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# February 2023 Market Update

Markets relinquished some of January's gain as strong economic data increased interest rate expectations. U.S. stocks dropped 2.4% in February, bringing year-to-date gains down to 4.4%. International stocks lost 4.3% and real estate dropped 5.9%, bringing YTD gains to 4.0% and 3.9%, respectively. Bonds lost 2.7% and are up 0.6% YTD.

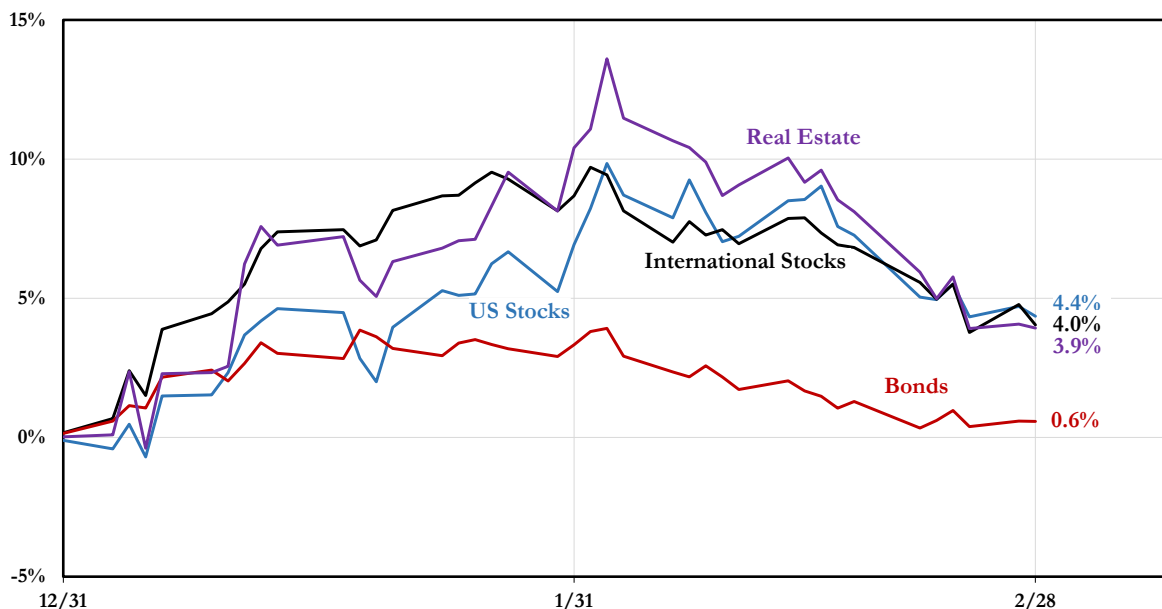
Growth stocks continued to outperform in February. The U.S. large cap growth index is up 8.8% year-to-date while the large cap value index is down 0.5% YTD.

Six-month Treasuries increased from 4.80% to 5.17%, the first time Treasuries of any maturity have exceeded 5.0% since 2007. Ten-year Treasuries increased from 3.52% to 3.92%.

Economic data showed renewed strength as the jobs report released on February 3<sup>rd</sup> showed robust jobs growth and as CPI and PPI inflation grew slightly faster than expected. CPI is now at 6.4% year-over-year and core CPI ex-food and energy is 5.6%.

Our greatest concern now is that the Federal Reserve's stated goal of 2.0% inflation is too low. We see inflation coming down to the 3% to 4% range by August but further improvements to reach the Fed's 2.0% target may require more substantial further rate action by the Fed, injuring both the economy and the market. Jerome Powell has stated the Fed will not consider increasing their inflation target until after they reach 2.0%.

**Chart 1: Year-to-Date Market Performance as of February 28, 2023**



# Benchmark Performance Summary

## *Asset Class Benchmark Returns*

Asset Class	1 Mo	YTD	2022	5 Yr
<b>Global Equities</b>	<b>-3.2%</b>	<b>4.2%</b>	<b>-18.0%</b>	<b>6.0%</b>
<b>U.S. Equities</b>	<b>-2.4%</b>	<b>4.4%</b>	<b>-19.5%</b>	<b>9.3%</b>
U.S. Large Cap Equities	-2.4%	3.9%	-19.9%	9.6%
U.S. Large Cap Growth	-1.4%	8.8%	-33.2%	10.7%
U.S. Large Cap Value	-3.2%	-0.5%	-2.1%	8.4%
U.S. Small Cap Equities	-2.3%	7.6%	-17.5%	7.8%
U.S. Small Cap Growth	-2.3%	9.1%	-28.4%	6.8%
U.S. Small Cap Value	-2.3%	6.6%	-9.4%	7.8%
<b>Ex-U.S. Equities</b>	<b>-4.3%</b>	<b>4.0%</b>	<b>-16.1%</b>	<b>1.8%</b>
Developed Market Equities	-3.5%	5.2%	-15.4%	2.8%
Developed Market Growth	-3.7%	5.3%	-23.1%	3.3%
Developed Market Value	-2.2%	5.8%	-5.2%	1.3%
Emerging Market Equities	-6.7%	1.1%	-18.0%	-0.6%
<b>Fixed Income</b>	<b>-2.7%</b>	<b>0.6%</b>	<b>-13.0%</b>	<b>0.5%</b>
Ultrashort	0.3%	0.7%	1.5%	1.3%
Short Term	-0.7%	0.0%	-3.9%	0.8%
Inflation Protected	-1.3%	0.6%	-12.0%	2.5%
U.S. Aggregate Bond	-2.7%	0.6%	-13.0%	0.5%
<b>Real Estate</b>	<b>-5.9%</b>	<b>3.9%</b>	<b>-26.2%</b>	<b>7.1%</b>
<b>Cash</b>	<b>0.3%</b>	<b>0.7%</b>	<b>1.5%</b>	<b>1.3%</b>

## *Portfolio Benchmarks*

Portfolio	1 Mo	YTD	2022	5 Yr
<b>Vanguard Total World Stock ETF</b>	<b>-3.2%</b>	<b>4.2%</b>	<b>-18.0%</b>	<b>6.0%</b>
<b>Vanguard Total U.S. Stock ETF</b>	<b>-2.4%</b>	<b>4.4%</b>	<b>-19.5%</b>	<b>9.3%</b>
Vanguard Lifestrategy Growth Fund 80/20	-2.9%	3.5%	-17.1%	5.3%
Vanguard Lifestrategy Mod Growth Fund 60/40	-2.7%	2.8%	-16.0%	4.2%
Vanguard Lifestrategy Cons Growth Fund 40/60	-2.6%	2.1%	-15.0%	3.0%
Vanguard Lifestrategy Income Fund 20/80	-2.4%	1.4%	-13.9%	1.7%
<b>Vanguard Total U.S. Bond Market ETF</b>	<b>-2.7%</b>	<b>0.6%</b>	<b>-13.1%</b>	<b>0.5%</b>