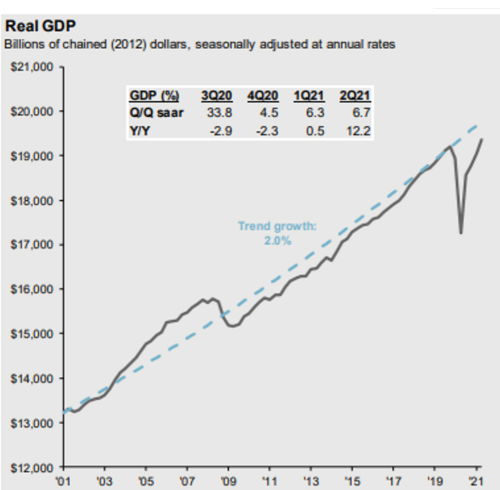
"TURBULENT WATERS AHEAD"

EXHIBIT 1. 3Q AND YTD PERFORMANCE TABLE

Total Returns	3Q 2021	YTD (Sep. 2021)
Bloomberg Commodity TR USD	6.59	29.13
MSCI EM NR USD	-8.09	-1.25
NASDAQ Composite TR USD	-0.23	12.66
Russell 2000 TR USD	-4.36	12.41
S&P 500 TR USD	0.58	15.92
Bloomberg US Agg Bond TR USD	0.05	-1.55
ICE BofA US High Yield TR USD	0.94	4.67
20+ Treasury Bond Index	0.37	-7.66

Source: Morningstar, as of 9/30/2021

EXHIBIT 2. ECONOMIC GROWTH: GDP CHART



Source: JP Morgan, as of 6/30/2021

ECONOMIC RECAP

With another quarter in the books, we observed an economy that continued its path of expansion despite summertime disruptions caused by the spread of the COVID delta variant. As a result, economic data points were somewhat mixed during the period, and this uncertainty was reflected in risk markets.

Quarterly performance across most asset classes were muted. The one standout segment of the market was the commodities complex which performed well given the continuing inflationary pressures seen around the globe.

Economic output measured by real GDP grew by an annualized 6.7% during the second quarter of 2021 and now sits above the pre-COVID level high. The largest contributor (and only positive contributor) to growth was personal consumption, posting +12.0% for the period. And while business spending was positive, a major inventory drawdown and a drop in residential spending resulted in negative contribution from private investment.

For most of the year, the labor markets had shown resilience, and YTD though August reflected a strong pace of recovery by adding an average of approximately 590,000 jobs per month. However, the latest August labor print showed that the economy only added 235,000 jobs, which was a large miss versus consensus expectations. Furthermore, the labor participation rate remains below pre-COVID levels.

Lastly, consumer sentiment took a meaningful hit during the quarter given several negative developments:

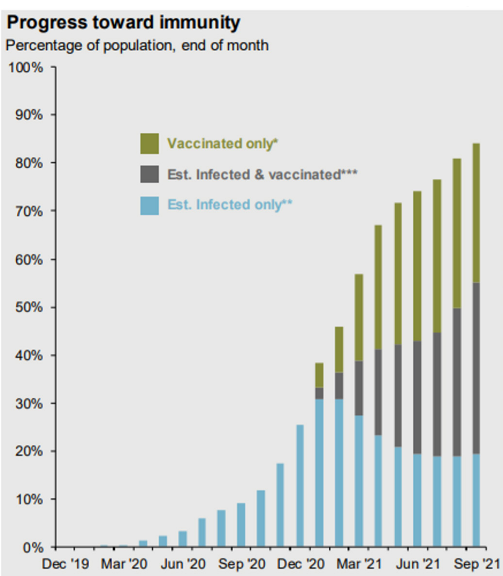
1. Delta variant: We saw a rise in COVID infection rates during the summertime given the highly infectious delta variant.

2. Persistent inflationary pressures: The CPI Index (a measure of the average change over time in price paid by urban consumers for a market basket of goods) rose 5.3% over the year ending August 2021.

3. Geopolitical turmoil and disorderly US exit in Afghanistan: The Taliban quickly seized control of Kabul. President Biden ordered the withdrawal of American troops from the country which started in July after nearly two decades of conflict.

Consumer confidence as measured by the University of Michigan's Consumer Sentiment Index hit its lowest mark in almost a decade. This puts consumer spending at risk, and a dent on the pace of the economic recovery (consumer spending makes up nearly 75% of US GDP).

EXHIBIT 3. COVID-19 DATA: IMMUNITY PROGRESS



Source: JP Morgan, CDC, John Hopkins CSSE, as of 9/30/2021

It's more evident now that pandemic-related distortions are causing economic indicators to paint a very ambiguous picture on the overall health of the US economy. Trying to discern where we are from a traditional business cycle standpoint is difficult. There are several global challenges that still need to be addressed – all stemming from the global supply shock created by the pandemic. Supply chain issues are still wide in scope – global factory shutdowns, backlogged ports, and parts scarcity have driven goods prices higher. We expect these types of challenges to be remediated as global economies emerge from COVID disruptions via improved vaccine distributions and therapies. On the employment front, the upcoming payrolls numbers and labor data will be carefully watched. The expectation is that employment growth should see a more robust pickup as the Delta variant's impact becomes more muted in upcoming prints. Additionally, more Americans will stop receiving unemployment benefits and therefore should be incentivized to find work.

On a brighter note, COVID cases continue to fall, and moreover, receding hospitalizations are consistent with an improving pandemic outlook. We believe this remains the main driver of risk to the economy and markets. It's our view that this trend continues given the progress we've made toward herd immunity. Furthermore, GDP growth has printed above +6% for two consecutive quarters and expectations are for a similar jump for this past quarter (3Q), possibly suggesting that we are early in the cycle and experiencing a robust recovery, although some of the macro data over the summer hinted at some softening of the positive drivers as stimulus fades. Overall, we remain cautiously optimistic, but recognize there are plenty of speed bumps ahead.

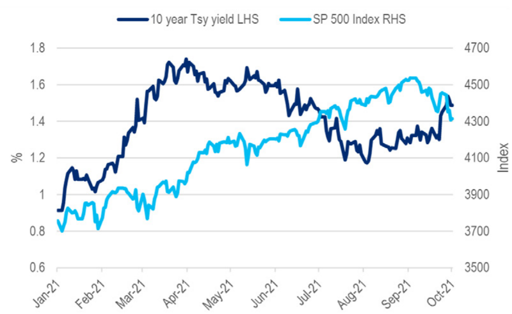
FIXED INCOME AND CREDIT

Bond markets, represented by the Barclays Bloomberg Aggregate Bond Index posted roughly a flat return for the quarter. Bond yields grinded lower through the month of August where we saw a closing yield low of +1.17% on the 10-year Treasury bond for the period. Not surprisingly, these yield moves tracked just ahead of near-peak COVID caseloads during the summer. However, yields on 10-year Treasuries quickly traced back up to +1.49% by quarter end. More specifically, we saw yields in the 3- to 10-year maturity range rise the most – a refreshing sign that bond markets have shifted their focus back towards inflation. With that said, real yields (nominal yields - less inflation) are still deeply negative and we maintain a meaningful underweight to duration risk.

Corporate credit markets are rich as well, yet investors gladly absorbed the ample supply of corporate credit issuance during the quarter. Spreads in investment-grade corporate credit sectors stayed narrow despite the negative macro developments given the strong appetite for yield from higher quality assets. Further down the credit spectrum, high-yield spreads also remained relatively tight ending the quarter at 281 basis points over comparable Treasuries. To make matters worse, investors that own the investment-grade corporate bond universe are now taking nearly 9 years of duration risk!

When you factor in headline inflation rate through August that reads an annualized rate of 5.2%, an index default rate of 3.49% over the last 30 years in the high yield market, and a loss rate for defaulted bonds at over 70% – we gladly maintain our underweight positions to generic corporate credit indices (both IG corporate credit and high yield sectors). These incredible headwinds taken together continue to support our preference for alternative strategies and assets to serve as fixed income substitutes.

EXHIBIT 4. 10-YEAR TREASURY YIELD AND S&P 500 INDEX



Source: Citi, Bloomberg, 1/1/2021 - 9/30/2021

EQUITIES

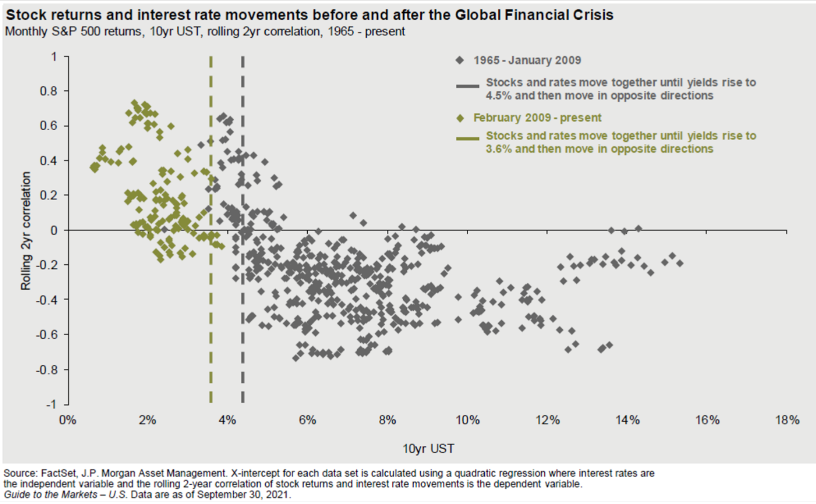
Broad US equity markets as represented by the S&P 500 Index posted a +0.56% return during the quarter. Negative macro headlines led growth and quality factors along with the technology sector to outperform the more cyclical areas of the market in the first two months. However, a rapid inflation-driven rise in yields in September caused an equity selloff while triggering a strong reversal of such trends – possibly hinting at another change in market leadership as we head into the close of the year. The energy sector and commodity indices meaningfully outperformed the S&P 500 Index during the month, posting a monthly return of +9.00% and +5.77% respectively, versus the -4.65% of the S&P 500 Index. On balance, large cap stocks outperformed small cap stocks during the period, while growth stocks outperformed value stocks within the large cap segment.

Our equity positioning saw some rebalancing during the period. We exited all Chinese exposures within our global equity mandate given the heightened level of uncertainty that the PBOC's common prosperity directive bears on its capital markets. More specifically this called for an exit from our highly successful and long-standing theme of e-Sports and videogaming within our growth equity sleeve. After these modest changes, we are still globally diversified across various styles and regions. From a total portfolio perspective, we maintain our underweight allocation relative to peers.

ALTERNATIVES

The third quarter was another strong period for both our alternative strategies and asset classes. Year to date, the overall allocation to

EXHIBIT 5. HISTORICAL STOCK RETURN AND INTEREST RATE MOVEMENT CORRELATIONS SCATTER PLOT



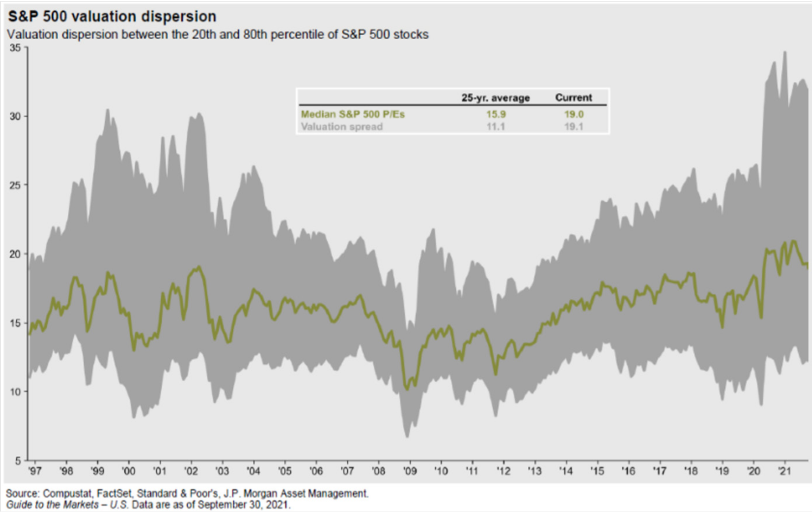
Source: JP Morgan, Jan 1965 - Sep 2021

alternatives has been the most consistent part of our total portfolios. We believe that the inflationary backdrop which has created upward pressure on interest rates has served as one of the biggest drivers behind this outperformance. Before we dive any further into our commentary on alternatives, I want to bring your attention to the exhibit 5 to the left – it serves as a powerful reminder for why allocators should be embracing alternatives alongside their stocks and bonds. What should be obvious are the pre-GFC (Global Financial Crisis) and post-GFC regimes that are delineated by the way the 2-year correlations between interest rates movements and stock returns plot along this scatter chart. The other conclusion that can be drawn from the dotted plots is that central bank liquidity after the GFC has arguably driven stock and bond movements to be more positively correlated, and thus muting their diversification benefits. As we highlighted earlier this year, inflationary risks pose a threat of break to this post GFC regime, painting a bleak total return outlook for the traditional 60/40 stock and bond portfolio. Growth stocks and long duration bond exposures overwhelm the risks taken in a traditional portfolio, and inflation is a relatively new factor in the markets that could be the Achilles heel for such an allocation (growth stocks and long-duration bonds carry high levels of interest rate sensitivity).

EQUITY SUBSTITUTES

Our long-short equity strategies on balance delivered strong quarterly returns on both a relative and absolute basis versus long-only equity markets. The script flipped again this quarter, where the more value aware and fundamentally driven managers outperformed (if you recall, the second quarter was a more difficult period for such managers, and our growth and technology focused long-short managers helped offset some of this slack). During the back half of Q3, the rapid spike in yields on the 10-year Treasury triggered a late September equity drawdown which served as a headwind for managers with longer duration holdings via growth and technology exposures.

EXHIBIT 6. HISTORICAL LOOK AT VALUATION DISPERSION OF THE S&P 500 INDEX



Source: JP Morgan, Jan 1997 - Sep 2021

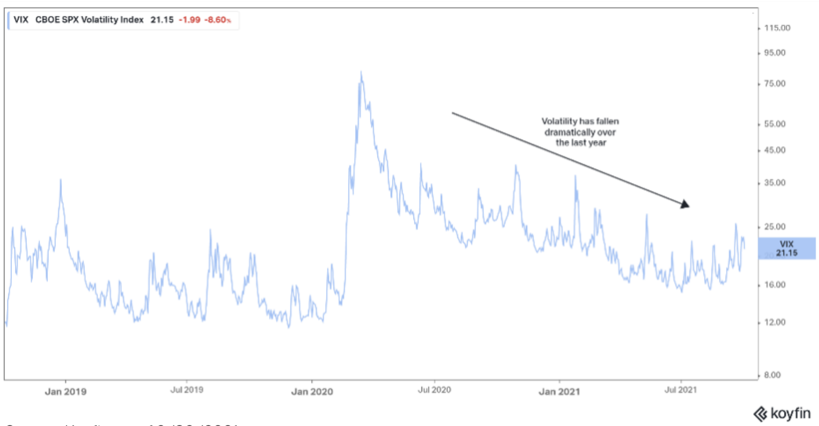
Given the heightened levels of valuation dispersion seen in the equity markets, we continue to believe that the current backdrop is an incredibly favorable one for skilled stock pickers. Exhibit 6 highlights the valuation dispersion between the top and bottom 20% of stocks in the S&P 500 Index – which arguably creates better buying and selling opportunities for those managers that can find mispriced securities given wider spread levels (currently sitting at nearly double that of historical 25 year look back levels). Secondly, median P/E (price to earnings multiples, a metric of relative cheapness and richness of a stock) ratio hovers far above the historical 25-year average as of quarter end. For that reason, allocating to active managers that have a short book/ hedge is more valuable today than prior periods in our opinion given that they may be able to generate positive returns in down markets.

PRIVATE ASSETS AND FIXED INCOME SUBSTITUTES

Private real estate and private credit exposures continued their outperformance relative to generic corporate credit and traditional bonds. These asset classes have provided both strong income generation and capital appreciation. More importantly, they are likely to outperform traditional bonds in an environment of higher inflation. Our various multi-manager, multi-strategy hedge fund managers also played an important role in our portfolios by providing stable, lowly correlated positive returns and served as a ballast against the drawdown that our equity positions faced in September.

We also had several areas of detraction across our alternatives allocation. Our merger arbitrage manager had a difficult quarter despite the robust M&A deal activity that has come to market in 2021. Many merger arbitrage managers were challenged when the WillisTowers Watson/Aon deal break led to a broad selloff in the merger space. Although deals have had some spread widening, many of them are still intact and should set up us up for attractive returns as each deal closes. We believe this to be a shorter-term dislocation and maintain a view that merger arbitrage strategies will continue to be a compelling source of opportunity going forward. We are encouraged by the high level of announced deal volumes for the industry (per Dealogic) which reached an all-time high of $1.6 trillion in 2Q21, beating the prior peak set in Q2 of 2007. Such an environment sets the stage for a record year for deal completions.

EXHIBIT 7. 3-YEAR LOOK AT VOLATILITY VIA VIX INDEX



Source: Koyfin, as of 9/30/2021

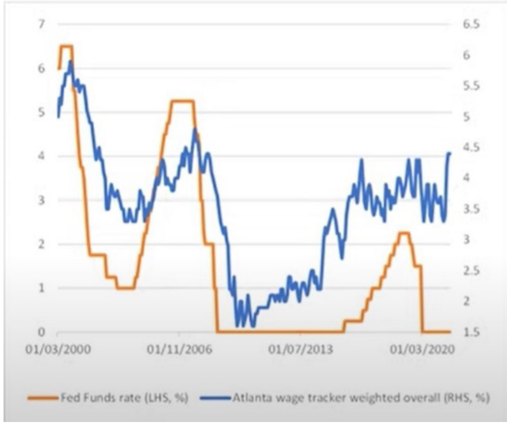
Lastly, our long volatility managers struggled during the third quarter given the overall decline of realized volatility and the lack of any meaningful equity market dislocations (episodes where we see equity markets drawdown > -10%). These strategies serve as "portfolio insurance" that are intended to perform in a big way during large spikes in volatility (ex. VIX Index levels > +30). It is important to note that we source the allocation budget to such strategies from duration exposures like treasury bonds –which are down on the year.

CONCLUSION

Both bond and equity markets have turned more skittish, and at these valuation levels they certainly should be. As we've highlighted all year, navigating this economic recovery will not be an easy task due to inflation considerations. Current bond market yields are deeply negative on a real yield basis, and there are continuing signs that the Fed may be behind the curve on tightening policy. With COVID caseloads having meaningfully fallen from their peaks, the market has plenty of new uncertainties to focus on. Here are some of the bigger risks to watch over the near term:

1. Consumption out of China has slowed, and the pending default episode of a large Chinese property developer has given credit markets something to think about. A big hit on Chinese property values would worsen aggregate demand out of China for global goods- obviously a market negative.

EXHIBIT 8. A LOOK AT FED FUNDS VS WAGE GROWTH



Source: Bloomberg, Atlanta Fed

2. Stimulus effects will wane from both sides: As the Fed begins its taper, fiscal support is also set to expire. At the same time, Congress is debating the contents of a sizable infrastructure package, and currently its passage looks uncertain. At this rate, it looks like the $3.5 trillion package initially proposed will end up being significantly smaller in size. Regardless, peak stimulus measures will be behind us soon, which serves as a drag on growth.

3. The market is starting to contemplate the risk of default as Uncle Sam is inches away from breaching its debt ceiling, while the US Treasury is quickly approaching zero on its cash balance.

4. Inflation isn't coming, it's already here, and in our opinion, it is here to stay for much longer than bond yields suggest. Energy prices have grinded higher, with natural gas prices up nearly +125% in the last 6 months. Furthermore, wage growth has been hot for several months now, and looks to continue its upward growth trajectory.

French composer Claude Debussy said, "Music is the space between the notes." Analogous to our craft, we believe that a robust investment framework gives space in a portfolio for alternatives alongside your stocks and bonds. As we look towards the conclusion of 2021, we believe that our alternative-focused positioning is the correct one for the uncharted environment ahead.

Best,

Johann Lee, CFA
Director of Research

DISCLOSURES

- Bloomberg Barclays Capital US Aggregate Bond Index: The index consists of approximately 17,000 bonds. The index represents a wide range of securities, from investment grade and public to fixed income.
- ICE BoAML HY Index: The index is a commonly used benchmark index for high-yield corporate bonds. It tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market.
- Russell 3000 Index: The Russell 3000 Index is a market-capitalization-weighted equity index maintained by the FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S incorporated equity securities.
- Russell 2000 Index: The Russell 2000 Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index. It was started by the Frank Russell Company in 1984. The index is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.
- MSCI ACWI (All Country World) Index: The MSCI ACWI is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI ACWI Index is comprised of stocks from both developed and emerging markets.
- MSCI Emerging Markets Index: The MSCI Emerging Markets Index is used to measure the financial performance of companies in fast-growing economies around the world. The index tracks mid-cap and large-cap stocks in 27 countries, dominated by Chinese, Taiwanese, and South Korean companies.
- S&P 500 Index: S&P 500 index is a float-adjusted market-cap weighted index, largely reflecting the large-cap US equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.
- NASDAQ 100 Index: The Nasdaq 100 Index is a basket of the 100 largest, most actively traded U.S companies listed on the Nasdaq stock exchange. The index includes companies from various industries except for the financial industry, like commercial and investment banks.
- Purchasing Managers' Index (PMI): PMI Index is an indicator of economic health for manufacturing and service sectors. The purpose of the PMI is to provide information about current business conditions to company decision makers, analysts and purchasing managers.
- ISM Manufacturing Index: The ISM Manufacturing Index is a widely-watched indicator of recent U.S. economic activity. The index is often referred to as the Purchasing Manager's Index (PMI).
- The Bloomberg Commodity Total Return Index: The BCOM TR Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13-week (3 Month) U.S. Treasury Bills.
- CBOE Volatility Index (VIX Index): The VIX Index is a real-time market index used to measure the market's expectation of future volatility. Being a forward-looking index, it is constructed using the implied volatilities on S&P 500 index options (SPX) and represents the market's expectation of 30-day future volatility of the S&P 500 index which is considered the leading indicator of the broad U.S. stock market.

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