



### KEY TAKEAWAYS

- July saw positive returns across the major indices with the S&P 500 leading the way, up 3.7% during the month, supported by a strong earnings season. An impressive 80% of S&P 500 companies that have reported Q2 earnings so far have beaten estimates, compared to a 67% historical beat rate.
- The U.S. economy powered ahead in Q2 with GDP growing at an annualized rate of 4.1%, the highest growth rate since 2014. Increases in consumer spending, exports, and business investment helped to fuel the growth. Economic data remains strong and continues to signal further expansion.
- Overseas GDP growth has been less exciting. The Eurozone grew at a 1.4% annualized rate in Q2, weighed down by waning business optimism as uncertainty over trade tensions lingered. Despite the slower rate of growth, European equities delivered positive returns over the month. Strong earnings and cheaper valuations have cushioned the impact of trade threats.
- While President Trump has eased his stance on tariffs for car imports from Europe, negotiations continue between the U.S. and China. Ongoing discussions are likely to increase market volatility over the near term.

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### INDEX PERFORMANCE (as of 7/31/18)

Equity	July	Three-Month	One-Year
U.S. Large Cap	3.7%	6.9%	16.2%
U.S. Small Cap	1.7%	8.7%	18.7%
Developed Non-U.S.	2.5%	-1.1%	6.4%
Emerging Market	2.2%	-5.5%	4.4%
Real Assets			
Real Estate	0.9%	2.0%	4.7%
Commodities	-2.1%	-4.2%	2.7%
Natural Resource Equities	1.1%	5.0%	17.0%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	1.1%	1.5%	2.6%
Emerging Market Debt	1.9%	-5.9%	-2.5%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	0.0%	0.6%	-0.8%
U.S. Treasuries	-0.4%	0.5%	-1.2%
U.S. Municipal Bonds	0.4%	1.4%	0.3%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	12.8	16.1	10.3
10-Year Treasury Yield	3.0%	2.9%	2.3%

Sources: Bloomberg, Morningstar, treasury.gov, S&P Dow Jones Indices.

You cannot invest directly in an index; therefore, performance returns do not reflect any management fees. Returns of the indices include the reinvestment of all dividends and income, as reported by the commercial databases involved.

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