

# Market Overview

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## STOCKS PARE YEAR-TO-DATE GAINS AFTER A FEW STRONG MONTHS

### THE MONTH AT A GLANCE

	MTD
S&P 500	-3.22%
MSCI EAFE	-4.16%
MSCI Emerging Markets	-6.09%
Bloomberg US Aggregate	-1.68%

All returns are total returns as of the date of the report unless otherwise noted.

Indices are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. The results don't reflect any particular investment. Past performance is not indicative of future results.

The economy remained strong in the second quarter, with growth accelerating and GDP rising at a 2.4% annualized rate compared to 2% in the first quarter<sup>1</sup>. Consumers continue to propel the economy forward, with consumer spending growing at a 1.6% rate during the quarter<sup>1</sup> and headline retail sales rising 0.7% in July<sup>2</sup>. The consumer continues to benefit from a tight, albeit cooling, labor market with nonfarm payrolls increasing 187,000 in July<sup>3</sup>, a bit lower than Bloomberg's consensus estimate of 200,000<sup>4</sup>, and the second straight negative surprise after exceeding expectations for over a year<sup>5</sup>. The household survey showed stronger employment, with an increase of 268,000 jobs, and the unemployment rate fell from 3.6% to 3.5%<sup>3</sup>.

In today's environment, strong consumer spending can create concerns over what future inflation reports may look like, but so far, the recent improving trends have continued. The latest inflation report showed the Consumer Price Index (CPI) rose 0.2% in July across both headline and core measurements (which excludes the more volatile food and energy components)<sup>6</sup>. The report marked the smallest back-to-back increases in core inflation in over two years<sup>7</sup>. On an annual basis, the consumer price index rose 3.2% year-over-year, compared to 3.0% in June<sup>6</sup>. While housing costs continue to contribute significantly to both services and overall inflation, used-car prices and airfares decreased. The report is likely to increase the odds of the Federal Reserve keeping rates steady following their September meeting, though there is one more inflation report due before the meeting.

Speaking of the Federal Reserve, the Fed raised rates another 25 basis points to 5.5% at their most recent meeting at the end of July, marking the 11<sup>th</sup> hike since March 2022. At the press conference, Federal Reserve Chairman Jerome Powell avoided making specific predictions about future rate moves, emphasizing the Fed's need to be flexible based on economic data. However, the Fed is no longer forecasting a recession this year, but it does not expect inflation to slow to its 2% target until around 2025.

1. Bureau of Economic Analysis, <https://www.bea.gov/news/2023/gross-domestic-product-second-quarter-2023-advance-estimate>
2. Census Bureau, [https://www.census.gov/retail/marts/www/marts\\_current.pdf](https://www.census.gov/retail/marts/www/marts_current.pdf)
3. Bureau of Labor Statistics, <https://www.bls.gov/news.release/empsit.nr0.htm>
4. Based on Bloomberg's survey of economists
5. Bloomberg Economics
6. Bureau of Labor Statistics, <https://www.bls.gov/news.release/cpi.nr0.htm>
7. Bloomberg Economics

Source: Helios Quantitative Research, Bloomberg

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Equity Markets	MTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>S&amp;P 500</b>	-3.22%	16.75%	5.02%	11.29%	11.40%	12.41%
Russell Midcap	-4.26%	8.49%	-0.88%	9.21%	7.83%	9.78%
Russell 2000	-5.29%	8.61%	-4.78%	7.63%	3.91%	7.73%
<b>MSCI ACWI</b>	-3.97%	13.42%	4.81%	7.78%	7.82%	8.16%
MSCI EAFE	-4.16%	10.49%	10.12%	6.16%	4.64%	4.55%
MSCI Emerging Markets	-6.09%	4.63%	-0.68%	-1.10%	1.65%	2.67%
<b>Fixed Income Markets</b>						
<b>Bloomberg US Aggregate</b>	-1.68%	0.31%	-4.45%	-4.74%	0.30%	1.39%
Bloomberg US Treasury	-1.34%	-0.13%	-4.50%	-5.32%	0.05%	0.86%
Bloomberg US Corporate	-2.04%	1.45%	-3.25%	-4.63%	1.16%	2.48%
Bloomberg US MBS	-2.06%	-0.31%	-6.03%	-4.48%	-0.48%	0.97%
Bloomberg Municipal	-0.95%	2.10%	0.16%	-1.37%	1.63%	2.80%
Bloomberg US Corporate High Yield	-0.46%	6.34%	2.15%	1.85%	3.28%	4.38%
Bloomberg Global Aggregate	-2.00%	0.09%	-4.38%	-6.17%	-1.17%	-0.03%
<b>Alternative Markets</b>						
Dow Jones US Real Estate	-4.00%	1.61%	-15.27%	3.85%	3.70%	6.79%
Bloomberg Commodity	-3.29%	-7.98%	-14.48%	13.60%	4.78%	-2.19%
Wilshire Liquid Alternative Index	-0.74%	2.68%	0.20%	1.88%	1.58%	1.42%

## MARKET HIGHLIGHTS

- The first half of August saw equity markets pare back year-to-date gains, with the S&P 500 falling 3.22% on a total return basis. It outperformed its smaller peers, where the Russell Midcap Index and Russell 2000 lost 4.26% and 5.29%, respectively.
- Global equities underperformed the S&P 500, with the MSCI EAFE and MSCI Emerging Markets losing 4.16% and 6.09%, respectively.
- Yields across the intermediate and long end of the curve shifted upwards, putting pressure on bonds. The Bloomberg US Aggregate index lost 1.68% in the first half of the month, though keeping its year-to-date figure slightly positive, as Treasuries and mortgage-backed securities fell into the red on a year-to-date basis.

Source: Helios Quantitative Research, Bloomberg

Total returns as of the report date unless otherwise noted. Returns over 1 year are annualized. Indices are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses and don't reflect any particular investment. Past performance is not indicative of future results.

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# Market Overview

## EQUITY SECTOR PERFORMANCE

Ranked S&P 500 Sector Total Returns

SECTOR	MTD
Health Care	1.10%
Energy	0.16%
Communication Services	-2.47%
Consumer Staples	-2.58%
Industrials	-2.62%
Consumer Discretionary	-2.70%
Financials	-3.14%
S&P 500	-3.22%
Real Estate	-3.59%
Materials	-4.87%
Utilities	-6.08%
Information Technology	-6.10%

Sector total returns are based on the S&P 500 GICS Level 1 indices.

## EQUITY STYLE & SIZE PERFORMANCE

Ranked Style, Size, and Geography Total Returns

ASSET CLASS	MTD
Large Cap Value	-2.95%
S&P 500	-3.22%
Large Cap Blend	-3.42%
Large Cap Growth	-3.84%
Mid Cap Value	-4.06%
Developed International	-4.16%
Mid Cap Blend	-4.26%
Small Cap Value	-4.65%
Mid Cap Growth	-4.75%
Small Cap Blend	-5.29%
Small Cap Growth	-5.94%
Emerging Markets	-6.09%

Asset class total returns are based on the Russell 1000, Russell 1000 Growth, Russell 1000 Value, Russell Midcap, Russell Midcap Growth, Russell Midcap Value, Russell 2000, Russell 2000 Growth, Russell 2000 Value, MSCI EAFE, and MSCI Emerging Markets indices.

## CREDIT SECTOR PERFORMANCE

Ranked Fixed Income Sectors Total Returns

SECTOR	MTD
US Aggregate 1-3 Year	-0.01%
US Agency	-0.33%
US Corporate High Yield	-0.46%
Municipal	-0.95%
Global High Yield	-1.07%
US Treasury	-1.34%
TIPS	-1.59%
US Aggregate	-1.68%
EM Bonds (USD)	-1.96%
Global Aggregate	-2.00%
US Corporate	-2.04%
US Aggregate 10+ Year	-4.06%

Sector total returns are based on the Bloomberg US Aggregate, US Treasury, US Treasury Inflation Notes, US Agency, Municipal, US Corporate, US Corporate High Yield, Global Aggregate, Global High Yield, and EM USD Aggregate indices.

Source: Helios Quantitative Research, Bloomberg

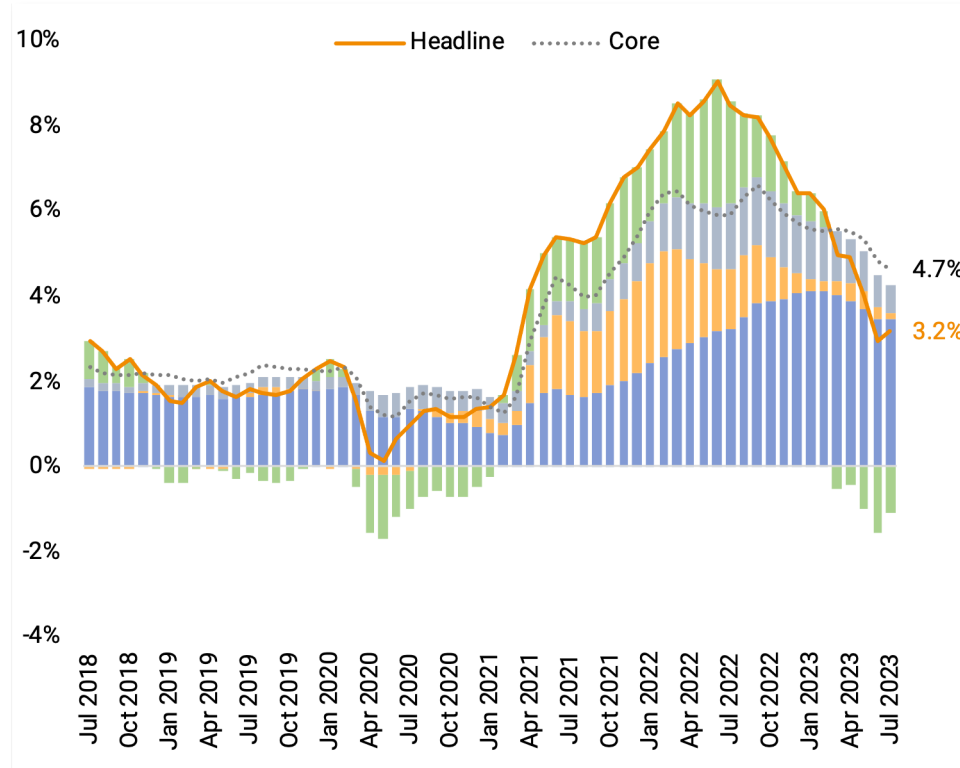
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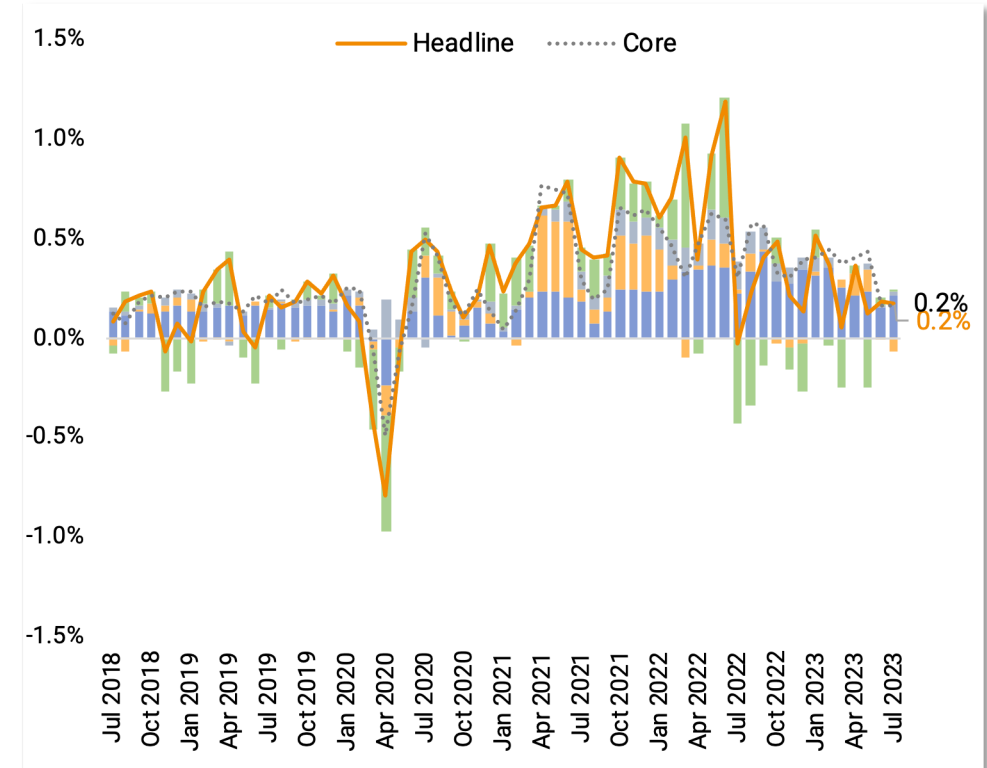
# Inflation Breakdown

## CORE INFLATION CONTINUES TO IMPROVE

Major components of the Consumer Price Index, annual change



Major components of the Consumer Price index, monthly change



Energy      Food      Goods<sup>1</sup>      Services<sup>1</sup>

1. Excludes food and energy

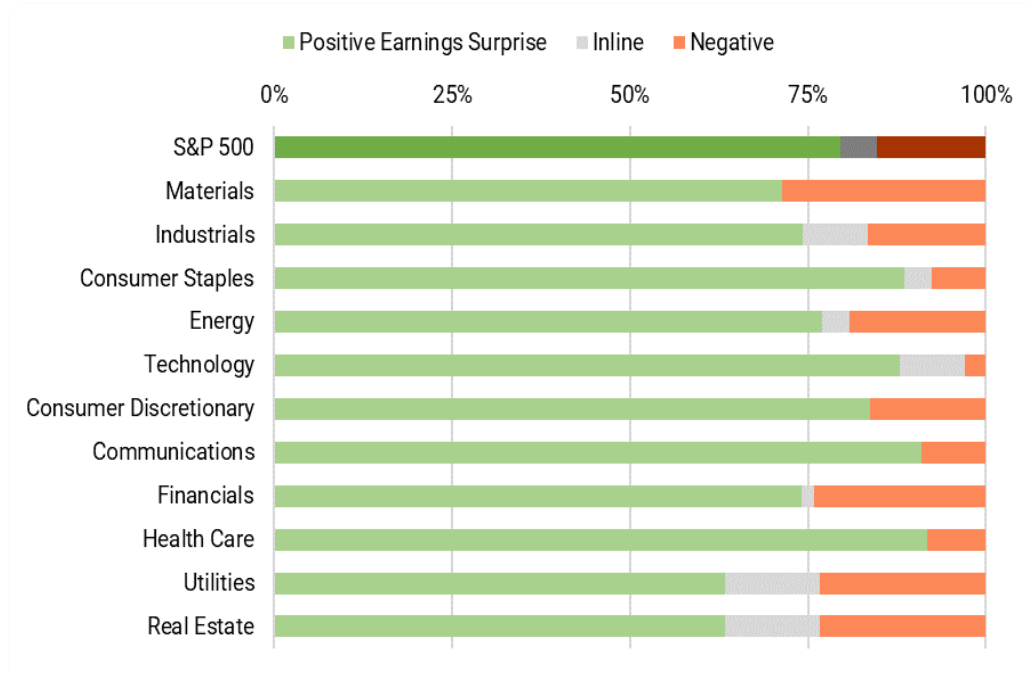
Source: Helios Quantitative Research, Bloomberg, Bureau of Labor Statistics

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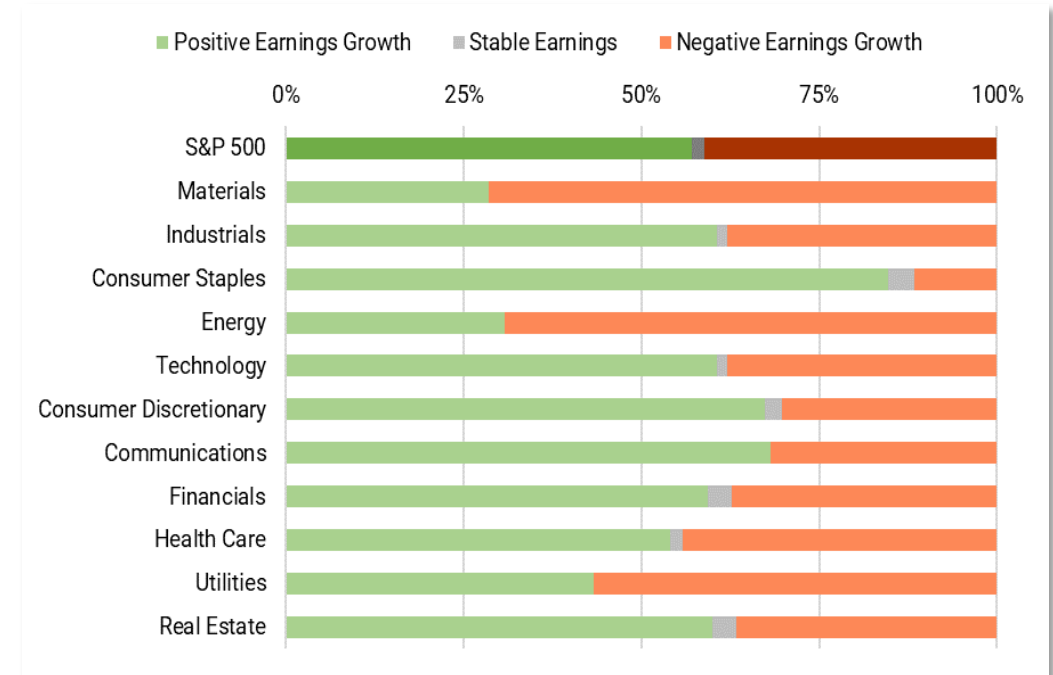
# Second Quarter Earnings Update

## EARNINGS DECLINE, BUT CONTINUE TO BEAT EXPECTATIONS

Proportion of S&P 500 companies beating analyst expectations



Proportion of S&P 500 companies growing earnings



Latest available as of 8/15/2023 with 457 companies within the S&P 500 having reported earnings.

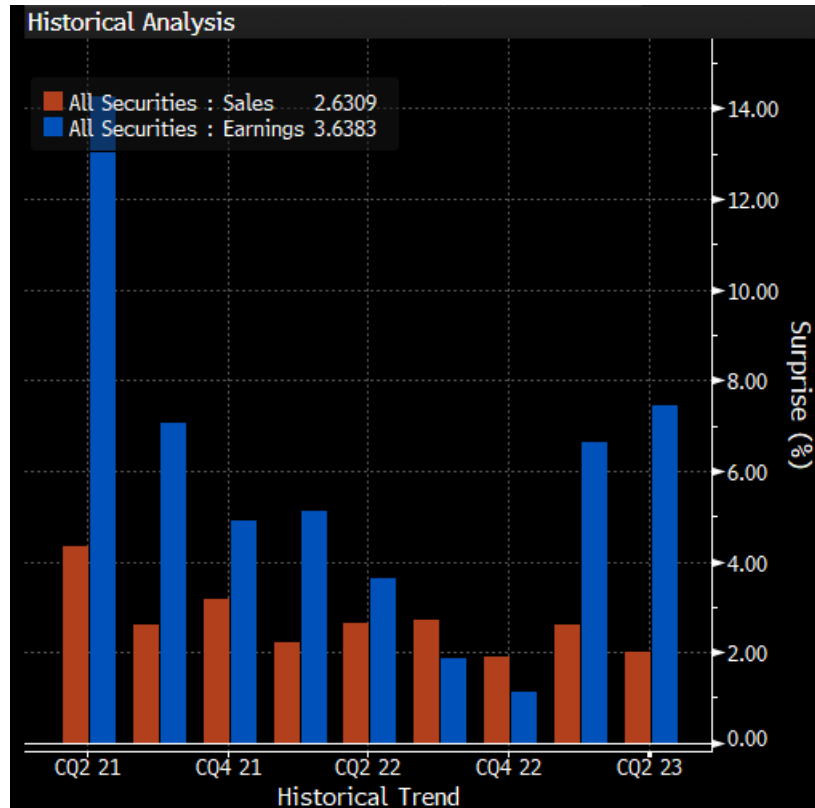
Source: Helios Quantitative Research, Bloomberg

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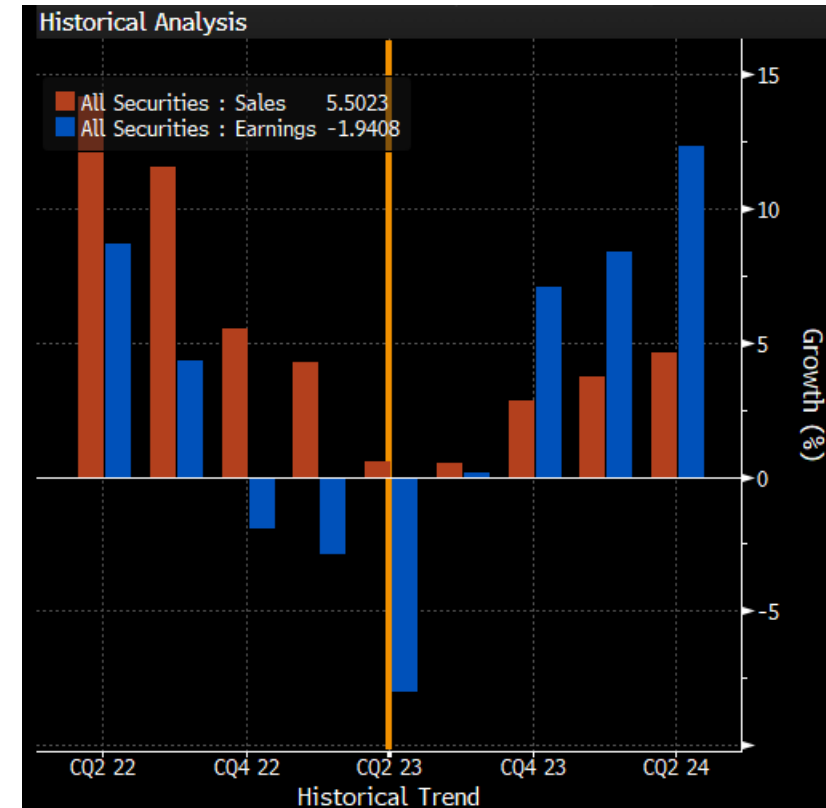
# Second Quarter Earnings Update

## EARNINGS DECLINE, BUT CONTINUE TO BEAT EXPECTATIONS

Surprise analysis



Growth actuals



Latest available as of 8/15/2023 with 457 companies within the S&P 500 having reported earnings.

Source: Helios Quantitative Research, Bloomberg

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# Growth vs Value : The Saga Continues

Value continues to hold the lead against Growth

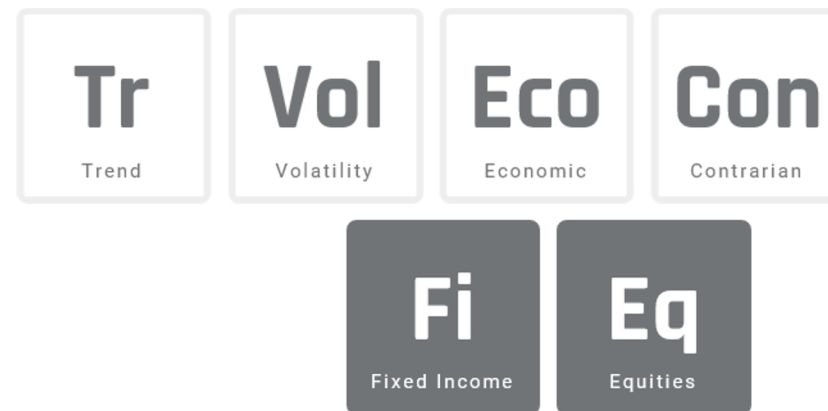


Source: Helios Quantitative Research. Data from 6/1/2022 to 8/16/2023.

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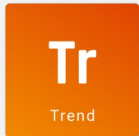
# Ecosystem



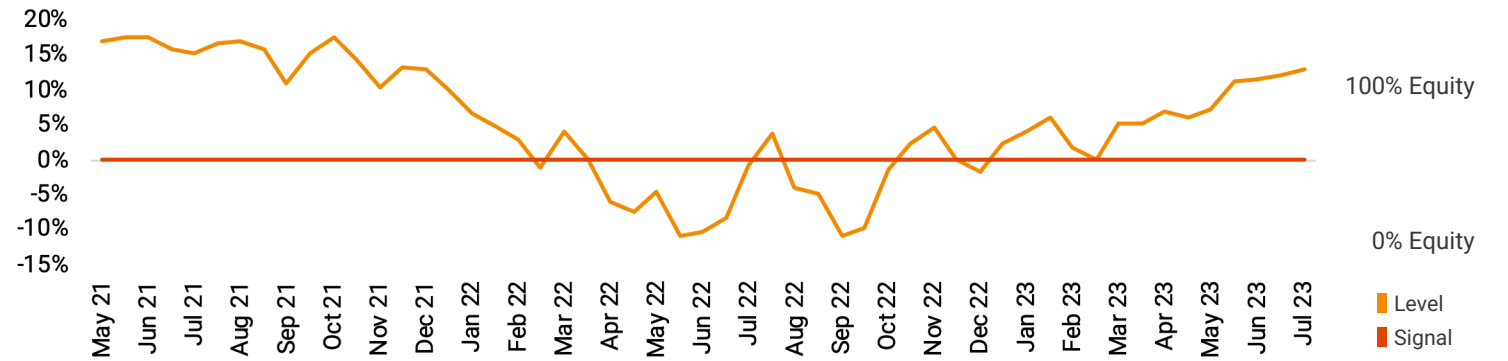
# Trend Level Element

## TRADE RATIONALE

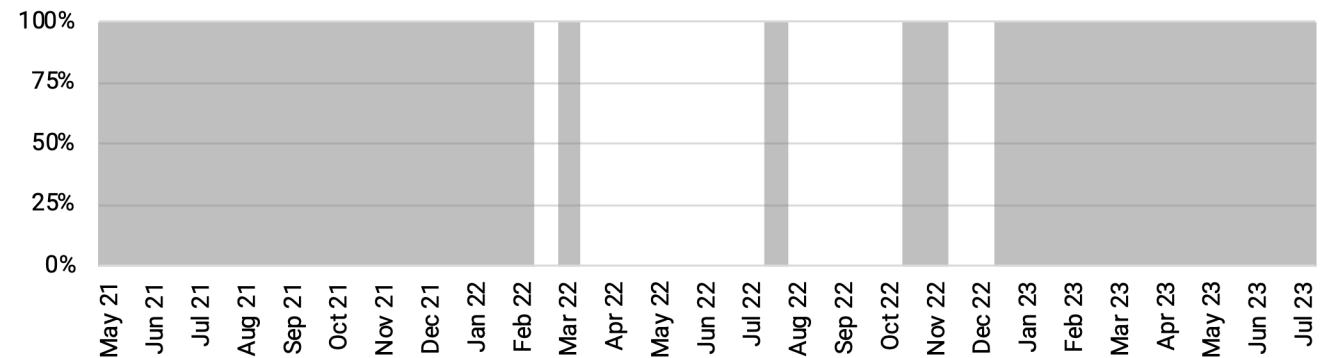
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## SIGNAL



## HISTORICAL EXPOSURE

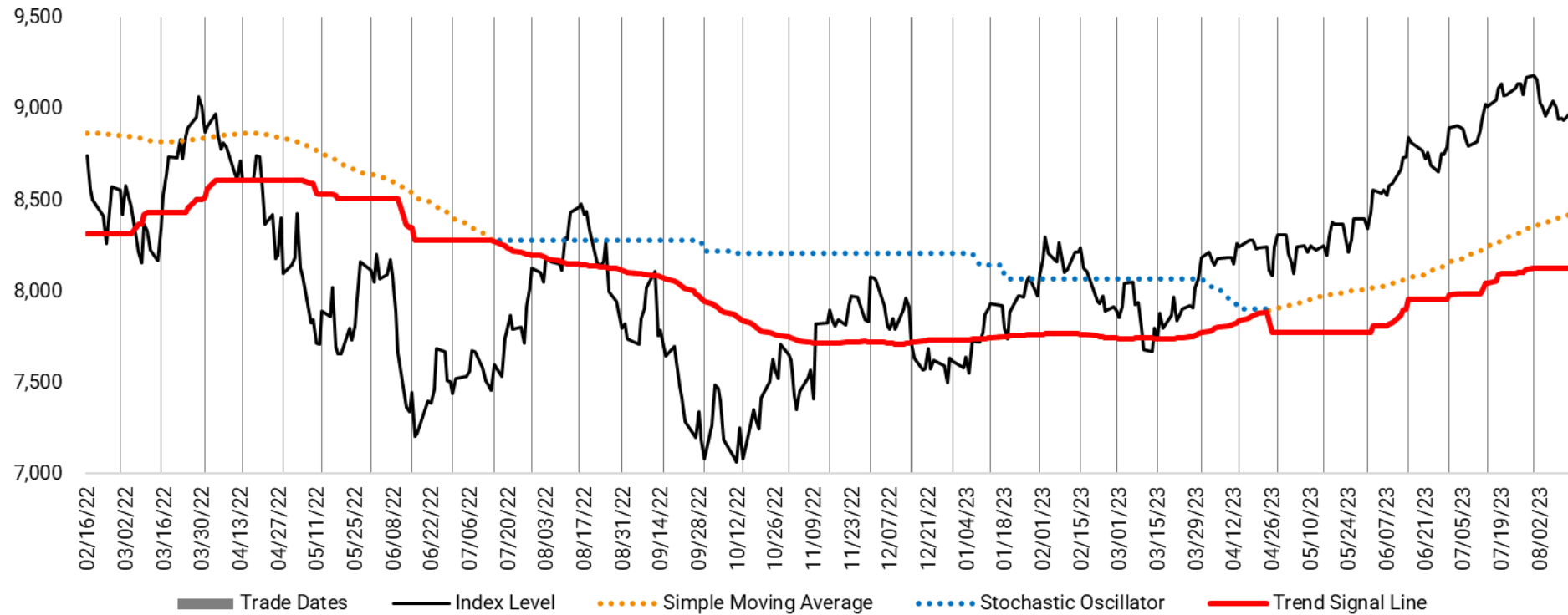


Source: Helios Quantitative Research, Bloomberg

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# Trend Level Element

## Daily Element Data



Source: Helios Quantitative Research, Bloomberg

No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns. An index is a hypothetical portfolio of securities representing a particular strategy, market, or a market segment used as indicator for that particular strategy, market, or market segment. Indexes cannot be invested in directly.

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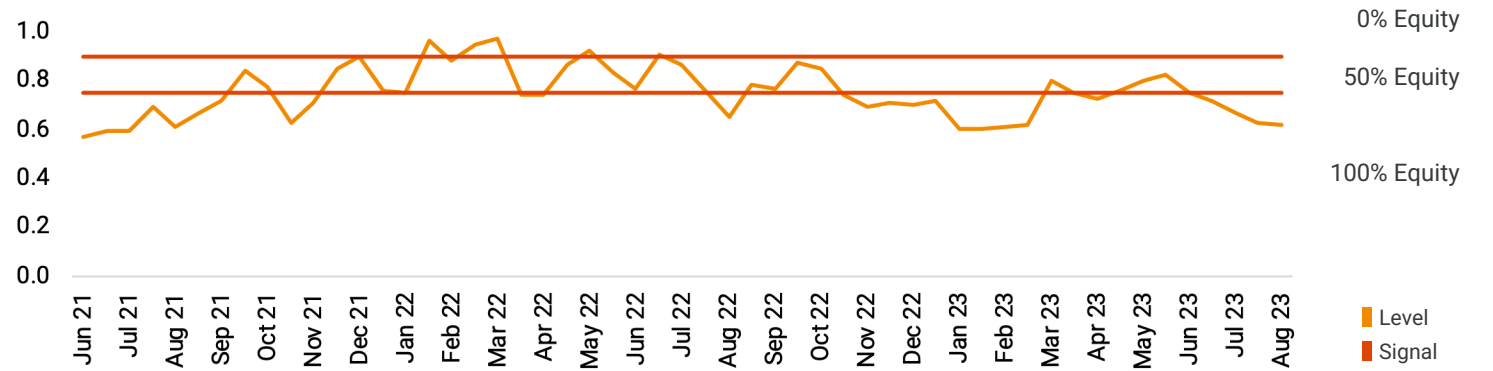
# Volatility Level Element

## TRADE RATIONALE

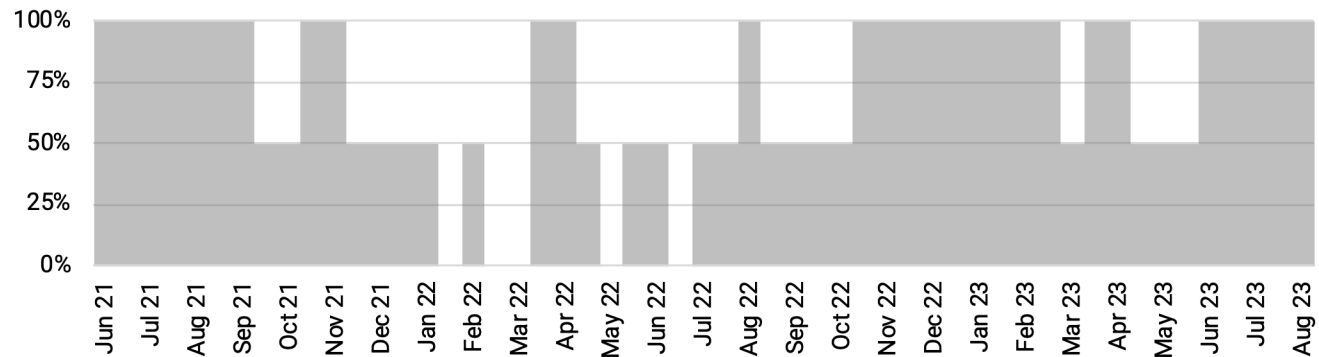
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## SIGNAL



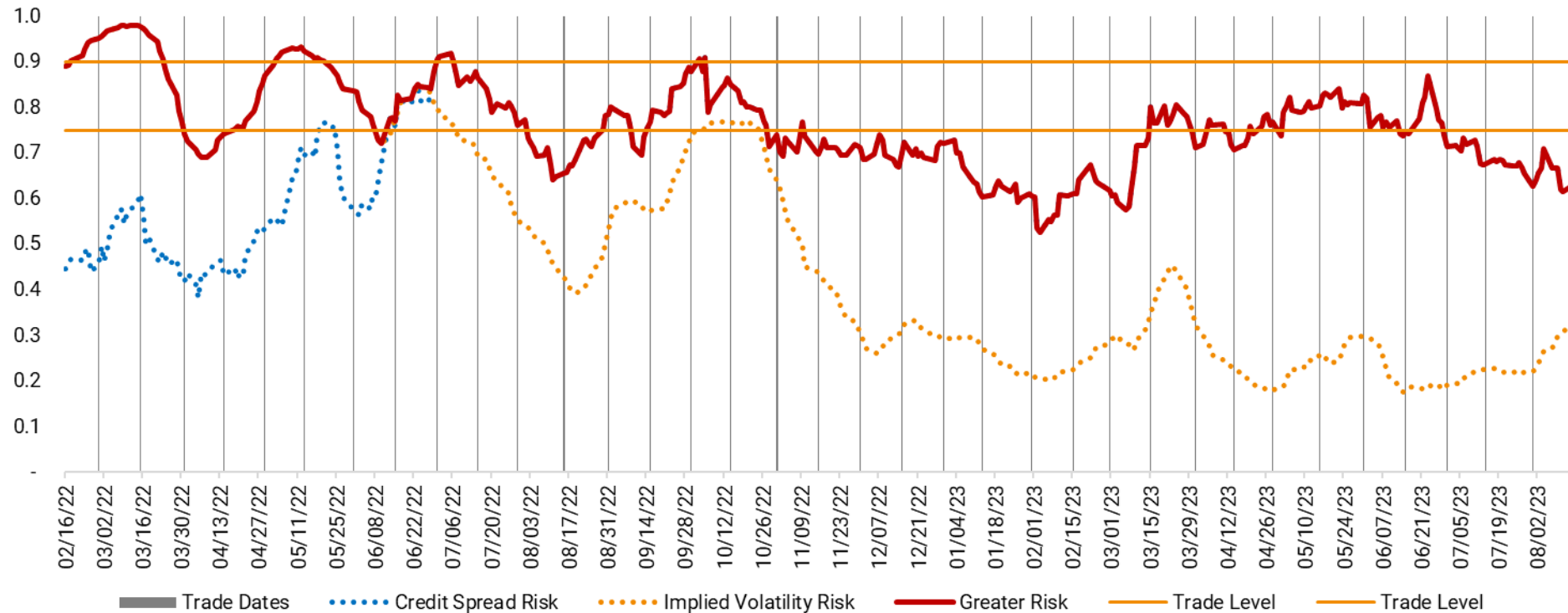
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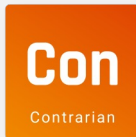
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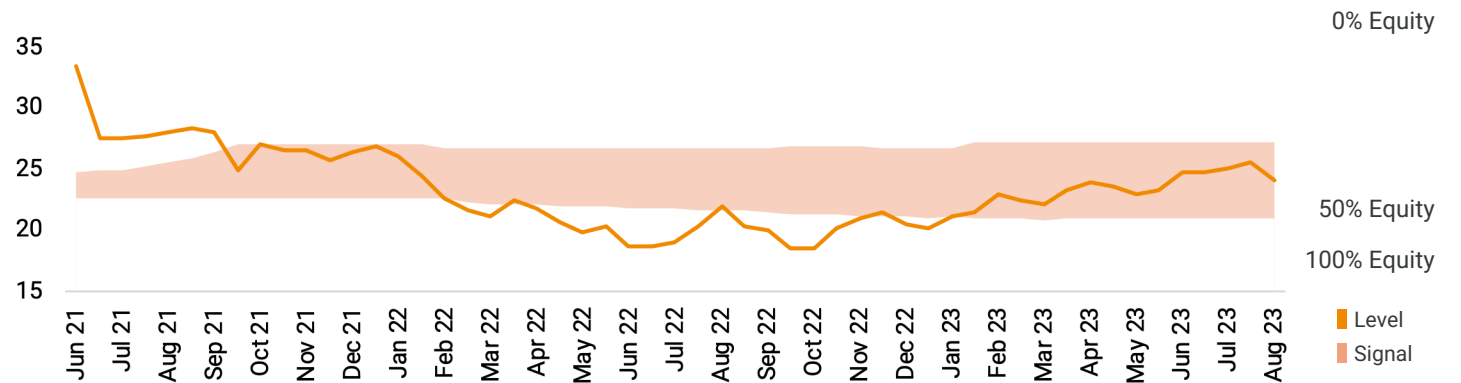
# Contrarian Level Element

## TRADE RATIONALE

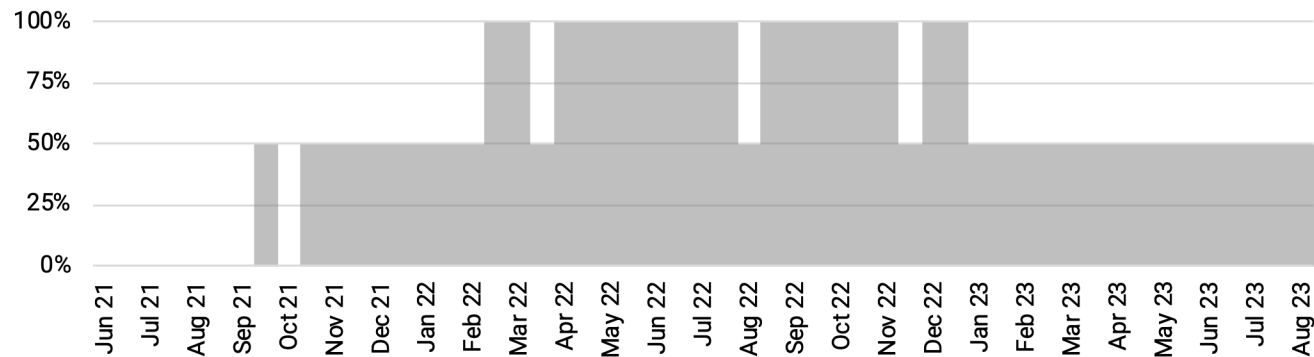
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## HISTORICAL EXPOSURE



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# Definitions & Disclosures

METHODS, DEFINITIONS, AND MORE

# Definitions & Disclosures

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