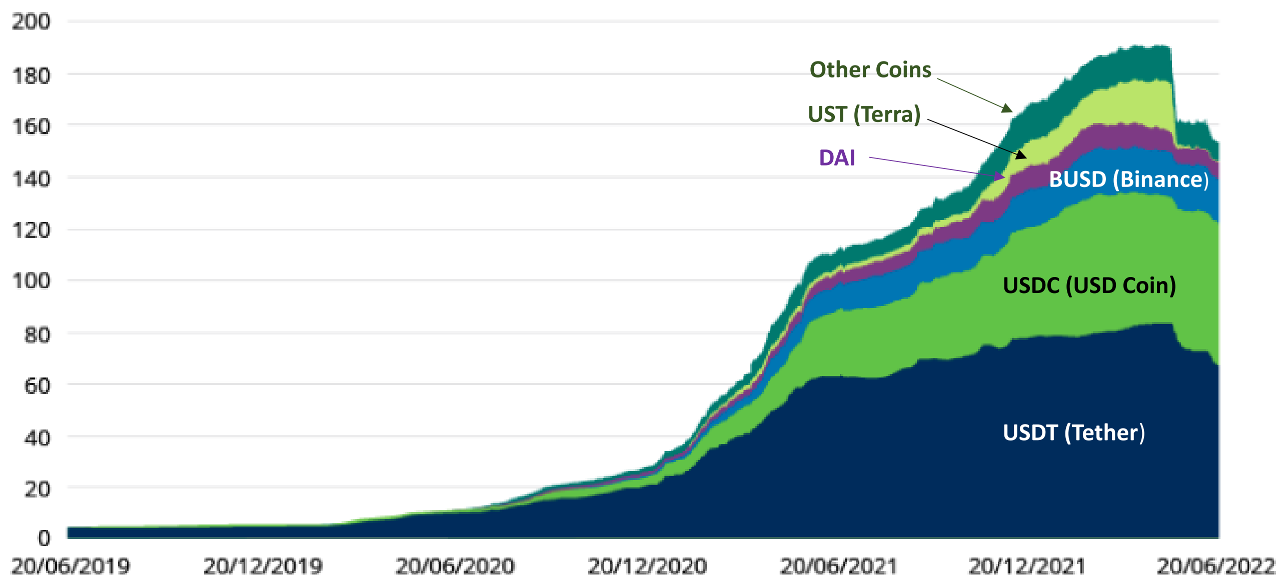
VIEW CAPITAL
ADVISORS, LLC

Quarterly Review and Strategy Update

June 30, 2022

Market Capitalization of Stablecoins ($ Billions)



Source: Schroders

- **Financial markets continue to fall as the Federal Reserve struggles to catch up with persistent inflation**
- **Equity market focus turns to ability of companies to maintain revenues, earnings and margins, while bond markets struggle with elevated volatility**
- **Crypto market implosion will weed out reckless speculation and lead to a revaluation of industry prospects**

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THE ECONOMIC ENVIRONMENT

"The Worst Stock Selloff in Half a Century Might Not Be Done Yet," despaired one Bloomberg article. "It's the Worst Bond Market Since 1842," reported the Wall Street Journal. "Are we heading for a global recession?" asked the Financial Times. The shockwaves from Russia's invasion of Ukraine and the response of central banks around the world have led to what has unquestionably been a terrible second quarter and first half of the year for the markets, with both equities and bonds posting double digit percentage losses. Most asset classes have been battered by the perfect storm of stubbornly high inflation, rising interest rates and signs of an impending recession. Yet are the financial markets, as forward-looking indicators of economic prosperity, accurately reflecting the future of the U.S. economy? Or are they displaying the flip side of the excessive exuberance displayed before the pandemic, wallowing in unwarranted pessimism that presents an unprecedented opportunity to buy assets at cheap valuations?

Inflation expectations have become the dominant consideration in shaping the Federal Reserve's monetary policy, investment flows, and business and consumer sentiment and behavior. The Consumer Price Index jumped 9.1% year-over-year in June, following an 8.6% increase in May and 8.3% in April, due to sharp increases in gasoline, fuel, electricity, food, shelter and transportation costs. Even the "core" inflation rate, which excludes seasonally volatile energy and food costs, have averaged over 6% on an annualized basis over the past three months. As we have discussed in the past, many of the causes of inflation are structural, caused by constraints on fossil fuel and other commodity production, refining and distribution; capacity limitations in ports, logistics and transportation assets like ships, railcars and freighter aircraft; and finally, shortage in labor. These bottlenecks to increased supply-side relief cannot be unclogged quickly or by monetary policy alone. Nevertheless, the Federal Reserve believes that by raising the Fed funds rate to as high as 3.8% at the peak of this tightening cycle, it will be able to bring down inflation to 2.6% next year and to 2.3% in 2024. Moreover, it believes it can accomplish this without pushing unemployment much over 4%, only slightly above the 3.6% level today. Many economists consider this hope of taming inflation while maintaining full employment widely unrealistic.

The Fed's optimism that it can engineer this "soft landing" may be particularly challenging as demand for wage increases may escalate in response to the jump in living expenses. Over the past 12 months, average hourly earnings have increased by only 5% in nominal terms, but overall unit labor costs in the nonfarm business sector have jumped by 12.6%, reflecting the increase in hourly compensation but also a 7.3% decrease in productivity due to behavioral changes resulting from the pandemic, the cost of training new workers, and work-from-home inefficiencies. Meanwhile, the labor market continues to be robust – the economy has added an average of 524,000 jobs per month over the year, and employers continue to face difficulties finding qualified workers. There were 11.3 million job postings in May, down slightly from the 11.7 million positions advertised in April and 11.9 million in March. There are over two jobs available for every unemployed person looking for work.

University of Michigan Index of Consumer Sentiment

Source: University of Michigan, University of Michigan: Consumer Sentiment [UMCSENT], retrieved from FRED, Federal Reserve Bank of St. Louis

Since employment is the key to consumer spending, which represents two-thirds of the economy, why are people so pessimistic about the future? The University of Michigan's consumer sentiment index fell to its lowest level in its 70-year history, with 79% of respondents expressing a pessimistic outlook in the year ahead. While parsing the psychology of inflation is challenging, there is emerging evidence that even with plentiful jobs and rising wages, consumers are hunkering down. Retail spending fell 0.3% in May compared to April, as consumers have exhausted savings built up during the pandemic, and credit card balances, which had been declining since the start of the pandemic, have begun to rise again. The stratospheric appreciation of housing that had provided the foundation for household wealth and optimism may be peaking. Housing industry data, including new home sales, mortgage applications and downward listing price adjustments all suggest that the market is beginning to cool under the impact of higher mortgage rates and building costs. New housing starts, which had been on a steady uptrend since last summer, suddenly declined by 14% in May compared to April. Some businesses are retrenching in the face of this consumer sentiment. The Institute for Supply Management's Manufacturing Purchasing Managers' Index, a leading indicator of economic health, continued its decline since last fall, dropping to 53% in June, the lowest since June of 2020. As of July 19, The Atlanta Federal Reserve Bank's GDP Now model estimates real GDP growth in the second quarter to be down 1.6%, which if confirmed, would indicate that we have already fallen into recession, given the 1.6% contraction in the first quarter.

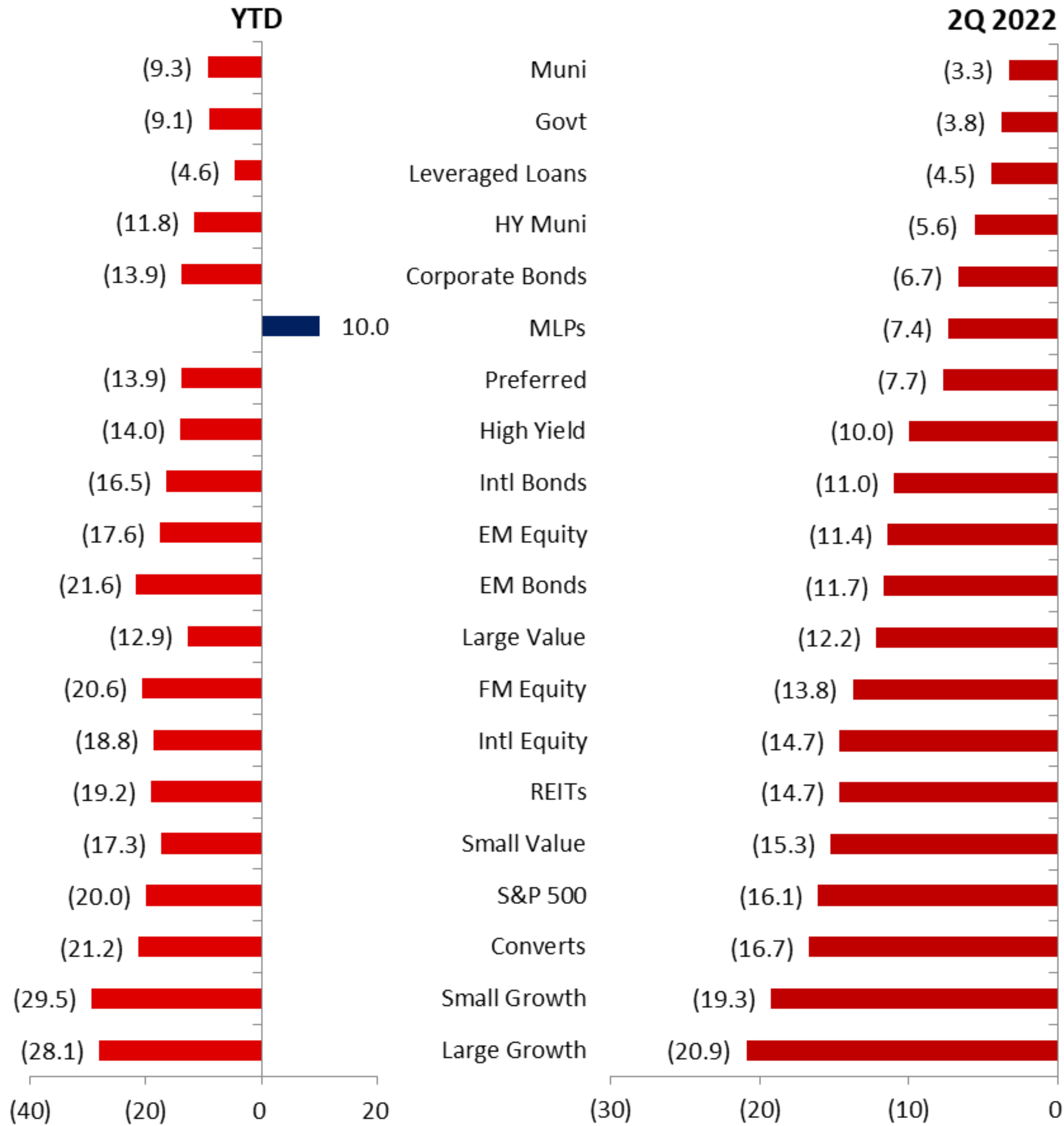
Even if the data does not lead to a decline in GDP that meets the technical definition of a recession, the Federal Reserve may still discount the evidence of a weakening economy and continue to push interest rates higher as it prioritizes restoring its damaged credibility as an inflation slayer. The market expects the Fed to raise rates by at least another 0.75% at its July meeting, and to plough ahead with its Quantitative Tightening (QT) program of reducing its bond holdings by $95 billion a month. The rapid decline in the 10-year Treasury yield from 3.5% in the middle of June to 2.8% in mid-July, however, implies that

investors are already ahead of the curve and positioning for a recession. “If you’re still holding out hope that the Federal Reserve will be able to engineer a soft landing in the US economy, abandon it, “argues non less than Bill Dudley, a former governor of the New York Fed. “A recession is inevitable within the next 12 to 18 months.” Indeed, 70% of economists surveyed by the National Bureau of Economic Research now expect a recession in 2023.

So how should investors position for a recession accompanied by persistently elevated inflation? Remaining disciplined and sticking to asset allocations informed by investment objectives, of course, goes without saying. From a tactical perspective, however, investors may want to add to their equity exposure if they are underweight but be realistic about realizing quick gains. Most banks and asset managers estimate long term U.S. equity market returns to be in the mid-single digits. As for bonds, we may be approaching a point where both interest rates and credit spreads could be peaking to generate total yields that exceed long term inflation and produce modest real returns. In alternatives, hedge fund strategies that can take advantage of market volatility, as well as private credit that offer yield high enough to compensate for prospective defaults, continue to offer attractive options. However, until we see compelling evidence of market capitulation, a defensive mindset is prudent in the current volatile environment.

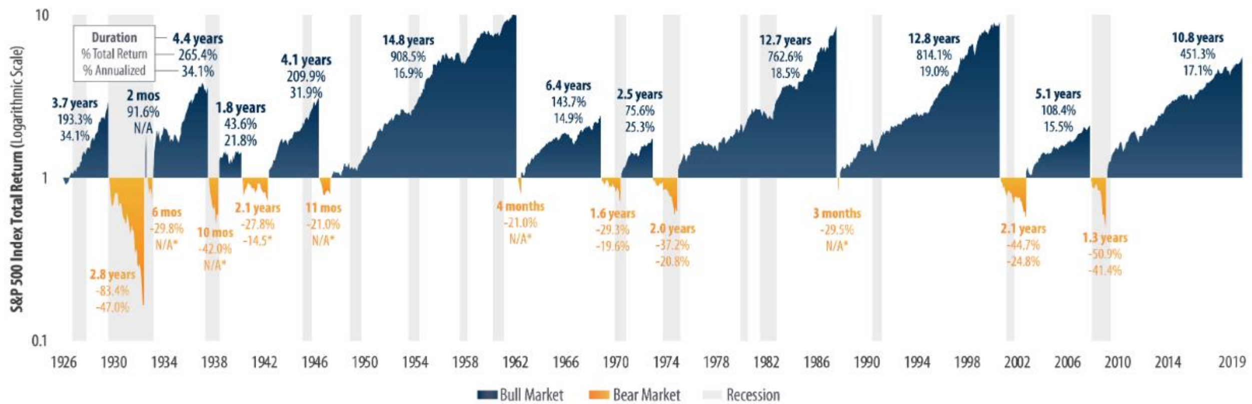
2nd QUARTER PERFORMANCE OF MAJOR ASSET CLASSES

Numbers represent percentage change



EQUITIES

Bull and Bear Markets Since 1926



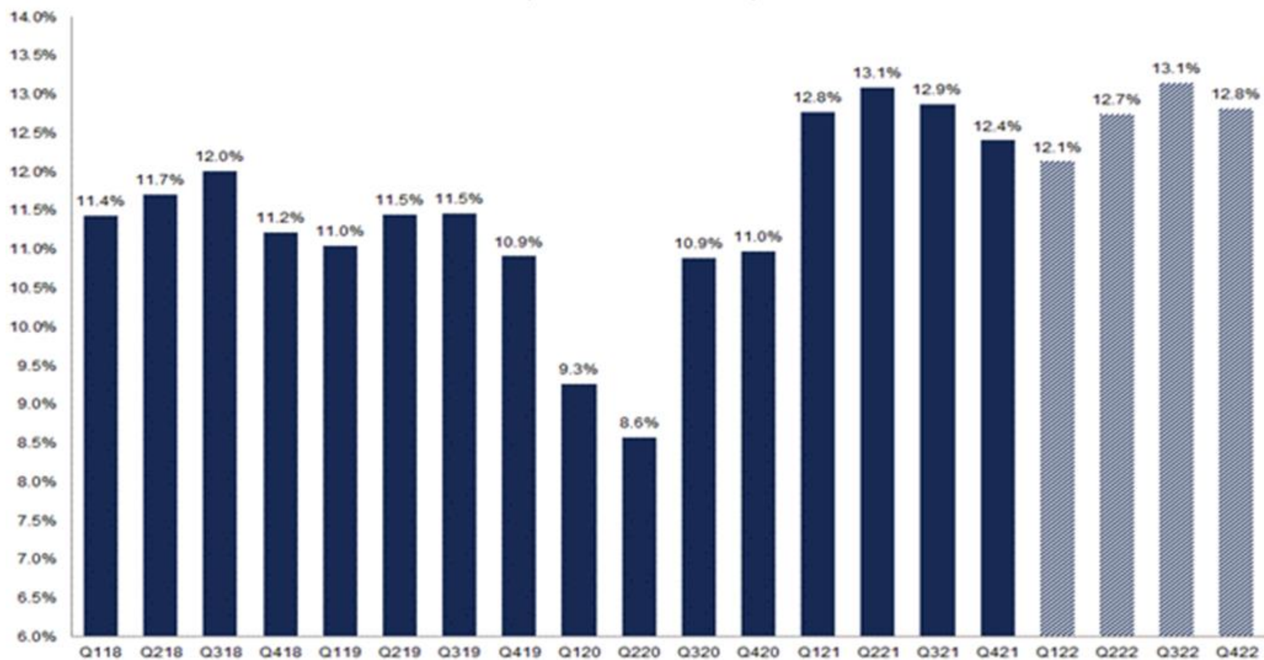
Source: First Trust, Bloomberg

The stock market's continued decline in the second quarter pushed the major equity indices into bear market territory, with the S&P 500 Index down 24%, the NASDAQ down 33% and the Dow Jones down 19% from their recent highs. International markets fared slightly better, with the European and Japanese markets down 12% and 5% respectively. There was no safe haven within equities, as every industry sector and market capitalization category declined during the quarter, as did both growth and value styles. The only industry sector with positive returns so far this year has been energy – which, even with a sharp decline from the second week of June – was up an impressive 32%, matching the rise in the price of crude oil.

While the Federal Reserve's more aggressive approach to tackling inflation had been the focus of the equity markets, attention has now turned to corporate earnings. How have companies met the challenge of rising prices in the second quarter? Analyst consensus had predicted that revenues for S&P 500 companies would grow by about 12% and for earnings to grow by just under 10% this year. According to FactSet, net profit margin for these companies fell to 12.1% in the 1st quarter, continuing the decline from its recent peak of 13.1% in the second quarter of last year. However, this level of profitability is still impressive by historical standards, and surprisingly, analysts expect margins will be higher for the remainder of the year, implying a belief that either companies can pass on higher costs to customers or that inflation will subside.

Some analysts believe that such optimism is misplaced. Michael Wilson at Morgan Stanley, one of Wall Street's most vocal bears, says the S&P 500 needs to drop another 15% to 20% to about 3,000 points for the market to fully reflect the scale of economic contraction. "The next 10% will probably be down from here, not up," predicts Scott Ladner, chief investment officer at Horizon Investments. "A quick market bottom will need a turn in central bank policy, and we don't think that's a possibility in the next few months."

S&P 500 Profit Margins



Source: FactSet

In the past, the character of the peak-to-trough decline in equities have depended historically on the severity of the economic malaise at the time. Ed Clissold of Ned Davis Research points out that cyclical bear markets that don't involve a recession tend to be shorter in length and less severe in magnitude (average loss of 25% lasting 213 trading days), compared to bear markets associated with normal recessions (average loss of 35% lasting 353 trading days). So far, this year's bear market has led to a loss of 21% lasting 127 trading days to the end of the second quarter.

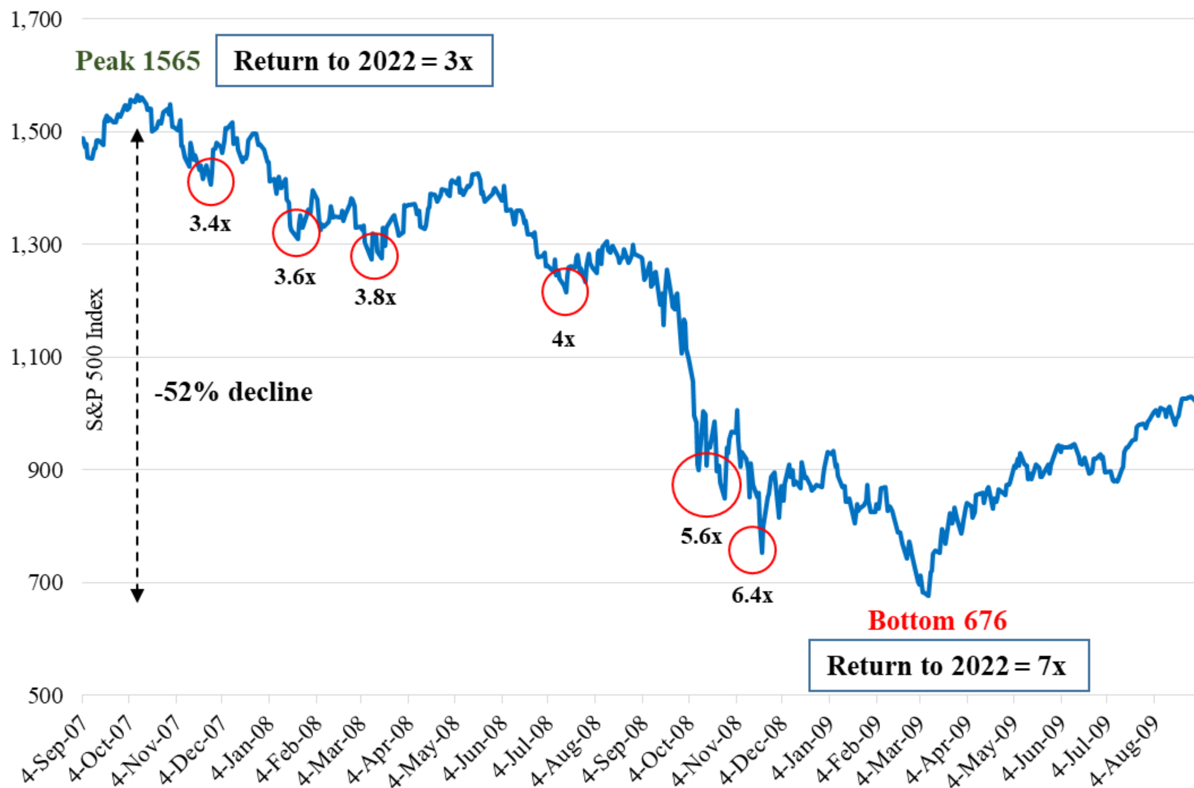
When should investors wade back into the market? The return difference between investing at the end of a bear market as opposed to its inception can be significant. Investors who possessed the crystal ball and allocated to equities at the bottom of the Global Financial Crisis bear market in March of 2009 and held to the market's recent high last December, would have made 7 times the return on investment compared to 3 times return by investing at the start of the correction in October 2008. The chart, however, highlights how difficult it is to spot the bottom and avoid bear market rallies. A Bank of America study shows that institutional investors' allocations to equities have sunk to lows suggesting a capitulation. While retail trading in meme stocks and options have now collapsed to pre-pandemic levels, suggesting that at least amateur day-traders who had fueled much of the speculative trading have retired hurt to the sidelines, many investors are waiting for signs of a more definitive capitulation that would signal the bottom.

If an investor's long-term objective requires an allocation or addition to equities, a prudent course of action would be to average in over time. Price earnings multiples for the S&P 500 index have now dipped just under 16 times, below its 25-year average, and dividend yields are at 1.8%. Compared to pre-pandemic levels, these valuations look attractive.

Severity and duration of bear markets

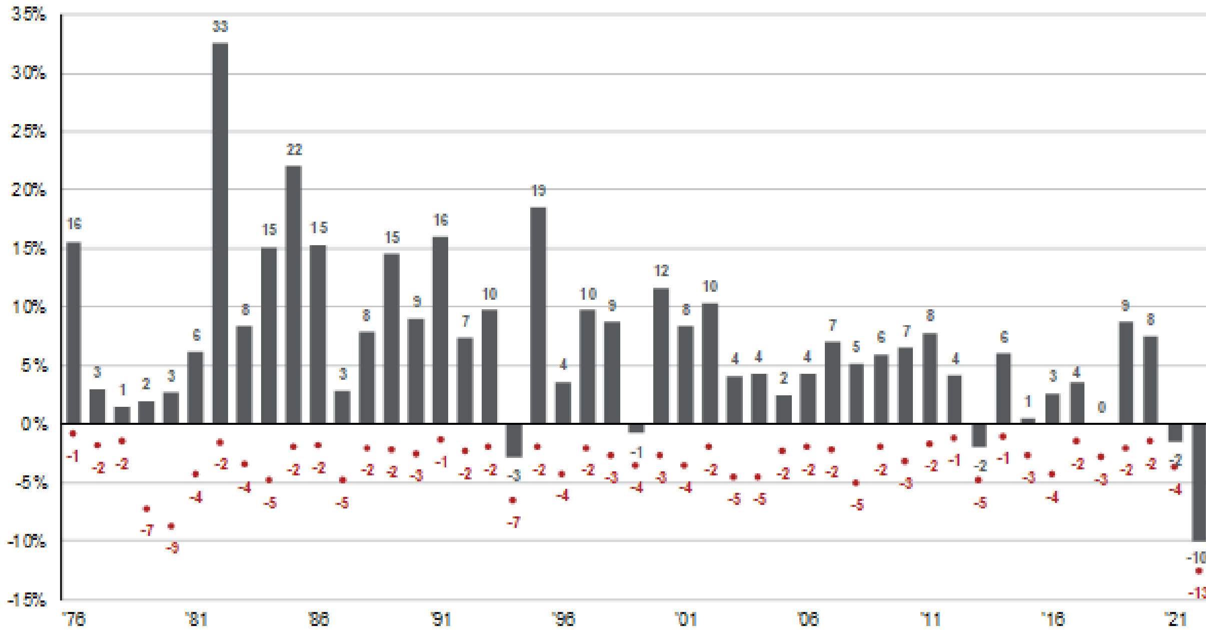
Source: Bloomberg

S&P 500 returns from various points of the Global Financial Crisis bear market



BONDS

Bloomberg U.S. Aggregate Intra-Year Declines vs. Calendar Year Returns



Source: JPMorgan

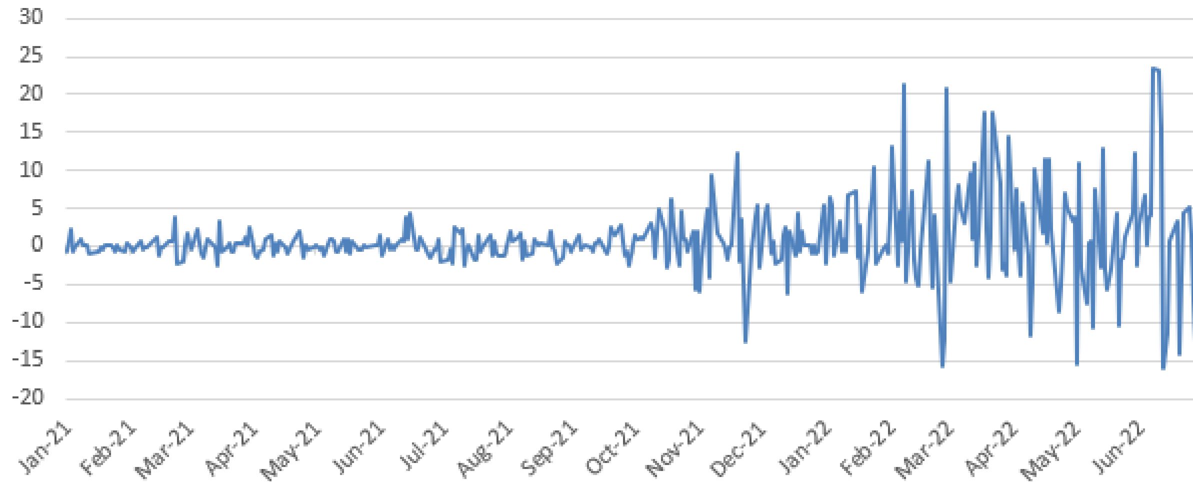
Fixed income continued its tumultuous start to the year, characterized by dramatically higher volatility amid drastic Fed rate hikes attempting to soothe generational inflation, unprecedented levels of correlation to equities, a slowing economy plagued by intensely negative sentiment, and liquidity issues exacerbating the situation — all causing yields to soar and spreads to widen significantly. In the face of this carnage, it is important to remember we are coming out of a period of near-zero rates, historically tight spreads, and historically low levels of defaults, all of which buoyed asset values. We saw the largest (June's -6.81%) and third-largest (April's -3.64%) monthly declines in the ICE BofA US High Yield Index since the Global Financial Crisis. The Bloomberg U.S. Aggregate Bond Index fell -3.79% in April, its worst month since February 1980. Its decline of -10.35% through June 30 has surpassed the index's worst annual return on record, though it recovered a bit from as low as -12.65% in mid-June. These declines were propelled by the assets' duration sensitivities, where sudden rises in interest rates ate away at bond values with low-to-no coupons to offset capital losses.

Given the recent macroeconomic environment and financial market activity, it should not be surprising the high yield primary market ground to a halt, with one particularly extraordinary deal coming to market at an 18% discount to par, meaning the bond was issued at $82 with a par value of $100. This is known as an original issue discount (OID) bond, where the bond is issued below face value but still repays owners at par upon maturity. OID deals exist to incentivize investors to participate in new issues. What was a rarity with just 6% of deals in 2021 coming to market with an OID, in 2022 that number has jumped to

18%. For context, high yield primary issuance through May was just $56 billion – less than one-third of the 3-year average of $171 billion over the first five months of the year.

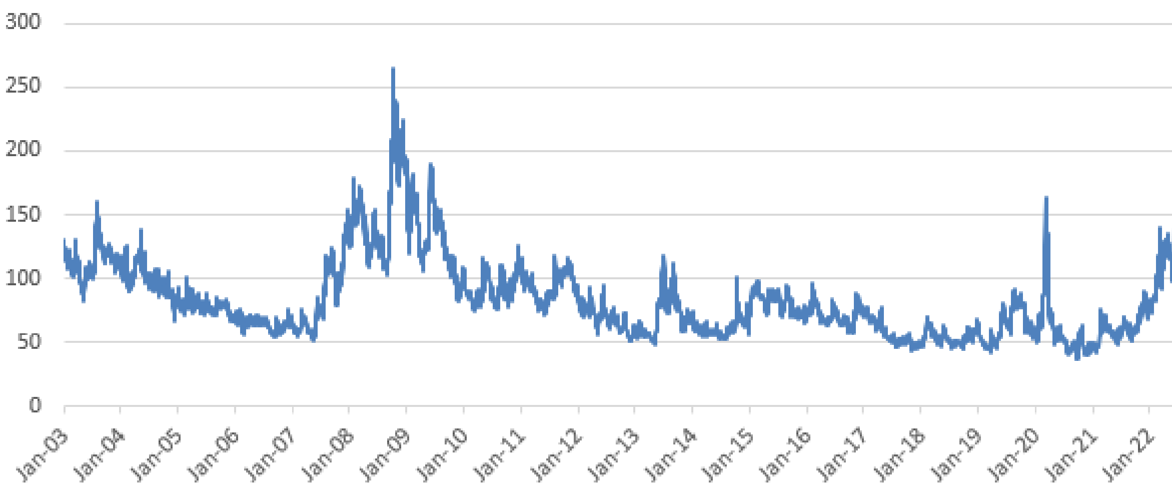
In secondary trading markets, we have also seen a lack of activity as investors have been waiting on the sidelines until there are clearer outlooks on both the direction of inflation and the Fed's response to it. This uncertainty is compounding the volatility in the market, which is made abundantly clear in the next chart showing daily changes in the 2-year Treasury yield. The volatility has been remarkable.

Daily Change in 2-year treasury Yield (bps)



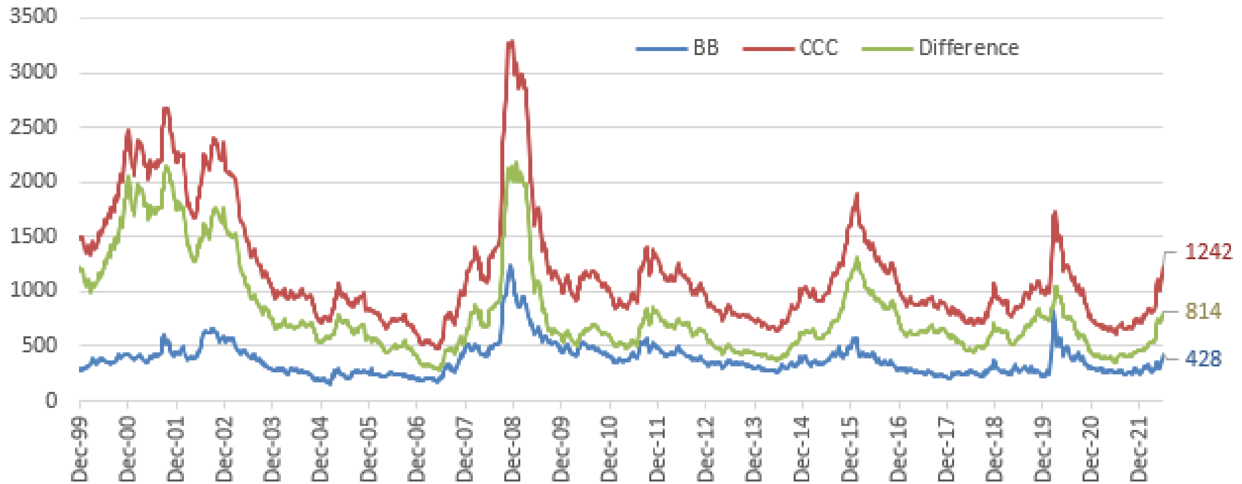
The ICE BofAML U.S. Bond Market Option Volatility Estimate (MOVE) Index also helps measure market participants' uncertainty and fear. It is often considered the bond market's version of the VIX. Both track implied volatility – the MOVE does so for Treasuries while the VIX does so for the S&P 500. Barring a brief period in March 2020, volatility has climbed to levels unseen since the GFC, and while the index has not arrived at those 2008-2009 peaks (and is very unlikely to do so), it may not have summited yet.

ICE BofAML MOVE Index

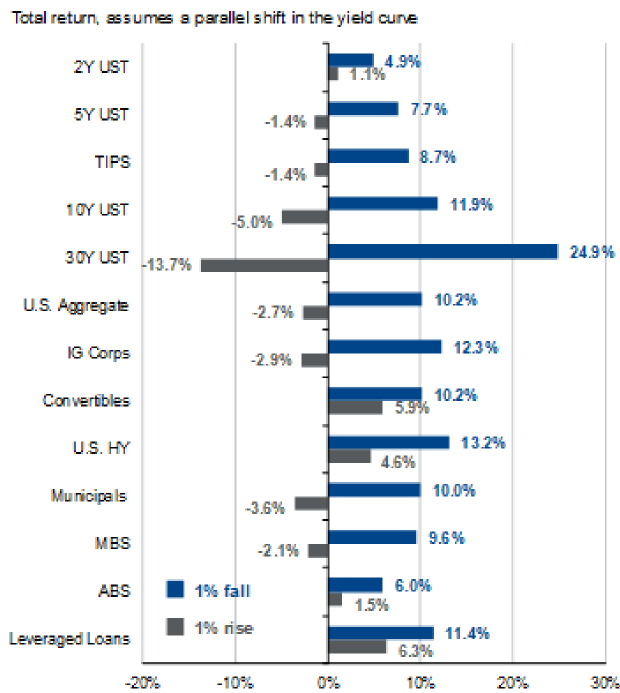


Despite liquidity issues and volatility, underlying fundamentals are sound, and the riskier parts of the market are not showing elevated levels of stress as measured by relative spreads of less risky investments. Bond yields are rising but appear to be doing so in an orderly fashion, with riskier and less-risky yields increasing at similar rates. During periods of market turmoil, you typically see riskier bonds sell off more than their less risky counterparts.

Spreads of BB and CCC Bonds



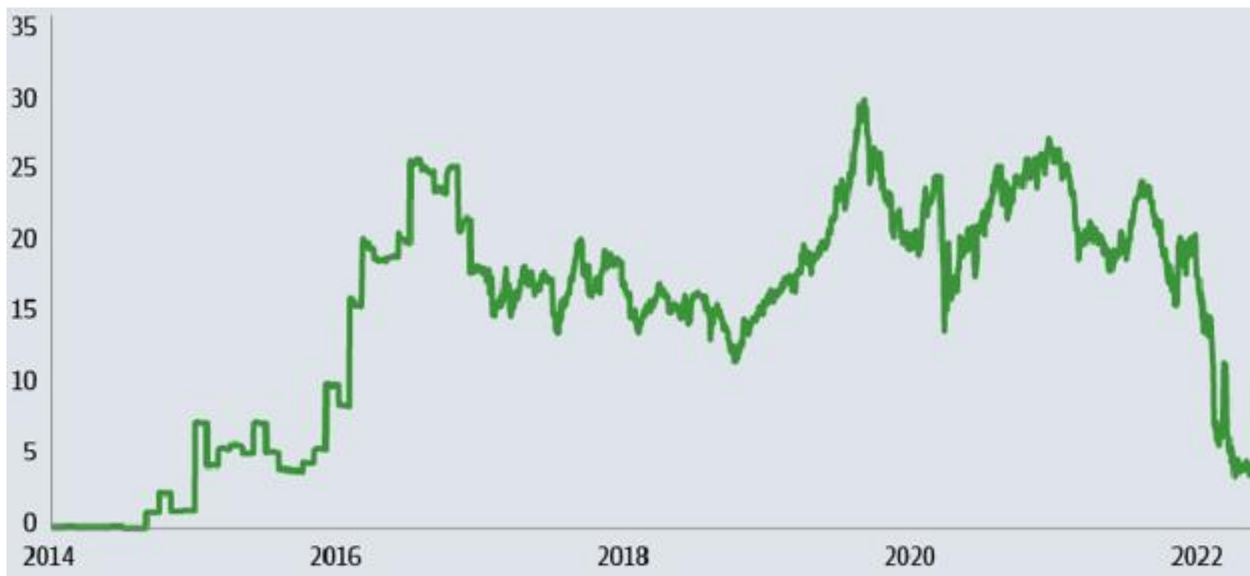
Impact of a 1% Rise or Fall in Interest Rates



Source: JPMorgan

There is still room for bond returns to further decline as the Fed begins QT and if waning economic growth results in weaker corporate earnings. Likewise, higher duration assets are still at risk should rates continue to rise while shorter duration assets with higher credit risk or complexity should be better able to overcome modest price declines with higher yields. On that note, positively, yields are up. 10-year U.S. Treasuries rose to 3.47% yield in June, an 11-year high, after surpassing 3.0% in May for the first time since 2018. Likewise, 10-year German Bund yields hit 1% for the first time since 2015, while 10-year UK Gilt yields rose to 2.15%, a high also not seen since 2015. In fact, global investors seem to finally be getting paid for owning bonds again, as the proportion of negative yielding global bonds has fallen from as high as 30% in 2019 to less than 5% today.

Proportion of Negative Yielding Global Bonds (%)



Source: Bloomberg, Goldman Sachs Global Investment Research. As of May 16, 2022.

Price of Terra (UST) and LUNA

Source: CoinDesk

On May 9, Terra (UST) – a so-called stablecoin that is a type of cryptocurrency designed to maintain a market value equal to $1 – began to fall to as low as 69 cents, causing a flood of investors to sell their holdings. Rumors circulated that a well-capitalized and aggressive seller was attempting to manipulate its price down; while the precise cause may never be known, Terra collapsed to less than 1 cent over the subsequent few weeks. The collapse of Terra and its sister token Luna have led to over $45 billion in losses. Many investors lost their life savings and over a dozen people have been reported to have committed suicide. Do Kwon, the South Korean developer behind Terra, is being investigated by both the South Korean authorities and the U.S. Securities and Exchange Commission, who has accused him of selling unregistered securities.

Is the collapse of Terra confirmation that the crypto industry is just a passing fad, and at worst a giant Ponzi scheme? Bitcoin and other cryptocurrencies have failed to deliver the radically disruptive innovations that its supporters have been trumpeting. Bitcoin has clearly failed to provide a stable source of value. It has continued to be extremely volatile – during some periods twice as volatile as public equities. As for its role as a means of exchange, purchasing everyday goods and services with bitcoin still seems to be a very distant prospect. As a mechanism to transfer value globally, Bitcoin is simply not commercially scalable, since it can process only 7 transactions per second today, compared to around 2,000 transactions for Visa and Mastercard, and this volume cannot be increased without compromising speed, accuracy and integrity. Investors who had hoped that Bitcoin would function as "digital gold" and offer a safe haven in any equity market meltdown have been sorely disappointed. It has proven to be highly correlated to other risk assets, falling 72% from its recent peak of $67,583 in November last year to its recent trough of $18,949.

“Stablecoins” were designed to provide participants in the cryptocurrency markets an instrument that held its value as they traded, lent or pledged their highly volatile crypto assets. While an obvious solution would be to exchange cryptocurrencies for fiat money such as U.S. Dollars, many traders found this to be slow, expensive and counter to their libertarian philosophy of avoiding traditional financial intermediaries. So, stablecoins were introduced to provide a liquid, stable and low-transaction-cost transition asset for the community. To assure the market that these stablecoins would always be worth $1, some stablecoins such as Tether, USD Coin, and Binance USD, are backed by deposits of real U.S. Dollars, while others like DAI are backed by an overcollaterized pool of other cryptocurrencies ($150 of Ether for every $100 of DAI). The demand for stablecoins has surged over the past few years, with the total market value of over 200 stablecoins exceeding $180 billion in February. Two Dollar-backed stablecoins, the Paxos Standard (PAX) and Gemini Dollar (GUSD), have even been approved and regulated by the New York State Department of Financial Services, and J.P.Mogan is experimenting with a stablecoin, JPM Coin, for its corporate clients.

The Terra stablecoin, however, was different from others in its structure. It was an “algorithmic” stablecoin, whose value was backed by a sister cryptocurrency, the Luna, which in turn was backed by….well, nothing other than some promotors’ belief that it should be worth something. The stability of Terra depended on arbitrage – if the value of a Terra dipped below $1, traders could buy it and swap it for $1 of newly-minted Luna. This process would cancel – or “burn” in crypto terminology – the Terra coin being submitted, thereby reducing its float. This was supposed to increase its value back to $1. When Terra started becoming unpegged from $1 on May 9, such redemptions led to a massive issuance of Luna, inflating its supply and driving the price down by 99%. Having traded at an all-time high above $119 in April, Luna's price collapsed within days, plunging to $0.003385 on May 12. As the market saw the value of Luna collapse, the price of Terra unsurprisingly sunk to nothing.

The collapse of Terra and Luna contributed to the turmoil in other cryptocurrencies as classic market contagion spread as participants dumped assets to cut exposure and repay loans. The collapse of the cryptocurrency market has exposed a series of frauds, Ponzi schemes and financial ineptitude. Celsius, a crypto currency lender with over $20 billion of assets that attracted investor capital by promising 18% deposit returns, has filed for bankruptcy with a $1.2 billion gap between its assets and its liabilities to over 100,000 creditors. It has also been reported that it had lost of over 35,000 keys to crypto wallets that could result in $71 million in losses. Several other crypto asset managers, including Voyager Digital, a Canadian listed fund with many retail investors, and Three Arrows Capital, a highly leveraged Singapore hedge fund that managed $2 billion at its peak, have filed for bankruptcy. The founders of Three Arrows, despite pledging co-operation with the authorities, have subsequently gone into hiding.

What has been disappointing is that many gatekeepers – some of the most established asset managers in crypto finance, who were supposed to be the expert guides in the forefront of institutionalizing the industry – invested in and promoted ventures like Terra and Luna. Galaxy Digital, run by former Goldman Sachs partner Mike Novogratz, invested heavily in Terra and Luna. He was so convinced of Luna’s success that he had its symbol tattooed on his arm. His publicly traded firm recently reported a $300 million loss for the second quarter. Panterra, another prominent crypto asset manager run by Dan

Morehead, another Goldman alum, poured $150 million into the Terra ecosystem and invested $25 million into its parent's equity funding round in January last year.

Why would such seasoned Wall Street traders, who would have ridiculed the idea of collateral backed by nothing when they were trading traditional financial assets, believe that it would work in the world of cryptocurrencies? Why do asset managers, hedge funds and venture capital firms in the industry turn a blind eye to the governance weaknesses and unethical behavior that seem to prevail in this space? Tether, the dominant stablecoin by market share, insists that it owns sufficient Dollars to support its value but has repeatedly refused to be audited to back up its claims. Market participants accept practices that are illegal in traditional finance, such as commingling customer and firm assets, front running customer trades, self-dealing and engaging in business activities in conflict with their investors. Do Kwon and other employees of Terraform Labs, the sponsor of Terra and Luna, allegedly sold Terra as it was heading south. Alex Mashinsky, the founder of Celsius, sold cryptocurrencies in his own account while freezing customer accounts at his firm.

These shenanigans have reinforced the view of skeptics that the crypto industry is a smug cabal of tech-bros whose circular, self-referencing activity have produced nothing of value for the real economy. Fourteen years after Satoshi Nakamoto published his white paper on bitcoin, the revolution promised by "web3.0" still seems lacking in practical use cases. Almost all the lending and borrowing in the crypto space facilitates crypto speculation rather than financing main street businesses. The application of blockchain technology to reduce the cost, speed and legal risks of closing a home sale has failed to materialize in time for the current real estate boom. Every doctor or hospital visit still requires filling out dozens of paper forms that patients may have already completed online. M-Pesa, a mobile phone application that does not use blockchain technology, already allows thousands of customers in Africa without bank accounts to transfer cash instantly to peers and businesses.

Morehead of Panterra has pointed out that many recent crypto business failures were the result of "traditional finance" sins such as excessive leverage, asset-liability mismatches and bad risk management. He argues that true decentralized finance protocols that depend entirely on algorithmic rules to trade, transfer and manage collateral functioned flawlessly. An algorithm can obediently issue a trillion units of Luna if Terra "breaks the buck", but if the entire system is built on the flawed premise of collateral backed solely by collective euphoria, does it matter if the code was well written?

The cryptocurrency industry has spawned some undisputed and impressive innovations in cryptography, data science and global communications. It is possible that just as the lessons learnt from the failures of Pets.com, WebVan, and Geocities in the aftermath of the internet bubble led to the success of Amazon, eBay and mobile phone applications, the technologies developed in the cryptocurrency boom today may form the basis of indispensable financial applications in the future. Yet for all the intellectual firepower that has been aimed at developing digital currencies, and in spite of the recognized inadequacies of central-bank sponsored fiat currencies, the Dollar, the Euro and the Yen remain the most trusted, secure and stable vehicles for global commerce and finance. Investors who believe otherwise, and want to place their faith in cryptocurrencies, should part with their fiat money with extreme caution.

VIEW CAPITAL RIA, LP
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The descriptions included in this report are not meant to be a complete description of the managers' style and methodology and performance. The included descriptions do include alternative investments that may or may not be suitable for the clients' investment profile. Please read the prospectus carefully before investing.

Glossary and Index Definition

•Alerian MLP Index (MLP) - The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology. The New York Stock Exchange disseminate the index real-time on a price return basis (NYSE: AMZ). The corresponding total return index is calculated and disseminated daily through ticker AMZX.

•Barclays Capital U.S. Municipal Index – The U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligations, revenue bonds, insured bonds, and prefunded bonds. Many of the sub-indices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980 but no later than July 1, 1993. In January 1996, Barclays Capital also began publishing a non-investment grade municipal bond index and "enhanced" state specific indices for Arizona, Connecticut, Maryland, Massachusetts, Minnesota, and Ohio. These indices are published separately from the Barclays Capital Municipal Bond Index.

•BofA Merrill Lynch Convertible Bond Index (Convertibles) - The BofA Merrill Lynch Convertible Bond Index tracks the performance of US dollar denominated convertible bonds issued in the US domestic market. In addition, qualifying securities must have at least one-year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $100 million.

•BofA Merrill Lynch Perpetual Preferred Securities Index (Preferred) - The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of US dollar denominated preferred securities issued in the US domestic market. Qualifying securities must be rated investment grade (based on an average of Moody's, S&P and Fitch) and must have an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings).

•BofA Merrill Lynch US High Yield Master II Index – This index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market.

•BofA Merrill Lynch EM External Debt Sovereign Index – This index tracks the performance of US dollar-denominated debt issued by sovereign issuers in countries belonging to emerging markets.

•BofA Merrill Lynch Mortgage Master Index – This index tracks the performance of US dollar-denominated mortgage securities.

•BofA Merrill Lynch Municipal Bond Index – This index tracks the performance of US dollar-denominated investment grade tax-exempt bonds.

•Credit Suisse Leveraged Loan Index – This index tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated "5B" or lower, meaning that the highest rated issues included in this index are Moody's/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

•JP Morgan Emerging Market Bond Index (EMBI+) - The Emerging Markets Bond Index Plus tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar local markets instruments. The EMBI+ is concentrated in instruments from the three major Latin American countries (Argentina, Brazil, and Mexico), reflecting the size and liquidity of these external debt markets. The non-Latin countries are represented in the index by Bulgaria, Morocco, Nigeria, the Philippines, Poland, Russia, and South Africa.

•MSCI Emerging Market Index (Emerging Market Equities) - The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of March 2015, the MSCI Emerging Markets Index consisted of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.

•MSCI Frontier Market Index – The MSCI Frontier Market Index is a free float-adjusted market capitalization index designed to measure equity market performance of the frontier markets. As of March 2015, the MSCI Frontier Markets Index consists of the following 24 frontier market country indices: Argentina, Bahrain, Bangladesh, Bulgaria, Croatia, Estonia, Jordan, Kenya, Kuwait, Lebanon, Lithuania, Kazakhstan, Mauritius, Morocco, Nigeria, Oman, Pakistan, Romania, Serbia, Slovenia, Sri Lanka, Tunisia, Ukraine, and Vietnam.

•Russell 2000 Index (TR) - The best-known of a series of market-value weighted indices published by the Frank Russell Company. The index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization.

•Russell 1000 Index (TR) –A market-value weighted indices published by the Frank Russell Company. The index measures the performance of the largest 1,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization.

•S&P 500 Index (TR) -Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes 500 leading companies in leading industries of the U.S. economy. S&P 500 is a core component of the U.S. indices that could be used as building blocks for portfolio construction. It is also the U.S. component of S&P Global 1200. Total return (TR) provides investors with a price-plus-gross cash dividend return. Gross cash dividends are applied on the ex-date of the dividend.

•FTSE NAREIT US Real Estate Index Series – The FTSE NAREIT US Real Estate Index Series is designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the US economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets.

Data Sources: Bloomberg, L.P., JPMorgan, BofA Merrill Lynch, Standard and Poors, Barclays Capital, Alerian, Morningstar Direct, MSCI, HFR, Goldman Sachs, Trading Economics, HIS Markit, Eurostat, Eaton Vance.