

McKnight Brain Research Foundation

Period Ending February 29, 2024

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Executive Summary

Executive Summary

Asset Allocation

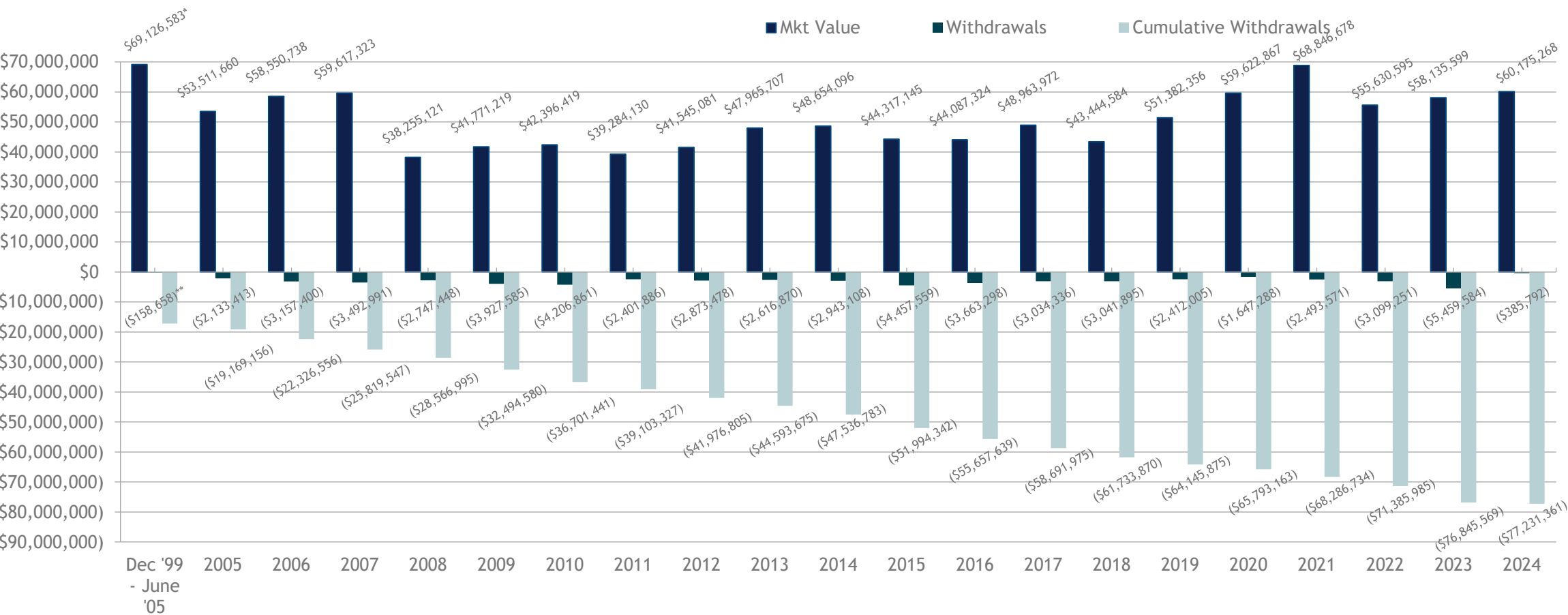
- The Foundation has a 69.0% target to public equity, a 6.0% target to fixed income (including cash) and a 25.0% target allocation to alternative assets (including a 8.0% allocation to private equity).
- As of February end, the public equity allocation was 71.8%, the allocation to fixed income (including cash) was 6.7% and the allocation to alternative investments was 21.5%.

Portfolio Performance

- For the Year-to-Date Period Ending February 29, 2024 the total return for the portfolio was 4.23% versus 4.49%
 - for the Investment Policy Statement Index.
- For the 1 Year Period Ending February 29, 2024 the total return for the portfolio was 17.19% versus 20.56%
 - for the Investment Policy Statement Index.

Investment Review

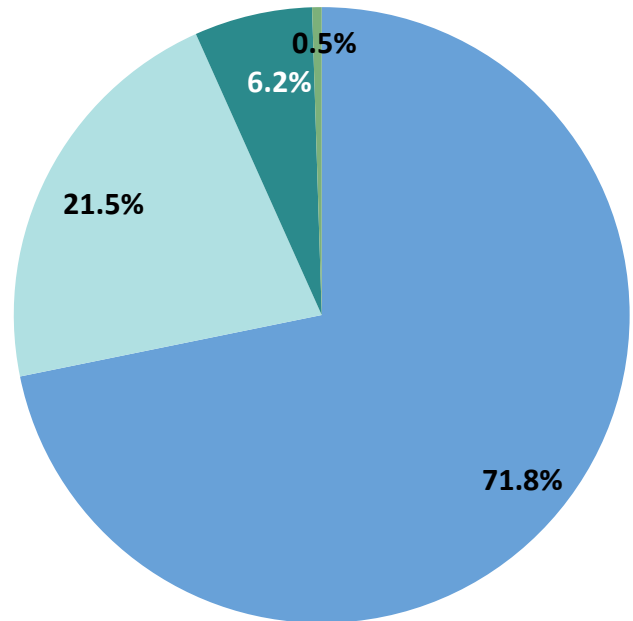
Historical Market Values and Distributions



Source: First Rate Advisor
* As of December 1999
** From December 2004 - June 2005

Portfolio Composition

McKnight Brain Research Foundation



■ Equities ■ Non-Traditional ■ Fixed Income ■ Cash

Period Ending February 29, 2024							
Assets	Current Market Value	Current Allocation	Prior Allocation	Δ in Allocation	Target Allocation	Range	Variance from Target
Total Portfolio	\$60,175,268	100.0%	100.0%		100.0%		
Total Equities	\$43,222,536	71.8%	70.5%	1.3%	69.0%		2.8%
Large Cap Equities	\$34,319,273	57.0%	56.0%	1.0%	58.0%	30-60%	-1.0%
Hartford Dvnd & Grwth-F	\$0	0.0%	4.8%	(4.8%)			
Vanguard Value ETF	\$5,075,695	8.4%	8.4%	0.0%			
Vanguard Russell 1000 Growth Index I	\$3,250,525	5.4%	5.2%	0.2%			
Vanguard Institutional Index	\$25,993,054	43.2%	37.6%	5.6%			
Mid Cap Equities	\$1,915,177	3.2%	3.1%	0.1%	3.0%	0-14%	0.2%
iShares Core S&P Mid-Cap ETF	\$1,915,177	3.2%	3.1%	0.1%			
Smid Cap Equities	\$1,166,083	1.9%	1.9%	0.0%	0.0%		
Eaton Vance Atlanta Capital SMID-Cap R6	\$1,166,083	1.9%	1.9%	0.0%			
Small Cap Equities	\$2,672,123	4.4%	4.3%	0.1%	3.0%	0-15%	1.4%
iShares Russell 2000 ETF	\$2,672,123	4.4%	4.3%	0.1%			
International Developed Equities	\$3,149,879	5.2%	5.2%	0.0%	5.0%	5-15%	0.2%
Artisan International Value Instl	\$2,690,381	4.5%	4.5%	(0.0%)			
Vanguard International Growth Adm	\$459,498	0.8%	0.7%	0.1%			
Total Fixed Income	\$3,720,632	6.2%	6.5%	(0.3%)	6.0%	0-20%	0.2%
Dodge & Cox Income	\$1,303,807	2.2%	2.3%	(0.1%)			
iShares Core US Aggregate Bond ETF	\$981,385	1.6%	1.7%	(0.1%)			
SPDR® Blmbg 1-3 Mth T-Bill ETF	\$1,435,439	2.4%	2.5%	(0.1%)			
Total Non-Traditional	\$12,929,012	21.5%	22.1%	(0.6%)	25.0%	10-30%	-3.5%
Hedge	\$8,191,813	13.6%	14.0%	(0.4%)	17.0%	10-30%	-3.4%
Lighthouse Global Long/Short	\$3,233,094	5.4%	5.5%	(0.1%)			
Lighthouse Diversified	\$2,811,211	4.7%	4.8%	(0.1%)			
Lighthouse Credit Opportunities	\$2,147,509	3.6%	3.7%	(0.1%)			
Private Equity	\$4,737,199	7.9%	8.1%	(0.2%)	8.0%	0-10%	-0.1%
Svb Cap Strategic Investo	\$410,074	0.7%	0.7%	(0.0%)			
Hcp Private Equity Master	\$679,768	1.1%	1.2%	(0.1%)			
Spring Harbour 2013	\$332,664	0.6%	0.6%	(0.0%)			
HarbourVest 2015	\$340,136	0.6%	0.6%	(0.0%)			
HarbourVest 2016	\$379,519	0.6%	0.7%	(0.1%)			
HarbourVest 2017	\$433,921	0.7%	0.7%	0.0%			
HarbourVest 2018	\$529,400	0.9%	0.9%	(0.0%)			
HarbourVest 2019	\$480,733	0.8%	0.8%	(0.0%)			
HarbourVest 2021	\$290,205	0.5%	0.5%	(0.0%)			
HarbourVest 2020	\$427,716	0.7%	0.7%	0.0%			
HarbourVest 2022	\$207,743	0.3%	0.3%	0.0%			
HarbourVest 2023	\$47,500	0.1%	0.1%	(0.0%)			
Generation IM Sustain SLTNS	\$177,820	0.3%	0.3%	(0.0%)			
Total Cash	\$303,088	0.5%	0.9%	(0.4%)			

Investment Performance

Period Ending February 29, 2024							
Assets	YTD	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years
Total Portfolio	4.23%	8.15%	17.19%	6.21%	10.61%	9.92%	8.82%
2023 Efficient Frontier Target ⁽¹⁾	4.49%	8.99%	20.56%	6.98%	10.51%	9.60%	8.48%
Spending Policy Benchmark	--	--	10.10%	9.70%	9.00%	8.90%	8.60%
65% Russell 3000 / 35% Barclays Agg	3.24%	8.18%	18.82%	5.24%	9.34%	8.84%	8.43%
Total Equities	5.73%	11.28%	23.66%	7.04%	12.29%	11.55%	10.22%
Domestic Equities	6.02%	11.68%	24.39%	7.88%	12.33%	12.08%	11.13%
International Equities – Developed	2.16%	6.45%	14.96%	1.44%	12.62%	10.75%	7.73%
Total Fixed Income	-0.57%	1.96%	4.56%	-2.48%	0.40%	1.12%	1.35%
Total Non-Traditional	1.00%	0.77%	3.57%	8.02%	9.54%	8.54%	7.53%
Private Equity (As of 9/30/2023)	--	--	0.34%	12.94%	13.36%	15.21%	16.65%

2024 Efficient Frontier Target consists of: 58% S&P 500 / 3% Russell MidCap / 3% Russell 2000 / 5% MSCI EAFE / 6% Bloomberg Barclays US Aggregate TR / 25% HFRI Fund of Funds Composite Index

*Efficient Frontier Returns prior to July 1, 2022 correspond to previous efficient frontier targets.

(1) Average 1 Year BRDPI Inflation of 4.1% + 5% Distribution + 1% Expenses = 10.1%

(2) Average 3 Year BRDPI Inflation of 3.7% + 5% Distribution + 1% Expenses = 9.7%

(3) Average 5 Year BRDPI Inflation of 3.0% + 5% Distribution + 1% Expenses = 9.0%

(4) Average 7 Year BRDPI Inflation of 2.9% + 5% Distribution + 1% Expenses = 8.9%

(5) Average 10 Year BRDPI Inflation of 2.6% + 5% Distribution + 1% Expenses = 8.6%

BRDPI Inflation index last updated Feb 2023

Source: First Rate Advisor and Morningstar. Returns greater than one year are annualized

Manager Performance

Period Ending February 29, 2024							
Assets	Ticker Symbol	Allocation	YTD	3 Months	1 Year	3 Years	5 Years
Large Cap Equity		57.0%					
Vanguard Russell 1000 Growth Index I	VRGWX	5.4%	9.47%	14.31%	45.90%	12.43%	18.70%
<i>Russell 1000 Growth</i>			9.49%	14.34%	45.93%	12.49%	18.77%
Vanguard Institutional Index	VINIX	43.2%	7.10%	11.96%	30.41%	11.87%	14.74%
<i>S&P 500</i>			7.11%	11.98%	30.45%	11.91%	14.76%
Vanguard Value ETF	VTV	8.4%	4.34%	9.56%	14.59%	10.67%	10.53%
<i>CRSP US Large Cap Value</i>			4.33%	9.56%	14.49%	10.65%	10.53%
Mid Cap Equity		3.2%					
iShares Core S&P Mid-Cap ETF	IJH	3.2%	4.12%	13.19%	13.01%	6.61%	10.33%
<i>S&P MidCap 400</i>			4.13%	13.20%	13.05%	6.65%	10.38%
Small Cap Equity		4.4%					
iShares Russell 2000 ETF	IWM	4.4%	1.53%	13.92%	9.88%	-1.04%	6.79%
<i>Russell 2000</i>			1.54%	13.95%	10.05%	-0.94%	6.89%
SMid Cap Equity		1.9%					
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	1.9%	5.93%	11.78%	18.18%	9.54%	12.15%
<i>Russell 2500</i>			2.68%	13.69%	12.25%	2.15%	8.84%

Source: Morningstar

Manager Performance

Period Ending February 29, 2024							
Assets	Ticker Symbol	Allocation	YTD	3 Months	1 Year	3 Years	5 Years
International Equity		5.3%					
Vanguard International Growth Adm	VWILX	0.8%	3.64%	8.59%	11.54%	-7.21%	8.71%
MSCI ACWI ex US			1.51%	6.61%	12.51%	1.32%	5.44%
Artisan International Value Instl	APHKX	4.5%	1.91%	6.09%	17.76%	9.08%	10.69%
MSCI EAFE			2.42%	7.86%	14.41%	4.45%	6.77%
Fixed Income		6.2%					
Dodge & Cox Income	DODIX	2.2%	-1.35%	2.68%	4.87%	-1.60%	2.03%
iShares Core US Aggregate Bond ETF	AGG	1.6%	-1.58%	2.08%	3.32%	-3.16%	0.53%
Bloomberg Barclays US Aggregate Bond			-1.68%	2.08%	3.33%	-3.16%	0.56%
SPDR® Bloomberg 1-3 Month T-Bill ETF	BIL	2.4%	0.84%	1.30%	5.17%	2.35%	1.82%
Barclays Short Treasury 1-3 Month			0.86%	1.33%	5.32%	2.50%	1.98%
Non-Traditional - Hedge		13.7%					
Lighthouse Global Long/Short LTD*		5.4%	--	1.35%	4.11%	1.30%	7.56%
Standard Deviation			--	--	2.03%	5.10%	6.42%
Lighthouse Credit Opportunities LTD*		3.6%	--	2.06%	8.86%	9.64%	9.14%
Standard Deviation			--	--	4.19%	7.15%	10.96%
Lighthouse Diversified LTD*		4.7%	--	1.86%	4.87%	7.07%	5.57%
Standard Deviation			--	--	2.59%	3.71%	9.45%
MSCI ACWI			--	11.03%	22.20%	5.75%	11.72%
Standard Deviation			--	--	15.62%	16.50%	17.94%
Bloomberg Barclays US Aggregate Bond			--	6.82%	5.53%	-3.31%	1.10%
Standard Deviation			--	--	8.49%	7.24%	6.16%

* As of December 31, 2023

Source: Morningstar

Private Equity Summary

Period Ending September 30, 2023											
Account	Commit.	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commit	DPI (dist /takedowns)	RVPI (RV/takedowns)	TVPI (TV / takedown)	Takedown (takedowns/ commit)	IRR
Private Equity	\$7,000,000	\$4,683,881	\$3,498,360	\$4,604,972	\$8,103,332	\$2,316,119	74.69%	98.32%	173.00%	66.91%	15.45
Hall Capital	\$1,000,000	\$900,000	\$1,370,007	\$709,768	\$2,079,775	\$100,000	152.22%	78.86%	231.09%	90.00%	13.4
SpringHarbour 2013	\$500,000	\$432,500	\$649,894	\$332,664	\$982,558	\$67,500	150.26%	76.92%	227.18%	86.50%	17.16
SVB Capital	\$500,000	\$377,479	\$0	\$386,674	\$386,674	\$122,521	0.00%	102.44%	102.44%	75.50%	1.32
Generation Fund IV	\$1,000,000	\$225,000	\$0	\$181,191	\$181,191	\$775,000	0.00%	80.53%	80.53%	22.50%	-30.07
HarbourVest 2015	\$500,000	\$465,000	\$553,788	\$362,219	\$916,007	\$35,000	119.09%	77.90%	196.99%	93.00%	18.48
HarbourVest 2016	\$500,000	\$425,000	\$392,648	\$394,255	\$786,903	\$75,000	92.39%	92.77%	185.15%	85.00%	19.47
Harbourvest 2017	\$500,000	\$402,500	\$262,490	\$455,133	\$717,623	\$97,500	65.21%	113.08%	178.29%	80.50%	19.72
HarbourVest 2018	\$500,000	\$400,000	\$140,782	\$534,171	\$674,953	\$100,000	35.20%	133.54%	168.74%	80.00%	20.88
HarbourVest 2019	\$500,000	\$337,348	\$72,158	\$458,233	\$530,391	\$162,652	21.39%	135.83%	157.22%	67.47%	23.26
HarbourVest 2020	\$500,000	\$367,500	\$42,383	\$402,716	\$445,099	\$132,500	11.53%	109.58%	121.12%	73.50%	12.15
HarbourVest 2021	\$500,000	\$246,554	\$8,250	\$262,705	\$270,955	\$253,446	3.35%	106.55%	109.90%	49.31%	9.89
HarbourVest 2022	\$500,000	\$105,000	\$5,960	\$125,243	\$131,203	\$395,000	5.68%	119.28%	124.96%	21.00%	57.08

Period Ending December 31, 2023											
Account	Commit.	Cumulative Takedown	Cumulative Distributions	Value (RV)	Total Value (RV + Dist)	Unfunded Commit	DPI (dist /takedowns)	RVPI (RV/takedowns)	TVPI (TV / takedown)	Takedown (takedowns/ commit)	IRR
Private Equity	\$7,500,000	\$4,852,281	\$3,594,728	--	--	\$2,647,719	74.08%	--	--	64.70%	--
Hall Capital	\$1,000,000	\$900,000	\$1,400,007	--	--	\$100,000	155.56%	--	--	90.00%	--
SpringHarbour 2013	\$500,000	\$432,500	\$649,894	--	--	\$67,500	150.26%	--	--	86.50%	--
SVB Capital	\$500,000	\$388,379	\$0	--	--	\$111,621	0.00%	--	--	77.68%	--
Generation Fund IV	\$1,000,000	\$225,000	\$0	--	--	\$775,000	0.00%	--	--	22.50%	--
HarbourVest 2015	\$500,000	\$465,000	\$575,180	--	--	\$35,000	123.69%	--	--	93.00%	--
HarbourVest 2016	\$500,000	\$425,000	\$406,641	--	--	\$75,000	95.68%	--	--	85.00%	--
Harbourvest 2017	\$500,000	\$402,500	\$283,702	--	--	\$97,500	70.48%	--	--	80.50%	--
HarbourVest 2018	\$500,000	\$405,000	\$150,553	--	--	\$95,000	37.17%	--	--	81.00%	--
HarbourVest 2019	\$500,000	\$359,848	\$72,158	--	--	\$140,152	20.05%	--	--	71.97%	--
HarbourVest 2020	\$500,000	\$382,500	\$42,383	--	--	\$117,500	11.08%	--	--	76.50%	--
HarbourVest 2021	\$500,000	\$274,054	\$8,250	--	--	\$225,946	3.01%	--	--	54.81%	--
HarbourVest 2022	\$500,000	\$145,000	\$5,960	--	--	\$355,000	4.11%	--	--	29.00%	--
HarbourVest 2023	\$500,000	\$47,500	\$0	--	--	\$452,500	0.00%	--	--	9.50%	--



Total Value = Residual Value + Distributions
 Distributed to Paid in (DPI) = Distributions / Takedowns
 Residual Value to Paid in (RVPI) = Residual Value / Takedowns
 Total Value to Paid in (TVPI) = Total Value / Takedowns
 % Funded = Takedowns / Commitment

This report contains information from manager supplied financial reports (audited or unaudited). Content is subject to change without notice. Information obtained from the manager is believed to be reliable; however, accuracy of the data is not guaranteed and has not been independently verified by Truist Financial, Inc.

Active Manager Peer Group Comparison

Period Ending February 29, 2024					
Assets	Ticker	Morningstar Category	Benchmark		
				3 Year	5 Year
SMID Cap Core					
Eaton Vance Atlanta Capital SMID	ERASX	SMID Cap Core	<i>Russell 2500 - Total Return</i>	12	15
<i>Russell 2500 - Total Return</i>		SMID Cap Core		98	70
Large Cap International Growth					
Vanguard International Growth	VWILX	International Large Cap Growth	<i>MSCI ACWI Ex USA Growth</i>	93	22
<i>MSCI ACWI Ex USA Growth</i>		International Large Cap Growth		58	68
Large Cap International Value					
Artisan International Value Instl	APHKX	International Large Cap Value	<i>MSCI ACWI Ex USA Value</i>	3	1
<i>MSCI ACWI Ex USA Value</i>		International Large Cap Value		62	79
Intermediate-Term Bond					
Dodge and Cox Income	DODIX	Intermediate-Term Bond	<i>Bloomberg Barclays US Aggregate</i>	12	7
<i>Bloomberg Barclays US Aggregate</i>		Intermediate-Term Bond		60	68

Source: Morningstar

Economic Overview

Several crosscurrents frame our 2024 outlook



Upside catalysts

- U.S. economy supported by consumers who are less interest-rate sensitive than past cycles; labor market continues to support spending.
- U.S. corporate earnings are expected to grow 11.4% in 2024 after 0.5% growth in 2023*.
- Disinflationary trends have seemingly put an end to further Fed rate hikes, possibly supporting a softer landing.
- Historically solid though volatile market gains are often seen during an election year; incentive for party in power to stimulate economy supports further fiscal spending.

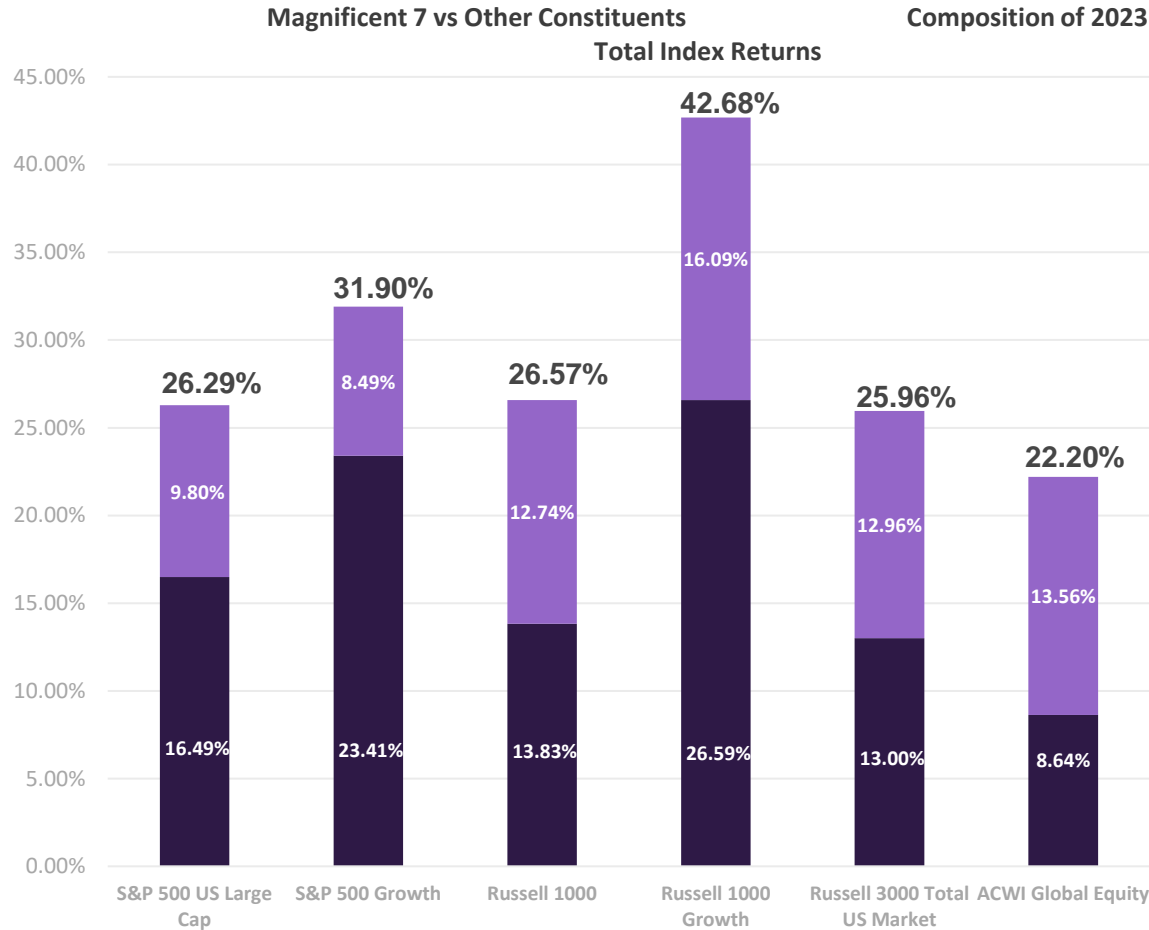


Downside risks

- Global economy at risk if impact from aggressive monetary tightening reduces credit expansion.
- Lagged impact of higher rates weighs on debt refinancing and increases default risk.
- Earnings assumptions still appear optimistic and equity valuations are at historically high levels.
- The market is expecting 6 interest rate cuts in 2024 but the Federal Reserve has only projected 3 cuts. Market sentiment could be impacted if the Fed disappoints.
- Election year uncertainty and broader geopolitical risks may impact investor sentiment.
- High concentration and high expectations for a few large growth stocks (*the magnificent 7*) in the U.S. market increases the risk of underperformance should these stocks disappoint in 2024.

The Magnificent 7 U.S. large growth stocks dominated 2023 returns

OUR TAKE: *Mag 7 stocks may not repeat their extraordinary 2023 performance as big tech profits slow.*



■ Mag 7 portion of total index return
■ Index ex-Mag7 portion of total index return

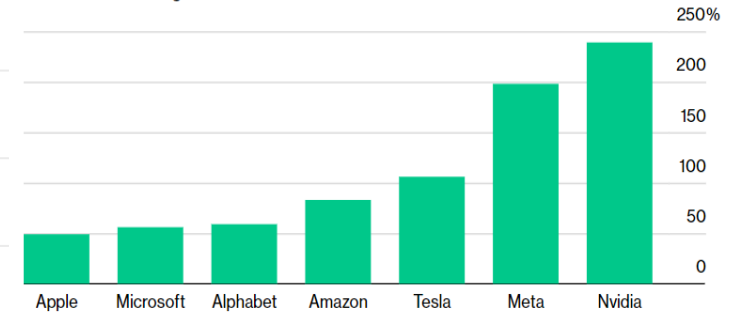
Index total return in bold above each stacked bar

Sources: Strategas Research, Bloomberg. Past performance does not guarantee future results.

Composition of 2023 Magnificent Seven Surged in 2023

The biggest market drivers all posted double-digit gains this year

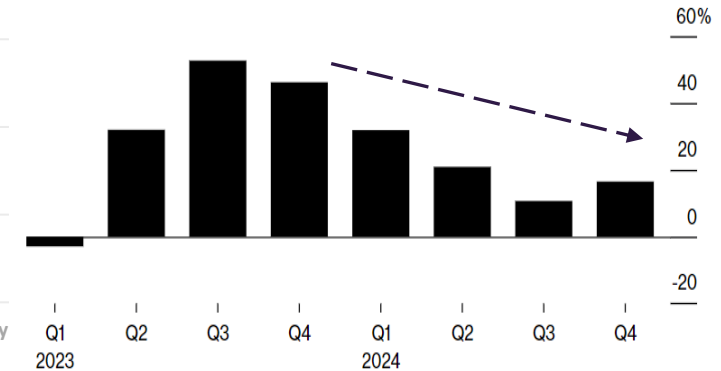
■ Year to date change



Source: Bloomberg

Big Tech Profit Growth Is Poised to Slow

Combined profit growth for seven biggest tech stocks



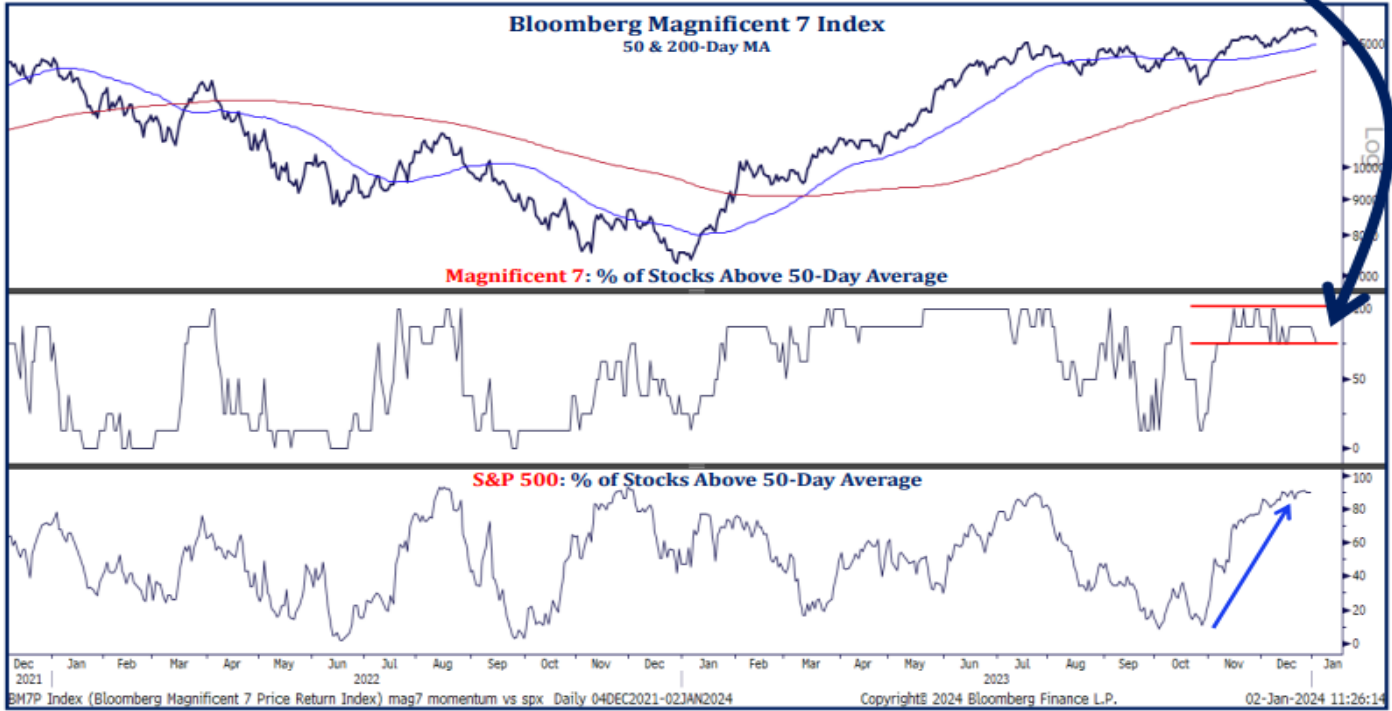
Sources: Bloomberg. Estimated data after Q4'23.

A rotation away from the Mag 7 big tech stocks has already started

	Equal-Weight S&P 500	Magnificent 7 Index	Spread
Performance Since Peak in Rates (10/23/23)	15.8%	11.1%	+467 BPS
Performance Since Low in Rates (12/27/23)	-0.3%	-2.8%	+249 BPS

Both yields down and
the recent move higher
have been accompanied
with equal-weight S&P
> the Magnificent 7.

MAG 7 MOMENTUM STALLING, WHILE REST OF TAPE STILL FIRM

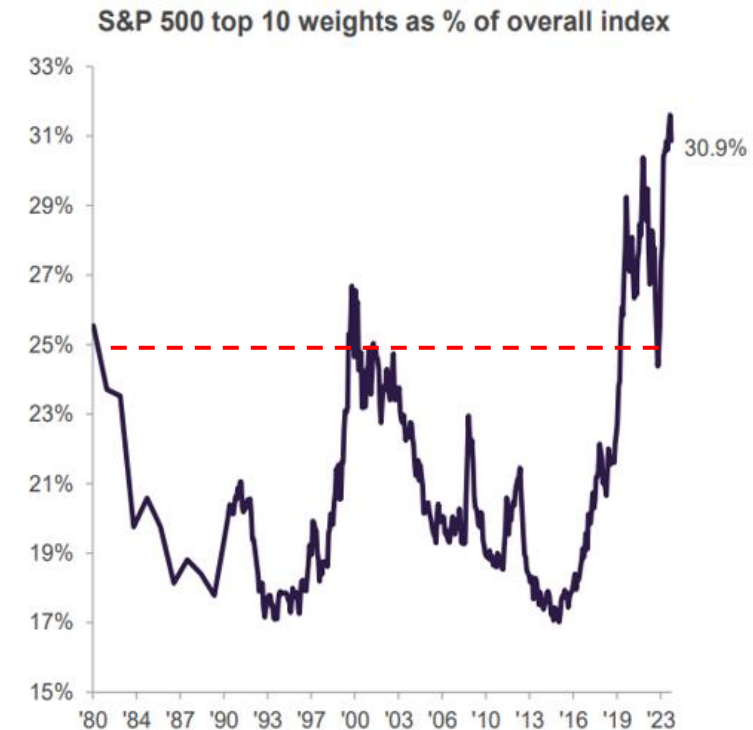


The concentration of the top 10 S&P 500 stocks is at an all time high and concentration weights above 25% typically lead to increased volatility

Annual S&P 500 Price Performance Contribution of 10 Largest Stocks During Positive Performance Years

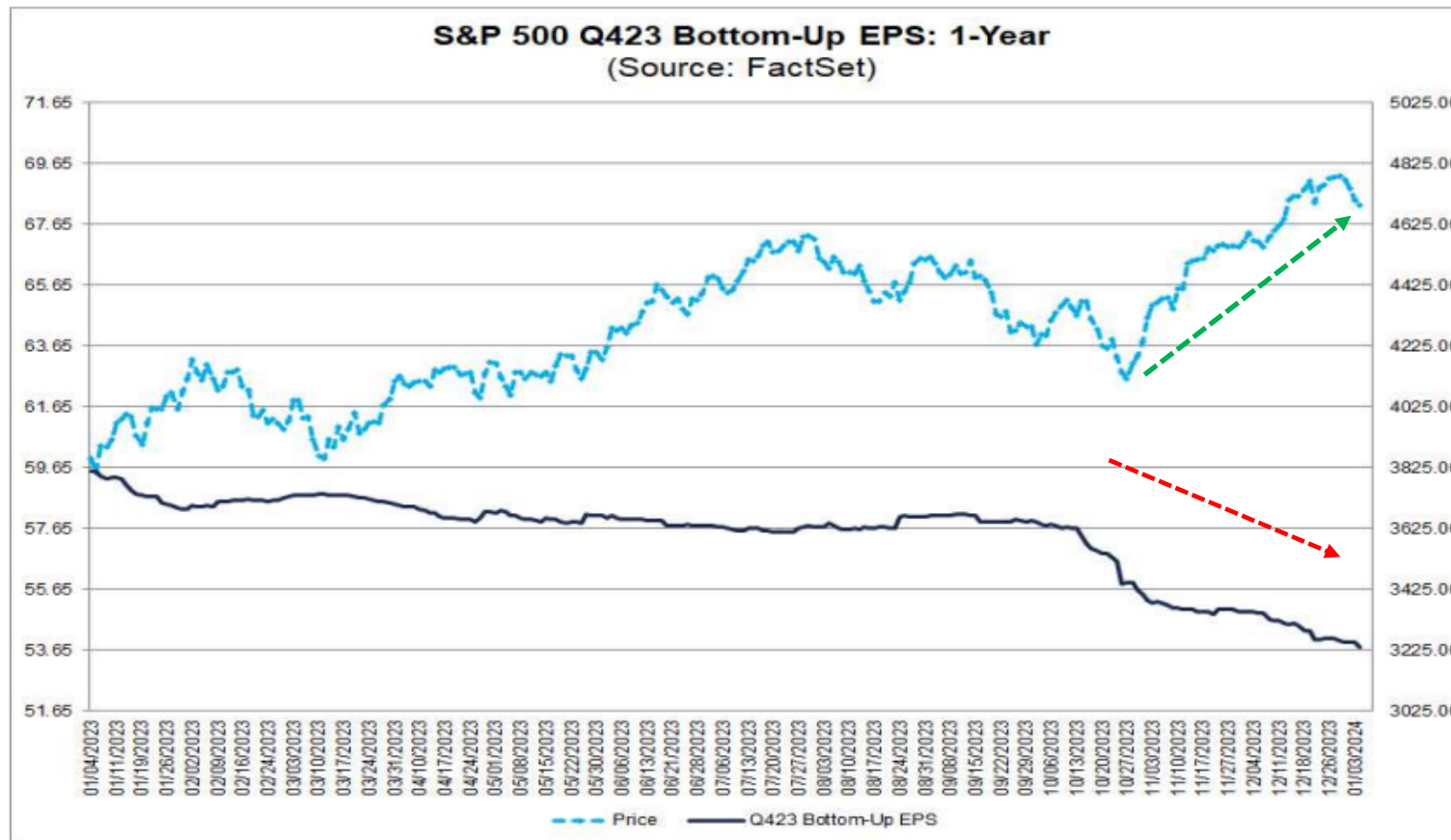
<u>Year</u>	<u>Top 10 as % of Total</u>	<u>S&P 500 % Perf.</u>	<u>Next Year Perf.</u>
2007	78.7%	3.5%	-38.5%
2023	68.4%	24.2%	?
2020	58.9%	16.3%	26.9%
1999	54.5%	19.5%	-10.1%
2021	45.0%	26.9%	-19.4%

Sources: Strategas Research. Past performance does not guarantee future results.



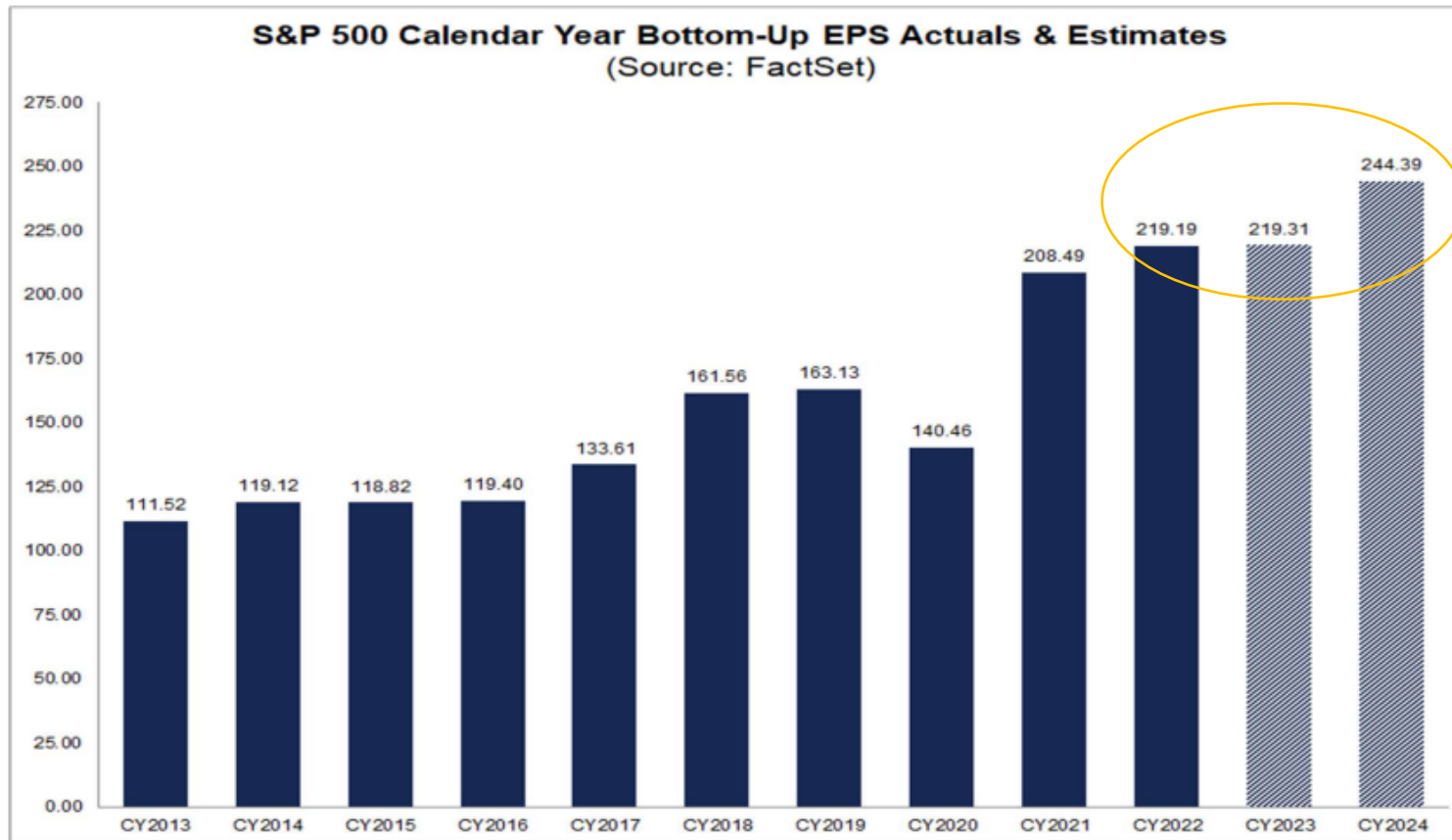
As the market rallied on the “Q4 Fed Pivot Rally” analysts were rapidly reducing Q4’23 earnings estimates

OUR TAKE: Recent market momentum looks to be disconnected from earnings downgrades.



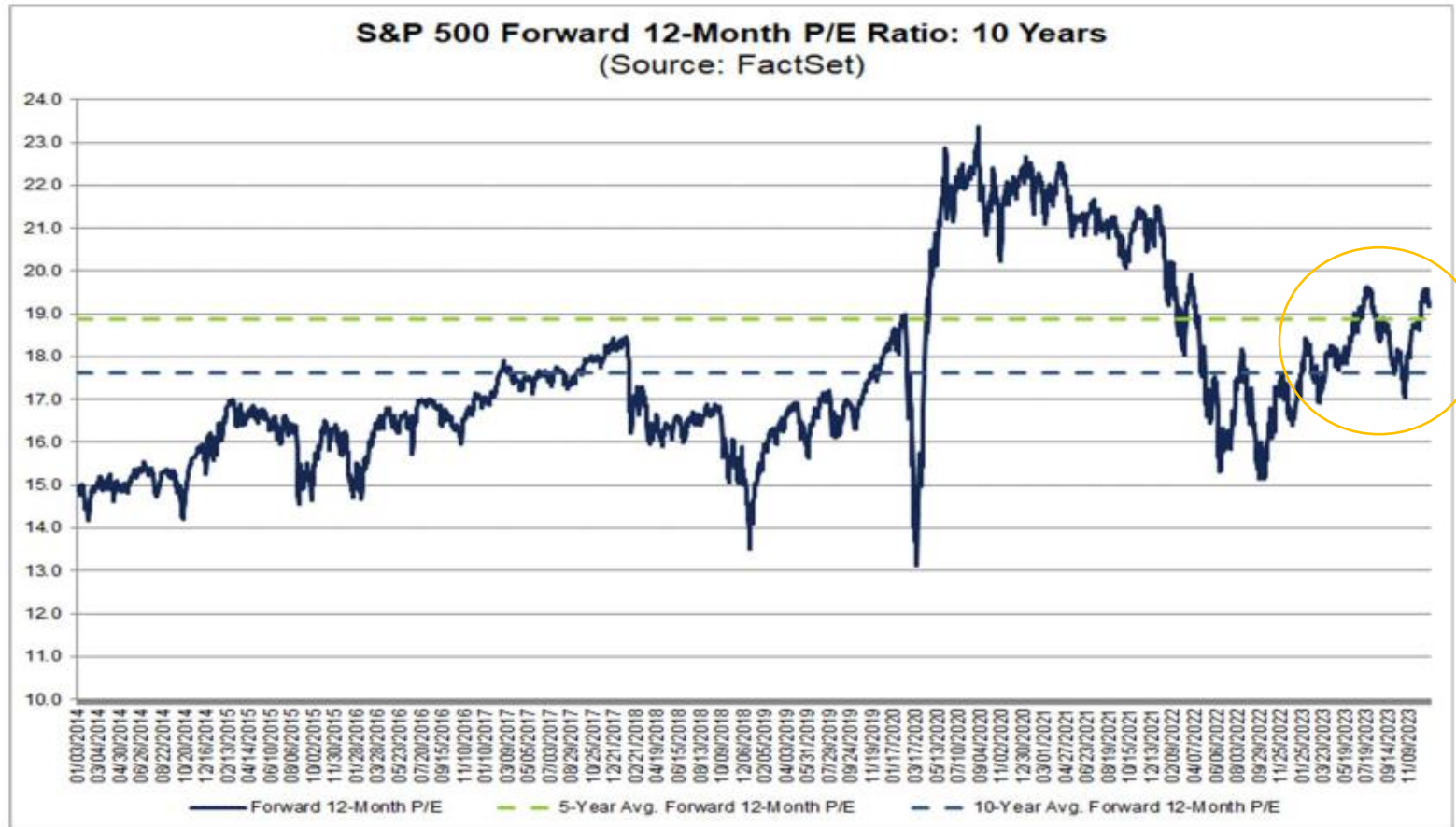
2024 earnings growth is estimated to be 11.4%, but earnings for CY23 are now projected to be flat year over year after recent downgrades

OUR TAKE: *With 2023 market gains being driven by PE multiple expansion, it is possible that the 11.4% estimated earnings increase in 2024 is already priced into the market.*



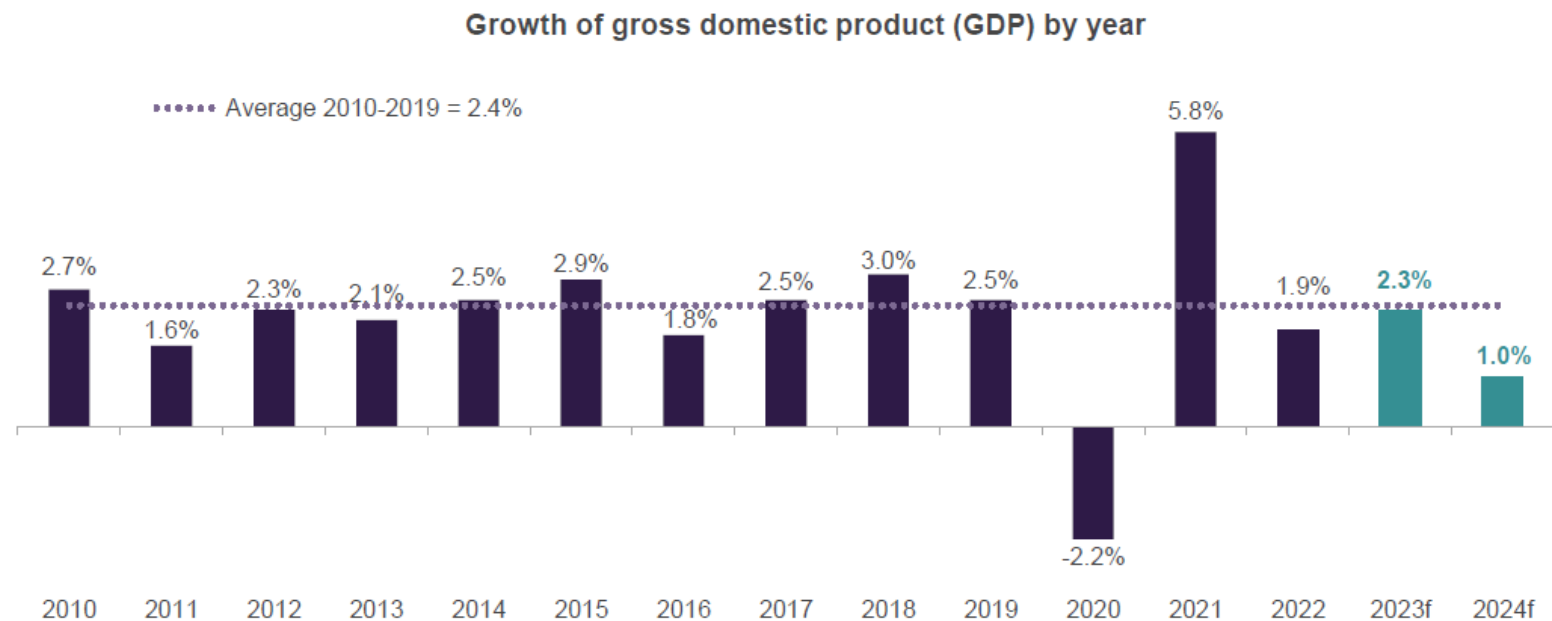
After the “Q4 Fed Pivot Rally” the market is now back to a forward PE valuation above long-term averages

OUR TAKE: The S&P 500 ended 2023 near an all time high and at a forward PE well above the 10-year average even though the past decade was a period with much lower interest rates.



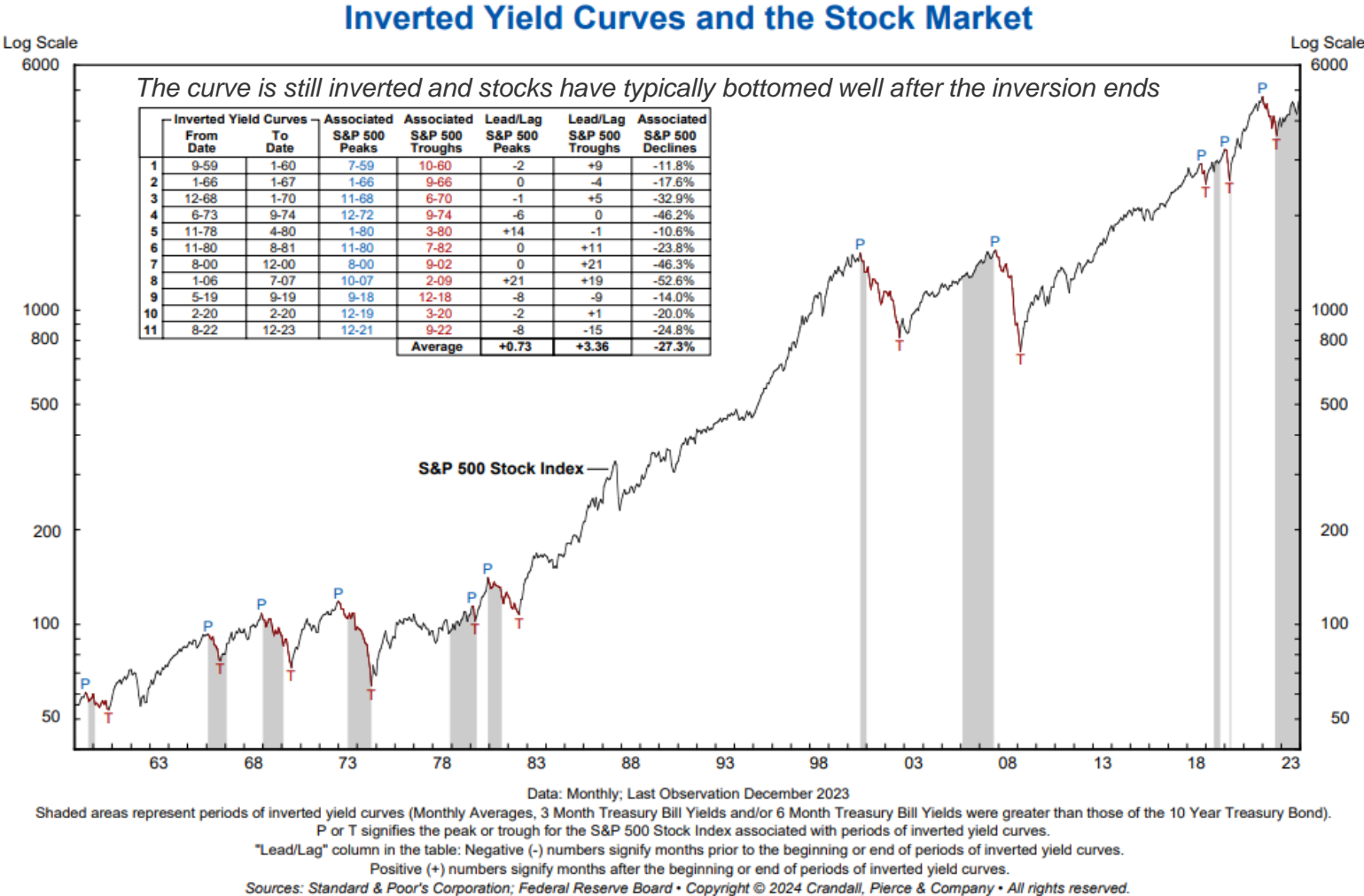
Crosscurrents impacting 2024 U.S. outlook: Slow-but-positive growth

OUR TAKE: The consensus expectation for U.S. GDP growth is to be subpar, slow-but-positive. That said, the lagged impact of Fed tightening, “higher for longer” rate environment, and tightening lending standards will likely present headwinds to growth. A soft landing is possible but recession can not be ruled out.



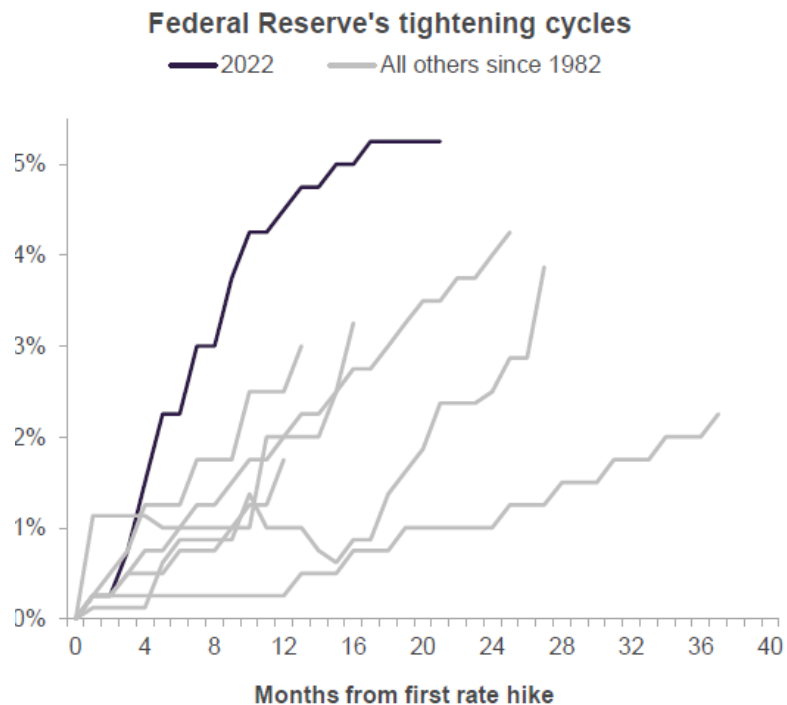
Sources: Truist IAG, Bureau of Economic Analysis, IHS Markit. Change in real gross domestic product year over year; actual through 3Q2023, Truist IAG forecast for 4Q23 through 2024

Average market decline of -27.3% when 3 mo/10 yr yield curve inverts with market troughs typically occurring well after the inversion ends

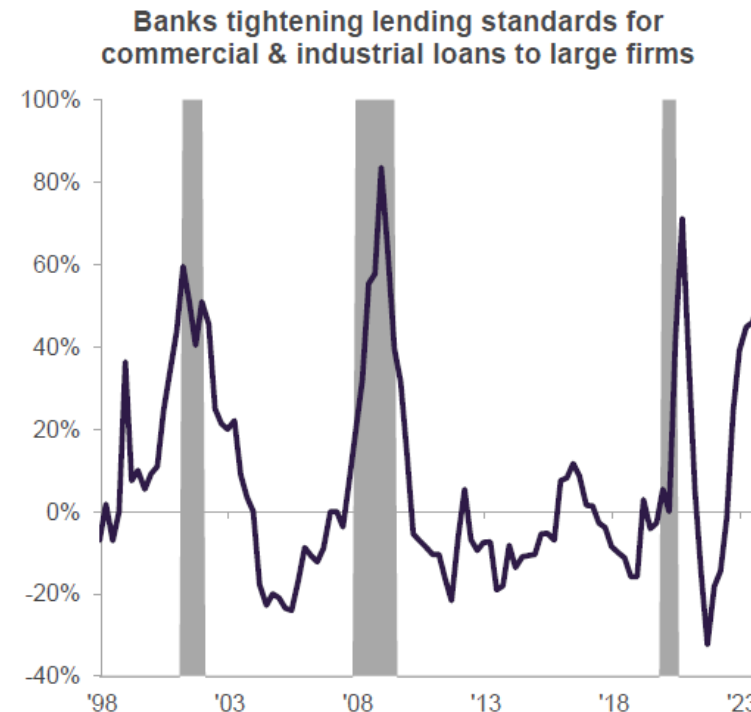


Lagged impact of aggressive Fed rate hikes

OUR TAKE: We maintained a cautious investment posture in 2023 and into 2024 because monetary policy acts with a lag as tightening credit conditions weigh on the economy. Bank lending standards for C&I loans are still tight and at levels where past recessions started.

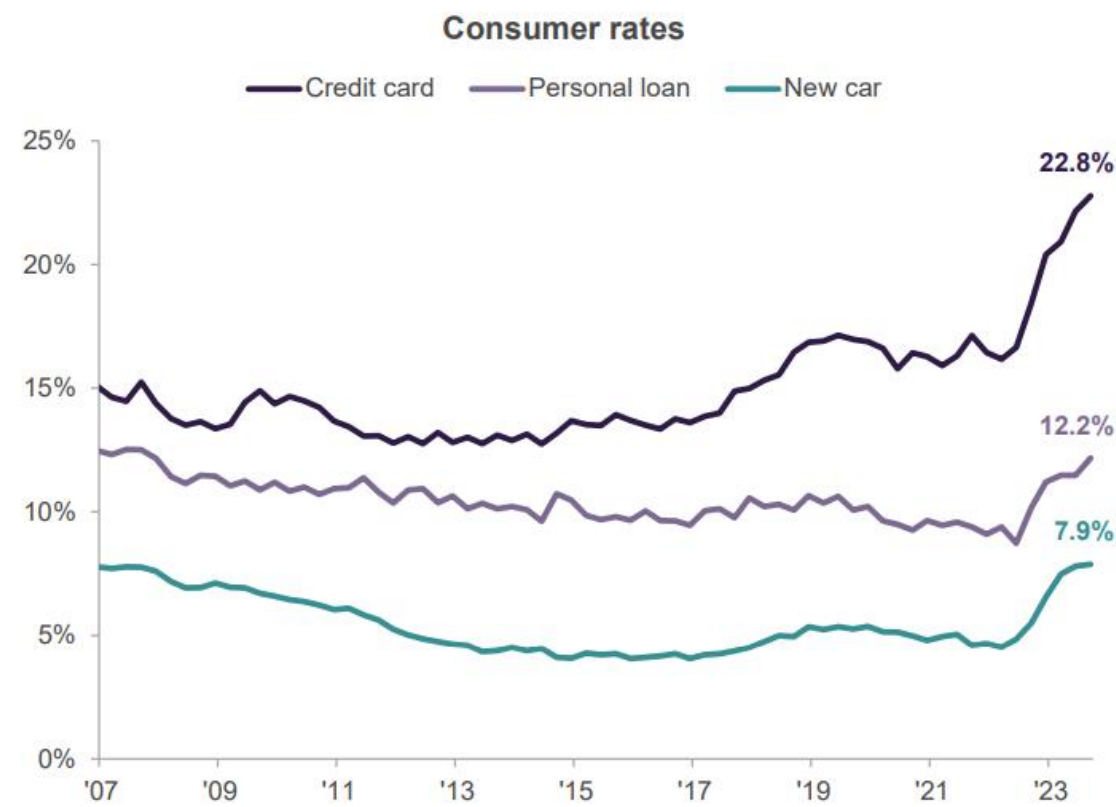


Sources: Truist IAG, Bloomberg, Haver, Federal Reserve Board



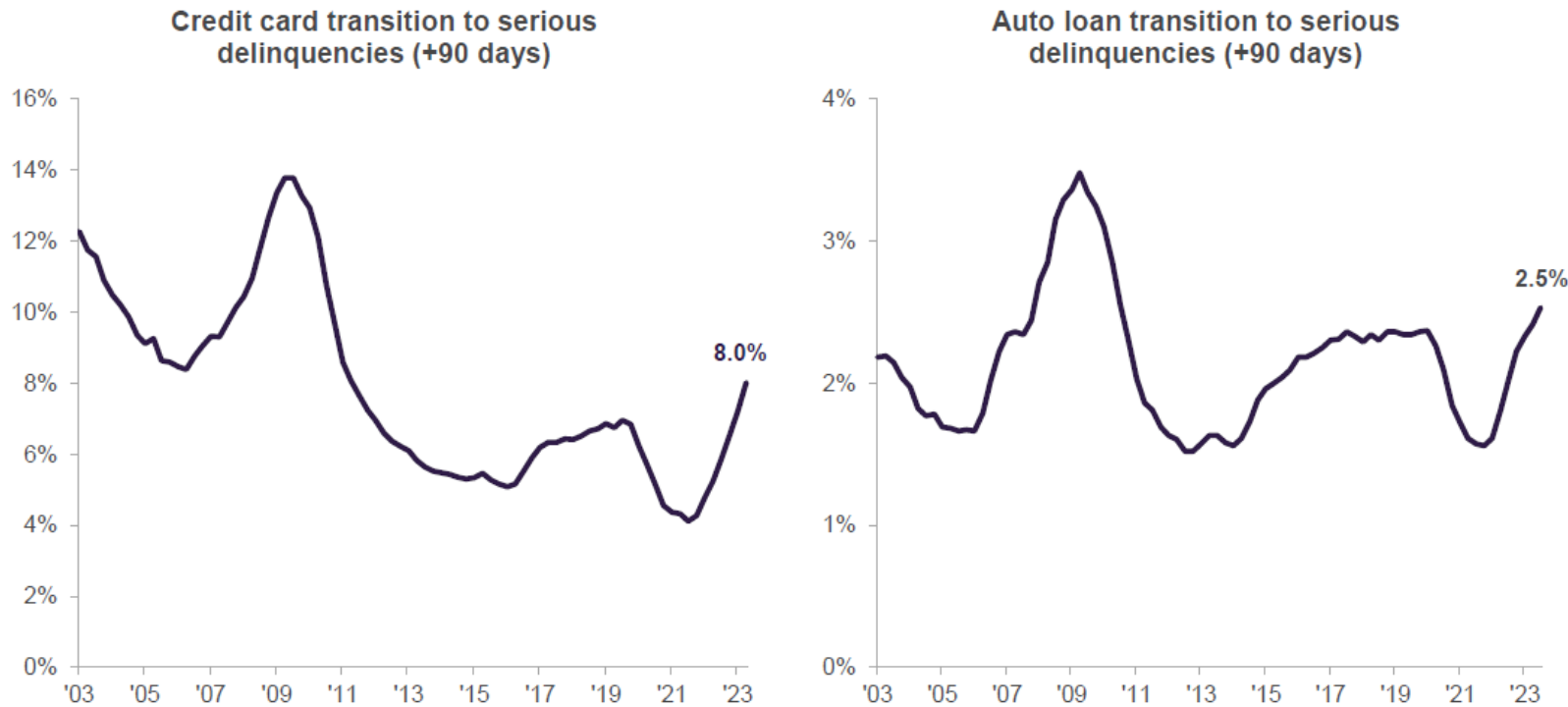
Rising interest rates have a cumulative impact

Consumer financing costs – for everything from new cars to credit cards – have escalated in the past two years. While homeowners have largely locked-in low rates, lower-income Americans are feeling the pinch of interest rates ratcheting higher, especially those who don't own a home.



Data source: Truist IAG, Haver, Federal Reserve Board. Quarterly data through third quarter 2023.

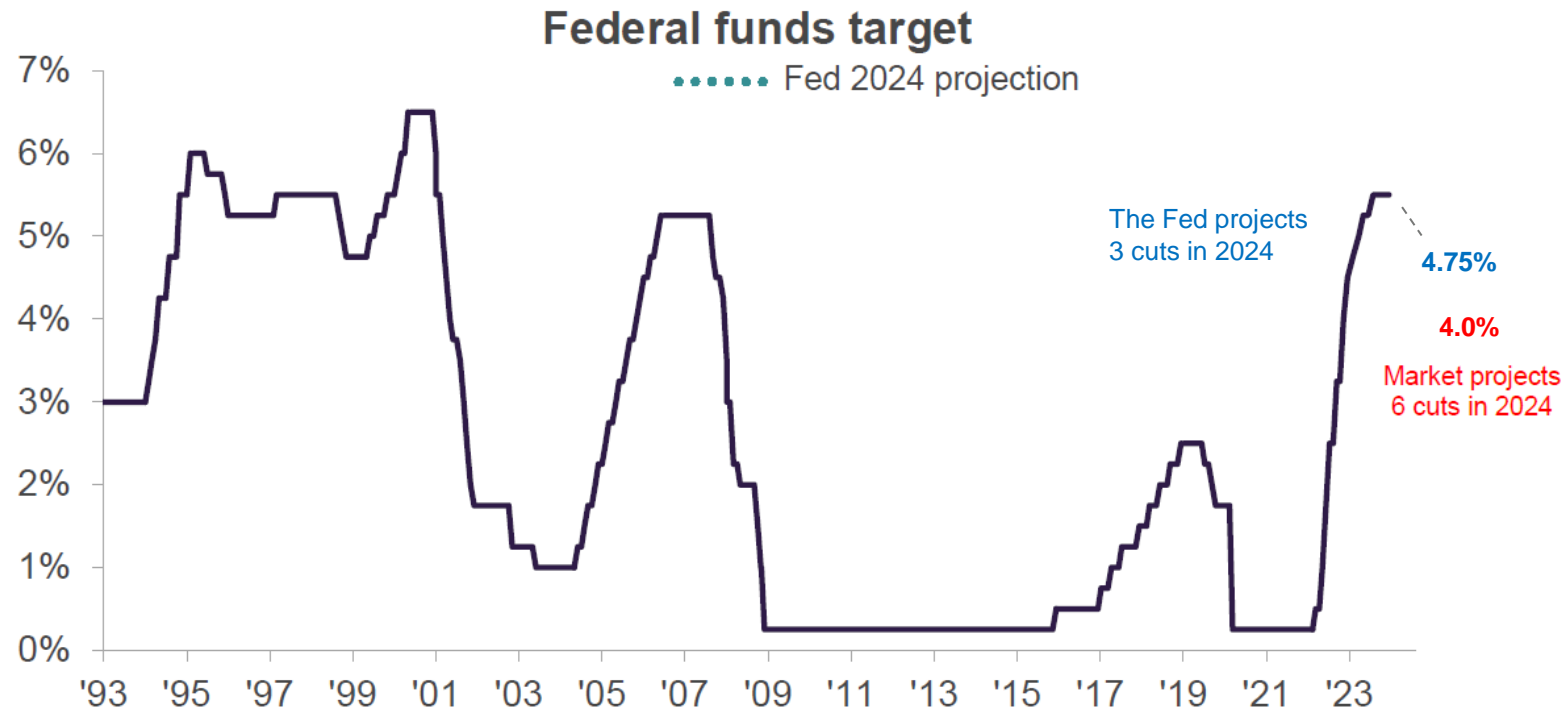
Consumer debt is at an all time high of \$5 Trillion as credit card and auto loan delinquencies are climbing



Sources: Truist IAG, Haver, NY Fed Consumer Credit Panel/Equifax; percentage of current balance. Quarterly data through 3Q2023

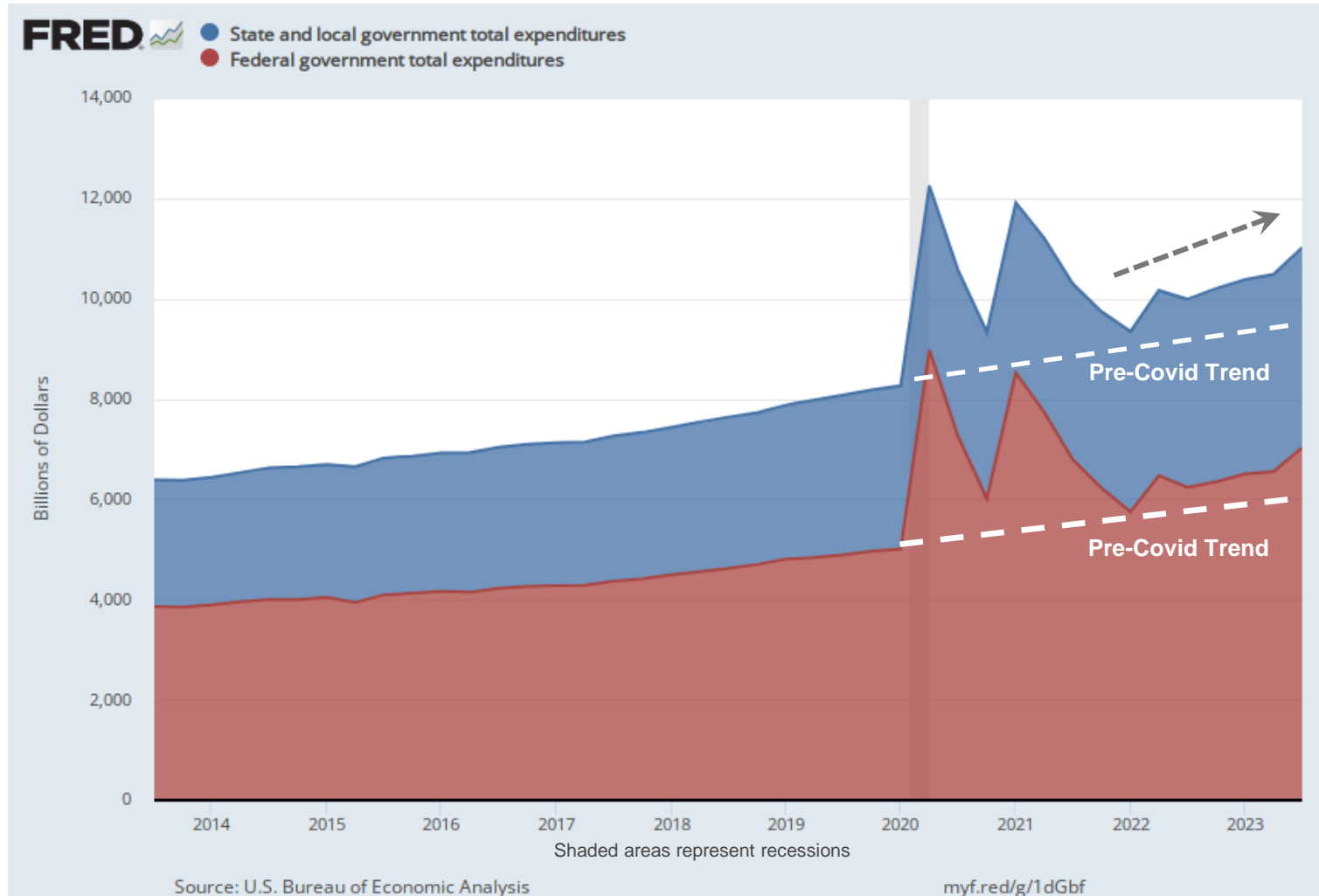
Federal Reserve's rate outlook vs. market's expectation

OUR TAKE: In its December FOMC forecast, the Fed projected three rate cuts for 2024. Equity markets, however, are expecting **six** cuts in 2024. If the Fed disappoints it could weigh on market sentiment.

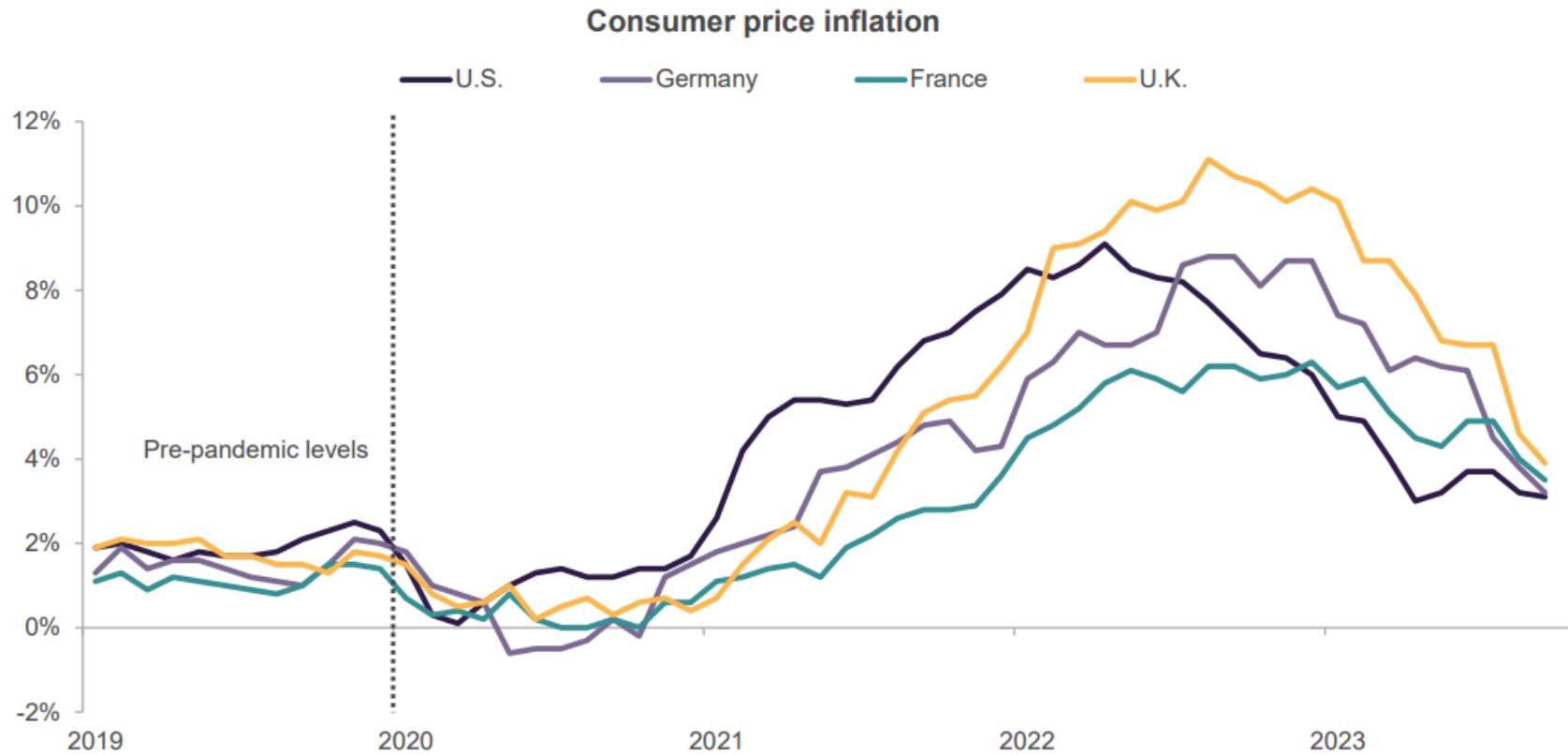


Sources: Truist IAG, Federal Reserve.

U.S. federal, state and local government spending is trending above pre-covid levels with Q3 '23 outlays at \$11 trillion and 39% of GDP



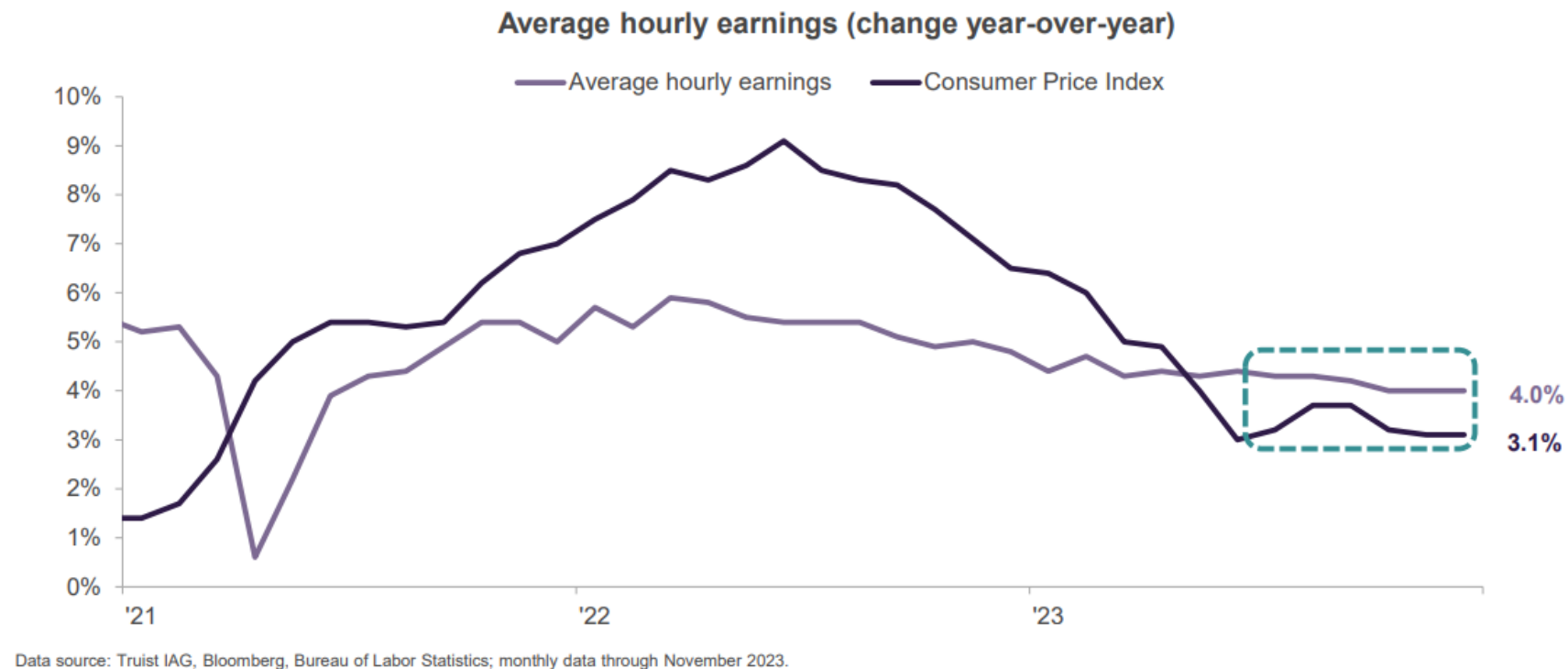
Inflation has declined sharply though still above pre-covid levels



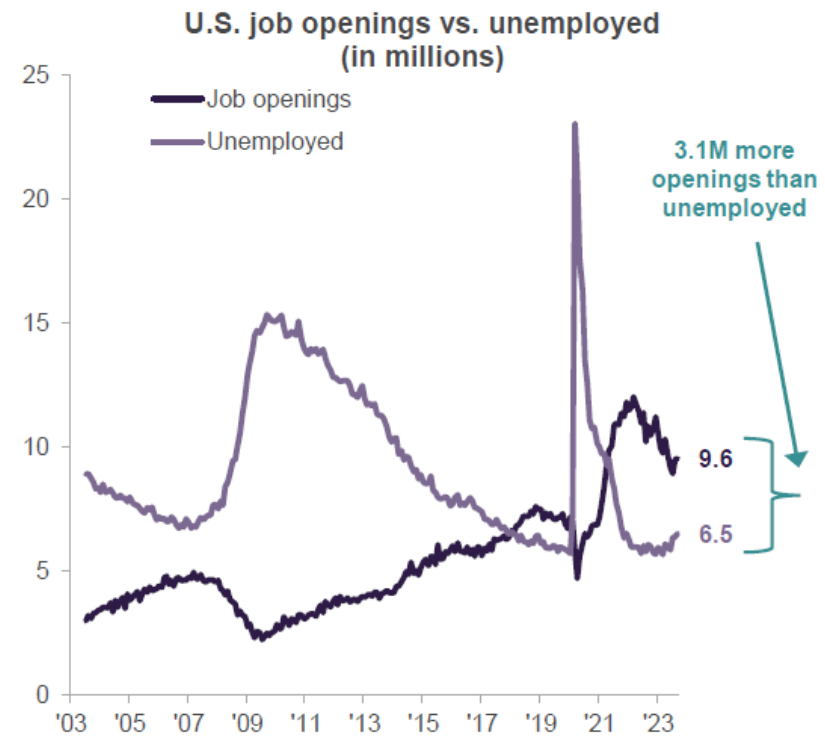
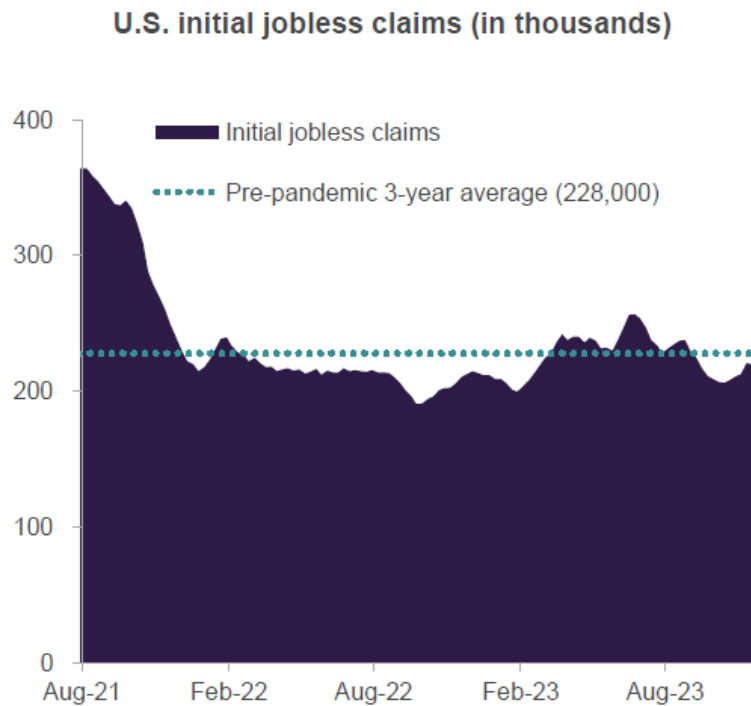
Data source: Truist IAG, Bloomberg. Data as of 11/30/2023.

Wage growth is above the rate of inflation, a positive for consumers

Wage growth is running at 4.1% from a year ago, well above the pre-pandemic 10-year average of 2.4%. As inflation continues to recede, consumers will get some additional breathing room in their personal budgets.

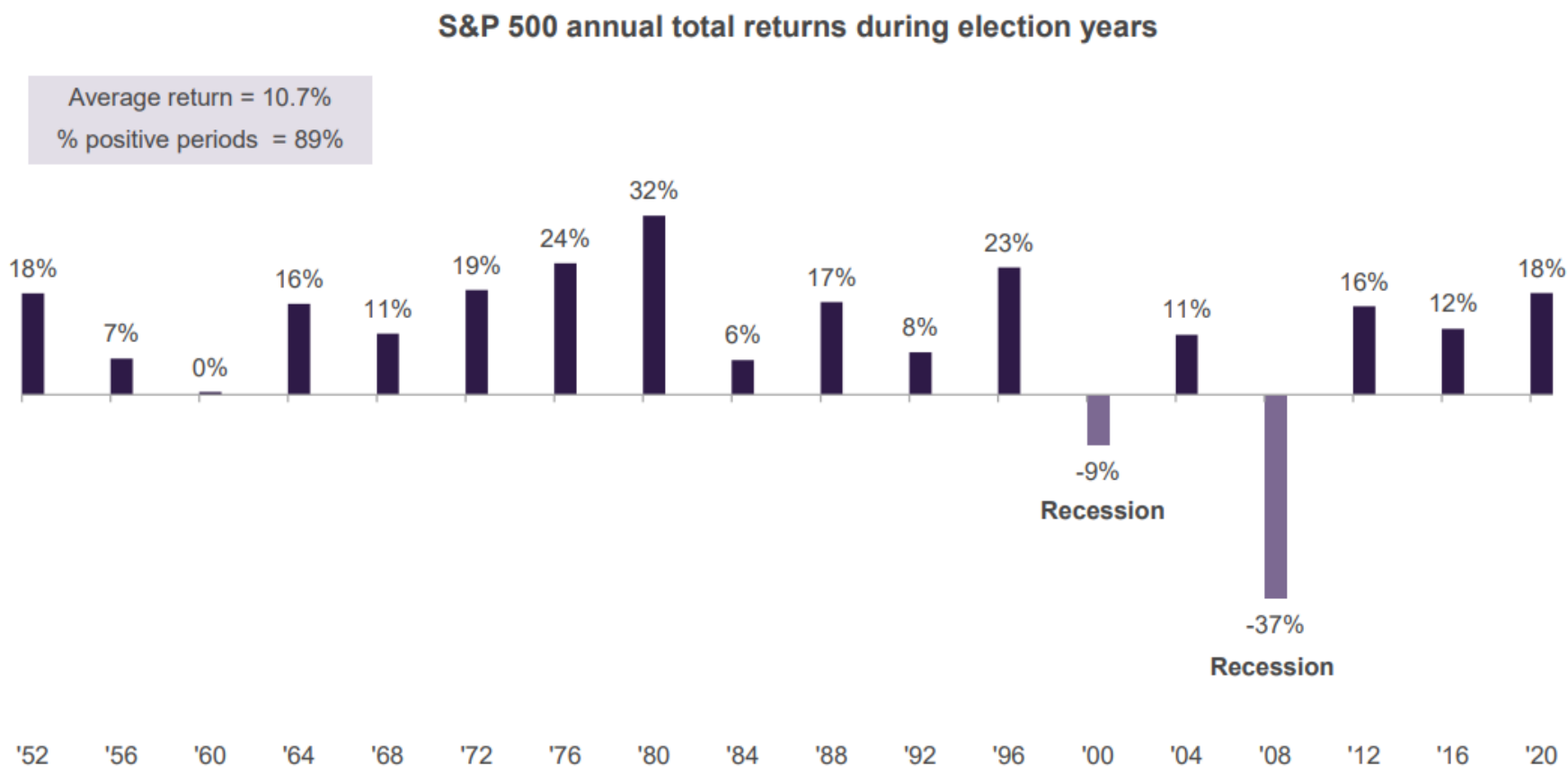


Consumers still supported by firm job market



Sources: Truist IAG, Bloomberg, Bureau of Labor Statistics. Claims data weekly through 11/18/23. JOLTS data monthly through October 2023.

Election year returns tend to be solid, excluding recession years

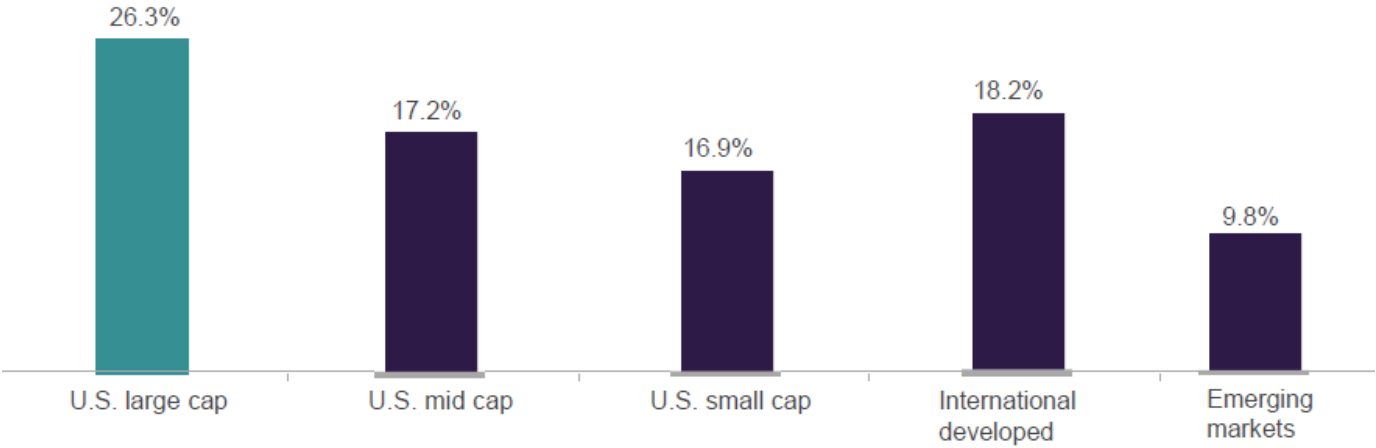


Data source: Truist IAG, FactSet. Past performance does not guarantee future results

Our global equity positioning has generally been positive for performance

OUR TAKE: Our preference among equity asset classes during 2023 was generally positive for performance as we maintained a tilt toward U.S. large caps relative to mid, small, international equities and emerging markets.

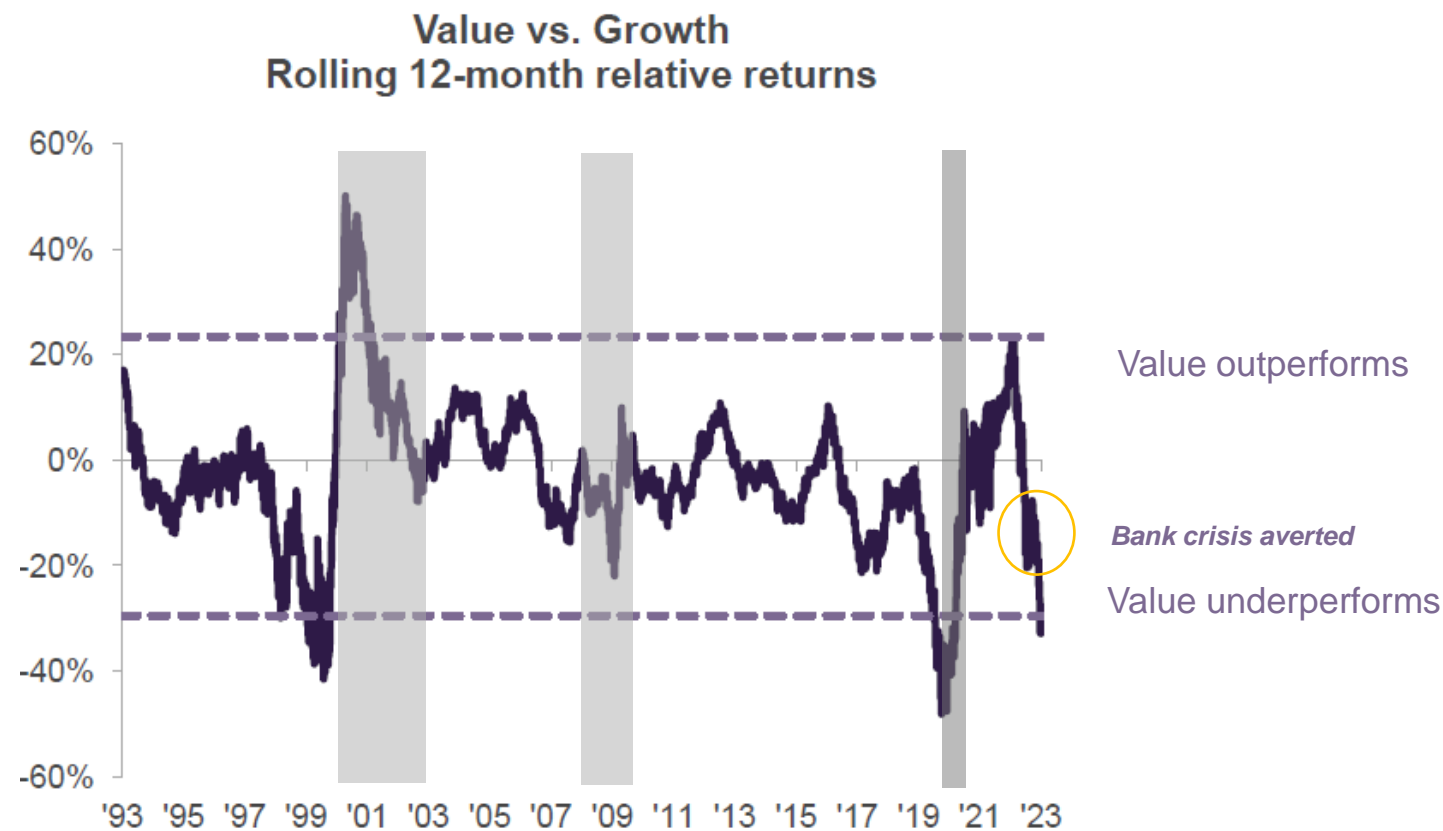
2023 performance summary



Sources: Truist IAG, FactSet. Past performance does not guarantee future results. U.S. large caps = S&P 500, U.S. mid cap = S&P Mid Cap 400, U.S. small cap = S&P Small Cap 600 International developed = MSCI EAFE, Emerging markets = MSCI EM.

Historically, value stocks typically outperform during recessionary periods

OUR TAKE: Going into 2023, our conservative positioning was supported by leading indicators that pointed to a U.S. slowdown or outright recession due to the impact from aggressive Fed tightening. Such an outcome has so far been avoided by resilient consumption, increased government spending and intervention to prevent a banking crisis in March 2023. Soft landing is possible but recession in 2024 can not be ruled out.

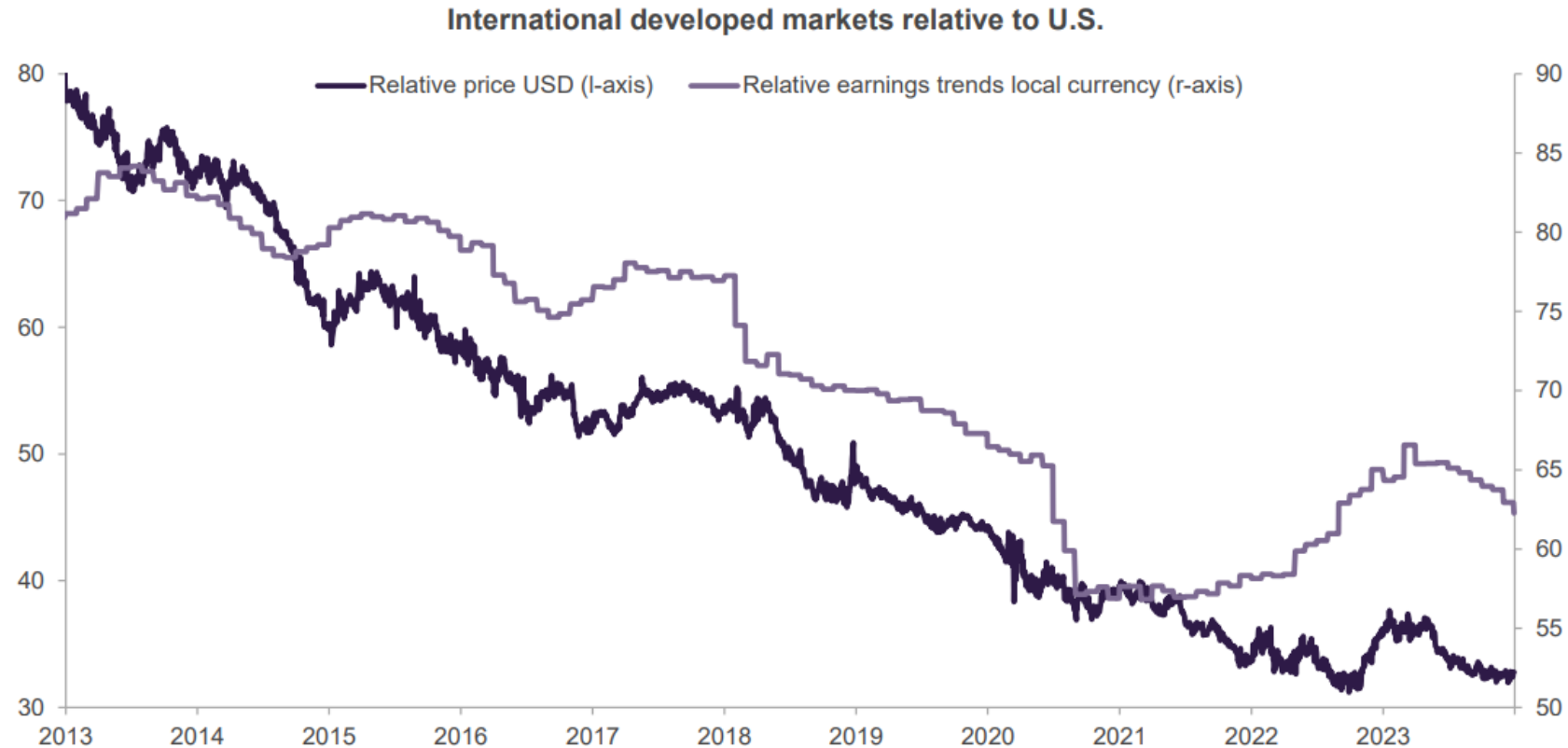


Shaded areas represent recession periods.

Sources: Truist IAG, Morningstar, value = Russell 1000 Value index and growth= Russell 1000 Growth index

International markets' relative price and earnings trends remain weak

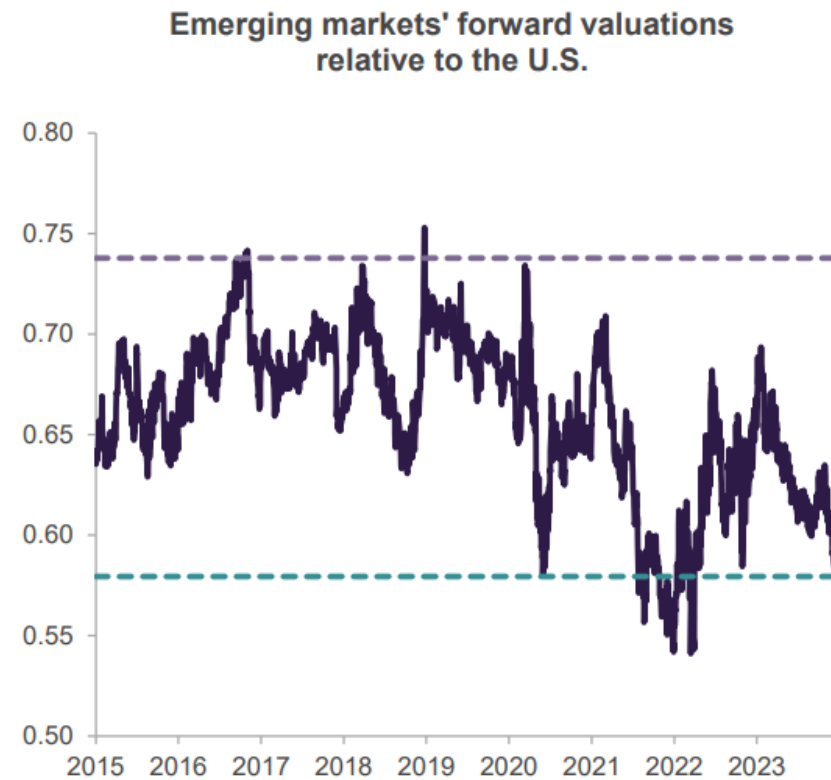
OUR TAKE: Historically, U.S. equities tend to outperform during periods of a global slowdown. That said, there are pockets of opportunity abroad as investment moves out of China to India and other low-labor cost areas.



Data source: Truist IAG, FactSet, MSCI

Past performance does not guarantee future results. Earnings are next twelve months' earnings in local currency. U.S. = MSCI USA, EAFE = MSCI EAFE,

Emerging markets' valuations moving lower as relative price and earnings trends remain very weak



Data source: Truist IAG, Bloomberg, FactSet, MSCI. Emerging markets = MSCI EM; U.S. = MSCI USA
Past performance does not guarantee future results. Earnings are next twelve months' earnings in local currency. U.S. = MSCI USA, Emerging Markets = MSCI EM.

Foreign investment moving out of China for first time in 20 years

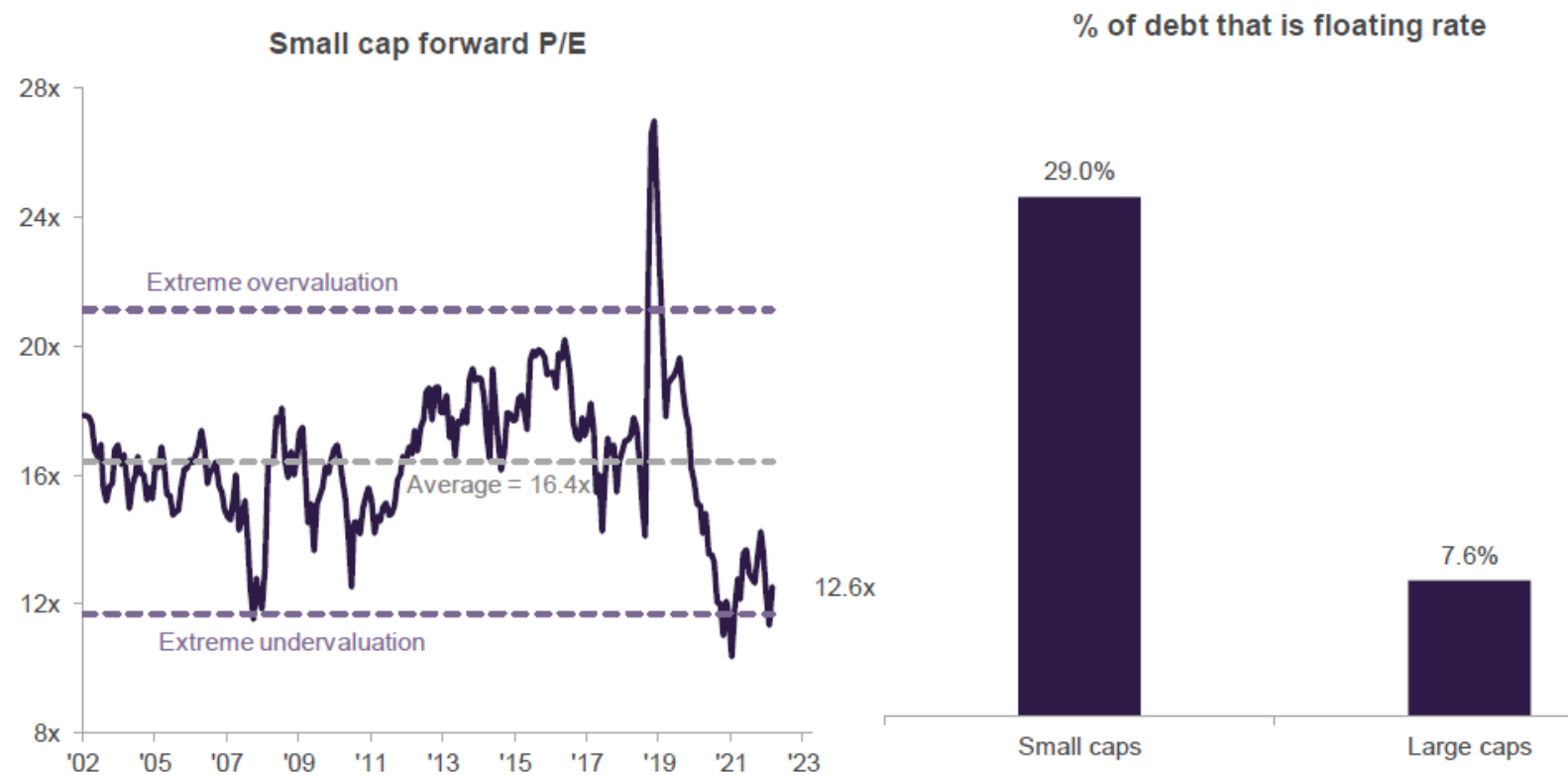
OUR TAKE: Over the last few years, the foreign investing environment in China has become significantly less hospitable: regulatory crackdowns on tech companies, extended Covid lockdowns, reduced transparency on economic data. We believe the declining trend in foreign direct investment is only just starting.



Sources: Truist IAG, Statista, State Administration of Foreign Exchange. Value of FDI to China based on balance of payments, quarterly data through 3Q2023.

Small caps – slowing macro environment and higher for longer interest rates are still headwinds

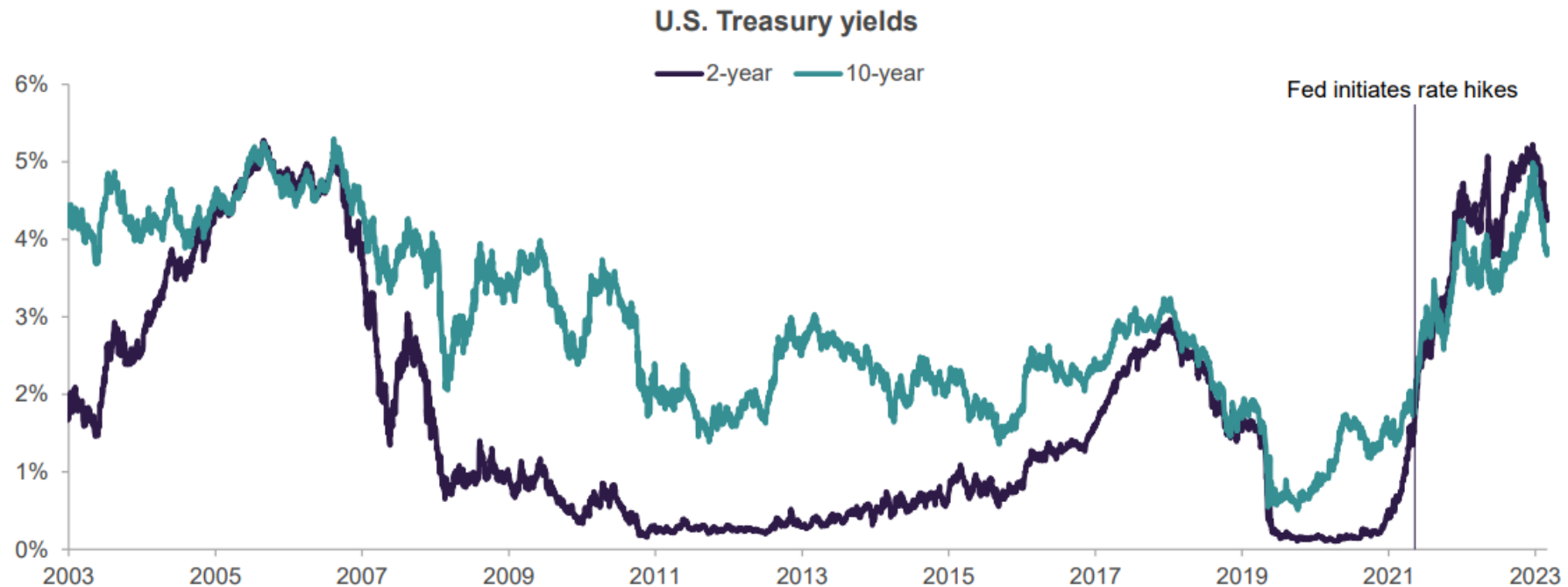
OUR TAKE: Even though small cap valuations are becoming more attractive, higher interest rates and a challenging macro environment remain headwinds for small and mid sized companies.



Sources: Truist IAG, FactSet, Empirical Research. Right chart is ex-financials and is based on data from Empirical Research. Left chart: Small Caps = S&P SmallCap 600, Large Caps = S&P 500. Past performance does not guarantee future results.

Recent rally likely pulled forward some of 2024's expected yield declines

As we progress through 2024, market participants are expected to reposition for Fed rate cuts, applying downward pressure on the front end of the yield curve. Longer-dated yields should broadly trend lower as inflation cools and growth moderates; however, upside inflation surprises, federal deficits, and robust government debt issuance pose near-term risks.



Data source: Truist IAG, Bloomberg.

Past performance does not guarantee future results.

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