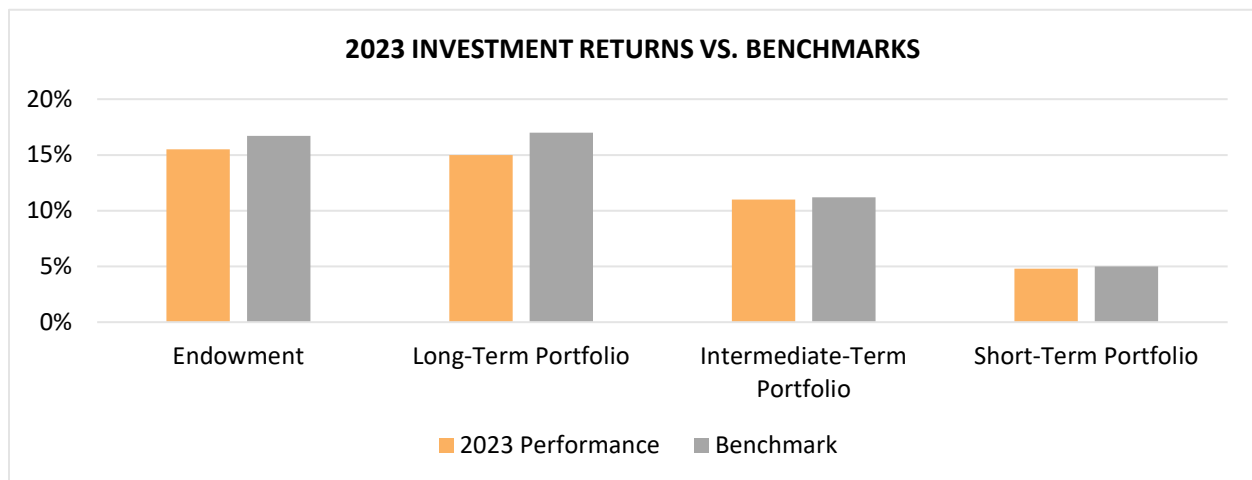




To: Community Foundation for the Fox Valley Region Donors & Fund Advisors
From: Alan Lenahan, CFA, CAIA, and Kathryn Mawer, CFA, CAIA – FEG Investment Advisors
Re: 2023 Investment Performance Review
Date: February 23, 2024

What a Difference a Year Can Make! In 2023, the financial landscape shifted dramatically from the previous year. The traditional 60/40 portfolio of stocks and bonds suffered double-digit declines in 2022 but rebounded with double-digit gains in 2023. The Federal Reserve’s efforts to stabilize prices had a profound impact, and headline CPI inflation, which peaked at 9.1% in June 2022, cooled to a 3.3% pace by December 2023. With a stable labor market and solid economic growth, 2023 turned out to be a good year for investors. The Community Foundation for the Fox Valley Region saw strong returns across all its portfolios. Here are the highlights:



- The Endowment returned 15.5% for the year vs. a benchmark of 16.7%. Equities drove much of the absolute performance, and active managers, particularly amongst global equities, contributed to the outperformance vs. the benchmark. Private capital, which is part of the Endowment’s strategy, could not keep pace with public markets, but these strategies have been additive longer-term.
- The Long-Term Portfolio and Intermediate-Term portfolios returned 15.0% and 11.0% respectively, vs. benchmark returns of 17.0% and 11.2%. Like the Endowment, absolute returns were primarily driven by equities. Unlike the Endowment, the “basket” of non-U.S. active managers detracted from performance. This was more noticeable with the long-term portfolio given these strategies comprise a larger allocation of the portfolio.
- The Short-Term portfolio benefited from the rising interest rates in place for much of 2023, returning 4.8% vs. a benchmark of 5.0%.

As we close out the year on a positive note, it’s essential to acknowledge the market’s volatility. While it’s certainly more pleasant to be riding the wave of optimism now, we must not forget the challenges faced in 2022 when the market ended on a downswing. All but the short-term portfolio continue to be broadly diversified across asset categories to help promote “all-weather” portfolios poised for capital preservation and growth.