

**MB FOUNDATION
INVESTMENT SUMMARY
9/30/2023**

Index Name	QTD Return	YTD Return
Dow Jones Industrial Average	-2.10%	2.73%
S&P 500 (Large Co. index)	-3.27%	13.07%
Russell 2000 (Small Co. index)	-5.13%	2.54%
MSCI EAFE (Int'l Equity index)	-4.11%	7.08%
Bloomberg U.S. Aggregate Bond	-3.23%	-1.21%

Market Commentary

The third quarter of 2023 was negative for broad equity asset classes (U.S. Stocks, Int'l Stocks, Real Estate, and bonds). The S&P 500 dropped 3% for the quarter. International markets were down a bit more than U.S. equities in Q3, with Developed Market stocks down 4%. Small Cap U.S. equities and Real Estate Investment Trusts ("REITs") got hit the hardest during the quarter, both down over 5%. Bonds fell nearly 3% in Q3 as interest rates rose, primarily on the longer end of the yield curve.

The equity markets overall in 2023 have been dominated by a resurgence of growth stocks and the Artificial Intelligence (AI) trend. The growth heavy Top 7 stocks in the U.S. market have accounted for 85% of the return of the S&P 500 year-to-date. The average stock in 2023 is just barely positive for the year. Bonds, while now sporting historically attractive yields, declined in value for the quarter, as the 10 year treasury rose 0.8%.

We expect the FED to be at or near the end of their rate hiking cycle. While the FED is still projecting one more hike in 2023, the market probabilities now point to the FED being done raising rates. Risks related to the Fed tightening policy and economic lagging effects, slow global growth, and negative leading indicators make the macro-economic backdrop unfavorable. Also, the geopolitical unrest with two wars leads us to a slightly negative view.

Looking out to 2024, risks of an economic recession are still to the upside. However, a shallow recession may be the result and now a 2024 event, as opposed to a 2023 event. Consumer spending and the labor market have remained resilient. Excess savings from the past 3 years is now depleted, and spending is coming in the form of increases in credit. It is likely that Q3 U.S. GDP readings will be strong and there is still a path to the FED engineering a soft landing; however, that path still appears to be narrow.

**Market
Highlights**

- For YTD 2023, MBF diversified portfolios performed between fixed income markets and equity markets
- In Q3 2023, Church Loans were the leading sub-asset class, up 1.3%
- 10 out of 12 MBF managers beat their benchmarks YTD, adding value to portfolios

Market commentary provided in partnership with Cornerstone Management, Inc.