



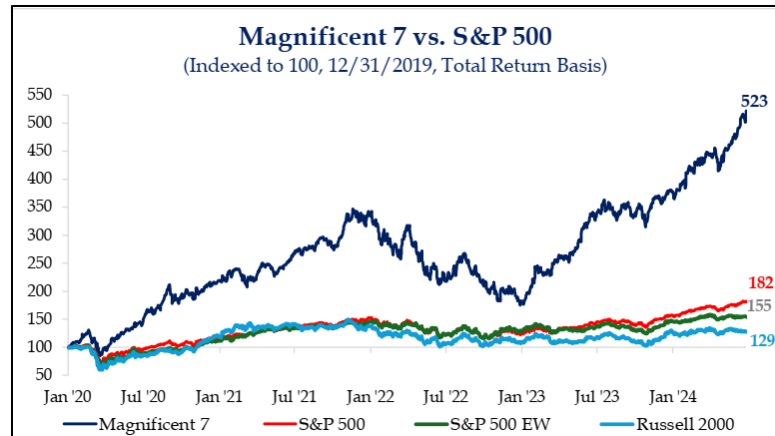
### *Economic Summary*

A stronger-than-expected economy, robust corporate earnings, the potential for interest rate cuts by the Federal Reserve, significant fiscal deficit spending during this election year, and the promise of efficiencies driven by AI have all contributed to drive stock prices higher. As widely publicized, the "Magnificent Seven" continues to exert outsized influence on the performance of many major indices (Chart 1). This concentrated performance among a few names has significantly increased their weighting, reducing the diversity of many indices. Currently, the top ten names in the S&P 500<sup>®</sup> constitute nearly 38% of the index, making it much less diversified than in the past (Chart 2).

### *The Stock Market*

The first half of 2024 saw strong equity market performance, with the S&P 500<sup>®</sup> achieving a total return of 15.3% (Chart 3). The NASDAQ, driven by large-cap technology stocks, returned 18.6%. In contrast, small-cap indices lagged, with the Russell 2000<sup>®</sup> posting a modest 1.7% gain. Growth stocks continued to outperform value stocks, as shown by the Russell 1000<sup>®</sup> Growth Index's 20.7% return, compared to the Russell 1000<sup>®</sup> Value Index's 6.6% return during the same period (Chart 4).

The outperformance of large-cap stocks over small-cap stocks has continued into 2024, with the valuation gap between the large-cap S&P 500<sup>®</sup> Index and the small-cap Russell 2000<sup>®</sup> Index remaining at -1 standard deviation from the historical average (Chart 5). Similarly, growth stocks continue to outperform value stocks, with the valuation disparity between the Russell 1000<sup>®</sup> Growth Index and the Russell 1000<sup>®</sup> Value Index also at -1 standard deviation from the historical average (Chart 6).



**Chart 1**

Source: Strategas Research Partners, "Quarterly Review in Charts", 7/1/24



**Chart 2**

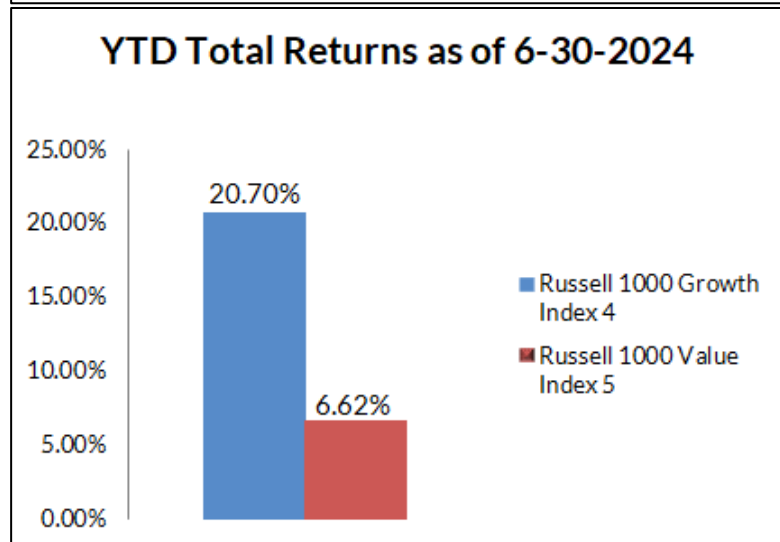
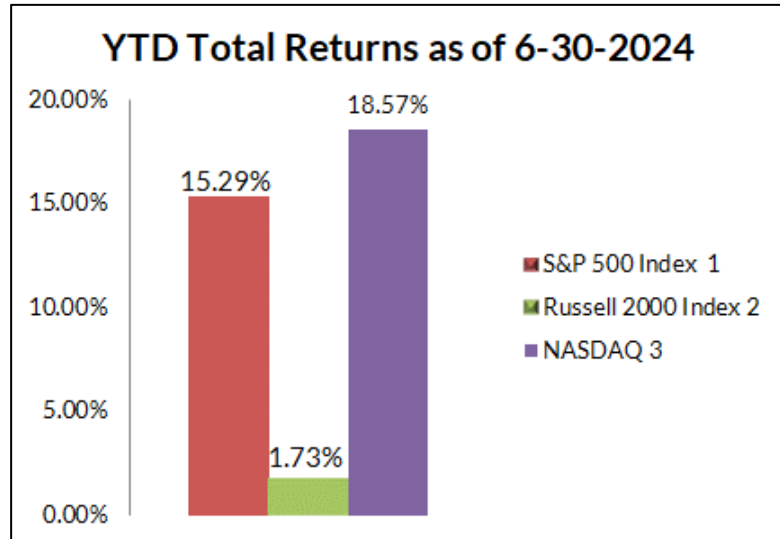
Source: Strategas Research Partners, "Quarterly Review in Charts", 7/1/24

**AVE MARIA SEPARATELY MANAGED ACCOUNTS MARKET COMMENTARY  
2<sup>ND</sup> QUARTER 2024**

*The Stock Market (continued)*

While the timing is uncertain, these valuation gaps between large-cap and small-cap stocks, as well as growth and value stocks, are expected to eventually revert to historical averages. These gaps may even swing in the opposite direction, as has often occurred in the past. Such a shift could benefit the Ave Maria Funds, as many large-cap growth stocks violate the moral screens applied by the Funds and thus are not in our Mutual Funds.

At the sector level for the S&P 500<sup>®</sup>, Information Technology, Communication Services, and Energy were the top performers in the first half of the year, delivering returns of 28.3%, 26.7%, and 10.9%, respectively. Conversely, the Real Estate, Materials, and Consumer Discretionary sectors lagged, posting returns of -2.5%, 4.1%, and 5.7%, respectively.



**Charts 3 & 4**  
*Source: Morningstar Direct*

<sup>1</sup>The S&P 500<sup>®</sup> Index is a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general. <sup>2</sup>The Russell 2000<sup>®</sup> Index is an unmanaged index of the smallest 2,000 stocks in the Russell 3000<sup>®</sup> Index. <sup>3</sup>The NASDAQ Composite is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange (more than 2500 stocks). You cannot invest directly in an index. <sup>4</sup>The Russell 1000<sup>®</sup> Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth values. <sup>5</sup>The Russell 1000<sup>®</sup> Value Index Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> companies with lower price-to-book ratios and lower expected growth values.

**Past performance does not guarantee future results.**

# AVE MARIA SEPARATELY MANAGED ACCOUNTS MARKET COMMENTARY

## 2<sup>ND</sup> QUARTER 2024

### *The Bond Market*

Regarding the bond market, interest rates have continued to rise across the intermediate and long-end of the yield curve. This increase has been driven by significant fiscal deficit spending, persistent inflation, and stronger-than-expected macroeconomic indicators. These factors have led both investors and the Federal Reserve to reassess the likelihood of interest rate cuts this year. At the beginning of the year, investors anticipated six cuts, while the Fed projected three. Currently, investors expect two cuts this year with one in September and another in December, but the Fed may have their hands tied due to inflation and a resilient economy.

Corporate credit spreads remain narrow, supported by strong economic conditions and improving corporate balance sheets. However, investors in corporate bonds should be cautious about increasing their exposure to corporate credits, as the compensation for taking additional credit risk is currently below historical averages.

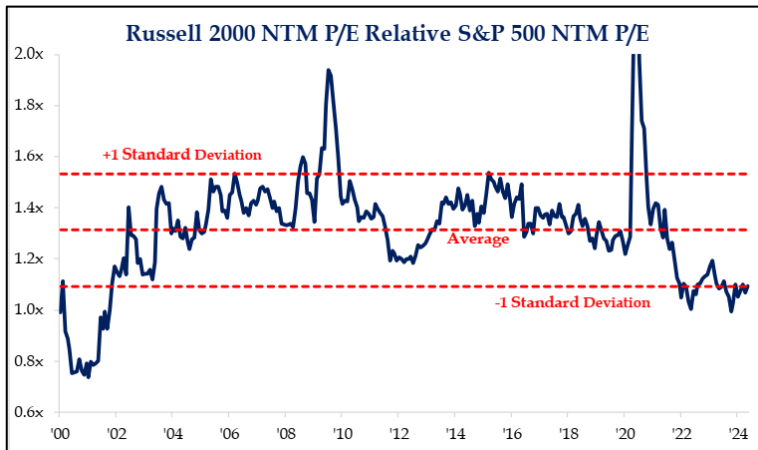


Chart 5

Source: Strategas Research Partners, "Quarterly Review in Charts", 7/1/24

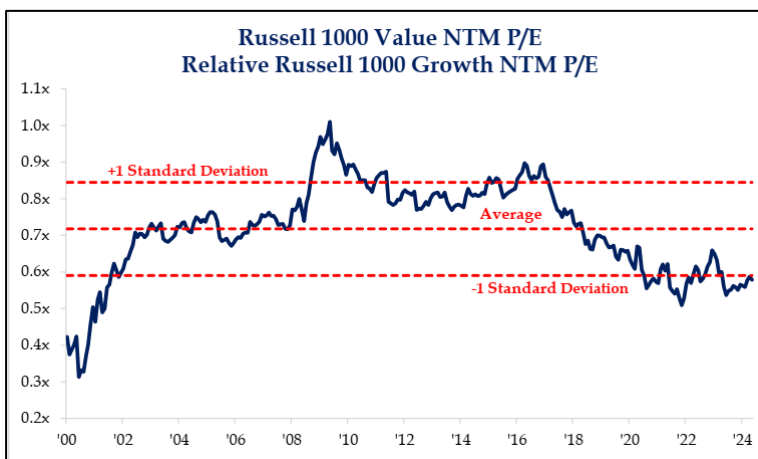


Chart 6

Source: Strategas Research Partners, "Quarterly Review in Charts", 7/1/24

### **Past performance does not guarantee future results.**

The Ave Maria Division was established in April 2001 and is a division of Schwartz Investment Counsel, Inc., which was established in 1980. The Ave Maria Division became GIPS compliant in February 2009. The Ave Maria Division has a Catholic Advisory Board that reviews the companies selected for investment to ensure that the companies operate in a way that is consistent with the teachings and core values of the Roman Catholic Church. The Ave Maria Division is responsible for all accounts under Schwartz Investment Counsel, Inc. that are managed according to the Catholic mandate as defined by the Ave Maria Division's Catholic Advisory Board. For GIPS purposes, the Ave Maria Division has been defined as the "Firm", and is held out to clients and potential clients as a distinct business entity.

**Prospective investors should consider the account's investment objectives and risks carefully before investing.**