

A decorative geometric pattern of overlapping triangles in shades of blue and green is overlaid on the left side of the image. A large white triangle is positioned to the left of the main title text.

**PERSPECTIVES
THAT DRIVE
ENTERPRISE
SUCCESS**

MARCH 2023
Capital Markets Update

Market commentary

U.S. ECONOMICS

- Nonfarm payrolls grew by 236,000 on a seasonally adjusted basis, the lowest monthly figure since December 2020, while wage growth slowed to +4.2% year-over-year. Although these measures showed signs of cooling in the job market, unemployment ticked lower to 3.5% and the labor force participation rate rose from 62.5% to 62.6%.
- The Univ. of Michigan Consumer Sentiment Index dropped abruptly after three straight months of improvement, falling to 62.0 from 67.0 in the month prior. All index components fell, with the largest reversal coming from lowered expectations for business conditions in the year ahead (61.5 to 59.2).
- The ISM Manufacturing PMI (46.3) reversed and fell to its lowest level since May 2020. Companies across industries have likely reduced activity in recent months to avoid further instances of oversupply.

U.S. EQUITIES

- All major equity indices ended higher despite extensive mid-month volatility. The S&P 500 Index rose +3.7% as investors assessed a greater likelihood of a Fed pivot due to the increasingly apparent stress the brisk pace of rate hikes has placed on the financial system.
- The collapse of Silicon Valley Bank along with crypto-focused lenders Signature Bank and Silvergate Bank sparked fear among regional bank depositors and investors alike. The S&P Regional Banks Select Equity Index fell -28.2% in what was a tumultuous month for the broader Financials sector.
- While the S&P 500 rallied +7.5% in the first quarter, analysts largely trimmed-back Q1 EPS estimates over the last three months. Per FactSet, analysts have reduced Q1 EPS estimates by -6.3% since December 30th, a greater downward adjustment than average.

U.S. FIXED INCOME

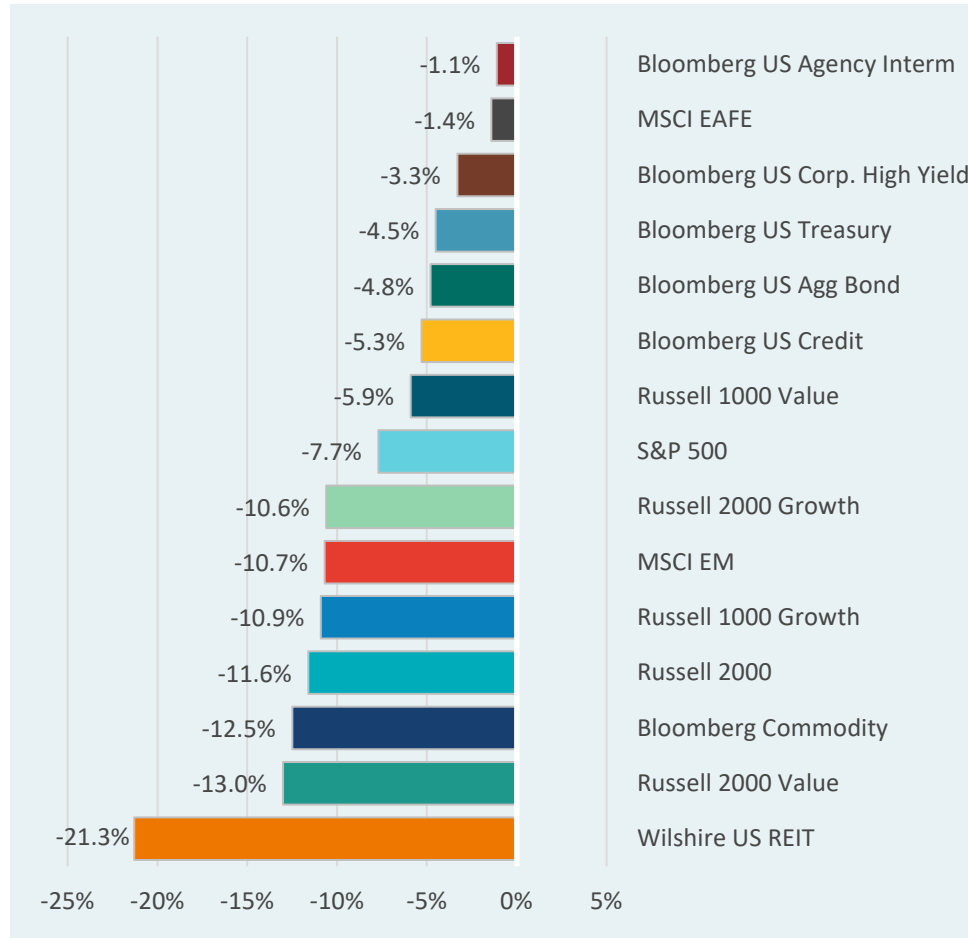
- News of the SVB collapse accelerated market expectations for rate cuts into the current year. Prior to the collapse, expectations for the Fed's terminal rate had peaked at a new high of 5.5% - 5.75%, but the ensuing risk-off sentiment quickly brought expectations back just below 5% ahead of the FOMC Meeting.
- The Fed enacted a 25-bps rate hike and reiterated its commitment to fighting inflation despite recent turmoil in the banking sector. With respect to the banking system, Fed Chairman Powell noted that "it is too soon to determine the extent of these effects, and therefore too soon to tell how monetary policy should respond."
- Bonds rallied on recent market volatility – the Bloomberg US Aggregate Index climbed +2.5% and nearly erased prior month losses.

INTERNATIONAL MARKETS

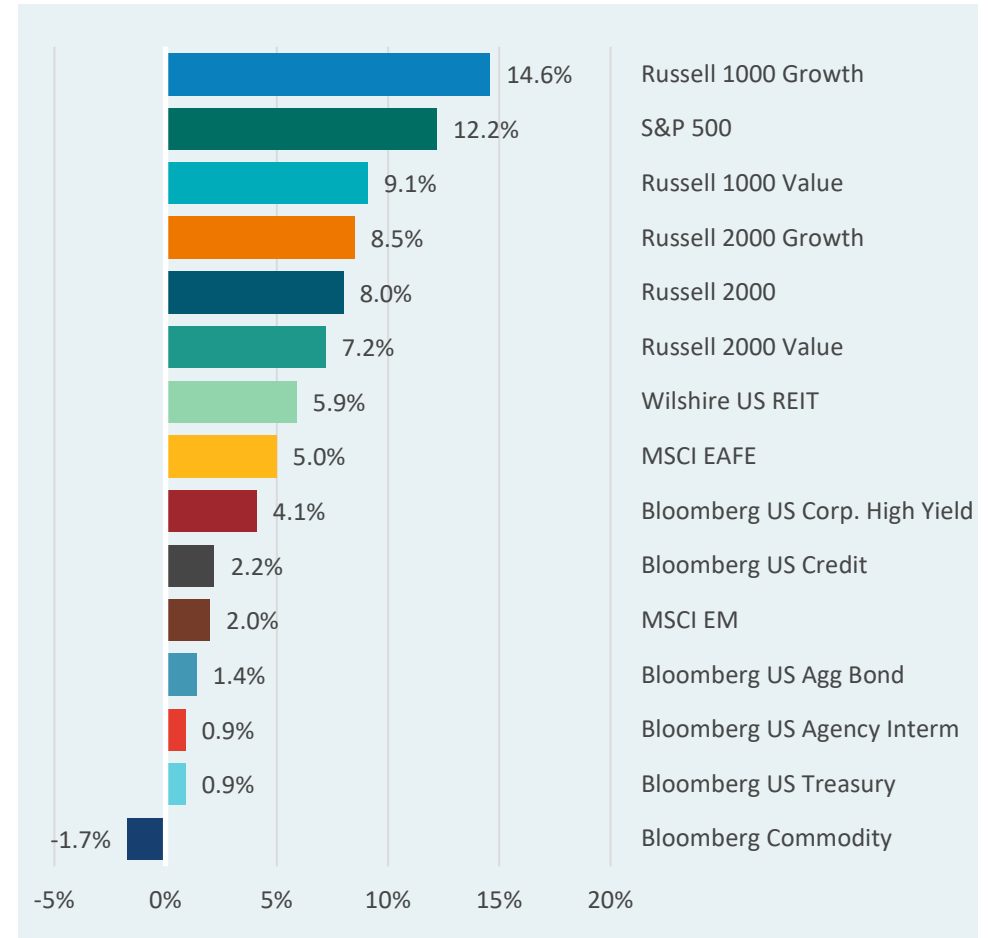
- Global equities (+3.1%) clawed back February losses as investors became increasingly optimistic about less restrictive central bank policies. All regional indices moved higher aside from the MSCI UK Index (-0.6%).
- Economic activity in Europe surprised to the upside throughout the month. The euro-area composite PMI rose to a 10-month high of 54.1. A resilient services sector coupled with the continued fall of energy prices contributed to the MSCI Euro Index posting a +4.1% return.
- Japan performed in line with other regional indices. Easing rate expectations and a stronger Yen (+2.4%) contributed in part to a +4.0% return for the MSCI Japan Index.

Major asset class returns

ONE YEAR ENDING MARCH



TEN YEARS ENDING MARCH



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Morningstar, as of 3/31/23

Source: Morningstar, as of 3/31/23

U.S. large cap equities

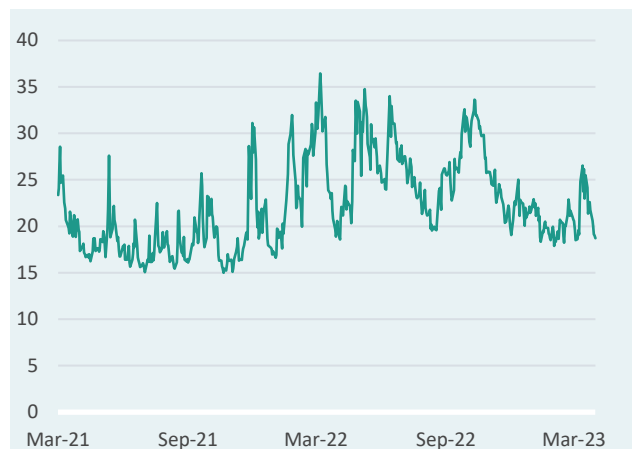
- The S&P 500 Index rose +3.7% as investors looked beyond stress in the banking system and turned their sights toward a potential Fed pause. Swift government intervention in the wake of the SVB collapse likely helped quell some fears of systemic bank failure.
- Seven of the 11 S&P GICS sectors ended the month higher. Technology stocks (+10.7%) continued to lead index performance, followed by Communication Services (+10.4%) and Utilities (+4.9%). The Financials sector was the largest detractor, falling -9.6%. Real Estate (-1.4%), and Materials (-1.0%) were the next worst performers.
- The Dow Jones Industrial Average (+2.1%) lagged the S&P 500 and NASDAQ for a third consecutive month. Performance has suffered recently due to the Dow's heavier allocation to defensive sectors including Financials and Health Care, and lighter allocation to Technology and Communication Services.
- On March 13th, the Cboe VIX Index of implied volatility closed at its highest level (26.5) since October following investors' fearful response to sudden U.S. banking stress. Volatility retreated during the back half of the month and the VIX closed at 18.7, -2 points below February levels.

S&P 500 PRICE INDEX



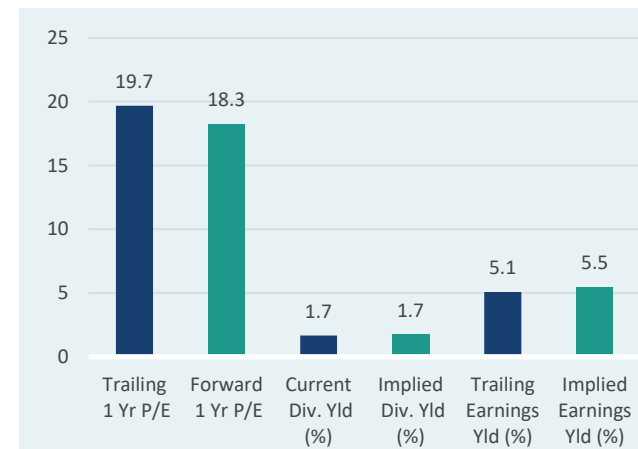
Source: Bloomberg, as of 3/31/23

IMPLIED VOLATILITY (VIX INDEX)



Source: Cboe, as of 3/31/23

S&P 500 VALUATION SNAPSHOT

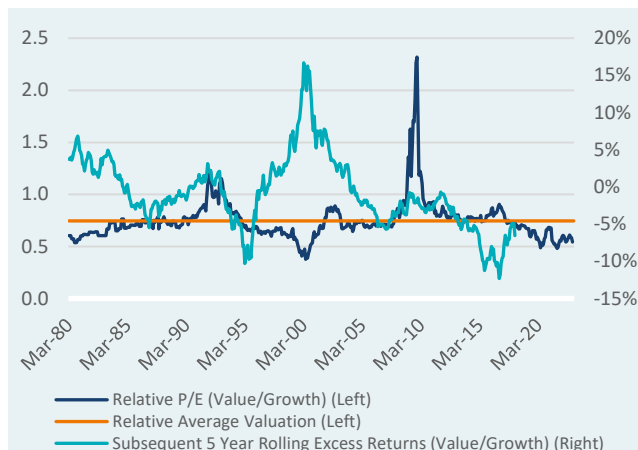


Source: Bloomberg, as of 3/31/23

Domestic equity size and style

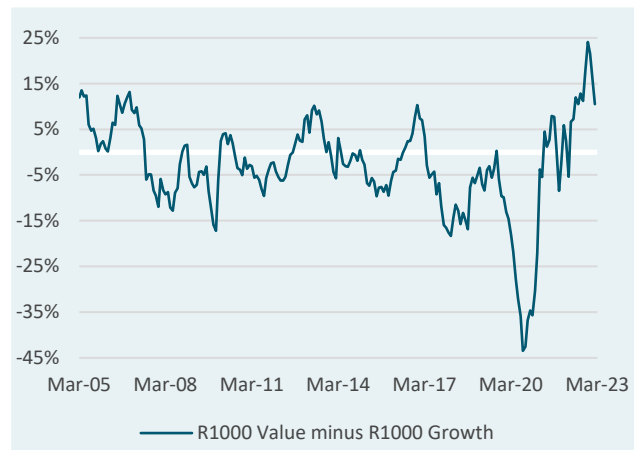
- Large-cap growth equities (Russell 1000 Growth +6.8%) continued to dominate the equity landscape. A quick and drastic shift in rate expectations helped support the continued ascent of growth equities while steep declines in the Financials sector pulled value stocks lower (Russell 1000 Value -0.5%).
- Small-cap stocks (-4.8%) suffered a strong sell-off and lagged large-caps (+3.2%), partly driven by heavy exposure to regional banks. The Regional Banks sub-industry represents the largest portion (10.3%) of the Russell 2000 and accounted for roughly one-third of the benchmark's decline.
- The outsized decline in small-caps ended a recent stint of small-cap overperformance and gave way to the largest monthly disparity (+8.0%) between large and small company performance since March 2020.
- The S&P 500 Equal Weighted Index fell -0.9% and now trails the cap-weighted index by -4.6% year-to-date. The recent recovery in growth sectors – which occupy a smaller percentage of the equal-weighted index – along with recent banking turmoil weighed on performance.

VALUE VS. GROWTH RELATIVE VALUATIONS



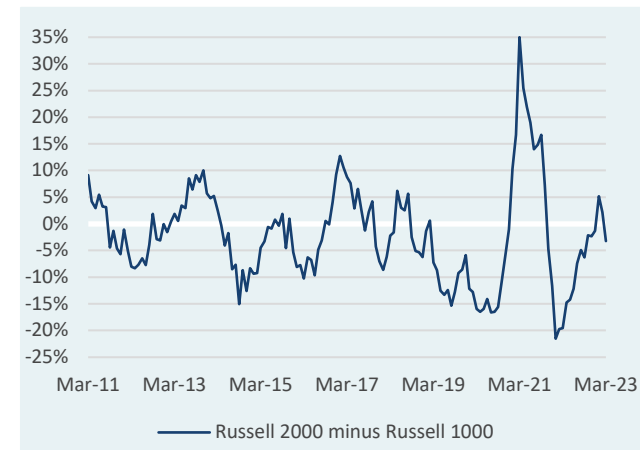
Source: FTSE, Bloomberg, as of 3/31/23

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, Bloomberg, as of 3/31/23

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE

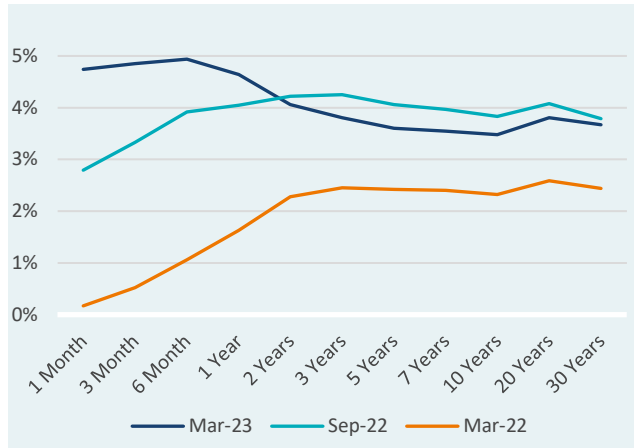


Source: FTSE, Bloomberg, as of 3/31/23

Fixed income

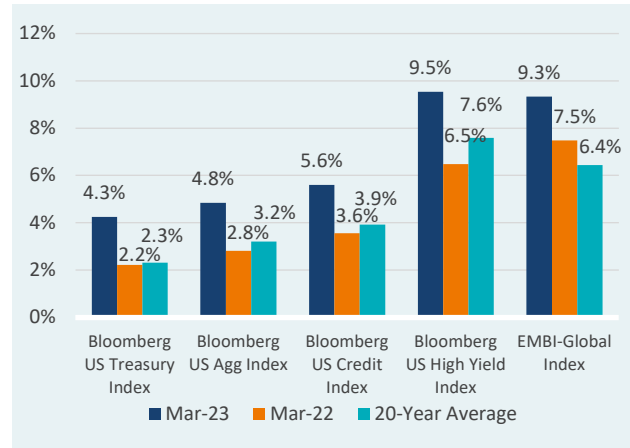
- In a month marked by volatility, the Bloomberg US Treasury Long Index (4.7%) outperformed the Bloomberg US Treasury (2.9%) and Bloomberg US Treasury 1-3 Year (1.6%) indices as investors moved towards the long end of the yield curve.
- Yields on 2-year Treasuries peaked at 5.05% then quickly fell more than 100 bps between March 8th and March 13th, marking the largest three-trading-day decline for the tenor since the market crash of 1987. After bottoming at 3.76%, the 2-year rallied in the second half of the month to finish at 4.06%.
- The dollar reversed course and gave up its February gains. The DXY finished -2.3% on the month, now down -1.4% year-to-date and -10.5% from its peak in late September. The dollar has seen losses in five of the last six months.
- Volatility throughout March resulted in widening credit spreads. Riskier segments lagged but still posted positive returns – the Bloomberg US Corporate High Yield Index (+1.1%) was among the worst performers.

U.S. TREASURY YIELD CURVE



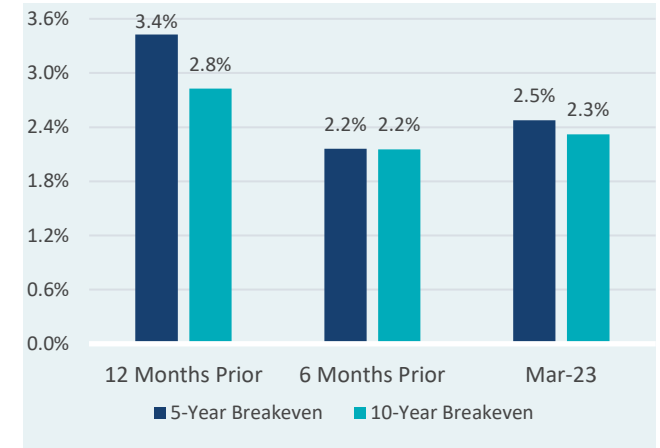
Source: Bloomberg, as of 3/31/23

NOMINAL YIELDS



Source: Morningstar, as of 3/31/23

BREAKEVEN INFLATION RATES

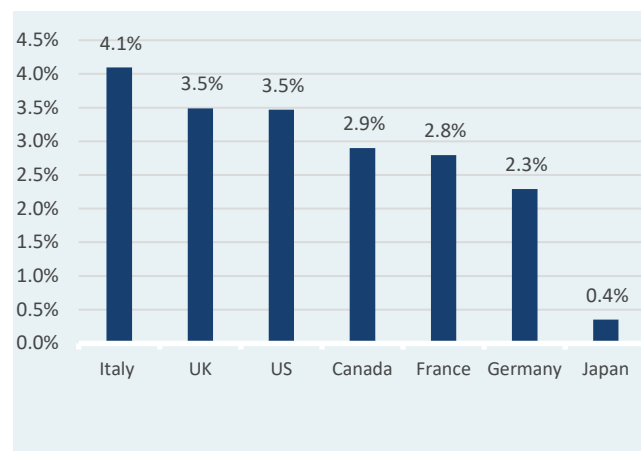


Source: Bloomberg, as of 3/31/23

Global markets

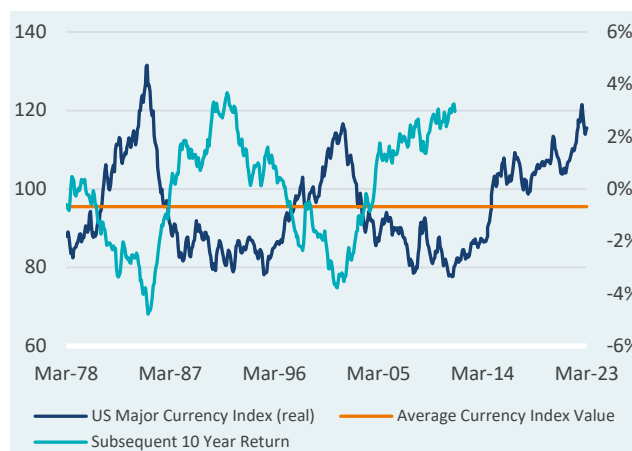
- Global equities (MSCI ACWI Index +3.1%) moved higher alongside falling yields across major markets. Gains were broad, with both developed market equities (+2.5%) and emerging market equities (+3.0%) ending in the green.
- Style trends within international equities have largely mirrored domestic equities to start the year. The MSCI EAFE Growth Index rallied +5.3% while EAFE Value fell -0.3%. This trend likely reflects the rising prospect of a slowdown in rate hikes from major central banks, which would be supportive of growth stock valuations.
- British equities (MSCI UK Index -0.6%) saw the only declines among major equity markets in March. UK-listed equities have faced notably worsening sentiment among English pension funds which transferred liabilities to insurance companies in record volumes in the first quarter of 2023.
- Locally-denominated emerging market debt (JPM GBI-EM Global Diversified +4.1%) jumped as abrupt signals of a closer-than-anticipated pause in U.S. rate hikes helped support global currencies. The index is up +5.2% year-to-date, ahead of all major fixed income indices.

GLOBAL SOVEREIGN 10-YEAR YIELDS



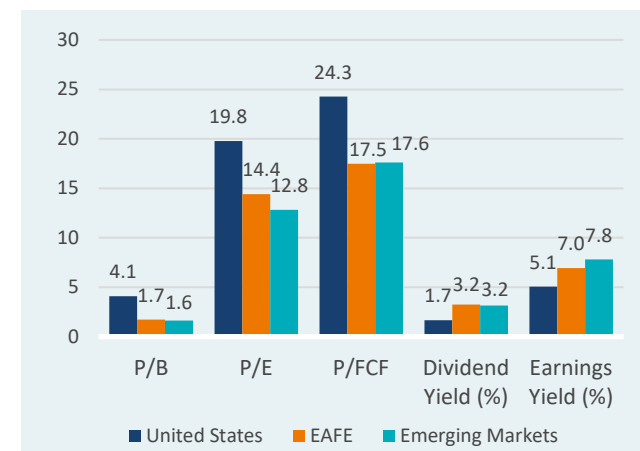
Source: Bloomberg, as of 3/31/23

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Federal Reserve, as of 3/31/23

MSCI VALUATION METRICS (3-MONTH AVG)



Source: Bloomberg, as of 3/31/23

Commodities

- A continued decline in energy prices drove the Bloomberg Commodity Index (-0.2%) lower for a fourth consecutive month. Noteworthy gains in precious metals (+9.2%) prices helped buoy index performance as market volatility and falling interest rates increased investor appetite for gold and silver.
- Within Softs (+0.2%), sugar (+10.9%) was the only positive performer as coffee (-8.5%) and cotton (-1.5%) were laggards. India's cut in sugar exports was a primary factor in the sharp rise which pushed refined sugar prices to a decade high.

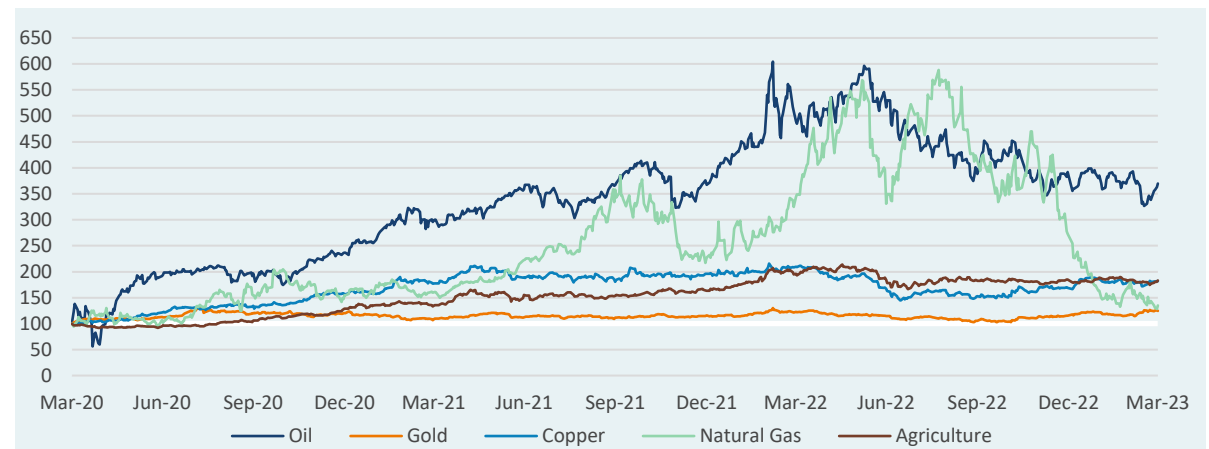
- The Bloomberg Energy Sub-Index fell -6.9% on the month. OPEC+ unexpectedly announced production cuts in excess of 1 million barrels per day at month end. Brent crude erased some of the losses from early in the month to finish at -4.8%. Natural gas continued its fall (-19.3%) and is now down -50.5% year-to-date.
- The Bloomberg Precious Metals sub-index (+9.2%) was the best performer for the month. Prompted by banking stress-induced volatility and a weaker dollar, demand for gold (+8.1%) and silver (+14.6%) as safe-haven assets pushed composite prices higher.

INDEX AND SECTOR PERFORMANCE

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Bloomberg Commodity	(0.2)	(5.4)	(5.4)	(12.5)	20.8	5.4	(1.7)
Bloomberg Agriculture	1.0	0.0	0.0	(3.6)	23.7	8.4	(0.5)
Bloomberg Energy	(6.9)	(18.7)	(18.7)	(25.1)	25.4	(1.5)	(9.2)
Bloomberg Grains	3.3	(2.4)	(2.4)	(7.8)	21.5	7.7	(2.0)
Bloomberg Industrial Metals	(0.3)	(2.1)	(2.1)	(22.1)	21.1	5.9	2.1
Bloomberg Livestock	(2.3)	(4.3)	(4.3)	(2.8)	6.0	(2.6)	(3.0)
Bloomberg Petroleum	(2.5)	(5.9)	(5.9)	(4.8)	49.4	6.6	(4.3)
Bloomberg Precious Metals	9.2	6.3	6.3	(0.4)	8.3	7.1	0.3
Bloomberg Softs	0.2	9.3	9.3	(2.3)	23.4	7.1	(1.6)

Source: Morningstar, as of 3/31/23

COMMODITY PERFORMANCE



Source: Bloomberg, as of 3/31/23

Appendix

Periodic table of returns

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	5-Year	10-Year
Large Cap Growth	56.3	26.0	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	14.4	13.7	14.6
International Equity	48.5	22.2	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	8.5	10.9	12.0
Large Cap Equity	47.3	20.7	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	7.5	7.5	9.1
Small Cap Growth	46.0	18.3	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	6.1	7.5	8.8
60/40 Global Portfolio	39.2	16.5	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	5.6	5.4	8.5
Emerging Markets Equity	30.0	14.5	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	4.0	4.7	8.0
US Bonds	29.9	14.3	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	3.0	4.5	7.2
Small Cap Equity	29.7	12.9	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	2.7	4.3	5.0
Hedge Funds of Funds	25.2	11.4	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	1.6	3.9	5.0
Cash	23.9	9.1	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	1.1	3.5	3.3
Large Cap Value	11.6	6.9	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	1.0	3.3	2.0
Real Estate	9.0	6.3	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	0.0	1.3	1.4
Small Cap Value	4.1	4.3	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-0.7	0.9	0.8
Commodities	1.0	1.4	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-5.4	-0.9	-1.7

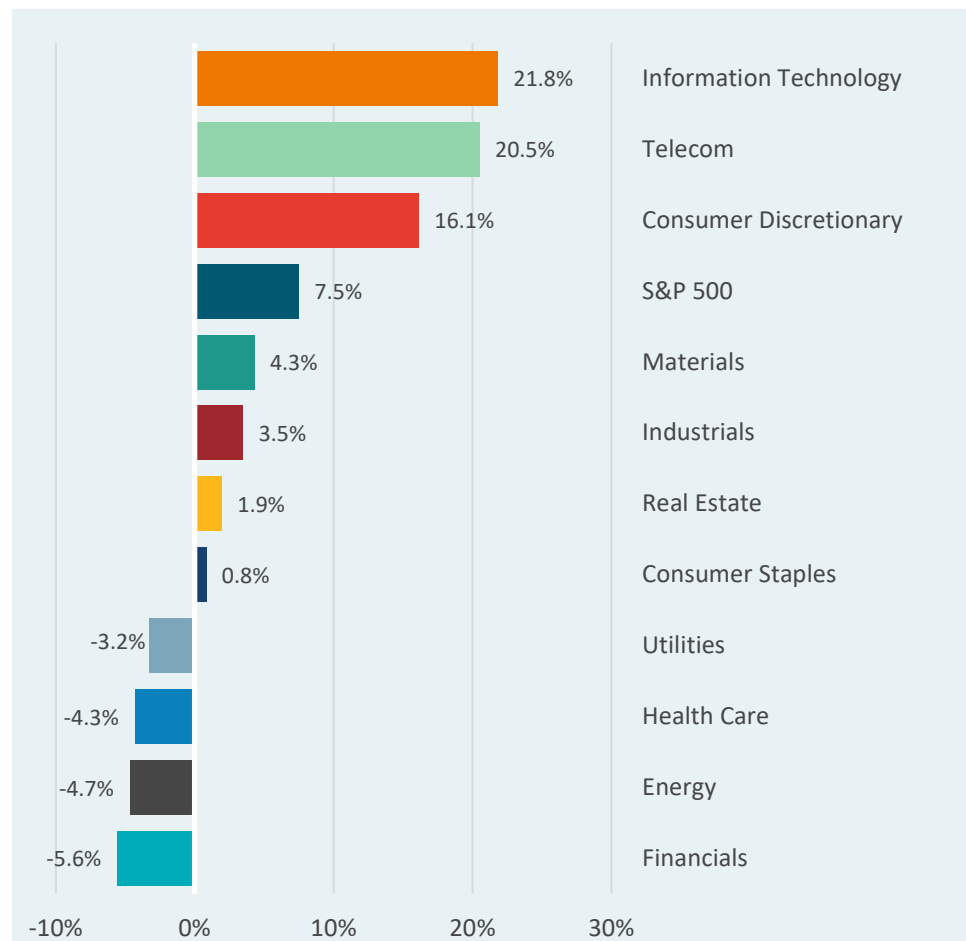
BEST
↑
↓
WORST

■ Large Cap Equity	■ Small Cap Growth	■ Commodities
■ Large Cap Value	■ International Equity	■ Real Estate
■ Large Cap Growth	■ Emerging Markets Equity	■ Hedge Funds of Funds
■ Small Cap Equity	■ US Bonds	■ 60% MSCI ACWI/40% Bloomberg Global Bond
■ Small Cap Value	■ Cash	

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 12/31/22.

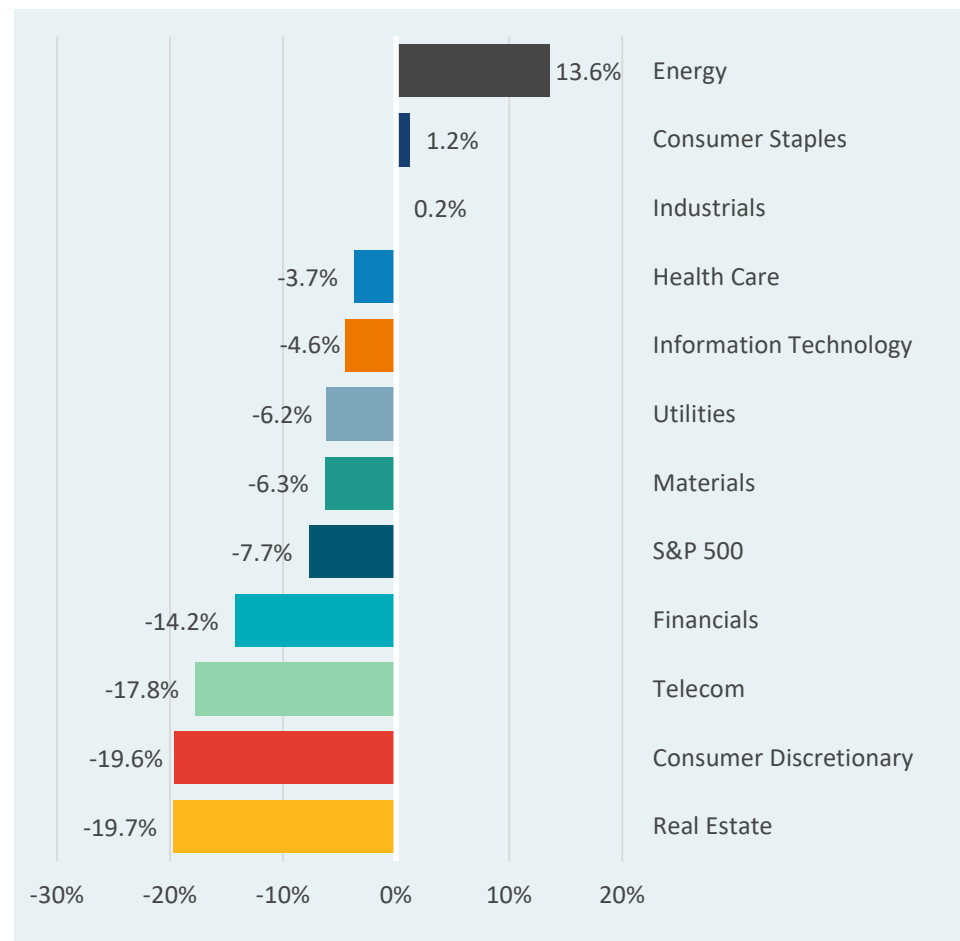
S&P 500 sector returns

QTD



Source: Morningstar, as of 3/31/23

ONE YEAR ENDING MARCH



Source: Morningstar, as of 3/31/23

Detailed index returns

DOMESTIC EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index							
S&P 500	3.7	7.5	7.5	(7.7)	18.6	11.2	12.2
S&P 500 Equal Weighted	(0.9)	2.9	2.9	(6.3)	22.1	10.0	11.4
DJ Industrial Average	2.1	0.9	0.9	(2.0)	17.3	9.0	11.1
Russell Top 200	4.9	8.7	8.7	(8.3)	18.4	11.9	12.8
Russell 1000	3.2	7.5	7.5	(8.4)	18.6	10.9	12.0
Russell 2000	(4.8)	2.7	2.7	(11.6)	17.5	4.7	8.0
Russell 3000	2.7	7.2	7.2	(8.6)	18.5	10.5	11.7
Russell Mid Cap	(1.5)	4.1	4.1	(8.8)	19.2	8.1	10.1
Style Index							
Russell 1000 Growth	6.8	14.4	14.4	(10.9)	18.6	13.7	14.6
Russell 1000 Value	(0.5)	1.0	1.0	(5.9)	17.9	7.5	9.1
Russell 2000 Growth	(2.5)	6.1	6.1	(10.6)	13.4	4.3	8.5
Russell 2000 Value	(7.2)	(0.7)	(0.7)	(13.0)	21.0	4.5	7.2

INTERNATIONAL EQUITY

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
MSCI ACWI	3.1	7.3	7.3	(7.4)	15.4	6.9	8.1
MSCI ACWI ex US	2.4	6.9	6.9	(5.1)	11.8	2.5	4.2
MSCI EAFE	2.5	8.5	8.5	(1.4)	13.0	3.5	5.0
MSCI EM	3.0	4.0	4.0	(10.7)	7.8	(0.9)	2.0
MSCI EAFE Small Cap	(0.2)	4.9	4.9	(9.8)	12.1	0.9	5.9
Style Index							
MSCI EAFE Growth	5.3	11.1	11.1	(2.8)	10.9	4.9	6.0
MSCI EAFE Value	(0.3)	5.9	5.9	(0.3)	14.6	1.7	3.7
Regional Index							
MSCI UK	(0.6)	6.1	6.1	(0.8)	14.6	3.0	3.4
MSCI Japan	4.0	6.2	6.2	(5.2)	7.4	1.3	5.0
MSCI Euro	4.1	15.6	15.6	7.7	17.1	3.9	6.0
MSCI EM Asia	3.6	4.8	4.8	(9.4)	7.1	0.1	4.2
MSCI EM Latin American	0.8	3.9	3.9	(11.1)	18.1	(1.8)	(1.9)

FIXED INCOME

	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Broad Index							
Bloomberg US TIPS	2.9	3.3	3.3	(6.1)	1.8	2.9	1.5
Bloomberg US Treasury Bills	0.4	1.1	1.1	2.5	0.8	1.4	0.9
Bloomberg US Agg Bond	2.5	3.0	3.0	(4.8)	(2.8)	0.9	1.4
Bloomberg US Universal	2.3	2.9	2.9	(4.6)	(2.0)	1.0	1.6
Duration							
Bloomberg US Treasury 1-3 Yr	1.6	1.6	1.6	0.2	(0.8)	1.1	0.8
Bloomberg US Treasury Long	4.7	6.2	6.2	(16.0)	(11.3)	(0.4)	1.5
Bloomberg US Treasury	2.9	3.0	3.0	(4.5)	(4.2)	0.7	0.9
Issuer							
Bloomberg US MBS	1.9	2.5	2.5	(4.9)	(3.3)	0.2	1.0
Bloomberg US Corp. High Yield	1.1	3.6	3.6	(3.3)	5.9	3.2	4.1
Bloomberg US Agency Interm	1.8	1.9	1.9	(1.1)	(1.6)	0.9	0.9
Bloomberg US Credit	2.7	3.5	3.5	(5.3)	(0.7)	1.5	2.2
OTHER							
Index							
Bloomberg Commodity	(0.2)	(5.4)	(5.4)	(12.5)	20.8	5.4	(1.7)
Wilshire US REIT	(2.6)	3.2	3.2	(21.3)	11.0	5.7	5.9
CS Leveraged Loans	(0.1)	3.1	3.1	2.1	8.4	3.5	3.9
S&P Global Infrastructure	2.4	3.9	3.9	(3.5)	15.6	5.9	6.4
Alerian MLP	(0.7)	3.4	3.4	13.9	46.3	6.9	0.6
Regional Index							
JPM EMBI Global Div	1.0	1.9	1.9	(6.9)	(0.0)	(0.6)	2.0
JPM GBI-EM Global Div	4.1	5.2	5.2	(0.7)	0.9	(2.4)	(1.5)
Hedge Funds							
HFRI Composite	(0.8)	1.2	1.2	(2.1)	10.5	4.7	4.4
HFRI FOF Composite	0.1	1.6	1.6	(1.1)	7.5	3.3	3.3
Currency (Spot)							
Euro	2.5	1.8	1.8	(2.4)	(0.3)	(2.5)	(1.7)
Pound Sterling	2.1	2.8	2.8	(6.1)	(0.1)	(2.5)	(2.0)
Yen	2.4	(0.9)	(0.9)	(8.8)	(6.7)	(4.4)	(3.4)

Source: Morningstar, HFRI, as of 3/31/23.

Detailed private market returns

Comparison to public market index returns

Private Equity Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Private Equity FoFs & Secondary Funds	(1.6)	21.3	17.3	14.0
Global Private Equity Direct Funds *	(5.0)	21.1	18.3	16.2
U.S. Private Equity Direct Funds *	(2.3)	24.2	20.9	17.9
Europe Private Equity Direct Funds *	(11.4)	17.3	15.2	14.1
Asia Private Equity Direct Funds *	(9.5)	11.9	11.2	12.9
Public Index Time-weighted Returns				
MSCI World	(19.6)	4.6	5.3	8.1
S&P 500	(15.5)	8.2	9.2	11.7
MSCI Europe	(24.8)	(1.7)	(1.2)	3.4
MSCI AC Asia Pacific	(27.7)	(1.7)	(0.6)	3.7

Private Real Estate Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Real Estate	15.7	13.5	11.9	13.3
Public Index Time-weighted Returns				
FTSE NAREIT Equity REIT	(16.4)	(2.0)	2.9	6.3

Private Credit Pooled IRRs	1 Year	3 Year	5 Year	10 Year
U.S. All Private Debt **	9.9	15.3	12.4	11.6
Public Index Time-weighted Returns				
S&P / LSTA U.S. Leveraged Loan 100 Index	(3.9)	1.4	2.5	3.0

Private Real Assets Pooled IRRs	1 Year	3 Year	5 Year	10 Year
Global Nature Resources ***	25.2	8.7	5.1	3.6
Global Infrastructure	9.4	10.8	10.3	10.7
Public Index Time-weighted Returns				
S&P Global Natural Resources	1.0	9.1	5.7	3.4
S&P Global Infrastructure	(6.0)	(0.1)	2.1	5.7

Source: Pooled IRRs are from Thompson Reuters C|A and Time-weighted Returns are from Investment Metrics, as of September 30th, 2022. All returns in U.S. dollars.

* Includes Buyout, Growth Equity and Venture Capital.

** Includes Control-Oriented Distressed, Credit Opportunities, Senior Debt and Subordinated Capital.

*** Includes Private Equity Energy, Timber and Upstream Energy & Royalties.

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