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# September 2023 Market Update

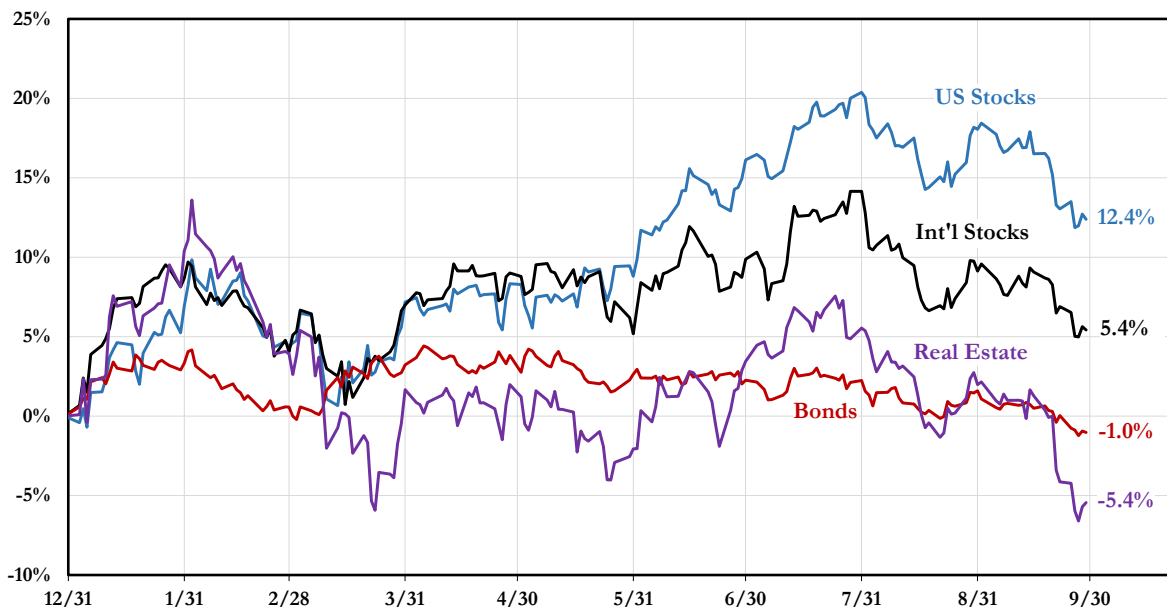
September was a difficult month as all asset classes – except cash – took losses. U.S. equities lost 4.8%, international equities dropped 3.4% and real estate lost 7.3%. On a year-to-date basis, U.S. equities are up 12.4%, international equities up 5.4% and real estate down 5.4%.

Bond total returns were off 2.6% in September, a big move for bonds. Short bond yields were largely unchanged but longer-dated Treasury yields rose significantly. The 10-year Treasury rose from 4.09% to 4.59%. All Treasury maturities now yield over 4.5%.

Bond yields are trending higher for a few reasons. First, economic growth has been surprisingly strong despite interest rate increases intended to reduce inflation, leading the market to believe the Fed will keep short-term rates “higher for longer”. Second, the federal deficit has increased significantly this year – despite a strong economy – and the deficit is funded by debt. That increase in Treasury debt is causing investors to demand higher yields to take on the higher supply of bonds. Third, our dysfunctional government’s failure to reach consensus on spending cuts has some investors demanding a higher yield. Higher yields have the ability to negatively impact stocks as investors require higher returns to buy stocks instead of bonds.

We have been examining stock-bond allocations with clients and have increased bond allocations for select clients. Within equities, our allocations remain close to long-term strategic targets with a small over-allocation to growth equities.

**Chart 1: Year-to-Date Market Performance**



# Benchmark Performance Summary

## *Asset Class Benchmark Returns*

Asset Class	1 Mo	YTD	2022	5 Yr
<b>Global Equities</b>	-4.3%	9.7%	-18.0%	6.5%
<b>U.S. Equities</b>	-4.8%	12.4%	-19.5%	9.1%
U.S. Large Cap Equities	-4.7%	13.6%	-19.9%	9.8%
U.S. Large Cap Growth	-5.7%	28.4%	-33.2%	12.0%
U.S. Large Cap Value	-3.3%	0.2%	-2.1%	7.3%
U.S. Small Cap Equities	-5.6%	4.3%	-17.5%	4.6%
U.S. Small Cap Growth	-6.5%	7.3%	-28.4%	3.3%
U.S. Small Cap Value	-4.8%	2.2%	-9.4%	4.9%
<b>Ex-U.S. Equities</b>	-3.4%	5.4%	-16.1%	2.8%
Developed Market Equities	-3.8%	6.3%	-15.4%	3.2%
Developed Market Growth	-6.2%	4.0%	-23.1%	3.0%
Developed Market Value	-1.0%	9.6%	-5.2%	2.8%
Emerging Market Equities	-2.5%	2.0%	-18.0%	2.0%
<b>Fixed Income</b>	-2.6%	-1.0%	-13.0%	0.1%
Ultrashort	0.4%	3.7%	1.5%	1.7%
Short Term	-0.1%	1.7%	-3.9%	1.0%
Inflation Protected	-1.9%	-0.7%	-12.0%	2.1%
U.S. Aggregate Bond	-2.6%	-1.0%	-13.0%	0.1%
<b>Real Estate</b>	-7.3%	-5.4%	-26.2%	2.4%
<b>Cash</b>	0.4%	3.7%	1.5%	1.7%

## *Portfolio Benchmarks*

Portfolio	1 Mo	YTD	2022	5 Yr
<b>Vanguard Total World Stock ETF</b>	-4.3%	9.7%	-18.0%	6.5%
<b>Vanguard Total U.S. Stock ETF</b>	-4.8%	12.4%	-19.5%	9.1%
Vanguard Lifestrategy Growth Fund 80/20	-3.8%	7.4%	-17.1%	5.4%
Vanguard Lifestrategy Mod Growth Fund 60/40	-3.4%	5.6%	-16.0%	4.1%
Vanguard Lifestrategy Cons Growth Fund 40/60	-3.0%	3.7%	-15.0%	2.9%
Vanguard Lifestrategy Income Fund 20/80	-2.6%	1.8%	-13.9%	1.5%
<b>Vanguard Total U.S. Bond Market ETF</b>	-2.5%	-0.9%	-13.1%	0.1%