

July 2021 Market Update

U.S. Stocks picked up 1.7% in July for a total year-to-date gain of 17.2%. International stocks lagged, dropping 1.1% for a YTD gain of 9.1%. Bonds had another good month, up 1.1% although still down 0.6% YTD. Finally, real estate extended its stellar performance, up 4.4% for an impressive 26.8% gain YTD.

U.S. markets shrugged off inflation fears (5.4% CPI print in July) as the 10 year Treasury went from 1.45% to 1.24% in July. Investors are closely watching two bills in Congress, a \$579 billion infrastructure bill and a \$3.5 trillion liberal spending package.

In international equities, a meltdown in Chinese stocks dragged down emerging markets. On the month, China dropped a whopping 13.8% and emerging markets fell 6.7%. Year-to-date, China is down 12.3% and EM up a negligible 0.2%. The downfall was prompted by announcements from President Xi Jinping reining in the private sector, especially technology and education firms. After considering Xi Jinping's action, we maintained our allocations to Chinese stocks. With strong market fundamentals and cheap valuations, Chinese stocks offer an attractive asset for long-term investors who can withstand high risk.

Table 1: Benchmark Index Performance as of July 31, 2021

Benchmark Index	1 Mo	YTD	12 Mo	5 Yr Ann
U.S. Stocks	1.7%	17.2%	38.9%	17.4%
International Stocks	-1.1%	9.1%	30.2%	9.9%
U.S. Bonds	1.1%	-0.6%	-0.8%	3.0%
U.S. Real Estate	4.4%	26.8%	35.4%	7.1%

Table 2: Vanguard Asset Allocation Benchmarks as of July 31, 2021

Vanguard Fund: % Stock/% Bond mix	1 Mo	YTD	12 Mo	5 Yr Ann
LifeStrategy Growth Fund: 80/20	0.7%	10.7%	27.3%	12.2%
LifeStrategy Moderate Growth Fund: 60/40	0.8%	7.8%	19.9%	9.9%
LifeStrategy Conservative Growth Fund: 40/60	1.0%	5.0%	12.8%	7.7%
LifeStrategy Income Fund 20/80	1.2%	2.2%	6.0%	5.4%

Chart 1: Year-to-Date Market Index Performance as of July 31, 2021

