

Quarterly Markets Review

Q3

THIRD QUARTER 2023

Markets Update: A Quarter in Review

THIRD QUARTER 2023

ECONOMY

U.S. economic growth, as measured by real GDP, rose at a moderate pace (2.2% and 2.1% annualized in Q1 & Q2, respectively) and continued to defy expectations of a severe slowdown given the higher interest rate and tighter lending standards environment we find ourselves in today. The labor market remained supportive of economic growth with ample job openings and job growth, while wage inflation trended downward helping the overall lower inflation trend we've experienced since its recent peak of 9.1% in June of 2022, as measured by CPI. However, inflation remains elevated relative to the Fed's 2% target, causing uncertainty over whether the Fed will continue to raise interest rates from their current level, 5.25-5.50%, which the Fed and the markets view as restrictive policy. Markets reacted to the stronger than expected data by removing their expectations for rate cuts this year, instead penciling them in for mid-2024. This is more aligned with the Fed's messaging and the recent headline barrage of "higher for longer". Surprisingly, Congress narrowly avoided a government shutdown by kicking the can to mid-November, though with the political polarization we've been accustomed to at this point, it seems likely a shutdown could occur in Q4, potentially lowering economic growth and causing short-term market volatility to increase.

STOCKS

There was a significant pullback in stock prices in September as the sobering reality of higher rates took some of the wind out of the sails of the lofty valuations in the most concentrated areas of the market. The US equity market posted negative returns for the quarter (-3.25%) and outperformed non-US developed markets (-4.10%), but underperformed emerging markets (-2.93%). The broad global stock market was down -3.40% during Q3, bringing down its YTD return to 10.06%.

BONDS

Intermediate & long-term rates readjusted higher to reflect the stronger than expected growth and hawkish guidance from the Fed. Interest rates increased across all bond maturities in the US Treasury market for the quarter. Given that yields and prices move inversely with one another, higher rates meant lower prices for the quarter. Total return for the broad U.S. bond market was -3.23% during Q3, pulling the YTD return into negative territory at -1.21%.

REAL ESTATE

The broad category continues to be challenged, while under the surface, there are pockets of both optimism (data centers, logistics) and pessimism (office, retail). Global real estate was down -6.49% for the quarter, underperforming stocks and bonds. On a YTD basis, global real estate is down -4.54%.

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.

Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

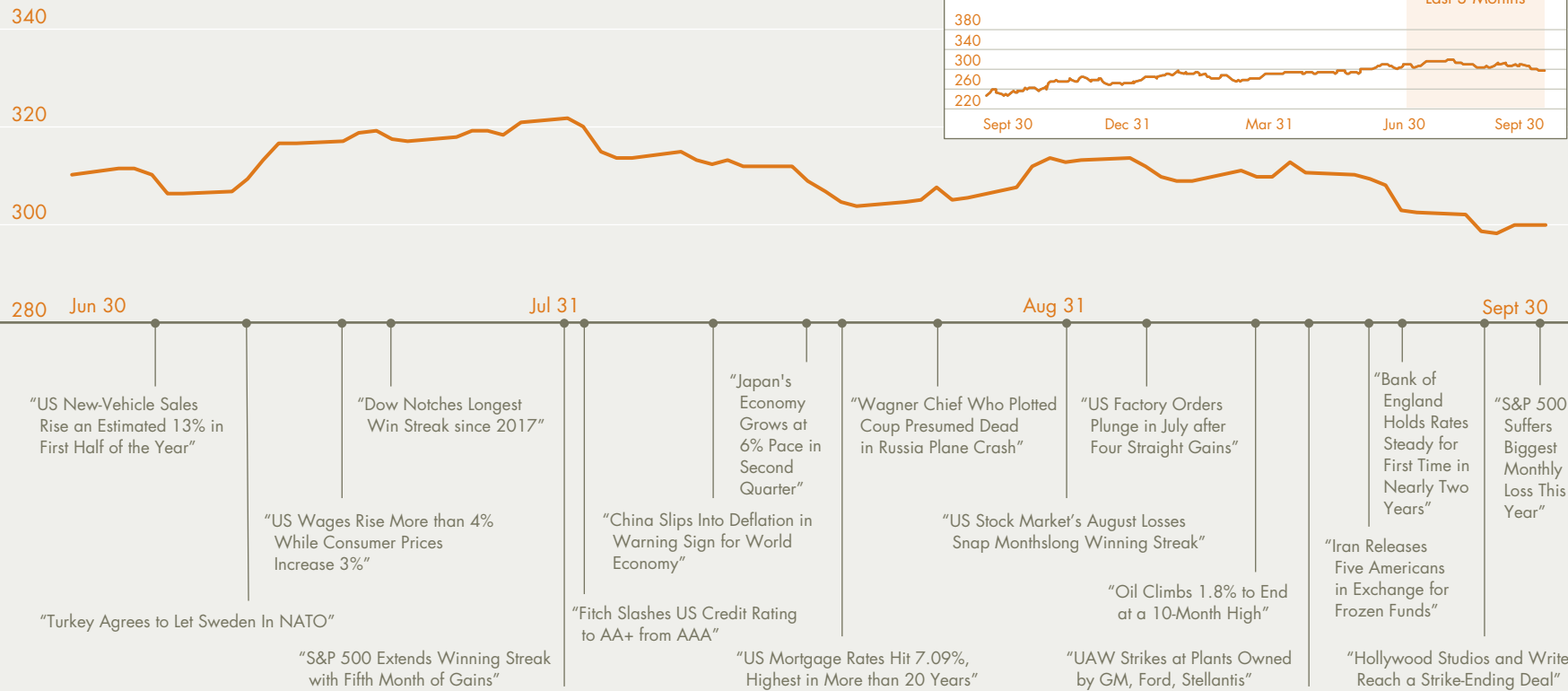
For a description of indices: www.waypointwp.com/index-descriptions

Market segment (index representation) as follows: Global stocks (MSCI All-Country World Index, [net dividends]), US stocks (Russell 3000 Index), International developed stocks (MSCI World ex USA Index [net dividends]), Emerging market stocks (MSCI Emerging Markets Index [net dividends]), US bonds (Bloomberg US Aggregate Bond Index), Global bonds ex-US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]), Municipal bonds (Bloomberg Municipal Bond Index), TIPS (Bloomberg US TIPS Index), US REITs (Dow Jones US Select REIT Index), Non-US REITs (S&P Global ex-US REIT Index) and Global Real Estate (S&P Global REIT Index [net dividends]). S&P data © 2023 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 2023, all rights reserved. Bloomberg data provided by Bloomberg.

World Stock Market Performance: A Quarter in Review

THIRD QUARTER 2023

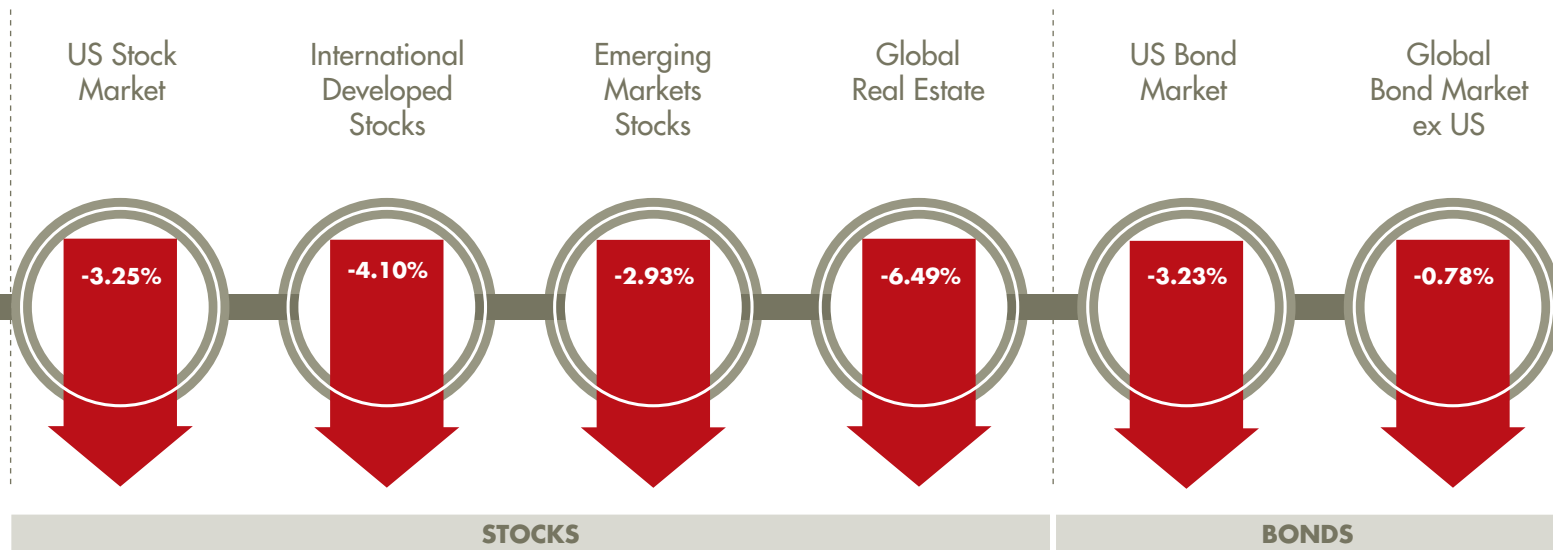
MSCI All Country World Index with Selected Headlines From Q3 2023



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 2023, all rights reserved. Index level based at 100 starting January 2000. 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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. For a description of indices: www.waypointwp.com/index-descriptions

Markets Summary: Third Quarter 2023 Index Returns

THIRD QUARTER 2023



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Beyond the Quarter: Survey of Long Term Performance

AS OF SEPTEMBER 30, 2023

INDEX	5 Years %	10 Years %	20 Years %	Since Inception %	Inception Date
Global Stocks					
MSCI All Country World Index (gross div.)	6.99%	8.11%	8.26%	7.85%	JANUARY 1988
US Stocks					
Russell 3000 Index	9.14%	11.28%	9.68%	11.67%	JANUARY 1979
International Stocks					
MSCI World ex USA Index (gross div.)	3.98%	4.36%	6.50%	8.92%	JANUARY 1970
MSCI Emerging Markets Index (gross div.)	0.94%	2.45%	7.67%	9.36%	JANUARY 1988
Global Real Estate Investment Trust Stocks					
S&P Global REIT Index (gross div.)	1.06%	4.22%	6.65%	7.64%	JULY 1989
Bonds					
Bloomberg Barclays U.S. Aggregate Bond Index	0.10%	1.13%	2.85%	6.50%	JANUARY 1976
Bloomberg Barclays Global Aggregate Bond Index (hedged to USD)	0.57%	1.84%	3.12%	5.06%	JANUARY 1990
Inflation					
US Consumer Price Index*	4.02%	2.76%	2.58%	2.95%	JANUARY 1926

*As of August 31, 2023.

Source: Dimensional Fund Advisors. 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. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. For a description of indices: www.waypointwp.com/index-descriptions.

Quarterly Article: When Value Delivers

THIRD QUARTER 2023

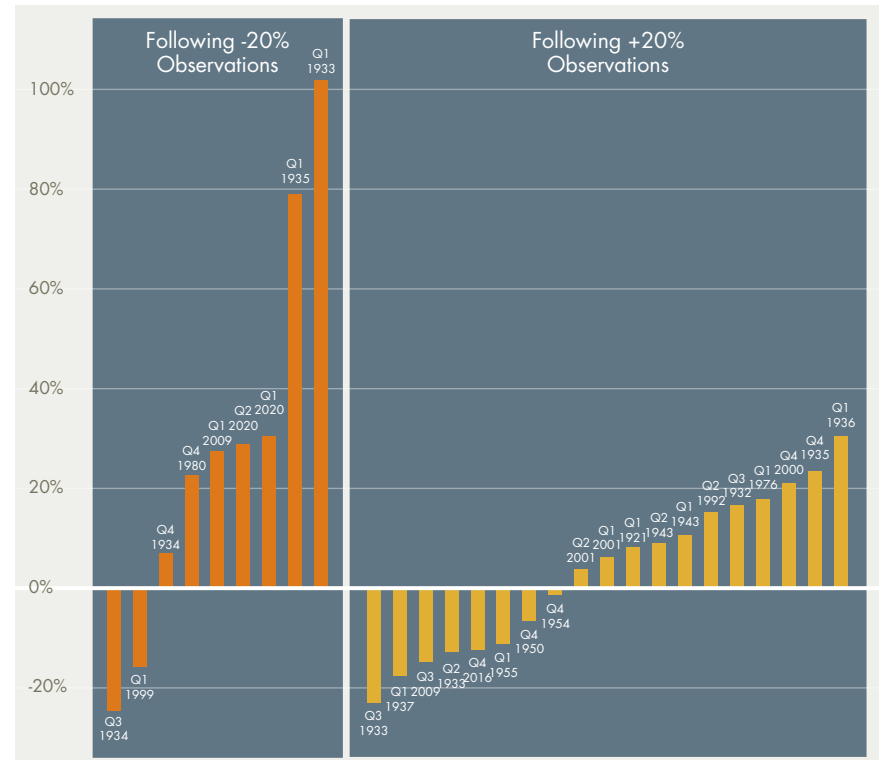
The first half of 2023 marks the tenth time since 1926 that value stocks have underperformed growth stocks by more than 20 percentage points over a two-quarter period. More often than not, value has responded like the hero in an action movie, beating growth over the following four quarters in seven of the nine previous instances and averaging a cumulative outperformance of nearly 29 percentage points.

The sample size may be small, but a positive average value premium following a large negative period is not too surprising. In fact, looking at the other side of the value performance distribution, there have been 19 two-quarter periods with the value premium exceeding positive 20%. In 11 of these, value outperformance continued over the next four quarters. The average premium across all 19 was 3.6%.

It's notoriously challenging to find an indicator that consistently predicts negative value premiums. Regardless of value's recent performance, investors should expect positive value premiums going forward. That's a strong incentive for investors to maintain a disciplined stance to asset allocation, so they can capture the outperformance when value stocks deliver.

COMEBACK KID

Cumulative return difference for value minus growth in US stocks over the four quarters following two-quarter periods during which value underperformed by -20% or outperformed by +20%.



Quarterly Article: When Value Delivers (CONTINUED)

THIRD QUARTER 2023

Article by Wes Crill, PhD, Dimensional Fund Advisors

Past performance is no guarantee of future results.

In USD. July 1926-June 2023. Quarterly returns for value and growth based on the Fama/French US Value Research Index and the Fama/French US Growth Research Index, respectively. Data provided by Fama/French. The Fama/French indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of the Fama/French index data.

Index Descriptions

Fama/French US Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973). Fama/French US Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

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THIRD QUARTER 2023

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