

# Welcome and thank you for joining!

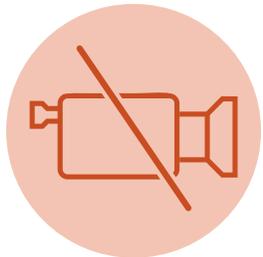
*The webinar will begin momentarily*



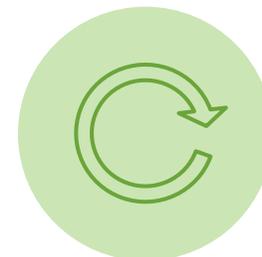
You're on mute  
(Attendees will be in listen-only mode)



You've got questions?  
We've got answers!  
(Q&A is enabled, and questions will be answered live,  
pending time is available)



We won't be able to see your video – we're sure  
you look great, though!  
(Video capability is disabled for attendees)



You're going to love this so much, you'll  
want to see it again!  
(Replays of all our webinars are available in our **Learning  
Center** at **abaretirement.com**; today's webinar is being  
recorded and will be posted in the coming weeks)



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# New Year, New Markets? 2024

## ABA Retirement Funds Program Tuesday, January 30

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# Agenda



1 ▶ Welcome  
▶ Introductions

2 ▶ 2023 Market  
Review

3 ▶ 2024 Economic  
Outlook

4 ▶ ABA Retirement Funds  
Investment Platform

5 ▶ Program Resources  
and Information

6 ▶ Q&A

# Meet the presenters



**K. Rebecca Chandler**

*Head of Client Service for the  
ABA Retirement Funds Program*

**Voya Financial**

Registered Representative of Voya Financial  
Partners, LLC (member SIPC)



**Matthew Parlengas**

*Portfolio Manager*

**Mercer**

# 2023 Market Review

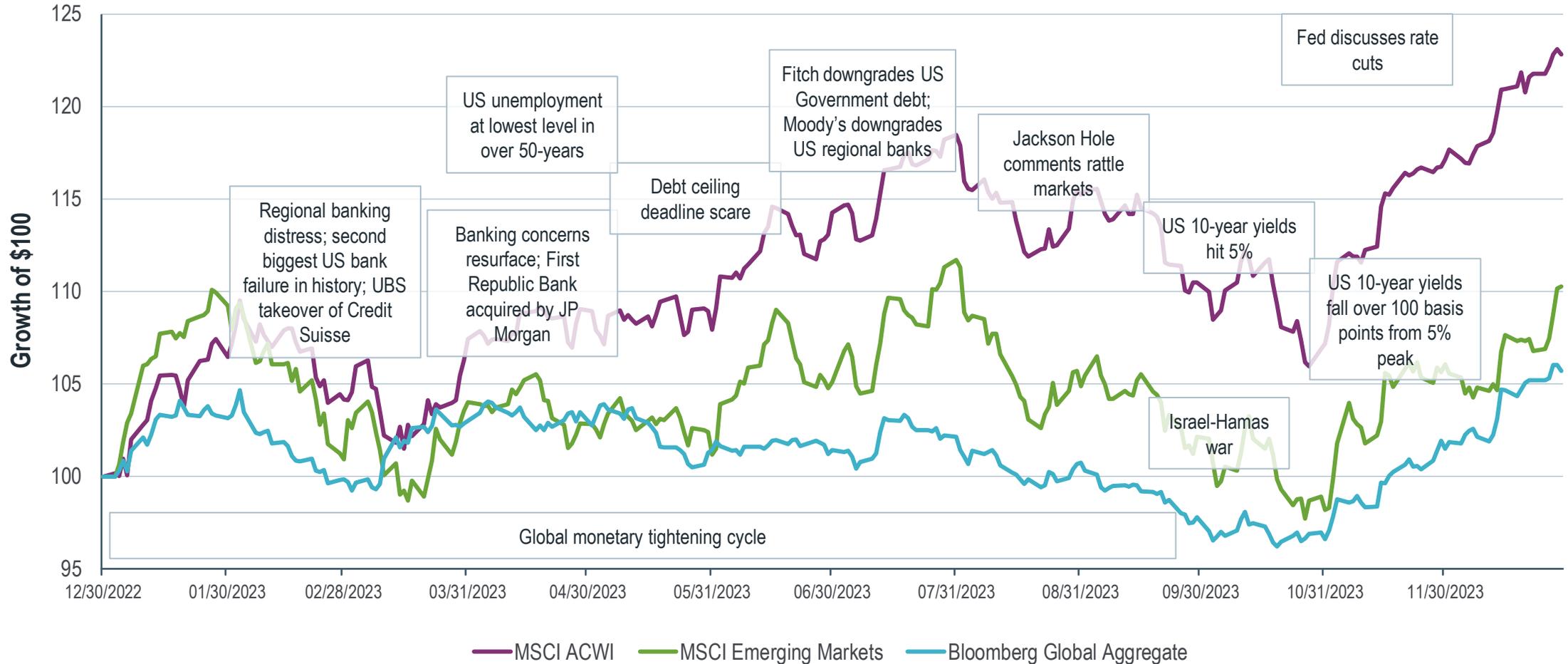


## Poll Question:

**Which of these 2023 events impacted the market?**

- a) Regional Banking Crisis
- b) Fitch Downgrade of US Debt
- c) Israel Hamas War
- d) All of the above

# Markets and major developments



Source: Refinitiv and Mercer Research; as of 12/31/23

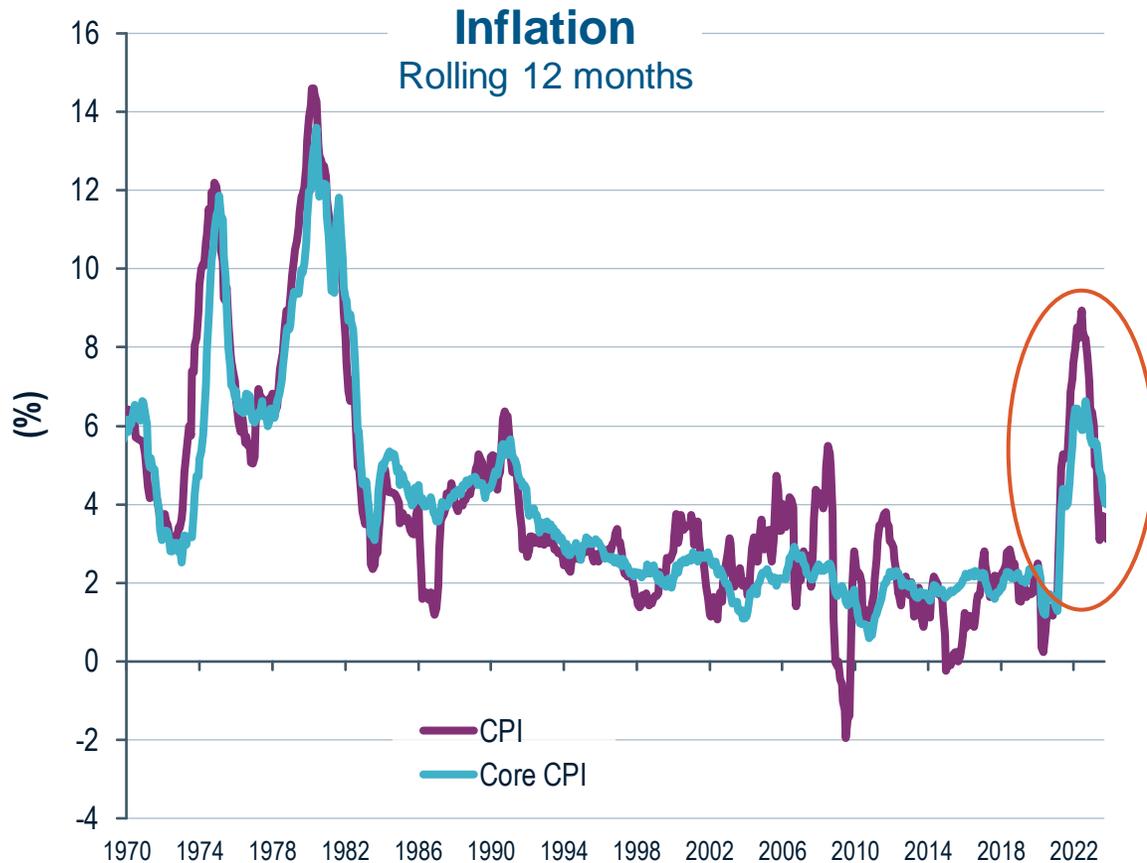
All indices in USD. Total return indices for MSCI ACWI, S&P 500, MSCI EAFE, MSCI Emerging Markets and Bloomberg US Aggregate. Price returns for NASDAQ.

Note: For visual reasons, events might not exactly pinpoint to the day they actually happened. We do not imply a direct causal relationship between market movements and every single event.

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# Inflation

## *Expectations vs. Reality*



## Our 2023 Outlook

- Inflation to play key role in market performance
- Softness of landing in question

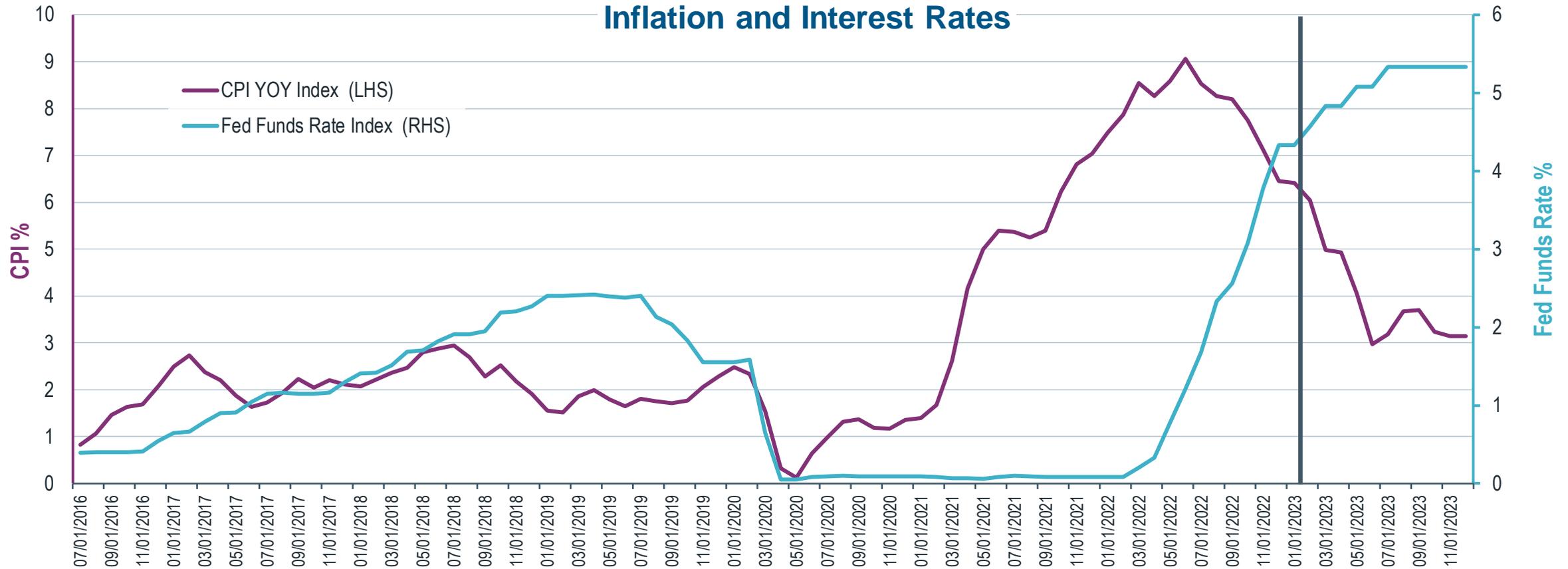
## What Actually Happened

- After one of the most aggressive hiking cycles in history, inflation is beginning to soften
- Fed pauses towards the end of the year

CPI: Consumer price index – measure of the cost of living  
Core CPI: CPI excluding energy and food prices

# Inflation and interest rates

*Fed is hiking rates to combat inflation*



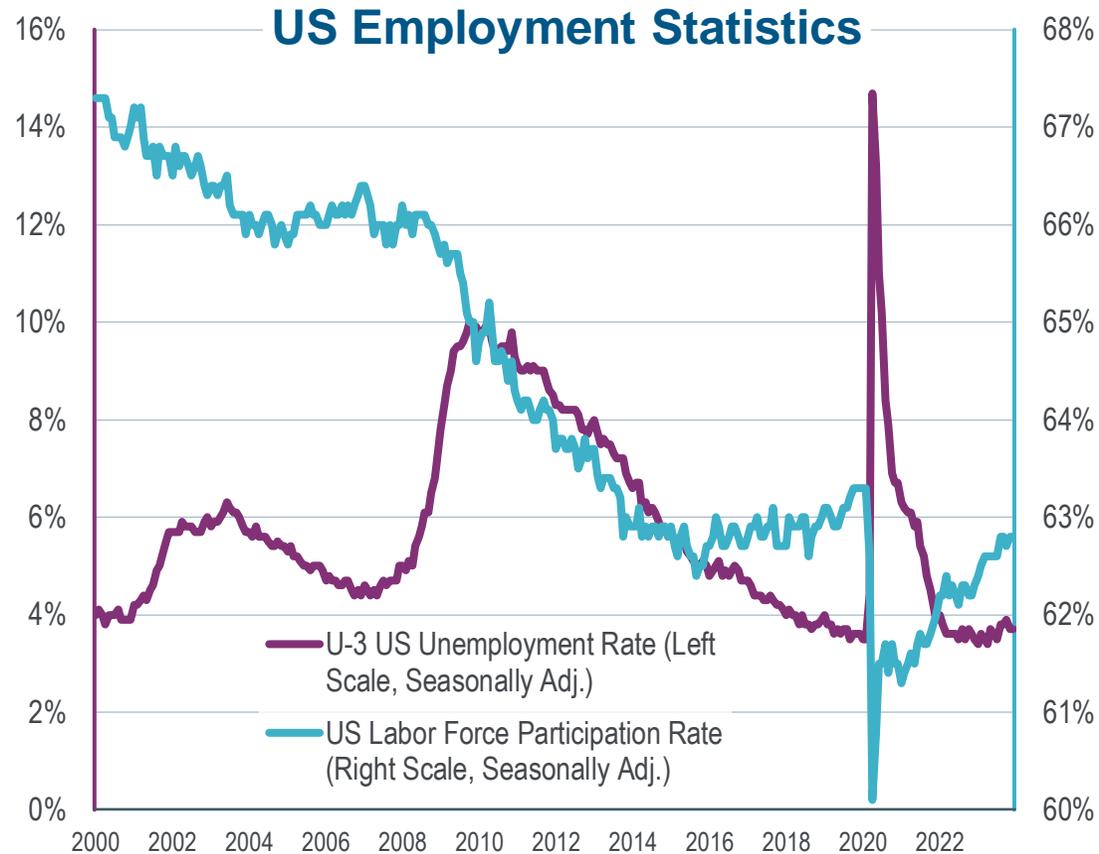
CPI: Consumer price index – measure of the cost of living

Source: Bloomberg

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# Recession

## *Expectations vs. Reality*



Source: Bureau of Labor Statistics; as of 12/31/23  
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## Our 2023 Outlook

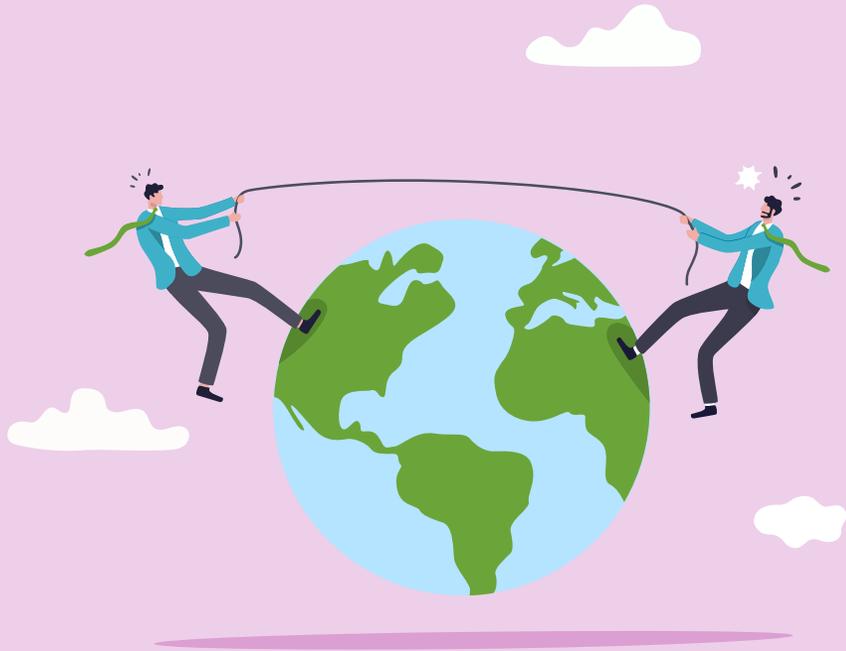
- Higher rates to affect asset prices
- Employment to hold strong

## What Actually Happened

- Growth remains resilient despite hawkish stance from Fed
- US unemployment at lowest level in over 50 years

# Geopolitics

## *Expectations vs Reality*



### Our 2023 Outlook

- Escalation in conflicts between Ukraine and Russia
- China / Taiwan

### What Actually Happened

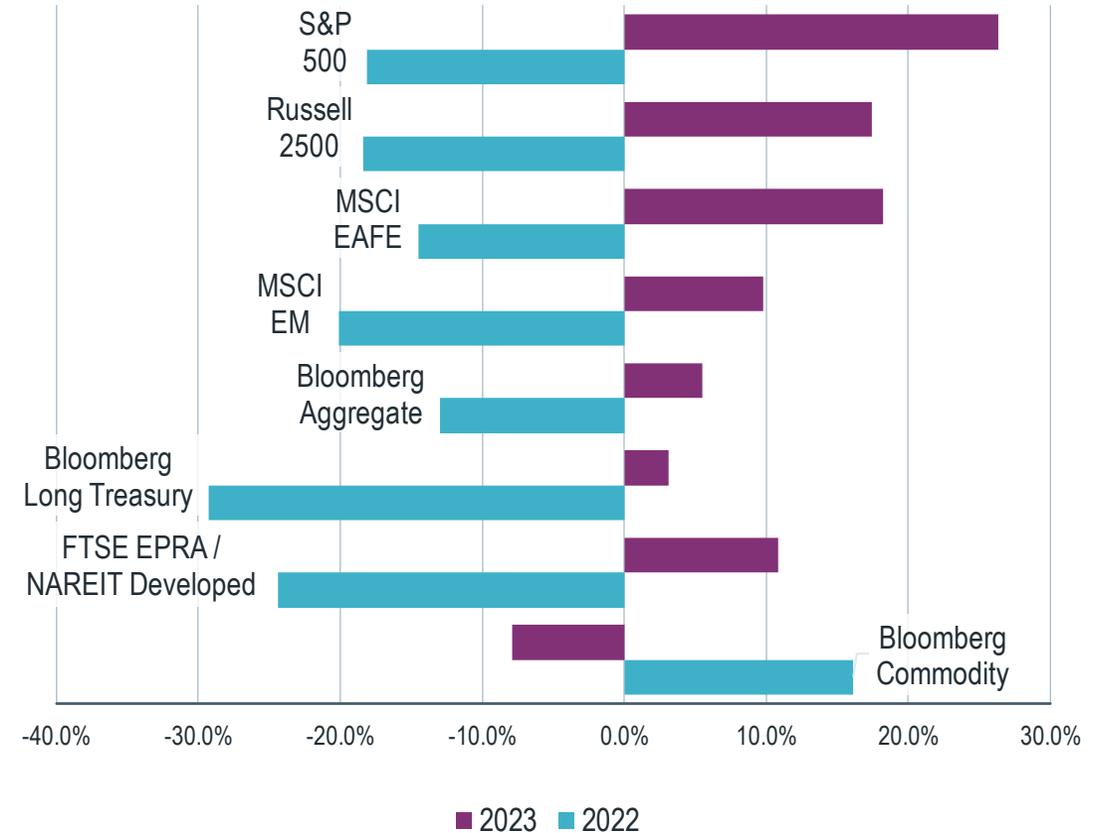
- Ongoing war in Ukraine but no escalation
- Israel officially declares war on Hamas
- China / Taiwan muted

# Financial markets

## *Significant reversal from 2022*

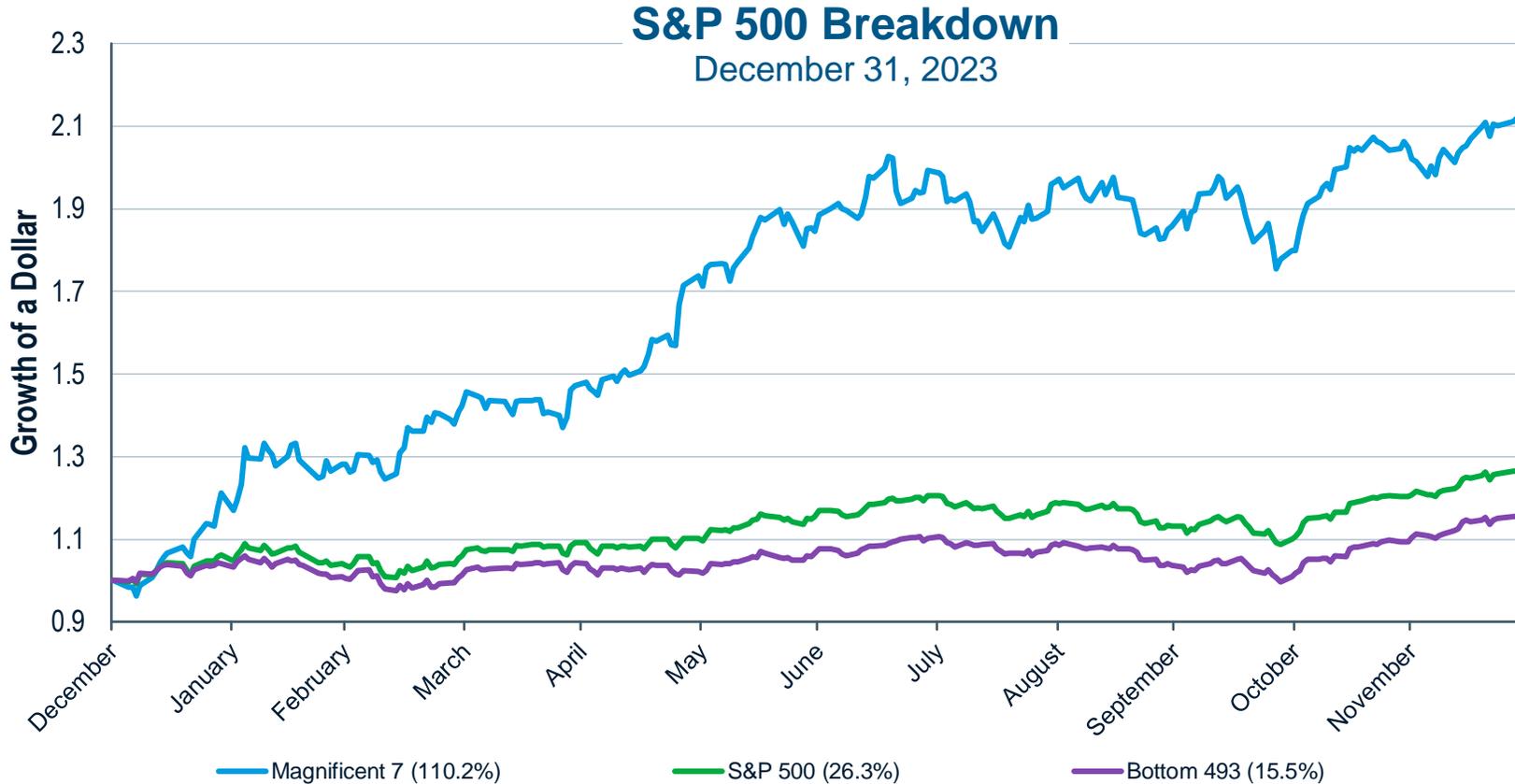


- Despite hawkish Fed and geopolitical tensions, markets remained resilient in 2023
- US markets outperformed international
  - Information technology leads after euphoria over Artificial Intelligence (“AI”)
  - China struggles to rebound after COVID-19 reopening
- Short-term volatility around banking crisis and Fitch downgrade didn’t slow down a strong year



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg; as of 12/31/23

# Technology soars in 2023



The Magnificent 7 continue to trade at a substantial valuation premium to the broader market, suggesting valuation risk if earnings growth fails to meet high expectations in the future.

Magnificent 7 Includes: Apple, Amazon, Alphabet, NVIDIA, Microsoft, Meta (Facebook), Tesla

Source: Bloomberg as of 12/31/2023.

# 2024 Economic Outlook





## Poll Question:

**Do you think we will go into recession next year?**

- a) Yes
- b) No

# 2024 Outlook

## Central banks



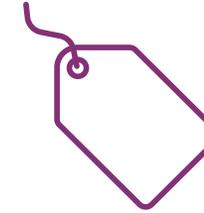
- In developed markets, central banks cutting rates during a period of economic strength
- Soft landing firmly on the table
- The People's Bank of China likely to continue supporting growth

## Growth



- Many economies overheating, potential for future softness
- Focus on lagging economies in EM for next leg of growth
- Artificial Intelligence?

## Inflation



- Sticky wage growth could perpetuate inflation
- Core inflation expected to fall with continued central bank action

# 2024 Outlook

## Equities



- Valuation dispersion remains wide, particularly among Magnificent 7
- Continued dollar strength could provide tailwind for non-US equities
- Backdrop for Chinese equities still strong (this could be the year!)

## Fixed Income



- Despite a stronger 2023, higher rates still supportive of fixed income
- Bond yields have risen to near two-decade highs and offer the prospect of stronger returns than previous years

## Alternatives



- With inflation falling, real assets could continue to come under pressure
- Overblown pessimism on real estate, particularly office, could benefit REITs

# ABA Retirement Funds Investment Platform



# ABA Retirement Funds investment structure



## PATH 1

Make it easier for me

### RETIREMENT DATE FUNDS

- 2060 Retirement Date Fund
- 2055 Retirement Date Fund
- 2050 Retirement Date Fund
- 2045 Retirement Date Fund
- 2040 Retirement Date Fund
- 2035 Retirement Date Fund
- 2030 Retirement Date Fund
- 2025 Retirement Date Fund
- 2020 Retirement Date Fund
- Post Retirement Date Fund

### TARGET RISK FUNDS

- Conservative Risk Fund
- Moderate Risk Fund
- Aggressive Risk Fund

## PATH 2

I'm saving for retirement

### U.S. EQUITY FUNDS

- Large Cap Equity Fund
- Large Cap Index Equity Fund
- Small-Mid Cap Equity Fund
- Small-Mid Cap Index Equity Fund
- All Cap Index Equity Fund

### NON-U.S. EQUITY FUNDS

- International All Cap Equity Fund
- International Index Equity Fund

### FIXED INCOME FUNDS

- Bond Core Plus Fund
- Bond Index Fund
- Stable Asset Return Fund

### NON-TRADITIONAL DIVERSIFYING FUNDS

- Real Asset Return Fund
- Alternative Alpha Fund

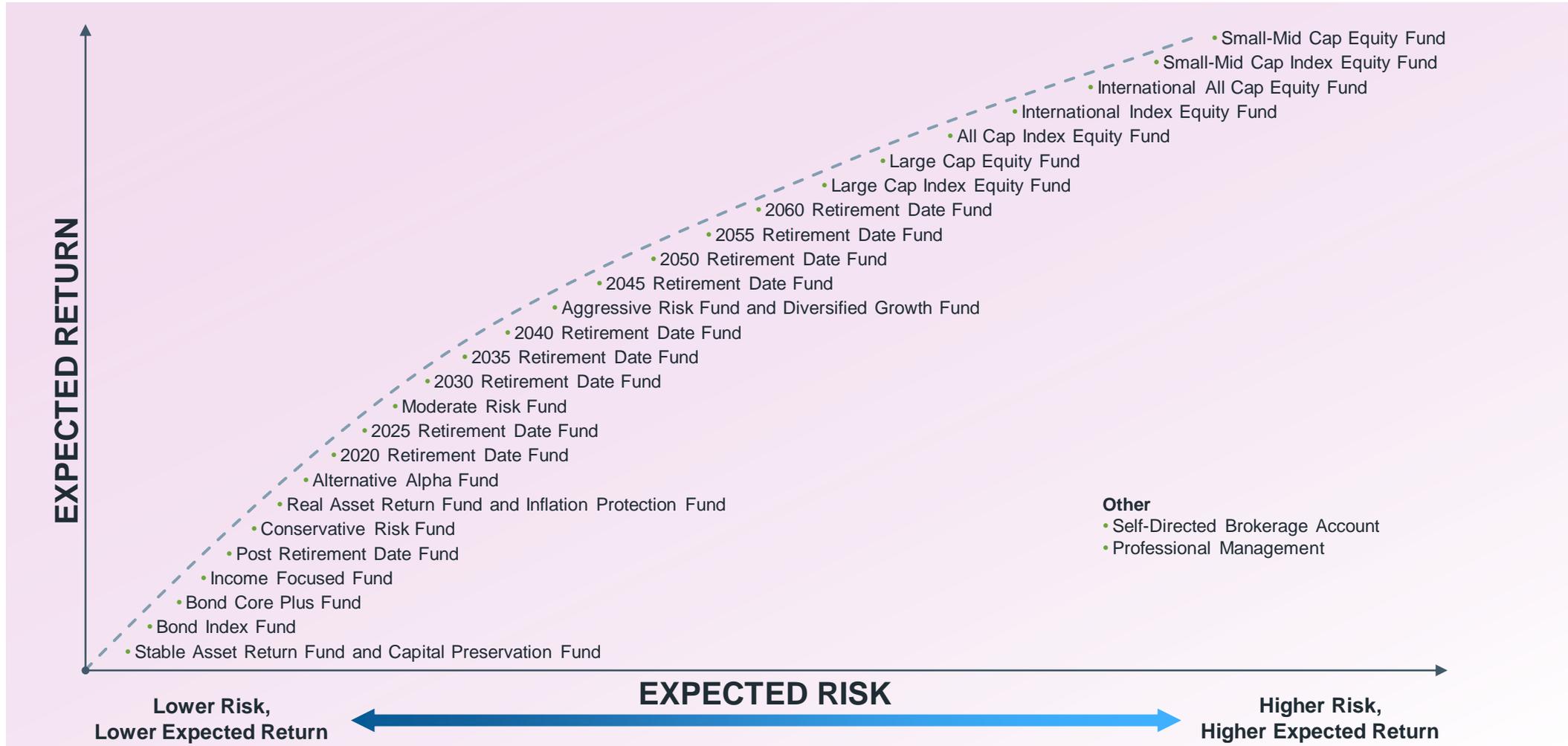
## PATH 3

I'm retired or almost there

### RETIREE FUNDS

- Capital Preservation Fund
- Income Focused Fund
- Inflation Protection Fund
- Diversified Growth Fund

# Expected risk and return illustration



Note: This graph is not to scale and is intended to illustrate the rank order of the expected risk, as measured by standard deviation, of each investment option. The risk and return assumptions are based on Mercer's Capital Market Assumptions (20-year) as of April 2022. Expected return is no guarantee of future performance

# Program Resources and Information



# Need help?

## Financial Planning

Offered through *Voya Financial Advisors* (“VFA”)



The Be Ready! Service<sup>1</sup> is for participants who wish to discuss their **overall financial situation** (e.g., managing school debt, retirement savings, personal savings goals). They will receive a free personalized action plan for key savings goals.<sup>2</sup>

## Online Advice

Offered through *Voya Retirement Advisors* (“VRA”)



This no-cost interactive tool is a web-based service for the investor seeking **advice to help make their own decisions** for their retirement plan account.<sup>3</sup>

## Professional Management

Offered through *Voya Retirement Advisors* (“VRA”)



This fee-based service is designed for the investor who would rather have **investment professionals manage their retirement plan account** on an ongoing basis.<sup>3</sup>

For more information:  
Visit the **Participant Resources**  
section of [abaretirement.com](https://abaretirement.com)



<sup>1</sup> Financial Professionals are investment advisor representatives and registered representatives of, and securities and investment advisory services are offered through Voya Financial Advisors, Inc. (member SIPC).

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**Email** at [contactus@abaretirement.com](mailto:contactus@abaretirement.com)



**Call** the toll-free automated phone line at **800.348.2272**

- Use the 24-hour phone system or speak with a Customer Service Associate (8am-8pm ET)

If you are interested in learning more about the Program, please email [joinus@abaretirement.com](mailto:joinus@abaretirement.com)

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# Q & A





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## ABA Retirement Funds Program

P.O. Box 990073

Hartford, CT 06199

800.826.8901

[joinus@abaretirement.com](mailto:joinus@abaretirement.com)

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