

# Value's Comeback Despite Global Equities' Drawdown in Q3

Global stocks dropped after last quarter's positive performance, with the MSCI All Country World IMI Index returning -3.4% over the quarter and underperforming global bonds for the first time in the past year, as measured by the Bloomberg Global Aggregate Bond Index. 5-year forward inflation expectations in the United States remained below 3% for the quarter, as the yield curve remained inverted for more than a year according to the 2- and 10-year spread. In particular, the 10-year Treasury yield rose by nearly 80 basis points to 4.6% this quarter, marking its highest level in approximately 16 years.

Globally, energy rebounded from its weaker performance in the first half of 2023 and was the best performing sector, returning 11.5% for the quarter. Comparatively, information technology, REITs, and utilities lagged the overall market. Large growth stocks were the biggest detractors, as names

like Apple returned -11.6% while Microsoft returned -7.1%. Value stocks generally outperformed growth stocks across US, non-US developed, and emerging markets, with the MSCI All Country World Value IMI Index outperforming its growth counterpart by 3.1%. In the US, the value premium was positive despite generally negative size and profitability premiums. Other developed markets saw positive size premiums yet faced negative profitability premiums, whereas emerging markets saw both positive size and profitability premiums. Despite mixed size and profitability premiums across regions, the value premium in the United States and globally was strong for the quarter, as value stocks outperformed growth stocks in every region and generally across small and large caps. The value premium was especially strong within developed markets outside of the US, with the MSCI World ex USA Value index outperforming the MSCI World ex USA Growth index by 8.4% for the quarter.

## GLOBAL ASSET CLASS RETURNS Q3 2023

<b>STOCKS</b>	US	<b>-3.25%</b>
	Developed ex US	<b>-4.02%</b>
	Emerging Markets	<b>-2.12%</b>
<b>BONDS</b>	US	<b>-3.23%</b>
	Global ex US	<b>-0.78%</b>

## GLOBAL PREMIUM RETURNS Q3 2023

<b>SIZE</b>	Large	-3.0%
	Small	-3.3%
<b>VALUE</b>	Value	-0.6%
	Growth	-5.5%
<b>PROF</b>	High	-3.5%
	Low	-2.5%

## GLOBAL SECTOR RETURNS Q3 2023

Energy	11.5%
Communication Services	0.2%
Financials	-0.5%
Real Estate	-2.2%
Global	-3.4%
Health Care	-3.5%
Materials	-3.5%
Consumer Discretionary	-4.8%
Industrials	-4.9%
Consumer Staples	-5.6%
Information Technology	-6.0%
REITs	-7.1%
Utilities	-8.5%

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Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), Developed ex US Stocks (MSCI World ex USA IMI Index [net div.]), Emerging Markets (MSCI Emerging Markets IMI Index [net div.]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]), Global Stock Market (MSCI All Country World IMI Index [net div.]). Sector returns are derived by Dimensional using constituent data from the MSCI All Country World IMI Index. Returns for specific securities are sourced from the MSCI All Country World IMI Index using daily security returns. Securities without a GICS sector are excluded. Sectors are classified according to GICS Industry code. GICS was developed by and is the exclusive property of MSCI and S&P Dow Jones Indices LLC, a division of S&P Global. 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. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. References to specific company securities should not be construed as a recommendation or investment advice. Global Premium Returns are computed from MSCI All Country World IMI Index published security weights and Dimensional computed security returns and Dimensional classification of securities based on size, value, and profitability parameters. Within the US, Large Cap is defined as approximately the largest 90% of market capitalization in each country or region; Small Cap is approximately the smallest 10%. Within the non-US developed markets, Large Cap is defined as approximately the largest 87.5% of market capitalization in each country or region; Small Cap is approximately the smallest 12.5%. Within emerging markets, Large Cap is defined as approximately the largest 85% of market capitalization in each country or region; Small Cap is approximately the smallest 15%. Designations between value and growth are based on price-to-book ratios. Value is defined as the 50% of market cap with the lowest price-to-book ratios by size category and growth is the highest 50%. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. High profitability is defined as the 50% of market cap with the highest profitability by size category and low profitability is the lowest 50%. REITs and utilities, identified by GICS code, and stocks without size, relative price, or profitability metrics are excluded from this analysis. Countries not in the Dimensional investable universe are excluded from the analysis. Their performance does not reflect the expenses associated with the management of an actual portfolio. This information is intended for educational purposes and should not be considered a recommendation to buy or sell a particular security. Named securities may be held in accounts managed by Dimensional.