



# Bank of Charles Town

## Investment Review

*April 2023*



# BCT

THE COMMUNITY'S BANK

# MARKET & ECONOMIC REVIEW

## Equity Returns (%)

	1 Mo.	3 Mos.	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
MSCI All Country World Index	1.5	1.7	9.0	2.6	12.6	7.6	8.5
S&P 500 Index	1.6	2.7	9.2	2.7	14.5	11.4	12.2
Russell 2000 Index	-1.8	-8.1	0.9	-3.6	11.9	4.2	7.9

## Fixed Income Returns (%)

	1 Mo.	3 Mos.	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
BBg Barc US Aggregate Bond Index	0.6	0.5	3.6	-0.4	-3.1	1.2	1.3
BBg Barc Municipal Bond Index	-0.2	-0.3	2.5	2.9	0.7	2.1	2.2

## Equity Market Summary

Banking sector turmoil led to continued return disparity in April. Large cap US stocks as measured by the S&P 500 rose 1.6% but small caps as measured by the Russell 2000 fell 1.8%. Global equities as measured by the MSCI ACWI gained 1.5%.

Swift action from policy makers to the banking sector issues will be critical to restore the confidence of depositors. Restoring confidence for investors however will not be a quick fix. Time will be needed to convince them the crisis has passed.

Given the aggressive Fed tightening campaign in response to inflation, analysts have lowered forecasts for company earnings, which are a key driver of market returns. While heightened levels of uncertainty remain, the lowered bar for expectations is encouraging for future returns.

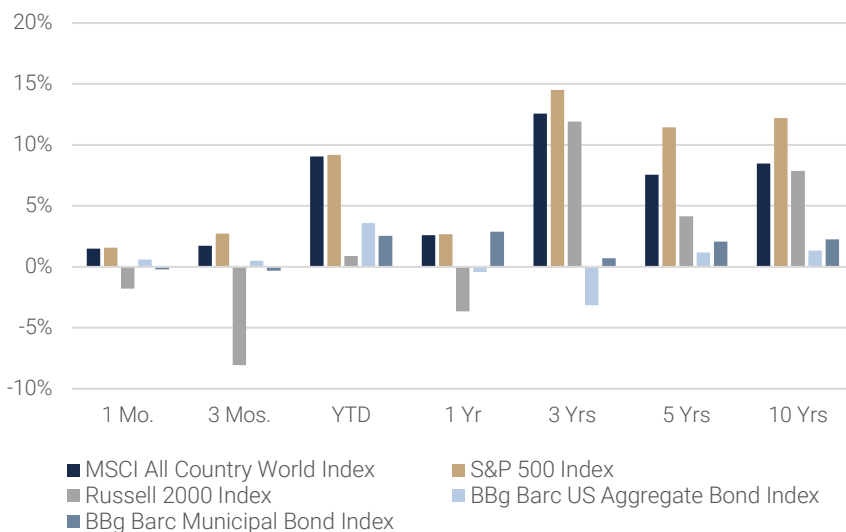
## Fixed Income Market Summary

Continued trouble in the banking sector sent US Treasury prices higher and yields lower in April. The Barclays US Aggregate Index gained 0.6% for the month.

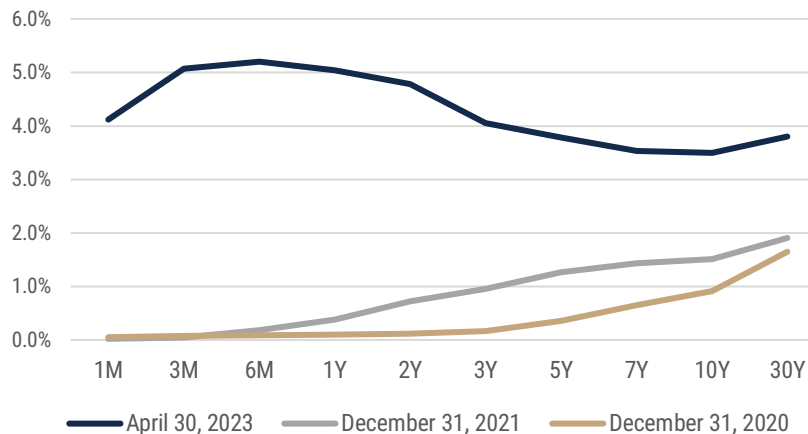
The 10-year US Treasury bond ended the month at 3.42%, down slightly from the end of April. The yield curve remains inverted with short-term rates higher than long-term rates.

The US Federal Reserve raised rates by 0.25% in early May to a range of 5.00% to 5.25%, the 10<sup>th</sup> consecutive increase and a 16-year high.

## Performance as of 04/30/2023



## U.S. Treasury Yield Curves



# BANK OF CHARLES TOWN MODELS

## GLOBAL EQUITY MODEL

Model Holdings				Performance (%)						Characteristics	
Security	Symbol	Weight	MTD	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Exp. Ratio	Last Price	
Vanguard S&P 500 ETF	VOO	35.0%	1.59	1.59	9.19	-1.13	14.46	11.37	0.03	382.05	
Invesco S&P 500 Top 50 ETF	XLG	5.0%	2.52	2.52	15.73	-1.49	14.13	12.76	0.20	318.36	
Invesco Dividend Achievers ETF	PFM	5.0%	2.05	2.05	2.79	0.39	13.25	10.39	0.53	37.35	
iShares Russell 1000 Value ETF	IWD	5.0%	1.56	1.56	2.50	-1.94	14.19	7.55	0.18	154.63	
Vanguard Mid-Cap ETF	VO	12.0%	-0.77	-0.77	3.08	-5.88	13.28	7.98	0.04	209.29	
Vanguard Small-Cap ETF	VB	4.0%	-1.19	-1.19	2.48	-5.16	13.88	6.41	0.05	187.31	
iShares Core S&P Small Cap ETF	IJR	4.0%	-2.79	-2.79	-0.32	-6.43	15.72	5.40	0.06	94.00	
SPDR Portfolio Developed World ex-US ETF	SPDW	25.0%	2.52	2.52	10.91	5.32	11.77	3.56	0.04	32.93	
Dimensional Emerging Core Equity Market ETF	DFAE	5.0%	0.00	0.00	5.59	-2.85	10.19	0.83	0.35	22.93	
<b>Global Equity Model</b>		<b>100.0%</b>	<b>1.24</b>	<b>1.24</b>	<b>7.73</b>	<b>-0.53</b>	<b>13.37</b>	<b>7.88</b>	<b>0.11</b>	<b>-</b>	
<b>BCT Average Equity</b>		<b>100.0%</b>	<b>1.15</b>	<b>1.15</b>	<b>6.70</b>	<b>2.32</b>	<b>13.67</b>	<b>6.92</b>	<b>-</b>	<b>-</b>	
MSCI ACWI Index			<b>1.48</b>	<b>1.48</b>	<b>9.04</b>	<b>0.73</b>	<b>12.55</b>	<b>7.54</b>	<b>-</b>	<b>783.72</b>	



- Global stocks edged higher in April, but small cap names dipped, as return disparity continued
- Large cap US and developed market equities were the leaders for both the month and year-to-date periods
- We added the Dimensional Emerging Core Equity Market ETF (DFAE), to focus on the valuation, profitability and quality factors in emerging markets

## CORPORATE BOND ETF MODEL

Model Holdings				Performance (%)						Fund Characteristics			
Security	Symbol	Weight	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	Expense	SEC Yield	Duration	Maturity	
Invesco BulletShares 2026 Corporate Bond	BSCQ	25.0%	0.52	0.52	2.62	1.29	-0.02	3.25	0.10%	4.74%	2.90	3.16	
Invesco BulletShares 2027 Corporate Bond	BSCR	25.0%	0.56	0.56	3.11	1.56	-0.17	3.29	0.10%	4.61%	3.76	4.19	
Invesco BulletShares 2028 Corporate Bond	BSCS	25.0%	0.72	0.72	4.01	1.96	-0.24	N/A	0.10%	4.73%	4.51	5.09	
Invesco BulletShares 2029 Corporate Bond	B SCT	25.0%	0.61	0.61	4.45	1.74	-1.02	N/A	0.10%	4.78%	5.32	6.2	
<b>WST Corporate Bond ETF</b>		<b>100.0%</b>	<b>0.60</b>	<b>0.60</b>	<b>3.55</b>	<b>1.64</b>	<b>-0.36</b>	<b>N/A</b>	<b>0.10%</b>	<b>4.72%</b>	<b>4.12</b>	<b>4.66</b>	
<b>BCT Average Fixed Income</b>		<b>100.0%</b>	<b>0.28</b>	<b>0.28</b>	<b>2.74</b>	<b>3.03</b>	<b>0.67</b>	<b>2.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Bloomberg Barclays US Aggregate			<b>0.61</b>	<b>0.61</b>	<b>3.59</b>	<b>-0.93</b>	<b>-3.14</b>	<b>1.17</b>	<b>-</b>	<b>3.84%</b>	<b>6.39</b>	<b>8.73</b>	



- Treasury prices rose and yields fell in the wake of continued banking sector troubles in April
- The Fed raised rates by 25 bps in May and the yield curve remains inverted with shorter term rates higher than longer term rates
- We replaced BSCP (2025) with BSCT (2029) to extend the investment grade corporate bond ladder and take advantage of higher yields

## IMPORTANT DISCLOSURES

Index Returns – all shown in US dollars

All returns shown trailing 04/30/2023 for the period indicated. "YTD" refers to the total return as of prior-year end, while the other returns are annualized. 3-month and annualized returns are shown for:

- The MSCI All Country World Index provides a measure of performance for the equity market throughout the world and is a free float-adjusted market capitalization weighted index.
- The S&P 500 index is comprised of large capitalized companies across many sectors and is generally regarded as representative of US stock market and is provided in this presentation in that regard only.
- The Russell 2000 Index is a market-capitalization weighted index that measures the performance of 2000 small-cap and mid-cap securities. The index was formulated to give investors an unbiased collection of the smallest tradable equities still meeting exchange listing requirements.
- The Barclay's US Aggregate Index, a broad-based unmanaged bond index that is generally considered to be representative of the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market.
- The Bloomberg Barclay's Municipal Bond Index, which measures investment grade, tax-exempt bonds with a maturity of at least one year.

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