COMMUNITY FOUNDATION FOR THE FOX VALLEY REGION

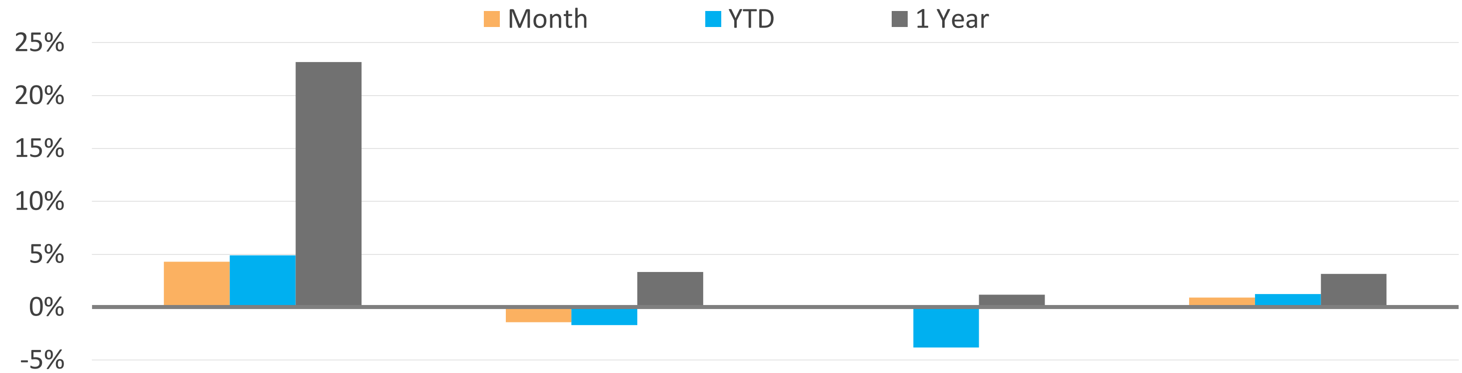
PORTFOLIO UPDATE FEBRUARY 2024

MARKET UPDATE

For the second month of 2024, performance across asset classes and categories remained mixed.

- In the global equity markets, the long-standing theme of domestic equities outperforming international equities continued. U.S. equities posted positive returns of 5.4%, albeit with a lack of breadth in the gaining stocks. NVIDIA's blowout earnings drove the stock higher, and the company accounted for one-fifth of the S&P's return. While non-U.S. markets did not benefit from as high of a concentration into the tech companies as the U.S., they still posted returns of 2.3%. This month, China experienced a strong rebound after months of turmoil.
- The core bond market saw a loss of 1.4%, as interest rates rose in February and there was a growth slowdown abroad. Additionally, inflation remained stubbornly high at 3.9%. This called into question the economic viability of a near-term easing in the federal fund rates, even though other Fed and bond measures indicate at least three rate cuts (75 basis points) throughout the year. High yield gained 0.3%, and investment grade spreads tightened to the lowest point since January 2022.
- Performance in Global Real Estate Investment Trusts (REITs) generated nearly 2% of total return, while commodity futures declined, and global listed infrastructure remained flat. Higher interest rates continue to put downward pressure on the sector, with rate cut expectations pushed back further into 2024.
- Hedge fund performance was broadly positive, as all main strategies saw gains in February. Global macro and hedged equity were the largest winners, with gains focused on technology, artificial intelligence, and cryptocurrency. An improving outlook for economic growth and expectations for interest rate cuts, among other factors, drove the surge in hedge fund performance.

MARKET INDEX PERFORMANCE



	MSCI All-Country World	Bloomberg U.S. Aggregate Bond	S&P Real Assets Equity	HFRX Global Hedge Fund
Month	4.3%	-1.4%	0.0%	0.9%
YTD	4.9%	-1.7%	-3.8%	1.2%
1-Year	23.1%	3.3%	1.2%	3.1%

FEG investment advisors

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PORTFOLIO PERFORMANCE[1]

	February	YTD	1-Year	3-Year
Endowment[2]	3.0%	3.3%	14.8%	2.7%
Target Benchmark[3]	*2.7%*	*2.7%*	*16.3%*	*4.4%*
Long-Term Portfolio	2.9%	2.9%	14.8%	3.4%
Target Benchmark[4]	*2.8%*	*3.0%*	*16.9%*	*4.5%*
Intermediate-Term Portfolio	0.9%	0.6%	9.6%	1.3%
Target Benchmark[5]	*0.9%*	*0.8%*	*10.0%*	*1.3%*
Short-Term Portfolio	0.4%	0.8%	5.0%	0.9%
ST Target Benchmark[6]	0.4%	0.8%	5.2%	0.5%

- The Endowment returned 3.0% for the month vs. a benchmark of 2.7%. Equities continue to be the primary contributor to performance, with active public managers further adding alpha. Consistent with the broad market returns, fixed income performance was slightly negative for the month, real assets were essentially flat, and diversifying strategies were slightly positive. Fixed income benefited from an allocation to credit strategies.
- The Long-Term Portfolio and Intermediate-Term portfolios returned 2.9% and 0.9% respectively, vs. benchmark returns of 2.8% and 0.9%. Like the Endowment, positive returns were primarily driven by equities. The difference in performance for the two portfolios can be explained by the Long-Term portfolio's higher allocation to equities.
- The Short-Term Portfolio continues to benefit from high short-term yields, returning a positive 0.4% for the month with minimal risk.

PORTFOLIO POSITIONING

	ENDW	LT	IT	ST
GLOBAL EQUITY	67.5%	70.0%	35.0%	0.0%
GLOBAL FIXED INCOME & CASH	20.0	20.0	55.0	100.0
REAL ASSETS	7.5	5.0	5.0	0.0
DIVERSIFYING STRATEGIES	5.0	5.0	5.0	0.0

- At the macro-asset category level, all portfolios are positioned conservatively and are close to the IPS targets, given several mixed market signals that make it difficult to identify any significant opportunistic positioning.
- Within equities, all portfolios except the Short-Term Portfolio have a slight overweight to small-cap strategies, which continue to lag large-cap growth but tend to perform well in periods of market growth.

1 Portfolio performance is reported net of investment management fees. FEG advisory fees are currently 0.19% for the Endowment and 0.07% for the long-term and intermediate-term portfolios.
2 February and YTD performance is reported ex-Private Capital due to limited availability of data.
3 The Endowment target benchmark is currently comprised of Target Benchmark is 67.5% MSCI ACWI, 19.5% Bloomberg U.S. Aggregate Index, 7.5% S&P Real Assets Equity, 5.0% HFRX Global Hedge Fund Index, and 0.5% U.S. 91-Day Treasury Bills.
4 The long-term portfolio target benchmark is currently comprised of 70.0% MSCI ACWI, 19.5% Bloomberg Aggregate Index, 5.0% S&P Real Assets Equity, 5.0% HFRX Global Hedge Fund Index, and 0.5% U.S. 91-Day Treasury Bills.
5 The intermediate-term target benchmark is comprised of 35.0% MSCI ACWI, 50.0% Bloomberg Aggregate Index, 5.0% S&P Real Assets Equity, 5.0% HFRX Global Hedge Fund Index, and 5.0% U.S. 91-Day Treasury Bills.
6 The short-term portfolio target benchmark is comprised of 100% ICE BofAML U.S. 3-Month Treasury Bill Index.

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For further information, please contact Michelle Weber, CFO at mweber@cffoxvalley.org or visit https://www.cffoxvalley.org/.

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