

**Fourth Quarter 2023**

*Truist Foundations & Endowments Specialty Practice*

# Performance Summary as of December 31, 2023

| EQUITY ASSET CLASSES Total Return        | 4Q23  | 2023  | 2022   |
|--|-------|-------|--------|
| All Cap Russell 3000                     | 12.1% | 26.0% | -19.2% |
| Large Cap - S&P 500                      | 11.7% | 26.3% | -18.1% |
| Large Cap Growth (R1000 Growth)          | 14.2% | 42.7% | -29.1% |
| Large Cap Value (R1000 Value)            | 9.5%  | 11.5% | -7.5%  |
| Mid Cap (Russell MidCap)                 | 12.8% | 17.2% | -17.3% |
| Small Cap (R2000)                        | 14.0% | 16.9% | -20.4% |
| International Dev'd (MSCI EAFE)          | 10.4% | 18.2% | -14.5% |
| International Emerging Markets (MSCI EM) | 7.9%  | 9.8%  | -20.1% |

| FIXED INCOME ASSET CLASSES Total Return    | 4Q23 | 2023  | 2022   |
|--|------|-------|--------|
| Core Fixed Income - BBG Aggregate          | 6.8% | 5.5%  | -13.0% |
| US Government (BBG US Govt)                | 5.6% | 4.1%  | -12.3% |
| Investment Grade Corporates (BoFA US Corp) | 7.9% | 8.0%  | -15.8% |
| High Yield Corporates (BoFA US High Yield) | 7.1% | 13.5% | -11.2% |
| US Mortgage-Backed Secs (BBG US MBS)       | 7.4% | 5.1%  | -11.8% |

| OTHER ASSET CLASSES Total Return     | 4Q23  | 2023  | 2022   |
|--------------------------------------|-------|-------|--------|
| REITs (FTSE Nareit All Equity REITs) | 18.0% | 11.4% | -25.0% |
| Commodities (BBG Commodity)          | -4.6% | -7.9% | 16.9%  |
| Gold (S&P GSCI Gold)                 | 11.4% | 12.8% | -0.7%  |

| Rates (%)                              | 12/31/23 | 9/30/23 | 6/30/23 | 3/31/23 | 12/31/22 |
|--|----------|---------|---------|---------|----------|
| Fed Funds Target (Upper band of range) | 5.50     | 5.50    | 5.25    | 5.00    | 4.50     |
| T-Bill, 3-Month                        | 5.35     | 5.45    | 5.31    | 4.75    | 4.41     |
| 2-Year Treasury                        | 4.25     | 5.03    | 4.87    | 4.06    | 4.41     |
| 5-Year Treasury                        | 3.84     | 4.60    | 4.12    | 3.60    | 4.00     |
| 10-Year Treasury                       | 3.87     | 4.57    | 3.81    | 3.49    | 3.87     |
| 30-Year Treasury                       | 4.03     | 4.70    | 3.85    | 3.68    | 3.96     |
| Bloomberg Aggregate (YTW)              | 4.53     | 5.39    | 4.81    | 4.40    | 4.68     |

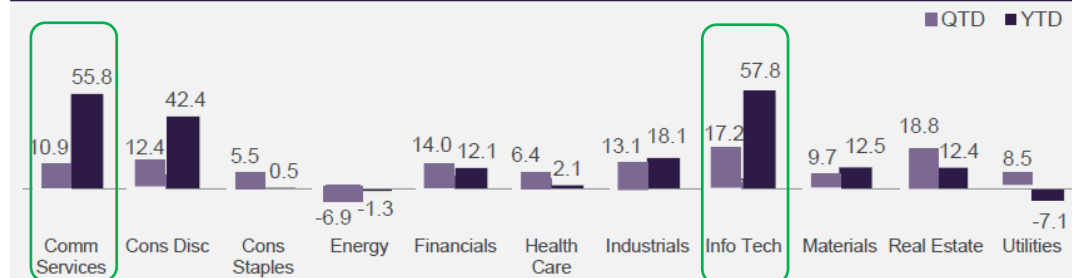
| Currencies      | 12/31/23 | 9/30/23 | 6/30/23 | 3/31/23 | 12/31/22 |
|-----------------|----------|---------|---------|---------|----------|
| Euro (\$/€)     | 1.10     | 1.06    | 1.09    | 1.09    | 1.07     |
| Yen (¥/\$)      | 140.98   | 149.23  | 144.54  | 133.09  | 131.95   |
| Pound (\$/£)    | 1.27     | 1.22    | 1.27    | 1.24    | 1.20     |
| Commodities     | 12/31/23 | 9/30/23 | 6/30/23 | 3/31/23 | 12/31/22 |
| Crude Oil (WTI) | 71.65    | 90.79   | 70.64   | 75.67   | 80.26    |
| Gold            | 2,072    | 1,866   | 1,929   | 1,986   | 1,826    |
| Volatility      | 12/31/23 | 9/30/23 | 6/30/23 | 3/31/23 | 12/31/22 |
| CBOE VIX        | 12.45    | 17.52   | 13.59   | 18.70   | 21.67    |

## U.S. style % total returns (S&P indexes)

2023

|       | Value | Core  | Growth |
|-------|-------|-------|--------|
| Large | 22.23 | 26.29 | 30.03  |
| Mid   | 15.39 | 16.44 | 17.49  |
| Small | 14.89 | 16.05 | 17.10  |

## S&P 500 sector % total returns



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## Reviewing 2023 / Outlook for 2024

### Reflections on 4Q23 and 2023

- ❖ The equity market and economy exceeded most expectations for 4Q23 and the year.
- ❖ The S&P 500 returned 11.7% in 4Q and an outsized gain of 26.3% for all of 2023. This is a reversal from 2022's loss of -18%. For the two years combined, the S&P 500 is up a mere 3%.
- ❖ The ten largest companies in the S&P 500 account for a record-high 32% of the market and house the companies and sectors that dominated 2023's returns.
- ❖ Seven of these highfliers, dubbed the *Magnificent 7*, rose 76% in 2023. The remaining 493 stocks rose 14%.
- ❖ The 10-year Treasury yield ended where it began, at 3.88%, but traded in a wide range of 3.3% to 4.9%. The Bond Market as measured by the Bloomberg Barclays Aggregate Bond index gained 5.5%, barely beating cash returns of 5%. After plunging -13% in 2022, its two-year return is still negative, -4.4%.
- ❖ The Federal reserve left its Fed Funds rate unchanged in 4Q23 but had raised this rate by 100 basis points throughout 2023, ending at 5.25%.

### Considerations going forward: Crosscurrents

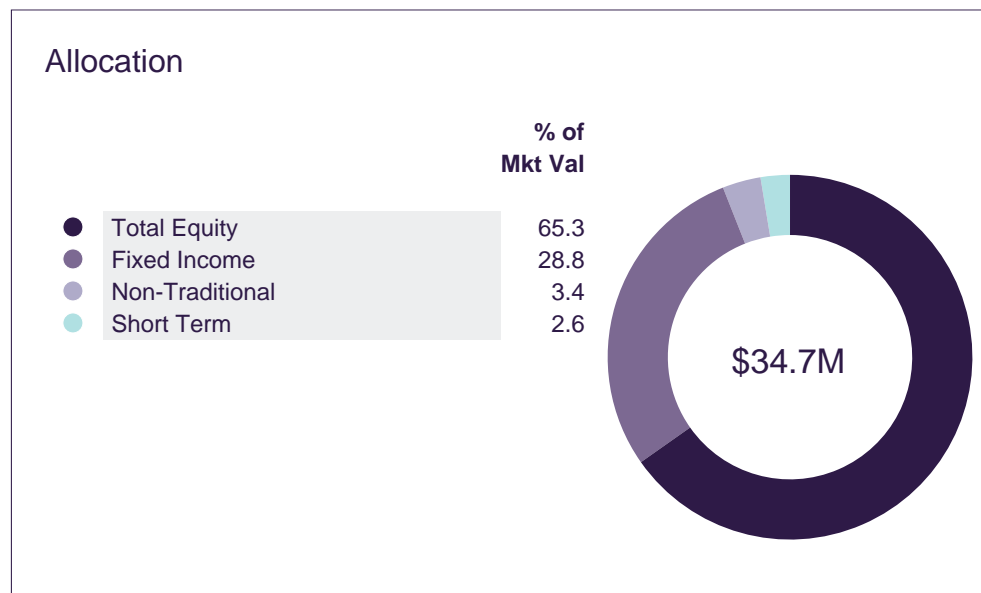
- ❖ Crosscurrents frame the environment for the economy and financial markets, with uncertainty about whether the Fed will be able to achieve a soft landing. We expect U.S. GDP to slow to roughly 1% in 2024.
- ❖ Positive crosscurrents include ongoing fiscal spending, a firm job market supporting consumers, lower inflation, and anticipated Fed rate cuts in 2024.
- ❖ Negative crosscurrents include the lagged impact of the Fed's rate hikes on consumer and companies, the possibility that the Fed stays higher for longer, and the start of an election year which often accompanies choppy financial markets.
- ❖ We continue to expect U.S. large cap companies to weather the uncertainty better than their international or smaller domestic counterparts; as such we remain overweight in U.S. large caps for client portfolios.
- ❖ In our fixed income portfolios, we're focusing on higher quality bonds until credit spreads are realigned.
- ❖ **We will remain keenly tactical and ready for catalysts that continue to frame the environment.**

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## Truist Performance Report

December 31, 2022 to December 31, 2023

Managed Since: June 01, 2016



### Selected Period Performance

|   | Market Value | 4Q23  | Year to Date 2023 | 2 Years | 3 Years | 5 Years | Inception to Date 06/01/2016 | *Standard Deviation |
|---|--------------|-------|-------------------|---------|---------|---------|------------------------------|---------------------|
| EPISCO DIOCESE DIT                      | 34,682,230   | 9.89  | 14.62             | -0.88   | 3.98    | 9.31    | 8.55                         | Episco 13.03        |
| Bench*: 52.5/17.5/30 SP1500 EAFE BB AGG |              | 10.07 | 18.14             | -0.68   | 5.04    | 10.10   | 8.67                         | Bench 14.04         |

\*Does not include cash

## ECONOMY / FEDERAL RESERVE

- ❖ **U.S. leadership expected to endure globally**
- ❖ **Crosscurrents will challenge the Fed's ability to deliver a soft landing**
- ❖ **U.S. consumer, though relatively less interest-rate sensitive, starting to face some headwinds**

## FINANCIAL MARKETS

- ❖ **Concentration risk dominated equity market performance in 2023**
- ❖ **Earnings surprised to the upside in 2023; 2024's earnings will hold key to valuations**
- ❖ **Maintaining our focus on U.S. large cap due to uncertainty from soft landing challenges and an election year**