
July 2023 Market Update

Equities marched higher in July with U.S. equities up 3.7% and international equities up 3.9%. Bonds were flat and real estate was up 2.0%. U.S. equities are now up 20.4% in 2023 with international equities up 14.1%, bonds up 2.2% and real estate up 5.5%.

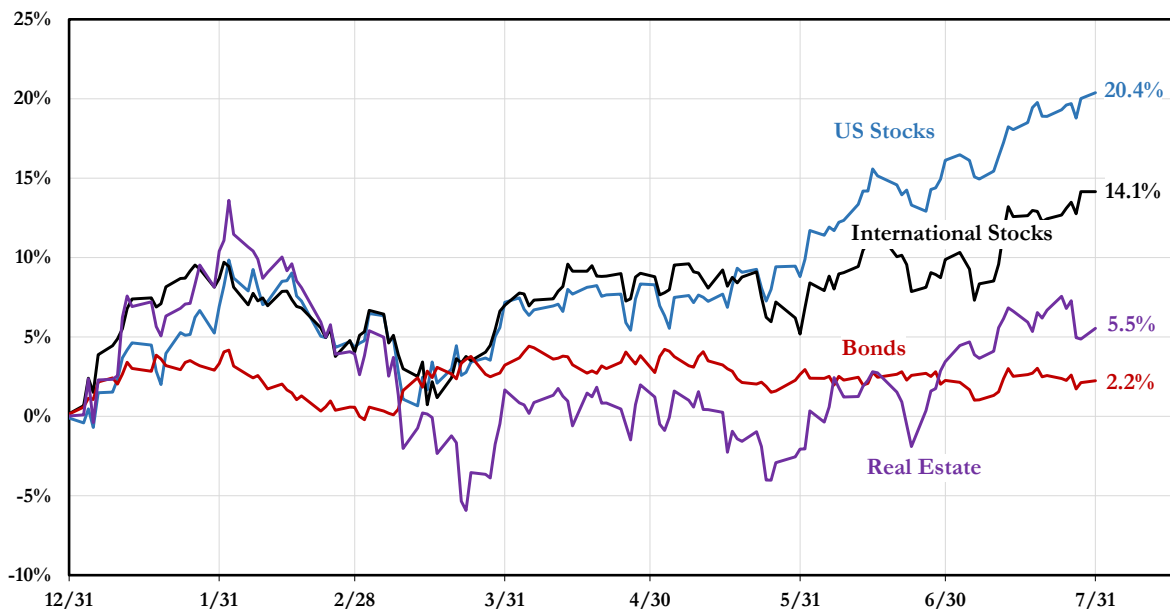
U.S. small cap stocks, up 5.0% July, outpaced large cap stocks, up 3.4%. Large cap growth and value stocks posted nearly identical gains in July.

Intermediate Treasury yields were flat while longer Treasury yields rose. The 10-year Treasury rose from 3.81% to 3.97%.

If we reflect on the beginning of this year, many economists were anticipating a recession as early as the end of 2023 and certainly by 2024. They predicted a recession due to the anticipated effect of higher interest rates on economic growth. That predicted recession has not materialized and Q3 GDP growth estimates are now 3.5%. While we are not out of the woods yet, it is looking more likely that the Fed can engineer a “soft landing”, meaning a reduction in inflation without an accompanying recession.

Our allocations remain close to long-term strategic targets with a small over-allocation to growth equities.

Chart 1: Year-to-Date Market Performance as of July 31, 2023



Benchmark Performance Summary

Asset Class Benchmark Returns

Asset Class	1 Mo	YTD	2022	5 Yr
Global Equities	3.7%	17.9%	-18.0%	8.2%
U.S. Equities	3.7%	20.4%	-19.5%	11.4%
U.S. Large Cap Equities	3.4%	21.2%	-19.9%	12.0%
U.S. Large Cap Growth	3.4%	37.7%	-33.2%	14.7%
U.S. Large Cap Value	3.5%	6.1%	-2.1%	9.1%
U.S. Small Cap Equities	5.0%	14.7%	-17.5%	7.2%
U.S. Small Cap Growth	4.2%	19.8%	-28.4%	6.8%
U.S. Small Cap Value	5.4%	11.1%	-9.4%	6.8%
Ex-U.S. Equities	3.9%	14.1%	-16.1%	4.0%
Developed Market Equities	3.1%	15.0%	-15.4%	4.6%
Developed Market Growth	1.2%	16.4%	-23.1%	5.2%
Developed Market Value	4.3%	14.3%	-5.2%	3.2%
Emerging Market Equities	5.9%	11.2%	-18.0%	2.6%
Fixed Income	0.0%	2.2%	-13.0%	0.7%
Ultrashort	0.4%	2.8%	1.5%	1.6%
Short Term	0.3%	1.3%	-3.9%	1.0%
Inflation Protected	0.0%	2.1%	-12.0%	2.6%
U.S. Aggregate Bond	0.0%	2.2%	-13.0%	0.7%
Real Estate	2.0%	5.5%	-26.2%	4.6%
Cash	0.4%	2.8%	1.5%	1.6%

Portfolio Benchmarks

Portfolio	1 Mo	YTD	2022	5 Yr
Vanguard Total World Stock ETF	3.7%	17.9%	-18.0%	8.2%
Vanguard Total U.S. Stock ETF	3.7%	20.4%	-19.5%	11.4%
Vanguard Lifestrategy Growth Fund 80/20	3.0%	14.5%	-17.1%	7.0%
Vanguard Lifestrategy Mod Growth Fund 60/40	2.2%	11.5%	-16.0%	5.5%
Vanguard Lifestrategy Cons Growth Fund 40/60	1.5%	8.5%	-15.0%	3.9%
Vanguard Lifestrategy Income Fund 20/80	0.7%	5.5%	-13.9%	2.3%
Vanguard Total U.S. Bond Market ETF	-0.1%	2.3%	-13.1%	0.8%