STATERA
ASSET MANAGEMENT

Q3 2023 in Review

Mark Mowrey, CFA

Chief Investment Officer

Global Market Overview

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So long as one did not carry too substantial an amount of interest rate risk in portfolios, markets provided a solid foundation for generally positive returns over the past year

Trailing 1-Year Total Return of Major Asset Classes (through 09.30.23)



	Total Return	Maximum Drawdown
S&P 500 Index	21.62%	-7.53%
MSCI All Country World Investable Market Index	20.16%	-7.76%
Bloomberg 1-5 Year Government/Credit Index	2.62%	-2.07%
Bloomberg U.S. Aggregate Index	0.64%	-5.35%
Bloomberg Global Aggregate Index	2.24%	-6.86%

Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Global Equity Market Overview

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What started out as a positive quarter for stocks turned quite negative, as investors seemed to worry anew about potential ongoing implications for a higher interest rate environment

Trailing Broad Equity-Market Performance

Percent total return, annualized for periods greater than 1 year

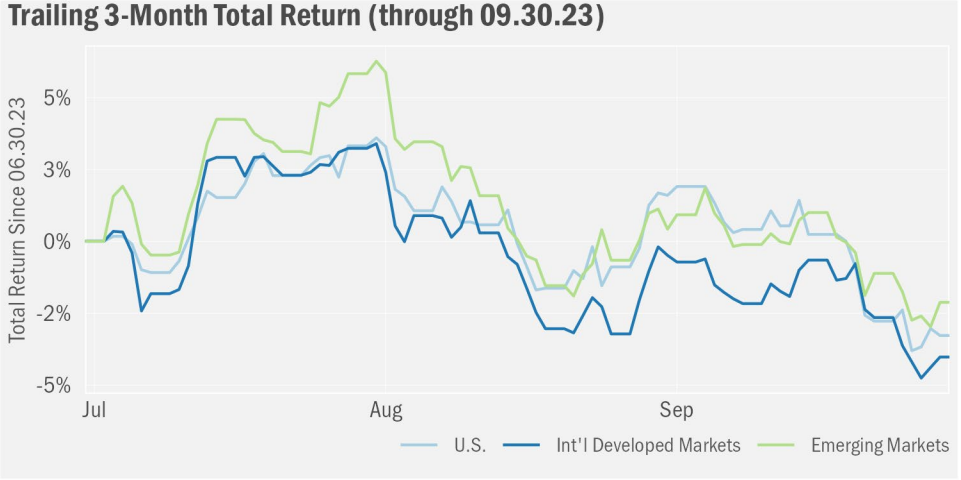
	3 Month	1 Year	3 Year	5 Year	10 Year
Global	−3.40	20.16	6.88	6.09	7.39
World ex. U.S.	−3.49	20.19	3.77	2.57	3.48
U.S.	−3.28	20.72	9.59	9.28	11.40
Int'l Developed Markets	−4.03	24.51	5.06	2.87	3.87
Emerging Markets	−2.12	13.21	−0.29	1.28	2.39

From 09.30.13 to 09.30.23. Total return data are annualized for periods greater than 1 year.
SOURCE: SRCM using data from Bloomberg

Notable events of the prior three months include:

- 08.01: Fitch Downgrades the United States' Long-Term Ratings to 'AA+' from 'AAA'
- 09.15: United Auto Workers go on strike
- 09.27: 30-year mortgage rates peak for the quarter at 7.83%, a level not seen since the summer of 2000

Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

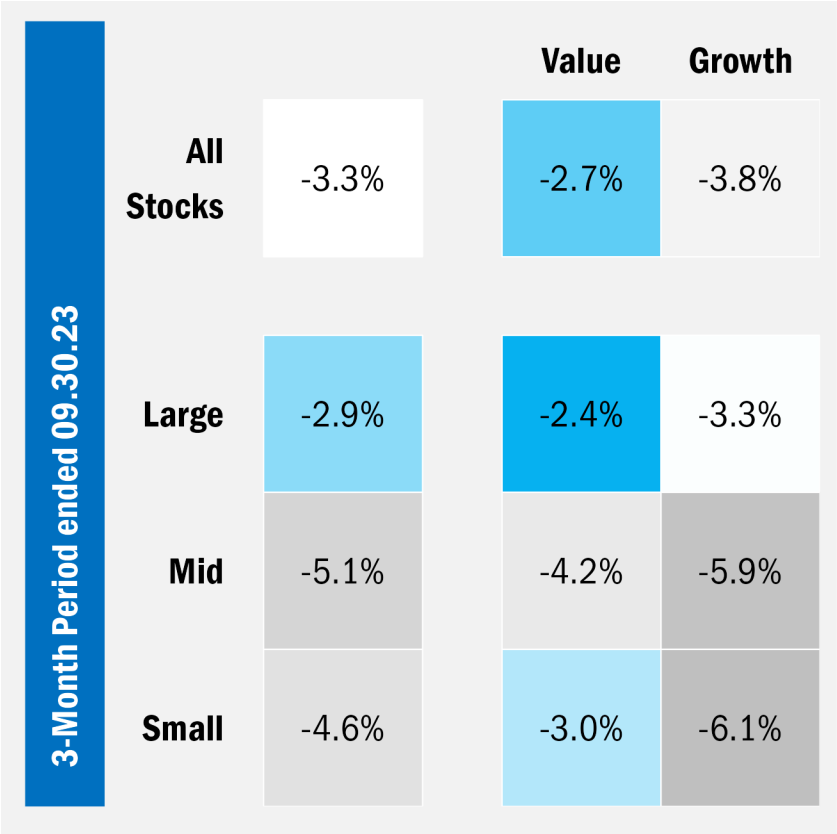


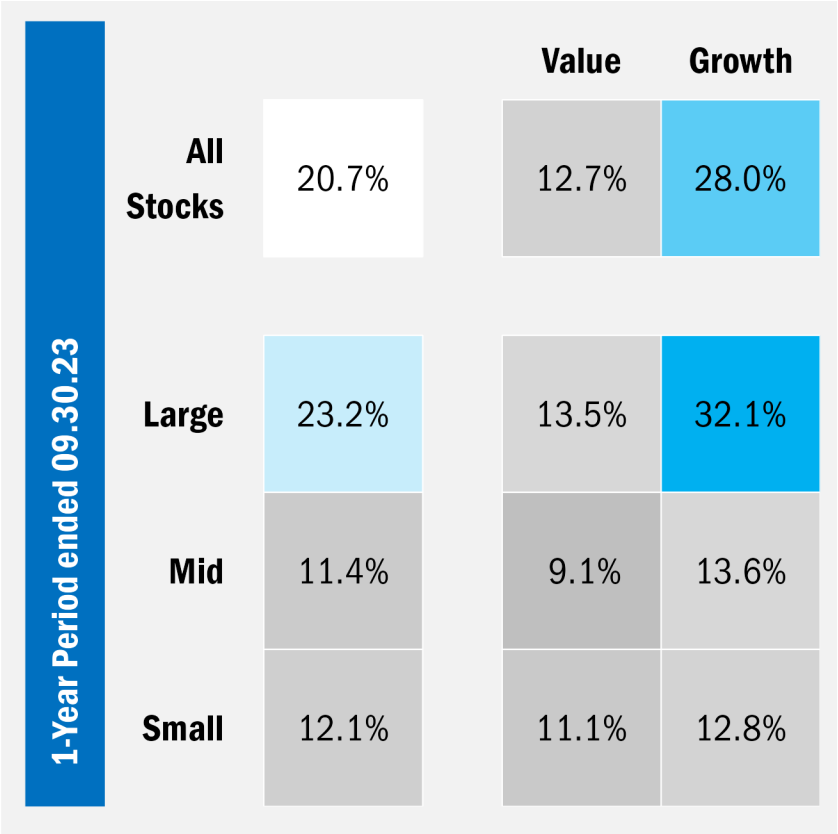


Core Factors: U.S. Stocks

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Value stocks gained back a bit of lost ground over the quarter, remaining still underneath Growth-stock gains, Large-Cap stocks in particular, over the prior 12 months



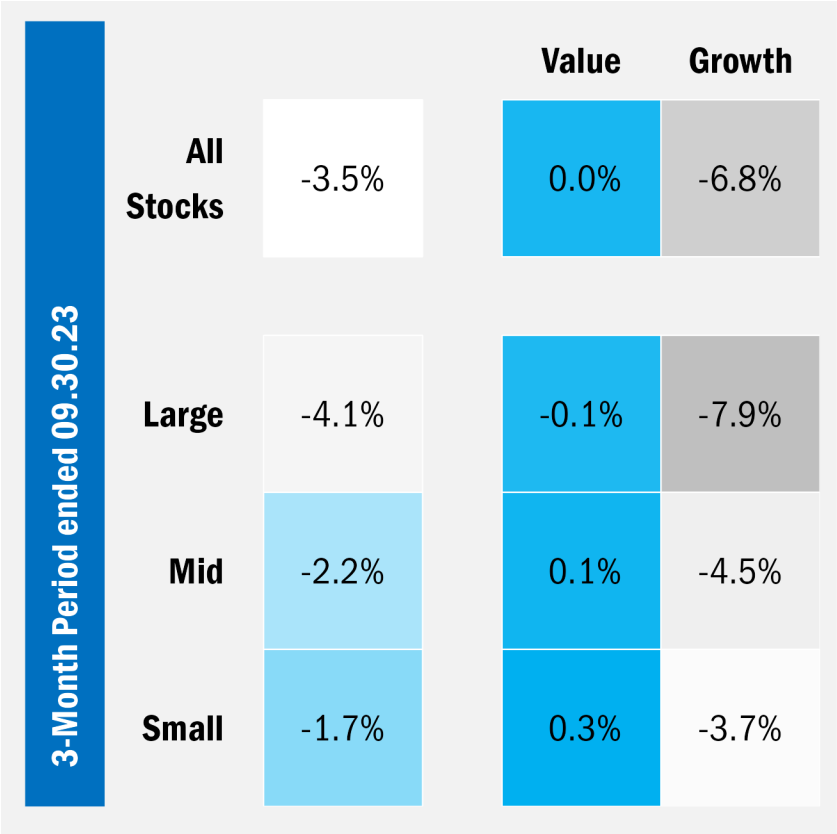


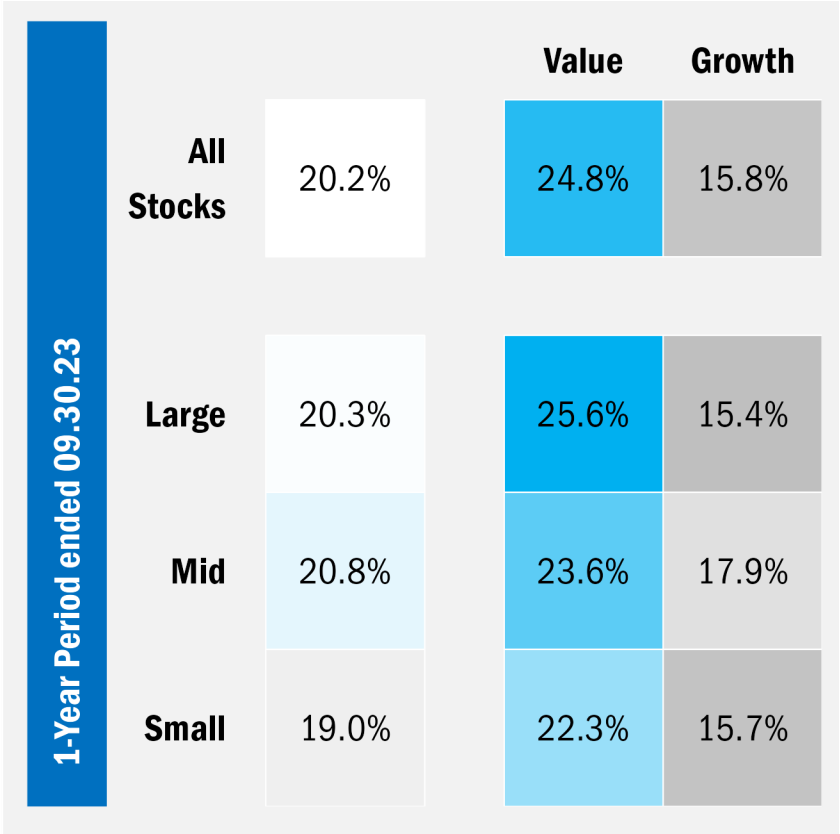
The table displays the relative performance of different indexes representing U.S. stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Core Factors: International Stocks

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Remaining flat amidst a broader-market selloff, Value stocks retained their sizeable 12-month lead over Growth during the quarter



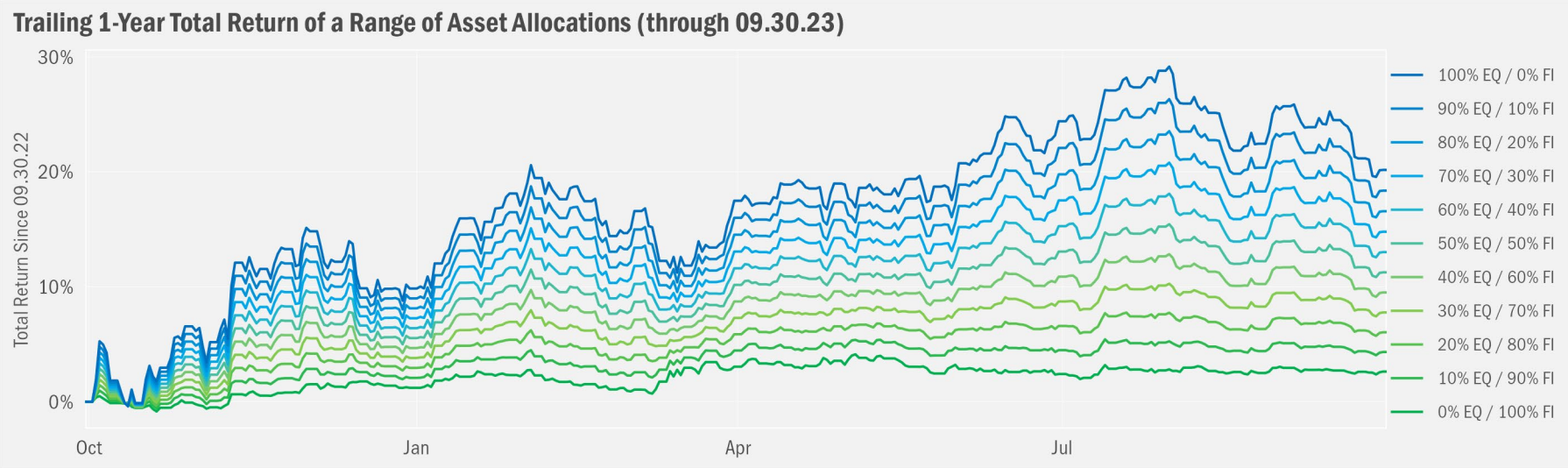


The table displays the relative performance of different indexes representing international stocks. Broad market performance is shown in the upper left of each group (3-month and 1-year periods). The remainder of the table displays the performance of various indexes, including large-, mid- and small-cap stocks, Value and Growth stocks, and combinations of each. Indexes that outperformed (underperformed) the broader market are shaded in blue (grey) in depth according to their respective relative performance. Past performance is not indicative of future results. One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Range of Returns for Different Asset Allocations

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The greater income that higher yields offer has begun to offset the impacts of the ongoing upward pressures on rates. Meantime, though stocks have seen substantial gains over the past year, they trailed over the prior quarter



	0% EQ / 100% FI	10% EQ / 90% FI	20% EQ / 80% FI	30% EQ / 70% FI	40% EQ / 60% FI	50% EQ / 50% FI	60% EQ / 40% FI	70% EQ / 30% FI	80% EQ / 20% FI	90% EQ / 10% FI	100% EQ / 0% FI
Total Return	2.62%	4.32%	6.04%	7.76%	9.50%	11.25%	13.01%	14.78%	16.56%	18.36%	20.16%
Maximum Drawdown	-2.07%	-2.27%	-2.53%	-2.9%	-3.47%	-4.06%	-4.79%	-5.55%	-6.3%	-7.03%	-7.76%

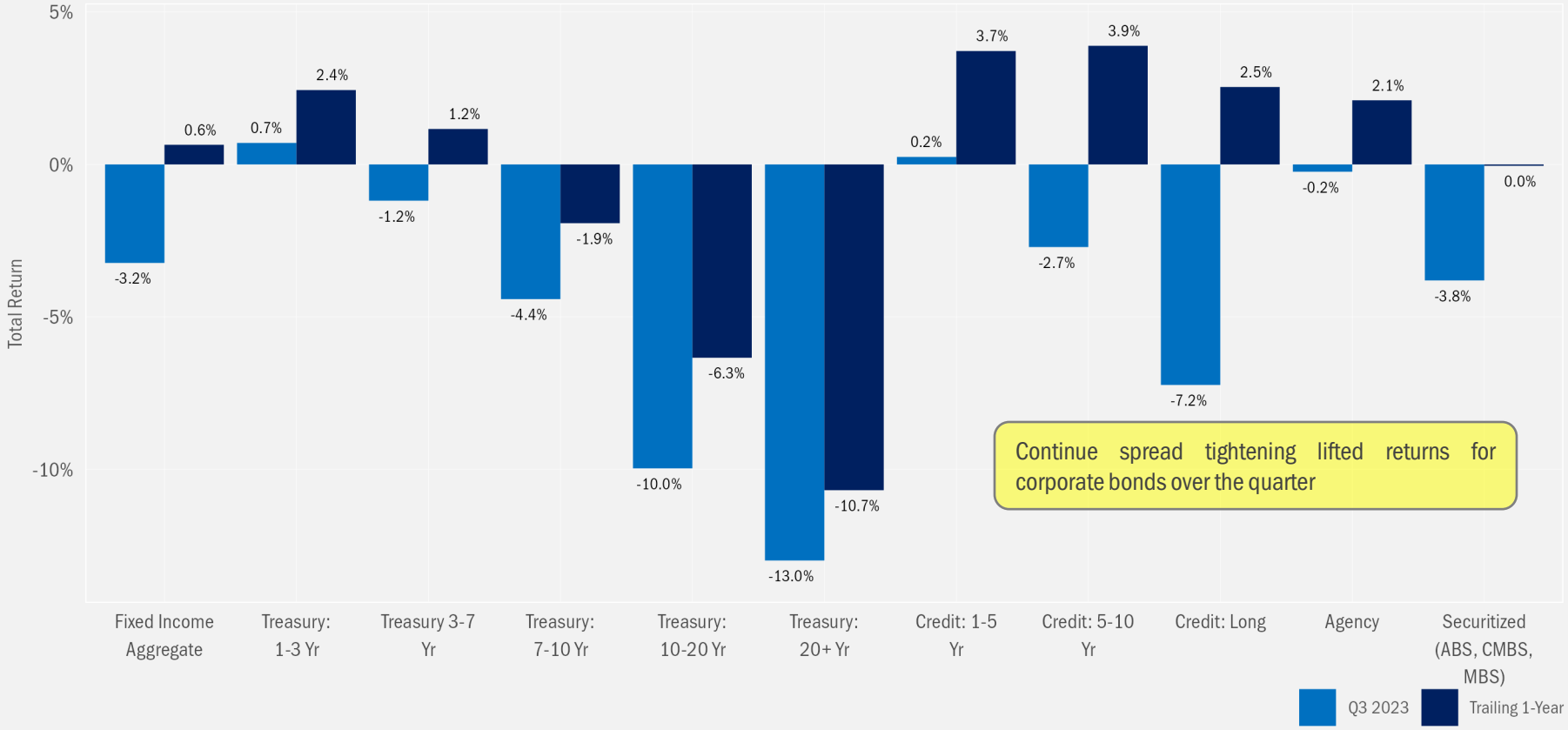
Past performance is not indicative of future results. Investing in securities involves risk, including risk of losing some or all the invested capital. There is no guarantee that any investment or investment strategy will achieve its objective. The equity index used for this presentation is the MSCI ACWI IMI Index. The fixed income index used for this presentation is the Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Fixed Income: Broad-Market Returns

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Much of the domestic investment-grade bond market was in the red for the trailing 3- and 12-month periods, though generally narrower credit spreads helped offset the impact of rising rates on corporate bond returns

Bloomberg U.S. Aggregate Bond Index and Sub-Index Performance



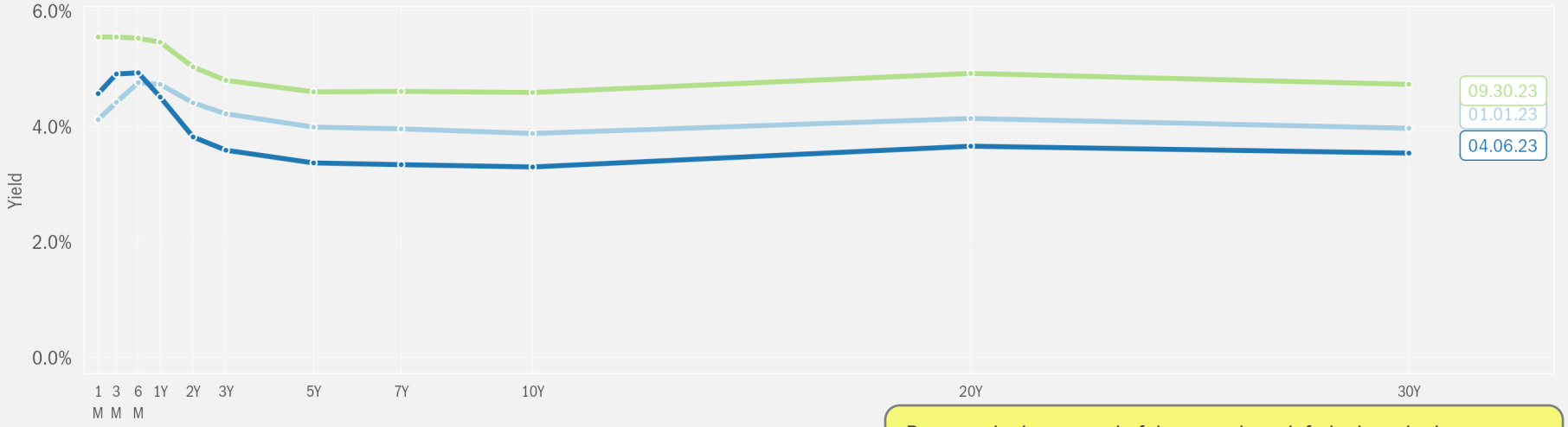
From 09.30.22 to 09.30.23. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. Indexes are unmanaged. One cannot directly invest in an index. Index performance reflects the reinvestment of dividends, but does not reflect the expenses associated with the management of an actual portfolio. Please see additional important information regarding indexes at the end of this report. SOURCE: SRCM using data from Bloomberg

Interest Rates: U.S. Treasury Rates

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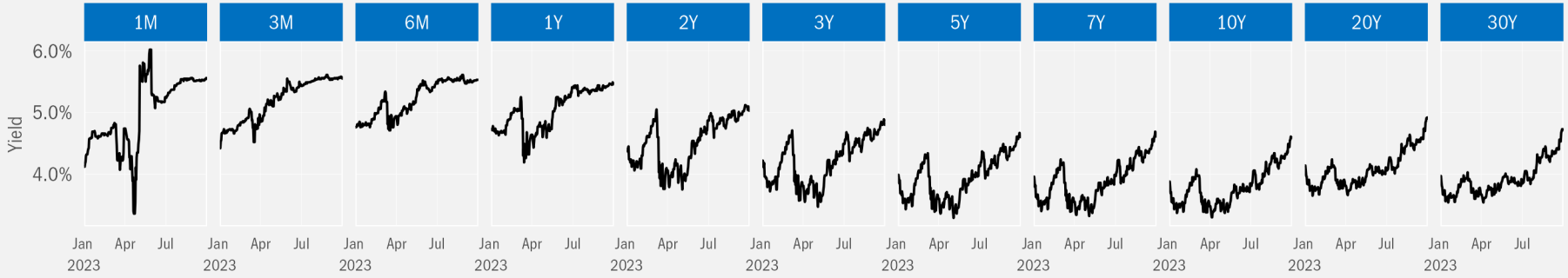
Rates have proved remarkably volatile so far in 2023 as investors on several occasions seem to have been caught wrong-footed relative to evolving macroeconomic data and potential shifts in monetary policy

U.S. Yield Curve Shift



Rates at the longer-end of the curve have left the broader investment-grade bond market firmly in the red this year

Change in Key Rates Over the Period

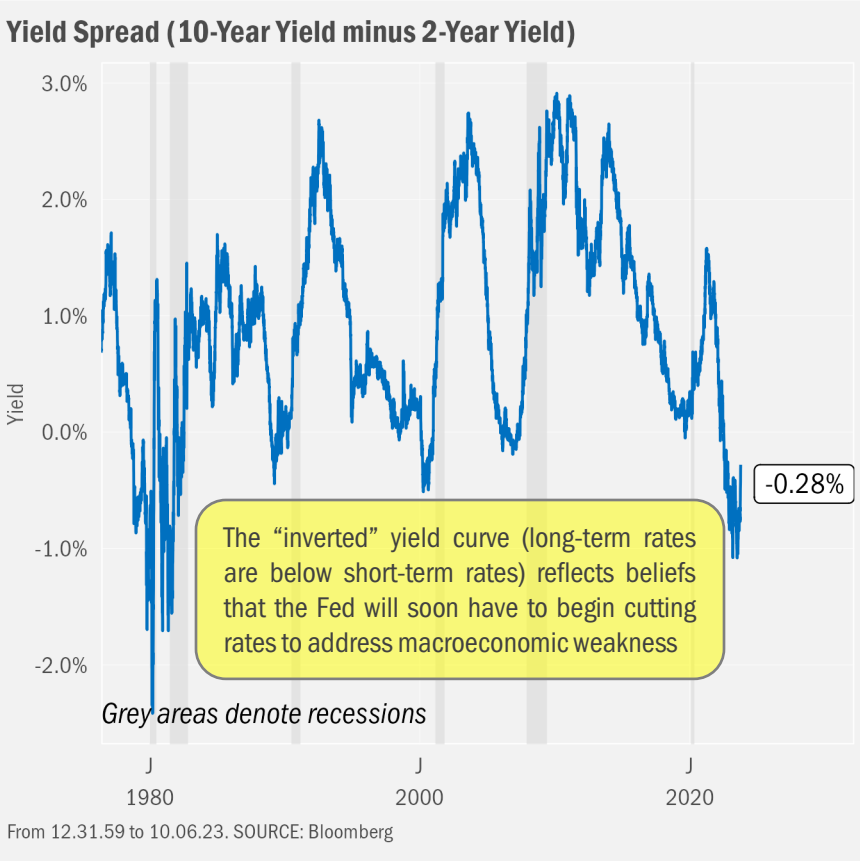


From 12.31.22 through 09.30.23. SOURCE: SRCM using data from Bloomberg

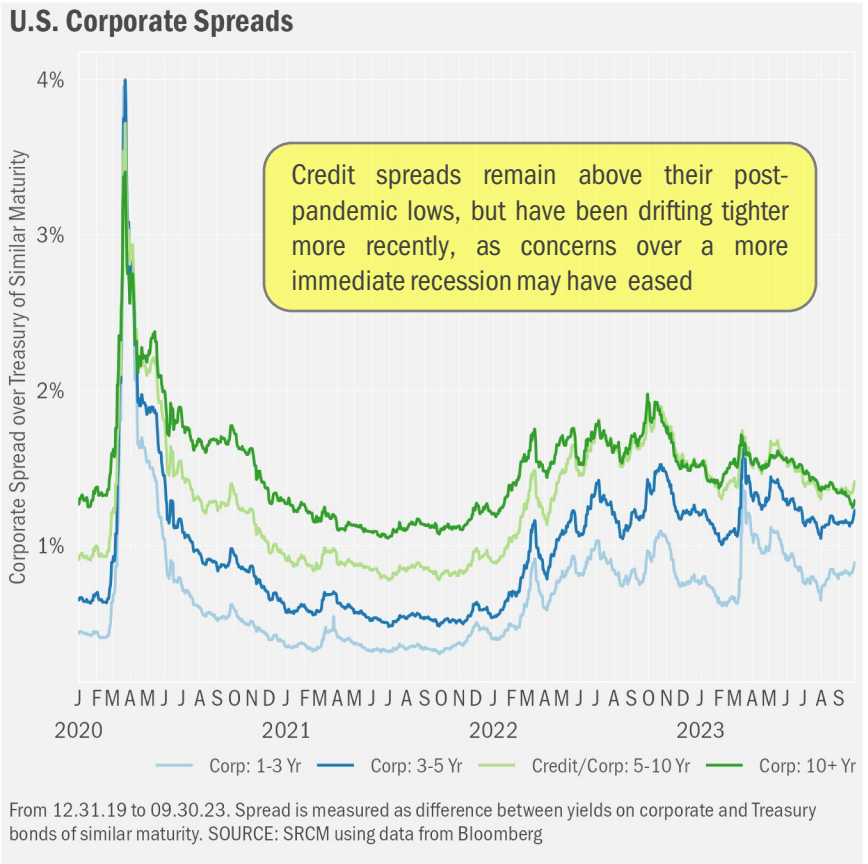
Interest Rates: Spreads

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Recession or no recession? Given history, one likely will come sooner or later. While maturity spreads seem to suggest sooner, credit spreads may be projecting that a more immediate downturn is less likely



From 12.31.59 to 10.06.23. SOURCE: Bloomberg

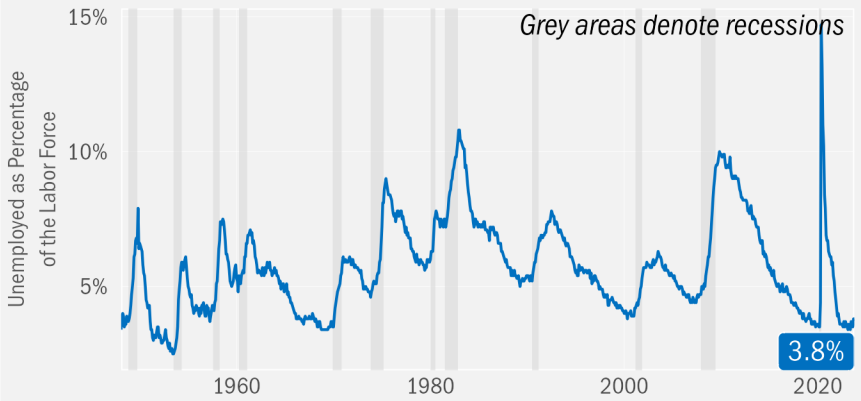


From 12.31.19 to 09.30.23. Spread is measured as difference between yields on corporate and Treasury bonds of similar maturity. SOURCE: SRCM using data from Bloomberg

Macroeconomic Trends

Labor markets are near as tight as they've been in the last half century

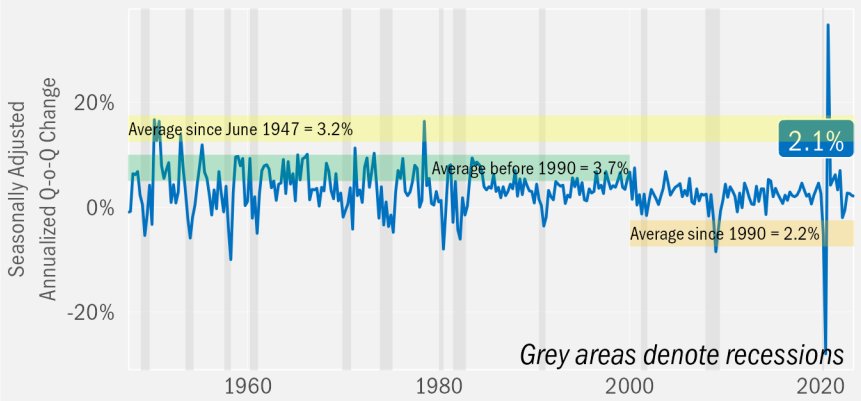
U.S. Civilian Unemployment Rate



From 01.31.48 to 09.30.23. SOURCE: U.S. Bureau of Labor Statistics via Bloomberg

Latest data show a somewhat slower-growing, but still humming economy

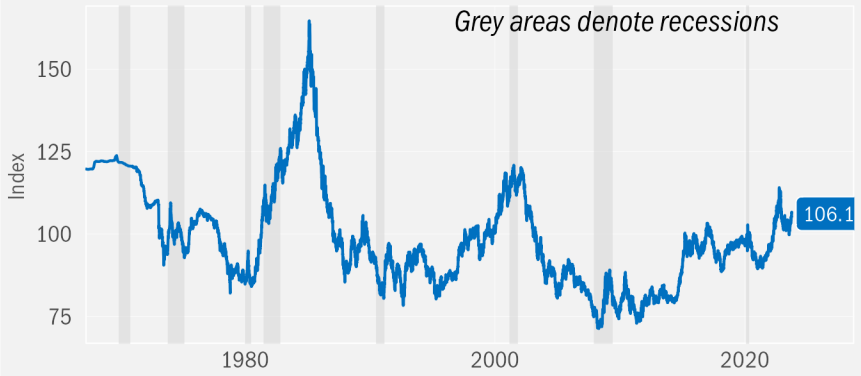
Real U.S. GDP



From 06.30.47 to 06.30.23. In 2009 dollars. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

The U.S. dollar remains near the strongest it's been in nearly 20 years

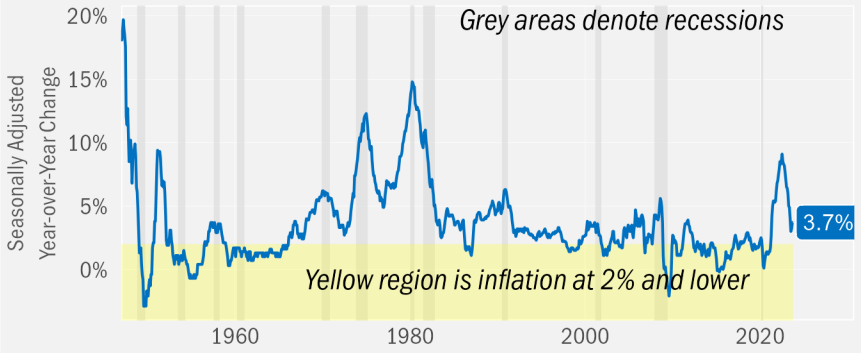
U.S. Dollar Index



From 03.31.67 to 09.29.23. The U.S. Dollar Index indicates the general int'l value of the USD as an average of the exchange rates between the USD and major world currencies.

Inflation has begun the turnaround once thought quick to come

Inflation: U.S. Consumer Price Index (CPI)



From 12.31.46 to 09.30.23. Year-over-year change in seasonally adjusted Consumer prices (CPI) as measured by prices paid by urban consumers for a market basket of consumer goods and services. SOURCE: U.S. Bureau of Economic Analysis via Bloomberg

Important Information

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Investing involves risks including the possible loss of principal. Past performance is not indicative of future results.

One cannot invest directly in an index. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Asset classes and their respective indexes mentioned in this report include the following:

Domestic (U.S.) fixed income (Fixed Income Aggregate): The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Components of the index include Treasury, Corporate, Agency and Securitized bonds. The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

Global equity (stocks): The MSCI ACWI Investable Market Index (IMI) captures large-, mid- and small-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The index is comprehensive, covering approximately 99% of the global equity investment opportunity set. May be referred to as "global", "global equity" and/or "global stocks". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International equity (stocks): The MSCI ACWI ex USA Investable Market Index (IMI) captures large-, mid- and small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 99% of the global equity opportunity set outside the U.S. May be referred to as "World ex. U.S.", "international equity", "international stocks" and/or "All Stocks" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International large-cap equity (stocks): The MSCI ACWI ex USA Large Cap Index captures large-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country. May be referred to as international large-cap stocks, "World ex. U.S. Large-Cap", and/or "Large" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International mid-cap equity (stocks): The MSCI ACWI ex USA Mid Cap Index captures mid-cap representation across 22 of 23 Developed Markets (excluding the United States) and 24 Emerging Markets countries. The index covers approximately 15% of the free float-adjusted market capitalization in each country. May be referred to as international mid-cap stocks, "World ex. U.S. Mid-Cap", and/or "Mid" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

International small-cap equity (stocks): The MSCI ACWI ex. USA Small Cap Index captures small-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the U.S. May be referred to as international small-cap stocks, "World ex. U.S. Small-Cap", and/or "Small" in a section specifically describing only international stocks. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Developed markets equity (stocks): The MSCI EAFE Investable Market Index (IMI), is an equity index which captures large-, mid- and small-cap representation across Developed Markets countries around the world, excluding the United States and Canada. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as "Developed Markets". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Emerging markets (EM) equity (stocks): The MSCI Emerging Markets Investable Market (IMI) Index captures large, mid and small cap representation across 24 Emerging Markets countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country. May be referred to as "Emerging Markets". "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below.

Domestic (U.S.) equity: The MSCI U.S. Investable Market 2500 Index is designed to measure the performance of the large-, mid- and small-cap segment of the U.S. equity market. The index represents approximately 99% of the free float-adjusted market capitalization in the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "All Stocks" in a section specifically describing only U.S. stocks.

Domestic (U.S.) large-cap equity: The MSCI U.S. Large Cap 300 Index is designed to measure the performance of the large-cap segment of the U.S. equity market. The index represents approximately 71% of the free float-adjusted market capitalization in the U.S. equity market. "Value" and "Growth" versions of this index are constructed as described in the "MSCI Value and Growth Indexes" note below. May be referred to as "Large" in a section specifically describing only U.S. stocks.

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Domestic (U.S.) mid-cap equity: The MSCI U.S. Mid Cap 450 Index is comprised of the next largest 450 companies in terms of market capitalization of the U.S. equity market and designed to measure the performance of the mid-cap segment. The index represents approximately 16% of the free float-adjusted market capitalization of the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “Mid” in a section specifically describing only U.S. stocks.

Domestic (U.S.) small-cap equity: The MSCI U.S. Small Cap 1750 Index is comprised of the remaining smallest 1,750 companies in the U.S. Investable Market 2500 Index of the U.S. equity market and designed to measure the performance of the small-cap segment. The index represents approximately 11.5% of the free float-adjusted market capitalization of the U.S. equity market. “Value” and “Growth” versions of this index are constructed as described in the “MSCI Value and Growth Indexes” note below. May be referred to as “Small” in a section specifically describing only U.S. stocks.

MSCI Value and Growth Indexes: The value investment style characteristics for MSCI index construction are defined using the following variables: book value to price, 12-month forward earnings to price and dividend yield. The growth investment style characteristics are defined using the following variables: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend. The objective of the MSCI Value and Growth Indexes design is to divide constituents of an underlying market capitalization index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying index. The market capitalization of each constituent should be fully represented in the combination of the value index and the growth index, and, at the same time, should not be double-counted. One security may, however, be represented in both the value index and the growth index at a partial weight.

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The Bloomberg Barclays Global Aggregate Index is a measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The Bloomberg Barclays U.S Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays U.S. 1-5 Year Government/Credit Bond Index is a broad-based benchmark that includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities with maturities between 1 and 5 years.

The MSCI ACWI Index captures large- and mid-cap representation across 23 Developed Markets and 23 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.

The MSCI ACWI ex. U.S. Index captures large- and mid-cap representation across 22 Developed Markets countries and 23 Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

The MSCI EAFE captures large and mid-cap representation across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The Index covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The S&P 500 Index represents 500 U.S. companies and captures approximately 80% coverage of available market capitalization.

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