

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 2.14% and 2.07% respectively in September.
- ▶ Within the S&P 500, Eight of the 11 sectors posted positive returns. The Consumer Discretionary sector was the best performer for the month, returning 7.09%. The second-best performing sector was Utilities, which posted a return of 6.60%, while Energy was the worst performing sector, returning -2.68%.
- ▶ Positive returns were seen across all capitalizations, with small-caps (Russell 2000 Index) returning 0.70%, mid-caps (Russell Mid Cap Index) returning 2.23%, and large-caps (Russell 1000 Index) returning 2.14%. Growth stocks outperformed value stocks across all capitalizations during the month.
- ▶ According to FactSet Earnings Insight (as of September 30th, 2024), the blended (year-over-year) earnings growth for the S&P 500 in Q3 was 4.4%. For calendar year 2024, analysts revised estimates down slightly with a (year-over-year) earnings growth estimate of 10.0%.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 2.69%. Developed markets, represented by the MSCI EAFE Index returned 0.92%, as Europe (MSCI Europe Index) saw returns of 0.40% in September. Emerging Markets (EM), as represented by the MSCI Emerging Markets Index, returned 6.68% in September, driven by strong returns from China (MSCI China Index), which gained 23.93%. India (MSCI India Index) saw more moderate gains, returning 2.15% for the month.
- ▶ Within the ACWI ex-U.S. Index, six of the 11 sectors posted positive returns. Consumer Discretionary was the best performing sector for the month, returning 8.25%, while Telecommunications was the second-best performer, returning 7.34%. Healthcare worst performing sector, posting a return of -4.62%.

Fixed Income

- ▶ U.S. Treasury yields fell along the yield curve as markets reacted to the continued weakness in the labor market and the likelihood of rate cuts in the back half of the year. On the shorter end of the yield curve, the yield on the 2-year fell 28 basis points (bps), and the 5-year fell 15 bps. Meanwhile, the 10-year U.S. Treasury yield fell 12 bps, while the yield on the 30-year fell only 8 bps.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned

1.34% in September. Investment-grade (IG) credit as a whole returned 1.71%, AAA-rated bonds returned 1.17%, AA-rated bonds returned 1.60%, A-rated bonds returned 1.79%, and BBB-rated bonds returned 1.74%. High-yield corporates, as represented by the ICE BofA U.S. High Yield Index saw a return of 1.62% during the month, while the Broad Treasury Index returned 1.22%.

Diversifying Assets

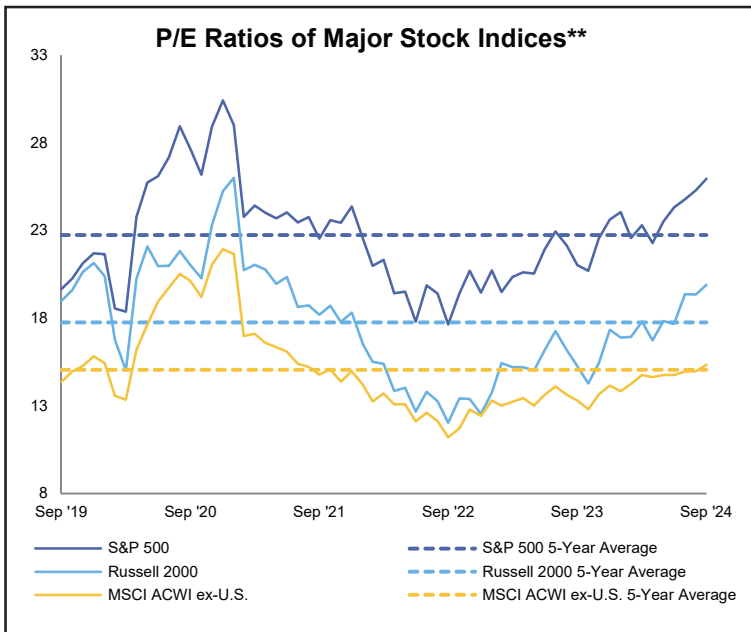
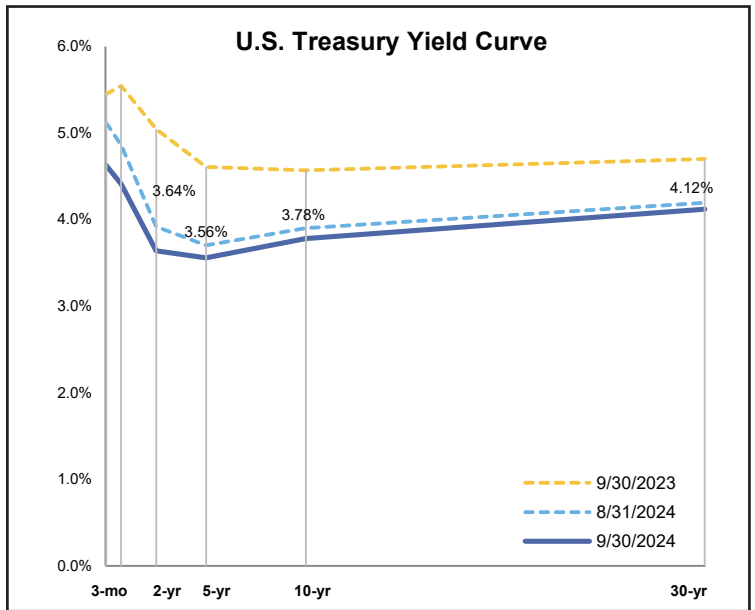
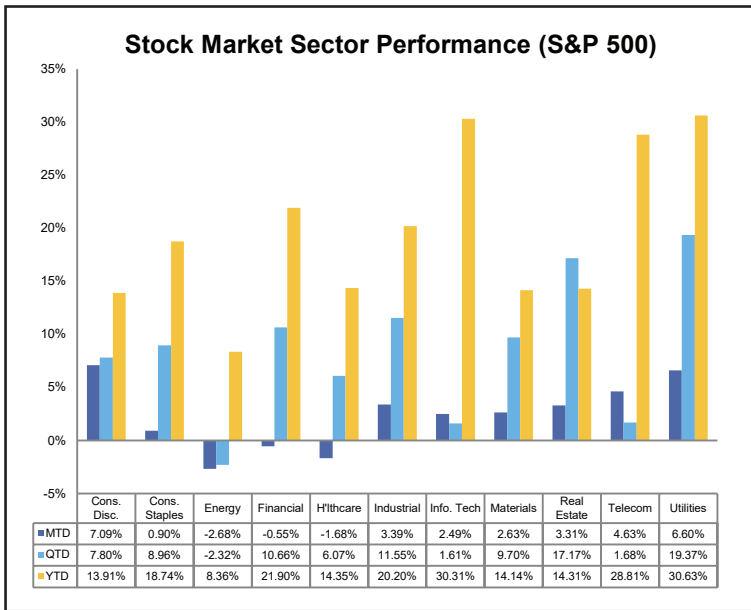
- ▶ During September, Real Estate Investment Trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 2.47% and 2.70% respectively. The Office sector did well during the month, while the Residential sector was challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 2.66% for the month.

Items to Watch

- ▶ The Federal Reserve (Fed) cut rates by 50 basis points at their meeting in September, marking the first reduction in borrowing costs since 2020 and the beginning of the easing cycle. Looking forward, the Fed's updated median "dot plot" projections point to an additional 50 bps of rate cuts by the end of 2024 and 100 bps of cuts in 2025. Outside the U.S., the European Central Bank (ECB) cut rates 25 bps following an earlier rate cut in June.
- ▶ The U.S. unemployment rate fell slightly in September to 4.1% from 4.2% in August on declining job losses and fewer entrants into the job market. This reading is still cooler than the 3.7% low at the beginning of the year, but points to the underlying strength. Other signs of health included the total payroll employment figures, which surpassed expectations, rising 254k in September and the average hourly earnings, which rose 4% year-over-year, up from 3.8% in August.
- ▶ Headline inflation (CPI) slowed for the fifth consecutive month during August, to a year-over-year rate of 2.5%. Core CPI, which excludes volatile food and energy, remained flat at 3.2%. Both mark the lowest readings in more than three years and point to the progress made toward the Federal Reserve's inflation target of 2%.
- ▶ In response to the weakness across its economy, China unveiled several new monetary and fiscal policies to restore consumer confidence and boost growth. In a bid to support their real estate market, China's central bank lowered bank reserve requirements and cut its key policy rate. They also guided banks to lower interest rates on existing mortgages and lower the down payment ratio on second homes. Among the fiscal measures, the government pledged stimulus aimed at promoting consumption and support to relieve local government debt.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	2.14%	5.89%	22.08%	36.33%
Russell 3000	2.07%	6.23%	20.63%	35.18%
Russell 2000	0.70%	9.27%	11.16%	26.74%
Russell 1000	2.14%	6.08%	21.18%	35.66%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	2.69%	8.06%	14.21%	25.35%
MSCI EAFE	0.92%	7.26%	12.99%	24.77%
MSCI Emerging Markets	6.68%	8.72%	16.86%	26.05%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	1.34%	5.20%	4.45%	11.57%
Bloomberg Barclays Global Agg	1.70%	6.98%	3.60%	11.99%
Bloomberg Barclays U.S. HY	1.63%	5.28%	8.03%	15.66%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	2.47%	15.79%	14.82%	32.74%
FTSE NAREIT Index	2.70%	16.09%	15.93%	34.74%
MSCI World Core Infrastructure	2.66%	14.19%	12.84%	28.08%
Bloomberg Commodity	4.43%	-0.64%	1.72%	-4.29%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.1%	4.2%
Initial Jobless Claims (4 week average)	224.8 K	228.3 K
CB Leading Economic Indicators	-0.2	-0.6
Capacity Utilization	78.0%	77.4%
GDP (annual growth rate)	3.0%	1.6%
University of Michigan Consumer Confidence	70.1	67.9
New Home Starts	716 K	751 K
Existing Home Sales	3.9 MM	4 MM
Retail Sales (YoY)	2.3%	3.1%
U.S. Durable Goods (MoM)	0.0%	9.9%
Consumer Price Index (YoY)	2.5%	2.9%
Producer Price Index (MoM)	0.2%	0.5%
Developed International*		
	6/30/2024	3/31/2024
Market GDP (annual rate)	1.4%	1.3%
Market Unemployment	4.6%	4.6%



Source: Bloomberg. Data as of September 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 June 30, 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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