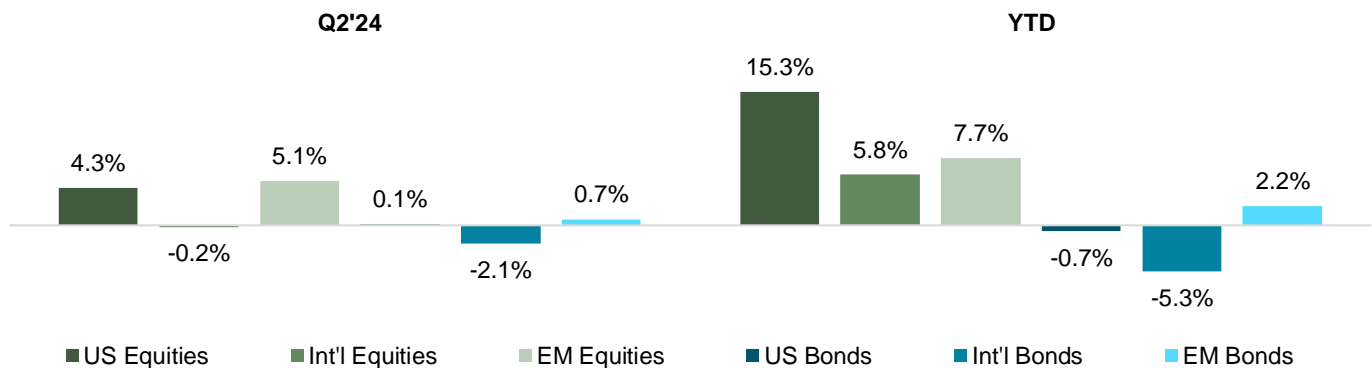


Quarterly Market Review

Returns as of June 30, 2024



Source: FactSet

The Artificial Intelligence (AI) boom drove global equities higher for the first half of 2024 while bonds struggled.

U.S. equities led the pack with 15.3% returns and notched 31 new record highs. The returns, however, were concentrated in a handful of AI-related stocks. If you removed the performance of the top five AI-related stocks, the returns fall from 4.3% in Q2 to -0.5% and 6.4% for the year. Looking abroad, political uncertainty in French and British elections sent developed international equities lower in Q2 but maintained a 5.8% gain for the year. Lastly, optimism in AI drove Taiwan's stock market and emerging markets to be the best-performing market in Q2 and up 7.7% for the year.

Within sectors in the U.S., technology and communications stocks continued to outperform the S&P 500 index.

On the other hand, higher interest rates hurt real estate stocks.

Across size, bigger stocks did better, and, within the style, growth continued to outperform value. The biggest loss came from small-cap value stocks, which fell 4.7%, given its lower weight to technology stocks.

U.S. bonds modestly rose in Q2, helped by improving inflation outlook and potential for interest rate cuts, but remain negative for the year. Lower-quality bonds, such as high yield, rallied on strong fundamentals and gained 2.6% for the year.

Finally, across other asset classes, commodities gained while REITs fell. Oil prices fell in Q2 after strong gains in the first three months. Broad commodities were led higher by demand for gold and copper. The global supply deficit caused silver to outpace both gold and copper for the quarter and year. Lastly, rate-sensitive REITs continued to struggle and fell 2.2% for the year.

INDEX DEFINITIONS

Asset Class	Index	Definition
China	MSCI China	Measures the performance of large and mid-cap shares in China including: China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe.
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Dow	Dow Jones Industrial Average	The Dow Jones Industrial Average® (The Dow®) is a price-weighted measure of 30 US blue-chip companies.
Emerging Markets Bonds	Bloomberg Emerging Markets USD Aggregate	Measures the performance of hard-currency emerging markets debt, including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.
Emerging Markets (EM) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Gold	Bloomberg Sub Gold	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the US and Canada.
Nasdaq	Nasdaq Composite	The Nasdaq Composite Index measures all Nasdaq domestic and international-based common-type stocks listed on The Nasdaq Stock Market.
Oil	WTI Crude Oil	Is represented by the near-month crude oil futures contract traded on the NYMEX.
Small Caps	S&P 600	Measures the performance of 600 small-sized companies in the US Constituents that generally have a market cap between \$400 million and \$1.8 billion and meet criteria to ensure they are liquid and financially viable.
Small Cap Value	S&P 600 Value	Measures the performance of the small-cap value segment of the US equity market.
Sector - Communications	S&P 500 Sector Communication Services	Measures the performance of companies from the media, retailing, and software & services industries in the U.S
Sector – Real Estate	S&P 500 Sector Real Estate	Measures the performance of companies from the following industries: real estate management & development and REITS, excluding mortgage REITS.
Sector - Technology	S&P 500 Sector Technology	Measures the performance of companies involved in technology hardware, storage and peripherals, software, communications equipment, semiconductors and semiconductor equipment, internet software and services, IT services, electronic equipment, instruments, and components.
Silver	Bloomberg Sub Silver	Measure the performance of silver as represented by the price of COMEX silver futures contracts.

TIPS	Treasury Inflation-Protected Securities	Treasury Inflation-Protected Security (TIPS) is a Treasury bond that is indexed to an inflationary gauge to protect investors from the decline in the purchasing power of their money.
US Dollar	US Dollar Index	Measures the value of the US dollar relative to the value of a 'basket' of currencies of the majority of the US's most significant trading partners. Factors the exchange rates of six major world currencies: euro, Japanese yen, Canadian dollar, British pound, Swedish krona, and Swiss franc.
US Bonds	Bloomberg US Aggregate	Measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.
US Equity	S&P 500	Measures the performance of 500 leading companies in the US Constituents that generally have a market cap above \$5 billion and represent approximately 80% of the investable market.
US REIT	S&P 1500 Equity Real Estate Investment Trusts	Measures the performance of publicly traded US real estate securities, such as real estate investment trusts (REITs) and real estate operating companies.
US Growth	S&P 500 Growth	Measures the performance of large-cap growth stocks in the US, which are identified by sales growth, price-to-earnings, and momentum. Constituents generally have a market cap above \$5 billion.
US Value	S&P 500 Value	Measures the performance of value stocks in the US, which are identified by sales growth, price-to-earnings, and momentum. Constituents generally have a market cap above \$5 billion.
US High Yield	Bloomberg Barclays US Corporate High Yield	Measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch, or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt.

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