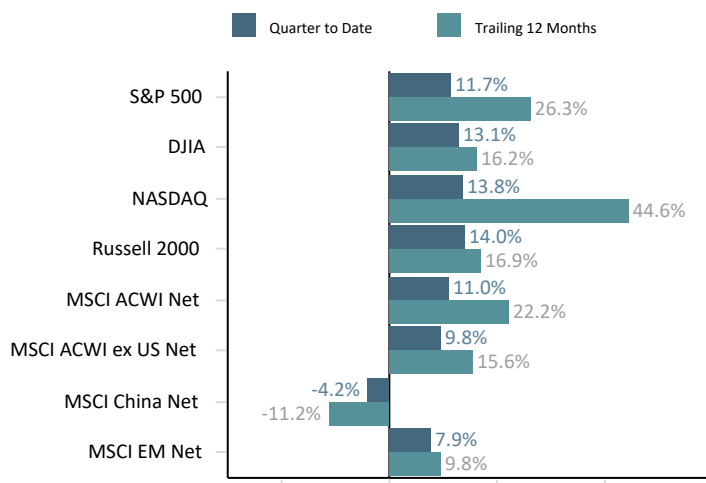


## Market Commentary - Q4 2023

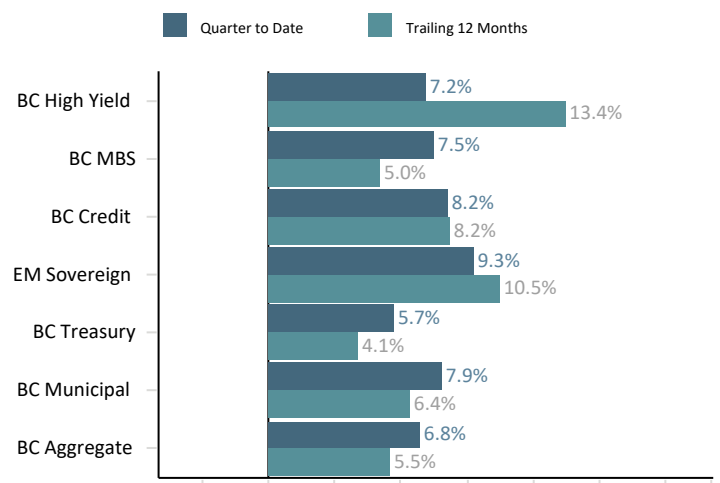
The fourth quarter of 2023 brought positive total returns of 11.7% for the S&P 500, as 10 of its 11 sectors posted gains, with only the energy sector experiencing price declines quarter-over-quarter. Over the same time frame, the Russell 2000 Index, the small-cap benchmark, gained 14%, while the Bloomberg US Aggregate Index, a broad measure of the US bond market, rose 6.8%. Yield-curve inversion continued during the quarter, as short-term debt instruments maintained higher yields than long-term debt instruments. The yield on the 10-year US Treasury note closed the fourth quarter at 3.88%, falling from 4.57% at the end of the third quarter, while the three-month Treasury bill yield declined to 5.33%, from 5.45% at the close of the third quarter.

During the fourth quarter, US equities and fixed income rebounded from a sluggish third quarter. Investor expectations regarding the Federal Reserve's monetary policy shifted throughout the quarter. Most notably, an apparently dovish pivot from the Federal Reserve, captured in its Statement of Economic Projections and Chairman Powell's press conference, propelled fixed income and equity classes to a year-end rally. The exuberance led futures to price more than six rate cuts, in excess of the Fed's signal of just three. Throughout the fourth quarter, the US dollar declined by about 5%, while oil prices experienced a more than 25% drawdown from their highs in late September to their lows in early December.

### Equity Sector Performance



### Bond Market Performance



### Equity Markets Commentary

Since September 30, 2023 and through the end of the fourth quarter, the NASDAQ Composite Index increased 13.8%, while the DJIA increased 13.1%. Value outperformed Growth.

The Russell Midcap gained 12.8 in the quarter, as Mid-Cap Growth increased 14.5%, and Mid-Cap Value rose 12.1%.

The MSCI ACWI (a global equity index containing large and mid-cap stocks in 23 developed and 24 emerging markets) rose 11.1% for US-currency investors. The MSCI Emerging Markets rose 7.8% and the MSCI EAFE increased 10.5%. US equities outperformed International.

### Fixed Income Markets Commentary

Inflation remained at elevated levels in 4Q23 even as US Headline CPI inflation cooled to 3.1 in November, a decline from the June 2022 peak of 9.1%. While headline CPI continued its decline, Core PCE fell slightly to 3.2%, still above the Fed's 2% target. The FOMC kept rates steady for the entirety of the quarter but kept the possibility of further hikes on the table to maintain the existing Quantitative Tightening (QT) program. Together with tighter lending standards, these monetary effects continue to lower inflation.

The Bloomberg US Corporate High Yield Index, a measure of lower-rated corporate bonds, increased 7.2%. The Bloomberg US Long Government ended the quarter up 13.2%

The Bloomberg Mortgage-Backed Securities Index rose 7.5%, while the Bloomberg Municipal Bond Index rose 7.9%.

**Information Disclosures:** The underlying data has been obtained from sources the Foundation believes to be reliable but we do not guarantee their accuracy, and any such information may be incomplete or condensed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization.

Further information, including current portfolio size, performance, fees, underlying investment holdings and detail, can be obtained from the Foundation office by contacting 919-828-4387 or via email at [info@nccommunityfoundation.org](mailto:info@nccommunityfoundation.org),

North Carolina Community Foundation  
3737 Glenwood Ave, Suite 460, Raleigh, NC 27612  
[www.nccommunityfoundation.org](http://www.nccommunityfoundation.org)

