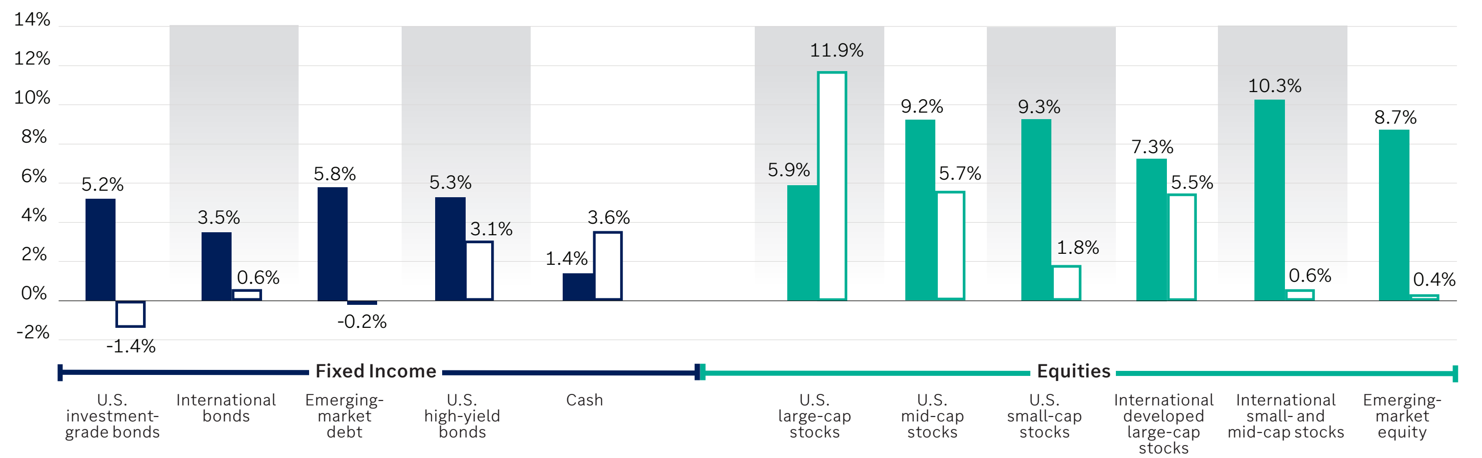
Quarterly market outlook: **Fourth quarter 2024**

Asset class performance: Third quarter 2024



Source: Morningstar Direct, 9/30/2024. Total returns in USD. Cash represented by the Bloomberg US Treasury Bellwethers 3-Month Index. U.S. investment-grade bonds represented by the Bloomberg US Aggregate Bond Index. U.S. high-yield bonds represented by the Bloomberg US HY 2% Issuer Cap Index. International bonds represented by the Bloomberg Global Aggregate Ex USD Hedged Index. Emerging-market debt represented by the Bloomberg Emerging Market USD Aggregate Index. U.S. large-cap stocks represented by the S&P 500 Index. Developed international large-cap stocks represented by the MSCI EAFE Index. U.S. mid-cap stocks represented by the Russell Mid-cap index. U.S. small-cap stocks represented by the Russell 2000 Index. International small- and mid-cap stocks represented by the MSCI EAFE SMID Index. Emerging-market equity represented by the MSCI EM Index. Past performance does not guarantee future results. An index is unmanaged and is not available for direct investment.

Looking back at the third quarter

Stocks and bonds rallied in Q3, aided by the first Federal Reserve interest rate cut of this cycle and stimulus from China's policymakers.

Broadening leadership a key theme in equity rally — Stocks posted strong returns in Q3, with the S&P 500 finishing at an all-time high. But unlike prior periods when gains were driven by mega-cap tech stocks, areas of the market that have lagged over the past several years outperformed in the third quarter. U.S. small- and mid-cap stocks gained roughly 9%, outperforming U.S. large-cap stocks, which rose by 5.9%. At a sector level, real estate and utilities outperformed, each rising by more than 17%. Technology, a top-performing sector over the past several years, posted a modest 1.6% gain.

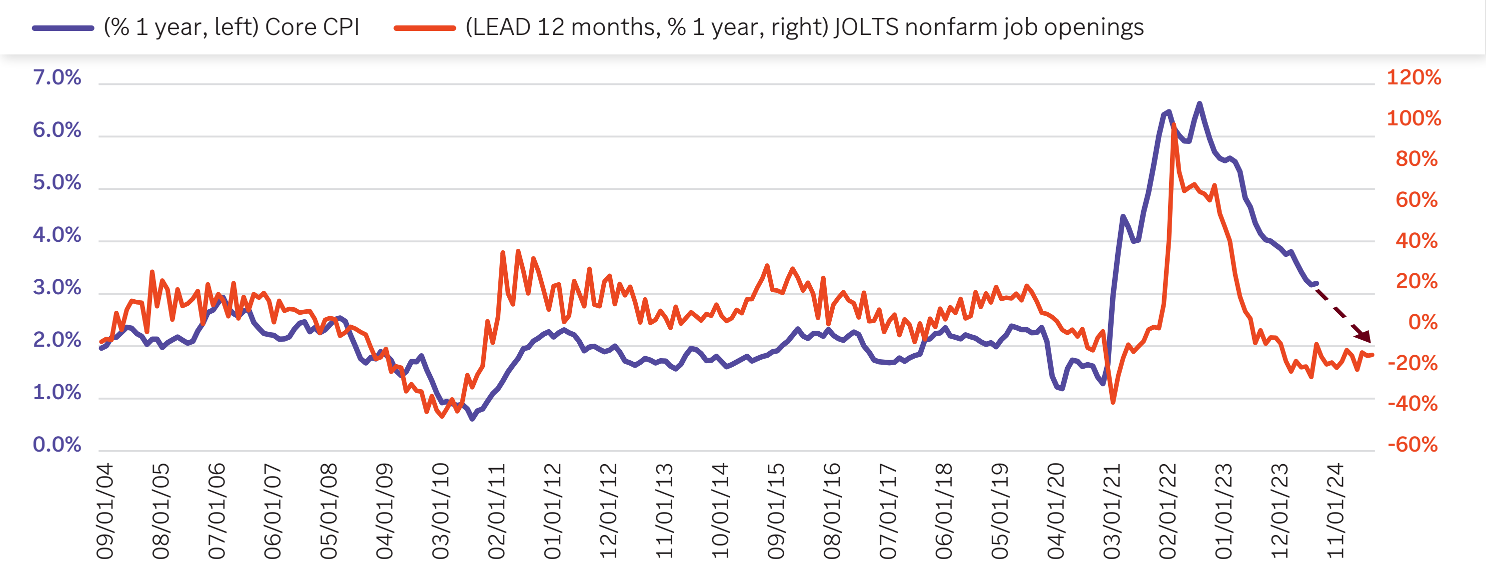
Fed cuts rates and signals additional cuts ahead — With inflation falling and signs of the labor market softening, the Fed cut its policy rate by 0.5% at its September meeting. Updated projections showed Federal Open Market Committee (FOMC) members expect another 0.5% of cuts in 2024 and 1% of additional cuts in 2025. Bond yields fell in Q3 in anticipation of easing Fed policy, with the 10-year Treasury yield declining from nearly 4.5% on July 1 to around 3.75% at quarter-end. Bonds rallied in response, with U.S. investment-grade bonds, emerging-market bonds and U.S. high-yield bonds each rising by more than 5%.

International stocks outperform on news of China stimulus — International equities rallied in Q3, boosted by additional stimulus from China's policymakers to help support the country's sluggish economy and property market. Emerging-market stocks rallied by roughly 9%. Equity markets in Europe and Japan, which are more dependent on China's economic growth, rallied as well, with developed international large-cap stocks gaining 7.3% and developed international small- and mid-cap stocks rising by 10.3%.

▶ *Action for investors*

Broadening leadership was on display in the third quarter, which highlights the importance of diversification. Your financial advisor can help ensure your portfolio is appropriately diversified based on your long-term goals.

Softening labor market points to lower inflation ahead



Source: FactSet and Edward Jones

Economic outlook

The U.S. labor market is showing signs of easing, while inflation is moderating. We continue to see a "soft landing" for the economy as the most probable outcome.

U.S. labor market in decent shape despite signs of cooling — The labor market has shown signs of easing in recent months, with the unemployment rate rising from 3.4% in 2023 to around 4.2%. Nonfarm jobs added have slowed to under 200,000 in recent months, while total U.S. job openings also are at lows for the year. The labor market is moderating from its post-pandemic highs, but we don't see signs that it is collapsing. A 4.2% unemployment rate remains well below long-term average U.S. unemployment rates of around 5.5% to 6%. In addition, entrants to the workforce are driving the rise in unemployment more so than layoffs or job cuts.

U.S. inflation is moderating — Headline consumer price index (CPI) inflation has fallen from June 2022's rate of 9.1% year over year to 2.5% as of September. We believe inflation may continue to move toward the Fed's 2% target, driven by: 1. The CPI's shelter and rent component playing catch-up with real-time U.S. housing and rental price gains data; and 2. A cooling labor market leading to lower wage growth, which should put downward pressure on services inflation broadly.

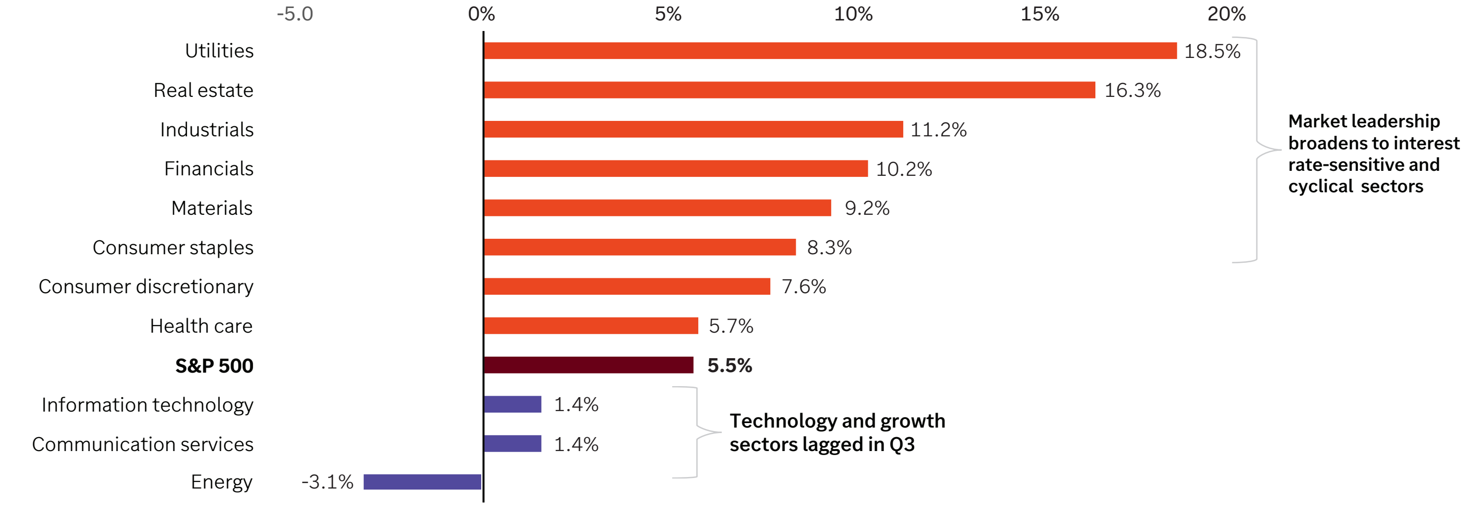
The soft landing remains intact — While U.S. economic growth may moderate in the coming quarters, we don't see any signals of negative growth or recession on the horizon. Retail sales and corporate earnings continue to show solid growth, and the Federal Reserve Bank of Atlanta's GDPNow tracker indicates a healthy 3.1% annualized economic growth rate for Q3. As inflation moderates and the Fed cuts interest rates in the months ahead, the cost of borrowing for consumers and corporations should come down. These lower rates should improve costs in areas like mortgages, auto loans and credit card fees. We may see U.S. economic growth reaccelerate in the quarters ahead as lower rates make their way through the real economy and likely lead to higher household and corporate spending.

▶ *Action for investors*

Given the potential for lower interest rates and no recession in the U.S. economy, we recommend investors overweight U.S. equities versus fixed income.

S&P 500 sector leadership broadens in Q3

(6/30/2024–9/30/2024, % return)



Source: FactSet and Edward Jones.

Equity outlook

The U.S. equity market continued to see solid gains through Q3, but we would expect the pace of these gains to moderate. While markets may experience bouts of volatility, pullbacks can present opportunities for long-term investors.

Market leadership starts to broaden — While the S&P 500 is up over 20% year to date through September, in Q3, interest rate-sensitive and cyclical sectors such as utilities, real estate and industrials all outperformed, while technology and communications services underperformed. In our view, some of the laggards should continue to play catch-up as the Federal Reserve and global central banks move interest rates lower. We believe diversification — owning growth, value and cyclical sectors, as well as large- and mid-cap stocks — will remain an important foundation for portfolios in the quarter ahead.

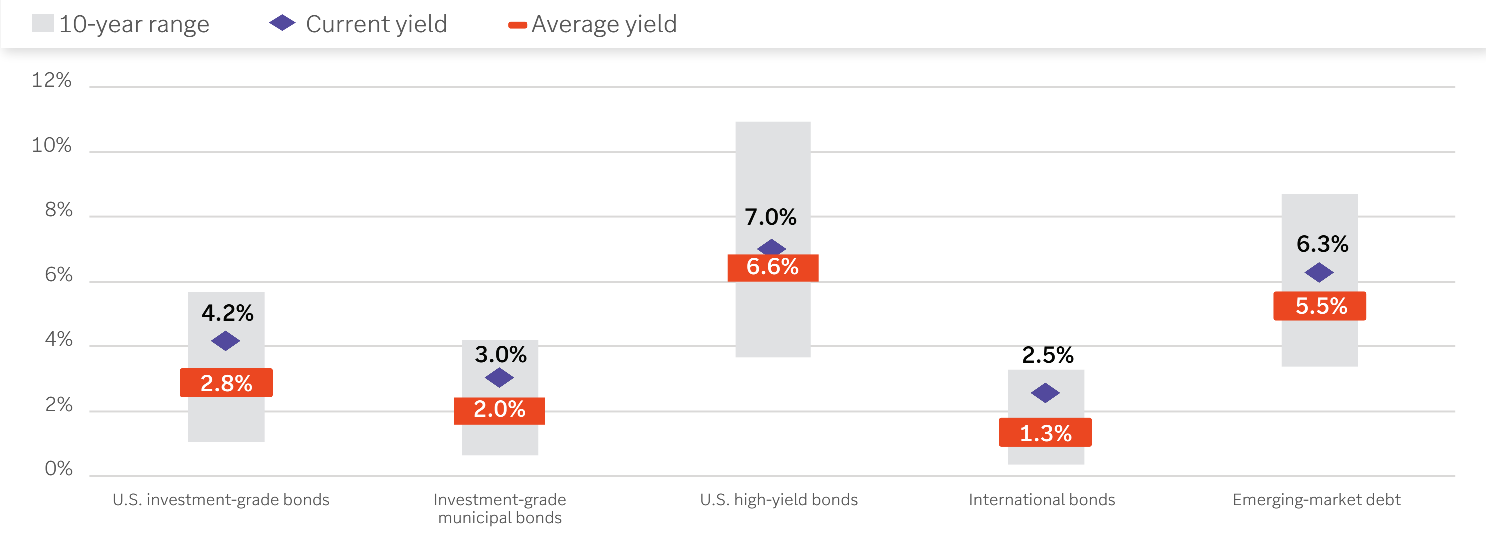
Impact of Fed interest rate cuts — In our view, a multiyear rate-cutting cycle could support stock market returns for a few key reasons: 1. Historically, when the Fed is cutting rates and there is no imminent economic recession, markets have tended to perform well. 2. Fed rate cuts typically support an expansion of stock market valuations. We believe the sectors with the largest scope for valuation expansion include non-tech and AI stocks, which have already seen a meaningful rise in valuation. 3. Fed rate cuts over time can support consumer and corporate spending, and help reaccelerate economic and corporate earnings growth.

Volatility could be an opportunity — While we believe equity markets are well-supported, stocks have had a strong run already this year. We would expect the pace of these gains to moderate, especially as we head into a seasonally choppy October and U.S. elections in early November. Markets may experience additional bouts of volatility, which are normal in any given year. Pullbacks can present opportunities to diversify portfolios, rebalance or add quality investments at better prices, as we believe the underpinnings of the bull market expansion are intact.

▶ *Action for investors*

We recommend overweighting U.S. large- and mid-cap equities. We remain neutral between growth and value, as we believe stock market leadership will continue to broaden in the months ahead. Consider using pullbacks as opportunities to diversify, rebalance or add quality investments at better prices.

Bond yields remain above 10-year averages



Source: Bloomberg. U.S. investment-grade bonds represented by the Bloomberg US Aggregate Bond Index. Investment-grade municipal bonds represented by Bloomberg 1-15 year Municipal Index. U.S. high-yield bonds represented by the Bloomberg US HY 2% Issuer Cap Index. International bonds represented by the Bloomberg Global Aggregate Ex USD Hedged Index. Emerging-market debt represented by the Bloomberg Emerging Market USD Aggregate Index.

Fixed-income outlook

The Federal Reserve cut its target range for the federal funds rate in September for the first time in four years. Bond yields remain above their averages over the past decade, despite pulling back from recent peaks. This potentially sets the stage for stronger returns ahead.

Higher bond yields offer potential for stronger returns — Bond yields rose over the past few years as the Fed hiked interest rates to fight inflation. Yields for the major fixed-income asset classes remain above their averages over the past decade. This is despite pulling back from their recent peaks as inflation moderated and markets priced in expectations for Fed rate cuts. Higher yields mean bonds generate more income. Since income is a key driver of bond returns, it also potentially sets the stage for stronger returns ahead.

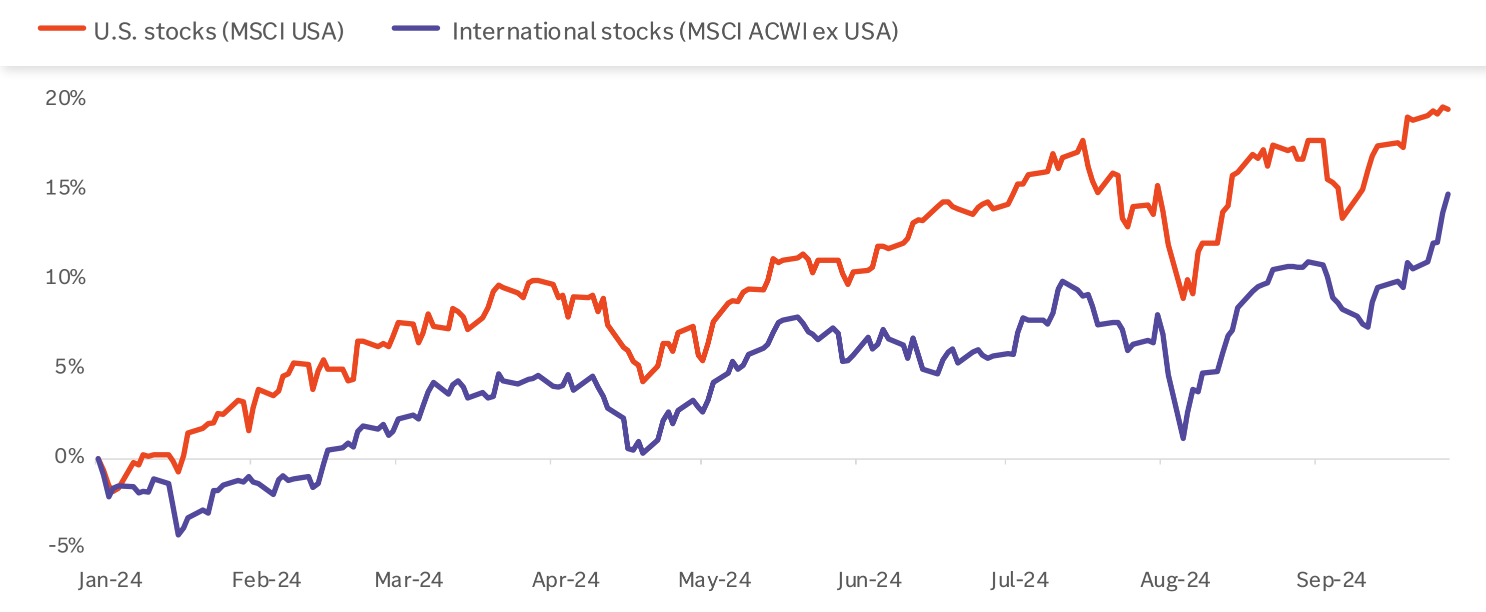
Extending duration can help lock in yields for longer — Short-term yields could fall further as the Fed continues cutting rates. This will likely steepen the yield curve and raise reinvestment risk for short-term bonds and CDs. We see particular value in intermediate-term bonds and bond funds, which can help lock in yields for longer. Additionally, bond prices typically rise when interest rates fall, and vice versa, offering the potential for higher values. While long-term bonds are likely to benefit from Fed rate cuts, their narrow spread above intermediate-term yields implies there may be less scope for long-term yields to fall further.

We favor emerging-market debt over U.S. high-yield bonds — The resilient U.S. economy supports lower-quality issuers, including U.S. high-yield bonds. Credit spreads — which reflect the excess yield above U.S. Treasury bonds — are well below historical averages as a result. We see limited opportunity for them to narrow further. Emerging-market debt is more attractive, in our view, due to its higher quality and longer duration. It could benefit more as global central banks likely continue cutting rates.

▶ *Action for investors*

Bond yields remain above their 10-year average, offering the potential for stronger returns ahead. Intermediate-term bonds and bond funds can help you lock in rates for longer. We suggest overweighting emerging-market debt and underweighting U.S. high-yield bonds.

Softer dollar, China stimulus help international stocks play catch-up (Total returns in USD)



Source: Bloomberg and Edward Jones.

International outlook

After six straight quarters of underperformance, international stocks outpaced U.S. stocks in Q3. The U.S. economy will likely continue to lead, but improving prospects elsewhere support the case for an appropriate allocation to the heavily discounted international equities.

China policymakers pull out the stops — China's surprise announcement of a basket of policy stimulus measures targets the general economy, the real estate sector and the stock market. Growth trends in the world's second-largest economy have disappointed amid an ongoing slump in the property market and record-low consumer confidence. Policymakers lowered interest rates and mortgage costs, freed up funds for banks to increase lending, and pledged to provide greater fiscal support. Questions remain whether these promises will be enough to prop up the economy. However, policy support, depressed investor sentiment and cheap valuations should improve the near-term outlook for China and emerging-market equities.

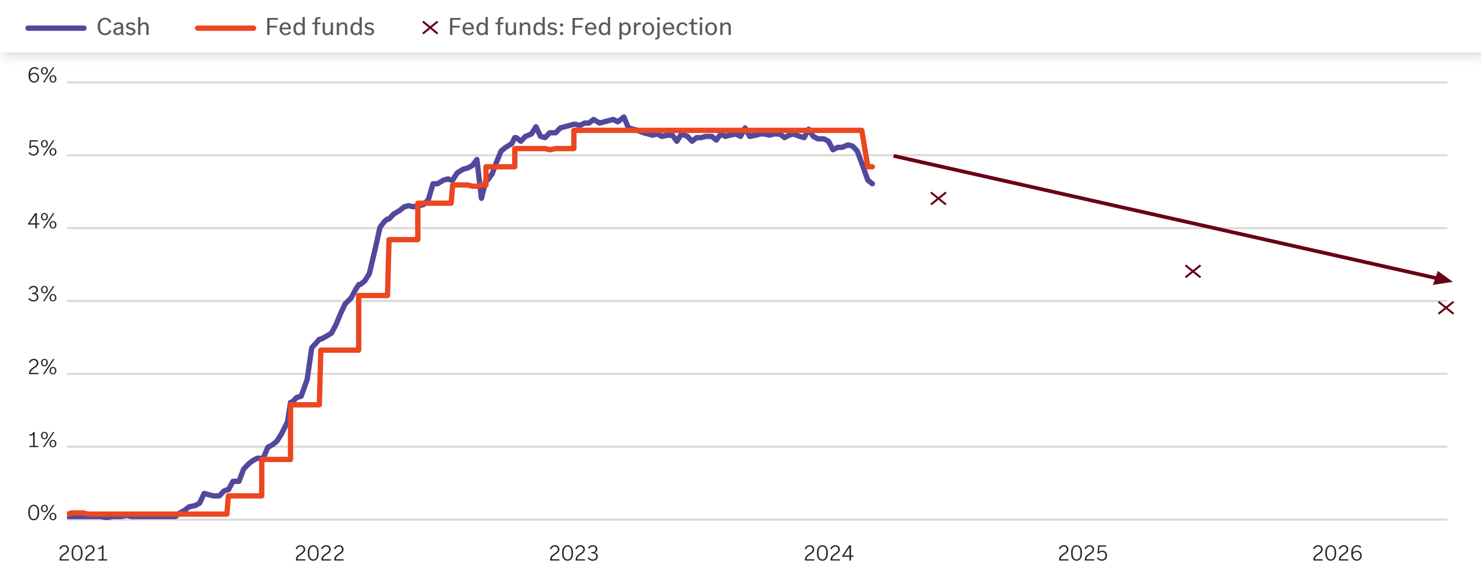
Europe hits a soft patch — After a modest recovery earlier this year, European economic activity measures have recently softened. Germany, the region's largest economy, has stagnated over the past two years, weighed down by sluggish manufacturing activity. In contrast, southern European countries have outperformed, boosted by strength in services. We expect positive but slow growth for the region in the quarters ahead. Together with cooling inflation, this should give the European Central Bank (ECB) confidence to continue cutting interest rates.

Global easing cycle may broaden bull market — A new cycle of central bank rate cuts across most regions (except Japan) can help drive a recovery in global economic activity. Cyclical sectors carry a higher weight in international indexes and could benefit as sector leadership broadens. While the relative earnings momentum remains in favor of the U.S., the record 35% valuation discount of international equities and a softer U.S. dollar suggest overseas stocks may offer catch-up potential and provide diversification benefits.

▶ *Action for investors*

We recommend overweighting U.S. stocks and underweighting international equities based on economic and earnings trends. Within fixed income, consider overweighting emerging-market debt, which has higher interest rate sensitivity and historically outperforms U.S. bonds in periods following Federal Reserve rate cuts.

Fed interest rate cuts likely to drive cash yields lower



Source: Bloomberg, U.S. Federal Reserve. Cash represented by the Bloomberg 3-month Treasury Bellwethers Index.

The Federal Reserve and cash yields

Cash yields typically rise ahead of Federal Reserve interest rate hikes and drop before rate cuts. As the Fed likely continues cutting interest rates, we expect cash yields to fall further. Some investors may be overweight in cash, including money market funds. Investments in these funds increased over the past few years as their yields rose along with Fed rate hikes. Holding too much cash can present risks, such as the potential for lower returns over the long term.

Cash yields likely to fall further — With the Fed's dual mandate of maximum employment and stable prices returning to better balance as labor markets have gradually cooled and inflation has moderated, monetary policy can be less restrictive. Further rate cuts could cause cash yields to decline more than intermediate- and long-term yields, likely steepening the yield curve and increasing reinvestment risk on cash, including money market funds.

Some investors may be overweight in cash — We include money market funds in the cash category due to their strong liquidity, high quality and price stability. With the upswing in money market fund investment, some investors may now hold more cash than they need.

Holding too much cash can present risks — Cash can provide important benefits, such as funds for emergencies, a short-term savings goal and everyday spending. It also can serve as a strategic allocation for investment and a source for investment opportunities. However, holding too much cash can present risks, including the potential for lower returns over the long term. For perspective, since 1981, U.S. large-cap stocks have delivered annualized returns of 11.2%, compared with 6.8% for U.S. investment-grade bonds and 4.1% for cash. While returns will likely be lower going forward, we expect this general relationship to hold over the long term, with equities outperforming bonds and cash lagging most asset classes. Investors who are overweight in cash cash may want to consider reinvesting a portion of these funds.

▶ *Action for investors*

Consider reinvesting excess cash in strategic allocations in equities and bonds. Talk to your financial advisor about potentially overweighting those where we see current opportunities, such as U.S. large- and mid-cap stocks and emerging-market debt.

Edward Jones

Quarterly market outlook: **Fourth quarter 2024**

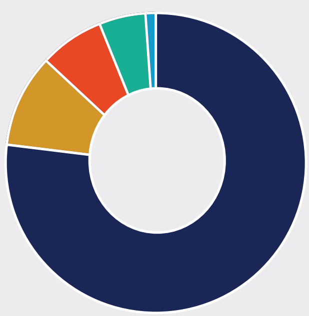
Strategic asset allocation guidance

Our **strategic asset allocation** represents our view of balanced diversification for the fixed-income and equity portions of a well-diversified portfolio based on our outlook for the economy and markets over the next 30 years. The exact weightings (neutral weights) to each asset class will depend on the broad allocation to equity and fixed-income investments that most closely aligns with your comfort with risk and financial goals.

Equity diversification

- U.S. large-cap stocks
- International large-cap stocks
- U.S. mid-cap stocks
- U.S. small-cap stocks
- International small- and mid-cap stocks
- Emerging-market equity

Fixed-income diversification



- U.S. investment-grade bonds
- U.S. high-yield bonds
- International bonds
- Emerging-market debt
- Cash

Opportunistic portfolio guidance

Our **opportunistic portfolio guidance** represents our timely investment advice based on our global outlook. We expect this guidance to enhance your portfolio's return potential, relative to our long-term strategic portfolio guidance, without taking on unintentional risk.

		Underweight	Neutral	Overweight
Equity		•	•	●
Fixed income		●	•	•
Equities	U.S. large-cap stocks	•	•	●
Equities	International large-cap stocks	●	•	•
Equities	U.S. mid-cap stocks	•	•	●
Equities	U.S. small-cap stocks	•	●	•
Equities	International small- and mid-cap stocks	●	•	•
Equities	Emerging-market equity	•	●	•
Fixed income	U.S. investment-grade bonds	●	•	•
Fixed income	U.S. high-yield bonds	●	•	•
Fixed income	International bonds	•	●	•
Fixed income	Emerging-market debt	•	•	●
Fixed income	Cash	•	●	•
Equity style guidance				
	Value-style equity	•	●	•
	Growth-style equity	•	●	•
U.S. equity sector guidance				
	Communication services	•	●	•
	Consumer discretionary	•	●	•
	Consumer staples	•	●	•
	Energy	•	●	•
	Financial services	•	●	•
	Health care	•	●	•
	Industrials	•	•	●
	Materials	●	•	•
	Real estate	•	●	•
	Technology	•	●	•
	Utilities	•	●	•
U.S. investment-grade bond guidance				
	Interest rate risk (duration)	•	•	●
	Credit risk	•	●	•

Diversification does not ensure a profit or protect against loss in a declining market.

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Quarterly market outlook: **Fourth quarter 2024**

Investment performance benchmarks

It's natural to compare your portfolio's performance to market performance benchmarks, but it's important to put this information in the right context and understand the mix of investments you own. Talk with your financial advisor about any next steps for your portfolio to help you stay on track toward your long-term goals.

As of Sept. 30, 2024

Asset class performance

Total returns	Q3	3-year	5-year
U.S. large-cap stocks	5.9%	11.9%	16.1%
U.S. mid-cap stocks	9.2%	5.7%	11.4%
U.S. small-cap stocks	9.3%	1.8%	9.4%
International developed large-cap stocks	7.3%	5.5%	8.1%
International small- & mid-cap stocks	10.3%	0.6%	6.2%
Emerging-market stocks	8.7%	0.4%	5.7%
U.S. investment-grade bonds	5.2%	-1.4%	0.3%
International bonds	3.5%	0.6%	0.6%
Emerging-market debt	5.8%	-0.2%	1.3%
U.S. high-yield bonds	5.3%	3.1%	4.7%
Cash	1.4%	3.6%	2.4%

U.S. equity sector performance

Total returns	Q3	3-year	5-year
Information technology	1.6%	19.6%	27.0%
Financials	10.7%	8.0%	12.4%
Consumer staples	9.0%	9.7%	10.1%
Consumer discretionary	7.8%	4.3%	12.3%
Communication services	1.7%	6.3%	14.7%
Health care	6.1%	7.9%	13.6%
Industrials	11.5%	12.6%	13.8%
Materials	9.7%	8.5%	13.2%
Real estate	17.2%	3.2%	6.2%
Utilities	19.4%	11.3%	8.0%
Energy	-2.3%	23.5%	13.7%

Source: Morningstar Direct, 9/30/2024. Total returns in USD. Three- and five-year periods are annualized returns. Cash represented by the Bloomberg US Treasury Bellwethers 3-Month index. U.S. investment-grade bonds represented by the Bloomberg US Aggregate Bond Index. U.S. high-yield bonds represented by the Bloomberg US HY 2% Issuer Cap Index. International bonds represented by the Bloomberg Global Aggregate Ex USD Hedged Index. Emerging-market debt represented by the Bloomberg Emerging Market USD Aggregate Index. U.S. large-cap stocks represented by the S&P 500 Index. Developed international large-cap stocks represented by the MSCI EAFE Index. U.S. mid-cap stocks represented by the Russell Mid-cap Index. U.S. small-cap stocks represented by the Russell 2000 Index. International small- and mid-cap stocks represented by the MSCI EAFE SMID Index. Emerging-market equity represented by the MSCI EM Index. Equity sectors of the S&P 500 Index. An index is unmanaged and is not available for direct investment. Performance does not include payment of any expenses, fees or sales charges, which would lower the performance results. The value of investments fluctuates, and investors can lose some or all of their principal. Past performance does not guarantee future results.

