Local 634 Health & Welfare Fund

October 16, 2024

Agenda

1) Brief Market Overview

2) Review of Portfolio

Since Last Meeting on June 11, 2024

S&P 500 is up 9%, Nasdaq up 7%, Dividend Stocks(DVY) up 13% as of 10/14/24

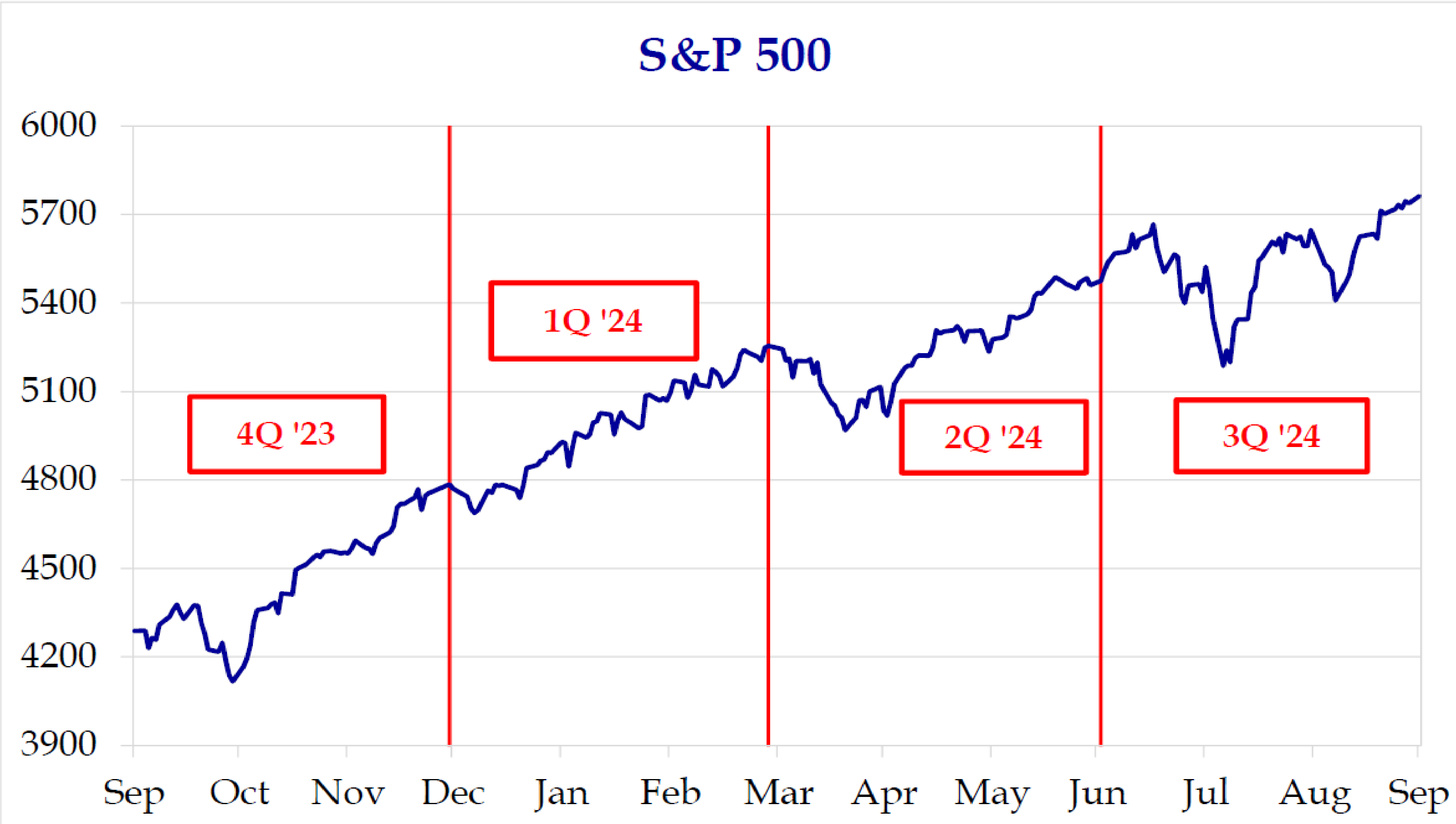
2 year Treasury Bond Yield: 3.9% was 4.9% was 4.5%
5 year: 3.8% was 4.5% was 4.1%
10 year: 4% was 4.5% was 4.15%
30 Year: 4.4% was 4.6% was 4.4%

Over the past few months the stock market is up, bond market up and interest rates are down
Receipts: none, Disbursements: none
Bond Maturities: 6/30 3% coupon Treasury matured replaced by a 6month Tbill yielding 5%, 7/31 3% coupon matured replaced by 3 month Tbill yielding over 5% due 12/24, 8/15 2.4% coupon matured replaced by 4% coupon due Dec 2025
The account has earned $28,314 in dividends and interest YTD vs. $30,724 in interest and dividends 2023
Market Value as of Oct 15, 2024: $1,065,000 +$43k since June 7 meeting

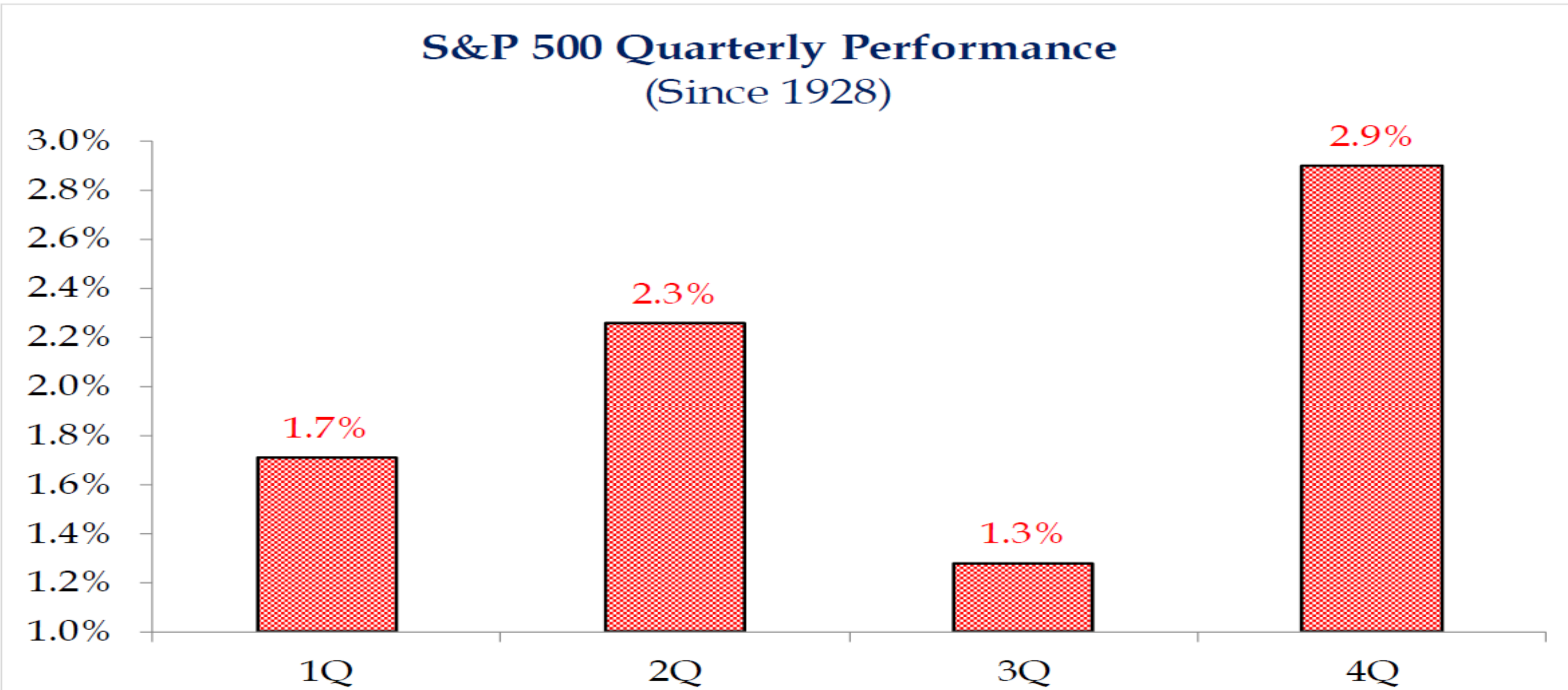
2024 Themes

- Deglobalization and strong economic growth keeps Inflation above the Fed's 2% target
- Market breathe Improves
- Fed cuts are less than the 6 expected to avoid stop and go policies of the 1980s
- AI begins to show signs of improving productivity and moves to inferencing stage
- Electricity demand from IRA, chips acts and datacenters increases pushing up energy and mineral prices
- Rates stay in the 4-5% range
- Presidential Reelection years have historically been positive for the stock market

Quarterly Performance



Historic Quarterly Perf-2024 Q3 +5.9%



Defensive Sectors(much of which pay dividends) Do Better after First Rate Cut

DEFENSIVE SECTORS PERFORM BEST ON AVERAGE ONCE THE FED BEGINS CUTTING RATES

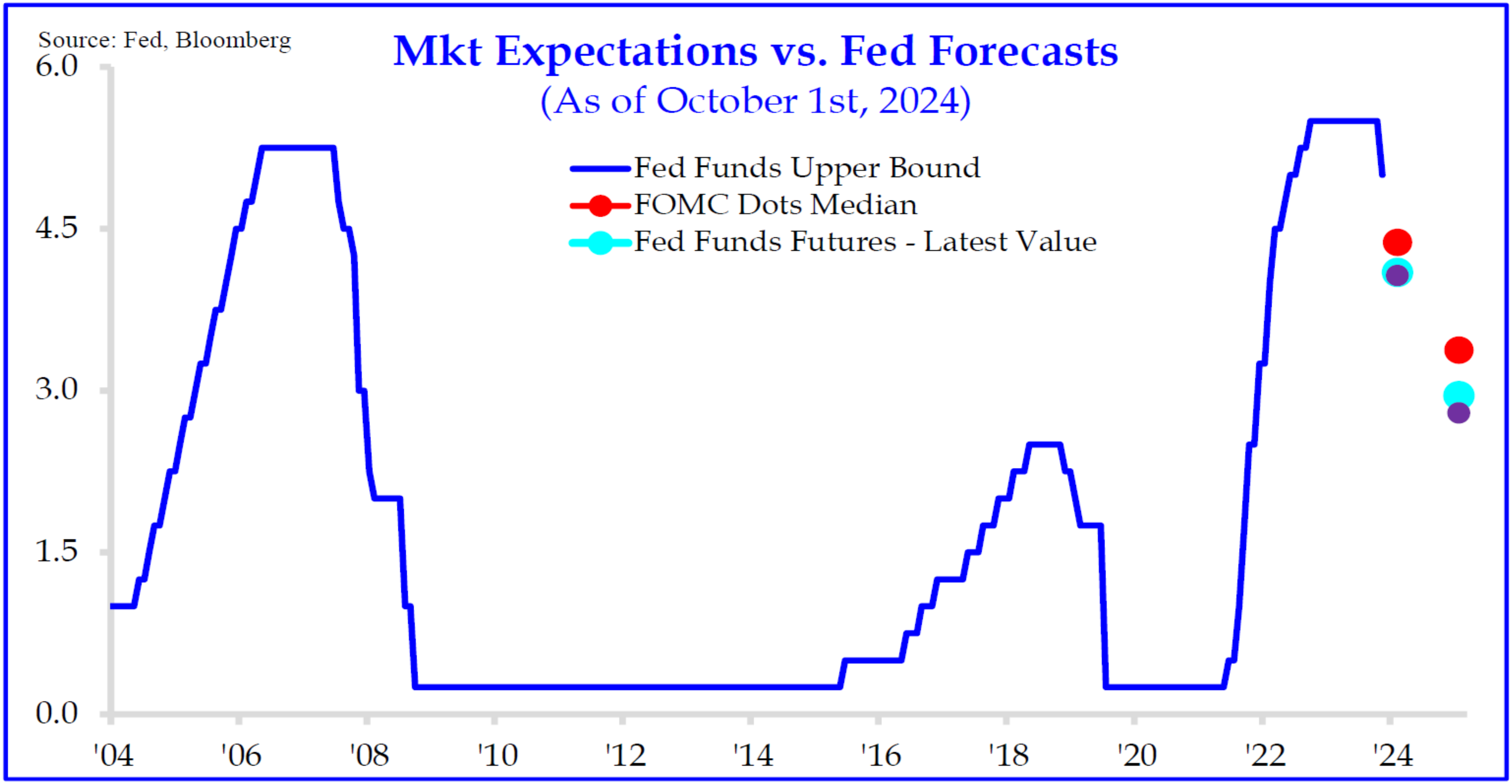
S&P 500 Relative Sector Performance 3-Months After The First Fed Funds Rate Cut

First Cut Date	UTL	CS	HC	COMM	MAT	ENE	FIN	IND	CD	RE	TECH
7/1/1974											
4/1/1980											
6/1/1981	S&P GICS Sector Data Begins In September of 1989										
10/2/1984											
6/5/1989											
7/6/1995	-0.4%	3.5%	11.7%	7.6%	-8.9%	-3.8%	9.6%	-4.2%	-6.6%		-7.5%
1/3/2001	18.4%	10.5%	3.6%	3.6%	11.1%	8.9%	3.6%	3.9%	5.9%		-20.9%
9/18/2007	11.7%	9.1%	5.3%	0.4%	3.7%	5.2%	-12.6%	-0.7%	-7.8%	-11.2%	4.7%
7/31/2019	6.4%	0.9%	2.0%	-0.5%	-2.1%	-9.2%	-0.5%	-1.0%	-2.5%	3.3%	1.5%
Average	**9.0%**	**6.0%**	**5.7%**	**2.8%**	**0.9%**	**0.3%**	**0.1%**	**-0.5%**	**-2.8%**	**-3.9%**	**-5.6%**

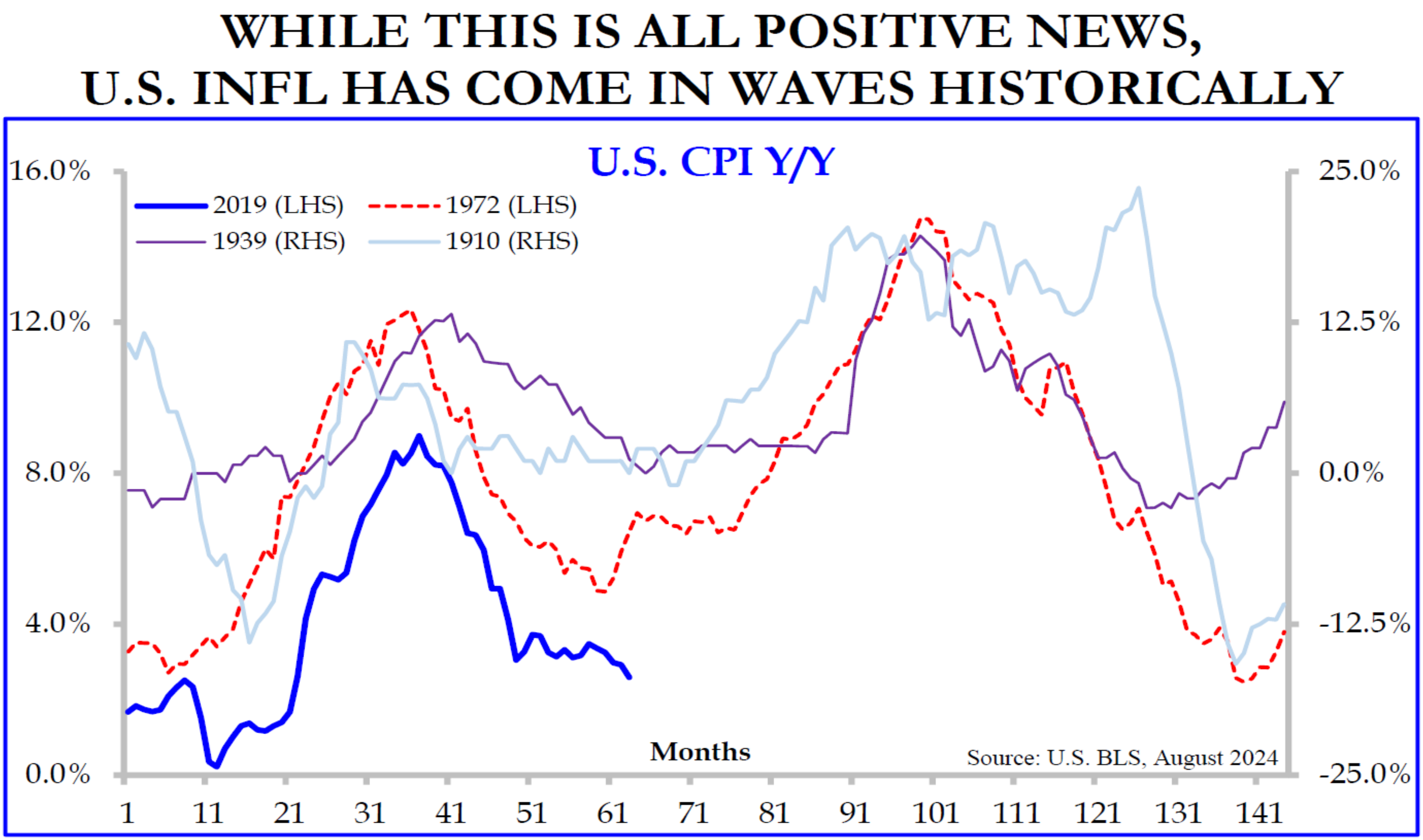
S&P 500 Relative Sector Performance 6-Months After The First Fed Funds Rate Cut

First Cut Date	UTL	CS	HC	IND	MAT	COMM	ENE	FIN	CD	RE	TECH
7/1/1974											
4/1/1980											
6/1/1981	S&P GICS Sector Data Begins In September of 1989										
10/2/1984											
6/5/1989											
7/6/1995	2.4%	4.9%	14.8%	0.5%	-11.3%	13.8%	2.7%	4.8%	-8.8%	NA	-18.5%
1/3/2001	3.9%	1.7%	-1.7%	8.7%	14.0%	-2.4%	5.7%	3.9%	10.9%	NA	-15.4%
9/18/2007	8.3%	12.5%	1.1%	4.0%	13.5%	-6.9%	11.4%	-14.8%	-6.1%	-3.1%	0.0%
7/31/2019	6.3%	-2.2%	0.1%	-2.8%	-9.7%	-1.0%	-18.7%	-0.6%	-4.2%	-3.7%	9.3%
Average	**5.2%**	**4.2%**	**3.6%**	**2.6%**	**1.6%**	**0.9%**	**0.3%**	**-1.7%**	**-2.1%**	**-3.4%**	**-6.2%**

Interest Rates



Inflation has Come in Waves



Concentration keeps going higher

ALL-TIME HIGH CONCENTRATION FOR 10 LARGEST STOCKS IN THE S&P 500

AI and electricity usage

The Gartner Group estimates that AI will make up as much as 3.5% of global electricity demand by 2030, roughly the equivalent of twice the energy consumption of France. This implies that an "all-of-the-above" approach to energy production will be necessary to allow for continued investments into the growth of this new technology. **Unfortunately, the demand to use AI is growing far more quickly than the development of alternative sources of energy – nuclear, solar, wind, hydro, etc. Greater electricity costs and greater use of fossil fuels in the short-term seem like the trade here.**

The EIA expects global electricity usage from data centers to increase by 540 terawatts from 2022 to 2026. "This is roughly the equivalent of the electricity usage of Japan" in one year.

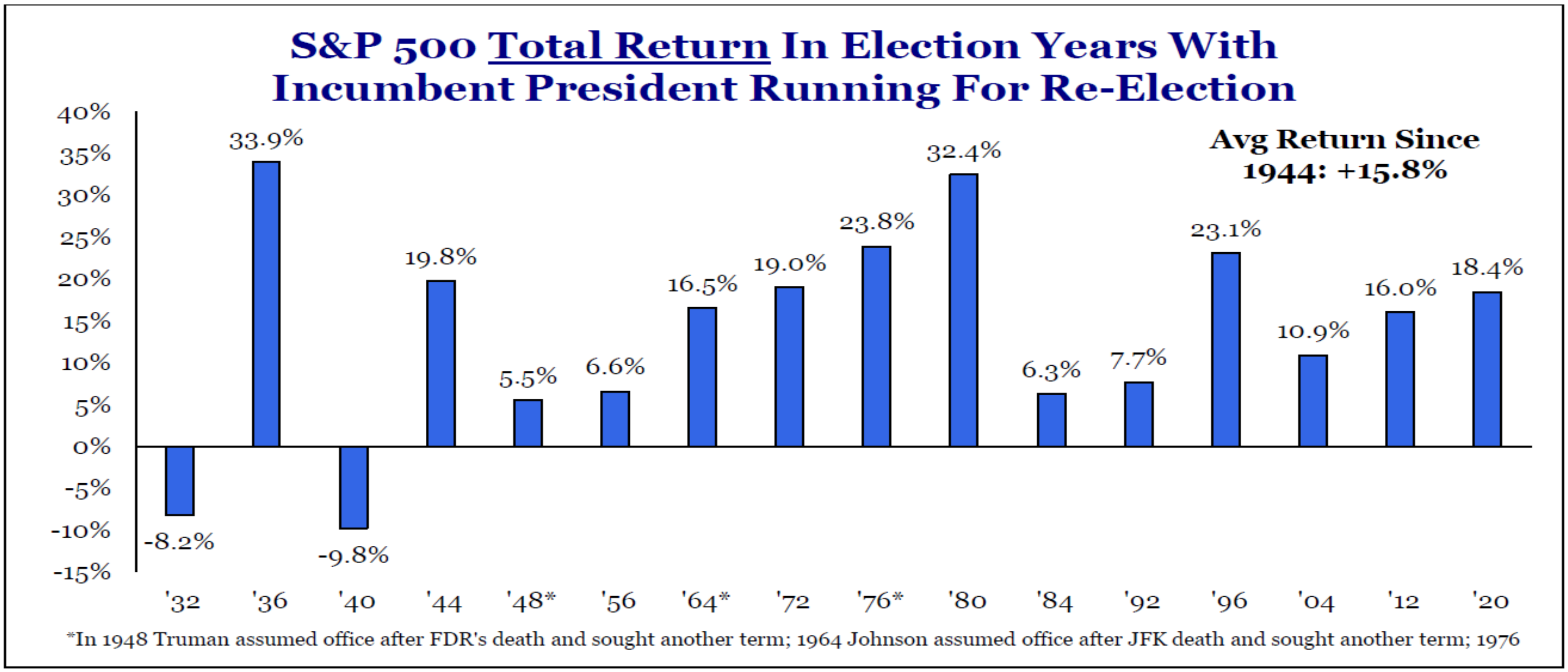
Most of the servers used for AI are located in the United States, where 16% of electricity still comes from coal.

An AI search uses 10x the amount of electricity than that of a Google search.
Despite government subsidies, natural gas provides 10x the amount of electricity to the American power grid than does solar.

History of Presidential Re-Election Years

THE S&P 500 HAS INCREASED IN THE PAST 13 PRESIDENTIAL RE-ELECTION YEARS

Presidents like to prime the economy into the election year to minimize any economic fallout. Stocks have historically responded favorably. The last time the S&P 500 fell in a presidential re-election year was 1940.



U.S. Debt Levels-Will Limit Spending for Either Party

U.S. CONTINUES TO ADD TRILLONS OF DOLLARS OF DEBT IN RECORD SPEED

Time Required to Reach Total U.S. Debt Levels	
Of:	
$10 Trillion	232 Years
$20 Trillion	9 Years
$30 Trillion	4.5 Years
$31 Trillion	8 Months
$32 Trillion	8 Months
$33 Trillion	3 Months
$34 Trillion	3 Months
$35 Trillion	7 Months
Latest Level	***$35.27 Trillion***

Six months on average to reach each additional trillion in debt from $31 - $35.

Where We Are Now

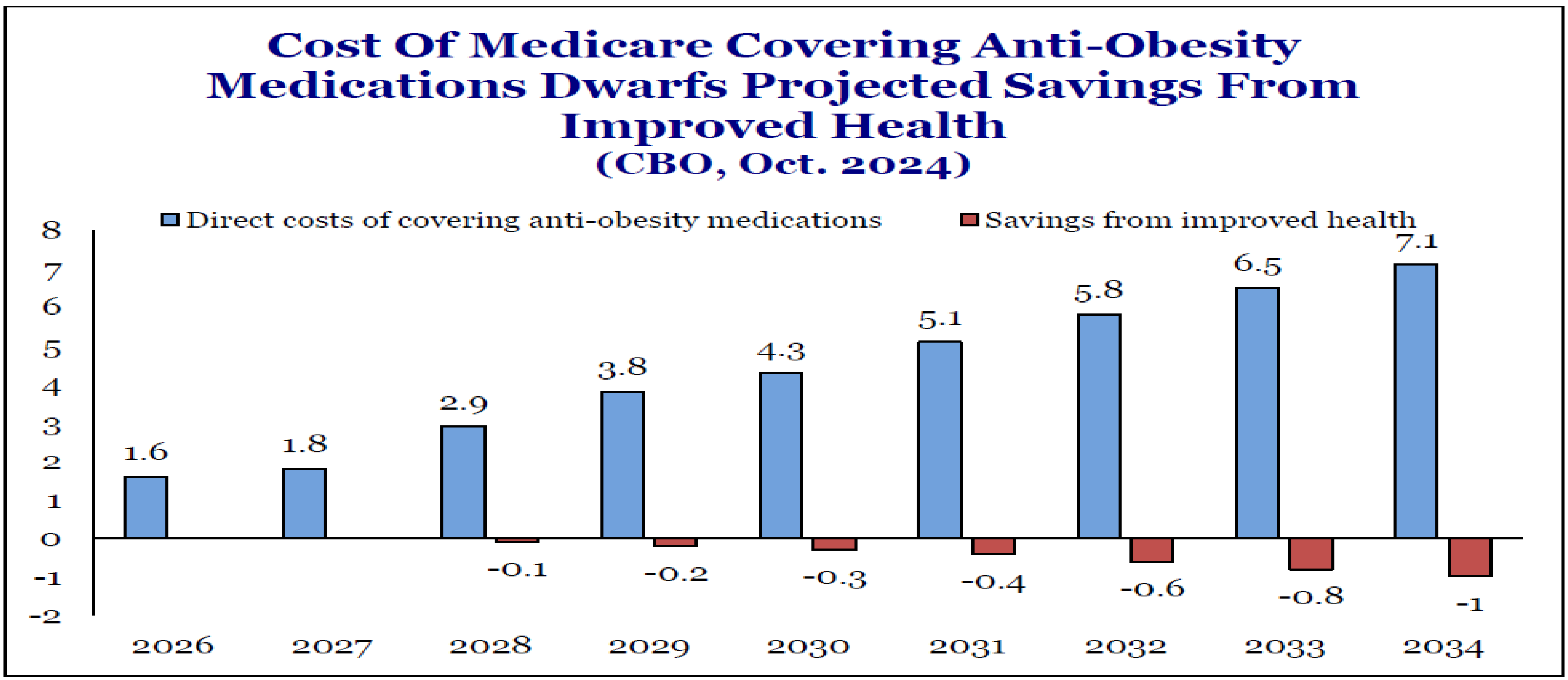
Tailwinds:
- Headline inflation has come down since high of 9% and is 2.4% now(core 3.3%)
- Employment is still strong
- Economy has avoided recession despite higher rates
- Presidential reelection years have been good for the stock market(+20% ytd)

Headwinds:
- Inflation has been sticky and remains above the Fed’s target of 2%(ticked up today)
- Yield curve has recently steepened after being inverted for a couple of years
- U.S. Treasury Debt servicing costs are increasing and crowding out other expenses

What We’re Watching:
- Inflation and interest rates, 50bps cut in September-market is expecting more
- Employment-still strong last report added 223k jobs, unemployment rate 4.1%
- Global tension-Ukraine and Middle East
- Market Participation i.e. dividend stocks improve-they have begun to improve(utilities up 20% in q3)

Election and Healthcare/Pharmaceutical Pricing

The Congressional Budget Office released its analysis of the cost of potentially covering weightloss drugs under Medicare. The analysis found that such a policy would increase federal spending on net by $35bn from 2026-2034, given that the direct costs of coverage far outweigh the potential savings from improved health, even when taking into account that Ozempic is likely to be selected for Medicare's drug price negotiation program in 2025. Given the high cost, it is highly unlikely that Congress would enact legislation like the original version of the Treat and Reduce Obesity Act (TROA) to provide coverage of weight-loss drugs in Medicare. (An amended version of TROA proposes to cover the drugs only for those individuals already taking them.)



Election and Healthcare/Pharmaceutical Pricing

During a Senate hearing on the price of Novo Nordisk’s weight loss drugs Ozempic and Wegovy, Sen. Bernie Sanders (I-VT) said that all three of the primary pharmacy benefit managers (PBMs) committed in writing to expand coverage of the drugs if the company lowered its prices. The commitments were meant to undercut drug companies’ arguments that they do not lower their drug prices because PBMs are more incentivized to include expensive drugs on their formularies.

Portfolio Review

Account Name: Local 634 Health & Welfare Fund

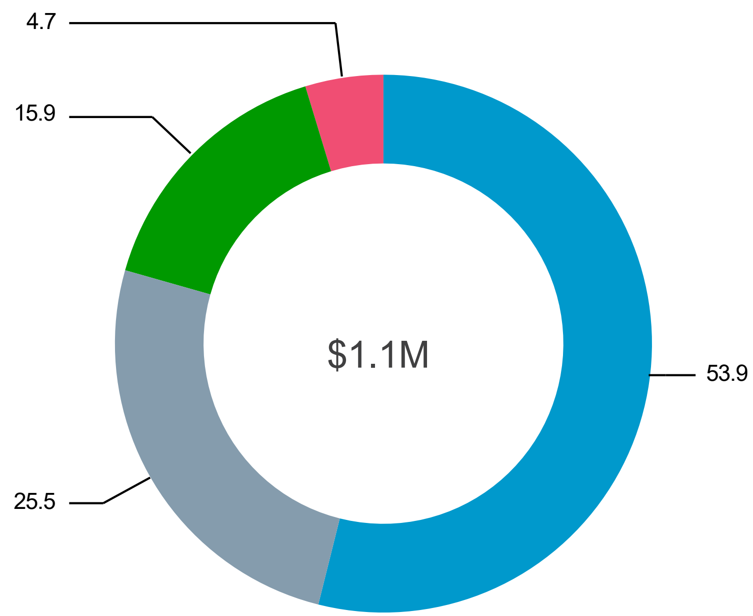
Account Number: PTC701

As Of: 09/30/2024

Local 634 Health & Welfare Fund (PTC701)
Table of Contents

Period Ending: September 30, 2024

		Market Value	% of Mkt Val
Fixed Income	$	570,492	53.9%
Equity	$	272,238	25.5%
Cash Equivalents	$	169,016	15.9%
PTC CD 5.35% 2/5/25	**$**	**50,000**	**4.7%**
Total	**$**	**1,061,746**	**100.0%**



Equity

	Ticker	Market Value	Cost	Weight	Unrealized Gain/Loss	% Gain/Loss
Broadcom Inc	AVGO	25,875.00	3,919.39	9.5	21,955.61	560.2
International Business Machines Corp	IBM	19,897.20	12,692.98	7.3	7,204.22	56.8
L3Harris Technologies Inc	LHX	17,840.25	5,694.23	6.6	12,146.02	213.3
Microsoft Corp	MSFT	17,212.00	1,821.15	6.3	15,390.85	845.1
Amgen Inc	AMGN	16,110.50	11,300.34	5.9	4,810.16	42.6
RTX Corp	RTX	15,145.00	5,633.26	5.6	9,511.74	168.9
AbbVie INC	ABBV	14,811.00	7,054.97	5.4	7,756.03	109.9
Medtronic PLC	MDT	13,504.50	14,201.44	5.0	-696.94	-4.9
Newmont Corp	NEM	13,362.50	10,419.75	4.9	2,942.75	28.2
Colgate-Palmolive Co	CL	12,976.25	9,357.11	4.8	3,619.14	38.7

	PTC701	S & P
P/E	22.00	25.00
P/B	8.00	5.40
DIVIDEND	2.20%	1.20%

Estimated Annual Income: $35,318.89

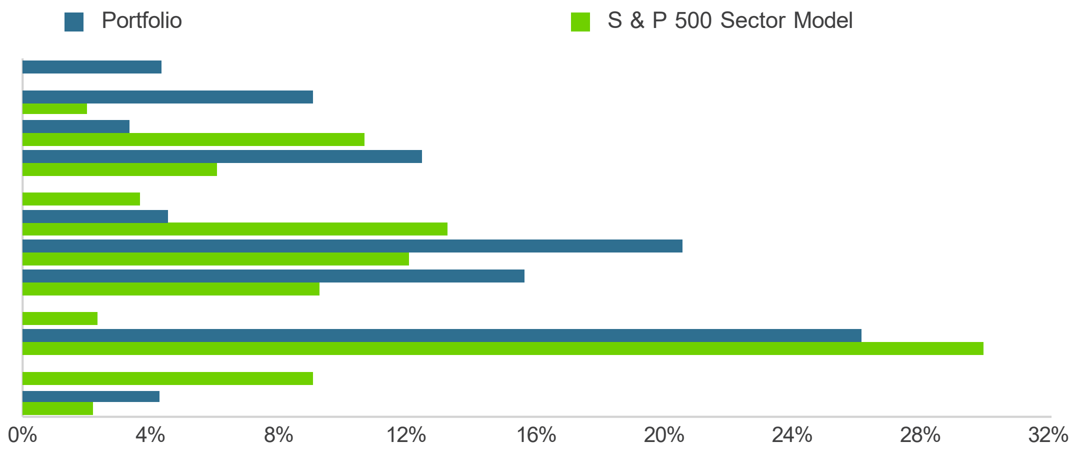
Average Bond Rating: AAA

Local 634 Health & Welfare Fund (PTC701)
Equity Sector Weightings Stocks

Period Ending: September 30, 2024

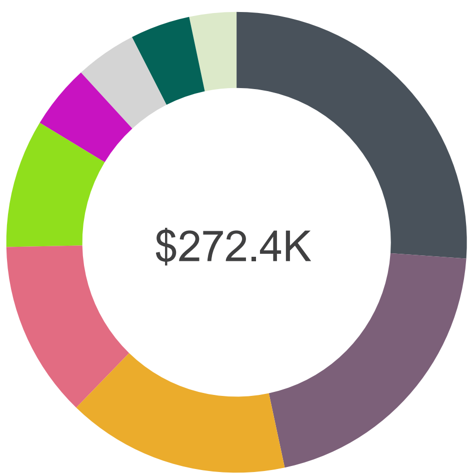
Allocation Comparison

	Portfolio	Model
REITs	4.3	.0
Basic Materials	9.0	2.0
Consumer Discretion	3.3	10.6
Consumer Staples	12.4	6.0
Energy	.0	3.6
Financials	4.5	13.2
Health Care	20.5	12.0
Industrials	15.6	9.2
Real Estate	.0	2.3
Technology	26.1	29.9
Communication Servcs	.0	9.0
Utilities	4.2	2.2



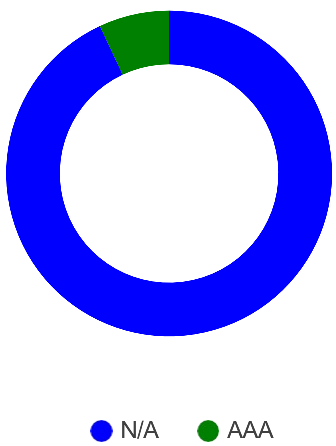
Sector Allocation

	Market Value	% of Mkt Val
Technology	$ 71,195	26.1%
Health Care	$ 55,932	20.5%
Industrials	$ 42,381	15.6%
Consumer Staples	$ 33,765	12.4%
Basic Materials	$ 24,595	9.0%
Financials	$ 12,378	4.5%
REITs	$ 11,764	4.3%
Utilities	$ 11,530	4.2%
Consumer Discretion	$ 8,877	3.3%

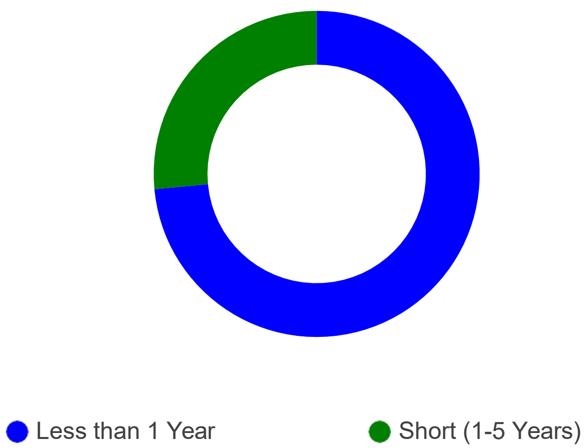


	09/30/2024	06/30/2024
Coupon	3.22%	3.30%
Current Yield	3.21%	3.33%
Yield to Maturity	3.96%	4.81%
Maturity	.68	.76
Duration	.67	.75
Face Amount	$ 720,000	$ 720,000
Market Value	$ 719,362	$ 714,808
Total Accrual	$ 4,566	$ 7,043
Cost	$ 717,511	$ 718,398

Quality Allocation by Market Value



Maturity Allocation by Market Value

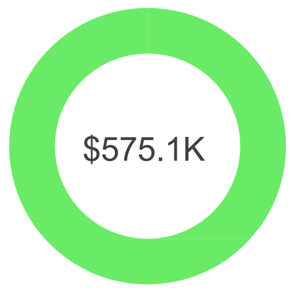


Local 634 Health & Welfare Fund (PTC701)
Fixed Income Summary 2

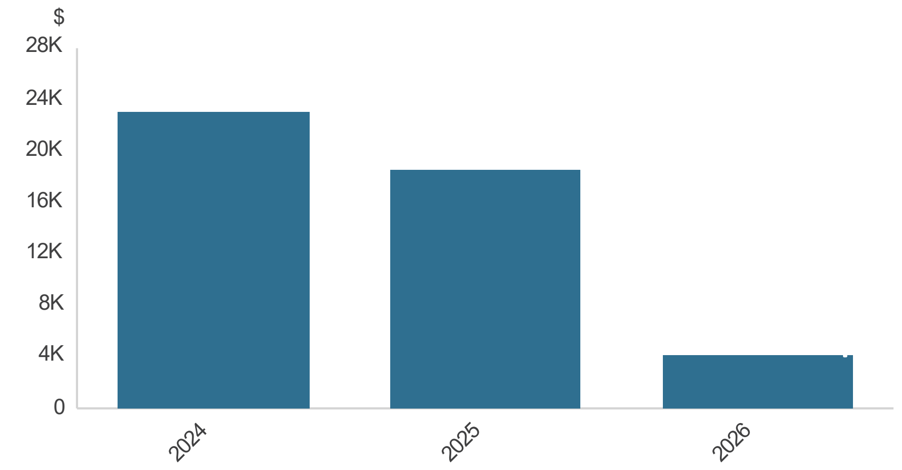
Period Ending: September 30, 2024

Asset Class Allocation

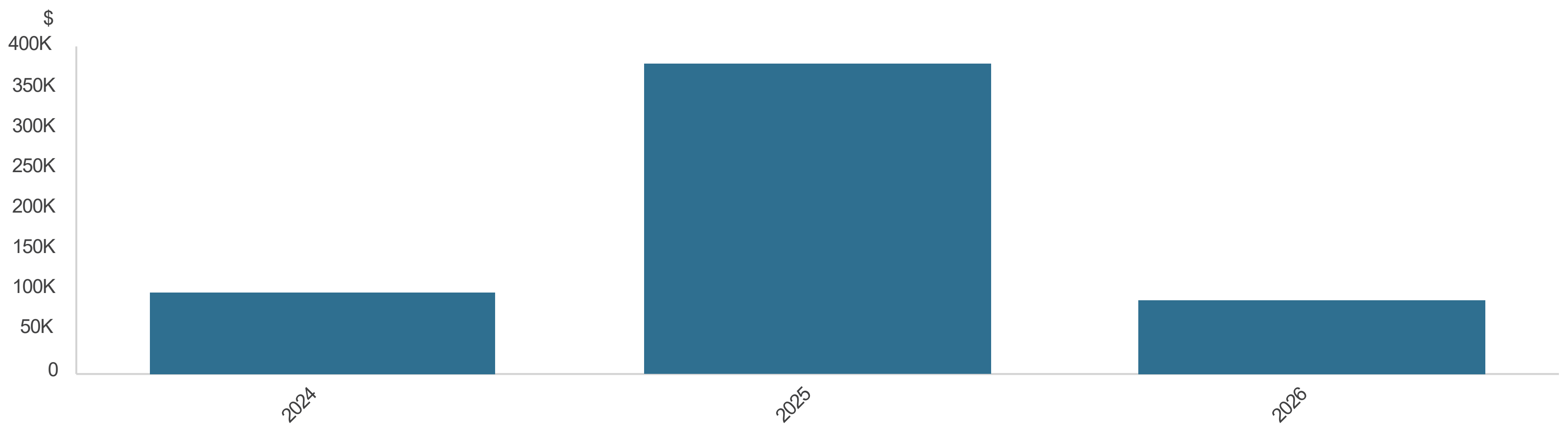
	% of Mkt Val
Short Term Govt	100.0%
Total	**100.0%**



Anticipated Income



Maturity Graph



	ID	Market Value	Quality2 Rating	Units	Quality Rating	Yield to Maturity
Short Term Government						
United States Treasury Note/Bond 2.625% 31 Mar 202	9128284F4	49,585.11	Aaa	50,000.000	AAA	4.341
United States Treasury Note/Bond 2.875% 31 May 202	9128284R8	50,047.59	Aaa	50,000.000	AAA	4.208
United States Treasury Note/Bond 3% 30 Sep 2025	9128285C0	49,525.12	Aaa	50,000.000	AAA	3.988
United States Treasury Note/Bond 4.375% 31 Oct 202	91282CFQ9	50,890.92	Aaa	50,000.000	AAA	4.915
United States Treasury Note/Bond 4.5% 30 Nov 2024	91282CFX4	50,736.15	Aaa	50,000.000	AAA	4.707
United States Treasury Note/Bond 4% 15 Dec 2025	91282CGA3	50,670.16	Aaa	50,000.000	AAA	3.859
United States Treasury Note/Bond 4.625% 28 Feb 202	91282CGN5	50,233.03	Aaa	50,000.000	AAA	4.440
United States Treasury Note/Bond 4.625% 15 Mar 202	91282CGR6	50,703.71	Aaa	50,000.000	AAA	3.768
United States Treasury Note/Bond 4.25% 31 May 2025	91282CHD6	50,724.14	Aaa	50,000.000	AAA	4.212
United States Treasury Note/Bond 4.625% 30 Jun 202	91282CHL8	50,759.41	Aaa	50,000.000	AAA	4.138
United States Treasury Note/Bond 5% 31 Aug 2025	91282CHV6	30,379.25	Aaa	30,000.000	AAA	4.057
United States Treasury Note/Bond 4.625% 15 Sep 202	91282CHY0	40,798.97	Aaa	40,000.000	AAA	3.666
Total Short Term Government		**575,053.56**				
Total		**575,053.56**				

Standard Sectors

	Ticker	Units	Current Yield	Unit Cost	Total Cost	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss
Equity										
REITs										
STAG Industrial Inc	STAG	300.000	3.786	33.00	9,901.41	39.090	11,727.00	37.00	1.1	1,825.59
Total: REITs			3.786		9,901.41		11,727.00	37.00	1.1	1,825.59
Basic Materials										
Freeport-McMoRan Inc	FCX	225.000	1.202	51.96	11,690.26	49.920	11,232.00	.00	1.1	-458.26
Newmont Corp	NEM	250.000	1.871	41.68	10,419.75	53.450	13,362.50	.00	1.3	2,942.75
Total: Basic Materials			1.565		22,110.01		24,594.50	.00	2.4	2,484.49
Consumer Discretionary										
NIKE Inc	NKE	100.000	1.674	82.71	8,270.83	88.400	8,840.00	37.00	.8	569.17
Total: Consumer Discretionary			1.674		8,270.83		8,840.00	37.00	.8	569.17
Consumer Staples										
Colgate-Palmolive Co	CL	125.000	1.927	74.86	9,357.11	103.810	12,976.25	.00	1.2	3,619.14
General Mills Inc	GIS	150.000	3.250	66.76	10,013.68	73.850	11,077.50	.00	1.0	1,063.82
Lamb Weston Holdings Inc	LW	150.000	2.224	77.68	11,652.20	64.740	9,711.00	.00	.9	-1,941.20
Total: Consumer Staples			2.446		31,022.99		33,764.75	.00	3.1	2,741.76
Financials										
Goldman Sachs Group Inc/The	GS	25.000	2.424	183.65	4,591.23	495.110	12,377.75	.00	1.2	7,786.52
Total: Financials			2.424		4,591.23		12,377.75	.00	1.2	7,786.52
Health Care										
AbbVie INC	ABBV	75.000	3.140	94.07	7,054.97	197.480	14,811.00	.00	1.4	7,756.03
Abbott Laboratories	ABT	100.000	1.930	41.35	4,134.75	114.010	11,401.00	.00	1.1	7,266.25
Amgen Inc	AMGN	50.000	2.793	226.01	11,300.34	322.210	16,110.50	.00	1.5	4,810.16
Medtronic PLC	MDT	150.000	3.110	94.68	14,201.44	90.030	13,504.50	105.00	1.3	-696.94
Total: Health Care			2.785		36,691.50		55,827.00	105.00	5.3	19,135.50
Industrials										
L3Harris Technologies Inc	LHX	75.000	1.951	75.92	5,694.23	237.870	17,840.25	.00	1.7	12,146.02
RTX Corp	RTX	125.000	2.080	45.07	5,633.26	121.160	15,145.00	.00	1.4	9,511.74
Rockwell Automation Inc	ROK	35.000	1.862	299.83	10,494.11	268.460	9,396.10	.00	.9	-1,098.01
Visa Inc	V	.000	.000	.00	.00	.000	.00	.00	.0	.00
Total: Industrials			1.977		21,821.60		42,381.35	.00	4.0	20,559.75

Standard Sectors

	Ticker	Units	Current Yield	Unit Cost	Total Cost	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss
Technology										
Broadcom Inc	AVGO	150.000	1.229	26.13	3,919.39	172.500	25,875.00	.00	2.4	21,955.61
Intel Corp	INTC	350.000	1.598	29.36	10,277.68	23.460	8,211.00	.00	.8	-2,066.68
International Business Machines Corp	IBM	90.000	3.022	141.03	12,692.98	221.080	19,897.20	.00	1.9	7,204.22
Microsoft Corp	MSFT	40.000	.772	45.53	1,821.15	430.300	17,212.00	.00	1.6	15,390.85
Total: Technology			1.662		28,711.20		71,195.20	.00	6.7	42,484.00
Utilities										
Duke Energy Corp	DUK	100.000	3.625	88.17	8,817.03	115.300	11,530.00	.00	1.1	2,712.97
Total: Utilities			3.625		8,817.03		11,530.00	.00	1.1	2,712.97
Total: Equity			**2.240**		**171,937.80**		**272,237.55**	**179.00**	**25.7**	**100,299.75**
Fixed Income										
Short Term Government Bond										
United States Treasury Note/Bond 2.625% 31 Mar 202		50,000.000	2.647	99.84	49,919.55	99.163	49,581.50	3.61	4.7	-338.05
United States Treasury Note/Bond 2.875% 31 May 202		50,000.000	2.900	99.86	49,929.00	99.129	49,564.50	483.09	4.7	-364.50
United States Treasury Note/Bond 3% 30 Sep 2025		50,000.000	3.029	100.03	50,015.00	99.042	49,521.00	4.12	4.7	-494.00
United States Treasury Note/Bond 4% 15 Dec 2025		50,000.000	3.994	99.83	49,914.00	100.160	50,080.00	590.16	4.7	166.00
United States Treasury Note/Bond 4.25% 31 May 2025		50,000.000	4.249	99.90	49,952.00	100.020	50,010.00	714.14	4.7	58.00
United States Treasury Note/Bond 4.375% 31 Oct 202		50,000.000	4.377	99.85	49,922.50	99.951	49,975.50	915.42	4.7	53.00
United States Treasury Note/Bond 4.5% 30 Nov 2024		50,000.000	4.502	99.77	49,885.50	99.960	49,980.00	756.15	4.7	94.50
United States Treasury Note/Bond 4.625% 15 Mar 202		50,000.000	4.570	99.97	49,984.38	101.203	50,601.50	102.21	4.8	617.12
United States Treasury Note/Bond 4.625% 15 Sep 202		40,000.000	4.544	100.05	40,019.20	101.793	40,717.20	81.77	3.8	698.00
United States Treasury Note/Bond 4.625% 28 Feb 202		50,000.000	4.622	100.23	50,116.00	100.070	50,035.00	198.03	4.7	-81.00

Standard Sectors

	Ticker	Units	Current Yield	Unit Cost	Total Cost	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss
United States Treasury Note/Bond 4.625% 30 Jun 202		50,000.000	4.609	99.79	49,894.00	100.350	50,175.00	584.41	4.7	281.00
United States Treasury Note/Bond 5% 31 Aug 2025		30,000.000	4.959	99.75	29,925.60	100.836	30,250.80	128.45	2.8	325.20
Total: Short Term Government Bond			4.049		569,476.73		570,492.00	4,561.56	53.7	1,015.27
Total: Fixed Income			**4.049**		**569,476.73**		**570,492.00**	**4,561.56**	**53.7**	**1,015.27**
Cash & Equivalents										
Cash Equivalents										
SEI Daily Income Trust Treasury II Fund	SCPXX	70,004.880	4.882	1.00	70,004.88	1.000	70,004.88	273.09	6.6	.00
UNITED STATES OF AMER TREAS BILLS 0% T-BILL 12/03/		50,000.000	.000	98.38	49,188.50	99.207	49,603.50	.00	4.7	415.00
United States Treasury Bill Zero 01/30/2025		50,000.000	.000	97.69	48,846.00	98.532	49,266.00	.00	4.6	420.00
Total: Cash Equivalents			2.024		168,039.38		168,874.38	273.09	15.9	835.00
Cash										
US Uninvested Cash		142.000	.000	1.00	142.00	1.000	142.00	.00	.0	.00
Total: Cash			.000		142.00		142.00	.00	.0	.00
Total: Cash & Equivalents			**2.022**		**168,181.38**		**169,016.38**	**273.09**	**15.9**	**835.00**
Non Marketable Assets										
Non Marketable Assets										
PTC CD 5.35% 02/05/25		50,000.000	5.350	100.00	50,000.00	100.000	50,000.00	4.03	4.7	.00
Total: Non Marketable Assets			5.350		50,000.00		50,000.00	4.03	4.7	.00
Total: Non Marketable Assets			**5.350**		**50,000.00**		**50,000.00**	**4.03**	**4.7**	**.00**
Total			**3.324**		**959,595.91**		**1,061,745.93**	**5,017.68**	**100.0**	**102,150.02**

	Market Value	Quarter to Date (3 Months)	Year to Date (9 Months)	Inception to Date 10/01/2010
Total Fund	1,066,764	3.31	6.22	3.62
Equity	272,417	8.08	13.22	11.44
S&P 500 TR USD		5.89	22.08	14.44
iShares dividend ETF-(DVY)		12.94	18.44	11.90
Fixed Income	575,054	1.94	4.12	1.59
Bloomberg 1-5 Yr Gov/Credit TR USD		3.50	4.50	1.70
Cash & Equivalents	169,289	1.34	3.96	
Non Marketable Assets	50,004	.01		