



SILVIA • McCOLL  
WEALTH MANAGEMENT

Q2

Quarterly Market Review  
Second Quarter 2023

# Quarterly Market Summary

## Index returns



|                          | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|--------------------------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| Q2 2023                  | STOCKS          |                                |                         |                    | BONDS          |                          |
|                          | 8.39%           | 3.03%                          | 0.90%                   | 0.71%              | -0.84%         | 0.73%                    |
|                          |                 |                                |                         |                    |                |                          |
| Since Jan. 2001          |                 |                                |                         |                    |                |                          |
| Average Quarterly Return | 2.3%            | 1.5%                           | 2.5%                    | 2.2%               | 0.9%           | 0.9%                     |
| Best Quarter             | 22.0%           | 25.9%                          | 34.7%                   | 32.3%              | 4.6%           | 4.6%                     |
|                          | <b>2020 Q2</b>  | <b>2009 Q2</b>                 | <b>2009 Q2</b>          | <b>2009 Q3</b>     | <b>2001 Q3</b> | <b>2008 Q4</b>           |
| Worst Quarter            | -22.8%          | -23.3%                         | -27.6%                  | -36.1%             | -5.9%          | -4.1%                    |
|                          | <b>2008 Q4</b>  | <b>2020 Q1</b>                 | <b>2008 Q4</b>          | <b>2008 Q4</b>     | <b>2022 Q1</b> | <b>2022 Q1</b>           |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

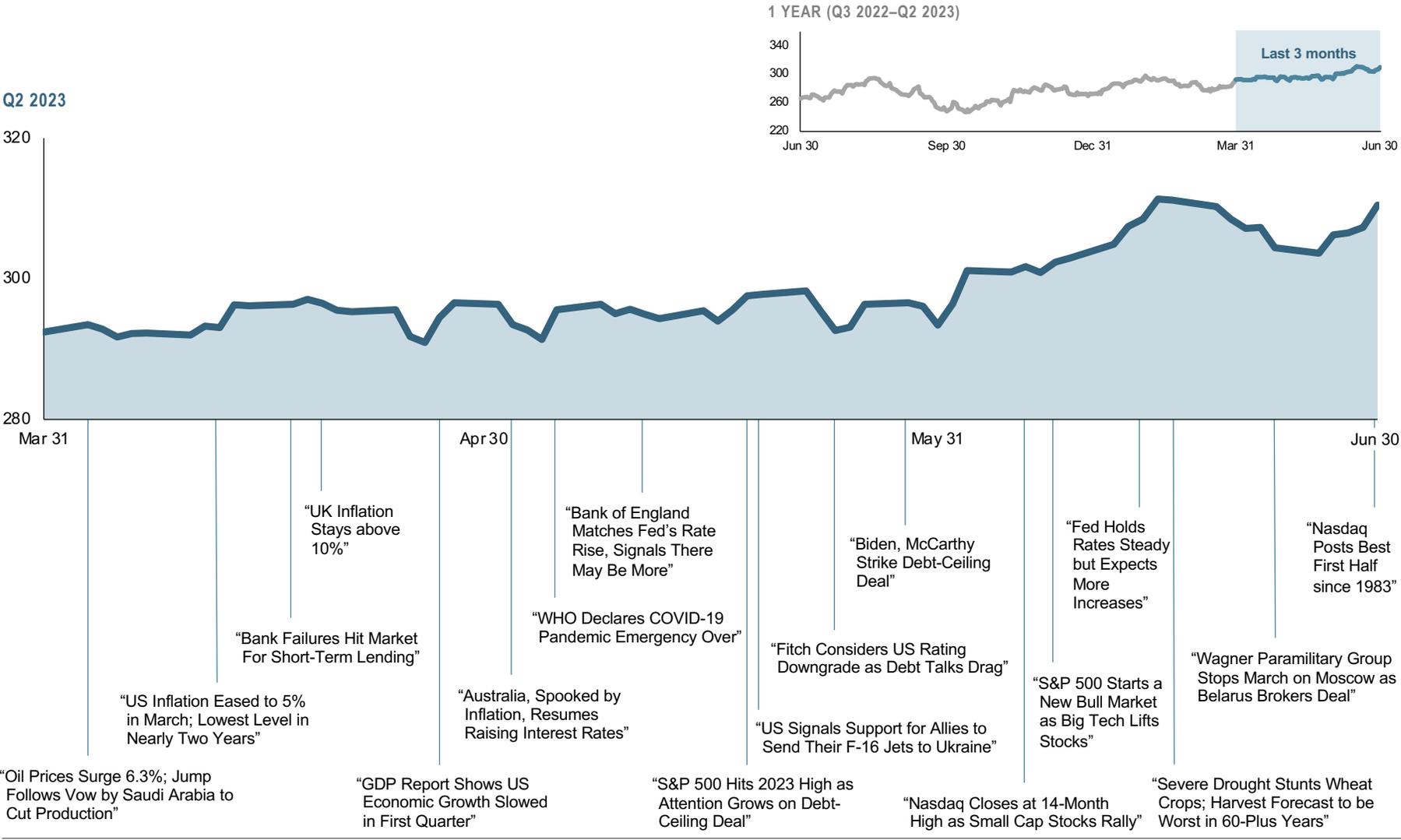
Index returns as of June 30, 2023

|          | US Stock Market   | International Developed Stocks  | Emerging Markets Stocks   | Global Real Estate  | US Bond Market  | Global Bond Market ex US  |
|----------|---|---|---|---|---|---|
| 1 Year   | STOCKS  |   |   |   | BONDS   |   |
|          | 18.95%  | 17.41%  | 1.75%   | -3.02%  | -0.94%  | 1.51%   |
|          |    |    |    |    |    |    |
| 5 Years  |   |   |   |   |   |   |
|          | 11.39%  | 4.58%   | 0.93%   | 1.35%   | 0.77%   | 0.95%   |
|          |   |   |   |   |   |   |
| 10 Years |   |   |   |   |   |   |
|          | 12.34%  | 5.40%   | 2.95%   | 3.80%   | 1.52%   | 2.48%   |
|          |  |  |  |  |  |  |

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2023



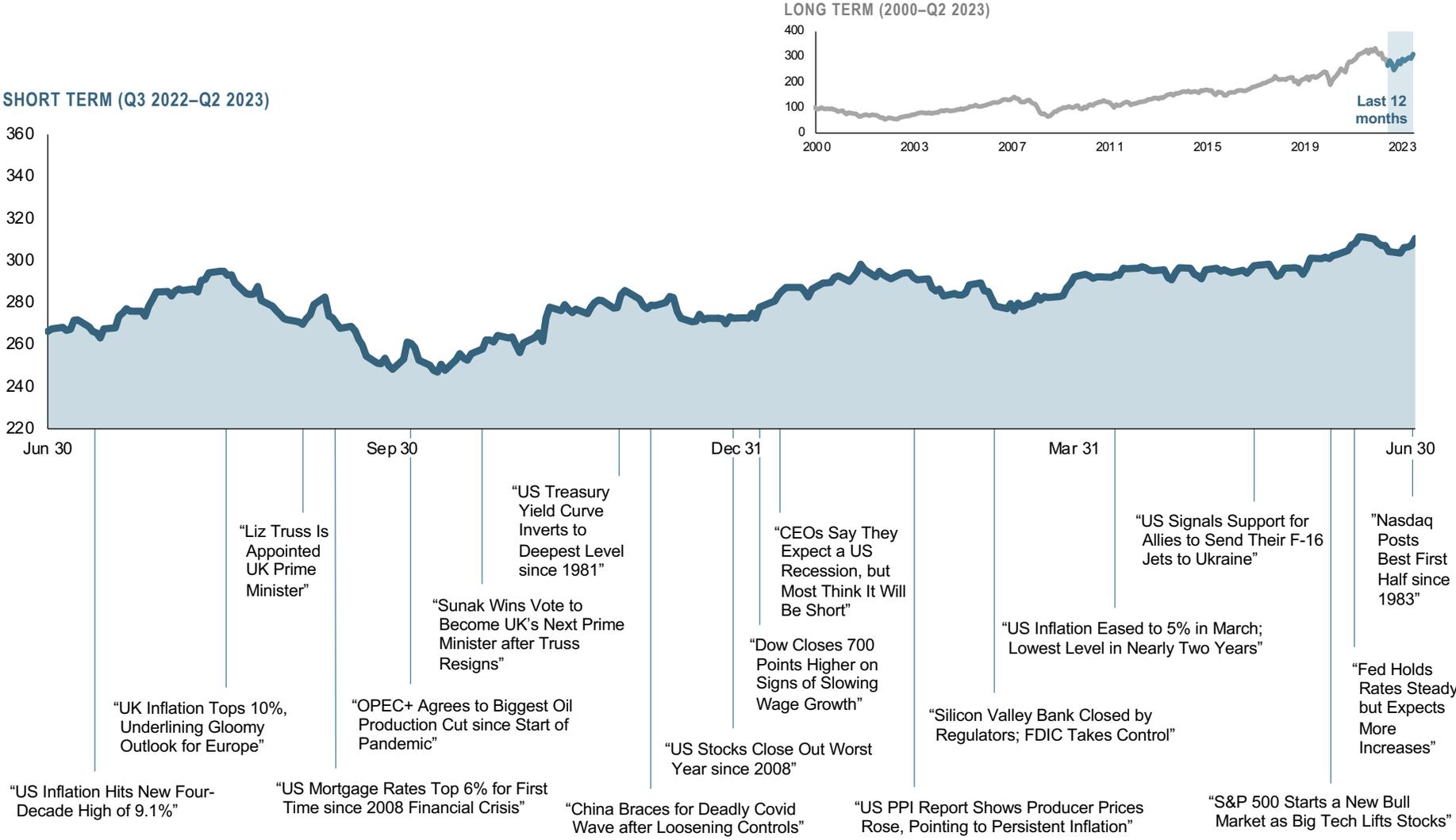
*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2023, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**



# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2023, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

# US Stocks

## Second quarter 2023 index returns

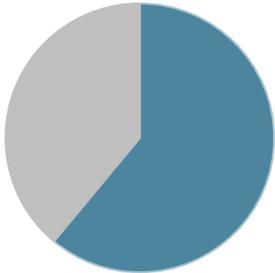
The US equity market posted positive returns for the quarter and outperformed both non-US developed and emerging markets.

Value underperformed growth.

Small caps underperformed large caps.

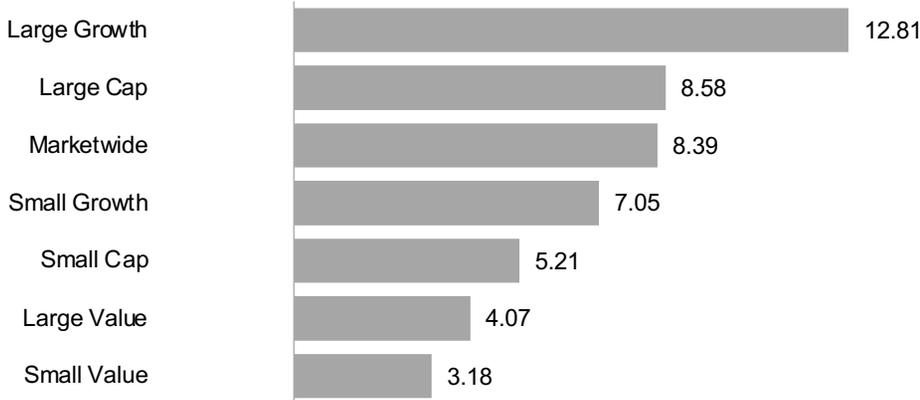
REIT indices underperformed equity market indices.

### World Market Capitalization—US



**61%**  
 US Market  
 \$43.4 trillion

### Ranked Returns (%)



### Period Returns (%)

| Asset Class  | QTR   | YTD   | 1 Year | Annualized |         |          |
|--------------|-------|-------|--------|------------|---------|----------|
|              |       |       |        | 3 Years    | 5 Years | 10 Years |
| Large Growth | 12.81 | 29.02 | 27.11  | 13.73      | 15.14   | 15.74    |
| Large Cap    | 8.58  | 16.68 | 19.36  | 14.09      | 11.92   | 12.64    |
| Marketwide   | 8.39  | 16.17 | 18.95  | 13.89      | 11.39   | 12.34    |
| Small Growth | 7.05  | 13.55 | 18.53  | 6.10       | 4.22    | 8.83     |
| Small Cap    | 5.21  | 8.09  | 12.31  | 10.82      | 4.21    | 8.26     |
| Large Value  | 4.07  | 5.12  | 11.54  | 14.30      | 8.11    | 9.22     |
| Small Value  | 3.18  | 2.50  | 6.01   | 15.43      | 3.54    | 7.29     |

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# International Developed Stocks

## Second quarter 2023 index returns

Developed markets outside of the US posted positive returns for the quarter and underperformed the US market, but outperformed emerging markets.

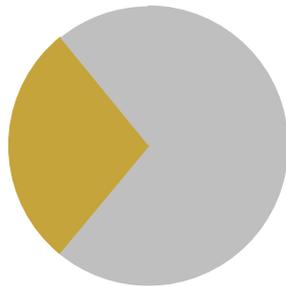
Value outperformed growth.

Small caps underperformed large caps.

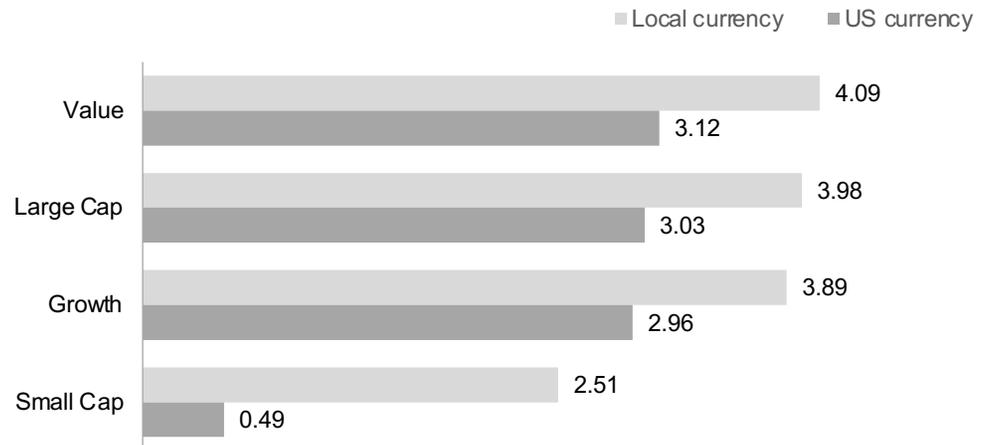
### World Market Capitalization—International Developed

**28%**

International  
Developed Market  
\$20.0 trillion



### Ranked Returns (%)



### Period Returns (%)

| Asset Class | QTR  | YTD   | 1 Year | Annualized |         |          |
|-------------|------|-------|--------|------------|---------|----------|
|             |      |       |        | 3 Years    | 5 Years | 10 Years |
| Value       | 3.12 | 8.92  | 15.49  | 12.07      | 3.24    | 4.25     |
| Large Cap   | 3.03 | 11.29 | 17.41  | 9.30       | 4.58    | 5.40     |
| Growth      | 2.96 | 13.76 | 19.40  | 6.24       | 5.46    | 6.28     |
| Small Cap   | 0.49 | 5.50  | 10.05  | 6.42       | 1.83    | 5.97     |

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Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.



# Emerging Markets Stocks

## Second quarter 2023 index returns

Emerging markets posted positive returns for the quarter and underperformed both US and non-US developed markets.

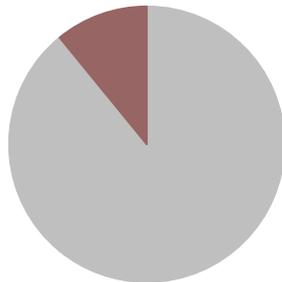
Value outperformed growth.

Small caps outperformed large caps.

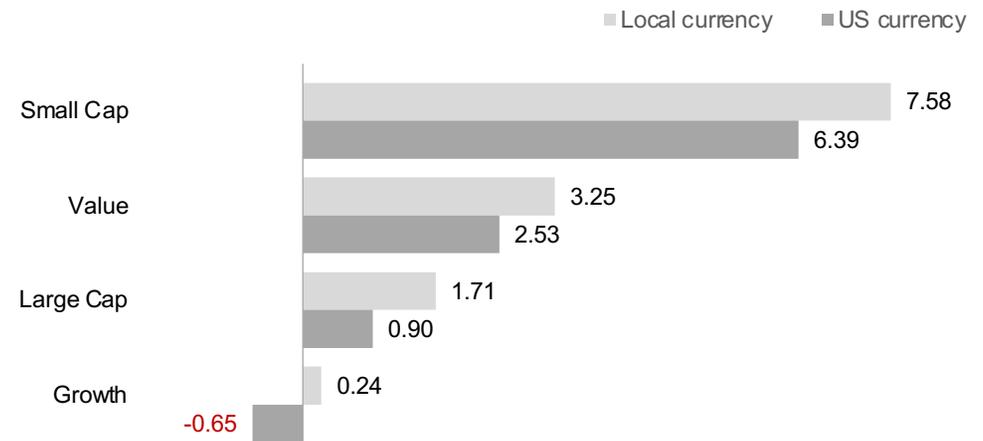
### World Market Capitalization—Emerging Markets

11%

Emerging Markets  
\$7.8 trillion



### Ranked Returns (%)



### Period Returns (%)

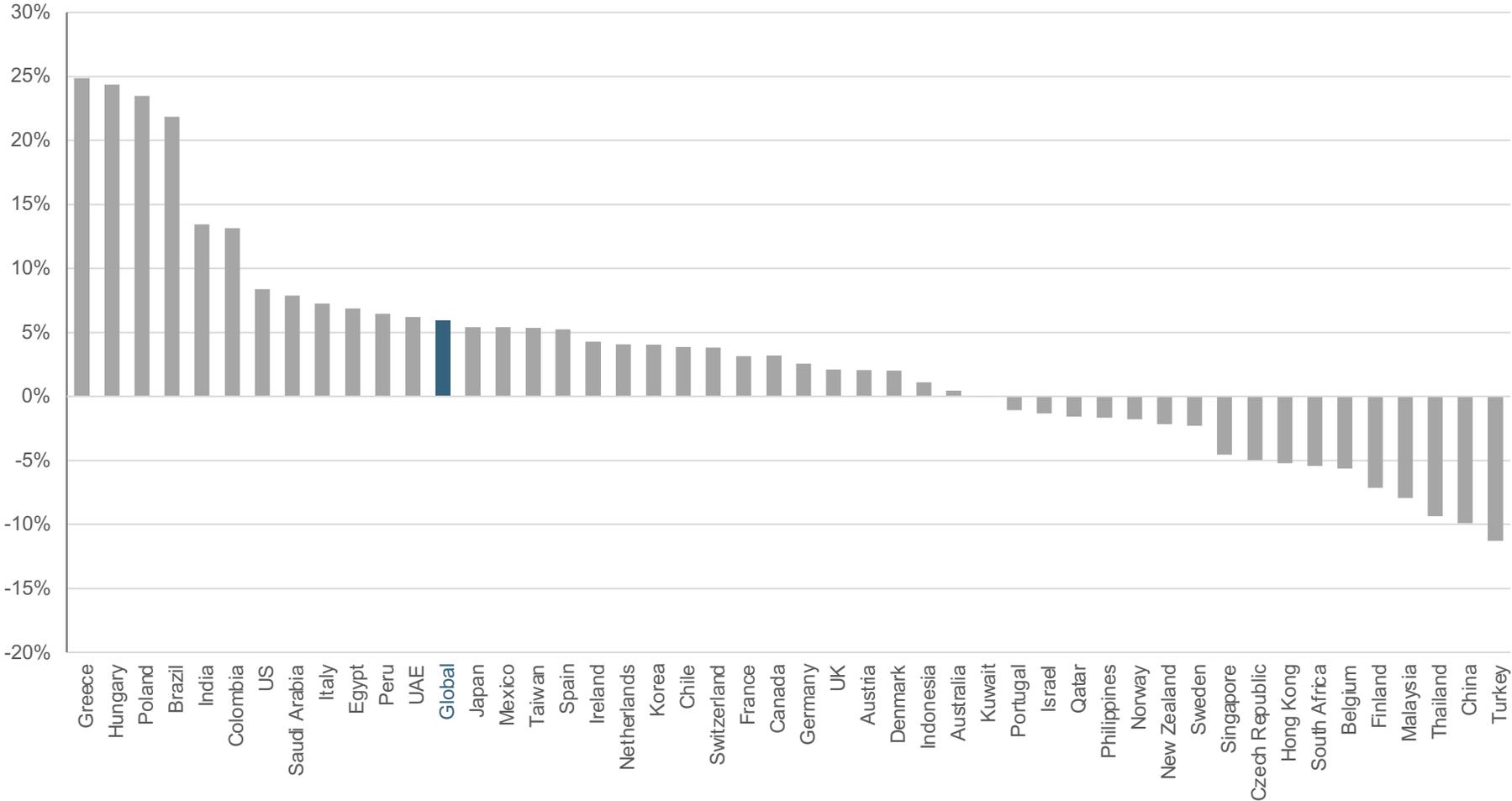
| Asset Class | QTR   | YTD   | 1 Year | Annualized |         |          |
|-------------|-------|-------|--------|------------|---------|----------|
|             |       |       |        | 3 Years    | 5 Years | 10 Years |
| Small Cap   | 6.39  | 10.50 | 13.28  | 13.72      | 4.93    | 4.63     |
| Value       | 2.53  | 6.53  | 4.13   | 6.27       | 1.22    | 1.99     |
| Large Cap   | 0.90  | 4.89  | 1.75   | 2.32       | 0.93    | 2.95     |
| Growth      | -0.65 | 3.32  | -0.45  | -1.36      | 0.53    | 3.79     |

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# Country Returns

Second quarter 2023 index returns



Past performance is no guarantee of future results.

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# Fixed Income

## Second quarter 2023 index returns

Interest rates increased across all bond maturities in the US Treasury market for the quarter.

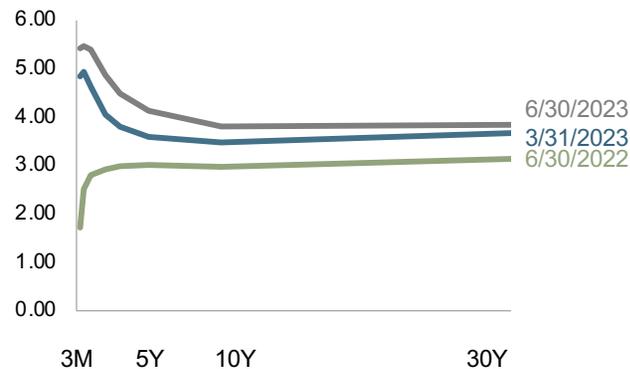
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 50 basis points (bps) to 5.24%, while the 1-Year US Treasury Bill yield increased 76 bps to 5.40%. The yield on the 2-Year US Treasury Note increased 81 bps to 4.87%.

The yield on the 5-Year US Treasury Note increased 53 bps to 4.13%. The yield on the 10-Year US Treasury Note increased 33 bps to 3.81%. The yield on the 30-Year US Treasury Bond increased 18 bps to 3.85%.

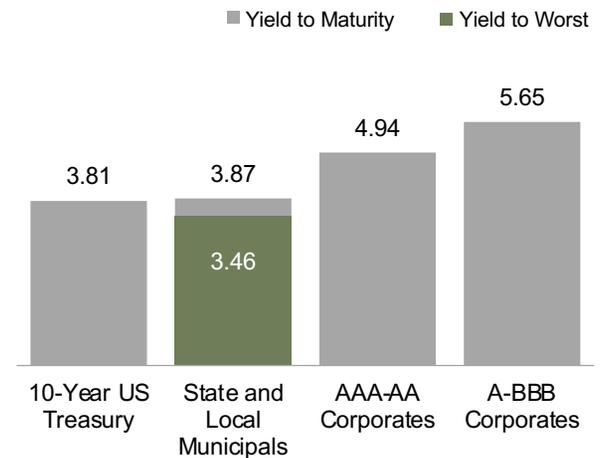
In terms of total returns, short-term US treasury bonds returned -0.90% while intermediate-term US treasury bonds returned -1.15%. Short-term corporate bonds returned +0.07% and intermediate-term corporate bonds returned -0.16%.<sup>1</sup>

The total returns for short- and intermediate-term municipal bonds were -0.37% and -0.72%, respectively. Within the municipal fixed income market, general obligation bonds returned -0.41% while revenue bonds returned +0.04%.<sup>2</sup>

### US Treasury Yield Curve (%)



### Bond Yield Across Issuers (%)



### Period Returns (%)

| Asset Class  | QTR   | YTD  | 1 Year | Annualized |         |          |
|--|-------|------|--------|------------|---------|----------|
|  |       |      |        | 3 Years    | 5 Years | 10 Years |
| Bloomberg U.S. High Yield Corporate Bond Index             | 1.75  | 5.38 | 9.06   | 3.13       | 3.36    | 4.43     |
| ICE BofA US 3-Month Treasury Bill Index                    | 1.17  | 2.25 | 3.59   | 1.27       | 1.55    | 0.98     |
| ICE BofA 1-Year US Treasury Note Index                     | 0.42  | 1.67 | 1.93   | 0.23       | 1.30    | 0.89     |
| Bloomberg Municipal Bond Index                             | -0.10 | 2.67 | 3.19   | -0.58      | 1.84    | 2.68     |
| FTSE World Government Bond Index 1-5 Years (hedged to USD) | -0.27 | 1.53 | 0.28   | -1.15      | 0.95    | 1.14     |
| Bloomberg U.S. Aggregate Bond Index                        | -0.84 | 2.09 | -0.94  | -3.96      | 0.77    | 1.52     |
| FTSE World Government Bond Index 1-5 Years                 | -1.19 | 0.87 | -0.27  | -2.84      | -0.77   | -0.67    |
| Bloomberg U.S. TIPS Index                                  | -1.42 | 1.87 | -1.40  | -0.12      | 2.49    | 2.08     |
| Bloomberg U.S. Government Bond Index Long                  | -2.29 | 3.73 | -6.79  | -12.02     | -0.88   | 1.81     |

1. Bloomberg US Treasury and US Corporate Bond Indices.

2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2023 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2023 ICE Data Indices, LLC. S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.