

ACG Market Review – Fourth Quarter 2025

- **Economy – Tailwinds for growth continue to outweigh weak soft data and a softer labor market**
 - GDP estimates reflecting Q3 2025 came in at a robust +4.3% annualized rate as consumer spending, led by higher-earning households, remained robust.
 - AI-related capital expenditures, looser monetary policy, lower-than-expected inflation, and impending tax cuts should all provide tailwinds for further expansion into 2026.
 - Non-farm payroll growth remains in clear downward trend and the unemployment rate ticked up to 4.6%, giving the Fed and economists reason to keep the labor market under a microscope.
- **Equity – Another positive quarter for stocks across the globe put a bow on a strong year**
 - The S&P 500 was up +2.65% in Q4 as tech and AI remained dominant themes, but there are signs of broadening outside of the Mag 7.
 - U.S. Small Cap stocks measured by the Russell 2000 followed an extremely strong Q3 with a +2.19% gain in Q4.
 - International and Emerging Market stocks were clear winners in 2025 with gains exceeding +30.00% for the year. Q4 was no different with the MSCI ACWI ex USA index up +5.05% and the MSCI EM index up +4.73%.
- **Fixed Income – Fed cuts and tight credit spreads buoy bonds**
 - The U.S. Federal Reserve cut rates by 25 bps at each of their three meetings in Q4, pulling short-term rates lower. Further cuts are not a foregone conclusion and may be dictated more by the labor market than inflation for now.
 - The Bloomberg U.S. Agg index rose +1.10% in Q4 to finish a strong year up +7.30% in 2025.
- **Risks/Other Considerations**
 - AI hype and capital expenditures have driven huge amounts of capital into the space. How AI as a technology evolves could power profits and stock prices higher or could as easily morph into an unsustainable bubble.
 - Policy uncertainty in the U.S. under the new administration remains extremely high, adding a layer of volatility and risk to the economy and markets that is difficult to predict or quantify.

Statistic	Last 10 Year Avg.	12 Month Prior	Prior Quarter	Current Quarter
Fed Funds Rate	2.12%	4.33%	4.09%	3.64%
Prime Rate	5.43%	7.50%	7.25%	6.75%
10-Year Treasury Yield	2.68%	4.58%	4.15%	4.18%
30-Year Fixed Mortgage Rate	4.84%	6.79%	6.30%	6.15%
S&P 500 P/E Ratio (Forward Earnings)	18.7x	21.5x	22.5x	22.0x
Projected Earnings Growth (S&P 500)	+9.5%	N/A	+7.9% (y/y est.)	+8.3% (y/y est.)
U.S. GDP (Real, % change q/q annualized)	+2.7%	+3.3% (Q3 2024)	+2.1% (Q2 2025)	+4.3% (Q3 2025)

Market Index Review As of 12-31-2025

Major Market Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500	0.06	2.65	17.88	17.88	22.98	14.42	14.81
Russell 2000	(0.58)	2.19	12.81	12.81	13.72	6.09	9.61
Russell 3000	(0.02)	2.40	17.15	17.15	22.22	13.14	14.27
MSCI ACWI	1.04	3.29	22.34	22.34	20.63	11.19	11.71
MSCI ACWI Ex US	3.00	5.05	32.39	32.39	17.32	7.90	8.41
Bloomberg US Agg	(0.15)	1.10	7.30	7.30	4.66	(0.36)	2.01

Russell Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Russell 1000	0.01	2.41	17.37	17.37	22.72	13.58	14.58
Russell 1000 Value	0.68	3.81	15.91	15.91	13.88	11.32	10.52
Russell 1000 Growth	(0.60)	1.17	18.70	18.70	31.17	15.34	18.13
Russell Mid Cap	(0.28)	0.16	10.60	10.60	14.34	8.67	11.00
Russell Mid Cap Growth	(1.34)	(3.70)	8.66	8.66	18.62	6.64	12.48
Russell Mid Cap Value	0.06	1.42	11.05	11.05	12.26	9.82	9.77
Russell 2000 Growth	(1.28)	1.22	13.01	13.01	15.57	3.18	9.57
Russell 2000 Value	0.18	3.26	12.59	12.59	11.72	8.87	9.26

Sector Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
S&P 500 Materials	2.22	1.12	10.54	10.54	7.53	6.78	9.91
S&P 500 Cons Discretionary	0.69	0.55	5.31	5.31	24.22	8.16	11.99
S&P 500 Cons Staples	(1.59)	0.01	3.90	3.90	6.25	7.18	8.15
S&P 500 Energy	0.20	1.53	8.68	8.68	4.27	23.76	8.32
S&P 500 Financials	3.07	2.02	15.02	15.02	18.96	15.26	13.17
S&P 500 Health Care	(1.36)	11.68	14.60	14.60	6.25	8.20	9.90
S&P 500 Industrials	1.27	0.88	19.42	19.42	18.32	13.66	13.01
S&P 500 Information Technology	(0.25)	1.42	24.04	24.04	38.77	20.89	24.28
S&P 500 Real Estate	(2.24)	(2.47)	2.67	2.67	6.58	5.51	6.34
S&P 500 Comm Services	(0.98)	7.26	33.55	33.55	42.85	16.34	14.06
S&P 500 Utilities	(5.11)	(1.40)	16.04	16.04	9.99	9.72	10.60

International Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
MSCI EAFE	3.00	4.86	31.22	31.22	17.21	8.92	8.18
MSCI Europe	3.90	6.20	35.41	35.41	18.21	10.29	8.52
MSCI Pacific	1.11	2.18	23.63	23.63	15.31	6.59	7.84
MSCI EAFE Small Cap	2.27	2.68	31.83	31.83	14.94	5.62	7.49
MSCI Emerging Markets	2.99	4.73	33.57	33.57	16.38	4.19	8.41
MSCI Frontier Markets	4.83	6.56	46.86	46.86	21.48	9.60	7.91

Bond Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
ICE BofA US 3 Mth Treasury	0.35	0.97	4.18	4.18	4.81	3.17	2.18
Bloomberg Muni Bond	0.09	1.56	4.25	4.25	3.87	0.80	2.34
Bloomberg US Agg Govt / Cr	(0.27)	0.90	6.88	6.88	4.56	(0.59)	2.16
Bloomberg Int US Govt / Cr	0.09	1.20	6.97	6.97	5.05	0.96	2.29
Bloomberg US Cr 1-3 Years	0.39	1.21	5.82	5.82	5.40	2.46	2.63
Bloomberg U.S. Long Cr	(1.01)	0.00	7.77	7.77	5.35	(2.90)	3.36
Bloomberg US Corp HY	0.57	1.31	8.62	8.62	10.05	4.50	6.52
Bloomberg GI Treasury	0.12	(0.44)	6.82	6.82	2.38	(3.72)	0.38

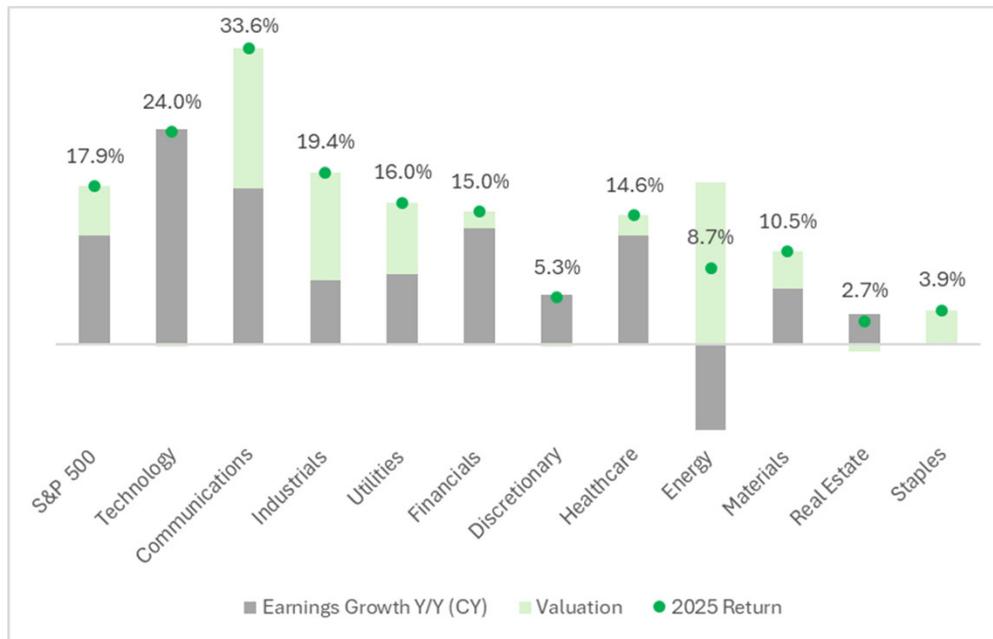
Other Indices	MTD	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Morningstar Long-Short Equity	0.40	1.74	10.71	10.71	10.74	7.03	5.71
Morningstar Eq Mkt Neutral	1.45	2.43	7.07	7.07	7.20	6.80	3.24
Morningstar US Multistrategy	0.45	1.43	6.17	6.17	6.17	4.39	3.40
Wilshire Liquid Alt	(0.77)	0.34	6.14	6.14	5.57	3.06	2.79
FTSE EPRA/NAREIT Dev NR	(1.18)	(0.73)	9.58	9.58	6.64	2.76	3.25
Alerian MLP	(1.62)	3.79	9.76	9.76	19.98	25.95	8.84
Bloomberg Commodity Index	(0.32)	5.85	15.77	15.77	3.95	10.63	5.72
S&P GI Infrastructure	(0.66)	2.37	22.58	22.58	14.63	10.96	9.42
Crude Oil - WTI Spot	(2.25)	(9.36)	(20.96)	(20.96)	(10.63)	3.47	4.42
USD DXY	(1.13)	0.56	(9.37)	(9.37)	(1.70)	1.86	(0.03)
US CPI - less food & energy	0.00	0.16	2.40	2.40	3.17	4.13	3.07

Q4 2025: Market Rally Continues But Not Without Questions

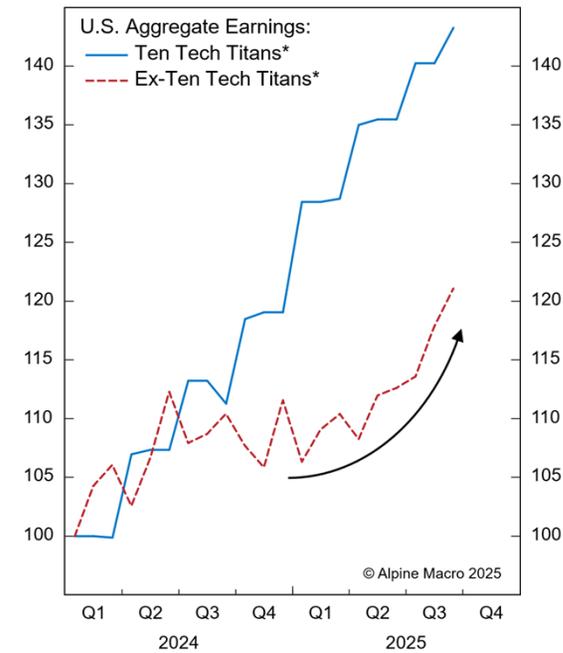


Technology Drove Returns, But Signs of Broadening Emerge

Return Composition of S&P 500 Index & Sectors
(2025 Calendar Year)



Earnings: Top 10 Tech Stocks vs. 490 Other Stocks*
(S&P 500 Stocks, 2024-2025E)



- 2025's full year return of almost 18% for the S&P 500 was driven primarily by earnings growth but was also aided by moderate valuation expansion. Looking across sectors, both Technology & Communications were boosted by the Artificial Intelligence buildout and were also the sectors with the strongest earnings growth.
- Many investors remain concerned with narrow profit leadership centered around the largest Technology names. Some of this worry, however, may be overstated as aggregate S&P 500 earnings outside of the 10 largest Technology names are now swinging higher. This dynamic will likely be a key sign to watch as it relates to a continuation of the market rally into 2026.

Source: Blackstone, Alpine Macro, ACG

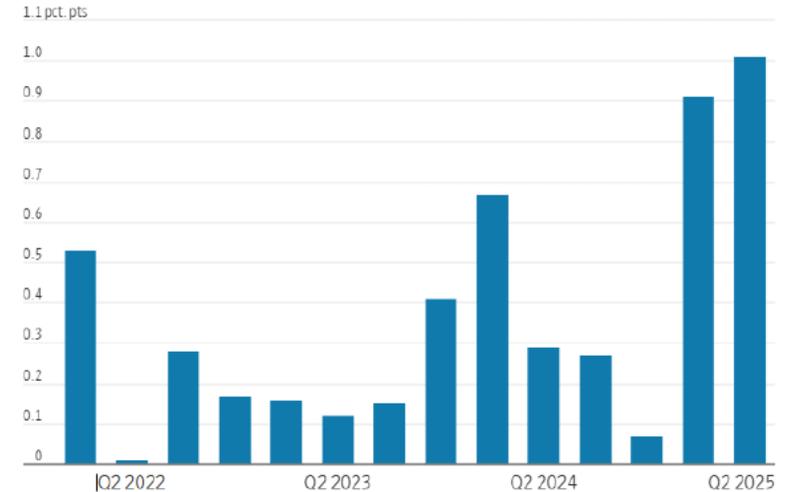
Note: Valuation includes yield

* Top 10 Technology names: Nvidia, Apple, Microsoft, Alphabet, Amazon, Meta, Tesla, Broadcom, Oracle and Palantir

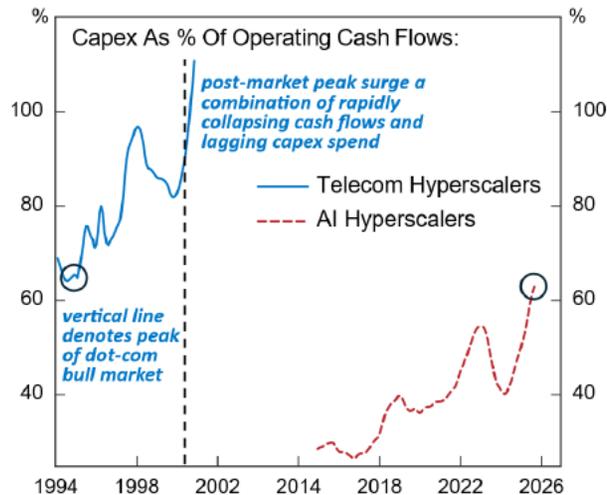
Artificial Intelligence Remains the Dominant Market Theme...

- Artificial Intelligence (AI) related investment now accounts for over one point of U.S. GDP growth. This trend has the potential to continue and even increase.
- Looking back at the Tech & Telecom bubble of the late 1990s and early 2000s, capital expenditures peaked at just over 100% of operating cashflows for the large Telecom names. Today's AI Hyperscalers, by comparison, are at just over 60%.
- Over the next decade plus, AI is expected to have a similar impact on GDP growth as that of past technological revolutions. A key difference, however, is the speed of the transformation as well as AI's potential to help accelerate other areas of innovation.

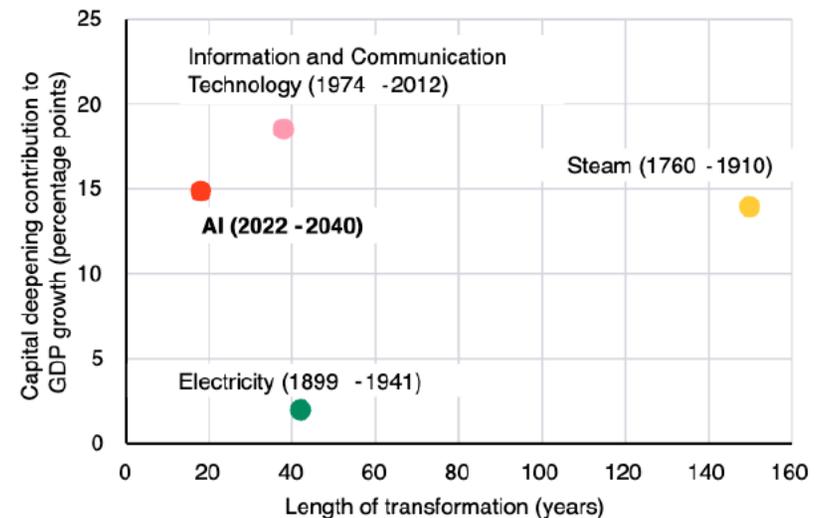
Boost to U.S. GDP from AI related Investment (2022-2025)



Capital Expenditures as a % of Cashflow (Telecomm vs. AI Hyperscalers)

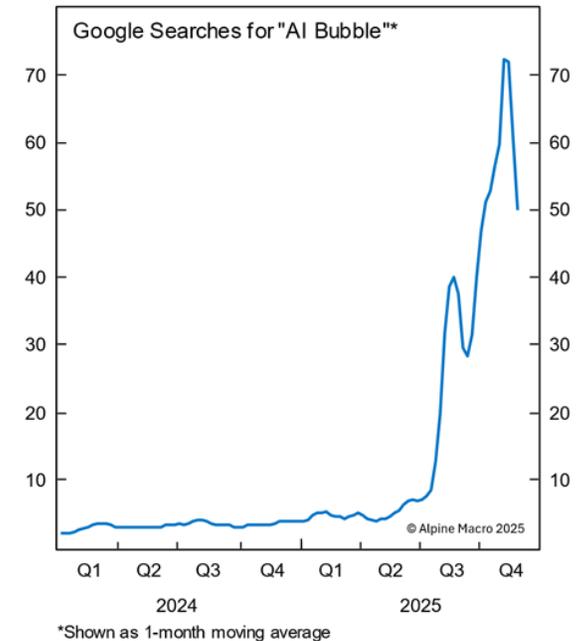


Contribution to GDP vs. Length of Transformation (Past Transformational Technologies)

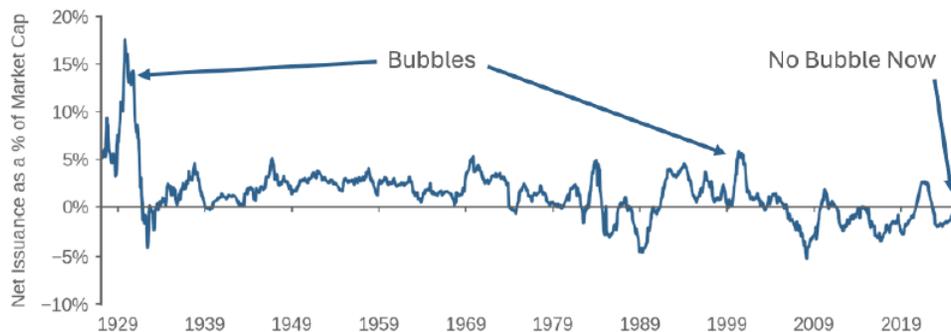


...Which Begg the Question: Are We in a Bubble?

- Market bubbles are very difficult to diagnose in real time. Bubbles are generally characterized by periods of rapid price increases, extreme valuations, credit expansion, increased leverage, new and promising (but unproven) technologies or innovations, and typically a “This time is different” mentality.
- According to a recent research piece by Goldman Sachs, “the current stage of innovation is consistent with early stages of bubbles that we have experienced at other times in history.” Stock prices have not yet risen as dramatically as they did during the last stages of the dot-com bubble. Famed investor Ray Dalio has suggested that we are in bubble territory.
- Many Wall Street firms and strategists have published recent pieces on the topic of a possible AI bubble. Owen Lamont of Acadian Asset Management argues that past equity bubbles were characterized by high net equity issuance – a trend that we have not yet seen in this cycle.
- Howard Marks, of Oaktree Capital, wrote a recent piece conceding that no one really knows if we are in a bubble and suggested that no one should be all-in or all-out during such risky but transformative periods.



Net Equity Issuance
(U.S Stocks, 1929-2025)



“The picture is pretty clear, in that we are in that territory of a bubble. But we don’t have the pricking of the bubble yet.”

- Ray Dalio, Bridgewater Associates Founder

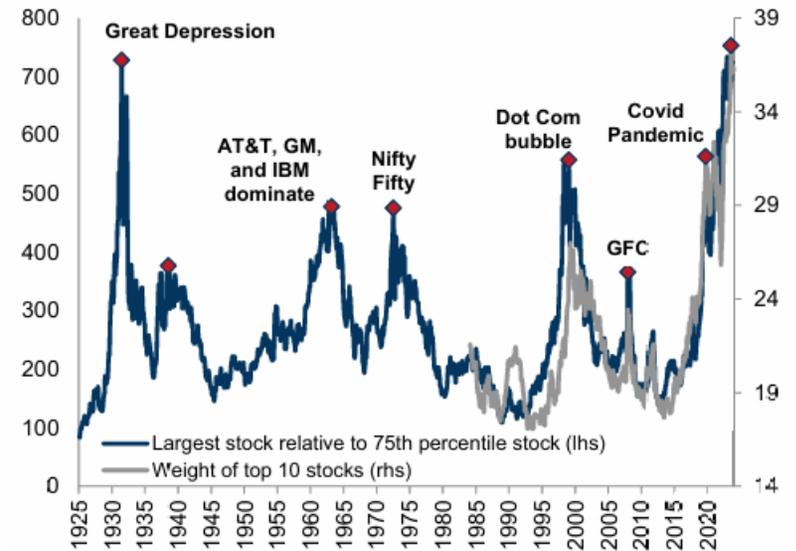
“Since no one can say definitively whether this is a bubble, I’d advise that no one should go all-in without acknowledging that they face the risk of ruin if things go badly. But by the same token, no one should stay all-out and risk missing out on one of the great technological leaps forward.”

- Howard Marks, Oaktree Capital

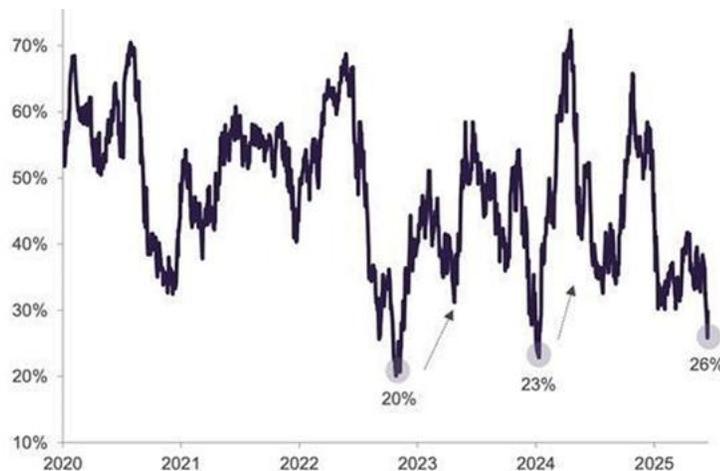
Market Prices AND Market Concentration At All-Time Highs

- One of the consequences of so much focus on AI is extreme market concentration. The weight of the top 10 stocks in the S&P 500 is at all-time high levels. Some investors fear the effects of a sell-off in these names if AI doesn't deliver on its promise.
- The percentage of stocks within the S&P 500 index that have outperformed the index is currently near all-time low levels.
- Historically, peaks in equity market concentration have also marked turning points in style, factor and capitalization trends. For example, looking back at the periods following peaks in 1932, 1957, 1973 and 2000, a study by Bank of America showed that equal weight, small cap, and value style strategies all outperformed the traditional cap-weighted S&P 500. While these shifts look clear in hindsight, they were far less obvious in real time.

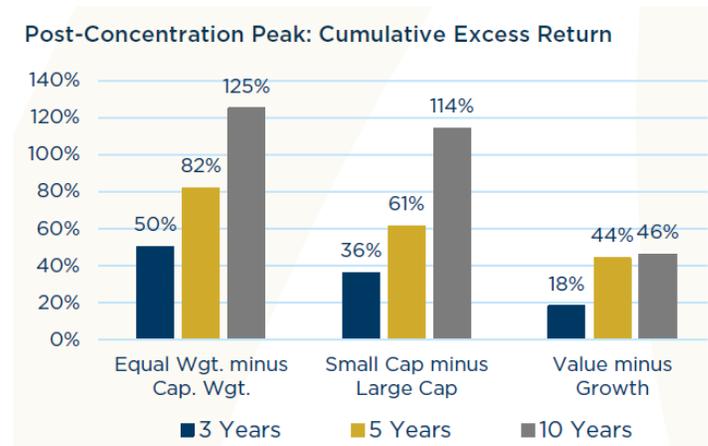
Equity Market Concentration (1926-2025)



Percent of Stocks Outperforming (S&P 500, Rolling 3 Months, 2020-2025)



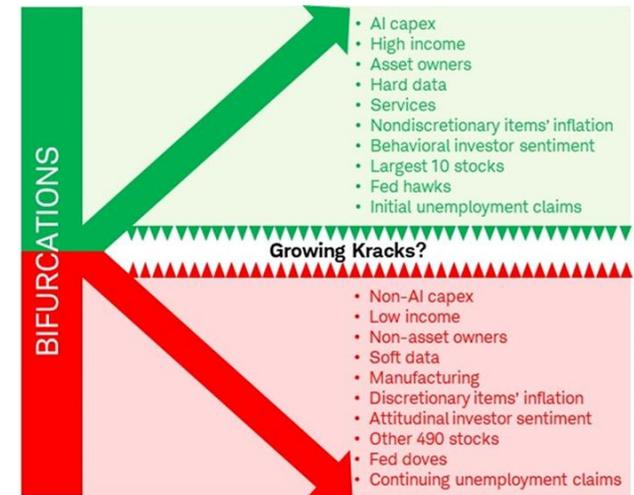
Cumulative Excess Return (Post Peaks in 1932, 1957, 1973 and 2000)



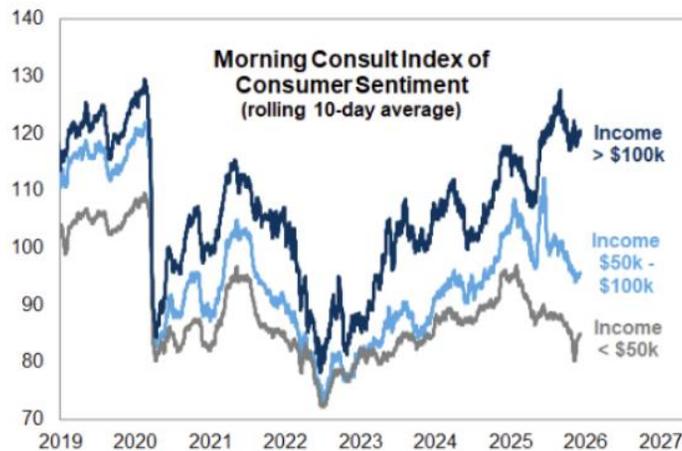
Source: Goldman Sachs, Compustat, Kenneth French, CRSP, Bank of America, Truist, Factset, Standard & Poor's, ACG
 * Market Cap of the largest stock to the 75th percentile stock (LHS). Weight of Top 10 Stocks (RHS)

“K Shaped” Economy Being Talked About Again

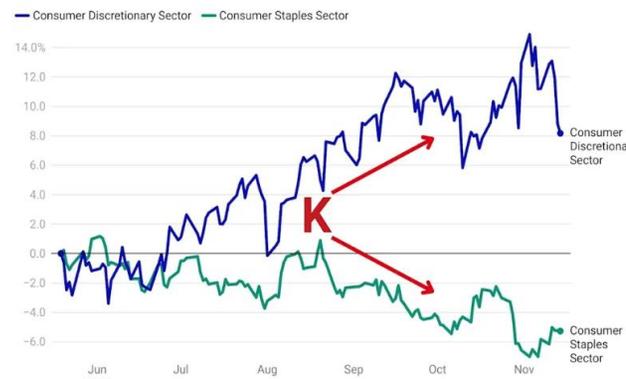
- Across corporate boardrooms, Wall Street firms and amongst Federal Reserve officials, references to a “K shaped” economy have picked up again after being popularized during the Pandemic. The term describes a mixed economic picture with some areas doing well while others lag.
- Evaluating the overall health of the economy in such an instance is difficult and somewhat dependent on the eye of the beholder. For example:
 - Growth is solid, but hiring has slowed and unemployment ticked up.
 - Consumer spending is resilient, but confidence is near recent lows with wide variation determined by income segment
 - Discretionary stocks outperformed Staples as high-income households are flush, but low-income workers saw slowing wage growth
 - Technology earnings growth is strong, but technology-related employment is slowing
 - Even within the AI space, there is wide dispersion among stocks. For example, semiconductors rallied while software lagged.



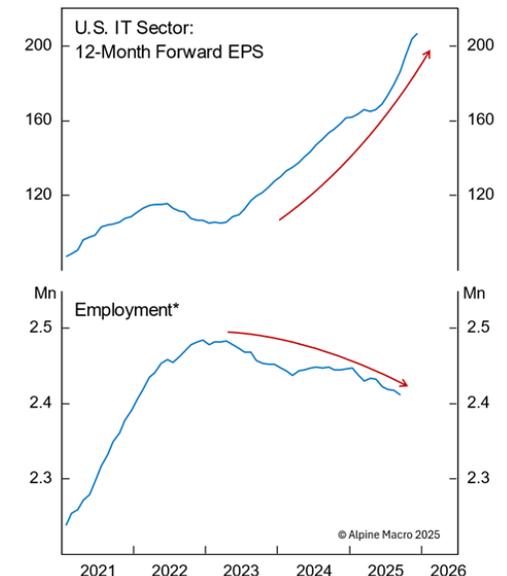
Consumer Sentiment
(By Income Level, 2019-2025)



Performance Comparison
(Discretionary vs. Staples Sectors)



Earnings vs. Employment
(Technology Sector, 2021-2026E)



Growth Style Dominates Again After Slow Start in 2025

- 2025 was another year when growth stocks outperformed with much of their relative outperformance driven by the strong returns of the Technology sector, as noted prior.
- The majority of the Magnificent Seven stocks reside in the Growth index. Russell uses the following methodology in determining a stock's place in one (or both) of the style indexes.
 - Value = Companies are sorted by their Price-to-Book ratio. Companies with low Price-to-Book are considered value stocks.
 - Growth = Companies are sorted on their expected earnings growth and historical sales growth. Companies with the highest observations in the aforementioned categories are considered growth stocks.
- Historically, the highest returning stocks have come from the confluence of stocks that are both cheap and fast growing. Stocks that are expensive and fast growing also outperform the broad index. Interestingly, slow growing stocks that are cheap, also outperform. Expensive but slow growing stocks are the notable underperformers.

Index Performance (%)

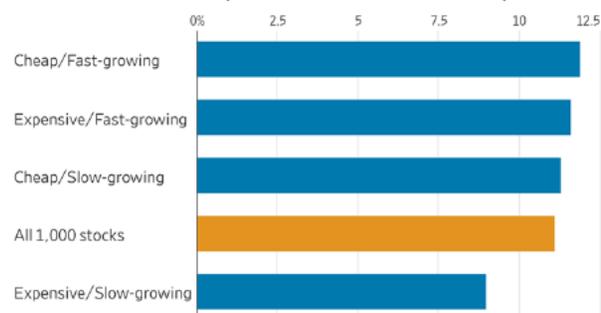


Large Cap Index Constituents

■ Growth & Value ■ Growth
■ Value ■ Bold Green = Mag 7

R1000 Value	Wgt.%	R1000 Growth	Wgt.%	S&P 500	Wgt.%
ALPHABET A&B)	3.91	NVIDIA	12.21	NVIDIA	7.74
BERKSHIRE HATHAWAY	3.09	APPLE	11.11	APPLE	6.86
JPMORGAN CHASE	2.92	MICROSOFT	10.13	MICROSOFT	6.14
AMAZON	2.03	BROADCOM	4.73	ALPHABET A&B)	5.60
EXXON MOBIL	1.70	AMAZON COM	4.53	AMAZON COM	3.83
JOHNSON & JOHNSON	1.66	TESLA	3.81	BROADCOM	2.79
WALMART	1.46	META	3.64	META	2.46
BANK OF AMERICA	1.12	ALPHABET A&B)	6.23	TESLA	2.16
PROCTER & GAMBLE	1.12	ELI LILLY	2.86	BERKSHIRE HATHAWAY	1.57
MICRON TECHNOLOGY	1.06	VISA	1.96	JPMORGAN CHASE	1.50

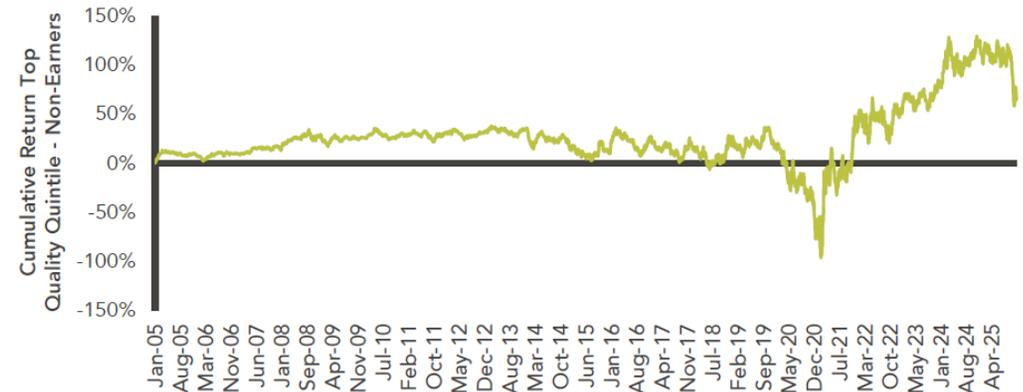
Performance of Top 1000 U.S. Stocks by Quadrant (March 1970-June 2025)



Quality Factor Remains a Headwind, Particularly in Small Caps

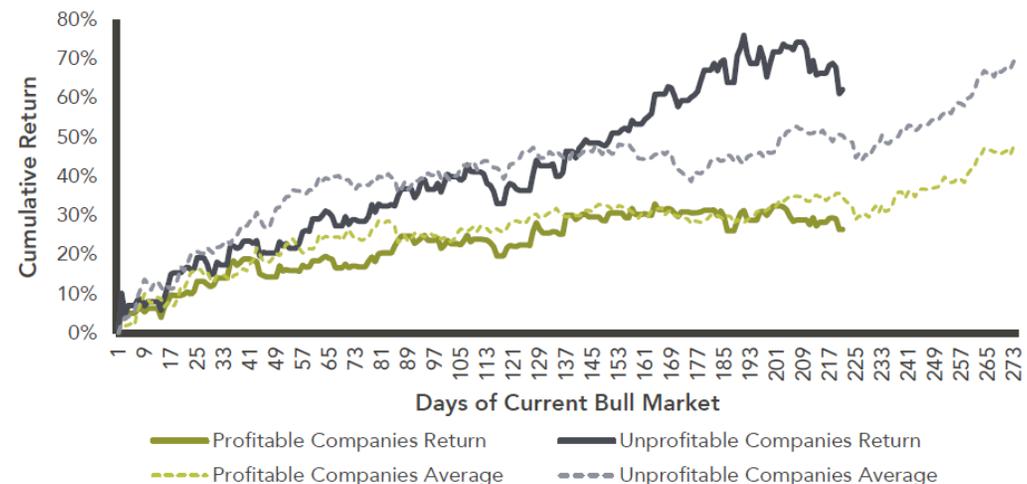
- As we discussed with clients last quarter, low-quality stocks rallied over the summer and negatively impacted many active managers. During mid-November, many of the more speculative names fell precipitously and high-quality returned to favor. The change, however, was short-lived as low-quality rallied to end the month and year. Some have linked the state of financial conditions to the quality factor. When financial conditions are tight, high-quality is in favor, but as financial conditions ease, low-quality outperforms.

Quality Factor Return in Small Cap*
(2005-2025)



- Looking at past bull markets, one sees that unprofitable (i.e., low quality) companies typically outperform. During the recent bull market, this trend is particularly apparent.

Unprofitable vs. Profitable Small Cap Returns
(During Bull Markets)

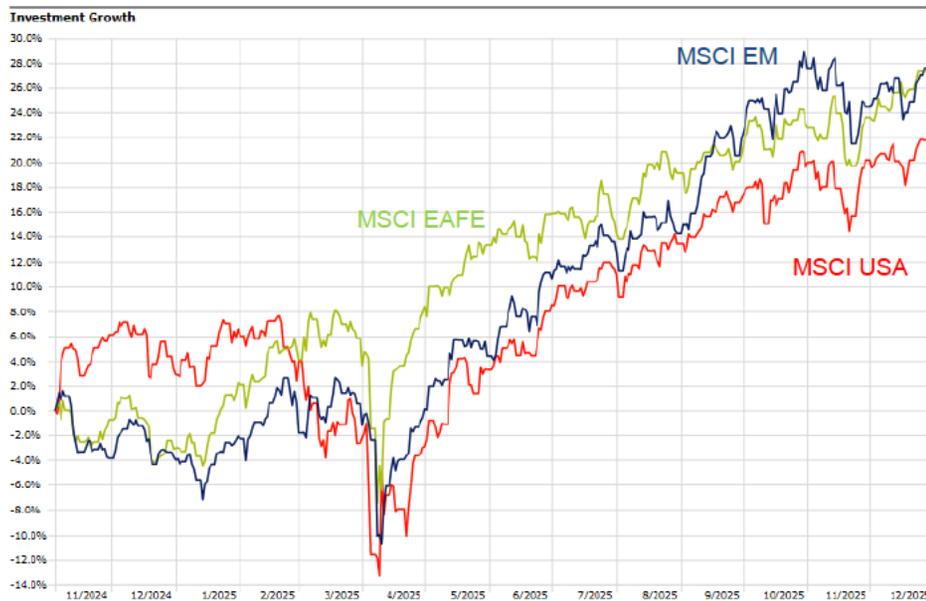


Source: FactSet, Marquette Associates, ACG

* Cumulative return is top quintile of return on equity amongst small cap companies minus non-earners.

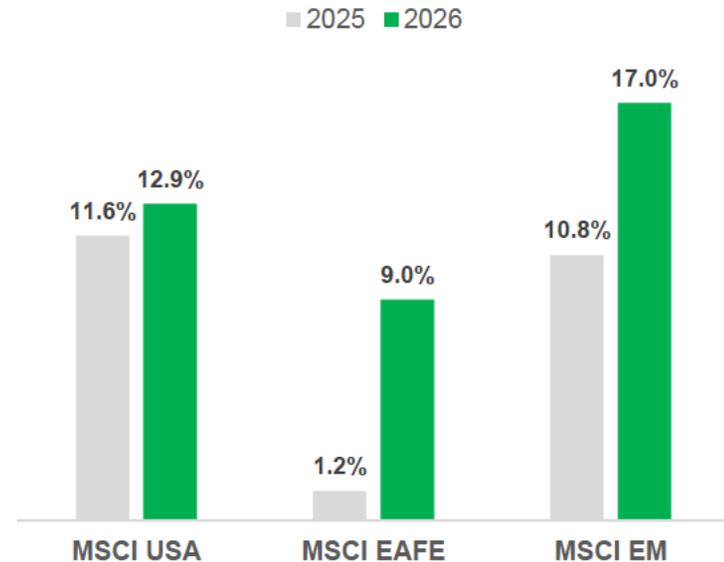
“Submerging” Markets No More!

Cumulative Performance Comparison (Indexes Normalized to 100 as of Nov 4, 2024)



- Going back to the U.S. presidential election in 2024, emerging market equities have outperformed both domestic and developed international stocks. As we discussed during the prior quarter, some of this was driven by the weakness in the U.S. Dollar, but strong underlying fundamentals also played an important role in their resurgence.

Earnings Growth Estimates by Index (2025 vs. 2026 Calendar Year)

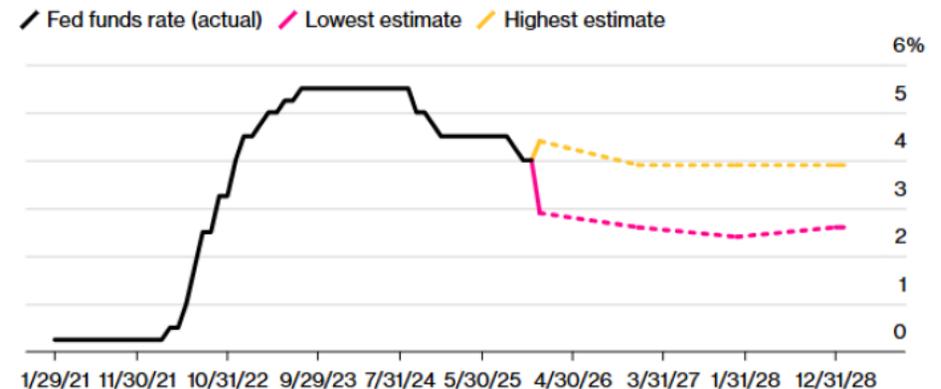


- Earnings growth in 2025 for the S&P was over +11% year-over-year and was a key driver of the strong 2025 returns. Looking to 2026 shows a much more uniform picture across geographies with developed international and emerging market earnings growth expected to be +9% and +17%, respectively. Many strategists feel that this earnings acceleration will drive continued strong returns across indexes into 2026.

Interest Rate & Fixed Income Outlook

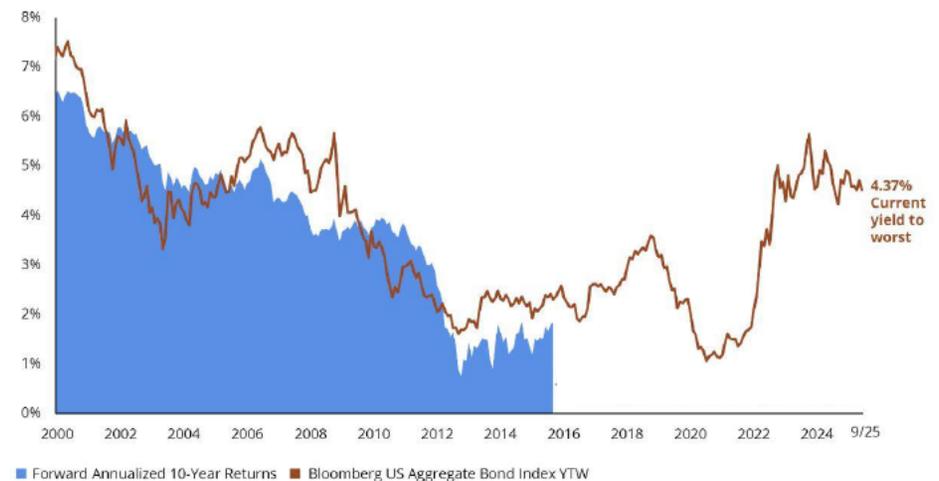
- After cutting interest rates by over one percentage point since the peak, the Federal Reserve is now trying figure out their next move and finding there's more disagreement amongst FOMC voters than ever before. Over the past year, views on where rates should end up have diverged by the most since at least 2012, when US central bankers started publishing their estimates.

Fed Funds Rate vs. Expectations
(2021-2028E)



- One of the most accurate ways to forecast future bond returns is by looking at current yields. Historically, starting yields have been a very accurate predictor of the future 10-year forward return in fixed income. Currently, the Bloomberg Aggregate Bond Index yields around 4.4%, suggesting solid future returns for the asset class and relatively high returns vs. recent history.

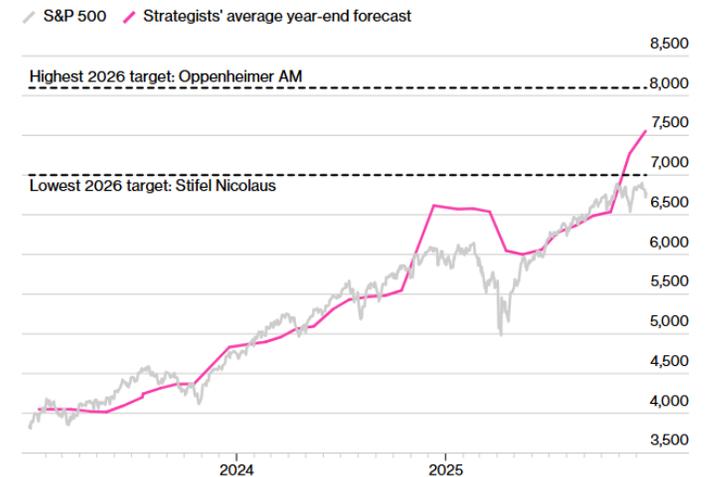
Current Yields vs. Future Returns
(Forward 10 Year Returns vs. Bloomberg Aggregate Yield)



2026 Outlook: Optimism Abounds But Realism Warranted

- Strategists remain optimistic about future return prospects for the S&P 500 with median and average targets for year-end 2026 of 7,345 & 7,550 which would imply a 2026 return of between 7-10% based on the year-end index level of 6,845.
- Looking toward 2026, the overall fiscal situation looks set to boost the economy, likely offsetting potential drags from tariffs and spending cuts.
- Despite all the optimism, it is worth noting how abnormally strong the last decade plus has been for U.S. equities, with nearly 15% annualized returns for the S&P 500. A recent survey of equity market returns across all geographies that goes back over 200 years shows average real (after inflation) returns of only +4.9%. As such, investors would be wise to use caution when extrapolating recent returns into their planning around future potential returns.

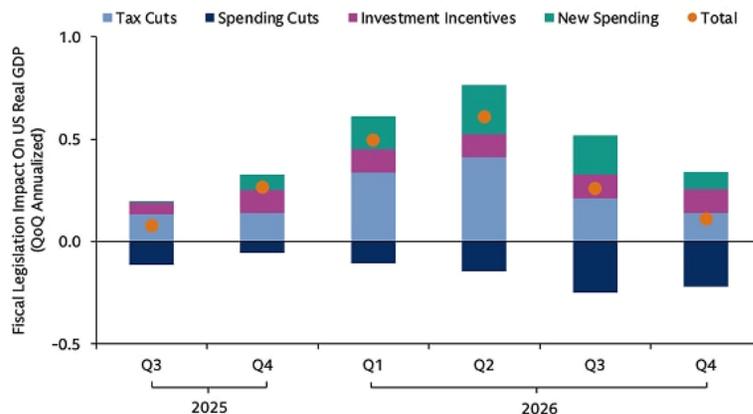
S&P 500 Year End 2026 Target



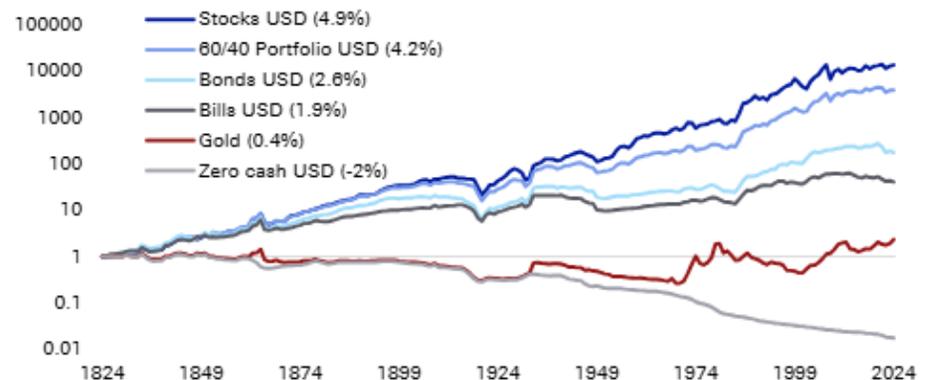
"The optimist invents the aeroplane; the pessimist, the parachute."

- George Bernard Shaw, Irish playwright

U.S. Fiscal Impacts to GDP (By Quarter, Q3 2025-Q4 2026E)



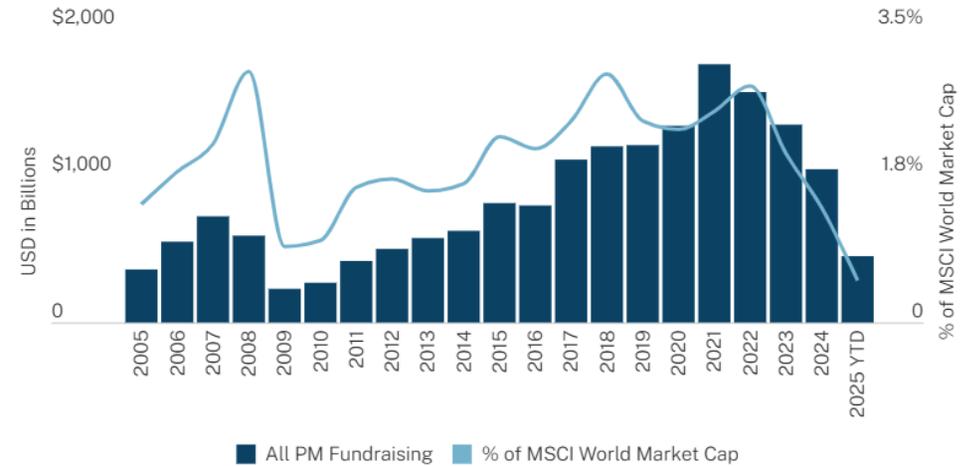
Median Global Real Returns (All Geographies, By Asset Class, 1824=1)



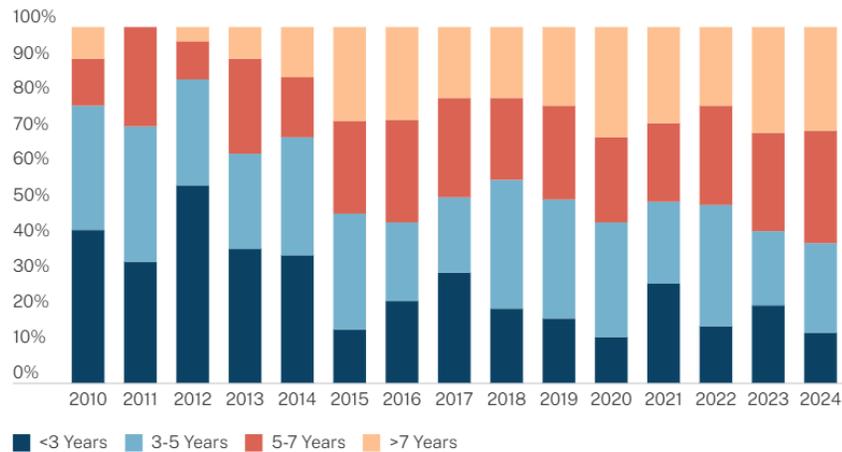
Appendix: Private Markets Update

- Private market fundraising remains depressed but shows signs of a rebound.
- The average holding period for exited deals has extended moderately as sellers wait for a more advantageous exit environment.
- Looking back, private equity has significantly outperformed public equities. With the recent strength of public equity markets, however, some investors have questioned private equity's ability to keep up. Historically, private equity adds the most value in moderate to down markets and has always struggled to keep up in strong bull markets.

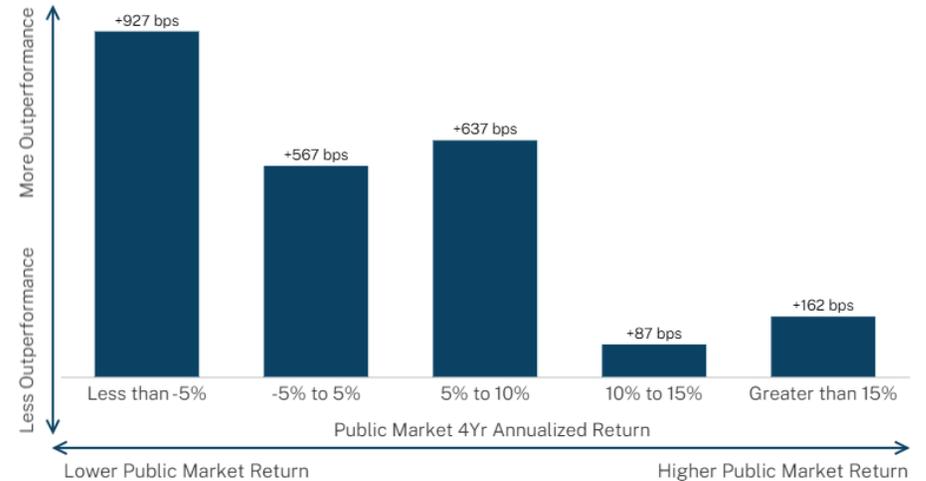
Private Market Fundraising*
(Global by Vintage Year)



Holding Periods of Exited Growth Equity Deals
(By Year of Exit)



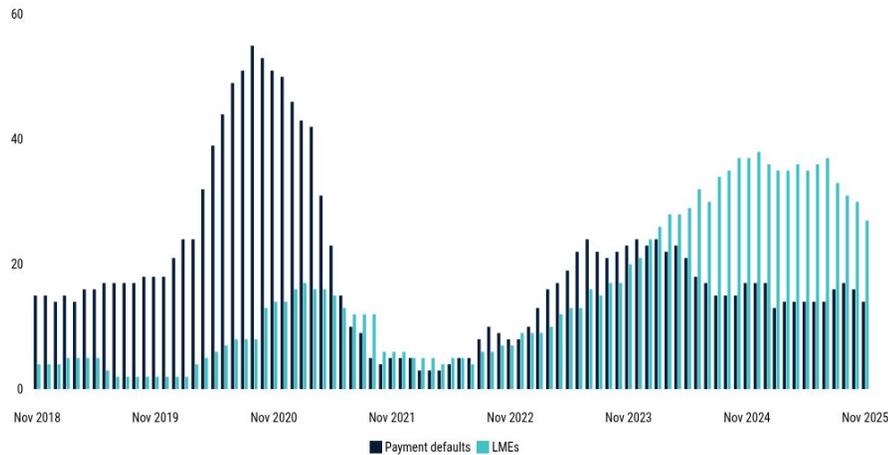
Performance by Public Market Return Regime
(All Private Equity, 4 Year Excess Return)



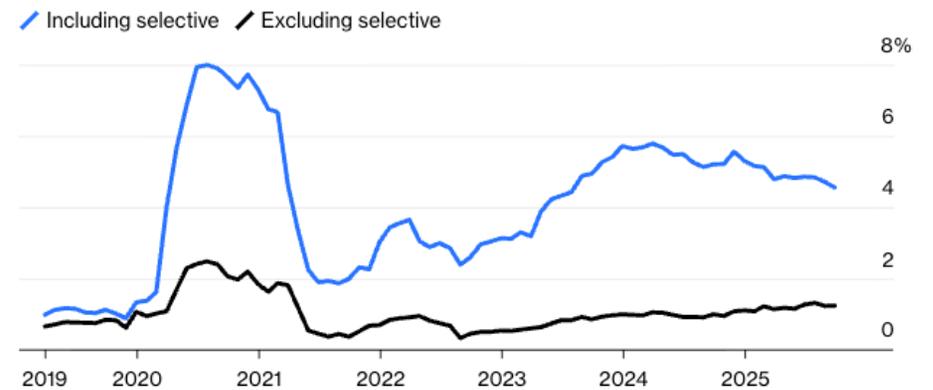
Source: Pitchbook, Bloomberg, Hamilton Lane, ACG
* Excludes Fund of Funds, Core Real Estate, and Infrastructure Funds

Appendix: Private Credit

U.S. Leveraged Loan Defaults
(Trailing 12 Months, 2018-2025)



Private Credit Default Rates
(Trailing 12 Months, 2019-2025)



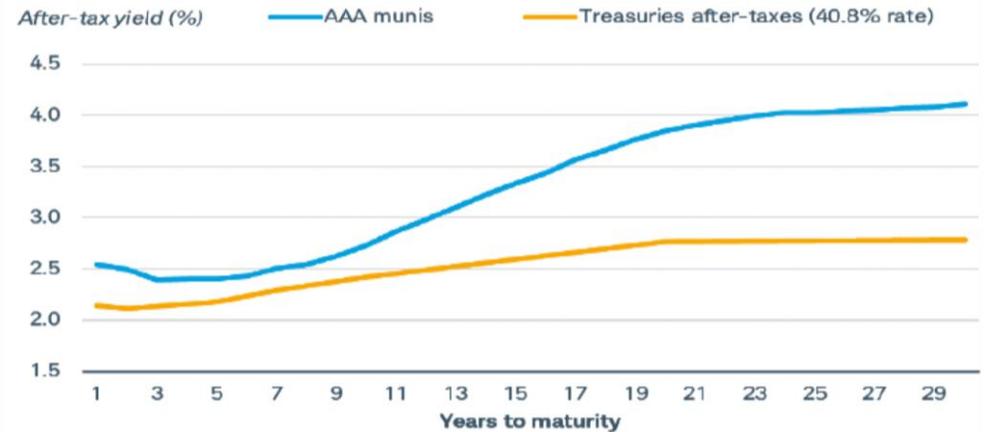
- While not near pandemic-era levels, leveraged loan default rates have increased, especially if one also includes Liability Management Exercises (LMEs). LMEs are financial transactions where a company restructures its debt outside of a formal bankruptcy, using tools like debt-for-debt swaps, and re-financings to improve its capital structure.

- Private credit also shows some signs of stress. If you include Payment-in-Kind (PIK) transactions defaults are more elevated. PIK transactions allow a borrower to make interest payments in a form other than cash. Most commonly this is achieved by accruing (i.e., adding to) payments owed to the total debt.

Appendix: Municipal Bonds

- Municipal bonds offer compelling after-tax yields relative to Treasuries. The difference in longer maturity bonds is over 1.2%.
- Municipal bond spreads are slightly above their 3-year averages across AA, A and BBB rated bonds and offer good carry or yield.
- State tax revenues corrected following the period of abnormally high revenues when states received support during the pandemic. State tax revenue growth is near historical averages and supportive of future coupon payments.

Yield Curve Comparison
(AAA Munis vs. After-Tax Treasuries)



Muni Bond Spreads by Rating Category
(2015-2025)



Percent Change in State Tax Revenues
(1995-2025E)



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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.

* Returns are not annualized for investments held less than one year or where a full year of historical data is unavailable.

Index and Benchmark Information

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.

Current Yield (Yield to Price) Yield to price is calculated as $\text{Income} / \text{MP}$, where Income is the annual income per unit, and MP is the market price per share of the security.

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.

Projected Cash Flow / Projected Income - A security's projected cash flow is calculated as $CPU * U * PO$, where CPU is the cash flow per unit for the selected time period, U is the number of owned units, and PO is the percentage of the units owned on the end date of the selected time period. Cash flow per Unit (CPU) is calculated differently for fixed income and non-fixed income securities. Cash flow and income projections are calculated based on security information received from data providers such as ICE and Morningstar and are subject to change without notice.

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.

Unrealized Gain/Loss - The monetary gain or loss on an investment that has not been traded in for cash.

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.