

Market Review

Snapshot

U.S. and global stocks overcame sharp volatility to post gains in August. Bonds also advanced as U.S. Treasury yields declined alongside firmer expectations for near-term rate cuts from the Fed.

- Despite a steep global stock market sell-off in early August, the S&P 500 Index rebounded to return 2.4% and logged its fourth straight monthly gain. The index's year-to-date return climbed to 19.5%.
- Stocks plunged early in the month following a Labor Department report showing job growth slowed sharply in July. Large-cap stocks subsequently recovered amid reports showing further easing in inflation and stronger retail sales.
- Most S&P 500 sectors gained in August, led by consumer staples and real estate. Energy and consumer discretionary declined.
- After gaining more than 10% in July, small-cap stocks retreated in August but maintained solid year-to-date gains.
- Non-U.S. developed markets stocks outperformed U.S. stocks while emerging markets stocks advanced but underperformed developed markets.
- At the Kansas City Fed's annual Jackson Hole Economic Symposium, Fed Board Chair Jerome Powell suggested policymakers will cut rates in September. This news fueled futures market expectations for three additional cuts by year-end.
- U.S. Treasury yields declined in August, and the broad bond market gained more than 1%.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Large-Cap Equity							
S&P 500	2.43	7.39	19.53	27.14	9.38	15.92	12.98
U.S. Small-Cap Equity							
Russell 2000	-1.49	7.51	10.39	18.47	0.60	9.68	8.03
Intl. Developed Markets Equity							
MSCI World ex USA	3.34	4.81	11.86	19.45	4.24	8.72	5.12
Emerging Markets Equity							
MSCI Emerging Markets	1.61	5.94	9.55	15.07	-3.06	4.79	2.56
Global Real Estate Equity							
S&P Global REIT	6.10	13.80	9.54	18.12	-1.07	2.43	3.91
U.S. Fixed Income							
Bloomberg U.S. Aggregate	1.44	4.79	3.07	7.30	-2.11	-0.04	1.64
Global Fixed Income							
Bloomberg Global Aggregate Bond	2.37	5.34	1.86	6.90	-4.18	-1.37	0.12
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.48	1.35	3.64	5.54	3.43	2.28	1.59

Data as of 8/31/2024. 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	7.93	0.35	15.08	21.12
	Small	10.08	6.99	9.15	11.74

		Non-U.S. Developed Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	7.80	5.02	12.83	12.26
	Small	7.81	7.27	8.91	8.27

		Emerging Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	1.88	1.40	9.27	11.74
	Small	2.38	1.08	10.41	7.40

- U.S. stocks advanced in August, and all major indices maintained solid year-to-date gains. U.S. stocks lagged their non-U.S. peers for the month but outperformed year to date.
- Large-cap stocks gained more than 2% in August and outperformed small-cap stocks, which declined 1.5%. Year to date, large-cap stocks outperformed.
- Style results were mixed in August. Value stocks outperformed among large-caps and lagged in the small-cap space. Year to date, growth outperformed in both size categories.

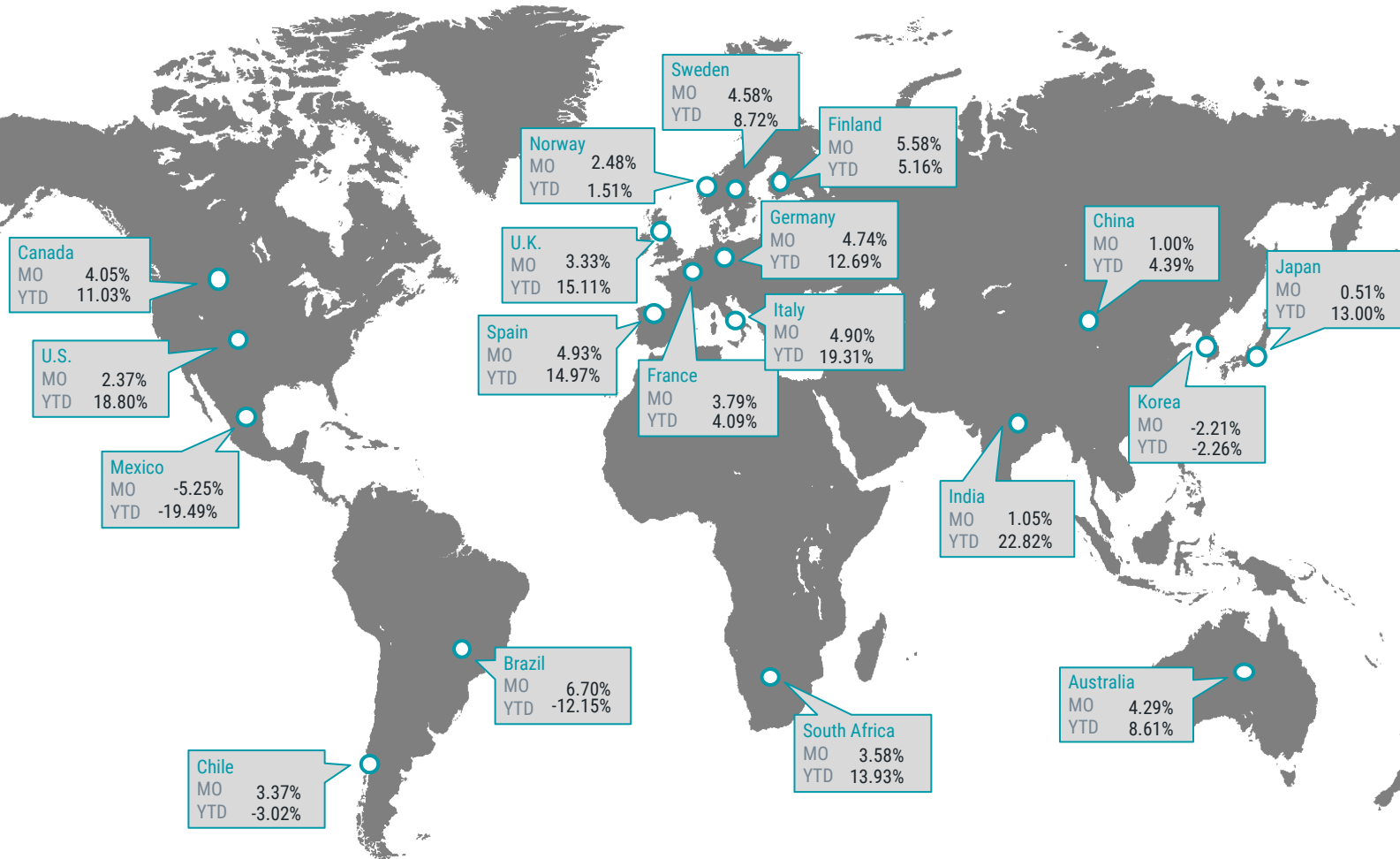
- Non-U.S. developed markets stocks outperformed U.S. stocks in August. They also advanced year to date but lagged U.S. stocks.
- Large-cap stocks outperformed small-caps in August and year to date. Large-caps outperformed small-caps by nearly 4 percentage points for the year-to-date period.
- Growth stocks outperformed value stocks in August but lagged year to date. Large-cap value stocks were top year-to-date performers, gaining nearly 13%.

- The broad emerging markets stock index advanced in August but underperformed its developed markets peers. Year to date, the index gained nearly 10%.
- Small-cap stocks outperformed large-caps in August. Year to date, large-caps retained the edge, gaining nearly 11% versus 9% for small-caps.
- Growth stocks outperformed value stocks across the board in August. Year to date, growth stocks outperformed in the large-cap arena but lagged among small-caps.

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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



Data as of 8/31/2024. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

Fixed-Income Returns

Amid high market expectations for a September Fed rate cut, U.S. Treasury yields declined in August, and U.S. bonds delivered another monthly gain. Most Inflation data continued to moderate, while labor market measures weakened.

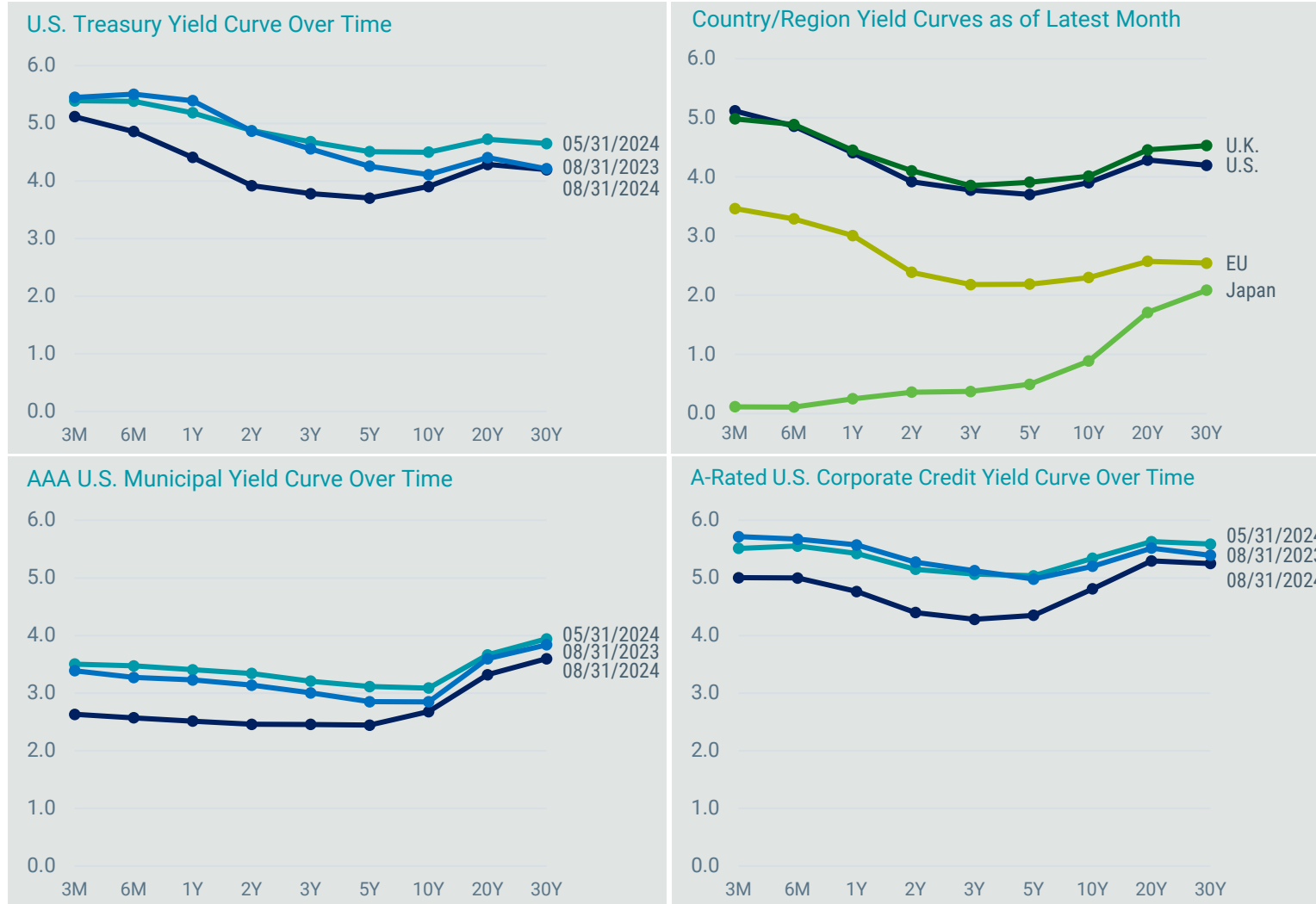
- The Bloomberg U.S. Aggregate Bond Index returned 1.4% in August, and all index sectors advanced. MBS and investment-grade corporates outperformed the index return, while Treasuries underperformed.
- Treasury yields were choppy but ended the month lower. The 10-year note dropped 13 bps to 3.91%, and the two-year Treasury yield fell 35 bps to 3.92%. The 10-year yield briefly closed above the two-year on August 28, marking the first time the spread was not inverted since July 2022.
- Credit spreads were volatile in August, but by month-end, investment-grade spreads were relatively unchanged. Meanwhile, high-yield spreads tightened, and high-yield corporates modestly outperformed investment-grade corporates.
- The annual headline inflation rate (CPI) slowed for the fourth straight month, from 3% in June to 2.9% in July. Core CPI rose at a 3.2% annualized pace, compared with 3.3% in June. Annualized core PCE, the Fed's preferred gauge, was unchanged at 2.6%.
- Fed Board Chair Jerome Powell fueled the market's easing expectations when he declared, "the time has come" for rate cuts. Speaking at the Fed's annual gathering in Jackson Hole, Wyo., Powell hinted policymakers would act to prevent further labor market weakness. In July, the unemployment rate rose to 4.3%, its highest level in nearly three years.
- Inflation expectations declined in August, and TIPS advanced.

Returns (%)

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U.S. Fixed Income							
Bloomberg U.S. Aggregate	1.44	4.79	3.07	7.30	-2.11	-0.04	1.64
U.S. High-Yield Corporate							
Bloomberg U.S. Corporate High Yield Bond	1.63	4.59	6.29	12.55	2.55	4.46	4.65
U.S. Investment Grade							
Bloomberg U.S. Corporate Bond	1.57	4.66	3.49	9.29	-2.10	0.67	2.60
Municipals							
Bloomberg Municipal Bond	0.79	3.27	1.30	6.09	-0.47	1.02	2.43
U.S. TIPS							
Bloomberg U.S. TIPS	0.78	3.39	3.30	6.17	-1.30	2.04	2.13
U.S. Treasuries							
Bloomberg U.S. Treasury Bond	1.28	4.54	2.60	6.02	-2.53	-0.61	1.17
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.48	1.35	3.64	5.54	3.43	2.28	1.59

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Global Yield Curves



Data as of 8/31/2024. 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).