FOURTH QUARTER 2022

Investment Strategy Update

Heading into the final quarter of 2022, we look back at the elevated economic and geopolitical risks that presented both humanitarian crises for society and unique diversification challenges for investors. Elevated levels of inflation fueled an extension of the rally higher in treasury yields, which weighed on investor sentiment and equity valuations. Fortunately, there was some short-term reprieve in levels of headline inflation due to a decline in commodity prices, which supported a recovery in real GDP growth in Q3, following two straight negative quarters in Q1 and Q2, commonly considered to be a technical recession. The remainder of this year and the outlook for 2023 remains beset with elevated geopolitical risks, slowing economic growth, and continued uncertainty regarding inflation. Given very tight financial conditions and very restrictive monetary policy, investors are looking towards the next phase of the cycle, which remains unclear but coincides with more attractive expected returns for multi-asset investors.

Inflation and global monetary policy continue to be a primary driver of investor sentiment. The last two Fed meetings of 2022 will be critical in forming the outlook for 2023, as investors will look for indications of moderation in the pace of rate hikes and patience to allow the effects of current policy to flow through to economic activity. Yet again, we have seen investor sentiment improve on optimism that peak policy is in sight and corporate earnings appear to be outperforming, albeit with significantly lower expectations. At the same time, recent measures of technicals and sentiment indicated a heightened level of pessimism, which set risk assets up for another rally in Q4. We remain cautiously constructive in our market outlook, but we are disciplined and judicious in the allocation of our risk budget.

In this quarter's Investment Strategy Update, we evaluate the recent slowing in economic growth, discuss monetary policy, the potential path of inflation, and the impact on our outlook for fixed income given the recent correction in the valuations of corporate credit. We remain neutral in our equity risk given the negative impact of interest rates on valuations, as well as the uncertainty of the current environment. We continue to believe that secular growers may serve as an effective ballast to cyclical value companies, particularly if economic growth continues to slow. Therefore, we maintain stylistic balance during these times of uncertainty and seek effective diversification to manage portfolio volatility through this phase of the market cycle. We provide a summary of our positioning, rationale and supporting exhibits in the following sections.

Asset Class	July	Change	October
Fixed Income vs. Equity	Neutral	≈	Neutral
Alternatives vs. Equity	Neutral	≈	Neutral
Alternative vs. Fixed Income	Neutral	≈	Neutral
Duration vs. Barclays Aggregate	Neutral	≈	Neutral
Credit vs. Government	Overweight	≈	Overweight
Investment Grade vs. High Yield	Neutral	≈	Neutral
High Yield vs. Bank Loans	Overweight	≈	Overweight
Emerging Markets Debt (EMD) vs. High Yield	Neutral	≈	Neutral
Large Cap vs. Small Cap Equities	Neutral	≈	Neutral
Growth vs. Value Equities	Neutral	≈	Neutral
Global ex-U.S. vs. U.S. Equities	Neutral	≈	Neutral
Emerging vs. Developed Equities	Overweight	≈	Overweight
Commodities vs. Global REITS/Equities	Neutral	≈	Neutral

Asset Class	Change	View	Summary Of Rationale
Fixed Income vs. Equity	≈	Neutral	Valuations have become more attractive in fixed income relative to equities, however given the economic and policy uncertainty, we believe that maintaining a neutral posture is prudent.
Alternatives vs. Equity	≈	Neutral	Equities repriced modestly during the third quarter and while earnings growth and real economic growth continue, earnings/fundamentals continue to be somewhat supported by healthy nominal growth. Equities are likely pricing in a mild economic recession and while we may continue to see heightened price volatility as financial conditions continue to tighten, we see no fundamental reason to be underweight equity risk.
Alternatives vs. Fixed Income	≈	Neutral	Given the historical price correction in fixed income markets and a rapid increase in real yields, we remain neutral after having completely removed our underweight to fixed income last quarter, particularly given the uncertain economic outlook and the potential benefits of traditional fixed income exposure as a ballast to equity risk during periods of slowing economic growth.
Duration vs. Bloomberg Barclays Capital Aggregate Bond Index	≈	Neutral	Given the underperformance of U.S. fixed income, U.S. real rates now offer value to investors looking for yield, which may provide some technical support in the face of quantitative tightening by the Fed, in addition to more diversification benefits relative to one year ago.
Credit vs. Government	≈	Overweight	Given the recent widening out of credit spreads, we see an increasingly attractive risk-adjusted return opportunity in credit relative to government bonds and remain overweight.
Investment Grade vs. High Yield	≈	Neutral	We do not see a meaningful valuation opportunity between investment grade and high yield.
High Yield vs. Bank Loans	≈	Overweight	Fundamentals for high yield remain healthy despite the recent widening of spreads, with valuations becoming attractive relative to bank loans. Spreads and absolute yields of high yield bonds are beginning to attract demand from investors looking for yield.
EMD vs. High Yield	≈	Neutral	We do not see an attractive risk-adjusted return difference in EMD vs. high yield.
Large Cap vs. Small Cap Equities	≈	Neutral	While valuations of small caps have started to look compelling relative to large caps, economic uncertainty warrants a higher quality profile, which favors large caps. Therefore, we remain neutral.
Growth vs. Value Equities	≈	Neutral	While value equities offer a reasonable valuation opportunity relative to growth equities, the uncertain economic outlook warrants a balanced posture of secular growers and cyclicals.
Global ex-U.S. vs. U.S. Equities	≈	Neutral	The geopolitical conflict and the uncertainty it causes for the European economy and equity markets results in enough uncertainty for us to remain neutral despite more attractive valuations in Global ex-US equities.
Emerging Markets vs. Developed Markets	≈	Overweight	Valuations are more attractive in emerging markets with higher earnings growth expectations in 2022/2023. Additionally, Chinese policy makers are maintaining a supportive stance towards the economy and capital markets with an emphasis on stability. China also has the potential for further monetary easing as opposed to monetary tightening seen in various developed markets.
Commodities vs. Global REITS	≈	Neutral	Despite the recent correction in commodities, the challenging technical environment and higher volatility of this relative pair warrants continued neutral positioning.

Global Growth Outlook: While growth forecasts continue to ratchet lower, they remain positive. The market narrative remains focused on recession risk.

Exhibit 1: Global Economic Growth Expectations Continue to be Revised Lower

Consensus GDP Forecasts (%)							
	10yr Avg Real GDP	**2022**	*Bps Chg vs 3m Ago*	2022 Central Bank Forecast	**2023**	*Bps Chg vs 3m Ago*	2023 Central Bank Forecast
US	2.1	**1.7**	*-70*	0.2	**0.8**	*-70*	1.2
UK	1.8	**3.4**	*-20*	3.5	**-0.2**	*-95*	-1.5
Eurozone	1.3	**2.9**	*0*	3.1	**0.4**	*-110*	0.9
Japan	0.4	**1.6**	*-10*	2.4*	**1.6**	*-10*	2.0*
China	6.4	**3.5**	*-50*	5.5	**5.0**	*-20*	5.5

Exhibit 2: Consumption and Trade Drives GDP Higher

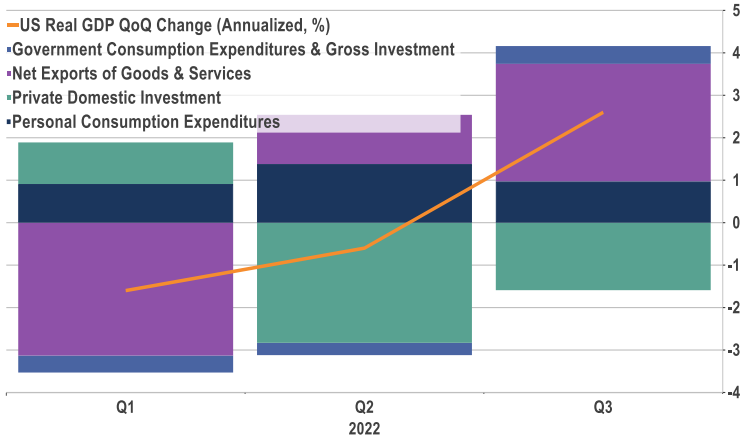
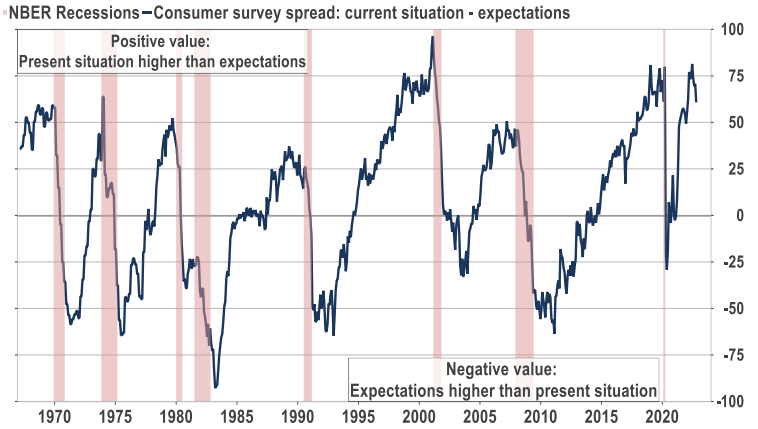


Exhibit 3: Spread between consumer views of present situation vs. future expectations may indicate slower growth ahead



Source: Wilshire, Factset, Refinitiv, & Macrobond.

The last twelve months have seen a persistent lowering of global GDP growth forecasts (Exhibit 1). The narrative remains focused on the risk to demand from elevated inflation and interest rates, with recession concerns continuing to grow. Nevertheless, U.S. economic growth recovered in Q3 (+2.6%) after delivering negative real GDP growth in Q1 and Q2 of 2022, commonly considered to be a technical recession. In looking at the underlying contributions to Q3 GDP (Exhibit 2), we can see that Gross Private Domestic Investment continued to weigh on growth, primarily due to a decline in inventory and housing investment. Fortunately, Net Exports were very strong, in combination with a healthy contribution from Personal Consumption, albeit slower than the prior quarter. Consumer demand has remained positive in the face of elevated inflation, however this continues to reflect elevated demand for services in the face of material weakness in the demand for goods—a continued indication of consumers making hard choices about spending in the face of higher prices.

The impact of inflation on economic growth subsided during Q3, but nominal growth continues to be elevated, rising at an annualized rate of 6.7%, which is well above the 20-year average of 4.4%. As discussed last quarter, investors should differentiate the current environment from periods of low or negative nominal growth because earnings recessions have historically coincided with much lower levels of nominal growth when demand is usually significantly lower. In contrast, the current environment has been met with elevated, albeit weakening demand, and while corporate earnings are clearly softening, it is not yet clear that an earnings recession will come to fruition in 2023.

Looking ahead, two of the principal risks to U.S. consumption continue to be inflation and sentiment, as higher costs weigh on purchasing power and investor concerns about future conditions tends to impact spending behavior. Exhibit 3 plots the spread between the Conference Board Present Situation Index and the Expectations Index. Given the elevated positive spread that exists today, which indicates that consumers feel much better about the current environment relative to the future, history would indicate a high risk of a recession going forward, if not a deterioration in economic growth.

Labor market dynamics are not indicative of an official recession, and while some measures of inflation are softening, rents present a challenge for the Fed.

Exhibit 4: The US labor market is not showing the signs of deterioration normally seen in a recession

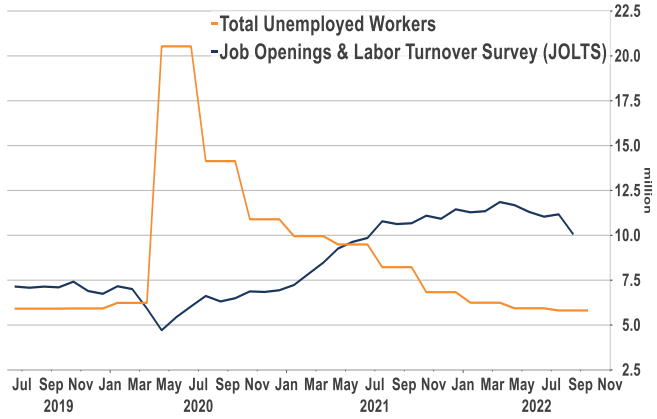


Exhibit 5: Shipping costs show supply chains are easing

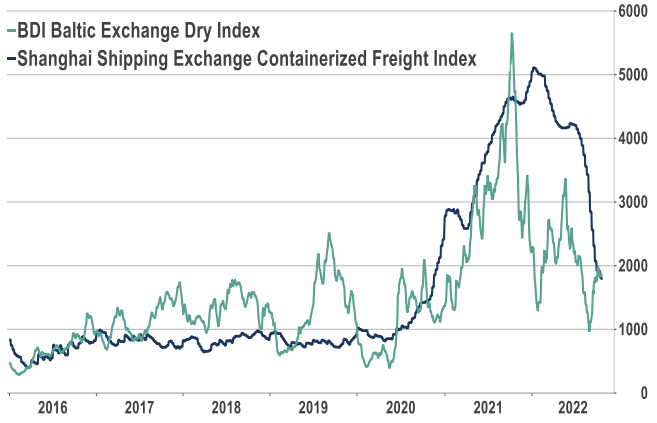
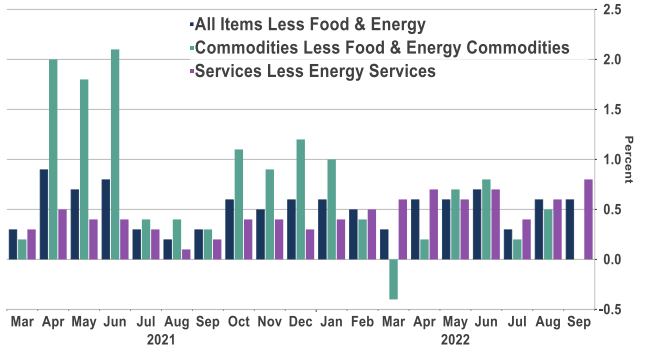


Exhibit 6: Disinflation in Goods; Rents Driving Services Inflation Higher



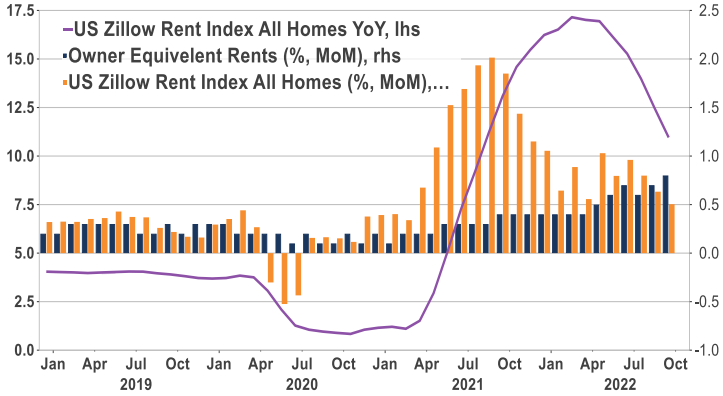
Source: Macrobond, Bloomberg

Another key differentiator between now and previous recessions is the status of the US labor market. Current levels of unemployment are not consistent with recessionary economic conditions, and job openings remain near record levels. The tightness of the labor market continues to fuel wage inflation, and while the contraction of financial conditions is starting to lead to workforce reductions and declining job openings (Exhibit 4), the job market has yet to experience any material deterioration in employment conditions, which creates a challenge for the Fed's objective in slowing inflationary pressure.

Fortunately, we are beginning to see indications of easing in supply chains. Demand is waning as retailers are dealing with a glut of inventory after the consumption of goods was pulled forward during COVID and consumer preferences have now shifted elsewhere. This, in combination with a material decline in shipping costs (Exhibit 5), should be supportive of a decline in the inflation of goods prices. The most recent report on producer prices showed a material softening in the costs of core commodities, and the September CPI report showed no inflation in prices of Core Commodities (green bars, Exhibit 6).

Unfortunately, inflationary pressures continue to build in the Services sector (purple bars, Exhibit 6), primarily due to elevated medical care costs and most notably, owners equivalent rents ("OER"). Shelter is 32% of CPI and is largely represented by OER, which is a sticky, slow moving measure of inflation in housing and tends to lag actual price moves in both home prices and rents. As shown in Exhibit 7, the U.S. Zillow Rent Index peaked in the spring on a year-on-year basis and while the month-on-month readings have also been trending lower, the most recent print shows an increase of 0.5%. Given that OER usually lags real time rent measures, it may take some time before we see the shelter component of CPI return to more normal levels. Will the Fed see through the lag in this data and begin to pump the brakes, or continue to press forward with aggressive tightening? The answer may be the difference between a hard and soft landing in the U.S.

Exhibit 7: OER Lags the Trend in Actual Rental Price Inflation



Fixed Income: Continuing to favor Credit to increase risk exposure.

Exhibit 8: Fed Funds imply a policy shift in early 2023

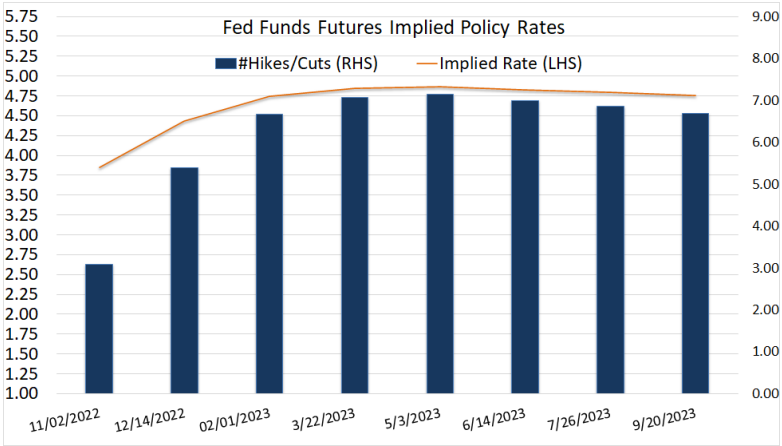


Exhibit 9: A rapid tightening in Financial Conditions Indicators but is the worst behind us?

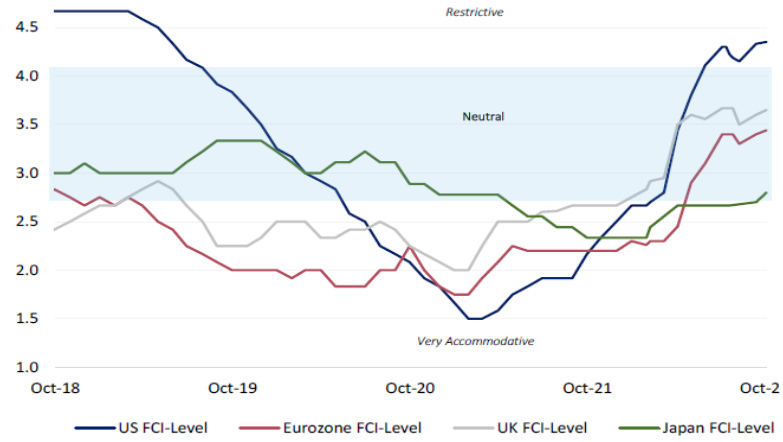
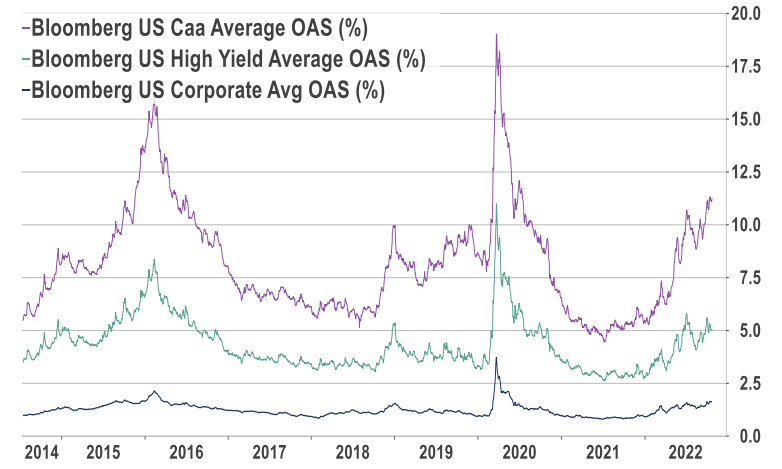


Exhibit 10: Widening credit spreads presented an attractive valuation opportunity to begin building risk in portfolios



Source: Wilshire, Macrobond, Factset, Refinitiv.

The market's pricing of Fed policy has changed significantly since our last letter in late July, when Fed Funds Futures were implying a peak at roughly 3.25% in December. The Fed responded to the bear market rally with an intentionally hawkish tone, which coincided with repeatedly elevated inflation readings for both August and September. Fed Funds Futures have adjusted meaningfully higher and now imply a peak policy rate between 4.75% - 5.00% (Exhibit 8). Equity and rates markets have been put on notice, and it appears that market expectations are more realistic today, subject to stubbornly elevated levels of inflation and persistently strong economic conditions.

Fortunately, there are signs that the effects of tighter monetary policy are beginning to weigh on inflation and growth in some segments of the economy, as discussed in the prior section. Furthermore, our composite Financial Conditions Indicators (FCI's), as shown in Exhibit 9, reflect the combined impact of shifts in the monetary and credit cycles as well as movements in the currency (dollar). U.S. Financial Conditions have rapidly rotated from accommodative to restrictive over the last twelve months. Finally, there are some indications of stress on liquidity conditions in fixed income markets and although this hasn't resulted in excessive levels of market stress, the risk of accidents increases as the Fed continues to slam on the brakes. The risk of a policy error is elevated today, which has caused some dislocations in valuations, leading to investment opportunities in fixed income that we haven't witnessed in years.

In advance of 2022, we had positioned portfolios for this material tightening in financial conditions and a significant rise in real yields by remaining underweight to fixed income (both duration and credit) in favor of alternative investment strategies, a view which came to fruition. Given the material rise in interest rates and widening of credit spreads (Exhibit 10), we had become more constructive in our outlook for fixed income and moved to a neutral posture earlier this year, admittedly early. Nevertheless, we remain overweight credit vs. government bonds where appropriate in client portfolios, as way of gradually building risk exposure and enhancing expected returns through more attractive yields, and the potential for compression in yield spreads. At the same time, we recognize the uncertainty in the economic outlook and future monetary policy, and we remain judicious in our sizing of such risks as a result.

Equities: Equity multiples have compressed, but risk premiums remain low when adjusting for rates. Neutral in U.S. vs. Non-U.S., but maintaining overweight EM.

Exhibit 11: Wilshire's Global Value Heatmap Indicates Increasingly Attractive Valuations, Albeit not Yet Cheap.

	Dividend Yield			Profit Margin			Price to Sales			Price to Book			TR12M P/E			Forward P/E		
	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y	Value	Z-5Y	Z-15Y
U.S. Equity	**1.7**	**-0.2**	**-0.9**	**12.7**	**1.8**	**2.0**	**2.3**	**-0.2**	**1.0**	**3.8**	**0.2**	**1.3**	**19.0**	**-0.9**	**0.0**	**16.6**	**-1.1**	**-0.1**
Developed Market	**3.5**	**1.0**	**0.4**	**9.7**	**1.4**	**1.8**	**1.2**	**-0.7**	**0.4**	**1.5**	**-1.0**	**-0.6**	**12.2**	**-1.0**	**-0.7**	**11.9**	**-1.5**	**-1.1**
Eurozone	3.7	1.0	0.1	9.4	1.3	1.8	1.1	-0.7	0.5	1.5	-1.0	-0.1	12.3	-0.9	-0.8	10.9	-1.6	-0.9
Japan	2.5	1.0	1.2	7.1	1.0	1.4	1.0	0.5	1.2	1.3	-0.4	0.0	13.8	-0.6	-1.0	12.3	-0.9	-0.4
UK	4.2	-0.3	0.0	8.4	0.7	0.6	1.4	0.9	1.4	1.8	0.4	-0.0	16.9	-0.5	-0.4	10.2	-1.7	-1.2
Emerging Market	**3.0**	**1.2**	**0.7**	**9.8**	**0.3**	**0.4**	**1.2**	**-1.0**	**-0.3**	**1.4**	**-1.5**	**-0.8**	**10.9**	**-1.3**	**-1.1**	**11.4**	**-1.1**	**-0.6**
China	2.1	0.6	-0.4	7.0	-3.1	-4.1	1.1	-1.6	-0.9	1.2	-2.2	-1.1	11.4	-1.0	-0.6	12.8	-0.5	0.1
India	1.4	0.4	0.3	10.3	1.4	0.1	2.3	0.4	0.3	3.3	0.6	0.4	22.2	-0.9	0.1	19.5	-0.7	0.3
Brazil	10.1	2.9	4.7	20.1	2.0	2.1	1.1	-1.8	-0.9	1.3	-2.0	-0.8	5.2	-1.1	-0.3	5.3	-0.9	-1.1
South Korea	2.0	-0.2	0.9	8.6	0.9	1.5	0.7	-0.6	0.0	0.9	-0.8	-1.0	8.8	-1.1	-1.1	8.6	-1.0	-1.1

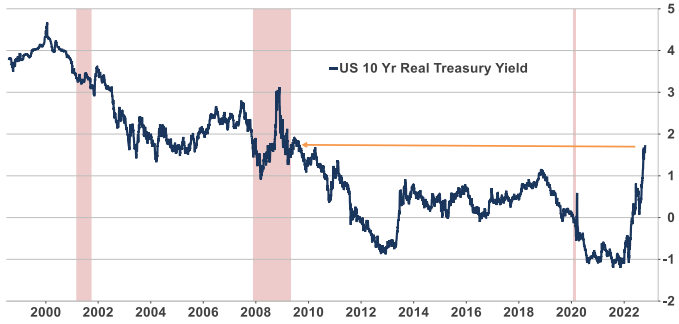
Exhibit 12: Declining EPS expectations, but room for more

Regional EPS Growth Forecasts				
	2022	% Chg vs 3m Ago	2023	% Chg vs 3m Ago
UK	***39.6***	*7.2*	**1.5**	*-0.6*
Japan	***18.4***	*1.0*	**6.1**	*-1.2*
China	***10.7***	*-5.3*	**24.8**	*1.7*
US	***9.0***	*-3.3*	**10.1**	*-1.1*
Europe ex UK (EUR)	***7.4***	*0.4*	**4.6**	*-2.5*
World ex US (USD)	***2.4***	*-3.9*	**9.2**	*0.5*
Asia Pac ex Japan (USD)	***-4.3***	*-9.2*	**14.0**	*-0.1*
Emerging Markets (USD)	***-8.9***	*-12.9*	**18.3**	*5.1*

Exhibit 13: Equity Risk Premium relies heavily on interest rates

US Equity NTM EPS ($)	US 10 Year Treasury Yield (%)												
	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	4.25	4.50	4.75	5.00
250	4.57	4.32	4.07	3.82	3.57	3.32	3.07	2.82	2.57	2.32	2.07	1.82	1.57
245	4.44	4.19	3.94	3.69	3.44	3.19	2.94	2.69	2.44	2.19	1.94	1.69	1.44
240	4.30	4.05	3.80	3.55	3.30	3.05	2.80	2.55	2.30	2.05	1.80	1.55	1.30
235	4.17	3.92	3.67	3.42	3.17	2.92	2.67	2.42	2.17	1.92	1.67	1.42	1.17
230	4.04	3.79	3.54	3.29	3.04	2.79	2.54	2.29	2.04	1.79	1.54	1.29	1.04
225	3.91	3.66	3.41	3.16	2.91	2.66	2.41	2.16	1.91	1.66	1.41	1.16	0.91
220	3.78	3.53	3.28	3.03	2.78	2.53	2.28	2.03	1.78	1.53	1.28	1.03	0.78
215	3.65	3.40	3.15	2.90	2.65	2.40	2.15	1.90	1.65	1.40	1.15	0.90	0.65
210	3.52	3.27	3.02	2.77	2.52	2.27	2.02	1.77	1.52	1.27	1.02	0.77	0.52
205	3.38	3.13	2.88	2.63	2.38	2.13	1.88	1.63	1.38	1.13	0.88	0.63	0.38
200	3.25	3.00	2.75	2.50	2.25	2.00	1.75	1.50	1.25	1.00	0.75	0.50	0.25
195	3.12	2.87	2.62	2.37	2.12	1.87	1.62	1.37	1.12	0.87	0.62	0.37	0.12
190	2.99	2.74	2.49	2.24	1.99	1.74	1.49	1.24	0.99	0.74	0.49	0.24	-0.01
185	2.86	2.61	2.36	2.11	1.86	1.61	1.36	1.11	0.86	0.61	0.36	0.11	-0.14
180	2.73	2.48	2.23	1.98	1.73	1.48	1.23	0.98	0.73	0.48	0.23	-0.02	-0.27

Exhibit 14: Peak U.S. 10yr Real Yields may support equities



Source: Wilshire, Macrobond, Factset, Refinitiv. Data as of October 5, 2022. Wilshire's Global Value Heatmap uses Bloomberg data.

The first nine months of 2022 produced a global PE compression across all major equity regions and valuations appeared increasingly attractive at quarter-end, as shown in our global valuation heat map in Exhibit 11, which expresses measures in absolute terms and on a normalized basis (green indicates attractive fundamentals/valuations). Both Emerging and Developed markets appear more attractively valued relative to the U.S., however the economic fundamentals in the U.S. remain relatively attractive on a risk adjusted basis, as both Europe and Asia continue to experience heightened geopolitical and/or inflationary pressure. Therefore, we balance our valuation signals with the discipline of risk management and remain neutral in our U.S. vs. Non-US posture. That said, we continue to maintain our overweight to emerging markets relative to developed markets as the recent correction of the China market introduces an even more attractive valuation opportunity.

The correction in equity prices did not coincide with a material decline in earnings (Exhibit 12), most notably the U.S. and Europe. In the U.S., third quarter earnings appear to be outperforming after expectations were ratcheted materially lower for the quarter. Looking forward, however, earnings expectations for 2023 remain at risk based on consensus expectations, which have yet to meaningfully adjust downward in the face of declining economic growth. While earnings remain an important fundamental input into valuations, interest rates are arguably more impactful to equity valuations. Exhibit 13 plots the impact of earnings and interest rates on the equity risk premium, as measured by the difference between the US equity earnings yield vs. the US 10yr Treasury yield, with the current value shown in the blue box. As shown in the Exhibit, a one percent move higher from the current 10yr yield equates to a 10-15% decline in forward earnings expectations. It's not surprising that the U.S. equity market is taking cues from the bond market today. Fortunately, U.S. 10yr Real Yields are now at levels not seen in over a decade (Exhibit 14), and are well above the long-term average real yield of approximately 0.90%. This may support demand for 10yr U.S. Treasuries, thereby helping to buoy equities.

Another perfect combination of outlier declines in markets in combination with extreme pessimism and buyback tailwinds. Repeat of the bear market rally or the beginning of a recovery?

Exhibit 15: A Nearly 3-standard deviation decline over 30 days

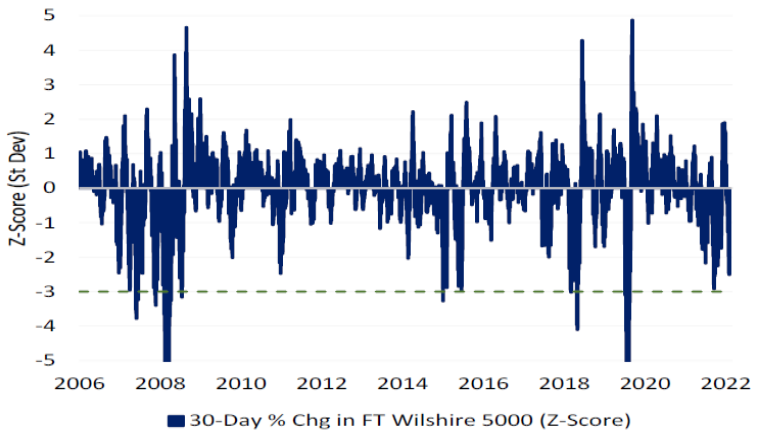


Exhibit 16: Composite sentiment indicator at extreme pessimism

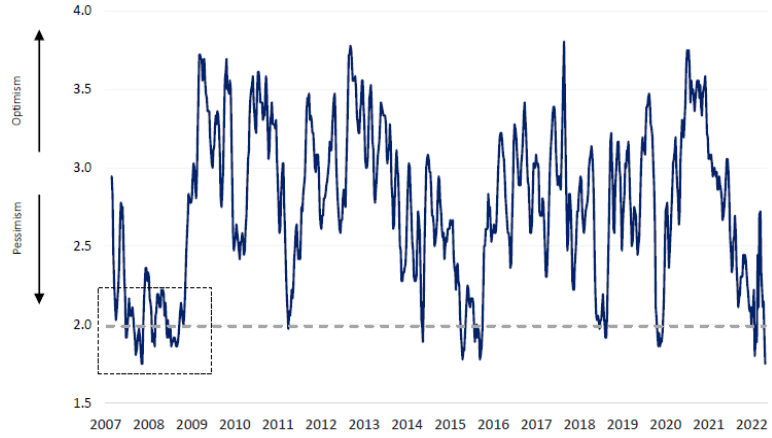
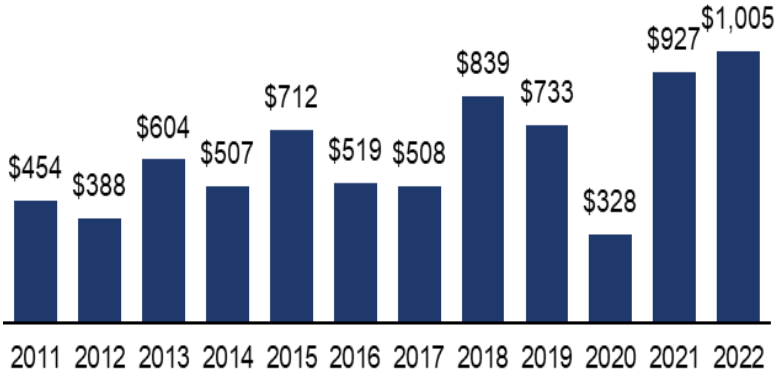


Exhibit 17: YTD Buyback Authorizations with more expected in Q4



Source: Wilshire, Goldman Sachs Investment Research, Factset, Refinitiv. Data as of October 5, 2022.

The fourth quarter has begun with another bounce in risk assets. This is not entirely surprising given that, yet again, recent measures of technicals and sentiment indicated a level of pessimism which implied that most of the bad news was priced-in, at least for now. The retracement lower in equities in September represented an outlier move by historic standards (Exhibit 15), pushing equities into oversold territory, which set markets up for technical mean reversion in October.

Our composite sentiment indicator shown in Exhibit 16 incorporates a blend of nine technical and market breadth indicators. It had again moved to extreme levels comparable to those seen in the GFC and Covid sell off periods, an indication that sentiment was overly pessimistic. Furthermore, the most recent BofA Fund Manager Survey showed a high degree of pessimism in the outlook for equities and 2023 earnings, which may also imply that the market is already pricing in a decline in earnings, despite the overly optimistic outlook implied in consensus EPS estimates.

Finally, there has been more than $1 trillion in buyback authorizations in 2022, setting a historic record. Buybacks were active during the month of October and activity is expected to persist through Q4 (Exhibit 17, source: Goldman Sachs Investment Research). Consistent with last quarter, this represents a material tailwind, particularly in a market environment when most investment managers are pessimistic, and most portfolios are positioned defensively.

It's also worth noting that the recent recovery in equities has not exhibited the type of velocity witnessed in Q3, due in part to a weaker earnings outlook. Moreover, the Fed has put investors on notice that they are intent on tackling inflation. This communication was effective in keeping investor sentiment contained, which is a healthy outcome in that higher equity prices ease financial conditions and thereby requires the Fed's communication and actions to be more hawkish. On the other hand, higher volatility and uncertainty, in combination with weaker growth and inflation will get us closer to the end of this tightening cycle.

Conclusion and Positioning

While we recognize the continued uncertainty associated with the current market environment and observe the gradual decline in global economic growth, we remain optimistic that most of the known risks have been increasingly priced into markets. We continue to acknowledge that there is considerable geopolitical risk in the near-term, in both developed and emerging markets. That said, supply chains are improving, and while the labor market remains tight, there are early indications that conditions may be starting to soften, as job openings are on the decline and corporations are increasingly reducing workforces or imposing hiring freezes. Furthermore, U.S. balance sheets are largely healthy and fundamentals remain strong, giving management greater control over individual outcomes. This supports our view to remain constructive in credit markets where we believe the risks are largely priced-in. On the equity side, the impacts of tightening financial conditions have already resulted in a reset of valuations across very richly priced segments of the market. Nevertheless, given the move higher in interest rates over the course of Q3, equities do not present attractive valuations today nor do we see significant cross-sectional opportunities within the equity asset class, such as factor and regional pair trades, but we are becoming constructive on some factors, such as size (small caps). We monetized our value versus growth posture earlier this year on strength, and we remain stylistically neutral because we believe that secular growers serve as an effective ballast to cyclical value companies, particularly if economic growth continues to slow. While we are expressing more limited active risk today, as we seek balance in our portfolios during these times of uncertainty, we continue to judiciously take risk because we recognize that uncertainty is often met with opportunity. We also seek to benefit from the idiosyncratic opportunities presented to active managers in this market environment, while continuing to adapt portfolios to evolving conditions, actively resize exposures as volatility works in our favour, and maintain effective diversification to manage portfolio volatility through this phase of the market cycle, which remains increasingly dynamic.

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