

INVESTMENT UPDATE

Third Quarter 2023



Planning



Investing



Advising



MARKET REVIEW

Despite moderating job growth and inflation during the third quarter, the Fed remained steadfast in their commitment to higher rates for longer. Against that backdrop and after layering on an uninspiring corporate revenue outlook as well as Equity profit taking following a strong start to the year, stocks sold off for the period with notable downside acceleration into quarter end. Frustratingly, Fixed Income offered little protection as it too fell as Global Central banks continued to increase interest rates and bond prices traded lower given their inverse relationship with yields.

Amid negative single digit returns for Equity markets overall, Emerging Markets outperformed on a relative basis, buoyed by tepid investor sentiment and related valuation attractiveness. India equities enjoyed notable strength and climbed almost 3%. And although China expectations remain depressed given property sector troubles and sluggish export growth, green shoots in factory output and retail sales offered some encouragement.

In the U.S., dividend leadership re-asserted itself with high quality

payers performing well. Accordingly, Value outperformed Growth by a fair margin, with performance dispersion further amplified by the latter's sell-off of large benchmark names following a spectacular start to the year.

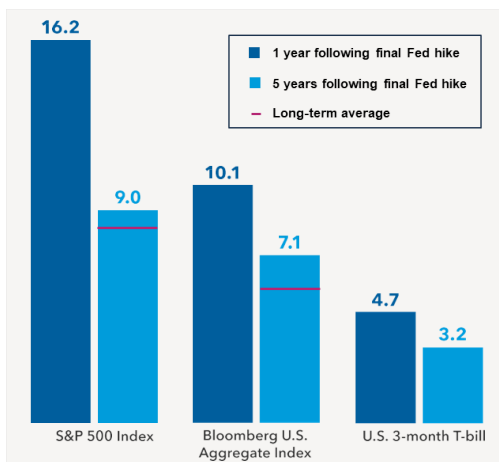
Nine of eleven sectors produced negative performance returns for the

Following the rapid and significant ascent of short-term interest rates, investors have been challenged by the longest lasting yield curve inversion in 40 years.

quarter. Energy was an outlier to the upside after rallying over 12% in concert with spiking oil prices due to supply discipline. Conversely, Real Estate and Utilities dropped more than 9% as bond proxy attractiveness waned amid higher Treasury yields, with additional pressure stemming from housing weakness, urban office space uncertainty, and tighter credit.

Within Fixed Income, spreads narrowed but the bigger story was yields moving higher across all maturities to finish at their best levels since 2007. High Yield and Short Duration total returns were modestly positive, however the broad market was weak as evidenced by Core Bond falling over 3%, resulting in the

% Asset Class Returns After Final Fed Hike



Source: Capital Group based on last four rate-hiking cycles

Bloomberg U.S. Aggregate trending towards a third straight down year.

Commodities moved higher, led by a 30% spike in oil to over \$90 per barrel as Saudi Arabia and Russia defied expectations and extended supply cuts. Confounding the greenback's usual negative correlation with energy prices, the US dollar also rallied in sympathy with higher interest rates as well as increased global geopolitical unrest and overall risk-off investor sentiment.

YEAR-END PLANNING

As we look forward and begin to focus on the end of 2023, I thought it might

be helpful and timely to highlight a few planning ideas worthy of consideration in advance of the holidays.

- Smartly give to philanthropic causes by donating appreciated investment securities (in lieu of cash) and/or by making Qualified Charitable Distributions directly from your IRA.
- “Bunch” multiple years of charitable giving into a Donor Advised Fund, especially prudent if you have the potential to itemize deductions this year, but not in future years.
- Review your estate planning documents. For Massachusetts residents, recent favorable tax threshold changes make it especially opportunistic.
- Be wary of upcoming year-end mutual fund distributions that could impose an unwelcome tax burden. Explore proactively rotating into more tax-advantaged solutions to eliminate the expense concurrent with staying invested so as to avoid market timing.
- Take advantage of the annual gift tax exclusion to transfer assets out of your estate.
- Be mindful of the impending significant reduction in the federal lifetime exemption and consider taking mitigating action before it's too late!

Q3 Market Performance

US Large Cap	-3.3%
US Small Cap	-5.1%
Non-US Developed	-4.1%
Emerging Markets	-2.9%
Treasuries	-3.1%
Investment Grade	-2.7%
High-Yield	0.5%
Oil	28.5%
Gold	-3.7%

This document is a general communication being provided for informational purposes only. The opinions herein are subject to change and do not constitute a recommendation to buy or sell any security or investment strategy. The above data and other referenced information have been obtained from sources believed to be reliable, but the accuracy of the information cannot be guaranteed.