



OLYMPUS

WEALTH MANAGEMENT®

Quarterly Investment Commentary

Third Quarter 2021

Highlights

- Inflation is showing signs of slowing down.
- There is potential for a temporary economic slowdown due to bottlenecks, shortages, and transportation.
- The S&P 500 TR was up 0.58 % in Q3 and 15.92% YTD (as of 9/30/21).¹
- The MSCI EAFE NR was down -0.45% in Q3 and up 8.35% YTD (as of 9/30/21).¹
- The MSCI EM NR was down -8.09% in Q3 and down -1.25% YTD (as of 9/30/21).¹
- Broad commodities continue to be one of the best performing asset classes in 2021.
- Investors should consider their options for generating income.
- We continue to see opportunities within private equity, private debt, and private real estate.

																	2006 - 2020	
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	Ann.	Vol.	
REITs	EM Equity	Fixed Income	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	Comdty.	Large Cap	EM Equity	
35.1%	39.8%	5.2%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	29.1%	9.9%	23.3%	
EM Equity	Comdty.	Cash	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	REITs	Small Cap	REITs	
32.6%	16.2%	1.8%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	21.6%	8.9%	23.1%	
DM Equity	DM Equity	Asset Alloc.	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Large Cap	High Yield	Small Cap	
26.9%	11.6%	25.4%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.3%	18.4%	15.9%	7.5%	22.6%	
Small Cap	Asset Alloc.	High Yield	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	REITs	DM Equity	
18.4%	7.1%	-26.9%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	12.4%	7.1%	19.1%	
Large Cap	Fixed Income	Small Cap	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	DM Equity	EM Equity	Comdty.	
15.8%	7.0%	-33.8%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	8.8%	6.9%	18.8%	
Asset Alloc.	Large Cap	Comdty.	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	Asset Alloc.	Asset Alloc.	Large Cap	
15.3%	5.5%	-35.6%	21.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	8.7%	6.7%	16.7%	
High Yield	Cash	Large Cap	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	DM Equity	High Yield	
13.7%	4.8%	-37.0%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.7%	5.0%	12.2%	
Cash	High Yield	REITs	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	Fixed Income	Asset Alloc.	
4.8%	3.2%	-37.7%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	4.5%	11.8%	
Fixed Income	Small Cap	DM Equity	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	EM Equity	Cash	Fixed Income	
4.3%	-1.6%	-43.1%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.0%	1.2%	3.2%	
Comdty.	REITs	EM Equity	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	Fixed Income	Comdty.	Cash	
2.1%	-15.7%	-53.2%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-1.6%	-4.0%	0.8%	

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2005 to 12/31/2020. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

Guide to the Markets - U.S. Data as of September 30, 2021.

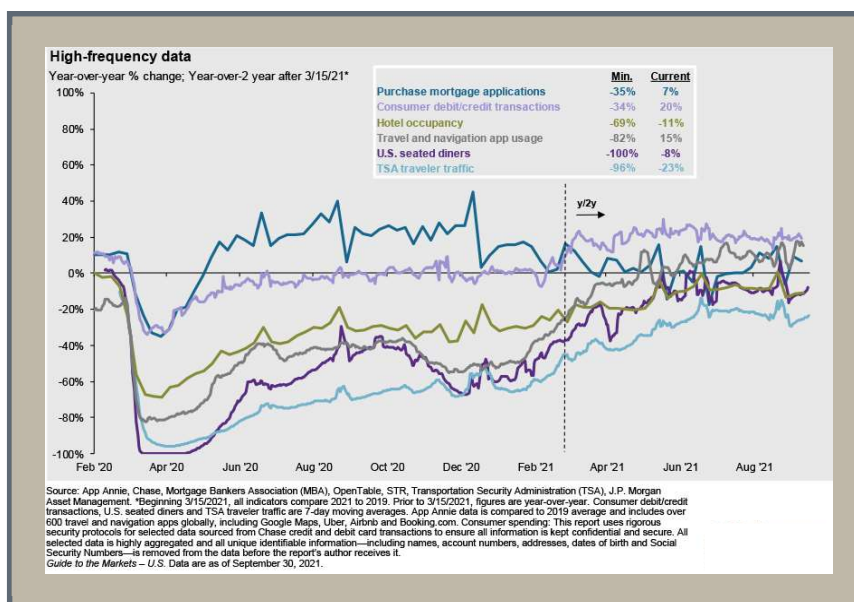
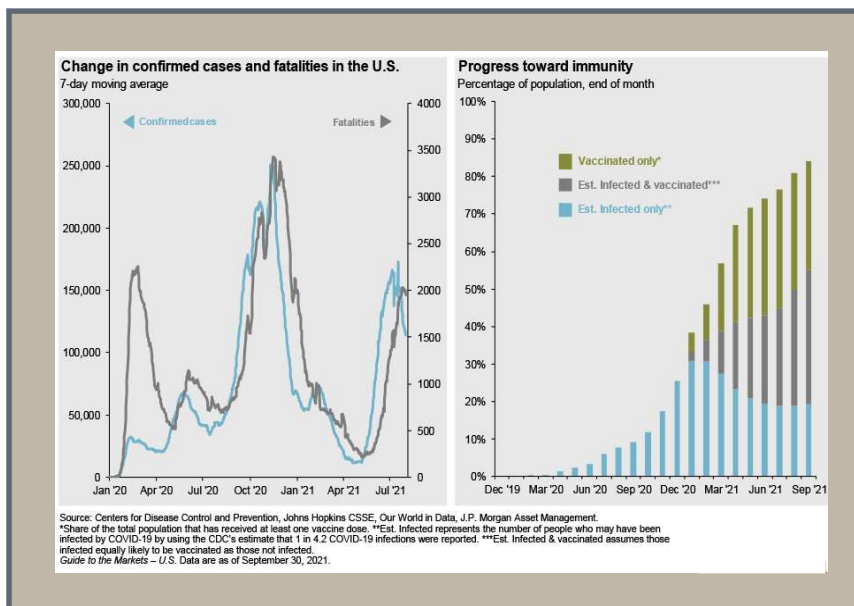
Economy

With nearly 85% of Americans vaccinated, infected or both, COVID related fatalities have approached the tragic initial fatality rates of Q1 2020.

Breakthrough COVID cases appear to be surging, represented by the gray bar in the chart on the right, but businesses and individuals around the world are figuring out how to pivot, adapt and evolve to function in this new paradigm. This adaptation is not without growing pains, as headlines are plentiful about bottlenecks, shortages in raw materials, shortages in components, shortages in workers, and shortages in transportation.

We continue to monitor economic data, and the high-frequency economic data (in the chart on the right), are now approaching or exceeding their pre-COVID levels. We anticipate broad economic growth, measured by GDP to rebound to its pre-COVID trend sometime later this year. However, Q3 GDP will be released later this week, and comments from the Federal Reserve meeting minutes suggest a temporary slowdown in the rate of economic growth due to these bottlenecks, supply shortages and transportation shortages over the quarter. These challenges appear to be exacerbated by the holiday shopping season, and as the economy moves through these challenges, we anticipate the rate of economic growth to rebound again. Equity markets have recognized this and continue to rise, home prices continue to rise, and inflation has risen to levels not seen since the 1980s.

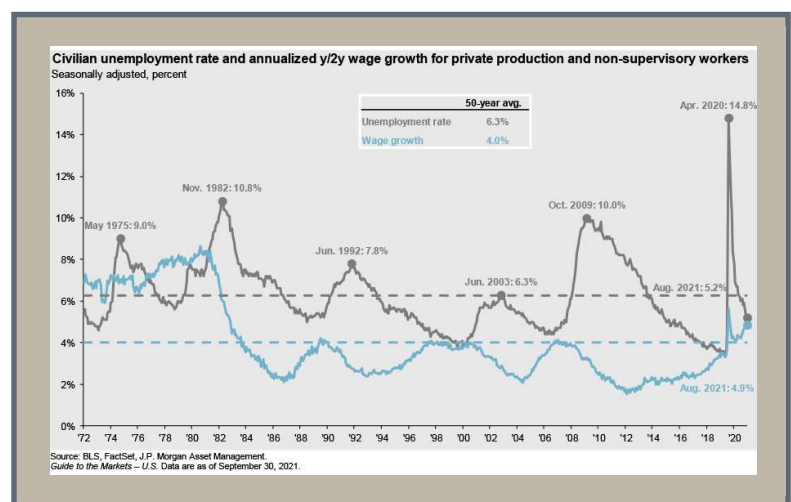
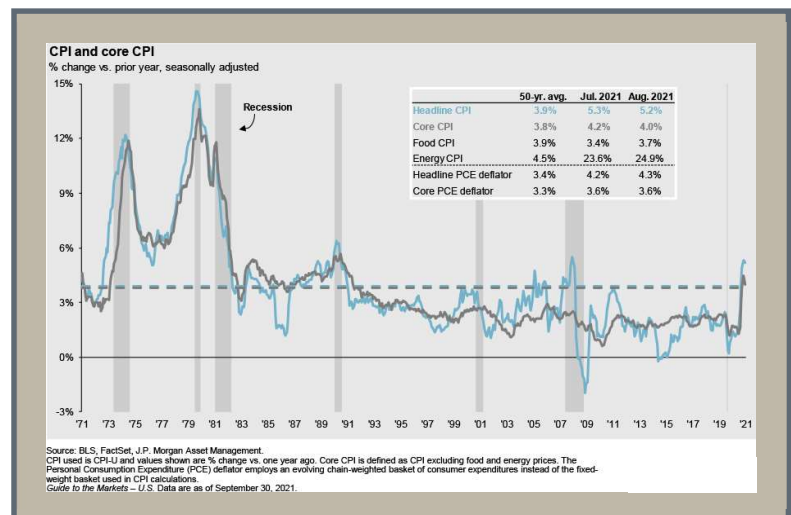
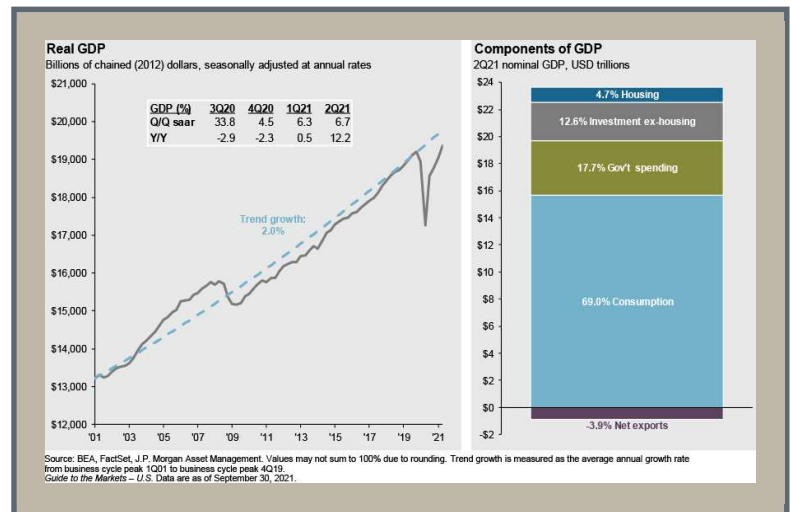
While the U.S. economy is getting back on track amidst COVID, clearly economic challenges remain on the horizon. Leading these challenges on the horizon, we anticipate volatility in the markets around the fiscal debates in Washington, D.C. Raising the debt ceiling, once upon a time a non-event, has now become a political tug of war at the expense of our nation's credit standing and the markets.



GDP²: Q3 GDP data is scheduled to be released 10/28/21. The third estimate of Q2 2021 GDP was released at 6.7%.⁵ The third estimate is based on more complete data than was available in past months. According to the report, the Q2 increase was due to increases in personal consumption expenditures (PCE), nonresidential fixed investment, exports, and state and local government spending.

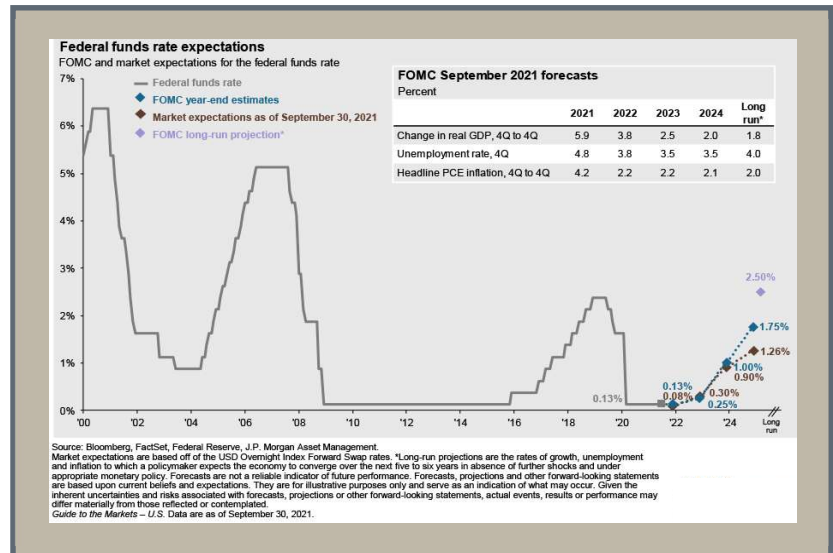
Inflation: While the year over year rate of inflation remains elevated, the month over month rate of increase has declined from earlier this year. In other words, inflation is showing signs of slowing down. As of 9/30/2021, Headline CPI increased 5.4% over the prior 12 months and Core CPI (ex-food and energy) was up 4.0% for the same period.⁴ The Consumer Price Index report lists increasing energy commodity prices (+41.7% y/y), used cars and trucks (+24.4% y/y) and utility gas service (+20.6% y/y) as major contributors to the recent increase in inflation.⁴ We believe today's level of inflation is temporary and will continue to decline, however, if higher wages in today's marketplace persist, and bottlenecks remain, then this may contribute to sustained higher prices and higher overall inflation when compared with the last expansion period of the economic cycle.

Employment: The employment situation continued to improve over the past quarter and has fallen to below its 50-year historical average. As of September 2021, the unemployment rate fell to 4.8%, down from 5.9 % in June 2021 and 6.0% in March 2021.⁴ Notable job gains were experienced in leisure and hospitality and business/professional services. The number of people employed part-time who want full-time work continues to improve at 4.5 million in September, down from 4.6 million in June 2021, and 6.2 million in December 2020.⁴ We continue to believe employment will improve as those most affected industries (hospitality, travel, tourism, retail, food services, etc.) reopen.



Interest Rates: The Federal Reserve has maintained their target range for the federal funds rate at 0.00% to 0.25%⁷, but notably the Fed is setting market expectations that they will soon begin decreasing their asset purchases. In their meeting minutes, the Federal Reserve acknowledged the progress that has been made with vaccinations, but noted the recent rise in COVID cases had slowed the sectors most adversely affected by COVID.⁸

Furthermore, they stated the duration and severity of supply chain constraints are decreasing their projections of GDP growth for the year.

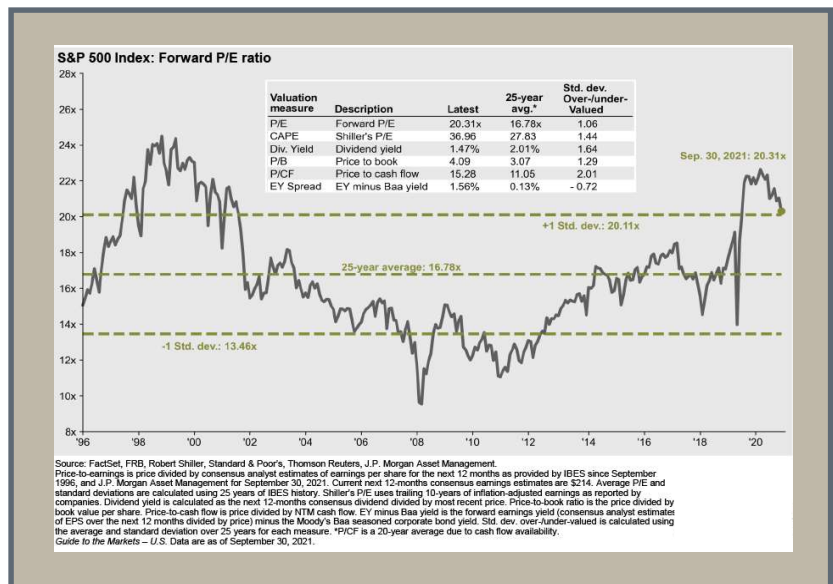


Equity Investments

Equity markets moved sideways or down in Q3 2021 with US equities continuing to outperform both developed international equities and emerging market equities over the quarter. S&P 500 company earnings reported during the quarter were strong, but earnings growth should slow from its rapid pace as we look to 2022. Potential risks to future earnings growth include high inflation, wage growth, higher interest rates, and higher corporate taxes.

As of 10/22/2021, FactSet reported the forward 12-month P/E ratio on the S&P 500 is 21.0x, which is above both the 5-year average of 18.3x and above the 10-year average of 16.4x. With increasing earnings and flat U.S. equity markets over Q3, we experienced declining P/E valuations over the quarter.

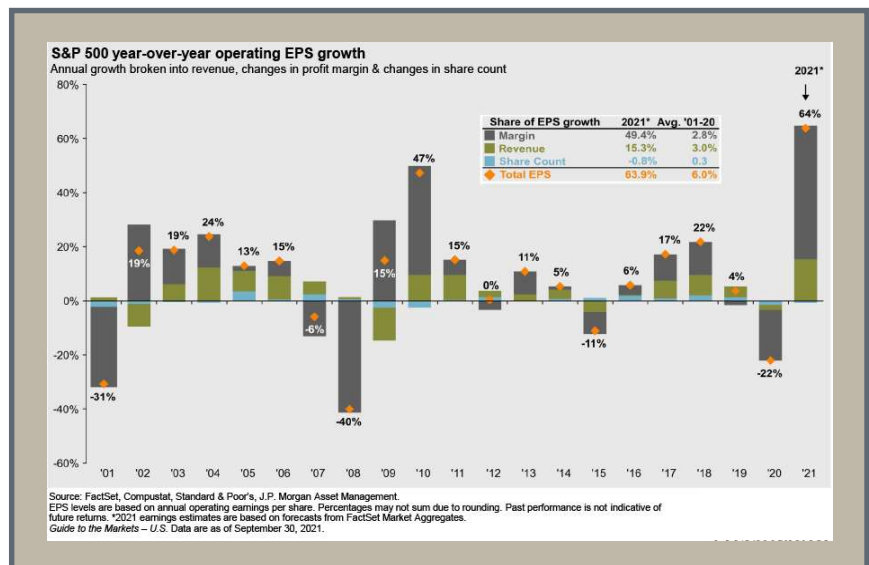
While today's P/E valuations are still high, today's high prices are supported by low interest rates and strong corporate earnings growth. In our opinion, when one or both factors change, we expect the markets to reprice. We continue to strongly believe maintaining a low interest rate environment and continued fiscal stimulus (low taxes) will be important to support today's higher market valuations.



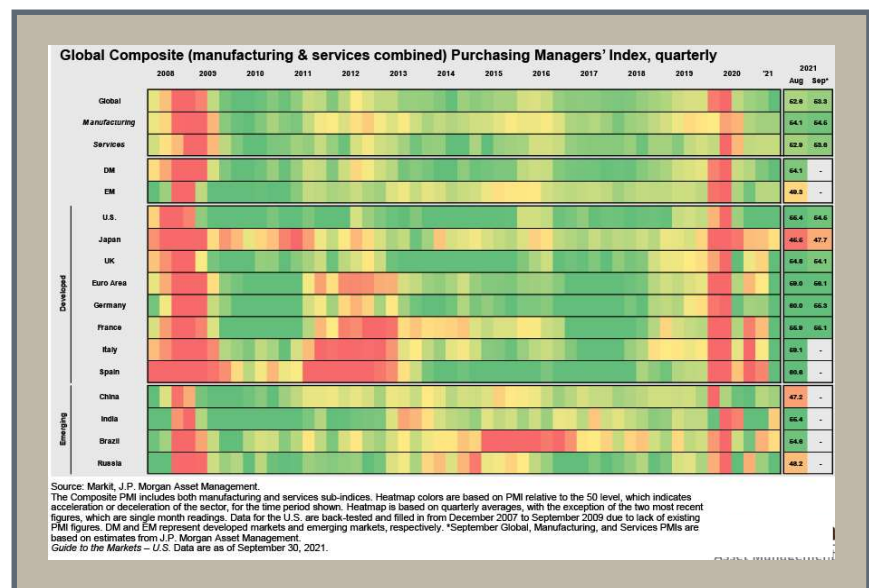
During the third quarter of 2021, major equity markets ended the quarter in positive territory. The S&P 500 TR (including dividends) was up 0.58% during the third quarter and up 15.92% YTD (as of 9/30/21).¹ Developed international markets measured by the MSCI EAFE NR were down -0.45% for the third quarter and up 8.35% YTD (as of 9/30/21).¹ Emerging markets measured by the MSCI EM NR

were down -8.09% for the third quarter and down -1.25% YTD (as of 9/30/21).¹ The broad-based benchmark, MSCI ACWI NR, a market capitalization weighted index designed to measure the global equity market performance of 46 developed and emerging markets, was down -1.05% for the third quarter and up 11.12% YTD (as of 9/30/21).¹

U.S.: Corporate earnings have had an impressive rebound from the initial months of COVID. The chart on the right illustrates this earning growth has come from a combination of both margin expansion and revenue growth. We continue to believe low interest rates and low tax rates are required to maintain today's higher margins and higher P/E valuations. As of 10/22/2021, looking forward, FactSet is reporting that analysts project the 12-month bottom-up price target for the S&P 500 at 5071.96, 11.5% above the recent 4549.78 closing.



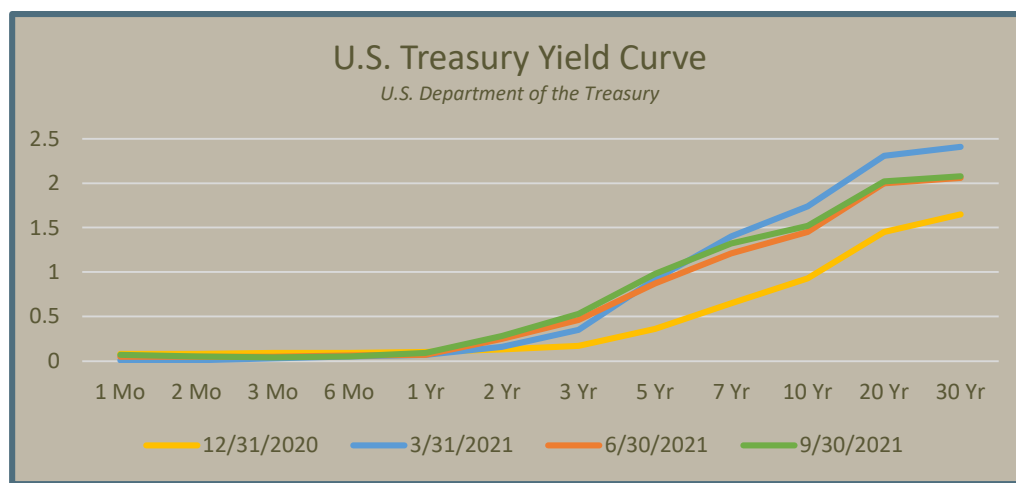
Developed International:
Developed international markets struggled during Q3 with a COVID resurgence, continued lockdowns, supply chain bottlenecks, rising input costs, and vaccine challenges. The longer these challenges persist, the longer we anticipate lackluster returns. Rising inflation has caused the European Central Bank (ECB) to announce the start of their process of tapering their bond buying program. While developed international valuations are above their historical average, they remain attractive relative to other asset classes. We believe, however, that valuation alone is not a good indicator of when to buy or sell, because markets can stay expensive or stay cheap for a long time.



Emerging International: From our perspective it appears emerging market countries are struggling with their economic resilience and controlling the spread of COVID. China, the Goliath of emerging economies, and more than 35% of the MSCI EM index, continues to struggle. In Q3 China struggled with a resurgence of COVID, reported temporary smaller lockdowns, and an overleveraged real estate sector highlighted by the Evergrande situation. While emerging market valuations are above their historical average, they continue to appear attractive relative to developed international equity valuations and U.S. equity valuations.

Fixed Income Investments

The Federal Reserve has done a good job of not spooking the markets as they slowly announce their intention to reduce bond purchases in the secondary market. So far, the Fed has averted a taper tantrum like we experienced in 2013. As a result, fixed income prices ended Q3 flat but are down YTD (as of 9/30/21) because interest rates have increased when compared to 12/31/2020. With interest rates still low and potentially increasing further, it will be difficult to find real income and positive returns in core public fixed income markets. We firmly believe investors need to consider other fixed income investment strategies to navigate this low and rising interest rate environment. As we think about investing in publicly traded fixed income during a rising rate environment, we continue to diversify across short- and long-term investment grade core bonds (government, municipal, and corporate) for their diversification from equity market risk, but we also like unconstrained fixed income strategies, international fixed income, extended credit, and liquid alternatives in this market.



With short-term interest rates still at or near zero and longer-term interest rates still very low, investors should continue to consider their other options for generating income. Investors should expect to take on more credit risk, more interest rate risk, and/or liquidity risk to increase income. One challenge is that increasing credit risk or interest rate risk also increases price volatility of the bonds. If investors can assume illiquidity with their credit risk, then private credit and private real estate can potentially generate higher income with less price volatility when compared to publicly traded peers. If investors prefer to maintain liquidity, then in some circumstances, investors can take a total return approach when seeking income.

Extended credit (high yield bonds and floating rate loans) both appear expensive relative to their history as spreads are near their all-time lows. From a yield perspective, however, the sub-asset class remains attractive when compared to other publicly traded bond yields. High yield bond defaults have been declining from their 2020 peaks and are below their 30-year average. We continue to emphasize that strong credit underwriting and active management is paramount during default cycles, where avoidance of, and underweights to, the riskiest bonds should prove beneficial. If investors can assume illiquidity, then private credit can potentially generate higher income with less price volatility when compared to their publicly traded peers.

Alternative Investments

In today's low interest rate environment, we continue to utilize alternative investment strategies for portfolio diversification. We like liquid hedge funds with the right risk and return profile to diversify a portion of our fixed income allocation. When selected carefully, we believe that allocations to alternative investments can be helpful in managing portfolio volatility, diversifying sources of risk, adding low correlated returns, and thereby enhancing risk-adjusted returns. In this low interest rate environment, we continue to like and use global macro strategies, merger arbitrage strategies, and option strategies for liquid hedge fund exposure.

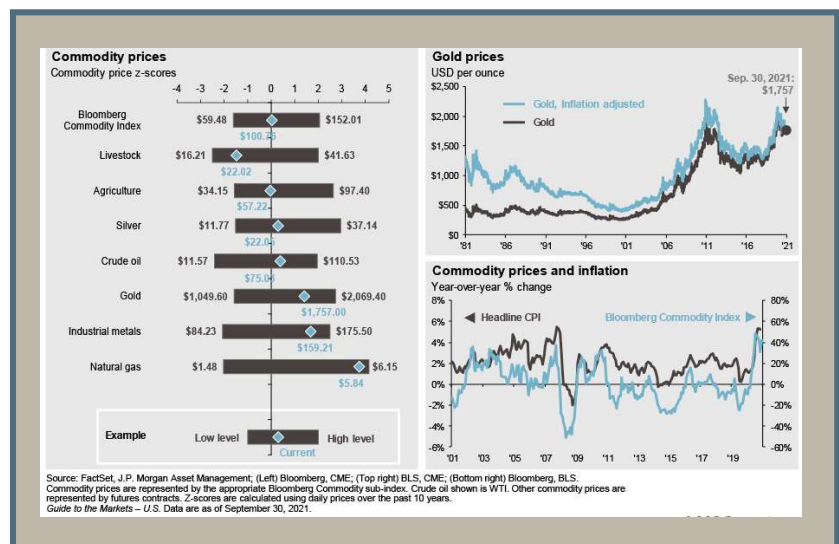
Commercial real estate continues to recover from the COVID pandemic, but the National Association of Realtors® reports the recovery is uneven across property types and geographic markets. They report a strong recovery in multifamily, industrial and retail property markets, but the recovery has not been as robust in the office and hotel property markets.⁹ Notably, rent rates are rising at the fastest pace in the multifamily rental market, but the office market continues to face falling rent rates, with the average office asking rent down by -0.4% year over year.⁹

Broad commodities continue to be one of the best performing asset classes in 2021, as energy prices rebounded with the economy. We continue to hold a small allocation to commodities because of their diversification of risks, low correlation with other asset classes, and as a hedge against inflation. For these reasons we maintained a small allocation to a broad basket of commodities and gold.

We continue to see opportunities within private investments such as private equity, private debt, and private real estate. These asset classes are complex, less regulated, and different than their publicly traded peers. Choosing the correct manager in these asset classes is key and the dispersion of returns are wide. Our experience and exposure give us perspective on current terms, fees, investment strategies, etc. available today and allows us to compare private investment opportunities for our clients who understand and desire this type of investment exposure. We welcome these conversations.

Conclusion

U.S. economic data continues to improve, and we anticipate broad economic growth to return to its pre-COVID trend sometime this year. Inflation is showing signs of slowing, but ultimately will be determined by the economy's ability to successfully navigate shortages, bottlenecks, and transportation issues. Employment continues to improve and is near the full employment target of the Federal Reserve. Equity markets were challenged during Q3, and valuations remain high, but earnings continued to rapidly improve. It remains difficult for investors to find real income in public fixed income markets, and investors need to take on more interest rate risk, credit risk, or liquidity risk to increase income. We continue to see opportunities within private investments such as private equity, private debt, and private real estate, but these investments are less regulated, more complex, and illiquid.



We continue to advocate for investors to be thoughtful about putting money to work, staying invested, rebalancing, and sticking to their long-term plan. Investors should be prudent about how they diversify their assets, manage risks, and refrain from making big directional trades or trying to time the market. Afterall, it is about time in the market, not timing the market. We welcome discussing these and any other items of importance with you.

Best Regards,

The Olympus Wealth Management Team

Sources: BlackRock, Eaton Vance, European Central Bank, FactSet, Invesco, JPMorgan, Morningstar Direct, National Association of Realtors®, Northern Trust, The Federal Reserve, U.S. Department of the Treasury, U.S. Department of Commerce Bureau of Economic Analysis, U.S. Department of Labor Bureau of Labor Statistics.

1. Morningstar Direct

2. GDP estimates are prepared on a schedule that requires three successive estimates – “advance”, “preliminary” and “final”. The advance estimate is prepared approximately 1 month after the end of the quarter. In most cases, the sources data for the quarter are not final and are subject to revision by the issuing agency. One month later the preliminary estimate replaces the advance estimate. The source data used for preliminary estimates, particularly the data for the third month of the quarter, are subject to further revision. One month later the final estimate replaces the preliminary estimate. The final estimate incorporates revisions in source data for the third month of the quarter. Source: http://www.bea.gov/scb/account_articles/national/1093od/maintext.htm

3. The Federal Reserve reviews multiple measures of inflation when making policy decisions. The Fed moved away from the concept of core CPI to the Personal Consumption Expenditure Price Index (PCE) as their key inflation measure. Specifically, the Fed said the PCE index is “...most consistent over the longer run with the Federal Reserve’s statutory mandate targets.”

4. U.S. Department of Labor Bureau of Labor Statistics.

5. U.S. Bureau of Economic Analysis.

6. FactSet.

7. Federal Reserve press release 9/22/2021.

8. Minutes of the Federal Open Market Committee September 21-22, 2021.

9. September 2021 Commercial Market Insights report. The National Association of Realtors® Research Group.

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Definitions:

S&P 500 TR - The S&P 500 Annual Total Return is the investment return received each year, including dividends, when holding the S&P 500 index. The S&P 500 index is a basket of 500 large US stocks, weighted by market cap, and is the most widely followed index representing the US stock market.

MSCI EAFE NR - The MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada.*

MSCI EM NR - The MSCI Emerging Markets Index captures large and mid cap representation across 27 Emerging Markets (EM) countries. With 1,397 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.*

MSCI ACWI – The MSCI ACWI (All Country World Index) is a market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

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Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index®** measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index®** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index®** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index®** measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index®** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index®** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index®** measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index®** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index.

The **Russell Midcap Value Index®** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Source: Guide to the Markets September 30, 2021

Fixed Income:

The **Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Barclays Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Barclays Municipal Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg Barclays US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg Barclays US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg Barclays US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg Barclays US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FHLMC and FHLMC.

The **Bloomberg Barclays US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index (EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI). The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc.

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex-U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NOREIF Fund Index - Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in alternative assets involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of equity securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies 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.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

Source: Guide to the Markets September 30, 2021

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Unless otherwise stated, all data are as of September 30, 2021 or most recently available.

Source: Guide to the Markets September 30, 2021

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