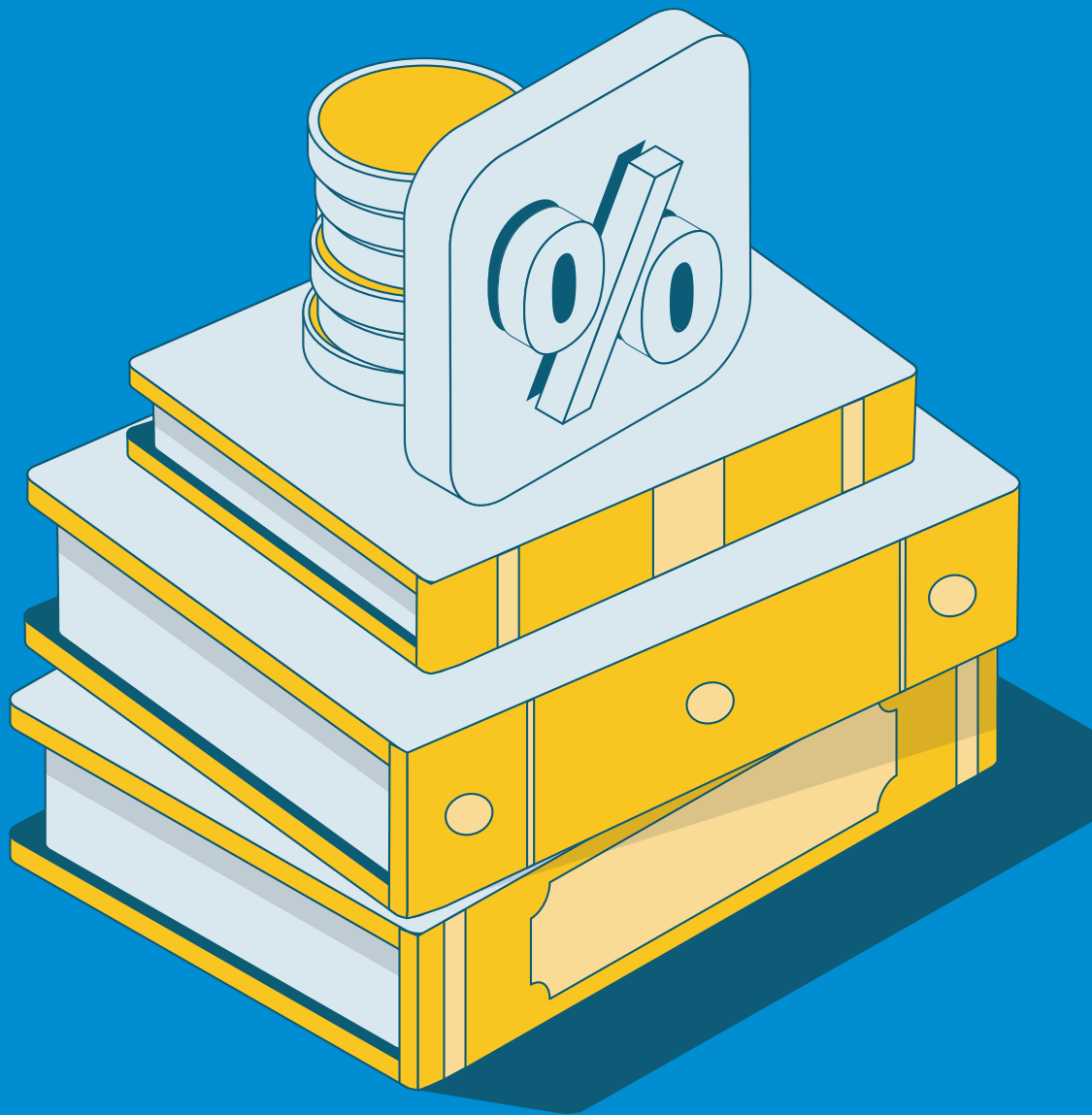


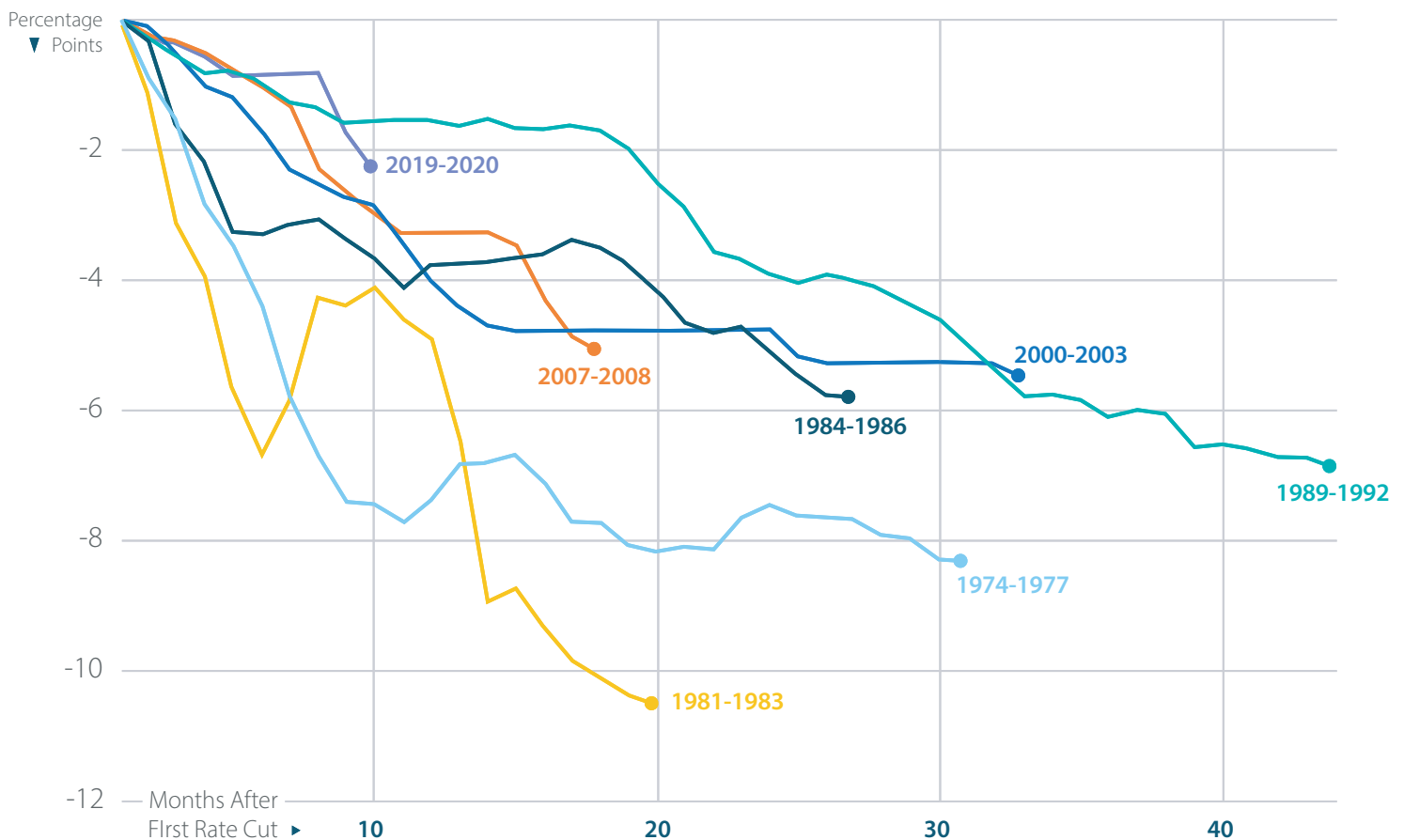
What History Reveals About Interest Rate Cuts



INVESTMENTS

The U.S. has experienced seven rate cutting cycles over the past 50 years. On average, they lasted 26 months and decreased rates by 6.35 percentage points.

Past Interest Rate Cut Cycles



Source: Federal Reserve 07/03/2024.

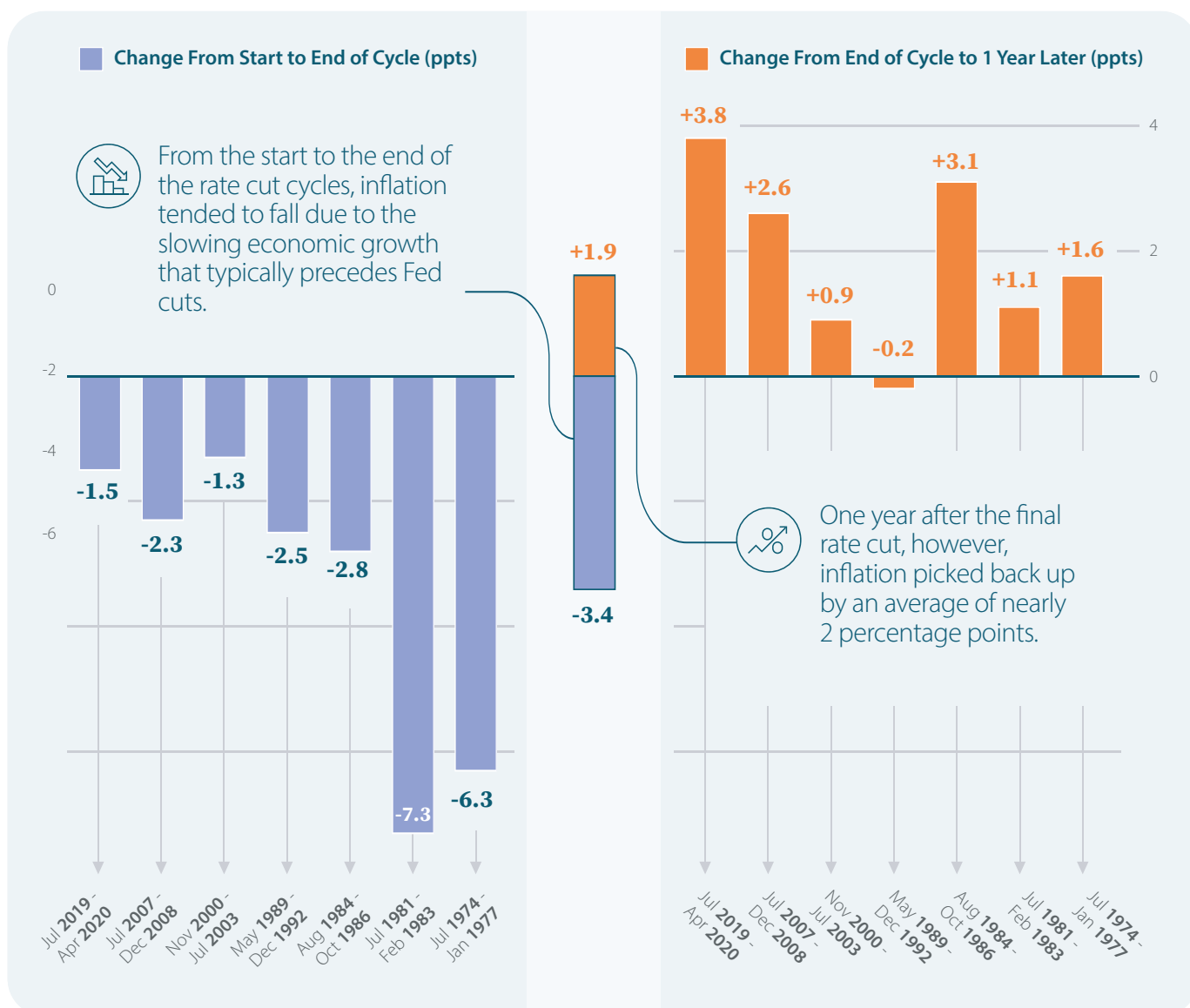
Interest rate changes have significant ripple effects on the economy and financial markets.

The Economic Response to Rate Cuts

What impact is an interest rate cut cycle likely to have on inflation and consumer spending?

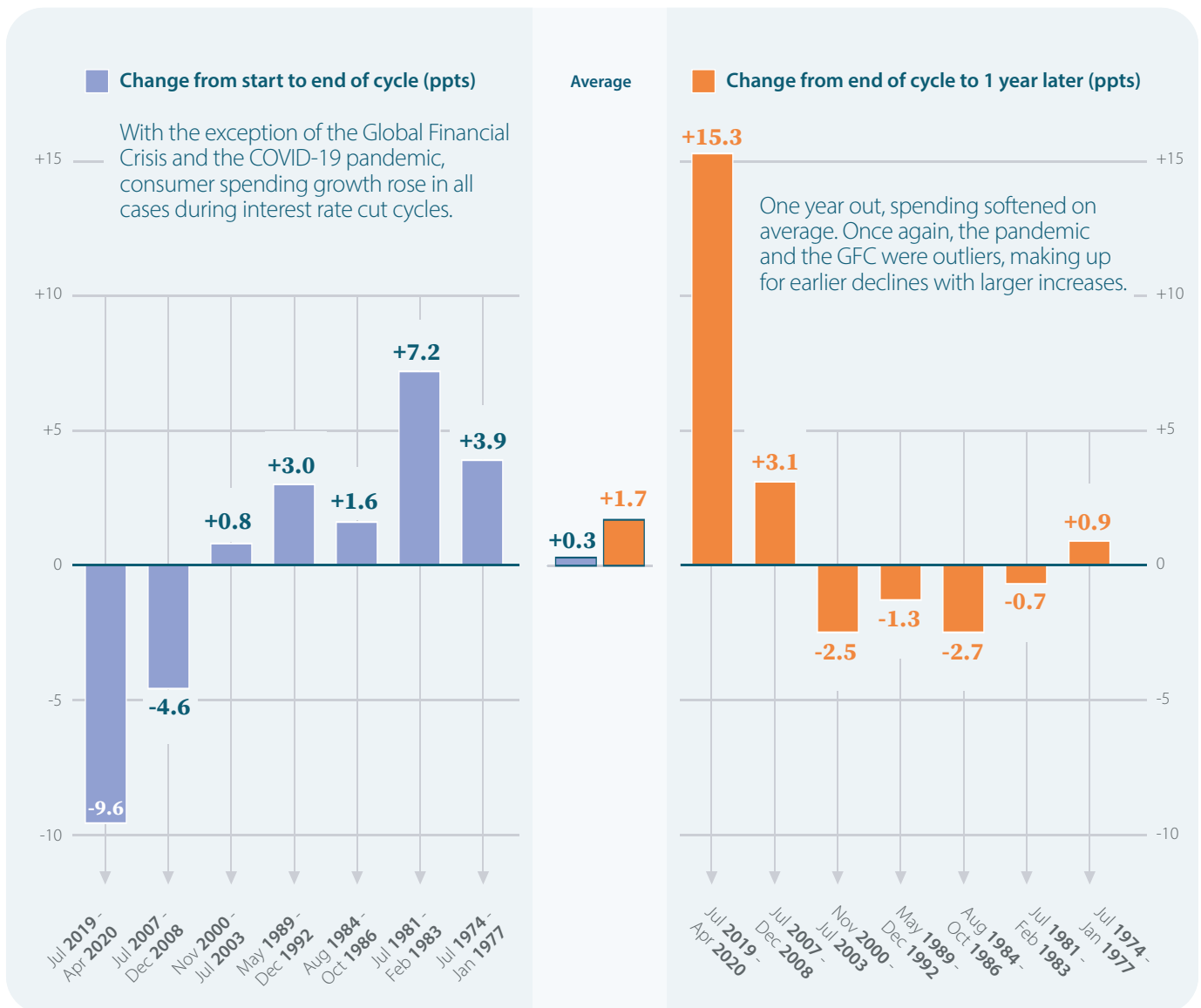


Inflation During and After Rate Cuts



Source: Federal Reserve 07/03/2024. Based on the effective federal funds rate.

Real Consumer Spending Growth During and After Rate Cuts



Source: BEA 07/03/2024. Quarterly data. Consumer spending growth is based on the percent change from the preceding quarter in real personal consumption expenditures, seasonally adjusted at annual rates. Percent changes at annual rates were then used to calculate the change in growth over rate cut cycles. Data from the last full quarter before the date in question was used for calculations.

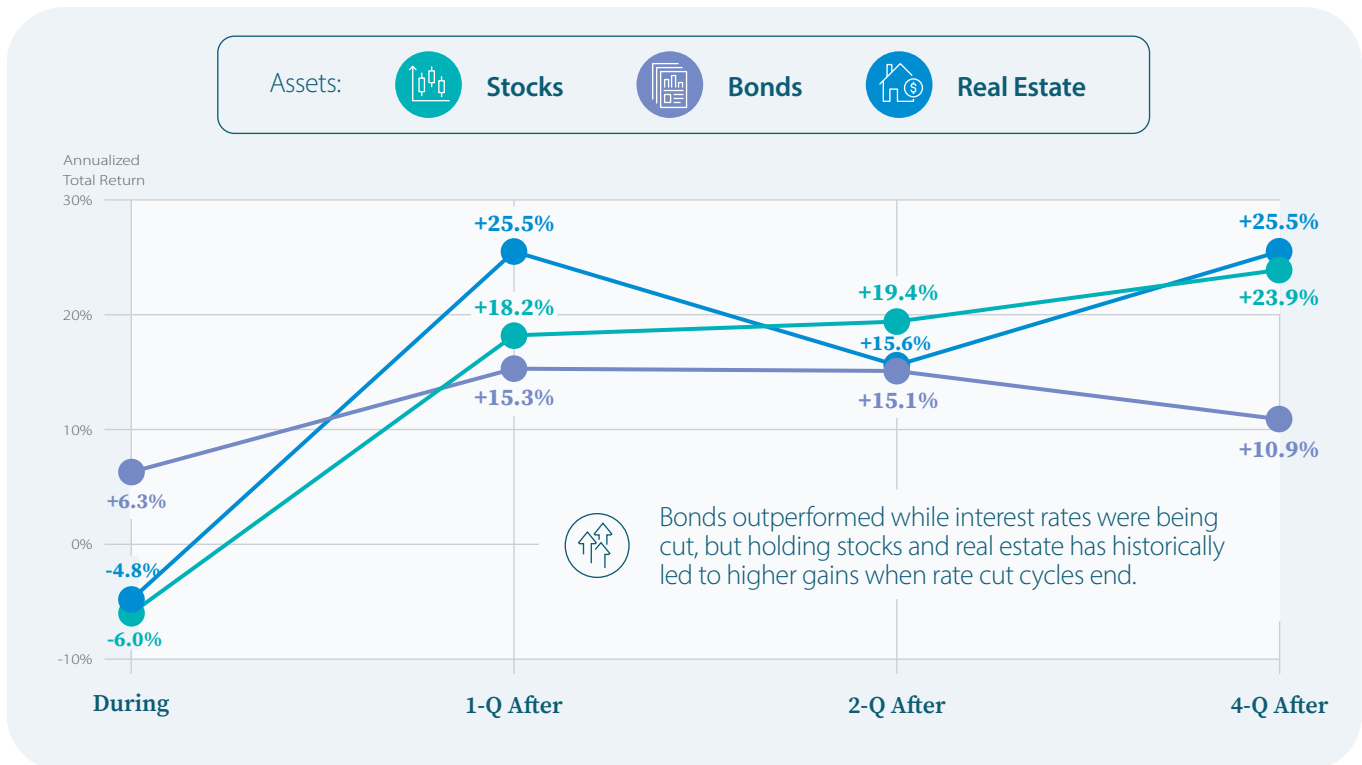
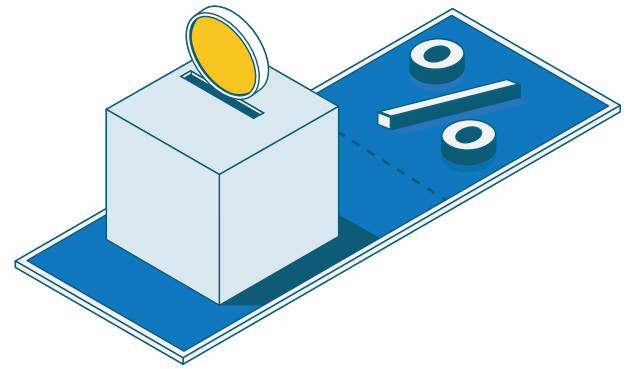
Investors can gain valuable insights by understanding the impact of interest rate cuts on economic indicators, yet it's also vital to analyze asset class performance during and after such cycles.

The Investment Response to Rate Cuts

Which asset classes have tended to perform best during and after interest rate cut cycles?

Performance During and After Rate Cuts

Based on the previous four interest rate cut cycles



Source: Yahoo Finance, Federal Reserve, NAREIT 09/04/2024. The S&P 500 total return index was used to track performance of stocks. The ICE Corporate Bonds total return index was used to track the performance of bonds. The NAREIT All Equity REITs total return index was used to track the performance of real estate. Calculations are based on the previous four rate cut cycles (2019-2020, 2007-2008, 2000-2003, 1989-1992). It is not possible to invest directly in an index. Past performance is not indicative of future results. Index definitions can be found at the end of this piece.

What's Next for Rates

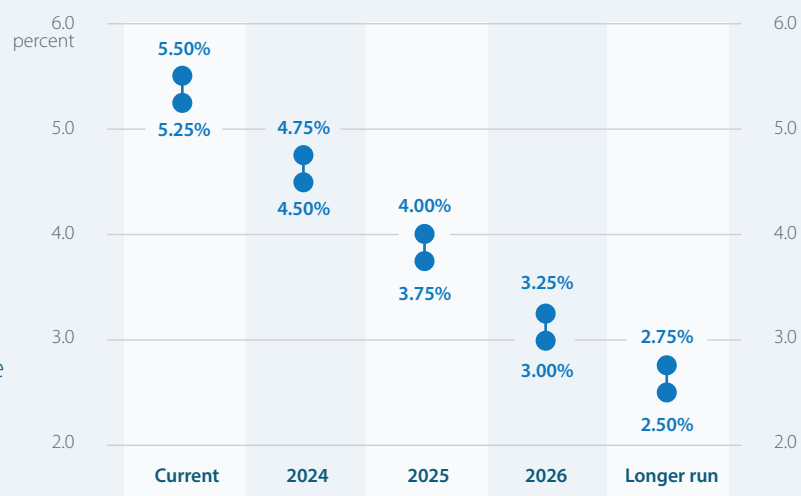


The Fed expects interest rates to steadily decline over the coming years



The long-term (post-2026) range is expected to be 2.50-2.75%, less than half of the current 5.25-5.75% range

Federal Reserve Interest Rate Projections: March 2024



Source: Federal Reserve 03/20/2024.

Make Informed Decisions

Periods of interest rate changes bring with them much uncertainty for the economy and financial markets. However, understanding historical patterns in previous rate cut cycles can help investors make informed decisions.



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The **S&P 500** Index is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance. The **ICE Corporate Bonds Index** tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market. The **FTSE NAREIT All Equity REITs** is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. All are total return indexes.

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