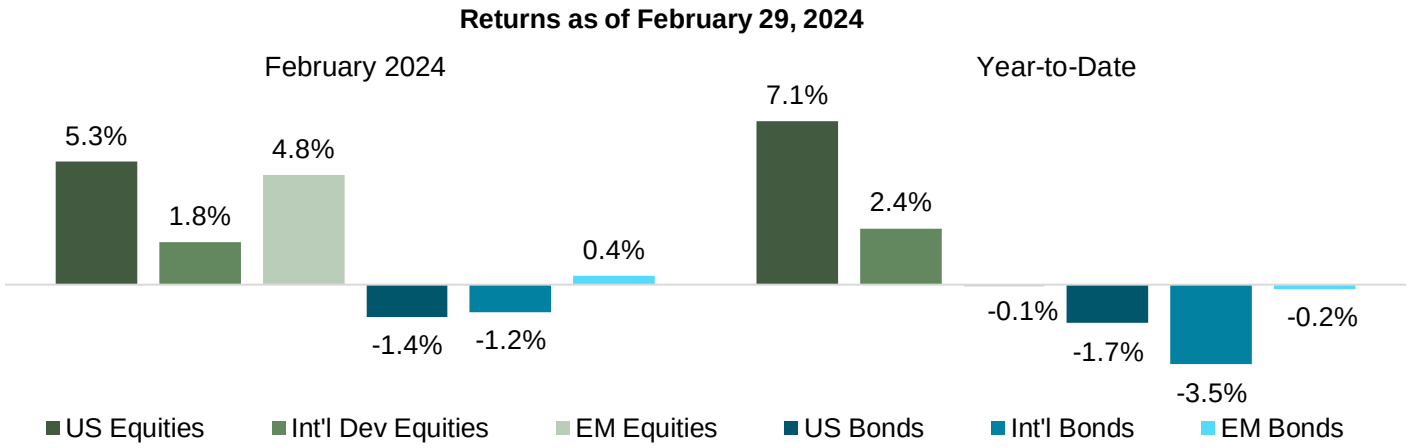
Semper Salutaris
Disciplined Financial Wellness

Monthly Market Review

February 2024 Market Review



Source: FactSet

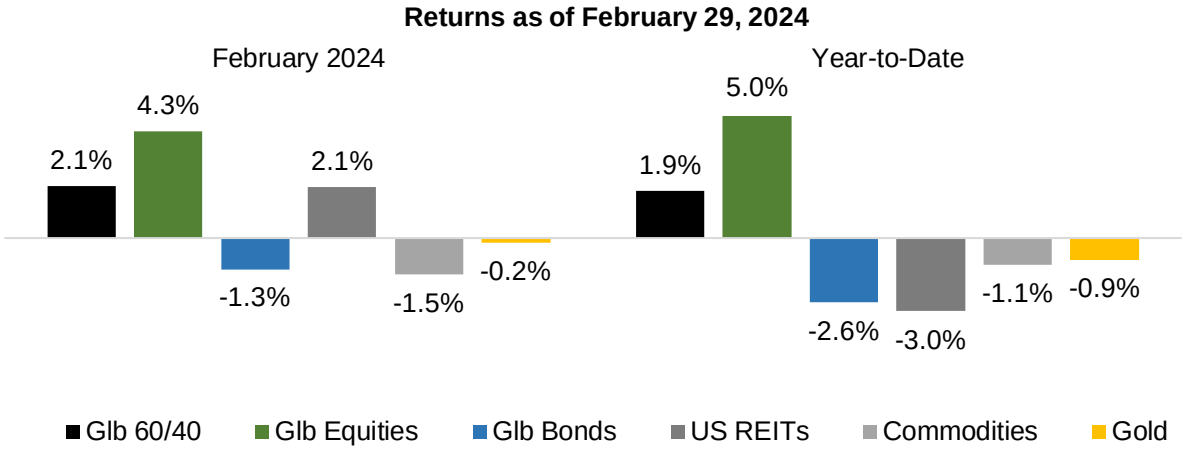
Equities had a strong month in February, with all major regional indexes posting positive returns. US equities gained 5.3%, supported by resilient economic data and positive earnings results. International developed equities were relative underperformers with the region's less rosy growth outlook, returning 1.8%. Emerging markets returned 4.8%, with gains driven primarily by China. China gained 8.6% in February, rebounding strongly after a rough start to the year due to supportive measures taken by the Chinese government and an uptick in recent economic activity.

Looking across US sectors, economically sensitive sectors were the top performers as economic results continued to come in strong. Consumer discretionary and industrials were the top performers, gaining 8.7% and 7.2%, respectively. Defensive sectors were the relative underperformers, with utilities and consumer staples at the bottom, returning 1.1% and 2.3%. Equity size and style performance generally reflected the sector results, with growth equities outperforming value and large and mid-caps outperforming small.

Fixed income continued their 2024 struggles, with major markets seeing more declines. In the US and developed international markets, higher inflation, and stronger economic results led to more repricing of bonds as investors anticipated further delayed or reduced interest rate cuts by central banks. Emerging market bonds eked out a modest return of 0.4% with their greater exposure to credit. High-yield and short-duration bonds were favored, while more interest rate-sensitive, longer-duration bonds underperformed for the month.

Commodities fell for a second straight month to start the year, declining -1.5% as gas and agricultural prices continued to drop. Gold fell a modest 0.2% in response to the US dollar strengthening over the month. Despite real estate's interest rate sensitivity, US REITs saw a 2.1% gain, with the overall strength of the economy helping to lift equity markets broadly.

Traditional balanced portfolios recovered from a negative start to the year, with the global 60/40 blended index gaining 2.1% in February. Equities were the primary contributor to the blended index's gains, while fixed income reduced returns. Exposure to US REITs helped portfolios, while commodities and gold detracted from returns.



Source: FactSet

INDEX DEFINITIONS

Asset Class	Index	Definition
China	MSCI China	Measures the performance of large and mid-cap shares in China including: China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe.
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Emerging Markets Bonds	Bloomberg Emerging Markets USD Aggregate	Measures the performance of hard-currency emerging markets debt, including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.
Emerging Markets (EM.) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Global 60/40 Index Blend	60% MSCI ACWI, 40% Bloomberg Global Aggregate	Measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios.
Global Equity	MSCI ACWI	Measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.
Global Bonds	Bloomberg Global Aggregate	Measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.
Gold	Bloomberg Gold – Total Return	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes Treasury, government-related, corporate, and

		securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the US and Canada.
Sector – Consumer Discretionary	S&P 500 Sector Consumer Discretionary	Measures the performance of companies involved in industries such as: automobiles and components, consumer durables, apparel, hotels, restaurants, leisure, media, and retailing.
Sector – Consumer Staples	S&P 500 Sector Consumer Staples	Measures the performance of companies involved in the development and production of consumer products including food and drug retailing, beverages, food products, tobacco, household products and personal products.
Sector – Industrials	S&P 500 Sector Industrials	Measures the performance of companies in industries such as aerospace and defense, building products, construction and engineering, electrical equipment, conglomerates, machinery, commercial services and supplies, air freight and logistics, airlines, marine, road and rail, and transportation companies.
Sector – Utilities	S&P 500 Sector Utilities	Measures the performance of companies that produce, generate, transmit or distribute electricity, water or natural gas, and includes power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources.
US Bonds	Bloomberg US Aggregate	Measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.
US Equity	S&P 500	Measures the performance of 500 leading companies in the US Constituents generally have a market cap above $5 billion and represent approximately 80% of the investable market.
US REIT	S&P Composite 1500 Real Estate	Measures the performance of publicly traded US real estate securities, such as real estate investment trusts (REITs) and real estate operating companies.

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