

2023 Annual Market Review

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This report features world capital market performance for the past year.

Overview:

Market Summary

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Commodities


Fixed Income

Global Fixed Income



Market Summary

Index returns

| | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|-----------------------|---|---|---|---|---|---|
| 2023 | STOCKS | | | | BONDS | |
| | 25.96% | 17.94% | 9.83% | 10.23% | 5.53% | 8.32% |
| |  |  |  |  |  |  |
| Since Jan. 2001 | | | | | | |
| Average Yearly Return | 9.6% | 6.6% | 11.3% | 9.2% | 3.8% | 3.8% |
| Best Year | 33.6% | 39.4% | 78.5% | 37.4% | 10.3% | 8.8% |
| | 2013 | 2003 | 2009 | 2006 | 2002 | 2014 |
| Worst Year | -37.3% | -43.6% | -53.3% | -45.7% | -13.0% | -9.8% |
| | 2008 | 2008 | 2008 | 2008 | 2022 | 2022 |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT 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]). S&P data © 2024 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 2024, all rights reserved. Bloomberg data provided by Bloomberg.

US Stocks

2023 index returns

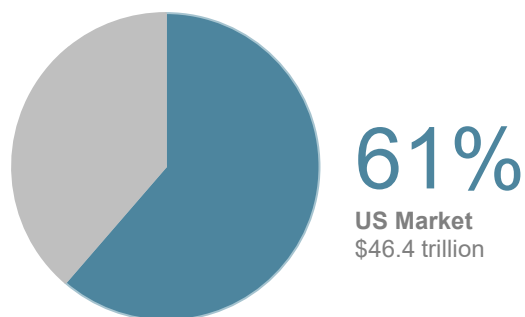
The US equity market posted positive returns for the year and outperformed both non-US developed and emerging markets.

Value underperformed growth.

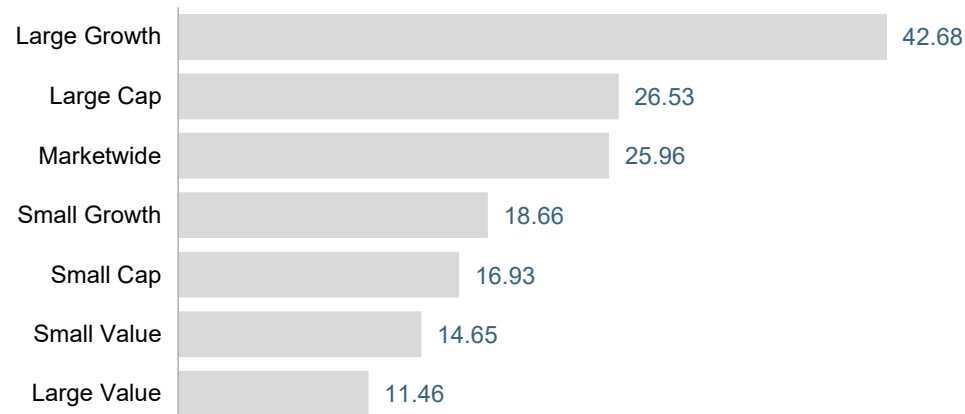
Small caps underperformed large caps.

REIT indices underperformed equity market indices.

World Market Capitalization—US



Ranked Returns (%)



Period Returns (%)

| Asset Class | Annualized | | | |
|--------------|------------|---------|---------|----------|
| | 1 Year | 3 Years | 5 Years | 10 Years |
| Large Growth | 42.68 | 8.86 | 19.50 | 14.86 |
| Large Cap | 26.53 | 8.97 | 15.52 | 11.80 |
| Marketwide | 25.96 | 8.54 | 15.16 | 11.48 |
| Small Growth | 18.66 | -3.50 | 9.22 | 7.16 |
| Small Cap | 16.93 | 2.22 | 9.97 | 7.16 |
| Small Value | 14.65 | 7.94 | 10.00 | 6.76 |
| Large Value | 11.46 | 8.86 | 10.91 | 8.40 |

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International Developed Stocks

2023 index returns

Developed markets outside of the US posted positive returns for the year and underperformed the US market, but outperformed emerging markets.

Value outperformed growth.

Small caps underperformed large caps.

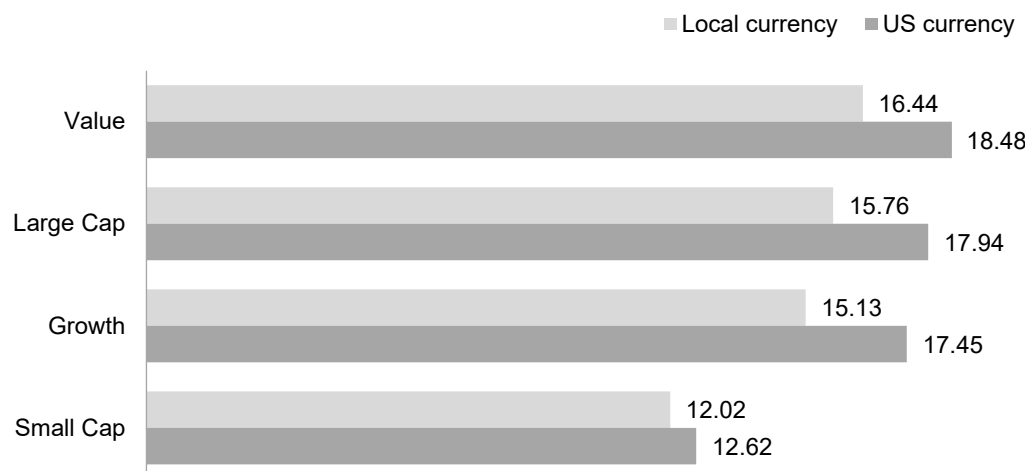
World Market Capitalization—International Developed

28%

International
Developed Market
\$21.0 trillion



Ranked Returns (%)



Period Returns (%)

| Asset Class | 1 Year | 3 Years | Annualized | |
|-------------|--------|---------|------------|----------|
| | | | 5 Years | 10 Years |
| Value | 18.48 | 8.19 | 7.48 | 3.29 |
| Large Cap | 17.94 | 4.42 | 8.45 | 4.32 |
| Growth | 17.45 | 0.44 | 8.94 | 5.08 |
| Small Cap | 12.62 | -0.20 | 7.05 | 4.63 |

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Emerging Markets Stocks

2023 index returns

Emerging markets posted positive returns for the year and underperformed both US and non-US developed markets.

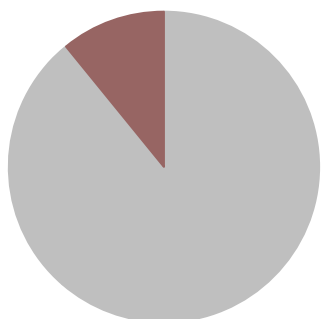
Value outperformed growth.

Small caps outperformed large caps.

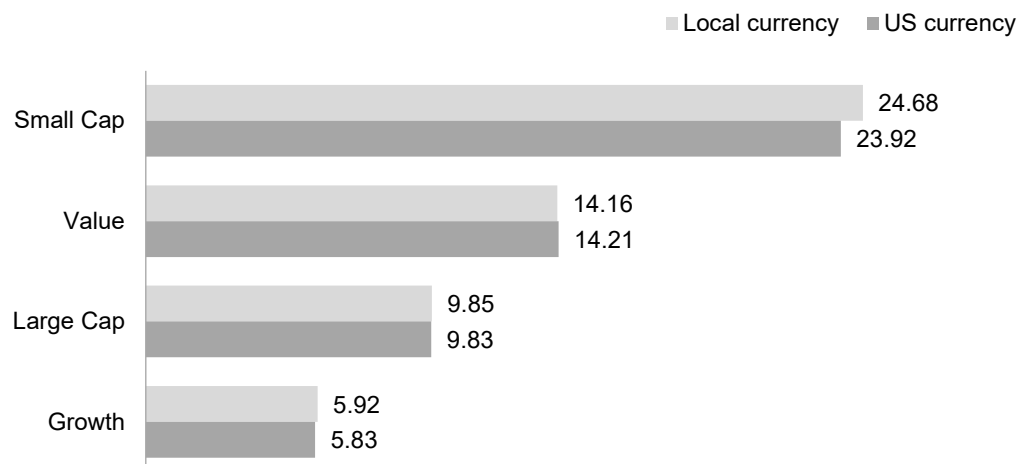
World Market Capitalization—Emerging Markets

11%

Emerging Markets
\$8.2 trillion



Ranked Returns (%)



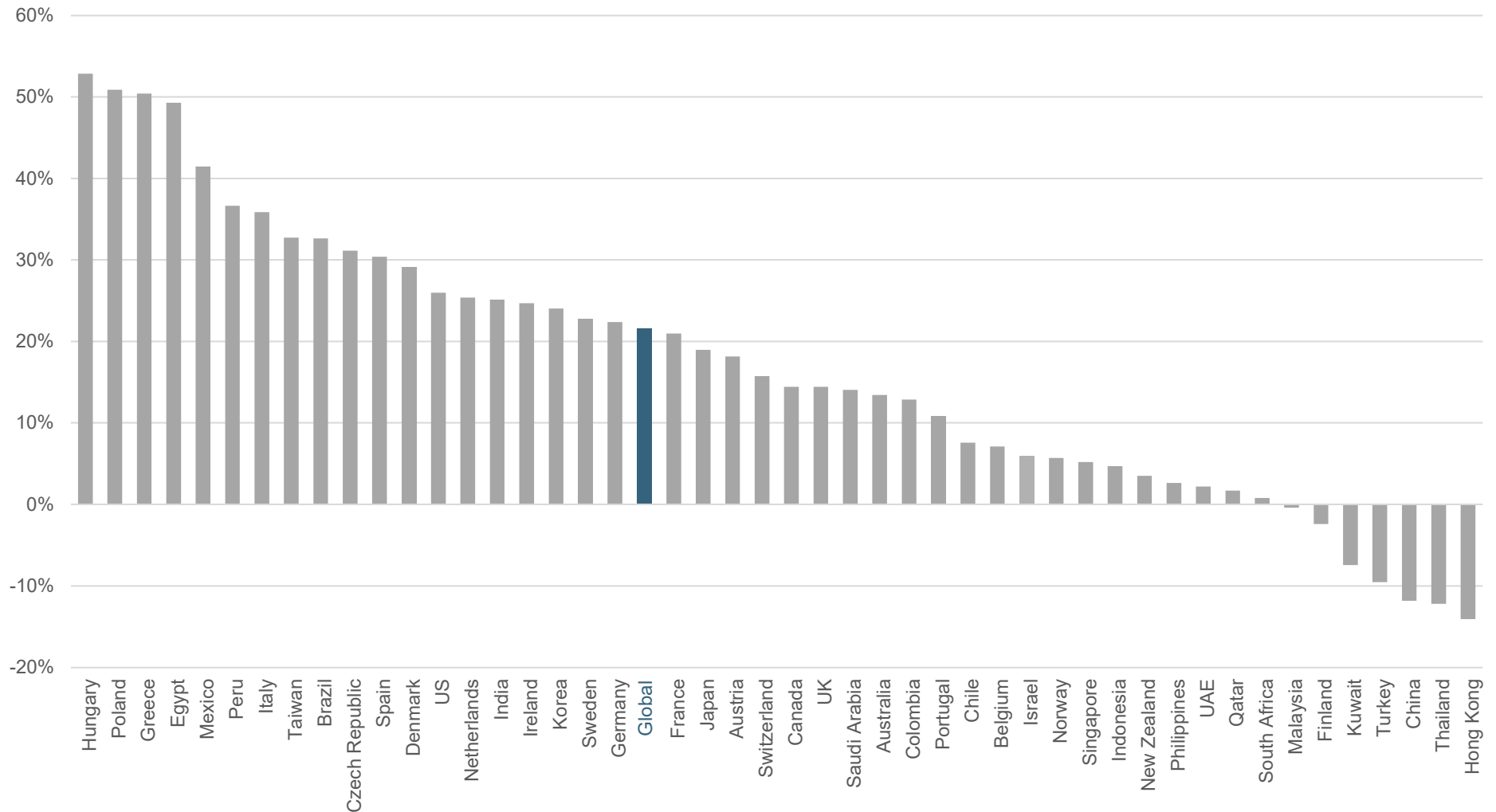
Period Returns (%)

| Asset Class | Annualized | | | |
|-------------|------------|---------|---------|----------|
| | 1 Year | 3 Years | 5 Years | 10 Years |
| Small Cap | 23.92 | 6.45 | 9.92 | 5.34 |
| Value | 14.21 | -0.01 | 3.37 | 1.94 |
| Large Cap | 9.83 | -5.08 | 3.68 | 2.66 |
| Growth | 5.83 | -9.67 | 3.90 | 3.28 |

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Country Returns

2023 index returns



Past performance is no guarantee of future results.

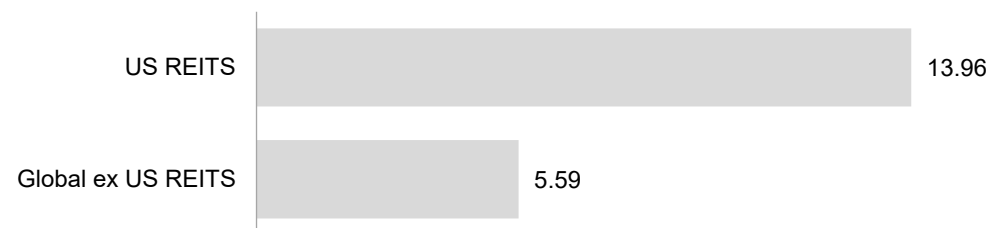
Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved.

Real Estate Investment Trusts (REITs)

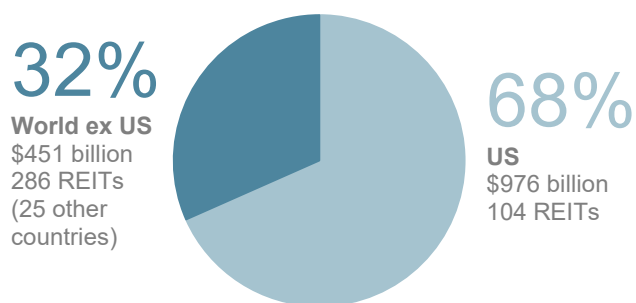
2023 index returns

US real estate investment trusts outperformed non-US REITs during the year.

Ranked Returns (%)



Total Value of REIT Stocks



Period Returns (%)

| Asset Class | 1 Year | 3 Years | Annualized | |
|--------------------|--------|---------|------------|----------|
| | | | 5 Years | 10 Years |
| US REITS | 13.96 | 7.18 | 6.12 | 7.00 |
| Global ex US REITS | 5.59 | -2.69 | 0.48 | 1.92 |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Commodities

2023 index returns

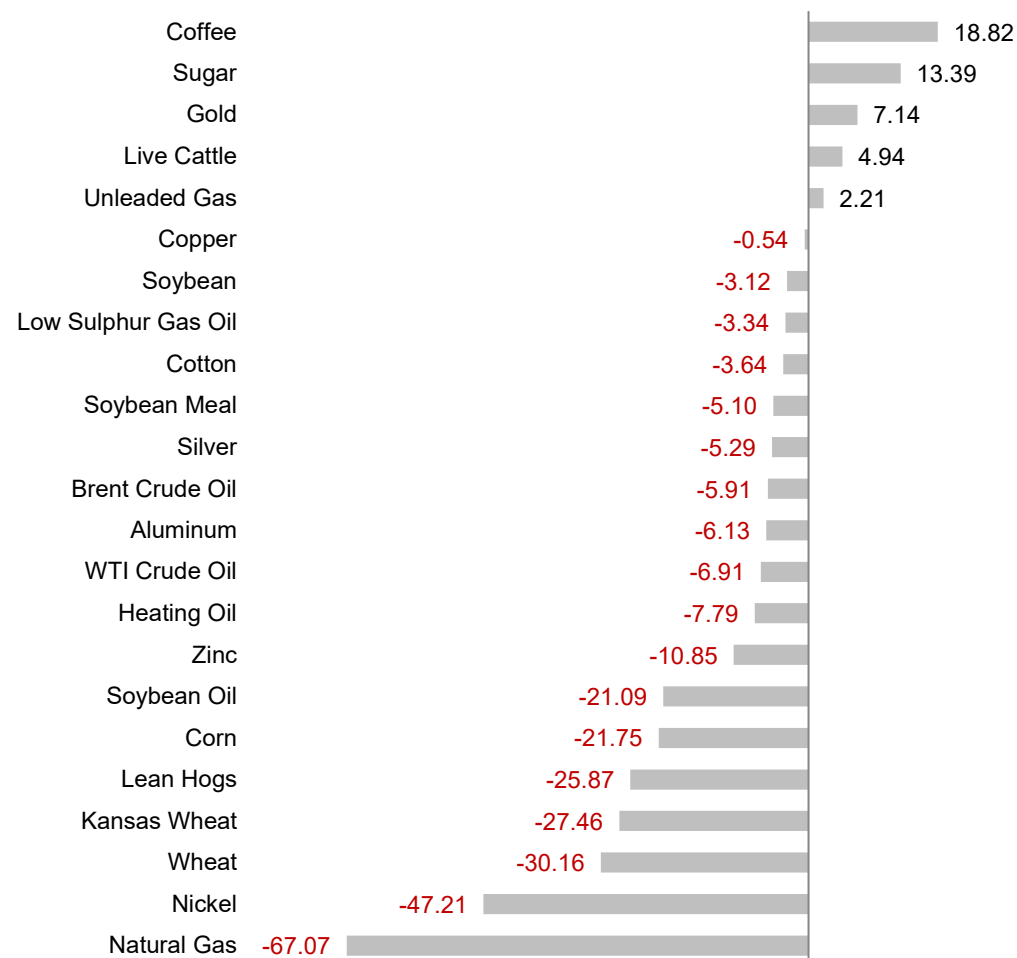
The Bloomberg Commodity Total Return Index returned -7.91% for the year.

Natural Gas and Nickel were the worst performers, returning -67.07% and -47.21% during the year, respectively. Coffee and Sugar were the best performers, returning +18.82% and +13.39% during the year, respectively.

Period Returns (%)

| Asset Class | Annualized | | | |
|-------------|------------|---------|---------|----------|
| | 1 Year | 3 Years | 5 Years | 10 Years |
| Commodities | -7.91 | 10.76 | 7.23 | -1.11 |

Ranked Returns for Individual Commodities (%)



Fixed Income

2023 index returns

Interest rate changes were mixed in the US Treasury market for the year.

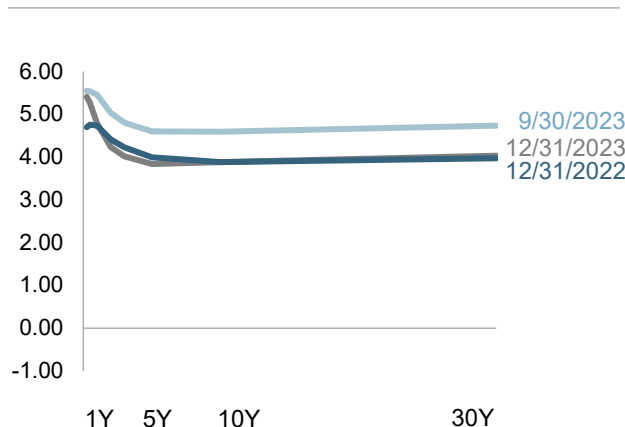
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 148 basis points (bps) to 5.60%, while the 1-Year US Treasury Bill yield increased 6 bps to 4.79%. The yield on the 2-Year US Treasury Note decreased 18 bps to 4.23%.

The yield on the 5-Year US Treasury Note decreased 15 bps to 3.84%. The yield on the 10-Year US Treasury Note was unchanged at 3.88%. The yield on the 30-Year US Treasury Bond increased 6 bps to 4.03%.

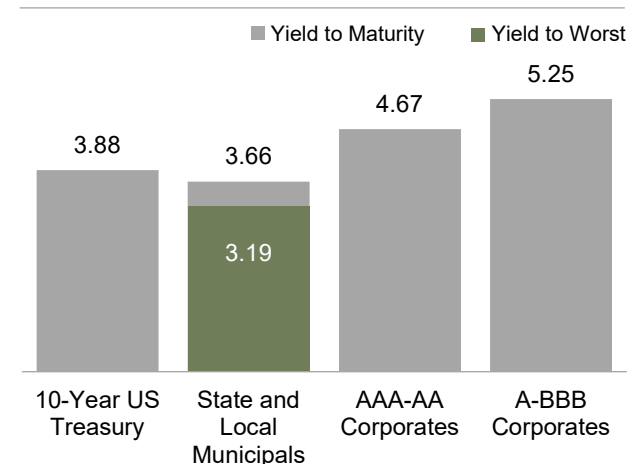
In terms of total returns, short-term US treasury bonds returned +4.37% while intermediate-term US treasury bonds returned +4.28%. Short-term corporate bonds returned +6.20% and intermediate-term corporate bonds returned +7.29%.¹

The total returns for short- and intermediate-term municipal bonds were +3.58% and +5.04%, respectively. Within the municipal fixed income market, general obligation bonds returned +5.62% while revenue bonds returned +6.89%.²

US Treasury Yield Curve (%)



Bond Yield Across Issuers (%)



Period Returns (%)

| Asset Class | 1 Year | Annualized | | |
|--|--------|------------|---------|----------|
| | | 3 Years | 5 Years | 10 Years |
| Bloomberg U.S. High Yield Corporate Bond Index | 13.44 | 1.98 | 5.37 | 4.60 |
| Bloomberg Municipal Bond Index | 6.40 | -0.40 | 2.25 | 3.03 |
| Bloomberg U.S. Aggregate Bond Index | 5.53 | -3.31 | 1.10 | 1.81 |
| FTSE World Government Bond Index 1-5 Years (hedged to USD) | 5.26 | -0.09 | 1.34 | 1.44 |
| ICE BofA US 3-Month Treasury Bill Index | 5.01 | 2.15 | 1.88 | 1.25 |
| FTSE World Government Bond Index 1-5 Years | 4.79 | -2.95 | -0.07 | -0.44 |
| ICE BofA 1-Year US Treasury Note Index | 4.74 | 1.18 | 1.66 | 1.18 |
| Bloomberg U.S. TIPS Index | 3.90 | -1.00 | 3.15 | 2.42 |
| Bloomberg U.S. Government Bond Index Long | 3.11 | -11.35 | -1.23 | 2.27 |

1. Bloomberg US Treasury and US Corporate Bond Indices

2. Bloomberg Municipal Bond Index

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.** Yield curve data from Federal Reserve. State and local bonds, and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2024 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2024 ICE Data Indices, LLC. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Global Fixed Income

2023 yield curves

Interest rate changes were mixed within global developed markets for the year. In Japan, short-term interest rates decreased while longer-term interest rates generally increased. In Germany, Canada, and Australia, short-term interest rates increased while longer-term interest rates generally decreased. In the UK, interest rate changes were mixed.

Realized term premiums were generally positive within global developed markets, as longer-term bonds generally outperformed shorter-term bonds.

In Japan, ultrashort-term nominal interest rates were negative. In the UK, Germany, Canada, and Australia, the short-term segment of the yield curve inverted.

Changes in Yields (bps) since 12/31/2022

| | 1Y | 5Y | 10Y | 20Y | 30Y |
|-----------|------|-------|-------|-------|-------|
| US | 6.4 | -12.5 | 6.7 | 8.8 | 7.5 |
| UK | 84.2 | -16.7 | -17.1 | 5.6 | 18.1 |
| Germany | 73.2 | -59.3 | -44.3 | -25.0 | -18.7 |
| Japan | -4.1 | -3.1 | 5.6 | 8.8 | 8.8 |
| Canada | 9.4 | -21.0 | -15.8 | -24.3 | -23.2 |
| Australia | 57.9 | -0.2 | -9.3 | -10.0 | -2.9 |

