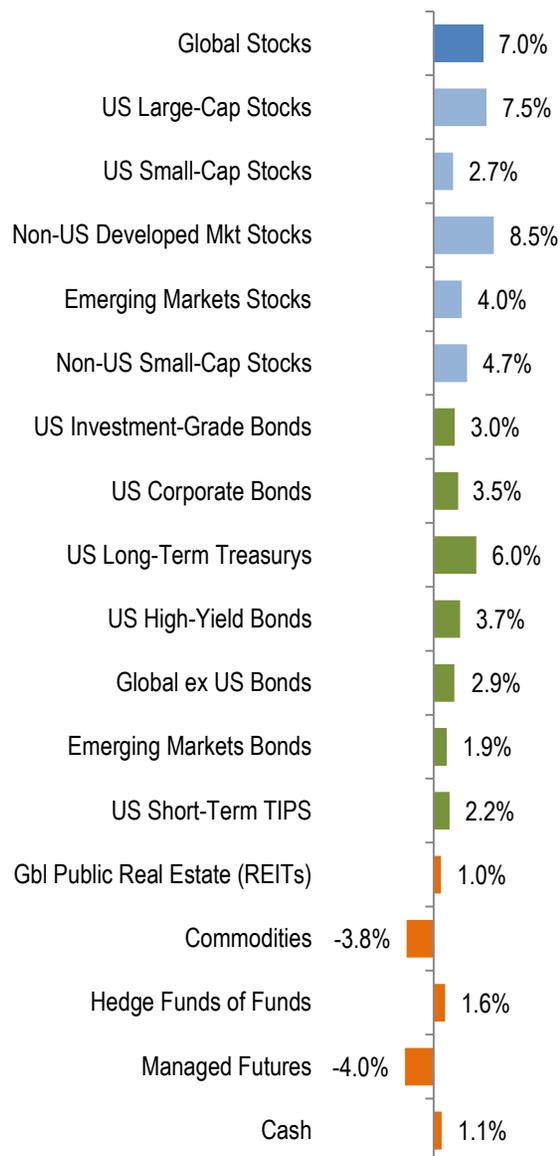


First Quarter 2023



First Quarter 2023: Resilient Economy, Weak Banks, Swift Intervention

Softening inflation, a budding banking crisis, and a strong overall economic picture caused investors to re-evaluate their expectations for future interest rates in the first quarter. As a result, many of 2022's trends – of lower asset prices in general, investor preferences for value stocks over growth stocks, and the dominance of energy-related assets – reversed themselves.

Unexpected issues in the banking sector couldn't derail markets from pushing higher in the first quarter. Inflation, the bane of central bankers everywhere over the past year, appeared to be easing – or at the very least, plateauing. Consumer spending and hiring, at least for now, have proven to be largely immune to the strongest monetary tightening cycle since the 1980s. And lastly, a widely anticipated recession did not materialize. All of this was enough to help push global stocks up roughly 7%, led by the largest U.S. technology companies.

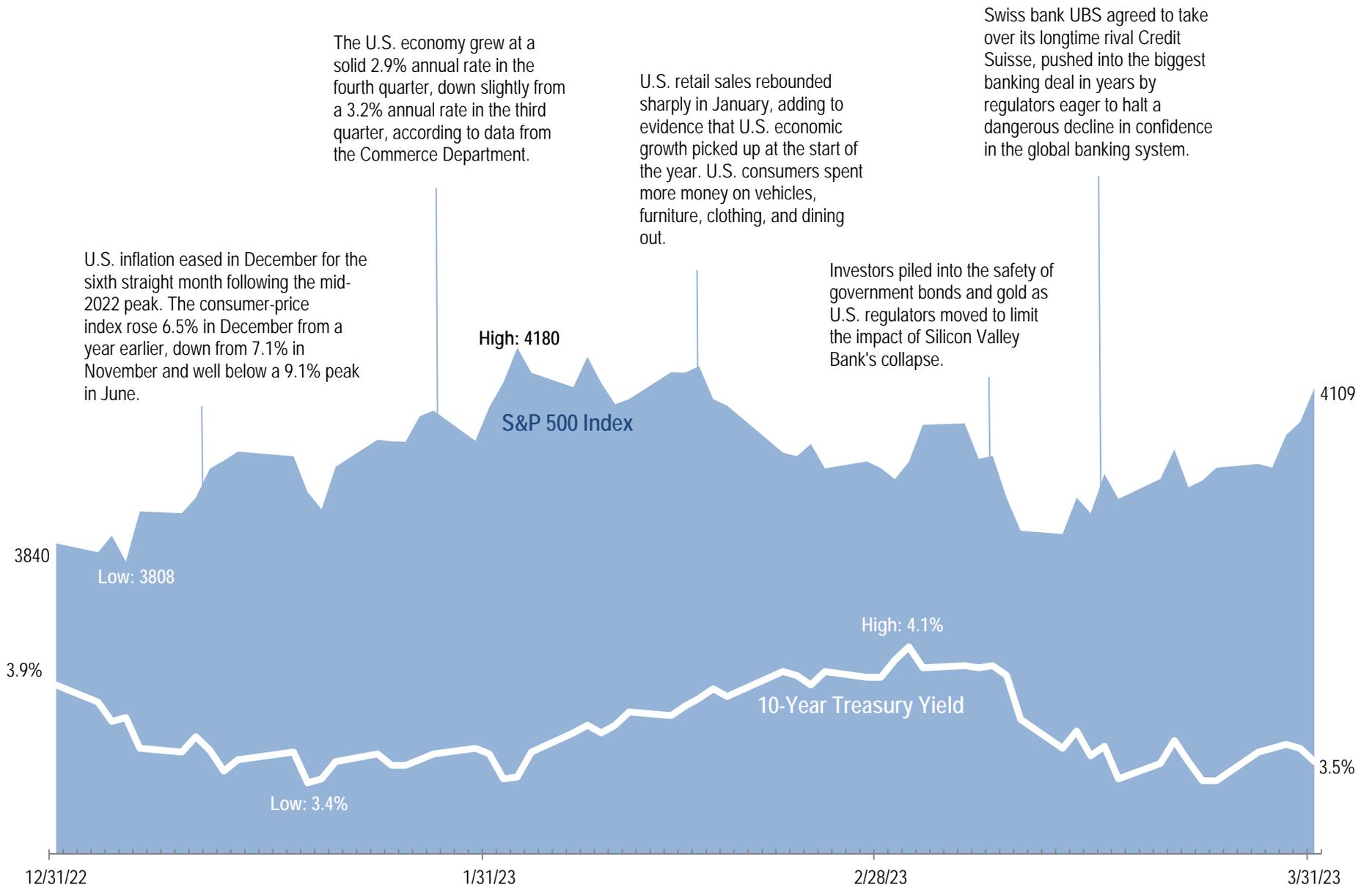
For now, investors have remained resilient, even in the face of March's unexpected banking issues. What started with the shutdown of a smaller, crypto-related bank quickly devolved into a larger financial stability issue as Silicon Valley Bank and Signature Bank collapsed. The contagion spread across the Atlantic as Swiss banking giant Credit Suisse flirted with failure before being merged, at the behest of regulators, with rival UBS. Back stateside, the Federal Reserve and the biggest U.S. banks quickly scrambled to shore up First Republic Bank in order to stop the growing panic from taking down more lenders. The quick response to the crisis has placated markets – for now – but the biggest question for investors remains how well the economy will hold up under the strain of higher interest rates and tighter financial conditions.

Those higher interest rates themselves are suddenly not a foregone conclusion, as banking system stability has added yet another needle for the Fed to thread in its quest for economic stability. Interest rates across the Treasury yield curve declined in the quarter, with the 10-year Treasury moving down from 3.8% to 3.5%, sending prices higher. Both the Federal Reserve and the market expect one more rate hike this year, but the timing of that final rate hike is where the agreement between the two parties ends. Investors are now betting that the Federal Funds rate will be at 4.4% by year-end, implying that Chairman Powell will be forced to reverse course and cut rates in the next nine months.

	QTD	YTD	1 Year	3 Years	5 Years	15 Years
Global Stocks	7.0%	7.0%	(7.7%)	15.6%	6.6%	6.1%
US Large-Cap Stocks	7.5%	7.5%	(8.4%)	18.6%	10.9%	10.0%
US Large-Cap Value	1.0%	1.0%	(5.9%)	17.9%	7.5%	7.7%
US Large-Cap Growth	14.4%	14.4%	(10.9%)	18.6%	13.7%	12.1%
US Small-Cap Stocks	2.7%	2.7%	(11.6%)	17.5%	4.7%	8.1%
US Small-Cap Value	(0.7%)	(0.7%)	(13.0%)	21.0%	4.6%	7.2%
US Small-Cap Growth	6.1%	6.1%	(10.6%)	13.4%	4.3%	8.7%
Non-US Developed Markets (USD)	8.5%	8.5%	(1.4%)	13.0%	3.5%	3.0%
Non-US Developed Markets (Local)	7.5%	7.5%	3.8%	14.6%	6.3%	5.1%
Emerging Markets (USD)	4.0%	4.0%	(10.7%)	7.8%	(0.9%)	1.7%
Emerging Markets (Local)	3.8%	3.8%	(6.7%)	8.8%	1.9%	4.3%
US Investment-Grade Bonds	3.0%	3.0%	(4.8%)	(2.8%)	0.9%	2.7%
US Long-Term Treasurys	6.0%	6.0%	(15.2%)	(11.1%)	(0.2%)	3.7%
Gbl Public Real Estate (REITs)	1.0%	1.0%	(20.6%)	7.6%	1.8%	3.4%
Hedge Funds of Funds	1.6%	1.6%	(1.1%)	7.5%	3.3%	2.1%
Cash	1.1%	1.1%	2.6%	0.9%	1.5%	0.7%

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, HFRI



The U.S. economy grew at a solid 2.9% annual rate in the fourth quarter, down slightly from a 3.2% annual rate in the third quarter, according to data from the Commerce Department.

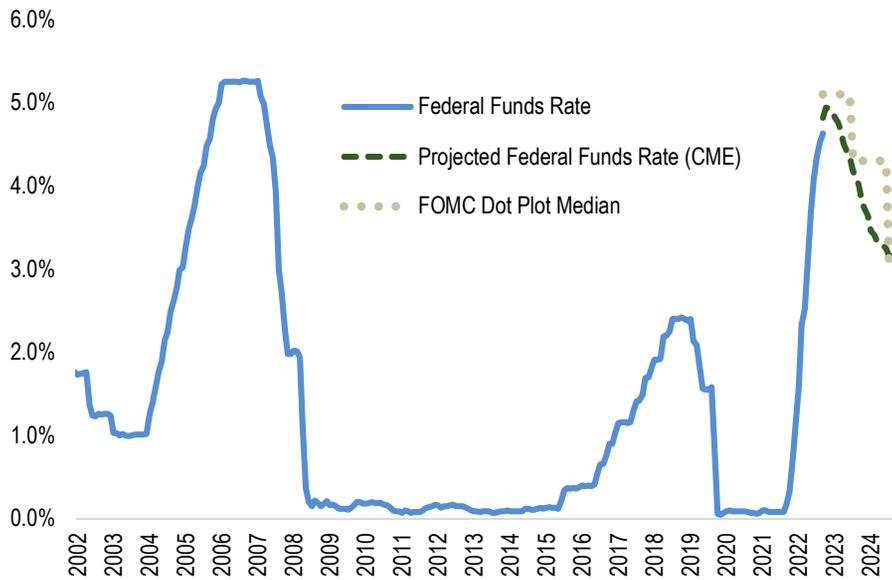
U.S. retail sales rebounded sharply in January, adding to evidence that U.S. economic growth picked up at the start of the year. U.S. consumers spent more money on vehicles, furniture, clothing, and dining out.

Swiss bank UBS agreed to take over its longtime rival Credit Suisse, pushed into the biggest banking deal in years by regulators eager to halt a dangerous decline in confidence in the global banking system.

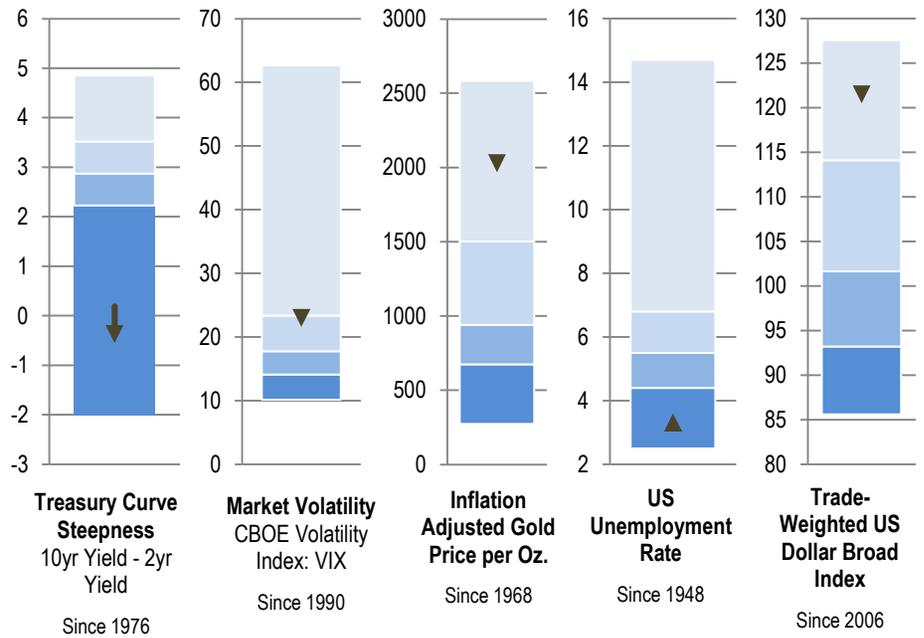
U.S. inflation eased in December for the sixth straight month following the mid-2022 peak. The consumer-price index rose 6.5% in December from a year earlier, down from 7.1% in November and well below a 9.1% peak in June.

Investors piled into the safety of government bonds and gold as U.S. regulators moved to limit the impact of Silicon Valley Bank's collapse.

**Federal Funds Rate**

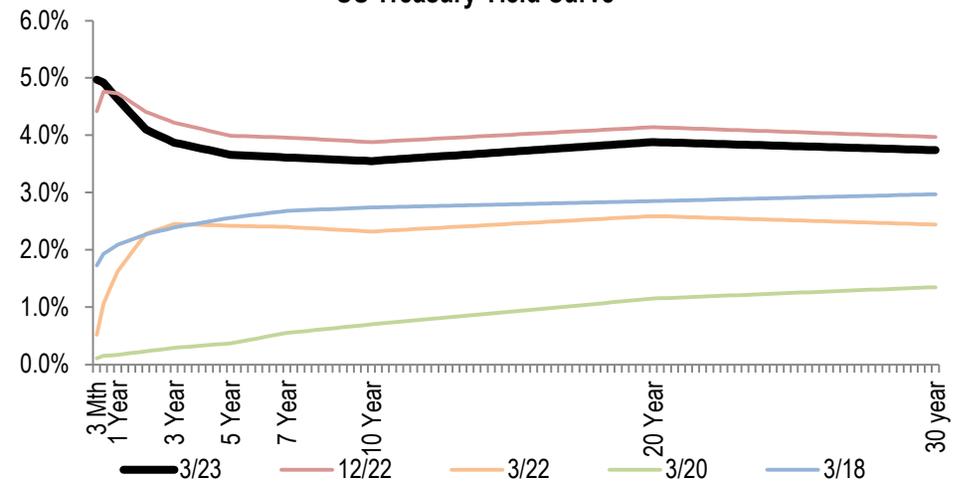


As of March 31, 2023



	<u>3/2023</u>	<u>12/2022</u>	<u>3/2022</u>	<u>3/2020</u>	<u>3/2018</u>
Market Inflation Expectations					
5 Year	2.4	2.3	3.3	0.5	1.9
10 Year	2.3	2.3	2.8	0.9	2.1
20 Year	2.5	2.5	2.8	1.2	2.0
CPI Year-over-Year	5.0	6.4	8.5	1.5	2.3
West Texas Crude Oil	75.7	80.2	100.5	20.5	64.9
Consumer Sentiment Index	62.0	59.7	59.4	89.1	101.4
S&P 500 Operating EPS	50.2*	50.4	49.4	19.5	36.5
Real GDP Growth YoY	---	2.6	-1.6	-4.6	2.8
Federal Funds Rate	4.83	4.10	0.20	0.65	1.51

**US Treasury Yield Curve**

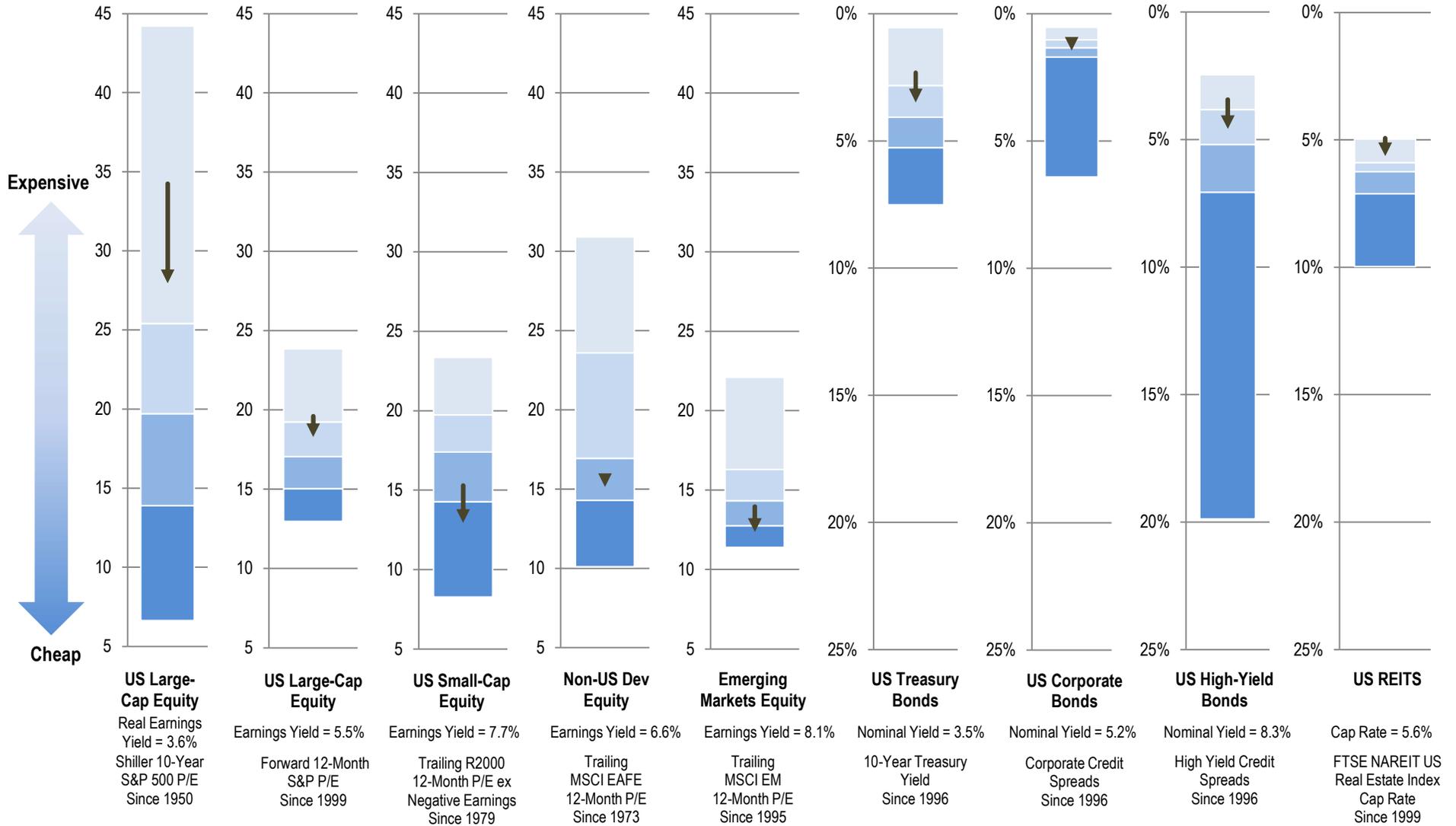


Sources: Sellwood Consulting LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

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

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

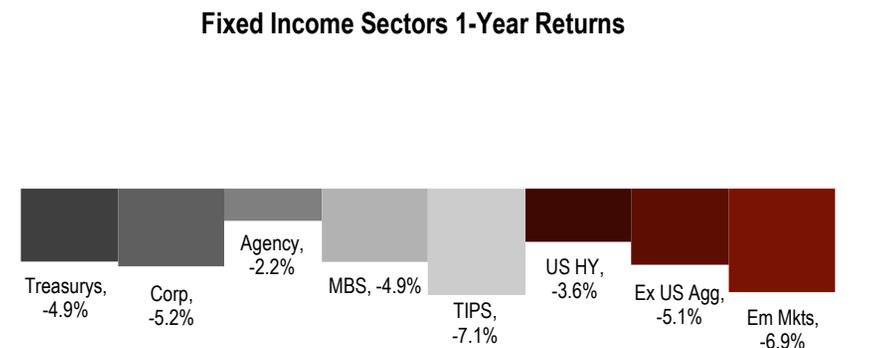
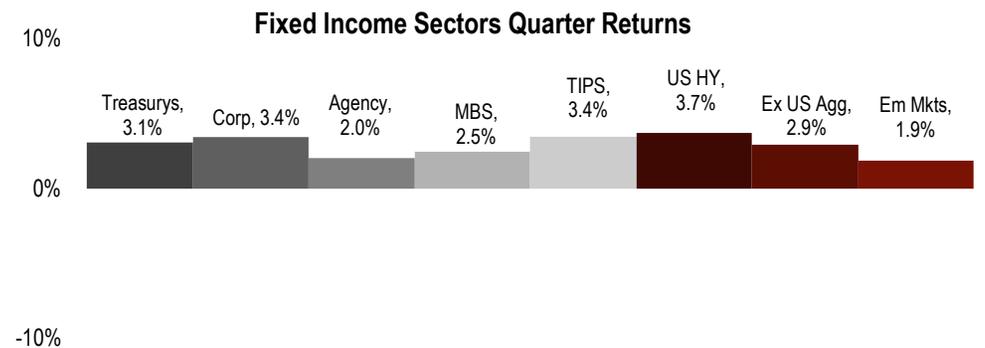
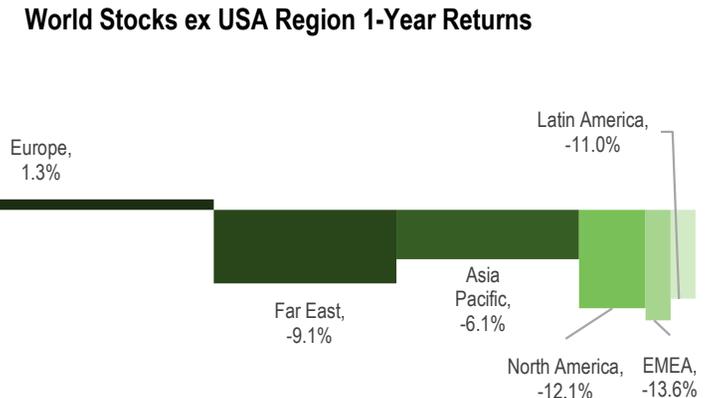
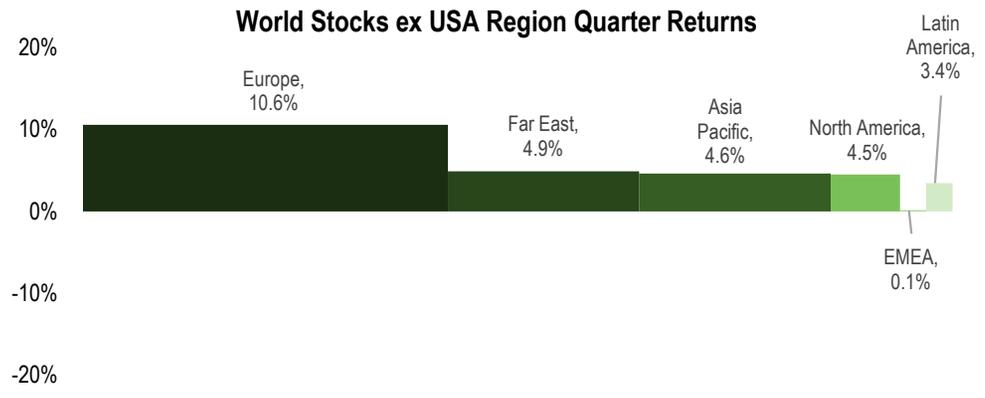
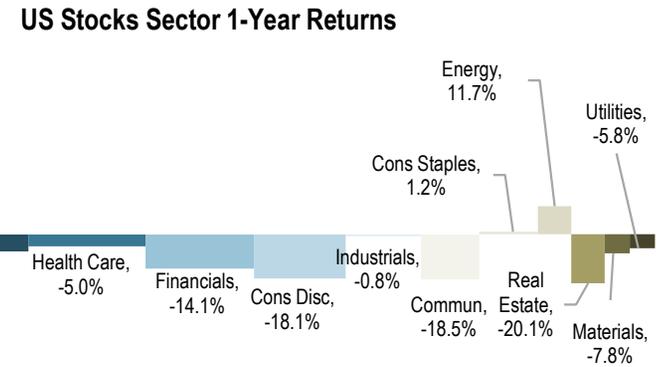
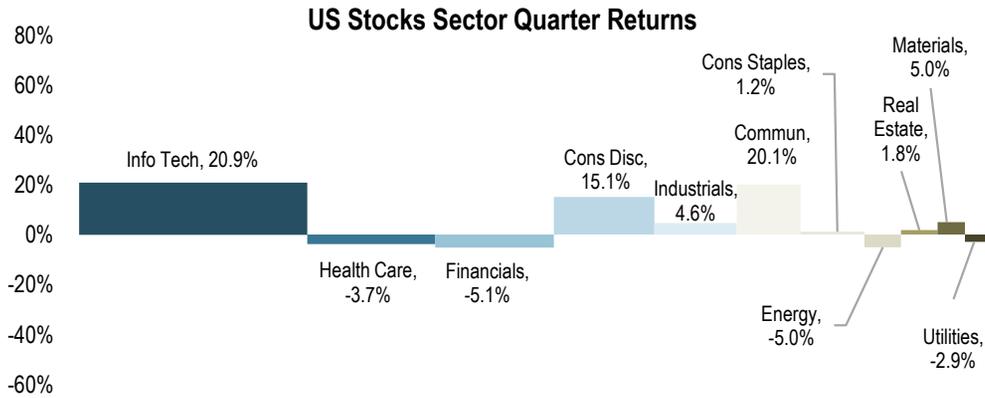
As of March 31, 2023



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 March 31, 2023



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