

Executive Summary

First Quarter 2024



The strong market momentum from last year's fourth quarter carried over into the first three months of 2024, as March capped off a breathless, five-month rally in stocks that began last Fall. The MSCI All-Country World Index (ACWI) of global equities logged a total return of 8.2% in the first quarter, while a comparable 10.6% gain for the S&P 500 Index capped a 30% run for blue chip U.S. stocks from late October lows. Meanwhile, bond investors had less to cheer in Q1, as strong economic data and a resurgence in inflation pushed interest rates higher and triggered a resetting of expectations around the timing and magnitude of future rate cuts and policy easing by the Federal Reserve, spurring a modest 0.8% loss for the Bloomberg U.S. Aggregate Bond Index. When the dust settled, a simple balanced portfolio of 60% stocks and 40% bonds generated strong returns of 5-6% to start the year.

Underlying this recent strength in financial markets is a surprisingly resilient U.S. economy, which continues to outperform every other major economy around the globe. For perspective, despite the most aggressive monetary policy tightening cycle in forty years, the U.S. economy posted above-trend GDP growth of 4.9% in Q3 and 3.2% in Q4, and current estimates are tracking solid 2.5% growth in Q1. Employment data has continued to surprise on the upside, with job gains averaging 225,000 per month over the past year. And against this backdrop, corporate earnings likely troughed in the second half of last year and appear poised for a solid rebound in the months ahead, lending credence to the recent jump in investor confidence.

We have written at length in recent letters about the spectacular returns of the Magnificent Seven stocks and the outsized impact they had on overall market returns, accounting for 2/3rds of last year's 26.3% return for the S&P. The return picture for these names was decidedly more mixed in Q1, with four stocks outperforming the market (NVDA +82%, META +37%, AMZN +19%, and MSFT +12%), while three stocks underperformed (GOOGL +8%, AAPL -11%, and TSLA -29%). Despite this divergence, the new Fab Four still accounted for nearly 45% of the S&P's total return in Q1, with NVIDIA alone driving 21% of the index return. It is worth noting, however, that market returns broadened considerably during March, as value stocks, cyclicals, mid and small caps, and even European and EM stocks were among the best performers.

It is pretty remarkable how well financial markets have performed the past fifteen months given how dramatically the market narrative has shifted over that time. At the start of last year, amidst surging inflation and aggressive Fed policy action to cool things down, expectations for a hard landing and imminent recession ruled the day. By mid Fall, the thesis had changed to one of immaculate disinflation, soft landings, and an imminent rate cutting cycle. As we write, the prevailing consensus has morphed once again into one focused on no landing, resurgent inflation, and a "not when, but if" scenario on future Fed policy easing. This has not been an easy environment to navigate, and our current portfolio positioning is neutral enough to allow participation in any additional upside, while protecting against a host of potential outcomes.

On the BEC front, things are humming along pretty smoothly, and we are thrilled to report that our firm's assets under management recently surpassed \$650 million, a new high-water mark. As always, we remain grateful for your continued trust, confidence, and support.

Sector	Recent Change	BEC Sentiment			Rationale
		Negative	Neutral	Positive	
Primary Asset Classes	Equities			●	Resilient growth, improving earnings picture spur five-month rally
	Fixed Income		●		Fed rate cut path less clear on strong data, renewed inflation risk
	Liquid Alternatives	● ●			Commodities rebound while REITs suffer through high interest rates
	Cash		●		Money markets attractive on higher-for-longer interest rate theme
Equities	Growth		●		Mega cap tech continued to lead in Q1 despite Tesla/Apple woes
	Value		●		Value closed the gap in March on surging energy/materials/utilities
	Cyclicals		●		Neutral positioning
	Defensives		●		Neutral positioning
	U.S. Large Caps			● ● ●	Still our largest overweight across all BEC portfolios
	U.S. Small/Mid Caps	● ●			Attractive valuations, but too early to move to overweight
	Developed Europe		●		Tepid growth, falling inflation give ECB room to ease in 2024
	Developed Asia		●		Tumbling Yen offsets strong local currency gains for Japan stocks
	Emerging Markets		●		China weakness offsets rallies in India, Taiwan, South Korea
Fixed Income	Duration/Rate Risk	●			Remain underweight duration on muddy interest rate path
	Credit Risk		●		Soft landing scenario has tempered risk of corporate defaults
	U.S. Treasuries/TIPS		●		Longer Treasuries struggling again on jump in market yields
	IG Credit/Preferred			● ●	Prefer short duration corporate IG credit and AAA CLOs
	High Yield		●		Default rates remain low, but spreads are tight
	Developed Market	● ● ●			No current exposure
	Emerging Market			●	Strong dollar weighs on returns early in 2024
Alternatives	REITs	● ●			REITs face headwinds from higher rates, high office vacancy rates
	Commodity	● ● ●			No current exposure
	MLPs /Infrastructure			●	Multi-year rebound in MLP shares continues in 2024, yields strong
FX	U.S. Dollar			●	Remain overweight to dollar on tactical portfolio positioning

Market Valuation & BEC Portfolio Data

First Quarter 2024



Global Equity Markets - Valuation & Yield

By Geographic Region and Country

Region/Country	Index	Real GDP Growth		EPS Growth		Forward P/E		Forward Dividend
		2024E	2025E	2024E	2025E	2024E	2025E	Yield
Global	MSCI World	2.4%	2.3%	9.0%	12.7%	18.2x	16.3x	2.0%
United States	MSCI U.S.A.	2.3%	1.6%	9.9%	13.6%	21.9x	19.3x	1.4%
Europe (ex UK)	MSCI Europe	0.4%	1.0%	3.9%	10.9%	15.2x	13.7x	3.2%
United Kingdom	MSCI U.K.	0.0%	0.1%	1.3%	7.9%	11.4x	10.6x	4.1%
Japan	MSCI Japan	0.5%	0.8%	15.1%	9.2%	16.9x	15.5x	2.2%
Emerging Mkts	MSCI EM	4.1%	3.6%	17.5%	15.5%	12.6x	10.9x	3.0%

By S&P 500 Sector - U.S. Stocks

	EPS Growth		Forward P/E		(Discount)/	Forward Dividend	
	NTM	20-yr Avg	Current	20-yr Avg	Premium	Current	20-yr Avg
Financials	11.4%	20.6%	16.0x	12.5x	28.0%	1.7%	2.3%
Technology	17.6%	12.3%	28.4x	17.9x	58.7%	0.7%	1.2%
Healthcare	14.3%	7.9%	19.1x	15.0x	27.3%	1.6%	1.9%
Industrials	9.7%	13.9%	21.6x	16.3x	32.5%	1.5%	2.2%
Energy	(2.6%)	100.3%	13.0x	13.5x	(3.7%)	3.1%	2.8%
Consumer Discretionary	11.1%	16.9%	25.6x	19.6x	30.6%	0.8%	1.4%
Consumer Staples	5.7%	7.6%	20.2x	17.5x	15.4%	2.8%	2.8%
Communication Services	16.4%	11.1%	19.0x	18.6x	2.2%	0.8%	1.2%
Utilities	8.7%	4.7%	16.1x	15.6x	3.2%	3.6%	3.8%
Real Estate	2.5%	6.9%	16.9x	17.0x	(0.6%)	3.8%	3.8%
Materials	1.9%	13.7%	21.5x	14.9x	44.3%	1.8%	2.4%
Total S&P 500	11.3%	10.9%	21.0x	15.6x	34.6%	1.4%	2.1%

Sources: JPMorgan, MSCI, IBES, and Datastream. NTM=Next Twelve Months.

BEC Portfolio Data

BEC Portfolio (5)	Wtd. Avg. ETF Fees	Portfolio Turnover	
		YTD	Inception
Global Equity	0.09%	0.0%	21.4%
Global Growth	0.11%	0.0%	24.2%
Global Balanced	0.12%	0.0%	25.7%
Global Growth & Income	0.13%	0.0%	30.4%
Traditional Equity	0.11%	0.0%	10.5%
Traditional Growth	0.12%	0.0%	14.4%
Traditional Balanced	0.12%	0.0%	18.4%
Traditional Growth & Income	0.13%	0.0%	23.0%
ESG Equity	0.16%	0.0%	9.8%
ESG Growth	0.16%	0.0%	16.2%
ESG Balanced	0.16%	0.0%	15.1%
ESG Growth & Income	0.16%	0.0%	27.6%

Performance of Largest ETF Holdings and Underlying Stocks

Global Portfolios			Traditional Portfolios			ESG Portfolios		
Total Return			Total Return			Total Return		
Q1 1 Year			Q1 1 Year			Q1 1 Year		
Top Equity ETF Holdings								
Vanguard Growth	10.9%	38.8%	Vanguard Growth	10.9%	38.8%	iShares USA ESG	10.1%	29.0%
Vanguard Value	9.8%	21.1%	iShares S&P 500 Gr.	12.7%	33.5%	SPDR S&P 500 ESG	10.2%	30.3%
Vangrd Mega Grth	10.7%	40.9%	Vanguard Value	9.8%	33.5%	iShares EAFE ESG	5.7%	14.7%
Vanguard Pacific	5.7%	15.7%	iShrs. Core Europe	4.8%	13.8%	iShrs USA SC ESG	6.1%	20.0%
Vanguard EM	1.9%	7.5%	iShrs. S&P 400 Value	4.1%	17.1%	iShares EM ESG	0.7%	5.6%
Top Fixed Income ETF Holdings								
Vanguard ST Corp	0.5%	5.0%	Vanguard ST Corp	0.5%	5.0%	iShrs. 3-7 yr Trsry.	(0.6%)	1.0%
iShrs. 7-10 yr Trsry.	(1.3%)	(1.6%)	iShrs. 3-7 yr Trsry.	(0.6%)	1.0%	iShrs. ST Corp ESG	0.6%	4.9%
Janus MBS	(1.0%)	1.2%	iShrs. 7-10 yr Trsry.	(1.3%)	(1.6%)	iShrs. 7-10 yr Trsry.	(1.3%)	(1.6%)
Top Underlying Equity Holdings								
Microsoft	12.1%	46.9%	Microsoft	12.1%	46.9%	Microsoft	12.1%	46.9%
Apple	(10.8%)	4.6%	Apple	(10.8%)	4.6%	Apple	(10.8%)	4.6%
NVIDIA	82.5%	225.4%	NVIDIA	82.5%	225.4%	NVIDIA	82.5%	225.4%
Amazon	18.7%	74.6%	Amazon	18.7%	74.6%	Amazon	18.7%	74.6%
Meta Platforms A	37.3%	129.4%	Meta Platforms A	37.3%	129.4%	Alphabet C	8.0%	46.4%
Alphabet A	8.1%	45.5%	Berkshire Hthwy B	17.9%	36.2%	Meta Platforms A	37.3%	129.4%
Berkshire Hthwy B	17.9%	36.2%	Alphabet A	8.1%	45.5%	Eli Lilly	33.7%	127.9%
Alphabet C	8.0%	46.4%	Alphabet C	8.0%	46.4%	JP Morgan Chase	18.4%	56.9%
Eli Lilly	33.7%	127.9%	Broadcom	19.2%	109.7%	Alphabet A	8.1%	45.5%
Broadcom	19.2%	109.7%	Eli Lilly	33.7%	127.9%	Tesla	(29.3%)	(15.3%)

The strong market momentum from 2023 spilled over into the first quarter of this year, as global equity markets marched higher on much better-than-feared economic data, an improving corporate earnings picture, and a continuation of the AI mania that dominated last year's market narrative. The MSCI All-Country World Index (ACWI) of global stocks gained 8.2% for the quarter to finish at a new high-water mark, representing its 21st new record high so far this year.

- The S&P 500 Index logged a 10.6% total return during the first quarter, capping a five-month win streak during which blue chip U.S. stocks advanced 30% off of late October lows and added more than \$9 trillion in market value. The index reached a new record high on January 24th, fully erasing the bear market losses from 2022, and the S&P notched 21 more records before quarter end.
- While U.S. large cap growth stocks dominated returns early in the quarter, mid caps, small caps, and value stocks made up some ground later in the period as market returns broadened notably. Growth stocks still led value stocks across all size segments for the quarter, and small caps in particular still have a lot of catching up to do.
- 10 of 11 S&P sectors logged gains in Q1, led by communications services (+15.8%), energy (+13.7%), technology (+12.7%), and financials (+12.5%), while real estate (-1.1%) continued to lag in the face of higher interest rates.
- The CBOE Volatility Index (VIX), which measures the volatility of S&P 500, ended the year at 13.0, flat for the quarter near pre-pandemic lows and well below its long-term average of 19.

International Equity Market Highlights (MSCI indices, all returns in US\$):

- With a Q1 total return of 4.7% for the MSCI ACWI Index (ex U.S.), foreign stocks had a solid quarter as well in terms of absolute returns, but they failed to keep pace with U.S. stocks once again. A stronger U.S. dollar accounted for about half of this underperformance.
- Among regional indices, MSCI Pacific (+6.7%) and MSCI Europe (+5.2%) outpaced MSCI Emerging Markets (+2.4%), but all trailed the S&P 500 (+10.6%) notably for the quarter.
- 18 of 24 MSCI developed market countries posted Q1 gains, led by Ireland (+15.5%), the Netherlands (+15.5%), Denmark (+15.1%), Israel (+12.4%), and Japan (+11.0%), while Portugal (-17.9%), Hong Kong (-11.7%), and Norway (-7.0%) lagged notably.
- 16 of 24 emerging market countries posted Q1 gains, led by Peru (+15.8%), Turkey (+14.6%), Colombia (+14.2%), and Taiwan (+12.4%), while Egypt (-29.7%), Thailand (-8.2%), the Czech Republic (-7.7%), and Brazil (-7.3%) posted significant losses.

Liquid Alternatives:

- The Bloomberg Commodity Index logged a Q1 gain of 2.2%, as gains in gold (+8.2%), WTI crude oil (+16.6%) offset weakness in natural gas and many agricultural commodities.
- Master limited partnerships remain among the best performing assets, with three-year returns that have far outpaced even the technology sector.

Global Equity & Liquid Alternatives Market Recap

Region/Asset Class	Index	Total Return (in U.S. Dollars)				
		Q1	YTD	3-Year	5-Year	10-Year
Domestic Equity						
U.S. Large Cap Core	S&P 500	10.6%	10.6%	11.5%	15.1%	13.0%
U.S. Mid Cap Core	S&P 400	10.0%	10.0%	7.0%	11.7%	10.0%
U.S. Small Cap Core	S&P 600	2.5%	2.5%	2.3%	9.2%	8.8%
U.S. Total Stock Market	S&P 1500	10.3%	10.3%	11.0%	14.7%	12.7%
Domestic Equity - Size & Style						
Large Cap Growth	S&P 500 Growth	12.8%	12.8%	10.2%	15.8%	14.6%
Large Cap Value	S&P 500 Value	8.1%	8.1%	12.2%	13.3%	10.6%
Mid Cap Growth	S&P 400 Growth	15.6%	15.6%	6.4%	12.0%	10.4%
Mid Cap Value	S&P 400 Value	4.1%	4.1%	7.2%	10.9%	9.2%
Small Cap Growth	S&P 600 Growth	4.8%	4.8%	1.9%	9.2%	9.5%
Small Cap Value	S&P 600 Value	0.1%	0.1%	2.6%	8.8%	8.0%
Domestic Equity - Sector						
Information Technology	S&P 500 Technology	12.7%	12.7%	19.0%	25.4%	22.0%
Real Estate	S&P 500 Real Estate	(1.1%)	(1.1%)	3.2%	5.2%	7.9%
Industrials	S&P 500 Industrials	11.0%	11.0%	10.4%	13.0%	11.1%
Energy	S&P 500 Energy	13.7%	13.7%	30.0%	12.9%	4.7%
Consumer Discretionary	S&P 500 Cons. Discr.	5.0%	5.0%	4.3%	11.5%	12.6%
Communication Services	S&P 500 Telecom	15.8%	15.8%	6.9%	13.7%	9.4%
Consumer Staples	S&P 500 Cons. Staples	7.5%	7.5%	8.0%	10.0%	9.3%
Utilities	S&P 500 Utilities	4.6%	4.6%	4.1%	5.9%	8.4%
Materials	S&P 500 Materials	9.0%	9.0%	7.9%	13.3%	9.2%
Financials	S&P 500 Financials	12.5%	12.5%	9.5%	12.8%	11.1%
Healthcare	S&P 500 Healthcare	8.9%	8.9%	10.0%	12.1%	11.7%
International Equity						
Developed Market	MSCI EAFE	5.8%	5.8%	4.8%	7.3%	4.8%
Emerging Market	MSCI Emerging Market	2.4%	2.4%	(5.1%)	2.2%	3.0%
Frontier Markets	MSCI Frontier Market	5.3%	5.3%	0.9%	3.0%	1.8%
International Total Market	MSCI ACWI (ex. U.S.)	4.7%	4.7%	1.9%	6.0%	4.3%
International Small Cap	MSCI EAFE Small Cap	2.4%	2.4%	(1.4%)	4.9%	4.7%
Europe	MSCI Europe	5.2%	5.2%	6.2%	8.0%	4.4%
Pacific	MSCI Pacific	6.7%	6.7%	2.3%	6.2%	5.6%
Liquid Alternatives						
U.S. Real Estate	DJ U.S. Select REIT	(0.4%)	(0.4%)	3.7%	3.0%	5.9%
International Real Estate	S&P Global X-U.S. REIT	(2.2%)	(2.2%)	(3.4%)	(1.4%)	2.2%
TIPS	Barcap U.S. TIPS	(0.1%)	(0.1%)	(0.5%)	2.5%	2.2%
Master Limited Partnerships	Alerian Energy MLP	13.9%	13.9%	29.4%	11.5%	3.1%
Commodities (Broad)	Bloomberg Commodity	2.2%	2.2%	9.1%	6.4%	(1.6%)
Gold	Spot Price	8.2%	13.3%	30.1%	59.8%	52.2%
Crude Oil (WTI)	Spot Price	16.6%	9.9%	40.6%	136.3%	(25.5%)
Copper	Spot Price	3.1%	(1.7%)	0.2%	32.3%	34.7%

While growing investor optimism around the timing and magnitude of interest rate cuts fueled much of the strong rally in equity markets in the fourth quarter and early this year, investors have had to reset their expectations the past two months on better-than-expected economic data, a stubbornly tight labor market, improving corporate fundamentals, and a notable tick higher in recent inflation readings. At year end, Fed Funds futures markets were pricing in a total of six rate cuts for this year with the first occurring in March, or well ahead of the Federal Reserve's guidance of three 25-basis point reductions. As we write this letter, expectations have been pared back considerably, with futures markets now predicting only 1-2 cuts during 2024, with those cuts occurring much later in the year, if they happen at all.

Against this backdrop, intermediate and longer-term bond yields surged higher to levels not seen since before the Fed's dovish pivot last November, resulting in modest losses in most corners of the fixed income markets. Helping to offset this steepening of the yield curve, credit spreads tightened in the corporate bond market on improving fundamentals, low default rates, and voracious demand, as institutional investors such as insurance companies and pension funds sought to lock in higher rates ahead of the rate cutting cycle expected to begin later this year.

Domestic Fixed Income Market Highlights:

- The Bloomberg U.S. Aggregate Bond Index posted a loss of 0.8% during Q1, paring a portion of the strong gains logged in Q4. The yield on the AGG finished Q1 at 4.9%, up from 4.5% yield at the end of 2023.
- The yield on the 10-year Treasury rose from 3.88% at year end to a peak of 4.33% in late March before settling at 4.20% at the end of Q1, spurring a total return loss of 1.7% for the quarter.
- The Treasury yield curve has remained inverted for seven quarters (since early July of 2022), the longest continuous inversion in history from data dating back to 1962.
- Credit spreads on IG corporate bonds ended Q1 at 90 bps, down 9 bps during the quarter and well below the long-term average IG spread of 148 bps.
- Credit spreads on high yield bonds finished Q1 at 299 bps, a tightening of 24 bps for the quarter, also well below the 20-year average HY spread of 494 bps.
- Total U.S. corporate credit issuance surged to \$625 billion in Q1, an increase of 37.8% versus Q1 of last year, with IG issuance up 30.0% and high yield issuance up 117.0%.

International Fixed Income Market Highlights (all returns in USD, unless noted):

- The Bloomberg Global Aggregate (ex. U.S.) Bond Index posted a total return loss of 3.2% for the quarter. The stronger U.S. dollar contributed more than 2/3rd of this quarterly loss for U.S. investors.

Global Bond Market Recap

Region/Sector	Index	Total Return				
		Period		Annualized		
		Q1	YTD	3-Year	5-Year	10-Year
Domestic Fixed Income						
Treasuries-Short	Bloomberg Treasury 1-3	0.3%	0.3%	0.0%	1.1%	1.1%
Treasuries-Interm.	Bloomberg Treasury 7-10	(1.4%)	(1.4%)	(3.7%)	(0.5%)	1.3%
Treasuries-Long	Bloomberg Treasury 20+	(3.8%)	(3.8%)	(8.9%)	(3.3%)	1.1%
U.S. Broad	Bloomberg U.S. Aggr.	(0.8%)	(0.8%)	(2.5%)	0.4%	1.5%
MBS	Bloomberg MBS	(1.0%)	(1.0%)	(2.8%)	(0.4%)	1.1%
IG Credit	Bloomberg Credit	(0.4%)	(0.4%)	(1.9%)	1.4%	2.5%
High Yield	Bloomberg Corp HY	1.5%	1.5%	2.2%	4.2%	4.4%
Leveraged Loans	Mrngstar Leveraged Loan	2.5%	2.5%	6.0%	5.5%	4.5%
Preferred Stock	S&P Preferred Stock	5.6%	5.6%	0.5%	3.8%	4.5%
TIPS	Bloomberg U.S. TIPS	(0.1%)	(0.1%)	(0.5%)	2.5%	2.2%

International Fixed Income

Global Broad	Bloomberg Global Aggr.	(2.1%)	(2.1%)	(4.7%)	(1.2%)	(0.1%)
Int'l. Broad	Bloom. Gbl. Aggr. xUS	(3.2%)	(3.2%)	(6.5%)	(2.5%)	(1.4%)
Global Treasuries	Bloomberg Global Tsy.	(2.9%)	(2.9%)	(6.2%)	(2.4%)	(0.9%)
Global Credit	Bloomberg Global Credit	(0.5%)	(0.5%)	(2.5%)	0.8%	1.5%
Global High Yield	Bloomberg Global HY	2.1%	2.1%	1.2%	3.1%	3.5%
Emerging Market	Bloomberg EM	1.5%	1.5%	(1.5%)	1.1%	2.9%

Current Yields & Duration

Bond/Index	Yield			Current Modified Duration
	3/31/24	12/31/23	12/31/22	
2-Year Treasury	4.59%	4.23%	4.41%	--
5-Year Treasury	4.21%	3.84%	3.99%	--
10-Year Treasury	4.20%	3.88%	3.88%	--
30-Year Treasury	4.34%	4.03%	3.97%	--
Bloomberg U.S. Aggregate Bond	4.85%	4.53%	4.68%	6.1
Bloomberg Investment Grade Credit	5.30%	5.06%	5.42%	6.7
Bloomberg Corporate High Yield	7.66%	7.59%	8.96%	3.4
Bloomberg Global Aggregate (xUS)	3.03%	2.87%	3.13%	7.0
JPM EMBI Global Diversified (local currency)	6.21%	6.19%	6.86%	5.0
JPM EM Diversified (US\$ denominated)	7.88%	6.81%	8.55%	6.0

ETF market highlights for the first quarter included:

- U.S. listed ETFs attracted Q1 inflows of \$195 billion, while mutual funds posted comparable outflows of \$4 billion.
- With total AUM of \$8.9 trillion, ETFs account for 31% of the U.S. listed fund market.
- Index funds (including mutual funds and ETFs) account for \$14.3 trillion (or 50%) of the \$28 trillion U.S. listed fund market. 92% of all ETF assets are passively rather than actively managed compared to just 31% of mutual fund assets.
- Including both mutual funds and ETFs, passive index funds generated \$178 billion of net inflows last quarter, while actively-managed funds added \$13 billion of net inflows.
- Including both mutual funds and ETFs, U.S. equity funds experienced net inflows of \$25 billion, international equity funds logged net inflows of \$16 billion, and taxable bond funds added \$143 billion of net inflows during the quarter.
- ETF categories with the highest net inflows for Q1 included U.S. large blend (\$52 billion), U.S. large cap growth (\$25 billion), foreign large blend (\$14 billion), crypto currencies (\$13 billion), intermediate government bond (\$11 billion), and technology (\$11 billion).
- ETF categories with highest outflows in Q4 included foreign large blend (-\$756 million), foreign small cap (-\$713 million), and Latin America stock (-\$650 million).

% of Active Mutual Fund Managers Outperforming Their S&P or Barclays Index

For the periods ending 12/31/2023

Equity Fund Category	Relevant Index	1-year	3-Year	5-Year	10-Year	20-Year
Domestic Equity:						
Large Cap	S&P 500	40%	21%	21%	13%	7%
Mid Cap	S&P 400	50%	30%	34%	20%	7%
Small Cap	S&P 600	52%	36%	39%	12%	4%
Real Estate	S&P U.S. REITs	13%	5%	40%	24%	9%
International Equity:						
Intl. Equity	S&P 700	32%	30%	22%	12%	7%
Intl. Small Cap	S&P Developed Small Cap	46%	37%	41%	30%	22%
Emerging Market	S&P/FCI Composite	37%	27%	25%	11%	5%
Fixed Income Fund Category						
Gov't Long	Barclays Long Gov't	5%	9%	6%	6%	18%
Gov't Intermediate	Barclays Intern. Gov't	11%	5%	10%	6%	17%
Investment Grade Long	Barclays Long Gov't/Credit	2%	62%	13%	9%	18%
High Yield	Barclays High Yield	20%	41%	36%	22%	22%
Global Income	Barclays Global Aggregate	63%	58%	54%	37%	42%
Emerging Market	Barclays Emerging Market	71%	44%	36%	9%	4%

Source: Standard & Poors Index Versus Active (SPIVA) Report, September 2023.

Growth of the U.S. Listed Exchange Traded Fund (ETF) Market

	2018	2019	2020	2021	2022	2023	YTD 2024	CAGR
# of U.S. Listed ETFs	2,272	2,393	2,425	2,832	2,977	3,321	3,499	9%

U.S. Listed ETF AUM by Asset Class (\$B)

U.S. Stock	\$1,575	\$2,143	\$2,641	\$3,717	\$3,230	\$4,281	\$4,762	23%
Sector Stock	386	481	618	844	651	775	829	16%
International Stock	666	808	895	1,104	988	1,192	1,273	13%
Allocation/Balanced	12	14	20	27	23	22	23	13%
Taxable Bond	616	794	1,021	1,170	1,147	1,382	1,422	17%
Municipal Bond	36	48	64	82	104	122	122	26%
Alternatives	44	56	92	165	139	240	310	45%
Commodity/Other	64	83	144	137	132	131	134	15%
ETF AUM	\$3,400	\$4,427	\$5,495	\$7,246	\$6,414	\$8,145	\$8,875	20%

U.S. Listed ETF Net Fund Flows by Asset Class, Year to Date (\$B)

U.S. Stock	\$147	\$135	\$126	\$385	\$257	\$292	\$94
Sector Stock	6	(2)	71	105	(13)	(14)	8
International Stock	60	28	28	169	94	83	28
Allocation/Balanced	1	0	2	5	1	(4)	(1)
Taxable Bond	91	145	195	188	164	188	49
Municipal Bond	7	10	14	21	30	15	1
Alternatives	5	3	14	33	60	14	21
Commodity	1	7	40	(5)	(4)	18	(6)
ETF Net Fund Flows	\$318	\$326	\$492	\$900	\$589	\$592	\$195

U.S. Listed Fund AUM by Type (\$B)

US Listed ETFs	\$3,400	\$4,427	\$5,495	\$7,246	\$6,413	\$8,145	\$8,875	20%
US Listed Mutual Funds	13,571	16,325	18,137	20,818	16,234	18,401	19,569	7%
Total Fund Assets	\$16,971	\$20,752	\$23,632	\$28,064	\$22,647	\$26,546	\$28,444	10%
ETF Market Share	20.0%	21.3%	23.3%	25.8%	28.3%	30.7%	31.2%	

Top U.S. Listed ETF Sponsors by AUM (\$B)

Blackrock/iShares	\$1,345	\$1,718	\$2,025	\$2,471	\$2,201	\$2,597	\$2,768	15%
Vanguard	856	1,148	1,509	2,069	1,874	2,336	2,552	23%
State Street/SPDRs	572	718	845	1,109	981	1,222	1,312	17%
Invesco/PowerShares	169	226	296	408	329	457	512	24%
Schwab	115	164	199	272	259	319	343	23%

Source: Morningstar Direct and Blue Edge Capital. ETF data includes ETFs and ETNs.

(1) Blue Edge Capital, LLC (BEC) is an independent investment management firm, registered under the Investment Advisers Act of 1940, serving private investors, family offices, foundations, and institutional investors. BEC employees own 100% of the firm.

(2) Investing in BEC Portfolios involves risks, including the potential for loss of capital. BEC's investment strategies are focused on investment in exchange traded funds (ETFs) that hold domestic and international equities, fixed income, real estate, commodities, precious metals, currencies, cash, and other instruments. BEC's investment strategy includes making tactical asset allocation decisions among asset classes with the goals of improving investment performance and managing risk through the economic cycle. Asset classes and proportional weighting in the BEC Portfolios may change at any time without notification based on the discretion of the BEC Investment Committee, which is responsible for all tactical asset allocation decisions for BEC's investment Portfolios.

(3) The returns generated by the BEC Portfolios are subject to numerous risks, including economic, social, and political uncertainty, market volatility, foreign currency exchange rate volatility, and tracking error versus an underlying index. ETFs that hold fixed income securities are also subject to default risk and interest rate risk of their underlying holdings. Investments in ETFs that own foreign assets may incur greater risks than domestic investments. The actual return performance of any ETF may deviate from the returns of the underlying index it is intended to replicate. There can be no assurance that the investment objectives of any Portfolio managed by BEC will be achieved. A complete list of returns for all BEC ETF holdings is available upon request.

(4) BEC began formally tracking the performance of its Global Portfolios as of January 1, 2011, its Traditional Portfolios as of January 1, 2017, and its ESG Portfolios as of July 1, 2018 (Equity and Balanced) and July 1, 2021 (Growth and Growth & Income). Portfolio composite returns for each portfolio are presented on a time-weighted, size-weighted total return basis using monthly portfolio valuations. The composite returns for each Portfolio presented herein include all eligible BEC accounts. To be eligible for inclusion in the BEC composite, an account must be fee paying, fully discretionary, and not part of a broker wrap program. All returns are expressed in U.S. Dollars and are presented net of all fees and expenses, including the fees of the underlying ETF sponsors. The returns reflect the reinvestment of all dividends and interest. As a result of technological enhancements to our performance reporting system, BEC began accruing dividends as of September 1, 2018, and accrued dividends are included in our portfolio composite performance as of that date. The return information presented herein is preliminary and has not been audited or otherwise verified by an independent accounting firm, and past performance of any BEC portfolio does not guarantee future results. For the launch date of the ESG portfolios (June 30, 2018), we used NAV pricing for the following ESG Portfolio holdings (tickers ESGU, JUST, ESML, ESGD, ESGE, and SUSB) to provide more accurate performance measurement.

(5) The data for portfolio turnover, current portfolio positioning, and return performance of individual asset classes within each BEC portfolio are based on a representative composite account that remained invested since inception. Asset class returns are presented net of the underlying ETF fees and all trading costs but before any BEC management fee, which is deducted from accumulated cash in the portfolio. The asset class benchmark for BEC global fixed income is a blended benchmark comprised of 80% Bloomberg U.S. Aggregate Bond Index and 20% Bloomberg Global Aggregate Bond Index (ex-U.S.), rebalanced monthly.

(6) The performance of each BEC Portfolio is tracked against one or more performance benchmarks, which have been selected as reasonable proxies for the investment strategy of that portfolio and which are provided for informational purposes only. These benchmarks are rebalanced on a monthly basis, and the actual tactical asset allocation of any BEC portfolio may differ significantly from the composition of its respective benchmark indices at any given time. These benchmarks, which are summarized in the following data table, are not directly investable and do not reflect the deduction of any investment management fee or transaction costs.

Benchmark Component Weighting

	MSCI ACWI	Russell 3000	MSCI ACWI (xUS)	Bloomberg U.S. Aggr. Bond	Bloomberg Global (xU.S.) Aggr. Bond	Bloomberg Commodity
Global Passive Benchmarks						
Global Equity	100.0%	--	--	0.0%	--	--
Global Growth	80.0%	--	--	20.0%	--	--
Global Balanced	65.0%	--	--	35.0%	--	--
Global Growth & Income	45.0%	--	--	55.0%	--	--
Global Style Benchmarks						
Global Equity	--	45.0%	45.0%	--	--	10.0%
Global Growth	--	37.0%	37.0%	13.0%	3.0%	10.0%
Global Balanced	--	30.0%	30.0%	24.0%	6.0%	10.0%
Global Growth & Income	--	20.0%	20.0%	40.0%	10.0%	10.0%
Traditional Benchmarks						
Traditional Equity	--	80.0%	20.0%	--	--	--
Traditional Growth	--	64.0%	16.0%	20.0%	--	--
Traditional Balanced	--	52.0%	13.0%	35.0%	--	--
Traditional Growth & Income	--	40.0%	10.0%	50.0%	--	--
ESG Benchmarks						
ESG Equity	--	70.0%	30.0%	--	--	--
ESG Growth	--	56.0%	24.0%	20.0%	--	--
ESG Balanced	--	50.0%	20.0%	30.0%	--	--
ESG Growth & Income	--	35.0%	15.0%	50.0%	--	--

(7) BEC charges an annual investment management fee on all managed accounts, and the firm's standard fee schedule is as follows: 0.75% on the first \$5,000,000 of assets, 0.65% on the next \$5,000,000, and 0.50% on assets over \$10,000,000. Fees and minimums are negotiable, and some clients may pay less than the standard fee.

(8) The material provided herein is presented for informational purposes only and is based on information from a variety of sources that we consider reliable, including Standard & Poors, MSCI Barra, Morningstar, Alerion, Russell Investments, Goldman Sachs, J.P. Morgan, Deutsche Bank, Merrill Lynch, Charles Schwab, X-Rates.com, CNBC, Dow Jones, Tamarac, and Portfolio Center. BEC does not represent that the information is reliable or complete.

(9) The opinions expressed herein are current opinions as of the date appearing on this material only. All portfolio holdings are as of March 31, 2024.

(10) This report is neither an offer to sell nor a solicitation of an offer to buy any securities. Blue Edge Capital, LLC's most recent Forms ADV I, II, and III are available upon request to BEC or directly at the SEC website www.sec.gov.

(11) For more information, please visit our website (www.blueedgecap.com) or call us directly at (804) 673-7401.

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