

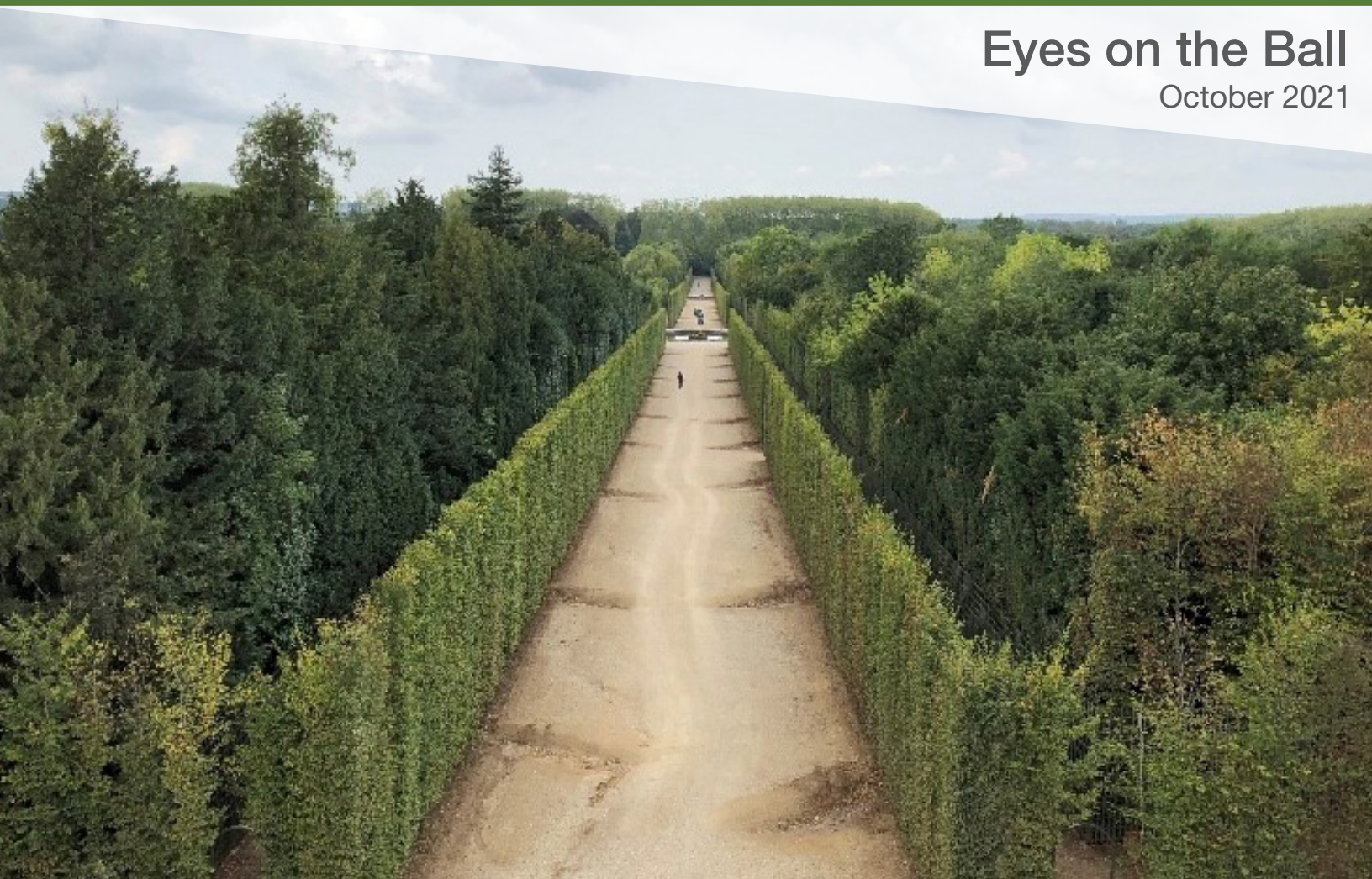


ALTAIR INSIGHT

Quarterly Market Review

Eyes on the Ball

October 2021



Third Quarter 2021 Key Topics

Gardens of Versailles, France
Sydney Church, Marketing Manager

1. The U.S. economy is fundamentally strong and remains on a path back to full health despite challenges from Delta and inflation.

2. Elevated inflation will last longer than expected but should come down in 2022 once supply-chain snags are resolved.

3. The labor market recovery remains a work in progress, but we expect continuing improvement.

4. The Federal Reserve is about to start scaling back its emergency stimulus measures, and that is more a positive than a major concern for markets.

5. Some geopolitical wild cards lurk for markets, keeping our outlook guarded.



Noah Kroese Illustration for Altair Advisers

As the leaves fall and the World Series plays out, we are reminded of the old adage that every ballplayer from Little League to the majors must keep in mind: Keep your eye on the ball. Tune out extraneous noise and other distractions.

What this means for us at the moment is keeping an especially close eye on economic conditions that might force the Federal Reserve to start withdrawing its support for the economy and markets sooner than expected. Inflation that stays too high for too long is the curveball that could prompt just that, and the sources of the higher inflation phenomenon – COVID-19, supply-chain issues and an uneven jobs market – all are lingering longer than anticipated.

The Fed is poised to start reducing its multibillion-dollar monthly bond purchases on a carefully calibrated schedule, which the economy should be able to absorb smoothly and help rein in higher prices. We believe it will be able to keep to its similarly patient plan for raising interest rates when economic progress permits, as it has consistently informed investors. Tuning out the noise and any speculation to the contrary, we think a first rate hike – a much bigger event for markets than that gradual reduction – is unlikely under current conditions before late 2022 or 2023.

Plenty of other significant risks exist to keep our eyes on this fall: the Delta strain, supply-chain woes, the surprising absence of millions of workers idled by the pandemic, China's regulatory crackdowns and Evergrande debt crisis, proposed tax increases and a debt-ceiling showdown in Congress.

So far Wall Street has climbed the wall of worries steadily. The Standard & Poor's 500 has logged 57 all-time closing highs in 2021 during a nearly record-length stretch of uninterrupted gains, with a lone 5% pullback over a nearly 10-month period. We certainly could see heightened volatility or even a correction – a decline of 10% or more – in the months ahead. Market corrections are normal and occur fairly often; the S&P 500 has experienced 36 double-digit drawdowns since 1950, meaning they occur every other year or so on average. Each time, the market rebounded.

We are not predicting a market shock but, rather, acknowledging the risks in light of the multiple threats and lingering uncertainties. We retain a positive outlook on markets based on the economy's sound fundamentals, the strength of the U.S. consumer and recent evidence that Delta's devastating impact is beginning to weaken.

We plan no immediate changes to our recommended allocations, which include an overweight to U.S. stocks, and recommend that clients remain at target portfolio allocations in the higher-, medium- and lower-risk categories. But we have our eyes on the ball and are prepared to make adjustments based on changes we see in the economy, Congress, China or elsewhere.

Please read on for further discussion of key topics this quarter:

1. The U.S. economy is fundamentally strong and remains on a path back to full health despite challenges from Delta and inflation.

The International Monetary Fund delivered a starkly mixed message this fall in its 172-page review of the world economy. “The global economic recovery is continuing, even as the pandemic surges,” the IMF said, affirming that the remarkable comeback from the coronavirus’ blow is on course even after a loss of momentum. Yet it is a tale of two worlds. Wealthy countries are expected to return to their pre-pandemic growth level next year. But while some commodity-exporting emerging market and developing economies also have stronger near-term prospects, the rest of the world remains well below trend until 2025 or later – a dangerous divergence, the IMF warned.

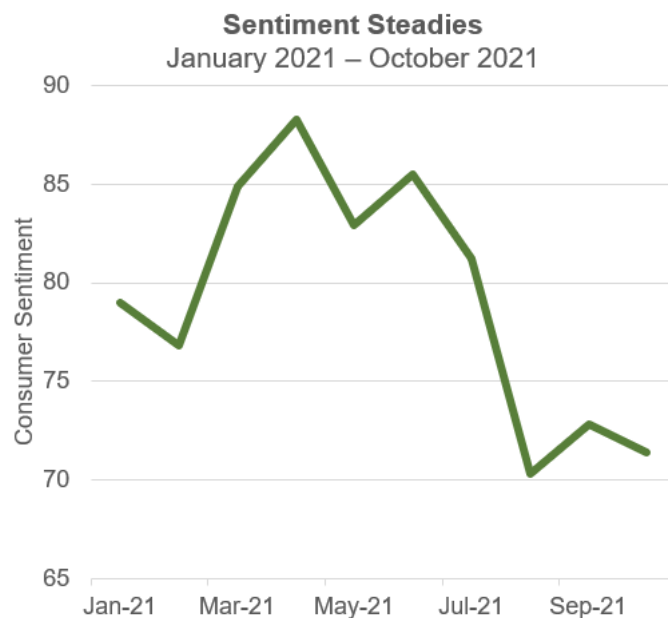
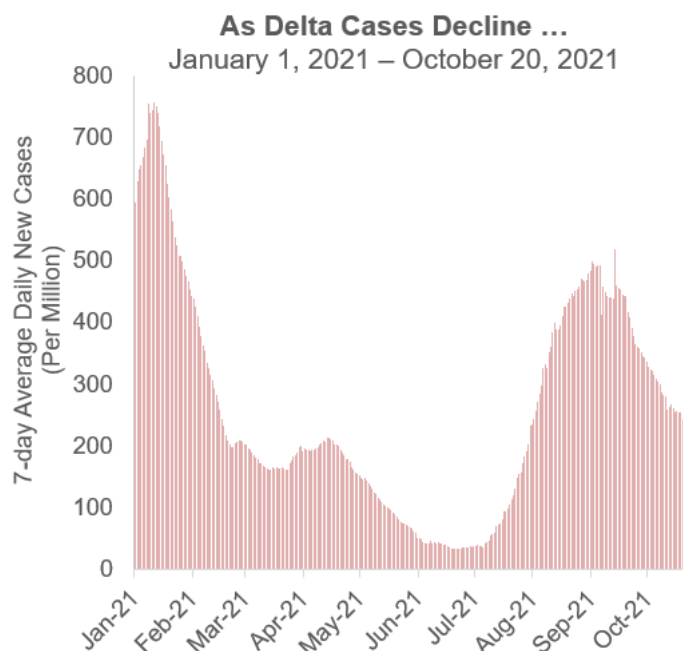
Inflation, an uneven labor market recovery and the Federal Reserve’s impending policy tightening all are potential threats to the progress of the global and U.S. economies. But two positive underlying trends help offset these risks as COVID-19 nears the two-year mark. First, the highly contagious Delta variant that was a

primary cause of the third-quarter growth slowdown and related supply-chain snafus has ebbed this fall in the United States and abroad, with the latest wave of COVID-19 cases appearing to have crested. Despite various local surges, new U.S. cases, hospitalizations and deaths all are in significant decline as we publish this commentary, with vaccinations working and natural immunity building up because of how widely Delta spread. Cases have surged back before and may well again, but widespread vaccinations should limit the extent of any new wave this winter. Needless to say, this trend buoys consumer and business confidence and can help support markets.

Second, the U.S. economy has weathered the challenges of recent months and reaffirmed its role as the world’s dominant economy even during the pandemic. GDP from July through September slowed to an estimated annual pace of less than 1%, according to the Federal Reserve Bank of Atlanta, down from the sizzling 6.7% of the prior quarter. Economic fundamentals are mostly solid and improving, however.

Some of the economic data that keep us constructive on markets heading into year-end and 2022 include:

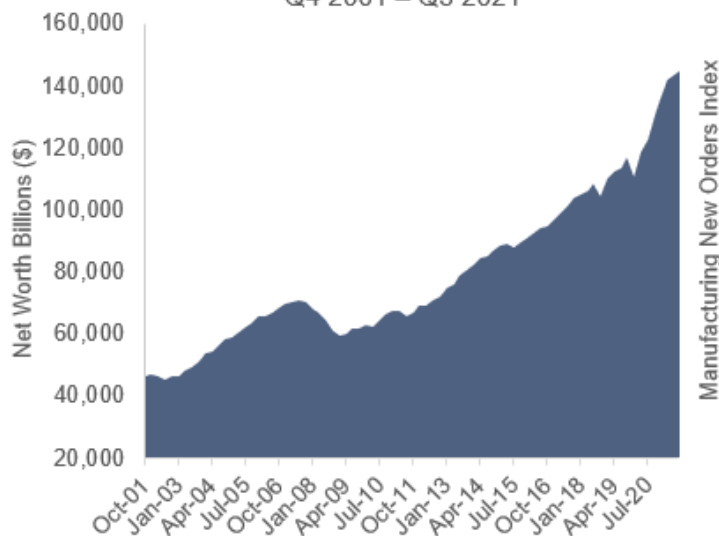
Corporate profits: Third-quarter earnings results have been surprisingly strong with reporting still under way, even after discounting the misleading year-over-year comparisons made easy by last year’s deep pandemic slump. Analysts project higher 2021 earnings growth now than they did at midyear, with momentum continuing into next year. Margins are at all-time highs despite rising cost pressures.



Sources: Our World in Data, University of Michigan, Altair Advisers

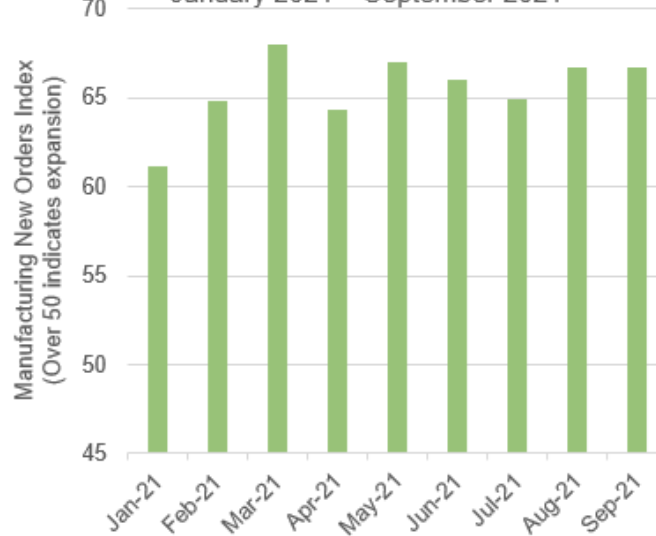
U.S. Consumers in Good Shape

Q4 2001 – Q3 2021



Demand Consistently Strong

January 2021 – September 2021



Sources: St. Louis Federal Reserve, Institute of Supply Management, Altair Advisers

Consumers: Delta-wary consumers are still opening their wallets. Consumer sentiment remained near a 10-year low in September due to concerns about inflation but is on the uptick. Consumers stepped up their spending in September, a sign of resilient demand notwithstanding higher prices. Spending on goods leads the recovery and consumer services also are quickly recovering thanks to mass vaccinations and loosening restrictions.

Households: Household net worth has surged to a fresh record on the strength of government stimulus payments, record stock prices and a jump in real-estate values, bolstering Americans' wealth and providing a strong underpinning for the economy.

Taken together, it is a picture of economic resilience and strength despite lingering near-term challenges. Once Delta is kept in check, the U.S. economy should be well-

positioned to help lead the global recovery into a post-pandemic era.

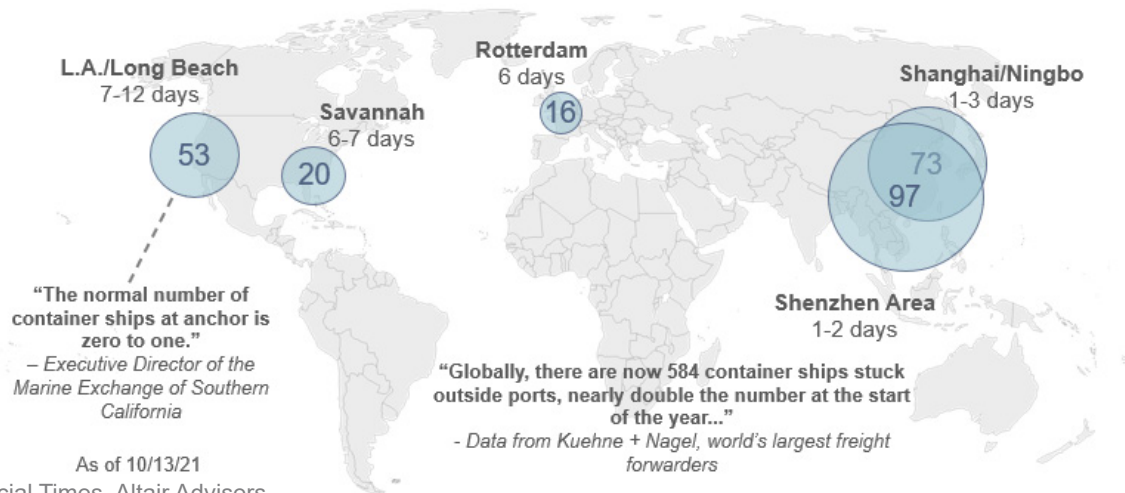
2. Elevated inflation will last longer than expected but should come down in 2022 once supply-chain snags are resolved.

"So here's to those who stand on shore
And spit against the wind
And those who wait forever
For ships that don't come in."
- *Ships That Don't Come In*, by Joe Diffie

Until the gridlock ends, we can expect higher inflation to linger and cast a shadow on the recovery. But it is important to keep perspective amid the dramatic photos and headlines. As Fed Chairman Powell noted recently: "While these supply effects are prominent for now, they

Number of Vessels Waiting at Ports

Length of Wait Time

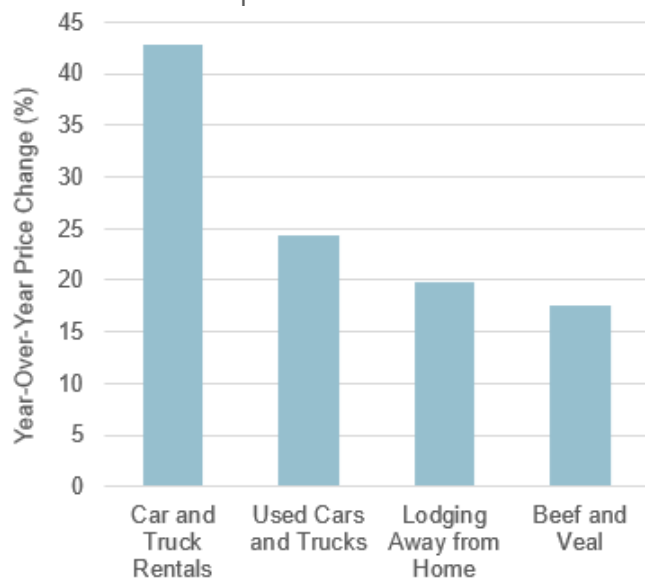


Sources: Financial Times, Altair Advisers

See disclosures at end of document.

A Few Surging Categories

September 2021



Sources: Bureau of Labor Statistics, Altair Advisers

will abate, and as they do, inflation is expected to drop back toward our longer-run goal.”

The supply chain is a complex ecosystem in which one hiccup in the process can send a ripple effect throughout the whole structure. The global pandemic brought the supply chain network to its knees and we understand that it will take some time to get it up and running. The record backlogs, tied closely to COVID-19 restrictions, earlier factory shutdowns in Asia and a labor shortage, have unquestionably hindered the pace of economic growth and contributed to a second-half slowdown. Shipping costs have escalated, retailers and manufacturers are suffering, and consumers are paying more for fewer products.

Stranded ships are hardly the only issue behind higher inflation. Energy prices have risen sharply for mostly unrelated reasons, including the OPEC+ coalition’s tight grip on oil output and a surge in energy demand from the reopening. Wage growth is on the rise as companies pay to attract or retain workers, which adds more inflationary pressure. And rent costs are climbing due to a limited supply of housing.

But the port congestion is at the core of supply shortages that have caused rapid increases in consumer prices in not only the United States but Germany and many other nations.

In our July quarterly commentary, we said the rise should soon decelerate and inflation was unlikely to persist beyond early 2022. It has indeed decelerated; the 4% rise in so-called core consumer inflation, which excludes

the often-volatile categories of food and energy, over the 12-month period through September was down from 4.5% in the year ended June 30th. However, even the Federal Reserve now expects inflation to stay at an elevated level well into next year with prices having stayed significantly above average and bottlenecks still unresolved.

We remain convinced that elevated inflation is temporary and the end remains in sight, if a bit further off on the 2022 horizon. Price growth should begin subsiding early next year when bottlenecks are resolved, production ramps back up and demand eases back to normal levels. The ships will come in. In the meantime, we do not believe a change in allocations is necessary given the economy’s strength and robust outlook for corporate earnings.

“Oh, the fishes will laugh
As they swim out of the path
And the seagulls they’ll be smiling
And the rocks on the sand
Will proudly stand
The hour that the ship comes in.”
- *When The Ship Comes In*, by Bob Dylan

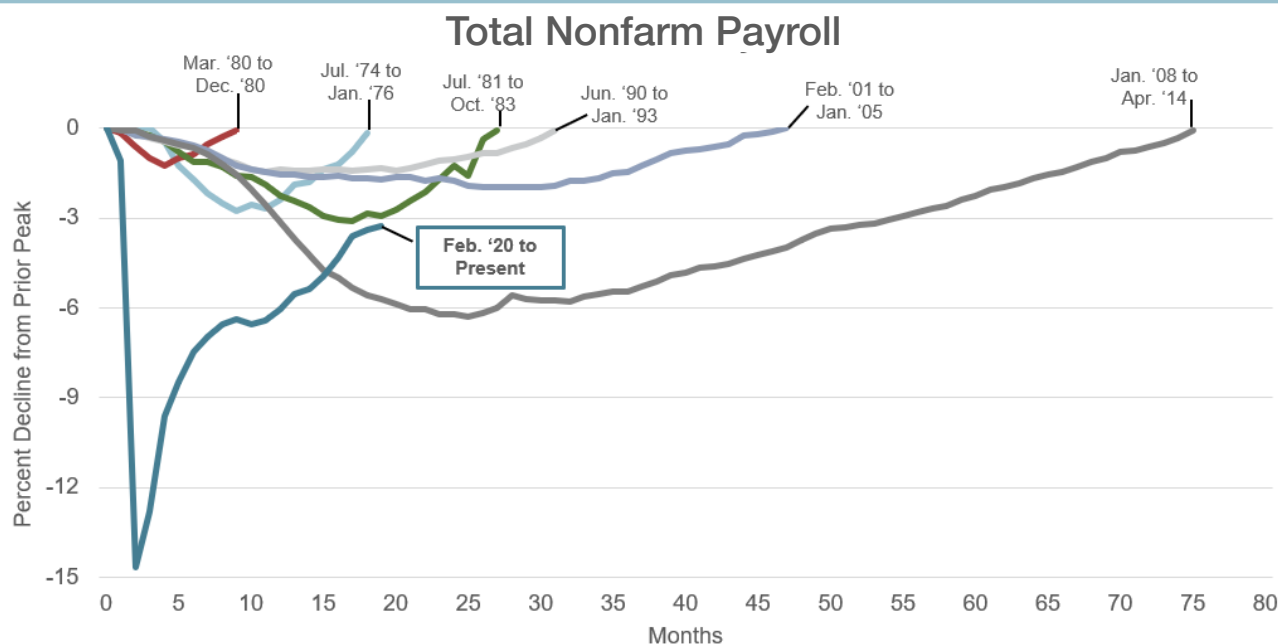
3. The labor market recovery remains a work in progress, but we expect continuing improvement.

“HELP WANTED: Expert needed to solve mystery of where all the missing U.S. workers disappeared to. Hiring bonus offered.”

No such classified ad exists, as far as we know. But like the economists and analysts we follow, we are searching for answers in what Sherlock Holmes might have dubbed *The Disappearance of 5 Million Workers*. For the time being, the workers’ absence is an impediment to the economy’s ongoing comeback from the pandemic slump, their slow return weighing on companies’ top and bottom lines.

With enhanced unemployment benefits gone and kids back in school, we still expect the number of workers returning this fall to reaccelerate and the huge gap between job openings and available workers – 10.4 million openings, 7.7 million unemployed – to shrink. Ultimately the labor force will regain the 5 million positions still missing compared with the pre-pandemic peak. But it will take time.

On the surface, the latest labor data has not been encouraging. The monthly jobs report showed only 194,000 new jobs added in September, the fewest since last December. The average of 280,000 monthly



Sources: St. Louis Federal Reserve, Altair Advisers

jobs added in August and September was far below the 766,000 averaged over the prior four months. Some 4.3 million Americans quit their jobs in August on the heels of 4 million who departed in July, the majority from restaurants, bars, hotels, retail and professional business services (although many switched to other jobs).

A closer analysis, however, shows the overall trend is more positive. The unemployment rate fell below the 5% level just 17 months after the worst recession since the Great Depression, dropping from 5.3% to 4.8%, although partly because of people dropping out of the work force. Jobless claims declined in October to their lowest level since 2020 as enhanced unemployment benefits wound down. And aside from the service sectors, which took another blow from the fourth wave of COVID-19, data shows the broader labor market continuing to rise at a faster pace as challenges facing construction and manufacturing ease.

Numerous plausible explanations exist for why millions of workers have stayed on the sidelines. Not least among them is COVID-19 – both its ongoing health toll and the fear of contracting it in the workplace. While most expanded federal benefits have ended, many workers saved or paid down debt with prior government stimulus or augmented unemployment payments, effectively reducing their incentive to return for the time being, as their savings are elevated. Other suspects: early retirements (1.5 million, according to the Dallas Fed), vaccine mandates, parents' child-care concerns with young children not yet approved for vaccination, lifestyle choices, and rising home values and stock prices, which have made exiting the work force a feasible option for many.

Many of those reasons are temporary. Clearly, the question is not whether the job market will make a full recovery but when. Employment so far has been rebounding at a pace similar to that of prior recoveries and ahead of the one from the 2007-09 recession, when it took more than six years to fully regain the lost ground. This time, based on the current pace, full recovery would take until the fourth quarter of 2023 to complete.

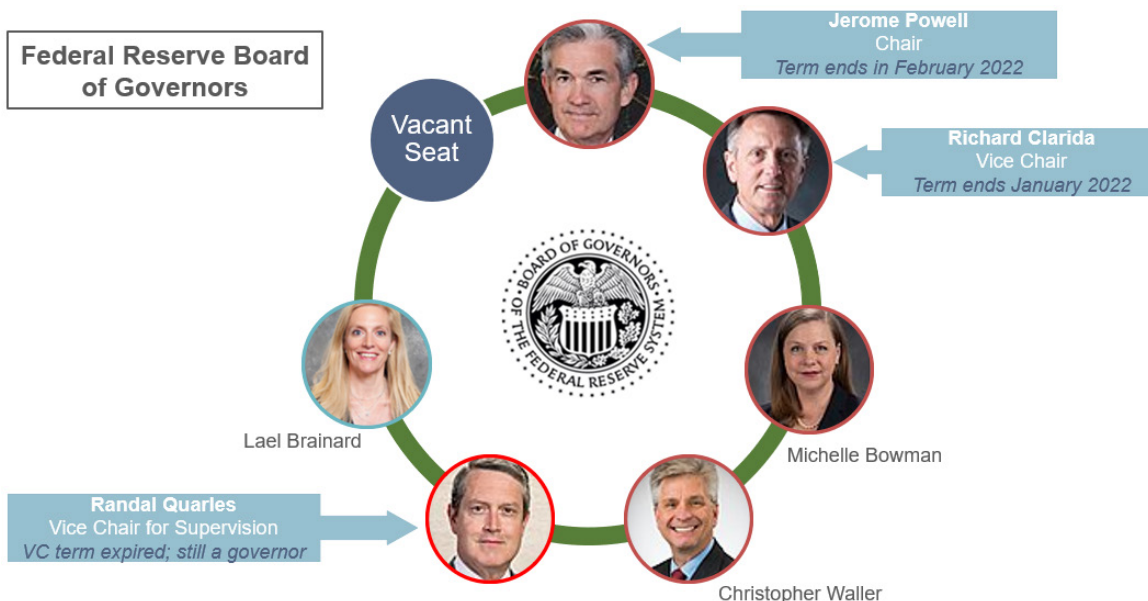
Slow pace or not, this labor market is recovering against the backdrop of a healthy economy. The fact it has lost momentum in recent months is not cause for major concern and should not sway the Fed from its measured approach of reducing support for the economy.

4. The Federal Reserve is about to start scaling back its emergency stimulus measures, and that is more a positive than a major concern for markets.

Even harsh critics of Jerome Powell, from Elizabeth Warren to Donald Trump, would have to agree that the Federal Reserve under his stewardship has been long on clarity and short on surprises. Now that the pandemic has weakened and Powell's Fed is poised to begin unwinding its extraordinary support for the economy and markets as soon as November, those traits should stand investors in good stead. Unlike when the Fed clumsily and abruptly set the stage for tapering in 2013, we do not expect stocks to tumble or bond yields to soar.

The Fed has long telegraphed its intentions and now signals it may also raise short-term interest rates in the next year or so. Yet bond yields have held in a steady range over the past few months, even in the face of rising inflation. While it seems counterintuitive, we believe

Fed Changes Likely to Keep It Dovish



Sources: Federal Reserve, Altair Advisers

it makes sense. The economy's pace has cooled and employment growth has slowed in the service sector. But just as importantly, the Fed's transparency concerning the timing and specifics of its policy shift is likely helping to holding down yields.

Powell's Fed has given every indication it believes pulling back its support before the economy is ready to do without its \$120 billion in monthly bond purchases would be unwise. Fed officials have made clear that the economy's progress will dictate when they raise rates. To ensure they do not tighten too soon, they want to see the economy achieve maximum employment and core inflation as measured by the PCE Index (recently at 3.6%, the highest since 1991) close to its 2% target. Those precautions have not only afforded the Fed some breathing room but also should reassure investors that rates are unlikely to be raised prematurely or even aggressively once it begins.

Certainly this transition to a less accommodative policy is likely to see periods of volatility along the way.

The biggest risk may be a scenario in which inflation runs hotter and longer than the Fed expects, forcing it to speed the pace of tapering and to hike interest rates ahead of plan in order to slow down the economy. This is possible but not our base case given recent data and our conviction that the supply-chain blockage will subside in coming months.

Powell recently called inflation "frustrating" and admitted the Fed has no control over it. Yet the consensus of economists is that it is unlikely to remain this high for a protracted period.

Another negative scenario for markets would be the Fed transitioning to a more hawkish posture and revising policy to focus more on normalizing rates, overturning its ultra-easy policies. We view this as a long shot. The far greater likelihood is that the Fed becomes even more dovish next year with impending appointments coupled with the annual rotation of voting members on the Federal Open Market Committee, its decision-making body.

President Biden has the ability to reshape the Fed in coming weeks with filling top positions on the influential Board of Governors: chair and two vice chairs. Randal Quarles' stint as vice chair expired in October, fellow Vice Chair Richard Clarida's term on the board ends in January and another seat also is open. Even if Biden opts not to reappoint Powell, whose four-year term as chair ends in February, we expect his appointments to lean toward the more dovish side under the urging of progressive Democrats in Congress.

Regardless of any future changes, the Fed's pullback is about to get under way and the day of higher rates is approaching. While that process makes markets wary, it testifies to the strength of the recovery and policymakers' confidence that the economy can sustain it. It marks a positive step back toward pre-pandemic strength and ultimately will leave the Fed with more ammunition to fight the next big economic peril.

5. Some geopolitical wild cards lurk for markets, keeping our outlook guarded.

Markets could face choppy waters ahead due to a number of economic and geopolitical challenges, largely

Geopolitical Risks to Monitor

COVID-19 – new variants,
inequitable vaccine distribution



Washington – tax proposals, fiscal
spending, debt ceiling

China – regulatory crackdowns,
trade strains with U.S., energy crisis,
tension with Taiwan



Source: Altair Advisers

involving the world's two largest economies – from debt woes and changes in tax and regulatory policy to trade and military tensions. Along with the course of COVID-19, developments in Beijing and Washington will help determine the strength of the global economy moving forward. These threats keep our outlook guarded, but we do not believe they are likely to upend the recovery or markets.

The U.S.-China trade war, which topped the list of geopolitical worries for much of the 20-teens, has returned as a concern as the Biden administration looks to address what is widely perceived as a rising economic and security threat from Beijing under President Xi Jinping. President Biden has yet to ease the aggressive U.S. approach toward China adopted by President Donald Trump, with his administration retaining tariffs on Chinese goods and reportedly considering new ones. China is taking its own retaliatory shots, including moving to join a trans-Pacific trade partnership that excludes the U.S. and covers a sizable chunk of the world economy.

U.S. and Taiwanese officials also have expressed alarm about Beijing's recent threatening moves against Taiwan, including hundreds of flights by military aircraft over the island it considers part of China.

Yet the bigger near-term risks involving China are posed by a troublesome laundry list of less combative threats:

- The world's No. 2 economy decelerated sharply in the third quarter, crimping markets in China and the developing world.
- The debt payment struggles of China's Evergrande Group and other heavily indebted Chinese real estate giants also have unsettled markets.

- President Xi's regulatory crackdowns on the technology and real estate industries raise questions about future growth.
- An energy crisis caused by soaring demand and strained capacity has produced the country's worst power shortages in a decade, with expected consequences for the global energy market.

These festering problems could spell danger for global investors, while at the same time also potentially opening market opportunities in some areas. Collectively, they represent major uncertainty.

Here at home, there also is significant uncertainty for investors on the political front. The largest tax increase since 1968 is poised for passage in some form in

Emerging Markets Hampered By China Year to Date September 2021



Sources: Morningstar, Altair Advisers

Washington, a linchpin of Democrats' efforts to pass one of the largest fiscal spending plans since the Reagan era, and a risky standoff continues over the debt ceiling.

A Congressional mishandling of the debt ceiling deadline – pushed back to December 3rd along with government spending by a temporary extension – or an overreach on tax and spending increases would risk major turmoil.

The debt ceiling showdown should be short-lived, according to Washington insiders we trust. Dan Clifton, head of policy research at Strategas Research Partners, says: "The U.S. will not default on its debt when the federal government brings in \$4 trillion of revenue and has \$350 billion of interest costs. There is more than enough cash flow to service the debt even if the X date is reached."

We are more wary of the continuing uncertainty regarding proposed tax increases, which the Biden administration and Democrats aim to pass to offset multitrillion-dollar spending on infrastructure, the social safety net and climate policy. While the plan to raise corporate income taxes was recently dropped as we write, an alternative plan could instead place a larger tax burden on U.S. multinationals – another proposal with a potentially meaningful impact on markets.

Other important tax and fiscal proposals also have yet to take their final shape. Amounts initially proposed for steep income, capital gains and dividend tax increases have been diluted by political realities, and Democrats may have to compromise further in order to secure the necessary votes. We will share our views on the expected impact in a future commentary when the results are known. In the meantime, we are keeping our eye on the ball.

Our Outlook

- **The course of the pandemic**, be it further decline or new wave, remains the key determining factor for the U.S. and global economies for the foreseeable future. If the current trend continues, we should see renewed growth in 2022 following this past summer's Delta-induced slowdown.
- **The combination of supply-chain problems**, labor market constraints and above-average inflation has lasted longer than anticipated and reduced second-half momentum but has yet to alter the longer-term outlook. We anticipate this period of persistently higher prices to subside next year once supply-chain problems abate.

- **The U.S. economy** has cooled off to a more sustainable growth pace following the surge in demand and activity that accompanied the reopening. Corporations, manufacturers, consumers and households all are in solid shape heading into next year, and a historically high level of business formations adds to expectations for robust new growth.
- **The Federal Reserve's** coming move to pull back on quantitative easing is likely to result in some periods of volatility but we do not expect it to undermine this market cycle. The last time the Fed scaled back its bond-buying program, a very brief period of market turmoil was followed by a year of strong performance by both stocks and bonds.
- **China's economic problems** – the result of President Xi Jinping's crackdown on technology companies and the property market, the debt crisis involving Evergrande and other giant developers and an energy crunch – have had a negative effect on emerging markets. We do not believe they pose a significant threat to the global recovery.

Market Data

U.S. Stocks

Stocks had an up-and-down quarter, lifted at first by momentum from the economy's comeback before sinking amid political worries and the Federal Reserve's tightening talk. The broad U.S. stock market posted 20 new closing highs in the quarter, the last one on September 2nd, and managed a fractional gain to add to the strong first-half performance. The iShares S&P 500 ETF finished 0.6% ahead for the quarter and 15.9% for the first nine months.

Small-cap stocks also were hit hard by the market-wide sell-off in September, sending the iShares Russell 2000 ETF down 4.3% for the quarter. They have underperformed large caps in each of the last seven months but still maintain a 12.3% gain for 2021 thanks to a sizzling start.

The growth style of investing produced better returns among the 1,000 largest stocks in the quarter while value easily prevailed among smaller-company stocks. For the year to date, value leads in both categories: by two percentage points among large caps and 20 percentage points among small caps.

International Stocks

Much like the U.S., overseas markets struggled late in the quarter in the face of rising inflation pressures, continuing supply-chain challenges and expectations that central banks will soon scale back emergency monetary measures

put in place at the start of the pandemic. The September downturn left the iShares MSCI EAFE ETF, proxy for international stocks in developed countries, down 1.1% for the quarter and up 8.4% for the year.

The U.S. dollar's continuing rise against a basket of other leading currencies – up 2% in the quarter and 5% since the beginning of 2021 – again played a significant role. Without currency translation, the EAFE index as measured in local currencies was up 1.4% from July through September and is ahead by 14.7% for the year.

Japan was one of the few developed nations with a solid quarter, its shares rising 2.4% even in a U.S. dollar-denominated index as a COVID-19 surge ended and the economic outlook improved. Japanese stocks climbed to 30-year highs and were the world's best performers in September and for the third quarter.

Emerging-markets stocks had a disappointing quarter, with the iShares MSCI Emerging Markets ETF falling 8.6% to go negative for the year at -2.1%. Much of the damage was traceable to China, whose stocks account for about a third of the 27-nation index's balance. Beijing has been imposing broad regulatory reforms in a crackdown on the private sector, raising fears of wider economic damage.

Real Estate

U.S. real estate investment trusts emerged from a September downturn still clinging to a narrow 0.7% gain for the quarter to remain the top-performing major asset class for 2021. The Vanguard REIT Index Fund was up 30% for the year to date in early September before tumbling to a year-to-date gain of 22.2% at quarter's end following its first monthly decline since October 2020. Pressure came from not only the Fed's suggestion that it would taper its support for the economy – including the mortgage market – as soon as November but also from the persistent Delta variant and bad news from overleveraged Chinese property developers.

Global REITs turned lower on wariness about the potential impact of China's Evergrande crisis on the broader real estate market. The Vanguard Global ex-US Real Estate ETF fell 2.7%, reducing its year-to-date return to 4.3%.

Hedged/Opportunistic

Hedge funds struggled to gain traction with both stocks and bonds enduring a turbulent quarter. The HFRX Global Index, a barometer of the average hedge-fund performance, dipped 0.1% and was up 3.6% through nine months.

Altair's blended benchmark for closed-end funds declined 1.7% for the quarter after a 3.4% pullback in September but remained ahead for the year by 12.2%.

Our benchmark for securitized credit, or distressed debt, a blend of 65% mortgage-backed bonds and 35% high-yield bonds, edged up 0.2% in the quarter for a 0.5% year-to-date return.

Fixed Income

Hawkish messaging from global central banks about coming reductions in bond purchases sent bond prices lower as fall arrived, trimming or eliminating summer gains. The sell-off took place in late September after the Fed signaled the beginning of tapering later this year. The 10-year Treasury yield saw its largest one-day jump since February the following day and ascended quickly to 1.5%. It was not just the Fed that put pressure on the bond market; the Bank of England gave similar indications and Norway's central bank actually raised its benchmark interest rate.

Taxable bonds as proxied by the Vanguard Total Bond Market ETF reversed course late in the quarter but still broke even for the quarter with a 0.0% return that left it down 1.8% for the year. Altair's municipal bond benchmark, a blend of the Market Vectors short and intermediate ETFs, retreated 0.3% to reach the end of September up 0.1% for 2021.

Quotes of the Quarter



"It's frustrating to see the bottlenecks and supply chain problems not getting better."

– **Jerome Powell**, Federal Reserve chair



"Inflation is largely transitory."

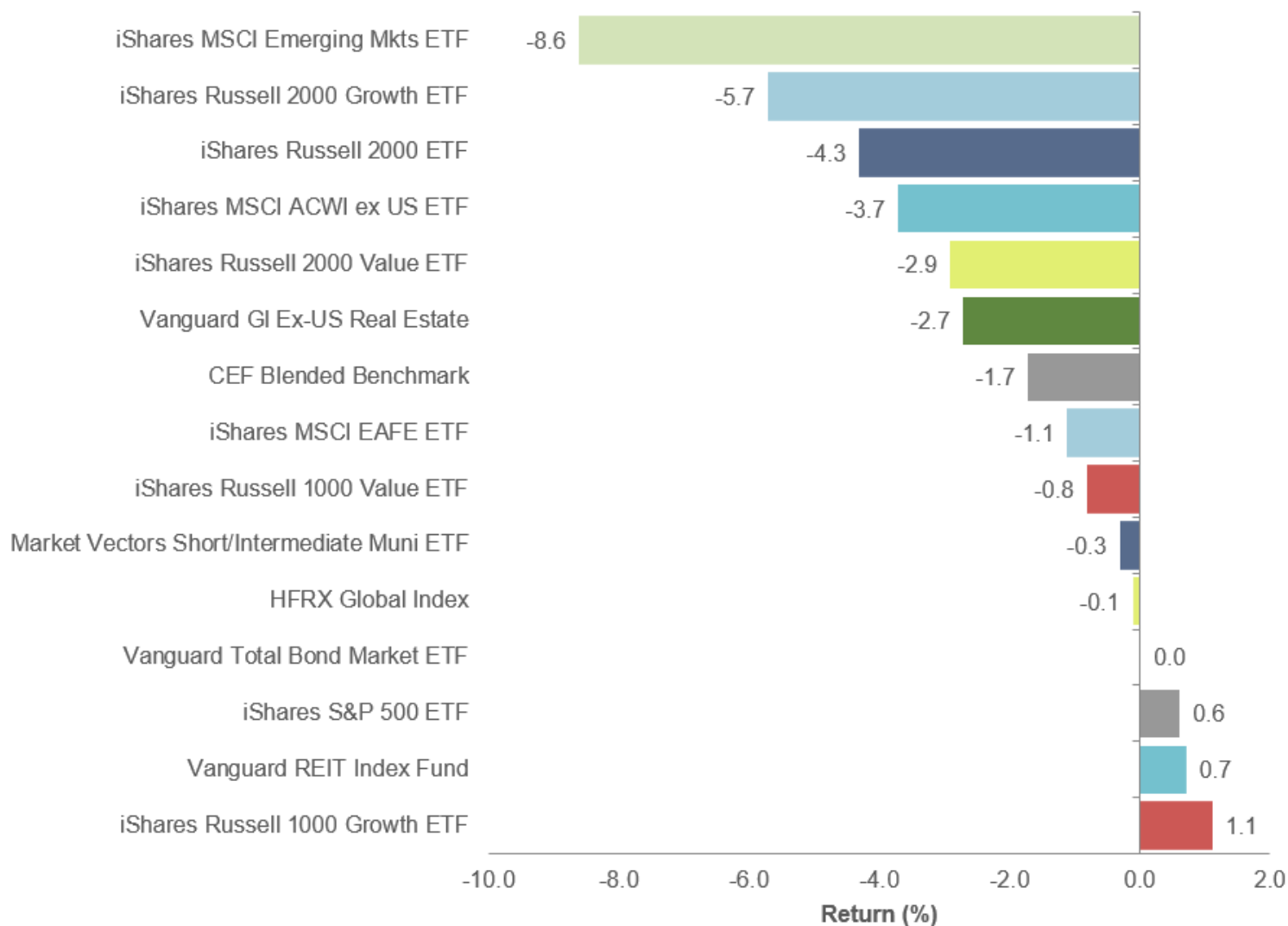
– **Christine Lagarde**, European Central Bank president



"I doubt we'll be talking about supply chain stuff in a year."

– **Jamie Dimon**, JP Morgan Chase CEO

Third Quarter 2021 Market Returns



Sources: Financial Times Interactive Data (IDC), Charles Schwab

Investable Benchmark Returns through September 30, 2021

| | Quarter (%) | Year-to- Date (%) | Annualized | | | |
|---|-------------|----------------------|------------|------------|------------|-------------|
| | | | 1 Year (%) | 3 Year (%) | 5 Year (%) | 10 Year (%) |
| | | | | | | |
| Large Cap Equity | | | | | | |
| iShares S&P 500 ETF | 0.6 | 15.9 | 30.1 | 16.1 | 16.9 | 16.6 |
| iShares Russell 1000 Growth ETF | 1.1 | 14.1 | 27.1 | 21.9 | 22.6 | 19.4 |
| iShares Russell 1000 Value ETF | -0.8 | 16.0 | 34.8 | 10.1 | 10.7 | 13.3 |
| Small Cap Equity | | | | | | |
| iShares Russell 2000 ETF | -4.3 | 12.3 | 47.4 | 10.5 | 13.4 | 14.6 |
| iShares Russell 2000 Growth ETF | -5.7 | 2.6 | 33.0 | 11.7 | 15.3 | 15.8 |
| iShares Russell 2000 Value ETF | -2.9 | 22.8 | 63.7 | 8.6 | 10.9 | 13.1 |
| International Equity | | | | | | |
| iShares MSCI ACWI ex US ETF | -3.7 | 5.6 | 22.9 | 7.7 | 8.6 | 7.5 |
| iShares MSCI EAFE ETF | -1.1 | 8.4 | 25.4 | 7.5 | 8.6 | 8.1 |
| MSCI EAFE Index - in local ¹ | 1.4 | 14.7 | 27.8 | 7.7 | 9.5 | 10.6 |
| Vanguard FTSE Europe ETF | -1.9 | 11.2 | 28.6 | 8.5 | 9.3 | 8.7 |
| Vanguard FTSE Pacific ETF | -1.1 | 3.1 | 21.9 | 7.3 | 8.8 | 8.3 |
| iShares MSCI Emerging Mkts ETF | -8.6 | -2.1 | 15.9 | 7.7 | 8.3 | 5.8 |
| Fixed Income | | | | | | |
| Market Vectors Sh/Inter Muni ETF | -0.3 | 0.1 | 1.3 | 4.0 | 2.3 | 2.3 |
| Barclays 5 Yr Muni Index ¹ | 0.1 | 0.3 | 1.1 | 3.9 | 2.4 | 2.5 |
| SPDR Nuveen Barclays Muni Bond | -0.6 | -0.6 | 1.1 | 4.9 | 2.7 | 3.6 |
| Vanguard Total Bond Market ETF | 0.0 | -1.8 | -1.0 | 5.3 | 2.8 | 2.9 |
| GI FixedInc Investable Benchmark | -1.2 | -5.2 | -1.8 | 3.8 | 1.7 | 1.6 |
| iShares BarclaysInt Govt/Credit | -0.1 | -1.2 | -0.7 | 4.3 | 2.3 | 2.3 |
| Alternative | | | | | | |
| SPDR Barclays High Yield Bond | 0.5 | 3.3 | 9.7 | 5.7 | 5.4 | 6.1 |
| Vanguard REIT Index Fund | 0.7 | 22.2 | 33.5 | 12.0 | 7.5 | 11.5 |
| Vanguard GI Ex-US Real Estate | -2.7 | 4.3 | 17.5 | 4.1 | 4.4 | 7.6 |
| HFRX Global Index | -0.1 | 3.6 | 8.9 | 4.3 | 3.7 | 2.5 |
| HFRX Equity Hedge Index | 1.3 | 9.2 | 17.7 | 5.0 | 4.9 | 3.7 |
| DRA Strategic Benchmark | 1.4 | 12.4 | 24.5 | 7.2 | 6.0 | 4.1 |
| CEF Blended Benchmark ¹ | -1.7 | 12.2 | 28.3 | 9.4 | 8.4 | 8.3 |
| Other Common Benchmarks | | | | | | |
| SPDR Dow Jones Industrial Avg | -1.6 | 12.0 | 24.0 | 10.8 | 15.5 | 14.5 |
| Fidelity Nasdaq Comp. ETF | -0.2 | 12.4 | 30.2 | 22.7 | 23.2 | 20.8 |
| iShares MSCI ACWI ETF | -1.3 | 10.9 | 26.9 | 12.5 | 13.3 | 12.2 |
| SPDR Barclays 1-3 Month T-Bill | 0.0 | -0.1 | -0.1 | 1.0 | 0.9 | 0.4 |
| Inflation - CPI ¹ | 1.0 | 5.3 | 5.4 | 2.8 | 2.6 | 1.9 |

¹There is no investable equivalent for this index

Source: Financial Times Interactive Data (IDC) and Charles Schwab.

This table was prepared using investment performance and other information obtained from third-party sources, which we believe to be reliable; however, we have not audited the data from these sources and are not responsible for its accuracy. Past performance is no guarantee of future results.



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