

QUARTERLY MARKET REVIEW

Q4

FOURTH QUARTER 2023

COUNTRY DEBT AND STOCK RETURNS

US government debt reached 121% of the value of the country's gross domestic product (GDP) last year.¹ Many investors have expressed concern over the impact that servicing this level of debt could have on the stock market. But the historical data show little relation between the two. Since 1975, there have been 153 observations of a country exceeding 100% debt/GDP for a year. Stocks were up for that country/year in 104 of the 153, or about two-thirds of the time.

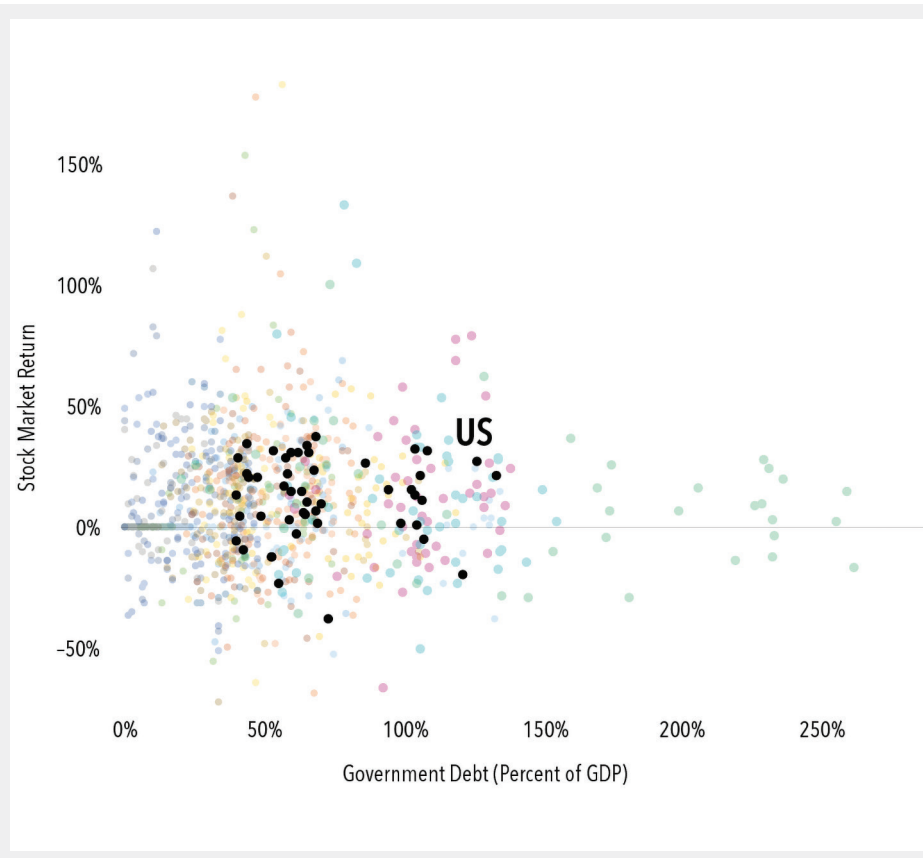
There are numerous examples of countries carrying high debt for extended periods. Italy and Belgium have both been over 100% debt/GDP in more than 30 of the past 48 years. Meanwhile, their stock markets have returned an average of 10.8% and 12.0% per year, respectively. Japan has been over 200% since 2010 while its market averaged close to 6% per year over that period.

Stock markets set prices to the point where investors have a positive expected return given current information. Country debt is a slow-moving variable, so it's sensible that current prices reflect expectations about the effect of government debt. And it's unsurprising to see stock performance has generally been positive even amid high-debt conditions.

1. "General Government Debt," Global Debt Database, International Monetary Fund, September 2023.
See following page for important disclosure.

Indebted

General Government Debt, Percent of GDP vs. Stock Market Return for Developed Markets, 1975-2022



CONTINUED ON NEXT PAGE ►

COUNTRY DEBT AND STOCK RETURNS CONTINUED

Article by Wes Crill, PhD, Senior Investment Director and Vice President, Dimensional Fund Advisors

Past performance is no guarantee of future results.

Debt figures are based on General Government Debt data from the Global Debt Database published by the International Monetary Fund. MSCI index returns are net dividends, in USD. MSCI data © MSCI 2024, all rights reserved.

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QUARTERLY MARKET REVIEW OVERVIEW

Quarterly Topic: Country Debt and Stock Returns

Quarterly Market Summary

Long-Term Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

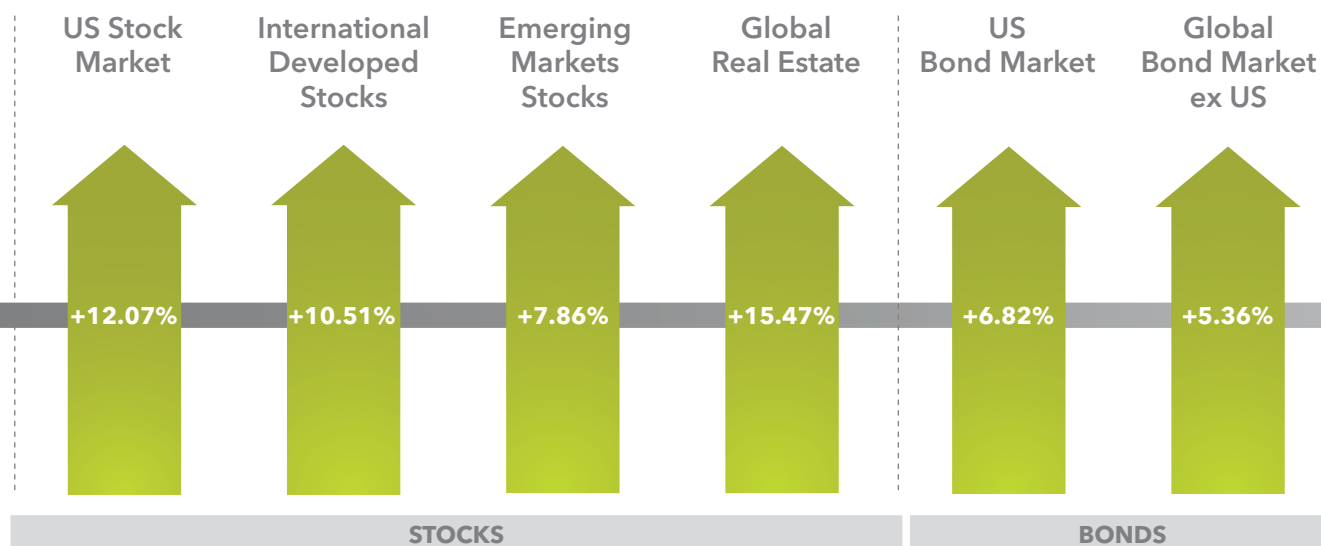
Commodities

Fixed Income

Global Fixed Income

This report features world capital market performance and a timeline of events for the past quarter. It begins with a quarterly topic and a global overview, then features the returns of stock and bond asset classes in the US and international markets.

QUARTERLY MARKET SUMMARY: INDEX RETURNS



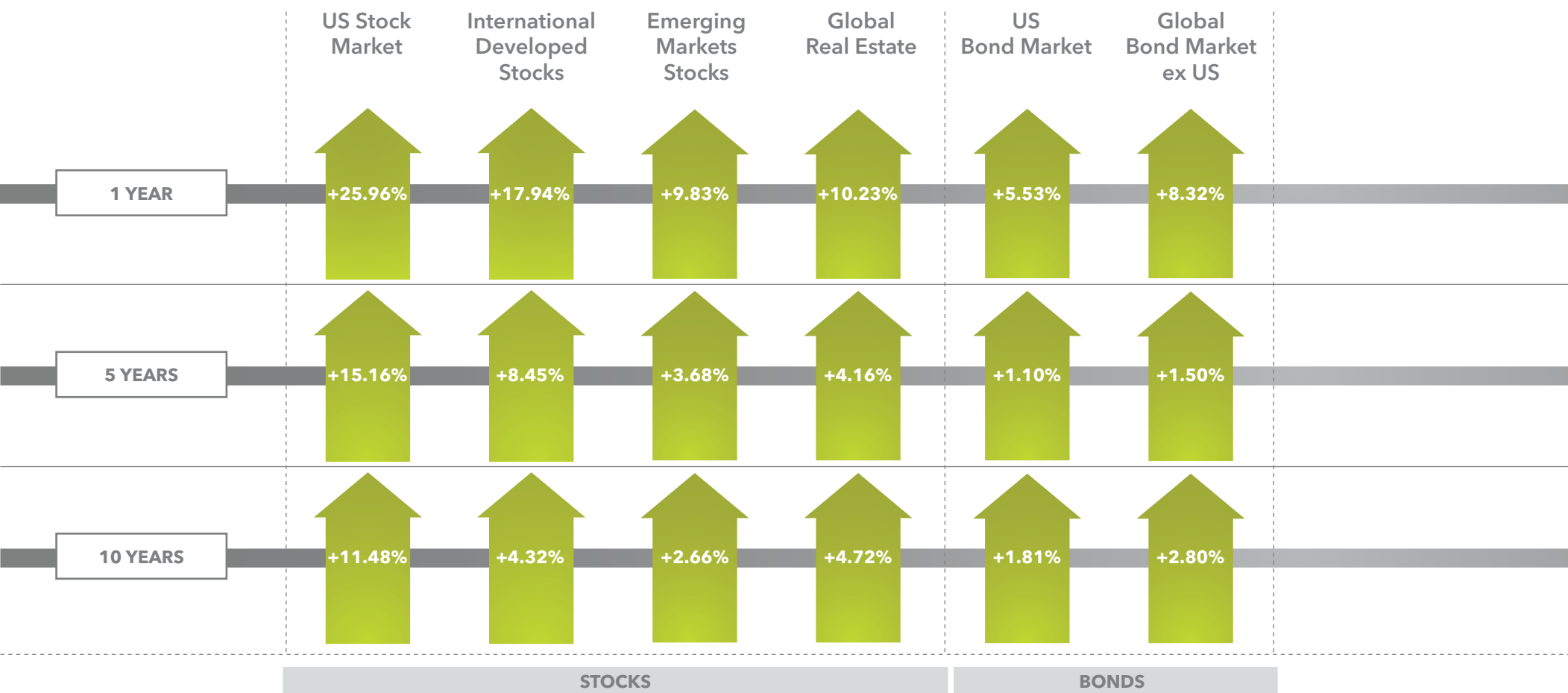
Since Jan. 2001

Avg. Quarterly Return	2.3%	1.6%	2.5%	2.3%	0.9%	0.9%
Best Quarter	22.0% Q2 2020	25.9% Q2 2009	34.7% Q2 2009	32.3% Q3 2009	6.8% Q4 2023	5.4% Q4 2023
Worst Quarter	-22.8% Q4 2008	-23.3% Q1 2020	-27.6% Q4 2008	-36.1% Q4 2008	-5.9% Q1 2022	-4.1% Q1 2022

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved. Bloomberg data provided by Bloomberg.

LONG-TERM MARKET SUMMARY: INDEX RETURNS

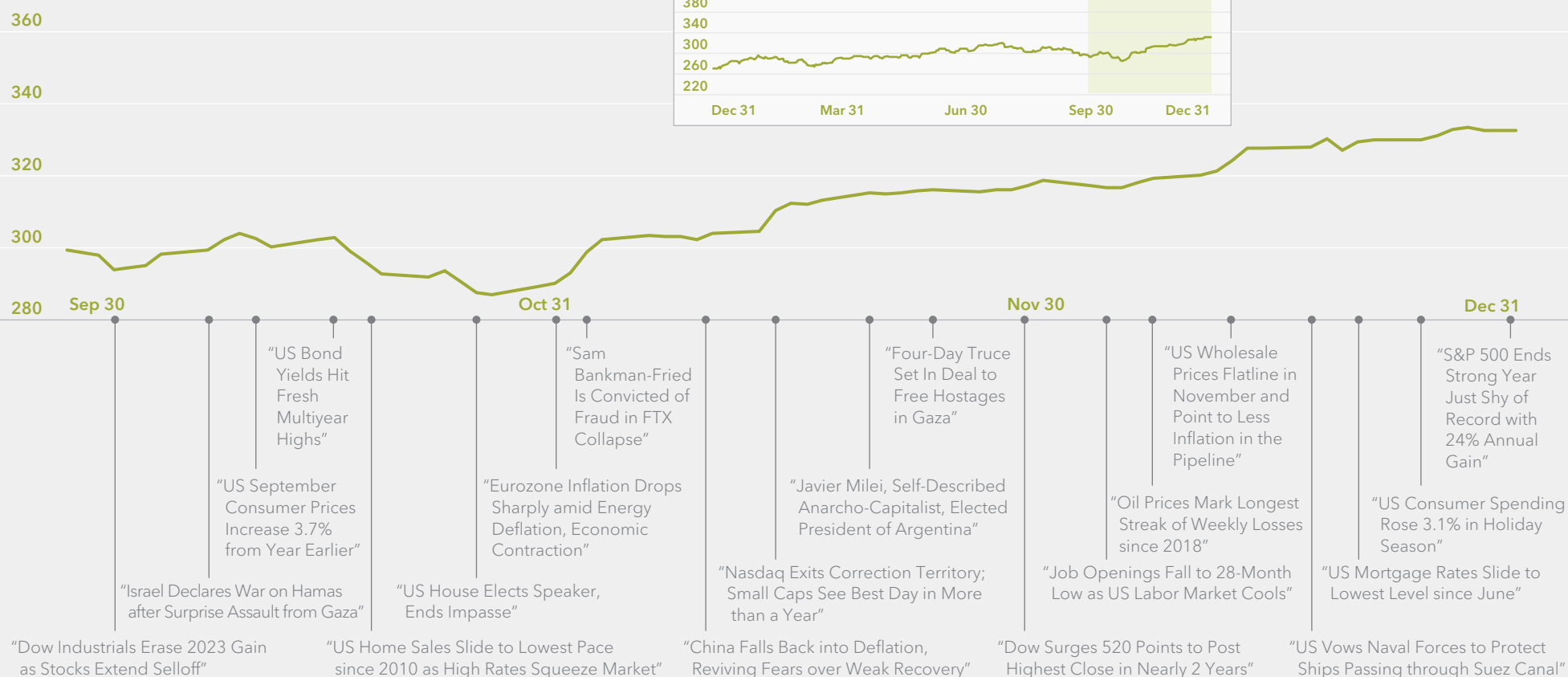


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WORLD STOCK MARKET PERFORMANCE: SELECT HEADLINES

MSCI All Country World Index with Selected Headlines From Q4 2023



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

WORLD STOCK MARKET PERFORMANCE: SELECT HEADLINES

Short Term (Q1 2023–Q4 2023)

MSCI All Country World Index With Selected Headlines From Past 12 Months

360

340

320

300

280

260

240 Dec 31

Mar 31

Jun 30

Sep 30

Dec 31

"Silicon Valley Bank
Closed by Regulators;
FDIC Takes Control"

"Chinese Spy Balloon Shot
Down Off US Coast"

"US, Germany Approve Sending
Tanks to Ukraine"

"CEOs Say They Expect a US Recession,
but Most Think It Will Be Short"

"US Inflation Eased to 5% in March;
Lowest Level in Nearly Two Years"

"WHO Declares COVID-19 Pandemic
Emergency Over"

"Nasdaq Closes at
14-Month High as Small
Cap Stocks Rally"

"S&P 500 Hits 2023 High as
Attention Grows on
Debt-Ceiling Deal"

"Turkey Agrees to Let
Sweden In NATO"

"Dow Notches Longest Win
Streak since 2017"

"US Mortgage Rates
Hit 7.09%, Highest
in More than
20 Years"

"Fitch Slashes US Credit
Rating to AA+ from AAA"

"UAW Strikes at Plants Owned by GM,
Ford, Stellantis"

"Israel Declares War on Hamas after
Surprise Assault from Gaza"

"US House Elects Speaker,
Ends Impasse"

"Nasdaq Exits
Correction
Territory; Small
Caps See Best
Day in More than
a Year"

"US Wholesale
Prices Flatline in
November and
Point to Less
Inflation in the
Pipeline"

"Job Openings Fall to 28-Month
Low as US Labor Market Cools"

"S&P 500
Ends Strong
Year Just Shy
of Record with
24% Annual
Gain"

Long Term (2000–Q4 2023)



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Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

US STOCKS: INDEX RETURNS

The US equity market posted positive returns for the quarter and outperformed both non-US developed and emerging markets.

Value underperformed growth within large caps and outperformed within small caps.

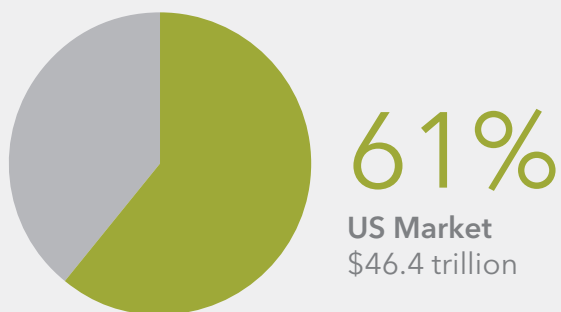
Small caps outperformed large caps.

REIT indices outperformed equity market indices.

Ranked Returns for the Quarter (%)

Small Value	15.26
Large Growth	14.16
Small Cap	14.03
Small Growth	12.75
Marketwide	12.07
Large Cap	11.96
Large Value	9.50

World Market Capitalization–US



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Small Value	15.26	14.65	7.94	10.00	6.76
Large Growth	14.16	42.68	8.86	19.50	14.86
Small Cap	14.03	16.93	2.22	9.97	7.16
Small Growth	12.75	18.66	-3.50	9.22	7.16
Marketwide	12.07	25.96	8.54	15.16	11.48
Large Cap	11.96	26.53	8.97	15.52	11.80
Large Value	9.50	11.46	8.86	10.91	8.40

* Annualized

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Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

INTERNATIONAL DEVELOPED STOCKS: INDEX RETURNS

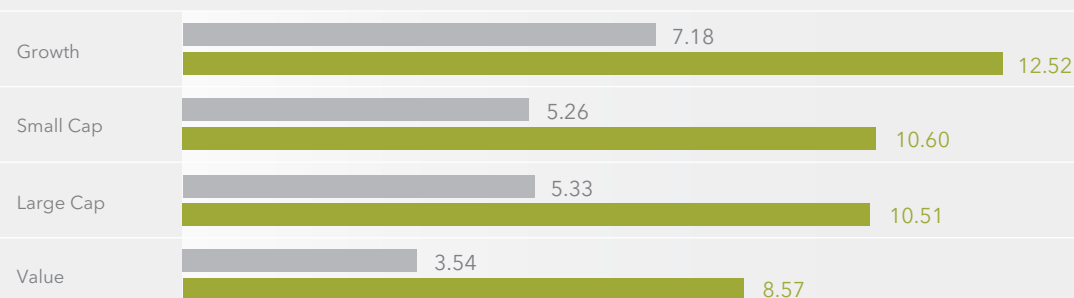
Developed markets outside of the US posted positive returns for the quarter and underperformed the US market, but outperformed emerging markets.

Value underperformed growth.

Small caps outperformed large caps.

Ranked Returns for the Quarter (%)

■ US Currency ■ Local Currency



World Market Capitalization–International Developed

28%

International
Developed
Market
\$21.0 trillion



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Growth	12.52	17.45	0.44	8.94	5.08
Small Cap	10.60	12.62	-0.20	7.05	4.63
Large Cap	10.51	17.94	4.42	8.45	4.32
Value	8.57	18.48	8.19	7.48	3.29

* Annualized

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Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

EMERGING MARKETS STOCKS: INDEX RETURNS

Emerging markets posted positive returns for the quarter and underperformed both US and non-US developed markets.

Value outperformed growth.

Small caps outperformed large caps.

Ranked Returns for the Quarter (%)

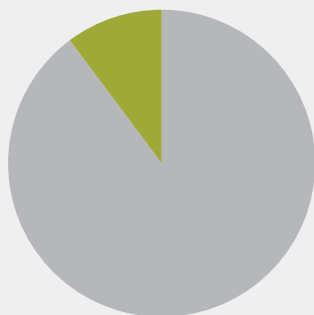
■ US Currency ■ Local Currency

Small Cap	6.43	8.95
Value	5.74	8.05
Large Cap	5.58	7.86
Growth	5.46	7.72

World Market Capitalization—Emerging Markets

11%

Emerging
Markets
\$8.2 trillion



Period Returns (%)

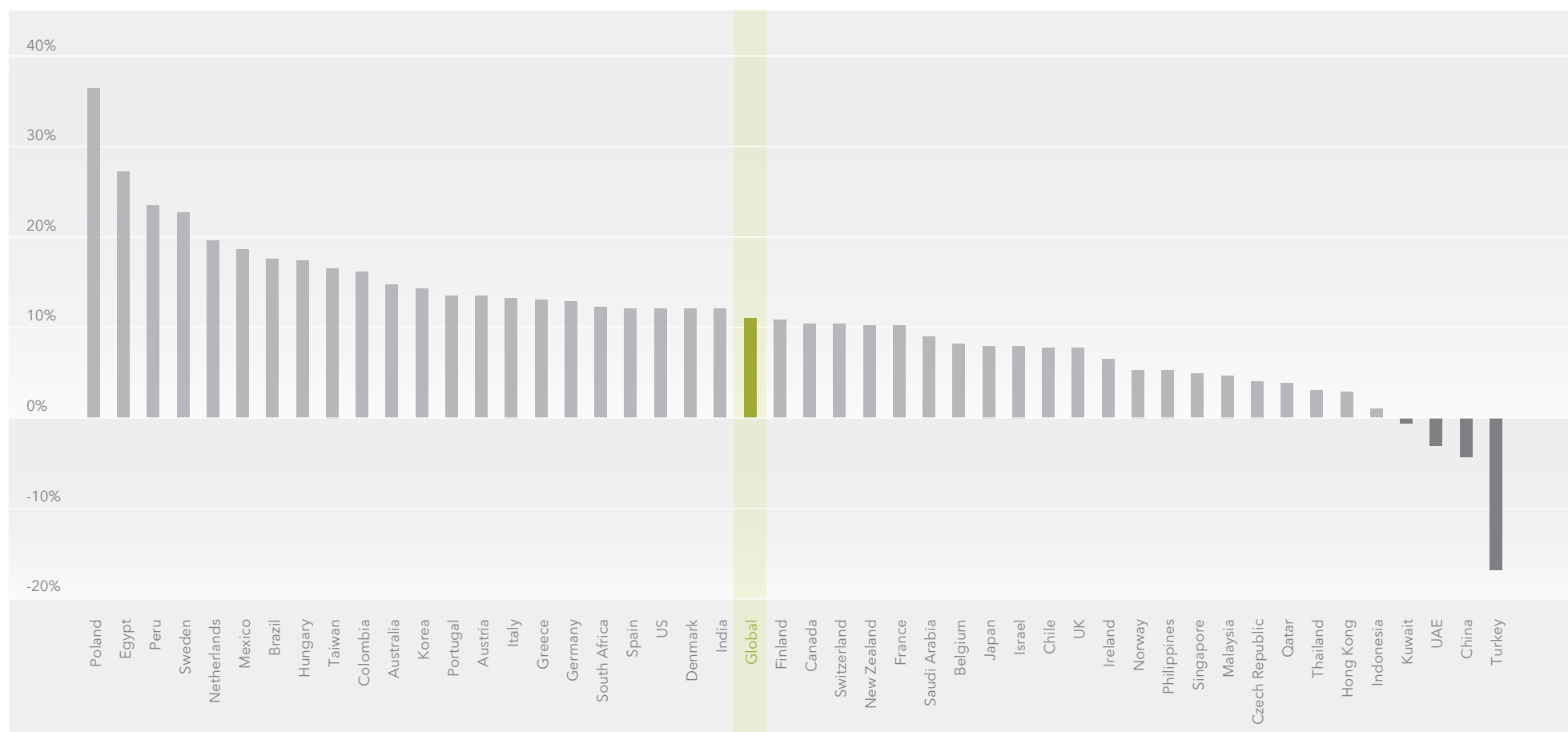
Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Small Cap	8.95	23.92	6.45	9.92	5.34
Value	8.05	14.21	-0.01	3.37	1.94
Large Cap	7.86	9.83	-5.08	3.68	2.66
Growth	7.72	5.83	-9.67	3.90	3.28

* Annualized

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Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

COUNTRY RETURNS: INDEX RETURNS



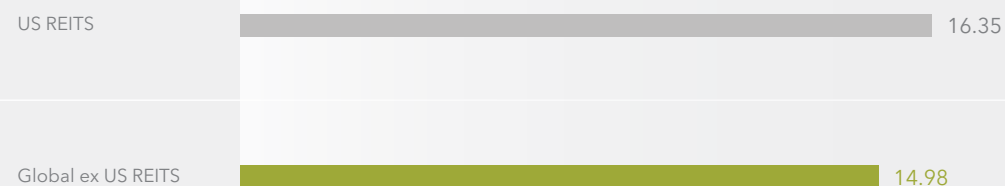
Past performance is no guarantee of future results.

Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved.

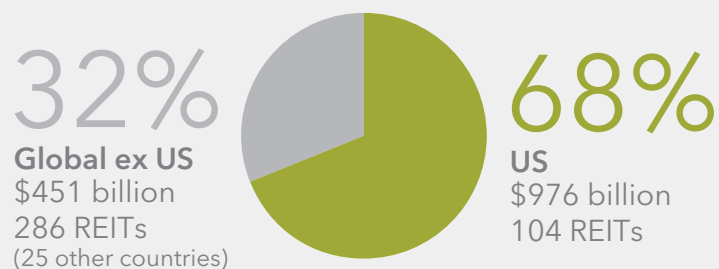
REAL ESTATE INVESTMENT TRUSTS (REITs): INDEX RETURNS

US real estate investment trusts outperformed non-US REITs during the quarter.

Ranked Returns for the Quarter (%)



Total Value of REIT Stocks



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
US REITS	16.35	13.96	7.18	6.12	7.00
Global ex US REITS	14.98	5.59	-2.69	0.48	1.92

* Annualized

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Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

COMMODITIES: INDEX RETURNS

The Bloomberg Commodity Total Return Index returned -4.63% for the fourth quarter of 2023.

Natural Gas and Sugar were the worst performers, returning -25.63% and -22.28% during the quarter, respectively. Coffee and Wheat were the best performers, returning +31.46% and +11.26% during the quarter, respectively.

Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Commodities	-4.63	-7.91	10.76	7.23	-1.11

* Annualized

Ranked Returns for the Quarter (%)

Coffee	31.46
Wheat	11.26
Gold	9.89
Silver	5.72
Soybean Meal	4.01
Copper	2.94
Zinc	-0.43
Aluminum	-0.68
Soybean	-1.06
Corn	-4.18
Kansas Wheat	-4.84
Lead	-5.77
Lean Hogs	-9.68
Cotton	-10.02
Live Cattle	-10.40
Unleaded Gas	-11.32
Nickel	-12.42
Soybean Oil	-12.56
Brent Crude Oil	-14.21
Heating Oil	-18.42
WTI Crude Oil	-18.59
Low Sulphur Gas Oil	-19.06
Sugar	-22.28
Natural Gas	-25.63

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Commodities returns represent the return of the Bloomberg Commodity Total Return Index. Individual commodities are sub-index values of the Bloomberg Commodity Total Return Index. Data provided by Bloomberg.

FIXED INCOME: INDEX RETURNS

Interest rates generally decreased in the US Treasury market for the quarter.

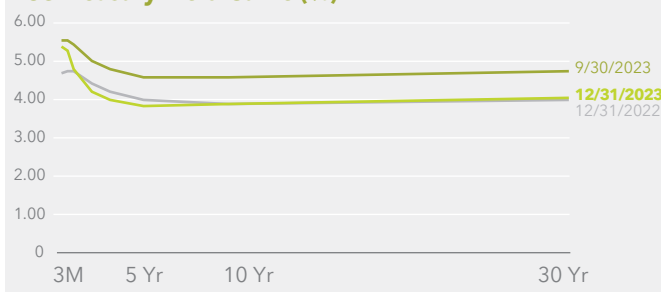
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 5 basis points (bps) to 5.60%, while the 1-Year US Treasury Bill yield decreased 67 bps to 4.79%. The yield on the 2-Year US Treasury Note decreased 80 bps to 4.23%.

The yield on the 5-Year US Treasury Note decreased 76 bps to 3.84%. The yield on the 10-Year US Treasury Note decreased 71 bps to 3.88%. The yield on the 30-Year US Treasury Bond decreased 70 bps to 4.03%.

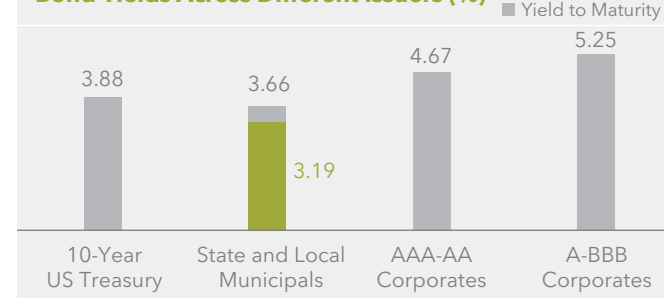
In terms of total returns, short-term US treasury bonds returned +3.21% while intermediate-term US treasury bonds returned +3.99%. Short-term corporate bonds returned +4.12% and intermediate-term corporate bonds returned +5.86%.¹

The total returns for short- and intermediate-term municipal bonds were +3.53% and +6.53%, respectively. Within the municipal fixed income market, general obligation bonds returned +7.79% while revenue bonds returned +8.15%.²

US Treasury Yield Curve (%)



Bond Yields Across Different Issuers (%)



Period Returns (%)

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg U.S. Government Bond Index Long	12.69	3.11	-11.35	-1.23	2.27
Bloomberg Municipal Bond Index	7.89	6.40	-0.40	2.25	3.03
Bloomberg U.S. High Yield Corporate Bond Index	7.16	13.44	1.98	5.37	4.60
Bloomberg U.S. Aggregate Bond Index	6.82	5.53	-3.31	1.10	1.81
FTSE World Government Bond Index 1-5 Years	4.95	4.79	-2.95	-0.07	-0.44
Bloomberg U.S. TIPS Index	4.71	3.90	-1.00	3.15	2.42
FTSE World Government Bond Index 1-5 Years (hedged to USD)	3.09	5.26	-0.09	1.34	1.44
ICE BofA 1-Year US Treasury Note Index	1.79	4.74	1.18	1.66	1.18
ICE BofA US 3-Month Treasury Bill Index	1.37	5.01	2.15	1.88	1.25

* Annualized

1. Bloomberg US Treasury and US Corporate Bond Indices. 2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2024 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2024 ICE Data Indices, LLC. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

GLOBAL FIXED INCOME: YIELD CURVES

Interest rates generally decreased across global developed markets for the quarter.

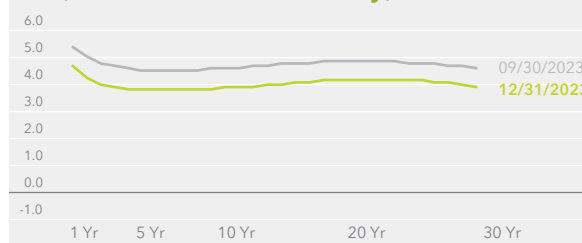
Realized term premiums were generally positive across global developed markets, as longer-term bonds generally outperformed shorter-term bonds.

In Japan, ultrashort-term nominal interest rates were negative. In the UK, Germany, Canada, and Australia, the short-term segment of the yield curve was inverted.

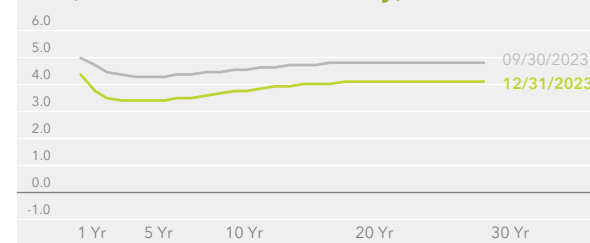
Changes in Yields (bps) Since 09/30/2023

	1Y	5Y	10Y	20Y	30Y
US	-65.2	-76.9	-72.2	-70.3	-67.8
UK	-59.7	-93.9	-84.8	-72.8	-73.1
Germany	-52.7	-84.6	-76.3	-72.1	-74.9
Japan	3.9	-10.3	-13.3	-4.1	0.8
Canada	-58.0	-106.2	-90.0	-85.7	-80.5
Australia	-30.6	-48.0	-51.1	-53.2	-52.9

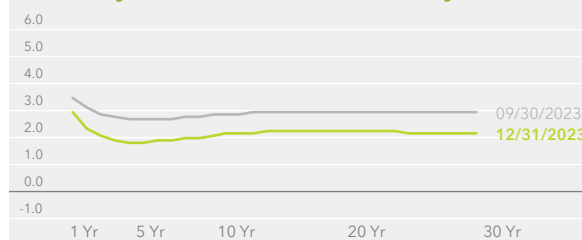
US (Yield % vs Years to Maturity)



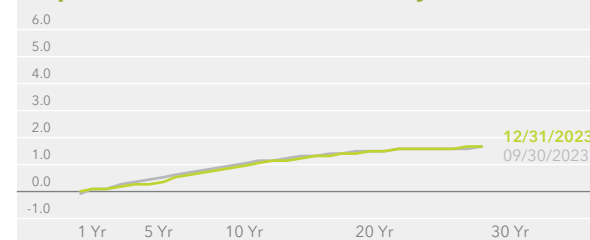
UK (Yield % vs Years to Maturity)



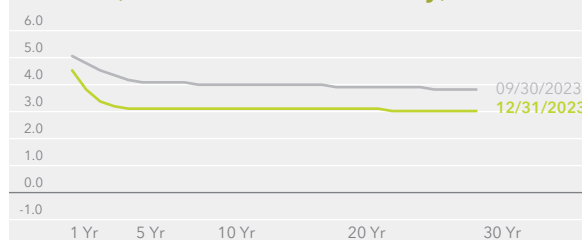
Germany (Yield % vs Years to Maturity)



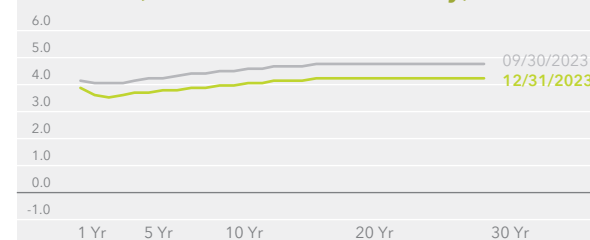
Japan (Yield % vs Years to Maturity)



Canada (Yield % vs Years to Maturity)



Australia (Yield % vs Years to Maturity)



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Hemington Wealth Management

Falls Church, VA Office

7651 Leesburg Pike
Falls Church, VA 22043

Phone 703.828.2479

Email info@hemingtonwm.com

Chicago, IL Office

150 S. Wacker, Suite 2400
Chicago, IL 60606

Phone 312.757.5339

Email info@hemingtonwm.com

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