ADVUS
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MARKET COMMENTARY

Q2 | 2024

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IN REVIEW

The economic momentum of the 1st quarter continued into the 2nd, providing another positive quarter for equity markets. Initially, investors dialed back expectations for rate cuts from the Fed as economic overheating concerns took hold. These worries abated and soft-landing hopes were revived as inflation resumed a downward trajectory. Fixed income continues to be challenged in this environment as rate cuts continue to be delayed with continued economic growth translating into stickier inflation that remains above levels consistent with central bank targets. At the same time, labor markets have gradually normalized, and a resilient consumer should allow the U.S. economy to sustain course for a soft landing into next year. However, with elevated geopolitical tensions and an upcoming global election cycle, risks remain that could derail the benign macro backdrop.

General Economic Conditions

Real GDP increased at an annualized rate of 1.4% in the 1st quarter of 2024, a deceleration from the 3.4% growth observed in the previous quarter. The increase in real GDP primarily reflected increases in consumer spending, residential fixed investment, nonresidential fixed investment, and government spending. Those increases were partly offset by a decrease in private inventory investment. According to the Atlanta Fed's GDPNow estimate, real GDP growth for the 2nd quarter is currently expected to increase 2.0%. On the surface, the slowdown in real GDP looks sharp compared to the 4.9% rate of growth in the 3rd quarter of 2023. However, most of that slowdown was due to a downturn in net exports and inventory accumulation, the two most volatile and mismeasured components of GDP. Excluding these sectors and instead focusing on final sales to domestic purchasers, real growth has downshifted more modestly from 3.5% in the 3rd quarter of 2023 to 2.5% in the 1st quarter of 2024. Consumers continue to power GDP growth, supported by tight labor markets. Some signs of stress have emerged as auto and credit card loan delinquencies have risen above pre-pandemic levels and consumer sentiment ticked lower during the 2nd quarter. Additionally, spending on nondurable goods has slowed in recent months, a sign of growing stress on lower income households that have a higher propensity to consume. However, consumer spending should remain a tailwind if labor market conditions don't deteriorate significantly. Business spending continues to withstand the higher rate environment thanks to healthy corporate balance sheets and surging demand for AI-related technologies. Business spending strength relies heavily on corporate profit strength, especially in a higher rate environment. Corporate profits have been better than expected to start the year, but an unexpected downturn would impact both economic growth and equity markets. The housing market has stabilized but activity remains depressed. Elevated mortgage rates continue to limit any sharp reacceleration in the sector, but tight supply conditions suggest a recovery in activity is more likely than another decline. The strength of the dollar continues to weigh on net exports, but initial signs of better economic growth overseas could pose a tailwind for international trade going forward. Overall, the macroeconomic backdrop remains positive, and the U.S. economy is still on track for a soft landing. A potential drag from election-related uncertainty, high policy rates, and elevated geopolitical tensions are the known risks that are worth watching at this point in the cycle.

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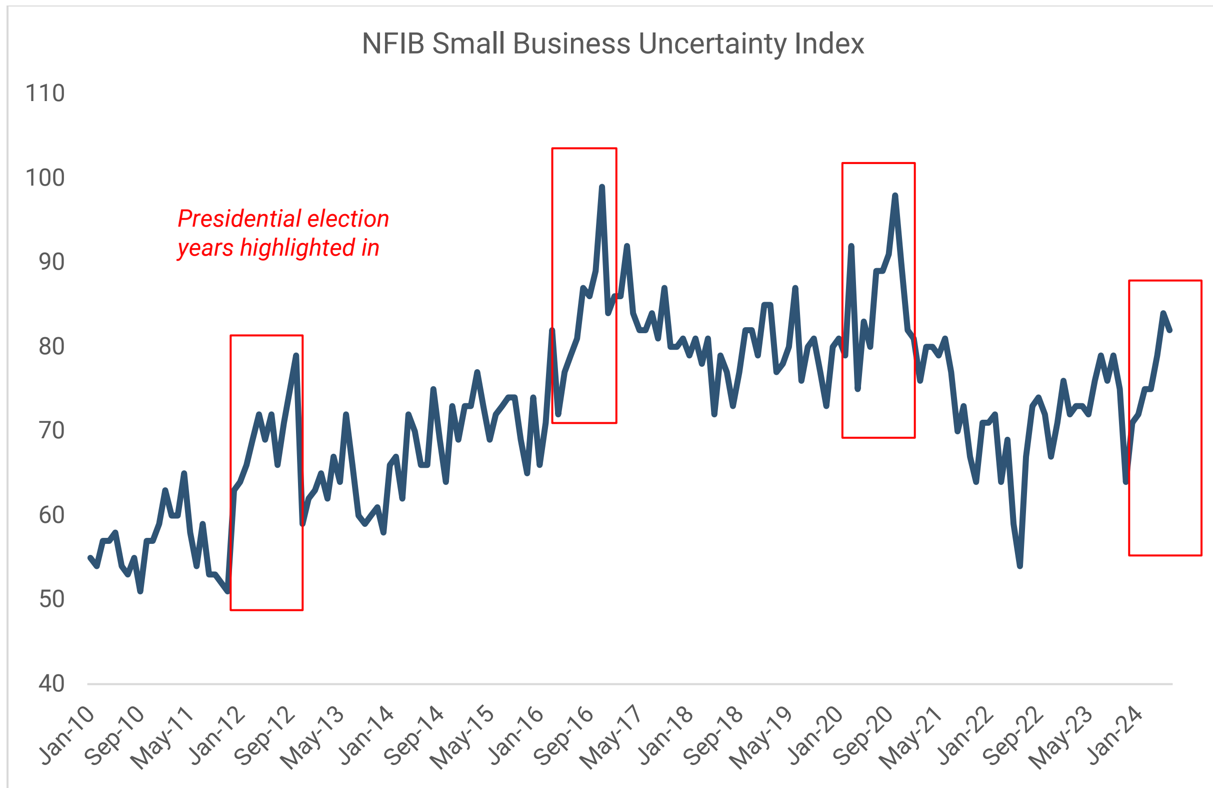
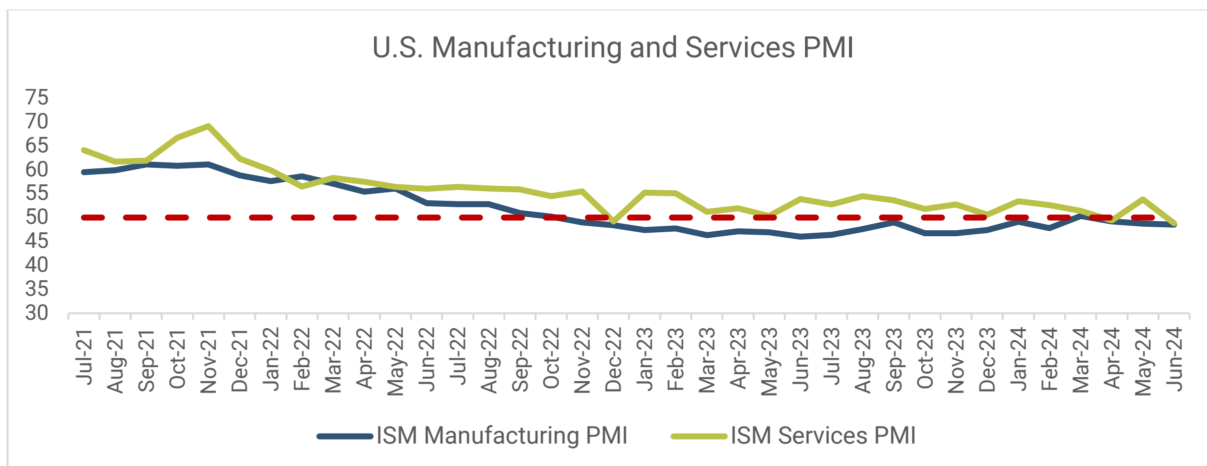


Source: NFIB

Data from the manufacturing sector indicated contraction in June for the 3rd consecutive month. This was the 19th instance of contraction out of the last 20 monthly observations. The Institute of Supply Management's Purchasing Managers' Index (PMI) registered 48.5 in June, down from 48.7 in May. Demand continues to be weak, output declined further, but inputs remained accommodative for future demand growth. Demand is subdued because of companies' unwillingness to invest in capital and inventory in the current rate environment. Suppliers continue to have capacity, with lead times improving and less severe shortages. This implies that an initial reacceleration in manufacturing activity following rate cuts wouldn't necessitate higher inflation, which is positive. However, 62% of manufacturing GDP contracted in June, up from 55% in May. More concerning, the share of sector GDP registering a PMI at or below 45%, a good barometer of overall manufacturing weakness, was 14% in June compared to just 4% in May.



Source: Institute for Supply Management

In June, the Consumer Price Index declined 0.1%, marking a 3.0% increase over the previous 12 months. The index for gasoline fell 3.8% in June, more than offsetting an increase in shelter. Core CPI rose 0.1% in June, after rising 0.2% the previous month. Shelter, motor vehicle insurance, medical care, and personal care all contributed to the monthly increase while airline fares, used cars and trucks, and communications were among those that decreased over the month. The year-over-year increase in the core CPI index was 3.3%

After an unexpected spike in the 1st quarter, inflation resumed its downward trend in the 2nd quarter. Core PCE increased just 0.1% in May, after increasing 0.3% in each of the prior three months. Disinflationary forces remain in place and the most likely path for inflation over the next 12 months is lower. Supply chain disruptions continue to improve towards pre-pandemic levels, as measured by supplier delivery times, so core goods prices should remain under control. Shelter inflation should continue to decelerate as it slowly continues to reflect lower real-time rental measures. Alternative measures of new lease rent growth decreased to 2.9% on an annualized basis in May compared to 3.1% in April. Wage growth deceleration should keep a lid on inflation as well. The year-over-year rate of average hourly earnings declined by 0.2% to 3.9% in June. With these trends in place, the remaining piece of the inflation puzzle remains in forecasting what core services, ex-housing inflation, will do. Progress on that front has stalled in recent months, primarily due to transportation services, which remains elevated due to things like auto insurance and repair costs. Auto insurance is currently rising by over 20% year-over-year, but prices fell on a monthly basis in May, suggesting that pressures may finally be improving. Used car auction prices have declined 8.5% since June 2023 and look set to continue declining. Inflation in this sector should continue to ease as the gap between consumer prices and costs. Financial services inflation and healthcare services inflation may remain firm due to the recent rise in equity prices and a catch-up of healthcare prices to higher costs, respectively. On the other hand, more labor-intensive sub-components like food & accommodations and recreation should soften as the data begins to reflect looser labor market conditions.

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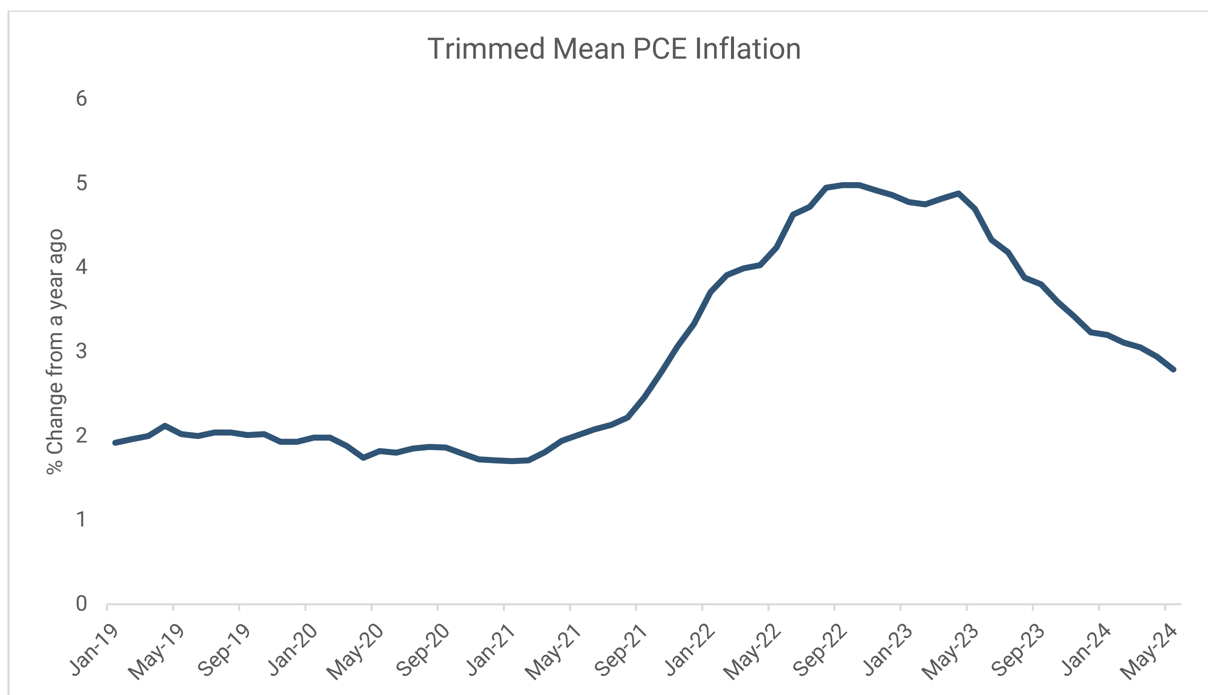
All told, inflation should continue to head towards the Fed's target, but the month-to-month readings could remain volatile, especially with geopolitical tensions, rising commodity prices, and strong GDP growth remaining as potential catalysts for a sustained inflation re-acceleration.



Source: Federal Reserve Bank of St. Louis

Labor market fundamentals continued to normalize throughout the 2nd quarter. Nonfarm payrolls rose 206,000 in June, 16,000 above consensus. However, the report was softer than expected and downward revisions lowered the three-month average pace to 177,000 from 249,000 as previously reported. The industry composition was also soft, as government and healthcare accounted for three quarters of the June job gains, and several cyclical industries shed jobs. The unemployment rate ticked up to 4.1%, marking the first time above 4% since November 2021. As economic growth has moderated, the outsized demand for workers has moved toward pre-pandemic levels. At the same time, the U.S. has seen record levels of immigration that has meaningfully increased labor supply. As such, the large gap between job openings and available workers has moved back in line with pre-pandemic levels. This is an important development because the disconnect between labor demand and labor supply was the driving force behind the high levels of wage growth over the past couple years. Narrowing the gap should help to normalize wage inflation, which is a key step in achieving a soft landing and preventing a reacceleration of inflation. With the gap between available jobs and workers where it currently is, the labor market is likely at or on the precipice of an inflection point where a further softening in labor demand would hit actual jobs, not just job openings. This could push up the unemployment rate more significantly, impacting sentiment and possibly eliciting a reaction from the Fed sooner than expected.

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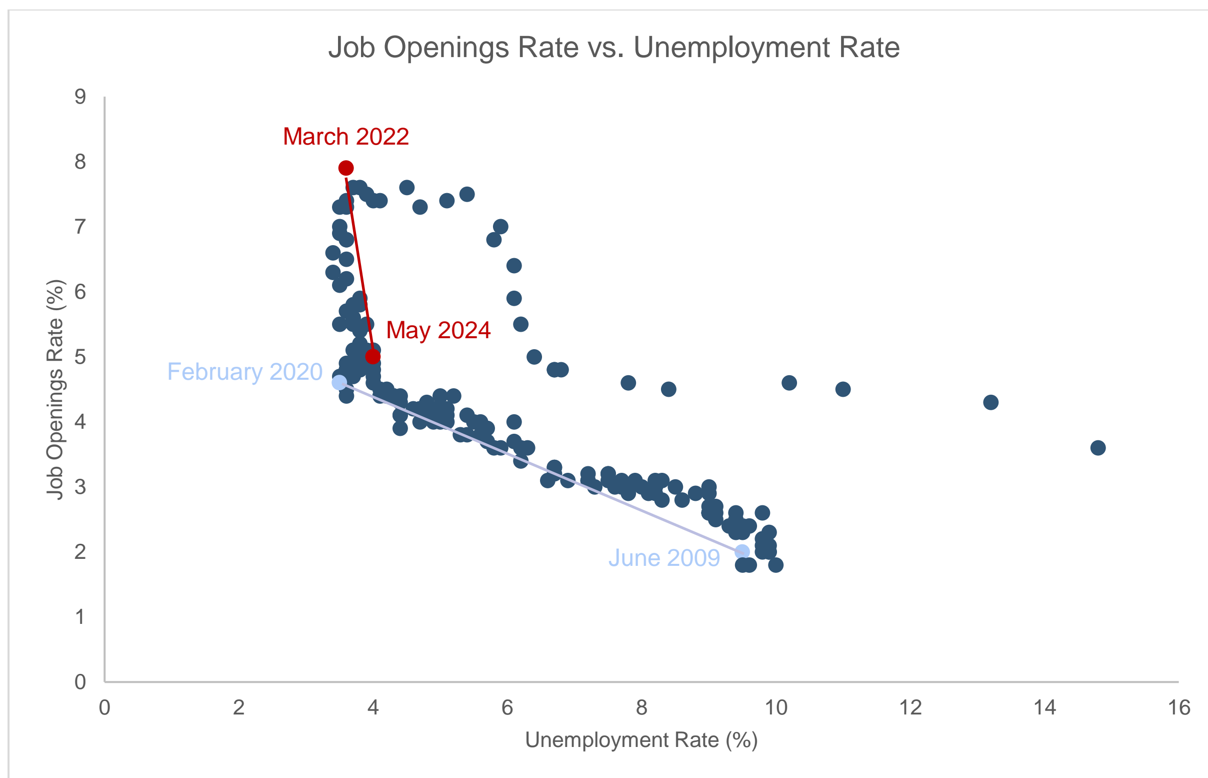

Source: Federal Reserve Bank of St. Louis

Monetary Policy

The Federal Reserve held the target range for the federal funds rate steady at 5.25%-5.50% throughout the 2nd quarter. After the June FOMC meeting, markets were surprised to see the median expectation among committee members was for just one rate cut in 2024, down from 3 after the March meeting. However, that messaging wasn't particularly hawkish as eight officials still project two cuts, and a few committee members changed their submissions after the benign CPI reported on the second day of the meeting. The minutes for the June meeting emphasized that although inflation remained elevated, there had been "modest further progress" in recent months. Participants judged that price pressures were diminishing, and well anchored long-term inflation expectations were underpinning the disinflation process. However, participants emphasized that additional favorable data were required to give them greater confidence that inflation was moving toward 2%. Potential upside risks to inflation related to the outcome of the election such as heightened trade tensions or more expansionary fiscal policy were noted in the June meeting minutes. The FOMC is acting more cautiously because they now face more two-sided risks to achieving its inflation and employment goals, which is a big change from a year ago. Cutting too soon could undo the work done on bringing inflation down but cutting too late could unnecessarily hurt the ongoing expansion. Markets still anticipate either 1 or 2 cuts by the end of the year, and the probability of no cuts has come down in recent weeks in response to the cooler inflation figures of the last few CPI and PPI reports.

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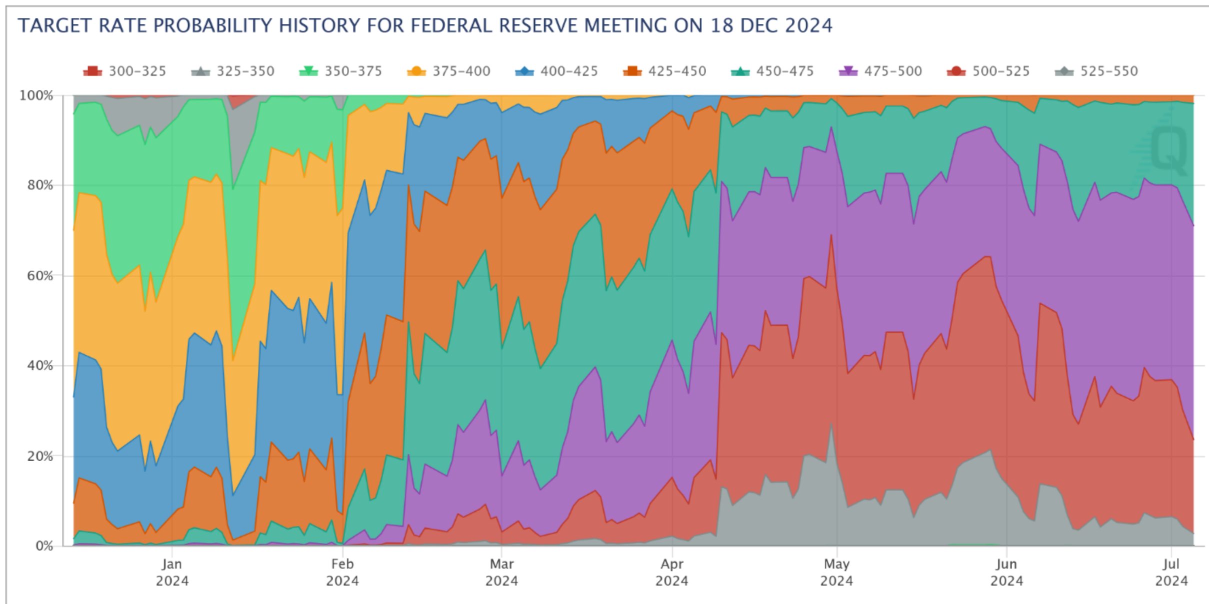

Source: CME Group

International Economies

Europe

The Euro area economy expanded by 0.3% in the 1st quarter, beating expectations and leaving behind five quarters of stagnation. The rebound was led by strong gains in Spain and Portugal and more modest gains in France and Germany. The country releases show that foreign demand contributed most to the pickup in growth, but also revealed gains in fixed capital formation and household consumption. Solid real household income growth, an easing drag from restrictive monetary policy, and a runway for increased manufacturing activity are all tailwinds for continued economic growth in the region. Snap elections were a source of volatility in the region over the course of the 2nd quarter. In France, Emmanuel Macron called a snap election that unveiled a surprising amount of support for the nation's far-right National Rally party. While the National Rally party was ultimately kept from power, the election resulted in a hung parliament which creates greater uncertainty around the future path of policy. In the U.K. a snap election was called resulting in a landslide victory for the nation's Labour party and the election of a new prime minister.

Japan

Japan revised earlier estimates to show that its economy contracted at an annualized rate of -2.9% in the 1st quarter of 2024. The slowdown in growth has created additional uncertainty in how the Bank of Japan will continue to normalize monetary policy after they moved away from negative interest rate policy in the 1st quarter. Japan's largest businesses delivered the largest wage hikes in the last 30 years, but consumer spending has still been weaker than expected.

The Yen's weakness that was a result of the prolonged negative interest rate policy has seen export and tourism benefit, but households and small businesses are squeezed by the inflation costs of imported goods. This puts the BOJ in a tricky position because they need to raise rates to strengthen the Yen, but raising rates is traditionally a means of slowing economic growth. At this point, the BOJ will likely continue to raise rates on the back of the large increase in wages, hoping the weak consumer data is temporary.

China

China's GDP grew faster than expected in the 1st quarter, expanding at an annualized rate of 5.3%. Growth was driven by increases in industrial production and manufacturing investment, rather than consumption. This bifurcation in the Chinese economy has allowed the growth in exports and manufacturing to mask the underlying consumer weakness. Consumer and business sentiment is downbeat, and inflation is non-existent indicating weak domestic demand. The economy is still reeling from the collapse of the real estate sector and government policies are clearly being aimed at stabilization in the sector to try to reignite consumer activity and attract foreign capital.

Investment Performance

Economic resilience and modest progress on inflation provided another positive quarter of returns for U.S. equities, with the S&P 500 returning 4.3%. Companies exposed to artificial intelligence continued to outperform other areas of the market on the back of a strong earnings season for U.S. tech companies and easing financial conditions. Moves by the Chinese government to support the real estate sector provided a boost to Chinese equity markets, leading the MSCI Asia ex-Japan to a 7.3% return over the quarter. Europe, Japan, and U.K. equity markets all had positive returns, with value stocks outperforming growth stocks in those respective regions. The benign macro environment continues to support riskier segments of the fixed income market, with European and U.S. high yield issues leading the way with a 1.5% and 1.1% return, respectively. Sovereign issues continue to struggle as inflation progress to date has been more moderate than expected and rate cut expectations were tempered globally.

- **Bad News was Good News for equity markets** – Recently, equity correlations with macro surprises have remained negative. Weaker than expected growth data in both the U.S. and Europe mitigated risks of materially tighter monetary policy, helping to buoy valuations and price performance. The negative correlation wasn't solely driven by the large cap tech stocks that benefit from lower rates, but also small-cap stocks that tend to benefit the most from a decrease in financing costs. However, there is a growing risk that this optimism fades as election concerns and further weakening in the labor market tips the relationship into a "bad news is bad news" regime.
- **U.S. valuations remain elevated** – As of the end of the 2nd quarter, the 12-month forward P/E on the S&P 500 stood at 21.0 compared to the 30-year average of 16.7x. While valuations are a poor indicator of near-term returns, they do tend to amplify the impact of moves in the market if fundamentals start to meaningfully deteriorate.

The current level of valuations is a result of the stronger fundamental profit growth exhibited by U.S. companies. Pricing in this continued level of relative exceptionalism leaves U.S. equities more vulnerable to disappointments going forward.

- **Fixed Income reaching an inflection point** – Fixed income investors are understandably nervous about delays to long-anticipated central bank rate cuts. The transition from a low inflation, low interest rate environment proved painful, but current yields in fixed income puts the asset class in a place to meet the traditional investor expectations of reliable income and diversification in the case of growth shocks.

LOOKING FORWARD

Markets came into the year expecting an acceleration in global growth and corporate earnings, declining inflation, and substantial central bank rate cuts. In other words, it was hoped that a new and improved version of the “Goldilocks” soft landing scenario would play out. The combination of these expectations seemed too good to be true, and so it has been proved. Growth has been resilient, but so too has inflation. U.S. consumer activity has cooled as direct fiscal support has waned and pandemic savings dwindled. Rising real wages and strong balance sheets should be able to offset tighter credit conditions, enabling consumers to help extend this economic expansion. Inflation has remained above the Federal Reserve’s 2% target, but flat core goods prices and ongoing deceleration in both shelter and core services ex-housing inflation should continue to exert disinflationary pressure. Even if inflation doesn’t fully return to 2%, the progress to date should be enough to give the Fed enough confidence to begin lowering rates from their currently restrictive levels. These will likely be presented to the market as a form of policy normalization rather than outright easing, and a return to the ultra-low rate environment of the prior decade seems highly unlikely. The labor market seems to be fully rebalanced from the pandemic dislocations with the gap between job openings and unemployed workers back to pre-pandemic levels. Further labor market softening could begin to have a larger impact on the unemployment rate, but corporate balance sheets are strong so a modest slowing in growth is unlikely to prompt widespread job cuts. First quarter earnings for the S&P 500 came in around 8% year-over-year compared to consensus expectations for 1% growth at the start of the quarter. Firms have been able to maintain high profit margins as wage growth has decelerated while simultaneously accelerating revenue growth. We remain neutral in our asset allocation as the economic backdrop has improved, but asset markets swiftly priced that in. Market performance remains concentrated as the largest stocks in the index have continued to dominate. Since the start of 2023, 60% of S&P 500 returns can be attributed to just three companies and the “Magnificent 7” now account for 32% of the index. If economic growth continues at a steady pace, we expect gains to broaden out beyond the largest names. We expect equities to grow in line with underlying earnings growth which should be solid after bottoming last year.

We continue to prefer U.S. equities relative to the rest of the world as the world's largest economy is better positioned in both the near-term and structurally over the long-term. However, the case for international equities is becoming increasingly compelling as earnings growth opportunities are improving and valuations remain low. Fixed income should play its traditional role of providing income and equity market diversification. Investment-grade and high yield credit markets reflect very tight spreads and so using the fixed income sleeve of portfolios as a ballast to equities remains our preference, rather than sacrificing quality to reach for yield. Alternative assets that provide income and return profiles that are uncorrelated to equity markets continue to have a role in our asset allocation strategy.

Scenario Updates

Base Scenario

U.S. GDP growth slows further throughout 2024 as consumer spending normalizes. Growth remains non-recessionary as jobs and real wage growth continues. Inflation continues to decelerate towards target but remains above the Fed's target at the end of 2024. Labor markets remain a source of strength for the economy, underpinning consumption growth. The Fed begins with "normalization cuts" in the 2nd half of 2024 in response to cooler inflation and labor market conditions. Equities will remain beholden to earnings growth and continued enthusiasm surrounding the AI boom. The long end of the curve should remain well-behaved as the economy shows no signs of overheating at this point.

Upside Risks

Factors that could influence the Upside Scenario:

- The conflict in Ukraine has a swifter resolution than currently expected. Sanctions currently imposed on Russia don't escalate and possibly lessen. Food and energy prices fall further providing more inflation relief.
- GDP growth rates remain in line with expectations, keeping fears of both more tightening and recession at bay.
- GDP growth continues to be driven by improvements on the supply-side of the economy or labor force productivity, providing a non-inflationary growth impulse.
- Labor market supply continues to increase, providing a non-inflationary economic growth impulse.
- Overcoming the last leg of disinflation proves to be easier than expected, allowing the Fed to ease sooner than expected.
- Corporate earnings beat expectations, driven by resilient nominal growth, sustained record-high margins, and better-than-expected consumption spending.

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Downside Risks

Factors that could influence the Downside Scenario:

- The conflict in Ukraine drags along as a diplomatic solution remains unattainable and the threat of NATO involvement increases meaningfully. Harsh sanctions are imposed on Russia, potentially eliciting an escalatory response from Moscow.
- Iranian proxy forces become involved in the Israel-Hamas conflict prompting a response from the U.S. likely to include sanctions on Iranian oil. Lower oil supply raises prices and raises concerns about inflation’s stickiness.
- Concerns about U.S. fiscal sustainability related to the November elections reassert themselves, causing a spike in longer-dated treasury yields.
- Inflation re-accelerates in response to higher nominal growth rates. Central banks are forced to resume tightening, but the delay sends terminal rates up significantly.
- The Fed’s decisions thus far prove too restrictive for the economy, sending the U.S. economy into recession. Equities re-test or break through their previous lows as the earnings outlook dims.
- U.S. elections unexpectedly result in a majority for either party in Congress, the Senate, and the White House. This creates elevated uncertainty around the scope of policy initiatives that could be implemented.
- The volatile nature of the election cycle dents consumer sentiment, spilling over into an unexpected decrease in consumer activity.
- Corporate earnings are well below expectations creating an environment of both falling earnings and compressing valuations leading to sharp equity market selloffs.

ECONOMIC STATISTICS	Current	One Year Ago
Real GDP Growth (Annl. % Change From Prior Qtr.)	2.92%	1.72%
Unemployment Rate	4.10%	3.60%
Labor Force Participation Rate	62.60%	62.60%
Core CPI (Year-Over-Year)	3.28%	4.86%
Real Personal Income Growth (Year-over-Year)	1.96%	1.61%
10 Year Treasury Rate	4.31%	3.75%

US EQUITY MARKET

Major US Market	Q2 2024	YTD	1 Year	3 Year	5 Year	2023	2022	2021
Russell 3000 Index	3.2%	13.6%	23.1%	8.1%	14.1%	26.0%	-19.2%	25.7%
FTSE RAFI US 3000 Index	-1.0%	8.7%	18.2%	7.9%	12.8%	16.3%	-7.9%	31.5%
Russell 3000 Equal Weighted	-4.1%	-0.5%	6.9%	-5.1%	7.2%	14.8%	-22.9%	19.5%
S&P 500 Index	4.3%	15.3%	24.6%	10.0%	15.0%	26.3%	-18.1%	28.7%
Russell Mid Cap Index	-3.3%	5.0%	12.9%	2.4%	9.5%	17.2%	-17.3%	22.6%
Russell 2000 Index	-3.3%	1.7%	10.1%	-2.6%	6.9%	16.9%	-20.4%	14.8%
NASDAQ 100	8.0%	17.5%	30.8%	11.5%	21.8%	55.1%	-32.4%	27.5%

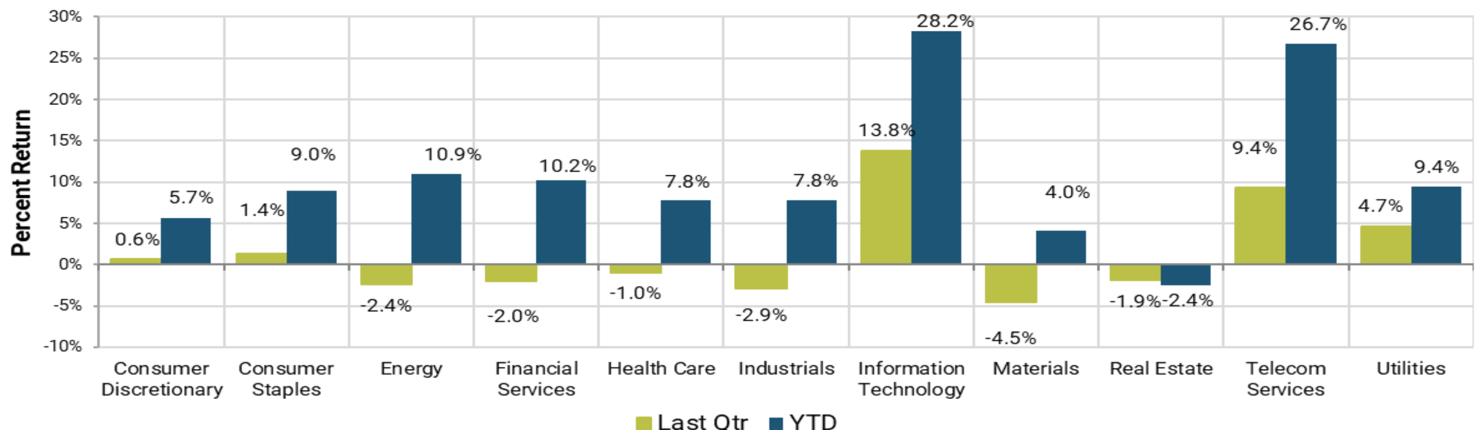
Russell 3000 Style & Cap Summary

	Second Quarter Results							
	Mo.	Qtr.	Value		Core		Growth	
Large	Apr	Q2	-3.71%	-1.44%	-3.90%	5.73%	-4.01%	10.02%
	May		2.93%		5.28%		6.69%	
	Jun		-0.56%		4.50%		7.43%	
Mid	Apr	Q2	-5.23%	-3.40%	-5.40%	-3.35%	-5.81%	-3.21%
	May		3.59%		2.85%		1.07%	
	Jun		-1.60%		-0.66%		1.67%	
Small	Apr	Q2	-6.37%	-3.64%	-7.04%	-3.28%	-7.70%	-2.92%
	May		4.68%		5.02%		5.36%	
	Jun		-1.69%		-0.93%		-0.17%	

Year To Date Results	Value	Core	Growth
Large	7.86%	17.19%	22.90%
Mid	4.54%	4.96%	5.98%
Small	-0.85%	1.73%	4.44%

Data Source: Federal Reserve, Advus

S&P 500 Sector Performance



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US EQUITY MARKET (cont.)

Top Weights[a]	Weight	Return	Contribution
Microsoft Corp	7.11%	6.42%	0.46%
Apple Inc	6.13%	22.99%	1.30%
NVIDIA Corp	5.66%	36.74%	1.86%
Amazon.com Inc	3.80%	7.13%	0.27%
Meta Platforms Inc Class A	2.42%	3.94%	0.10%
Alphabet Inc Class A	2.25%	20.82%	0.42%
Alphabet Inc Class C	1.90%	20.60%	0.35%
Berkshire Hathaway Inc Class B	1.68%	-3.26%	-0.06%
Eli Lilly and Co	1.44%	16.57%	0.23%
Broadcom Inc	1.40%	21.53%	0.29%

Top Contributors[a]	Weight	Return	Contribution
NVIDIA Corp	5.66%	36.74%	1.86%
Apple Inc	6.13%	22.99%	1.30%
Microsoft Corp	7.11%	6.42%	0.46%
Alphabet Inc Class A	2.25%	20.82%	0.42%
Alphabet Inc Class C	1.90%	20.60%	0.35%
Broadcom Inc	1.40%	21.53%	0.29%
Amazon.com Inc	3.80%	7.13%	0.27%
Eli Lilly and Co	1.44%	16.57%	0.23%
Tesla Inc	1.10%	12.57%	0.14%
Costco Wholesale Corp	0.79%	16.21%	0.12%

Top Detractors[a]	Weight	Return	Contribution
Intel Corp	0.31%	-29.60%	-0.13%
Intel Corp	0.59%	-14.64%	-0.10%
Salesforce Inc	0.45%	-18.85%	-0.10%
The Walt Disney Co	0.77%	-9.65%	-0.08%
The Home Depot Inc	0.85%	-8.27%	-0.07%
Mastercard Inc Class A	0.59%	-10.13%	-0.07%
Advanced Micro Devices Inc	0.44%	-12.12%	-0.06%
Accenture PLC Class A	0.81%	-6.85%	-0.06%
Johnson & Johnson	0.98%	-5.78%	-0.06%
Visa Inc Class A	0.18%	-25.25%	-0.06%

(a)= SPDR S&P 500 ETF

Data Source for all data in tables: Morningstar Direct

INTERNATIONAL EQUITY

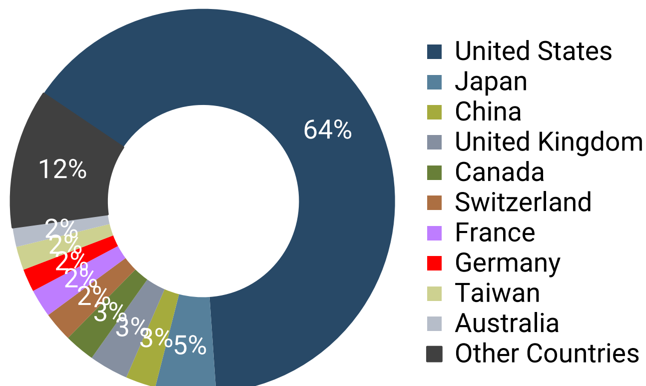
International Equity Market Performance	Q2 2024	YTD	1 Year	3 Year	5 Year
MSCI EAFE	-0.17%	5.75%	12.09%	3.43%	6.98%
MSCI EAFE Value	0.36%	5.08%	14.54%	6.31%	6.76%
MSCI EAFE Growth	-0.59%	6.47%	9.73%	0.40%	6.80%
MSCI EM	5.12%	7.68%	12.97%	-4.68%	3.49%
MSCI ACWI Ex. USA.	1.17%	6.04%	12.17%	0.97%	6.05%

	Last Quarter			Year-to-Date		
	Local	USD	Impact of US Dollar (a)	Local	USD	Impact of US Dollar (a)
MSCI ACWI Ex USA	2.51%	1.17%	-1.34%	11.01%	6.04%	-4.97%
MSCI Europe	1.24%	0.92%	-0.32%	9.77%	6.36%	-3.42%
MSCI Europe Ex UK	0.56%	0.12%	-0.43%	10.34%	6.19%	-4.15%
MSCI United Kingdom	3.63%	3.70%	0.07%	7.83%	6.92%	-0.91%
MSCI Pacific Ex Japan	0.89%	2.50%	1.62%	2.61%	0.75%	-1.86%
MSCI Japan	1.78%	-4.24%	-6.02%	21.46%	6.45%	-15.01%
MSCI France	-6.25%	-6.96%	-0.72%	1.59%	-1.43%	-3.03%
MSCI Switzerland	3.40%	3.64%	0.24%	9.69%	2.74%	-6.95%
MSCI Germany	0.01%	-0.75%	-0.76%	9.61%	6.34%	-3.26%
MSCI Canada	-0.85%	-1.95%	-1.09%	6.01%	2.15%	-3.85%
MSCI China	7.05%	7.16%	0.11%	5.22%	4.82%	-0.41%
MSCI India	10.34%	10.36%	0.02%	17.35%	17.11%	-0.24%
MSCI Brazil	-2.51%	-12.14%	-9.63%	-6.90%	-18.58%	-11.68%
MSCI Russia	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

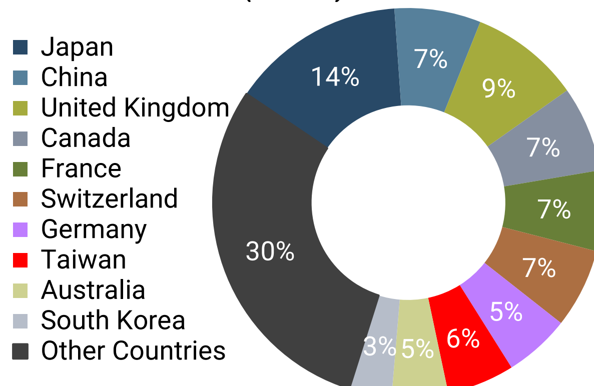
Assumes Gross Reinvestment of Dividends
(a) Impact of Dollar: For a US investor, a strengthening dollar has a negative impact on non-US asset returns when converted to US dollars since the conversion requires more of a foreign currency to purchase the more expensive US dollar. A weakening dollar has the opposite effect; the foreign currency can buy more US dollars.

COUNTRY WEIGHTS

MSCI All Country World Index



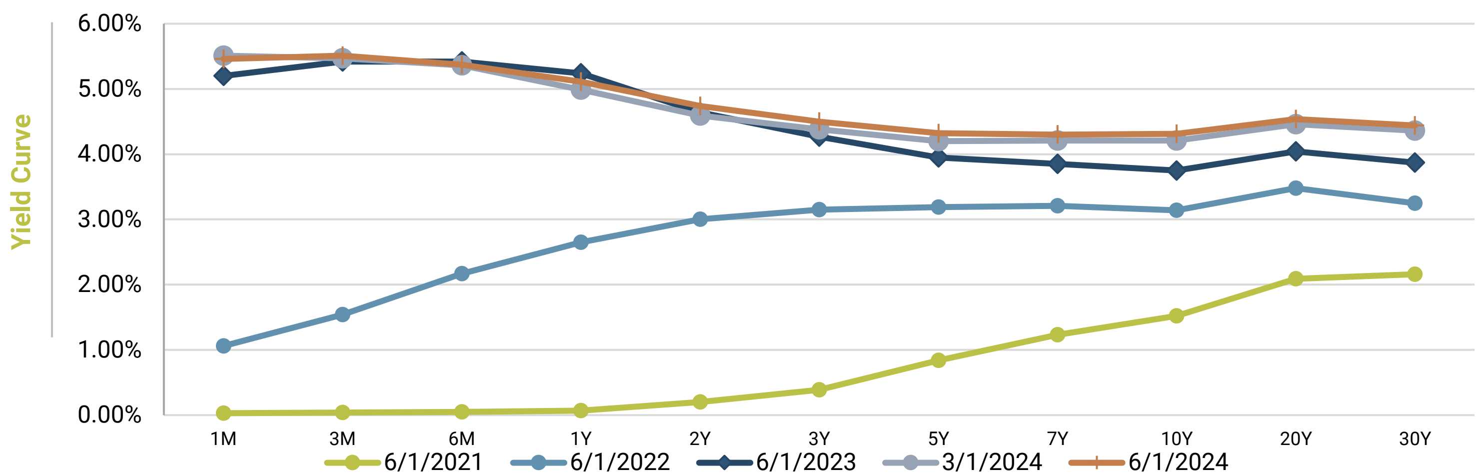
MSCI All Country World Index (Ex. USA)

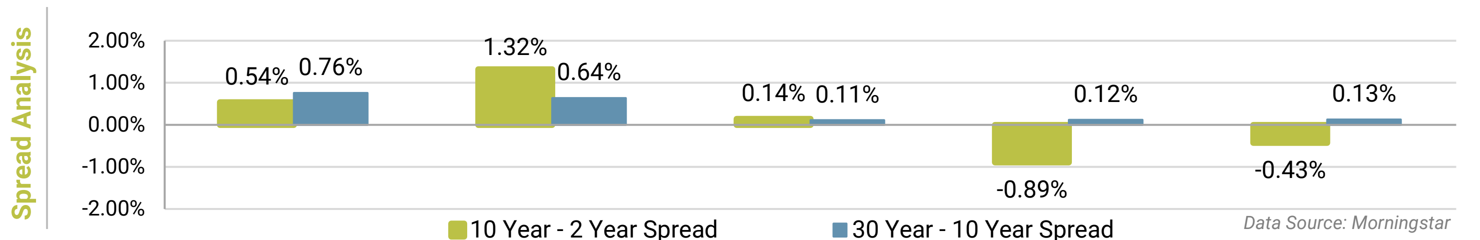


Data Source: Morningstar and iShares ETFs as the representative index proxies. Weights are average for Q2

FIXED INCOME

Major Market Averages	Q2 2024	YTD	1 Year	3 Year
ICE BofAML US 3M Treasury Bill	1.32%	2.63%	5.40%	3.03%
Bloomberg Barclays US Govt/Credit 1-3 Yr	0.95%	1.38%	4.87%	0.55%
Bloomberg Barclays US Govt Interm	0.58%	0.23%	3.40%	-1.38%
Bloomberg Barclays US Govt/Credit Interm	0.64%	0.49%	4.19%	-1.18%
Bloomberg Barclays US Govt/Credit	0.05%	-0.68%	2.74%	-3.11%
Bloomberg Barclays US Agg Interm	0.46%	0.04%	3.55%	-1.77%
Bloomberg Barclays US Agg Bond	0.07%	-0.71%	2.63%	-3.02%
Bloomberg Barclays Global Agg Bond	-1.10%	-3.16%	0.93%	-5.49%
Bloomberg Barclays US Treasury	0.10%	-0.86%	1.55%	-3.26%
Bloomberg Barclays US Treasury US TIPS	0.79%	0.70%	2.71%	-1.33%
Bloomberg Barclays US Corporate IG	-0.09%	-0.49%	4.63%	-3.03%
Bloomberg Barclays High Yield Corporate	1.09%	2.58%	10.44%	1.64%
Bloomberg Barclays Municipal	-0.02%	-0.40%	3.21%	-0.88%
Bloomberg Barclays Municipal 7 Yr 6-8	-0.85%	-1.33%	2.06%	-0.81%
Credit Quality				
B of A/Merril Lynch US Corporate AAA	-0.83%	-1.94%	0.80%	-5.24%
B of A/Merril Lynch US Corporate AA	-0.28%	-0.89%	2.76%	-3.77%
B of A/Merril Lynch US Corporate A	0.03%	-0.22%	4.35%	-2.91%
B of A/Merril Lynch US Corporate BBB	0.28%	0.47%	6.17%	-2.49%
B of A/Merril Lynch US Corporate BB	1.32%	2.43%	9.58%	1.29%
B of A/Merril Lynch US Corporate B	1.03%	2.53%	10.52%	1.98%
B of A/Merril Lynch US Corp. CCC & Lower	0.18%	3.40%	13.35%	1.64%





Data Source: Morningstar

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