

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned 4.96% and 4.72% respectively in May.
- ▶ Within the S&P, 10 of the 11 sectors posted positive returns. The Information Technology sector was the best performer for the month, returning 10.08%, while the second-best performing sector, Utilities, posted a return of 8.97%. Energy was the worst performing sector, posting a return of -0.39%.
- ▶ Positive returns were seen across all capitalizations, with small-caps (Russell 2000) returning 5.01%, mid-caps (Russell Mid Cap Index) returning 2.85%, and large-caps (Russell 1000 Index) returning 4.71%. Growth stocks outperformed value stocks across small and large capitalizations while value outperformed in mid-caps.
- ▶ According to FactSet Earnings Insight (as of May 31, 2024), the Q1 blended (year-over-year) earnings growth rate for the S&P 500 was 5.9% and the projected earnings growth for the S&P 500 for Q2 is 9.2%.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 2.90%. Developed markets, represented by the MSCI EAFE Index returned 3.87%, as Europe (MSCI Europe Index) returned 4.84%.
- ▶ Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 0.57% in May, as China (MSCI China Index) returned 2.4% and India (MSCI India Index) returned 0.71% for the month.
- ▶ Within the ACWI ex-U.S. Index, all of the 11 sectors posted positive returns. Financials were the best performing sector, with a return of 4.58%. Utilities, the second-best performer in May posted a strong return of 4.66%. Consumer Discretionary was the worst performing sector, posting a return of 0.50%.

Fixed Income

- ▶ U.S. Treasury yields fell along the entire yield curve as weaker-than-expected gross domestic product (GDP) and jobs data modestly pressured market expectations for Federal Reserve (Fed) cuts through the balance of the year. On the long end, the yield on the 10-year fell 18 basis point (bps) and the yield on the 30-year fell by 14 bps. Meanwhile, on the shorter end, the yield on the 2-year fell 17 bps and the 5-year fell 21 bps, causing the Broad Treasury Index to return 1.49% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned 1.70% in May. Investment-grade (IG) credit as a whole returned 1.82%, AAA-rated bonds returned 1.25%, AA-rated

bonds returned 1.69%, A-rated bonds returned 1.81%, and BBB-rated bonds returned 1.96%. High-yield corporates, as represented by ICE BofA U.S. High Yield, saw a positive return of 1.13% during the month.

Diversifying Assets

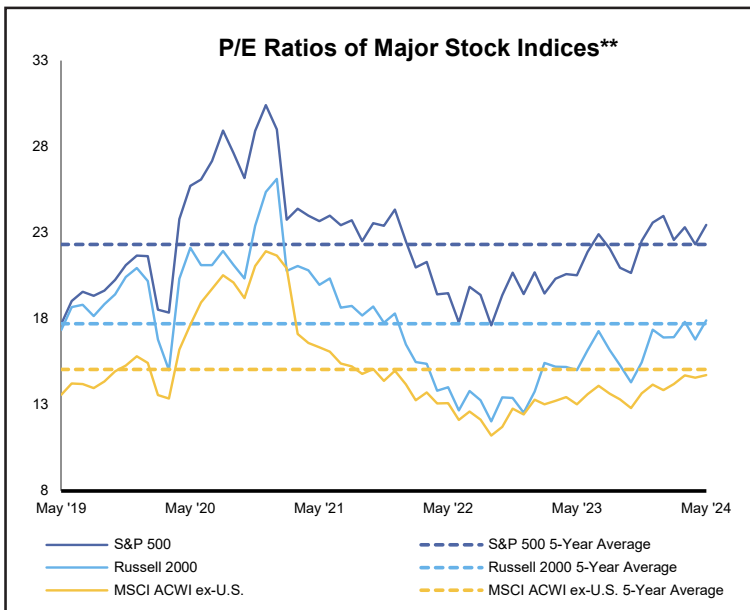
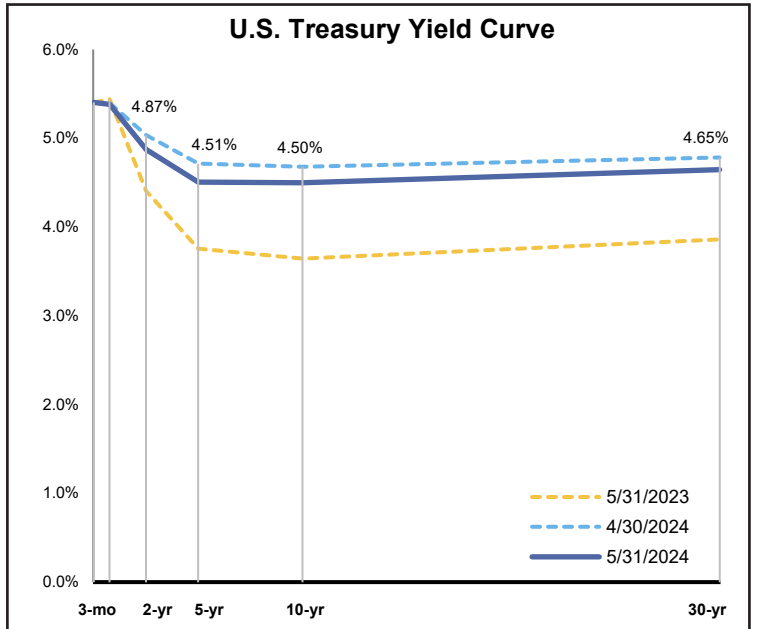
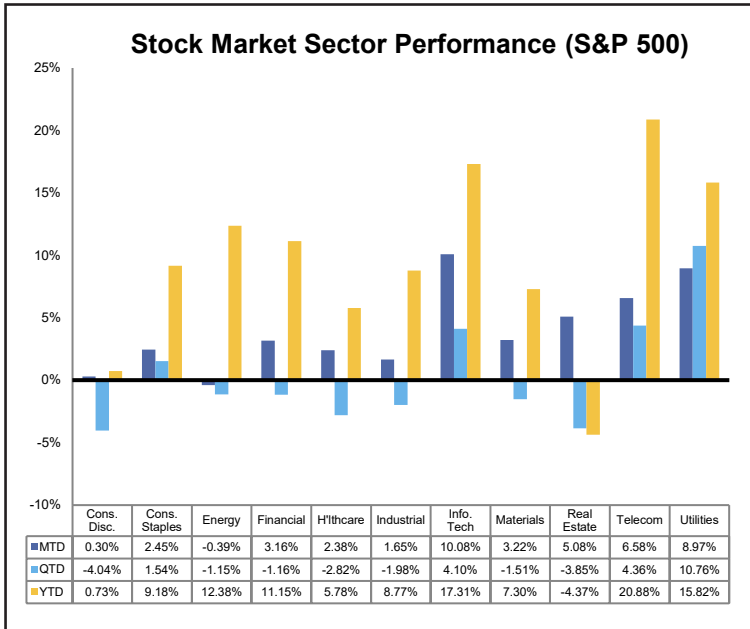
- ▶ During May, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 4.63% and 4.59%, respectively. Eight of the nine real estate sectors had positive returns for the month. The Healthcare sector did the best, returning 9.76%. The worst performing sector for the month was Lodging and Resorts, returning -2.79%. Listed infrastructure, represented by the MSCI World Infrastructure Index, returned 4.82% for the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$76.99/barrel in May, down \$4.94 from \$81.93/barrel at the end of April.

Items to Watch

- ▶ The bumpy path of cooling inflation saw the U.S. annual inflation rate fall slightly in April, after an uptick in March. U.S. inflation, as represented by the Consumer Price Index (CPI), fell to 3.4%, while core inflation (measured by core CPI) slowed to 3.6%, the lowest reading since April 2021. Outside the U.S., the initial inflation estimate for the Eurozone ticked up to 2.6% in May as service prices remained sticky. Meanwhile, inflation in Japan also accelerated during May, rising to 2.2% on higher electricity prices.
- ▶ Manufacturing in the U.S. continues to struggle with the ISM manufacturing index registering at 48.7 in May, down slightly from April's reading of 49.2 (a reading below 50 is contractionary). Despite a brief uptick to expansionary mode in March, this points to an extended contraction in the sector, with 18 of the last 19 readings coming in below the (neutral) 50 mark. Services, as represented by ISM's non-manufacturing index, saw expansion, with a gain of 4.4 points to 53.8 in May.
- ▶ Job openings dropped to 8.06 million in April, down from 8.35M in March. Meanwhile, overall unemployment rose in May, ticking up to 4% - the highest level since January 2022. Despite this, the overall labor market remains resilient, as total non-farm payroll employment growth beat expectations, rising 272,000 last month and wage gains remained firm in May, with the average hourly earnings growth ticking up to 4.1% YoY.
- ▶ U.S. consumer confidence improved in May, as the Conference Board Consumer Confidence Survey index rose, following three consecutive months of declines. Consumers showed increased optimism as the resilient labor market supported confidence in the economy.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	4.96%	0.67%	11.30%	28.17%
Russell 3000	4.72%	0.12%	10.15%	27.57%
Russell 2000	5.01%	-2.38%	2.68%	20.08%
Russell 1000	4.71%	0.25%	10.57%	27.99%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	2.90%	1.06%	5.79%	16.74%
MSCI EAFE	3.87%	1.21%	7.07%	18.53%
MSCI Emerging Markets	0.57%	1.02%	3.41%	12.39%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	1.70%	-0.87%	-1.64%	1.31%
Bloomberg Barclays Global Agg	1.31%	-1.25%	-3.30%	0.77%
Bloomberg Barclays U.S. HY	1.13%	0.12%	1.63%	11.17%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	4.63%	-2.81%	-3.41%	8.47%
FTSE NAREIT Index	4.59%	-2.74%	-2.93%	10.17%
MSCI World Core Infrastructure	4.82%	0.88%	0.73%	8.38%
Bloomberg Commodity	1.30%	3.52%	4.41%	5.13%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.0%	3.9%
Initial Jobless Claims (4 week average)	222.5 K	220 K
CB Leading Economic Indicators	-0.6	-0.3
Capacity Utilization	78.4%	78.5%
GDP (annual growth rate)	1.3%	3.4%
University of Michigan Consumer Confidence	69.1	77.2
New Home Starts	634 K	665 K
Existing Home Sales	4.1 MM	4.2 MM
Retail Sales (YoY)	3.6%	4.0%
U.S. Durable Goods (MoM)	0.6%	0.8%
Consumer Price Index (YoY)	3.4%	3.5%
Producer Price Index (MoM)	0.4%	0.0%
Developed International*	3/31/2024	12/31/2023
Market GDP (annual rate)	1.4%	1.5%
Market Unemployment	4.6%	4.5%



Source: Bloomberg. Data as of May 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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