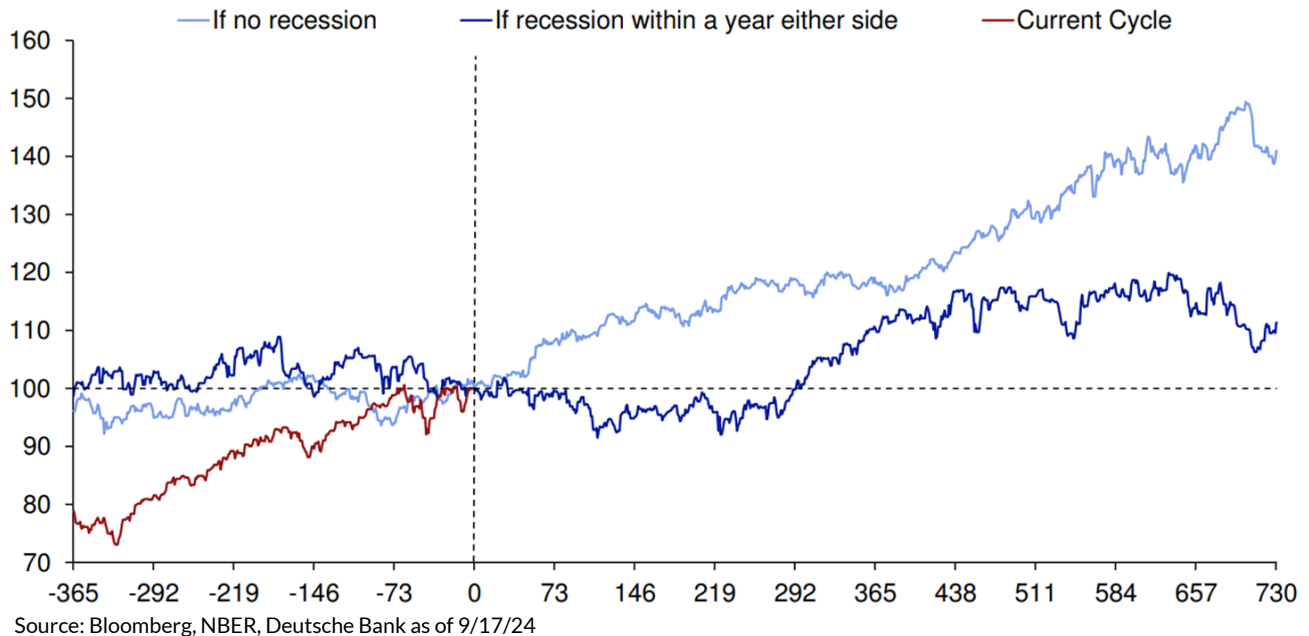


Rate Cuts + No Recession = Good Markets

Median S&P 500 performance after Fed cuts rates since 1957



- We have officially entered into a global easing cycle as most developed market central banks have begun to normalize policy rates. The Fed is expected to join the crowd later today in a widely anticipated move to cut the Fed Funds rate after spending more than a year at 5.50%.
- As the chart above shows **the stock market does quite well after the Fed begins to cut rates, provided that we don't slip into a recession.**
- We do not think a recession is likely and remain in the soft-landing camp as earnings are recovering and lower market rates should support more capital intensive, interest rate sensitive sectors. The stock and bond markets are sending conflicting signals, with stocks tracking more in line with a non-recession scenario currently. We will stay tuned, but if the soft-landing plays out we would expect to see solid returns and the market continue to broaden out.

The index used in the chart is unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs: **S&P 500 Index** is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks.

This publication has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Past performance does not provide any guarantee of future performance, and one should not rely on performance as an indication of future performance. There is no guarantee that an investment strategy will work under all market conditions. Investments involve varying degrees of risk. Commentary contains subjective judgements, management opinions and assumptions subject to change without notice. Commentary is based on information as of the period covered by this publication. There can be no assurance that developments will transpire as forecast. Information contained herein has been obtained from sources believed to be reliable but not guaranteed. No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission of Todd Asset Management LLC. © 2024.