Investment Newsletter

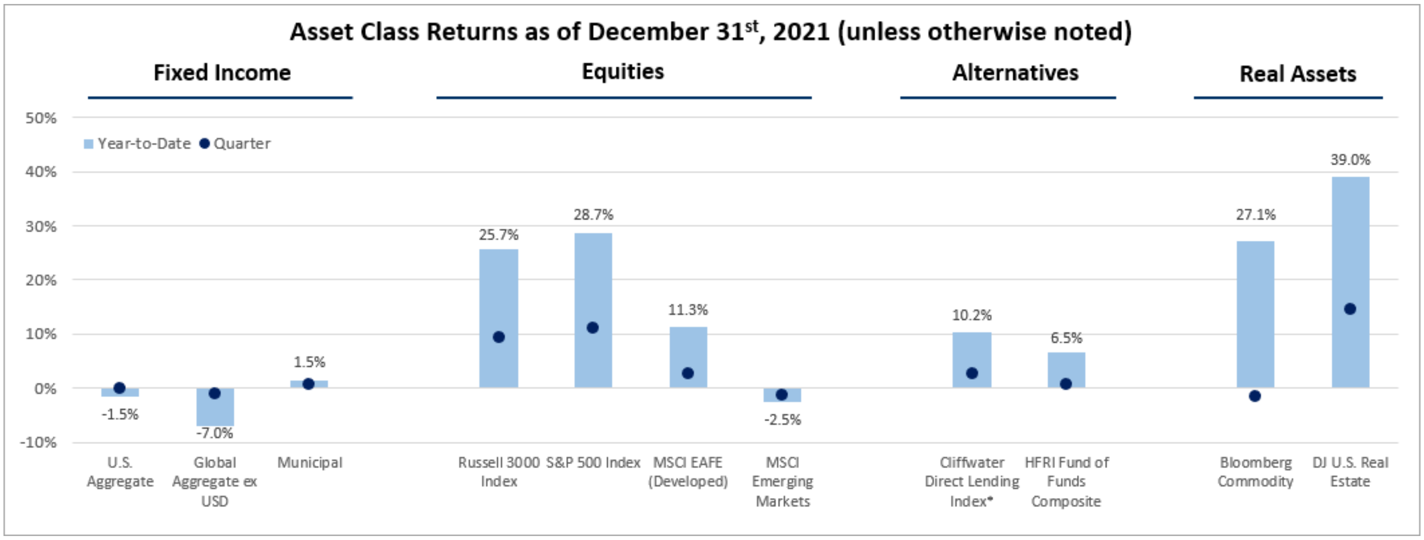
Year End 2021

Executive Summary

U.S. stocks once again dominated global investment markets in 2021, far surpassing other asset classes. It was a good year for risk-assets with equities, commodities, credit-sensitive bonds and hedge funds posting strong gains. As the recovery from the coronavirus pandemic gained momentum, shortages in labor and materials created supply bottlenecks that drove inflation to the highest level in 40 years. Spooked investors piled into inflation-sensitive assets such as real estate and high yielding sectors with the potential to generate positive returns net of inflation. Energy-related assets, including stocks and commodity futures, made a stunning comeback and were top performers in 2021 after experiencing substantial losses the prior year. On the other hand, safe-haven assets, including government bonds and gold, were weighed down by rising interest rates. Emerging markets also had a difficult year, reflecting the regulatory crackdown in China and greater challenges fighting COVID-19 compared to developed countries.

The economy has been growing at a rapid pace, but momentum is slowing. The Federal Reserve has clearly signaled that monetary stimulus will be pulled back over the coming year. The sharp spike in the inflation rate and the unanticipated persistence and breadth of higher prices is likely to force the Fed to stay the course. Similar actions from other central banks are expected to drive global rates higher which could dampen business activity. In the U.S., the massive fiscal stimulus enacted to protect consumers and businesses as economic activity ground to a halt, is ending and spending from the Biden administration to fund policy initiatives is likely to fall below expectations. High inflation, negative real wage gains and a smaller labor force may be a drag on consumer spending. In addition, the Omicron variant has not run its course and new variants may emerge to thwart economic activity. Heightened geopolitical tensions are also a concern. Although the economy and corporate earnings are expected to grow in the coming year, many forecasters are downgrading expectations.

After recent price gains, valuations are elevated across many asset classes, notably the U.S. stock market. While the rebound from COVID-19 is expected to continue, investment returns could be modest going forward. However, investors have tools at their disposal to improve financial outcomes. Tax strategies such as tax-loss harvesting and tax location can help maximize after-tax performance. There is also an unusually wide valuation dispersion within markets, providing opportunities to enhance returns through active management and thematic strategies. For investors that can tolerate less liquidity, alternative investment can provide levels of income and/or price return not available from stocks and bonds, sometimes with lower volatility. Finally, rising interest rates will eventually generate higher fixed income returns, although falling prices will initially be a headwind. High-quality fixed income remains an essential component of a diversified investment portfolio.



*Morningstar & Hedge Fund Research, Inc.; Bond indices from Bloomberg Barclays, * as of 9/30/2021*

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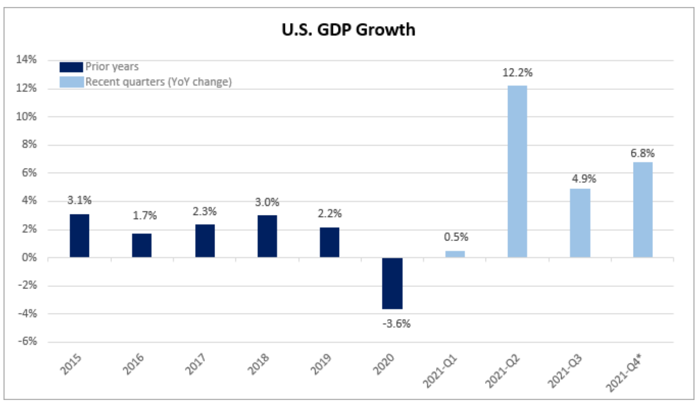
Economic Growth

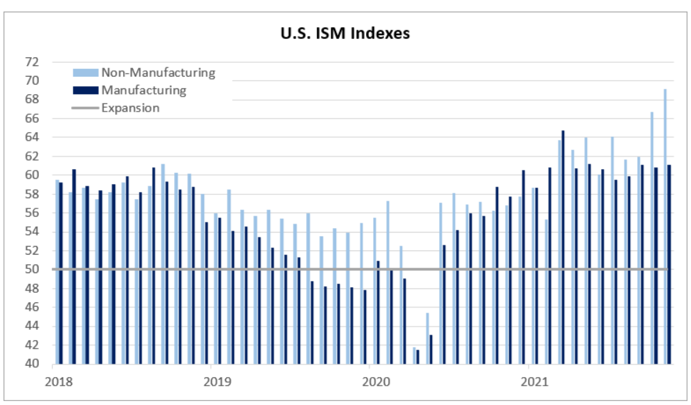
The global economy took large strides in its recovery over 2021. While the pandemic is still present, it has become more manageable through the extensive deployment of vaccines, a high level of natural immunity, and adaptations in lifestyles and how business is conducted. Although cases are currently surging due to the rapid spread of the Omicron variant, the pace of infection and lower severity could result in a higher peak but quicker surge. Last year's economic activity and growth levels reflected robust demand from the world reopening paired with a restocking of inventories. The economy is likely to continue its growth trajectory into 2022 as it evolves to the 'new normal', although new variants and other potential implications could cause bumps along the way. Higher inflation and subsequent Fed hiking could also contribute to volatility in both the path of the recovery and risk asset markets.

U.S. real output is on pace to exceed pre-pandemic levels within the next year indicating a full recovery from the pandemic-induced recession. The fourth quarter represented a strong pick-up in growth following a delta-variant induced slowdown over the summer. While the pace of the snapback was impressive, it's not without its hangovers. Unprecedented levels of government intervention, supply chain disruptions, and a shortage of workers have awoken inflationary pressures not seen in decades. These factors are likely to serve as near- and medium-term headwinds offsetting the heightened levels of growth to a degree. Looking out further, the economy should reach a more normalized level of growth closer to historical averages of around 2%. This will incorporate reduced monetary and fiscal policy, more stable supply chains and a (hopefully) even more subdued impact from the pandemic.



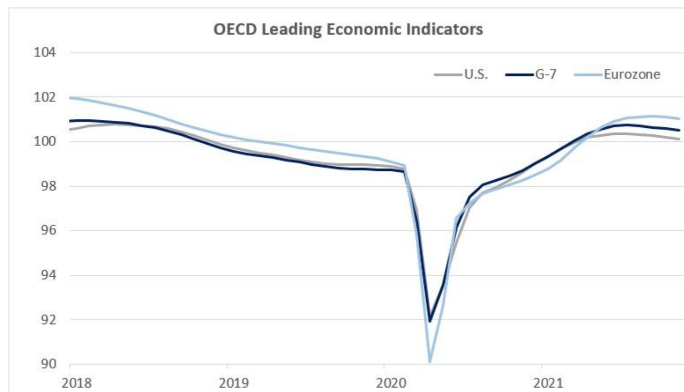
*U.S. Department of Commerce, *Atlanta Fed GDP Now Estimate SAAR*

Following GDP's decline in 2020 due to the pandemic, growth roared back in 2021 reflecting a rapid economic recovery partially fueled by massive levels of government assistance. Full-year 2021 GDP growth is likely to be in the mid-single-digit range before falling to more normal levels going forward.



Institute for Supply Management

Over 2021, the manufacturing ISM index was first to peak and rose to levels last seen in the 1980s. Over the fourth quarter, the non-manufacturing ISM Index soared to record levels, representing extensive pent-up demand for services and experiences. Although the manufacturing PMI has fallen in recent months, both indexes continue to be well into expansionary territory (above 50).



Organization for Economic Cooperation and Development

Leading economic indicators rose to pre-pandemic levels over much of 2021 following a swift bounce back from the depths of the recession. Recently, the slope has leveled off suggesting less growth momentum in the future.

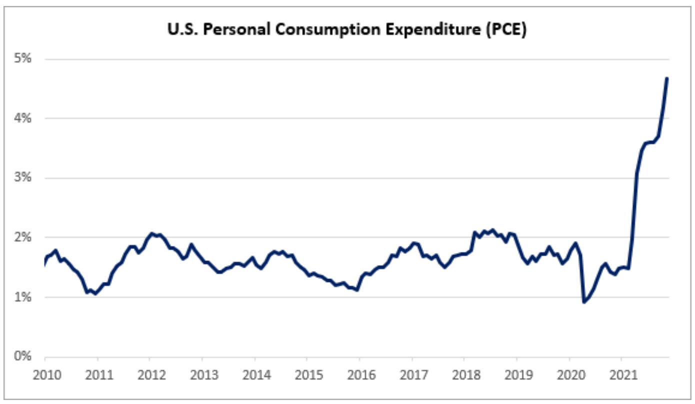
Citigroup

After declining during the third quarter, economic surprise indexes rose over Q4. These indexes, which are designed to measure the degree to which data is beating or missing expectations, show that U.S. and Eurozone data has largely come in ahead of consensus. EM data has been less encouraging, reflecting a slowdown in China and a strong U.S. Dollar.

Consumer

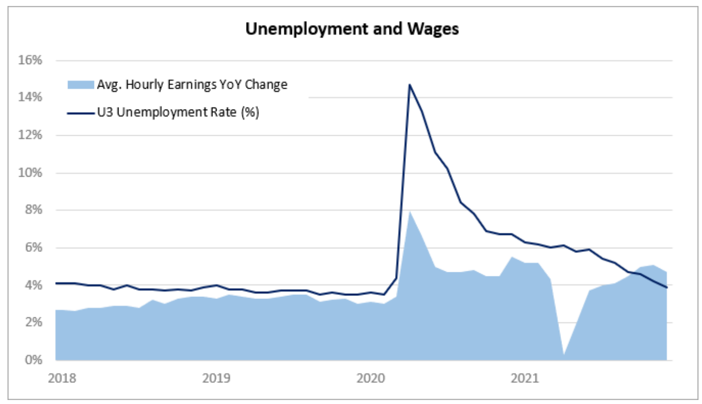
2021 was generally a good time to be a consumer. After a pandemic-induced spike in unemployment over 2020, the labor market came back with a vengeance. The U.S. unemployment rate started the year near 7% and ended just under 4%. While the economy has so far recovered around 80% of the jobs lost during the pandemic, labor market slack and wage growth paint a drastically different picture. A variety of factors including additional unemployment benefits, expensive and complicated childcare arrangements, and lingering health concerns have kept many from reentering the workforce restraining supply. The shortage in labor has started to cause a rare shift in the balance of power between employee and employer. This has so far translated to higher wages and in many cases, concessions to employees such as promotions and increased flexibility. Even with these added benefits, many employers are still struggling to find adequate staffing to maintain pre-pandemic levels of operation. Staffing shortages could translate to reduced economic output for the early months of 2022 although things should normalize further into the year.

Higher wages paired with government subsidies have fueled a large appetite for goods and services. This elevated demand has been met with supply constraints pushing prices higher and leading to inflation that might not be as transitory as initially thought. Despite large-scale price increases, consumer confidence steadily increased over the year, although there was some volatility mid-year reflecting the impact of the delta variant. Americans felt optimistic about the economy heading into the holiday season and there were early indicators that supply chain disruptions were easing before the impact of the Omicron variant was felt. In the near-term, COVID-19's impact is likely to continue being felt by businesses and consumers as millions of Americans have called out sick over the past several weeks.



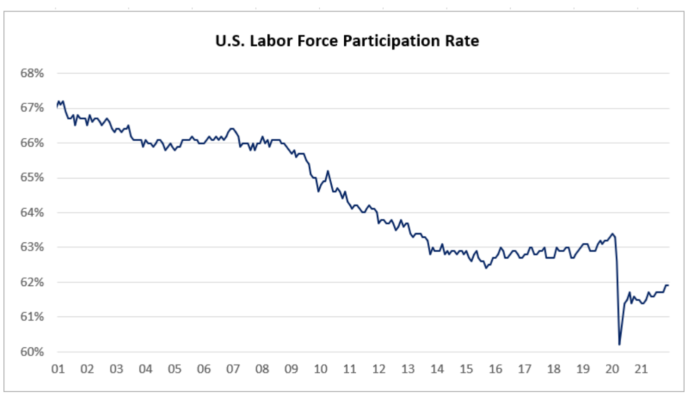
Bureau of Economic Analysis

The PCE Index represents the change in the prices of goods and services purchased by U.S. consumers. The Fed seeks a 2% annual increase in this index, but it has recently been averaging closer to 5% indicating much higher price inflation that the Fed targets.



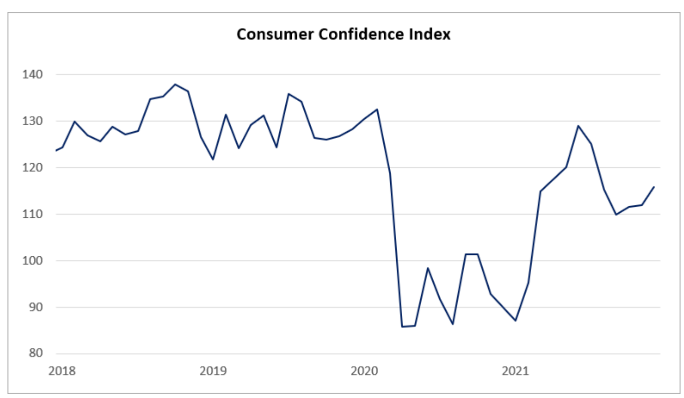
Bureau of Labor Statistics

The unemployment rate has made a miraculous recovery from pandemic highs near-15% to now being below 4%. While current levels are still above pre-pandemic readings, it doesn't fully represent the limited slack in the workforce which is possibly better portrayed by the level of robust wage growth.



Bureau of Labor Statistics

Referred to as the 'Great Resignation' or the 'Big Quit', Americans have been leaving their jobs at a historic pace. Although caused by a variety of factors, the result is a meaningful decline in the labor force participation rate and the dearth of labor supply forcing businesses to adapt how they operate.



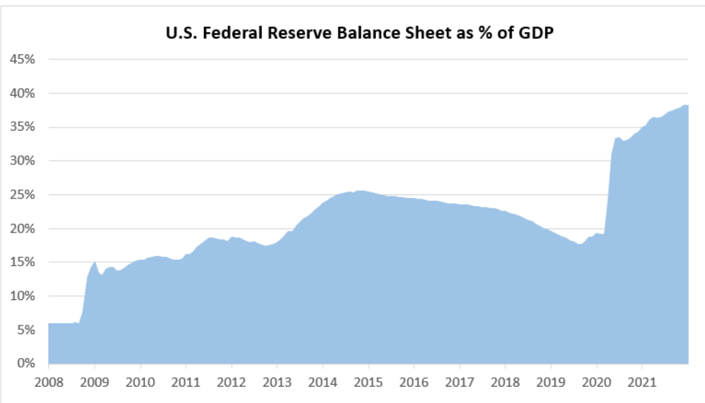
Conference Board

Consumer confidence rose throughout the year, although it settled below higher levels reached in the early summer. The increase is representative of the robust economic recovery, although it has the potential to be delayed or derailed by emerging coronavirus variants, most recently Omicron.

Government Policy

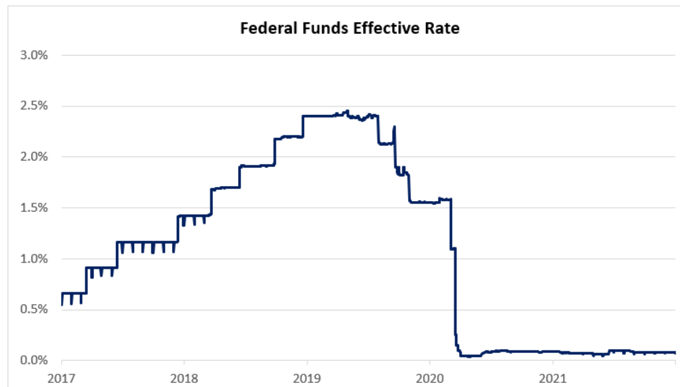
Government and central bank intervention have been a significant factor in the path of the post-pandemic recovery. Legislation passed over the past two years has added over $5 trillion to the economy and in some cases, vastly expanded the size and scope of the government. While the level of spending is likely to drop going forward, it has added considerable borrowing to the federal budget. The substantial injection of money and aid into the economy has also awoken long-tamed inflationary forces that pushed up consumer prices across the board. While supply chain disruptions and unusual demand activity are likely partially to blame, multi-decade high CPI readings have forced the Fed's hand to take faster action to readjust its policy stance relative to the level of economic growth.

The fourth quarter marked a notable shift in this transition. The Fed messaged its intent to both accelerate the pace of bond purchase tapering paired with the potential for three or more rate increases over 2022. The Fed also put forth the notion of reducing its balance sheet – another sign that the Fed is likely to be less dovish in the future. Notably, messaging is an important tool at the Fed's disposal as it retains the ability to pivot its path of policy adjustments based on how the economic recovery progresses. As it stands, less dovish messaging has already had meaningful ramifications across currency and asset markets. The expectation of higher rates has given the U.S. Dollar a significant advantage relative to other global currencies. This has translated to significant U.S. Dollar strength late into the year, pushing it to the strongest levels since mid-2020. Additionally, select U.S. Treasury yields reached their highest level since pre-pandemic which has reined in valuations of some of the most expensive areas of the stock and bond market.



Bloomberg

The Fed's balance sheet reached record highs in 2021, reflecting extensive monetary aid to bolster the economic recovery from the pandemic. These figures could represent the peak as the Fed started tapering in November and messaged the potential to shrink the size of its balance sheet in the future.

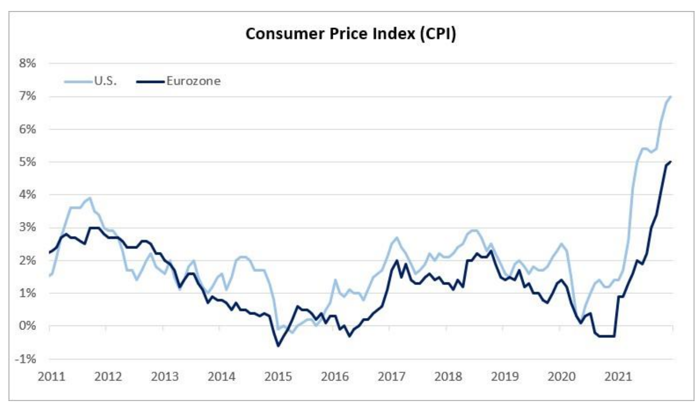


Board of Governors of the Federal Reserve System

Short-term rates have hovered near-0 for almost the past two years after they were initially dropped at the start of the pandemic. Recently, Fed Chair Powell has indicated that aggressive monetary stimulus is no longer necessary and it's time for rates to return to more normal levels.

Bloomberg

After initially surging during a flight to core reserve currencies at the start of the pandemic, the U.S. Dollar subsequently underwent a period of weakness through the remainder of 2020. Since then, expectations of rate increases have supported the dollar which is nearing pre-pandemic levels.



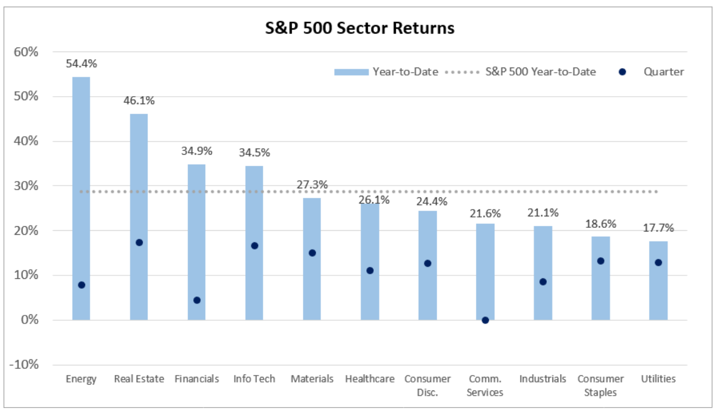
Bureau of Labor Statistics

U.S. inflation is at multi-decade highs reflecting substantial supply and demand imbalances across many areas of the economy. The notion that inflation is transitory has come into question as the impact of the pandemic could be enduring in some cases.

Equity Markets

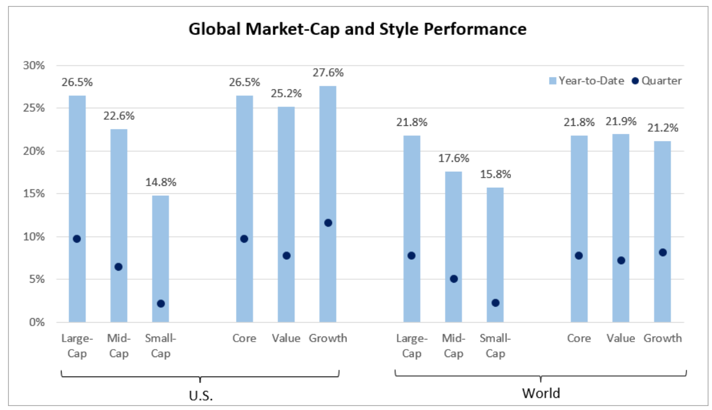
Relative to the volatility in the pandemic recovery, major U.S. large-cap indexes had a surprisingly calm and positive year. The S&P 500 Index rose nearly 30% in 2021, marking the third year in a row of positive S&P 500 performance. While mega-cap tech platform companies (Apple, Microsoft, Facebook, etc.) mostly had a strong year, index gains were more broad-based relative to 2020. This is reflected in the top-performing areas of the market which included energy, real estate, and financial stocks versus technology and consumer discretionary names. There was also less variance between the results of investment styles (growth, value, and core). An impressive earnings recovery was a key driver of stock performance and S&P earnings reached a fresh all-time high over the year. Powerful consumer demand and some productivity gains were both important contributors to higher earnings. In 2022, several of the powerful drivers of the recovery could contribute to negative overhangs for future growth. Hawkish Fed actions, inflationary pressures, and the potential for higher corporate taxes all have the potential to hamper positive momentum.

While headline U.S. large-cap index returns were impressive, they disguised a wider dispersion of returns in other areas of the market. This was seen even within the U.S. – where areas of the market such as small-cap growth stocks rose just shy of 3% over the year. International equities logged another year of relative underperformance. While developed international equities still rose over 10%, emerging market equities were negative. A stronger U.S. dollar and Chinese growth/regulatory concerns were key headwinds for emerging market equity performance. In many cases, earnings growth was still robust in 2021 for many non-U.S. markets contributing to a more compelling valuation landscape relative to most portions of the U.S. equity market.



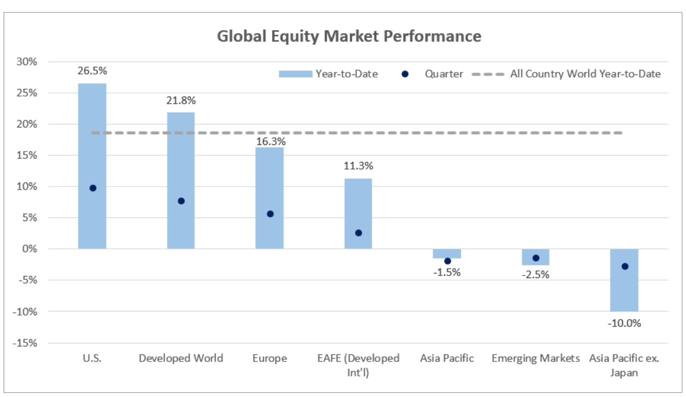
Bloomberg

Many of the worst-performing sectors in 2020 (energy, financials, real estate) were the top performers in 2021. This contributed to more broad-based gains across the S&P 500 Index. The shift in market leadership reflects the impact of higher interest rates and the slowing pace of the recovery.



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

U.S. large-cap equities were again one of the top-performing areas of the global equity market in 2021. The potential for disproportionate impact from the Omicron variant on smaller businesses weighed on small-cap stocks over Q4 and the year.



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

The U.S. was once again the top-performing equity market globally. Developed international equities also posted a double-digit gain, marking an impressive year. Emerging markets lagged reflecting a strong U.S. Dollar and Chinese growth/regulatory concerns.

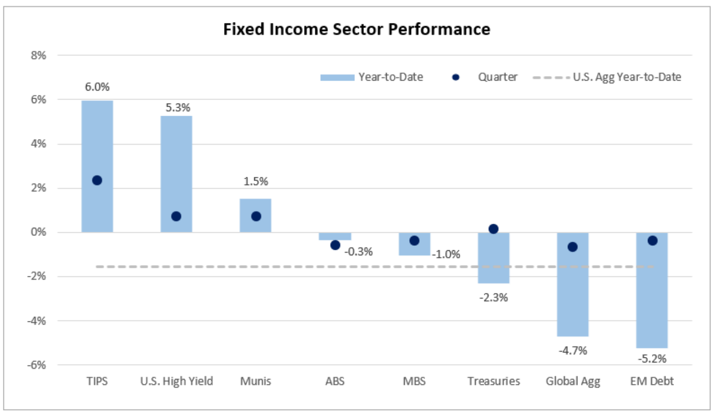
Bloomberg

Much of the strong equity market performance last year was driven by earnings growth. In the U.S., multiples compressed contributing to a slightly more encouraging valuation environment although U.S. stocks are still expensive relative to history. The valuation environment today, tends to be more encouraging internationally.

Fixed Income Markets

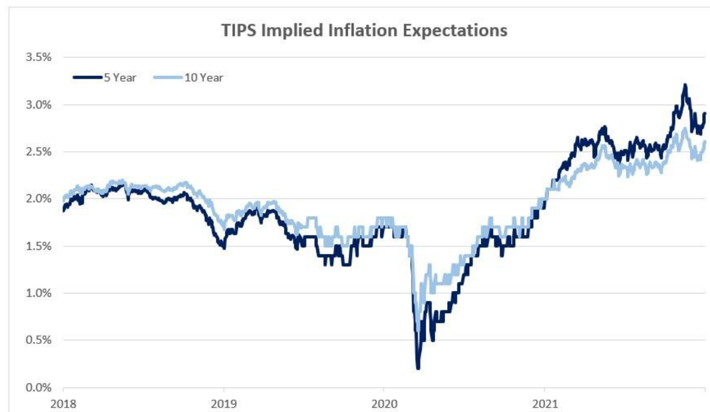
Given the expected interest rate hikes by the Fed over the next couple of years in tandem with the planned asset purchase tapering, a meager outlook awaits fixed income returns in the short-term while long-term performance seems more compelling. The benchmark U.S. Treasury 10-Year yield had an upward trajectory over the year, climbing from around 0.92% at the start to end at around 1.51% at year-end, after experiencing some volatility along the way. Despite the higher shift in Treasury yields on what will likely be the strongest pace of economic growth and inflation since the 1980s, interest rates remain near their lowest level in 60 years of recorded data since 1962. The overall yield curve flattened and shifted higher during the year given the strong growth forecasts as COVID-19 vaccines were rolled out to begin 2021. Additionally, a record amount of money flowed into taxable fixed-income funds and ETFs during the year, to the tune of $583 billion which far surpassed the previous record of $459 billion set in 2019. This also clearly demonstrates the resiliency of the asset class. After tightening throughout most of the year, investment-grade corporate credit spreads widened in the fourth quarter as the Omicron variant reduced investors' appetite for risk. According to Bloomberg indices, high yield spreads tightened in 2021 thanks to a strong economy and a solid underlying fundamentals. On the contrary, emerging market corporate credit spreads widened a bit, positioning their bonds to arguably be considered attractive relative to developed market bonds, albeit flush with added risk.

Municipal bonds saw record amounts of inflows, driven by expectations of higher tax rates and support from investors seeking safety and income. The AAA-rated municipal yield curve also shifted higher and flattened last year on expectations of strong growth and inflation. Like taxable funds, muni funds also saw 51 out of 52 weeks with net inflows resulting in more than $100 billion of new capital allocated to the asset class. Also, Congress passed the $1.2 trillion Infrastructure Investment and Jobs Act in the fourth quarter, which included $550 billion of new infrastructure spending that will be spread out for use over several years, likely impacting municipal bonds.



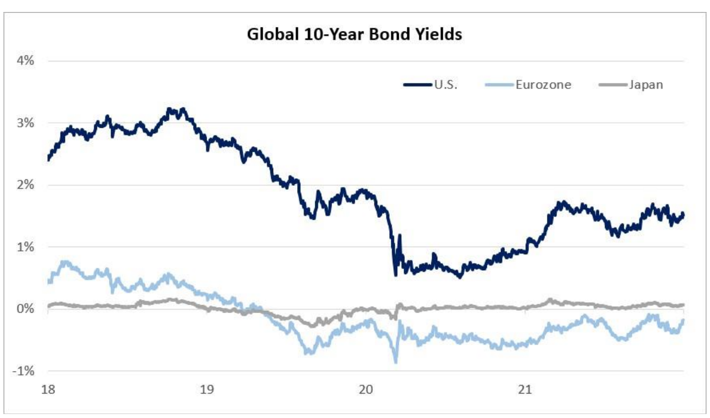
Bloomberg

Sector returns were mixed last quarter and year. Treasury Inflation-Protected Securities (TIPS) benefited from the spike in inflation readings while emerging market debt lagged due to the impact of higher rates and wider spreads.



Bloomberg

Medium- and long-term implied inflation expectations rose in 2021 as investors slowly accepted the fact that high inflation may be less transitory than originally thought. Regardless, the normalization of economic supply and demand should put a lid on rising inflation.



Bloomberg

The 10-Year U.S. Treasury yield rose around 60 bps, a large single-year move. Other developed markets yields remained in negative or near-zero territory. Because of this, U.S. debt appears quite attractive to foreign investors, namely Japan, given next to zero yields.

Barclays Capital

High-yield corporate bond spreads tightened over the full year despite a brief lapse in the fourth quarter following uncertainty brought on by Omicron. The broad tightening led to strong outperformance from the sector as the world sought to look past the pandemic.

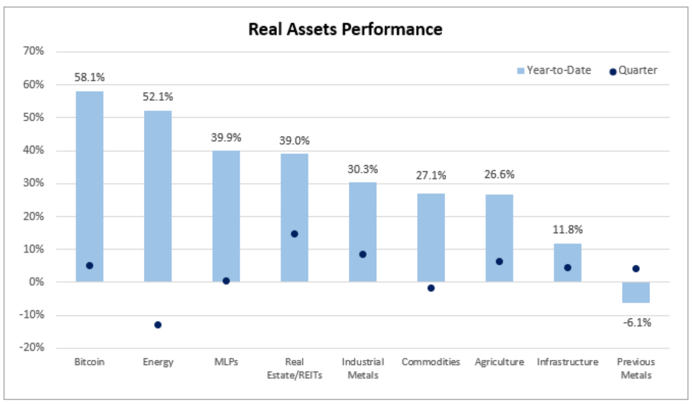
Real Assets

Real assets had a mostly positive 2021. Crude oil had a banner year after rising more than 55% due to higher global demand than supply. On the demand side, consumers resumed travel after some pandemic-related restrictions were loosened, which boosted demand for energy. However, on the supply side, constraints in production were mostly attributable to OPEC+ which had started cutting its oil production in mid-2020. Also, after a brief spike in February during a winter storm that strained natural gas production, prices subsided but still increased throughout the year overall. As a result, the prices of energy-oriented products rose.

Similarly, cryptocurrencies had a record year, which briefly surpassed $3 trillion in value in November but has since retreated proving the volatile nature of these types of investments. Bitcoin and Ether reached all-time highs while other coins surged in popularity. The verdict is still up in the air as to whether the asset class should be considered as part of some wealthy clients' overall asset allocation but the proposition has gained traction.

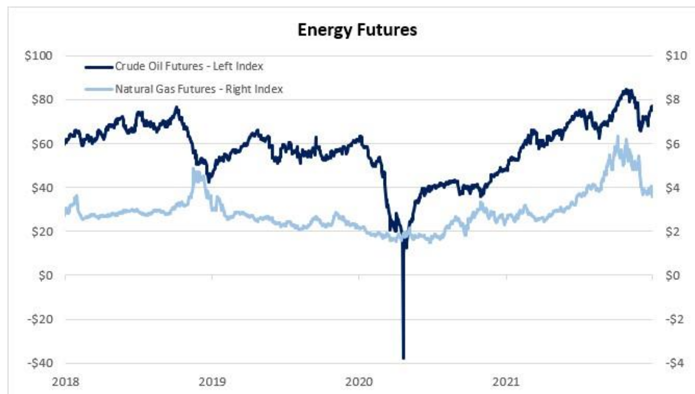
Real estate mortgage rates rose since their lows at the start of the year while residential real estate prices were pushed higher last year following strong demand. Supply chain issues and labor shortages limited the number of new homes that could be built as demand soared. In commercial real estate, cities are seeing signs of improved rental growth given an expected increase in employment levels. Flexible working arrangements and demand for enhanced technological skills will help to determine the outlook as people return to work amidst the pandemic.

An area that was under distress last year was precious metals. Most gold-oriented products declined as the forecasted accelerated pace of monetary tightening implied increased competition from yield-bearing assets. Hence, gold did not hedge against higher inflation very well over the year.



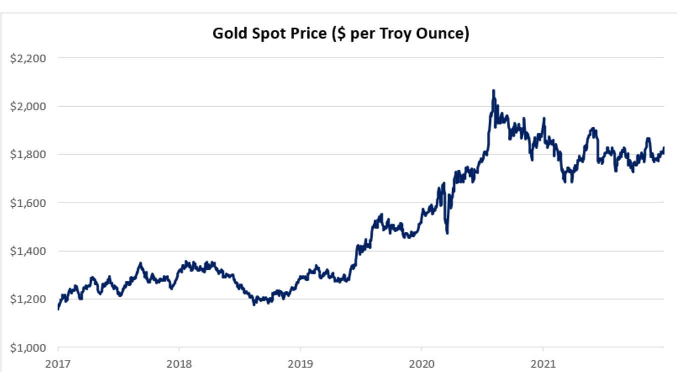
Bloomberg

Sectors' performance within real assets saw a wide dispersion due to the pandemic's effects and varying levels of supply/demand, albeit mostly positive as shown above. Nevertheless, they validated their positioning in some investors' portfolios.



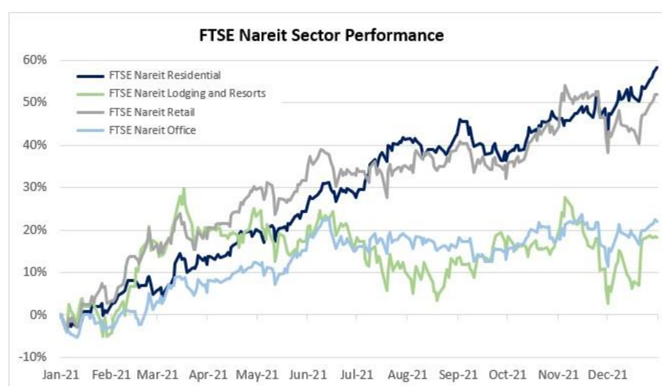
Bloomberg

Crude oil and natural gas futures' prices rose over the year but hit a speed bump in the fourth quarter as the count of Omicron cases escalated. The renewed consumer demand for travel and leisure drove oil prices higher while extreme weather events and demand for natural gas internationally caused its price increase.



Bloomberg

The price of gold declined last year as future demand for the precious metal was cloudy. Investors view the Federal Reserve's pledge to accelerate monetary tightening as likely detracting from the demand for gold.



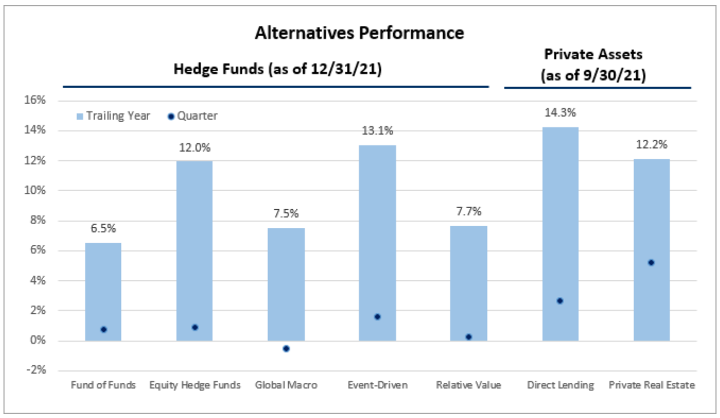
Nareit

Residential and retail real estate prices boomed for a few reasons including low mortgage interest rates and insatiable levels of demand. On the other hand, office and hospitality rose but to a lesser extent as the pandemic rages on.

Alternatives

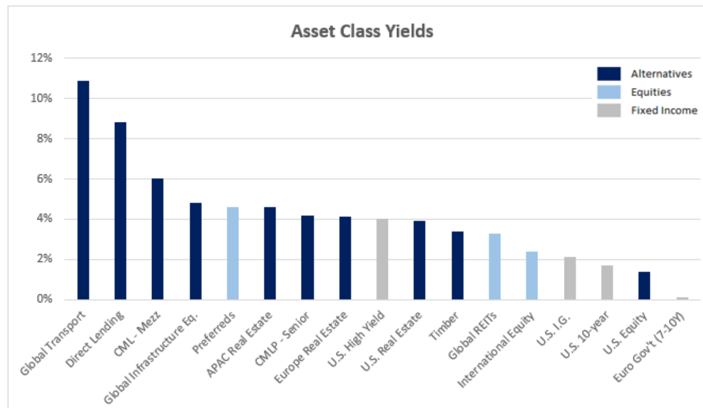
Hedge funds had a strong year, with one of the highest annual returns on record according to HFR, led by event-driven and equity hedge strategies. Activist managers and thematic strategies with exposure to energy and other commodities, cryptocurrencies and high yielding securities did particularly well. While directional strategies saw the largest gains for the year, low beta idiosyncratic strategies proved their diversification benefit during bouts of market volatility. Event-driven strategies benefited from the healthy supply of distressed debt and improving M&A environment. Dispersion over the past year has been unusually high. The spread between the top and bottom decile funds exceeded 50%, highlighting the importance of manager selection.

In private markets, deal activity and fund raising has bounced back from the sharp drop during the early months of the coronavirus crisis with direct lending accounting for a growing share. Private companies have experienced a similar rebound in profitability as their public counterparts during the economic recovery, particularly in the industrial and technology sectors. The dislocation and innovation in many emerging businesses has created a compelling opportunity set for growth-oriented private equity investments. Private equity exit activity has been robust. IPOs and secondary transactions have grown in volume while strategic acquisitions, which have historically dominated exit activity, have waned. Investor demand for SPAC IPOs, as well as high yield debt, has been a tailwind for the private equity and credit markets. Credit dispersion, while at historically low levels, has made the private credit universe more robust than public bond markets. In private real estate, strong demand and improving fundamentals have driven rental income and valuations higher. Annual rental growth is now above the pre-COVID growth rate, surpassing 6%.



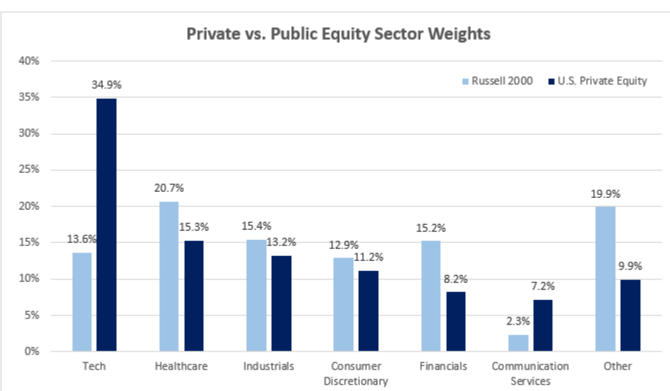
Bloomberg and Hedge Fund Research, Inc. (HFRI)

Hedge funds posted strong returns across all major strategies for the year, led by activist managers and thematic approaches such as energy. Private real estate experienced the largest gain in 15 years, but the return disparity was exceptionally wide with industrial and multi-family properties sharply outperforming retail and hospitality. Strong fundamentals and rising rates buoyed direct lending.



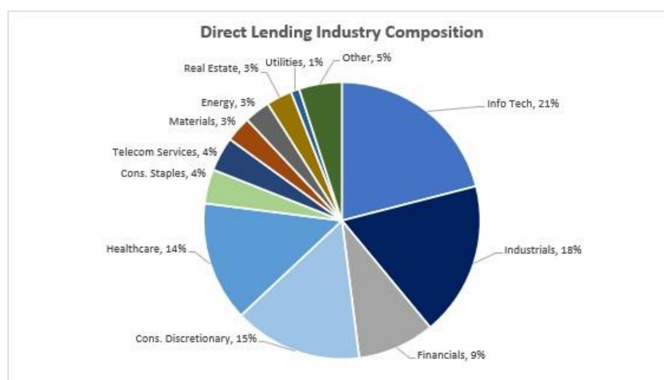
JPMorgan Asset Management as of 11/30/2021

Income-oriented alternative investments such as credit and real estate offer very attractive yields as well as price stability relative to public markets. One of the highest yielding investments, direct lending, benefits from rising interest rates as floating rate loans reset. Rising valuations have dampened yields in some alternative asset classes such as private real estate, just like their public market counterparts.



JPMorgan Asset Management as of 11/30/2021

The private and public equity markets have very different sector exposures, creating diversification opportunities for investors. Private equity has a higher weight in growth-oriented sectors such as technology that are benefiting from long-term trends including the rise of the digital economy. Emerging industries such as clean energy are also benefiting from access to private capital.



JPMorgan Asset Management as of 11/30/2021

Direct lending to middle market companies has greatly expanded over the past several years, filling a void as bank lending has been scaled back. Although growth-oriented sectors such as technology account for a large portion of private loans, the universe of private borrowers has become more diversified across issuers and industries.

Capital Market Returns

	Quarter	Trailing Year
Cash and Fixed Income		
U.S. Treasury Bills	0.0%	0.0%
Bloomberg Barclays U.S. Aggregate Bond	0.0%	-1.5%
Bloomberg Barclays Municipal Bond	0.7%	1.5%
Bloomberg U.S. Treasury Inflation-Link Bond	2.4%	6.0%
Bloomberg Barclays Global Aggregate ex. USD	-1.2%	-7.0%
Bloomberg Emerging Markets Tradeable Debt	-0.4%	-5.2%
Real Assets		
Bloomberg Commodity	-1.6%	27.1%
DJ U.S. Real Estate	14.6%	39.0%
S&P Global Infrastructure Index	4.6%	11.8%

	Quarter	Trailing Year
U.S. Equity		
S&P 500	11.0%	28.7%
Russell 3000	9.3%	25.7%
Russell 2000	2.1%	14.8%
International Equity		
MSCI ACWI ex. U.S.	1.6%	8.5%
MSCI EAFE (Developed)	2.7%	11.3%
MSCI Emerging Markets	-1.3%	-2.5%
Alternatives		
HFRI Fund of Funds Composite	0.8%	6.5%
Cliffwater Direct Lending Index*	2.7%	14.3%
NCREIF Property Index*	5.2%	12.2%

*Morningstar and Hedge Fund Research, Inc. (HFRI), * as of 9/30/2021*

Disclaimer

This commentary was written by Craig Amico, CFA®, CIPM®, Associate Director of Investment Management, Noreen Brown, CFA®, Chief Wealth Strategist and Steven Melnick, CFA®, Associate Director of Investment Management at Summit Financial, LLC., an SEC Registered Investment Adviser ("Summit"), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. 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 Barclays 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 Barclays 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 Barclays 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 Barclays 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. 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