

Monthly Recap

Market Indices

Market Indices ¹	April	Year-to-Date
S&P 500	1.56%	9.17%
Russell 3000	1.07%	8.32%
Russell 2000	-1.80%	0.89%
MSCI EAFE	2.82%	11.53%
MSCI Emerging Markets	-1.13%	2.78%
Bloomberg U.S. Aggregate Bond	0.61%	3.59%
Bloomberg U.S. Municipal Bond	-0.23%	2.54%
Bloomberg U.S. Corporate High Yield	1.00%	4.60%

¹Morningstar Direct (all equity performance is total return, which includes reinvested dividends)

At-A-Glance

- The S&P 500 rallied a second month, widely outperforming the Nasdaq's Composite gain of just 0.07%, but trailed the Dow Industrials' 2.57% advance by 1%.
- The yield on U.S. 10-year Treasury notes was little changed in April, down less than 0.05% to end the month at 3.448%.
- U.S. WTI oil futures ended April at \$76.78/barrel, up 1.5% on the month. While ending a five-month losing streak, crude oil futures are still down 4.3% YTD.
- Overall, the Bloomberg Commodity Index fell 0.75% in April to extend YTD losses to 6.07%.

April 2023

After climbing nearly 3.7% in March, the S&P 500 advanced over 1.5% in April, capping back-to-back monthly gains for the first time in five months. Trading ranges were subdued, with volatility at its lowest levels since November 2021. Moreover, the S&P 500 only experienced three daily changes of more than 1%. Markets were supported by several positive earnings-related themes, including standout first quarter revenue and earnings in mega cap technology companies, and better-than-feared regional bank results.

The first quarter earnings season crossed the halfway mark with 260 S&P 500 companies posting results through the end of April, 75% of which have exceeded analysts' forecasts. More globally oriented S&P 500 firms are delivering better earnings per share results than their domestically oriented peers (-0.9% vs. -9.2%). Overall, S&P 500 earnings are now expected to contract around 3.4%, and according to FactSet that's an improvement from the approximated 6% decline expected at the start of the season.

Disinflation signposts also supported April investor sentiment, including a key manufacturing prices-paid index falling back into contractionary territory and its services' prices-paid counterpart retreating to its lowest since July 2020. The Fed's preferred gauge of consumer inflation, the personal consumption expenditures (PCE) price index, eased to +4.2% in March from a year ago, down from +5.1% reported a month earlier. Wage growth, however, has stayed elevated this year and will likely keep Fed policymakers tilted hawkish in May.

Fed officials raised interest rates by 0.25% at each of their two prior meetings in February and March, bringing the federal funds rate to a current range of 4.75%-5.00%. Another 0.25% rate hike is widely expected on May 3 with a pause likely thereafter to reassess conditions.

As shown in the style performance boxes below, large caps outperformed small and mid caps in April and year-to-date (YTD). Investors favored large cap value stocks over their growth counterparts last month, but the 2023 growth leadership trend continued to dominate over value on a YTD basis.

April				YTD			
	Value	Core	Growth		Value	Core	Growth
Large	1.51%	1.24%	0.99%	Large	2.53%	8.79%	15.49%
Mid	0.01%	-0.53%	-1.45%	Mid	1.33%	3.51%	7.56%
Small	-2.49%	-1.80%	-1.16%	Small	-3.13%	0.89%	4.84%

Style Box Index returns above are represented by: Large Value (Russell 1000 Value), Large Core (Russell 1000), Large Growth (Russell 1000 Growth), Mid Value (Russell Mid Cap Value), Mid Core (Russell Mid Cap), Mid Growth (Russell Mid Cap Growth), Small Value (Russell 2000 Value), Small Core (Russell 2000), Small Growth (Russell 2000 Growth). Source: Morningstar Direct, total return based, including reinvested dividends.

Top & Bottom Performers

In the sector performance, eight of the 11 major sector groups ended positive in April, with gains led by Communication Services and Consumer Staples, while Technology (+0.45%, not shown) rose the least. Industrials and Consumer Discretionary were the largest April decliners. Cyclical (economically sensitive) sectors continued to outperform on a YTD basis.

Top Sector Performers – April	Bottom Sector Performers – April ¹
Communication Services (+3.77%)	Materials (-0.14%)
Consumer Staples (+3.59%)	Consumer Discretionary (-0.95%)
Energy (+3.30%)	Industrials (-1.15%)
Top Sector Performers – YTD	Bottom Sector Performers – YTD ¹
Communication Services (+25.05%)	Utilities (-1.44%)
Technology (+22.37%)	Energy (-1.52%)
Consumer Discretionary (+15.03%)	Financials (-2.56%)

¹ Morningstar Direct (all performance percentages are total return based, which include reinvested dividends)

Foreign developed equity markets outperformed in April, with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) surpassing S&P 500 returns by more than 1.25%. Emerging markets however underperformed, down over 1.1% last month, trimming 2023 gains to under 2.8%. MSCI country indices for China (-5.16%), Taiwan (-4.25%) and Thailand (-3.38%) more than offset gains in India (+4.17%), Brazil (+3.40%) and Mexico (+2.55%).

Turning to fixed income markets, Treasury markets were relatively range-bound in April amid mixed economic data and easing concerns among regional banks, providing a respite in interest rate volatility. It also helped that there was no FOMC policy meeting in April. On a broader basis, investment-grade bonds gained 0.61% in April as measured by the Bloomberg U.S. Aggregate Bond Index. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, outperformed, gaining 1.0% last month and municipal bonds backpedaled slightly, down 0.23%.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI All-Country World Index (ACWI)** is a market cap weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets, covering more than 2,700 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

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