

2023 Annual Report



Amid escalating global conflicts, lingering inflation, and political turmoil at home, Legacy Deo continued to flourish under God's direction during 2023. These realities did not adversely affect peoples' generosity. Donors gave gifts in abundance that funded new accounts, expanded existing ones, and blessed ministries in ways that advanced their mission. We also absorbed the assets and accounts of Southern District Lutheran Foundation, which named us its successor when it closed its doors in August. The investment markets performed well, fueled by the race to develop new technologies and on hopes of eventual interest rate cuts as inflation wanes. As a result, our asset base grew by almost 25%.

On the economic front, the US economy showed resilience despite the presence of inflation that rose to forty-year highs. Continuing its fight against inflation, the Federal Reserve raised interest rates by 0.25% four times between February and July. This was after raising rates seven times the year before. GDP grew by 2.5% in 2023 as consumer spending remained robust despite higher interest rates. Still, consumers were challenged by higher prices for food, basic supplies, and other costs of everyday living. As a result, consumer debt increased. Higher interest rates also affected prospective homebuyers, prompting the lowest level of existing home sales since 1995. The labor market remained stable, with US unemployment ending the year at 3.7%. Job growth continued, but at a slower rate than the prior year. The global economy experienced similar results, with emerging markets seeing faster growth than developed economies.

It was an interesting year for the investment and financial markets. The world's growing appetite for artificial intelligence and other technologies sparked a first-quarter rally among growth-oriented stocks with the so-

called “Magnificent Seven” – Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla – leading the way and doing the heavy lifting in terms of market performance throughout the year. Financial experts’ concern rose as the Magnificent Seven’s effect upon the markets became more pronounced. The financial services sector was surprised by the failure of three prominent regional banks – Silicon Valley, Signature, and First Republic – which caused temporary disruption in the markets. Following the Fed’s fourth interest rate increase and noting the dovish tone expressed by Chairman Jerome Powell, the investment markets began a fourth-quarter rally based on expectations of future interest rate cuts. Although the rate cuts never materialized in 2023, the stock market rally persisted through year’s end with the NASDAQ Composite and S&P 500 indexes ending the year up by 43.4% and 26.3%, respectively. The fixed income markets likewise responded to the dovish pivot with a rally of their own that saw the Bloomberg US Aggregate index rise by 5.5% for the year. Despite this, the yield curve remained inverted, signaling the possibility of a future recession ahead.

Legacy Deo ended the year with 514 managed accounts valued at more than \$66 million. We received gifts of \$6.5 million, passed through 33 stock gifts to donor-selected ministries and charities, and added 19 new accounts (twelve endowments, two donor-advised funds, a gift annuity, and four trusts – including our first-ever charitable lead trust). Our most noteworthy achievement is that we distributed \$2.5 million to ministries, charities, agencies, and individuals, including \$47,000 in grants awarded to deserving ministries. God did marvelous works through Legacy Deo in 2023!

It is with a grateful heart that we praise Him for 2023’s blessings and ask for new opportunities going forward to fulfill our corporate vision: that God's people, each and every one, will leave a legacy for faith and family.

Sources: Morgan Stanley, Legacy Deo