



Quarterly Investment Summary

December 2022

Performance Summary (as of 12/31/2022)

	Target Allocation		Trailing Returns			
	Equity/Fixed	3 Months	YTD	1 Year	3 Year	5 Year
Fixed Income	0% / 100%	1.93%	-8.21%	-8.21%	-1.11%	0.80%
Conservative	25% / 75%	4.00%	-10.08%	-10.08%	1.09%	2.57%
Balanced	50% / 50%	6.24%	-11.59%	-11.59%	3.09%	4.18%
Growth	75% / 25%	8.55%	-13.89%	-13.89%	4.44%	5.35%
Equity	100% / 0%	10.89%	-15.64%	-15.64%	5.38%	6.21%

Commentary

Total Account Performance is gross of fees

Equities

- Stocks ended year with a thud after regaining footing in November.
- 2022 return divergence extreme with high-growth tech names strongly underperforming more defensive value.
- International indices significantly outpaced domestic counterparts for the quarter on U.S. dollar selloff.

Economic

- U.S. GDP revised upward to 3.2% in Q3, reversing two straight quarters of declines, but trajectory concerning.
- Manufacturing economy now in second month of contraction as interest rate increases take effect.
- Inflation elevated and of great concern but recent reports indicate some cooling.

Fixed Income

- Treasury yields up slightly in December with the 10-year finishing at 3.9% after peaking above 4.2% in October.
- Fed raised rates seven times in 2022, pushing target rate to 15-year high.
- Fed signaled Fed Funds Rate between 5.0% and 5.5% in 2023.

Strategic Outlook

- Above average volatility is likely to persist given inflation debate and heightened central bank involvement
- Some caution warranted especially on international equities; favoring small-cap and mid-cap domestic stocks.
- Maintaining shorter-duration fixed income exposure, but intermediate part of the curve starting to look more attractive.

Selected Economic & Market Data

<u>Statistic (monthly unless noted)</u>	<u>Current</u>	<u>Previous</u>
US GDP (Quarterly)	3.2%	-0.6%
Consumer Confidence	108.3	101.4
Consumer Price Index	7.1%	7.8%
Core PCE (x food & energy)	4.7%	5.1%
ISM Manufacturing Index	48.4	49.0
Unemployment Rate	3.7%	3.7%
2-Year Treasury Yield	4.42%	4.38%
10-Year Treasury Yield	3.88%	3.70%

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