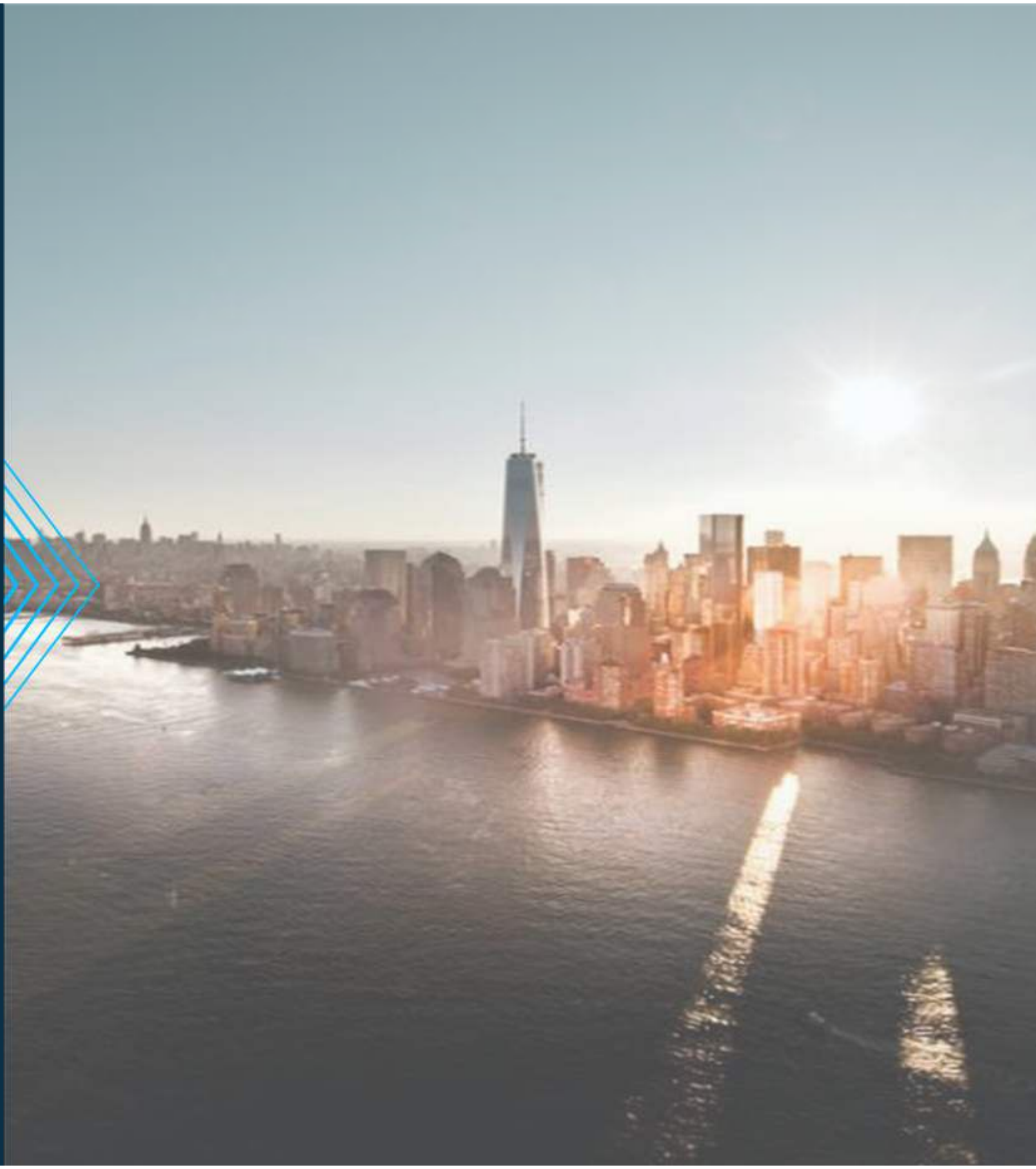
Global Central Bank Expectations

Central bank expectations point to lower yields in late 2024 and into 2025, with Asia normalizing higher over time.



Source: Bloomberg. Data as of 06/30/24.

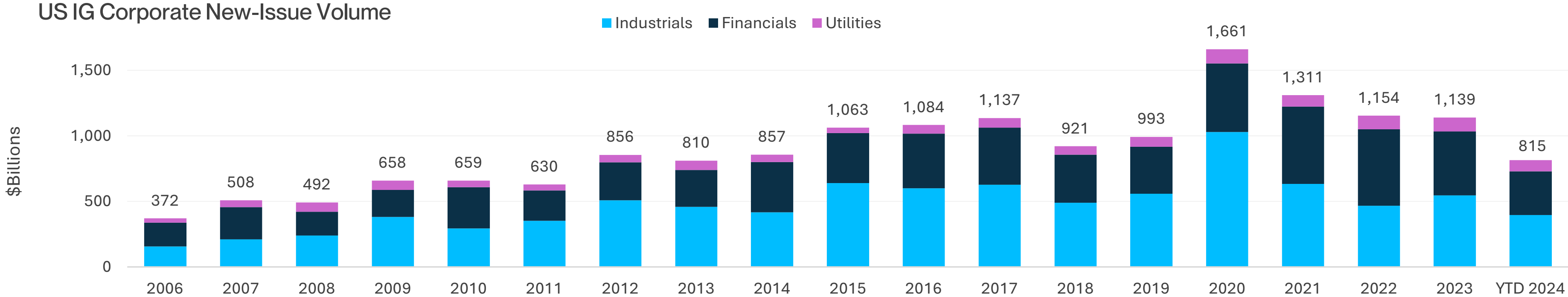
Corporate Bond Market



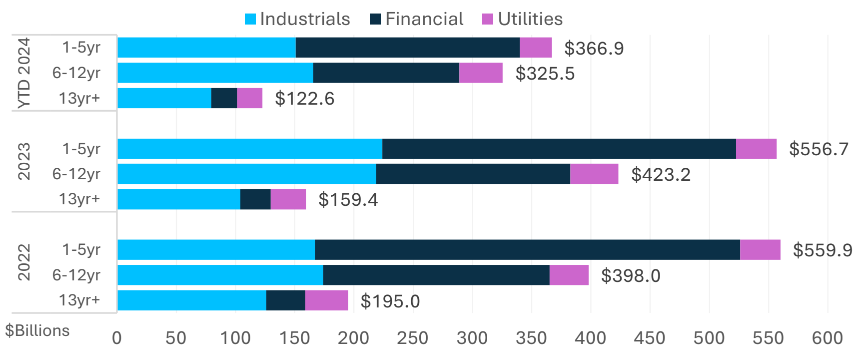
Corporates: New Issue Update

New issuance of investment grade (IG) corporate bonds saw a strong start in 2024. While primary issuance has moderated over the past few months, it continues growing at a healthy clip. Several factors have been driving the robust issuance so far this year. Earnings have been relatively strong on the whole, and there has been no recession, despite interest rates that have remained higher for longer. While financials represent approximately ~40% of IG bond issuance, non-financial sector issuance has been gaining momentum as well, thanks in part to significant M&A activity in the healthcare sector, which has been driving new issuance. Expectations are rising for additional deals in 2024, which could push overall new issuance forecasts even higher, particularly when combined with the need to refinance pending debt maturities.

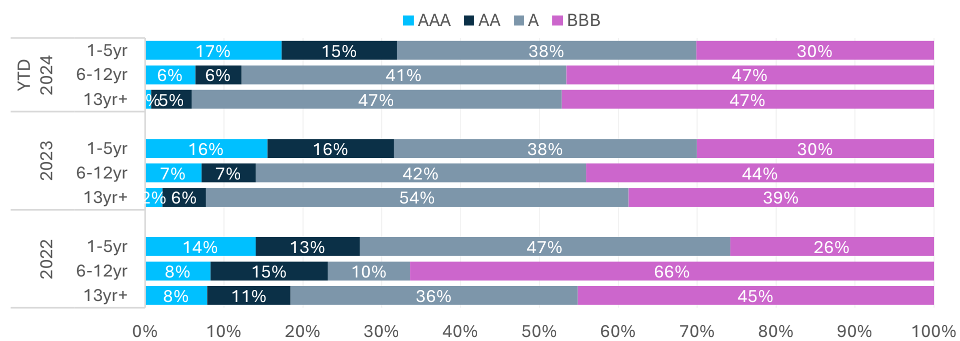
US IG Corporate New-Issue Volume



IG Corporate New-Issue Supply (Sector/Maturity)



IG Corporate New-Issue Supply (Rating/Maturity)



svb Asset Management

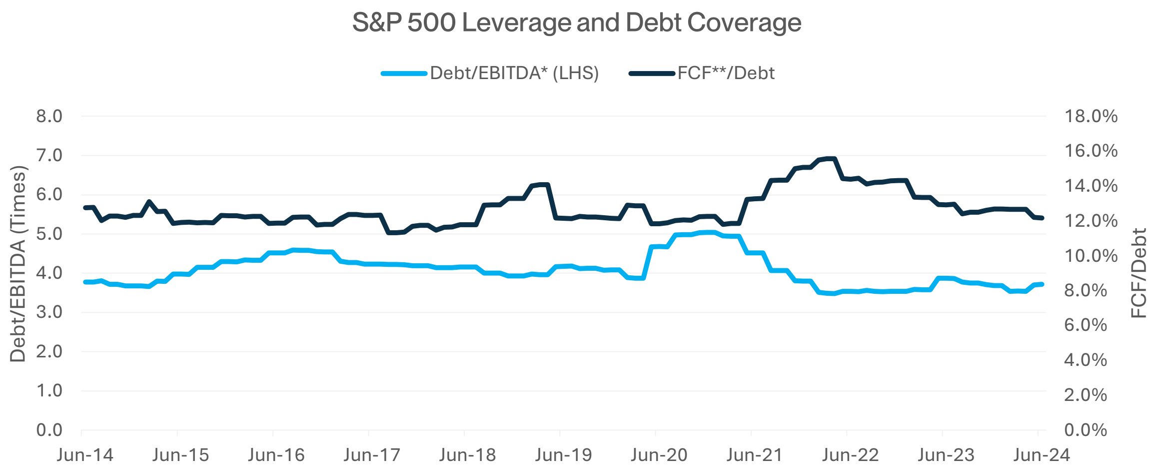
Source: Bloomberg Fixed Income Indices and Barclays Research. Data as of 06/30/2024. Past performance is not a guarantee of future results. Totals may not add up to 100% due to rounding.

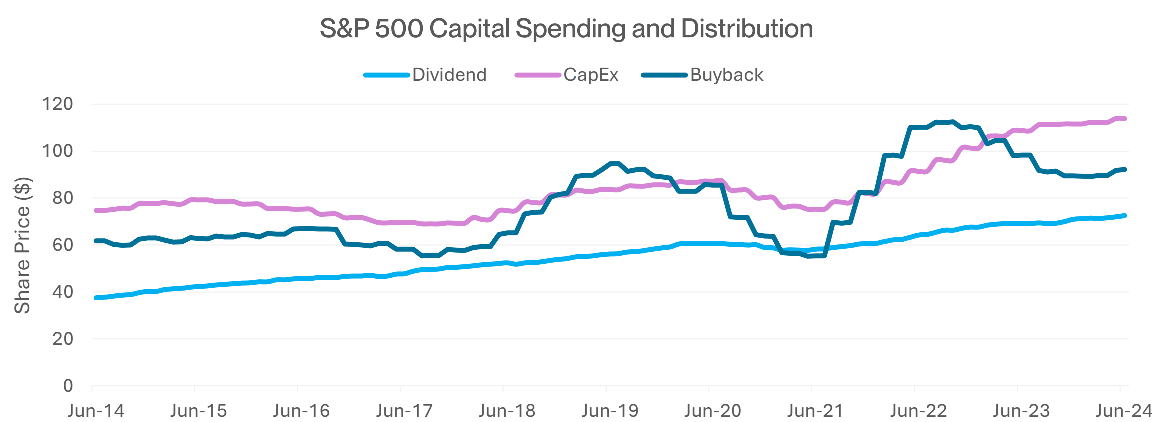
Credit Metrics Remain Stable, Despite Higher for Longer Interest Rates

Industrial corporate credit metrics remain healthy, despite the ongoing impact of higher interest rates. 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 continue to rise modestly, shareholder repurchases have been significantly curtailed, helping corporate issuers maintain their strong credit profiles.

Increased capital spending has begun to level off from recent peaks, 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.



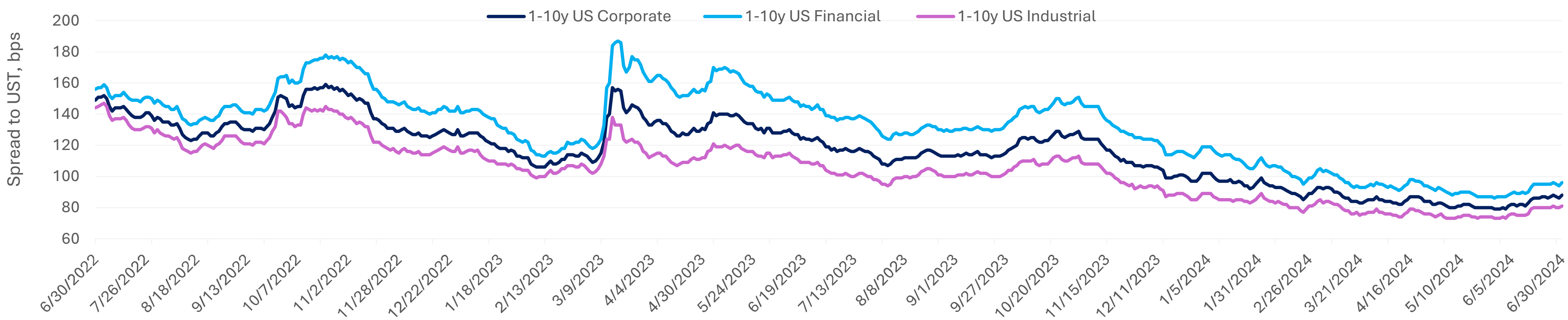


Source: Bloomberg. Data as of 06/30/2024. * Earnings before interest, taxes, depreciation, and amortization. ** Free cash flow.

Corporates: Spread and Sector Performance

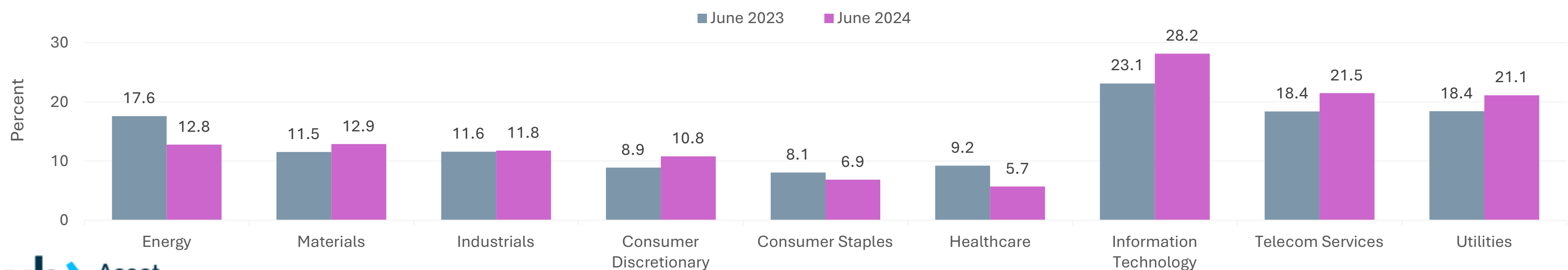
The risk premium between US Treasuries and US corporate bonds remains at some of the tightest levels in over two years. Investor demand remains strong given the positive impact of higher yields, which has been driving spreads increasingly tighter, despite relatively heavy new supply during the first half of 2024.

US IG Corporate Bond Indices — Spreads to US Treasury



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 an increase in operating profitability due in part to record high levels of rate increases during 2023, which continue to flow through margins. 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.

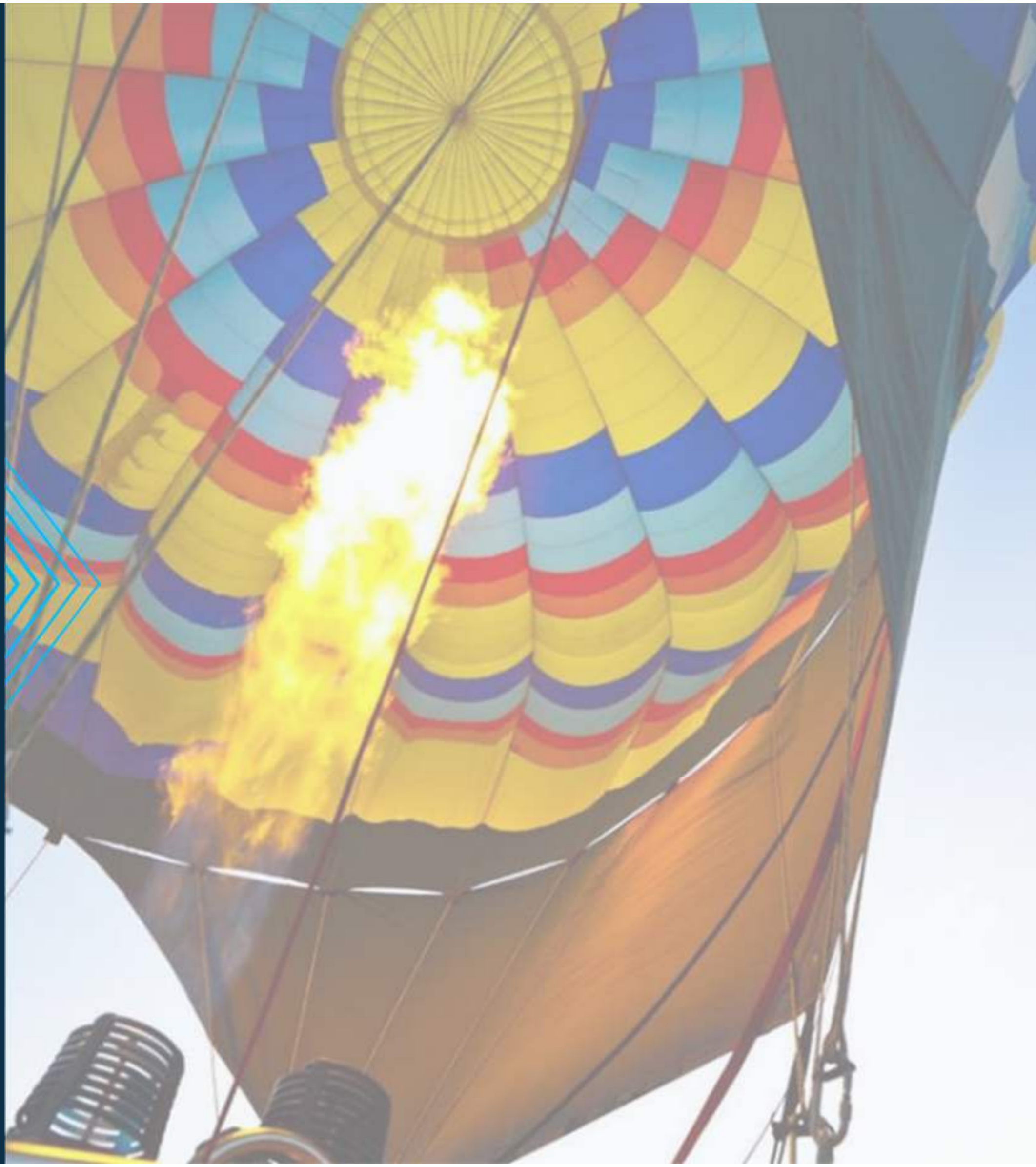
S&P 500 EBITDA Margin (%)



svb Asset Management

Source: Bloomberg and ICE BofA Indices, S&P 500 Indices. Data as of 06/30/2024.

Markets and Performance



Market Sector Performance

Despite concerns about higher interest rates, equity markets performed impressively in the first half of 2024. This was led by a rally in technology stocks, especially those benefitting from the artificial intelligence (AI) boom. Some volatility in interest rates led to modest negative returns in longer-term bonds.

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%	Tech 26.50%
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%	S&P 500 15.29%
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%	Crude Oil 13.80%
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 7.06%
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 3.95%
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 2.58%
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 -0.49%
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 -0.71%
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 -0.86%

All returns above are on a total return basis. 2024 returns are on an aggregate basis through 06/30/2024. 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.

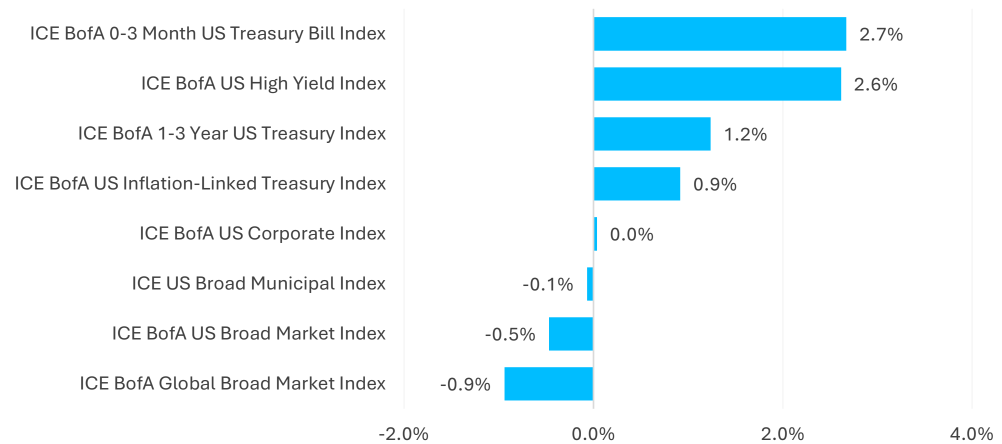
svb Asset Management

Source: Bloomberg and Bloomberg Barclays Indices as of 06/30/2024. Past index performance is no guarantee of future results.

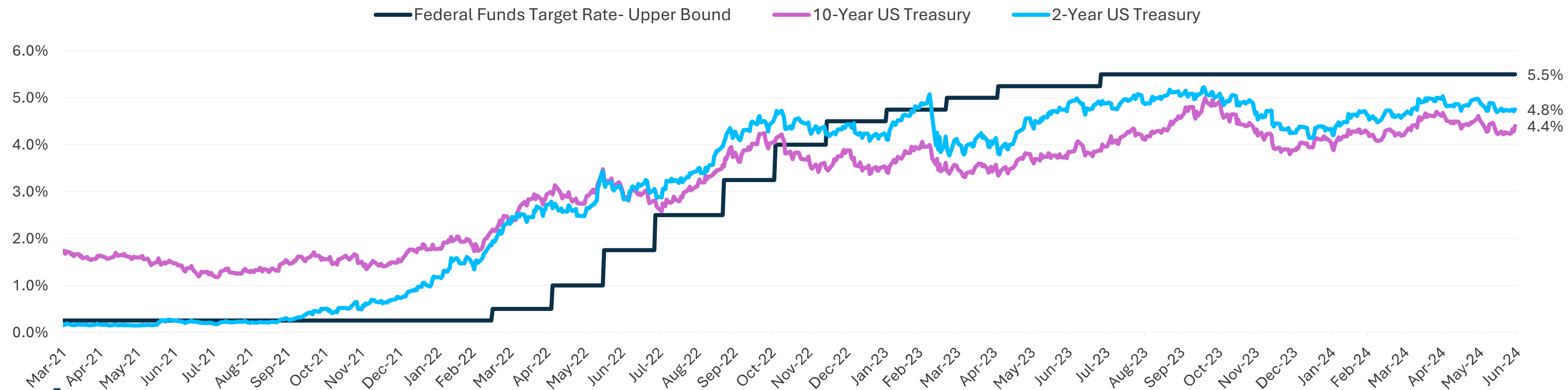
Bond Market Performance

The Fed's action of keeping interest rates higher has contributed to the outperformance of short-term US Treasury bills in the first half of 2024. Meanwhile, tighter credit spreads have helped the corporate bond markets. In particular, high yield (HY) has outperformed both longer-term government and IG bonds and has enjoyed consecutive quarters of positive returns.

2024 YTD Bond Performance



Bond Yields

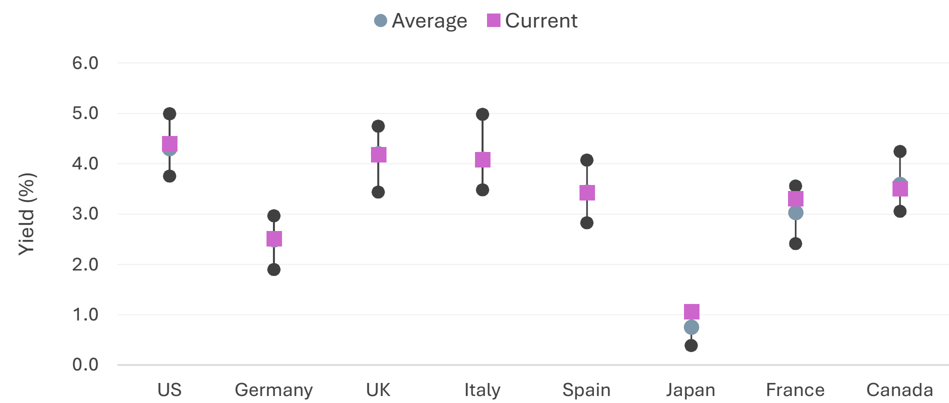


Sources: Bloomberg and ICE BofA Indices. As of 06/30/2024. Indices are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

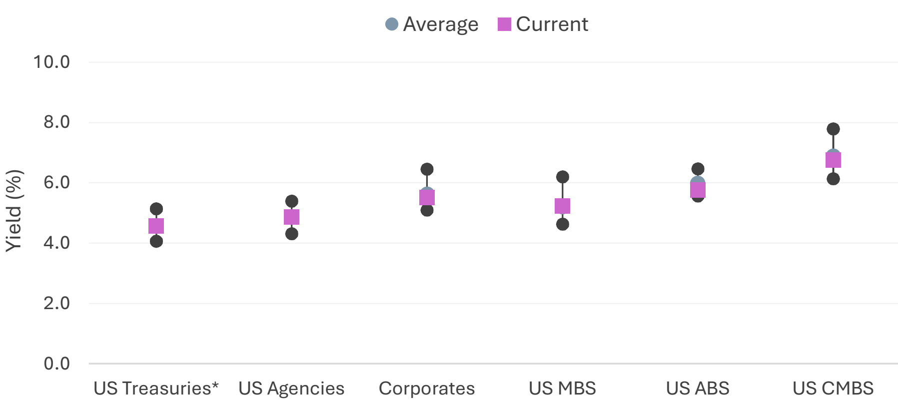
Global and Domestic Yields

Fixed income yields have rebounded after a challenging start to the year, and have stabilized within their respective ranges. Investors have embraced the Fed's assertive monetary policy stance, leading to enhanced fixed income yields. Anticipation of rate cuts by the Fed has led investors to capitalize on extended periods of higher yields in fixed income to secure attractive income.

Yields Across the Globe



Broad Fixed Income Yields



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

Short-Duration Yields

svb Asset Management

Daily yields from 06/30/2023 to 06/30/2024. 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

The Fed's decision to maintain higher rates in the first half of 2024, coupled with expectations of rate cuts later in the year, led to the outperformance of short-duration fixed income across the entire credit spectrum.

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	1.41%	1.34%	1.13%	1.09%	0.99%	0.88%	0.66%	0.77%	1.01%	0.53%	0.96%	0.08%	-0.89%	-0.92%	-1.00%	-0.71%	-2.73%
AA1		1.31%	1.22%	1.26%	0.90%	0.69%	0.79%	0.60%	0.69%	0.46%	0.09%	-0.01%	-0.61%	-2.36%	0.82%	-0.64%	-2.45%
AA2	1.41%	1.36%	1.26%	1.14%	1.07%	0.98%	0.87%	0.70%	0.45%	0.52%	0.42%	0.18%	-0.14%	-0.47%	0.05%	-0.34%	-1.89%
AA3	1.41%	1.37%	1.20%	1.10%	0.97%	1.00%	0.77%	0.62%	0.67%	0.29%	0.15%	-0.15%	-0.37%	-0.79%	-1.54%	-1.69%	-2.51%
A1	1.41%	1.41%	1.27%	1.16%	1.07%	1.04%	0.98%	0.87%	0.72%	0.70%	0.45%	0.28%	0.80%	-0.01%	-0.41%	-0.55%	-2.09%
A2	1.45%	1.42%	1.29%	1.19%	1.04%	0.98%	0.96%	0.83%	0.66%	0.59%	0.33%	0.13%	0.15%	-0.50%	-0.83%	-1.05%	-2.29%
A3	1.50%	1.42%	1.33%	1.23%	1.05%	1.02%	1.00%	0.80%	0.74%	0.76%	0.42%	0.09%	-0.13%	-0.19%	-0.94%	-1.32%	-2.19%
BBB1	1.44%	1.48%	1.35%	1.26%	1.08%	1.11%	1.02%	0.84%	0.72%	0.72%	0.35%	0.18%	0.04%	0.00%	-0.34%	-1.03%	-1.85%
BBB2	1.46%	1.46%	1.34%	1.31%	1.10%	1.11%	0.99%	0.92%	0.85%	0.78%	0.44%	0.33%	0.22%	0.02%	-0.58%	-0.62%	-1.74%
BBB3	1.48%	1.52%	1.33%	1.44%	1.34%	1.33%	1.29%	1.18%	0.96%	1.08%	0.74%	0.45%	1.00%	0.26%	-0.21%	-0.34%	-0.98%

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	1.32%	1.30%	1.20%	1.06%	0.95%	0.87%	0.79%	0.67%	0.54%	0.40%	0.13%	-0.06%	-0.42%	-1.10%	-0.89%	-0.75%	-1.66%

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.

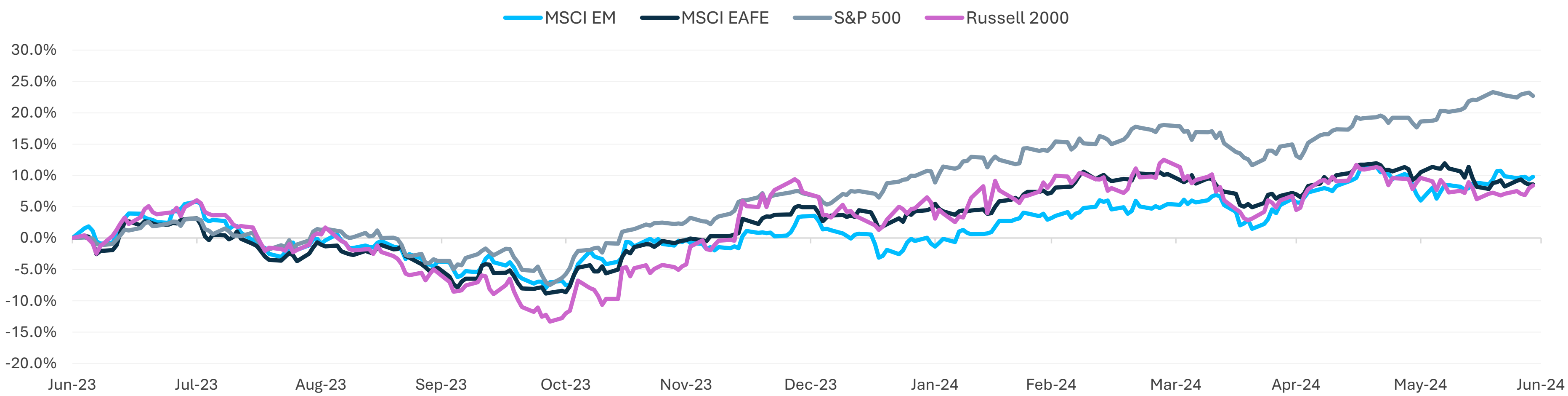
svb Asset Management

Sources: Bloomberg and ICE BofA Indices. Performance data as of 06/30/2024. Past performance is not a guarantee of future results.

Global Equity Performance

The strong performance in both domestic and international markets has driven valuations upward since the beginning of 2024, thanks to better earnings expectations and a more favorable economic environment.

Price Return	
	YTD 2024
MSCI EM	9.8%
MSCI EAFE	**8.6%**
S&P 500	22.7%
Russell 2000	8.4%

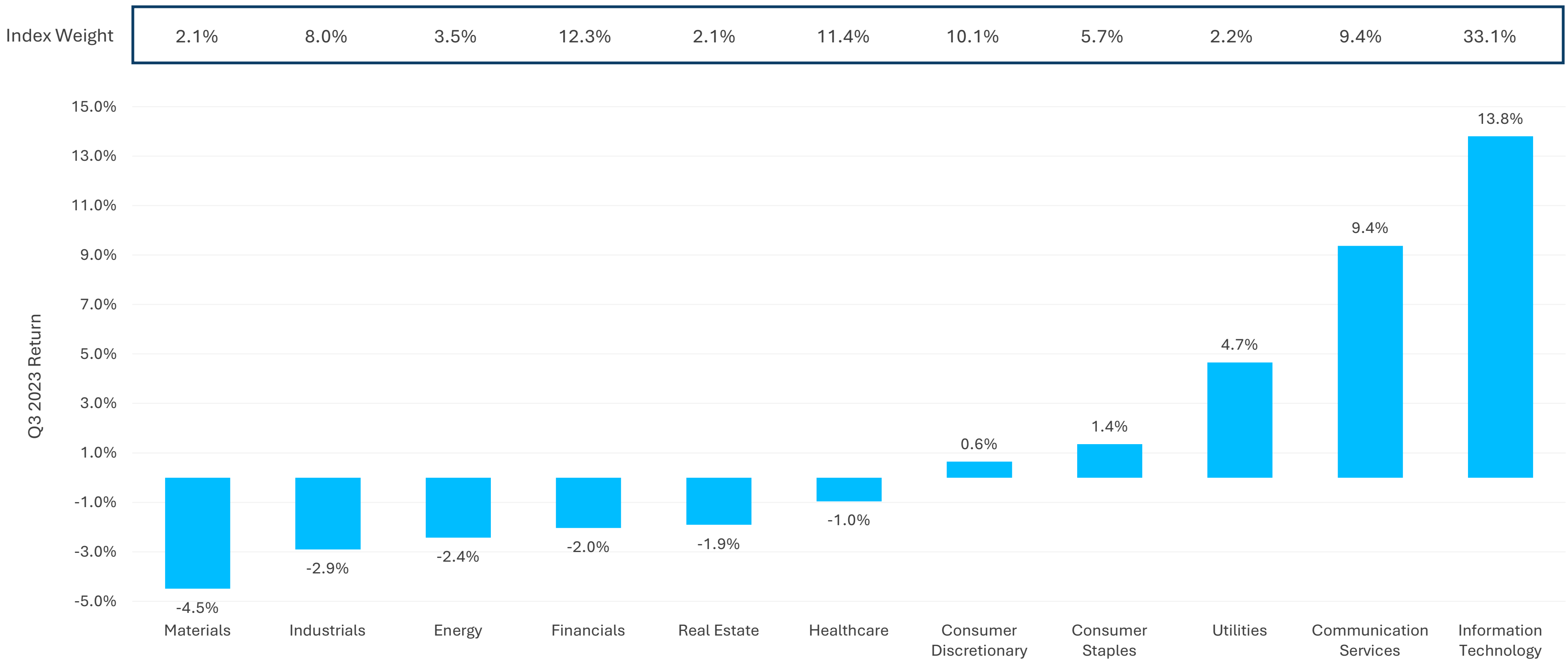


svb Asset Management

Source: Bloomberg. Represents price return from 06/30/2023 to 06/30/2024. Indices are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

US Equity Sector Performance

The S&P 500 index achieved a YTD return of 15.29%, driven by technology stocks. This growth was fueled by ongoing enthusiasm around AI, which boosted related companies due to strong earnings and positive outlooks on future performance.



Source: Bloomberg. Represents total return of S&P 500 sectors for Q2 2024. Sector weights as of 06/30/2024. Indices are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

Our Team and Report Authors

Patricia Kao
Head of SVB Asset Management
pakao@svb.com

Travis Dugan, CFA
Managing Director
Head of Portfolio Management
tdugan@svb.com

Jason Graveley
Senior Manager
Fixed Income Trading
jgraveley@svb.com

Darrell Leong, CFA
Managing Director
Head of Investment Research
dleong@svb.com

Michael Duranceau
Credit Analyst
mduranceau@svb.com

Christi Fletcher
Senior Portfolio Manager
chfletcher@svb.com

Hiroshi Ikemoto
Senior Fixed Income Trader
hikemoto@svb.com

Steve Johnson, CFA
Portfolio Manager
stjohnson@svb.com

Edward Lee, CFA
Credit Analyst
edlee@svb.com

Tim Lee, CFA
Senior Credit Analyst
tlee@svb.com

Jeff Probst, CFA
Portfolio Manager
jprobst@svb.com

Jon Schwartz
Senior Portfolio Manager
jschwartz@svb.com

Jose Sevilla
Senior Portfolio Manager
jsevilla@svb.com

Special Contributor
Ivan Asensio, Ph.D.
Head of FX Risk Advisory
iasensio@svb.com

Disclosure

This material, including without limitation the statistical information herein, is provided for informational purposes only. The material is based in part upon information from third-party sources that we believe to be reliable, but which has not been independently verified by us and, as such, we do not represent that the information is accurate or complete, and it should not be relied upon as such. This information should not be viewed as tax, investment, legal or other advice, nor is it to be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. Nothing relating to the material should be construed as a solicitation, offer or recommendation to acquire or dispose of any investment or to engage in any other transaction.

Foreign exchange transactions can be highly risky, and losses may occur in short periods of time if there is an adverse movement of exchange rates. Exchange rates can be highly volatile and are impacted by numerous economic, political and social factors as well as supply and demand and governmental intervention, control and adjustments. Investments in financial instruments carry significant risk, including the possible loss of the principal amount invested. Before entering any foreign exchange transaction, you should obtain advice from your own tax, financial, legal, accounting, and other advisors and only make investment decisions on the basis of your own objectives, experience and resources.

Views expressed are as of the date of this report and subject to change. None of this material, nor its content, nor any copy of it, may be altered in any way, copied, transmitted or distributed to any other party, without the prior express written permission of SVB Asset Management.

SVB Asset Management is an investment advisor registered with the US Securities and Exchange Commission (SEC). Registration with the SEC does not in any way constitute an endorsement by the SEC of an investment advisor's skill or expertise. Moreover, registration does not imply that an investment advisor has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients. For institutional purposes only.

For Global Investment Performance Standards (GIPS®) Composite Reports for SVB Asset Management's strategies, please click here or contact the Liquidity Account Management team via email at liquidityaccountmanagement@svb.com.

Investment products and services offered by SVB Asset Management:

Are not insured by the FDIC or any other federal government agency	Are not deposits of or guaranteed by a bank	May lose value

svb Asset Management