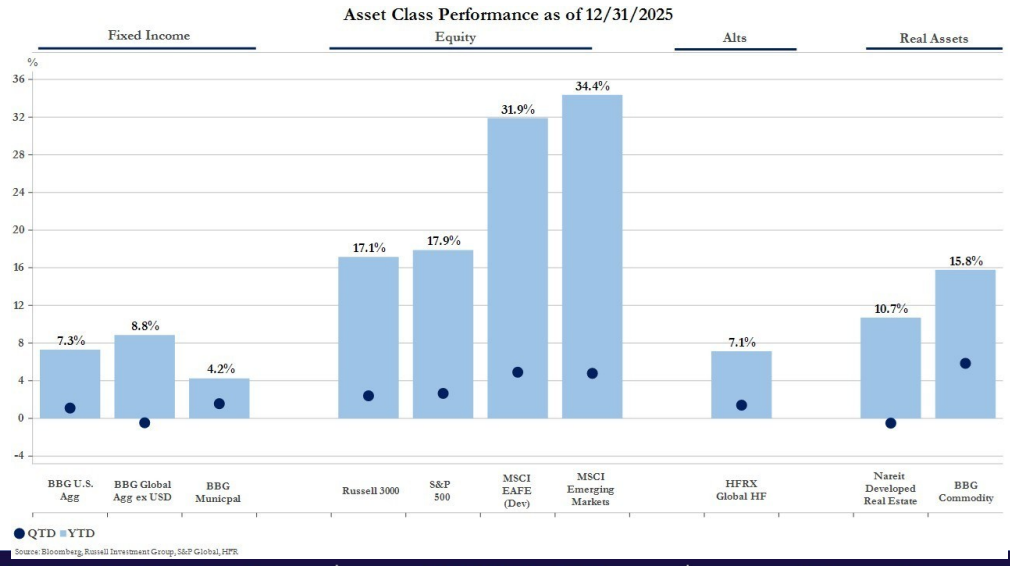
ARMSTRONG ADVISORS
SUMMIT FINANCIAL, LLC

2025 Year End Investment Newsletter

Key Takeaways

- 2025 was another productive year for investment assets despite intermittent volatility, marking a third straight year of double-digit U.S. equity gains. Fixed income also played a key role in supporting diversified portfolio returns.
- After years of underperformance, international equities stood out in 2025, with developed and emerging markets up over 30% in USD terms. A weaker dollar helped, but local market strength was equally impressive.
- Artificial intelligence dominated 2025, attracting massive attention and capital. Progress is rapid, but implications for work and life are unfolding in real time. Bubble concerns persist, though excesses remain concentrated rather than widespread.
- Gold and other precious metals had a breakout year, posting gains that outshined cryptocurrencies. While unresolved sovereign debt issues support ownership, these assets lack clear valuation drivers, making long-term strategic positions questionable.
- For bond investors, yields outside the long end have fallen as central bank actions ease inflation fears. Lower rates and tight spreads have normalized opportunities in high-quality fixed income, though pockets of value, such as municipals, persist.
- Private market results were also compelling in 2025, although at times lagged public market equivalents given their tendency to over- or underreact. Given aforementioned dynamics in public markets, the rationale for a strategic allocation to private markets remains alive and well.
- Domestically, the economy has taken on a K-shaped form: higher-income households benefit from rising incomes and asset prices, while lower-income cohorts face stagnation and declining real purchasing power.
- This two-speed dynamic helps to explain the disconnect between headline data and consumer sentiment, which is near historic lows despite GDP growth, inflation, and employment remaining supportive.
- 2025 brought no shortage of domestic policy volatility from tariffs to a government shutdown. Both tested the resiliency of the U.S. economy and contributed to investment asset value turbulence, but were unable to fully derail an otherwise resilient economy.
- The Fed delivered several policy rate adjustments (three 0.25% cuts in 2025), bringing the policy rate closer to a neutral level of 3.50-3.75%. Boundaries around the central bank's political independence continue to be called into question as Fed Chair Powell faces potential criminal prosecution over renovation costs of its headquarters.
- Geopolitical instability is rising and likely to stay elevated, most recently highlighted by Venezuelan President Maduro's capture. Exogenous shocks in 2026 could trigger sharp market swings, reinforcing the case for broad diversification.
- With 2025 now closed, focus shifts to the road ahead where risks skew higher. U.S. equities trade at elevated valuations and near-record concentration levels after several strong years. International valuations have also risen but remain more reasonable, supporting global exposure.
- Despite pockets of heightened volatility, several years of sustained, supportive investment asset returns potentially paves a rockier path for the future. While the opportunity set skews in favor of caution, predicting the timing and path of future market performance is often a fool's errand suggesting proper liquidity management paired with an appropriate strategic asset allocation is the best predictor of future successful outcomes.



Economy

As we close out 2025, the U.S. economy stands at a crossroads marked by resilience and divergence. Growth has stayed above trend, supported by robust AI investment, wealth effects, and a more accommodative policy stance. Yet beneath the surface, the labor market has softened, with payroll growth slowing and unemployment at 4.4%. This moderation reflects supply-side constraints like tighter immigration and demand-side pressures from tariffs and cautious hiring, highlighted by 50,000 jobs being added in December, meaningfully below the 70,000 consensus estimate.

Inflation remains a concern, with core PCE expected to hover above 3% into early 2026, driven by services inflation and tariff pass-through effects. While the Fed has cut rates by 175 basis points since September 2024, bringing the policy rate to 3.50-3.75%, the path forward is uncertain. The hawk-versus-dove debate will likely persist, especially with a new Fed chair expected mid-2026. Fiscal policy, notably the One Big Beautiful Bill Act, has shifted from headwind to tailwind, supporting growth and aiding lower-income households through tax cuts and initiatives to make housing more affordable.

Manufacturing continues to face headwinds with activity remaining in contraction territory for much of 2025. The ISM Manufacturing PMI has struggled to break above 50 into expansion, reflecting higher input costs, supply chain disruptions, and cautious sentiment. While some stabilization is evident, new orders and employment remain subdued. Uneven tariff impacts have raised costs for import-reliant industries, also adding to a cautious outlook.

Consumer confidence tells a tale of two economies. High-income households remain resilient, buoyed by wealth effects from rising equity and housing markets, while lower-income consumers face affordability challenges. Despite these pressures, aggregate consumption has held up, supported by fiscal measures and a robust labor market for skilled workers. Surveys suggest sentiment among lower-income cohorts remains fragile, but the gap with higher-income groups may shrink in 2026 as policy focuses on housing affordability and energy costs.

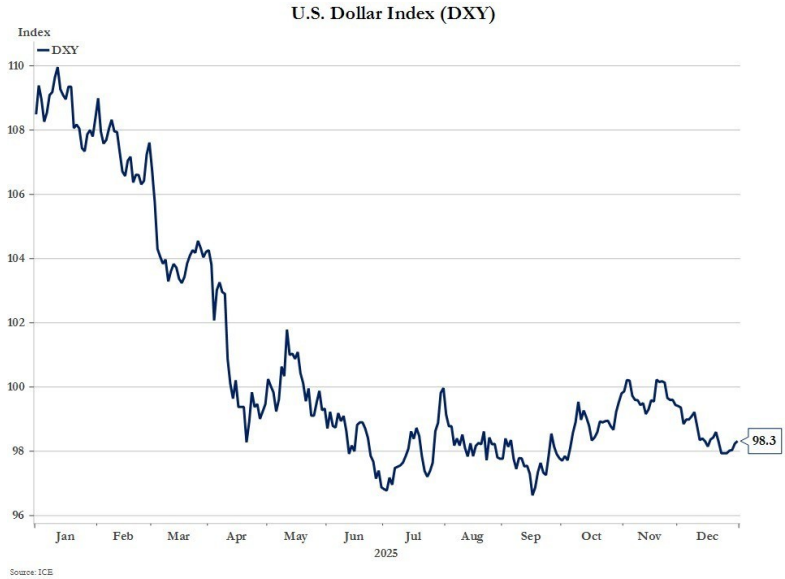
Financial conditions eased modestly in late 2025, with lower rates and improved credit availability supporting markets. The Fed's accommodative stance has stabilized funding markets, though volatility persists amid policy debates. Liquidity should stay supportive into 2026, providing a tailwind for risk assets, but investors should remain vigilant as midterm elections and global uncertainties could spark volatility.

The recent U.S. military operation in Venezuela captured headlines but had a muted impact on oil markets. Crude prices remained mostly stable as participants assessed limited changes to supply. Over the longer term, Venezuelan oil output remains uncertain, requiring several years of significant investment to restore infrastructure.

Despite these challenges, several tailwinds should support the economy in 2026. AI and digital infrastructure investment should drive productivity and business formation. Supportive monetary and fiscal policies, including lower rates and targeted relief, could sustain spending and improve confidence, while wealth effects and labor market stabilization should bolster demand. Key risks that warrant investor attention include persistent inflation, further deterioration within labor markets, and geopolitical tensions that could disrupt supply chains and financial conditions. While these warrant caution, the outlook is constructive, indicating potential for steady growth.

DXY declines in 1H25, Remains Rangebound in 2H

- The U.S. dollar index (DXY) fell roughly 9% in 2025, reflecting slower growth, rising fiscal deficits, and shifting capital flows from trade policy and rate differentials.
- While the dollar's reserve currency status remains intact, its decline boosted returns on non-U.S. assets but raised import prices and added inflationary pressure at home.
- If the Fed continues cutting rates, the dollar may stay under pressure, especially if other central banks maintain a more hawkish stance.
- However, if the Fed holds a tighter stance than peers, U.S. growth outpaces international growth, or geopolitical uncertainty drives safe-haven demand, DXY could see renewed strength in 2026.



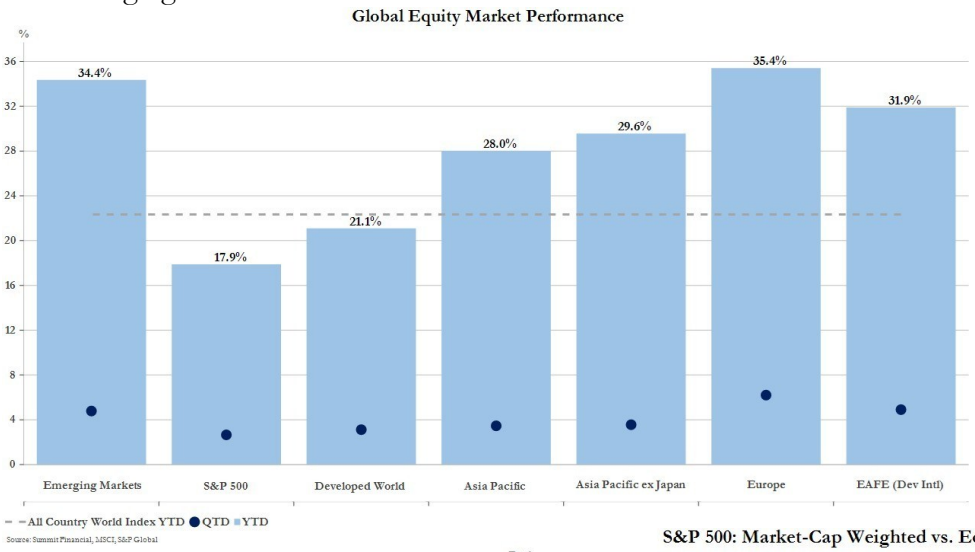
Equity Markets

Global equity markets delivered impressive results in 2025, building on several years of strong performance. The S&P 500 returned ~18%, marking a third straight year of double-digit gains. International markets outpaced the U.S., with the MSCI World Index rising 21.1% and the MSCI EAFE Index, which tracks developed markets outside North America, climbing 31.9%. Emerging markets were a highlight, as the MSCI Emerging Markets Index jumped 34.4%, its best year since 2009 and the first time it surpassed U.S. equities since 2017.

In the fourth quarter, the S&P 500 rose 2.7% despite stagflation concerns and renewed tariff threats weighing on sentiment. International equities performed better, with the MSCI World Index up 3.1% and the MSCI EAFE Index advancing 4.9%. Emerging markets continued to show strength, returning 4.8% for the quarter.

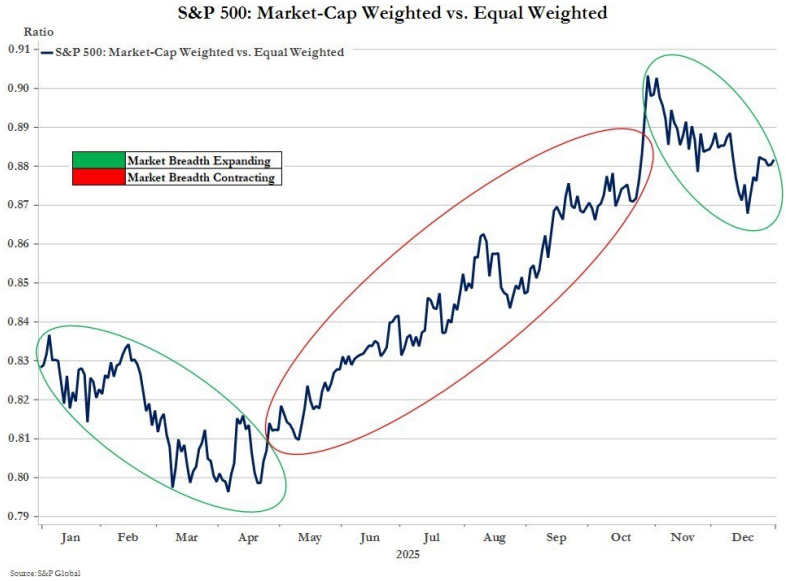
U.S. equities benefited from strong earnings, especially from technology leaders, reflecting the ongoing impact of cloud computing, artificial intelligence, and digital advertising. Market breadth improved, and European stocks surged, particularly in bank-heavy indices such as the FTSE 100. Emerging markets were supported by lower local interest rates, higher earnings growth, attractive valuations, and a weaker U.S. dollar. However, trade tensions, rising bond yields, and technology sector losses late in the year tempered overall enthusiasm and led to a more cautious outlook.

Looking to 2026, public equities face both promising opportunities and notable risks. The artificial intelligence supercycle is expected to drive record capital expenditures and rapid earnings growth, supporting U.S. and emerging market equities, while Europe may benefit from fiscal stimulus and improving credit conditions. However, investors should remain cautious as escalating tariffs, trade tensions, and geopolitical instability could challenge markets. Stretched technology valuations, persistent inflation, high global debt, and political uncertainty in major economies add to the risk landscape. Despite these headwinds, the market enters 2026 with solid momentum and supportive structural trends, but vigilance will be essential across both developed and emerging markets.



U.S. Equity Market Breadth Improves in Q4

- Market breadth improved as gains broadened beyond the AI-driven mega-cap leaders, with sectors like industrials and financials contributing meaningfully to Q4 performance.
- Small- and mid-cap stocks also outpaced large caps, benefiting from easing inflation and lowers rates, signaling healthy participation across the capitalization spectrum.
- Despite widening breath, the S&P 500 remains highly concentrated versus its history, making diversification across geographies and market caps a key consideration for 2026.



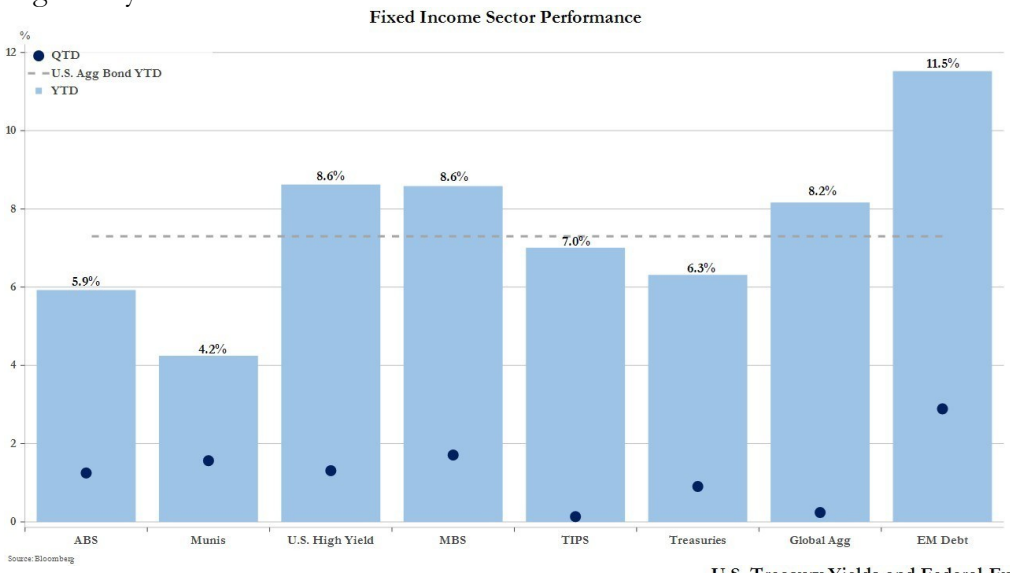
Fixed Income Markets

U.S. fixed income delivered modest returns in 2025 but underperformed emerging markets as U.S. debt levels and lingering policy uncertainties remained in focus. A weaker dollar provided an additional tailwind for EM, reducing debt-servicing costs for sovereigns and corporates while supporting commodity prices that fueled growth.

Spreads briefly widened in April but have since normalized. Investment-grade spreads ended the year near 80 bps, with high yield around 300 bps, suggesting credit risk is not currently a major concern within debt markets. Corporate fundamentals remain stable, with leverage and interest coverage improving as base rates declined. Refinancing activity accelerated as the year progressed, and while funding costs remain above pre-2022 levels, they are still manageable for issuers. Demand for high-quality fixed income remains strong, reflected in consistent inflows and healthy market activity. Default rates stayed low, reinforcing the view that credit is not signaling stress.

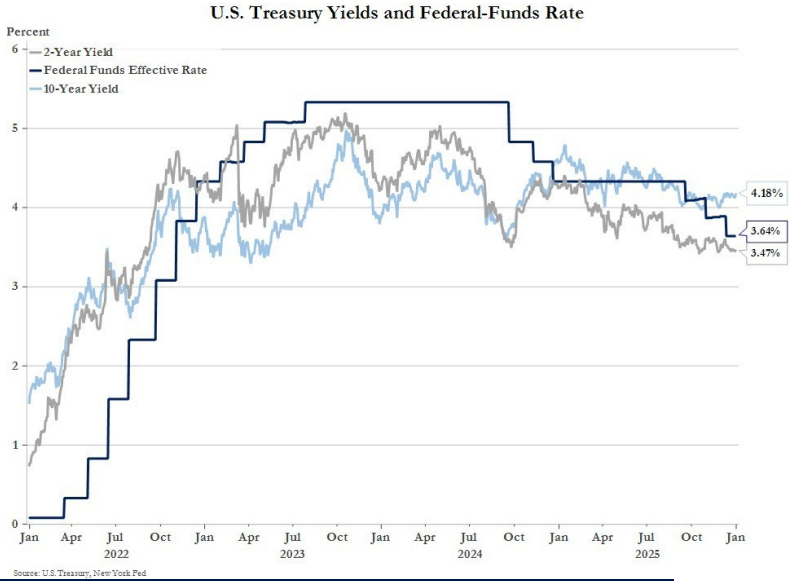
Municipals faced a challenging start to 2025, but conditions improved meaningfully later in the year. Heavy issuance, elevated valuations, and renewed debate over tax-exempt status drove early volatility. Those pressures have since eased, with valuations resetting to more attractive levels and inflows rebounding. The passage of President Trump's OBBBA removed a major overhang by preserving the tax-exempt status of municipals. With supply normalizing and investor demand returning, the sector enters 2026 with a more constructive backdrop.

Looking ahead, the policy landscape is far from settled. President Trump has signaled a preference for additional rate cuts, but the Federal Open Market Committee remains divided. Chair Powell's term ends in May, and his successor could adopt a more aggressive stance on easing. Until then, the Fed has indicated that it does not see an urgent need for further reductions and will remain data dependent in its decision-making. This dynamic introduces an element of uncertainty that markets will be watching closely as 2026 unfolds.



Fed to Remain Data Dependent in 2026

- The Fed cut the fed funds rate by 75bps to a target range of 3.50-3.75% in 2025, as inflation concerns faded and labor market conditions weakened.
- The current rate is now at the upper end of the Fed's neutral rate estimate, and therefore, additional rate cuts in 2026 will be highly data dependent.
- According to futures pricing, the market is expecting no rate cuts until June and one additional rate cut in September, with a total of two rate cuts in 2026.
- During December's FOMC press conference, Chair Powell stated that rate hikes are no longer in anyone's base case and that they will act according to upcoming labor market developments.



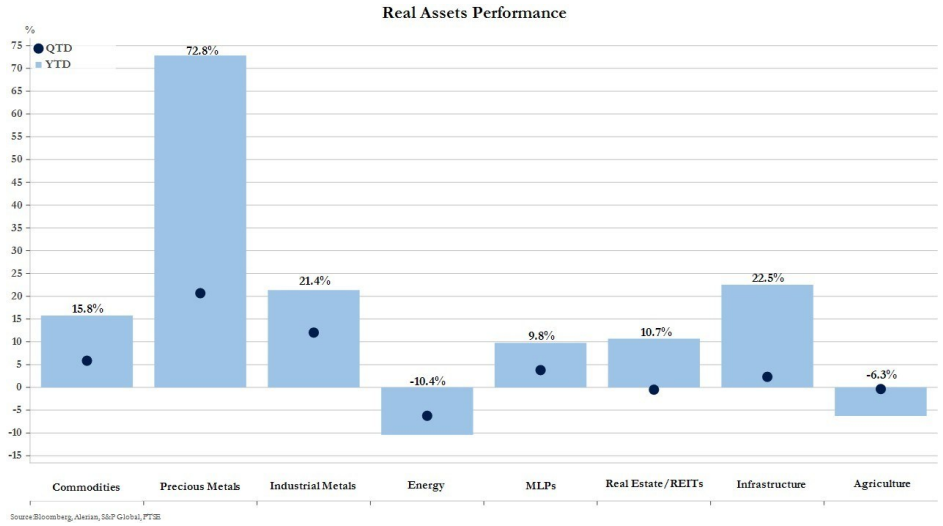
Real Assets

Led by precious metals, real assets delivered strong results in 2025 despite negative returns within agriculture and energy. The year was characterized by supply disruptions, shifting demand dynamics, and evolving macroeconomic conditions that created distinct winners and losers across the asset class. Industrial metals finished strong, advancing 12.0% in Q4 to finish the year up 21.4%, benefiting from mine disruptions and tariff concerns in key markets. MLPs and commodities also delivered strong 2025 results, advancing 9.8% and 15.8%, respectively.

Despite being down in Q4, real estate posted a solid 10.7% return for 2025. The U.S. housing market continues to face severe supply constraints, with millions of homes needed to close the gap after years of underbuilding. President Trump has initiated steps to address the imbalance, including proposals to ban large institutional buyers and expand mortgage bond purchases to lower rates. Industrial REITs underperformed in the first half due to excess supply and trade policy uncertainty, but rebounded in the second half as trade tensions eased. Strong demand for industrial and logistics assets, as well as resilient transport volumes, helped to bolster returns.

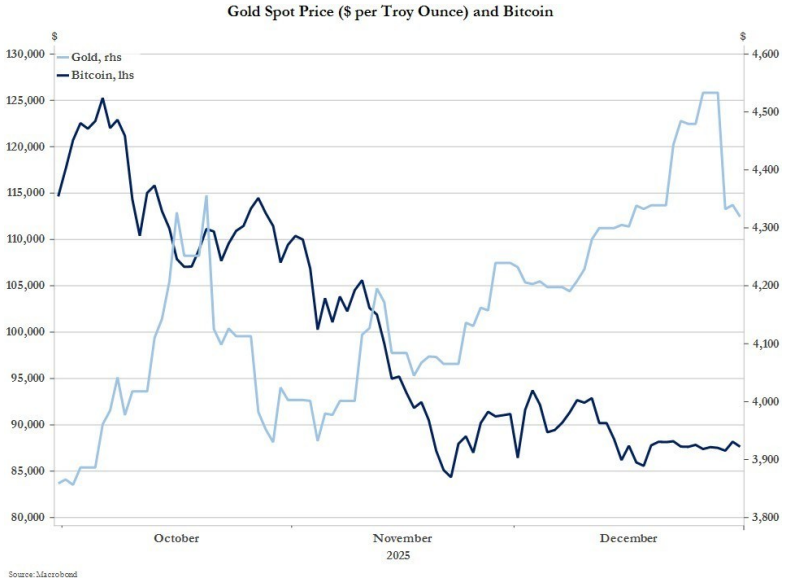
Infrastructure delivered a robust 22.5% gain in 2025 as the AI revolution moved beyond software into the physical realm, fueling unprecedented electricity demand from data centers and accelerating power grid modernization. This strength was reinforced by a strategic rotation toward infrastructure's resilient cash flows, offering investors a critical hedge against persistent inflation and macroeconomic uncertainty throughout the year.

Agriculture struggled in 2025 as commodity prices broadly weakened, while energy was the largest drag, declining -6.2% in Q4 to finish at -10.4% for the year. Economic and geopolitical headwinds softened global oil demand and outlooks suggest more of the same in the first half of 2026, though some strategists feel that natural gas may be a bright spot. The U.S. intervention in Venezuela is likely to add to supply, though the amount, timing, and level of investment needed remain in question.



Gold Continues Rally as Bitcoin Decouples

- Despite giving back some ground late in the year, gold soared in 2025, climbing approximately 65% to finish above $4,300 per ounce. This marked its strongest rally since 1979 and was driven by central bank buying, trade volatility, global tensions, and multiple Fed rate cuts.
- Precious metals broadly delivered strong performance in 2025 as silver posted impressive gains supported by industrial demand and investor interest, while platinum and palladium also advanced on supply constraints and resilient automotive sector demand.
- After briefly topping $126,000 in October, the price of Bitcoin dropped through year-end as it decoupled from traditional stores of value amid regulatory shifts and trade uncertainty.



Alternatives

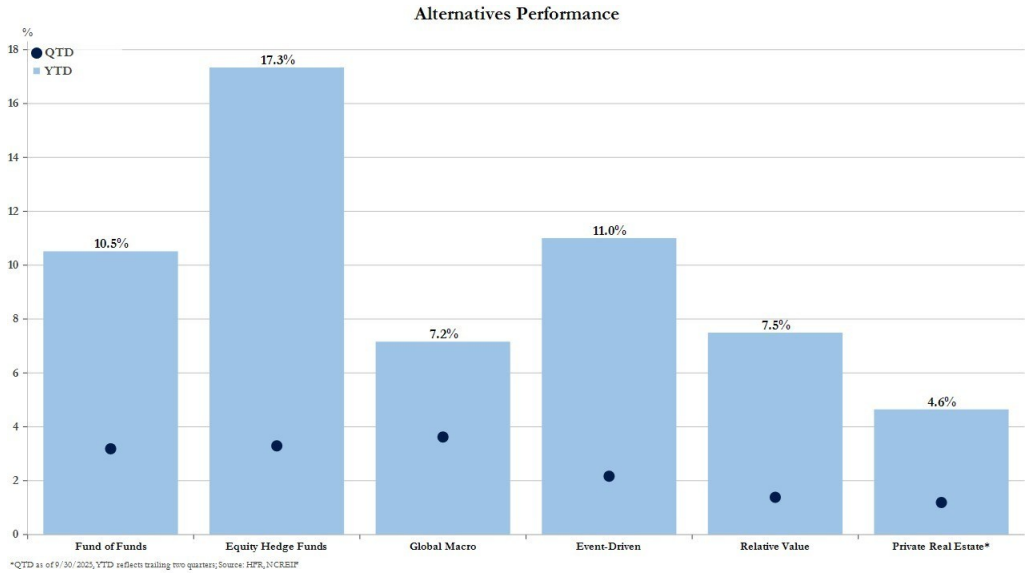
After a prolonged stretch of muted dealmaking and constrained exits, optimism is returning within private equity. This rebound is fueled by a more favorable operating environment, improving M&A activity, and the transformative impact of AI. According to Pitchbook, over half of PE-backed portfolio companies now have active AI initiatives driving efficiency and growth. Elevated valuations and limited liquidity have remained headwinds, likely tempering new investments, while higher interest rates and geopolitical uncertainty added pressure throughout 2025. At the same time, tailwinds such as easing inflation, stabilizing credit markets, and strong operational performance, specifically in technology and healthcare, supported a modest recovery in deal flow. The pace of exits, sustainability of AI-driven performance, and crowding in certain sectors as 2021–2022 deals approach monetization remain key risks. Looking ahead to 2026, expectations center on gradual normalization in fundraising and exit activity, with AI integration continuing to differentiate winners, though competition for quality assets and macro volatility should keep selectivity high.

Private credit continued its climb in 2025, with global fundraising reaching $220B+, up over 3% from 2024. Investor appetite remains strong, particularly among individuals accessing semi-liquid vehicles which continue to see impressive inflows. Yields are compelling, with first lien loans expected to deliver 8–9% in 2026 despite spread compression. Robust fundamentals, declining defaults, and improving EBITDA coverage underpin resilience, though credit quality, sector concentration, and a "higher for longer" M&A cycle shifting supply-demand dynamics will likely remain key risks throughout 2026. While several high-profile bankruptcies made headlines in 2025, the asset class overall remains healthy, and widespread defaults are not considered likely in the near-term.

Real assets demonstrated resilience in 2025 with real estate beginning to recover as valuations stabilized, yields peaked, and NAVs improved while fundraising through September kept pace with 2024 levels. Lower interest rates are expected to support deployment and continued recovery in 2026, though uneven regional trends, rate volatility, and evolving preferences remain significant headwinds. Infrastructure maintained strong momentum driven by digitalization, electrification, and the energy transition with data centers and renewable energy assets leading performance. U.S. data centers alone are projected to add more than 50 gigawatts of power demand by 2028 reinforcing investment opportunities, though disciplined asset selection will be key as geopolitical uncertainty and evolving regulations persist.

Hedge funds delivered strong returns in 2025 as macro strategies and long/short equity funds benefited from tariff-related market volatility, with periods of sharp price swings creating opportunities for skilled managers. This environment underscored the effectiveness of both fundamental analysis and quantitative models in capturing alpha during rapidly shifting market conditions.

Looking ahead to 2026, selectivity and diversification will be paramount as dispersion across asset classes and strategies widens. Policy uncertainty around tariffs and interest rates will shape market outcomes, while the pace of AI adoption and its influence on earnings, financing, and valuations will remain a defining theme. Persistent inflation and fragile labor dynamics add complexity, and geopolitical and regulatory risks, particularly in infrastructure and real estate, underscore the need for disciplined asset selection.



Growth	12/31/2025	9/30/2025
GDP Growth	5.1%*	4.3%
U.S. Leading Economic Indicator (YoY%)	Exp. 1/21/26**	-3.3%
Unemployment Rate (%)	4.4%	4.4%
Initial Claims (Weekly as of 12/26/25, thousands)	200.0	224.0
Industrial Production (YoY%)	2.5%***	1.9%
Consumer Confidence	52.9	55.1
ISM Manufacturing Index	47.9	49.1
ISM Non-Manufacturing Index	54.4	50.0
Retail Sales (YoY%)	3.5%**	4.2%
Building Permits (mil)	1.41**	1.42

Inflation	12/31/2025	9/30/2025
Headline CPI (YoY)	2.7%	3.0%
Core CPI (YoY)	2.6%	3.0%
Core PCE (YoY)	Delayed	2.8%
Forward Breakeven Inflation Expectation (5-year)	2.4%	2.3%

*GDP Now estimate as of 1/12/2026
**As of 10/31/2025, data delayed due to government shutdown
***As of 11/30/2025
Source: Bloomberg and Federal Reserve Bank of Atlanta

Market Sentiment	12/31/2025	9/30/2025
MOVE Index	64.0	77.9
VIX Index	15.0	16.3
National Financial Conditions Index (NFCI)	-0.55	-0.53

Rates & Credit Conditions	12/31/2025	9/30/2025	10-Year Average
3-M U.S. Treasury	3.6%	3.9%	2.2%
10-YR U.S. Treasury	4.2%	4.2%	2.7%
Spreads over 10-YR U.S. Treasuries (bps)			
U.S. Corporate Investment Grade	65	66	114
U.S. Corporate High Yield	236	255	394
U.S. Municipal	-57	-49	-14

Federal Reserve Economic Projections	2025	2027	2028
Real GDP (YoY%)	2.0%	2.1%	2.0%
PCE Price Index (YoY%)	2.6%	2.6%	2.2%
Core PCE (YoY%)	2.8%	2.7%	2.2%
Unemployment %	4.3%	4.5%	4.3%

Definitions

Term	Definition
CBOE Volatility Index (VIX)	The CBOE Volatility Index (VIX) reflects the market's real-time expectation of 30-day forward-looking volatility. It is created by the Chicago Board of Options Exchange (CBOE).
National Financial Conditions Index (NFCI)	The Chicago Fed's National Financial Conditions Index (NFCI) provides a comprehensive weekly update on U.S. financial conditions in money markets, debt and equity markets, and the traditional and "shadow" banking systems
Consumer Confidence Index	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.
Consumer Price Index	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.
Core Inflation	Core Inflation is a measure of economic inflation that excludes food and energy
Headline Inflation	Headline Inflation is a measure of the total economic inflation that includes food and energy prices
ISM Manufacturing Index	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.
ISM Non-Manufacturing Index	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.
Leading economic indicators (LEI)	Leading economic indicators (LEI) are statistics that precede economic events. They predict the next phase of the business cycle.
Merrill Lynch Option Volatility Estimate Index (MOVE Index)	The MOVE index, or Merrill Lynch Option Volatility Estimate Index, is a gauge of interest rate volatility in the U.S. Treasury market. It is calculated from options prices, which reflect the collective expectations of market participants about future volatility. The index measures the implied volatility of U.S. Treasury options across various maturities
OECD Composite leading indicators (CLIs)	The OECD Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend
Personal Consumption Expenditures Price Index (PCE)	Personal Consumption Expenditures Price Index (PCE) is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior
The Federal Funds Rate	The Federal Funds Rate is the target interest rate range at which commercial banks borrow and lend their excess reserves to each other overnight, which is set by the Federal Open Market Committee (FOMC)
Treasury Bill (T-Bill)	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
U-3 unemployment rate	The U-3 unemployment rate is the most commonly reported rate in the United States, representing the number of unemployed people actively seeking a job
United States Industrial Production	United States Industrial production refers to the output of industrial establishments and covers sectors such as mining, manufacturing, electricity, gas and steam and air-conditioning. This indicator is measured in an index based on a reference period that expresses change in the volume of production output
Consumer Sentiment	Consumer Sentiment is represented by The University of Michigan Consumer Sentiment Index which rates the relative level of current and future economic conditions.
Building Permits	Building Permits measures the change in the number of new building permits issued by the government. Building permits are a key indicator of demand in the housing market.
Retail Sales	Retail sales are an economic metric that tracks consumer demand for finished goods. This figure is a very important data set as it is a key monthly market-moving event. Retail sales are reported each month by the U.S. Census Bureau and indicate the direction of the economy.
Industrial Production	Industrial production refers to the output of industrial establishments and covers sectors such as mining, manufacturing, electricity, gas and steam and air-conditioning. This indicator is measured in an index based on a reference period that expresses change in the volume of production output.
Initial Claims	Initial claims refers to the government report on the number of workers applying for unemployment benefits for the first time following job loss.
U.S. Dollar Index (DXY)	The U.S. Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

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Label	Index	Index Description
U.S. Agg	Bloomberg U.S. Aggregate Bond Index	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).
Global Agg ex USD	Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is a flagship measure of global 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.
Municipal	Bloomberg Municipal Bond Index	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.
Russell 3000	Russell 3000 Index	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. It 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 included.
S&P 500	S&P 500 Index	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.
MSCI EAFE (Dev)	MSCI EAFE Index	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.
MSCI Emerging Markets	MSCI Emerging Markets Index	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.
HFRI FoF Comp.	HFRI Fund of Funds Composite Index	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.
Nareit Developed Real Estate	FTSE EPRA/NAREIT Developed Index	The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITS worldwide. Index constituents are free float-adjusted, subject to liquidity, size, and revenue screening for inclusion.
BBG Commodity	Bloomberg Commodity Index	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. The roll period typically occurs from the 6th-10th business day based on the roll schedule.
Developed World	MSCI World Index	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.
Asia Pacific	MSCI AC Asia Pacific Index	The MSCI AC Asia Pacific Index captures large and mid cap representation across 5 Developed Markets countries and 8 Emerging Markets countries in the Asia Pacific region. With 1,537 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
Asia Pacific ex Japan	MSCI AC Asia Pac ex. Japan	The MSCI AC Asia Pacific ex Japan Index captures large and mid cap representation across 4 of 5 Developed Markets countries (excluding Japan) and 9 Emerging Markets countries in the Asia Pacific region. With 1,312 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
Europe	MSCI Europe Index	The MSCI Europe Index captures large- and mid-cap representation across developed markets countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe.
Comm. Services	S&P 500 Communication Services	The S&P 500® Communication Services comprises those companies included in the S&P 500 that are classified as members of the GICS® communication services sector.
Info Tech	S&P 500 Information Technology	The S&P 500® Information Technology comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.
Consumer Disc.	S&P 500 Consumer Discretionary	The S&P 500® Consumer Discretionary comprises those companies included in the S&P 500 that are classified as members of the GICS® Consumer Discretionary sector.
Industrials	S&P 500 Industrials	The S&P 500® Industrials comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector.
Materials	S&P 500 Materials	The S&P 500® Materials comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.
Energy	S&P 500 Energy	The S&P 500® Energy comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.
Real Estate	S&P 500 Real Estate	The S&P 500® Real Estate comprises those companies included in the S&P 500 that are classified as members of the GICS® Real Estate sector.
Financials	S&P 500 Financials	The S&P 500® Financials comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.
Consumer Staples	S&P 500 Consumer Staples	The S&P 500® Consumer Staples comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.
Health Care	S&P 500 Health Care	The S&P 500® Health Care comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector.
Utilities	S&P 500 Utilities	The S&P 500® Utilities comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.
ABS	Bloomberg US Asset-Backed Securities Index	The Bloomberg US ABS Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index only includes ABS securities.
U.S. High Yield	Bloomberg U.S. Corporate High-Yield Index	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.
MBS	Bloomberg U.S. Mortgage-Backed Securities Index	The Bloomberg Mortgage-Backed Securities Index tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon, and vintage.
TIPS	Bloomberg U.S. Treasury Inflation Notes 1-10 Year Index	The Bloomberg U.S. Treasury Inflation Notes 1-10 Year Index measures the performance of the U.S. Treasury Inflation-Protected Securities (TIPS) market with less than 10 years to maturity. TIPS are inflation-protected bonds (IPBs) that are issued by the U.S. Treasury. Their face value is pegged to the CPI and adjusted in step with changes in the rate of inflation.
Treasuries	Bloomberg U.S. Treasury Index	The Bloomberg U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.
EM Debt	Bloomberg Emerging Markets Tradeable Debt Index: Total Return	This index measures the performance of emerging market debt on a total return basis

Label	Index	Index Description
Precious Metals	Bloomberg Precious Metals Subindex	Formerly known as Dow Jones-UBS Precious Metals Subindex (DJUBSPR), the index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on gold and silver. It reflects the return of underlying commodity futures price movements only and is quoted in USD.
Industrial Metals	Bloomberg Industrial Metals Subindex	Formerly known as Dow Jones-UBS Industrial Metals Subindex (DJUBSIN), the index is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of underlying commodity futures price movements only. It is quoted in USD.
Energy	Bloomberg Energy Subindex	Formerly known as Dow Jones-UBS Energy Subindex (DJUBSEN), the index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return of underlying commodity futures price movements only and is quoted in USD.
MLPs	Alerian MLP Index	The Alerian MLP Index is a float-adjusted, capitalization-weighted index whose constituents earn most of their cash flow from midstream activities involving energy commodities. It tracks energy infrastructure Master Limited Partnerships (MLPs).
Real Estate/REITs	FTSE EPRA/NAREIT Developed Index	The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITS worldwide. Index constituents are free float-adjusted, subject to liquidity, size, and revenue screening for inclusion.
Infrastructure	S&P Global Infrastructure Index	The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities.
Agriculture	Bloomberg Agriculture Subindex	Formerly known as Dow Jones-UBS Agriculture Subindex (DJUBSAG), the index is a commodity group subindex of the Bloomberg CI. It is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return of underlying commodity futures price movements only and is quoted in USD.
Fund of Funds	HFRI Fund of Funds Composite Index	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.
Equity Hedge Funds	HFRI Equity Hedge Index	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.
Global Macro	HFRI Macro Index	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.
Event-Driven	HFRI Event-Driven Index	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.
Relative Value	HFRI Relative Value Index	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.
Private Real Estate	NCREIF Property Index	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.
U.S. Large Cap	Russell 1000 Index	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.
U.S. Mid Cap	Russell Midcap Index	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.
U.S. Small Cap	Russell 2000 Index	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.
U.S. Core	Russell 1000 Index	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.
U.S. Value	Russell 1000 Value Index	The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
U.S. Growth	Russell 1000 Growth Index	The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
International Large Cap	MSCI All Country World ex. U.S. Index	The MSCI All Country World ex U.S. Index captures large- and mid-cap representation across developed and emerging markets countries, excluding the U.S. The index covers approximately 85% of the global equity opportunity set outside the U.S.
International Mid Cap	MSCI All Country World ex. U.S. Mid Cap Index	The MSCI ACWI ex USA Mid Cap Index captures mid cap representation across 22 Developed Markets (DM) and 24 Emerging Markets (EM) countries*. With 1,208 constituents, the index covers approximately 15% of the free float-adjusted market capitalization in each country.
International Small Cap	MSCI All Country World ex. U.S. Small Cap Index	The MSCI ACWI ex USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries*. With 4,263 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.
International Core	MSCI All Country World ex. U.S. Index	The MSCI All Country World ex U.S. Index captures large- and mid-cap representation across developed and emerging markets countries, excluding the U.S. The index covers approximately 85% of the global equity opportunity set outside the U.S.
International Value	MSCI All Country World ex. U.S. Value Index	The MSCI ACWI ex USA Value Index captures large and mid cap securities exhibiting overall value style characteristics across 22 Developed and 24 Emerging Markets countries*. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.
International Growth	MSCI All Country World ex. U.S. Growth Index	The MSCI ACWI ex USA Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 22 Developed Markets (DM) countries and 24 Emerging Markets (EM) countries*. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.