

Market Know-How | 4Q 2024

INFLECTION POINT

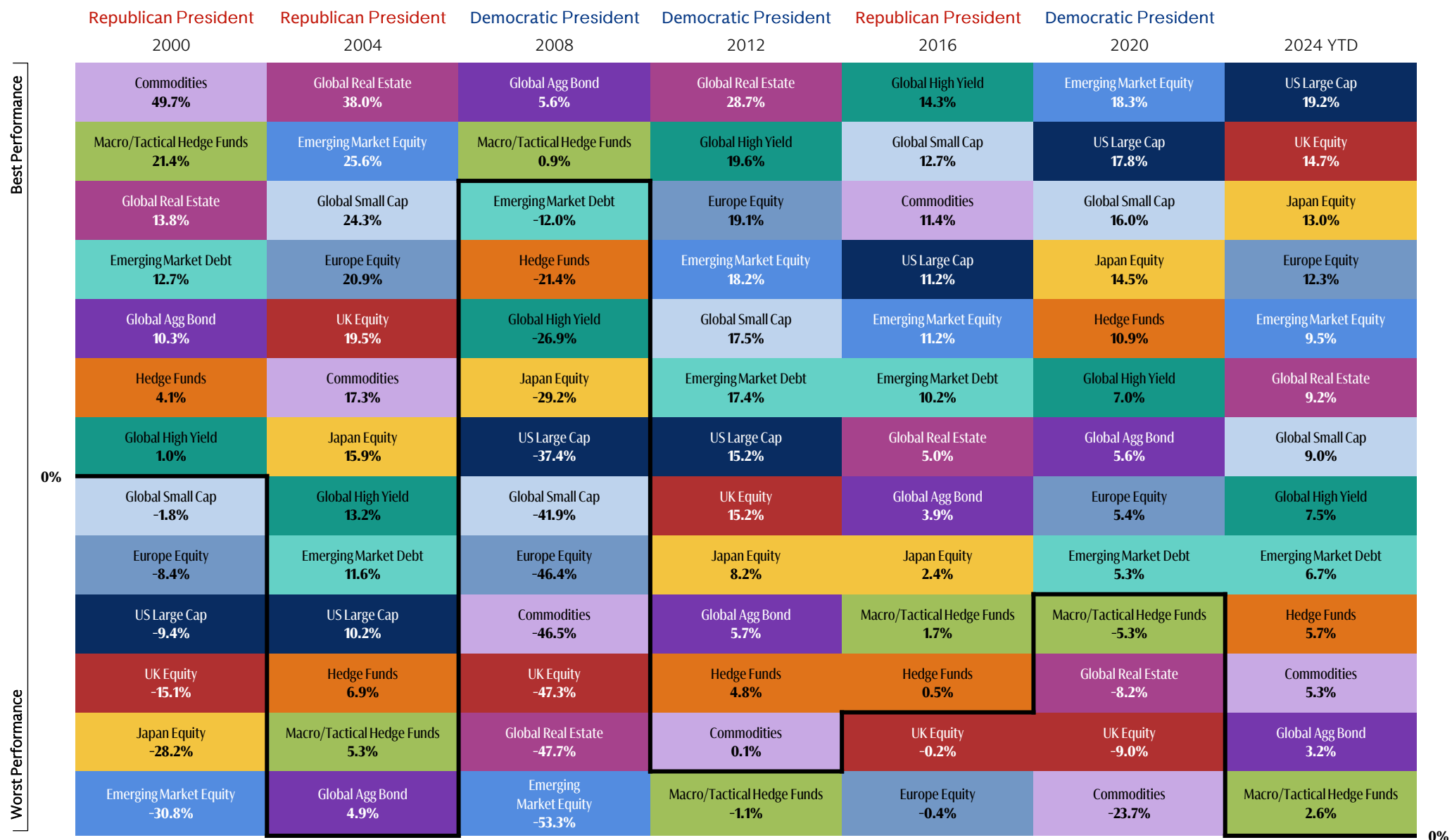
Quarterly Insights and Implementation
Strategic Advisory Solutions

Macro: Changing Tides	4
Markets: Breaking the Ice	6
Economic Security: Go with the Flow	8
Small Caps: Traction and Trade	9
Treasury Markets: Biting the Bullet	10

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RELATIVE ASSET CLASS CALENDAR-YEAR PERFORMANCE



Source: Bloomberg and Goldman Sachs Asset Management. As of August 31, 2024. "12M" refers to 12 Months. This example is for illustrative purposes only to show the performance dispersion between various asset classes over time and the potential importance of diversification. Diversification is the process of allocating capital in a way that reduces the exposure to any one particular asset or risk. **Past performance does not guarantee future results, which may vary.** Diversification does not protect an investor from market risks and does not ensure a profit. Please see additional disclosures on page 15 of this document.

INFLECTION POINT

In 2024, roughly 4 billion people will have headed to the polls, reflecting the largest expression of political will in human history. The prevailing themes from this massive global electorate have been mixed so far, with several far-right victories across Europe while South Korea and Taiwan saw center-left parties take control of their respective legislative bodies. What does appear consistent across all voter cohorts is anti-incumbency.

The US general election on November 5th will weigh the disparate platforms of two ideologically distinct parties. The legislative differences between a Republican or Democratic sweep are stark. Each presidential candidate may also emphasize vastly different priorities via executive action. In common, the two parties face: inflation, tariffs, deficits, and roughly half a nation that will be displeased with the election.

From an investment standpoint, these political moments often serve as inflection points for optimizing portfolio design due to potential legislative and regulatory activity, such as shifting tax codes. Importantly, while elections may provide opportunities for portfolio adjustments, we don't see them as moments to move all-in or all-out of the market, as legislative gridlock precludes drastic and immediate change. In our view, economic growth, earnings, and time tend to trump politicians.

In this edition of the Market Know-How, we evaluate the intersection of markets and politics, noting potential action investors can take that may transcend the differences between candidates, including:

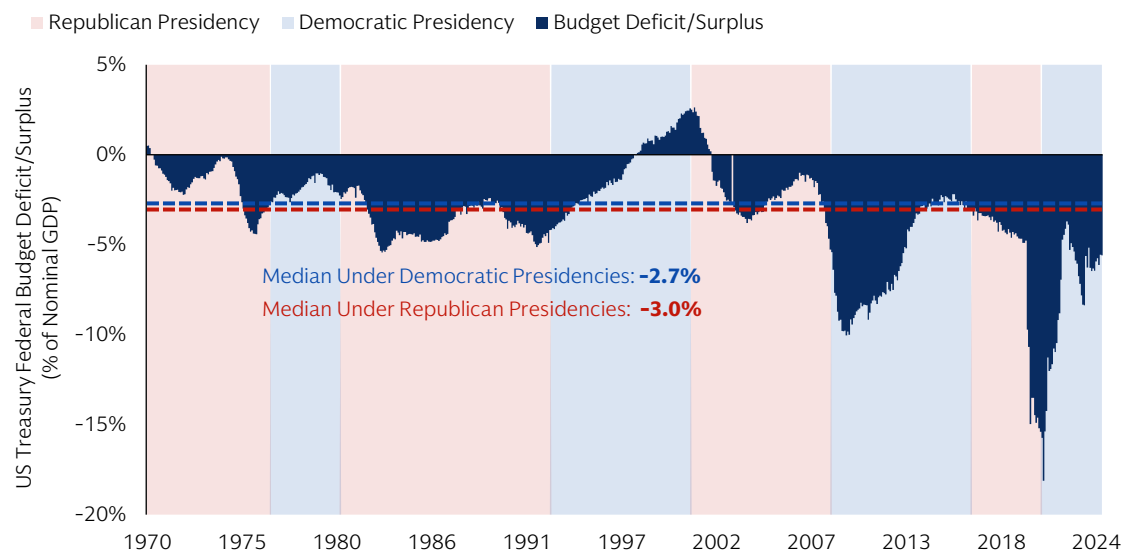
- Capitalizing on a fractured world by taking advantage of increased industrial protectionism and supply chain reconfiguration.
- Building down-in-cap equity exposure as the likely domestic beneficiaries of US-centric trade policy.
- Actively navigating the fixed income landscape given the unrelenting fiscal trajectory of both parties.

MACRO

US elections come at a time when the Fed begins a delicate "recalibration" of monetary policy, and the government faces large fiscal deficits. In this environment, the future US administration must carefully review its policy mix. While tariffs pose upside risks to domestic inflation and downside risks to trading partners' growth, we see greater fiscal stimulus boosting growth with a unified government.

More Spending, Still Wide Deficits

The upcoming election is likely to affect the US economy, with both candidates looking to expand fiscal policy. With many tax provisions set to expire at the end of 2025, lawmakers may have an opportunity to make meaningful changes to tax and industrial policies. That said, not all policies require Congressional approval, such as tariffs, posing a risk of more protectionist measures. With a relatively healthy macro backdrop, rates are likely to normalize only gradually. In that environment, the deficit would probably stay uncomfortably wide, raising the question of debt sustainability. The challenging fiscal situation makes the US economy more vulnerable to exogenous shocks than in the past.



Source: Goldman Sachs Asset Management. As of September 23, 2024. "Fed" refers to Federal Reserve. Chart Source: Bloomberg and Goldman Sachs Asset Management. As of July 31, 2024. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved.

MACRO

Democratic Sweep



DOMESTIC POLICY

Taxes: Most expiring provisions of the Tax Cuts and Jobs Act would likely not be extended, while the policy's permanent corporate tax reduction may be reversed, and higher taxes may be enacted on higher income brackets. Expansion of the Child Tax Credit may also be on the table.

Spending: A greater focus on community issues and social spending, such as expansion of education, healthcare, and other programs.

Immigration: A reduction in unauthorized immigration and tightening of border entry rules, though to a lesser extent.



TRADE POLICY

Tariffs are expected to remain mostly unchanged, but more targeted towards certain industries such as semiconductors.



ECONOMIC IMPLICATIONS

- 1) US disinflation would likely persist, along with the expected FOMC rate cutting timeline.
- 2) Corporate regulations may tighten, potentially impacting earnings and growth across US large cap companies.
- 3) The impact of similar trade policies to the Biden administration under a Democratic sweep could also cause the US dollar to weaken, as disinflation progress enables the Federal Reserve to ease monetary policy.

Republican Sweep



DOMESTIC POLICY

Taxes: Expiring provisions of the Tax Cuts and Jobs Act would likely be extended at the individual level and potentially amplified at the corporate level.

Spending: Taxes and benefit spending would likely remain unchanged, while defense spending would likely increase.

Immigration: A reduction in unauthorized immigration and significant reduction in overall immigration flows appear most likely, in our view.



TRADE POLICY

Tariffs are expected to increase, with the potential for a 10% across-the-board tariff and a higher tariff on China.



ECONOMIC IMPLICATIONS

- 1) US disinflation progress may stagnate under a Republican sweep, potentially delaying the Fed's rate cutting timeline.
- 2) Domestic workers may gain more bargaining power under tighter immigration policies, reducing labor supply while placing greater upward wage pressure on employers.
- 3) Tariffs and tighter immigration policy could reduce the positive fiscal impulse to US GDP stemming from tax cuts, potentially resulting in an overall modest hit to GDP growth under a Republican sweep.

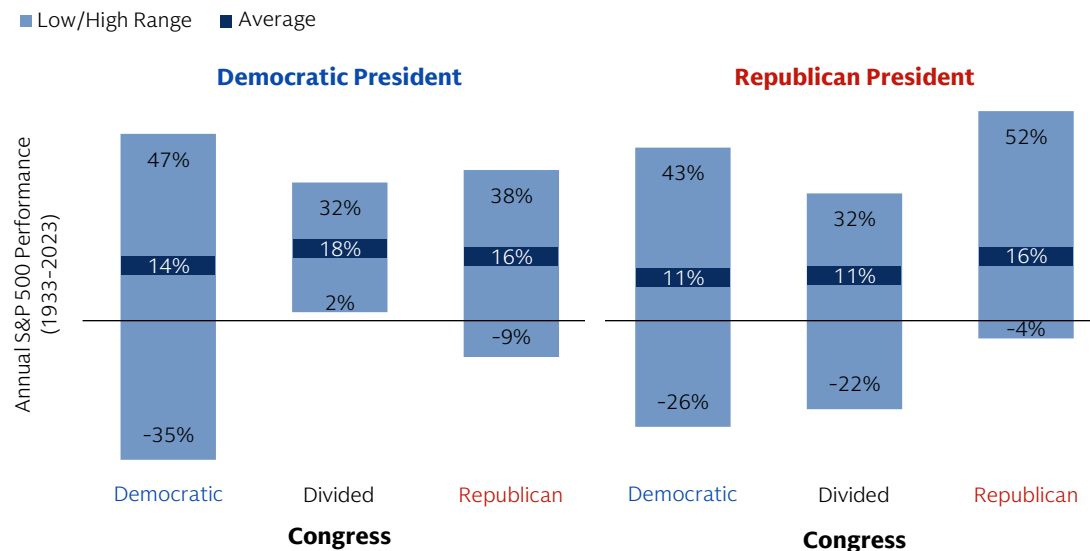
Source: Goldman Sachs Global Investment Research and Goldman Sachs Asset Management. As of September 23, 2024. "FOMC" refers to Federal Open Market Committee. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this document.

MARKETS

While elections can impact markets and increase volatility in the short term, predicting election outcomes is extremely difficult. We therefore believe investors should focus on policy that may continue irrespective of outcome – like industrial protectionism and further economic decoupling from China – and on secular trends when building their portfolios.

Asset Class Outlook

Given our expectation for solid, albeit slowing, global growth, continued disinflation, and further easing from central banks, we remain mildly pro-risk and believe that the recent market volatility has created attractive entry points. As November’s vote nears, we caution making calls on binary political outcomes. Performance following elections is notoriously volatile and hard to predict. We believe investors should instead favor active investment strategies to navigate near-term volatility and potentially capitalize on secular themes that transcend election cycles, like supply chain reconfiguration, resource and national security, and long-term debt sustainability.



Source: Goldman Sachs Asset Management. As of September 23, 2024. Chart Source: Bloomberg and Goldman Sachs Asset Management. As of September 5, 2024. Chart shows annual S&P 500 performance from 1933 through 2023, broken down first by which party was in control of the US Presidency, then by the composition of US Congress. The left three bars show performance under a Democratic President across different congressional control and the right three bars show performance under a Republican President across different congressional control. For the composition of US Congress, "Democratic" refers to a unified Congress where both chambers are controlled in majority by Democrats, "Divided" refers to a situation where no one party controls both chambers of Congress, and "Republican" refers to a unified Congress where both houses are controlled in majority by Republicans. "Low/High Range" refers to the difference between the worst performing year and the best performing year historically under each of the six different potential regimes. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. **Past performance does not guarantee future results, which may vary.**

MARKETS

Key Insights



DM EQUITIES

Given both candidates' focus on fiscal expansion, US equities are likely to do well under both a Harris and a Trump presidency, but different market pockets might benefit to a different degree. Tariffs would create a headwind to the performance of stocks with high international revenue exposure such as the big tech companies. By contrast, small caps would probably do better given that they are more domestically-orientated. Other DM equities, especially in Europe, look vulnerable to the threat of tariffs, in our view.



EM EQUITIES

The equities of many emerging markets may be sensitive to tariffs given US revenue exposure, their supply chain linkages to China, and their historical beta to Chinese equities during past episodes of tariff announcements. Equities in China, Korea, Taiwan, Mexico and Brazil are the most exposed, while equities in India appear the most insulated against potential US tariff risks.



VOLATILITY

Recent bouts of market volatility have been primarily driven by macro data surprises, market illiquidity and systematic trading. However, fundamentals remain intact. We believe volatility may remain elevated through the elections but should subside once election results are finalized. Nevertheless, volatility also begets investment opportunities, and at the very least, investors looking to navigate through political uncertainty may be better served by staying invested.



RATES

The impact on rates of forthcoming elections will largely depend on the magnitude and nature of the fiscal plans. That said, in both a Democratic and a Republican sweep scenario we would expect higher long-term Treasury yields and a steeper yield curve due to fiscal expansion. However, under a Republican presidency, tariffs may flatten the curve if they were viewed as a negative shock to productivity and growth.



FX

Given our expectation of a US soft landing, and the fact that the Fed may cut rates by more than other central banks in the short term, we believe that the US dollar should weaken from here. That said, in the event of a Republican win, tariffs would likely strengthen the greenback against most major currencies. The main exception is the Japanese yen which may appreciate further as the BoJ continues to normalize its monetary policy.



CREDIT

Three factors are likely to influence the outlook for credit markets: targeted fiscal spending, corporate tax policy and regulation, in our view. In a Republican sweep, spreads could widen if eased anti-trust policies lead to an increase in debt-financed M&A. However, the endorsement of anti-trust measures by J.D. Vance, could moderate the impact. In a Democratic sweep, corporate tax increases could weigh on credit, but sectors like infrastructure and healthcare could benefit from increased spending.

Source: Goldman Sach Asset Management. As of September 23, 2024. Please see additional disclosures at the end of this document. Goldman Sachs does not provide accounting, tax or legal advice. The economic and market forecasts presented herein have been generated by Goldman Sachs Asset Management for informational purposes as of the date of this presentation. They are based on proprietary models and there can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this presentation. **Past performance does not predict future returns and does not guarantee future results, which may vary.**

ECONOMIC SECURITY

OUTLOOK

From Integration to Fragmentation

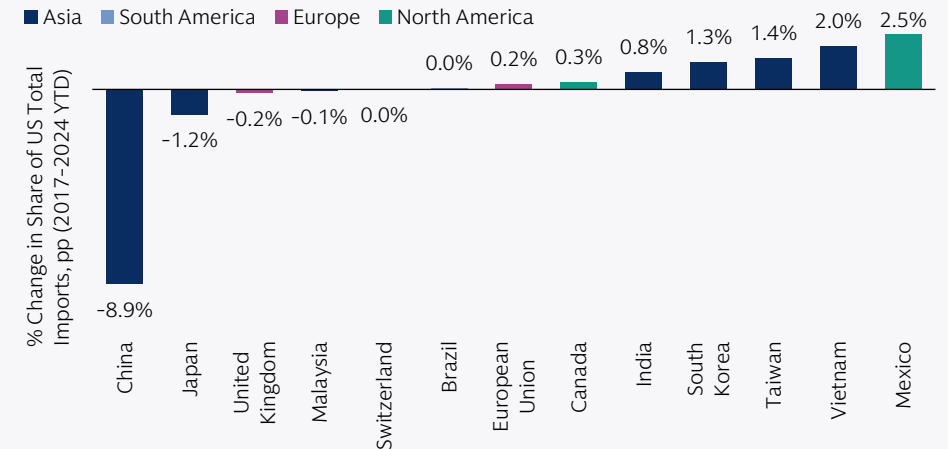
After decades of increasing global economic integration, the world is facing geo-economic fragmentation. Given bi-partisan support towards industrial protectionism, this trend is only likely to strengthen regardless of the outcome of the forthcoming US elections. While the cost for the global economy is high, increased focus on economic security by governments and corporations is sparking a realignment in global trade and capital flows, which we believe offers an unparalleled investment opportunity. The US is at the epicentre of a lot of these changes. Since the onset of the US-China trade tensions, the world's largest economy has been progressively reshaping its supply chains to reduce the dependence from China, particularly for advanced technology products.

Investing In The Age Of Protectionism

As part of its supply chain reconfiguration, the US government is providing funding and financial incentives to build onshore manufacturing capacity in strategic sectors like semiconductors and clean energy. The US has also been a key recipient of the redirection of global foreign direct investment flows (FDI) away from geographically- and geopolitically-distant countries. As geopolitical tensions continue to intensify and countries further diverge along geopolitical fault lines, we believe these trends will only intensify, creating unique long-term investment opportunities in supply chain, resource and national security.

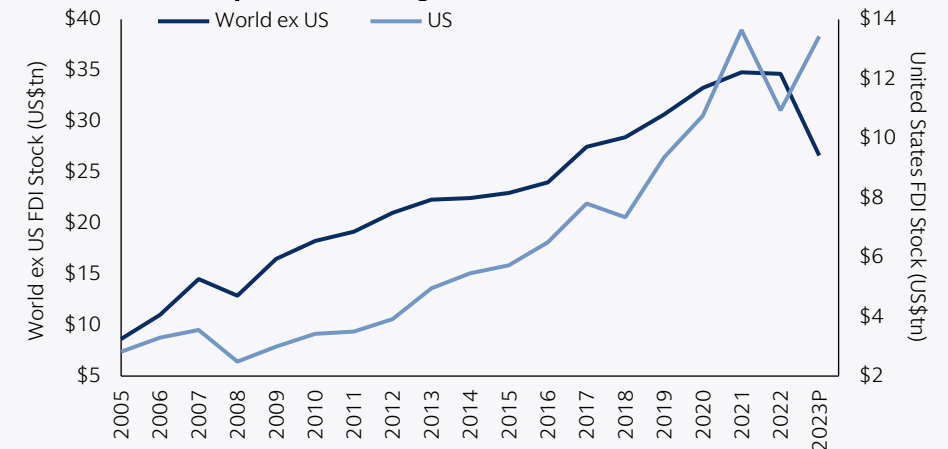
SOLUTIONS

Supply Chain Reconfiguration In Action



Source: United States Census Bureau, and Goldman Sachs Asset Management.

Follow the Money: FDI Is Moving West



Source: OECD, IMF and Goldman Sachs Asset Management.

As of September 23, 2024. Top Right Section Notes: Chart shows the percentage point change in share of US imports from the aforementioned regions from between 2017 – 2024 June. Please see additional disclosures at the end of this document. There is no guarantee that objectives will be met. Bottom Right Section Notes: Chart shows FDI inward stock to the US and World ex-US from 2005 to 2023 predicted. Foreign direct investment (FDI) stocks is the total level of direct cross-border investment over time. Inward FDI stock is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy. World FDI flows are based on available data at the time of update as reported to the OECD and IMF for the year ended or the latest available year. World ex US is World inward FDI stock minus US as defined by OECD. **Past performance does not predict future returns and does not guarantee future results, which may vary.**

SMALL CAPS

OUTLOOK

Poised For Protectionism

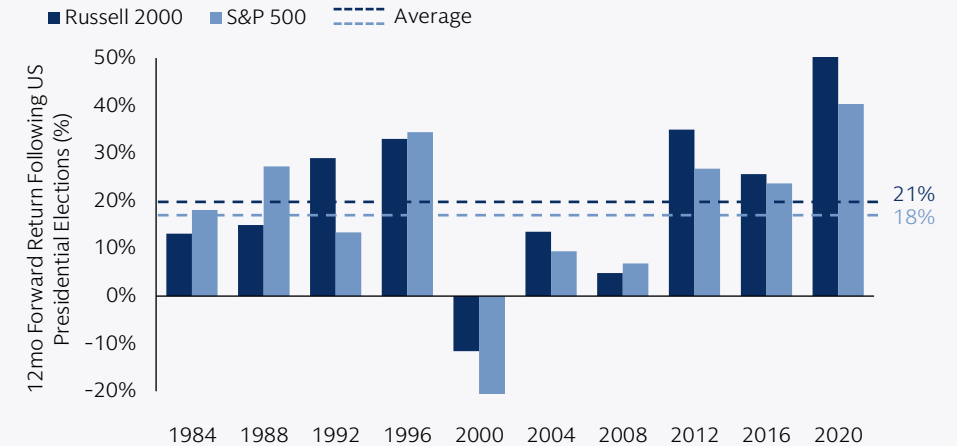
As this current election cycle concludes and we shift from campaign promises to policy execution, newly elected officials will likely begin implementing their proposals, leading to increased fiscal spending and investment in domestic industries. Investors looking to capitalize on these new fiscal initiatives might find opportunities in small-cap companies, as their domestically-focused business models may allow them to quickly monetize on these new developments, especially in a monetary easing environment given their greater share of floating rate debt. Historically, small caps have outperformed their large cap counterparts by an average of 3% in the 12 months following US presidential elections, reflecting their sensitivity to economic growth, which is typically supported by increased government expenditure.

Small Beginnings

Beyond the elections, we expect small caps to continue to benefit from interest rate cuts by the Fed. While some of the potential policies put forward by the presidential candidates, such as the imposition of broad-based tariffs, could prove inflationary, we think there is enough disinflation in the US economy to ensure that the Fed doesn't need to change course materially regardless of the outcome of the elections. Given that 30% of Russell 2000 debt is financed via floating rates, compared to just 5% for the S&P 500, lower rates should feed through faster, providing a significant tailwind for small caps in the next year. With current valuations offering an attractive entry point, we think now is the time to invest in small caps.

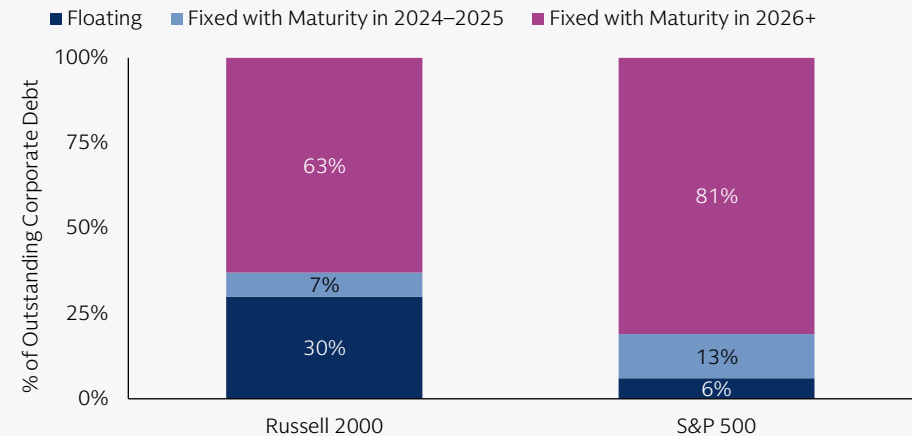
SOLUTIONS

Election Edge



Source: Bloomberg and Goldman Sachs Asset Management.

Debt Structure: Russell 2000 vs S&P 500



Source: Bloomberg, Goldman Sachs Global Investment Research, and Goldman Sachs Asset Management.

As of September 23, 2024. Top Right Section Notes: Chart shows Russell 2000 and S&P 500 performance in the 12 months after each of the past 10 US presidential elections. Bottom Right Section Notes: As of January 2024. Chart shows the debt composition of the companies making up the S&P 500 Index and the Russell 2000 Index. The S&P 500 represents the US large-cap universe, and the Russell 2000 represents the US small-cap universe. **Past performance does not predict future returns and does not guarantee future results, which may vary.** For illustrative purposes only.

TREASURY MARKETS

OUTLOOK

An Uncertain Fiscal Future

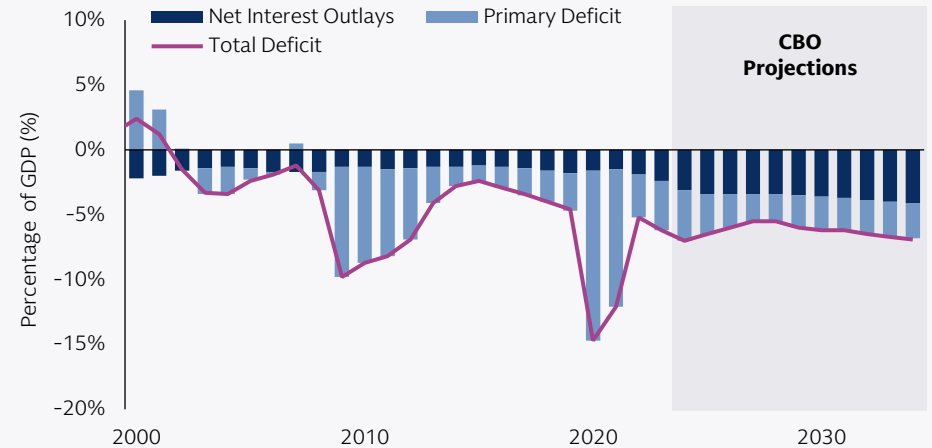
The US is notorious for its large primary deficit, the future of which is both unsettling and unsustainable. The rising cost of interest payments that the US must make on its debt is another growing concern with no solution in sight. Given neither political party has demonstrated a clear commitment towards improving the deficit problem, markets may begin pricing in the burden of this debt and its interest expense. As a result, investors may seek a higher premium for the longer end of the curve or an increased appetite for intermediate duration profiles. While US Treasuries remain a key component of portfolios, investors may find enhanced compensation from taking an active approach.

Finding a Footing

A wide range of fiscal outcomes may still occur depending on growth, rates, and policy. We believe strong GDP growth, an AI productivity boost, and demographic expansion are all factors that may limit the degree of rising debt over the next 15 years. As for borrowing costs, although a -1pp deviation from the CBO's baseline projection would slow the growth of debt over the next 15 years, this would not be meaningful enough to improve the US' fiscal standing. The next political administration would need to also responsibly manage public finances in tandem with US economic strengths to mitigate the risks of high debt. Although the US is continuing down what may be an unsustainable path, we believe its resilient growth, the dollar's standing as a world reserve currency, and its leadership in innovation may support future efforts to grow in a financially sustainable manner.

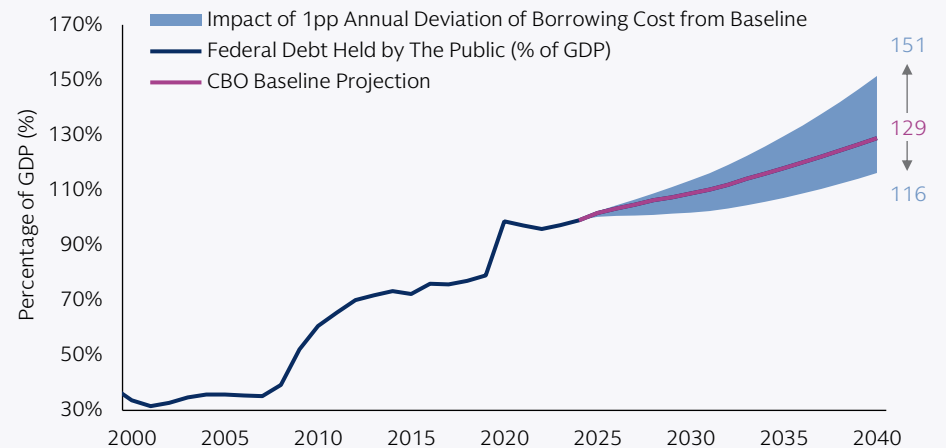
SOLUTIONS

Racking Up Interest Expenses



Source: United States Congressional Budget Office and Goldman Sachs Asset Management.

Range of Outcomes



Source: United States Congressional Budget Office and Goldman Sachs Asset Management.

As of September 23, 2024. Top Right Section Notes: As of September 4, 2024. "GDP" refers to Gross Domestic Product. "CBO" refers to Congressional Budget Office. Bottom Section Notes: Chart shows the potential impact to Federal debt held by the public as a percentage of GDP from a 1pp increase or decrease in borrowing costs from the CBO's baseline projection until 2040. "pp" refers to percentage point. "AI" refers to Artificial Intelligence. The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this document. For Illustrative Purposes only.

MARKET SOLUTIONS

In a world of macro and political uncertainty, a menu of asset classes may serve as potential solutions.

Base Case

Key Views

1. A US soft landing, resilient global growth and continued disinflation progress
2. Monetary policy normalization
3. Continued political polarization leading to limited legislation

What To Look Out For

1. Mega-cap tech earnings and real disposable income growth
2. Progress on the shelter and transportation components of key inflation prints
3. Upcoming global monetary policy decisions consistent with normalization, rather than recession or growth scares

Potential Tail Risk

Hard Landing

1. Further increases in unemployment come from losses among existing jobs
2. Macro weakness induces broader credit deterioration and equity market correction
3. Increased geopolitical tension sparks further escalation

What To Look Out For

1. Layoffs, consumer spending and demand, delinquency rates, and household savings
2. Evolving market pricing for rate cuts
3. New developments in geopolitical hotspots such as the Middle East

Potential Tail Risk

Higher Inflation

1. Tariffs and protectionist trade rhetoric create upward price pressures
2. Central banks hold rates higher for longer on inflation stickiness
3. Major economies experience a slight but manageable drag to growth

What To Look Out For

1. Further policy divergence between the Fed and other key central banks
2. PCE and CPI inflation prints in the months ahead of key policy meetings
3. US corporate earnings reports

Policies to Look Out For: Tariffs and Trade, Corporate Regulation, Immigration, Tax Cuts or Hikes, Federal Spending

Implementation Strategies

- Japan & Indian Equities
- Small Caps
- Core Fixed Income

Implementation Strategies

- Liquid Alternatives
- Core Fixed Income
- High-Dividend Equities

Implementation Strategies

- Large Caps
- Short Duration Fixed Income
- Private Credit

As of September 23, 2024. "PCE" refers to Personal Consumption Expenditures. "CPI" refers to Consumer Price Index. The economic and market forecasts presented herein are for informational purposes as of the date of this document. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this document.

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GLOSSARY

Equities

The **Dow Jones US Select Real Estate Securities Index** tracks companies that are both equity owners and operators of real estate in the US.

The **FTSE EPRA Nareit Global Real Estate Index** is a free-float adjusted, market capitalization-weighted index designed to track the performance of listed real estate companies in both developed and emerging countries worldwide.

The **FTSE 100 Index** is the 100 most highly capitalised blue chips listed on the London Stock Exchange.

The **unmanaged MSCI EAFE Index (unhedged)** is a market capitalization weighted composite of securities in 21 developed markets.

The **MSCI Emerging Markets Equity Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The **MSCI Europe Index** captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe*. With 420 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market. With 217 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The **MSCI World Small Cap Index** captures small cap representation across 23 Developed Markets (DM) countries*. With 4,116 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

The **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **S&P 500 Index** is the Standard & Poor's 500 Composite Stock Prices Index of 500 stocks, an unmanaged index of common stock prices. The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.

The **S&P Developed ex-US Property Index** measures the performance of real estate companies domiciled in countries outside the United States.

The **S&P Developed ex-US Small Cap Index** covers the smallest 15% of companies from developed countries (excluding the US) ranked by total market capitalization.

Fixed Income

The **Bloomberg US Aggregate Bond Index** represents an unmanaged diversified portfolio of fixed income securities, including US Treasuries, investment grade corporate bonds, and mortgage backed and asset-backed securities.

The **Bloomberg Global Aggregate Bond Index** is a flagship measure of global investment grade debt from a multitude local currency markets. The index includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

The **Bloomberg Global High Yield Index** provides a broad-based measure of the global high-yield fixed income market.

The **Bloomberg Municipal Bond Index** covers the USD-denominated long-term tax-exempted bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

The **Bloomberg 3 Year Municipal Bond Index** consists of a broad selection of investment grade general obligation and revenue bonds of maturities ranging from two to four years.

The **Bloomberg High Yield Municipal Bond Index** covers the high yield portion of the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

The **Credit Suisse Leveraged Loan Index** tracks the investable leveraged loan market by representing tradable, senior-secured, US-dollar denominated, non-investment grade loans.

The **ICE BofA 1-3 Month US Treasury Bill Index** measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date.

The **J.P. Morgan EMBI Global Composite Index** is an unmanaged index tracking dollar-denominated debt instruments issued in emerging markets.

The **J.P. Morgan CEMBI Broad Diversified Index** tracks the performance of US dollar-denominated bonds issued by emerging market corporate entities.

The **US Treasury Bond** is a debt obligation backed by the United States government and its interest payments are exempt from state and local taxes. However, interest payments are not exempt from federal taxes.

Other

The **Bloomberg Commodity Index** offers liquid exposure to physical commodities via futures contracts and aims to produce an attractive risk-return profile over time while ensuring that no single commodity or sector dictates the investment.

The **CBOE S&P 500 Buy-Write Index** is a benchmark index designed to track the performance of a hypothetical buy-write strategy on the S&P 500.

Basis points (bps) refers to a unit represented by one hundredth of one percent.

Gross Domestic Product (GDP) is the value of finished goods and services produced within a country's borders over one year.

The **Cliffwater Direct Lending Index** seeks to measure the unlevered, gross of fee performance of US middle market corporate loans, as represented by the asset-weighted performance of the underlying assets of Business Development Companies that satisfy certain eligibility criteria. The CDLI Total Return Index includes three components: Income Return, Realized Gain/Loss and Unrealized.

The **HFR1 Fund of Funds Composite Index** is an equal weighted, net of fee, index composed of approximately 800 fund-of-funds which report to HFR.

The **HFRX Macro CTA Index** measures the performance of the hedge fund market where macro strategy managers trade a broad range of strategies. In these strategies, the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets.

Percentage points (pp) refers to the unit for the arithmetic difference of two percentages.

A recession is defined by the NBER as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.

IMPORTANT INFORMATION

Equity securities are more volatile than fixed income securities and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies. Emerging markets securities may be less liquid and more volatile and are subject to a number of additional risks, including but not limited to currency fluctuations and political instability.

Investments in fixed-income securities are subject to credit and interest rate risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and principal. This risk is higher when investing in high yield bonds, also known as junk bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than their original cost upon redemption or maturity. Although Treasuries are considered free from credit risk, they are subject to interest rate risk, which may cause the underlying value of the security to fluctuate.

Investors should also consider some of the potential risks of alternative investments: Alternative Strategies. Alternative strategies often engage in leverage and other investment practices that are speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the entire amount that is invested. Manager experience. Manager risk includes those that exist within a manager's organization, investment process or supporting systems and infrastructure. There is also a potential for fund-level risks that arise from the way in which a manager constructs and manages the fund. Leverage. Leverage increases a fund's sensitivity to market movements. Funds that use leverage can be expected to be more "volatile" than other funds that do not use leverage. This means if the investments a fund buys decrease in market value, the value of the fund's shares will decrease by even more. Counterparty risk. Alternative strategies often make significant use of over-the-counter (OTC) derivatives and therefore are subject to the risk that counterparties will not perform their obligations under such contracts. Liquidity risk. Alternative strategies may make investments that are illiquid or that may become less liquid in response to market developments. At times, a fund may be unable to sell certain of its illiquid investments without a substantial drop in price, if at all. Valuation risk. There is risk that the values used by alternative strategies to price investments may be different from those used by other investors to price the same investments. The above are not an exhaustive list of potential risks. There may be additional risks that should be considered before any investment decision.

Concentration in infrastructure-related securities involves sector risk and concentration risk, particularly greater exposure to adverse economic, regulatory, political, legal, liquidity, and tax risks associated with MLPs and REITs. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs whose underlying properties are concentrated in a particular industry or geographic region are also subject to risks affecting such industries and regions. The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, economic conditions and other factors. Prospective investors should inform themselves as to any applicable legal requirements and taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant.

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IMPORTANT INFORMATION

Page 2 Relative Asset Class Calendar-Year Performance Notes: 'US Large Cap' is represented by the S&P 500 Index. 'UK Equity' by the FTSE 100 Index. 'Europe Equity' by the MSCI Europe Index. 'Japan Equity' by the MSCI Japan Index. 'Global Small Cap' by the MSCI World Small Cap Index. 'EM Equity' by the MSCI Emerging Markets Index. 'Global Agg Bond' by the Bloomberg Barclays Global Aggregate USD Value Hedged Index. 'Global High Yield' by the Bloomberg Barclays Global High Yield Value Unhedged Index. 'Global Real Estate' by the FTSE EPRA/ NAREIT. 'Emerging Market Debt' by the JPM EMBI Global Composite Index. 'Local Emerging Market Debt' by the JPM GBI EM Global Diversified Index. 'Commodities' by the S&P GSCI Commodity Index. 'Hedge Funds' by the HFRI Fund of Funds Index. 'Macro/ Tactical Hedge Funds' by a 50/50 blend of the HFRX Macro/CTA Index and the HFRI Macro Index. This material is provided for informational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities.

Page 3 Additional Notes: "Anti-incumbency" can be referred to as the sentiment in favor of voting out incumbent politicians, for the specific reason of being incumbent politicians. "Legislative gridlock" can refer to a slowdown in lawmaking activity and legislative progress, potentially stemming from divided control across government branches.

Page 4 Additional Notes: "Exogenous shocks" refers to any unexpected external event that has a large-scale impact on the economy.

Page 7 Additional Notes: "DM" refers to Developed Markets. "EM" refers to Emerging Markets. "beta" refers to a measure of an investment's volatility relative to the market. "M&A" refers to Mergers and Acquisitions.

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