Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 2.33% in June, after pessimistic projections of a broader pullback and pushing past concerns of rising inflation and potential rate hikes.
- Within the S&P, six out of 11 sectors posted positive returns. Infomation Technology did best, returning 6.95%. Energy followed, returning 4.60%. The Materials sector was the worst-performer of the month and returned -5.30%.
- By market capitalization, small-caps (Russell 2000) returned 1.94%, large-caps (Russell 1000 Index), returned 2.51%, and mid-caps (Russell Mid Cap Index) returned 1.47%. Growth stocks outperformed value stocks across all capitalizations.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -0.65%. Developed markets, represented by the MSCI EAFE Index returned -1.13%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 0.17% in June.
- Within the ACWI ex-U.S. Index, eight out of 11 sectors posted positive returns. Financials did best, returning 4.81%, followed by Real Estate, returning 1.63%. The Infomation Technology sector was the worst-performer, returning -0.74%.
- Within the MSCI Emerging Markets Index, EM Latin America performed best during the month, returning 2.70%. United Kingdom was the worst performing region during the month, returning -2.40%.

Fixed Income

- In June, rates further out the curve continued to exhibit declines, while rates shorter than five years saw slight to moderate gains. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) increased 0.70%, extending its gain for the third straight month. The 10-and 30-year treasuries rates decreased 13 and 20 bps, respectively, leading to the broad treasury index gaining 0.64%. Credit spreads tightened across the board, especially for corporates with credit qualities BB and below. Investment grade (IG) corporates gained 1.63%. High yield corporates also had positive results, gaining 1.34% during the month. Meanwhile, Agency CMBS (+0.19%) and EM sovereign debt (+0.84%) continued their recovery from a poor first quarter.
- Within the IG credit spectrum, AAA-rated bonds returned 0.50%, AA-rated bonds returned 1.45%, A-rated bonds returned 1.43% and BBB-rated bonds returned 1.73%.
- Yields generally remained flat across the U.S. Treasury Yield curve during the month of June.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs) represented by the FTSE NAREIT index rose 2.61% in June. Performance was positive in seven out of nine real estate sectors. Self-storage did the best, returning 7.99%. The worst-performing REIT sector of the month was Diversified, returning -0.12%.
- The active contract for West Texas Intermediate (WTI) crude increased to $73.47/barrel in June from $66.32/barrel at the end of May, supported by the rollout of COVID-19 vaccines, a gradual easing of lockdown measures and massive production cuts from OPEC+.

Items to Watch

- The world economy is transitioning from the pandemic's shadow into a multi-speed economic recovery and expansion. Improving vaccination growth in the U.S. drives our domestic rebound, while challenges from continued outbreaks mean Europe and Japan are just now entering their recovery. The pace of growth is likely to moderate late this year as much of the global economy settles into "steady state" economic expansions with the end of the pandemic.
- The world's central banks are carefully monitoring how the U.S. Federal Reserve (Fed) will respond to a rise in inflation, wary of being caught in the crosscurrents of an extraordinary U.S. economic expansion. A global march toward higher interest rates, with the Fed at the center, risks stifling the economic recovery in some places, especially at a time when EM debt has risen.
- Job growth leaped higher in June as businesses looked to keep up with a rapidly recovering U.S. economy. Non-farm payrolls increased 850,000 for the month, compared to the Dow Jones estimate of 706,000 and better than the upwardly revised 583,000 in May. The unemployment rate, however, rose to 5.9% against the 5.6% expectation.
- The federal government will be swimming in $3 trillion of red ink by the end of fiscal year 2021, according to a Congressional Budget Office estimate. As a result of multiple stimulus measures aimed at combating the pandemic's economic impact, Congress will run a budgetary shortfall this year equivalent to 13.4% gross domestic product (GDP), the second-largest level since 1945 and exceeded only by the 2020 spending.

Total Return of Major Indices as of 06/30/21

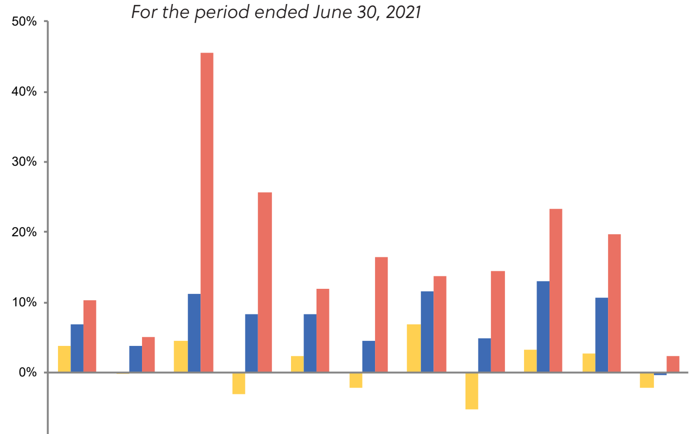
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	2.33%	8.55%	15.24%	40.77%
Russell 3000	2.47%	8.24%	15.10%	44.15%
Russell 2000	1.94%	4.29%	17.53%	62.00%
Russell 1000	2.51%	8.54%	14.94%	43.06%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	-0.65%	5.48%	9.16%	35.72%
MSCI EAFE	-1.13%	5.17%	8.83%	32.35%
MSCI Emerging Markets	0.17%	5.05%	7.45%	40.90%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg Barclays U.S. Agg	0.70%	1.83%	-1.60%	-0.33%
Bloomberg Barclays Global Agg	-0.88%	1.31%	-3.21%	2.63%
Bloomberg Barclays U.S. HY	1.34%	2.74%	3.62%	15.37%
Alternatives	**MTD**	**QTD**	**YTD**	**1 YR**
FTSE NAREIT Equity	2.61%	12.02%	21.96%	38.02%
Bloomberg Commodity	1.85%	13.30%	21.12%	45.50%

Economic Indicators

Domestic	Current	Previous Month
Unemployment Rate (%)	5.9%	5.8%
Initial Jobless Claims (4 week average)	392.8 K	398.8 K
CB Leading Economic Indicators	1.3	1.3
Capacity Utilization	75.2%	74.6%
GDP (annual growth rate)	6.4%	4.3%
University of Michigan Consumer Confidence	85.5	82.9
New Home Starts	769 K	817 K
Existing Home Sales	5.8 MM	5.9 MM
Retail Sales (YoY)	26.4%	42.7%
U.S. Durable Goods (MoM)	2.3%	-0.7%
Consumer Price Index (YoY)	5.0%	4.2%
Producer Price Index (MoM)	1.1%	0.3%
Developed International*	**3/31/2021**	**12/31/2020**
Market GDP (annual rate)	-0.3%	-2.1%
Market Unemployment	7.3%	7.5%

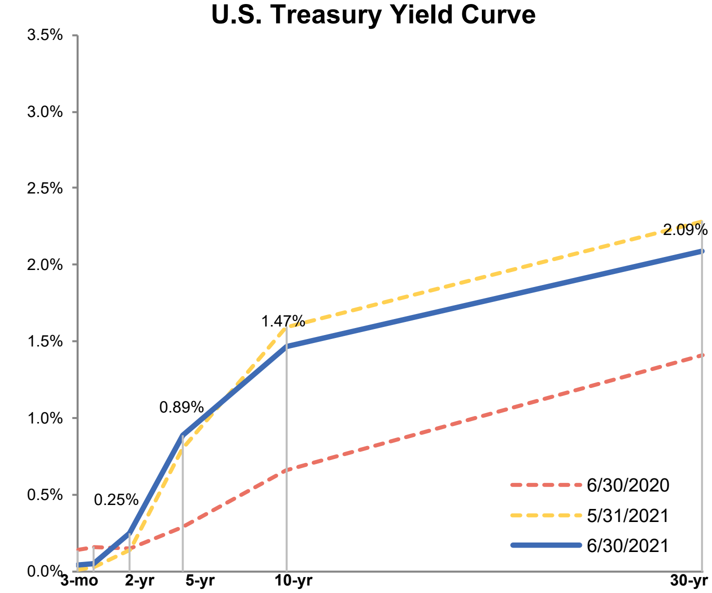
Stock Market Sector Performance (S&P 500)

For the period ended June 30, 2021



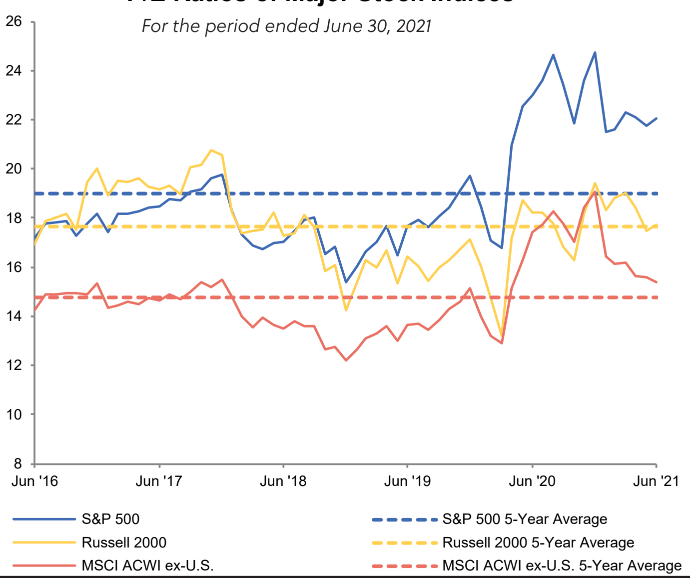
	Cons. Disc.	Cons. Staples	Energy	Financial	H'lthcare	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	3.81%	-0.18%	4.60%	-2.96%	2.34%	-2.21%	6.95%	-5.30%	3.19%	2.72%	-2.17%
QTD	6.95%	3.83%	11.29%	8.36%	8.40%	4.48%	11.56%	4.97%	13.09%	10.72%	-0.41%
YTD	10.27%	5.02%	45.61%	25.60%	11.85%	16.40%	13.76%	14.50%	23.30%	19.67%	2.38%

U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**

For the period ended June 30, 2021



Source: Bloomberg. Data as of June 30, 2021, 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 December 31, 2020 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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