Mission Wealth

MARKET PERSPECTIVES

Q3 2024

Presented By

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Kieran Osborne is responsible for portfolio management, trading, analysis, investment, and economic research functions and leads the firm's Investment Committee.

Mr. Osborne oversees portfolio construction and implementation, conducts in-depth manager research and due diligence, and monitors fund performance on an ongoing basis.

Key Themes

KEY THEMES	COMMENTARY
Market Update	Stocks have been supported by reduced inflation, a strong consumer, growth in company earnings, and an increased likelihood of a soft landing. However, recent disappointing economic data, underwhelming earnings for some high-profile technology companies, along with rising geopolitical tensions and political uncertainty, have caused a recent uptick in volatility. Bond yields are much more attractive today relative to recent years and bond prices may be supported as the Fed begins cutting rates.
The Economy	Despite recent growth concerns on the back of weaker economic data, the U.S. economy is expected to expand by over 2% in 2024. With ongoing labor market rebalancing, we expect slowing growth through the end of the year and into 2025. A soft landing remains the most likely economic outcome, with positive economic growth expected for the foreseeable future, albeit below potential in 2025. The "last mile" for inflation has proved a challenge, as inflation has trended lower but remains above the Fed's long-term target of 2%. However, continued improvements may give the Fed confidence to cut rates, especially given the restrictive nature of real rates. We expect the Fed will cut rates two or three times through the end of the year.
Asset Class Outlook	A soft-landing economic outcome would be supportive for the stock market. With that said, we do expect a bumpier ride ahead and some moderation in long-term stock market returns relative to the strength experienced over recent years. Bond yields are attractive today, with many of our preferred bond funds yielding mid- to high-single digits. We believe alternative strategies like private equity, real assets, and direct credit offer attractive risk-adjusted return potential in the years ahead.

Mission Wealth Actions

- The ongoing divergence in performance across asset classes continues to provide us with **enhanced rebalancing opportunities.** For instance, value stocks have recently outperformed growth stocks. Ahead of time, we had been trimming growth stocks in favor of value stocks based on their prior outperformance.

- We are **positive on the outlook for stocks**, though believe **expectations over the long term should be reset to mid- to high-single-digit annualized returns**. Any near-term volatility may offer us the opportunity to add on weakness.

- We like **bonds**, given that **yields are more attractive today.** Many of our preferred bond funds are **yielding mid- to high-single digits,** and that **current yield is the strongest determining factor** for forward-looking bond returns**.**

- We have increased our exposure to alternative strategies, which we believe offer **attractive risk-adjusted returns and limited correlation to public markets. Alternatives may be increasingly important** should we experience a moderation in long-term stock market returns.

- Ultimately, we continue to focus on long-term fundamentals and believe our portfolios are **well positioned** to continue meeting our clients' financial goals.

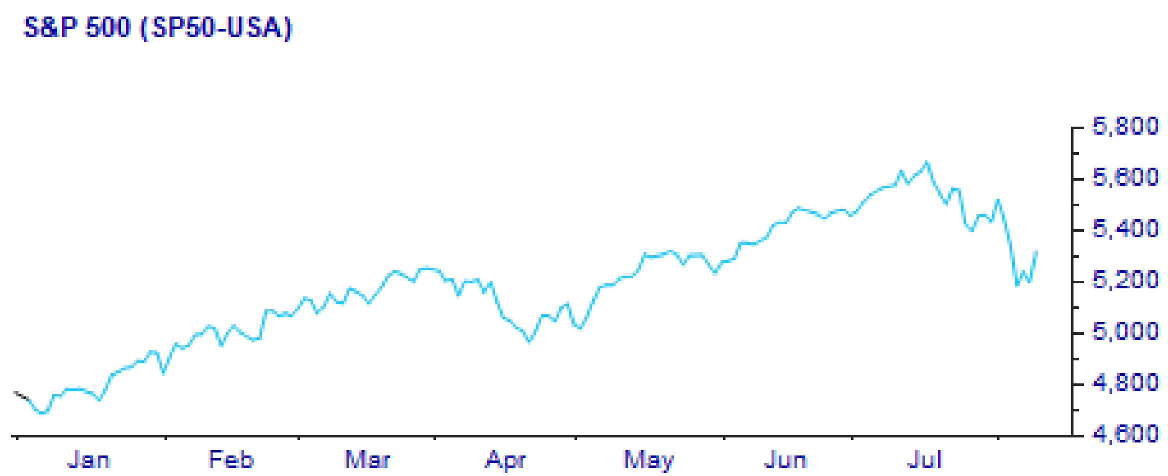
Part 1:

MARKET UPDATE

Market Update

Stocks Strong, but Recent Increase in Volatility

- **Stocks have been supported** by reduced inflation, robustness of the consumer, stronger than previously anticipated economic growth, growth in company earnings, and an increased **likelihood of a soft landing**.
- On the other hand, recent disappointing economic data prints, underwhelming earnings for some high-profile technology companies, and rising geopolitical tensions and political uncertainty caused a **recent uptick in volatility**.

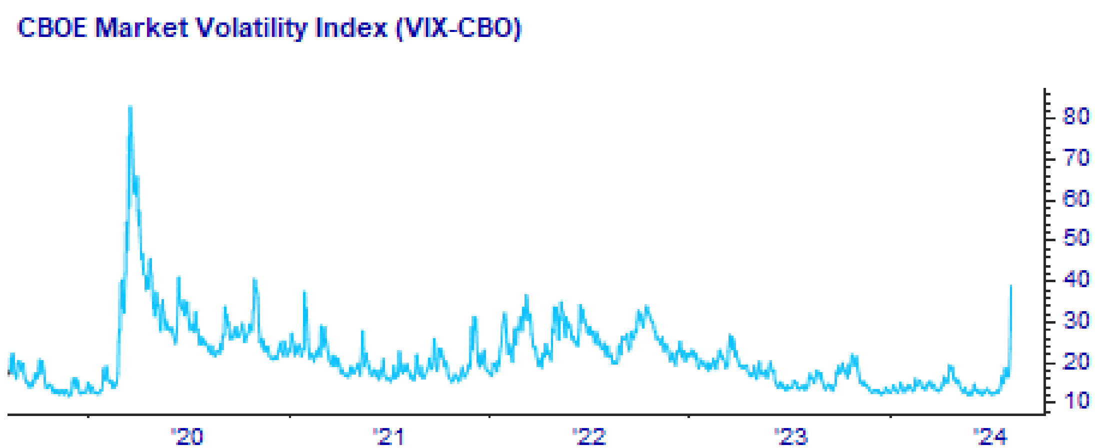


Source: FactSet

Market Update

Volatility

- The extent of the uptick in volatility – as measured by the Chicago Board Options Exchange's CBOE Volatility Index– hadn't been seen since the COVID period.
- This volatility comes after an **extended period of relative market calm** and thus may have caught some off guard.
- We expect **volatility to stay somewhat elevated** moving forward, given ongoing interest rate uncertainty, heightened economic concerns, and political uncertainty leading into November.

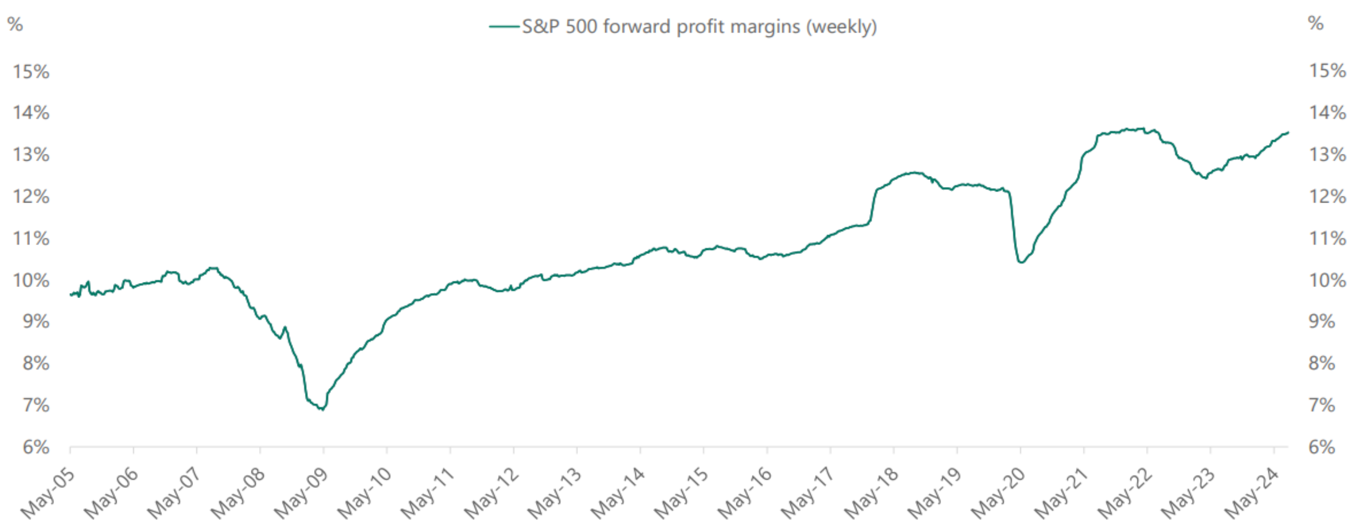


Source: FactSet

Market Update

Earnings Scorecard

- Per FactSet, Q2 2024 earnings were broadly positive (75% of S&P 500 companies reported), **78% of S&P 500 companies reported a positive Earnings Per Share (EPS) surprise,** and **earnings growth was 11.5%.**
- However, some **high-profile technology names came under pressure** following underwhelming earnings.
- Still, equity analysts continue to **forecast strong profit margins for the S&P 500.**



Source: Bloomberg, Apollo Chief Economist. Note: The 12 months forward profit margins are calculated by using the weighted average of 1FY (current year estimate) and 2FY (next year estimate) to smooth out fiscal year transitions.

Market Update

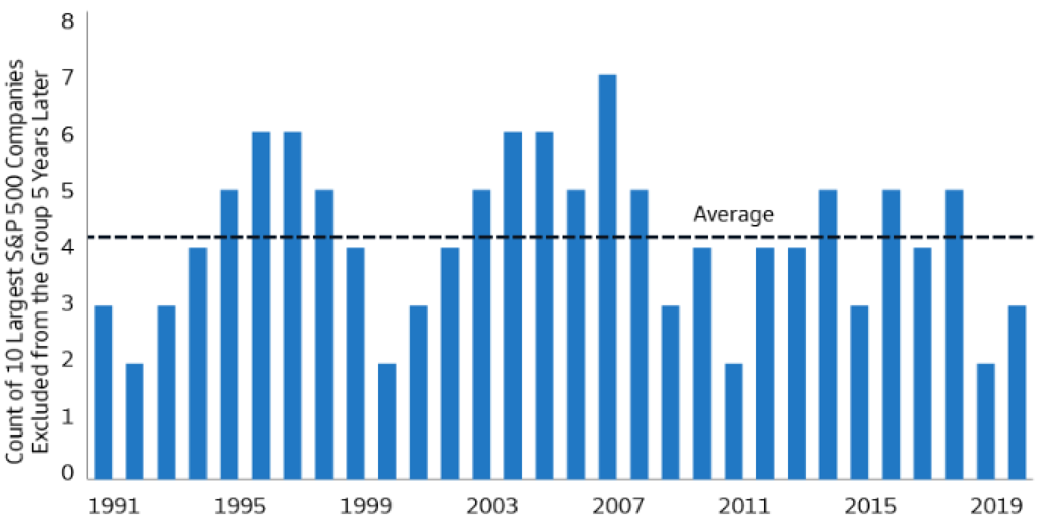
Stock Market Concentration

- **The largest stocks have driven S&P 500 performance**…though these stocks have also come under recent pressure.

- Historically and on average, **four of the largest ten S&P 500 companies fell out** of the top ten in the following five years.

> ➢ **Consider diversifying**, especially **large, concentrated stock exposures.**

Number of 10 Largest S&P 500 Companies No Longer in Top 10 5 Years Later



Source: Bloomberg and Goldman Sachs Asset Management. As of March 31, 2024.

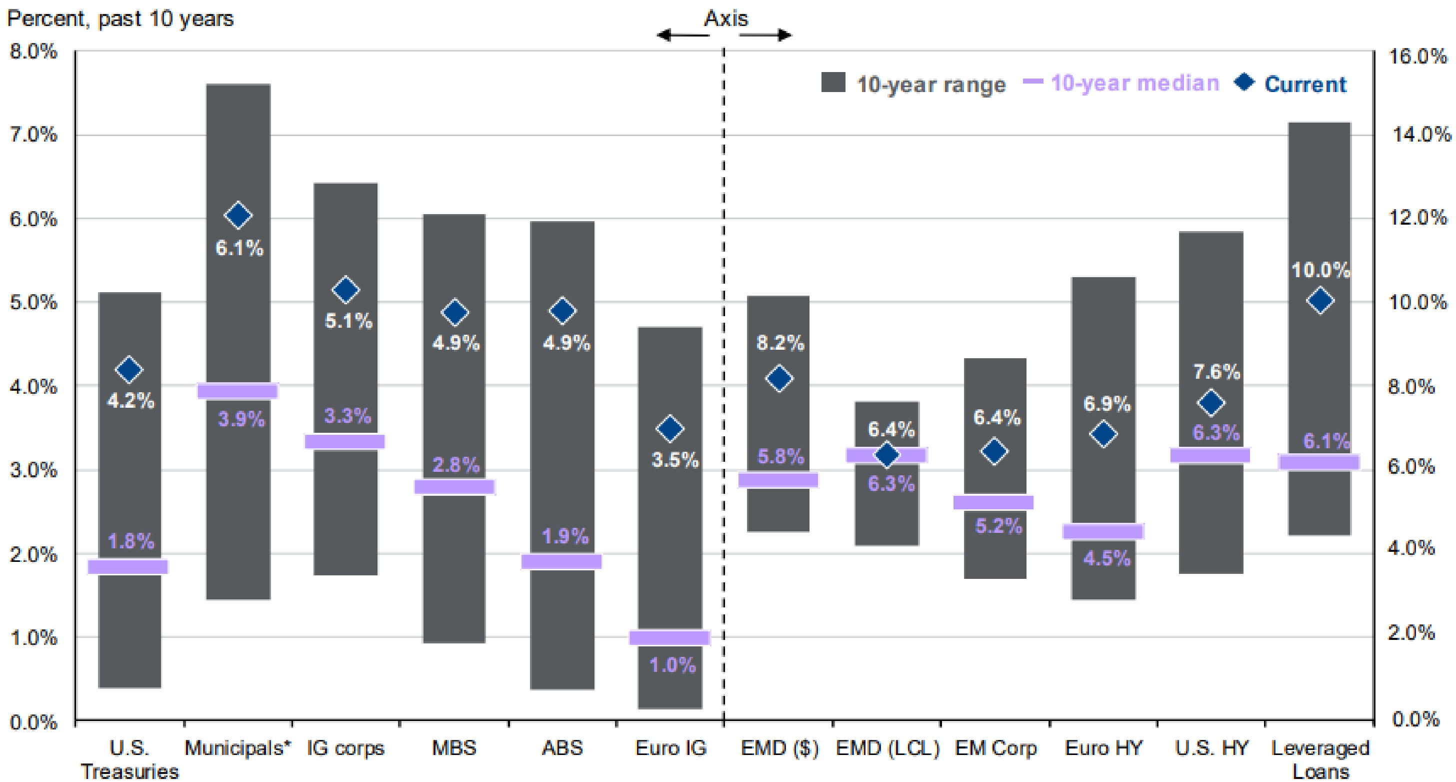
Market Update

Bond Yields Attractive

- **Current bond yields remain much more attractive** today relative to recent years, and bond prices may be supported as the Fed starts cutting rates.

Yield-to-worst across fixed income sectors

Percent, past 10 years



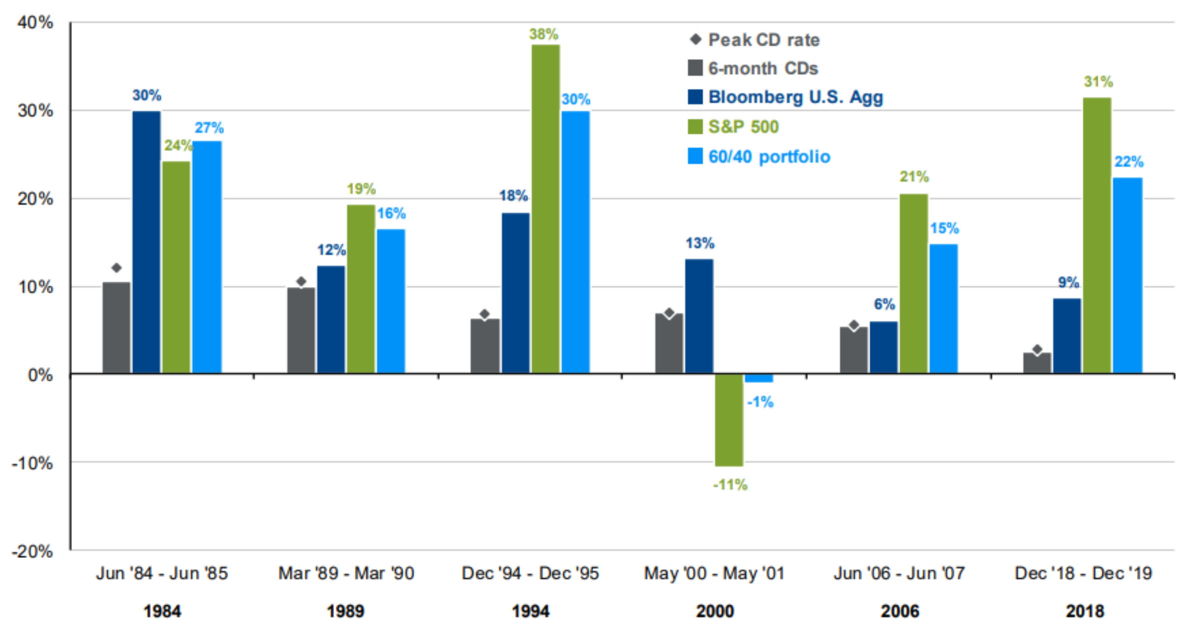
Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management

Market Update

Don’t Sit in Cash

- We’re **witnessing record levels of cash on the sidelines.**
- With the Fed set to cut rates, cash yields are set to move lower. Historically, a significant opportunity cost of holding cash has existed, even at peak interest rates.

Investment opportunities outside of CDs
Peak 6-month certificate of deposit (CD) rate during previous rate hiking cycles and subsequent 12-month total returns



Source: Bloomberg, FactSet, Federal Reserve, Robert Shiller, J.P. Morgan Asset Management.

Part 2:

THE ECONOMY

The Economy

Economic Outlook

- Despite some recent growth concerns on the back of weaker labor market data, the **U.S. economy is expected to expand +2.3% in 2024.** With ongoing labor market rebalancing, we expect **slowing growth through the end of the year and into 2025**.
- A soft landing remains the most likely economic outcome, with positive economic growth expected for the foreseeable future, albeit below potential in 2025.
- At the same time, the market anticipates **inflation will remain sticky and above the Fed's long-term target of 2%** through at least 2026.

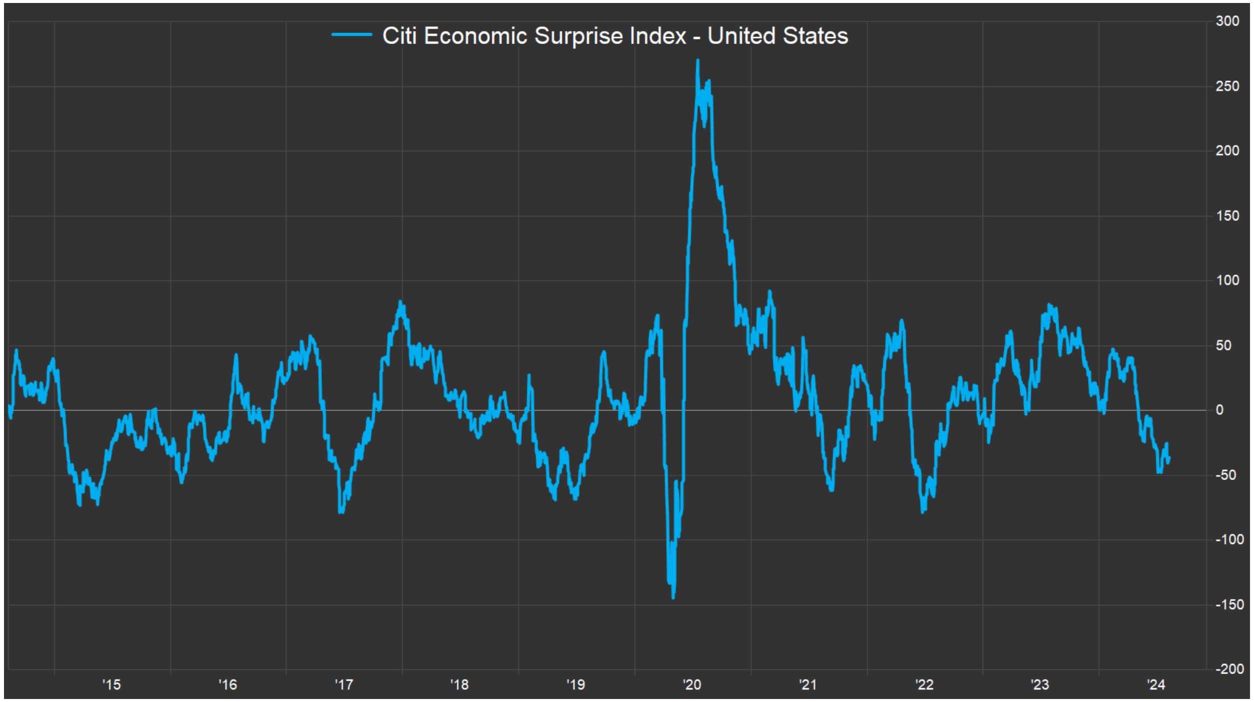
United States Economy	2021	2022	2023	*2024 Est.*	*2025 Est.*	*2026 Est.*
Real GDP (%y/y)	5.8	1.9	2.5	*2.3*	*1.8*	*2.0*
Household Consumption (Real, %y/y)	8.4	2.5	2.2	*2.2*	*1.8*	*2.0*
Government Consumption (Real, %y/y)	-0.3	-0.9	4.1	*2.7*	*1.1*	*0.9*
Gross Private Domestic Investment, Residential (Real, %y/y)	10.7	-9.0	-10.6	*4.6*	*2.4*	*3.9*
Gross Private Domestic Investment, Non-Residential (Real, %y/y)	5.9	5.2	4.5	*3.3*	*2.5*	*2.7*
Inflation						
CPI (%q/q, SAAR)	4.7	8.0	4.1	*3.1*	*2.4*	*2.3*
Core CPI (%q/q, SAAR)	3.6	6.1	4.8	*3.4*	*2.7*	*2.4*
PPI (%y/y)	7.0	9.5	2.0	*2.0*	*1.4*	*1.6*

Source: FactSet

The Economy

Economic Outlook

- In contrast to the beginning of the year, **economic data has recently come in below expectations**.
- This points to a **potential slowdown in economic activity towards the end of the year** and into 2025, as borne out by economic forecasts.

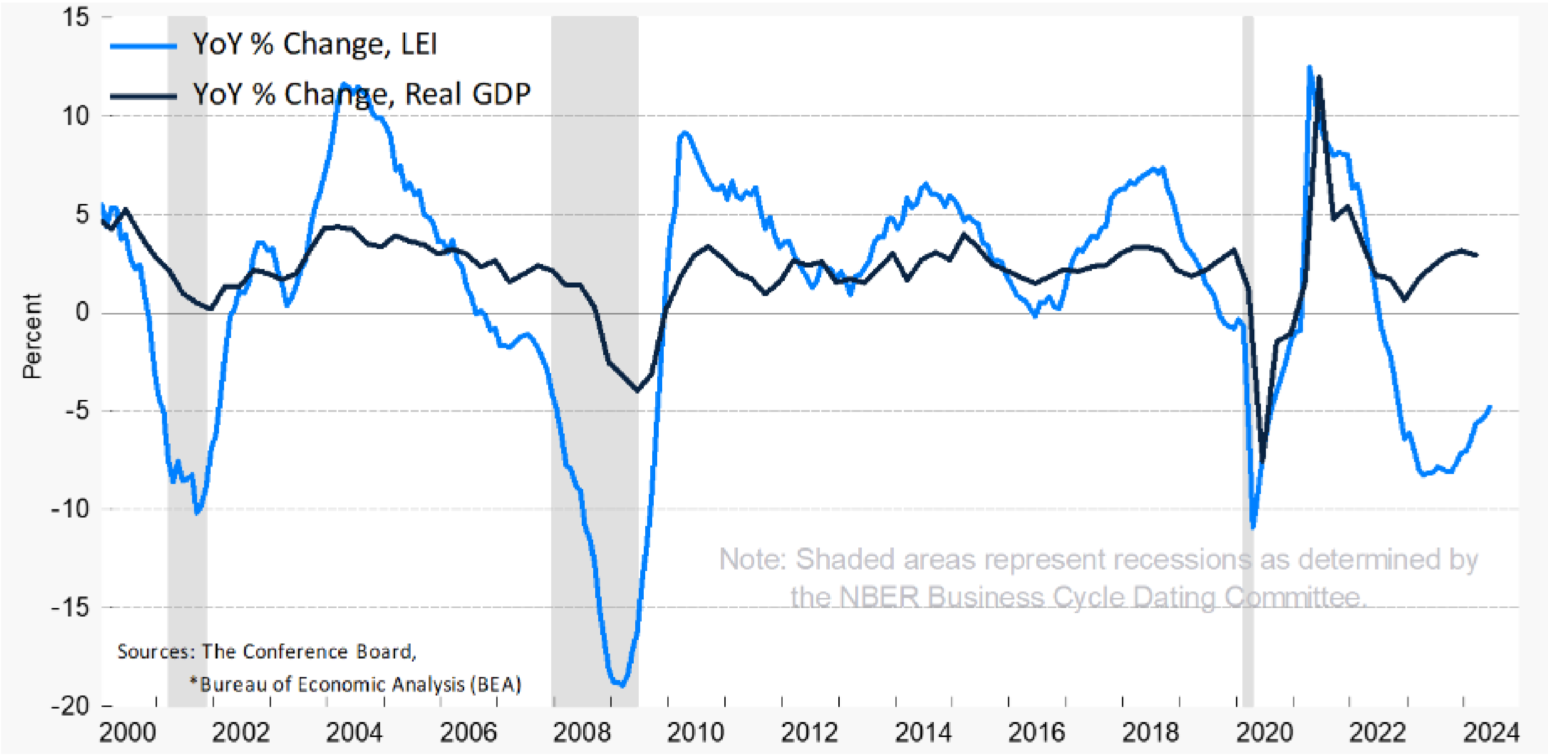


Source: FactSet

The Economy

Economic Outlook

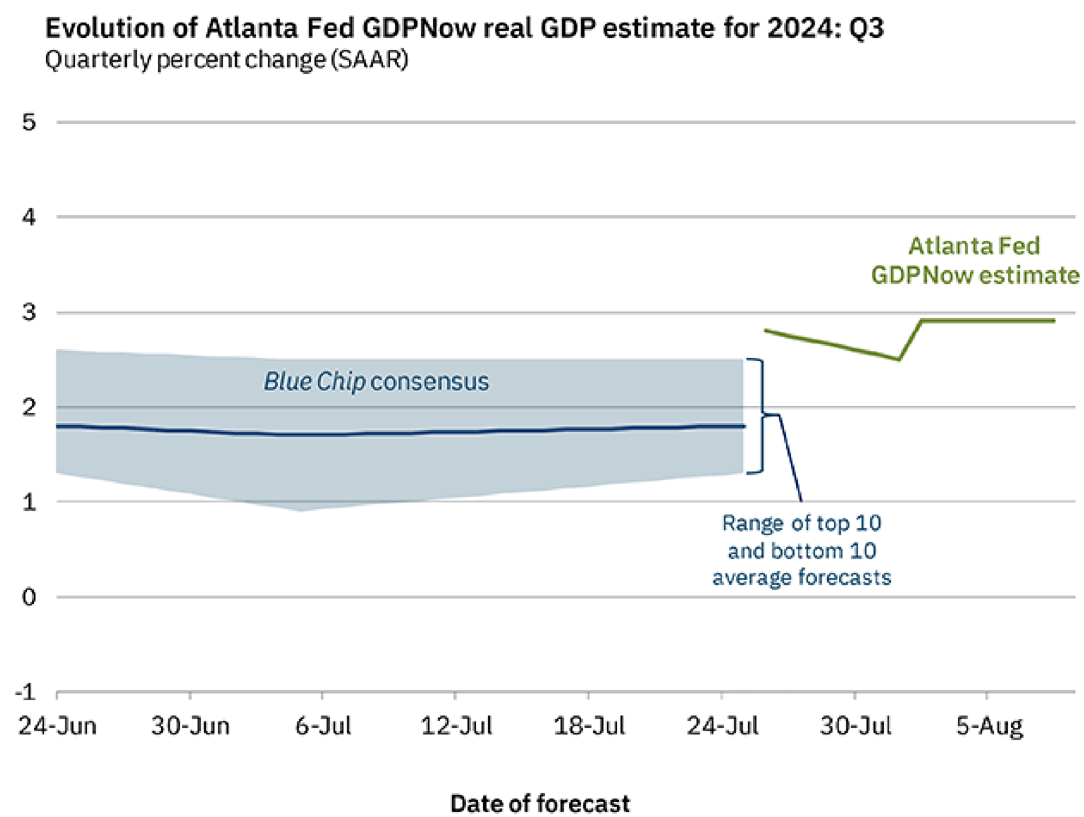
- U.S. Leading Economic Indicators (LEI) suggest that economic activity is likely to lose momentum in the months ahead, pointing to **moderating growth**.
- LEI's year-over-year (YoY) growth remains negative, though less negative than in recent months.



The Economy

Economic Outlook

- The US economy expanded by an annualized +2.8% in Q2, up from +1.4% in Q1.
- The Atlanta Fed's latest GDPNow currently estimates **+2.9% GDP growth for Q3.**
- Consumer spending helped underpin economic growth but may slow moving forward as the labor market rebalances.

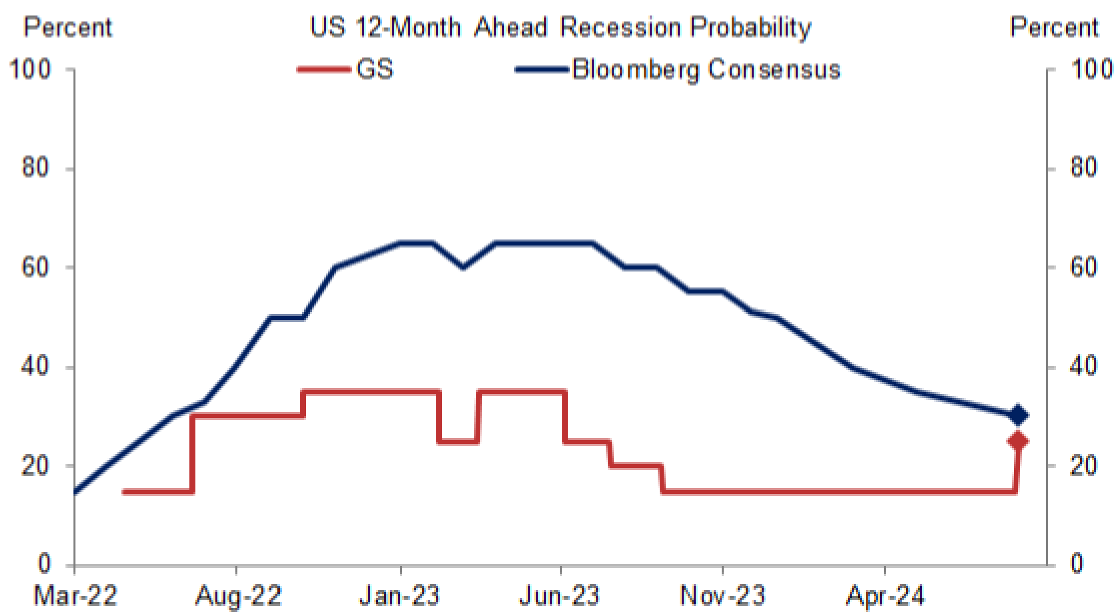


Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

The Economy

Economic Outlook

- Recession probabilities for the next 12 months have come down since peaking in 2023 but remain around 25%.
- We believe **the risk of a recession is currently limited**, as we do not see any significant excesses in the economy or major financial imbalances.

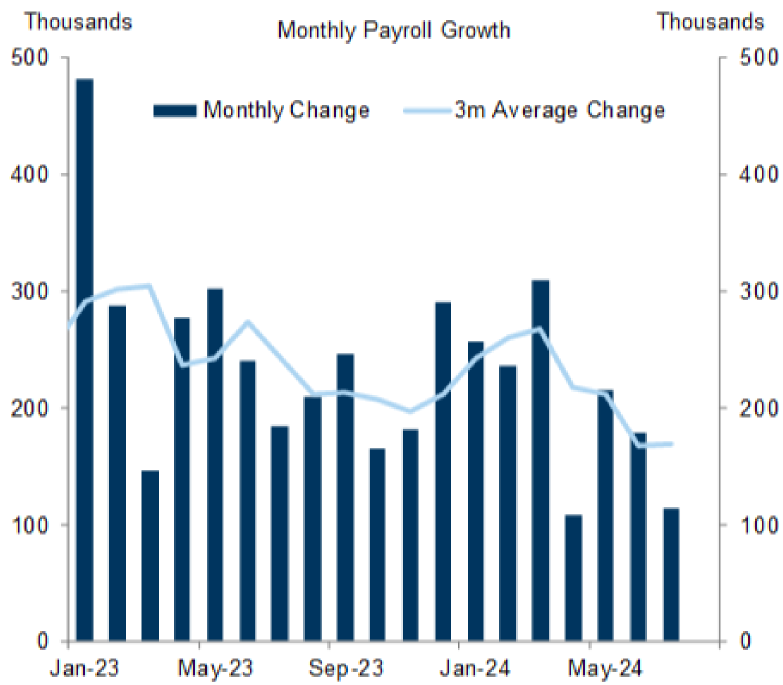


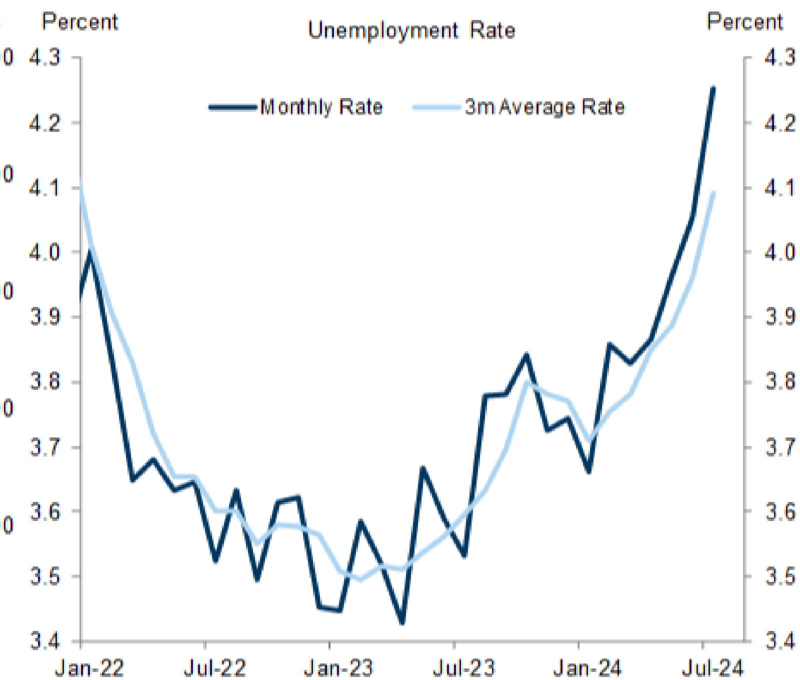
Source: Goldman Sachs Global Investment Research, Bloomberg

The Economy

Labor Market Rebalancing

- Recent employment data was weaker than anticipated and indicates a trend of **slowing payrolls and an increase in the unemployment rate**.



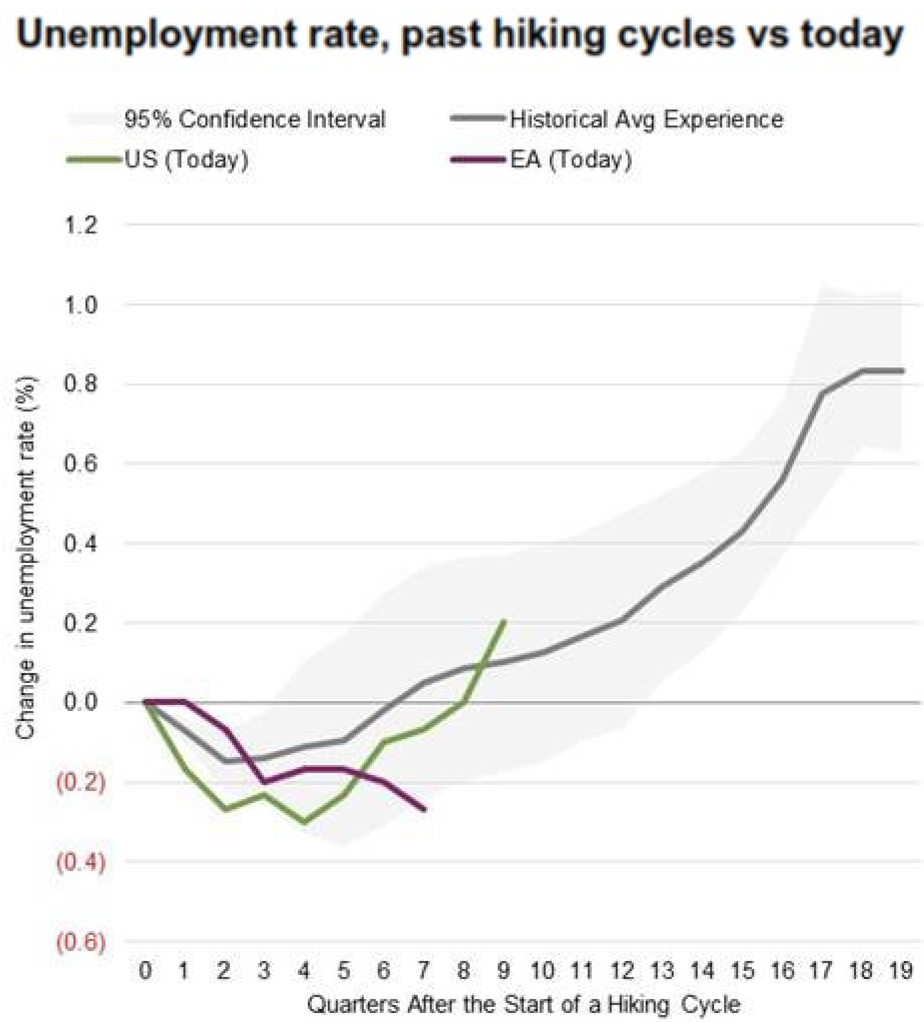


Source: Goldman Sachs Global Investment Research, Department of Labor

The Economy

Labor Market Rebalancing

- The increase in the unemployment rate is consistent with history.
- Contrary to conventional wisdom, **the unemployment rate *falls* as central banks hike interest rates,** before bottoming out and rising thereafter.
- We expect the **unemployment rate to migrate higher from here** over time.

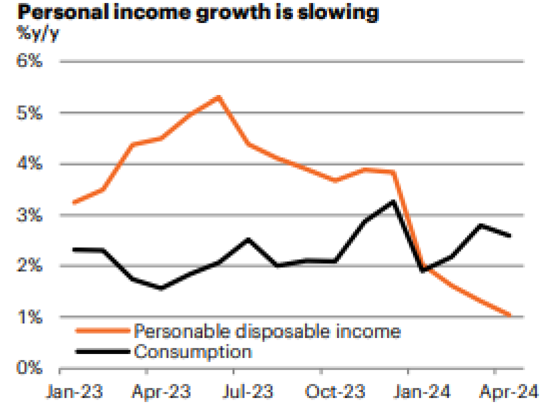


Source: Haver, PIMCO Calculations. As of 6/30/2024.

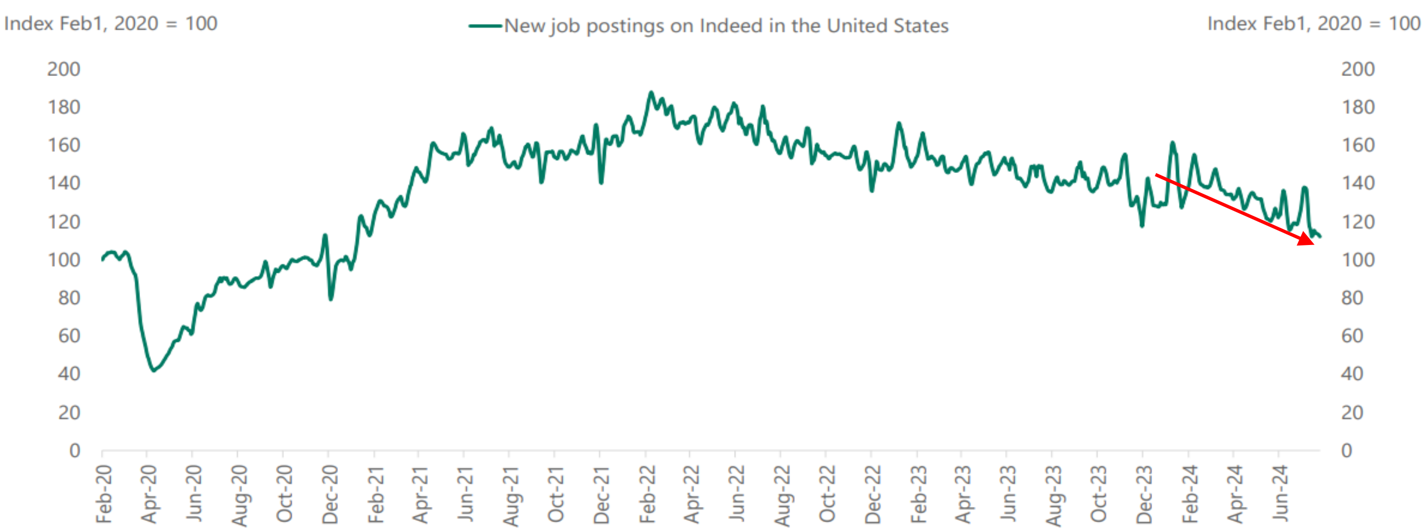
The Economy

Labor Market Rebalancing

- Daily job postings have been on a downward trajectory for some time.
- And personal income growth slowed down.



Source: Bureau of Economic Analysis, as of June 23, 2024. Both series are chain-weighted to adjust for inflation.

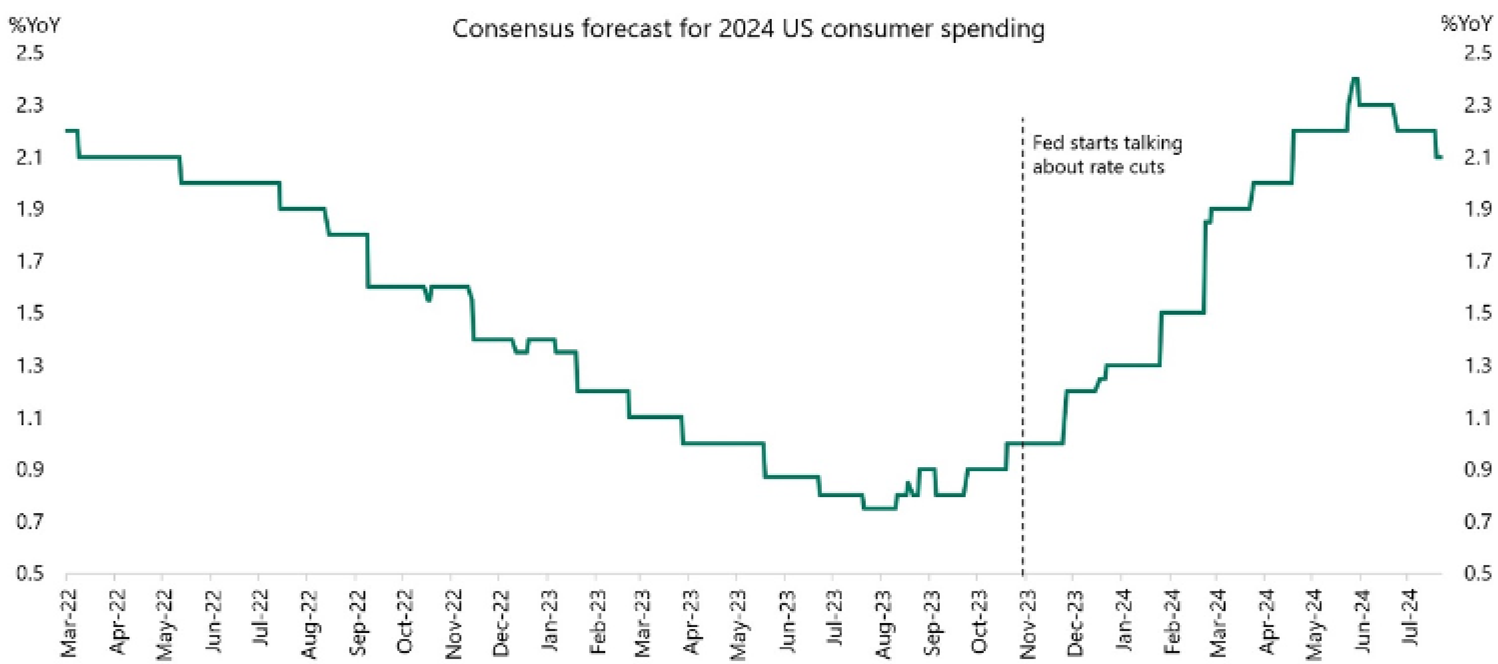


Source: Indeed, Bloomberg, Apollo Chief Economist. Note: The data is seasonally adjusted

The Economy

Labor Market Rebalancing

- The rebalancing of the labor market may act as a **headwind for consumer spending** moving forward.
- As a result, the outlook for consumer spending has been revised modestly lower.

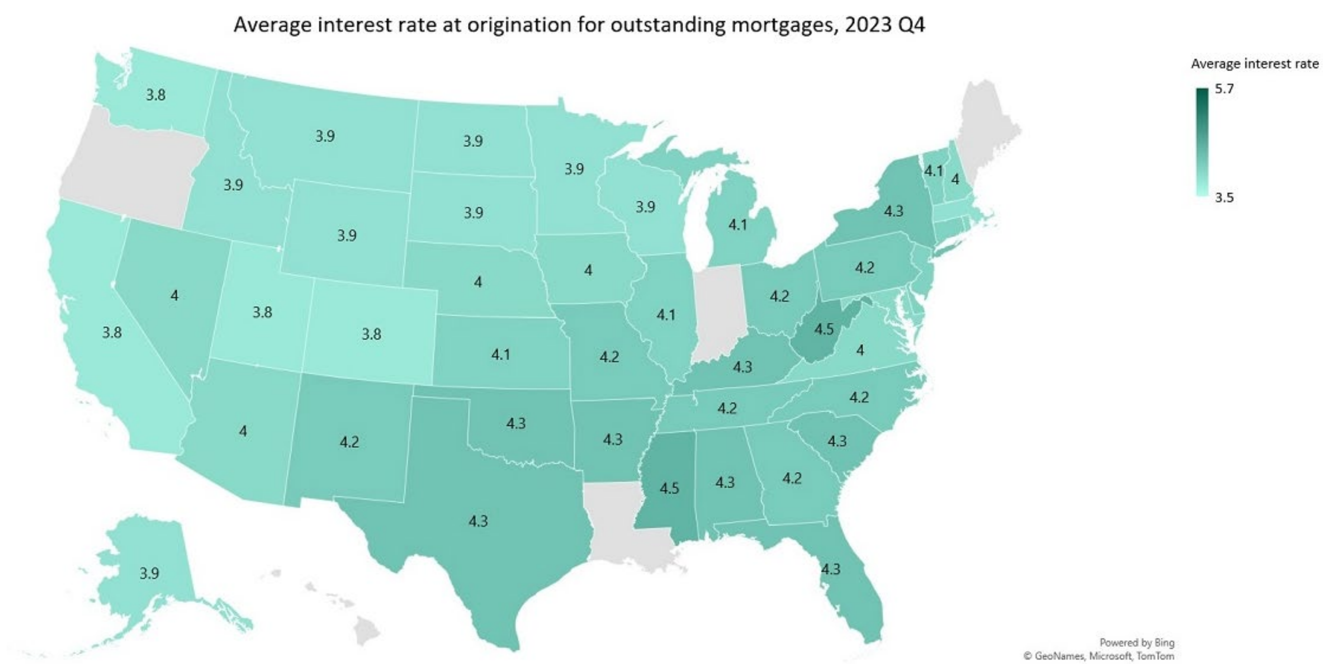


Source: Bloomberg, Apollo Chief Economist

The Economy

…But a Still Resilient Consumer

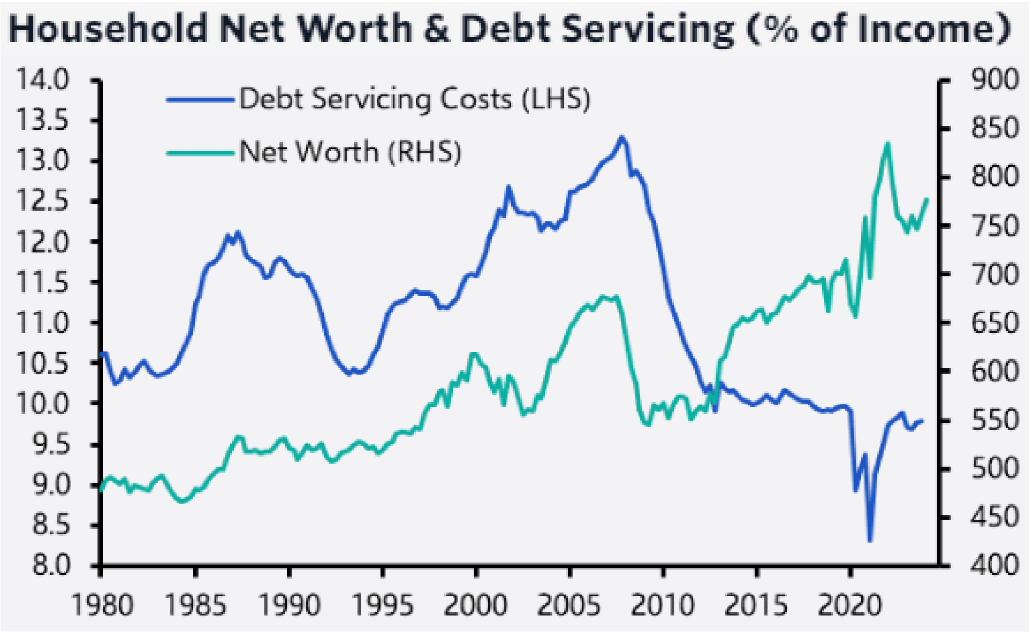
- **Nearly 90% of U.S. consumer debt is fixed rate** (mortgage, student, and auto loans). Many homeowners **locked in low rates** before the Fed started hiking: the **average interest rate** on outstanding **mortgages nationwide is currently ~4%.** Further, 40% of homeowners don't even have a mortgage.
- **The Fed's interest rate hikes had a limited impact on consumer spending.**



The Economy

Resiliency of the Consumer

- The high prevalence of fixed-rate debt should help **insulate households.**
- At the same time, **increases in aggregate consumer net worth should help underpin the resiliency of the consumer,** particularly higher-income consumers.

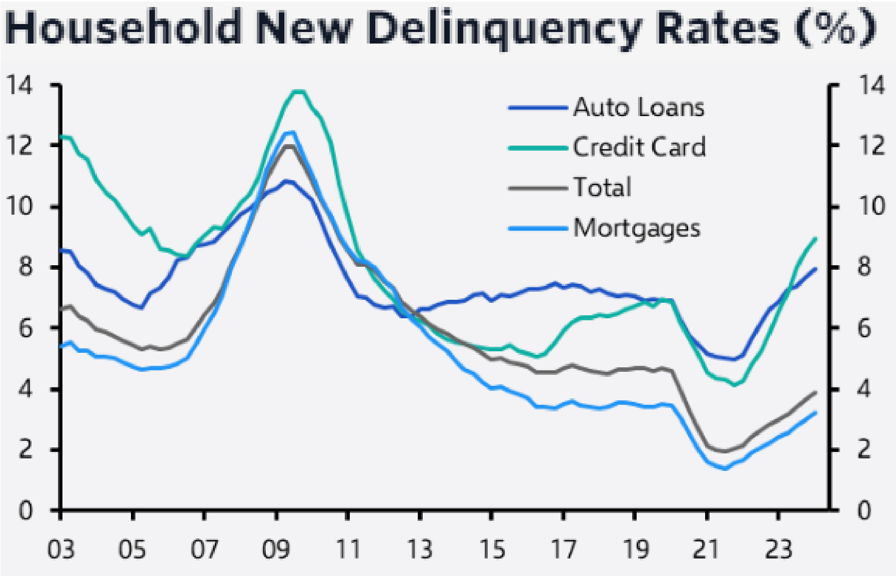


Source: Capital Economics

The Economy

Bifurcation of the Consumer

- On the other hand, consumers at the lower end of the income distribution, whose debt costs are more closely tied to interest rates, appear to be struggling a little more, with credit card and automobile loan delinquencies rising.

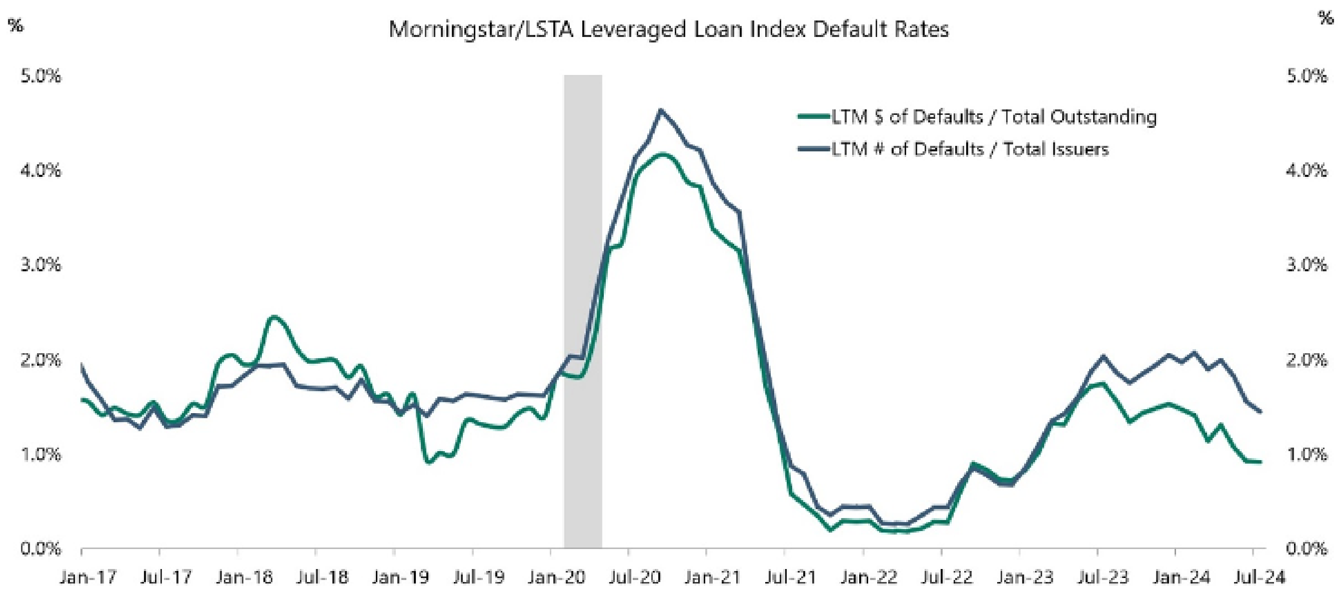


Source: Capital Economics

The Economy

Default Rates Declining

- We have seen a steady decline in default rates over recent months.
- **Supports the soft landing narrative**: if the economy were crashing, we would see default rates spiking higher.

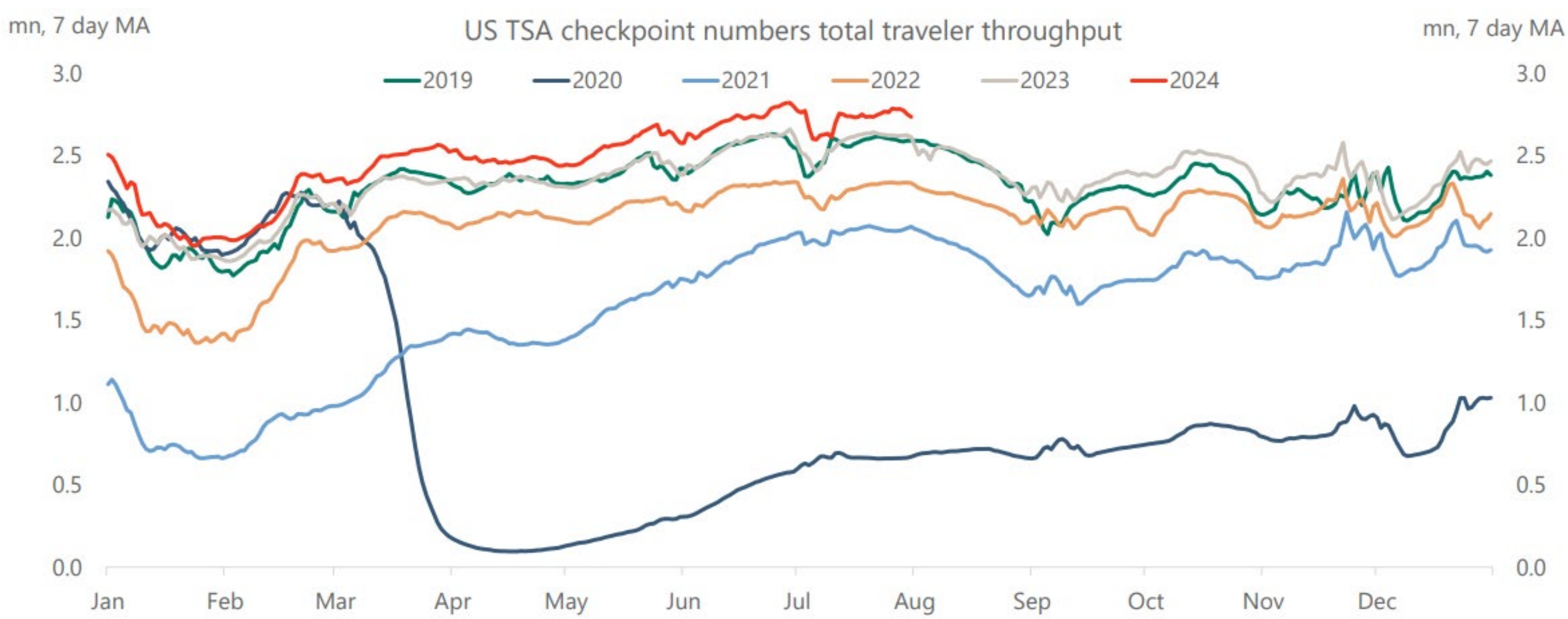


Source: PitchBook LCD, Apollo Chief Economist

The Economy

Economic Data Supportive

- Transportation Security Administration (TSA) air travel data is strong and trending well ahead of prior years.

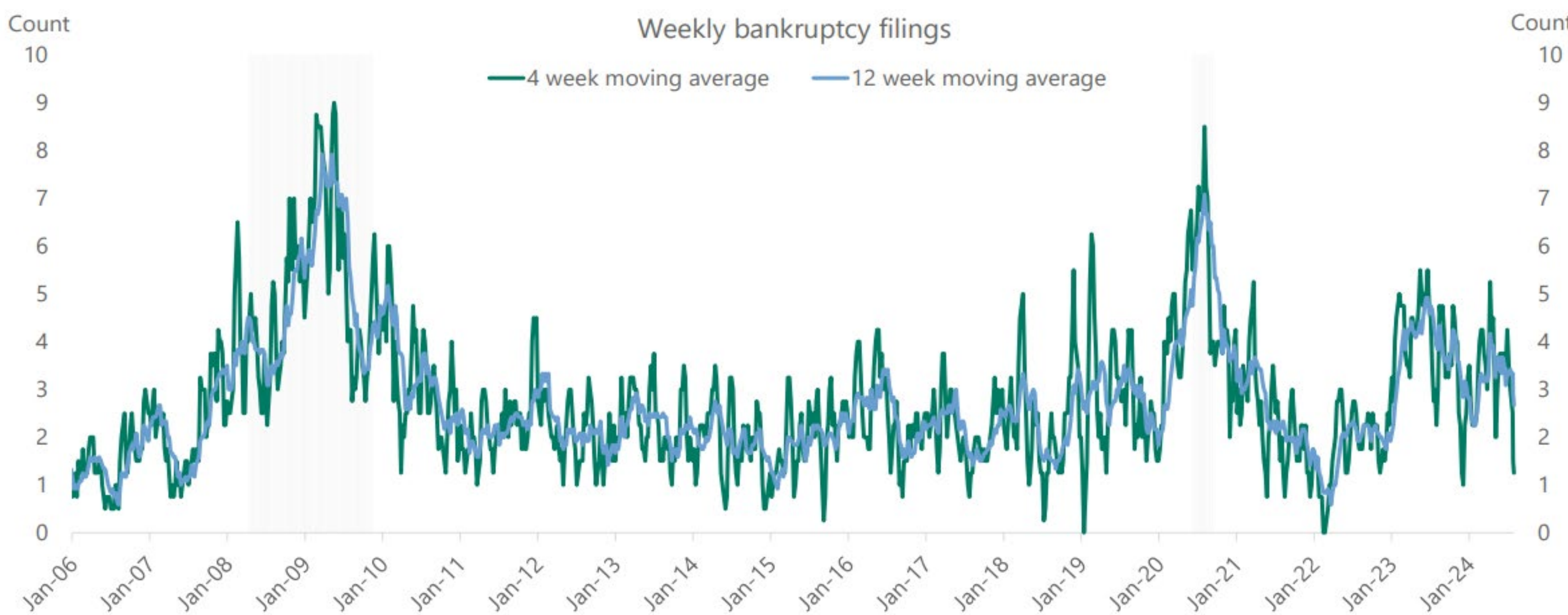


Source: TSA, Bloomberg, Apollo Chief Economist

The Economy

Economic Data Supportive

- Weekly bankruptcy filings are trending lower.

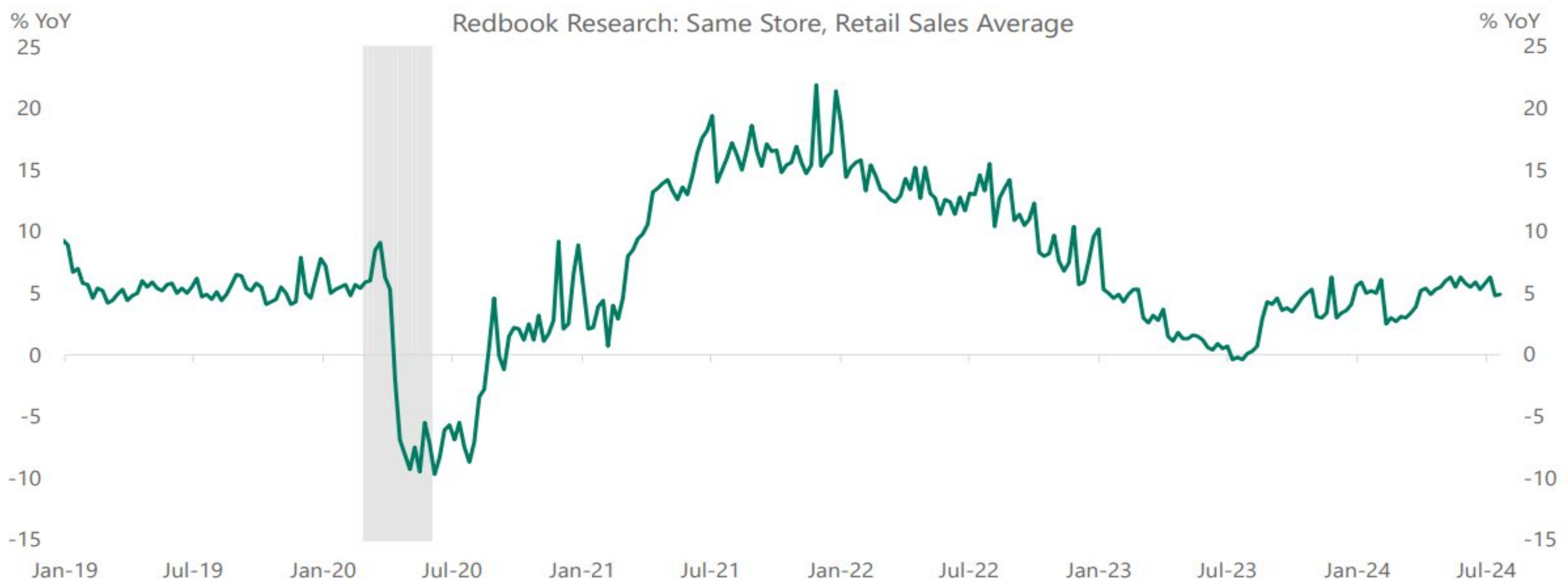


Source: Bloomberg, Apollo Chief Economist. Note: Filings are for companies with more than $50mn in liabilities. For week ending on July 23, 2024.

The Economy

Economic Data Supportive

- Same store retail sales growth still robust, indicating ongoing consumer spending and positive economic growth.

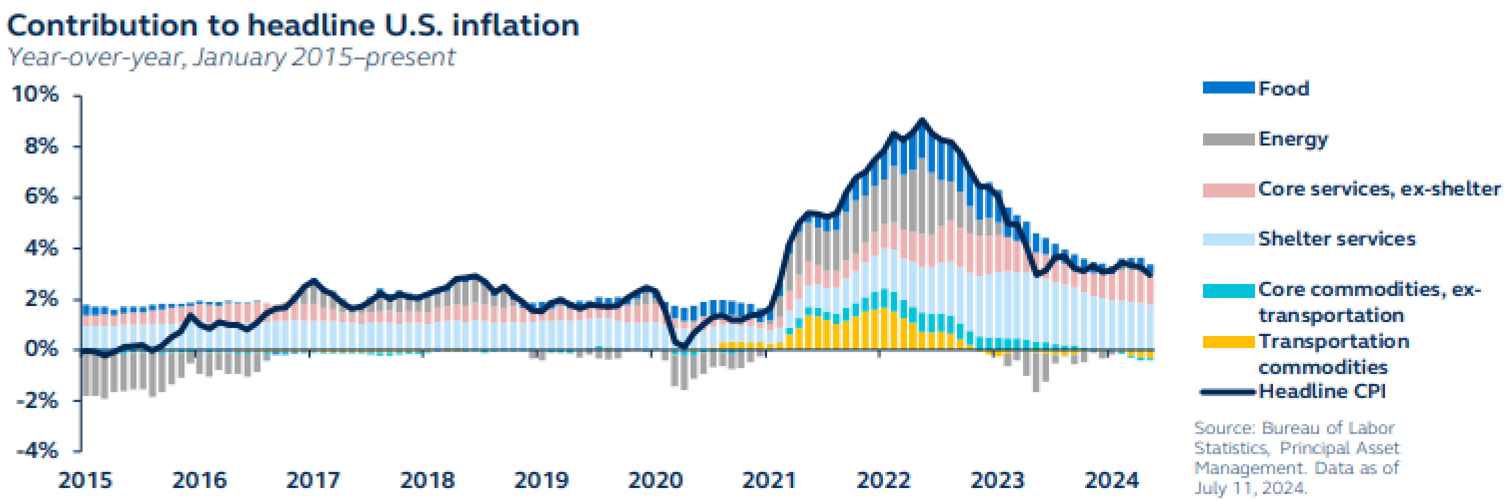


Source: Redbook, Haver Analytics, Apollo Chief Economist

The Economy – Inflation

Inflation Lower, But Still Above the Fed's Target

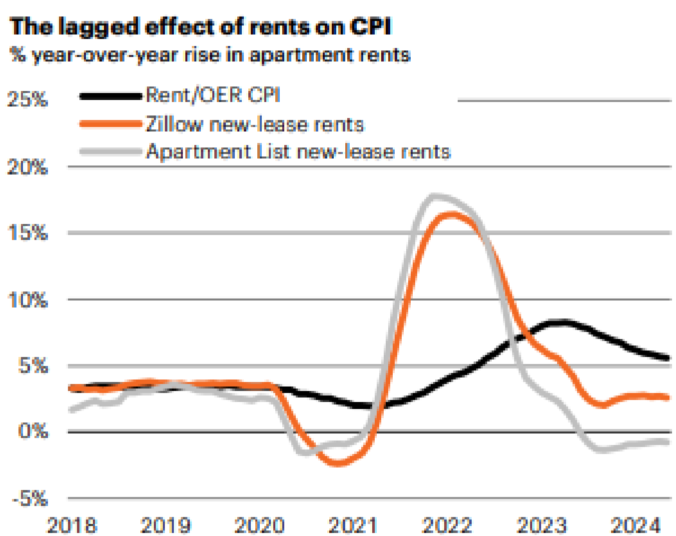
- **Inflation measures have trended lower** but remain above the Fed's long-term target of 2%. The "last mile" of inflation has proved to be challenging.
- Shelter costs may improve soon, and labor market rebalancing may put downward pressure on services inflation.
- On the other hand, freight cost increases may put upward pressure on inflation.



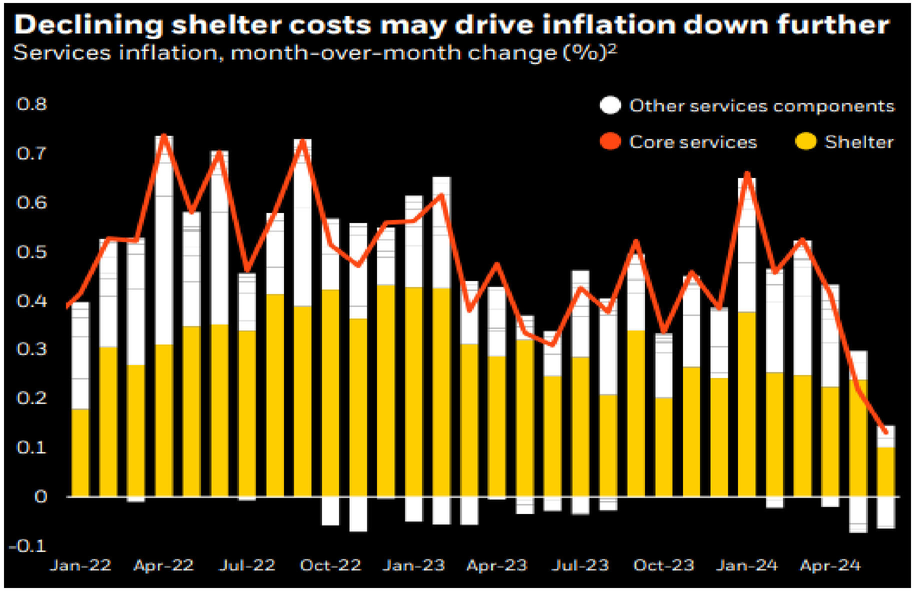
The Economy – Inflation

Inflation Lower, Still Above the Fed's Target

- Shelter costs have been a primary driver of inflation since 2021. There is a lag between real-time measures of rents and shelter inflation of approx. 12 months, indicating **shelter inflation may continue to fall in the months ahead**.



Source: U.S. BLS, Zillow, Apartment List as of May 31, 2024.



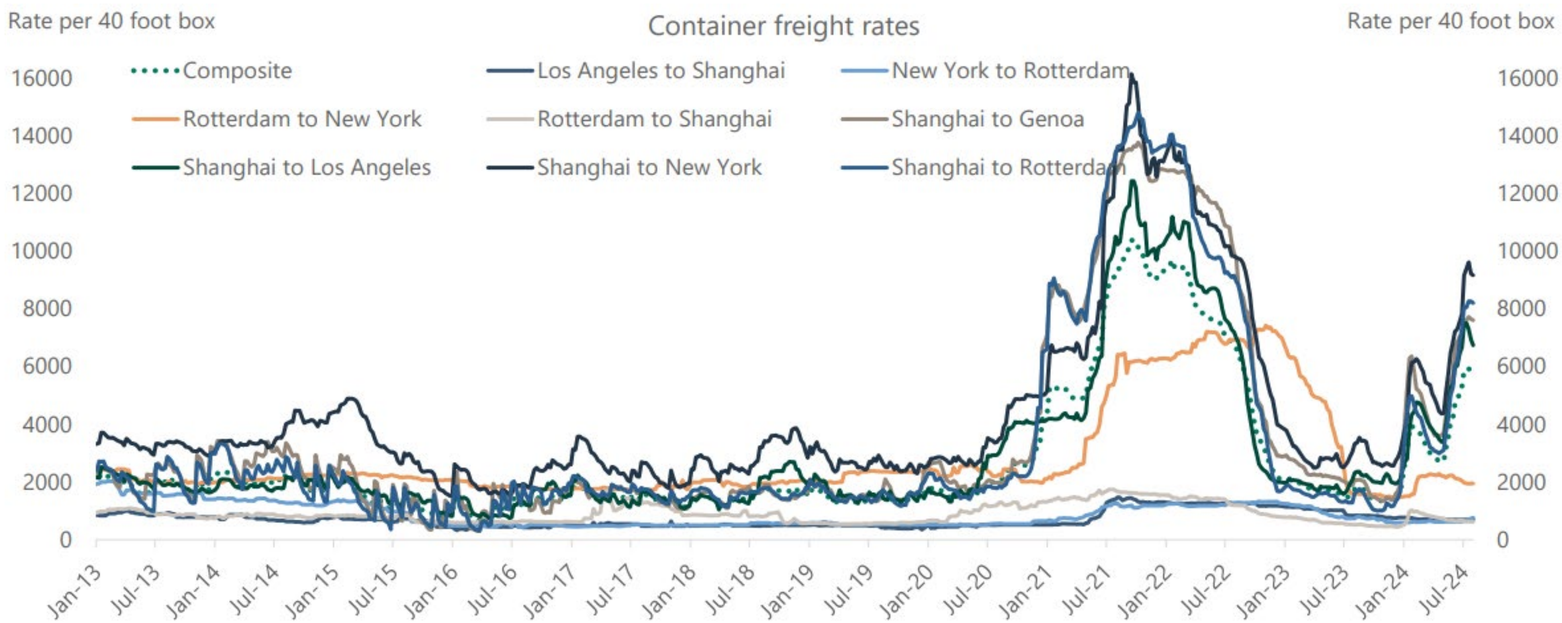
2 Source: Bloomberg, as represented by US MoM CPI (ECAN48RK Index), as of 7/24/24.

The Economy – Inflation

Inflation Lower, Still Above the Fed's Target

- Geopolitical issues have caused **shipping costs to rise significantly.** Currently, global container freight rates are approximately half of the COVID peak.

- This complicates the outlook for inflation.



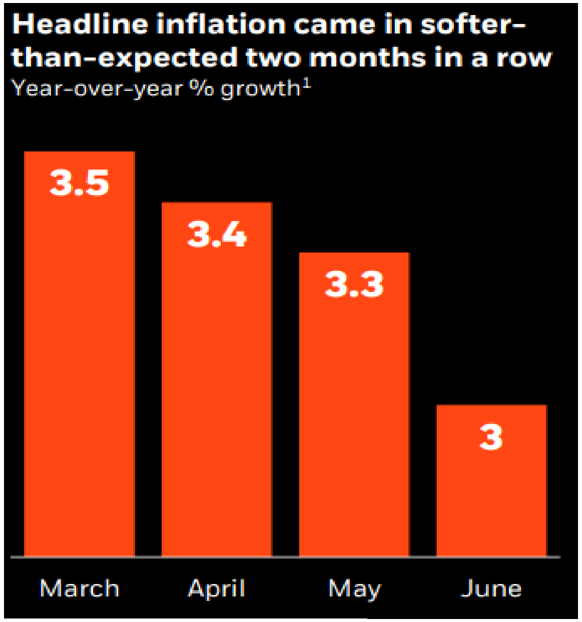
Source: WCI, Bloomberg, Apollo Chief Economist

The Economy – Fed Policy

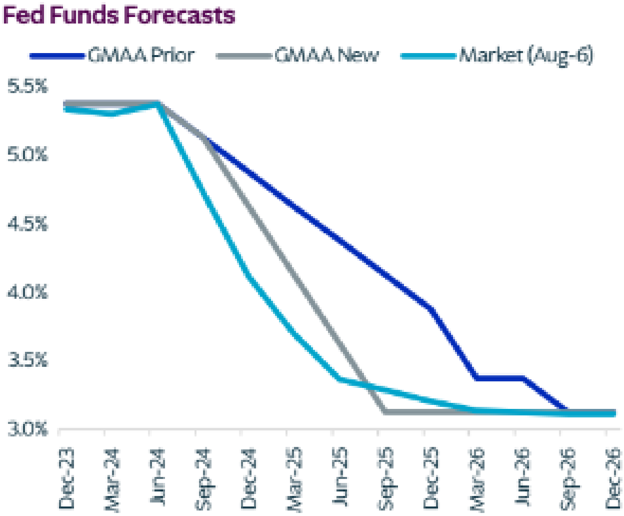
Inflation Lower, Fed Likely to Cut

- It's doubtful that we will see enough softening to bring inflation all the way down to the Fed's 2% target over the near term. However, **continued improvements will give the Fed cover to cut rates**, albeit at a measured pace.

- The market is currently pricing in a **~50% chance of three 0.25% rate cuts** by the end of 2024.



1 Sources: U.S. Bureau of Labor Statistics as of 7/24/24.

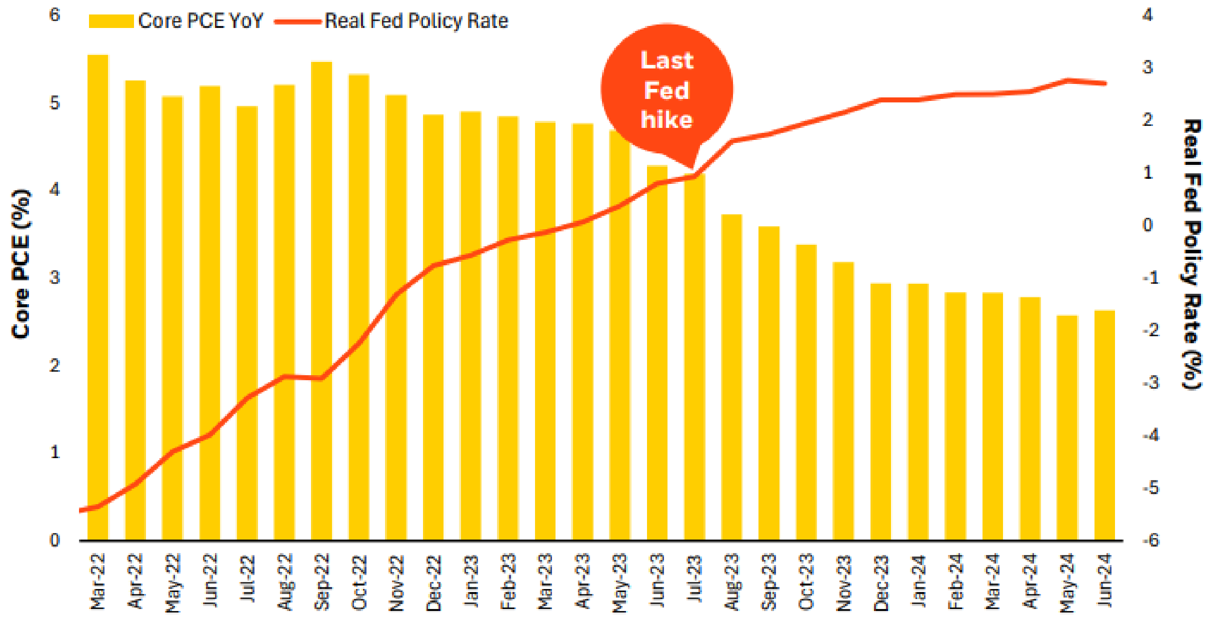


Data as at August 6, 2024. Source: Bloomberg, KKR Global Macro & Asset Allocation analysis.

The Economy – Fed Policy

Real Rates Have Continued to Rise

- Declining inflation makes real rates more restrictive.
- Despite the Fed's last rate hike being in July 2023, the **real fed funds rate has continued to rise as inflation has fallen**. This dynamic gives the Fed another reason to cut rates, given the restrictive nature of current policy.



Source: Bloomberg, BlackRock as of 7/26/24.

The Economy – Fed Policy

Fed: September Cut

- The Fed's most recent economic projections ("dot plot" forecasts from June) **reiterated the expectation for a "soft landing."**
- The Fed has since indicated a bias towards rate cuts moving forward.
- Following its July Federal Open Market Committee (FOMC) meeting, Fed Chair Powell all but said the Fed would **cut rates in September**.
- The **market is currently pricing in two to three 0.25% rate cuts** by the end of 2024.

Economic projections of Fed Board members & Fed Bank presidents, June 2024

Percent

Variable	Median[1]			
	2024	2025	2026	Longer run
Change in real GDP	2.1	2.0	2.0	1.8
March projection	2.1	2.0	2.0	1.8
Unemployment rate	4.0	4.2	4.1	4.2
March projection	4.0	4.1	4.0	4.1
PCE inflation	2.6	2.3	2.0	2.0
March projection	2.4	2.2	2.0	2.0
Core PCE inflation[4]	2.8	2.3	2.0	
March projection	2.6	2.2	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	5.1	4.1	3.1	2.8
March projection	4.6	3.9	3.1	2.6

Source: Federal Reserve

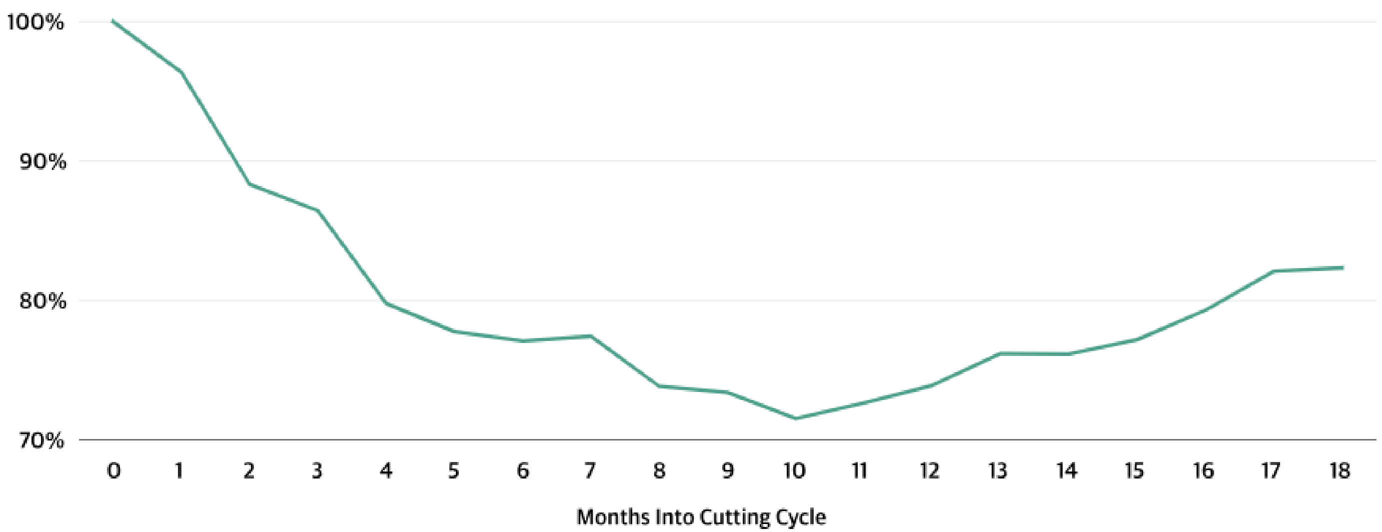
The Economy – Fed Policy

How Much Will the Fed Cut?

- In prior instances of soft landing, rate-cutting cycles, **Fed cuts were relatively shallow,** and the Fed pivoted back to rate hikes about 10 months into the cutting cycle.
- Assuming a similar dynamic, the target fed funds rate would bottom out around 3.75%-4.00%, or **1.50% below the current target**.

Soft Landings: Change in Average Effective Fed Funds Rate Following First Cut

(Percent of Initial Rate)



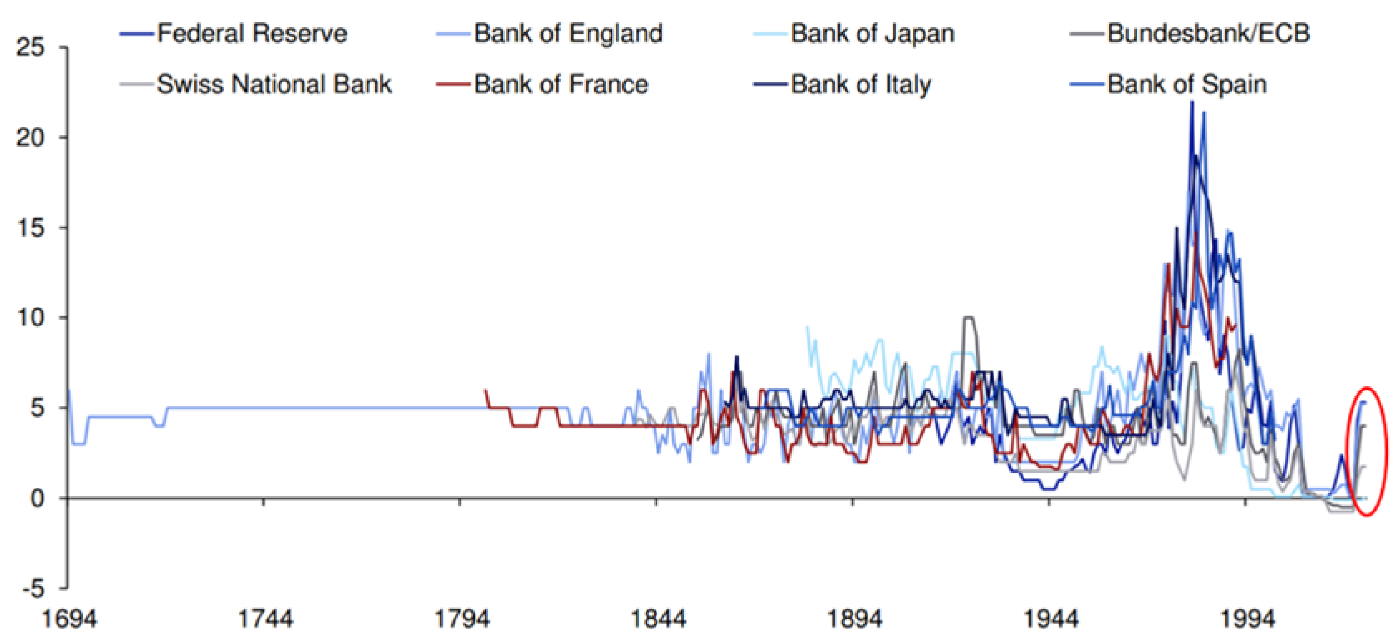
Source: Blackstone Investment Strategy Calculations, US Federal Reserve, and Bloomberg.

The Economy – Fed Policy

New Phase for Monetary Policy

- While interest rate cuts are on the horizon, we believe we have entered a longer-term **structural shift for global monetary policy**. Gone are the post-2008 days of zero interest rates or negative central bank base rates. Expect **higher interest rates in the years ahead** relative to post-2008 through 2021.

Long Run Histories of Central Bank Base Rates - Global Negative Rates Behind Us



Source : GFD, Bank of England, Deutsche Bank

Part 3:

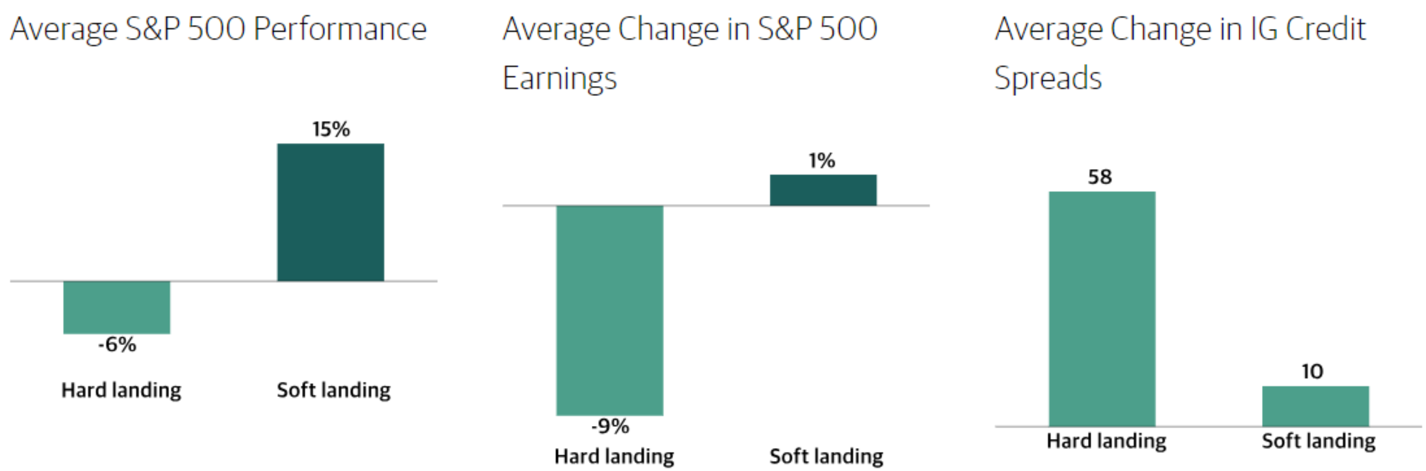
OUTLOOK

Outlook

Soft Landings Supportive

- **The "why" behind Fed rate cuts matters**. Modest reductions in rates under soft landing scenarios tend to be **supportive for the stock market and credit** (our base case).
- If the Fed cuts longer and deeper under a hard landing outcome (not our base case), stocks may move lower.

In the 12 Months Following the First Cut



Source: Bloomberg, Standard & Poor's and Macrobond.

Outlook

Valuation Implications

- The stock market is expensive relative to historic averages, across most metrics.
- Today's Price-to-Earnings (P/E) ratio **implies more moderate annualized returns for the S&P 500 in the years ahead.**
- Higher interest rates vs. those experienced post-Global Financial Crisis may also act to moderate stock returns.

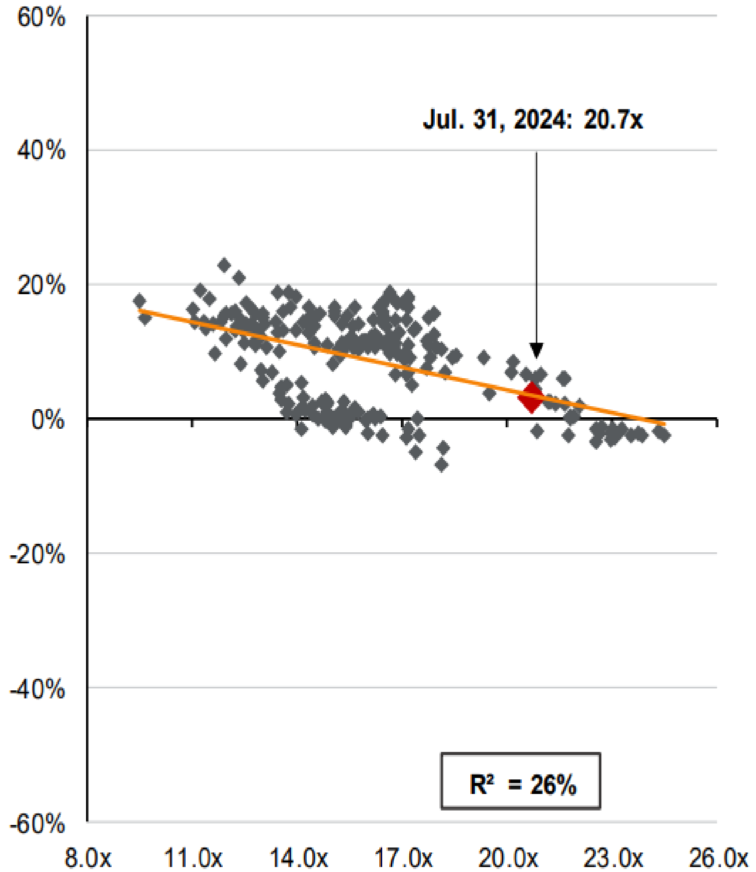
S&P 500 Index

Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	20.69x	16.73x	1.22
CAPE	Shiller's P/E	35.58x	27.88x	1.26
Div. Yield	Dividend yield	1.43%	1.99%	1.61
P/B	Price to book	4.28x	3.16x	1.38
P/CF	Price to cash flow	15.81x	11.24x	1.98
EY Spread	EY minus Baa yield	-1.00%	0.05%	0.56

As of 7/31/2024

Forward P/E and subsequent 5-yr. annualized returns

S&P 500 Total Return Index



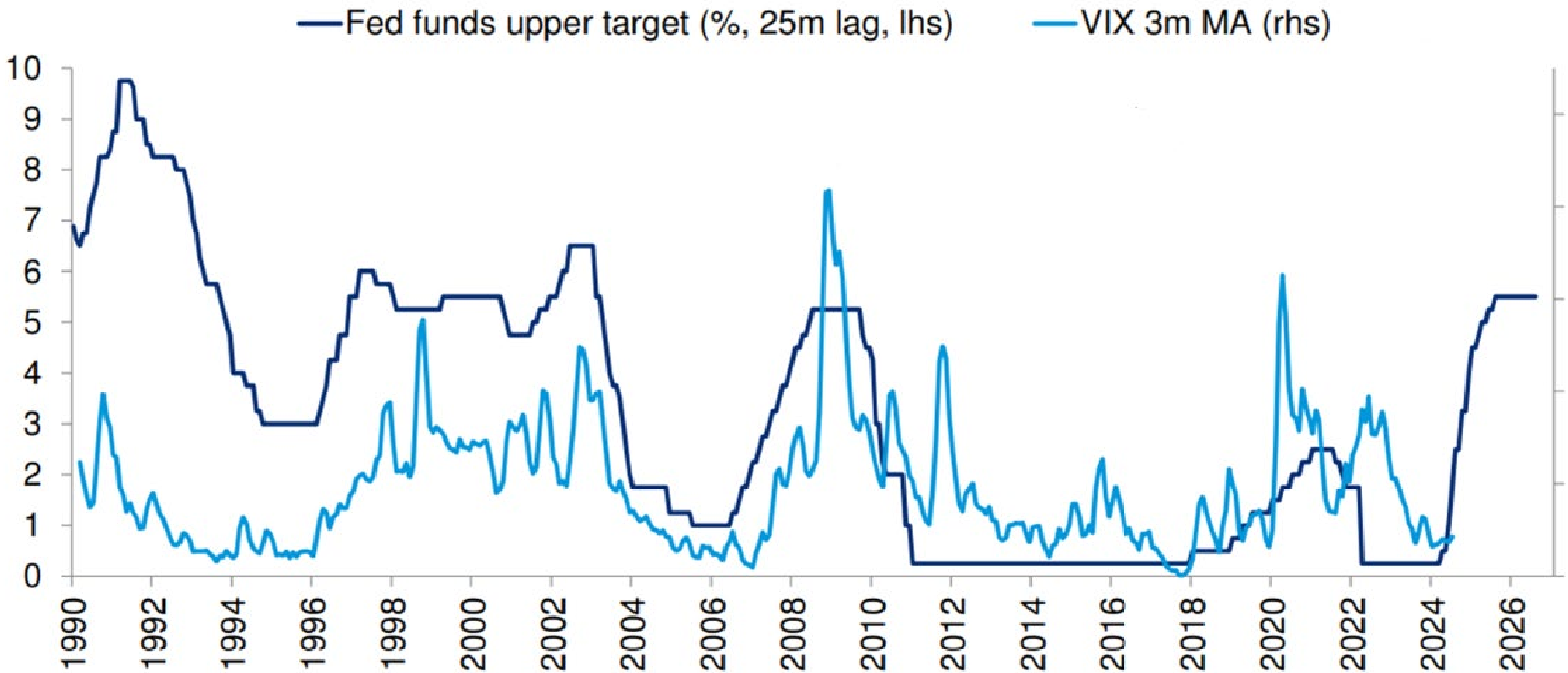
Source: FactSet, Refinitiv Datastream, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

Outlook

Bumpier Ride Ahead

- Monetary policy impacts the Volatility Index (VIX) with approximately a two-year delay. Moving forward, we **should expect a bumpier ride**.

Fed Funds (lagged 25 months) and the 3m moving average of the VIX (month-end points).

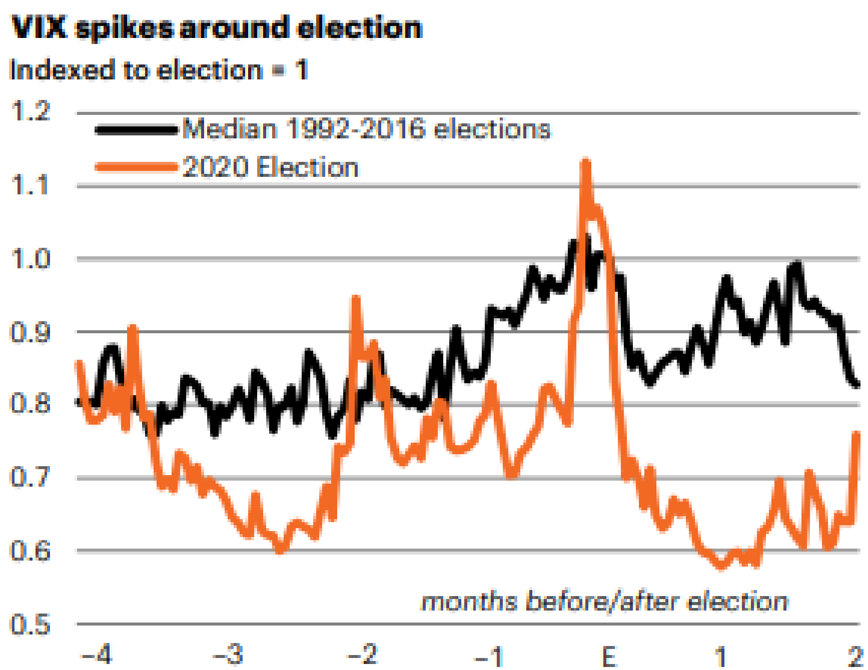


Source : FRB, Bloomberg Finance LP, Deutsche Bank

Outlook

Bumpier Ride Ahead

- We should **expect an increase in volatility as we approach the election** in November. If history is a guide, volatility should dissipate following the election.

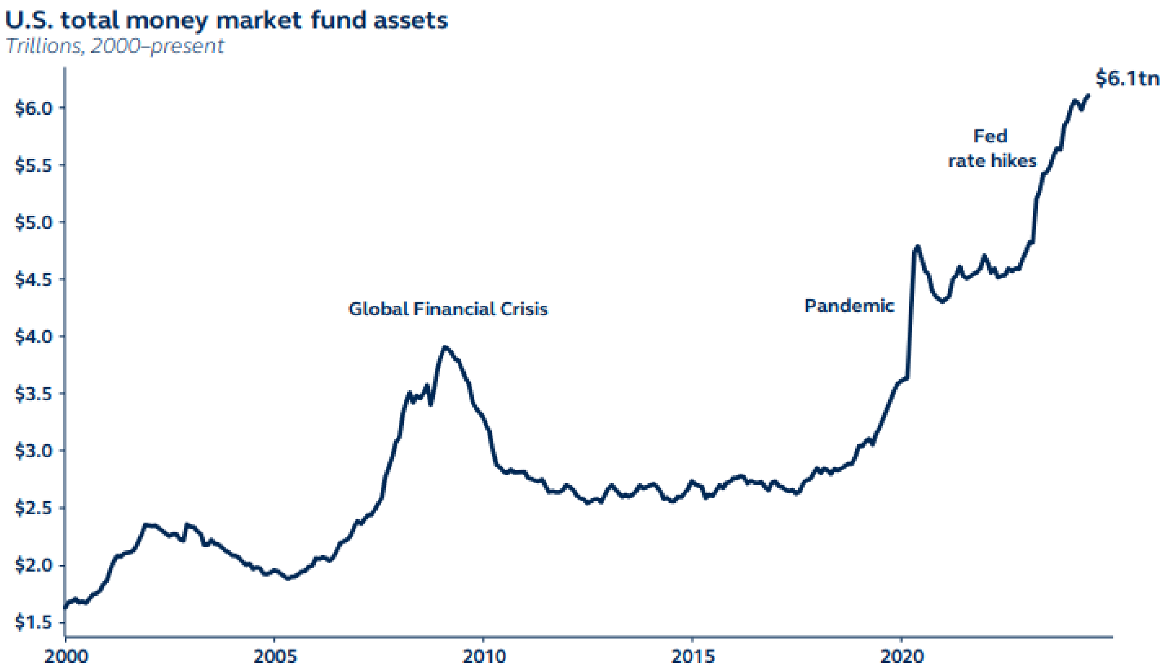


Source: Bloomberg Finance, L.P., FS Investments, as of June 18, 2024.

Outlook

High Cash Balances

- Money market assets continue to increase.
- With the Fed set to cut rates, the **attractiveness of cash is set to decline**. With over $6 Trillion in money market assets, this may help **underpin stocks and bonds moving forward.**



Source: Clearnomics, Federal Reserve, Investment Company Institute, Bloomberg, Principal Asset Allocation. Data as of June 30, 2024.

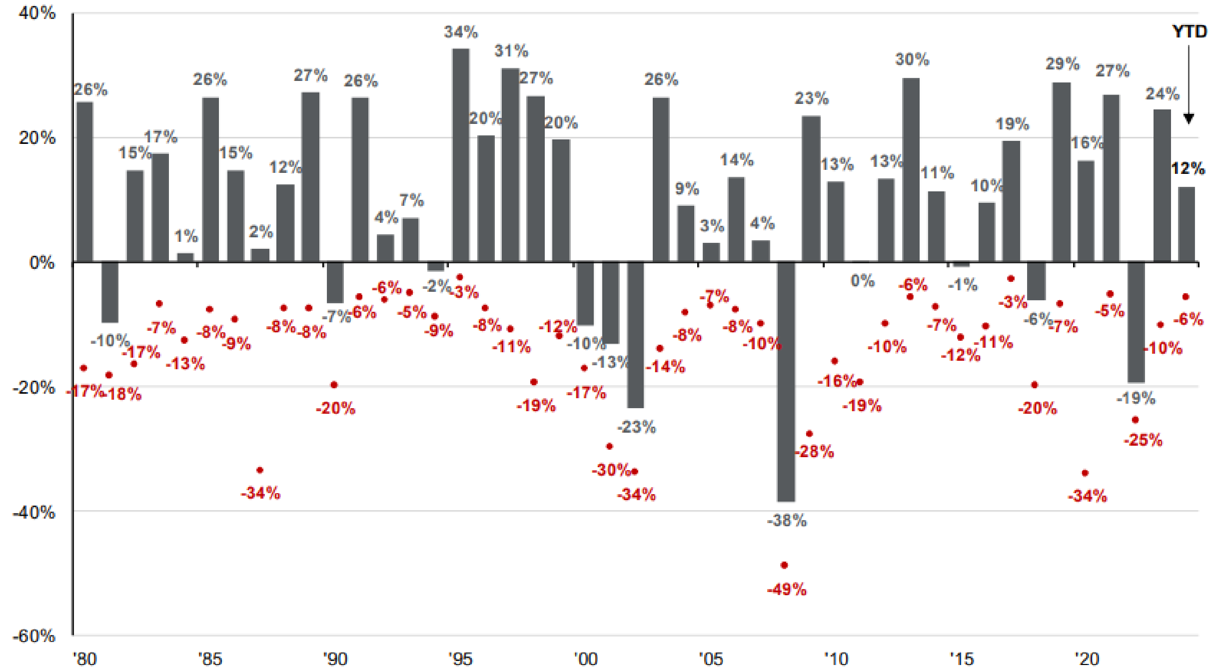
Outlook

Sell-Offs Happen

- Declines are a **natural release valve** for the stock market. **Sell-Offs are normal** and happen. The average intra-year decline for the S&P 500 is -14.2%, but despite these declines, the **S&P 500 has produced positive returns in 75% of years.**

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 33 of 44 years

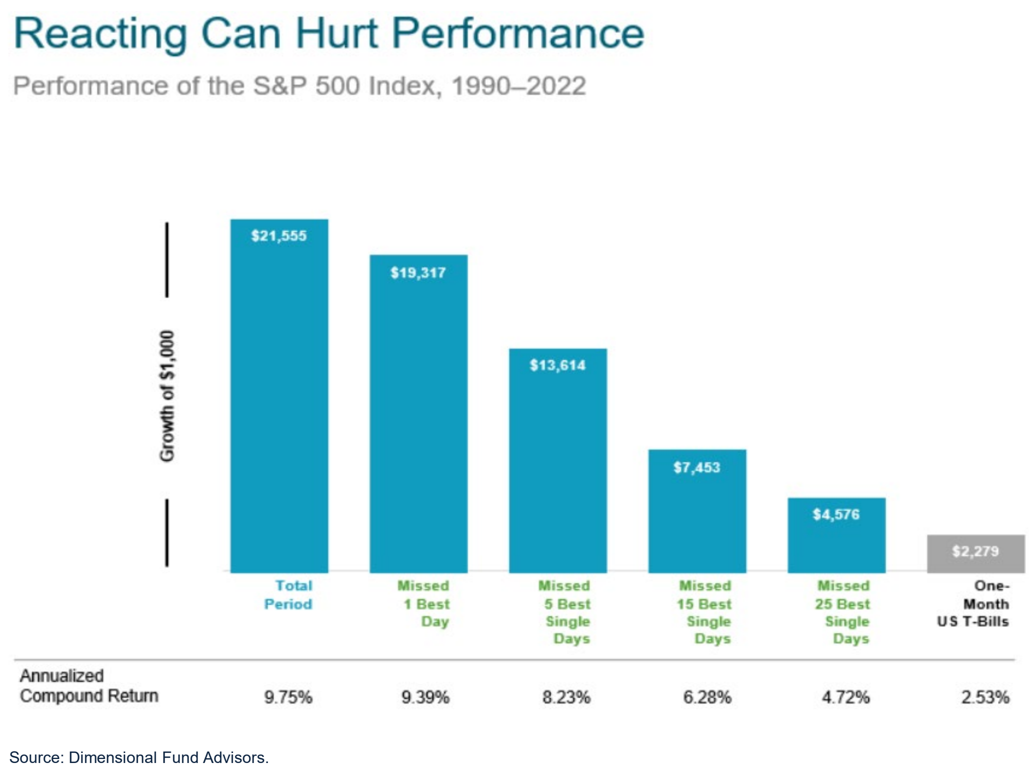


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough

Outlook

Look Through The Noise

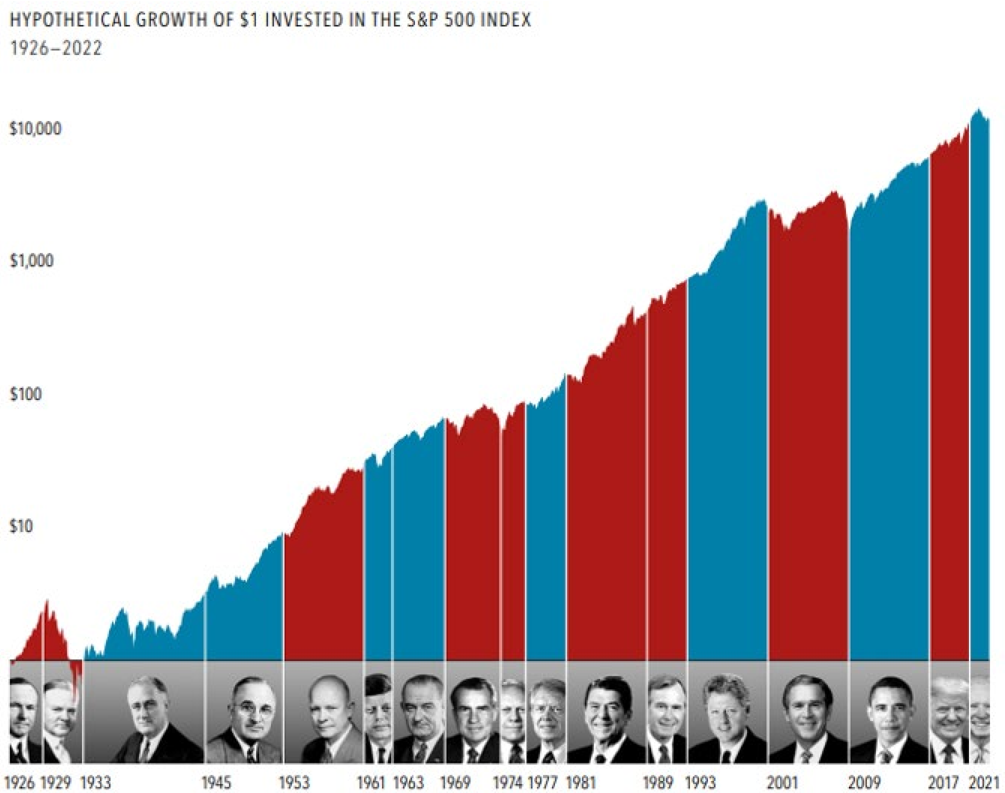
- Staying **disciplined and fully invested is key**, even during times of increased headline risk. Looking through the noise and **focusing on the long term is critical** to achieving your long-term financial goals.
- The **best stock market performance days often follow some of the worst days**; **missing only a few** of those best days can dramatically **reduce long-term investment performance.**



Outlook

Election Year

- There has been little bearing on the long-term trend of the stock market, **regardless of which political party wins the White House.**
- We've witnessed **solid stock market gains and economic growth under Democrat-controlled, Republican-controlled, and divided governments.**
- The President is **just one factor** that impacts market returns: interest rates, productivity, technological advances, and other factors all have a large bearing on the stock market.

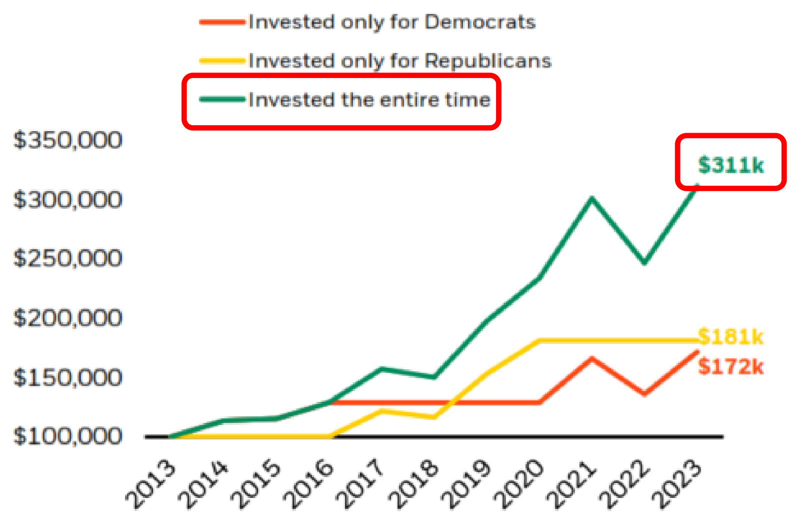


Outlook

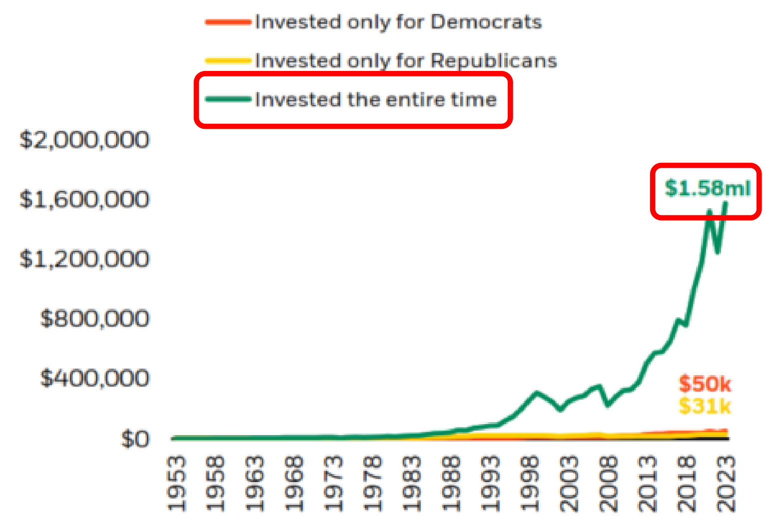
Election Year

- Taking a long-term view, **time in the market benefits investors the most**, not the President's political party.

Last 10 years, $100,000 invested 12/31/2013, depending on which party held the presidency



Last 70 years, $1,000 invested 12/31/1953, depending on which party held the presidency

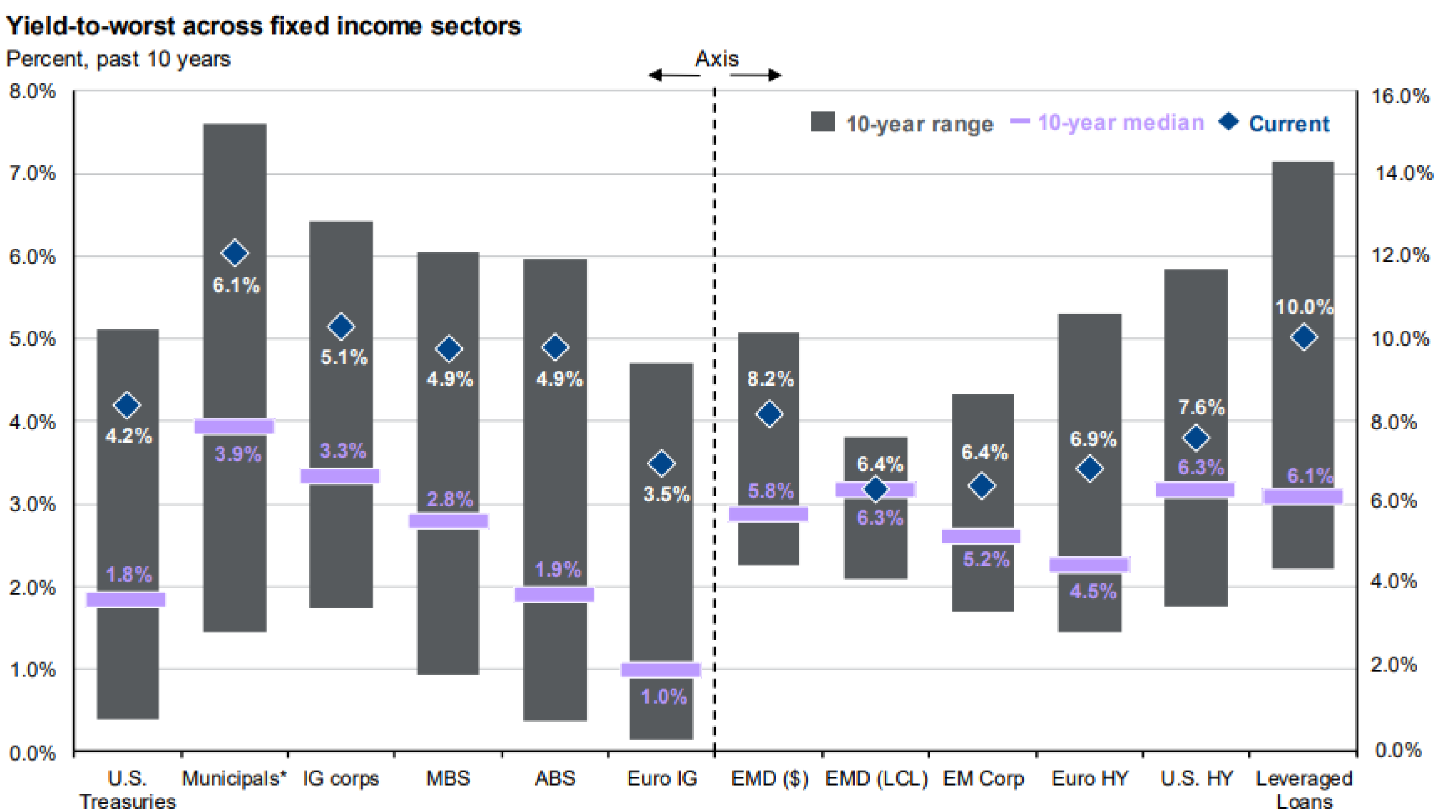


Morningstar as of 12/31/23. Stock market represented by the S&P 500 Index from 1/1/70 to 12/31/23 and IA SBBI U.S. large cap stocks index from 1/1/54 to 1/1/70.

Outlook

Bonds: Yields Attractive

- **Bond yields are much more attractive today** than at the end of 2021. Many of our preferred bond funds are **currently yielding mid-to-high single digits**.



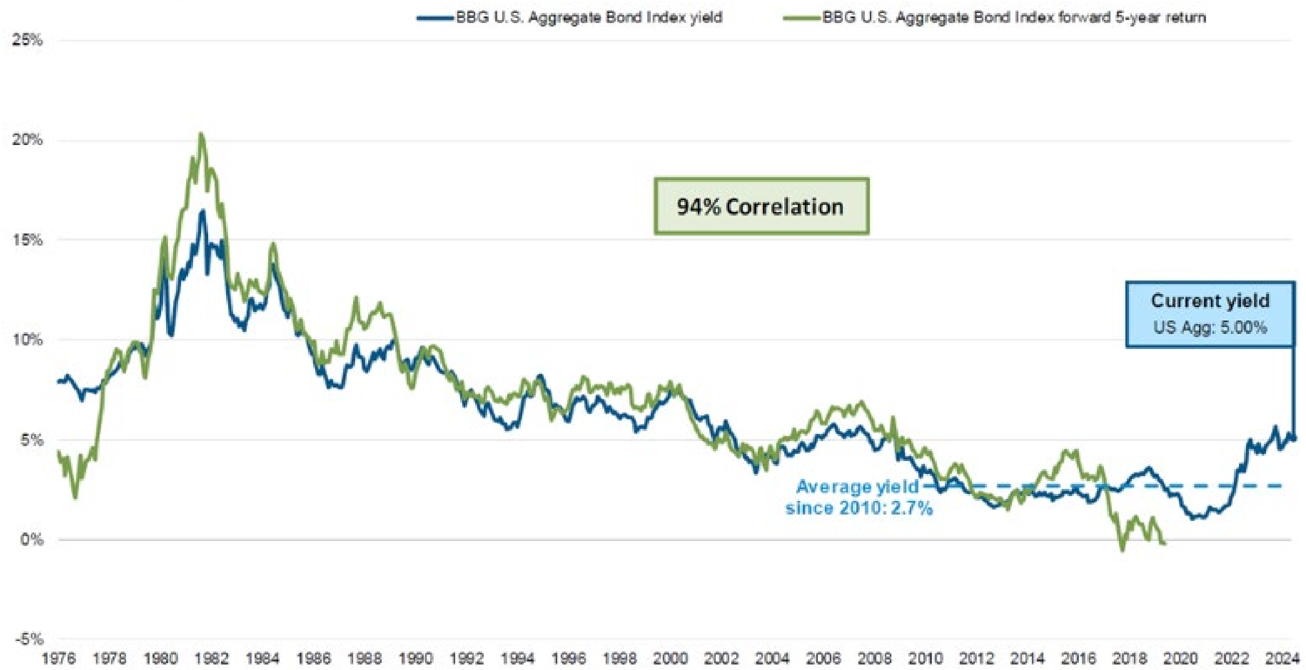
Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management

Outlook

Bonds: Yields Attractive

- The **current yield is the strongest determining factor** for forward-looking bond returns.

Yield vs. 5-year forward return



As of 30 June 2024. Source: Bloomberg, PIMCO
Past performance is not a guarantee nor a reliable indicator of future performance. Chart is provided for illustrative purposes only and is not indicative of the past or future performance of any PIMCO product.
Yield and return are for the Bloomberg U.S. Aggregate Bond Index. It is not possible to invest directly in an unmanaged index.

Outlook - Alternatives

Private Equity

- We believe private equity offers **attractive upside return potential** which may be particularly important in the years ahead should public stocks experience a relative moderation in long-term returns.

Real Assets

- We believe infrastructure offers investors long-term **consistency in returns and yield**, in assets like power and utilities, ports, airports, toll roads, data centers, cell towers, and fiber networks. **Trillions of dollars in spending are required in these infrastructure areas over the coming years** to sustain ongoing economic growth.

- Real Estate has **cycled capitalization rate increases** and we are **positive on the outlook moving forward**, particularly for residential, industrial logistics, medical office, and select data center exposures.

Direct Credit

- We consider it to be a **favorable environment for direct lending strategies**, with higher interest rates driving increased yield. **Business fundamentals continue to be robust**, supporting credits.

Outlook - Alternatives

Alternatives: Performance in Context

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total Return[1]
18.3% Private Equity	4.8% Investment Grade Bonds	58.2% High Yield	28.5% Public REITs	16.0% Private Real Estate	17.8% Public REITs	23.5% Private Equity	30.4% Public REITs	15.0% Private Real Estate	17.1% High Yield	24.6% Global Stocks	12.4% Private Equity	27.3% Global Stocks	29.0% Private Equity	43.1% Public REITs	7.5% Private Real Estate	13.7% Private Equity
16.0% Private Real Estate	-6.5% Private Credit	51.6% Leveraged Loans	23.0% Private Equity	10.7% Private Equity	16.8% Global Stocks	23.4% Global Stocks	13.8% Private Equity	10.2% Private Equity	12.3% Private Equity	20.5% Private Equity	8.3% Private Real Estate	25.8% Public REITs	16.8% Global Stocks	42.0% Private Equity	6.3% Private Credit	9.0% Private Credit
12.2% Global Stocks	-10.0% Private Real Estate	35.4% Global Stocks	16.4% Private Real Estate	9.8% Private Credit	15.8% High Yield	13.9% Private Real Estate	12.5% Private Real Estate	5.5% Private Credit	11.2% Private Credit	8.6% Private Credit	8.1% Private Credit	18.4% Private Equity	9.2% Investment Grade Bonds	22.2% Private Real Estate	-0.8% Leveraged Loans	6.8% Private Real Estate
10.2% Private Credit	-24.6% Private Equity	28.6% Public REITs	15.8% Private Credit	8.7% Public REITs	14.6% Private Equity	12.7% Private Credit	9.6% Private Credit	2.5% Public REITs	10.2% Leveraged Loans	7.6% Private Real Estate	0.4% Leveraged Loans	14.3% High Yield	7.1% High Yield	19.0% Global Stocks	-4.4% Private Equity	5.8% High Yield
9.5% Investment Grade Bonds	-26.2% High Yield	14.5% Private Equity	15.1% High Yield	5.6% Investment Grade Bonds	14.0% Private Credit	7.4% High Yield	4.7% Global Stocks	-0.7% Leveraged Loans	8.8% Private Real Estate	7.5% High Yield	-1.2% Investment Grade Bonds	9.0% Private Credit	5.5% Private Credit	12.8% Private Credit	-11.2% High Yield	5.8% Global Stocks
2.1% Leveraged Loans	-29.1% Leveraged Loans	13.2% Private Credit	13.2% Global Stocks	5.0% High Yield	10.9% Private Real Estate	5.3% Leveraged Loans	2.5% High Yield	-1.8% Global Stocks	8.6% Public REITs	7.4% Investment Grade Bonds	-2.1% High Yield	8.6% Leveraged Loans	3.1% Leveraged Loans	5.3% High Yield	-16.2% Investment Grade Bonds	4.6% Public REITs
1.9% High Yield	-38.0% Public REITs	6.9% Investment Grade Bonds	10.1% Leveraged Loans	1.5% Leveraged Loans	9.7% Leveraged Loans	2.5% Public REITs	1.6% Leveraged Loans	-3.2% Investment Grade Bonds	8.5% Global Stocks	5.1% Public REITs	-4.6% Public REITs	6.8% Investment Grade Bonds	1.2% Private Real Estate	5.2% Leveraged Loans	-18.0% Global Stocks	4.2% Leveraged Loans
-16.8% Public REITs	-41.8% Global Stocks	-29.8% Private Real Estate	5.5% Investment Grade Bonds	-6.9% Global Stocks	4.3% Investment Grade Bonds	-2.6% Investment Grade Bonds	0.6% Investment Grade Bonds	-4.5% High Yield	2.1% Investment Grade Bonds	4.1% Leveraged Loans	-8.9% Global Stocks	5.3% Private Real Estate	-7.6% Public REITs	-4.7% Investment Grade Bonds	-24.5% Public REITs	2.0% Investment Grade Bonds

Past performance does not predict future returns. There can be no assurance any alternative asset classes will achieve their objectives or avoid significant losses. These indices have been selected as generally well-known and widely recognized indices and not as a benchmark for any specific fund. Source: Morningstar, as of December 31, 2022. Represents the annual returns for the respective calendar year, ranked in order of performance. The asset classes presented are based on the following indices: Cambridge US Private Equity Index for Private Equity; Cliffwater Direct Lending Index for Private Credit; NFI-ODCE Index for Private Real Estate; S&P 500 Index for US Stocks; Bloomberg US Corporate High Yield Index for High Yield; MSCI US REIT Index for Public REITs; Morningstar LSTA US Leveraged Loan Index for Leveraged Loans; Bloomberg US Aggregate Bond Index for Investment Grade Bonds.

(1) Total return is calculated over the period January 1, 2007 to December 31, 2022. Morningstar computes total return using the trailing quarterly returns for the appropriate time period. Please note that full 2023 Private Market performance data will not be available until end of H1 2024.

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Diversification helps you spread risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better. Neither diversification nor rebalancing can ensure a profit or protect against a loss.

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Fixed income yields are provided by Barclay's Capital based on the following sources: US Treasury, Barclay's Capital, FactSet, and JP Morgan Asset Management, and are represented by Brad Market, US Barclay's Capital Index, MBS, Fixed Rate MBS Index, Corporate, US Corporates, Municipals, Muni Bond Index, Emerging Debt, Emerging Markets Index, High Yield, Corporate High Yield Index. Treasury securities date for # of issues and market value based on US Treasury benchmarks from Barclay's Capital. Yield and return information based on Bellwethers for Treasury securities.

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