Second Quarter 2023

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Markets were generally up across the board, following a strong first quarter. Both the broader market (Russell 3000) and the S&P 500 finished higher, buoyed by a rally in technology stocks.

Developed international markets (MSCI EAFE) were up, boosted by resilient earnings despite elevated inflation. Emerging Markets (MSCI EM) rose, as the dollar continued to weaken and investors were optimistic about revitalized demand from China's reopening. The broad fixed income market (Bloomberg US Aggregate Bond Index) was down a little as the Federal Reserve raised rates twice during the quarter and penciled in two more for later in the year.

Index	2Q 2023
S&P 500 Index	8.74%
Russell 3000 Index	8.39%
MSCI EAFE Index ND	2.95%
MSCI EM (Emerging Markets) Index ND	0.90%
Bloomberg US Aggregate Bond Index	-0.84%

The unemployment rate rose slightly to 3.6% over the quarter. The rate of inflation continued to fall, but remained historically high as the Consumer Price Index rose 3% for the 12 months ending June 30, 2023. Real GDP increased 2% annualized in the first quarter after increasing 2.6% in the fourth quarter of 2022.

	US Equity		
	Growth	Blend	Value
Large	12.81	8.58	4.07
Mid	6.23	4.76	3.86
Small	7.05	5.21	3.18

	Non-US Equity		
	ACWI ex. US	EAFE	EM
Large	2.66	3.53	0.48
Mid	1.52	0.62	2.84
Small	2.05	0.58	6.39

	US Fixed Income		
	High Yield	Agg	Gov't
Short	1.84	-0.61	0.27
Interm	1.76	-0.75	-1.12
Long	1.43	-1.47	-2.29

Three month returns ending 6/30/23. US Equity indexes are Russell 1000, 1000 Value and 1000 Growth; MidCap, MidCap Value and MidCap Growth; and 2000, 2000 Value and 2000 Growth. Non-US Equity Indexes are MSCI All Country World Index (ACWI) ex. US Large, Mid and Small Caps; MSCI EAFE Large, Mid and Small Caps, and MSCI Emerging Markets (EM) Large, Mid and Small Caps. US Fixed Income indexes are Bloomberg US High Yield 1-5 Yr, Intermediate and Long duration; Bloomberg US Agg 1-5 Yr, Interm and 10+ Yr; and Bloomberg US Govt Short, Intermediate and Long Durations.

Outlook

Equity markets extended the prior quarter's gains as investors remained cautiously optimistic despite a number of growing economic risks. Domestic stocks were higher despite risks of resumed inflation and slowing growth. International equity also rose as a weaker dollar improved foreign market conditions. Global markets were also up, bolstered by European banks being viewed as mostly insulated from the US regional banking crisis. The US dollar continued to weaken against most major currencies, creating tailwinds for emerging markets. The ongoing war between Russia and the Ukraine continues to pose a threat to the global economy and has been a source of elevated inflation. A resolution to the conflict could stabilize food and energy supplies in the region. The Federal Reserve followed through with two more rate hikes in the second quarter. They took a pause in June, but to many investors' surprise, indicated two more rate hikes will likely come later in 2023. Taken all together, a focus on long-term goals and objectives continues to be a prudent course, balancing downside risk at current valuations with the potential for upside performance.

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