



## Monthly Market Recap

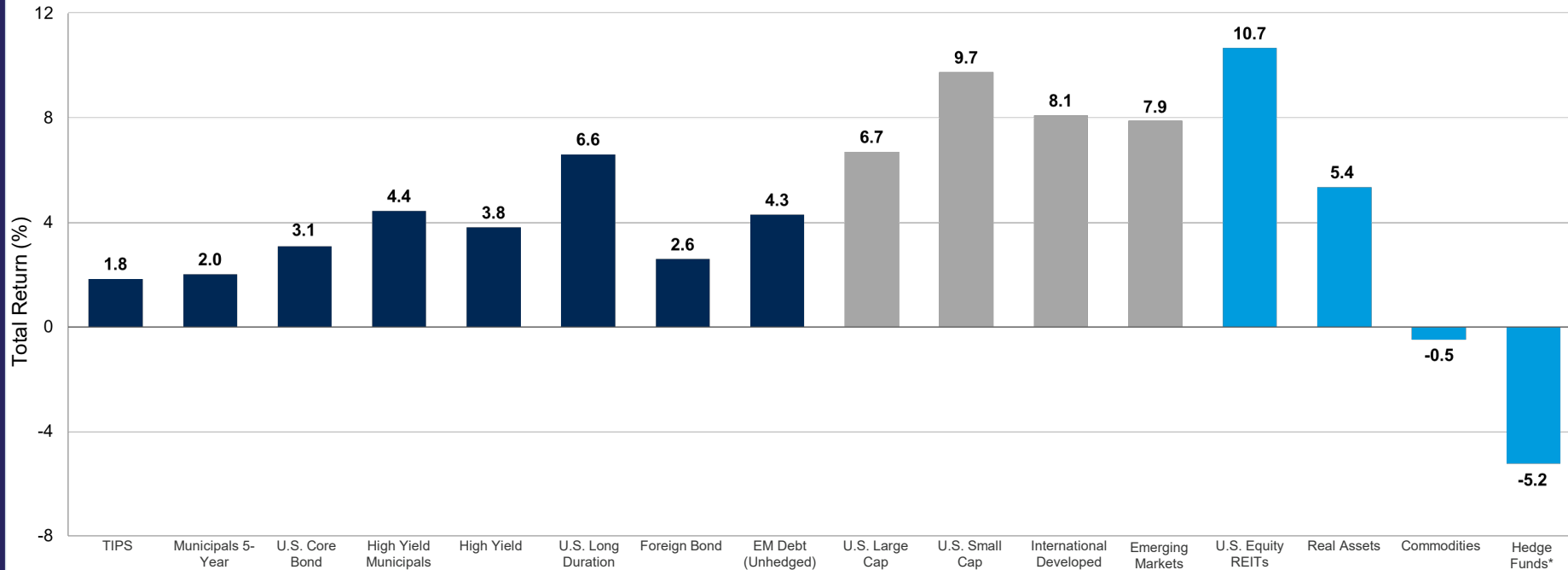
JANUARY 2023

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# Asset Class Performance



## Fixed Income (January)

- + Fixed income investors benefited from declining intermediate and long-dated yields as inflation continued to ease off recent highs and market expectations grew for a Fed rate pause later in the year.
- + Appetite for riskier segments of the market helped propel high yield bonds despite concerns of an economic slowdown and falling corporate earnings.
- + Foreign bonds benefited from a falling U.S. dollar.

## Equity (January)

- + Equity markets posted favorable returns in the month. A resilient labor market has helped support a “soft-landing” scenario but lagged effects of monetary policy remain to be seen.
- + International markets, both developed and emerging, outperformed the U.S. Commodity price relief and positive economic growth in Europe, along with optimism around China reopening, helped propel the regions. A declining U.S. dollar further helped non-U.S. markets.

## Real Asset/Alternatives (January)

- + REITs had a strong month on the back of falling interest rates and general equity strength.
- Commodities posted a modest decline in January, driven by energy related segments of the market, while industrial and precious metals were positive.
- +/- Hedge funds were essentially flat for the month (December) and ultimately ended 2022 down mid single digits.

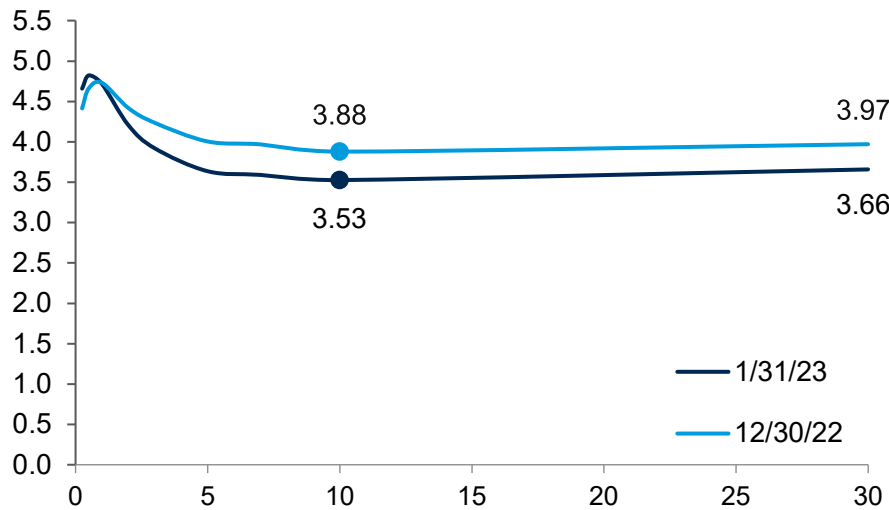
Source: Morningstar Direct. As of January 31, 2023. \*Hedge fund returns are as of December 31, 2022.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss. Indices cannot be invested in directly.

# Fixed Income Market Update

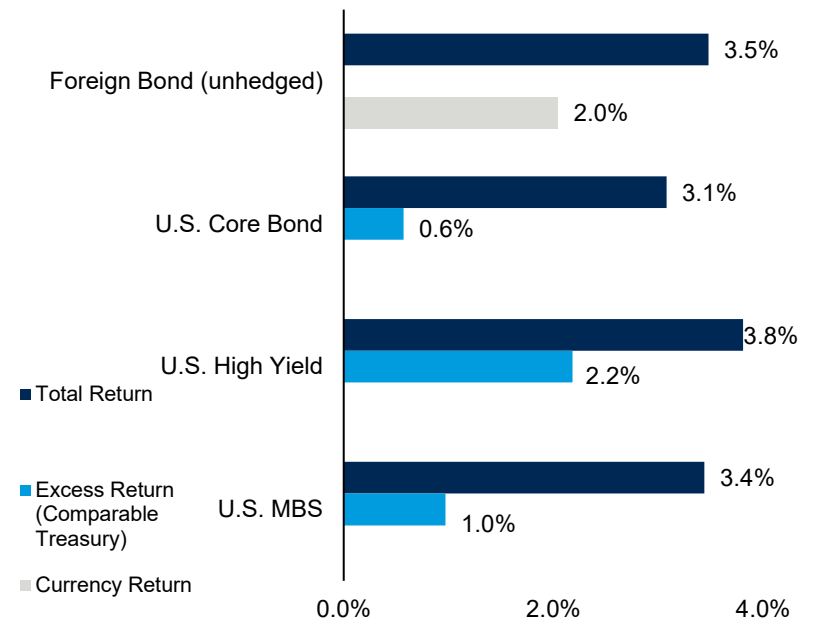
## U.S. Treasury Yield Curve

Prospects of a 25 basis point rate hike by the Fed in February pushed yields higher on the front-end of the curve while lower inflation and concerns about a slowing economy led to lower rates on the back-end. The 10-year yield ended 35 bps lower.



## Index Performance Attribution (January 2023)

Tighter spreads and lower rates fueled fixed income returns, with foreign bonds also benefiting from a declining dollar. Corporate fundamentals remain strong, but there are signs of corporate earnings growth slowing.



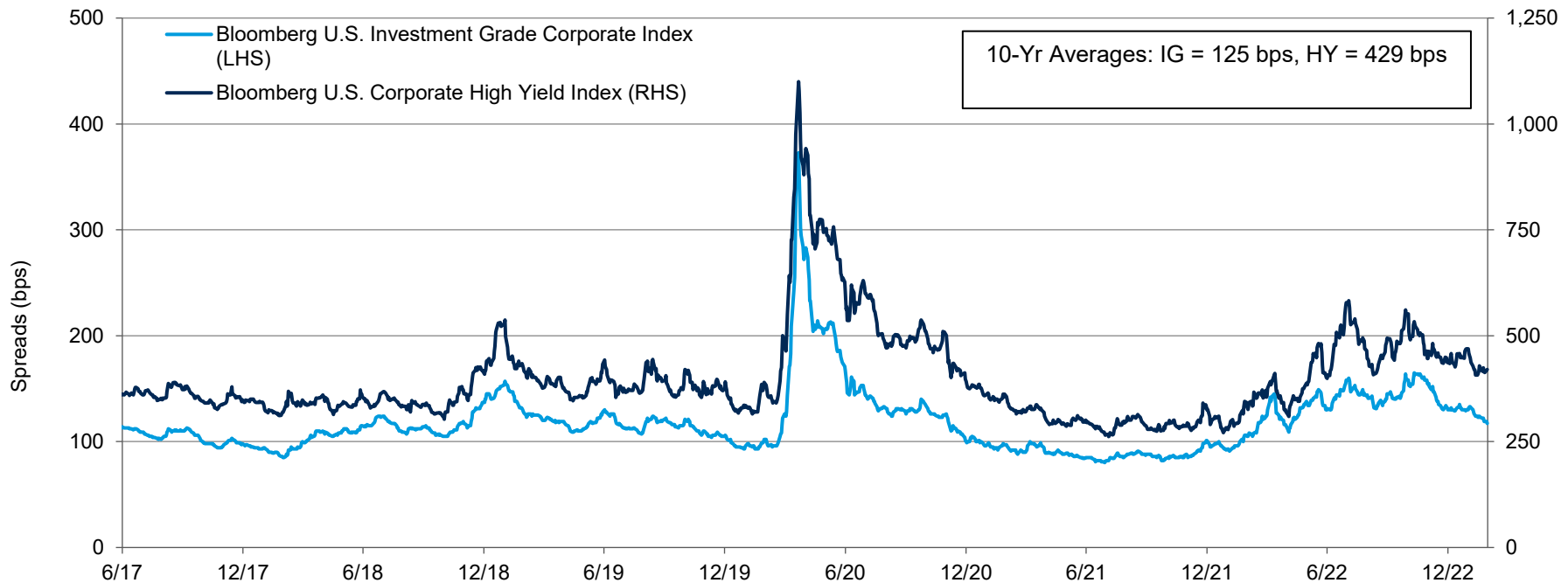
Sources: FactSet as of January 31, 2023.

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# Fixed Income Market Update (cont'd)

## Credit Market Spreads – Trailing 5 Years

Corporate earnings appear to be slowing but fundamentals otherwise remain resilient as many companies have reduced leverage and debt service costs. Favorable yield profiles attracted investors to both investment grade and high yield corporates and spreads compressed by 13 and 49 basis points, respectively.



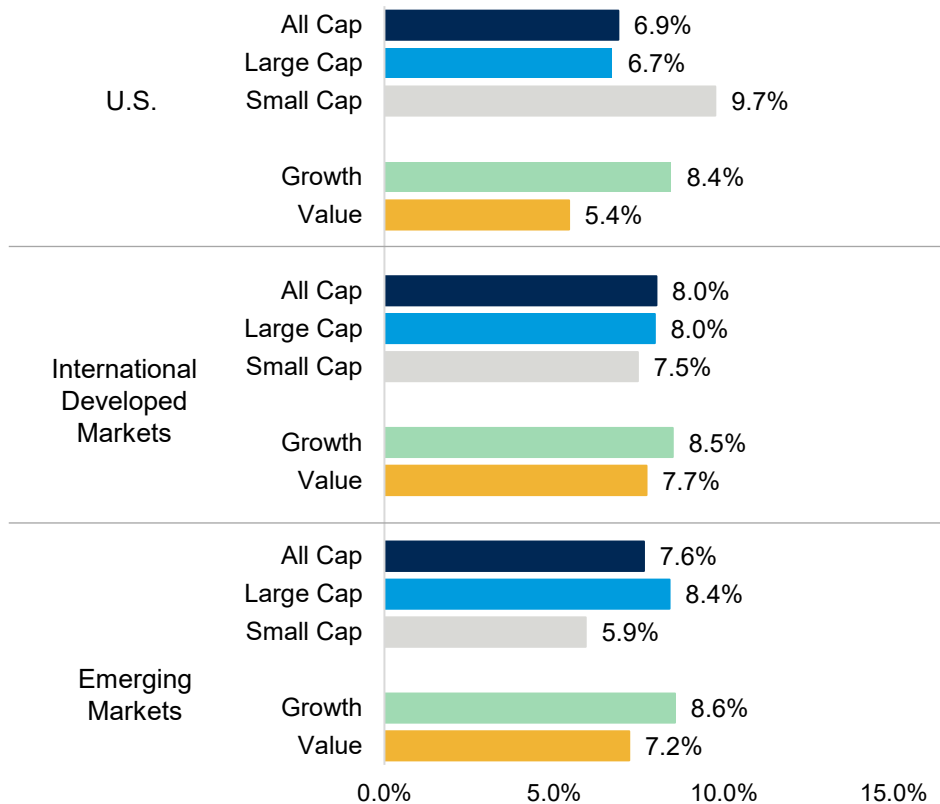
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# Equity Market Update

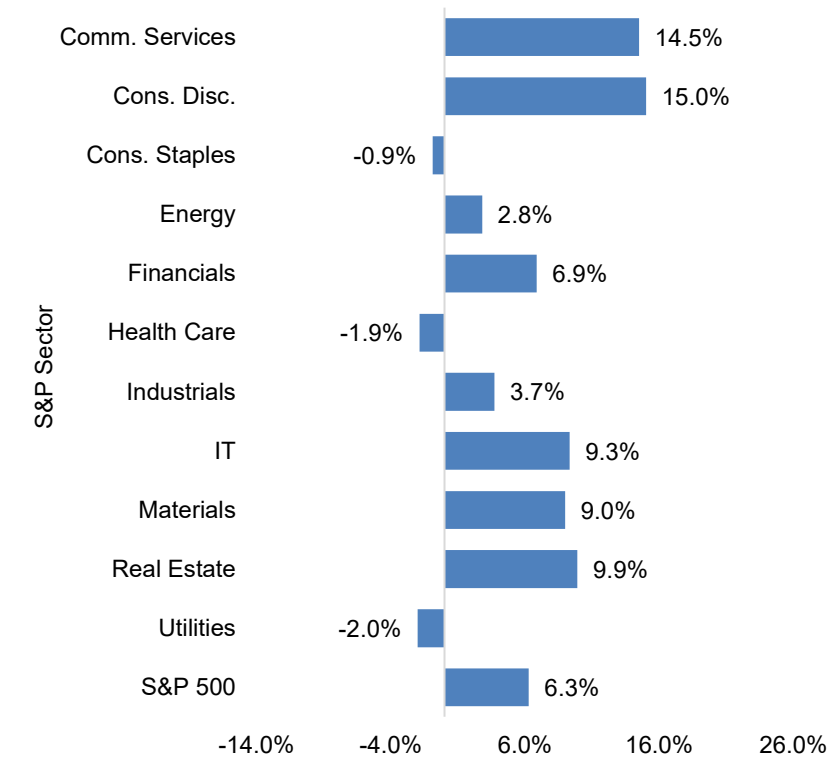
## Market Capitalization & Style Performance (January 2023)

Growth stocks outperformed value stocks across regions, a reversal from 2022. Falling rates, softening inflation and the prospect of shifting monetary policy this year fueled the style reversal.



## U.S. Equities – Returns by Sector (January 2023)

A sharp reversal in sector leadership had consumer discretionary and communication services posting strong double-digit gains in the month. Amazon, Netflix and Meta were key drivers of performance, returning over 20 percent each in January.



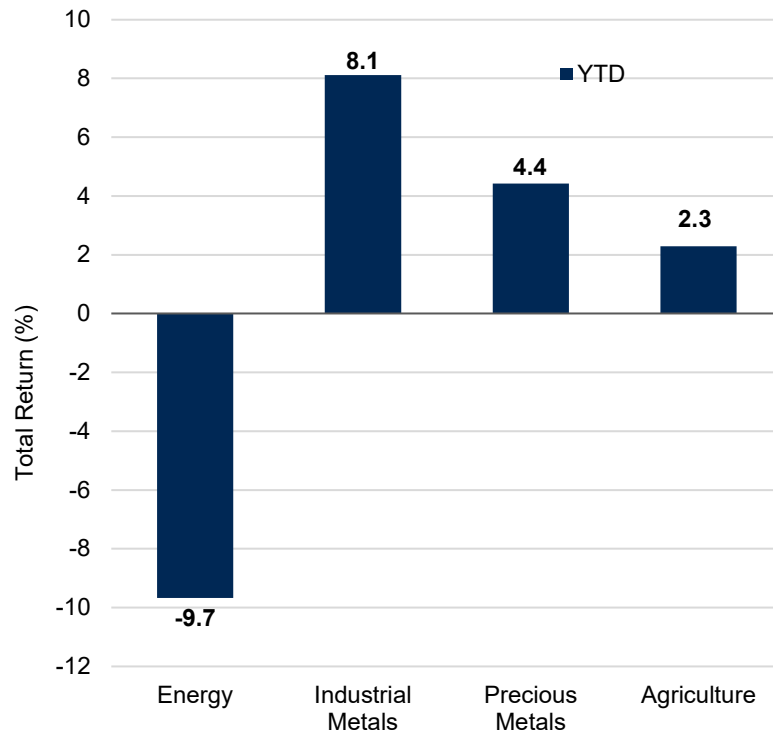
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# Real Asset Market Update

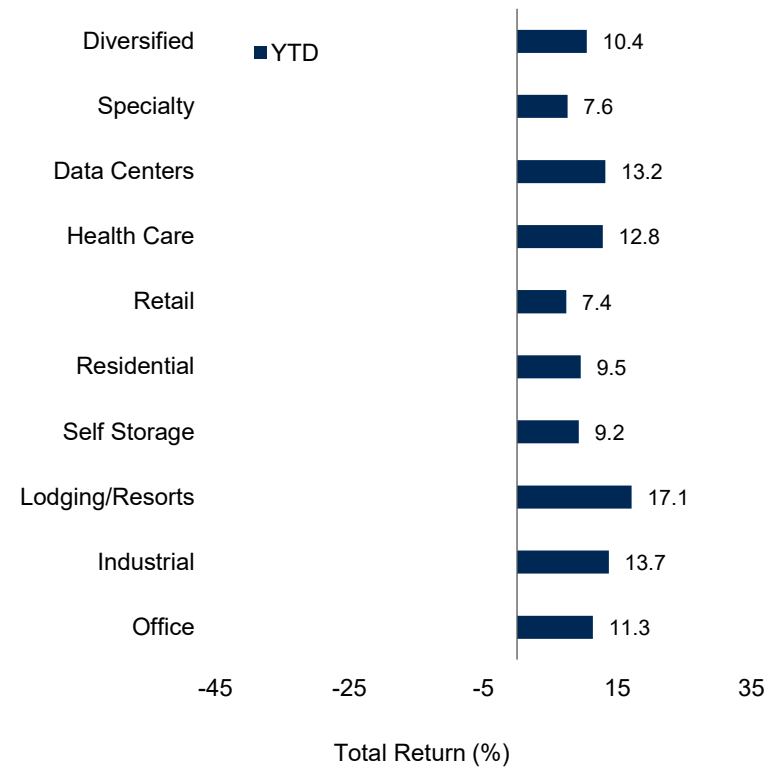
## Real Assets Performance (January 2023)

Commodities overall were negative in the month, fueled by the energy subsector. Falling natural gas prices weighed on the energy segment. Positive sentiment on China coming out of zero-covid policy fueled industrial metals on the prospect of stronger economic activity.



## REIT Sector Performance (January 2023)

Lower interest rates helped support the REIT market, which experienced a solid recovery after a difficult 2022. Falling mortgage rates this year helped support the residential market.



Sources: FactSet. As of January 31, 2023.

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# Financial Markets Performance

Total Return as of January 31, 2023  
 Periods greater than one year are annualized  
 All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.3%	0.3%	1.9%	0.8%	1.3%	1.1%	0.8%	0.6%
Bloomberg U.S. TIPS	1.8%	1.8%	-8.4%	1.1%	2.7%	2.6%	1.4%	2.9%
Bloomberg Municipal Bond (5 Year)	2.0%	2.0%	-0.9%	0.0%	1.7%	1.4%	1.7%	2.7%
Bloomberg High Yield Municipal Bond	4.4%	4.4%	-6.6%	0.0%	3.7%	4.2%	3.8%	4.6%
Bloomberg U.S. Aggregate	3.1%	3.1%	-8.4%	-2.3%	0.9%	1.1%	1.4%	2.8%
Bloomberg U.S. Corporate High Yield	3.8%	3.8%	-5.2%	1.3%	3.0%	5.9%	4.3%	6.5%
Bloomberg Global Aggregate ex-U.S. Hedged	1.7%	1.7%	-7.2%	-2.6%	0.9%	1.4%	2.3%	3.0%
Bloomberg Global Aggregate ex-U.S. Unhedged	3.5%	3.5%	-14.2%	-5.1%	-3.0%	-0.2%	-1.2%	0.5%
Bloomberg U.S. Long Gov / Credit	6.6%	6.6%	-18.3%	-5.8%	0.5%	2.1%	2.5%	4.7%
JPMorgan GBI-EM Global Diversified	4.3%	4.3%	-7.9%	-4.4%	-2.5%	2.1%	-1.7%	1.7%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	6.3%	6.3%	-8.2%	9.9%	9.5%	13.3%	12.7%	9.7%
Dow Jones Industrial Average	2.9%	2.9%	-0.9%	8.7%	7.8%	13.5%	12.0%	9.5%
NASDAQ Composite	10.7%	10.7%	-17.9%	9.0%	10.3%	15.2%	15.1%	12.3%
Russell 3000	6.9%	6.9%	-8.2%	9.5%	9.1%	13.0%	12.3%	9.6%
Russell 1000	6.7%	6.7%	-8.5%	9.7%	9.4%	13.2%	12.5%	9.7%
Russell 1000 Growth	8.3%	8.3%	-16.0%	9.9%	11.2%	15.2%	14.5%	11.5%
Russell 1000 Value	5.2%	5.2%	-0.4%	8.5%	6.9%	10.7%	10.2%	7.6%
Russell Mid Cap	8.3%	8.3%	-3.3%	9.0%	8.0%	11.9%	11.1%	9.5%
Russell Mid Cap Growth	8.7%	8.7%	-8.5%	6.5%	8.3%	12.5%	11.7%	9.8%
Russell Mid Cap Value	8.1%	8.1%	-0.7%	9.3%	6.9%	10.8%	10.2%	8.9%
Russell 2000	9.7%	9.7%	-3.4%	7.5%	5.5%	10.8%	9.4%	8.3%
Russell 2000 Growth	9.9%	9.9%	-6.5%	4.3%	4.7%	10.3%	9.5%	8.6%
Russell 2000 Value	9.5%	9.5%	-0.5%	9.9%	5.8%	10.7%	8.8%	7.8%
MSCI ACWI	7.2%	7.2%	-8.0%	6.8%	5.5%	10.1%	8.2%	5.9%
MSCI ACWI ex. U.S.	8.1%	8.1%	-5.7%	3.6%	1.4%	7.0%	4.2%	2.7%
MSCI EAFE	8.1%	8.1%	-2.8%	4.2%	2.1%	6.8%	5.0%	3.0%
MSCI EAFE Growth	8.5%	8.5%	-6.6%	3.4%	3.2%	7.3%	6.0%	3.8%
MSCI EAFE Value	7.7%	7.7%	0.7%	4.4%	0.6%	6.0%	3.7%	2.0%
MSCI EAFE Small Cap	7.5%	7.5%	-8.9%	2.5%	0.4%	6.8%	6.4%	5.0%
MSCI Emerging Markets	7.9%	7.9%	-12.1%	1.4%	-1.5%	7.3%	2.1%	2.1%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	-0.1%	6.4%	6.4%	4.9%	3.8%	3.3%	2.6%	2.3%
FTSE NAREIT Equity REITs	10.7%	10.7%	-10.1%	2.9%	6.7%	6.6%	7.2%	7.0%
S&P Real Assets	5.4%	5.4%	-3.6%	3.7%	3.8%	6.4%	3.8%	4.5%
FTSE EPRA NAREIT Developed	9.0%	9.0%	-12.6%	-1.5%	2.4%	4.7%	4.5%	3.8%
FTSE EPRA NAREIT Developed ex U.S.	6.5%	6.5%	-15.5%	-6.4%	-2.0%	3.0%	1.9%	1.5%
Bloomberg Commodity Total Return	-0.5%	-0.5%	6.2%	15.4%	5.9%	6.7%	-1.6%	-2.9%
HFRI Fund of Funds Composite*	0.3%	-5.2%	-5.2%	3.7%	3.0%	3.3%	3.5%	1.7%
HFRI Asset Weighted Composite*	0.2%	0.7%	0.7%	3.4%	3.4%	3.8%	4.0%	3.4%
Alerian MLP	6.6%	6.6%	25.7%	13.9%	4.2%	7.1%	1.4%	5.9%

Sources: Morningstar, FactSet. As of January 31, 2023. \*Consumer Price Index and HFRI indexes as of December 31, 2022.

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged  
Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD  
Core Bond: Bloomberg US Aggregate Total Return Index USD  
High Yield Municipals: Bloomberg Muni High Yield Total Return Index Value Unhedged USD  
High Yield: Bloomberg US Corporate High Yield Total Return Index USD  
U.S. Long Duration: Bloomberg US Aggregate Government & Credit - Long  
Foreign Bond: Bloomberg Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)  
Real Assets: S&P Real Assets  
U.S. Large Cap: Russell 1000 Total Return Index  
U.S. Small Cap : Russell 2000 Total Return Index  
International Developed: MSCI EAFE Net Total Return USD Index  
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index  
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD  
Commodities: Bloomberg Commodity Total Return Index  
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index



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## Disclosures and Definitions (cont'd)

Foreign Bond: Bloomberg Global Aggregate x USD Total Return Unhedged  
U.S. Core Bond: Bloomberg U.S. Aggregate Total Return Index USD  
U.S. High Yield: Bloomberg US Corporate High Yield Total Return Index USD  
U.S. MBS: Bloomberg U.S. MBS (30Y) Total Return Index  
U.S. All Cap: Russell 3000 Total Return Index  
U.S. Large Cap: Russell 1000 Total Return Index  
U.S. Small Cap: Russell 2000 Total Return Index  
US Value: Russell 3000 Value Total Return Index  
US Growth: Russell 3000 Growth Total Return Index  
International Developed All Cap: MSCI EAFE IMI Net Total Return USD Index  
International Developed Large Cap: MSCI EAFE Large Cap Net Total Return USD Index  
International Developed Small Cap: MSCI EAFE Small Cap Net Total Return USD Index  
International Developed Value: MSCI EAFE Value Net Total Return USD Index  
International Developed Growth: MSCI EAFE Growth Net Total Return USD Index  
Emerging Markets All Cap: MSCI Emerging Markets IMI Net Total Return USD Index  
Emerging Markets Large Cap: MSCI Emerging Markets Large Cap Net Total Return USD Index  
Emerging Markets Small Cap: MSCI Emerging Markets Small Cap Net Total Return USD Index  
Emerging Markets Value: MSCI Emerging Markets Value Net Total Return USD Index  
Emerging Markets Growth: MSCI Emerging Markets Growth Net Total Return USD Index

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If you're looking for peace of mind knowing that the plan for managing your financial well-being reflects the values of your family...

Then we invite you to call us today and put your trust in Fidelis Capital.

**We take a faithful and loyal approach to serving you.**