

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned -4.08% and -4.40%, respectively, in April.
- ▶ Within the S&P, only one of the 11 sectors posted positive returns. The Utilities sector was the best performer for the month, returning 1.65%, while the second-best performing sector, Energy, posted a return of -0.76%. Real Estate was the worst performing sector, posting a return of -8.50%.
- ▶ Negative returns were seen across all capitalizations, with small-caps (Russell 2000) returning -7.04%, mid-caps (Russell Mid Cap Index) returning -5.40%, and large-caps (Russell 1000 Index) returning -4.26%. Value stocks outperformed growth stocks across small and medium capitalizations while growth outperformed in large-caps. Expectations of higher rates for longer in reaction to negative inflation surprises led to the pullback in equities.
- ▶ According to FactSet Earnings Insight (as of May 3, 2024), the blended earnings growth rate estimate (which combines current reported and estimated results) for the S&P 500 in the first quarter was 5.0%.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -1.79% for the month. Developed markets, represented by the MSCI EAFE Index returned -2.56%, as Europe (MSCI Europe Index) returned -2.55%.
- ▶ Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 0.45% in April, and was weighed down by South Korea's (MSCI Korea Index) -5.76% return, which was prompted by disappointing earnings. However, not all emerging markets were negative, as China (MSCI China Index) saw strong positive returns of 6.6%.
- ▶ Within the ACWI ex-U.S. Index, three of the 11 sectors posted positive returns. Energy was the best performing sector, with a return of 2.47%. Utilities, the second-best performer in April, was only marginally positive, posting a return of 0.11%. Information Technology was the worst performing sector, posting a return of -5.94%.

Fixed Income

- ▶ U.S. Treasury yields rose along the entire yield curve in reaction to expectations for a delay in rate cuts. On the long end, the yield on the 10-year rose 48 basis point (bps) and the yield on the 30-year rose by 45 bps. While on the shorter end, the yield on the 2-year rose 42 bps and 5-year rose 45 bps, causing the Broad Treasury Index to return -2.63% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned -2.53% in April. Investment-grade (IG) credit as a whole returned -2.49%, AAA-rated bonds returned -1.69%, AA-rated bonds returned -2.78%, A-rated bonds returned -2.55%, and BBB-rated

bonds returned -2.50%. High-yield corporates, as represented by the Barclays High Yield Index, saw a return of -0.94% during the month.

Diversifying Assets

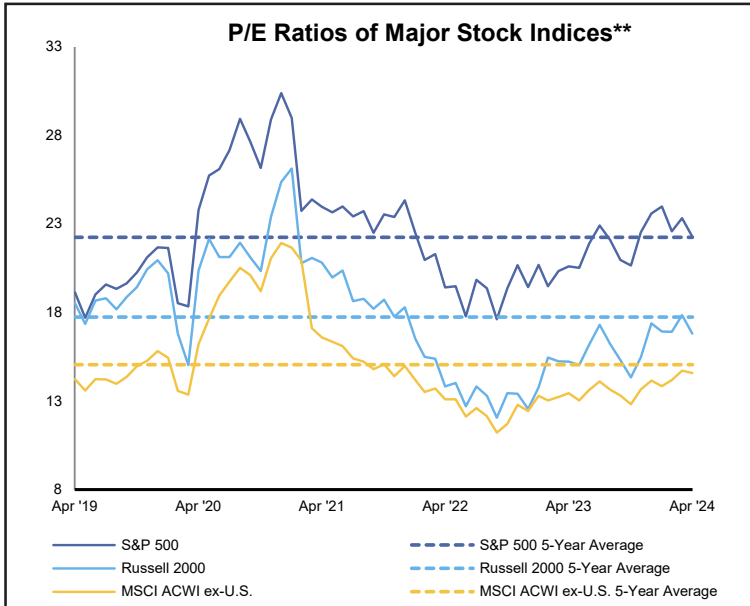
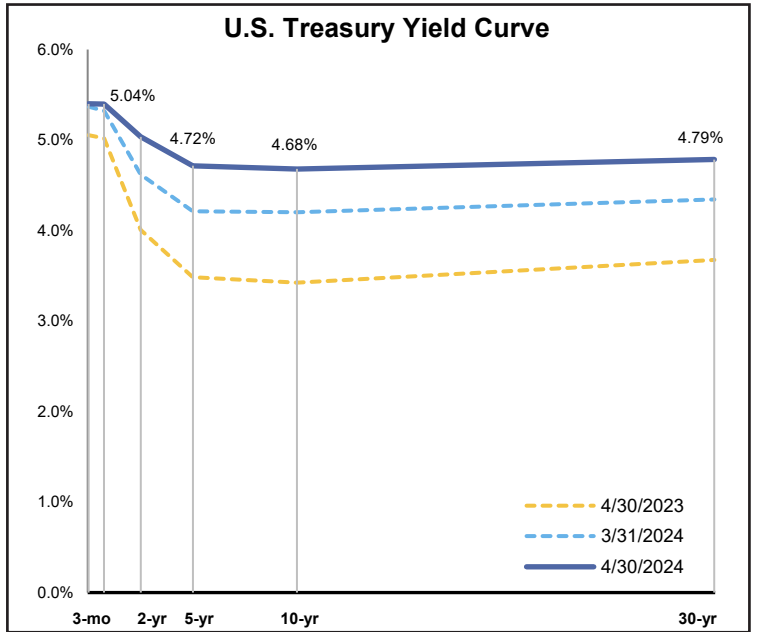
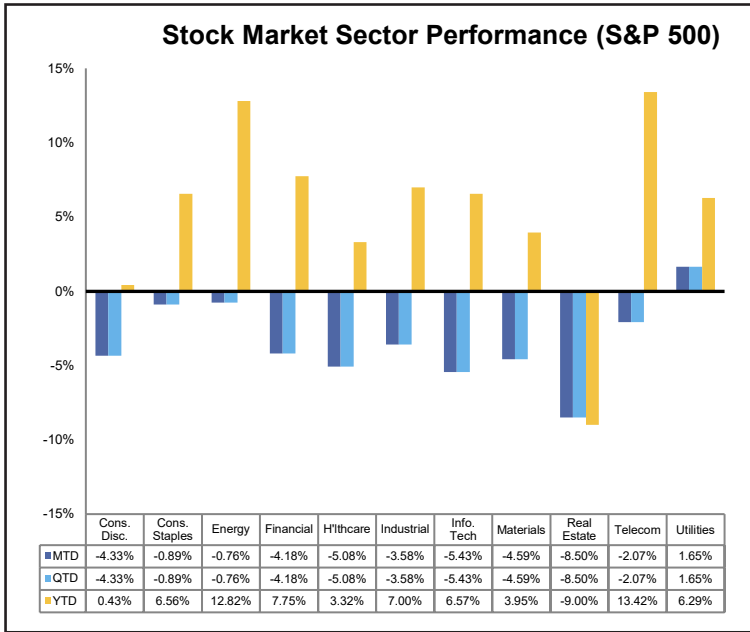
- ▶ During April, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned -7.10% and -7.01% respectively. One of the nine real estate sectors had positive returns for the month. The Healthcare sector did the best, returning 0.86%. The worst performing sector for the month was Industrials, returning -18.87%. Listed infrastructure, represented by the MSCI World Infrastructure Index, returned -3.85% for the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$81.93/barrel in April, down \$1.24 from \$83.17/barrel at the end of March.

Items to Watch

- ▶ U.S. gross domestic product (GDP) growth cooled in the first quarter, rising at an annualized rate of 1.6%. This disappointed markets as it fell well below the forecasts of 2.5% and was less than half the growth seen in the previous quarter. The deceleration was mainly seen in consumer spending, exports and government spending. However, despite some cooling, consumer spending remains relatively strong at 2.5% year-over-year (YoY) growth. Private Domestic Final Purchases, which point to underlying domestic demand, remained robust at 3.1% YoY growth.
- ▶ While this slowing growth might otherwise prompt markets to predict more rate cuts, the continued "sticky" core inflation (as measured by core CPI), which rose to 3.8% in March, tempered expectations. Meanwhile, the Euro Area saw GDP growth strengthen in the first quarter to 0.3%, reversing course from the previous quarter's marginal decline of 0.1%. However, the result was still significantly below that of the U.S.
- ▶ At its May 1 meeting, the Federal Reserve (Fed) voted to hold rates steady. They continue to underline the meeting-by-meeting analysis of the data and the need for stronger evidence that inflation is moving sustainably lower. Fed Chair Jerome Powell responded to questions about the risk of re-acceleration in inflation, noting that the Fed monitors the overall picture but similarly would need to see "persuasive evidence" that the policy stance is not sufficiently restrictive. Current market expectations reflect less than two cuts for the remainder of the year.
- ▶ Cooling has also appeared in the PMI indicators, with the ISM manufacturing index falling back into contractionary readings after a single month of expansion in March. The 49.20 reading in April came as new orders fell back into contraction while prices paid continued to rise. The ISM Services PMI dropped into contractionary range in April as well, with a reading of 49.4, reflecting the first contraction in the services sectors since 2022, and falling significantly below expectations of 52.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-4.08%	-4.08%	6.04%	22.65%
Russell 3000	-4.40%	-4.40%	5.18%	22.28%
Russell 2000	-7.04%	-7.04%	-2.23%	13.28%
Russell 1000	-4.26%	-4.26%	5.60%	22.81%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-1.79%	-1.79%	2.81%	9.33%
MSCI EAFE	-2.56%	-2.56%	3.08%	9.28%
MSCI Emerging Markets	0.45%	0.45%	2.82%	9.88%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-2.53%	-2.53%	-3.28%	-1.47%
Bloomberg Barclays Global Agg	-2.52%	-2.52%	-4.55%	-2.47%
Bloomberg Barclays U.S. HY	-0.94%	-0.94%	0.52%	9.02%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	-7.10%	-7.10%	-7.68%	0.45%
FTSE NAREIT Index	-7.01%	-7.01%	-7.20%	1.94%
MSCI World Core Infrastructure	-3.76%	-3.76%	-3.91%	-2.59%
Bloomberg Commodity	2.20%	2.20%	3.07%	-2.53%

Economic Indicators			
Domestic	Current	Previous Month	
Unemployment Rate (%)	3.9%	3.8%	
Initial Jobless Claims (4 week average)	210 K	213.5 K	
CB Leading Economic Indicators	-0.3	0.2	
Capacity Utilization	78.4%	78.2%	
GDP (annual growth rate)	1.6%	3.4%	
University of Michigan Consumer Confidence	77.2	79.4	
New Home Starts	693 K	637 K	
Existing Home Sales	4.2 MM	4.4 MM	
Retail Sales (YoY)	4.7%	2.3%	
U.S. Durable Goods (MoM)	2.6%	0.7%	
Consumer Price Index (YoY)	3.5%	3.2%	
Producer Price Index (MoM)	0.0%	1.4%	
Developed International*		12/31/2023	9/30/2023
Market GDP (annual rate)	1.5%	1.6%	
Market Unemployment	4.4%	4.4%	



Source: Bloomberg. Data as of April 30, 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 December 31, 2023 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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