

# Market Review

# Snapshot

Global and U.S. stocks declined for the third-consecutive month in October, but most broad indices maintained year-to-date gains. Yields continued to rise, and U.S. bonds logged negative returns.

- Robust economic data released in October bolstered the Fed's "higher for longer" interest rate outlook. U.S. stocks declined against a backdrop of higher rates, mixed earnings and continued geopolitical tensions.
- The S&P 500 Index returned -2.1% for the month, pushing its year-to-date return to 10.69%. The utilities sector was the only S&P 500 Index component to deliver a gain for the month.
- Non-U.S. stocks generally experienced steeper monthly declines. Amid economic concerns, rising bond yields and the Israel-Hamas war, non-U.S. developed markets stocks declined. Emerging markets stocks declined but outperformed non-U.S. developed markets stocks.
- The Commerce Department reported third-quarter U.S. GDP surged to an annualized pace of 4.9%. Jumps in consumer spending and inventory rebuilding drove much of the gain.
- The pace of annualized U.S. headline inflation remained unchanged from August to September at 3.7%, while core inflation eased from 4.3% to 4.1%. Inflation slowed in Europe and held steady in the U.K., but consumer prices remained above central bank targets.
- While stocks broadly declined, U.S. and non-U.S. large-cap stocks fared better than small-caps. Growth stocks outperformed among large caps and lagged in the small-cap space.
- U.S. Treasury yields continued to climb, and the broad bond market declined for the month.

## Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
<b>U.S. Large-Cap Equity</b>							
S&P 500	-2.10	-8.25	10.69	10.14	10.36	11.01	11.18
<b>U.S. Small-Cap Equity</b>							
Russell 2000	-6.82	-16.69	-4.45	-8.56	3.95	3.31	5.63
<b>Intl. Developed Markets Equity</b>							
MSCI World ex USA	-4.22	-11.03	2.22	12.56	5.97	4.26	3.05
<b>Emerging Markets Equity</b>							
MSCI Emerging Markets	-3.89	-12.16	-2.14	10.80	-3.67	1.59	1.19
<b>Global Real Estate Equity</b>							
S&P Global REIT	-4.66	-13.75	-8.99	-6.53	1.65	-0.28	2.25
<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate	-1.58	-4.69	-2.77	0.36	-5.57	-0.06	0.88
<b>Global Fixed Income</b>							
Bloomberg Global Aggregate Bond	-1.20	-5.39	-3.38	1.72	-7.33	-1.64	-0.66
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.46	1.37	4.18	4.88	1.91	1.77	1.14

Data as of 10/31/2023. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

# Equity Returns | Size and Style

		U.S.			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-3.53	-1.42	-1.80	23.20
	Small	-5.97	-7.71	-6.46	-2.87

		Non-U.S. Developed Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-4.35	-3.39	4.93	0.76
	Small	-5.04	-6.82	-1.01	-7.33

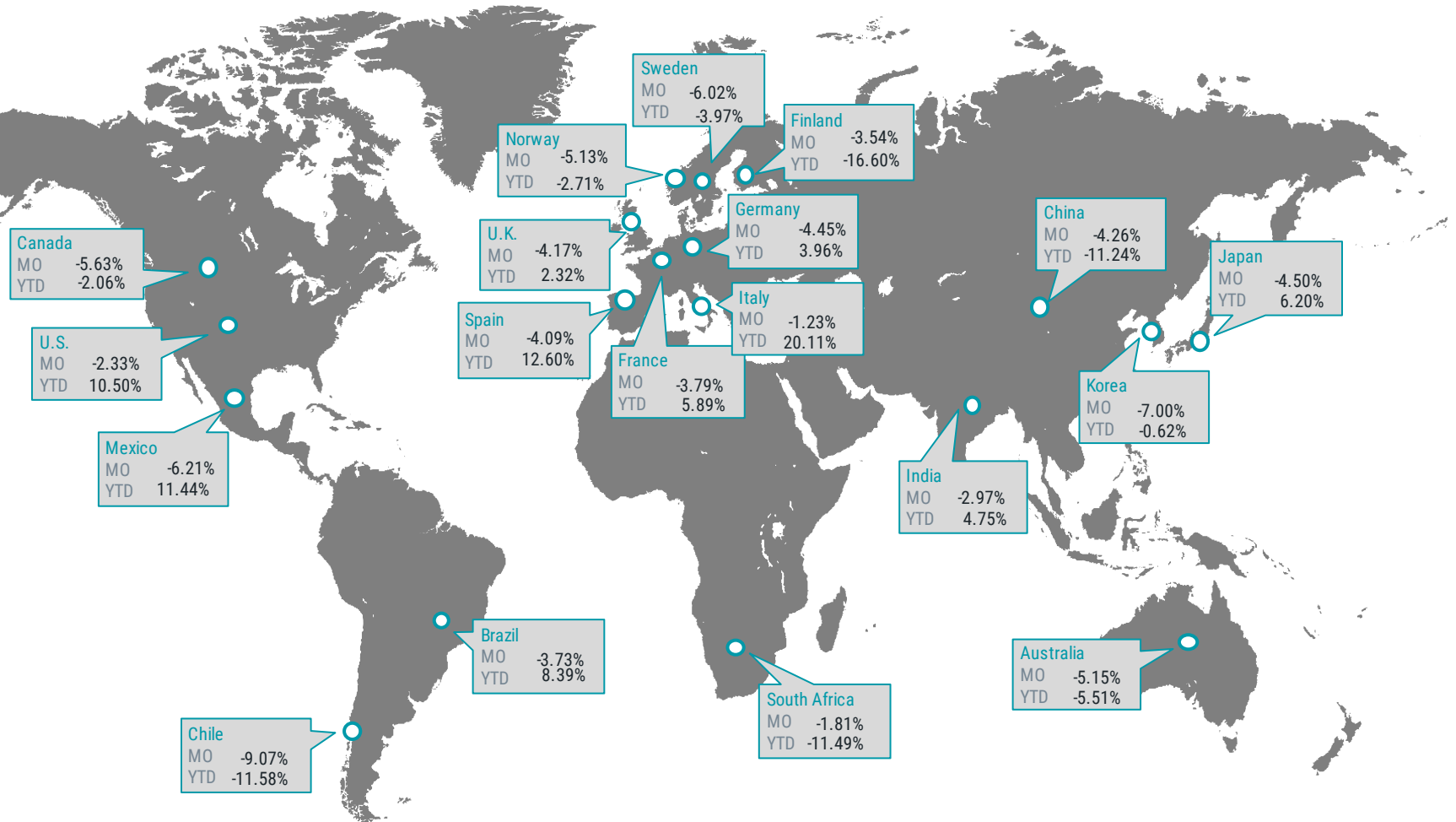
		Emerging Markets			
		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-4.02	-3.56	1.46	-6.37
	Small	-4.06	-5.59	8.05	8.47

- U.S. stocks broadly declined for the month, but most indices maintained solid year-to-date gains.
- Large-cap stocks fared better than small-caps in October. Year to date, large-caps advanced and outpaced their declining small-cap peers.
- Growth stocks outperformed value stocks among large-caps but underperformed in the small-cap arena. Year to date, growth stocks maintained a performance edge, notably among large-caps, where growth stocks gained 23% versus -2% for value.
- The broad international developed markets stocks index declined for the month but held onto a modest year-to-date gain.
- Large-cap stocks declined but not as much as small-caps for the month. Year to date, large-caps advanced and outperformed their small-cap peers, which declined.
- In October, growth stocks outpaced value stocks among large-caps but underperformed in the small-cap space. Year to date, the value style outperformed across the board.
- The broad emerging markets stock index declined in October, pushing its year-to-date return negative.
- Large-cap stocks performed better than small-caps in October. Year to date, small-caps rose and outperformed large-caps, which declined.
- For the month, growth stocks outpaced value stocks among large-caps but underperformed among small-caps. Year to date, value stocks outperformed growth stocks in the large-cap arena and underperformed among small-caps.

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U.S. Equity, International Developed Markets and Emerging Markets Equity style boxes are represented by Russell, MSCI World ex USA and MSCI Emerging Markets indices, respectively.

# Equity Returns | Country



Data as of 10/31/2023. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

# Fixed-Income Returns

Treasury yields continued to rise in October, contributing to another monthly decline for the broad U.S. bond index. Bonds also retreated for the year-to-date period.

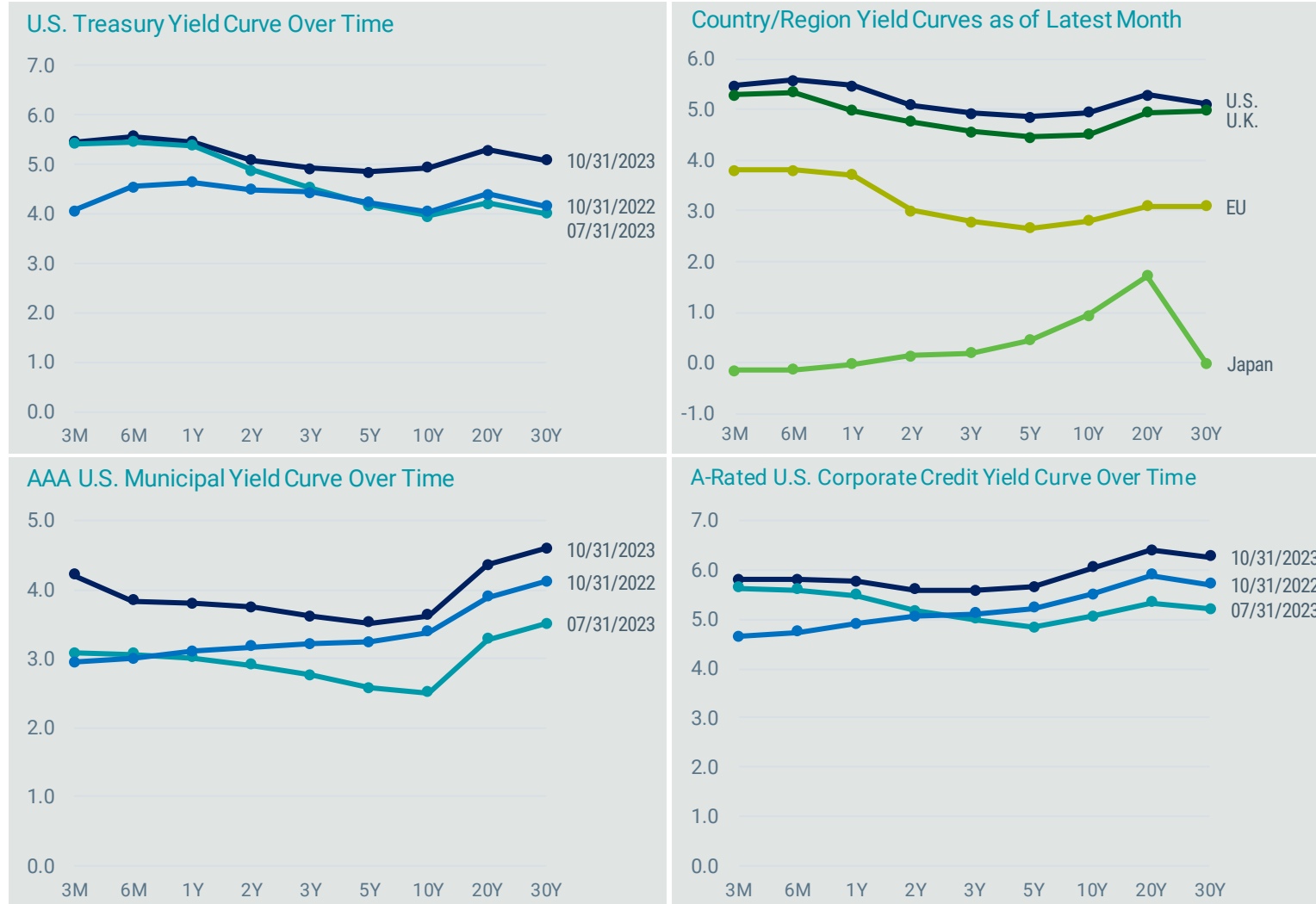
- The Bloomberg U.S. Aggregate Bond Index returned -1.58% in October, as all index sectors declined. Alongside robust economic data and concerns about the sustainability of government finances, the yield on the 10-year Treasury note topped 5% for the first time since 2007.
- Overall, the 10-year Treasury yield ended October at 4.93%, 35 bps higher than the end of September. The two-year Treasury yield rose 5 bps to 5.1%.
- Spreads widened, and investment-grade corporate and mortgage-backed bonds underperformed Treasuries and the broad bond index. Meanwhile, high-yield corporates declined but outperformed investment-grade corporates.
- Looking ahead to the Fed's November monetary policy meeting, the futures market expected the Fed to hold rates steady for the second-consecutive policy meeting.
- Annual headline CPI remained unchanged in September at 3.7%. Core inflation eased slightly to 4.1%. The shelter component, which rose 7.2%, continued to account for more than 70% of core CPI's annual gain.
- Municipal bond (muni) yields rose in October, and muni returns were negative for the month and year to date. However, munis continued to outperform Treasuries.
- Inflation breakeven rates rose in October, and TIPS outperformed nominal Treasuries.

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<b>Global Fixed Income</b>							
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<b>U.S. Fixed Income</b>							
Bloomberg U.S. Aggregate	-1.58	-4.69	-2.77	0.36	-5.57	-0.06	0.88
<b>U.S. High-Yield Corporate</b>							
Bloomberg U.S. Corporate High Yield Bond	-1.16	-2.06	4.63	6.23	1.19	3.05	3.86
<b>U.S. Investment Grade</b>							
Bloomberg U.S. Corporate Bond	-1.87	-5.23	-1.86	2.77	-5.48	0.85	1.89
<b>Municipals</b>							
Bloomberg Municipal Bond	-0.85	-5.14	-2.22	2.64	-2.48	1.00	2.12
<b>U.S. TIPS</b>							
Bloomberg U.S. TIPS	-0.72	-3.43	-1.50	-0.72	-2.00	2.27	1.61
<b>U.S. Treasuries</b>							
Bloomberg U.S. Treasury Bond	-1.21	-3.89	-2.71	-0.63	-5.92	-0.21	0.46
<b>U.S. Cash</b>							
Bloomberg U.S. 1-3 Month Treasury Bill	0.46	1.37	4.18	4.88	1.91	1.77	1.14

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# Global Yield Curves



Data as at 10/31/2023 Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).