

QUARTERLY ECONOMIC REVIEW

INVESTMENT NEWSLETTER / THIRD QUARTER 2022

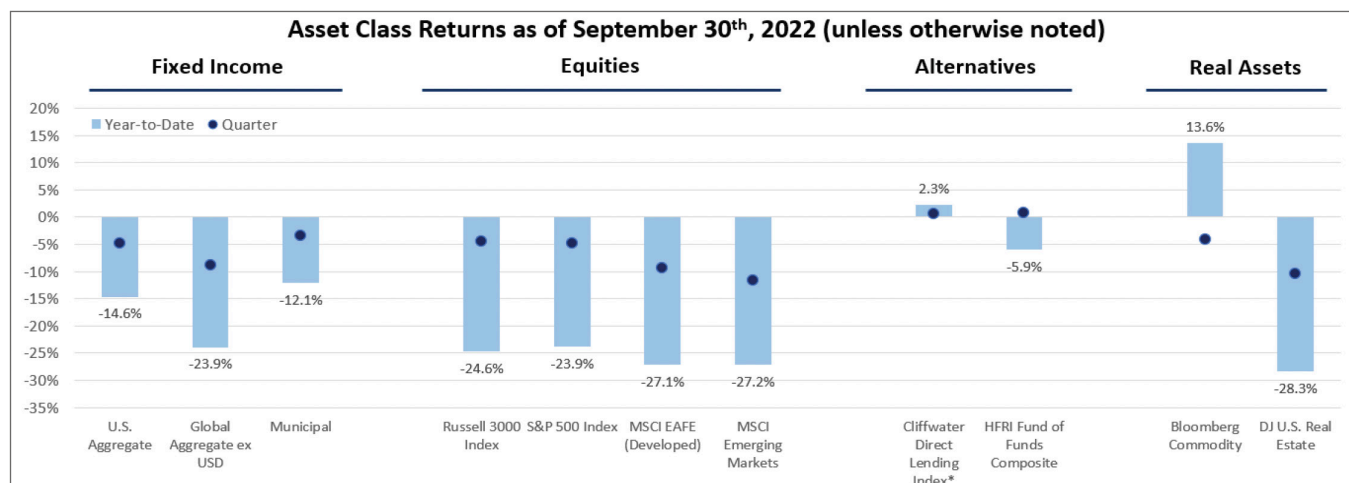
Executive Summary

The third quarter was another challenging one for markets in what's shaping up to be a volatile 2022. The Federal Reserve ('Fed') continued its path of tightening financial conditions which most directly translated to two 75 basis point (0.75%) rate hikes over the quarter. This brought the Fed Funds upper target rate to 3.25% – a far cry from the 0.25% upper bound entering the year. Central bank policy reverberated through nearly all areas of the economy pushing 30-year fixed mortgages to over 7% and weighing heavily on asset prices. Making sense of it all, the economy remains in a transitional period. After enduring a massive global disruption from the COVID-19 pandemic, many world economies are migrating to a new equilibrium

while seeking to combat inflation and roll-off massive legacy stimulative efforts. The new normal is likely to incorporate higher structural inflation and slower growth. From an investment sense, many of the trends that were well-suited for a period of moderate growth and high levels of liquidity may not be as appropriate for the new environment. That said, this transition likely comes with new opportunities to take advantage of and cash savings are finally starting to earn a reasonable level of return.

The pandemic, a defining event of our generation, has left the world with an unusual economic cycle. If we rewind to late 2019/early 2020, we were at the tail-end of what was (and still is) the longest economic expansion on

record. Many thought a recession in the coming 12-18 months was likely, although there were few areas of clear excess in the economy. Fast forward a little over 2 years and the world looks dramatically different. Following the fastest onset of a recession ever, historic levels of government aid, supply chain disruptions, and unusual demand patterns led to the start of a dramatically different cycle. Most notably, inflation rose to multi-decade highs, and we went from a double-digit unemployment rate to a labor shortage in a matter of months. As we re-evaluate conditions today, the labor market is still a source of strength but is slowing as businesses seek to shore up profit margins and earnings amidst slowing consumer demand.



Morningstar & Hedge Fund Research, Inc.; Bond indices from Bloomberg, * as of 6/30/2022



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The consumer has pulled back after inflation has eroded record savings surpluses built up during the pandemic. Many of these factors are supportive in the fight against inflation but will likely come at the expense of growth.

Those hoping for some reprieve from the market volatility in the third quarter were left disappointed. Despite a short-lived rally in the middle of the quarter, most major stock and bond indexes ended September lower than where they started on July 1st and are meaningfully down from the start of the year. Much of the weakness in the equity markets has come from margin pressure and higher rates feeding multiple compression as revenue and earnings growth is still set to be positive for the year. For reference, the S&P 500 Index started the year near a 21X forward price-to-earnings (P/E) ratio and is now closer to 16X – a level close to long-term averages. Those taking the extended view should be compelled that future equity returns are more promising from current levels, although some additional pain might be realized in the interim. Yields continued their march higher with the U.S. Treasury 10-year yield going from

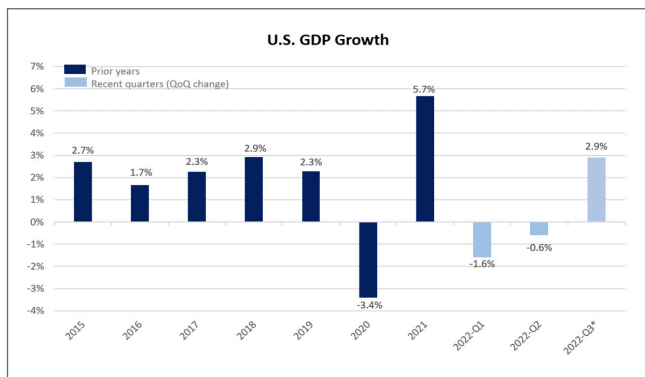
near-3% at the start of Q3 to 3.8% to start the fourth quarter. Both metrics are a far cry from the 1.5% level that the 10-year yield started the year at. In addition to higher yields, credit spreads widened translating to a tough environment for fixed income. With the Bloomberg Aggregate Bond Composite off approximately 5% and 15% for the quarter and year, respectively, the close of the third quarter added to one of the worst bond markets ever.

Although these are trying times for investors, the forward long-term outlook is more supportive. Higher yields will contribute to substantially higher future returns on bonds and at some point, being long duration could again work in investors' favor. Cash is finally earning some yield again, with 3-month treasuries paying around 3.3% at the time of writing this. Lower equity valuations – in both public and private markets – will shape future long-term returns and the outlook at these levels relative to the end of 2021 is far more constructive. As we enter the final quarter of 2022, volatility is likely to remain elevated but it's essential to stay focused on long-term goals while ensuring that near-term liquidity needs are satisfied.

Economic Growth

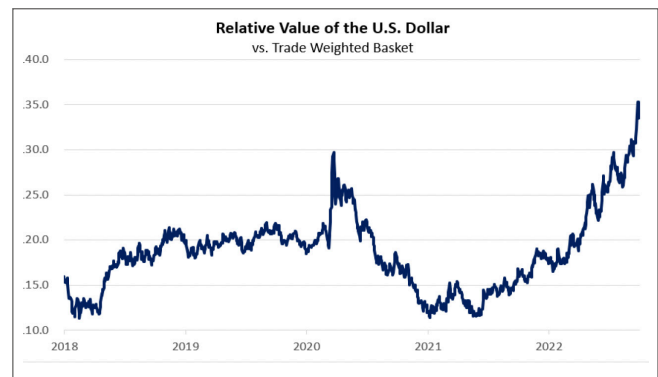
Closing in on the end of the year, economic growth is slowing globally. The pivot in central bank actions cannot be understated. Entering the year, the upper bound Fed funds rate was at 25 basis points (0.25%). After 5 successive hikes ranging in magnitude from 25 basis points to 75 basis points, the rate has risen to 3.25% with futures markets pointing to the rate being between 4.25% and 4.50% by year-end. On the fiscal side of the equation, the U.S. federal budget deficit hit a peak of \$3.2 trillion in 2020 but has since fallen to under \$1 trillion in 2022 through the end of September. Although a declining deficit is structurally positive long-term, it limits stimulus to lower-income households and has a slowing effect on consumer spending. Central banks outside of the U.S. are generally employing similar policies out of necessity to fend off inflation and protect their currencies. Tighter economic conditions paired with additional burdens from dramatically increased energy prices in places like the Eurozone will serve to further weigh on growth and could contribute to more acute recession risks.

The impact of greatly reduced government and central bank intervention can be felt across the economy. Mortgage rates in the U.S. have more than doubled since the start of the year and increased by more than 25% over the third quarter. Higher U.S. rates have also led to USD strength with greenbacks reaching their highest level relative to a basket of other global currencies since 2002. Dollar strength should help to boost domestic imports while making exports less attractive resulting in a net drag on overall growth. Currency volatility globally has also been on the rise with both the Bank of England (BOE) and Bank of Japan (BoJ) having to intervene in their local markets. Overall recession risks have risen although a robust labor force has likely kept things from falling over the edge in the U.S. Despite the recent slowdown, there are still approximately two job openings for every unemployed worker and the unemployment rate recently fell to 3.5% – the same low reached before the pandemic. Low unemployment continues to support wage growth which should help support consumer demand for now.



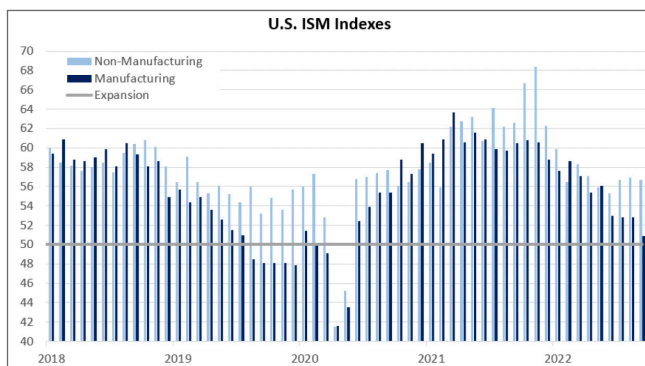
U.S. Department of Commerce, * Atlanta Fed GDP Now Estimate SAAR

After negative prints over the first two quarters, third-quarter GDP estimates are more encouraging with a near 3% increase expected. Positive expectations reflect robust private sector employment and a narrowing trade deficit.



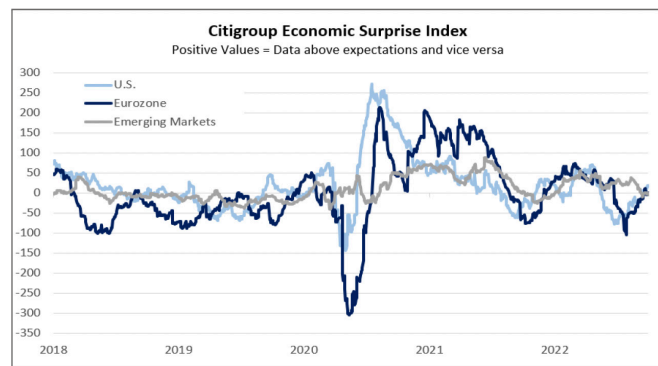
Bloomberg

The U.S. dollar soared over the third quarter, rising ~7% and adding to a nearly 20% increase year-to-date. USD strength reflects higher rates domestically paired with heightened economic concerns overseas. The magnitude of USD strength could undermine U.S. manufacturing competitiveness.



Institute for Supply Management

Both manufacturing and non-manufacturing (services) indicators have come down dramatically from the post-pandemic recovery, although they remain in positive territory. The services industry is expanding as the world normalizes while the manufacturing indicator is teetering on the edge of recessionary levels, also impacted by a strong USD.



Citigroup

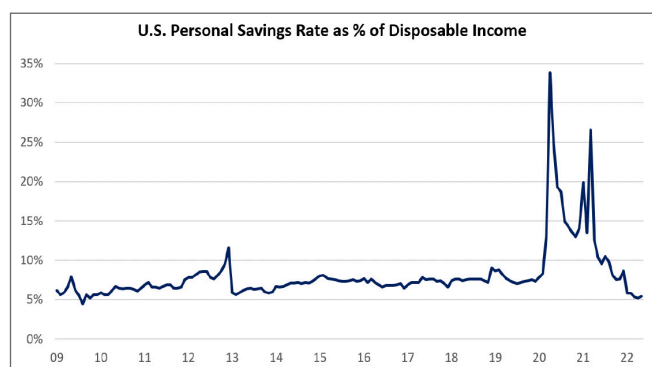
Economic surprise indexes have diverged somewhat recently. While emerging market indicators were meeting expectations, they have recently turned more negative – possibly reflecting the impact of inflation and USD strength. Both U.S. and Eurozone data have surprised to the upside, although expectations have come down meaningfully since the start of the year.

Consumer

Despite the unrelenting efforts from the Fed to slow the economy, the U.S. labor market remains very tight and is likely the main reason the economy is not in a deep recession today. After recently peaking near a ratio of two-to-one job openings to job seekers, the ratio has slightly eased over the last three months but remains high. Further signs of strength include an elevated quit rate and lower amounts of layoffs when compared to long-term averages. Additionally, average employer wages in the U.S. remain high and year-over-year wage growth is still north of 5%. As the labor market digests the “cooling” efforts that originated from the Fed, the reality is the economy could still see occasional months of solid job growth and sustained low unemployment. However, it’s unknown for how long this could persist as other economic factors apply pressure. As mentioned above, the strength reported in average wages should serve as sticky support levels for consumer demand in the near term.

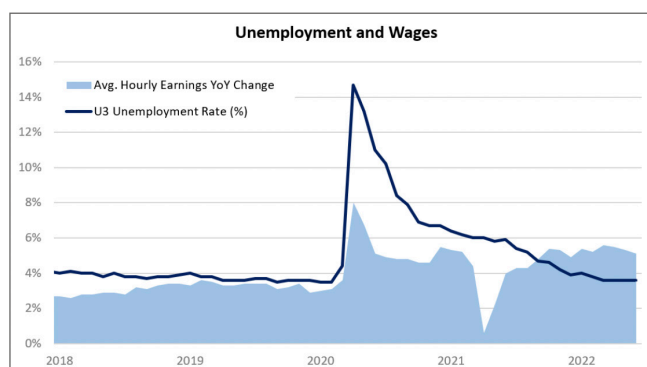
To contrast wage growth, other major factors including prolonged COVID effects, sharply rising inflation (and interest rates), volatile stock prices, the extreme war in Ukraine, and geopolitical conflicts drove consumer sentiment levels to their lowest on record in Q2. It has since slightly moderated, but not by much, as the world comes to terms with the aforementioned global events. The cost of living is stretched globally, but most pronounced in Europe as utility and energy prices have skyrocketed. Home payments have also steeply risen in line with higher mortgage rates. Many European mortgages carry adjustable rates, unlike most fixed-rate U.S. mortgages, leaving European homeowners more susceptible to rising interest rates.

During these stressful times, investors’ behaviors typically follow a path such that risk assets, usually stocks, are sold in lieu of “safe-haven” investments like short-term Treasuries. However, panic-selling during volatile market conditions deviates from long-term investment plans. Timing market entry and exit points is often difficult and selectively rewarded. Instead, investors should focus on their long-term objectives and stick to a plan.



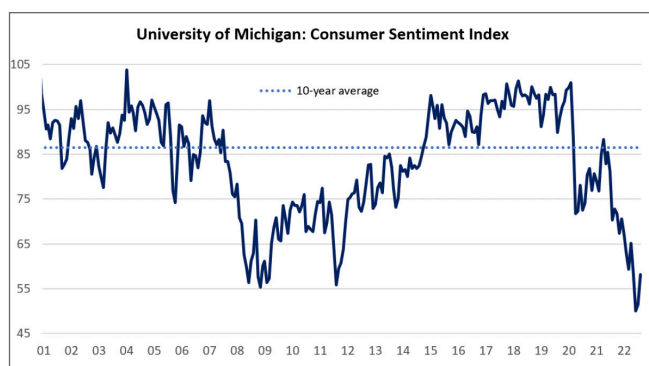
Bureau of Economic Analysis

Americans’ ability to save has been challenged, plunging to levels not seen since before the Global Financial Crisis, as people struggle to afford the now higher-cost amenities during daily life. These include utilities, energy, food, and even shelter costs as high inflation continues to affect all areas of the world.



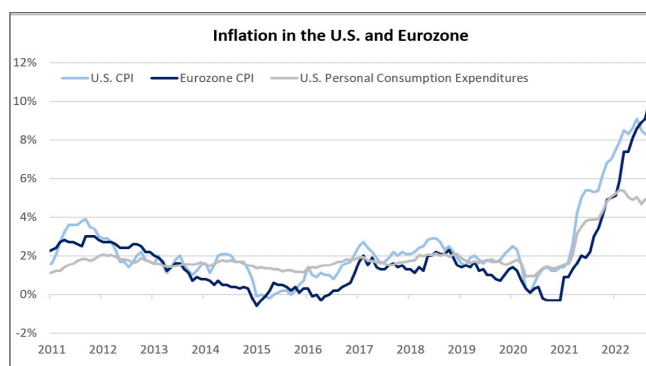
Bureau of Labor Statistics

The U.S. labor market continues to show signs of strength, despite the Fed’s attempts to cool things down. It’s unclear how long the job market will remain hot as some companies are already freezing hiring while others are reducing headcount. High average wage growth continues but is likely not enough to match inflation.



Federal Reserve Bank of St. Louis and the University of Michigan

The University of Michigan's Consumer Sentiment Index reached an all-time trough in June & July of this year. It slightly ticked higher in August but has an upward climb to its 10-year average level in the mid-80s. Several factors contributed to this drawdown including geopolitics, inflation concerns, and the war in eastern Europe.



Bureau of Labor Statistics

Consumer prices have become arguably more concerning in Europe where CPI hit 10% in September. In the U.S., CPI peaked in June at 9.1% and has trickled lower but remains above 8%. The Fed's preferred inflation gauge, the Personal Consumption Expenditures Index, is hovering around 5% and peaked in Q1 at 5.4%.

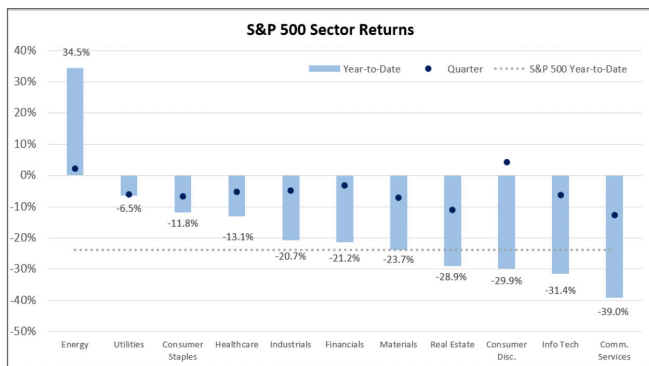
Equity Markets

Entering the year, many equity markets were trading at historically elevated valuations reflecting excess liquidity and record-high profit margins. Starting at elevated levels made many portions of the market susceptible to a variety of factors coming in below expectations. This included lower margins, slower growth, and higher rates which could in turn lead to lower multiples. So far this year, we've encountered all three, contributing to sustained losses across most major markets. At the close of the quarter, most major global indexes were down between 20% and 30% and well into bear market territory. U.S. equities generally held up better over the quarter with developed, international, and emerging market losses nearing or surpassing 10%. Part of the pressure of international equity performance has been USD strength which could turn into a tailwind were trends to reverse. Higher interest rates pulled in valuations across the

market although longer duration, high growth portions have been the hardest hit. Negative returns across equity markets have brought down valuations significantly. U.S. equities have returned to valuation levels at or below long-term averages, while many international markets are screening cheaply. A reset in valuations should set the stage for better medium- to long-term equity returns going forward.

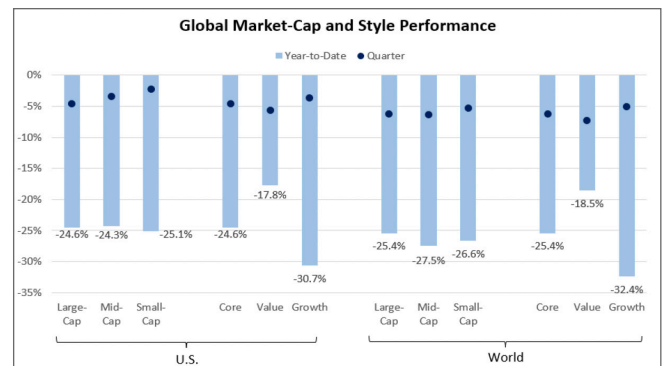
After a miraculous 2021, earnings are slated to grow much more slowly in 2022. Although S&P 500 earnings per share (EPS) growth is still expected to be positive, it's slated to come entirely from revenue growth as margins are being pressured. It's also foreseeable that positive earnings growth expectations are overly optimistic as companies continue to face a variety of cost pressures from higher wages and borrowing costs while encountering slowing sales growth. Were earnings

to come in below expectations, for instance in the event of a recession, then there is likely more room to fall for equities from both lower EPS and further compressed multiples. That said, predicting economic inflection points is notoriously difficult which is why we suggest staying focused on long-term returns and goals.



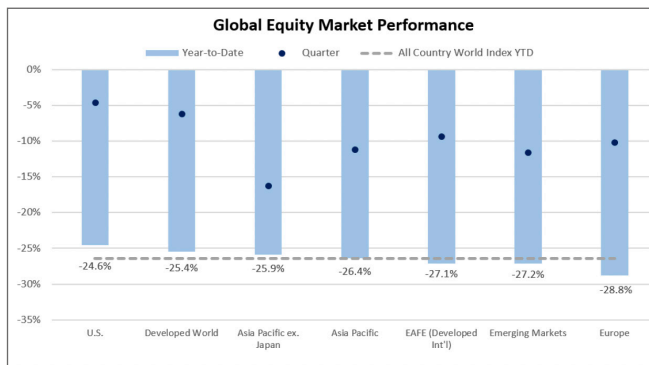
Bloomberg

Except for energy and consumer discretionary, all sectors were negative for the quarter. Year-to-date, only energy has a positive return. More richly valued, higher growth sectors have generally fared the worst while defensive portions of the market (utilities, staples) have held up the best in a relative sense.



Bloomberg, U.S. indices from Russell and World Indices from MSCI

International stocks faced additional weakness over the quarter, dragged down by weakening currencies. There was little dispersion across different market-caps for the quarter and year, although growth shares continue to lag value counterparts.



Bloomberg, U.S. indices from Russell and World Indices from MSCI

U.S. stocks made up some relative ground during the quarter, benefiting from a strong dollar. Emerging Asia shares were down the most for the quarter, while European shares are off nearly 30% year-to-date.



Bloomberg

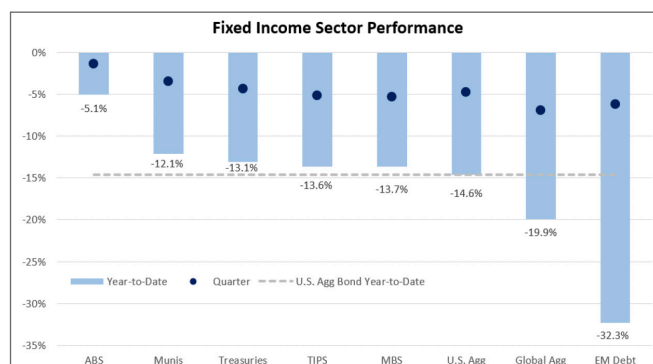
Equity market valuations have declined substantially from historically elevated levels coming out of the pandemic. U.S. market valuations have fallen to near long-term average while many international markets are screening cheaply – likely reflecting a variety of additional headwinds the region is facing currently.

Fixed Income Markets

This year, U.S. bonds are having their worst return in modern history, driven by increasing interest rates from tighter monetary policy to rein in high inflation. The Fed hiked its policy rate by 75 basis points for the third straight time (second in the quarter) following the latest Federal Open Market Committee meetings. These hikes and higher rate expectations led to Treasury yields trending higher. The 10-year Treasury yield briefly touched 4% in late September before ending the quarter at 3.84% while the 2-year yield is well above 4% - a level not seen since 2007. The rise in yields was largest among short maturities, exacerbating the yield curve inversion in areas. From this point forward, realistic worries about a recession could limit further increases in long-term Treasury yields. Corporate-investment grade spreads were relatively flat, but the sector underperformed over the quarter. Corporate high-yield spreads modestly tightened and still produced a small negative return. The potential for higher default rates, the rising cost of corporate capital, and a strong dollar are intimidating investors from supporting investment-grade and high-yield sectors.

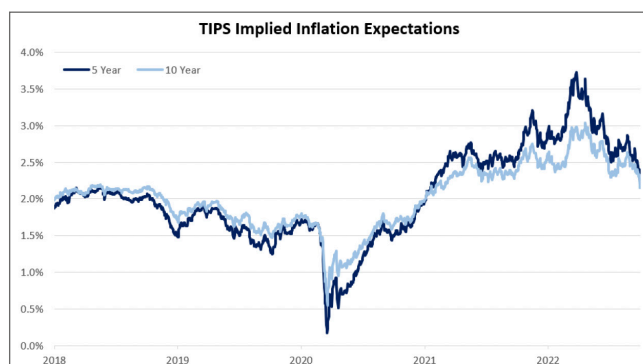
The AAA municipal yield curve rose and flattened significantly over the quarter as short rates rose more than intermediate or longer maturities, although an inversion has not formed. The Bloomberg Municipal Bond Index yield topped 4% for the first time since 2009 as depressed levels of new issuance took place. According to the Investment Company Institute, another \$33.8 billion of assets was withdrawn from fixed income mutual funds and ETFs. About \$19 billion of that was from taxable investments while \$14 billion came from municipals.

The Bank of England announced an unplanned temporary gilt purchasing program while delaying the start of its planned balance sheet reduction in October in an attempt to calm investors. Surprisingly, this drove a 100 basis point increase in U.K. 5-year sovereign yields in just three days and complicated the outlook for U.K. bonds. Emerging market debt impacted by the accelerating strength of the U.S. dollar, declined last quarter.



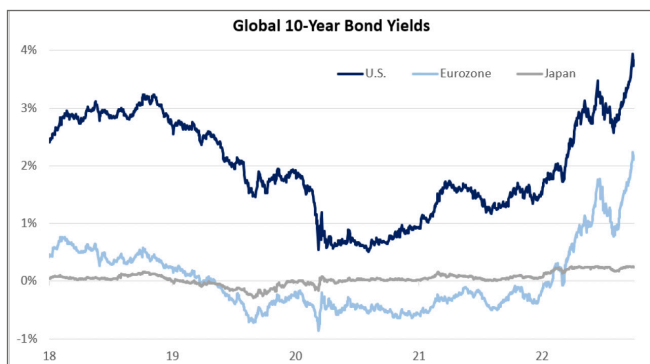
Bloomberg

Global fixed income sectors were challenged again last quarter due to rising rates, wider spreads, and the U.S. dollar's dominance. TIPS, due to long-term lower inflation expectations along with higher yields, have declined nearly as much as The Bloomberg U.S. Aggregate Bond Index this year.



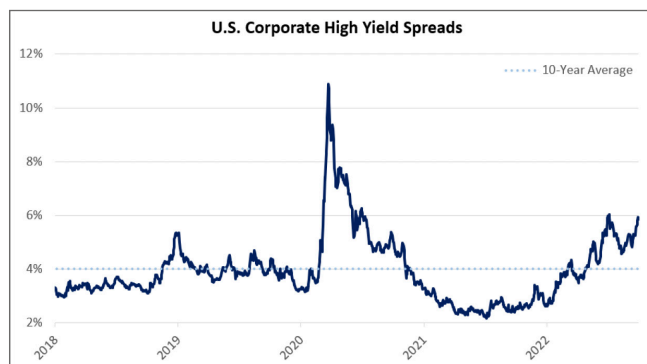
Bloomberg

Inflation expectations receded again as investors digested the hawkish tone delivered by the Fed and continued easing of supply-chain constraints. This implies inflation is likely to retreat over the near term whether or not there is a recession.



Bloomberg

Global bond yields rose even higher as many major central banks increased their target interest rates to combat inflation. Japanese bond yields have not followed other developed nations as the island nation is following an expansionary monetary policy. The Japanese yen is at its lowest level in 24 years versus the U.S. dollar.



Bloomberg

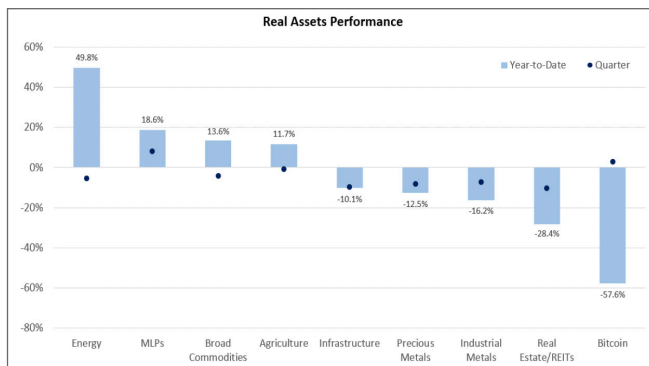
High-yield corporate bond spreads fell in August to then rise again in September as investors' appetite for risk dissipated. Liquidity of the bond sector is challenged as low levels of primary issuance took place last quarter amidst the volatility.

Real Assets

As the volatility of risky assets continues, real assets often seem attractive for their yield distribution, diversification benefits, and stability in an inflationary environment. Real estate, as represented by public REIT securities, declined last quarter and the affordability of housing suffered. The national average 30-year fixed-rate mortgage approached 7%, nearly 4% higher since the end of 2021, resulting in dramatically higher shelter costs compared to one year ago. The average U.S. home payment cost rose by 67% over the last year from \$1.5k to \$2.5k due to the surge in mortgage rates and higher home prices. Multifamily housing demand remains relatively strong but the same can't be said for office space within commercial real estate. Last quarter, about 1.34 million of vacant square feet of office space was placed on the market to be leased which decreased demand.

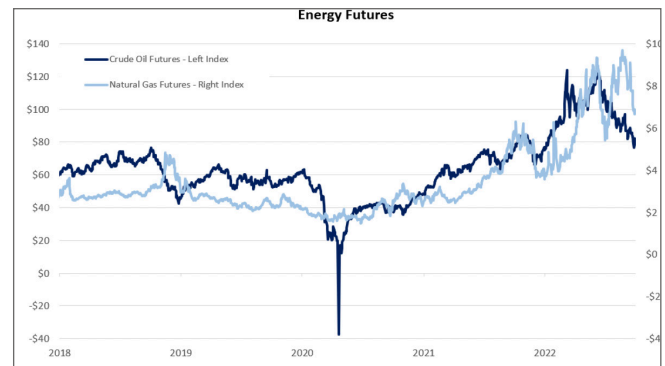
Crude oil prices eased to around \$80 per barrel at quarter-end resulting in a price drop near 25%. In addition, OPEC trimmed its demand outlook in 2022 by 0.5 million barrels per day as the global economic outlook worsens. Energy prices declined as well although limited supply and low inventories bode well for some upside potential. The average price for a gallon of gasoline rose year-over-year to the mid-\$3 range, although is materially lower than the levels reached earlier this year above \$5. Renewable energy investments continue to grow which is welcome news to Europe as the nation struggles with record natural gas prices. Demand increased as consumers anticipate a cold winter needing heat for homes and decreased supply levels. Natural gas storage capacity in Europe today is at 74% compared to one year ago when it was 94% according to Gas Infrastructure Europe.

Rising interest rates and the strong U.S. dollar weighed on commodity prices in the third quarter. Typically the dollar maintains an inverse relationship with raw material prices which played out as expected. Ethereum outperformed Bitcoin last quarter as the former cryptocurrency lowered its energy mining requirements in a proof-of-concept affirmation. Both currencies' losses for this year are sizable. Precious metals as a whole declined but the shining star of the bunch was palladium which rose around 14%.



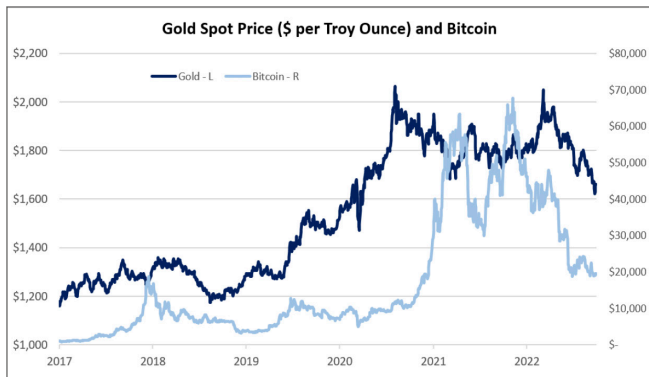
Bloomberg

Many sectors lagged last quarter aside from MLPs and Bitcoin. Several MLP companies benefited from higher earnings last quarter. Several cryptocurrencies posted small gains as businesses are figuring out how to integrate and accept payments on the blockchain. However, Bitcoin is nearly 60% lower in 2022.



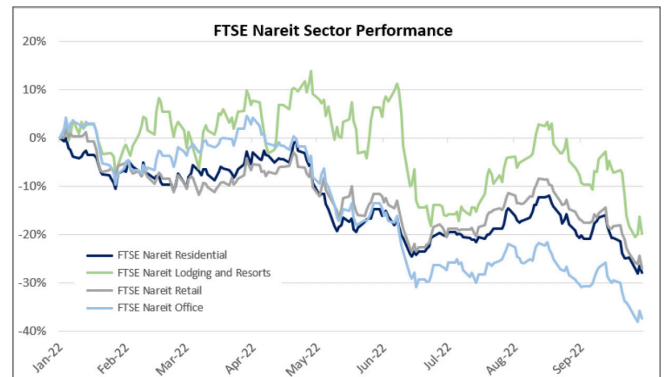
Bloomberg

Oil prices in the U.S. retreated last quarter, softening the hit at the gas pump to the delight of commuters. Natural gas prices were volatile after initially rising and subsequently falling as demand normalized. In Europe, the energy situation is dire much to the dismay of residents paying hefty prices.



Bloomberg

The price of gold declined as higher yields and a strong dollar blurred demand for the precious metal. However, Bitcoin eked out a small gain despite intra-quarter price volatility. The crypto's recent resilience amid higher interest rates and a stronger dollar strengthens the case that it is uncorrelated to these factors.



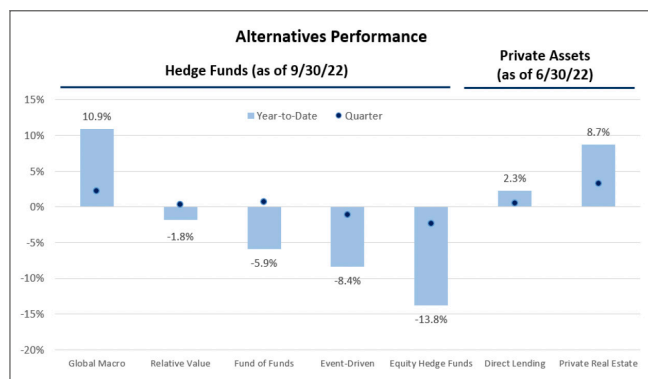
National Association of Real Estate Investment Trusts

Commercial real estate sectors struggled during the quarter. Multifamily and industrial properties have led in 2022 but higher rent costs and home affordability are headwinds. Although more people returned to their offices, demand for office space dropped as net absorption turned negative.

Alternatives

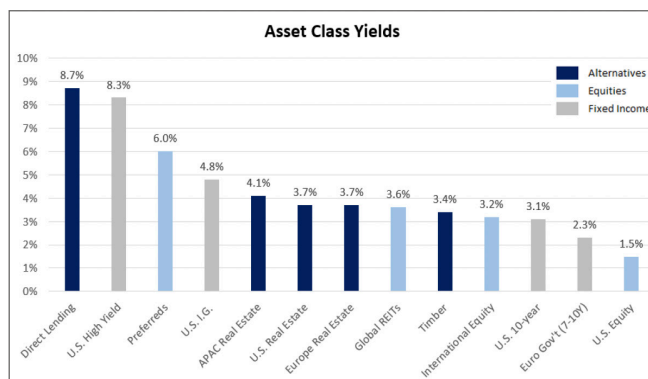
Hedge funds provided downside protection relative to both stocks and bonds during a quarter marked by sharp reversals in market direction. Year-to-date, hedge funds posted the largest outperformance versus equity markets in 20 years. Several strategies proved their value as diversifiers delivering uncorrelated returns to equity markets. Global macro funds and CTAs (Commodity Trading Advisors) benefited from upward trends in the U.S. dollar, interest rates, and energy prices. Low beta strategies such as relative value and market neutral also eked out small gains. Equity hedge strategies declined for the quarter, but the drawdown was half that of the U.S. stock market, and directional strategies surged during market reversals. Event-driven activist managers plummeted almost 22% year-to-date as corporate restructuring slowed and financing became more difficult. Fund selection is critical, with a 73% return differential between the best- and worst-performing funds year-to-date. Larger funds had the advantage in terms of both performance and asset flows as investors sought out established managers with proven track records.

Private assets are less sensitive to investor sentiment than public securities, providing protection when conditions are challenging. However, the uncertain political and economic climate has affected activity, particularly in private equity and credit. After a robust 2021, deal flow and private equity exits have eased up. Borrowing has become increasingly difficult both from bank lenders and the public debt markets. Private credit has filled the gap and some borrowers that would typically access public markets have sought out private loans, helping to maintain a healthy supply. Private credit, which typically has floating rates, has seen a sharp rise in yields, buoyed by rising rates and credit spreads. Although credit conditions have deteriorated, private debt generally has lower default rates and higher recovery values than public debt due to stronger covenants and closer relationships with lenders. Real estate continues to benefit from secular changes in demand and supply shortages in the housing and infrastructure sectors while sustained inflation is a tailwind for rental income and property prices.



Bloomberg and Hedge Fund Research, Inc. (HFRI)

Global macro and trend-following strategies as well as private assets have proven to be defensive investments during the current market downturn. Private market valuations typically lag behind those of public markets, so valuation adjustments may put downward pressure on future results. Floating rates and higher yields should bolster private credit performance.



JPMorgan Asset Management as of 8/31/2022; Alternatives as of 6/30/22

Alternative credit and fixed income yields surged over 1% in response to higher interest rates and credit spreads. Private assets continue to provide attractive yields relative to their public counterparts. Yields on real estate and other real assets have been fairly stable since the beginning of the year.

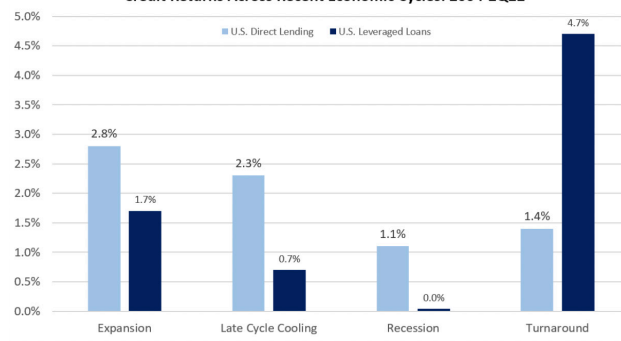
Quarterly Public and Private Market Correlations (3Q '08 - 1Q '22)

	Global Bonds	Global Equity	U.S. Core Real Estate	Global Core Infra	Direct Lending	Venture Capital	Private Equity
Global Bonds	1.0						
Global Equity	0.3	1.0					
U.S. Core Real Est	-0.2	0.1	1.0				
Global Core Infra	-0.1	-0.1	0.3	1.0			
Direct Lending	0.0	0.7	0.3	0.2	1.0		
Venture Capital	0.0	0.6	0.3	0.1	0.5	1.0	
Private Equity	0.2	0.9	0.3	0.0	0.8	0.8	1.0

JPMorgan Asset Management as of 8/31/2022

Direct lending and real estate have been valuable diversifiers to public equity and bonds with low to moderate correlations. This has been important in the current environment when stocks and bonds, which typically move in different directions, have sold off at the same time. Private equity, which typically mimics public equity over time, is a good complement to other private market assets.

Credit Returns Across Recent Economic Cycles: 2004-2Q22



JPMorgan Asset Management as of 8/31/2022

Direct lending is an appealing alternative to leveraged loans during the later stages of an economic cycle and into recessions. Private loans can be a reliable and customized source of capital for borrowers which leads to a more stable supply over time. Private loans typically offer better credit characteristics than public fixed income which is a tailwind during poor economic conditions.

Capital Market Returns

	Quarter	Year-to-Date
Cash and Fixed Income		
U.S. Treasury Bills	0.4%	0.6%
Bloomberg Barclays U.S. Aggregate Bond	-4.8%	-14.6%
Bloomberg Barclays Municipal Bond	-3.5%	-12.1%
Bloomberg U.S. Treasury Inflation-Link Bond	-6.1%	-8.9%
Bloomberg Barclays Global Aggregate ex. USD	-8.8%	-23.9%
Bloomberg Emerging Markets Tradeable Debt	-11.7%	-27.9%
Real Assets		
Bloomberg Commodity	-4.1%	13.6%
DJ U.S. Real Estate	-10.4%	-28.3%
S&P Global Infrastructure Index	-7.4%	-0.5%

	Quarter	Year-to-Date
U.S. Equity		
S&P 500	-4.9%	-23.9%
Russell 3000	-4.5%	-24.6%
Russell 2000	-2.2%	-25.1%
International Equity		
MSCI ACWI ex. U.S.	-9.7%	-26.9%
MSCI EAFE (Developed)	-9.4%	-27.1%
MSCI Emerging Markets	-11.6%	-27.2%
Alternatives		
HFRI Fund of Funds Composite	0.7%	-5.9%
Cliffwater Direct Lending Index*	0.5%	2.3%
NCREIF Property Index*	3.2%	8.7%

Morningstar, Bloomberg, and Hedge Fund Research, Inc. (HFRI), * as of 6/30/2022

Disclaimers

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The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected; The Russell 2000 Index measures the performance of the small cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership; The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 90% of the total market capitalization of that index. It includes approximately 1,000 of the largest securities based on a combination of their market-cap and current index membership; The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies; the S&P 500 Index is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity and industry group representation. Included are the stocks of eleven different sectors; the MSCI EAFE Index (Europe, Australasia, Far East) captures large- and mid-cap representation across developed markets countries around the world excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country; the MSCI Emerging Markets Index captures large- and mid-cap representation across emerging markets countries across the world. The index covers approximately 85% of the free float-adjusted market capitalization in each country; The MSCI World Index captures large- and mid-cap representation across developed markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country; the Bloomberg Commodity Index reflects commodity futures price movements and is calculated on an excess return basis. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from the 6th-10th business day based on the roll schedule; the Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency); the Bloomberg Global Aggregate Ex U.S. Index is a measure of investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Bonds issued in U.S. dollars are excluded; the Bloomberg Municipal Bond Index covers the U.S. dollar-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds; the Dow Jones U.S. Real Estate Index measures the performance of real estate investment trusts (REITs) and other companies that invest directly or indirectly in U.S. real estate through development, management, or ownership, including property agencies; The Bloomberg U.S. Corporate High-Yield Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded; The HFRI Fund of Funds Composite Index is an equally weighted hedge fund of funds benchmark composed of global constituent funds. The underlying constituents are typically diversified among multiple managers and styles to provide a comprehensive representation of the hedge fund of funds investment space.; The HFRI Equity Hedge Index is an equally weighted hedge fund benchmark composed of investment managers who maintain both long and short positions, primarily in equity and equity derivative securities. Equity hedge managers typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short; The HFRI Event-Driven Index is an equally weighted hedge fund benchmark composed of investment managers who maintain positions in companies currently or

prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets, and idiosyncratic, company-specific developments; The HFRI Macro Index is an equally weighted hedge fund benchmark composed of investment managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top-down and bottom-up theses, quantitative and fundamental approaches, and long- and short-term holding periods. The HFRI Relative Value Index is an equally weighted hedge fund benchmark composed of investment managers who maintain positions in which the investment thesis is predicated on the realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types can range broadly across equity, fixed income, derivative, or other security types. The Cliffwater Direct Lending Index seeks to measure the unlevered, gross of fee performance of U.S. middle-market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies (BDCs), including both exchange-traded and unlisted BDCs, subject to certain eligibility requirements. The NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. Constituents include operating apartment, hotel, industrial, office, and retail properties. The S&P Case-Shiller Home Price Index measures the value of single-family housing within the U.S. The index is a composite of single-family home price indices for the nine U.S. Census divisions. Leading economic indicators (LEI) are statistics that precede economic events. They predict the next phase of the business cycle. The OECD Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend, continue to strengthen in most major economies. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The Consumer Confidence Index is a measure based on a survey administered by The Conference Board that reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectations for inflation, stock prices and interest rates. A Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less. The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the manufacturing sector. The ISM Non-Manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the services (or non-manufacturing) sector. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss. Economic and market forecasts presented herein reflect our judgment as of the date of this presentation and are subject to change without notice. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client.

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