



An investment newsletter you can trust from

PHILLIPS  FINANCIAL
A foundation of trust

Market Commentary, Second Quarter 2024 July 9, 2024

In this Newsletter:

Market Commentary: "An AI-Driven Market"

Hunter Terrell, Operations Lead

Market Commentary: An AI-Driven Market

Artificial Intelligence, now commonly known as AI, has quickly become embedded in our daily lives. This trend started with our faithful servants Alexa on Amazon or Siri on Apple devices, and progressed to self-driving Tesla cars and more recently tools like ChatGPT. Wikipedia defines ChatGPT as a virtual assistant able to, among other still evolving functions, write and debug computer programs, compose music, and write poetry, song lyrics, and student essays.

As noted in the Wall Street Journal on June 30, "Artificial intelligence has been propelling stocks since late 2022, and the second quarter of 2024 was no different. Within the S&P 500, companies related to the theme gained 14.7% in market value this past quarter, whereas the rest lost 1.2%," resulting in an overall total return for the S&P 500 of 4.3% for the quarter.

Most other indexes, typically not reflecting those companies with AI orientations, were in negative total return territory for the quarter. The significant exception was emerging markets. The MSCI Emerging Markets Index posted a net total return of 5.0% for the quarter, a welcome reversal of fortune for a segment of the global equity market that has lagged the others for several years.

With a strong first quarter of 2024, most year-to-date results through six months are still favorable. The attached article published just before the end of the quarter, Midyear Review: [Stocks Maintain Momentum at Year's Halfway Point](#) from Dimensional Fund Advisors, provides an excellent narrative of trends and dynamics underlying market performance across both fixed income and stock markets globally.

For an even more detailed analysis of market returns through June 30th, read the [Second Quarter 2024 Market Commentary](#) from Dimensional Fund Advisors.

As always, this newsletter provides a general overview of the market, but it may not fully reflect the performance of your portfolio. That's why, at a minimum, we initiate an annual meeting with you. These meetings allow us to discuss your situation to determine if any changes should be made. However, we welcome additional conversations. Please contact your advisor if you would like to discuss your portfolio in more detail.

Index	% Last Quarter Return	% Year-to-Date Return	% Cumulative	% Cumulative	% Cumulative	% Cumulative	% Cumulative
	4/1/24 - 6/30/24	1/1/24 - 6/30/24	1 Year Avg.	3 Year Avg.	5 Year Avg.	10 Year Avg.	15 Year Avg.
	7/1/23 - 6/30/24	7/1/21 - 6/30/24	7/1/19 - 6/30/24	7/1/14 - 6/30/24	7/1/09 - 6/30/24		
Bloomberg US Aggregate Bond Index	0.07%	-0.71%	2.63%	-3.02%	-0.23%	1.35%	2.50%
S&P 500 Index	4.28%	15.29%	24.56%	10.01%	15.05%	12.86%	14.82%
S&P 500 Value Index	-2.10%	5.79%	15.29%	9.59%	11.89%	9.89%	12.70%
S&P Mid Cap 400 Index	-3.45%	6.17%	13.57%	4.47%	10.27%	9.14%	13.16%
S&P Small Cap 600 Index	-3.11%	-0.72%	8.66%	-0.26%	8.06%	8.24%	12.64%
S&P Small Cap 600 Value Index	-4.85%	-4.72%	4.20%	-0.79%	7.42%	7.18%	11.81%
MSCI EAFE Index	-0.42%	5.34%	11.54%	2.89%	6.46%	4.33%	6.76%
MSCI Emerging Markets Index	5.00%	7.49%	12.55%	-5.07%	3.10%	2.79%	4.90%
Dow Jones US Select REIT Index	-0.16%	-0.55%	7.15%	-0.14%	2.78%	5.17%	11.03%
Bloomberg Commodity Index	2.89%	5.14%	5.00%	5.65%	7.25%	-1.29%	-0.21%

Sources For This Commentary & Chart: YCharts, Wall Street Journal, Bloomberg, Dimensional Fund Advisors, MSCI, S&P Dow Jones Indexes

Green = best performing asset class

Red = worst performing asset class

Index returns are for illustrative purposes only, and do not reflect any management fees, transaction costs or expenses. The performance of an unmanaged index is not indicative of the performance of any particular investment. It is not possible to invest directly in any index. Past performance is no guarantee of future results.

Definitions and Disclosures:

Bloomberg US Aggregate Bond Index. An index managed by Bloomberg to track the general performance of the domestic taxable investment grade bond market.

S&P 500 Index. An index that measures the large-capitalization sector including roughly 500 leading companies representing over 80% of the largest market capitalization in the U.S. equity markets. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.

S&P 500 Value Index. Contains those securities from the S&P 500 Index with lower-than-average sales and growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.

S&P MidCap 400 Index. An index that measures the mid-capitalization sector including roughly 400 leading companies representing about 7% of the U.S. equity market. It is a capitalization weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.

S&P SmallCap 600 Index. An index that measures the small-capitalization sector including roughly 600 leading companies representing about 3% of the U.S. equity market. It is a capitalization-weighted index from a range of securities chosen by Standard & Poor's for liquidity and industry group representation.

S&P SmallCap 600 Value Index. Contains those securities from the S&P SmallCap 600 Index with lower-than-average sales and earnings growth rates and that generally reflect lower price-to-earnings and price-to-book ratios.

MSCI EAFE Index. An index developed by Morgan Stanley Capital International Inc. as an equity benchmark for performance of publicly traded securities in developed international markets.

MSCI Emerging Markets Index. An index developed by Morgan Stanley Capital international Inc. as an equity benchmark for performance of publicly traded securities in emerging markets.

Dow Jones U.S. Select REIT Index. This index tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

Bloomberg Commodity Index. An index managed by Bloomberg to provide a diversified, economically rational and liquid benchmark for commodities as an asset class. The index is currently composed of the prices of 22 exchange traded futures contracts on physical commodities.

**Focus on Phillips:
Hunter Terrell, Operations Lead**



Hunter Terrell, Operations Lead, joined our firm in 2022. Hunter oversees the firm's operational functions and has been especially involved in integrating new systems these past few months. He was born and raised in Fort Wayne, graduating from Homestead High School. He holds a Bachelor's Degree in Finance and a Master's Degree in Business Administration from Indiana Wesleyan University.

Hunter enjoys the diversity of tasks that require creative thinking to find solutions to improve the firm's efficiency and effectiveness. Prioritizing all those tasks is one of the most challenging aspects of his job, especially since different people and departments in the firm have different needs.

In his spare time, Hunter enjoys pickleball, traveling, and building projects.

Pickleball? Doesn't Hunter look too young to play pickleball? Not really. Hunter became interested in the sport as he watched his grandfather play in his late 70s. He participated in a Fellowship of Christian Athletes pickleball fundraising tournament and realized pickleball is for young folks too. In fact, Hunter warns against underestimating the skill level of older players. Hunter plays regularly at the Lakeside Park pickleball court, where he has found a great community of players.

Hunter particularly enjoys traveling to places where he can enjoy hiking in the mountains. A trip to Colorado is in the works this summer. He is also SCUBA certified but hasn't used that training much lately, preferring the mountain hikes to SCUBA diving.

Hunter's building projects have largely been focused on renovating an old house he bought just before joining Phillips Financial. He's done it all.... replaced plumbing, electrical wiring, drywall, and insulation. Hunter says "the project taught me a lot about construction and even more about myself." He said he learned how to be more resilient and consistent, going home every night after his day at Phillips, and working until late at night on the house. He said he learned that "half of the battle in life is just showing up day in and day out." He also learned that to work efficiently and effectively you must have a well-organized plan that allows you to track progress and manage all the moving parts.

Hunter is the youngest of 4 children: He has two older brothers and one older sister. His eight nieces and nephews have given him the coveted title of "Uncle Buck," a role he thoroughly enjoys.

Hunter lives by the maxim, "Whether you think you can, or you think you can't, you're right." His father is his most important role model "He instilled in me the importance of curiosity, questioning our actions and thoughts, and valuing effort and attitude over the outcome." Through his father Hunter learned that "our outlook and attitude often determine our outcomes."

Hunter's can-do attitude is much appreciated at Phillips Financial!

Disclosures

The information contained herein should not be construed as personalized investment advice. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in the stock market involves risk and may not be suitable for all investors. Past performance is not indicative of future results. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Not every client account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment.

Linked third-party material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Phillips Financial does not make any representations as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to this newsletter or incorporated herein, and takes no responsibility, therefore. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.

PFM is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about PFM including our investment strategies, fees, and objectives can be found in our ADV Part 2, which is available upon request. PFM-24-29



6920 Pointe Inverness Way, Ste. 230 | Fort Wayne, IN 46804
P: (260) 420-7732 | T: (888) 420-7732 | F: (260) 420-5553

[Phillips Financial Website](#)

Phillips Financial | 6920 Pointe Inverness Way Suite 230 | Fort Wayne, IN 46804-7926 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!