



TOPSAIL™
WEALTH MANAGEMENT

Q2

Quarterly Market Review
Second Quarter 2023



Quarterly Market Review

Second quarter 2023

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets. The report concludes with a quarterly topic.

Overview:

Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Commodities

Fixed Income

Global Fixed Income

Quarterly Market Summary



















Index returns

| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|--------------------------|---|---|---|---|---|---|
| Q2 2023 | STOCKS | | | | BONDS | |
| | 8.39% | 3.03% | 0.90% | 0.71% | -0.84% | 0.73% |
| |  |  |  |  |  |  |
| Since Jan. 2001 | | | | | | |
| Average Quarterly Return | 2.3% | 1.5% | 2.5% | 2.2% | 0.9% | 0.9% |
| Best Quarter | 22.0% | 25.9% | 34.7% | 32.3% | 4.6% | 4.6% |
| | 2020 Q2 | 2009 Q2 | 2009 Q2 | 2009 Q3 | 2001 Q3 | 2008 Q4 |
| Worst Quarter | -22.8% | -23.3% | -27.6% | -36.1% | -5.9% | -4.1% |
| | 2008 Q4 | 2020 Q1 | 2008 Q4 | 2008 Q4 | 2022 Q1 | 2022 Q1 |

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.

Long-Term Market Summary

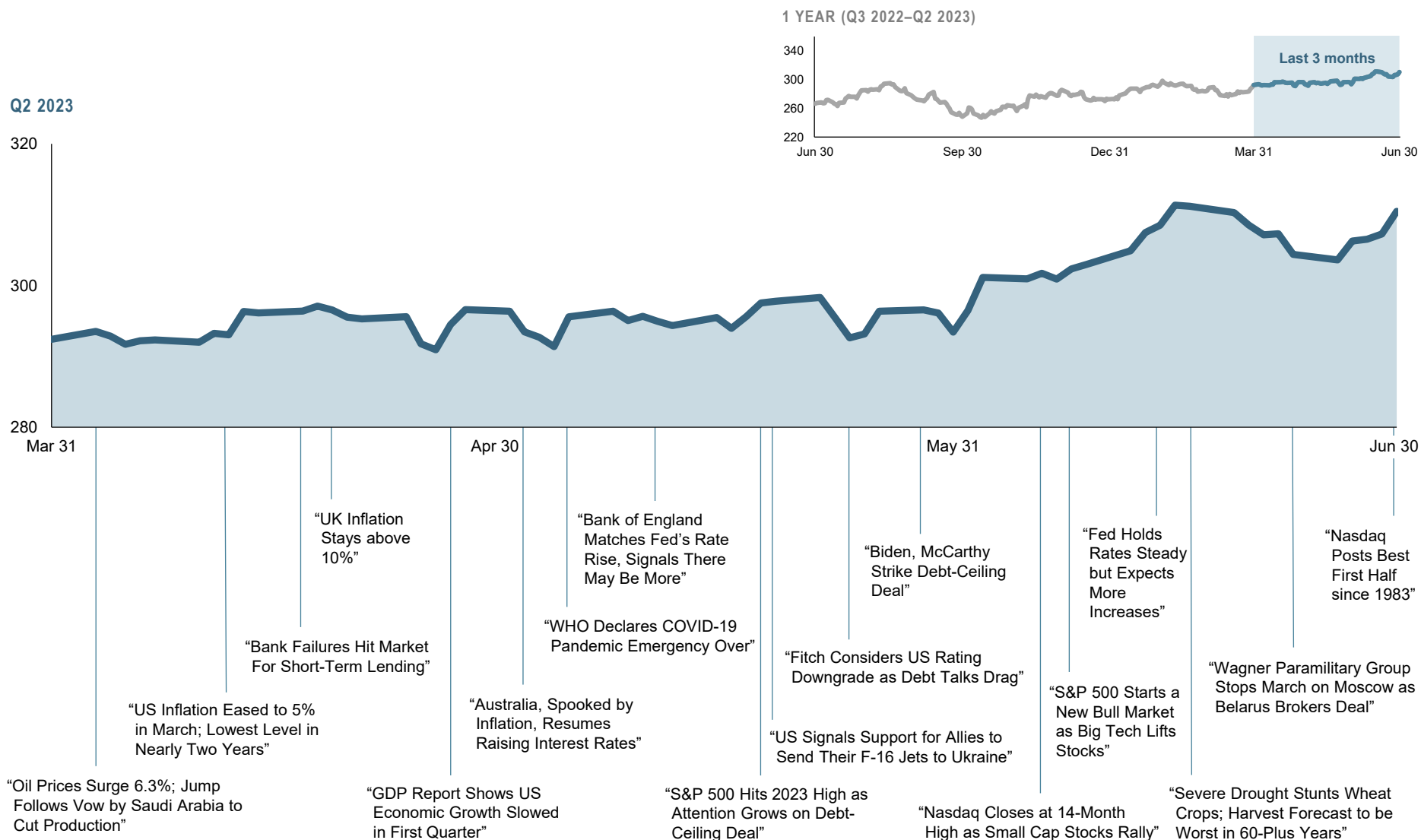
Index returns as of June 30, 2023

| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|----------|---|---|---|---|---|---|
| 1 Year | STOCKS | | | | BONDS | |
| | 18.95% | 17.41% | 1.75% | -3.02% | -0.94% | 1.51% |
| |  |  |  |  |  |  |
| 5 Years | | | | | | |
| | 11.39% | 4.58% | 0.93% | 1.35% | 0.77% | 0.95% |
| |  |  |  |  |  |  |
| 10 Years | | | | | | |
| | 12.34% | 5.40% | 2.95% | 3.80% | 1.52% | 2.48% |
| |  |  |  |  |  |  |

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.

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2023



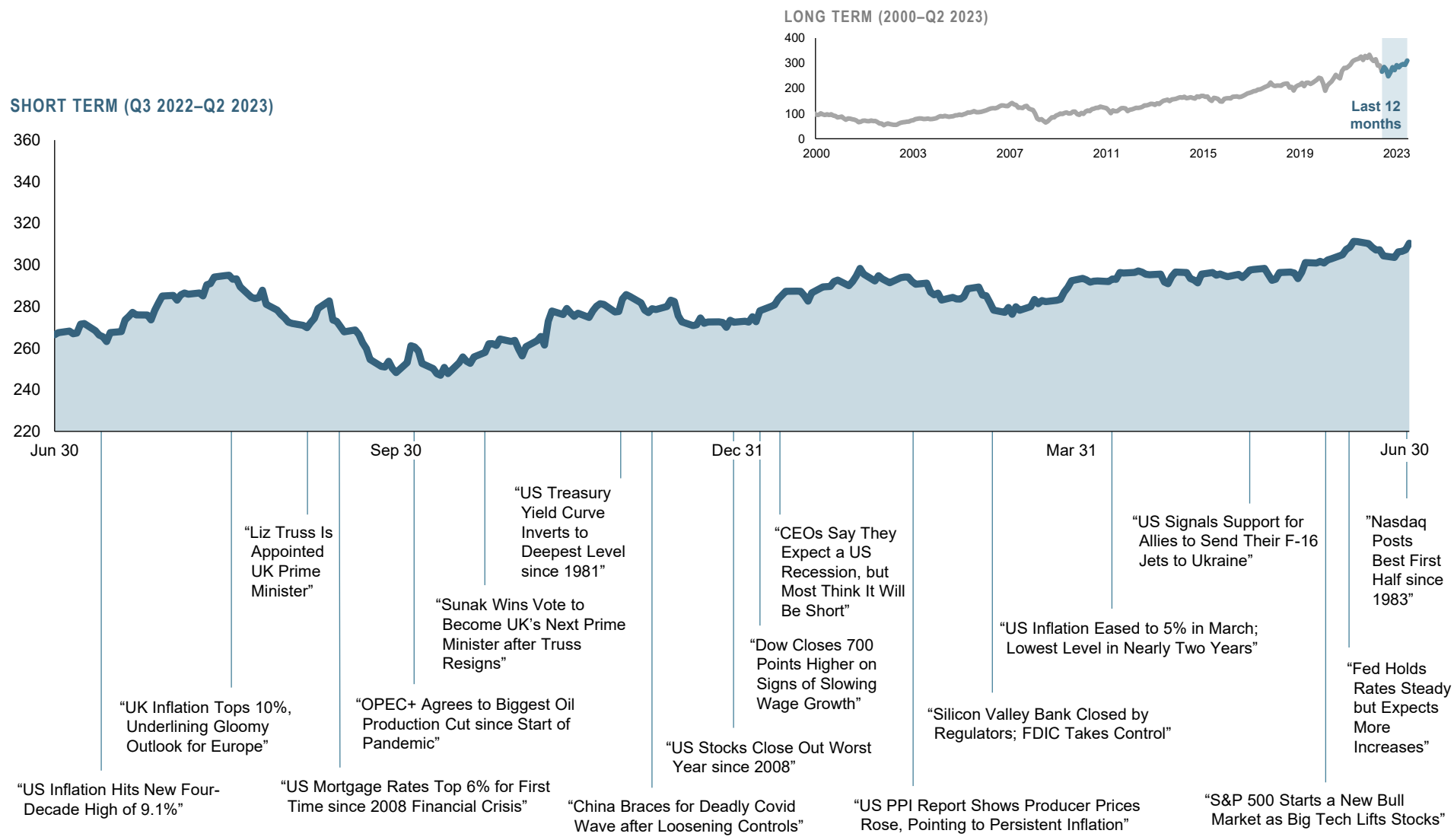
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2023, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

World Stock Market Performance

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



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.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2023, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

US Stocks

Second quarter 2023 index returns

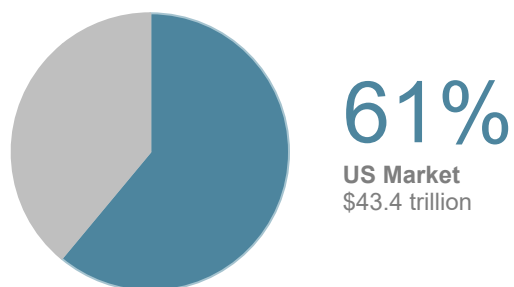
The US equity market posted positive returns for the quarter and outperformed both non-US developed and emerging markets.

Value underperformed growth.

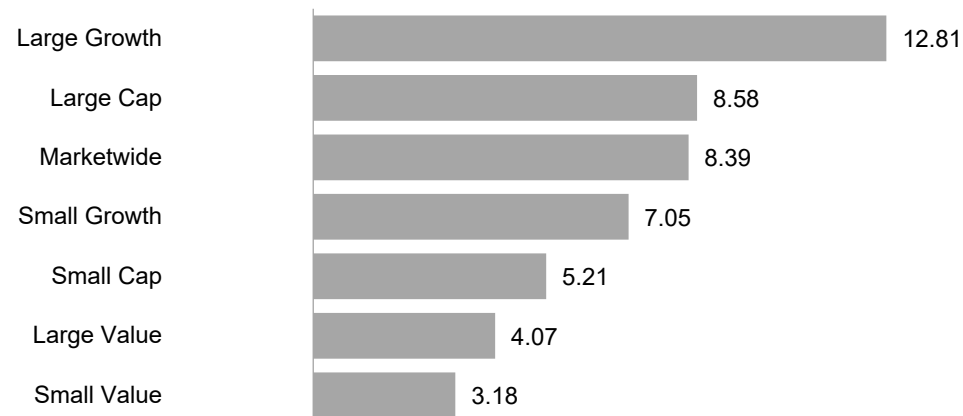
Small caps underperformed large caps.

REIT indices underperformed equity market indices.

World Market Capitalization—US



Ranked Returns (%)



Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|--------------|-------|-------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| Large Growth | 12.81 | 29.02 | 27.11 | 13.73 | 15.14 | 15.74 |
| Large Cap | 8.58 | 16.68 | 19.36 | 14.09 | 11.92 | 12.64 |
| Marketwide | 8.39 | 16.17 | 18.95 | 13.89 | 11.39 | 12.34 |
| Small Growth | 7.05 | 13.55 | 18.53 | 6.10 | 4.22 | 8.83 |
| Small Cap | 5.21 | 8.09 | 12.31 | 10.82 | 4.21 | 8.26 |
| Large Value | 4.07 | 5.12 | 11.54 | 14.30 | 8.11 | 9.22 |
| Small Value | 3.18 | 2.50 | 6.01 | 15.43 | 3.54 | 7.29 |

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: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

International Developed Stocks

Second quarter 2023 index returns

Developed markets outside of the US posted positive returns for the quarter and underperformed the US market, but outperformed emerging markets.

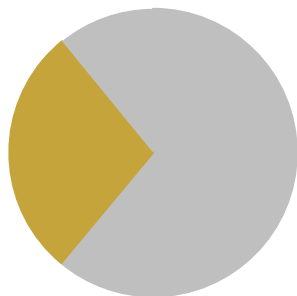
Value outperformed growth.

Small caps underperformed large caps.

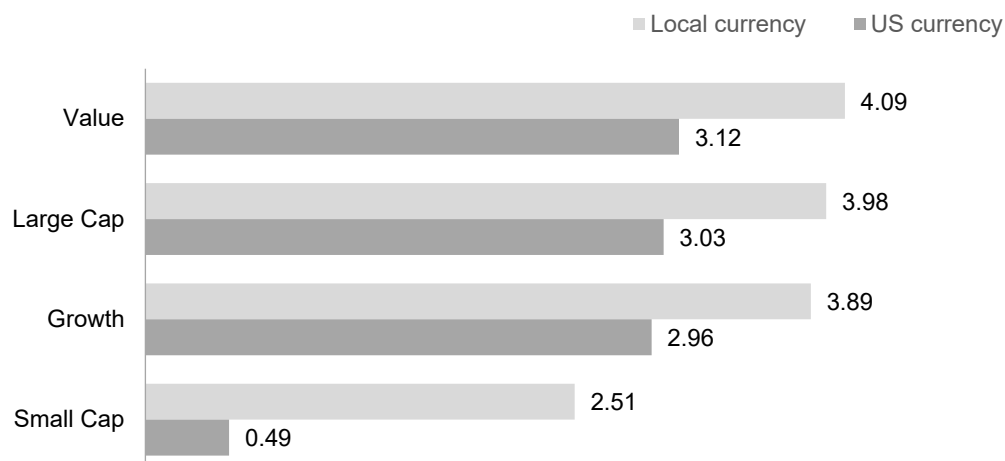
World Market Capitalization—International Developed

28%

International
Developed Market
\$20.0 trillion



Ranked Returns (%)



Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|-------------|------|-------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| Value | 3.12 | 8.92 | 15.49 | 12.07 | 3.24 | 4.25 |
| Large Cap | 3.03 | 11.29 | 17.41 | 9.30 | 4.58 | 5.40 |
| Growth | 2.96 | 13.76 | 19.40 | 6.24 | 5.46 | 6.28 |
| Small Cap | 0.49 | 5.50 | 10.05 | 6.42 | 1.83 | 5.97 |

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: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Emerging Markets Stocks

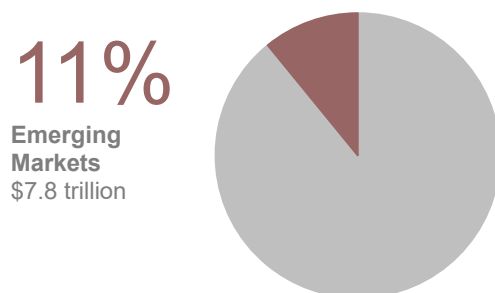
Second quarter 2023 index returns

Emerging markets posted positive returns for the quarter and underperformed both US and non-US developed markets.

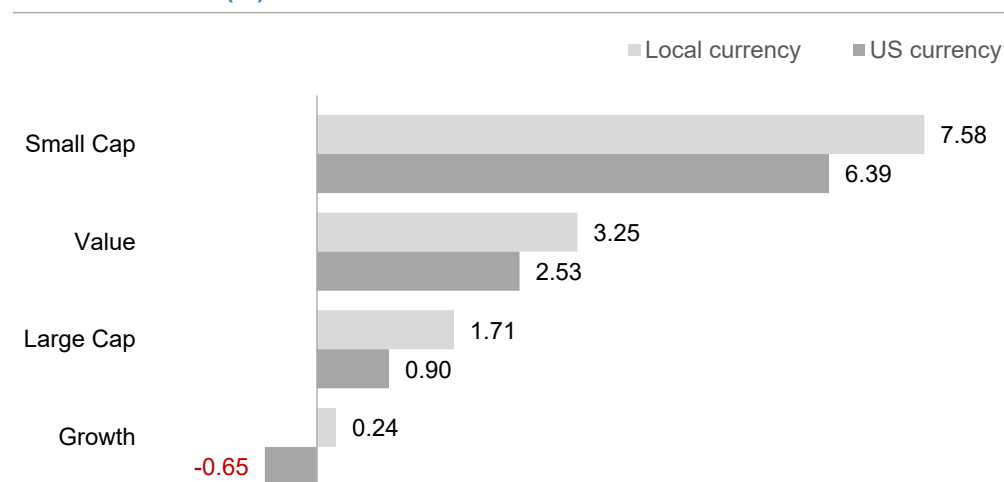
Value outperformed growth.

Small caps outperformed large caps.

World Market Capitalization—Emerging Markets



Ranked Returns (%)



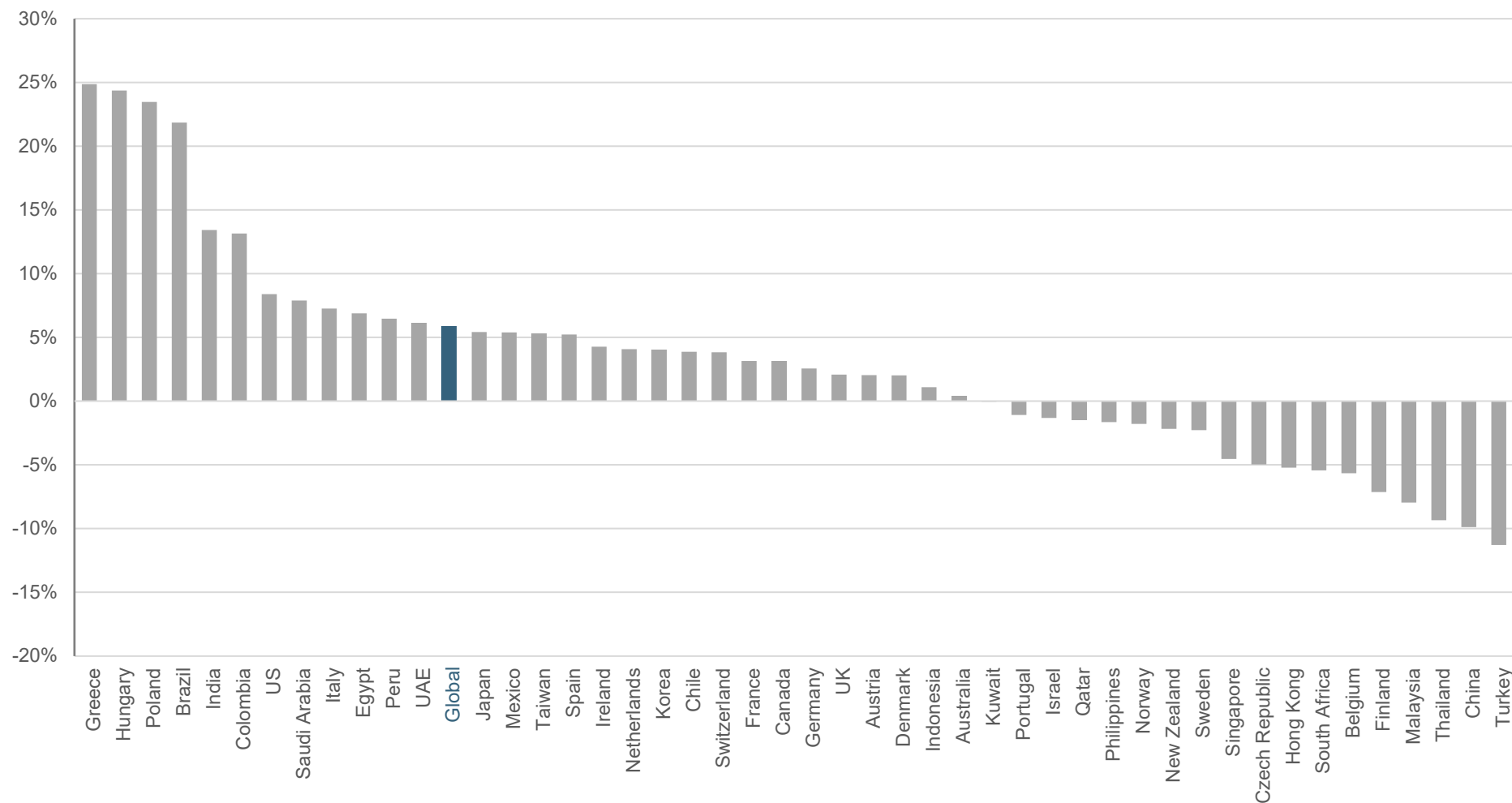
Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|-------------|-------|-------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| Small Cap | 6.39 | 10.50 | 13.28 | 13.72 | 4.93 | 4.63 |
| Value | 2.53 | 6.53 | 4.13 | 6.27 | 1.22 | 1.99 |
| Large Cap | 0.90 | 4.89 | 1.75 | 2.32 | 0.93 | 2.95 |
| Growth | -0.65 | 3.32 | -0.45 | -1.36 | 0.53 | 3.79 |

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: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2023, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Country Returns

Second quarter 2023 index returns



Past performance is no guarantee of future results.

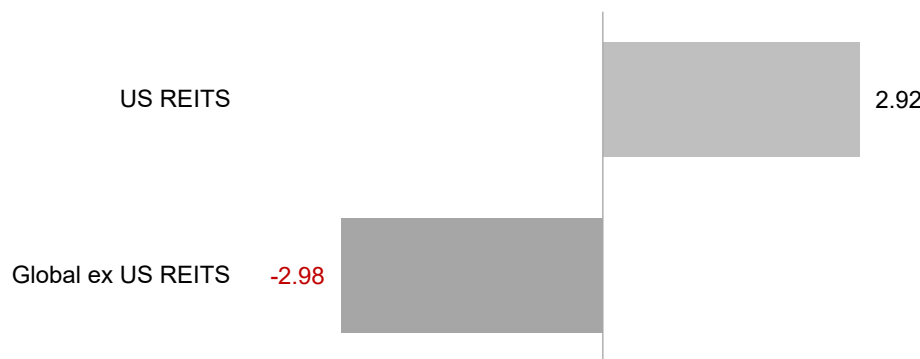
Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. 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.

Real Estate Investment Trusts (REITs)

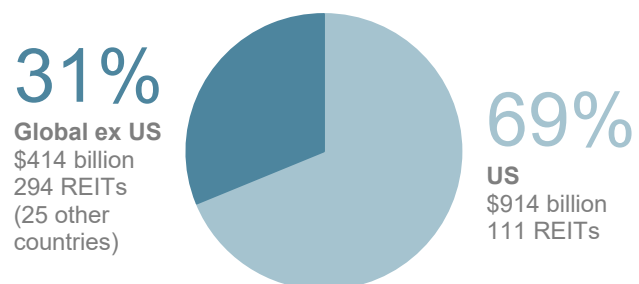
Second quarter 2023 index returns

US real estate investment trusts outperformed non-US REITs during the quarter.

Ranked Returns (%)



Total Value of REIT Stocks



Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|--------------------|-------|-------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| US REITS | 2.92 | 5.77 | -0.69 | 9.17 | 3.28 | 5.75 |
| Global ex US REITS | -2.98 | -3.85 | -7.02 | 0.31 | -2.61 | 1.36 |

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. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Commodities

Second quarter 2023 index returns

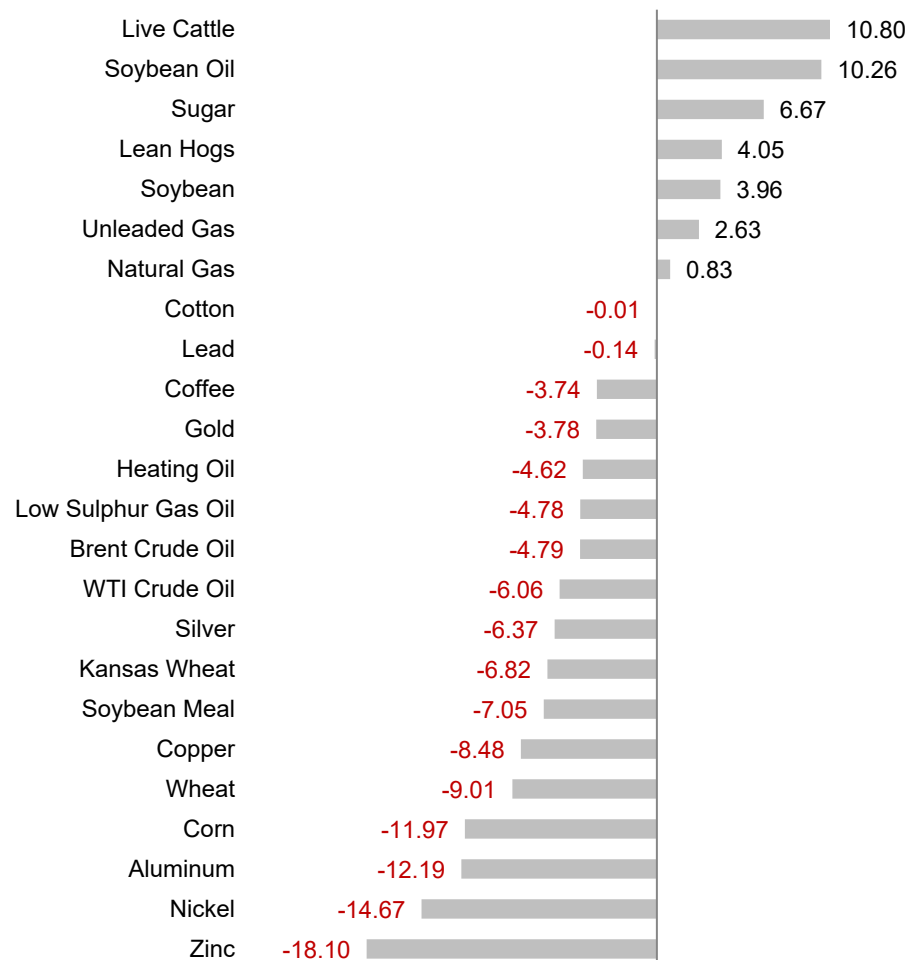
The Bloomberg Commodity Total Return Index returned -2.56% for the second quarter of 2023.

Zinc and Nickel were the worst performers, returning -18.10% and -14.67% during the quarter, respectively. Live Cattle and Soybean Oil were the best performers, returning +10.80% and +10.26% during the quarter, respectively.

Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|-------------|-------|-------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| Commodities | -2.56 | -7.79 | -9.61 | 17.82 | 4.73 | -0.99 |

Ranked Returns (%)



Fixed Income

Second quarter 2023 index returns

Interest rates increased across all bond maturities in the US Treasury market for the quarter.

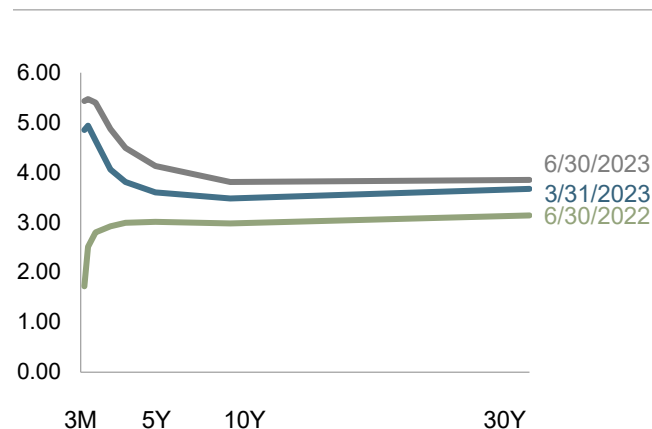
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 50 basis points (bps) to 5.24%, while the 1-Year US Treasury Bill yield increased 76 bps to 5.40%. The yield on the 2-Year US Treasury Note increased 81 bps to 4.87%.

The yield on the 5-Year US Treasury Note increased 53 bps to 4.13%. The yield on the 10-Year US Treasury Note increased 33 bps to 3.81%. The yield on the 30-Year US Treasury Bond increased 18 bps to 3.85%.

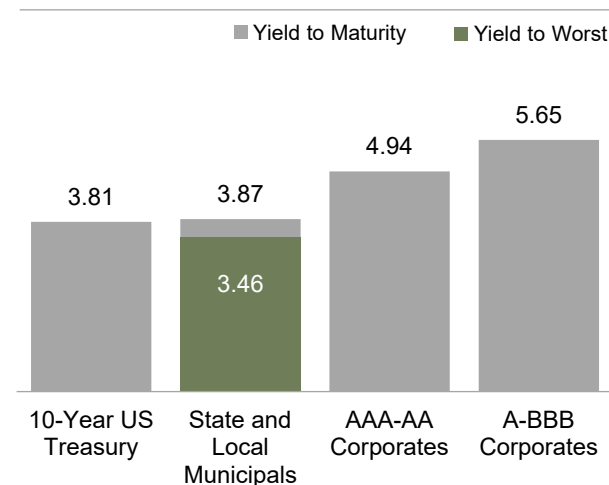
In terms of total returns, short-term US treasury bonds returned -0.90% while intermediate-term US treasury bonds returned -1.15%. Short-term corporate bonds returned +0.07% and intermediate-term corporate bonds returned -0.16%.¹

The total returns for short- and intermediate-term municipal bonds were -0.37% and -0.72%, respectively. Within the municipal fixed income market, general obligation bonds returned -0.41% while revenue bonds returned +0.04%.²

US Treasury Yield Curve (%)



Bond Yield Across Issuers (%)



Period Returns (%)

| Asset Class | QTR | YTD | 1 Year | Annualized | | |
|--|-------|------|--------|------------|---------|----------|
| | | | | 3 Years | 5 Years | 10 Years |
| Bloomberg U.S. High Yield Corporate Bond Index | 1.75 | 5.38 | 9.06 | 3.13 | 3.36 | 4.43 |
| ICE BofA US 3-Month Treasury Bill Index | 1.17 | 2.25 | 3.59 | 1.27 | 1.55 | 0.98 |
| ICE BofA 1-Year US Treasury Note Index | 0.42 | 1.67 | 1.93 | 0.23 | 1.30 | 0.89 |
| Bloomberg Municipal Bond Index | -0.10 | 2.67 | 3.19 | -0.58 | 1.84 | 2.68 |
| FTSE World Government Bond Index 1-5 Years (hedged to USD) | -0.27 | 1.53 | 0.28 | -1.15 | 0.95 | 1.14 |
| Bloomberg U.S. Aggregate Bond Index | -0.84 | 2.09 | -0.94 | -3.96 | 0.77 | 1.52 |
| FTSE World Government Bond Index 1-5 Years | -1.19 | 0.87 | -0.27 | -2.84 | -0.77 | -0.67 |
| Bloomberg U.S. TIPS Index | -1.42 | 1.87 | -1.40 | -0.12 | 2.49 | 2.08 |
| Bloomberg U.S. Government Bond Index Long | -2.29 | 3.73 | -6.79 | -12.02 | -0.88 | 1.81 |

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&BBI) 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.

Global Fixed Income

Second quarter 2023 yield curves

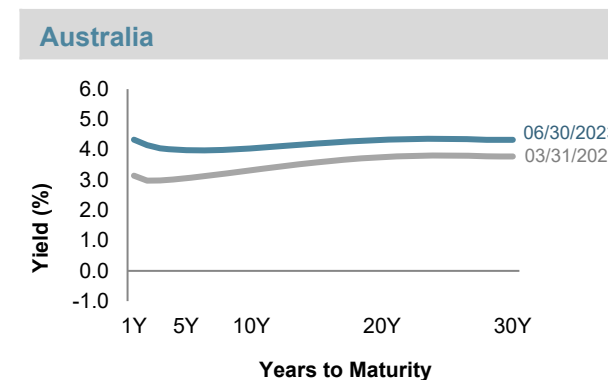
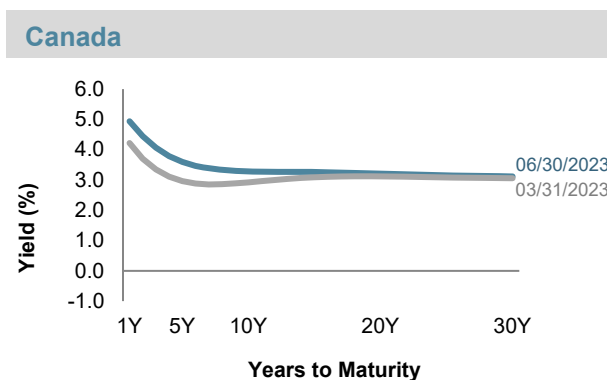
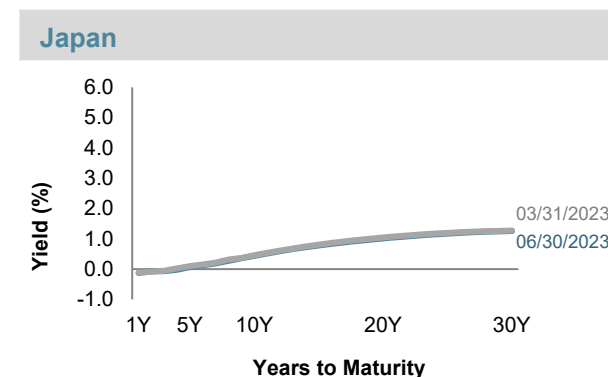
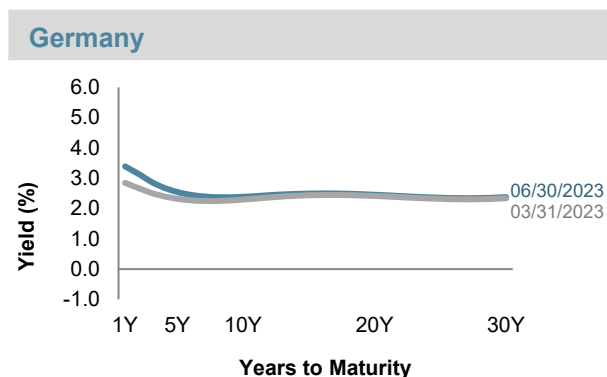
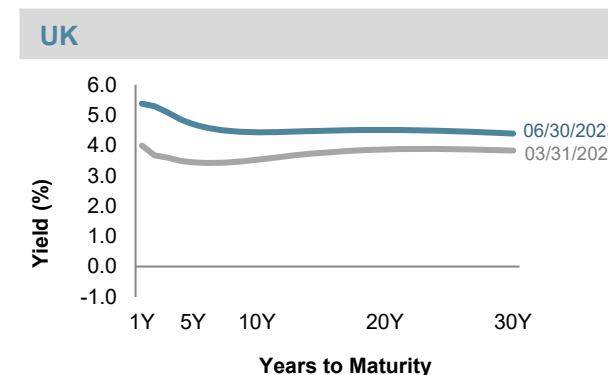
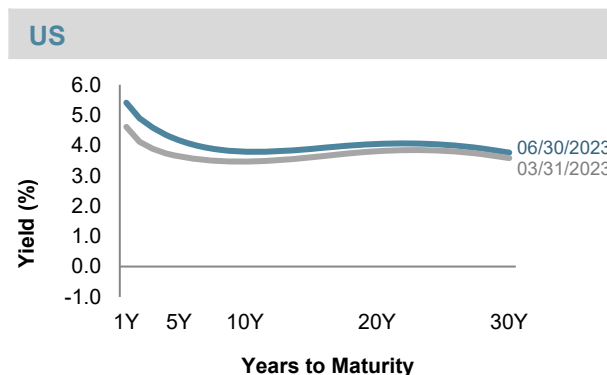
With the exception of Japan, interest rates generally increased across global developed markets for the quarter.

Realized term premiums were broadly negative across global developed markets.

In Japan, ultrashort-term nominal interest rates were negative. In the UK, Germany, Canada, and Australia, the short-term segment of the yield curve was inverted.

Changes in Yields (bps) since 03/31/2023

| | 1Y | 5Y | 10Y | 20Y | 30Y |
|-----------|-------|-------|------|------|------|
| US | 79.6 | 53.1 | 32.5 | 23.9 | 18.1 |
| UK | 138.7 | 127.0 | 90.6 | 64.2 | 56.6 |
| Germany | 54.3 | 22.2 | 9.4 | 4.0 | 3.8 |
| Japan | -1.0 | -3.0 | -1.8 | -3.3 | -1.3 |
| Canada | 72.1 | 63.3 | 36.3 | 8.9 | 6.1 |
| Australia | 118.9 | 92.6 | 72.3 | 57.1 | 54.9 |





Topsail Wealth Management is a marketing name for Independent Advisor Alliance, LLC. All investment advice is offered through Independent Advisor Alliance, LLC, a registered investment adviser.

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

The investment approach discussed does not assure a positive return or a positive investment experience. There are numerous ways of approaching investing, only one of which is presented here, which may not be appropriate for every individual.

Investment products: • Not FDIC Insured • Not Bank Guaranteed • May Lose Value