PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

December 30, 2024

Market Commentary

Last Week's Highlights: Equities were poised to start the "Santa Rally" off with a bang, but struggled at the end of last week. The Dow was up 0.35% last week, while the S&P 500 added 0.67%, the Nasdaq was up 0.76%, while the Russell 2000 gained 0.10%. Bond yields were mostly higher for the week, with bonds moving lower. The BBgBarc Agg Bond Index was down 0.33% for the week, while short-term bonds were up 0.06%. The US dollar was slightly higher for the week, but international equities held up well. The MSCI EAFE Index was up 1.77%, while the MSCI Emerging Markets Index gained 1.04%. **Economic Data:** Economic data will be a little light this week during the New Year's holiday week. The key economic data releases this week are Chicago PMI, Pending Home Sales, Dallas Fed Manufacturing Index, Redbook Sales, Case-Shiller Home Price Index, Initial Jobless Claims, Continuing Claims, Construction Spending, S&P Manufacturing PMI, ISM Manufacturing PMI, Total Vehicle Sales. **Earnings Releases:** Just a few names report this week in a holiday-shortened week. The key earnings releases this week are MAYS, RGUS, USAU, & EACO. **Takeaways:** The "Santa Rally" is traditionally known as the 7 trading days between Christmas Eve and January 3rd. So far, the S&P 500 Index is negative 1.6% since December 24th. Last week, investors pulled out more than $35 billion from equity funds, which is the largest weekly outflow in more than 2 years. Initial estimates for 2025 were fairly rosy among Wall Street analysts, but the bloom appears to be coming off that rose as the current bull market might be getting ahead of itself. The concentration in the top names of the S&P 500 has been driven by the FOMO trade and Magnificent 7 stocks now exceed prior asset bubbles in history (even the Dot.com phase). Since the market bottom in October of 2022, the top ten holdings of the S&P 500 Index account for 59% of the index's gains. In other words, unless you owned those ten names, you probably under-performed the index, which is not normal. The top 3 names of the index - Apple, Microsoft, and Nvidia - comprise the highest weighting of the index over the last 45 years. Concentrations of this type typically lead to pullbacks in equities or worse. Sound asset diversification is the best strategy moving forward as we enter 2025.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	0.60%	39.07%
Industrials	-0.03%	17.73%
Energy	1.27%	5.16%
Communication Svcs	0.82%	41.56%
Basic Materials	-0.33%	-0.95%
Consumer Cyclical	0.52%	28.63%
Financial Svcs	0.87%	32.40%
Real Estate	0.32%	4.58%
Consumer Defensive	-0.14%	15.38%
Healthcare	0.98%	3.72%
Utilities	0.20%	27.41%

Key Indices	1 Week Return	YTD Return
S&P 500	0.67%	25.18%
Dow Jones Industrial Average	0.35%	14.07%
Russell 2000	0.10%	10.73%
Nasdaq	0.76%	31.38%
MSCI EAFE	1.77%	1.75%
BBgBarc Agg Bond	-0.33%	1.05%
60% S&P / 40% BB Agg Bond	0.37%	15.53%

Key Rates—as of 12/27/2024	
3mth T-bills	4.30%
2yr U.S. Treasury	4.33%
10yr U.S. Treasury	4.63%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	0.81%	0.77%	0.47%
Mid	0.69%	0.04%	-0.72%
Small	0.63%	0.17%	-0.33%

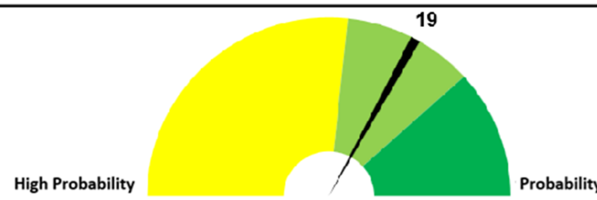
Investment Styles—YTD Returns

	Value	Blend	Growth
Large	15.51%	25.90%	30.58%
Mid	12.51%	14.52%	22.35%
Small	9.61%	10.28%	14.55%

See important disclosures on last page.

Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It stands at a level of 19. The ANCFI, and the Financial Stress Index are at a positive levels. The Weekly Economic Index, CPI, KC Labor Market Index, & S&P 200 DMA are at moderate levels. The Yield Curve, Consumer Sentiment, Sahm Rule, Housing Starts, & the Savings Rate are at warning levels.



Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

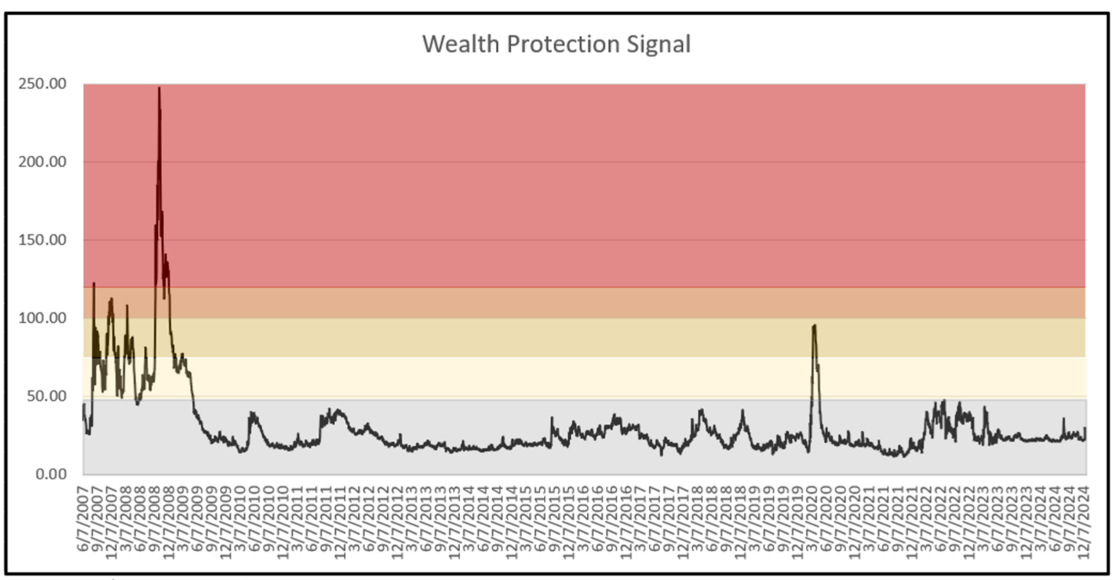
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 23.58 as of Friday's close on December 27th, 2024. The Signal decreased 5.3% last week. Volatility eased prior to the December 25th holiday, but picked up at the end of the week. The Signal would have to increase 91% to reach the first cash raise trigger. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Cash Raise Level
40%
30%
20%
10%
0%

Current Level
23.58
12/27/2024

Source: Eudaimonia Asset Management

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Any market indexes discussed are unmanaged, and generally, considered representative of their respective markets. Index performance is not indicative of the past performance of a particular investment. Indexes do not incur management fees, costs, and expenses. Individuals cannot directly invest in unmanaged indexes. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.