Quarterly Review and Strategy Update

September 30, 2023

Source: Warner Brothers

- **Rising bond yields may have the impact the Federal reserve desires, tightening financial conditions and slowing the economy**
- **Almost all financial assets generated losses in the quarter, while still remaining in positive territory for the year**
- **Investors should review their asset allocations in light of "higher interest rates for longer"**

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THE ECONOMIC ENVIRONMENT

The third quarter of the year ended with a sigh of relief as moderate Republicans joined forces with Democrats to avert a government shutdown, kicking the can down the road for 45 days, when Congress will presumably replay a sequel under a new Speaker of the House. Given the dysfunction amongst the Republican ranks and Kevin McCarthy's humiliating ouster, the likelihood of avoiding a shutdown in November seems remote. To be fair, the financial markets had not seemed to be at all perturbed by the prospect of a government shutdown, busy as it was internalizing the prospects of higher interest rates for longer. As expected, the Federal Reserve chose not to raise interest rates at its September meeting and left the federal funds policy rate at 5.25% to 5.50%. As Chair Powell stressed during his press conference, the economy has proven to be stronger than expected as a result of the ongoing strength of the consumer. The Fed now expects U.S. GDP to grow this year by 2.1% (compared to its previous assumption of 1.1%) and next year at 1.5% (previously 1.0%) while holding unemployment down at 4.1%. What the markets did not digest well was the central bank's opinion of what would be needed to achieve this magical soft landing: a federal funds rate of 5.1% at the end of 2024 and 3.9% at the end of 2025 – 50 basis points higher than previously forecast – with the possibility of only modest rate cuts next year. Spooked by a sharp 75 basis point spike in the 10-year Treasury note yield, almost all asset classes fell during the quarter, with the S&P 500 index down 3.3% and investment grade corporate bonds down 2.7%.

Like the gymnast who does not execute the flawless landing but shuffles her feet and waves her arms comically to stop herself falling, the economy appears to be managing a clumsy landing that points neither definitively to robust growth nor to an imminent recession. The economic data offers scope for either path: While core inflation, which excludes volatile items such as food and energy, fell to 4.3% in August, the lowest level since September 2021, and from 4.7% in the prior month, the headline Consumer Price Index rose for a second straight month to 3.7% in August from 3.2% in July and 3% in June, driven largely by the climb in oil prices, as West Texas Intermediate jumped from $70 to $90 during the quarter. As services inflation eased for the seventh month to 5.4% year-on-year in August, wages continued to climb, rising 5.7% for the same month. The protracted auto workers strike underlines the fact that employers continue to face wage pressures which may eventually hinder the decline in inflation.

Businesses are reporting tepid growth, and according to the Institute for Supply Management, economic activity in the manufacturing sector contracted for the 11th consecutive month in September. New orders, industrial production, and capacity utilization have suggested no compelling momentum either positive or negative. This stagnation is reflected in the employment data. In 2021, the U.S. created 7.2 million new jobs (an average of 603,000 a month). In 2022, 4.5 million jobs (an average of 379,000 a month) were added, but so far this year a total of 1.9 million jobs have been added, an average of 236,000 a month. Job vacancies have declined from over 12 million in the early part of last year to 9.5 million. While these numbers are not shabby, job growth is clearly decelerating. Even though the September jobs report showed the U.S. economy added a stunning 336,000 positions during the month, significantly more than Wall Street consensus forecast of 170,000, we have seen significant downward revisions of this data this year.

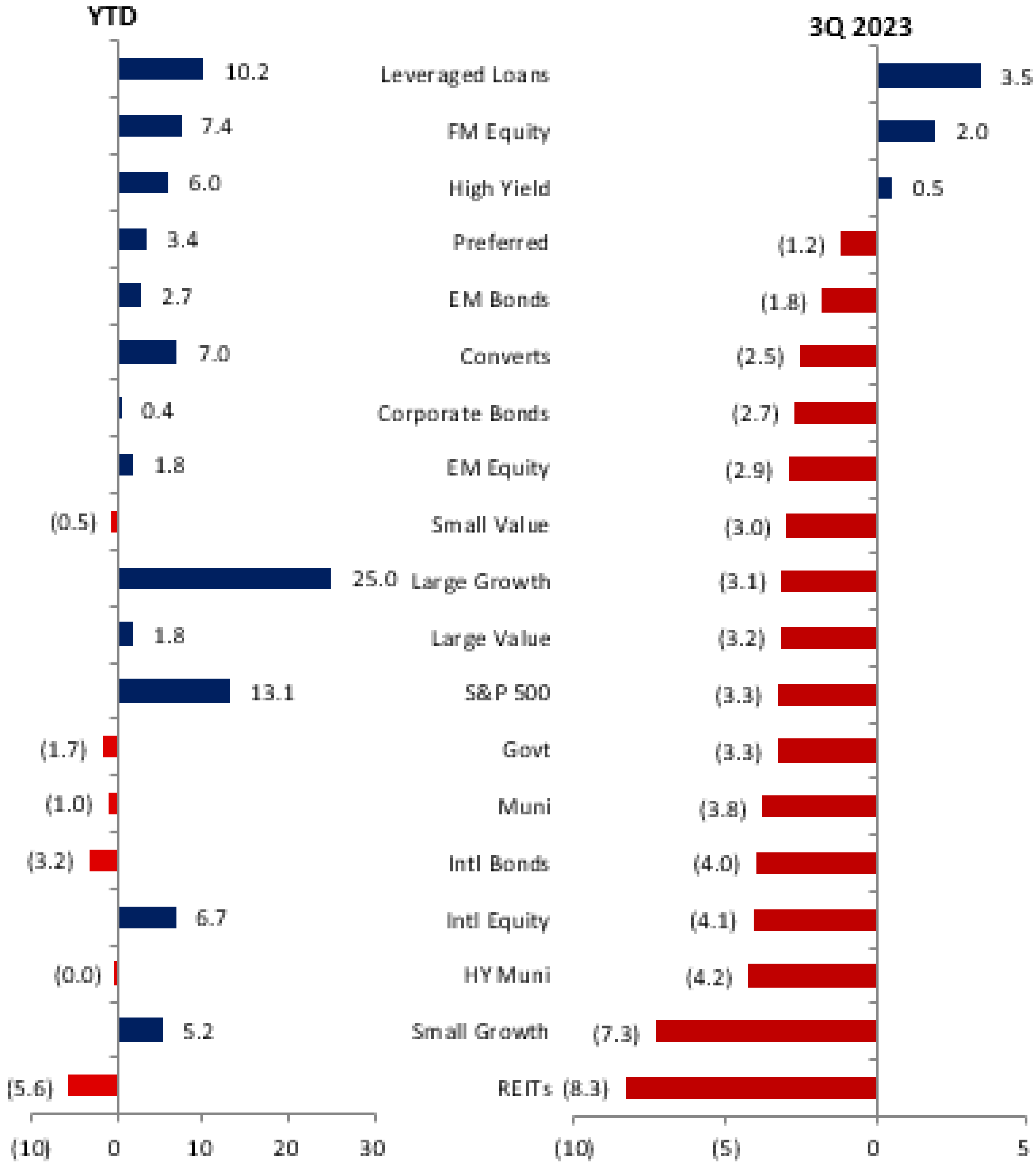
On the other hand, the American consumer continues to support economic growth. Retail sales grew by just 2.5% on a year-on-year basis, confirming the downward trend since the post-Covid peak in 2021. The buildup of personal savings resulting from government stimulus checks, rent and debt moratoria have reversed, as personal savings have dwindled to just 3.9% of incomes (remember the 32% rate just after Covid emerged?). Moreover, in October, as many as 40 million Americans will have to resume student loan payments that the Department of Education paused in March 2020. While some economists have argued that the renewed payments, which some have estimated may reduce spending by over $100 billion, are a relatively small problem for the more than $18 trillion in annual U.S. consumer spending, others are concerned about the trickle-down impact on corporate investment psychology. “The upcoming resumption of student-loan repayments will put additional pressure on the already-strained budgets of tens of millions of households,” Michael Fiddelke, Target’s chief financial officer, told analysts last month. “Against this backdrop, we remain cautious in our planning.”

Fall In Inflation May Lead To Real Income Growth

Source: Schroders

Despite these concerns there is one very powerful factor that could continue to support economic growth: the rise of real incomes. What matters to consumers is not nominal income, but income adjusted for inflation. As inflation has dropped from a peak of 9% to under 4% over the past year, real median family income has increased by 1.2%. If inflation can be contained and we do not drift into a severe recession, U.S. consumers look set to enjoy a period of real income growth for the foreseeable future.

3rd QUARTER PERFORMANCE OF MAJOR ASSET CLASSES



Source: Morningstar

EQUITIES

Equity markets began the quarter brightly but surrendered their early gains as it became apparent higher interest rates are around to stay. The S&P 500 ended down 3.27%, and the Russell 2000 lost 5.13%. The Dow Jones outperformed on a relative basis, down only 2.1%. Overseas, international developed markets gave up 4.11% while emerging markets outperformed on a relative basis, declining 2.93%. August and September have a reputation for being "seasonally weak" as they are the two worst-performing months on average since 1970. Over those 50 years, September has been the only month with a negative average monthly return.

Performance of Capitalization and Equal-Weighted Indices

Source: Nasdaq

The so-called Magnificent 7 stocks (Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, and Meta) have appreciated 84% as a group so far this year are driving the gains in both the Nasdaq 100 and the S&P 500 cap-weighted indices. These stocks, which now have a 43% and 27% weighting in the Nasdaq 100 and S&P 500 respectively, create a conundrum for investors. Do you hop on the bandwagon, buy these seven stocks, and hope to ride their wave of momentum? Or do you look at equally weighted indices in the hopes that the other stocks catch up – or even to hedge against the Magnificent 7's crash back to Earth if they fail to meet their lofty growth expectations? With the Magnificent 7's average P/E ratio at 38x and the equal weight S&P 500's at 15x, the valuation contrast is significant.

This narrow market breadth means that if sentiment reverses and turns against the Magnificent 7, these stocks could have a disproportionately large *negative* impact on the performance of the entire index, in the same way they have had a disproportionately positive impact on the way up. Morningstar suggests that with the exception of Amazon, these seven stocks are now either considered fairly valued or trading in overvalued territory. So, does that mean investors should dump the S&P 500 index? Those with a long time horizon, particularly if they are sensitive about management fees, should hold their position or reduce it marginally. Our current tactical view on asset allocation is neutral to cautious on equities. We have generally preferred actively managed funds where the portfolio managers have the ability to not just select the stocks that go into the portfolio but determine their weights based on the fundamental prospects of their stocks and prudent risk management parameters, rather than size based on a mechanical formula.

Following the positive returns in the first half of the year, the IPO market opened up again this quarter, with a total of 26 initial public offerings raising a solid $7.7 billion, an amount that matches the total proceeds raised in the whole of 2022. Despite the opportunity to return capital to their investors by selling their newly liquid shares, some late-stage venture capitalists were not entirely happy, as valuation changes led to realized losses. Instacart went public at a valuation of nearly $10 billion, a sharp decline from its $39 billion peak valuation during the height of the zero-interest rate, Covid-era frenzy. Even after a strong first trading day, its price has continued to decline. Meanwhile, two other listings debuted: Arm Holdings, a British semiconductor company, and Klaviyo, a marketing automation company. Both have fared better than Instacart so far, but their lackluster results may postpone some private equity and venture capital firms' plans to take their companies public. On average the IPOs in the third quarter have recorded a negative 32% return from their offer prices. This is not encouraging news for investors who have become increasingly frustrated by the lack of distributions back from their managers.

Another equity market segment that has seen a significant divergence from the large technology stocks has been small cap stocks in general. Small caps had a difficult year in 2022, with the Russell 2000 Index down by more than 20% for the year. In contrast to the 13% appreciation of the S&P 500 Index, the Russell 2000 Index is up only 1.9% to the end of the third quarter, despite the fact that small-cap stocks are historically cheap relative to large-caps. The average Price/Earnings ratio of both the Russell 2000 and the S&P SmallCap 600 Indices is less than 13x, compared to the 21x multiple of the S&P 500 Index. The Price/Earnings ratios of profitable small caps (around a third of Russell 2000 companies are life science or tech companies that lose money) to large caps are at their widest gap since the peak of the tech bubble in 2000, currently trading at about a 30% discount.

Russell 2000 P/Es Have Come Down Amid Lackluster Returns

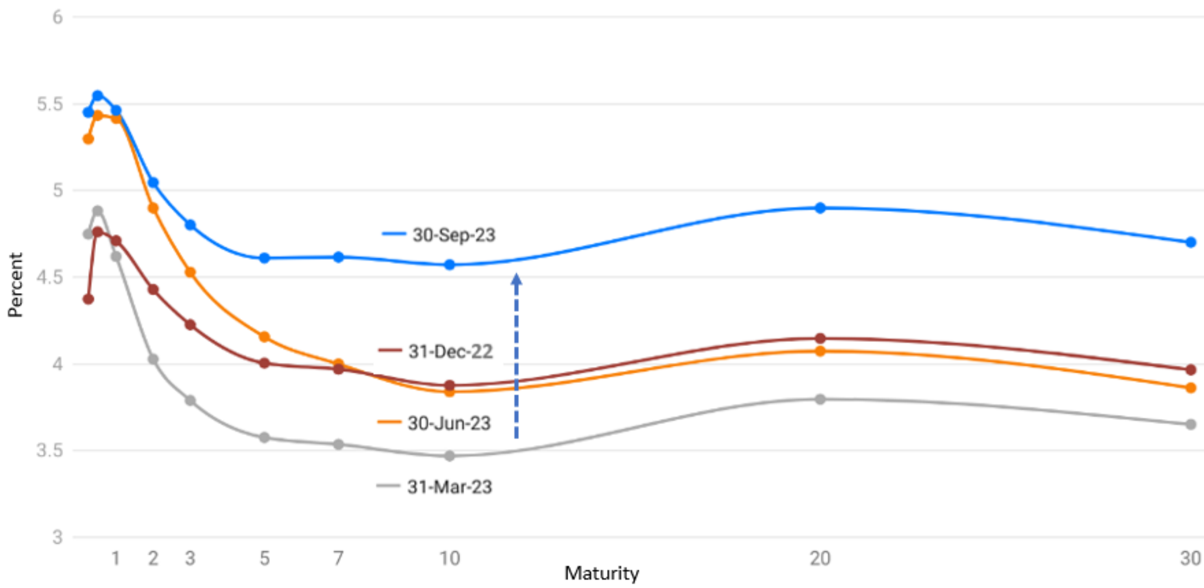
Source: Royce Investment Partners

So, just like the valuation disparity of the Magnificent 7 and the rest of the large cap index, should investors expect this valuation gap between small and large caps to narrow and the segment to generate higher returns? History shows that small caps have outperformed large caps following the end of a Fed tightening cycle and whenever high yield credit spreads contract. Although high-yield spreads have fallen 200 basis points over the last 14 months, the Russell 2000 has fallen -3.5% during this period. The last time high-yield spreads experienced a fall from a similar level with a comparable decline was from July to December 2020, when the Russell 2000 climbed 34% over that brief five-month span.

There is certainly risk that a recession would set back small cap's recovery. Many smaller companies have less robust businesses and weaker pricing power than blue chips and are also more dependent on bank financing that can dry up or become too expensive when financial conditions deteriorate. While long term investors should hold a permanent, long-term allocation to U.S. small caps to give them exposure to innovative, faster-growth companies, some investors may need to see a catalyst to allocate. Valuations aside, perhaps either unexpectedly higher economic growth or even a soft landing will trigger a higher weighting to the sector.

BONDS

Change in the Treasury Yield Curve

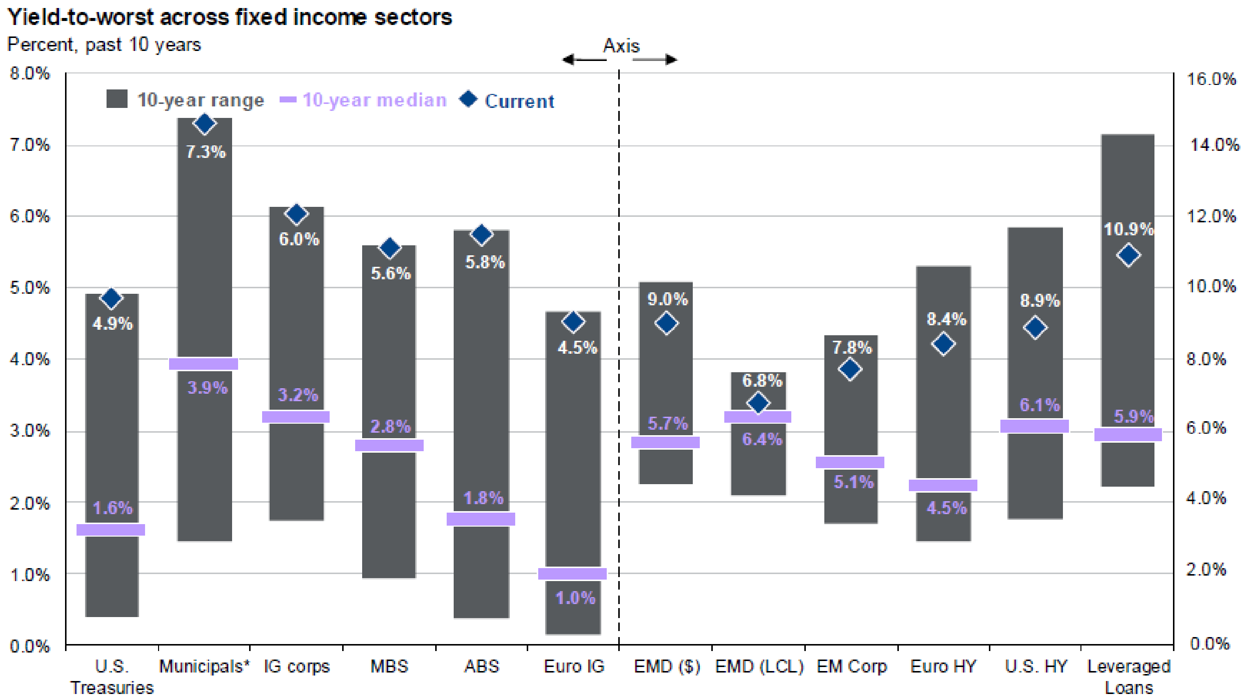


Source: BondbloX

A plethora of factors led to a sharp upwards shift in interest rates across the maturity curve, triggering losses in almost all fixed income and credit markets. Evidence of a robust labor market, the prospect of a government shutdown, rising federal debt issuance, Fitch Ratings downgrade of the U.S.'s triple-A rating to double-A plus and the Federal Reserve's signal that it would keep interest rates higher for longer, all contributed to negative sentiment in bonds. While yields on both the 3-month Treasury bill and the 2-year note rose by 20 basis points to 5.5% and 5.1% respectively, the 10-year note jumped by 75 basis points to 4.8% — the highest level since January 2007. The only asset classes spared from losses were floating rate leveraged bank loans (whose interest payments are linked to short-term rates), which gained 3.5% during the quarter, and high-yield bonds, which often tend to be more correlated to equities than the risk-free rate. Investment grade bonds, with generally longer durations than other corporate bonds, dropped by as much as 10-15%.

The losses in the corporate bond markets stemmed entirely from the rise in the risk-free rate. While total yields for most credit asset classes are at the high end of their 10-year range, credit spreads have remained flat or even compressed during the quarter, indicating that investors do not have elevated concerns about borrowers' ability to pay. This seems inconsistent with reports from S&P Global showing that defaults by U.S. companies surged 176% in the first eight months of this year from the year-earlier period. As many as 69 firms missed debt payments from January to August, up from 25 in the same period of 2022. The media and entertainment industry were the most affected, with a sixfold jump in defaults. Silicon Valley Bank, Bed Bath & Beyond, Lordstown Motors, and Mediamath Holdings were some of the well-known names that have gone under this year. "When you go through a period when it's super easy to raise money for any purpose or no purpose, and you go into a period when it's difficult to raise money, even for a good purpose, clearly many more companies are going to flounder," suggested Oaktree Capital founder Howard Marks.

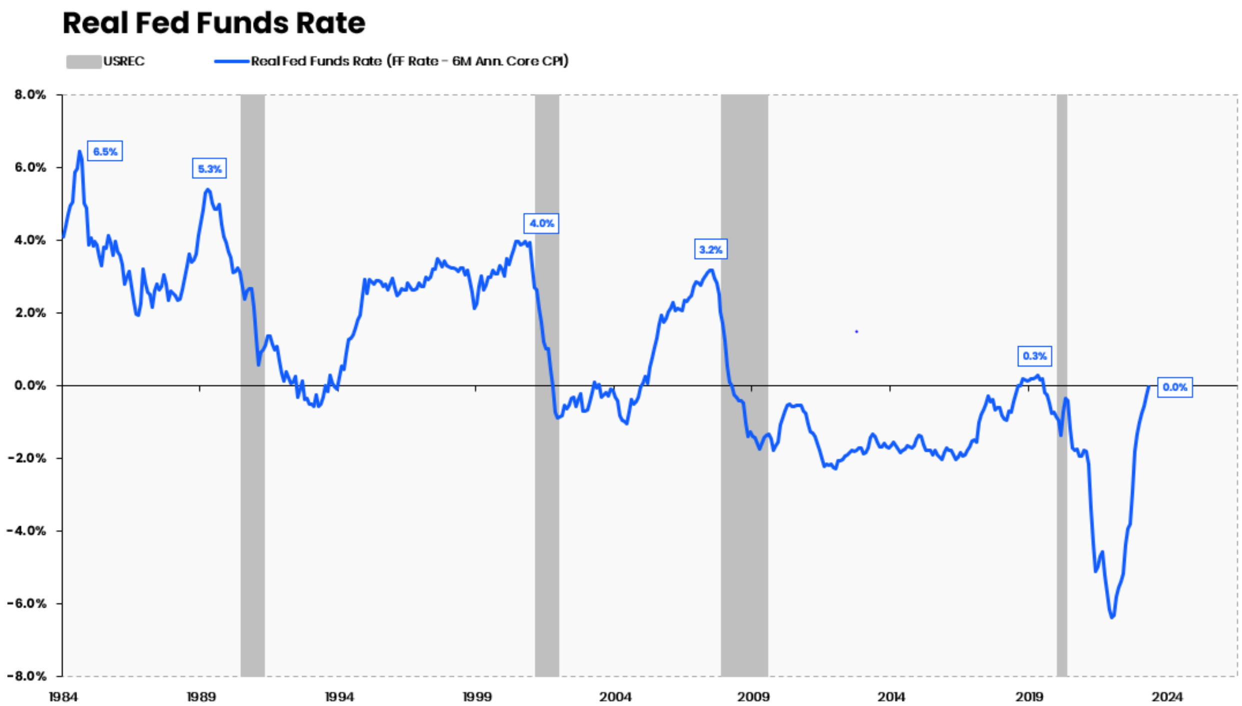
Credit Market Yields



Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management

For investors who have been underweight bonds, the current market environment may present an attractive entry point. Yields are high compared to their 10-year median. Although the Treasury yield curve has been inverted for recession for 15 months, arguably the longest time the yield curve has maintained this shape without clear signs of a negative change in GDP since 1978-1980 – a recession does not appear imminent. A Wall Street journal survey of economists shows that the field is now evenly divided between those who expect one and those who do not. We recommend that investors focus on short-term Treasuries that offer high yields relative to their durations, as well as on high quality investment grade corporate, municipal, and mortgage bonds. Municipal issuers in general have strong balance sheets due to government pandemic support, and like the Treasury market, its yield curve is inverted, with maturities shorter than 3 years offering higher yields than maturities in the "belly" of the curve (5 to 10 years). In mortgages, the housing market continues to remain robust, with over 98% of mortgage borrowers paying on loans with rates below the current 30-year mortgage rate of just under 8%. For the time being, bonds offer better relative value than equities.

GOODBYE TO THE INVESTMENT BARBIE-LAND?



Source: EPB Research

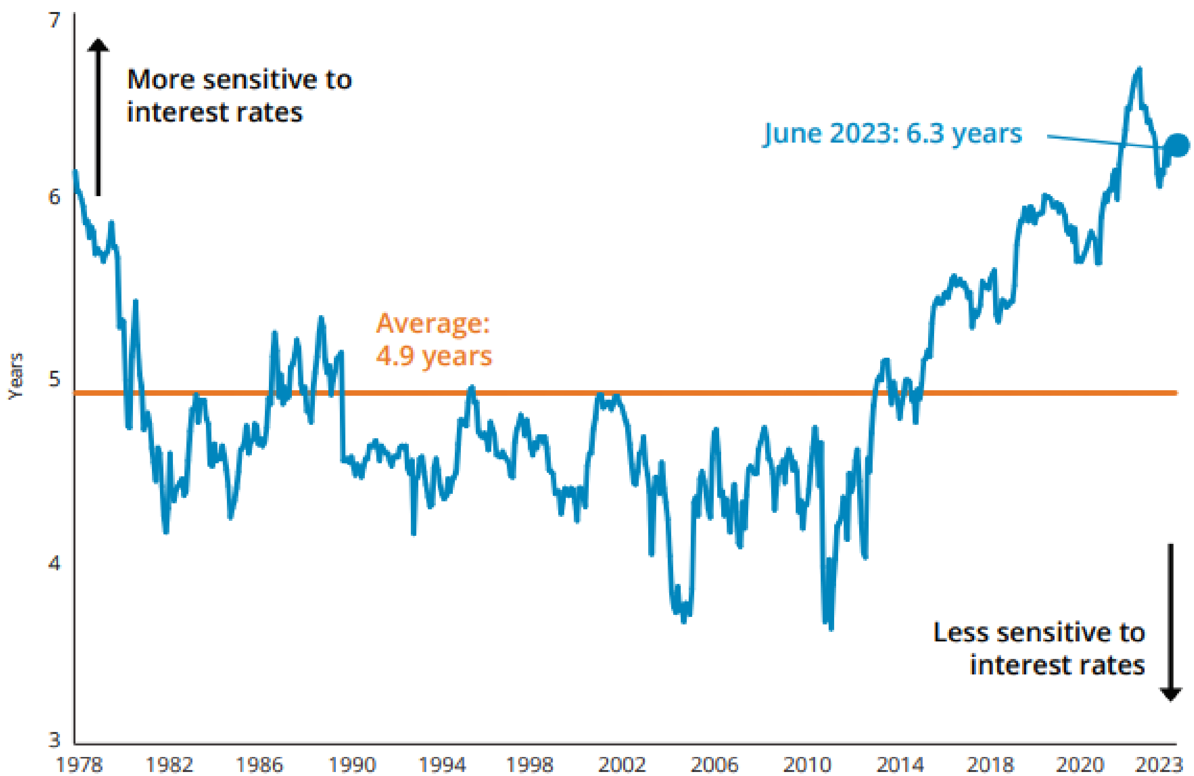
In the *Barbie* movie the protagonist leads an idyllic life of leisure in a perfectly engineered, plastic paradise, spending days at the beach surrounded by adoring Kens and evenings at dances and slumber parties with her fellow dolls. One day, however, her life is turned upside down, and she embarks on a journey to Los Angeles where she encounters the chaos, frustrations, and harsh realities of the human world. When historians look back on the recent investment landscape, they may well conclude that the period between the end of the Global Financial Crisis and the onset of the Covid pandemic had been a privileged investment Barbie-land, where conditions were perfect for wealth creation. Interest rates were falling, inflation was contained, leverage was plentiful, and the real cost of money was negative (see chart above). While economic growth around the world was modest, it was boosted by global trade and the rise of China into a global economic powerhouse. Central banks and governments were always ready to rescue the financial markets at the slightest hint of dislocation. These ideal conditions led to 15.7% annualized returns of the S&P 500 Index from its trough in the spring of 2009 to its recent peak in December 2021. Investments in many risk assets – private equity, venture capital, and real estate – enjoyed double digit returns.

Has this world come to an end? The Federal Reserve’s interest rate hiking cycle which began in March 2022 has led to the fed funds rate jumping from 8 basis points to 5.33% and the 10-year U.S. Treasury note from 2.1% to 4.8%, a level that we have not seen since 2007. While the debate today focuses on the near-term predictions of rate changes, investors need to consider the possibility that rates will stay “higher for longer” and understand the potential long-term implications for asset allocation.

The most obvious asset allocation question might be, should we increase allocations to bonds? Rising yields on many fixed-income assets are promoting many investors to shift capital to bonds, not only to generate higher income but to add duration to the portfolio. This factor (duration) describes the sensitivity of bonds to interest rates: the longer the duration of a portfolio, the greater the changes in its market value to movements in interest rates. If interest rates collapse due to some exogenous shock such as a pandemic or war, or even the onset of an unexpected recession, exposure to duration will increase the value of bonds, potentially offsetting losses in equities and other risk assets.

Over the past 20 years, however, the duration of many fixed-income funds, such as ETFs benchmarked to the Bloomberg U.S. Aggregate Bond Index, has risen as interest rates have fallen. A duration of 6 years means that for a 1% fall in interest rates, the fund's value will increase by about 6%. Higher interest rates have reduced the durations of many bond portfolios, so that a fund would potentially offer less hedging effectiveness to an investor's overall portfolio.

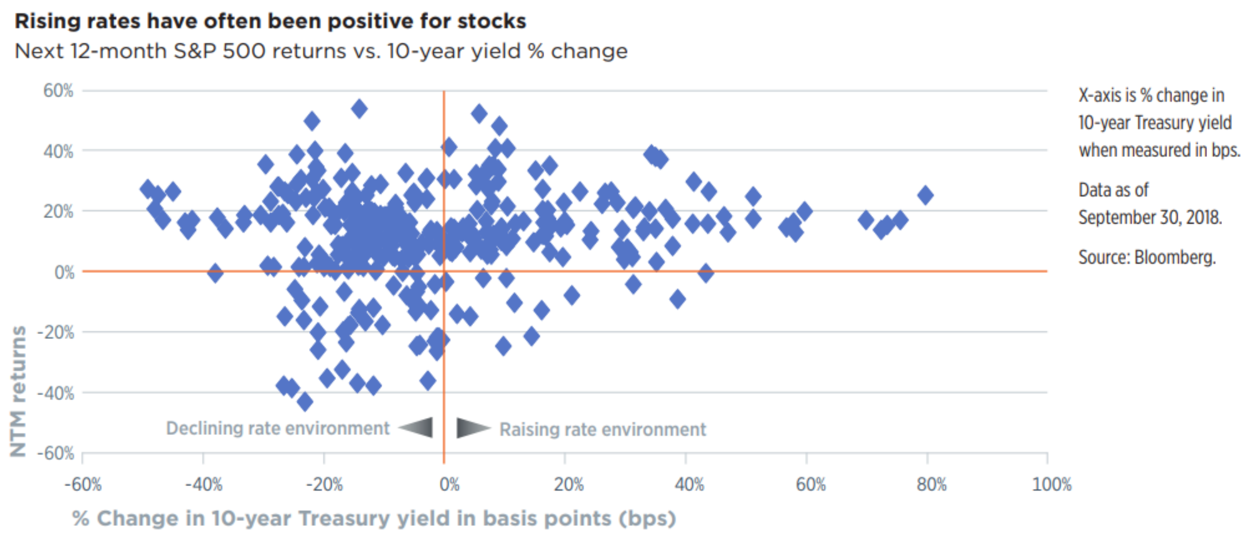
Duration of the Bloomberg U.S. Aggregate Bond Index



Source: HartfordFunds

The Pew Charitable Trusts, which tracks the 73 largest state-sponsored pension funds that collectively manage 95 percent of the $4.3 trillion in public pension fund assets, reported that the average assumed return for these funds was 7.3% in 2017, down from 8% percent in 2007. However, since this decline clearly did not keep pace with the fall in interest rates during this period, many pensions were forced to shift allocations from fixed-income to higher risk assets such as equities and alternatives in order to meet their return objectives. If higher yields persist, such flows could reverse, providing a boost to the bond market. In the 1980s and early 1990s, pensions had higher allocations to fixed-income as interest rates were much higher in both nominal and real terms.

Will higher interest rates lead to lower equity multiples? Much of the strong performance of equites since ethe Global Financial Crisis has been attributed to expanding Price/Earnings multiples driven by falling interest rates. If higher discount rates must now be applied to future earnings, shouldn’t equity valuations fall? While this would be logical, the historical evidence presents a more complicated picture. Studies have shown that while higher rates are generally negative for equities, the impact depends on several characteristics that drive interest rates. If rates rise smoothly and aren’t accompanied by sharp fluctuations, then equity valuations may not be penalized as harshly. If inflation is blamed as the source of higher rates, then investors will assess whether higher nominal revenues can overcome the higher discount rates that should be applied to future earnings. If rates rise but the economy is expected to grow faster, then valuations may in fact go up. The chart below shows that in a rising rate environment, stocks generate positive returns over the following 12 months more than three-quarters of the time.



Source: Wilmington Trust

What about alternative investments? The impact of higher rates on alternative investments can’t be simplified either. On the positive side, private credit, which generally extends financing keyed off a short-term interest rate index such as SOFR (the Secured Overnight Financing Rate), has increased returns and dividend distributions as rates have risen. A year ago, a typical senior secured loan to a high-quality middle market company averaged 6-7% all-in-yield. This has now gone up to an average of 11-12%. In hedge funds, however, many strategies have not met expectations. Investors are challenging the value of funds that market low volatility and modest but consistent returns – why pay high fees for 7% returns when you can get similar returns in bonds? Many hedge fund strategies, such as multi-strategy, market-neutral, or low-net long/short equities, which involve significant short positions, should in theory earn higher interest income from the cash balances generated by their short book. While this has been the case to some extent, the extra income has been modest as prime brokers have charged higher fees for balance sheet usage. This has also been the case with funds that use significant leverage.

Very long duration assets such as venture capital have also been hit hard, with valuations collapsing by as much as 50% – providing an opportunity for new investors to allocate today. Real estate is under the most pressure as rental growth in most sectors has peaked, and net operating income has turned negative in many projects due to high labor, insurance, and construction costs. Indeed, investors should scrutinize the underwriting assumptions of any strategy that relies on earning a positive spread between the income from an asset and its financing costs. With higher financing costs, a strategy can only generate the same targeted returns that it aimed for before this new regime if they are able to buy assets at a significantly cheaper price, engineer much higher income growth for the asset during its holding period, or hope to sell it at a much higher valuation. In private equity secondary strategies, investors are indeed able to buy assets at significant discounts to fair market value (as much as 60% discounts in venture), as existing investors may need to sell for rebalancing or policy reasons. In strategies like aircraft leasing or shipping, the constraints of new supply have allowed operators to charge lease fees significantly higher than their cost of leverage and even build inflation-linked increases into their contracts. However, in other strategies such as music royalties, the combination of high acquisition prices as a result of a flood of new capital and modest expected income growth may result in much lower future returns compared to what has been achieved in the past. As for the final possibility, hoping that assets can be sold at much higher valuations at the end of the holding period, is of course, just wishful thinking.

It is possible that a golden age for private investing has ended, prompting an abrupt shift in the multi-trillion industry where returns will no longer be fueled by cheap capital. “In the [private] equity business, this year has really marked the end of an era,” said Marc Rowan, the chief executive of Apollo Global Management, one of the world’s biggest alternative investment firms with $617 billion in assets. “A decade of ‘money printing’, fiscal stimulus, and low interest rates that had pulled forward economic demand is in retreat,” he added. “Private equity firms would be forced to go back to investing in the old-fashioned way. They’ll actually have to be very good investors.” At the end of the movie, a wiser Barbie decides to leave the comfort of her paradise to experience the joys as well as the heartbreaks of the human world. Like her, we too may need the strength to thrive in a tougher investment world.

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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.