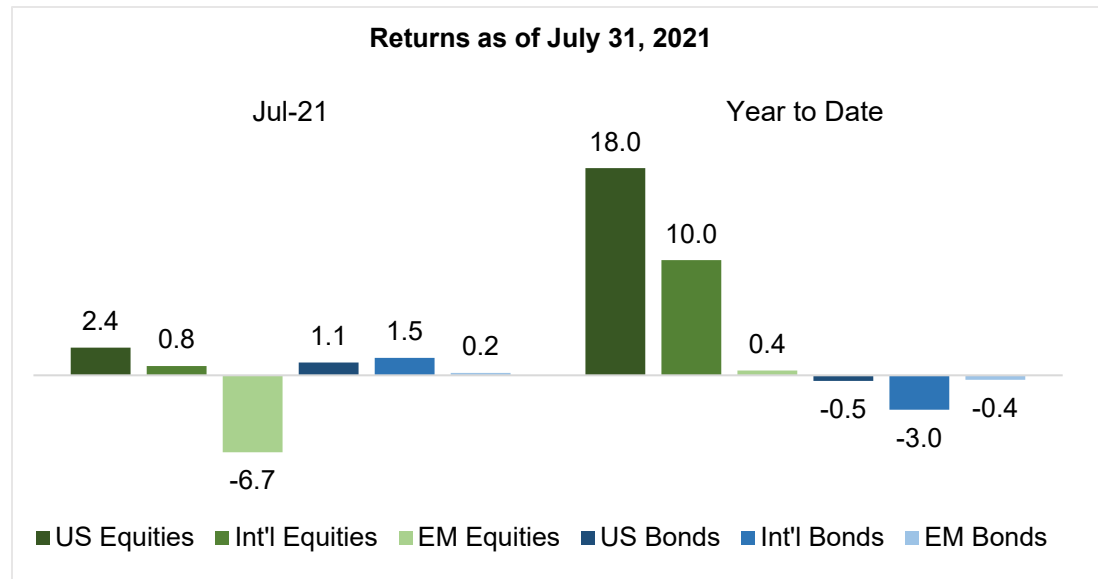


# MONTHLY Market Review



## Market Review



Source: Zephyr Style Advisor

US stocks rallied and reached all-time highs in July, returning 2.4% for the month. News of a potential agreement on Biden’s \$1 trillion infrastructure bill and steady progress of the American vaccine rollout helped push equities to record levels. International equities posted modest gains but lagged US stocks, reflecting increasing concerns of the new Delta variant spread in Europe. Emerging markets was the worst performing sector and the only one with negative returns, down -6.7% for the month. This underperformance can be attributed to the regulatory crackdown in China.<sup>1</sup>

Across US market sectors, Healthcare and Real Estate were the top performers in July, returning 4.9% and 4.6% respectively. Energy ended its hot streak and was down -8.3% for the month but is still the year’s top performing sector with gains of 33.6% year to date.

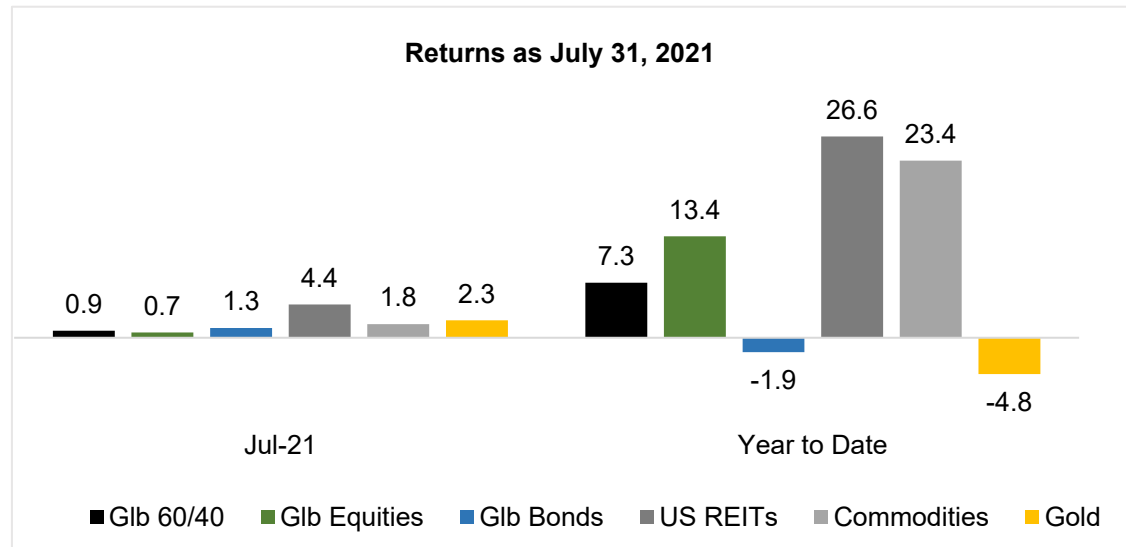
US and Global bond indexes rose as interest rates fell in July. The yield on the 10-year declined to 1.23%, reducing fears of inflation. US bonds were up for a 4<sup>th</sup> consecutive month, posting gains of 1.1% but still remain down -0.5% for the year. All major bond sectors had positive returns in July led by Long Treasury and Treasury Inflation Protected Securities (TIPS), up 3.6% and 2.7%.

Gold returned 2.3% in July in reaction to a weakening USD (down -0.2%). Commodities had another stellar month and were up 1.8% in July. US and Global REITs were the best

<sup>1</sup> Source: Reuters. Baffled investors fear nothing's off limits in China regulatory crackdown | Reuters

performing of the global market sectors, up 4.4% and 4.5% in July, and are now up 26.6% and 24.1% for the year.

Finally, relative to a globally balanced (60/40) equity/bond index, allocations to commodities,



US REITs, global bonds and gold helped while global equities hurt for the month.

Source: Zephyr Style Advisor, Bloomberg, Reuters

## DEFINITIONS

Asset Class	Index	Definition
US Equity	S&P 500	measures the performance of 500 leading companies in the U.S. Constituents generally have a market-cap above \$5 billion and represent approximately 80% of the investable market.
Global Equity	MSCI ACWI	measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.
International Developed Equity	MSCI EAFE	measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Emerging Markets (EM) Equity	MSCI Emerging Markets	measures the equity market performance of countries considered to represent emerging markets.
US Equity	Nasdaq 100	measures companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology.
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–Energy	S&P 500 Sector Energy	measures the performance of companies involved in the development and production of crude oil, natural gas and provide drilling and other energy-related services.
Sector - Healthcare	S&P 500 Sector Healthcare	measures the performance of companies involved in health care equipment and supplies, health care providers and services, biotechnology and pharmaceutical industries.

Global Fixed Income	Bloomberg Barclays Global Aggregate	measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
US Fixed Income	Bloomberg Barclays 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 Long Treasuries	Bloomberg Barclays US Treasury Long	measures the performance of long-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of ten or more years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate and have \$250 or more of outstanding face value.
US Treasury Inflation Protected Securities	Bloomberg Barclays US TIPS	measures the performance of inflation-protected securities issued by the US Treasury.
Emerging Markets Fixed Income	Bloomberg Barclays 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.
International Fixed Income	Bloomberg Barclays 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.
Commodities	Bloomberg Commodity	measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Gold	Bloomberg Sub Gold	measures the performance of futures contract on Gold and is quoted in USD.
Global REIT	DJ Global ex US Select REIT	measures the performance of publicly traded international real estate securities, such as real estate investment trusts (REITs) and real estate operating companies.
US REIT	FTSE NAREIT All Equity REITs	measures the performance of a comprehensive family of REIT indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors.

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