

# Fourth Quarter 2021 Review

## Executive Summary – 4Q2021

- Despite a second year with COVID-19 as the dominant headline, the S&P 500 turned in a strong return of +11.0% in the fourth quarter and 28.7% for 2021, its third double-digit year. Large Cap outperformed Mid- and Small-Caps for the quarter and the year while Growth outperformed Value. U.S. stocks beat international markets, bolstering our long-standing domestic bias.
- **Just days before year-end, the S&P 500 notched its 70<sup>th</sup> record close for the year, its second-best year for record highs behind 1995.** The year saw only one pullback in excess of 5% when the market fell -5.2% during September; historically the market experiences such pullbacks every four or five months.
- **Most fixed income assets turned in mildly positive returns for the quarter but finished the year in negative territory other than High Yield.** The Bloomberg Barclays Aggregate Bond Index ended the year down -1.5%, marking only the fourth negative-year return in its 45-year history. The 10-year U.S. Treasury yield fell slightly during the fourth quarter, finishing the year at 1.51%, though this is higher than its yield of 0.91% at the start of the year.
- **The Federal Reserve** announced it would accelerate the pace of its asset-purchase reduction and, in December, indicated there may be three rate hikes in 2022 to counteract persistent inflation.
- An extremely narrow market breadth – where **a handful of tech/meme stocks were primarily responsible for driving the S&P 500's gains** – impacted our active fund managers' ability to outperform with their higher-quality focus.
- Although challenges remain with regard to COVID and supply chain disruptions, **we see a positive but realistic outlook for stocks and for quality-focused selectivity by active managers.**

## Asset Class Returns Ending December 31, 2021

US EQUITY	4Q2021	2021
Large-Cap (S&P 500)	11.03%	28.71%
Mid-Cap (Russell MidCap)	6.44%	22.58%
Small-Cap (Russell 2000)	2.14%	14.82%
Large-Cap Growth (Russell 1000 Growth)	11.64%	27.60%
Large-Cap Value (Russell 1000 Value)	7.77%	25.16%
All-Cap (Russell 3000)	9.28%	25.66%

### NON-US EQUITY

Developed Large Cap (MSCI EAFE)	2.69%	11.26%
Developed Small Cap (MSCI EAFE Small Cap)	0.07%	10.10%
Emerging Markets (MSCI EM)	-1.31%	-2.54%

### US FIXED INCOME

Core Taxable Bonds (Bloomberg US Agg)	0.01%	-1.54%
US Government (Bloomberg US Govt)	0.15%	-2.28%
Investment Grade (BofA US Corporate)	0.17%	-0.95%
High Yield (BofA US High Yield)	0.66%	5.36%
US Mortgage-Backed (Bloomberg US MBS)	-0.37%	-1.04%
Non-US Developed Bonds (BBg Global Agg)	-1.00%	-6.86%

### OTHER ASSET CLASSES

REITs (FTSE Nareit All Equity REITs)	16.17%	41.30%
Commodities (Bloomberg Commodity)	-1.56%	27.11%
Gold (S&P GSCI Gold)	3.96%	-4.28%
HFRI-I Liquid Alternatives	0.31%	2.66%

### LEVELS

	12/31/2021	12/31/2020
10-year U.S. Treasury Yield	1.51%	0.91%
Crude Oil	\$75.21	\$48.52
Gold/oz	\$1,829	\$1,895
CBOE VIX	17.22%	22.75%

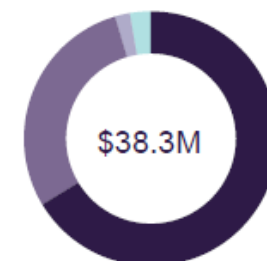
# Episcopal Diocese Performance – December 31, 2021

## YTD Activity

Beginning Market Value	34,093,434.58
Beginning Accrued Income	.00
Beginning Portfolio Value	34,093,434.58
Net Contributions and Withdrawals	-452,471.46
Income Earned	1,559,405.51
Fees	-169,742.79
Market Appreciation	3,296,260.79
Ending Market Value	38,315,637.23
Ending Accrued Income	11,249.40
Ending Portfolio Value	38,326,886.63

## Allocation

	% of Mkt Val
Total Equity	63.9
Fixed Income	29.1
Non-Traditional	4.0
Short Term	2.7



	<u>4Q21</u>	<u>2021</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Inception 5/31/16</u>
<b>Episcopal Diocese (Gross Return)</b>	<b>5.47%</b>	<b>14.40%</b>	<b>14.40%</b>	<b>16.67%</b>	<b>12.69%</b>	<b>12.14%</b>
<b>70/30 Portfolio Benchmark</b>	6.03%	15.96%	15.96%	17.42%	12.40%	11.97%
<i>52.5% S&amp;P 1500 / 17.5% MSCI EAFE / 30% Aggregate Bond</i>						