ACG Market Review – First Quarter 2025

- **Economy – Trade/tariffs shake soft data and begin to weigh on growth estimates going forward**
  - Consumer survey data has shown quickly deteriorating sentiment and increased inflation expectations as some of the realities of the new administration's policies materialize.
  - As of March 31, tariffs on goods from Canada, Mexico, and China had been announced with broader tariffs on the way that will raise the effective tariff rate in the U.S. to levels not seen for a century.
  - Most academic assumptions on the impact of a new trade war call for a period of increased inflation and lower growth, although there are too many unknowns to make reliable predictions.
    - The Atlanta Fed GDPNow tracker dipped into negative territory late in Q1.

- **Equity – Recent trends reverse during a volatile quarter for stocks in Q1**
  - The S&P 500 fell -4.27% in Q1 as the Magnificent 7 all pulled back significantly from recent highs.
  - A possible rotation took shape as U.S. Value stocks significantly outperformed U.S. Growth names, and International markets outperformed U.S. markets by the widest margin in years.
    - The MSCI EAFE Index was up +6.86% in Q1 as EU nations and the European Central Bank both signaled a willingness to provide support/investment domestically.

- **Fixed Income – Bond markets grapple with implications of fiscal policy on Fed and broader economy**
  - The 10-year Treasury yield fell modestly in Q1, helping the Bloomberg Aggregate Bond Index to a +2.78% return
  - The implied Fed Funds rate moved lower, and credit spreads widened slightly from historically tight levels, signaling that traders may be starting to brace for a possible slowdown in economic growth.

- **Risks/Other Considerations**
  - Tariffs and trade war escalation are the center of gravity for markets right now. Recession risk has risen, which would likely lead to further pain for risk assets if hard economic data weakens over the next several months.

Statistic	Last 10 Year Avg.	12 Month Prior	Prior Quarter	Current Quarter
Fed Funds Rate	1.89%	5.33%	4.33%	4.33%
Prime Rate	5.04%	8.50%	7.50%	7.50%
10-Year Treasury Yield	2.54%	4.33%	4.58%	4.23%
30-Year Fixed Mortgage Rate	4.56%	6.79%	6.85%	6.65%
S&P 500 P/E Ratio (Forward Earnings)	18.3x	21.2x	21.5x	20.5x
Projected Earnings Growth (S&P 500)	+8.5%	N/A	+11.7% (y/y est.)	+7.3% (y/y est.)
U.S. GDP (Real, % change y/y)	+2.5%	+3.2% (Q4 2023)	+2.7% (Q3 2024 est.)	+2.5% (Q4 2024 est.)

Source: Morningstar, ACG, Federal Reserve, FactSet

Market Index Review

Major Market Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500	(5 63)	(4 27)	(4 27)	8 25	9 06	18 58	12 49
Russell 2000	(6 81)	(9 48)	(9 48)	(4 01)	0 52	13 26	6 29
Russell 3000	(5 83)	(4 72)	(4 72)	7 22	8 21	18 17	11 79
MSCI ACWI	(3 95)	(1 32)	(1 32)	7 15	6 91	15 17	8 83
MSCI ACWI Ex US	(0 23)	5 23	5 23	6 09	4 48	10 91	4 97
Bloomberg US Agg	0 04	2 78	2 78	4 88	0 52	(0 40)	1 46

International Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
MSCI EAFE	(0 40)	6 86	6 86	4 88	6 05	11 76	5 39
MSCI Europe	(0 30)	10 48	10 48	6 87	7 32	13 14	5 67
MSCI Pacific	(0 38)	0 46	0 46	0 92	3 86	9 48	5 18
MSCI EAFE Small Cap	0 53	3 69	3 69	3 10	0 88	9 89	5 33
MSCI Emerging Markets	0 63	2 93	2 93	8 09	1 44	7 94	3 70
MSCI Frontier Markets	2 85	7 93	7 93	12 21	1 78	9 94	3 35

Russell Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Russell 1000	(5.79)	(4.49)	(4.49)	7.82	8.65	18.45	12.17
Russell 1000 Value	(2.78)	2.14	2.14	7.18	6.64	16.14	8.79
Russell 1000 Growth	(8.46)	(10.00)	(10.00)	7.72	10.08	20.07	15.10
Russell Mid Cap	(4.63)	(3.40)	(3.40)	2.59	4.61	16.27	8.82
Russell Mid Cap Growth	(7.41)	(7.12)	(7.12)	3.57	6.16	14.86	10.13
Russell Mid Cap Value	(3.68)	(2.11)	(2.11)	2.27	3.78	16.69	7.61
Russell 2000 Growth	(7.58)	(11.12)	(11.12)	(4.86)	0.78	10.77	6.14
Russell 2000 Value	(6.00)	(7.74)	(7.74)	(3.12)	0.05	15.30	6.07

Bond Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
ICE BofA US 3 Month Treasury	0 33	1 02	1 02	4 97	4 23	2 55	1 87
Bloomberg Muni Bond	(1 69)	(0 22)	(0 22)	1 22	1 53	1 07	2 12
Bloomberg US Agg Govt / Cr	0 05	2 70	2 70	4 66	0 45	(0 34)	1 58
Bloomberg Int US Govt / Cr	0 44	2 42	2 42	5 65	2 18	0 86	1 81
Bloomberg US Cr 1 3 Years	0 43	1 64	1 64	6 06	3 66	2 52	2 24
Bloomberg U S Long Cr	(1 38)	2 47	2 47	2 09	(2 19)	(0 50)	2 05
Bloomberg US Corp HY	(1 02)	1 00	1 00	7 69	4 98	7 29	5 01
Bloomberg Gl Treasury	0 61	2 59	2 59	1 86	(3 20)	(3 02)	(0 13)

Sector Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500 Materials	(2 62)	2 81	2 81	(5 67)	1 30	16 11	8 06
S&P 500 Cons Discretionary	(8 91)	(13 80)	(13 80)	6 86	3 40	15 62	11 41
S&P 500 Cons Staples	(2 43)	5 23	5 23	12 43	6 84	12 69	8 87
S&P 500 Energy	3 85	10 21	10 21	2 49	11 07	31 56	6 24
S&P 500 Financials	(4 20)	3 52	3 52	20 18	11 23	21 46	12 04
S&P 500 Health Care	(1 70)	6 54	6 54	0 40	3 92	12 37	9 14
S&P 500 Industrials	(3 59)	(0 19)	(0 19)	5 65	10 26	19 26	10 81
S&P 500 Information Technology	(8 83)	(12 65)	(12 65)	5 89	13 84	24 33	20 62
S&P 500 Real Estate	(2 38)	3 52	3 52	9 96	(1 30)	9 80	6 54
S&P 500 Communication Servi	(8 28)	(6 21)	(6 21)	13 56	11 82	17 38	10 30
S&P 500 Utilities	0 26	4 94	4 94	23 87	5 27	10 81	9 53

Other Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Morningstar US OE Long Shor	(2 78)	(0 77)	(0 77)	3 61	4 73	8 74	4 22
Morningstar Equity Market Ne	0 93	2 66	2 66	6 10	7 22	5 42	2 98
Morningstar US Multistrategy	(0 84)	0 69	0 69	1 70	3 68	5 49	2 50
Wilshire Liquid Alt	(0 96)	0 86	0 86	2 00	2 42	4 49	1 79
TSE EPRA/NAREIT Developed	(2 32)	1 59	1 59	3 90	(4 27)	6 21	1 99
Alerian MLP	0 05	12 58	12 58	22 99	24 98	40 18	5 46
Bloomberg Commodity Index	3 93	8 88	8 88	12 28	(0 77)	14 51	2 77
S&P Gl Infrastructure	2 10	4 60	4 60	18 80	6 09	13 81	6 48
Crude Oil WTI Spot	2 72	(0 79)	(0 79)	(14 40)	(10 50)	28 52	4 18
USD DXY	(3 16)	(3 94)	(3 94)	(0 32)	1 96	1 02	0 58
US CPI All items less food &	0 00	0 67	0 67	2 75	4 03	4 03	3 06

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Q1 2025: Tariffs Dominate the Headlines

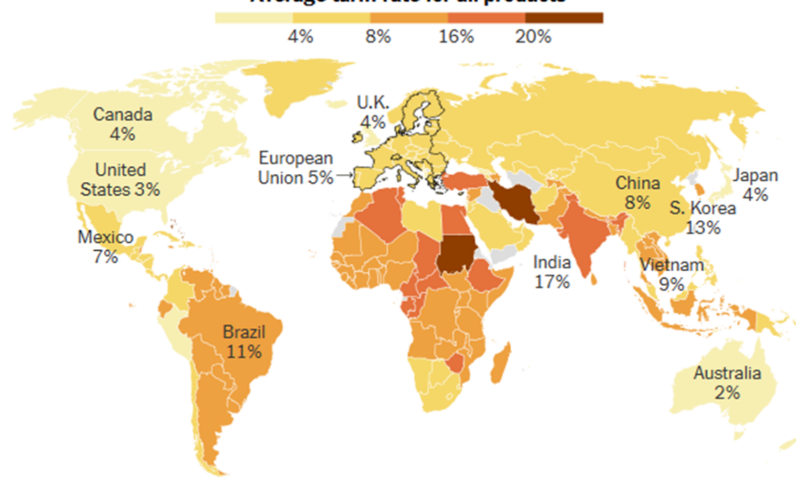
Source: Hedgeye

Tariff Tumult

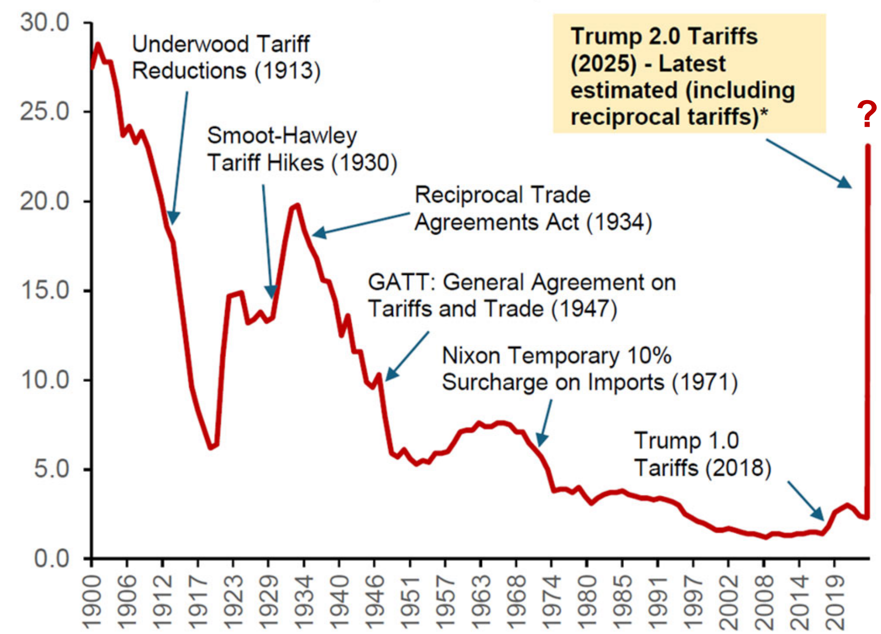
- Soon after taking office, the Trump administration hit the ground running with a number of new initiatives - tariffs being among the most controversial. After some delays, tariffs were placed on a wide range of goods from Canada, Mexico and China with more targeted as well as reciprocal tariffs on the so-called “Liberation Day” on April 2nd.

- The announced tariffs could bring the average effective tariff rate for the U.S. to over 25%*, the highest level in the last century. Commerce Secretary Howard Lutnick suggests that the tariffs are meant to address a number of issues including a more level playing field in terms of global trade, a boost to domestic manufacturing, a way to raise revenue to offset tax cuts, and act as a foreign policy tool to help with issues such as the illegal drug trade and immigration. It remains to be seen if the April 2 reciprocal tariff announcement is permanent or if they will be the starting points for negotiations.

Average Tariff Rate by Country



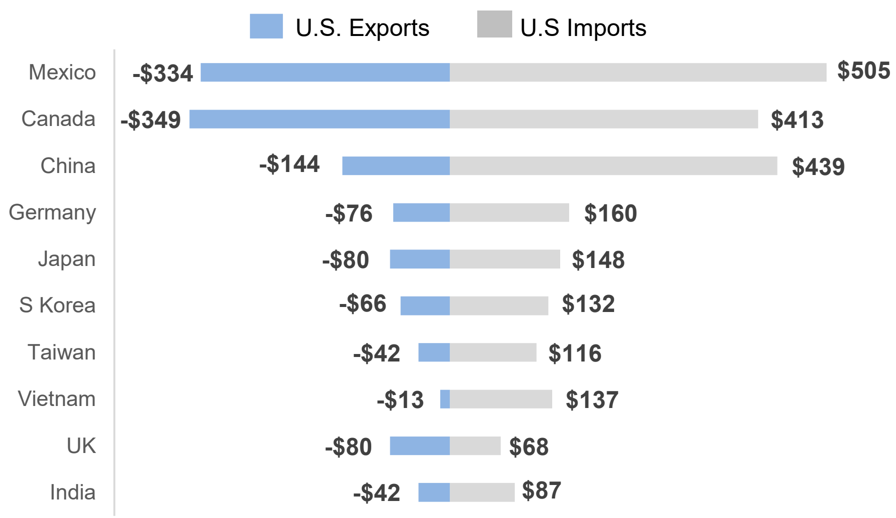
U.S. Average Effective Tariff Rate
(1900-2025)



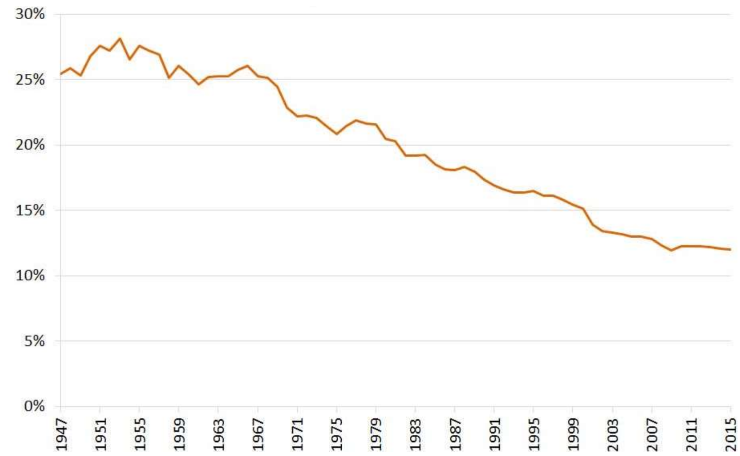
Source: World Trade Organization, Evercore ISI, The Budget Lab at Yale, ACG
** Based on April 2 tariff announcement*

An Attempt to Reverse Trade Deficit & Manufacturing Decline

Top 10 Trading Partners of U.S.
(Imports vs. Exports, Billions)



U.S. Manufacturing Share of GDP
(1947-2024)



- In addition to the previously noted fairness issue, the U.S. trade deficit and decline in manufacturing are also driving the new tariff regime.
- The U.S. imports more than it exports, resulting in a trade deficit. As of 2024, the trade deficit was $918 billion per year. While the U.S. has a trade deficit with both Mexico and Canada, it still has sizeable exports to both countries. With many of the Asian countries, such as China, Japan, South Korea, Taiwan, and Vietnam, the U.S. imports a good deal from these countries but has relatively small levels of exports to these countries.
- If the Trump administration makes good on its reciprocal tariff plan, some countries will see very significant new tariffs.

Reciprocal Tariffs*

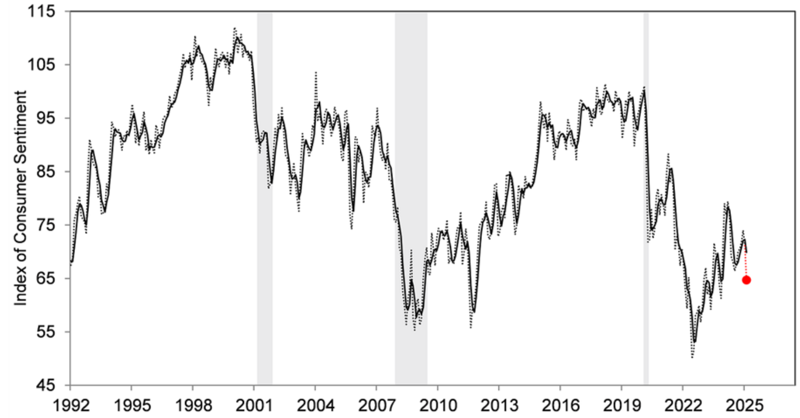
COUNTRY	NEW TARIFF	SHARE OF U.S. IMPORTS
China	+34%	13.4%
E.U.	+20%	18.5%
Vietnam	+46%	4.2%
Taiwan	+32%	3.6%
Japan	+24%	4.5%
India	+26%	2.7%
South Korea	+25%	4.0%
Thailand	+36%	1.9%
Switzerland	+31%	1.9%
Indonesia	+32%	0.9%
Malaysia	+24%	1.6%
Cambodia	+49%	0.4%
United Kingdom	+10%	2.1%
South Africa	+30%	0.4%

Source: Bureau of Economic Analysis, Capital Economics, FT.com, Schwab, White House, ACG
** Based on April 2 tariff announcement*

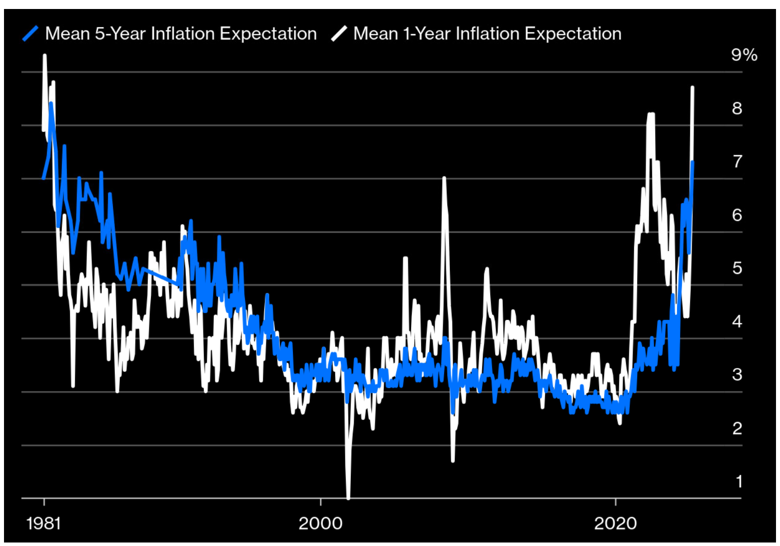
Second Order Effects of Tariffs & Policy Uncertainty

- One negative side effect of the tariffs (and specifically the continued uncertainty around their scope and magnitude) is the effect on consumer psyche.
- Inflation expectations were notably elevated with survey participants citing their fears over future tariff driven inflation as a key driver for their drop in overall sentiment.
- Both the University of Michigan and Conference Board's index of Consumer Sentiment dropped to new recent lows.

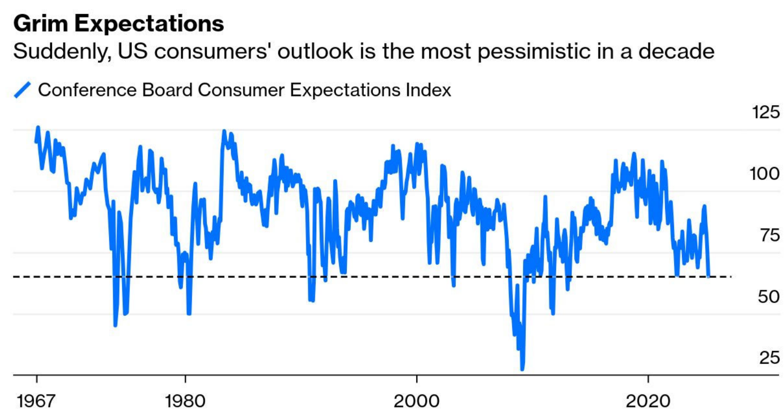
Index of Consumer Sentiment
(1992-2025)



Consumer Inflation Expectations
(U. of Michigan Survey)



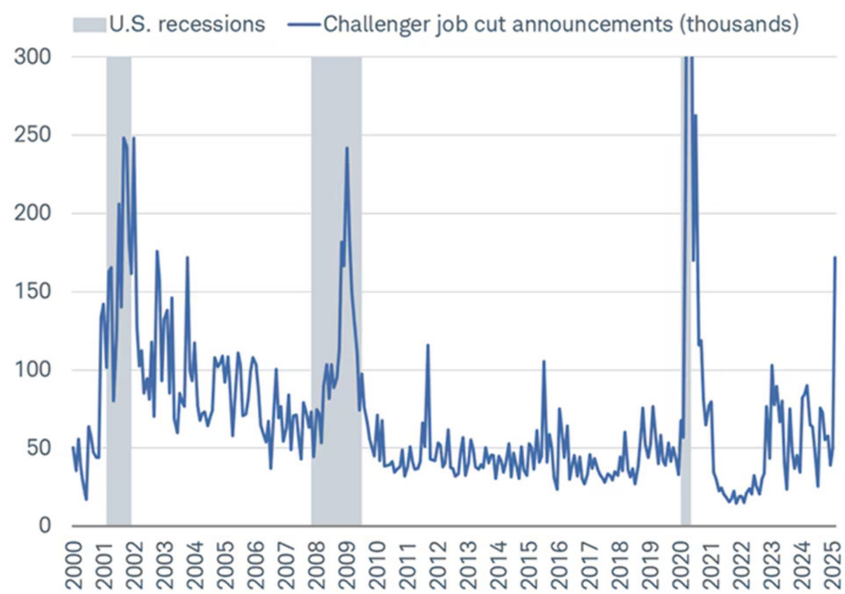
Conference Board Consumer Sentiment
(1967-2025)



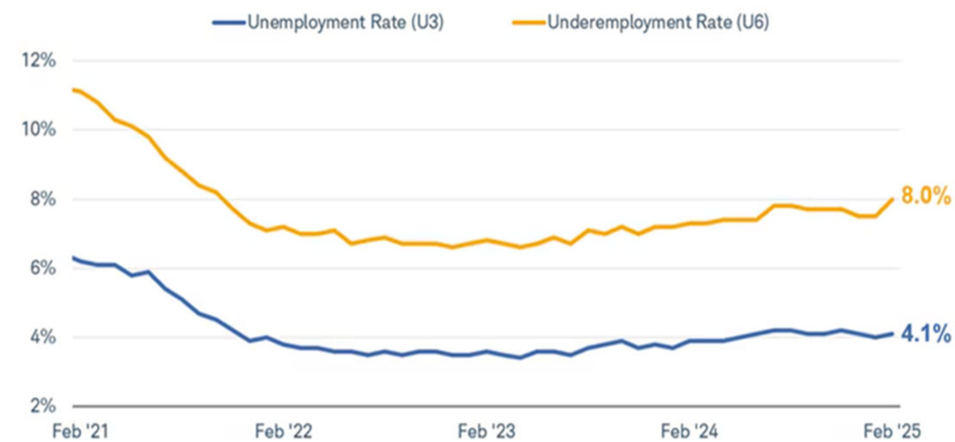
Source: Charles Schwab, University of Michigan, Conference Board, Bloomberg, ACG

Employment: Not Bad, But Not as Good as Headlines Suggest

Job Cut Announcements
(2000-2025)



Unemployment Rate
(Headline Rate vs. Under Employment Rate)



- Job cut announcement data from outplacement firm Challenger, Gray, & Christmas showed a jump to nearly 173,000 in February. At first glance, the data looks in-line with past recessionary periods, but most of the increase in announcements was driven by the government and nonprofit sectors, reflecting the impact from D.O.G.E. (Department of Government Efficiency) efforts to quickly right-size the federal workforce.

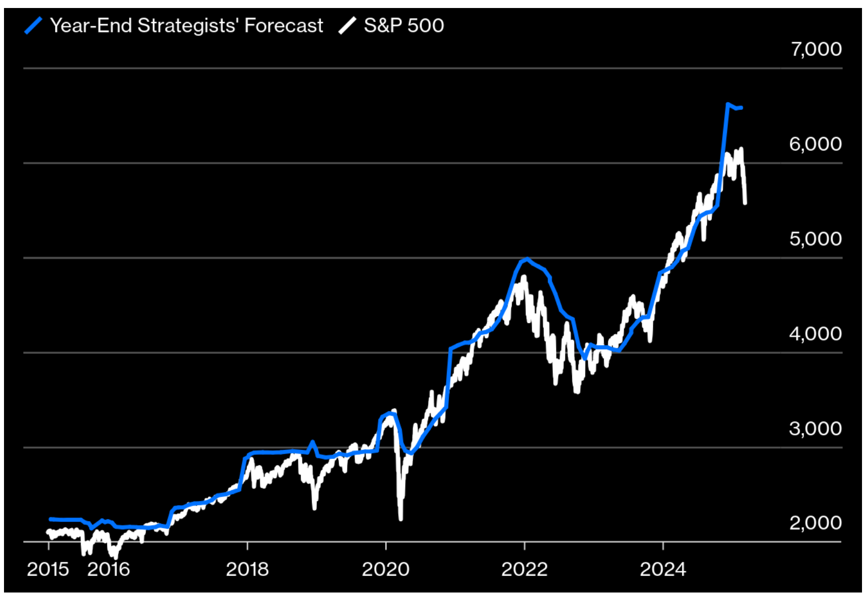
- In a sign of an overall healthy economy, the headline unemployment rate has hovered around the 4% level since early 2022. The "underemployment rate" (technically the U6 measure of unemployment) which shows the number of people looking for full-time work that can't find it, jumped recently. Changes in this data, however small, are generally scrutinized by those looking for signs of a pending recession.

Source: Charles Schwab, Bloomberg, Bureau of Labor Statistics, ACG

Volatility Returns With S&P 500 Correction During Q1 2025

VIX Volatility Index

S&P 500 Index Level vs. Target



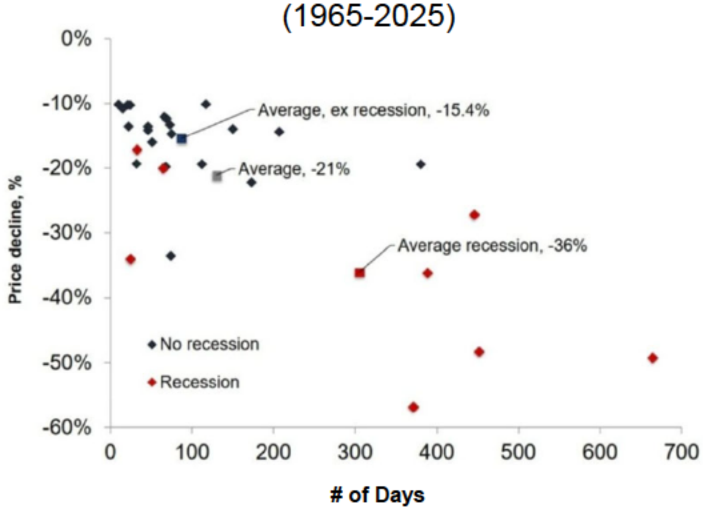
- The S&P 500 officially entered correction territory in March which is defined as a peak-to-trough loss of over 10%. The sell-off was driven by a roller coaster of headlines related to tariffs as well as a general growth scare. Currency and bond markets also saw higher volatility.
- In our prior market commentary, as of year-end 2024, we noted the optimism in Wall Street strategists' 2025 year-end targets for the S&P 500. The average estimate at the time was for the Index level to reach just over 6,600 by year-end. In March 2025, some strategists had started to cut their forecasts based on recent volatility and policy uncertainty.
- In March, for example, Goldman Sachs brought their year-end 2025 estimate down from 6,500 to 6,200. Then, near the end of March, they reduced their target further from 6,200 to 5,700. In addition, they reduced their earnings growth estimates for the S&P 500 in 2025 to 7% growth (down from 9%).
- As part of their downward revision, they are increasing their estimate of the effective average U.S. tariff rate from 10% to 13%. In their modeling, for every five-percentage point increase in the average tariff rate, S&P 500 earnings are reduced by approximately 1-2%. This dynamic highlights the difficulty in projecting earnings in such a volatile environment.

Source: Bloomberg, CBOE, Standard & Poor's, ACG

Market Corrections Are More Common Than Many Think

- While each equity market sell-off can feel like it has the potential to quickly turn into something much worse, few actually do. Most episodes are often brief and relatively shallow in their decline.
- Since the Global Financial Crisis in 2008, there have been thirty sell-offs in the S&P 500 of 5% or more and ten "corrections," or declines of more than 10%. The market has even sold off more than 20% four times since 2008. This frequency highlights the normalcy of such events in the equity markets.
- Market declines that are accompanied by a recession are typically deeper and sometimes longer in duration. Recessions, however, are notoriously difficult to predict or even see in real time. The national Bureau of Economic Analysis, which is the official determinant of recessions, often calls the recession after most of the equity market damage is already done.

S&P 500 Corrections
(1965-2025)



S&P 500 Sell Offs of >5%
(2009-2025)

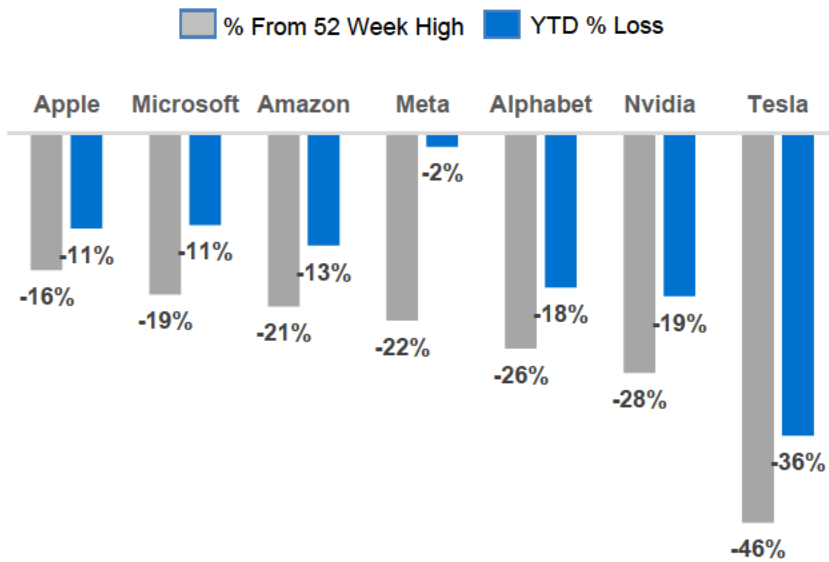
Correction Period	# Days	S&P High	S&P Low	% Decline
2025: Feb 19 – Mar 31	39	6147	5488	-10.6%
2024: Jul 16 - Aug 5	20	5670	5119	-9.7%
2024: Mar 28 - Apr 19	22	5265	4954	-5.9%
2022: Jan 4 - Oct 13	282	4819	3492	-27.5%
2021: Nov 22 - Dec 3	11	4744	4495	-5.2%
2021: Sep 2 - Oct 4	32	4546	4279	-5.9%
2021: Feb 16 - Mar 4	16	3950	3723	-5.7%
2020: Sep 2 - Sep 24	22	3588	3209	-10.6%
2020: Feb 19 - Mar 23	33	3394	2192	-35.4%
2019: Jul 26 - Aug 5	10	3028	2822	-6.8%
2019: May 1 - Jun 3	33	2954	2729	-7.6%
2018: Sep 21 - Dec 26	96	2941	2347	-20.2%
2018: Jan 26 - Feb 9	14	2873	2533	-11.8%
2016: Aug 15 - Nov 4	81	2194	2084	-5.0%
2015/16: May 20 - Feb 11	267	2135	1810	-15.2%
2014/15: Dec 29 - Feb 2	35	2094	1981	-5.4%
2014: Dec 5 - Dec 16	11	2079	1973	-5.1%
2014: Sep 19 - Oct 15	26	2019	1821	-9.8%
2014: Jan 15 - Feb 5	21	1851	1738	-6.1%
2013: May 22 - Jun 24	33	1687	1560	-7.5%
2012: Sep 14 - Nov 16	63	1475	1343	-8.9%
2012: Apr 2 - Jun 4	63	1422	1267	-10.9%
2011: May 2 - Oct 4	155	1371	1075	-21.6%
2011: Feb 18 - Mar 16	26	1344	1249	-7.1%
2010: Apr 26 - Jul 1	66	1220	1011	-17.1%
2010: Jan 19 - Feb 5	17	1150	1045	-9.2%
2009: Oct 21 - Nov 2	12	1101	1029	-6.5%
2009: Sep 23 - Oct 2	9	1080	1020	-5.6%
2009: Jun 11 - Jul 7	26	956	869	-9.1%
2009: May 8 - 15	7	930	879	-5.5%
Median	**26**			**-7.6%**

Source: Standard & Poor's, Oxford Economics, Charlie Biello, ACG
Note: 2025 Data through March 31, 2025

Not So Magnificent Seven

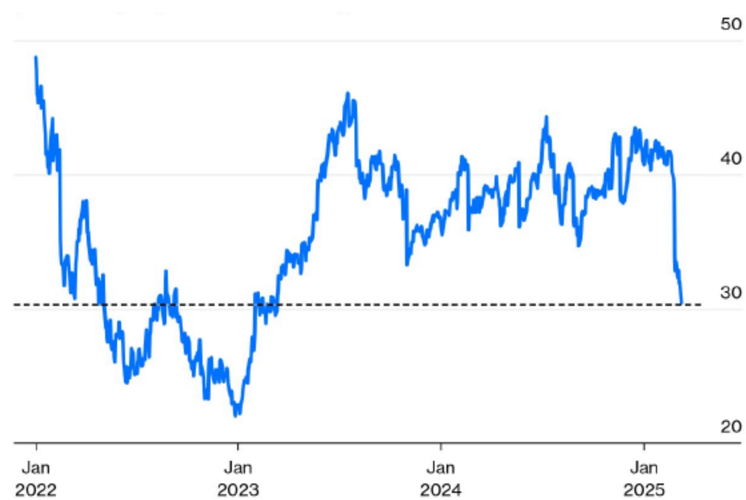
- After driving a majority of the positive return in the S&P 500 during the most recent market cycle, the Magnificent Seven stocks saw significant declines year-to-date and/or vs. their own 52-week highs. The average decline from their 52-week highs was over 25% and they saw an average year-to-date decline of over 15%. By contrast, the other 493 S&P 500 stocks were nearly flat for Q1.
- Another notable trend is that the beta of these largest stocks has also been increasing. Despite their recent decline, the Magnificent Seven stocks make up nearly 30% of the S&P 500 in terms of index representation but now make up almost 45% of the beta of the market – underscoring their importance (and their risk).
- After the sell-off, valuations are now at much more attractive levels. The Magnificent Seven, which were trading above the 40x earnings level, are now trading just below 30x.

Magnificent Seven Stock Performance
(Percent Loss from 52 Week High)



Top 7 Stocks in S&P 500
(Weight in Index vs. Beta)

Magnificent Seven Valuation
(Trailing Price-to-Earnings Ratio)

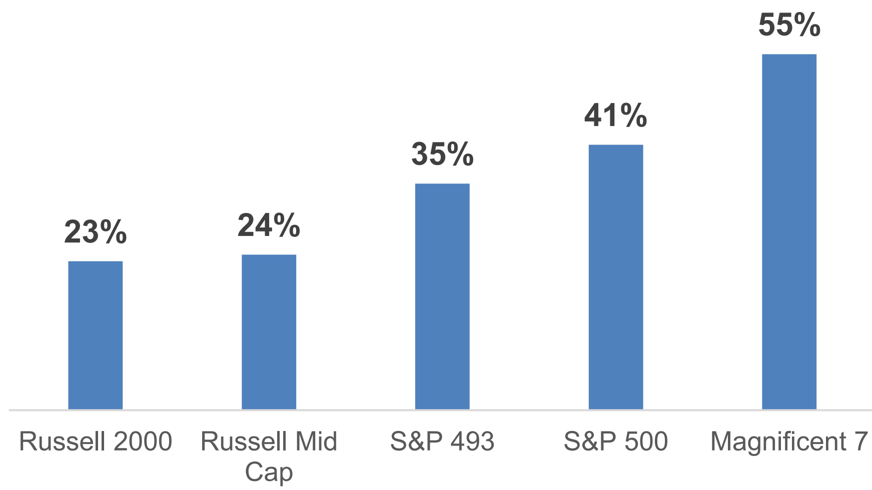


Source: Schwab, Bloomberg, Trivariate Research, Goldman Sachs, ACG

Which Indexes and Sectors are Most at Risk to Tariffs?

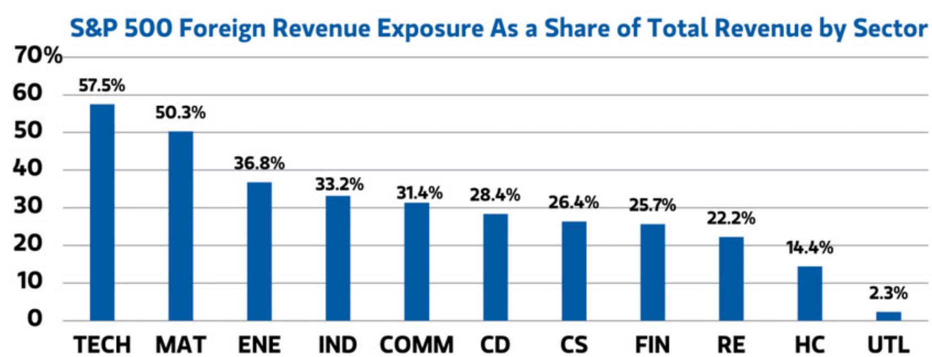
- In terms of the domestic equity markets, small and midsize capitalization companies tend to be less exposed to tariffs because less than one quarter of their revenue comes from overseas. Large caps, on the other hand, get over half of their revenues from overseas. Within the S&P 500, the Magnificent Seven companies are particularly exposed to tariffs due to the global nature of their revenues. The other 493 components of the S&P 500 Index are less exposed.

Percent of Non-U.S. Revenue
(By Index / Grouping)



- Looking within the sectors of the S&P 500, the Technology and Materials sectors get more than half of their revenue from overseas. On the other end of the spectrum, the Utilities and Healthcare sectors are primarily domestically focused. The other sectors all fall within a relatively tight band, getting about a quarter to a third of their revenue from foreign sources.

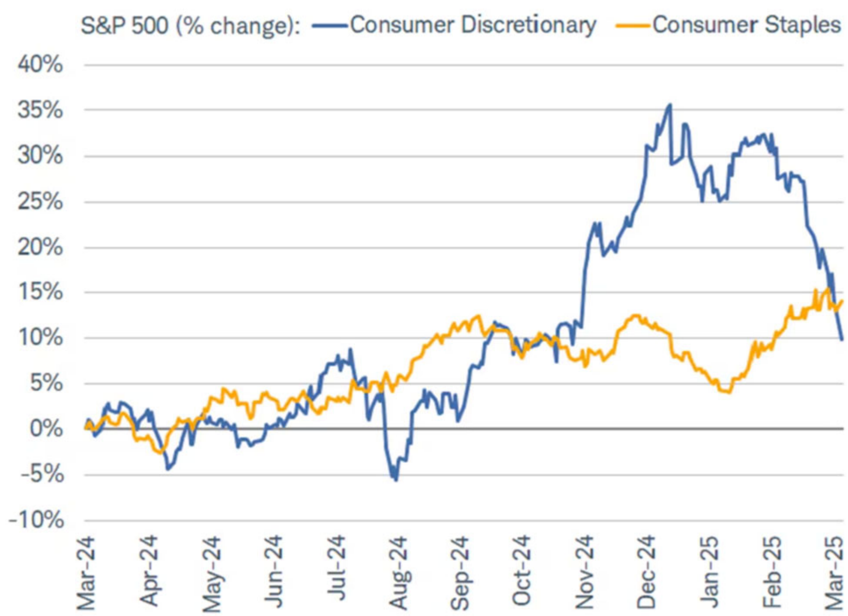
Percent of Non-U.S. Revenue
(By Sector)



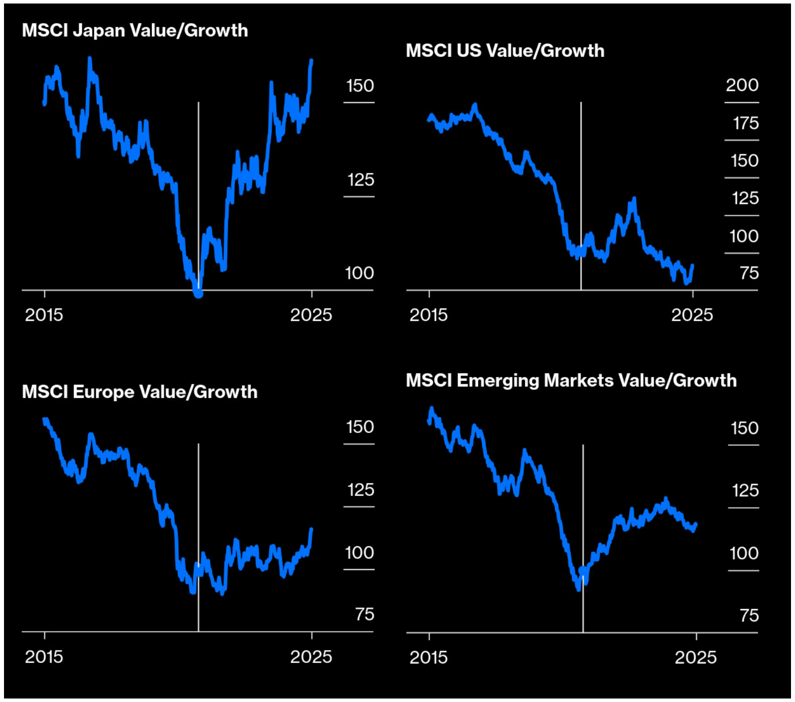
Source: FactSet, Russell Investment Group, Standard & Poor's, Strategas, Morgan Stanley, ACG

A Style Rotation During the First Quarter…

Consumer Staples vs. Consumer Discretionary
(Sector Performance Comparison)



Value vs. Growth Style Returns
(by Region)



- After a period of strength in Consumer Discretionary stocks during the second half of 2024, the sector weakened during the first quarter as many economists began to question the strength of the overall economy and specifically consumer spending. At the same time, Consumer Staples stocks started to rally as investors repriced their prospects in an environment when the economy may be slowing.

- This rotation occurred across the globe and more broadly in the shift from growth to value style leadership. Although the U.S. experienced this shift during the first quarter of 2025, the move was small relative to the shift that was already underway overseas. For example, in Japan, Europe and Emerging Markets, the shift to value got started in 2020 and has gained some momentum lately.

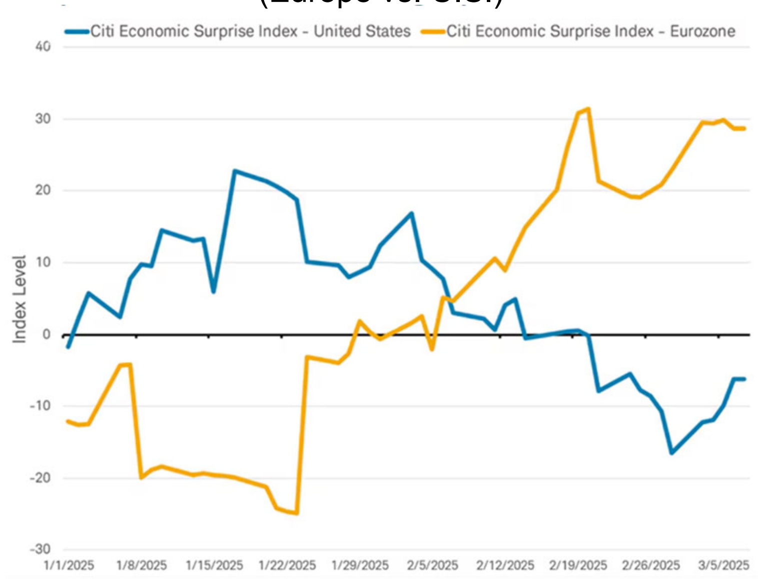
Source: Schwab, Bloomberg, ACG

…And a Geographic Rotation is Underway Too

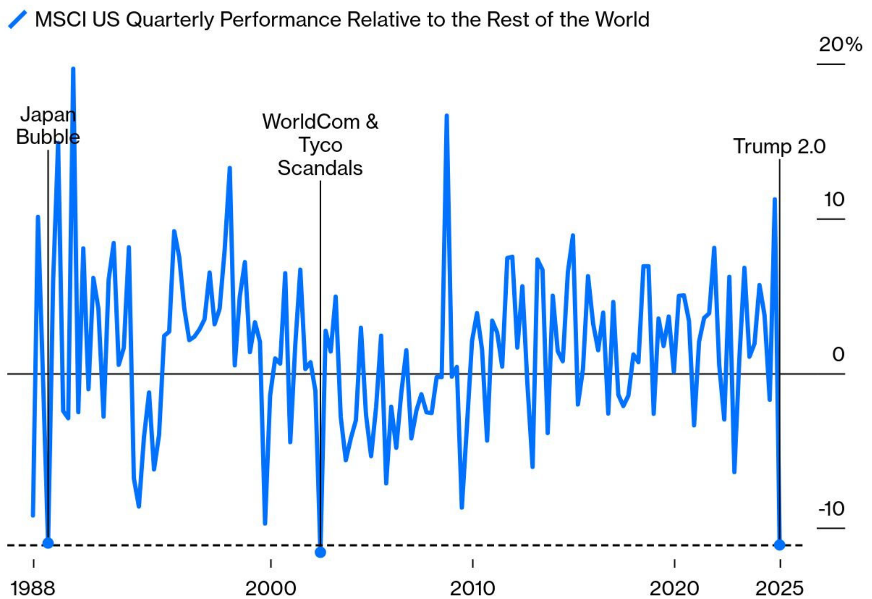
- Citigroup's Economic Surprise Index, which had favored the U.S., flipped over to favor the Eurozone during the first quarter. Foreign stock returns, which had lagged notably and been the topic of much discussion, suddenly rallied as U.S. equity markets stumbled.

- A big driver of the resurgent optimism around Europe centered on its need to rapidly boost defense spending as a result of the U.S. potentially pulling back from the role it has played in the region since World War II. European defense stocks rallied sharply as a result. This performance was in sharp contrast to U.S. Technology stocks which was one of the hardest hit sectors.

Citigroup Economic Surprise Indexes
(Europe vs. U.S.)



American Stocks' Worst Quarter in 23 Years
US index only lagged by more during the accounting scandals of 2002

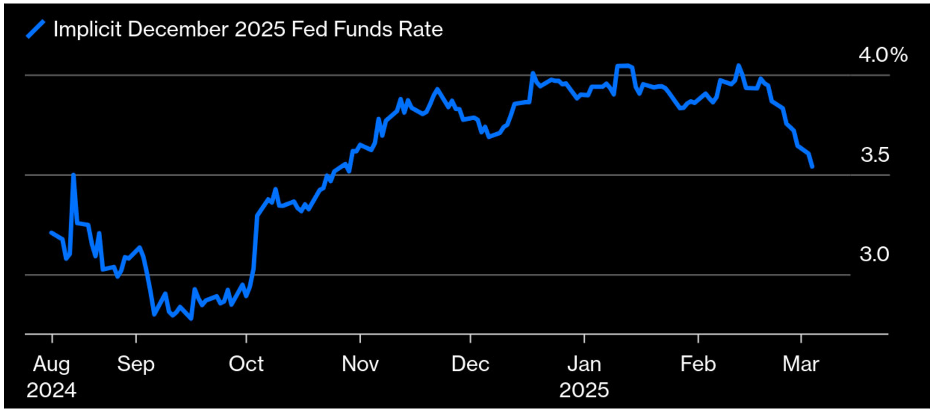


Source: *Schwab, Citigroup, STOXX, Standard & Poor's, MSCI, Bloomberg, ACG*

Rate Cut Expectations Return, But Bond Markets Less Worried

- Sensing this shift in sentiment, the implied December 2025 Fed Funds rate moved from 4% to near 3.5%, suggesting the Federal Reserve may need to act if this drop in consumer sentiment leads to a slowdown in spending. Consumption makes up almost two thirds of overall U.S. GDP.

Fed Funds Rate Forecast
(Futures Implied Rate as of Dec. 2025)

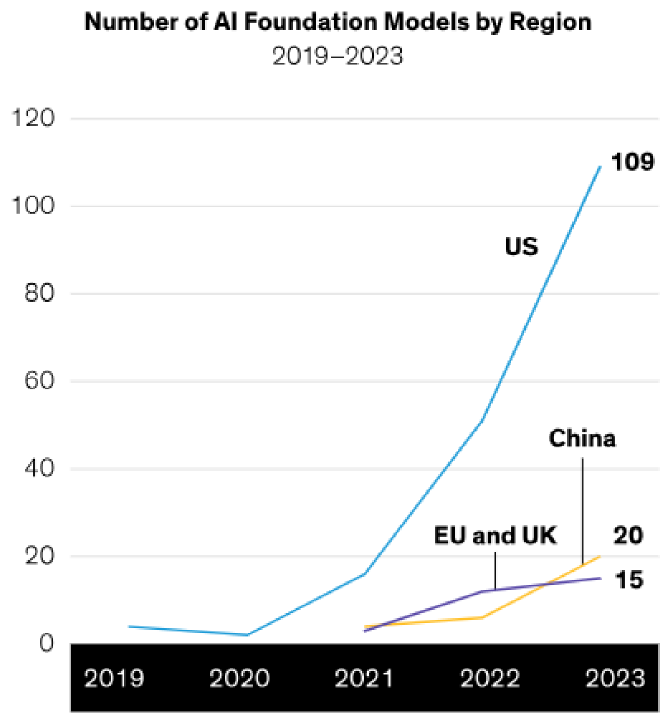


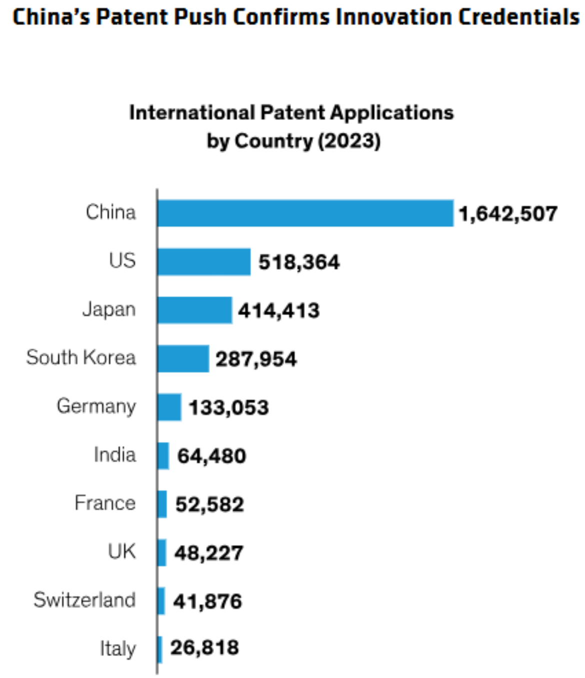
- Credit markets, which tend to express their concern for the economy and corporate profits through the level of credit spreads, have remained relatively unfazed by the mixed economic data and tariff uncertainty. While both high yield and investment grade indexes saw spread levels rise in March, they did so from very low levels. Current spreads are nowhere near the levels seen during past periods of stress like the carry trade unwind of last year or regional banking crisis of two years ago. While it remains to be seen if the worst of the equity market volatility is behind us, credit markets don't appear overly concerned about the immediate future.

Credit Spreads
(High Yield and Investment Grade)

Source: Bloomberg, Federal Reserve, ACG

Risks: U.S. Leadership in Artificial Intelligence Under Pressure

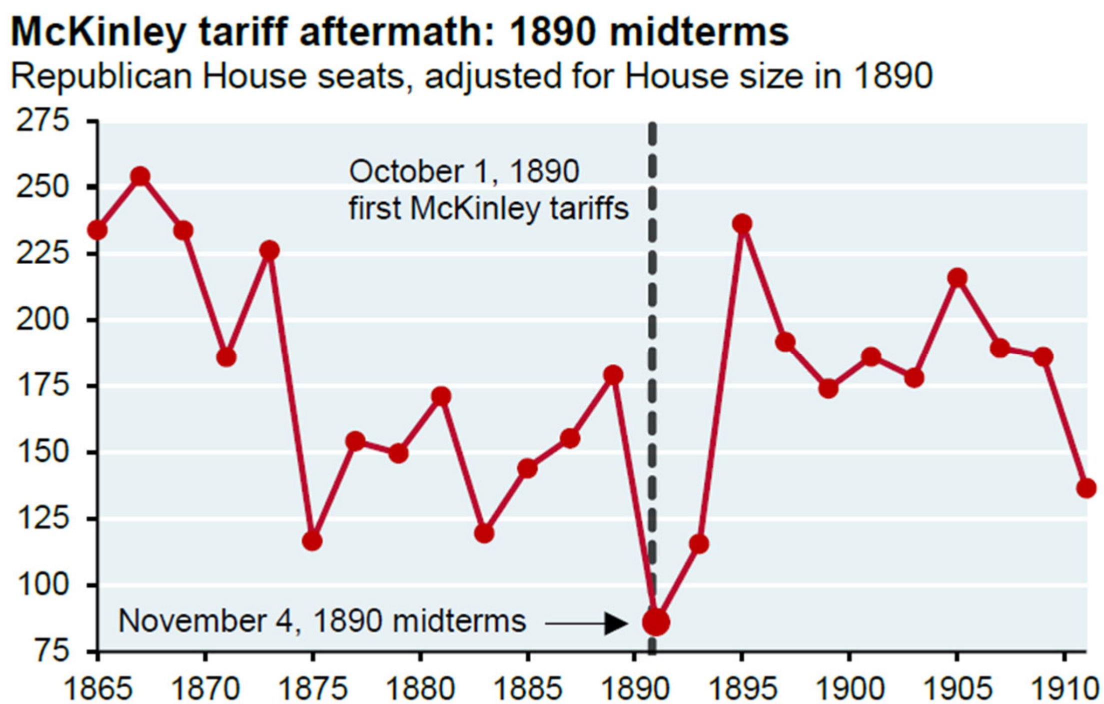




- While the U.S. is still ahead of other regions in the total number of Artificial Intelligence (AI) models, China is catching-up quickly with a significant investment in AI and has recently moved ahead of Europe and the UK.
- China has abundant engineering talent and significant resources to help it compete in AI. China submitted over 1.6 million patent applications in 2023 – more than 3 times greater than their nearest competitor in the U.S.
- China has proven its ability to catch up in other industries such as solar and electric vehicles – two industries where they were not pioneers, but they now dominate. China's cost-effective engineering talent gives its firms a strong chance to emerge as leading players in AI and compete with the U.S. leaders.

Source: AllianceBernstein, Artificial Intelligence Index Report 2024, UC Berkeley, Stanford University, World Intellectual Property Organization, ACG

Appendix: Even More on Tariffs

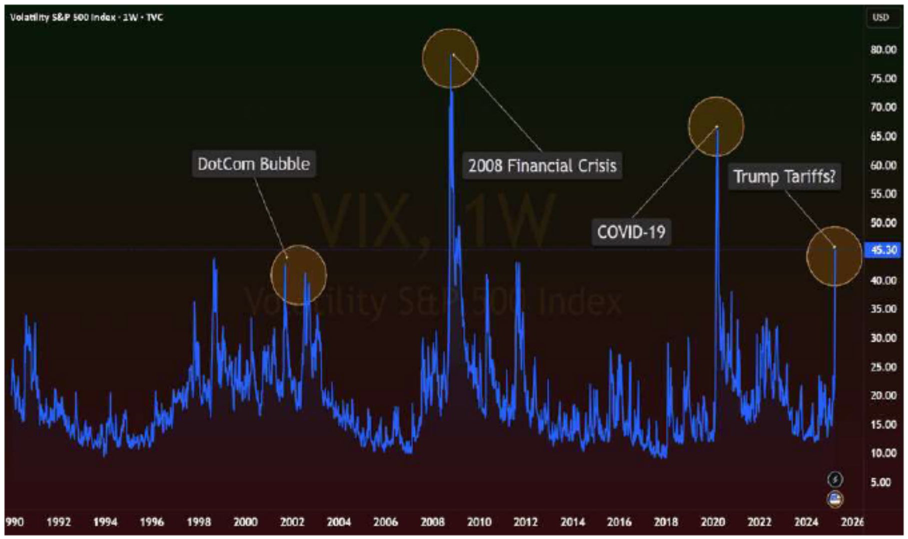


- One cautionary tale from history on tariffs relates to those enacted by President McKinley in 1890. Despite the popularity of the tariffs at the time of implementation, they caused an almost immediate inflation spike.
- Just months later, the GOP lost the equivalent of 100 seats in the 1890 midterm elections.

Source: JP Morgan, Schwab, ACG

Appendix: Volatility & Future Equity Returns

CBOE VIX Volatility Index



S&P 500 Returns Following Volatility Spikes
(1990 – 2025)

		Forward Returns		
Week Ended	**CBOE VIX Spike %**	**1 Year**	**3 Year**	**5 Year**
2/28/2020	135%	31.3%	12.1%	17.1%
8/21/2015	118%	13.3%	15.4%	13.6%
4/4/2025	109%			
5/7/2010	86%	23.0%	15.7%	16.1%
12/12/2014	78%	2.6%	14.7%	11.7%
3/2/2007	76%	-2.2%	-5.2%	1.9%
2/9/2008	68%	5.4%	16.2%	11.5%
12/11/2015	65%	14.8%	11.6%	15.2%
11/26/2021	60%	-11.0%	10.8%	
3/23/2018	57%	10.4%	17.0%	10.6%
2/2/2018	56%	-0.1%	12.5%	10.0%
10/10/2008	55%	22.3%	11.2%	16.0%
8/11/2017	55%	18.3%	13.3%	13.2%
2/4/1994	53%	4.8%	21.7%	24.8%
1/22/2010	52%	19.9%	13.2%	15.5%
10/31/1997	51%	22.0%	16.2%	1.0%
1/29/2021	51%	21.0%	11.3%	
1/21/2022	50%	-8.2%	12.6%	
4/1/1994	50%	15.6%	23.2%	26.2%
9/6/2024	49%			

Average of 20 Biggest 1 Week VIX Spikes	11.3%	13.7%	14.4%
Average of All Other Periods	12.1%	11.7%	11.7%

- The VIX, or CBOE Volatility Index, is a real-time index that measures the market's expectation of volatility in the S&P 500 Index over the next 30 days. The index is often referred to as the "fear gauge.“

- Historically, periods of extreme equity volatility, as expressed by spikes in the VIX Index, tend to be followed by periods of relatively strong equity market returns.

Source: Standard & Poor's, CBOE, ACG

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We urge you to take a moment to compare the account balances contained in this report to those balances reflected on the statements that you receive directly from your account's custodian. Please contact us or the account custodian with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from the custodian on at least a quarterly basis. Please contact us promptly should you experience any changes in your financial circumstances, investing time horizon, or risk tolerance.

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Performance returns have been calculated using data supplied by the client, the custodian, the investment manager, and investment/pricing databases including ICE, Refinitiv, and other sources. ACG has not independently verified data provided by these third parties and does not guarantee the accuracy of any calculation based on such third-party data. No representations or warranties whatsoever are made by ACG or any other person or entity as to the future profitability of an account or the results of making an investment. Past performance is no guarantee of future returns. The performance contained herein is calculated net of fees, unless otherwise indicated, and is based on a security's market price as of the close of trading each business day. Returns for periods under twelve months are not annualized. Returns for periods over one year are annualized.

Time-Weighted Return (TWR) – Performance returns for client assets are generally shown as a Time-Weighted Return (TWR), which is a measure that calculates the compounded rate of growth of a portfolio or asset over a given period. TWR lessens cash flows' distorting effects on growth rates. The daily Modified Dietz calculation is used for TWR calculations.

Internal Rate of Return (IRR) – Performance returns displayed within each Private Assets Portfolio Overview, if included, are shown as an Internal Rate of Return (IRR) which measures the annual growth rate that an investment is expected to generate. IRR considers the amount of cash invested and the timing of the investment.

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Various indices shown in the Market Index Review and elsewhere (each, an "Index") are unmanaged indices of securities that are used as general measures of market performance, and their performance is not reflective of the performance of any specific investment. Index comparisons are provided for informational purposes only and should not be used as the basis for making an investment decision. Further, the performance of an account managed by ACG and each Index may not be comparable. There may be significant differences between an account managed by ACG and each Index for reasons including, but not limited to, risk profile, liquidity, volatility, and asset composition. The performance shown for each Index reflects no deduction for client withdrawals, fees, or expenses. Accordingly, comparisons against the Index may be of limited use. Investments cannot be made directly into an Index.

Index Composite-Dynamic Benchmark – Where shown, the Index Composite-Dynamic Benchmark is an asset-weighted composite benchmark that is calculated based on the weight of each constituent benchmark in the underlying portfolio. This benchmark is rebalanced monthly, and the weight of each benchmark is determined by comparing the value of investments associated with the benchmark at the start of each rebalancing period.

Security and Investment Manager Summary Pages

This report may include one or more security/investment manager summary pages which include a description of the investment, historical performance returns and return summaries, sector allocations, and other information. This information is compiled from several sources including one or more of the following: the client, the custodian, the investment manager, Morningstar, ICE, and other sources. These pages are provided for informational purposes only and reflect the performance of the investment, as provided by Morningstar, over various time periods. While the information presented herein is believed to be reliable, no representation or warranty is made concerning the accuracy of any data presented. You should not treat these materials as advice in relation to legal, taxation, or investment matters.

The purpose of the security/investment manager summary pages is to provide a historical indication of the performance of the security or investment manager. In no way should either the Morningstar Return Summary or the Morningstar Annual Returns be considered indicative or a guarantee of the future performance of a client's investment in that security or with the same manager, nor should they be considered indicative of the actual performance achieved by any client in the same security or with the same manager.

Other Definitions

Alpha – An estimate of risk-adjusted investment performance, where beta is used as a measure of risk. It is an indicator of the rate of return attributable to the investment manager after adjusting for the portfolio's level of market risk. A positive Alpha indicates the investment manager has earned a higher rate of return than expected given the portfolio's level of risk, while a negative alpha indicates the investment manager has earned a lower rate of return than expected given the portfolio's level of risk.

Beta – Beta is a measure of systematic risk of a security or portfolio's sensitivity to the market.

Downside Capture Ratio – This risk metric measures how well a manager performed during periods when the market fell. Downside capture ratio is displayed as a percentage.

Information Ratio – A measure comparing the returns on an investment to the amount of risk taken. It measures whether or not an asset received excess returns for the risk taken. The information ratio is similar to the Sharpe ratio. The only difference is that it measures returns against a particular benchmark rather than a risk-free rate and, therefore, measures the riskiness of the manager's active returns.

Modified Dietz Calculation – The Modified Dietz calculation is a widely used technique for calculating the rate of return on an investment portfolio that accounts for external cash flows, such as contributions or withdrawals. It provides a way to measure the historical performance of a portfolio by using a weighted calculation of cash flows during a specific period.

Multiple of Capital (MOC) – The Multiple of Capital is the amount of money gained from a position as a fraction of the money paid into the position.

Sharpe Ratio – A risk-adjusted measure of return which uses standard deviation to represent risk. It is calculated using annualized return in excess of return of the cash equivalent divided by the annualized standard deviation of the portfolio or benchmark. The higher the Sharpe ratio, the better the fund's risk-adjusted performance.

Standard Deviation – A statistical measure of risk reflecting the total variability (risk) of the portfolio or benchmark. It measures the extent to which the returns for a portfolio have varied from period to period and represents the dispersion of the periodic returns around the average return.

Tracking Error – Tracking error is the difference in actual performance between a position (usually an entire portfolio) and its corresponding benchmark. It is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager, indicating how closely a portfolio follows the benchmark index.

Upside Capture Ratio – This risk metric measures how well a manager performed during periods when the market rose. Upside capture ratio is displayed as a percentage.

INDEX DESCRIPTIONS

Asset class and reference benchmarks:

ASSET CLASS	BENCHMARK
U.S. Equity	Russell 3000 TR
Non-U.S. Equity	MSCI ACWI ex US NR
U.S. Fixed Income	Bloomberg Barclays U.S. Aggregate Bond TR
Global Real Estate (prior to 2008)	NASDAQ Global Real Estate NR
Global Real Estate (2008-present)	FTSE EPRA/NAREIT Global Real Estate NR
Commodities	Bloomberg Commodity TR USD
Cash & Cash Alternatives	Citi Treasury Bill 3 Mon USD

Alerian MLP: The Alerian MLP Index is the leading gauge of large- and mid-cap energy Master Limited Partnerships (MLPs). The float-adjusted, capitalization- weighted index, which includes 50 prominent companies and captures approximately 75% of available market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

Bloomberg 10-Year U.S. Treasuries: Measures the performance of U.S. Treasury securities that have a remaining maturity of 10 years.

Bloomberg U.S. Aggregate Index: Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment- grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Global Aggregate ex-U.S. Dollar Bond Index: Tracks an international basket of bonds that currently contains 65% government, 14% corporate, 13% agency and 8% mortgage-related bonds.

Bloomberg High Yield: Covers the universe of fixed-rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures and 144-As are also included.

Bloomberg U.S. Corporate High Yield: Composed of fixed-rate, publicly issued, non-investment grade debt.

The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities.

Dow Jones U.S. Total Stock Market Index, which comprises all U.S. equity securities with readily available prices.

FTSE 3-Month Treasury-Bill Index: This is an unmanaged index of three-month Treasury bills.

FTSE EPRA/NAREIT Global Real Estate Index: Designed to represent general trends in eligible listed real estate stocks worldwide. Relevant real estate activities are defined as the ownership, trading and development of income producing real estate.

INDEX DESCRIPTIONS

Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US.

Morningstar US Equity-Market Neutral: These funds attempt to reduce systematic risk created by factors such as exposures to sectors, market-cap ranges, investment styles, currencies, and/or countries. They try to achieve this by matching short positions within each area against long positions. These strategies are often managed as beta-neutral, dollar-neutral, or sector-neutral. A distinguishing feature of funds in this category is that they typically have low beta exposures (less than 0.3 in absolute value) to equity market indexes such as the MSCI World. In attempting to reduce systematic risk, these funds put the emphasis on issue selection, with profits dependent on their ability to sell short and buy long the correct securities.

Morningstar US Event Driven : These funds attempt to profit from price changes related to a variety of corporate actions, including bankruptcy, emergence from bankruptcy, divestitures, stock buybacks, dividend issuance, major shifts in corporate strategy, and other atypical events. Many of these funds undertake activist techniques to spur further corporate changes at the underlying companies.

Morningstar US Long-Short Equity: These funds primarily take long and short positions in U.S. equities. These funds follow a strategy in which at least 75% of the fund's gross exposure is in equities, and 75% of equities exposure is in U.S. equities. The fund may also include some derivative instruments. These funds tend to have betas of 0.3 and higher relative to broad U.S. indexes like the S&P 500 and DJ Wilshire 5000.

Morningstar US Macro Trading: These funds base investment decisions on an assessment of the broad macroeconomic environment. They look for investment opportunities by studying such factors as the global economy, government policies, interest rates, inflation, and market trends. As opportunists, these funds are not restricted by asset class and may invest across such disparate assets as global equities, bonds, currencies, derivatives, and commodities. These funds primarily invest through derivatives markets. They typically make discretionary trading decisions rather than using a systematic strategy. At least 60% of the funds' exposure is obtained through derivatives.

Morningstar US Multistrategy: These funds offer investors exposure to several different hedge fund investment tactics. In most of these cases, all of the assets are managed in-house at the hedge fund, but the assets may be divided between multiple portfolio managers, each of whom focuses on a different strategy. This is not to be confused with a fund of funds, which uses external portfolio managers and strategies, as well as second layer of management and performance fees. An investor’s exposure to different tactics may change slightly over time in response to market movements.

MSCI All Country World Index Ex-U.S Index.: A market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. It includes both developed and emerging markets.

MSCI EAFE Index (Europe, Australasia, Far East): A free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The EAFE consists of the country indices of 21 developed nations.

MSCI EAFE Growth Index: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI EAFE Small-Cap Index: An unmanaged, market-weighted index of small companies in developed markets, excluding the U.S. and Canada.

MSCI EAFE Value: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

MSCI Emerging Markets Index: Designed to measure equity market performance in 25 emerging market indexes. The three largest industries are materials, energy and banks.

The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investible U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

INDEX DESCRIPTIONS

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-Cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-Cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

Wilshire Liquid Alternative Index: The Wilshire Liquid Alternative Index^{SM} measures the collective performance of the five Wilshire Liquid Alternative strategies that make up the Wilshire Liquid Alternative Universe. The Wilshire Liquid Alternative Index (WLIQA) is designed to provide a broad measure of the liquid alternative market by combining the performance of the Wilshire Liquid Alternative Equity Hedge Index^{SM} (WLIQAEH), Wilshire Liquid Alternative Global Macro Index^{SM} (WLIQAGM), Wilshire Liquid Alternative Relative Value Index^{SM} (WLIQARV), Wilshire Liquid Alternative Multi-Strategy Index^{SM} (WLIQAMS), and Wilshire Liquid Alternative Event Driven Index^{SM} (WLIQAED).