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Highland ReCAP

A Review of Capital Markets

April 2023

Summary

In the wake of a volatile close to the first quarter of the year, April provided investors an opportunity to catch their breath. Economic data (and asset returns) were mixed during the month with investors favoring stable, established, “new economy” names, and interest rate movements were relatively subdued. U.S. GDP growth for the first quarter was 1.1% in a sign that the economy may be starting to slow. Inflation continued to recede with the latest CPI reading at a 5% year-over-year change.

Equities

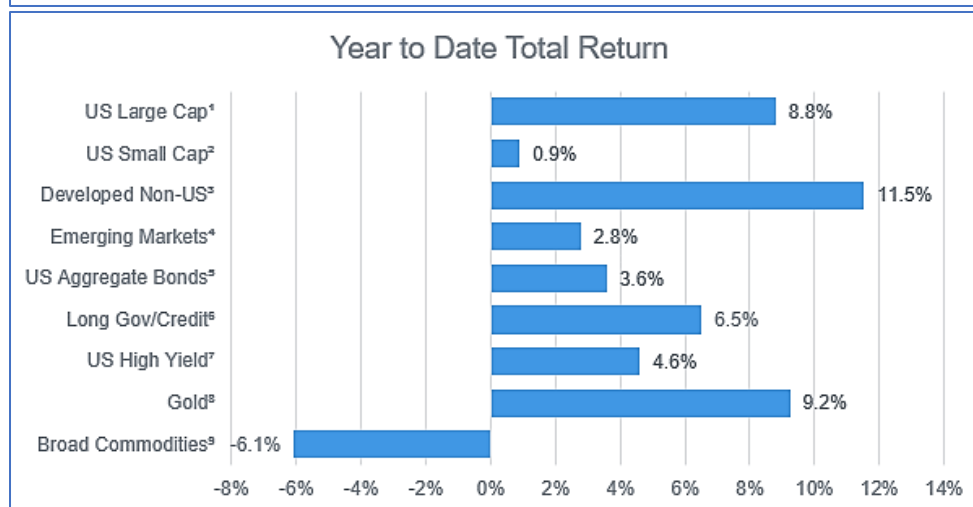
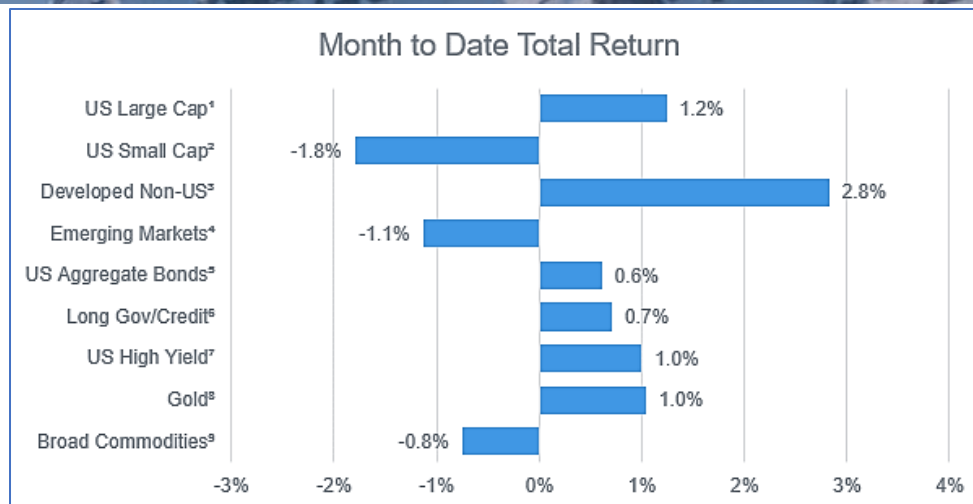
Stocks were mixed for April on choppy trading. For the second straight month, large companies outperformed their small cap counterparts, buoyed by better than expected first quarter earnings from larger technology companies. Developed non-U.S. equities were the top performing asset class and continued to lead the pack in 2023, with double-digit gains year-to-date.

Fixed Income

Bonds posted minimal gains in April as interest rate volatility subsided during the month. The 10-year Treasury yield dropped 4 basis points, with trading quiet in advance of the FOMC’s next meeting May 3. Credit was a modest outperformer, with high yield generating a total return of 1%, while aggregate bonds were flat for the month.

Market Trends

As of April 30, 2023



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap ¹	1.2%	2.0%	8.8%	1.8%	14.2%	11.1%	12.0%
US Small Cap ²	-1.8%	-8.1%	0.9%	-3.6%	11.9%	4.2%	7.9%
Developed Non-US ³	2.8%	3.2%	11.5%	8.4%	11.7%	3.6%	4.8%
Emerging Markets ⁴	-1.1%	-4.7%	2.8%	-6.5%	4.3%	-1.0%	1.8%
US Aggregate Bonds ⁵	0.6%	0.5%	3.6%	-0.4%	-3.1%	1.2%	1.3%
Long Gov/Credit ⁶	0.7%	-0.1%	6.5%	-3.9%	-7.5%	1.2%	2.0%
US High Yield ⁷	1.0%	0.8%	4.6%	1.2%	4.7%	3.3%	4.0%
Gold ⁸	1.0%	3.0%	9.2%	3.9%	4.2%	7.5%	2.2%
Broad Commodities ⁹	-0.8%	-5.6%	-6.1%	-16.6%	21.1%	4.7%	-1.5%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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Disclosure Statements

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FTSE Russell

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