Mercer

welcome to brighter

# Monthly Capital Market Monitor

## December 2024

A business of Marsh McLennan

# Monthly Capital Market Monitor

## December 2024

## Strong year finishes on weak note as Fed tempers rate cut expectations for 2025

Returns were generally negative for both equities and fixed income in December. US equities underperformed both international and emerging market equities. Large caps outperformed small caps while growth outperformed value respectively by significant margins.

Even without a Santa rally in 2024, equity markets finished another extraordinarily strong year with double digit returns for the MSCI ACWI, led by US equities significantly outperforming non-US, which posted only low single digit returns. Once again, growth outperformed value and large cap outperformed small cap respectively by a wide margins.

After another widely anticipated 25-bps rate cut in December, the Fed signaled the possibility that during 2025 rates will be cut at a slower pace than previously priced in, as inflation remains sticky while potential tariffs and immigration restrictions add to upside inflation risks. Therefore, bond yields rose materially over the month and the US dollar rallied. Even as 2024 saw the initiation of a global monetary easing cycle, rates were cut by less and later than expected at the beginning of 2024 with longer-dated global yields ending the year higher than where they started. For 2024, fixed income still delivered single digit positive performance except for longer duration as high coupons offset price declines from rising yields.

Economic data indicated a solid economy. The US non-farm payrolls increased to 227k, caused by the reversal of both labor strikes and hurricane related impacts. Unemployment rose marginally to 4.2%. Consumer sentiment, measured by the University of Michigan survey, rose again. The 1-year inflation survey also increased as consumers expect inflation to be stickier. After a solid 2024, investors' expectations are sticking to the soft-landing narrative going into 2025 despite the growing inflation risks.

Headline inflation in the US rose for the second consecutive month to 2.7% year-over-year as of November, in-line with expectations but the second consecutive increase in eight months. Headline inflation in other developed markets also continued to increase for November. The ECB joined the Fed in cutting rates while the BOE and BOJ held rates at current levels.

Political uncertainty resurfaced across Europe after both the German and French governments fell. In the Middle East, the Syrian dictator Assad was ousted after a long civil war. Continued uncertainty across the Middle East led to an increase in oil prices by about 6% over the month, however oil remained almost flat for 2024. At the end of 2024, the United States said goodbye to former President Jimmy Carter, who passed away at the age of 100.

The US dollar strengthened meaningfully against all major developed currencies in December as expectations of future rate cuts in the US were tempered, finishing the year on a very strong note. Rate-sensitive real assets such as global REITs and listed infrastructure underperformed global equities in December and for 2024. Commodity performance was positive in December as oil prices increased but remained far behind US equities for the full year. Gold fell for the month and quarter as real yields rose, but 2024 was its best performing year since 2010 as gold even outperformed the S&P 500 in 2024.

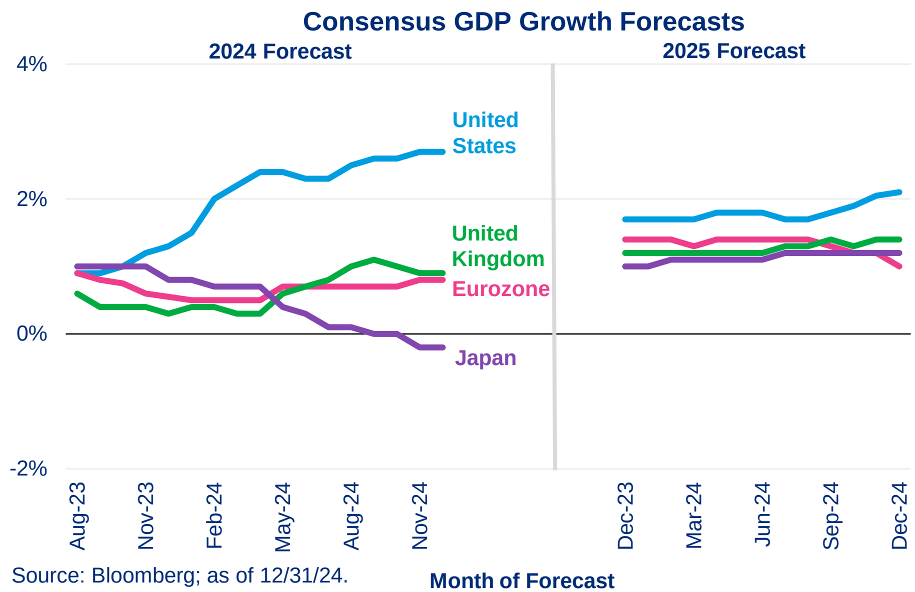
### At a Glance
### Market Returns in % as of end of December 2024 in USD

| Major Asset Class Returns | 1M | 3M | YTD | 1Y |
|---|---|---|---|---|
| MSCI ACWI | -2.4% | -1.0% | 17.5% | 17.5% |
| S&P 500 | -2.4% | 2.4% | 25.0% | 25.0% |
| Russell 2500 | -7.5% | 0.6% | 12.0% | 12.0% |
| MSCI EAFE | -2.3% | -8.1% | 3.8% | 3.8% |
| MSCI EM | -0.1% | -8.0% | 7.5% | 7.5% |
| Bloomberg US Treasury | -1.5% | -3.1% | 0.6% | 0.6% |
| Bloomberg US Credit | -1.9% | -3.0% | 2.0% | 2.0% |
| Bloomberg US Credit Long | -4.3% | -6.3% | -2.0% | -2.0% |
| Bloomberg US Aggregate | -1.6% | -3.1% | 1.3% | 1.3% |
| Bloomberg US TIPS | -1.6% | -2.9% | 1.8% | 1.8% |
| Bloomberg US High Yield | -0.4% | 0.2% | 8.2% | 8.2% |
| FTSE WGBI | -2.3% | -5.4% | -2.9% | -2.9% |
| JPM GBI-EM Global Diversified | -2.2% | -7.3% | -5.4% | -5.4% |
| NAREIT Equity REITs | -8.0% | -8.2% | 4.9% | 4.9% |
| NAREIT Global REITs | -6.9% | -9.5% | 2.0% | 2.0% |
| FTSE Global Core Infrastructure 50/50 | -5.8% | -5.5% | 10.5% | 10.5% |
| Bloomberg Commodity TR | 1.0% | -0.4% | 5.4% | 5.4% |

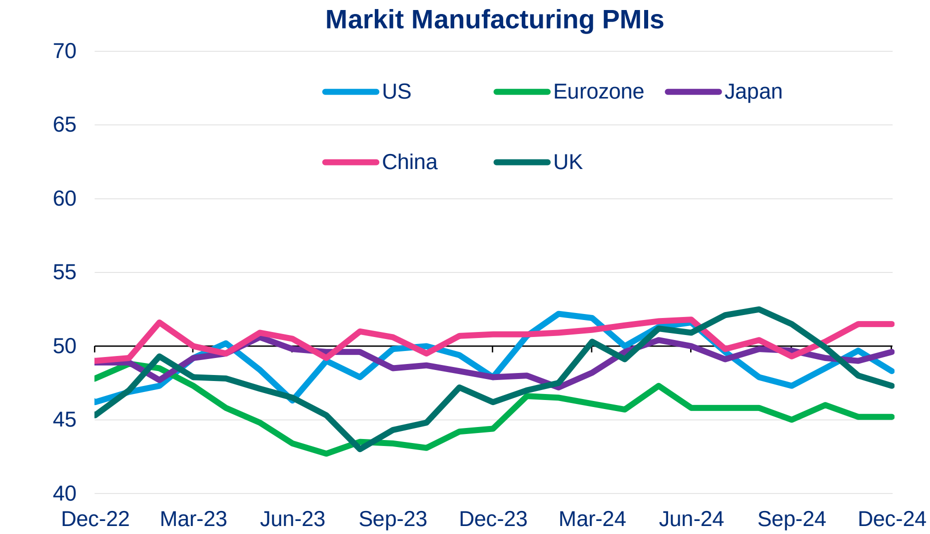
*Source: Refinitiv; as of 12/31/24.*

*Past performance is no guarantee of future results*

# Economic growth and inflation

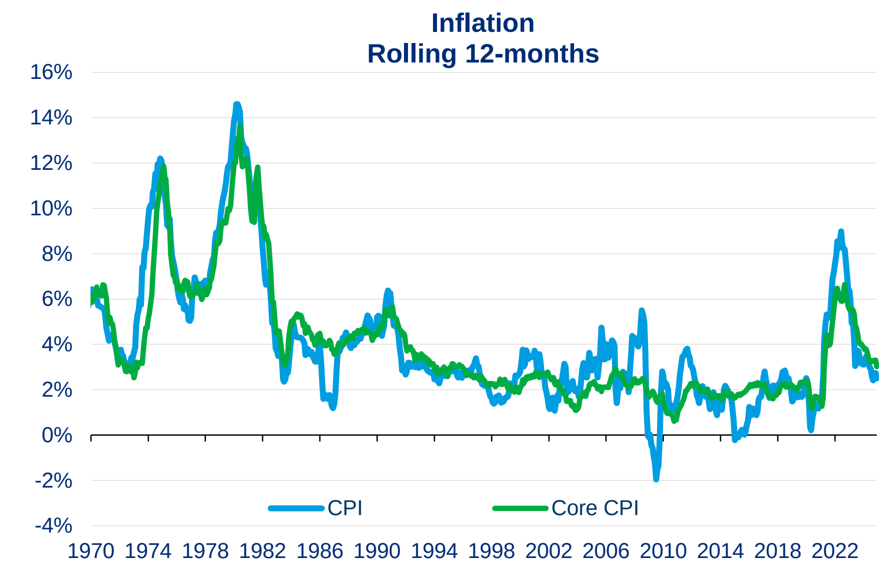



Source: Bloomberg; as of 12/31/24.

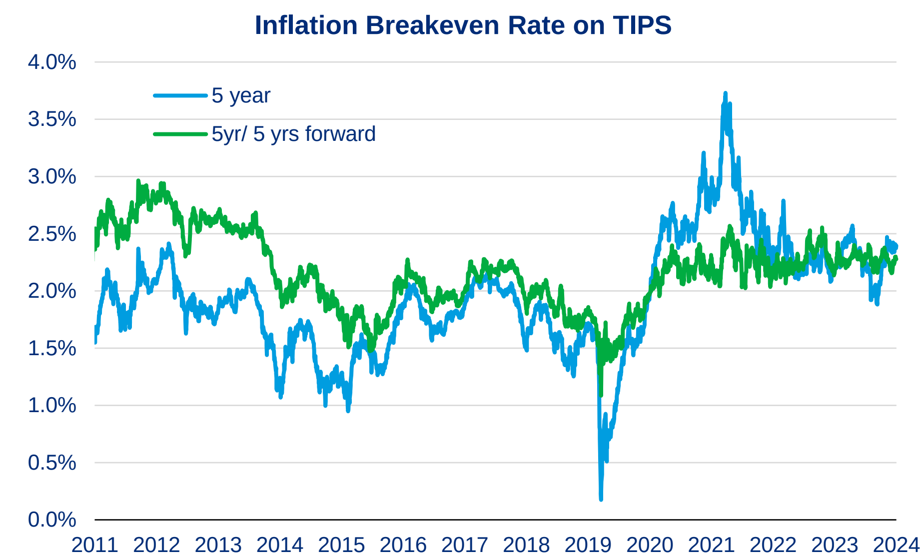



Source: Bloomberg; as of 12/31/24.

Forecasts provided by third party economists, there can be no guarantee that these forecasts will be accurate.



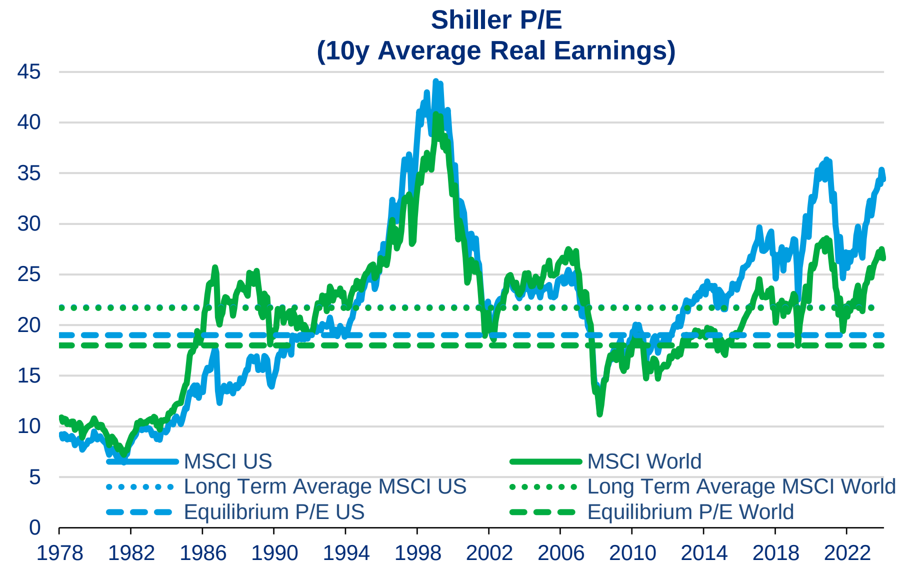

Source: Bloomberg; through 12/31/24.



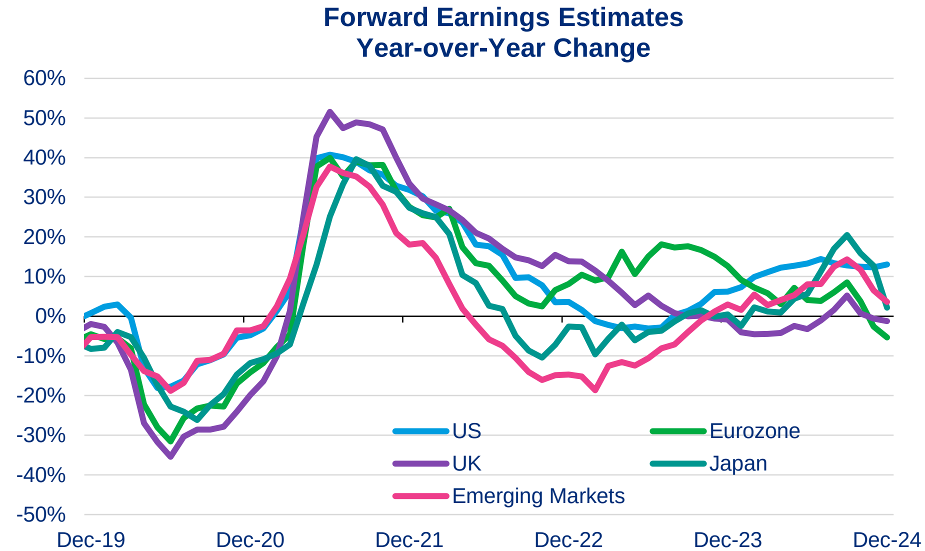

Source: Bloomberg, through 12/31/24.

# US underperforms international and emerging market equities

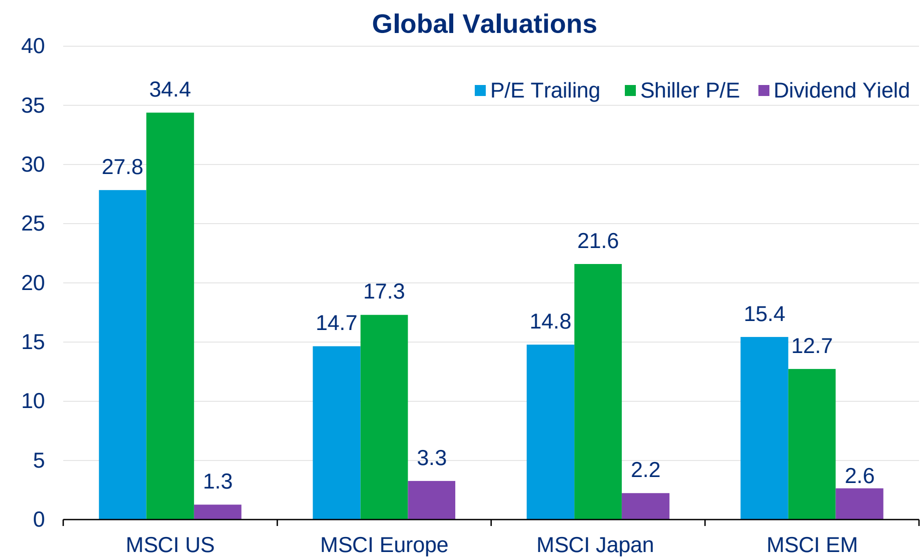
- Global equities returned -2.4% in December, with US equities underperforming both international and emerging market equities due to a negative market reaction to the Fed tempering rate cut expectations for 2025.
- Growth equities significantly outperformed value (as measured by the Russell 3000). Technology and consumer discretionary were the only sectors to deliver positive returns. Basic materials and energy were the weakest performing sectors.
- Poor performance for international developed markets was driven by weak performance in Europe amid political uncertainty, while Australia saw deeply negative returns. International equities were significantly down in USD terms due to the strengthening dollar, which was the main contributor to negative returns for unhedged USD investors.
- Emerging markets returned 1.2% in local currency terms (-0.1% in USD) with the stronger dollar being a headwind for unhedged investors. Major EM countries, especially China and Taiwan had positive returns offsetting deep negative performance in India, Brazil and Korea.
- Earnings season showed solid results from US companies. For Q4 2024, the estimated year-over-year earnings growth rate for the S&P 500 is 11.9%[1].




Source: Refinitiv, Bloomberg; as of 12/31/2024. CAPE calculations do not include historic trend adjustment to earnings growth. The dotted lines represent the historical average CAPE from 12/31/1978 – 12/31/2024. They are close to the same for US and World.




Source: Refinitv, as of 12/31/24.

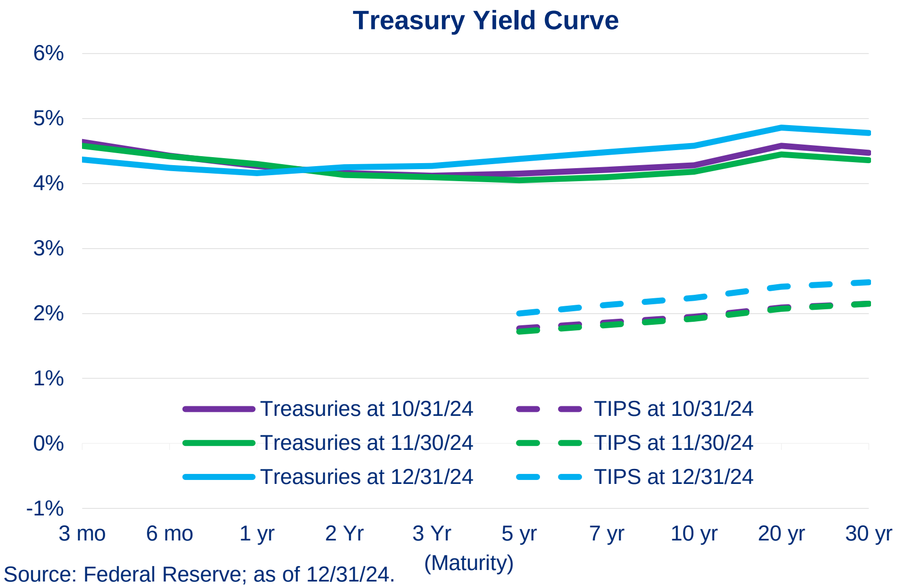



Source: Refinitv, Bloomberg; as of 12/31/24.

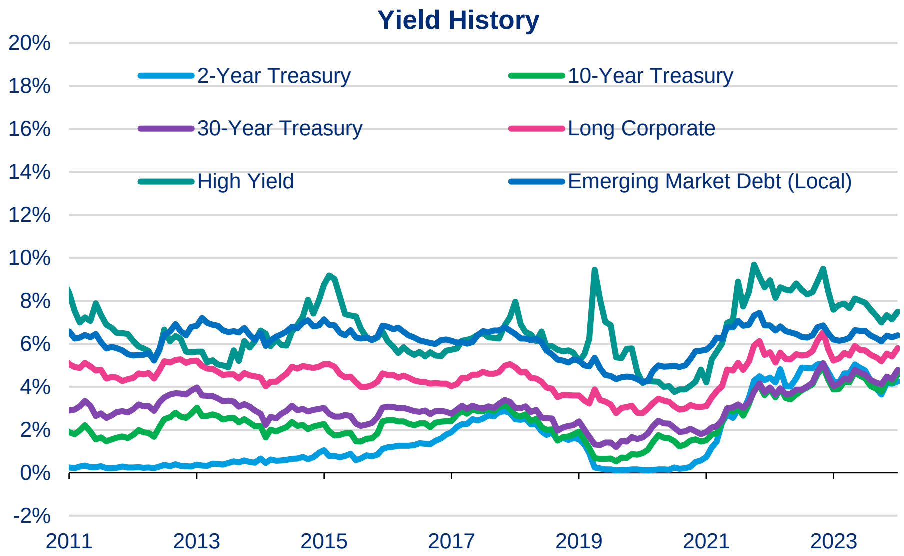
[1]Source: FactSet.

# Rising yields lead to negative fixed income returns

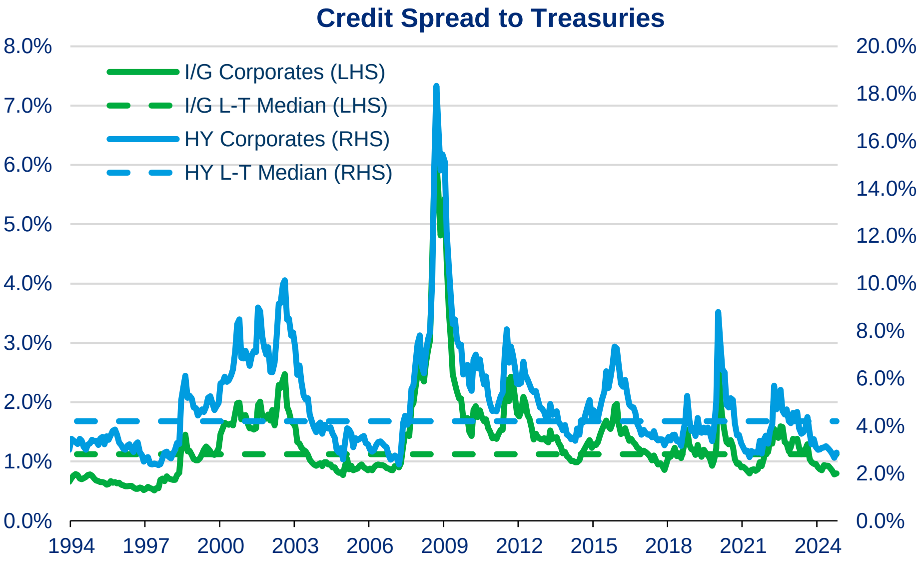
- Fixed income, as measured by the Bloomberg US Aggregate Index, returned -1.6% in December as yields rose across the curve. Yields rose amidst tempered rate cut expectations by the Fed for 2025, facing sticky inflation and increased medium-term inflation risk.
- The US, UK, German, and Japanese, 10-year yields rose by 40, 33, 28, and 4, respectively, while Australian yields were flat[1].
- Credit spreads widened, particularly for high yield, but remain at historically tight levels. US investment grade and high yield both had negative returns due to both rising yields and spreads.
- Hard currency outperformed local currency emerging market debt due to US dollar appreciation over the month even though both had negative returns in absolute terms.




Source: Federal Reserve; as of 12/31/24.




Source: Bloomberg, Federal Reserve; as of 12/31/24.

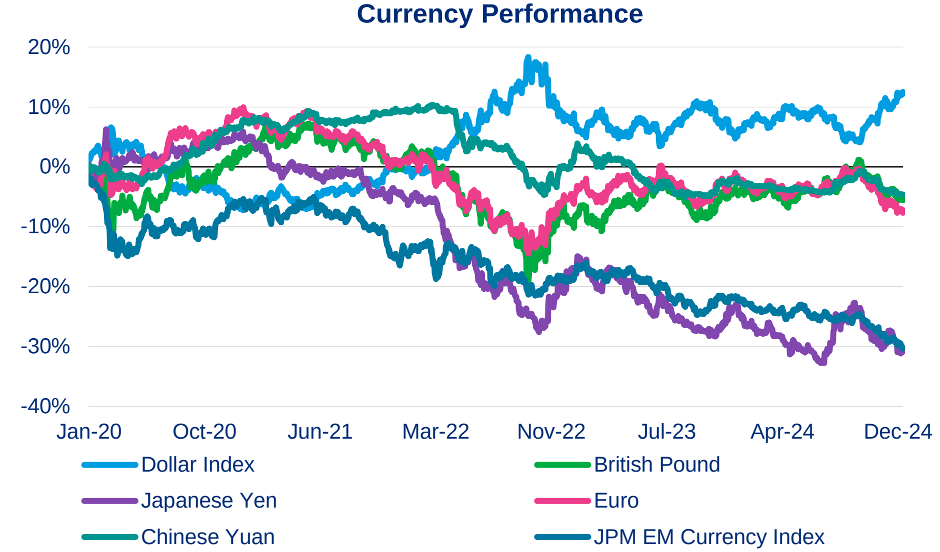



Source: Bloomberg; as of 12/31/24.

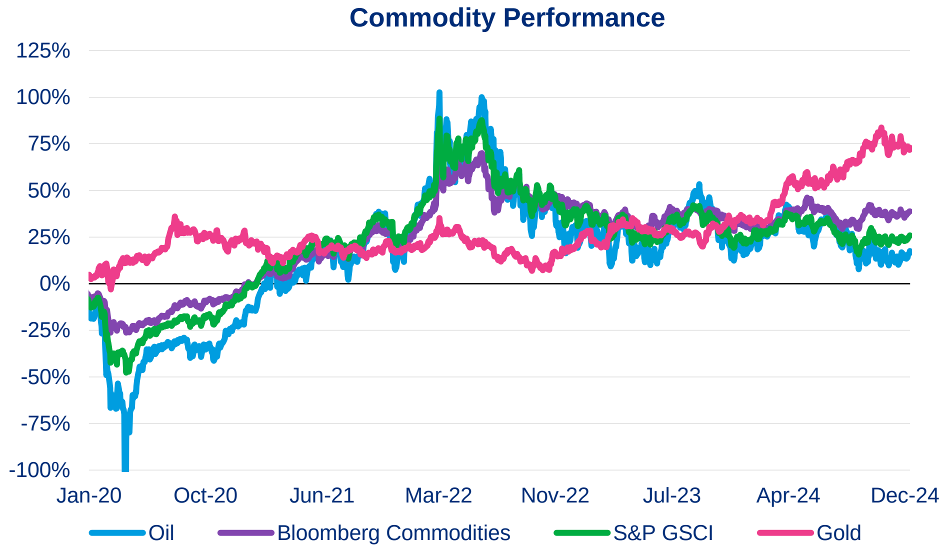
[1]Source: Refinitiv and US Treasury. Data as of 12/31/24

# Listed real assets and commodities weak, dollar strong

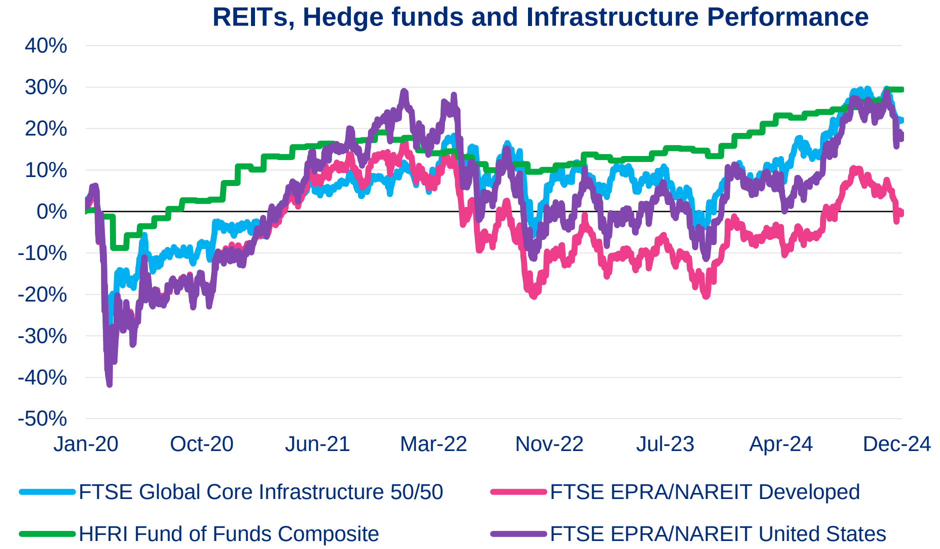
- Global REITs and listed infrastructure posted negative returns and underperformed broad market global equities given their higher rate sensitivity.
- Commodity returns were low but positive. Oil was up as events in Syria reminded investors of geopolitical uncertainty in the key production region. Natural resource equities, on the other hand, had weak returns and underperformed broad market equities by a wide margin.
- Gold's negative return of -1.5% was driven by a stronger dollar and rising real yields even though 2024 was its best year in more than a decade.
- The US dollar strengthened against almost all major developed and emerging market currencies as US yields rose in response to the Fed's December meeting and revised dot plot chart. Expectations of stronger economic growth, tax cuts, deregulations and the possibility of tariffs were also major tailwinds for the US dollar. For 2024, US dollar appreciated by mid-single to double digits against major global currencies.




Source: Bloomberg; as of 12/31/24. Cumulative returns since Jan 2020.

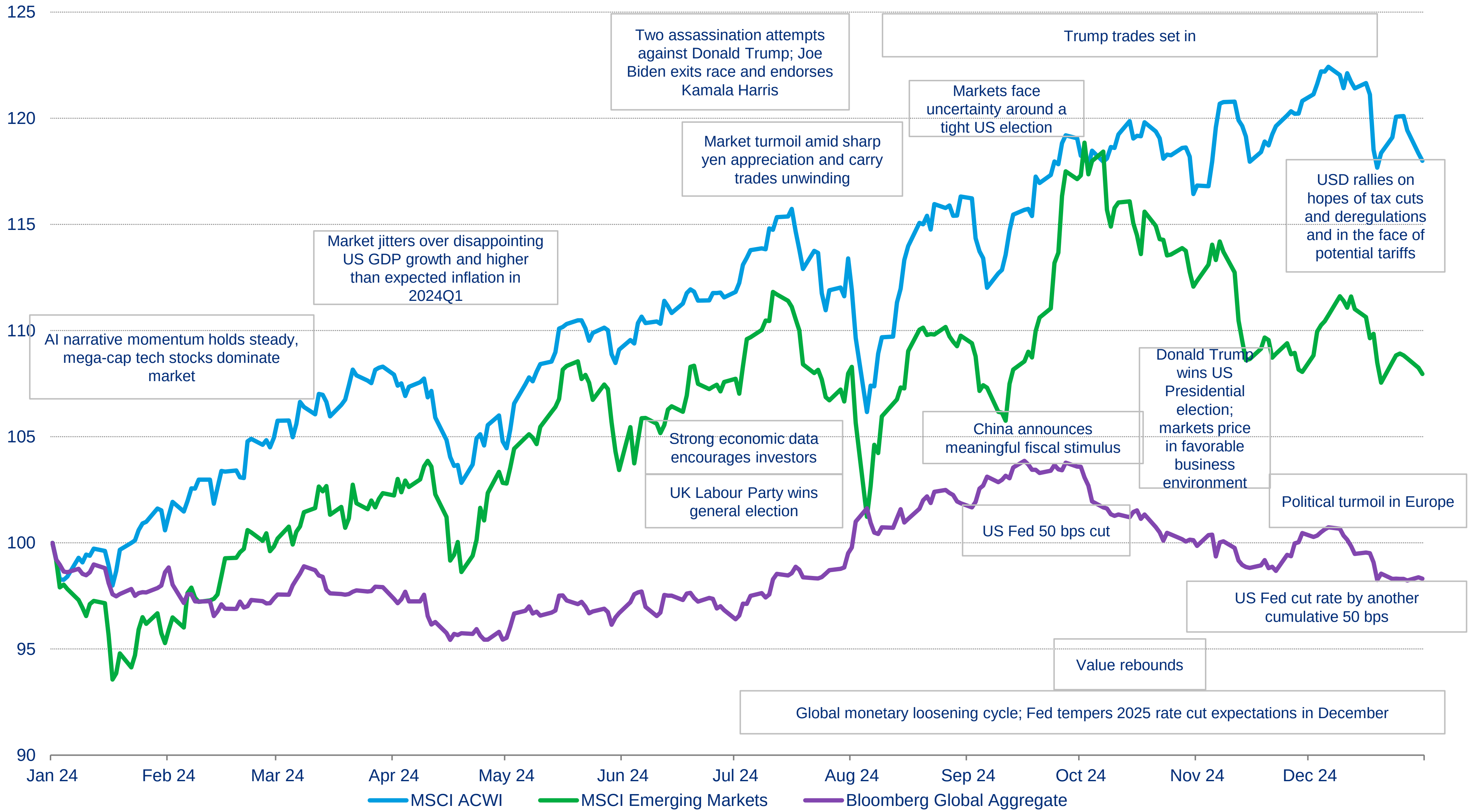



Source: Bloomberg; as of 12/31/24. Cumulative returns since Jan 2020.




Source: Bloomberg; as of 12/31/24. Cumulative returns since Jan 2020.

# 2024 in Review
# Markets and major developments




*Source: Refinitiv and Mercer Research; as of 12/31/24*

*All indices in USD. Total return indices for MSCI ACWI, S&P 500, MSCI EAFE, MSCI Emerging Markets and Bloomberg US Aggregate. Price returns for NASDAQ.*

*Note: For visual reasons, events might not exactly pinpoint to the day they actually happened.*
*We do not imply a direct causal relationship between market movements and every single event.*

# Valuations and yields

## Ending December 31, 2024

### Valuations

| MSCI USA | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 |
|---|---|---|---|---|
| Index Level | 26834.0 | 26105.7 | 24644.7 | 23686.9 |
| P/E Ratio (Trailing) | 27.8 | 27.3 | 26.4 | 26.2 |
| CAPE Ratio | 34.4 | 34.3 | 32.9 | 32.3 |
| Dividend Yield | 1.3 | 1.3 | 1.3 | 1.4 |
| P/B | 5.1 | 5.2 | 5.0 | 4.9 |
| P/CF | 21.9 | 19.8 | 19.0 | 18.0 |

| MSCI EAFE | 12/31/2024 | 9/301/2024 | 6/30/2024 | 3/31/2024 |
|---|---|---|---|---|
| Index Level | 8081.6 | 8795.2 | 8199.7 | 8234.3 |
| P/E Ratio (Trailing) | 15.1 | 15.5 | 15.3 | 15.7 |
| CAPE Ratio | 15.9 | 17.6 | 16.8 | 16.9 |
| Dividend Yield | 3.1 | 3.0 | 3.0 | 2.9 |
| P/B | 1.8 | 2.0 | 1.9 | 1.9 |
| P/CF | 10.1 | 13.0 | 12.0 | 10.3 |

| MSCI EM | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 |
|---|---|---|---|---|
| Index Level | 573.9 | 623.8 | 573.8 | 546.5 |
| P/E Ratio (Trailing) | 15.4 | 16.3 | 16.0 | 15.6 |
| CAPE Ratio | 12.7 | 14.0 | 13.0 | 12.3 |
| Dividend Yield | 2.6 | 2.5 | 2.6 | 2.8 |
| P/B | 1.7 | 1.9 | 1.7 | 1.6 |
| P/CF | 6.9 | 8.9 | 9.6 | 8.3 |

*Source: Bloomberg, Thomson Reuters Datastream*
*Past performance is no guarantee of future results*

### Yields

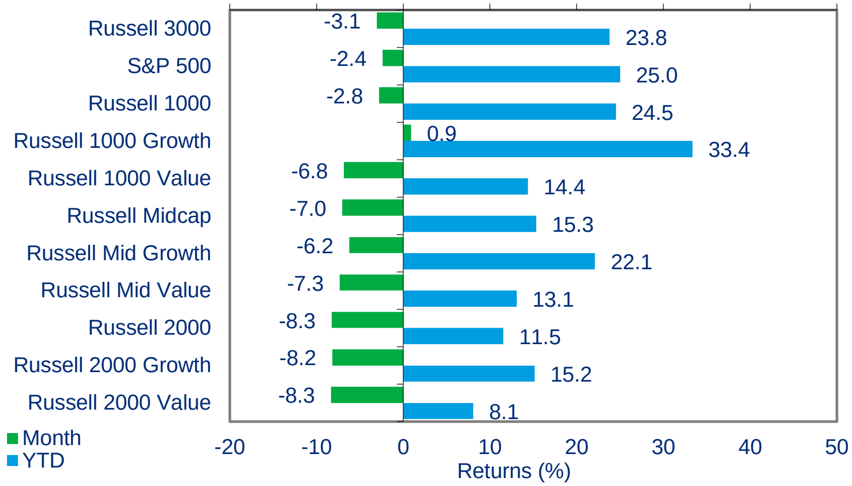
| Global Bonds | 12/31/2024 | 9/30/2024 | 6/30/2024 | 3/31/2024 |
|---|---|---|---|---|
| Germany – 10Y | 2.37 | 2.12 | 2.50 | 2.30 |
| France – 10Y | 3.20 | 2.92 | 3.30 | 2.81 |
| UK – 10Y | 4.57 | 4.00 | 4.17 | 3.93 |
| Switzerland – 10Y | 0.33 | 0.41 | 0.60 | 0.69 |
| Italy – 10Y | 3.52 | 3.45 | 4.07 | 3.68 |
| Spain – 10Y | 3.06 | 2.93 | 3.42 | 3.16 |
| Japan – 10Y | 1.10 | 0.86 | 1.06 | 0.73 |
| Euro Corporate | 3.18 | 3.22 | 3.82 | 3.66 |
| Euro High Yield | 6.03 | 6.29 | 7.02 | 7.72 |
| EMD ($) | 8.23 | 7.78 | 8.49 | 7.23 |
| EMD (LCL) | 7.12 | 6.65 | 7.18 | 6.81 |
| **US Bonds** | **12/31/2024** | **9/30/2024** | **6/30/2024** | **3/31/2024** |
| 3-Month T-Bill | 4.37 | 4.73 | 5.48 | 5.46 |
| 10Y Treasury | 4.58 | 3.81 | 4.36 | 4.20 |
| 30Y Treasury | 4.78 | 4.14 | 4.51 | 4.34 |
| 10Y TIPS | 2.24 | 1.63 | 2.08 | 1.88 |
| 30Y TIPS | 2.48 | 1.96 | 2.23 | 2.07 |
| US Aggregate | 4.91 | 4.23 | 5.00 | 4.85 |
| US Treasury | 4.45 | 3.76 | 4.57 | 4.43 |
| US Corporate | 5.33 | 4.72 | 5.48 | 5.30 |
| US Corporate High Yield | 7.49 | 6.99 | 7.91 | 7.66 |

*Source: Bloomberg, Thomson Reuters Datastream*

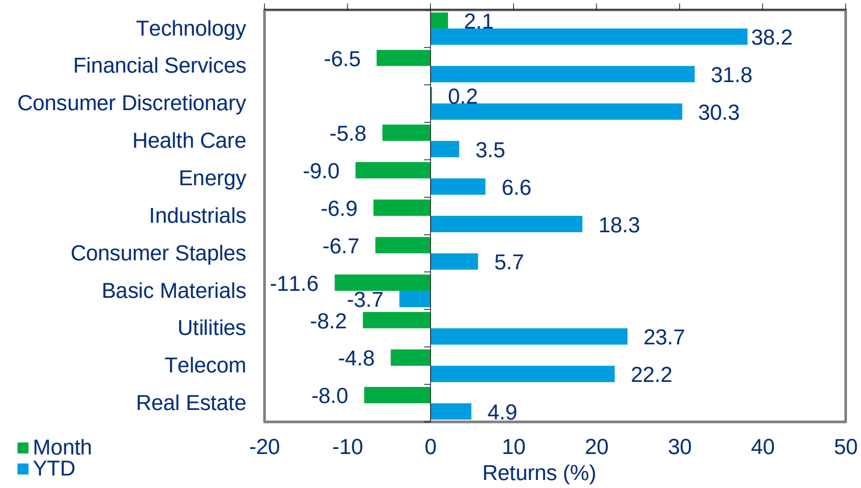
# Performance summary

## US Equity ending December 31, 2024

### Style and Capitalization Market Performance




### Russell 1000 Sector Performance




| Index Returns | 1 Mth | 3 Mth | YTD | 1 Year | 2 Years | 3 Years | 5 Years | 7 Years | 10 Years | 20 Years | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S&P 500 | -2.4 | 2.4 | 25.0 | 25.0 | 25.7 | 8.9 | 14.5 | 13.8 | 13.1 | 10.4 | 25.0 | 26.3 | -18.1 | 28.7 | 18.4 |
| Russell 3000 | -3.1 | 2.6 | 23.8 | 23.8 | 24.9 | 8.0 | 13.9 | 13.2 | 12.5 | 10.2 | 23.8 | 26.0 | -19.2 | 25.7 | 20.9 |
| Russell 3000 Growth | 0.4 | 6.8 | 32.5 | 32.5 | 36.8 | 9.9 | 18.2 | 17.4 | 16.2 | 12.3 | 32.5 | 41.2 | -29.0 | 25.8 | 38.3 |
| Russell 3000 Value | -6.9 | -1.9 | 14.0 | 14.0 | 12.8 | 5.4 | 8.6 | 8.3 | 8.4 | 7.8 | 14.0 | 11.7 | -8.0 | 25.4 | 2.9 |
| Russell 1000 | -2.8 | 2.7 | 24.5 | 24.5 | 25.5 | 8.4 | 14.3 | 13.6 | 12.9 | 10.4 | 24.5 | 26.5 | -19.1 | 26.5 | 21.0 |
| Russell 1000 Growth | 0.9 | 7.1 | 33.4 | 33.4 | 37.9 | 10.5 | 19.0 | 18.1 | 16.8 | 12.6 | 33.4 | 42.7 | -29.1 | 27.6 | 38.5 |
| Russell 1000 Value | -6.8 | -2.0 | 14.4 | 14.4 | 12.9 | 5.6 | 8.7 | 8.4 | 8.5 | 7.9 | 14.4 | 11.5 | -7.5 | 25.2 | 2.8 |
| Russell Midcap | -7.0 | 0.6 | 15.3 | 15.3 | 16.3 | 3.8 | 9.9 | 9.6 | 9.6 | 9.6 | 15.3 | 17.2 | -17.3 | 22.6 | 17.1 |
| Russell Mid Growth | -6.2 | 8.1 | 22.1 | 22.1 | 24.0 | 4.0 | 11.5 | 12.1 | 11.5 | 10.5 | 22.1 | 25.9 | -26.7 | 12.7 | 35.6 |
| Russell Mid Value | -7.3 | -1.7 | 13.1 | 13.1 | 12.9 | 3.9 | 8.6 | 7.7 | 8.1 | 8.8 | 13.1 | 12.7 | -12.0 | 28.3 | 5.0 |
| Russell 2500 | -7.5 | 0.6 | 12.0 | 12.0 | 14.7 | 2.4 | 8.8 | 8.3 | 8.8 | 8.8 | 12.0 | 17.4 | -18.4 | 18.2 | 20.0 |
| Russell 2500 Growth | -8.2 | 2.4 | 13.9 | 13.9 | 16.4 | 0.0 | 8.1 | 8.8 | 9.5 | 9.4 | 13.9 | 18.9 | -26.2 | 5.0 | 40.5 |
| Russell 2500 Value | -7.2 | -0.3 | 11.0 | 11.0 | 13.5 | 3.8 | 8.4 | 7.2 | 7.8 | 7.9 | 11.0 | 16.0 | -13.1 | 27.8 | 4.9 |
| Russell 2000 | -8.3 | 0.3 | 11.5 | 11.5 | 14.2 | 1.2 | 7.4 | 6.9 | 7.8 | 7.8 | 11.5 | 16.9 | -20.4 | 14.8 | 20.0 |
| Russell 2000 Growth | -8.2 | 1.7 | 15.2 | 15.2 | 16.9 | 0.2 | 6.9 | 7.2 | 8.1 | 8.3 | 15.2 | 18.7 | -26.4 | 2.8 | 34.6 |
| Russell 2000 Value | -8.3 | -1.1 | 8.1 | 8.1 | 11.3 | 1.9 | 7.3 | 6.1 | 7.1 | 7.0 | 8.1 | 14.6 | -14.5 | 28.3 | 4.6 |
| Russell 1000 Technology | 2.1 | 6.4 | 38.2 | 38.2 | 51.8 | 14.7 | 24.9 | 23.6 | 21.9 | 14.7 | 38.2 | 66.9 | -34.6 | 37.2 | 46.7 |
| Russell 1000 Financial Services | -6.5 | 6.9 | 31.8 | 31.8 | 23.4 | 10.7 | 14.4 | 13.4 | 13.2 | 8.9 | 31.8 | 15.5 | -10.9 | 35.0 | 7.2 |
| Russell 1000 Consumer Discretionary | 0.2 | 12.0 | 30.3 | 30.3 | 33.6 | 5.2 | 14.3 | 14.1 | 13.5 | 11.7 | 30.3 | 36.9 | -34.8 | 17.4 | 42.9 |
| Russell 1000 Health Care | -5.8 | -9.9 | 3.5 | 3.5 | 3.0 | 0.6 | 8.0 | 9.6 | 9.2 | 10.1 | 3.5 | 2.4 | -4.0 | 23.3 | 17.1 |
| Russell 1000 Energy | -9.0 | -1.4 | 6.6 | 6.6 | 2.1 | 19.0 | 12.0 | 6.9 | 4.4 | 6.7 | 6.6 | -2.3 | 61.7 | 51.4 | -30.8 |
| Russell 1000 Industrials | -6.9 | 0.2 | 18.3 | 18.3 | 19.3 | 7.3 | 9.9 | 9.1 | 10.2 | 8.8 | 18.3 | 20.3 | -13.2 | 16.1 | 11.8 |
| Russell 1000 Basic Materials | -11.6 | -13.4 | -3.7 | -3.7 | 4.5 | -0.2 | 8.0 | 6.5 | 7.9 | 5.5 | -3.7 | 13.4 | -8.8 | 25.4 | 17.6 |
| Russell 1000 Consumer Staples | -6.7 | -6.2 | 5.7 | 5.7 | 1.5 | 2.2 | 6.2 | 6.1 | 6.6 | 7.9 | 5.7 | -2.6 | 3.5 | 18.2 | 7.1 |
| Russell 1000 Utilities | -8.2 | -5.0 | 23.7 | 23.7 | 8.6 | 5.9 | 7.1 | 8.5 | 8.3 | 6.5 | 23.7 | -4.7 | 0.6 | 18.7 | -0.1 |
| Russell 1000 Telecom | -4.8 | 2.8 | 22.2 | 22.2 | 17.3 | 2.7 | -1.8 | 1.1 | 3.2 | - | 22.2 | 12.6 | -21.2 | 5.4 | -20.0 |
| Russell 1000 Real Estate | -8.0 | -8.2 | 4.9 | 4.9 | 8.1 | -4.3 | 3.3 | 5.5 | 5.8 | 7.1 | 4.9 | 11.4 | -24.9 | 41.3 | -5.1 |

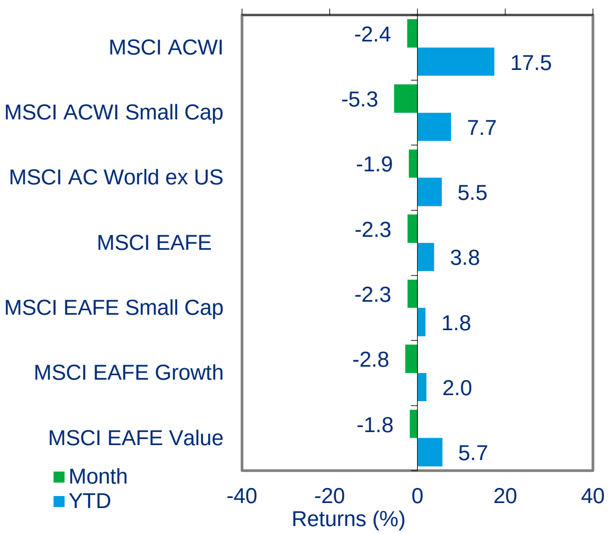


*Data Source: Thomson Reuters Datastream*
*Past performance is no guarantee of future results*

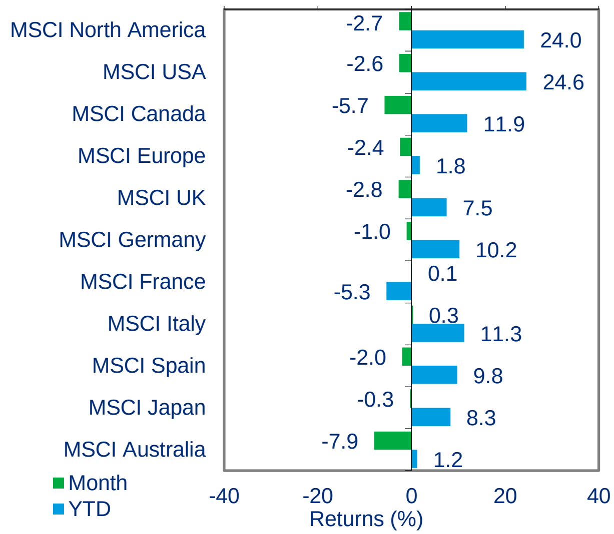
# Performance summary

## International Equity ending December 31, 2024

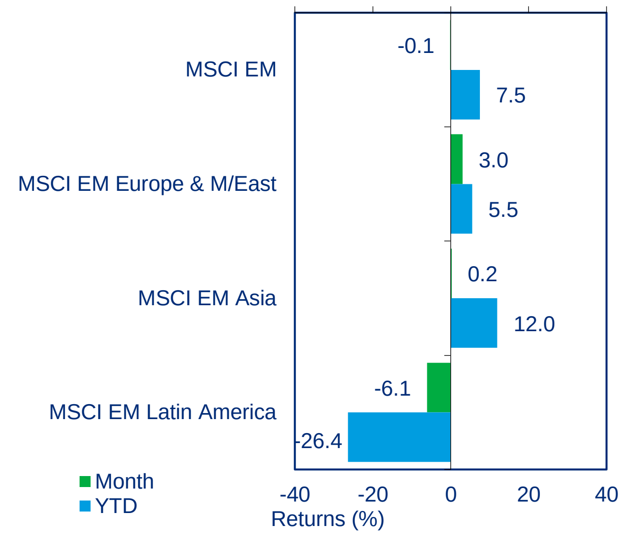
### International Equity Performance




### Developed Country Performance




### Emerging Market Performance



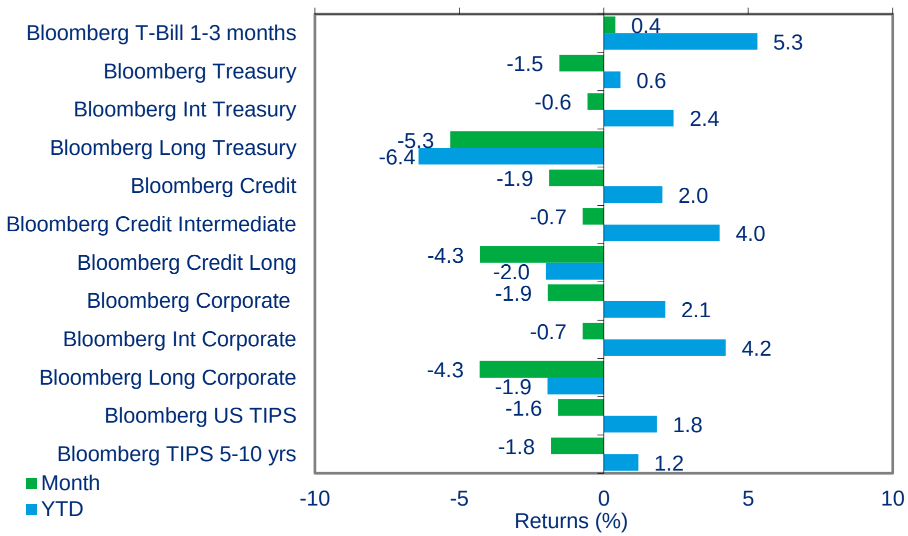

| Index Returns | 1 Mth | 3 Mth | YTD | 1 Year | 2 Years | 3 Years | 5 Years | 7 Years | 10 Years | 20 Years | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MSCI ACWI | -2.4 | -1.0 | 17.5 | 17.5 | 19.8 | 5.4 | 10.1 | 9.2 | 9.2 | 7.7 | 17.5 | 22.2 | -18.4 | 18.5 | 16.3 |
| MSCI ACWI IMI | -2.7 | -1.2 | 16.4 | 16.4 | 18.9 | 4.9 | 9.7 | 8.8 | 9.0 | 7.7 | 16.4 | 21.6 | -18.4 | 18.2 | 16.3 |
| MSCI ACWI Small Cap | -5.3 | -3.3 | 7.7 | 7.7 | 12.2 | 0.8 | 6.7 | 5.7 | 7.3 | 7.7 | 7.7 | 16.8 | -18.7 | 16.1 | 16.3 |
| MSCI ACWI ex US | -1.9 | -7.6 | 5.5 | 5.5 | 10.5 | 0.8 | 4.1 | 3.5 | 4.8 | 5.0 | 5.5 | 15.6 | -16.0 | 7.8 | 10.7 |
| MSCI EAFE | -2.3 | -8.1 | 3.8 | 3.8 | 10.8 | 1.6 | 4.7 | 4.1 | 5.2 | 4.8 | 3.8 | 18.2 | -14.5 | 11.3 | 7.8 |
| MSCI EAFE Growth | -2.8 | -9.1 | 2.0 | 2.0 | 9.5 | -2.6 | 4.0 | 4.5 | 5.8 | 5.4 | 2.0 | 17.6 | -22.9 | 11.3 | 18.3 |
| MSCI EAFE Value | -1.8 | -7.1 | 5.7 | 5.7 | 12.1 | 5.9 | 5.1 | 3.4 | 4.3 | 4.1 | 5.7 | 19.0 | -5.6 | 10.9 | -2.6 |
| MSCI EM | -0.1 | -8.0 | 7.5 | 7.5 | 8.7 | -1.9 | 1.7 | 1.4 | 3.6 | 6.0 | 7.5 | 9.8 | -20.1 | -2.5 | 18.3 |
| MSCI North America | -2.7 | 2.5 | 24.0 | 24.0 | 25.0 | 7.9 | 13.8 | 13.0 | 12.1 | 9.6 | 24.0 | 26.0 | -19.5 | 26.4 | 19.9 |
| MSCI Europe | -2.4 | -9.7 | 1.8 | 1.8 | 10.5 | 1.2 | 4.9 | 4.3 | 5.0 | 4.8 | 1.8 | 19.9 | -15.1 | 16.3 | 5.4 |
| MSCI EM Europe & M/East | 3.0 | -1.1 | 5.5 | 5.5 | 8.1 | -8.9 | -2.9 | -0.8 | 1.3 | 1.5 | 5.5 | 10.6 | -35.3 | 23.9 | -7.6 |
| MSCI EM Asia | 0.2 | -7.9 | 12.0 | 12.0 | 9.8 | -1.6 | 3.0 | 2.3 | 4.8 | 7.1 | 12.0 | 7.8 | -21.1 | -5.1 | 28.4 |
| MSCI Latin America | -6.1 | -15.8 | -26.4 | -26.4 | -1.2 | 2.1 | -3.4 | -1.1 | 0.3 | 4.7 | -26.4 | 32.7 | 8.9 | -8.1 | -13.8 |
| MSCI USA | -2.6 | 2.7 | 24.6 | 24.6 | 25.5 | 8.1 | 14.0 | 13.3 | 12.5 | 9.8 | 24.6 | 26.5 | -19.8 | 26.5 | 20.7 |
| MSCI Canada | -5.7 | -1.8 | 11.9 | 11.9 | 13.7 | 4.0 | 8.3 | 6.7 | 5.6 | 6.5 | 11.9 | 15.4 | -12.9 | 26.0 | 5.3 |
| MSCI Australia | -7.9 | -11.4 | 1.2 | 1.2 | 7.8 | 3.3 | 5.5 | 5.1 | 5.5 | 6.6 | 1.2 | 14.8 | -5.3 | 9.4 | 8.7 |
| MSCI UK | -2.8 | -6.8 | 7.5 | 7.5 | 10.8 | 5.3 | 4.4 | 3.7 | 3.8 | 4.2 | 7.5 | 14.1 | -4.8 | 18.5 | -10.5 |
| MSCI Germany | -1.0 | -5.7 | 10.2 | 10.2 | 16.4 | 1.7 | 4.3 | 2.2 | 4.1 | 5.3 | 10.2 | 23.0 | -22.3 | 5.3 | 11.5 |
| MSCI France | 0.1 | -10.3 | -5.3 | -5.3 | 7.2 | -0.1 | 4.4 | 4.5 | 6.2 | 4.7 | -5.3 | 21.4 | -13.3 | 19.5 | 4.1 |
| MSCI Italy | 0.3 | -6.7 | 11.3 | 11.3 | 23.5 | 9.3 | 8.9 | 7.0 | 6.5 | 1.6 | 11.3 | 37.1 | -14.4 | 15.0 | 1.8 |
| MSCI Spain | -2.0 | -9.2 | 9.8 | 9.8 | 20.4 | 10.3 | 5.3 | 2.8 | 2.6 | 3.2 | 9.8 | 31.9 | -7.3 | 1.4 | -4.8 |
| MSCI Japan | -0.3 | -3.6 | 8.3 | 8.3 | 14.2 | 2.8 | 4.8 | 4.0 | 6.2 | 4.3 | 8.3 | 20.3 | -16.6 | 1.7 | 14.5 |
| MSCI Brazil | -8.2 | -19.4 | -29.8 | -29.8 | -3.5 | 2.1 | -6.6 | -1.6 | 0.8 | 5.0 | -29.8 | 32.7 | 14.2 | -17.4 | -19.0 |
| MSCI China | 2.7 | -7.7 | 19.4 | 19.4 | 3.0 | -6.1 | -3.4 | -2.5 | 1.9 | 7.3 | 19.4 | -11.2 | -21.9 | -21.7 | 29.5 |
| MSCI India | -2.9 | -11.3 | 11.2 | 11.2 | 15.9 | 7.3 | 12.5 | 8.7 | 8.7 | 10.1 | 11.2 | 20.8 | -8.0 | 26.2 | 15.6 |

*Data Source: Thomson Reuters Datastream*
*Past performance is no guarantee of future results*

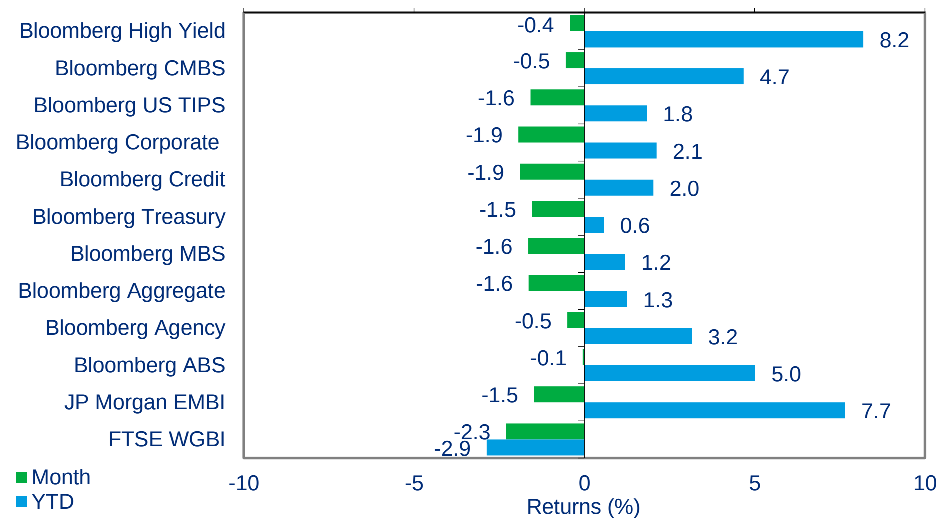
# Performance summary

## Fixed Income ending December 31, 2024

### Bond Performance by Duration




### Sector, Credit, and Global Bond Performance




| Index Returns | 1 Mth | 3 Mth | YTD | 1 Year | 2 Years | 3 Years | 5 Years | 7 Years | 10 Years | 20 Years | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bloomberg Aggregate | -1.6 | -3.1 | 1.3 | 1.3 | 3.4 | -2.4 | -0.3 | 1.0 | 1.3 | 3.0 | 1.3 | 5.5 | -13.0 | -1.5 | 7.5 |
| Bloomberg Treasury | -1.5 | -3.1 | 0.6 | 0.6 | 2.3 | -2.9 | -0.7 | 0.6 | 0.8 | 2.6 | 0.6 | 4.1 | -12.5 | -2.3 | 8.0 |
| Bloomberg Int Treasury | -0.6 | -1.7 | 2.4 | 2.4 | 3.3 | -0.5 | 0.5 | 1.3 | 1.2 | 2.5 | 2.4 | 4.3 | -7.8 | -1.7 | 5.8 |
| Bloomberg Long Treasury | -5.3 | -8.6 | -6.4 | -6.4 | -1.8 | -12.0 | -5.2 | -2.1 | -0.6 | 3.4 | -6.4 | 3.1 | -29.3 | -4.6 | 17.7 |
| Bloomberg Credit | -1.9 | -3.0 | 2.0 | 2.0 | 5.1 | -2.2 | 0.2 | 1.7 | 2.3 | 3.9 | 2.0 | 8.2 | -15.3 | -1.1 | 9.4 |
| Bloomberg Credit Intermediate | -0.7 | -1.5 | 4.0 | 4.0 | 5.5 | 0.4 | 1.4 | 2.3 | 2.4 | 3.7 | 4.0 | 6.9 | -9.1 | -1.0 | 7.1 |
| Bloomberg Credit Long | -4.3 | -6.3 | -2.0 | -2.0 | 4.2 | -6.8 | -1.9 | 0.6 | 2.1 | 4.6 | -2.0 | 10.7 | -25.3 | -1.2 | 13.3 |
| Bloomberg Corporate | -1.9 | -3.0 | 2.1 | 2.1 | 5.3 | -2.3 | 0.3 | 1.8 | 2.4 | 4.0 | 2.1 | 8.5 | -15.8 | -1.0 | 9.9 |
| Bloomberg Int Corporate | -0.7 | -1.4 | 4.2 | 4.2 | 5.7 | 0.4 | 1.5 | 2.4 | 2.6 | 3.8 | 4.2 | 7.3 | -9.4 | -1.0 | 7.5 |
| Bloomberg Long Corporate | -4.3 | -6.2 | -1.9 | -1.9 | 4.3 | -6.8 | -1.8 | 0.7 | 2.2 | 4.6 | -1.9 | 10.9 | -25.6 | -1.1 | 13.9 |
| Bloomberg Gov/Credit | -1.7 | -3.1 | 1.2 | 1.2 | 3.4 | -2.6 | -0.2 | 1.1 | 1.5 | 3.1 | 1.2 | 5.7 | -13.6 | -1.7 | 8.9 |
| Bloomberg US TIPS | -1.6 | -2.9 | 1.8 | 1.8 | 2.9 | -2.3 | 1.9 | 2.3 | 2.2 | 3.3 | 1.8 | 3.9 | -11.8 | 6.0 | 11.0 |
| Bloomberg TIPS 5-10 yrs | -1.8 | -3.7 | 1.2 | 1.2 | 2.6 | -2.5 | 1.8 | 2.3 | 2.3 | 3.4 | 1.2 | 4.0 | -11.9 | 5.8 | 11.5 |
| Bloomberg T-Bill 1-3 months | 0.4 | 1.2 | 5.3 | 5.3 | 5.2 | 4.0 | 2.5 | 2.4 | 1.8 | 1.6 | 5.3 | 5.1 | 1.5 | 0.0 | 0.6 |
| Bloomberg ABS | -0.1 | -0.1 | 5.0 | 5.0 | 5.3 | 2.0 | 2.0 | 2.3 | 2.1 | 2.7 | 5.0 | 5.5 | -4.3 | -0.3 | 4.5 |
| Bloomberg Agency | -0.5 | -1.1 | 3.2 | 3.2 | 4.1 | 0.0 | 0.8 | 1.6 | 1.6 | 2.7 | 3.2 | 5.1 | -7.9 | -1.3 | 5.5 |
| Bloomberg CMBS | -0.5 | -1.5 | 4.7 | 4.7 | 5.0 | -0.6 | 1.0 | 2.0 | 2.1 | 3.7 | 4.7 | 5.4 | -10.9 | -1.2 | 8.1 |
| Bloomberg MBS | -1.6 | -3.2 | 1.2 | 1.2 | 3.1 | -2.1 | -0.7 | 0.5 | 0.9 | 2.8 | 1.2 | 5.0 | -11.8 | -1.0 | 3.9 |
| Bloomberg Municipal Bond | -1.5 | -1.2 | 1.1 | 1.1 | 3.7 | -0.6 | 1.0 | 1.9 | 2.3 | 3.5 | 1.1 | 6.4 | -8.5 | 1.5 | 5.2 |
| Bloomberg High Yield | -0.4 | 0.2 | 8.2 | 8.2 | 10.8 | 2.9 | 4.2 | 4.7 | 5.2 | 6.4 | 8.2 | 13.4 | -11.2 | 5.3 | 7.1 |
| FTSE WGBI | -2.3 | -5.4 | -2.9 | -2.9 | 1.1 | -5.8 | -3.1 | -1.5 | -0.6 | 1.2 | -2.9 | 5.2 | -18.3 | -7.0 | 10.1 |
| JP Morgan EMBI | -1.5 | -1.5 | 7.7 | 7.7 | 9.0 | -3.6 | -1.8 | -0.4 | 1.7 | 4.6 | 7.7 | 10.3 | -24.7 | -4.5 | 7.1 |
| JP GBI-EM Global Div. (local) | -2.2 | -7.3 | -5.4 | -5.4 | 3.2 | -2.0 | -2.5 | -0.9 | 0.1 | 3.3 | -5.4 | 12.7 | -11.7 | -8.7 | 2.7 |

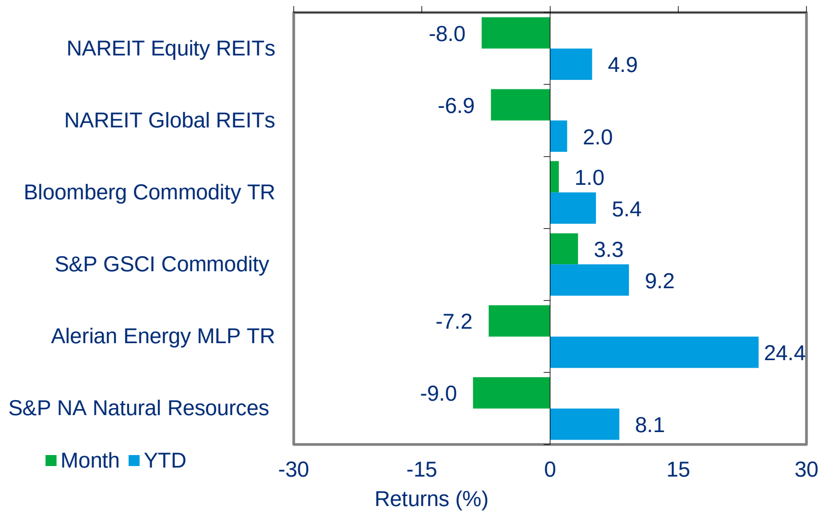
Mercer

*Data Source: Thomson Reuters Datastream*
*Past performance is no guarantee of future results*

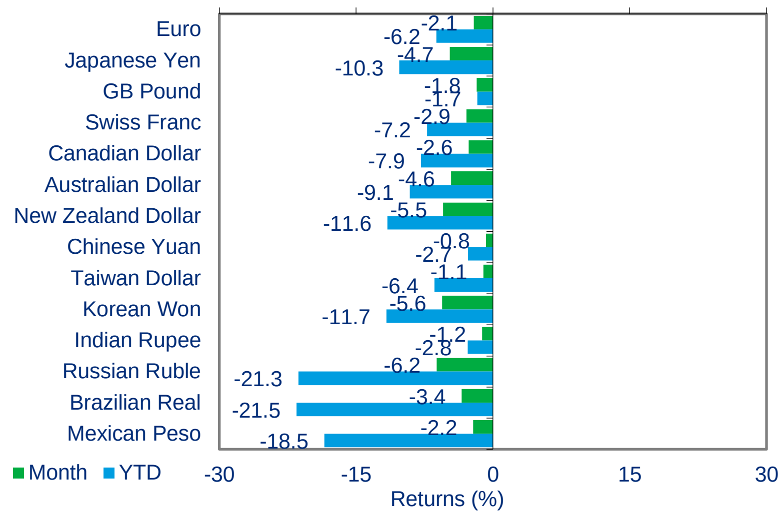
# Performance summary

## Alternatives ending December 31, 2024

### Real Asset Performance




### Performance of Foreign Currencies versus the US Dollar




| Index Returns | 1 Mth | 3 Mth | YTD | 1 Year | 2 Years | 3 Years | 5 Years | 7 Years | 10 Years | 20 Years | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NAREIT Equity REITs | -8.0 | -8.2 | 4.9 | 4.9 | 8.1 | -4.3 | 3.3 | 5.5 | 5.8 | 7.1 | 4.9 | 11.4 | -24.9 | 41.3 | -5.1 |
| NAREIT Global REITs | -6.9 | -9.5 | 2.0 | 2.0 | 6.3 | -5.1 | 0.0 | 2.3 | 3.2 | 5.0 | 2.0 | 10.9 | -24.4 | 27.2 | -8.2 |
| Bloomberg Commodity TR | 1.0 | -0.4 | 5.4 | 5.4 | -1.5 | 4.1 | 6.8 | 4.1 | 1.3 | -0.3 | 5.4 | -7.9 | 16.1 | 27.1 | -3.1 |
| Goldman Sachs Commodity Indx | 3.3 | 3.8 | 9.2 | 9.2 | 2.3 | 9.6 | 7.1 | 5.2 | 1.2 | -1.8 | 9.2 | -4.3 | 26.0 | 40.4 | -23.7 |
| Alerian Energy MLP TR | -7.2 | 4.9 | 24.4 | 24.4 | 25.5 | 27.3 | 15.6 | 9.8 | 3.7 | 8.6 | 24.4 | 26.6 | 30.9 | 40.2 | -28.7 |
| Oil | 5.5 | 5.2 | 0.1 | 0.1 | -5.5 | -1.6 | 3.3 | 2.5 | 3.0 | 2.5 | 0.1 | -10.7 | 6.7 | 55.0 | -20.5 |
| Gold | -1.5 | -0.7 | 27.5 | 27.5 | 20.3 | 13.0 | 11.6 | 10.5 | 8.4 | 9.4 | 27.5 | 13.4 | -0.1 | -3.5 | 24.4 |
| S&P NA Natural Resources | -9.0 | -2.3 | 8.1 | 8.1 | 5.9 | 14.5 | 11.2 | 6.8 | 4.7 | 6.2 | 8.1 | 3.7 | 34.1 | 39.9 | -19.0 |
| JPM Emerging Markets FX INDEX | -2.1 | -7.5 | -11.1 | -11.1 | -7.4 | -6.6 | -7.0 | -6.7 | -5.8 | - | -11.1 | -3.5 | -5.1 | -9.2 | -5.7 |
| Euro | -2.1 | -7.0 | -6.2 | -6.2 | -1.7 | -3.1 | -1.6 | -2.1 | -1.5 | -1.3 | -6.2 | 3.1 | -5.9 | -6.9 | 8.9 |
| Japanese Yen | -4.7 | -8.6 | -10.3 | -10.3 | -8.7 | -9.9 | -7.1 | -4.6 | -2.7 | -2.1 | -10.3 | -7.0 | -12.2 | -10.3 | 5.2 |
| GB Pound | -1.8 | -6.4 | -1.7 | -1.7 | 1.7 | -2.6 | -1.2 | -1.1 | -2.2 | -2.1 | -1.7 | 5.2 | -10.6 | -1.1 | 3.1 |
| Swiss Franc | -2.9 | -6.8 | -7.2 | -7.2 | 0.9 | 0.2 | 1.3 | 1.0 | 0.9 | 1.1 | -7.2 | 9.9 | -1.3 | -3.0 | 9.3 |
| Canadian Dollar | -2.6 | -6.0 | -7.9 | -7.9 | -2.9 | -4.2 | -2.0 | -1.9 | -2.1 | -0.9 | -7.9 | 2.3 | -6.8 | 0.8 | 2.0 |
| Australian Dollar | -4.6 | -10.3 | -9.1 | -9.1 | -4.2 | -5.0 | -2.4 | -3.2 | -2.7 | -1.1 | -9.1 | 1.0 | -6.6 | -5.8 | 9.9 |
| New Zealand Dollar | -5.5 | -11.9 | -11.6 | -11.6 | -6.1 | -6.4 | -3.7 | -3.3 | -3.3 | -1.2 | -11.6 | -0.4 | -7.0 | -5.0 | 6.6 |
| Chinese Yuan | -0.8 | -3.8 | -2.7 | -2.7 | -2.8 | -4.5 | -0.9 | -1.6 | -1.6 | 0.6 | -2.7 | -2.8 | -7.9 | 2.7 | 6.7 |
| Taiwan Dollar | -1.1 | -3.2 | -6.4 | -6.4 | -3.3 | -5.5 | -1.8 | -1.4 | -0.4 | -0.2 | -6.4 | -0.1 | -9.6 | 1.3 | 6.5 |
| Korean Won | -5.6 | -10.5 | -11.7 | -11.7 | -7.2 | -6.8 | -4.8 | -4.5 | -2.9 | -1.8 | -11.7 | -2.5 | -6.0 | -8.7 | 5.7 |
| Indian Rupee | -1.2 | -2.1 | -2.8 | -2.8 | -1.7 | -4.5 | -3.6 | -4.1 | -3.0 | -3.3 | -2.8 | -0.6 | -10.0 | -1.9 | -2.3 |
| Russian Ruble | -6.2 | -18.0 | -21.3 | -21.3 | -19.4 | -13.0 | -11.4 | -9.2 | -6.5 | -6.8 | -21.3 | -17.4 | 1.4 | -1.0 | -16.3 |
| Brazilian Real | -3.4 | -11.9 | -21.5 | -21.5 | -7.5 | -3.4 | -8.3 | -8.5 | -8.1 | -4.1 | -21.5 | 9.0 | 5.4 | -6.8 | -22.6 |
| Mexican Peso | -2.2 | -5.4 | -18.5 | -18.5 | -3.3 | -0.5 | -1.9 | -0.8 | -3.4 | -3.1 | -18.5 | 14.8 | 5.2 | -3.0 | -4.8 |
| BofA ML All Convertibles | -4.0 | 3.4 | 11.0 | 11.0 | 12.0 | 0.7 | 9.7 | 10.1 | 9.1 | 8.1 | 11.0 | 13.0 | -18.7 | 6.3 | 46.2 |
| 60%S&P 500/40% Bloomberg Agg | -2.1 | 0.2 | 15.5 | 15.5 | 16.7 | 4.4 | 8.6 | 8.7 | 8.4 | 7.4 | 15.5 | 18.0 | -16.1 | 16.6 | 14.0 |

*Data Source: Thomson Reuters Datastream*
*Past performance is no guarantee of future results*

# Important Notices

References to Mercer shall be construed to include Mercer (US) LLC and/or its associated companies.



Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in the data supplied by any third party.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications.

This does not constitute an offer to purchase or sell any securities.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see http://www.mercer.com/conflictsofinterest.

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances.  Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs.  As such, investment results will vary and actual results may differ materially.

Past performance is no guarantee of future results.  The value of investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Mercer universes: Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

Investment management and advisory services for U.S. clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as "Mercer Investment Advisers LLC" in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as "Mercer Investments LLC (Delaware)" in Georgia; as "Mercer Investments LLC of Delaware" in Louisiana; and "Mercer Investments LLC, a limited liability company of Delaware" in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments' Form ADV Part 2A & 2B can be obtained by written request directed to:  Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

Not all services mentioned are available in all jurisdictions. Please contact your Mercer representative for more information .Certain regulated services in Europe are provided by Mercer Global Investments Europe Limited and Mercer Limited. [Only if discussing MGIE funds] Mercer Global Investments Europe Limited is regulated by the Central Bank of Ireland under the European Union (Markets in Financial Instruments) Regulation 2017, as an investment firm. Registered officer: Charlotte House, Charlemont Street, Dublin 2, Ireland. Registered in Ireland No. 416688. Mercer Limited is authorized and regulated by the Financial Conduct Authority. Registered in England and Wales No. 984275. Registered Office: 1 Tower Place West, Tower Place, London EC3R 5BU. Investment management services for Canadian investors are provided by Mercer Global Investments Canada Limited. Investment consulting services for Canadian investors are provided by Mercer (Canada) Limited. Investment advisory services for clients in Brazil are provided by Mercer Human do Brasil (Mercer Brazil), a company regulated by the Brazilian Securities and Exchange Commission to provide Financial Advisory services. Investment advisory services for clients in Mexico are provided by Mercer Asesores en Inversion Independientes, S.A. de C.V., regulated by the Comision Nacional Bancaria y de Valores, with number of authorization 30125-001-(14754)-30/01/2019

G-661778

Please see the following link for information on indexes: https://www.mercer.com/assets/global/en/shared-assets/global/attachments/pdf-investment-management-index-definitions-mercer.pdf

A business of Marsh McLennan