

Mark R. Shenkman, Founder & President

January saw another month of robust performance as the DJIA and S&P 500 indices hit new record highs. The continuation of the year-end rally was driven by three powerful forces: avoiding a recession, moderating inflation, and expecting early and frequent interest rate reductions. However, the pivot party, orchestrated by the Fed, will now be postponed, given January's surprisingly hot jobs numbers. The 353,000 new jobs added in January, combined with an upwardly revised 333,000 in December, will make the Fed's task of cutting rates more challenging. Meanwhile, the U.S. economy continues to defy investor and economist expectations. U.S. GDP grew at a 3.1% annual rate in 2023, despite the ripple effect of the Fed's 23-month inflation-fighting agenda. The resiliency of the consumer has been consistently underestimated. While a recession may not be imminent, a slowdown in economic growth could occur later this year. The timing of the Fed's first rate cut will most likely depend upon signs of softness in payroll data. The Fed's credibility could be undermined if inflation were to re-accelerate. Ironically, the stronger the U.S. economy gets, the more volatile the credit markets become as the rate outlook appears less certain. In the short run, the "pivot party" will need to be pushed back to the second half of 2024. Typically, investors do not enjoy surprise parties!

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The ISM Manufacturing Index is a monthly gauge on the level of economic activity in the U.S. manufacturing sector versus the previous month.

The ICE BofA Current 10-Year U.S. Treasury Index (GA10) is a one security index comprised of the most recently issued 10-year U.S. Treasury Note.

The ICE BofA U.S. Corporate Index (COA0) has an inception date of December 31, 1972 and tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

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The Morningstar LSTA US Leveraged Loan Index is a market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon weightings, spreads and interest payments.

The Refinitiv US All-Cap Focus Convertible Bond Index has an inception date of December 1993, is a subset of the Refinitiv US Convertible Bond Index and includes securities that have a price between 60 and 140 and a conversion premium of < 100%, among other criteria. The Refinitiv US Convertible Bond Index includes convertible securities that are denominated in USD, have a market value of over \$300mm, and have underlying stocks that trade on US equity markets.

The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their respective industries.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The S&P 500 Index is designed to reflect the U.S. equity markets and focuses on the large-cap sector of the market, which includes the 500 leading companies in leading industries of the U.S. economy.

The NASDAQ composite index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American Depositary Receipts, Common Stock, Limited Partnership Interests, Ordinary Shares, Real Estate Investment Trusts, Shares of Beneficial Interest, and Tracking Stocks. The index includes all Nasdaq listed stocks that are not Security types not included in the Index are closed-end funds, convertible debentures, exchange traded funds, preferred stocks, rights, warrants, units and other derivative securities.

The MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 1,398 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

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