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# INVESTMENT MANAGEMENT TEAM

## SUMMER 2024 SPELLMAN FUND REPORT

### Summary

Over the summer the market continued its bull run. The S&P 500 increased 13.09% from the start of May to the end of August. This increase was largely due to the sharp rise in tech and artificial intelligence stocks such as Nvidia and Apple. Up until June 26<sup>th</sup>, 2024, Nvidia alone was responsible for over thirty percentage points of the S&P 500's overall return. Additionally, Microsoft, Nvidia, Google, Amazon, and Meta stocks currently make up more than 25% of S&P's entire market capitalization and have contributed around 60% of the S&P's return year to date.

### Interest Rates

Over the summer, the Federal Reserve held three meetings on May 1st, June 12th, and July 31st. Market observers and participants were expecting a rate cut during at least one of these meetings. However, the Fed chose to maintain interest rates at 5.25%-5.50%, for the 6th, 7th, and 8th time, continuing the pattern of the previous five meetings. Yet, the July 31st meeting provided much optimism for investors, as Fed officials signaled that rate cuts were coming, as long as inflation and the labor market continued to cool. The next FOMC meeting will be held on September 17-18th, 2024, and is highly anticipated to be the first meeting in four years that the central bank will make rate cuts.

### Japan

The Japanese carry trade shocked markets over the summer. The Bank of Japan offered low rates of 0-0.1%. Japanese investors borrowed money in their local currency and invested in U.S. securities. At a meeting on July 31<sup>st</sup>, the Bank of Japan raised interest rates to 0.25%. This created panic in the Japanese and U.S. markets. The Nikkei Index had its worst decline since 1987, the index even dropped 12% in one day. The S&P 500 declined 2.91%. The VIX index hit 65 marking the highest level since the Covid Pandemic. Later the Bank of Japan said they would not raise interest rates further and both the Japanese and U.S. markets subsequently recovered.



## Portfolio Performance for the Summer (May 1 – Aug 30)



The portfolio had an overall increase of 12.22%

The top three performing economic sectors were Real Estate (27.74% increase), Utilities (18.88% increase), and Health Care (16.86% increase).

### Top 5 Highest Performers

#### Apple Inc. (AAPL):

- 35.60% Increase
- \$229.00 Ending Price Per Share



#### NVIDIA Corporation (NVDA):

- 31.83% Increase
- \$119.37 Ending Price Per Share



#### American Tower Corporation (AMT):

- 27.74% Increase
- \$224.06 Ending Price Per Share



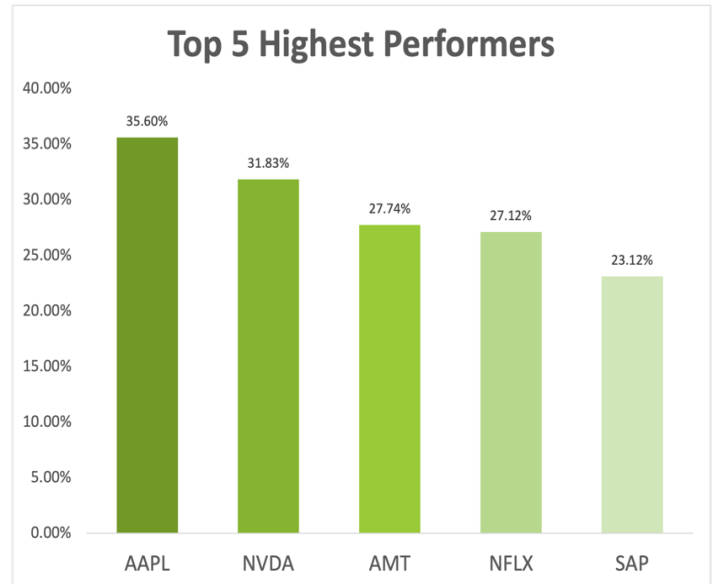
#### Netflix (NFLX):

- 27.12% Increase
- \$701.35 Ending Price Per Share



#### SAP SE Sponsored ADR (SAP):

- 23.12% Increase
- \$219.71 Ending Price Per Share



The worst 3 performing economic sectors were Materials (3.57% decrease), Energy (3.29% increase), and Industrials (7.3% increase).

### Top 5 Worst Performers

#### Intel Corporation (INTC):

- -26.66% Decrease
- \$22.04 Ending Price Per Share



#### Disney Company (DIS):

- -17.82% Decrease
- \$90.38 Ending Price Per Share



#### Rio Tinto (RIO):

- -3.57% Decrease
- \$63.27 Ending Price Per Share



#### Alphabet Inc. (GOOGL):

- -0.18% Decrease
- \$163.38 Ending Price Per Share



#### Emmerson Electric (EMR)

- -0.03% Decrease
- \$105.39 Ending Price Per Share

