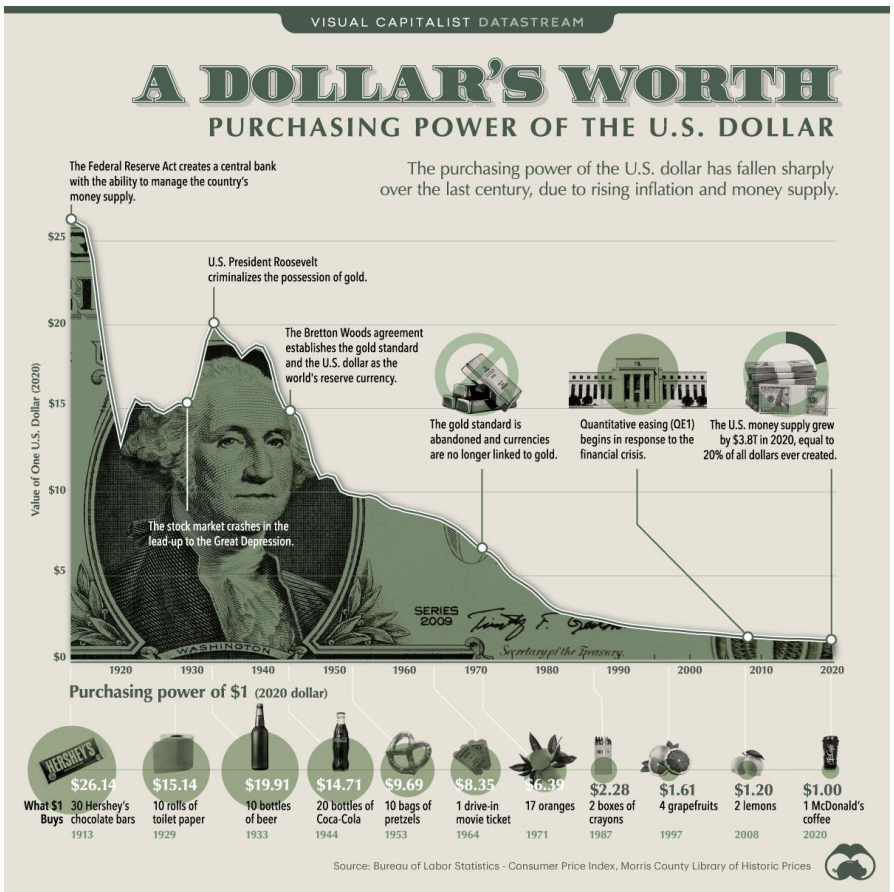
Quarterly Review and Strategy Update

December 31, 2021



Source: Visual Capitalist, www.visualcapitalist.com/purchasing-power-of-the-u-s-dollar-over-time

- **Emergence of Omicron variant triggers market volatility but disruption to business activity is muted**
- **Inflation pressures the Federal Reserve to accelerate the end of bond buying program**
- **President Biden signs $1.2 trillion Infrastructure Investment and Jobs Act, but Build Back Better social spending bill withers in Congress**

www.view-cap.com

View Capital Advisors, LLC

2727 N. Harwood, Suite 225
Dallas, TX 75201
Tel: 214.855.2550
www.view-cap.com

Ken Shoji, CFA
kshoji@view-cap.com

Austin Tatum, CFA
atatum@view-cap.com

Pallavi Srivastava
psrivastava@view-cap.com

THE ECONOMIC ENVIRONMENT

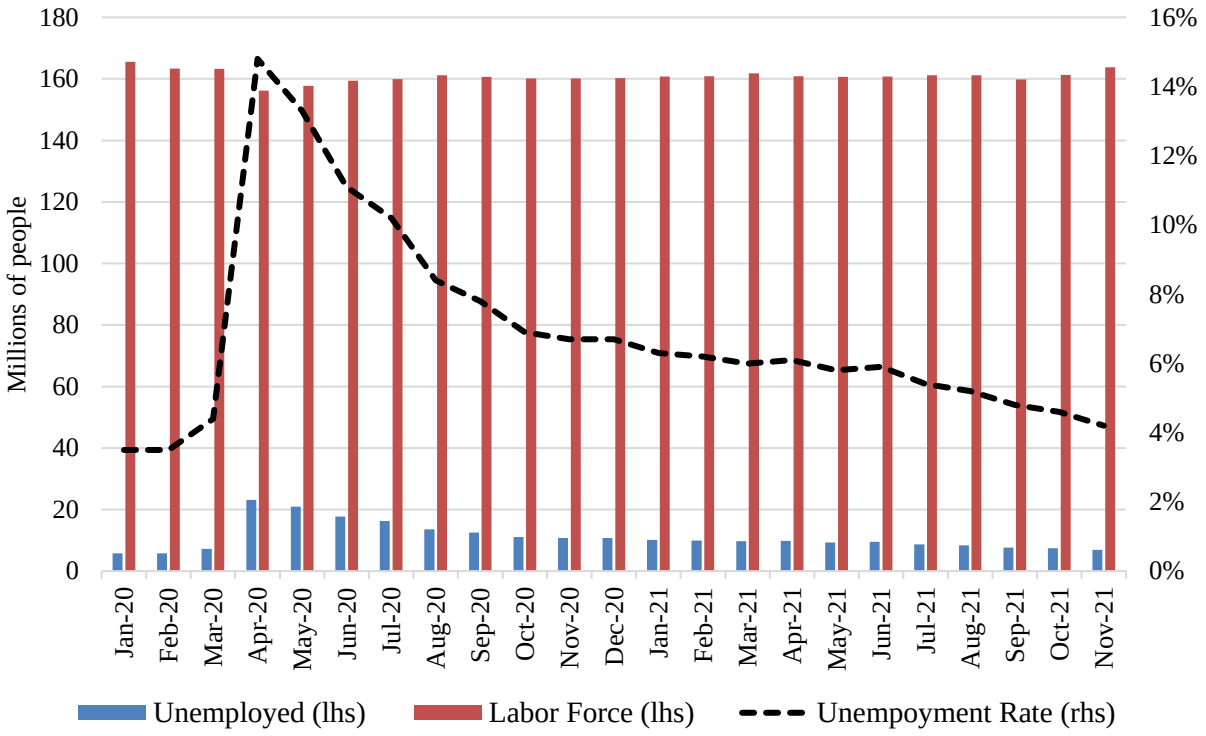
On December 1st, the California and San Francisco Departments of Public Health confirmed the first cases in the United States of the Omicron variant of the Covid virus, which had first emerged in Botswana and South Africa in November. While new Covid mutations had certainly been expected, the rapid spread globally of a highly transmissible variant triggered concerns that the smooth recovery of the economy and the steady march of the bull market would be disrupted. The U.S. economy was expected to slow down further in the final quarter of the year after an impressive 12% year-on-year expansion in the second quarter and a 4.9% increase in the third. While Omicron has led to the re-imposition of mask mandates and work-from-home orders by many companies, its impact on the economy is not expected to be severe, with consensus suggesting solid 5% growth in real GDP for the full year.

Inflation has come to dominate discussions about the economy and the markets. The cost of living for Americans jumped to 6.8% in November from a year ago – the highest pace since June of 1982 – marking the 9th consecutive month that inflation has hovered above the Federal Reserve's 2% target. Rising demand, supply chain disruptions, a global commodities rally (the Bloomberg Commodities Index has risen 26% this year), and wage pressures are driving inflation upwards. The costs of energy, shelter, food, and new and used vehicles have been rising, offset marginally by falling prices in education and medical care. This increase in the Consumer Price Index was echoed by a 9.6% November increase in the Producer Price Index, the highest move since records began in 2010, reflecting the cost pressures faced by businesses which may eventually be passed onto consumers.

Since inflation can be propelled by expectations as much as real-time price changes, the results of the University of Michigan's Consumer Sentiment Index for December raised concerns. The Index increased to a level of 70.4 in December from a 10-year low of 67.4 in November, with households in the lowest third of the income distribution reporting much higher expectations of inflation than wealthier cohorts. Such disparities of sentiment in the past have forecast spurts in economic growth; moreover, this optimism stemmed largely from hopes of wage increases in the years ahead. According to Richard Curtin, chief economist for the survey, when directly asked whether inflation or unemployment was the more serious problem facing the nation, 76% selected inflation while just 21% selected unemployment. Consumers are factoring in higher inflation but also expecting higher wages to compensate for it, precisely the wage-price spiral that many economists argue will propel inflation higher in the years ahead.

This shift in focus from unemployment to inflation has also compelled the Federal Reserve to accelerate the end of its bond buying program so that it can begin its rate hike cycle earlier than previously planned. While Fed Chair Powell may never admit that he might have been wrong about the short-term nature of price pressures, he at least confessed before the Senate Banking Committee that "we tend to use 'transitory' to mean that it won't leave a permanent mark in the form of higher inflation. I think it's probably a good time to retire that word and try to explain more clearly what we mean." To be fair, while the Federal Reserve has an army of PhD-wielding economists analyzing economic data, the picture on the current state of the job market has certainly been confusing.

The U.S. Labor Force and Unemployment

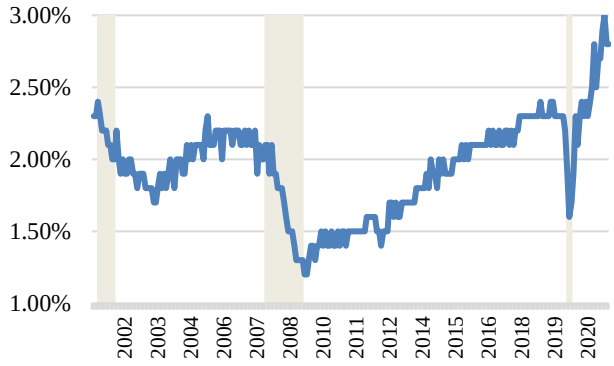


Source: Bureau of Labor Statistics

While the market was surprised by the November jobs report which saw the U.S. economy add just 210,000 jobs compared to market expectations of 550,000, the total number of unemployed fell to 6.9 million and the overall unemployment rate fell to 4.2% from 4.6% in October. The number of people applying for initial jobless claims, a proxy for layoffs, have dropped dramatically from 270,000 for the week ending November 13th to an average of 203,000 over the subsequent 6 weeks. Claims have now reached the lowest level since September 1969, when it was 182,000. The speed at which employment has recovered during the pandemic recession has been remarkable – in the past three economic downturns around the Global Financial Crisis, the internet bubble collapse, and the early 1990's oil price shock, the length of time it has taken for the unemployment rate to recover has been 10, 6, and 8 years, respectively.

One aspect of employment in the Covid era that has been different from the past has been the rate at which people have left their jobs voluntarily. Job "quits" represented around 2.3% of the workforce before the start of the pandemic then dropped to 1.6% as the pandemic spread, but began climbing steadily to 3% in September, the highest level since records began in 2000. The reasons for people quitting their jobs have now been well analyzed: risk of workplace infection; exodus from cities; reassessment of career and life goals; early retirement; generous government benefits; school closures; and lack of childcare. Unlike in past economic crises when employees hunkered down in their jobs out of fear, many have quit their positions in search of better pay and conditions.

The Quit Rate

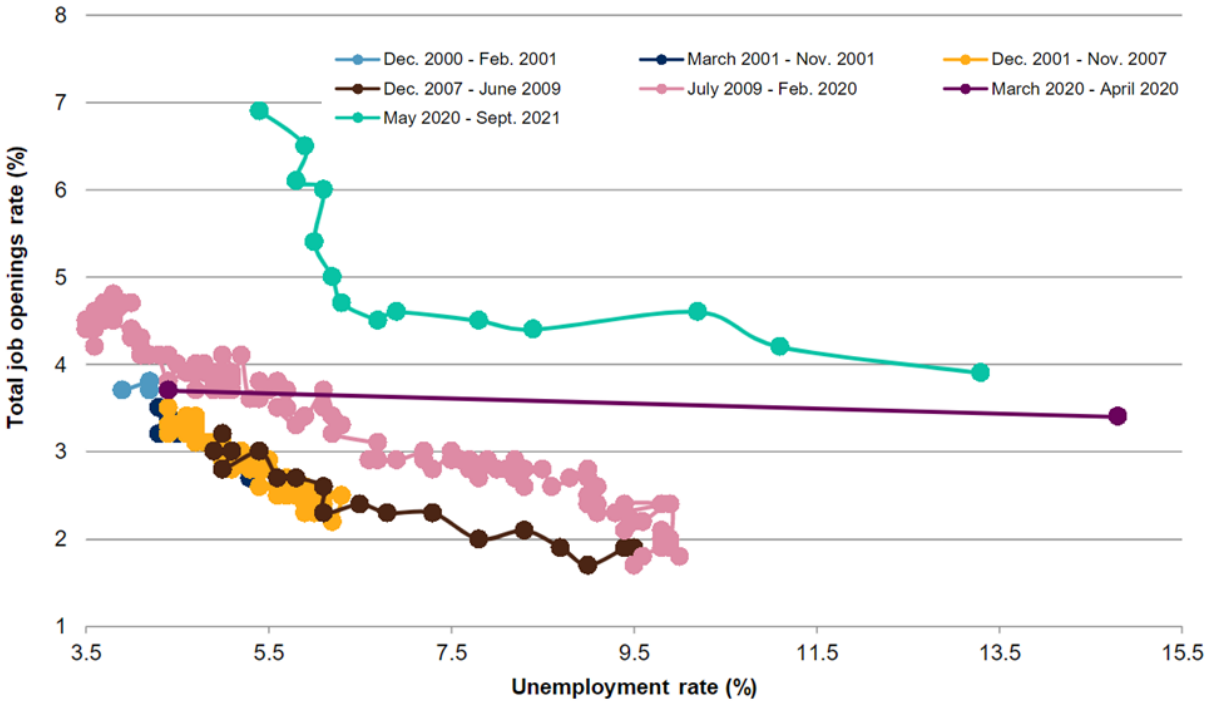


Source: Federal Reserve Bank of St. Louis

This also explains the current anomaly in the "Beveridge curve", which analyzes the relationship between unemployment and job openings. When countries emerge from a recession, unemployment declines as employers seek to hire more workers. Normally, the curve on a graph plotting the relationship is downward-sloping and smooth. This time, however, there is a sharp kink; for every person leaving the unemployment rolls, employers have posted 5 or 6 times the number of job openings.

Employers have also reported a mismatch between jobs and skills, a gap that may have accelerated as a result of digitization trends. Perhaps some job seekers are waiting for employers to raise wages significantly before accepting jobs. Average wages increased by 10% last year, and there were as many as 3 times the number of strikes last year compared to 2019. Interestingly, in Europe and Japan, there is no anomaly in their Beveridge curves and little evidence of any deterioration of the jobs-skills match, indicating perhaps the greater stability of employment relationships and cultural attitudes about job mobility.

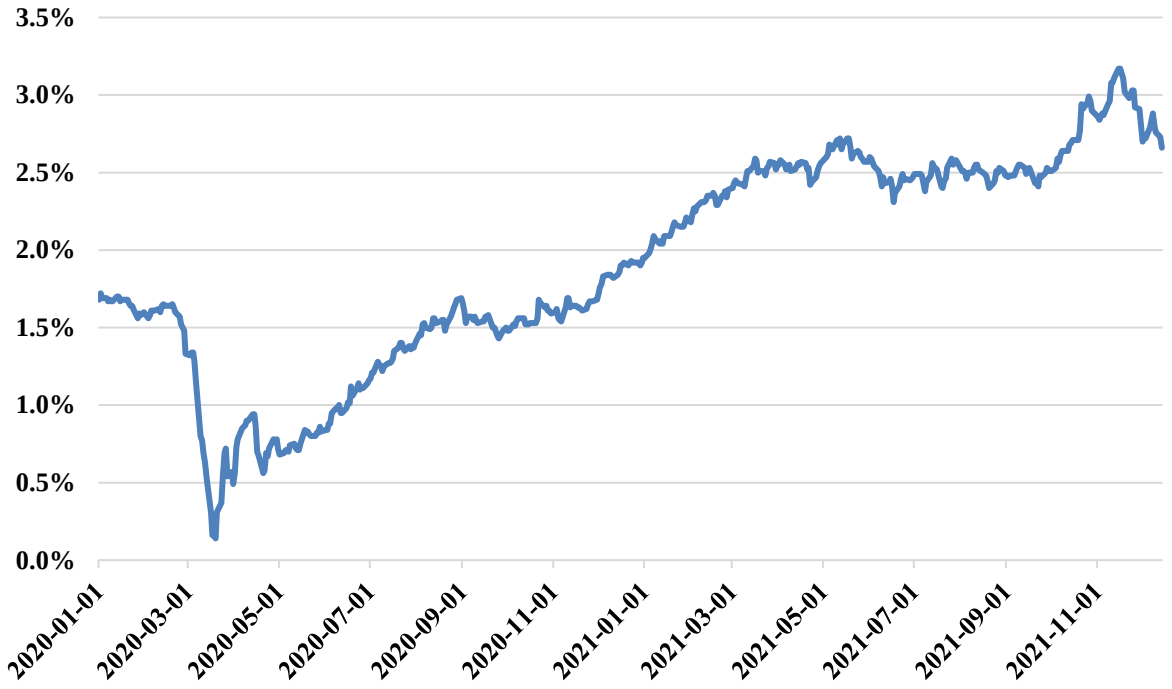
The U.S. Beveridge Curve



Source: Standard & Poor's

The markets have largely shrugged off inflation concerns, with 5-year Treasury Inflation Protected Securities implying that inflation will stabilize around 2.5% in the medium term. Although the Congressional Budget Office pointed out that the $1.2 trillion Infrastructure Investment and Jobs Act would add $256 billion to the federal deficit over 10 years and that the Build Back Better social support bill, if enacted, would add billions more, capital flows suggest that global investors are so starved of yield that they will continue to finance the U.S. government, corporations, and consumers. In the past, recessions have been triggered when the Federal Reserve, realizing that it has fallen behind the curve on inflation, has panicked and raised rate sharply. The financial markets are hoping that this time it will hold its nerve and stay on course.

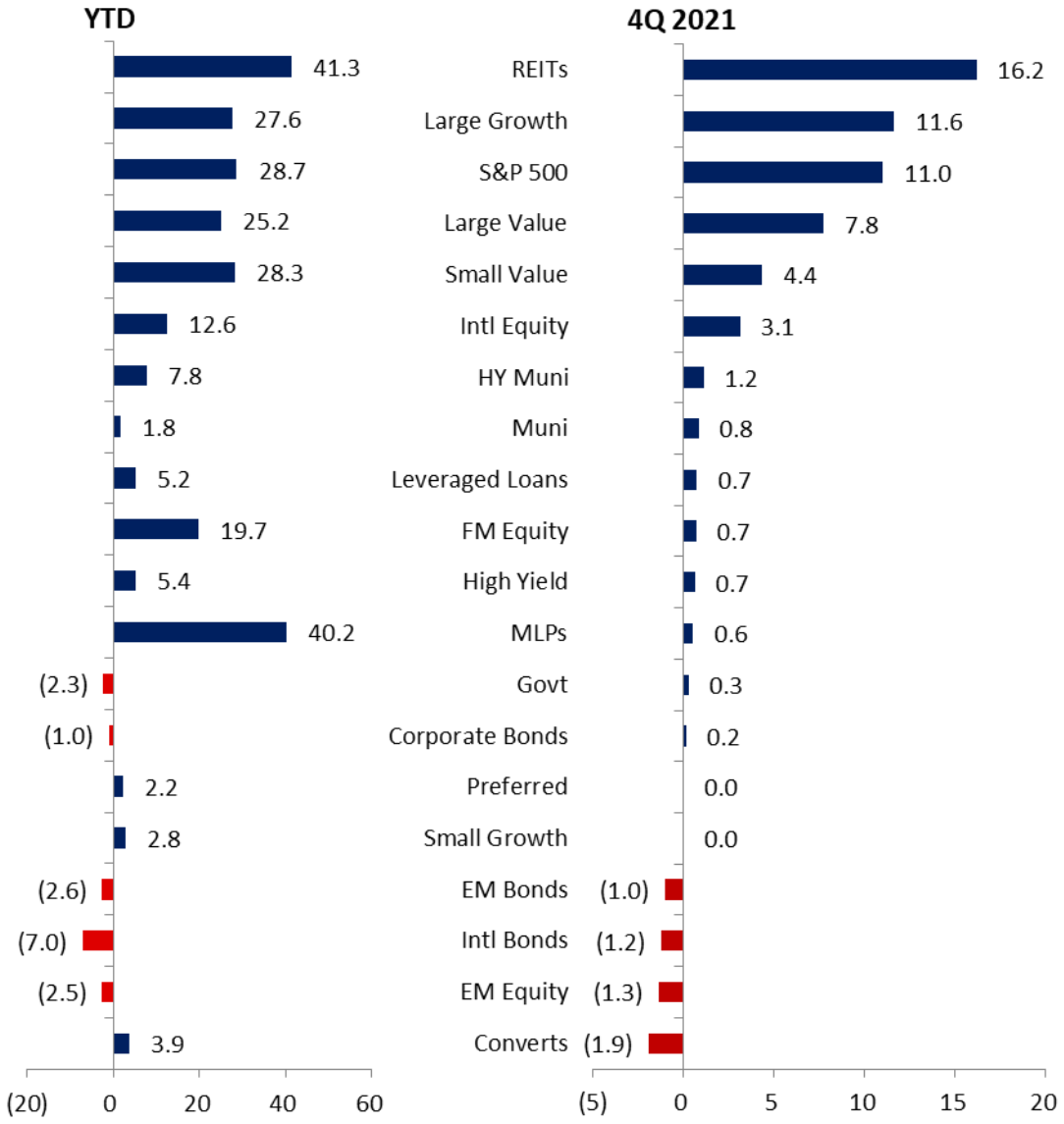
5-Year Inflation Breakeven Rate



Source: Federal Reserve Bank of St. Louis

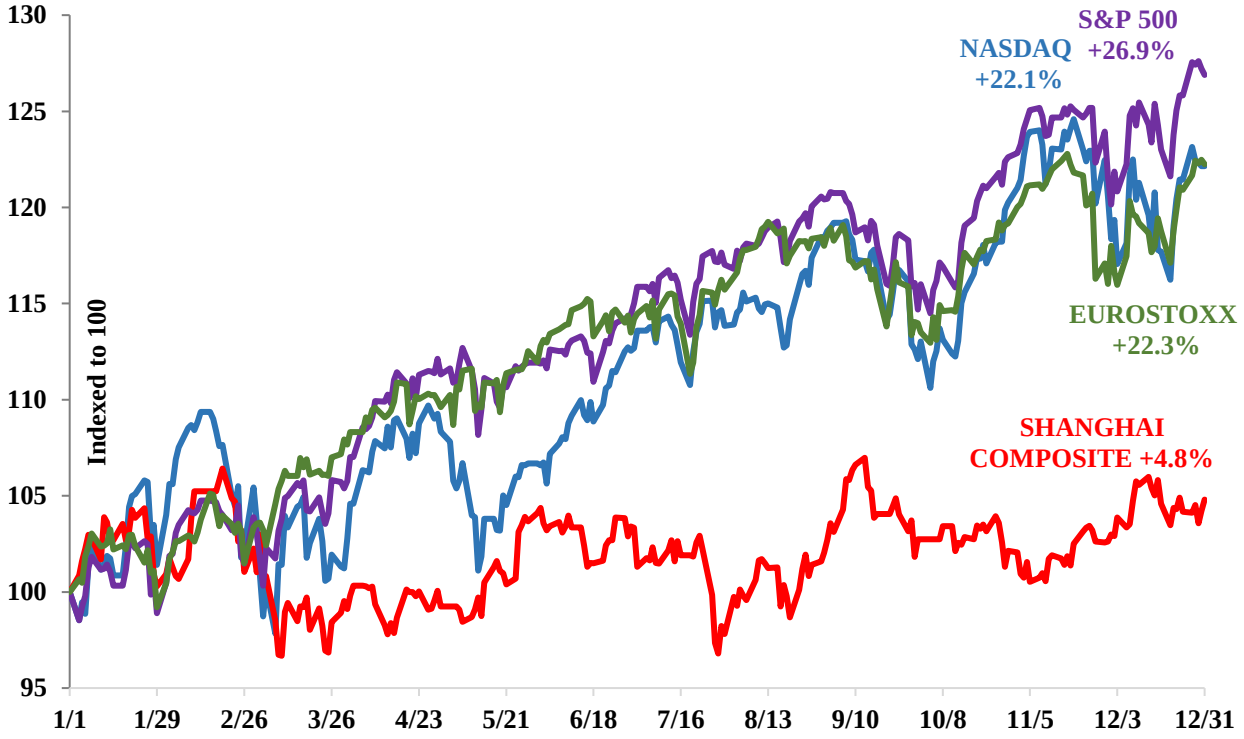
4th QUARTER PERFORMANCE OF MAJOR ASSET CLASSES

Numbers represent percentage change



EQUITIES

2021 Performance of Major Equity Indices

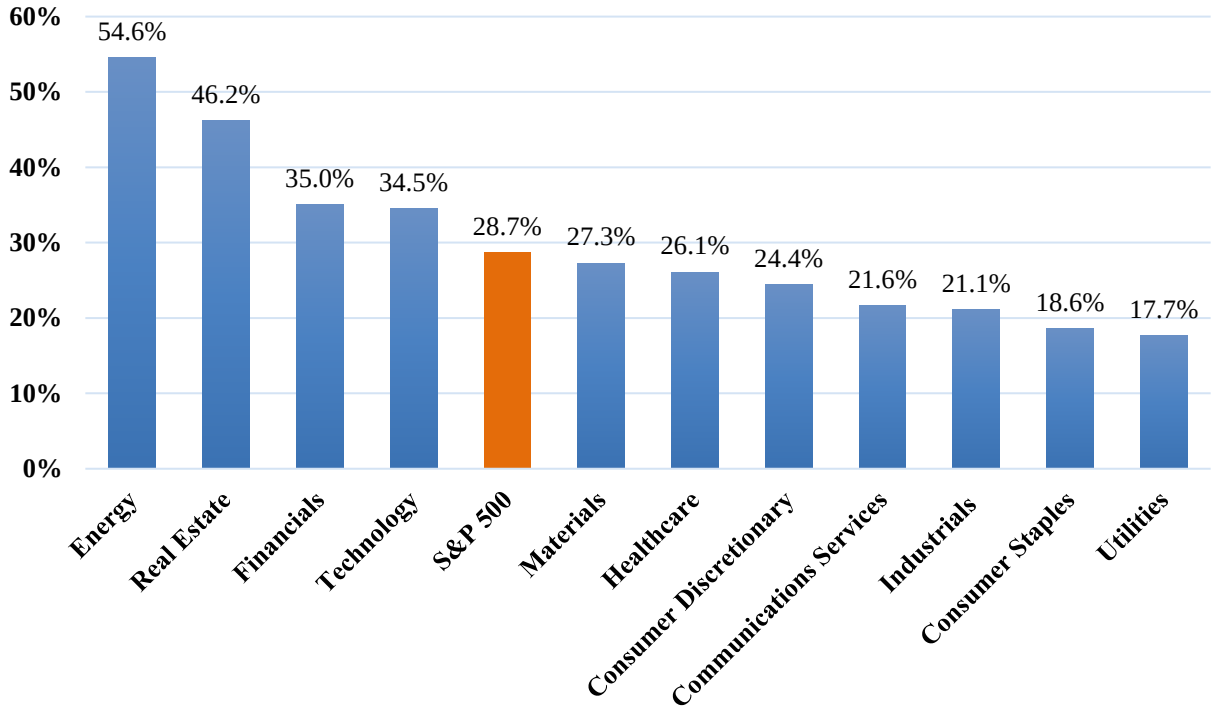


Source: WSJ

Despite being buffeted by Covid variant fears, policy seesaws, and increased volatility, the U.S. equity markets delivered the third consecutive year of 20% plus returns in 2021. The Dow Jones Industrial Average was up 21%, the S&P 500 Index jumped by 28.7%, and the Nasdaq Composite rallied 22.2% last year. The performance of international equities was mixed compared to the U.S. markets. While MSCI's Europe, Australasia and Far East (EAFE) Index was up 11.8%, MSCI's Emerging Markets Index was down 2.2%. The correction in the Chinese stock market and Covid restrictions in many emerging market countries led to the contraction. Among U.S. industry sectors, value industries displayed a solid comeback after years of underperformance, primarily due to rotation out of many growth names that have come under the shadow of potential rate hikes. Energy has been the top performer, registering a whopping 54.6% in 2021 on the back of crude oil rising 56% from $48 to $75 a barrel during the year. Close on its heels were Real Estate and Financials, ending the year with 46.2% and 35.0% returns.

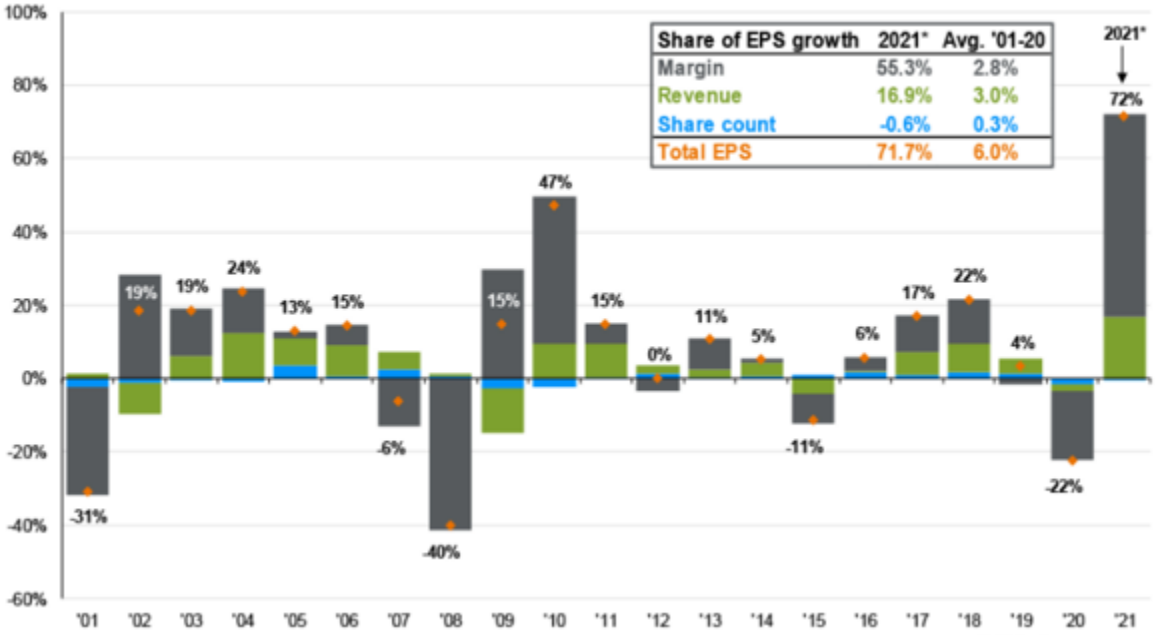
Much of the market appreciation last year can be attributed to strong corporate health as demonstrated by phenomenal earnings growth. For Q3 2021, 82% of S&P 500 companies reported positive EPS surprises and 75% of companies reported positive revenue surprises. The blended earnings growth rate for Q3 was 36.6%, while current estimates for the full year are 70%, both of which are extraordinary. Most of this earnings growth came from margin expansion, as companies cut costs aggressively during the pandemic and subsequently benefited as revenues came roaring back earlier this year.

Industry Sector Performance



Source: Bloomberg

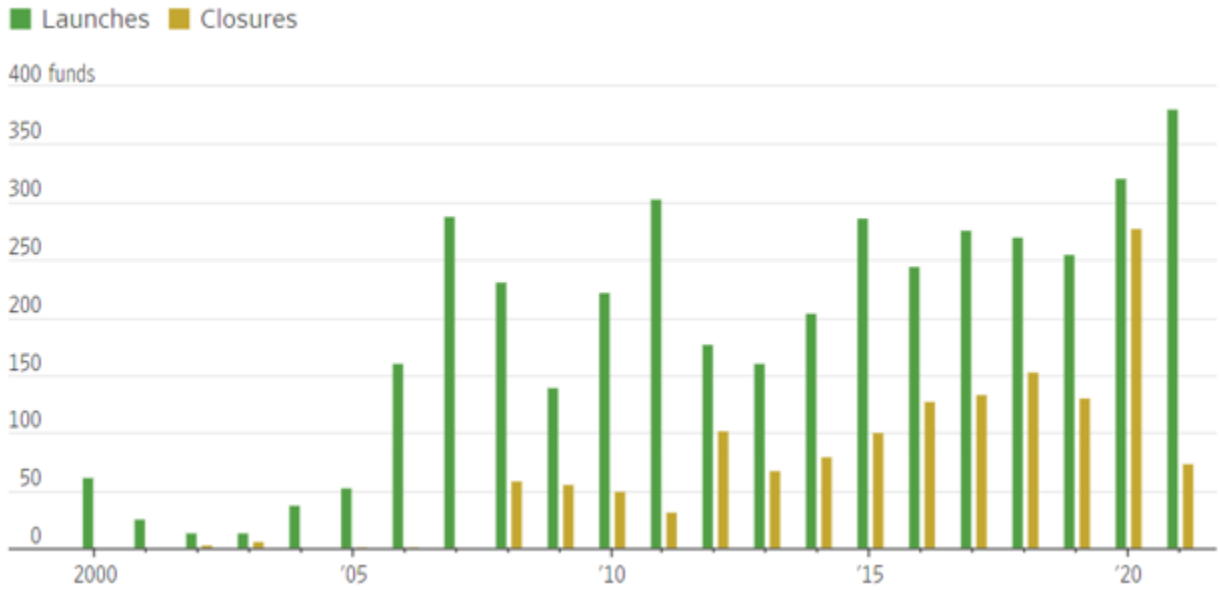
S&P 500 Year-Over-Year Operating EPS Growth (Attribution by Revenue, Profit Margin, and Share Count)



Source: J.P. Morgan

The markets were also supported by a surge in capital flows into Equity ETFs, much of which had been parked on the sidelines at the height of the pandemic. The Wall Street Journal reported that inflows into ETFs world-wide crossed the $1 trillion mark for the first time at the end of November, surpassing last year's total of $736 billion. The asset management industry has capitalized on demand by launching at record number of new ETFs, including thematic and actively managed funds.

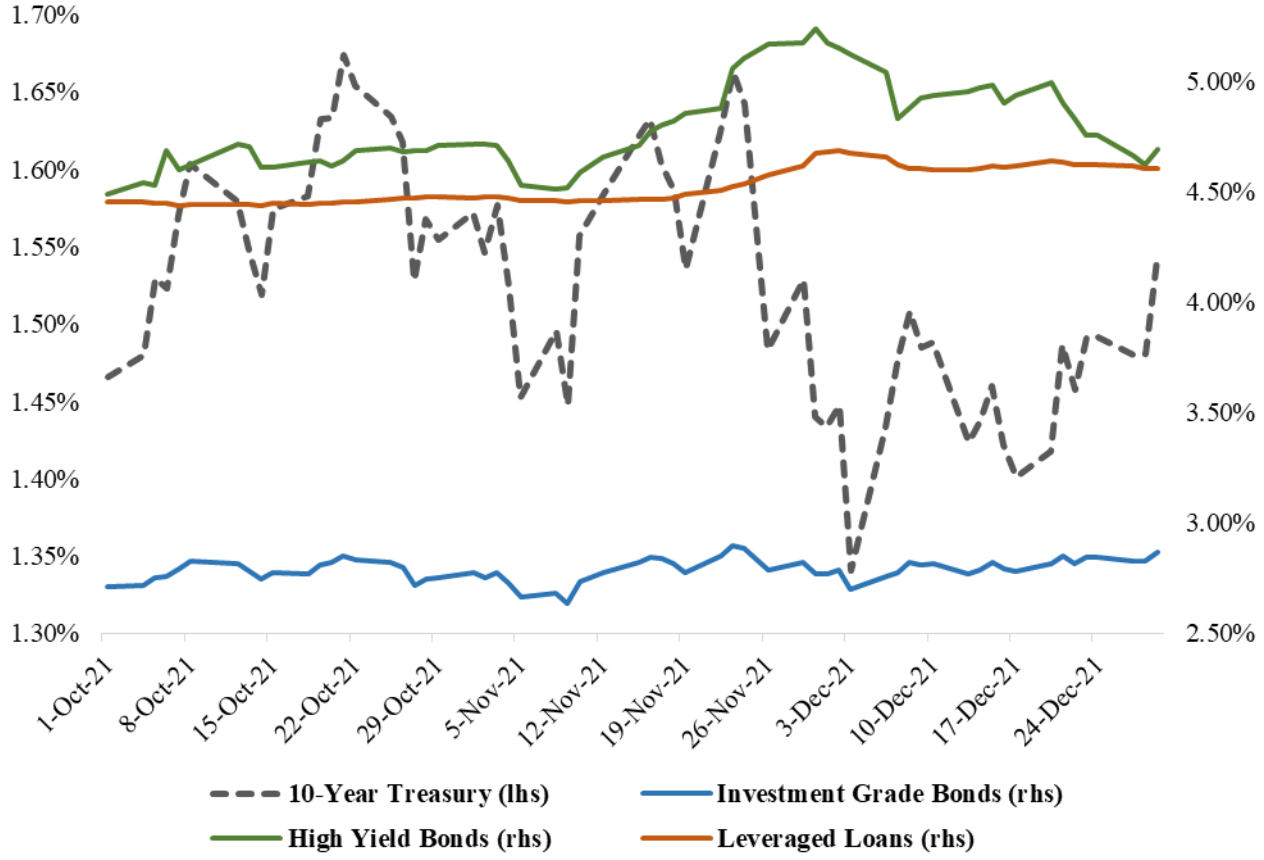
ETF Launches and Closures (2021 Data through November)



Source: FactSet

BONDS

4th Quarter 10-Year Treasury and Credit Yields



Interest rate sensitive assets experienced more volatility in the 4th quarter than they did for much of 2021, due to high rates of inflation, the Federal Reserve's tapering announcement, and Omicron-induced fears. 10-year Treasuries endured stomach-churning rises and falls, as did both investment grade and high yield bonds. Leveraged loans, however, served as a soothing digestif for fixed income investors, showcasing stability amid a rising-rate environment.

In its most recent meeting, the Federal Reserve doubled the pace of tapering from $15 billion to $30 billion per month, putting it on track to conclude its asset purchases by March 2022. Its policy statement removed reference to "transitory" inflation – signaling its inflation target level had been reached, leading the Federal Open Market Committee to shift policy rate expectations higher. The Committee's median expectation is now for three hikes in 2022, followed by three more in 2023 and two in 2024. Yet, even with eight expected rate increases in three years, the projected rate at the forecast's end is just 2.125%, still shy of the 2.5% long-term neutral rate. If inflation does indeed subside to more palatable levels in the latter half of 2022 and the economy continues its recovery, we should expect rates to remain low for an extended period.

The Federal Reserve "Dot Plot"

Source: Bloomberg

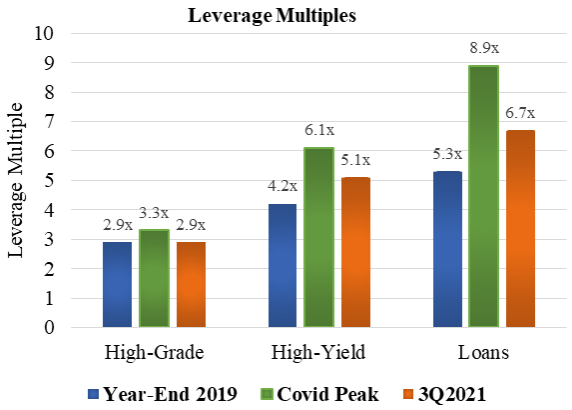
While 2021 did not match last year's $1.76 trillion, record-setting issuance of investment grade bonds, it was still almost 20% higher at $1.38 trillion than the 2016–2019 average of $1.17 trillion. Accounting for maturities and called bonds, net issuance was $805 billion. Quarterly issuance slowed in Q4 from its rabid pace since last year, though it remained about 25% higher than the four year average, with December 2021's supply nearly three times the four year average. In fact, December's $63 billion gross supply was the highest level of December issuance since 2008, and its $47 billion net supply marked the first net positive December issuance since 2016. Globally, debt issuance reached all-time highs.

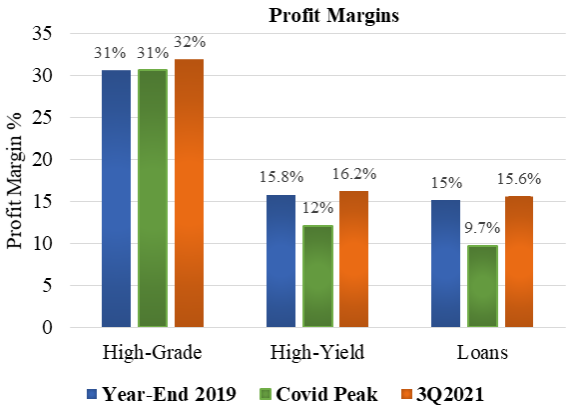
Global Issuance Volume ($ trillions)

Source: FT

Despite these high levels of new supply, credit metrics have been exhibiting continued strong improvement, further supporting tight valuations. Investment grade companies have experienced positive trends in Revenue, EBITDA, Profit Margins, Debt, and Interest Expense and expect these trends to continue as the economic recovery extends. Likewise, high yield issuers have seen positive trends across the board, with Revenue and EBITDA even coming in above pre-Covid levels. Leverage levels are falling, and margins are enduring inflation pressures for now.

Credit Quality Metrics Improving



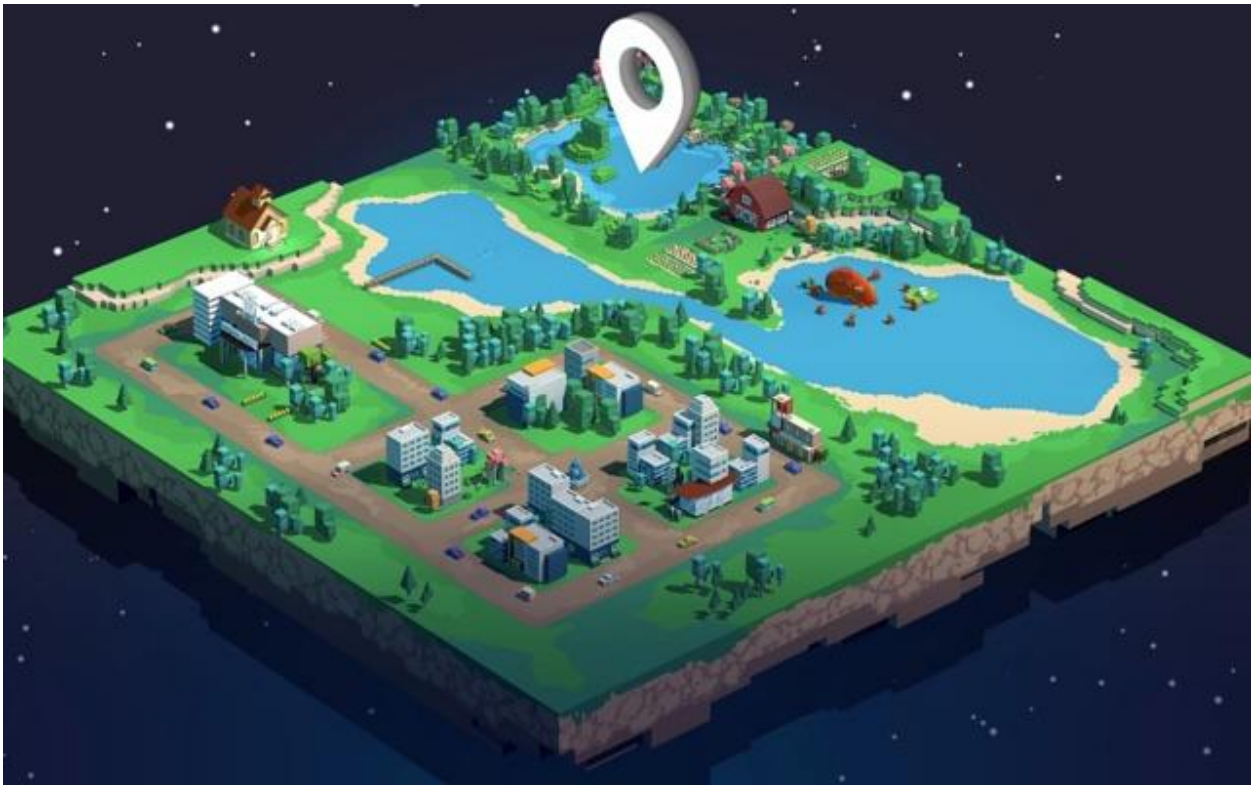


Source: J.P. Morgan

Looking back on the year, credit performed well as high yield bonds and leveraged loans returned +5.4% and +5.2%, respectively. However, longer duration securities suffered, with U.S. Treasury bonds and Agency debt losing -2.3% while investment grade corporate bonds lost -1.0%. Unfortunately, we expect this trend to continue for fixed-rate, long duration assets while interest rates rise, as minimal income from low coupons will fail to adequately abate price declines. Investors will need to embrace short duration for price stability and below-investment grade options for income. Leveraged loans and CLOs provide a good combination of the two in the current environment, while certain private credit strategies may also offer compelling opportunities with minimal correlation to public markets.

CHEAP REAL ESTATE FOR SALE…IN THE METAVERSE!

Real Estate in the Metaverse



Source: Small Caps, Sandbox

Republic Realm, a real estate developer, paid $4.3 million in November for 792 parcels of land on 3 square miles that it plans to develop into retail, hospitality, and residential properties. While the consideration paid for the assets was very tangible, the location was not – it was in a "metaverse" called the Sandbox that designed to be experienced with a virtual reality headset. Janine Yorio, Republic Realm's co-founder who previously worked in senior real estate investing roles at Standard Hotels and Northstar Realty Finance (two real estate firms on Earth), said, "Republic Realm is excited to develop digital real estate in the Sandbox, one of the most exciting metaverse platforms in existence today. The prospect of introducing younger generations…to this voxelated[1] gaming environment…is both a privilege and an enormous opportunity!" She hopes that humans visiting Sandbox will want their avatars to stay in her virtual hotel or even buy a beachfront condo, and splurge on virtual fashions in her boutiques, so that she can recover her investment.

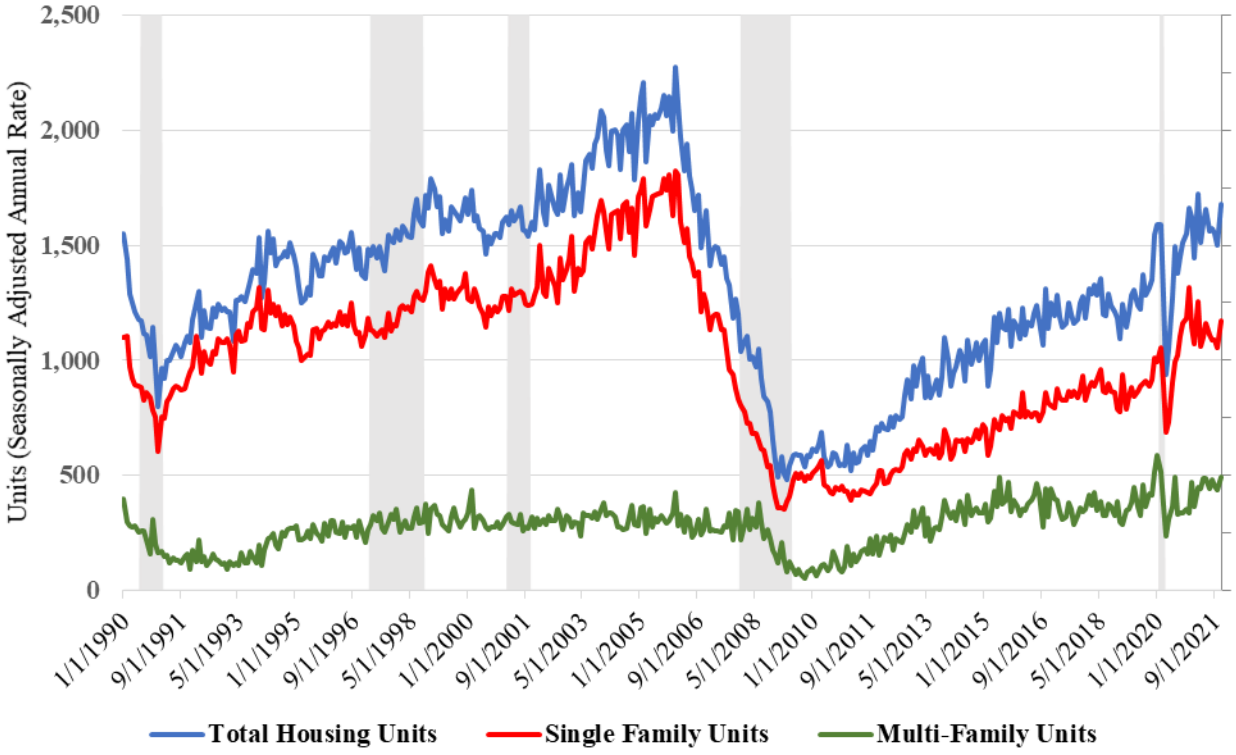
While we have to confess that we have not developed the financial models to calculate investment returns of real estate in digital metaverses, we are sure that home builders in the real world would kill to secure land at the $2,240 per acre paid by Republic Realm. While the multi-family apartment sector recovered

[1] A voxel in computer graphics is a position in three-dimensional space. Simply put, it is the 3D version of a pixel.

rapidly in the aftermath of the Global Financial Crisis, construction of single-family homes has lagged and has never bounced back to the levels attained in the early 2000s. From 1.6 million single family homes built at the peak of the housing bubble, the market collapsed to just 447,000 completions in 2011 and has just recovered to 912,000 homes last year. Scarcity of suitable land, high lumber prices, and labor shortages have constrained new development. Listings of existing homes have also fallen to all-time lows due to homeowners staying in their homes longer: a quarter of all homeowners have been in their house more than 20 years, up from 8.6% in 2005. The average time that a homeowner stays in a house has indeed lengthened to 14 years up from 9 years in 2010 and 6.4 years in 2005.

Meanwhile, on the demand side, the U.S. Census found that 12.3 million American households were formed from January 2012 to June 2021, far exceeding the 7 million new single-family homes built during that time. Millennials aged 20 to 40, one the largest generational cohorts with 82 million people, are forming households, having children and moving into homes. The flight to suburbia triggered by Covid has exacerbated this imbalance. Unsurprisingly, housing prices in the U.S. have gone through the roof since the emergence of the pandemic. Home prices nationwide have increased by 18% during the last 12 months. The median home price in this country has jumped to $404,700 in the third quarter this year, up from $322,600 in the third quarter of last year and $208,400 at the bottom of the housing crisis in 2009.

Housing Starts

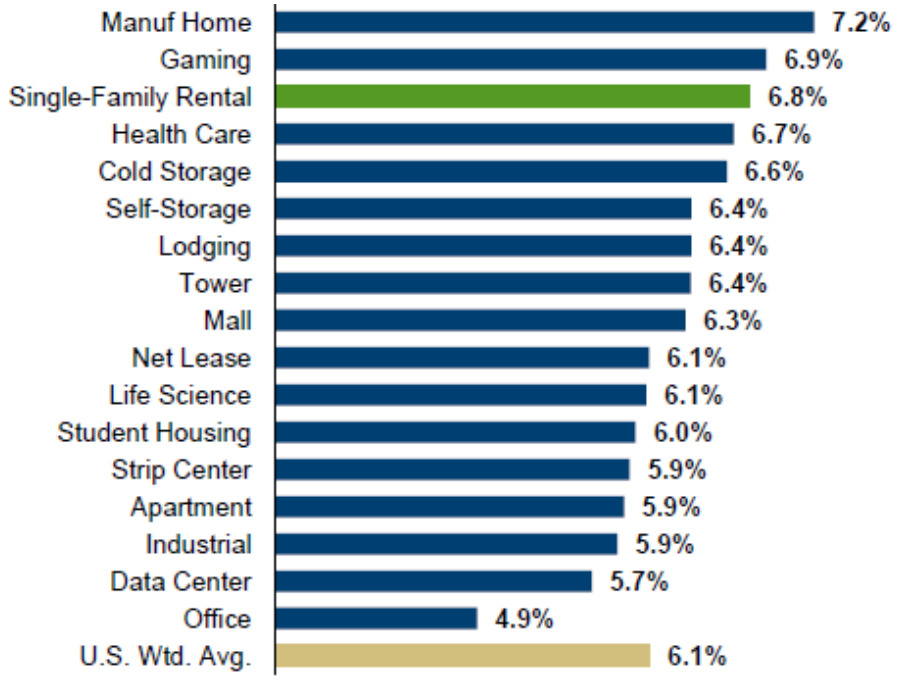


Source: Federal Reserve Bank of St. Louis

One development contributing to the escalation in prices may be the emergence of Single Family Rental (SFR) as an institutional investment asset class. Of the 140 million homes in the U.S., about 16 million are rented. Most of these homes are owned by individuals and small investor groups; only about 4 million, or 3%, are owned by institutional investors. While pension funds, university endowments, and foundations can easily invest $50 million or more directly into a single apartment building, it has been impractical until recently to allocate a similar amount of capital into single family houses. However, they can now allocate large amounts to funds that can aggregate thousands of homes and manage them with increasing efficiency. The strategy is not new: opportunistic investors bought pools of foreclosed homes "on the courthouse steps" during the Global Financial Crisis, and Blackstone helped form Invitation Homes in 2012 and took it public in 2017. With more than 80,000 homes, the company is now the largest owner of SFRs in the country.

The strategy is maturing in several ways. First, there is a proliferation of competitors – private investment firms such as Pretium, FirstKey, and Main Street as well as publicly traded REITS such as American Homes for Rent have been on an unprecedented buying binge. These funds bought around 16% of single-family homes for sale in the second quarter of 2021, up from more than 9% a year earlier. Second, the operational efficiency required to manage thousands of properties has improved dramatically. By applying technology, big data, and algorithms that can instantly evaluate a home's features, listing price, location, school, crime, and comparable sales data, these firms can make an all-cash offer to the seller in a matter of minutes after a home is listed. They can exploit economies of scale to purchase fixtures and appliances cheaply while deploying fleets of maintenance trucks to fix problems at a fraction of the cost typically paid by the average homeowner. Consequently, net operating income for these companies have increased steadily from about 55% of revenue ten years ago to 65% and even 70% today.

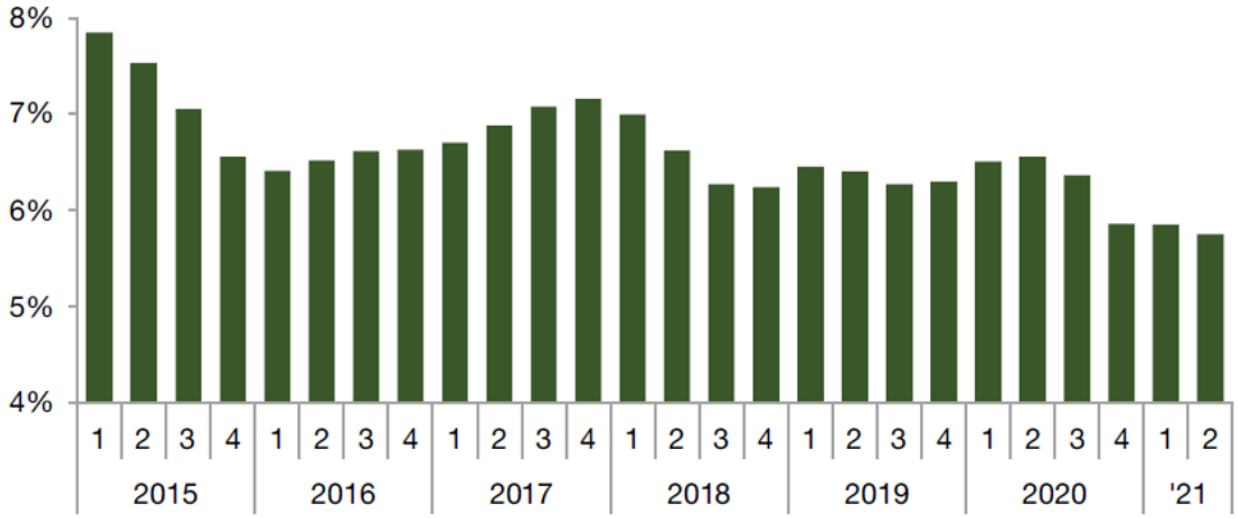
Expected IRR Returns For Real Estate Sectors



Source: Green Street

Investors who have plunged into SFR funds have been rewarded. According to Hoya Capital, SFR public REITs have climbed almost 40% this year, driven by rent increases of almost 19% on new leases. Many investors believe that demographic changes, supply-demand imbalances and socio-economic preferences will continue to provide strong secular tailwinds for the strategy. They believe that many younger households – burdened with high student loans, short of down payments, and confronting tight access to mortgages – will be forced to rent single family homes.

Cap Rates for Single Family Rental



Source: Arbor, Chandan Economics

Institutional investors have committed over $10 billion of equity capital (which with leverage translates into $40 billion of buying power) to buy as many as 150,000 rental homes next year. Will this newfound interest in SFR pay off? The influx of capital is compressing expected returns quickly – acquisition cap rates have fallen to below 6% from 8% five years ago. The cap rate spread between SFR and multifamily properties converged to an all-time low in the second quarter of 2021, declining to just 0.8%. It was still less than 10 years ago when SFR cap rates were more than 5% higher than multifamily averages. In June 2020, Blackstone purchased Home Partners of America's portfolio of 17,000 homes at a jaw-dropping mid-3% cap rate.

Skeptics of the strategy argue that the current pace of rent increases is unsustainable and that investors are gambling on unrealistic home price appreciation to meet return expectations. Ivy Zelman, a housing expert who forecast the collapse of the housing market in 2007, believes the conventional demographic analysis is wrong, suggesting that the supply demand imbalance has already peaked and that new household formation will slow as increasing numbers of college educated women will have less children, dampening SFR demand. Moreover, intense industry competition for existing homes is forcing institutions to develop entire "build-to-rent" communities in partnership with builders. For example, Goldman Sachs-backed firm Fundrise is investing $500 million to buy 2,000 newly-built houses in batches across 12 markets over the next 12 months. Zelman believes that the market for new homes built specifically for rental is untested and underestimates the risks inherent in new development.

Investors should also worry about a political backlash from home buyers priced out of the market by aggressive funds armed with huge pools of capital. Part of President Biden's plans to increase affordable housing supply has been to call for restrictions on "large, faceless mega-corporations" from buying as many single-family homes. In February 2020, Oregon became the first state to impose a statewide rent control policy, and in November 2021, voters in Boston and Minneapolis-Saint Paul passed restrictive rent control ordinances. As institutional investors turn SFR into a core investment strategy, they will need to balance their hunger for yield with assessment of mounting regulatory risks. Or perhaps they should escape to metaverses where such problems do not yet exist. Andrew Kiguel, chief executive of Tokens.com, who paid $2.5 million for land in the "Fashion District" of a metaverse called Decentraland, gushed, "This is like buying land in Manhattan 250 years ago as the city was being built!"

VIEW CAPITAL RIA, LP

Past Performance is No Guarantee of Future Results.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. View Capital RIA, LP recommends that investors independently evaluate investments and strategies and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). This publication was furnished on the condition that it will not form a primary basis for any investment decision. Each investor must make its own determination of the appropriateness of an investment in any securities referred to herein based on the legal, tax, and accounting considerations applicable to such investor and its own investment strategy

View Capital RIA, LP and its affiliate companies might do business that relates to companies covered in its market updates or reports, which may include but is not limited to specialized trading, risk arbitrage and other fund management, investment services and investment banking. View Capital RIA, LP makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in this report change. With the exception of information regarding View Capital RIA, LP, reports prepared by View Capital RIA, LP research personnel are based on public information.

Alternative investments (like the ones described within) may have greater risks than traditional investment. The above performance results have been provided by the investment manager and represent a composite of their actual investment performance for this style, actual individual account results may vary. Past performance is not indicative of future results. The above performance results have been provided by the investment manager and represent a composite of their actual investment performance for this style, actual individual account results may vary. We do not guarantee its accuracy or completeness, and such data may change without notice. Further information may be obtained directly from the investment manager. Other portfolio metrics are calculated by View Capital RIA, LP based on information we deem reliable and accurate. Results reflect realized and unrealized appreciation and the reinvestment of dividends and interest income. Taxes have not been deducted. Performance results represented are gross of fees. Fees, compounded over a period of years, will have an adverse effect on the value of the client's portfolio. The investment advisory fees are described in Part II of the Manager's effect on the value of the client's portfolio. Investment advisory solutions are provided by View Capital RIA, LP, a registered investment advisor. View Capital Advisors, LLC provides asset allocation and investment advisory services through its affiliated registered investment advisor, View Capital RIA, LP.

Disclosures for Proposed Investment Manager.

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 index is disseminated by the New York Stock Exchange 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.