INVESTMENT COMMENTARY

Stock market momentum continued in 2Q24 with the bond market relatively flat. The period after the Federal Reserve (Fed) pause continued to be constructive for the markets, as the Fed's halt in interest rate increases, coupled with generally positive, albeit moderating, economic news allowed the "Goldilocks" not-too-hot, not-too-cold outlook for economic growth, inflation, and employment to persist. The Federal Open Market Committee (FOMC) met twice during the quarter and monetary policy remained unchanged with the Federal Funds rate "paused" at 5.25 to 5.50%, while Quantitative Tightening (QT) continued to reduce the Fed's balance sheet. The June FOMC statement highlighted, "Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. In recent months, there has been modest further progress toward the Committee's 2% inflation objective. The Committee judges that the risks to achieving its employment and inflation goals have moved toward better balance over the past year. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks." U.S. Real Gross Domestic Product (GDP) increased at an annual rate of +1.4% during the first quarter of 2024, the lowest growth rate since the first half of 2022. Inflation, as measured by the U.S. Consumer Price Index (CPI), rose by 3.3% for the twelve-month period ending May 2024. The Bureau of Labor Statistics (BLS) reported the unemployment rate increased slightly in June to 4.1%, while the U6 measure of total unemployed increased slightly to 7.4%. The Conference Board Consumer Confidence Index declined in June to 100.4, down from its recent high in January of 114.8.

The S&P 500 continued to generate strong returns in the second quarter returning +4.28%, while the tech-heavy NASDAQ 100 returned +8.05%. The Bloomberg U.S. Aggregate Index eeked out a positive return of +0.07% for the quarter, given an increase in rates. The yield curve inversion contracted by 6 bps to 36 bps as the 2-year Treasury yield increased by 14 bps to 4.76%, while the 10-year Treasury yield increased by 20 bps to finish the quarter at 4.40%. For the quarter, Treasuries returned +0.10%, while other major investment grade bond sectors were mixed, with Investment Grade (IG) corporate bonds generating a negative quarterly return of (-0.09%). U.S. Agency Securities (+0.76%), Mortgage-backed Securities (+0.07%), Commercial MBS (+0.68%) and Asset-backed Securities (+0.98%) were all positive for the quarter with U.S. High Yield Corporate Bonds once more generating a relatively strong positive return of +1.09% for the quarter.

Capital markets typically don't respond well to mixed signals or ambiguity, but despite increasing levels for both, strong investor sentiment and liquidity continue to fuel positive market momentum. Stock market analysts are bullishly projecting a convergence of earnings growth between the "Magnificent 7" and the rest of the market in the second half of 2024 that supports a seemingly unwavering consensus S&P 500 EPS estimate of $244 in 2024. The bond market remains uncharacteristically optimistic for modest rate cuts in 2024 with hopes of providing a more supportive backdrop for achieving a "soft landing", with consensus expectations for the initial cut at the September 17-18 FOMC meeting. Stock market optimism continues to be driven by significant investment in the underlying infrastructure supporting Artificial Intelligence (AI) – everything from power generation, technology, and hardware to cloud-based services. The U.S. economy appears surprisingly resilient, and while inflation remains stubbornly above the Fed's stated 2% target, a softening economy gives hope that monetary easing is just around the calendar corner. "As of May 31, Bloomberg's index of financial conditions showed that they were easier than before the Fed began raising interest rates more than two years ago. This is due in large part to a strong stock market and rallies in corporate bonds."

The PIA Investment Strategy Group's (ISG) current investment outlook harkens back to our 4Q22 Investment Commentary, where we stated, "the predominant threat to global economic growth remains post-pandemic related inflation," and "we believe the Fed's 2% inflation target would be difficult to achieve with an economic soft landing," meaning without an actual recession. We are not confident the current economic cycle is "different this time"; however, we do believe the strength of the latter part of this cycle has been fueled by the extraordinarily long period of post-GFC easy money growth/expansion. As previously stated, the modern-era U.S. pre-GFC economy had proven to sustain growth near trend with

Fed Fund rates at/above 5%. Additionally, we believe the cumulative deterioration caused by persistent inflation on consumer sentiment and spending power represents a significant long-term economic concern relative to the potential for a mild recession. Therefore, we believe rate cuts may not be warranted until unemployment picks up above 4.25% or inflation falls below 2.5% coupled with real GDP continuing to fall below the 2% trend. However, market consensus is that unlike the "old Fed" inflation hawks, the current Fed may be described as political economists that put as great an emphasis on their employment mandate as they do price stability and that this Fed wants to cut rates. Regardless, the optimistic outlook for the onset of rate cuts is to signify victory in the inflation battle and curb the probability of a pending recession.

As a bond manager, we tend to be risk-conscious investors. While financial conditions appear to be accommodative, there are heightened risks of supply chain disruptions and growing concerns over the wars in Ukraine and the Middle East, including their impact on the U.S. The climbing costs of rising national debt and deficits, the risks of rising energy and commodity costs, and the added expense of trade fragmentation, particularly between the U.S. and China, are all potential contributors to inflationary pressures in the longer run. The Conference Board Index of Leading Economic Indicators was positive in Q1 for the first time since April 2022; however, it resumed its negative trend in April and May. "There were 346 companies that filed to either liquidate or re-organize through bankruptcy in the first six months of 2024, the highest half-year level since 2010." – S&P Global Market Intelligence. Given the breadth in macro and idiosyncratic risks and the ambiguity in potential 2025 economic policies due to the election year, we remain cautious with our duration management. With corporate spreads continuing to tighten, we have also positioned the portfolios more defensively with the hope that there will be opportunities to selectively add to our slight overweight with a focus on companies capable of navigating slower growth, elevated costs, and a higher discount rate for a prolonged period.

In the second quarter of 2024, PIA portfolio duration remained at the long end of our +/- 0.25 year neutral range relative to our respective benchmarks. We continue to overweight corporate debt, with a focus on high-quality credits with strong balance sheets. Our Industrial credits provide incremental risk-adjusted yield and our Financials are senior domestic debt we believe offer attractive compensation for their sector volatility. We maintained our modest overweight in Agency Mortgage Backed Securities during the quarter. In our Plus strategies, we maintained our high yield credit exposure as these yield levels continue to offer value.

PIA Investment Strategy Group

INDEX RETURNS	QTD	YTD	1-Year
Bloomberg			
Universal	0.19%	-0.28	3.47%
Aggregate	0.07	-0.71	2.63
Gov-Credit	0.05	-0.68	2.74
Int. Gov-Credit	0.64	0.49	4.19
IG - Corporate	-0.09	-0.49	4.63
Treasury only	0.10	-0.86	1.55
1-3 year Gov	0.91	1.20	4.53
High Yield Corporate	1.09	2.58	10.44

SECTOR RETURNS	QTD	QTD (Excess)	YTD	YTD (Excess)
Treasury (actual returns)	0.10%	——	-0.86%	——
U.S. Agency	0.76	0.13	0.79	0.31
Mortgage Backed Security	0.07	-0.09	-0.98	-0.23
Commercial Mtg Backed Security	0.68	0.24	1.53	1.71
Corporate	-0.09	-0.04	-0.49	0.85
Financials	0.49	0.23	0.85	1.38
Industrials	-0.34	-0.16	-1.11	0.56
Utilities	-0.60	-0.24	-1.36	0.76
AAA-rated	-1.35	-0.58	-2.97	0.09
AA-rated	-0.64	-0.44	-1.62	0.15
A-rated	-0.15	-0.11	-0.70	0.63
BBB-rated	0.08	0.10	-0.06	1.18
High Yield Corporate	1.09	0.36	2.58	1.96

Source: Bloomberg
Excess returns are the return achieved by a security (or portfolio of securities) above the return of a benchmark.

KEY INDICATORS	6/30/24	12/31/23
U.S. $ Index (DXY)	105.87	101.33
Oil (CL1)	81.5	71.7
Commodity Research Bureau (CRB)	290.5	263.8
Gross domestic Product (GDP)	1.4	3.4
Consumer Price Index (CPI)	3.2	3.4
Core CPI (Ex - Food & Energy)	3.8	3.9
Consumer Confidence	104.8	108.0
Unemployment Rate	3.9	3.7
S&P/Case Shiller - Comp - 20	7.4	6.3

Source: Bloomberg

INDEX RETURNS	QTD	YTD	1-Year
Bloomberg			
Global Aggregate	-1.10%	-3.16%	0.93%
Emerging Markets Debt	0.68	2.22	7.95
ICE BofA -1-year T-Note	1.11	1.95	0.92
S&P 500	4.28	15.29	24.54
DJIA	-1.27	4.79	16.02
NASDAQ 100	8.05	17.47	30.77
MSCI EAFE	-0.20	5.78	12.18

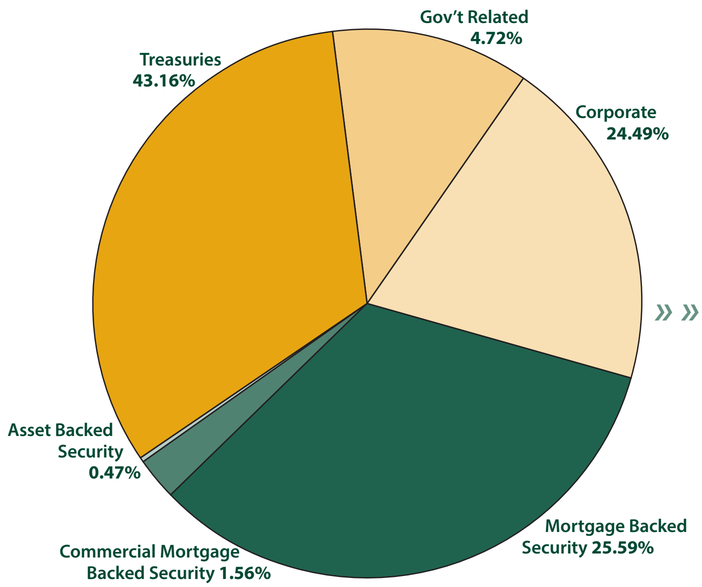
CREDIT SPREADS	6/30/24	3/31/24	12/31/23
All Index Treasuries (yield)	-0.2	-0.9	-0.8
U.S. Agency	26.9	24.3	24.2
Mortgage Backed Security	84.0	82.4	81.3
Commercial Mortgage Backed Security	98.8	97.9	128.3
IG - Corporate	95.6	91.5	100.6
Financials	98.9	97.5	113.6
Industrials	92.1	86.9	92.2
Utilities	105.8	98.9	107.6
AAA-rated	40.2	34.8	38.5
AA-rated	52.0	44.4	48.1
A-rated	81.9	77.8	85.9
BBB-rated	116.4	112.5	123.7
High Yield Corporate	333.3	319.6	346.4

Source: Bloomberg

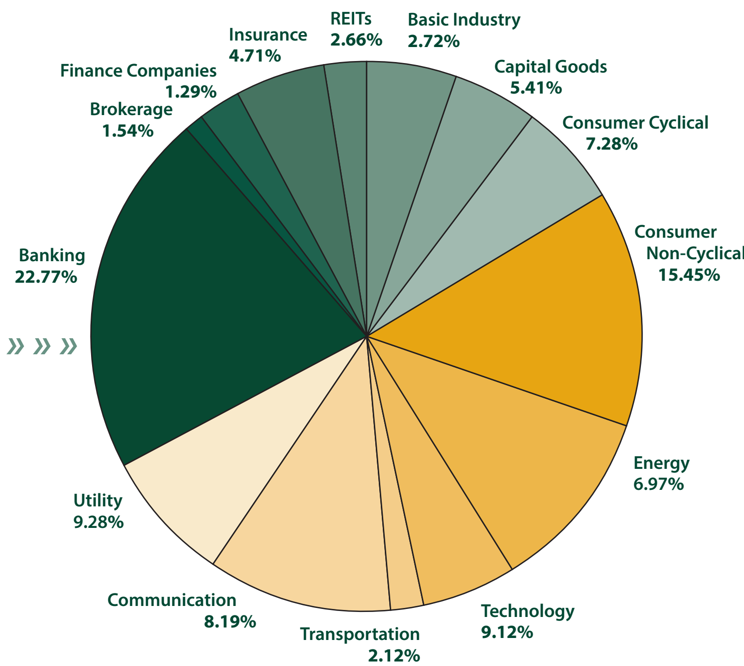
KEY RATES	2Q24	1Q23	4Q23	QTD Return	YTD Return
Fed Funds	5.25-5.5%	5.25-5.5%	5.25-5.5%	n/a	n/a
3-Month LIBOR	5.59	5.56	5.59	n/a	n/a
On-the-Run's					
3 Months	5.36	5.37	5.34	1.32	2.63
6 Months	5.33	5.32	5.26	1.30	2.55
2 Years	4.76	4.62	4.25	0.86	1.07
5 Years	4.38	4.21	3.85	0.42	-0.34
10 Years	4.40	4.20	3.88	-0.30	-1.90
30 Years	4.56	4.34	4.03	-2.09	-5.90

Source: Bloomberg

BLOOMBERG **AGGREGATE**



BLOOMBERG **CORPORATE**



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INDEX DESCRIPTION

Bloomberg U.S. Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment-Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD-denominated, taxable bonds that are rated either investment-grade or below investment-grade. Some U.S. Universal Index constituents may be eligible for one or more of its contributing subcomponents that are not mutually exclusive. These securities are not double-counted in the index.

Bloomberg U.S. Aggregate Bond Index is an unmanaged index that covers the investment grade fixed rate bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. The issues must be rated investment grade, be publicly traded, and meet certain maturity and issue size requirements.

Bloomberg U.S. Government/Credit Bond Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg U.S. Intermediate Government/Credit Bond Index is the Intermediate component of the U.S. Government/Credit index. The Government/Credit Index includes securities in the Government and Credit Indices. The Government Index includes treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (i.e., publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Bloomberg U.S. Corporate Bond Index covers USD-denominated, investment-grade, fixed-rate, taxable securities sold by industrial, utility, and financial issuers. It includes publicly issued U.S. corporate debentures and secured notes that meet specific maturity, liquidity, and quality requirements. Securities in the index roll up to the U.S. Credit and U.S. Aggregate indices. The U.S. Corporate Index was launched on January 1, 1973.

Bloomberg U.S. Treasury Index includes public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. In addition, certain special issues, such as state and local government series bonds (SLGs), as well as U.S. Treasury TIPS, are excluded. STRIPS are excluded from the index because their inclusion would result in double-counting. Securities in the Index roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg U.S. 1-3 Year Government Bond Index consist of securities in the U.S. Government Index with a maturity from 1 up to (but not including) 3 years. Securities issued by the U.S. Government (i.e., securities in the Treasury and Agency Indices). Inclusions: Public obligations of the U.S. Treasury with a remaining maturity of one year or more. Publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government.

ICE BofA 1-Year US Treasury Note Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

Bloomberg Corporate U.S. High Yield Index - covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The Yankee sector has been discontinued as of 7/1/00. The bonds in the former Yankee sector have not been removed from the index, but *have been reclassified into other sectors.*

Bloomberg Global Aggregate Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate Index (USD 300 million), the Pan-European Aggregate Index (EUR 300 million), and the Asian-Pacific Aggregate Index (JPY 35 billion). In addition to securities from these three benchmarks (94.4% of the overall Global Aggregate market value), the Global Aggregate Index includes Global Treasury, Eurodollar (USD 300 million), Euro-Yen (JPY 35 billion), Canadian (CAD 300 million), and Investment-Grade 144A (USD 300 million) index-eligible securities not already in the three regional aggregate indices. The Global Aggregate Index family includes a wide range of standard and customized subindices by liquidity constraint, sector, quality, and maturity. The Global Aggregate Index is a component of the Multiverse Index.

The Bloomberg EM USD Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD denominated debt from sovereign, quasi-sovereign, and corporate EM issuers. The index is broad-based in its coverage by sector and by country, and reflects the evolution of EM benchmarking from traditional sovereign bond indices to Aggregate-style benchmarks that are more representative of the EM investment choice set. Country eligibility and classification as an Emerging Market is rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications. This index was previously called the Barclays US EM Index and history is available back to 1993.

S&P 500 Index – The S&P 500 index includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The Dow Jones Industrial Average (DJIA) is an index used to measure the performance of the U.S. financial markets. Introduced on May 26, 1896 by Charles H. Dow, it is the oldest stock price measure in continuous use. Over the past century "the Dow" has become the most widely recognized stock market indication in the U.S. and probably in the entire world. Most of the stocks included in the index are listed on the New York Stock Exchange, and are all large blue-chip companies that reflect the health of the U.S. economy. All but a handful of these have major business operations throughout the world, thus providing some insight into the economic well-being of the global economy.

The NASDAQ-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. No security can have more than a 24% weighting. The index was developed with a base value of 125 as of February1, 1985. Prior to December 21, 1998 the Nasdaq 100 was a cap-weighted index.

MSCI EAFE Index is a capitalization weighted index that monitors the performance of stocks from Europe, Australiasia, and the Far East.

Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly.

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