
January 2024 Market Update

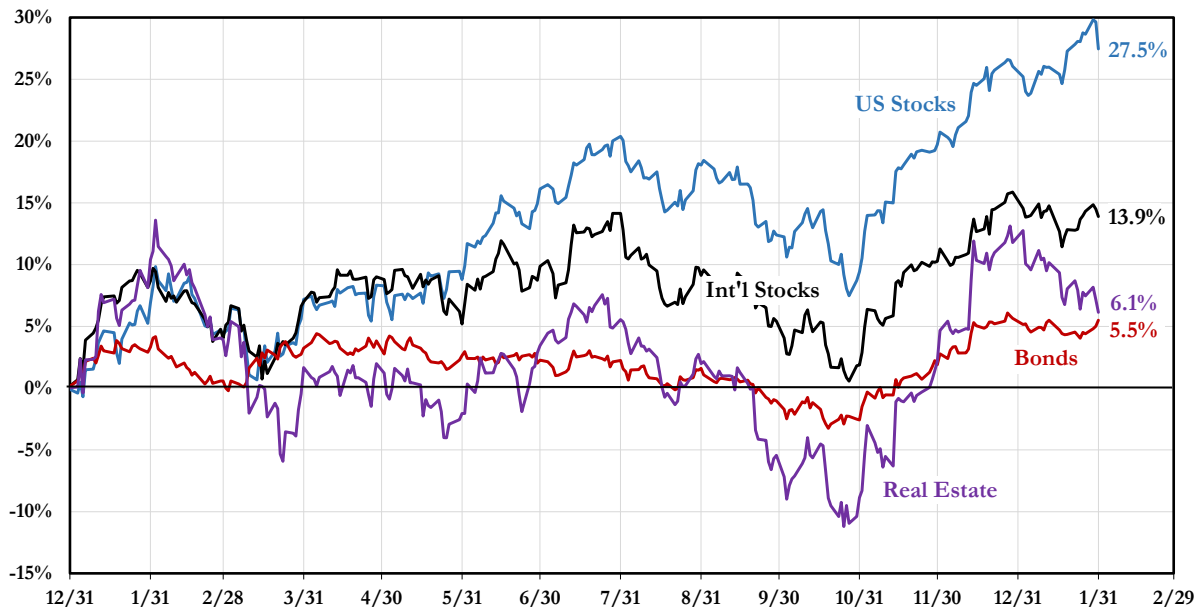
Markets were mixed in January with U.S. equities up 1.1% and international equities down 1.7%. Bonds lost 0.2% and real estate dropped 5.1%. Once again U.S. stock returns were driven by large-cap growth stocks which gained 2.2%. Small-cap stocks lost 2.7%. Broad U.S. stock indexes, including the S&P 500, posted new all-time highs in January, marking the first all-time highs since January 2022. Overall stock indices are being led by strong performance in just 7 large-cap tech stocks, nicknamed the “Magnificent Seven”.

Long interest rates ended the month modestly higher. The 10-year Treasury increased from 3.88% to 3.99%. Short-term interest rates held steady as the Fed maintained the Fed Funds rate at 5.25% - 5.50%. The Fed should maintain short-term rates at their current level and then reduce rates slowly starting in the summer or fall. The Fed expects to lower interest rates 0.75% by the end of the year but interest rate futures markets imply a reduction of 1.25%.

At the beginning of 2023 many economists predicted a recession by the end of the year but that recession never happened as the economy remained strong. Now we are in 2024 and, once again, many economists are predicting a recession for late 2024. While the economy certainly has challenges, we remain optimistic that that the Fed can navigate a “soft landing” whereby the economy avoids recession. We continue to monitor the health of the economy and we are prepared to adjust asset allocations as necessary.

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

Chart 1: 13-Month Market Performance as of January 31, 2024



Benchmark Performance Summary

Asset Class Benchmark Returns

Asset Class	1 Mo	3 Mo	6 Mo	2023	3 Yr	10 Yr
Global Equities	0.0%	14.6%	3.5%	22.0%	5.8%	8.5%
U.S. Equities	1.1%	16.5%	5.9%	26.1%	9.0%	11.9%
U.S. Large Cap Equities	1.8%	16.4%	6.8%	27.2%	10.0%	12.5%
U.S. Large Cap Growth	2.2%	18.9%	8.9%	46.8%	8.9%	14.6%
U.S. Large Cap Value	0.9%	13.1%	4.0%	9.3%	11.3%	10.2%
U.S. Small Cap Equities	-2.7%	17.2%	0.3%	18.2%	3.0%	8.4%
U.S. Small Cap Growth	-2.9%	18.2%	-1.6%	21.4%	-4.4%	7.7%
U.S. Small Cap Value	-2.5%	16.4%	1.8%	16.0%	8.8%	8.5%
Ex-U.S. Equities	-1.7%	11.8%	-0.2%	15.9%	1.3%	4.5%
Developed Market Equities	-1.1%	13.6%	1.5%	17.9%	3.6%	5.0%
Developed Market Growth	0.3%	16.4%	1.3%	17.6%	0.7%	5.5%
Developed Market Value	-1.1%	11.2%	2.9%	18.9%	7.6%	3.4%
Emerging Market Equities	-3.6%	6.7%	-5.2%	9.3%	-5.3%	3.5%
Fixed Income	-0.2%	8.3%	3.2%	5.7%	-3.2%	1.6%
Ultrashort	0.4%	1.4%	2.7%	5.1%	2.4%	1.3%
Short Term	0.4%	2.6%	3.3%	4.3%	0.0%	1.0%
Inflation Protected	0.3%	5.7%	2.1%	3.9%	-1.1%	2.2%
Real Estate	-5.1%	16.5%	0.6%	11.8%	3.2%	6.4%
Cash	0.4%	1.4%	2.7%	5.1%	2.4%	1.3%

Portfolio Benchmarks

Portfolio	1 Mo	3 Mo	6 Mo	2023	3 Yr	10 Yr
Vanguard Total World Stock ETF	0.0%	14.6%	3.5%	22.0%	5.8%	8.5%
Vanguard Total U.S. Stock ETF	1.1%	16.5%	5.9%	26.1%	9.0%	11.9%
Vanguard Growth Fund 80/20	-0.1%	13.2%	3.4%	18.5%	4.0%	7.6%
Vanguard Mod Growth Fund 60/40	-0.1%	11.8%	3.4%	15.5%	2.3%	6.2%
Vanguard Cons Growth Fund 40/60	-0.1%	10.3%	3.5%	12.5%	0.6%	4.8%
Vanguard Income Fund 20/80	-0.3%	8.9%	3.5%	9.5%	-1.2%	3.3%
Vanguard Total U.S. Bond Mkt ETF	-0.2%	8.1%	3.1%	5.7%	-3.2%	1.6%