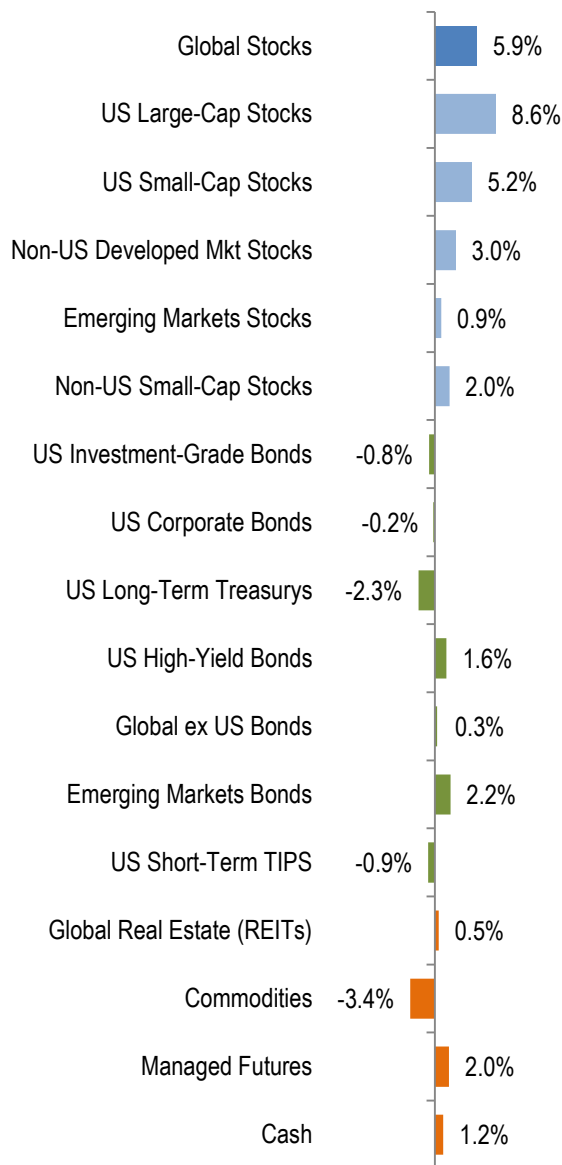


Second Quarter 2023



Second Quarter 2023: Don't Stop Me Now

Stocks continued to advance, shaking off the bear market of 2022, as several potential market disruptions failed to materialize. Unexpected global banking sector issues, including the second largest bank failure in U.S. history, were quickly dealt with by U.S. and European regulators, stemming off a major credit crunch. The proverbial political football, the debt ceiling, was kicked down the field once again as President Biden and House Speaker Kevin McCarthy struck a bipartisan deal just in time to avert a U.S. default. And importantly, the U.S. economy has continued to grow robustly, shrugging off rolling recession forecasts.

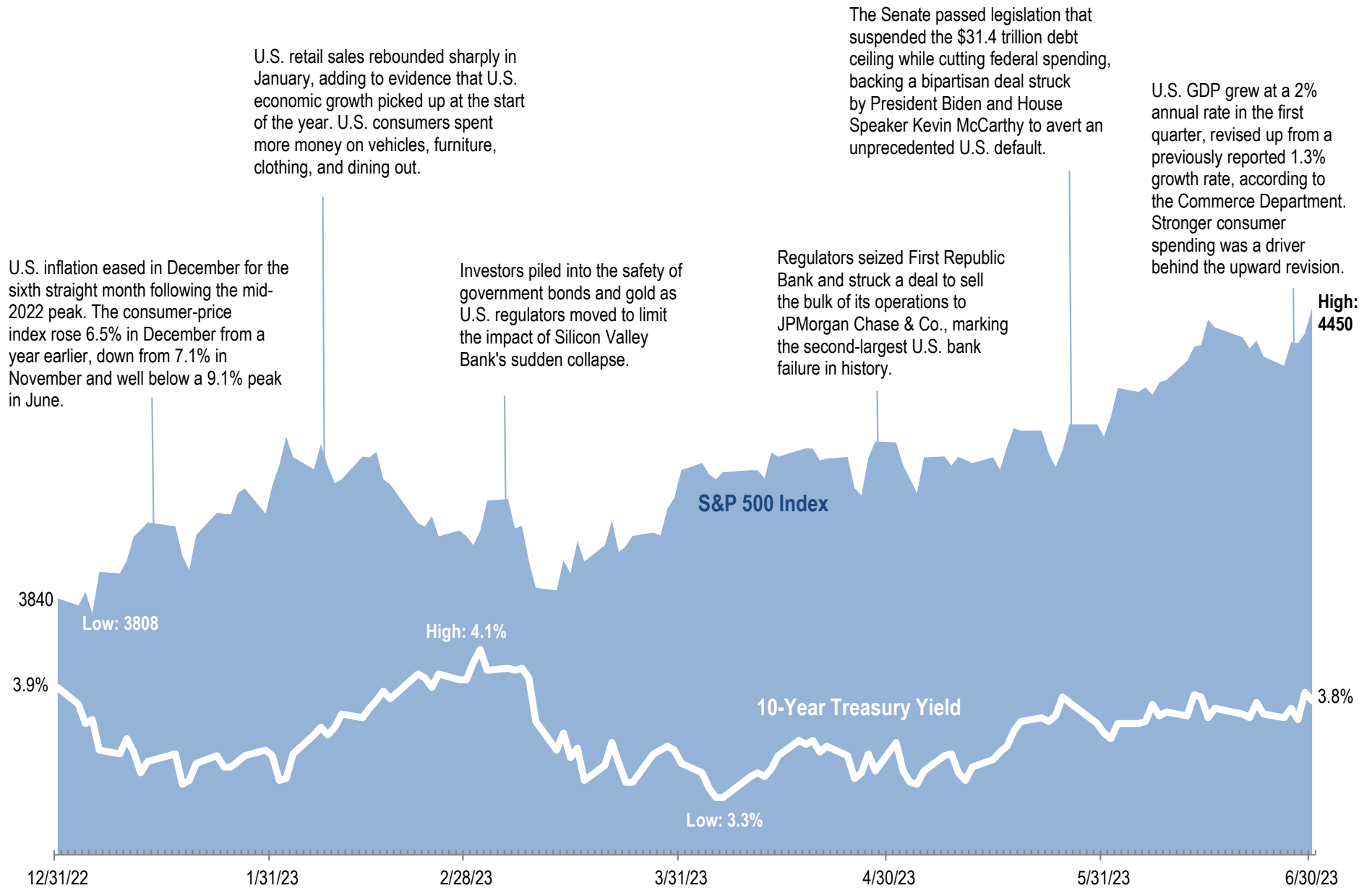
The Federal Reserve has two more rate hikes penciled in for 2023, which would bring interest rates to the highest levels seen in more than two decades. In his June press conference, Federal Reserve Chairman Powell noted tighter monetary policy has already caused some slowdown in the U.S. housing market, and it will take some more time for the higher rates to flow through to other sectors of the economy. Even with the monetary headwinds, Commerce Department data showed that GDP increased at 2.0% in the first quarter, larger than the previous estimate of 1.3%. The job market has shown resilience, with employers adding over 300,000 jobs per month in 2023, surpassing the pre-pandemic average. The U.S. unemployment rate, moreover, remains near a half-century low at 3.7%.

Some investors have expressed concern about the narrow breadth of market gains that are leading the broad U.S. indices higher this year. Gains so far this year have been concentrated in the large technology companies that investors expect to be at the forefront of artificial intelligence (AI). Remove the AI highfliers and stock returns have been much more modest. The median stock in the S&P 500 is up just 5% while the median AI-adjacent company is up close to 50%. International indices have kept pace with U.S. stocks in 2023, and bonds have shown positive results after a lackluster performance in 2022.

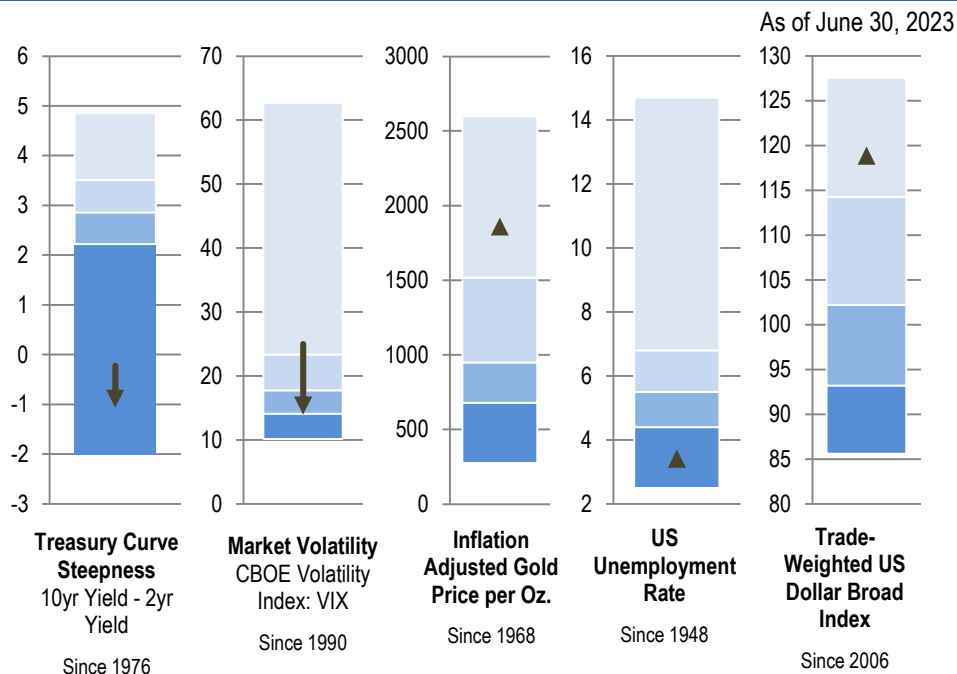
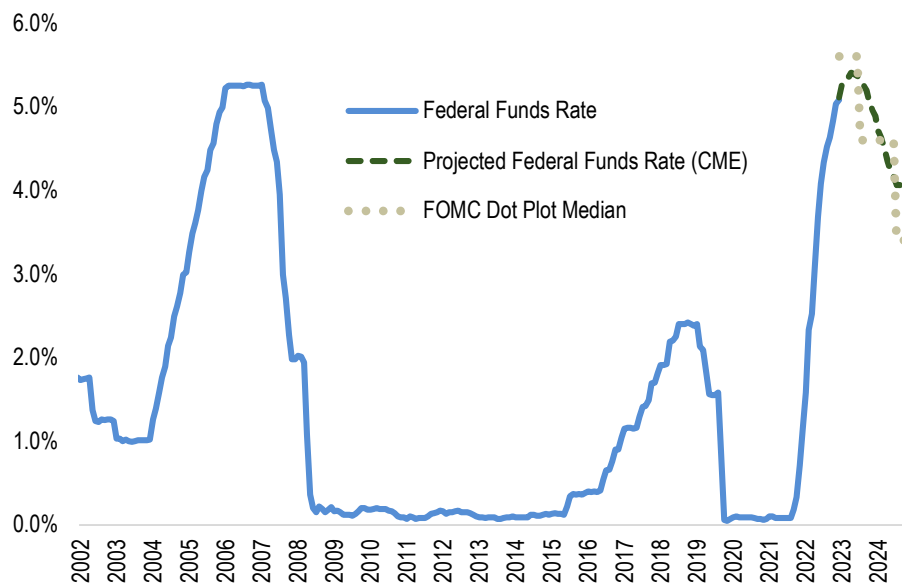
	QTD	YTD	1 Year	3 Years	5 Years	15 Years
Global Stocks	5.9%	13.2%	16.1%	11.0%	7.6%	6.6%
US Large-Cap Stocks	8.6%	16.7%	19.4%	14.1%	11.9%	10.8%
US Large-Cap Value	4.1%	5.1%	11.5%	14.3%	8.1%	8.4%
US Large-Cap Growth	12.8%	29.0%	27.1%	13.7%	15.1%	12.9%
US Small-Cap Stocks	5.2%	8.1%	12.3%	10.8%	4.2%	8.4%
US Small-Cap Value	3.2%	2.5%	6.0%	15.4%	3.5%	7.7%
US Small-Cap Growth	7.1%	13.6%	18.5%	6.1%	4.2%	8.9%
Non-US Developed Markets (USD)	3.0%	11.7%	18.8%	8.9%	4.4%	3.4%
Non-US Developed Markets (Local)	4.3%	12.1%	17.5%	11.7%	6.4%	5.5%
Emerging Markets (USD)	0.9%	4.9%	1.7%	2.3%	0.9%	1.8%
Emerging Markets (Local)	1.7%	5.6%	3.3%	3.9%	3.0%	4.5%
US Investment-Grade Bonds	(0.8%)	2.1%	(1.1%)	(4.0%)	0.8%	2.7%
US Long-Term Treasurys	(2.3%)	3.6%	(7.0%)	(11.6%)	(0.7%)	3.7%
US Short-Term TIPS	(0.9%)	1.3%	(0.7%)	2.0%	2.6%	1.9%
Global Real Estate (REITs)	0.5%	1.6%	(3.6%)	4.3%	0.8%	4.1%
Cash	1.2%	2.3%	3.7%	1.3%	1.6%	0.8%

Returns for periods longer than 1 year are annualized.

Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, S&P Dow Jones Indices, MSCI, FTSE Russell, ICE BofA, Credit Suisse, JP Morgan

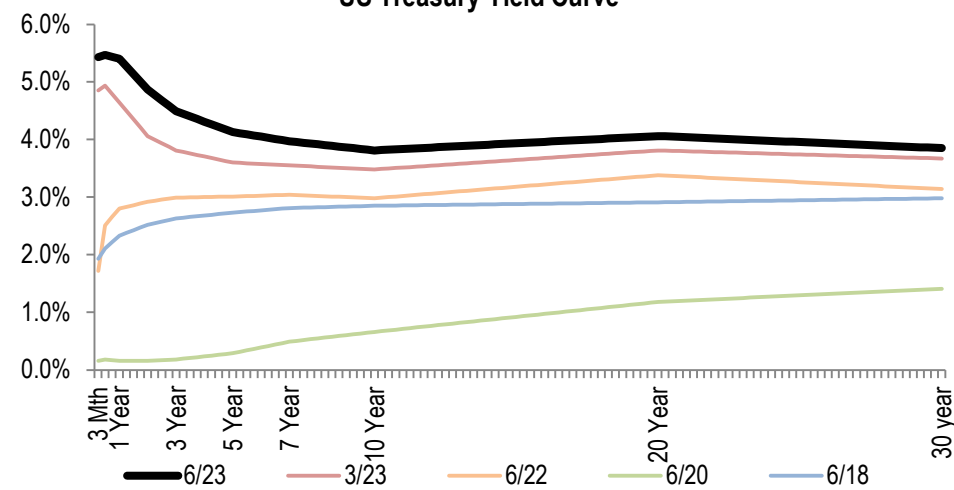


Federal Funds Rate



	6/2023	3/2023	6/2022	6/2020	6/2018
Market Inflation Expectations					
5 Year	2.2	2.4	2.6	1.2	2.1
10 Year	2.2	2.3	2.3	1.3	2.1
20 Year	2.5	2.5	2.6	1.6	2.1
CPI Year-over-Year	3.0	5.0	9.1	0.6	2.9
West Texas Crude Oil	70.7	75.7	107.8	39.3	74.1
Consumer Sentiment Index	64.4	62.0	50.0	78.1	98.2
S&P 500 Operating EPS	52.3*	52.5	46.9	26.8	38.7
Real GDP Growth YoY	2.4	2.0	-0.6	-29.9	2.8
Federal Funds Rate	5.08	4.65	1.21	0.08	1.82

US Treasury Yield Curve

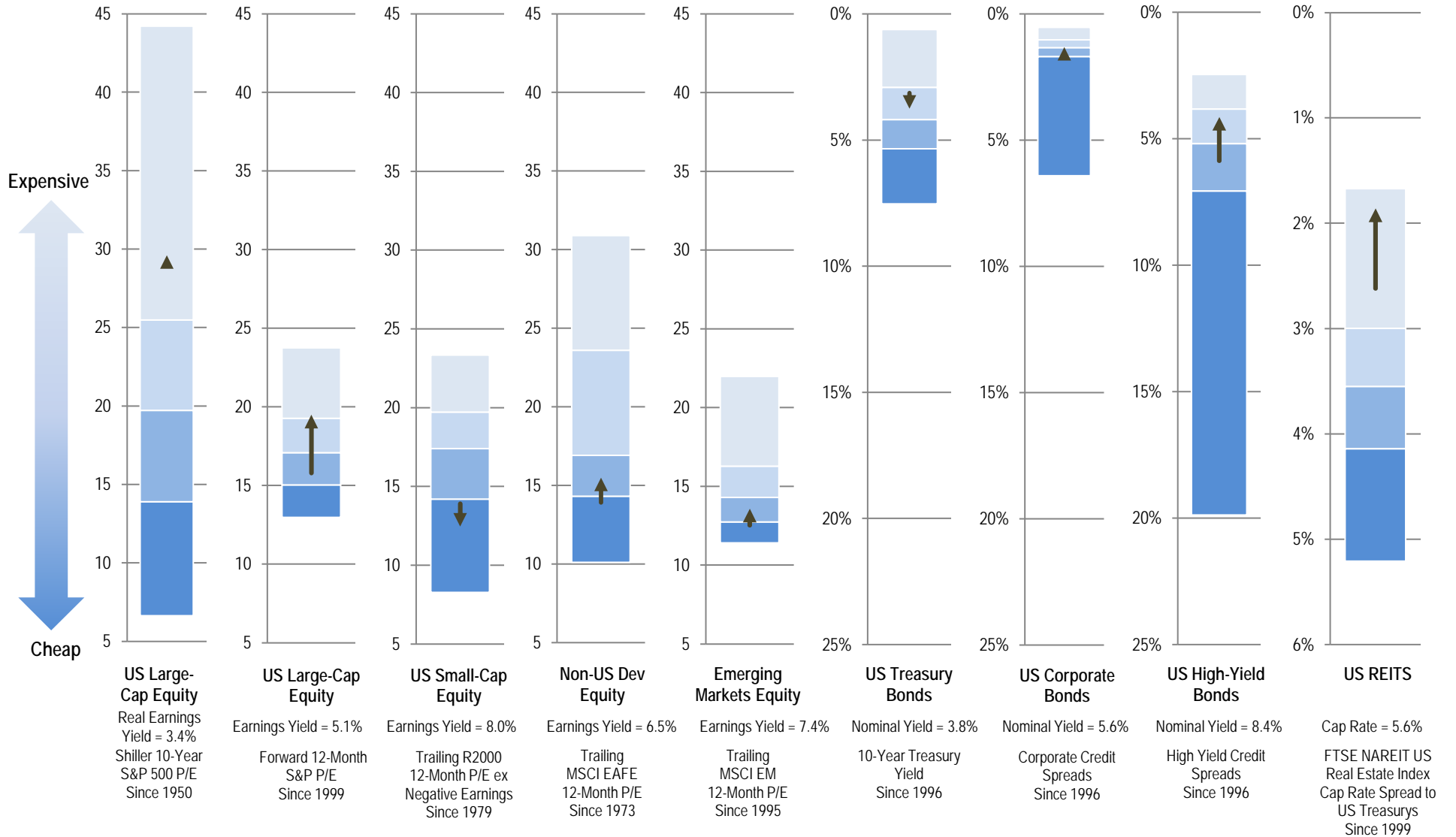


Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

*Estimate, provided by S&P Dow Jones Indices.

As of June 30, 2023

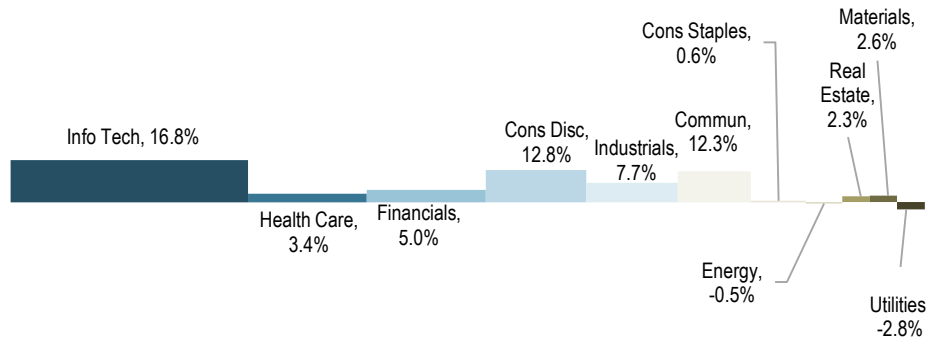


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

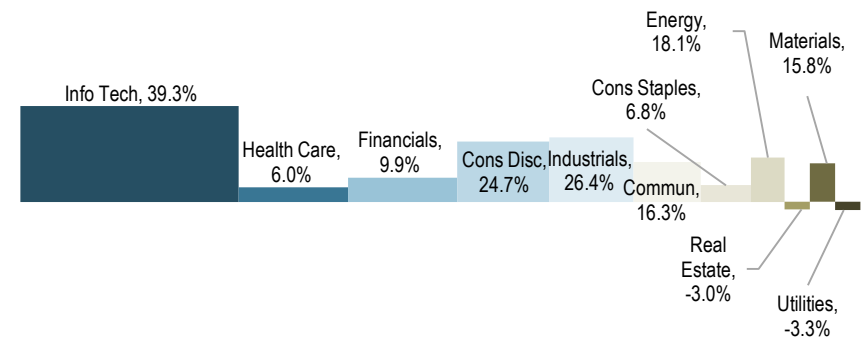
Sources: Sellwood Consulting LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

As of June 30, 2023

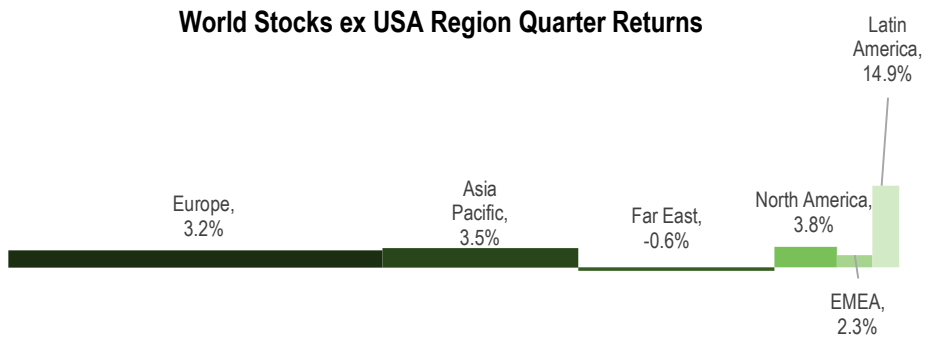
US Stocks Sector Quarter Returns



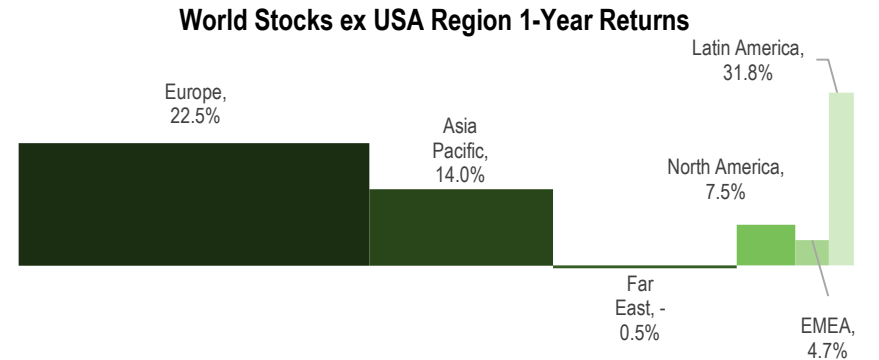
US Stocks Sector 1-Year Returns



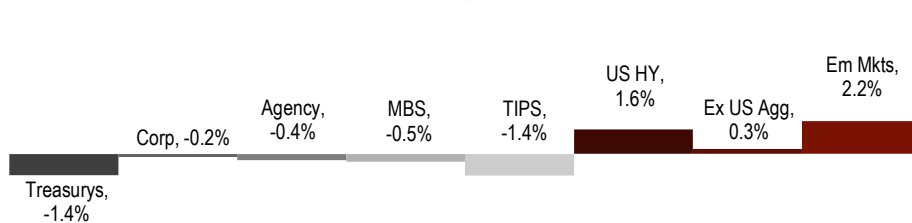
World Stocks ex USA Region Quarter Returns



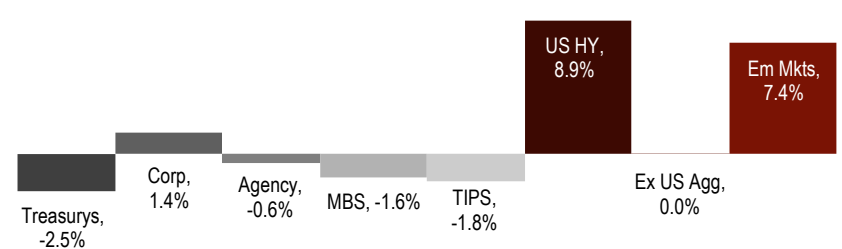
World Stocks ex USA Region 1-Year Returns



Fixed Income Sectors Quarter Returns



Fixed Income Sectors 1-Year Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Consulting LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA