



# The ZENITH INVESTOR<sup>©</sup>

Uncertain Times require  
**NEW APPROACHES** to face  
the road ahead

Volume 3 | Edition 15 | April 2023

This special edition of The Zenith Investor is titled  
“Uncertain Times Require New Approaches  
to Face the road ahead.”  
was made especially for the:



"There is a language in the world  
that everyone understands;  
it is the language of enthusiasm,  
of things done with love, with respect,  
with care, and with a will,  
in the pursuit of what we desire  
or believe in."

**The Zenith Investor** examines the impact of current macroeconomic trends based on our assessment of the global economy and financial markets. This publication focuses on macroeconomics' uncertainty and the market's investment climate.

We thought it prudent to publish this special report that contains all of our notes in the graphs pages to follow along the intended dynamic of the presentation; we hope this version of The Zenith Investor will be helpful to you.

**Francisco Rodríguez-Castro**

President & CEO

Birling Capital Advisors, LLC.

# One-Quarter Down, Three-Quarters to go

As we put the first quarter of 2023 behind us, we must focus now on the three quarters to go, while it is safe to say that not even an Oscar-winning Hollywood script could have included as much drama in such a short period as the markets provided to us during the 1Q23.

**We rank the five indices we follow by returns from 1/1/23 of 3/31/23:**

- Nasdaq Composite **16.77%**.
- S&P 500 **7.03%**.
- Dow Jones Industrial Average **0.38%**.
- Birling Capital U.S. Bank Index **-3.18%**.
- Birling Puerto Rico Stock Index **-6.54%**.

## Some of the critical issues we faced in these 90 days include:

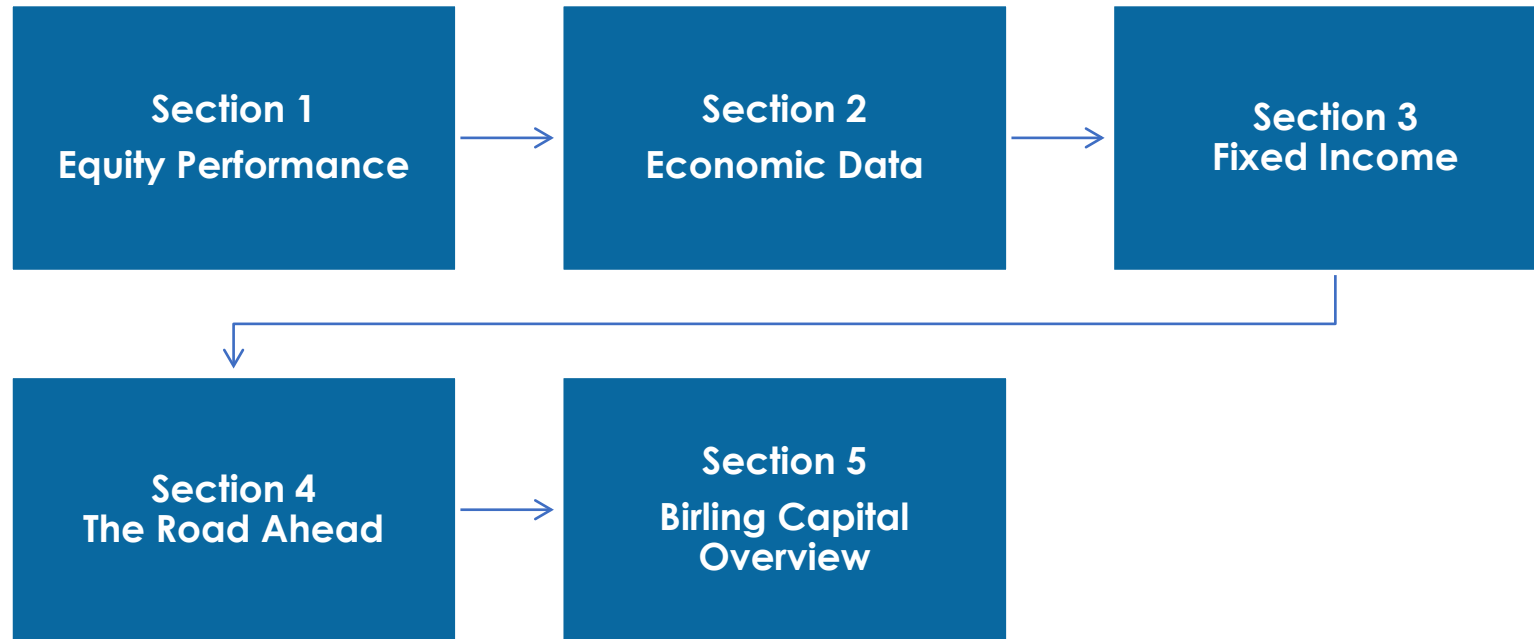
- The markets closed a highly volatile but positive first quarter, mainly led by the tech stocks and the Nasdaq Composite offsetting the impact on most financial and bank stocks.
- A Banking Crisis of Confidence began in social media, taking down Silicon Valley Bank, and Signature Bank, almost taking down First Republic Bank, and forcing the merger of UBS and Credit Swiss.
- With the Crisis of Confidence abating, the ensuing turbulence has shortened the Fed's aggressive interest rate campaign.
- While the Banking crisis of confidence is now almost behind, we must monitor the quarterly results of all banks and financials for potholes.

# The Confidence Rises, and Sizable opportunities become evident.

As confidence increases and the fears dissipate, investment opportunities become more attractive. In summation, the positive outcome of the crisis of confidence is that shook the financial stability of many institutions is proving to be a blessing in disguise, as the Fed's nine consecutive interest rate increases have created the scenario for many institutions to face unrealized losses in their portfolios and that will end the current interest rate tightening cycle.

In a testament to how fast and sharp the tide has turned for the banking sector and the Fed, it was less than 30 days ago that Fed Chair Powell, during his semiannual testimony to Congress, presented the FOMC preference of reaccelerating the pace of rate increases. But the Fed is quickly dialing back its stance after the following bank failures.

# Index







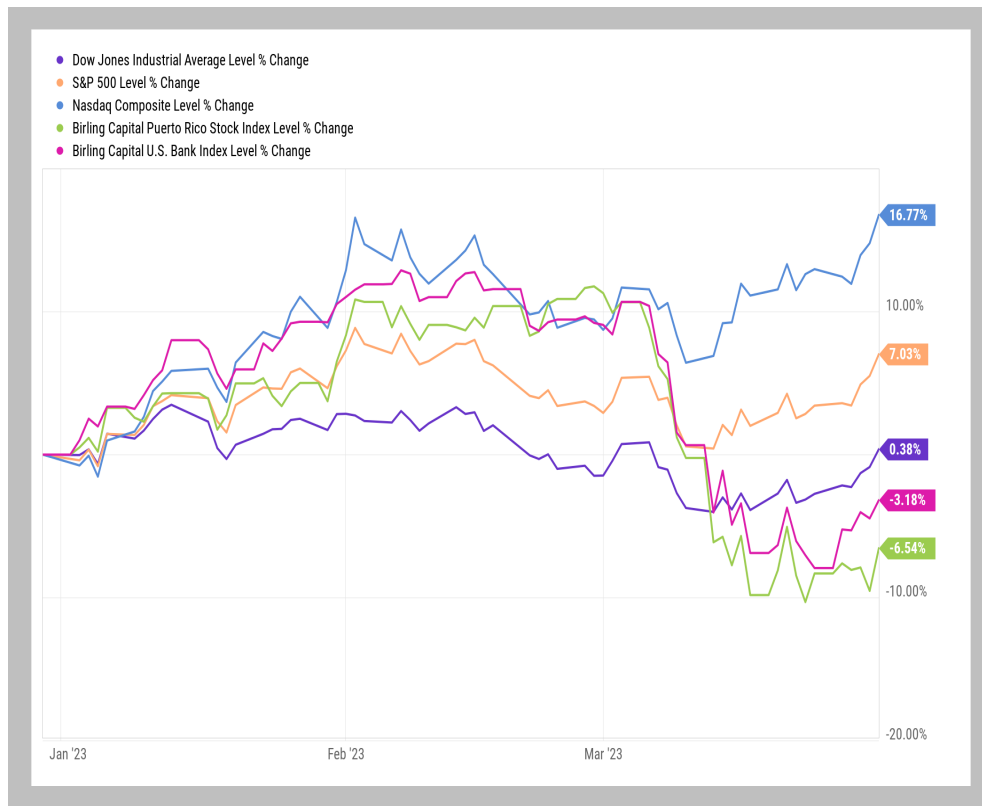
# Section 1: Equity Performance

**Charts and Tables Highlighting the Performance of Stock Market Indices, Sectors, and Individual Securities**

# Key Stock Market Index Performance

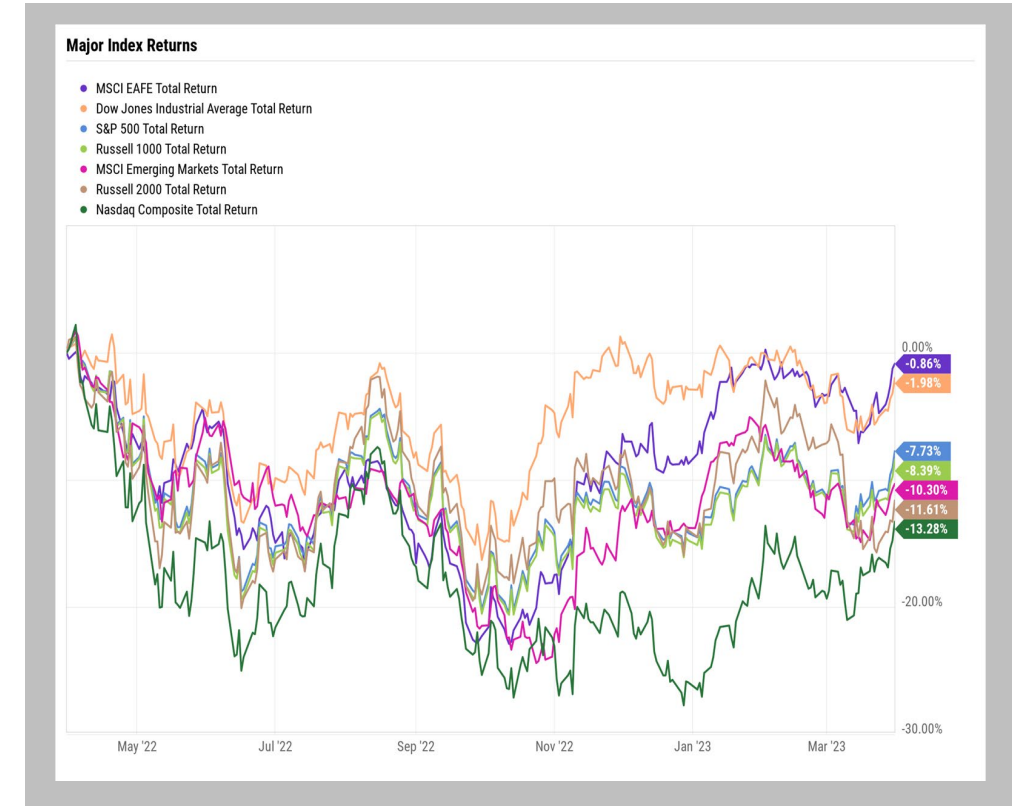
**March 2023:**

NASDAQ, S&P 500 lead indices higher



**Trailing Twelve Months (TTM):**

NASDAQ exits bear market territory,  
Dow approaches even

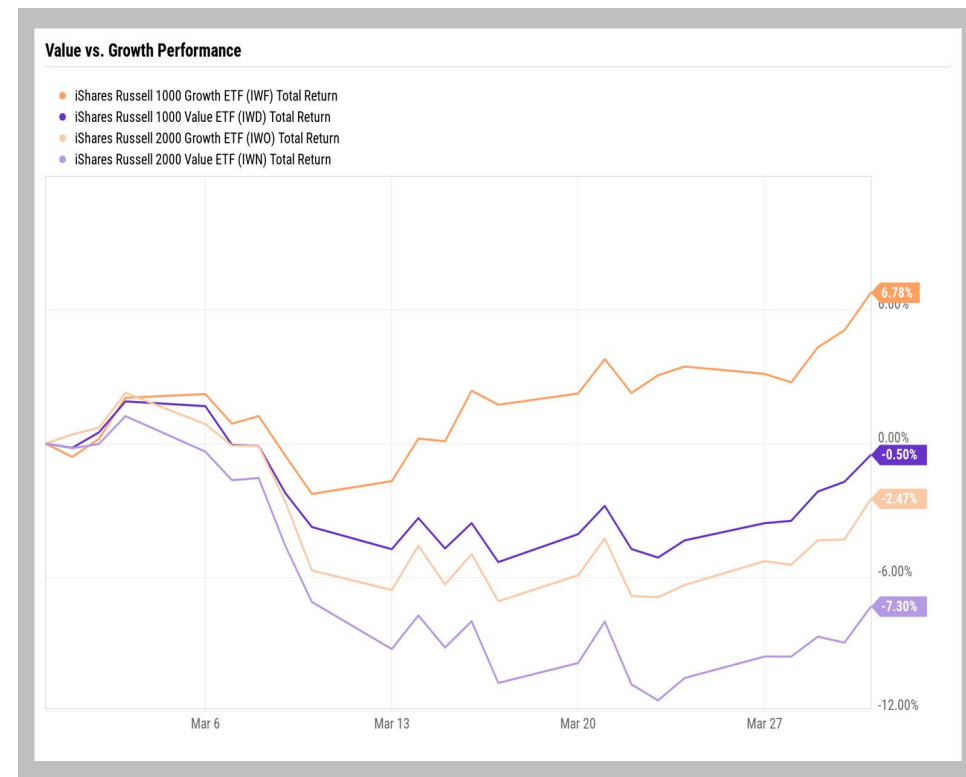




# Value vs. Growth Performance

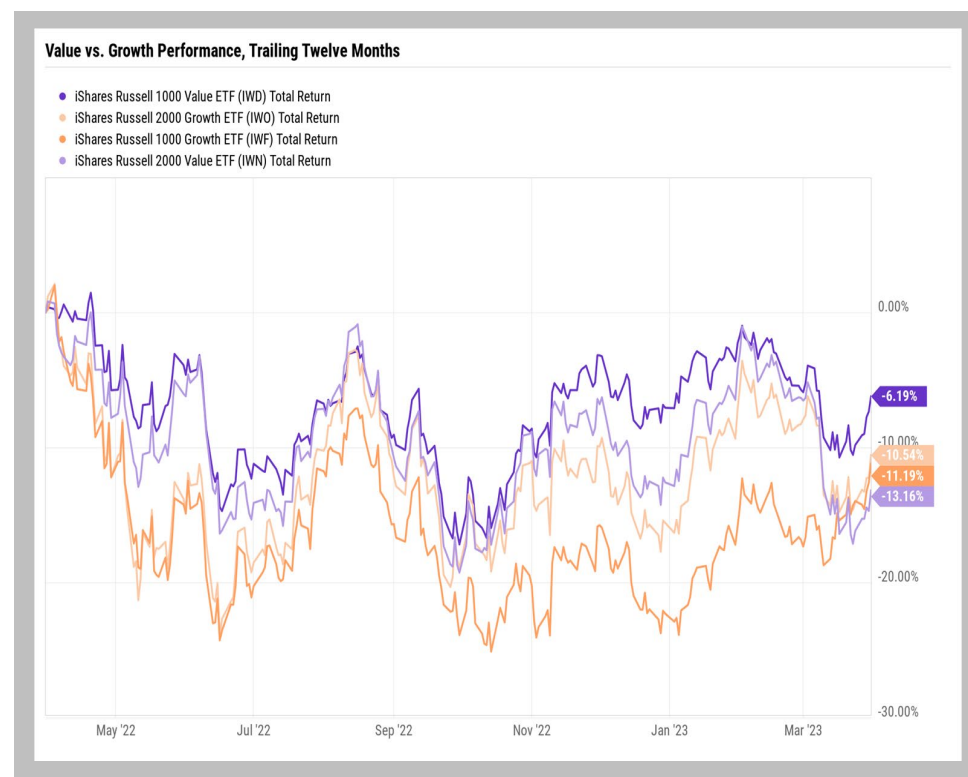
## March 2023:

Large-cap Growth matches NASDAQ performance; Small-cap Value suffers the largest decline



## Trailing Twelve Months (TTM):

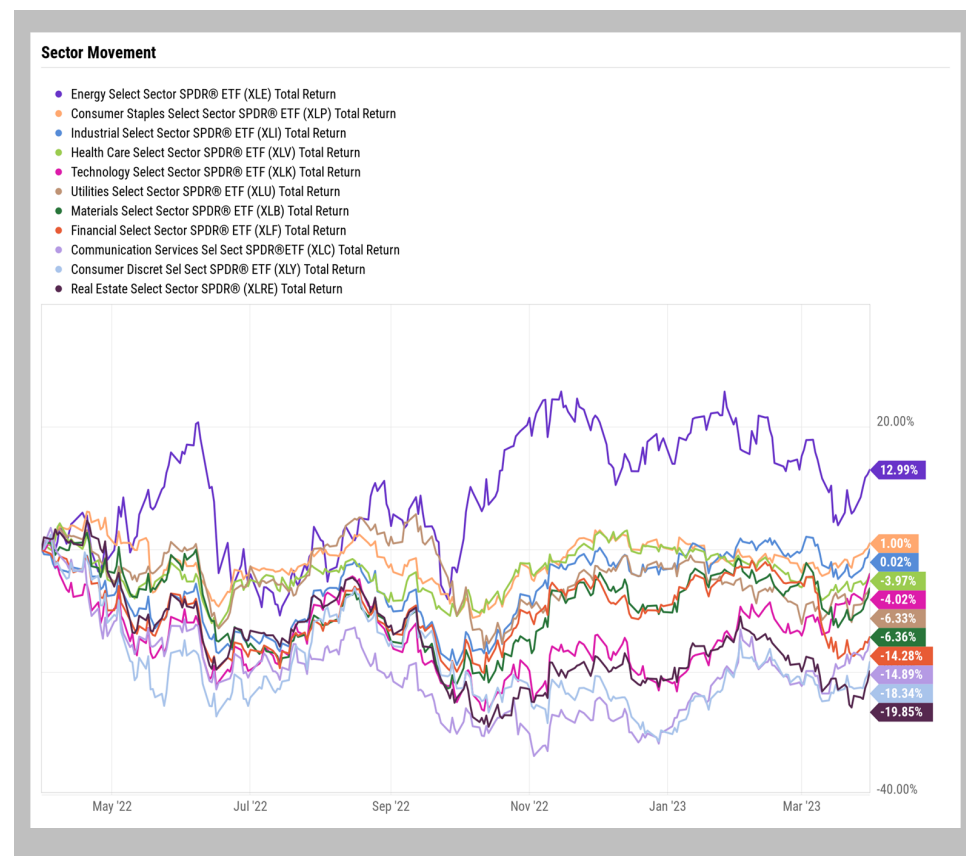
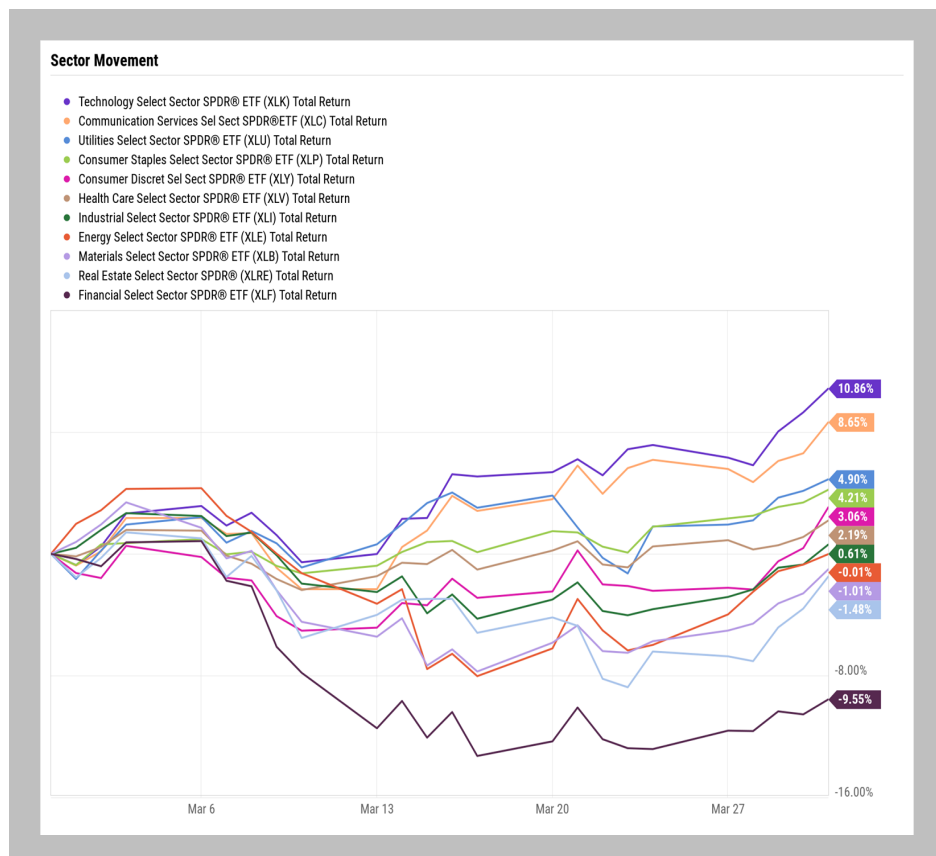
Both Small-cap Growth and Value join Large-cap Growth in correction territory



# Domestic Sector Performance

**March 2023:** Silicon Valley Bank, First Republic Bank fallout drags Financial sector lower

**Trailing Twelve Months (TTM):** Energy continues to outpace all sectors; 8 of 11 sectors negative on TTM basis





# Best-Performing S&P 500 Stocks of the Month

Ticker	Name	Mar Price Returns	YTD Price Returns	Industry	Sector
INTC	Intel	▲ 31.0%	▲ 23.6%	Semiconductors	Technology
FSLR	First Solar	▲ 28.6%	▲ 45.2%	Solar	Technology
AMD	Advanced Micro Devices	▲ 24.7%	▲ 51.3%	Semiconductors	Technology
CRM	Salesforce	▲ 22.1%	▲ 50.7%	Software - Application	Technology
META	Meta Platforms	▲ 21.2%	▲ 76.2%	Internet Content & Information	Communication Services
ANET	Arista Networks	▲ 21.0%	▲ 38.3%	Computer Hardware	Technology
NVDA	NVIDIA	▲ 19.6%	▲ 90.1%	Semiconductors	Technology
ADBE	Adobe	▲ 19.0%	▲ 14.5%	Software - Infrastructure	Technology
ILMN	Illumina	▲ 16.8%	▲ 15.1%	Diagnostics & Research	Healthcare
MSFT	Microsoft	▲ 15.6%	▲ 20.2%	Software - Infrastructure	Technology



# Worst-Performing S&P 500 Stocks of the Month

Ticker	Name	Mar Price Returns	YTD Price Returns	Industry	Sector
FRC	First Republic Bank	▼ -88.6%	▼ -88.5%	Banks - Regional	Financial Services
ZION	Zions Bancorp	▼ -40.9%	▼ -39.1%	Banks - Regional	Financial Services
CMA	Comerica	▼ -38.1%	▼ -35.0%	Banks - Regional	Financial Services
SCHW	Charles Schwab	▼ -32.8%	▼ -37.1%	Capital Markets	Financial Services
KEY	KeyCorp	▼ -31.5%	▼ -28.1%	Banks - Regional	Financial Services
LNC	Lincoln National	▼ -29.2%	▼ -26.9%	Insurance - Life	Financial Services
TFC	Truist Financial	▼ -27.4%	▼ -20.8%	Banks - Regional	Financial Services
CFG	Citizens Financial Group	▼ -27.3%	▼ -22.9%	Banks - Regional	Financial Services
HBAN	Huntington Bancshares	▼ -26.9%	▼ -20.6%	Banks - Regional	Financial Services
FITB	Fifth Third Bancorp	▼ -26.6%	▼ -18.8%	Banks - Regional	Financial Services



# Asset Class Performance

YTD Total Return	1 month Total Return	3 month Total Return	6 month Total Return	1 year Total Return	3 year Total Return	5 year Total Return	10 year Total Return
US Growth 14.4%	US Growth 6.8%	US Growth 14.4%	World exUSA 25.8%	Muni Bonds 0.3%	Commodities 30.5%	US Growth 13.7%	US Growth 14.6%
World exUSA 8.2%	S&P 500 3.7%	World exUSA 8.2%	US Growth 16.9%	World exUSA -2.2%	S&P 500 18.6%	S&P 500 11.2%	S&P 500 12.2%
S&P 500 7.5%	Emerging Markets 3.1%	S&P 500 7.5%	S&P 500 15.6%	US Treasuries -4.5%	US Growth 18.6%	US Value 7.5%	US Value 9.1%
Emerging Markets 4.0%	US Treasuries 2.9%	Emerging Markets 4.0%	Emerging Markets 14.2%	Aggregate Bonds -4.8%	US Value 17.9%	US Real Estate 5.6%	US Small 8.0%
US Treasuries 3.0%	Aggregate Bonds 2.5%	US Treasuries 3.0%	US Value 13.6%	US Value -5.9%	US Small 17.5%	Commodities 4.9%	US Real Estate 6.0%
Aggregate Bonds 3.0%	World exUSA 2.3%	Aggregate Bonds 3.0%	US Small 9.1%	S&P 500 -7.7%	World exUSA 14.1%	US Small 4.7%	World exUSA 5.4%
Muni Bonds 2.8%	Muni Bonds 2.2%	Muni Bonds 2.8%	Muni Bonds 7.0%	Commodities -10.0%	US Real Estate 9.8%	World exUSA 4.3%	Muni Bonds 2.4%
US Small 2.7%	US Value -0.5%	US Small 2.7%	US Real Estate 6.1%	Emerging Markets -10.3%	Emerging Markets 8.2%	Muni Bonds 2.0%	Emerging Markets 2.4%
US Real Estate 1.6%	Commodities -1.1%	US Real Estate 1.6%	Aggregate Bonds 4.9%	US Growth -10.9%	Muni Bonds 0.3%	Aggregate Bonds 0.9%	Aggregate Bonds 1.4%
US Value 1.0%	US Real Estate -1.8%	US Value 1.0%	US Treasuries 3.7%	US Small -11.6%	Aggregate Bonds -2.8%	US Treasuries 0.7%	US Treasuries 0.9%
Commodities -4.9%	US Small -4.8%	Commodities -4.9%	Commodities -1.7%	US Real Estate -18.7%	US Treasuries -4.2%	Emerging Markets -0.5%	Commodities -3.8%

Asset	Index
US Real Estate	Dow Jones US Real Estate Index Total Return
US Growth Stocks	Russell 1000 Growth Total Return
Commodities	S&P GSCI Total Return
US Small Cap	Russell 2000 Total Return
S&P 500	S&P 500 Total Return
US Value Stocks	Russell 1000 Value Total Return
World ex USA	MSCI World Ex USA Total Return
Emerging Markets	MSCI Emerging Markets Total Return
Aggregate Bonds	Barclays US Aggregate Total Return
Muni Bonds	Barclays Municipal Bond Total Return
US Treasuries	Barclays US Treasury Total Return

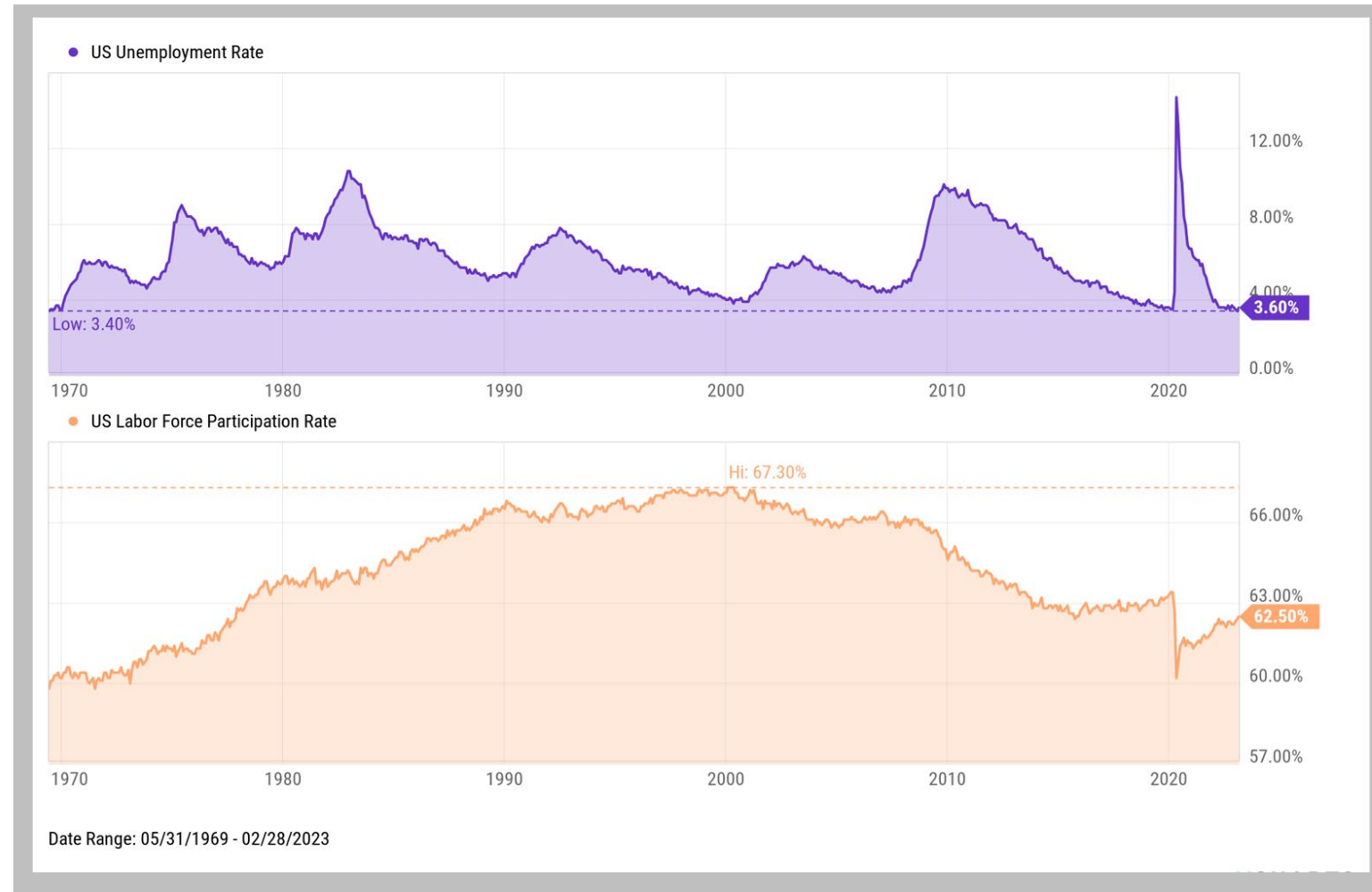


## Section 2: Economic Data

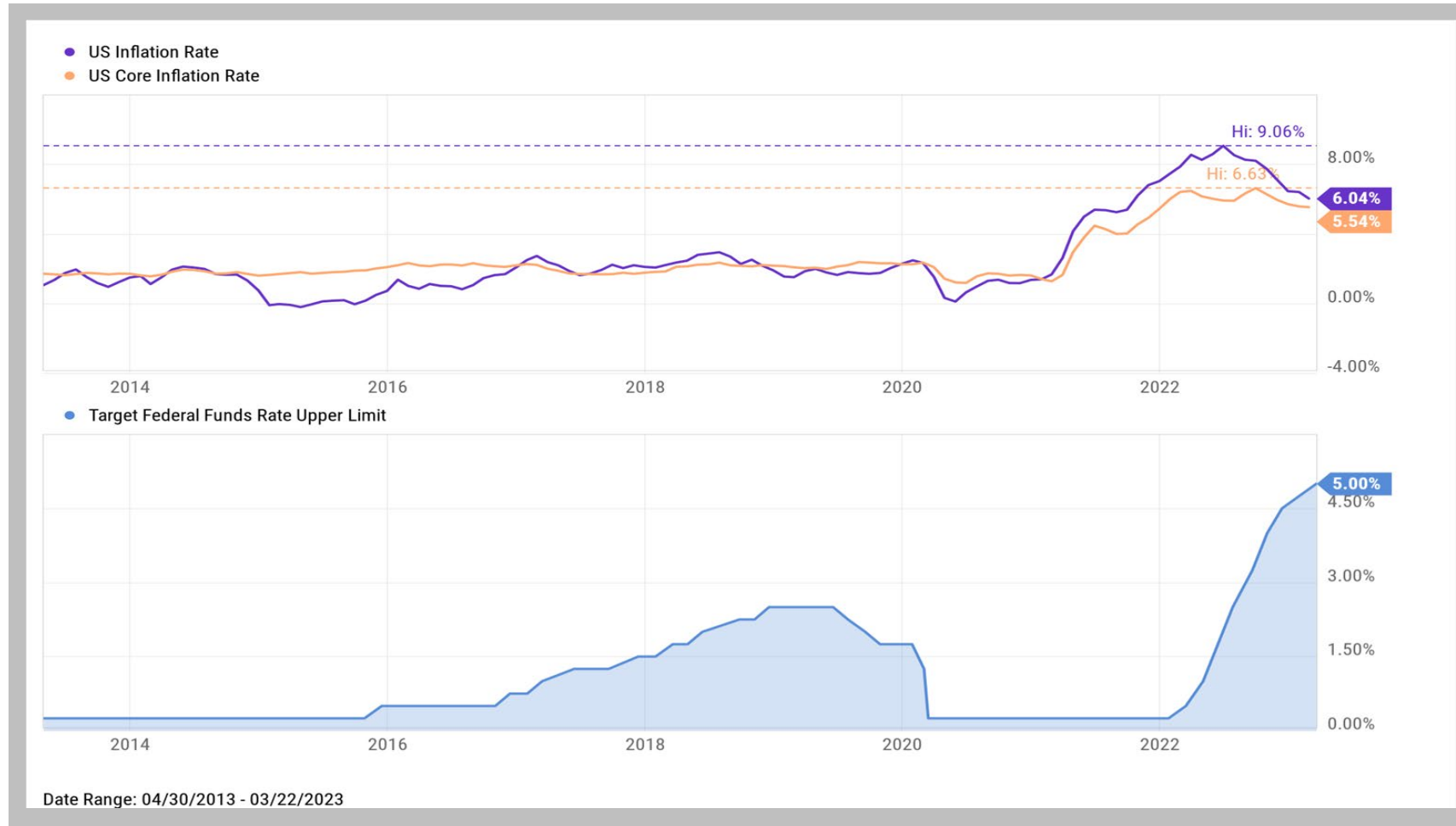
**Select charts and data highlighting the major economic events of the past month**



# Employment



# Inflation vs. Fed Funds Rate





# Housing Prices and Mortgage Rates





# Commodities





# Cryptocurrencies



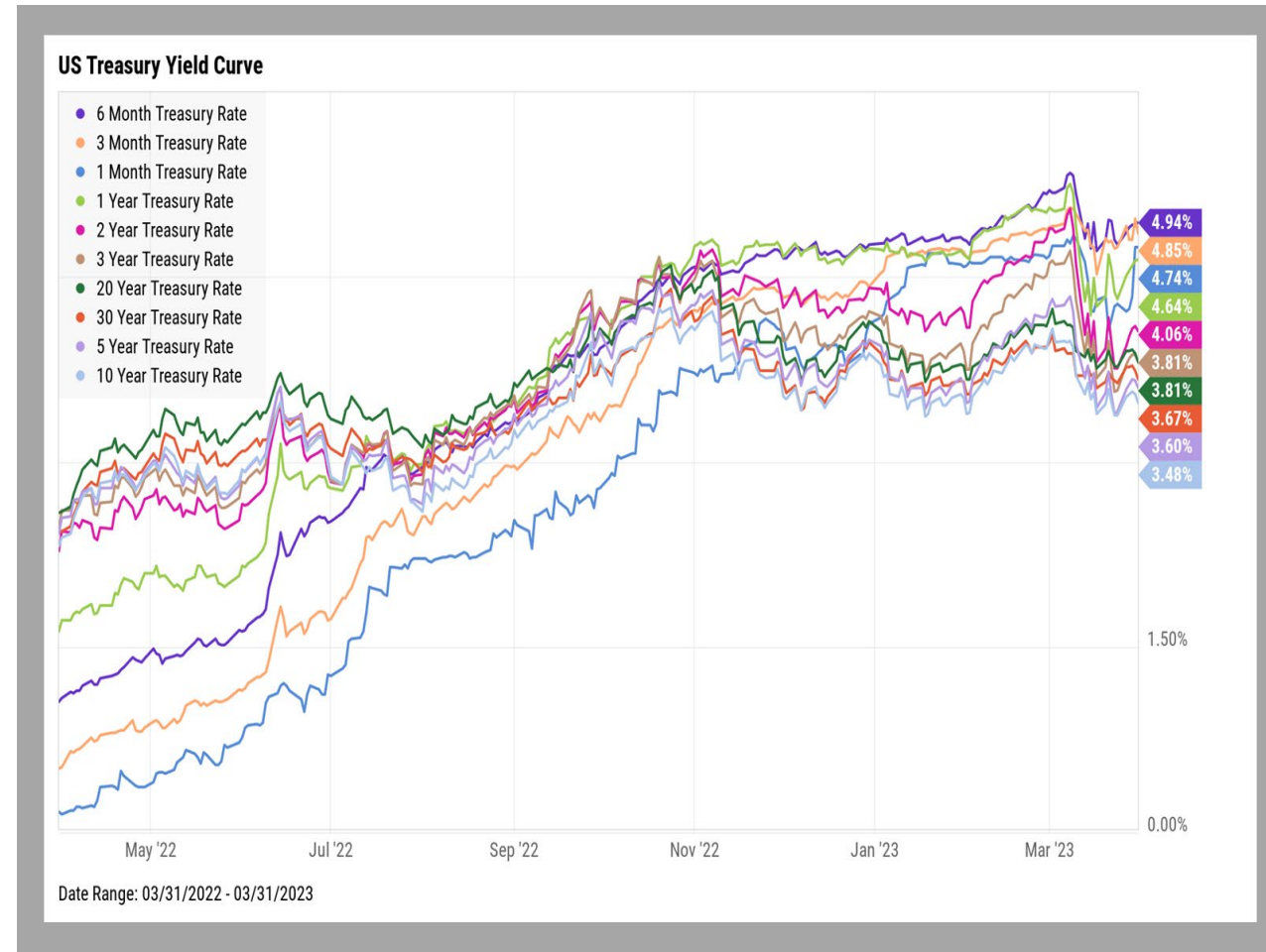


## Section 3: Fixed Income

**Featuring the US Treasury Yield Curve, plus Global and Corporate Bond Yield Data**

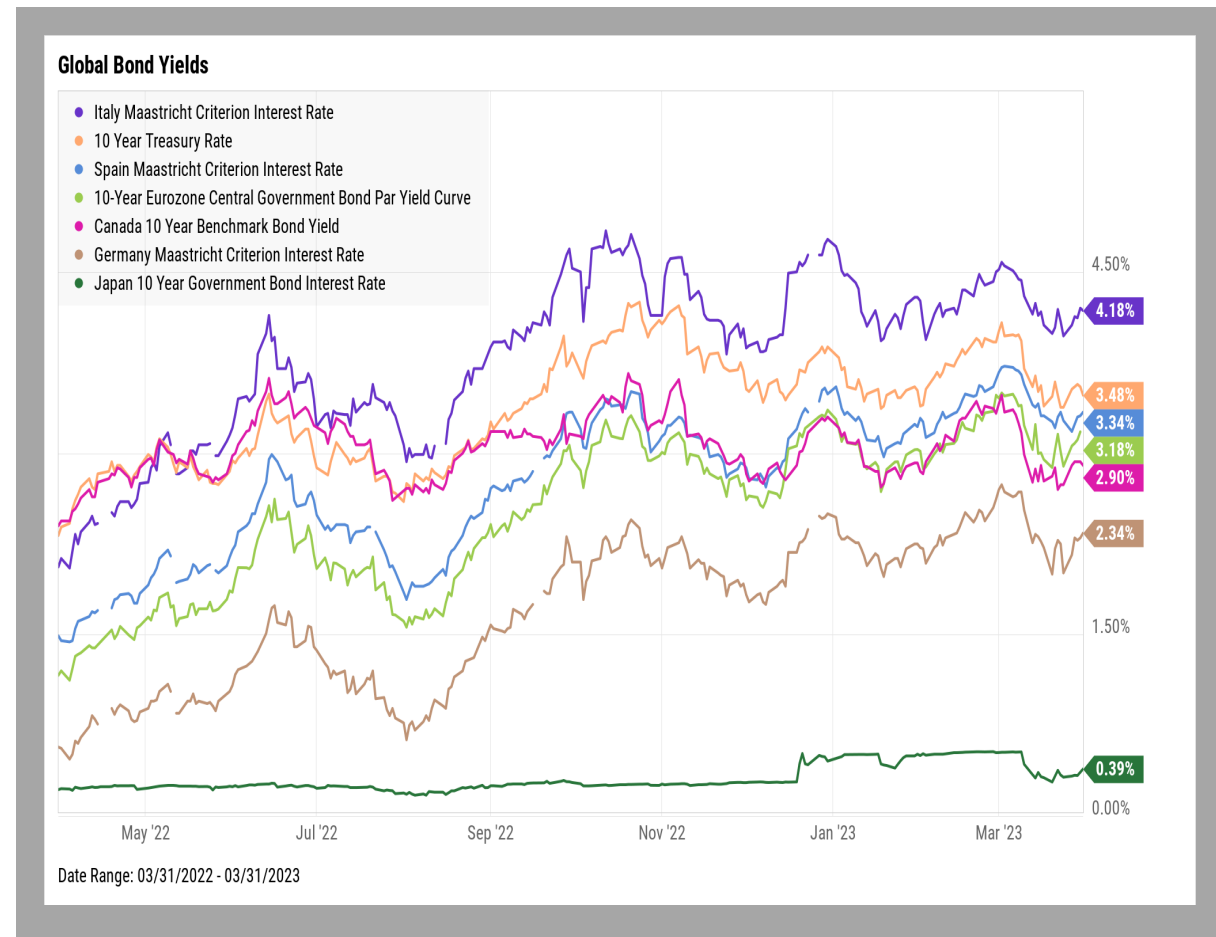
# US Treasury Yield Curve

Duration	Rate	MoM Δ
1-Month	4.74%	▲ 9 bps
3-Month	4.85%	▼ 3 bps
6-Month	4.94%	▼ 23 bps
1-Year	4.64%	▼ 38 bps
2-Year	4.06%	▼ 75 bps
3-Year	3.81%	▼ 70 bps
5-Year	3.60%	▼ 58 bps
10-Year	3.48%	▼ 44 bps
20-Year	3.81%	▼ 29 bps
30-Year	3.67%	▼ 26 bps



# Global Bond Yields

Country	Rate	MoM Δ
Italy	4.18%	▼ 32 bps
US 10-yr	3.48%	▼ 44 bps
Spain	3.34%	▼ 27 bps
Eurozone	3.18%	▼ 17 bps
Canada	2.90%	▼ 43 bps
Germany	2.34%	▼ 28 bps
Japan	0.39%	▼ 13 bps

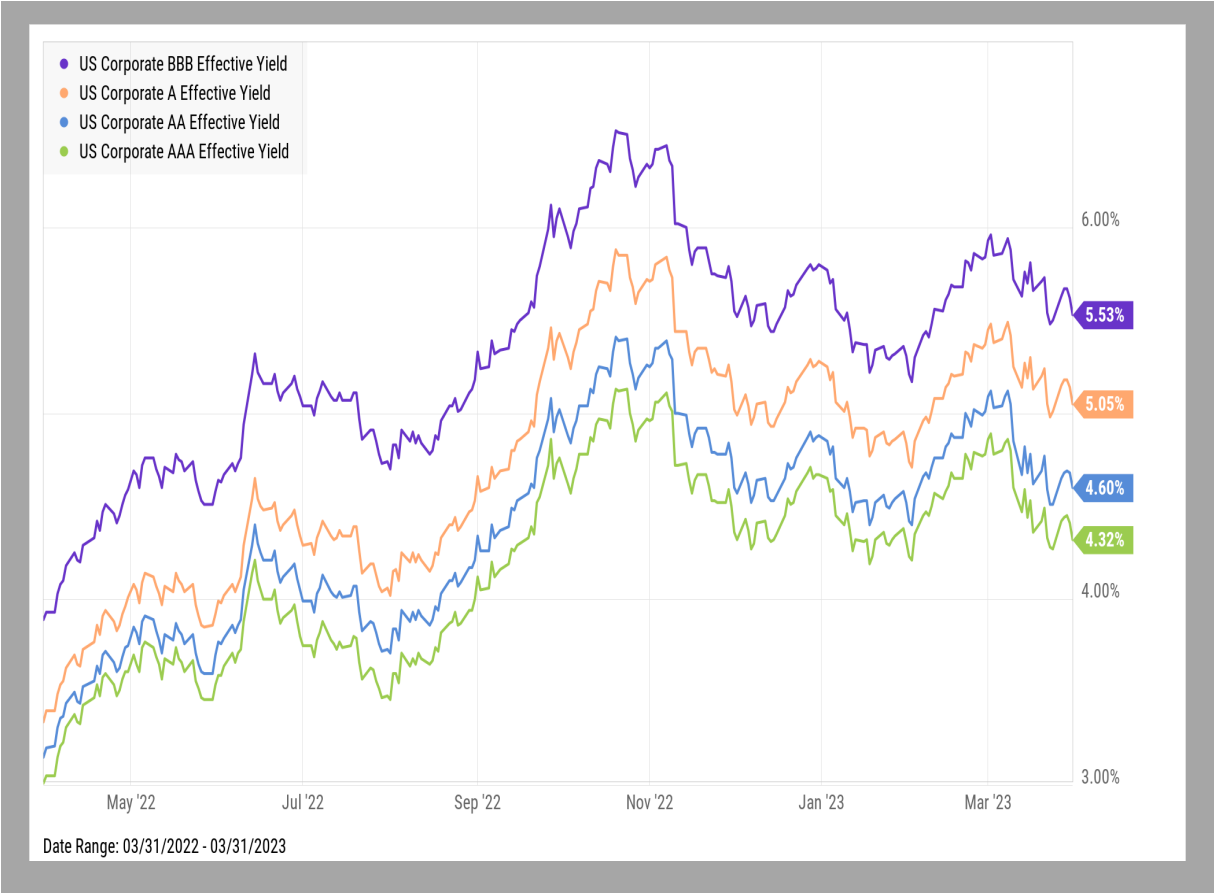






# Corporate Bond Yields

Type	Rate	MoM Δ
BBB	5.53%	▼ 31 bps
A	5.05%	▼ 32 bps
AA	4.60%	▼ 41 bps
AAA	4.32%	▼ 46 bps





## Section 4: The Road Ahead

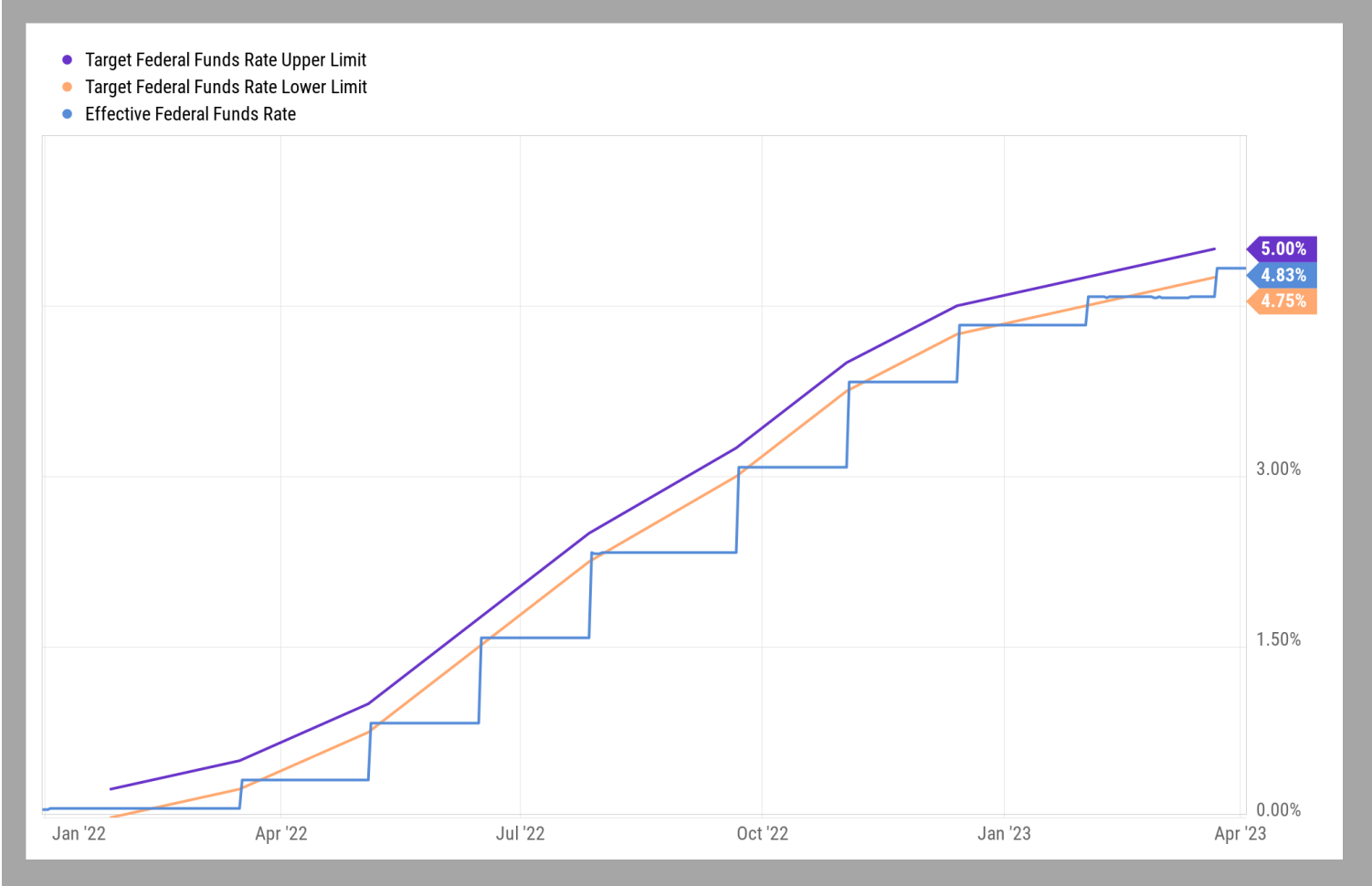
**The Confidence Rises and Sizable opportunities become evident.**

# GDPNow Forecast

Date	GDPNow 1 Q23	Change
1/27/2023	0.70%	Initial Forecast
2/1/2023	2.10%	66.67%
2/8/2023	2.20%	4.55%
2/15/2023	2.40%	8.33%
2/16/2023	2.50%	4.00%
2/24/2023	2.70%	7.41%
2/27/2023	2.80%	3.57%
3/1/2023	2.30%	-21.74%
3/7/2023	2.00%	-15.00%
3/8/2023	2.60%	23.08%
3/15/2023	3.20%	18.75%
3/16/2023	3.20%	0.00%
3/24/2023	3.20%	0.00%
3/31/2023	2.50%	-28.00%
4/3/2023	1.70%	-47.06%



# Federal Reserve Interest Rate Increases





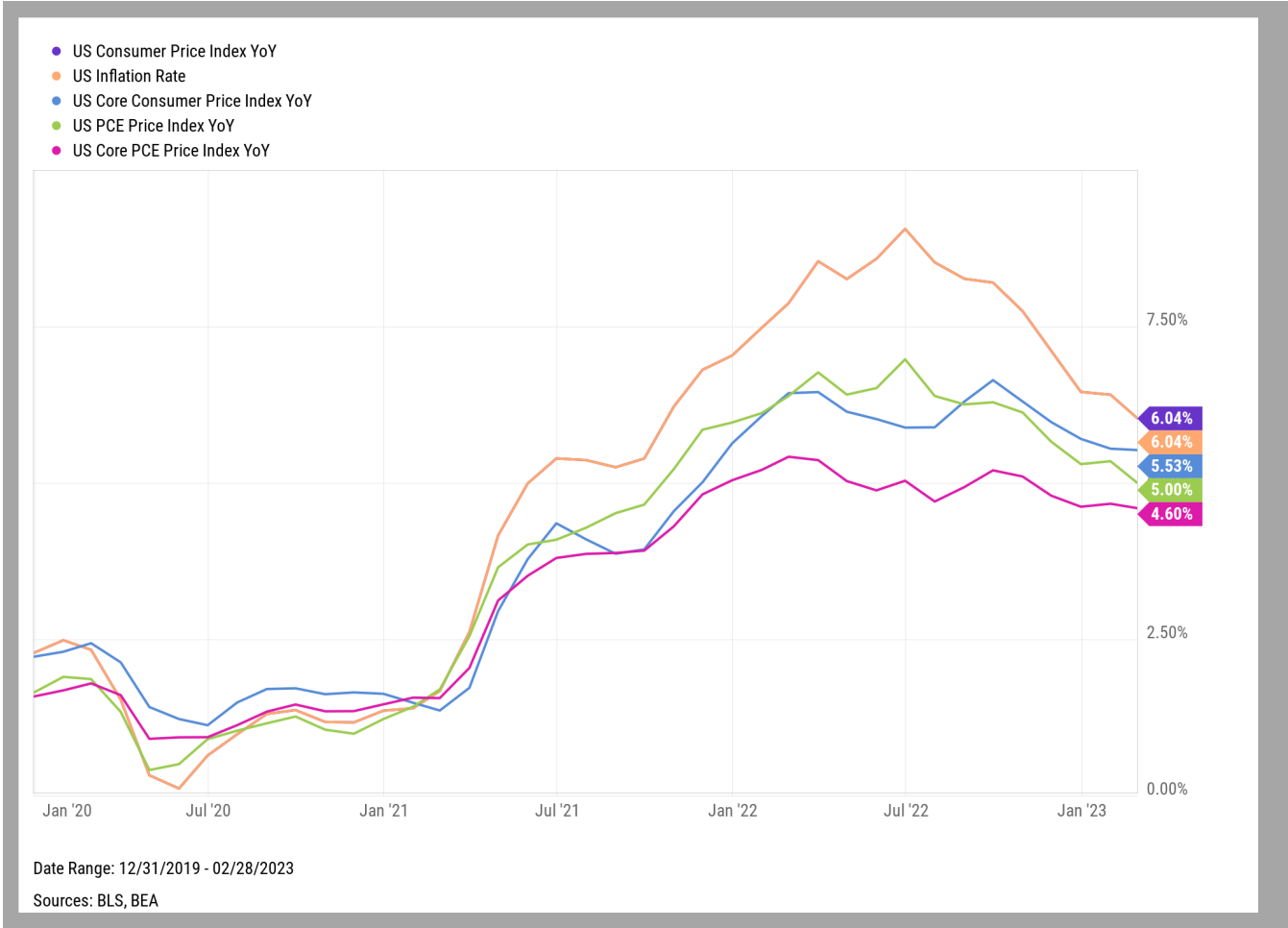
# Federal Reserve Interest Rate Increases

## Federal Reserve Bank

Date	Rate Increase
3/22/2023	0.25%
2/1/2023	0.25%
12/14/2022	0.50%
11/2/2022	0.75%
9/21/2022	0.75%
7/27/2022	0.75%
6/15/2022	0.75%
5/4/2022	0.50%
3/16/2022	0.25%
Total	4.75%



# Inflation Moderating, Investment Opportunities ahead.





## Section 5: Birling Capital Overview



## FIRM OVERVIEW

Birling Capital is a leading corporate advisory & consulting firm that offers broad corporate finance & advisory services to institutional, government, corporate, middle-market companies, family corporations and their owners, in identifying and resolving organizational finance-related issues. We use a holistic approach both assets and liabilities sides with integrated business, personal, family needs and objectives.

Over the past two decades, our firm's principals have advised on more than 150 transactions in the corporate, healthcare, retail, education, insurance, banking and government markets.

**Our value proposition has been implemented with three critical ingredients for success:**

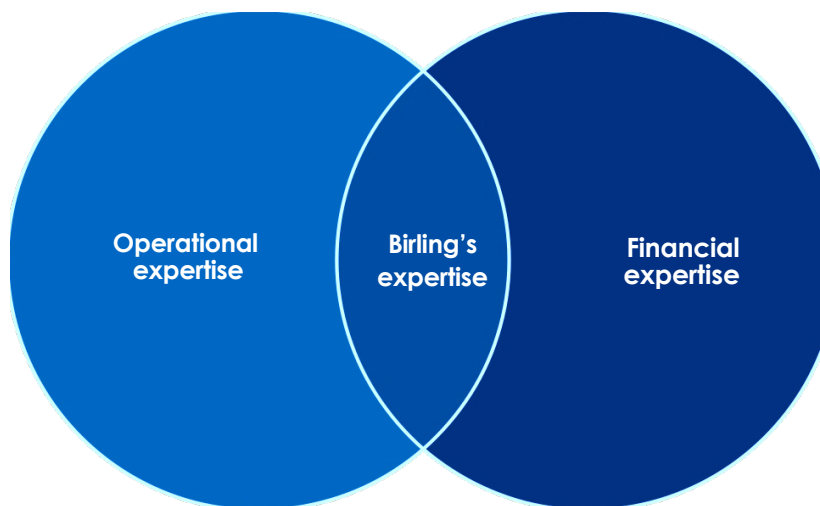


- ❑ Unwavering Commitment to Client Service
- ❑ Unparalleled Degree of Professionalism and Senior-Level Attention
- ❑ Extraordinary Level of Industry Expertise



# Our Integrated Approach

- Crisis management stabilization
- Working capital improvement



- Revenue and profit improvement
- SG&A and cost reduction strategies
- Asset base analysis and optimization
- Corporate simplification
- Finance function transformation
- Interim management including CEO, CFO and COO

- Business review and business planning
- Cashflow management, liquidity review, stabilization and optimization
- Stakeholder negotiation involving covenant resets, refinancing and debt restructuring

- Chief Restructuring Officer (CRO)
- Project management and delivery
- Lead advisor to creditor groups, management teams and other stakeholders

**Birling combines both operational and financial expertise to provide a full service offering. This means we design the solutions and then work with our clients to implement them.**

# Corporate Financial Planning (CFP)



Birling Capital's holistic service approach





**BIRLING**  
CAPITAL ADVISORS, LLC



Francisco Rodríguez-Castro  
President & Chief Executive Officer



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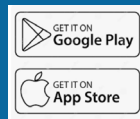


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