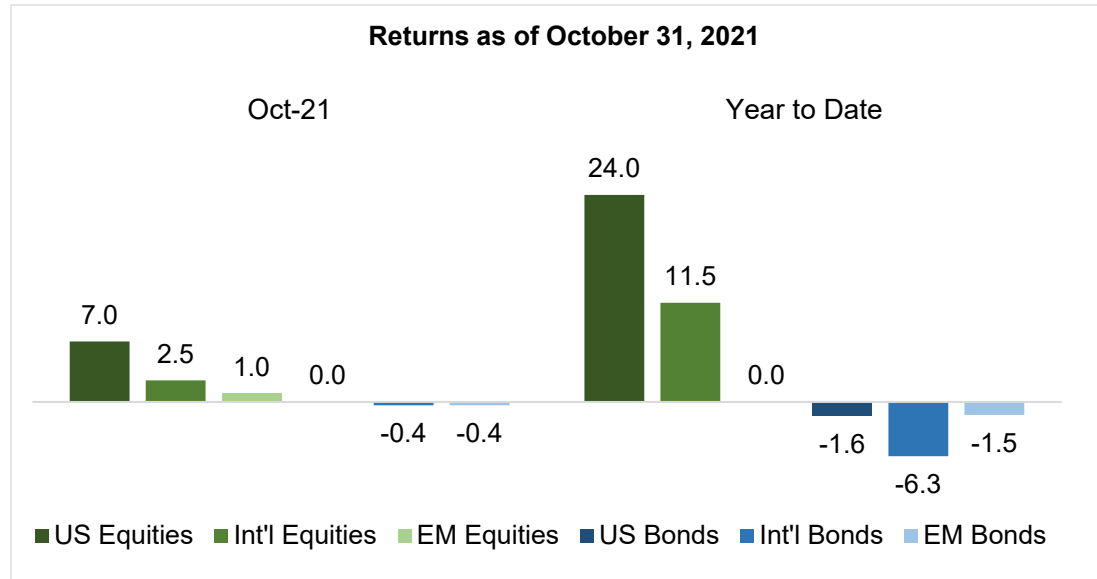


MONTHLY
Market Review



Market Review



Source: Zephyr Style Advisor

October was a strong month for equities, following a tough September. Despite ongoing concerns about supply chain disruptions and inflation, strong Q3 corporate earnings lifted the US stock market to reach new all-time highs¹. US equities led the way returning 7.0%, followed by developed international and emerging markets, returning 2.5% and 1.0% respectively. Brazil, whose central bank recently raised interest rates², continues to be a major drag in emerging markets, returning -9.4% for the month and -19.6% for the year. On the other hand, Chinese equities rebounded in October and were up 3.2% but remains negative (-14.0%) for the year. For the year, it's notable that a strong US dollar has erased sizable gains for developed international equities which in local currency is up 17.2% year-to-date versus 11.5% in US dollars.

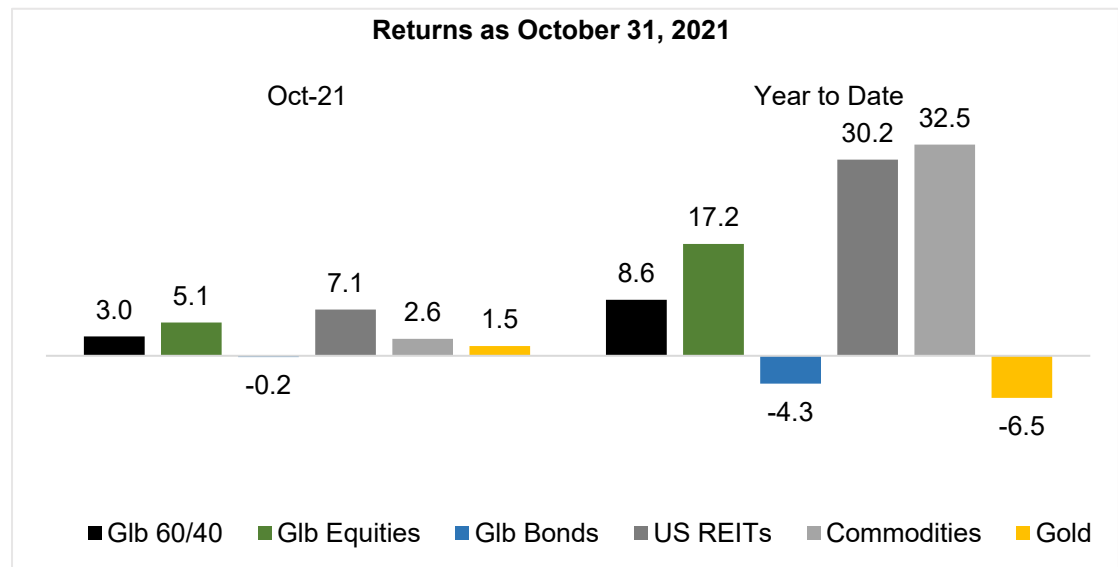
Looking into the US equity market, all eleven S&P 500 sectors were positive for the month. Consumer Discretionary and Energy had stellar performances returning 10.9% and 10.4% in October. Energy is now up a whopping 58.1% year to date, with financials following as the next best sector at 38.6%. Looking across size and style, large cap growth stocks outperformed small cap value stocks, a reversal from September.

Bond returns were relatively flat across the global markets. The US fixed income market returned 0.0% in October. Long Treasuries performed well, up 1.9% as the 30-year yield fell, signaling potential concerns about longer-term economic growth. Treasury Inflation Protected Securities (TIPS) also performed well, up 1.1% as inflation rose higher than expected. International and emerging market bonds were slightly down for the month, both returning -

0.4%. For the year, international bonds have struggled and remains negative (-6.3%) as inflation concerns abroad have caused interest rates to rise faster than the US bond markets.

The commodity index continued to rally during October, returning 2.6% for the month and is up 32.5% for the year. Gold reversed course and rose 1.5%, as the US Dollar fell by 0.2%. US REITs returned 7.1% during the month, bouncing back from a decline in September. All major real estate sectors were positive for the month, and US REITS are now up 30.2% year to date.

Relative to a globally balanced (60/40) equity/bond index, allocations to global equities and US REITs helped while commodities, global bonds and gold hurt for the month.



Source: Zephyr Style Advisor

DEFINITIONS

Asset Class	Index	Definition
US Equity	S&P 500	measures the performance of 500 leading companies in the U.S. Constituents generally have a market-cap above \$5 billion and represent approximately 80% of the investable market.
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.
International Developed Equity	MSCI EAFE	measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Emerging Markets (EM) Equity	MSCI Emerging Markets	measures the equity market performance of countries considered to represent emerging markets.
US Equity	Nasdaq 100	measures companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology.
Sector – Real Estate	S&P 500 Sector Real Estate	measures the performance of companies from the following industries: real estate management & development and REITS, excluding mortgage REITS.

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.
Sector - Healthcare	S&P 500 Sector Healthcare	measures the performance of companies involved in health care equipment and supplies, health care providers and services, biotechnology and pharmaceutical industries.
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.
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 Long Treasuries	Bloomberg US Treasury Long	measures the performance of long-term US Treasury bonds, including all publicly issued securities that have a remaining maturity of ten or more years, are: non-convertible, denominated in US dollars, rated investment-grade, fixed-rate and have \$250 or more of outstanding face value.
US Treasury Inflation Protected Securities	Bloomberg US TIPS	measures the performance of inflation-protected securities issued by the US Treasury.
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.
International Fixed Income	Bloomberg Global Aggregate ex-USD	measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
Commodities	Bloomberg Commodity	measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Gold	Bloomberg Sub Gold	measures the performance of futures contract on Gold and is quoted in USD.
Global REIT	DJ Global ex US Select REIT	measures the performance of publicly traded international real estate securities, such as real estate investment trusts (REITs) and real estate operating companies.
US REIT	FTSE NAREIT All Equity REITs	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.
Sector - Consumer Discretionary	S&P 500 Sector Consumer Discretionary	measures the performance of companies involved in industries such as: automobiles and components, consumer durables, apparel, hotels, restaurants, leisure, media and retailing.
Sector – Financials	S&P 500 Sector Financials	measures the performance of companies in an array of diversified financial service firms, insurance, banks, capital markets, consumer finance and thrift companies.
Brazil	MSCI Brazil	is designed to measure the large and mid-cap segments of the Brazilian markets. With 56 constituents, the index covers approximately 86% of the free-float adjusted market capitalization in Brazil.

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.
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 U.S.'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.

¹ [S&P 500, Dow Rise to Fresh Record Highs - WSJ](#)

² [UPDATE 2-Brazil fiscal fears spur more aggressive 150 bps interest rate hike | Reuters](#)

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