

CORE EQUITY STRATEGY

as of 6/30/2024

OVERVIEW

In the second quarter of this year, equity investors experienced a notable divergence in market performance, with a distinct tilt towards high-growth sectors, particularly those associated with artificial intelligence (AI). The technology sector significantly outpaced (9% up for the quarter) other segments such as large value stocks, international equities, and small caps, all of which posted negative returns in contrast to the S&P500's robust gain of over 4%.

The fervor surrounding AI-related stocks has drawn parallels to the speculative excesses of the late 1990s dot-com bubble. Notably, the technology sector currently trades at historically high price-to-earnings ratios (>30X) and at a 49% premium to the overall market.

Despite the buoyant stock market, broader economic indicators paint a mixed picture. The U.S. economy appears fundamentally sound, buoyed by strong employment figures and robust consumer spending. However, disparities are becoming more evident, particularly among lower-income demographics facing financial strain and an uptick in credit delinquencies. These developments warrant vigilant monitoring as economic conditions evolve through the remainder of the year.

From an economic standpoint, the US economy continues to stand on solid ground. Employment remains robust and while we have seen certain pockets of weakness, we are not witnessing any widespread economic slowdown. Consumers continue to spend, but weakness is evident at the low-end consumer and issues are percolating with credit delinquencies. This situation is something we are keeping an eye on as the 2nd half unfolds.

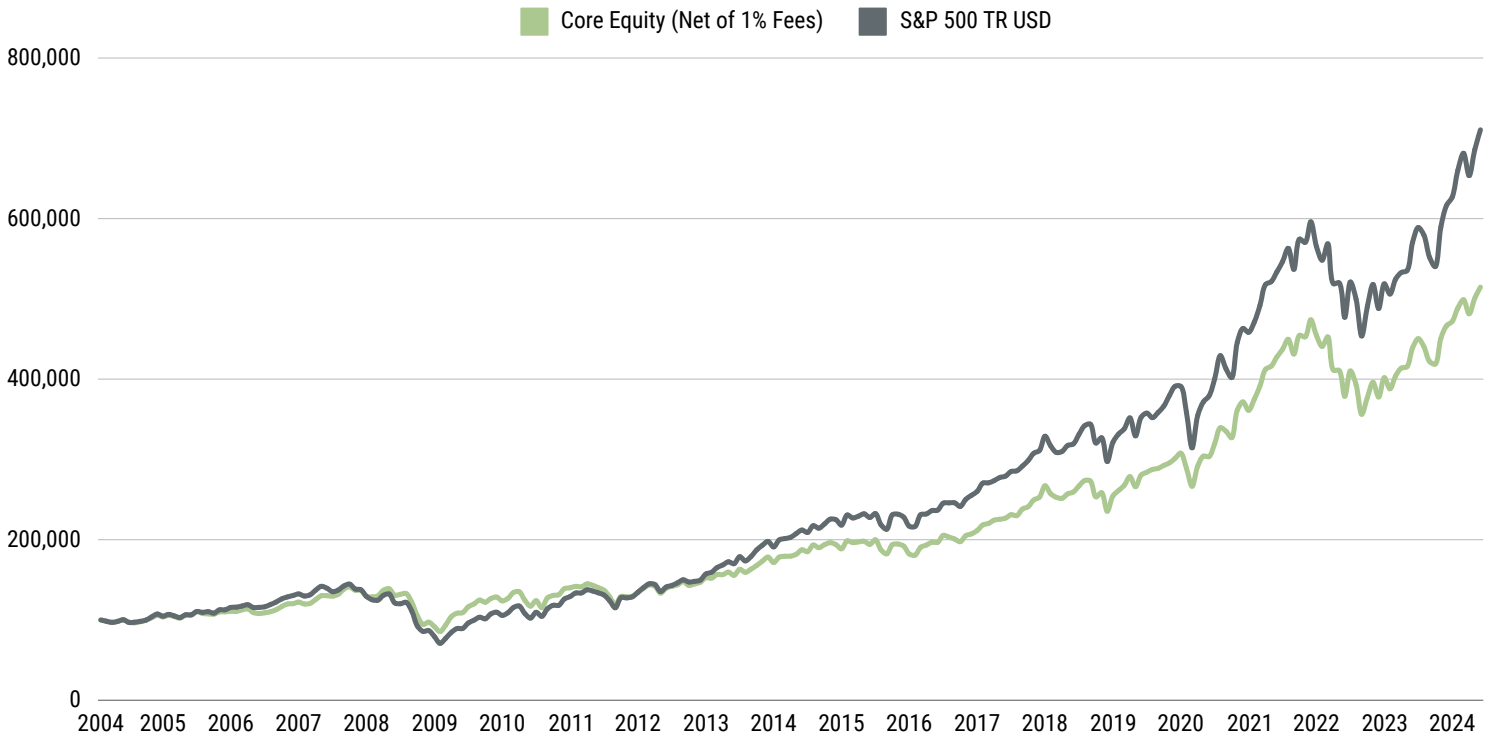
In monetary policy, market expectations have shifted from expecting multiple interest rate cuts to a more cautious approach. While market sentiment still anticipates at least one rate reduction, likely in September, the outlook now hinges on unfolding economic and geopolitical developments, suggesting a nuanced approach to future monetary policy adjustments.

From a portfolio standpoint, we added a few new names: Hershey, Arista Networks, Ulta Beauty and Salesforce Inc. We exited positions in Electronic Arts and Dollar General in the quarter.

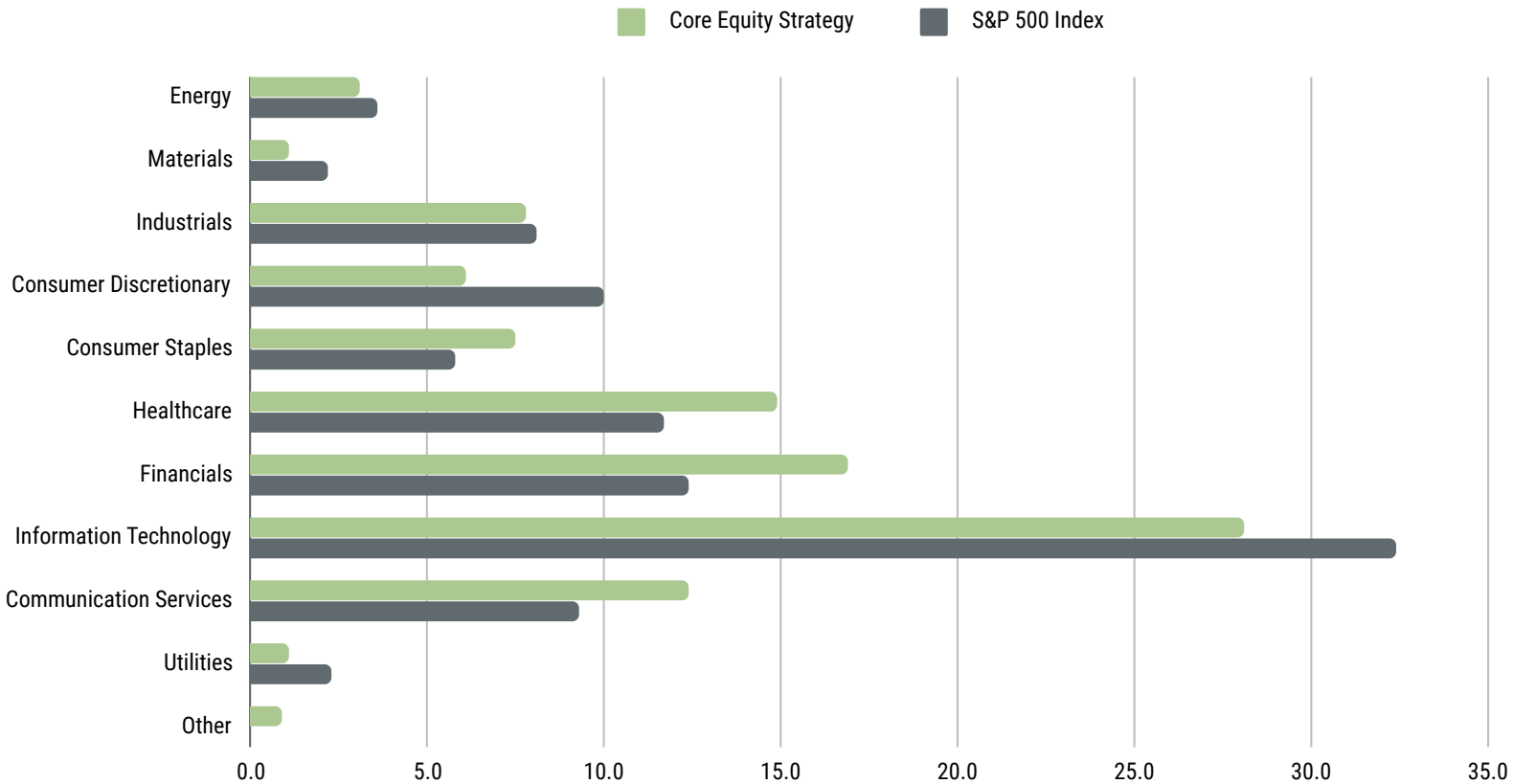


Alphabet Inc Class C	6.9	Meta Platforms Inc Class A	3.4
Apple Inc	5.7	Berkshire Hathaway Inc Class B	2.8
Microsoft Corp	5.4	Intercontinental Exchange Inc	2.4
iShares® 0-3 Month Treasury Bond ETF	4.7	Visa Inc Class A	2.4
Amazon.com Inc	4.6	Other	58.2
UnitedHealth Group Inc	3.5		

GROWTH OF \$100,000



CORE EQUITY STRATEGY GICS SECTOR WEIGHTS



MEET THE TEAM



PETE TRONTIS, CFA Sr. Portfolio Manager

Pete joined Exencial Wealth Advisors as a portfolio manager for the Enhanced Yield strategy. Prior to joining Willingdon, he was a research analyst for Horizon Investments where he focused on global equity research and supported the firm's trading and performance reporting operations. Prior to Horizon Investments, Pete was a Market Risk analyst for Wells Fargo Securities. He began his career as an analyst for Liquid Credit Products at Bank of America.

Pete holds a BS in Finance and a BS in Economics from DePaul University where he graduated cum laude. He also holds an MBA from Duke University where he graduated in the top 10 percent of his class and was designated a Fuqua scholar. He is a CFA charterholder and a member of the CFA society of North Carolina.



RANDY FARINA, CFA Sr. Portfolio Manager

Randy joined Exencial as a Senior Portfolio Manager for the Core and International Strategies. Randy has an extensive background in global equities with over 20 years' experience as an analyst and portfolio manager. Randy also has experience in client service partnering with both institutional and retail relationship managers. Before Exencial, Randy was a Portfolio Manager and Analyst for 16 years on the Global Small Cap Team for Putnam Investments. Randy helped implement a structured investment process focusing on intrinsic value. During his tenure at Putnam Randy also developed and managed an apprentice program to train and develop junior analysts. Randy most recently comes from Westwood Global in Boston where he was a Senior Research Analyst focusing on an International Large Cap Strategy.

Randy has a Master of Science in Finance from Boston College and a Bachelor of Science in Business Administration from the University of Massachusetts at Lowell. Randy is a CFA charterholder.

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Past Performance is no guarantee of future results. The information contained herein should not be construed as personalized investment advice. Performance results prior to July 2020 occurred under the management of another investment advisor, Willingdon Wealth Management ("WWM"). That portfolio manager was solely responsible for selecting the securities to be bought and sold and was affiliated with an investment advisor other than Exencial. WWM and its strategies were acquired in July 2020 and at that time become part of Exencial and its investment strategies. The investment results prior to July 2020 are based on the performance of the Core Equity Strategy in WWM accounts. Exencial now has access to and maintains the records supporting the performance of these accounts from inception to July 2020 and thereafter. From 03/01/2004 through the current month performance is based on the composite return net of fees of accounts invested in the Core Equity Strategy. Accounts where the portfolio managers do not have full discretion to manage the updates from either the client or advisor are excluded from the composite.

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The S&P 500® is widely regarded as the best single gauge of large cap U.S. equities. This index includes the 500 leading U.S. companies and covers approximately 80% of the available equities market cap in the U.S.