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In the first quarter of 2024, the U.S. economy continued to show strength, inflation proved to be stickier than anticipated, and there was a strong revision in the market's assessment of the future path of the Federal Reserve (the "Fed") activity as it pertains to interest rates. Alternative investments ("Alternatives") had a solid quarter with almost all sectors posting positive performance. March Consumer Price Index Year-over-Year ("CPI YoY") came in at +3.20%, while CPI Ex Food and Energy was +3.80% (YoY). Fourth quarter Gross Domestic Product ("GDP") was +3.40%. While the Fed continues to telegraph a dovish leaning, we think the data doesn't seem supportive of that. Perhaps that is why the market has shifted its expectations significantly, as measured by Fed Funds futures curve, from large number of rate cuts in 2024, to a rather modest amount of rate cuts (see Figure 1).

Figure 1 Fed Fund Futures and Implied Fed Moves

	3/28/2024	12/29/2023
Actual Fed Funds Rate	5.328%	5.328%
December 2024 Fed Futures Rate	4.690%	3.835%
Implied # of 25 basis points rate cuts	2.55	5.97

Source: Bloomberg. Data as of 3/28/24. There is no assurance any forecasts will be achieved.

The Federal deficit is concerning to us as it remains at seemingly unprecedented levels given the level of GDP growth and low unemployment levels. A sustained deficit of this magnitude has historically occurred during recessions. Also concerning are the rocketing payments on U.S. debt (a function of higher rates and unbridled spending). Finally, it has been two years since the Fed's first rate hike and 18 months since the Fed Funds Rate breached 3%. Historically, this is when the economy would start to show the most pervasive stress due to tighter monetary conditions. The 2004-2006 rate cycle increase and subsequent financial crisis may loom large in many investors' psyche. It was roughly 16 months after rates peaked that the S&P 500® Index ("S&P 500") peaked and then began a brutal decline that culminated in the Great Financial Crisis of 2008. Capital markets seem to be forecasting a far more optimistic conclusion to this rate cycle. Foreign central banks are not waiting for any shoe to drop and have much more strongly indicated that rate cuts are coming. The Swiss National Bank has already lowered rates and the European Central Bank ("ECB") has indicated they will start doing so in June 2024.

Alternatives delivered positive performance in 9 out of 10 categories averaging +4.00% for the quarter. Global Macro was the best performing category (+17.46%). Other notable gainers were Managed Futures (+9.68%) and Equity Long/Short (+6.24%). Real Estate was the worst performing category (-1.17%). Given that the S&P 500 Index was up over 10.5%, it is not surprising that only one Alternatives category outperformed the white-hot index. The average underperformance vs the S&P 500 was -623 basis points. Conversely, 9 out of 10 alternative categories outperformed the Bloomberg US Aggregate Bond Index ("BB Agg"). The average outperformance was 510 basis points (Figure 2 and Figure 3).

Figure 2 Alternatives Performance

	Q1 2024	2023
Global Macro	17.46%	2.20%
Managed Futures	9.68%	-1.24%
Equity Long/Short	6.24%	8.66%
Event Driven	2.64%	5.80%
Commodities	2.19%	-7.91%
Fixed Income Arbitrage	2.04%	7.91%
Equity Market Neutral	1.58%	6.42%
Multi-Strategy	1.36%	8.93%
Convertible Arbitrage	1.18%	2.55%
Real Estate	-1.17%	12.25%

Source: Bloomberg. Data as of 3/31/24.

Figure 3 Alternatives Performance(Over/Under) Q1 2024

	vs S&P 500	vs BB Agg
Global Macro	6.91%	18.24%
Managed Futures	-0.87%	10.46%
Equity Long/Short	-4.32%	7.01%
Event Driven	-7.92%	3.42%
Commodities	-8.36%	2.97%
Fixed Income Arbitrage	-8.51%	2.82%
Equity Market Neutral	-8.98%	2.35%
Multi-Strategy	-9.19%	2.14%
Convertible Arbitrage	-9.37%	1.96%
Real Estate	-11.72%	-0.39%
Average	-6.23%	5.10%

Source: Bloomberg. Data as of 3/31/24.

Past performance is not indicative of future results.

Commentary Continued on Next Page

Traditionally, managed futures and macro strategies are viewed as having lower correlations to equities because they are diversified across a variety of markets and often employ shorting as part of their approach. Strategies that had lower two-year correlations to U.S. equities (less than .60), on average, outperformed those strategies that had a higher correlation with U.S. equities. The spread was +279 basis points (Figure 4). This is a little surprising given the exceptional strength in equities, but the stellar performance of Global Macro and Managed Futures and the poor performance of Real Estate drove those results. Real asset returns had a solid quarter as Commodities, Gold in particular, rallied. Real Estate slipped slightly as mortgage rates rose, the prospect for rate cuts faded and the commercial sector continued to face occupancy challenges (Figure 5).

Figure 4 Correlations (2yr) & Returns

	Correlation to S&P 500 Index	Q1 Return
Real Estate	0.87	-1.17%
Equity Long/Short	0.81	6.24%
Fixed Income Arbitrage	0.74	2.04%
Commodities	0.48	2.19%
Convertible Arbitrage	0.48	1.18%
Event Driven	0.46	2.64%
Multi-Strategy	0.43	1.36%
Equity Market Neutral	0.11	1.58%
Global Macro	-0.03	17.46%
Managed Futures	-0.53	9.68%
Lower Correlation Avg TR (≤0.60)		5.16%
Higher Correlation Avg TR (>0.60)		2.37%

Source: Bloomberg. Data from 4/30/22 - 3/31/24. Correlation of monthly returns over 24 months.

Figure 5 Real Assets Returns

	Q1 2024	2023
Gold	8.09%	13.10%
Commodities	2.19%	-7.91%
Real Estate	-1.17%	12.25%
Average	3.04%	5.81%

Source: Bloomberg. Data as of 3/31/24.

Cryptocurrencies, traded up sharply in the first quarter posting high double digit returns in many of the digital coins. The Bloomberg Galaxy Crypto Index rose a stunning 57.34%, Bitcoin, Ethereum, and Litecoin all were up double digits +66.66%, +59.19%, and 43.38%, respectively. Ripple Labs was a significant laggard (+1.34%) as ongoing legal action by the SEC against Ripple Labs injected a large amount of uncertainty into the cryptocurrencies near-term future (Figure 6). Bitcoin ETFs continued to garner significant flows which means more variations (levered, inverse, active) are likely to come to market.

Figure 6 Cryptocurrency Returns

	Q1 2024	2023
Bitcoin	66.66%	157.01%
Ethereum	59.19%	90.29%
BB Galaxy Crypto Index	57.34%	139.56%
Litecoin	43.38%	5.13%
XRP (Ripple Digital Assets)	1.34%	81.02%

Source: Bloomberg. Data as of 3/31/24.

Past performance is not indicative of future results.

Commentary Continued on Next Page

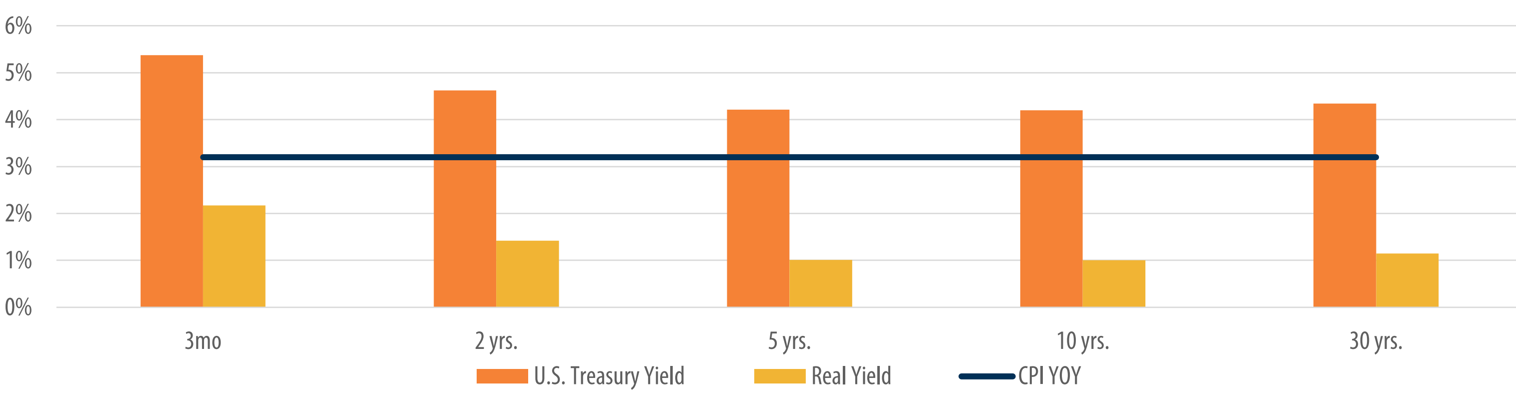
Returns for major asset classes were strongly positive in the first quarter of 2024. Equity markets rallied across the globe as economic growth appeared better than expected, concerns over inflation faded and geopolitical conflicts did not appear to impact risk tolerances. The S&P 500 Index, MSCI EAFE Index, and MSCI Emerging Markets Index posted solid gains (+10.56%, +5.78%, +2.37%, respectively). U.S. Treasuries and the broader fixed income market struggled (-3.60% and -0.78%, respectively) while high yield was able to advance along with other risk assets (+1.27%). Commodities were up (+2.19%) driven by the performance of the precious metals and energy sector. Apart from the shortest maturity, real rates moved appreciably higher as the rise in nominal rates outpaced the increase in CPI by a considerable amount. Currently real rates are positive across the entire curve (Figure 8).

Figure 7 Asset Class Returns

	Q1 2024	2023
Bitcoin	66.66%	157.01%
S&P 500	10.56%	26.29%
MSCI EAFE	5.78%	18.24%
U.S. Dollar	3.11%	-2.11%
MSCI Emerging Markets	2.37%	9.83%
Commodities	2.19%	-7.91%
High Yield Bonds	1.27%	13.76%
BB Agg	-0.78%	5.53%
Real Estate	-1.17%	12.25%
US Treasury 20+ Years	-3.60%	2.15%

Source: Bloomberg. Data as of 3/31/24.

Figure 8 U.S. Treasury Yields and CPI



Source: Bloomberg. Data as of 3/31/24.

Alternatives have historically provided significant diversification benefits when paired with a portfolio of traditional assets, in addition to both competitive absolute returns and attractive risk-adjusted returns. **Please Note: Alternative investments may employ complex strategies, have unique investment, and risk characteristics that may not be suitable for all investors.**

References to specific companies or securities should not be construed as a recommendation to buy or sell any such security, nor should they be assumed profitable.

All charts shown herein are for illustrative purposes only and not indicative of any investment. The performance illustrations exclude the effects of taxes and brokerage commissions or other expenses incurred when investing. ***Past performance is not indicative of future results*** *and there can be no assurance past trends will continue in the future. An investor cannot invest directly in an index. See last page for definitions of asset class indexes and other terms discussed herein.*

Definitions

10-Yr Treasury: Yield of U.S. Treasury securities maturing in approximately 10 years.

AllHedge Index: The Credit Suisse AllHedge Index is an asset-weighted hedge fund index derived from the market leading Credit Suisse Hedge Fund Index. The Credit Suisse AllHedge Index provides a rules-based measure of an investable portfolio. Index performance data is published monthly and constituents are rebalanced semi-annually according to the sector weights of the Credit Suisse Hedge Fund Index.

BB Agg: The Bloomberg US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Bitcoin: A digital currency using encryption techniques created for use in peer-to-peer online transactions Introduced in 2008 by a person or group using the name Satoshi Nakamoto.

Bloomberg Galaxy Crypto Index (BGCI): The BGCI is designed to measure the performance of the largest cryptocurrencies traded in USD.

Coinbase: An online platform for buying, selling, transferring, and storing cryptocurrency.

Commodities: The Bloomberg Commodity Index is made up of exchange-traded futures on physical commodities and represents 20 commodities, which are weighted to account for economic significance and market liquidity.

Consumer Price Index (CPI): A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Correlation: A statistical measure that quantifies the extent to which two or more data series fluctuate together. Values run from -1.0 to +1.0.

Cryptocurrency: A digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

Emerging Markets: The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets (EM) countries. The index covers 85% of the free float-adjusted market capitalization in each country.

Equity Market Neutral: The Credit Suisse AllHedge Equity Market Neutral Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of equity market neutral funds. Equity market neutral funds typically take both long and short positions in stocks while seeking to reduce exposure to the systematic risk of the market (i.e., a beta of zero is desired). Equity Market Neutral funds typically seek to exploit investment opportunities unique to a specific group of stocks, while maintaining a neutral exposure to broad groups of stocks defined for example by sector, industry, market capitalization, country, or region. The index has a number of subsectors including statistical arbitrage, quantitative long/short, fundamental long/short and index arbitrage. Managers often apply leverage to enhance returns.

Ethereum: Ethereum is a platform that offers programming code of any decentralized application. It has been linked to payment style transactions. Ether is the cryptocurrency issued through open-source code executed on thousands of nodes.

Event Driven: The Credit Suisse AllHedge Event Driven Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of event driven funds. Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of corporate events. Event driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many managers may use a combination of strategies and adjust exposures based on the opportunity sets in each subsector.Gold: The return of the gold spot price as quoted as U.S. dollars per Troy Ounce.

Fixed Income Arbitrage: The Credit Suisse AllHedge Fixed Income Arbitrage Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of fixed income arbitrage funds. Fixed income arbitrage funds typically attempt to generate profits by exploiting inefficiencies and price anomalies between related fixed income securities. Fixed income arbitrage funds seek to limit volatility by hedging out exposure to the market and interest rate risk. Strategies may include leveraging long and short positions in similar fixed income securities that are related either mathematically or economically. The sector includes credit yield curve relative value trading involving interest rate swaps, government securities and futures; volatility trading involving options; and mortgage-backed securities arbitrage (the mortgage-backed market is primarily U.S.-based and over-the-counter).

Global Macro: The Credit Suisse AllHedge Global Macro Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of global macro funds. Global macro funds typically focus on identifying extreme price valuations and leverage is often applied on the anticipated price movements in equity, currency, interest rate and commodity markets. Managers typically employ a top-down global approach to concentrate on forecasting how political trends and global macroeconomic events affect the valuation of financial instruments. Profits can be made by correctly anticipating price movements in global markets and having the flexibility to use a broad investment mandate, with the ability to hold positions in practically any market with any instrument. These approaches may be systematic trend following models, or discretionary.

Gross Domestic Product (GDP): Is the monetary value of all finished goods and services made within a country during a specific period.

Inflation is the decline of purchasing power of a given currency over **time.**

High-Yield Bonds: The Bloomberg US High Yield Very Liquid Index (VLI) is a component of the US Corporate High Yield Index that is designed to track a more liquid component of the USD-denominated, high yield, fixed-rate corporate bond market. The US High Yield VLI uses the same eligibility criteria as the US Corporate High Yield Index, but includes only the three largest bonds from each issuer that have a min amount outstanding of USD500mn and less than five years from issue date.

International Developed: The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is a free-float weighted equity index.

Litecoin: A peer-to-peer cryptocurrency and open source software project similar to Bitcoin, Litecoin uses blockchain technology to process transactions. Litecoin, referred to as an alt-coin can process blocks faster than Bitcoin, uses a different mining algorithm and has larger supply.

Long/Short Equity: The Credit Suisse AllHedge Long/Short Equity Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of long/short equity funds. Long/short equity funds typically invest in both long and short sides of equity markets, generally focusing on diversifying or hedging across particular sectors, regions or market capitalizations. Managers typically have the flexibility to shift from value to growth; small to medium to large capitalization stocks; and net long to net short. Managers can also trade equity futures and options as well as equity related securities and debt or build portfolios that are more concentrated than traditional long-only equity funds.

Managed Futures: BarclayHedge US Managed Futures Industry Top 50 (BTop 50) Index. The Index seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure.

Monetary Policy: Is the tool used by central banks to influence the money supply, and with it, the economy at large.

Multi-Strategy: The Credit Suisse AllHedge Multi-Strategy Index is a subset of the Credit Suisse AllHedge Index that measures the aggregate performance of multi-strategy funds. Multi-strategy funds typically are characterized by their ability to allocate capital based on perceived opportunities among several hedge fund strategies. Through the diversification of capital, managers seek to deliver consistently positive returns regardless of the directional movement in equity, interest rate or currency markets. The added diversification benefits may reduce the risk profile and help to smooth returns, reduce volatility and decrease asset-class and single-strategy risks. Strategies adopted in a multi-strategy fund may include, but are not limited to, convertible bond arbitrage, equity long/short, statistical arbitrage and merger arbitrage.

Real Estate: The Dow Jones US Real Estate Index is designed to track the performance of real estate investment trusts (REITs) & other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies.

Real Yield: or Real Interest Rate has been adjusted to remove the effects of inflation to reflect the real cost of funds to the borrower and the real yield to the lender or to an investor.

Recession: Is a significant decline in economic activity that lasts longer than a few months.

Ripple: Known as XRP, Ripple is a cryptocurrency that can be used on open source distributed ledger created by the company Ripple. It is built upon the principles of blockchain as an on-demand option for faster cross border payments.

Securities and Exchange Commission (SEC): A government agency created by Congress to regulate the securities markets and protect investors.

U.S. Equities: The S&P 500® Index. An unmanaged index of 500 stocks (currently 503) used to measure large-cap U.S. stock market performance.

U.S. 30-Yr Treasury Yield: Yield of U.S. Treasury securities maturing in approximately 30 years.

U.S. Dollar: The U.S. Dollar Index (USDX) indicates the general international value of the U.S. dollar. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

U.S. Treasury: The ICE U.S. Treasury 20+ Years Bond Index is part of a series of indices intended to assess U.S. Treasury issued debt. Only U.S. dollar denominated, fixed-rate securities with minimum term to maturity greater than twenty years are included.

Year-over-Year (YoY): is a calculation that helps compare growth over the previous 12 months and automatically negates the effect of seasonality.