

# Market Review

# Snapshot

U.S. and global stocks rallied back in May after slumping in April. Bond returns also rebounded, as April inflation data largely matched market expectations and Treasury yields retreated.

- Amid technology-sector strength and easing Treasury yields, the S&P 500 Index gained nearly 5% in May. The May rally lifted the index's year-to-date return to 11.3%.
- All S&P 500 sectors advanced in May except energy, which declined fractionally. The information technology and utilities sectors were top performers, gaining 10% and 8%, respectively.
- Non-U.S. developed markets stocks also bounced back but not as strongly as U.S. stocks. Emerging markets stocks returned less than 1% and lagged developed markets stocks.
- Annual U.S. headline CPI slowed slightly to 3.4% in April, while core inflation eased to 3.6%. After nine consecutive months of declines, eurozone core inflation rose in May to 2.9%, while U.K. core inflation slowed in April.
- With inflation easing, the futures market revisited its late-year rate-cut expectations. Meanwhile, the European Central Bank signaled it may cut rates at its June meeting.
- All size and style indices posted monthly gains. Small-cap stocks outpaced their larger peers in U.S. and non-U.S. developed markets. Comparisons between growth and value were mixed.
- U.S. Treasury yields declined in May, and the broad bond market advanced.

## Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
<b>U.S. Large-Cap Equity</b>							
S&P 500	4.96	3.91	11.30	28.19	9.57	15.80	12.69
<b>U.S. Small-Cap Equity</b>							
Russell 2000	5.02	1.12	2.68	20.12	-1.65	8.61	7.66
<b>Intl. Developed Markets Equity</b>							
MSCI World ex USA	3.82	4.48	6.72	18.48	3.05	8.15	4.60
<b>Emerging Markets Equity</b>							
MSCI Emerging Markets	0.56	3.52	3.41	12.39	-6.23	3.55	2.66
<b>Global Real Estate Equity</b>							
S&P Global REIT	3.89	-0.03	-3.74	7.16	-2.89	0.82	2.99
<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate	1.70	0.04	-1.64	1.31	-3.10	-0.17	1.26
<b>Global Fixed Income</b>							
Bloomberg Global Aggregate Bond	1.31	-0.70	-3.30	0.77	-5.82	-1.62	-0.37
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.49	1.39	2.26	5.51	2.97	2.13	1.45

Data as of 5/31/2024. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

# Equity Returns | Size and Style

		U.S.			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-1.24	1.49	7.64	13.08
	Small	-1.99	-2.76	0.85	4.62

		Non-U.S. Developed Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	2.72	-0.24	7.43	7.20
	Small	1.81	0.92	4.76	3.21

		Emerging Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	1.57	0.79	3.36	4.86
	Small	3.63	1.68	4.96	2.51

- U.S. stocks rebounded in May, and most indices delivered solid year-to-date gains. U.S. stocks outperformed their non-U.S. peers.
- Small-cap stocks returned 5% in May and modestly outperformed large-cap stocks. Year to date, large caps returned nearly 11%, outpacing small-cap stocks, which were up nearly 3%.
- Growth stocks outperformed value stocks among large- and small-cap indices for the month and year to date. Large-cap growth stocks were top performers for both periods.

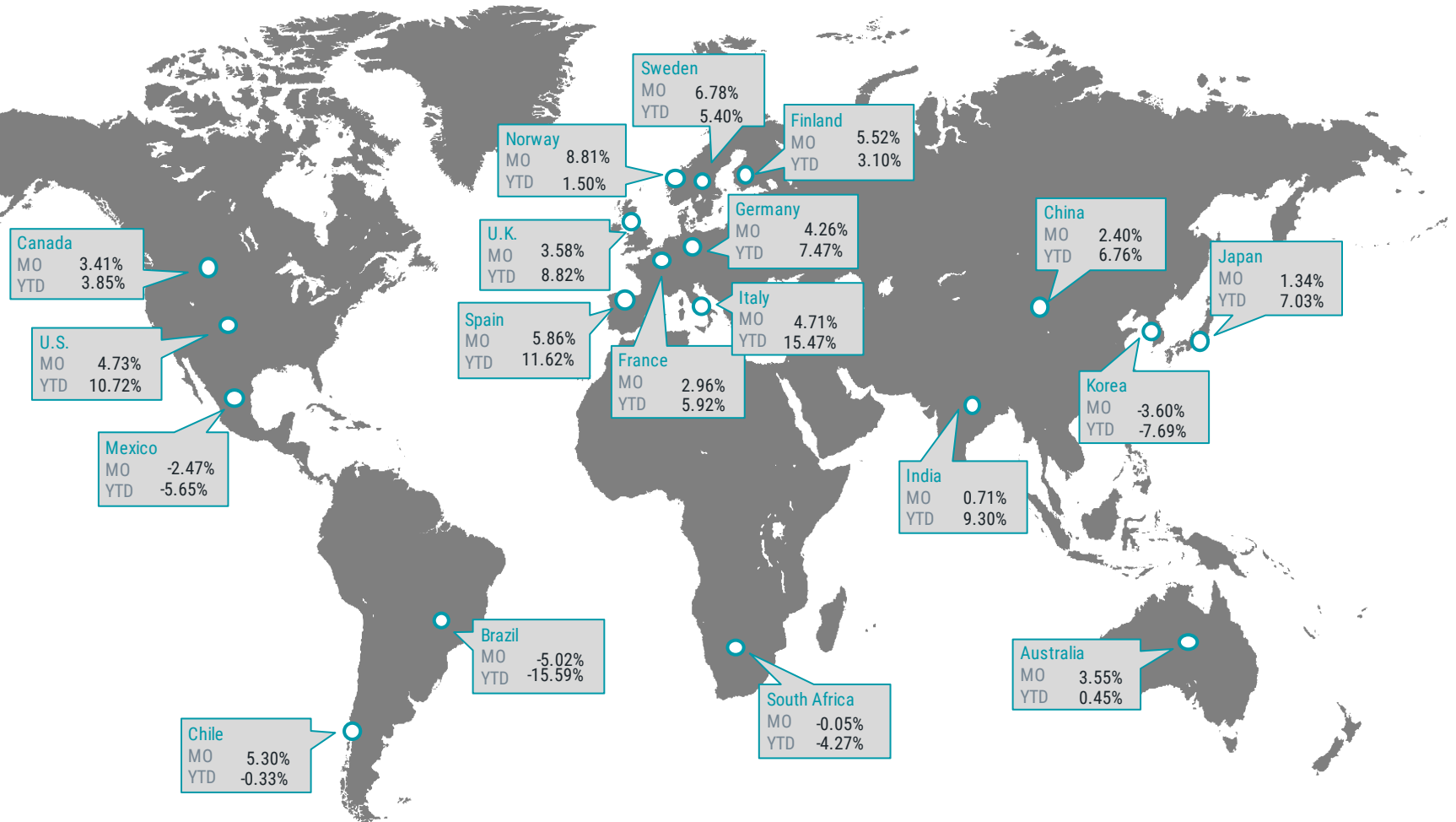
- International developed markets stocks advanced but underperformed U.S. stocks in May and for the year-to-date period.
- Small-cap stocks outperformed large caps in May. Year to date, large caps gained more than 7%, compared with 4% for the small-cap index.
- In May, value stocks outperformed growth stocks among large caps and lagged among small caps. Year to date, value outperformed in both size categories.

- The broad emerging markets stock index advanced slightly for the month and gained 3.4% year-to-date.
- Small-cap stocks modestly outperformed large caps in May, but they underperformed large-cap stocks for the year-to-date period.
- Value stocks outperformed growth stocks in May. Year to date, growth stocks outperformed in the large-cap arena. Among small caps, value outperformed with a year-to-date gain of nearly 5%.

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U.S. Equity, International Developed Markets and Emerging Markets Equity style boxes are represented by Russell, MSCI World ex USA and MSCI Emerging Markets indices, respectively.

# Equity Returns | Country



# Fixed-Income Returns

U.S. Treasury yields declined in May, and U.S. bonds delivered a monthly gain. Inflation persisted but monthly data were in line with market expectations.

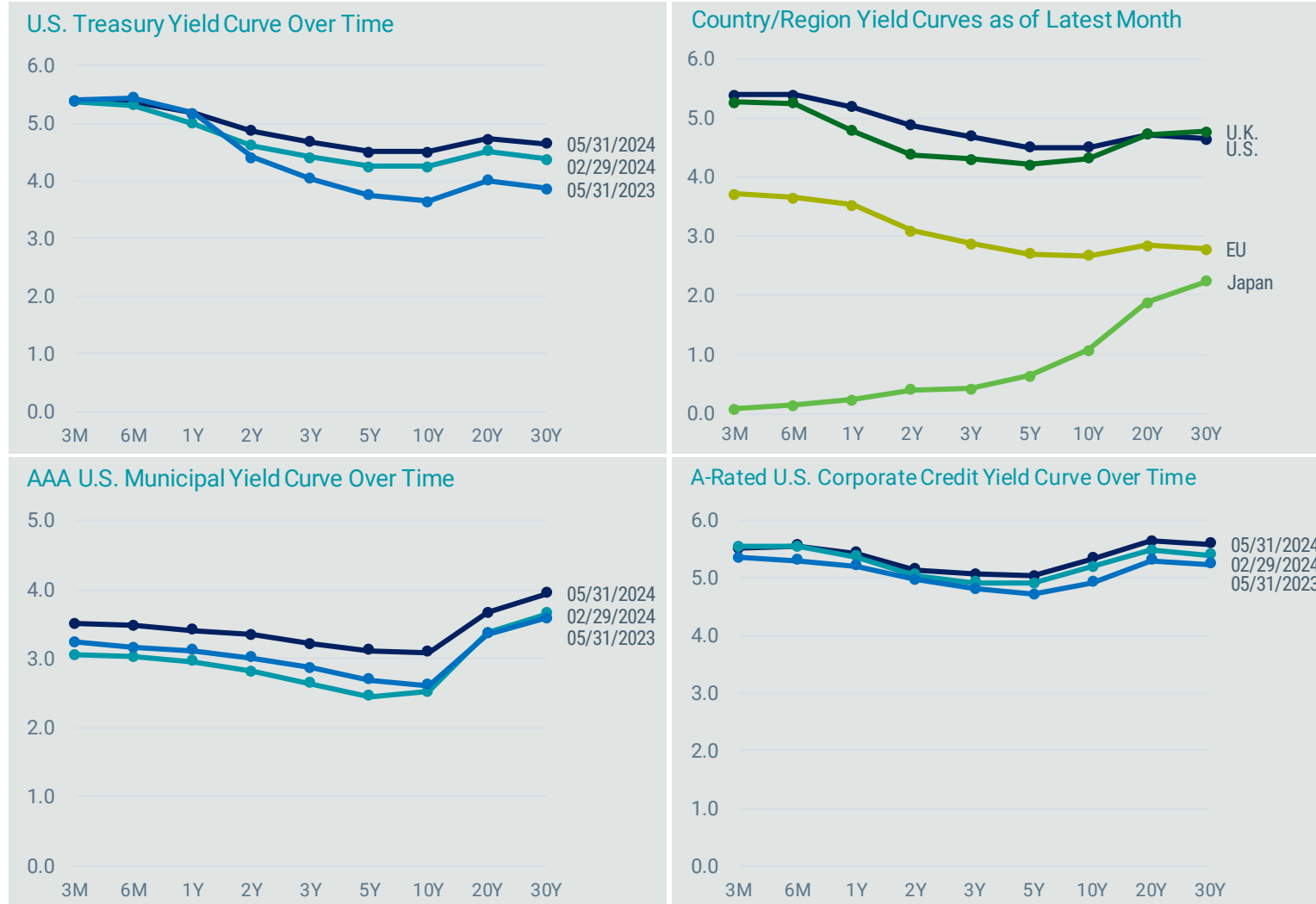
- The Bloomberg U.S. Aggregate Bond Index returned 1.70% in May, as all index sectors advanced, led by MBS. Despite the month's solid gain, the index declined 1.64% year to date.
- Treasury yields retreated for the month, with the 10-year note dropping 19 bps to 4.50%. The two-year Treasury yield fell 17 bps to 4.88%, and the yield curve remained inverted.
- Investment-grade credit spreads tightened slightly, and corporate bonds outperformed Treasuries. High-yield corporates advanced but lagged investment-grade corporates.
- The annual headline inflation rate slowed to 3.4% in April, from 3.5% in March. Core CPI eased to 3.6%, compared with 3.8% in March. Core PCE, the Fed's preferred inflation gauge, remained unchanged in April at 2.8%.
- Amid easing inflation, the futures market recalibrated its Fed rate cut expectations. At the end of May, the futures market factored in up to two cuts by year-end.
- Municipal bond yields rose in May and returns declined modestly for the month, underperforming Treasuries.
- Inflation expectations increased in May, and TIPS outperformed nominal Treasuries.

## Returns (%)

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<b>Global Fixed Income</b>							
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<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate	1.70	0.04	-1.64	1.31	-3.10	-0.17	1.26
<b>U.S. High-Yield Corporate</b>							
Bloomberg U.S. Corporate High Yield Bond	1.10	1.33	1.63	11.24	1.78	4.19	4.30
<b>U.S. Investment Grade</b>							
Bloomberg U.S. Corporate Bond	1.87	0.56	-1.12	4.40	-2.71	0.98	2.28
<b>Municipals</b>							
Bloomberg Municipal Bond	-0.29	-1.53	-1.91	2.67	-1.29	0.93	2.25
<b>U.S. TIPS</b>							
Bloomberg U.S. TIPS	1.72	0.83	-0.08	1.56	-1.39	2.09	1.86
<b>U.S. Treasuries</b>							
Bloomberg U.S. Treasury Bond	1.46	-0.27	-1.85	-0.22	-3.38	-0.67	0.79
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.49	1.39	2.26	5.51	2.97	2.13	1.45

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# Global Yield Curves



Data as of 5/31/2024. Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).