

The American Dream

October, 2024

Summary

- U.S. large-cap stocks declined -0.9% in October while small-cap stocks declined by -1.4%. Bonds also fell; the Bloomberg U.S. Aggregate Bond Index decreased -2.5%.
- Headline inflation eased to 2.4% year-over-year, and even with a solid labor market, markets still expect an additional 0.5% in rate cuts by year end.
- Treasury yields and mortgage rates have risen since the September Fed rate cut, leading to elevated mortgage rates and increased home prices, as well as a decline in home sales.
- Election results are creating uncertainty around the future monetary and fiscal policies that could significantly shape market returns, as the fiscal deficit is expected to grow.

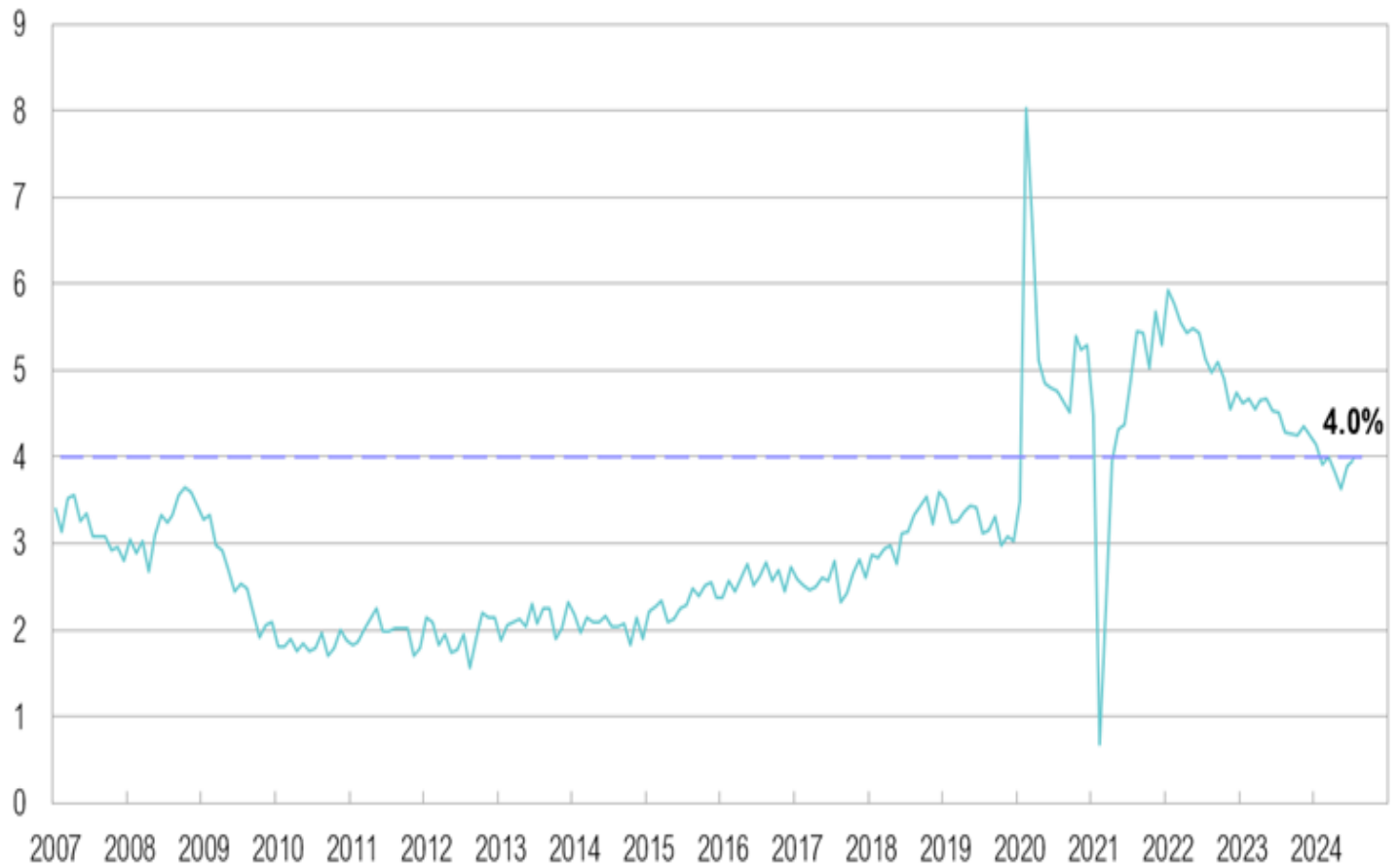
Overview

Capital Markets posted mostly negative returns in October. U.S. large-cap stocks, as represented by the S&P 500, declined -0.9% while the Russell 2000 small-cap index fell by -1.4%. The Bloomberg U.S. Aggregate Bond Index dropped -2.5%. The September inflation report, released on October 10, showed headline inflation easing to 2.4% year over year, reaching the lowest level since February 2021. Core inflation, however, edged up slightly from 3.2% to 3.3%. Both headline and core inflation were 0.1% above forecast for September, largely due to rising food prices, which offset declines in gasoline and energy costs. Notably, food-at-home prices increased by 1.3% year over year, marking the highest increase since January 2023.

In October, despite job growth coming in below expectations (likely due to storms and strikes), the unemployment rate remained steady at 4.1%. Wage growth also remained robust, increasing by 4.0% year-over-year. Outside of COVID-19, this continues to be the highest wage growth over the past 20 years. Initial jobless claims, which averaged 236,500 in October, are at pre-COVID-19 levels. Preliminary estimates indicate the U.S. economy grew at an annualized rate of 2.8% quarter over quarter in the third quarter. Economic growth was primarily driven by increases in consumer and government spending. Consumer spending, which comprises nearly two-thirds of U.S. economic activity, rose by 3.7%—its strongest growth since the first quarter of 2023. Federal government spending, which drove the 2024 fiscal budget deficit to \$1.8 trillion, increased by 5.0%. Imports, which detract from GDP, grew by 11% and offset the 8.9% rise in exports. Additionally, investment in residential real estate declined by 5.1% in the third quarter.

Wage Growth Remains Robust, at 4.0% Year-over-Year

Wage Growth, Y/Y %



Source: Bloomberg

There was no Federal Open Market Committee (FOMC) meeting in October; however, minutes from the September 18 meeting were released on October 9. The minutes revealed a “robust debate” over the size of the September rate cut, though the 11-to-1 vote casts doubt on just how robust this debate truly was. Markets continue to anticipate a total of 0.5% in rate cuts by year end, implying a 0.25% cut at each of the remaining FOMC meetings, the next of which is scheduled for November 7. By the end of October, markets were pricing in an additional 1.0% in rate cuts through the end of 2025.

October marked the beginning of the third-quarter earnings season, and 70% of S&P 500 companies had reported earnings by the end of the month. Current estimates indicate that S&P 500 earnings grew by 3.6% year over year in the third quarter, driven by strong performances in the technology (16.0%), communication services (11.5%), and financial sectors (5.7%). The “Magnificent Seven”—Amazon, Apple, Alphabet, Microsoft, Meta, Tesla, and Nvidia—are expected to report an impressive 18.1% year-over-year earnings growth for the quarter. Excluding these seven companies, the remaining 493 S&P 500 companies would report only 0.1% year-over-year earnings growth for the period. Earnings growth for both the Magnificent Seven and the remaining 493 companies is projected to be in double digits over the next five quarters. For 2024, overall S&P 500 earnings growth is expected to rise by 9.3%.

The American Dream

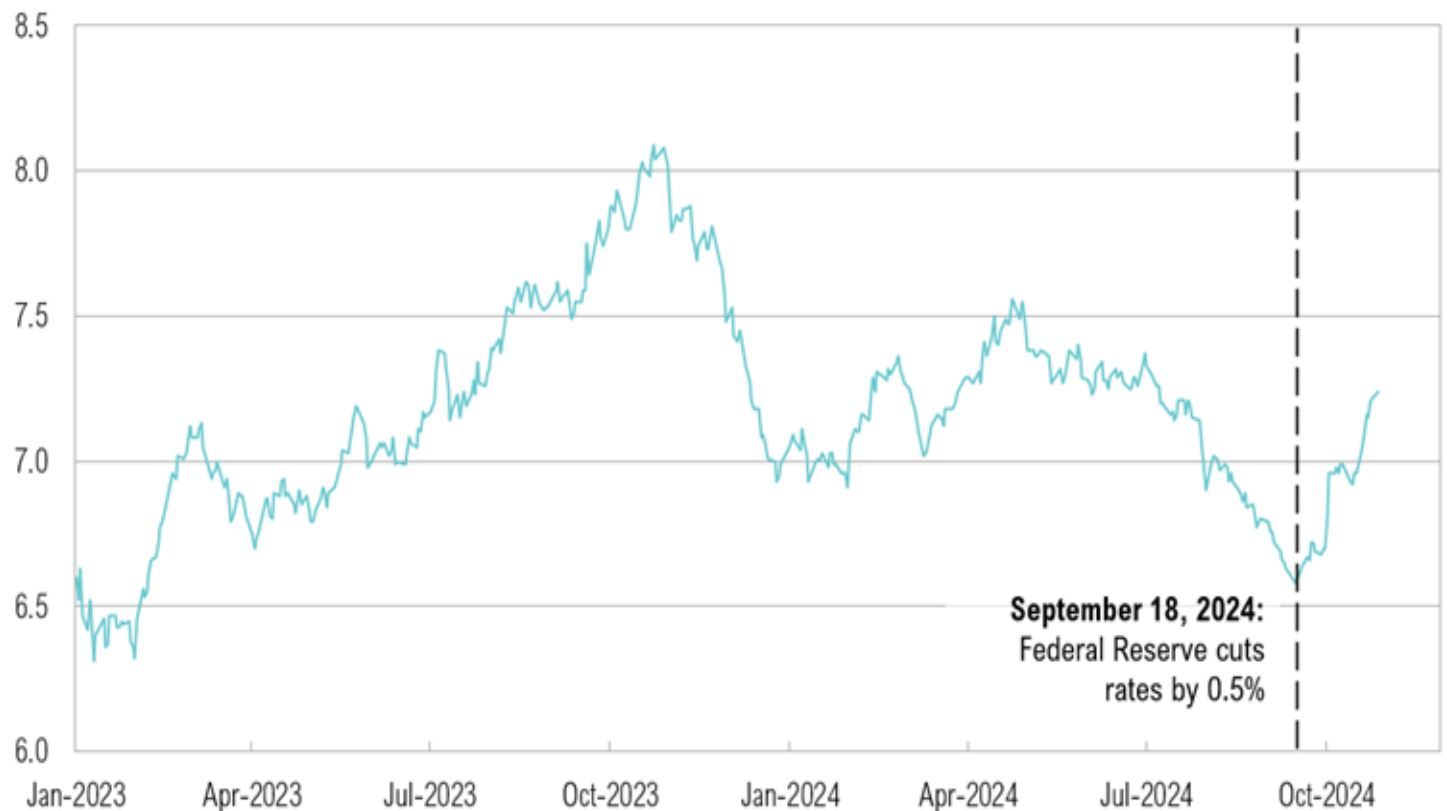
The relatively elevated interest rate environment of the past few years has weighed heavily on the U.S. housing market. Hopeful homebuyers' purchasing power plummeted as mortgage rates increased in late 2023 to their highest level in over 20 years. Although mortgage rates declined to 6.5%—the lowest since February 2023—in the days leading up to the Federal Reserve's anticipated rate reduction on September 18, this reprieve was short lived. Rates climbed higher throughout October, and the 30-year fixed mortgage rate ended the month at 7.24%, the highest since early July 2024. Similarly, U.S. Treasury yields ended October at 4.2%, marking their highest level since late July 2024.

Mortgage rates tend to follow longer-term Treasury yields. Today, yields are rising partly due to the growing U.S. fiscal deficit, which ended the 2024 fiscal year at \$1.8 trillion and is now the largest deficit on record in a non-crisis year and the third largest in U.S. history. In addition, stronger-than-expected inflation and labor market data have also pushed 10-year Treasury yields higher, and mortgage rates have followed suit.

Driven by imbalances in supply and demand, house prices are elevated. The average price of a home sold in the U.S. reached \$501,100 in the third quarter. Although this marks a decrease from the record high of \$525,100 in the second quarter of 2022, it remains more than 30% above pre-pandemic trends. The National Association of Realtors' housing affordability index stood at 98.6—40% below the 40-year average of 137—indicating that a median-income family has less than the income required to afford a median-priced home.

Mortgage Rates Have Reaccelerated Since the Fed Rate Cut on September 18

U.S. 30-Year Fixed Mortgage Rate



Source: Bloomberg

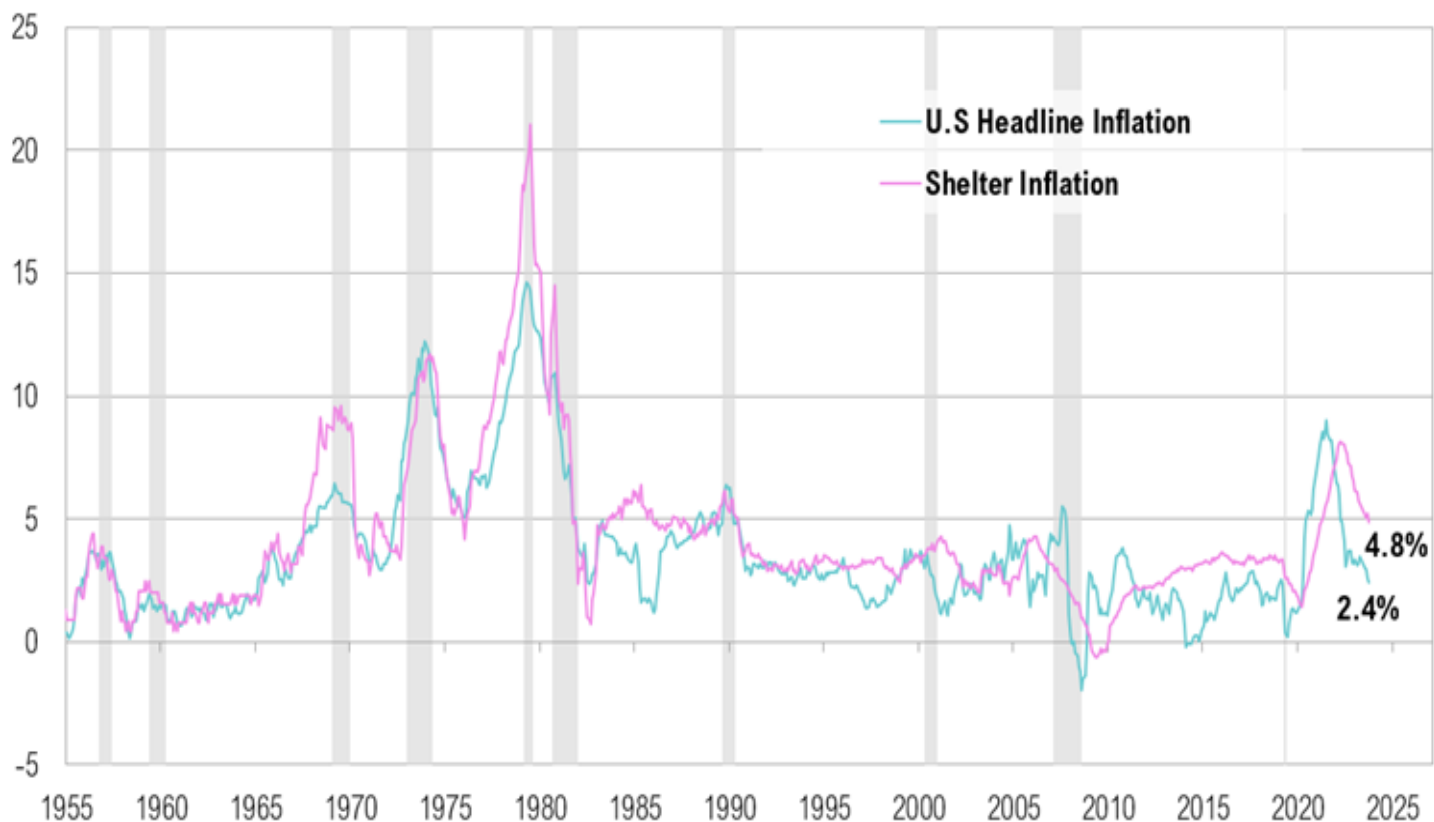
Existing home sales are on track for their worst year since 1995, as elevated prices and mortgage rates deter potential buyers. Approximately two-thirds of existing home loans have mortgage rates of 4% or less, making homeowners reluctant to sell and give up their favorable rates, thus limiting the supply of existing homes on the market. In September, existing home sales fell by 1% from the prior month to 3.84 million, reaching the lowest monthly rate since October 2010. New home construction has also declined from a peak of 1.8 million units in April 2022 to 1.35 million in September. According to David Auld, the CEO of D.R. Horton, one of the largest U.S. homebuilder companies: *“While mortgage rates have decreased from their highs earlier this year, many potential homebuyers expect rates to be lower in 2025. We believe that rate volatility and uncertainty are causing some buyers to stay on the sidelines...”*

Renters also face higher costs. Rent prices increased by 3.3% year over year in September, rising in 49 of the 50 largest metro areas. Rent remains 34% higher than pre-pandemic levels, and the shelter component of inflation (at 4.8% year over year) continues to outpace the overall headline inflation rate (at 2.4% year over year).

The Cleveland Federal Reserve recently examined why rent inflation remains elevated at 4.8% year over year. The study found that during the COVID-19 pandemic, new tenant rent inflation surged and then later declined. Overall rent inflation, which includes both new and continuing tenants, increased more slowly and remains high, however. This persistence is largely due to smaller rent increases for continuing tenants, resulting in a notable “rent gap” of 5.5% as of the end of September. The paper projects that rent inflation will likely stay above pre-pandemic levels (and average around 3.5%) until mid-2026. Rent inflation is expected to play a significant role in dictating the final phase of reducing inflation, due to shelter’s substantial weight in the overall inflation calculation (36.5%) and the concerns that recent inflation trends could reverse. Rising long-term Treasury yields may reflect worries that the Federal Reserve has underestimated the risk that inflation could remain above its 2% target or increase even further.

Shelter Inflation is Expected to Remain Elevated Through Mid-2026

U.S. Headline Inflation & Shelter Inflation, Y/Y %



Source: Bloomberg

Markets

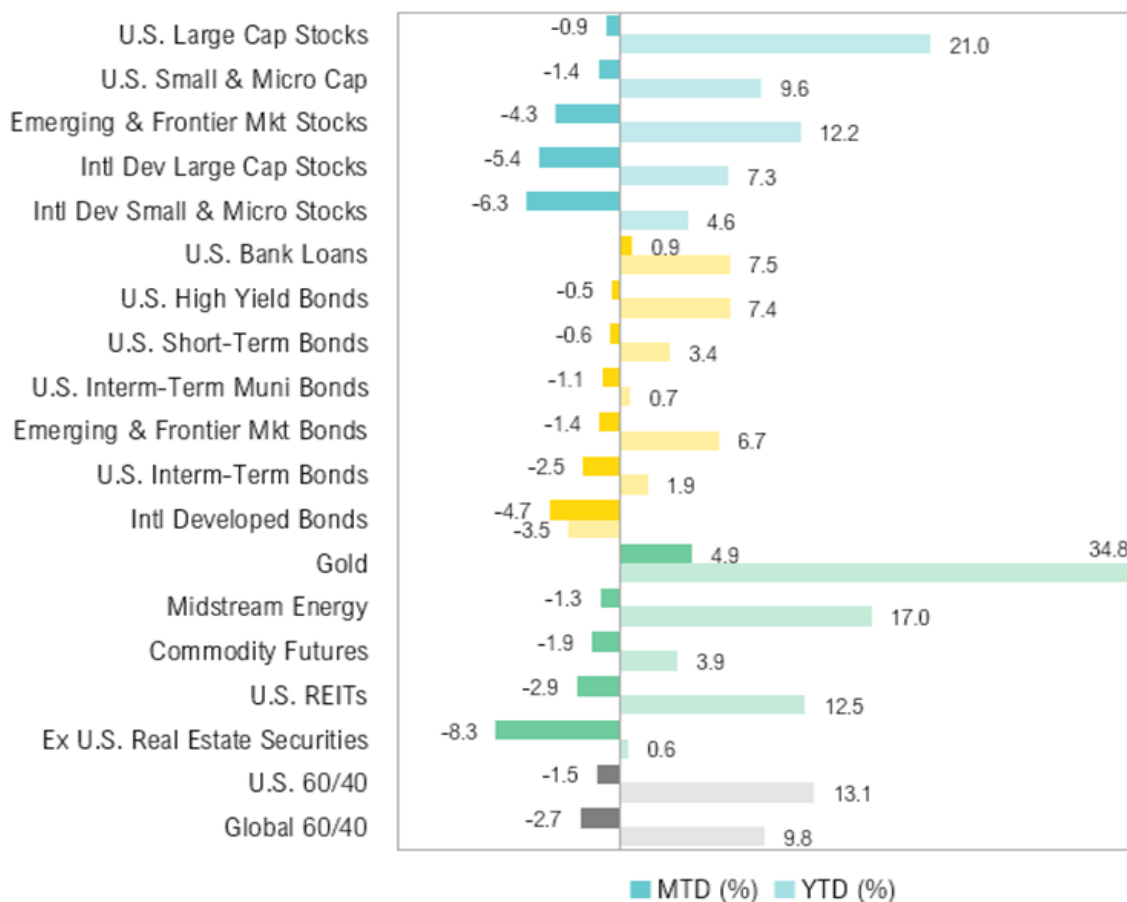
Not one equity asset class finished October with positive returns. U.S. large-cap stocks declined by -0.9%, while U.S. small-cap stocks declined by -1.4%. International equity markets performed even worse than domestic. Developed market stocks fell -5.4%, and developed market small-cap stocks decreased -6.3%. Emerging and frontier markets also struggled, ending the month down -4.3%. Despite September's interest rate cut, Treasury yields climbed throughout October. U.S. intermediate-term bonds fell by -2.5%, and rate-sensitive U.S. REITs ended the month down -2.9%.

October was an interesting month for commodities. After climbing to \$77.7 per barrel on October 10 amid rising Middle East tensions, West Texas Intermediate (WTI) crude fell \$7 to close the month at \$70.6 It dropped 5.8% on October 25—the steepest one-day decline since the onset of the Israel-Hamas conflict on October 7, 2023. Elsewhere in commodities markets, palladium surged 12.5% after news of U.S. sanctions on top producer Russia, and gold prices rose by 4.9%.

On October 18, China released its third-quarter GDP estimate, which came in at 4.6% year over year—the slowest pace of economic growth in six quarters and below the country's 5% growth target. Following the release, the People's Bank of China rolled out two stock-funding schemes worth \$112 billion, including a \$42 billion financing program intended for stock buybacks. The MSCI China Index ended October down 5.9% but is up 21.7% year-to-date.

The Japanese yen weakened against the dollar in the closing days of October after a snap election revealed no majority party emerging. The yen closed the month at ¥153. The Bank of Japan kept interest rates unchanged at its October 31 monetary policy meeting, citing election uncertainty. The MSCI Japan ended October down 3.9%.

October 2024 Key Market Total Returns



Source: Bloomberg



Looking Forward

Investors continue to face ambiguity around interest rates, the deficit, and the fallout from the election. Policy-makers seem content with decisions that prioritize the here and now at the expense of long-term fiscal stability, thereby limiting their ability to respond to future crises and threatening the role of the U.S. dollar in global trade. Given this landscape, we maintain that a well diversified portfolio is a great hedge against policies that might result in the continued erosion of purchasing power.

As always, if you have any questions or would like to schedule a meeting with one of our investment professionals, please don't hesitate to call us at 508-693-8850.

Sincerely,



Luke Murphy
Managing Director,
Martha's Vineyard Investment Advisors

About Martha's Vineyard Investment Advisors

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October, 2024

Performance Disclosures

All market pricing and performance data from Bloomberg, unless otherwise cited. Asset class and sector performance are gross of fees unless otherwise indicated.

Citations

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MVIA Market Outlook

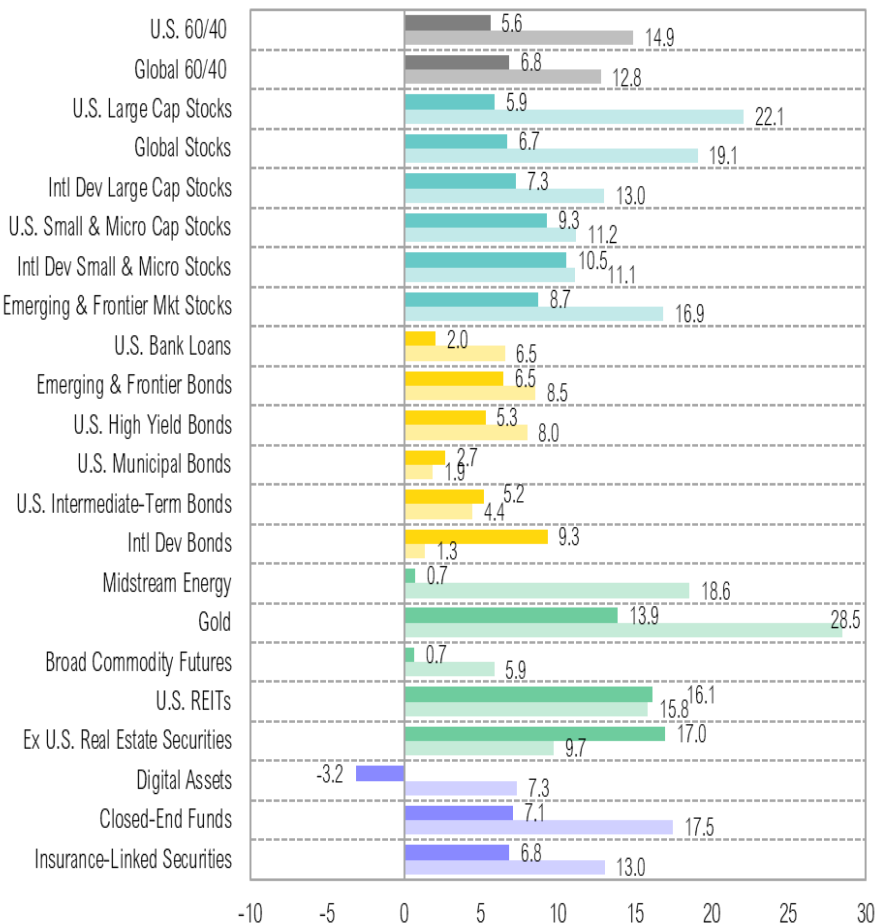
4Q, 2024



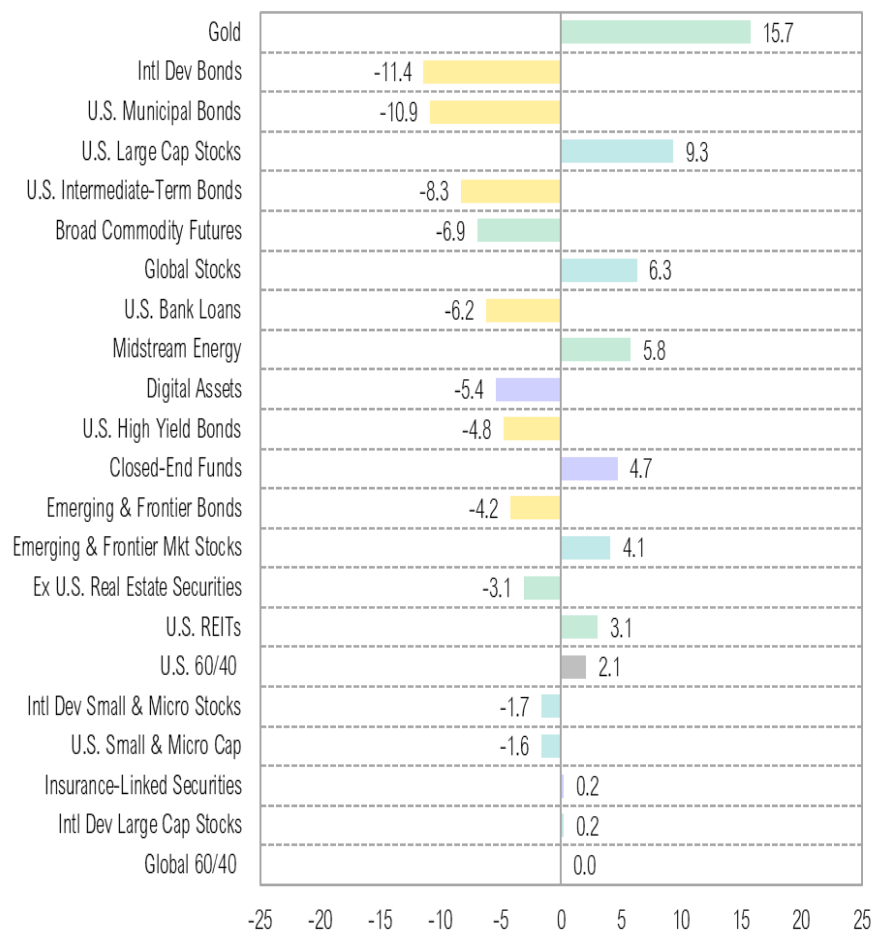


Major winners Year-To-Date through 9/30/2024: Gold (+28.5%), U.S. Large Cap (+22.1%) and Midstream Energy (+18.6%)

Total Returns, %



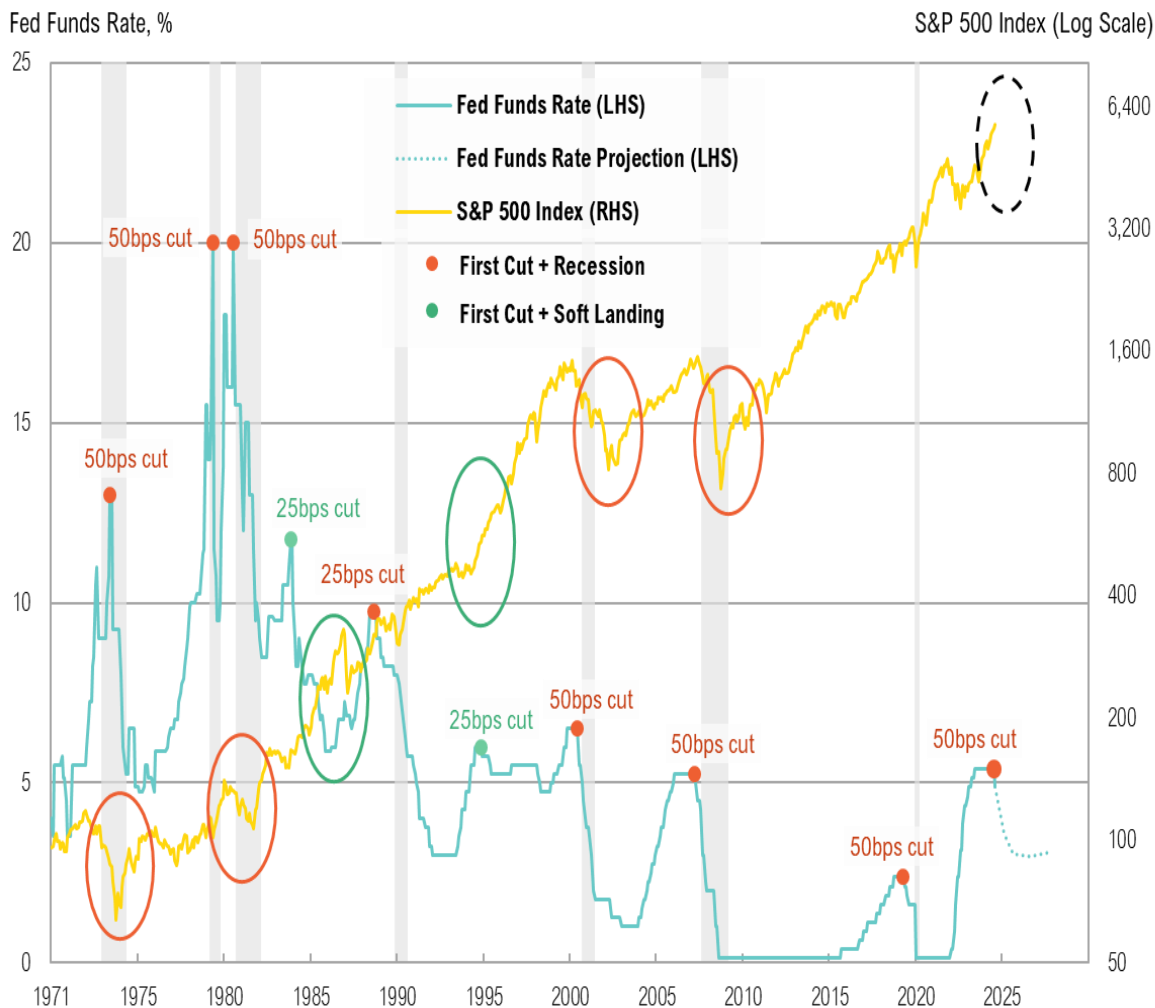
Relative Total Returns vs. Global 60/40, %



Source: Bloomberg. Returns for periods greater than 1 year are annualized.



A 50bps cut usually only happens during times of crisis; history shows us if the first cut is 50bps, it's usually been justified



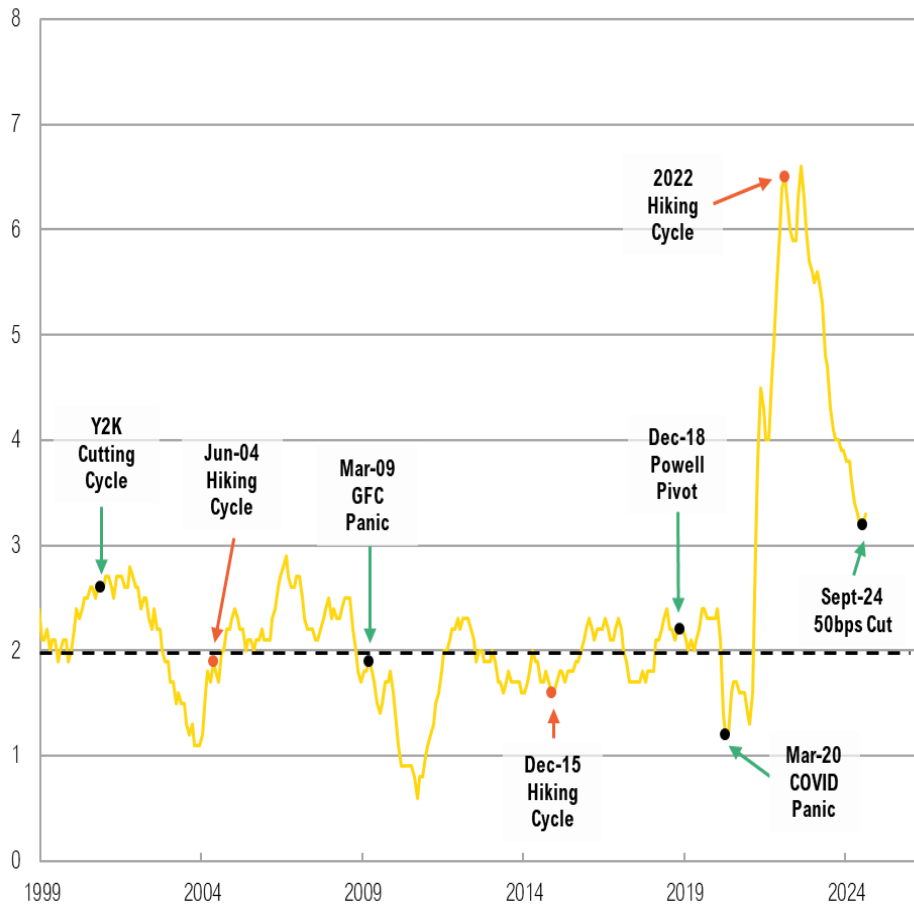
Key Economic Data at Time of First 50 Bps Rate Cut (Except 1999*)				
Metric	12/21/1999	1/3/2001	9/18/2007	9/18/2024
Real Fed Funds Rate	2.6%	2.3%	2.1%	2.7%
Unemployment Rate	4.0%	4.2%	4.7%	4.2%
Initial Jobless Claims	287,000	318,000	302,000	219,000
Cont. Jobless Claims	2.12mn	2.37mn	2.53mn	1.83mn
Credit Spreads	4.8%	7.9%	4.2%	3.2%
Headline CPI (Y/Y)	2.7%	3.7%	2.8%	2.6%
Core CPI (Y/Y)	1.9%	2.6%	2.1%	3.2%
S&P 500 PE Ratio	30.5x	30.1x	19.4x	27.5x
10-Year Treasury Yield	6.3%	4.9%	4.5%	3.6%

Source: Bloomberg. *At the December 1999 FOMC meeting, the Fed kept interest rates unchanged, citing uncertainties around the century date change.

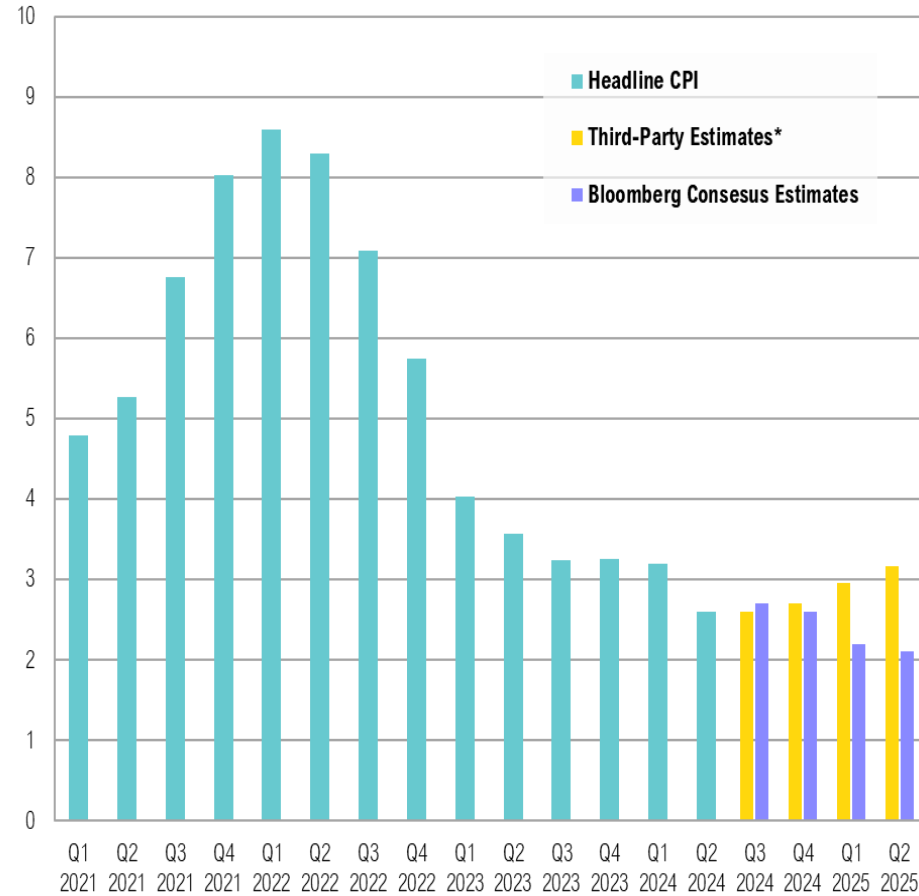


Inflation's last mile: At 3.3%, core inflation remains well above target; estimates show that headline inflation is likely to remain above 2% through the first half of 2025

U.S. Core Inflation, Y/Y %



U.S. Headline CPI & Future Estimates, Y/Y %

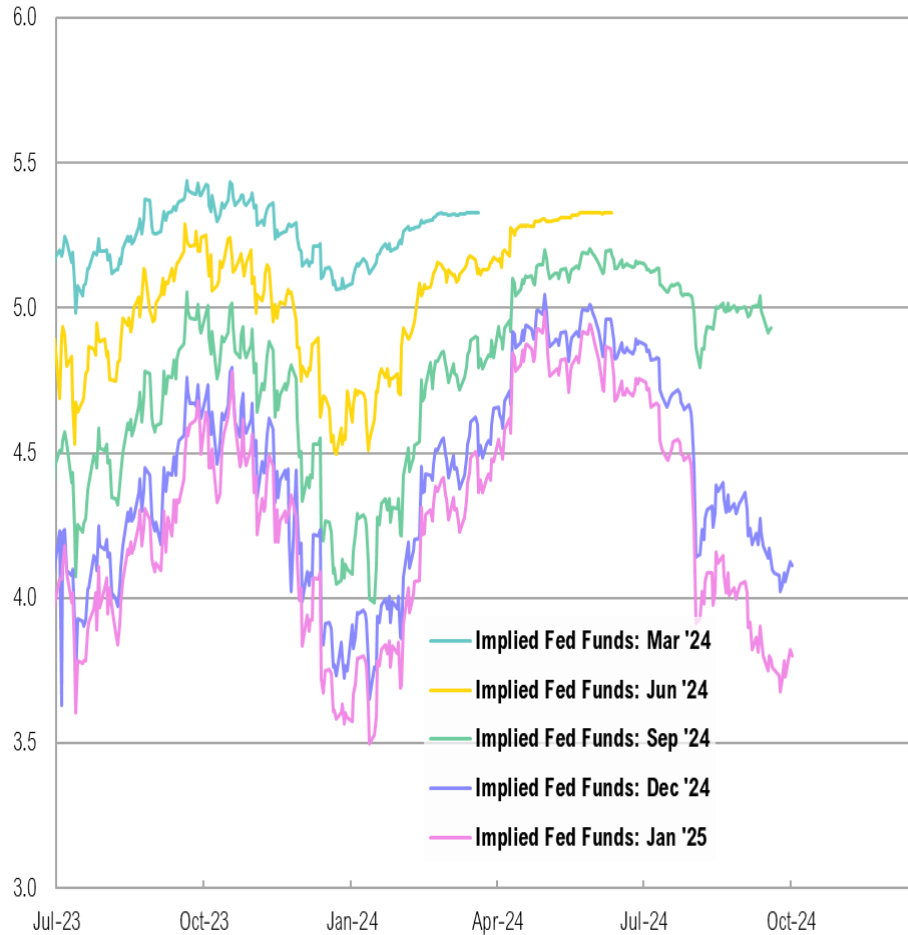


Source: Bloomberg. *Third party estimates: Hedgeye.



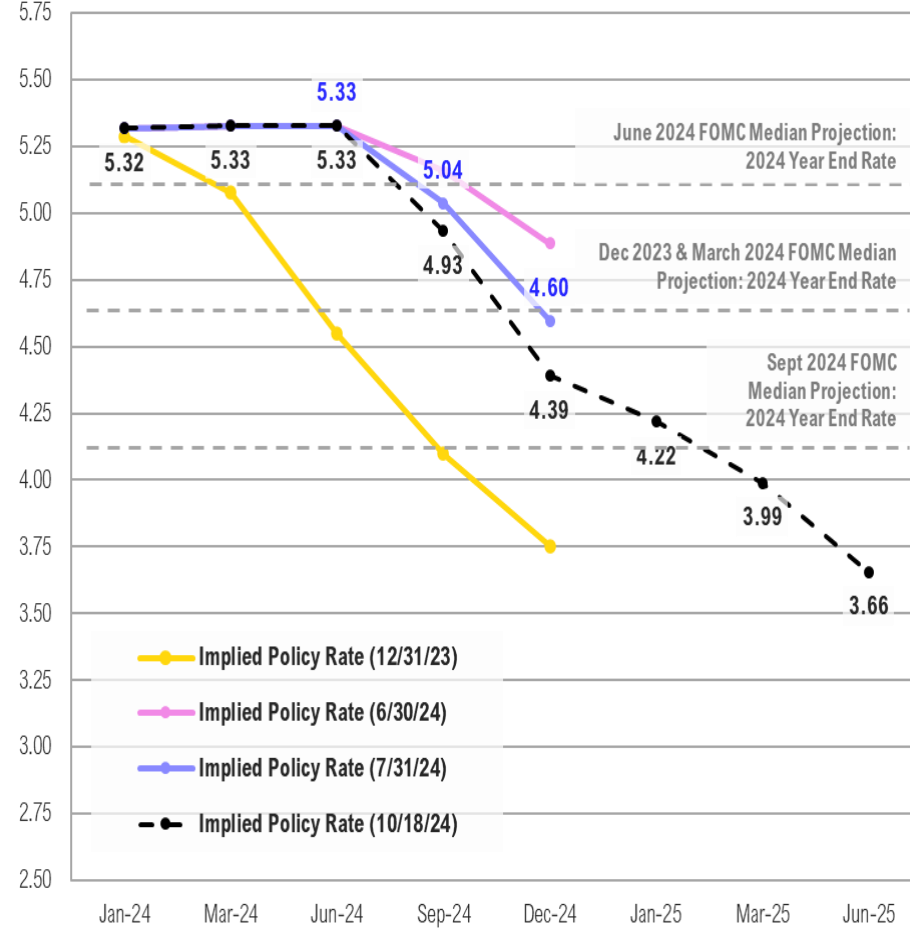
Both capital markets and the Fed expect the equivalent of another 50bps in rate cuts before year end (a 25bps cut at each remaining FOMC meeting)

Implied Fed Funds Rate, %



Source: Bloomberg

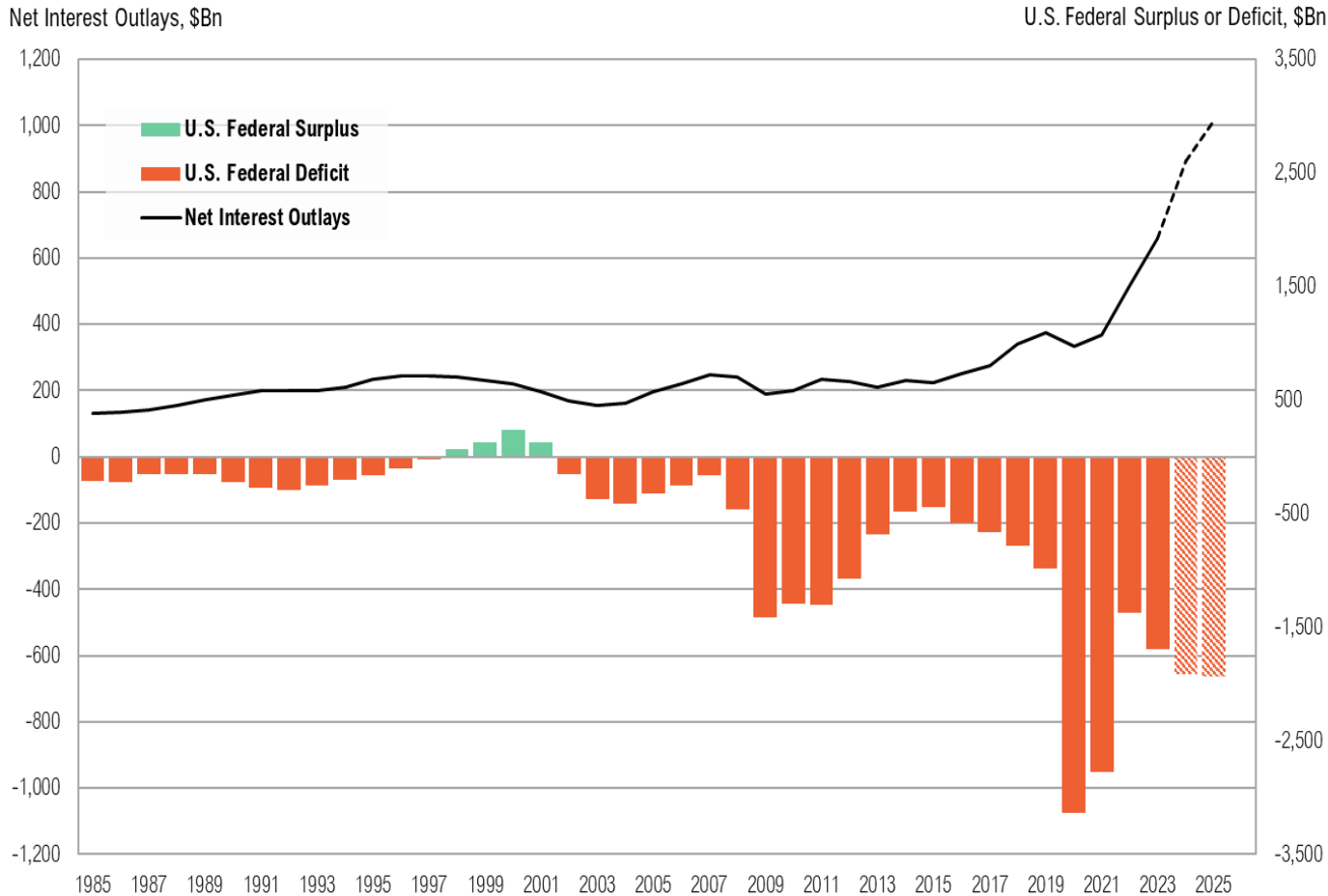
Implied Fed Funds Rate, %



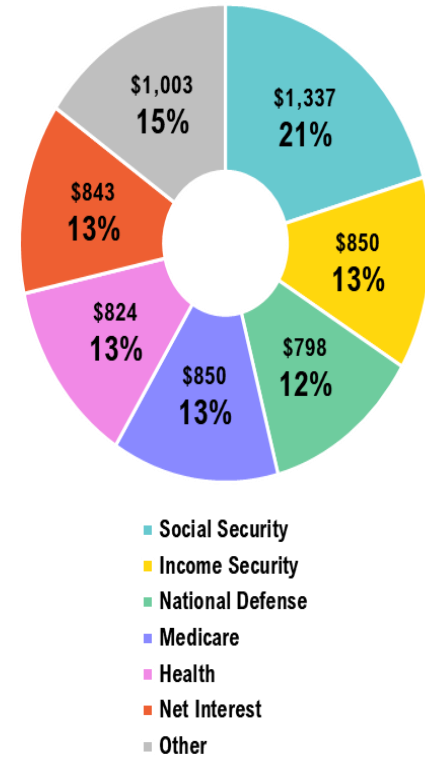
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Government spending continues unchecked: through August, the fiscal budget deficit for 2024 was already at \$1.9Tn; net interest outlays now exceed defense and health spending



Outlays of the U.S. Government by Source for 2024 Fiscal YTD, \$Bn

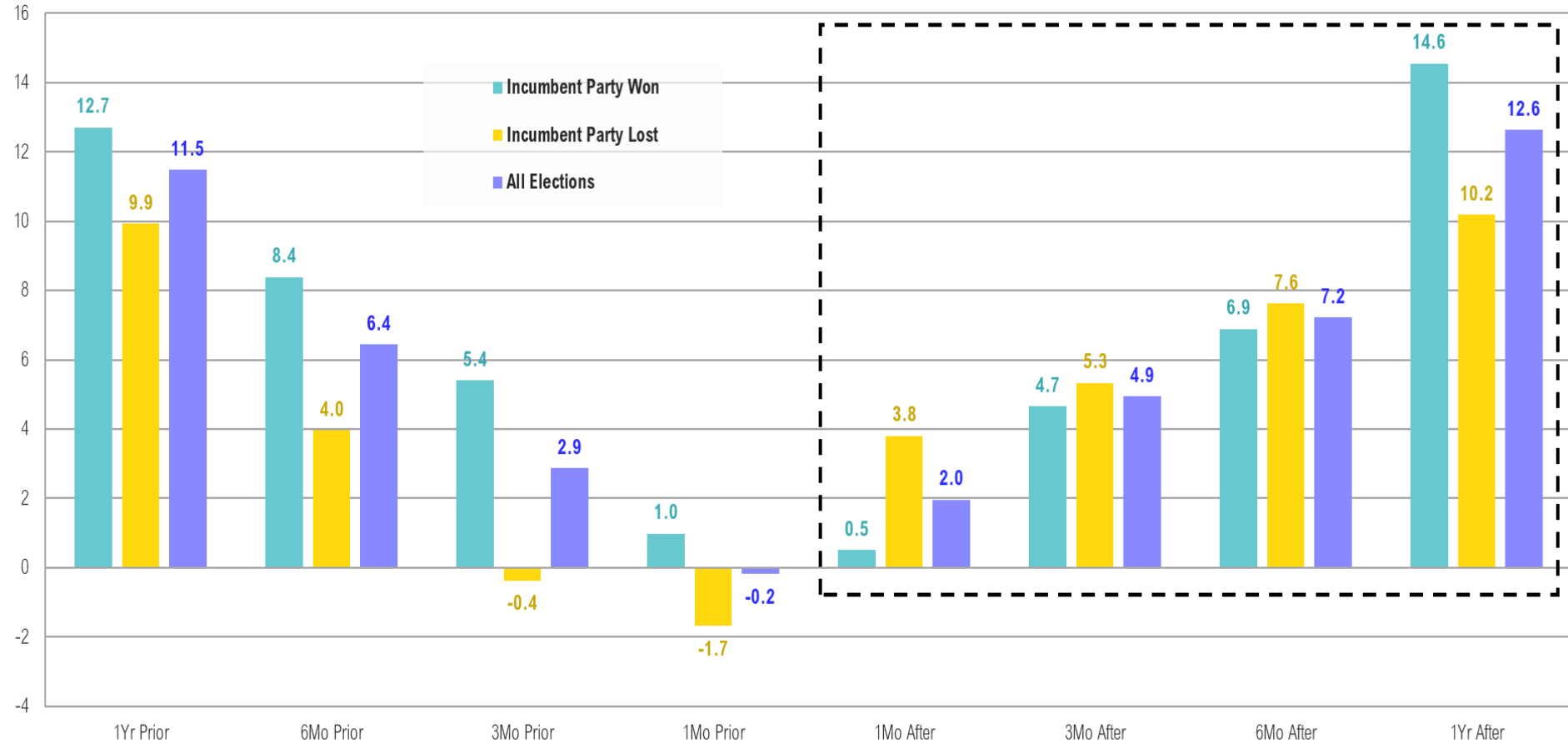


Source: Bloomberg, Congressional Budget Office, U.S. Department of Treasury. *Fiscal year 2024 started on 10/1/2023. As of 8/31/2024.



Short-term volatility aside, markets generally perform relatively well once election uncertainty clears

Average S&P 500 Total Returns vs. Presidential Election Results, 1924 – 2020



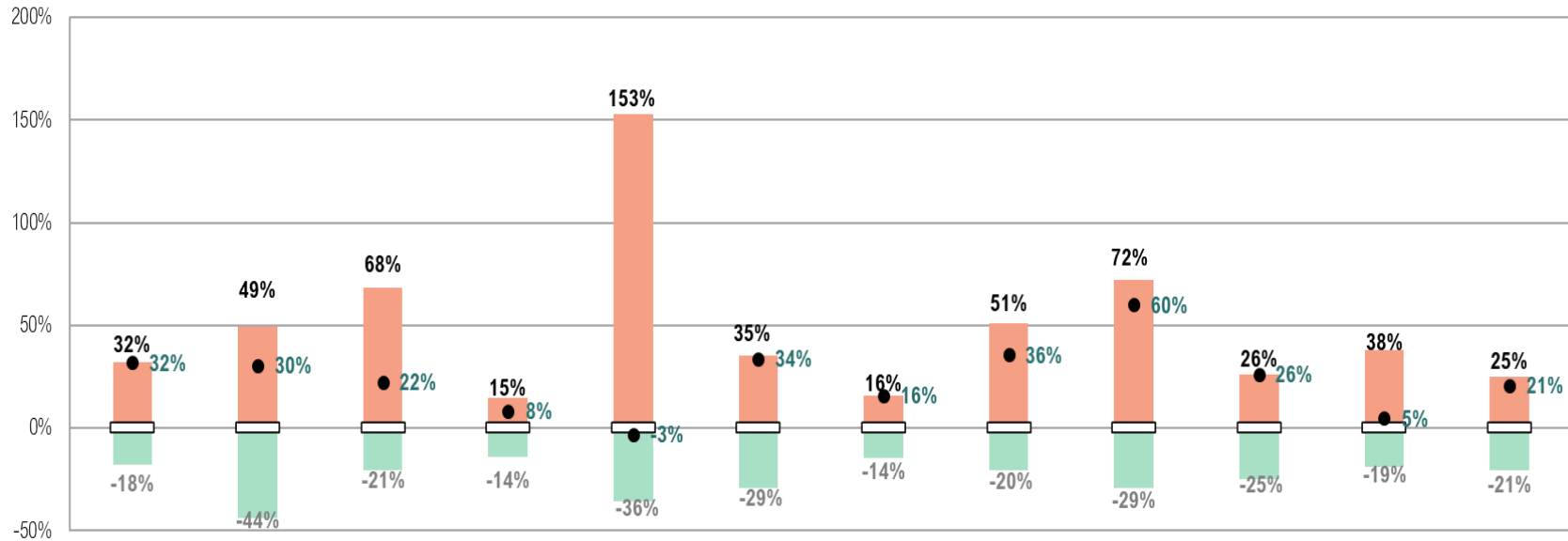
Source: Bloomberg, SpringTide.

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S&P 500 composite valuations are at 10-year highs; most sectors are trading at premiums relative to their internal median valuations. Tech, Financials, Materials, and Health Care at or near 10-year highs

Current Composite Valuation Premium/Discount vs. 10-Year Median*



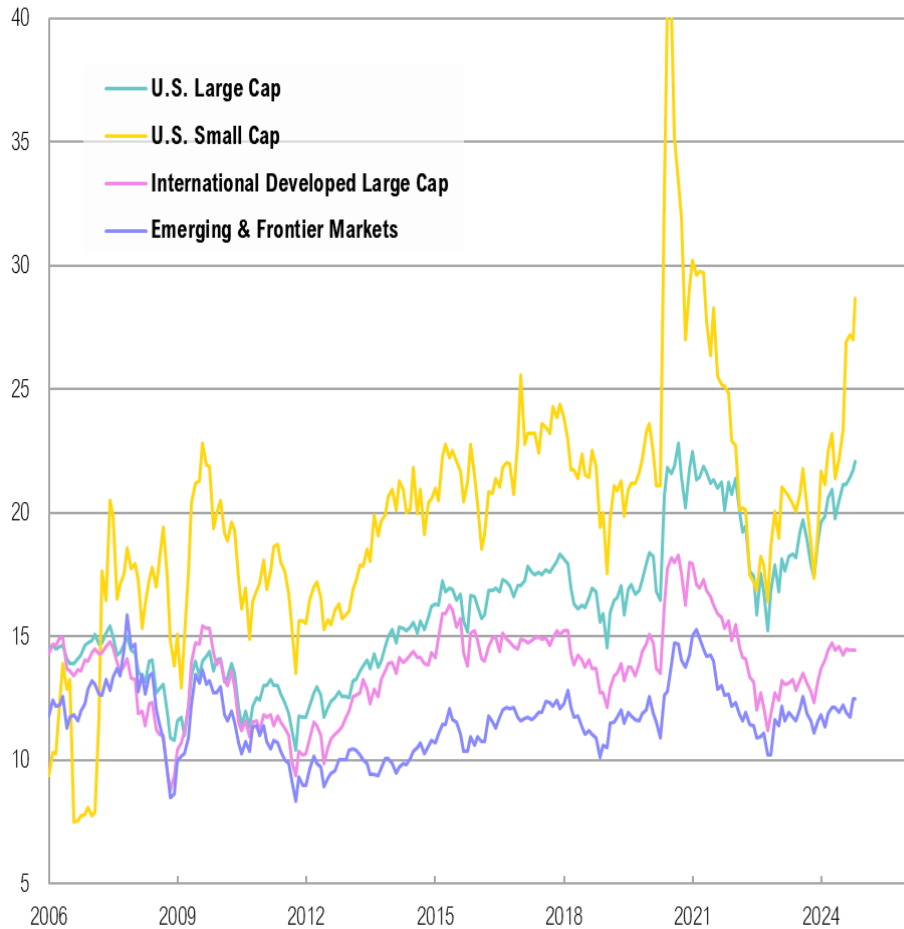
	S&P 500	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
High Valuation Date	4/30/2021	8/31/2021	4/30/2021	4/29/2022	4/29/2016	1/31/2024	7/30/2021	4/30/2021	1/31/2024	4/30/2021	12/31/2021	8/31/2022
Low Valuation Date	1/31/2014	5/31/2018	9/30/2014	1/31/2014	9/30/2022	3/31/2020	3/31/2020	9/30/2015	1/31/2014	9/30/2015	10/31/2023	1/31/2014
Valuation Premium on 12/31/2023	19%	22%	19%	-4%	-16%	26%	6%	17%	59%	18%	-2%	-1%
Valuation Premium on 12/31/2022	0%	-4%	-7%	7%	-23%	1%	3%	6%	14%	-2%	-12%	16%
Valuation Premium on 12/31/2021	33%	54%	61%	15%	-23%	16%	8%	30%	66%	13%	35%	26%
Valuation Premium on 12/31/2020	32%	54%	64%	10%	44%	4%	3%	41%	56%	28%	15%	17%
Valuation Premium on 12/31/2019	8%	28%	8%	6%	0%	5%	5%	2%	19%	8%	10%	20%

Source: Bloomberg. *The composite valuation equal weights four valuation metrics (Fwd P/E, Fwd P/CF, TTM P/S and TTM EV/EBITDA) relative to each respective sector's 10-year medium valuation. The Financials composite replaces EV/EBITDA with TTM P/B.

Emerging market stocks remain relatively cheap vs. developed markets; looking ahead, earnings growth for broader emerging markets and China look promising

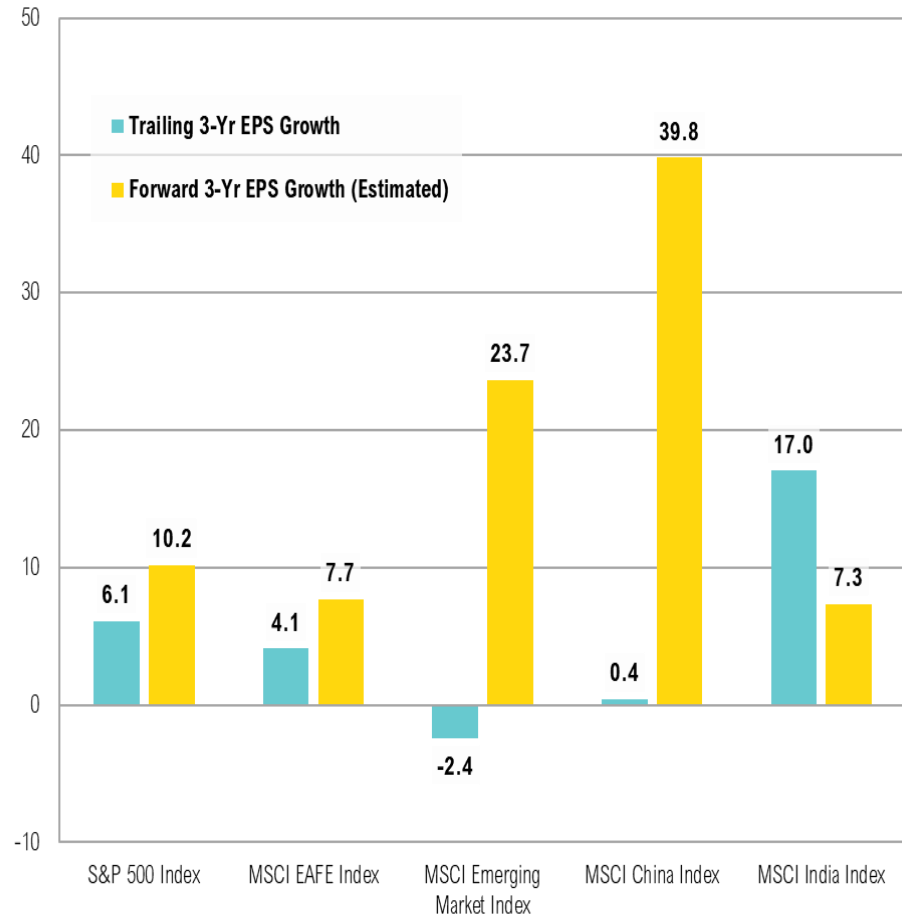


Price-to-Earnings Ratio, Forward 12-Months



Source: Bloomberg. As of 10/16/2024.

Trailing vs Forward 3-Year Earnings Per Share Growth, %

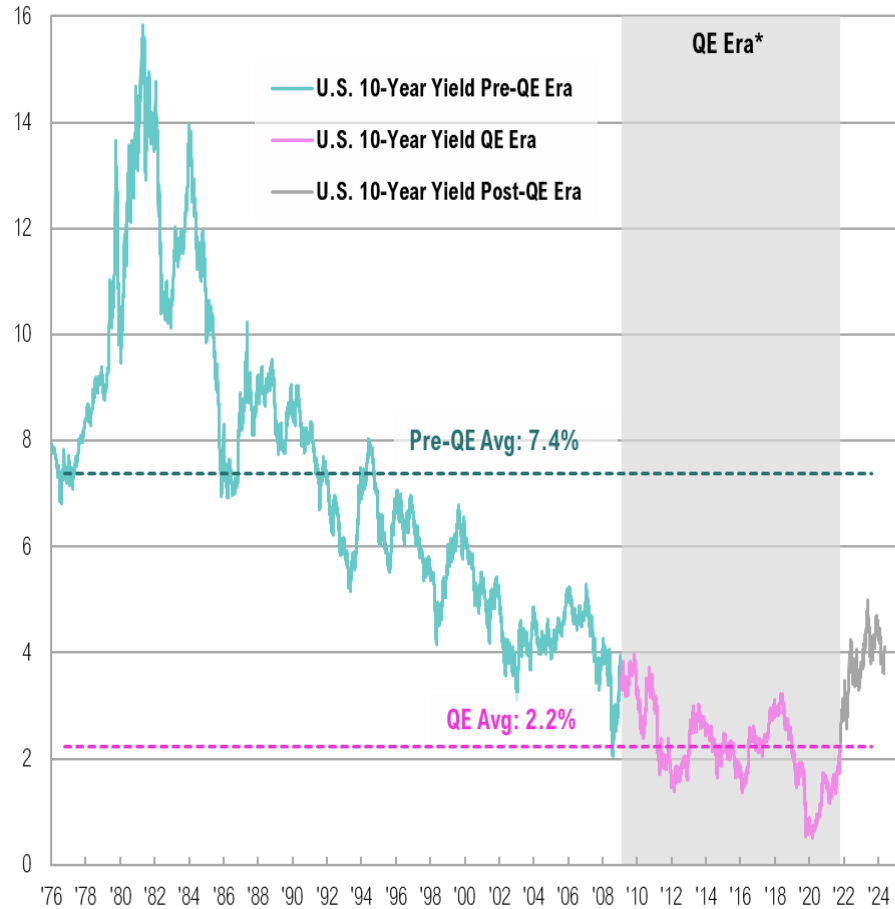


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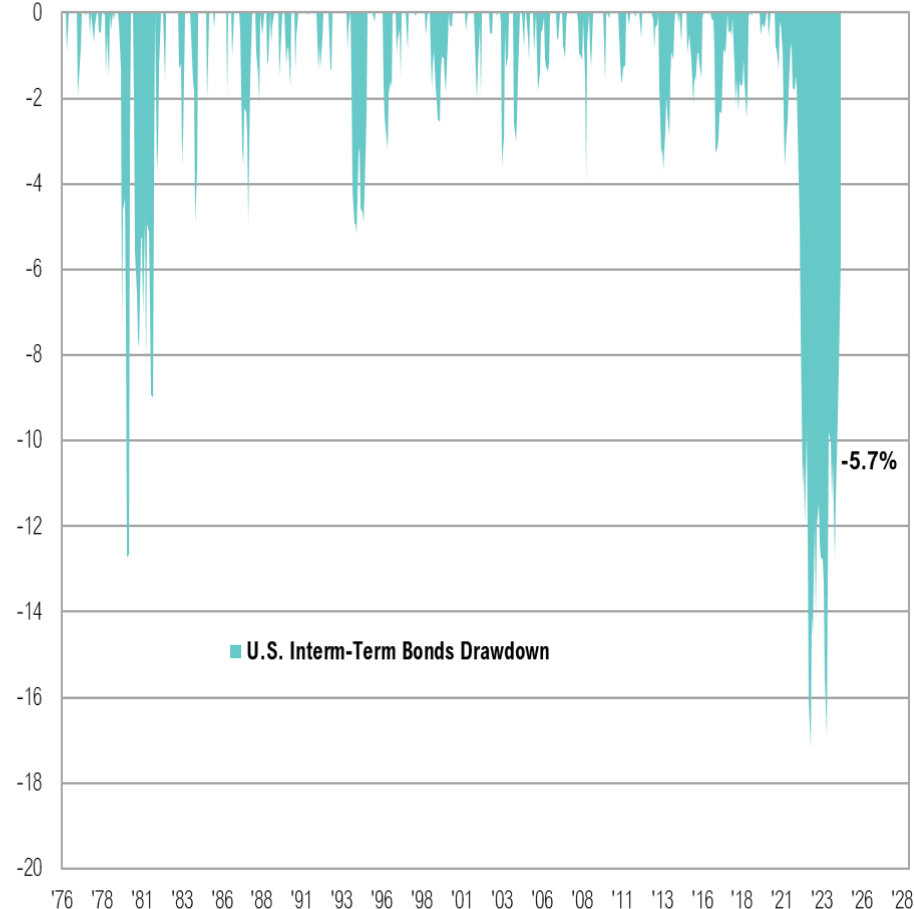


We are in the biggest bond bear market of all time; bonds peaked in August 2020 and have yet to recover

10-Year Treasury Yield, %



Drawdown, Total Return %



Source: Bloomberg. *QE Era defined as per Bianco Research from 6/30/2009 – 3/16/2022.

 **The 2–4-year part of yield curve has an attractive risk-reward profile—yields could rise 1.0% in the next year and total returns would still be positive**

		Estimated 1-Year Total Return for Given Change in Yields											
		Tenor											
		3-Mnth	6-Mnth	1-Yr	2-Yr	3-Yr	4-Yr	5-Yr	7-Yr	10-Yr	15-Yr	20-Yr	30-Yr
Change in Yields (%)	3.0%	3.9%	2.9%	1.1%	-2.0%	-4.7%	-7.2%	-9.9%	-14.6%	-20.4%	-28.4%	-35.6%	-46.0%
	2.5%	4.0%	3.2%	1.6%	-1.0%	-3.3%	-5.4%	-7.7%	-11.5%	-16.3%	-23.0%	-29.0%	-37.7%
	2.0%	4.1%	3.4%	2.1%	-0.1%	-1.9%	-3.6%	-5.4%	-8.5%	-12.3%	-17.6%	-22.4%	-29.3%
	1.5%	4.2%	3.7%	2.6%	0.9%	-0.5%	-1.8%	-3.2%	-5.4%	-8.3%	-12.2%	-15.7%	-21.0%
	1.0%	4.4%	3.9%	3.0%	1.8%	0.9%	0.0%	-0.9%	-2.4%	-4.2%	-6.8%	-9.1%	-12.6%
	0.5%	4.5%	4.1%	3.5%	2.8%	2.2%	1.8%	1.4%	0.7%	-0.2%	-1.4%	-2.4%	-4.2%
	0.0%	4.6%	4.4%	4.0%	3.7%	3.6%	3.6%	3.6%	3.7%	3.9%	4.0%	4.2%	4.2%
	-0.5%	4.7%	4.6%	4.5%	4.7%	5.0%	5.5%	5.9%	6.8%	7.9%	9.4%	10.9%	12.6%
	-1.0%	4.8%	4.8%	5.0%	5.6%	6.4%	7.3%	8.2%	9.8%	11.9%	14.8%	17.6%	21.0%
	-1.5%	4.9%	5.1%	5.5%	6.6%	7.8%	9.1%	10.4%	12.9%	16.0%	20.3%	24.3%	29.4%
	-2.0%	5.1%	5.3%	5.9%	7.5%	9.2%	10.9%	12.7%	15.9%	20.0%	25.7%	30.9%	37.9%
	-2.5%	5.2%	5.6%	6.4%	8.5%	10.5%	12.7%	15.0%	19.0%	24.1%	31.1%	37.6%	46.3%
	-3.0%	5.3%	5.8%	6.9%	9.4%	11.9%	14.5%	17.2%	22.1%	28.1%	36.6%	44.3%	54.8%
Duration (Yrs)	0.2	0.5	1.0	1.9	2.8	3.6	4.5	6.1	8.1	10.8	13.3	16.8	
Yield YTM	4.6	4.4	4.0	3.7	3.6	3.6	3.6	3.7	3.9	4.0	4.2	4.2	
Convexity	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.4	0.8	1.5	2.3	4.0	

Yield Increase Insulation by Tenor:

- **2-Year: +1.5%** (rise in yields)
- **3-Year: +1.0%**
- **4-Year: +1.0%**
- **5-Year: +0.5%**

Total Returns by Tenor (for a 1% decline in yields):

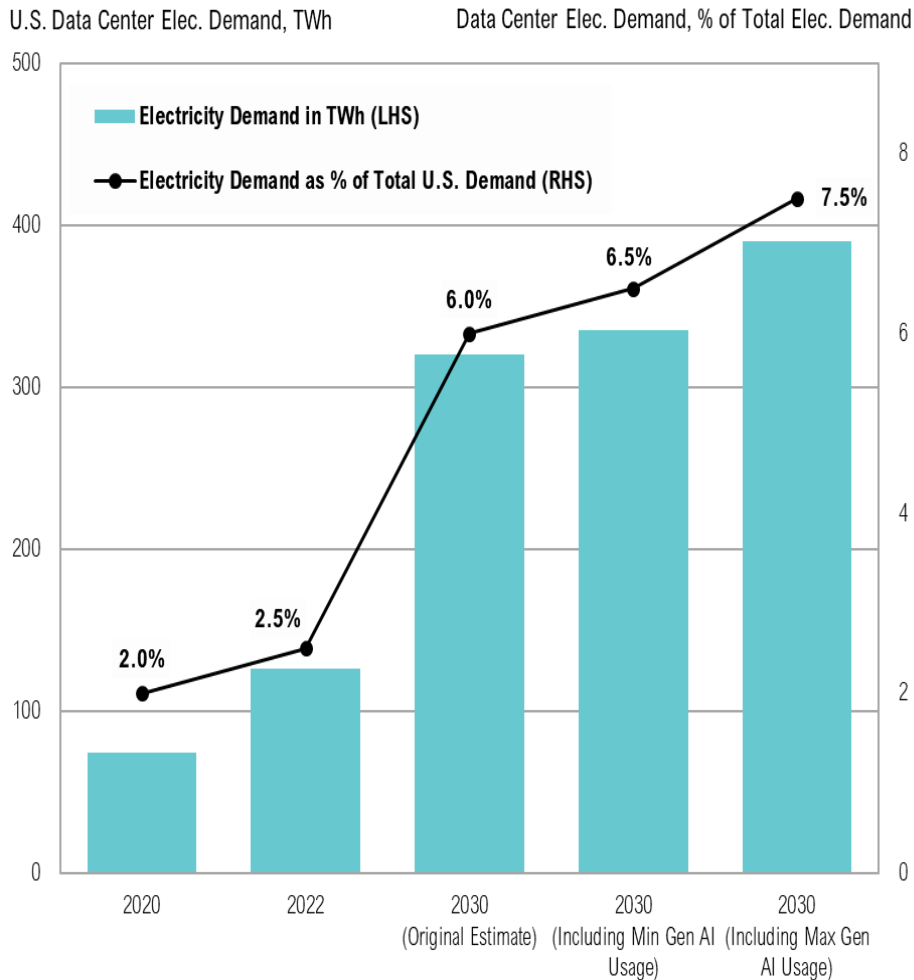
- **15-Year: +14.8%**
- **20-Year: +17.6%**
- **30-Year: +21.0%**

Total Returns by Tenor (for a 1% increase in yields):

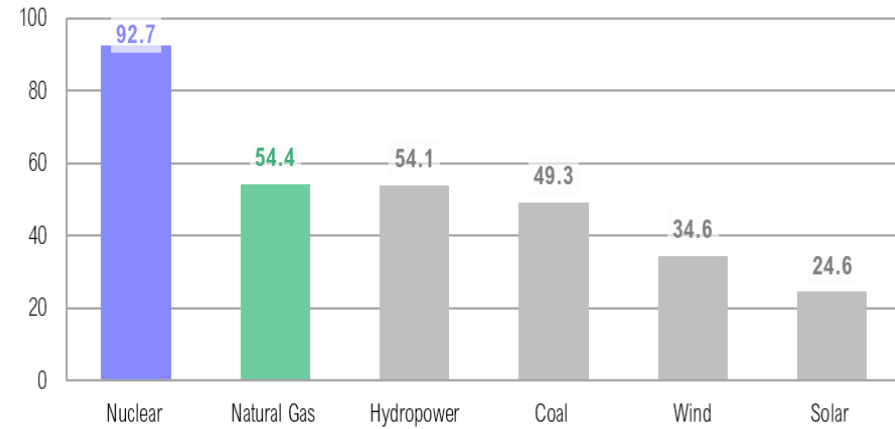
- **15-Year: -6.8%**
- **20-Year: -9.1%**
- **30-Year: -12.6%**

Source: Bloomberg

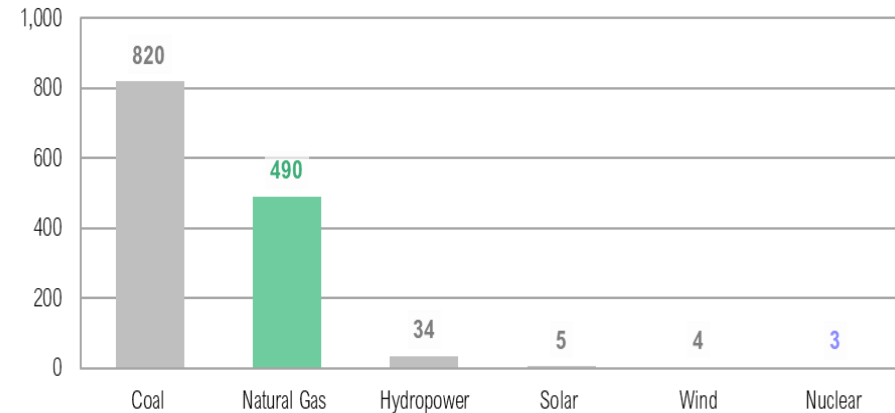
AI and data centers are expected to be key drivers of future U.S. power demand; given consistent output requirements for data centers, natural gas and nuclear are the best energy sources to meet demand



Actual Output as a % of Maximum Possible Output (Capacity Factor)



CO₂ Emissions, CO₂/GWh

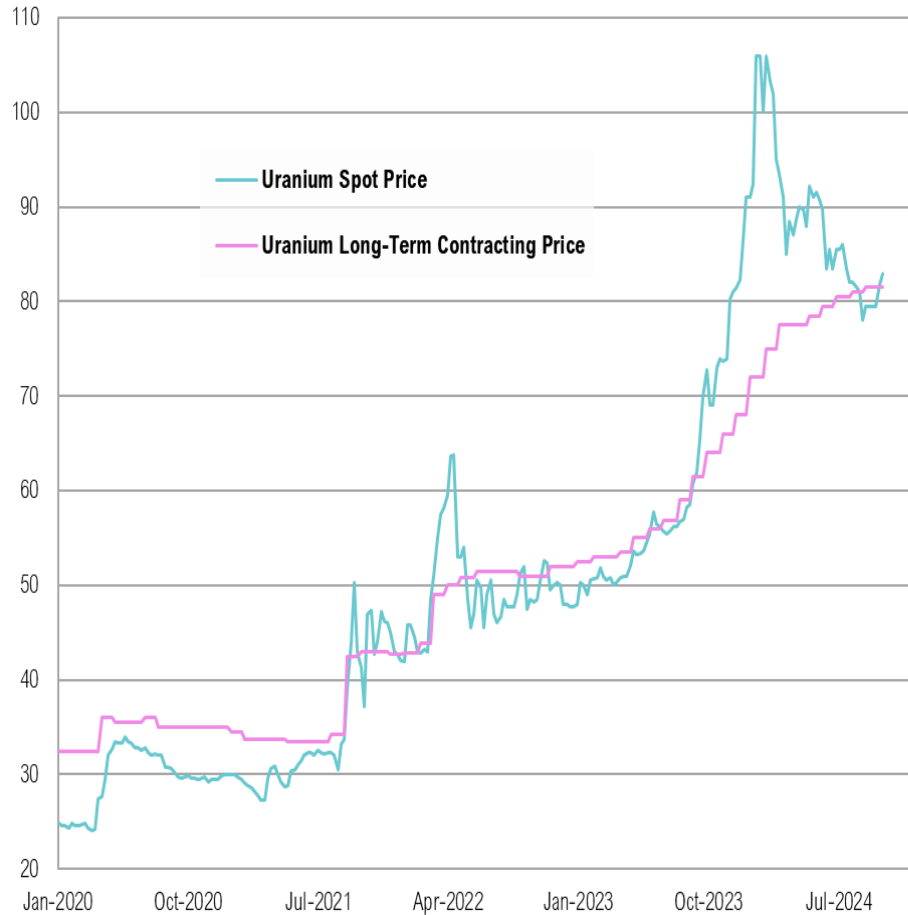


Source: Bloomberg, BCG, EIA.



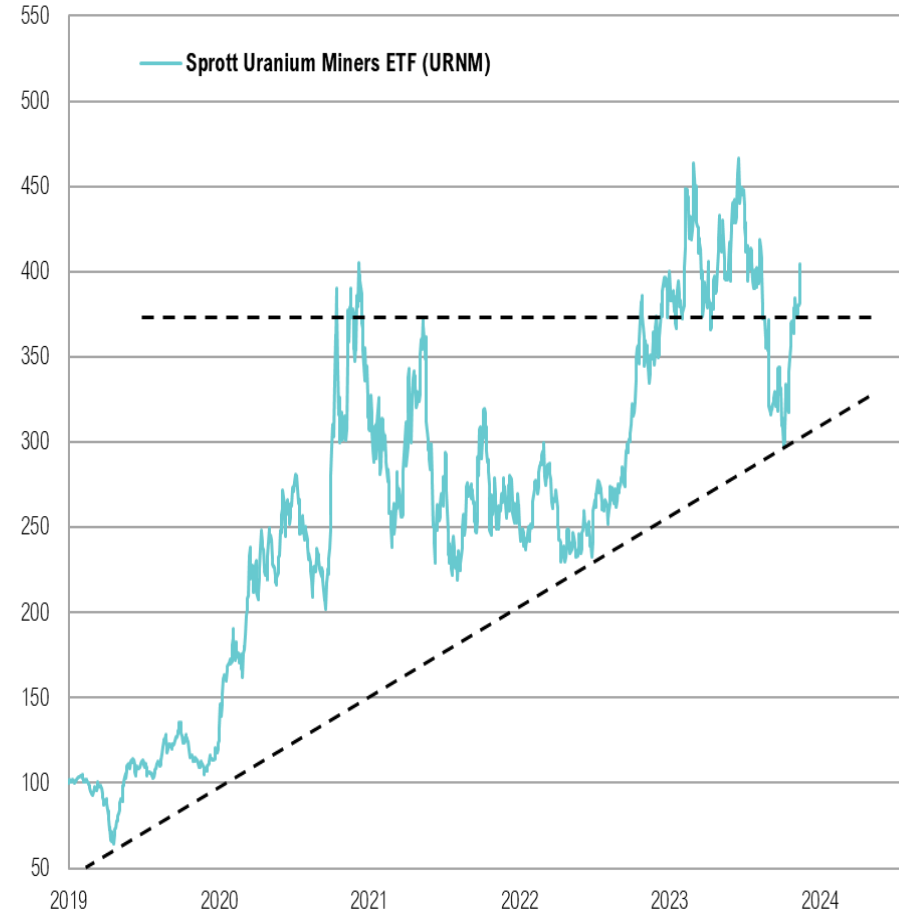
Uranium prices have been recovering, while long-term contracting continue to move higher; uranium miners recently broke through key technical resistance levels

Uranium Spot Price, \$/lbs



Source: Bloomberg

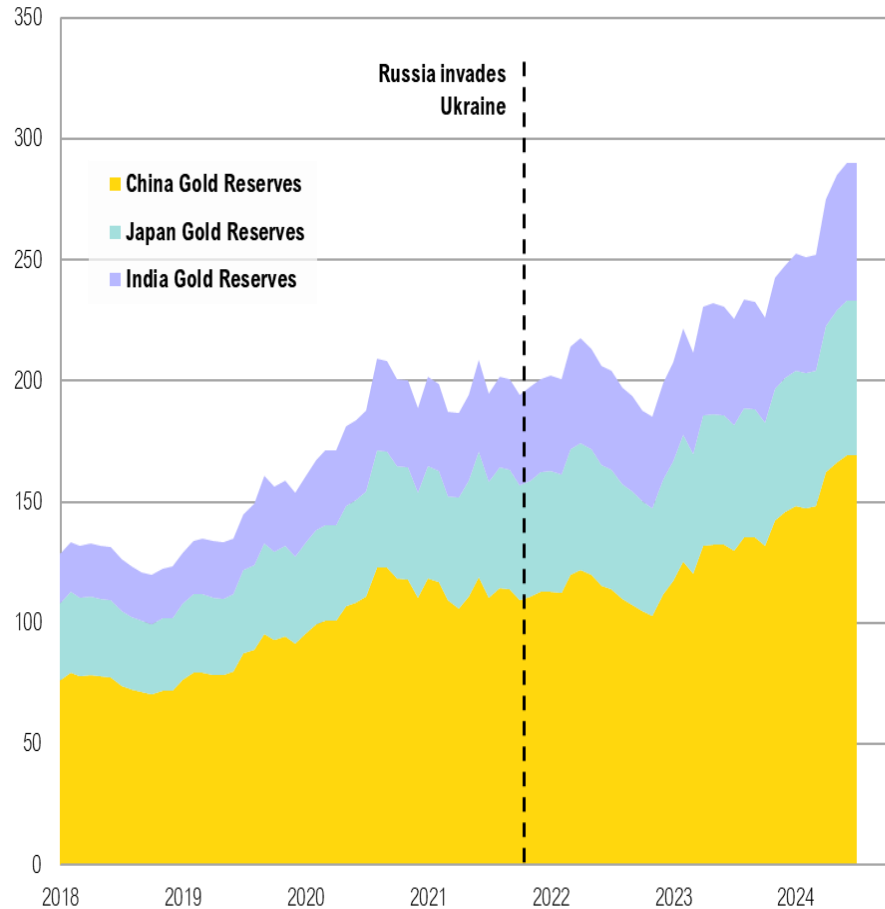
Growth of 100



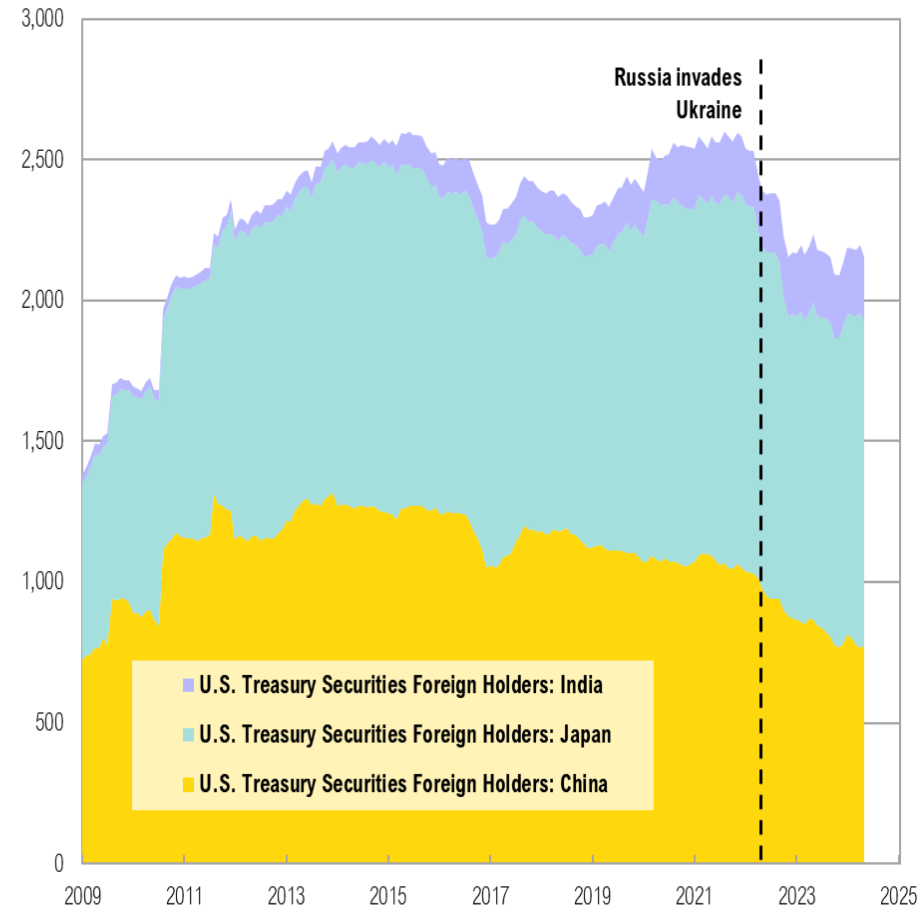
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 **Accompanied by ‘flight to safety’ (geopolitics, U.S. fiscal situation), gold’s resilience despite higher real rates is likely due to sovereigns favoring gold; whatever the reason, higher real rates remain a risk**

Central Bank Gold Reserves, \$Bn



Foreign Holders of U.S. Treasury Securities, \$Bn

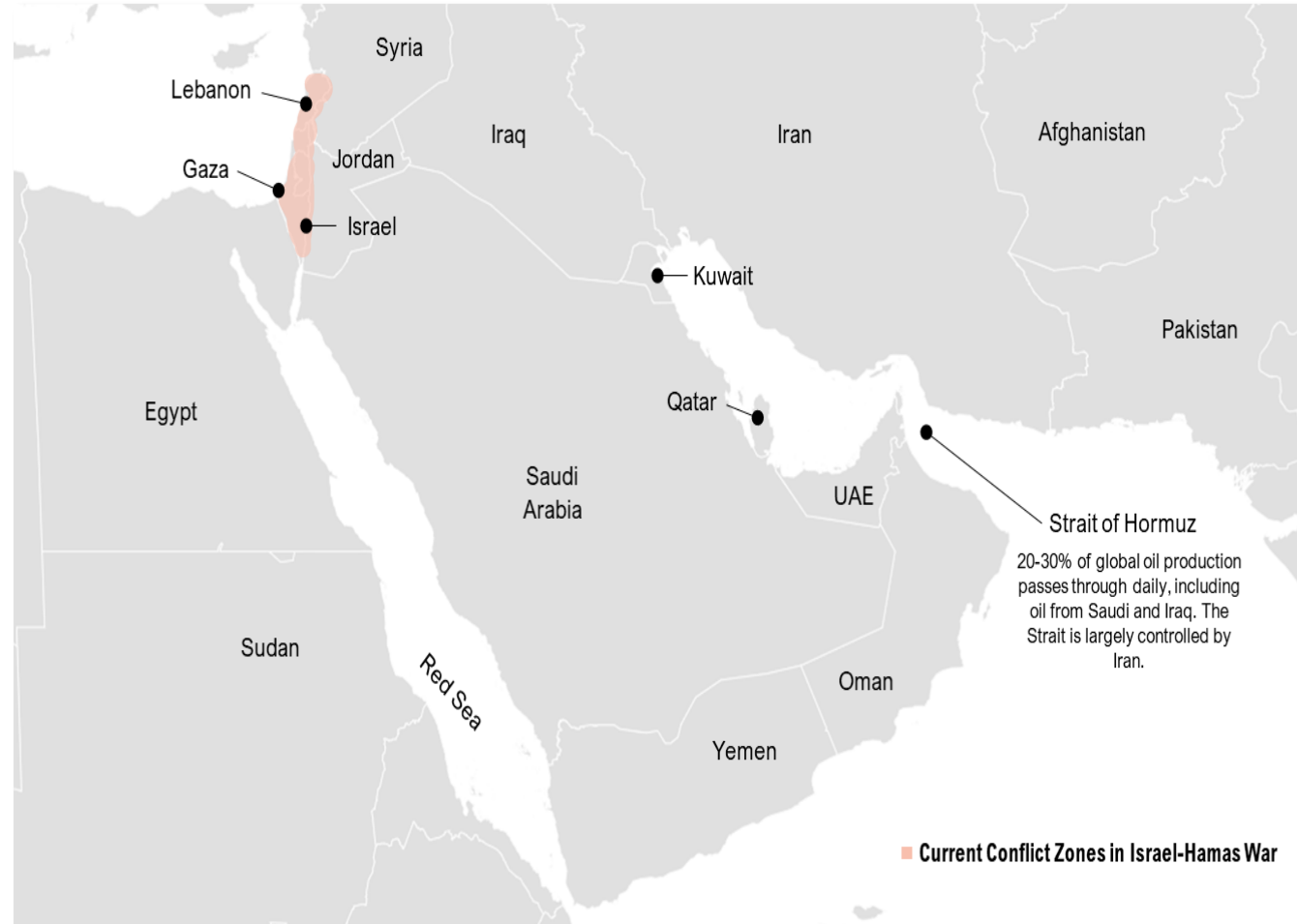


Source: Bloomberg. Gold reserve data as of 5/31/2024. Foreign Treasury holdings as of 4/30/2024.



Geopolitical tensions in the Middle East continue

Middle East Map



- The oil market remains well-supplied, despite OPEC+ production cuts over the past two years, as weak demand from China limits their return to the market.
- The Gulf's geopolitical climate shifted with a 2023 China-brokered Iran-Saudi deal aimed at easing tensions. Arab Gulf states are advocating de-escalation, reducing the likelihood of Iranian retaliation or a Strait of Hormuz closure.
- The Gaza and Lebanon conflicts do not directly threaten global oil supplies, as neither are major producers.
- Despite Iran-linked groups like Hezbollah being involved, Iran has focused on self-preservation and avoidance of direct confrontation with Israel.
- However, trust in the region remains fragile, and Iran could still cause disruption through proxies and acts of sabotage.

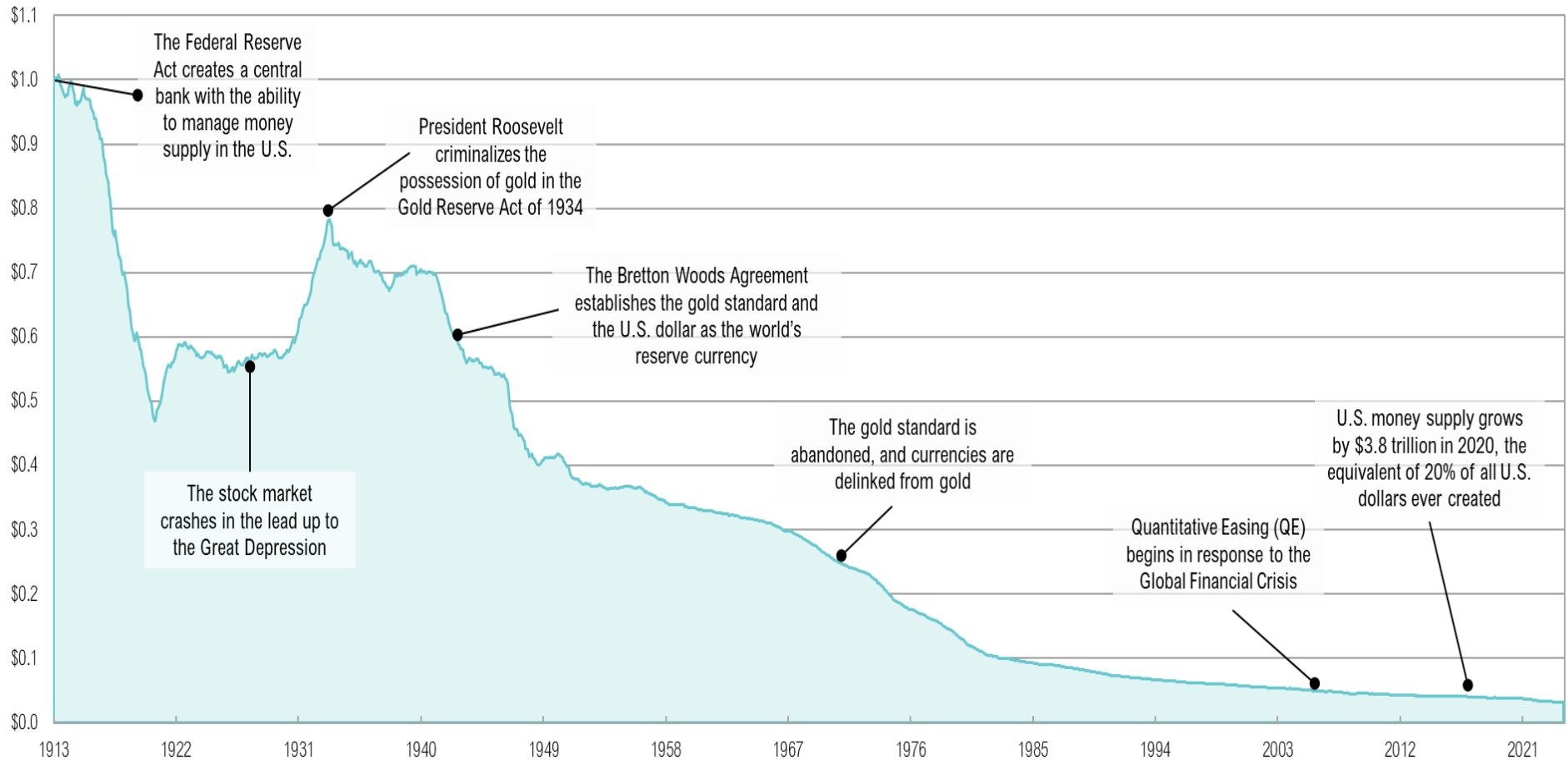
Source: Center for Strategic & International Studies, Hedgeye, Academy Securities.





Over the last century, the purchasing power of the U.S. dollar has steadily eroded as a result of ongoing inflation

Purchasing Power of \$1



Source: Bloomberg, Visual Capitalist.

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Disclosures

Disclosures

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Performance Disclosures

All market pricing and performance data from Bloomberg, unless otherwise cited. Asset class and sector performance are gross of fees unless otherwise indicated.

Appendix: Asset Class Definitions

Asset Class	Benchmark	Index	Start Date	End Date	Data Source
U.S. Large Cap Stocks	S&P 500 Index	S&P 500 TR Index	01/31/1970	n/a	Bloomberg, Ibbotson Associates, NYU/Stern
		IA SBBI US Large Stock TR Index	01/31/1926	12/31/1969	
		NYU/Stern S&P 500 TR	01/31/1920	12/31/1925	
U.S. Small & Micro Cap	Russell 2000 TR Index	Russell 2000 TR Index	01/31/1979	n/a	Bloomberg, Ibbotson Associates, SpringTide
		IA SBBI US Small Stock TR Index	01/31/1926	12/31/1978	
		SpringTide U.S. Small & Micro Cap Premium-Based Extension	01/31/1920	12/31/1925	
Intl Dev Stocks	MSCI EAFE NR Index	MSCI EAFE NR Index	01/31/1970	n/a	MSCI, NYU/Stern
		NYU/Stern Developed World Indices	01/31/1920	12/31/1969	
EM & Frontier Stocks	MSCI Emerging Markets NR Index	MSCI Emerging Markets NR Index	01/31/2001	n/a	MSCI, NYU/Stern
		NYU/Stern Emerging World Index (Price)	01/31/1920	12/31/2000	
Global Stocks	MSCI ACWI NR Index	MSCI ACWI NR Index	01/31/2001	n/a	MSCI, NYU/Stern
		NYU/Stern All World Index (Price)	01/31/1920	12/31/2000	
Venture Capital	Cambridge Venture Capital	Cambridge Venture Capital	01/01/1981	n/a	Cambridge, SpringTide
		SpringTide Venture Capital Premium-Based Extension	01/31/1920	12/31/1980	
U.S. Muni Bonds	Bloomberg Municipal 1-10Y Blend 1-12Y TR Index	Bloomberg Municipal 1-10Y Blend 1-12Y TR Index	07/31/1993	n/a	Bloomberg
		USA Municipal AAA Bonds Total Return Index (TRUSAMUM)	01/31/1920	06/30/1993	
U.S. Long-Term Bonds	Bloomberg US Long Gov/Corp TR Index	Bloomberg US Long Gov/Corp TR Index	02/28/1999	n/a	Bloomberg, NYU/Stern
		NYU/Stern US 30Yr Government Bond TR Index	01/31/1920	01/31/1999	
U.S. Interm-Term Bonds	Bloomberg US Aggregate Bond TR Index	Bloomberg US Aggregate Bond TR Index	01/31/1976	n/a	Bloomberg, NYU/Stern
		NYU/Stern US Total Return AAA Corporate Bond Index	01/31/1920	12/31/1975	
U.S. High Yield Bonds	Bloomberg US Corporate High Yield TR Index	Bloomberg US Corporate High Yield TR Index	07/31/1983	n/a	Bloomberg, Ibbotson Associates, SpringTide
		IA Bloomberg US HY Corporate Bonds	02/28/1926	06/30/1983	
		SpringTide U.S. High Yield Bonds Premium-Based Extension	01/31/1920	01/31/1926	
Intl Dev Bonds	Bloomberg Global Aggregate ex-USD TR Index	Bloomberg Global Aggregate ex-USD TR Index	01/31/1990	n/a	Bloomberg, NYU/Stern
		NYU/Stern All World ex-USA Government Bond Index	01/31/1920	12/31/1989	
U.S. REITs	MSCI US REIT GR Index	MSCI US REIT GR Index	01/01/1995	n/a	Bloomberg, Winans
		Winans US Real Estate Index (WIREI)	01/01/1920	12/31/1994	
Commodity Futures	Bloomberg Commodity TR Index	Bloomberg Commodity TR Index	01/31/1991	n/a	Bloomberg
		Thompson Jefferies CRB Core Commodity Total Return Index	01/31/1920	12/31/1990	
Midstream Energy	Alerian MLP TR Index	Alerian MLP TR Index	01/31/1996	n/a	Alerian, Bloomberg
		S&P 500 Energy Index	01/31/1946	12/31/1995	
		ExxonMobil Corp (XOM)	01/31/1920	12/31/1945	
Gold	LBMA Gold Price	LBMA Gold Price	02/29/1968	n/a	LBMA, Bloomberg
		New York Spot Bullion	01/31/1920	01/31/1968	
Cash/Ultra-Short Bonds	Bloomberg US T-Bill 1-3 Month TR Index	Bloomberg US T-Bill 1-3 Month TR Index	12/31/1991	n/a	Bloomberg, NYU/Stern
		NYU/Stern USA Total Return T-Bill Index	01/31/1920	11/30/1991	

Appendix: Asset Class Definitions

Asset Class Benchmarks

Asset class performance was measured using the following benchmarks:

U.S. Large Cap Stocks: S&P 500 TR Index

U.S. Small & Micro Cap Stocks: Russell 2000 TR Index

Intl Dev Large Cap Stocks: MSCI EAFE GR Index

Intl Dev Small & Micro Stocks: MSCI EAFE GR Index

Emerging & Frontier Market Stocks: MSCI Emerging Markets GR Index

Global Stocks: MSCI ACWI GR Index

Private Equity: Cambridge Associates U.S. Private Equity

Venture Capital: Cambridge Associates U.S. Venture Capital

U.S. Inter-Term Muni Bonds: Bloomberg Barclays 1-10 (1-12 Yr) Muni Bond TR Index

U.S. High Yield Muni Bonds: Bloomberg Barclays High Yield Muni TR Index

U.S. Inter-Term Bonds: Bloomberg Barclays U.S. Aggregate Bond TR Index

U.S. High Yield Bonds: Bloomberg Barclays U.S. Corporate High Yield TR Index

U.S. Bank Loans: S&P/LSTA U.S. Leveraged Loan Index

Intl Developed Bonds: Bloomberg Barclays Global Aggregate ex-U.S. Index

Emerging & Frontier Market Bonds: JPMorgan EMBI Global Diversified TR Index

Public BDCs: S&P BDC Index

U.S. REITs: MSCI U.S. REIT GR Index

Ex U.S. Real Estate Securities: S&P Global Ex-U.S. Property TR Index

Private Real Estate: Cambridge Associates Real Estate

Commodity Futures: Bloomberg Commodity TR Index

Midstream Energy: Alerian MLP TR Index

Gold: LBMA Gold Price

Long-Short Equity: HFRI Equity Hedge Index

Global Macro: HFRI Macro-CTA Index

Relative Value: HFRI Relative Value Index

Closed-End Funds: S-Network Composite Closed-End TR Index

Insurance-Linked Securities: SwissRe Global Cat Bond TR Index

Digital Assets: MVIS CryptoCompare Digital Assets 25 Index

Cash & Cash Equivalents: Bloomberg Barclays U.S. T-Bill 1-3 Month TR Index

U.S. Short-Term Muni Bonds: Bloomberg Barclays Municipal 1-3 Yr TR Index

U.S. Short-Term Bonds: Bloomberg Barclays U.S. Agg 1-3 Yr TR Index

U.S. 60/40: 60% S&P 500 TR Index 40% Bloomberg Barclays U.S. Aggregate Bond TR Index

Global 60/40: 60% MSCI ACWI GR Index 40% Bloomberg Barclays Global Aggregate Bond TR Index