

**Trustees for the Diocese of Western Massachusetts**  
**Quarterly Performance Update as of September 30, 2023**

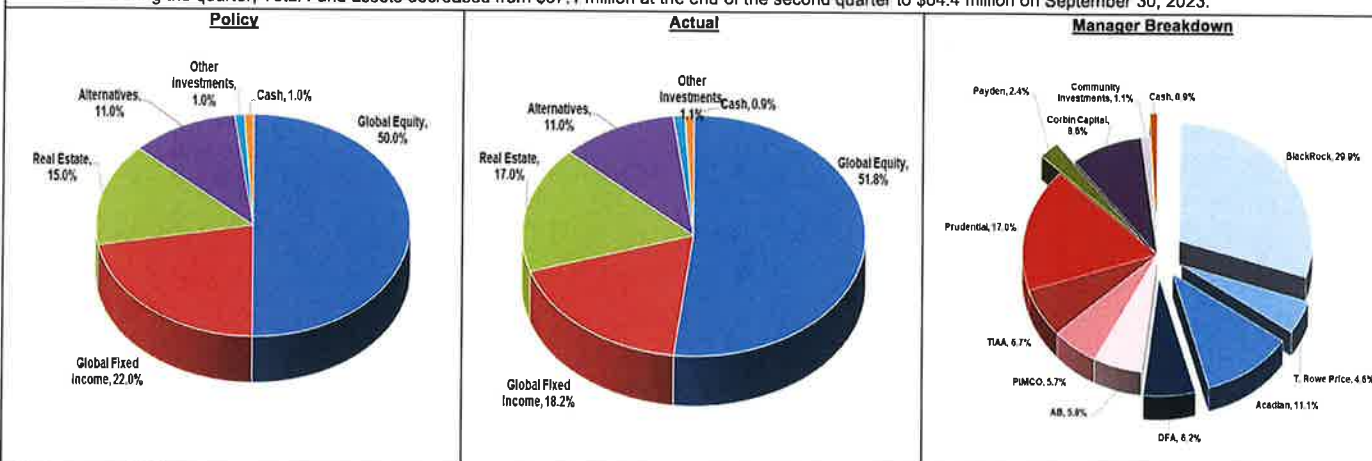


**Market Review**

- Global equity markets moved lower during the quarter, largely driven by an increase in longer-term rates as markets priced a higher-for-longer rate environment. Volatility remained subdued for most of the quarter before moving higher during the final weeks of September, amid the spike in long-term interest rates.
- The S&P 500 fell 3.3% during the quarter but was up 13.1% for the year-to-date period. Large-caps outperformed small-caps during Q3 as well as year-to-date. Value stocks modestly outperformed growth stocks during the quarter. The quality factor produced the strongest results during the quarter, while the size factor lagged. Energy and communication services were the only equity sectors to deliver gains during Q3.
- Within global equities, the MSCI ACWI fell 3.4% during Q3, but was up 10.1% year-to-date.
- International developed stocks declined 4.1% in Q3, bringing their year-to-date return to 7.1%. A stronger dollar detracted 280 bps from US dollar returns during the quarter.
- Emerging market equities fell 2.9% in Q3 but have gained 1.8% year-to-date. Latin America has been the best performing emerging market equity region this year.
- The Bloomberg Aggregate Index declined 3.2% during the quarter, and 1.2% year-to-date. Treasuries declined 3.1%, in line with the losses for corporate bonds.
- The Federal Reserve raised rates 25 bps at the August meeting, but left rates unchanged in September. The Fed's commentary following the September meeting suggested higher rates for longer, which has contributed to a substantial increase in longer-term yields. The market is now pricing in no change in Fed policy until mid-2024.

**Asset Allocation**

- During the quarter, the Fund had negative net cash flows of about \$1.0 million and a negative net investment change of \$1.7 million.
- During the quarter, Total Fund assets decreased from \$67.1 million at the end of the second quarter to \$64.4 million on September 30, 2023.



**Performance Table**

	For the Period Ending September 30, 2023					
	Quarter			One Year		
	Portfolio Return	Benchmark Return	Ranking	Portfolio Return	Benchmark Return	Ranking
<b>Total Fund</b>	(2.7)	(2.5)	59	7.5	6.6	94
BlackRock Developed Equity ex Fossil Fuel	(3.9)	(4.0)	49	21.9	21.6	30
T. Rowe Price Small Cap Value	(4.4)	(3.0)	87	—	—	—
Acadian Global Managed Volatility	(4.4)	(2.8)	54	13.4	11.4	81
DFA Emerging Markets	(1.5)	(2.8)	25	18.3	12.2	21
AB Global Bond – Hedged	(1.6)	(2.4)	42	1.4	0.0	77
PIMCO Income Fund	(0.5)	(3.2)	71	6.8	0.6	69
TIAA-CREF Core Impact Bond Fund	(3.0)	(3.2)	67	0.7	0.6	83
Prudential Real Estate Investors	(3.4)	(2.0)	—	(12.4)	(12.2)	—
Payden Absolute Return Bond Fund	1.4	1.3	23	6.6	4.5	20
Corbin Capital Pinehurst Institutional Ltd.	2.5	0.5	1	8.8	4.6	24

**Benchmarks:** Custom Benchmark, FTSE Developed ex Korea ex Fossil Fuel, Russell 2000 Value, MSCI World Minimum Volatility, MSCI Emerging Markets, JPM GBI Hedged, Bloomberg US Aggregate, Bloomberg US Aggregate, NCREIF-ODCE, ICE BofAML 2 Month U.S. T-Bill, HFRI Fund of Funds Composite Index

**Universes:** Mx All E&F \$51m-\$100m, All Global Equity MF, Small Cap Value MF, All Global Equity MF, Emerging Markets Equity MF, Global Fixed Income MF, International Fixed Income Multi Asset Credit MF, US Fixed Core MF, NA, Intl International Fixed - Absolute Return, Intl Funds of Hedge Funds (Net)

**Ranking:** Universes are calculated by sorting the returns from highest to lowest for each unique time period independently. The highest return is assigned the rank of zero (0) and the lowest a rank of 100. Depending on the number of observations between these two points, the remaining results are normalized to create the percentile rankings.

**Performance Review**

- The Total Fund returned -2.7% during the quarter, underperforming its benchmark by 0.2% and ranking in the 59<sup>th</sup> percentile of the Investment Metrics All E&F \$51m-\$100m Net Universe.
- The Equity book of the portfolio returned -3.8%, underperforming the Global Equity Custom Benchmark by 40 basis points. The **BlackRock Developed ex-Fossil Fuel Fund** returned -3.9%, slightly ahead of its benchmark and ranking above its peer universe median. The **T. Rowe Price Small Cap Value Fund** underperformed its benchmark by 140 basis points and ranked below its peer universe median, due to stock selection within the consumer discretionary, energy and real estate sectors. The **Acadian Global Managed Volatility Fund** underperformed its minimum volatility benchmark by 160 basis points and ranked in the 54<sup>th</sup> percentile of global equity peers due largely to an underweight allocation to the energy sector, coupled with an overweight allocation to the consumer staples sector. The **DFA Emerging Markets Core Equity** outperformed its benchmark by 130 basis points and ranked in the 25<sup>th</sup> percentile of peers due to the Fund's stock selection within the information technology and industrials sectors.
- The Fixed Income portion of the Fund returned -1.8%, outperforming its benchmark by 110 basis points. The **AB Global Bond Fund** returned -1.6% for the quarter, outperforming its benchmark by 80 basis points and ranking in the 42<sup>nd</sup> percentile of peers. This was primarily due to the Fund's security selection within the investment-grade corporate sector and high yield sector. The **PIMCO Income Fund** outperformed its benchmark by 270 basis points due to the Fund's exposure to non-agency MBS and high yield corporates. The **TIAA-CREF Core Impact Bond Fund** outperformed its benchmark by 20 basis points due to the Fund's overweight exposure to corporates, government-related agency credit, asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS).
- The **Prudential Real Estate Investors Fund** returned -3.4%, underperforming its benchmark by 140 basis points. Investment rates in the office, industrial, and multifamily sectors continued to grow, with the Office sector detracting the most due to decreasing tenant demand.
- The **Alternatives** book returned +2.3%. The **Payden Absolute Return Bond Fund** returned +1.4%, outperforming its benchmark by 10 basis points and ranking in the 23<sup>rd</sup> percentile, driven by the Fund's shorter interest rate duration position. The **Corbin Capital Pinehurst Institutional Ltd.** returned +2.5%, outperforming its benchmark by 200 basis points and ranking at the 1<sup>st</sup> percentile of peers, driven primarily by growth long within the equity portfolio. Gains from markups in asset-backed securities also aided performance.