

Trillion Wealths

Q1 2023 Market Review

Prepared for: Trillion Wealths

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Review of first quarter market performance and positioning updates for our investment strategies.

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1. Executive summary

Q1 2023 marked a recovery phase for risk assets following the sharp macro-driven volatility of 2022. Global equity markets advanced broadly as investors reflected improving economic activity, easing but still-elevated inflation readings, and continued central bank vigilance. Fixed income returns were mixed as yields remained sensitive to incoming data and monetary policy expectations. Positioning takeaway: Portfolios with a modest overweight to growth and select cyclicals captured much of the quarter's upside. Defensive allocations, including high-quality fixed income and cash, provided stability amid episodic volatility. This review summarizes key market drivers, sample portfolio performance, and recommended positioning adjustments for Trillion Wealths' model strategies.

Key theme	Implication
Economic activity stabilizing	Supportive for cyclicals; monitor earnings momentum
Inflation still elevated but showing signs of moderation	Central banks remain data-dependent; no immediate return to easing
Equity rally broadening from defensive to cyclical names	Active allocation across sectors rewarded selective cyclical exposure
Yields volatile; curve remained inverted in parts	Short-duration bias helped manage rate risk

2. Macroeconomic overview

2.1 Growth & activity

Growth indicators showed stabilization in Q1 2023 with sequential improvements in consumer spending and services activity in several developed markets. Manufacturing activity remained mixed across regions.

2.2 Inflation & labor markets

Inflation remained above central bank targets in many economies but some components exhibited moderation. Labor markets stayed relatively tight, supporting consumer income growth but complicating central bank decisions.

3. Equity markets

3.1 US equities

U.S. equities led global returns in Q1 2023 with leadership concentrated in large-cap technology and growth-oriented names. Mid- and small-cap segments showed variable performance depending on sector exposures and earnings momentum.

3.2 International equities

Developed international markets produced positive returns but generally lagged the U.S. Emerging markets were mixed; China-specific developments and commodity price movements influenced returns across EM regions.

4. Fixed income & credit

4.1 Rates and yields

Yields were volatile in Q1 2023 as markets digested inflation surprises and shifting policy expectations. Short-term yields moved in response to central bank commentary while longer-term yields reflected changing real growth expectations.

4.2 Credit and spreads

Credit spreads tightened modestly as risk sentiment improved, though high-yield and lower-quality credits required selective security selection due to idiosyncratic risks in some sectors.

5. Commodities & FX

5.1 Commodities

Commodity performance was mixed in Q1 2023. Energy markets reacted to shifts in demand expectations and OPEC+ guidance, while precious metals held appeal as an inflation hedge in uncertain policy conditions.

5.2 FX

Currency movements meaningfully impacted international returns. The US dollar experienced periods of strength driven by growth and rate differentials; currency hedging remained a consideration for USD-based investors.

6. Portfolio performance — Trillion Wealths (sample)

Note: below are sample, illustrative performance metrics for commonly used model portfolios. Replace these illustrative figures with Trillion Wealths' actual account-level data for client reporting.

Model	Q1 2023 (%)	YTD 2023 (%)	Notes
Growth (60/40 biased to equities)	6.5	6.5	Strong equity exposure; tech-led gains
Balanced (60/40 traditional)	3.2	3.2	Equity gains partially offset by modest bond
Conservative (30/70)	0.5	0.5	Lower volatility; fixed income provided cush

6.1 Attribution highlights (sample)

- Equity selection in large-cap growth names was a primary contributor to performance in Q1.
- Short-duration and high-quality bond positioning helped limit drawdowns during volatile moves in rates.
- Tactical overweight to select cyclical added value as economic data stabilized.

7. Positioning updates

Based on Q1 outcomes and the current macro backdrop, recommended positioning updates for Trillion Wealths' model portfolios include: - Growth model: maintain selective overweight to large-cap growth and high-quality cyclicals; monitor valuation dispersion. - Balanced model: keep diversified core equity exposure but trim cyclical exposure if macro surprises turn negative; preserve duration flexibility in fixed income sleeve. - Conservative model: prioritize capital preservation with short-duration, high-quality bonds and selective credit exposure for carry.

8. Risk & outlook

Key risks through the next 6–12 months include inflation persistence, tighter-than-expected central bank policy, geopolitical shocks, and uneven global growth. Scenario-based portfolio stress testing and active risk budgeting are recommended to manage these risks while capturing selective opportunities.

9. Appendix & data sources

Select data sources and references used in compiling this Q1 2023 review (illustrative): - National statistical agencies and central bank releases (inflation, labor, GDP data). - Financial market data providers for equity and fixed income returns. - Industry research and market commentaries summarizing Q1 2023 performance. Note: The PDF uses illustrative/sample performance figures in the Portfolio Performance section. Please provide Trillion Wealths' actual account-level data to replace sample figures for client reporting.

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