Market Outlook

Whac-A-Mole

Q4, 2022

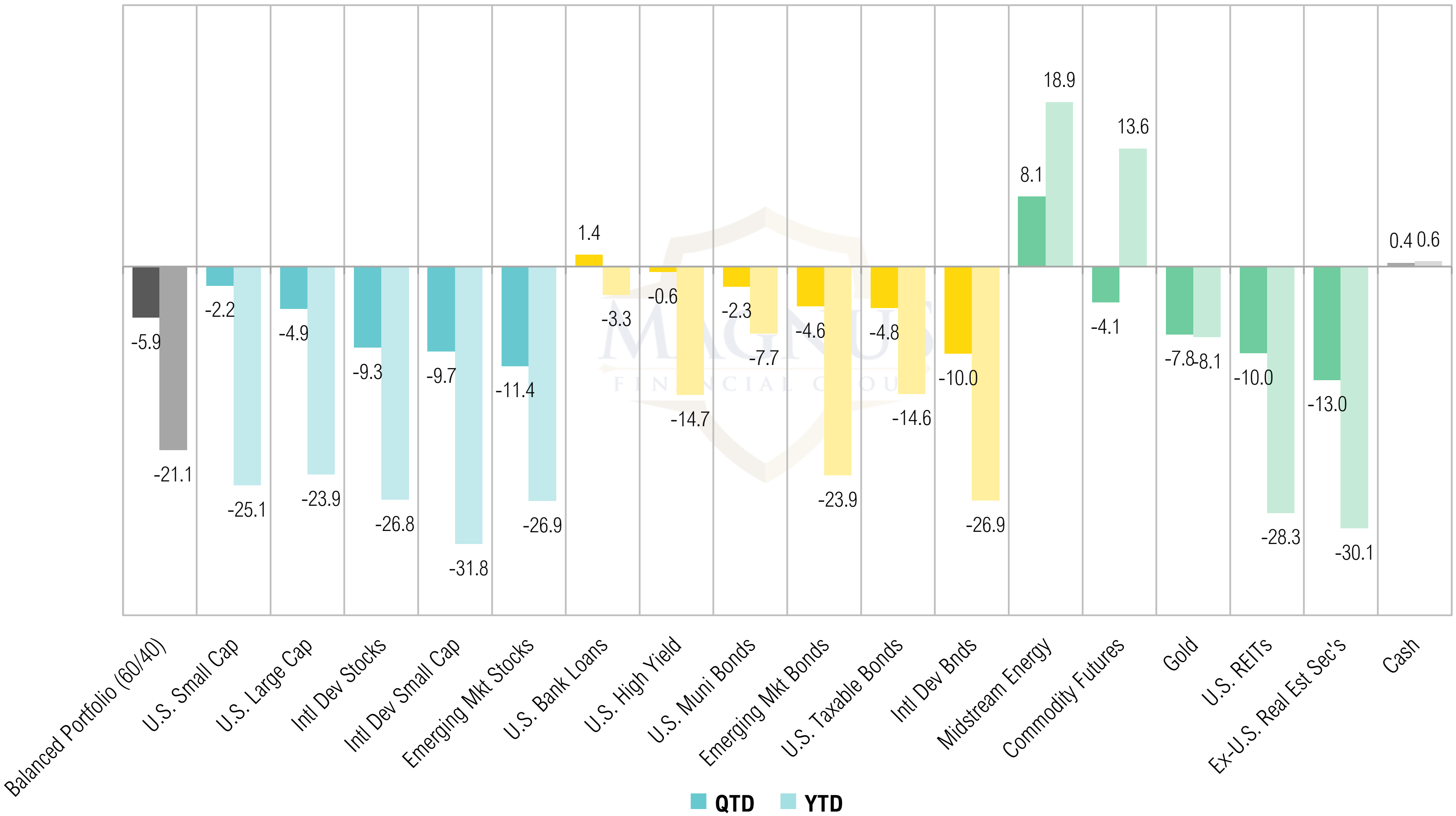
“

When inflation is low, you feel that you know more about the future, and are much more willing to take risks.

– Peter Bernstein, *Economist & Author of Against The Gods*


ARCADE
WHAC
-A-
MOLE
INFLATION
STOCK MARKET
HOUSING
JOBS
BOND MARKET
KROESE '22

The third quarter was unusually challenging for U.S. investors as both U.S. large cap stocks (-4.9%) and bonds (-4.8%) declined together



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

Key themes for 2023

Era of stubbornly higher inflation – higher inflation underpinned by structural constrained labor, housing and energy markets; increased volatility due to stop-and-start policy leading to bouts of disinflation like 1970s.

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 base case.

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 1H22.

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 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).

Maintain U.S. emphasis until it is obvious – Foreign stocks have been a value trap for many years; maintain underweights but consider adding to emerging markets when Fed is forced to pivot.

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 migration, demographic, social and now recession-related disruption; expect to deploy in 2023

Volatility means opportunity – improved opportunity set for value-biased active managers if volatility persists and 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 dynamic over static asset allocations.

"

For the first time in decades, we have seen historic job growth, and workers have begun to see wage gains, gains that your prior actions to stabilize the economy helped achieve. Yet, many workers and their families are struggling under the weight of inflation. As you explained in your September 21, 2022, FOMC remarks, "If your family is one where you spend most of your paycheck, every paycheck cycle, on gas, food, transportation, clothing, basics of life, and prices go up the way they've been going up, you're in trouble right away." High inflation affecting household needs such as food, healthcare, and transportation strains middle- and lower-income budgets. The Federal Reserve's tools work to lower inflation by reducing demand for economic activities sensitive to interest rates. However, a family's "pocketbook" needs have little to do with interest rates, and potential job losses brought about by monetary over-tightening will only worsen these matters for the working class.

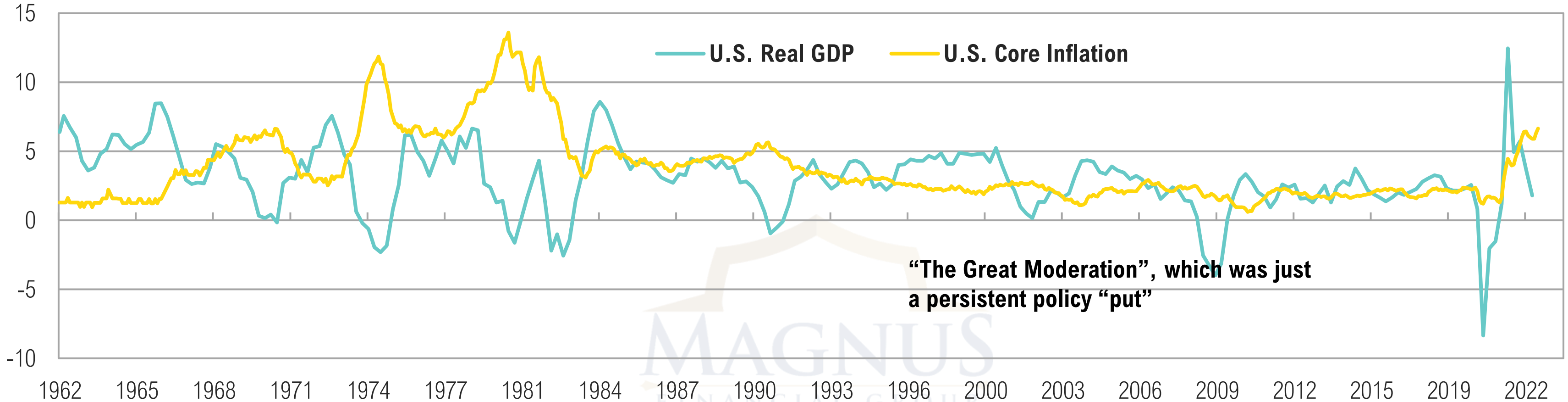
For working Americans who already feel the crush of inflation, job losses will make it much worse. We can't risk the livelihoods of millions of Americans who can't afford it. I ask that you don't forget your responsibility to promote maximum employment and that the decisions you make at the next FOMC meeting reflect your commitment to the dual mandate.

– Sherrod Brown, *Chairman U.S. Senate Committee on Banking, Housing & Urban Affairs*
(October 25, 2022 Letter to Jerome Powell)

Source: NY Fed

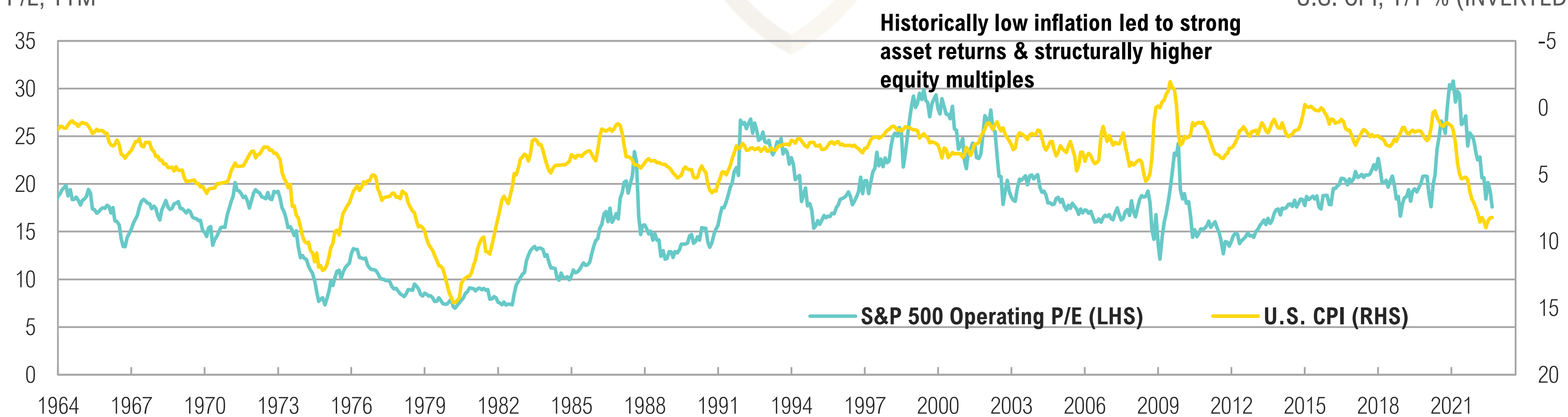
With the benefit of hindsight, the "great moderation" was just a persistent policy put resulting from historically low inflation

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



P/E, TTM

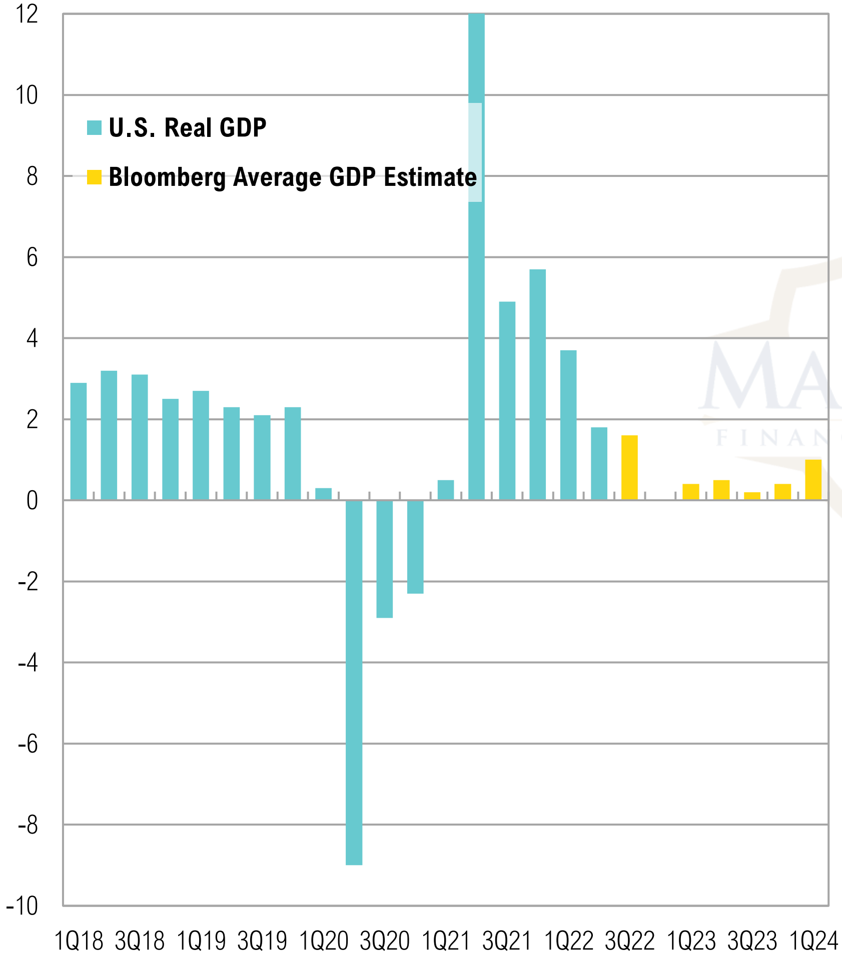
U.S. CPI, Y/Y % (INVERTED)



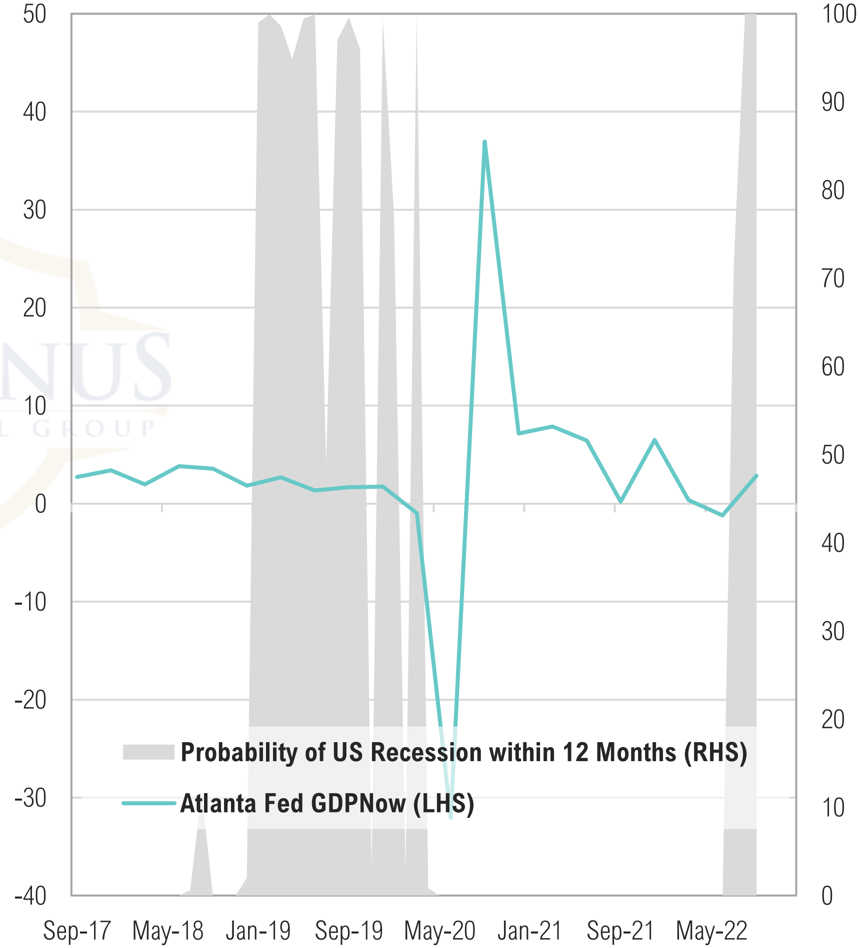
Source: Bloomberg, FRED, Atlanta Fed

Most economic models suggest the potential for recession next year is high, arguably assured

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



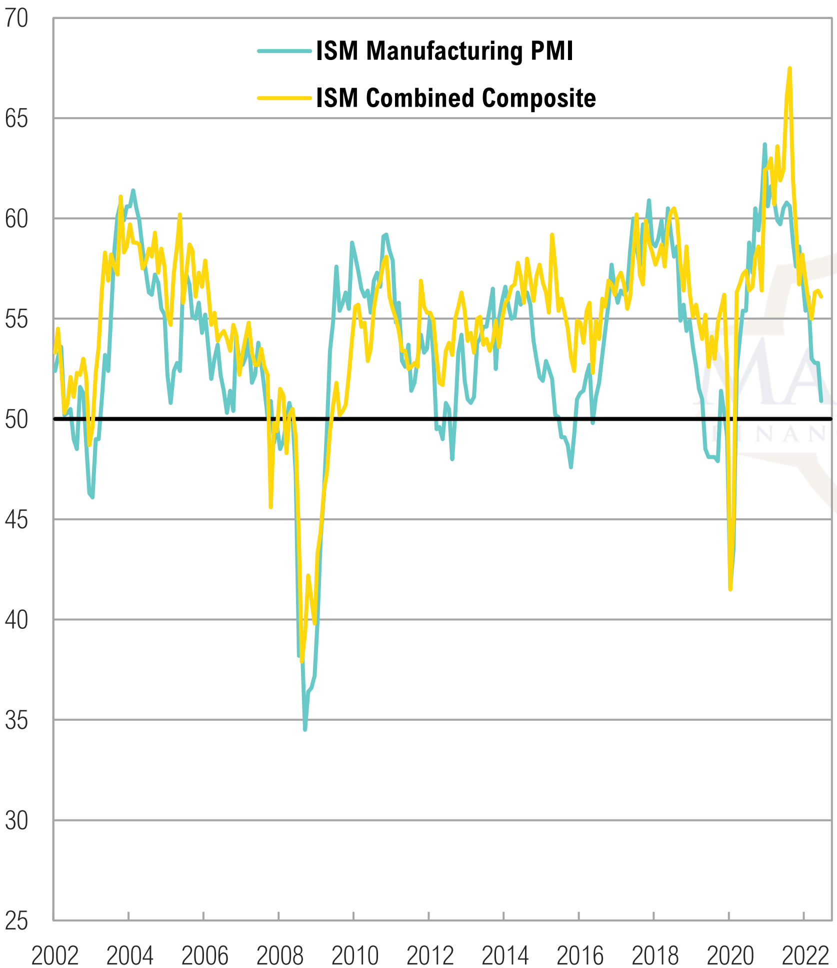
ATLANTA FED GDPNOW ESTIMATE, Y/Y % RECESSION PROBABILITY, %



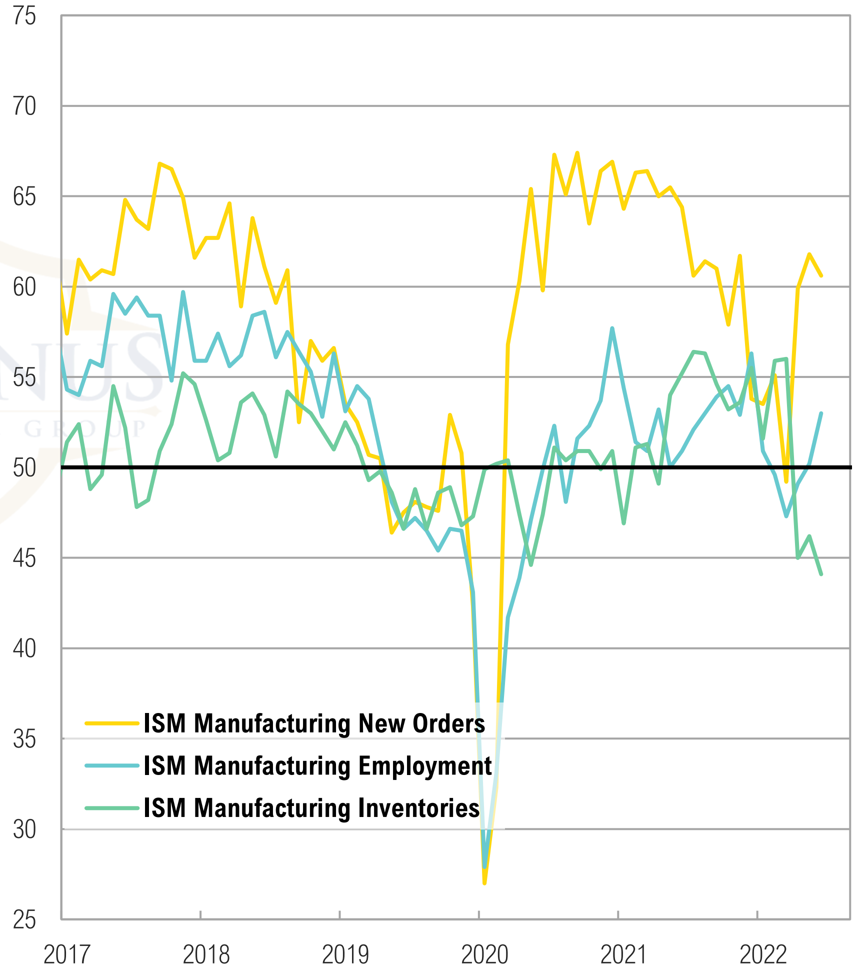
Source: Bloomberg, FRED, Atlanta Fed

ISM Manufacturing PMI has rolled over; retailers have seen a dramatic increase in inventories; employment expanding in both sectors

ISM MANUFACTURING PMI



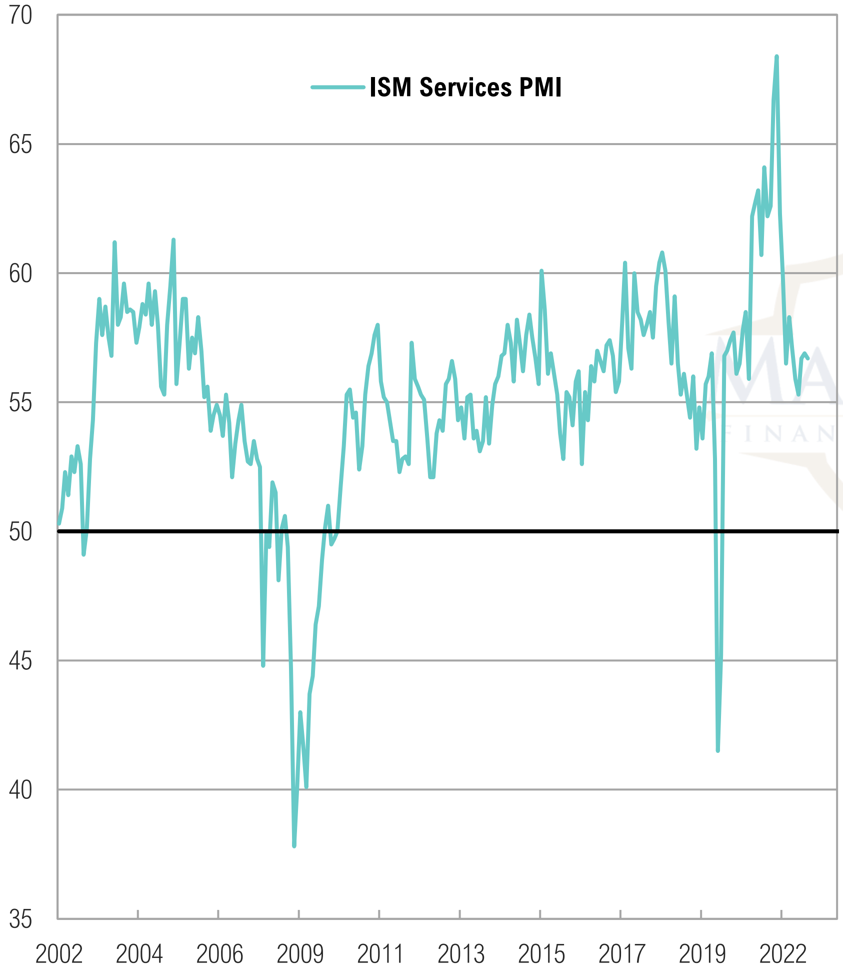
ISM NEW ORDERS, PRODUCTION AND INVENTORIES INDICES



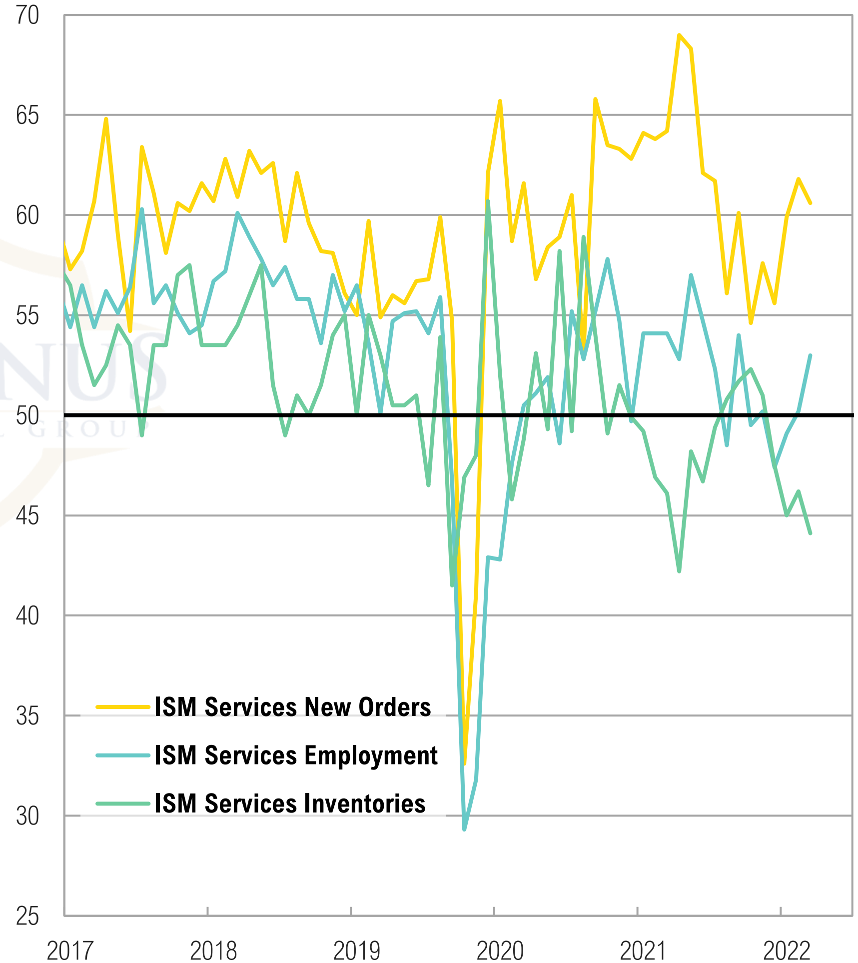
Source: Bloomberg, ISM

ISM services has also rolled over but in much healthier shape as consumer spending shifts from goods to services; employment expanding in both sectors

ISM SERVICES PMI



ISM SERVICES NEW ORDERS, EMPLOYMENT AND INVENTORIES INDICES



Source: Bloomberg, ISM

Global manufacturing activity dropped in September as emerging market activity contracted while developed market activity stalled further

MANUFACTURING PMIs BY COUNTRY* & REGION, 2017 - CURRENT

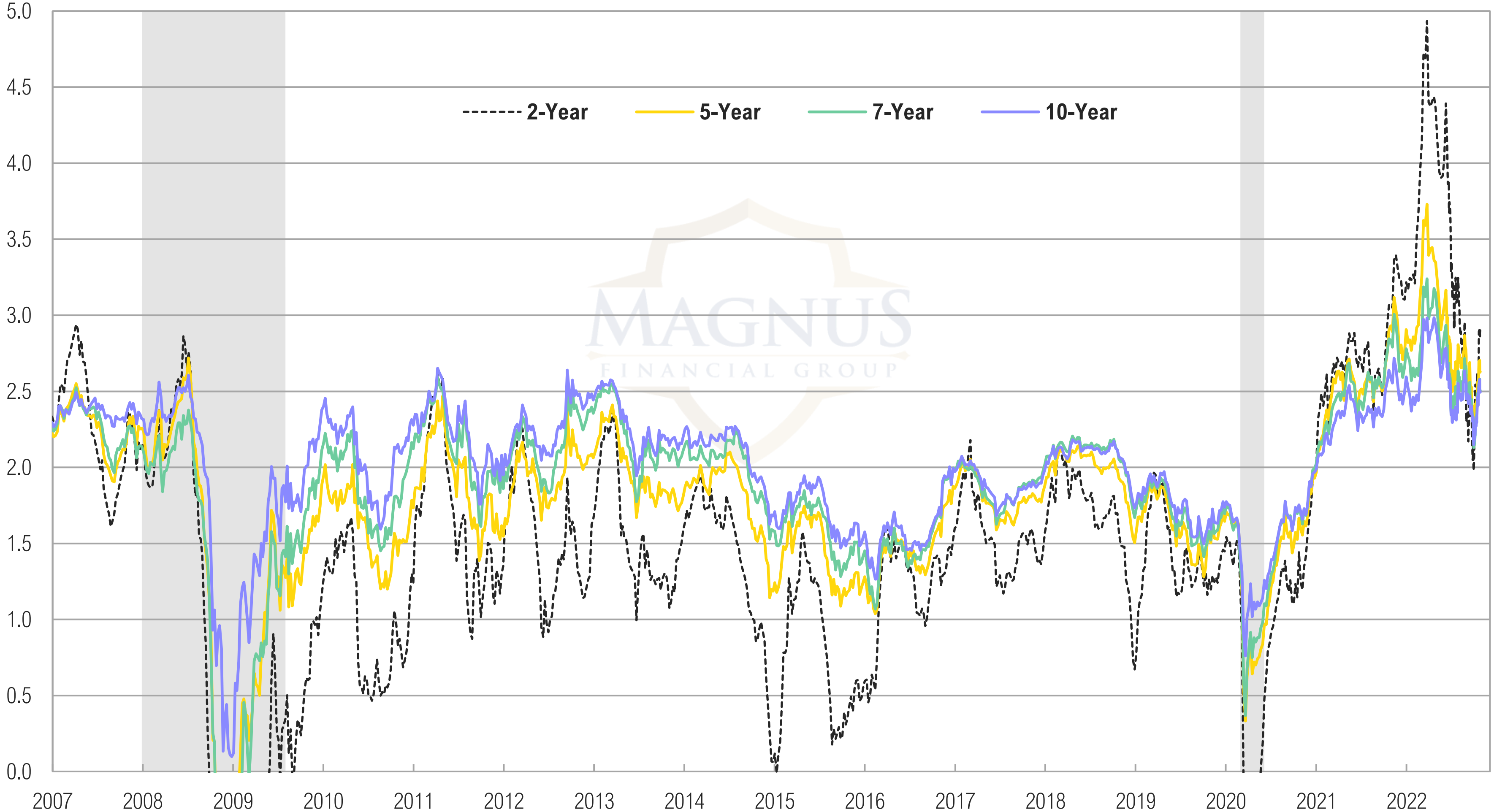
	2019			2020												2021												2022								
	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S
Global	49.8	50.3	50.1	50.3	47.1	47.3	39.6	42.4	48.0	50.6	51.8	52.4	53.1	53.8	53.8	53.6	54.0	55.0	55.8	56.0	55.5	55.4	54.1	54.1	54.2	54.2	54.3	53.2	53.7	52.9	52.3	52.3	52.2	51.1	50.3	49.8
Developed	48.6	49.5	49.1	49.8	49.6	45.9	36.8	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	56.3	56.6	56.5	56.3	55.0	52.5	51.3	50.3	50.1
Emerging	51.0	51.0	51.0	51.0	44.6	49.1	42.7	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
Developed																																				
U.S.	51.3	52.6	52.4	51.9	50.7	48.5	36.1	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
Canada	51.2	51.4	50.4	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
Japan	48.4	48.9	48.4	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
UK	49.6	48.9	47.5	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
Eurozone	45.9	46.9	46.3	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
Germany	42.1	44.1	43.7	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
France	50.7	51.7	50.4	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
Italy	47.7	47.6	46.2	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
Spain	46.8	47.5	47.4	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
Netherlands	50.3	49.6	48.3	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
Australia	50.0	49.9	49.2	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
Greece	53.5	54.1	53.9	54.4	56.2	42.5	29.5	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
Emerging																																				
China	51.7	51.8	51.5	51.1	40.3	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
Indonesia	47.7	48.2	49.5	49.3	51.9	45.3	27.5	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
Korea	48.4	49.4	50.1	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
Taiwan	49.8	49.8	50.8	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
Brazil	52.2	52.9	50.2	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
Mexico	50.4	48.0	47.1	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
Russia	47.2	45.6	47.5	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
South Africa	49.4	48.6	47.6	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
India	50.6	51.2	52.7	55.3	54.5	51.8	27.4	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

LOWER ⟵ ⟶ HIGHER

Source: Bloomberg, Markit
*Some countries might have delayed reporting's.

Intermediate-term inflation expectations have eased after breaking out to multi-decade highs, but they remain tethered to rallies in risky assets, frustrating the Fed

TREASURY IMPLIED INFLATION BREAKEVEN RATES, 2007 - CURRENT



Source: FRED, Bloomberg

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

	2012		2013				2014				2015				2016				2017				2018				2019				2020				2021				2022	
	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	Q1	Q2	Q3	Q4	Q1	Q2
Global	2.2	2.2	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	2.0	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	6.6
Developed	1.8	1.6	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	7.4
Emerging	5.1	5.5	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	5.7
Developed																																								
U.S.	2.0	1.7	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	8.6
Canada	1.2	0.8	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	7.7
Japan	-0.3	-0.1	-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	2.5
UK	2.4	2.7	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	9.1
Eurozone	2.6	2.2	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
Germany	2.0	2.0	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
France	1.9	1.3	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
Italy	3.4	2.6	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
Spain	3.4	2.9	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
Netherlands	2.3	2.9	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	8.8
Australia	2.0	2.2	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
Greece	0.3	0.3	-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	10.5
Emerging																																								
China	1.9	2.5	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	2.1
Indonesia	3.8	3.7	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
Korea	2.1	1.4	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
Taiwan	3.0	1.6	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	3.4
Brazil	5.3	5.8	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	11.7
Mexico	4.8	3.6	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	7.7
Russia	6.5	6.6	7.0	6.9	6.1	6.5	7.0	7.8	8.1	11.3	16.9	15.3	15.7	13.0	7.2	7.5	6.4	5.4	4.2	4.3	3.0	2.5	2.4	2.3	3.4	4.3	5.2	4.7	4.0	3.1	2.6	3.2	3.7	4.9	5.8	6.5	7.4	8.4	16.7	17.1
South Africa	5.5	5.7	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	6.5
India	9.7	10.5	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

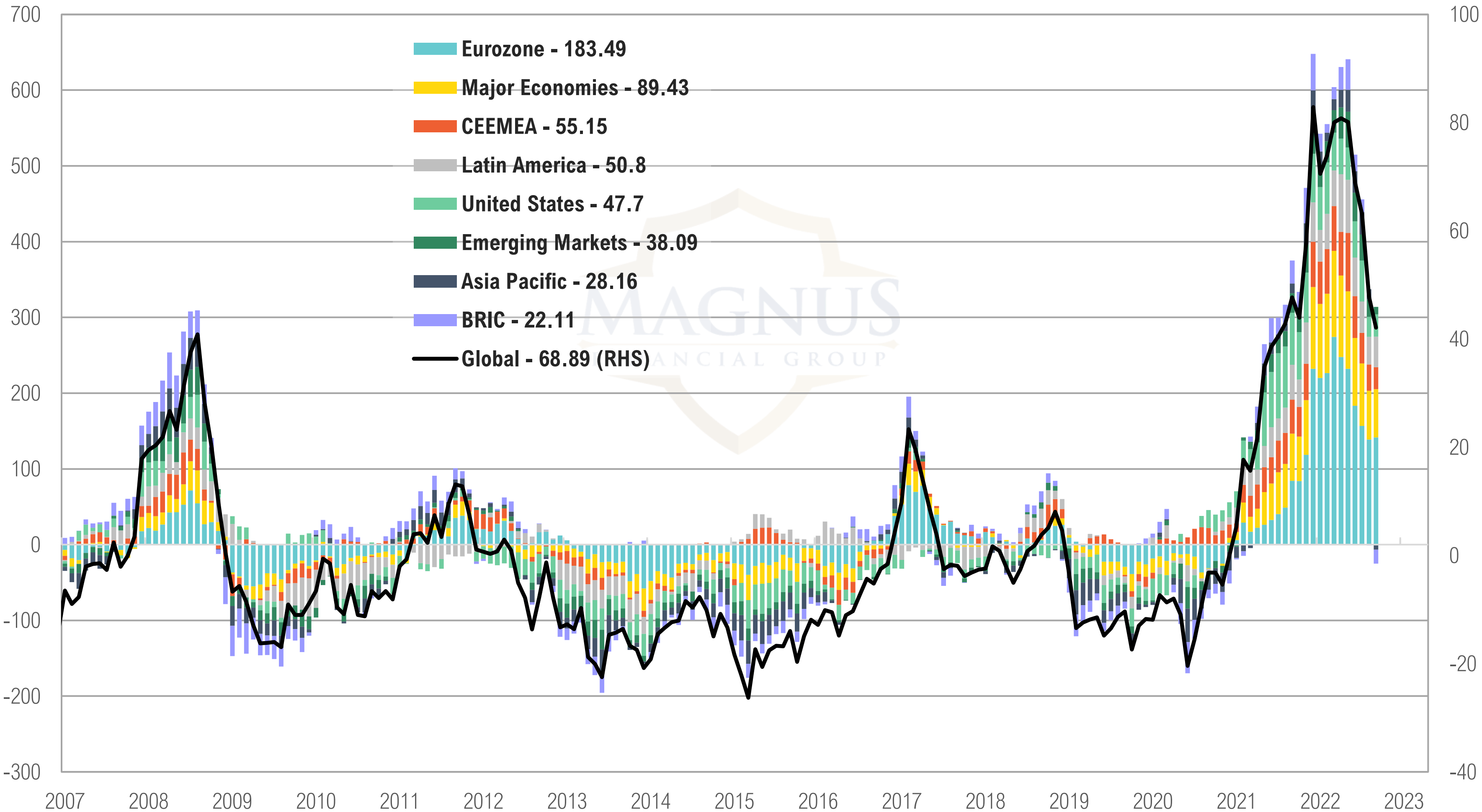
LOWER ⟷ HIGHER

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

Inflation Surprise Index has rolled over, but from an extreme level; still surprising forecasts on a global scale, a first since 2008

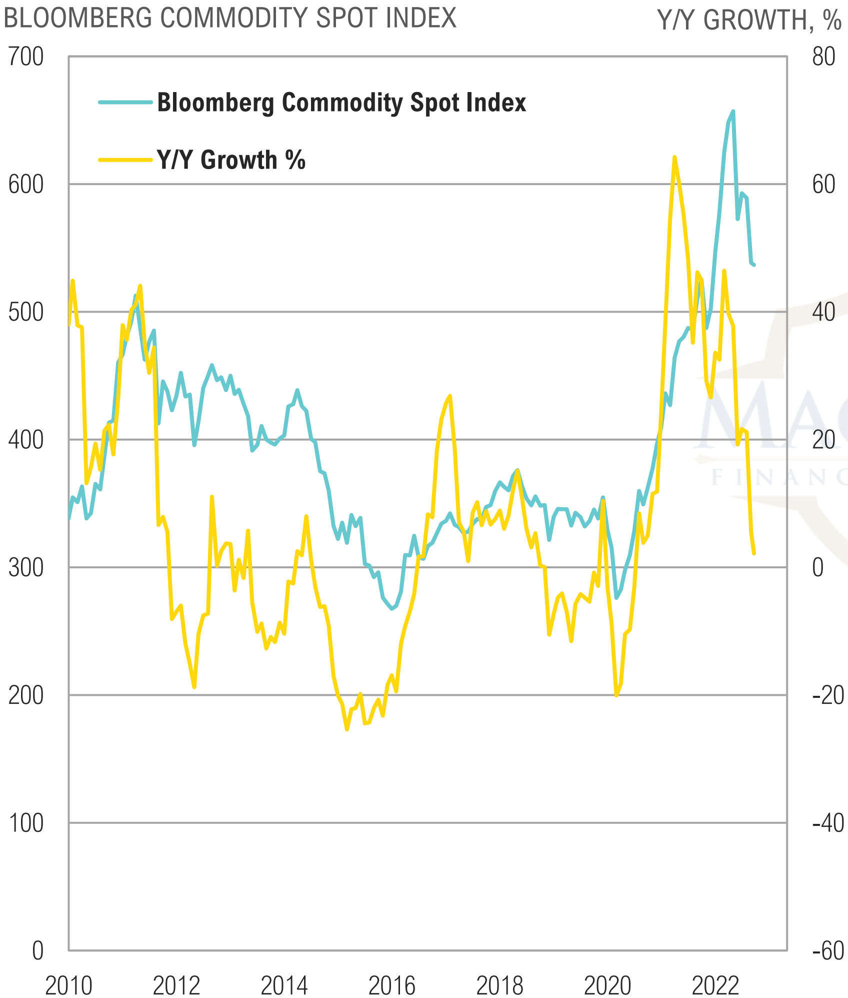
CITI INFLATION SURPRISE INDEX, AGGREGATED VALUE

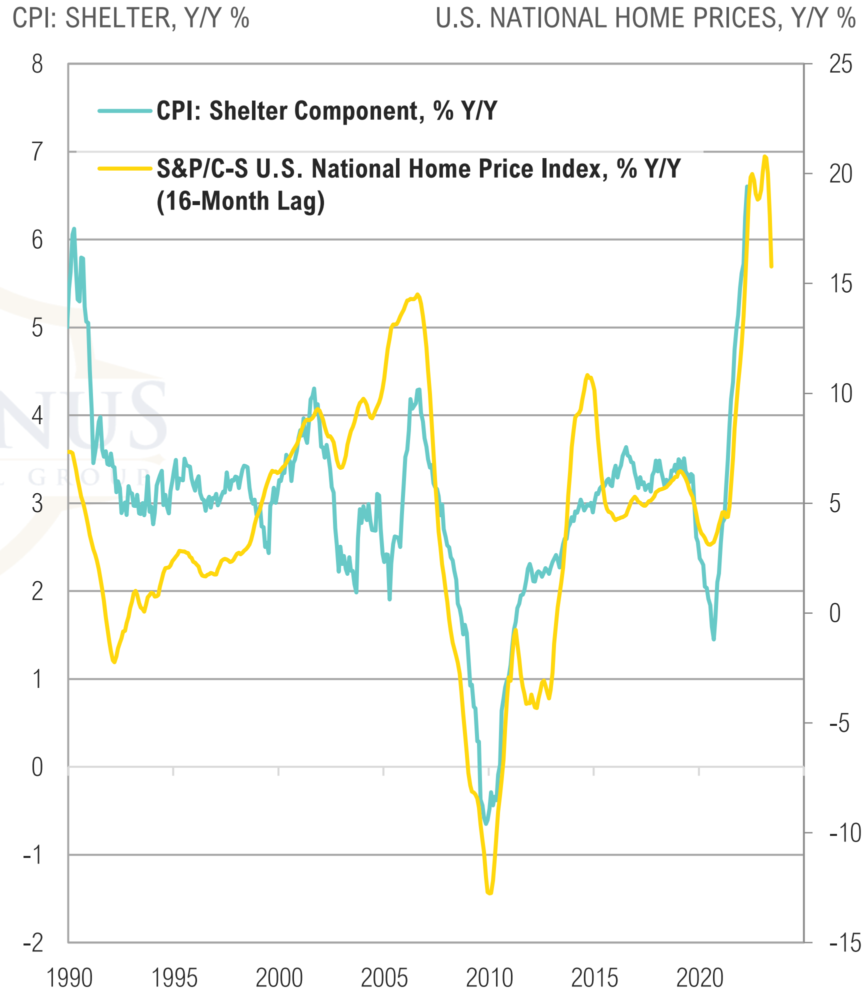
CITI INFLATION SURPRISE INDEX, GLOBAL VALUE



Source: Citi, Bloomberg

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

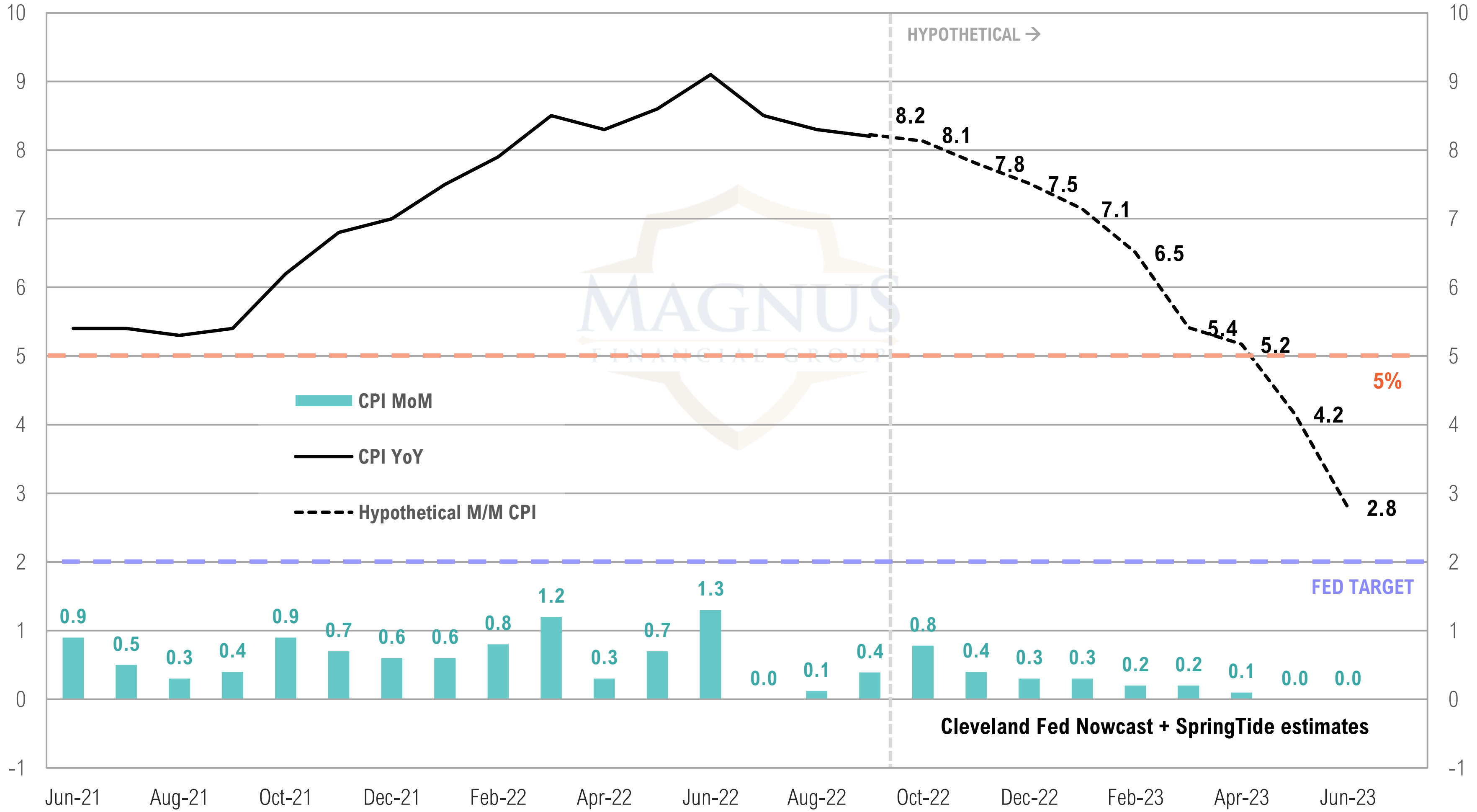




Source: Bloomberg, FRED
U.S. National home price proxied by the S&P/Case-Shiller U.S. National Home Price Index

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

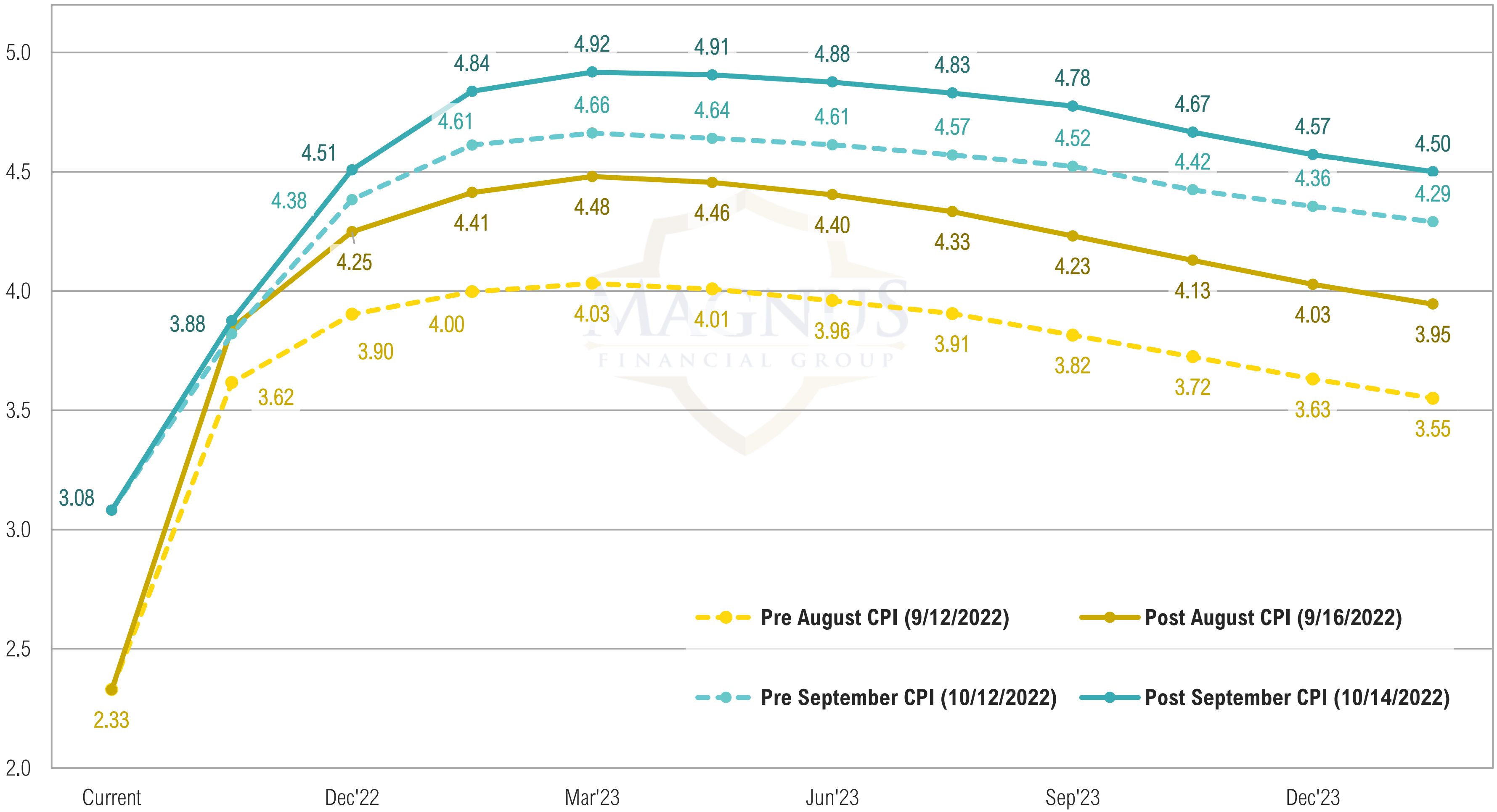
CONSUMER PRICE INDEX, %



Source: Bloomberg, Cleveland Fed

Yield curve moved higher after the last two CPI prints as market continued to underestimate the stickiness of inflation

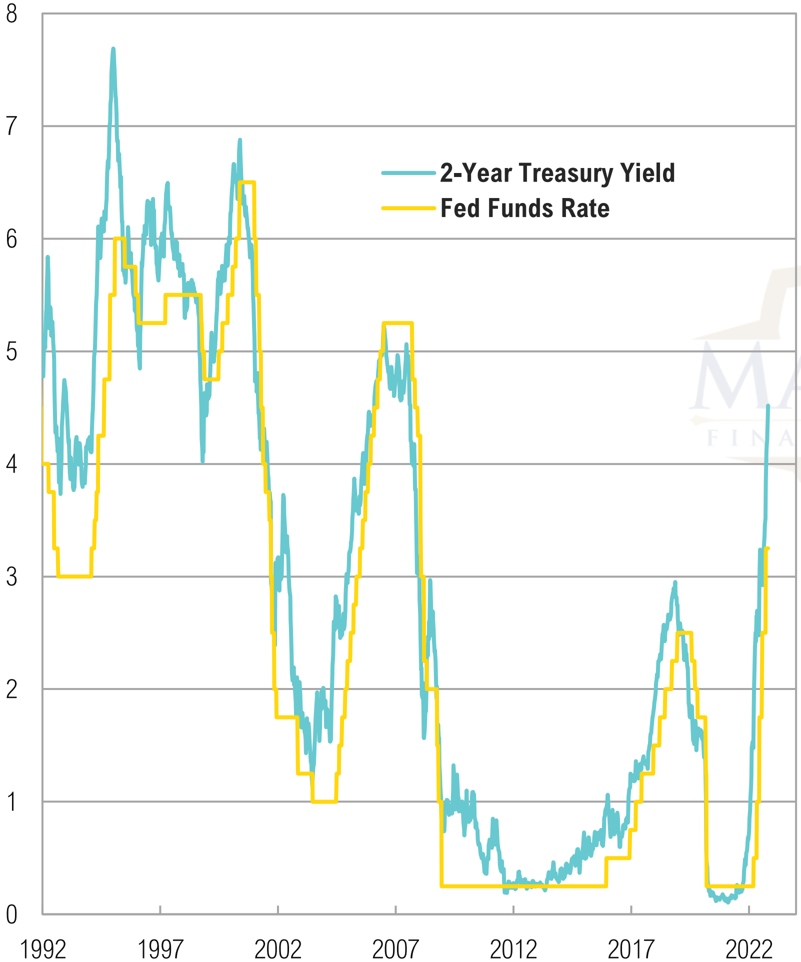
IMPLIED FED FUNDS, %



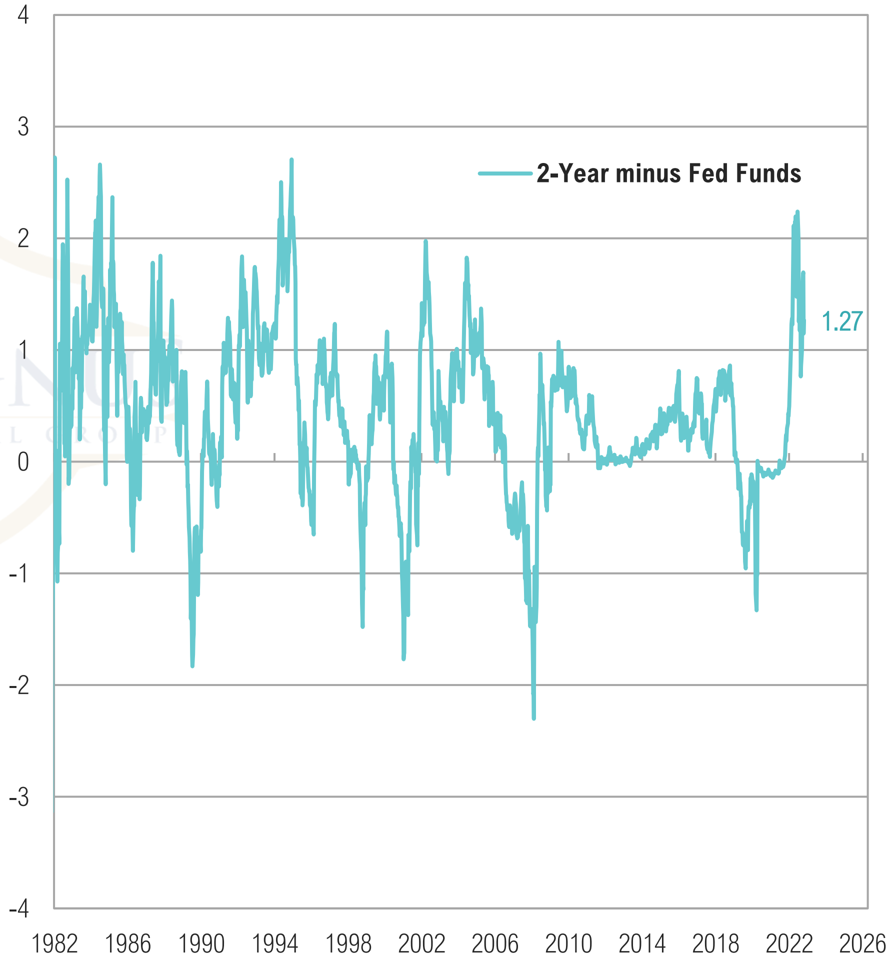
Source: Bloomberg, Cleveland Fed

Fed funds rate is catching up with the 2-year yield as market thinks it has dialed in on an expected terminal Fed funds at around 5.0% within next couple of meetings

U.S. TREASURY YIELD, %



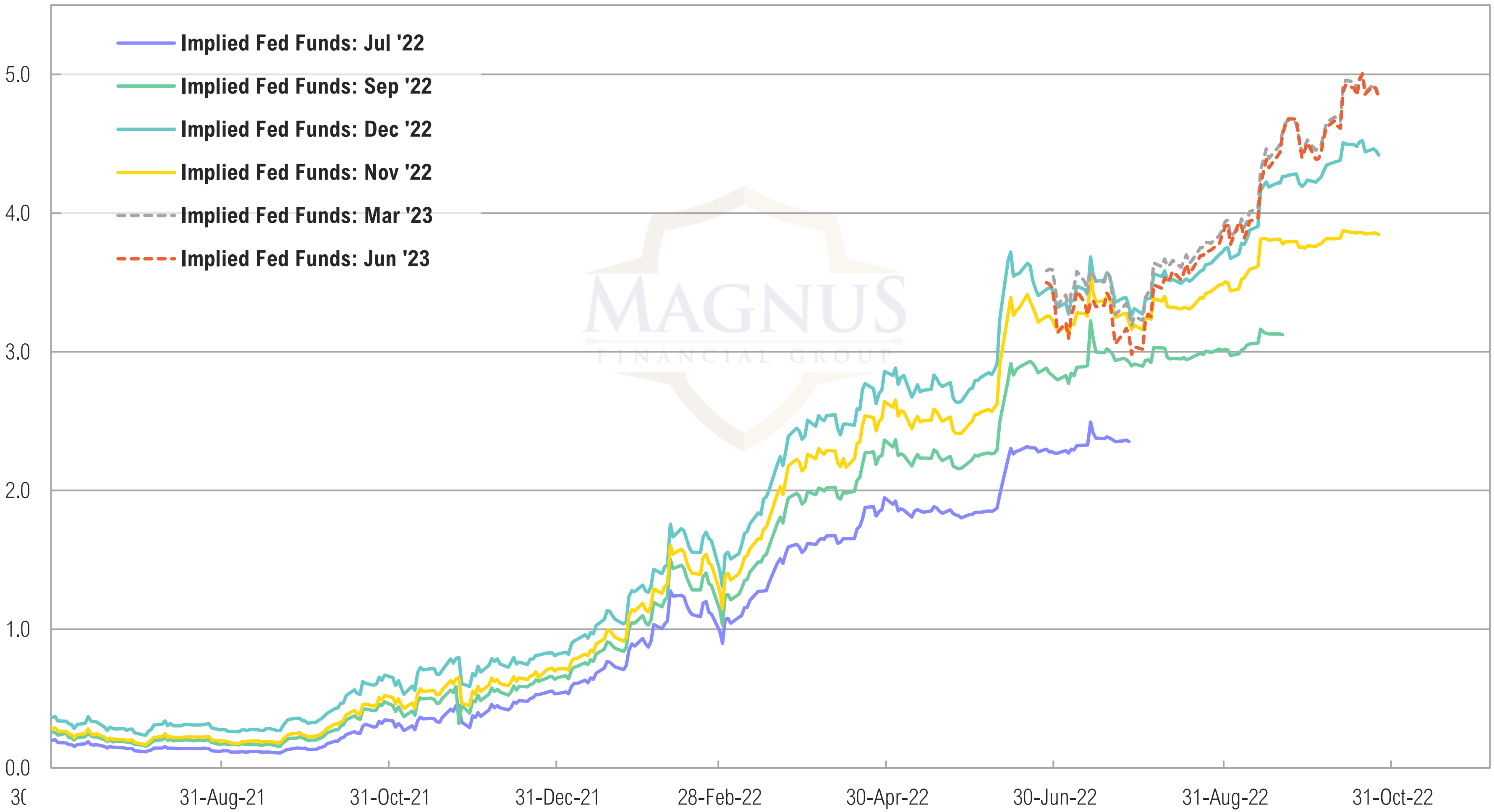
2-YEAR TO FED FUNDS TREASURY SPREAD, %



Source: FRED
Data as of 10/24/22

Fed funds futures expecting peak rates in March 2023 and the Fed to start cutting rates later next year

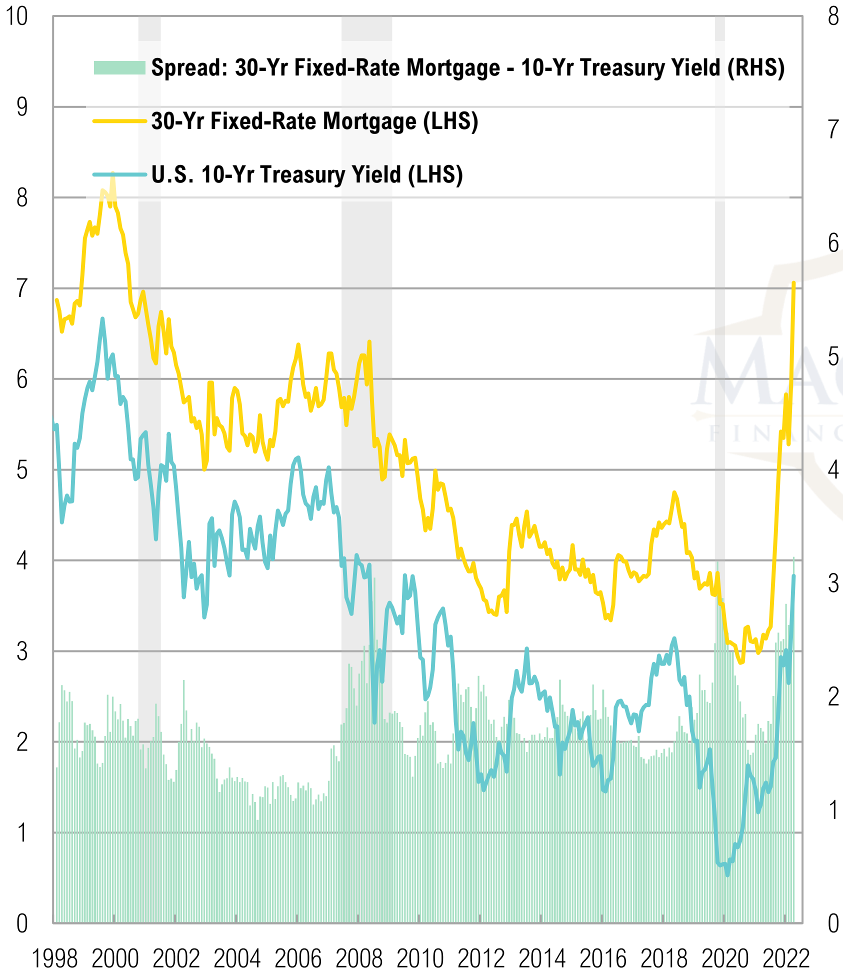
IMPLIED FED FUNDS RATE, %



Source: Bloomberg. As at 10/26/22

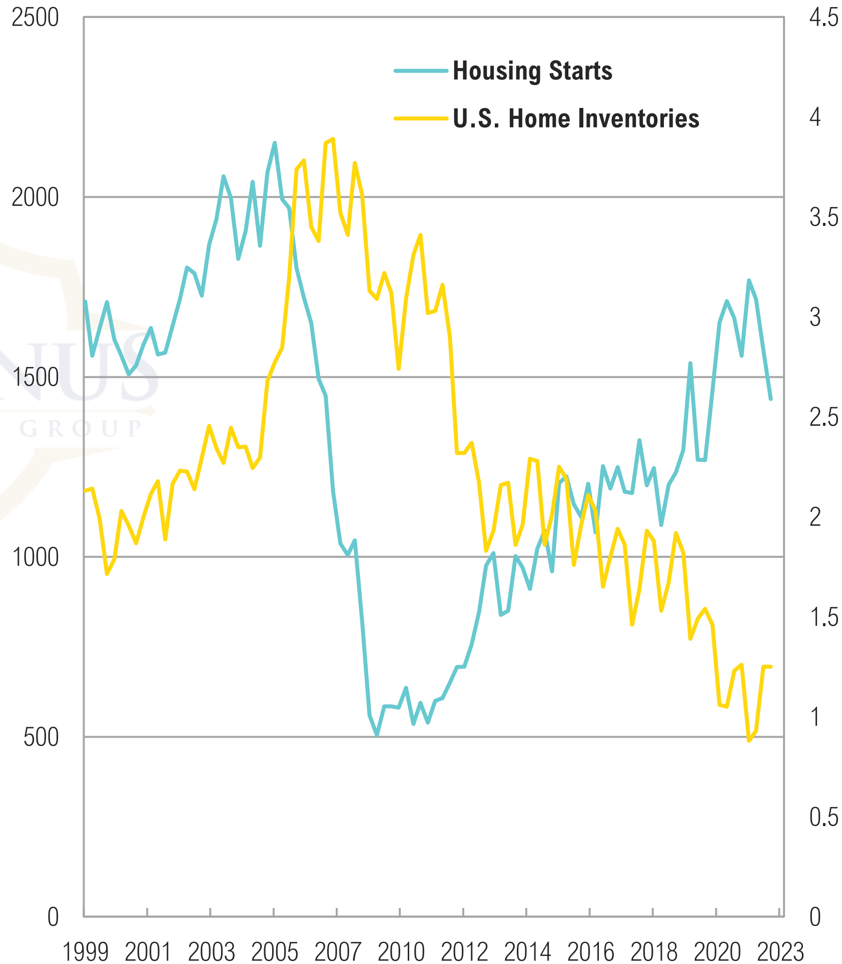
30-year fixed mortgage rates spiked in September as mortgage rate spreads vs. 10-year Treasury widened; higher rates will have a negative impact on housing and consumers *with a lag*

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



HOUSING STARTS

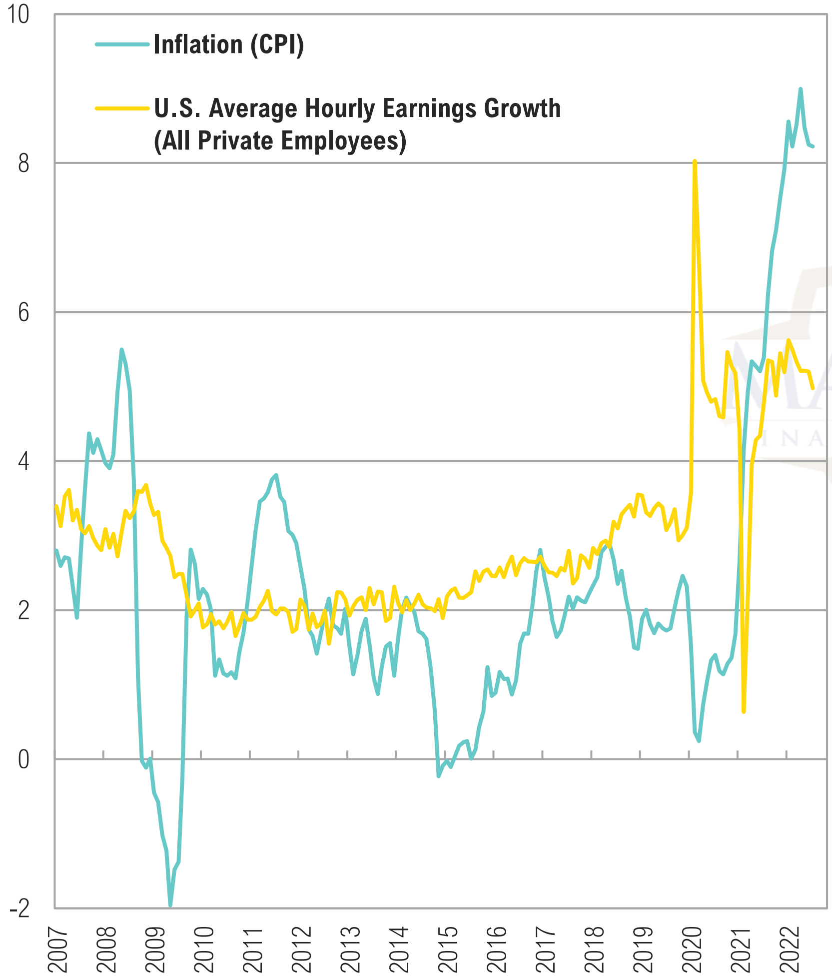
U.S. HOME INVENTORIES



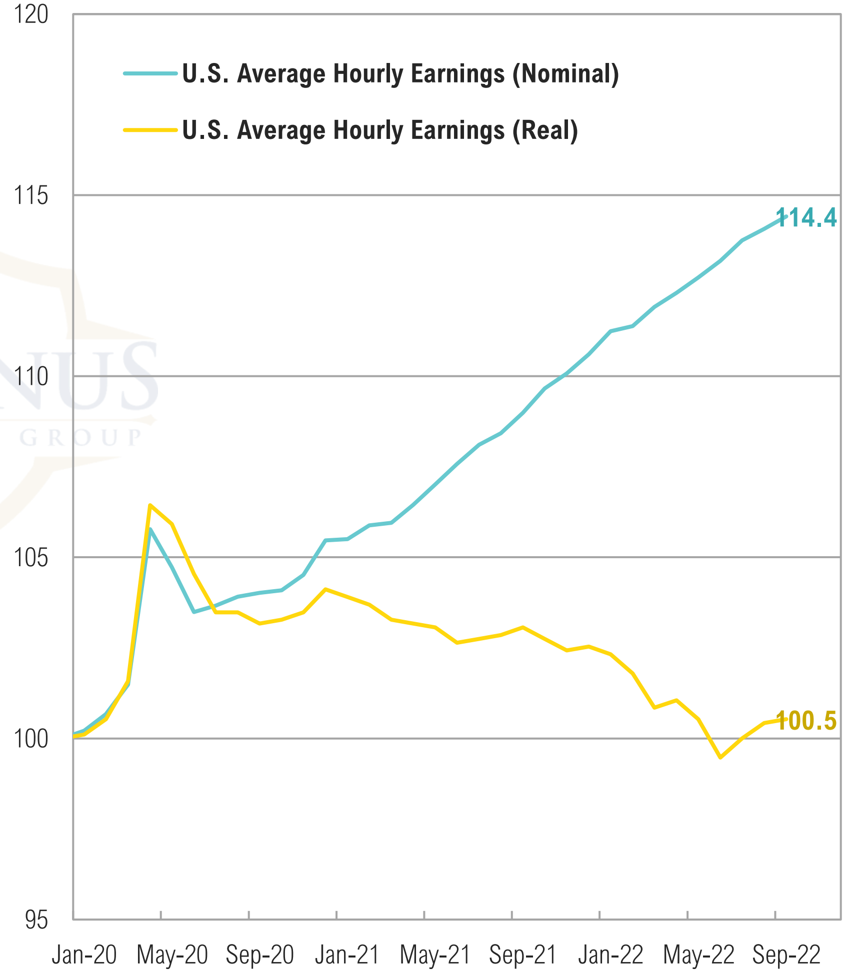
Source: Bloomberg
30-Yr Fixed-Rate Mortgage (FRM) represented by the Bankrate.com US Home Mortgage 30 Year Fixed National Avg.

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

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



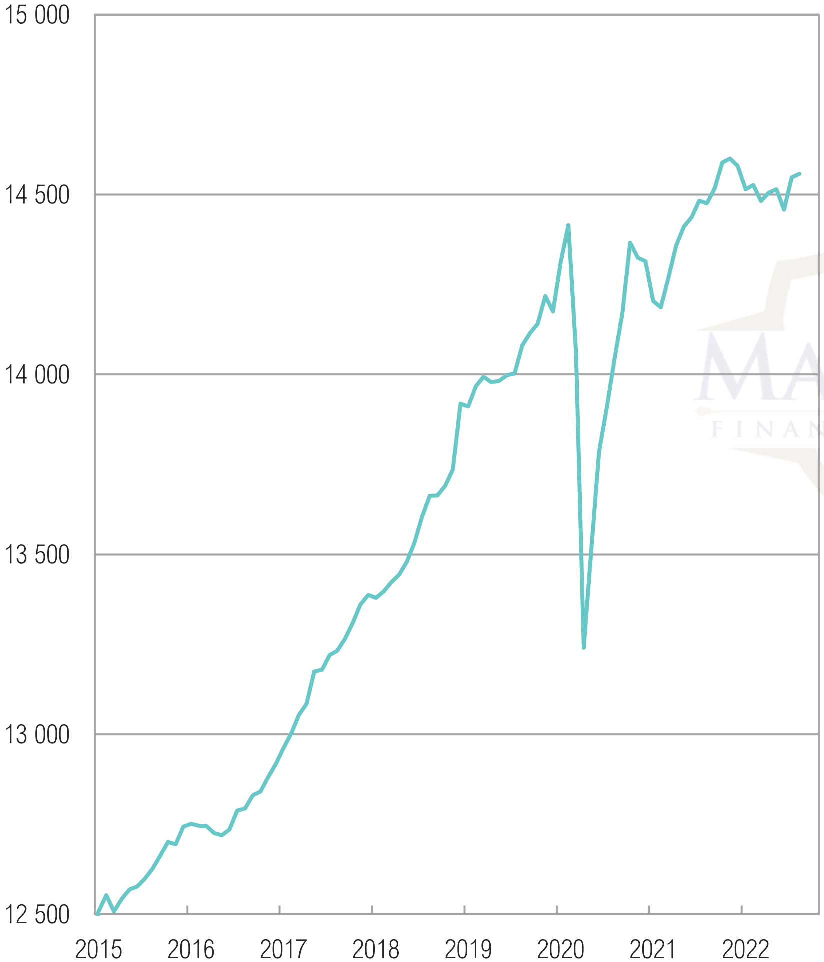
GROWTH OF 100



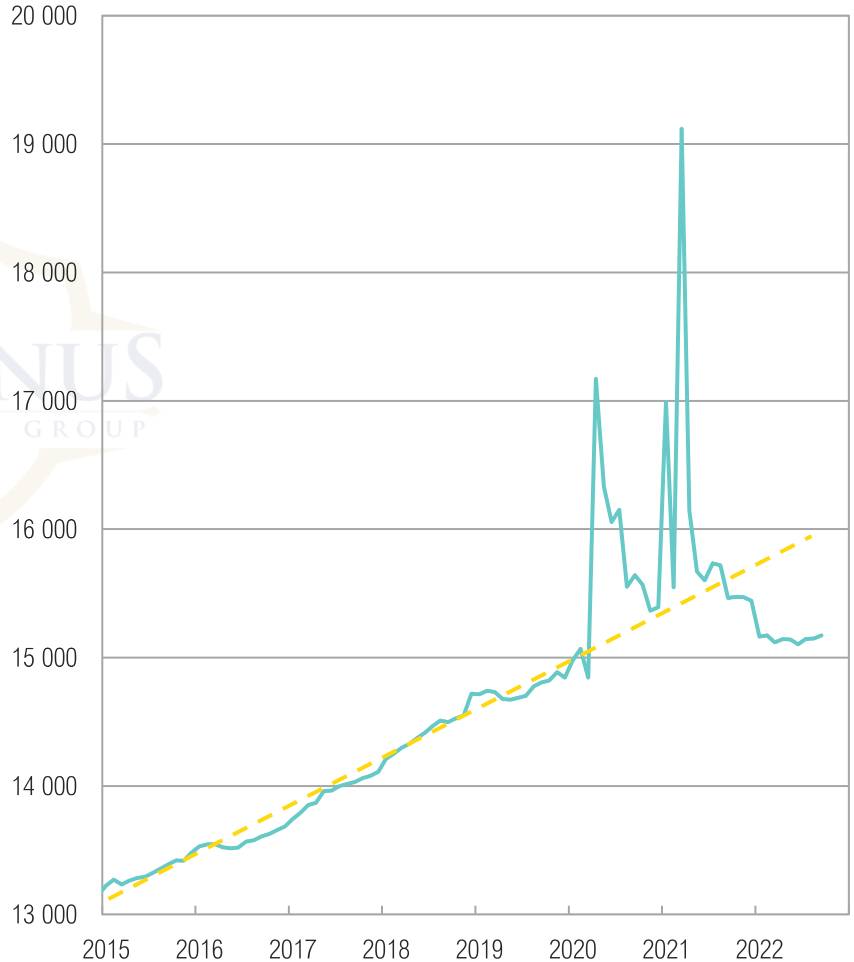
Source: Bloomberg

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 RECEPTS, $BN



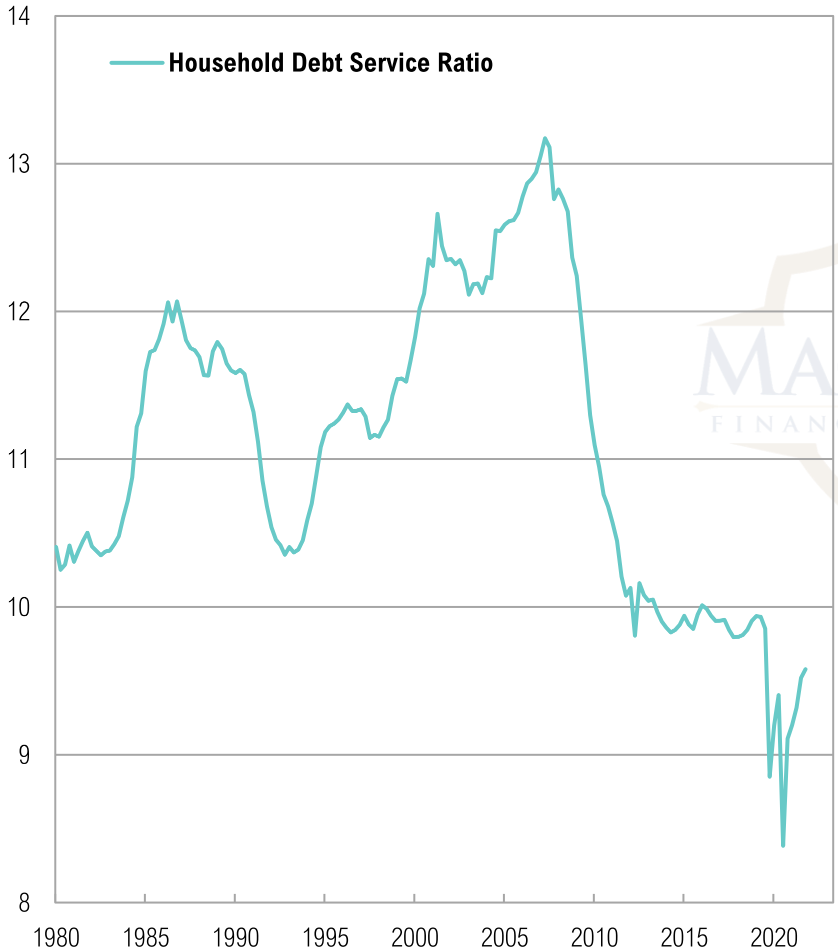
US REAL DISPOSABLE PERSONAL INCOME, $BN



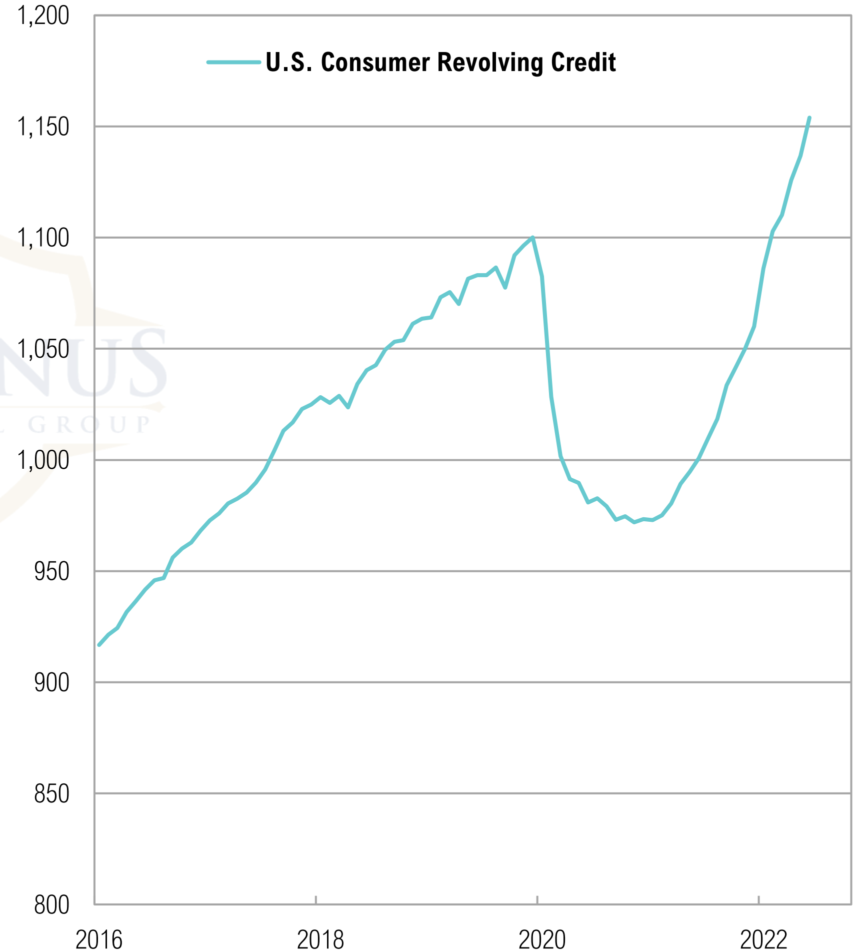
Source: FRED. U.S. Real Personal Income is as of 8/31/2022.

Consumer revolving credit has continued to increase, causing the household debt service ratio to rise

DEBT PAYMENTS AS % OF DISPOSABLE PERSONAL INCOME, SA



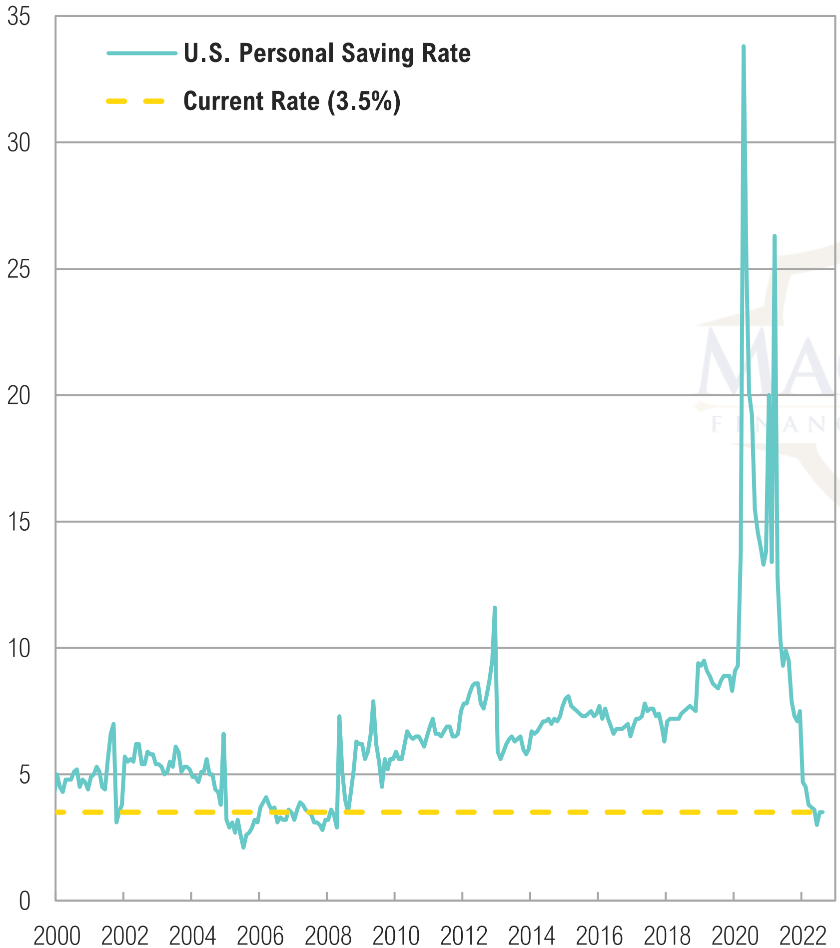
REVOLVING CONSUMER CREDIT, $BN



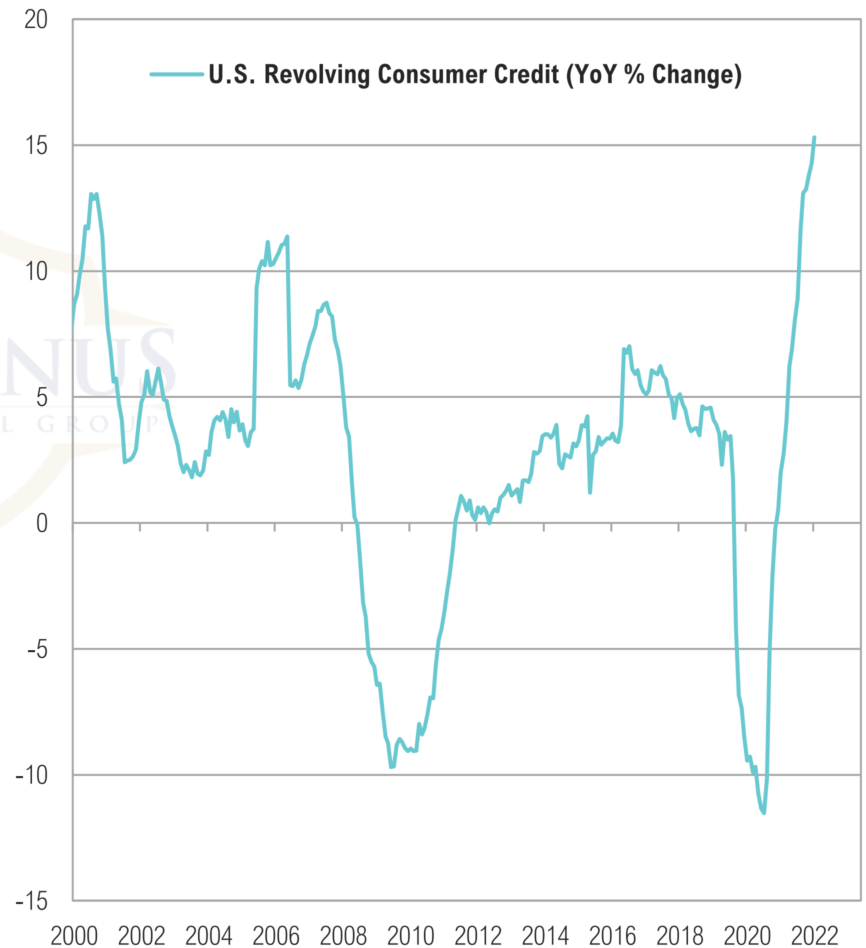
Source: Bloomberg, Federal Reserve
Household Debt Service Ratio as of 6/30/2022. U.S. Consumer Revolving Credit as of 8/31/2022.

Consumer revolving credit increased at an annualized rate of 15.3% in August, now back at all-time highs

US PERSONAL SAVINGS AS A % OF DISPOSABLE PERSONAL INCOME



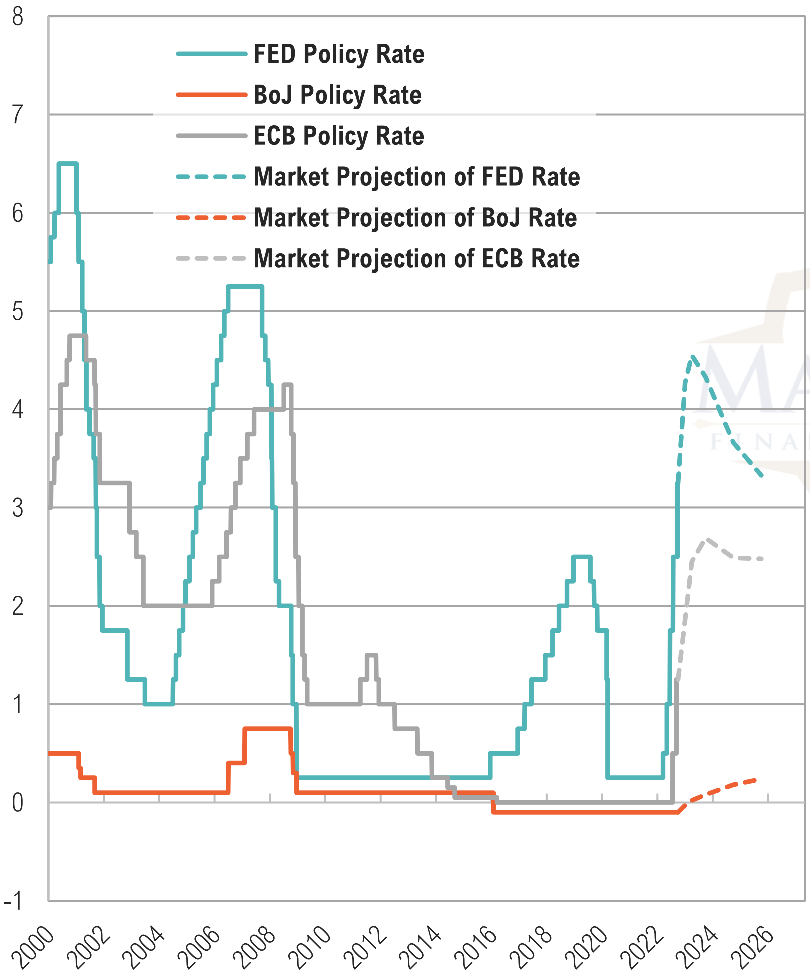
US REVOLVING CONSUMER CREDIT, YOY CHANGE %



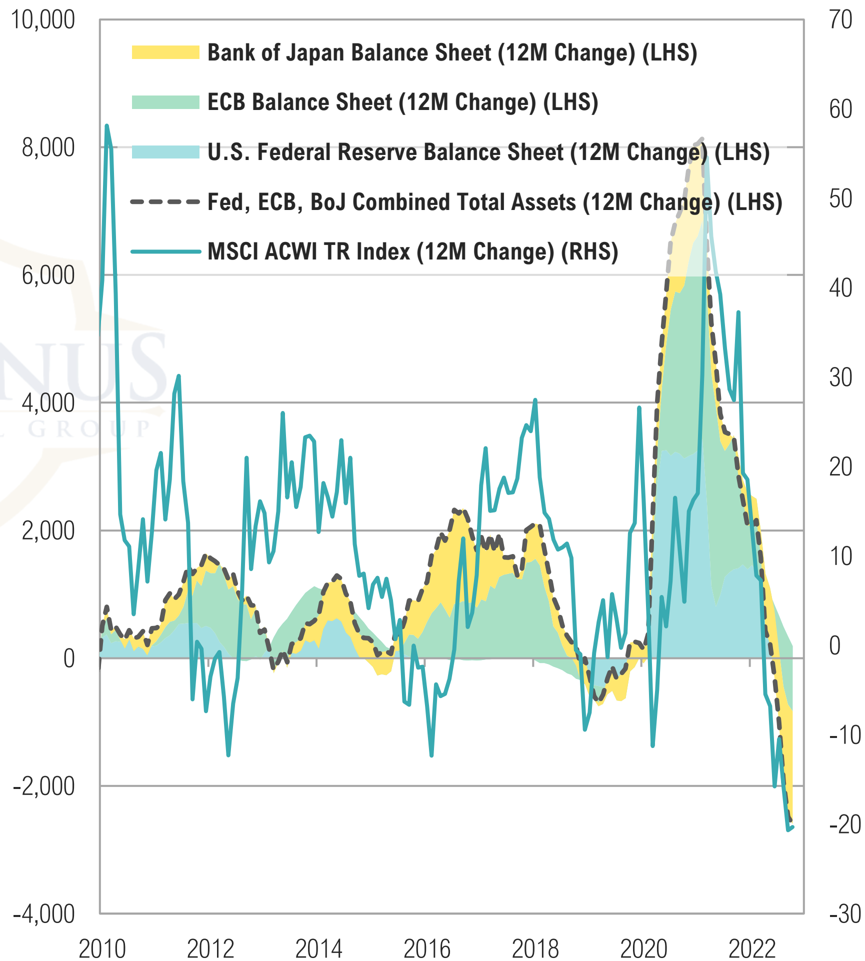
Source: Bloomberg
U.S. Revolving Consumer Credit is as of 8/31/2022.

Global quantitative easing efforts supported the recent gains in global stocks; Fed, ECB and BoJ combined 12M change in assets declined for the first time since 2019 in June

FED, BOJ & ECB POLICY RATES & IMPLIED POLICY RATE EXPECTATIONS



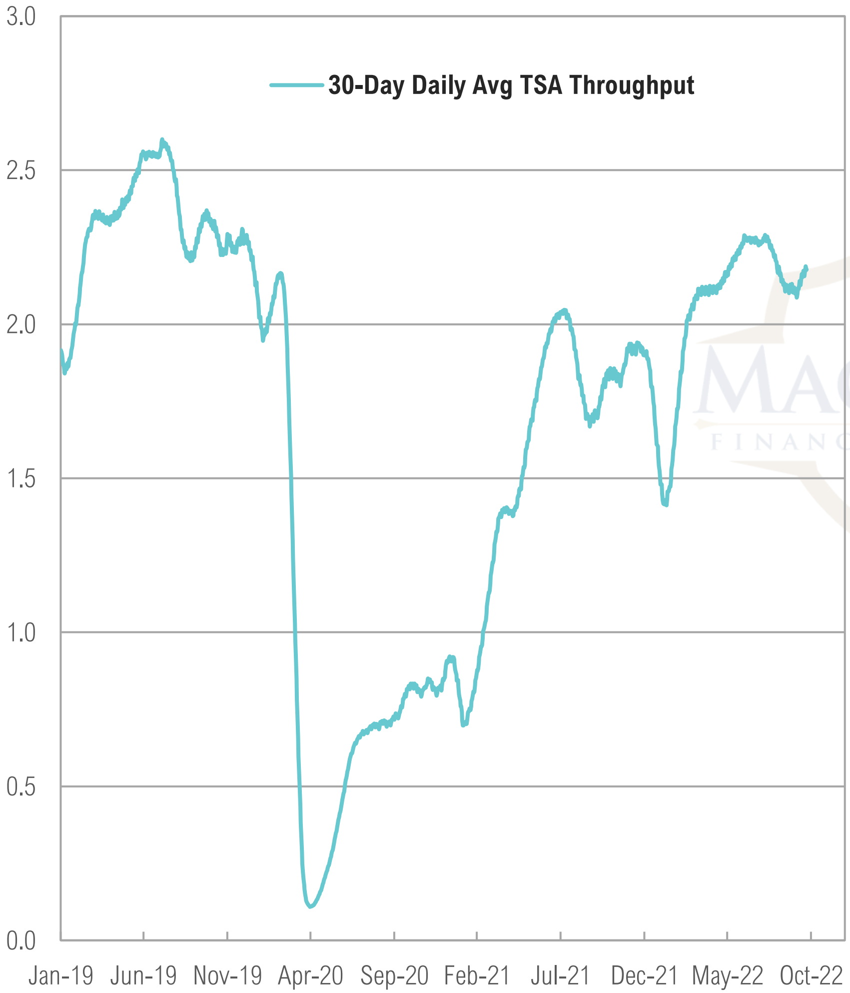
CENTRAL BANK BALANCE SHEETS, $BN　　MSCI ACWI TR INDEX Y/Y, %



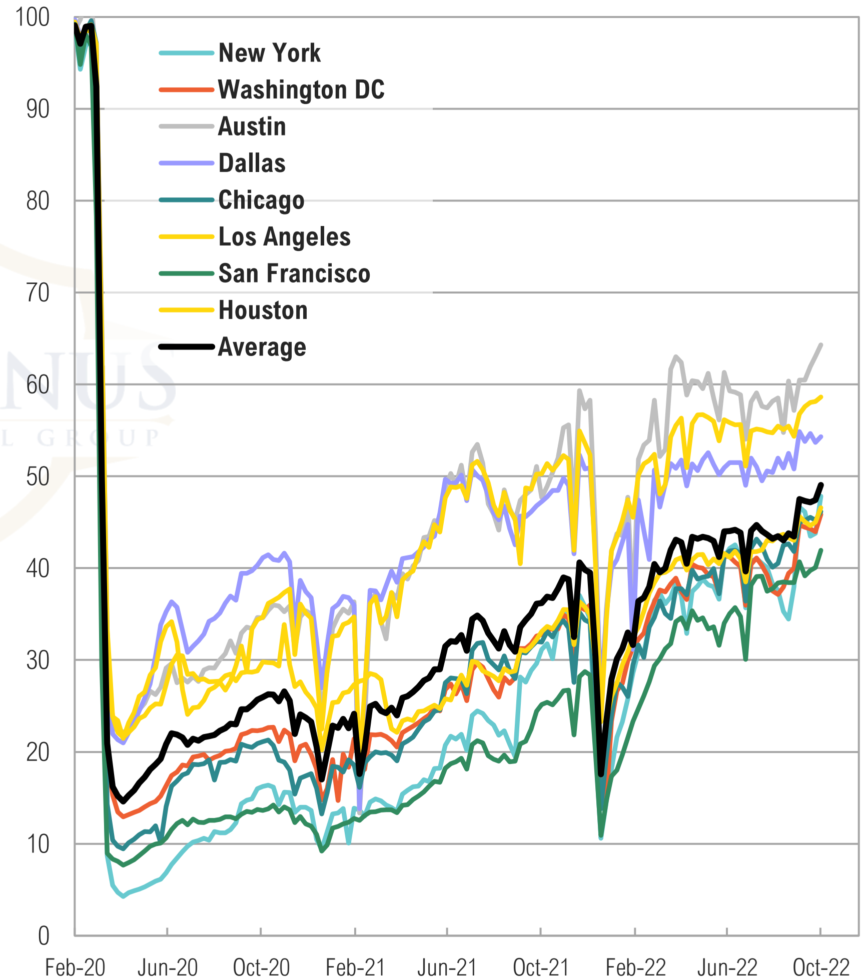
Source: Bloomberg

Travel has returned, while work-from-home dynamics may be here to stay with 50% of office space currently in use compared to pre-COVID levels

TSA DAILY RIDERSHIP THROUGHPUT, 30-DAY AVERGE (MILLIONS)

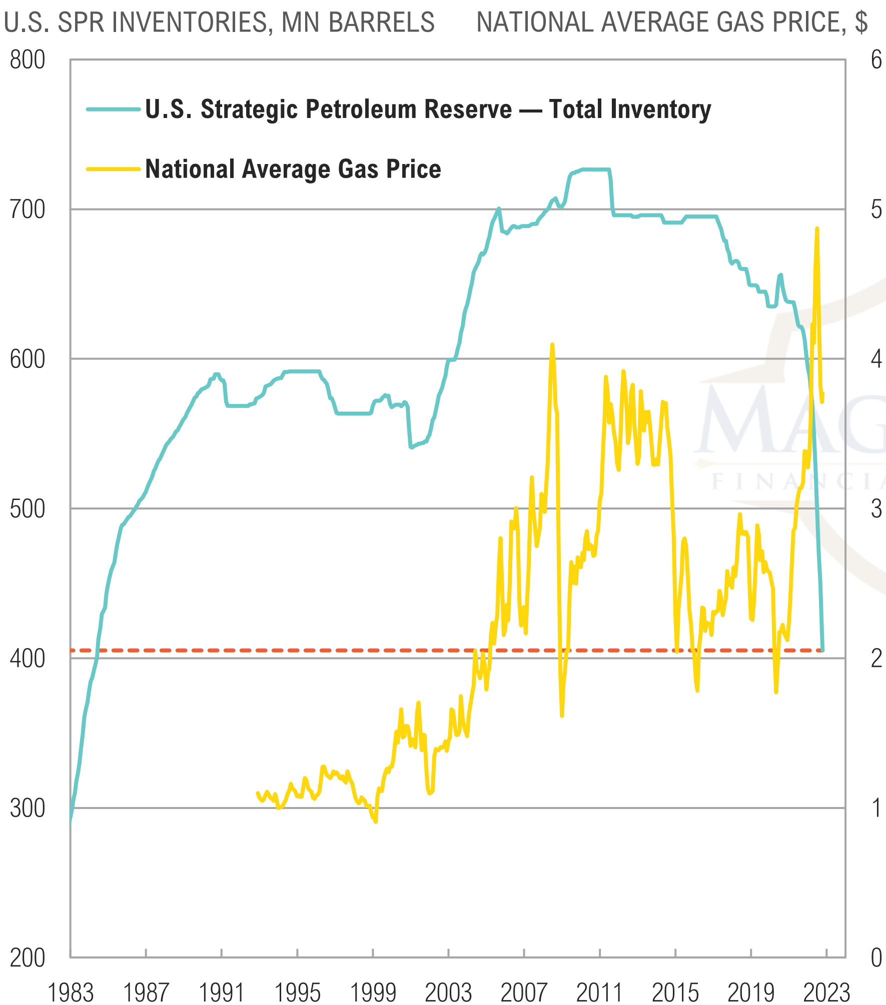


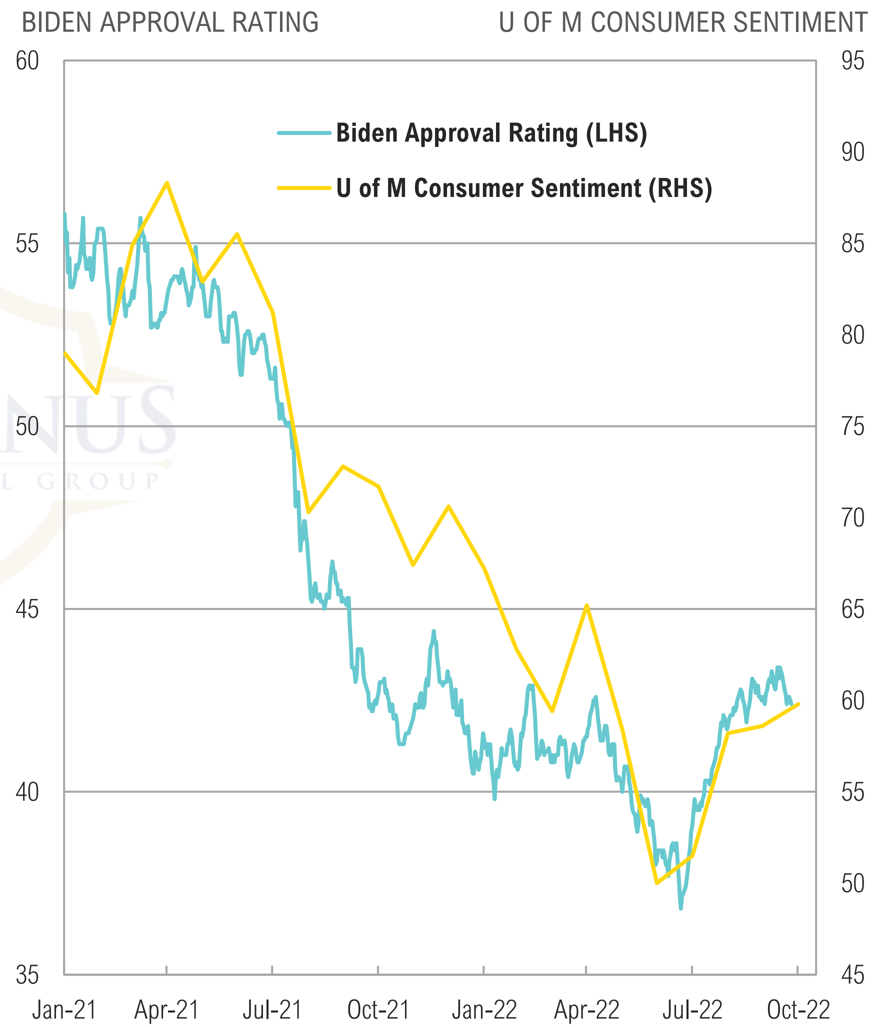
% OF CURRENT CITY OFFICE SPACE CURRENTLY IN USE



Source: U.S. Department of Transportation, Kastle

Biden's SPR dump helped ease gas prices & inflation pressures, helped contribute to a modest improvement in sentiment (& his approval rating), but gas price trends may soon reverse

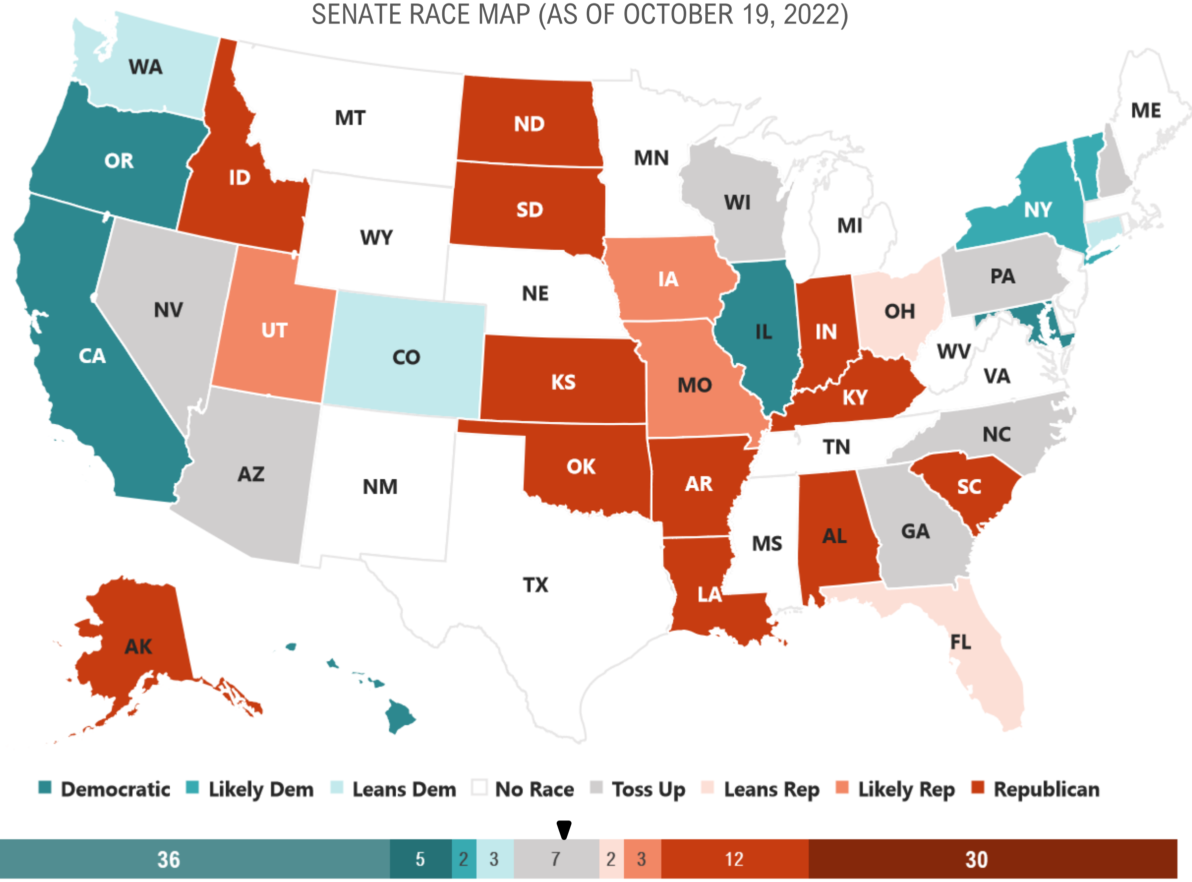




Source: Bloomberg, FiveThirtyEight, University of Michigan

Looking ahead to November, the race for Senate control will rely on a select few toss-up states

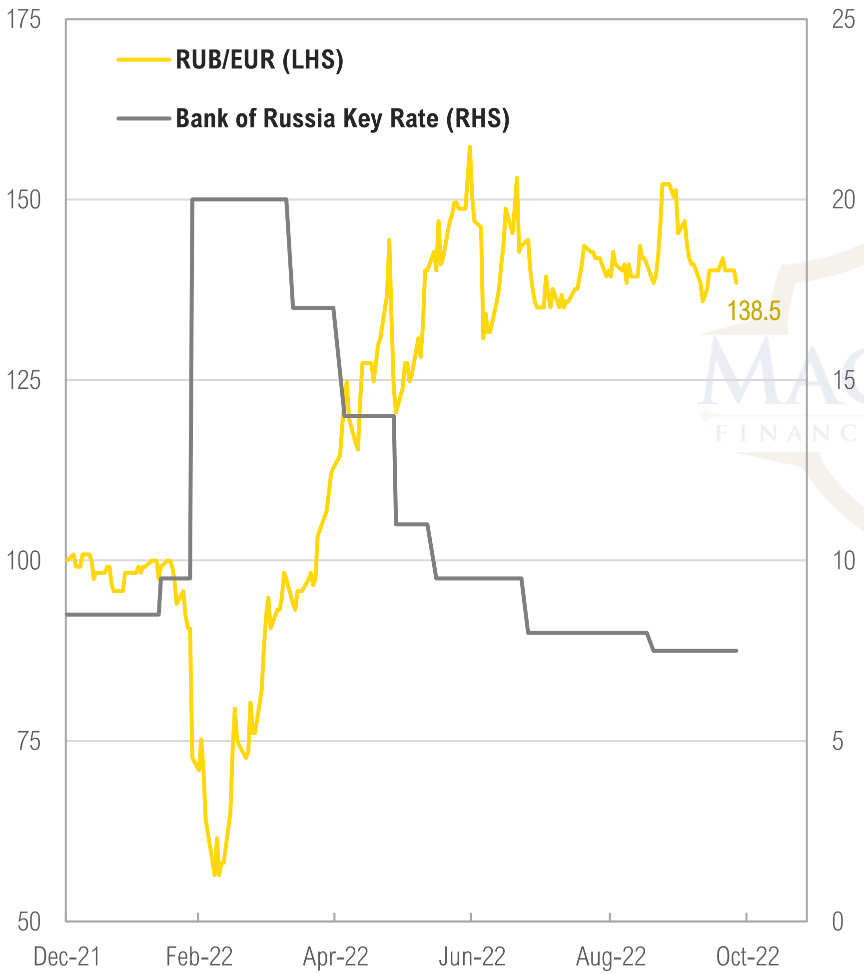
SENATE RACE MAP (AS OF OCTOBER 19, 2022)



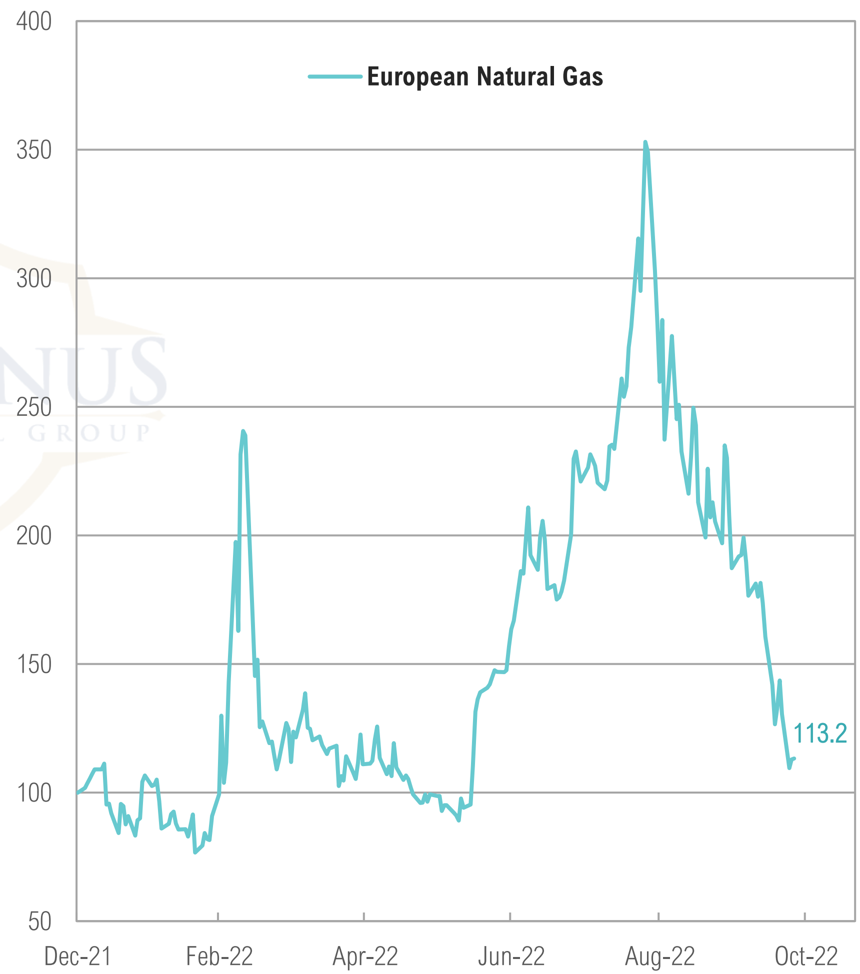
Source: Real Clear Politics

No winners across the continent as the Russia-Ukraine conflict drags on; Ruble has appreciated 45% vs Euro since start of the year

RUBLE/ EURO, GROWTH 100 RUSSIAN KEY BANK RATE



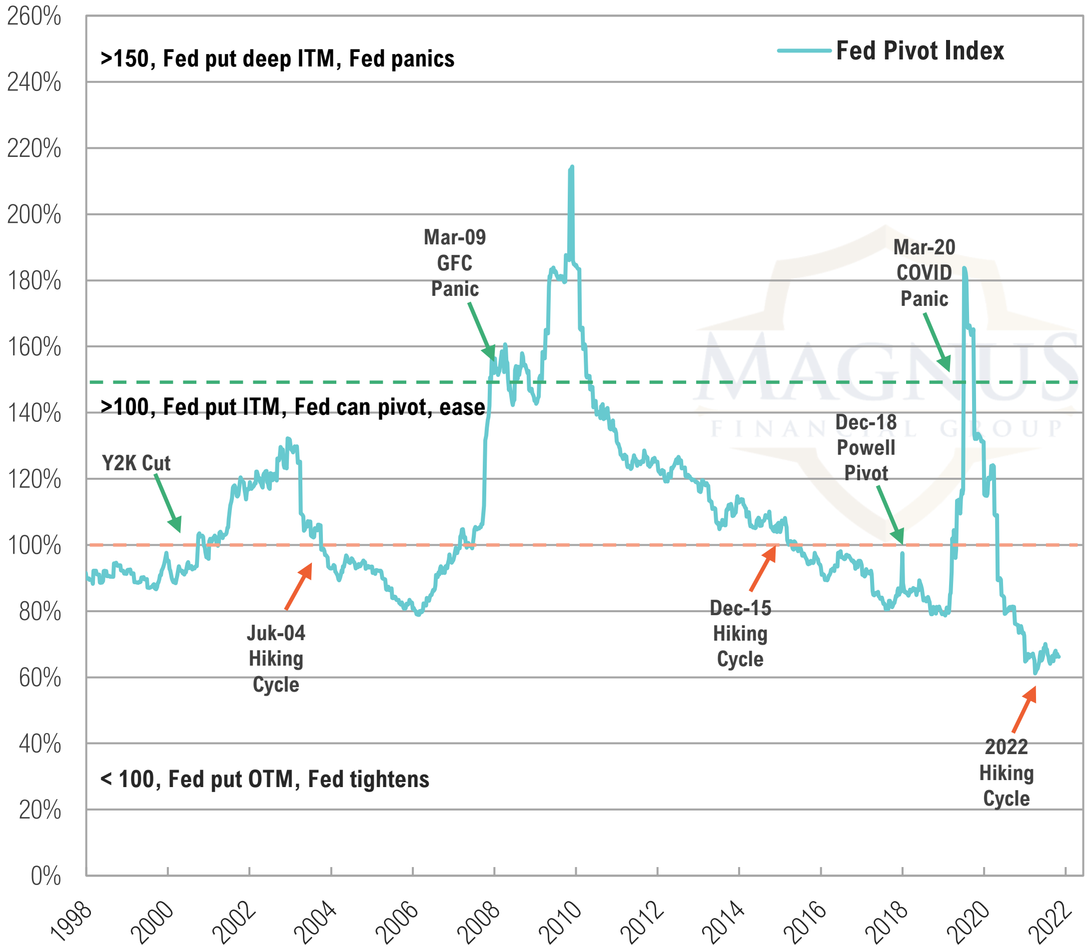
EUROPEAN NATURAL GAS PRICE, GROWTH OF 100



Source: Bloomberg. Dutch gas futures used as a proxy for European Natural Gas.

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)

Average "pivot" (end of hiking cycle) since WWII saw Fed funds at 7.9%, headline inflation at 5.5%, core inflation at 5.0%, and the unemployment rate at 5.3%… We're just not there yet!

KEY INDICATORS WHEN FED HIKED IN EACH OF PAST 16 CYCLES

	Policy Rate as of Last Hike* (%)	Unemployment Rate	Headline Inflation	Core Inflation	Real GDP Growth
Oct-57	3.5	4.5	2.9	-	0.4
Oct-59	4.0	5.7	1.7	2.7	4.6
Nov-66	5.8	3.6	3.8	3.6	4.5
May-68	6.1	3.5	3.9	4.3	5.5
Jul-74	12.9	5.5	11.5	8.8	-0.6
Apr-80	17.6	6.9	14.7	13.0	-0.8
Jun-81	19.1	7.5	9.6	9.4	3.0
Aug-84	11.5	7.5	4.3	5.1	6.9
Sep-87	7.3	5.9	4.4	4.3	3.3
May-89	9.8	5.2	5.4	4.6	3.7
Feb-95	6.0	5.4	2.9	3.0	3.5
Mar-97	5.5	5.2	2,8	2.5	4.3
May-00	6.5	4.0	3.2	2.4	5.2
Jun-06	5.3	4.6	4.3	2.6	3.0
Dec-18	2.4	3.9	1.9	2.2	2.3
Oct-22	3.1	3.7	8.3	6.3	1.8
Average	7.9	5.2	5.5	5.0	3.2

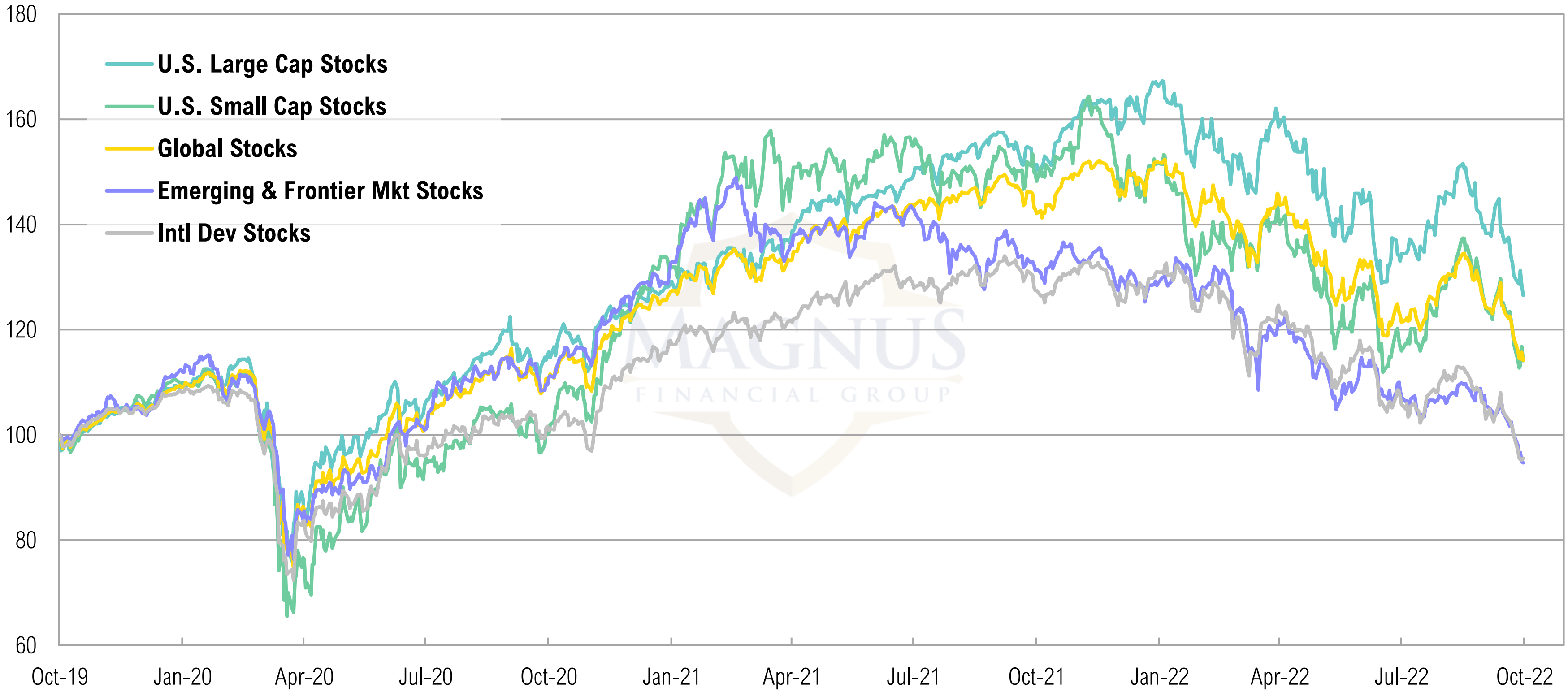
Source: Bloomberg, BofA. *Effective Fed funds rate until Sep '82, median target thereafter

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)*

Despite dropping back into bear market territory, U.S. stocks have outperformed their international peers this year; EM underperformed over the quarter

CALENDAR YEAR & TRAILING TOTAL RETURNS, GROWTH INDEX

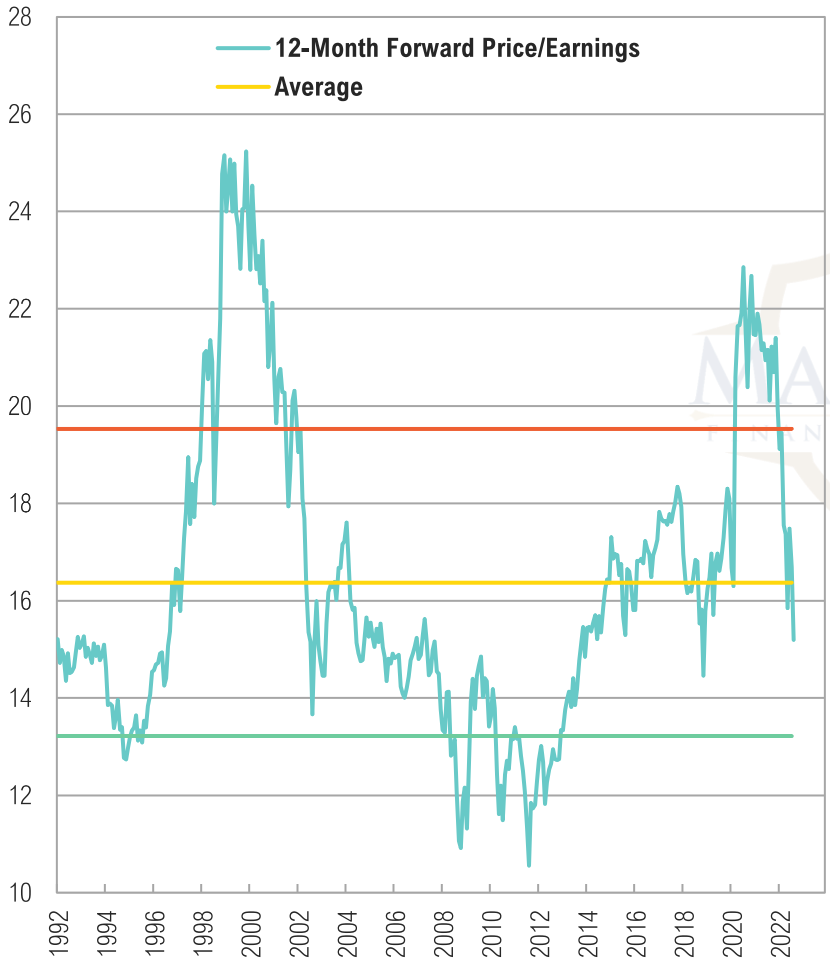


Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. Large Cap Stocks	S&P 500 TR	-9.2	-4.9	-23.9	-15.5	8.2	9.2	11.7	28.7	18.4	31.5	-4.4	21.8
U.S. Small Cap Stocks	Russell 2000 TR	-9.7	-2.1	-25.1	-23.6	4.2	3.5	8.5	14.5	20.0	25.4	-11.1	14.6
Intl Dev Stocks	MSCI EAFE GR	-9.4	-9.4	-27.1	-25.1	-1.8	-0.8	3.7	11.3	7.8	22.0	-13.8	25.0
Emerging & Frontier Mkt Stocks	MSCI EM GR	-11.7	-11.6	-27.2	-28.1	-2.1	-1.8	1.0	-2.5	18.3	18.4	-14.6	37.3
Global Stocks	MSCI ACWI GR	-9.6	-6.8	-25.6	-20.7	3.7	4.4	7.3	18.5	16.3	26.6	-9.4	24.0

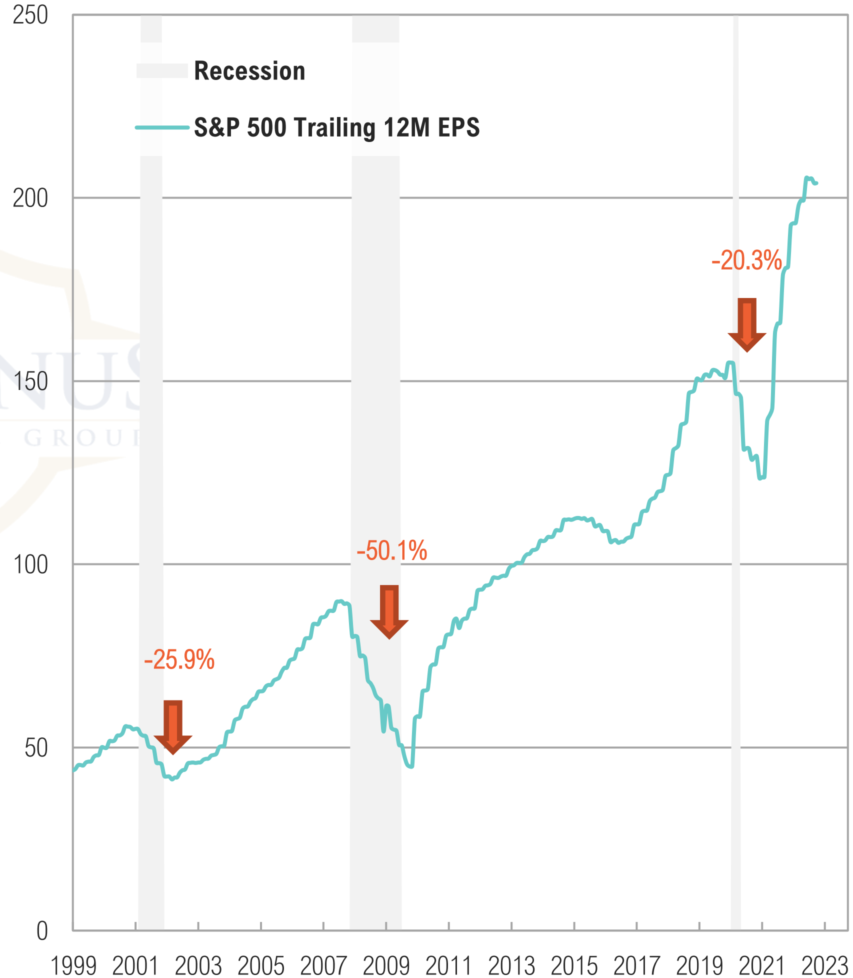
Source: Bloomberg
Returns for periods greater than 1 year are annualized.

Forward valuations have improved due to bear market, slightly below 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



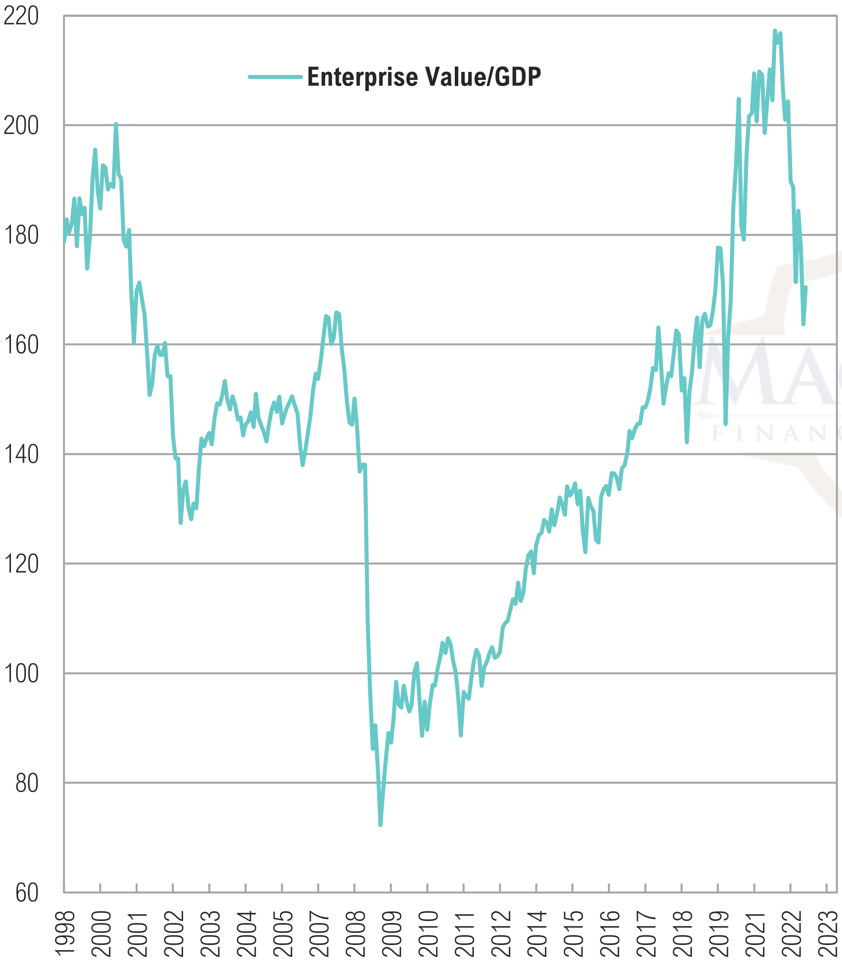
TRAILING 12-MONTH EARNINGS PER SHARE



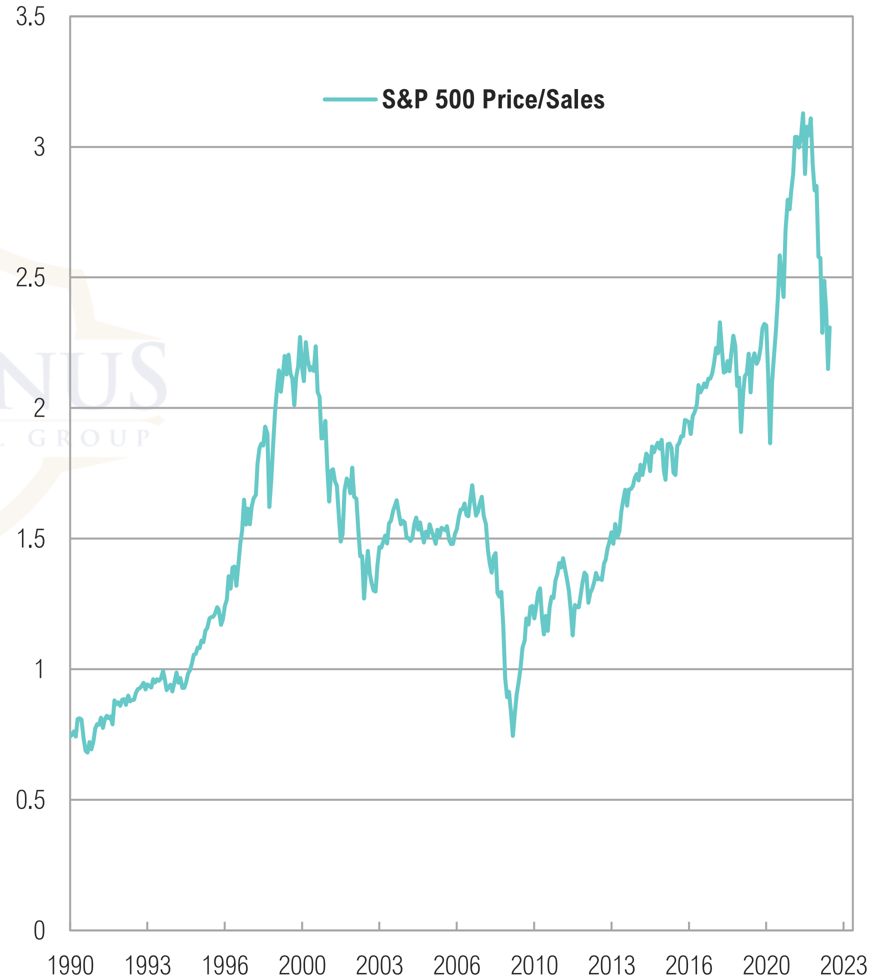
Source: Bloomberg. As at 9/30/2022

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

Energy ahead of consumer discretionary, tech and real estate by approximately 90% year-to-date

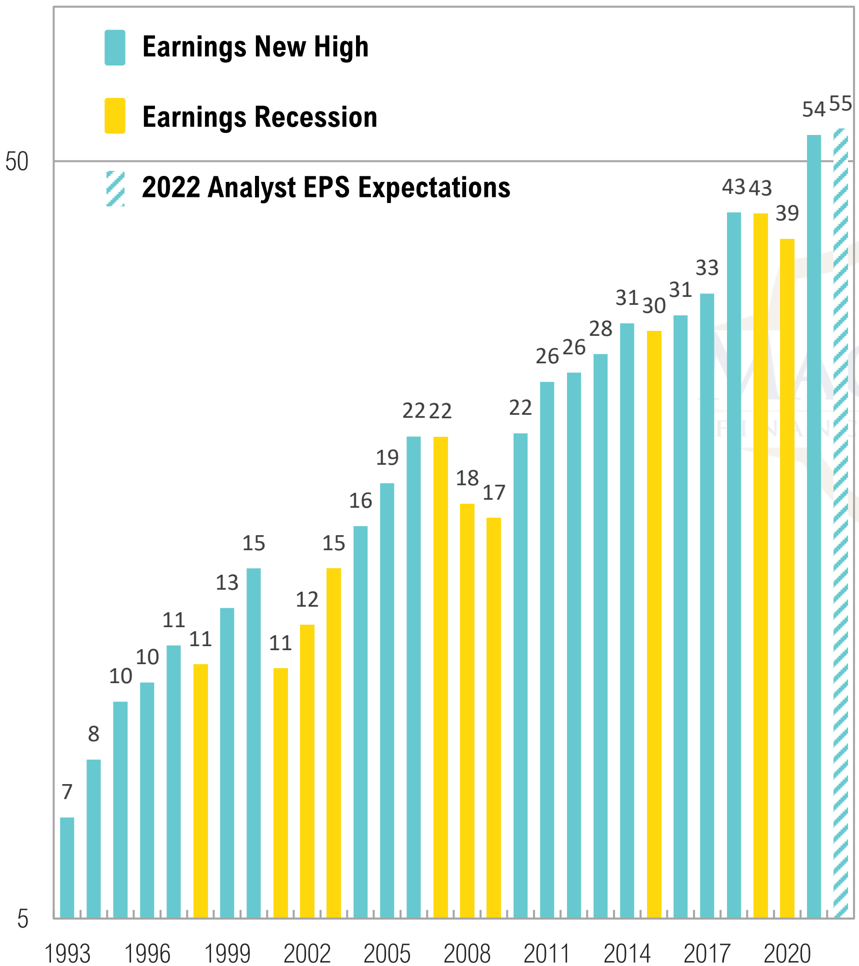
TRAILING AND CALENDAR YEAR TOTAL RETURNS, %

Style Boxes	Benchmark	1-Wk	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. Large Cap Value	Russell 1000 Value TR Index	3.9	5.5	5.5	-13.2	-11.2	6.1	6.0	9.6	25.2	2.8	26.5	-8.3	13.7
U.S. Large Cap Blend	Russell 1000 TR Index	4.7	4.6	4.6	-21.1	-18.2	9.2	9.5	12.1	26.5	21.0	31.4	-4.8	21.7
U.S. Large Cap Growth	Russell 1000 Growth TR Index	5.4	3.7	3.7	-28.1	-24.6	11.4	12.4	14.3	27.6	38.5	36.4	-1.5	30.2
U.S. Small Cap Value	Russell 2000 Value TR Index	3.3	6.0	6.0	-16.4	-16.5	6.1	3.8	8.7	28.3	4.6	22.4	-12.9	7.8
U.S. Small Cap Blend	Russell 2000 TR Index	3.6	4.7	4.7	-21.6	-23.1	5.3	4.2	9.3	14.8	20.0	25.5	-11.0	14.6
U.S. Small Cap Growth	Russell 2000 Growth TR Index	3.8	3.5	3.5	-26.8	-29.6	3.5	4.0	9.5	2.8	34.6	28.5	-9.3	22.2
Factors														
Cyclicals	MSCI USA Cyclical Sectors GR Index	5.5	4.1	4.1	-27.4	-25.1	8.5	9.9	13.5	27.6	27.8	36.3	-5.3	27.3
Defensives	MSCI USA Defensive Sectors Capped GR Inde	3.8	6.4	6.4	6.4	12.1	12.7	10.1	11.2	30.3	-2.9	21.8	-4.3	9.1
High Dividend	MSCI USA High Dividend Yield GR Index	3.3	4.5	4.5	-11.9	-6.7	4.8	6.3	10.2	21.9	1.7	22.5	-2.3	19.5
Min Vol	MSCI USA Minimum Volatility (USD) GR Inde	3.2	3.0	3.0	-14.8	-10.4	3.9	7.8	11.0	21.0	5.8	28.0	1.5	19.2
Momentum	MSCI USA Momentum GR Index	4.9	7.9	7.9	-20.5	-22.5	7.3	8.8	13.6	12.9	29.6	28.1	-1.6	37.8
High Quality	MSCI USA Quality GR Index	4.8	4.1	4.1	-26.4	-22.5	8.3	10.5	13.1	27.6	22.9	39.1	-2.6	26.0
Sectors														
Consumer Staples	S&P Cons Staples Select Sector TR Index	2.1	3.3	3.3	-8.9	0.0	7.1	8.0	9.9	17.3	10.3	27.7	-8.0	13.1
Consumer Discretionary	S&P Consumer Disc Select Sector TR Index	5.3	-0.1	-0.1	-29.9	-25.8	6.1	10.6	13.4	28.0	29.8	28.6	1.8	23.0
Energy	S&P Energy Select Sector TR Index	8.4	20.8	20.8	61.8	58.4	21.5	10.4	5.6	53.4	-32.8	12.1	-18.1	-0.9
Financials	S&P Financial Select Sector TR Index	3.9	6.2	6.2	-16.4	-18.1	6.4	6.1	11.7	35.0	-1.7	32.1	-13.0	22.2
Health Care	S&P Health Care Select Sector TR Index	2.3	4.6	4.6	-9.1	-2.0	13.5	10.6	14.0	26.1	13.4	20.8	6.4	21.9
Industrials	S&P Industrial Select Sector TR Index	4.7	7.1	7.1	-15.1	-13.7	6.5	6.0	11.5	21.1	11.1	29.4	-13.0	24.1
Materials	S&P Materials Select Sector TR Index	6.1	6.4	6.4	-18.9	-13.0	10.3	6.4	9.3	27.3	20.5	24.4	-14.8	23.9
Real Estate	S&P Real Estate Select Sector TR Index	2.8	-3.7	-3.7	-31.5	-24.4	-1.5	4.7	7.3	46.2	-2.1	29.0	-2.2	10.8
Technology	S&P Technology Select Sector TR Index	6.5	4.7	4.7	-27.9	-21.0	16.3	16.8	17.5	34.7	43.9	50.3	-1.4	34.6
Utilities	S&P Utilities Select Sector TR Index	2.0	-3.3	-3.3	-9.6	-2.5	2.9	6.4	9.3	17.7	0.5	26.3	4.1	12.1
Communication Services	S&P Cmmncton Svces Select Sector TR Index	4.7	4.8	4.8	-34.9	-38.3	0.6	3.9	10.6	16.0	27.0	31.4	-6.9	24.5

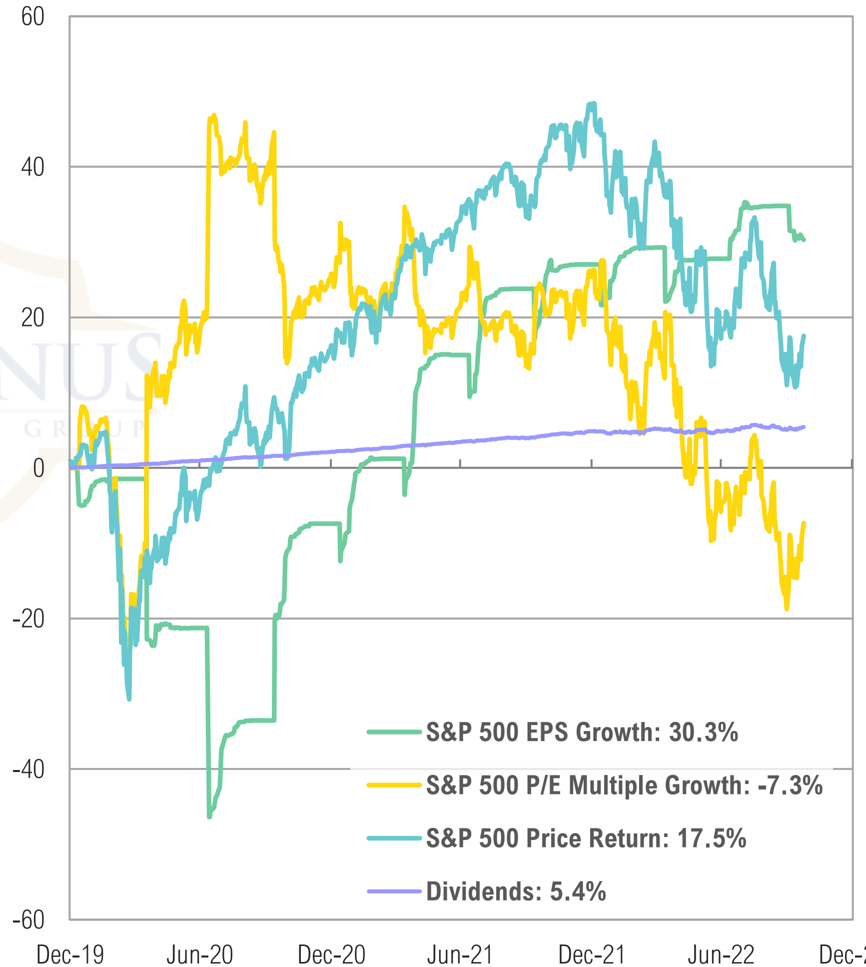
Source: Bloomberg. Returns for periods longer than 1 year are annualized
As of 10/21/2022

Analyst EPS expectations remain high, but have started to decline

S&P 500 EARNINGS PER SHARE, *LOG SCALE*



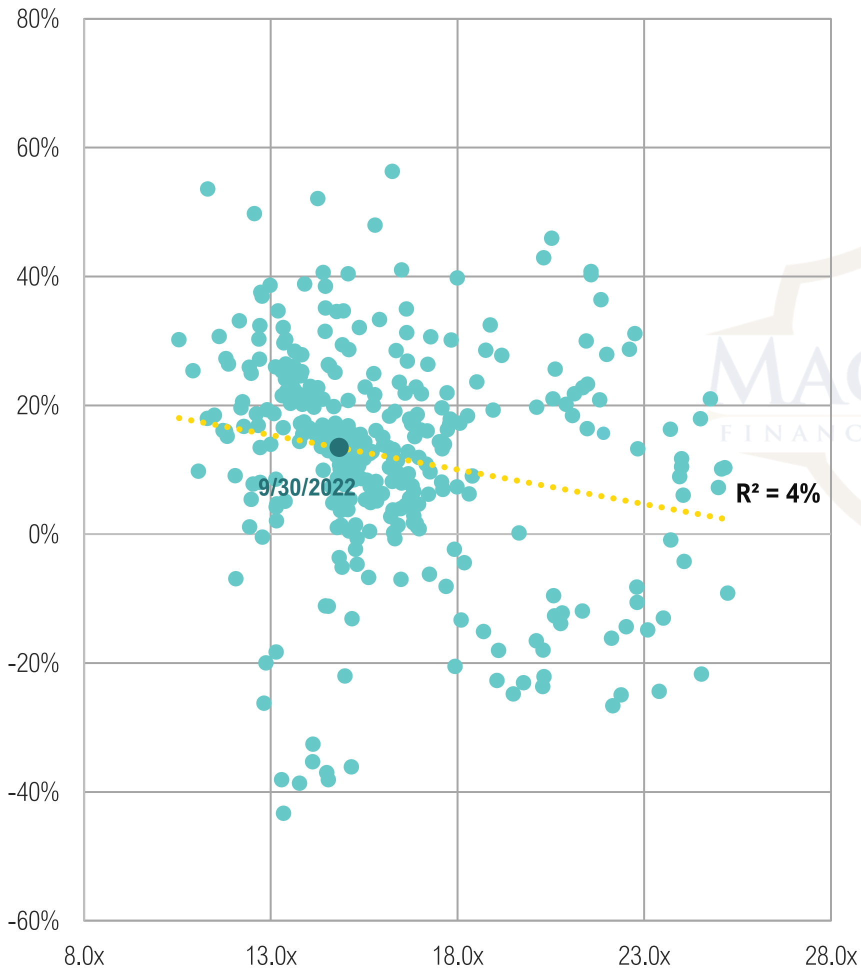
S&P 500 GROWTH, EARNINGS & VALUATION, *% CHANGE (DEC-'20 = 0)*



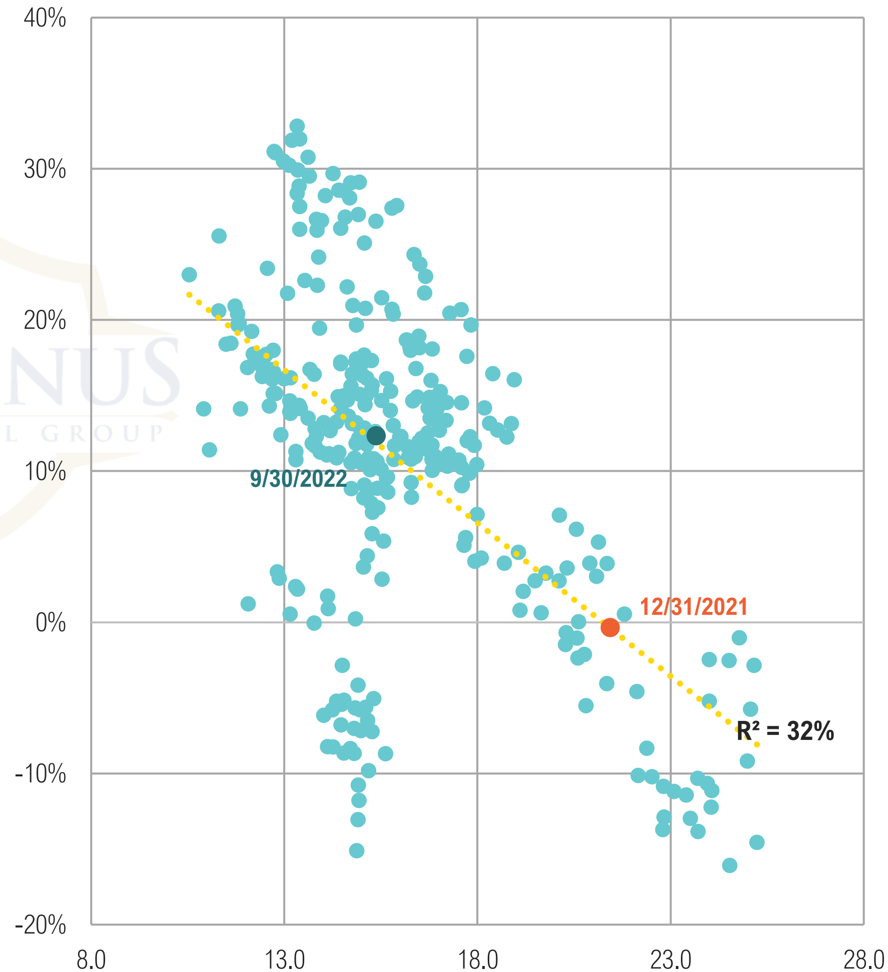
Source: Bloomberg, Factset

Forward P/Es have little predictive power for one-year forward equity returns, but have been reasonably predictive over longer time horizons

FORWARD P/E AND SUBSEQUENT 1-YR FORWARD RETURN



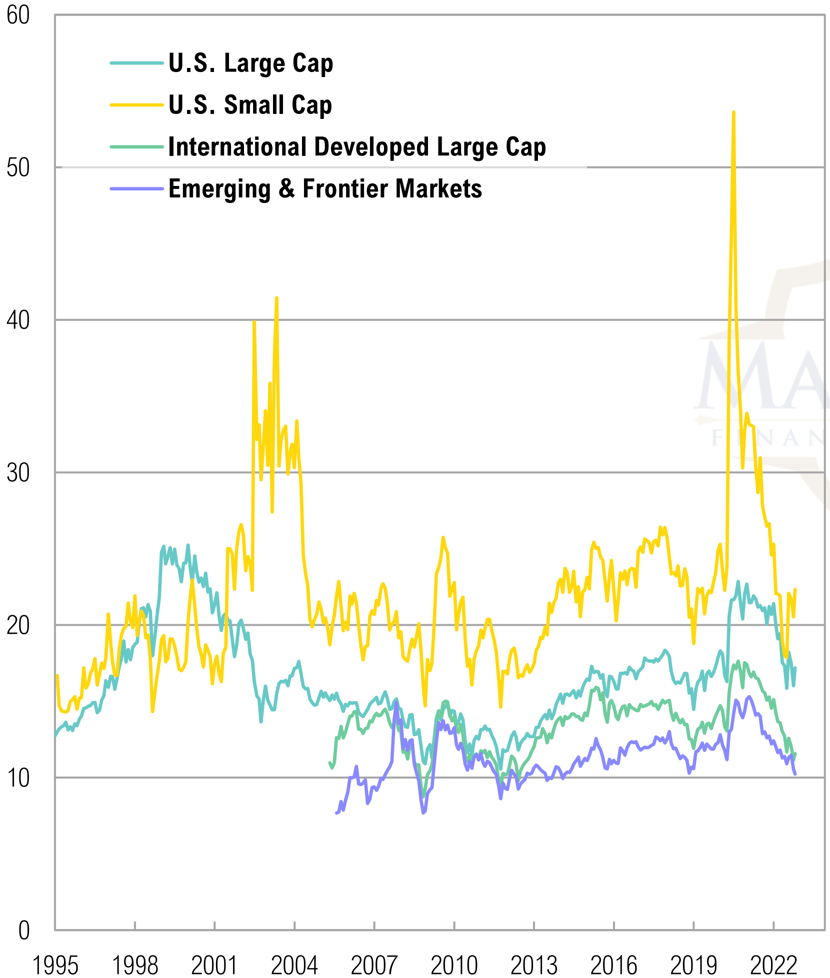
FORWARD P/E AND SUBSEQUENT 3-YR FORWARD RETURN



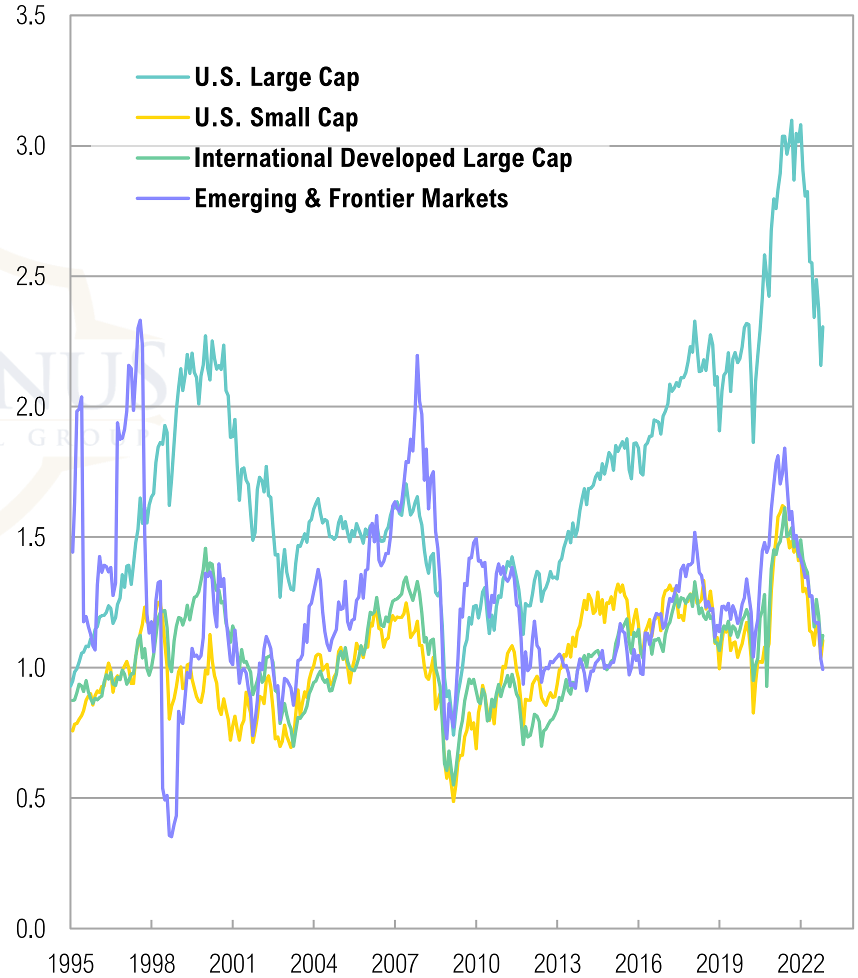
Source: Bloomberg
Period of analysis from 1/31/1992 through 6/30/2022 using monthly data

Valuations continue to contract so far this year

PRICE-TO-EARNINGS RATIO, *FWD 12-MONTH*



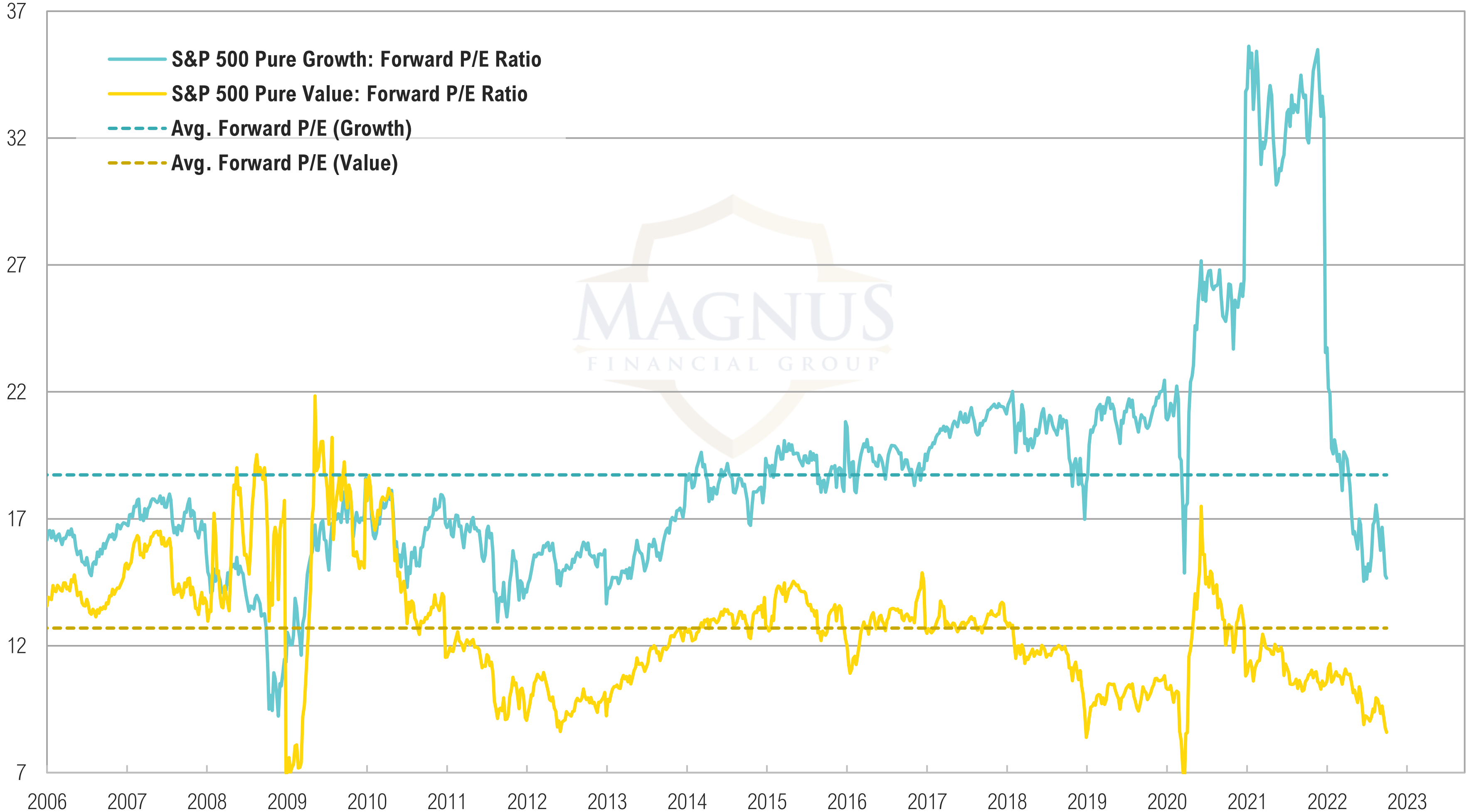
PRICE-TO-SALES RATIO



Source: Bloomberg

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)

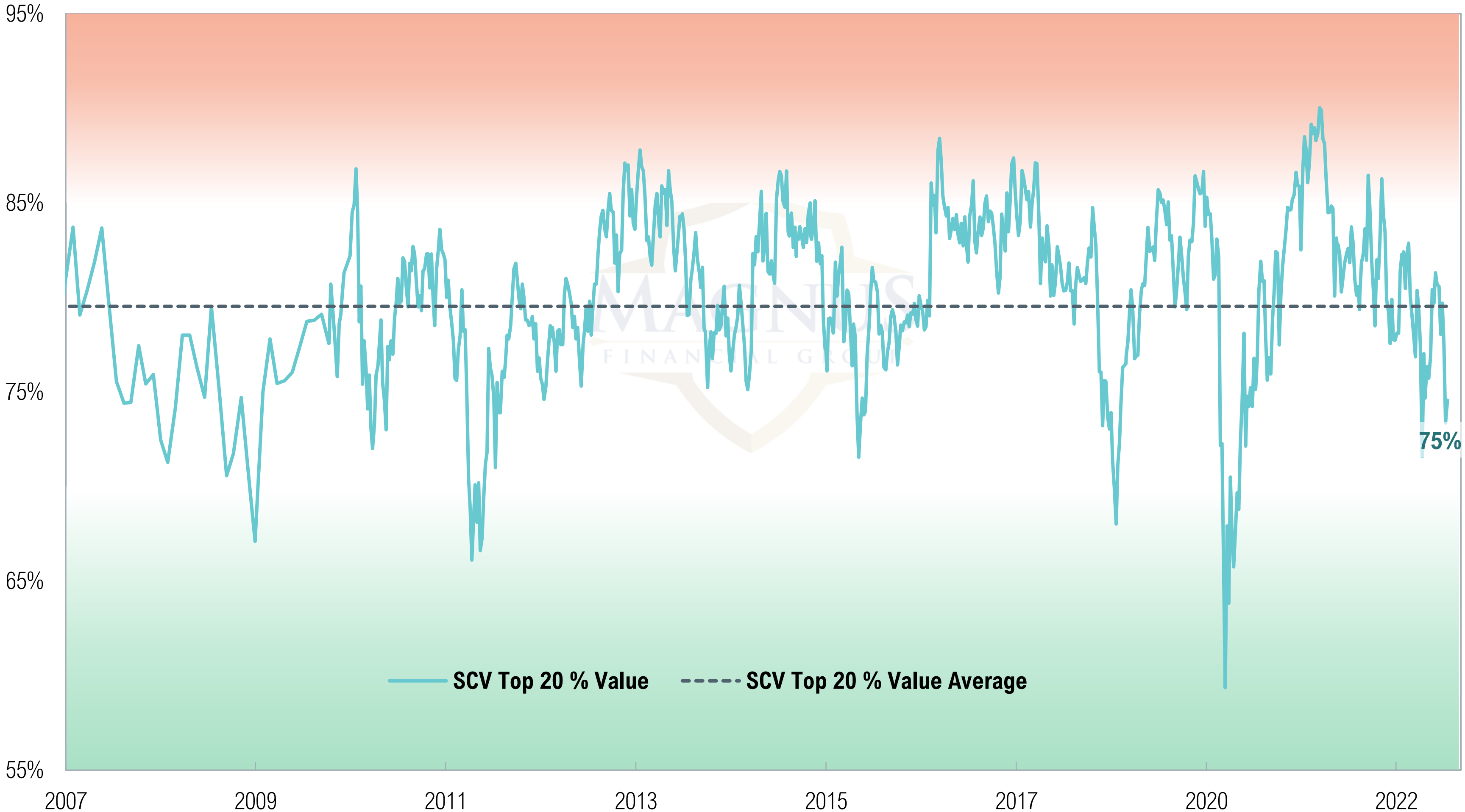
S&P 500 PURE GROWTH INDEX VS. S&P PURE VALUE INDEX FORWARD P/E RATIOS



Source: Bloomberg

Within small cap value, valuations are below average, but not at levels typically seen in major market drawdowns

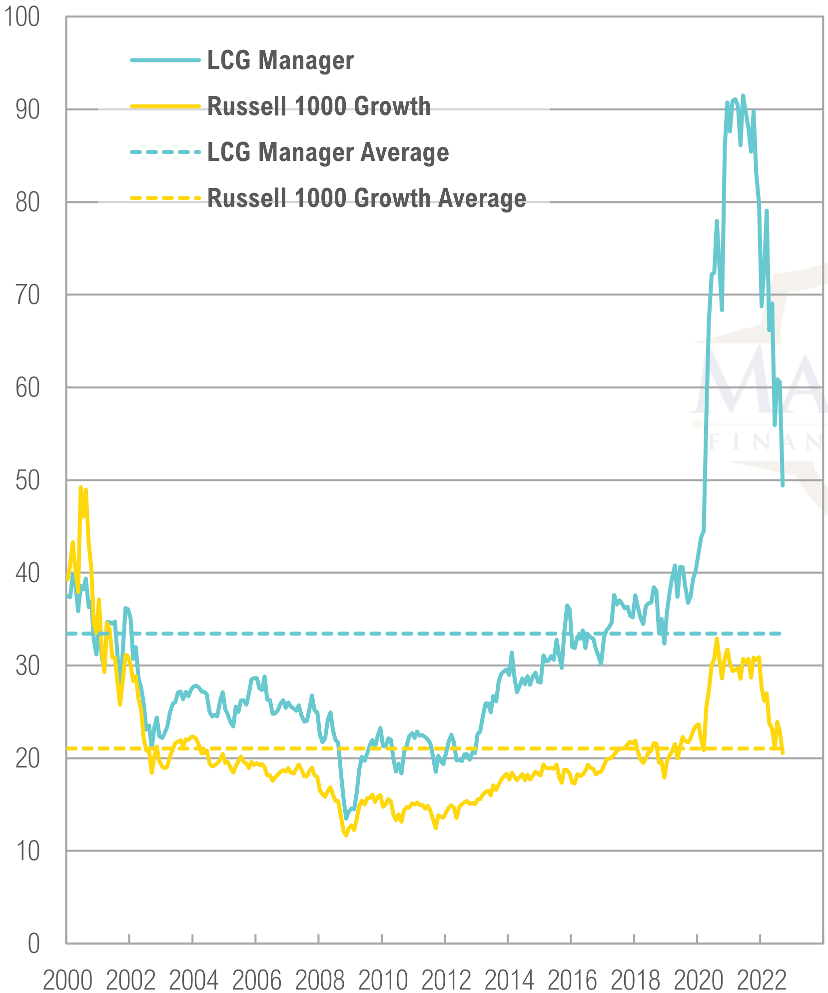
SMALL CAP VALUE MANAGER'S TOP 20 DISCOUNT TO VALUE METRIC



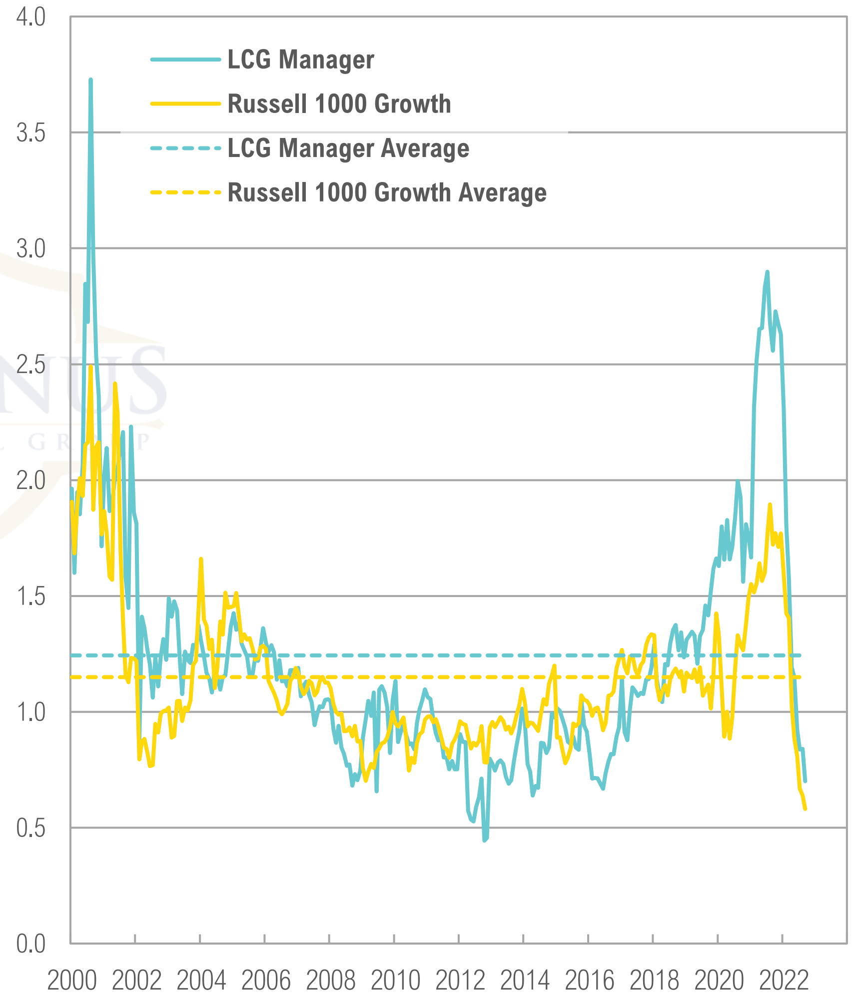
Source: River Road Asset Management

Growth valuations seem attractive when accounting for high growth expectations, but they are not attractive on an absolute level

FORWARD P/E RATIO



FORWARD P/E RATIO TO CURRENT GROWTH RATE (PEG) RATIO



Source: Sands Capital

Nominal sales and earnings growth expected to decelerate for remainder of 2022; impact of inflation and potential recession huge wild cards next year

S&P 500 SECTOR SALES GROWTH Y/Y, %

	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**	**Q4E**
S&P 500	1.5	1.8	3.1	1.9	7.7	6.3	4.1	6.8	10.1	6.8	11.0	12.1	5.4	5.6	5.8	9.0	-3.6	-8.1	-2.9	0.9	8.4	18.3	15.1	11.3	15.3	17.2	9.5	5.4
Communication Services	2.2	1.2	-1.4	-4.3	-5.8	-4.0	-4.8	0.0	10.3	0.7	-50.7	-47.4	-48.6	-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	4.6	1.4
Consumer Discretionary	9.6	10.6	9.6	4.7	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	7.5	9.0
Consumer Staples	1.9	3.1	3.3	2.9	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	8.2	5.3
Energy	-32.1	-26.9	-18.2	-5.0	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	-48.0	-33.8	-32.4	0.4	102.1	65.6	80.8	58.7	76.5	56.4	23.1
Financials	-1.3	1.9	23.1	22.6	27.5	24.1	2.9	8.5	5.7	5.5	13.5	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	-11.4	-7.3
Health Care	12.6	9.7	5.9	2.7	1.9	2.3	2.3	2.6	7.0	12.1	16.0	21.4	15.5	10.3	13.0	11.2	12.0	4.3	7.4	9.3	8.3	18.9	12.6	11.4	14.5	10.7	7.8	5.1
Industrials	6.1	7.1	5.3	8.9	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	15.3	12.6
Information Technology	5.4	5.7	7.4	-8.9	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	5.1	3.8
Materials	-3.8	-1.0	3.3	-1.3	-1.5	-2.2	0.1	6.7	10.9	10.9	23.3	18.4	12.3	11.5	-11.4	-9.8	-13.3	-20.0	-4.8	3.5	10.8	32.7	31.1	29.2	28.6	22.2	18.6	3.7
Real Estate	n/a	n/a	n/a	n/a	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	7.9	1.9
Utilities	-10.5	-4.3	1.7	21.1	2.0	3.6	-15.8	-6.5	-4.0	10.8	0.4	-5.9	-6.1	-6.6	3.4	-9.3	-3.1	-19.5	-4.8	0.7	14.7	9.4	8.5	13.1	7.8	22.9	4.3	-5.5

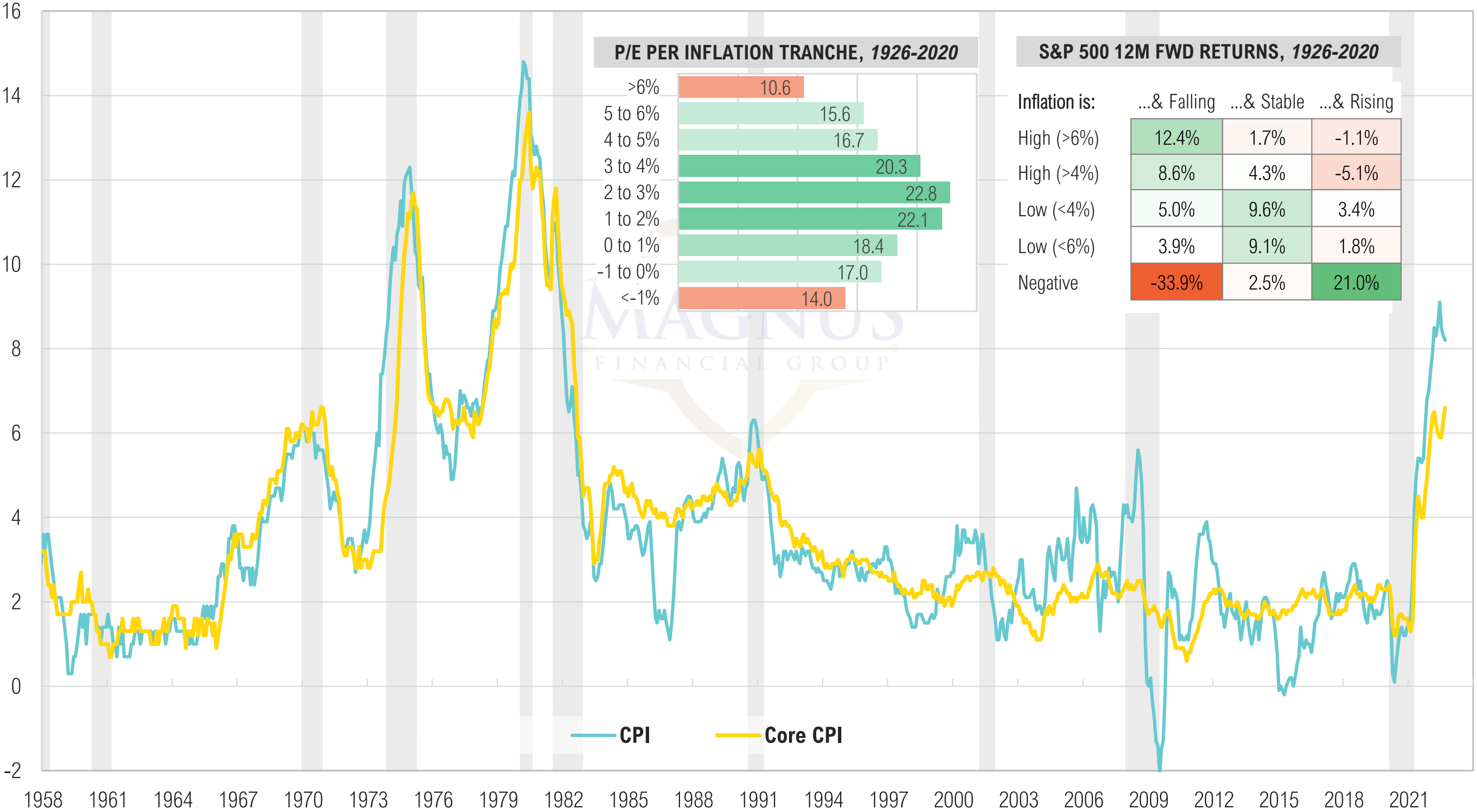
S&P 500 SECTOR EARNINGS GROWTH Y/Y, %

	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**	**Q4E**
S&P 500	-6.1	-4.5	3.5	5.7	14.8	14.5	4.7	8.4	16.5	18.0	27.1	21.6	10.7	1.4	3.4	1.8	-16.6	-33.3	-9.9	-0.3	38.6	98.6	39.7	33.5	16.6	14.0	7.7	5.4
Communication Services	8.9	-2.9	-3.4	12.6	-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	31.6	67.8	35.8	25.1	7.0	-13.5	-13.2	1.5
Consumer Discretionary	19.4	13.7	7.2	8.5	6.2	1.6	-0.9	3.3	10.4	7.0	17.5	10.3	6.7	3.9	10.2	-5.3	-39.2	-93.0	-3.5	-3.7	48.9	1460.6	-0.5	8.1	-2.1	-3.5	-5.3	23.5
Consumer Staples	-1.8	-0.8	5.4	15.0	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	-1.9	-0.5
Energy	-109.2	-82.7	-64.6	-30.1	n/a	236.7	77.1	130.5	34.1	98.7	120.3	100.0	88.6	-28.1	-23.6	-41.6	-63.7	-196.5	-108.8	-99.8	26.7	n/a	n/a	n/a	277.5	305.5	169.4	49.4
Financials	-8.1	-8.1	28.1	28.9	27.0	29.3	4.2	-8.1	3.6	25.4	25.4	30.5	14.9	6.0	6.7	11.9	-28.0	-48.5	-8.1	17.3	134.4	178.5	35.9	13.0	-20.1	-21.1	-10.1	0.1
Health Care	3.1	6.2	7.4	8.5	4.6	6.9	6.1	7.6	6.9	9.2	15.8	9.4	12.9	8.4	8.9	9.6	18.3	9.0	5.0	9.4	14.9	22.9	29.6	28.1	17.5	11.2	5.1	3.0
Industrials	-2.4	4.7	3.4	7.6	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	-50.0	-34.2	-9.3	435.7	80.9	49.5	38.6	38.2	28.0	23.1
Information Technology	-1.5	-7.9	5.9	-15.0	32.2	33.8	15.1	28.2	40.5	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	23.0	15.8	-1.3	-6.7
Materials	-12.0	-5.0	13.9	19.4	15.6	8.3	8.9	4.1	13.3	5.8	58.9	29.5	1.5	-6.5	-31.0	-20.8	-30.1	-19.3	-2.2	26.8	63.4	116.1	85.5	60.4	52.4	23.1	26.4	-6.5
Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	23.8	22.2	11.2	-9.6	-15.4	-18.8	5.0	9.7	6.8	19.2	-12.8	-34.7	-38.3	-8.1	20.2	121.0	82.8	45.3	53.4	11.7	24.5	-15.1
Utilities	-2.4	9.1	12.3	264.7	0.8	3.4	-31.1	-4.7	-21.6	28.4	10.2	-42.2	-8.9	-4.2	41.3	27.0	60.4	-13.1	1.5	-1.8	0.7	5.9	0.2	-1.5	11.0	3.4	-26.1	48.2

Source: Bloomberg

Historically, inflation has been a significant issue for the stock market when it is above 4%, even more so when above 6%

CPI & CORE CPI % Y/Y



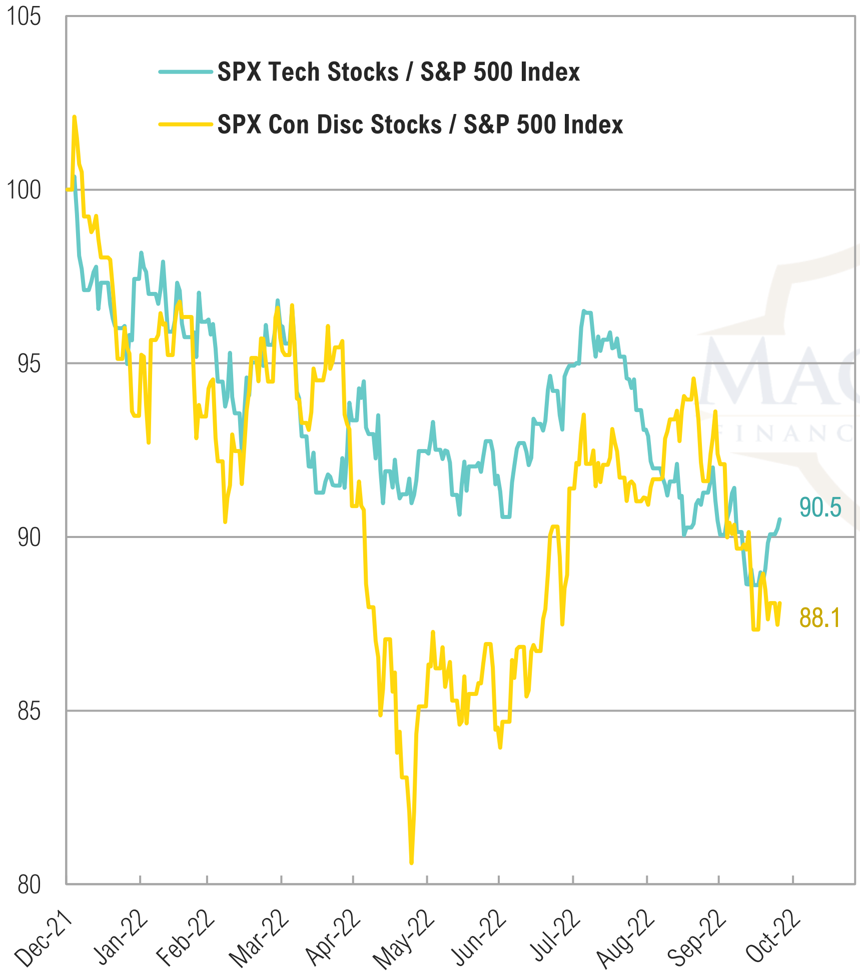
S&P 500 12M FWD RETURNS, *1926-2020*

Inflation is:	...& Falling	...& Stable	...& Rising
High (>6%)	12.4%	1.7%	-1.1%
High (>4%)	8.6%	4.3%	-5.1%
Low (<4%)	5.0%	9.6%	3.4%
Low (<6%)	3.9%	9.1%	1.8%
Negative	-33.9%	2.5%	21.0%

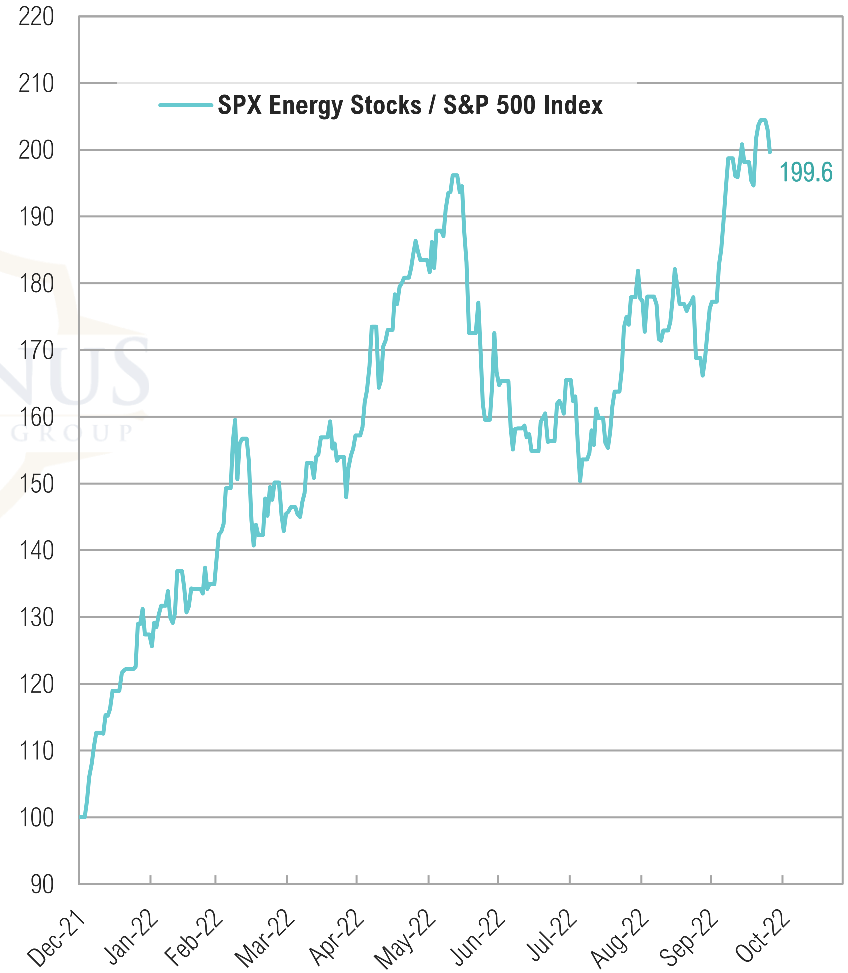
Source: Bloomberg, SpringTide calculations. S&P 500 returns are price returns. P/E is Shiller/CAPE price-to-earnings ratio.

Market internals point to consumer stress; energy breaking out

RELATIVE GROWTH OF 100, YTD

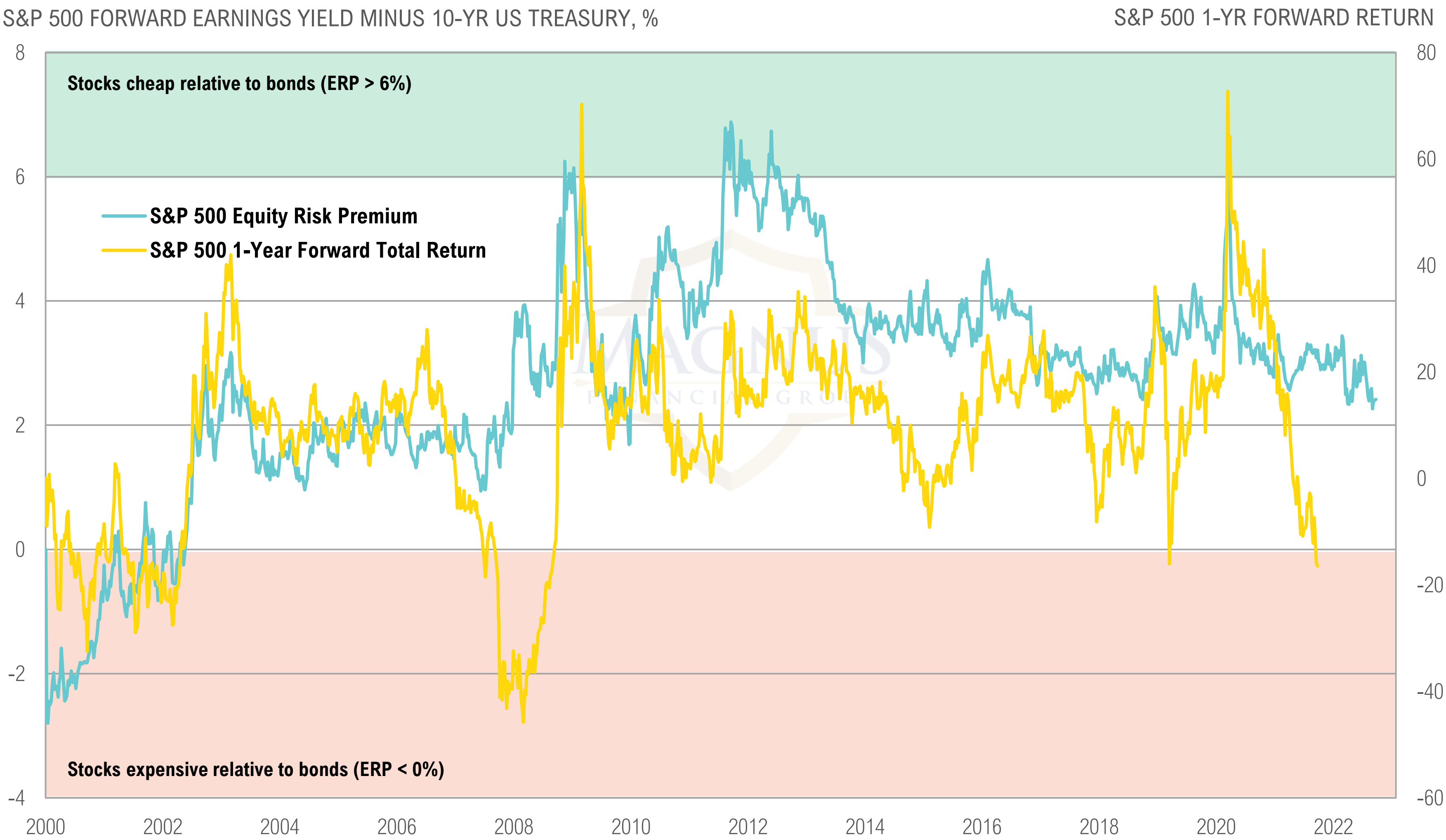


RELATIVE GROWTH OF 100, YTD



Source: Bloomberg

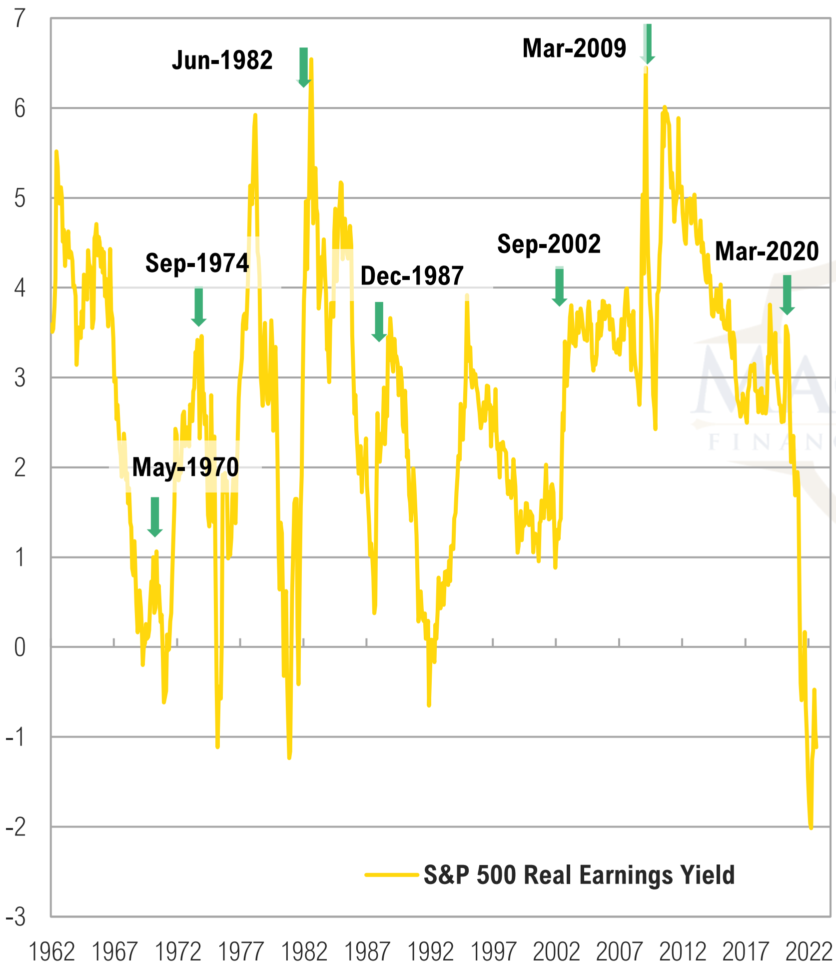
Despite being in a bear market, stocks are arguably less attractively priced vis-à-vis bonds than they were coming into the year



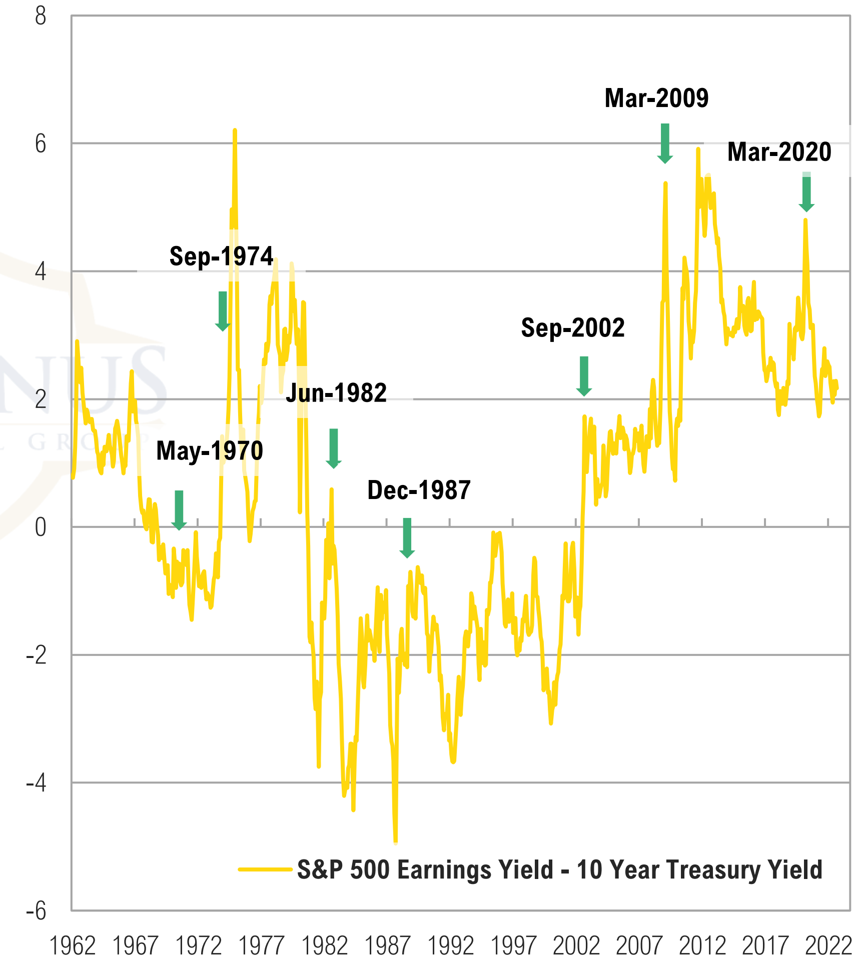
Equity risk premium calculated as S&P 500 earnings yield minus 10-year Treasury yield.

The S&P 500 real earnings yield is still negative and substantially lower than previous bear market lows

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

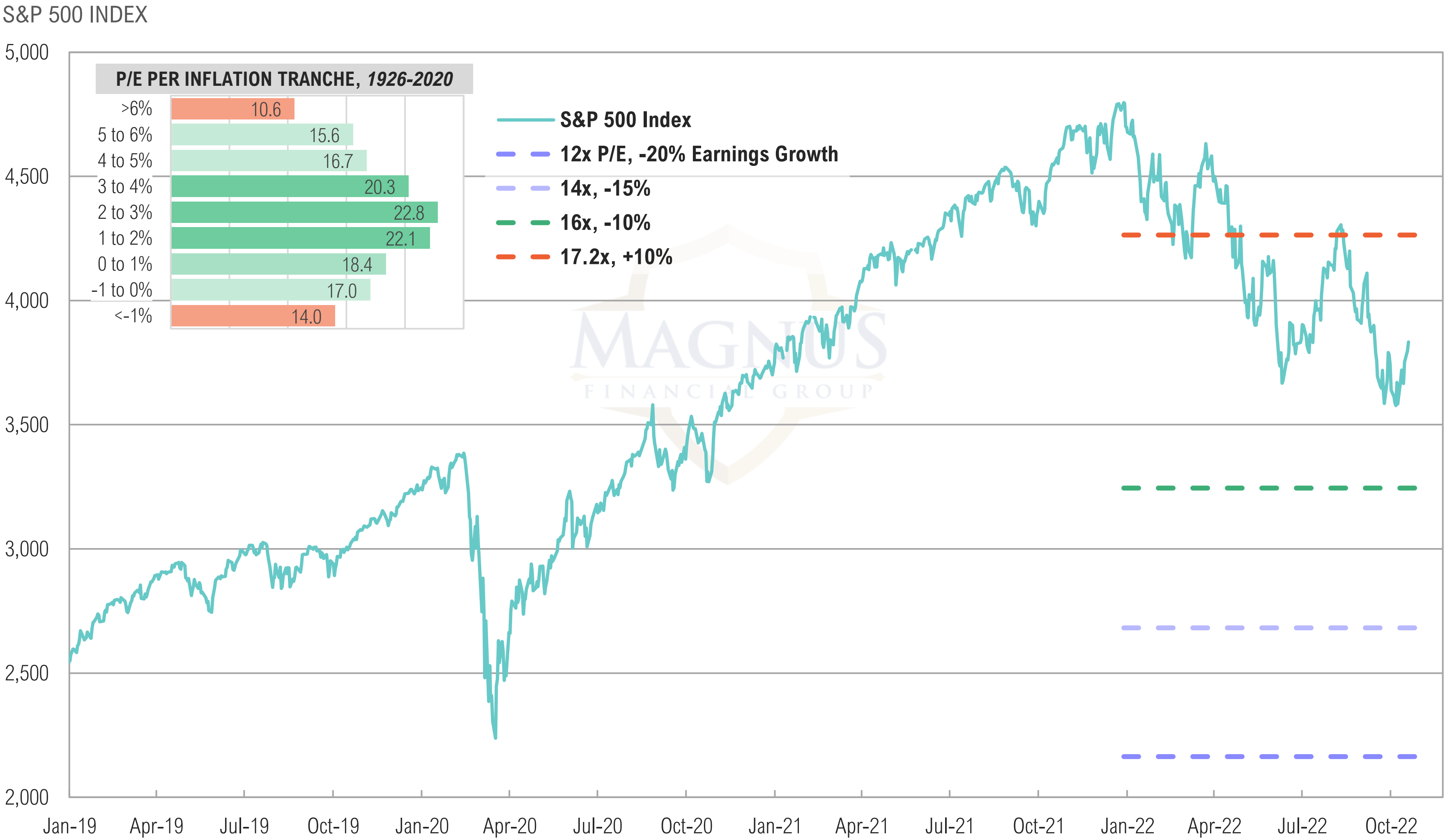


S&P 500 EARNINGS YIELD (TTM) MINUS U.S. 10 YR TREASURY YIELD, %



Source: Bloomberg. As at 8/31/2022

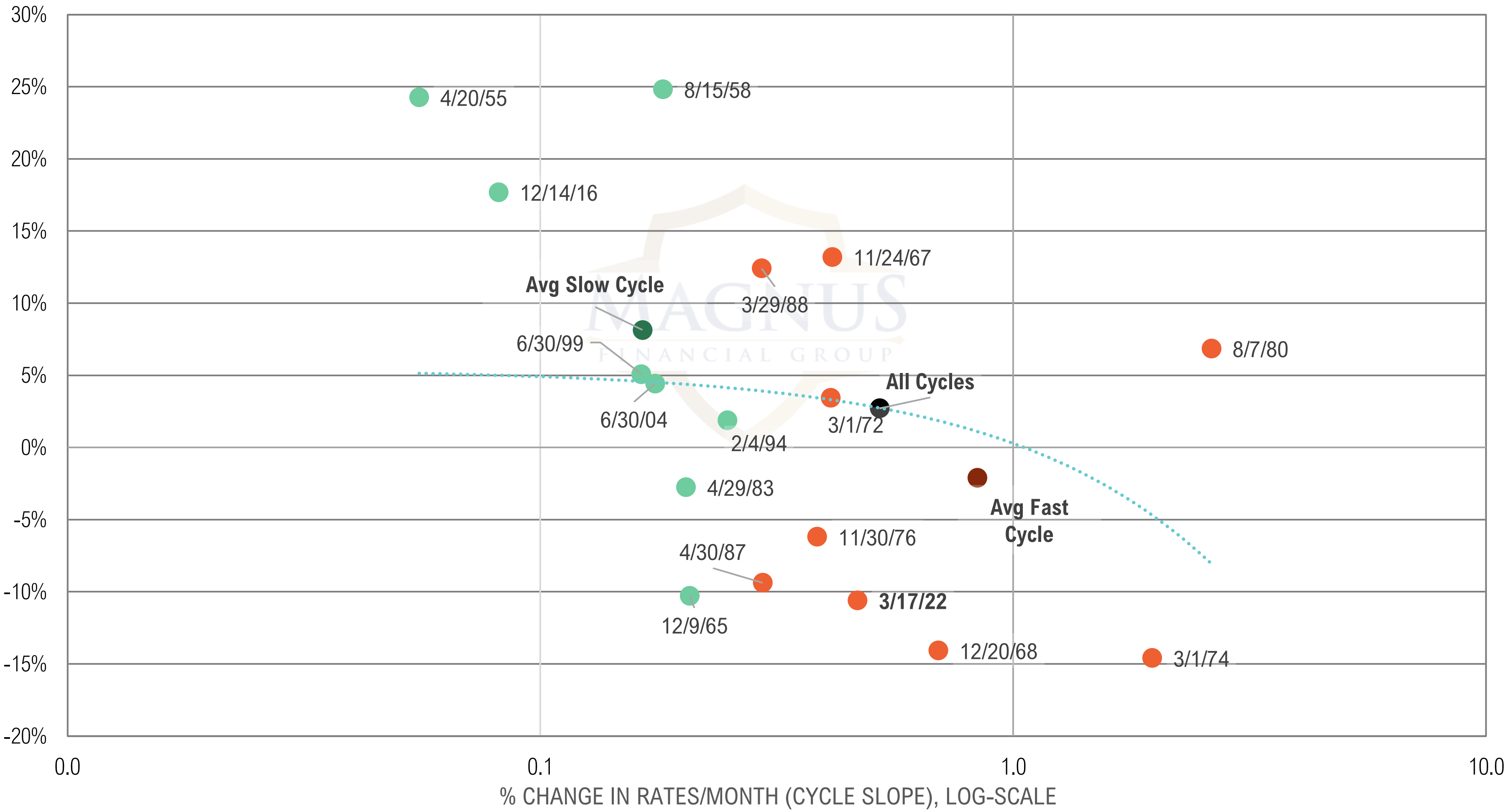
Tranching in equities: P/E multiple levels to consider are 16x, 14x, and 12x, applied to various levels of earnings decline



Source: SpringTide, Bloomberg

Fast hiking cycles correlate with poor returns following first rate hike; this cycle's hike pace combined with QT make it more restrictive than this chart suggests

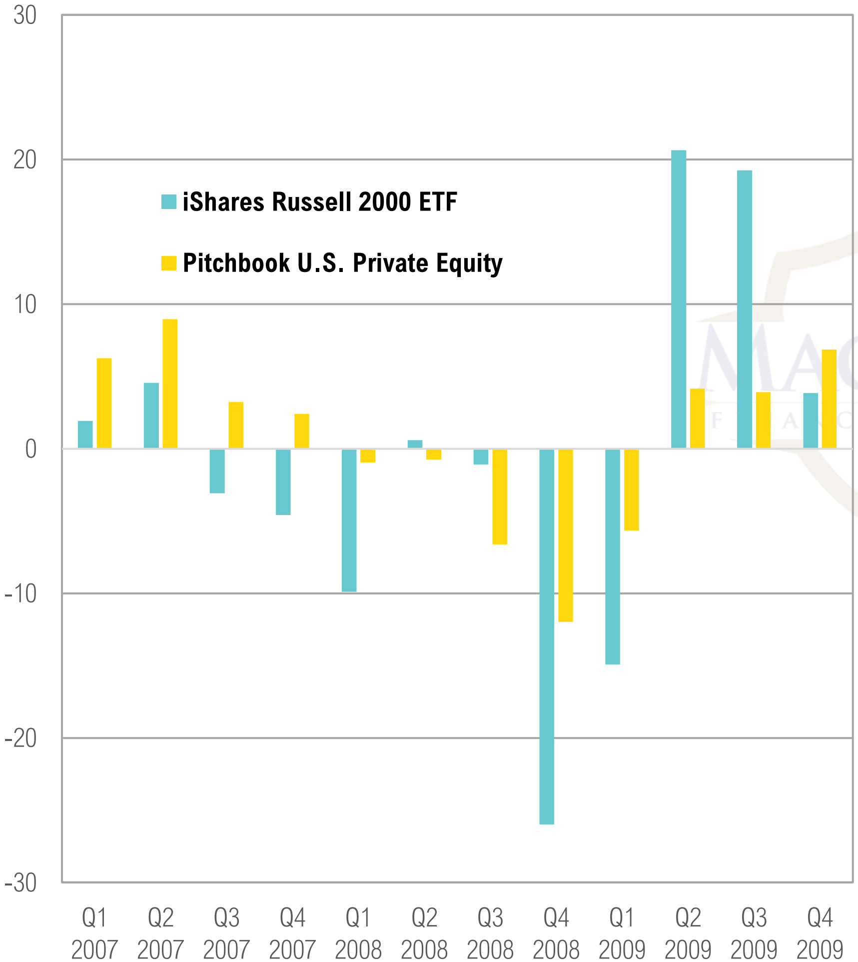
S&P 500 1-YEAR TOTAL RETURN FOLLOWING FIRST HIKE



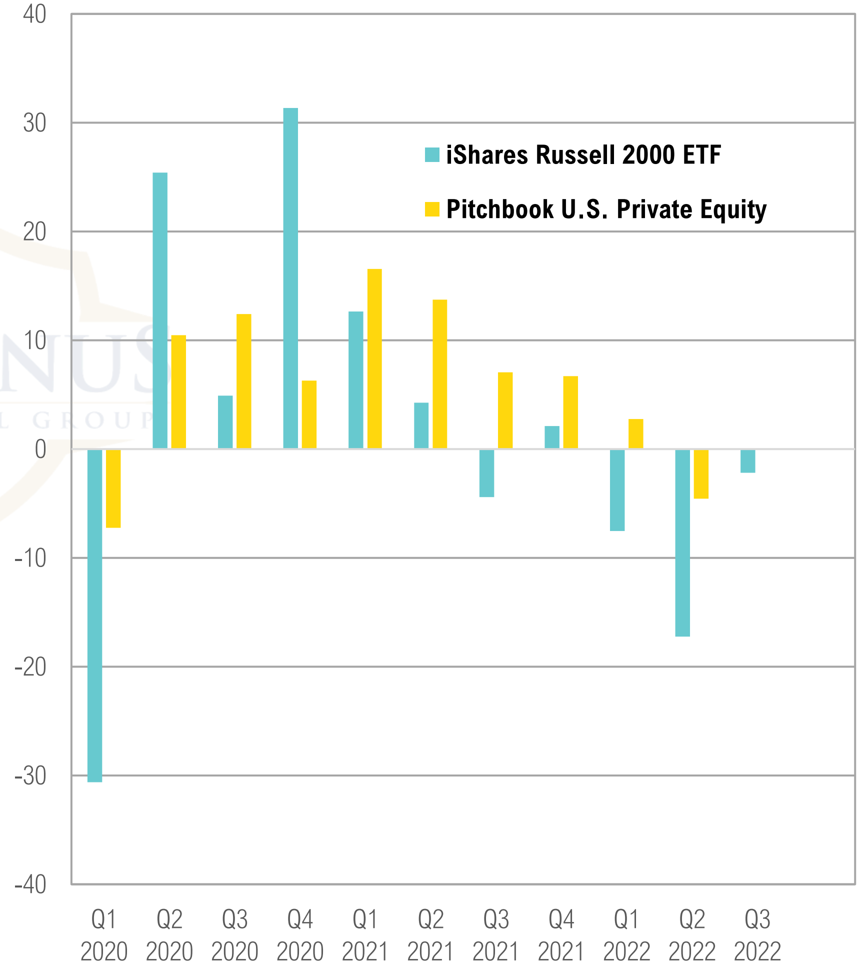
Source: Bloomberg, SpringTide Calculations

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

QUARTERLY TOTAL RETURNS, %



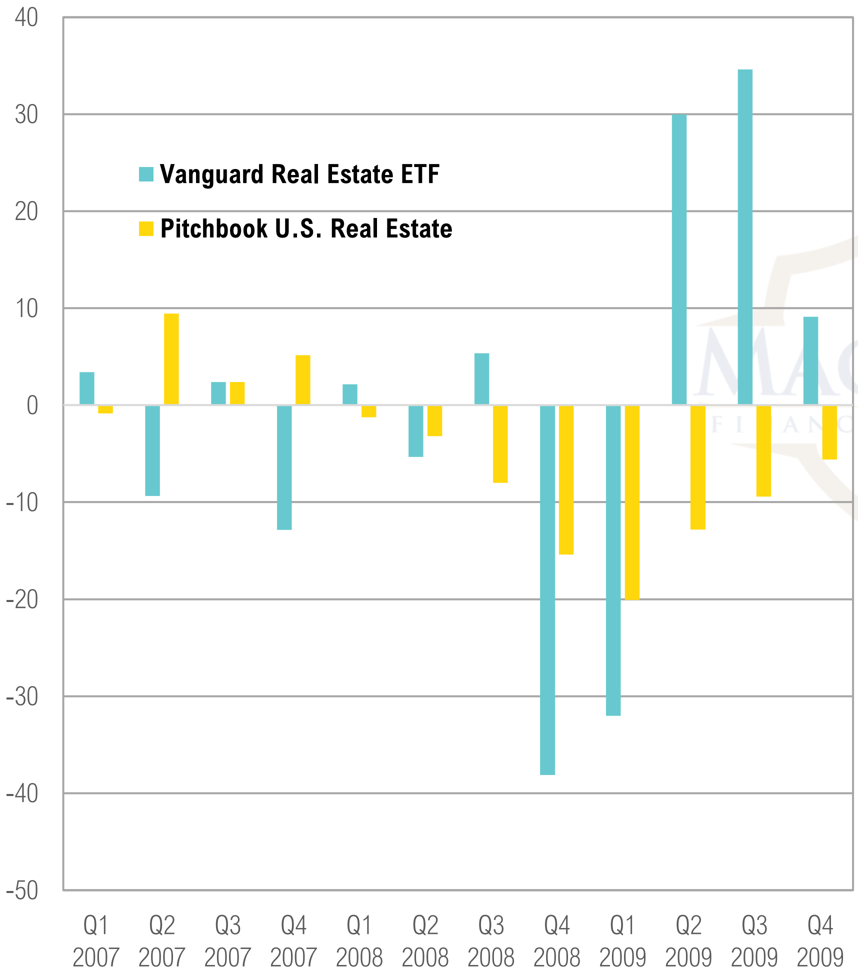
QUARTERLY TOTAL RETURNS, %



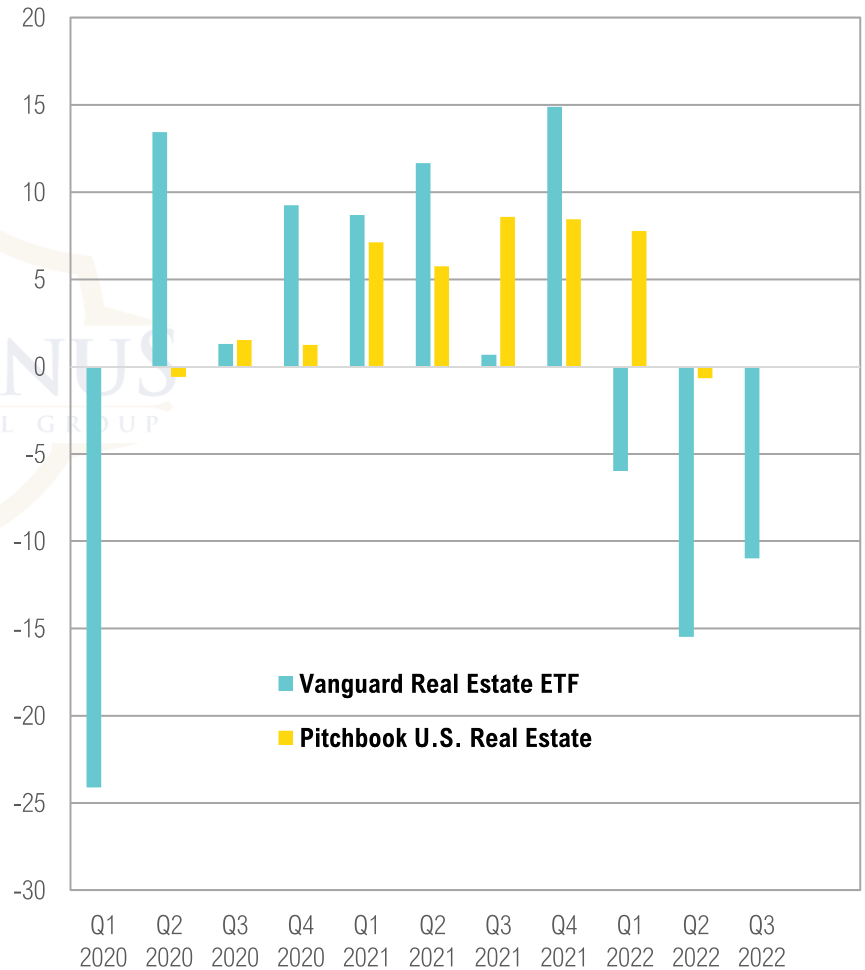
Source: Pitchbook, Bloomberg, Cambridge Associates
2Q 2022 Private Equity Returns use the Cambridge Associates Private Equity Benchmark as of 6/30/2022

The same dynamic is happening in private real estate

QUARTERLY TOTAL RETURNS, %



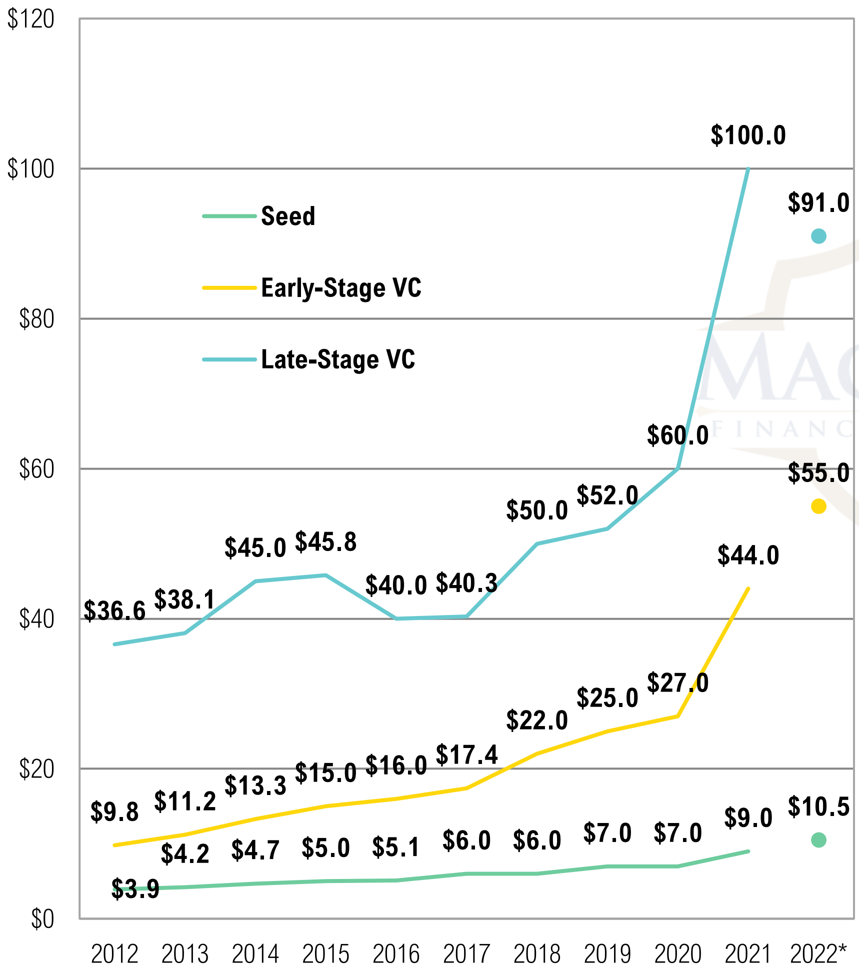
QUARTERLY TOTAL RETURNS, %



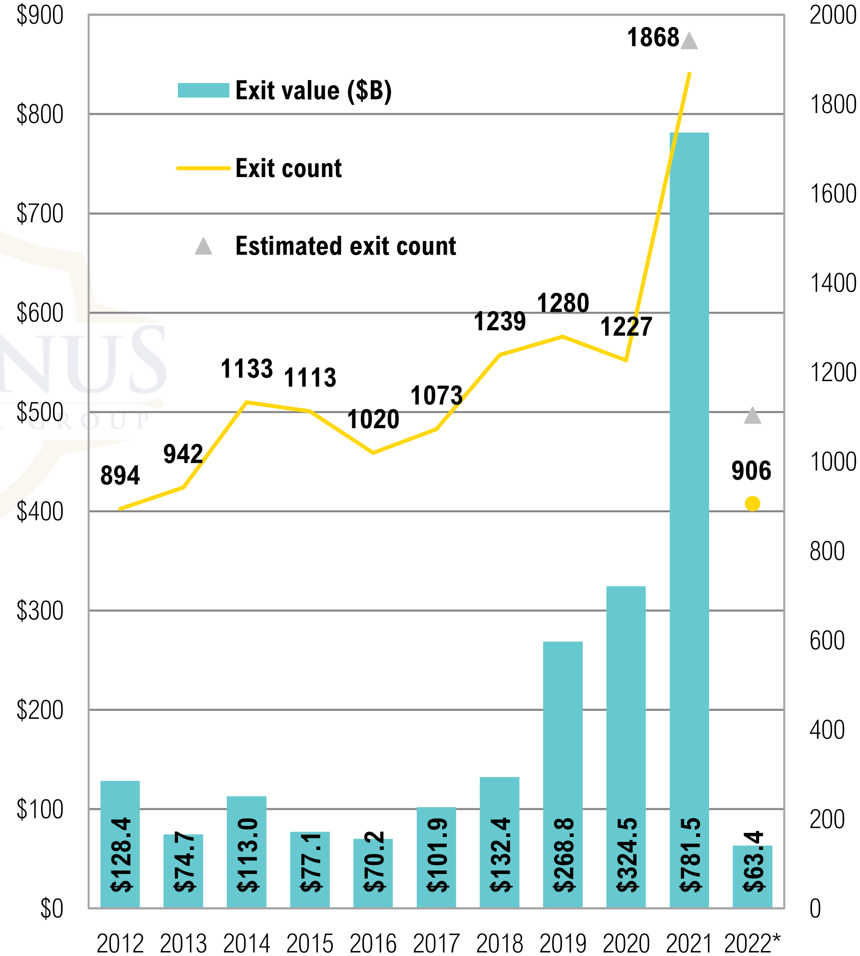
Source: Pitchbook, Bloomberg, Cambridge Associates
2Q 2022 Private Real Estate returns use the Cambridge Associates Real Estate Benchmark as of 6/30/2022

Venture valuations remain high while exits are on pace for lowest year since 2016

US VC MEDIAN PRE-VALUE BY STAGE ($Mn)



US VC EXIT ACTIVITY ($Bn) NUMBER OF EXITS

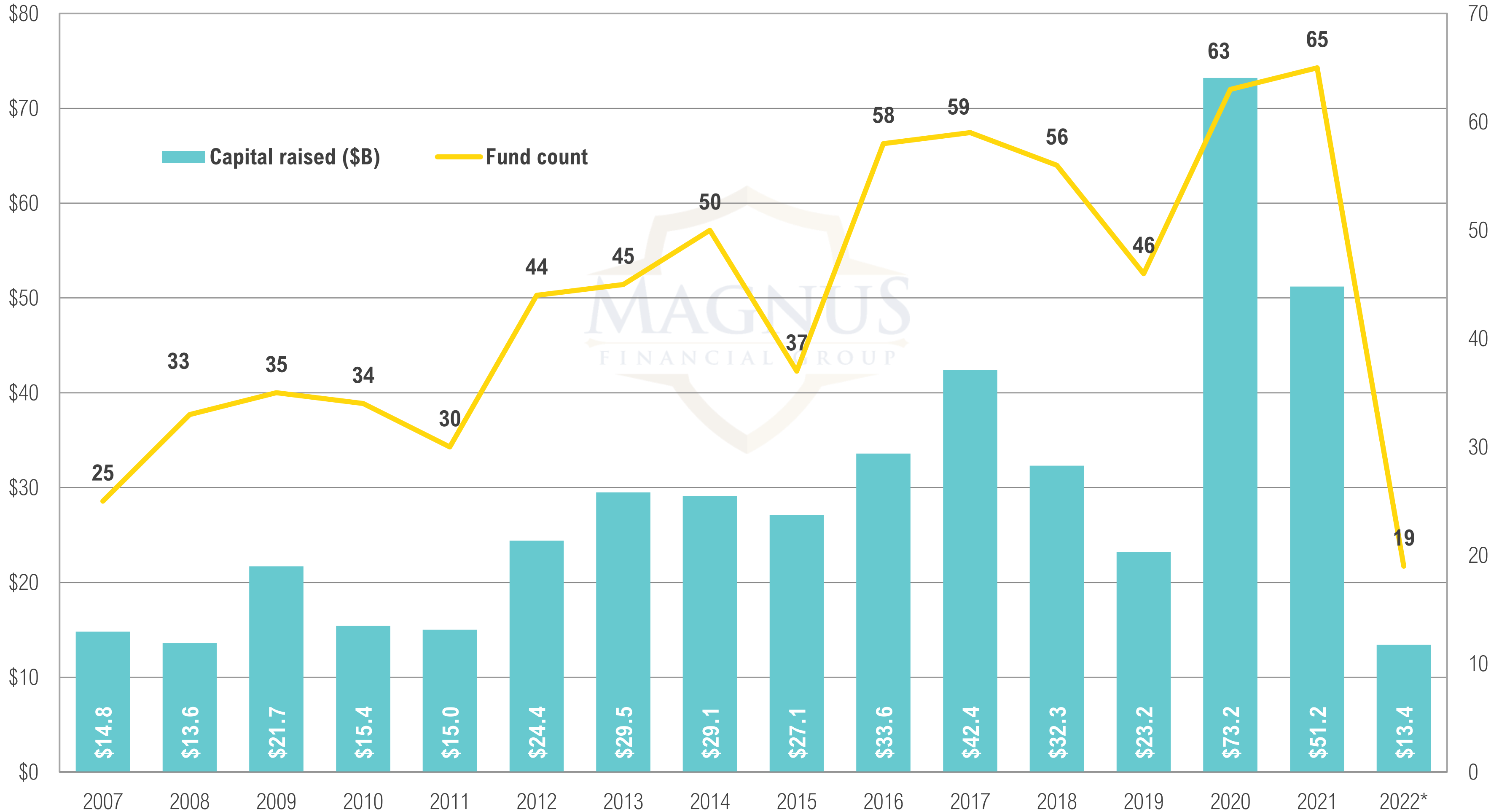


Source: Pitchbook. *As of 9/30/2022

Secondaries fundraising activity on pace for a 10-year low

SECONDARIES FUNDRAISING ACTIVITY ($Bn)

NUMBER OF FUNDS LAUNCHED



Source: Pitchbook
*As of 6/30/2022

"

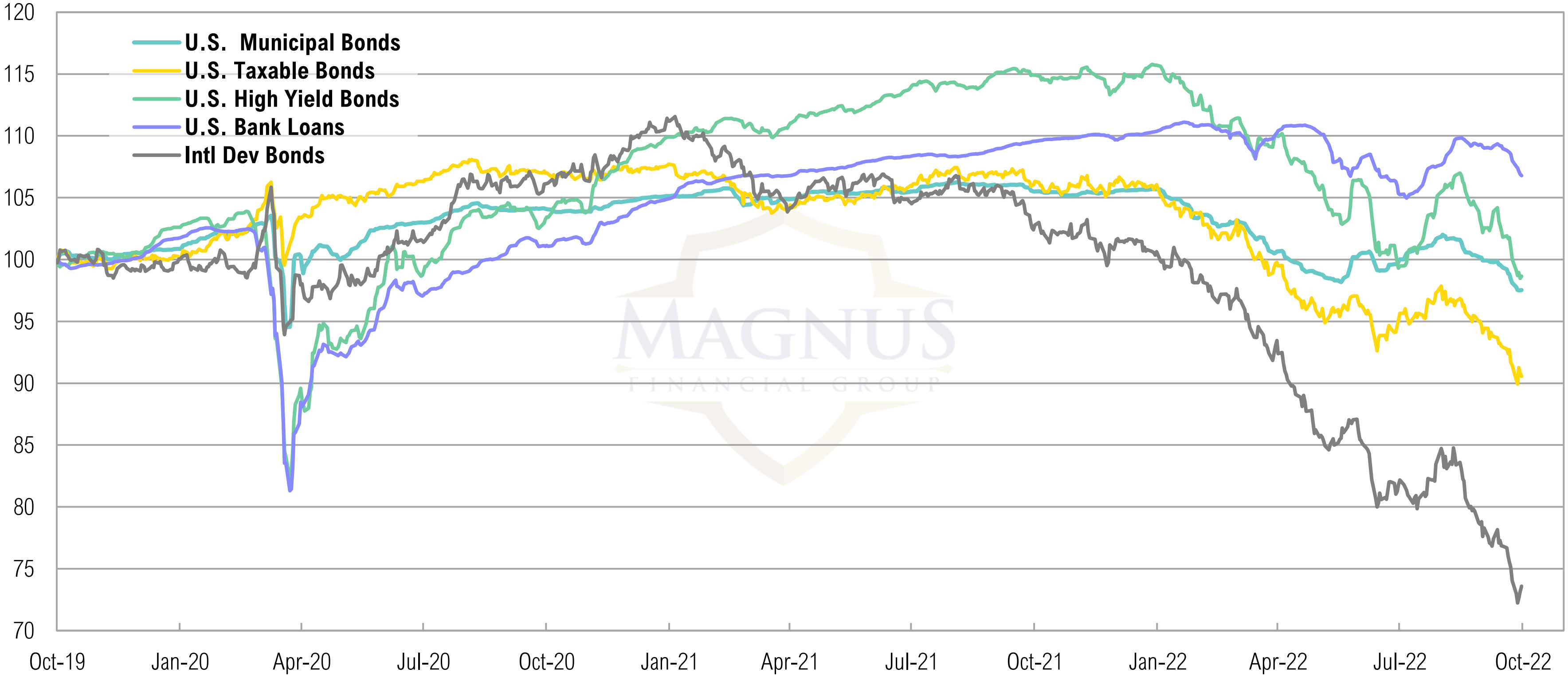
I trust that many of you are familiar with the story of Peter Pan, in which it says, 'the moment you doubt whether you can fly, you cease forever to be able to do it.

– Haruhiko Kuroda, *Bank of Japan governor, February 12, 2016 (describing their unorthodox monetary policy)*

Source: BoJ, FT

Most U.S. fixed income and credit asset classes were down over the quarter; international developed bonds fared the worst and are now down over the last decade

CALENDAR YEAR & TRAILING TOTAL RETURNS



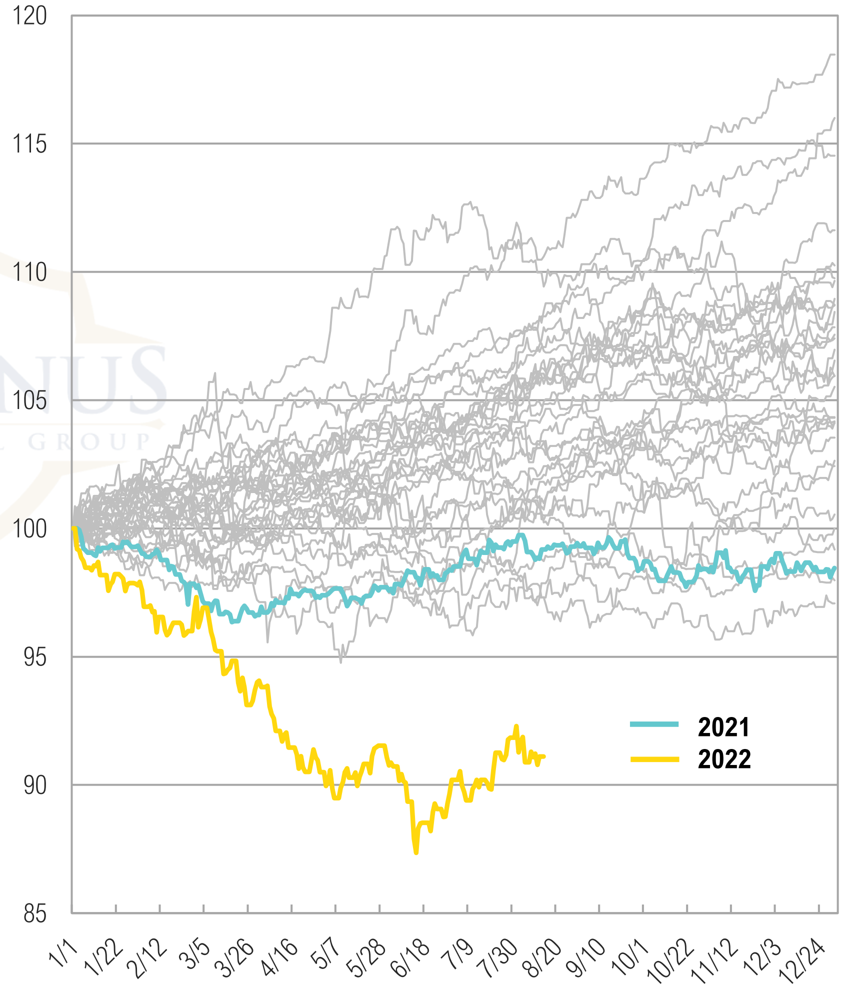
Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. Municipal Bonds	BBgBarc Municipal 1-10Y Blend 1-12Y TR	-2.6	-2.3	-7.7	-7.6	-0.8	0.7	1.4	0.5	4.2	5.6	1.6	3.5
U.S. Taxable Bonds	BBgBarc US Agg Bond TR	-4.3	-4.8	-14.6	-14.6	-3.3	-0.3	0.9	-1.5	7.5	8.7	0.0	3.5
U.S. High Yield Bonds	BBgBarc US Corporate High Yield TR	-4.0	-0.6	-14.7	-14.1	-0.5	1.6	3.9	5.3	7.1	14.3	-2.1	7.5
U.S. Bank Loans	S&P/LSTA Leveraged Loan TR	-2.3	1.4	-3.3	-2.5	2.2	3.0	3.5	5.2	3.1	8.6	0.4	4.1
Intl Dev Bonds	S&P International Sov Ex-US Bond TR	-6.6	-10.0	-26.9	-28.1	-9.7	-5.2	-2.5	-9.5	11.2	4.6	-2.3	11.3

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

The treasury market has been an enabler of increasing deficit spending and debt levels…is it now "Fed up"?

10-YEAR TREASURY YIELD, %

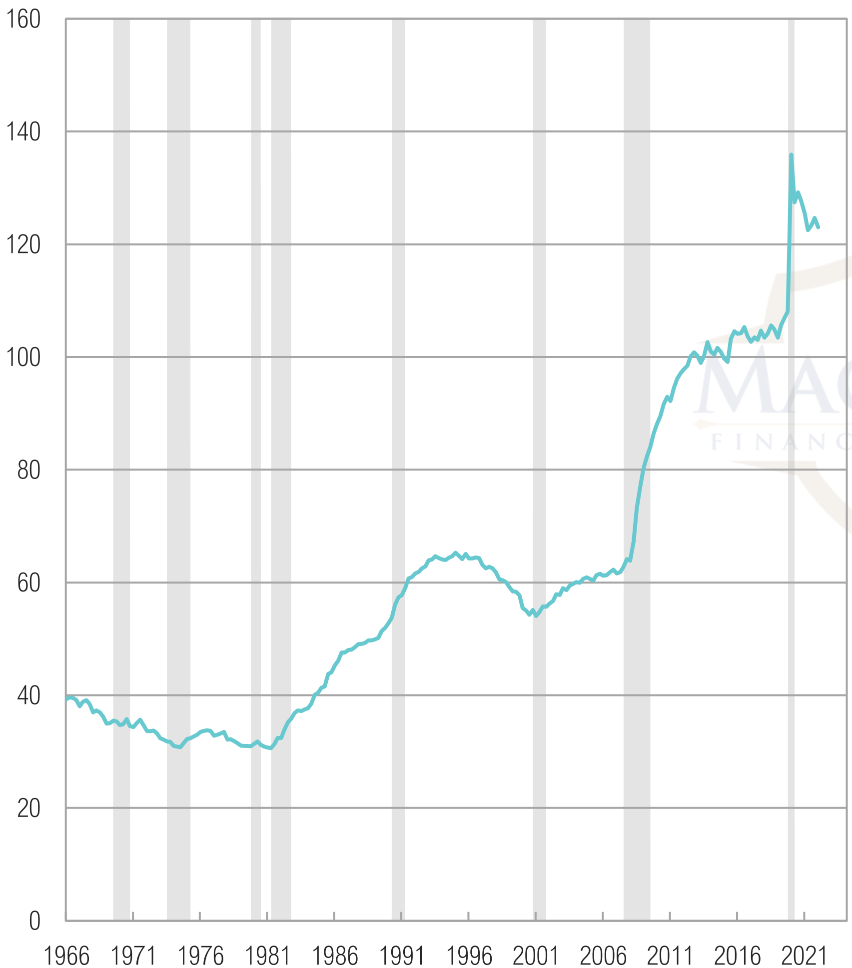
U.S. DEBT-TO-GDP RATIO, %



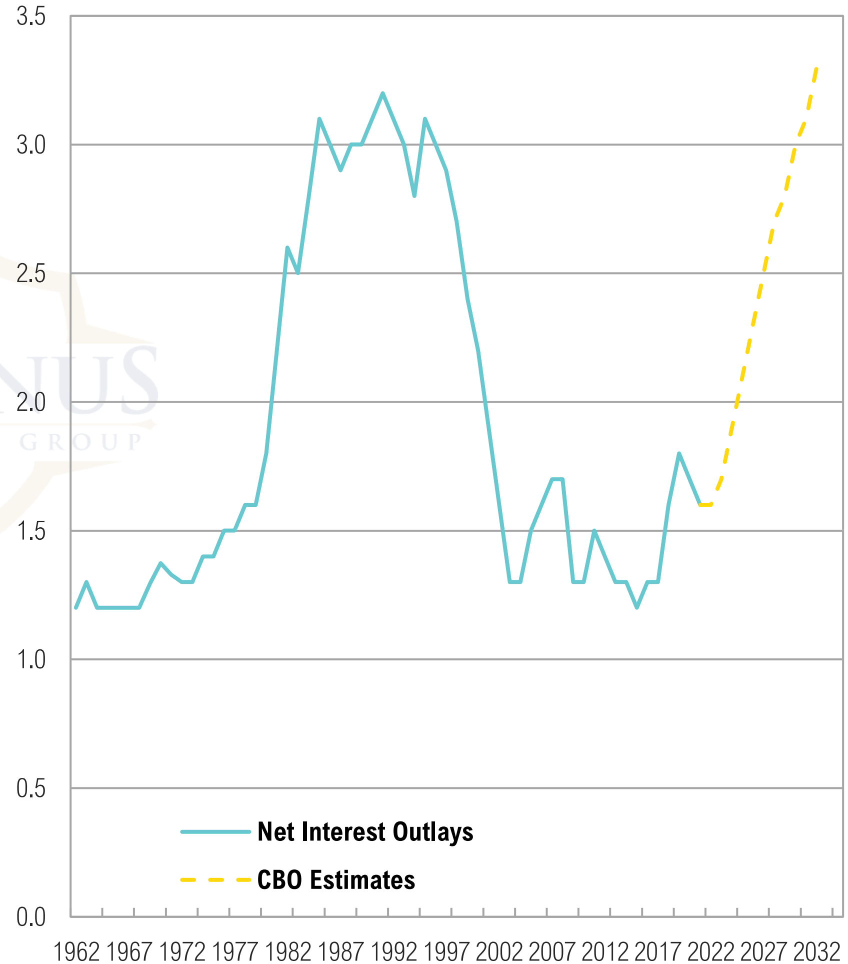
Source: Bloomberg, whitehouse.gov

The treasury market has been an enabler of increasing deficit spending and debt levels…is it now "Fed up"?

FEDERAL DEBT TO PUBLIC DEBT

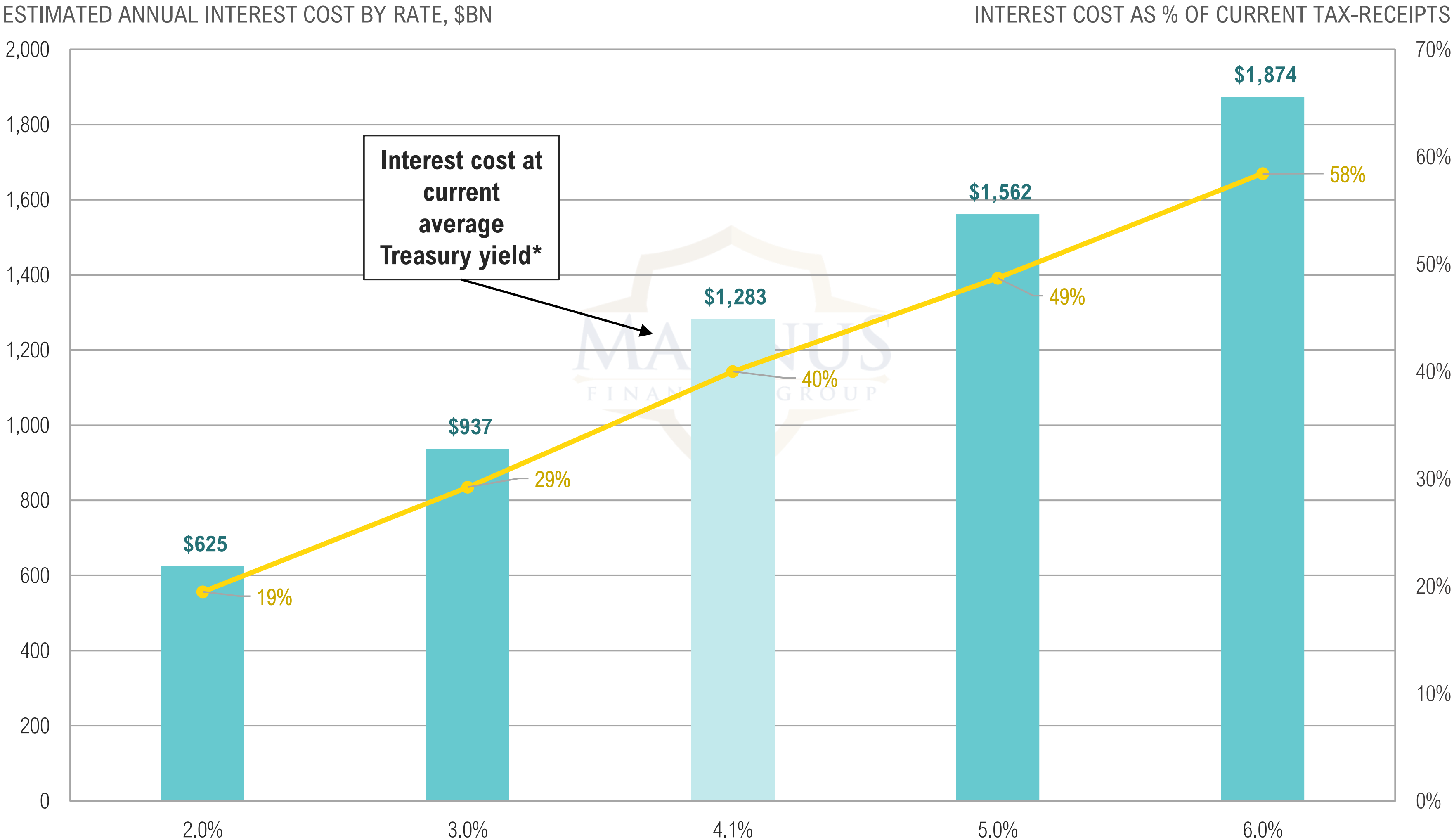


NET INTEREST, % OF GDP



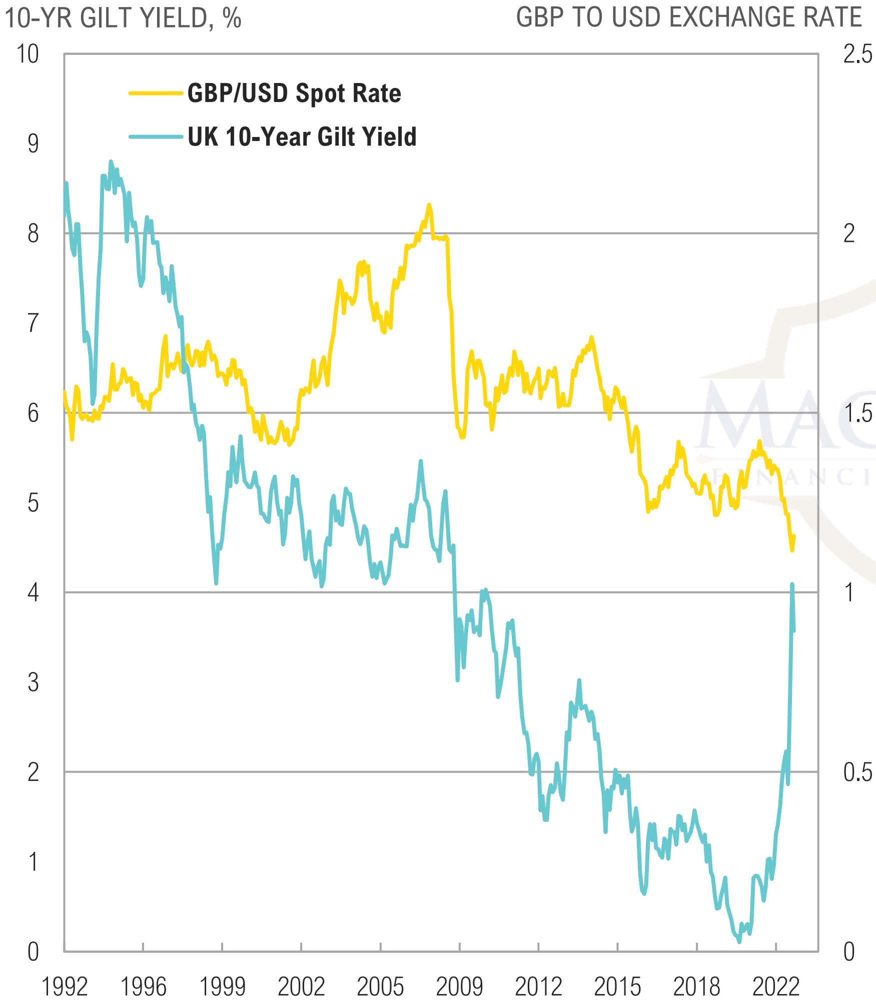
Source: Bloomberg, whitehouse.gov

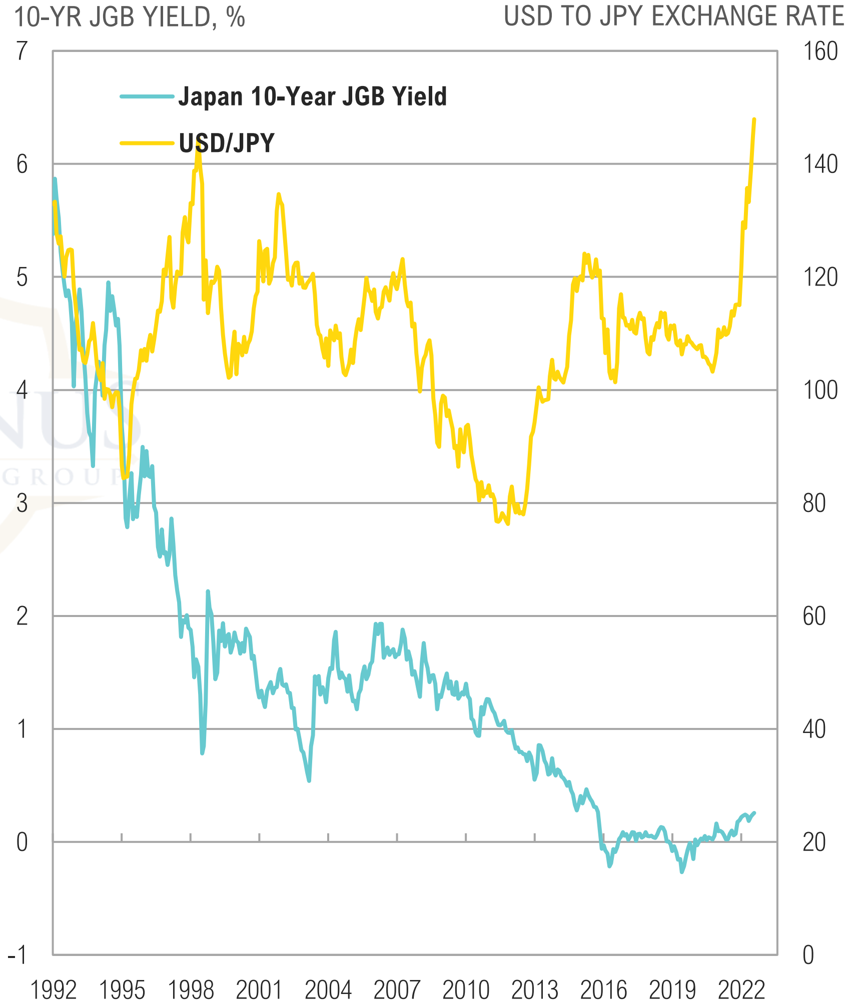
The treasury market has been an enabler of increasing deficit spending and debt levels…is it now "Fed up"?



Source: Bloomberg. *Assumes average yield is equal to the 7-year Treasury yield (based on similar weighted average maturity).

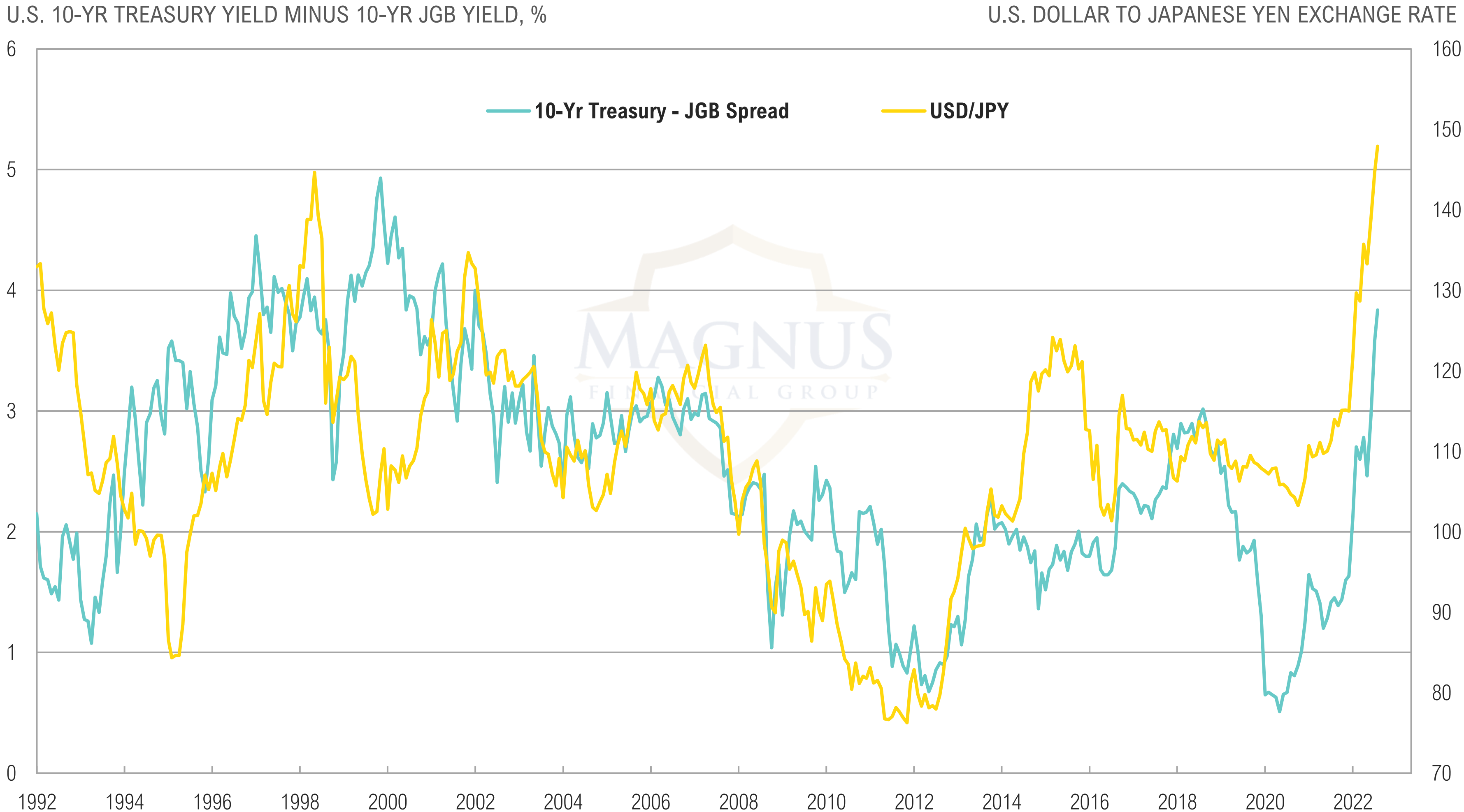
Market increasingly punishing policy mistakes, especially when you're not the global reserve currency





Source: Bloomberg

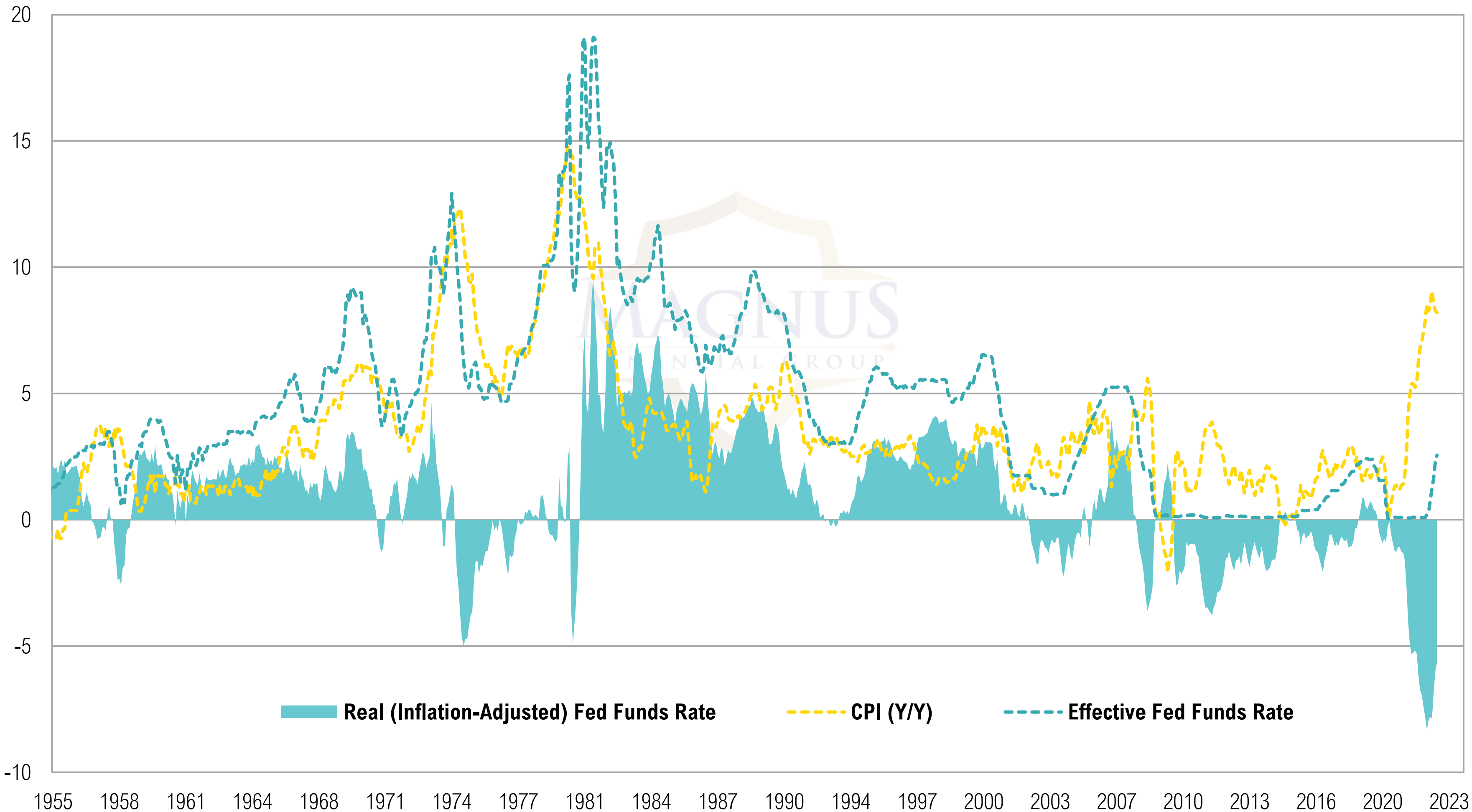
The yen has weakened to a 20-year low against the dollar as the BOJ continues its infinite QE; US Treasuries remain attractive vs JGB's



Source: Bloomberg

Context for current monetary policy disaster: the Fed fell so far behind the curve that unless inflation rolled over by itself, they forced themselves to have to hike into an economic slowdown/recession

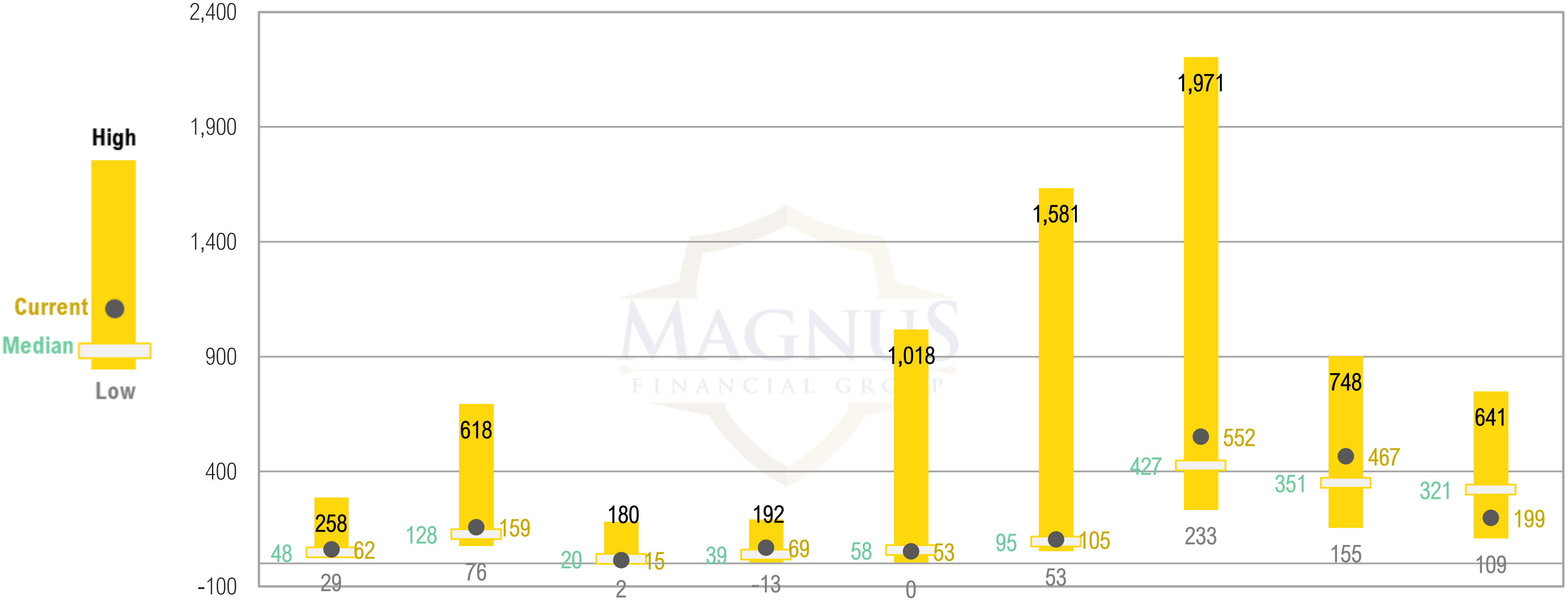
CPI & EFFECTIVE FUNDS RATE, %



Source: Bloomberg

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

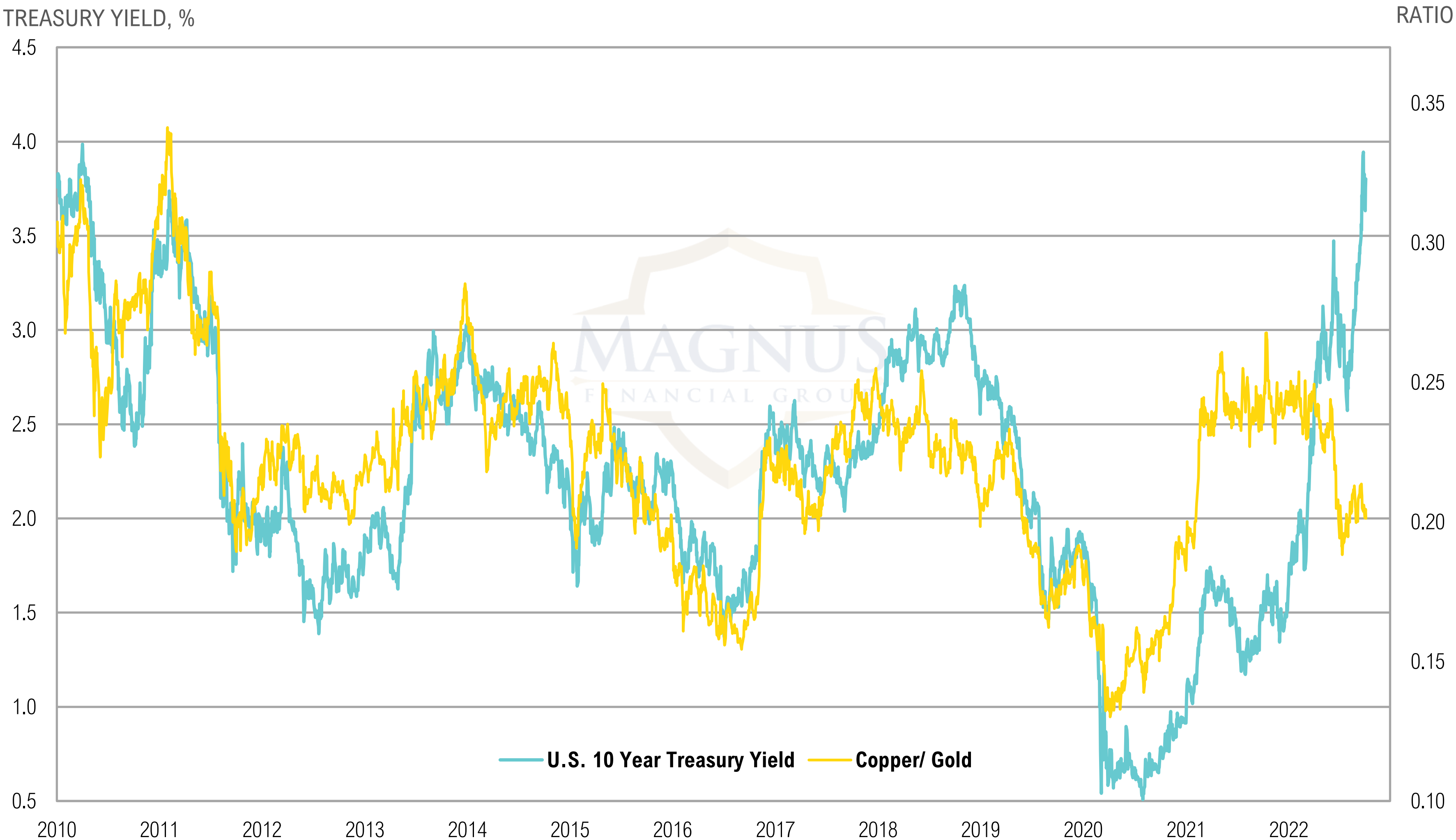
CURRENT CREDIT SPREAD VS. LONG-TERM HIGH/LOW RANGE



	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 12/31/21	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
Spread on 12/31/18	36	93	14	25	36	62	343	311	278

Source: Bloomberg. High Yield Muni Spread data is relative to Bloomberg Municipal Bond Index. Yield spread data is from 2004 – current.
As of 9/30/2022

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



Source: Bloomberg

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

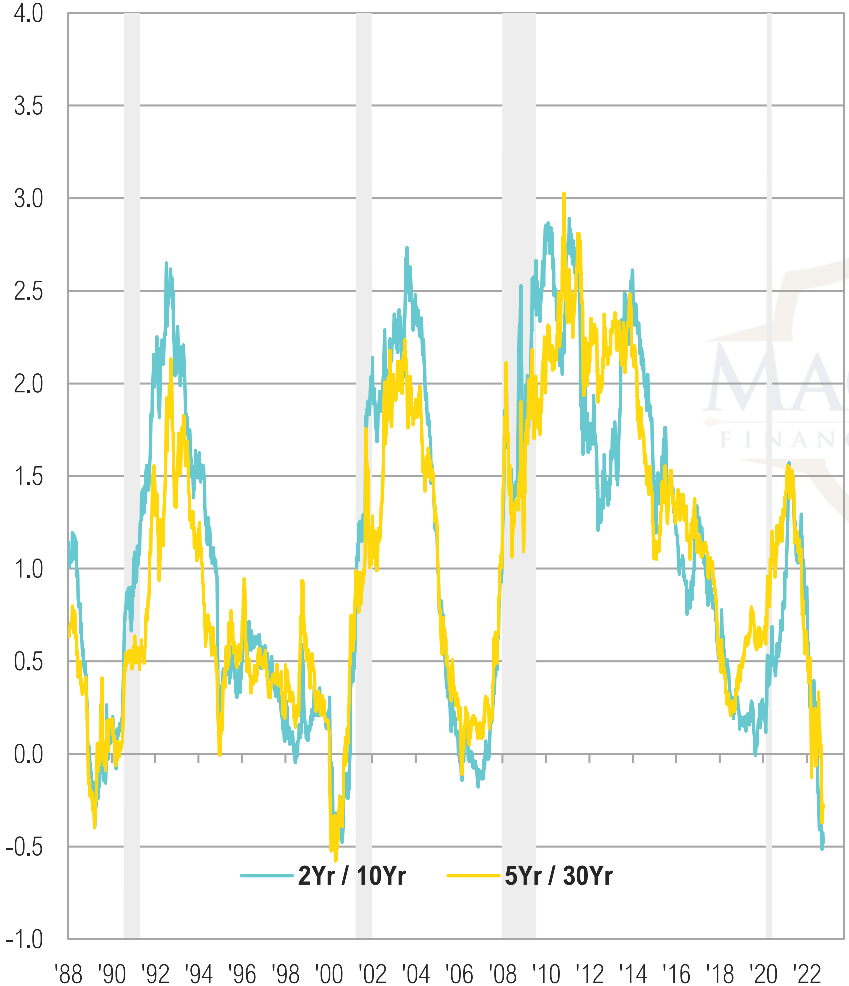
CENTRAL BANK POLICY RATE & GOVERNMENT BOND YIELDS

	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	-	6.83	5.89	5.58	5.44	5.40	5.30	5.29	5.22	5.11	-
Singapore	3.89	3.42	3.29	3.32	-	-	3.51	-	-	3.43	3.25	3.14
Hong Kong	3.50	2.87	3.85	4.03	4.01	-	3.81	-	3.71	3.65	-	-
New Zealand	3.50	3.92	-	4.21	-	-	4.24	-	4.23	4.30	4.75	-
Canada	3.25	3.68	4.17	4.08	4.02	3.94	3.57	-	3.47	3.40	3.44	3.27
United States	**3.25**	**3.38**	**4.18**	**4.31**	**4.33**	**-**	**4.13**	**-**	**4.02**	**3.88**	**4.13**	**3.82**
Israel	2.75	1.63	2.96	3.02	3.15	-	3.24	-	-	3.28	-	3.83
Australia	2.60	-	3.12	3.33	3.47	3.55	3.62	3.70	3.78	3.90	4.20	4.14
South Korea	2.50	-	3.40	4.18	4.28	4.31	4.22	-	-	4.22	4.06	3.95
United Kingdom	2.25	2.87	3.78	4.13	4.31	4.44	4.42	4.37	4.41	4.25	4.55	4.38
Italy	1.25	0.92	2.33	2.99	3.41	3.64	3.79	4.00	4.15	4.63	4.62	4.36
Spain	1.25	0.57	2.17	2.15	2.31	2.47	2.70	2.81	2.97	3.36	3.54	3.75
Portugal	1.25	0.33	1.96	2.02	2.19	2.34	2.59	2.71	2.78	3.25	3.54	3.67
France	1.25	0.77	1.83	1.82	2.06	2.14	2.27	2.39	2.49	2.77	3.08	2.99
Belgium	1.25	0.88	1.87	1.88	1.97	2.12	2.29	2.40	2.49	2.83	3.20	-
Germany	1.25	0.75	1.68	1.85	1.80	1.86	2.04	2.00	2.04	2.18	2.23	2.12
Austria	1.25	-	1.64	1.91	2.08	2.30	2.37	2.62	2.58	2.84	2.99	2.86
Netherlands	1.25	0.62	-	1.83	1.94	2.05	2.17	2.24	2.30	2.50	2.57	2.37
Ireland	1.25	0.70	1.26	-	1.91	2.03	2.23	2.36	2.40	2.72	3.03	3.00
Thailand	1.00	-	1.61	1.82	-	-	2.62	-	2.87	2.95	3.83	-
Switzerland	0.50	0.40	1.10	0.57	0.74	0.84	1.00	1.12	1.15	1.28	1.19	1.17
Japan	(0.10)	(0.27)	(0.12)	(0.07)	(0.05)	0.01	0.05	0.12	0.19	0.24	0.97	1.36

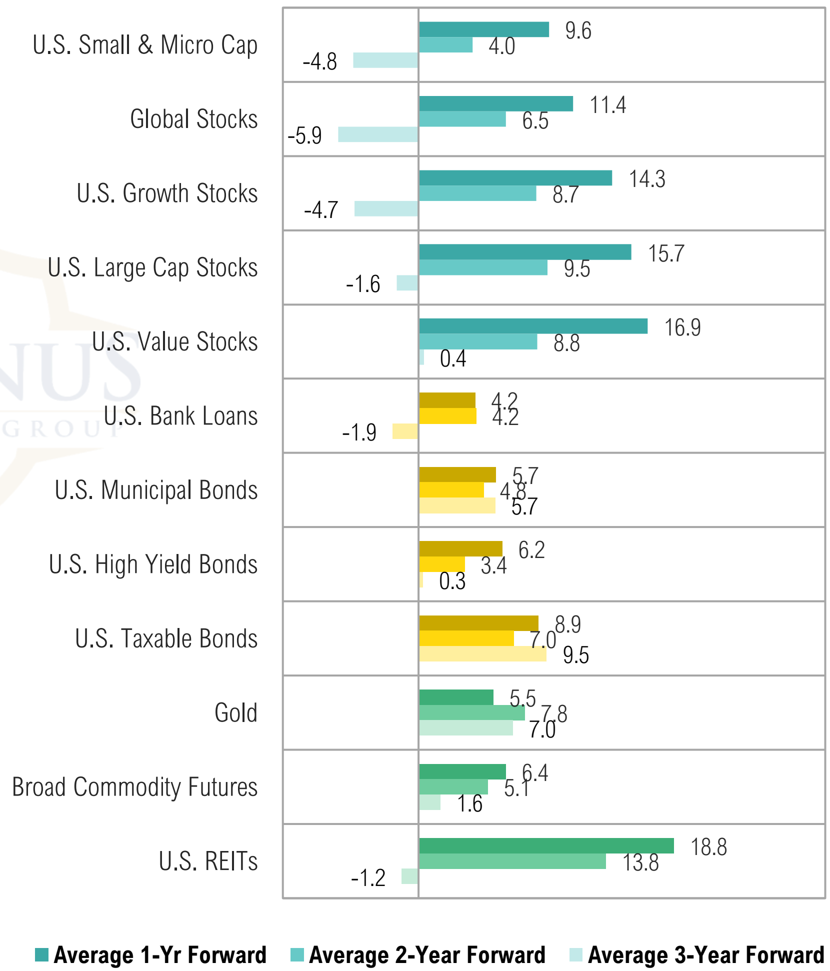
Source: Bloomberg

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

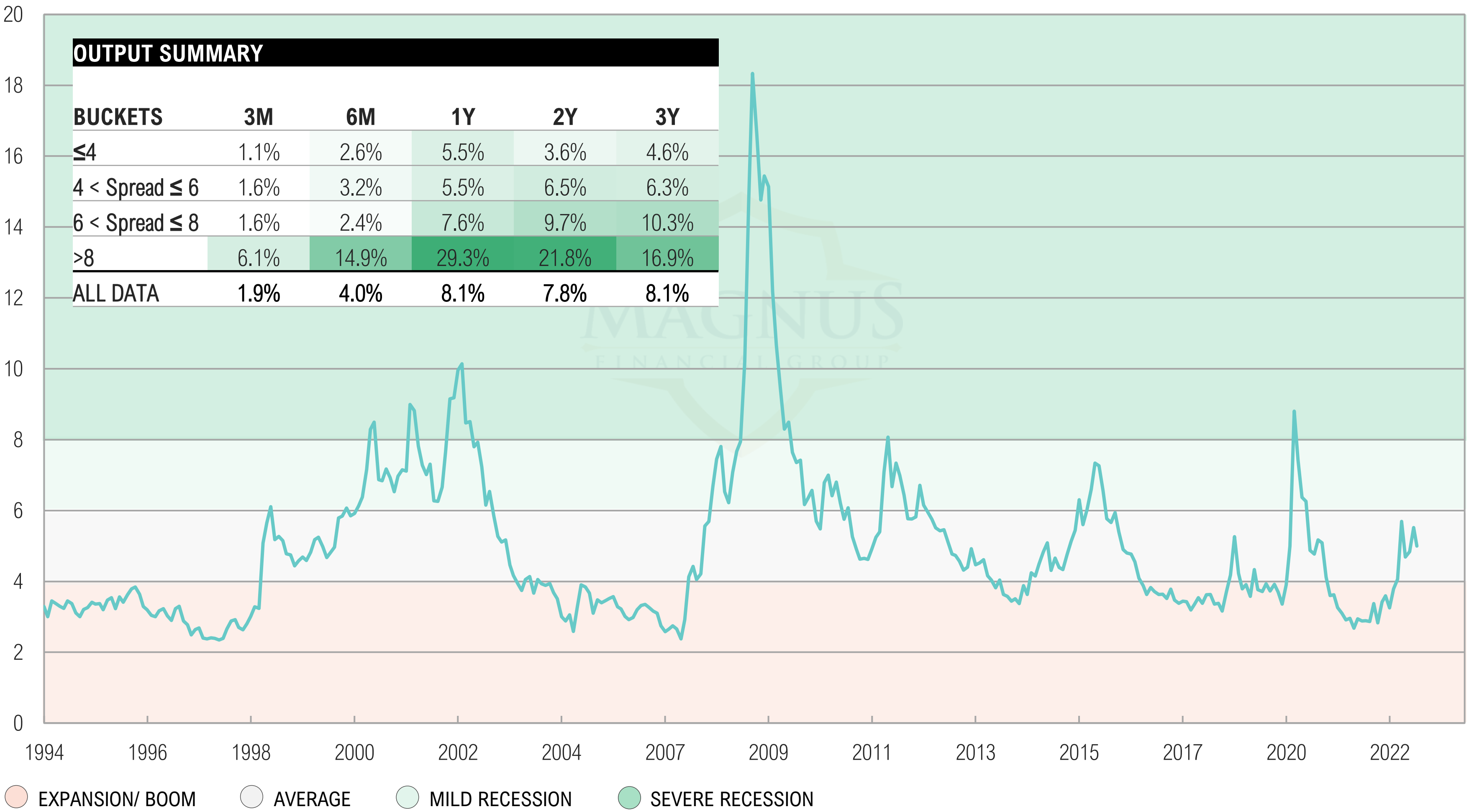
Average forward returns exclude 1988 for US Municipal Bonds, US Bank Loans, US REITS and Broad Commodity Futures due data availability

Historically, high yield spreads above 6% have resulted in above average forward returns; high yield spread currently trading at 5.0%

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

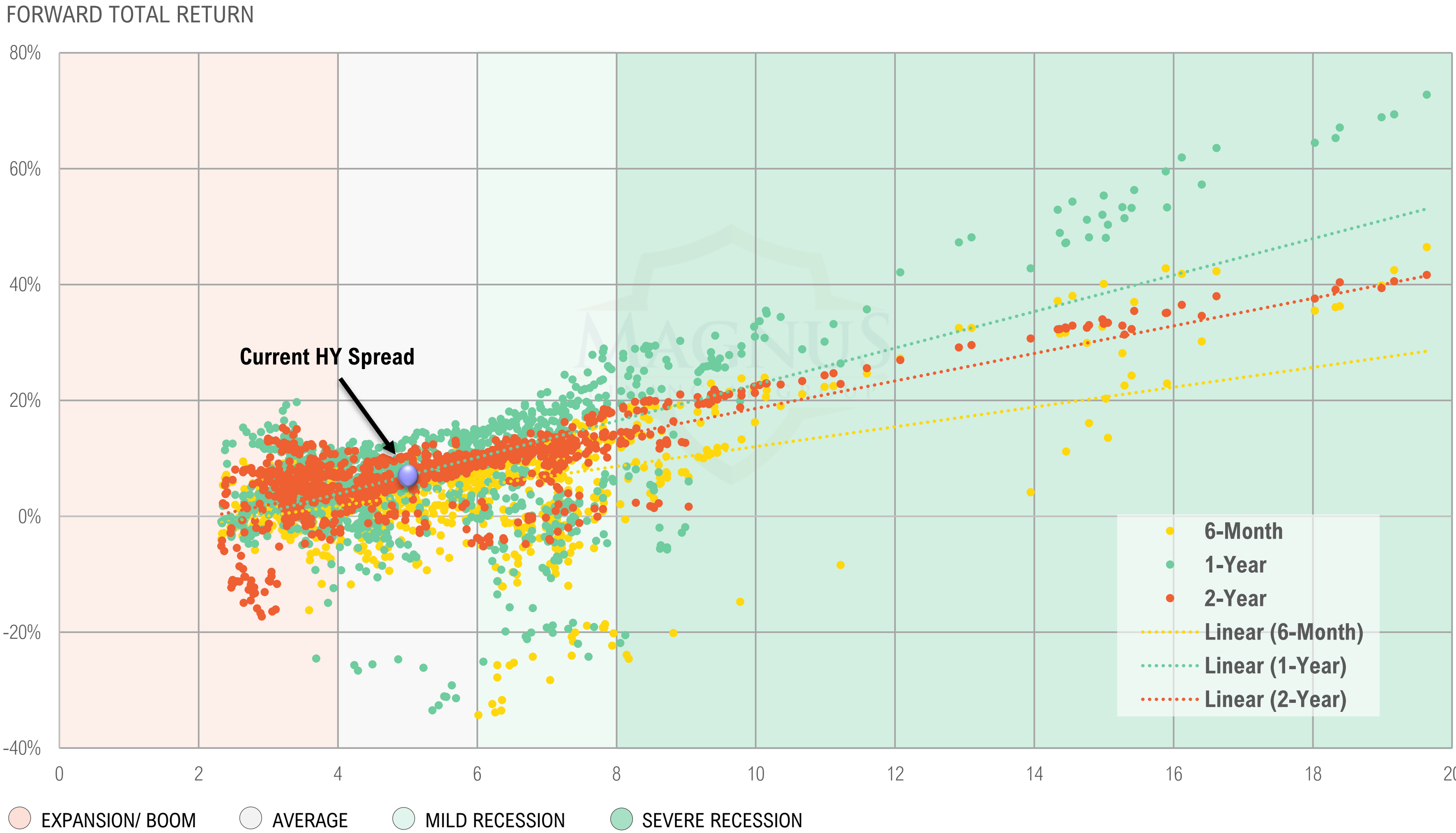
OUTPUT SUMMARY

BUCKETS	3M	6M	1Y	2Y	3Y
≤4	1.1%	2.6%	5.5%	3.6%	4.6%
4 < Spread ≤ 6	1.6%	3.2%	5.5%	6.5%	6.3%
6 < Spread ≤ 8	1.6%	2.4%	7.6%	9.7%	10.3%
>8	6.1%	14.9%	29.3%	21.8%	16.9%
ALL DATA	**1.9%**	**4.0%**	**8.1%**	**7.8%**	**8.1%**



Source: Bloomberg

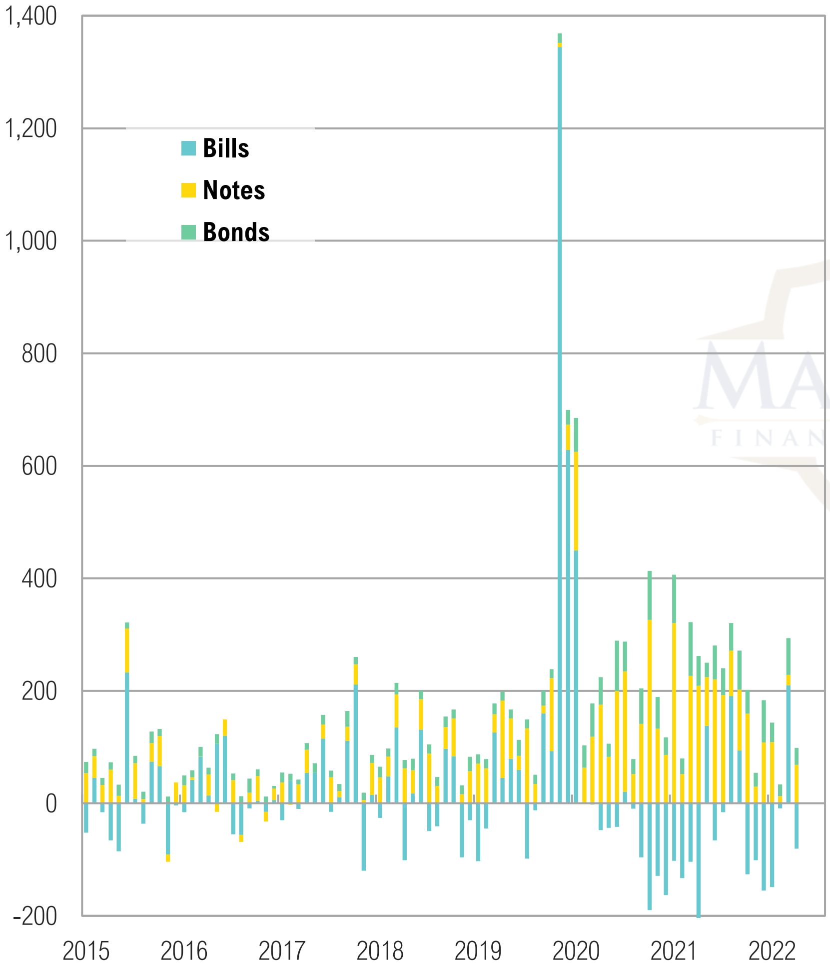
Historically, high yield spreads above 6% have resulted in above average forward returns; high yield spread currently trading at 5.0%



Source: Bloomberg, SpringTide

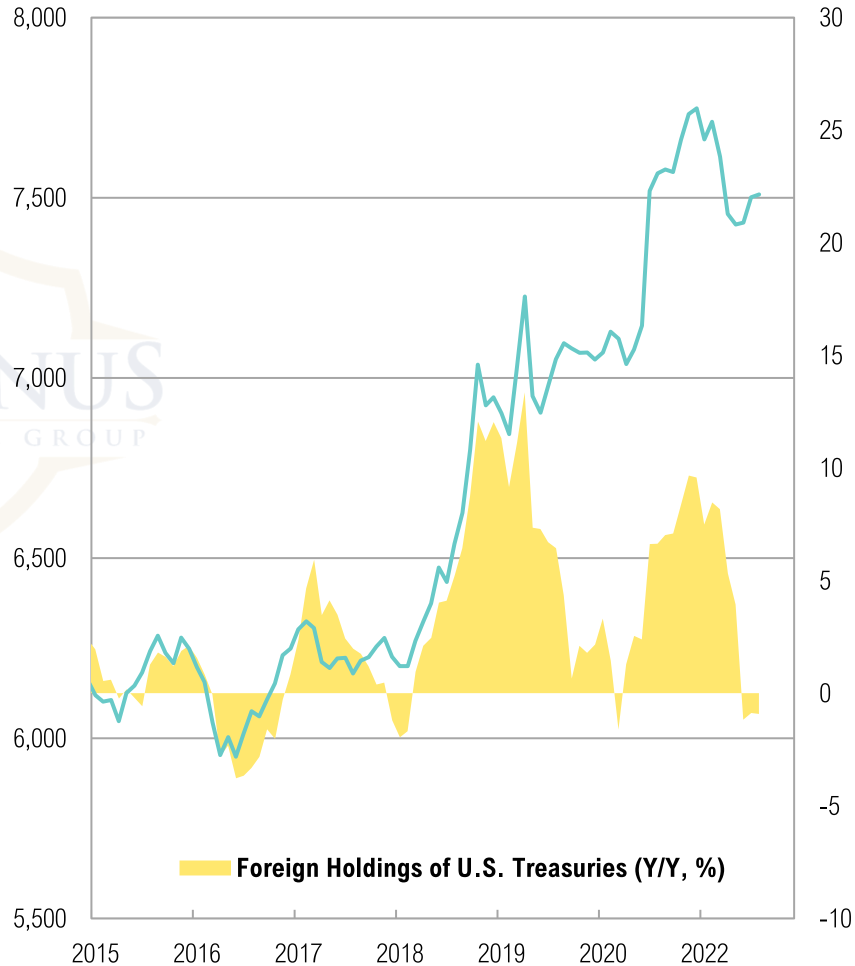
Q4 net issuance expected to be $400Bn

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



TOTAL FOREIGN HOLDINGS

Y/Y % CHANGE IN HOLDINGS



Source: Bloomberg. Foreign holdings as of 8/31/2022.

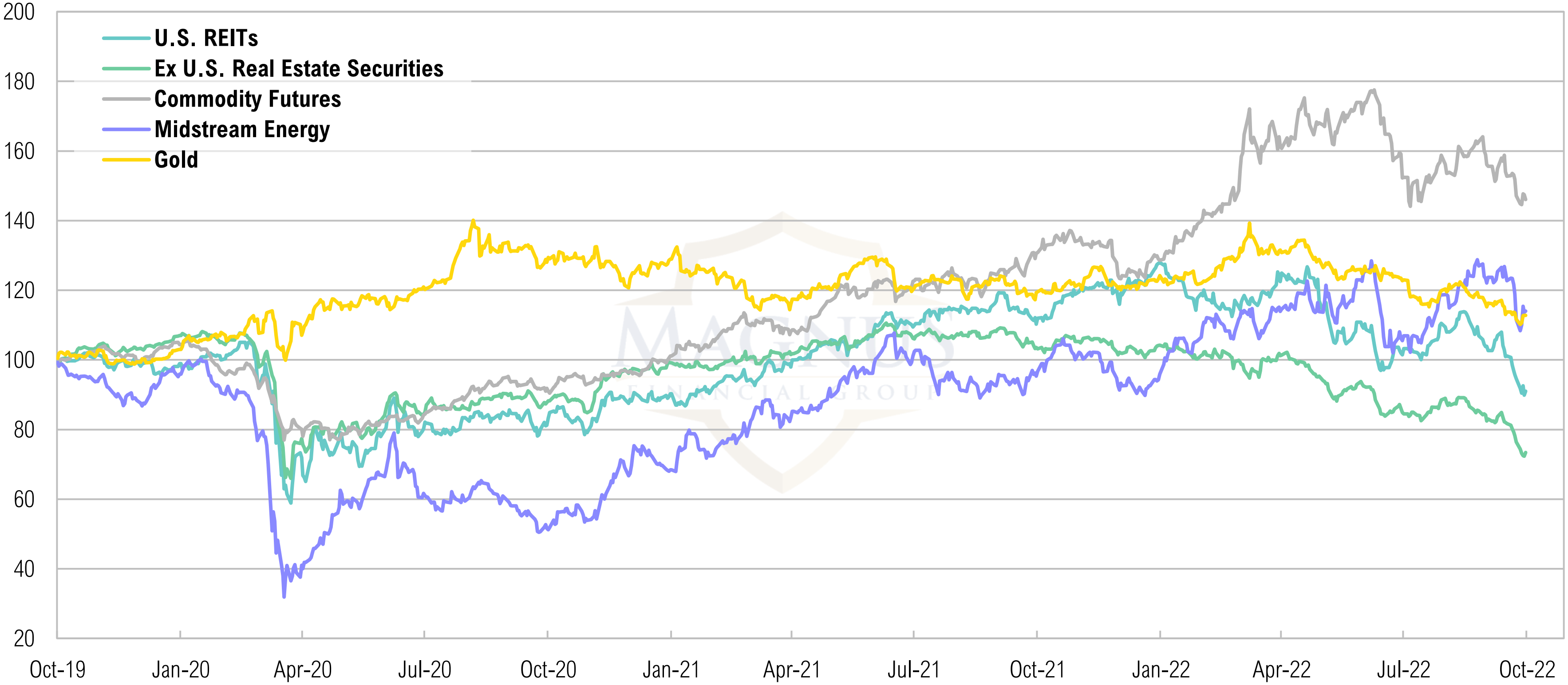
“The supply chain is slowly improving, but it’s still far from prepandemic levels. We still see significant lead times for electrical equipment, heavy industrial items and refined petroleum products. Labor shortages will continue to drive up wages as competition for skilled workers continues to increase. There simply are not enough skilled workers for the positions available.

– Dallas Fed Oil & Gas Survey, *September 2022*

Source: Dallas Fed: https://www.dallasfed.org/research/surveys/des/2022/2203.aspx#tab-comments

While energy gave back returns in September, it was the only area of the real assets and infrastructure category to be up in Q3; REITs continue to struggle in the rising rate environment

CALENDAR YEAR & TRAILING TOTAL RETURNS

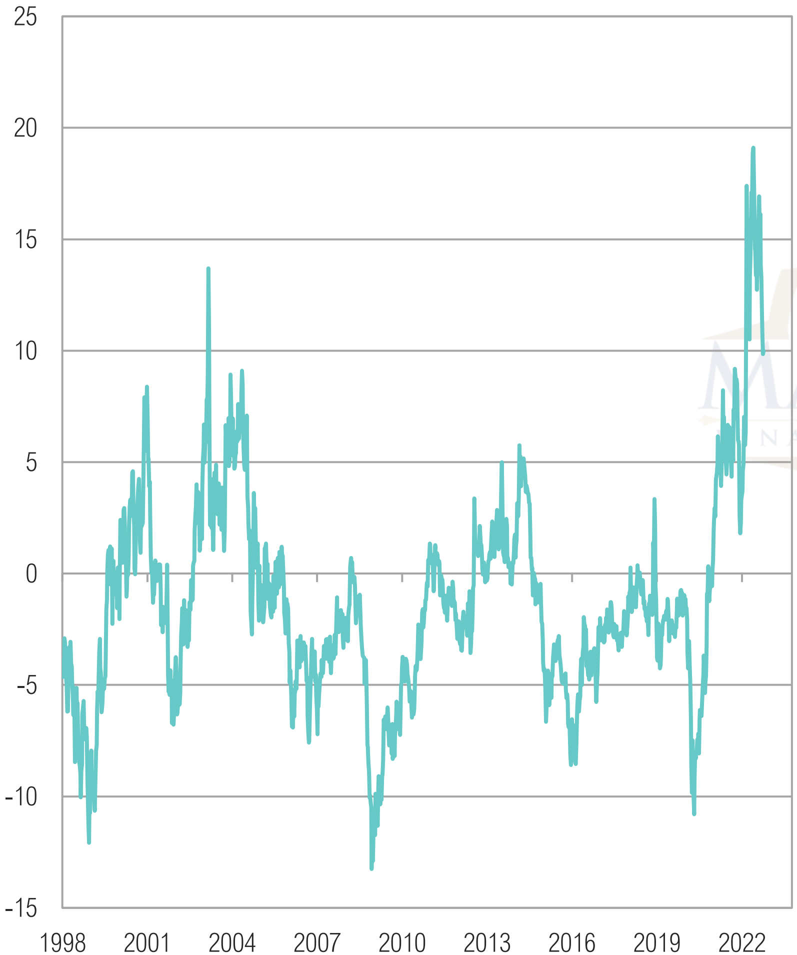


Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
U.S. REITs	MSCI US REIT NR	-12.3	-10.3	-28.9	-17.5	-3.1	1.7	4.9	41.7	-8.7	24.3	-5.8	3.7
Ex U.S. Real Estate Securities	S&P Global Ex US REIT TR	-13.6	-13.0	-30.1	-26.7	-9.0	-2.2	2.0	13.5	-9.3	24.7	-6.5	16.7
Broad Commodity Futures	Bloomberg Commodity TR	-8.1	-4.1	13.6	11.8	13.5	7.0	-2.1	27.1	-3.1	7.7	-11.2	1.7
Energy Partnerships	Alerian MLP TR	-7.6	8.1	18.9	19.6	4.5	1.9	0.7	40.2	-28.7	6.6	-12.4	-6.5
Gold	LBMA Gold Price AM	-2.3	-7.8	-8.1	-3.4	4.0	5.4	-0.6	-3.8	24.2	18.8	-1.1	11.9

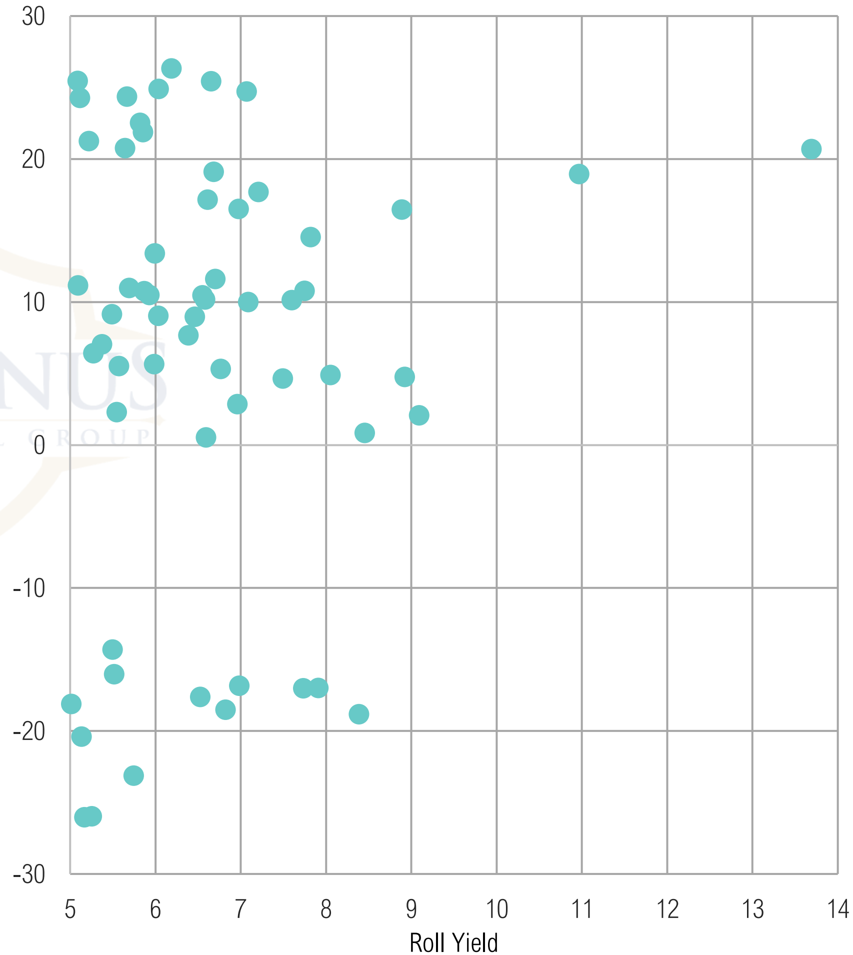
Source: Bloomberg. Returns for periods greater than 1 year are annualized.

Commodity roll yield suggests very tight global commodity markets, potential for strong forward returns (but obviously with risks)

BLOOMBERG COMMODITY INDEX ROLL YIELD (%)

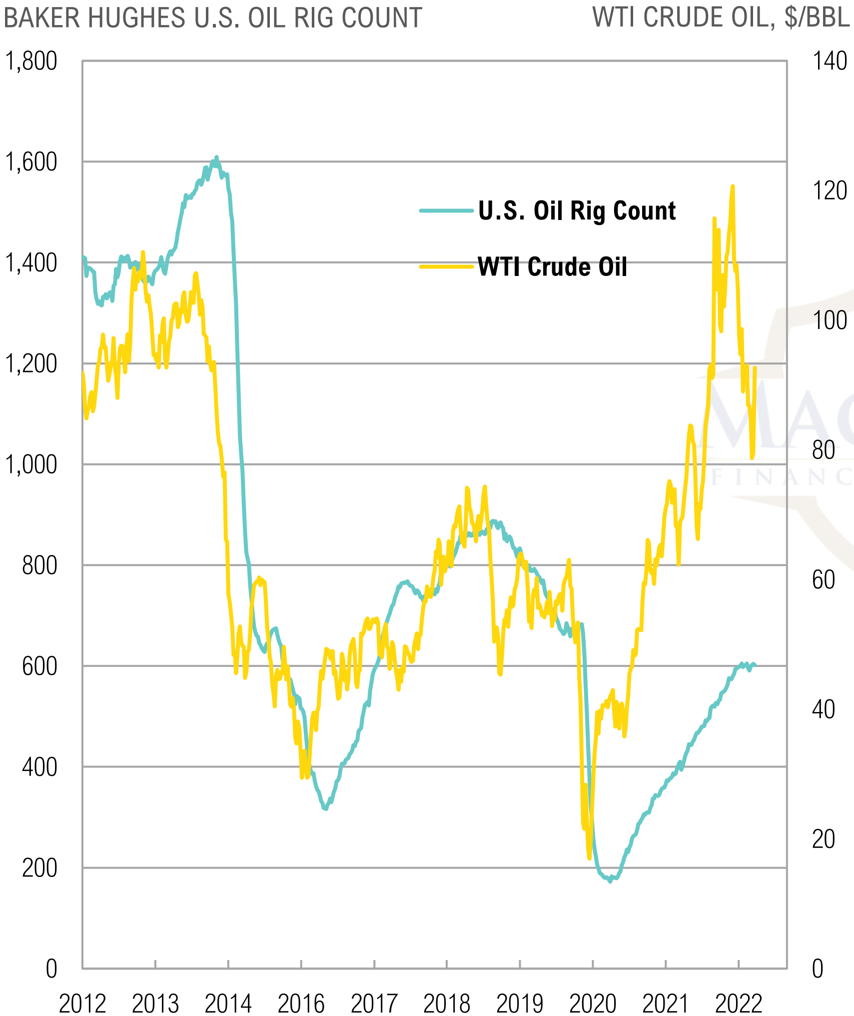


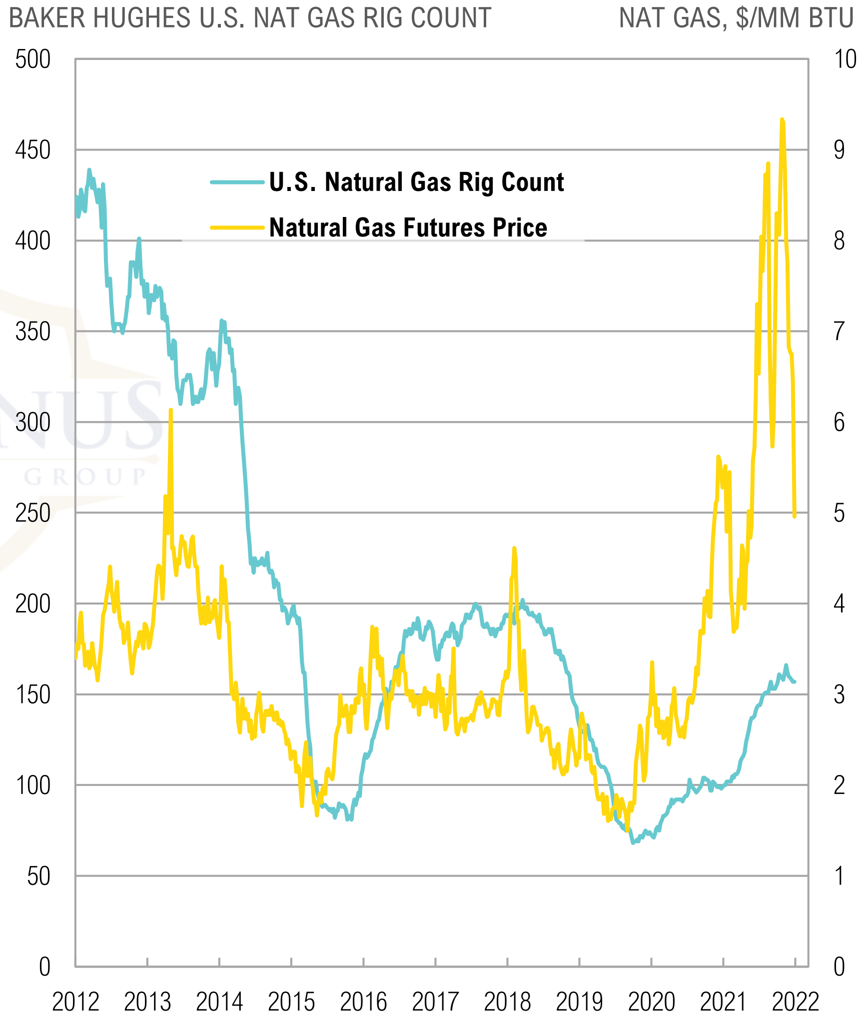
1-YEAR FORWARD RETURN (ANNUALIZED)



Source: Bloomberg. As of 10/7/2022

Oil and natural gas producers have been cautious to bring rigs back online despite rising prices

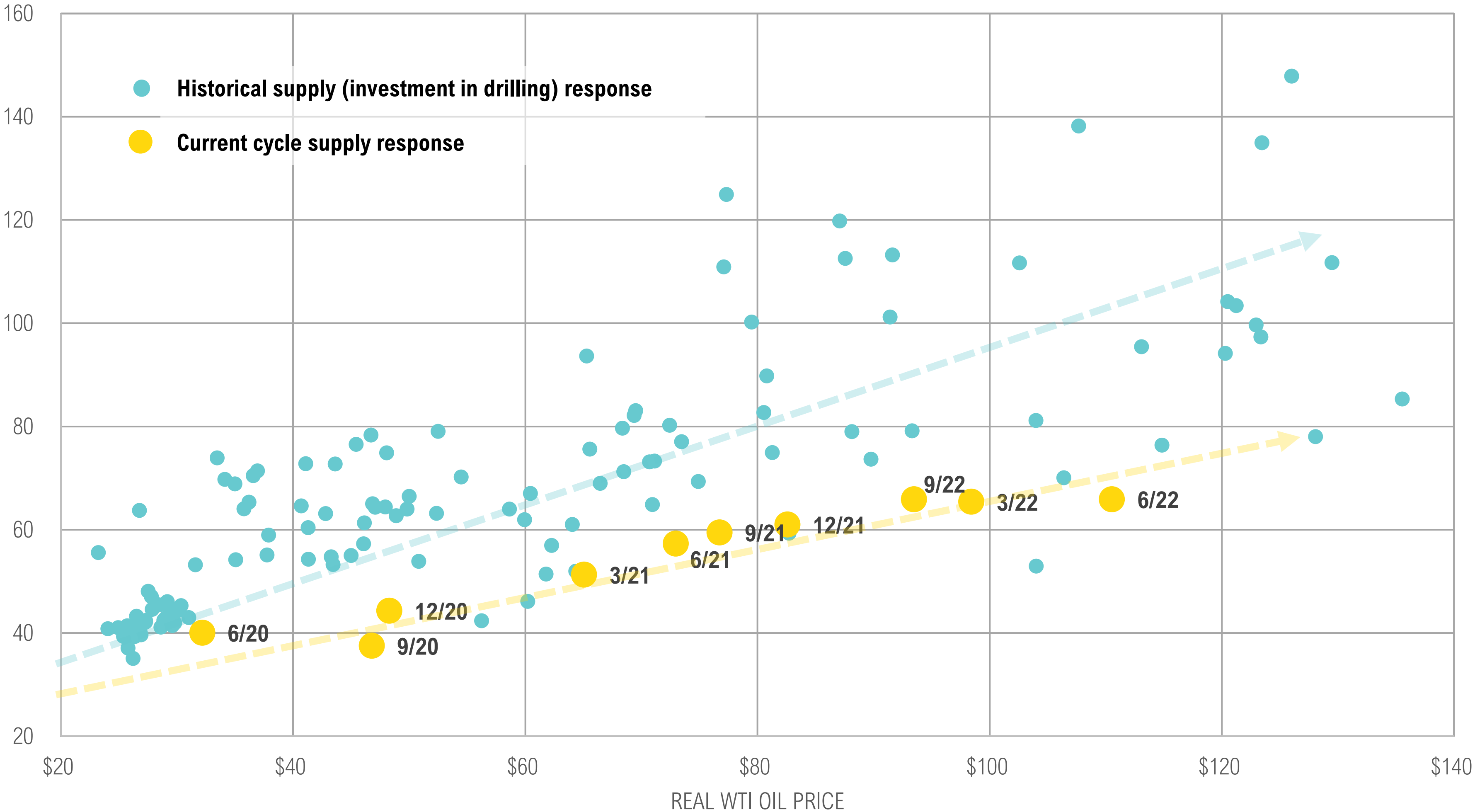




Source: Bloomberg. Returns for periods greater than one year are annualized.

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

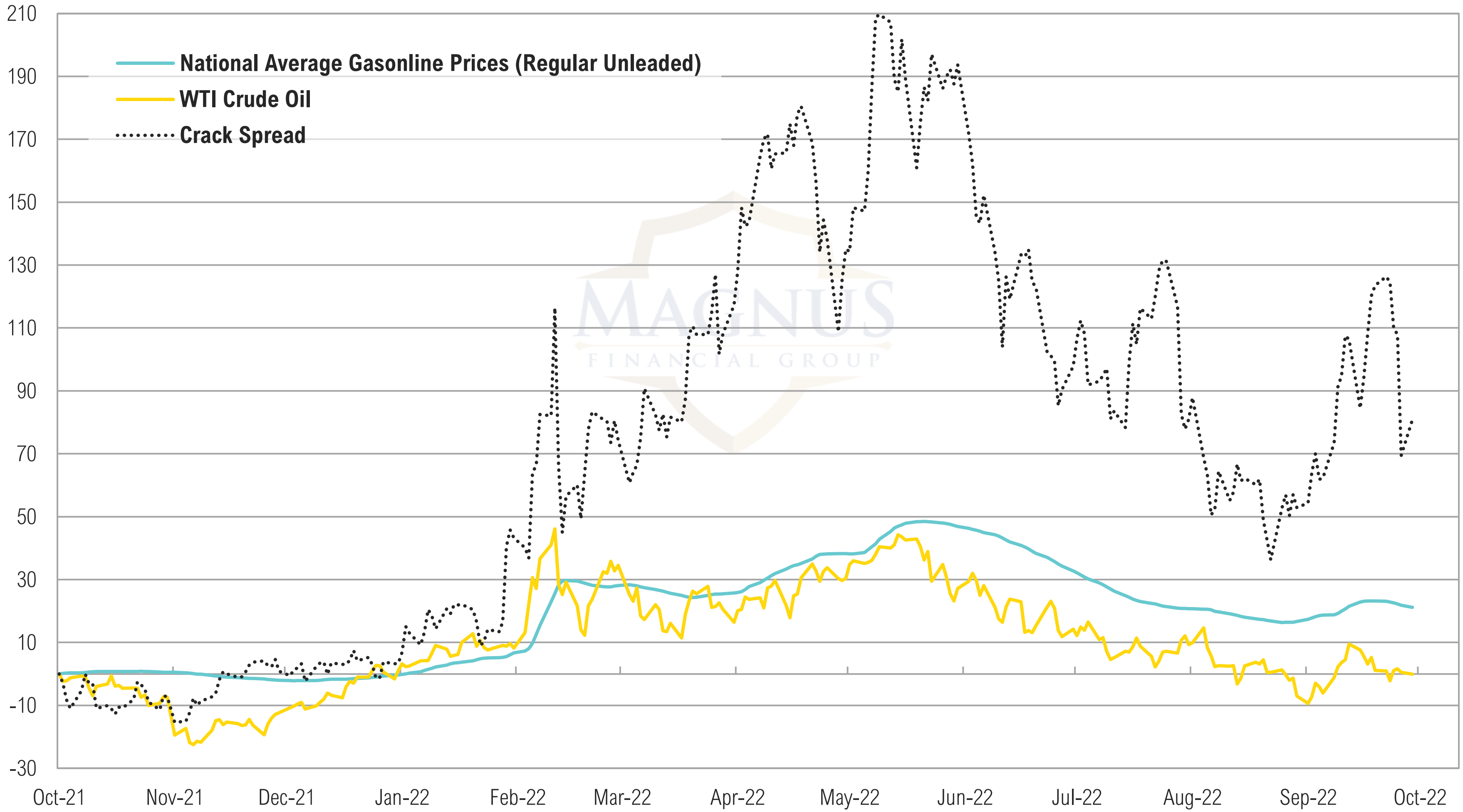
INVESTMENT IN DRILLING, REAL $BN/QTR, 1958-PRESENT



Source: St. Louis Fed, Recurrent Investment Advisors

Gasoline prices are down ~25% since peaking at over $5/gal in June, but with gasoline futures up 25% since September low, >15% in October, and end of SPR dump looming, prices will likely increase from here

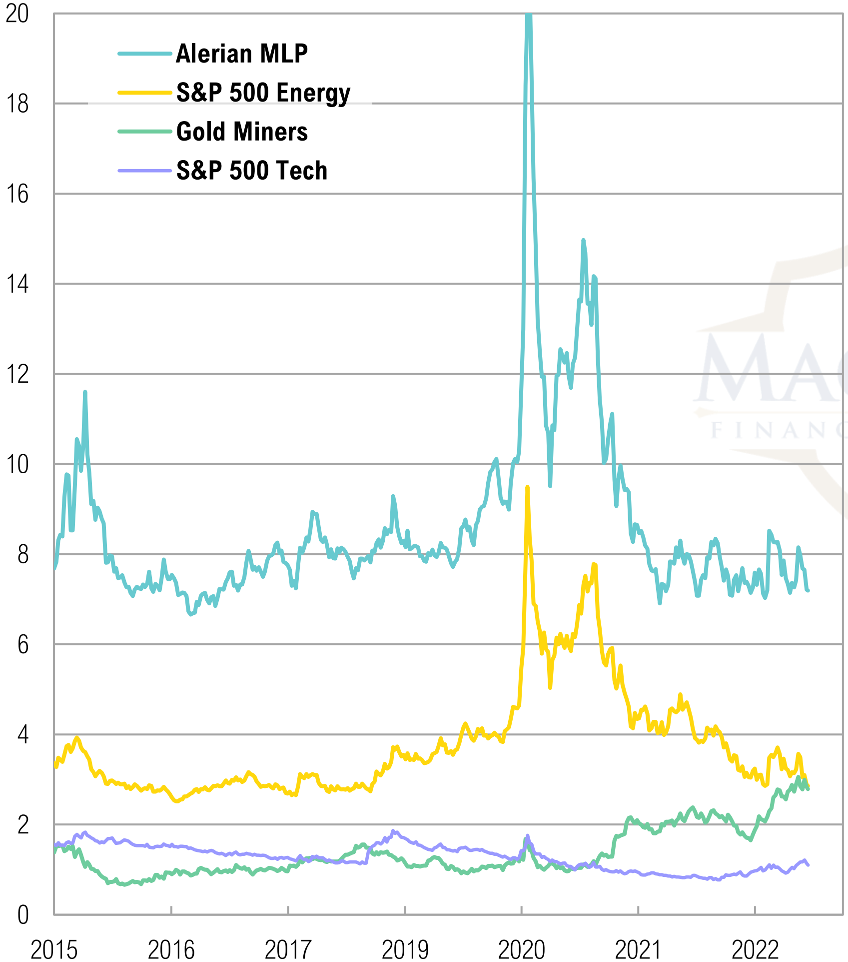
PRICE % CHANGE, 10/26/21 – 10/24/22



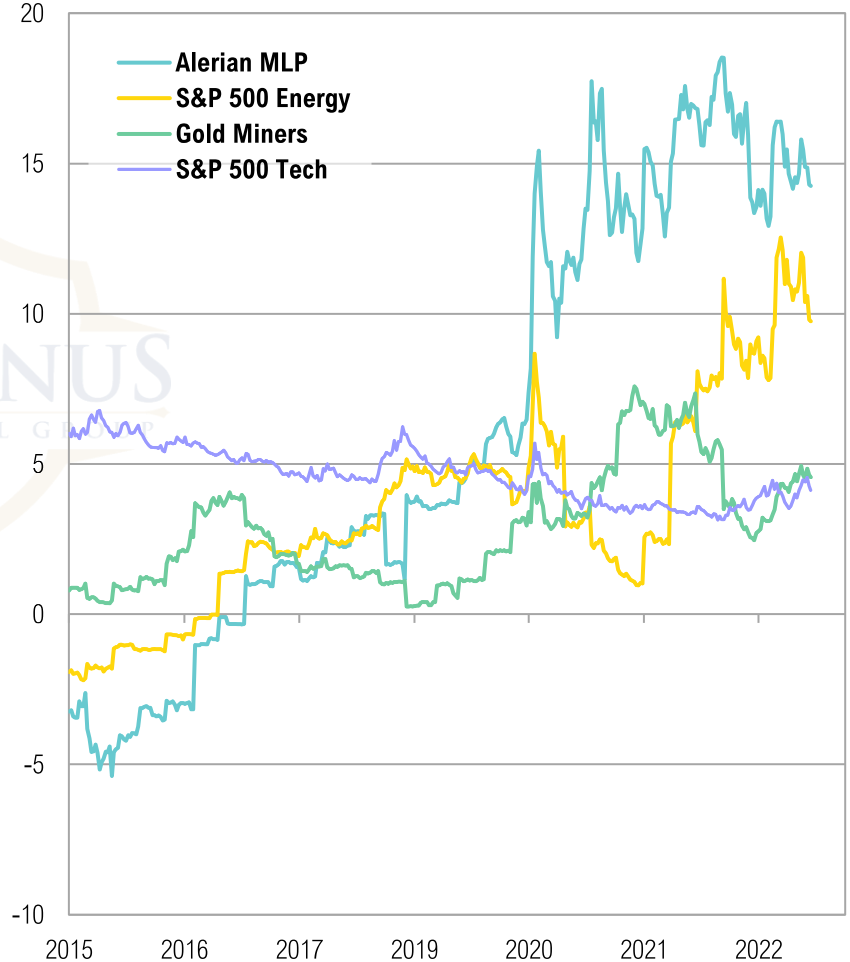
Source: Bloomberg

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, %

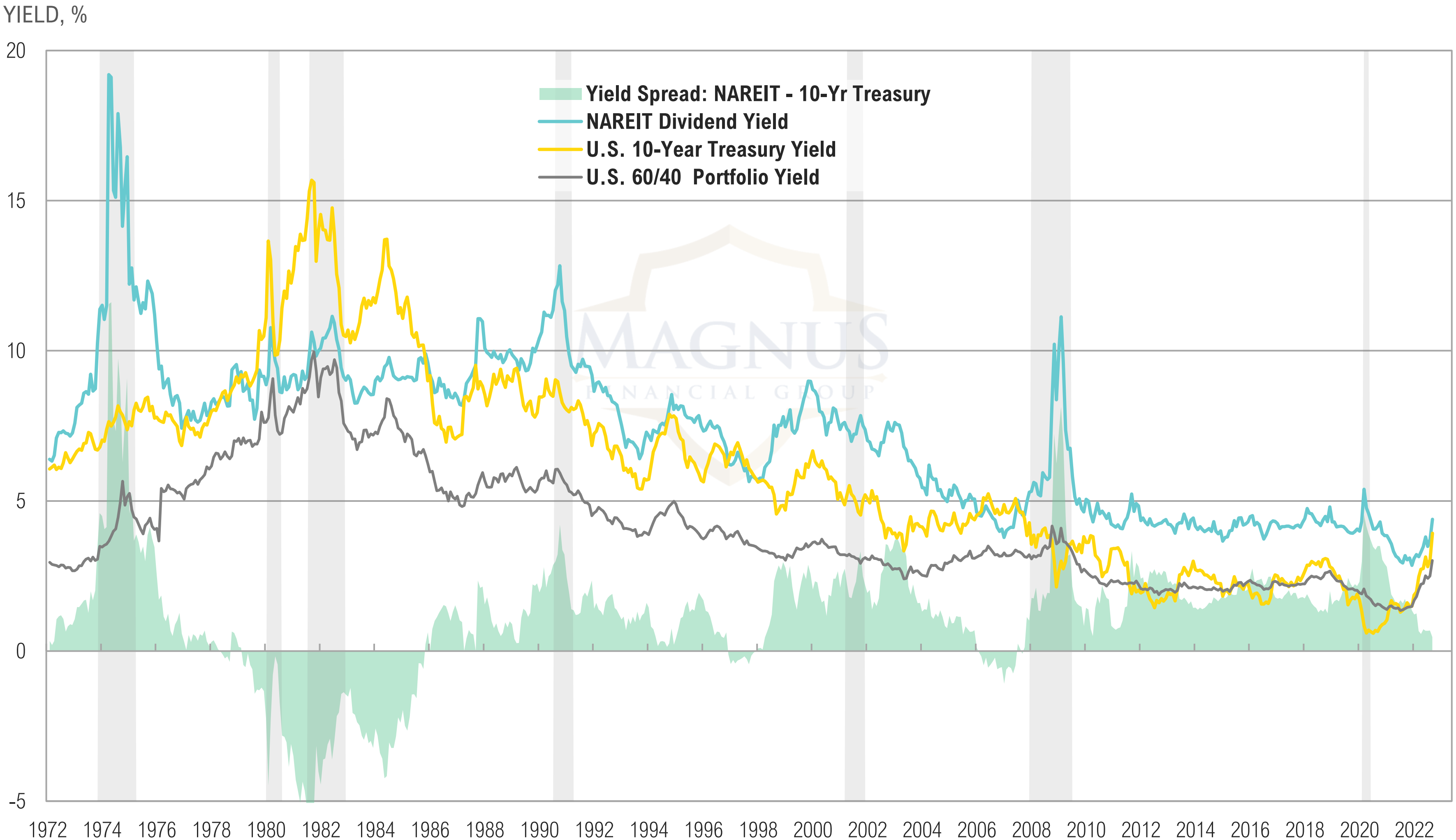


FCF YIELD, %



Source: Bloomberg

Even after -30% year-to-date returns, REIT yields are wholly unattractive on a relative basis and near lowest levels in history on an absolute basis

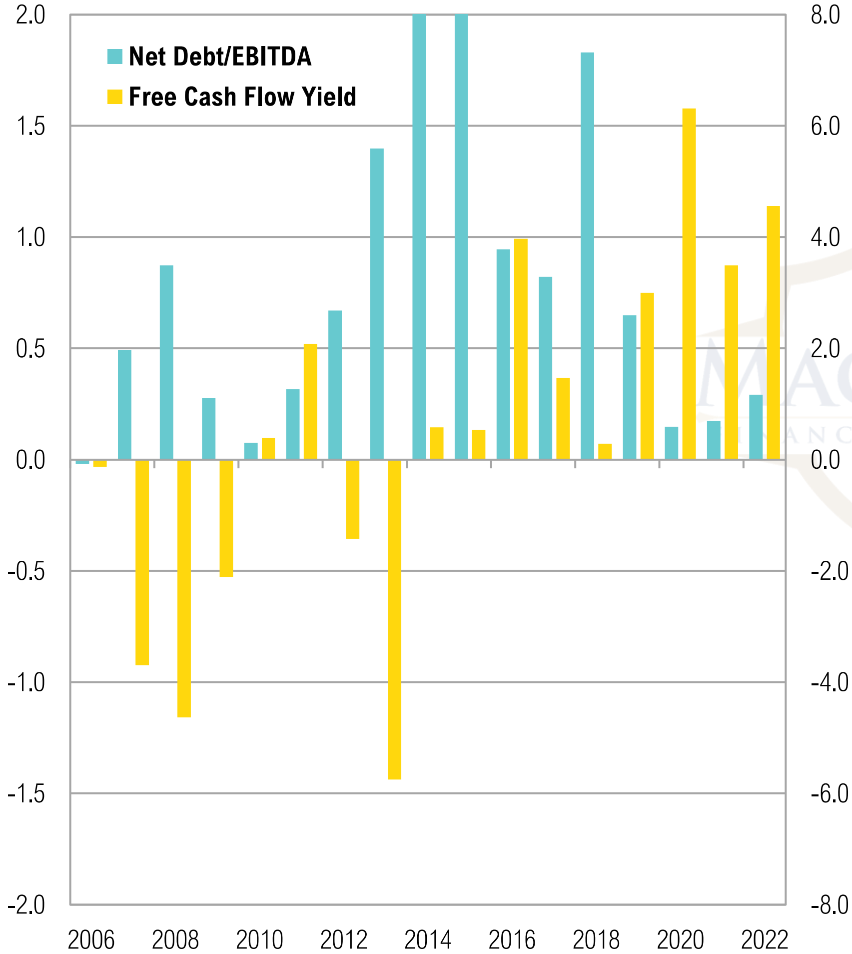


Source: Bloomberg, NAREIT.

Gold miners have been trying to catch up to improved cash flows, but risk remains that further gold price declines hurt future free cash flow yields

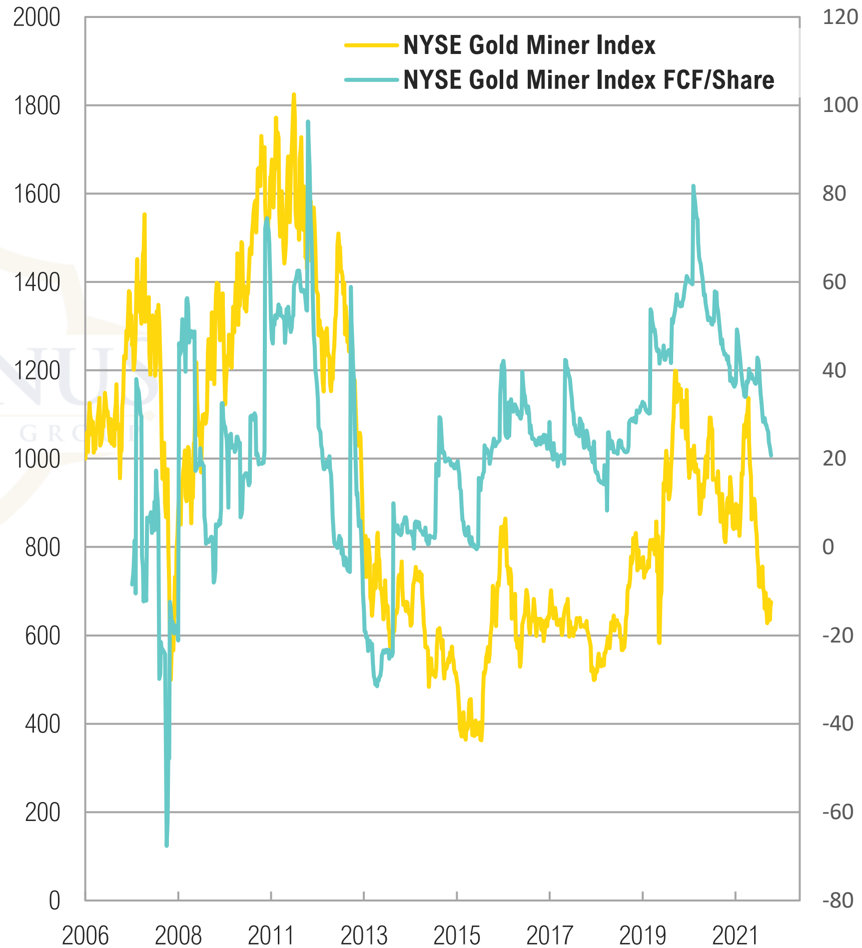
GOLD MINERS: NET DEBT/ EBITDA

GOLD MINERS: FCF YIELD



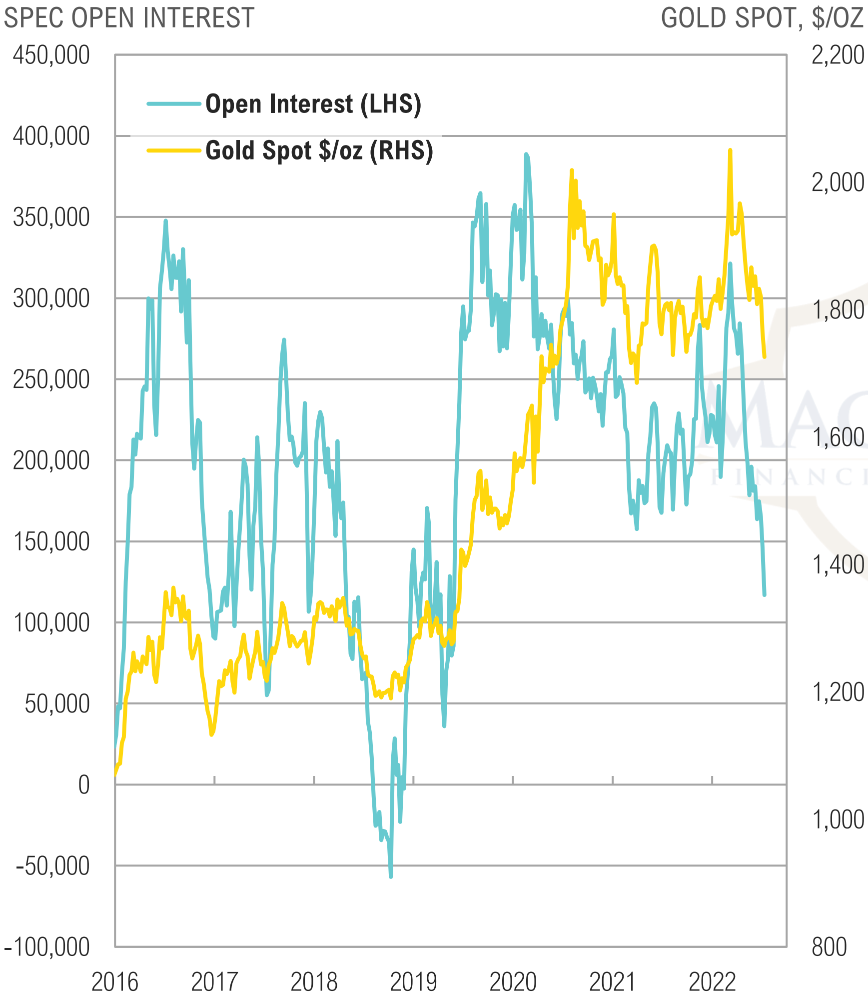
NYSE GOLD MINER INDEX

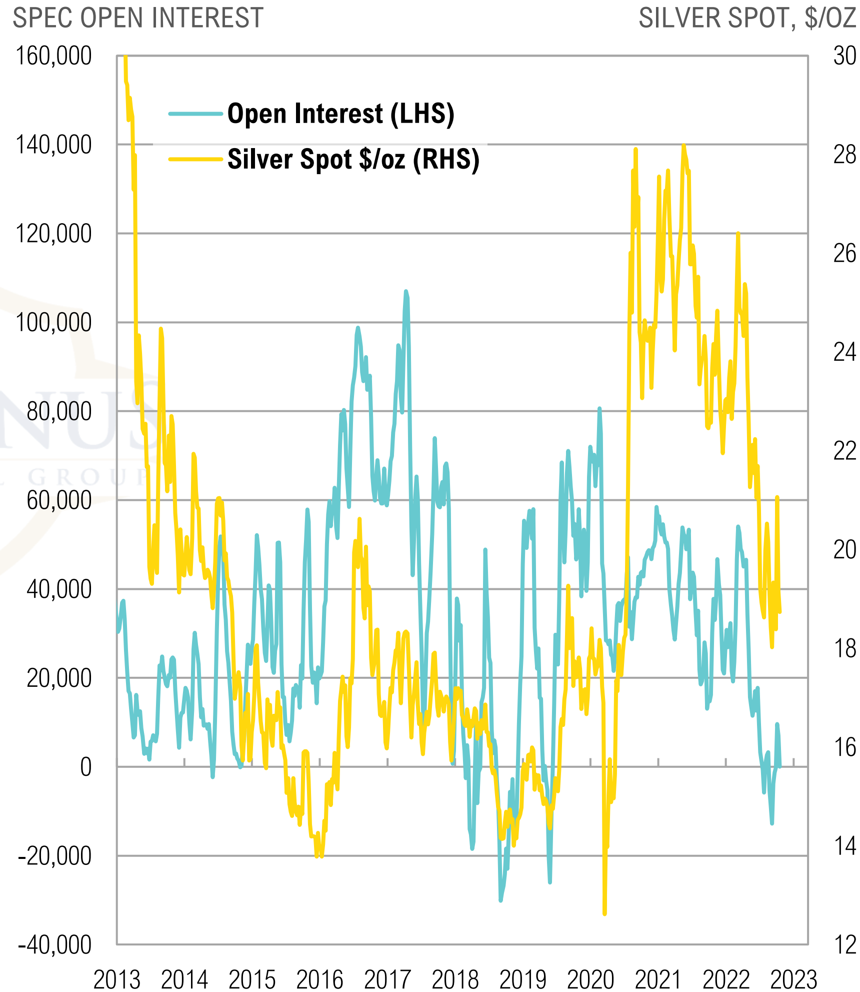
FCF/SHARE, EST.



Source: Bloomberg, VanEck, SpringTide estimates.
Gold miner net debt/EBITDA as of 10/26/2022. FCF/Share data are Bloomberg best calculated.

Spec positioning in gold futures suggests markets are nearing capitulation, which has generally resulted in above-average forward returns





Source: Bloomberg

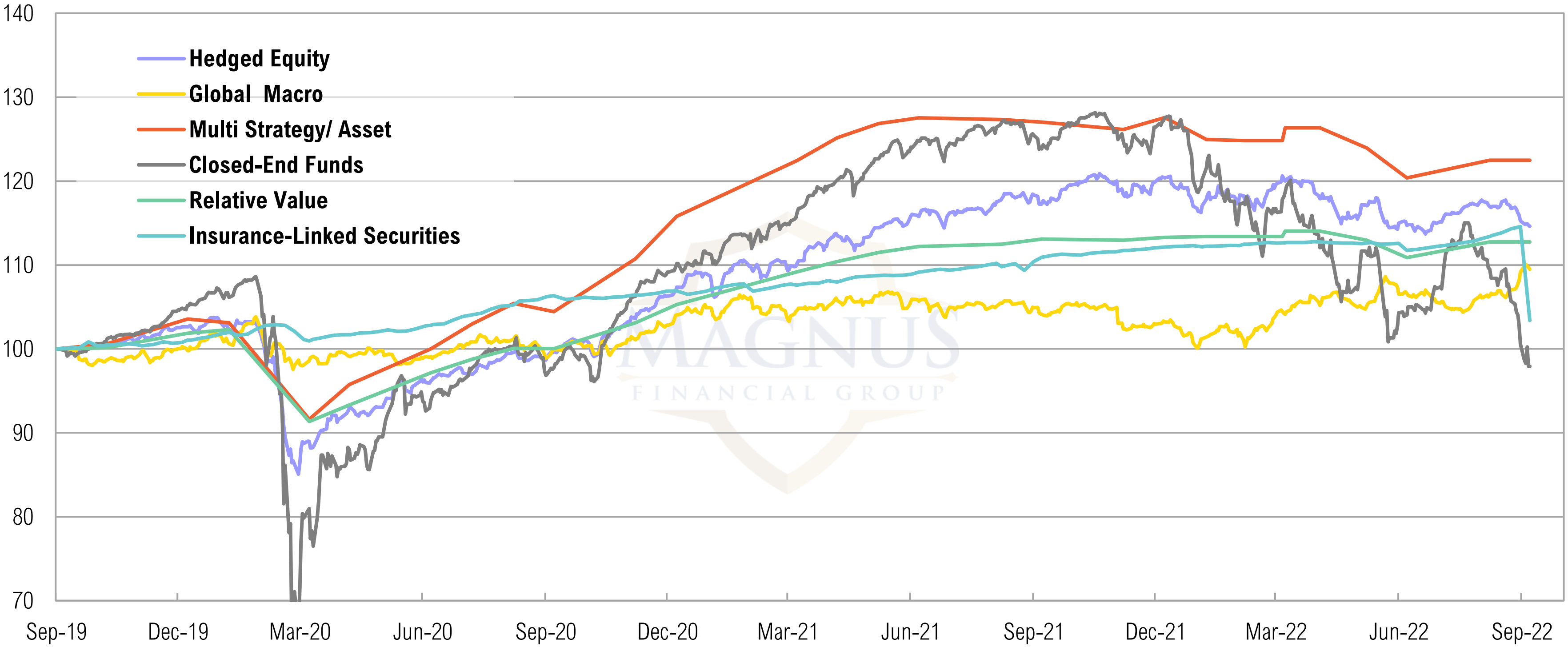
"

I was born for a storm, and a calm does not suit me.

– Andrew Jackson, *American lawyer, Planter, General, and Seventh president of the United States from 1829 to 1837*

Insurance-linked securities was the worst performing opportunistic asset class in Q3 as hurricane Ian threatens heavy losses; global macro is the only positive asset class YTD

CALENDAR YEAR & TRAILING TOTAL RETURNS

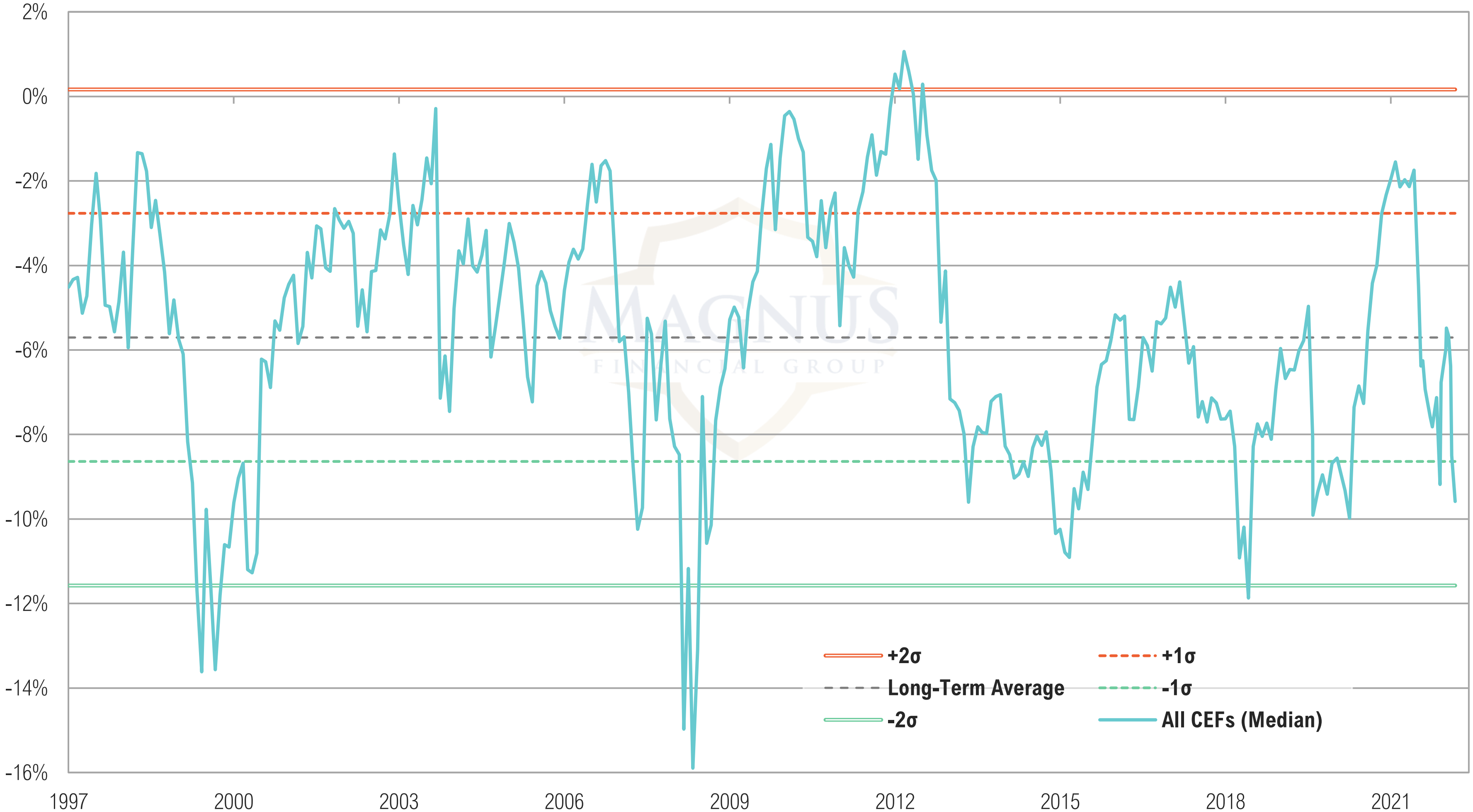


Asset Class	Benchmark	MTD	QTD	YTD	1-Yr	3-Yr	5-Yr	10-Yr	2021	2020	2019	2018	2017
Hedged Equity	HFRX Equity Hedge Index	-2.0	-0.1	-4.8	-2.3	4.7	2.8	3.2	12.1	4.6	10.7	-9.4	10.0
Global Macro	HFRX Macro-CTA Index	3.0	2.7	6.1	5.2	3.1	2.7	1.1	-0.8	4.3	4.8	-3.2	2.5
Multi Strategy/ Asset	HFRI Fund Weighted Composite Index	N/A	1.7	-4.0	-3.6	7.0	5.0	4.9	10.2	11.8	10.4	-4.7	8.6
Relative Value	HFRI Relative Value Index	N/A	1.7	-0.5	-0.3	4.1	3.7	4.3	7.6	3.4	7.4	-0.4	5.1
Closed-End Funds	S-Network Composite Closed-End Index	-10.6	-5.9	-23.2	-20.9	-0.7	1.5	4.5	7.4	-3.7	15.1	-15.3	6.3
Insurance-Linked Securities	SwissRe Global Cat Bond Index	-8.8	-7.5	-7.8	-6.8	1.1	2.7	4.0	4.9	5.8	4.6	2.5	0.5

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.

CEF discounts have widened significantly from -6.4% in August to -9.6% in September; U.S. taxable bonds are trading at widest discount since 2018

MEDIAN PREMIUM / DISCOUNT TO NET ASSET VALUE



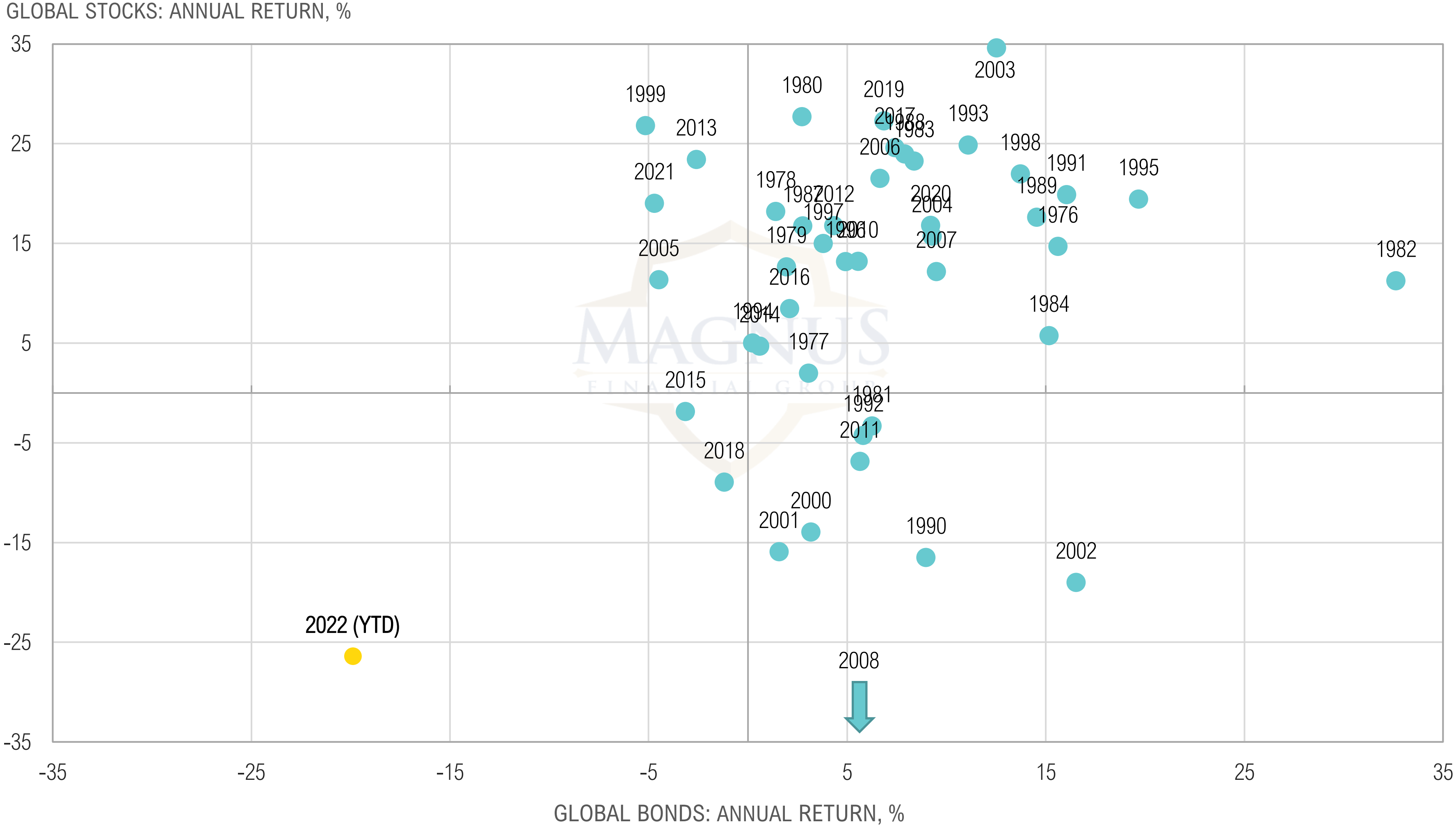
Source: Bloomberg

“

Markets tend to return to the mean over time

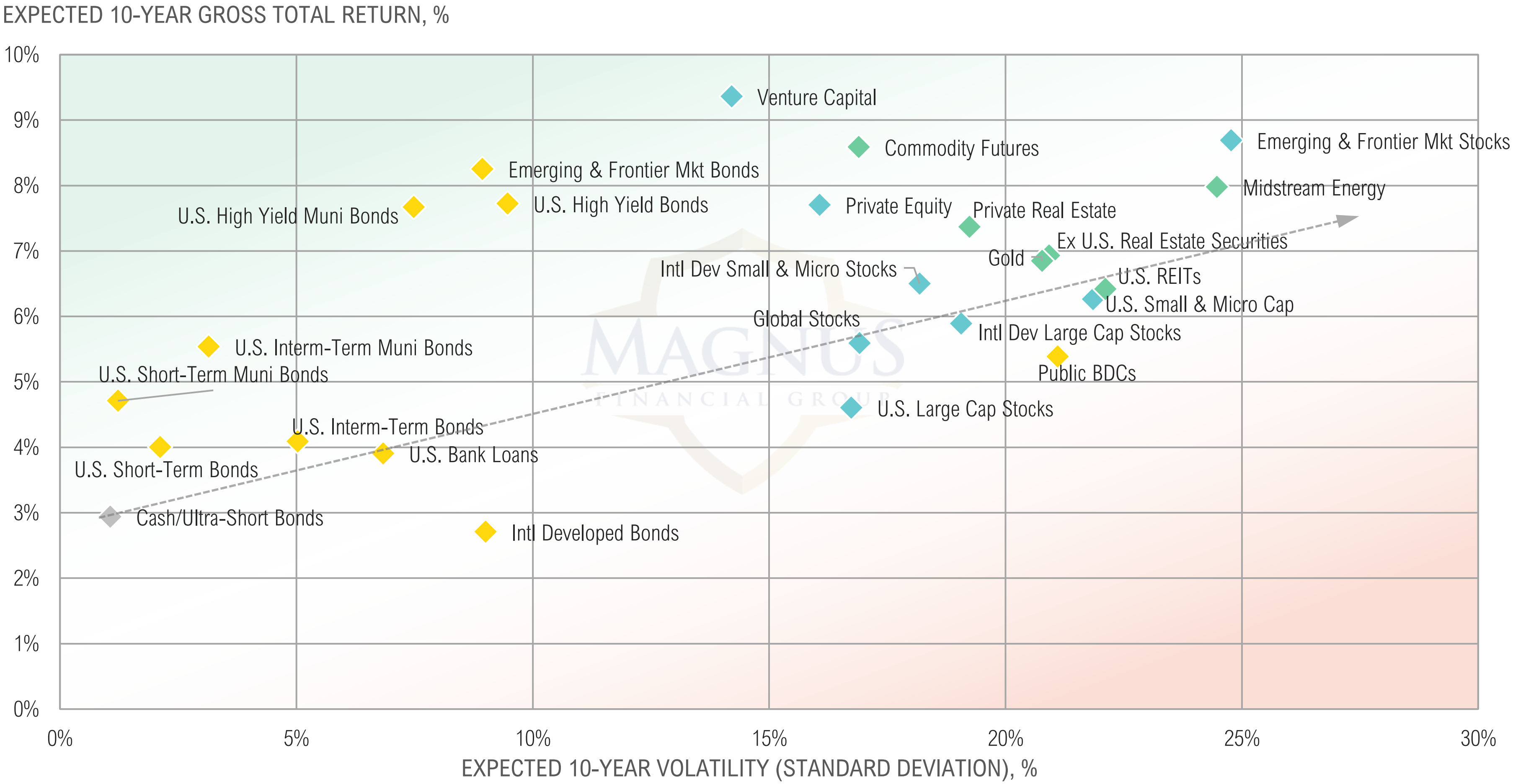
– Bob Farrell, *Merrill Lynch Strategist and Market Historian (Bob Farrell’s 10 Rules)*

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



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).

Expected 10-year returns for fixed income assets rose substantially as yields continued to rise throughout the quarter

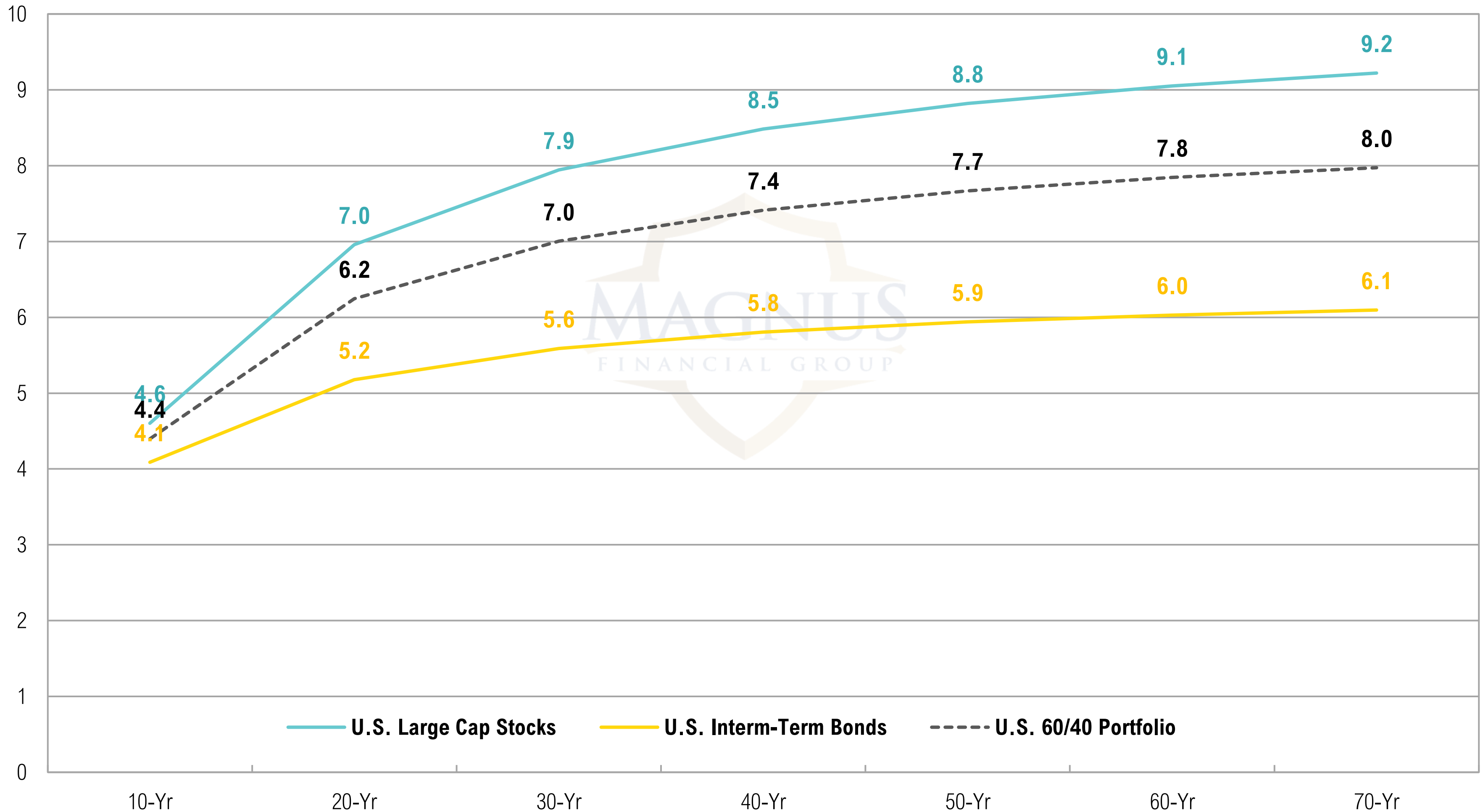


[3] Estimated returns include impact of currency adjustment † Reported on a taxable-equivalent basis assuming 35% marginal tax rate.

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

Fixed income returns saw sizable improvements over shorter time periods and now offer similar returns to U.S. Large Cap Stocks over 10 years (pre-inflation, which is big unknown)

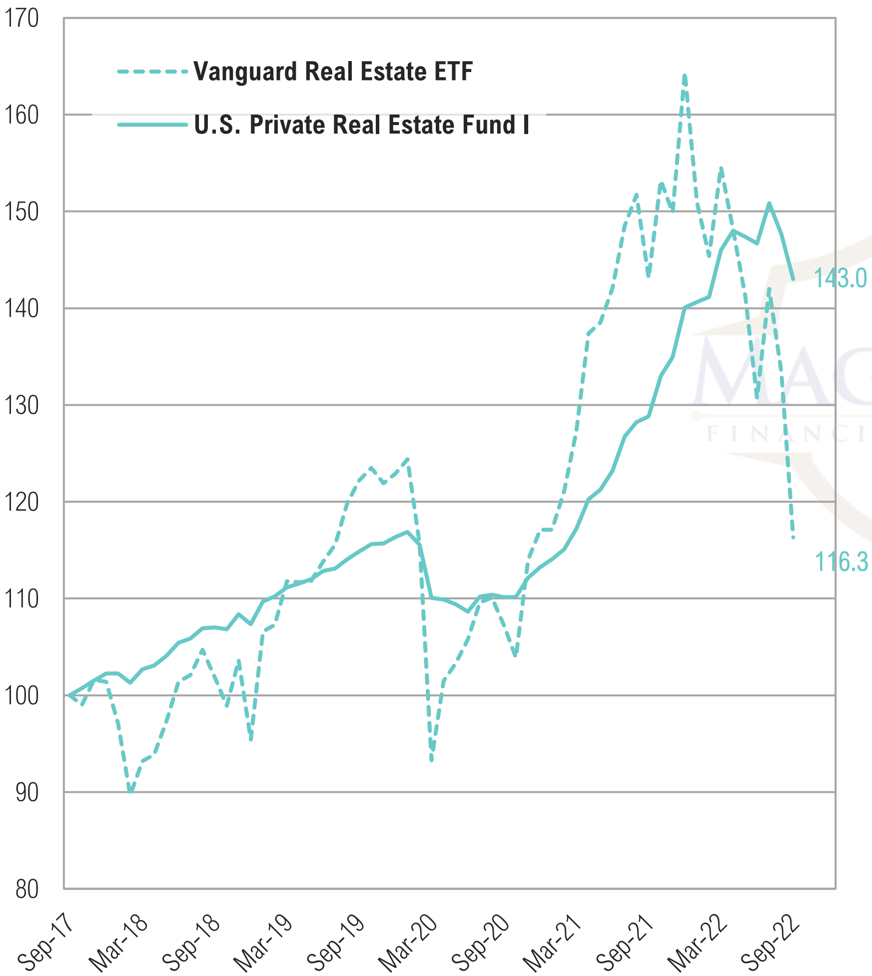
EXPECTED TOTAL RETURN, *% ANNUALIZED*



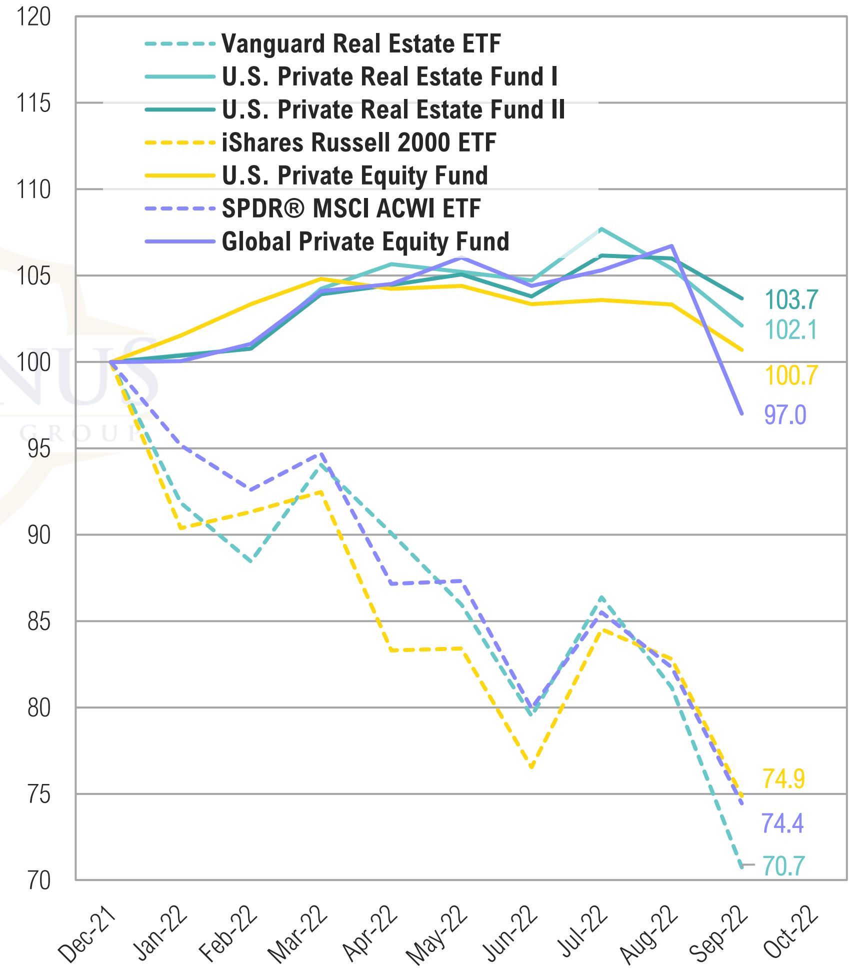
Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations

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

GROWTH OF 100



GROWTH OF 100



Source: Bloomberg. As of 9/30/2022

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

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