



Market Review:

**2021**

*As of 12/31/21*

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### OPPORTUNISTIC

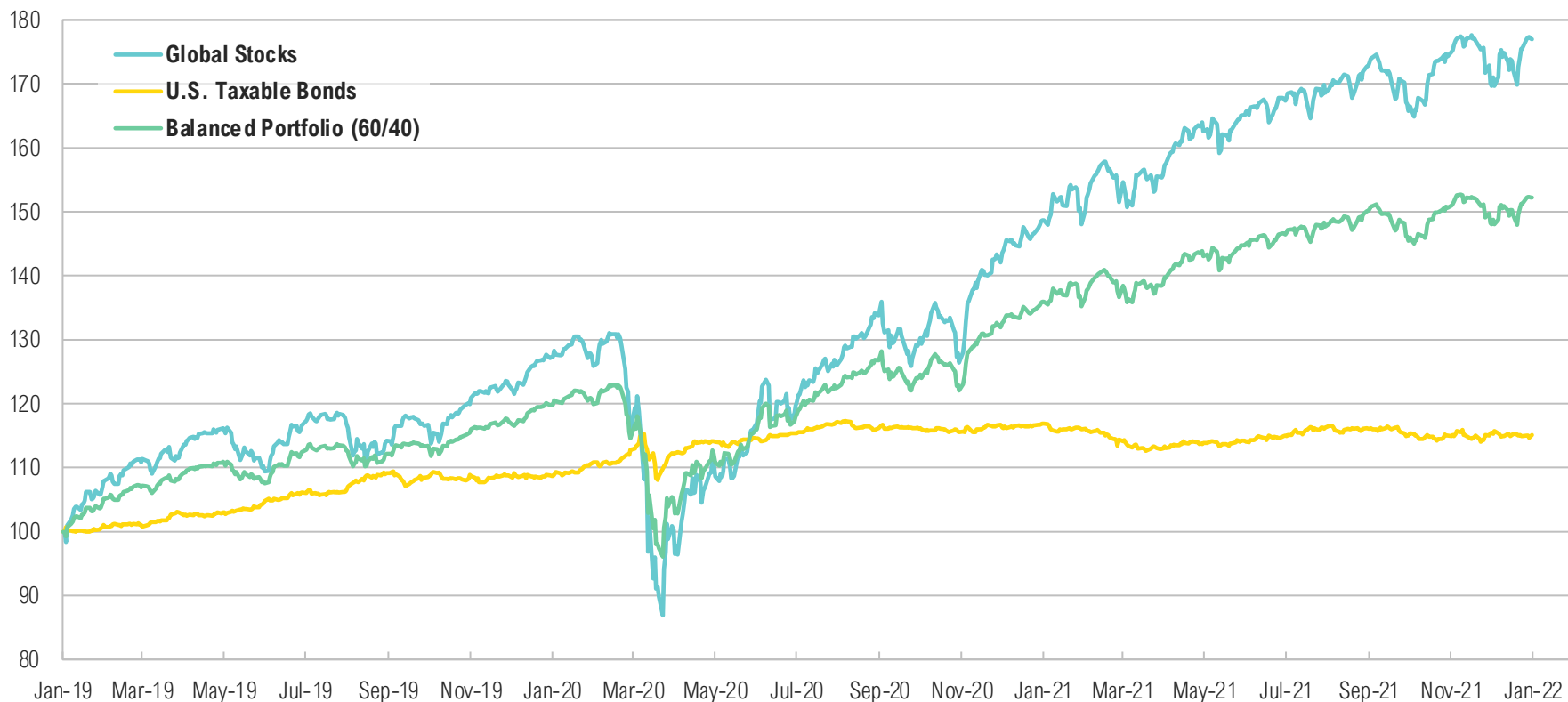
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# Global Stocks finished the quarter near all-time highs while bonds were flat; balanced portfolios had a strong quarter (+4%) and year (+10.5%)

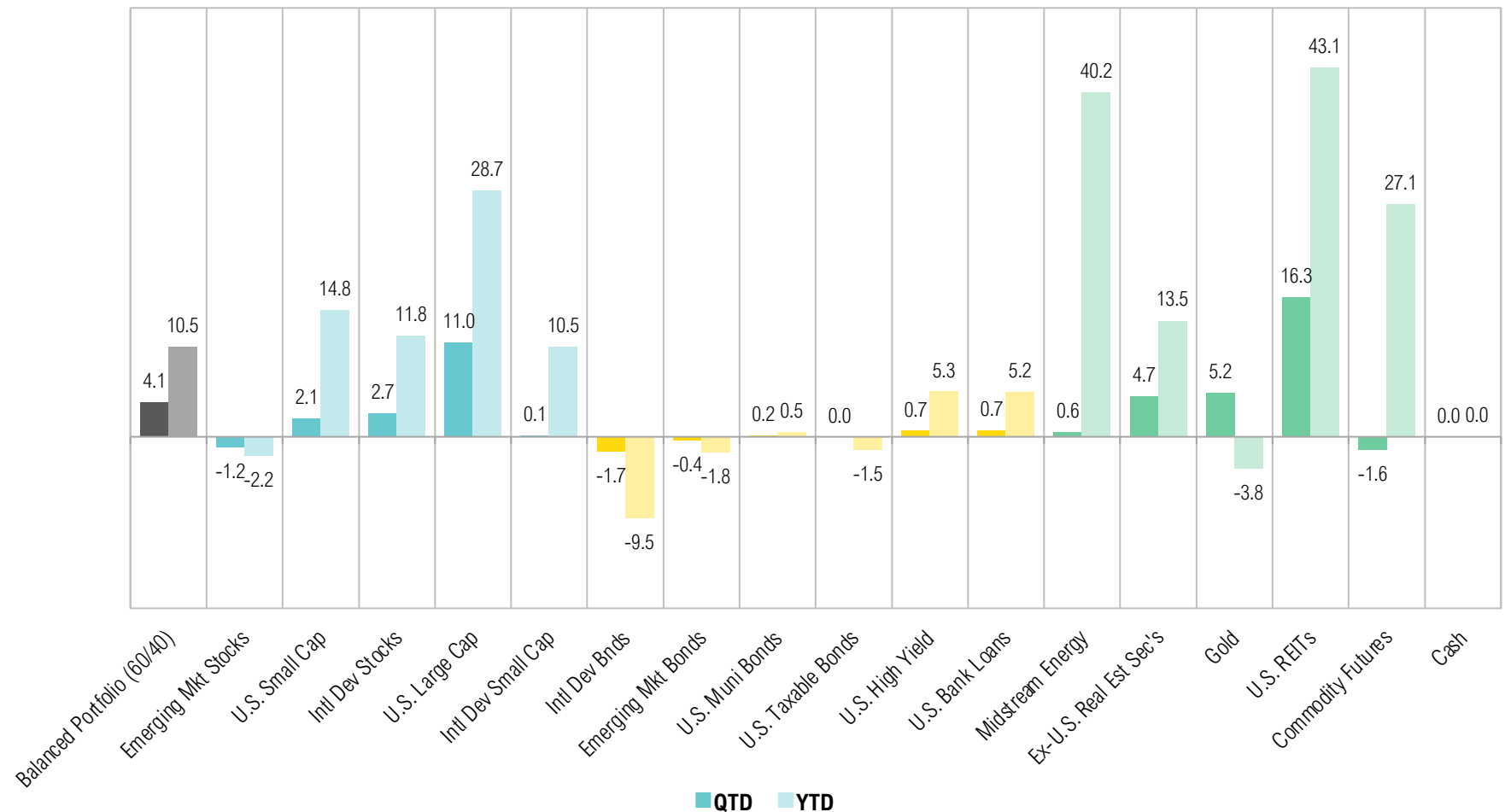
## TRAILING & CALENDAR YEAR TOTAL RETURNS



| Asset Class                       | Benchmark                     | QTD | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------------------|-------------------------------|-----|------|------|------|------|-------|------|------|------|------|------|
| Global Stocks                     | MSCI ACWI GR                  | 6.8 | 19.0 | 19.0 | 21.0 | 15.0 | 12.4  | 19.0 | 16.8 | 27.3 | -8.9 | 24.6 |
| U.S. Taxable Bonds                | BBgBarc US Agg Bond TR        | 0.0 | -1.5 | -1.5 | 4.8  | 3.6  | 2.9   | -1.5 | 7.5  | 8.7  | 0.0  | 3.5  |
| Balanced Portfolio (Global 60/40) | 60% ACWI, 40% Bbg US Agg Bond | 4.1 | 10.5 | 10.5 | 14.6 | 10.6 | 8.8   | 10.5 | 13.8 | 19.8 | -5.2 | 15.8 |

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

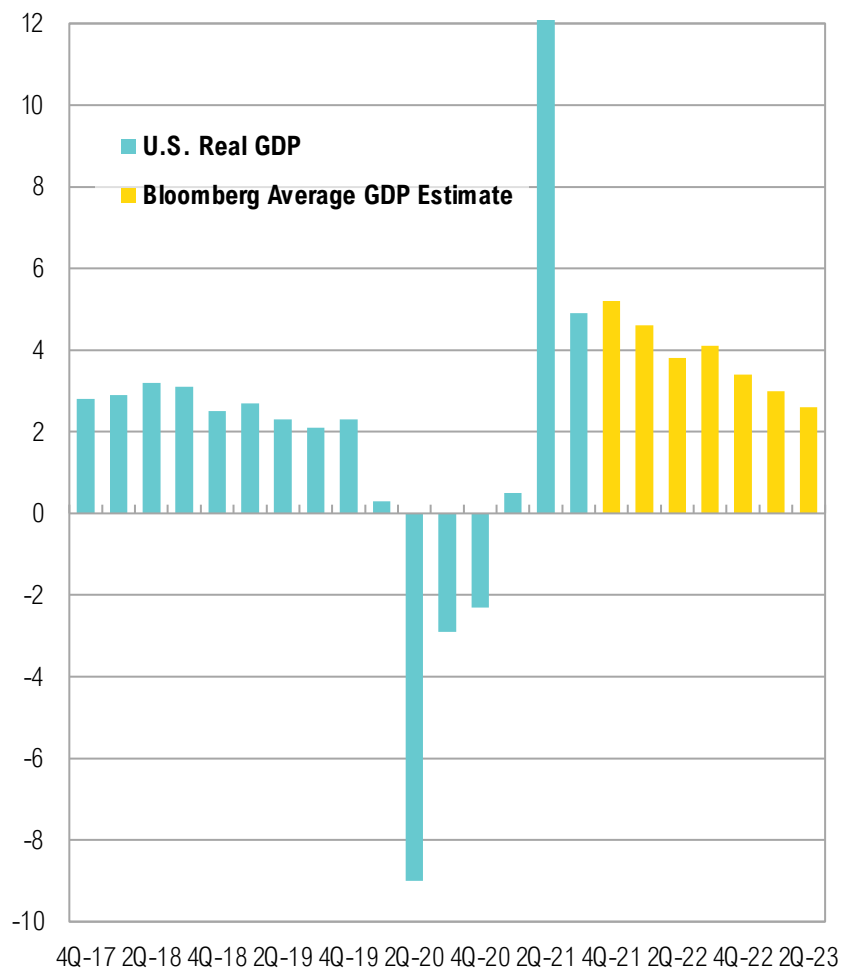
# ➤ A generally strong quarter for risk assets, especially U.S. REITs and U.S. Large Cap Stocks; balanced portfolios returned 4.1%



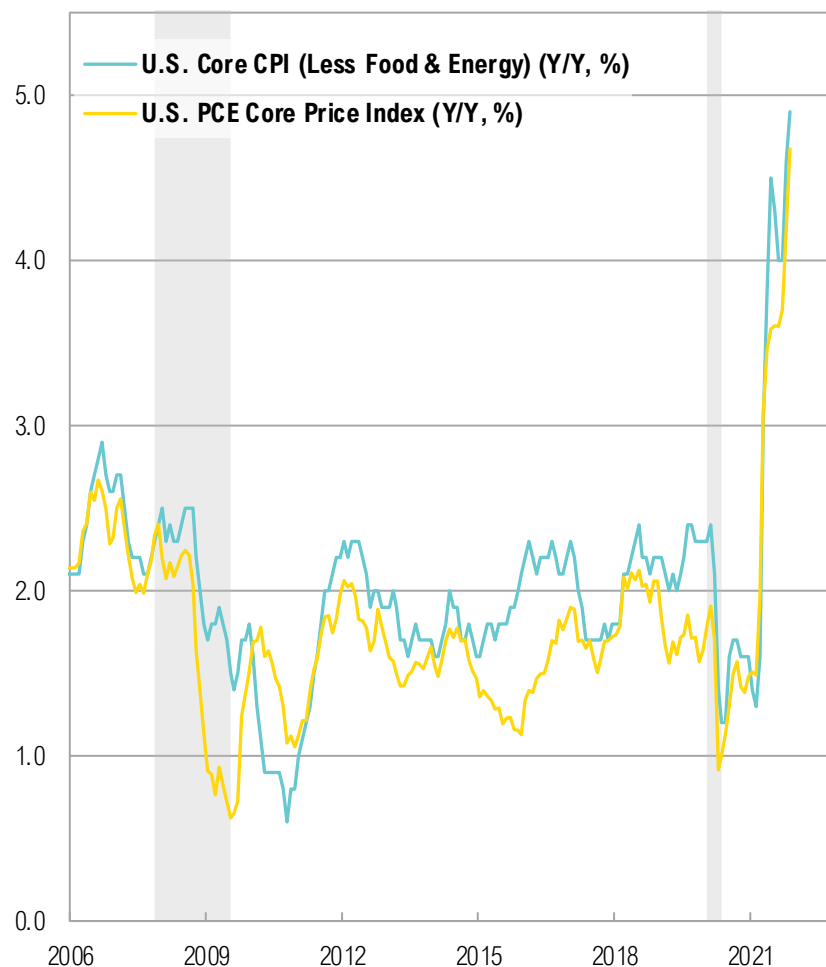
Source: Bloomberg. See appendix for asset class and index definitions.

# ➤ Growth and inflation both expected to slow but remain above average for next several quarters

U.S. REAL GROSS DOMESTIC PRODUCT (GDP) GROWTH, Y/Y %



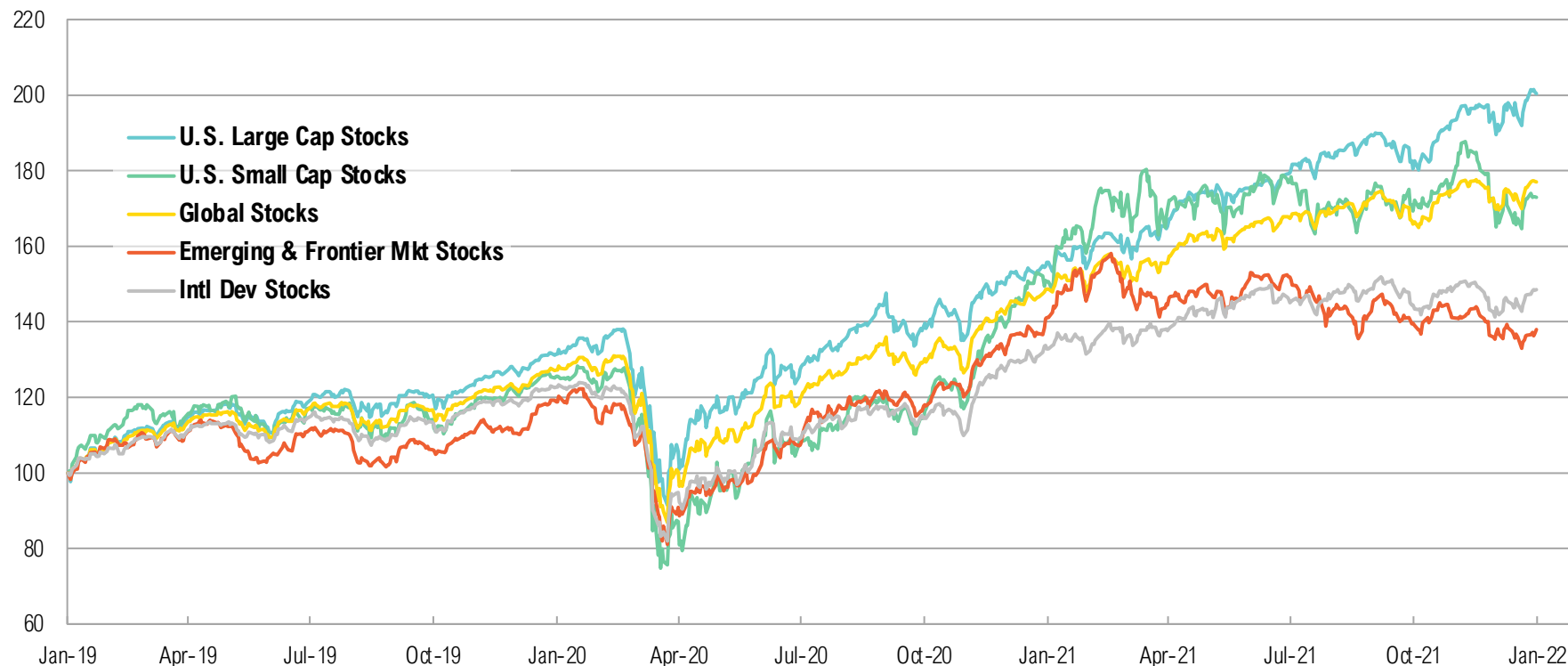
U.S. HEADLINE &amp; CORE INFLATION (CPI), Y/Y %



Source: Bloomberg

## U.S. large cap stocks outperformed during the quarter; U.S. valuations remain higher than international and emerging markets

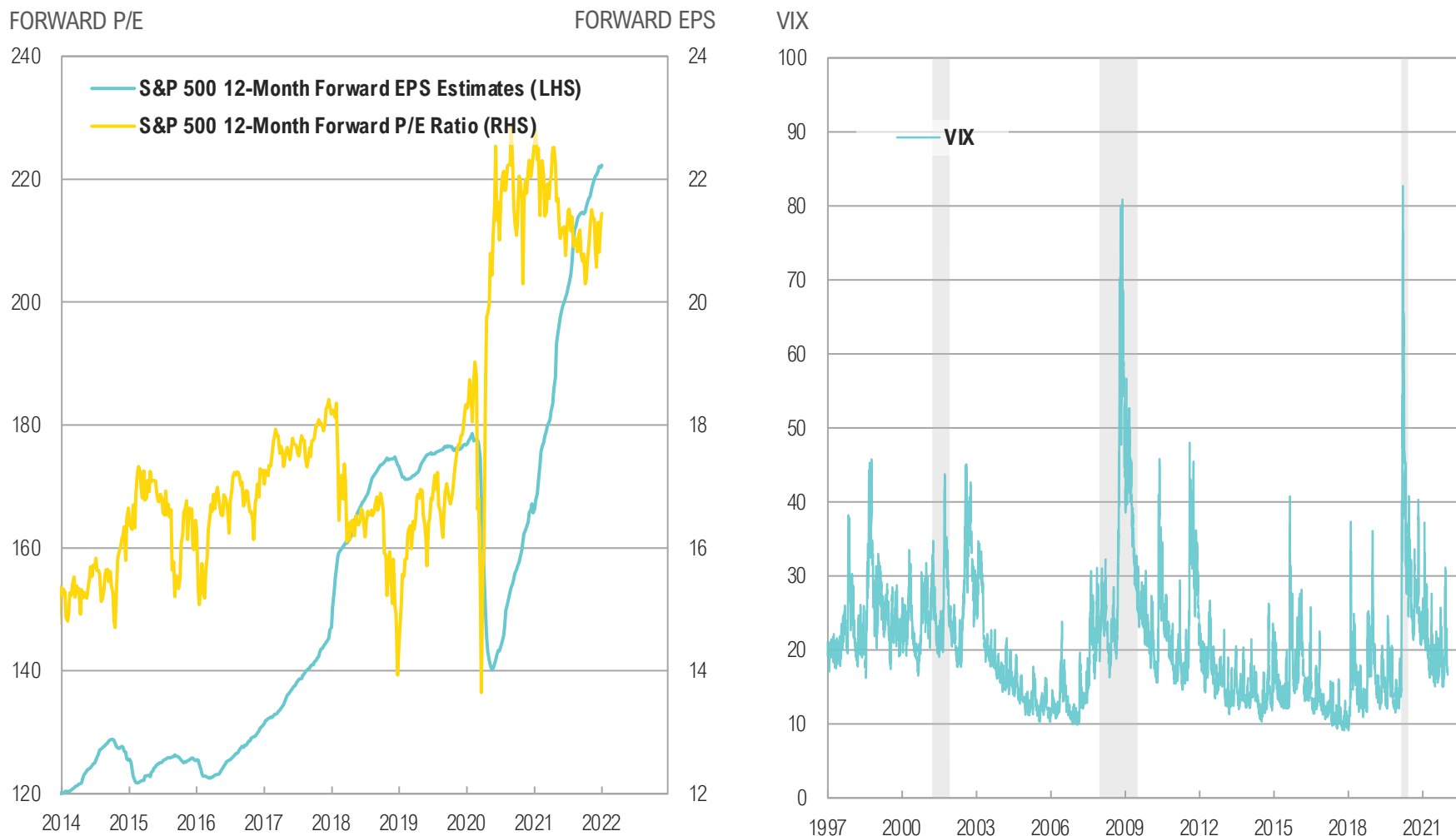
TRAILING &amp; CALENDAR YEAR TOTAL RETURNS



| Asset Class                    | Benchmark       | MTD | QTD  | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020 | 2019 | 2018  | 2017 |
|--------------------------------|-----------------|-----|------|------|------|------|------|-------|------|------|------|-------|------|
| U.S. Large Cap Stocks          | S&P 500 TR      | 4.5 | 11.0 | 28.7 | 28.7 | 26.1 | 18.5 | 16.5  | 28.7 | 18.4 | 31.5 | -4.4  | 21.8 |
| U.S. Small Cap Stocks          | Russell 2000 TR | 2.3 | 2.0  | 14.5 | 14.5 | 19.9 | 11.9 | 13.2  | 14.5 | 20.0 | 25.4 | -11.1 | 14.6 |
| Intl Dev Stocks                | MSCI EAFE GR    | 5.1 | 2.7  | 11.3 | 11.3 | 13.5 | 9.5  | 8.0   | 11.3 | 7.8  | 22.0 | -13.8 | 25.0 |
| Emerging & Frontier Mkt Stocks | MSCI EM GR      | 1.9 | -1.3 | -2.5 | -2.5 | 10.9 | 9.9  | 5.5   | -2.5 | 18.3 | 18.4 | -14.6 | 37.3 |
| Global Stocks                  | MSCI ACWI GR    | 4.0 | 6.7  | 18.5 | 18.6 | 20.4 | 14.4 | 11.8  | 18.5 | 16.3 | 26.6 | -9.4  | 24.0 |

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

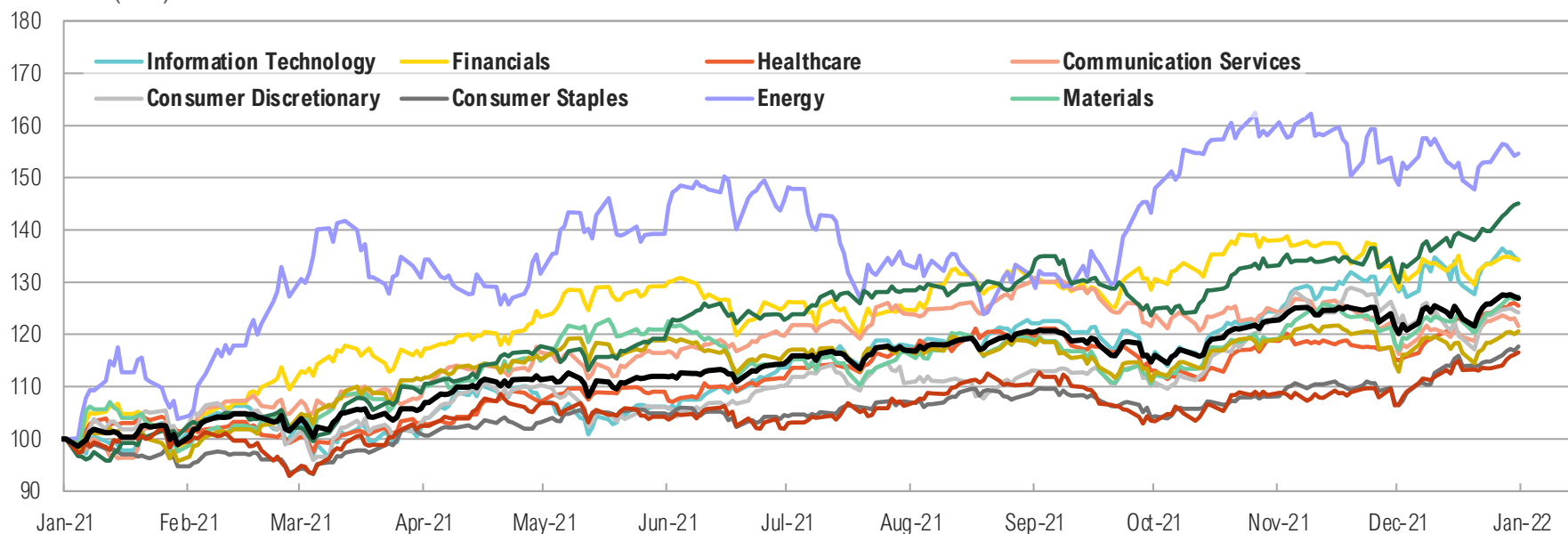
## ➤ Earnings estimates for S&P 500 continue to rise, outpacing prices as valuations compressed during the quarter; VIX fell to 17.2



Source: Bloomberg

# **Real Estate was the top-performing sector for the quarter (+17.5%) while Energy was the top performing sector for the year (+54.6%)**

TRAILING (YTD) &amp; CALENDAR YEAR TOTAL RETURNS



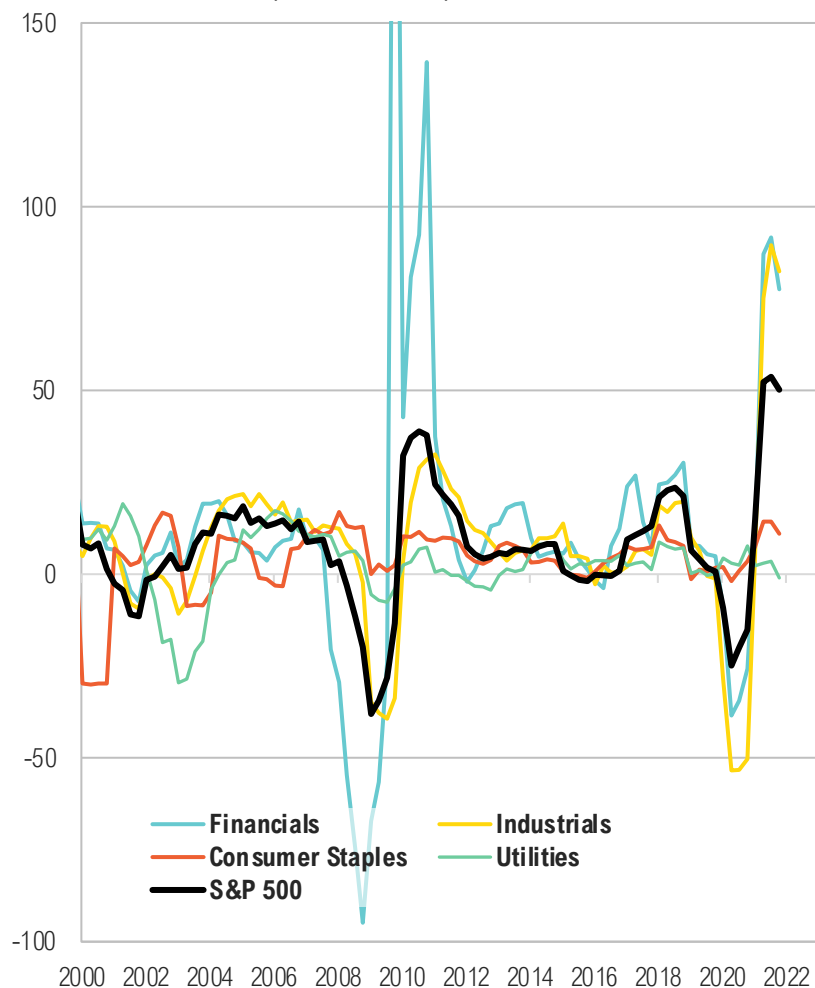
| Asset Class            | Benchmark                            | MTD  | QTD  | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020  | 2019 | 2018  | 2017 |
|------------------------|--------------------------------------|------|------|------|------|------|------|-------|------|-------|------|-------|------|
| Communication Services | S&P 500 Communication Services Index | 2.5  | 0.0  | 21.6 | 21.6 | 25.9 | 11.5 | 11.6  | 21.6 | 23.6  | 32.7 | -12.5 | -1.3 |
| Consumer Discretionary | S&P 500 Consumer Discretionary Index | -0.3 | 12.8 | 24.4 | 24.5 | 28.5 | 21.4 | 19.6  | 24.4 | 33.3  | 27.9 | 0.8   | 23.0 |
| Consumer Staples       | S&P 500 Consumer Staples Index       | 10.3 | 13.3 | 18.6 | 18.6 | 18.8 | 11.8 | 12.2  | 18.6 | 10.7  | 27.6 | -8.4  | 13.5 |
| Energy                 | S&P 500 Energy Index                 | 3.1  | 8.0  | 54.6 | 54.7 | 4.7  | -1.4 | 1.2   | 54.6 | -33.7 | 11.8 | -18.1 | -1.0 |
| Financials             | S&P 500 Financials Index             | 3.3  | 4.6  | 35.0 | 35.1 | 20.6 | 13.3 | 16.3  | 35.0 | -1.7  | 32.1 | -13.0 | 22.2 |
| Health Care            | S&P 500 Health Care Index            | 9.0  | 11.2 | 26.1 | 26.2 | 20.0 | 17.6 | 17.2  | 26.1 | 13.4  | 20.8 | 6.5   | 22.1 |
| Industrials            | S&P 500 Industrials Index            | 5.3  | 8.6  | 21.1 | 21.1 | 20.3 | 12.8 | 14.2  | 21.1 | 11.1  | 29.4 | -13.3 | 21.0 |
| Information Technology | S&P 500 Information Technology Index | 3.4  | 16.7 | 34.5 | 34.6 | 42.7 | 32.1 | 24.0  | 34.5 | 43.9  | 50.3 | -0.3  | 38.8 |
| Materials              | S&P 500 Materials Index              | 7.6  | 15.2 | 27.3 | 27.3 | 24.2 | 15.1 | 12.8  | 27.3 | 20.7  | 24.6 | -14.7 | 23.8 |
| Real Estate            | S&P 500 Real Estate Index            | 10.2 | 17.5 | 46.2 | 46.2 | 22.6 | 14.9 | 13.1  | 46.2 | -2.2  | 29.0 | -2.2  | 10.8 |
| Utilities              | S&P 500 Utilities Index              | 9.6  | 12.9 | 17.7 | 17.7 | 14.3 | 11.8 | 11.1  | 17.7 | 0.5   | 26.3 | 4.1   | 12.1 |

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.



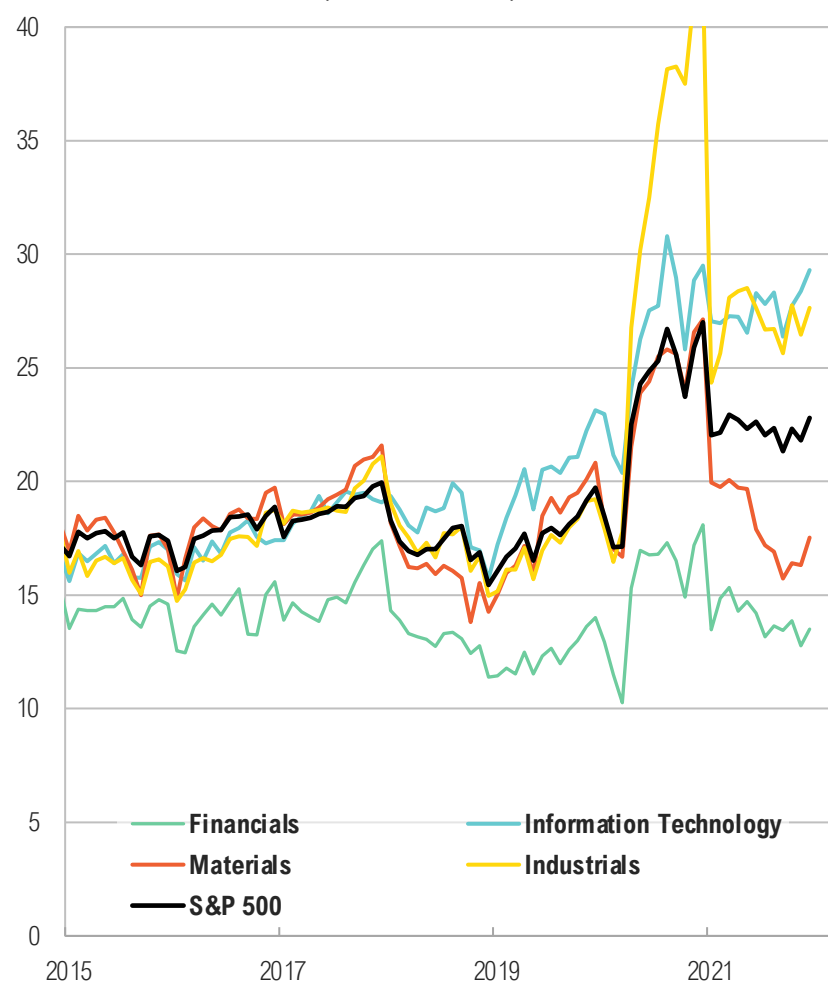
## ➤ Valuations have come down from their peak as earnings and earnings estimates increased rapidly; EPS growth rates appear to have peaked

QUARTERLY EPS EST. (TOP & BOTTOM), Y/Y %



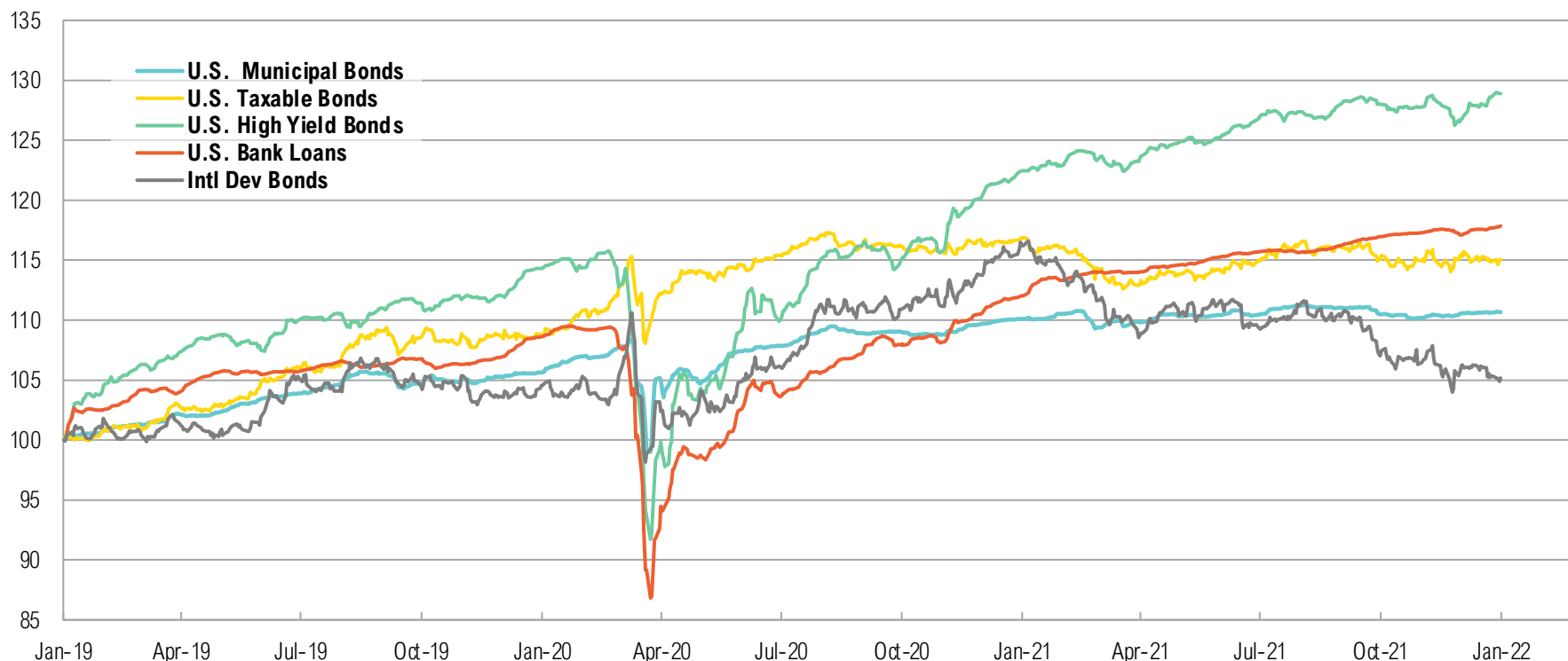
Source: Bloomberg

FORWARD P/E BY SECTOR (TOP & BOTTOM)



## **HYBs and bank loans were top performers; International Dev bonds were a major underperformer as “return-free risk” comes home to roost**

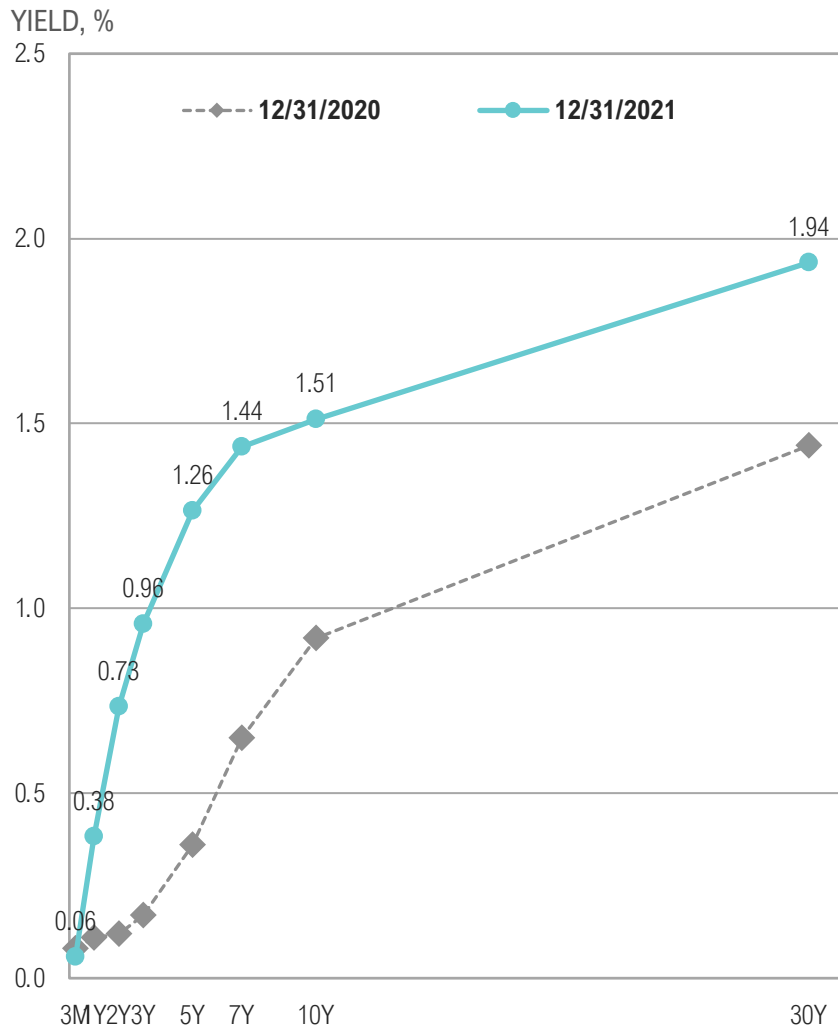
### TRAILING & CALENDAR YEAR TOTAL RETURNS



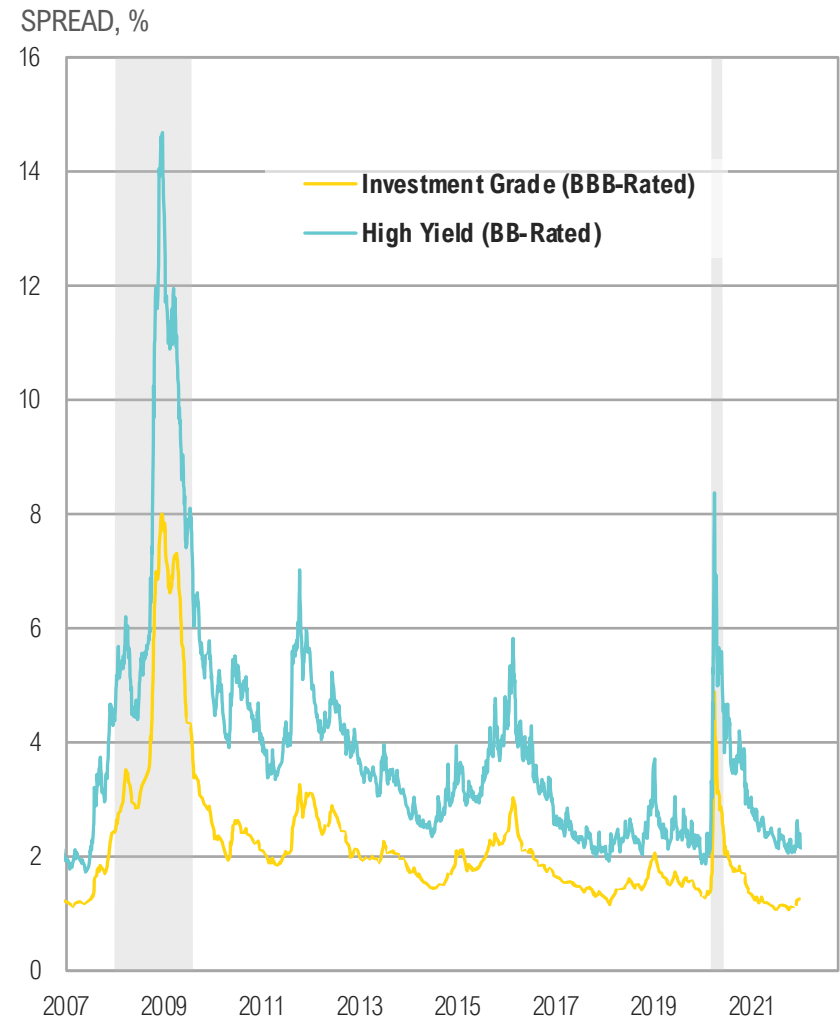
| Asset Class           | Benchmark                              | MTD  | QTD  | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------|--|------|------|------|------|------|------|-------|------|------|------|------|------|
| U.S. Municipal Bonds  | BBgBarc Municipal 1-10Y Blend 1-12Y TR | 0.1  | 0.2  | 0.5  | 0.5  | 3.4  | 3.1  | 2.6   | 0.5  | 4.2  | 5.6  | 1.6  | 3.5  |
| U.S. Taxable Bonds    | BBgBarc US Agg Bond TR                 | -0.3 | 0.0  | -1.5 | -1.5 | 4.8  | 3.6  | 2.9   | -1.5 | 7.5  | 8.7  | 0.0  | 3.5  |
| U.S. High Yield Bonds | BBgBarc US Corporate High Yield TR     | 1.9  | 0.7  | 5.3  | 5.3  | 8.8  | 6.3  | 6.8   | 5.3  | 7.1  | 14.3 | -2.1 | 7.5  |
| U.S. Bank Loans       | S&P/LSTA Leveraged Loan TR             | 0.6  | 0.7  | 5.2  | 5.2  | 5.6  | 4.3  | 4.7   | 5.2  | 3.1  | 8.6  | 0.4  | 4.1  |
| Intl Dev Bonds        | S&P International Sov Ex-US Bond TR    | -0.5 | -1.7 | -9.5 | -9.5 | 1.7  | 2.7  | 1.3   | -9.5 | 11.2 | 4.6  | -2.3 | 11.3 |

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

# ➤ U.S. Treasury yield curve has steepened significantly this year while credit spreads have remained at or near historically tight levels

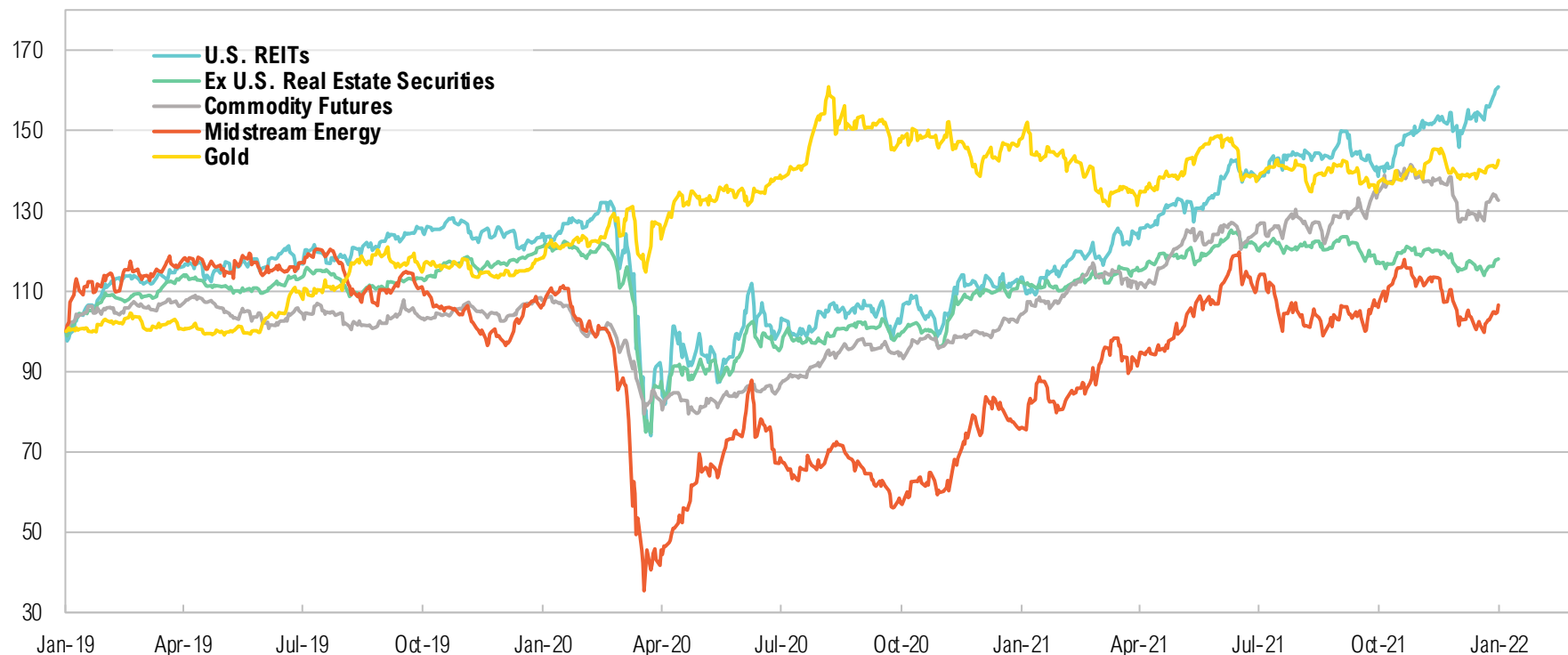


Source: Bloomberg



## Real assets sold off in November initially on uncertainty around Covid restrictions and policy, but rallied into the end of the year

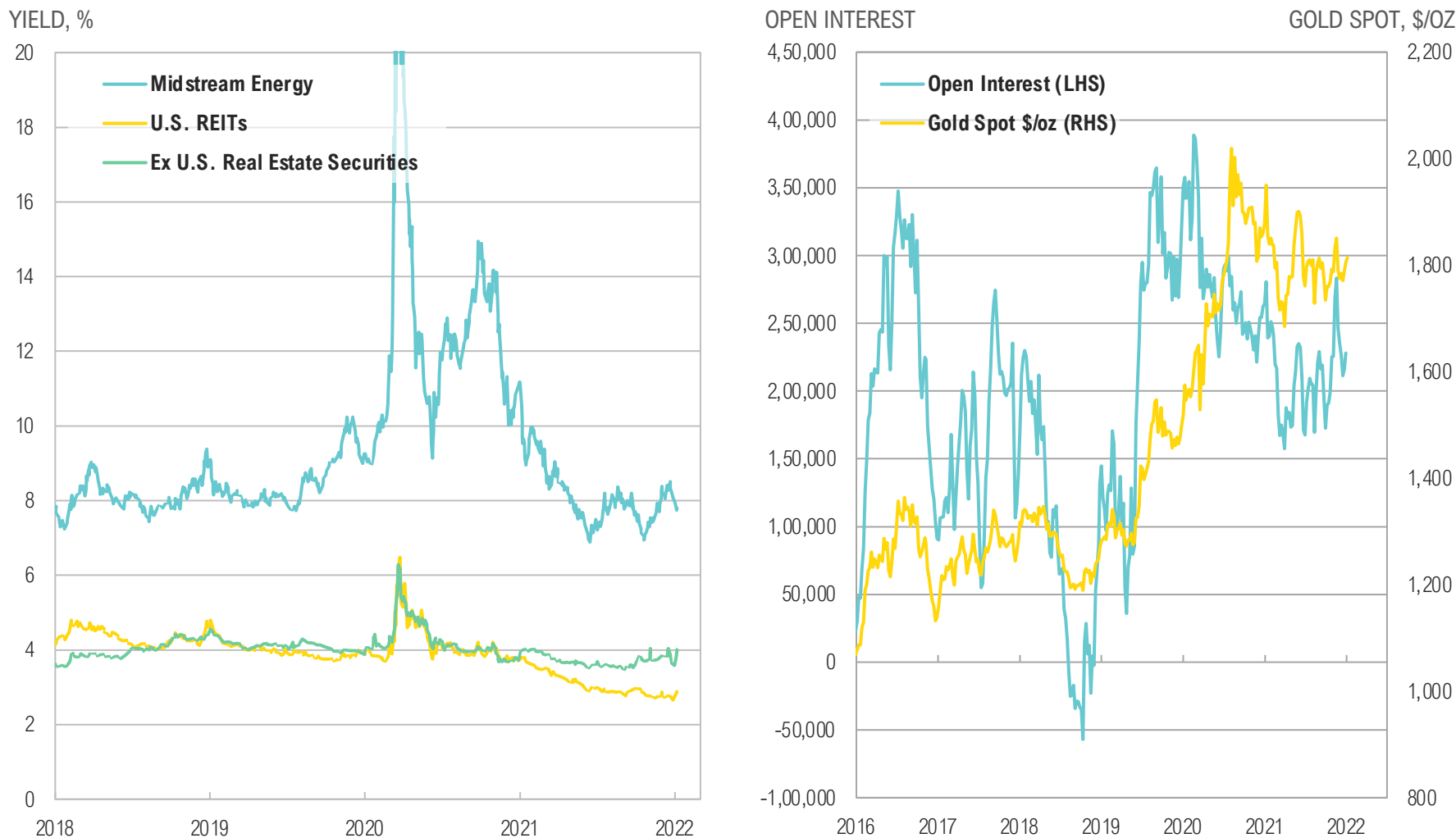
### TRAILING & CALENDAR YEAR TOTAL RETURNS



| Asset Class                    | Benchmark                | MTD | QTD  | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020  | 2019 | 2018  | 2017 |
|--------------------------------|--------------------------|-----|------|------|------|------|------|-------|------|-------|------|-------|------|
| U.S. REITs                     | MSCI US REIT NR          | 8.6 | 16.0 | 41.7 | 41.7 | 17.2 | 9.5  | 10.0  | 41.7 | -8.7  | 24.3 | -5.8  | 3.7  |
| Ex U.S. Real Estate Securities | S&P Global Ex US REIT TR | 2.8 | 0.8  | 5.7  | 5.7  | 6.3  | 6.6  | 7.7   | 5.7  | -6.8  | 21.9 | -9.4  | 26.6 |
| Broad Commodity Futures        | Bloomberg Commodity TR   | 3.5 | -1.6 | 27.1 | 27.1 | 9.9  | 3.7  | -2.8  | 27.1 | -3.1  | 7.7  | -11.2 | 1.7  |
| Energy Partnerships            | Alerian MLP TR           | 3.6 | 0.6  | 40.2 | 40.2 | 2.1  | -2.7 | -0.3  | 40.2 | -28.7 | 6.6  | -12.4 | -6.5 |
| Gold                           | LBMA Gold Price AM       | 1.3 | 5.2  | -3.8 | -3.8 | 12.4 | 9.4  | 1.5   | -3.8 | 24.2  | 18.8 | -1.1  | 11.9 |

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

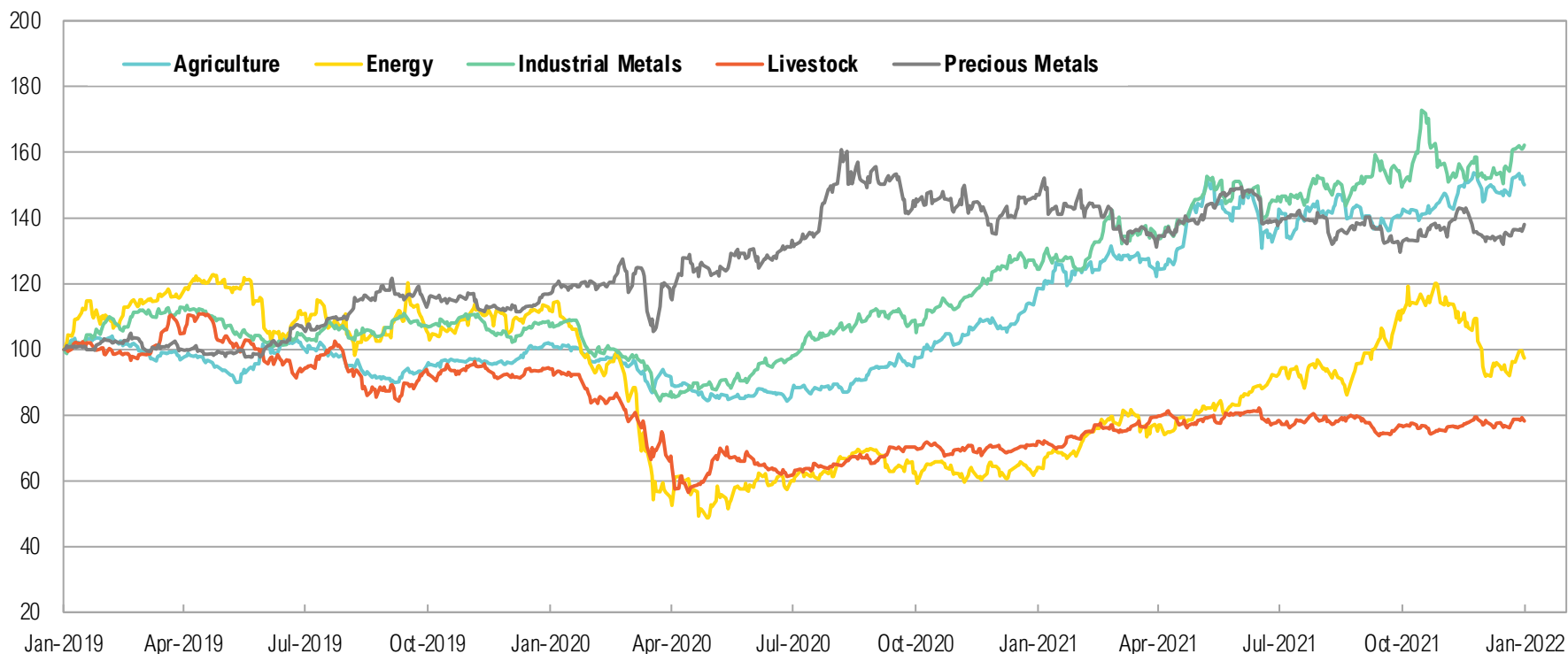
## ➤ Yields rose from lows across real assets; gold prices rose >5% over the quarter



Source: Bloomberg

# Industrial metals were the top performer for the quarter up 8.6% while Energy commodities were down 13% but still the top performer for the year

## TRAILING & CALENDAR YEAR TOTAL RETURNS

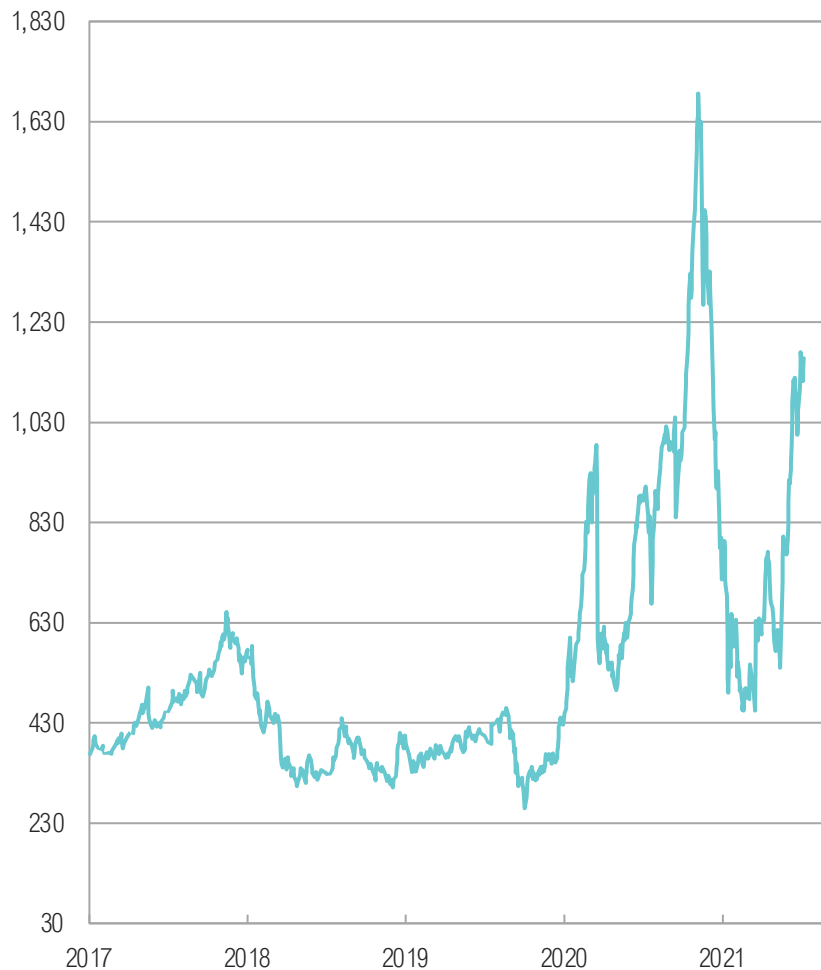


| Asset Class       | Benchmark                             | MTD | QTD   | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020  | 2019 | 2018  | 2017  |
|-------------------|---------------------------------------|-----|-------|------|------|------|------|-------|------|-------|------|-------|-------|
| Agriculture       | Bloomberg Sub Agriculture Index       | 3.6 | 6.3   | 26.7 | 26.7 | 14.5 | 3.6  | -1.8  | 26.7 | 16.5  | 1.7  | -10.8 | -11.0 |
| Energy            | Bloomberg Sub Energy Index            | 2.8 | -13.0 | 52.1 | 52.2 | -0.9 | -4.0 | -10.4 | 52.1 | -42.7 | 11.8 | -12.7 | -4.3  |
| Industrial Metals | Bloomberg Sub Industrial Metals Index | 6.4 | 8.6   | 30.3 | 30.4 | 17.5 | 11.1 | 1.8   | 30.3 | 16.3  | 7.0  | -19.5 | 29.4  |
| Livestock         | Bloomberg Sub Livestock Index         | 1.5 | 1.9   | 8.6  | 8.6  | -7.9 | -3.9 | -4.2  | 8.6  | -23.4 | -6.0 | -1.7  | 6.4   |
| Precious Metals   | Bloomberg Sub Precious Metals Index   | 2.8 | 4.3   | -6.1 | -6.1 | 11.3 | 7.9  | -0.3  | -6.1 | 25.6  | 17.0 | -4.6  | 10.9  |

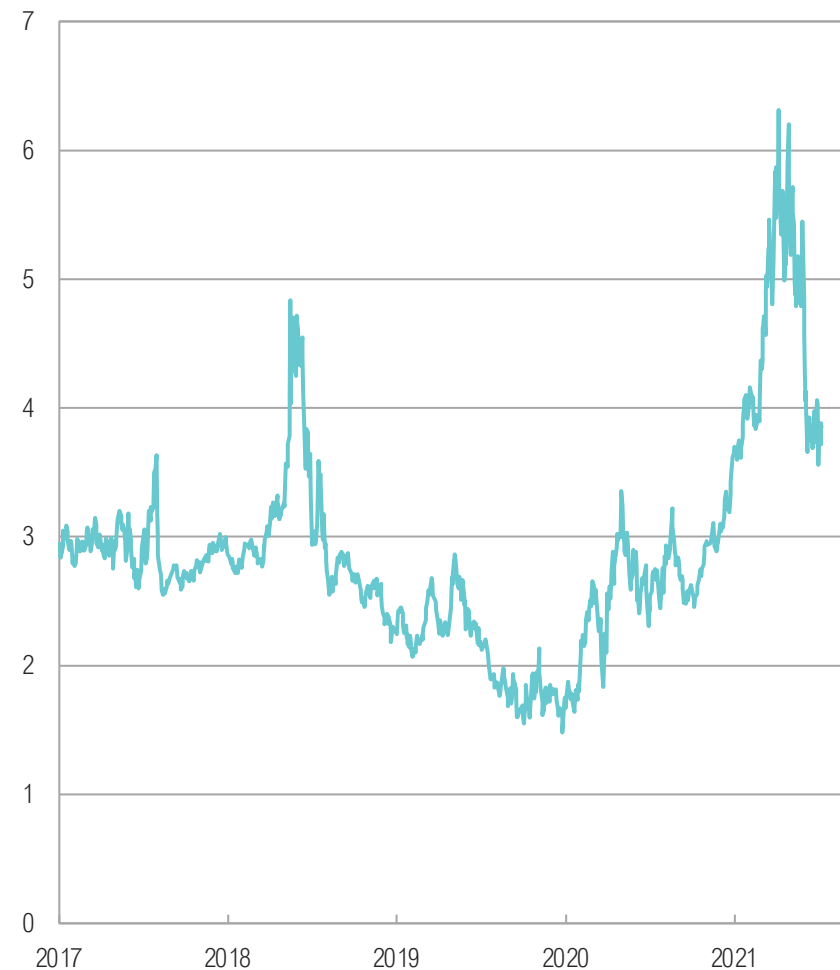
Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

## ➤ Varying performance within commodity prices: lumber futures were up 84% over the quarter while natural gas futures dropped 36%

LUMBER FUTURES, \$/1,000 BOARD FEET



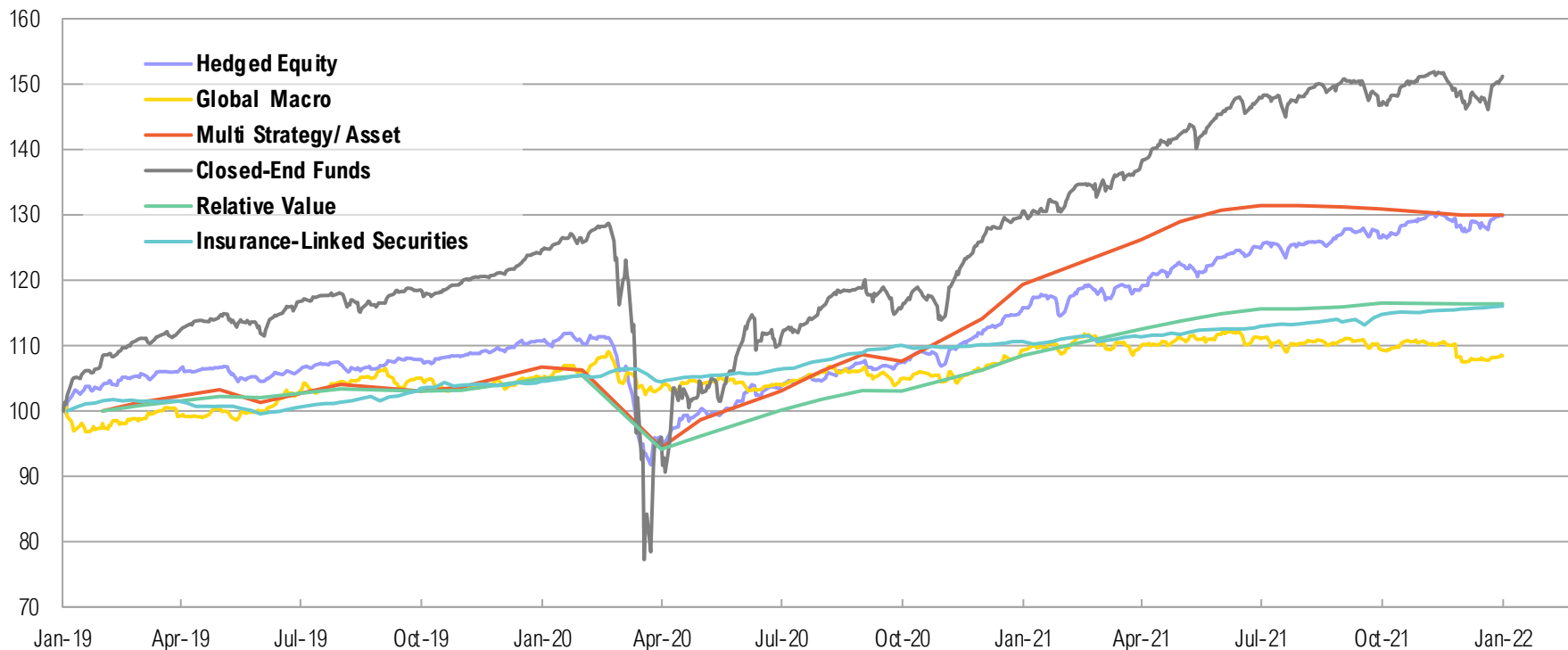
NATURAL GAS FUTURES, \$/MM BTU



Source: Bloomberg

# ➤ Closed-end funds and hedged equity outperformed for the quarter; global macro had a disappointing end to a lackluster year

TRAILING & CALENDAR YEAR TOTAL RETURNS



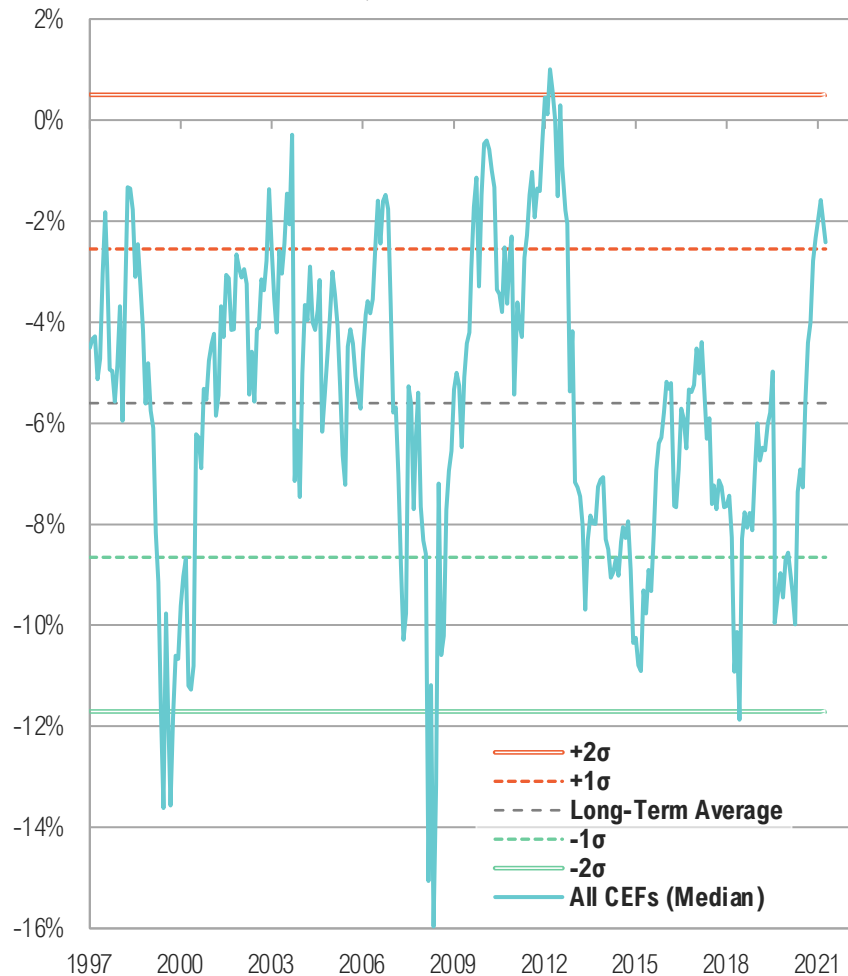
| Asset Class                 | Benchmark                            | MTD | QTD  | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2021 | 2020 | 2019 | 2018  | 2017 |
|-----------------------------|--------------------------------------|-----|------|------|------|------|------|-------|------|------|------|-------|------|
| Hedged Equity               | HFRX Equity Hedge Index              | 1.7 | 2.3  | 12.1 | 12.1 | 9.1  | 5.3  | 4.1   | 12.1 | 4.6  | 10.7 | -9.4  | 10.0 |
| Global Macro                | HFRX Macro-CTA Index                 | 0.8 | -0.8 | -0.8 | -0.8 | 2.7  | 1.5  | 0.5   | -0.8 | 4.3  | 4.8  | -3.2  | 2.5  |
| Multi Strategy/ Asset       | HFR1 Fund Weighted Composite Index   | 0.0 | -0.7 | 8.9  | 8.9  | 10.4 | 6.8  | 5.7   | 8.9  | 11.8 | 10.4 | -4.7  | 8.6  |
| Relative Value              | HFR1 Relative Value Index            | 0.0 | -0.1 | 7.3  | 7.3  | 6.0  | 4.5  | 5.1   | 7.3  | 3.4  | 7.4  | -0.4  | 5.1  |
| Closed-End Funds            | S-Network Composite Closed-End Index | 2.3 | 2.6  | 15.8 | 15.8 | 14.8 | 9.7  | 9.0   | 7.4  | -3.7 | 15.1 | -15.3 | 6.3  |
| Insurance-Linked Securities | SwissRe Global Cat Bond Index        | 0.4 | 1.1  | 4.9  | 4.9  | 5.1  | 3.6  | 5.7   | 4.9  | 5.8  | 4.6  | 2.5   | 0.5  |

Source: Bloomberg. See appendix for asset class and index definitions.  
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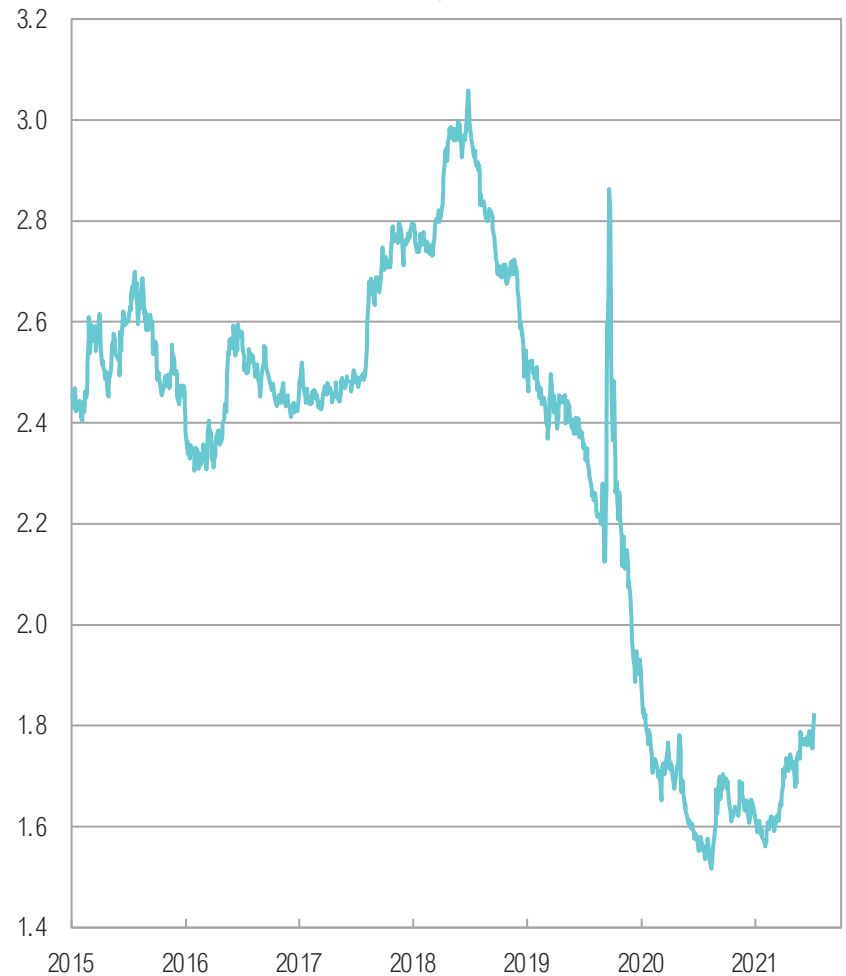


## ➤ Relatively high valuations, low yields and tighter spreads continue to provide challenges for balanced portfolios

PREMIUM/DISCOUNT TO NAV, %



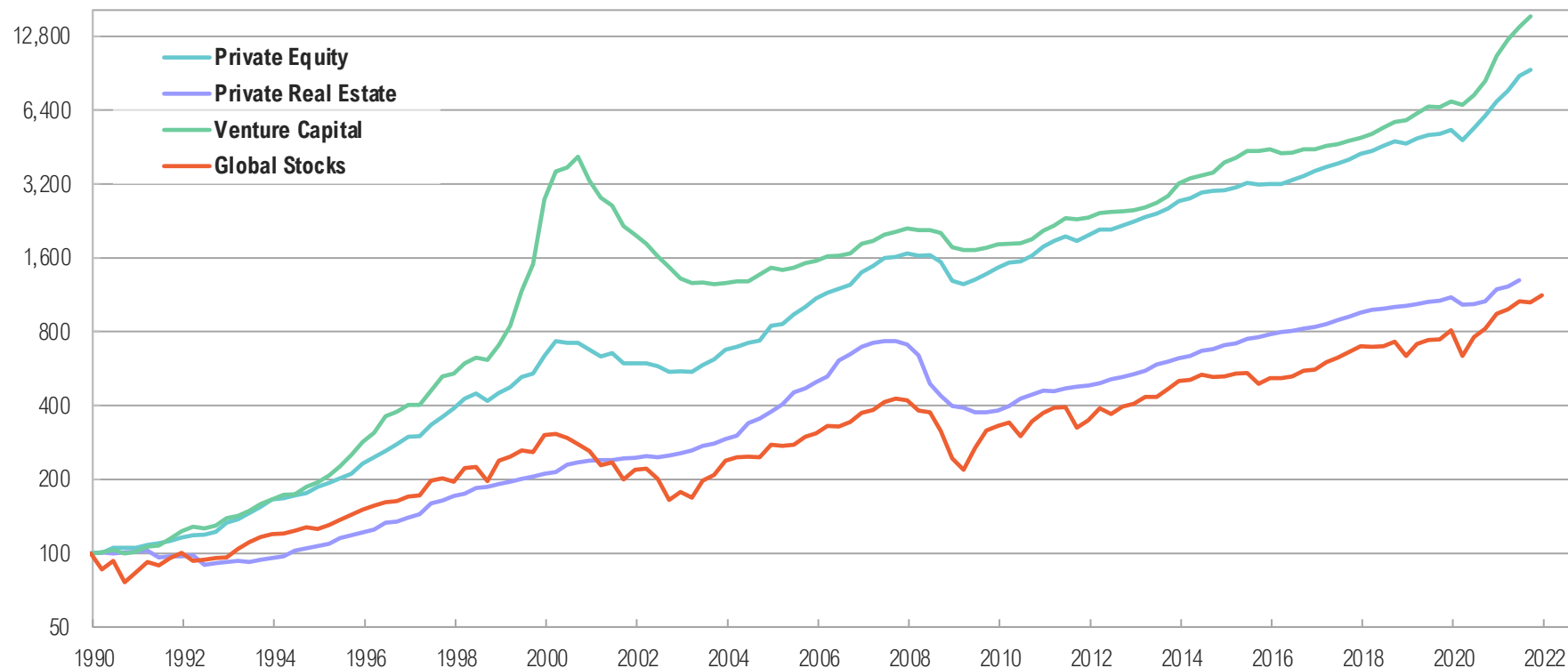
BALANCED 60/40 PORTFOLIO\* YIELD, %



Source: Bloomberg, Morningstar. \*Balanced Portfolio (60/40) Yield is represented by the trailing 12-month dividend yield of the MSCI ACWI Index and the trailing 12-month yield of the Bloomberg US Agg Bond Index.

# Venture capital continues to outperform as disruption themes and strong exit market created perfect set-up for outsized returns

TRAILING & CALENDAR YEAR TOTAL RETURNS\*

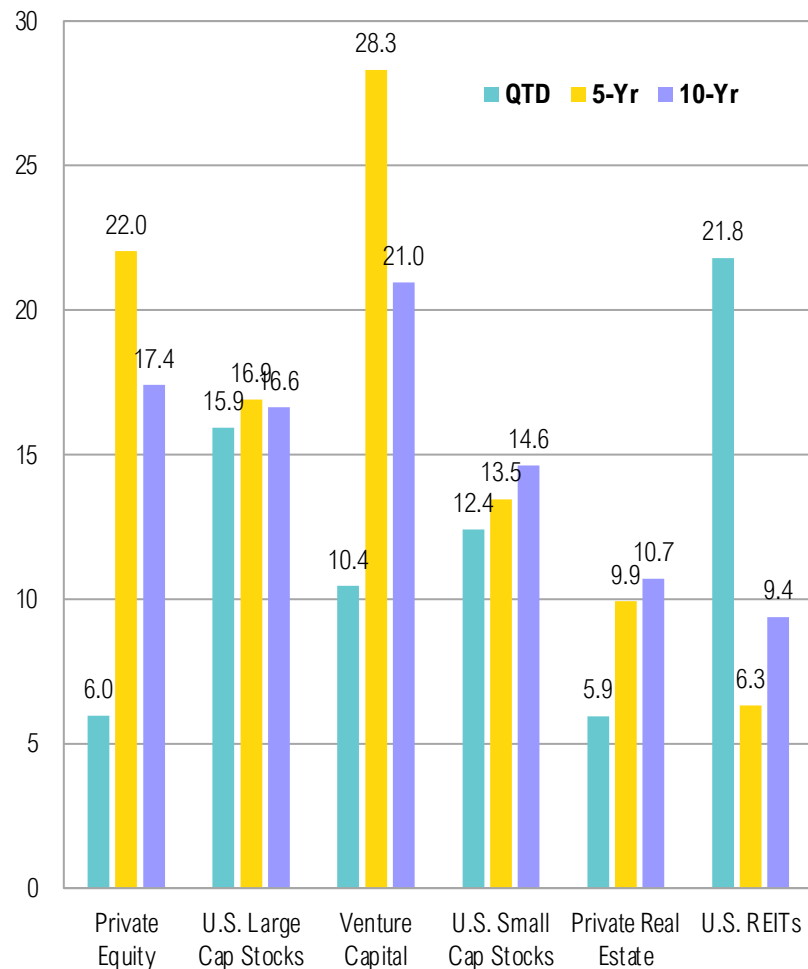


| Asset Class         | Benchmark                     | YTD  | 1-Yr | 3-Yr | 5-Yr | 10-Yr | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------|-------------------------------|------|------|------|------|-------|------|------|------|------|------|
| Private Equity      | Cambridge Private Equity      | 34.3 | 53.4 | 25.2 | 22.0 | 17.4  | 30.6 | 13.9 | 10.2 | 17.5 | 13.0 |
| Private Real Estate | Cambridge Private Real Estate | 9.1  | 25.1 | 9.3  | 9.9  | 10.7  | 7.4  | 8.7  | 6.7  | 14.3 | 7.1  |
| Venture Capital     | Cambridge Venture Capital     | 44.9 | 83.9 | 39.2 | 28.3 | 21.0  | 53.6 | 19.2 | 18.0 | 11.1 | 0.4  |
| Global Stocks       | MSCI ACWI GR Index            | 11.5 | 28.0 | 13.1 | 13.8 | 12.5  | 16.8 | 27.3 | -8.9 | 24.6 | 8.5  |

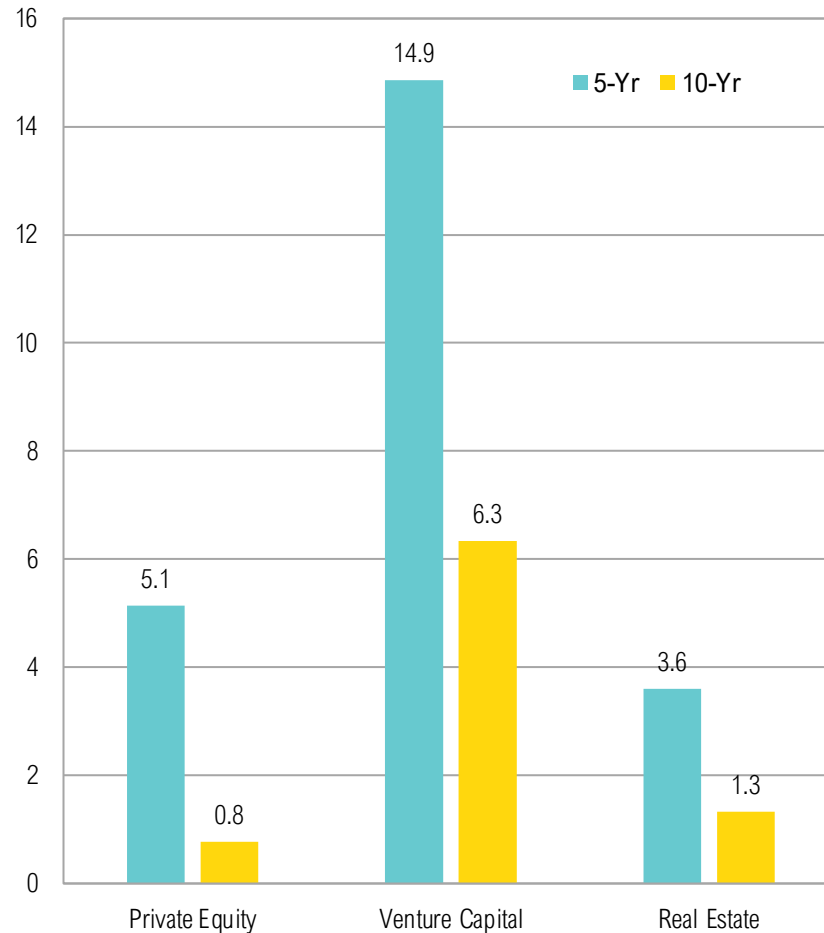
Source: Bloomberg. See appendix for asset class and index definitions. \*Data as of 9/30/2021 except Private Real Estate which is as of 6/30/2021. Returns for periods greater than 1 year are annualized. Private market data for the most recent quarter is preliminary.

## ➤ Trailing 5-year periods have seen unusually high illiquidity premiums

TRAILING TOTAL RETURNS\*, %



TRAILING ILLIQUIDITY PREMIUMS\*, %



Source: Bloomberg, Cambridge Associates. See appendix for asset class and index definitions. \*Data as of 9/30/2021 except Private Real Estate which is as of 6/30/2021. Returns for periods greater than 1 year are annualized. Private market data for the most recent quarter is preliminary.

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