

## Market Facts and Figures from Q3 2023

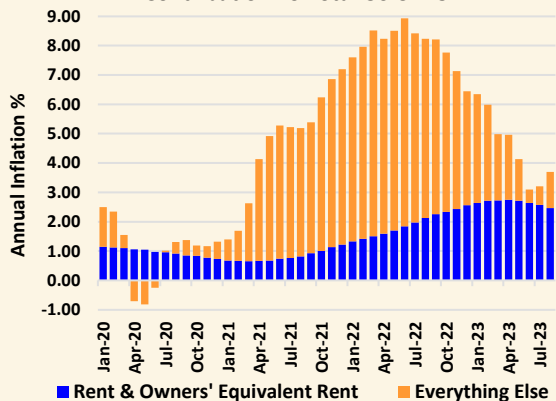
US stocks were down across all style boxes, with small growth stocks down the most in Q3.

2023 3Q US Returns (Russell Indices)

	Value	Core	Growth
Large	-3.2%	-3.2%	-3.1%
Mid	-4.5%	-4.7%	-5.2%
Small	-3.0%	-5.1%	-7.3%

Currently, the bulk of new inflation is being driven by the cost of shelter.

Contribution To Total US CPI-U



Best and Worst Markets

### Developed Markets

Top 3	2023 3Q	Bottom 3	2023 3Q
Norway	11.59%	New Zealand	-8.87%
Israel	4.97%	Hong Kong	-11.08%
Denmark	2.35%	Netherlands	-13.58%

### Emerging Markets

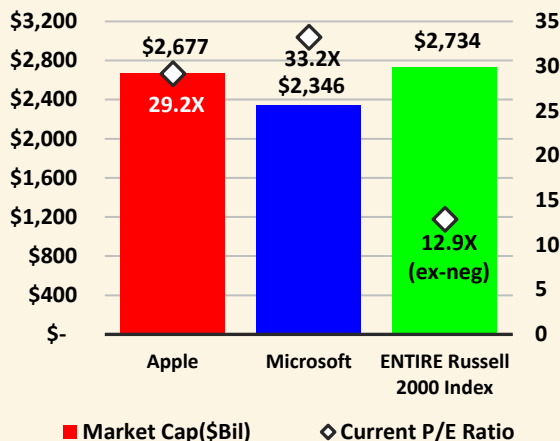
Top 3	2023 3Q	Bottom 3	2023 3Q
Turkey	32.71%	Chile	-9.76%
Egypt	15.32%	Poland	-12.66%
UAE	6.11%	Argentina	-14.08%

### Frontier Markets

Top 3	2023 3Q	Bottom 3	2023 3Q
Kazakhstan	29.76%	Estonia	-6.51%
Sri Lanka	15.43%	Tunisia	-11.09%
Romania	12.05%	Kenya	-16.59%

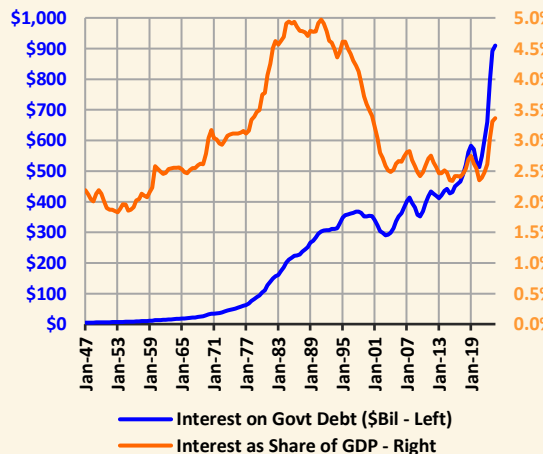
The market cap of Apple & Microsoft now rivals that of the entire small cap index combined.

Apple & Microsoft vs US Small Cap Index



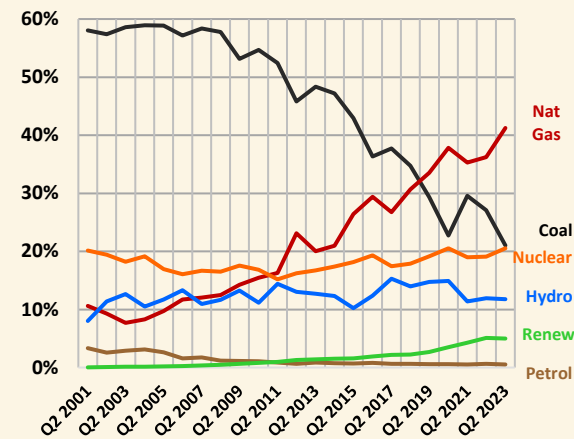
Interest paid on US debt has risen significantly, but as a share of GDP it is still below the 1980s.

Interest on Govt Debt & GDP



Coal's share of US electricity generation has fallen from nearly 60% to just over 20%.

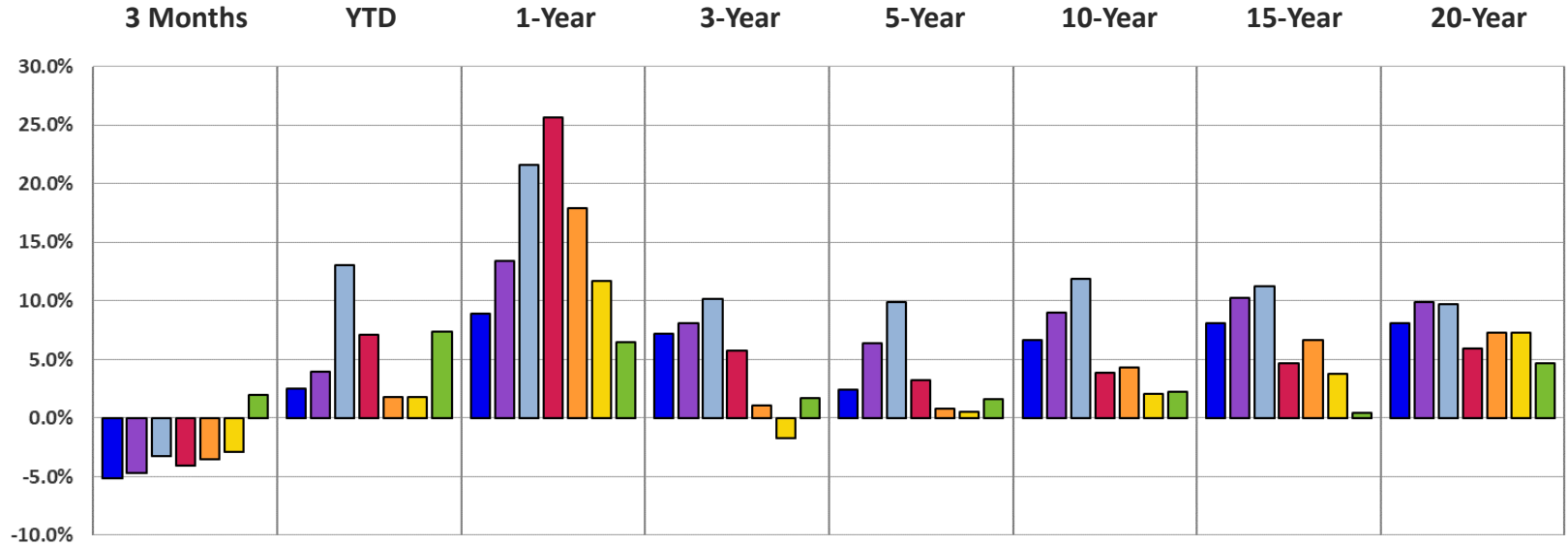
Share of US Electricity Generation



Sources: fred.stlouisfed.org, Morningstar Advisor Workstation, Hotchkis & Wiley, www.eia.gov, ycharts.com

## World Equity Performance

Quarter Ending September 30, 2023

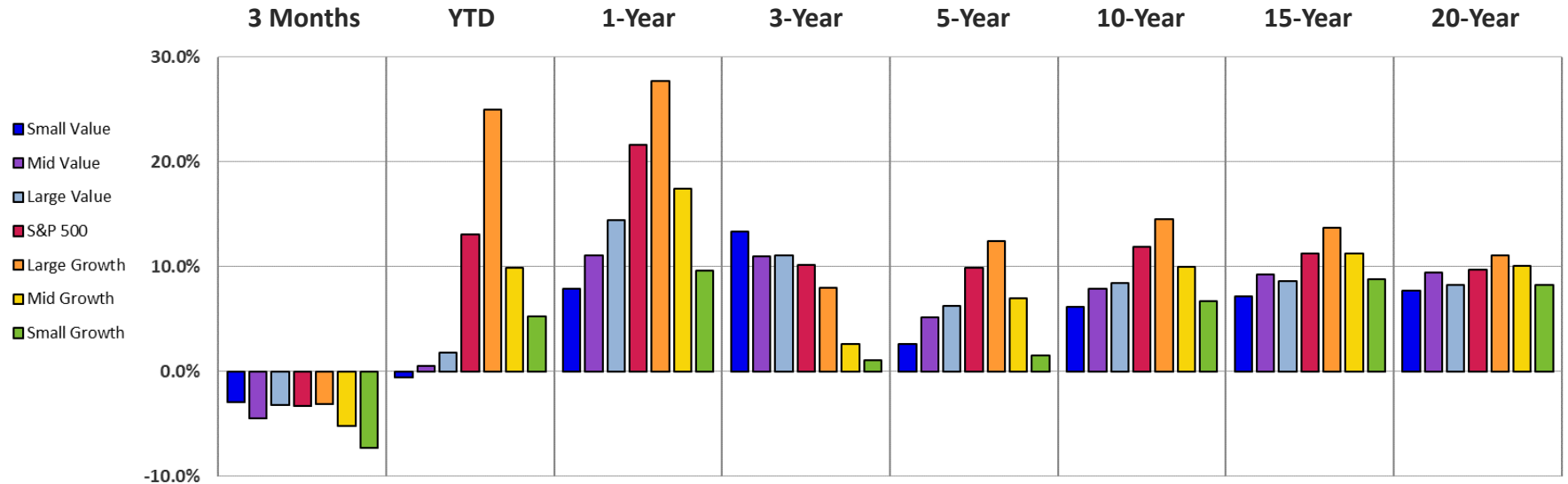


<b>US Small Cap</b>	<b>-5.1%</b>	2.5%	8.9%	7.2%	2.4%	6.6%	8.1%	8.1%
<b>US Mid Cap</b>	<b>-4.7%</b>	3.9%	13.4%	8.1%	6.4%	9.0%	10.3%	9.9%
<b>US Large Cap</b>	<b>-3.3%</b>	13.1%	21.6%	10.2%	9.9%	11.9%	11.3%	9.7%
<b>Non-US Large</b>	<b>-4.1%</b>	7.1%	25.6%	5.8%	3.2%	3.8%	4.7%	5.9%
<b>Non-US Small</b>	<b>-3.5%</b>	1.8%	17.9%	1.1%	0.8%	4.3%	6.6%	7.3%
<b>Emerging Mkts</b>	<b>-2.9%</b>	1.8%	11.7%	<b>-1.7%</b>	0.6%	2.1%	3.8%	7.3%
<b>Frontier Mkts</b>	2.0%	7.4%	6.5%	1.7%	1.6%	2.2%	0.4%	4.7%

Stocks were down across most market groups in the third quarter, with Frontier Markets being a positive (up +2%). US large caps have outperformed US small caps by an annualized 7.5% over the past 5 years, which is the largest 5-year outperformance by large caps since the late-90s Tech Bubble.

## U.S. Equity Style Performance

Quarter Ending September 30, 2023

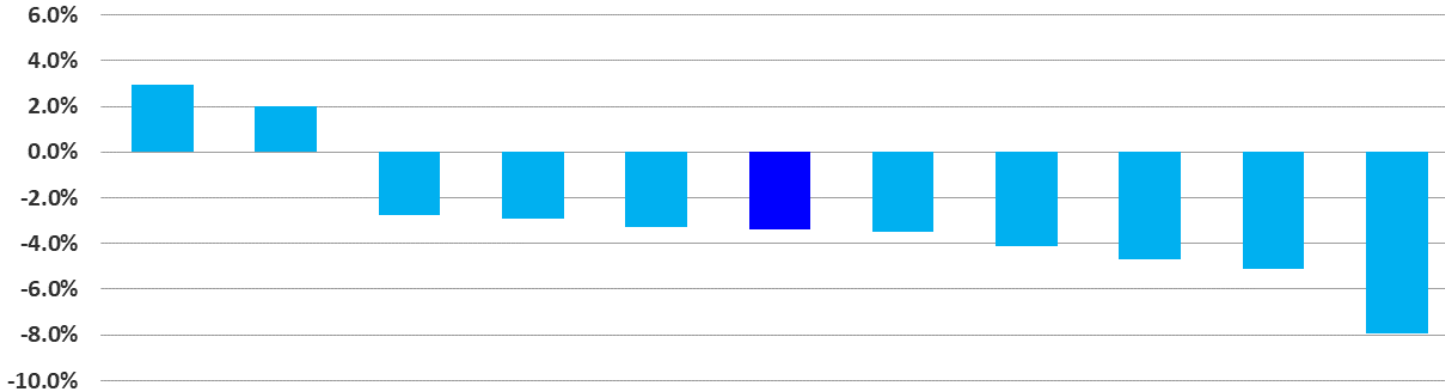


<b>Small Value</b>	<b>-3.0%</b>	<b>-0.5%</b>	7.8%	13.3%	2.6%	6.2%	7.2%	7.7%
<b>Mid Value</b>	<b>-4.5%</b>	0.5%	11.0%	11.0%	5.2%	7.9%	9.2%	9.4%
<b>Large Value</b>	<b>-3.2%</b>	1.8%	14.4%	11.1%	6.2%	8.4%	8.6%	8.2%
<b>S&amp;P 500</b>	<b>-3.3%</b>	13.1%	21.6%	10.2%	9.9%	11.9%	11.3%	9.7%
<b>Large Growth</b>	<b>-3.1%</b>	25.0%	27.7%	8.0%	12.4%	14.5%	13.7%	11.1%
<b>Mid Growth</b>	<b>-5.2%</b>	9.9%	17.5%	2.6%	7.0%	9.9%	11.3%	10.1%
<b>Small Growth</b>	<b>-7.3%</b>	5.2%	9.6%	1.1%	1.6%	6.7%	8.8%	8.3%

US stocks were down across the board in the third quarter, though they are still positive for the year-to-date with the exception of small value. Earnings growth for the S&P 500 appears to be reaccelerating, with an estimated EPS growth rate of 13.7% in Q2, up from 5.3% in Q1. US consumer sentiment has been on the rise since bottoming in mid-2022 when inflation was at its peak.

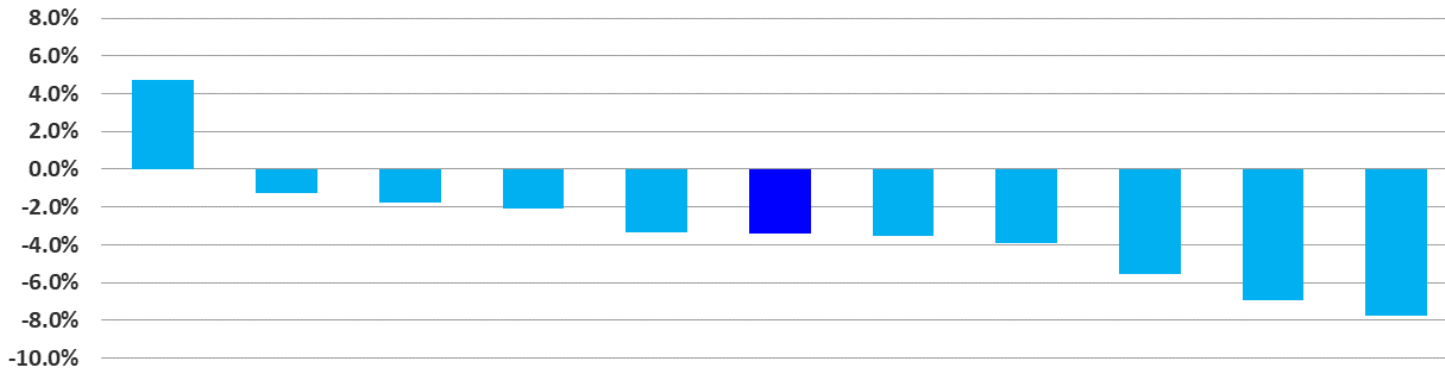
## Equity Performance Breakdown

### 2023 3Q World Index Returns



	MSCI Emrg Small Cap	MSCI Frontier Markets	S&P 100	MSCI Emerging Markets	S&P 500	MSCI ACWI IMI	MSCI EAFE Small Cap	MSCI EAFE	Russell Mid Cap	Russell 2000	Russell Micro Cap
<b>2023 3Q Return</b>	2.9%	2.0%	-2.8%	-2.9%	-3.3%	-3.4%	-3.5%	-4.1%	-4.7%	-5.1%	-7.9%

### 2023 3Q Country Returns for the MSCI ACWI IMI



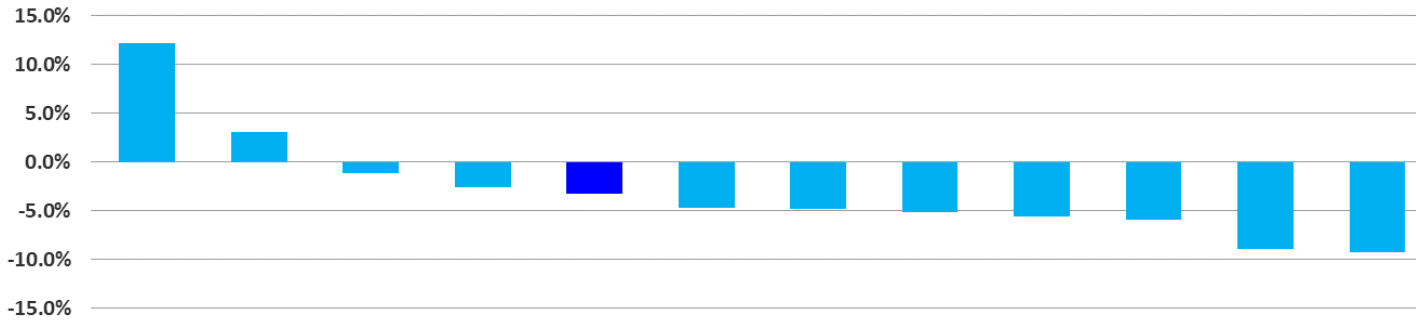
	India	Japan	United Kingdom	China	U.S.	MSCI ACWI IMI Index	Australia	Canada	Switzerland	France	Germany
<b>2023 3Q Return</b>	4.7%	-1.3%	-1.7%	-2.1%	-3.4%	-3.4%	-3.5%	-3.9%	-5.6%	-7.0%	-7.8%
<b>Weight in ACWI</b>	1.9%	6.1%	3.8%	3.0%	61.0%	-	1.9%	2.9%	2.3%	2.7%	2.0%

Frontier and Emerging Markets Small Cap stocks were the lead performers in Q3, with all other major equity indexes down during the quarter. US Small and Micro caps were down the most, declining -5.1% and -7.9% respectively. On a positive note, the OECD composite of leading indicators has been trending upward since April.

India was the only one of the 10 largest markets to post a positive return for the quarter, up +4.7%. Core Eurozone members France and Germany suffered the largest declines. Global PMI data has been softening since May, however both the US PMI and Global PMI value remain above 50, indicating economic expansion.

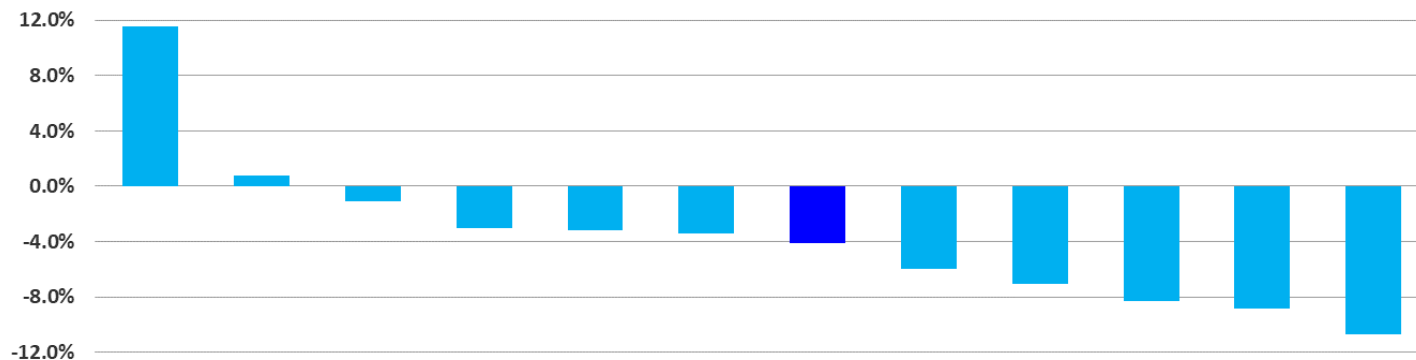
## Equity Performance Breakdown

### 2023 3Q Sector Returns for the S&P 500



	Energy	Communic. Services	Financials	Health Care	S&P 500 Index	Materials	Consumer Discretionary	Industrials	Technology	Consumer Staples	Real Estate	Utilities
<b>2023 3Q Return</b>	12.2%	3.1%	-1.1%	-2.7%	-3.3%	-4.8%	-4.8%	-5.2%	-5.6%	-6.0%	-8.9%	-9.3%
<b>Weight in S&amp;P</b>	4.7%	8.9%	12.8%	13.4%	-	2.4%	10.7%	8.3%	27.5%	6.6%	2.4%	2.4%

### 2023 3Q Sector Returns for the MSCI EAFE



	Energy	Financials	Real Estate	Health Care	Materials	Communic. Services	MSCI EAFE Index	Industrials	Consumer Staples	Consumer Discretionary	Utilities	Technology
<b>2023 3Q Return</b>	11.6%	0.8%	-1.1%	-3.1%	-3.2%	-3.4%	-4.1%	-6.0%	-7.1%	-8.3%	-8.8%	-10.7%
<b>Weight in EAFE</b>	4.8%	19.1%	2.3%	13.4%	7.5%	4.1%	-	15.9%	9.8%	12.0%	3.4%	7.7%

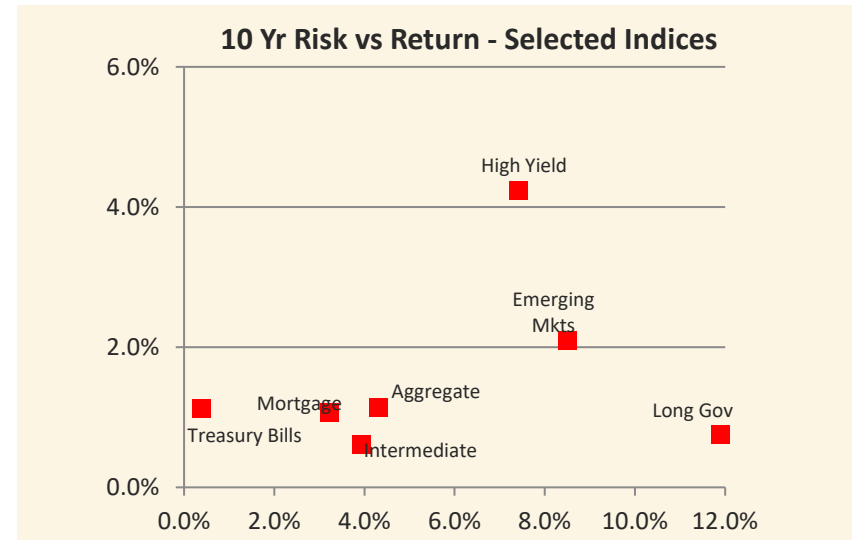
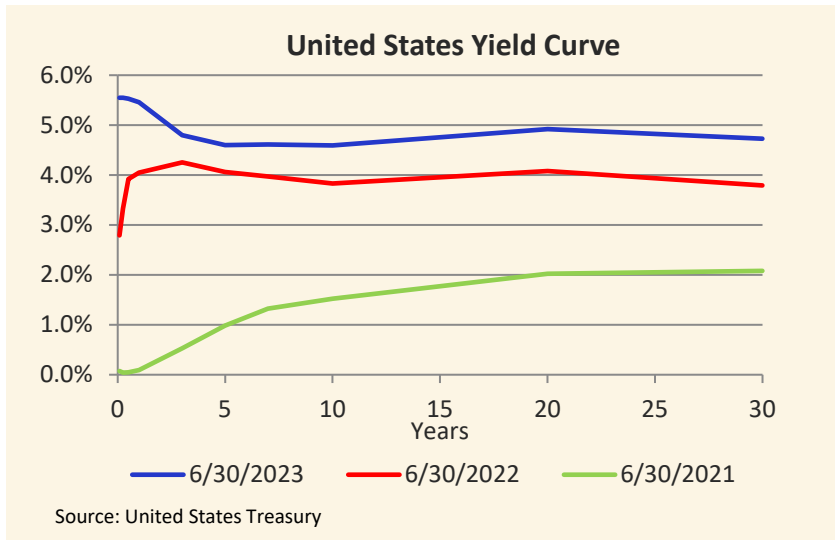
The Energy sector was by far the top performer in the third quarter, driven by a 28.5% increase in the price of oil during Q3. US crude oil and condensate production is projected to reach a record high of 12.9 million barrels per day in 2023. Communication Services was the only other positive sector, up +3.1% for the quarter.

Unsurprisingly, Energy was also the strongest sector in the non-US developed markets, with most other sectors retreating during the quarter. European markets continue to adjust to a “higher for longer” interest rate environment. In a positive sign, Eurozone inflation fell more than expected in September, coming in at an annualized 4.5%. That is the lowest inflation reading in two years, though still above the ECB’s target of 2%.

## Fixed Income Performance

Fixed Income Rates of Return		2023 3Q	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>	Bloomberg US Aggregate TR	-3.23%	-1.21%	0.64%	-5.21%	0.10%	1.13%
	Bloomberg US Govt/Credit TR	-3.00%	-0.85%	0.93%	-5.32%	0.41%	1.31%
<b>Intermediate Indices</b>	Bloomberg US Int Agg TR	-1.89%	-0.30%	1.42%	-3.66%	0.42%	1.06%
	Bloomberg US Govt/Credit Int TR	-0.83%	0.65%	2.20%	-2.93%	1.02%	1.27%
<b>Government Only Indices</b>	FTSE 3 Month Treasury	1.38%	3.80%	4.71%	1.78%	1.74%	1.12%
	Bloomberg US Govt 1-3 Yr TR	0.72%	1.72%	2.47%	-0.90%	1.04%	0.80%
	Bloomberg US Govt Int TR	-0.78%	0.32%	1.33%	-3.17%	0.68%	0.81%
	Bloomberg US TIPS TR	-2.60%	-0.78%	1.25%	-1.98%	2.12%	1.74%
	Bloomberg US Govt Long TR	-11.79%	-8.50%	-9.04%	-15.66%	-2.78%	0.75%
<b>Municipal Indices</b>	Bloomberg US Municipal TR	-3.95%	-1.38%	2.66%	-2.30%	1.05%	2.29%
	Bloomberg US Municipal 1 Yr TR	-0.09%	1.05%	2.29%	0.11%	1.04%	0.88%
	Bloomberg US Municipal 10 Yr TR	-3.65%	-1.57%	2.85%	-1.87%	1.52%	2.47%
	Bloomberg US Municipal 20 Yr TR	-5.51%	-2.14%	2.98%	-2.87%	1.08%	2.94%
<b>Mortgage Backed Indices</b>	Bloomberg US MBS TR	-4.05%	-2.26%	-0.17%	-5.09%	-0.77%	0.61%
<b>Corporate Bond Indices</b>	Bloomberg US Credit TR	-3.01%	0.03%	3.47%	-4.83%	0.86%	2.12%
	Bloomberg US High Yield TR	0.46%	5.86%	10.28%	1.76%	2.96%	4.24%
<b>World Bond Indices</b>	FTSE World Government Bond	-4.27%	-2.68%	1.04%	-8.72%	-2.57%	-1.19%
	Bloomberg EM USD Sovereign TR	-2.94%	0.59%	8.72%	-5.09%	-0.53%	2.09%

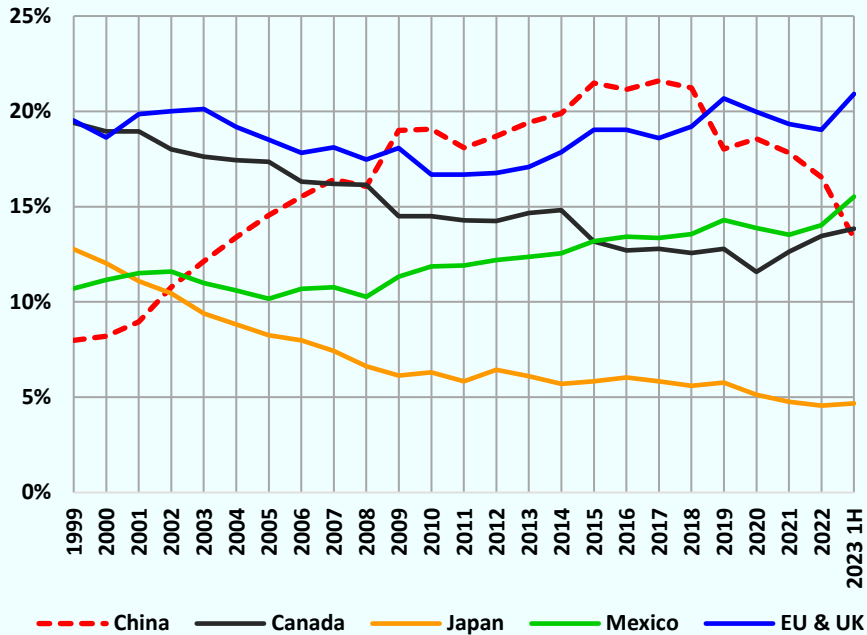
Source: Morningstar Advisor Workstation



## MARKET MICROSCOPE – Does China Really “Make All Of Our Stuff”?

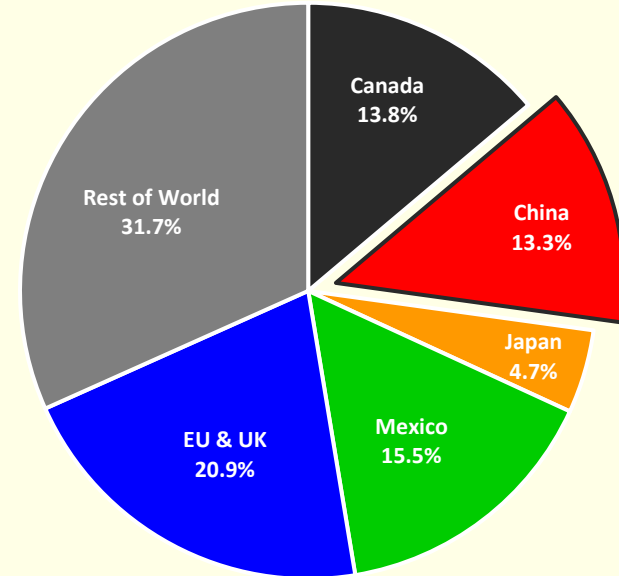
China has been a key US trade partner over the past 20 years. However, they are far from representing a majority of our imported goods, and their share of US imports has been on the decline.

Share of Annual U.S. Imports of Goods



China’s share of US imports increased steadily from 1999-2015 as they became America’s single largest provider of goods. However, their share of US imports has been on the decline since peaking at 21.6% in 2017.

Share of U.S. Goods Imports In 2023 (Jan-Jun)



In the first half of 2023, China’s share of US imports fell to third place behind both Mexico and Canada. They are in fourth place if one considers Europe to be a single bloc.

Source: [www.census.gov](http://www.census.gov). Import values are not seasonally-adjusted.