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**Market Review**

Source: Zephyr Style Advisor

In October, the developed market equities market saw its first positive monthly return since July. The rally came amid mixed earnings from the tech giants that dominate US equity market index performance and a stronger-than-expected initial estimate of third-quarter economic growth (GDP), which rose 2.6% after two prior quarters of contraction. US equities led the way, returning 8.1%, followed by international developed equities returning 5.4%. Emerging markets declined 3.1%, with China falling 16.8%. China's losses stemmed from changes in political party leadership, hitting internet companies especially hard.

All sectors in the S&P 500 saw positive performance for the month. After a difficult September, Energy surged 25% in October and remains the only positive sector for the year, with a 68.6% return. OPEC+'s decision to cut oil production and the ongoing Russia-Ukraine war continue to pressure the global energy supply. Industrials and Financials followed Energy as the second- and third-best performers, while Consumer Discretionary and Communication Services were the worst performers. For equity size and style, October provided consistent themes with small caps outperforming large and value stocks continuing their outperformance over growth.

Bond markets were mostly negative for the month as central banks continued with interest rate hikes with two notable exceptions. US high-yield bonds gained 2.6%, and inflation-protected TIPS gained 1.2%. The US dollar took a breather and weakened slightly in October, declining 0.4%, but its year-to-date gains continue to be a major headwind for international investments.

The Global 60/40 portfolio gained 3.4%, falling squarely between global equities and bonds, unlike previous months where the balanced approach offered little relief. REITs were positive but underperformed broader equities and are still the second-worst-performing asset class behind emerging market equities for the year. Broad commodities gained, helped by energy and grains for the month, and remain one of the few positive investments for the year. Gold continued to struggle and fell 1.6% for the month, remaining negative for the year despite ongoing inflation concerns.

Source: Zephyr Style Advisor

INDEX DEFINITIONS

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| **Asset Class** | **Index** | **Definition** |
| China | MSCI China | measures the performance of large and mid-cap shares in China including: China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe. |
| Commodities | Bloomberg Commodity | measures the price of physical commodities futures contracts traded on US exchanges, except aluminum, nickel, and zinc, which trade on the London Metal Exchange. Weightings are determined by rules designed to ensure diversified commodity exposure. |
| Emerging Markets Equity | MSCI Emerging Markets | measures the equity market performance of countries considered to represent emerging markets. |
| Emerging Markets Fixed Income | 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. |
| Global 60/40 Index Blend | 60% MSCI ACWI, 40% Bloomberg 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 Fixed Income | 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 price of gold futures contracts, reflecting the return of underlying commodity futures price movements quoted in USD. |
| International Developed Equity | MSCI EAFE | measures the equity performance of countries considered to represent developed markets, excluding the US and Canada. |
| International Fixed Income | Bloomberg Global Aggregate ex US | measures the performance of global, investment-grade debt from 24 local currency markets, excluding the US. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. |
| 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. |
| 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 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 Fixed Income | 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 High Yield | Bloomberg US Corporate High Yield | measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt. |
| US REIT | FTSE NAREIT All Equity REITs | measures the performance of publicly traded US real estate securities, such as real estate investment trusts (REITs) and real estate operating companies. |
| US Treasury Inflation Protected Securities (TIPS) | Bloomberg US TIPS | 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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