

# Market Review

# Snapshot

Led by the rallying U.S. market, global stocks rebounded in July to recover some of their significant first-half losses. Meanwhile, weak economic outlooks and recession fears drove down global bond yields, and most bond indices posted solid results.

- The S&P 500 Index soared to a 9.2% gain in July, its best monthly return since November 2020. Better-than-expected corporate earnings results and hopes for a slower pace of Fed tightening through year-end contributed to the rally.
- All sectors of the S&P 500 Index advanced in July. The consumer discretionary and information technology sectors delivered double-digit gains, while consumer staples and health care stocks were the weakest, each up 3%.
- U.S. inflation surged to 9.1% (year over year) in June, the largest increase since November 1981. European inflation rose to a record 8.9%, while U.K. inflation hit a fresh 40-year high of 9.4%.
- The inflation data prompted the Fed to raise rates another 75 bps in July, the second consecutive rate hike of that size. Facing record-high inflation, the European Central Bank lifted rates 50 bps in July, marking policymakers' first rate increase since 2011.
- U.S. stocks (S&P 500) outperformed their non-U.S. developed markets peers in July. Emerging markets stocks posted a modest decline for the month.
- Amid news the U.S. economy contracted for the second consecutive quarter, U.S. Treasury yields declined in July. This dynamic contributed to widespread gains for bonds.

## 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	9.22	0.39	-12.58	-4.64	13.35	12.82	13.79
<b>U.S. Small-Cap Equity</b>							
Russell 2000	10.44	1.51	-15.43	-14.29	7.50	7.11	10.59
<b>Intl. Developed Markets Equity</b>							
MSCI World ex USA	4.97	-4.12	-14.72	-13.20	3.77	3.06	5.75
<b>Emerging Markets Equity</b>							
MSCI Emerging Markets	-0.25	-6.46	-17.83	-20.09	0.90	0.95	2.84
<b>Global Real Estate Equity</b>							
S&P Global REIT	8.39	-5.70	-13.70	-6.84	2.97	4.08	5.67
<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate Bond	2.44	1.49	-8.16	-9.12	-0.21	1.28	1.65
<b>Global Fixed Income</b>							
Bloomberg Global Aggregate Bond	2.13	-0.88	-12.08	-14.58	-2.44	-0.47	0.20
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.08	0.18	0.24	0.26	0.54	1.05	0.60

Data as of 7/31/2022. 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	6.63%	12.00%	-7.08%	-19.44%
	Small	9.68%	11.20%	-9.30%	-21.55%

		Non-U.S. Developed Markets			
		QTD		YTD	
		Value	Growth	Value	Growth
Size	Large	1.85%	7.83%	-7.99%	-19.85%
	Small	5.26%	8.46%	-13.79%	-23.59%

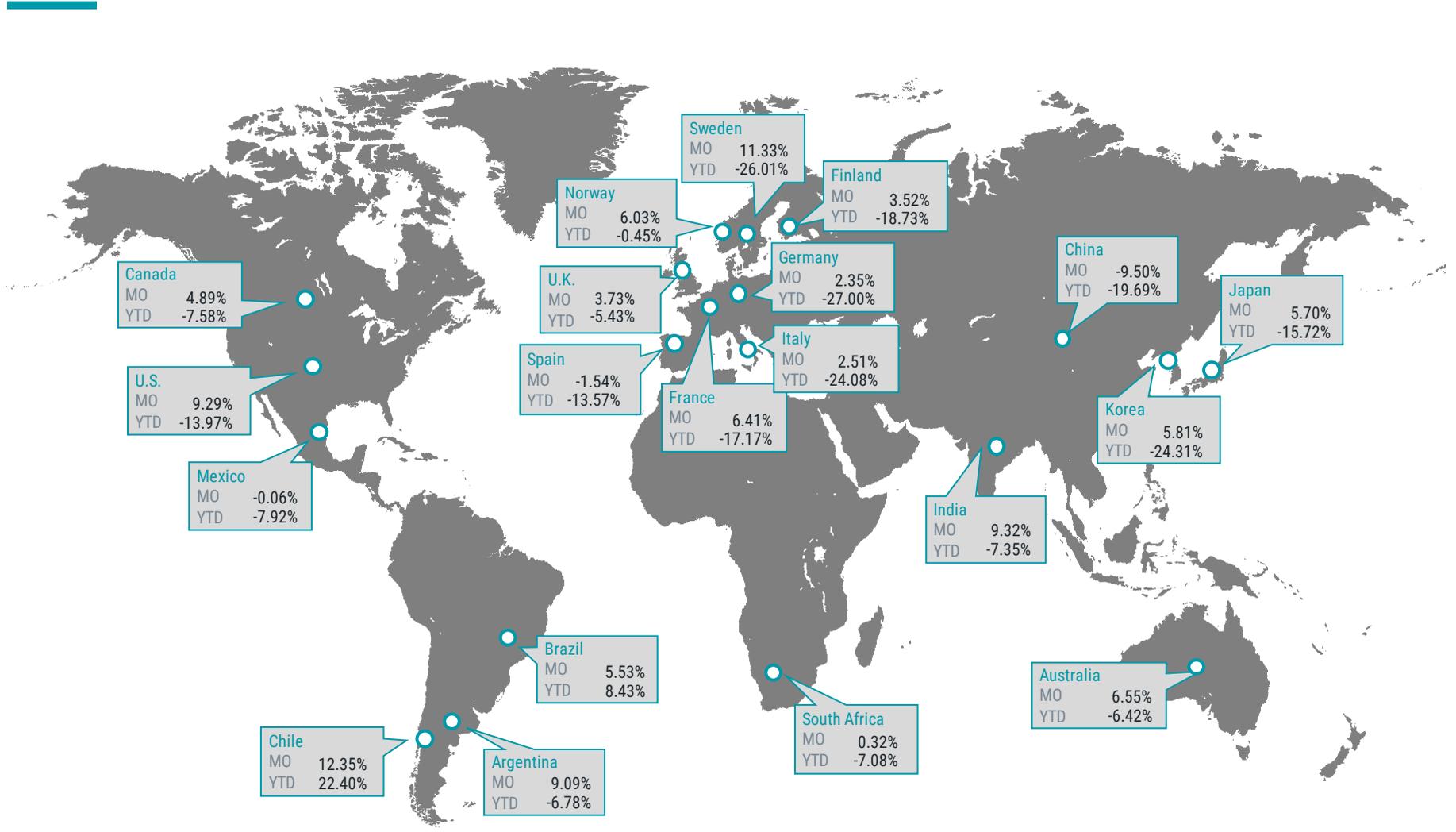
		Emerging Markets			
		QTD		YTD	
		Value	Growth	Value	Growth
Size	Large	-1.25%	0.24%	-14.73%	-21.04%
	Small	2.82%	2.70%	-13.67%	-21.79%

- All major size and style categories rallied in July but maintained steep year-to-date losses.
- Small-cap stocks returned more than 10% for the month, outperforming large-cap stocks. Losses remained widespread year to date, but large caps fared better than small caps.
- Growth stocks sharply outperformed value stocks across capitalizations in July. Nevertheless, value stocks retained a significant advantage for the year-to-date period.
- International developed markets stocks advanced in July but remained sharply lower for the seven-month period.
- Small caps outperformed large caps in July. Significant losses persisted year to date, but large caps fared better than small caps.
- Growth stocks outperformed value stocks across capitalizations in July. Year to date, though, growth stocks experienced larger losses than value stocks.
- The broad emerging markets stock index declined slightly in July and much more significantly year to date.
- Small-cap stocks advanced in July and outperformed large caps, which declined. Year to date, losses were widespread, but small caps fared slightly better than large caps.
- Style results were mixed in July. Among large caps, growth stocks were up slightly and outpaced value, which declined. Among small caps, value outperformed growth. Year to date, growth declined more than value.

Data as of 7/31/2022. Performance in USD. Past performance is no guarantee of future results. Source: FactSet.

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



Data as of 7/31/2022. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

# Fixed-Income Returns

Despite still-raging inflation and continued tightening from most central banks, government bond yields declined in July. Broad global and U.S. bond indices rallied for the month.

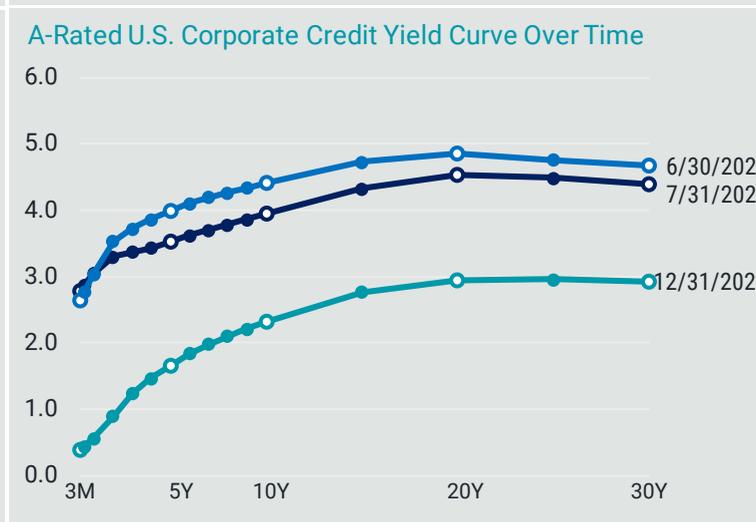
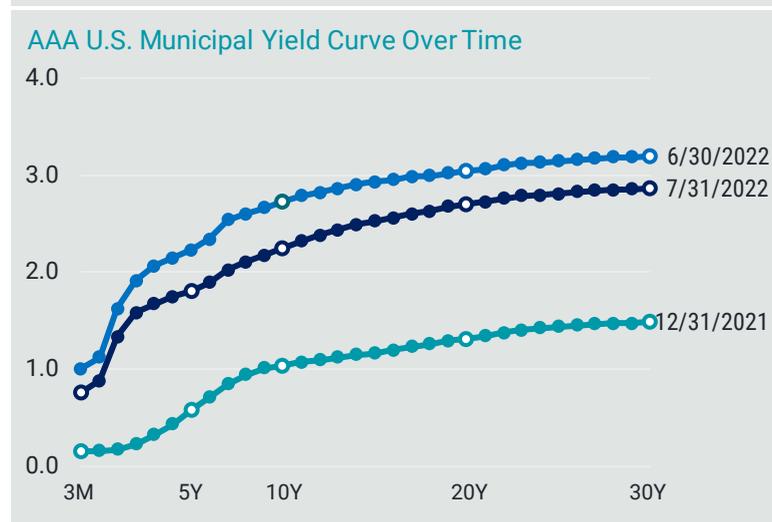
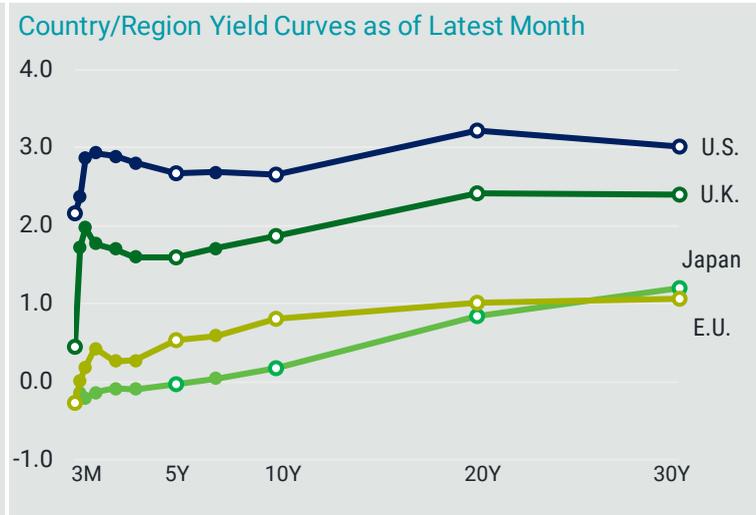
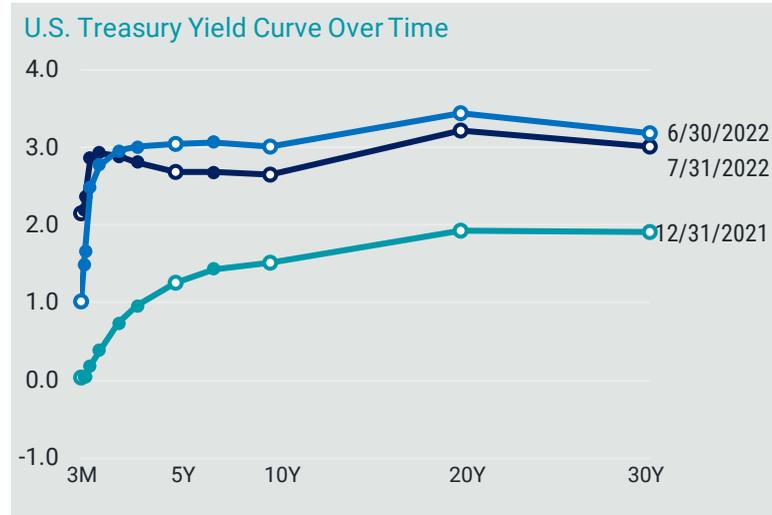
- The Bloomberg U.S. Aggregate Bond Index returned 2.4% in July, led by the outperforming corporate bond sector. Treasuries and mortgage-backed securities also delivered gains.
- The U.S. Commerce Department reported the economy shrank for the second consecutive quarter, meeting the traditional definition of recession. Economic concerns pushed the 10-year Treasury yield 36 bps lower to 2.65%. The two-year yield slipped 8 bps to 2.88%, and the yield curve inverted.
- Headline inflation climbed to 9.1% (year over year), driven largely by soaring energy and food prices. Monthly headline inflation rose 1.3% in June, with the gasoline component jumping 11.2% between May and June.
- The Fed responded with another 75 bps rate increase in July, bringing the federal funds rate target to 2.25% to 2.50%. At month-end, fed futures contracts signaled expectations for the Fed to revert to a 50 bps hike in September.
- Municipal bond (muni) yields tracked Treasury yields lower. Munis rallied and outperformed Treasuries in July.
- TIPS also rallied and were among the top-performing fixed-income sectors for the month. Five- and 10-year inflation breakeven rates climbed higher in July.

## Returns (%)

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<b>Global Fixed Income</b>							
Bloomberg Global Aggregate Bond	2.13	-0.88	-12.08	-14.58	-2.44	-0.47	0.20
<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate Bond	2.44	1.49	-8.16	-9.12	-0.21	1.28	1.65
<b>U.S. High Yield Corporate</b>							
Bloomberg U.S. Corporate High-Yield Bond	5.90	-0.98	-9.12	-8.02	1.95	3.05	4.87
<b>U.S. Investment Grade</b>							
Bloomberg U.S. Corporate Bond	3.24	1.28	-11.61	-12.61	-0.12	1.78	2.65
<b>Municipals</b>							
Bloomberg Municipal Bond	2.64	2.46	-6.58	-6.93	0.43	1.88	2.49
<b>U.S. TIPS</b>							
Bloomberg U.S. Treasury - U.S. TIPS	4.35	0.05	-4.96	-3.58	4.39	4.00	1.97
<b>U.S. Treasuries</b>							
Bloomberg U.S. Treasury Bond	1.59	0.88	-7.69	-8.69	-0.32	1.02	1.07
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.08	0.18	0.24	0.26	0.54	1.05	0.60

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# Global Yield Curves



Data as of 7/31/2022 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).

# Disclosures

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***You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained by visiting [avantisinvestors.com](http://avantisinvestors.com) or by calling 833-9AVANTIS, contains this and other information about the fund, and should be read carefully before investing. Investments are subject to market risk.***

***If this material contains any yield in addition to the 30-day SEC yield, the material must be preceded or accompanied by a current or summary prospectus.***

**Exchange Traded Funds (ETFs) are bought and sold through an exchange trading at market price (not NAV) and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns.**

Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.

International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks.

Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

This information is for educational purposes only and is not intended as tax advice. Please consult your tax advisor for more detailed information or for advice regarding your individual situation. Portfolio holdings are as of date indicated and subject to change. It is not possible to invest directly in an index.

The opinions expressed are those of the portfolio team and are no guarantee of the future performance of any Avantis fund.

References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.

Generally, as interest rates rise, the value of the securities held in the fund will decline. The opposite is true when interest rates decline.

Derivatives may be more sensitive to changes in market conditions and may amplify risks.

Municipal Securities investing is more sensitive to events that affect municipal markets, including legislative or political changes and the financial condition of the issuers of municipal securities. The fund may have a higher level of risk than funds that invest in a larger universe of securities.

Additionally, the novel coronavirus (COVID-19) pandemic has significantly stressed the financial resources of many municipal issuers, which may impair a municipal issuer's ability to meet its financial obligations when due and could adversely impact the value of its bonds, which could negatively impact the performance of the fund.

**Exchange Traded Funds (ETFs):** Foreside Fund Services, LLC - Distributor, not affiliated with American Century Investments Services, Inc.