the 9:05 Bailard's Quarterly Newsletter Q3 2024

Accounting on You

This quarter, Jon Manchester, CFA, CFP® (Senior Vice President, Chief Strategist, Wealth Management, and Portfolio Manager, Sustainable, Responsible and Impact Investing) takes us on a thoughtful journey through the changing landscape of executive leadership, the ripple effects of Sarbanes-Oxley, and how the Fed's latest moves could realign market dynamics.

Inside this edition:

Economic Brief: Accounting on You 1

Boosting Your Retirement Strategy: When to Consider Roth Conversions 6

'Tis the Season: Maximizing Gifting Exclusions for Family 9

The Beatles occupied the top spot on the Billboard Hot 100 list a record 20 times, all between 1964 and 1970.[1] Their final #1 hit came in June 1970 for a melancholy tune called "The Long and Winding Road." Its release occurred roughly a month after Paul McCartney announced he would take a break—which ultimately proved permanent—from the legendary Liverpudlian group. The song reflected the somber mood of a band searching for an off-ramp following a transformational stretch atop the global charts and consciousness. Their music helped create the zeitgeist of that era and remains relevant 60 years later, but Beatlemania was no more sustainable than any other mania. It weighed heavily on the Fab Four, ultimately fracturing their collective desire to soldier on. They faced shifting agendas and the daily pressure of trying to be The Beatles.

Although on a much different level, Chief Executive Officers (CEOs) have their own journeys down a long and winding road. McCartney said the song was "all about the unattainable; the door you never quite reach… the road that you never get to the end of."[2] Running a Fortune 500 company must feel somewhat the same: you are a temporary caretaker of a business designed to last in perpetuity. Not surprisingly, CEOs tend to have relatively short stays in the hot seat. Spencer Stuart is an executive search and leadership consulting firm based in Chicago, IL. According to its *2023 CEO Transitions* report, the average CEO tenure at a Standard & Poor's 500 (S&P 500) company was 8.9 years as of 2023.[3] In part, tenure is limited by a long-term trend toward an older starting age, with Spencer Stuart noting that in 2023 the average S&P 500 CEO assumed the role at 56.4 years old, an all-time high. Although the vast majority of CEO departures are categorized as planned, so-called "resignations under pressure" jumped from 7% in 2022 to 16% in 2023. Per Spencer Stuart, CEO departures under pressure are more common at the larger S&P 500 companies due to elevated media and investor scrutiny.

To replace these sunsetting CEOs, corporations tend to look internally, and an increasingly popular choice is the Chief Financial Officer (CFO). Across the pond, around a third of FTSE 100 CEOs have previously served as CFOs, up from 21% in 2019.[4] This may be a result of the more expansive role taken on by CFOs, including corporate

1 *"Artists With the Most No. 1 Songs on the Hot 100, From The Beatles to Rihanna & More," www.billboard.com, 4/30/2024.*
2 *"The Long and Winding Road," www.wikipedia.org.*
3 *"2023 CEO Transitions," www.spencerstuart.com, January 2024.*
4 *"Why more CFOs are becoming CEOs," www.ft.com, 3/13/2024.*

strategy, plus the heightened importance of risk management. Some CFOs are even the face of the franchise, so to speak. Long-time Costco Wholesale CFO Richard Galanti recently retired after nearly 40 years on the job. Galanti was the one who met with Wall Street analysts each quarter to review Costco's results, not (former) CEO Craig Jelinek. He also, importantly, spent essentially his entire career reassuring customers that Costco's famous hot dog-and-soda combo meal would stay at $1.50. Beyond serving as an inflation fighter (at least for the revered combo meal), Galanti helped Costco generate a remarkable 17.7% annual return, including dividends, for shareholders over the 38 years spanning 1986-2023. His story is fairly unique, but the CFO as influencer and future CEO seems more common, particularly as the complexity of running multinational corporations only increases.

Mind the GAAP

Perhaps we can trace the rising prominence of the CFO back to the Sarbanes-Oxley Act of 2002. Crafted in response to a series of accounting scandals at Enron, Tyco, and other companies, the Act sought to strengthen accounting practices and oversight. It established the Public Company Accounting Oversight Board (PCAOB), whose charge is to regulate the auditors (that is, audit the auditors), ending a long history of self-regulation for accounting firms offering audit services. Sarbanes-Oxley also requires that the company's principal officers—typically the CEO and CFO—certify and approve their company's financial reports each quarter. Criminal penalties await those who certify falsified reports, including significant monetary fines and/or prison.

The driving purpose of the Act's reforms was to restore investor confidence, especially in periods of economic uncertainty. Co-sponsor Michael Oxley, former U.S. House member from Ohio, later said: "We often think of money as the currency of a free market system, but in truth the system rises and falls on the confidence of its investors. Those who invest capital do so based on an understanding and knowledge of the risks and potential rewards involved."[5] That confidence would be greatly tested once again, of course, during the global financial crisis (GFC) of 2007-08. Unfortunately, these episodes of diminished trust are a seemingly unavoidable facet

The driving purpose of the Act's reforms was to restore investor confidence, especially in periods of economic uncertainty.

of being a long-term investor. On the plus side, reforms are made, lessons are learned (the hard way), and sharp drawdowns in asset values can provide attractive entry points for opportunistic and patient investors.

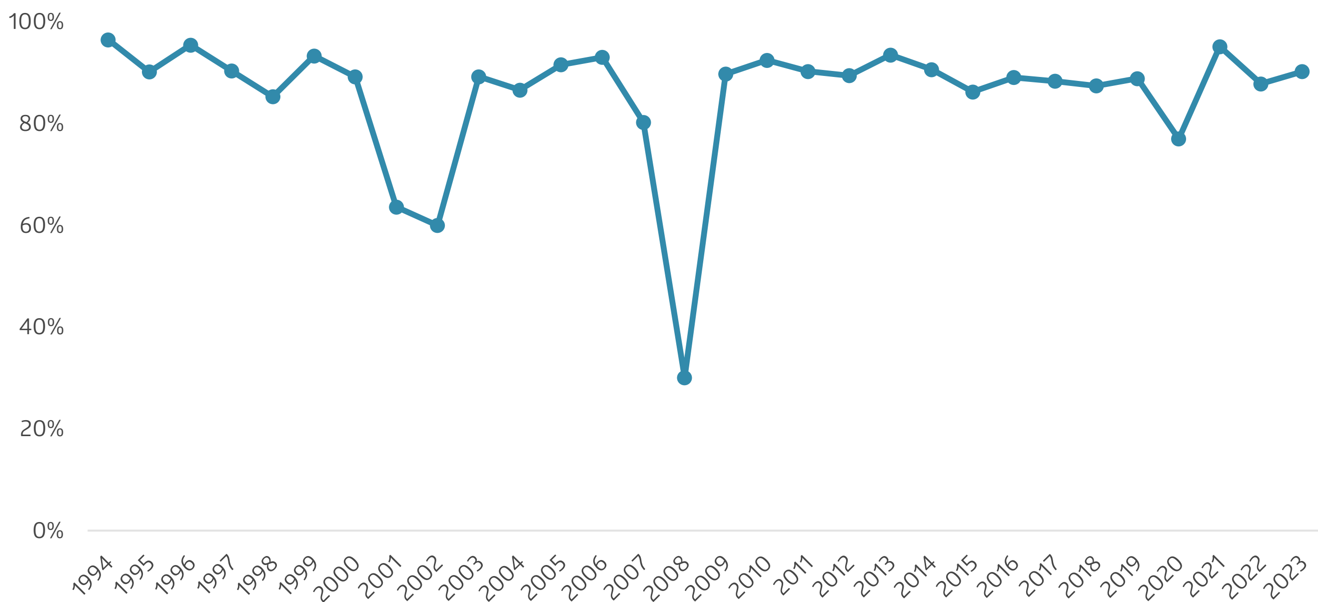
At a high level, one way we can monitor an uptick in strained corporate finances is to compare company earnings calculated using Generally Accepted Accounting Principles (GAAP) versus non-GAAP earnings. With non-GAAP earnings, companies have the latitude to exclude income statement items they consider to be one-time, or nonrecurring. These may include expense items such as restructuring costs or asset write-downs, or a sizeable gain from selling assets. Monitoring the relationship between GAAP and non-GAAP earnings helps us spot signs of financial strain. In periods of economic stress, these numbers tend to deviate, indicating that companies are recording more one-time losses and driving down GAAP earnings, while non-GAAP earnings benefit from excluding those items. In Chart 1 on the following page, the ratio of S&P 500 GAAP earnings per share (EPS) to non-GAAP EPS suffered sharp declines during both the Tech bubble's pop (2000-02) and the credit crisis. Over the last 30 years, the median for this ratio has been roughly 89%. In 2023, the ratio was 90%. This metric appears to be more of a coincident than leading indicator, but it's worth keeping tabs on to gauge whether CFOs, in aggregate, are busier than usual excluding items from the standardized GAAP earnings calculation. Through the first half of 2024, the ratio is inline with that trailing 30-year median number.

T-Bills and Chill

The highly-anticipated Federal Reserve (Fed) pivot finally arrived in mid-September. To the surprise of some Fed

5 "The Sarbanes-Oxley Act of 2002 – Restoring Investor Confidence," www.publications.aaahq.org, 12/1/2007.

Chart 1: Comparing GAAP vs. Non-GAAP Earnings for the S&P 500



Source: S&P Global, 1/1/1994 through 12/31/2023.

watchers, it was a 0.5% (or 50 basis point[6]) cut to the Fed Funds rate, taking the upper end of the target range to 5.0%. Fed Chairman Jerome Powell described it as a "recalibration of our policy…as we begin the process of moving toward a more neutral stance."[7] Members of the Federal Open Market Committee (FOMC) estimated the target rate would drop to 4.4% by year-end 2024, and 3.4% by the end of 2025. With inflation in much better shape—the Consumer Price Index rose 2.5% year-over-year in August—the Fed is now turning its attention to supporting the labor markets by lowering short-term rates. This ongoing tightrope walk by the Fed is an attempt to properly balance its dual mandates of stable prices and maximum employment. Thus far, Chairman Powell has successfully navigated these choppy waters, but we know it's too early to declare victory. If the Fed ends up reducing the target rate by roughly two percentage points while avoiding an economic recession, it would be an outlier over the last few decades. That scale of monetary easing has always been in response to a significant negative shock to the economy.

Markets aren't sure exactly what to make of all this. Risk assets have enjoyed a strongly-positive 2024 to this point, but at the same time, the price of gold has hit new highs and the 10-year U.S. Treasury note yield has fallen from nearly 5% in October 2023 to approximately 3.8% by third quarter-end. There is some logic to this considering the anticipated Fed easing cycle, yet it still feels like investors are hedging bets on both sides of the economic "soft landing" question. One clear repercussion of lower short-term interest rates is a decline in income from money market funds and ultrashort bonds. The short-lived era of 5%-plus yields will come to an end, and in fact rates have already moved significantly lower ahead of the Fed. The "T-Bills and Chill" approach—meaning parking cash in Treasury bills yielding 5% and then sitting back to relax—will need a new moniker. It may end up pushing investors into equities in search of higher returns. Stocks offering higher dividend yields fared well in the third quarter, suggesting the yield-focused crowd might already be moving on.

To complicate things further, the U.S. presidential election looms ahead. If you want to know the winner ahead of time, Comerica Wealth Management's 2024 Election Chartbook points out that the S&P 500's performance for the August through October timeframe has correctly

6 A basis point is 0.01%.
7 "Transcript of Chair Powell's Press Conference," www.federalreserve.org, 9/18/2024

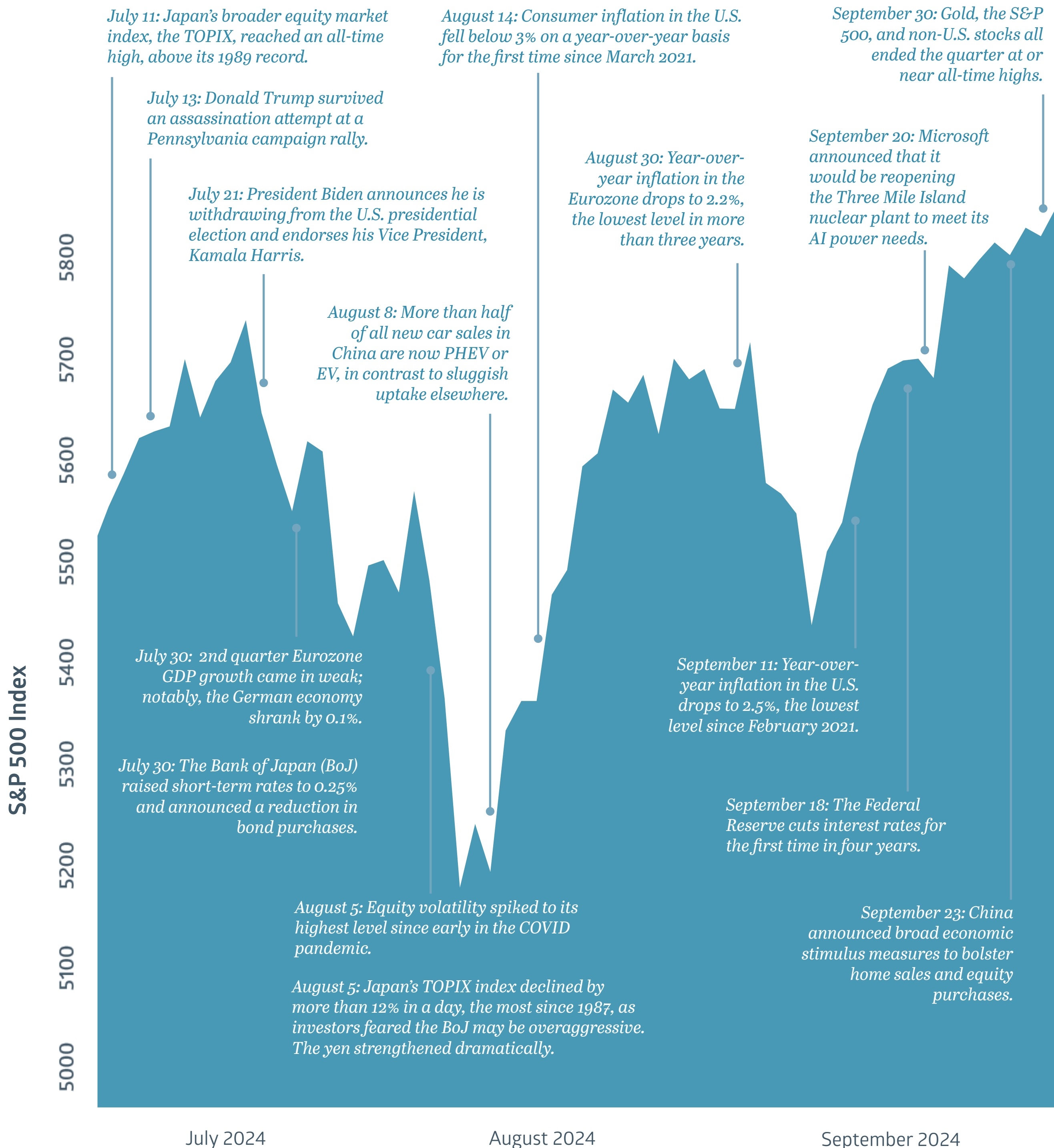
predicted each presidential election since 1984.[8] In years when the S&P 500 Index is positive over those three months, the incumbent party has won. Comerica reasons that equity performance reflects broader economic sentiment, so when voters are satisfied with the economy's direction, they tend to support the status quo. From a bigger picture standpoint, Comerica reminds us to separate our investments and politics, saying elections have little impact on long-term investment returns and that markets tend to do well regardless of which party holds the Oval Office.

So, take a deep breath, we'll get through this. It's a long and winding road, after all. At least, for now, we are passing through an economic landscape of steady growth, tempered inflation, and supportive monetary policy.

8 *"Election Chartbook 2024," www.comerica.com, September 2024*

Q3 2024 World Events

WITH THE S&P 500 INDEX AS THE BACKDROP



Source: Bloomberg, Bailard. ***Past performance is no indication of future results.*** *All investments involve the risk of loss.*

Boosting Your Retirement Strategy: When to Consider Roth Conversions

Join Lena McQuillen, CFP®, Vice President and Director of Financial Planning, in an exploration of how Roth IRA conversations can lower your lifetime tax burden and maximize retirement flexibility.

With the expiration of the Tax Cuts and Jobs Act looming in 2025, many are considering Roth conversions as a savvy move to lock in today's low rates and secure tax-free income in retirement. This strategy not only offers tax-free growth and future tax-free withdrawals, but also eliminates required minimum distributions (RMDs) in retirement. For those looking to reduce their lifetime tax burden and gain more control over their retirement income, Roth conversions can be an appealing solution.

What is a Roth Conversion and How Does it Work?

Traditional IRAs are funded with pre-tax dollars, allowing tax deductions on contributions, while Roth IRAs are funded with after-tax dollars. Both offer the long-term benefit of tax-free growth, but qualified withdrawals from a Roth IRA—including earnings—are tax-free (as long as certain conditions are met).

A Roth conversion involves moving funds from your pre-tax retirement account, such as a Traditional IRA, into a Roth IRA. Though you must pay taxes on the amount converted, the long-term benefit of tax-free growth and withdrawals often outweighs this drawback. Additionally, Roth IRAs do not require RMDs during your lifetime, so your account can continue growing tax-free for as long as you let it. You can convert all or part of your retirement account, allowing you to tailor a strategy based on your current tax situation and long-term financial goals.

What Should You Weigh Before Converting?

Before deciding to convert, it's important to compare your current tax rate to your expected tax rate in retirement. Many people assume they'll be in a lower tax bracket during retirement, but that's not always true. As pre-tax retirement accounts grow, future RMDs—which are taxed as ordinary income—can push you into a higher bracket. Other income sources like Social Security, investment income, and capital gains can further elevate your tax rate.

Also, it's crucial to ensure you have cash available to cover the taxes owed, as the IRS requires you to pay taxes on the converted amount in the year of conversion. Avoid using IRA funds to pay this tax, as this would unnecessarily increase your taxable income and reduce the benefits of the conversion. Instead, consider using cash or assets from a taxable account to cover the tax bill, if it doesn't lead to a much larger capital gains tax.

> *Roth conversions are especially beneficial for retirees in the transition window between stopping work and the start of RMDs.*

Who Might Benefit from a Roth Conversion?

Roth conversions are especially beneficial for retirees in the transition window between stopping work and the start of RMDs. This period often sees a drop in income, making it an ideal time for conversions at a lower tax rate.

If you're still working and anticipate higher future earnings or are in the early stages of your career, you may also benefit from a Roth conversion. Converting your Traditional IRA or employer-sponsored plan while in a lower tax bracket allows you to take advantage of today's lower rates, maximizing tax-free growth and withdrawals in retirement.

The goal is to create a balance between taxable and tax-free accounts, providing more control and flexibility over your finances.

Additionally, consider a Roth conversion during years with significant deductions or tax credits to help offset the income generated by the conversion. Although capital losses can't offset Roth conversion income, strategically choosing favorable tax years (with lower income) can reduce the immediate tax impact while still allowing for long-term tax-free growth.

Who Should Avoid Roth Conversions?

Roth conversions aren't for everyone. If you're nearing or in retirement and plan to use IRA funds for living expenses soon, converting those funds may not make sense. Conversions need time to grow and offset the tax bill.

If charitable giving is a part of your financial plan, keeping your assets in a Traditional IRA may be wiser. Donating directly from a Traditional IRA through a Qualified Charitable Distribution (QCD) satisfies RMD requirements without creating taxable income. Leaving a Traditional IRA to a qualified charity at death allows them to receive the full value tax-free. Converting funds results in unnecessary taxes.

For individuals relying on financial aid or income-based benefits, the increased taxable income from a Roth conversion could affect your eligibility. And for those subject to mandatory RMDs—currently starting at age 73—Roth conversions are not practical as you'd pay taxes on both the RMD and the amount converted, potentially adding an extra tax burden.

Finally, if you're uncomfortable paying the upfront taxes, a Roth conversion may not be right for you.

Looking Beyond the Immediate Tax Impact

For decades, you've been encouraged to save in pre-tax accounts like Traditional IRAs. While this strategy is sound, especially in peak earning years, these accounts grow tax-deferred and can result in significant balances by retirement, particularly when RMDs begin.

Many people focus on the immediate tax hit of a Roth conversion, but it's essential to take a long-term view. Not only will converted funds grow tax-free, but so will their earnings, leading to potentially significant savings over time.

A key benefit of this strategy is tax diversification. Having a mix of Traditional IRAs, Roth IRAs, and taxable accounts provides flexibility in managing your taxes during retirement. While RMDs from Traditional IRAs are taxed as ordinary income, Roth IRAs allow tax-free withdrawals. This diversification gives you more control over your tax exposure and can help you minimize taxes in retirement.

Ultimately, while a Roth conversion might increase your taxes in the year of conversion, it can reduce your overall tax burden over your lifetime. A well-timed, strategic conversion can help manage the taxation of your retirement income and potentially lower your total tax bill in retirement. The goal is to create a balance between taxable and tax-free accounts, providing more control and flexibility over your finances.

Conversion Strategy

A smart approach to Roth conversions is to consider partial or staged conversions over several years. This strategy lets you convert smaller amounts each year based on your tax bracket, helping you avoid moving into a higher tax bracket. By converting just enough each year, you can minimize the immediate tax impact while still reaping the long-term benefits of a Roth IRA.

Is a Roth Conversion Right for You?

Considering a Roth conversion is a significant decision. Work closely with your tax professional and investment counselor to evaluate your situation. Keep in mind that a conversion may impact your adjusted gross income (AGI), potentially reducing deductions or triggering Medicare surcharges. However, don't shy away from the conversion due to these short-term impacts. The tax hike and loss of benefits will only affect you for one year, while the benefits of a Roth IRA—growing tax-free for decades—can far outweigh the temporary drawbacks. By carefully planning and understanding the long-term

implications, you can make a Roth conversion a cornerstone of a more tax-efficient retirement.

Planning Ahead: Maximizing Your 401(k) Strategy

In addition to considering a Roth conversion of your Traditional IRA, it's essential to think about your retirement savings strategy moving forward. In a future article, we'll dive into whether contributing to a Traditional 401(k) or a Roth 401(k) makes the most sense. With numerous recent changes made to retirement plans introduced by the SECURE Act, we'll explore which strategy aligns best with your family's financial goals. Stay tuned as we explore how these factors could shape your retirement savings strategy.

‘Tis the Season: Maximizing Gifting Exclusions for Family

Director of Estate Strategy, Dave Jones, JD, LLM, CFP®, explains how to optimize the impact of your year-end family gifting by leveraging tax exclusions for education, medical expenses, and annual giving.

As we move into the final months of the year, now is an excellent time to review your financial situation and consider opportunities to give to family and loved ones. Thoughtful gifting can not only help support those you care about, but also strengthen relationships and assist in achieving important life goals and objectives. This article explores how you can leverage three key tax exclusions to maximize the impact of your generosity: the annual exclusion, the education exclusion, and the medical exclusion.

Leverage three key tax exclusions to maximize the impact of your generosity:

1 Annual
2 Education
3 Medical

The Annual Exclusion

The foundation of family gifting and wealth transfer is the annual exclusion gift. In 2024, the annual exclusion limit is $18,000 per recipient, meaning you can give up to $18,000 to as many recipients as you wish without reducing your lifetime exemption ($13.61 million in 2024) or incurring federal gift taxes. For married couples, this exclusion doubles to $36,000 per recipient. Annual exclusion gifts typically take three forms: direct gifts, loan forgiveness, or contributions to certain irrevocable trusts. It’s important to consult with your tax advisor about using these strategies for your specific situation and confirm whether they align with broader estate planning goals.

It’s also worth noting that gift recipients are not responsible for paying any gift taxes; the responsibility lies with those making the gift (and only when the giver has exhausted their annual exclusion and lifetime exemption and no other exclusion applies).

1. **Direct Gifts:** The simplest method is giving an outright gift. For example, a parent could write a check to each of their children for $18,000 annually without any tax consequences. As mentioned above, married couples can combine their exclusions to give up to $36,000 per child, doubling the tax-free gift amount. This method can be used to transfer significant wealth when executed over many years.
2. **Loan Forgiveness:** Forgiving a loan, or a portion of it, can be treated as a gift that qualifies for the annual exclusion. If you’ve loaned $50,000 to a family member, you could forgive $18,000 of that loan without incurring taxes. If the loan is forgiven in an amount greater than the annual exclusion, the excess would be applied against your lifetime exemption.
3. **Paying Insurance Premiums:** Another strategic use of the annual exclusion is by paying life insurance premiums on behalf of someone else, typically through an irrevocable life insurance trust (ILIT). An example of this is when a parent or grandparent makes annual gifts to an ILIT, which then pays the life insurance premiums for a policy benefiting their children and/or grandchildren. Properly structured and administered, this can fund life insurance policies while minimizing estate taxes for your heirs.

The Education Exclusion

Another powerful tool is the education exclusion. Federal tax law allows individuals to pay for someone's tuition directly to an educational institution without triggering gift taxes or reducing your lifetime exemption. This exclusion applies to all levels of education, from elementary to graduate school. As long as the payments are made directly to the school, the exclusion applies. However, keep in mind that only tuition qualifies: expenses like books, uniforms, and room and board do not. There is no limit on the amount that can be excluded under this rule.

The Medical Exclusion

The medical exclusion allows you to pay for someone's qualified medical expenses without it counting toward your annual exclusion or lifetime exemption, providing a tax-efficient way to assist loved ones with healthcare costs. Payments must be made directly to the healthcare provider or insurance company, and can include medical treatments, surgeries, dental care, and health insurance premiums. As with any tax strategy, individuals should consult with a tax advisor to ensure compliance and proper implementation of this benefit. Like the education exclusion, there's no limit on the amount you can pay under this rule.

The Annual Exclusion and 529 Plans: A Special Super-Funding Rule

Fortunately, while the education exclusion applies only to tuition, other educational expenses can be covered through contributions to a 529 plan. Qualified expenses generally include room and board, books, supplies, computers and technology, special needs expenses, and even K-12 tuition and apprenticeship programs. A key tax advantage of 529 plans is the ability to "front-load" contributions by using up to five years' worth of annual exclusion amounts at once. For example, you can contribute $90,000 to a 529 plan in 2024 and spread the gift over five years for tax purposes, provided you make the proper election on a timely filed gift tax return. For married couples, this amount can be doubled to $180,000.

Combine Gift Exclusions for Maximum Impact

1. **Gifting to a Grandchild in College:** Imagine you have a grandchild who is living in Los Angeles, has $50,000 in tuition expenses each year, and has regular medical needs. In this scenario, you could pay some or all of the tuition expenses directly to the university, assist with room and board through annual exclusion gifts, and cover their medical expenses using the medical exclusion—all without triggering gift taxes or reducing your lifetime exemption.
2. **Helping an Entrepreneur Child:** Now suppose your child is starting a business and facing lean years. They have high-deductible health insurance, do not own a home yet, and your two grandchildren are in private elementary school. You could use the medical exclusion to pay for better health coverage, and loan funds for a down payment on a home. Over time, you could forgive portions of the loan using some or all of the annual exclusion. Finally, you could cover private school tuition for your grandchildren using the education exclusion.

With the holiday season on the horizon, it's the perfect time to consider how strategic gifting can align your generosity with your family's needs while preserving your wealth. Whether you're making a direct gift, helping with tuition, or covering medical expenses, these gifting strategies can be tailored to fit a wide range of family situations and financial goals. By working with a tax advisor, you can ensure that your gifts are implemented effectively, maximizing their financial and personal impact—making this season one of lasting significance for those you care about.

Market Performance
As of September 30, 2024

U.S. Interest Rates	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Cash Equivalents				
90-Day Treasury Bills	5.22%	5.38%	5.32%	4.59%
Federal Funds Target	5.50%	5.50%	5.50%	5.00%
Bank Prime Rate	8.50%	8.50%	8.50%	8.00%
Money Market Funds	5.32%	5.29%	5.28%	4.88%
Bonds				
10-Year U.S. Treasury	4.05%	4.30%	3.98%	3.78%
10-Year AA Municipal	2.46%	2.71%	3.08%	2.77%

U.S. Bond Market Total Returns (US$) through 9/30/2024	QUARTER	SIX MONTHS	YEAR TO DATE	ONE YEAR
U.S. Bonds				
Bloomberg U.S. Treasury Index	4.74%	4.84%	3.84%	9.72%
Bloomberg U.S. Corporate Index	5.84%	5.74%	5.32%	14.28%
Bloomberg U.S. Aggregate Index	5.20%	5.26%	4.45%	11.57%
Bloomberg U.S. 1-15 Municipal Blend Index	2.61%	2.26%	1.96%	8.47%

Global Stock Market Total Returns (US$) through 9/30/2024	QUARTER	SIX MONTHS	YEAR TO DATE	ONE YEAR
U.S. Stocks				
S&P 500 Index	5.89%	10.42%	22.08%	36.33%
Morningstar U.S. Small Value Index	9.69%	4.01%	8.83%	25.58%
Morningstar U.S. Small Growth Index	7.01%	5.33%	10.90%	26.95%
Morningstar U.S. Large Growth Index	2.22%	7.05%	17.31%	35.76%
Morningstar U.S. Large Value Index	8.67%	8.03%	17.64%	27.07%
International Stocks				
MSCI EAFE (Europe, Australasia, Far East) Index, net dividends	7.26%	6.81%	12.99%	24.77%
MSCI Emerging Markets, net dividends	8.72%	14.16%	16.86%	26.05%

Alternatives (US$) through 9/30/2024	QUARTER	SIX MONTHS	YEAR TO DATE	ONE YEAR
NFI-ODCE Index*	-0.45%	-0.90%	-3.25%	-3.09%
Gold Spot	13.23%	18.15%	27.71%	42.52%
WTI (West Texas Intermediate) Crude Oil	-16.40%	-18.04%	-4.86%	-24.91%

**Q3 2024 data not yet released. The third quarter return assumed to be same as the Q2 2024 return.*

Sources: FactSet, the National Council of Real Estate Investment Fiduciaries, ICE.
Past performance is no indication of future results. *All investments have the risk of loss.*

ABOUT *THE 9:05*

Since 1978, we've held a weekly company-wide meeting during which we talk about the prior week's activities and those anticipated in the week to come. We refer to this meeting, which begins just after nine each Monday morning, as "the 9:05." Just as the 9:05 enables us to share our knowledge and insights with each other, this newsletter provides us with a valuable means of communicating with our clients. Hence its title: *the 9:05*.

Disclosures

The information in this publication is based primarily on data available as of September 30, 2024 and has been obtained from sources believed to be reliable, but its accuracy, completeness, and interpretation are not guaranteed. We do not think it should necessarily be relied on as a sole source of information and opinion.

This publication has been distributed for informational purposes only and is not a recommendation of, or an offer to sell or solicitation of an offer to buy any particular security, strategy, or investment product. It does not take into account the particular investment objectives, financial situations, or needs of individual clients. Neither Bailard nor any employee of Bailard can give tax or legal advice. The contents of this document should not be construed as, and should not be relied upon for, tax or legal advice. Any references to specific securities are included solely as general market commentary and were selected based on criteria unrelated to Bailard's portfolio recommendations or the past performance of any security held in any Bailard account. All investments have risks, including the risks that they can lose money and that the market value will fluctuate as the stock and bond markets fluctuate. There is no guarantee that any investment strategy will achieve its objectives. Charts and performance information portrayed in this newsletter are not indicative of the past or future performance of any Bailard product, strategy, or account unless otherwise noted. Market index performance is presented on a total return basis (assuming reinvestment of dividends) unless otherwise noted. ***Past performance is no guarantee of future results. All investments have the risk of loss.*** This publication contains the current opinions of the authors and such opinions are subject to change without notice. Bailard cannot provide investment advice in any jurisdiction where it is prohibited from doing so.

the 9:05 is published four times a year by Bailard, Inc., 950 Tower Lane, Suite 1900, Foster City, California 94404-2131. (650) 571-5800. www.bailard.com. Publication dates vary depending upon the availability of critical data, but usually fall in the first month of each new quarter.

Bailard

© 2024 BAILARD, INC. FOSTER CITY, CALIFORNIA

Printed on 100% postconsumer waste (pcw) fiber