The Cobblestone Advisor
Investment Brief
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COBBLESTONE
CAPITAL ADVISORS

The Times They Are a-Changin'

In our last Investment Brief, we noted how economic data had persistently surpassed expectations for most of the prior year, bolstering investor sentiment and driving markets to new highs.

The resilience of the US economy was evident, with consumers playing a pivotal role in sustaining growth. Robust job creation, historically low unemployment, and real wage growth contributed to strong consumer balance sheets.

Corporate earnings, having rebounded from a slump in 2023, further fueled market optimism. CEOs expressed renewed confidence in both their companies' prospects and the broader economic outlook, citing easing inflation and lower interest rates as positive developments.

While many dynamics we highlighted last quarter remain true today, *The Times They Are a-Changin'*. We are beginning to see early signs that restrictive monetary policy and less accommodative fiscal policy are starting to exert a dampening effect on the economy.

Consumers remain the backbone of the US economy, but recent data suggest a slight deceleration in spending growth. Although several employment measures remain strong, the pace of job creation has slowed. Real wage growth persists but has moderated in recent months, suggesting that inflationary pressures are biting into disposable incomes.

Consumer spending is still healthy but is slowing (see chart below). The impacts are becoming evident in a broader range of economic indicators beyond those centered on consumption. Over the last two months, they have not only slowed but have also fallen short of market expectations.

The corporate sector, meanwhile, continues to hum along. Company earnings are growing at a healthy clip, exceeding expectations. CEOs remain cautiously optimistic, though their expectations for the US economy in the coming quarters are slightly more guarded compared to earlier in the year.

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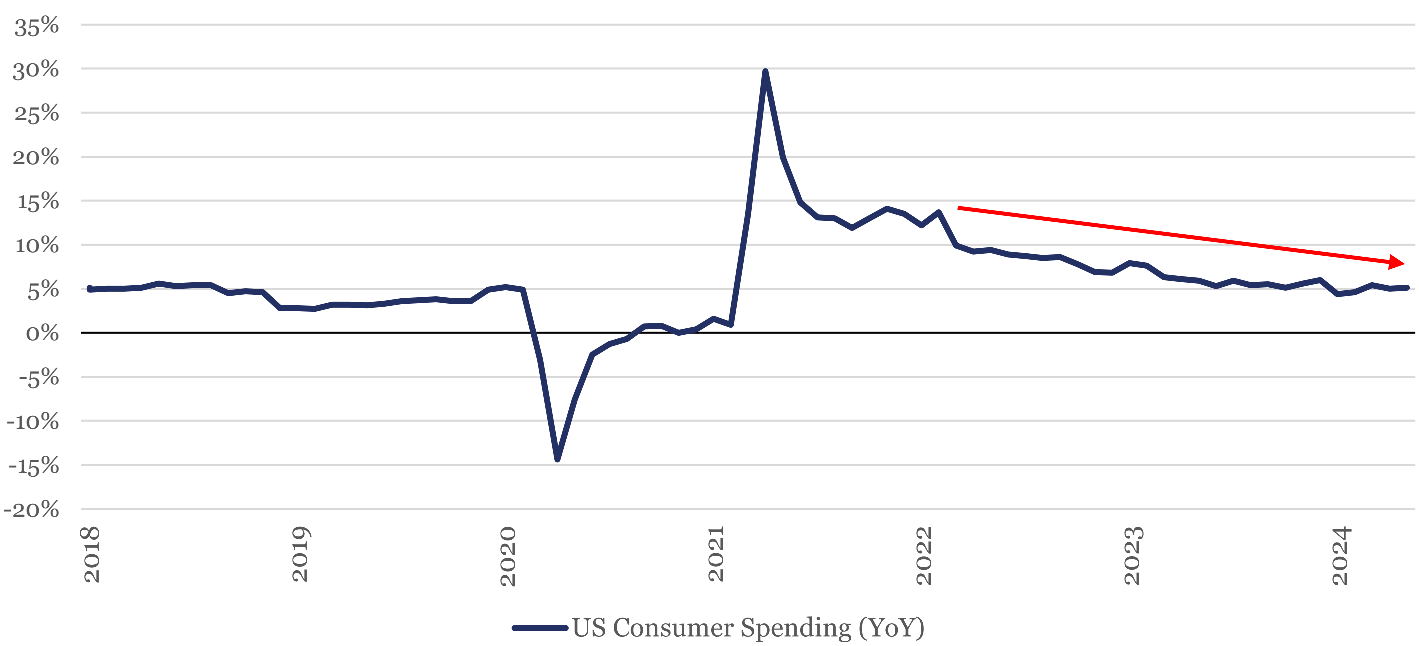

Source: Bureau of Economic Analysis, Bloomberg.

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The Trusted Partner Podcast

where they chat with experts in investing, financial planning, and other areas of wealth management specific to Cobblestone's clients' needs.

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Considering all this, we would summarize by noting that some of the market tailwinds over the last several quarters—related to consumer activity and the broader economy—are beginning to show signs of fading. Yet despite these early signs, markets have continued to climb, albeit not as vigorously as earlier this year.

As we enter the second half of 2024, we remain vigilant and committed to our investors' long-term success. The economic landscape is evolving, and our investment strategies are designed to navigate these changes. We continue to leverage our expertise and research capabilities to identify attractive investment opportunities and mitigate risks.

While we expect returns to moderate from the elevated levels seen since the pandemic, we believe in the long-term potential of well-balanced and diversified portfolios.

We focus on creating value through thoughtful asset allocation and rigorous investment analysis. This approach seeks to position our portfolios to capitalize on opportunities and safeguard against market volatility.

As such, we recommend that investors maintain a diversified portfolio tailored to their risk tolerance, investment objectives, and time horizon. This not only includes stocks and bonds, but also a diversified selection of alternative investments, which may deliver higher yields and help mitigate economic- and market-associated risks within a portfolio.

To our clients, thank you for your continued trust and partnership. Your unwavering support humbles us and fuels our dedication to delivering superior investment outcomes.

As we move forward, we remain committed to navigating the changing complexities of the investment landscape together. With a shared vision for long-term value creation and financial success, we are confident in achieving our collective goals.

In his 1964 classic—which serves as the namesake of this Investment Brief—Bob Dylan encouraged listeners to embrace the changes around them. This timeless advice is particularly relevant given today's dynamic investment landscape, as markets evolve and new opportunities arise.

Total Return (%), Ending 6/30/2024				Annualized		
	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Stock Index	4.3	15.3	24.5	10.0	15.0	12.8
Russell 2000 (Small-Cap Stocks)	-3.3	1.7	10.0	-2.6	6.9	7.0
MSCI World Ex. US (International Developed Stocks)	-0.5	5.0	11.2	2.8	6.5	4.3
MSCI EM (Emerging Markets)	5.3	7.5	12.5	-5.1	3.1	2.8
Bloomberg US Aggregate Bond Index	0.1	-0.7	2.6	-3.0	-0.2	1.3
Dow Jones US Select REIT	-0.2	-0.6	7.1	-0.1	2.8	5.2
Consumer Price Index (% Chg over Period; One Month Lag)	0.6	2.4	2.9	4.9	4.2	2.8

Source: Bloomberg.