FOREFRONT
ASSET MANAGEMENT, LLC.

Forefront Asset Management, LLC Monthly Newsletter

SUNDAY, JUNE 30, 2024

FOR MARKET CLOSE — Friday, June 28, 2024

U.S. Equity Market Assessment and Economic Outlook

We believe that we're in the 9th inning of the bull market. The end of the ballgame is near, and the fireworks will be grand but not in a good way. The Fed's monetary tightening which began 28 months ago is finally beginning to take hold of the economy. The typical lag between Fed tightening and the onset of a recession is about 2 years. We are most certainly there. As all market tops go which end in euphoria, a recession is the furthest thing from investor's minds which is a near perfect contrarian sentiment. Therefore, we remain vigilant and ready to take the appropriate action. Despite what we see coming, we remain in the markets but with a short leash as our indicators remain bullish.

Market Technical Indicators

Long Term Bull-Bear Indicator (Years)

Status: POSITIVE

Quarterly Timeframe Indicator (Monthly to Quarterly)

Status: POSITIVE

Shorter Timeframe Indicator (Weeks to Months)

Status: POSITIVE

THE COMPLETE PICTURE // READING THE INDICATORS

THREE INDICATORS ACROSS THREE TIMEFRAMES

1. Yearly Trend Indicator — POSITIVE since April 21, 2023
2. Quarterly Trend Indicator— POSITIVE since January 1, 2024
3. Short term Trend Indicator— POSITIVE since Nov 16, 2023

When all three indicators are in a POSITIVE status, we read the market as being in a CYCLICAL BULL MARKET

THIS MONTH'S ECONOMIC NEWS

FOR THE U.S. MARKET

Banking stress test completed

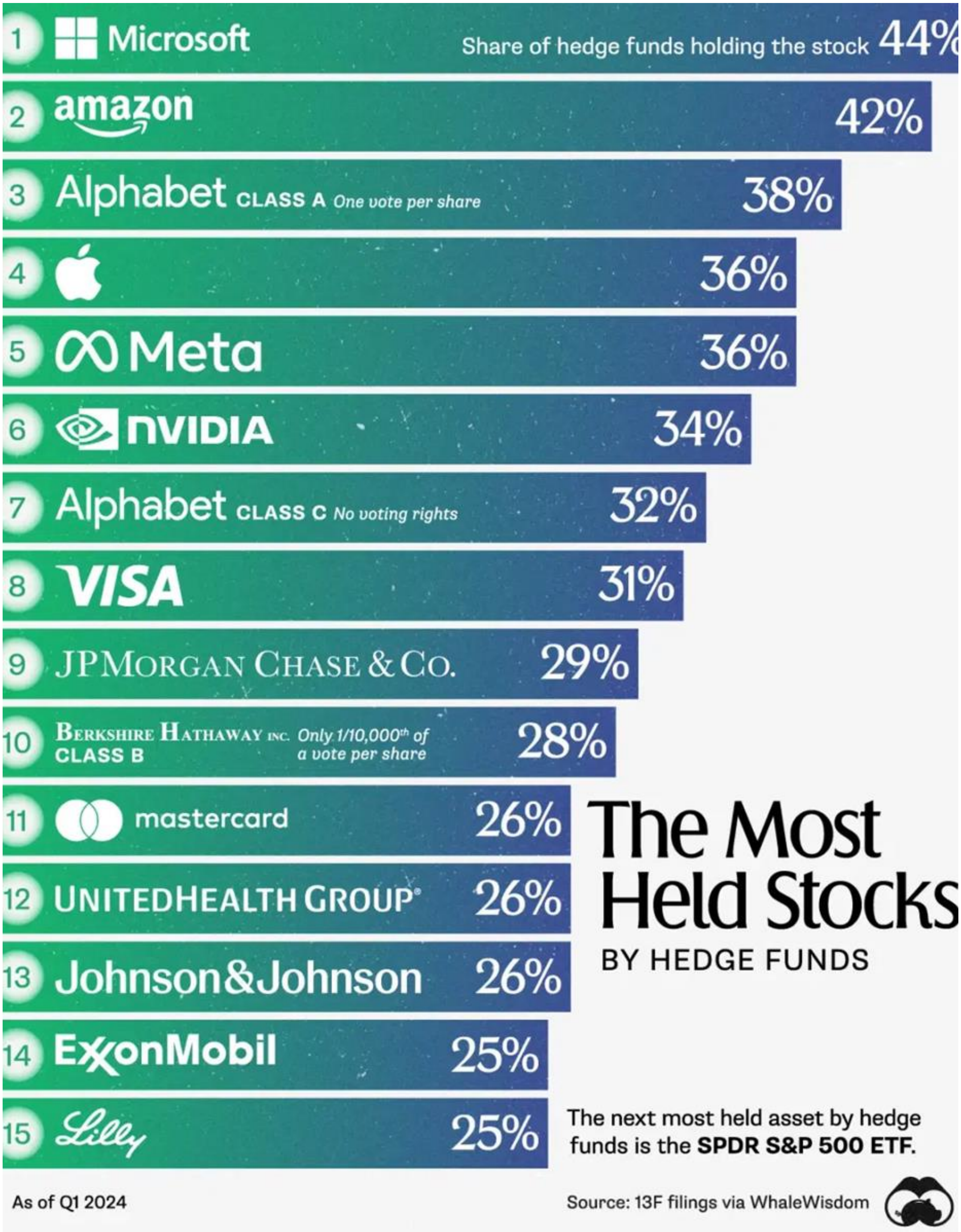
The banking sector garnered significant attention, driving strong performance in the KBW Bank Index. Early in the week, reports surfaced that the Federal Reserve is considering substantially lighter additional capital requirements for banks than originally proposed following the regional banking crisis in March 2023. This was followed by the Fed's announcement that all 31 large U.S. banks passed the latest stress tests, maintaining capital levels above the minimum requirements. This development could enable banks to return capital to shareholders through dividends and buybacks.

Mixed inflation signals

On Friday, the Bureau of Economic Analysis released May data for the core personal consumption expenditures (PCE) price index, which showed a 0.1% increase from April, excluding food and energy prices. The core PCE, the Fed's preferred inflation measure, showed a deceleration from April's revised 0.3% rise, bolstering market expectations for a potential September rate cut. Yields on longer-term Treasuries rose throughout the week, while short-term yields declined, resulting in a steeper yield curve. Investment-grade corporate bond issuance met weekly expectations, with most new issues being oversubscribed, while regional bank bonds outperformed on news of potential lighter regulatory capital requirements. Positive flows and moderate issuance supported favorable conditions in the high yield bond market, despite a mixed macroeconomic backdrop.

THIS MONTH'S HIGHLIGHTED STORY

https://posts.voronoiapp.com/markets/The-Most-Held-Stocks-by-Hedge-Funds-1573June 24th, 2024



The Most Held Stocks by Hedge Funds

What We're Showing

This graphic shows the most commonly held stocks in hedge fund portfolios. Figures are as of the first quarter of 2024 and are based on 13F filings via Whale Wisdom.

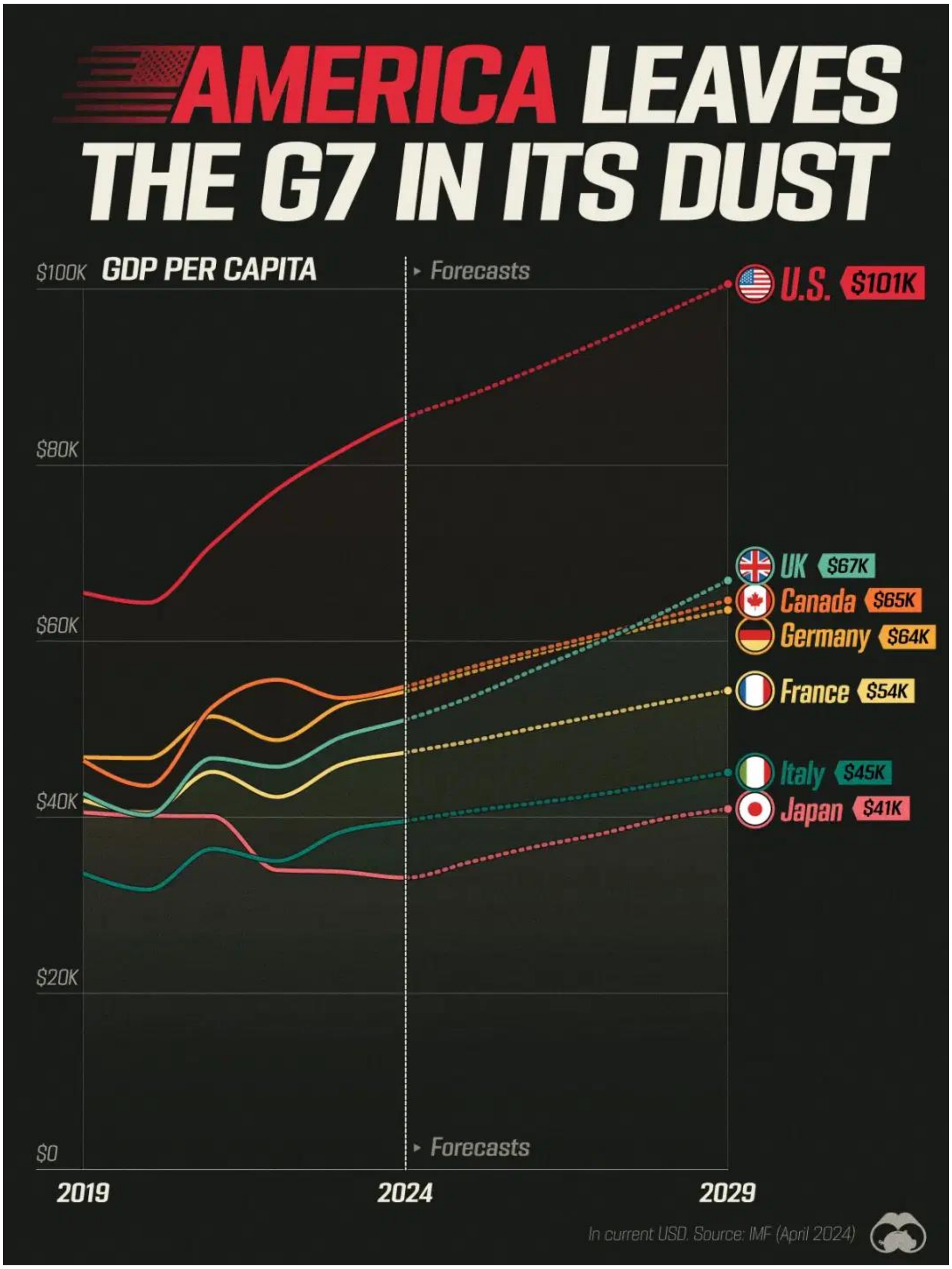
Key Takeaways

- Microsoft leads as the most popular stock overall, with 874 hedge funds holding the stock as of the first quarter of 2024.
- On a net basis, hedge funds added over 26 million shares of Apple to their portfolios over the quarter, the highest among the group.
- By contrast, institutional investors sold over 68 million Alphabet Class A shares and more than 64 million Alphabet Class C shares, making it the most exited company overall by share count.
- Michael Burry's Scion Asset Management LLC was among the hedge funds that sold Alphabet Class A shares, in addition to Amazon shares.
- Implication: when institutional money managers hold so few stocks, which is referred to as a narrow market, the risk is that when these stocks do finally begin to sell off, their movement to the downside can be severe in a very short period of time

Rank	Company	Percent of hedge funds holding the stock
1	Microsoft	44%
2	Amazon	42%
3	Alphabet Class A	38%
4	Apple	36%
5	Meta	36%
6	Nvidia	34%
7	Alphabet Class C	32%
8	Visa	31%
9	JPMorgan Chase & Co	29%
10	Berkshire Hathaway Class B	28%
11	Mastercard	26%
12	Unitedhealth Group	26%
13	Johnson & Johnson	26%
14	ExxonMobil Corp	25%
15	Lilly (Eli) & Co.	25%

ADDITIONAL MARKET HIGHLIGHT

https://posts.voronoiapp.com/economy/GDP-Per-Capita-Projections-for-G7-Nations-1562



Sources:

All index and returns data from Norgate Data and Commodity Systems Incorporated and Wall Street Journal

News from Reuters, Barron's, Wall St. Journal, Bloomberg.com, ft.com, guggenheimpartners.com, zerohedge.com, ritholtz.com, markit.com, financialpost.com, Eurostat, Statistics Canada, Yahoo! Finance, stocksandnews.com, marketwatch.com, visualcapitalist.com, wantchinatimes.com, BBC, 361capital.com, pensionpartners.com, cnbc.com, FactSet, Morningstar/Ibbotson Associates, Corporate Finance Institute.

Commentary from T Rowe Price Global markets weekly update — https://www.troweprice.com/personal-investing/resources/insights/global-markets-weekly-update