

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned 1.22% and 1.86% respectively in July.
- ▶ Within the S&P 500, nine of the 11 sectors posted positive returns. After posting poor performance for much of this year, the Real Estate sector was the best performer for the month, returning 7.22%. The returns were aided by the increase in rate cut expectations for remainder of the year. The second-best performing sector was Utilities, which posted a return of 6.78%, while Telecommunications was the worst performing sector, returning -4.01%.
- ▶ Small-caps (Russell 2000) saw significant outperformance in July after an extended period of large-cap dominance, returning 10.16%, while mid-caps (Russell Mid Cap Index) returned 4.71%, and large-caps (Russell 1000 Index) returned 1.46%. Value stocks outperformed growth stocks across all capitalizations during the month.
- ▶ According to FactSet Earnings Insight (as of August 2, 2024), the blended year-over-year (YoY) earnings growth for the S&P 500 in Q2 was 11.5% and for the calendar year 2024, analysts are calling for YoY earnings growth of 10.8%.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 2.31%. Developed markets, represented by the MSCI EAFE Index returned 2.93%, supported by strong returns in Japan (MSCI Japan) which gained 5.80% and offset weaker returns coming from Europe. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 0.30% in July. India (MSCI India Index) continued to do well, returning 3.97% for the month. Meanwhile, China (MSCI China Index) returned -1.33% for the month.
- ▶ Within the ACWI ex-U.S. Index, 10 of the 11 sectors posted positive returns. Utilities were the best performing sector for the month, returning 5.53%, while Healthcare was the second-best performer returning 4.95%. Information Technology was the worst performing sector, posting a return of -2.48%.

Fixed Income

- ▶ U.S. Treasury yields fell along the curve as markets reacted to the continued cooling in the labor markets and the likelihood of rate cuts later in the year. On the shorter end of the yield curve, the yield on the 2-year fell 50 basis points (bps), and the 5-year fell 47 bps. Meanwhile, the 10-year U.S. Treasury yield fell 37 bps while the yield on the 30-year fell only 26 bps.

- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned 2.34% in July. Investment-grade (IG) credit as a whole returned 2.35%, AAA-rated bonds returned 1.99%, AA-rated bonds returned 2.40%, A-rated bonds returned 2.37%, and BBB-rated bonds returned 2.38%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index, saw a return of 1.96% during the month, while the Broad Treasury Index returned 2.23%.

Diversifying Assets

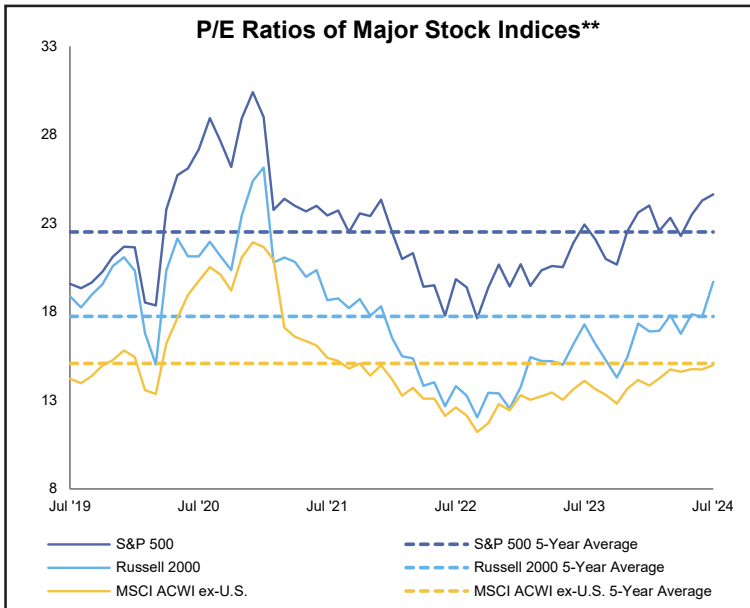
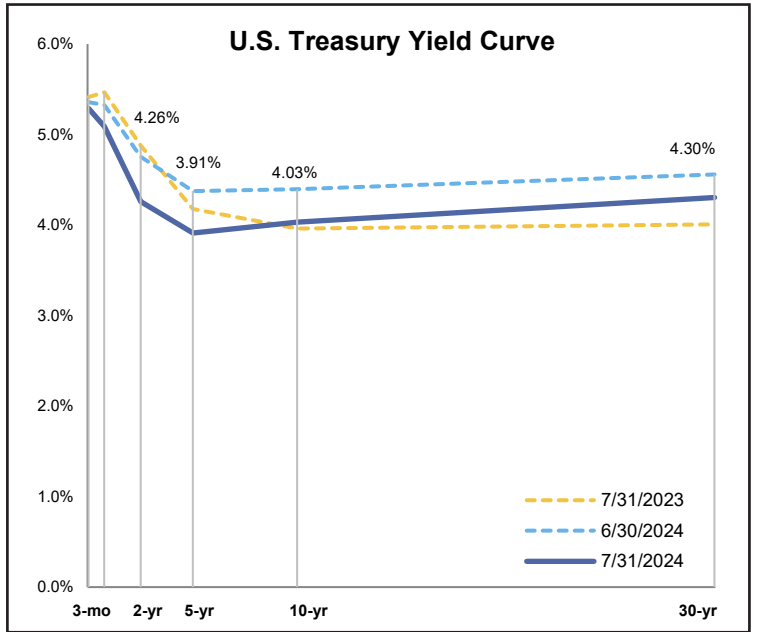
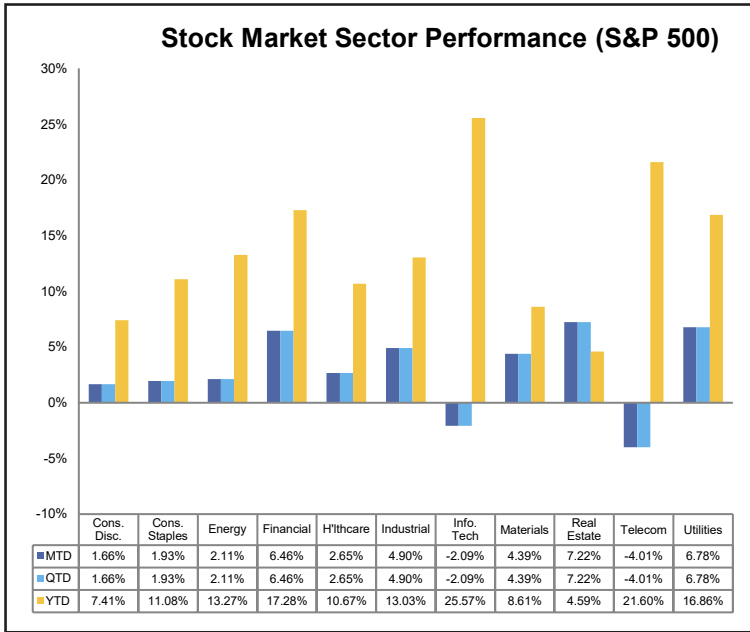
- ▶ During July, Real Estate Investment Trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index, returned 6.22% and 6.23%, respectively. The Office sector did well during the month, while the Lodging and Resorts sector was challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 6.80% for the month. Utilities performed well both domestically and internationally in July.

Items to Watch

- ▶ The advance estimate for second quarter U.S. gross domestic product (GDP) growth surpassed estimates, coming in at a rate of 2.8% YoY growth, double the 1.4% YoY growth rate in the first quarter. This growth was supported by strong consumer spending as well as a rebound in inventories. Looking forward, lower consumer demand is pointing to more subdued growth in the second half of the year.
- ▶ Outside the U.S., the European Union grew slightly more than expected, expanding 0.30% QoQ in the second quarter, in line with the previous quarter's growth. Underlying this figure was a mixed picture as growth in several key countries was balanced out by contraction in others, including a surprise reading from Germany of -0.1% QoQ.
- ▶ At its July meeting, the Federal Reserve once again held the federal funds rate steady at 5.25%-5.50%, where it has been for the past year, while pointing to the possibility of a rate cut in September. The post meeting statement included updated language to further acknowledge the risks to both sides of its dual mandate (maximum employment and price stability) as the continued cooling in the labor market brings some possibility of downside risk.
- ▶ The changing dynamics of the labor market were reflected in the July jobs report, which missed expectations. Total non-farm payrolls rose by 114,000 net new jobs, missing estimates of 175,000, with the May and June figures also seeing modest downward revisions. The unemployment rate ticked up for the fourth consecutive month, rising to 4.3% as the labor force participation rate increased to 62.7 from 62.6 in June, underscoring the continued normalization of the labor market.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	1.22%	1.22%	16.69%	22.13%
Russell 3000	1.86%	1.86%	15.67%	21.06%
Russell 2000	10.16%	10.16%	12.06%	14.22%
Russell 1000	1.46%	1.46%	15.89%	21.48%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	2.31%	2.31%	8.14%	9.75%
MSCI EAFE	2.93%	2.93%	8.43%	11.21%
MSCI Emerging Markets	0.30%	0.30%	7.81%	6.27%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	2.34%	2.34%	1.61%	5.10%
Bloomberg Barclays Global Agg	2.76%	2.76%	-0.49%	3.00%
Bloomberg Barclays U.S. HY	1.96%	1.96%	4.63%	11.03%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	6.22%	6.22%	5.33%	9.76%
FTSE NAREIT Index	6.23%	6.23%	6.09%	11.33%
MSCI World Core Infrastructure	6.80%	6.80%	5.53%	8.08%
Bloomberg Commodity	-4.50%	-4.50%	-2.23%	-10.15%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.1%	4.0%
Initial Jobless Claims (4 week average)	238 K	235.5 K
CB Leading Economic Indicators	-0.2	-0.4
Capacity Utilization	78.8%	78.3%
GDP (annual growth rate)	2.8%	1.4%
University of Michigan Consumer Confidence	66.4	68.2
New Home Starts	617 K	621 K
Existing Home Sales	3.9 MM	4.1 MM
Retail Sales (YoY)	3.4%	3.0%
U.S. Durable Goods (MoM)	-6.6%	0.1%
Consumer Price Index (YoY)	3.0%	3.3%
Producer Price Index (MoM)	-0.6%	-0.9%
Developed International*	3/31/2024	12/31/2023
Market GDP (annual rate)	1.3%	1.6%
Market Unemployment	4.5%	4.4%



Source: Bloomberg. Data as of July 31, 2024, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2024 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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