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Radically Practical Investing™

Quarterly Market Update & Outlook: First Quarter 2021

Light at the End of a Dark Q1?

- **As we look ahead to 2021, we see a continuation of many of the themes that drove the markets in 2020**, but with different implications:
  - The pace of vaccine rollout suggests economic recovery may be deferred until 2H 2021.
  - We expect continued stimulus, which should support markets and boost liquidity.
  - Relatively low yields will keep fixed income unattractive.
  - The unclear ramifications for a post-Brexit European / UK economy increases market risk in the region.
  - As the pandemic comes under control, we expect a renewed focus on relations with China, particularly concerning trade.
- **We are increasing our overall tactical equity allocation slightly.** Widespread vaccine distribution combined with market liquidity could lead to market expansion later in 2021.
- **In fixed income, we are making slight adjustments to our tactical allocations,** reflecting a lack of positive catalysts given low interest rates, along with potential market risks in Europe and the UK.
- **We are maintaining our tactical allocation to alternatives** in 1Q21 given our view that liquid markets will likely be volatile over the short term.

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Strategy Overview

Light at the End of a Dark Q1?

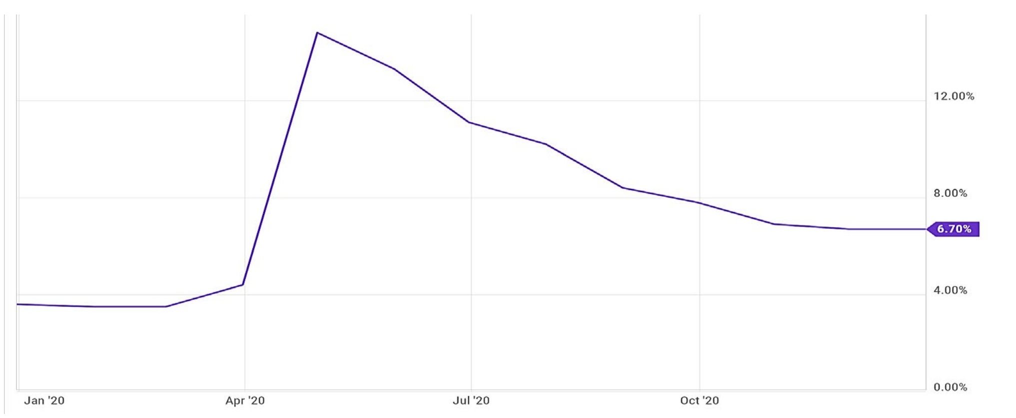
2020 PROVED TO BE AN UNPRECEDENTED YEAR IN THE MARKETS. ON THE BACK OF A RAGING pandemic, social unrest, and political gyrations, volatility, as measured by the VIX Index, reached 82.7, hitting levels well above the volatility seen following the 2008 financial crisis, when the VIX hit 44.1. Meanwhile the equity markets, after plummeting 33.7% in March as the pandemic gripped much of the industrialized world, hit new highs in the latter part of the year. As we look ahead to 2021, we see a continuation of a lot of similar themes, albeit with potentially different market implications, driving market performance. We explore these five key themes below.

1. **The path of the virus vs. vaccines.** One of the most important themes impacting the economy and the capital markets will be the implications of the vaccine rollout that began in December 2020 amid another surge in the virus. Given that the vaccine will not be widely distributed until at least 2Q21, according to some estimates, the current global virus resurgence brings with it the potential for additional lockdowns, business closures, and unemployment.

   Indeed, we continue to see relatively higher unemployment numbers, with the overall unemployment rate currently at around 6.7% (vs. 3.5% prior to the pandemic). These could rise in the short term if businesses are forced to shutter again. A seeming disconnect exists between the strong performance of the US equity markets and these present economic indicators. This implies that market volatility could see another spike in the short term, which has negative implications for equity investors but positive ones for investors in gold and precious metals.

Volatility could see another spike in the short term, which has negative implications for equity investors but positive ones for investors in gold and precious metals

US Unemployment Rate 2020

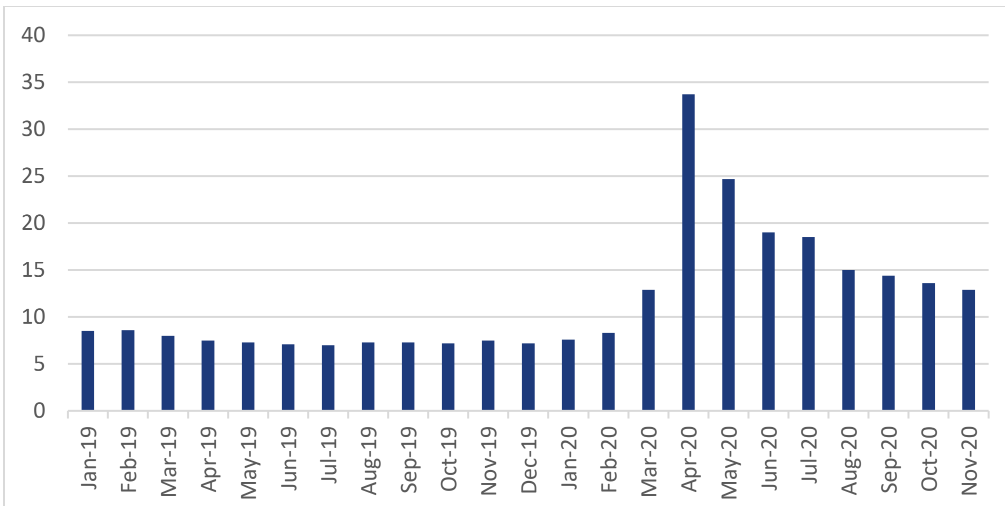


Source: YCharts.

Longer term, as the vaccine becomes more widely distributed and the virus recedes later in 2021, we would expect volatility to decline and the equity markets to expand given the liquidity that has been flowing in from stimulus, including rotations into more volatile market segments such as small cap, emerging markets, and cyclicals. Although we see the potential for market challenges in 1Q21, we also see the potential for further equity market expansion possibly beginning in 2Q21 once the vaccines become more widely distributed. Growth in earnings estimates for 2021 and the Fed's projected GDP expansion of 4.2% (vs. their estimated contraction of -2.4% in 2020) are supportive of this.

2. **Continued stimulus should support markets and increase liquidity.** After passing the $2.2 trillion CARES Act in March, in December Congress passed an additional $900 billion in pandemic-related stimulus, which included additional $600 stimulus checks for individuals earning less than $75,000/year and an additional $300/week in unemployment benefits. Coupled with lockdown restrictions, which have somewhat dampened consumer spending, US household savings levels have increased from 7.2% a year ago to 12.9% in November, according to the St. Louis Fed. Continued stimulus has been supportive of equity markets over the past year, and we would expect this trend to continue.

Personal savings as a % of disposable personal income



Source: St. Louis Fed

The economy could see a surge in consumer spending once the vaccines become more widely distributed and the population can more readily spend discretionary income

Further, we think the economy could see a surge in consumer spending once the vaccines become more widely distributed and the population can more readily spend discretionary income on travel and other leisure, where there is currently pent-up demand. This liquidity push supports our thesis that stocks such as small caps, emerging markets, and cyclicals will perform well during 2021. That said, we do recognize that valuations, notably in the US large cap space, are likely to remain elevated.

3. **Low yields keep fixed income relatively unattractive in 2021.** The Fed Funds Futures Curve is currently flat for as long out as it trades, and the Fed Dot Plot remains unchanged, indicating that rate changes are unlikely before 2023, given that inflation is expected to remain below the 2% level targeted by the Fed for future interest rate hikes. The Fed has also indicated that it will continue purchasing $120 billion/month of US Treasury and MBS bonds for the foreseeable future. This should push investors seeking yield into relatively riskier assets, such as high yield or emerging market debt.

The spread contractions seen in 2020, however, indicate that investors may not be getting properly compensated for the additional risk they are assuming when investing in these segments.

4. **What happens post Brexit?** It appears that the UK and the EU have reached a final trade agreement based on the impending Brexit split. However, while the EU has provisionally agreed to the settlement, it has acknowledged that it could take up to four months to ratify it. Further, the machinations of the actual split are likely to be complex, notably when it comes to separating financial services that can be offered in both markets. These factors could lead to increased levels of volatility in European equity and fixed income markets, which would be exacerbated by further waves of the pandemic. We continue to think that these markets offer higher levels of risk than their US counterparts in the short term and are thus more cautious about committing capital here.

5. **China coming back into focus.** Throughout 2020, the trade disputes between the US and China have taken a back seat to government responses to the pandemic. More recently, however, President Trump has been adding additional Chinese entities to the US trade blacklist, increasing it by an additional 60 companies in December. We think China trade policy could come to the forefront again in 2021 once vaccines are more readily distributed and the virus becomes more controlled. While we think the Biden administration could potentially take a less hawkish policy position with respect to China, we think pressure on trade could remain elevated from pre-Trump levels, influencing overall US-China relations and capital markets.

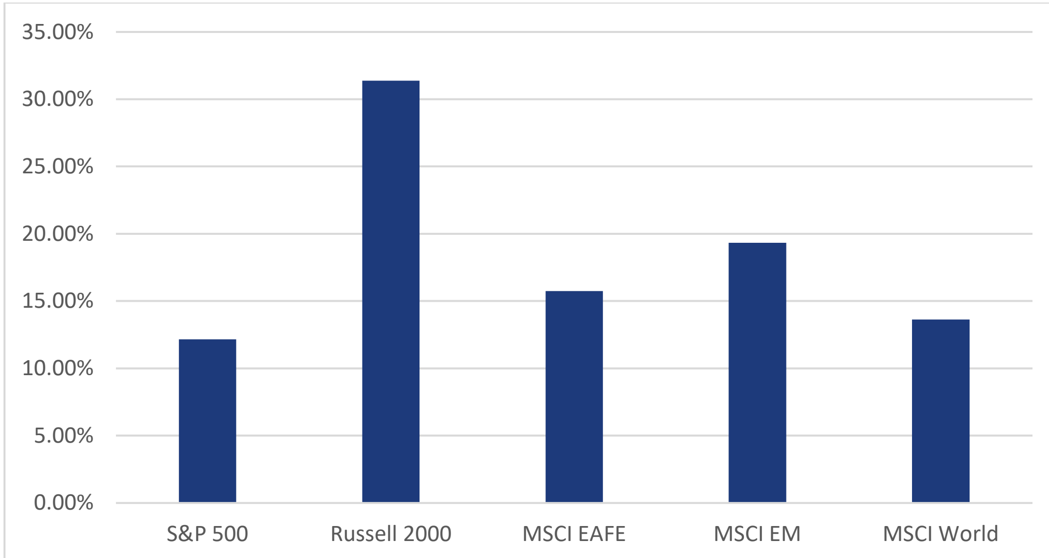
Equities

A Broader Allocation

WE ARE INCREASING OUR OVERALL EQUITY ALLOCATION SLIGHTLY. IN OUR VIEW, WIDESPREAD vaccine distribution combined with market liquidity could lead to market expansion later in 2021. We also believe that public equities continue to offer the most attractive returns of any asset class when factoring in liquidity and risk. We could also potentially see the release of pent-up consumer demand in 2H21 once the vaccine is widely rolled out. That said, we think investors could face equity market volatility in 1Q21 as the virus spreads, including a potential pullback, given that vaccines will not yet be widely distributed.

- We are maintaining our Overweight to US Large Cap and US Mid Cap, and our Underweight to International; and
- We are increasing our Overweight to US Small Cap and decreasing our Underweight to Emerging Markets

4Q20 Equity Indices Performance



Source: Evestment

US Large Cap

Following a steep decline when the pandemic hit in March, the US Large Cap segment had a strong 2020, rising 18.4%. Names that did particularly well were those that benefit from the numbers of people working and staying at home: Zoom (up 413.7%), Amazon (up 74.7%), and Peloton (up 414.5%). The so-called FAANG stocks, which collectively had a strong year, now account for approximately 17% of the S&P 500 index.

Against this backdrop, 2020 saw valuation multiples for the US Large Cap market expand to levels that some believed to be unsustainable. The S&P 500 currently trades at about a 27.6x P/E, compared to its historical average level of 15.9x. However, we remain 3% Overweight the US Large Cap segment. We see the potential for continued multiple expansion once vaccines are widely distributed in 2021, driven by a mix of higher corporate earnings due partially to cost containment (including layoffs), increased productivity as businesses leverage technology; continued liquidity flowing into the market from economic stimulus; and the release of pent-up consumer demand for travel and leisure as the virus abates and these markets recover.

> We see the potential for expansion in cyclical sectors, including materials, industrials, financials, and consumer durables

However, we also see the potential for increased regulatory scrutiny on certain large cap names, including Facebook, Google, Apple, and Amazon, which could pressure S&P 500 multiples somewhat. We see the potential for expansion in cyclical sectors, including materials, industrials, financials, and consumer durables.

Despite US Large Cap multiples being elevated, we are still seeing room for market expansion in 2021. Even if we assume a 10% multiple contraction from current levels on a forward-looking basis, we are still projecting US Large Cap market expansion of 11% based on a current EPS 2021 projection of $168.22. Hence, we are comfortable maintaining our Overweight on the US Large Cap sector.

US Large Cap Projected Market Growth, 2021

S&P 500 Dec 2020	3756.07
Estimated 2020 EPS	136.23
Implied P/E	27.6
Assumed Multiple Contraction	10.0%
Assumed 2021 P/E	24.8
Estimated 2021 EPS	168.22
Estimated S&P 500 Dec 2021	4174.28
% Growth	11.1%

Source for EPS Estimates: IBES Data by Refinitiv

US Mid Cap

We see less opportunity for this market segment than we do for either the US Large Cap or US Small Cap segments

We are maintaining our slight Overweight on US Mid Cap names based on our positive overall view for expansion in the US equity markets later in 2021. However, we see less opportunity for this market segment than we do for either the US Large Cap or US Small Cap ones, as these companies are often too large to benefit as much as small cap from the momentum of market expansion but not large enough to become dominant players in their market segments. US Mid Cap names rose 13.7% during 2020, which is less than both the S&P 500 (up 18.4%) and the Russell 2000 (up 18.2%).

US Small Cap

The US market segment that holds the most return potential for in 2021 is Small Cap, in our view. While we think this segment could be negatively impacted to a greater extent if the market corrects early in the year due to another wave of the pandemic, we ultimately see it having the highest possible return once the vaccine becomes widely distributed. The US Small Cap market rose 18.2% in 2020 and 31.4% in 4Q20, exceeding the performance of the S&P 500 in the latter time period.

US Small Cap has tended to outperform US Large Cap coming out of a recession

We also note that US Small Cap has tended to outperform US Large Cap coming out of a recession. For example, following the Financial Crisis of 2008, US Small Cap rallied 23.5% over a twelve-month time period beginning in July 2009, vs. 14.4% for US Large Cap, according to a December 2010 article in the North American Journal of Economics and Finance. Within US Small Cap, we think that outperformance could be more readily seen at lower quality names (defined as companies with higher levels of leverage and lower free cash flow), along with companies operating in more cyclical sectors.

As a result of our more positive view, we are increasing our US Small Cap tactical overweight allocation by 1%, to 2% over our strategic allocation.

International

We are maintaining our 2% Underweight to International stocks for several reasons. The MSCI EAFE Index increased by about 7.8% in 2020, which was well below the increases seen in either the US or Emerging Markets. Similarly, in 2019 the MSCI EAFE Index returned 22.0%, whereas the S&P 500 increased by 31.5%. While we think the International equity markets could rally (similar to the US) on the widespread distribution of a vaccine, we think this rally could be more contained due to other geopolitical factors at play, namely the implementation of Brexit, which would impact both the UK and the EU markets.

Emerging Markets

We remain watchful of issues that could impact the economic environment in China over 2021

We are becoming incrementally more positive on Emerging Market equities. Emerging market equities have grown in 2020 to return 18.3%, in line with returns in the US Large and Small Cap markets but significantly outperforming developed international markets. While we recognize that it could take longer to get a vaccine distributed in emerging markets, and that emerging markets could face a pullback in 1Q21 if the virus worsens, we see the potential for good returns in markets that are commodity exporters on the back of a weaker dollar, as well as those with strong technology industries and healthy capital markets later in 2021. We are maintaining our overall Underweight, however, due to uncertainties surrounding Chinese trade relations that are impacting not just the US markets, but markets on a more global scale. Given that China accounts for 40.7% of the MSCI Emerging Markets Index, we remain watchful of issues that could impact the economic environment of this country over 2021.

Fixed Income

Yield Expansion Later in 2021?

WE ARE ADJUSTING OUR POSITIONING FOR FIXED INCOME SLIGHTLY FOR 1Q21:

- We are maintaining our Neutral allocation to Treasuries, along with our slight Overweight to Investment Grade Corporate and High-Yield Corporate, and our slight Underweight to Emerging Markets.
- We are moving from a slight Overweight in International to a slight Underweight. We believe this segment should remain relatively less attractive than US in 2021, given relative yield levels on sovereign and corporate foreign debt.

Treasuries/Governments/Agencies

In short, we see very little in terms of catalysts on the horizon for the Fixed Income markets

In short, we see very little in terms of catalysts on the horizon for the Fixed Income markets. The Fed has indicated that it is continuing its asset support programs, buying $120bn/month in bonds ($80bn in Treasuries and $40bn in MBS), for the foreseeable future. What is unclear is whether the Fed will begin purchasing more longer-duration bonds in order to contain yields at the longer end of the yield curve, an idea that is supported by some investors. Absent such a policy, we think longer-duration yields could rise once vaccines are widely distributed and if the Biden administration enacts a further stimulus policy, which would result in the need to finance additional debt. In the short-term, however, yields could contract under the additional strains of the virus.

The Fed also continues its inflation targeting policy and has stated that inflation must be running at around 2% in order for interest rates to rise. Thus far inflation has remained tame, and looks to stay at current levels based on Fed futures and the Fed Dot Plot. The November PCE deflator, the Fed's preferred inflation measure, was only 1.1% (1.4% for the core level), which is well below the 2% target. However, the 10-year breakeven inflation expectations measure recently rose to a two-year high of 1.99%, pushed higher by rising crude oil prices.

We continue to recommend a Neutral allocation to treasuries given the likelihood for pandemic-related volatility in 1Q21 and the relatively attractive yields offered vis-à-vis other, lower yielding sovereign country debt.

Investment Grade Corporate Debt

We think investment grade corporate issuance could decline in 2021, pushing yields on new issuances down somewhat

2020 saw a record level of corporate debt issuance of $2.2 trillion, $1.8 trillion of which was in investment grade corporates. (Total corporate debt issuance was only $1.4 trillion in 2019.) Given the extreme level of refinancing seen in 2020 on the back of a lower rate environment and government repurchase policies, we think investment grade corporate issuance could decline in 2021. This could push yields on new issuances down somewhat as pricing could rise on limited new issue supply. However, pricing will remain dependent on the shape of the overall yield curve and whether the yields on long dated treasuries rise or not.

It is also worth looking at spreads for investment grade corporates for 2020 to understand the relative attraction of this asset class vs. treasuries. Option-adjusted spreads (OAS) on corporates are currently running at about 136 bps, which is slightly above the 130 bps level seen in January but well below the 401 bps seen at the height of the pandemic on March 23, 2020. Spreads started 4Q20 at 143 bps and have thus contracted only about 4.9% since. We think OAS could rise for corporates in the short-term if the virus resurges, sparking a flight to safety. However, we think spreads will likely remain tighter longer-term as the virus becomes contained. We continue to recommend a slight Overweight to investment grade corporates in our tactical asset allocation.

High Yield Corporate Debt

While issuance for high yield corporate debt totaled $400 billion in 2020, far below the issuance seen in the investment grade corporate market, this segment outpaced investment grade corporate debt in terms of spread compression. Currently the OAS spread on high yield is about 406 bps vs. 360 bps at the beginning of 2020 and 1,087 bps on March 23, 2020. Spreads started 4Q20 around 538 bps so have seen a 24.5% compression just during the most recent quarter.

The investment strategies that we have seen outperform contain lower quality, longer duration credits

Meanwhile, investors continue to be drawn to high yield corporate debt given that these assets offer a more attractive yield than can be found in investment grade debt or in treasuries. The investment strategies that we have seen outperform in the market are those that contain lower quality, longer duration credits. While this is not a new trend, it has been exacerbated by the low-rate environment. We are not adjusting our tactical asset allocation at this time with respect to high yield corporates, and continue to recommend a slight overweight to these as a form of yield enhancement for one's portfolio. However, we caution investors from becoming overly exposed to high yield, given that the current spreads may not be reflective of the relative risk one bears when holding these assets.

International Debt

We are moving to a slightly negative tactical position on international (read: developed market ex-US) debt for two reasons. First, and most importantly, most sovereign yields continue to lag those offered by US treasuries, with yields on some debt remaining effectively negative. Thus, the US often offers the best yields for a given level of risk. Investors are effectively better off investing in US treasuries than in the sovereign debt of other developed nations.

> Brexit fallout could significantly pressure yields in both the EU and UK, both near and longer term

Second, it still remains to be seen what the actual fallout from Brexit will be, which could significantly pressure future yields in both the EU and UK, both in the short term and long term. While we take some comfort in the positive negotiations seen at the end of December, we are cautious about what the actual implementation of these changes will look like. Under the terms of the agreement, both the UK and the EU will continue to trade without tariffs, but with significantly more bureaucracy and the reduced free flow of workers between the two blocks. One of the most critical areas to watch is the lack of guaranteed access to European markets that London's financial services markets have traditionally enjoyed, which we think could negatively impact financial products.

Emerging Market Debt

During the week of November 18, 2020, flows into emerging market bonds turned positive for the first time in 8 months at $3.5bn. This was largely due to investors looking for yields that exceed those of US corporates and US treasuries and was likely helped by a weaker US dollar, which makes dollar-denominated debt cheaper for emerging market issuers. Emerging markets on the equity side have likewise been more positive in 2020, rising 18.3% for the year. Spreads on emerging market corporate debt are currently around 287 bps, which is slightly ahead of the 255 bps at the beginning of 2020 but well below the 641 bps on March 23, 2020.

> We could become more positive on emerging market debt once vaccines begin reaching populations in these geographies, but for now we are remaining cautious

Given the more positive outlook for emerging markets on the equity side, why are we still slightly underweight emerging market debt? Partly this is due to our belief that spreads may have become overly narrow and may not be compensating investors properly for the higher levels of risk borne by these types of assets, as well as our concern over the re-emergence of Chinese trade issues again becoming a focal point in 2021. It is also partly the result of our thesis that short-term market volatility could prevail under another virus outbreak, thereby negatively impacting spreads. We could become more positive on emerging market debt once vaccines begin reaching populations in these geographies, but for now we are remaining cautious.

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Alternatives

Maintaining Our Allocation in Q1

WE ARE MAINTAINING OUR ALLOCATION TO ALTERNATIVES IN 1Q21 GIVEN OUR VIEW THAT markets will likely be volatile over the short term and that trends seen earlier in the pandemic could re-emerge. Specifically, we are:

- Maintaining our Underweight on Commodities, Multi-strategy Hedge, and Real Estate; and
- Maintaining our Neutral weighting on Private Equity

Commodities

While we see the potential for a possible pop in precious metals pricing over the short term due to the likely virus resurgence and potentially elevated volatility levels, we are maintaining our tactical Underweight on Commodities overall given current valuation levels and the longer-term outlook.

We remain cautious on oil as we view the migration away from fossil fuels towards greener forms of energy such as wind and solar as likely to continue

OIL: Oil rebounded 21.4% during 4Q20 on the back of renewed demand as the impact of lockdowns easing earlier in the year began to make their way through the oil markets, and the impact of earlier OPEC production cuts began to be felt. Oil is now trading at $48.42/barrel, in a range not seen since early March 2020. However, we think another wave of the virus, which could negatively impact productivity, could again cause oil markets to feel short-term pressure. Meanwhile, in early January Saudi Arabia announced that it would cut production by a further 1 million barrels/day for February and March, effectively offsetting an announcement in early December by OPEC that it would increase production by an additional 500,000 barrels/day beginning in January (previously OPEC had announced a production cut of 7.7 million barrels/day as the pandemic raged on). Regardless, we would expect to see a partial recovery in oil pricing later in 2021 once a vaccine is more widely distributed and industrial production ramps back up. Longer term, we remain cautious on oil as we view the migration away from fossil fuels towards greener forms of energy such as wind and solar as likely to continue.

The longer-term investment case for gold remains stretched

GOLD: After rising nearly 24.3% in the first three quarters of 2020, gold rose only 0.6% in 4Q20 as market volatility dropped due to resolution of the US election and the approval of two COVID-19 vaccines. However, we believe the resurgence of the pandemic could be a short-term positive for gold, as volatility levels will likely rise and as investors look towards "safer" assets as stores of value. Gold will likely also be supported by a weaker US dollar; the dollar has not seen 2020-level declines since 2017. This said, we think that the longer-term investment case for gold remains stretched, given current valuation levels and our view towards reduced volatility in 2H21 as the vaccine becomes more widely distributed, thereby increasing the relative attractiveness of other assets.

Gold prices in USD

Source: Y Charts.

COPPER: Copper rose by 25.7% in 2020 due to supply constraints related to the pandemic. We think this trend will continue in 1H21 until the vaccine is widely distributed, including to populations in emerging markets where much of the copper supply is mined. A lower USD is also supportive of emerging markets commodities exporters, such as Chile. Longer-term, however, we think copper prices could decline later in 2021 as supply levels return to normal.

Multi-Strategy Hedge

Net returns on hedge funds, in our view, remain relatively uncompelling

We are maintaining our tactical Underweight on Multi-Strategy Hedge assets despite the potential for increased market volatility over the near term due to the virus resurgence. Net returns on hedge funds, in our view, remain relatively uncompelling when compared with broader market peers. Through November 30, 2020, the gross YTD overall return on hedge funds was 5.66%, led by multi-strategy hedge fund returns of 12.2% and equity long/short strategies of 12.16%, according to Aurum.com. This compares to a return on the S&P 500 of approximately 12.2% over the same time period. Assuming a 2% management and 20% performance fee, we think hedge funds remain relatively unattractive when compared to other broad based market strategies.

Real Estate

We remain slightly negative on real estate over the short-term due to the impacts of the pandemic. On the one hand, the pandemic has caused a flight out of urban areas into suburban ones, which has propped up housing markets in the latter. This has been evident in strong statistics related to housing starts and continuing home sales. However, this trend masks the decline in valuations of urban real estate and the troubling potential for higher levels of foreclosures and evictions as unemployment drags on for some, thus making it more difficult to cover immediate housing costs. The recent signing into law of additional pandemic relief and eviction limitations should help stave off evictions, but does not prevent foreclosures for property owners that are squeezed between owing money on mortgages and not receiving rental payments from tenants.

> We are growing concerned that the single-family housing boom could begin winding down

Longer-term, we are also growing concerned that the single-family housing boom could begin winding down as families that had the means to purchase second homes or homes in suburban areas during the pandemic have likely already done so. The October FHFA home price index rose 1.5% m/m and 10.2% y/y, and the supply of existing homes on the market fell to 2.2 months in November, which is a record low. We do not view this trend as sustainable once vaccines are more widely distributed in 2021.

Private Equity and Venture Capital

We are maintaining our Neutral view on Private Equity and Venture Capital given both the long-term, illiquid nature of these investments and the increased likelihood that achieving superior returns could be more difficult given current entry level investment valuations and reduced emphasis on exits in the current market environment. Our view does remain slightly bifurcated between the two.

> The relative attractiveness of private equity remains tied to the thematic nature and terms of a particular fund

PRIVATE EQUITY: Last quarter we wrote that a record level of funds flowed into private equity during 2019 and that exits were down 70% YoY in 1H20. As additional dry powder remains on the sidelines waiting to be invested, we remain concerned that valuations could be rising and therefore pressuring the long-term returns for potential investors. Our view is that the relative attractiveness of private equity remains tied to the specific thematic nature and lock up terms of a particular fund, as the thematic nature is a determinant of the deal pipeline and thus the valuations for a particular fund.

VENTURE CAPITAL: We are also maintaining our slightly more negative view of venture capital investments. While these have also seen strong inflows over the past year and a half, we are concerned that these funds are investing in earlier stage entities with a greater likelihood of failure and that valuations for venture capital investments are also elevated, similar to what we are seeing in the private equity space. We think venture capital investments also have a higher tendency to invest in tech-related entities, which could carry a higher level of risk. While a venture capital approach implies a greater number of smaller sized investments per fund than does private equity, we question whether the surplus of investable capital in this segment is resulting in the funding of companies that lack long-term viability.

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Asset Allocation

Maintaining Our Allocation in Q1

- **Equities — Maintain Overweight**
- **Fixed Income — Move to Equal Weight**
- **Alternatives – Maintain Underweight**
    - *Underweight positions in commodities, real estate and hedge funds*
    - *Neutral allocation to private equity and venture capital.*
- **Cash — Maintain Neutral**

Tactical Allocation as of January 1, 2021
(Moderate risk/return profile, long-term time horizon, including Alternatives)

Asset Class	Strategic Allocation (%)	Tactical Allocation %	Over / Under Weight %	Change from Last Report %
Publicly Traded Equity	60	**63**	**3**	**+2**
US Large Cap	25	28	3	0
US Mid Cap	10	11	1	0
US Small Cap	5	7	2	+1
International Developed	15	13	-2	0
Emerging Market	5	4	-1	+1
Publicly Traded Fixed Income	25	25	0	-2
Treasuries & Agencies	3	3	0	0
Investment Grade Corporate	8	9	+1	0
High Yield Corporate	3	4	+1	0
International	8	7	-1	-2
Emerging Market	3	2	-1	0
Alternative Assets	13	**10**	-3	**0**
Multi-Strategy Hedge	4	3	-1	0
Private Equity / Venture Capital	3	3	0	0
Real Estate	3	2	-1	0
Commodities	3	2	-1	0
Cash	2	**2**	**0**	**0**
Total	100	100		

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Important disclosures