mFORCE CAPITAL

Chart Book

As of December 31, 2023

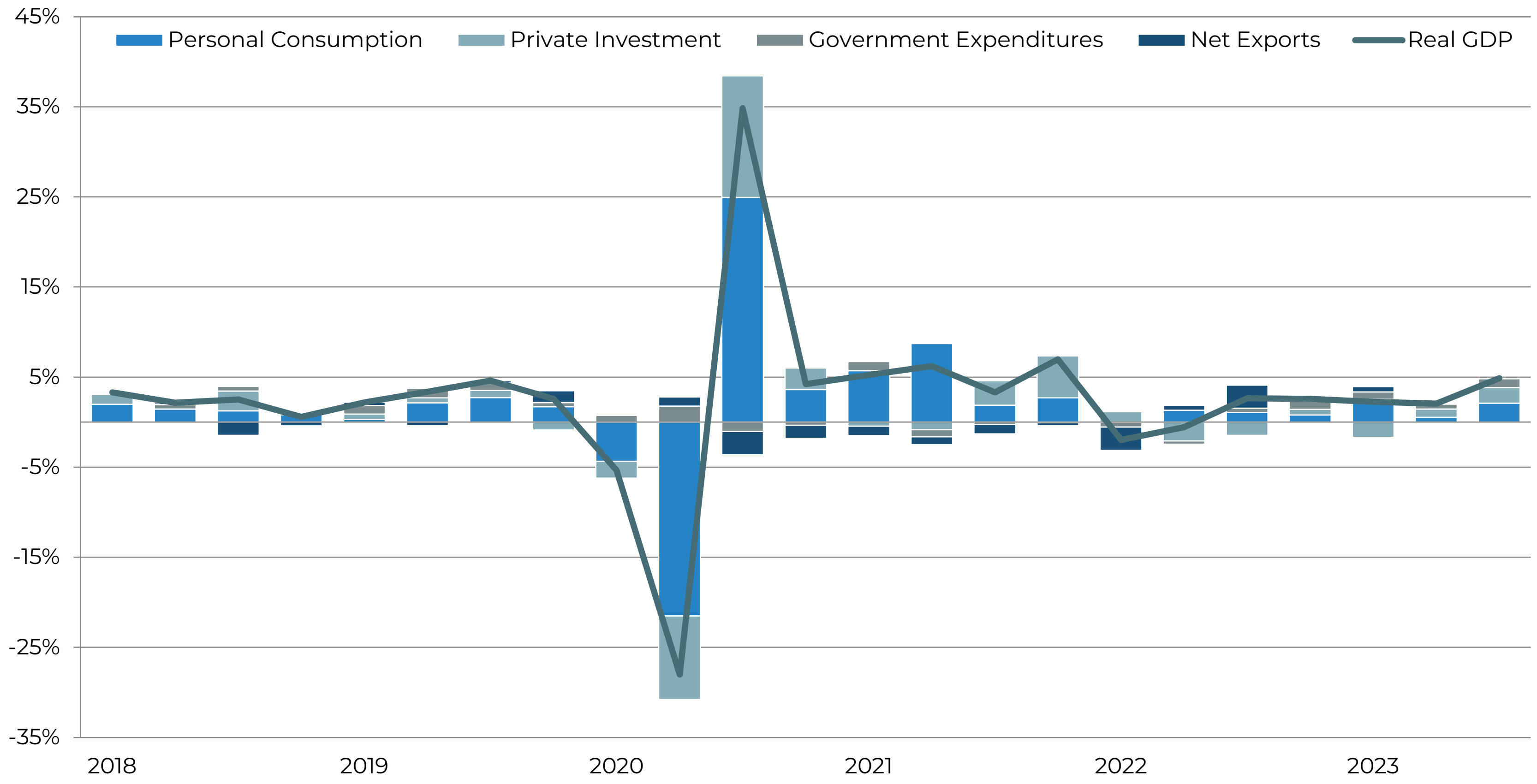
mFORCE Capital, 817-710-1840

ECONOMIC PERSPECTIVE

The nonpartisan Congressional Budget Office ("CBO") projects U.S. economic growth will slow to 1.5% in 2024, with the unemployment rate seen rising to 4.4% from what it estimates will be a 3.9% average in 4Q 2023. The updated projections also included a substantial upward revision to expected GDP growth in 2023 to 2.5%, from 0.9% seen in July. The CBO said the growth slowdown expected for 2024 was due to slower-than-projected growth in personal consumption, private investment and exports.

Economic Growth

Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)

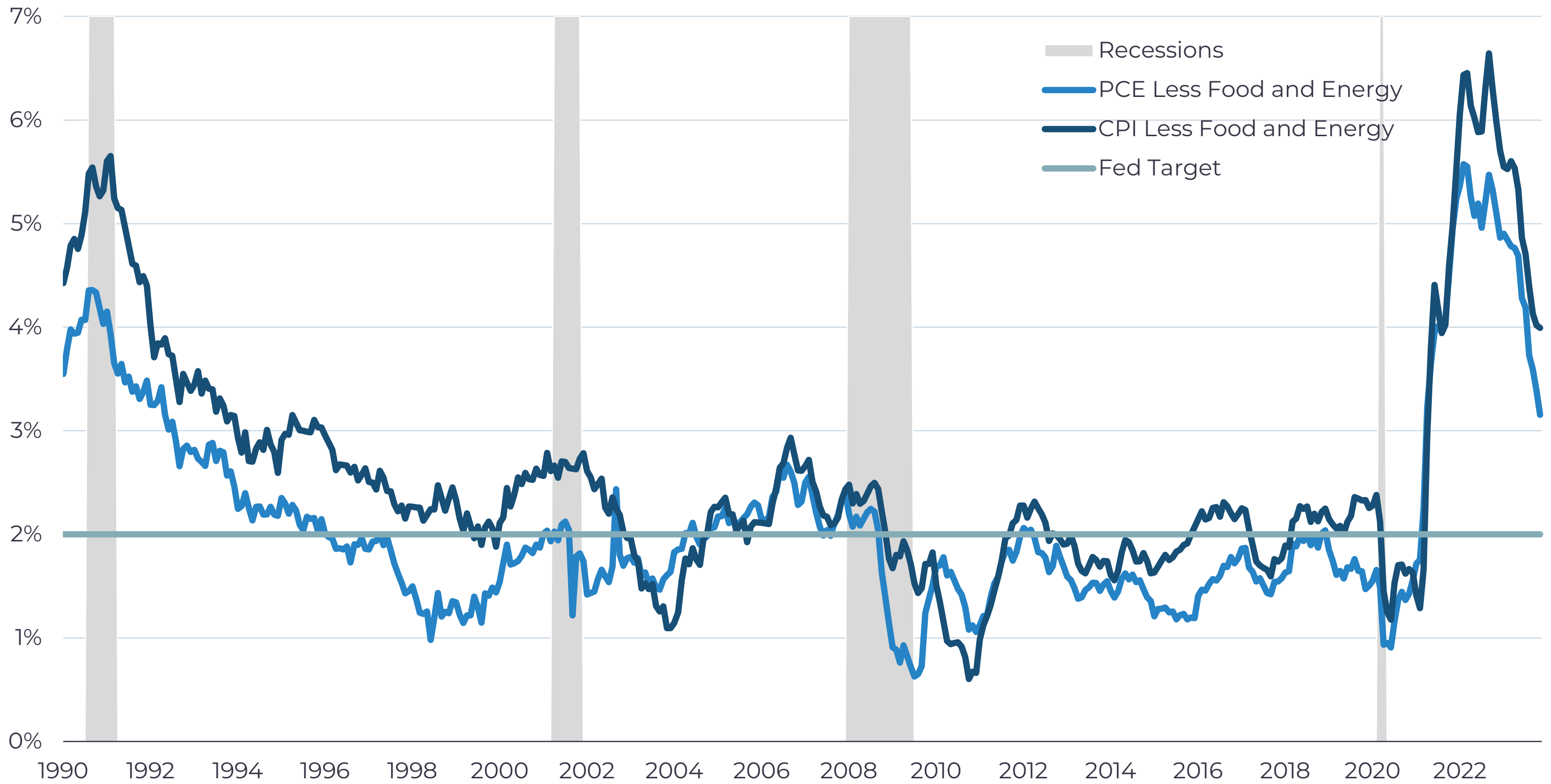


Source: U.S. Bureau of Economic Analysis (Reported quarterly)

Held down by sinking goods prices, U.S. inflation was mostly unchanged in November. But underlying price pressure from apartment rents, restaurant meals, auto insurance and many other services remained stubbornly high. Most economists expect the rate of price increases to keep slowing in the coming months. Though the decline could follow a bumpy path, market expectations are inflation should fall much closer to the Fed's 2% target by the end of 2024. This expectation is based upon data reflecting wages and rental prices, among other items, are now increasing more gradually.

Inflation Outlook

Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)

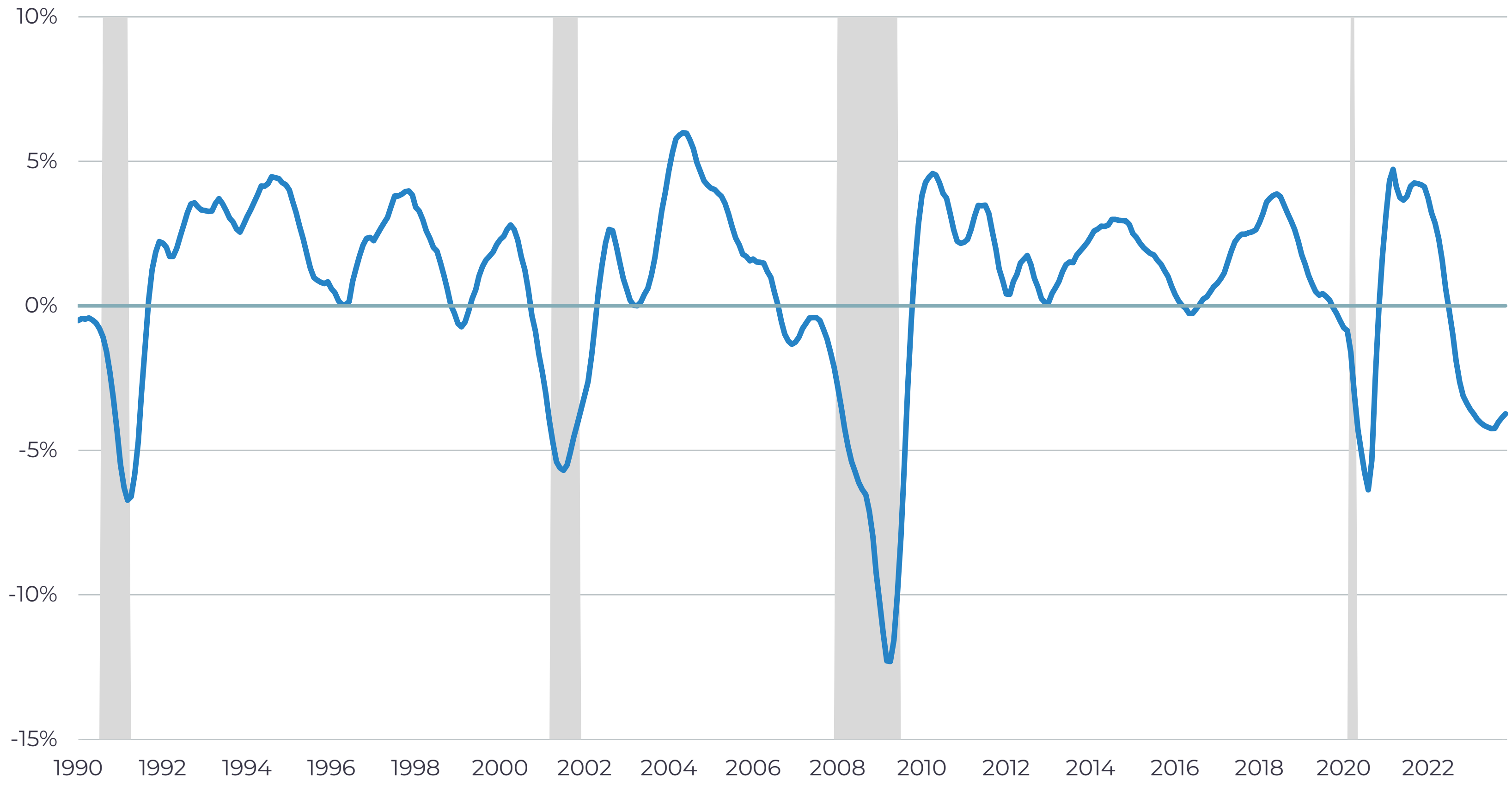


Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis (Reported monthly)

According to the Conference Board, the LEI for the U.S. continued declining in November, with stock prices making virtually the only positive contribution to the index in the month. Housing and labor market indicators weakened in November, reflecting warning areas for the economy. The Leading Credit Index™ and manufacturing new orders were essentially unchanged, pointing to a lack of economic growth momentum in the near term. Despite the economy's ongoing resilience and December's improvement in consumer confidence, the U.S. LEI suggests a downshift of economic activity ahead. As a result, The Conference Board forecasts a short and shallow recession in the first half of 2024.

U.S. Economic Outlook

Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)

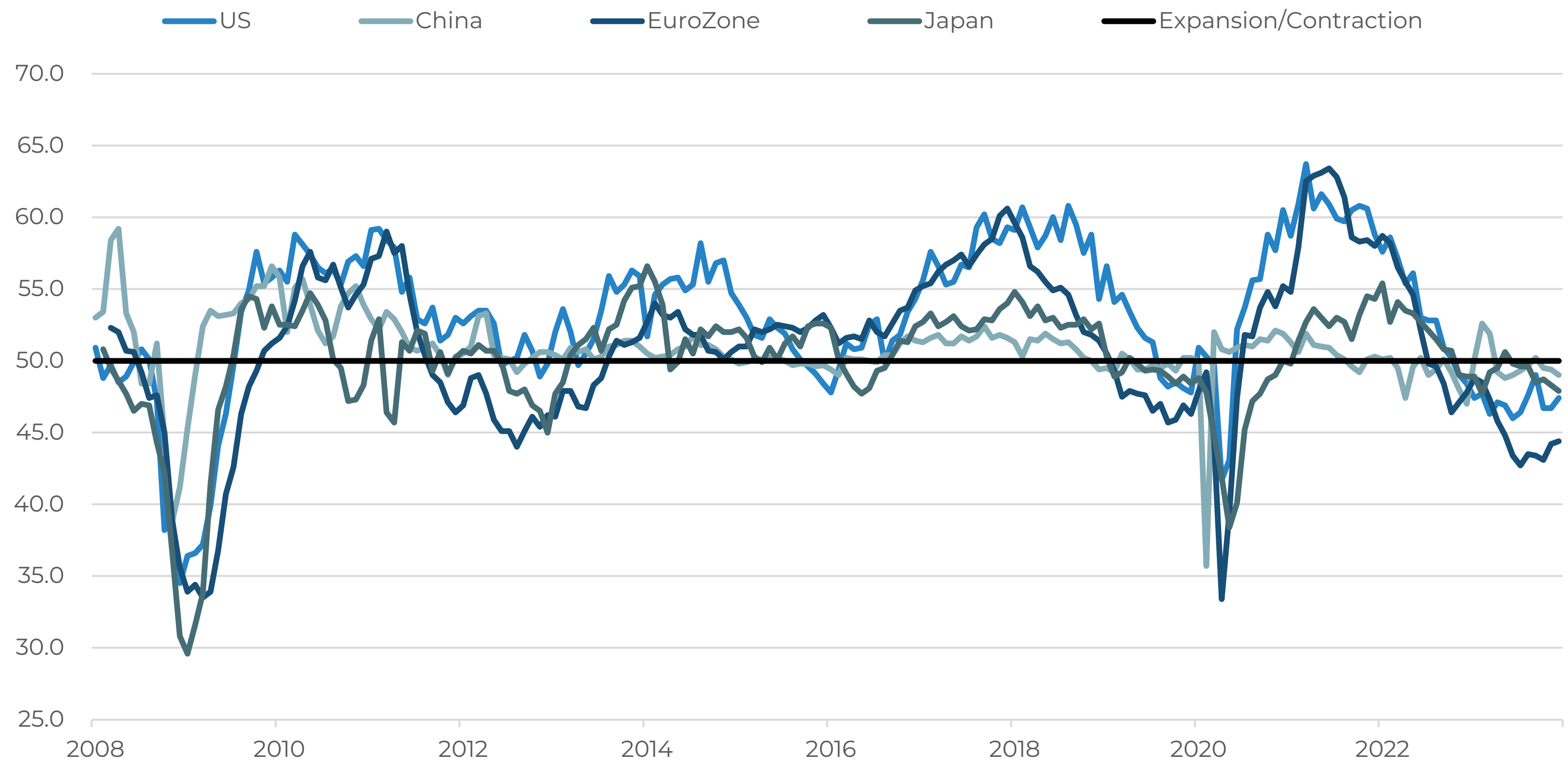


Source: Conference Board (Reported monthly)

The global manufacturing sector ended 2023 on a lackluster footing. December saw production decline for the seventh consecutive month as intakes of new business suffered a further contraction. With demand retreating, producers again relied on completing backlogs of work to support output. The JPMorgan Global Manufacturing PMI® posted 49.0 in December, down from 49.3 in November, to remain below the neutral 50.0 mark for the sixteenth consecutive month. Manufacturing production contracted at a slightly quicker pace in December, with the latest decline centered on the intermediate goods sector. In contrast, producers of both consumer and investment goods saw expansions.

Global Economic Outlook

Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)

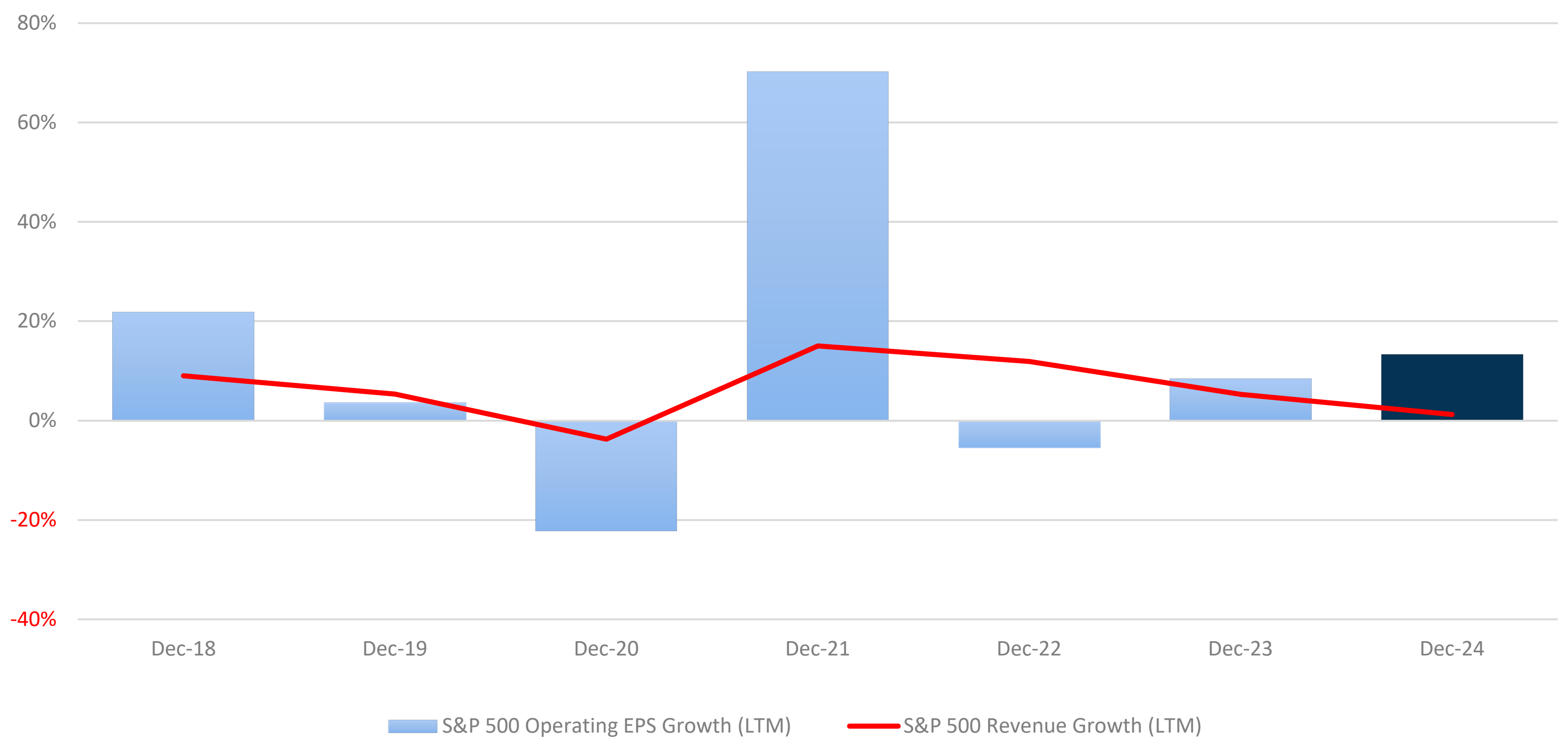


Source: ISM, Markit

According to FactSet, the bottom-up target price target for the S&P 500 over the next 12 months is 5153, which is 8.0% above the closing price of 4740. At the sector level, the Energy (+19.1%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+4.9%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price. Overall earnings per share growth is expected to be 13.3% in 2024.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)

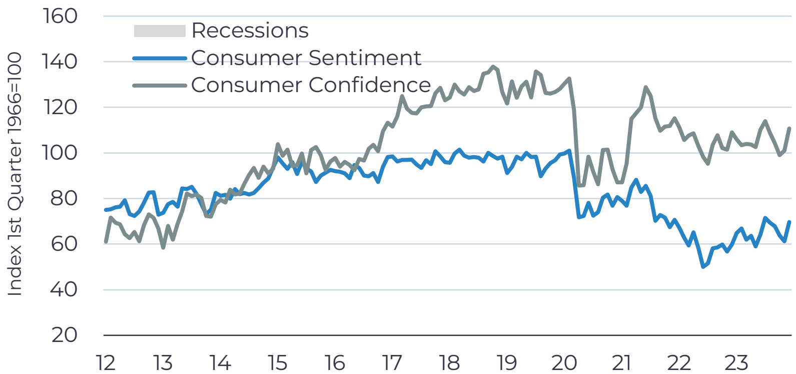


Source: S&P Dow Jones Indices (Reported monthly)

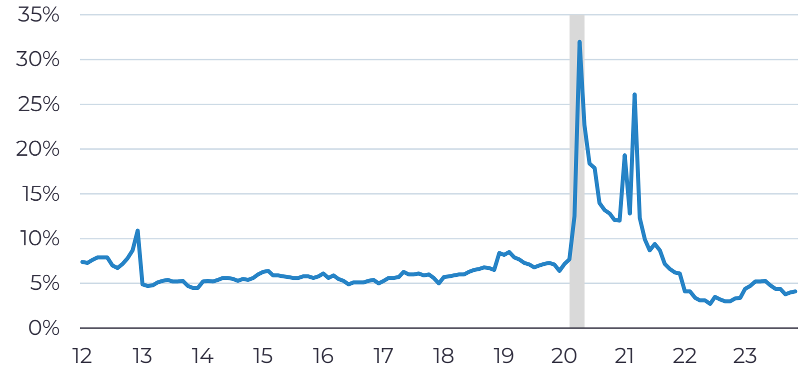
As reported by the Conference Board, consumer confidence increased in December reflecting more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months. While December's renewed optimism was seen across all ages and household income levels, the gains were largest among householders aged 35-54 and households with income levels of $125,000 and above. December's write-in responses revealed the top issue affecting consumers remains rising prices in general, while politics, interest rates, and global conflicts all saw downticks as top concerns.

Consumer Outlook

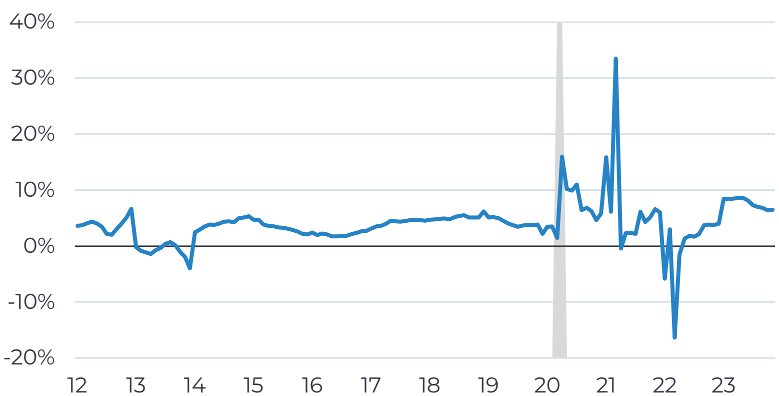
Consumer Sentiment & Confidence Indexes



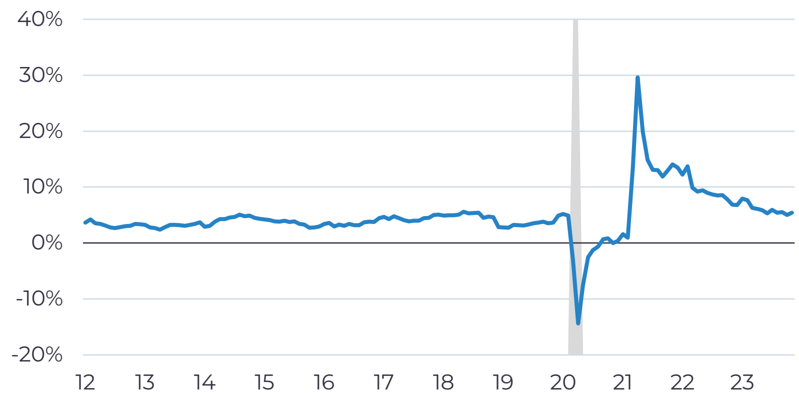
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



Personal Consumption Expenditures (Y/Y % Change)

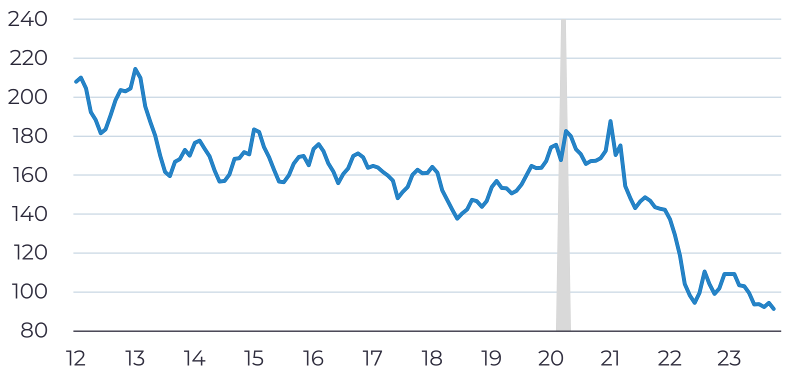


Source: Thomson Reuters/University of Michigan, Conference Board, U.S. Bureau of Economic Analysis (Reported monthly)

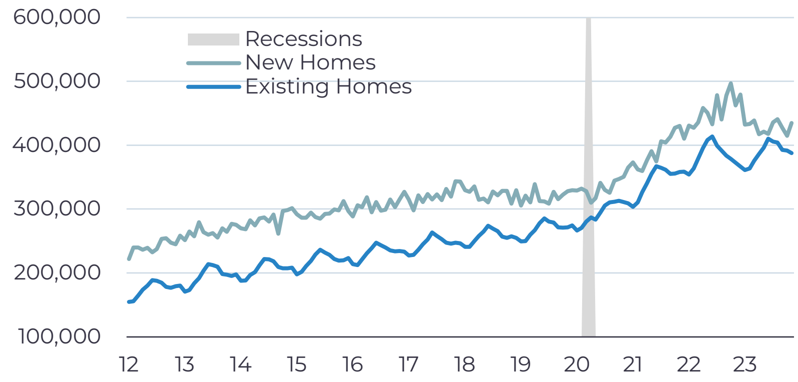
Altos Research released its first report focused on the 2024 housing market. Their initial prediction indicates a 15% improvement in home sales with home prices ticking upwards slightly by the end of the year. Home inventory at the start of the year is 6% higher than it was at the start of 2023. There are currently more options available on the market to homebuyers, which bodes well for inventory levels for the spring. However, home prices are holding steady, which indicates that there are enough buyers willing to purchase at current levels to support prices where they're at. The only concern is that inventory isn't spread evenly throughout the country. Markets in the Southern and Midwestern regions are climbing, but the Western and Northeast parts of the U.S. have fewer homes available.

Housing Market Outlook

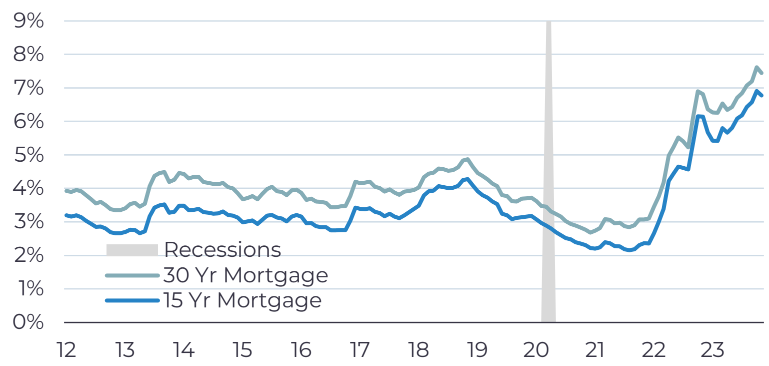
Housing Affordability (higher = more affordable)



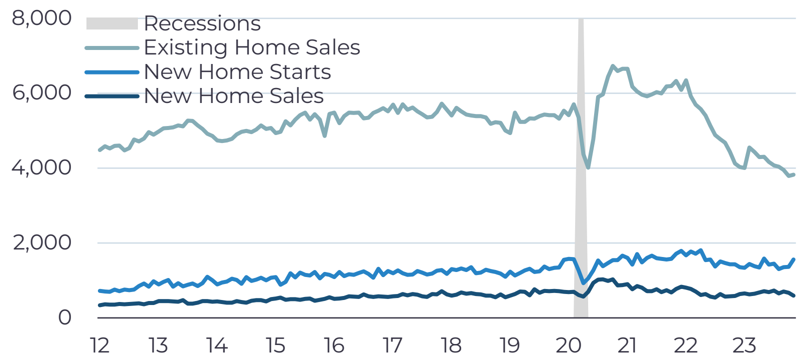
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.©



Housing Starts, Existing Home Sales and New Home Sales (000's)

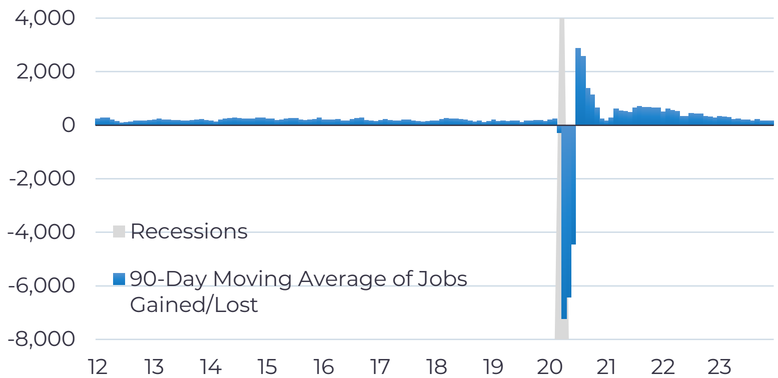


Source: National Association of Realtors, Freddie Mac, U.S. Bureau of the Census (Reported monthly)

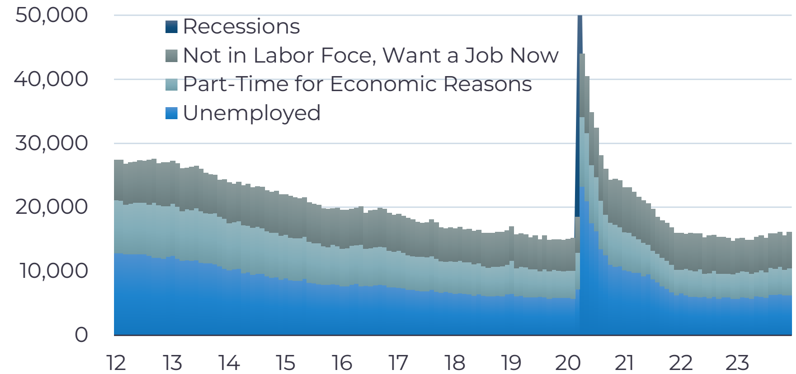
According to the Bureau of Labor Statistics, U.S. nonfarm payrolls increased by a better-than-expected 216,000 jobs in December. The number was well above estimates for a gain of 170,000 and higher than the downwardly revised 173,000 increase in November. Strong hiring occurred in government, up by 52,000, and health care, with an increase of 38,000. Construction added 17,000 jobs. Wages, meanwhile, rose and are now growing at a level above inflation. Gains have been especially strong for workers at the low end of the wage scale. This month's positive jobs report signals the economy remains strong as we enter the new year, despite high interest rates. This, in tandem with easing recession fears, is a welcome sign for American consumers as they look for a more stable economy.

Labor Market Outlook

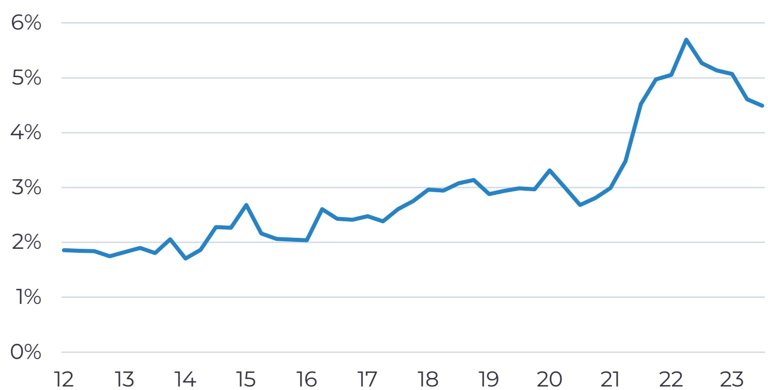
Jobs Gained/Lost (000's) with 12-Month Moving Average



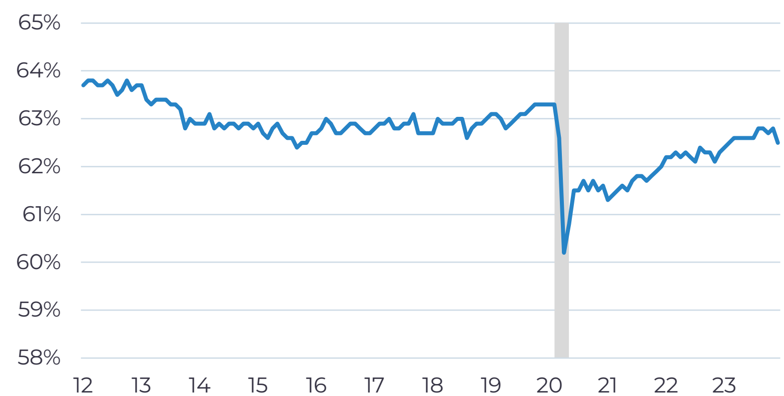
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



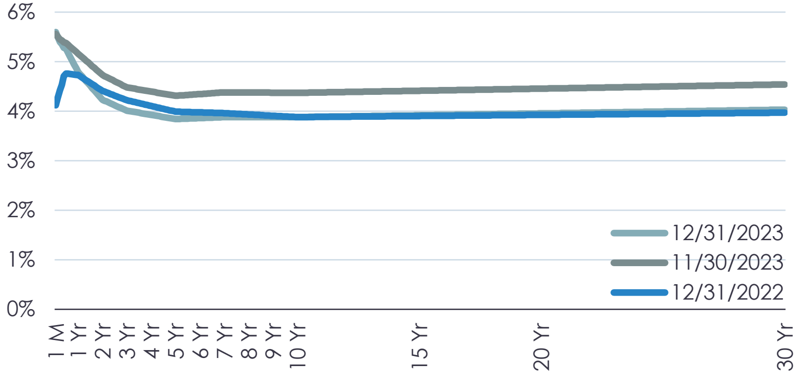
Source: U.S. Bureau of Labor Statistics, (Reported monthly, Wage Growth reported quarterly)

BOND MARKET PERSPECTIVE

Bond markets continued to rally in December, once again providing positive returns across the fixed income spectrum. The ongoing trend of weaker data combined with a more dovish outlook from the Federal Reserve provided the backdrop that was needed to further boost returns on bonds. Indeed, the Fed's updated summary of economic projections showed inflation, and specifically their favored core PCE measure falling more quickly than they had anticipated; while the "dot plot" of rate expectations also indicated a faster pace of rate cuts next year. With the Fed now anticipating rates to be 50bps lower at the end of 2024 than they had forecast in September, due to no further rate hikes and an additional cut, it gave the market the green light to drive rate expectations lower, which in turn caused a strong rally in bond yields and credit spreads.

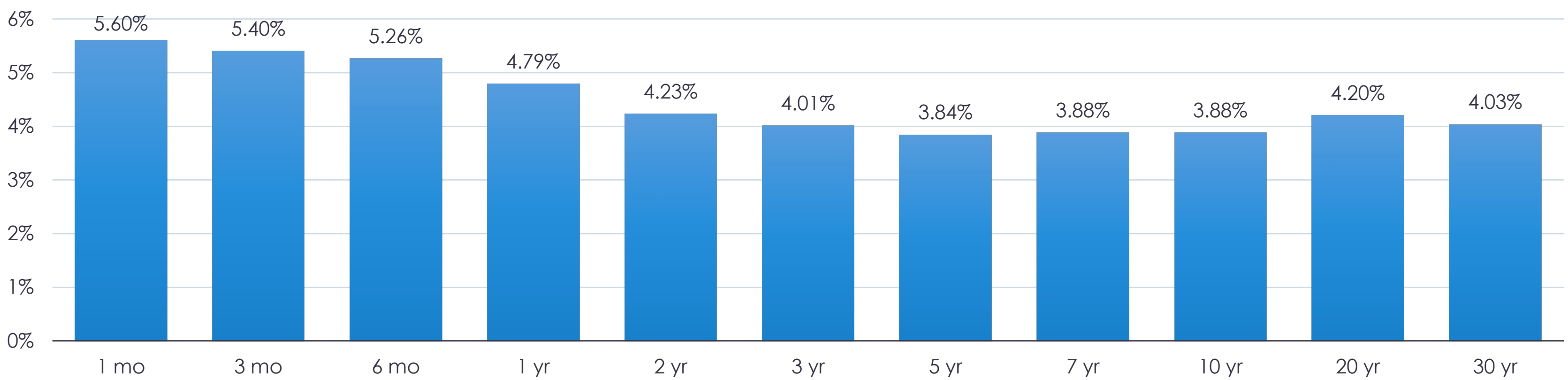
U.S. Treasury Market

U.S Treasury Yield Curve



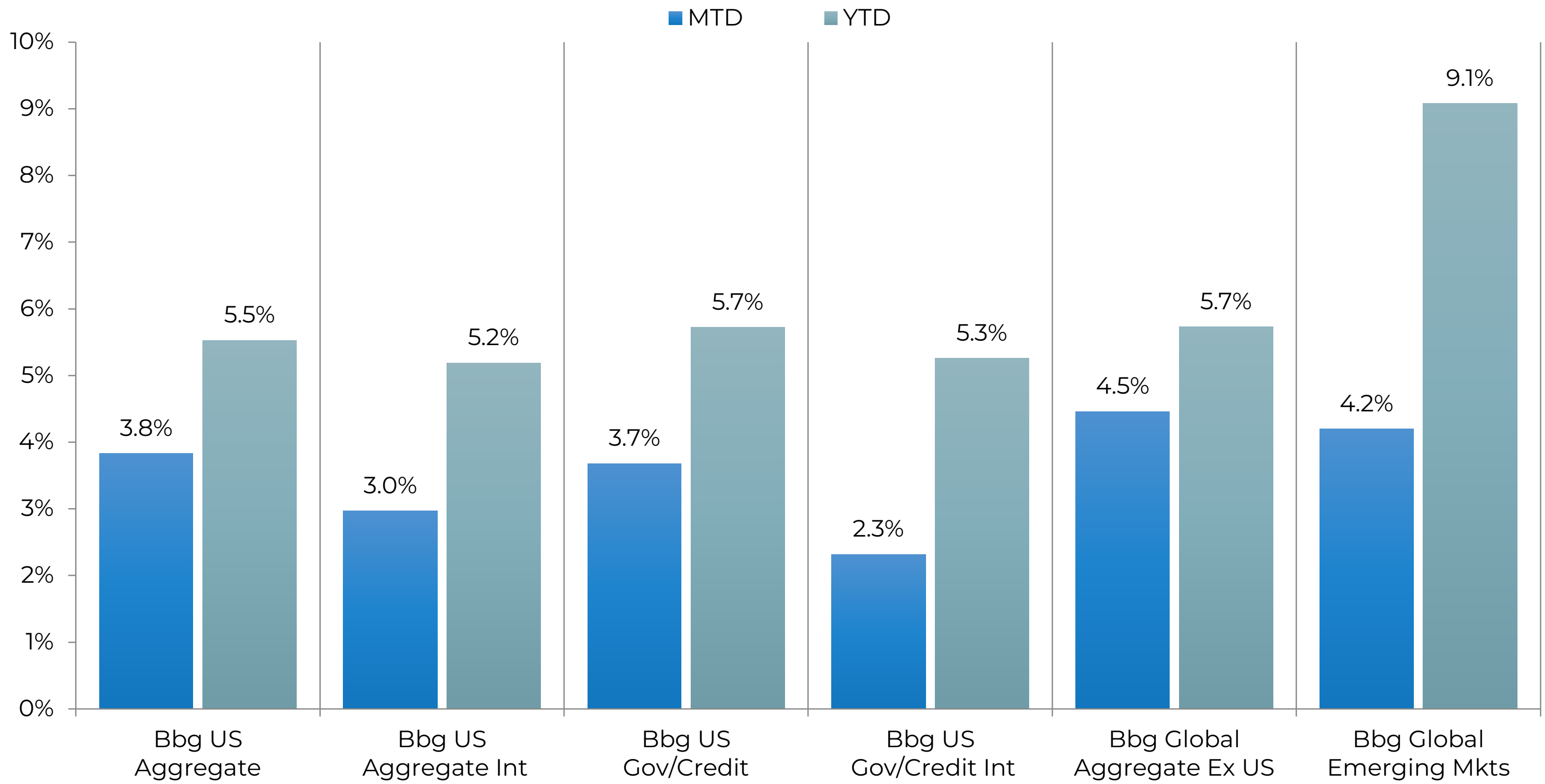
Historical U.S. 10-Year Treasury Rate

Current U.S. Treasury Yields by Maturity



Source: U.S. Department of Treasury

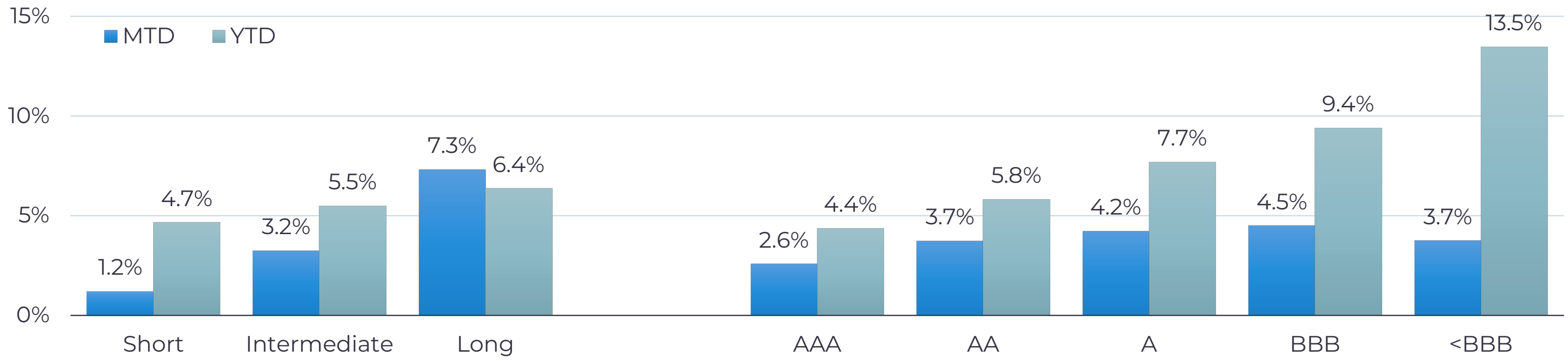
Global Fixed Income Returns by Bellwether Index



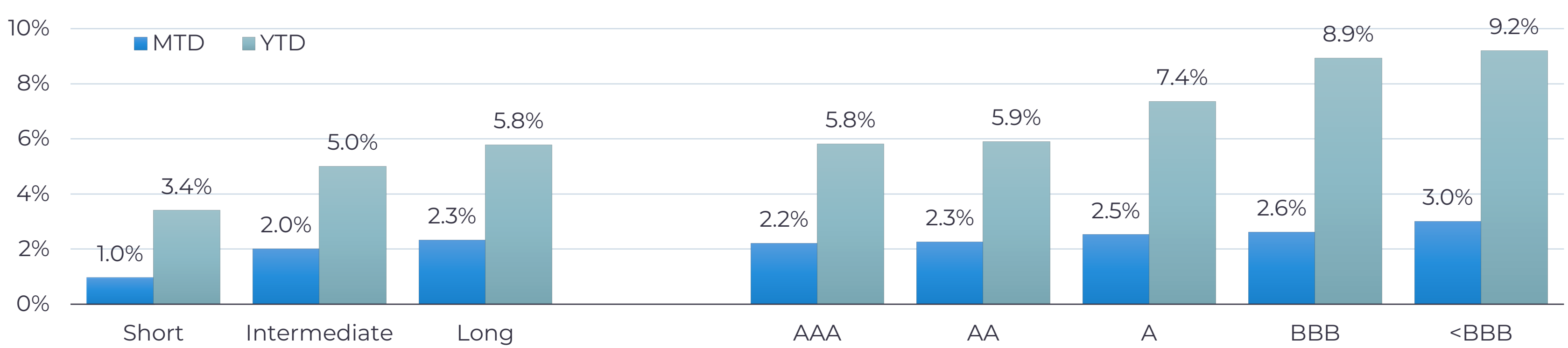
Source: Bloomberg Barclays (BB)

Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable



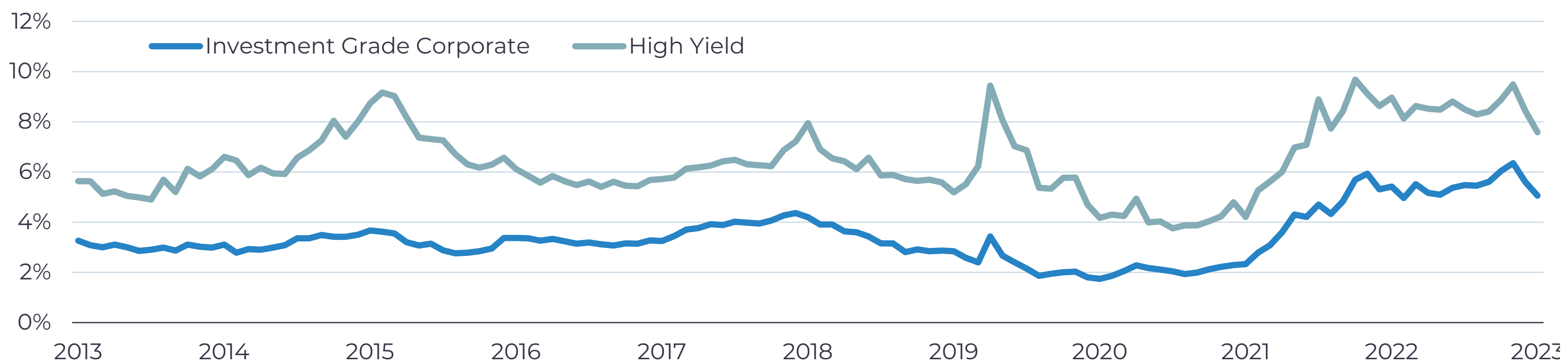
Domestic Bond Market - Municipal



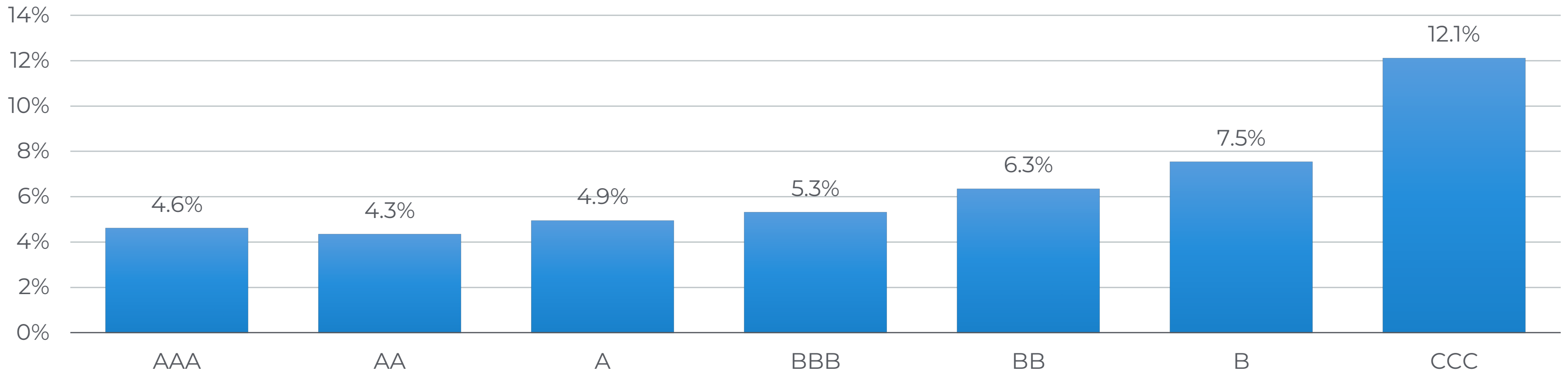
Short is defined as 1-3 years for taxable and 3 years for municipal, Intermediate is 5-7 years for taxable and 6-8 years for municipal, Long is 10+ years for taxable and 8-12 years for municipal. Source: Bloomberg Barclays Aggregate Bond Index (taxable bond market) and Bloomberg Barclays Municipal Index (municipal bond market).

Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



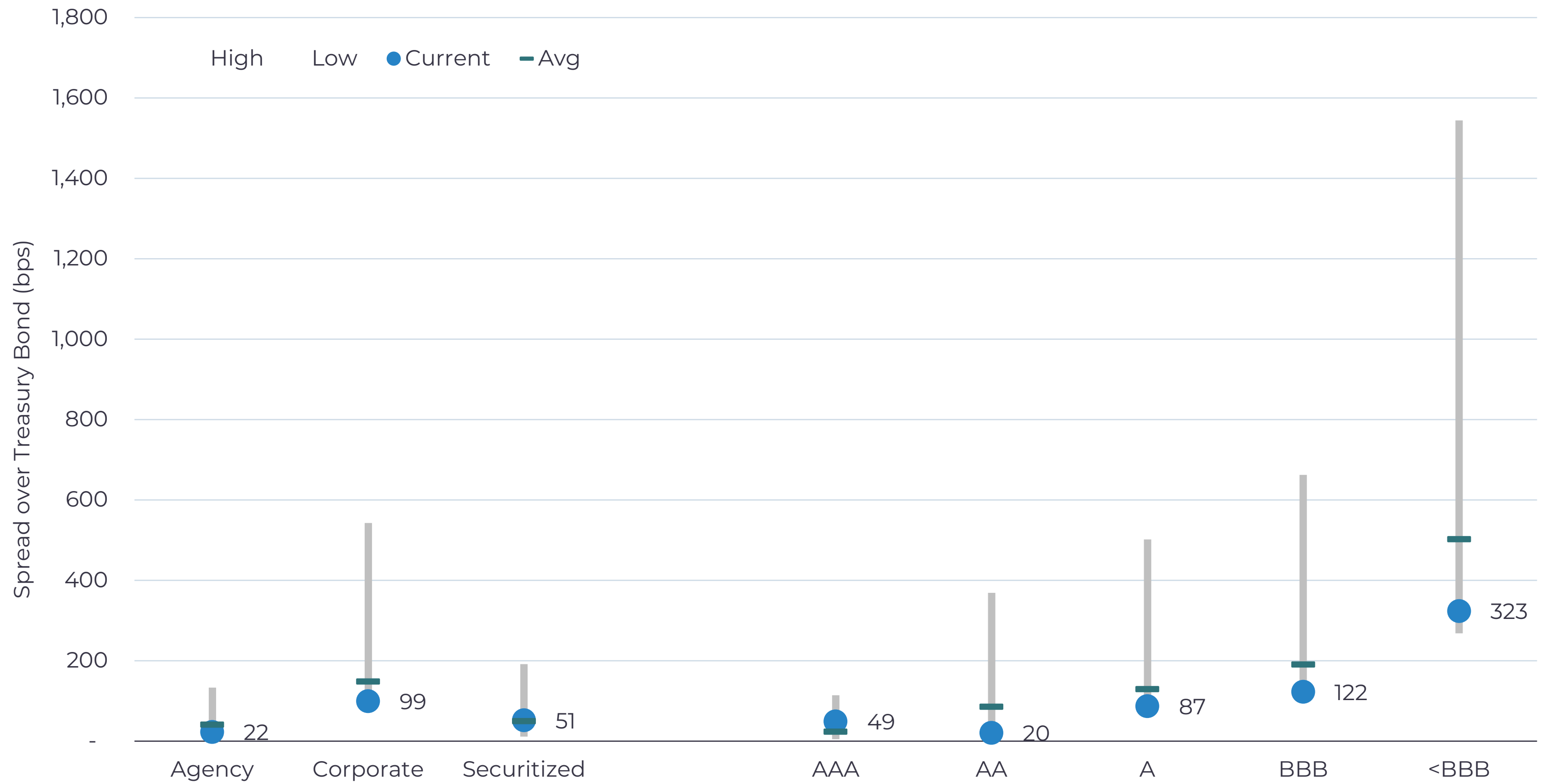
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



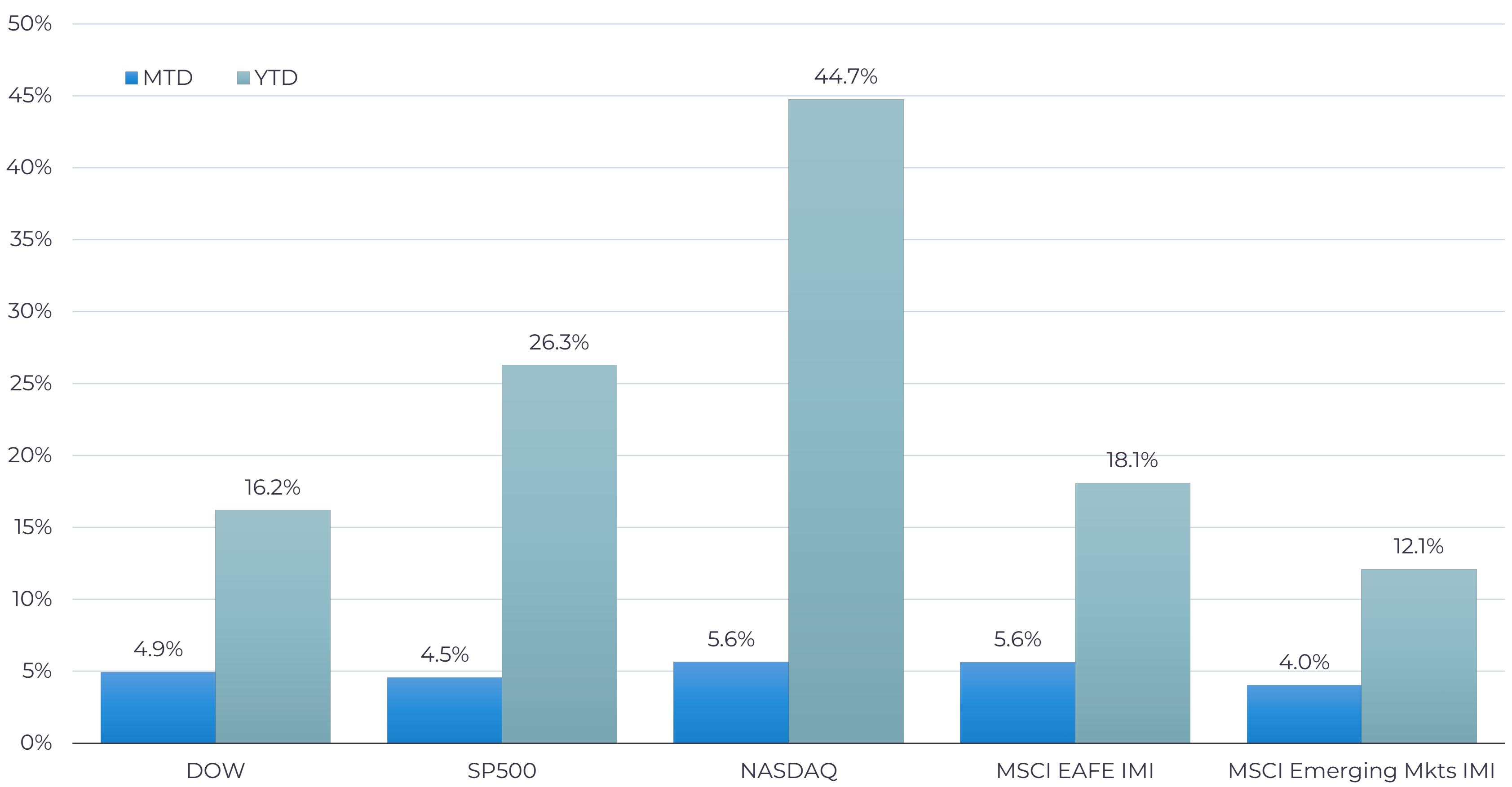
The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

EQUITY MARKET PERSPECTIVE

Positive market momentum continued in December with exceptional results from all the major market indices. Investors believe the Fed has engineered a soft landing and now await a series of interest rate cuts in 2024. Returns across the board were positive in December, led by small cap stocks (the Russell 2000 Index) posting their highest monthly return in three years. Ten of the eleven S&P 500 sectors generated positive returns in December, with Energy being the lone decliner. The best performing sectors were Real Estate, up 8.7%, and Industrials, up 7%. For the year, Technology stocks slightly out-paced Communication Services stocks, 58% to 56%. Utility stocks and Energy stocks were the worst performers in 2023, down 7% and 1%, respectively.

Global Equity Returns by Bellwether Index

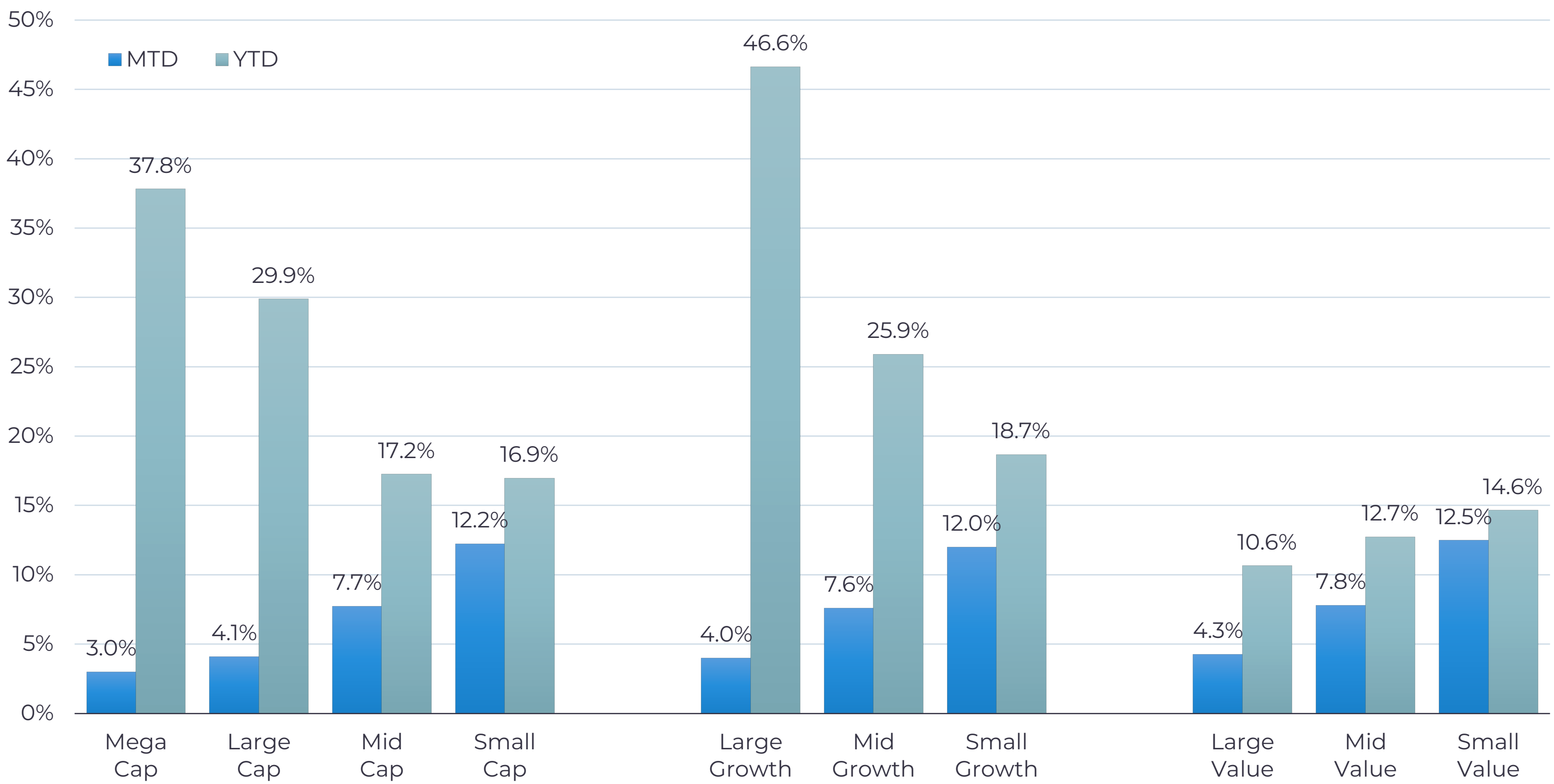
Global Equity Markets



Source: S&P Dow Jones, NASDAQ, MSCI

Domestic Equity Returns by Market Cap & Style

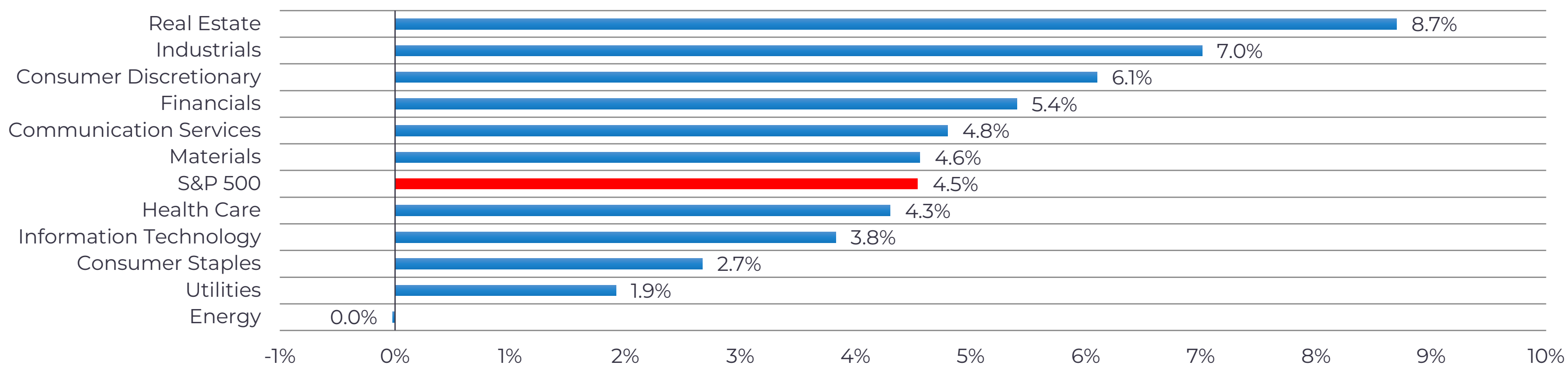
Domestic Equity Markets



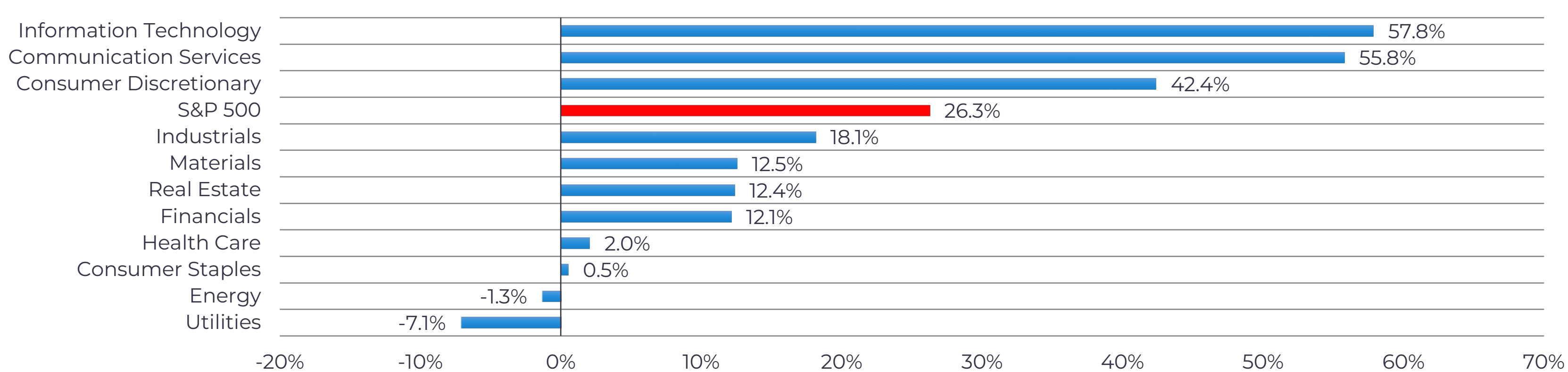
Asset classes are represented by the following benchmarks: Russell Top 50 (Mega), Russell Top 200 (Large), Russell Midcap (Mid), Russell 2000 (Small). Source: Russell

Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector



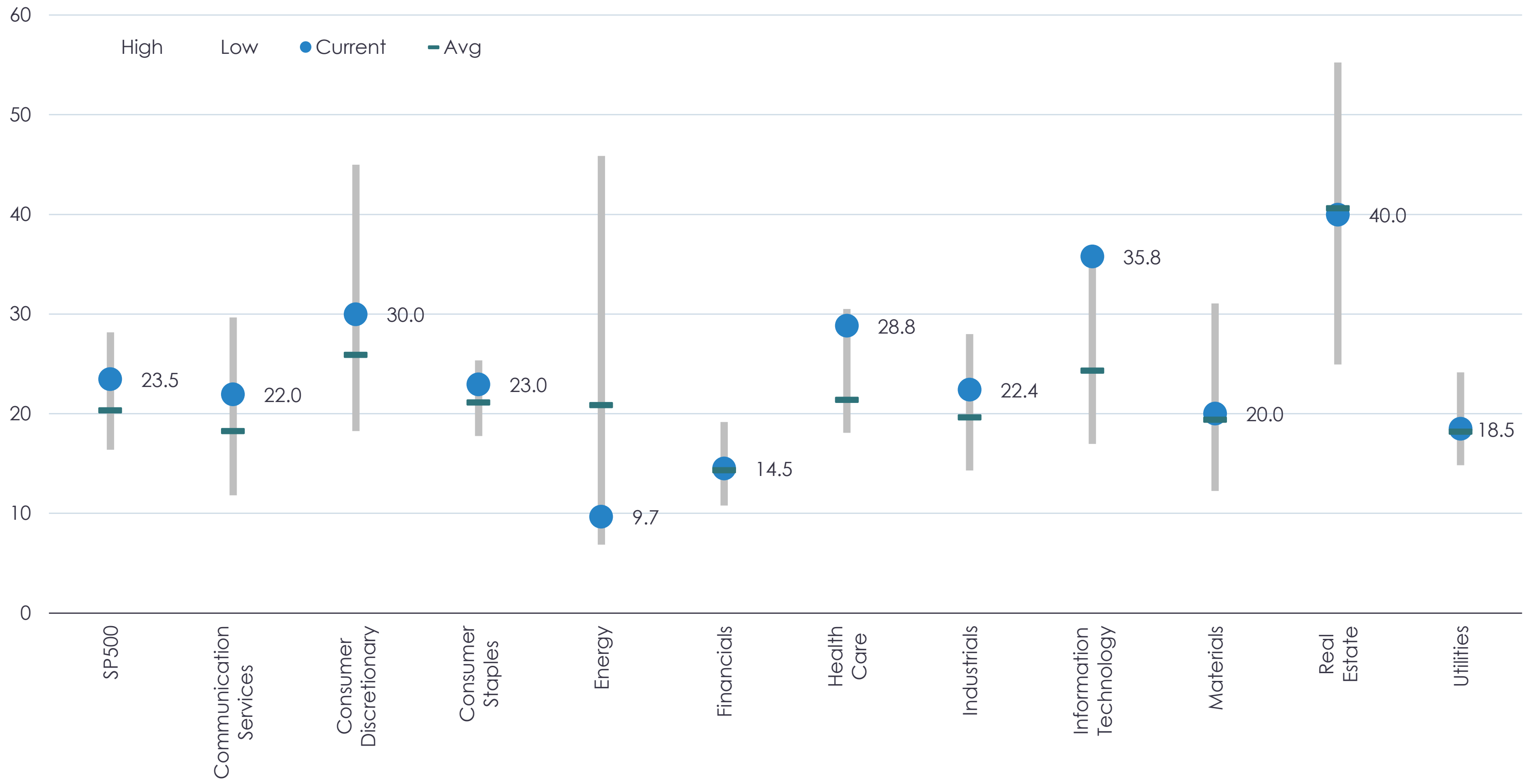
YTD S&P 500 Returns by Sector



Source: S&P Dow Jones

Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- Real Gross Domestic Product (GDP): GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- Consumer Price Index (CPI): Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- Personal Consumption Expenditure Chain-type Price Index (PCEPI): Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- Conference Board Index of Leading Economic Indicators (LEI): The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- The Institute for Supply Management (ISM) PMI Index: The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- The Institute for Supply Management (ISM) Non-manufacturing Index (NMI): The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- Consumer Confidence Index (CCI): The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- Consumer Sentiment Index (MCSI): The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- Disposable Personal Income per Capita (DPI): DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- Personal Consumption Expenditures (PCE): PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- Retail Sales: The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- Housing Affordability Index (HAI): Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- Unemployment Rate: Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- Wage Growth: Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- U.S. Aggregate Bond: The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- U.S. Treasury: The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- U.S. Agency: The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi- federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- U.S. Corporate: The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- U.S. MBS: The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- U.S. Municipal Bond: The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- General Obligation Bond Index: The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- Revenue Bond Index: The Barclays Revenue Bond Index measures the average market- weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- Investment Style: Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- Large Cap vs. Small Cap: Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- Value vs. Growth: Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- Mega Cap: The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- Large Cap: The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- Mid Cap: The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- Small Cap: The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- Large Cap Growth: The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- Large Cap Value: The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- Mid Cap Growth: The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- Mid Cap Value: The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- Small Cap Growth: The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- Small Cap Value: The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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