



Market Outlook

Money Like Water

Q1, 2023

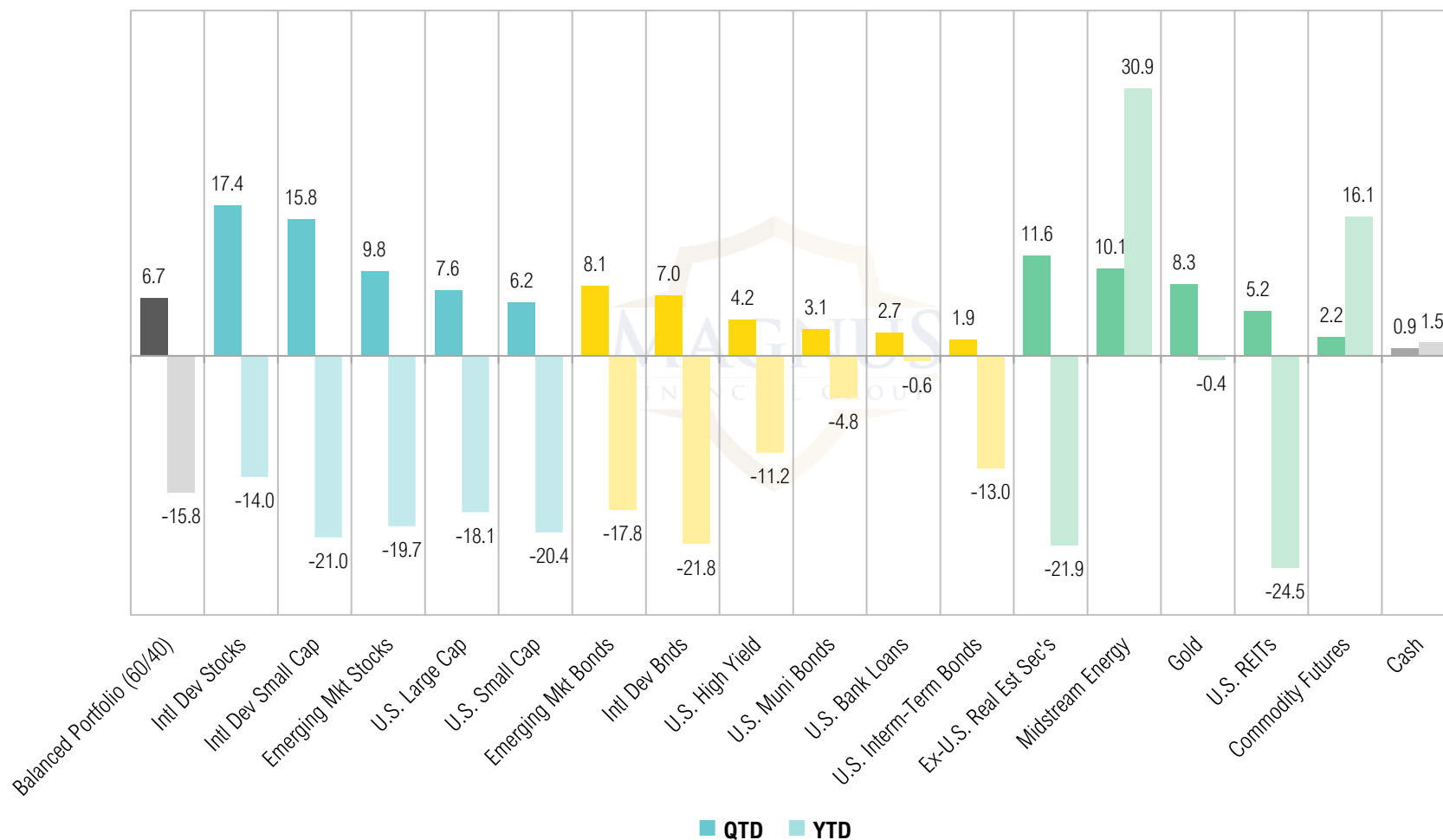


The power of herd psychology to compel conformity and capitulation is nearly irresistible, making it essential that investors resist them.

– Howard Marks, Co-Founder of Oaktree Capital Management



U.S. investors saw most investments rebound in the fourth quarter as both U.S. large cap stocks (+7.6%) and bonds (+1.9%) recovered together



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

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Key themes for 2023

Era of tighter monetary policy – higher, but more volatile inflation underpinned by structurally constrained labor, housing and commodity markets; increased volatility due to stop-and-start policy. The economy and markets will be caught between a timid Fed fearful of a 1970s “Burns” error and fiscal stimulus that could goose growth.

Structurally lower real growth, with potential stagflation – inflation erodes real growth; high debt levels, poor demographics and sustained deficits will continue to impede growth in Europe, Japan. Based on the shape of the yield curve and recession models, a recession in 2023 is the base case, *but the outlook could be better or worse*.

Consumers spending themselves into a wall – real incomes lagging inflation; U.S. consumer is incrementally exhausting COVID stimulus, increasingly relying on credit to maintain spending; combined hit from slowing economy and rising interest rates spells trouble for 2023/2024.

Policy will be stop-and-start but mostly restrictive – mostly constrained but potentially also quite contradictory as rolling ad hoc fiscal (and monetary) bailouts frustrates attempts to rein in inflation.

Be patient, wait for pricing to improve or central banks to pivot – bear markets don’t usually bottom until equity valuations get cheap and/or central banks pivot (pause ≠ pivot); market has never bottomed ahead of official start of recession and recession unlikely to start until labor market cracks. This time may be different, but the macro backdrop is challenging enough to err on the side of caution.

Tilt to quality and cash flow – the lesson from prior bubble unwinds is patience. While we are excited about the potential opportunity set in equities, we don’t think we are there yet; prefer to “hide out” in areas with strong balance sheets and highest cash flow yields (quality, dividends).

Moving to neutral for U.S./non-U.S. – Foreign stocks have been a value trap for many years, but the valuation spread reached an actionable extreme last quarter; it is time to consider going to neutral, potentially overweighting.

➤ Key themes for 2023 cont.

Paid to wait – finally getting paid to wait; *better* yields on short-term invest. grade bonds reduces the risk of a wait-and-see approach to the rapidly evolving macro, policy and market backdrop, if paired with policy hedges.

Keep duration low – fighting the temptation to increase bond duration because of concerns around path of inflation, Fed's resolve once labor market breaks or U.S. credit event but maintaining modest duration barbell and gold allocation as a hedge against a premature pivot.

Budding opportunity in high yield bonds, other credit – high yield bonds near compelling level on an absolute & relative basis, except in the tails (right tail = early pivot, inflation; left tail = no pivot, severe recession).

Positive-carry policy hedge – midstream energy, gold miners and commodity futures now have positive carry and may provide a hedge if the Fed pivots early. Conversely, these hedges may underperform in a severe recession.

Opportunities emerging in real estate – maintain underweight (held since pandemic demand shock), waiting for dust to settle on higher rates, migration/ demographic, social and now recession-related disruption; expect to deploy in 2023/2024.

Volatility = opportunity – recession, if we enter one, usually see structural increases in vol; this = improved opportunity set for value-biased active managers, higher cost of capital rewards nimble fundamental managers.

Opportunity for dynamic asset allocation and active management – a period of stop-and-start growth, inflation, policy and trends in asset markets should benefit value-biased dynamic over static asset allocations.

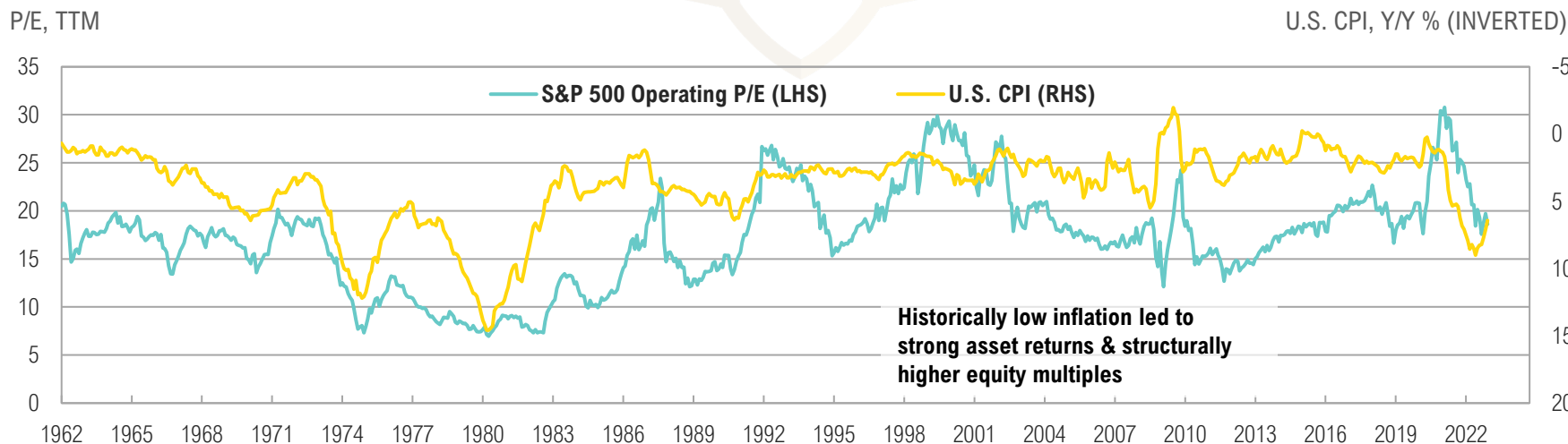
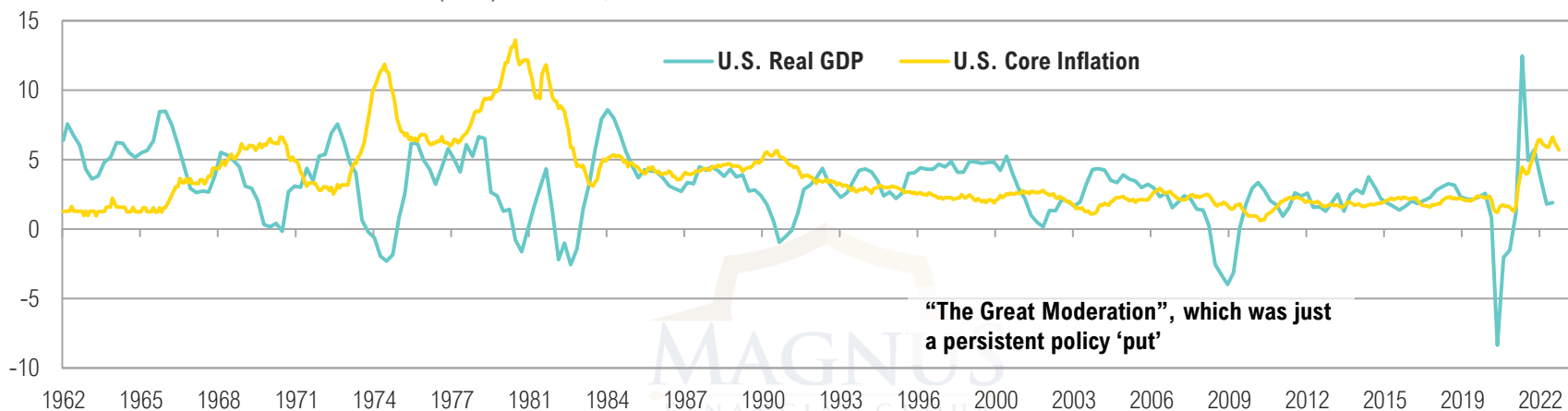


The timing of moderating rate increases is far less significant than the questions of how much further we will need to raise rates to control inflation, and the length of time it will be necessary to hold policy at a restrictive level. It is likely that restoring price stability will require holding policy at a restrictive level for some time. History cautions strongly against prematurely loosening policy.

– Jerome Powell, *Federal Reserve Chairman*

➤ With the benefit of hindsight, the “Great Moderation” was just a persistent policy put resulting from historically low inflation

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

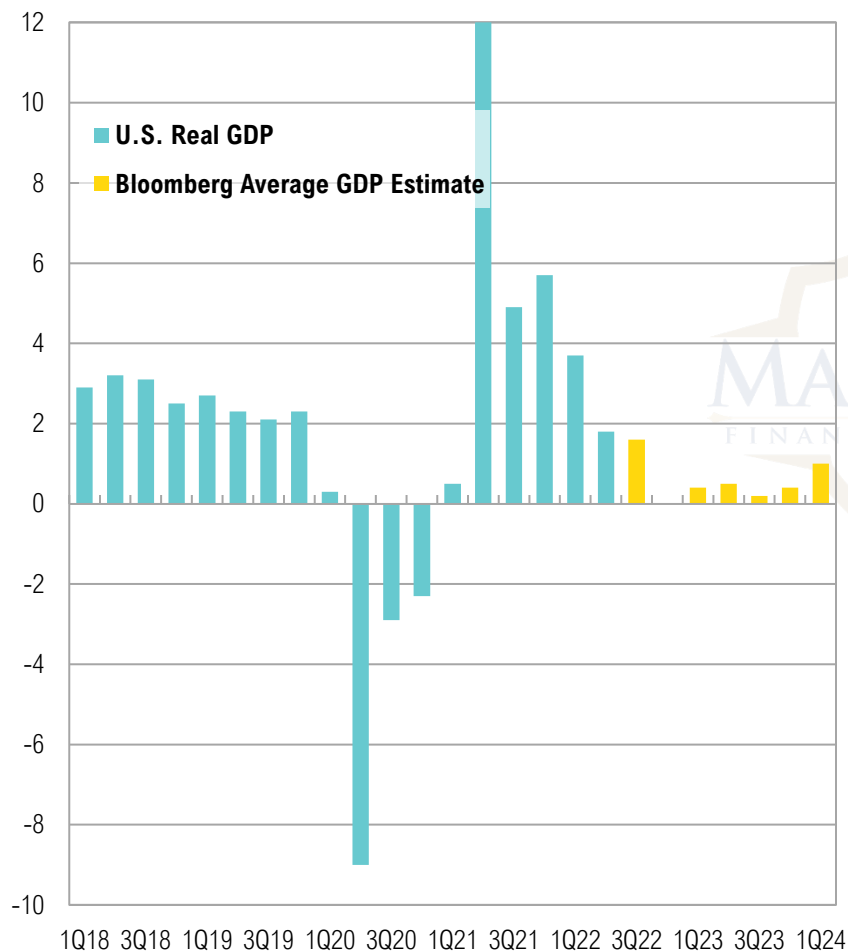


Source: Bloomberg, FRED, Atlanta Fed. U.S. Real GDP as of 9/30/2022.

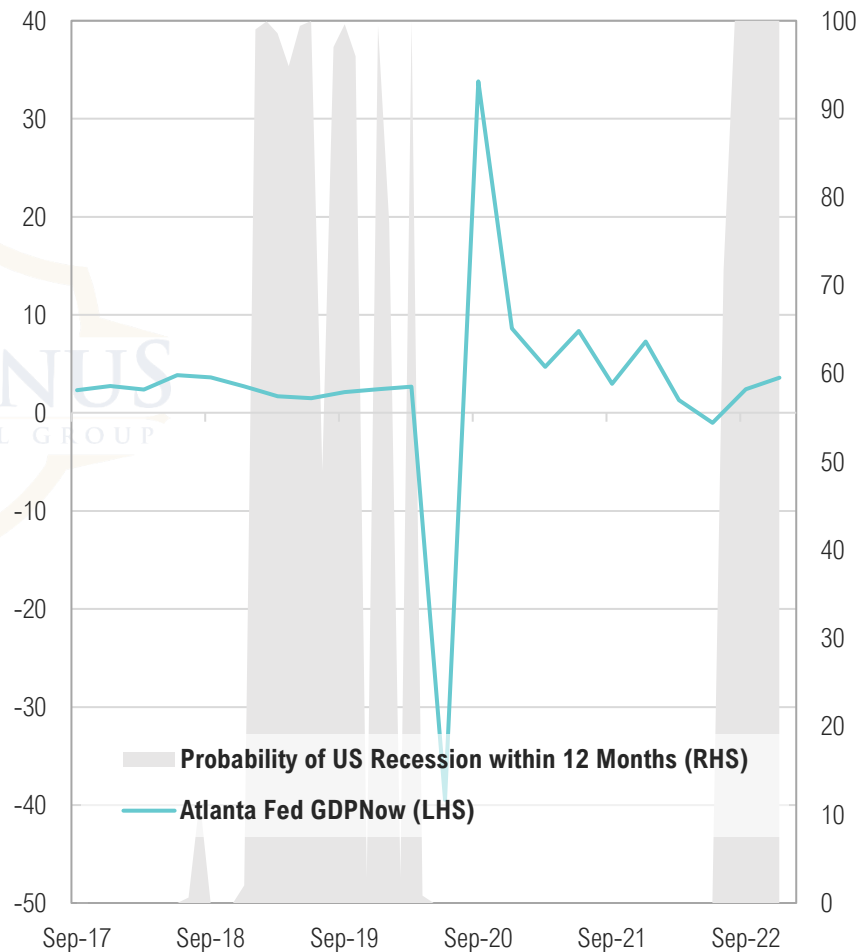
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➤ Most economic models suggest the potential for recession in next 12 months is high, arguably assured

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



ATLANTA FED GDPNOW ESTIMATE, Y/Y % RECESSION PROBABILITY, %

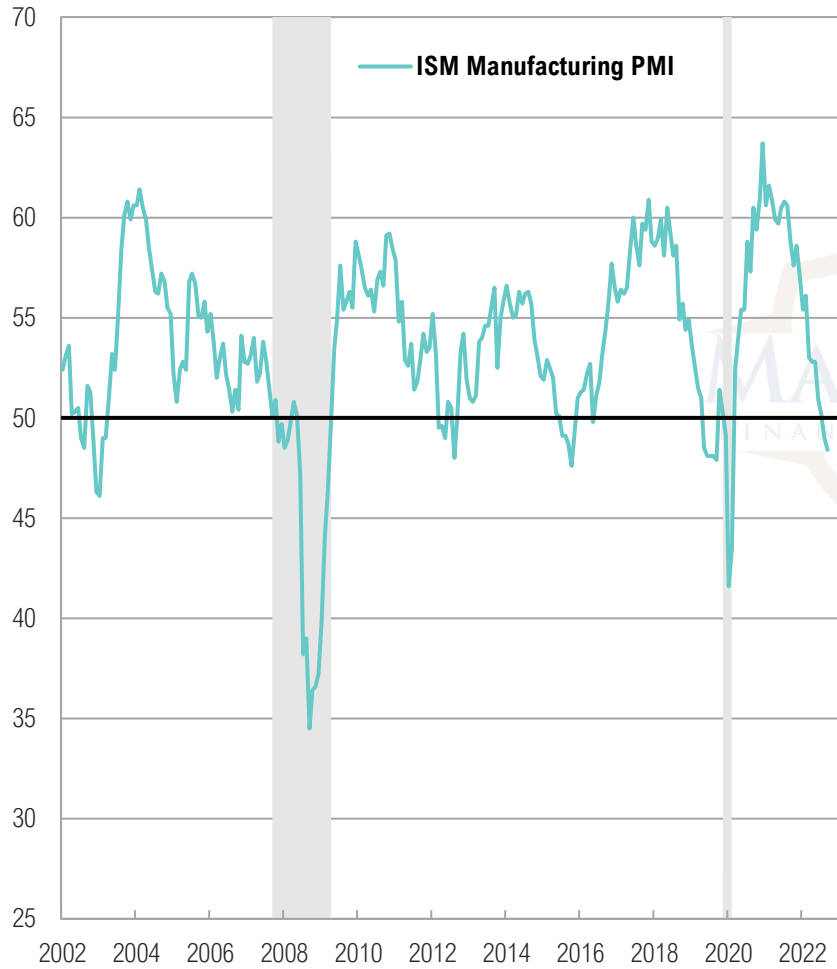


Source: Bloomberg, FRED, Atlanta Fed. Bloomberg U.S. recession probability model used to estimate recession probability.

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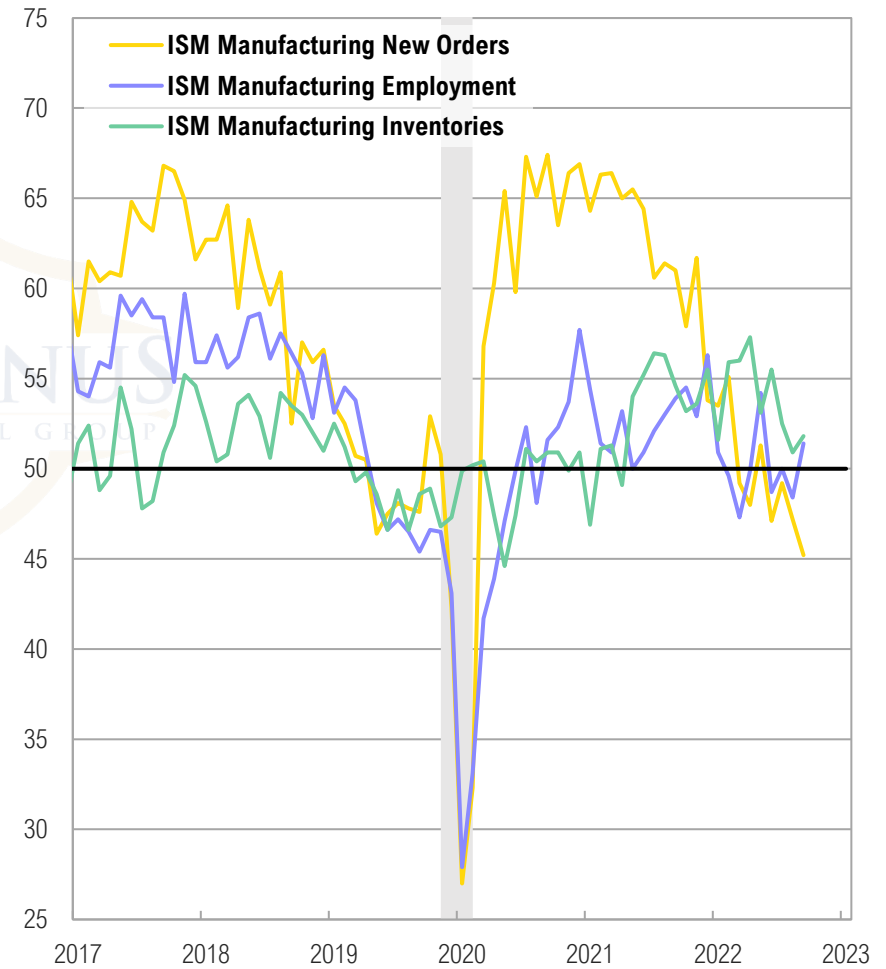
ISM Manufacturing PMI is in contraction; increases in inventories have slowed, while employment has been oscillating between contraction and expansion

ISM MANUFACTURING PMI



Source: Bloomberg, ISM

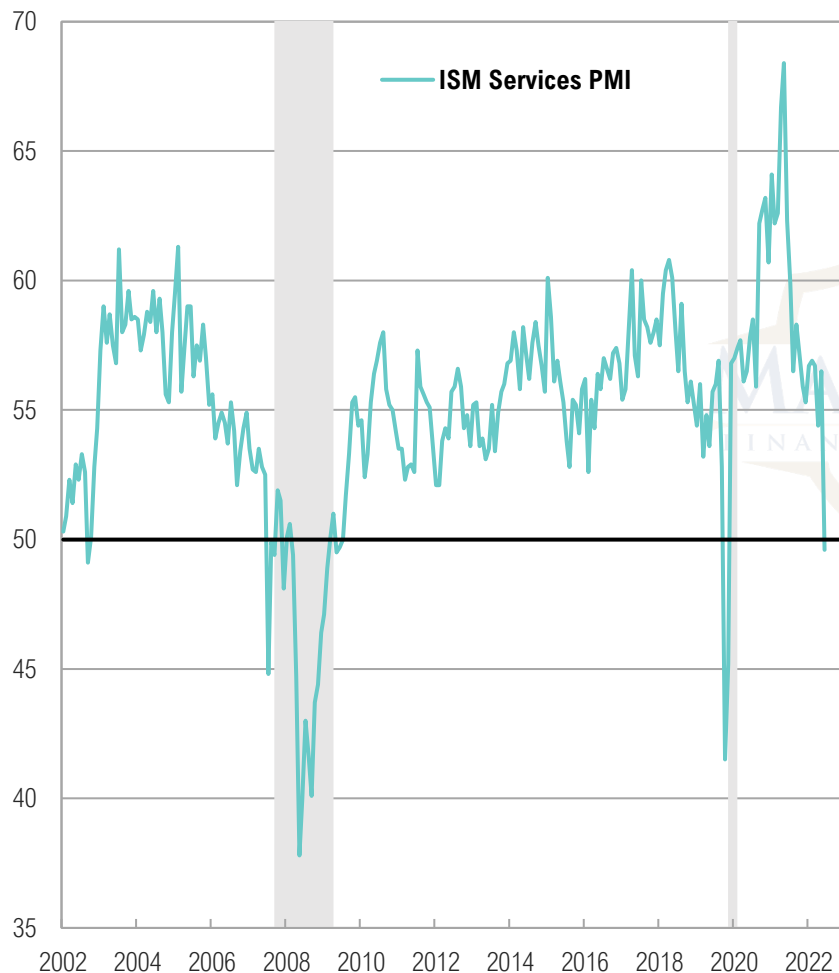
ISM NEW ORDERS, PRODUCTION AND INVENTORIES INDICES



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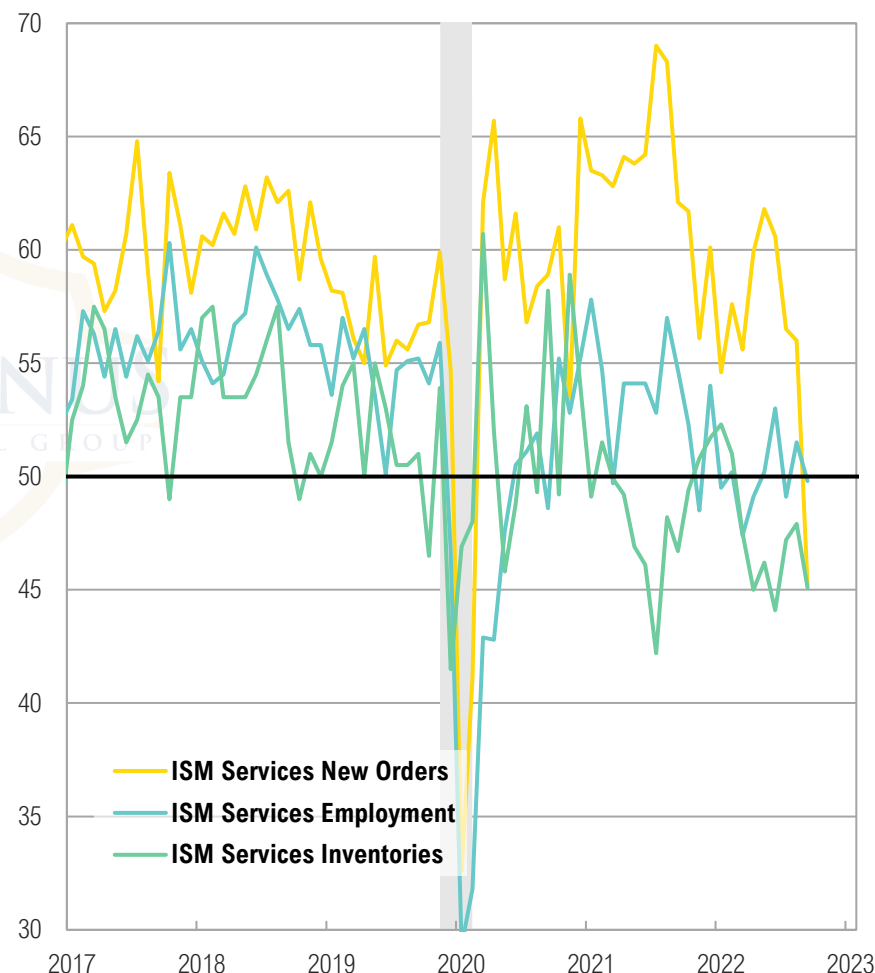
ISM Services now also in contraction but perhaps in healthier shape as consumer spending shifts from goods to services; services new orders have plummeted

ISM SERVICES PMI



Source: Bloomberg, ISM

ISM SERVICES NEW ORDERS, EMPLOYMENT AND INVENTORIES INDICES



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Global manufacturing activity slipped lower in December as developed market and emerging market activity continue to contract

MANUFACTURING PMIs BY COUNTRY* & REGION, 2019 - CURRENT

	2020												2021												2022												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Global	50.3	47.1	47.3	50.6	42.4	48.0	50.6	51.8	52.4	53.1	53.8	53.8	53.6	54.0	55.0	55.8	56.0	55.5	55.4	54.1	54.1	54.2	54.2	54.3	53.2	53.7	52.9	52.3	52.3	52.2	51.1	50.3	49.8	49.4	48.8	48.6	
Developed	49.8	49.6	45.9	50.6	39.5	46.4	49.8	51.2	52.1	52.8	53.8	54.8	55.2	56.5	58.5	59.3	59.8	59.5	59.8	58.3	57.1	56.6	56.9	56.6	56.4	56.6	56.5	56.3	55.0	52.5	51.2	50.2	50.1	48.8	47.8	47.3	
Emerging	51.0	44.6	49.1	43.7	45.4	49.6	51.4	52.5	52.8	53.4	53.9	52.8	52.1	51.6	51.3	52.2	52.0	51.2	50.6	49.6	50.8	51.6	51.2	51.7	50.0	50.9	49.2	48.1	49.5	51.7	50.8	50.2	49.4	49.8	49.7	49.8	
Developed																																					
U.S.	51.9	50.7	48.5	50.1	39.8	49.8	50.9	53.1	53.2	53.4	56.7	57.1	59.2	58.6	59.1	60.5	62.1	62.1	63.4	61.1	60.7	58.4	58.3	57.7	55.5	57.3	58.8	59.2	57.0	52.7	52.2	51.5	52.0	50.4	47.7	46.2	
Canada	50.6	51.8	46.1	33.0	40.6	47.8	52.9	55.1	56.0	55.5	55.8	57.9	54.4	54.8	58.5	57.2	57.0	56.5	56.2	57.2	57.0	57.7	57.2	56.5	56.2	56.6	58.9	56.2	56.8	54.6	52.5	48.7	49.8	48.8	49.6	49.2	
Japan	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	
UK	50.0	51.7	47.8	32.6	40.7	50.1	53.3	55.2	54.1	53.7	55.6	57.5	54.1	55.1	58.9	60.9	65.6	63.9	60.4	60.3	57.1	57.8	58.1	57.9	57.3	58.0	55.2	55.8	54.6	52.8	52.1	47.3	48.4	46.2	46.5	45.3	
Eurozone	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	
Germany	45.3	48.0	45.4	34.5	36.6	45.2	51.0	52.2	56.4	58.2	57.8	58.3	57.1	60.7	66.6	66.2	64.4	65.1	65.9	62.6	58.4	57.8	57.4	57.4	59.8	58.4	56.9	54.6	54.8	52.0	49.3	49.1	47.8	45.1	46.2	47.1	
France	51.1	49.8	43.2	31.5	40.6	52.3	52.4	49.8	51.2	51.3	49.6	51.1	51.6	56.1	59.3	58.9	59.4	59.0	58.0	57.5	55.0	53.6	55.9	55.6	55.5	57.2	54.7	55.7	54.6	51.4	49.5	50.6	47.7	47.2	48.3	49.2	
Italy	48.9	48.7	40.3	31.1	45.4	47.5	51.9	53.1	53.2	53.8	51.5	52.8	55.1	56.9	59.8	60.7	62.3	62.2	60.3	60.9	59.7	61.1	62.8	62.0	58.3	58.3	55.8	54.5	51.9	50.9	48.5	48.0	48.3	46.5	48.4	48.5	
Spain	48.5	50.4	45.7	30.8	38.3	49.0	53.5	49.9	50.8	52.5	49.8	51.0	49.3	52.9	56.9	57.7	59.4	60.4	59.0	59.5	58.1	57.4	57.1	56.2	56.2	56.9	54.2	53.3	53.8	52.6	48.7	49.9	49.0	44.7	45.7	46.4	
Netherlands	49.9	52.9	50.5	41.3	40.5	45.2	47.9	52.3	52.5	50.4	54.4	58.2	58.8	59.6	64.7	67.2	69.4	68.8	67.4	65.8	62.0	62.5	60.7	58.7	60.1	60.6	58.4	59.9	57.8	55.9	54.5	52.6	49.0	47.9	46.0	48.6	
Australia	49.6	50.2	49.7	44.1	44.0	51.2	54.0	53.6	55.4	54.2	55.8	55.7	57.2	56.9	56.8	59.7	60.4	58.6	56.9	52.0	56.8	58.2	59.2	57.7	55.1	57.0	57.7	58.8	55.7	56.2	55.7	53.8	53.5	52.7	51.3	50.2	
Greece	54.4	56.2	42.5	20.5	41.1	49.4	48.6	49.4	50.0	48.7	42.3	46.9	50.0	49.4	51.8	54.4	58.0	58.6	57.4	59.3	58.4	58.9	58.8	59.0	57.9	57.8	54.6	54.8	53.8	51.1	49.1	48.8	49.7	48.1	48.4	47.2	
Emerging																																					
China	51.1	50.3	50.1	49.4	50.7	51.2	52.8	53.1	53.0	53.6	54.9	53.0	51.5	50.9	50.6	51.9	52.0	51.3	50.3	49.2	50.0	50.6	49.9	50.9	49.1	50.4	48.1	46.0	48.1	51.7	50.4	49.5	48.1	49.2	49.4	49.0	
Indonesia	49.3	51.9	45.3	47.5	28.6	39.1	46.9	50.8	47.2	47.8	50.6	51.3	52.2	50.9	53.2	54.6	55.3	53.5	40.1	43.7	52.2	57.2	53.9	53.5	53.7	51.2	51.3	51.9	50.8	50.2	51.3	51.7	53.7	51.8	50.3	50.9	
Korea	49.8	48.7	44.2	41.6	41.3	43.4	46.9	48.5	49.8	51.2	52.9	52.9	53.2	55.3	55.3	54.6	53.7	53.9	53.0	51.2	52.4	50.2	50.9	51.9	52.8	53.8	51.2	52.1	51.8	51.3	49.8	47.6	47.3	48.2	49.0	48.2	
Taiwan	51.8	49.9	50.4	42.2	41.9	46.2	50.6	52.2	55.2	55.1	56.9	59.4	60.2	60.4	60.8	62.4	62.0	57.6	59.7	58.5	54.7	55.2	54.9	55.5	55.1	54.3	54.1	51.7	50.0	49.8	44.6	42.7	42.2	41.5	41.6	44.6	
Brazil	51.0	52.3	48.4	36.0	38.3	51.6	58.2	64.7	64.9	66.7	64.0	61.5	56.5	58.4	52.8	52.3	53.7	56.4	56.7	53.6	54.4	51.7	49.8	49.8	47.8	49.6	52.3	51.8	54.2	54.1	54.0	51.9	51.1	50.8	44.3	44.2	
Mexico	49.0	50.0	47.9	35.0	38.3	38.6	40.4	41.3	42.1	43.6	43.7	42.4	43.0	44.2	45.6	48.4	47.6	48.8	49.6	47.1	48.6	49.3	49.4	49.4	46.1	48.0	49.2	49.3	50.6	52.2	48.5	48.5	50.3	50.3	50.6	51.3	
Russia	47.9	48.2	47.5	31.3	36.2	49.4	48.4	51.1	48.9	46.9	46.3	49.7	50.9	51.5	51.1	50.4	51.9	49.2	47.5	46.5	49.8	51.6	51.7	51.6	51.8	48.6	44.1	48.2	50.8	50.9	50.3	51.7	52.0	50.7	53.2	53.0	
South Africa	48.3	48.4	44.5	35.1	32.5	42.5	44.9	45.3	49.4	51.0	50.3	50.2	50.8	50.2	50.3	53.7	53.2	51.0	46.1	49.9	50.7	48.6	51.7	48.4	50.9	50.9	51.4	50.3	50.7	52.5	52.7	51.7	49.2	49.5	50.6	50.2	
India	55.3	54.5	51.8	57.4	30.8	47.2	46.0	52.0	56.8	58.9	56.3	56.4	57.7	57.5	55.4	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	

LOWER   HIGHER

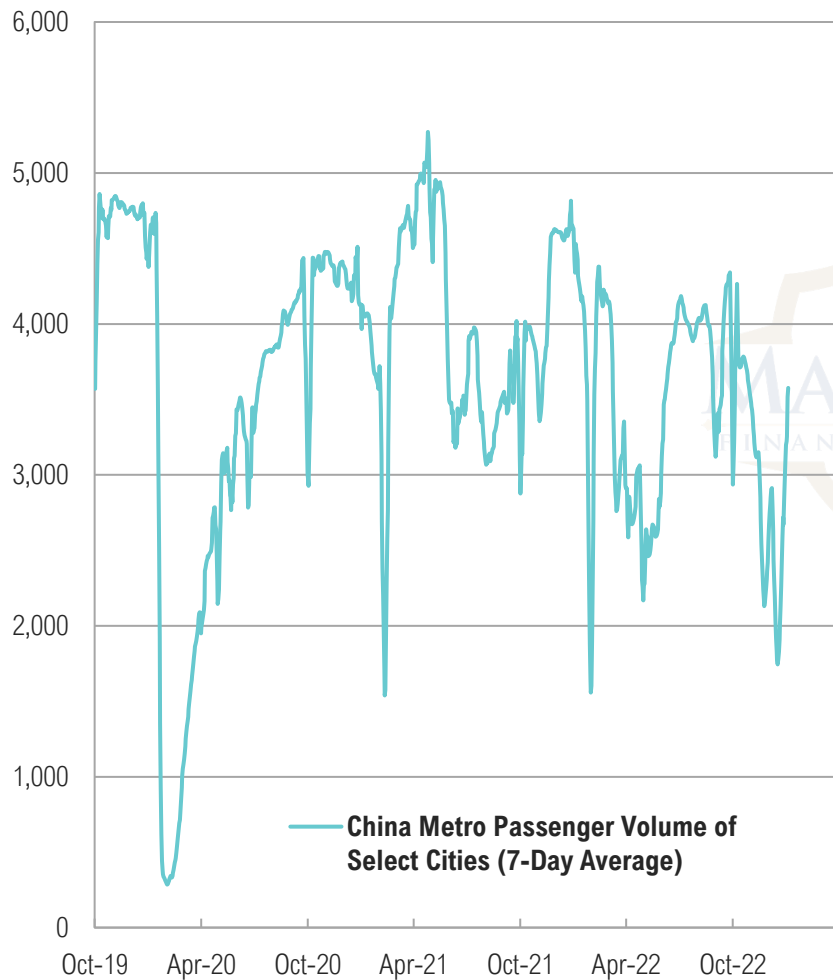
Source: Bloomberg, Markit

*Some countries might have delayed reporting.

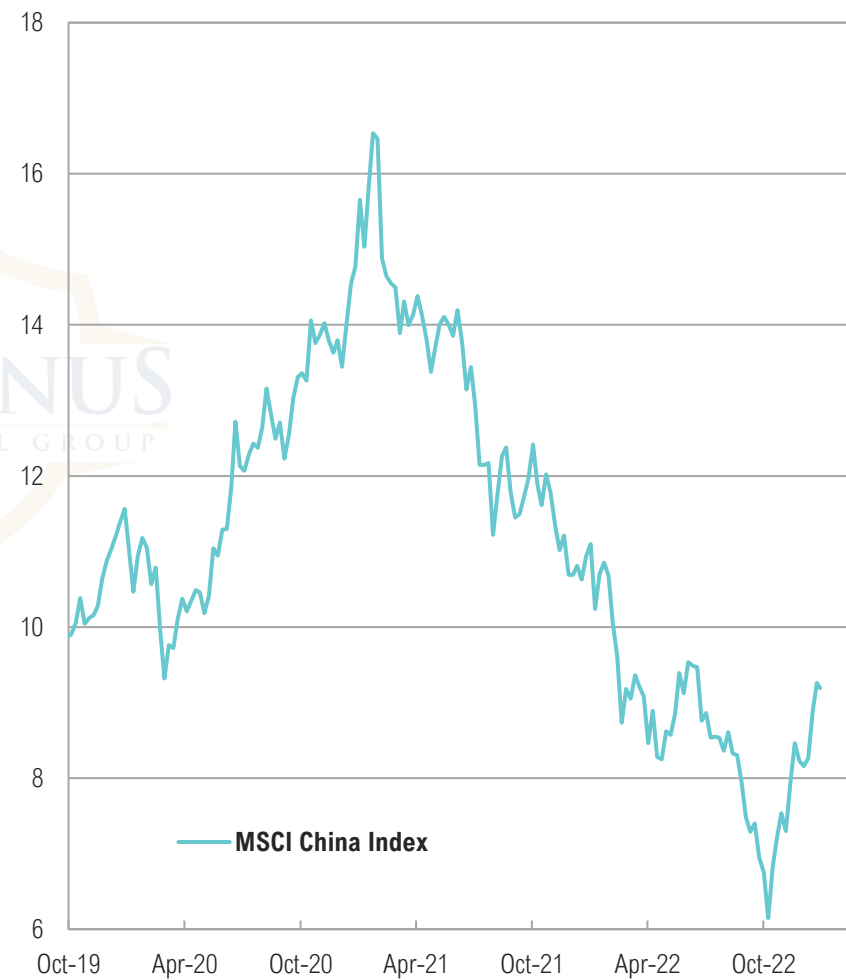
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➤ Following civilian protests, it appears mobility in China is increasing rapidly, potentially signaling an end to zero-COVID policy

DAILY PASSENGER VOLUME, 7-DAY AVERAGE



MSCI CHINA INDEX, \$



Source: Bloomberg; Select cities include Shanghai, Beijing, Guangzhou, Shenzhen, Chengdu, Chongqing, Wuhan, Zhengzhou, Suzhou

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Pre-Russian invasion, global inflation was already at a decade high due to lack of investment in commodity supply, labor tightness, rising housing prices, supply chain bottlenecks, etc.

COUNTRY & GDP-WEIGHTED REGIONAL INFLATION

	2013				2014				2015				2016				2017				2018				2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Global	3.0	3.2	3.2	3.1	2.9	3.0	2.5	2.0	1.9	1.9	1.8	2.1	2.0	2.0	2.2	2.2	1.7	2.2	2.4	2.4	2.7	2.5	1.9	2.1	2.1	2.1	3.1	2.5	1.8	2.0	1.3	2.3	3.6	3.7	4.8	6.2	7.0	6.9	5.8	
DM	1.3	1.6	1.3	1.4	1.3	1.9	1.6	0.8	0.3	0.3	0.1	0.5	0.5	0.6	0.9	1.5	1.8	1.4	1.8	1.8	2.0	2.3	2.1	1.6	1.6	1.4	1.3	1.8	1.2	0.4	0.7	0.6	1.7	3.4	3.9	5.3	6.9	7.8	7.8	6.7
EM	5.2	5.4	5.9	5.3	5.0	4.5	3.8	3.6	4.1	4.1	3.9	4.2	3.9	4.0	3.5	3.1	2.7	2.1	2.6	3.3	3.0	3.2	3.2	2.4	2.8	3.0	3.2	4.9	4.3	3.5	3.7	2.4	3.0	3.9	3.3	4.2	5.2	5.8	5.7	4.5
Developed																																								
U.S.	1.5	1.8	1.2	1.5	1.5	2.1	1.7	0.8	-0.1	0.1	0.0	0.7	0.9	1.0	1.5	2.1	2.4	1.6	2.2	2.1	2.4	2.9	2.3	1.9	1.9	1.6	1.7	2.3	1.5	0.6	1.4	1.4	2.6	5.4	5.4	7.0	8.5	9.1	8.2	6.5
Canada	1.0	1.2	1.1	1.2	1.5	2.4	2.0	1.5	1.2	1.0	1.0	1.6	1.3	1.5	1.3	1.5	1.6	1.0	1.6	1.9	2.3	2.5	2.2	2.0	1.9	2.0	1.9	2.2	0.9	0.7	0.5	0.7	2.2	3.1	4.4	4.8	6.7	8.1	6.9	6.3
Japan	-0.9	0.2	1.1	1.6	1.6	3.6	3.2	2.4	2.3	0.4	0.0	0.2	0.0	-0.4	-0.5	0.3	0.2	0.4	0.7	1.0	1.1	0.7	1.2	0.3	0.5	0.7	0.2	0.8	0.4	0.1	0.0	-1.2	-0.4	-0.5	0.2	0.8	1.2	2.4	3.0	3.8
UK	2.8	2.7	2.7	2.1	1.7	1.7	1.5	0.9	0.1	0.0	0.0	0.1	0.3	0.4	0.7	1.2	2.1	2.7	2.8	3.0	2.7	2.4	2.5	2.3	1.9	2.0	1.8	1.4	1.7	0.6	0.6	0.5	0.6	2.1	2.8	4.9	6.2	9.2	10.0	10.7
Eurozone	1.7	1.6	1.1	0.8	0.5	0.5	0.3	-0.2	-0.1	0.5	0.2	0.3	0.0	0.0	0.4	1.1	1.5	1.3	1.6	1.3	1.4	2.0	2.1	1.5	1.4	1.3	0.8	1.3	0.7	0.3	-0.3	-0.3	1.3	1.9	3.4	5.0	7.4	8.6	9.9	9.2
Germany	1.3	1.9	1.4	1.4	1.1	1.0	0.9	0.2	0.2	0.9	0.6	0.2	0.3	0.3	0.6	1.5	1.4	1.4	1.7	1.4	1.5	1.9	1.9	1.6	1.3	1.6	1.2	1.5	1.4	0.9	-0.2	-0.3	1.7	2.3	4.1	5.3	7.3	7.6	10.0	8.6
France	1.0	0.9	0.9	0.7	0.6	0.5	0.3	0.1	-0.1	0.3	0.0	0.2	-0.1	0.2	0.4	0.6	1.1	0.7	1.0	1.2	1.6	2.0	2.2	1.6	1.1	1.2	0.9	1.5	0.7	0.2	0.0	0.0	1.1	1.5	2.2	2.8	4.5	5.8	5.6	5.9
Italy	1.8	1.2	0.9	0.6	0.3	0.3	-0.1	0.0	0.0	0.2	0.2	0.1	-0.2	-0.2	0.1	0.5	1.4	1.2	1.3	1.0	0.9	1.4	1.5	1.2	1.1	0.8	0.2	0.5	0.1	-0.4	-1.0	-0.3	0.6	1.3	2.9	4.2	6.8	8.5	9.4	12.3
Spain	2.4	2.1	0.3	0.3	-0.1	0.1	-0.2	-1.0	-0.7	0.1	-0.9	0.0	-0.8	-0.8	0.2	1.6	2.3	1.5	1.8	1.1	1.2	2.3	2.3	1.2	1.3	0.4	0.1	0.8	0.0	-0.3	-0.4	-0.5	1.3	2.7	4.0	6.5	9.8	10.2	8.9	5.7
Netherlands	2.9	2.9	2.4	1.7	0.8	0.9	0.9	0.7	0.4	1.0	0.5	0.7	0.6	0.0	0.1	1.0	1.1	1.1	1.5	1.3	1.0	1.7	1.9	2.0	2.8	2.7	2.6	2.7	1.4	1.6	1.1	1.0	1.9	2.0	2.7	5.7	9.7	8.6	14.5	9.6
Australia	2.5	2.4	2.2	2.7	2.9	3.0	2.3	1.7	1.3	1.5	1.5	1.7	1.3	1.0	1.3	1.5	2.1	1.9	1.8	1.9	1.9	2.1	1.9	1.8	1.3	1.6	1.7	1.8	2.2	-0.3	0.7	0.9	1.1	3.8	3.0	3.5	5.1	6.1	7.3	N.A
Greece	-0.2	-0.3	-1.0	-1.8	-1.5	-1.5	-1.1	-2.5	-1.9	-1.1	-0.8	0.4	-0.7	0.2	-0.1	0.3	1.7	0.9	1.0	1.0	0.2	1.0	1.1	0.6	1.0	0.2	0.2	1.1	0.2	-1.9	-2.3	-2.4	-2.0	0.6	1.9	4.4	8.0	11.6	12.1	7.6
Emerging																																								
China	2.1	2.7	3.1	2.5	2.4	2.3	1.6	1.5	1.4	1.4	1.6	1.6	2.3	1.9	1.9	2.1	0.9	1.5	1.6	1.8	2.1	1.9	2.5	1.9	2.3	2.7	3.0	4.5	4.3	2.5	1.7	0.2	0.4	1.1	0.7	1.5	1.5	2.5	2.8	1.8
Indonesia	5.0	5.4	7.9	8.1	7.3	6.7	4.5	8.4	6.4	7.3	6.8	3.4	4.5	3.5	3.1	3.0	3.6	4.4	3.7	3.6	3.4	3.1	2.9	3.1	2.5	2.8	3.1	2.6	3.0	2.0	1.4	1.7	1.4	1.3	1.6	1.9	2.6	4.4	6.0	5.5
Korea	1.5	1.2	1.0	1.1	1.3	1.7	1.1	0.8	0.5	0.7	0.5	1.1	0.8	0.7	1.3	1.3	2.3	1.8	2.0	1.4	1.2	1.5	2.1	1.3	0.4	0.7	-0.4	0.7	0.8	0.2	0.9	0.6	1.9	2.4	2.4	3.7	4.1	6.0	5.6	5.0
Taiwan	1.4	0.6	0.9	0.3	1.6	1.6	0.7	0.6	-0.6	-0.6	0.3	0.1	2.0	0.9	0.3	1.7	0.2	1.0	0.5	1.2	1.6	1.4	1.7	-0.1	0.6	0.9	0.4	1.1	0.0	-0.8	-0.6	0.1	1.2	1.8	2.6	2.6	3.3	3.6	2.8	2.7
Brazil	6.6	6.7	5.9	5.9	6.2	6.5	6.8	6.4	8.1	8.9	9.5	10.7	9.4	8.8	8.5	6.3	4.6	3.0	2.5	3.0	2.7	4.4	4.5	3.8	4.6	3.4	2.9	4.3	3.3	2.1	3.1	4.5	6.1	8.4	10.3	10.1	11.3	11.9	7.2	5.8
Mexico	4.3	4.1	3.4	4.0	3.8	3.8	4.2	4.1	3.1	2.9	2.5	2.1	2.6	2.5	3.0	3.4	5.4	6.3	6.4	6.8	5.0	4.7	5.0	4.8	4.0	4.0	3.0	2.8	3.3	3.3	4.0	3.2	4.7	5.9	6.0	7.4	7.5	8.0	8.7	7.8
Russia	7.0	6.9	6.1	6.5	6.9	7.8	8.0	11.4	16.9	15.3	15.7	12.9	7.3	7.5	6.4	5.4	4.3	4.4	3.0	2.5	2.4	2.3	3.4	4.3	5.3	4.7	4.0	3.0	2.5	3.2	3.7	4.9	5.8	6.5	7.4	8.4	16.7	15.9	13.7	11.9
South Africa	5.9	5.5	6.0	5.4	6.0	6.6	5.9	5.3	4.0	4.7	4.6	5.2	6.3	6.3	6.1	6.8	6.1	5.1	5.1	4.7	3.8	4.6	4.9	4.5	4.5	4.5	4.1	4.0	4.1	2.2	3.0	3.1	3.2	4.9	5.0	5.9	5.9	7.4	7.5	7.2
India	9.4	9.5	10.5	9.5	8.3	6.8	5.6	4.3	5.3	5.4	4.4	5.6	4.8	5.8	4.4	3.4	3.9	1.5	3.3	5.2	4.3	4.9	3.7	2.1	2.9	3.2	4.0	7.4	5.8	6.2	7.3	4.6	5.5	6.3	4.4	5.7	7.0	7.0	7.4	5.7

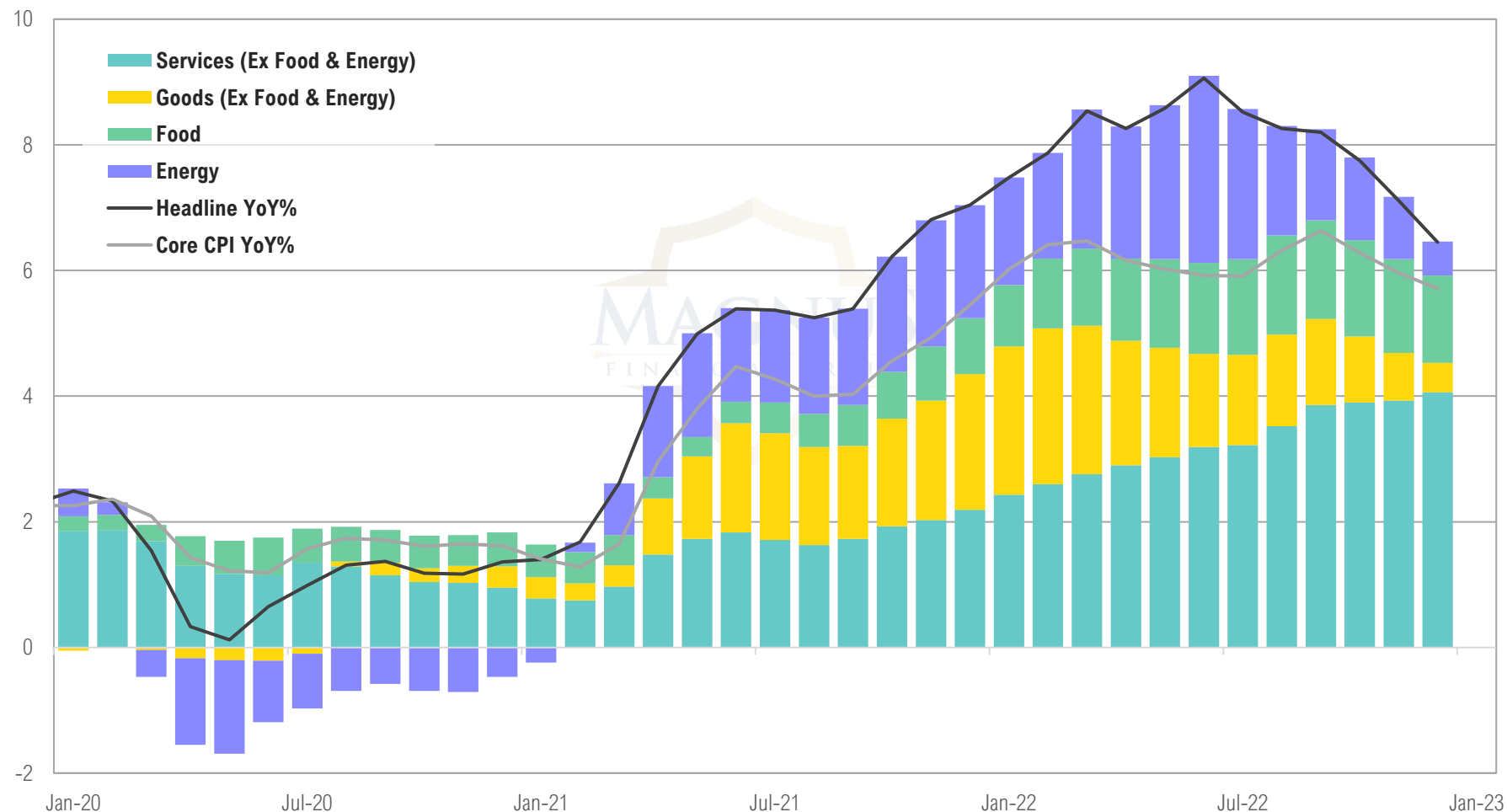
LOWER  HIGHER

Source: Bloomberg, SpringTide calculations. Global, Developed (DM) and Emerging (EM) inflation numbers are GDP-weighted

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Headline inflation declines largely driven by lower energy and goods prices; core inflation proving more sticky, due to lags in shelter and persistent services inflation

U.S. CPI YEAR-OVER-YEAR, %



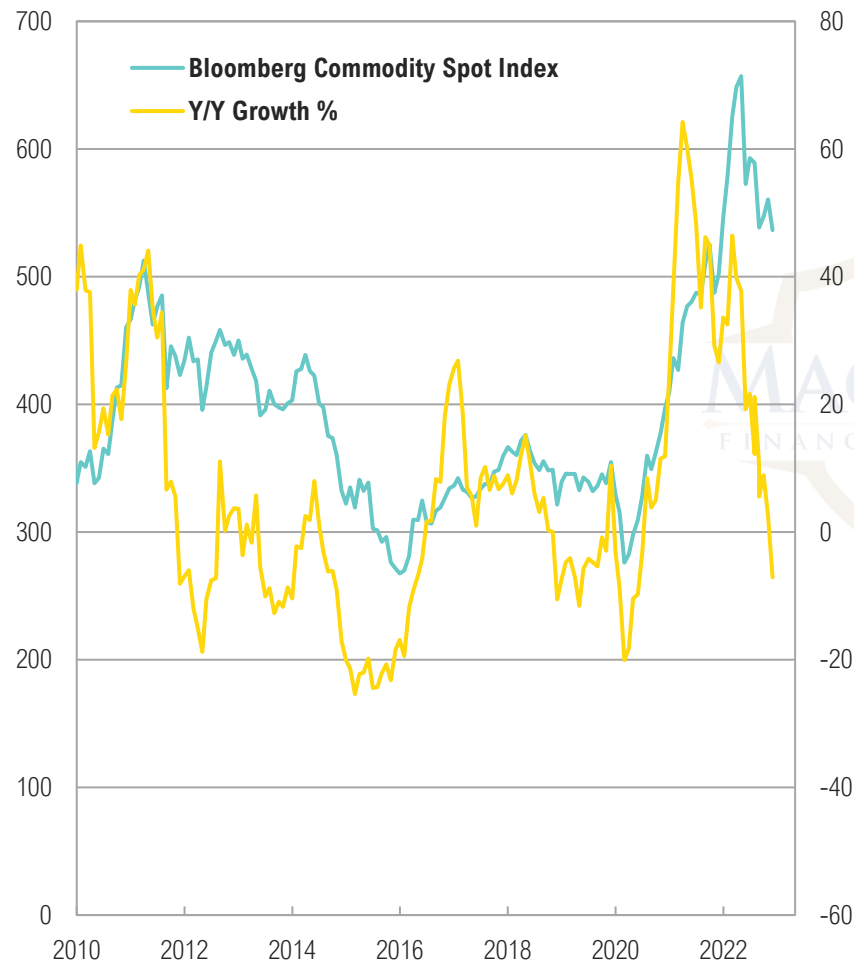
Source: Bloomberg

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While commodity prices rolling over will help contain inflation, house prices impact the shelter component of CPI with a 12- to 18-month lag

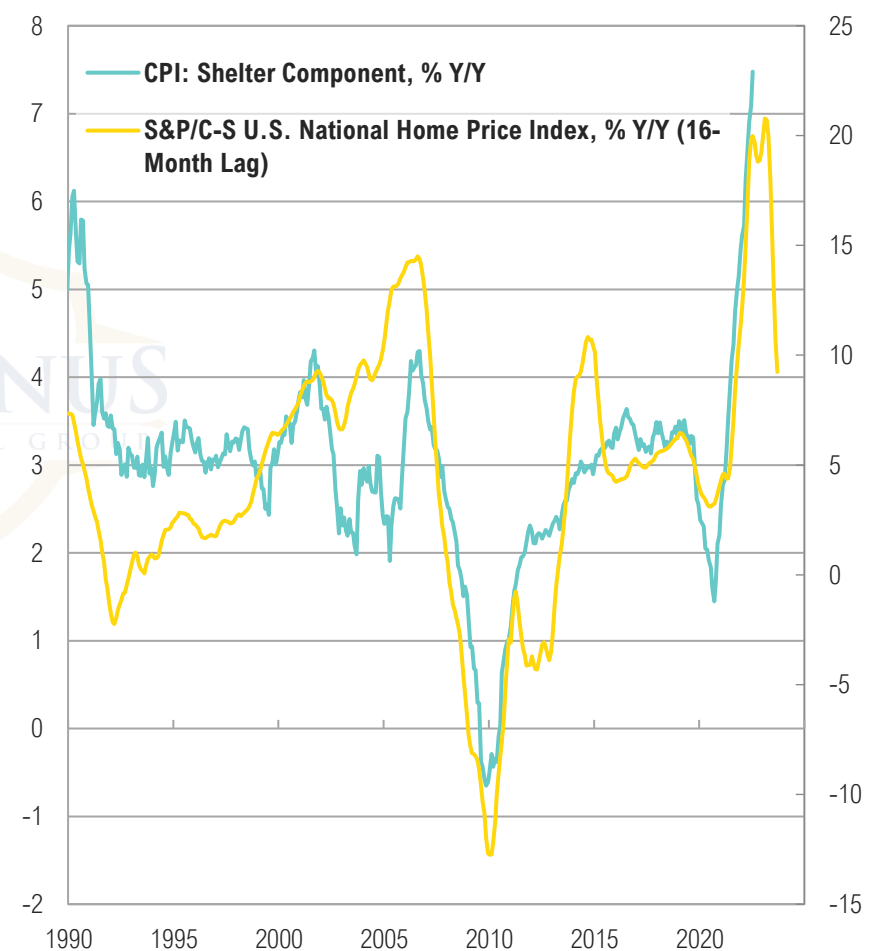
BLOOMBERG COMMODITY SPOT INDEX

Y/Y GROWTH, %



CPI: SHELTER, Y/Y %

U.S. NATIONAL HOME PRICES, Y/Y %



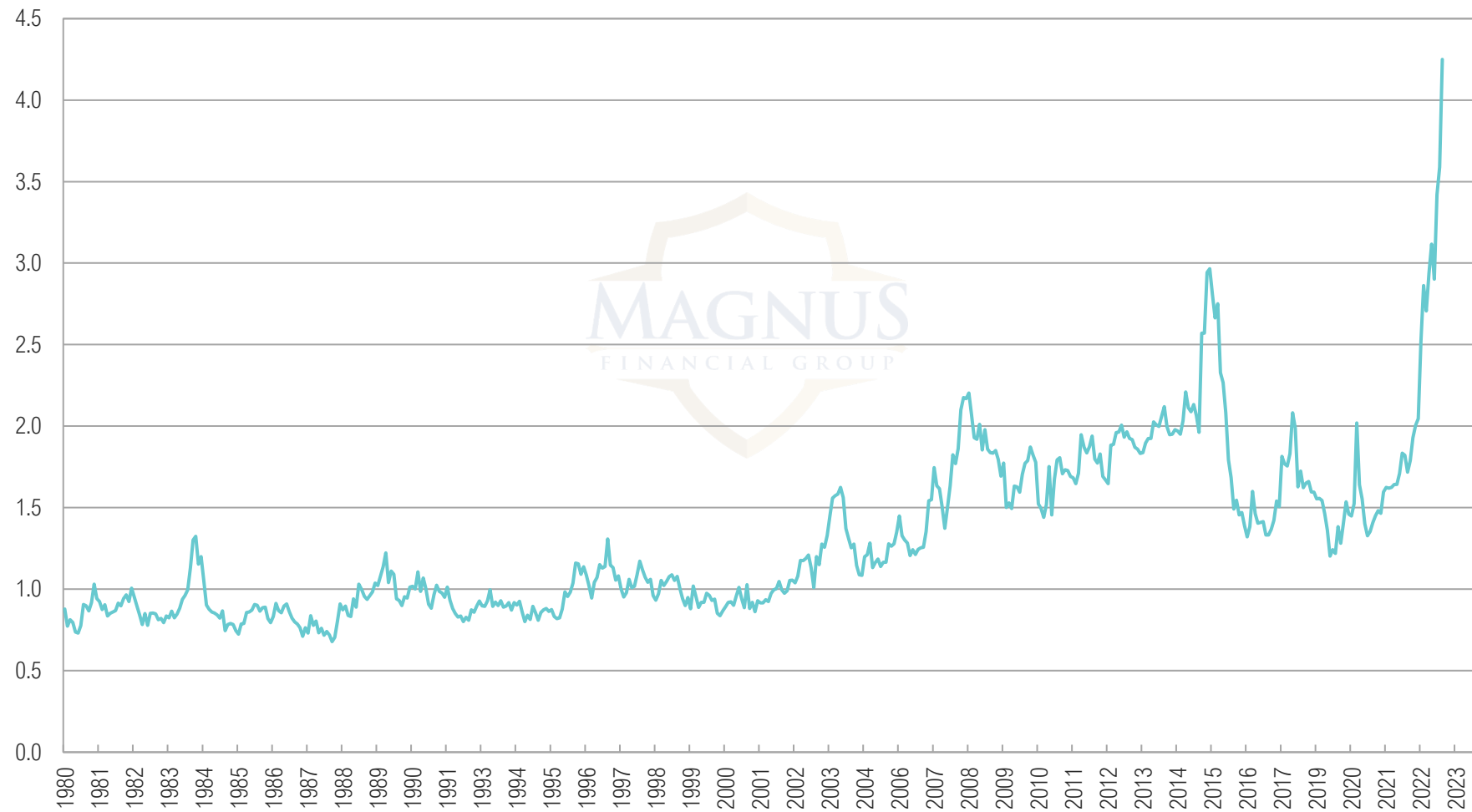
Source: Bloomberg, FRED

U.S. National home price proxied by the S&P/Case-Shiller U.S. National Home Price Index, as of 10/31/2022.

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➤ The price of a dozen eggs has more than doubled over the last year

AVERAGE PRICE PER DOZEN EGGS, \$

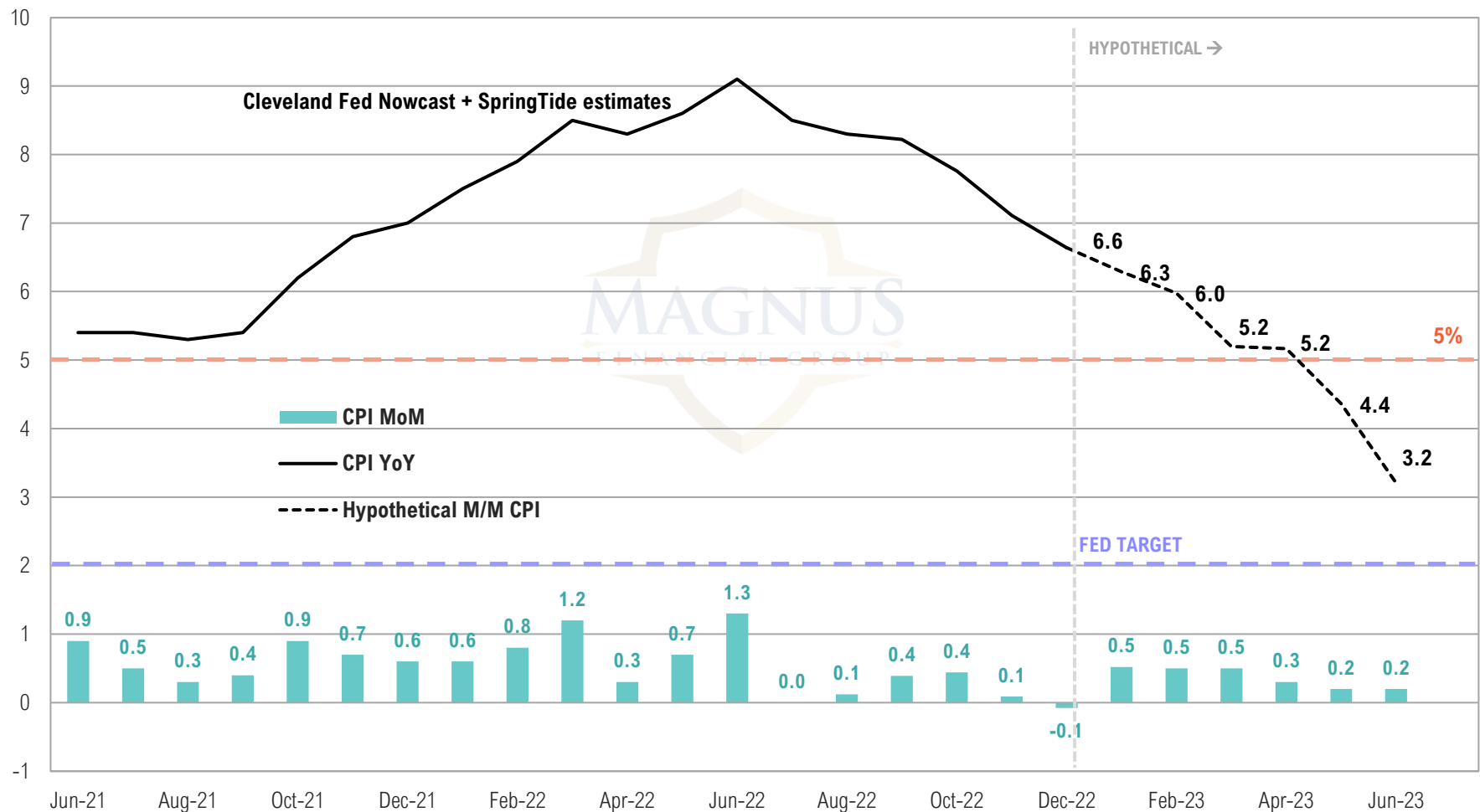


Source: FRED

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It is likely that YoY CPI will remain above 5% through Q1 of 2023

CONSUMER PRICE INDEX, %

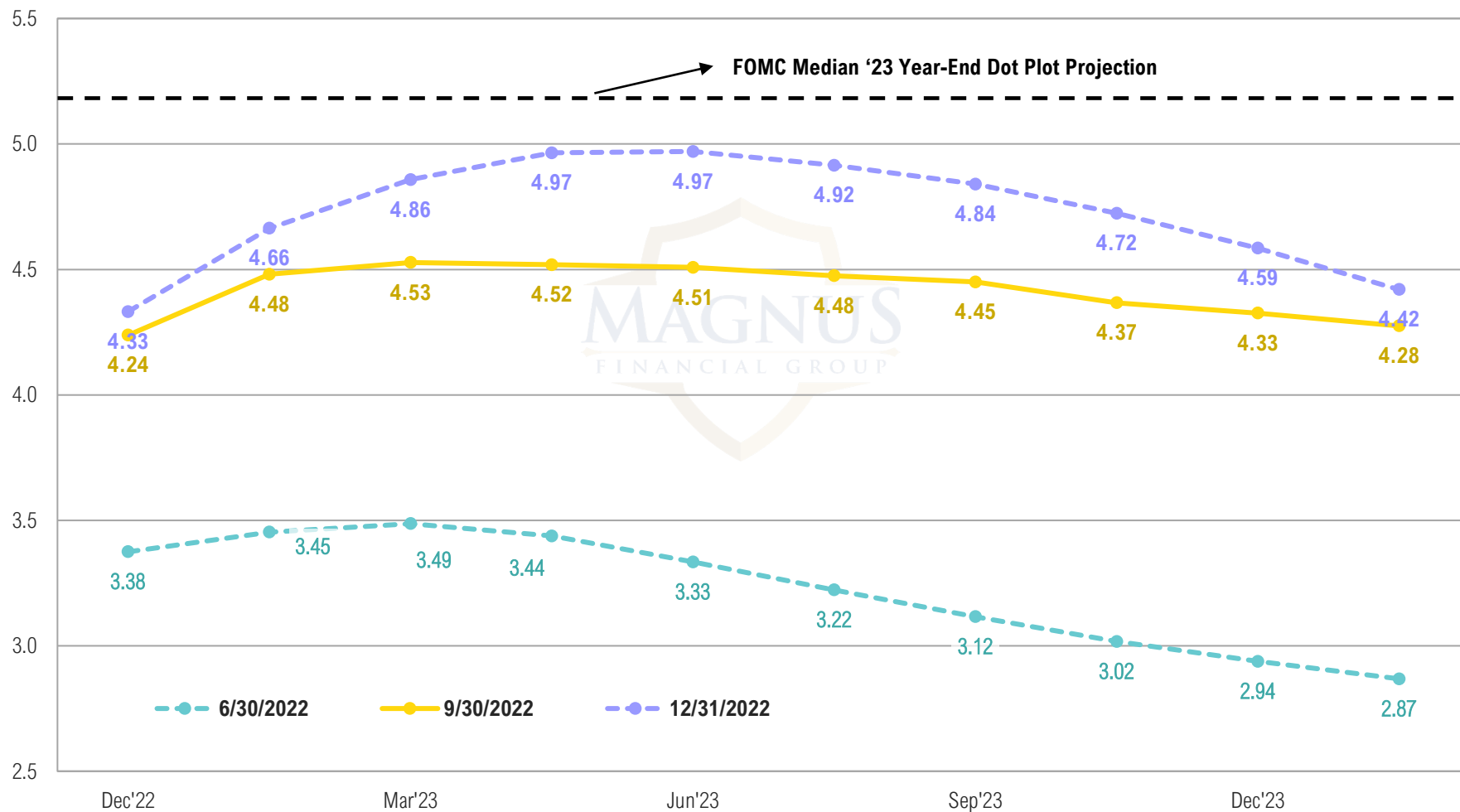


Source: Bloomberg, Cleveland Fed

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While the implied Fed funds rate has moved substantially higher over the year, the market still isn't buying into the Fed's "higher for longer" posturing

IMPLIED FED FUNDS, %

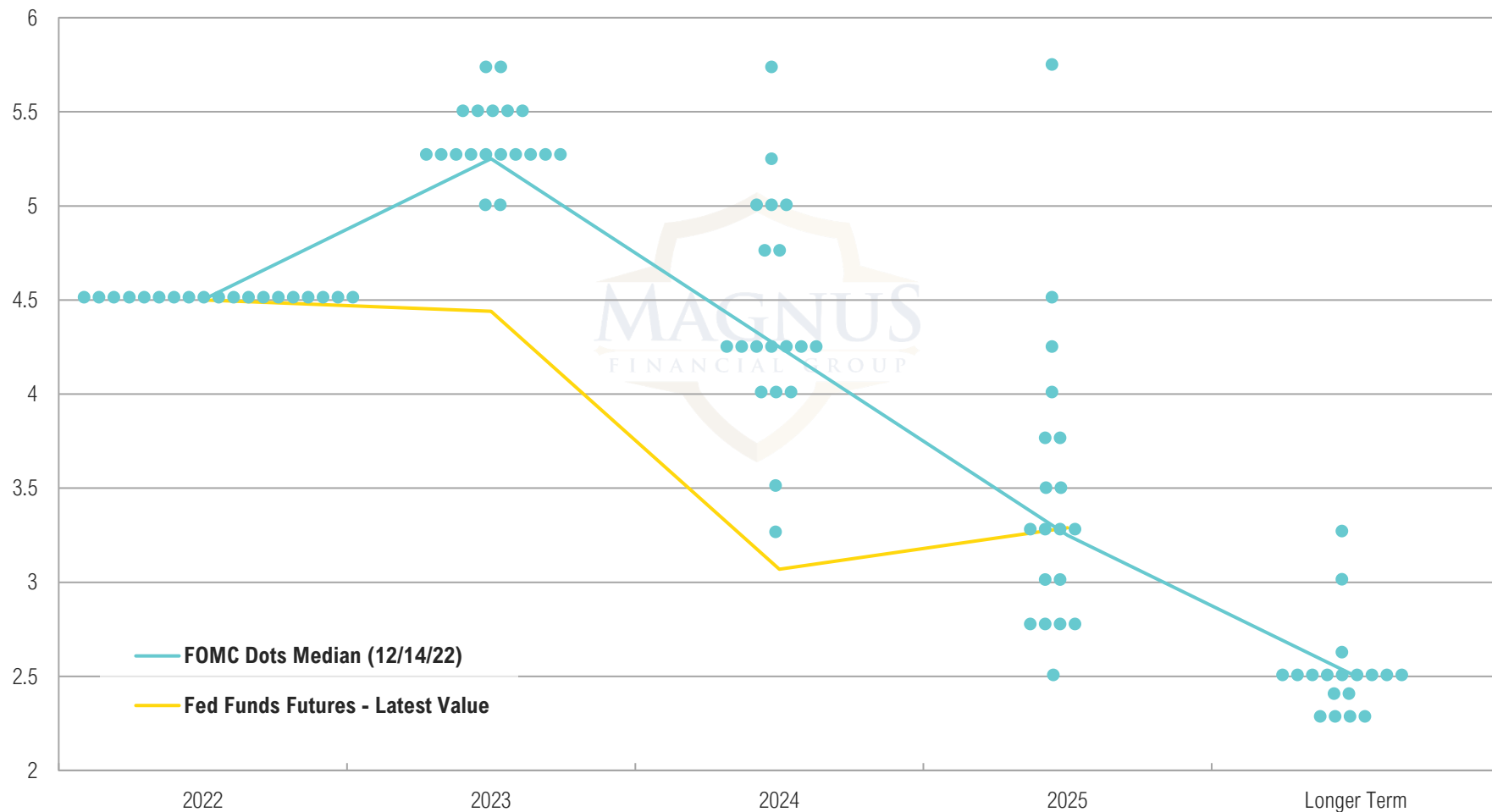


Source: Bloomberg

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Market continues to price in a Fed pivot in 2023, despite the Fed signaling otherwise

PROJECTED FED FUNDS RATE, %

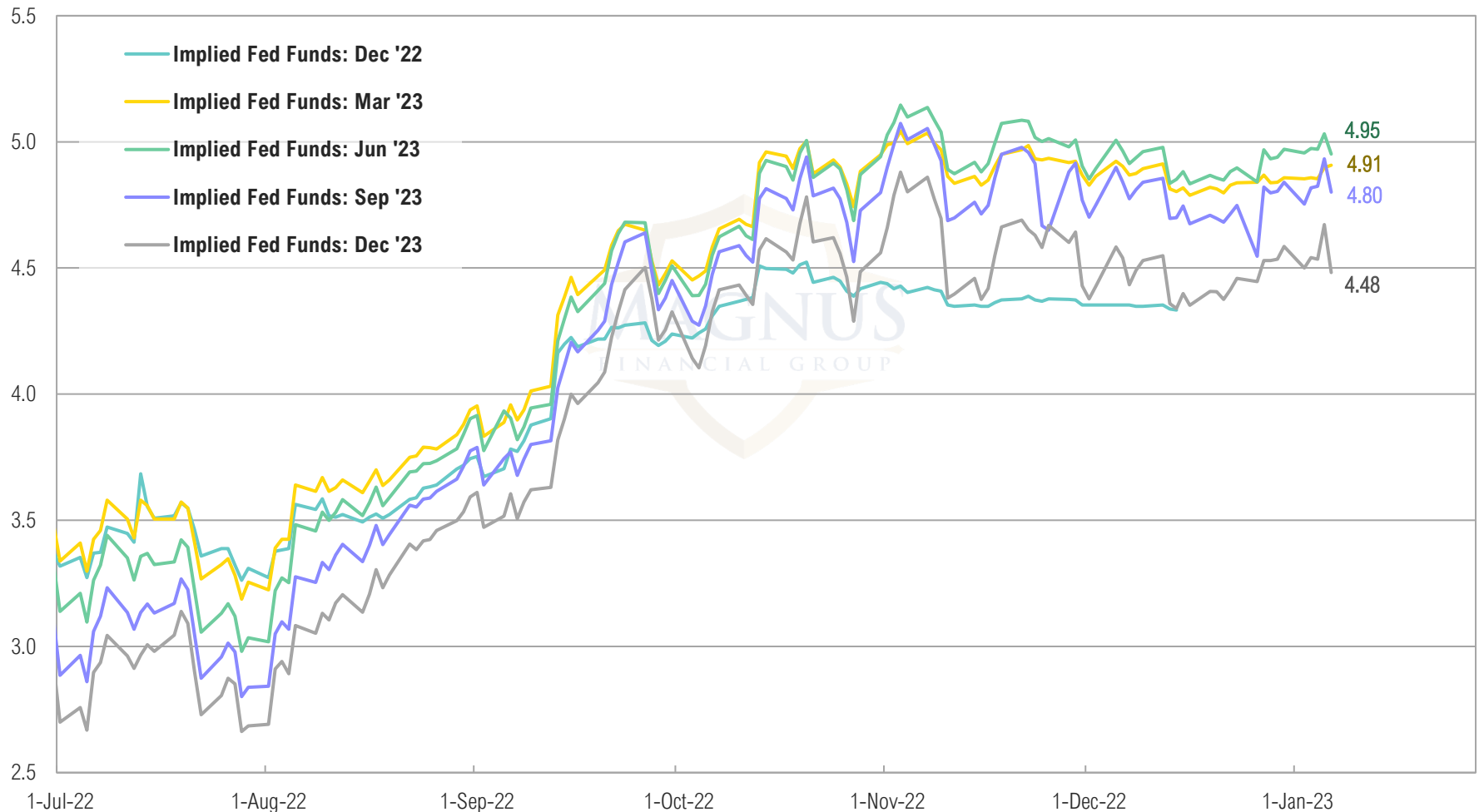


Source: Bloomberg, Latest Value as of 1/9/2023.

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Fed funds futures expecting peak rates in June 2023 and the Fed to start cutting rates in the second half of the year; Fed and market have both been poor in projecting rates 12 months out

IMPLIED FED FUNDS RATE, %

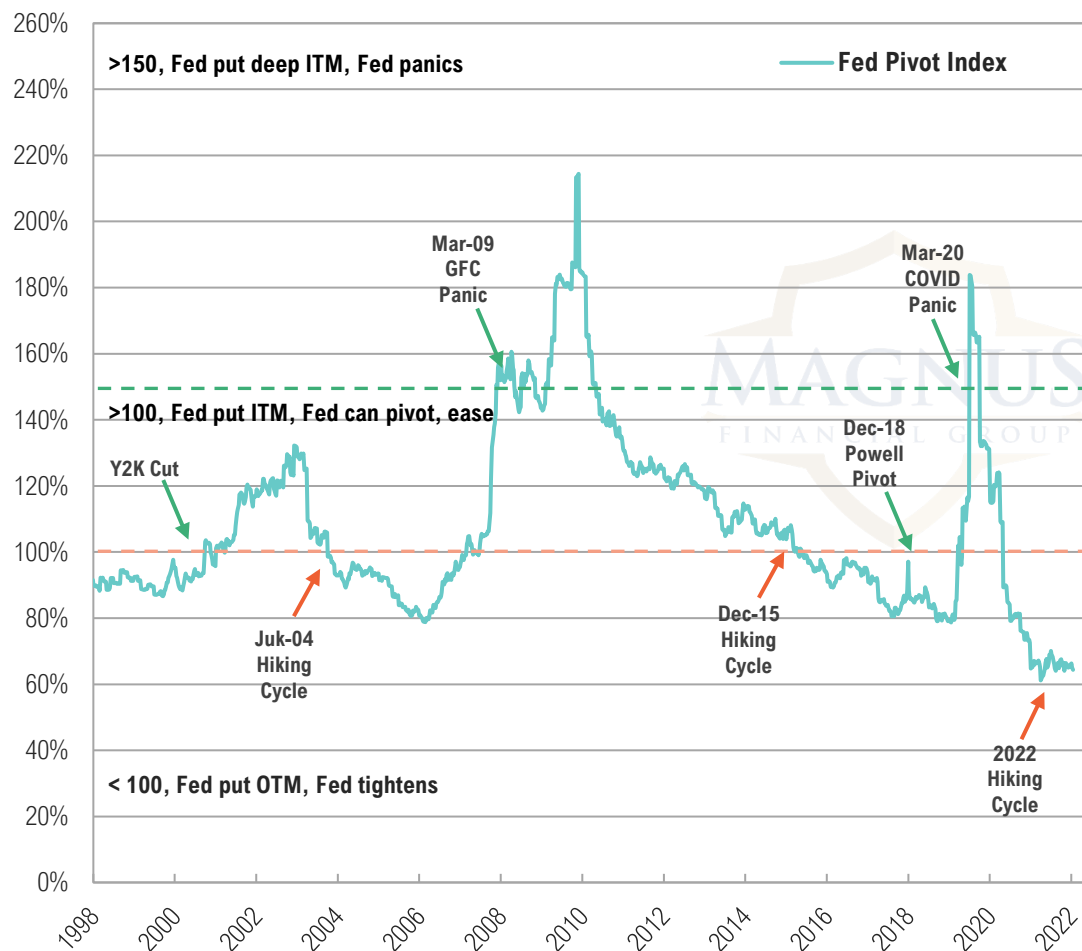


Source: Bloomberg. As at 1/6/23.

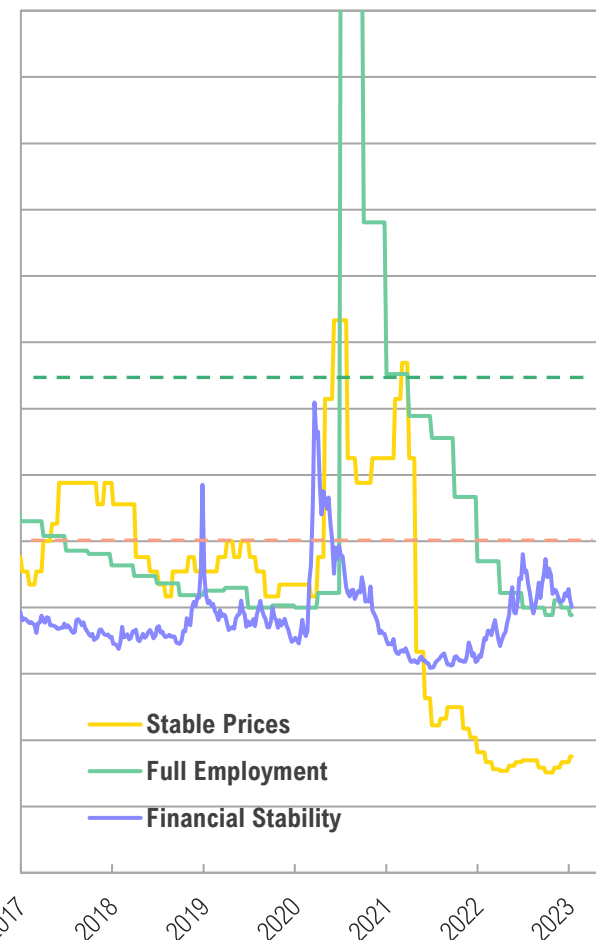
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A Fed pivot at current levels isn't justified by the data and would risk extending inflation shock and further eroding Fed's credibility

FED PIVOT INDEX, WTD AVG % OF THRESHOLD



FED PIVOT INDEX SUB-GROUPS, % OF THRESHOLD

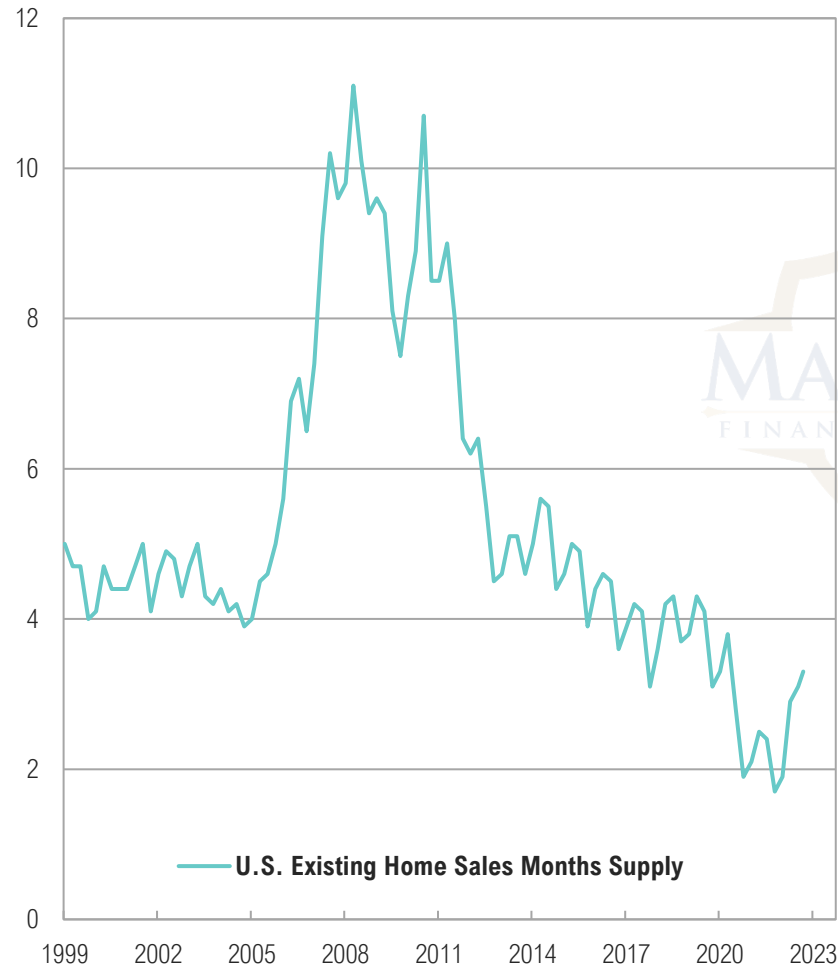


Source: Bloomberg, SpringTide. Pivot Index = weighted average % of trigger of Core CPI (33% weight, 3% trigger), U.S. Unemployment Rate (33%, 4.5%, GS Financial Conditions Index (10%, 100), S&P 500 P/E (4%, 16x), Bbg U.S. Corporate High Yield OIS (20%, 600bps)

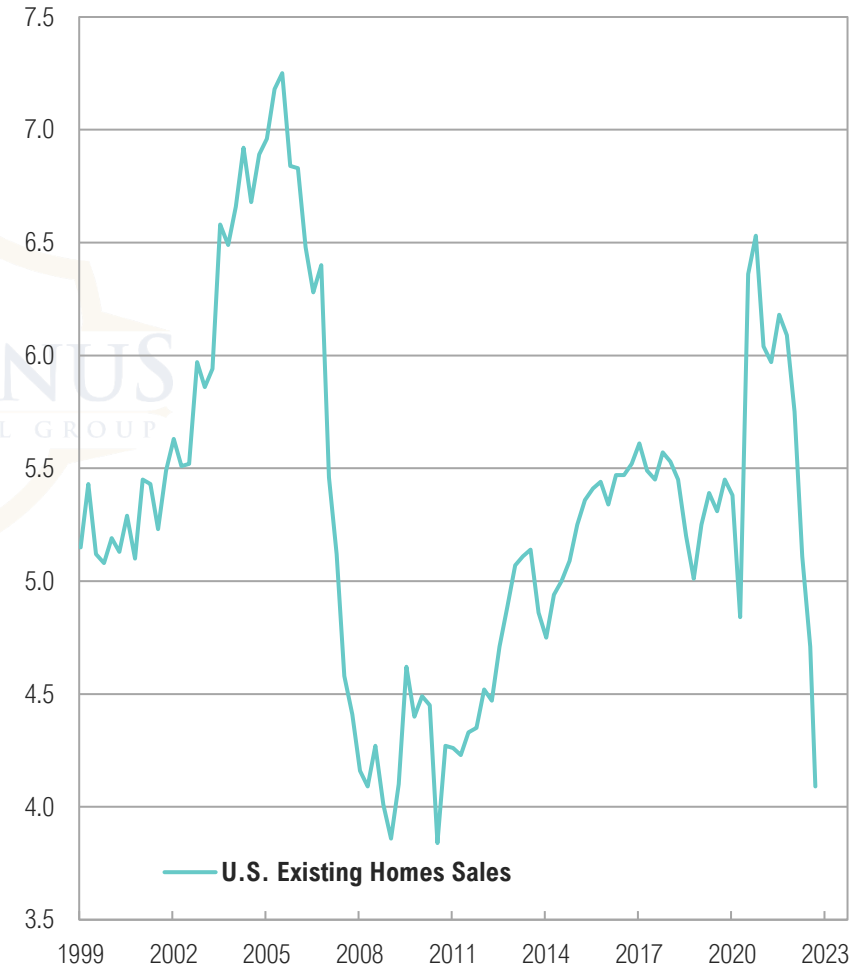
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➤ Existing home sales have fallen by 2.5m over the past 22 months, which is a faster decline than during GFC; the difference between now and then is that supply of homes remains low

U.S. EXISTING HOME SALES, MONTHS OF SUPPLY



U.S. EXISTING HOME SALES, MILLIONS OF UNITS

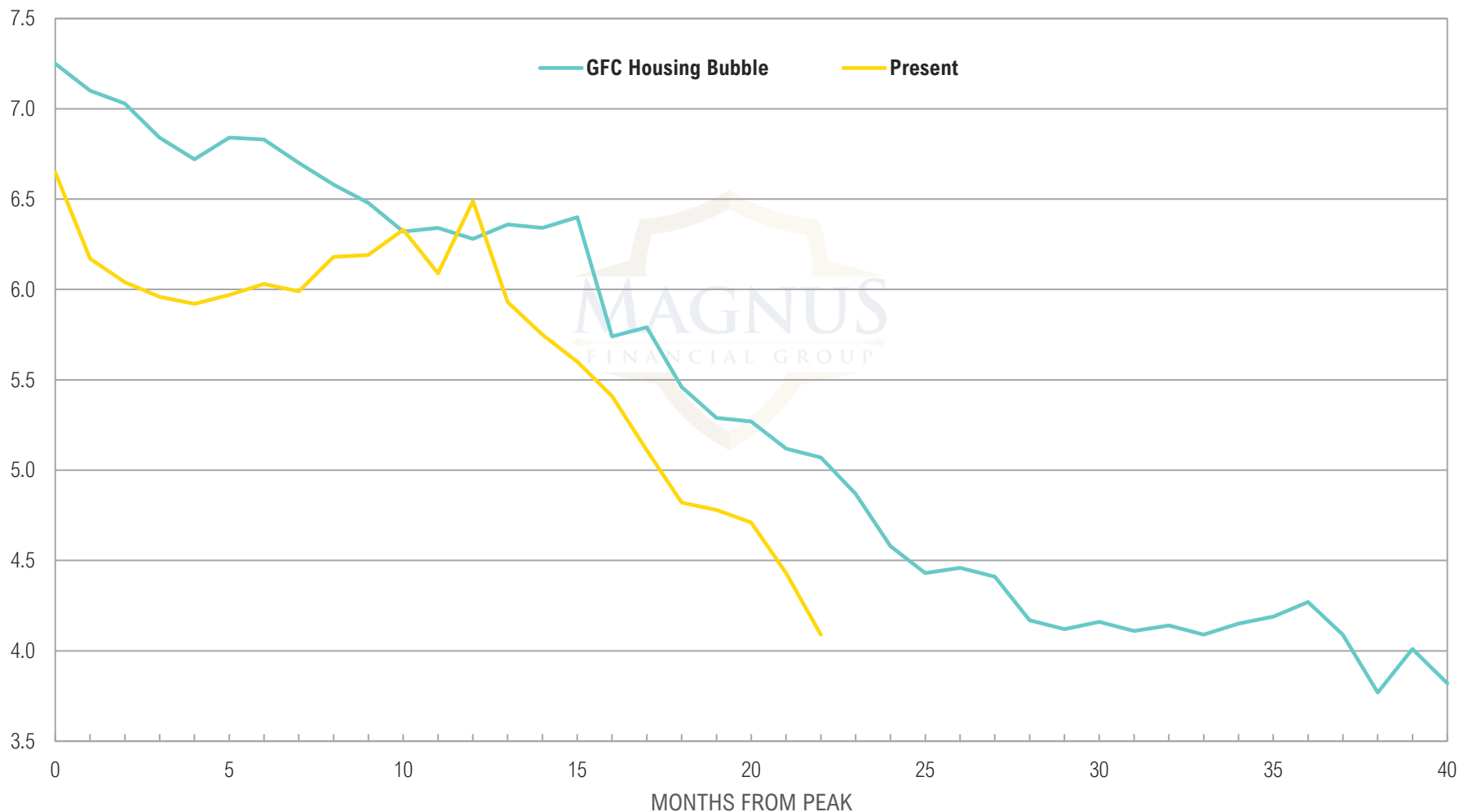


Source: Bloomberg

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Existing home sales have fallen by 2.5m over the past 22 months, which is a faster decline than during GFC; the difference between now and then is that supply of homes remains low

U.S. EXISTING HOME SALES, MILLIONS OF UNITS

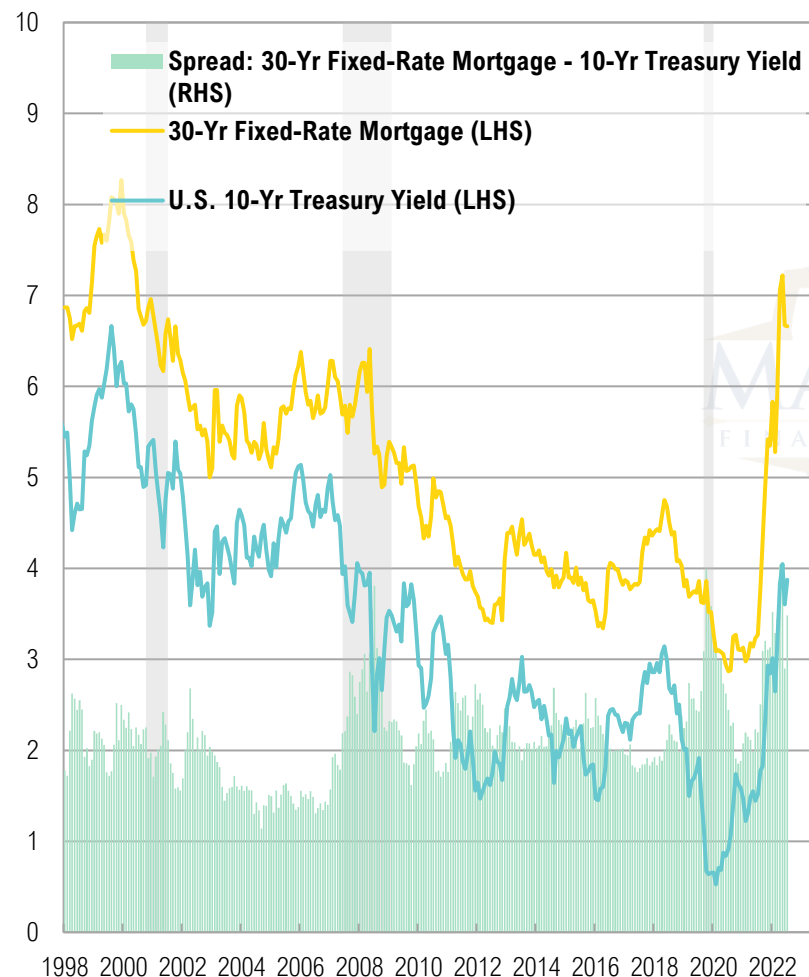


Source: Bloomberg

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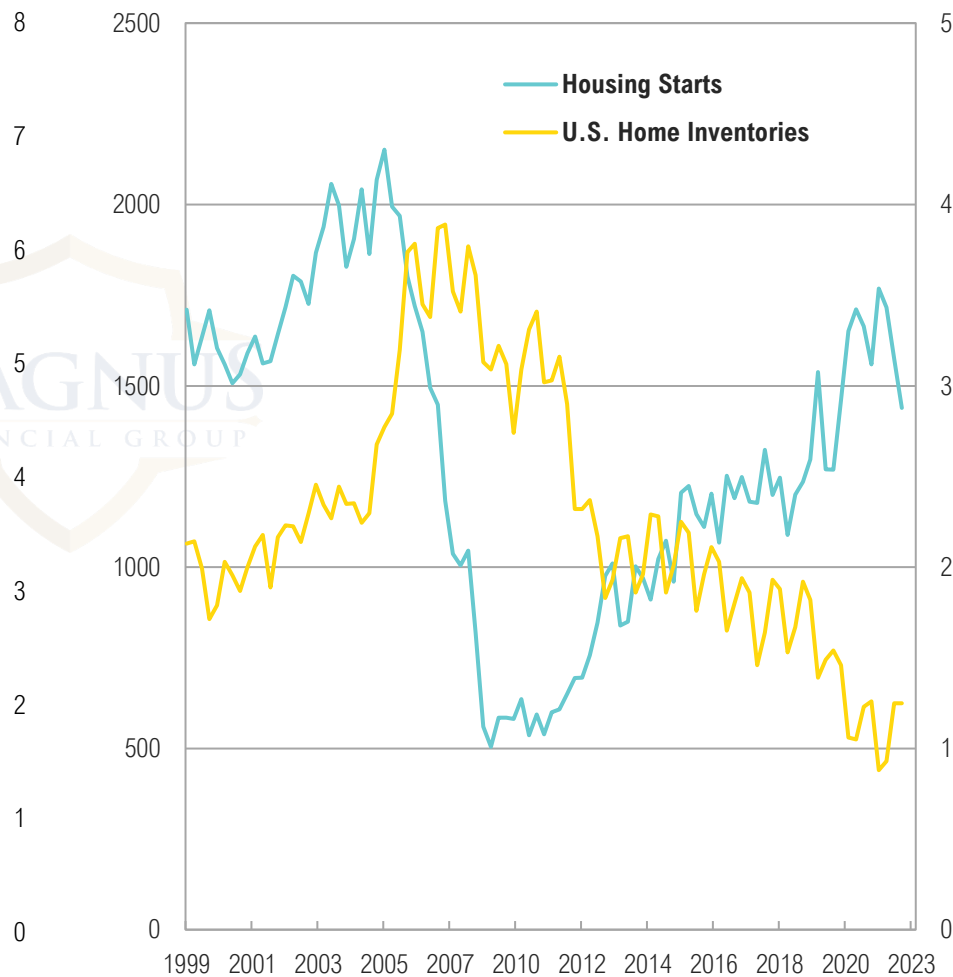
30-year fixed mortgage rates were unchanged in December, resulting in tighter mortgage rate spreads vs. 10-year Treasuries; increased rates in '22 will have a negative impact on housing and consumers *with a lag*

U.S. 10-YR TREASURY YIELD VS. 30-YR FIXED-RATE MORTGAGE



HOUSING STARTS

U.S. HOME INVENTORIES



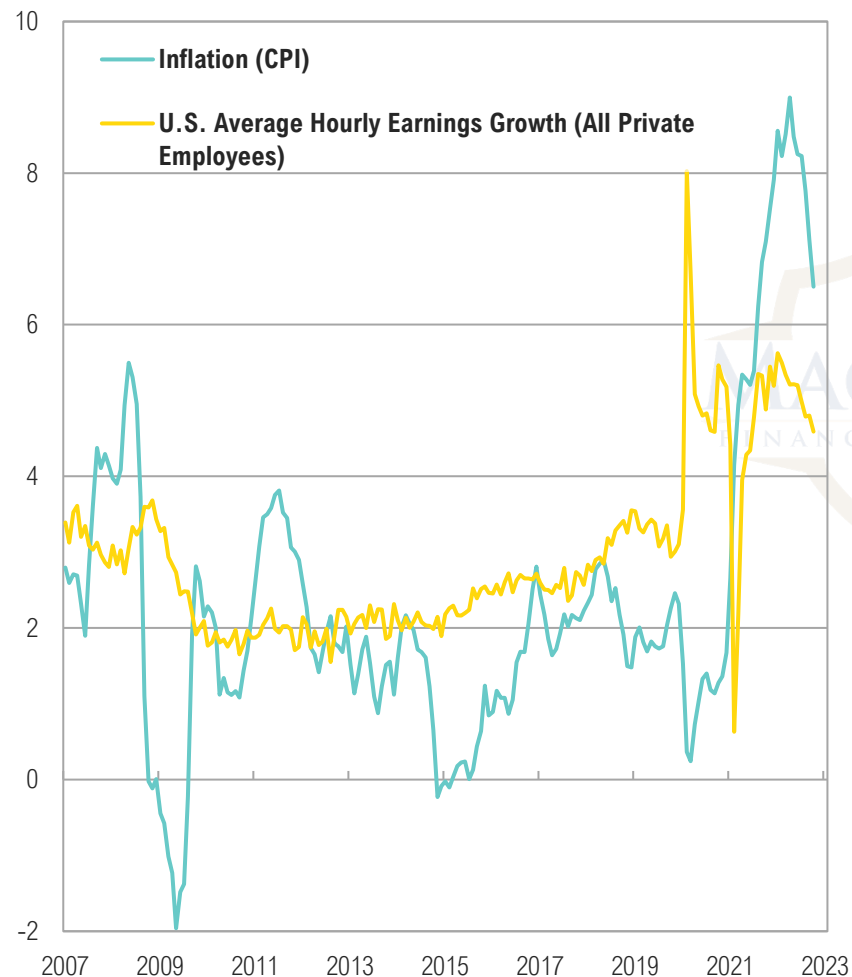
Source: Bloomberg. Housing starts and U.S. home inventories as of 9/30/2022.

30-Yr Fixed-Rate Mortgage (FRM) represented by the Bankrate.com US Home Mortgage 30 Year Fixed National Avg.

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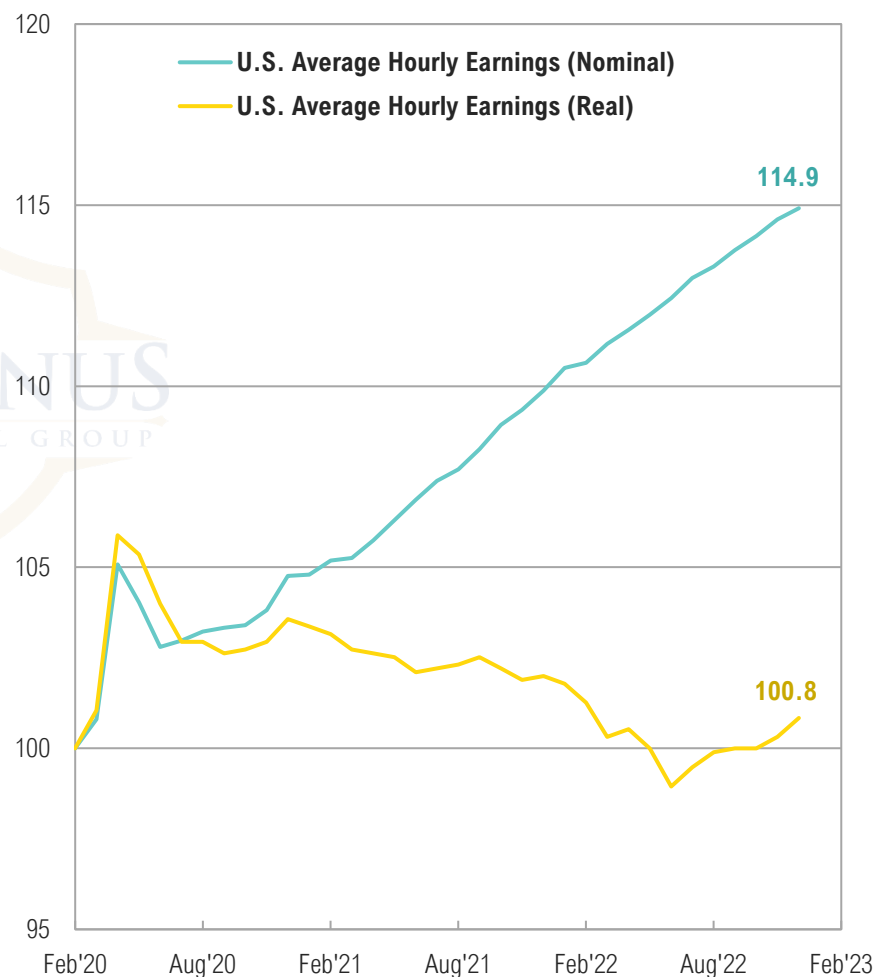
Since early 2021, inflation has outpaced wage growth, eroding real household disposable income

CPI VS AVG HOURLY EARNINGS GROWTH (ALL PRIVATE EMPLOYEES), %



Source: Bloomberg. CPI Data as of 11/30/2022.

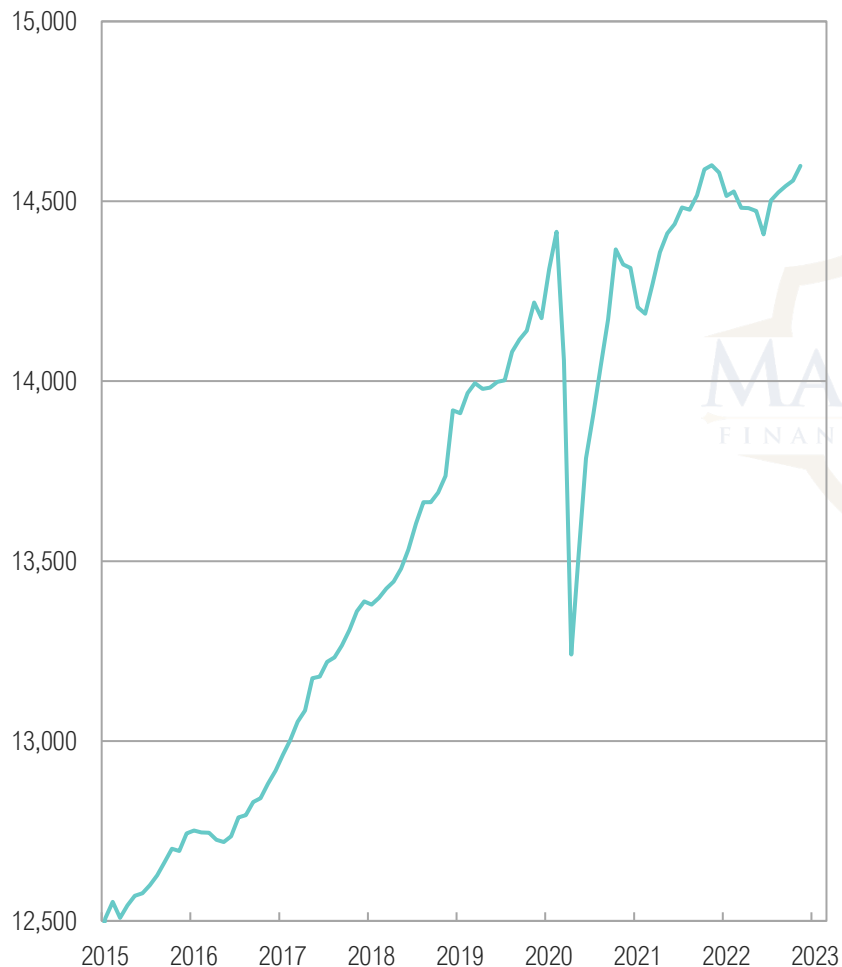
GROWTH OF 100



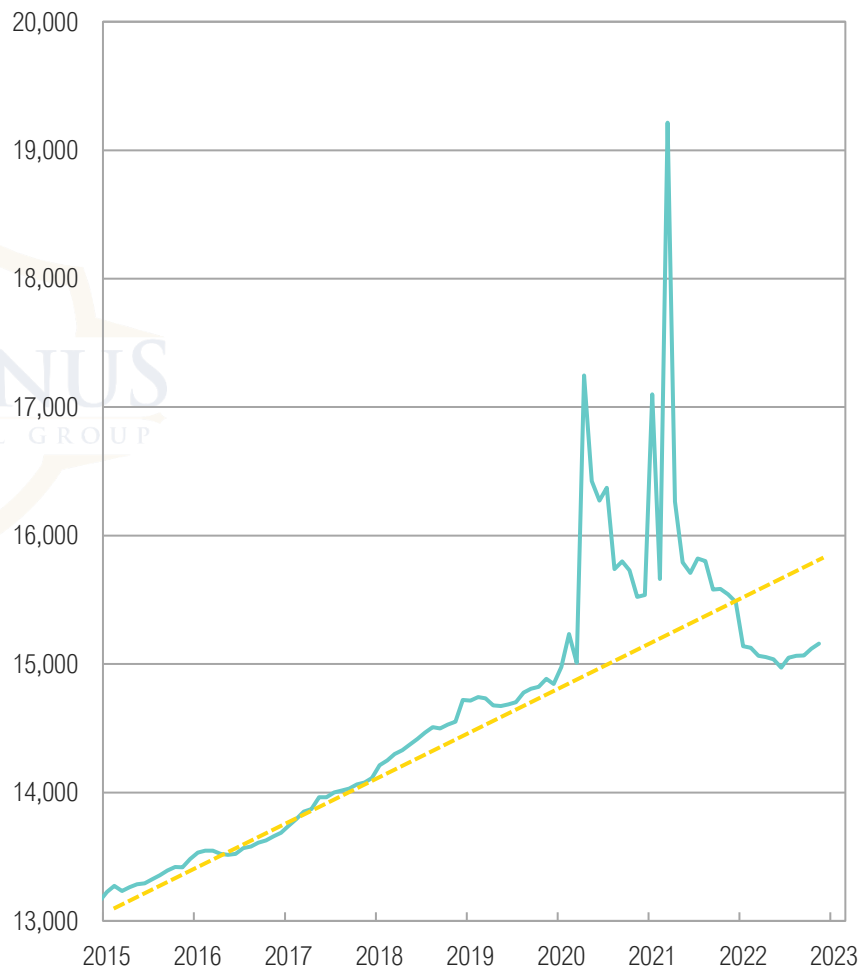
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➤ Real income, excluding government transfers, is still grinding higher; total disposable income, however, has been treading water in recent months

US REAL PERSONAL INCOME EX-TRANSFER RECEIPTS, \$BN



US REAL DISPOSABLE PERSONAL INCOME, \$BN

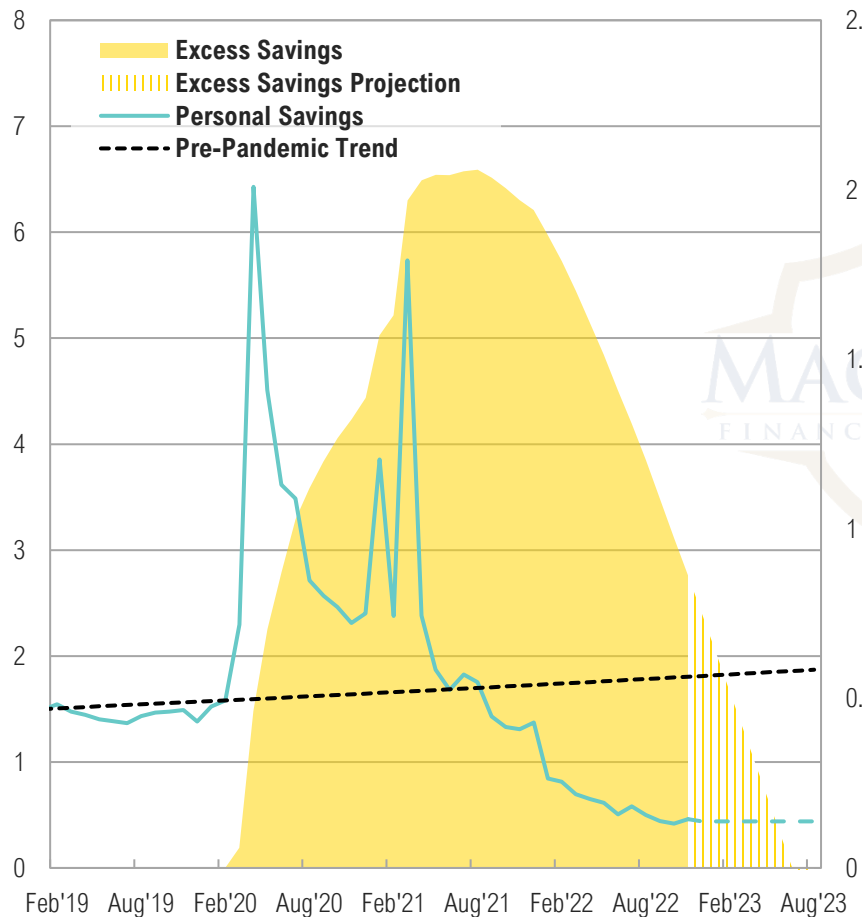


Source: FRED. Data as of 11/30/2022.

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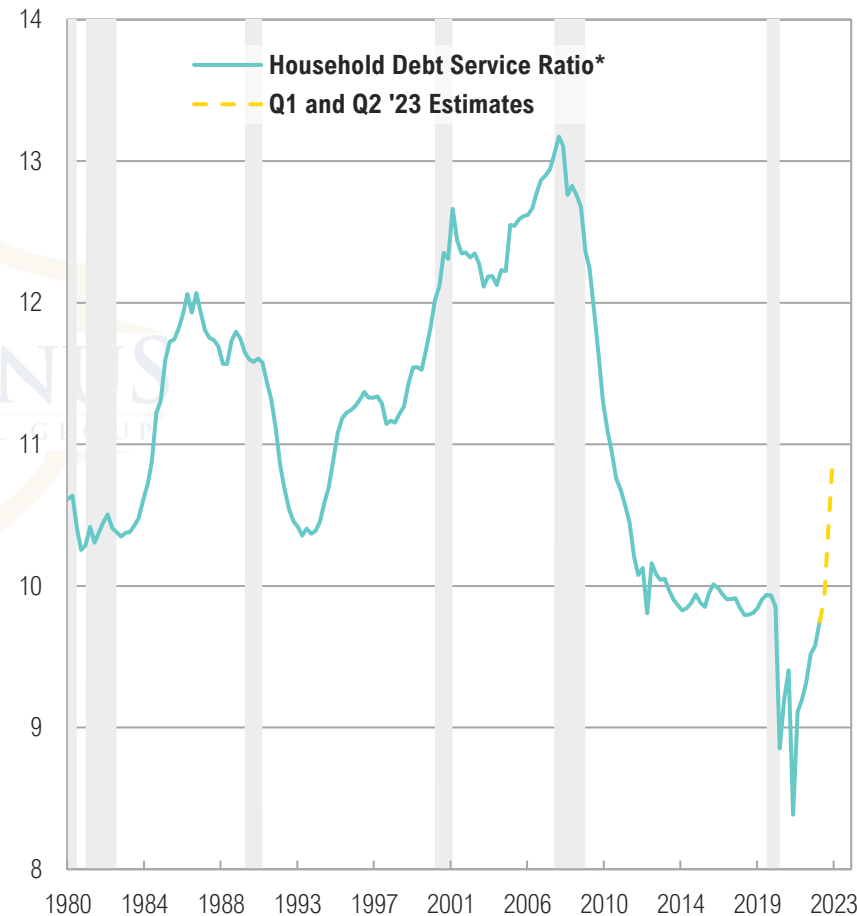
Personal savings rates have plummeted to 2.4% vs 5-year pre-Covid average of 7.6%; if this savings rate continues, excess savings from Covid will be depleted by June '23

U.S. PERSONAL SAVING, \$TN



U.S. EXCESS SAVINGS, \$TN

DEBT PAYMENTS AS % OF DISPOSABLE PERSONAL INCOME, SA

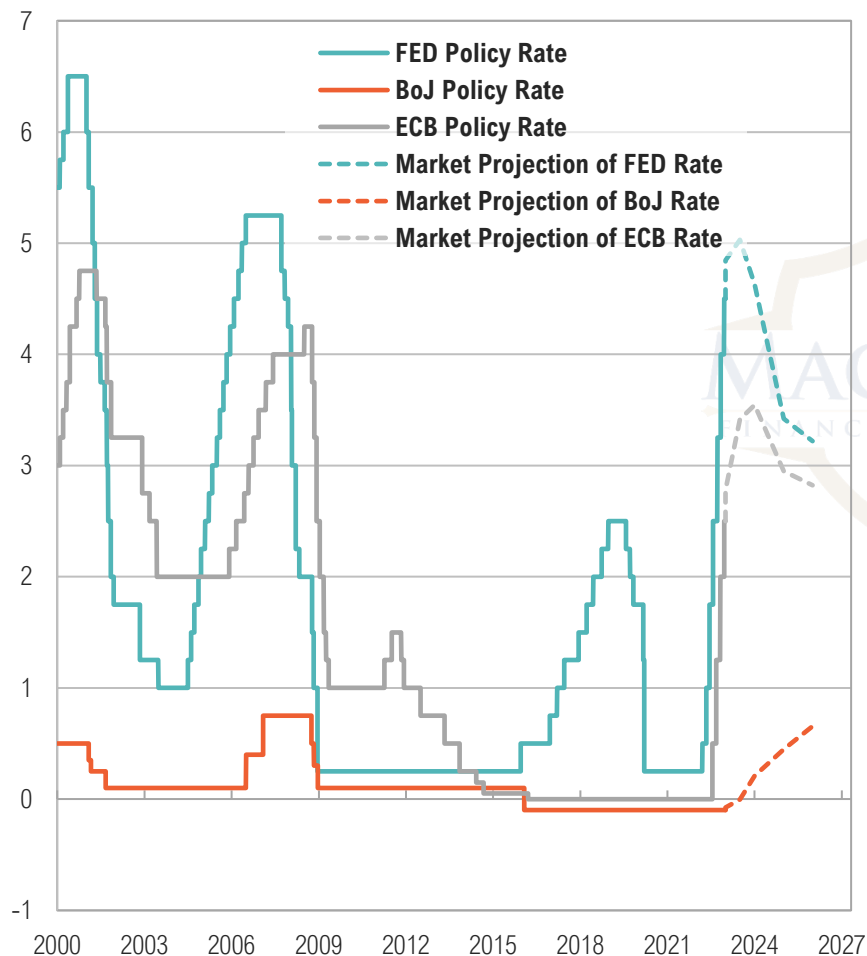


Source: Bloomberg. *Household Debt Service Ratio as of 9/30/2022, Q4 Household debt service ratio estimated using post-pandemic trend. Q1 and Q2 2023 estimated by holding disposable personal income constant and assuming a 3% quarterly increase in aggregate household debt and a 4% increase in debt service costs. Excess savings calculated using savings in excess of the 1/31/2019 – 2/29/2020 trend.

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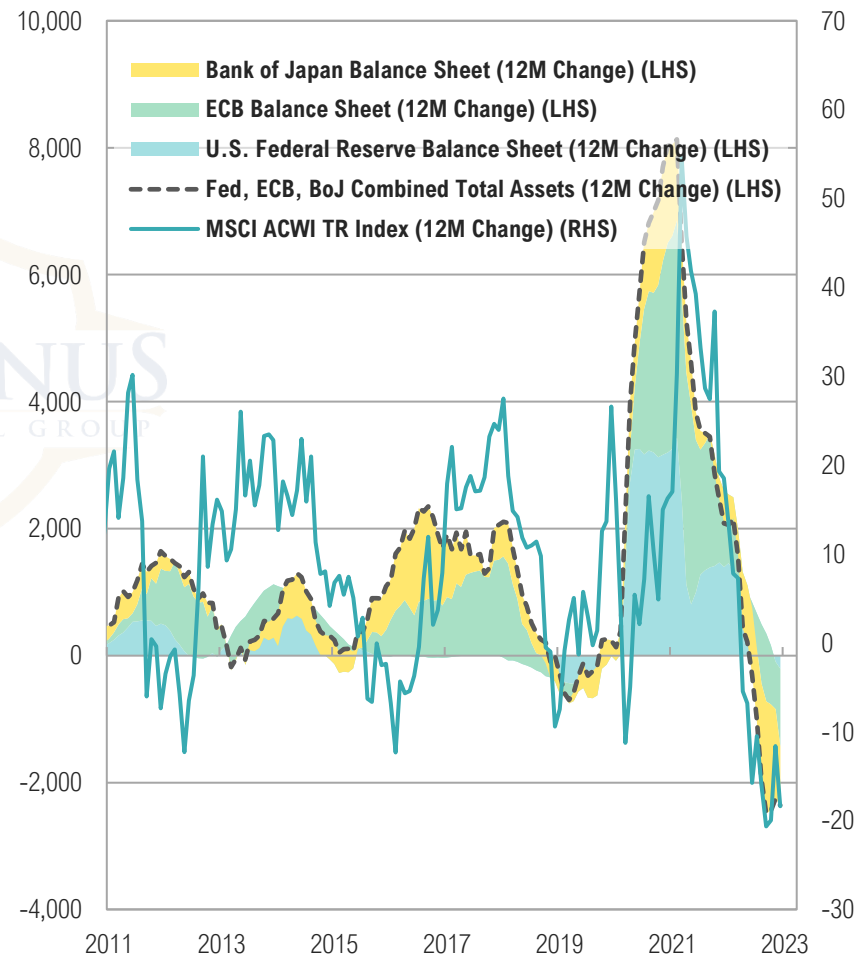
Global quantitative easing efforts supported the recent gains in global stocks; Fed, ECB and BoJ combined 12M change in assets have been negative since June '22

POLICY RATES & IMPLIED POLICY RATE EXPECTATIONS



CENTRAL BANK BALANCE SHEETS, \$BN

MSCI ACWI TR INDEX Y/Y, %



Source: Bloomberg

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2021 was the most speculative year in markets I'd seen in 40 years. I dubbed it the "Dot Com era on steroids". I never thought, after 2000, I would see investors do just completely insane things they were doing in 1999 and 2000 again. I was wrong and I was wrong in a big way.

I don't think we appreciate in 2020 and 2021 the confluence of events that all came together in one *witch's brew of insanity*. You had \$5 trillion of fiscal stimulus, almost 25% of GDP, was literally pumped into economy in 12 months on top of the Federal Reserve's zero interest rate policy and QE. So the most fiscal stimulus ever on top liberal monetary policy ever all coming together.

– Jim Chanos, *Founder & President of Kynikos Associates*

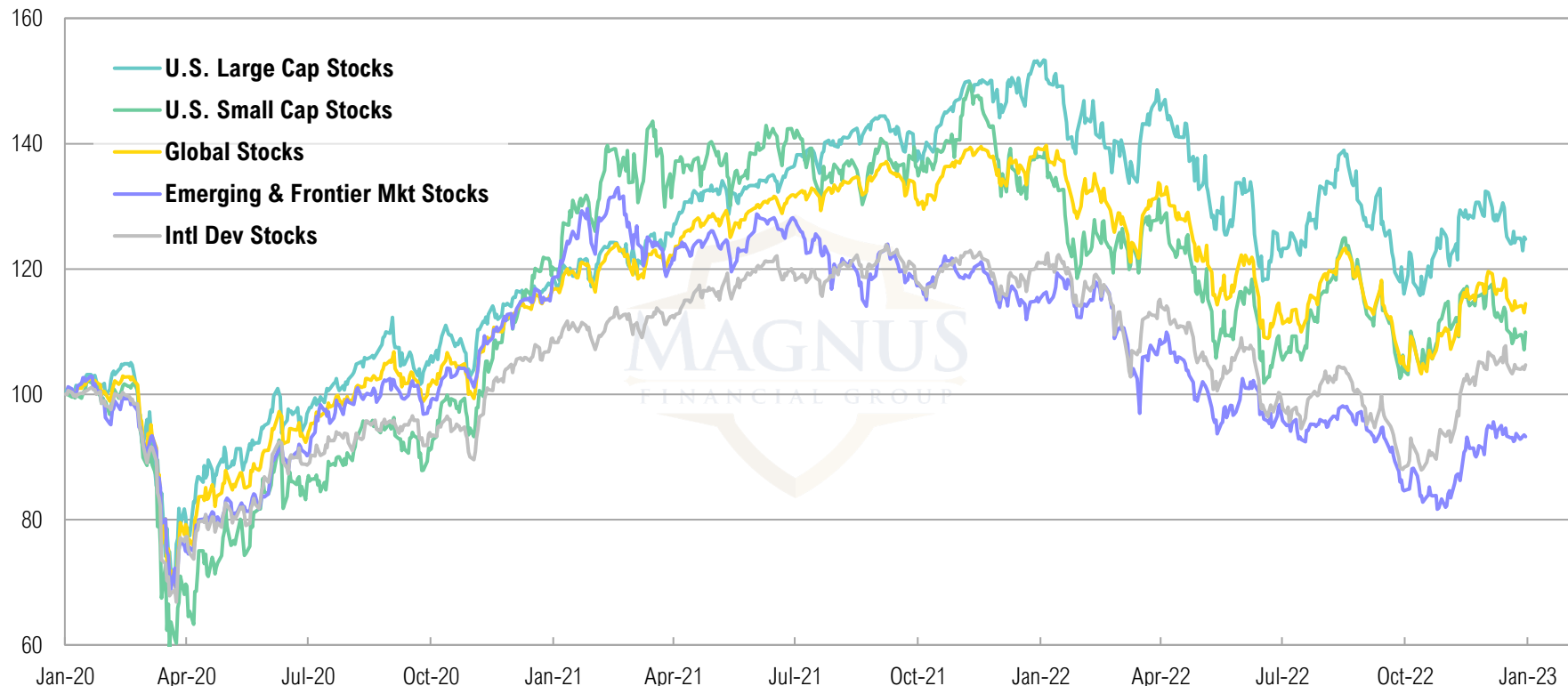


Excesses in one direction will lead to an opposite excess in the other direction.

– Bob Farrell, *Merrill Lynch Strategist and Market Historian (Bob Farrell's 10 Rules)*

U.S. stocks underperformed their international peers over the fourth quarter, largely driven by a weaker dollar; DM stocks held up best over the year, driven by a mammoth Q4 rebound

CALENDAR YEAR & TRAILING TOTAL RETURNS



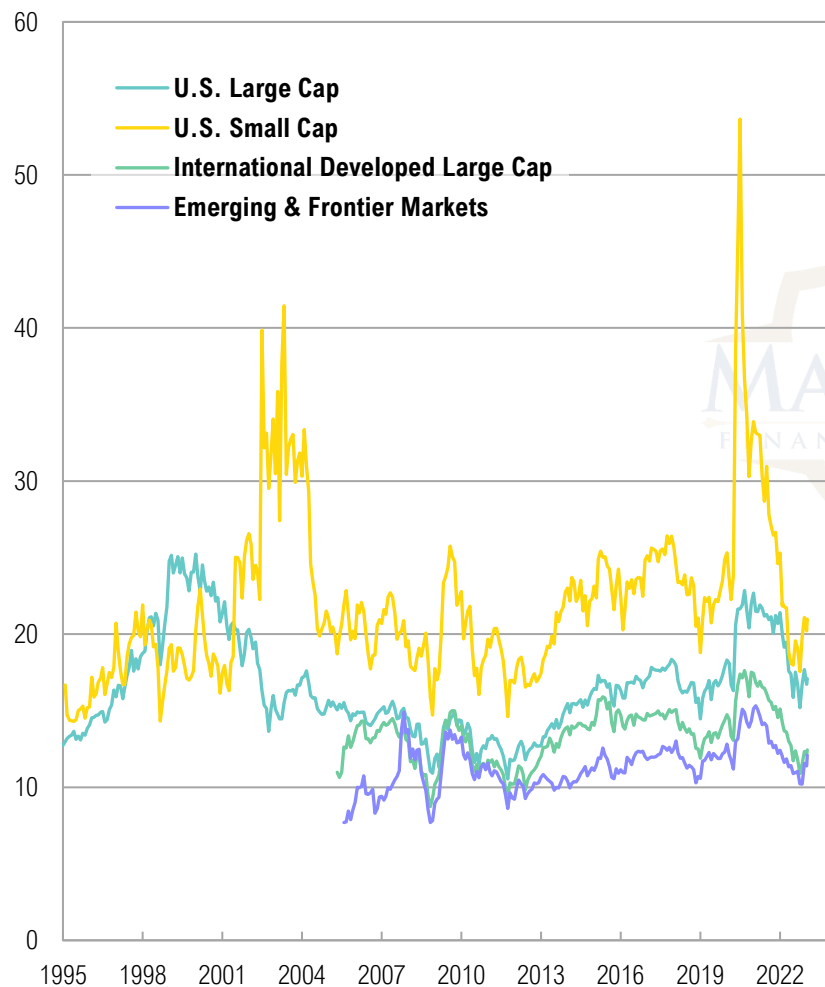
Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2022	2021	2020	2019	2018
U.S. Large Cap Stocks	S&P 500 TR	-5.8	7.6	-18.1	-18.1	7.7	9.4	12.6	-18.1	28.7	18.4	31.5	-4.4
U.S. Small Cap Stocks	Russell 2000 TR	-6.5	6.2	-20.5	-20.5	3.0	4.0	9.0	-20.5	14.5	20.0	25.4	-11.1
Intl Dev Stocks	MSCI EAFE GR	0.1	17.3	-14.5	-14.5	0.9	1.5	4.7	-14.5	11.3	7.8	22.0	-13.8
Emerging & Frontier Mkt Stocks	MSCI EM GR	-1.4	9.7	-20.1	-20.1	-2.7	-1.4	1.4	-20.1	-2.5	18.3	18.4	-14.6
Global Stocks	MSCI ACWI GR	-3.9	9.8	-18.4	-18.4	4.0	5.2	8.0	-18.4	18.5	16.3	26.6	-9.4

Source: Bloomberg. Returns for periods greater than 1 year are annualized.

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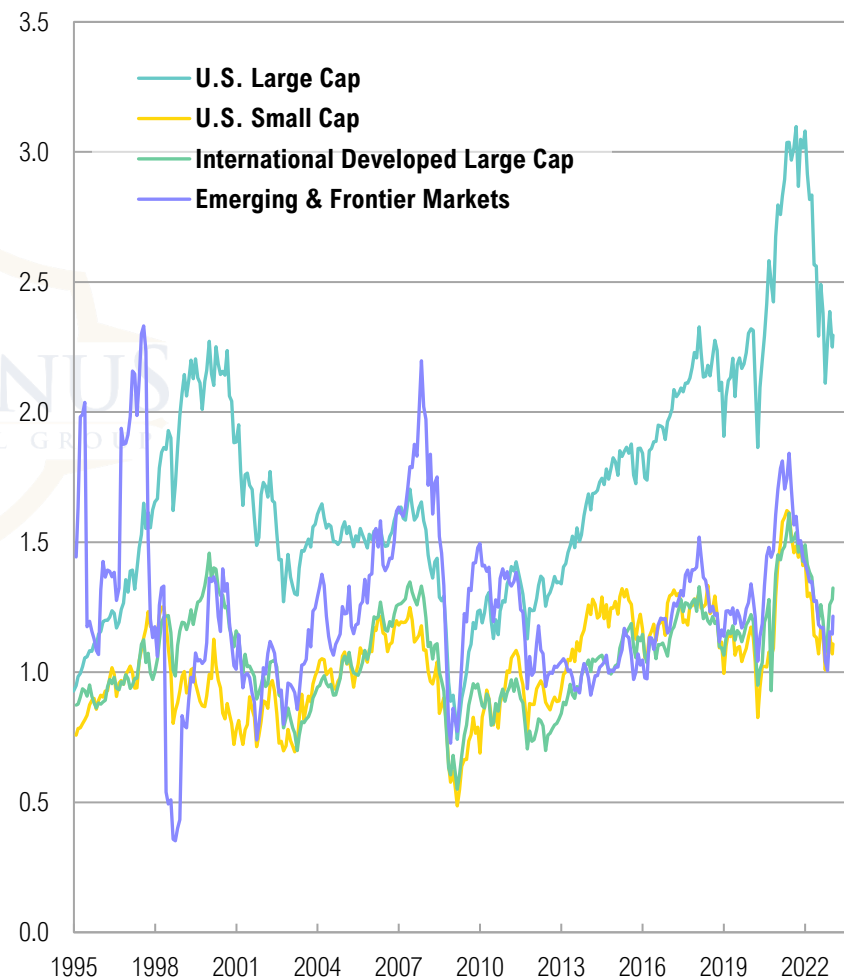
Valuations contracted over 2022 as stocks sold off globally

PRICE-TO-EARNINGS RATIO, FWD 12-MONTH



Source: Bloomberg

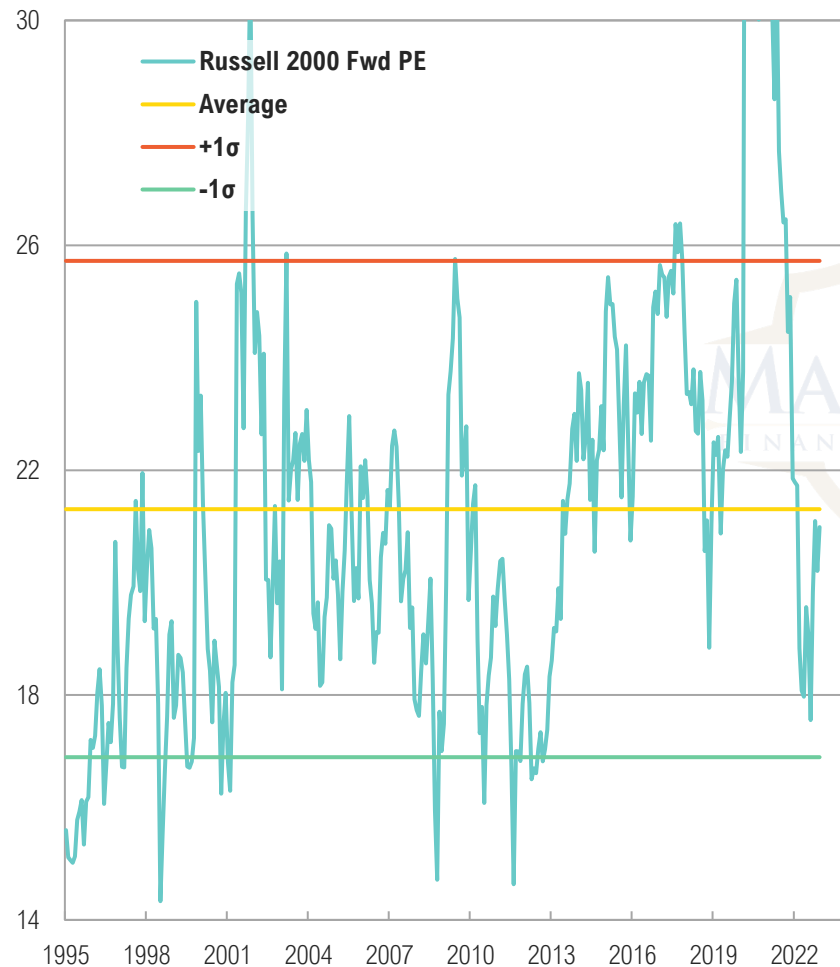
PRICE-TO-SALES RATIO



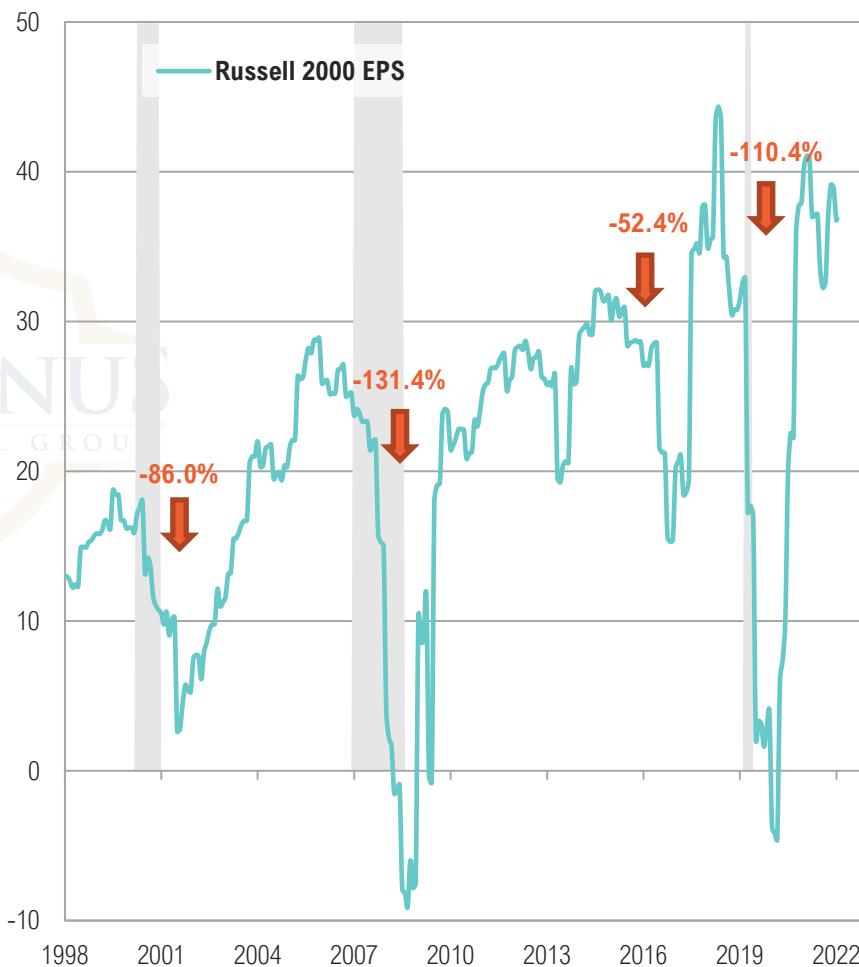
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U.S. small cap forward valuations have improved due to bear market, slightly below average relative to history; focus now shifts to earnings decline

12-MONTH FORWARD PRICE TO EARNINGS



TRAILING 12-MONTH EARNINGS PER SHARE

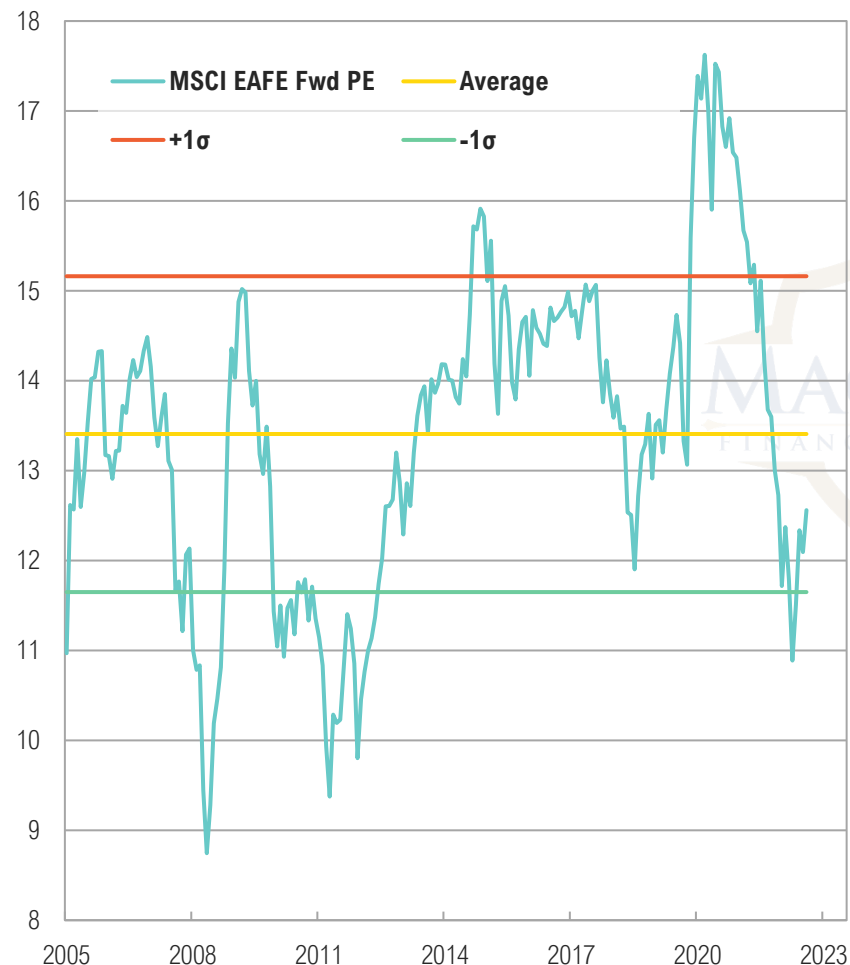


Source: Bloomberg. As at 12/31/2022.

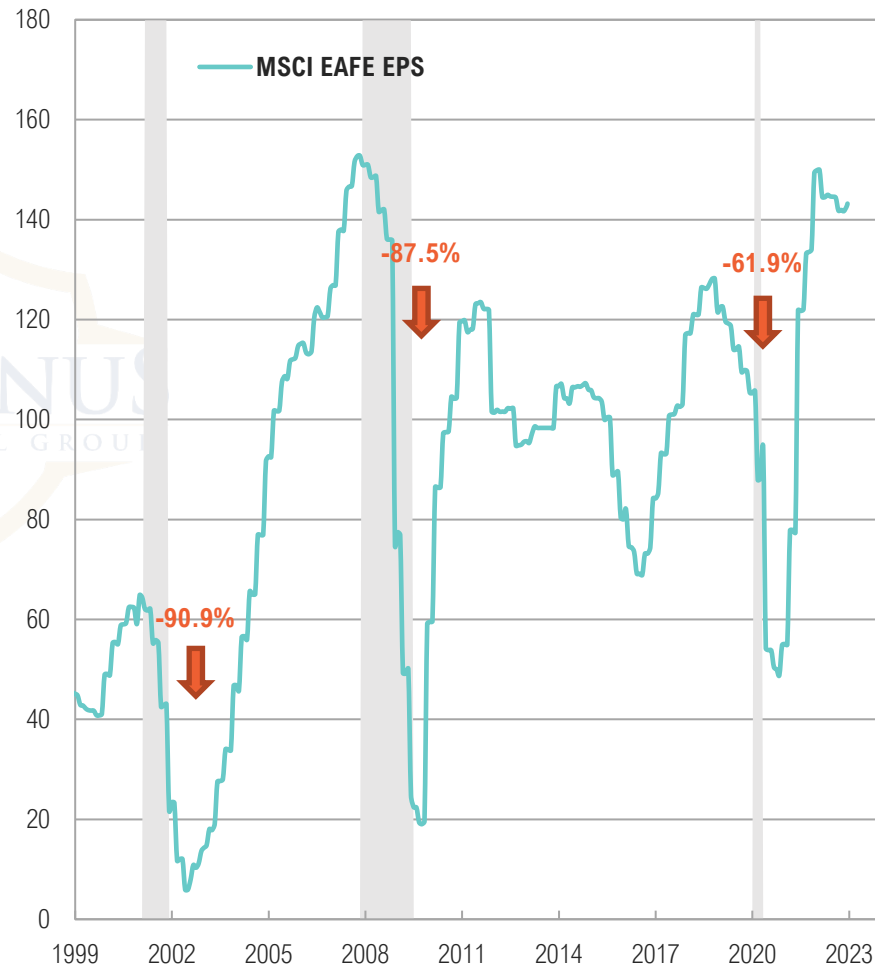
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DM forward valuations have improved due to bear market, well below average relative to history; focus now shifts to earnings decline

12-MONTH FORWARD PRICE TO EARNINGS



TRAILING 12-MONTH EARNINGS PER SHARE

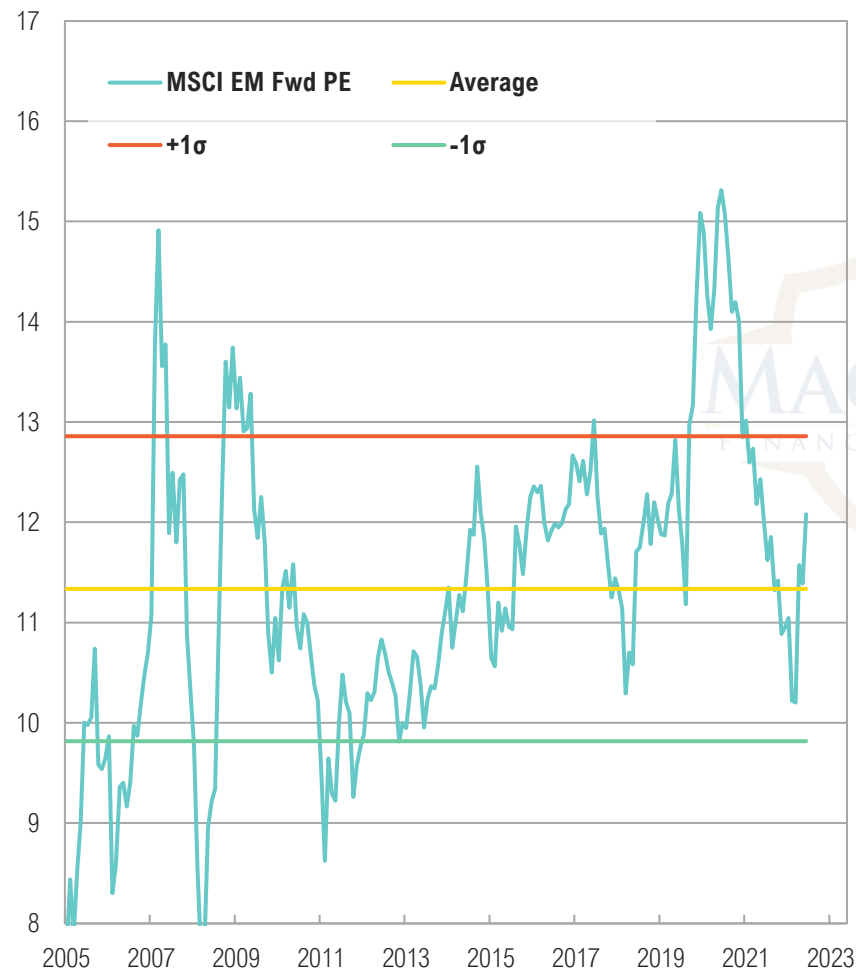


Source: Bloomberg. As at 12/31/2022.

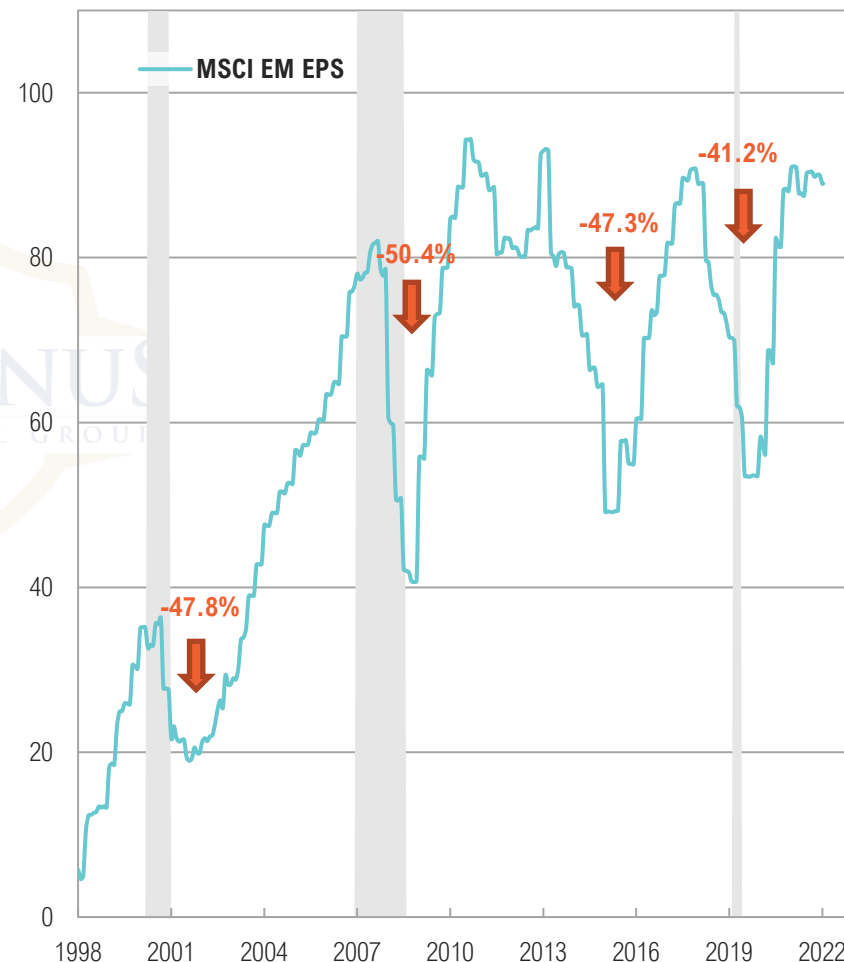
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EM forward valuations have improved due to bear market, but back above average relative to history; focus now shifts to earnings decline

12-MONTH FORWARD PRICE TO EARNINGS



TRAILING 12-MONTH EARNINGS PER SHARE

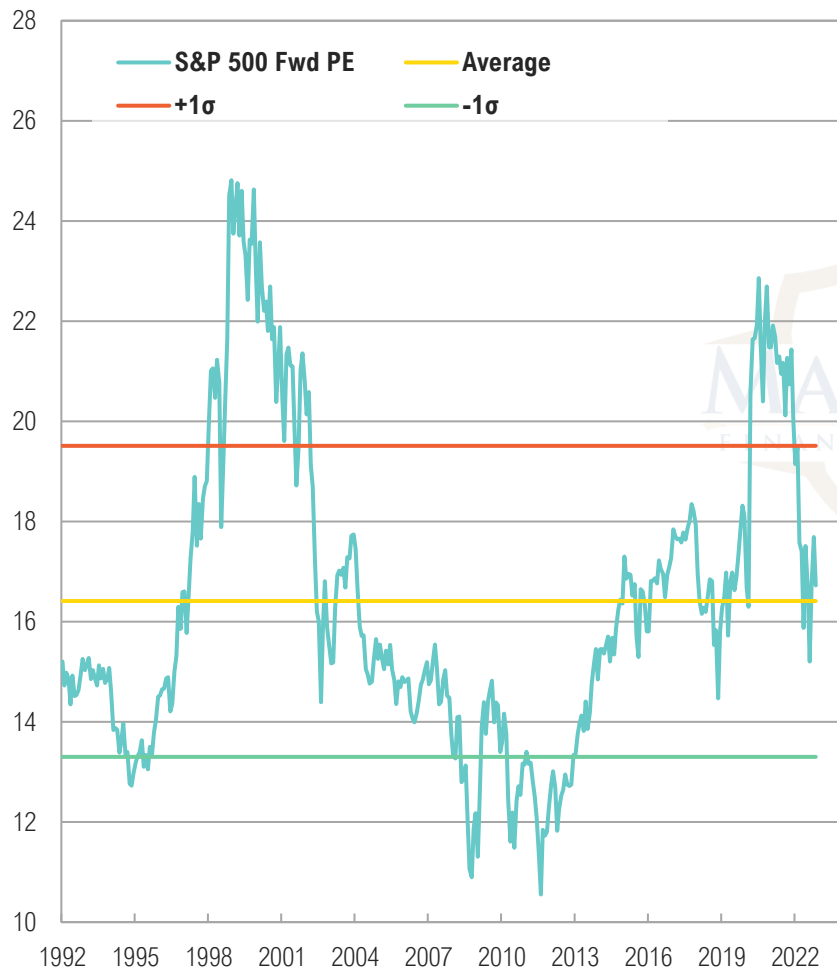


Source: Bloomberg. As at 12/31/2022.

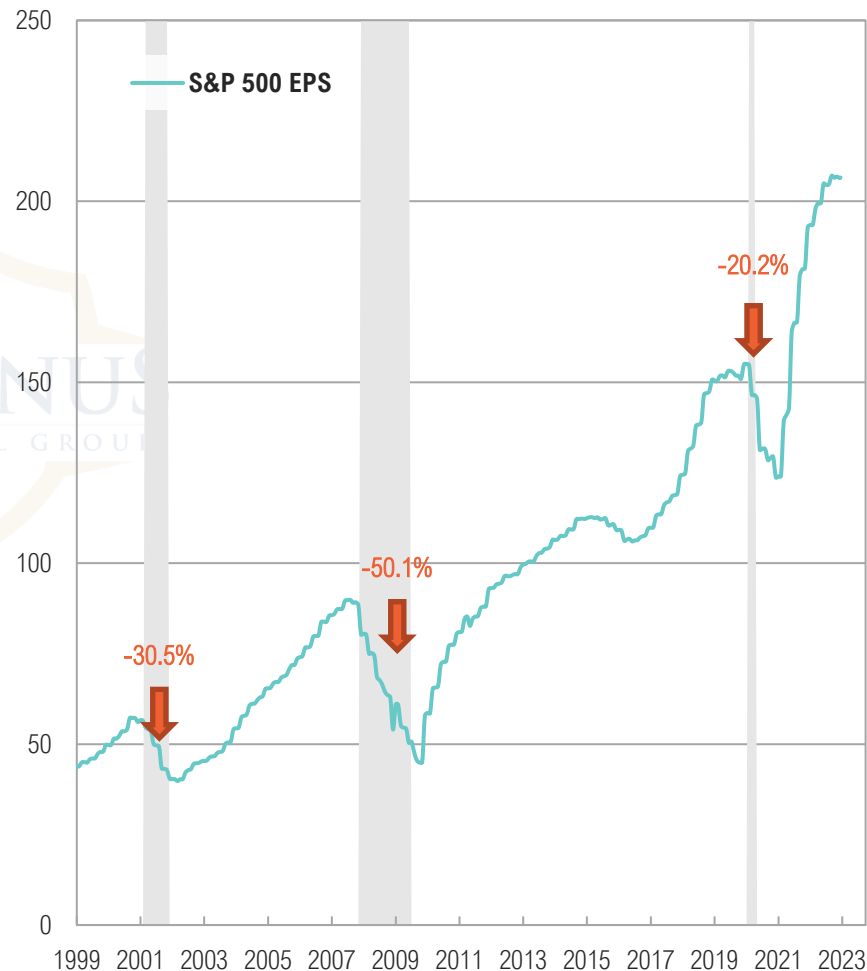
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U.S. large cap valuations have improved due to bear market, slightly above average relative to history; focus now shifts to earnings decline; history suggests baseline should be at least 20% drop

12-MONTH FORWARD PRICE TO EARNINGS



TRAILING 12-MONTH EARNINGS PER SHARE

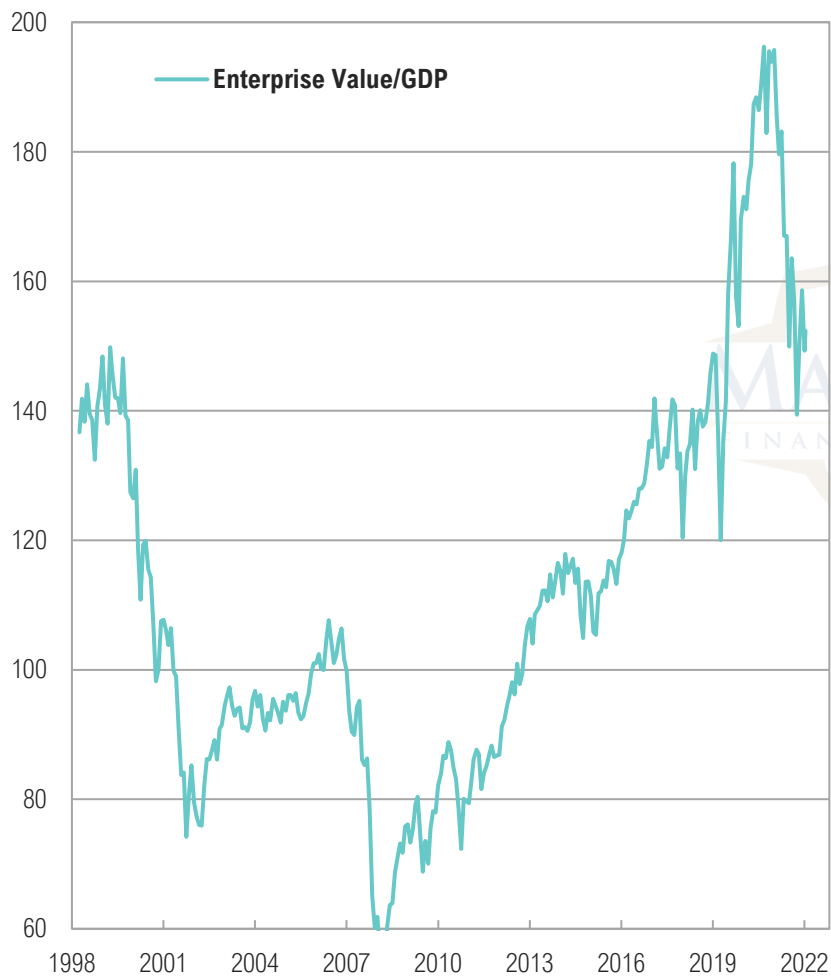


Source: Bloomberg. As at 12/31/2022.

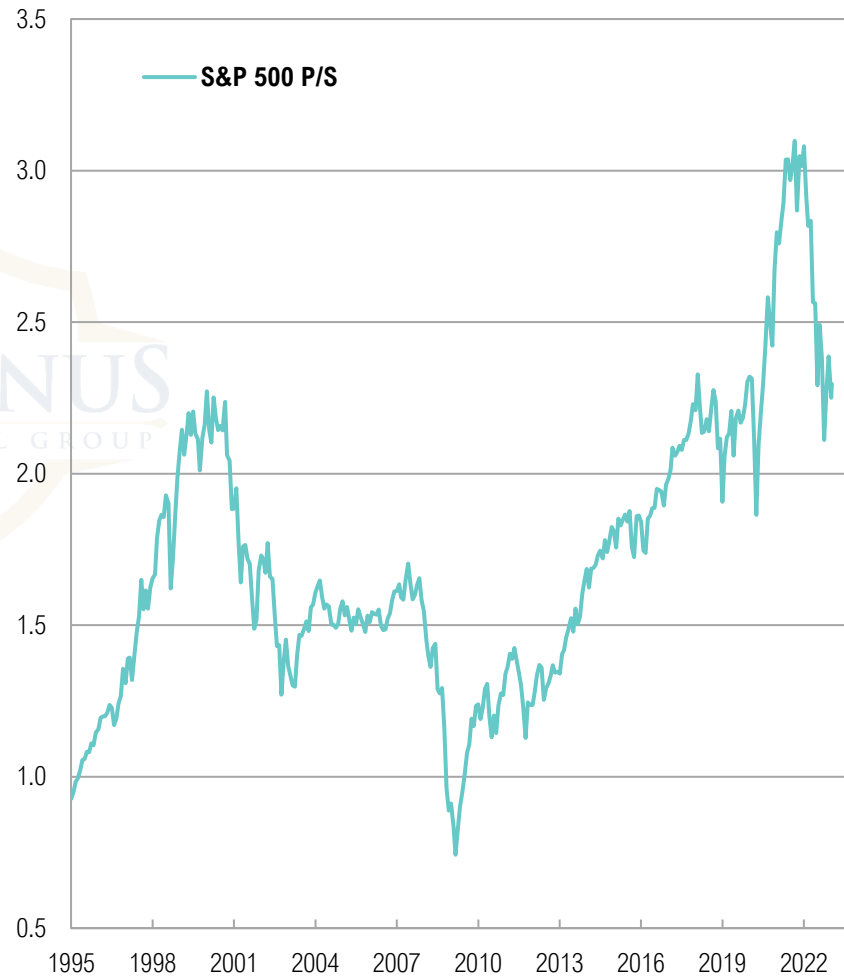
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➤ Adjusting for record-high margins, equity valuations are not compelling

S&P 500 ENTERPRISE VALUE AS A % OF GDP



S&P 500 PRICE-TO-SALES RATIO

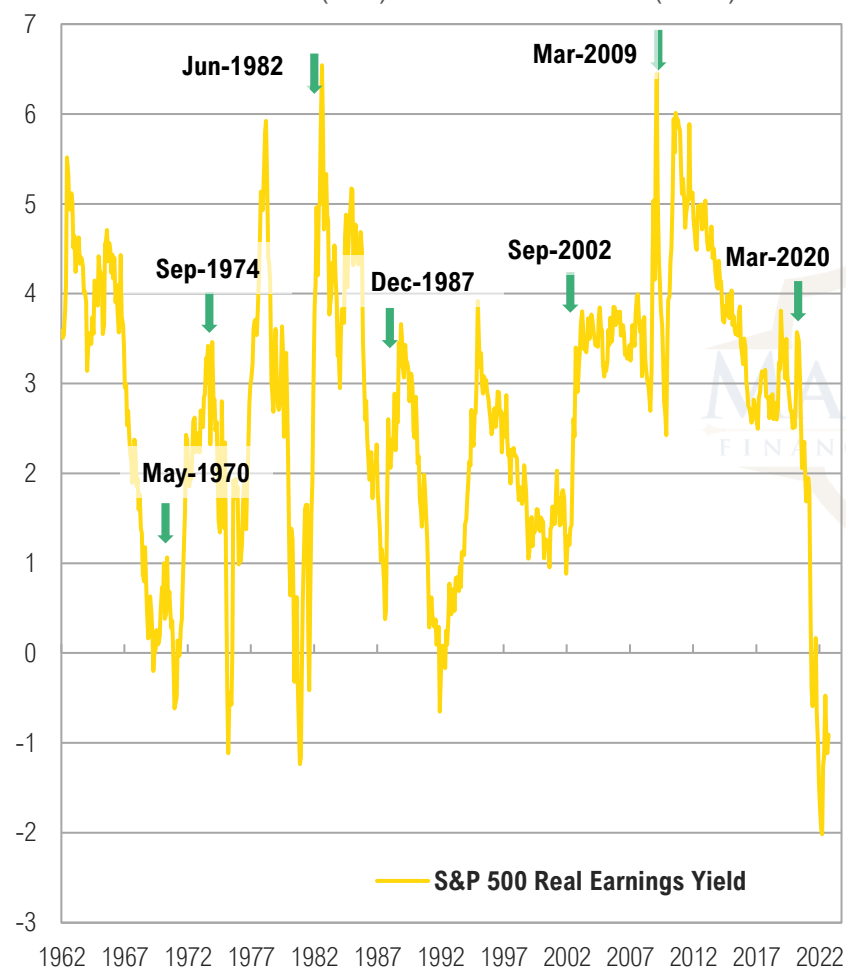


Source: Bloomberg

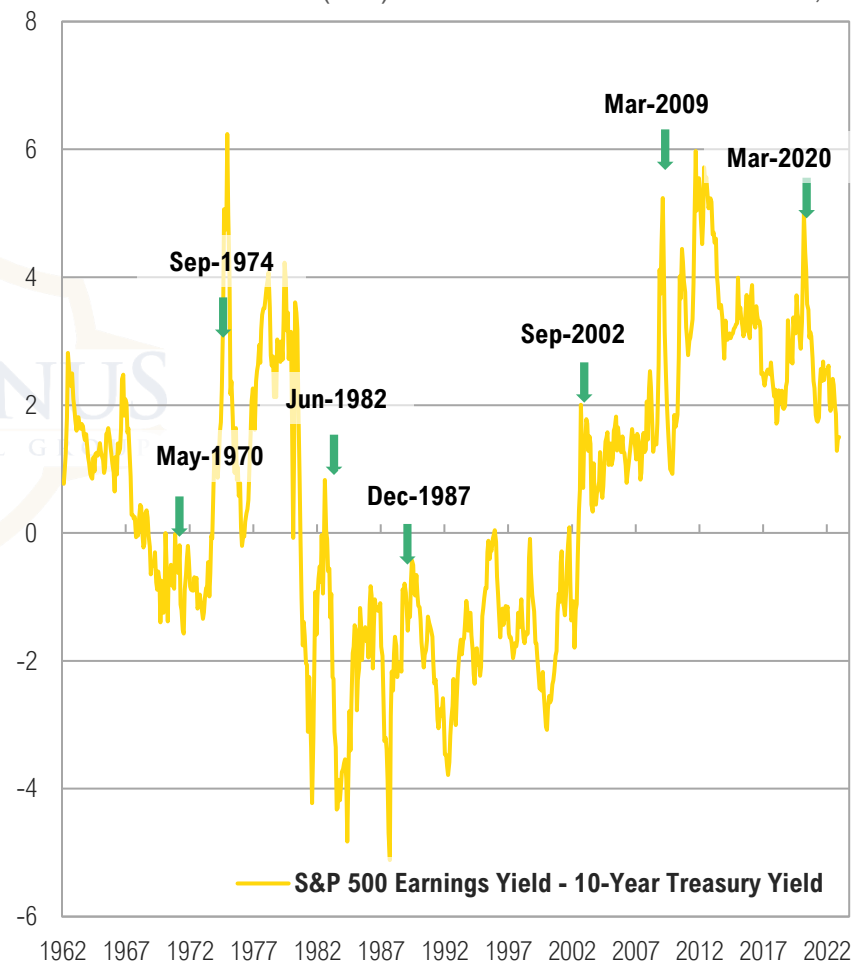
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➤ The S&P 500 real earnings yield is still decidedly negative, looks nothing like historical bear market highs (i.e., increases in earnings yield)

S&P 500 EARNINGS YIELD (TTM) MINUS U.S. CORE CPI (% Y/Y)



S&P 500 EARNINGS YIELD (TTM) MINUS U.S. 10-YR TREASURY YIELD, %

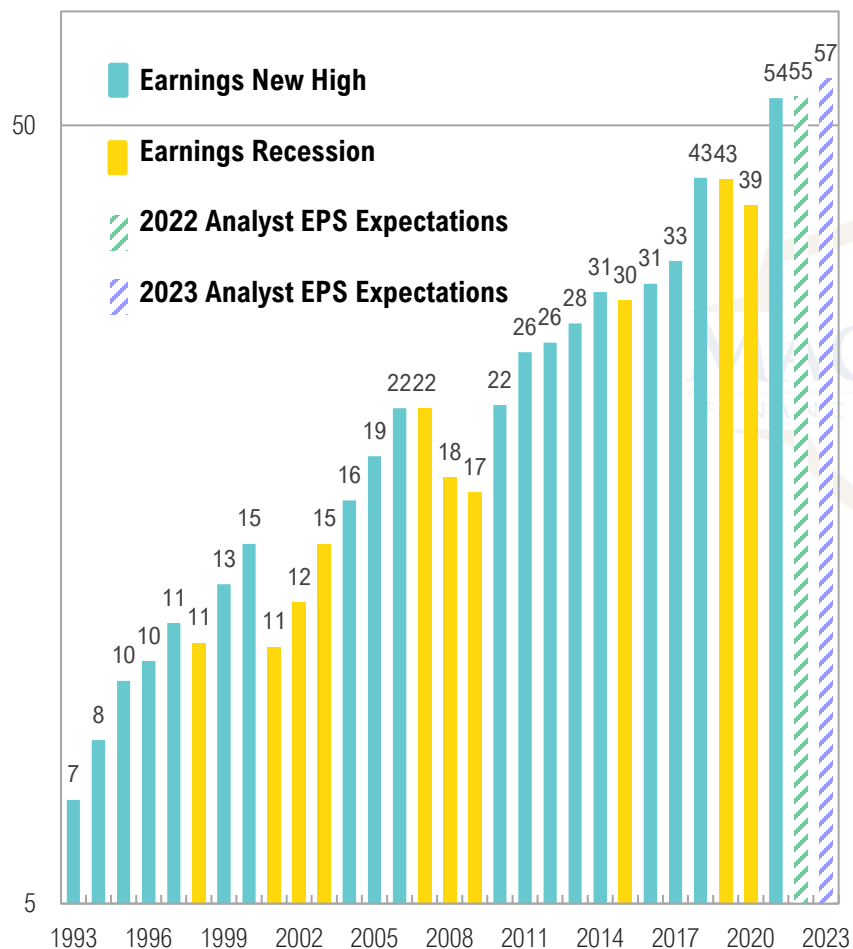


Source: Bloomberg. As at 8/31/2022.

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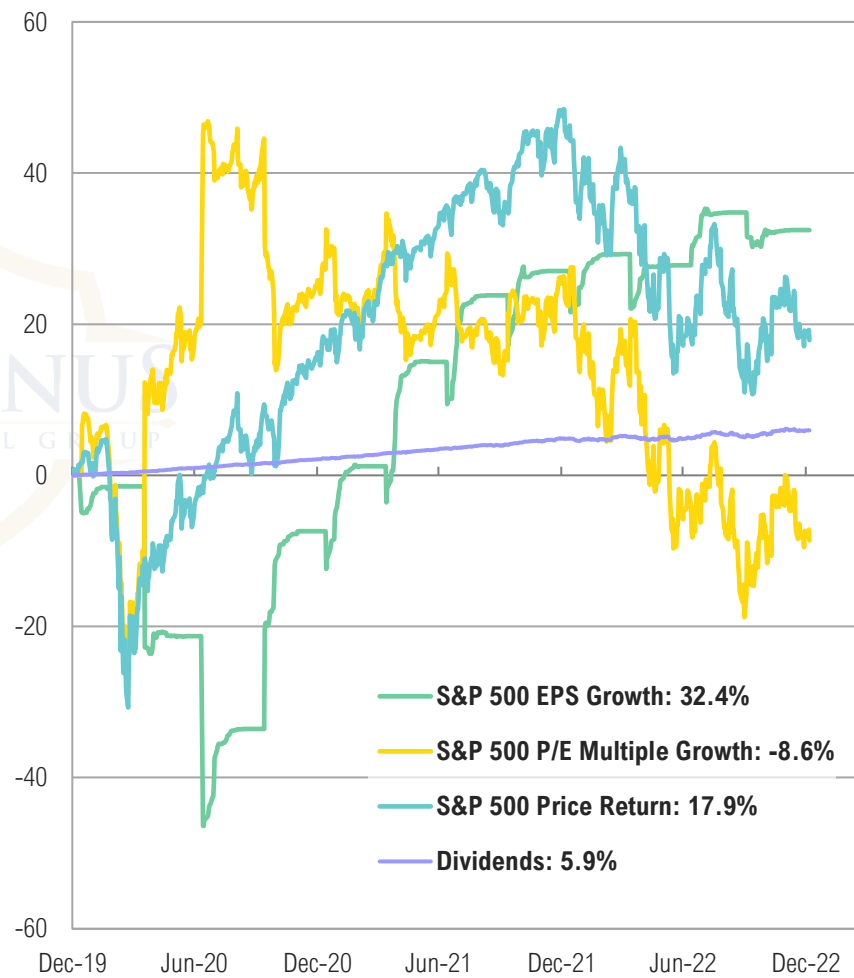
Current 2023 analyst EPS growth estimates have been reduced to 5.5%

S&P 500 ANNUAL EARNINGS PER SHARE, LOG SCALE



Source: Bloomberg, FactSet

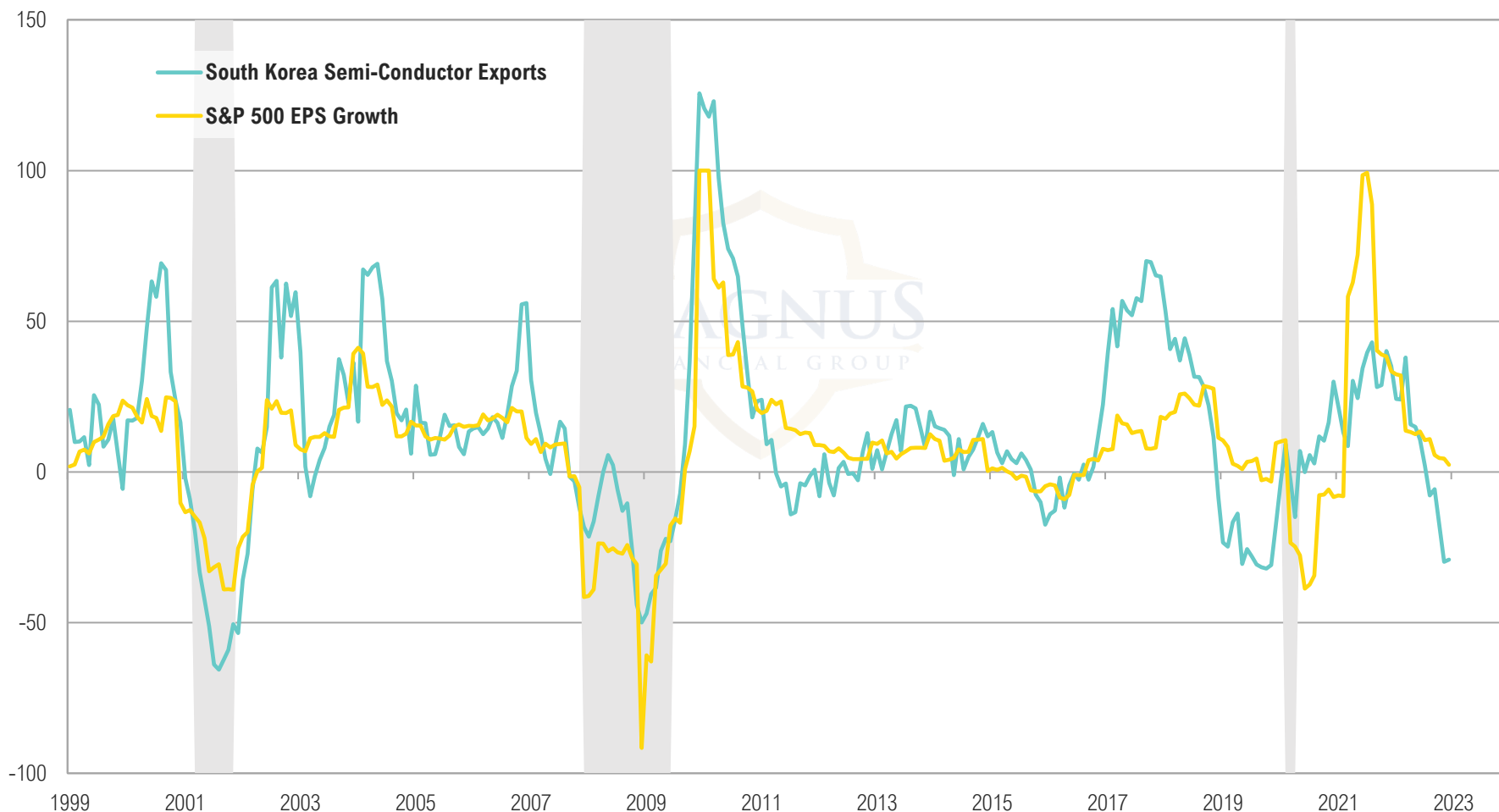
S&P 500 GROWTH, EARNINGS & VALUATION, % CHANGE (DEC-'20 = 0)



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➤ **South Korea semi-conductor exports currently down 29.1% YoY; S&P 500 EPS growth and semi-conductor exports have roughly tracked each other in the past**

YOY GROWTH, %



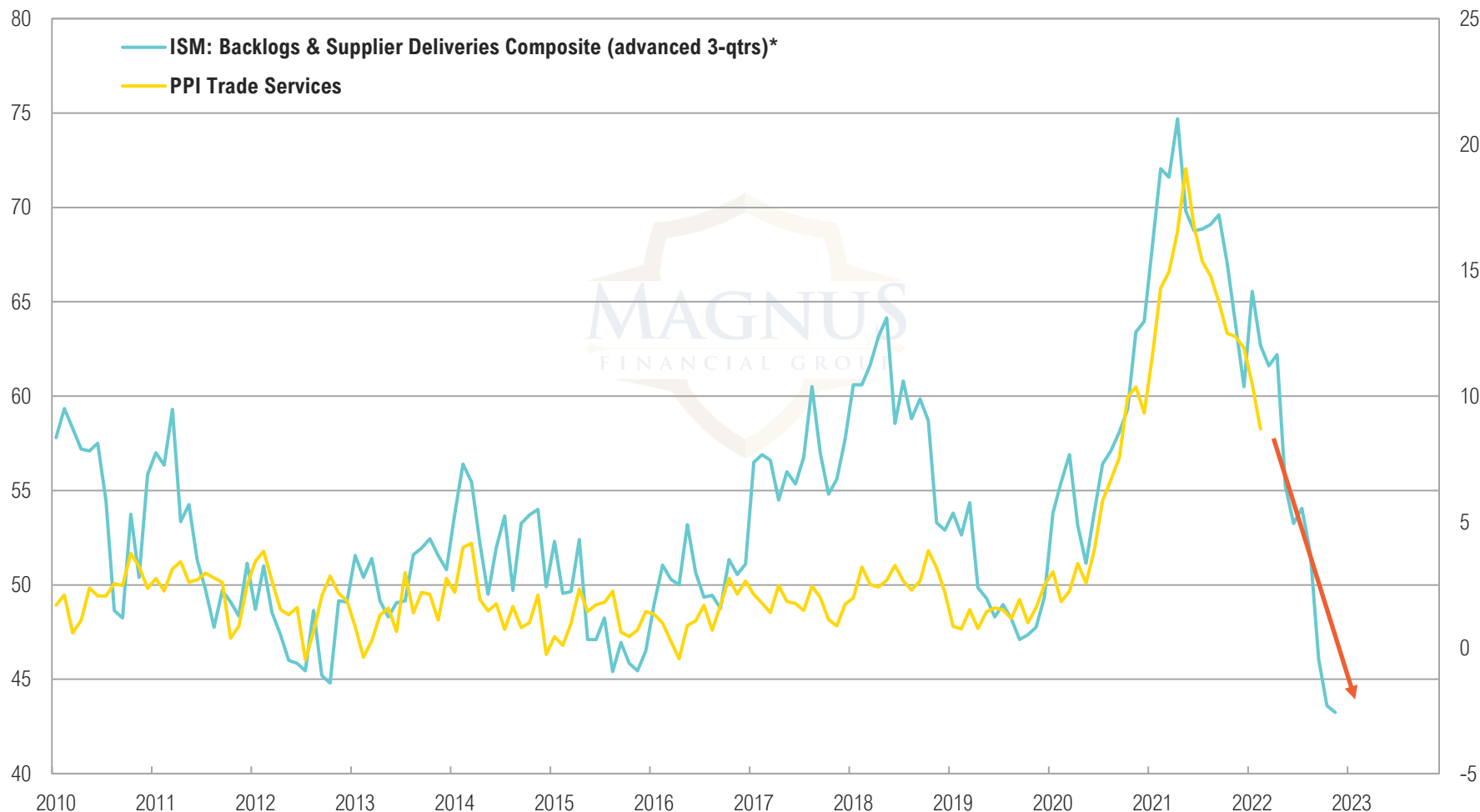
Source: Bloomberg

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Supply chain pressures (proxied by backlogs and delivery times) have led to higher margins (proxied by PPI Trade Services); margins look set to decrease in coming years

ISM: BACKLOGS & SUPPLIER DELIVERIES COMPOSITE (ADVANCED 3-QTRS)

Y/Y PPI TRADE SERVICES GROWTH, %

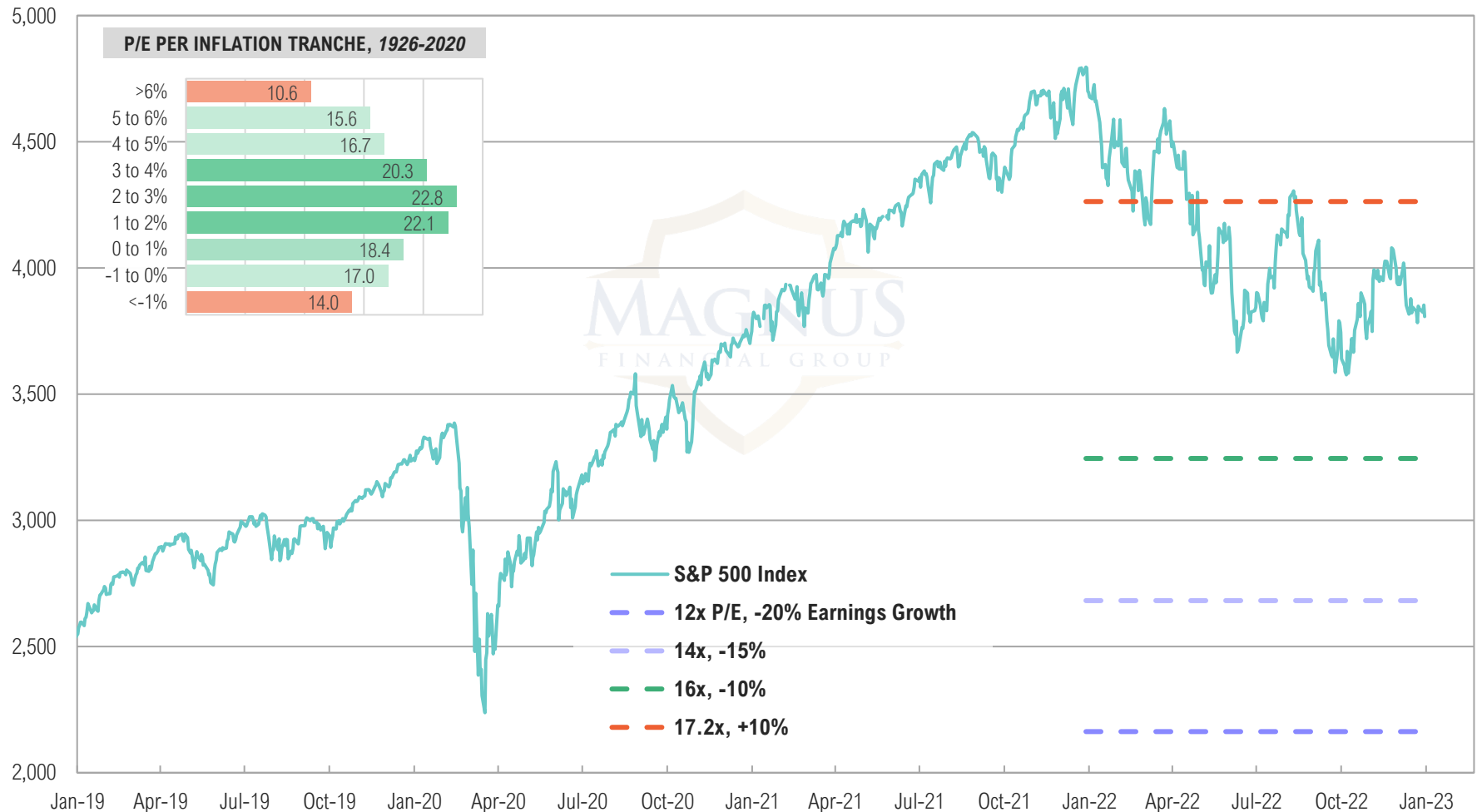


Source: Bloomberg, Hedgeye. *Composite includes 50% ISM Manufacturing Business Backlog of Orders NSA and 50% ISM Manufacturing Business Supplier Deliveries

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What if inflation doesn't roll and stay lower? How low can we go? P/Es to consider are 16x, 14x, and 12x, applied to various levels of earnings decline

S&P 500 INDEX



Source: SpringTide, Bloomberg. P/E per inflation tranche is Shiller PE (PE10) whereas P/Es on chart are operating.

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Energy outperformed communication services by 105.6% in 2022, the widest sector performance differential since 1991

TRAILING AND CALENDAR YEAR TOTAL RETURNS, %

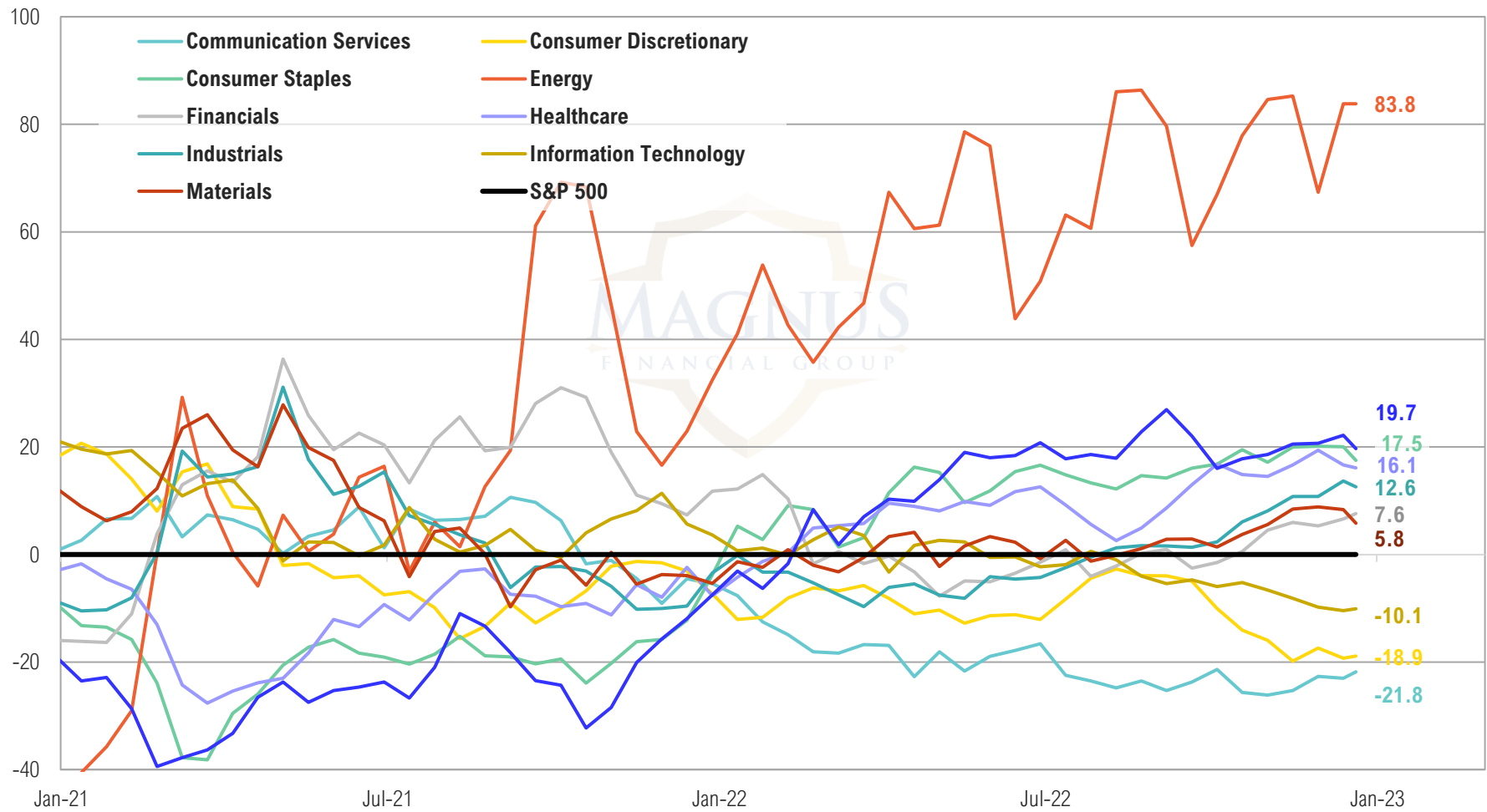
Style Boxes	Benchmark	1-Wk	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2022	2021	2020	2019	2018
■ U.S. Large Cap Value	Russell 1000 Value TR Index	2.5	2.5	2.5	2.5	-5.7	6.9	6.8	10.2	-7.5	25.2	2.8	26.5	-8.3
■ U.S. Large Cap Blend	Russell 1000 TR Index	1.5	1.5	1.5	1.5	-16.5	7.7	8.9	12.2	-19.1	26.5	21.0	31.4	-4.8
■ U.S. Large Cap Growth	Russell 1000 Growth TR Index	0.3	0.3	0.3	0.3	-26.1	7.5	10.3	13.8	-29.1	27.6	38.5	36.4	-1.5
■ U.S. Small Cap Value	Russell 2000 Value TR Index	2.2	2.2	2.2	2.2	-13.0	5.7	4.3	8.3	-14.5	28.3	4.6	22.4	-12.9
■ U.S. Small Cap Blend	Russell 2000 TR Index	1.8	1.8	1.8	1.8	-17.6	3.8	4.2	8.8	-20.4	14.8	20.0	25.5	-11.0
■ U.S. Small Cap Growth	Russell 2000 Growth TR Index	1.4	1.4	1.4	1.4	-22.2	1.1	3.4	9.0	-26.4	2.8	34.6	28.5	-9.3
Factors														
■ Cyclical	MSCI USA Cyclical Sectors GR Index	1.9	1.9	1.9	1.9	-24.4	6.3	8.7	13.2	-27.2	27.6	27.8	36.3	-5.3
■ Defensive	MSCI USA Defensive Sectors Capped GR Index	0.5	0.5	0.5	0.5	14.2	13.3	10.9	12.0	14.2	30.3	-2.9	21.8	-4.3
■ High Dividend	MSCI USA High Dividend Yield GR Index	2.8	2.8	2.8	2.8	-1.6	7.2	7.6	11.5	-3.8	21.9	1.7	22.5	-2.3
■ Min Vol	MSCI USA Minimum Volatility (USD) GR Index	1.8	1.8	1.8	1.8	-5.2	5.7	8.7	11.8	-9.2	21.0	5.8	28.0	1.5
■ Momentum	MSCI USA Momentum GR Index	-0.2	-0.2	-0.2	-0.2	-14.9	6.3	8.0	13.7	-17.4	12.9	29.6	28.1	-1.6
■ High Quality	MSCI USA Quality GR Index	1.5	1.5	1.5	1.5	-19.0	7.1	10.2	13.5	-22.7	27.6	22.9	39.1	-2.6
Sectors														
■ Consumer Staples	S&P Cons Staples Select Sector TR Index	1.7	1.7	1.7	1.7	0.7	9.6	8.9	10.8	-0.7	17.3	10.3	27.7	-8.0
■ Consumer Discretionary	S&P Consumer Disc Select Sector TR Index	2.3	2.3	2.3	2.3	-34.3	2.5	6.5	12.0	-36.2	28.0	29.8	28.6	1.8
■ Energy	S&P Energy Select Sector TR Index	0.0	0.0	0.0	0.0	51.0	18.7	8.4	5.7	64.6	53.4	-32.8	12.1	-18.1
■ Financials	S&P Financial Select Sector TR Index	3.4	3.4	3.4	3.4	-11.2	7.1	6.8	12.1	-10.5	35.0	-1.7	32.1	-13.0
■ Health Care	S&P Health Care Select Sector TR Index	-0.2	-0.2	-0.2	-0.2	2.2	11.9	11.8	14.8	-2.0	26.1	13.4	20.8	6.4
■ Industrials	S&P Industrial Select Sector TR Index	2.7	2.7	2.7	2.7	-3.6	8.7	7.4	12.2	-5.5	21.1	11.1	29.4	-13.0
■ Materials	S&P Materials Select Sector TR Index	3.5	3.5	3.5	3.5	-7.9	12.9	7.3	9.9	-12.3	27.3	20.5	24.4	-14.8
■ Real Estate	S&P Real Estate Select Sector TR Index	2.5	2.5	2.5	2.5	-20.8	2.9	6.9	8.0	-26.1	46.2	-2.1	29.0	-2.2
■ Technology	S&P Technology Select Sector TR Index	0.3	0.3	0.3	0.3	-24.7	11.7	14.9	17.4	-27.6	34.7	43.9	50.3	-1.4
■ Utilities	S&P Utilities Select Sector TR Index	0.7	0.7	0.7	0.7	4.7	6.9	10.3	10.9	1.6	17.7	0.5	26.3	4.1
■ Communication Services	S&P Cmmnctn Svcs Select Sector TR Index	5.1	5.1	5.1	5.1	-33.4	-1.8	2.5	10.2	-37.7	16.0	27.0	31.4	-6.9

Source: Bloomberg. Returns for periods longer than 1 year are annualized
As of 1/9/2023

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➤ Growth sectors, including consumer discretionary, communication services and technology underperformed in 2022, with no clear indication of trend reversal

ROLLING 12-MONTH RELATIVE RETURN VS S&P 500, %

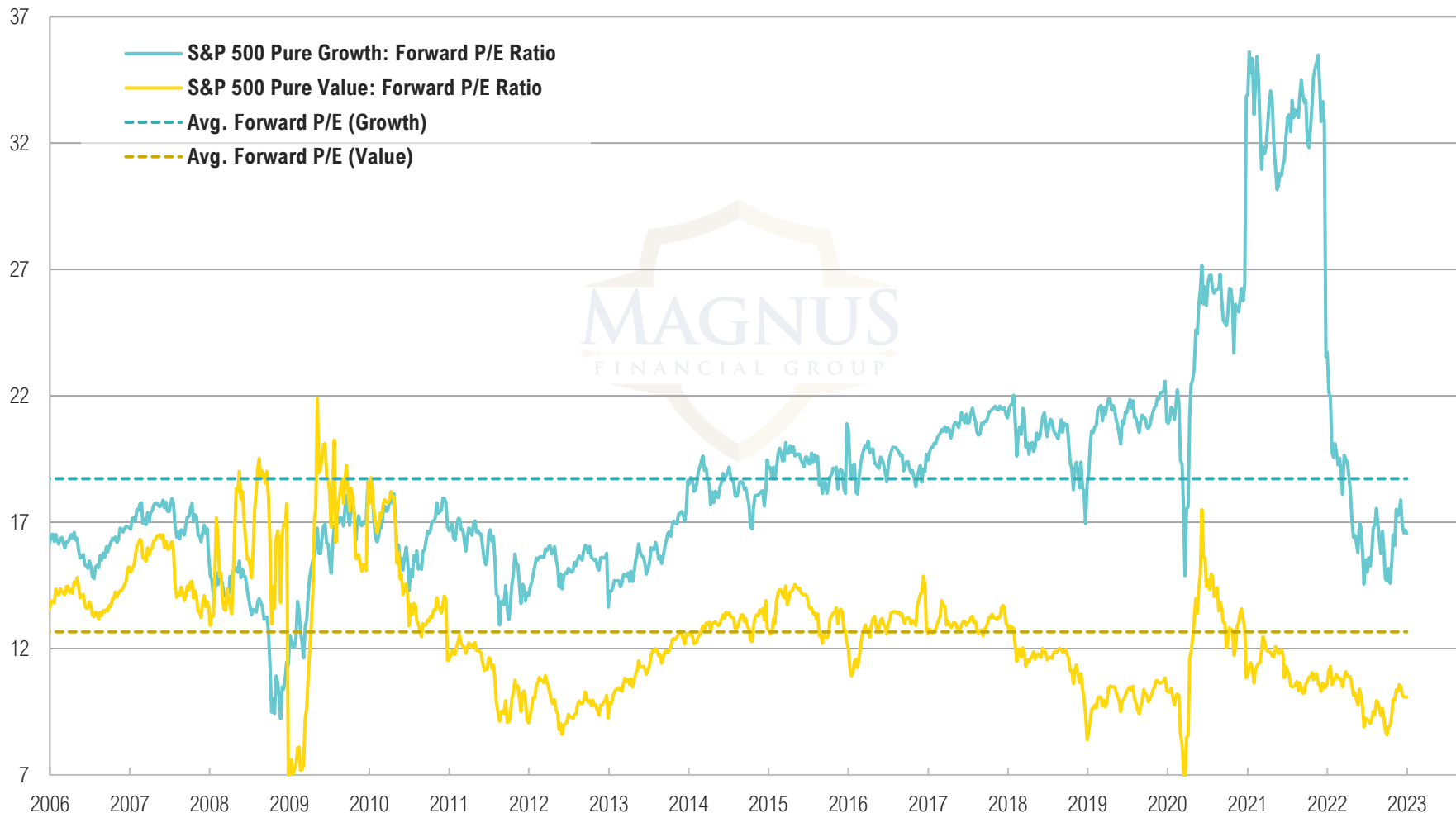


Source: Bloomberg

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Forward-looking valuations improved dramatically, but earnings estimates will now come into question given potential margin pressure; value still looks relatively cheaper (i.e., this is not 2008-2010)

S&P 500 PURE GROWTH INDEX VS. S&P PURE VALUE INDEX FORWARD P/E RATIOS

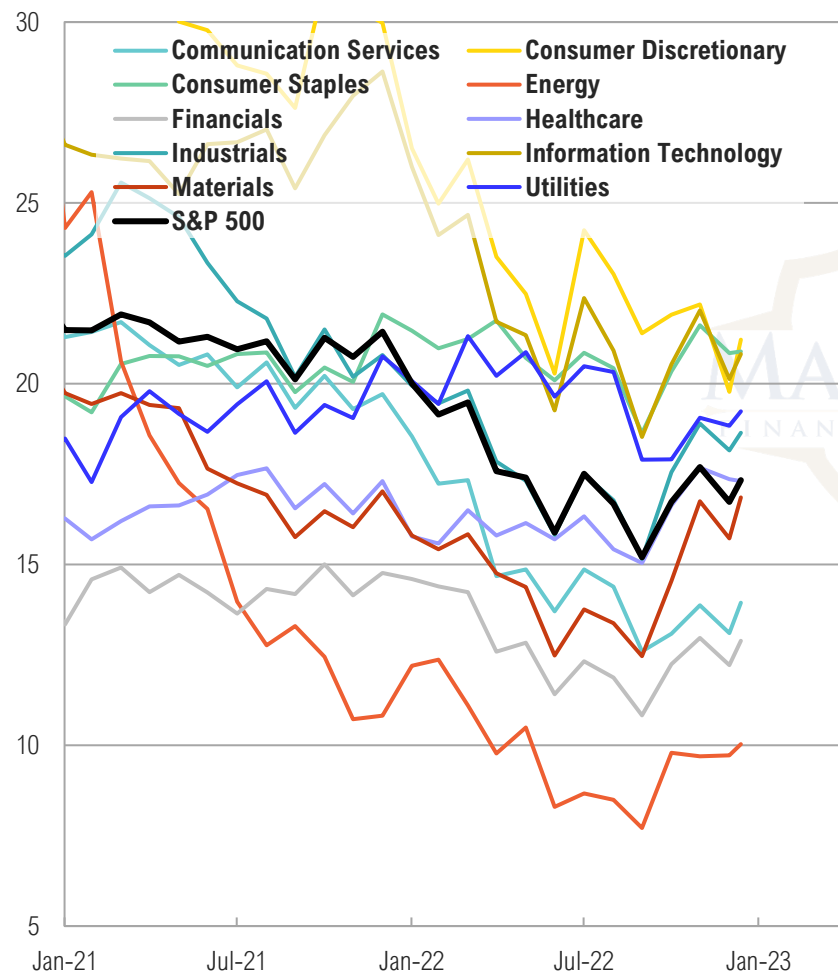


Source: Bloomberg

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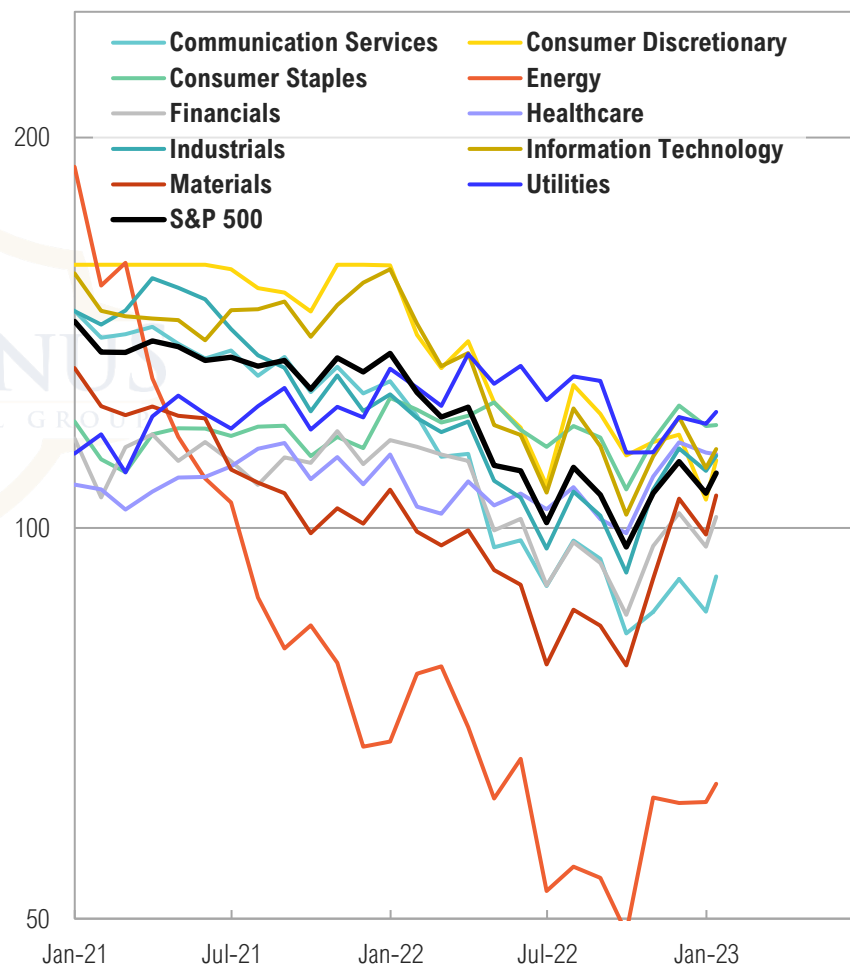
Energy and Communication Services are currently the only two sectors which are trading below their 30-year average valuations

12-MONTH FORWARD PRICE TO EARNINGS



Source: Bloomberg. Forward P/E's of all sectors have been capped at 30x to mitigate earnings skews.

12-MONTH FORWARD PRICE TO EARNINGS AS % 30-YEAR AVERAGE



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Nominal sales and earnings growth expected to decelerate but remain positive in 2023; impact of inflation and potential recession remain wild cards

S&P 500 SECTOR SALES GROWTH Y/Y, %																								
	2017				2018				2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
S&P 500	7.6	6.3	4.2	6.8	10.2	6.7	11.0	12.2	5.4	5.6	5.8	8.9	-3.6	-8.2	-2.9	1.0	8.4	21.9	14.3	11.3	15.3	13.8	14.1	5.6
Communication Services	-5.8	-4.0	-4.8	0.0	10.3	0.7	-5.7	-17.3	-43.6	-48.1	11.3	8.5	-2.3	-2.6	0.3	5.1	12.5	26.1	17.7	11.3	8.8	4.4	4.8	-2.8
Consumer Discretionary	6.3	2.6	-0.9	1.0	10.0	7.5	18.5	24.2	14.9	10.6	7.3	3.1	-4.2	-17.4	0.2	-6.0	-6.4	22.2	-1.1	11.1	11.2	11.8	11.8	3.8
Consumer Staples	4.0	5.7	8.2	9.3	12.4	-2.7	-3.4	-4.4	-7.6	3.8	3.8	4.3	2.7	2.7	3.2	5.6	5.3	10.0	10.9	9.7	10.2	7.7	8.7	4.9
Energy	33.4	16.4	16.8	19.2	18.0	13.5	25.2	19.4	8.6	-4.1	-7.1	-4.3	19.7	-40.0	-33.9	-32.4	0.4	192.1	85.8	80.8	88.7	76.5	49.8	31.9
Financials	28.2	24.3	4.2	8.7	5.4	5.5	13.2	2.7	1.8	17.1	11.1	23.9	-3.8	0.4	-1.2	-3.1	23.3	7.2	3.6	8.9	0.4	13.6	11.7	2.7
Health Care	2.5	1.9	2.6	3.9	6.6	12.5	17.7	19.2	14.8	9.9	10.8	10.0	12.2	3.9	7.2	10.8	8.2	19.3	13.2	12.1	15.0	11.1	9.6	5.0
Industrials	7.6	8.1	5.8	4.8	10.7	3.7	11.4	13.0	10.9	4.1	-0.3	-3.1	-14.1	-21.1	-14.8	-8.5	1.4	27.7	18.4	16.0	15.2	18.5	17.1	11.3
Information Technology	16.8	14.6	11.0	14.9	19.3	12.0	21.9	32.8	11.3	10.1	10.7	9.2	-2.8	7.3	4.5	9.9	17.4	21.0	19.1	14.6	15.3	11.6	6.6	-7.1
Materials	-1.5	-2.2	0.1	6.7	10.9	10.9	23.3	18.4	12.3	11.5	-11.4	-9.8	-15.3	-20.0	-4.8	3.5	10.8	32.7	31.1	29.2	28.6	22.2	11.9	7.5
Real Estate	n/a	n/a	4.1	4.5	7.3	1.3	7.2	12.0	7.1	4.1	5.5	3.0	-2.9	-7.2	-8.8	-5.7	-0.5	16.8	14.4	14.6	17.2	10.9	7.5	0.8
Utilities	2.0	3.6	-10.0	-6.5	-4.0	10.8	0.4	-5.9	-6.1	-6.6	3.4	-9.3	-3.1	-10.0	-4.8	0.7	14.7	9.4	8.5	13.1	7.8	22.9	21.8	22.7

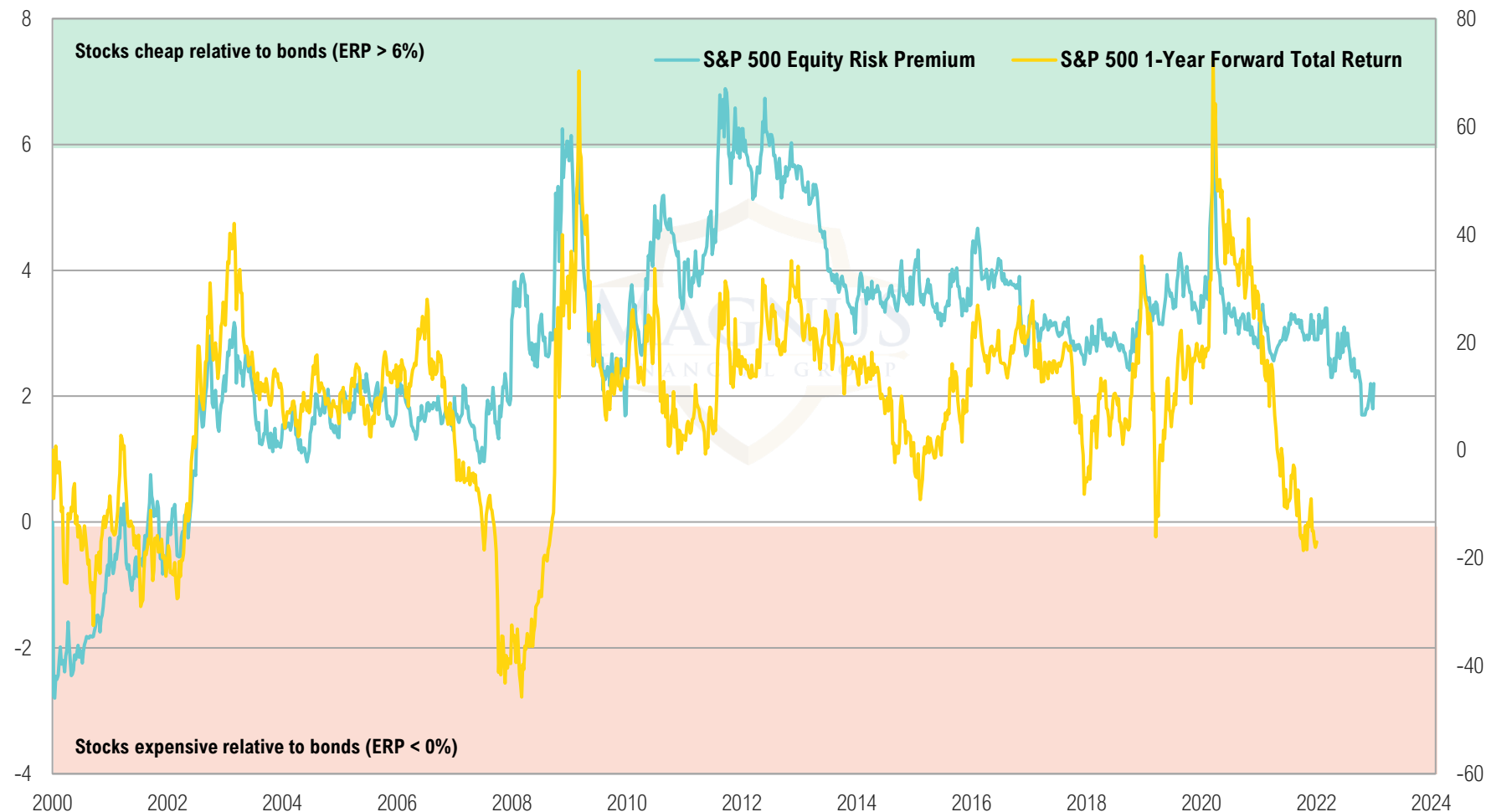
S&P 500 SECTOR EARNINGS GROWTH Y/Y, %																								
	2017				2018				2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
S&P 500	14.9	14.4	4.9	8.3	16.7	18.2	27.0	21.8	10.4	1.4	3.3	1.7	-10.0	-33.3	-9.9	-0.3	38.8	98.6	39.8	33.3	16.2	13.7	6.1	3.3
Communication Services	-4.4	5.7	1.6	1.3	-2.0	14.5	25.9	29.4	24.1	-42.1	-1.3	7.6	-9.3	-15.7	-6.0	-0.4	31.8	67.8	36.8	25.1	7.0	13.9	-18.8	21.4
Consumer Discretionary	6.2	1.6	-0.9	3.3	10.4	7.0	17.5	10.3	6.7	3.9	10.2	-5.3	-28.3	-40.0	-3.5	-3.7	48.9	1480.6	-0.5	8.1	-2.1	-3.6	1.8	14.5
Consumer Staples	6.1	8.6	0.1	5.8	19.6	7.3	12.5	3.6	-1.7	0.7	5.9	4.5	-2.0	-0.8	6.9	7.0	8.6	17.2	7.7	6.4	7.5	3.9	2.5	6.8
Energy	n/a	336.7	77.1	130.5	34.1	98.7	120.3	190.0	88.8	-28.1	-23.5	-41.6	-63.7	-106.5	-108.0	-30.5	26.7	n/a	n/a	n/a	777.3	305.5	192.6	96.4
Financials	27.4	24.3	4.0	-8.7	3.3	25.4	25.0	30.7	14.9	6.0	6.7	11.9	-28.0	-40.5	-8.1	17.3	134.4	178.5	35.9	12.7	20.1	20.9	-14.7	16.4
Health Care	3.6	6.3	6.3	8.3	6.3	9.4	16.3	8.9	13.0	8.3	8.4	10.7	19.5	9.6	5.9	9.4	14.9	22.9	29.6	28.1	17.5	11.1	4.2	4.0
Industrials	0.7	8.9	0.1	0.0	24.7	1.1	19.5	17.9	19.6	6.0	2.5	-10.7	-34.7	-81.9	-50.3	-34.2	-9.3	435.7	80.9	49.5	38.6	33.8	18.7	27.2
Information Technology	32.2	33.8	15.1	28.2	49.5	28.0	37.3	40.9	1.5	-1.8	3.6	5.5	-15.0	1.5	7.7	18.2	45.2	53.8	40.0	24.9	22.1	15.9	1.1	-11.9
Materials	15.6	8.3	8.9	4.1	13.3	5.8	58.9	29.5	1.5	-6.5	31.9	-20.8	-30.1	-19.3	-2.2	26.8	63.4	118.1	85.5	60.4	62.4	23.1	-2.9	-5.8
Real Estate	n/a	n/a	24.6	3.2	0.9	-4.0	-16.6	-6.2	3.4	5.8	19.1	22.1	-5.8	-26.7	-35.9	-6.7	15.8	119.8	62.0	48.9	62.3	12.4	33.5	4.3
Utilities	0.8	3.4	-10.1	-4.7	-21.6	28.4	10.2	-42.2	-8.9	-4.2	-11.3	27.0	80.4	-13.1	1.5	-1.8	0.7	5.9	0.2	-1.5	11.0	3.4	-0.9	61.6

Source: Bloomberg. For trailing periods, S&P 500 earnings growth compares year-over-year trailing 3-month adjusted comparable earnings for each quarter. Forward earnings growth estimates proxied by comparing Bloomberg consensus EPS estimates to trailing adjusted comparable earnings. © 2023 Magnus Financial Group LLC. All Rights Reserved

Despite being in a bear market, stocks are arguably less attractively priced vis-à-vis bonds than they were coming into 2022

S&P 500 FORWARD EARNINGS YIELD MINUS 10-YR US TREASURY, %

S&P 500 1-YR FORWARD RETURN

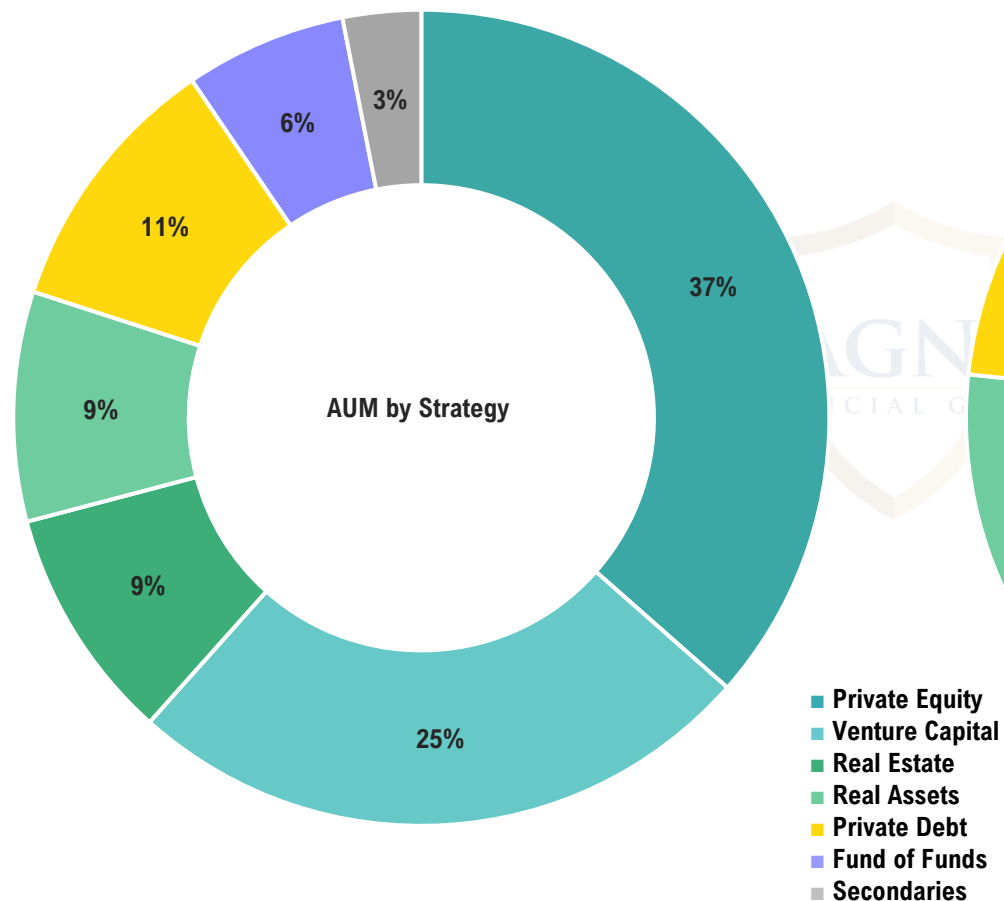


Equity risk premium calculated as S&P 500 earnings yield minus 10-year Treasury yield.

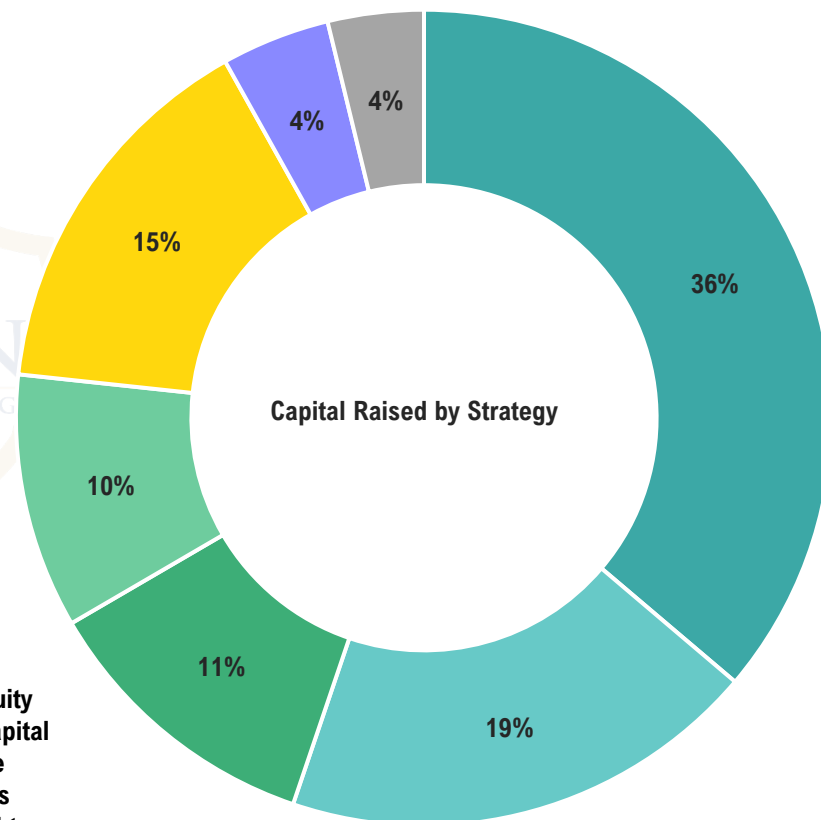
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Private markets dominated by private equity and venture capital

SHARE OF PRIVATE CAPITAL: AUM BY STRATEGY



SHARE OF PRIVATE CAPITAL: CAPITAL RAISED BY STRATEGY

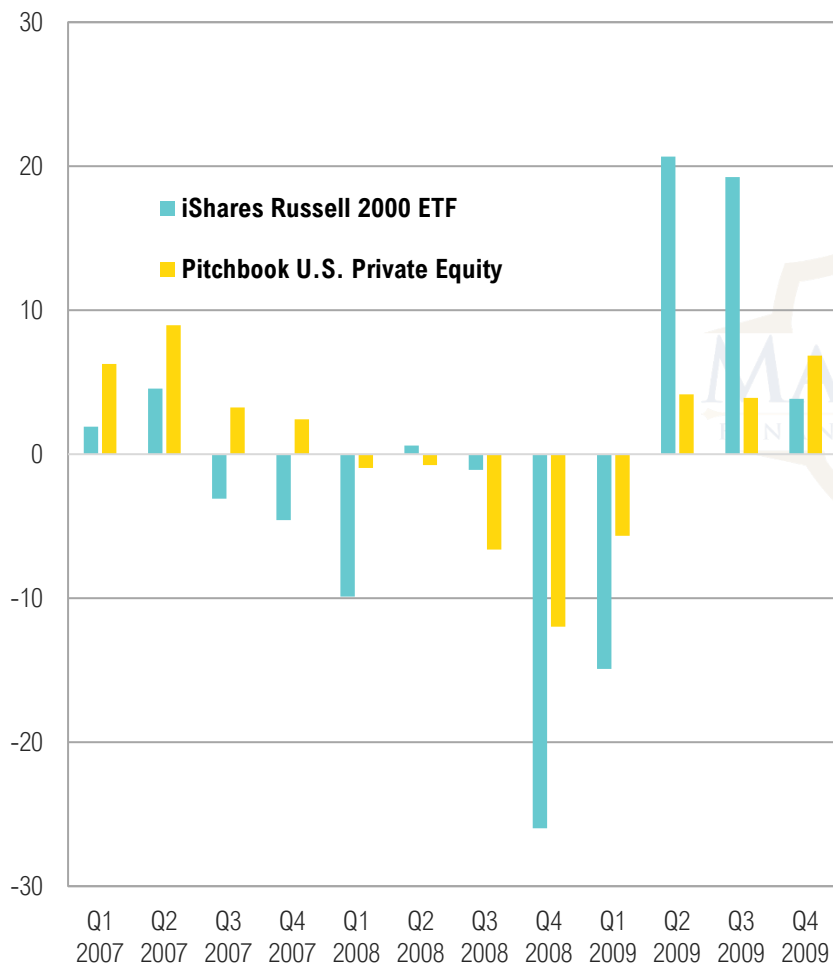


Source: Pitchbook. As of 9/30/2022.

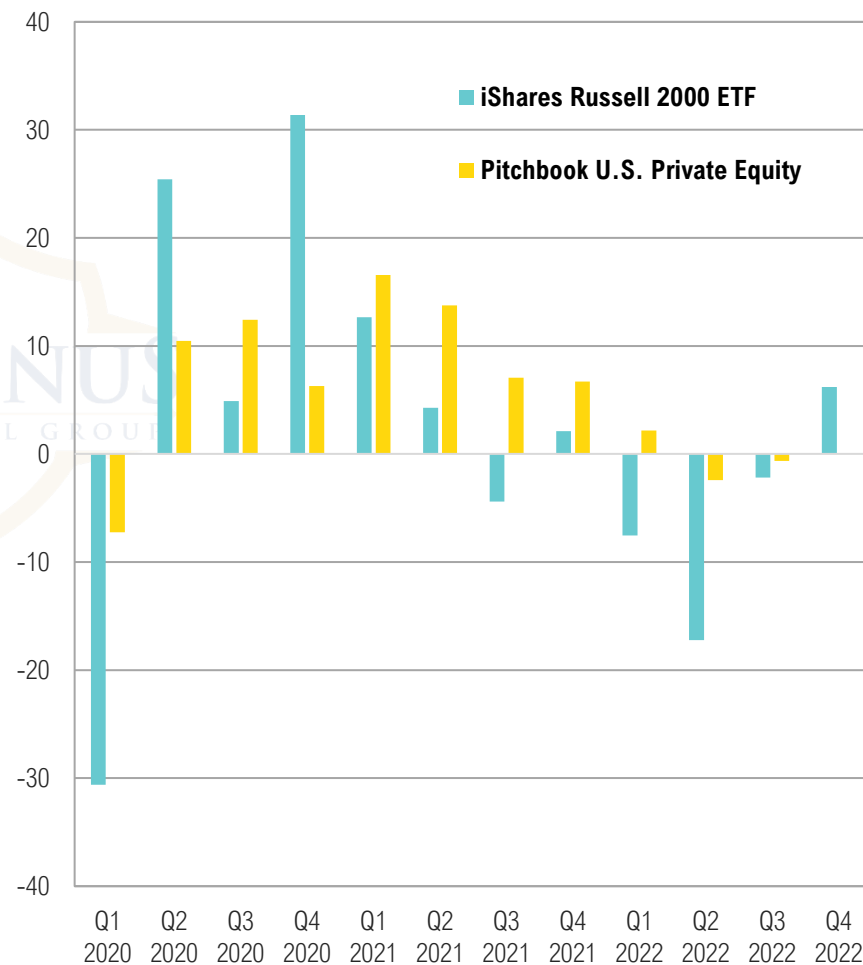
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Private equity funds have not marked down their portfolios like they did in the GFC

QUARTERLY TOTAL RETURNS, %



QUARTERLY TOTAL RETURNS, %



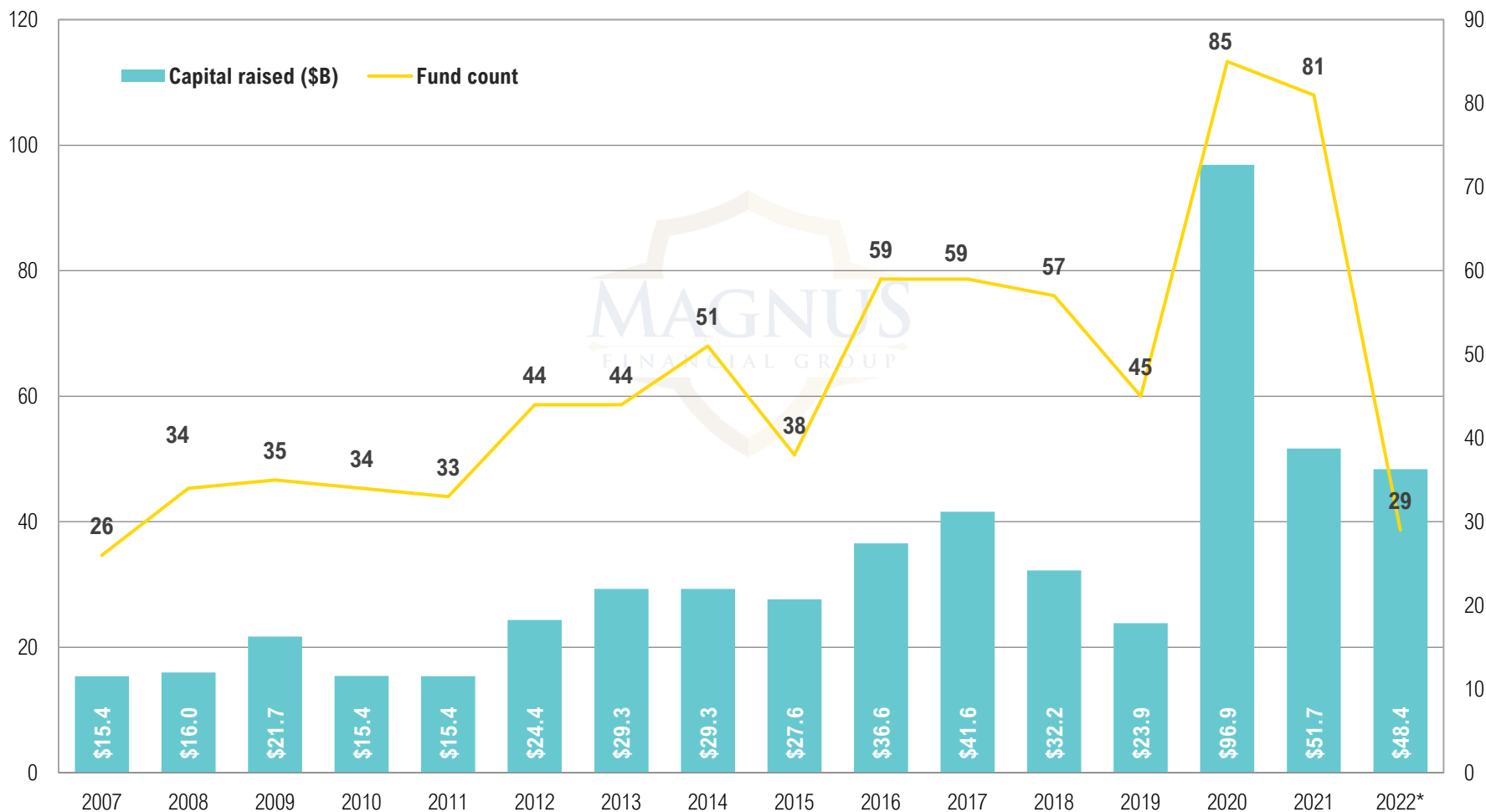
Source: Pitchbook, Bloomberg, Cambridge Associates,
Q2 2022 Private Equity Returns use the Cambridge Associates Private Equity Benchmark as of 6/30/2022.

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➤ Secondaries fundraising activity sees large increase in Q3

SECONDARIES FUNDRAISING ACTIVITY, \$BN

NUMBER OF FUNDS LAUNCHED

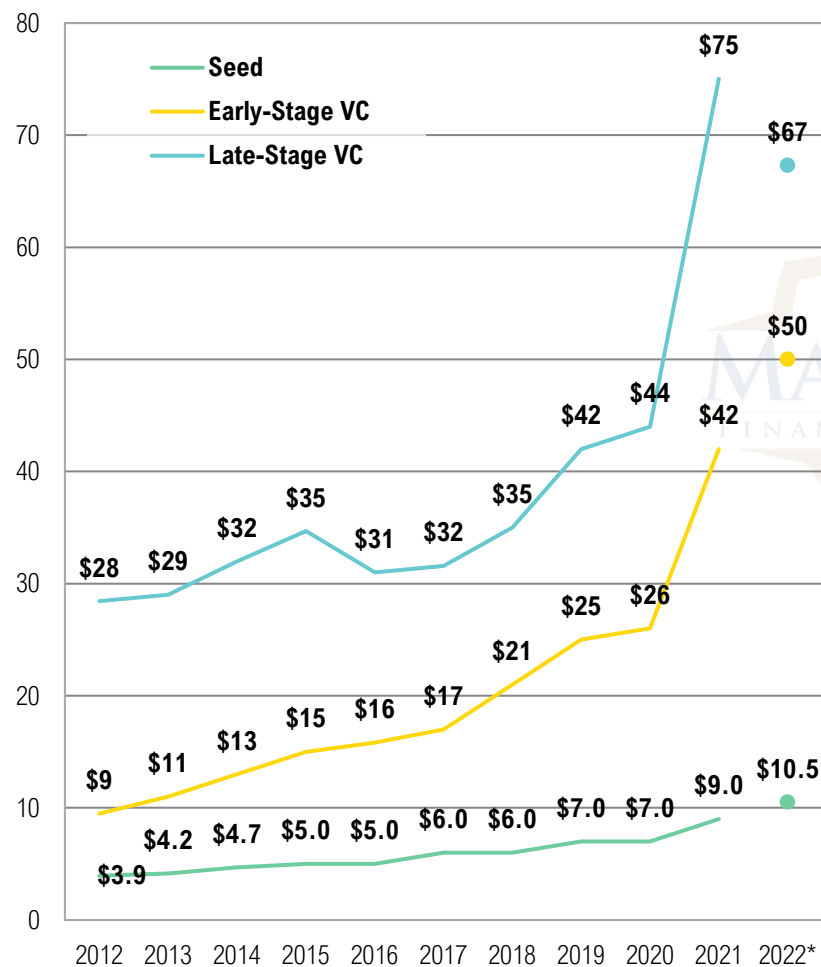


Source: Pitchbook
 *As of 9/30/2022

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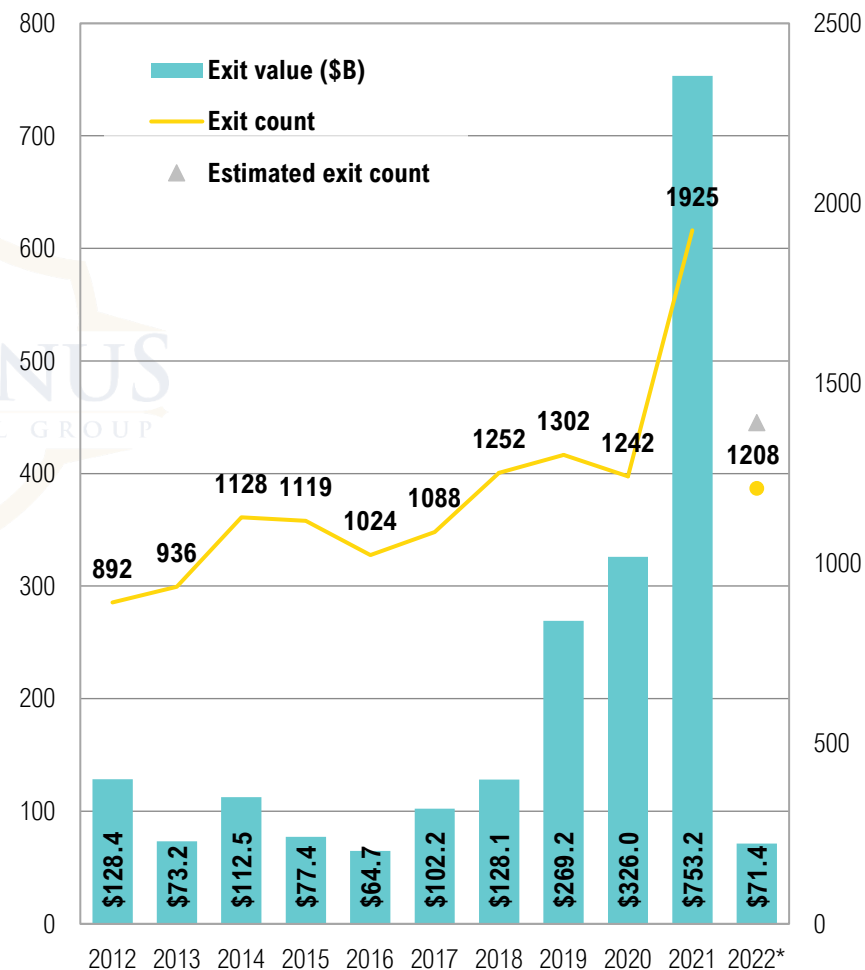
Overall, venture valuations remain high while exits are on pace for lowest year since 2016

U.S. VC MEDIAN PRE-VALUE BY STAGE, \$MN



Source: Pitchbook. *As of 12/31/2022.

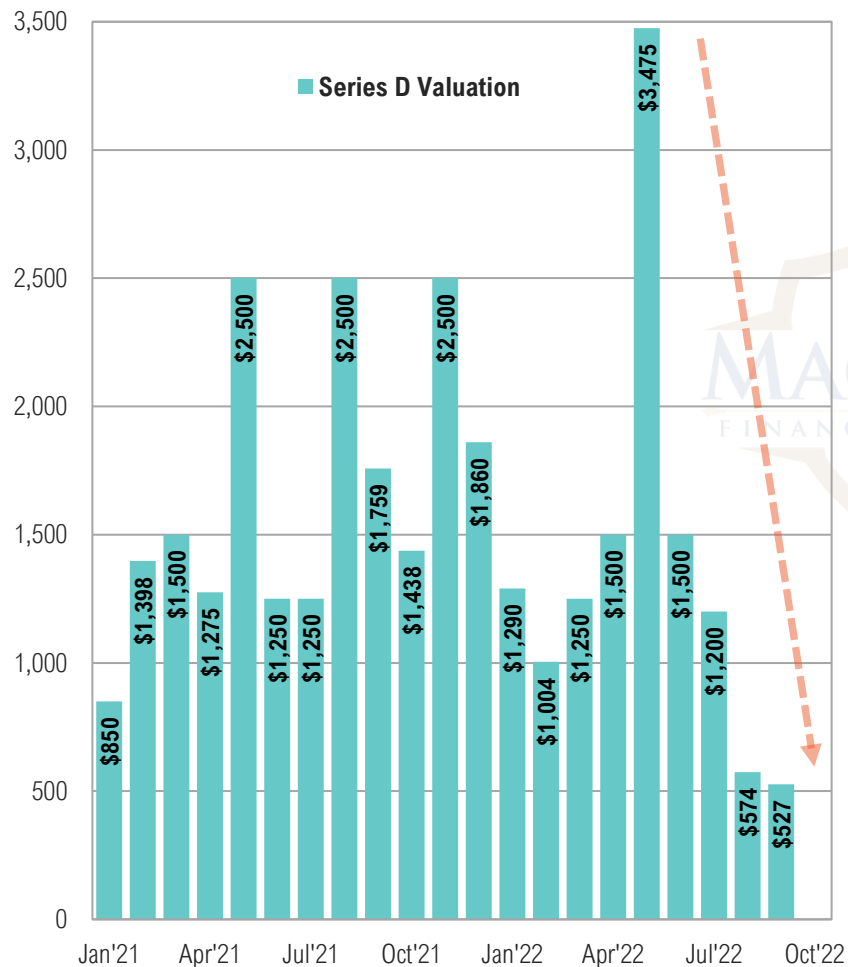
U.S. VC EXIT ACTIVITY, \$BN



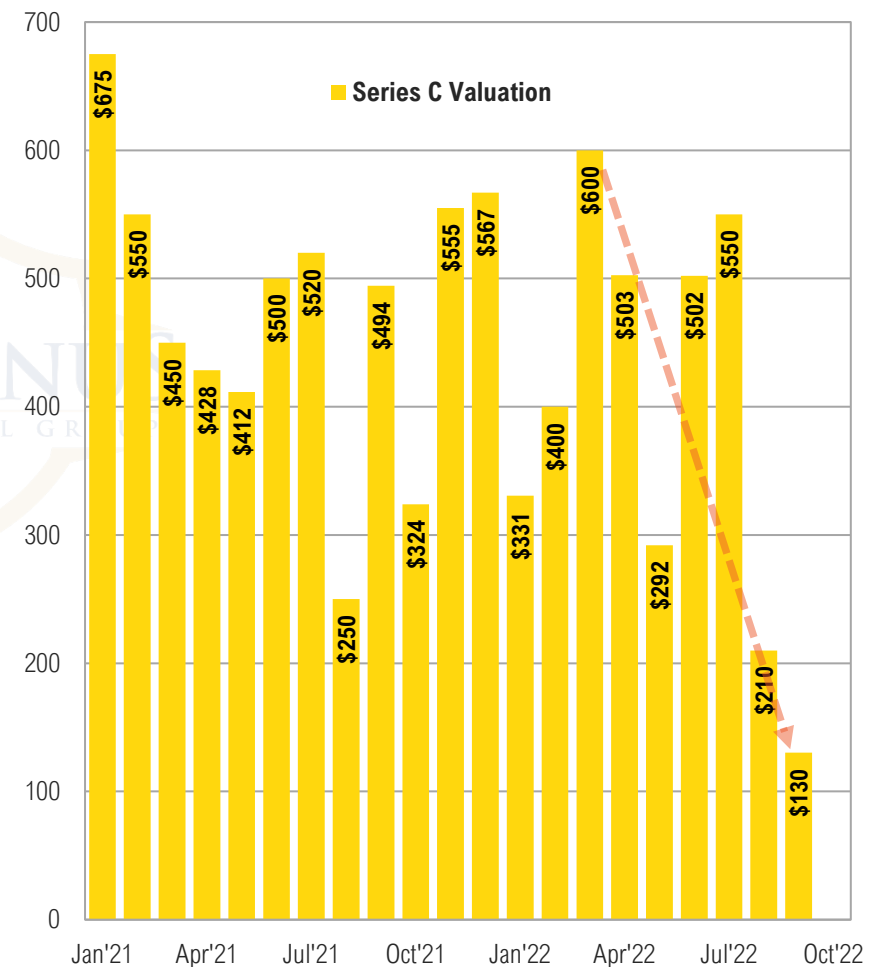
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However, significant cracks are emerging; later-stage venture capital valuations cratered during Q3 of 2022

VC MEDIAN PRE-MONEY VALUATION, \$MN



VC MEDIAN PRE-MONEY VALUATION, \$MN



Source: Cooley GO

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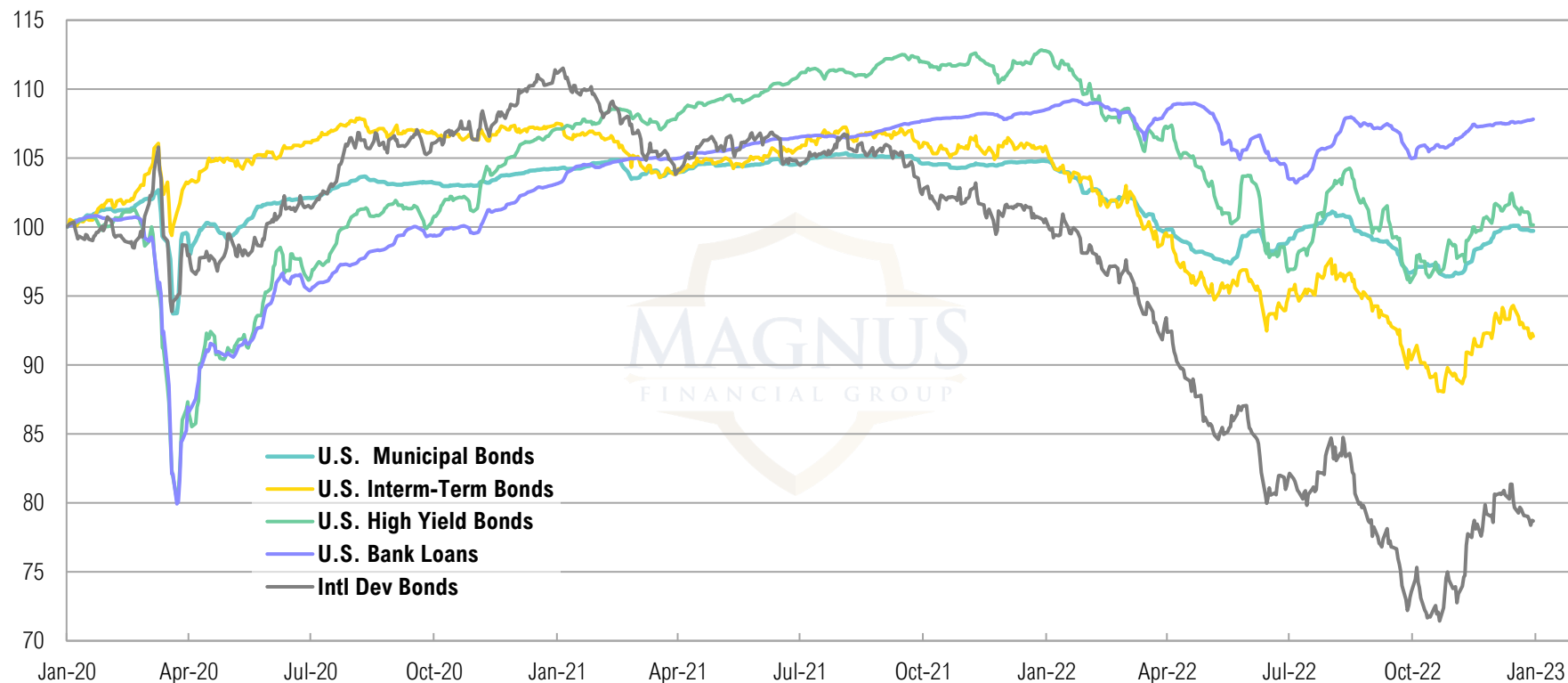


Inflation is eroding everything I just said, and that \$1.5 trillion will run out sometime mid-year [this] year. When you are looking that forward, those things very well may derail the economy and cause this mild to severe recession that people are worried about.

– Jamie Dimon, JPMorgan CEO

➤ All U.S. and international fixed income & credit asset classes were up over the quarter; while international developed bonds performed best in Q4, they were the worst 2022 performer

CALENDAR YEAR & TRAILING TOTAL RETURNS



Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2022	2021	2020	2019	2018
U.S. Municipal Bonds	BBgBarc Municipal 1-10Y Blend 1-12Y TR	0.5	3.1	-4.8	-4.8	-0.1	1.4	1.7	-4.8	0.5	4.2	5.6	1.6
U.S. Interm-Term Bonds	BBgBarc US Agg Bond TR	-0.5	1.9	-13.0	-13.0	-2.7	0.0	1.1	-13.0	-1.5	7.5	8.7	0.0
U.S. High Yield Bonds	BBgBarc US Corporate High Yield TR	-0.6	4.2	-11.2	-11.2	0.05	2.3	4.0	-11.2	5.3	7.1	14.3	-2.1
U.S. Bank Loans	S&P/LSTA Leveraged Loan TR	0.4	2.7	-0.6	-0.6	2.5	3.3	3.7	-0.6	5.2	3.1	8.6	0.4
Intl Dev Bonds	S&P International Sov Ex-US Bond TR	0.1	7.0	-21.8	-21.8	-7.7	-4.3	-1.9	-21.8	-9.5	11.2	4.6	-2.3

Source: Bloomberg
Returns for periods greater than 1 year are annualized.

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Q1, 2023 Market Outlook

SEE IMPORTANT DISCLOSURES AT THE END OF THIS PRESENTATION

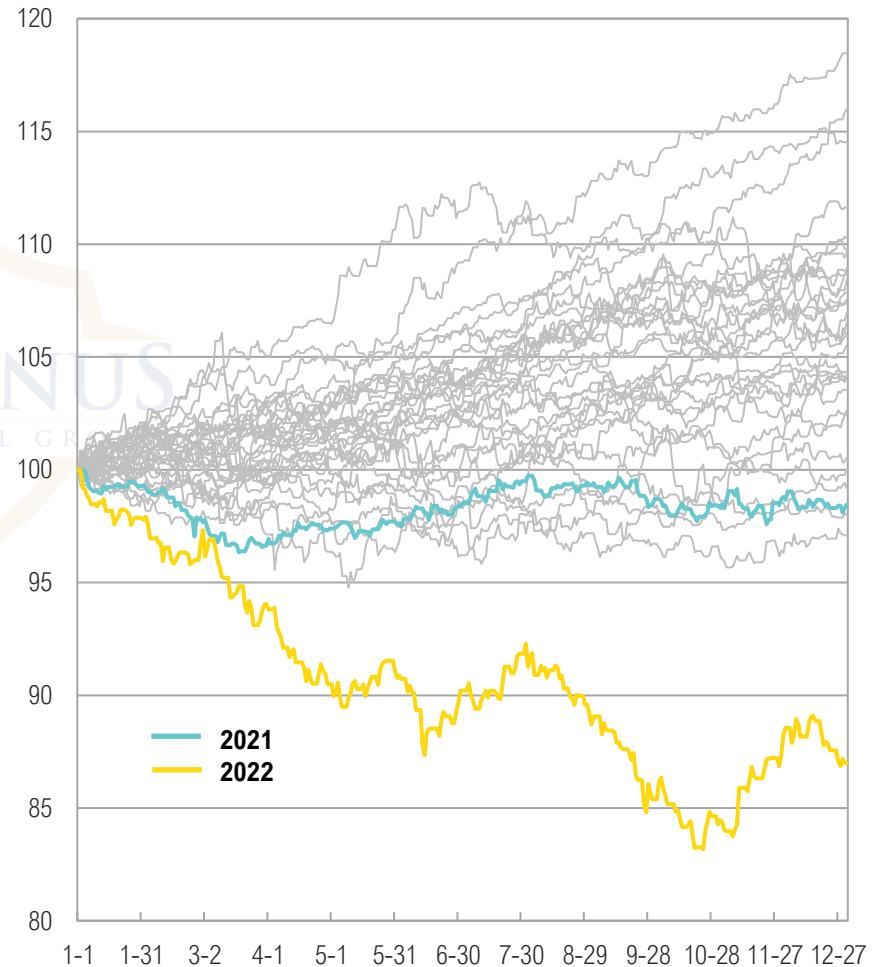
Context is important for Treasury markets

10-YEAR TREASURY YIELD, %



Source: Bloomberg, whitehouse.gov

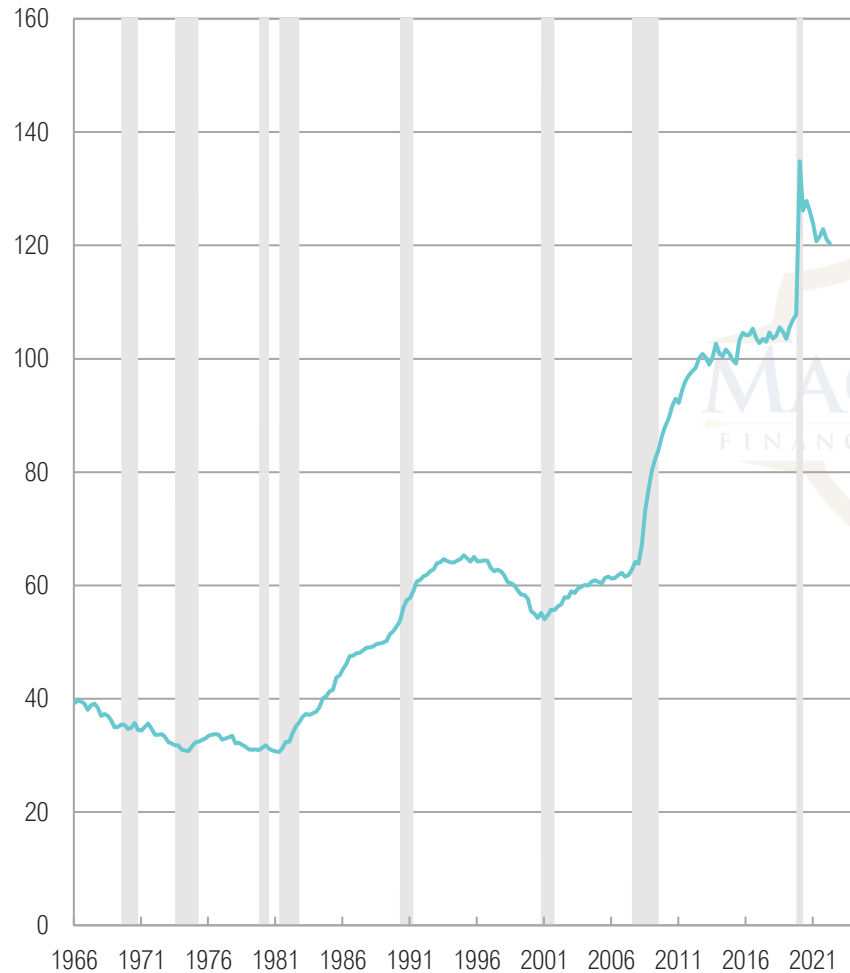
BBG AGGREGATE BOND INDEX, GROWTH OF 100



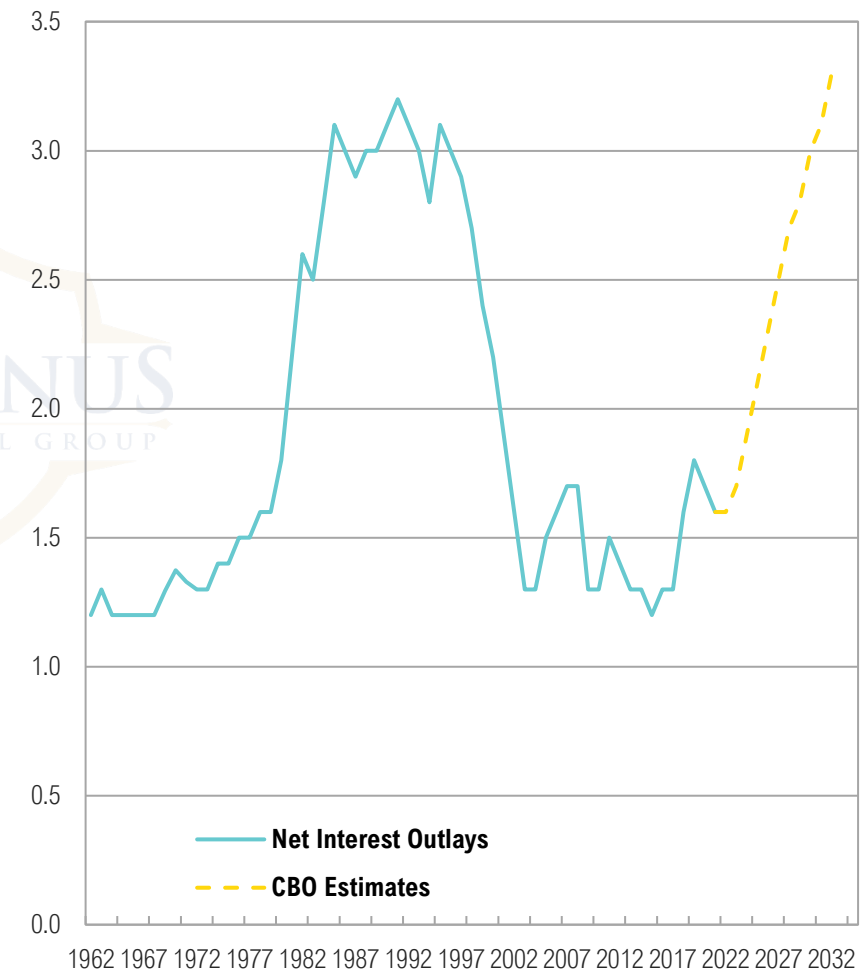
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Context is important for Treasury markets

FEDERAL DEBT TO PUBLIC DEBT, %



NET INTEREST, % OF GDP

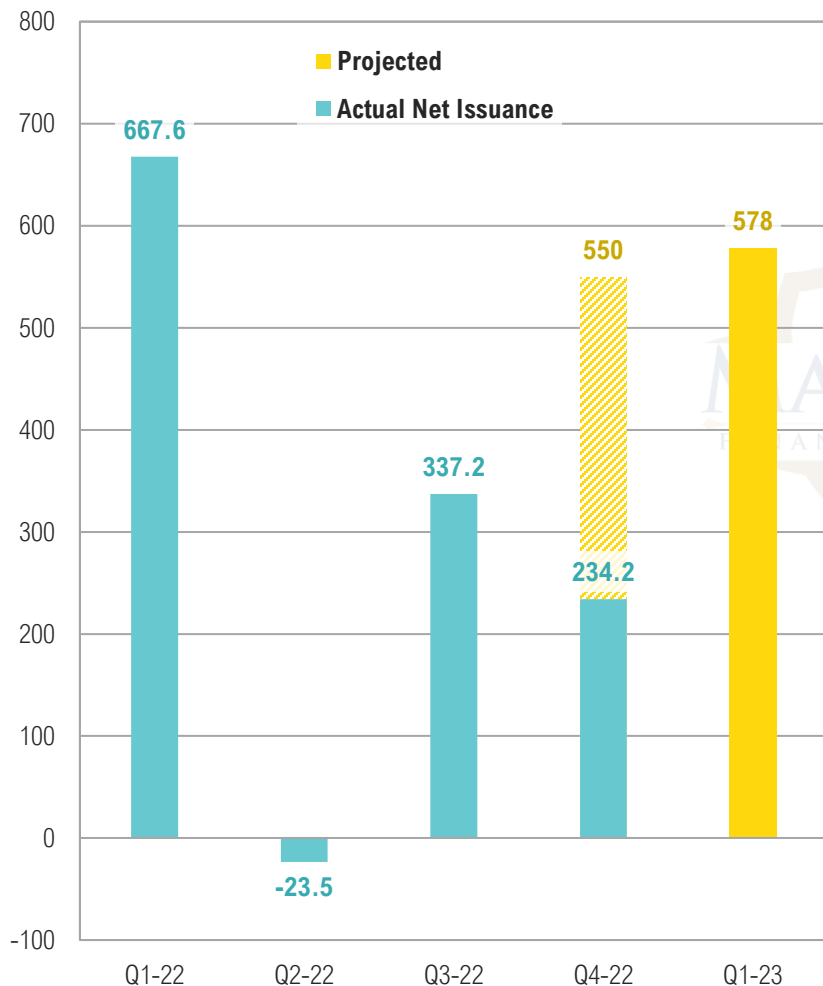


Source: Bloomberg, whitehouse.gov

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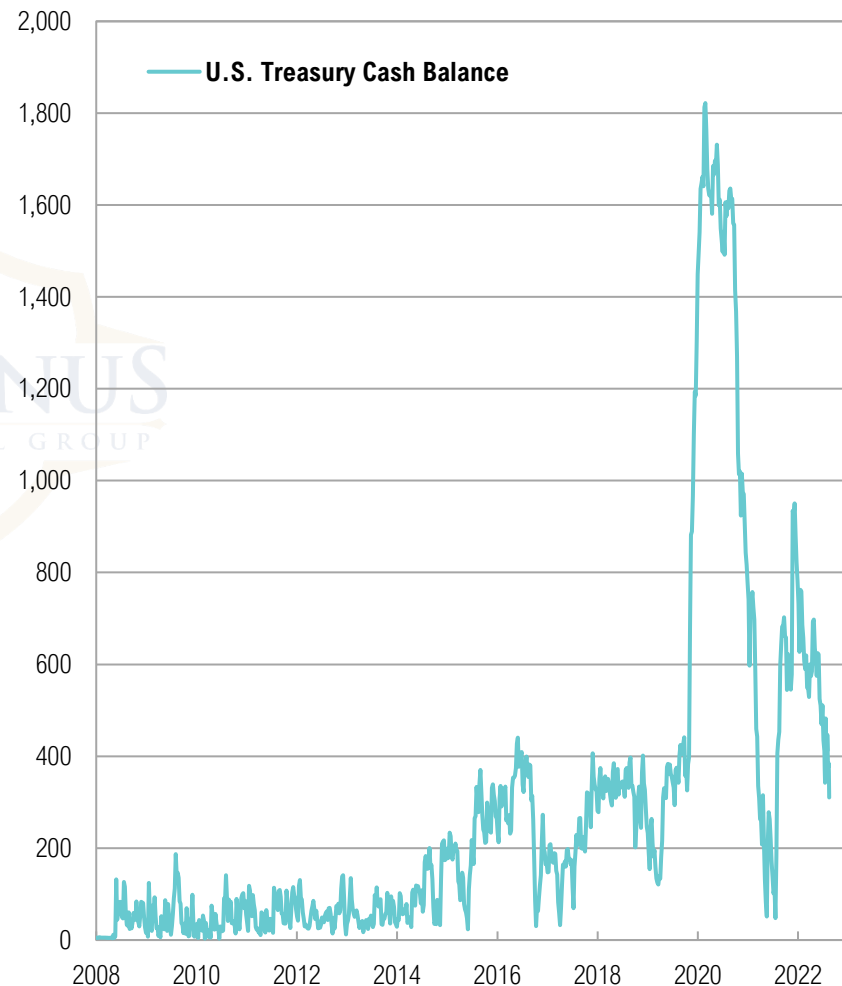
➤ Q1 2023 net issuance was expected to be \$578Bn; Treasury cash balance now at \$310Bn

MONTHLY U.S. NET ISSUANCE, \$BN



Source: U.S. Treasury

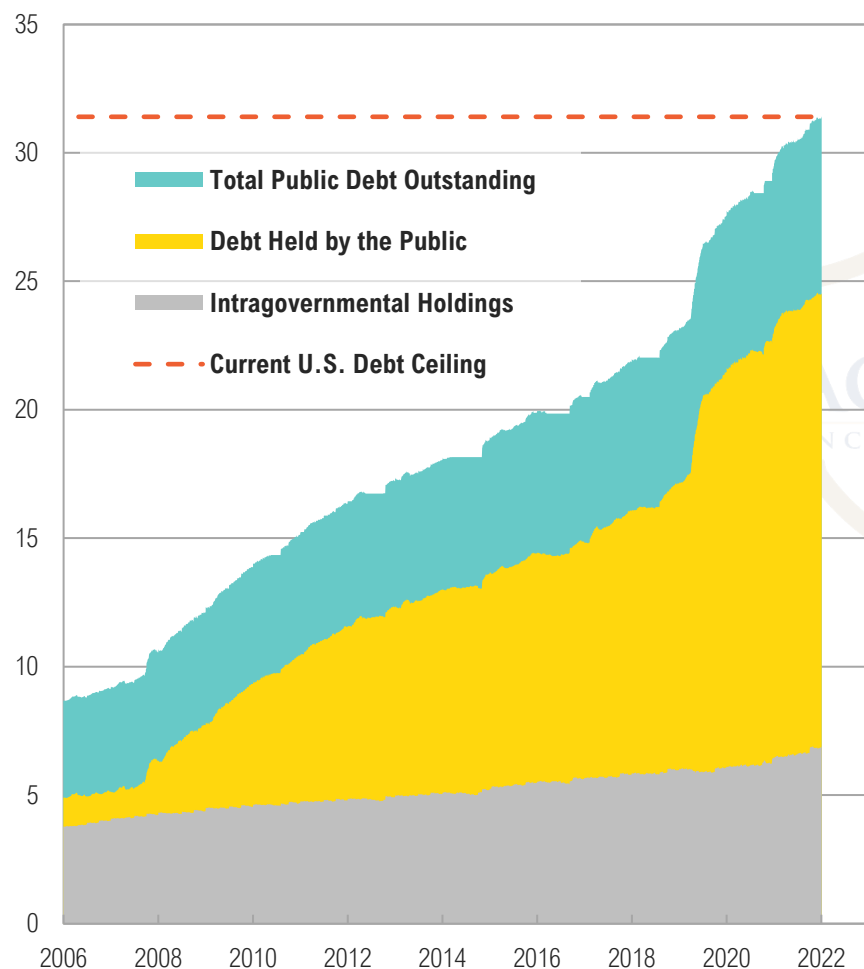
U.S. TREASURY CASH BALANCE, \$BN



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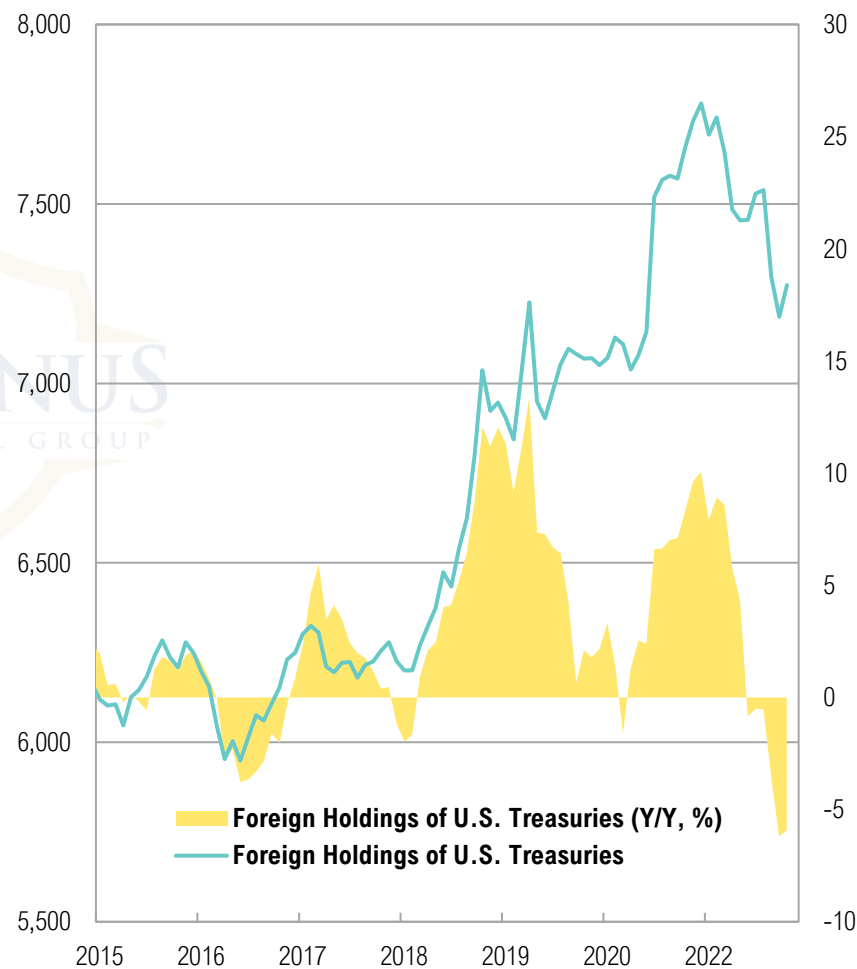
Q1 2023 net issuance expected to be \$578Bn; Treasury cash balance now at \$310Bn

MONTHLY U.S. TREASURY ISSUANCE BY SECURITY, \$BN



TOTAL FOREIGN HOLDINGS

Y/Y % CHANGE IN HOLDINGS

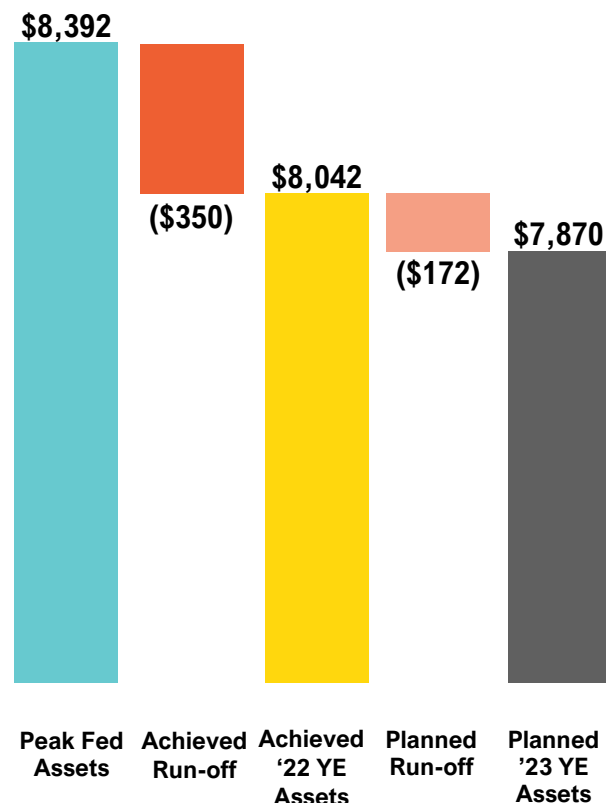
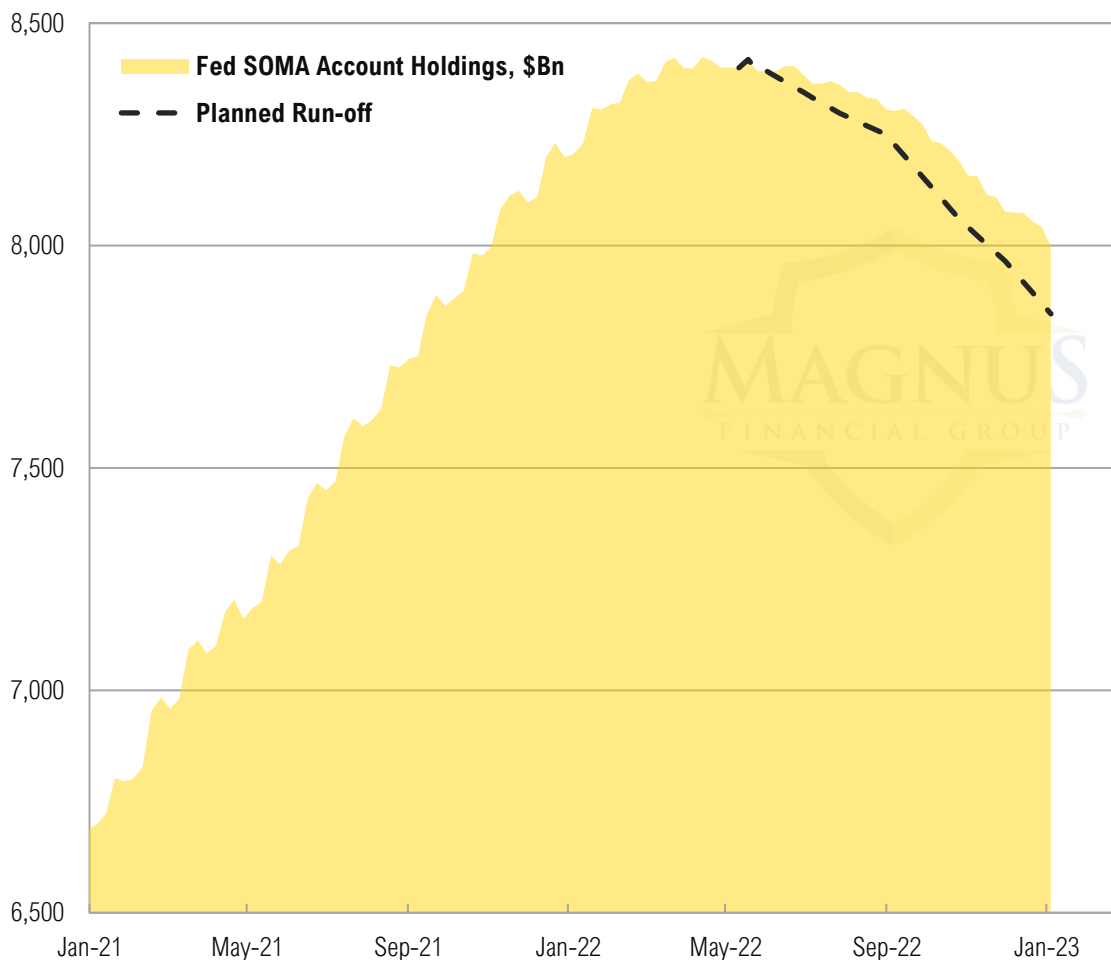


Source: Bloomberg. Foreign holdings as of 10/31/2022

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Fed's planned balance sheet reduction (\$47.5 bn/month from Jun-Aug '22 and \$95bn from Sep '22) has started to take shape, even if massively lagging planned pace

U.S. FED SOMA ACCOUNT HOLDINGS, \$BN

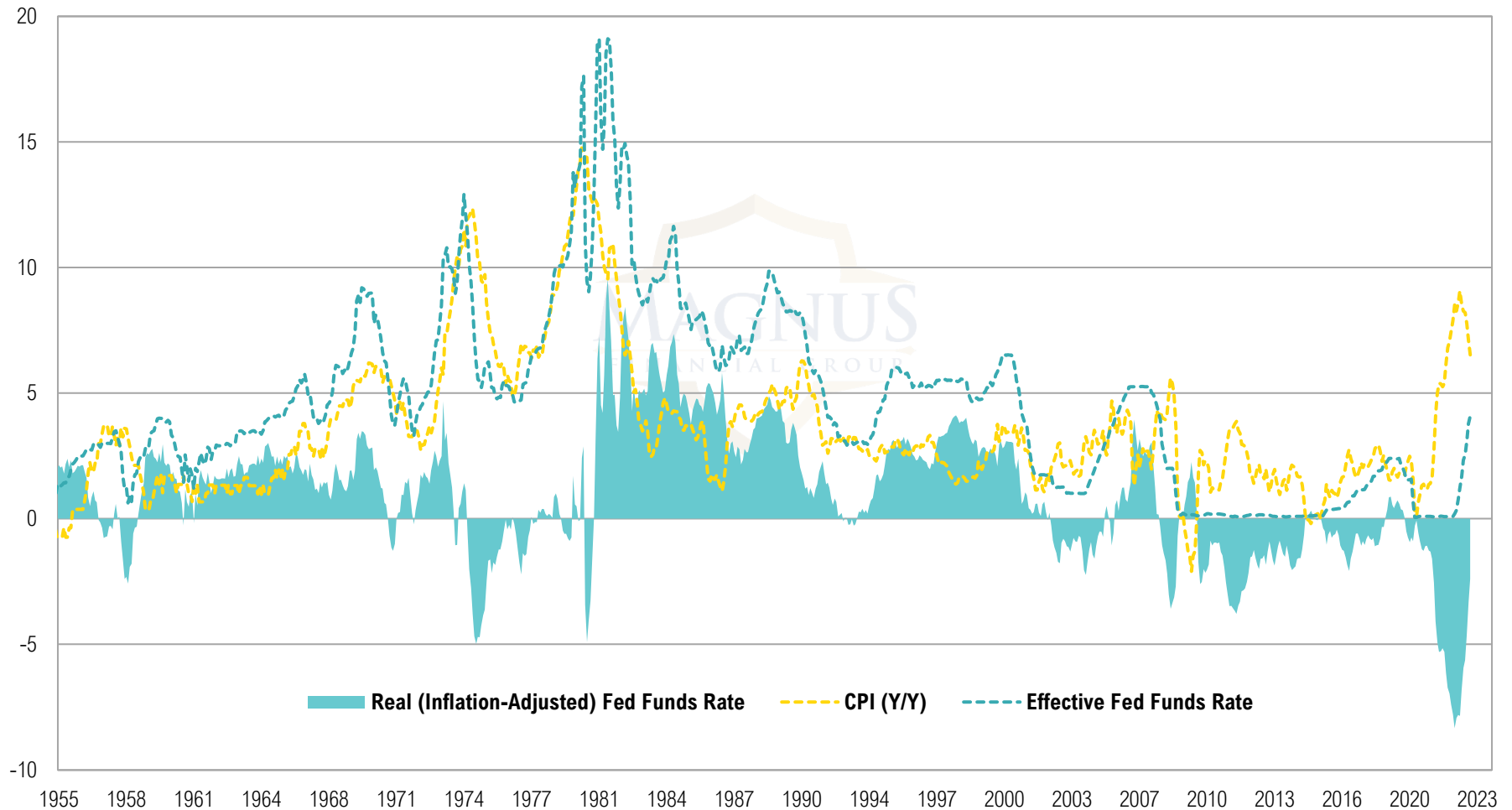


Source: Bloomberg

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While CPI has rolled over from peak, the effective Fed funds rate is still negative

CPI & EFFECTIVE FUNDS RATE, %



Source: FRED. CPI Data as of 12/31/2022.

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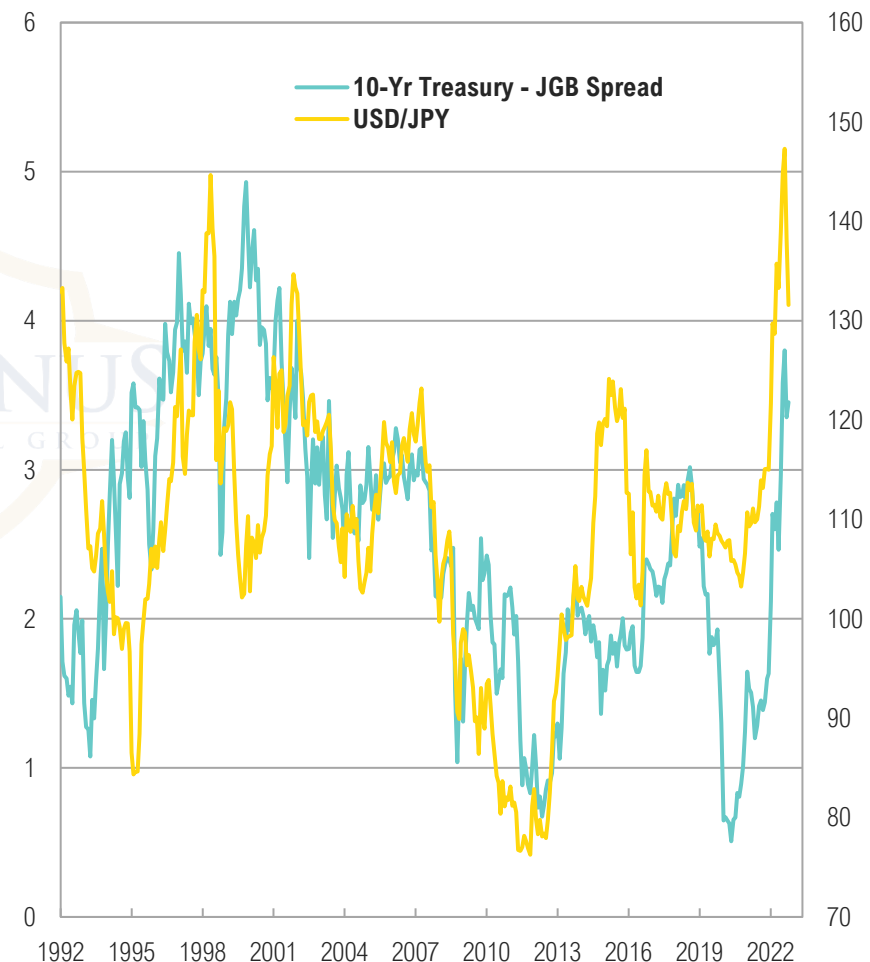
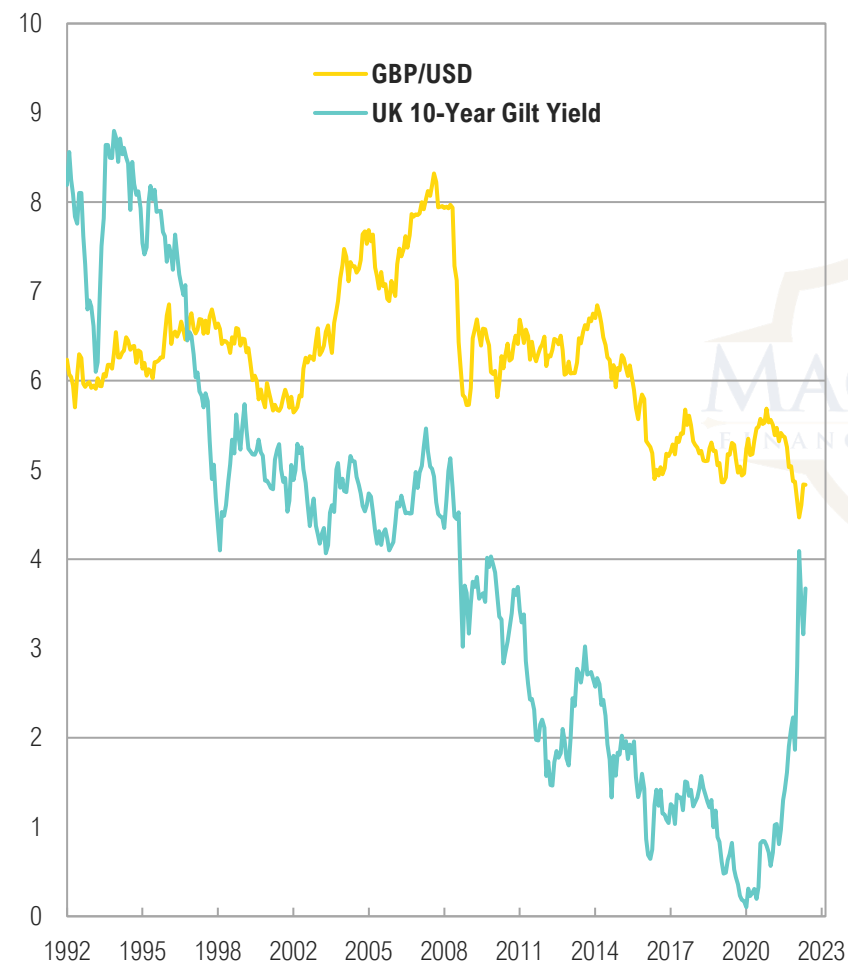
➤ Market increasingly punishing policy mistakes, especially when you're not the global reserve currency

10-YR GILT YIELD, %

GBP TO USD EXCHANGE RATE

10-YR JGB YIELD, %

USD TO JPY EXCHANGE RATE

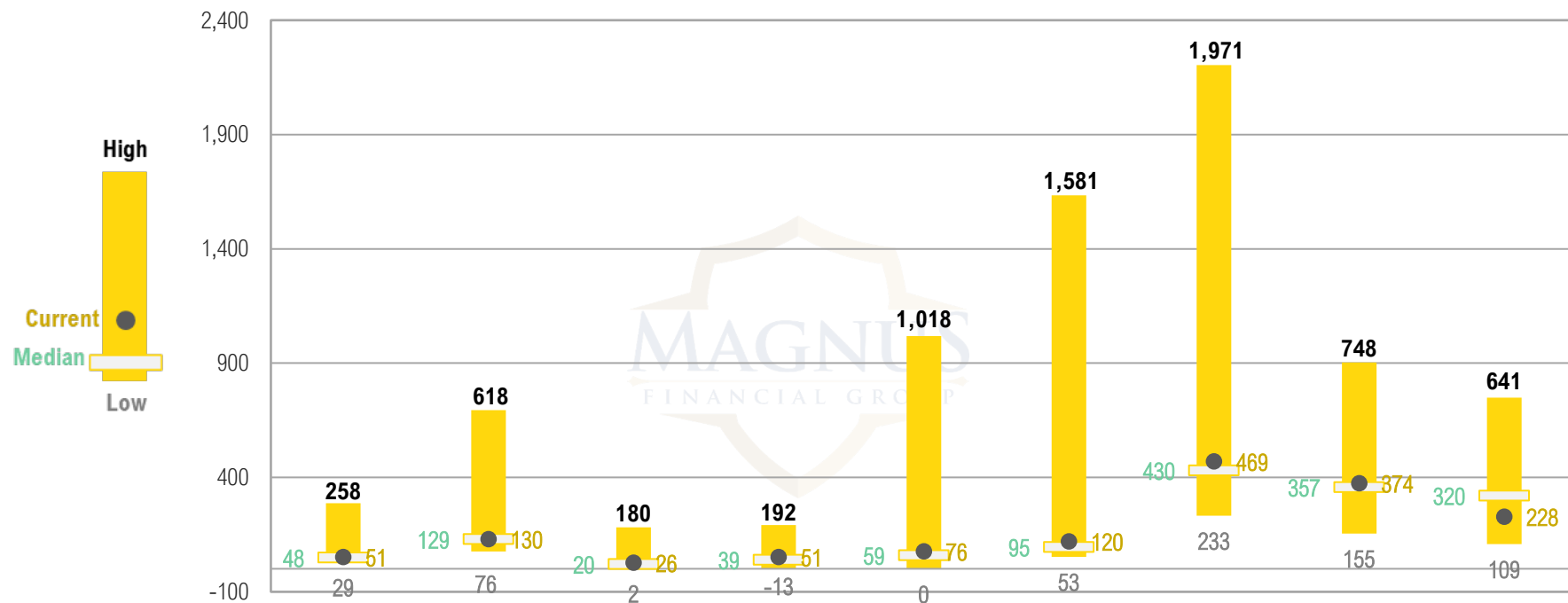


Source: Bloomberg

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Credit spreads at or modestly above average across most sectors; starting to shift up slightly as recession fears start to become more entrenched

CURRENT CREDIT SPREAD VS. LONG-TERM HIGH/LOW RANGE

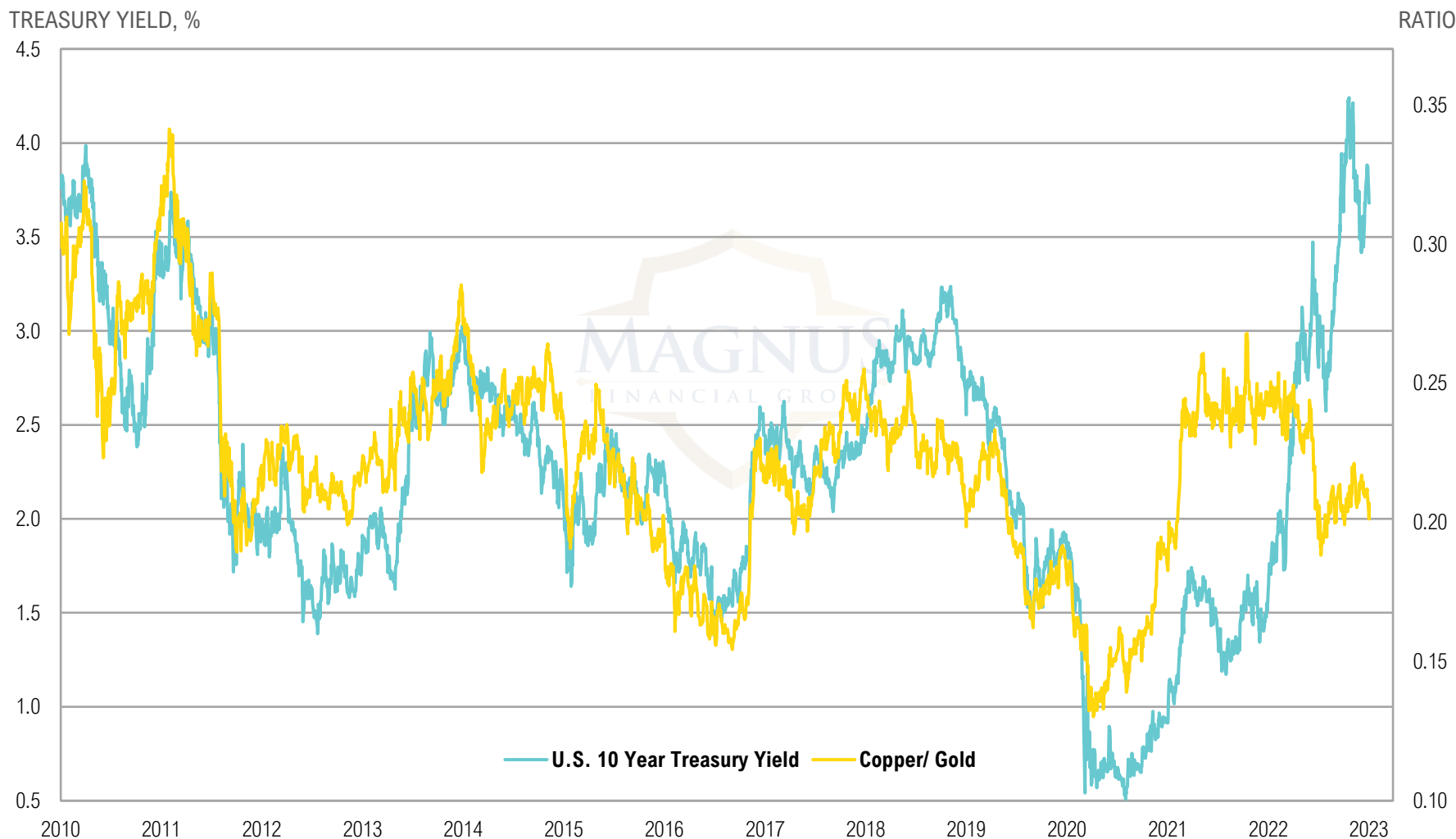


	Aggregate	Corporate	Agency	MBS	ABS	CMBS	High Yield	Emerging Markets	High Yield Muni Spread*
Max Spread Date	12/3/2008	12/3/2008	11/20/2008	12/3/2008	1/6/2009	11/21/2008	12/16/2008	11/28/2008	1/12/2009
Min Spread Date	4/14/2021	3/8/2005	4/19/2021	7/27/2010	10/1/2009	12/8/2004	5/22/2007	5/31/2007	6/11/2007
Spread on 12/31/22	51	130	26	51	76	120	469	374	228
Spread on 12/31/21	36	92	8	31	38	68	283	330	200
Spread on 12/31/20	42	96	10	39	33	81	360	323	275
Spread on 12/31/19	39	93	10	39	44	72	336	277	223

Source: Bloomberg. High Yield Muni Spread data is relative to Bloomberg Municipal Bond Index. Yield spread data is from 2004 – current.

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➤ Collapse in copper/gold ratio—a proxy for the real economy vis-à-vis financial assets—suggests Treasury yields may head lower



Source: Bloomberg

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The U.S. bond market remains relatively higher yield, which could help keep U.S. rates somewhat contained

CENTRAL BANK POLICY RATE & GOVERNMENT BOND YIELDS

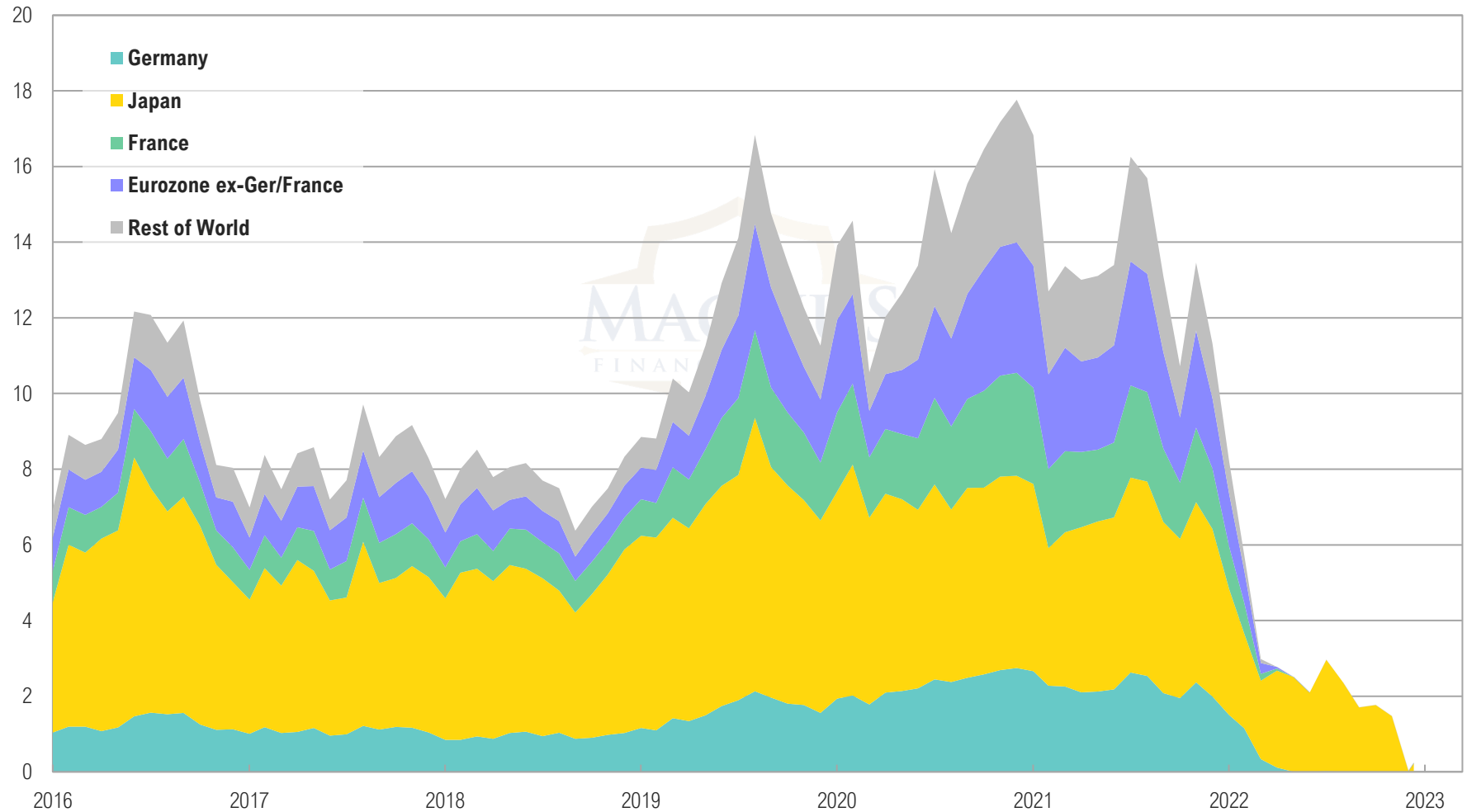
	Central Bank Rate (%)	3 Month (%)	1 Year (%)	2 Year (%)	3 Year (%)	4 Year (%)	5 Year (%)	6 Year (%)	7 Year (%)	10 Year (%)	20 Year (%)	30 Year (%)
Czech Republic	7.00	-	6.70	5.48	5.23	5.03	4.87	4.83	4.80	4.71	4.77	-
Hong Kong	4.75	3.11	4.05	3.95	3.96	-	3.60	-	3.55	3.54	-	-
United States	4.50	4.52	4.71	4.38	4.14	-	3.86	-	3.79	3.69	3.97	3.80
New Zealand	4.25	4.76	-	4.83	-	-	4.39	-	4.40	4.37	4.58	-
Canada	4.25	4.39	4.62	4.02	3.78	3.48	3.30	-	3.18	3.16	3.25	3.17
Israel	3.75	3.67	3.93	3.77	3.73	-	3.52	-	-	3.47	-	3.75
United Kingdom	3.50	3.46	3.15	3.44	3.40	3.51	3.50	3.49	3.54	3.52	3.94	3.87
South Korea	3.25	-	3.61	3.69	3.64	3.68	3.61	-	-	3.57	3.56	3.57
Australia	3.10	-	3.34	3.37	3.44	3.51	3.58	3.64	3.69	3.82	4.18	4.14
Italy	2.50	1.66	2.98	3.04	3.23	3.42	3.66	3.72	3.85	4.26	4.45	4.23
Spain	2.50	1.93	2.84	2.83	2.75	2.82	2.87	2.92	2.97	3.32	3.57	3.69
Portugal	2.50	1.39	2.37	2.73	2.65	2.68	2.71	2.76	2.87	3.26	3.60	3.65
France	2.50	2.03	2.81	2.66	2.60	2.58	2.59	2.59	2.59	2.78	3.07	2.97
Belgium	2.50	1.98	2.86	2.58	2.54	2.61	2.57	2.63	2.71	2.85	3.09	-
Germany	2.50	2.06	2.73	2.60	2.50	2.37	2.31	2.27	2.27	2.27	2.28	2.12
Austria	2.50	-	2.65	2.66	2.50	2.51	2.65	2.71	2.74	2.87	2.97	2.78
Netherlands	2.50	1.90	-	2.54	2.49	2.46	2.46	2.49	2.54	2.61	2.63	2.41
Ireland	2.50	0.25	2.10	-	2.63	2.45	2.56	2.57	2.63	2.77	3.05	2.92
Singapore	1.65	4.35	4.25	3.12	-	-	2.78	-	-	2.97	2.61	2.47
Thailand	1.25	-	1.16	1.50	-	-	2.00	-	2.24	2.49	3.38	-
Switzerland	1.00	0.88	1.55	1.18	1.16	1.21	1.23	1.27	1.29	1.36	1.40	1.39
Japan	(0.10)	(0.14)	(0.01)	0.02	0.05	0.15	0.20	0.36	0.45	0.41	1.28	1.58

Source: Bloomberg

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➤ The end of an era? We hope so...

NEGATIVE-YIELDING DEBT MKT CAP BY COUNTRY, \$TN

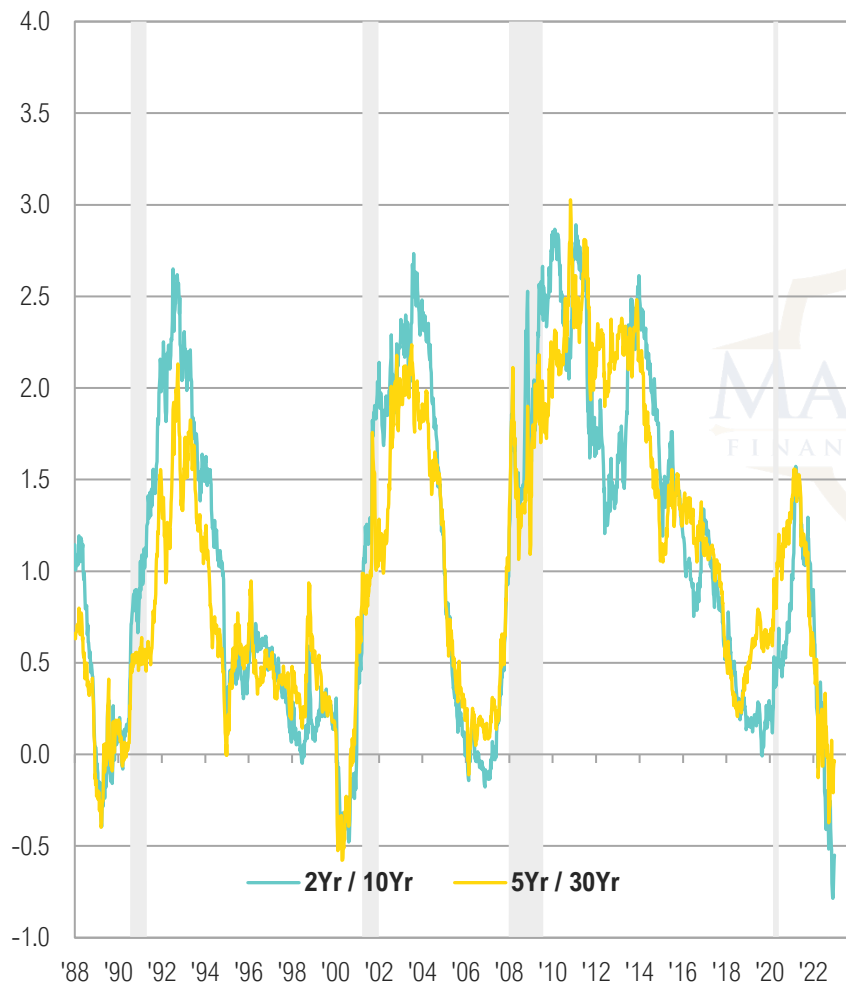


Source: Bloomberg

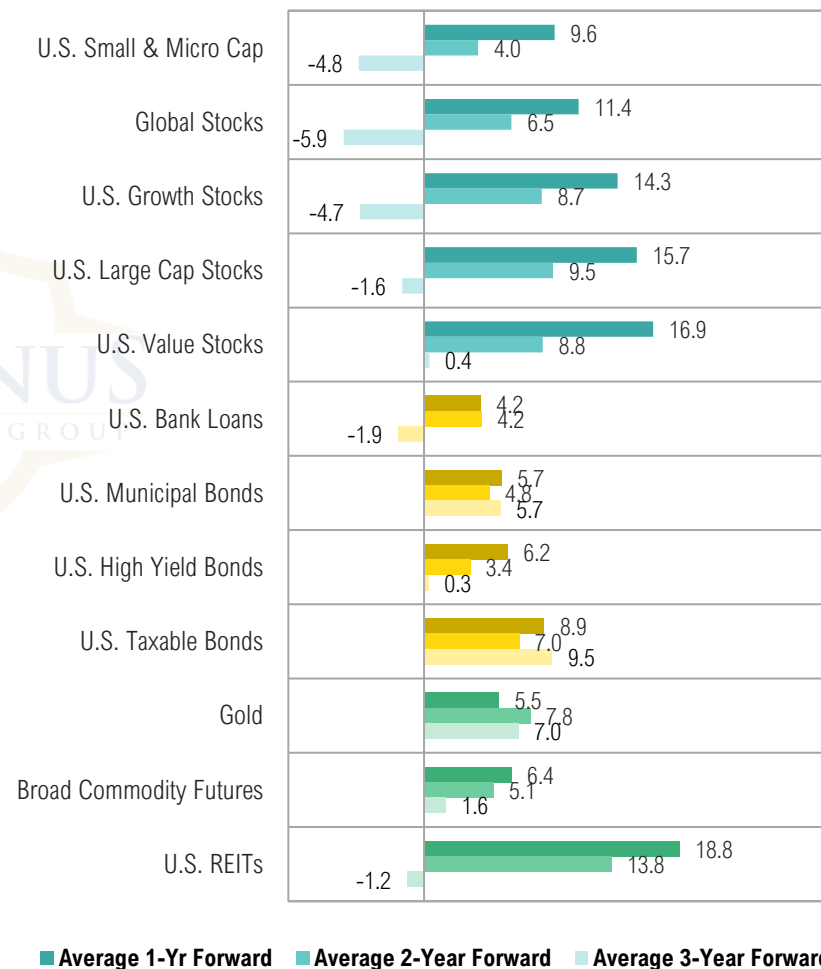
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Yield curve inversion signaling slowing growth; risky assets can generate strong short-term returns post inversion, but we don't like "pennies in front of steam roller" trades

U.S. TREASURY SPREADS



AVERAGE FORWARD RETURN POST INVERSION SINCE 1988, %



Source: Bloomberg

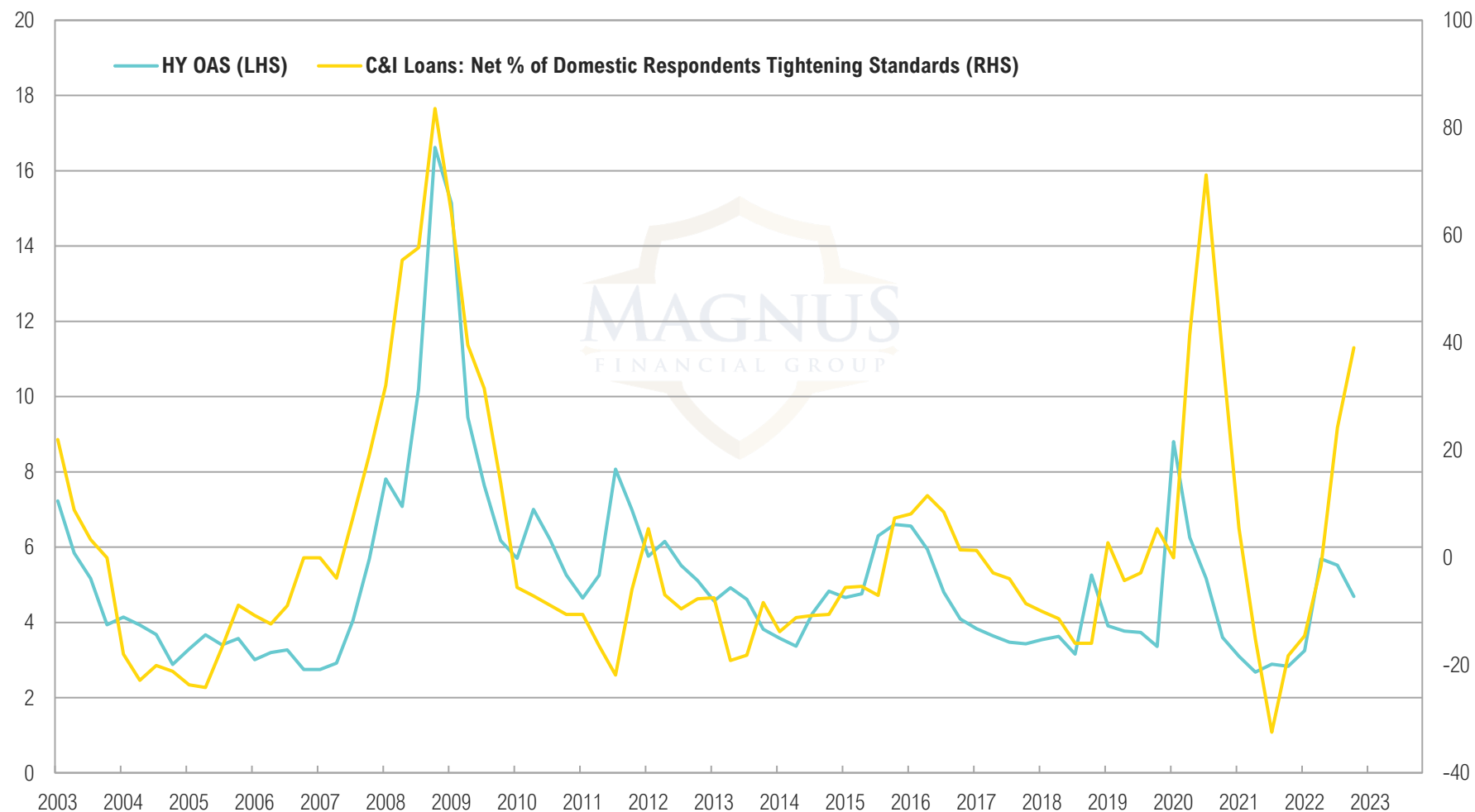
Average forward returns exclude 1988 for US Municipal Bonds, US Bank Loans, US REITs and Broad Commodity Futures due data availability

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Domestic banks have tightened lending standards sharply over recent months, an event which has generally been associated with wider credit spreads

BBG U.S. CORPORATE HIGH YIELD AVG OAS, %

C&I: NET % OF DOMESTIC RESPONDENTS TIGHTENING STANDARDS

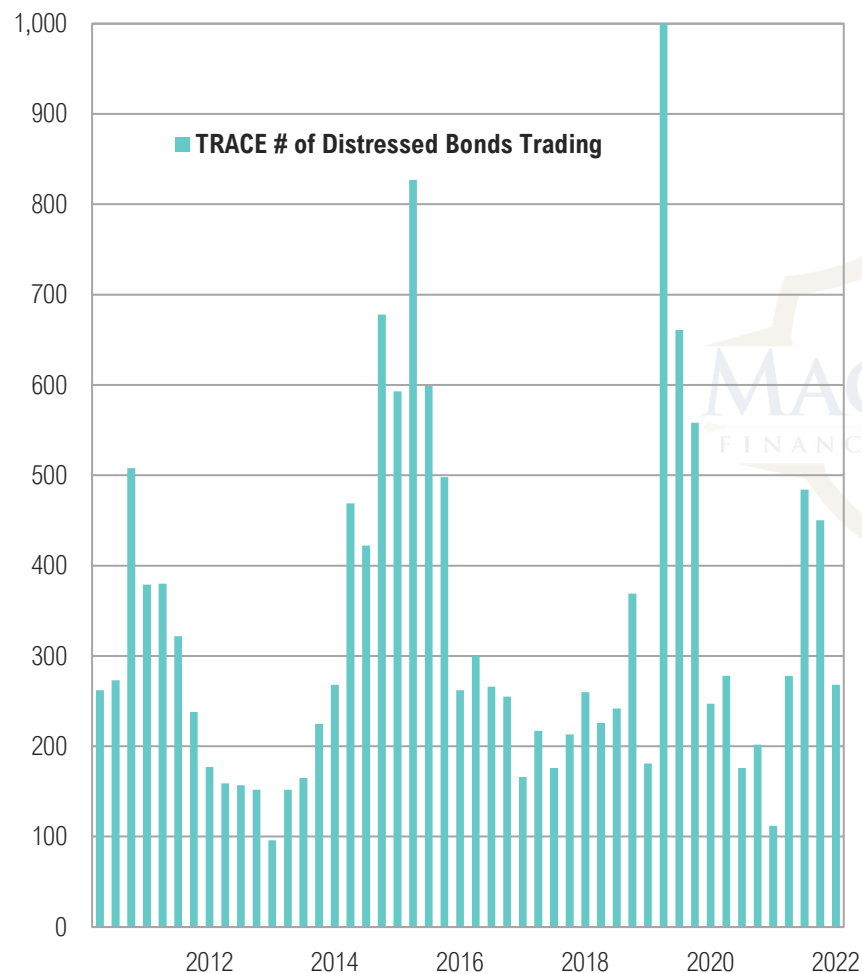


Source: Bloomberg

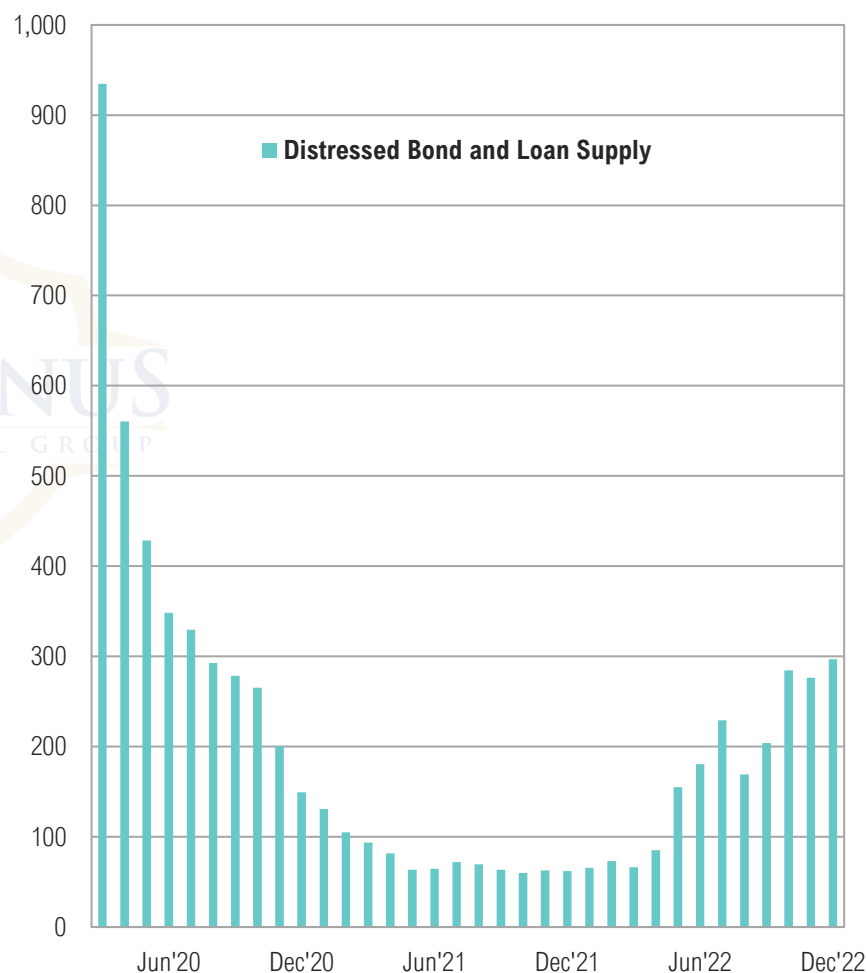
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Supply of distressed debt has been on the rise over recent quarters

NUMBER OF BONDS TRADING >1000BPS SPREAD INDEX



DISTRESSED BOND & LOAN SUPPLY, \$BN

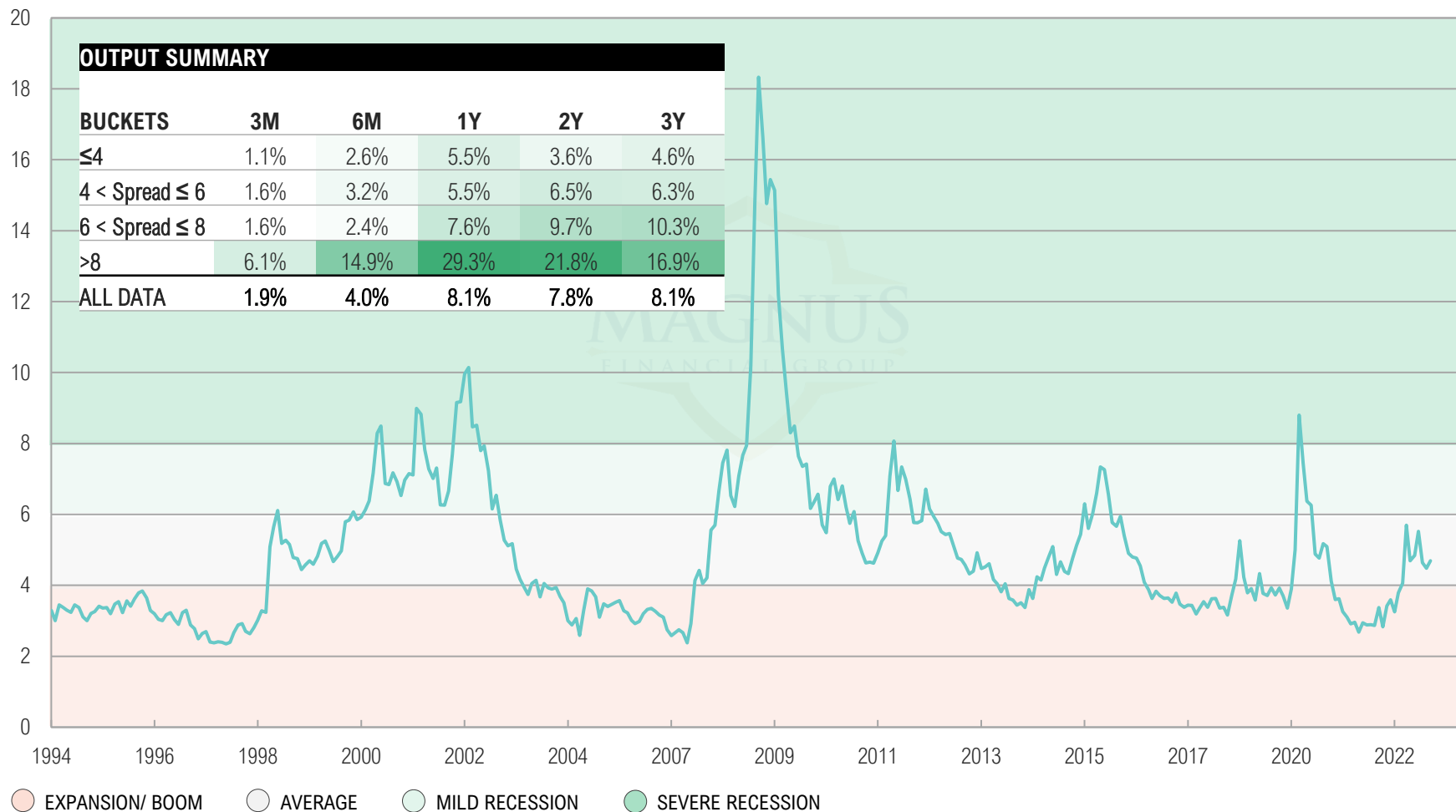


Source: Bloomberg, FINRA.

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Historically, high yield spreads above 6% have resulted in above-average forward returns; high yield spread currently trading at a middling 4.7%

BLOOMBERG U.S. CORPORATE HIGH YIELD OPTION-ADJUSTED SPREAD, %

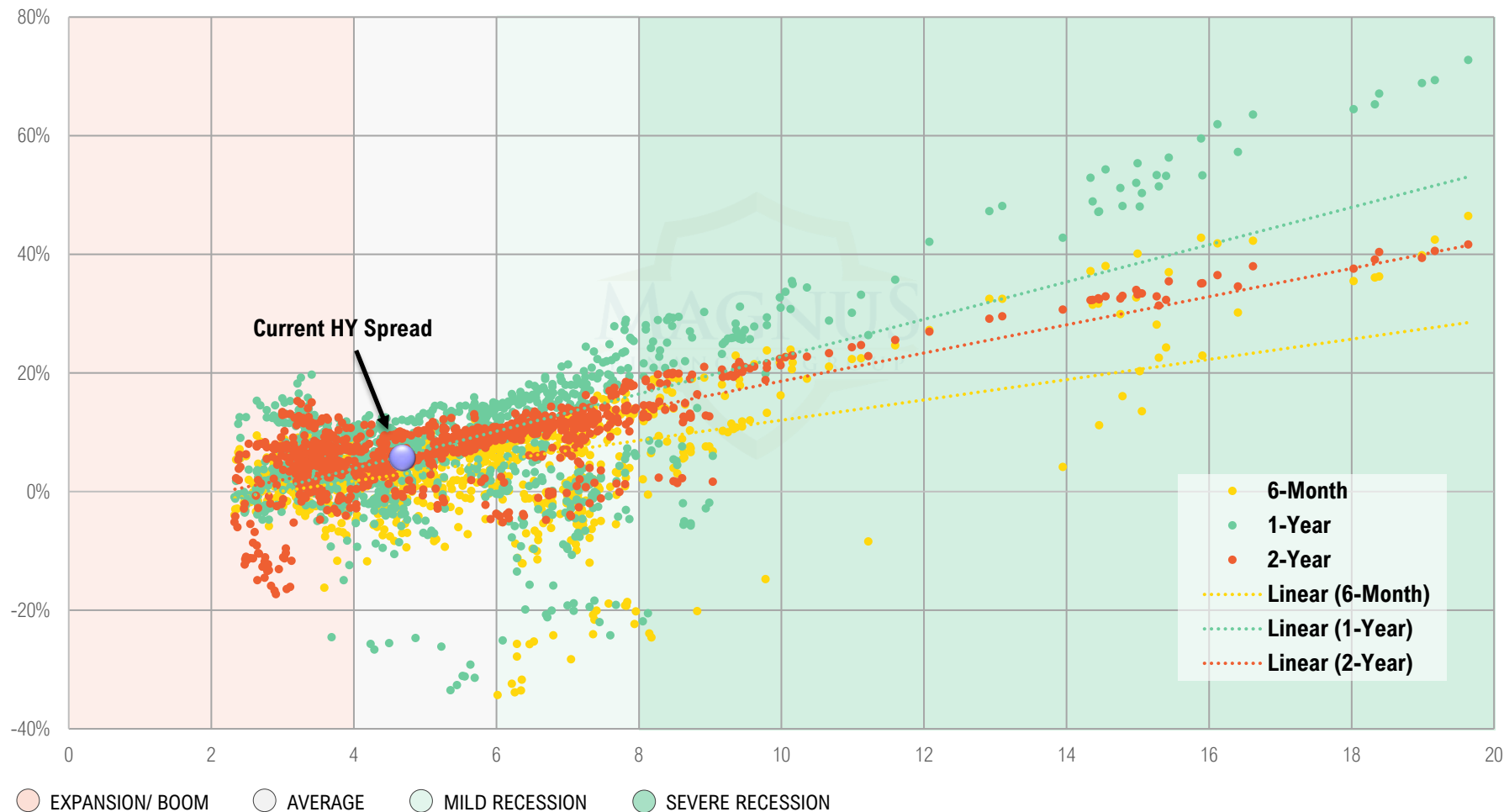


Source: Bloomberg

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Historically, high yield spreads above 6% have resulted in above average forward returns; high yield spread currently trading at a middling 4.7%

FORWARD TOTAL RETURN



Source: Bloomberg, SpringTide

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...we're spending over a trillion dollars less than what I'll call the previous cycle. That's 2010 to 2014. So since 2015, the industry worldwide is spending over a trillion dollars less in investment.

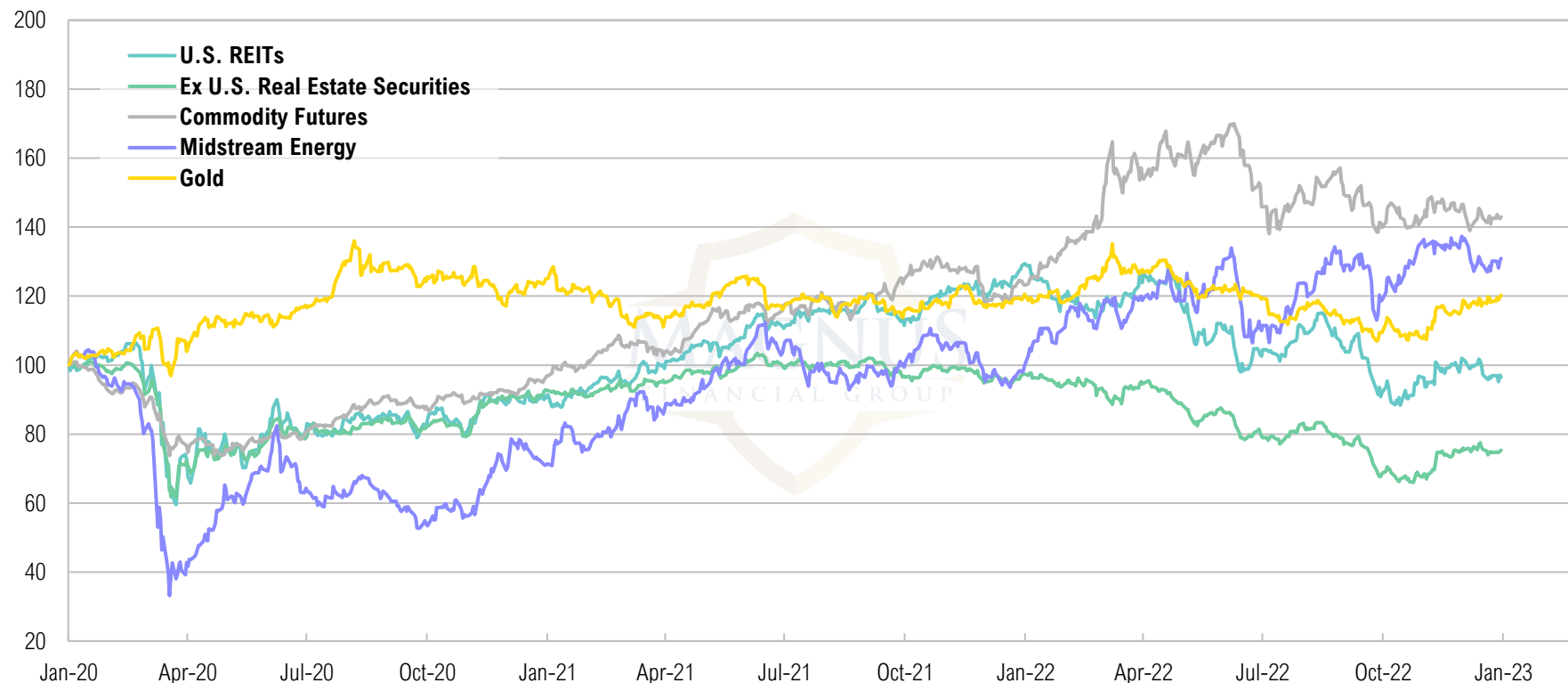
– Scott Sheffield, Pioneer Natural Resources CEO

Source: Pioneer

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Broad commodity futures and midstream energy were among the top performing real assets over 2022, while both U.S. and global REITs ended the year in bear market territory

CALENDAR YEAR & TRAILING TOTAL RETURNS



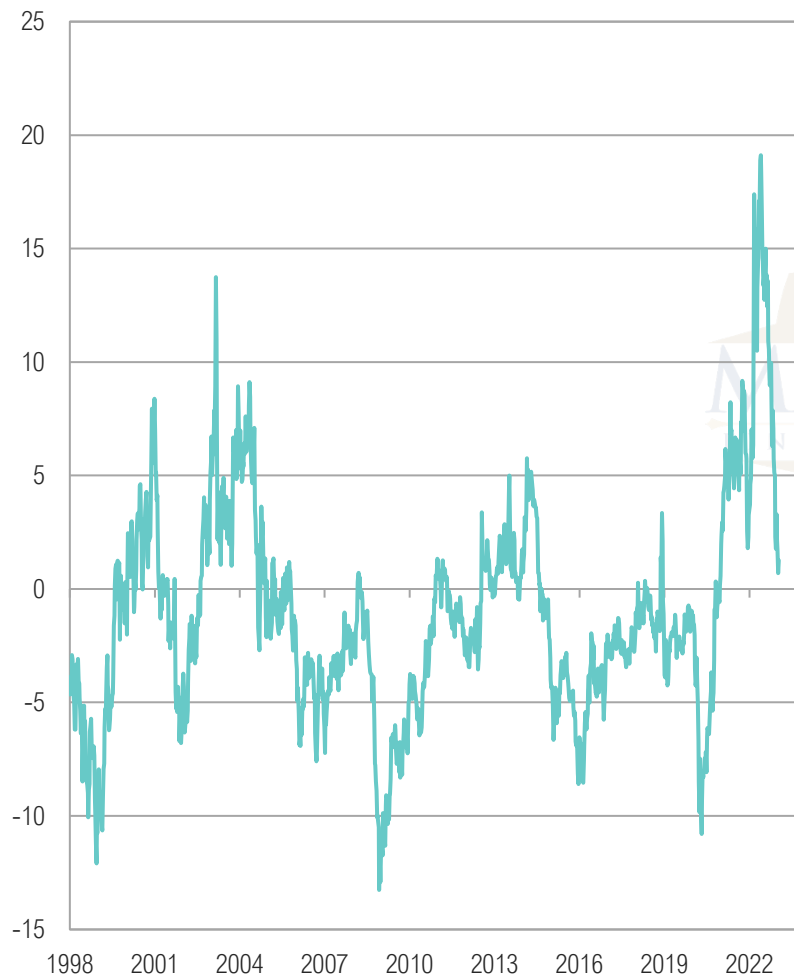
Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2022	2021	2020	2019	2018
U.S. REITs	MSCI US REIT NR	-5.3	4.9	-25.4	-25.4	-1.2	2.5	5.2	-25.4	41.7	-8.7	24.3	-5.8
Ex U.S. Real Estate Securities	S&P Global Ex US REIT TR	0.4	9.8	-22.2	-22.2	-8.5	-3.3	1.5	-22.2	5.7	-6.8	21.9	-9.4
Broad Commodity Futures	Bloomberg Commodity TR	-2.4	2.2	16.1	16.1	12.6	6.4	-1.3	16.1	27.1	-3.1	7.7	-11.2
Midstream Energy	Alerian MLP TR	-4.7	10.1	30.9	30.9	9.4	4.1	2.0	30.9	40.2	-28.7	6.6	-12.4
Gold	LBMA Gold Price AM	3.0	8.3	-0.4	-0.4	6.0	6.9	0.9	-0.4	-3.8	24.2	18.8	-1.1

Source: Bloomberg. Returns for periods greater than 1 year are annualized.

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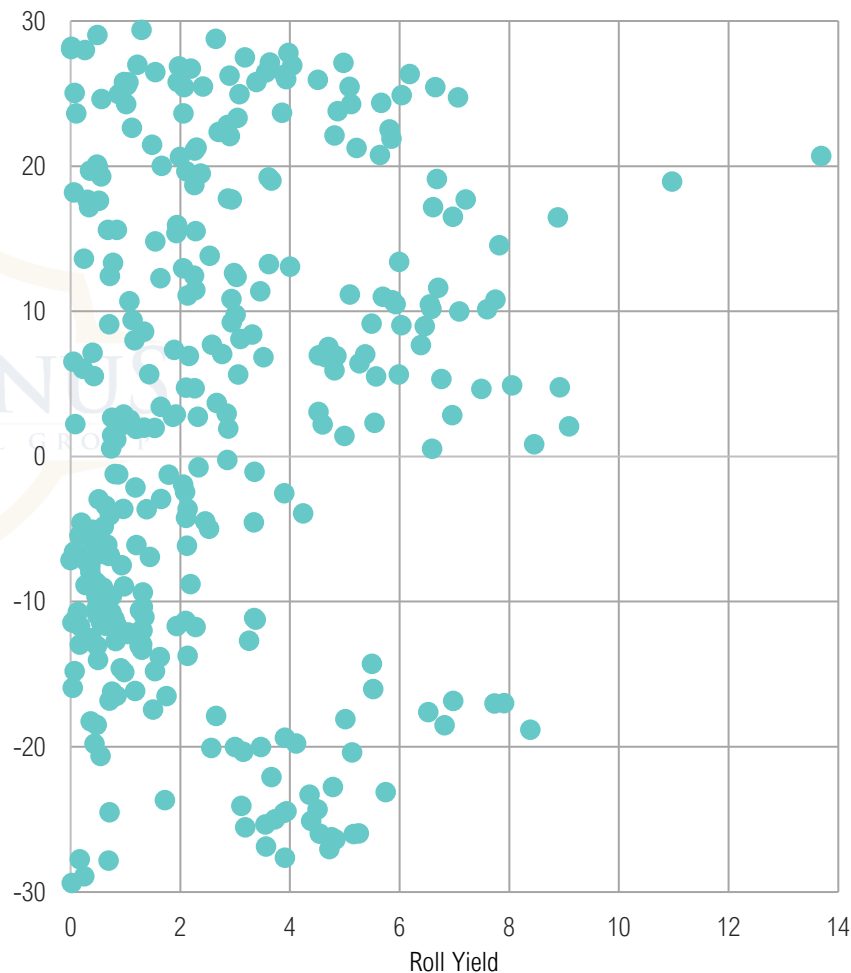
Commodity roll yields have dropped sharply, largely due to natural gas futures shifting back to contango, suggesting global commodity markets have loosened

BLOOMBERG COMMODITY INDEX ROLL YIELD (%)



Source: Bloomberg. As of 1/7/2023

1-YEAR FORWARD RETURN (ANNUALIZED)

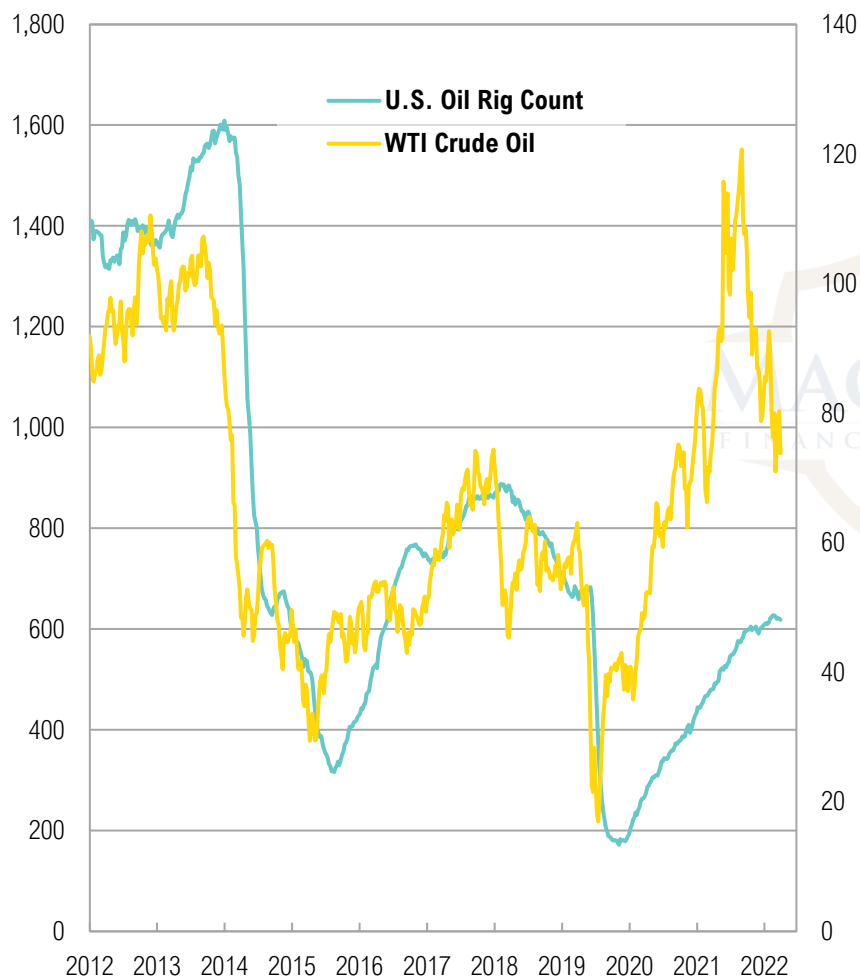


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Oil and natural gas producers have slowed increases in rig counts as prices have rolled over

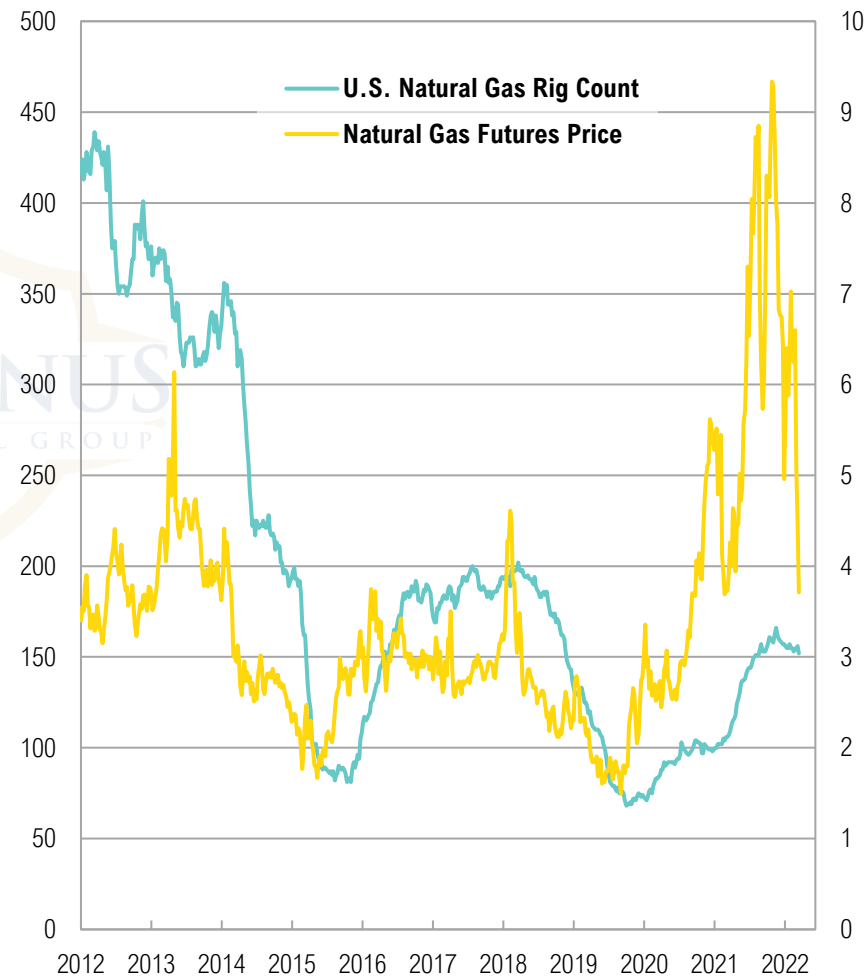
BAKER HUGHES U.S. OIL RIG COUNT

WTI CRUDE OIL, \$/BBL



BAKER HUGHES U.S. NAT GAS RIG COUNT

NAT GAS, \$/MM BTU

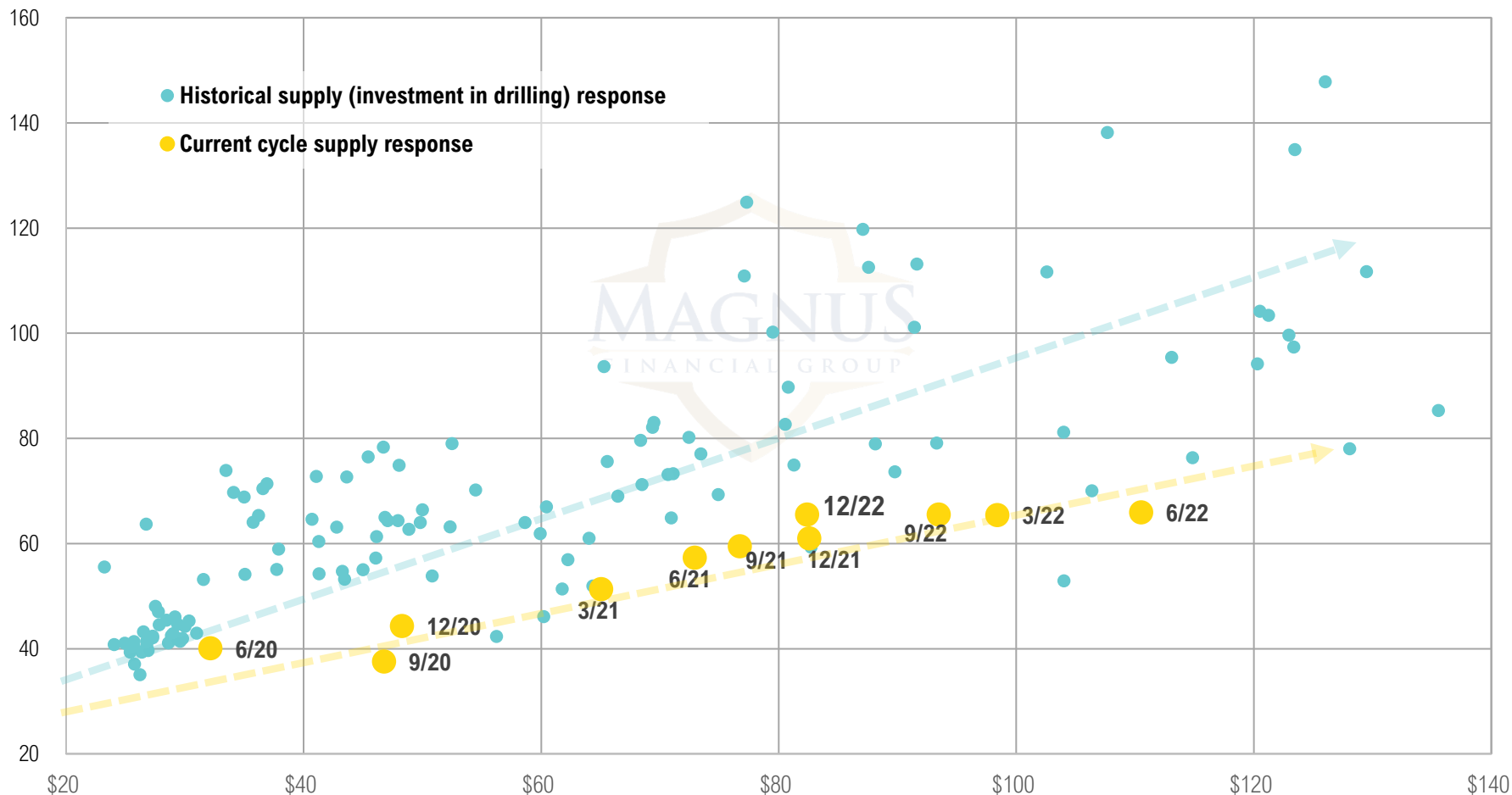


Source: Bloomberg

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➤ Since COVID, drilling capex levels have been near the bottom of a 65-year range

INVESTMENT IN DRILLING, REAL \$BN/QTR, 1958-PRESENT



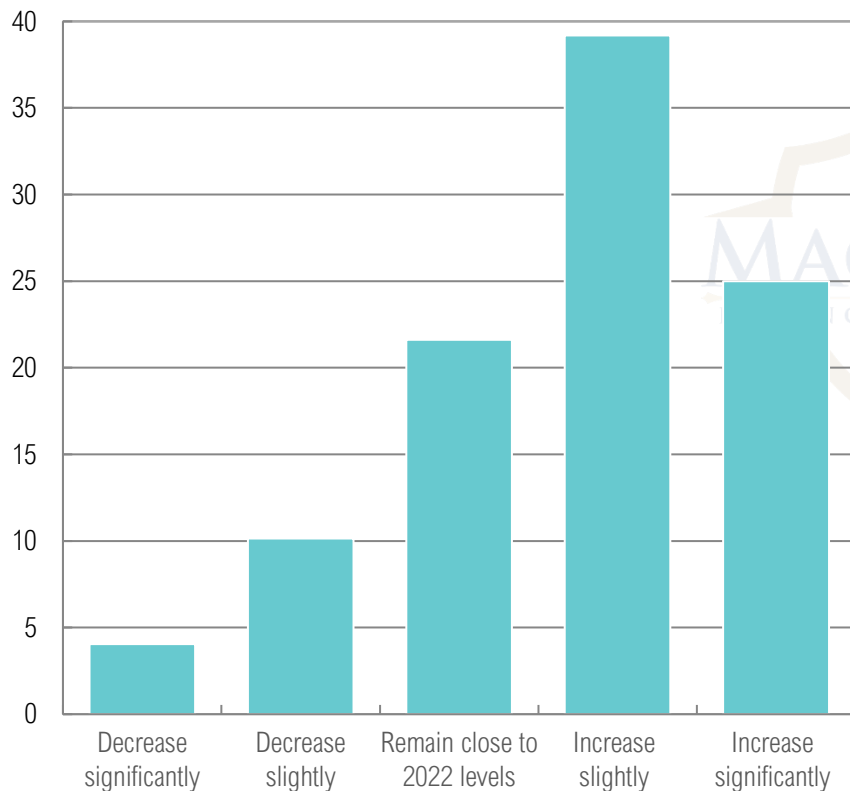
Source: St. Louis Fed, Recurrent Investment Advisors

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Oil executives expect to start ramping up capex in 2023

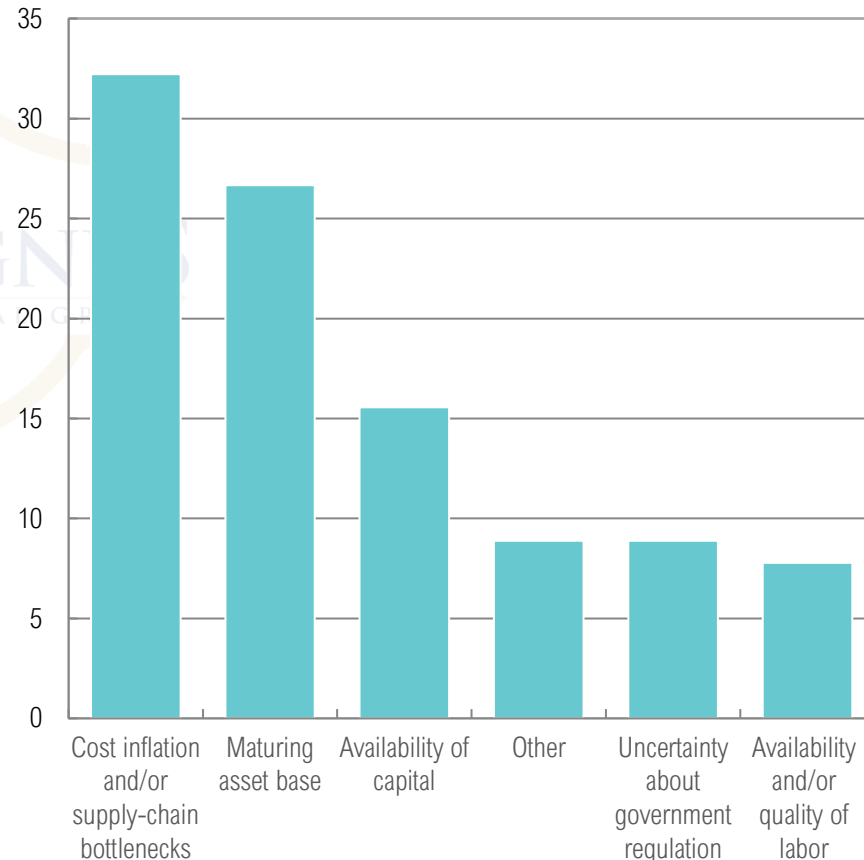
What are your expectations for your firm's capital spending in 2023 versus 2022?

PERCENT OF RESPONDENTS



Which of the following is the biggest drag on crude oil and natural gas production growth for your firm?

PERCENT OF RESPONDENTS



Source: Federal Reserve Bank of Dallas
Executives from 90-148 oil and gas firms answered these questions during the survey collection period, Dec. 7-15

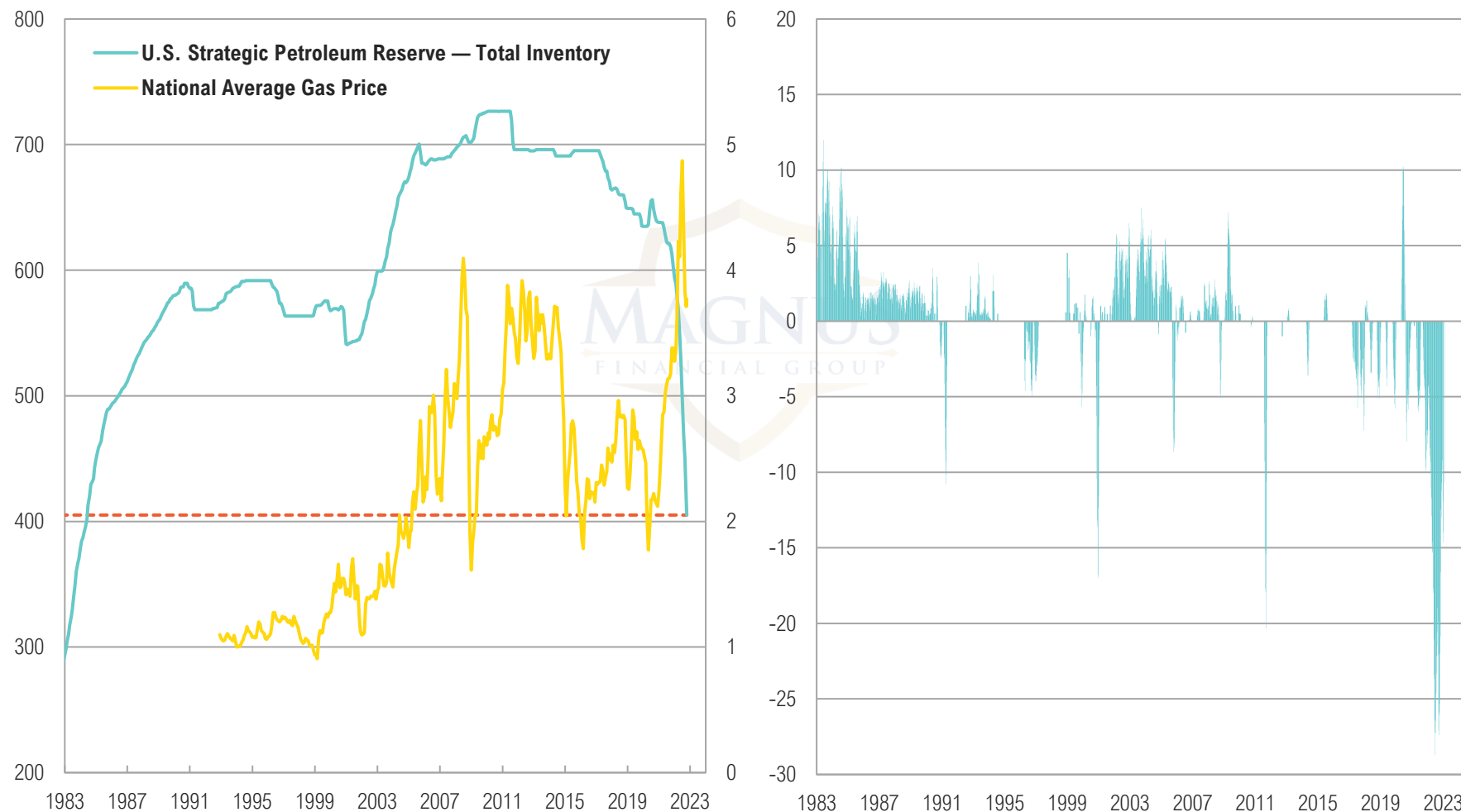
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SPR dump helped ease gas prices & inflation pressures, but is not expected to continue in 2023, eliminating a key headwind for gas prices

U.S. SPR INVENTORIES, MN BARRELS

NATIONAL AVERAGE GAS PRICE, \$

MONTHLY CHANGE IN SPR RESERVES, MILLIONS OF BARRELS

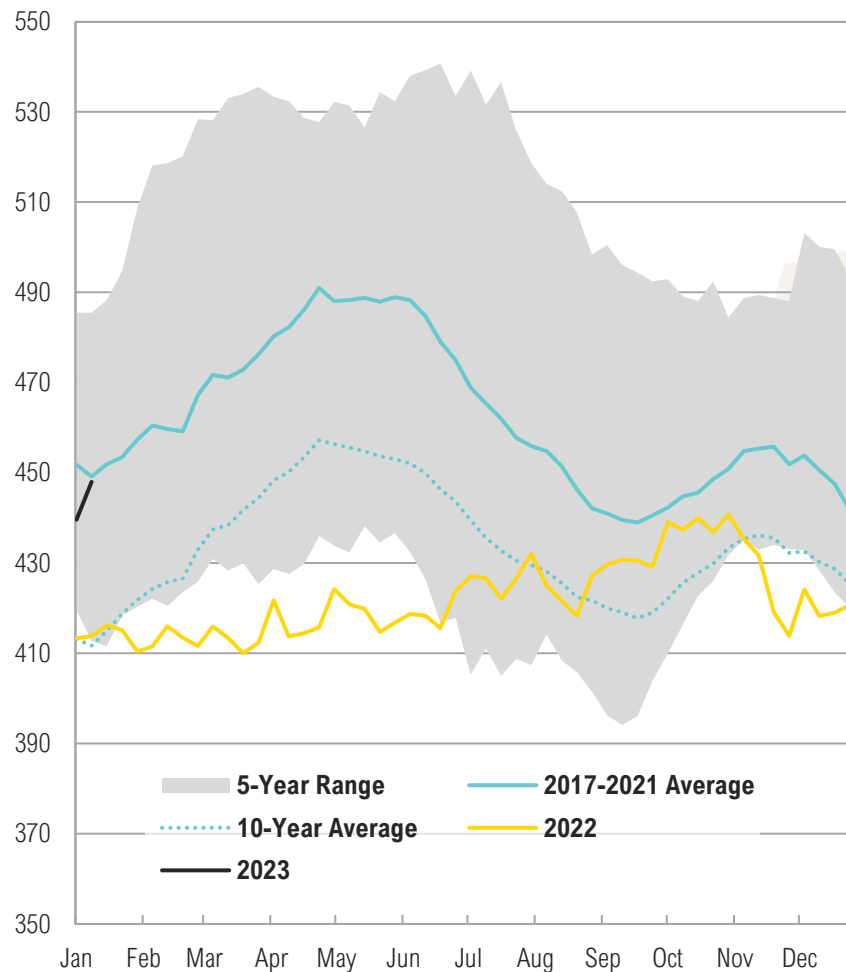


Source: Bloomberg, Energy Information Administration

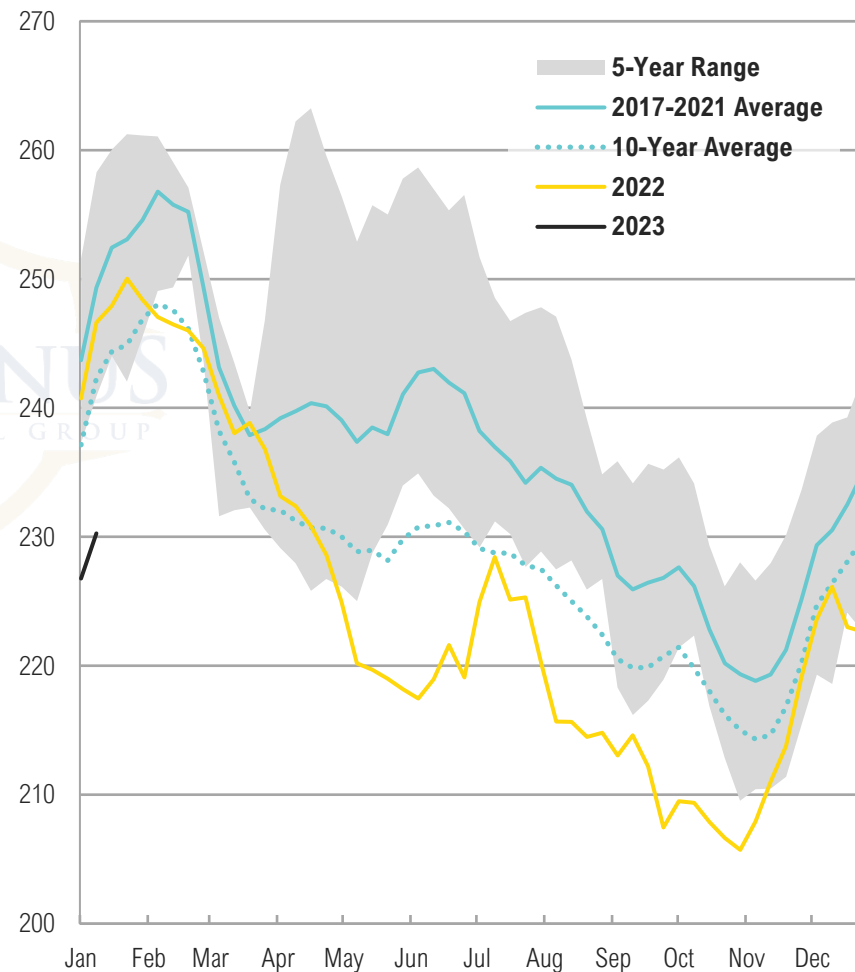
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Crude inventories have built to start the year while gasoline inventories remain tight relative to the past five years

U.S. CRUDE INVENTORIES EX SPR, MN BARRELS



U.S. MOTOR GASOLINE INVENTORIES, MN BARRELS

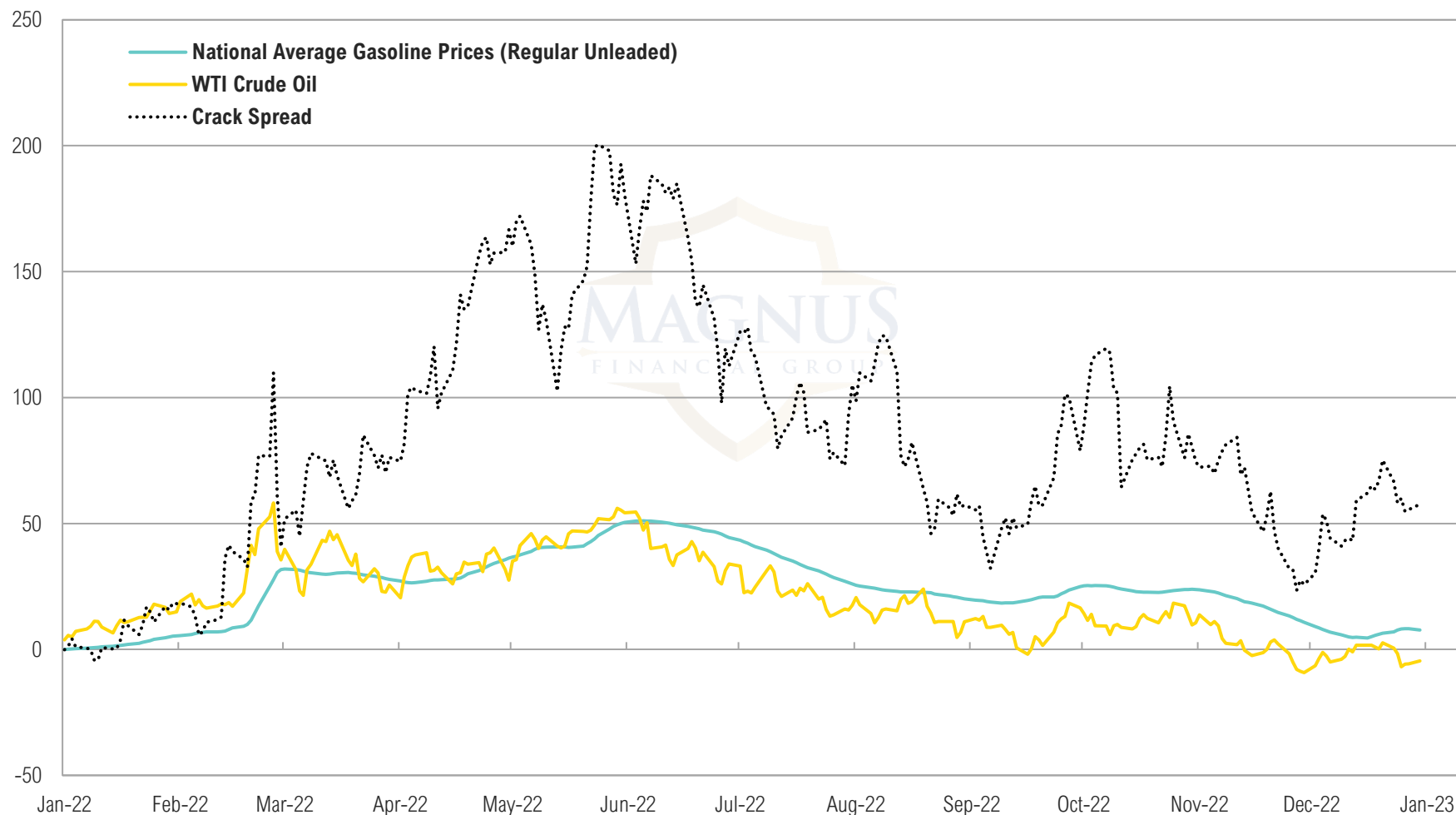


Source: Bloomberg, FiveThirtyEight, University of Michigan

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Crack spreads remain elevated despite the decline in oil prices, signaling continued constrained refinery capacity

PRICE % CHANGE, 10/26/21 – 10/24/22

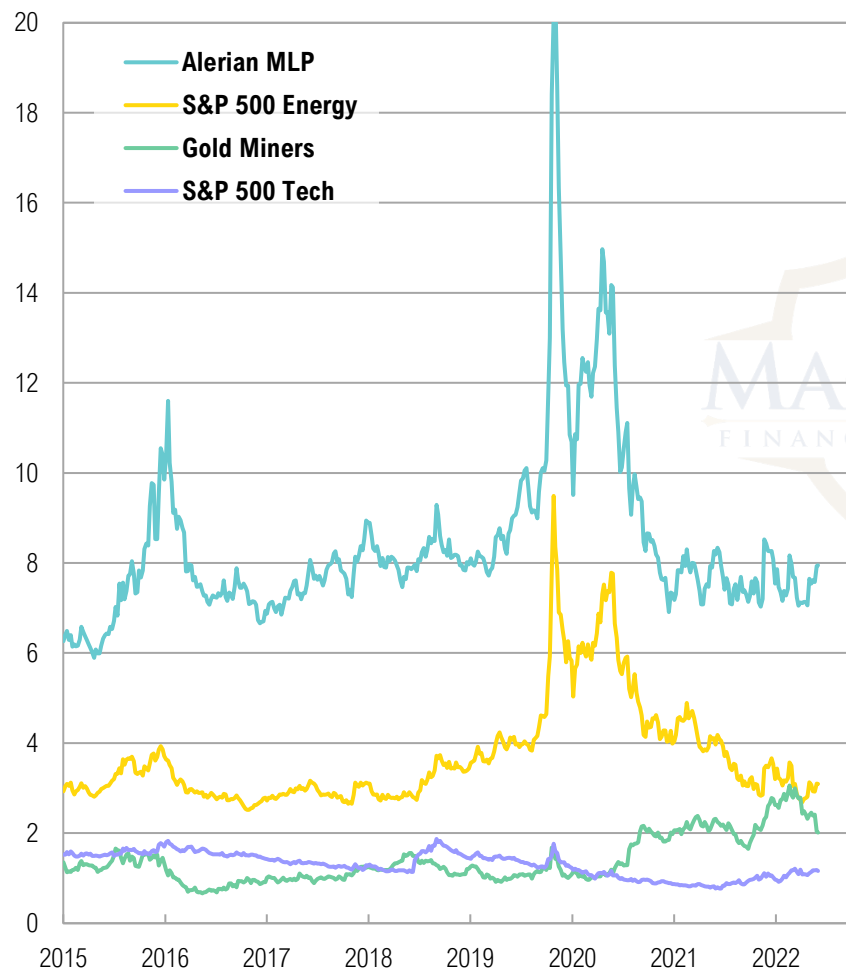


Source: Bloomberg

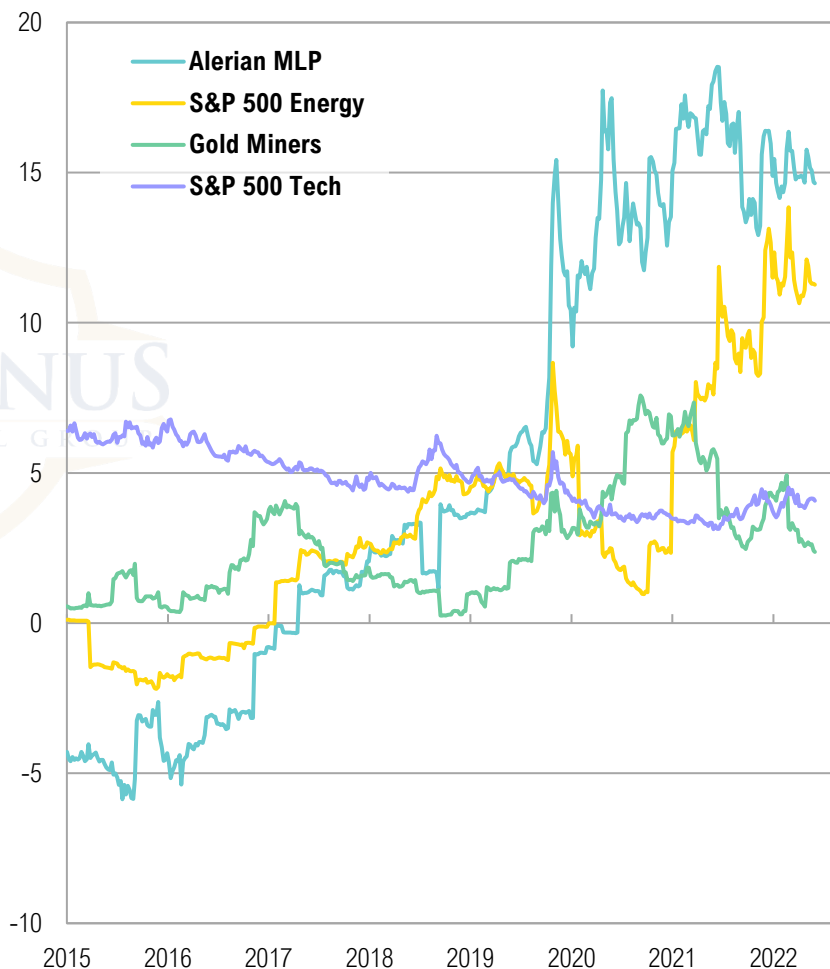
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Midstream distribution yields trending lower as sector breaks out to upside but remain relatively attractive, free cash flow yields of energy sector remain attractive

DIVIDEND YIELD, %



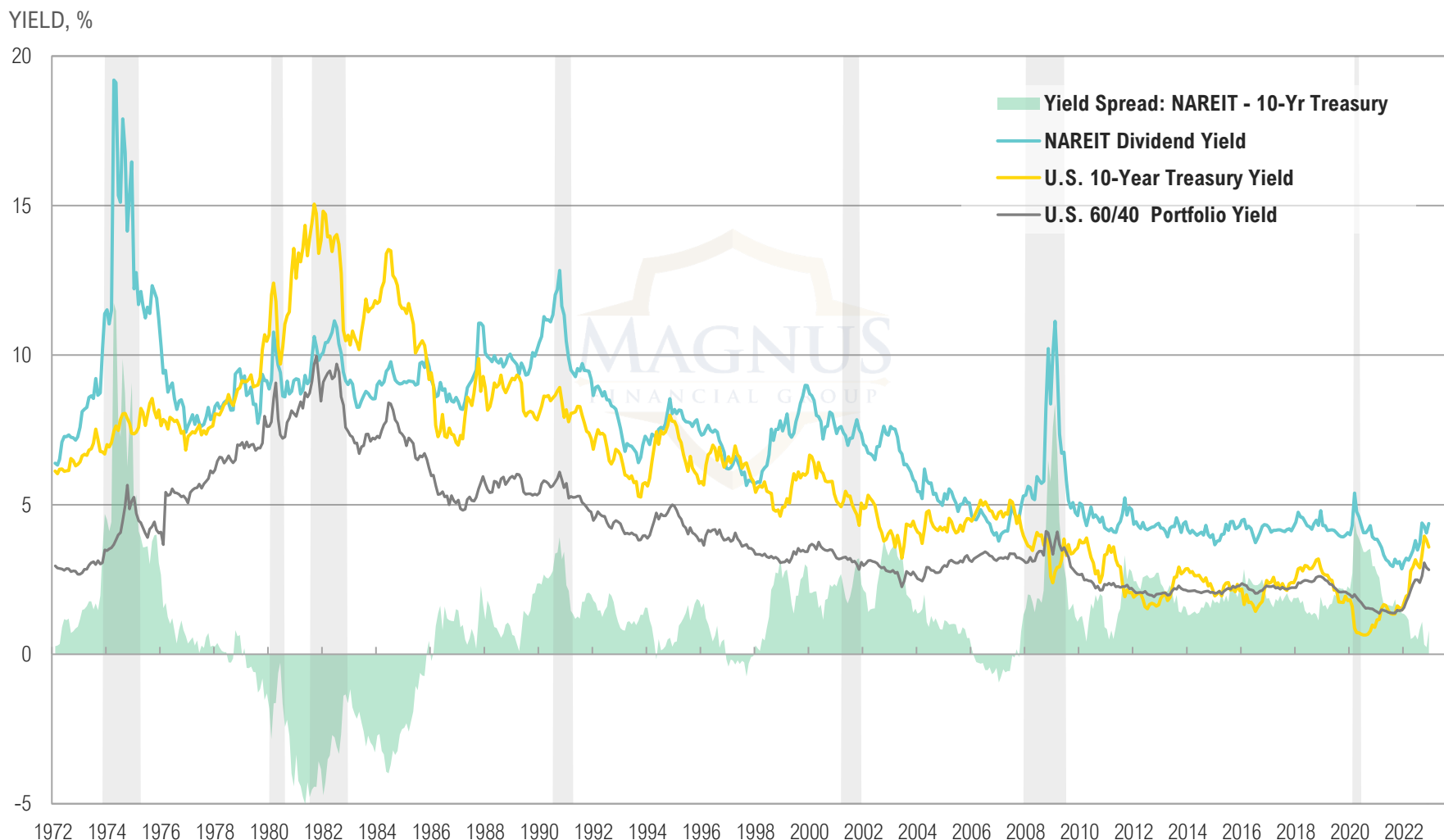
FCF YIELD, %



Source: Bloomberg

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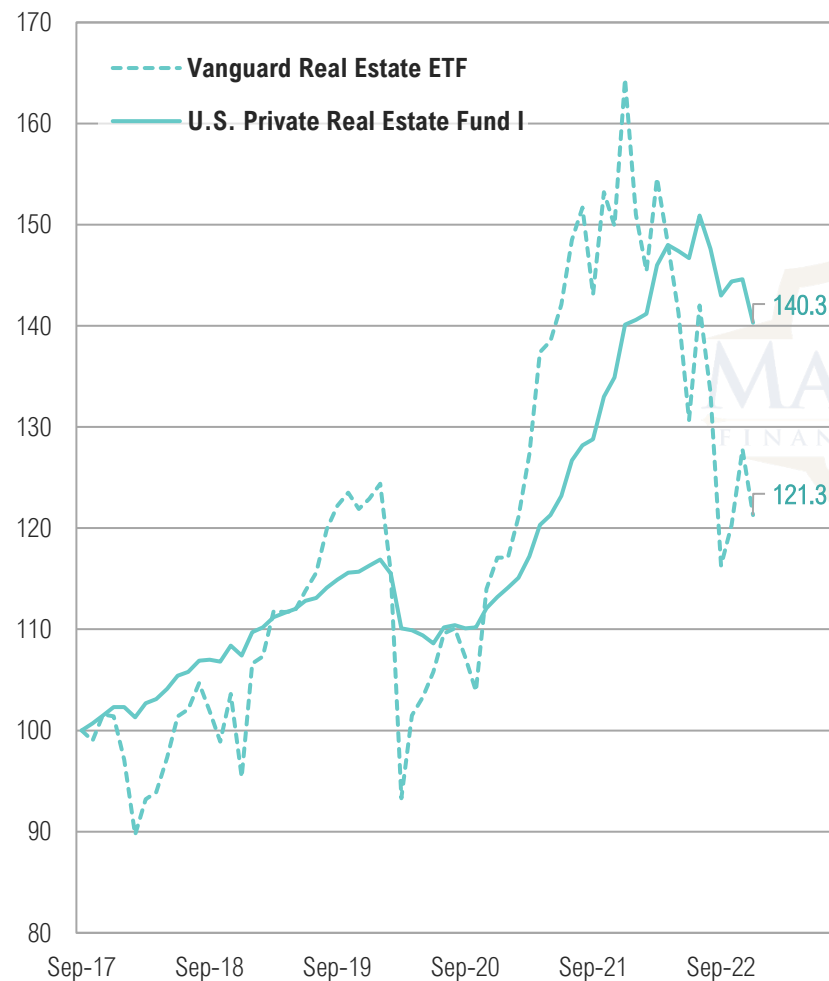
➤ Even after ending 2022 down 24.5%, REIT yields are wholly unattractive on a relative basis and near lowest levels in history on an absolute basis



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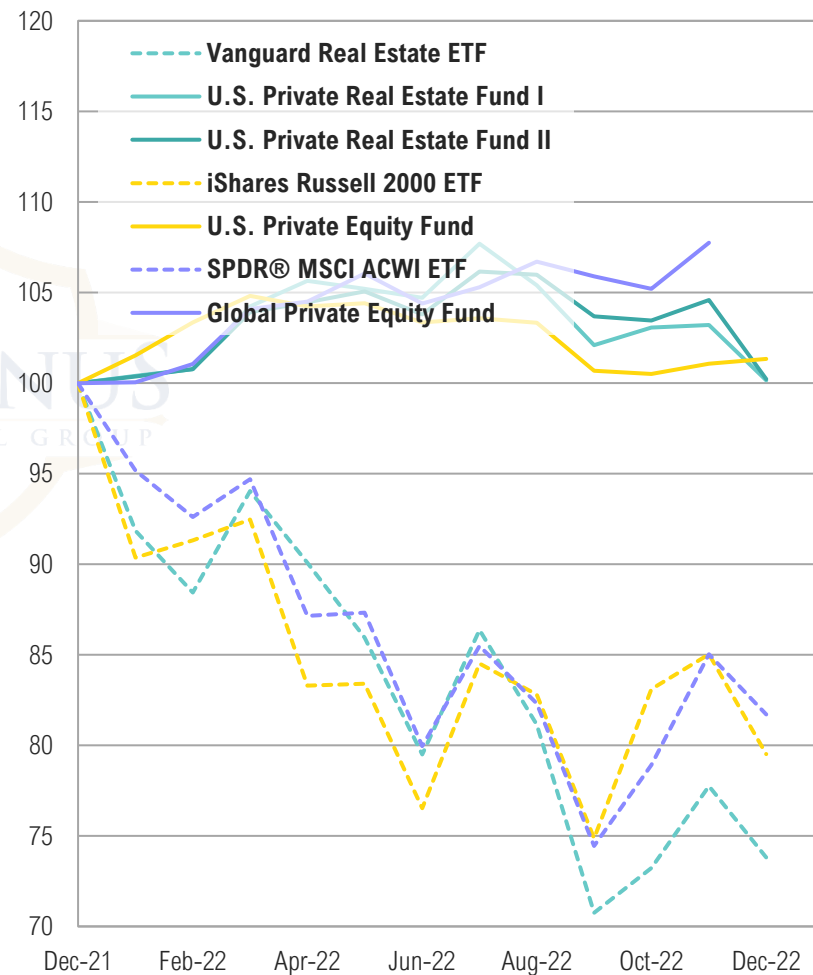
Private market interval funds have significantly outperformed their passive investable benchmarks YTD as net asset values have yet to catch down to reality

GROWTH OF 100



Source: Bloomberg. As of 12/31/2022.

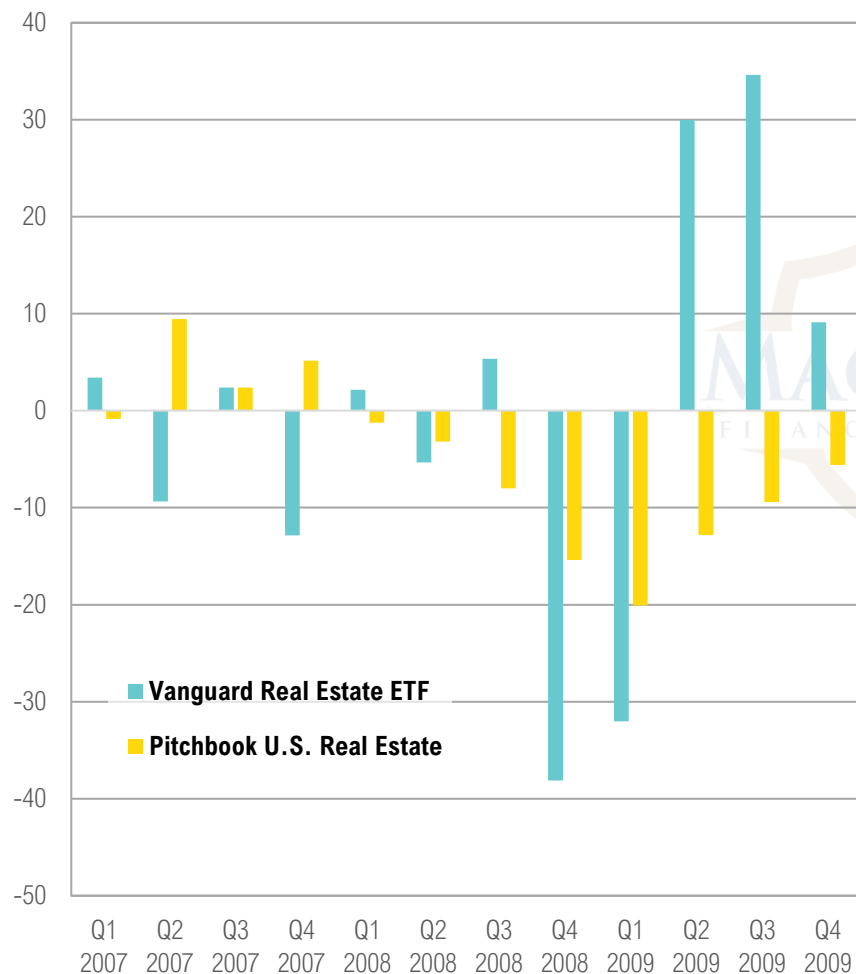
GROWTH OF 100



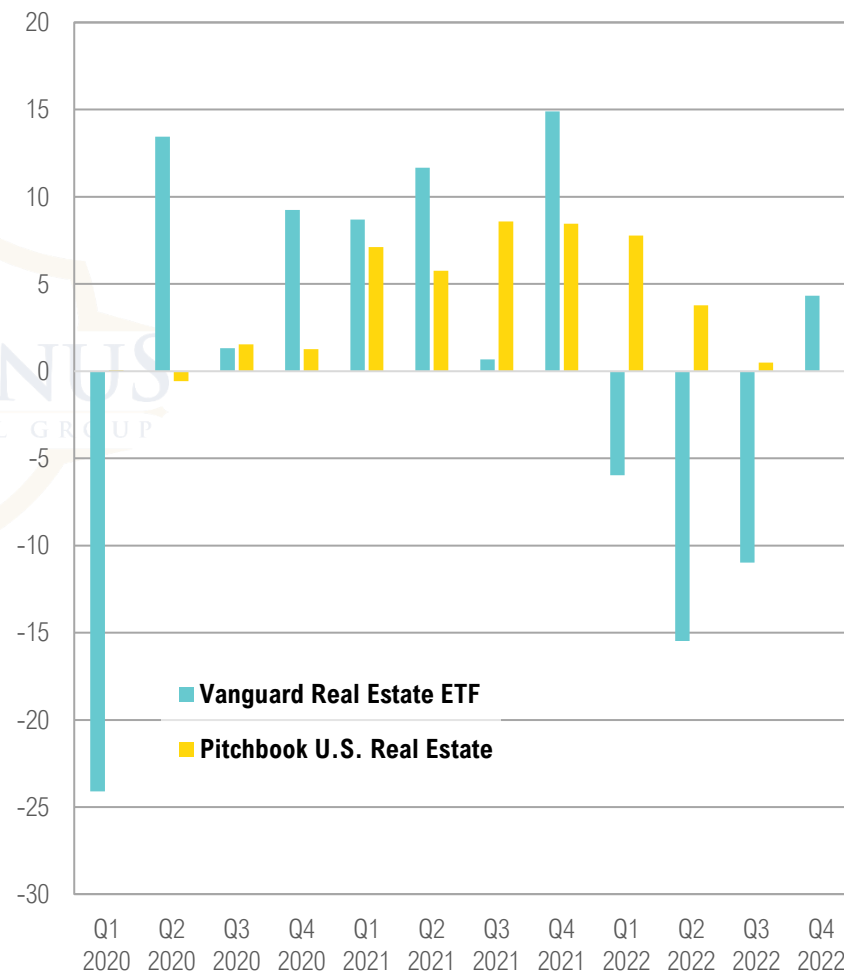
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Private real estate funds have not marked down properties like they did in the GFC

QUARTERLY TOTAL RETURNS, %



QUARTERLY TOTAL RETURNS, %

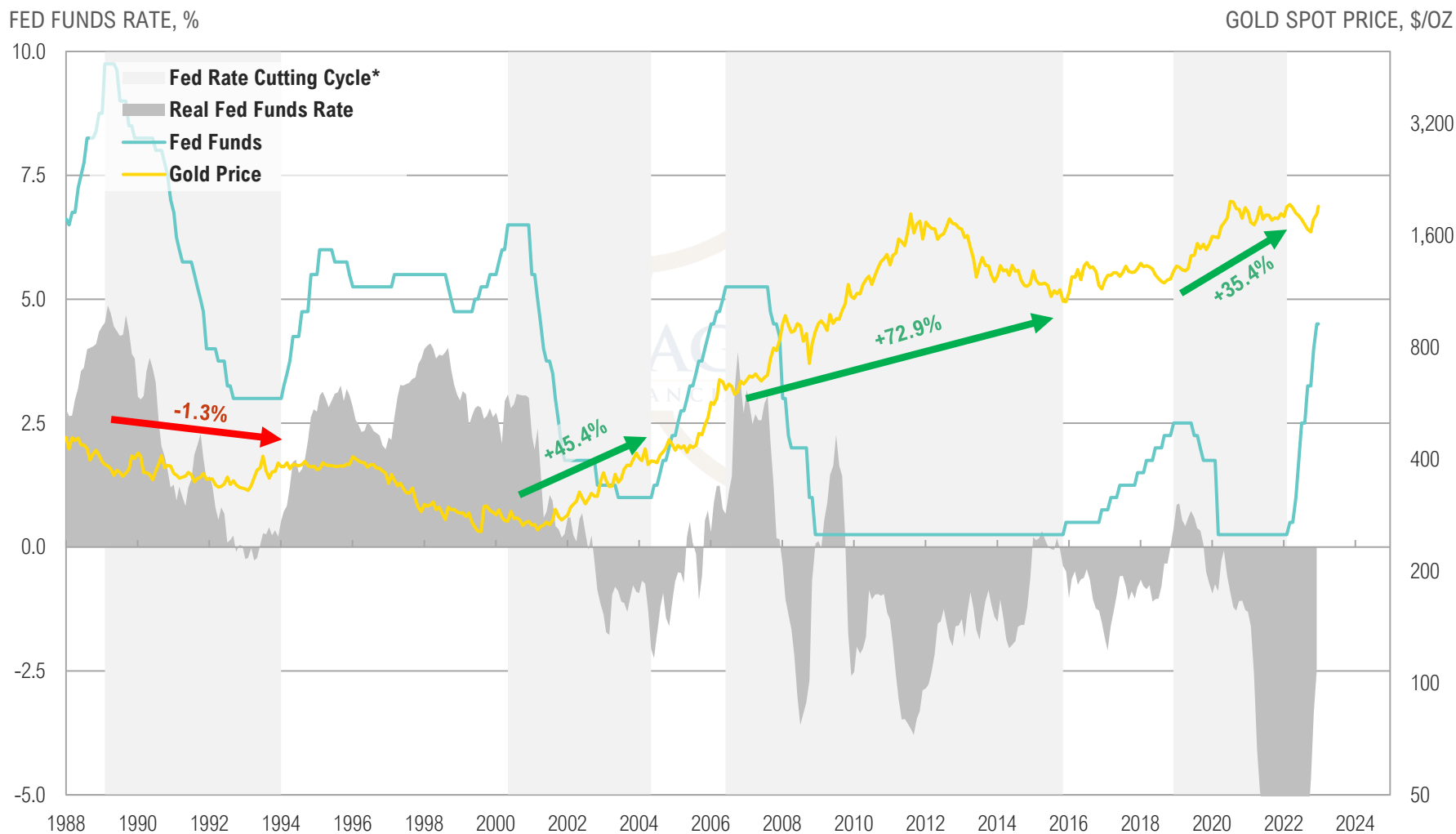


Source: Pitchbook, Bloomberg, Cambridge Associates

Q2 2022 Private Real Estate returns use the Cambridge Associates Real Estate Benchmark as of 6/30/2022.

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➤ Since the turn of the century, the end of hiking cycles have been positive for gold; this may be due to lower opportunity costs (falling real rates)

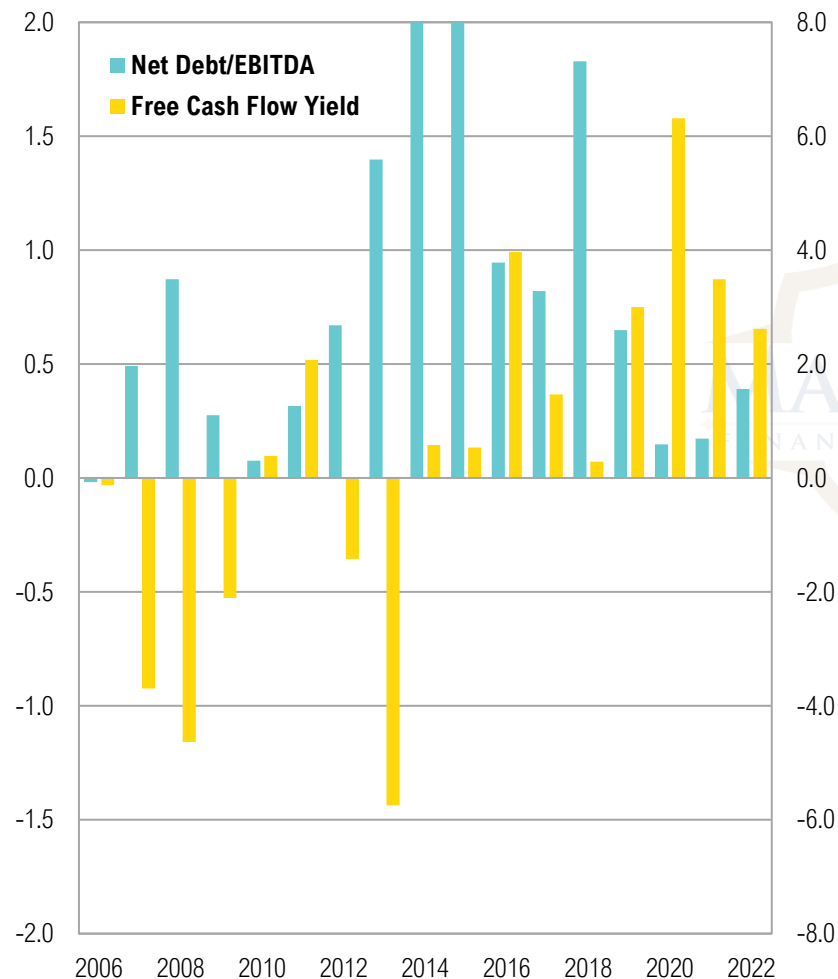


Source: Bloomberg. *Fed rate cutting cycle defined as period from last rate hike of a cycle to the first-rate hike of the next cycle. 1994 hiking cycle has been excluded.

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Gold miners have rallied >40% from Sept '22 lows, as spot gold prices catch a bid, but the rising of operating costs remains a key risk for miners

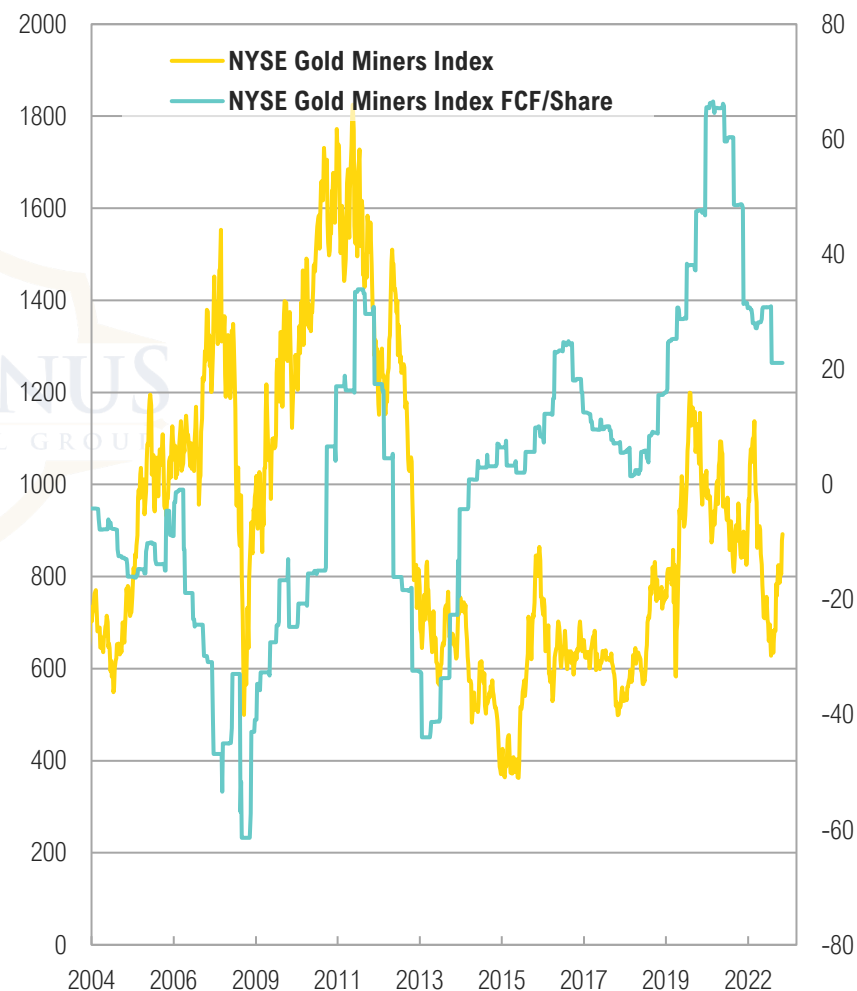
GOLD MINERS: NET DEBT/ EBITDA



GOLD MINERS: FCF YIELD

NYSE GOLD MINERS INDEX

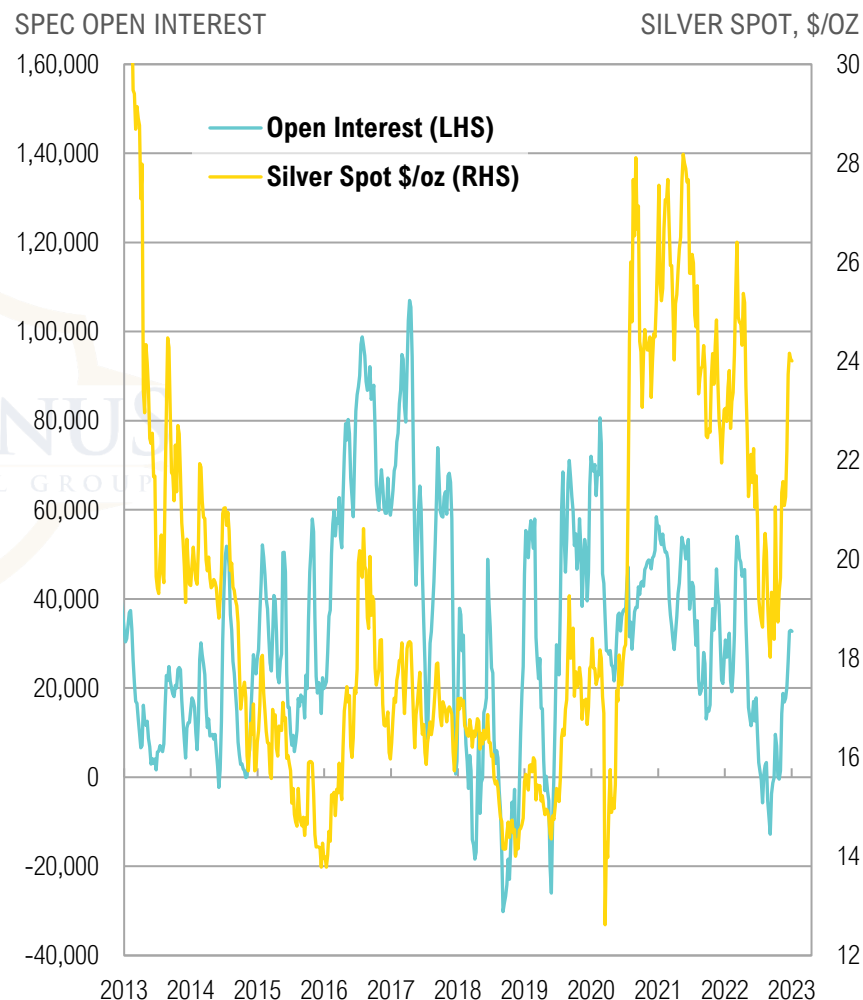
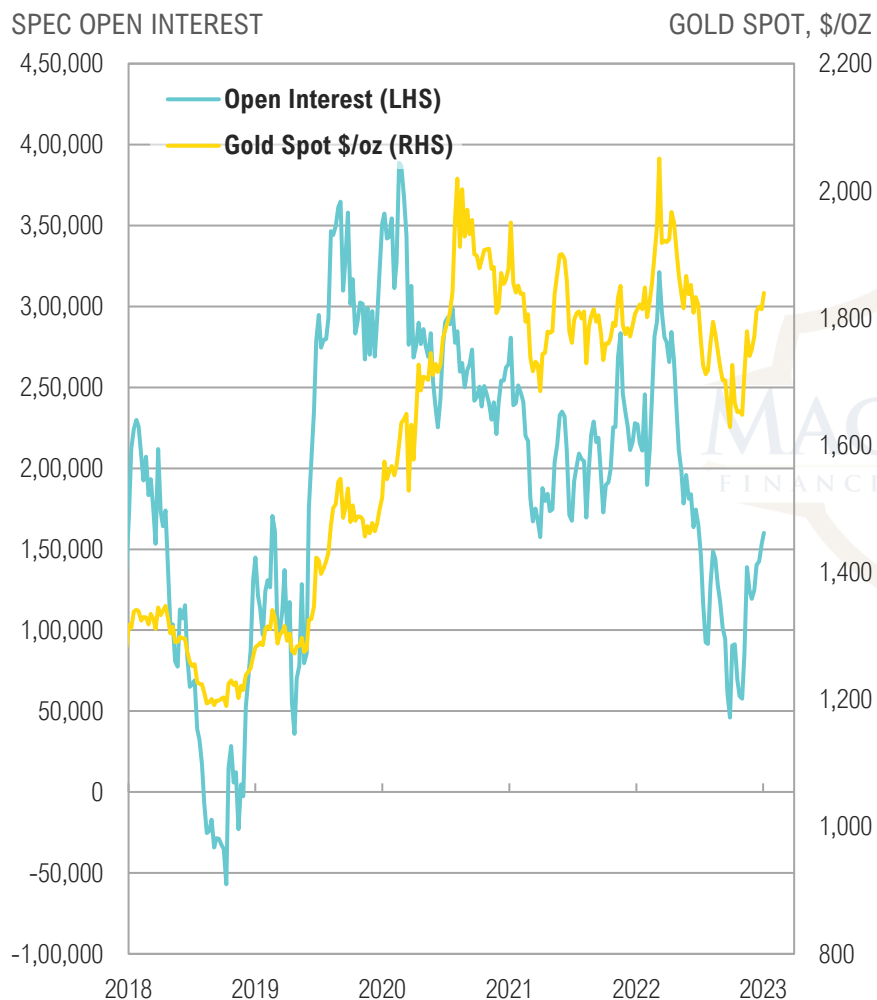
FCF/SHARE



Source: Bloomberg

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➤ Spec positioning in gold futures increased modestly over the December, but nowhere near stretched, suggesting recent rally may have legs

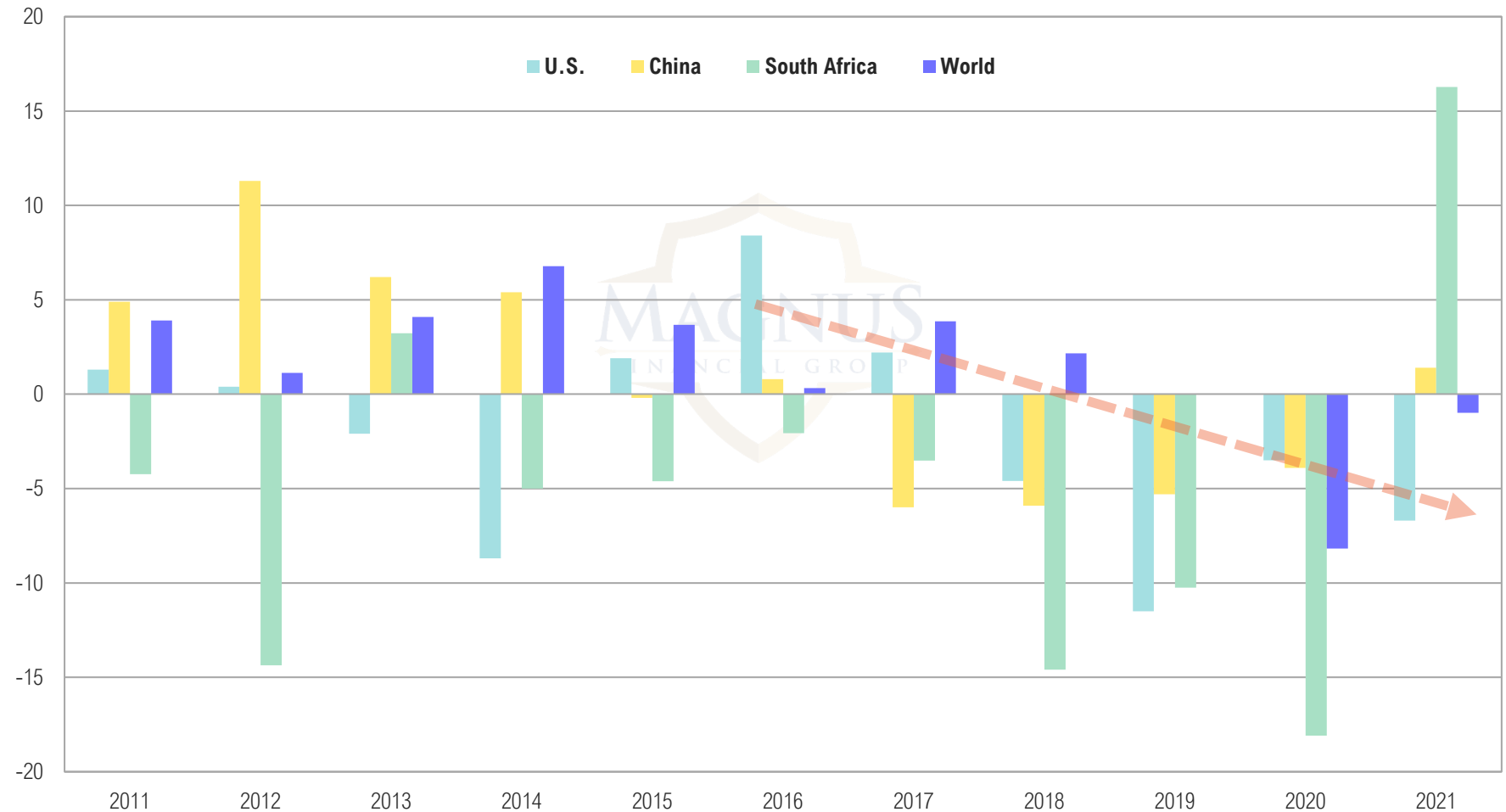


Source: Bloomberg

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Global gold production volumes have been tracking lower in recent years

GOLD MINING PRODUCTION VOLUME Y/Y, %



Source: Bloomberg, Hedgeye, CEIC

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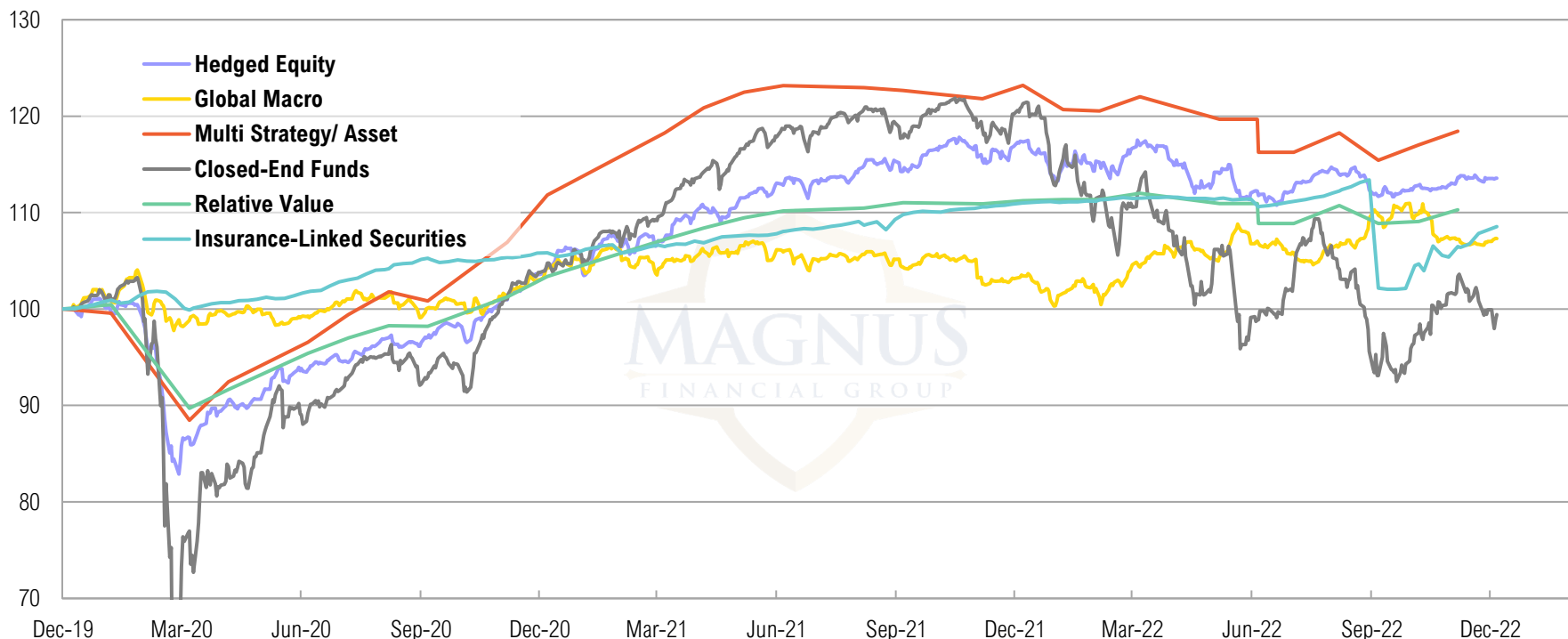


We also had the China lockdown situation, which now appears to be resolved. So the China market, it's a big market, and we expect that to resume growth. And we are going to take a couple quarters, as we said, for the inventory to clear up before we get normal demand.

– Cristiano Amon, Qualcomm CEO

While global macro was the only opportunistic asset class with negative Q4 returns, contrarily it was also the only strategy to produce positive returns over 2022

CALENDAR YEAR & TRAILING TOTAL RETURNS



Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2022	2021	2020	2019	2018
Hedged Equity	HFRX Equity Hedge Index	-0.1	1.7	-3.2	-3.2	4.3	2.6	3.3	-3.2	12.1	4.6	10.7	-9.4
Global Macro	HFRX Macro-CTA Index	0.0	-2.2	3.7	3.7	2.4	1.7	0.9	3.7	-0.8	4.3	4.8	-3.2
Multi Strategy/ Asset	HFRI Fund Weighted Composite Index	N/A	2.6	-3.9	-3.9	5.8	4.5	4.7	N/A	10.2	11.8	10.4	-4.7
Relative Value	HFRI Relative Value Index	N/A	1.3	-0.8	-0.8	3.3	3.4	4.0	N/A	7.6	3.4	7.4	-0.4
Closed-End Funds	S-Network Composite Closed-End Index	-5.4	3.5	-25.4	-25.4	-8.3	-5.5	-3.2	-25.4	7.4	-3.7	15.1	-15.3
Insurance-Linked Securities	SwissRe Global Cat Bond Index	1.9	6.2	-2.2	-2.2	2.8	3.1	4.5	-2.2	4.9	5.8	4.6	2.5

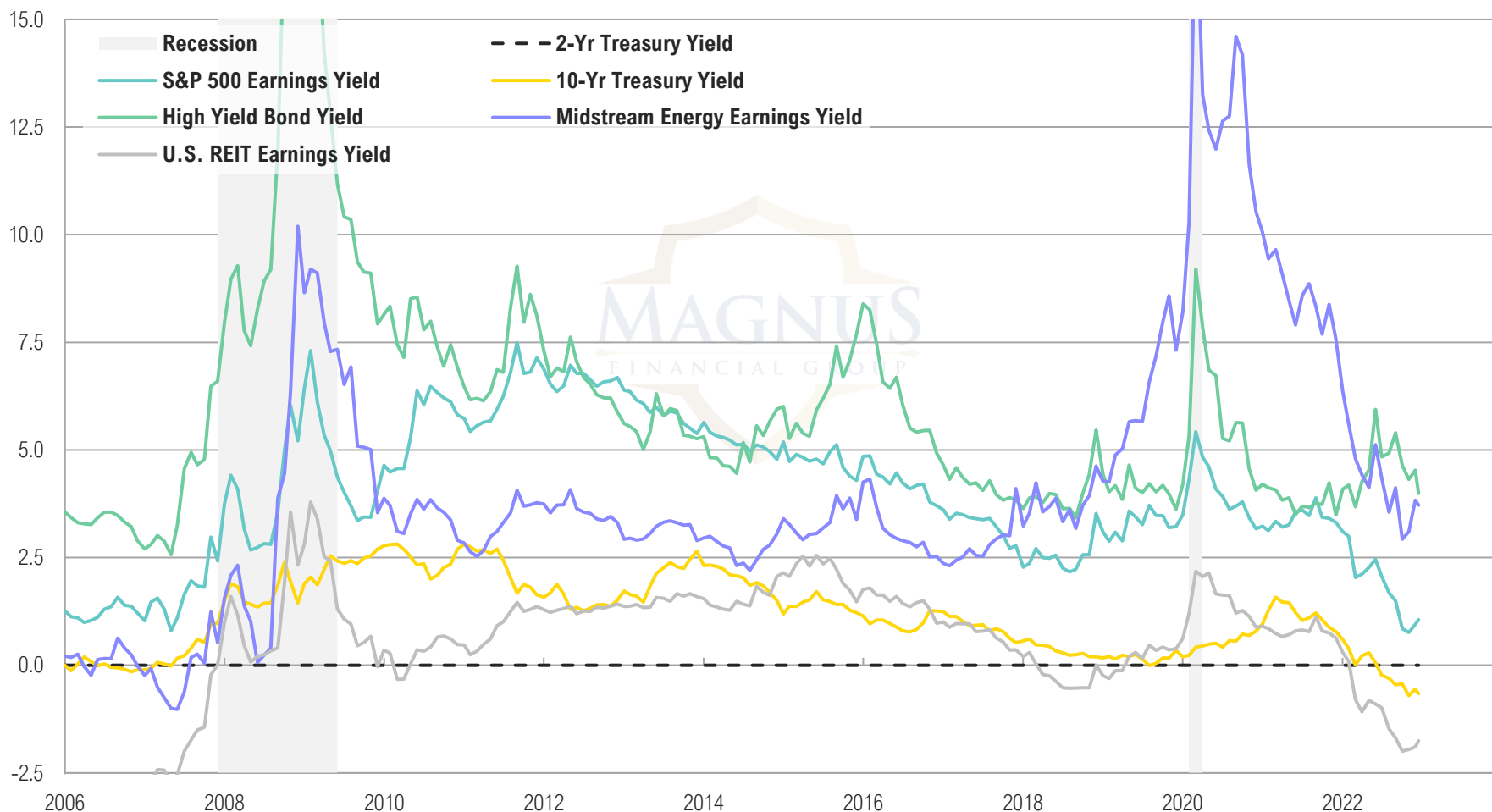
Source: Bloomberg

Due to reporting lag, Multi Strategy and Relative Value trailing return data in the table above is lagged by 1 month. Returns for periods greater than 1 year are annualized.

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➤ Most asset classes don't look attractive relative to the 2-year Treasury yield; spreads have some way to go if past recessions are at all indicative

YIELD SPREAD VS 2-YEAR TREASURY, %

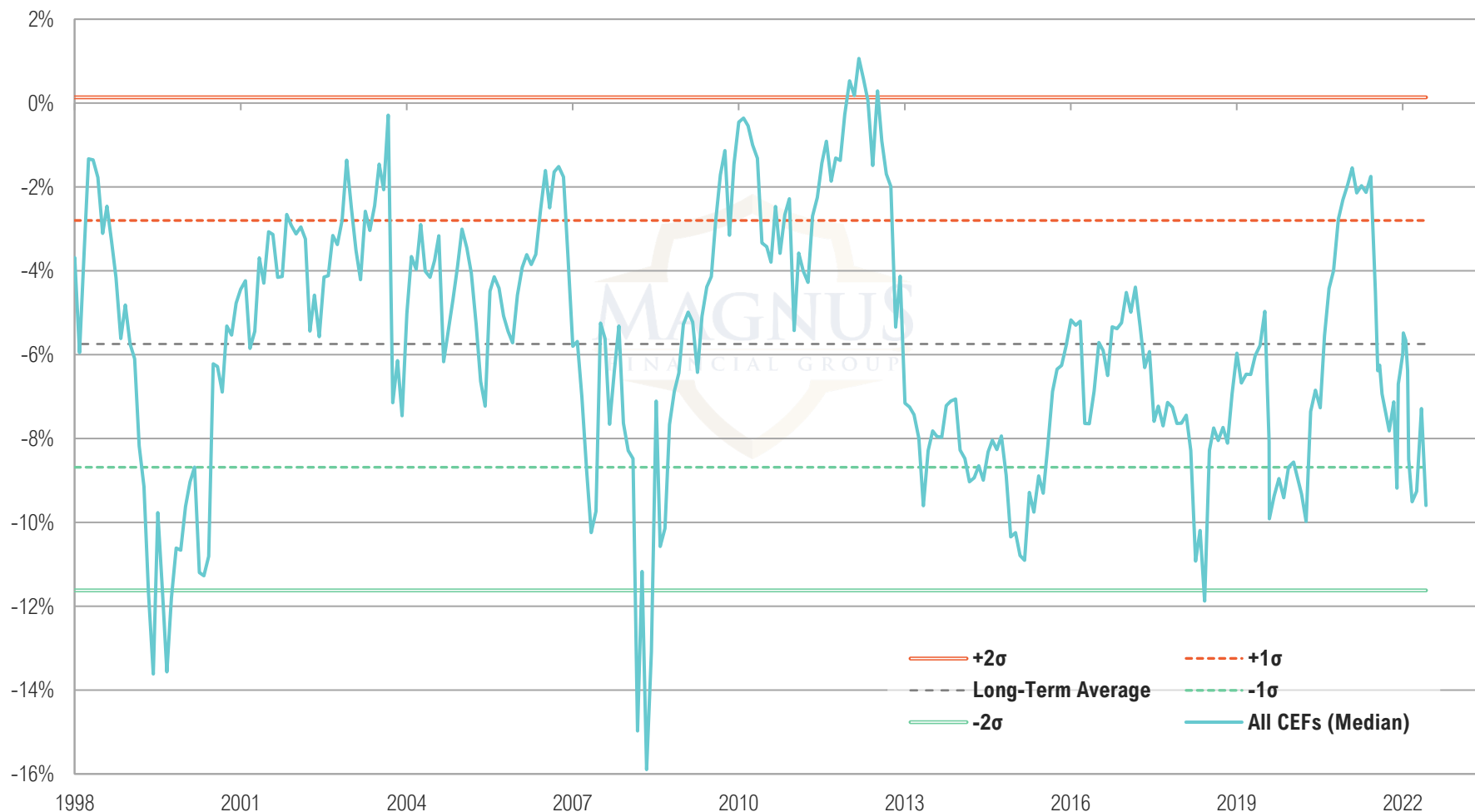


Source: Bloomberg

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CEF discounts widened to -9.6% in December; U.S. taxable bond discounts widened in December back above 6.0% after narrowing to 3.7% in November

MEDIAN PREMIUM / DISCOUNT TO NET ASSET VALUE

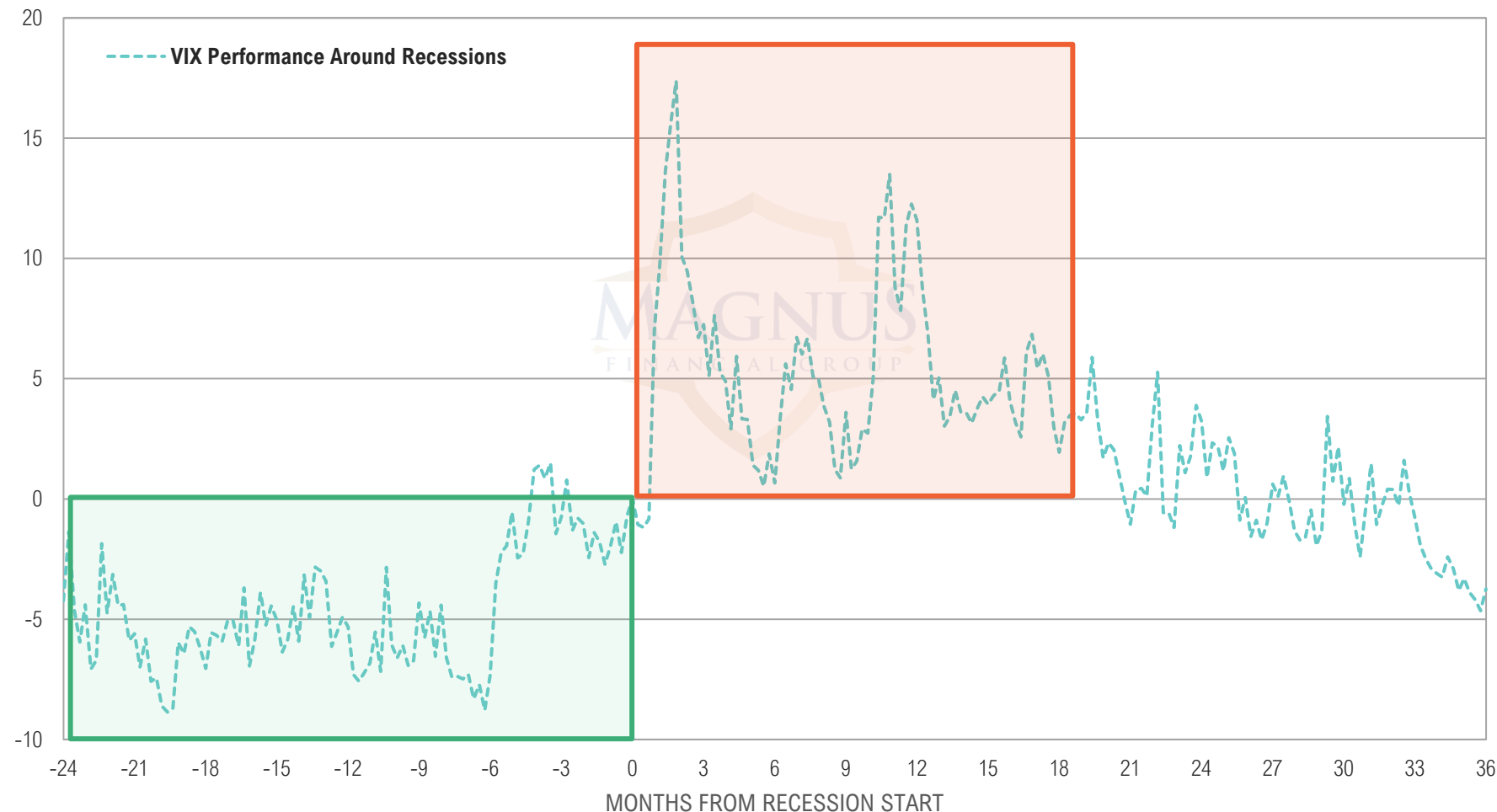


Source: Bloomberg

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Historically, the VIX has spiked and remained elevated for extended periods after the start of a recession — but remember, volatility brings opportunity!

NET CHANGE IN VIX FROM RECESSION START

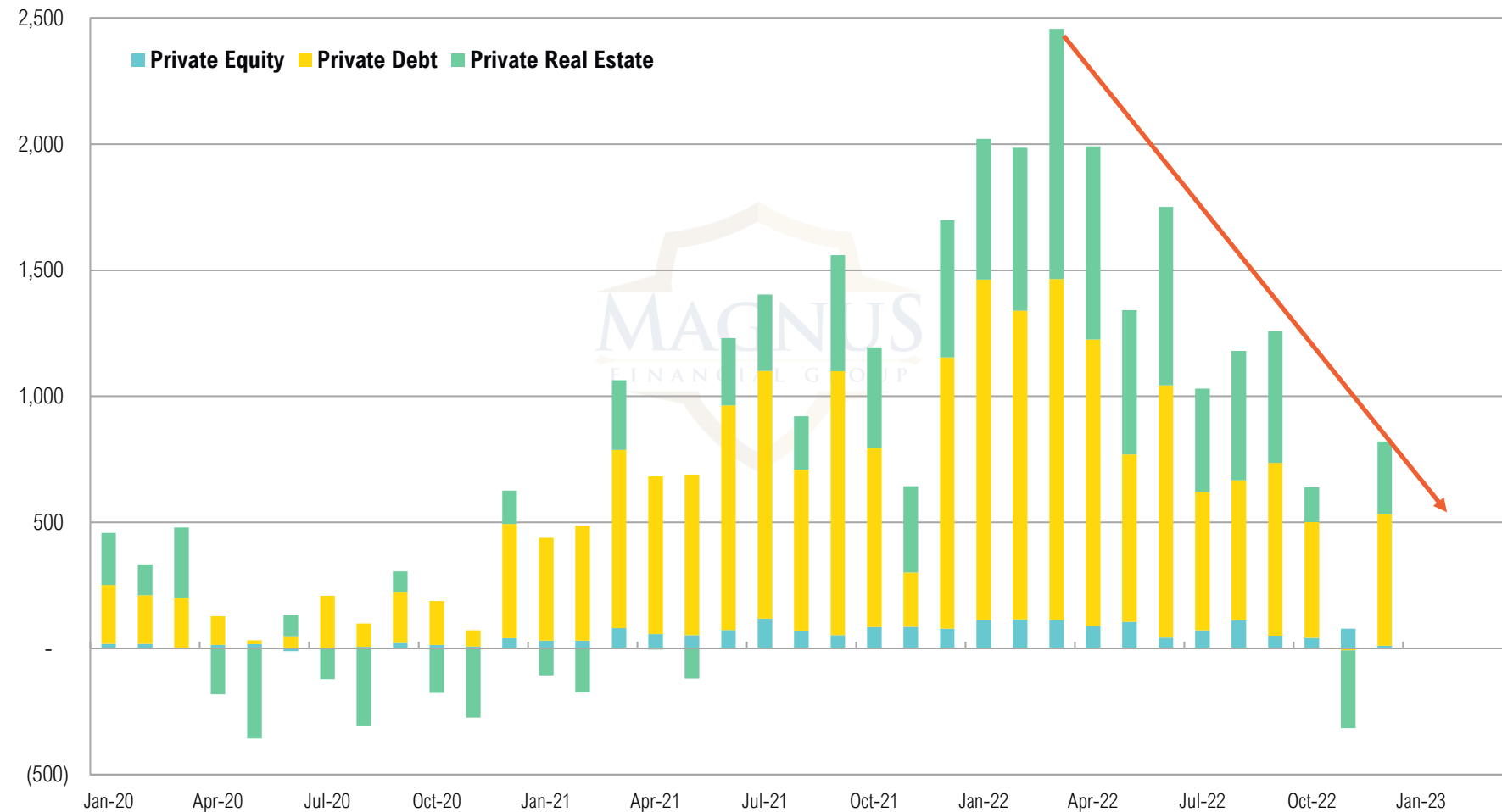


Source: Bloomberg, Hedgeye. VIX data for 1990, 2001, 2007 and 2020 recessions aggregated.

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Interval funds saw massive inflows in 2021 and 1H 2022, but these may be starting to reverse

NET ASSET FLOWS, \$MN



Source: Morningstar

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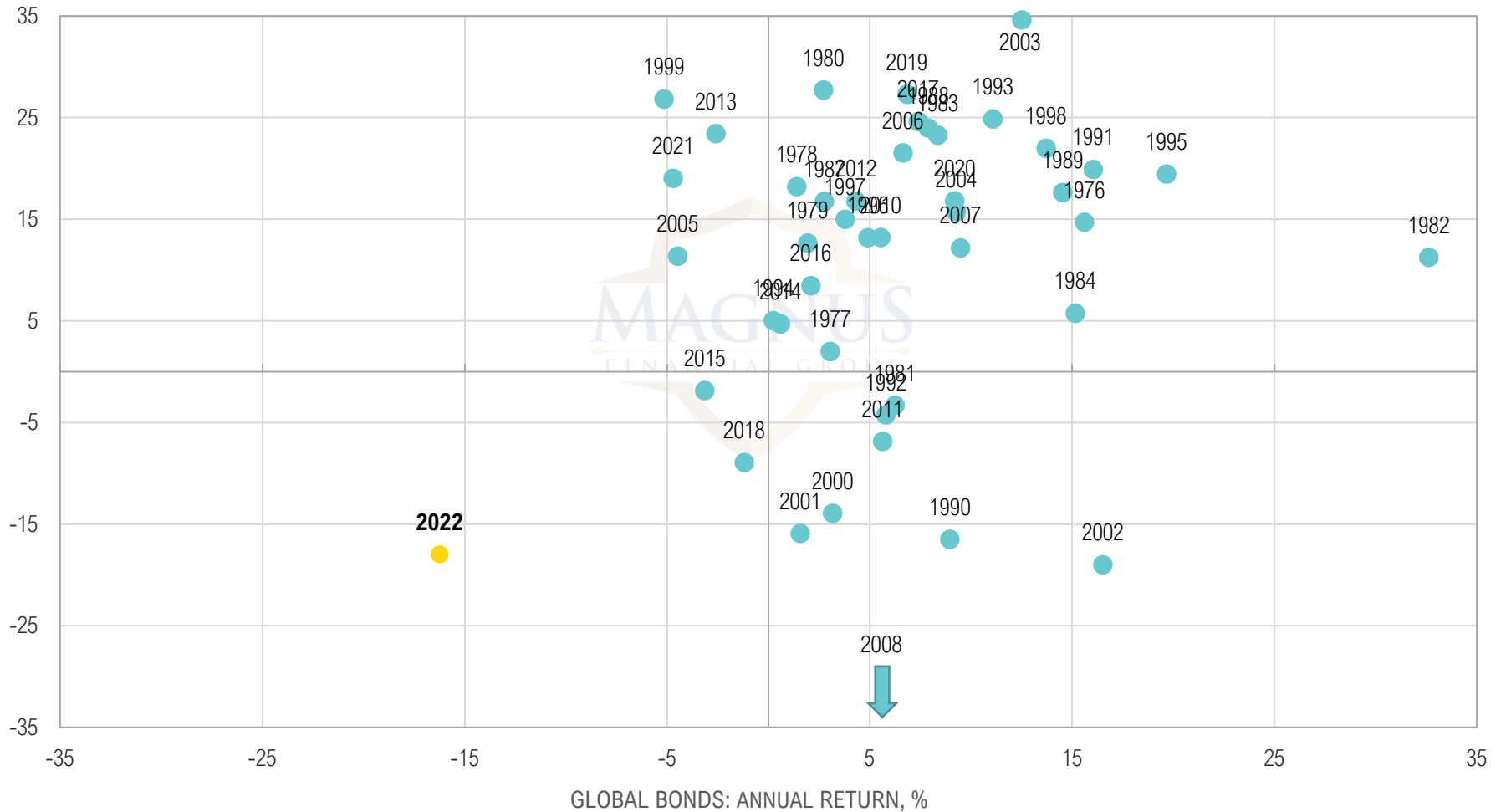


Regardless of industry, as the macro uncertainty has increased, right, they're being a little bit more cautious. So we're seeing some delays in decision-making. We see changes in the pace of spending, and we're seeing some pausing of the smaller deals. And all of this impacts the smaller deals more

– Julie Sweet, Accenture CEO

➤ 2021 was an unusual year for global stocks and bonds, 2022 even more so; again, highlighting the unusual predicament the Fed is in

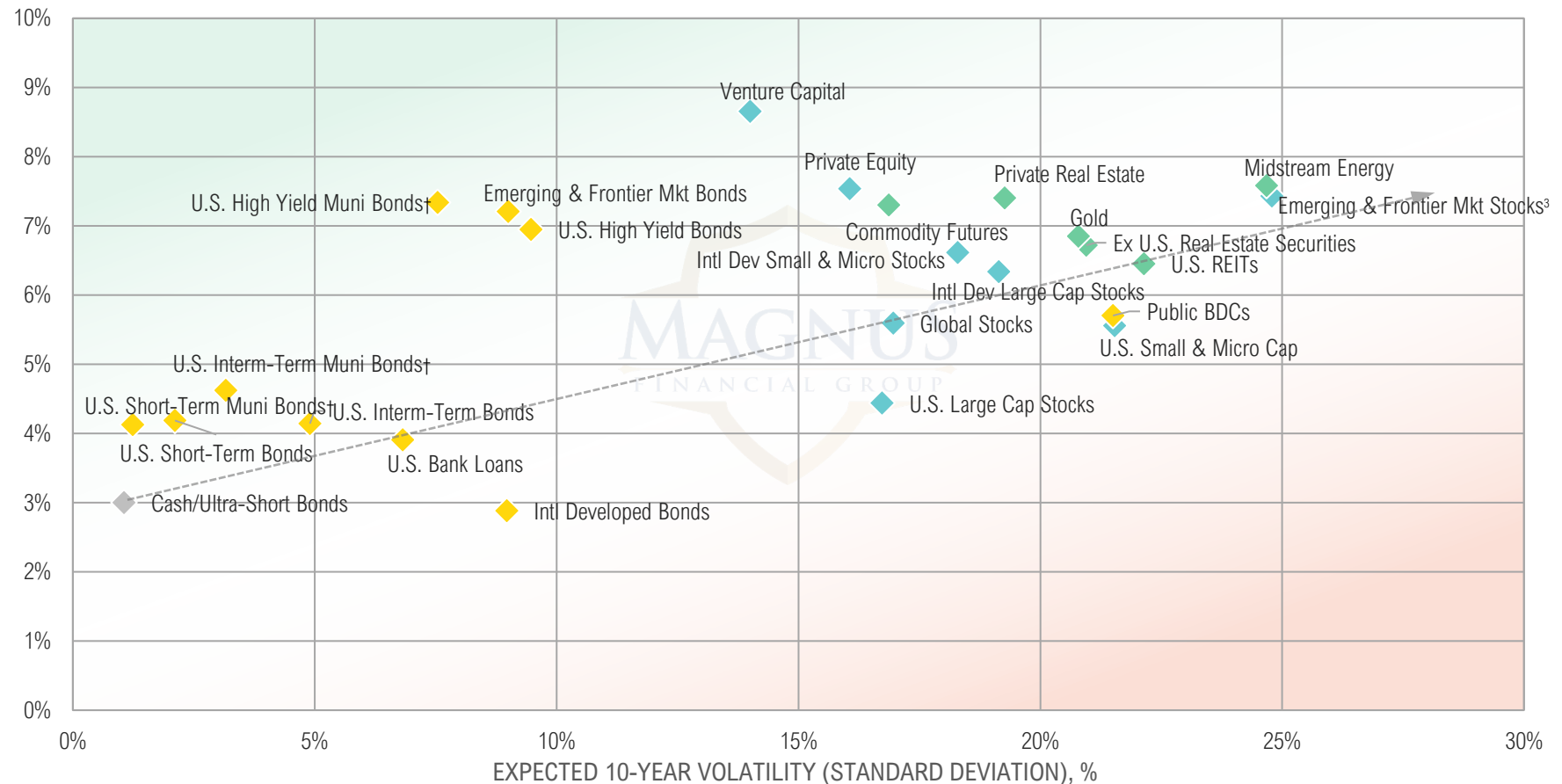
GLOBAL STOCKS: ANNUAL RETURN, %



Source: Bloomberg. Global Stocks are represented by MSCI ACWI Index (1988-2022) and the MSCI World Index (1976-1987). Global Bonds are represented by Bloomberg Global Aggregate Bond Index (1991-2022) and Bloomberg US Agg Bond Index (1976-1990). © 2023 Magnus Financial Group LLC. All Rights Reserved

Expected 10-year returns for most assets fell marginally as yields fell and equity valuations rose throughout the quarter

EXPECTED 10-YEAR GROSS TOTAL RETURN, %



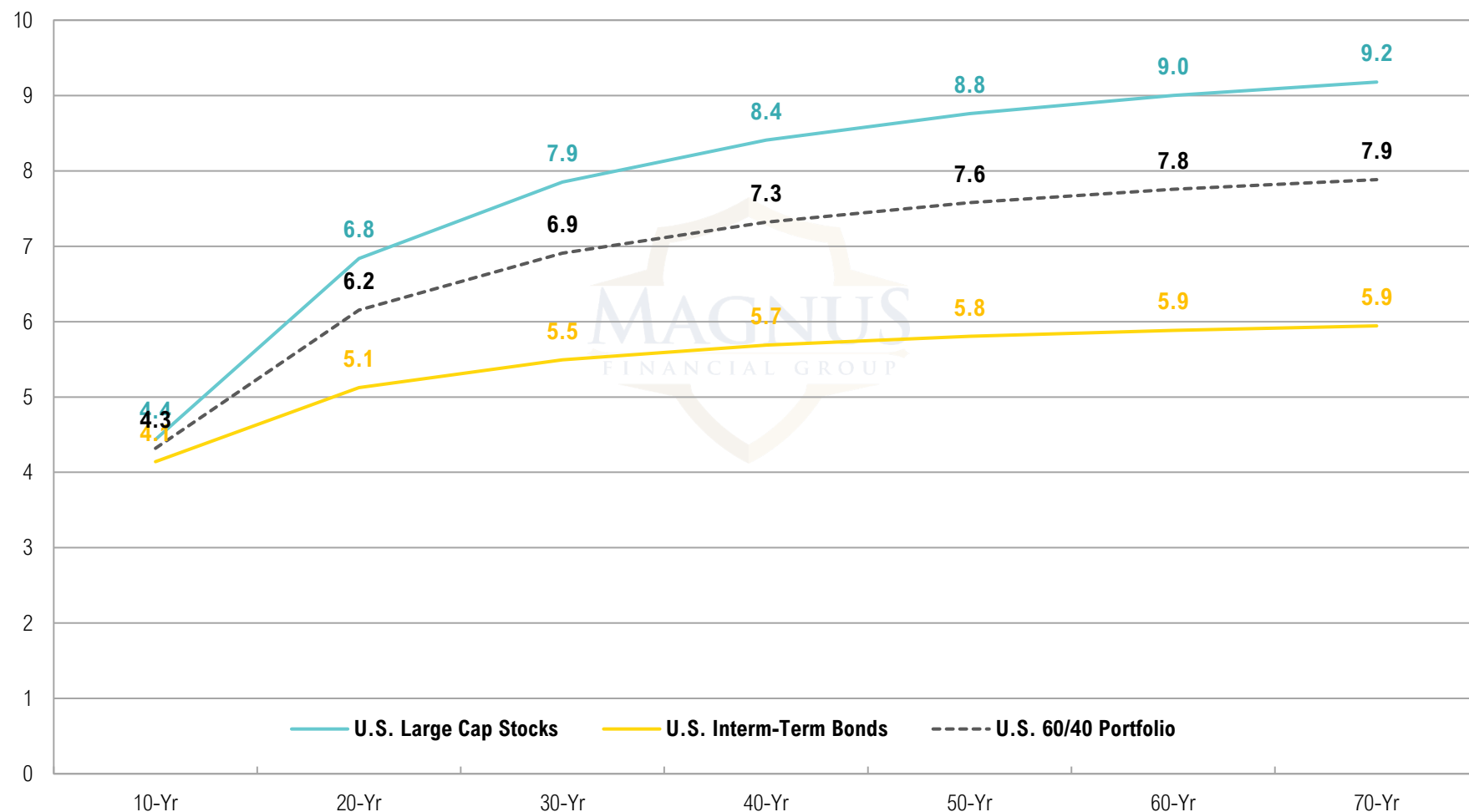
³ Estimated returns include impact of currency adjustment † Reported on a taxable-equivalent basis assuming 35% marginal tax rate.

Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations

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Fixed income returns continue to offer similar returns to U.S. large cap stocks over 10 years (pre-inflation, which is big unknown)

EXPECTED TOTAL RETURN, % ANNUALIZED



Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations

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APPENDIX 1: ASSET CLASS DEFINITIONS

ASSET CLASS BENCHMARKS

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

Intl Dev Small & Micro Stocks: MSCI EAFE GR Index

Emerging & Frontier Market Stocks: MSCI Emerging Markets GR Index

Global Stocks: MSCI ACWI GR Index

Private Equity: Cambridge Associates U.S. Private Equity

Venture Capital: Cambridge Associates U.S. Venture Capital

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

U.S. High Yield Muni Bonds: Bloomberg Barclays High Yield Muni TR Index

U.S. Interm-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

Public BDCs: S&P BDC 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

Private Real Estate: Cambridge Associates Real Estate

Commodity Futures: Bloomberg Commodity TR Index

Midstream Energy: Alerian MLP TR Index

Gold: LBMA Gold Price

Long-Short Equity: HFRI Equity Hedge Index

Global Macro: HFRI Macro-CTA Index

Relative Value: HFRI Relative Value Index

Closed-End Funds: S-Network Composite Closed-End TR Index

Insurance-Linked Securities: SwissRe Global Cat Bond TR Index

Digital Assets: MVIS CryptoCompare Digital Assets 25 Index

Cash & Cash Equivalents: Bloomberg Barclays U.S. T-Bill 1-3 Month TR Index

U.S. Short-Term Muni Bonds: Bloomberg Barclays Municipal 1-3 Yr TR Index

U.S. Short-Term Bonds: Bloomberg Barclays U.S. Agg 1-3 Yr TR Index

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