

Quarterly Recap

Market Indices

Market Indices ¹	September	3Q 2023	YTD
S&P 500	-4.77%	-3.27%	13.07%
Russell 3000	-4.76%	-3.25%	12.39%
Russell 2000	-5.89%	-5.13%	2.54%
MSCI EAFE	-3.42%	-4.11%	7.08%
MSCI Emerging Markets	-2.62%	-2.93%	1.82%
Bloomberg US Aggregate Bond	-2.54%	-3.23%	-1.21%
Bloomberg US Municipal Bond	-2.93%	-3.95%	-1.38%
Bloomberg US Corporate High Yield	-1.81%	0.46%	5.86%

¹FactSet (all equity performance is total return based, which include reinvested dividends).

At-A-Glance

- The Dow Industrials fell 3.42% in September to cap a 2.10% third quarter loss while holding onto a year-to-date gain of 2.73%.
- The Nasdaq Composite slumped 5.77% and 3.94% for the month and quarter, sizably trimming its YTD surge to 27.11%.
- Internationally, for the quarter, the MSCI EAFE Index fell around 0.8% more than the S&P 500. Emerging Markets, however, outperformed the U.S. benchmark by 0.34%.
- The yield on benchmark U.S. 10-year Treasury Notes ended third quarter at 4.572%, up over 0.76% from three months earlier.
- The Bloomberg Commodity Index slipped 0.69% in September, trimming its third quarter gain to 4.71% while capping a 3.44% YTD loss.
- Gold (-3.3%) backpedaled a second straight quarter, ending at \$1,866/oz. U.S. WTI crude oil finished the month at \$90.79/barrel, up 28.5% for the quarter (the biggest quarterly gain since Russia first invaded Ukraine).

Third Quarter 2023

Equities slumped in September, with all three major U.S. equity indices posting their first quarterly losses for the year. Weakness from the July highs were primarily tied to Wall Street coming to grips with the Federal Reserve's messaging of higher interest rates for an extend period. While keeping rates unchanged at 5.25%-5.50% at their September FOMC meeting, Fed Chairman Powell said policymakers forecast one more rate hike in 2023 with no rate cuts expected until later in 2024. The Fed's quarterly updated "dot-plot" rate outlook revealed only a cumulative median forecast of 0.50% in 2024 rate cuts versus their prior July outlook for 1.00% in rate cuts. Treasury prices were notably weaker as the benchmark 10-year Treasury yield advanced nearly 0.90% during the third quarter to briefly touch its highest since 2007, before easing slightly at month end.

The increase in risk-off equity temperament was also induced by the expansion of the ongoing United Auto Workers (UAW) strike that could produce upwards of 760,000 in overall layoffs. Bearish sentiment also intensified ahead of a then looming partial government shutdown expected on Sunday, October 1. Congress, however, finally acted before the midnight Saturday (9/30) budget funding deadline, by passing a bill to push Washington's spending deadline 45 days down the road.

In the latest economic signposts, the headline personal consumption expenditures (PCE) price index rose 0.4% in August (+0.5% expected), up from 0.2% previously, and is up 3.5% from a year ago. More importantly, the Fed's preferred measure of inflation, the core PCE index that exclude volatile food and energy items, rose just 0.1% in August (+0.2% expected) and is up 3.9% year-over-year – its first annualized reading below 4% in two years. Even more favorably, the annualized three-month annualized average of core PCE prices fell to 2.16%, just above the Fed's 2% target, which may give the Fed room to halt future rate hikes.

As shown in the style box performance boxes below, large caps generally outperformed small and mid caps in September, with the only exception among growth stocks, mid cap had the smallest loss (-4.87%). Similarly, during the third quarter, large caps generally and more widely outperformed small and mid caps, but with one exception that small cap value (-2.96%) outperformed with the smallest overall loss. For YTD, all styles and sizes were led by large caps, with all still posting positive 2023 performance – with the sole exception of small cap value (-0.53%).

	September			Third Quarter			YTD 2023		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-3.86%	-4.70%	-5.44%	-3.16%	-3.15%	-3.13%	1.79%	13.01%	24.98%
Mid	-5.09%	-5.02%	-4.87%	-4.48%	-4.68%	-5.22%	0.54%	3.91%	9.88%
Small	-5.21%	-5.89%	-6.06%	-2.96%	-5.13%	-7.32%	-0.53%	2.54%	5.24%

Style returns 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: Cetera Investment Management, FactSet, FTSE Russell, total return based, which includes dividends. Investors cannot invest directly in indexes. Data as of 9/29/2023.

Top & Bottom Performers

In the sector performance, Energy (+2.63%) was the only S&P 500 sector posting a September gain with the worst three sectors having losses of nearly 6% or more, led by Real Estate (-7.25%) and Technology (-6.87%). Energy (+12.22%) was also the best performing sector for the quarter, up double digits. Real Estate fell almost 9% in the third quarter, outdone to the downside by Utilities performing worse, down 9.25%. The 2023 leaderboard is still headlined by Communication Services (+40.43%) and Technology (+34.72%).

Top Sector Performers – September ¹	Bottom Sector Performers – September ¹
Energy (+2.63%)	Consumer Discretionary (-5.98%)
Healthcare (-2.96%)	Technology (-6.87%)
Financials (-3.14%)	Real Estate (-7.25%)

Top Performers – Third Quarter ¹	Bottom Performers – Third Quarter ¹
Energy (+12.22%)	Consumer Staples (-5.97%)
Communication Services (+3.07%)	Real Estate (-8.90%)
Financials (-1.13%)	Utilities (-9.25%)

Top Performers – YTD 2023 ¹	Bottom Performers – YTD 2023 ¹
Communication Services (+40.43%)	Consumer Staples (-4.76%)
Technology (+34.72%)	Real Estate (-5.45%)
Consumer Discretionary (+26.67%)	Utilities (-14.41%)

¹FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends).

U.S. Treasuries, as measured by the Bloomberg U.S. Government Bond Index, fell 2.17% in September, extending its third quarter loss to nearly 3% and more than fully erased a prior its YTD gain to a 1.45% loss. Longer-term U.S. Government bonds (-11.79%) fell the most last quarter, also turning a prior YTD gain to a loss (-8.50%). Bond prices fall as yields rise.

In other fixed-income assets, investment-grade bonds of all types (as measured by the Bloomberg U.S. Aggregate Bond Index) posted a third quarter loss of 3.23%, capping its YTD gain at 1.21%. Outside of short-term T-Bills, non-investment-grade high-yield corporate bonds (+0.46%) performed best last quarter, extending its 2023 YTD leadership to +5.86%. Municipal Bonds fell nearly 4% for the quarter, turning its YTD performance negative at nearly -1.4%.

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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 pre-funded 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.

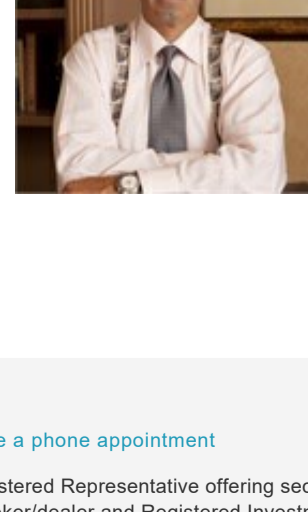
The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

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.

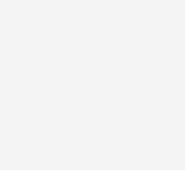
The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since 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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