LITTLE HOUSE CAPITAL

September 30, 2024 • littlehousecapital.com

A Closer Look:

Q3 2024: Our Global Strategies Recap

Our Founder

Robert C. Stimson, CPA

Founder, Chief Executive Officer and Chief Investment Officer

Company Overview

Little House Capital, LLC is an SEC Registered Investment Advisor. The firm was established to redefine the wealth management experience by integrating investment management, financial planning, and complex estate and tax strategies. We provide seamless and comprehensive goal-based solutions that seek to achieve desired outcomes for individuals, families, trusts, foundations, and endowments.

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Our proprietary global investment strategies consist of three key approaches:

1) Income, 2) Core, and 3) Growth Maximizer.

Each allocation is tailored to align with distinct investment styles and risk objectives to meet the unique needs of every client. Our investment performance adheres to Global Investment Performance Standards (GIPS), reflecting principles of full disclosure and fair representation. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive additional GIPS reports and/or our firm's list of composite/pooled fund descriptions, please email your request to LHC@Littlehousecapital.com.

[*For more information visit our website:* *Littlehousecapital.com*]

Our comments in the note below refer to the *Core Maximizer Global Growth with Income' strategy*, which represents a typical 60% Equity / 40% Fixed Income allocation. Our investment team employs active (i.e., tactical) allocation across various asset classes and evaluates performance against a pre-determined benchmark (i.e., strategic weighting).

Chart 1 below shows our tactical positioning vs. our strategic benchmark. The Core Maximizer Global 60/40 strategy has gained 13.2% YTD (12.3% net), outperforming the benchmark's 12.1%.

Current Top-Down Asset Class Positioning:

ASSET CLASS	UNDERWEIGHT	NEUTRAL	OVERWEIGHT	PRIOR RATING
EQUITIES			↑	=
US LARGE CAP			↑	↑
US SMIDCAP		=		=
INTERNATIONAL	↓			↓
EMERGING MARKETS	↓			↓
BONDS	↓			↓
TREASURIES	↓			↓
CORPORATES			↑	↑
HIGH YIELD	↓			↓
MUNICIPALS			↑	↑
ALTERNATIVES	↓			↓
PRECIOUS METALS	↓			↓
COMMODITIES	↓			↓
EQUITY HEDGES	↓			↓
HEDGE FUNDS			↑	↑
CASH			↑	↑

Chart 1: Tactical vs. Strategic Weighting / Source: Little House Capital

A more detailed explanation of our tactical positioning across equities, bonds, alternatives, and cash is included within.

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Equities—Overweight:

In Q3 2024, large-cap stock performance was shaped by a combination of economic and market factors:

1) **Federal Reserve's Rate Cuts**: The Fed's 0.50% rate cut in September helped boost large-cap stocks, particularly in sectors with strong fundamentals, as borrowing costs eased.

2) **Sector Rotation**: There was significant rotation into defensive sectors like utilities, financials, and industrials, which outperformed during the quarter. On the other hand, energy stocks underperformed despite an overall stable market.

3) **Earnings Growth**: Strong corporate earnings, particularly in technology and AI-related industries, contributed to the solid performance of large-cap stocks, especially quality names with strong balance sheets and longer term growth prospects.

Year-to-date (YTD), large-cap and mid/small-cap returns stand at 22.1% and 11.2%, respectively. For Q3 alone, large caps delivered a 4.9% return, while mid/small caps achieved 11.2%.

Overall, lower rates, sector rotation into value-driven industries, and resilient earnings growth were the key drivers of large-cap stock performance in Q3 2024.

In 2024, the **S&P 500 sectors** showed a diverse range of performances through Q3:

1) **Utilities** led with a 30.5% YTD return, supported by their defensive characteristics, while **Communication Services** followed with a strong 25.5% YTD performance due to rising digital service demand.

2) **Financials** and **Industrials** also excelled, delivering YTD returns of 21.9% and 20.0%, driven by sector-specific strength and favorable economic conditions.

3) **Technology** showed a 17.9% YTD gain, though it dipped by -1.3% over the past three months as AI and cloud computing sectors took a breather.

4) **Energy** lagged with only a 7.3% YTD return, impacted by volatile oil prices and fluctuating demand in Q3 especially.

As of the end of Q3 2024, key economic drivers include moderating inflation and recent rate cuts to stimulate growth, although elevated interest rates continue to weigh on consumer spending. Households are shifting toward essential purchases as savings decline and income growth slows. Geopolitical tensions, particularly those impacting energy prices, add uncertainty to the outlook. While labor markets are cooling, productivity gains from technological investments offer promise for long-term growth potential.

Small Cap Rebound—Still Lagging Large Cap YTD

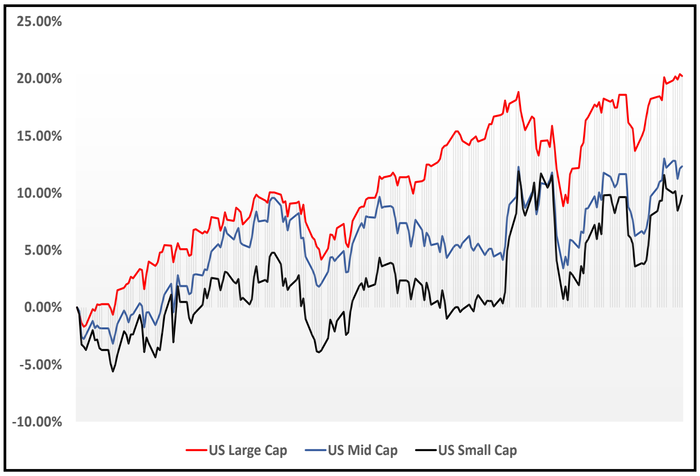

Chart 2: YTD Returns by Size / Source: FactSet

Utilities and Communication Services Lead

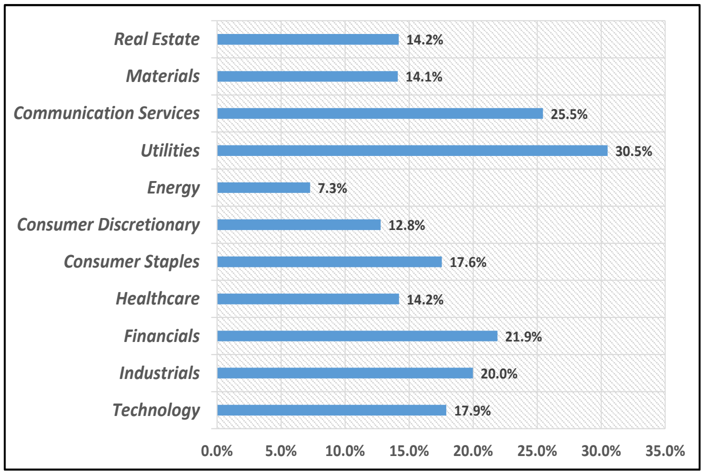

Chart 3: YTD Returns by GICS Economic Sector / Source: Bloomberg

Equities— Continued:

Developed and Emerging International Markets:

The year-to-date (YTD) performance of developed and emerging international markets has highlighted some key distinctions. Developed markets, primarily in Europe and North America, have seen steady but slower growth due to high interest rates and geopolitical uncertainties. These challenges, along with inflation, which has only recently begun to ease, have weighed on consumer spending and business investment. While developed markets benefit from relatively stable economic conditions, growth is expected to remain moderate given these headwinds.

Conversely, emerging markets, particularly in countries like India, Taiwan, and China, have generally outperformed, driven by policy measures designed to stimulate growth. Inflation in these regions has eased more significantly, and sectors such as technology and infrastructure are seeing renewed investment, especially in Asia. However, emerging markets face challenges of their own, including currency volatility and risks associated with external debt.

Year-to-date, returns for Developed and Emerging Markets stand at 11.4% and 15.9%, respectively. In Q3 alone, they delivered returns of 6.1% and 7.3%, respectively. Our current strategy reflects an underweight position in international equities within our multi-asset (MA) portfolios, with a bias toward developed markets over emerging ones. However, the introduction of new stimulus measures in China may prompt a reassessment, though it's too early to draw any firm conclusions. China's economic recovery has been mixed, impacted by regulatory hurdles and a slower-than-expected rebound in sectors like real estate and consumer spending.

Emerging markets, while showing stronger growth YTD, remain more volatile and are particularly sensitive to shifts in global monetary policy and commodity prices. Developed markets, despite the inflationary and geopolitical pressures, have shown greater stability. Yet, recent developments in countries like India and China warrant close attention, as both present signs of improvement heading into 2024. China's real estate adjustments and regulatory reforms, as well as India's evolving political landscape, could influence future emerging market performance.

Emerging Markets Making Up Ground

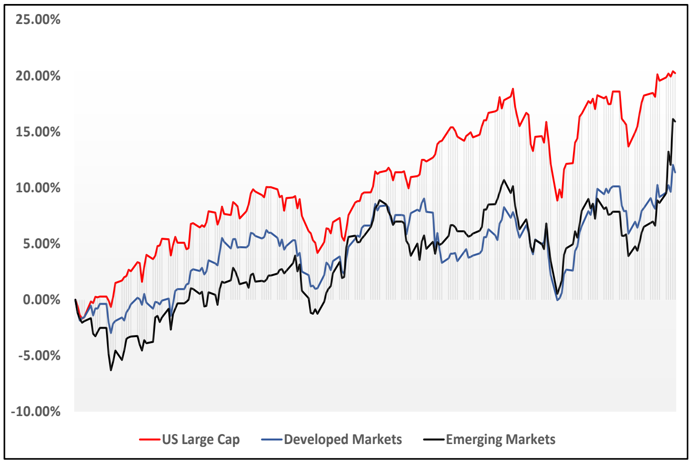

Chart 4: YTD Returns - International versus Domestic Equity / Source: FactSet

Overall, our strategy continues to prioritize stability by maintaining an underweight position in international equities, especially in emerging markets. This cautious approach is specific to our multi-asset portfolios and does not impact our U.S.-focused strategies, where we maintain separate allocation preferences. Given the global uncertainties, we remain committed to this stance, balancing the risks in emerging markets against the relative stability of developed economies.

Bonds—Underweight:

In Q3 2024, the U.S. bond market saw significant gains, driven largely by the Federal Reserve's decision to initiate rate cuts, which led to increased bond prices. The U.S. Aggregate Bond Index rose by about 5.2%, buoyed by investor optimism around the easing of monetary policy and a more favorable rate outlook.

Government bonds and investment-grade credit both performed well, with U.S. Treasuries returning around 4.7%, while investment-grade corporate bonds gained 6.3%. This strong performance was also influenced by declining inflation, which supported expectations for continued rate cuts. High-yield bonds saw positive returns as well, benefiting from a narrowing of spreads and a general risk-on sentiment during the quarter.

Year-to-date, the U.S. bond market has delivered positive returns, rebounding from prior years of challenges. The Federal Reserve's recent pivot has boost both government and corporate bonds, with investment-grade and high-yield bonds seeing particularly strong performance through this year.

Overall, the bond market's strong quarter helped to offset earlier losses, positioning it for improved returns heading into the year's final quarter. This shift reflects a broader trend of stabilizing interest rates and cooling inflation, which has bolstered investor confidence in fixed-income assets.

During the quarter, we increased duration risk by actively trading our individual bonds and reposition our ETF into longer duration products (i.e., iShares 7-10 year Treasuries). This has resulted in favorable relative performance for clients versus our strategic benchmark.

Our outlook for the U.S. bond market remains positive, bolstered by expectations of continued interest rate cuts as the Federal Reserve manages inflation and economic growth. With the Fed having already initiated rate reductions in 2024, further cuts are likely if inflation remains moderate, which would support bond prices, especially for longer-term securities. Lower rates generally make existing bonds more attractive, as they carry higher yields than new issues in a declining rate environment.

Fixed Income Spreads Narrowing

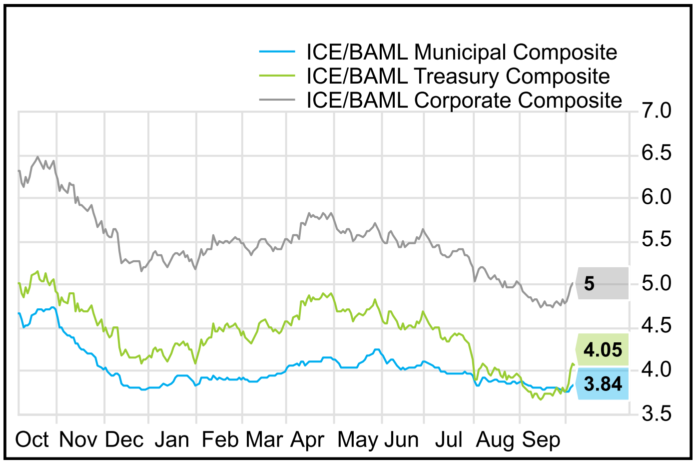

Chart 5: Corporate, Municipal, Treasury Yields / Source: FactSet

Short Duration Outperforms Longer Counterparts

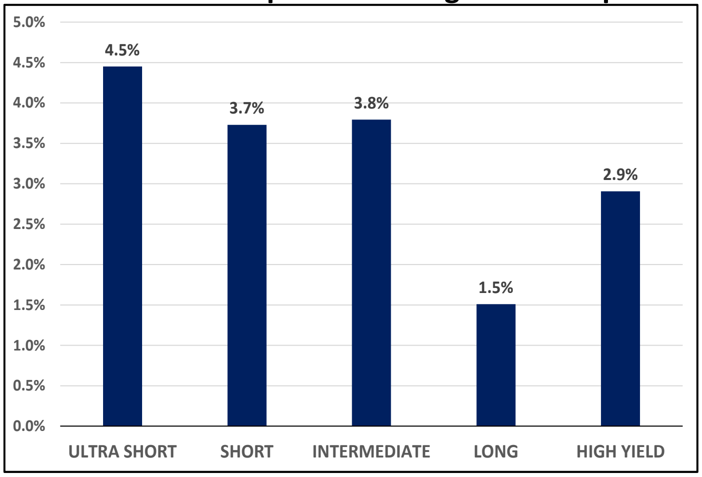

Chart 6: YTD Fixed Income Performance by Duration / Source: Bloomberg

However, the bond market could still face challenges if unexpected inflation spikes or economic shocks occur, which would introduce renewed volatility. Overall, the market's performance will largely depend on the Fed's ongoing policy adjustments and the broader economic environment as we move into 2025.

Alternatives—Underweight:

We have maintained an underweight position in Alternatives, reallocating this capital to equities and bonds earlier in the year. The Alternatives segment in our portfolio is structured to perform independently from traditional asset classes like stocks and bonds. In Q1 2023, we held two key funds: the Victory Market Neutral Income Fund (CBHIX) and the Fulcrum Diversified Absolute Return Fund (FARIX). Both funds offer low or inverse correlations to equities and fixed income, allowing us to reduce the overall risk profile while preserving the potential for growth. Our target for the Alternatives component is a beta of 0.1, aiming for minimal correlation to market returns.

The Victory Market Neutral Income Fund employs a multi-strategy, rules-based approach, utilizing high-dividend stocks and equity index futures to limit market correlation. Meanwhile, the Fulcrum Diversified Absolute Return Fund is a macro-focused portfolio designed to deliver consistently low-correlated returns. It serves as an effective hedge, offering market-neutral exposure that helps lower portfolio volatility and enhance long-term, risk-adjusted returns.

As we approach the end of 2024, we are closely monitoring opportunities in alternative investments, particularly in private debt, private equity, and real assets. These areas offer attractive yields and diversification potential, especially as interest rates stabilize and infrastructure projects gain momentum. However, we remain mindful of the associated risks, such as defaults in private debt and rising financing costs in private equity.

The team will continue to seek opportunities within this segment as we approach the end of 2024. We will focus on identifying investments for diversification, especially in areas like private debt and real assets, which are expected to benefit from current market dynamics.

Cash—Overweight:

At the end of the quarter, our cash position was 4.4%, a slight decrease from 4.6% at the end of Q2 2024, but still slightly above our strategic benchmark of 4%. Excess cash in client portfolios remains in government money market funds through Schwab and Fidelity. These funds, which invest in taxable, short-term securities backed by the U.S. government, provide capital stability, liquidity, and current income while minimizing default risk.

With current yields around 4-5%, these holdings offer both flexibility and downside protection as we assess opportunities to deploy additional capital. This positioning allows us to maintain a cautious stance while seeking to strategically allocate cash as market conditions evolve.

Money Market Yields Seemingly Reach Peak

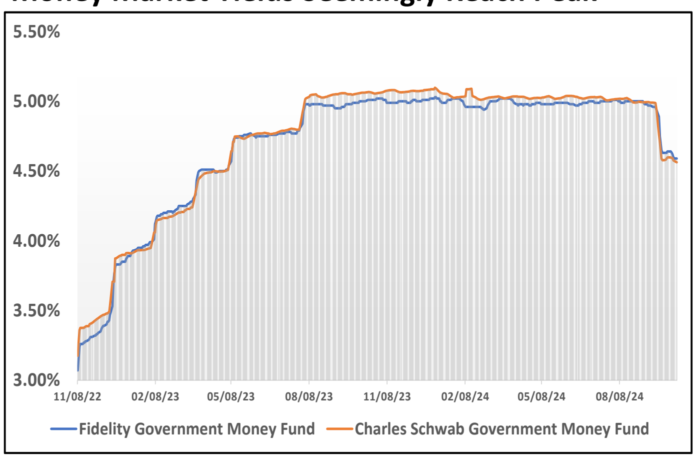

Chart 7: SNVXX and FDRXX Money Market Yields / Source: FactSet

Appendix

Asset Class Performance

ASSET CLASS	September	3 Months	6 Months	Year to Date	Last 12 Months	Last 3 Years	Last 5 Years
US LCAP	2.1%	4.9%	11.3%	22.1%	36.3%	11.5%	16.7%
US SCAP	0.7%	10.0%	8.1%	11.2%	26.7%	1.2%	10.0%
INTL EQ	0.9%	6.8%	7.7%	13.0%	24.8%	5.8%	8.7%
EM EQ	6.7%	9.3%	14.1%	16.9%	26.1%	0.6%	6.0%
COMMODITIES	4.9%	0.4%	1.0%	5.9%	1.0%	3.6%	7.9%
REAL ESTATE	2.7%	16.4%	19.8%	15.8%	34.4%	4.4%	5.7%
US BONDS	1.3%	5.5%	6.1%	4.4%	11.6%	-1.5%	0.3%
INTL BONDS	1.4%	4.3%	4.0%	3.6%	10.3%	-0.7%	-0.2%
EM BONDS	2.0%	7.0%	7.2%	8.7%	19.2%	-0.6%	0.8%
BONDS (1-3 YRS)	0.9%	3.5%	4.5%	4.4%	8.0%	0.9%	1.4%

Chart 8: Asset Class Return Heatmap / Source: Bloomberg

The table above displays asset class performance across various time periods. The color shading represents return percentages, with lighter shades indicating higher returns and darker shades indicating lower or negative returns for each period. Returns are provided for specific time frames, including September, 3 Months, 6 Months, Year to Date, Last 12 Months, Last 3 Years, and Last 5 Years.

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Year End	Total Firm Assets (USD) (Millions)	Composite Assets (USD) (Thousands)	Number of Portfolios	Composite Returns Gross	Composite Returns Net	Custom Blended Benchmark Returns	Composite Dispersion	Composite 3-Yr Std Dev	Custom Blended Benchmark 3-Yr Std Dev
2023	519.86	29,540.34	16	14.67%	13.53%	14.70%	0.51%	10.58%	11.07%
2022	388.00	28,181.20	17	-14.08%	-14.94%	-13.47%	0.62%	12.06%	12.71%
2021	324.27	30,930.06	17	9.44%	8.35%	10.40%	0.50%	9.54%	10.22%
2020	211.57	33,244.02	18	10.87%	9.77%	12.77%	0.72%	N/A[2]	N/A[2]
2019	169.54	19,843.08	14	18.71%	17.53%	18.54%	1.41%	N/A[2]	N/A[2]
2018*	124.33	12,621.81	9	-7.70%	-8.54%	-6.86%	N/A[1]	N/A[2]	N/A[2]

NA[1] - Composite dispersion is not presented for periods with five or fewer portfolios in the composite for the entire year.
NA[2] - The three-year annualized standard deviation is not presented for periods before 36 consecutive months of data is available.
* Performance is for a partial period from February 1, 2018 to December 31, 2018.

Period - As of 12/31/2023	Gross Returns	Net Returns	Custom Blended Benchmark Returns
1-Year	14.67%	13.53%	14.70%
5-Year	7.25%	6.18%	7.93%
Since-Inception	4.67%	3.63%	5.39%

*Since-inception performance is calculated for the period beginning February 1, 2018.
*Performance is annualized for periods greater than 1 year.

Core Maximizer Global Growth with Income Composite: *This objective is for clients primarily seeking long-term growth of principal with a secondary emphasis on current income. Provides global exposure to asset classes while attempting to balance risk-adjusted returns. Blends a comprehensive set of individual equities, active strategies, and alternative instruments. Key risks include the general risks of common stock, fixed income, and preferred stock investments and specific risks due to the concentration of the portfolio within specific securities and sectors. Additional risks include that security prices may decline, and the strategy may experience loss of principal. The Core Maximizer Global Growth with Income composite is compared against a custom blended benchmark comprised of 3.6% Bloomberg Municipal Bond Index, 16.2% Bloomberg US Aggregate Bond Index, 16.2% Bloomberg US Intermediate Credit Index, 8% iShares 0-3 Month Treasury Bond ETF, 10.1% MSCI EAFE Index, 6.7% MSCI Emerging Markets Index, 7.8% Russell 2500 Index, 3.9% Russell 3000 Index, 27.4% S&P 500 Index. The custom benchmark is calculated by weighting the respective index returns on a daily basis. The Core Maximizer Global Growth with Income composite has a minimum of $25,000. The Core Maximizer Global Growth with Income composite was created in January 2018 and incepted on January 31, 2018.*

Little House Capital, LLC ("Little House") is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm's full list of composite descriptions is available upon request.

Little House claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Little House has been independently verified for the periods January 31, 2018 through December 31, 2023. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Returns include the reinvestment of all income.

The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net-of-fee returns are calculated using a model fee of 1%. The model fee was calculated by reducing the gross returns by the highest tier of the current composite fee schedule. Composite dispersion is measured by the asset-weighted standard deviation of annual gross returns of those portfolios included in the composite for the full year. The 3-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule for the composite is tiered at: 1.00% on the first $1,000,000, 0.90% on the next $1,000,000, 0.80% on the next $3,000,000, and 0.70% on assets over $5,000,000.

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Benchmarks:

Bloomberg Municipal Bond Index - The Bloomberg Municipal Bond Index measures the performance of the U.S. Municipal bond market, which covers the USD- denominated Long-Term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Bloomberg US Intermediate Credit Index - The Bloomberg US Intermediate Credit Index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years.

Bloomberg US Aggregate Bond Index - Bloomberg US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States.

iShares 0-3 Month Treasury Bond ETF - The iShares 0-3 Month Treasury Bond ETF seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities of less than or equal to three months. The expense ratio as of December 31, 2023 is 0.07%. The ETF returns reflect the closing prices, which are determined by the last traded price of the ETF.

MSCI EAFE Index (Net) - The MSCI EAFE Index measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included. EAFE is an acronym that stands for Europe, Australasia, and the Far East.

MSCI Emerging Markets Index (Net) - The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,440 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Russell 2500 Index - The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment.

Russell 3000 Index - The Russell 3000 Index measures the performance of the largest 3,000 US companies representing approximately 96% of the investable US equity market, as of the most recent reconstitution.

S&P 500 Index - The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.