

Market Indices ¹	July	Year-to-Date
S&P 500	3.69%	7.66%
Russell 3000	3.97%	7.74%
MSCI EAFE	5.07%	0.42%
MSCI Emerging Markets	5.03%	11.77%
Barclays U.S. Aggregate Bond	0.63%	5.98%
Barclays U.S. Municipal Bond	0.06%	4.40%
Barclays U.S. Corporate High Yield	2.70%	12.01%

¹Morningstar Direct (all performance percentages are total return based, which include reinvested dividends, interest)

At-A-Glance

- The S&P 500 posted seven all-time highs in July, the most in a month since December 2014.
- The Bloomberg Commodity Index fell 5.11% in July. Oil futures retreated over 15%, the largest monthly decline in a year as global supply disruptions faded, lifting inventory levels back to their highest levels in decades. In precious metals, silver (+9.45%) outpaced gold (+2.18%) during the month.
- REITs, soon to become the 11th sector within the S&P 500 Index, rose 4.15% in July.

The S&P 500 posted solid gains in July, ending the month at its second highest level in history, and capped its fifth straight monthly advance – its longest stretch of gains since 2014. Most of July’s gains came during the first half of the month, after investors drew comfort from stimulus pledges made by global central banks immediately after the U.K. voted to leave the European Union. A surge of hiring in June also calmed “Brexit” fears and helped ease concerns about an economic downturn. Labor officials reported on July 8th that 287,000 jobs were added in June, the most since last October and reflected the ninth best payrolls gain since 2011. Yet momentum slowed during the final two weeks of July, when second quarter earnings came into focus. Despite the S&P 500 ending the month within two points of its all-time high, its last 11 trading days finished without a move of more than 0.5%, the longest such period ever recorded. Stocks proved their resiliency on the last session of the month, ending higher despite a disappointing preliminary reading of second quarter growth. The U.S. economy grew by 1.2% last quarter, well below economists’ projections; the news dampened prospects for a 2016 Federal Reserve rate hike. U.S. equities, as measured by the S&P 500, rose 13.44% over the past five months, and returned 20% since February’s mid-month low.

Seven of the ten major sector groups posted gains in July, led by Technology (+7.89%), Materials (+5.10%), and Healthcare (+4.94%). Energy (-1.93%) and Consumer Staples (-0.71%) lagged the most. Telecom (+26.11%) and Utilities (+22.56%) are the highest year-to-date (YTD) performers. Consumer Discretionary (+5.26%) and Financials (+0.39%) have gained the least this year.

Small-cap domestic stocks, as measured by the Russell 2000 Index, rose 5.97% in July, outperforming its large and mid-cap counterparts. Mid-cap stocks, as measured by the Russell Mid-Cap Index, gained 4.57%. Mid-cap stocks are still up the most on a YTD basis, gaining 10.31%. Growth stocks outperformed value in July, with the Russell 1000 Growth Index returning 4.72%, while the Russell 1000 Value Index gained 2.90%.

Regionally, the post-Brexit recovery was strongest in foreign markets. The MSCI EAFE Index, a broad measure of global developed markets outside of the U.S. and Canada, outperformed domestic equities, advancing 5.07% last month. The MSCI EAFE Index erased an earlier 2016 loss, ending July with a 0.42% YTD gain. The MSCI Emerging Markets Index similarly returned 5.03% in July, extending its YTD rally to 11.77%.

Treasuries, as measured by the Barclays U.S. Government Bond Index, rose only fractionally higher last month, up 0.39%. Despite intra-month volatility, benchmark 10-year U.S. Treasuries prices ended near where they began, sending its yield down just 1.7 basis points to end at 1.454%. The Barclays U.S. Municipal Bond Index crept 0.06% higher in July. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, rose 0.63% last month. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, gained 2.70% in July, extending its YTD rally to 12.01%.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

The **Barclays U.S. Aggregate Bond Index**, which used to be called the Lehman Aggregate Bond Index, is a broad base index, maintained by Barclays Capital, and it often used to represent investment grade bonds being traded in the U.S. Barclays Capital (BarCap) U.S. Aggregate Bond Index is made up of the Barclays Capital U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Based Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

The **Barclays U.S. Municipal Bond Index** is an unmanaged, market-value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The **Barclays U.S. Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **CBOE Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Mid-Cap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.