

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 3.59% and 3.10% respectively in June.
- ▶ Within the S&P, five of the 11 sectors posted positive returns. The Information Technology sector was the best performer for the month, returning 9.32%, while the second-best performing sector, Consumer Discretionary, posted a return of 4.89%. Utilities was the worst performing sector, posting a return of -5.51%.
- ▶ Positive returns were seen in large capitalization stocks, with the Russell 1000 Index returning 3.31%. Small-caps (Russell 2000) returned -0.93%, and mid-caps (Russell Mid Cap Index) returned -0.66%. Growth stocks outperformed value stocks across all capitalizations.
- ▶ According to FactSet Earnings Insight (as of July 3, 2024), the projected year-over-year (YoY) second quarter earnings growth for the S&P is 8.8%. For calendar year 2024, analysts are calling for YoY earnings growth of 11.2%.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -0.09%. Developed markets, represented by the MSCI EAFE Index returned -1.61%, as Europe (MSCI Europe Index) returned -2.25%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 3.94% in June, as strong performance in India (MSCI India Index), which returned 6.95% for the month, balanced out negative returns in China (MSCI China Index) of -1.89%.
- ▶ Within the ACWI ex-U.S. Index, three of the 11 sectors posted positive returns. Information Technology was the best performing sector, with a return of 8.91%. Healthcare, the second-best performer in June, posted a return of 1.59%. Materials was the worst performing sector, posting a return of -3.46%.

Fixed Income

- ▶ U.S. Treasury yields fell across the yield curve. On the long end, the yield on the 10-year fell 10 basis points (bps) and the yield on the 30-year fell by nine bps. Meanwhile, on the shorter end, the yield on the 2-year fell 11 bps and the 5-year fell 13 bps, causing the Broad Treasury Index to return 0.70% for the month.

- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned 0.95% in June. Investment-grade (IG) credit as a whole returned 0.67%, AAA-rated bonds returned 0.89%, AA-rated bonds returned 0.73%, A-rated bonds returned 0.64%, and BBB-rated bonds returned 0.63%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index, saw a positive return of 0.97% for the month.

Diversifying Assets

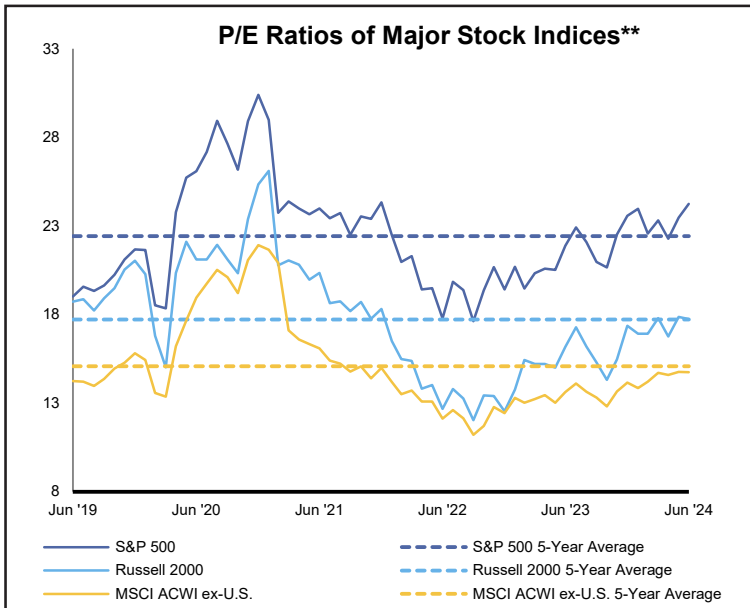
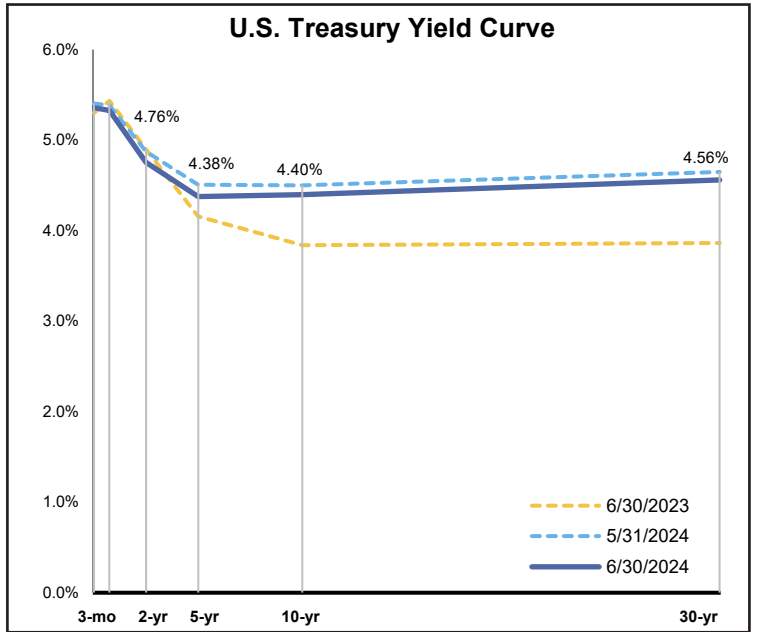
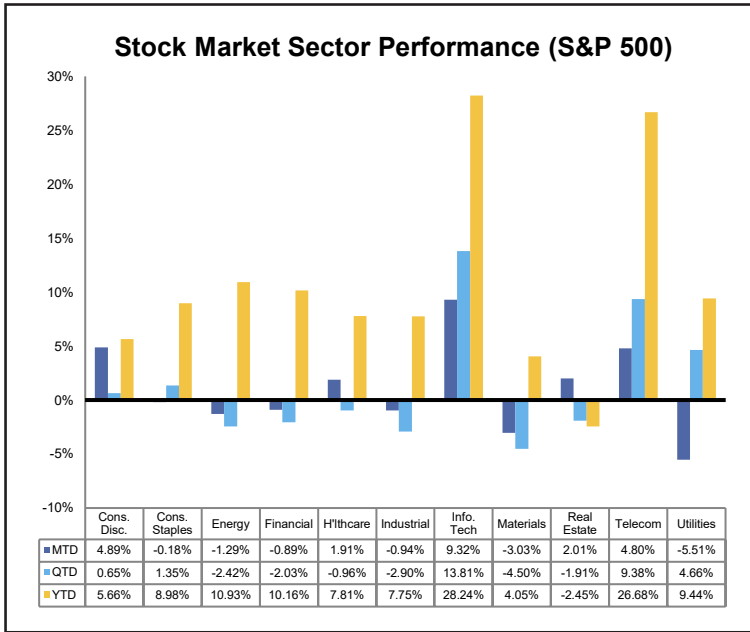
- ▶ During June, Real Estate Investment Trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned 2.66% and 2.89%, respectively. Areas such the Self-Storage sector did well during the month, while the Lodging and Resorts sector was challenged. Listed infrastructure, represented by the MSCI World Core Infrastructure Index, returned -1.90% for the month. Utilities struggled both domestically and internationally in June.

Items to Watch

- ▶ The Federal Open Market Committee (FOMC) continued to hold rates steady at 5.50% at their June meeting as Federal Reserve officials remain data dependent and are waiting to see signs that inflation is slowing sustainably to 2%. Due to this slower pace of cooling, in their statement of economic projections, the FOMC reduced the expected rate cuts this year to 25 bps from 75 bps. This is a divergence from other major central banks, as the European Central Bank (ECB) and Bank of Canada (BOC) both cut rates in June.
- ▶ With regard to the U.S. labor market, the unemployment rate ticked up slightly in June to 4.1% from 4.0% in May, and the average hourly earnings YoY growth cooled to 3.9%, while the labor force participation rate ticked up to 62.6%. These easing wage pressures impact inflation favorably, while the increasing unemployment provides an incentive for the FOMC to cut rates.
- ▶ U.S. manufacturing activity slipped further into contraction with the ISM U.S. Manufacturing PMI reading coming in at 48.5 in June, signaling weak demand. The services sector also fell into contraction with the Services PMI falling to 48.8 in June from 53.8 the month before due to lower business activity and contraction in employment.
- ▶ Looking forward, we continue to watch the evolving geopolitical landscape as countries such as the U.K. and France saw changes in administration following recent elections, which may impact domestic economic policy and market returns.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.59%	4.28%	15.29%	24.54%
Russell 3000	3.10%	3.22%	13.56%	23.11%
Russell 2000	-0.93%	-3.28%	1.73%	10.03%
Russell 1000	3.31%	3.57%	14.23%	23.86%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-0.09%	0.96%	5.69%	11.62%
MSCI EAFE	-1.61%	-0.42%	5.34%	11.54%
MSCI Emerging Markets	3.94%	5.00%	7.49%	12.55%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	0.95%	0.07%	-0.71%	2.63%
Bloomberg Barclays Global Agg	0.14%	-1.10%	-3.16%	0.93%
Bloomberg Barclays U.S. HY	0.97%	1.09%	2.62%	10.45%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	2.66%	-0.22%	-0.84%	6.25%
FTSE NAREIT Index	2.89%	0.06%	-0.13%	7.79%
MSCI World Core Infrastructure	-1.90%	-1.03%	-1.19%	2.63%
Bloomberg Commodity	-1.94%	1.51%	2.38%	-0.48%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.1%	4.0%
Initial Jobless Claims (4 week average)	238.5 K	236.3 K
CB Leading Economic Indicators	-0.5	-0.6
Capacity Utilization	78.2%	77.7%
GDP (annual growth rate)	1.4%	3.4%
University of Michigan Consumer Confidence	68.2	69.1
New Home Starts	619 K	698 K
Existing Home Sales	4.1 MM	4.1 MM
Retail Sales (YoY)	2.5%	3.0%
U.S. Durable Goods (MoM)	0.1%	0.2%
Consumer Price Index (YoY)	3.3%	3.4%
Producer Price Index (MoM)	-0.9%	0.4%
Developed International*	3/31/2024	12/31/2023
Market GDP (annual rate)	1.2%	1.5%
Market Unemployment	4.6%	4.4%



Source: Bloomberg. Data as of June 30, 2024, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2024 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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