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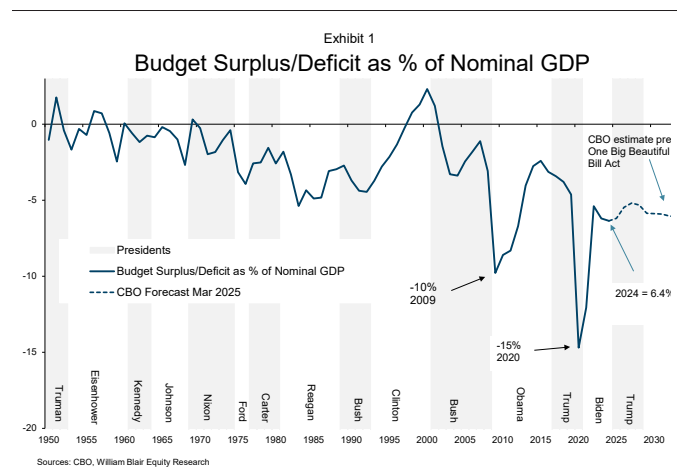
Reconciling Reconciliation Tax Bills



The U.S. House of Representatives managed to pass the H.R. 1 One Big Beautiful Bill Act last week with a margin of just 215-214. This was a significant feat for the Republicans. Even though the current split in the House is 220 GOP to 212 Dems (and 3 vacancies due to death since the elections), 2 GOP members voted against the bill, 2 abstained, and one fell asleep in the back and did not manage to wake up in time to vote. Next up will be the Senate, but with a majority of 53, this bill should have a much easier time of it when it heads to a vote. **In this *Economics Weekly*, we discuss the bill, highlighting some of the main areas where it supports growth and where it will detract from it, as well as section 899.**

This Was Not an Austerity Bill

One of the reasons behind the bond market wobbles last week was the passage in the House of the One Big Beautiful Bill Act. The view had been that after the deficit expanded dramatically following the pandemic and large spending by the Biden administration, with the deficit jumping from 3.4% of GDP in 2016 to the current 6.4% (by way of a 14.7% dip in 2020, exhibit 1), it was time to scale things back.



Unfortunately, not much scaling back seems to be achieved with this bill. The bill is estimated to add anywhere from [\\$3.1 trillion](#) to [\\$3.8 trillion](#) to the debt over the next decade, with the Congressional Budget Office forecasting a deficit of 6.1% of GDP in 2035 before this bill is passed—a figure that is unlikely to change much after its passage.

Helpfully, the bill would also increase the debt ceiling by \$4 trillion, which would prevent the market from facing the debt-ceiling standoff expected in mid-August, should it be resolved by then.

For Individuals

Of the major provisions in the bill, by far the largest one is the extension of the 2017 TCJA tax cuts, which (as written) are estimated to cost [\\$3.3 trillion](#) over the coming decade. Without this extension, the top rate of personal income tax at the end of this year would have increased from 37% back to 39.6%, in addition to rate increases across most other tax brackets. While this would prevent a fiscal cliff from happening, it does not represent new stimulus.

The bill also introduces a number of new tax cuts, the most prominent of these being the “no tax on tipping” and “no tax on overtime”; the [Bipartisan Policy Center](#) estimates these as costing \$40 billion and \$124 billion, respectively. There are also larger standard deductions for seniors and the removal of any taxes on auto loan interest.

Given that tipping is generally for lower-income workers, who tend to save much less of their incomes, this tax cut would provide a near-term stimulus for economic growth, in much the same way that temporary payroll tax cuts have often been used as a temporary fillip for the economy during times of crises. Not having to track underreported tipping could also free up some time for the IRS.

However, the downsides here include the fact that many low-income workers such as warehouse workers do not get tips, and it could also start to distort the wage structure if workers and companies shift their pay structure more toward tips than salaries. This also would not provide much of a multiplier impact to support longer-term supply-side dynamics of economic growth, relative to other measures that could have been taken—it is very much a demand-side stimulus measure. Meanwhile, the general public is seemingly already suffering from [tipping fatigue](#), which exploded during the pandemic. This scenario would only exacerbate that sentiment.

For Corporates

For the corporate sector, given that the corporate tax cut (35% to 21%) from 2017’s TCJA was made permanent at the time, the most meaningful change included in this bill is the return of the 100% bonus depreciation on machinery, equipment, and other short-lived assets through to 2029, when it returns to 0%. In addition, it includes a 100% depreciation allowance created for nonresidential structures, provided they are considered productive. The bill would restore full domestic R&D expensing, also through 2029, whereas foreign R&D would be amortized over 15 years. Lastly, it includes a larger interest deduction limit through to 2029, which is now being based on EBITDA rather than EBIT.

To us, this is the most positive aspect of the bill: it provides strong incentives for companies to invest and hire, and it should have a strong multiplier impact on the supply-side of the economy, while benefiting near-term demand. Furthermore, this would help offset some of the tariff costs and would encourage more domestic manufacturing. Unlike individuals, most large corporations have a choice as to where they want to be domiciled and invest; as such, there is a much stronger Laffer curve effect associated with lowering taxes for the corporate sector than for individuals.

How These Are Being Paid For

The bill is structured so that the above extensions and inclusions are paid for by a number of spending cuts, including: the removal of clean energy tax credits that were part of the Inflation Reduction Act, the new cap on state and local tax deductions (as opposed to removing the cap entirely), increased limit on sports franchise deductions (to 50% from 100%), increased work requirements for eligibility for both Medicaid and SNAP food stamps, and the elimination of the student loan debt forgiveness programs.

There are no tax increases to speak of. The bill does not explicitly include any revenues from tariffs, though there would seem to be an implicit expectation that tariff revenues will help offset the cost of tax cuts and other spending increases elsewhere in the bill. The Tax Foundation [estimates](#) that dynamically scored tariff revenue from a 10% universal tariff would yield roughly \$150 billion-\$200 billion per year and a 15% universal tariff would result in roughly \$170 billion-\$210 billion per year.

The bill is also loaded with what has become standard practice these days, i.e., sunset clauses (first popularized with George W. Bush) that front-load the stimulus before fading out, along with any austerity measures being back-end loaded to phase in at a later date. Yet, just like the temporary 2017 tax cuts, many of these provisions will likely be renewed in the coming years.

The Timeline

The House managed to pass the One Big Beautiful Tax Bill Act last week. This bill will now have to pass through the Senate for any amendments and a simple majority vote, assuming reconciliation is used. Any amendments will have to be passed back to a joint committee made up of members from the House and the Senate, who will bash out a new compromise bill. That bill would then return to

the House and Senate for another vote, before landing on the president's desk to sign.

Treasury Secretary Scott Bessent has been aiming to have this bill passed and signed into law by July 4. That date looks very ambitious, but not impossible. The fact that the Republicans control Congress should accelerate its process, and early August looks more probable. Of course, it will also come up against the deadline of the summer recess, which should help concentrate the minds of voting members of Congress and accelerate the process. If this does not happen by then, it will unfortunately create another mini-debt-ceiling drama, which would be unsettling for an already edgy Treasury bond market—and likely scupper the holidays of many bond traders.

Taxing Foreign Investors (Section 899)

For investors, however, it is section 112028 of the bill (page 958 of the 1038-page document) that is raising the biggest concerns. The tax provision would create a new Section 899 to the Internal Revenue Code.

As written:

This provision would impose an additional tax on foreign individuals and corporations whose governments impose discriminatory taxes on U.S. firms. The tax would start at 5% and increase in 5% increments up to a maximum of 20% for each year discriminatory taxes were imposed. Discriminatory taxes might include certain taxes imposed on U.S. firms under the OECD Pillar 2 global minimum tax that would increase the effective tax rate to 15% (the undertaxed profits rule or UTPR) and the digital services taxes imposed in a number of countries that are claimed to target U.S. firms.

The U.S. already has a flat 30% withholding tax on most types of passive income; however, most countries have established treaties with the U.S. to reduce or entirely eliminate this tax. What this proposal would do is to raise the withholding tax rates on capital gains beyond those treaty rates by 5% per year up to a cap of 20%.

What is unclear is whether or not this would also include Treasury securities, which are currently exempt from the withholding tax.

This tax would be leveled on countries deemed to be imposing discriminatory taxes on U.S. firms, with the digital services tax being highlighted as one such measure. Currently, many EU countries have such a tax in place against

very large companies with more than €750 million in global revenue.

The thinking behind this tax would seem to be twofold. The first is to penalize what are deemed unfair and discriminatory taxes on U.S. companies abroad.

The second is much broader and wider in scope and aligns with the Mar-a-Lago-type view that the U.S.'s open capital borders are effectively facilitating foreign countries that control their own capital accounts to unfairly run domestic industrial policies at the expense of the U.S. What the U.S.'s open capital account does is to force the U.S. to absorb the very large foreign capital surpluses being generated by these policies. While the U.S. gets the benefit of increased demand for dollars and its dollar-denominated debt generating lower interest rates, the belief is that this has come at the cost of hollowing out the U.S. industrial base. A tax here could help force countries such as China to accelerate any plans they might have of shifting away from export and investment-led growth toward more domestic consumption-driven growth.

According to Treasury Secretary Bessent, the idea would be to use this tax as leverage to extract policy changes from countries that are viewed as disproportionately and unfairly targeting U.S. companies.

Certainly any new tax here would further dilute returns for any foreign entities falling under its purview. Its impact would therefore depend on the extent to which it was actually implemented, and against which types of investors and assets. This is undoubtedly something investors will be watching closely as the bill makes its way through the Senate.

Conclusion

The House's One Big Beautiful Tax Bill Act is stimulative for growth in the near term. It helps prevent what would have been a fiscal cliff at the end of the year with 2017's tax cuts due to expire. Much of the stimulus provisions in the bill are front-end loaded, and most of the spending cuts are back-end loaded. Similarly, by avoiding any major decrease in the federal deficit, this should be supportive to corporate profitability in the near term. The provisions for the corporate sector in turn should encouragingly be supportive of greater domestic investment spending in the coming years.

On the other hand, the bill seemingly does very little to address today's unsustainable debt situation and indirectly relies on much faster estimated GDP growth and tariff revenues to do much of the heavy lifting. A fight is also

brewing between those scoring the bill on the Republican side and the CBO's scoring. The lack of cohesion could be unsettling for both the dollar and the bond market in the coming months. In the near term, however, a clean passage through the Senate and being signed by the president in early August, thus avoiding any debt-ceiling drama, would come as a relief to the market (and traders on the beaches).

Still, one major sticking point for investors would be the passage of section 112028 (section 899 of the internal revenue code), which would allow the U.S. to impose a 5%-20% withholding tax on the foreign investment in U.S. assets of countries deemed to be engaged in unfair trading practices against the U.S. The tax is seen by some as further leverage in helping break down those foreign tariff and non-tariff barriers against the U.S., in addition to acting to help counter foreign industrial policies. The market will be watching closely as the bill makes its way to the Senate to see whether this section is included, and if so, against which types of countries, investors, and assets.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
2 June	10:00 a.m.	ISM Manufacturing Index (May)	48.7	49.0	48.8	
3 June	10:00 a.m.	Factory Orders (April)	3.4%	-3.1%	-4.4%	
3 June	10:00 a.m.	JOLTS (April)	7192K	7100K	NA	
4 June	10:00 a.m.	ISM Services Index (May)	51.6	52.0	52.2	
5 June	8:30 a.m.	Trade Balance (April)	-\$140.5bn	-\$117.3bn	-\$120.0bn	
5 June	8:30 a.m.	Productivity (1Q Final)	-0.8%	-0.8%	-0.8%	
6 June	8:30 a.m.	Nonfarm Payrolls (May)	177K	130K	115K	
		Unemployment Rate	4.2%	4.2%	4.2%	
		Average Hourly Earnings	0.2%	0.3%	0.3%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Employment Situation

Average Weekly Hours Worked
(Private Production and Nonsupervisory Employees)



Sources: Bureau of Labor Statistics, William Blair Equity Research, Shaded Area = Recession

Economic Scorecard

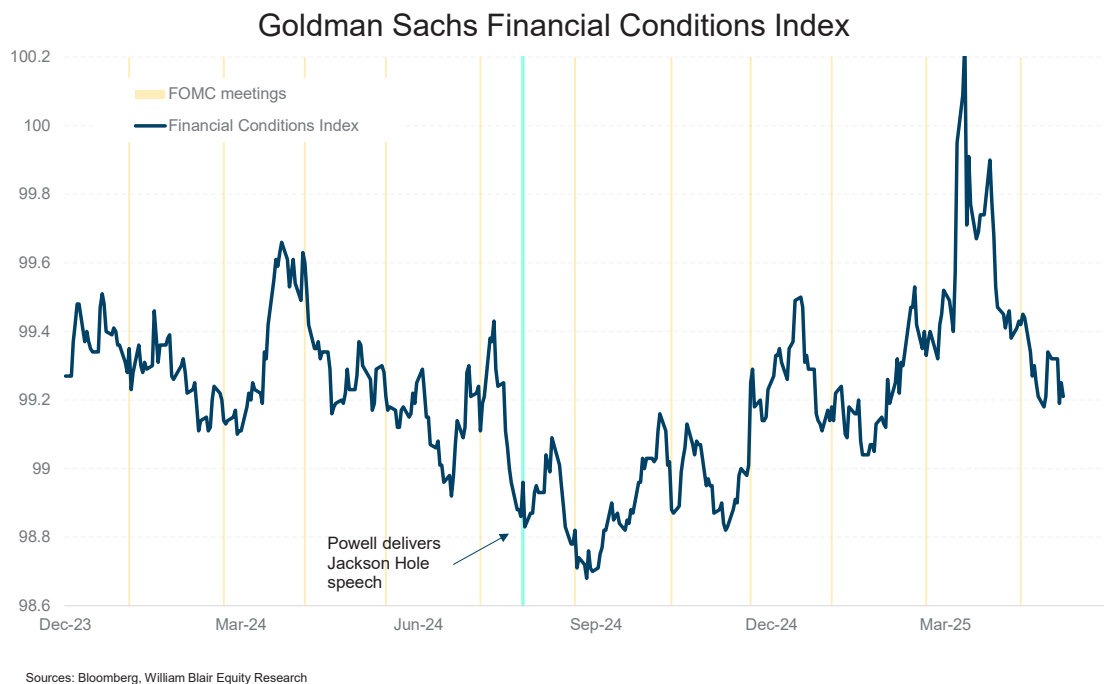
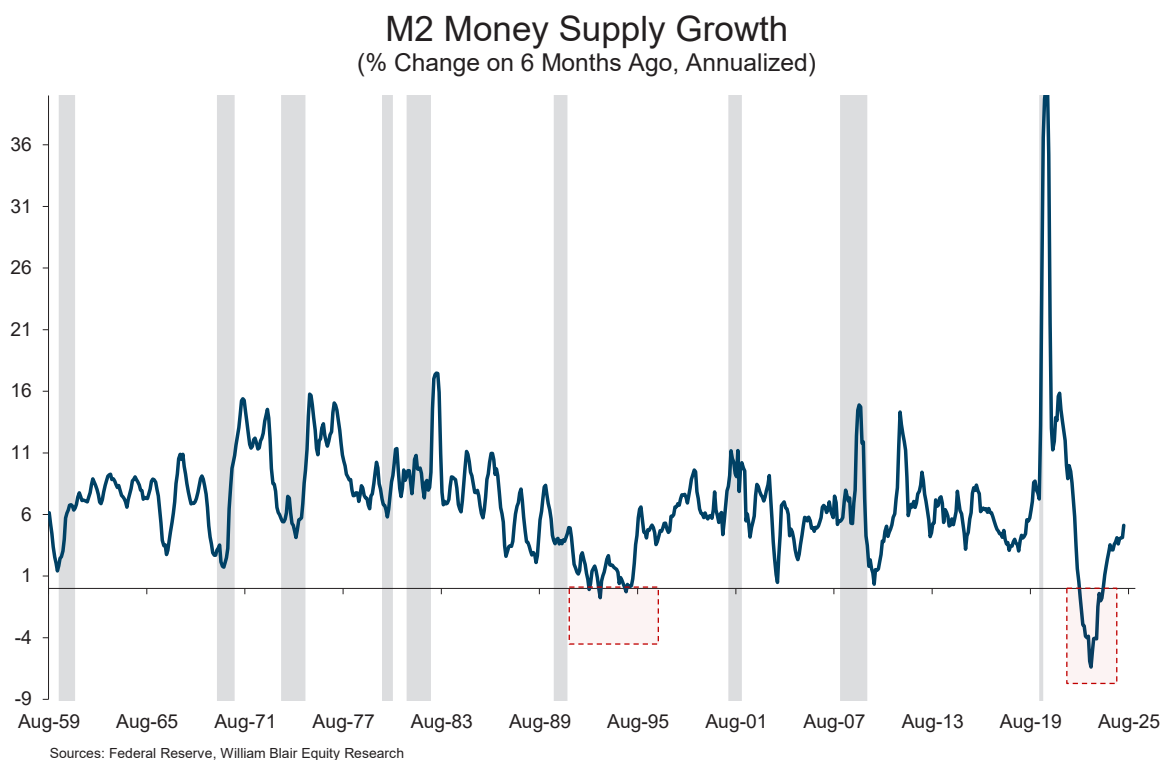
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Growth																			
US Leading Indicators	-7.5	-6.8	-7.0	-6.5	-5.5	-5.4	-5.0	-4.5	-4.7	-4.6	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6		
US Coincident Indicators	2.2	2.4	1.6	2.0	2.1	1.7	1.9	2.1	1.7	1.7	1.6	1.6	1.3	1.6	1.6	1.6	1.8		
US Lagging Indicators	1.3	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	0.8	0.3	0.1	0.0	0.1	-0.2	-0.1	-0.2		
Consumer																			
Total Retail Sales	3.9	5.3	0	2	3.4	2.7	2.6	2	3	1.9	2	3.1	3.9	4.6	4.6	3.9	5.2	5.2	
Personal Income	5.2	5.2	6	5.9	5.9	5.7	5.5	5.4	5.3	5	4.8	5.1	5	4.9	4.2	4.5	4.3		
Real Disposable Personal Income	4.8	4.7	3.7	3.3	3.1	2.8	2.8	2.7	2.6	2.4	2.4	2.4	2.1	2	1.2	1.5	1.7		
Real Personal Consumption	3.1	3.6	1.9	2.1	2.7	2.4	2.8	2.9	2.9	2.9	3.2	3.1	3.1	3.1	3.1	2.9	3.3		
Personal Saving Rate (%)	4.6	4.4	5.5	5.4	5.2	5.1	4.9	4.8	4.3	4.2	3.8	4	3.7	3.3	3.9	4.1	3.9		
Consumer Confidence (Conference Board)**	101	108	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98
Employment																			
Employment Growth	1.6	1.7	1.5	1.4	1.5	1.5	1.4	1.3	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.2	1.2	
ASA Temporary Staffing Index	-7.6	-5.5	-12.2	-9.4	-8.2	-9.3	-10.2	-9.9	-12.5	-12.2	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	
ISM Employment Index Manufacturing*	46.2	47.6	47.2	46.1	47.5	48.2	50.4	48.4	43.6	45.8	44.6	44.8	48.1	45.4	50.3	47.6	44.7	46.5	
ISM Employment Index Services*	50.1	43.7	50.2	48	48.5	46.6	47.5	46.7	51	49.6	48.2	52.2	50.9	51.3	52.3	53.9	46.2	49	
Unemployment Rate, %	3.7	3.8	3.7	3.9	3.9	3.9	4	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4	4.1	4.2	4.2	
Average Hourly Earnings	4.1	4.1	4.3	4.2	4.2	4	4.1	3.9	3.6	4	3.9	4.1	4.2	4	3.9	3.9	3.8	3.8	
Initial Jobless Claims (avg. wkly. chg. '000s)	218	205	210	211	216	210	222	237	237	230	225	236	219	222	218	227	223	226	
Jop Openings	-18.4	-21.1	-18.5	-14.2	-15.5	-23.7	-15.1	-19.4	-12.8	-17.6	-23.5	-10.9	-7.3	-12.5	-8.3	-11.4	-11.1	-5.6	
Layoff Announcements	-40.8	-20.2	-20	8.8	0.7	-3.3	-20.3	19.8	9.2	1	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	62.7	
Housing Market																			
Housing Starts	6.3	16.3	1.5	10.9	-4.7	2.3	-16.9	-6.6	-13.4	5.6	-1	-1.2	-14.5	-0.5	-1.7	-4	2.1	-1.7	
New Home Sales	2.2	3.5	4.8	3.5	6.3	8.1	-10	-0.4	1.1	7.4	5.3	-8.8	10.7	11.7	-2.8	-0.8	-3.2	3.3	
Existing Home Sales	-6.9	-5.6	-2.0	-3.4	-3.3	-2.6	-3.1	-5.1	-2.5	-3.7	-3.0	3.1	6.7	9.7	2.3	-0.9	-2.4	-2.0	
Median House Price (Existing Homes)	0.4	-2.2	5.4	-2.9	-0.6	-0.5	-1.6	-0.9	-1.6	-8	-1.2	2.1	-7.4	1.1	-0.2	-2	-7.5	-2	
Existing Homes Inventory (Mths' supply)	3.5	3.5	3.5	3.3	3.5	3.5	3.5	3.8	3.7	3.9	4	3.9	3.8	3.7	3.9	3.8	4.2	4.3	
New Homes Inventory (Mths' supply)	8.8	8.4	8.1	8.4	8.1	7.7	8.5	8.4	7.9	8.2	7.9	9.3	8.7	8.2	9	9.2	9.1	8.1	
NAHB Homebuilder Sentiment*	34	37	44	48	51	51	45	43	41	39	41	43	46	46	47	42	39	40	
Inflation																			
Consumer Price Index	3.1	3.4	3.1	3.2	3.5	3.4	3.3	3	2.9	2.5	2.4	2.6	2.7	2.9	3	2.8	2.4	2.3	
CPI Less-food & energy	4	3.9	3.9	3.8	3.8	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.3	3.2	3.3	3.1	2.8	2.8	
Producer Price Index	0.8	1.1	1	1.6	2	2.3	2.5	2.9	2.4	2.1	2.1	2.8	2.9	3.5	3.8	3.4	3.4	2.4	
PPI Less-food & energy	1.9	1.8	2	2.1	2.3	2.5	2.7	3.3	2.6	2.8	3.3	3.6	3.4	3.7	3.9	3.7	4	3.1	
PCE Price Index	2.7	2.7	2.6	2.6	2.8	2.7	2.6	2.4	2.5	2.3	2.1	2.3	2.5	2.6	2.6	2.7	2.3	2.3	
PCE Prices Less-food & energy	3.2	3.0	3.1	2.9	3.0	2.9	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.7	3.0	2.6	2.6	
Business Activity - US																			
Industrial Production	-0.2	0.8	-1.2	-0.1	-0.3	-0.8	0.0	0.9	-0.5	-0.1	-0.7	-0.4	-0.9	0.4	1.7	1.4	1.3	1.5	
New Cap Gds Orders less-aircraft & parts	-2.9	-2.9	-2.5	2.2	-1.5	2.1	-2.8	-4	-0.6	-1.8	0.5	0.2	-1.1	1.9	3.3	-0.9	2.2	0.6	
Business Inventories	0.1	-0.2	0	0	0.6	0.4	0.7	1.4	1.8	2.3	2.3	2	2.3	2.6	1.8	2.3	2.1	0	
ISM Manufacturing PMI*	46.9	46.9	48.9	47.6	49.8	48.8	48.5	48.3	47	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49	48.7	
Markit US Manufacturing PMI*	49.4	47.9	50.7	52.2	51.9	50	51.3	51.6	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	
ISM Services Index*	52.6	50.6	53.2	52.2	51.3	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54	52.8	53.5	50.8	51.6	
Markit US Services PMI*	50.8	51.4	52.5	52.3	51.7	51.3	54.8	55.3	55	55.7	55.2	55	56.1	56.8	52.9	51	54.4	50.8	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6	43	43	42.5	45	46.5	48.3	48.4	
Japan Manufacturing PMI Jibun Bank*	48.3	47.9	48	47.2	48.2	49.6	50.4	50	49.1	49.8	49.7	49.2	49	49.6	48.7	49	48.4	48.7	
Caixin China Manufacturing PMI*	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	
China Manufacturing PMI*	49.4	49	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49	
UK Manufacturing PMI Markit/CIPS*	47.2	46.2	47	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48	47	48.3	46.9	44.9	45.4	
France Manufacturing PMI Markit*	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44	43.9	44.6	44.5	43.1	41.9	45	45.8	48.5	48.7	
Currencies***																			
Euro (EUR/USD)	4.6	3.1	-0.4	2.2	-0.5	-3.2	1.5	-1.8	-1.6	1.9	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	6.2	
Renminbi (USD/CNY)	0.6	2.9	6.1	3.6	5.1	4.7	1.9	0.2	1.2	-2.3	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	0.4	
Yen (USD/Yen)	7.3	7.6	12.9	10.1	13.9	15.8	12.9	11.5	5.4	0.4	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	-9.3	
Sterling (GBP/USD)	4.7	5.4	3.0	5.0	2.3	-0.6	2.4	-0.5	0.2	3.6	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	6.7	
Canadian \$ (USD/CAD)	1.1	-2.3	1.0	-0.5	0.2	1.7	0.4	3.3	4.7	-0.1	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	0.2	
Mexican Peso (USD/MXN)	-9.8	-13.0	-8.6	-6.8	-8.2	-4.8	-3.8	7.0	11.2	15.8	13.0	11.0	17.2	22.7	20.1	20.5	23.6	14.4	
US Equities																			
S&P 500	12.0	24.2	18.9	28.4	27.9	20.8	26.3	22.7	20.3	25.3	34.4	36.0	32.1	23.3	24.7	16.8	6.8	10.6	
S&P 400 Midcap	-0.5	14.4	3.0	11.1	21.3	14.9	23.9	11.7	13.5	16.9	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	-0.3	
S&P 600 Smallcap	-5.9	13.9	-0.1	4.5	13.8	10.4	18.1	6.6	12.0	15.1	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	-3.6	
Russell 2000	-4.1	15.1	0.8	8.3	17.9	11.6	18.3	8.4	12.5	16.7	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	-0.5	

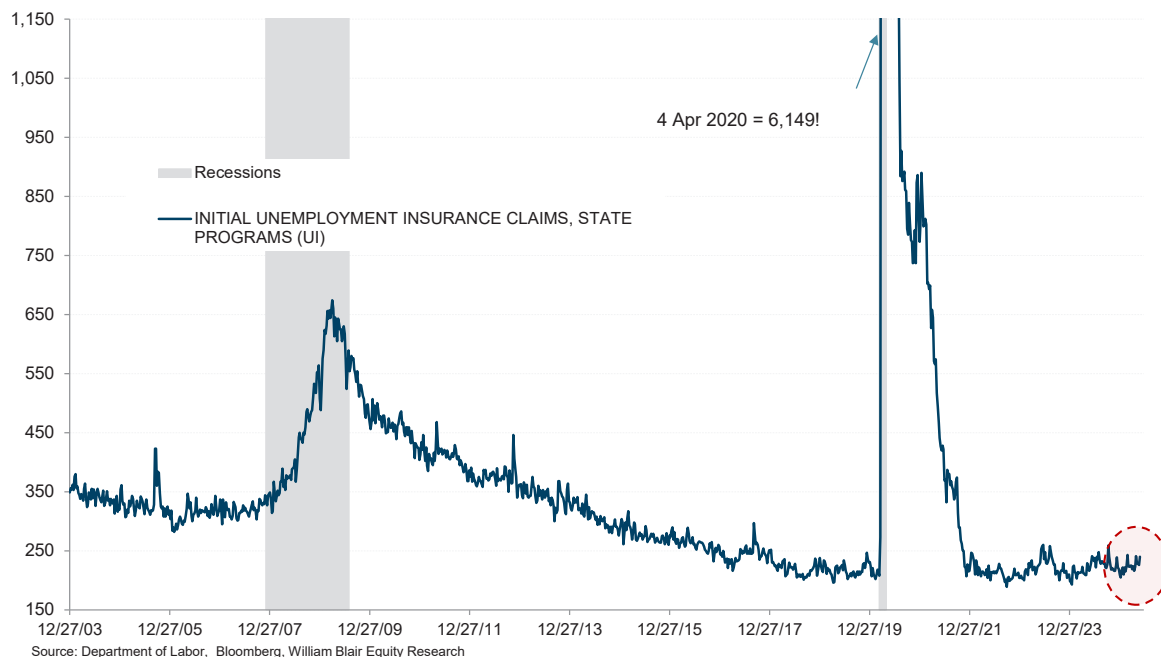
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

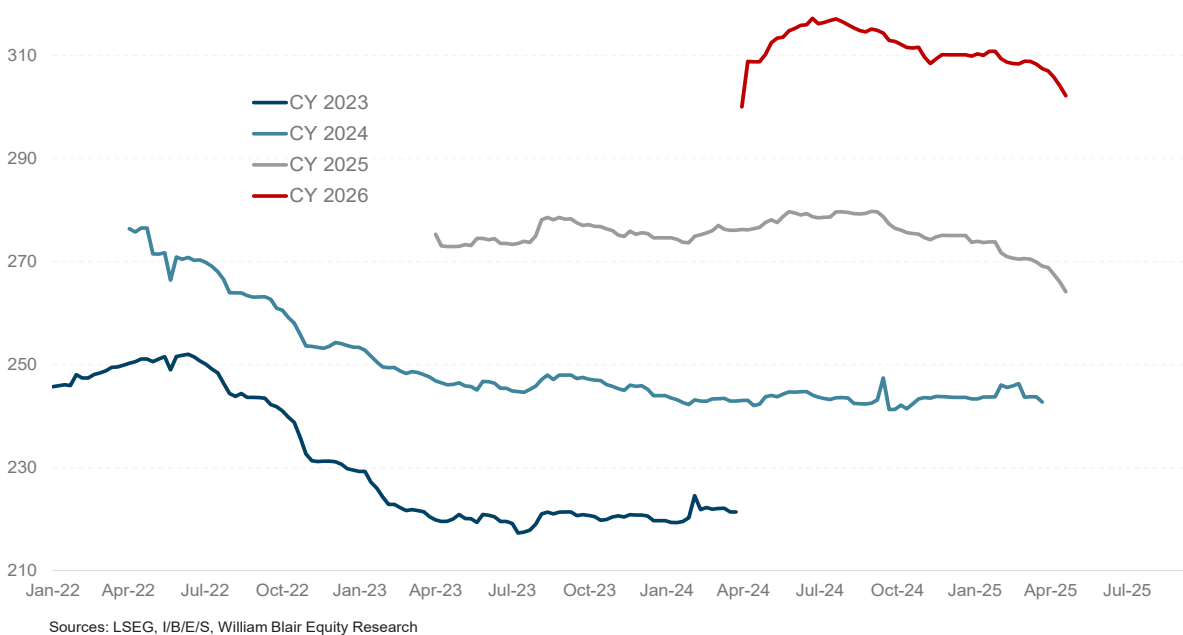
Other Economic Indicators



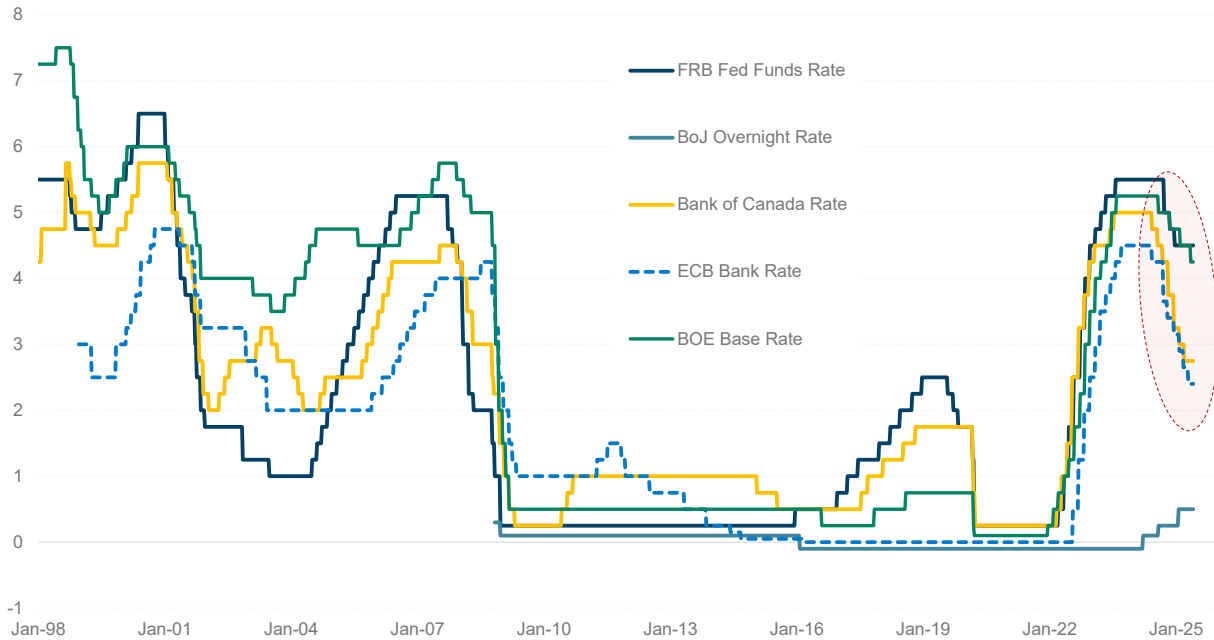
Initial Jobless Claims (‘000s, Seasonally Adjusted)



Progression of Calendar Year S&P 500 EPS Estimates (\$ per share)

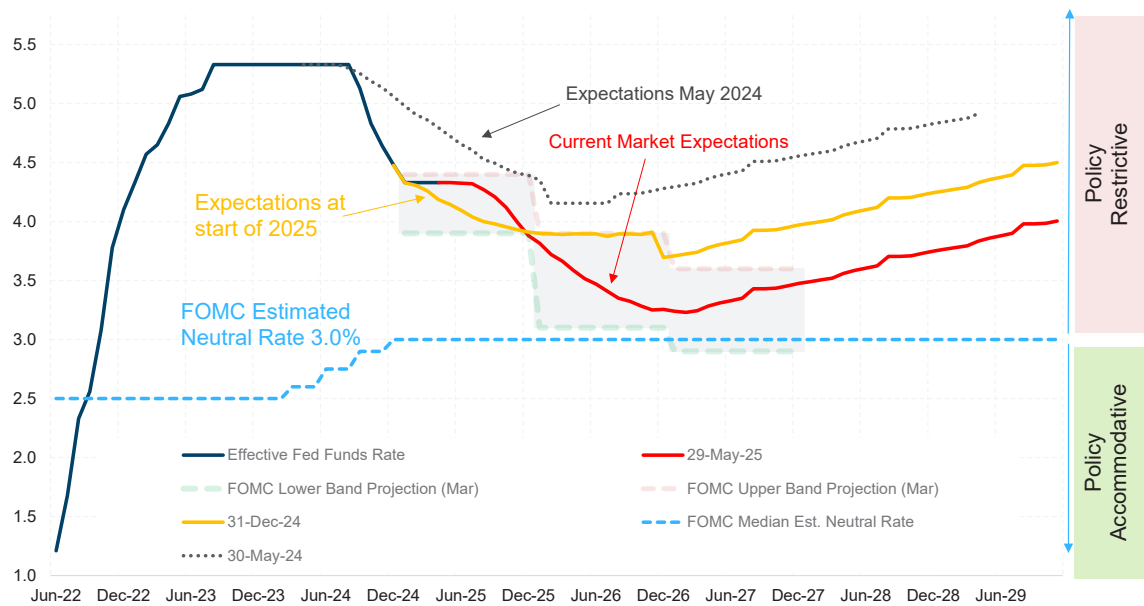


Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate Futures Market Expectations & FOMC Projections, %



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 29-May-25	Week Ago 22-May-25	Month Ago 29-Apr-25	Qtr-to-Date 31-Mar-25	Year-to-Date 31-Dec-24
S&P 500 Index	100.00	1.20	6.32	5.35	0.52
S&P 400 MidCap Index		0.98	5.46	3.19	-3.48
S&P 600 SmallCap Index		1.14	4.75	0.92	-8.47
Dow Jones Industrials		0.85	4.17	0.51	-0.77
Nasdaq Composite		1.32	9.82	10.85	-0.70
Communication Services	9.87	0.60	8.80	9.74	2.70
Advertising	0.05	1.23	-2.45	-10.57	-13.63
Broadcasting	0.06	0.37	8.03	-2.30	12.92
Cable & Satellite	0.35	-1.49	1.33	-4.15	-4.10
Integrated Telecommunication Services	0.73	0.51	0.58	-3.81	14.21
Interactive Home Entertainment	0.15	-1.37	-2.21	3.80	9.15
Interactive Media & Services	6.47	0.91	10.89	11.32	-1.69
Movies & Entertainment	1.50	0.17	9.47	20.83	19.98
Publishing & Printing	0.03	2.75	4.80	5.32	4.35
Wireless Telecommunication Svcs	0.52	-0.63	-0.95	-10.28	8.42
Consumer Discretionary	11.24	1.36	8.80	9.64	-5.67
Apparel Retail	0.36	-3.68	-0.89	5.36	1.59
Apparel & Accessories & Luxury Goods	0.12	-0.76	16.75	14.06	-3.68
Auto Parts & Equipment	0.03	1.67	18.11	14.44	7.93
Automobile Manufacturers	2.40	4.52	20.78	34.54	-10.49
Automobile Retail	0.29	-2.36	-2.13	-5.68	11.04
Broadline Retail	4.28	1.27	9.74	8.10	-5.90
Casinos & Gaming	0.10	0.95	6.84	7.61	-12.47
Computer & Electronics Retail	0.03	-6.27	-0.54	-9.90	-22.70
Consumer Electronics	0.08	0.63	-0.62	-6.58	-1.66
Distributors	0.08	-0.59	5.54	-0.63	1.87
Footwear	0.17	-2.96	4.64	-3.37	-26.04
Home Furnishings	0.01	-0.18	-4.64	-10.55	-14.27
Home Improvement Retail	0.95	0.57	2.11	-0.58	-6.26
Homebuilding	0.20	0.07	-2.82	-5.55	-13.29
Hotels, Resorts & Cruise Lines	0.95	2.62	10.87	14.33	2.38
Household Appliances	0.01	1.14	2.66	-12.77	-31.33
Leisure Products	0.02	0.60	8.49	8.63	19.47
Restaurants	1.06	-0.25	0.10	-2.20	1.35
Other Specialty Retail	0.09	0.34	2.19	-1.54	-5.84
Consumer Staples	6.51	0.93	1.22	1.58	6.23
Agricultural Products	0.07	1.16	0.43	1.65	-2.38
Brewers	0.02	-1.12	-5.89	-11.78	-6.32
Hypermarkets	2.53	0.02	1.49	7.83	6.68
Distillers & Vintners	0.08	-2.32	-3.03	-1.63	-17.28
Drug Retail	0.02	-0.05	2.79	0.58	20.41
Food Distributors	0.07	0.13	2.61	-3.96	-5.74
Food Retail	0.09	-1.47	-6.21	-1.09	9.49
Household Products	1.08	2.10	3.27	-1.74	0.36
Packaged Foods & Meats	0.57	2.32	-1.52	-5.81	-2.30
Personal Products	0.12	1.91	4.27	-0.23	4.79
Soft Drinks	1.15	0.91	-0.85	-4.02	3.31
Tobacco	0.73	1.18	3.58	8.28	36.85
Energy	3.02	0.54	-1.65	-12.88	-4.78
Integrated Oil & Gas	1.40	0.49	-3.59	-15.07	-5.14
Oil & Gas Equipment & Services	0.19	0.76	0.45	-18.12	-13.86
Oil & Gas Exploration & Production	0.74	-0.25	-2.13	-13.36	-5.96
Oil & Gas Refining & Marketing & Transportation	0.26	0.85	11.87	-0.04	6.80
Oil & Gas Storage & Transportation	0.43	1.74	-3.03	-9.10	-3.60

Financials	13.92	1.18	4.30	1.78	4.95
Asset Management & Custody Banks	1.08	1.10	7.21	3.86	-8.14
Consumer Finance	0.68	2.07	8.06	9.52	2.13
Diversified Banks	3.15	1.70	8.14	5.89	5.10
Financial Exchanges & Data	1.25	0.39	5.20	2.78	7.84
Insurance Brokers	0.66	2.01	5.23	-5.39	9.12
Investment Banking & Brokerage	1.12	1.05	9.42	10.61	7.17
Life & Health Insurance	0.33	1.24	-0.48	-5.71	-3.64
Multi-line Insurance	0.09	1.92	1.94	-3.85	14.82
Multi-Sector Holdings	1.31	0.52	-5.31	-4.96	11.67
Property & Casualty Insurance	1.19	1.50	2.68	-1.07	10.17
Regional Banks	0.27	0.96	5.15	-0.53	-6.49
Reinsurance	0.03	2.99	-3.60	-4.67	-4.44
Transaction & Payment Processing	2.69	0.93	4.44	0.78	5.49
Health Care	9.62	1.33	-5.12	-9.56	-4.06
Biotechnology	1.62	2.78	-1.90	-7.86	5.22
Health Care Distributors	0.37	0.44	2.73	6.62	26.00
Health Care Equipment	2.26	1.50	3.07	1.96	7.40
Health Care Facilities	0.20	0.79	11.17	8.38	22.96
Health Care Services	0.41	1.76	-4.60	-4.61	20.28
Health Care Supplies	0.08	2.26	2.10	0.90	-7.76
Life Sciences Tools & Services	0.83	1.56	-2.71	-12.17	-19.87
Managed Health Care	0.83	-0.07	-20.99	-34.36	-30.67
Pharmaceuticals	3.02	0.78	-9.59	-11.10	-7.26
Industrials	8.69	0.93	9.38	8.68	8.10
Aerospace & Defense	2.18	2.59	10.84	12.59	20.27
Agricultural & Farm Machinery	0.26	-2.37	9.29	7.27	18.82
Air Freight & Logistics	0.29	0.71	3.44	-9.56	-18.97
Building Products	0.56	1.43	16.20	16.51	9.82
Construction & Engineering	0.10	2.69	16.20	33.66	7.50
Construction Machinery & Heavy Trucks	0.57	1.29	11.50	4.92	-3.76
Data Processing & Outsourced Services	0.05	0.71	0.02	-1.13	6.03
Diversified Support Svcs	0.27	-5.45	-2.13	1.71	8.13
Electrical Components & Equipment	0.58	1.57	13.09	14.55	-1.57
Environmental & Facilities Services	0.44	1.37	3.95	3.77	17.53
Human Resource & Employment Services	0.41	0.51	8.76	5.29	9.90
Industrial Conglomerates	0.43	0.41	7.06	4.71	4.95
Industrial Machinery	0.73	0.74	5.99	1.69	-1.52
Passenger Airlines	0.15	3.12	16.88	9.00	-15.10
Railroads	0.48	1.13	7.05	-0.92	-0.92
Research & Consulting Svcs	0.22	-1.38	3.75	6.88	5.81
Trading Companies & Distributors	0.28	1.16	7.56	9.98	6.04
Information Technology	31.20	1.43	11.73	13.03	-1.43
Application Software	2.62	-1.13	5.13	12.32	2.74
Communications Equipment	0.88	-1.88	6.48	2.82	-3.47
Electronic Components	0.29	3.92	14.99	27.43	21.09
Electronic Equipment & Instruments	0.16	0.40	11.11	4.41	-3.90
Electronic Manufacturing Services	0.13	1.78	12.24	16.81	14.10
Internet Software & Services	0.12	-2.78	-4.26	1.07	-0.35
IT Consulting & Services	1.01	0.09	7.31	3.24	1.82
Semiconductor Equipment	0.69	0.74	11.28	11.02	6.09
Semiconductors	10.64	4.18	24.34	26.12	2.82
Systems Software	8.51	0.96	14.68	21.48	7.60
Technology Distributors	0.05	-0.56	14.00	13.79	4.78
Technology Hardware, Storage & Peripherals	6.10	-0.66	-4.37	-8.88	-19.32
Materials	1.91	0.58	3.20	0.38	2.70
Commodity Chemicals	0.07	1.20	-4.41	-17.81	-25.89
Construction Materials	0.13	-2.60	8.38	14.20	4.61
Copper	0.11	3.53	5.01	3.09	2.50
Fertilizers & Agricultural Chemicals	0.14	1.71	13.69	14.63	19.37
Gold	0.11	-0.24	-0.83	8.78	41.11
Industrial Gases	0.54	1.18	2.52	-1.94	6.77

Metal & Glass Containers	0.03	0.43	2.21	2.84	-2.87
Paper Packaging	0.19	-0.54	1.65	-5.17	-11.95
Specialty Chemicals	0.49	0.97	3.99	-0.23	-0.66
Steel	0.08	-2.44	-6.26	-5.80	-0.59
Real Estate	2.13	2.64	1.28	-0.64	2.07
Data Center REITs	0.28	2.48	5.55	12.97	-4.73
Health Care REITs	0.30	3.49	-1.08	-4.79	9.61
Hotel & Resort REITs	0.02	4.38	10.33	8.94	-11.64
Industrial REITs	0.20	3.94	5.94	-2.29	3.33
Multi-Family Residential REITs	0.00	2.49	0.60	-5.34	-2.72
Office REITs	0.02	6.52	5.73	2.47	-7.41
Real Estate Service	0.13	1.83	-3.91	-5.52	-1.35
Retail REITs	0.27	2.73	1.66	-1.92	-2.24
Self-Storage REITs	0.17	3.75	5.31	1.98	1.64
Single-Family Residential REITs	0.17	3.75	5.31	1.98	1.64
Telecom Tower REITs	0.33	1.20	-3.40	-1.41	14.39
Timber REITs	0.04	3.14	0.97	-11.06	-7.49
Utilities	2.40	1.17	1.76	2.30	6.52
Electric Utilities	1.55	1.20	2.32	2.59	6.98
Gas Utilities	0.05	-0.61	-3.35	-0.16	10.82
Independent Power Producers & Energy Traders	0.12	3.37	19.69	26.04	9.69
Water Utilities	0.05	-0.22	-2.97	-4.06	13.70
Multi-Utilities	0.63	0.98	-1.57	-1.16	4.00

*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 42215.70

S&P 500: 5912.17

NASDAQ: 19175.90

Additional information is available upon request.

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Market Perform (Hold)	29	Market Perform (Hold)	1
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