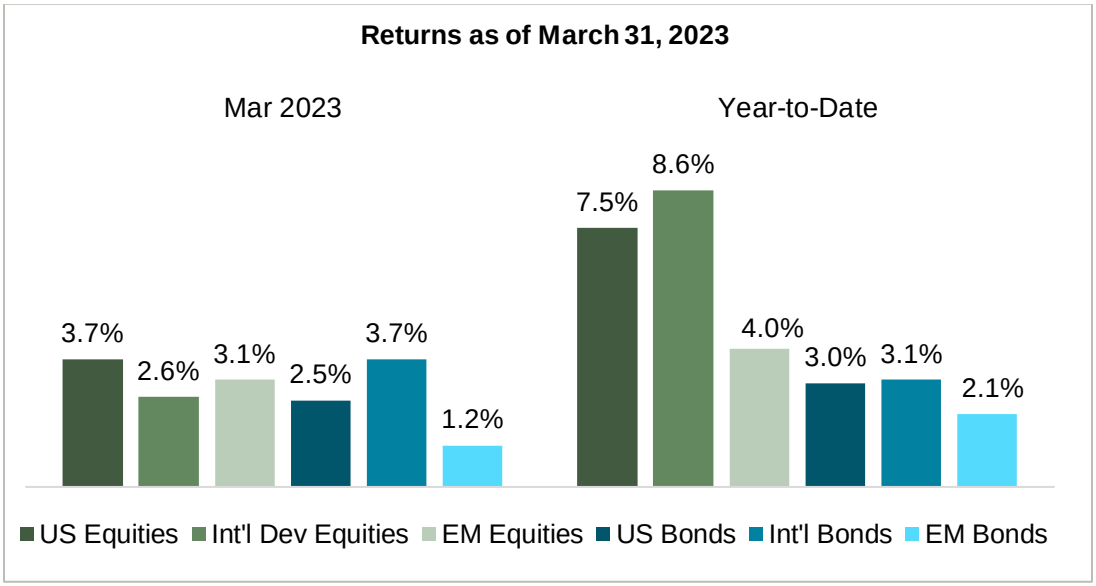
Semper Salutaris
Disciplined Financial Wellness

MONTHLY

Market Review

March 2023

Market Review



Source: Zephyr Style Advisor

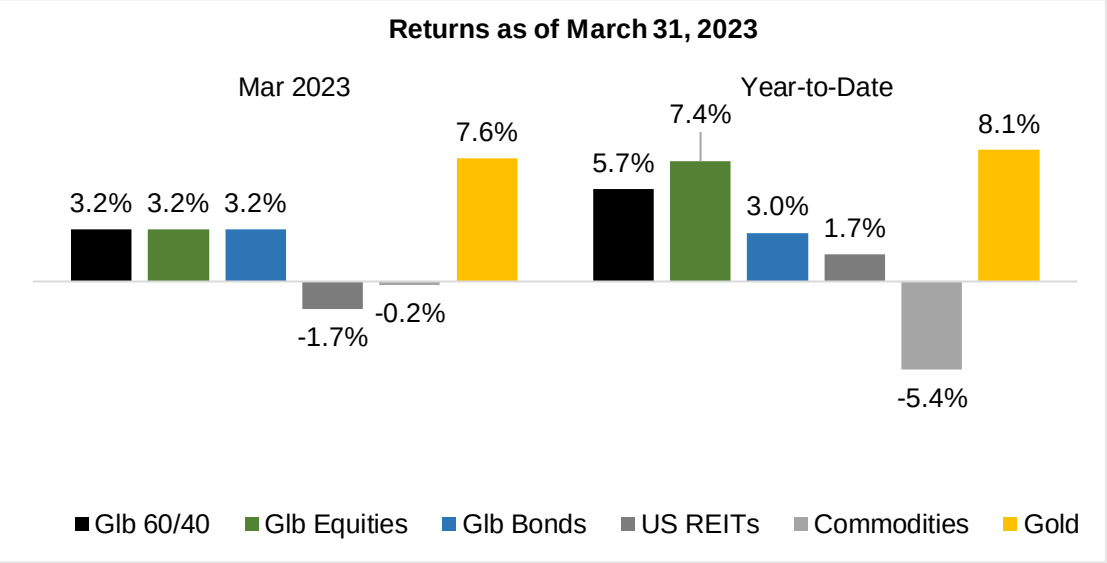
Markets marched ahead to close out the month on a strong note despite the banking crisis. Major equity markets were all positive for the month, with US equities (S&P 500) leading the way with a gain of 3.7%. Emerging markets (MSCI EM) equities followed with a gain of 3.1%, largely contributed by China's economic reopening. International developed equities (MSCI EAFE) trailed the other regions but gained 2.6% despite fears around the bank crisis.

While broad markets rose in stride, performance beneath the surface was uneven. Within US sectors, technology and communication services gained 10.9% and 10.4%, respectively, on hopes of interest rate hikes coming to an end, while financials fell 9.6% amid fears of a potential banking contagion. Technology is a large part of the US equity markets and helped contribute to domestic outperformance. Size and style within stocks reflected similar performance. Large and growth-type companies, typically technology, had strong gains while small and value, where many financial, bank, and dividend stocks are domiciled, fell.

The Federal Reserve raised interest rates by another 0.25%, emphasizing that the financial system was resilient while acknowledging that curbing inflation remains their focus. The banking crisis, however, did send investors searching for safety, driving bond prices higher. International bonds gained 3.7%, followed by US bonds at 2.5%. Emerging market bonds in dollar terms were weaker but still provided a positive 1.2% return. Long-term US treasuries were the strongest performers, gaining 4.7%.

Broad commodities fell 0.2%, driven largely by energy declining 6.9%. As volatility was heightened and the US dollar weakened, gold was one of the strongest performers across all asset classes, gaining 7.6%. Real estate fared the worst in March, with REITs declining globally as higher interest rates continued to pressure the asset class.

The global 60/40 index rose 3.2% in March, with global equities and global bonds performing in line. For the month, allocations to equities, bonds, and gold helped, while commodities and REITs hurt.



Source: Zephyr Style Advisor

INDEX DEFINITIONS

Asset Class	Index	Definition
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Emerging Markets Bonds	Bloomberg Emerging Markets USD Aggregate	Measures the performance of hard-currency emerging markets debt, including fixed and floating-rate USD-denominated debt issued from sovereign, quasi-sovereign, and corporate emerging markets debt.
Emerging Markets (E.M.) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Global 60/40 Index Blend	60% MSCI ACWI, 40% BBG Barclays Global Aggregate	Measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios.
Global Equity	MSCI ACWI	Measures large- and mid-cap equity performance of developed and emerging markets. Represents approximately 85% of the global equity investment universe.
Global Bonds	Bloomberg Global Aggregate	Measures the performance of global, investment-grade debt from 24 local currency markets. This benchmark includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.
Gold	Bloomberg Sub Gold	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the US and Canada.
Sector – Communication Services	S&P 500 Sector Communication Services	Measures the performance of companies from the media, retailing, and software & services industries in the US.
Sector – Energy	S&P 500 Sector Energy	Measures the performance of companies involved in the development and production of crude oil, natural gas and provide drilling and other energy-related services.
Sector – Financials	S&P 500 Sector Financials	Measures the performance of companies in an array of diversified financial service firms, insurance, banks, capital markets, consumer finance, and thrift companies.
Sector – Technology	S&P 500 Sector Technology	Measures the performance of companies involved in technology hardware, storage and peripherals, software, communications equipment, semiconductors and semiconductor equipment, internet software and services, IT services, electronic equipment, instruments, and components.
US Dollar	US Dollar Index	Measures the value of the US dollar relative to the value of a 'basket' of currencies of the majority of the US's most significant trading partners. Factors the exchange rates of six major world currencies: euro, Japanese yen, Canadian dollar, British pound, Swedish krona, and Swiss franc.
US Bonds	Bloomberg US Aggregate	Measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.

US Equity	S&P 500	Measures the performance of 500 leading companies in the US Constituents generally have a market cap above $5 billion and represent approximately 80% of the investable market.
US Long-term Treasuries	Bloomberg US Treasury Long	Measures the performance of long-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of ten or more years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate, and have $250 or more of outstanding face value.
US Short-term Treasuries	Bloomberg US Treasury 1-3 Year	Measures the performance of short-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of between one and three years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate, and have $250 or more of outstanding face value.
US REIT	FTSE NAREIT All Equity REITs	Measures the performance of a comprehensive family of REIT indexes that spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors.

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