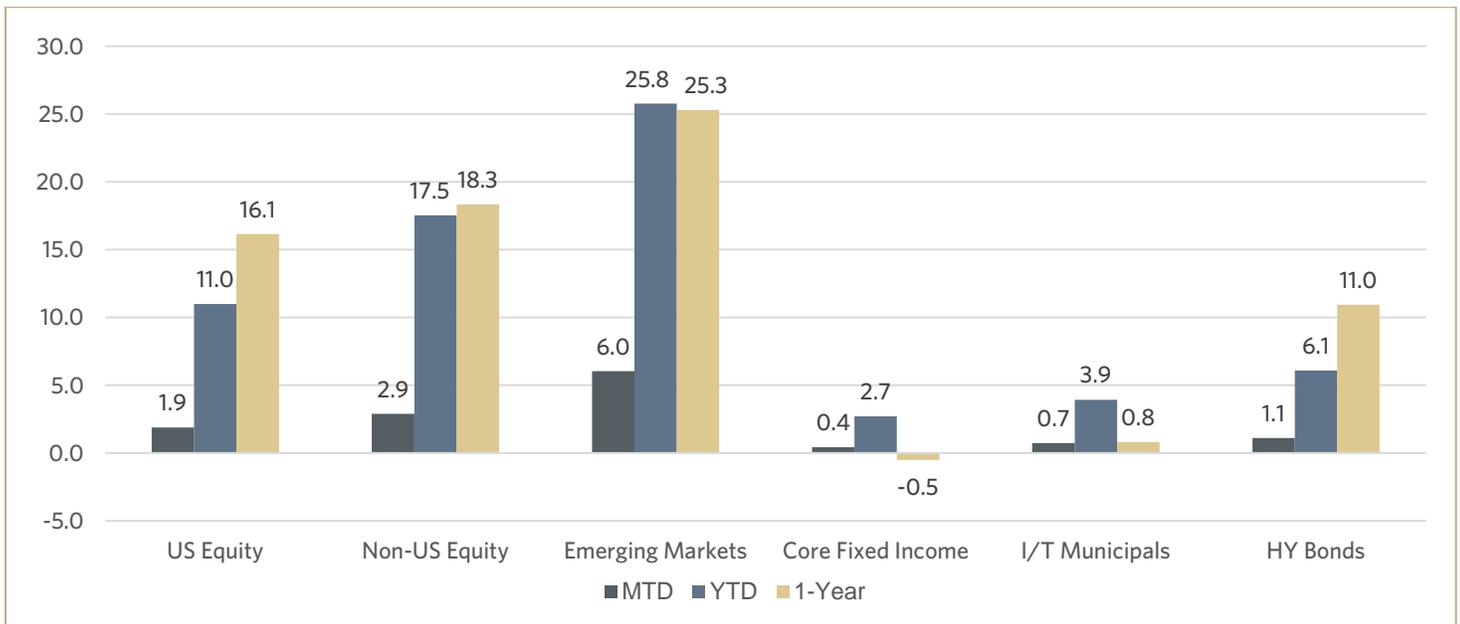




CAPITAL MARKETS RECAP

JULY 2017

MARKET RETURNS AS OF JULY 31, 2017



Source: Morningstar, Inc. - Barclays Capital, Russell and MSCI. Returns are Preliminary

U.S. equities continued their upward trend in July as the broad market added to the already robust year-to-date returns. International equities increased during the month as economic fundamentals have improved. Emerging market equities resumed their impressive rebound and posted meaningful positive returns for the month.

ECONOMIC DATA

- **Real U.S. GDP** in the second quarter of 2017 rose 2.6%, an increase over the first quarter's revised 1.2%. These increases were the result of positive contributions from personal consumption expenditures, exports, and government spending.
- **Inflation** gained 0.1% in June as the energy index offset the increase of the core inflation rate (CPI minus food and energy) and continued its recent decline. Over the past year, the overall CPI (Consumer Price Index) rose 1.6% and the core inflation rate rose 1.7%.
- **U.S. unemployment rate** continued to show little change at 4.4% in June, with the job market gaining 222,000 jobs during the month. Healthcare, social assistance, financial activities, and mining were the industries with the largest employment gains. Since the beginning of 2017, the unemployment rate has dropped 0.4% and the number of unemployed persons has decreased by 658,000.
- **Consumer confidence** rose in July after declining slightly in June. Lynn Franco of The Conference Board said, "Consumers' assessment of current conditions remained at a 16-year high and their expectations for the short-term outlook improved somewhat after cooling last month. Overall, consumers foresee the current economic expansion continuing well into the second half of this year."
- **Global manufacturing growth** continued in July as European nations led the way, posting strong inflows of new business and rising workforce numbers. U.S. manufacturing saw improvements from the nine-month June low, driven by increases in output and new orders. A record surge in new export business helped the U.K. experience a reversal of operating conditions as it marked the first increase in three months.

U.S. EQUITIES

- Broad U.S. stocks rose in July.
- Size - Large-caps (up 2.0%) outperformed mid- and small-cap stocks (up 1.5% and 0.7%, respectively) during the month.
- Style - Growth stocks outperformed value stocks in July and continue to significantly outpace value stocks on a year-to-date basis (up 16.6% versus 5.7%, respectively).

S&P 500 SECTOR RETURNS FOR JULY 2017:

Best		Worst	
Telecom Services	6.36%	Industrials	0.06%
Information Technology	4.33%	Consumer Staples	0.57%
Energy	2.50%	Health Care	0.77%

Source: Morningstar, Inc.

INTERNATIONAL EQUITIES

- International developed stocks increased in both local and U.S. dollar terms (up 2.9% and 0.7%, respectively) in July. On a year-to-date basis, international equities continued producing robust returns (up 8.7% in local terms and 17.5% in U.S. dollar terms).
- The emerging market equity rally did not slow in July, as it gained 6.0% for the month in U.S. dollar terms and 5.0% in local terms. The asset class has rebounded significantly during the year (up 20.7% in local and 25.8% in U.S. dollar terms), led by improved growth in Chinese and South Korean economies, the two largest markets within emerging markets.

FIXED INCOME

- Interest rates dropped during the month leading to slight positive returns for bondholders (interest rates and bond prices move inversely). The U.S. 10-Year Treasury yield began the month at 2.35% and ended the month at 2.30%.
- High yield bond returns increased 1.1% in July, consistent with the past year's impressive equity-like returns (up 11.0%).

LOOKING AHEAD

- The aging bull market reminds us to stay committed to a globally diversified portfolio and ride out the ebbs and flows of the unpredictable markets.
- It is important for investors to remain focused on long-term objectives and obtain the benefits of diversification.

Meloni M. Hallock

310.246.0570

mhallock@acaciawealth.com

Alev Lewis

310.246.0530

alewis@acaciawealth.com

Amy Born

310.246.0520

aborn@acaciawealth.com

WWW.ACACIAWEALTH.COM

Sources: Morningstar, Inc., U.S. Bureau of Labor Statistics, The Conference Board, IHS Markit, The Federal Reserve (central bank of United States), The Bureau of Economic Analysis (U.S. Department of Commerce) & U.S. Department of Treasury

Acacia Wealth Advisors is registered with HighTower Securities, LLC, member FINRA, MSRB and SIPC, and with HighTower Advisors, LLC, a registered investment advisor with the SEC. Securities are offered through HighTower Securities, LLC; advisory services are offered through HighTower Advisors, LLC.

The information and opinions contained in this publication are intended for educational purposes and should not be construed as investment advice. Further, the data was obtained from sources believed to be reliable, however accuracy cannot be guaranteed.