



DWA Q4 2022 Investment Update

December 31, 2022

Q4 Market Update



U.S. Equity Styles Total Return

	Q4 2022	2022
Value	12.2%	-8.0%
Mid Caps	9.2%	-17.3%
Large Caps	7.6%	-18.1%
Small Caps	6.2%	-20.4%
Growth	2.3%	-29.0%

U.S. Equity Sectors Total Return

	Q4 2022	2022
Energy	22.7%	65.4%
Utilities	8.6%	1.6%
Consumer Staples	12.7%	-0.6%
Health Care	12.8%	-2.0%
Industrials	19.2%	-5.5%
Financials	13.6%	-10.6%
Materials	15.0%	-12.3%
Real Estate	3.8%	-26.2%
Info Tech	4.7%	-28.2%
Consumer Discretionary	-10.2%	-37.0%
Communication Services	-1.4%	-39.9%

International Equities and Global Assets Total Return

	Q4 2022	2022
ACWI ex-USA	14.3%	-16.0%
Canada	7.4%	-12.9%
EAFE	17.3%	-14.5%
Europe	19.3%	-15.1%
Japan	13.2%	-16.6%
EAFE Small Cap	15.8%	-21.4%
Latin America	5.7%	8.9%
Emerging Markets	9.7%	-20.1%
EM Asia	10.8%	-21.1%
EMEA	5.8%	-28.3%
Commodities	2.2%	16.1%
Gold	9.8%	-0.3%

U.S. Equity Factors Total Return

	Q4 2022	2022
Yield	13.8%	-3.8%
Low Volatility	10.5%	-10.1%
Size	9.4%	-10.8%
Value	10.2%	-14.1%
Momentum	4.7%	-18.9%
Quality	7.5%	-19.3%

Fixed Income Total Return

	Q4 2022	2022
Leveraged Loan	2.7%	-0.6%
ABS	0.8%	-4.3%
Agency	0.7%	-7.9%
Municipal	4.1%	-8.5%
CMBS	1.0%	-10.9%
High Yield	4.0%	-11.2%
MBS	2.1%	-11.8%
TIPS	2.0%	-11.8%
Treasuries	0.7%	-12.5%
Aggregate	1.9%	-13.0%
Credit	3.4%	-15.3%
EM Debt	7.4%	-16.5%
Long Govt & Credit	2.6%	-27.1%

EAFE: Europe, Australasia, and the Far East. EM: Emerging markets. EMEA: Europe, the Middle East, and Africa. For indexes and other important information used to represent above asset categories, see Appendix. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Sector returns represented by S&P 500 sectors. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/22.



Long-term Market Summary

Index Returns through 12/31/2022



	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	STOCKS				BONDS	
	-19.21%	-14.29%	-20.09%	-24.36%	-13.01%	-9.76%
5 Years						
	8.79%	1.79%	-1.40%	0.92%	0.02%	0.52%
10 Years						
	12.13%	4.59%	1.44%	3.88%	1.06%	2.10%

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

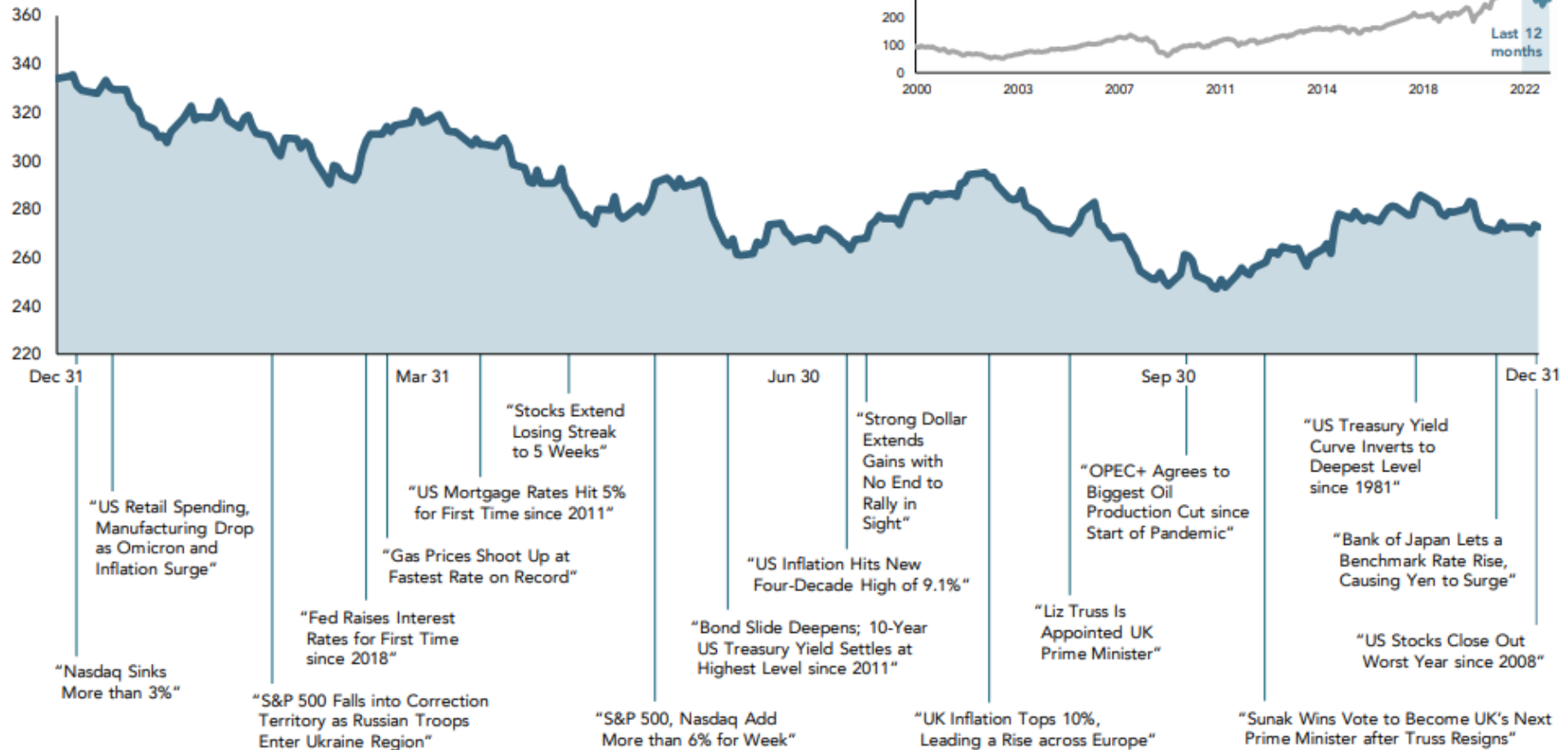
News & 12-month World Market Performance



World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months

SHORT TERM (Q1 2022–Q4 2022)



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

US Fixed Income



Fixed Income

Fourth quarter 2022 index returns

Interest rates changes were mixed in the US Treasury market for the quarter.

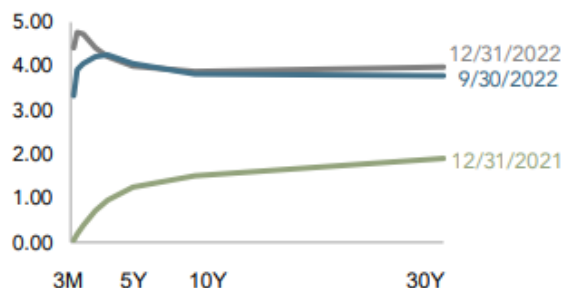
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 133 basis points (bps) to 4.12%, while the 1-Year US Treasury Bill yield increased 68 bps to 4.73%. The yield on the 2-Year US Treasury Note increased 19 bps to 4.41%.

The yield on the 5-Year US Treasury Note decreased 7 bps to 3.99%. The yield on the 10-Year US Treasury Note increased 5 bps to 3.88%. The yield on the 30-Year US Treasury Bond increased 18 bps to 3.97%.

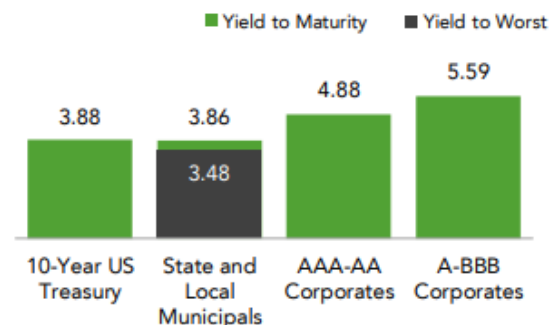
In terms of total returns, short-term US treasury bonds returned +0.94% while intermediate-term US treasury bonds returned +1.02%. Short-term corporate bonds returned +1.95% and intermediate-term corporate bonds returned +2.72%.¹

The total return for short-term municipal bonds was +2.00% and +3.81% for intermediate-term municipal bonds. Within the municipal fixed income market, general obligation performed in line with revenue bonds, returning +4.19% vs. +4.21%, respectively.²

US TREASURY YIELD CURVE (%)



BOND YIELD ACROSS ISSUERS (%)



PERIOD RETURNS (%)

Asset Class	QTR	1 Year	3 Years	Annualized	
				5 Years	10 Years
Bloomberg U.S. High Yield Corporate Bond Index	4.17	-11.19	0.05	2.31	4.03
Bloomberg Municipal Bond Index	4.10	-8.53	-0.77	1.25	2.13
FTSE World Government Bond Index 1-5 Years	3.83	-8.73	-2.44	-1.15	-1.20
Bloomberg U.S. TIPS Index	2.04	-11.85	1.21	2.11	1.12
Bloomberg U.S. Aggregate Bond Index	1.87	-13.01	-2.71	0.02	1.06
ICE BofA US 3-Month Treasury Bill Index	0.84	1.46	0.72	1.26	0.76
ICE BofA 1-Year US Treasury Note Index	0.76	-1.02	0.23	1.09	0.74
FTSE World Government Bond Index 1-5 Years (hedged to USD)	0.57	-4.49	-0.75	0.73	0.98
Bloomberg U.S. Government Bond Index Long	-0.59	-29.19	-7.39	-2.19	0.61

1. Bloomberg US Treasury and US Corporate Bond Indices

2. Bloomberg Municipal Bond Index

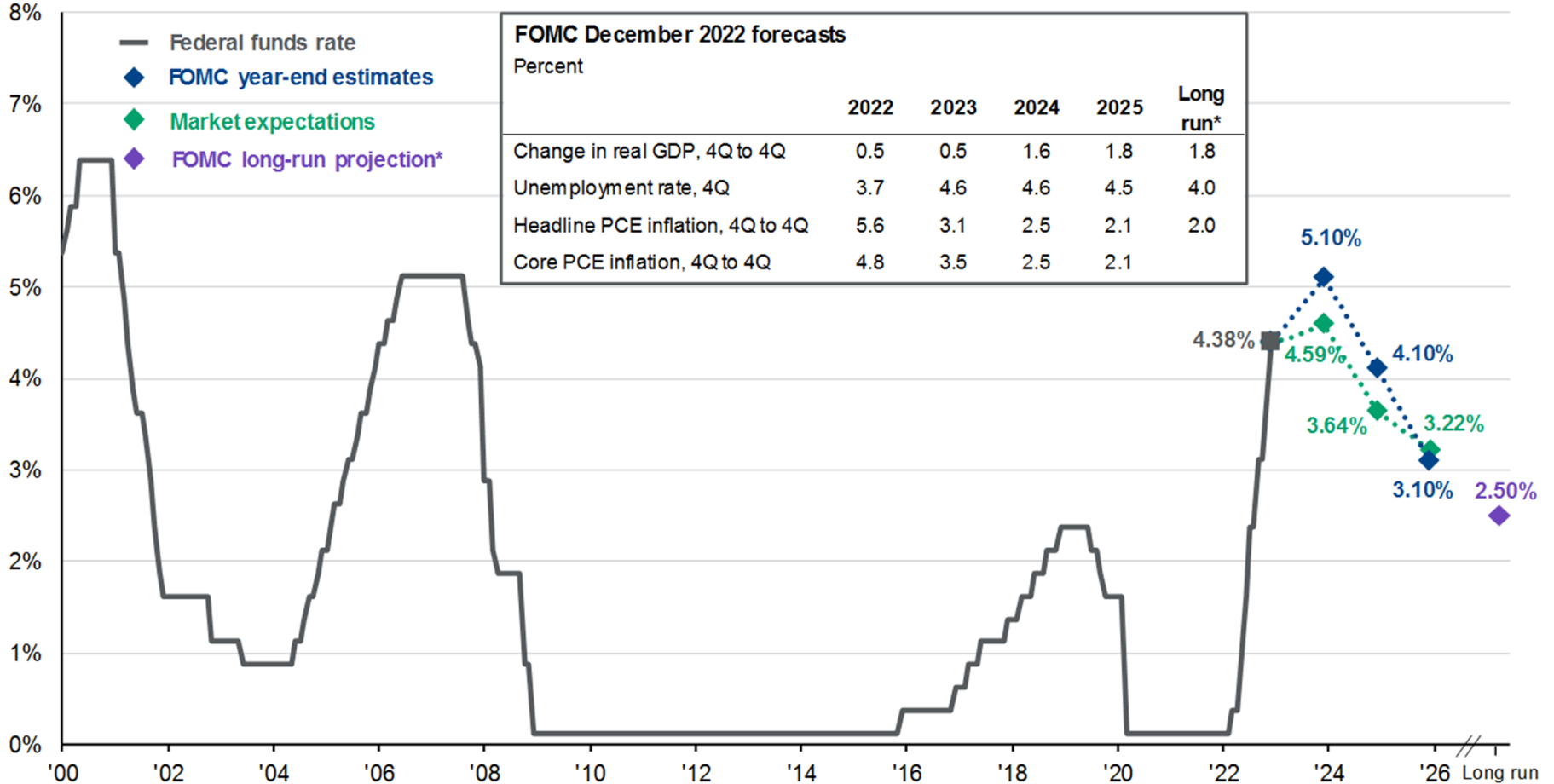
One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2023 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2023 ICE Data Indices, LLC. S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

The Fed and Interest Rates



Federal funds rate expectations

FOMC and market expectations for the federal funds rate

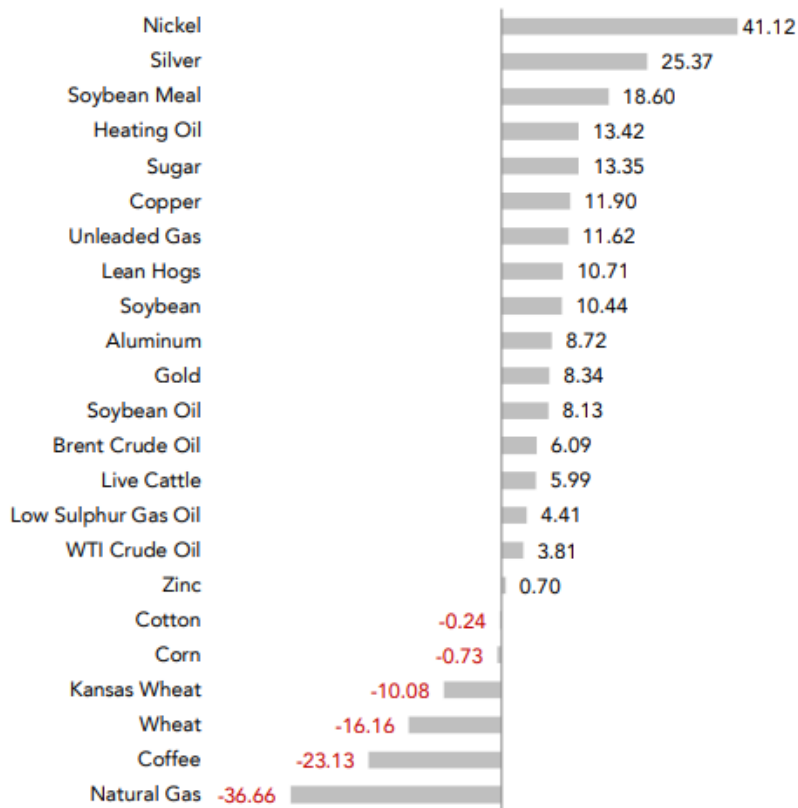


Q4 Alternative Investments

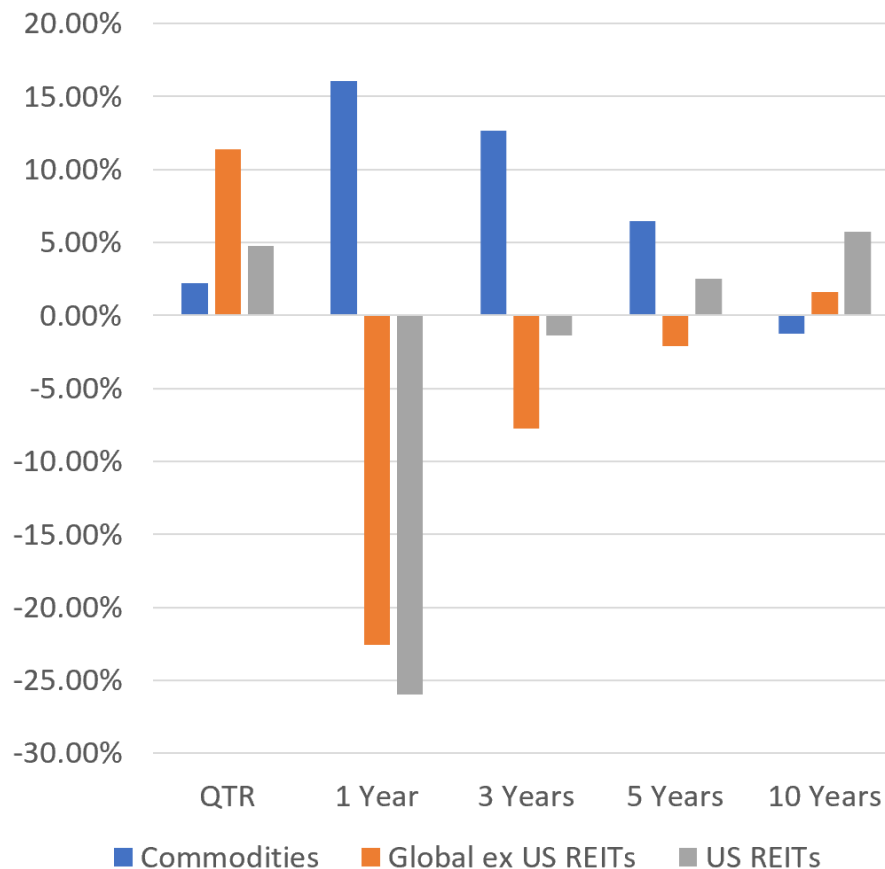


Q4 Commodity Index Returns

RANKED RETURNS (%)



Commodities vs. Global and US Real Estate





Performance Rotations Underscore Need for Diversification

Periodic Table of Returns

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Legend
56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	43%	16%	Commodities
47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	29%	-8%	Value Stocks
39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	27%	-11%	High-Yield Bonds
37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	26%	-13%	Investment-Grade Bonds
31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	25%	-14%	Foreign-Developed Country Stocks
31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	17%	-16%	60% Large Cap 40% IG Bonds
29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	15%	-18%	Large Cap Stocks
28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	11%	-20%	Emerging-Market Stocks
24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	5%	-20%	Small Cap Stocks
19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	-2%	-24%	REITs
4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%	-29%	Growth Stocks

Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Asset classes represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Stocks—MSCI Emerging Markets Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Growth Stocks—Russell 3000 Growth Index; High-Yield Bonds—ICE BofA U.S. High Yield Index; Investment-Grade Bonds—Bloomberg U.S. Aggregate Bond Index; Large Cap Stocks—S&P 500 index; Real Estate/REITs—FTSE NAREIT All Equity Total Return Index; Small Cap Stocks—Russell 2000 Index; Value Stocks—Russell 3000 Value Index. Source: Morningstar, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 12/31/22.



Disclosures



This report is a publication of Davis Wealth Advisors. Information presented is believed to be factual and up-to-date, but we do not guarantee its accuracy and it should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Information contained herein does not involve the rendering of personalized investment advice, but is limited to the dissemination of general information. A professional adviser should be consulted before implementing any of the strategies or options presented. Information is not an offer to buy or sell, or a solicitation of any offer to buy or sell the securities mentioned herein.