



Market Review:

**Q3, 2021**

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### OPPORTUNISTIC

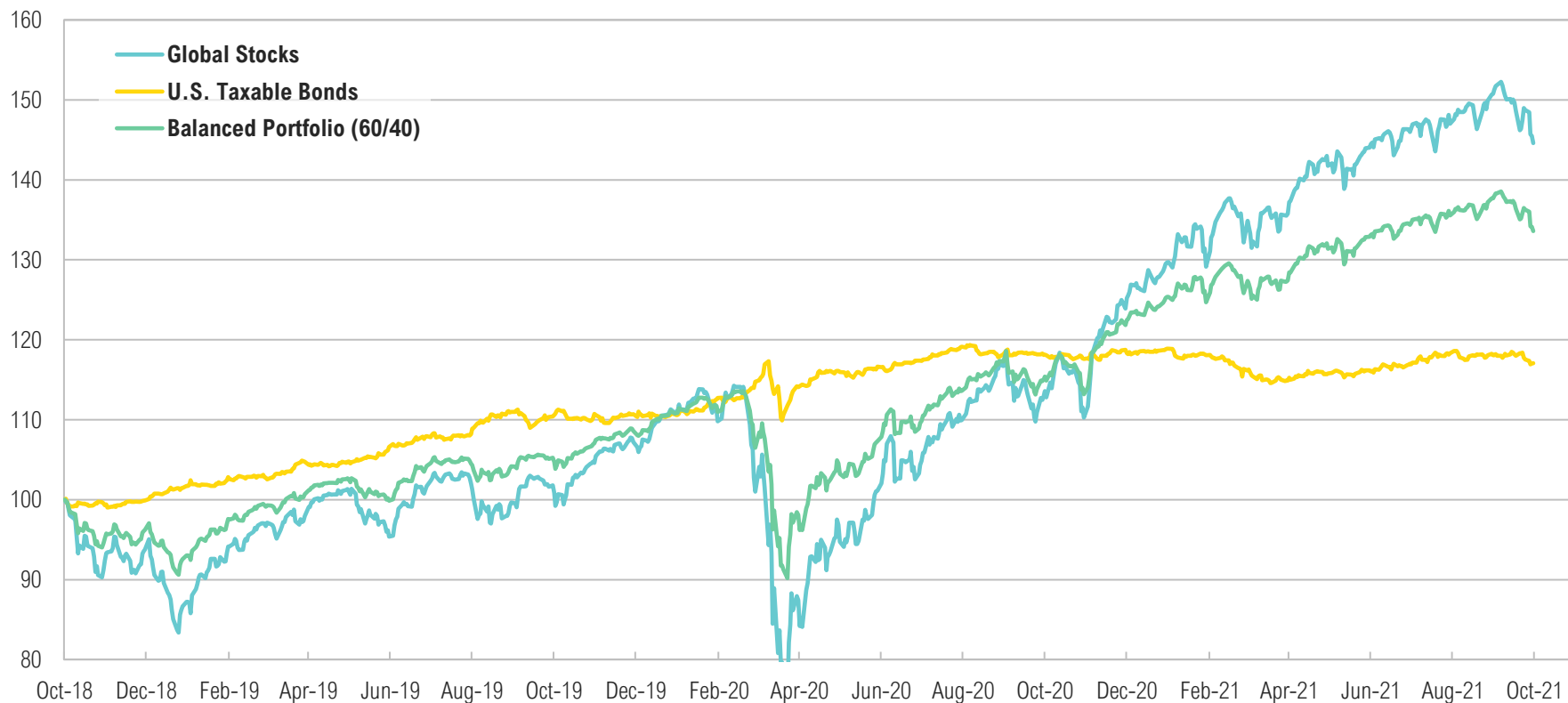
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## ➤ Risk assets finished down for the quarter while bonds generated a slightly positive return, balanced portfolios down 3.5% from all-time highs

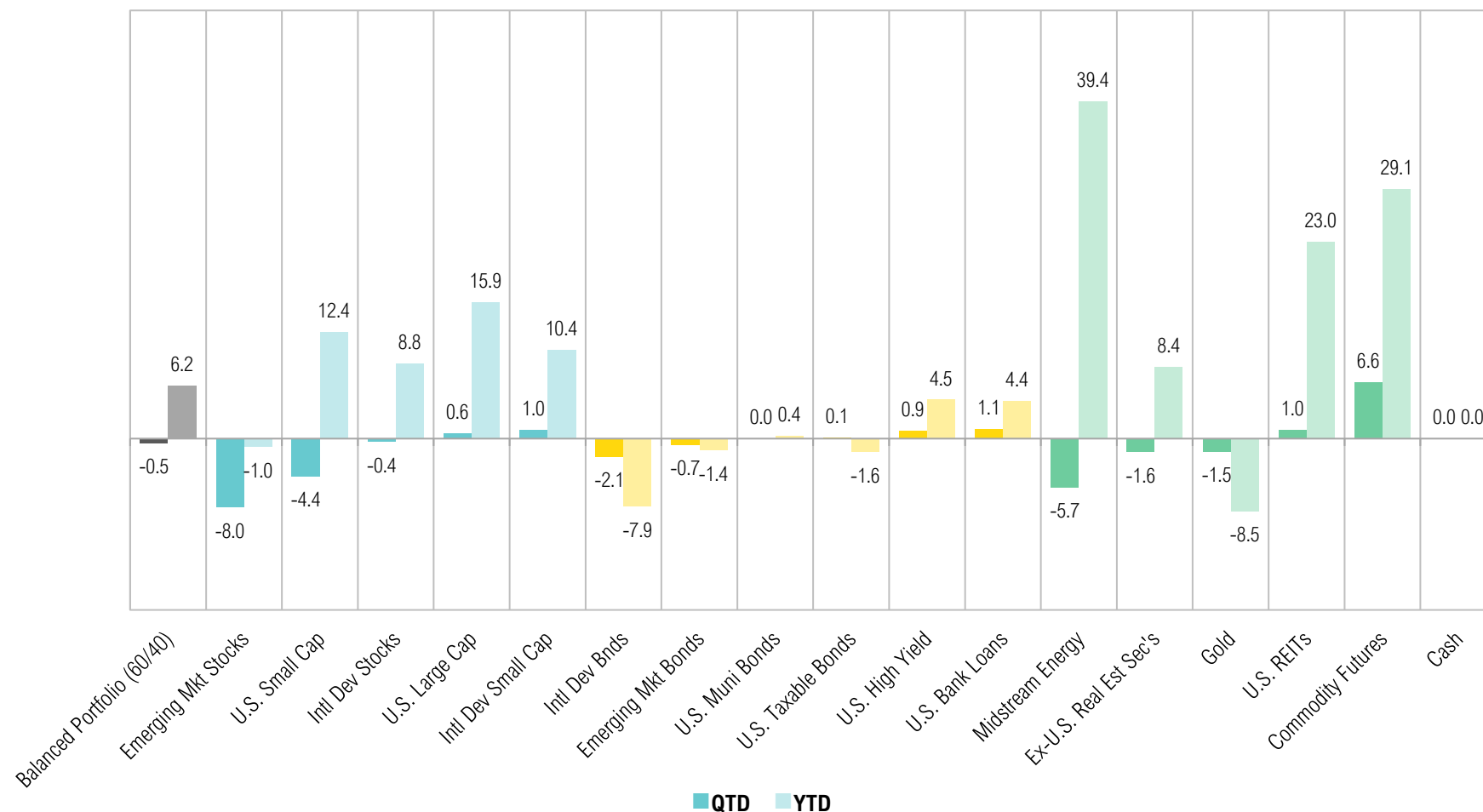
TRAILING &amp; CALENDAR YEAR TOTAL RETURNS



Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
Global Stocks	MSCI ACWI GR	-1.0	11.5	28.0	13.1	13.8	12.5	16.8	27.3	-8.9	24.6	8.5
U.S. Taxable Bonds	BBgBarc US Agg Bond TR	0.1	-1.6	-0.9	5.4	2.9	3.0	7.5	8.7	0.0	3.5	2.6
Balanced Portfolio (Global 60/40)	60% ACWI, 40% Bbg US Agg Bond	-0.5	6.2	15.8	10.4	9.6	8.9	13.8	19.8	-5.2	15.8	6.3

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

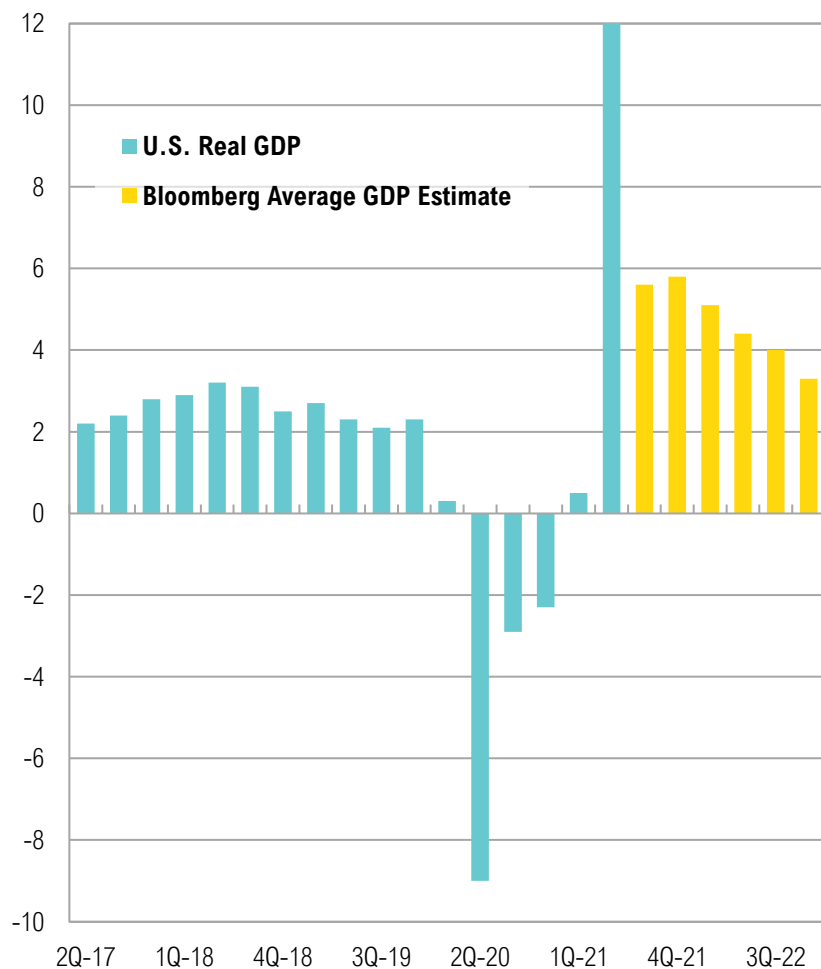
➤ **A generally weak quarter for risk assets, especially ex-U.S.; commodities were the top performer and balanced portfolios declined 0.5%**



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

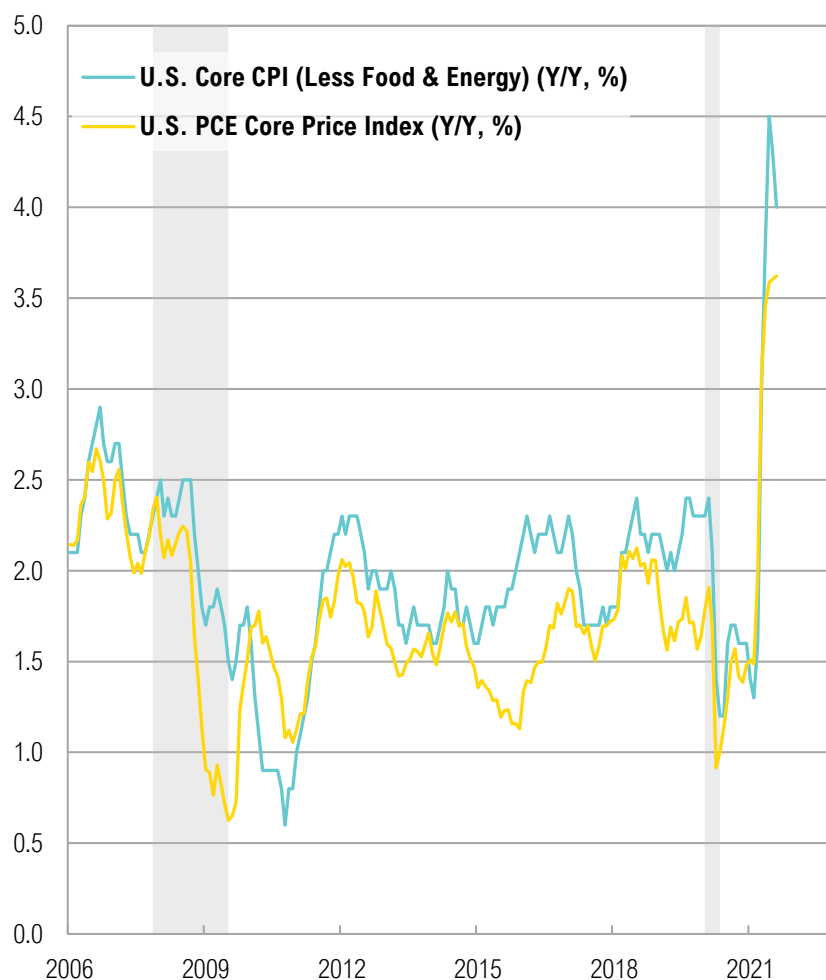
# ➤ Growth and inflation both expected to slow, but to remain above average for next several quarters

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



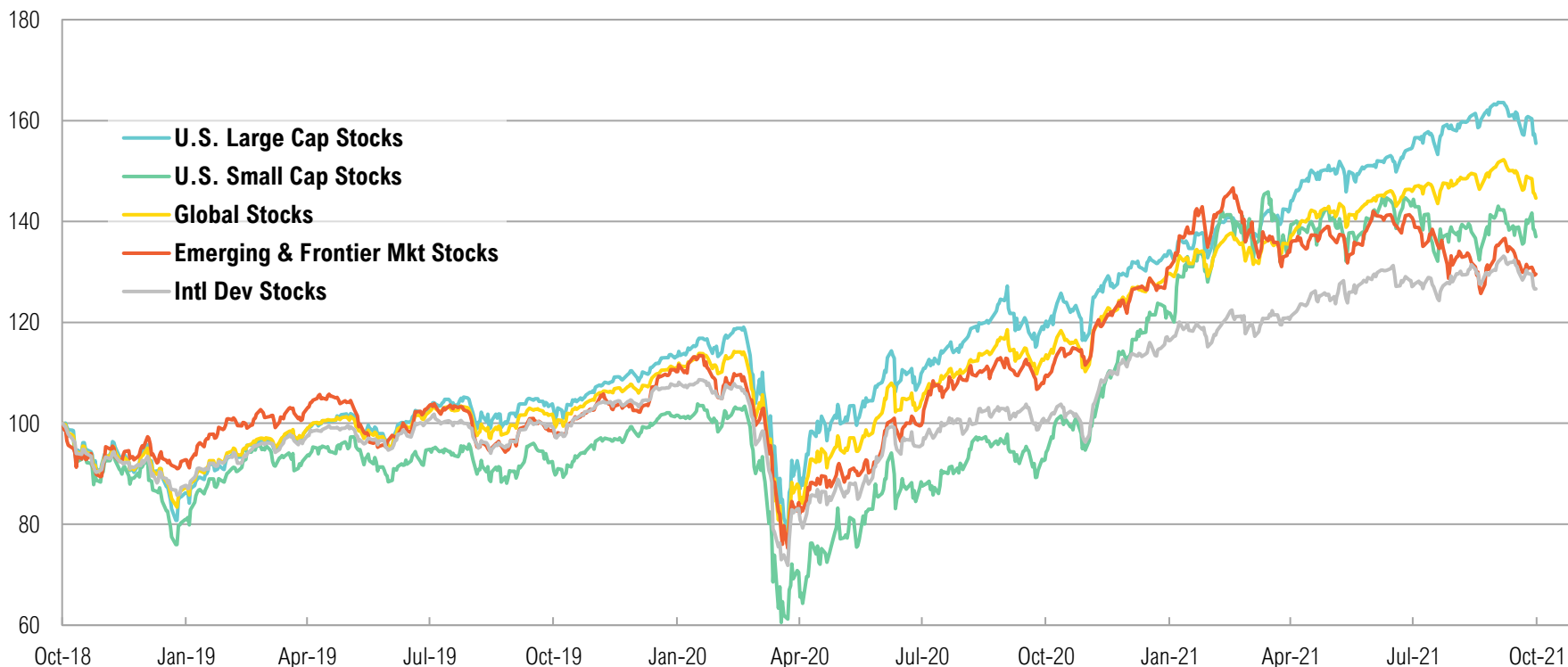
Source: Bloomberg

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



## U.S. stocks managed to net out a modestly positive return for the quarter while U.S. small cap, international and emerging markets declined

TRAILING &amp; CALENDAR YEAR TOTAL RETURNS

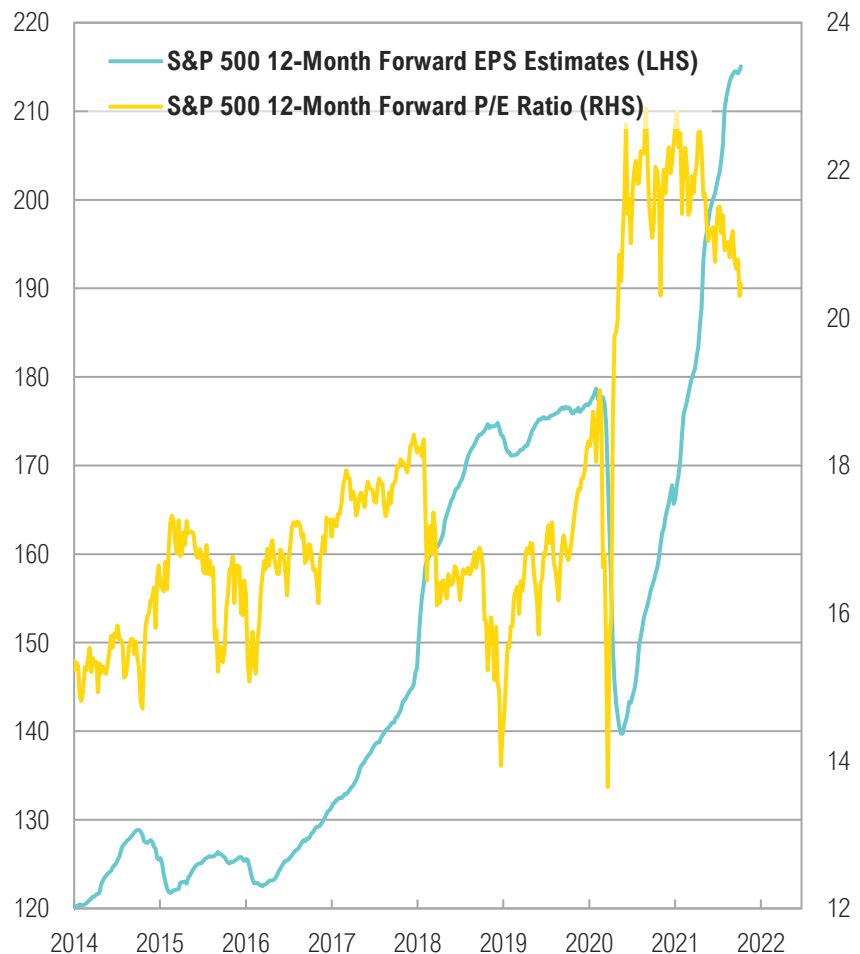


Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
U.S. Large Cap Stocks	S&P 500 TR	0.6	15.9	30.0	16.0	16.9	16.6	18.4	31.5	-4.4	21.8	12.0
U.S. Small Cap Stocks	Russell 2000 TR	-4.3	12.3	47.5	10.4	13.4	14.6	20.0	25.4	-11.1	14.6	21.6
Intl Dev Stocks	MSCI EAFE GR	-0.4	8.3	25.8	7.6	8.8	8.1	7.8	22.0	-13.8	25.0	1.0
Emerging & Frontier Mkt Stocks	MSCI EM GR	-8.1	-1.2	18.2	8.6	9.2	6.1	18.3	18.4	-14.6	37.3	11.2
Global Stocks	MSCI ACWI GR	-1.1	11.1	27.5	12.6	13.2	11.9	16.3	26.6	-9.4	24.0	7.9

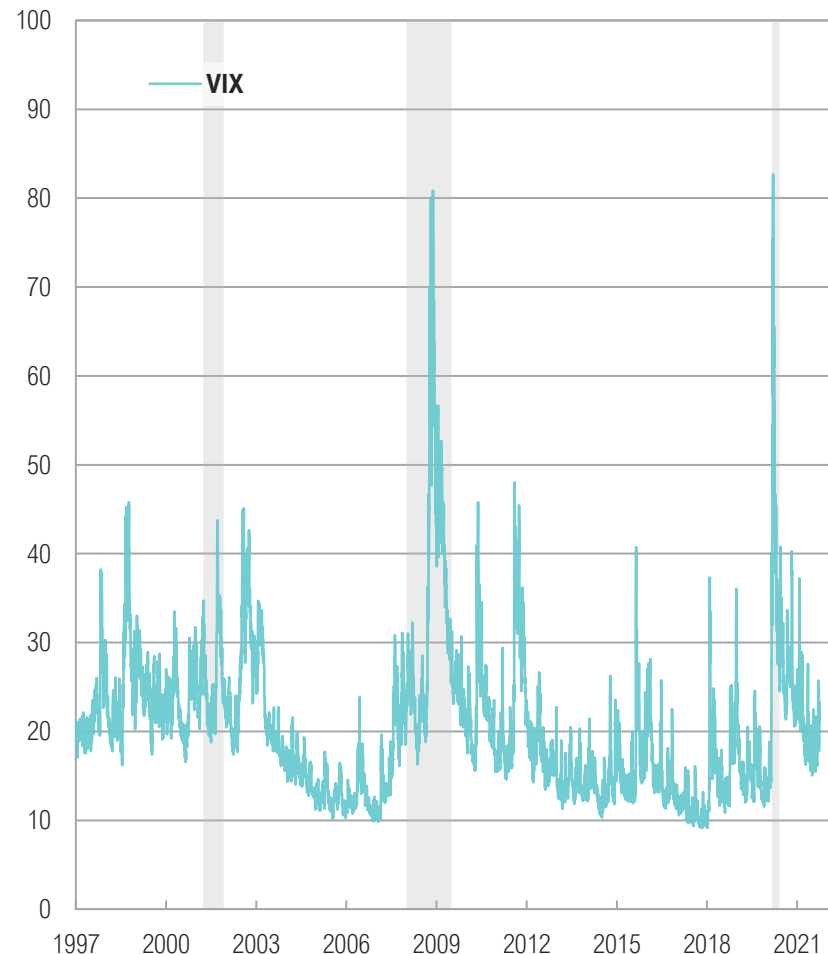
Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

## ➤ Earnings estimates for S&P 500 continue to rise, outpacing prices as valuations compressed during the quarter; VIX rose to 23

FORWARD P/E



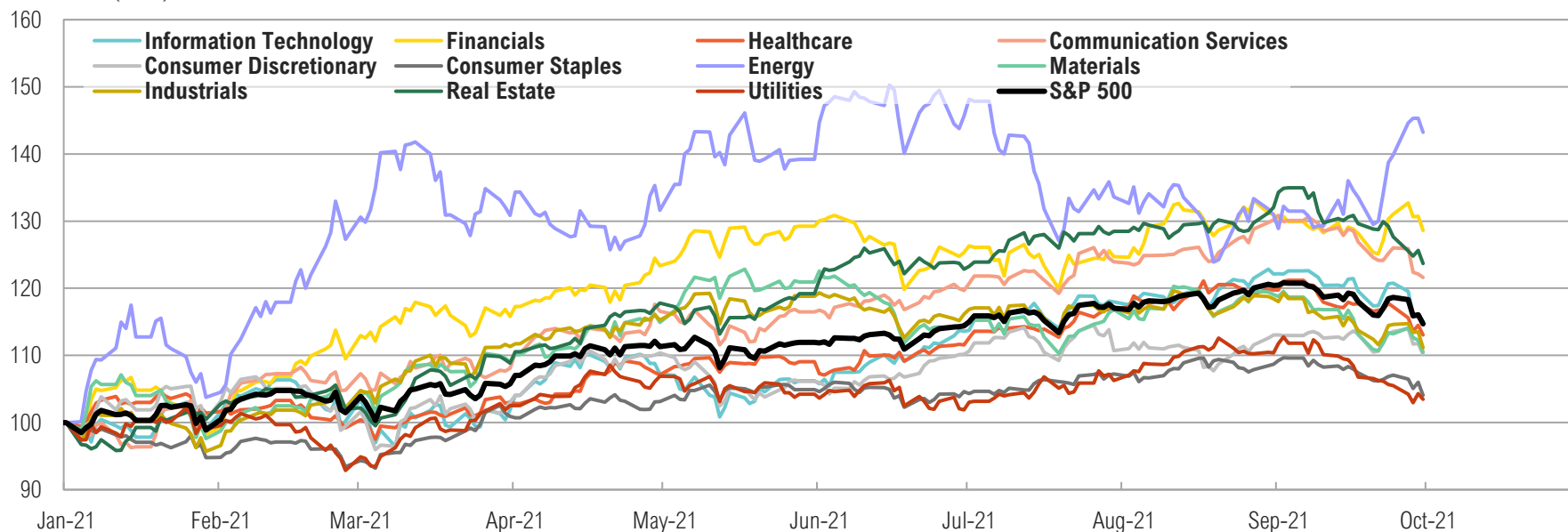
VIX



Source: Bloomberg

# Technology was the top-performing sector for the quarter while energy stocks remain far in the lead for the year to date

## TRAILING (YTD) & CALENDAR YEAR TOTAL RETURNS



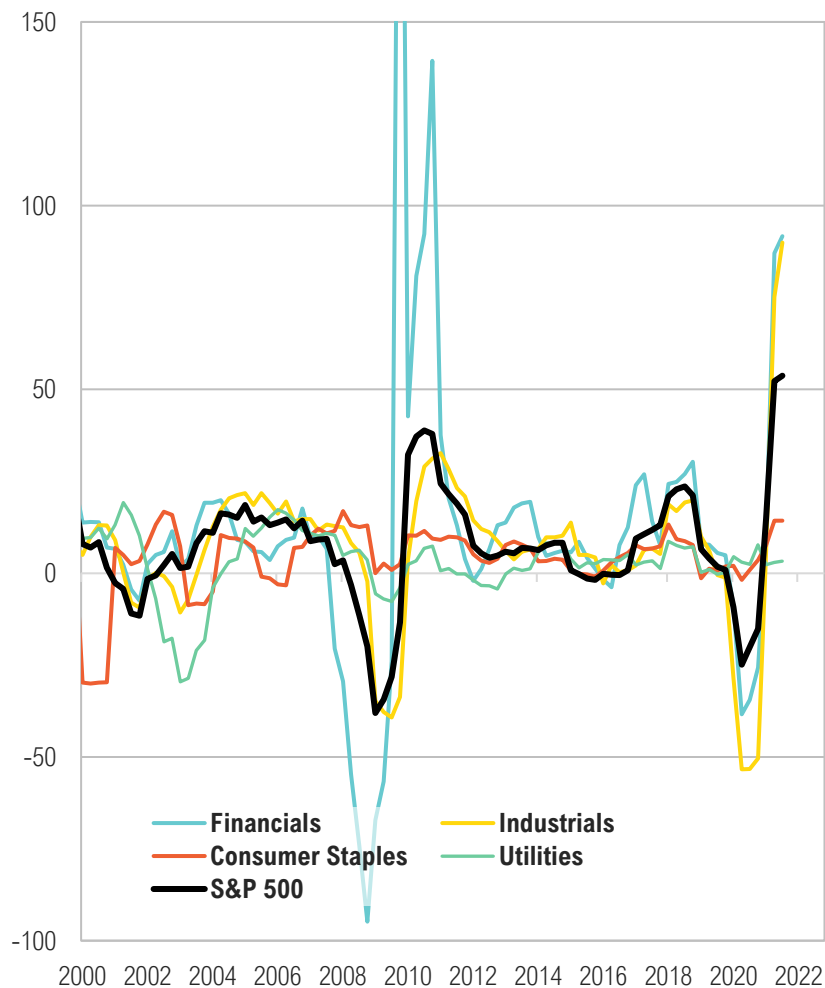
Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
Communication Services	S&P 500 Communication Services Index	1.6	21.6	38.4	20.1	12.5	12.4	23.6	32.7	-12.5	-1.3	23.5
Consumer Discretionary	S&P 500 Consumer Discretionary Index	0.0	10.3	19.2	16.3	19.0	19.5	33.3	27.9	0.8	23.0	6.0
Consumer Staples	S&P 500 Consumer Staples Index	-0.3	4.7	11.4	11.9	8.6	11.9	10.7	27.6	-8.4	13.5	5.4
Energy	S&P 500 Energy Index	-1.7	43.2	83.1	-6.8	-1.6	2.1	-33.7	11.8	-18.1	-1.0	27.4
Financials	S&P 500 Financials Index	2.7	29.1	59.2	13.4	16.6	17.0	-1.7	32.1	-13.0	22.2	22.8
Health Care	S&P 500 Health Care Index	1.4	13.5	22.6	12.4	14.2	17.1	13.4	20.8	6.5	22.1	-2.7
Industrials	S&P 500 Industrials Index	-4.2	11.5	29.0	9.8	12.5	15.0	11.1	29.4	-13.3	21.0	18.9
Information Technology	S&P 500 Information Technology Index	1.3	15.3	28.9	27.3	28.4	23.1	43.9	50.3	-0.3	38.8	13.8
Materials	S&P 500 Materials Index	-3.5	10.5	26.5	13.4	12.9	12.8	20.7	24.6	-14.7	23.8	16.7
Real Estate	S&P 500 Real Estate Index	0.9	24.4	30.6	14.7	10.2	13.0	-2.2	29.0	-2.2	10.8	3.4
Utilities	S&P 500 Utilities Index	1.8	4.2	11.0	10.3	9.1	10.6	0.5	26.3	4.1	12.1	16.3

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



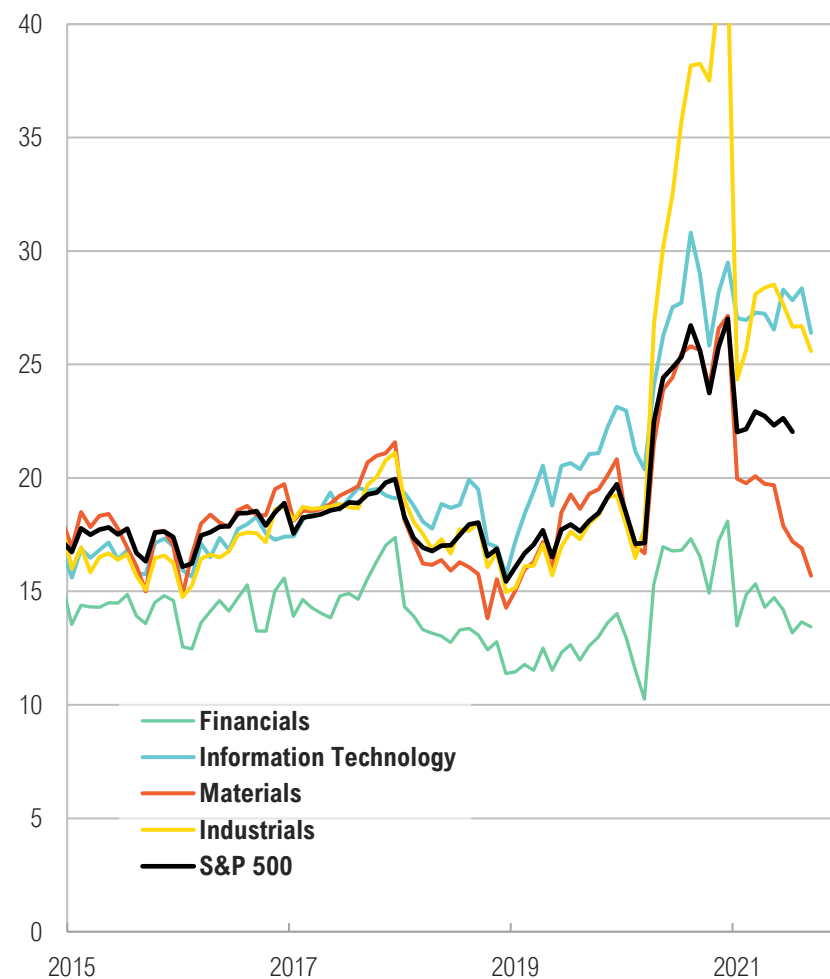
## ➤ Valuations have come down from their peak as earnings and earnings estimates increased rapidly, but EPS growth rates have peaked

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



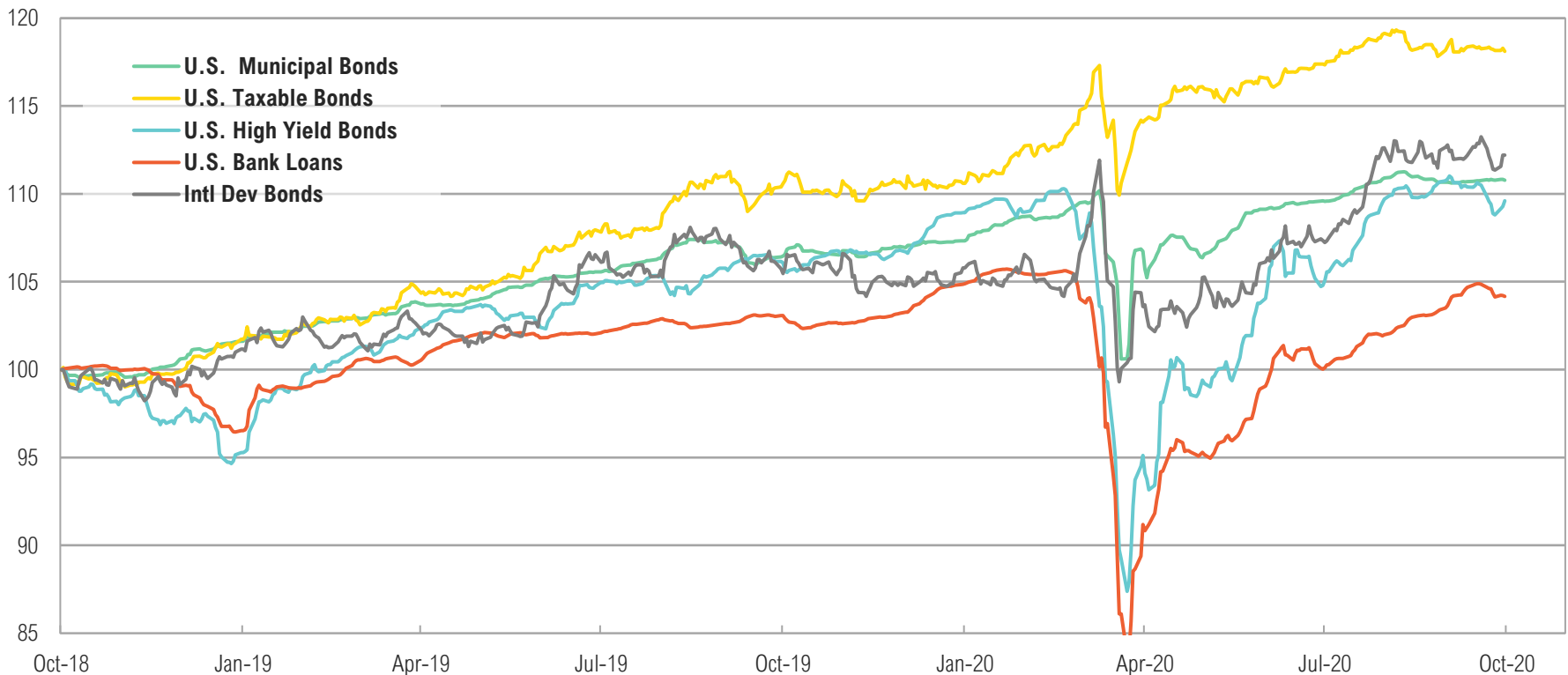
Source: Bloomberg

FORWARD P/E BY SECTOR (TOP & BOTTOM)



## U.S. fixed income and credit protected against a modest risk-off quarter; weakness continued in international developed bonds

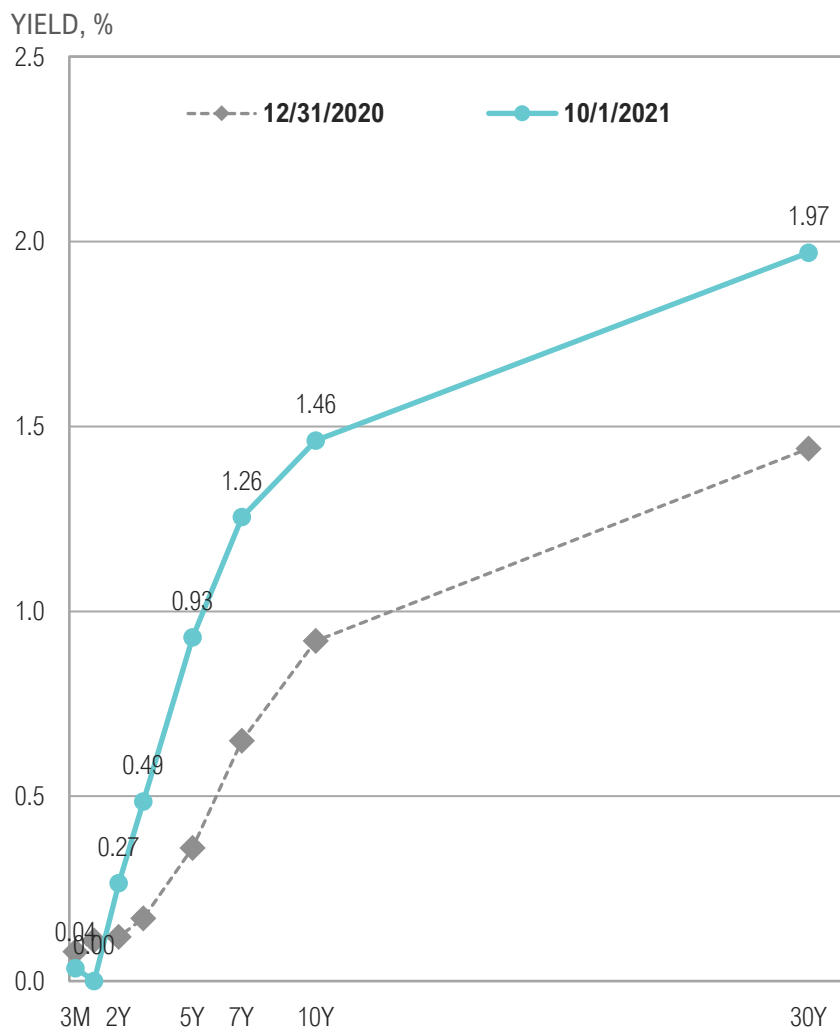
TRAILING &amp; CALENDAR YEAR TOTAL RETURNS



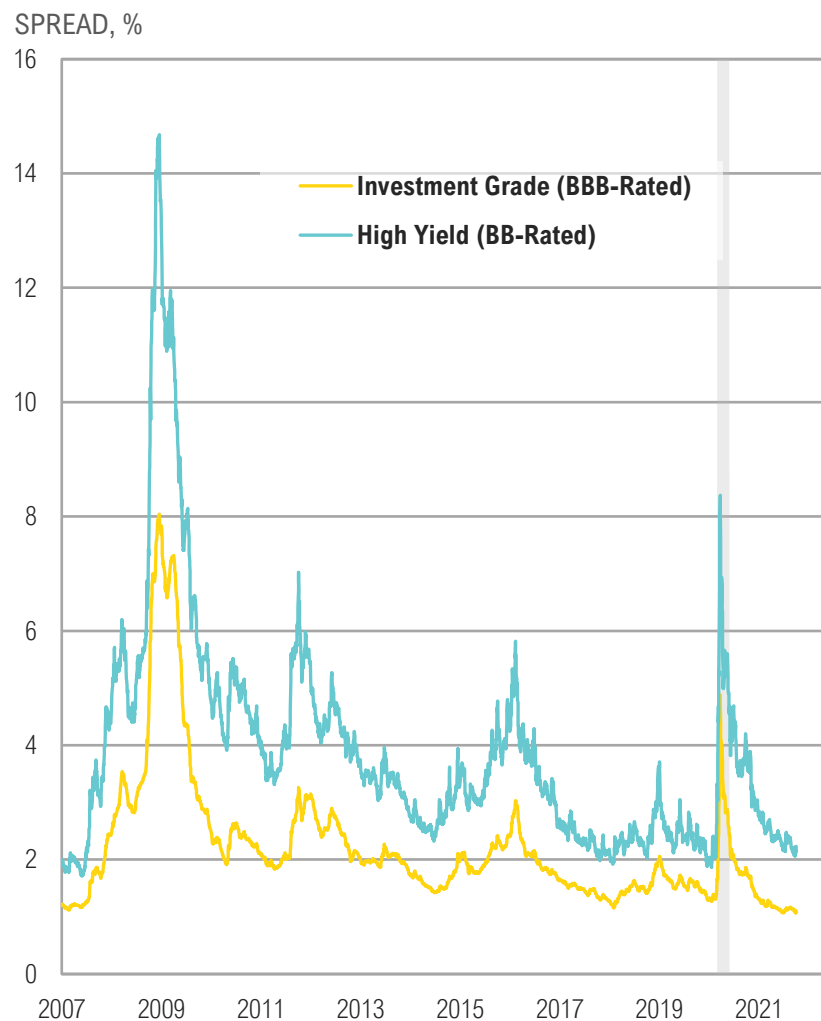
Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
U.S. Municipal Bonds	BBgBarc Municipal 1-10Y Blend 1-12Y TR	0.0	0.4	1.3	3.9	2.5	2.7	4.2	5.6	1.6	3.5	-0.1
U.S. Taxable Bonds	BBgBarc US Agg Bond TR	0.1	-1.6	-0.9	5.4	2.9	3.0	7.5	8.7	0.0	3.5	2.6
U.S. High Yield Bonds	BBgBarc US Corporate High Yield TR	0.9	4.5	11.3	6.9	6.5	7.4	7.1	14.3	-2.1	7.5	17.1
U.S. Bank Loans	S&P/LSTA Leveraged Loan TR	1.1	4.4	8.4	4.1	4.6	4.9	3.1	8.6	0.4	4.1	10.2
Intl Dev Bonds	S&P International Sov Ex-US Bond TR	-2.1	-7.9	-3.5	2.6	1.0	1.1	11.2	4.6	-2.3	11.3	1.6

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 modestly this year while credit spreads have remained at or near historically tight levels

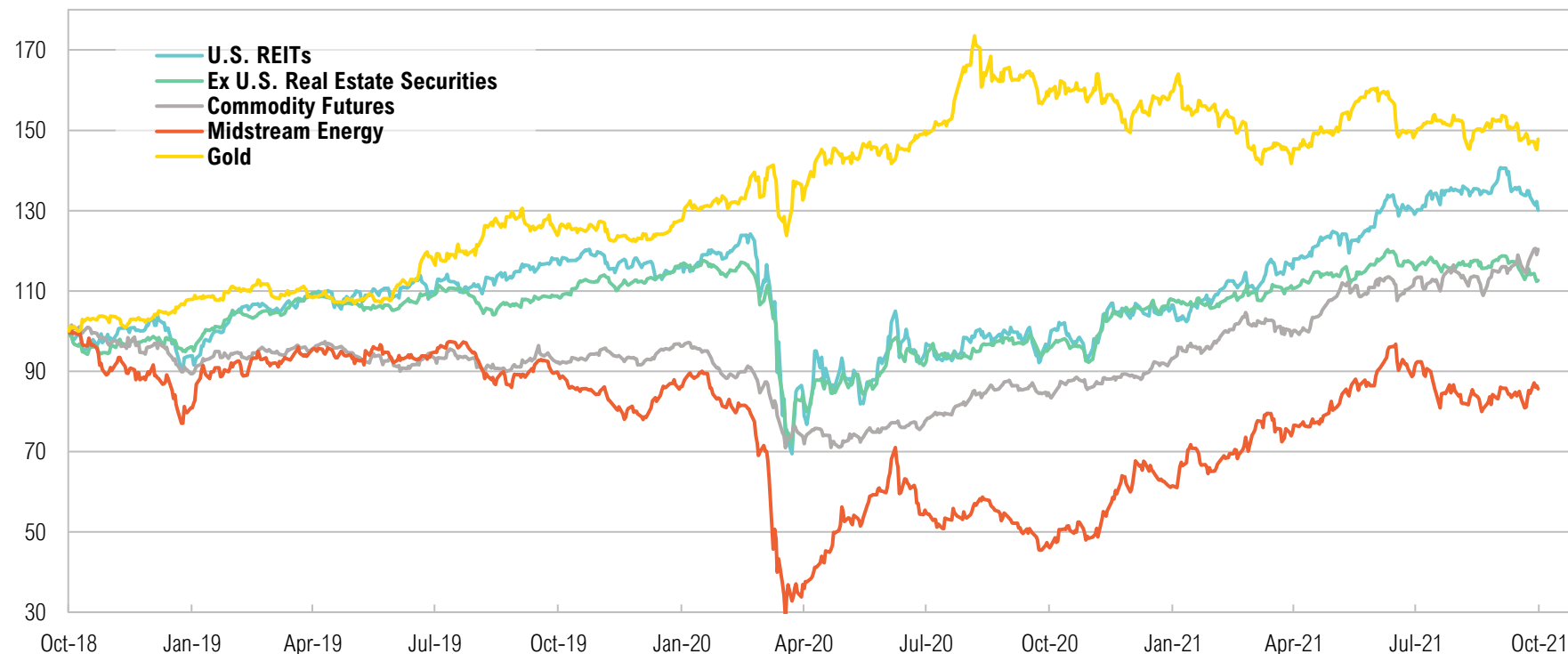


Source: Bloomberg



# Real assets had a mixed quarter; commodities continued higher as supply chain issues persist with significant implications for future inflation

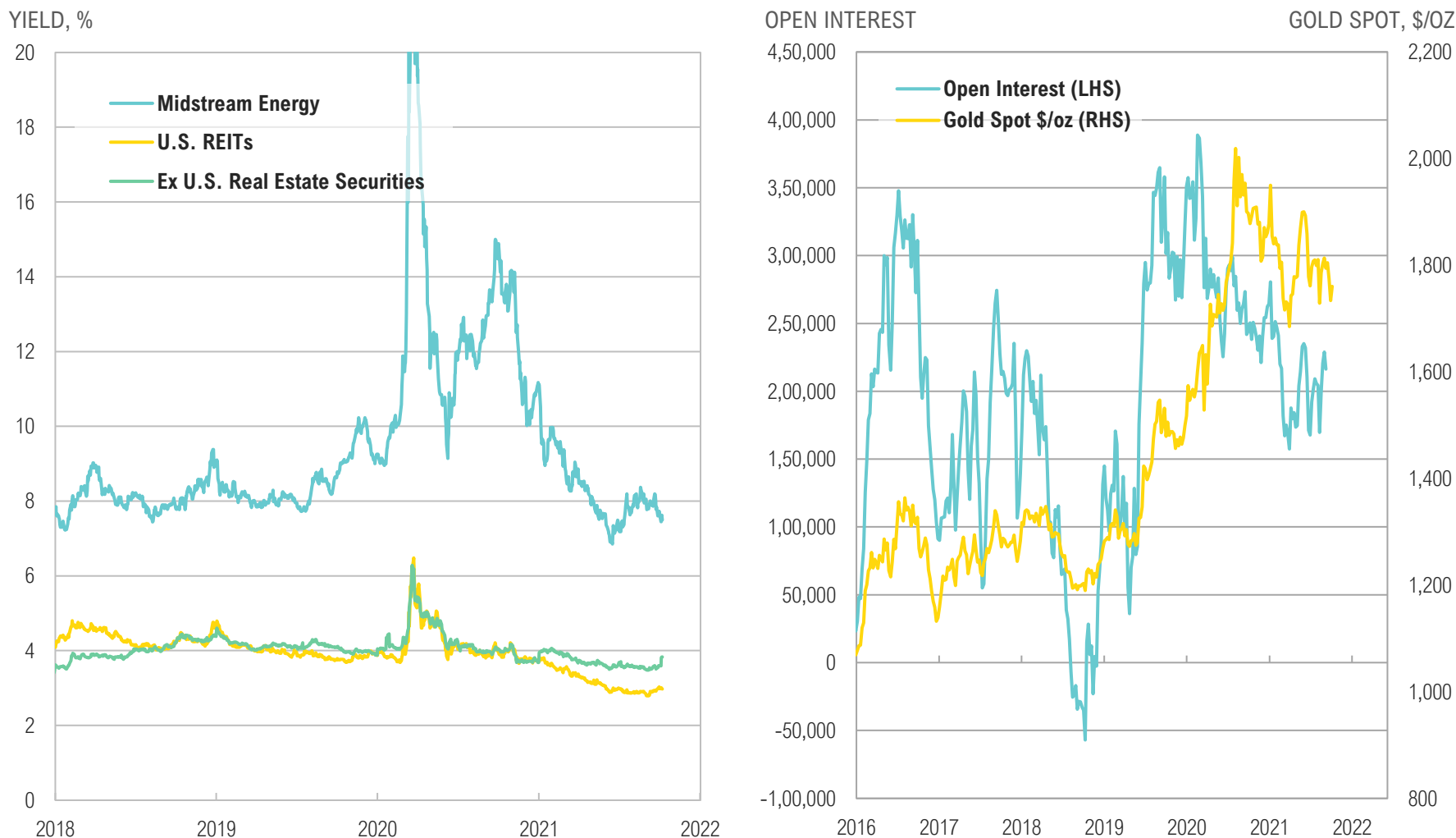
## TRAILING & CALENDAR YEAR TOTAL RETURNS



Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
U.S. REITs	MSCI US REIT NR	0.7	22.1	35.8	8.8	5.6	9.9	-8.7	24.3	-5.8	3.7	7.1
Ex U.S. Real Estate Securities	S&P Global Ex US REIT TR	-2.4	4.9	18.7	4.6	4.8	7.7	-6.8	21.9	-9.4	26.6	2.0
Broad Commodity Futures	Bloomberg Commodity TR	6.6	29.1	42.3	6.9	4.5	-2.7	-3.1	7.7	-11.2	1.7	11.8
Energy Partnerships	Alerian MLP TR	-5.7	39.4	84.7	-4.3	-2.4	1.2	-28.7	6.6	-12.4	-6.5	18.3
Gold	LBMA Gold Price AM	-1.5	-8.5	-8.1	13.5	5.4	0.6	24.2	18.8	-1.1	11.9	9.1

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

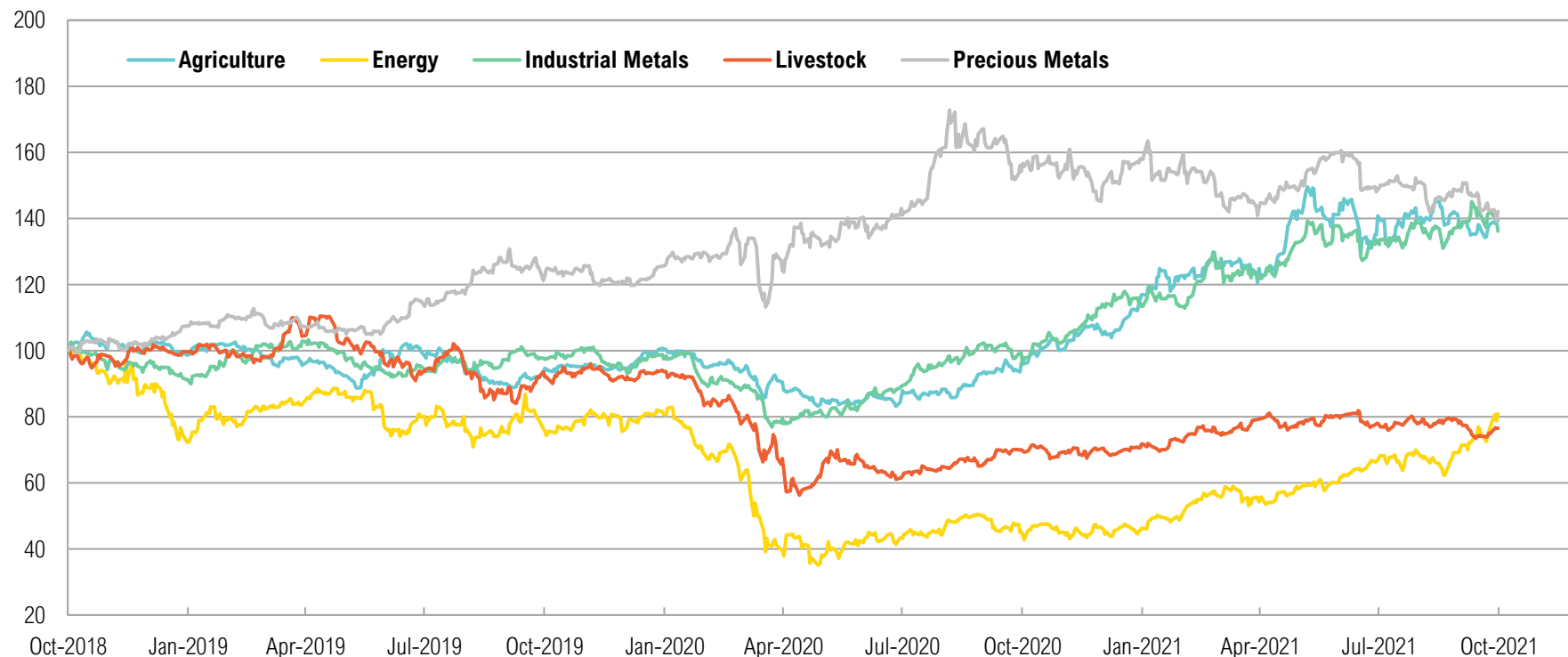
## Yields rose from lows across the real assets space; gold positioning far less bullish as prices declined from August high



Source: Bloomberg

# Energy commodities were the standout performer, up 21% for the quarter and 75% for the year to date

## TRAILING & CALENDAR YEAR TOTAL RETURNS

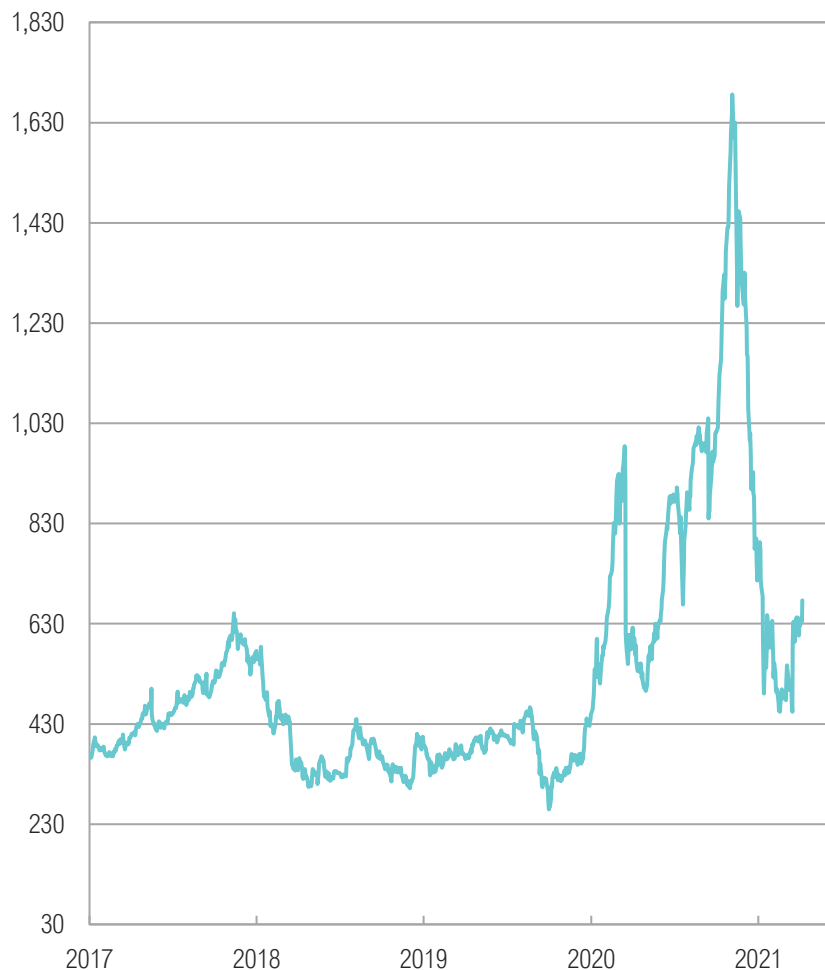


Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
Agriculture	Bloomberg Sub Agriculture Index	-1.0	19.2	44.7	12.3	1.9	-2.3	16.5	1.7	-10.8	-11.0	2.1
Energy	Bloomberg Sub Energy Index	21.0	74.9	78.9	-6.0	0.7	-8.9	-42.7	11.8	-12.7	-4.3	16.3
Industrial Metals	Bloomberg Sub Industrial Metals Index	2.1	20.0	37.1	10.9	10.6	1.2	16.3	7.0	-19.5	29.4	19.9
Livestock	Bloomberg Sub Livestock Index	-2.0	6.6	9.3	-8.2	-0.6	-4.8	-23.4	-6.0	-1.7	6.4	-5.6
Precious Metals	Bloomberg Sub Precious Metals Index	-4.6	-10.0	-7.8	12.2	3.8	-1.1	25.6	17.0	-4.6	10.9	9.5

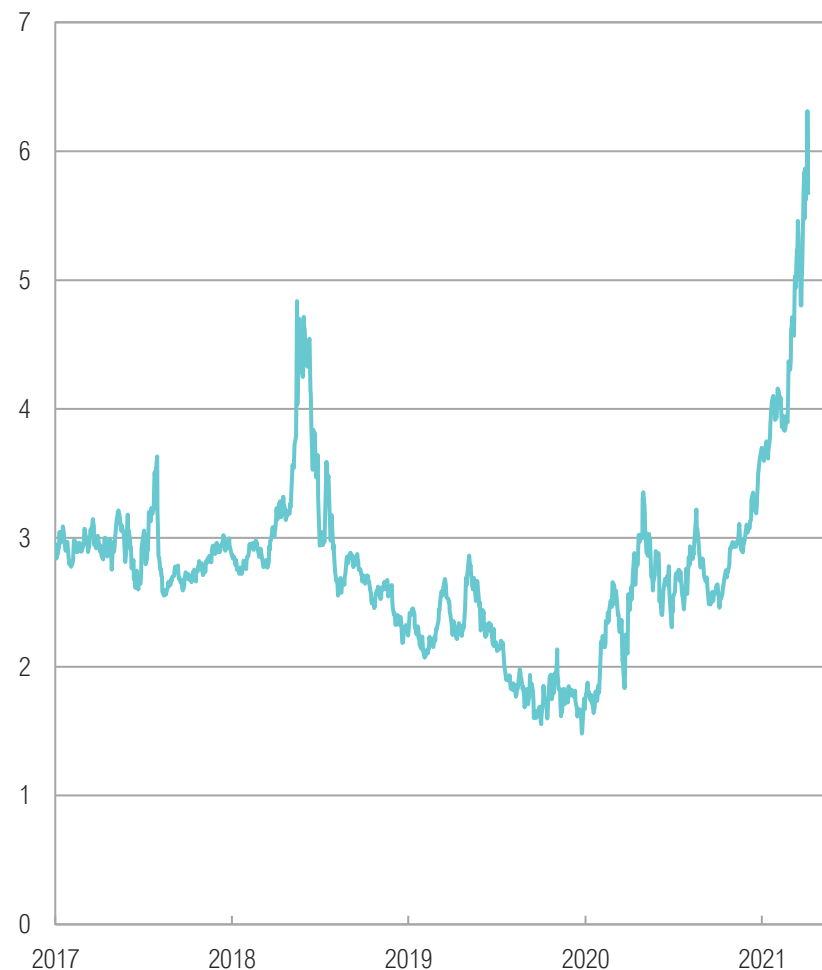
Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized.

## ➤ Overall broad strength in commodity prices: natural gas futures are up over 100% in 2021 and lumber futures rallied after significant decline

LUMBER FUTURES, \$/1,000 BOARD FEET



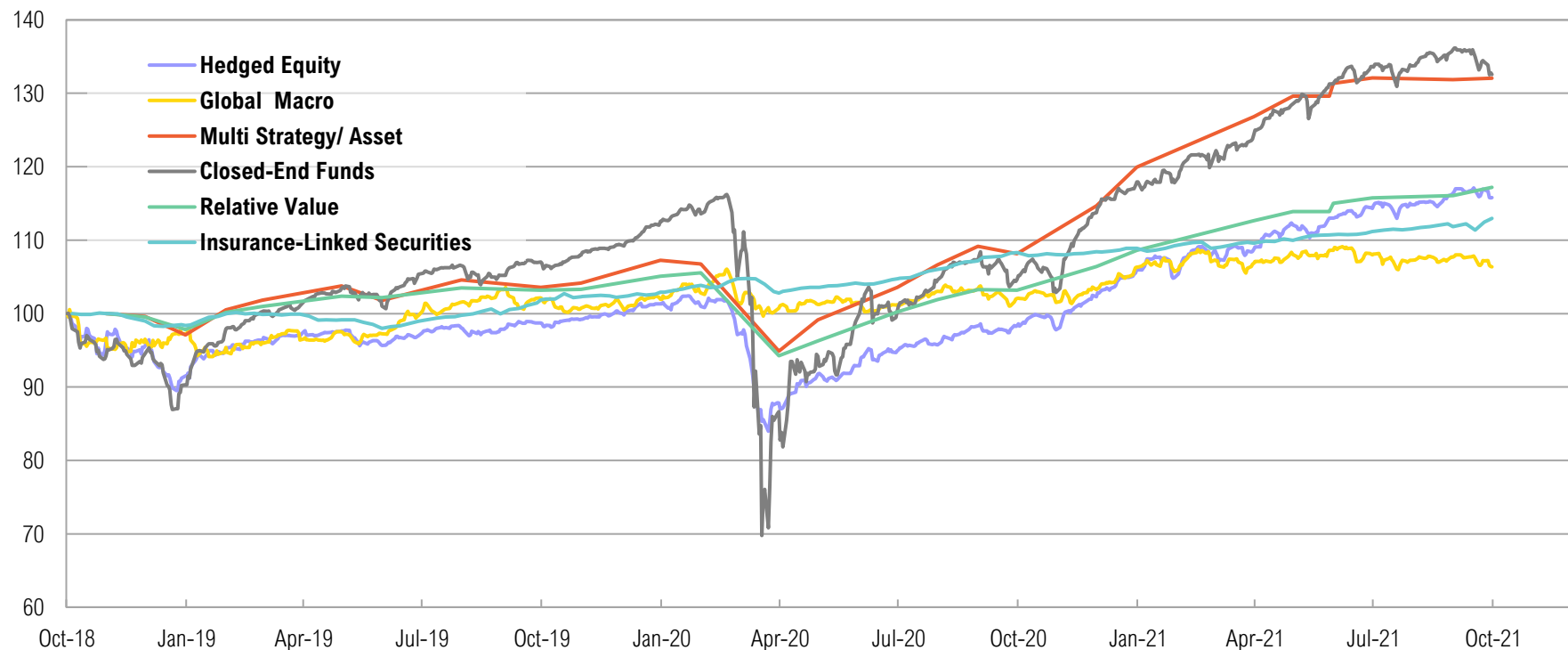
NATURAL GAS FUTURES, \$/MM BTU



Source: Bloomberg

# Performance across opportunistic strategies remains mixed, but positive for the year; closed-end funds declined as discounts widened

TRAILING & CALENDAR YEAR TOTAL RETURNS



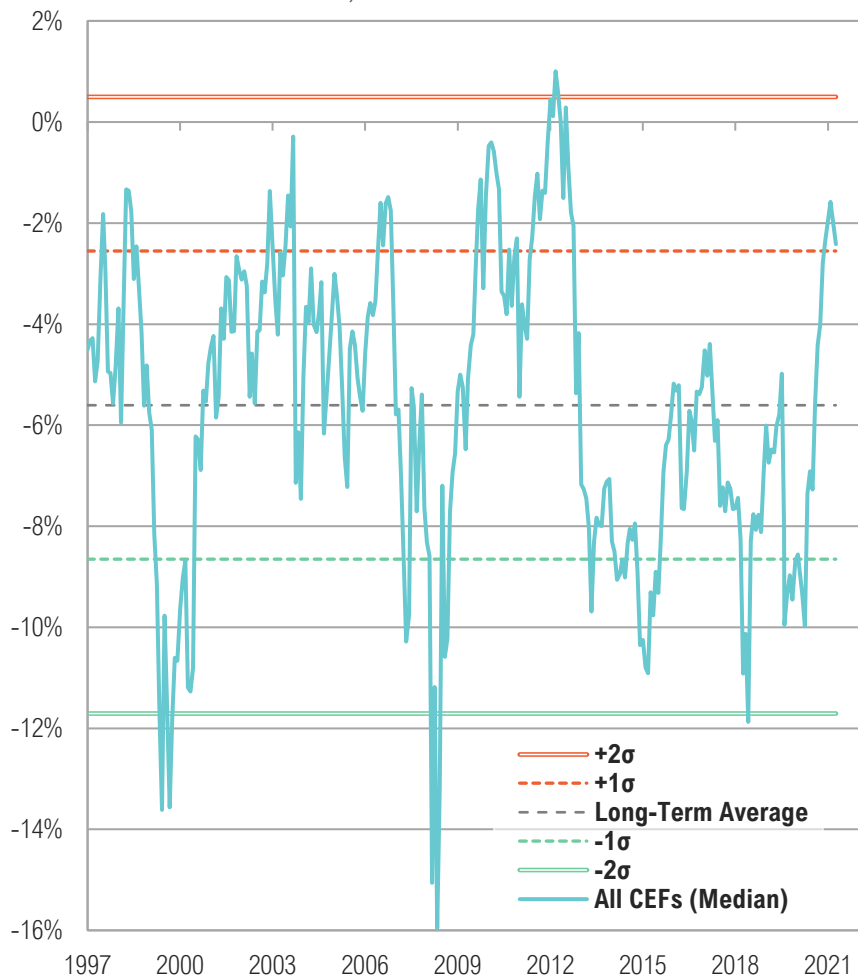
Asset Class	Benchmark	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
Hedged Equity	HFRX Equity Hedge Index	9.8	18.4	4.6	5.3	3.3	4.6	10.7	-9.4	10.0	0.1
Global Macro	HFRX Macro-CTA Index	1.6	6.2	2.9	1.3	0.4	3.8	4.8	-3.2	2.5	-2.9
Multi Strategy/ Asset	HFRI Fund Weighted Composite Index	10.3	21.3	8.8	7.7	5.5	11.7	10.4	-3.9	8.6	5.5
Relative Value	HFRI Relative Value Index	6.5	13.5	5.1	5.3	4.9	3.3	7.7	0.6	5.1	7.6
Insurance-Linked Securities	SwissRe Global Cat Bond Index	3.7	4.3	4.1	3.6	5.6	5.8	4.4	2.8	0.5	6.6
Closed-End Funds	S-Network Composite Closed-End Index	12.4	26.7	9.9	9.0	9.1	4.8	24.6	-8.5	14.4	14.9

Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized. HFR data as of 8/31/2021.

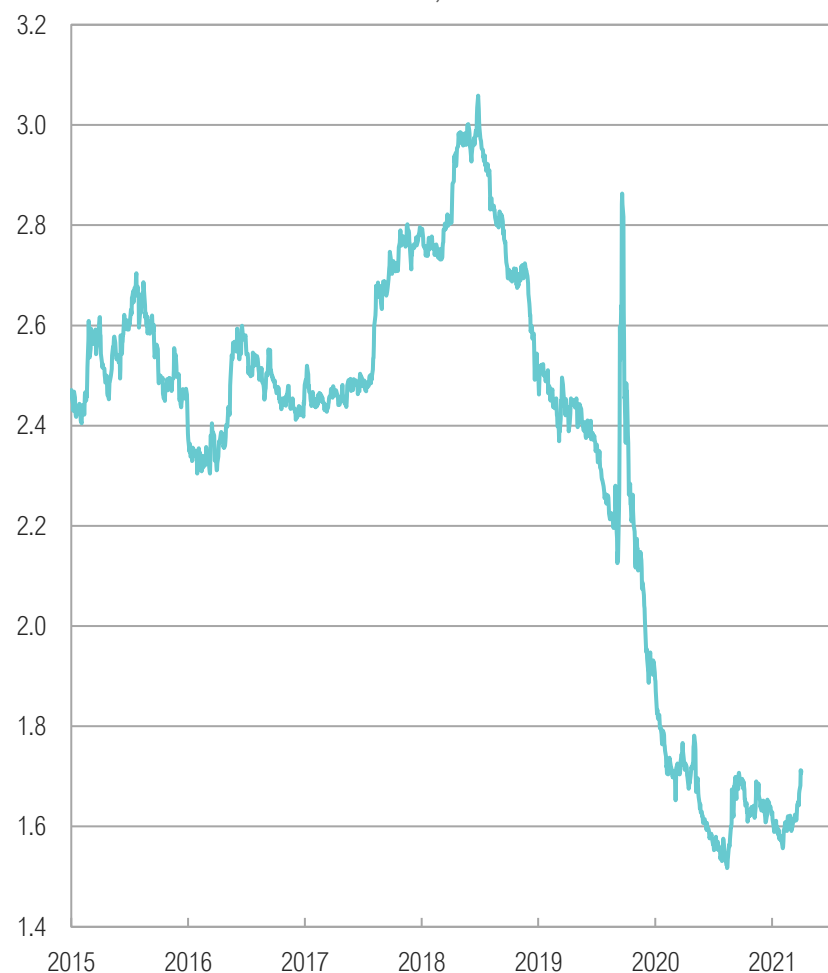


## ➤ Relatively high valuations, low yields and tighter spreads continue to provide challenges for balanced portfolios

PREMIUM/DISCOUNT TO NAV, %



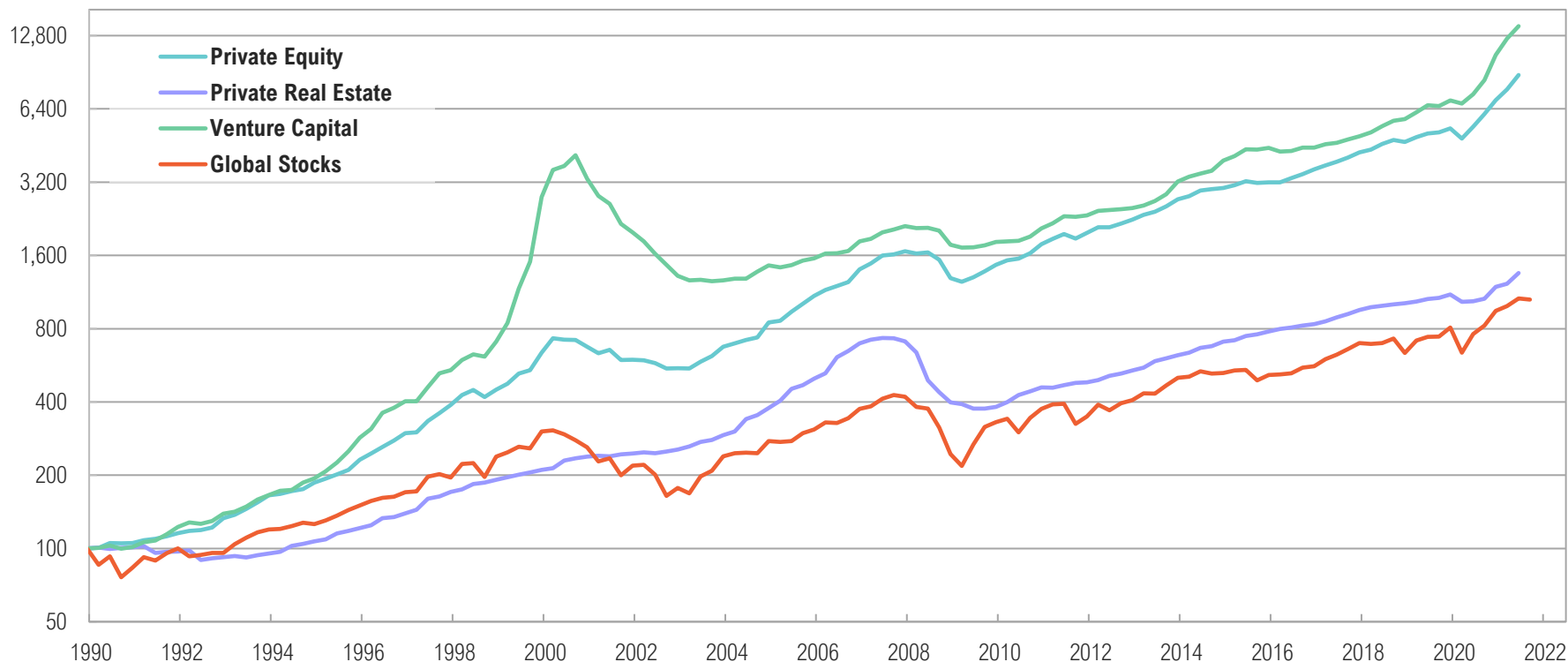
BALANCED 60/40 PORTFOLIO\* YIELD, %



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\*

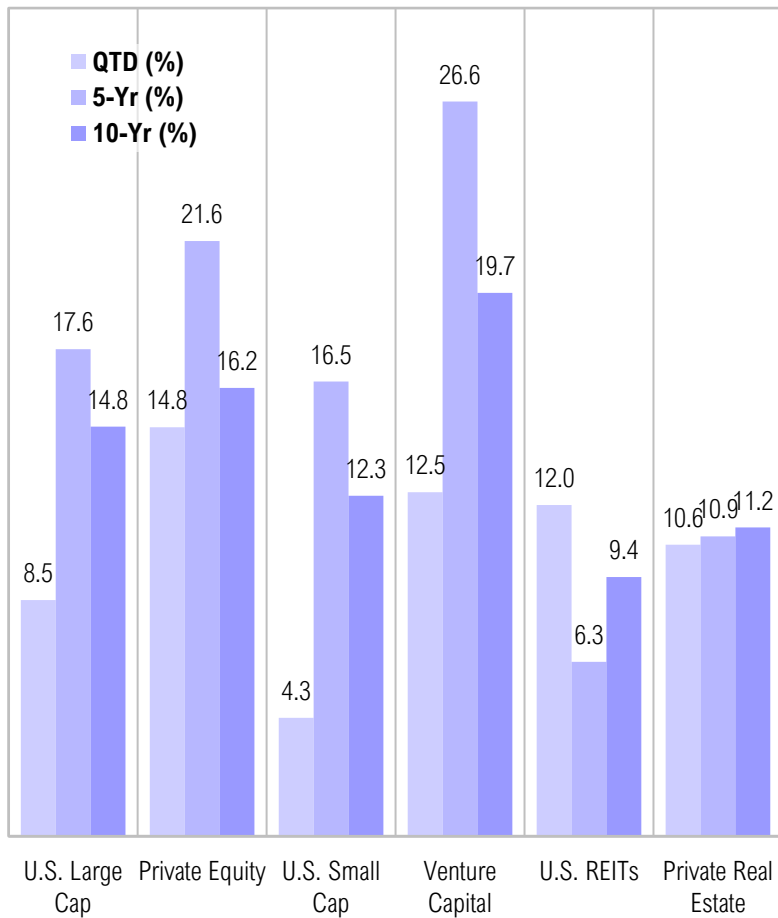


Asset Class	Benchmark	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2020	2019	2018	2017	2016
Private Equity	Cambridge Private Equity	14.8	26.8	63.1	24.3	21.6	16.2	30.6	13.9	10.2	17.5	13.0
Private Real Estate	Cambridge Private Real Estate	10.6	13.8	30.5	10.9	10.9	11.2	7.4	8.7	6.7	14.3	7.1
Venture Capital	Cambridge Venture Capital	12.5	31.2	90.3	37.0	26.6	19.7	53.6	19.2	18.0	11.1	0.4
Global Stocks	MSCI ACWI GR Index	7.5	12.6	39.9	15.1	15.2	10.5	16.8	27.3	-8.9	24.6	8.5

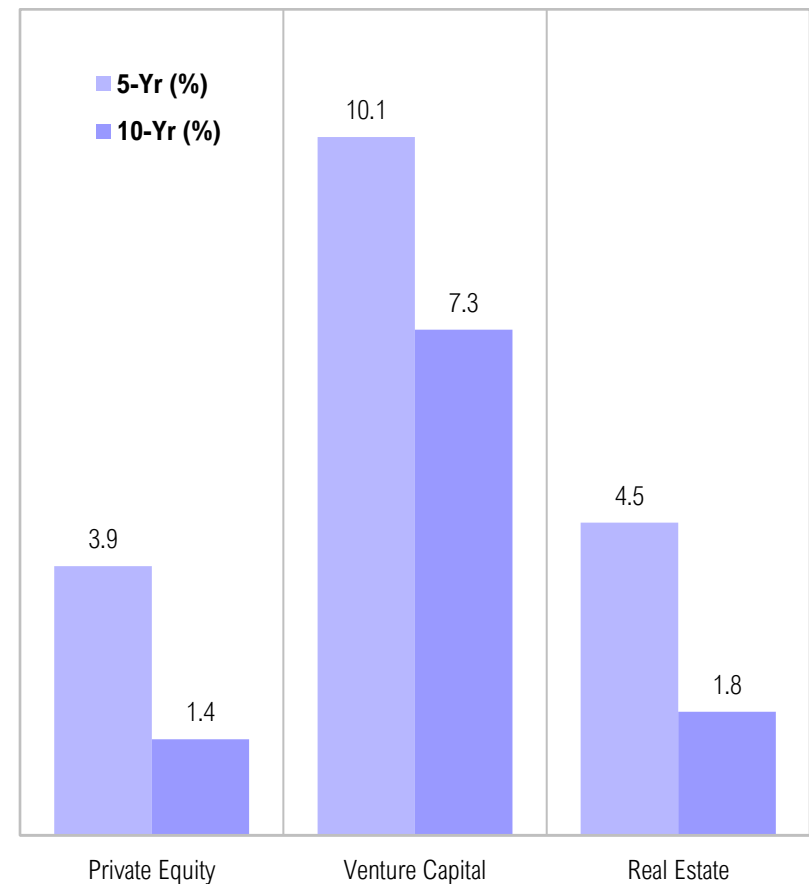
Source: Bloomberg. See appendix for asset class and index definitions.  
Returns for periods greater than 1 year are annualized. \*Data as of 6/30/2021.

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

TRAILING TOTAL RETURNS (AS OF 6/30/2021), %



TRAILING ILLIQUIDITY PREMIUMS (AS OF 6/30/2021), %



Source: Bloomberg, Cambridge Associates. See appendix for asset class and index definitions.  
Private market data for the most recent quarter is preliminary.

### ASSET CLASS DEFINITIONS

Asset class performance was measured using the following benchmarks:

**U.S. Large Cap Stocks:** S&P 500 TR Index

**U.S. Small & Micro Cap Stocks:** Russell 2000 TR Index

**Intl Dev Large Cap Stocks:** MSCI EAFE GR Index

**Emerging & Frontier Market Stocks:** MSCI Emerging Markets GR Index

**U.S. Interim-Term Muni Bonds:** Bloomberg Barclays 1-10 (1-12 Yr) Muni Bond TR Index

**U.S. Interim-Term Bonds:** Bloomberg Barclays U.S. Aggregate Bond TR Index

**U.S. High Yield Bonds:** Bloomberg Barclays U.S. Corporate High Yield TR Index

**U.S. Bank Loans:** S&P/LSTA U.S. Leveraged Loan Index

**Intl Developed Bonds:** Bloomberg Barclays Global Aggregate ex-U.S. Index

**Emerging & Frontier Market Bonds:** JPMorgan EMBI Global Diversified TR Index

**U.S. REITs:** MSCI U.S. REIT GR Index

**Ex U.S. Real Estate Securities:** S&P Global Ex-U.S. Property TR Index

**Commodity Futures:** Bloomberg Commodity TR Index

**Midstream Energy:** Alerian MLP TR Index

**Gold:** LBMA Gold Price

**U.S. 60/40:** 60% S&P 500 TR Index 40% Bloomberg Barclays U.S. Aggregate Bond TR Index

**Global 60/40:** 60% MSCI ACWI GR Index 40% Bloomberg Barclays Global Aggregate Bond TR Index

### NDEX DEFINITIONS

**S&P 500 Index:** 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.

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

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

**MSCI EAFE Small Cap Index:** (EAFE: Europe, Australasia, Far East) a free float-adjusted market capitalization index that is designed to measure the small cap equity market performance of developed markets, excluding the US & Canada.

**MSCI EM Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

**Russell 1000 Index:** Measures the performance of the 1,000 largest companies in the Russell 3000.

**Russell 2000 Index:** Measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

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

**Cambridge Associates U.S. Global Buyout and Growth Index:** 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.

**Cambridge Associates Private Equity Index:** Based on data compiled from 1,468 U.S. private equity funds (buyout, growth equity, private equity energy and subordinated capital funds), including fully liquidated partnerships, formed between 1986 and 2017.

**Cambridge Associates Venture Capital Index:** Based on data compiled from 1,807 US venture capital funds (1,161 early stage, 210 late & expansion stage, and 436 multi-stage funds), including fully liquidated partnerships, formed between 1981 and 2018.

**Bloomberg Barclays U.S. Aggregate Bond Index:** A broad-based flagship benchmark that measures the investment grade, US 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).

**Bloomberg Barclays Global Aggregate Index:** A multi-currency measure of global investment grade debt from twenty-four local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Global Aggregate ex-USD Index:** A multi-currency measure of investment grade debt from 24 local currency markets. This benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Bonds issued in USD are excluded.

**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.

**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+/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.

**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.

**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.

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

**Bloomberg Commodity Index:** 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.

**S&P Global Ex-U.S. Property Index:** Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the U.S. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment

**MSCI US REIT Index:** A free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). The index is based on the MSCI USA Investable Market Index (IMI), its parent index, which captures the large, mid and small cap segments of the USA market. With 150 constituents, it represents about 99% of the US REIT universe and securities are classified under the Equity REITs Industry (under the Real Estate Sector) according to the Global Industry Classification Standard (GICS®), have core real estate exposure (i.e., only selected Specialized REITs are eligible) and carry REIT tax status.

**Cambridge Associates Private Real Estate Index:** Based on data compiled from 1,001 real estate funds (including opportunistic and value-added real estate funds), including fully liquidated partnerships, formed between 1986 and 2017.

**S&P Global Infrastructure Index:** 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.

**LBMA Gold Price Index:** The global benchmark prices for unallocated gold and silver delivered in London. ICE Benchmark Administration Limited (IBA) operates electronic auctions for spot, unallocated London gold and silver, providing a market-based platform for buyers and sellers to trade. The auctions are run at 10:30am and 3:00pm London time for gold and at 12:00pm London time for silver. The final auction prices are published to the market as the LBMA Gold Price AM, the LBMA Gold Price PM and the LBMA Silver Price benchmarks, respectively. The price formation for each auction is in US Dollars.

**HFRI Indices:** 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.

**HFRI Equity Hedge Index:** Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.

**HFRI Event Driven Index:** 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.

**HFRI Relative Value Index:** Investment Managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

**HFRI Credit Index:** A composite index of strategies trading primarily in credit markets. It is an aggregation of following 7 HFRI sub-strategy indices. HFRI ED: Credit Arbitrage Index, HFRI ED: Distressed/Restructuring Index, HFRI ED: Multi-Strategy Index, HFRI RV: Fixed Income-Asset Backed Index, HFRI RV: Fixed Income-Convertible Arbitrage Index, HFRI RV: Fixed Income-Corporate Index, and HFRI RV: Multi-Strategy Index.

**HFRX Indices:** Equally weighted index across all sub-strategy and regional indices. Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant

methodology to construct the HFRX Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe.

**HFRX Short Bias Index:** Short-Biased strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying over-valued companies. Short Biased strategies may vary the investment level or the level of short exposure over market cycles, but the primary distinguishing characteristic is that the manager maintains consistent short exposure and expects to outperform traditional equity managers in declining equity markets.

**HFRX Macro/CTA Index:** Macro strategy managers 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.

**HFRX Equity Hedge Index:** Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of strategies can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50% and may in some cases be substantially entirely invested in equities, both long and short.

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