

July 24, 2023 – Investment Commentary

Market Update

Last week, stocks and bonds were up. The MSCI Emerging Markets index outperformed the MSCI EAFE and S&P 500. Across U.S. Russell style & market cap indices, small cap growth did the best, but the quality factor led more broadly. As for fixed income, the 10 year treasury yield fell 23 bps on the week to 3.82% and the 2 year - 10 year treasury yield spread steepened to -91 bps. The best performing parts of the bond market included investment grade corporates. High yield bond spreads were down on the week to 379 bps, well below their 20-year average of roughly 500 bps.

Q2 earnings season starting off well

Initial Q2 results from S&P 500 companies are strong. Financials had some better-than-expected earnings results but increases to loan loss provisions caused prices to not respond as favorably. Within industrials, airlines continue to benefit from the reopening/lower comparisons of last year with strong growth. To start 2023, the P/E was 16.65x, meaning 16% of the +17% price return of the S&P 500 year-to-date has been from multiple expansion. To put this in context, this year is already tracking to be the third largest multiple expansion year in decades, only behind 2009 and 2020. Of course, those years were coming off recession lows and had significant earnings recoveries. The S&P 500 is now up on a total return basis +18.41% year-to-date vs. the U.S. Aggregate Bond Index +2.29%.

Disclosures

Investment Commentary Sources: Bloomberg. Investment advisory services offered through Robertson Stephens Wealth Management, LLC ("Robertson Stephens"), an SEC-registered investment advisor. Registration does not imply any specific level of skill or training and does not constitute an endorsement of the firm by the Commission. This material is for general informational purposes only and should not be construed as investment, tax or legal advice. It does not constitute a recommendation or offer to buy or sell any security, has not been tailored to the needs of any specific investor, and should not provide the basis for any investment decision. Please consult with your Advisor prior to making any Investment decisions. The information contained herein was carefully compiled from sources believed to be reliable, but Robertson Stephens cannot guarantee its accuracy or completeness. Information, views and opinions are current as of the date of this presentation, are based on the information available at the time, and are subject to change based on market and other conditions. Robertson Stephens assumes no duty to update this information. Unless otherwise noted, any individual opinions presented are those of the author and not necessarily those of Robertson Stephens. Indices are unmanaged and reflect the reinvestment of all income or dividends but do not reflect the deduction of any fees or expenses which would reduce returns. Past performance does not guarantee future results. Forward-looking performance targets or estimates are not guaranteed and may not be achieved. Investing entails risks, including possible loss of principal. Alternative investments are only available to qualified investors and are not suitable for all investors. Alternative investments include risks such as illiquidity, long time horizons, reduced transparency, and significant loss of principal. This material is an investment advisory publication intended for investment advisory clients and prospective clients only. Robertson Stephens only transacts business in states in which it is properly registered or is excluded or exempted from registration. A copy of Robertson Stephens' current written disclosure brochure filed with the SEC which discusses, among other things, Robertson Stephens' business practices, services and fees, is available through the SEC's website at: www.adviserinfo.sec.gov. © 2023 Robertson Stephens Wealth Management, LLC. All rights reserved. Robertson Stephens is a registered trademark of Robertson Stephens Wealth Management, LLC in the United States and elsewhere.