THE RECAP - Q1 2023

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WEALTH PARTNERS

THE MARKETS

After a weak ending to 2022, markets broadly rebounded to start the new year. However, the first quarter of 2023 was marred by bank failures. Silicon Valley Bank and Signature Bank both failed after their customers made a run on the banks – most likely from the comfort of their homes on their smartphones. With bank assets invested in long-term treasuries that faced steep mark-to-market losses due to rapid interest rate hikes, the banks could not overcome the onslaught of deposits being withdrawn. This sparked concerns across the pond, triggering a forced marriage between UBS and Credit Suisse, as Swiss central banks arranged for UBS to absorb its rival.

Despite a few volatile weeks in March, optimism was widespread in markets as participants continued to cheer declining inflation numbers and hope for a Fed pivot. The top performing broad markets in the first quarter were the Nasdaq up 20% and the FTSE Developed Ex-US index up 7.6%. Within equity markets, the top performing sector was semiconductors (+24.7%), the top performing factor was high beta (+12.4%), and the top performing style was mega cap growth (+11.7%). Strength in semiconductors is typically supportive of broad strength in equity markets, so it is encouraging to see this group performing well.

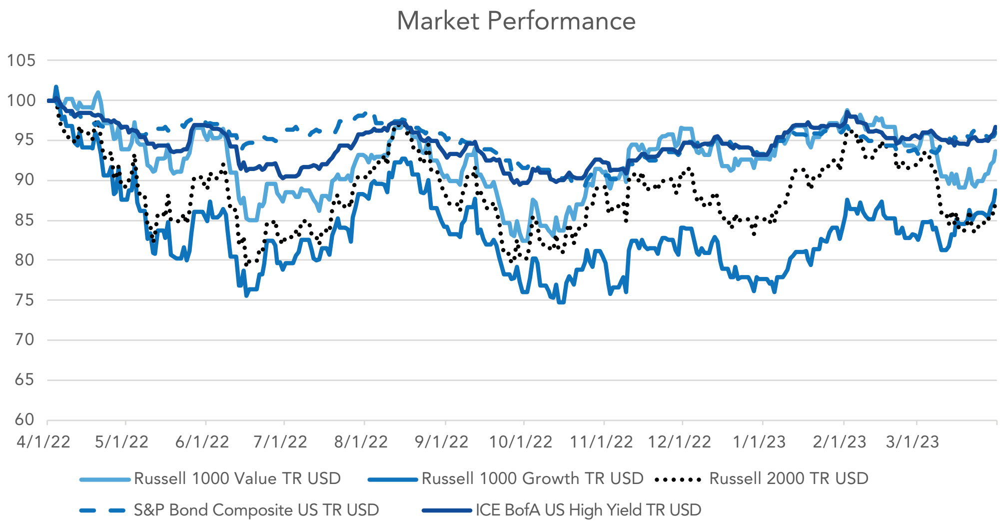
Fixed income markets were generally positive for the first quarter of 2023. After severely underperforming the broader fixed income market in 2022, long-term treasuries were your strongest performing fixed income sector with long-term zero-coupon bonds up 9.6% for the quarter. Yields were broadly lower for the quarter on the long-end of the curve, while the short-end of the curve increased in response to expectations around interest rate hikes. Perhaps what was most interesting in fixed income markets was fixed income volatility. We saw the MOVE index pick up as dramatic swings in treasury yields took place. The 2-year yield was up as high as 5% in the beginning of March before banking turmoil shook markets and sent the 2-year yield down as low as 3.79%.

Looking at global currencies, the dollar was just about flat for the quarter. Overall, the dollar's decline over the past year has been a tailwind for international equities as international companies benefit from more favorable exchange rates. In the commodity space, digital assets were your strongest performers with Bitcoin up 71% and Ethereum up 51% for the first quarter alone, far outpacing any other commodities.

THE ECONOMY

Given its importance to our framework, every quarter we will highlight changes in our WealthShield Macro Leading Indicator (WS MLI). The WS MLI improved throughout the quarter, but we are still early to see if this trend persists or if economic growth has further to fall. Despite the tough macroeconomic environment and continued tightening of monetary policy, we saw financial conditions improve versus the end of the 2022, a result of the strong start to the year for risk assets. Labor and sentiment were also positive contributors for the quarter as the job market remained strong and sentiment rebounded. After continuing its decline throughout February, the housing component of the WS MLI rebounded in March. The sector continues to deal with a confluence of factors making its trajectory from here all but clear.

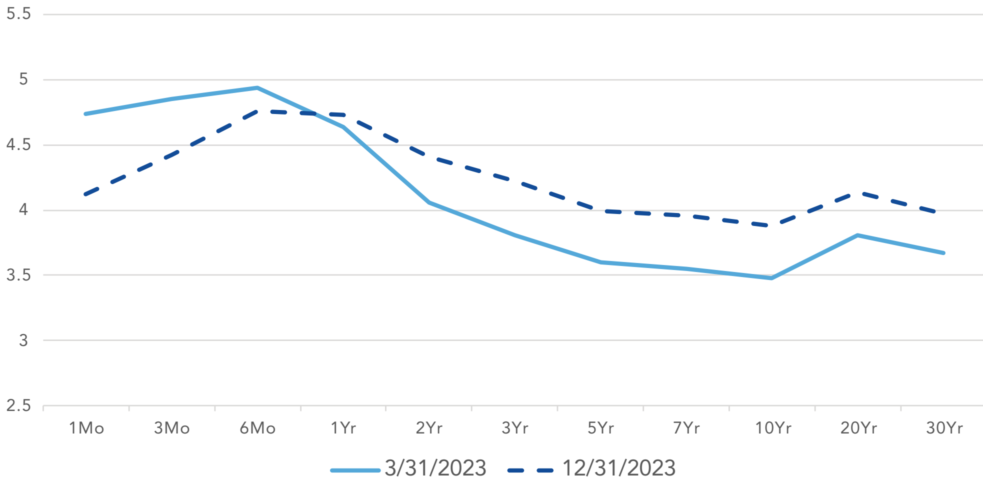
The Federal Reserve continued to remain true to their commitment to tighten monetary policy to tame inflation. Their commitment has brought inflation lower, however, the speed of those declines is beginning to slow. As we pointed out in our most recent Five Fast Facts, meager declines in core inflation despite a faster decline in top-line inflation continue to put fiscal and monetary policymakers in a tough position. The Federal Reserve's most recent rate hike came after the banking crisis that saw emergency actions taken by the central bank and treasury to backstop all deposits to prevent further issues from arising. As a result, Jerome Powell indicated that events that took place were likely to lead to tighter financial conditions so further rate hikes may not be necessary if financial conditions tighten on their own. According to CME's FedWatch Tool, market participants are largely pricing in a pause in rate hikes with rate cuts coming later this year.



Source: Morningstar Direct 3/31/2022

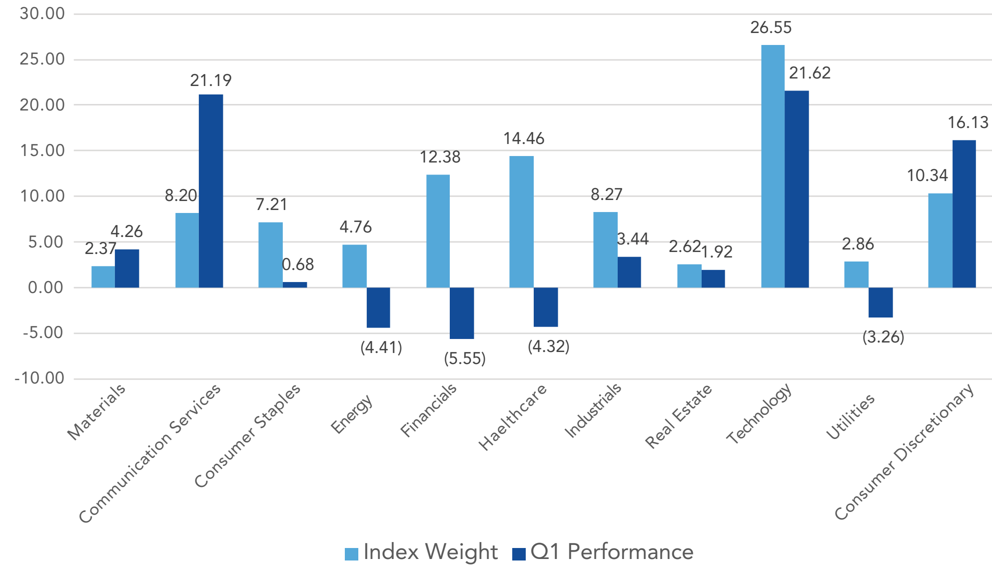
Broad Market Equities	March 23	February 23	January 23	QTD	YTD
S&P 500	3.37	-1.01	6.28	7.50	7.50
Nasdaq 100	9.40	1.21	10.67	20.77	20.77
Dow Jones Industrial	1.39	-2.89	2.93	0.93	0.93
Russell 2000	-4.73	0.72	9.75	2.74	2.74
Russell 3000	2.42	-0.77	6.89	7.18	7.18
Developed International	1.93	-2.86	8.22	7.62	7.62
Emerging International	1.97	-6.47	6.95	3.06	3.06
Equity Factors/Styles					
Large Cap Value	-0.77	-2.16	5.18	1.01	1.01
Large Cap Growth	6.60	0.47	8.33	14.37	14.37
Momentum Factor	-0.65	-2.83	-0.65	-4.22	-4.22
Quality Factor	4.74	-1.11	7.03	9.22	9.22
High Beta Equities	-0.68	-0.02	16.16	12.53	12.53
Low Volatility Equities	0.71	-2.25	0.03	-1.74	-1.74
Dividend Growth Equities	0.31	-1.47	2.63	0.58	0.58
Fixed Income					
Bloomberg US Aggregate	2.61	-2.22	3.08	2.96	2.96
High Yield Bond Index	1.21	-1.15	3.91	3.72	3.72
Intermediate Treasuries	3.85	-2.76	3.18	3.55	3.55
Investment Grade Corporate	3.74	-3.57	5.00	4.47	4.47
Treasury Bills	0.41	0.36	0.34	1.09	1.09
Currencies/Commodities					
Commodities	-0.01	-3.83	-0.49	-5.36	-5.36
US Dollar	-1.55	3.07	-0.91	0.49	0.49
Gold	8.86	-5.17	6.07	9.15	9.15
Brent Crude Oil	-3.25	-1.19	-1.65	-7.15	-7.15

Yield Curve Changes



Source: Morningstar Direct 3/31/2022

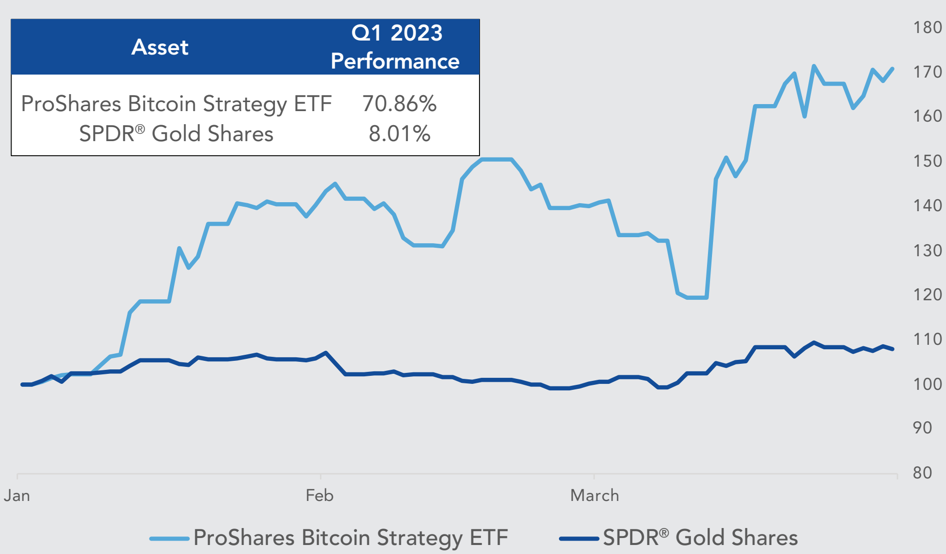
S&P 5000 Sector Performance and Weighting



Source: Morningstar Direct 3/31/2022

"Digital Gold" Starts Off 2023 Strong

Asset	Q1 2023 Performance
ProShares Bitcoin Strategy ETF	70.86%
SPDR® Gold Shares	8.01%



Source: Morningstar Direct 3/31/2022

	March-2023	Jan-2009	March-2020
SPDR® S&P Bank ETF (KBE)	-22.68	-32.77	-31.88
SPDR® S&P REgional Banking ETF (KBE)	-28.26	-26.43	-32.56

As a result of bank failures that sparked sell-offs in many companies in March, banks endured one of their worst single-month declines in the history of the ETFs that track those sectors.

Source: Morningstar Direct 3/31/2022

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