

KEY TAKEAWAYS

- Equities were mixed in July as U.S. Large-Cap Growth buoyed markets while Small Caps, EM Equities, and Natural Resource equities all retreated. Bonds also rallied strongly as the 10-year U.S. Treasury rates dipped below 1.25% as inflation concerns appear to be dismissed by market participants. This marks the fifth month in a row of declining Treasury yields.
- Chinese equity markets sold off as expanding regulatory limitations impact a growing number of companies, causing investors to reconsider risks associated with investing in China. Chinese GDP growth appears to have peaked in Q1 at 18.3% while slowing to a slightly below expectation of 7.9% in Q2.
- U.S. companies continue to report expectation-beating earnings in Q2 but many industries face challenges finding enough employees and rebuilding their inventories as we move into the second half of the year. According to Factset, with 59% of S&P 500 companies reporting as of July 30th, 88% have reported positive revenue and earnings surprises.
- Congress begins its review of the proposed \$1 Trillion "Infrastructure Investment and Jobs Act" in the hopes of coming to a bipartisan agreement shortly.

INDEX PERFORMANCE (as of 7/31/2021)

Equity	July	Year-to-Date	One-Year
U.S. Large Cap	2.4%	18.0%	36.4%
U.S. Small Cap	-3.6%	13.3%	52.0%
Developed Non-U.S.	0.8%	10.0%	30.9%
Emerging Market	-6.7%	0.4%	21.0%
Real Assets			
Real Estate	2.4%	16.6%	30.9%
Commodities	1.8%	23.4%	40.3%
Natural Resource Equities	-5.3%	25.7%	36.6%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	0.4%	4.0%	10.6%
Emerging Market Debt	-0.4%	-3.8%	3.0%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	1.1%	-0.5%	-0.7%
U.S. Treasuries	1.4%	-1.3%	-3.0%
U.S. Municipal Bonds	0.6%	1.0%	1.9%
Month-End Values/Yield			
CBOE Volatility Index	18.2	15.8	24.5
10-Year Treasury Yield	1.2%	1.5%	0.6%

ALASKA

ARIZONA

CALIFORNIA

COLORADO

FLORIDA

GEORGIA

MASSACHUSETTS

NEW JERSEY

NEW YORK

TEXAS

BELLEVUE, WA

SEATTLE, WA

WASHINGTON D.C.

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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. Returns over one year have been annualized.

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the DJ UBS Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.