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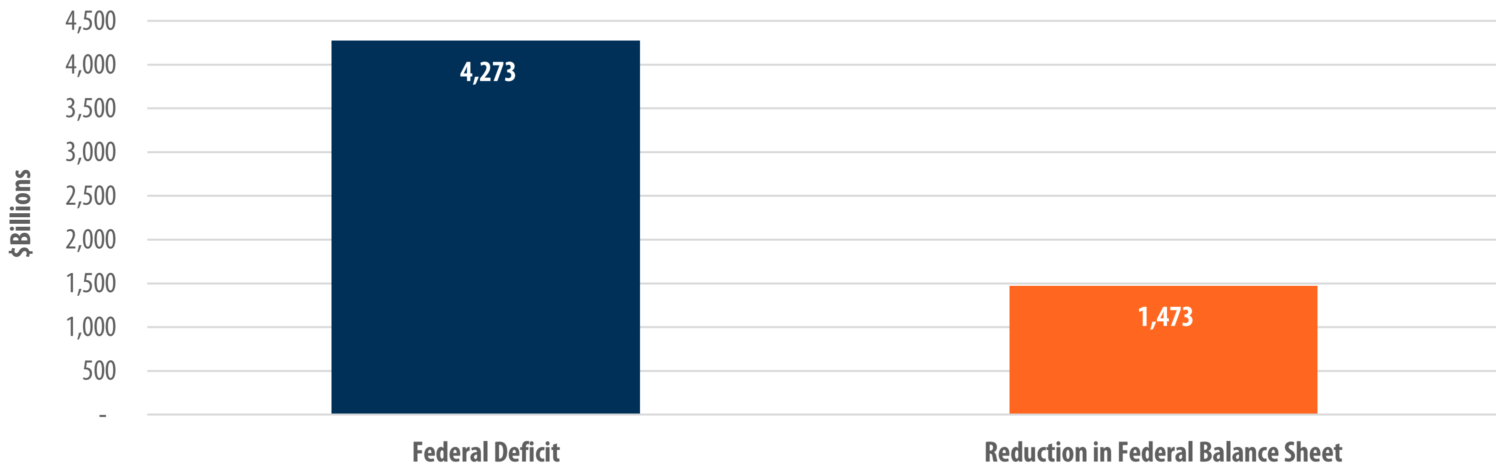
In the second quarter of 2024, alternative investments ("alternatives") had mixed performance. Global central banks have signaled that they have no intention of letting a recession of any significant magnitude take hold without a fight, regardless of inflation. In the not-to-distant past, there was staunch language regarding acceptable rates of inflation and absolute denial over anything resembling a "Central Bank Put." Yet here we are with the European Central Bank ("ECB"), the Bank of Canada, the Swiss National Bank, and the Riksbank (Sweden) all cutting rates well before inflation has reached any of their targets. "Disinflation" is both the new buzzword and the rationale. Hopefully, it proves to be more accurate than "transitory inflation."

Figure 1 Fiscal vs Monetary Impulse



Source: Bloomberg. Data as of 5/31/2024. Figures are cumulative since 12/31/21.

The Federal Reserve (the "Fed") has slowed its balance sheet runoff by almost 60% and continues to signal lower, not higher, rates ahead. We have the world's bankers who created 0% interest rates for nearly a decade and then followed that with 1970s style inflation now easing financial conditions when we believe there is an argument to be made that conditions are already neutral, perhaps even loose. While interest rates have gone up, it should not go unnoticed that since the first Fed Funds increase in 2022, the reduction in the Federal Reserve balance sheet of nearly $1.5 trillion has been countered by almost three times that amount in deficit spending (see Figure 1). In fact, we believe it is reasonable to think that $4.3 trillion in deficit spending in the past two and a half years may have completely offset any restrictive actions by the Fed. Even after a $1.5 trillion drawdown (roughly 5% of the U.S. economy or nearly all of Australia's economy) the Fed's balance sheet sits at more than $7 trillion. This level is almost double pre-Covid levels and 800% greater than pre-global financial crisis levels.

Could the pre-emptive rate strike be a tacit acknowledgement that the global economy is still fragile even after 15 years of massive fiscal and monetary impulse? Does anyone think that Congress or the next administration (regardless of party affiliation) is going to call for fiscal and monetary discipline? Will there be a return to a time in which the Fed does not have massive ownership of the capital markets in some form? Stocks generally embrace easy financial conditions, so their recent ascent does not seem inexplicable with all the money still sloshing around in the system and the spending binge that the U.S. government seems to be normalizing. While "disinflation" might be the new catch phrase, there are still inflationary pressures to be found and plenty of structural headwinds to disinflation such as deglobalization, in our view. If history is any guide, inflation is notoriously stubborn. We believe trying to remove all risk from investing (as central banks seem to be doing) often does just the opposite. In our opinion, if they are not careful, central bankers might not be declaring the ghost of Arthur Burns dead, but their currencies and their own credibility.

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Alternatives delivered positive performance in 7 out of 10 categories averaging +0.56% for the quarter. Multi-Strategy was the best performing category (+2.91%). Other notable gainers were Commodities (+2.89%) and Equity Market Neutral (+2.37%). Global Macro was the worst performing category (-3.69%). With the S&P 500® Index up sharply, it is not surprising that no alternative category outperformed the long only equity benchmark. The average underperformance vs the S&P 500® Index was -372 basis points. 7 out of 10 Alternatives categories outperformed the Bloomberg U.S. Aggregate Bond Index ("BB Agg"). The average outperformance was 50 basis points (Figure 2 and Figure 3).

Figure 2 Alternatives Performance	Q2 2024	YTD
Multi-Strategy	2.91%	4.78%
Commodities	2.89%	5.76%
Equity Market Neutral	2.37%	4.02%
Equity Long/Short	2.14%	9.04%
Event Driven	1.96%	4.72%
Fixed Income Arbitrage	1.64%	4.07%
Convertible Arbitrage	0.30%	1.94%
Real Estate	-1.73%	-2.88%
Managed Futures	-3.16%	6.70%
Global Macro	-3.69%	13.13%

Figure 3 Alternatives Performance (Over/Under) Q1 2024	vs S&P 500	vs BB Agg
Multi-Strategy	-1.37%	-3.76%
Commodities	-1.40%	2.84%
Equity Market Neutral	-1.92%	2.30%
Equity Long/Short	-2.14%	2.08%
Event Driven	-2.32%	1.90%
Fixed Income Arbitrage	-2.65%	-3.23%
Convertible Arbitrage	-3.98%	1.57%
Real Estate	-6.01%	0.24%
Managed Futures	-7.45%	1.08%
Global Macro	-7.97%	0.20%
Average	-3.72%	0.52%

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, marginally underperformed those strategies that had a higher correlation with U.S. equities. The spread was 17 basis points (Figure 4). In repeat of the first quarter, real asset returns had a solid quarter as Commodities, Gold in particular, rallied. Real Estate slipped slightly, perhaps due to the general trend down in home sales and elevated mortgage rates which remained in excess of 7% (Figure 5).

Figure 4 Correlations (2yr) & Returns	Correlation to S&P 500® Index	Q2 Return
Real Estate	0.91	-1.73%
Equity Long/Short	0.76	2.14%
Fixed Income Arbitrage	0.63	1.64%
Commodities	0.48	2.89%
Convertible Arbitrage	0.46	0.30%
Multi-Strategy	0.39	2.91%
Event Driven	0.38	1.96%
Equity Market Neutral	-0.02	2.37%
Global Macro	-0.04	-3.69%
Managed Futures	-0.44	-3.16%
Lower Correlation Avg TR (≤0.60)		0.51%
Higher Correlation Avg TR (>0.60)		0.68%

Data from 7/31/22 - 6/30/24. Correlation of monthly returns over 24 months.

Figure 5 Real Assets Returns	Q2 2024	YTD 2024
Gold	4.34%	12.79%
Commodities	2.89%	5.14%
Real Estate	-1.73%	-2.88%
Average	1.83%	5.02%

Past performance is not indicative of future results. Source for all charts: Bloomberg. As of 6/30/2024.

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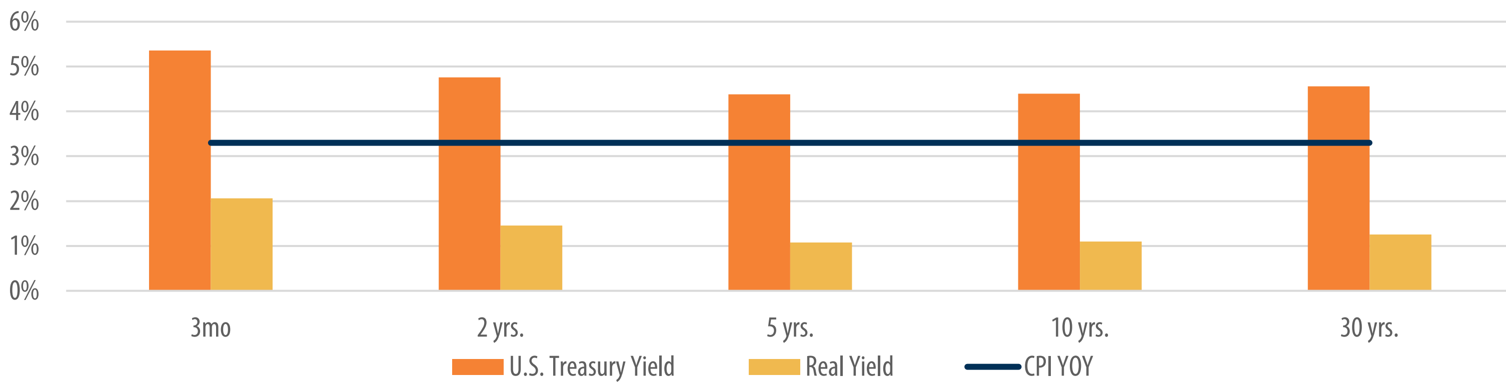
Cryptocurrencies struggled in the second quarter as the Bloomberg Galaxy Crypto Index fell -16.65%. Bitcoin fell -4.54% while Ripple and Litecoin were down double digits (-17.50% and -21.13%, respectively). Ethereum was the outlier, up +4.32% (Figure 6). Theft in the digital marketplace soared as estimated losses hit $600 million in the quarter. Most of these losses were on centralized exchanges, which is a growing trend. Half of that quarterly total occurred on the Japanese cryptocurrency exchange DMM. Year-to-date, cryptocurrency thefts are an estimated $1.4 billion.

Returns for major asset classes were strongly positive in the second quarter of 2024. Select equity markets rallied as the long-anticipated rate cutting cycle has started to unfold across the globe. The S&P 500® Index and the MSCI Emerging Markets Index posted solid gains (+4.28% and +5.00%, respectively), while the MSCI EAFE Index fell 0.42%. U.S. Treasuries struggled (-1.97%), the broader bond market was essentially unchanged (+0.07%), and high yield advanced (+1.15%). Commodities were up (+2.89%) driven by the robust performance of both precious metals and industrial metals (Figure 7). Apart from the shortest maturity, real rates moved marginally higher as the rise in nominal rates slightly outpaced the increase in CPI. Currently real rates remain positive across the entire Treasury curve (Figure 8).

Figure 6 Cryptocurrency Returns	Q2 2024	YTD 2024
Ethereum	4.32%	66.06%
Bitcoin	-4.54%	59.10%
BB Galaxy Crypto Index	-16.65%	31.15%
XRP (Ripple Digital Assets)	-17.50%	-16.39%
Litecoin	-21.13%	13.08%

Figure 7 Asset Class Returns	Q2 2024	YTD 2024
Emerging Markets	5.00%	7.49%
U.S. Equities	4.28%	15.29%
Commodities	2.89%	5.14%
U.S. Dollar	1.32%	4.47%
High Yield Bonds	1.15%	2.43%
U.S Aggregate Bonds	0.07%	-0.71%
International Developed	-0.42%	5.34%
Real Estate	-1.73%	-2.88%
U.S. Treasury	-1.97%	0.00%
Bitcoin	-4.54%	59.10%

Figure 8 U.S. Treasury Yields and CPI



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.

Source for all charts: Bloomberg. As of 6/30/2024.

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

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 (BB Galaxy Crypto): 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.

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 Digital Assets: 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.

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

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

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 Yield: Yield of U.S. Treasury securities maturing in approximately 3 months, 2 years, 5 years, 10 years, or 30 years.

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