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# December 2023 Market Update

Strong market performance in December was the cherry on top for 2023. U.S. stocks finished 2023 up 26.1%, international stocks were up 15.9%, real estate finished strong with an 11.8% gain and bond total returns were 5.7%.

U.S. stock returns in 2023 were driven by large-cap growth stocks which gained a whopping 46.8%. Small cap stocks lagged, up 18.2%, and large-cap value pulled out a relatively modest 9.3% gain. International stock returns were led by developed market returns at 17.9% and were moderated by emerging markets, up only 9.3%.

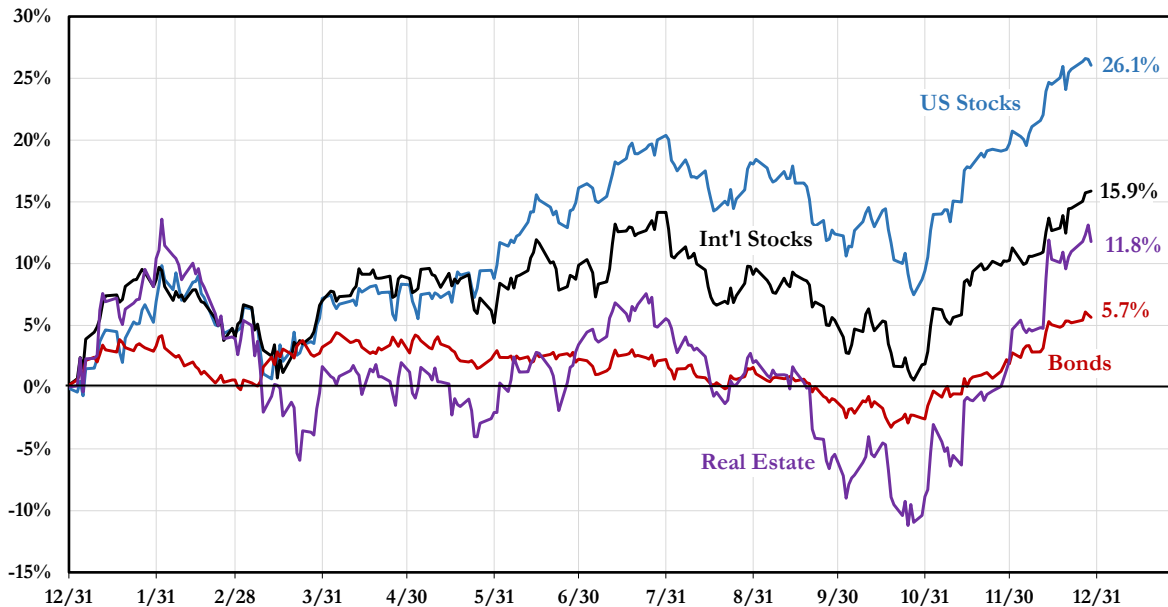
While bonds were up a respectable 5.7%, long interest rates generally wound up where they began. In fact, the 10-year Treasury started and ended the year at 3.88%, despite briefly hitting 5.00% in October. Fed Funds rose from a range of 4.25% - 4.50% to a range of 5.25% - 5.50% with the last rate increase happening on July 26.

2023 will come to be known as the year that the Fed tamed inflation with higher interest rates but simultaneously engineered a “soft landing” by avoiding a recession. Some of 2023’s remarkable performance comes from excessive government stimulus, will that ever be an issue?

2024 is shaping up to be an interesting year. The markets do not need strong economic growth to realize better performance. In the current environment, weak economic data feeds into lower interest rates and better market performance. We are optimistic that 2024 will see moderate market performance but we don’t expect another year like 2023.

Our asset allocations remain close to long-term targets with an ongoing over-allocation to growth equities.

**Chart 1: Year-to-Date Market Performance**



# Benchmark Performance Summary

## Asset Class Benchmark Returns

Asset Class	1 Mo	3 Mo	YTD	2022	3 Yr	5 Yr
<b>Global Equities</b>	<b>5.2%</b>	<b>11.3%</b>	<b>22.0%</b>	<b>-18.0%</b>	<b>5.8%</b>	<b>11.8%</b>
<b>U.S. Equities</b>	<b>5.3%</b>	<b>12.2%</b>	<b>26.1%</b>	<b>-19.5%</b>	<b>8.4%</b>	<b>15.1%</b>
U.S. Large Cap Equities	4.5%	11.9%	27.2%	-19.9%	9.1%	15.6%
U.S. Large Cap Growth	4.3%	14.4%	46.8%	-33.2%	7.7%	19.2%
U.S. Large Cap Value	5.1%	9.1%	9.3%	-2.1%	10.6%	11.7%
U.S. Small Cap Equities	10.3%	13.4%	18.2%	-17.5%	4.7%	11.7%
U.S. Small Cap Growth	10.9%	13.2%	21.4%	-28.4%	-2.8%	10.5%
U.S. Small Cap Value	9.8%	13.6%	16.0%	-9.4%	10.4%	11.8%
<b>Ex-U.S. Equities</b>	<b>5.1%</b>	<b>9.9%</b>	<b>15.9%</b>	<b>-16.1%</b>	<b>2.0%</b>	<b>7.4%</b>
Developed Market Equities	5.6%	11.0%	17.9%	-15.4%	3.7%	8.4%
Developed Market Growth	5.8%	13.0%	17.6%	-23.1%	0.1%	8.6%
Developed Market Value	5.1%	8.5%	18.9%	-5.2%	7.8%	7.1%
Emerging Market Equities	3.3%	7.1%	9.3%	-18.0%	-3.2%	4.8%
<b>Fixed Income</b>	<b>3.7%</b>	<b>6.8%</b>	<b>5.7%</b>	<b>-13.0%</b>	<b>-3.4%</b>	<b>1.0%</b>
Ultrashort	0.5%	1.4%	5.1%	1.5%	2.2%	1.9%
Short Term	1.2%	2.6%	4.3%	-3.9%	-0.1%	1.2%
Inflation Protected	2.5%	4.6%	3.9%	-12.0%	-1.1%	3.1%
U.S. Aggregate Bond	3.7%	6.8%	5.7%	-13.0%	-3.4%	1.0%
<b>Real Estate</b>	<b>9.4%</b>	<b>18.2%</b>	<b>11.8%</b>	<b>-26.2%</b>	<b>5.0%</b>	<b>7.3%</b>
<b>Cash</b>	<b>0.5%</b>	<b>1.4%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>2.2%</b>	<b>1.9%</b>

## Portfolio Benchmarks

Portfolio	1 Mo	3 Mo	YTD	2022	3 Yr	5 Yr
<b>Vanguard Total World Stock ETF</b>	<b>5.2%</b>	<b>11.3%</b>	<b>22.0%</b>	<b>-18.0%</b>	<b>5.8%</b>	<b>11.8%</b>
<b>Vanguard Total U.S. Stock ETF</b>	<b>5.3%</b>	<b>12.2%</b>	<b>26.1%</b>	<b>-19.5%</b>	<b>8.4%</b>	<b>15.1%</b>
Vanguard Growth Fund 80/20	4.9%	10.4%	18.5%	-17.1%	4.0%	9.8%
Vanguard Mod Growth Fund 60/40	4.6%	9.4%	15.5%	-16.0%	2.2%	7.7%
Vanguard Cons Growth Fund 40/60	4.2%	8.4%	12.5%	-15.0%	0.5%	5.5%
Vanguard Income Fund 20/80	3.9%	7.5%	9.5%	-13.9%	-1.3%	3.3%
<b>Vanguard Total U.S. Bond Mkt ETF</b>	<b>3.6%</b>	<b>6.6%</b>	<b>5.7%</b>	<b>-13.1%</b>	<b>-3.4%</b>	<b>1.1%</b>