WELLS FARGO
Investment Institute

Market Overview

February 2021

Investment and Insurance Products: ▸ NOT FDIC-Insured ▸ NO Bank Guarantee ▸ MAY Lose Value

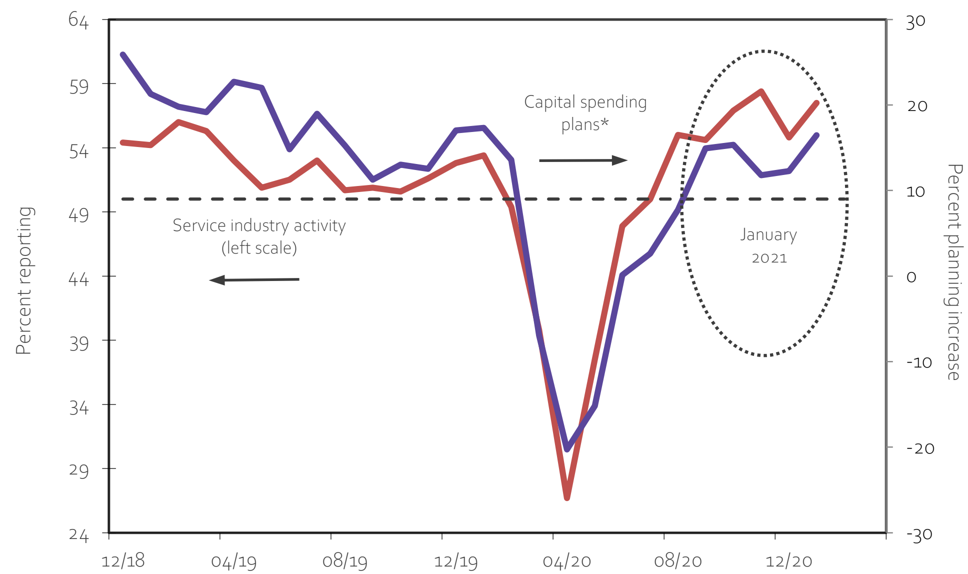
U.S. economic overview

Economic recovery in sight

- Balanced strength in housing, manufacturing, business investment, and even frontline services industries countered still-elevated coronavirus caseloads in keeping the growth slowdown unexpectedly mild in January. Resilience of late-cycle investment in January was punctuated by an increase to a 12-month high in January capital spending plans across five of the 12 Federal Reserve (Fed) districts. Consumer spending's recovery in late January from a "soft patch" at the turn of the year was supported by fiscal relief, an improving job market, and lockdowns eased by slowing pandemic-induced caseload growth. Spending gains overcame further slippage in consumer sentiment during the month on uncertainties over coronavirus mutations and vaccine assimilation, along with the timing and size of added fiscal support.

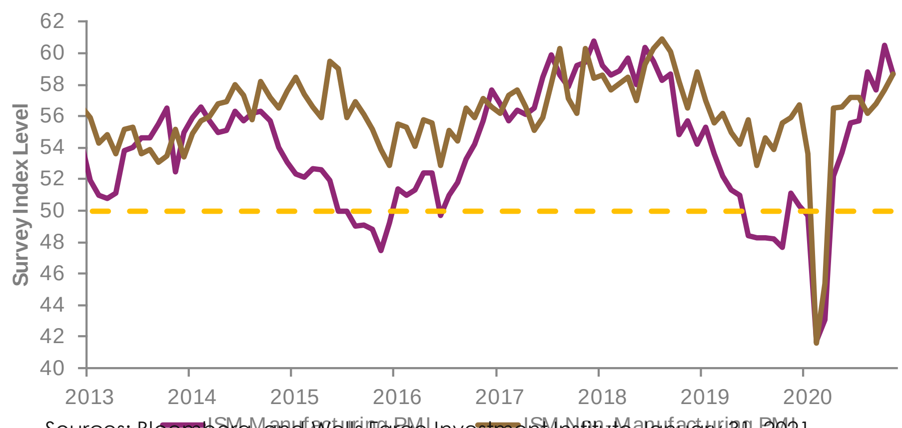
- Weighed against the glass-half-full batch of encouraging economic news at the start of the year was a glass-half-empty view of just how far the economy has to go before returning to pre-pandemic norms. Little more than 75% of the economy's first-half freefall of 2020 was retraced by fourth-quarter growth of 4% atop the third-quarter's 33% surge. Moreover, nearly 75% of December's increase in households' pre-tax income (and nearly two-thirds from its March 2020 low) came from transfer payments, courtesy of successive pandemic-relief packages by the government through late last year. The latest setback left employment with nearly 10 million fewer jobs than its pre-pandemic peak in February. Economic slack kept 12-month inflation well below the Fed's 2% target rate during much of the year, finishing at just 1.3% in December.

Two surprising sources of U.S. economic strength in early 2021



Sources: IHS Markit, Inc., Federal Reserve System, Wells Fargo Investment Institute. February 2021.
* Based on surveys in five Federal Reserve districts: Dallas, Kansas City, New York, Philadelphia, and Richmond.

Manufacturing purchasing managers' index increased in January



Sources: Bloomberg, and Wells Fargo Investment Institute January 31, 2021.
PMI=Purchasing Managers' Index. ISM - Institute for Supply Management, see slide 10 for definition. A reading above 50 indicates expansion, below 50 indicates contraction.

International economic overview

Vaccine holdup in Europe complicates recovery

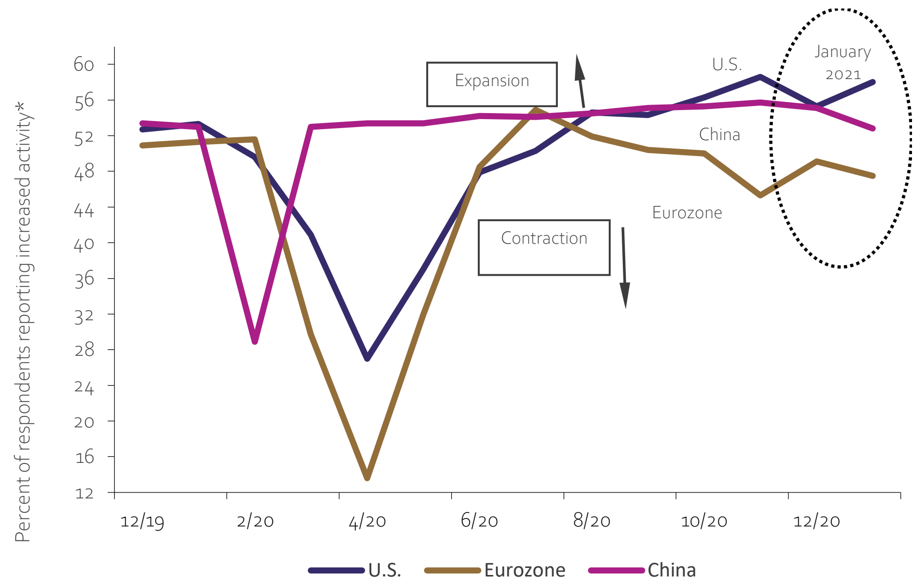
Europe

- Europe is on the verge of a "double dip" recession as it struggles with a worsening pandemic. High-frequency data confirm the fragile state of an unbalanced recovery centered on trade-sensitive manufacturing countering steepening declines in services activity. The International Monetary Fund's (IMF) World Economic Outlook update in January viewed the economic impact of the latest coronavirus outbreak as compounded by the European economy's structural weaknesses and lack of flexibility in dealing with reduced mobility and other fallout from the pandemic. The economy also is being undermined by the slow start to vaccinations, still just a fraction of the rate in the U.S. and the UK. The vaccine holdup is raising questions about the timing and strength of the growth recovery expected to gather momentum during the spring and into the latter part of the year.

Asia

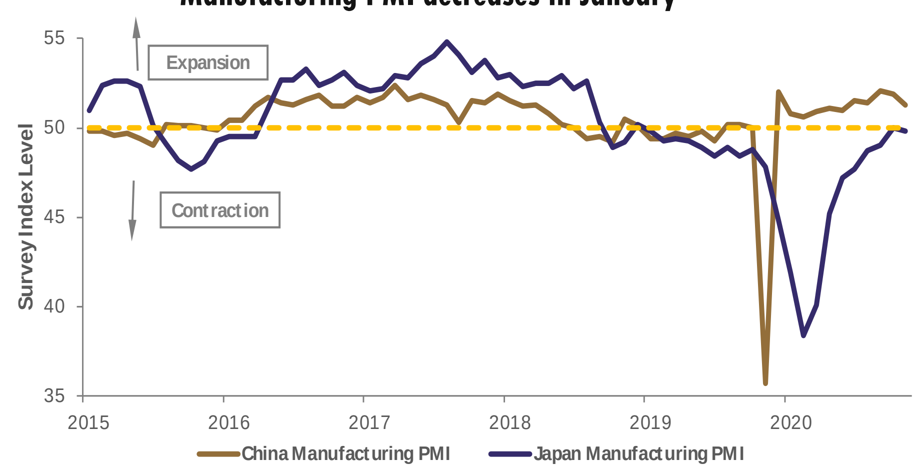
- Asia's leading-edge performance in the global economy faced fresh headwinds at the start of the year from coronavirus containment efforts. Stronger, more balanced growth in Taiwan was supported by semiconductor exports, successful containment of the pandemic, and reinforced by added fiscal support to consumer spending. Indonesia and Thailand have been among the hardest hit by higher virus caseloads outweighing supportive increases in commodity prices and exports. Expanded commodity exports also are cushioning the more developed Australian and New Zealand economies from slowing markets abroad. Japan's viral outbreak is overpowering improved competitiveness against China and its strengthening yuan exchange rate in weighing on consumer spending and manufacturing.

The U.S. takes the lead in the momentum sweepstakes early in 2021



Source: IHS Market, Inc. Wells Fargo Investment Institute. Data as of February, 2021. A reading above 50 indicates expansion, below 50 indicates contraction. *As measured by the purchasing managers' composite index of manufacturing and non- manufacturing activity.

Manufacturing PMI decreases in January



Sources: Bloomberg, and Wells Fargo Investment Institute, January 31, 2021. PMI=Purchasing Managers' Index. A reading above 50 indicates expansion, below 50 indicates contraction.

Stock market review and strategy

Small caps and emerging markets were the best performing asset classes in January

U.S. equities:

- Large-cap equities' -1.0% return underperformed mid caps (-0.3%) and small caps (5.0%) to start 2021. Only 4 out of the 11 S&P 500 Index sectors were positive for the month. Energy and Health Care were the outperformers (+3.8% and +1.4%, respectively) as the outlook for oil continues to improve, in addition to positive improvements on the COVID-19 vaccine distribution. Consumer Staples and Industrials were the worst performers for the month, returning -5.2% and -4.3%, respectively.
- The Energy sector led month-to-date (MTD) returns for mid caps (+4.8%), followed by Health Care (+3.0%). Consumer Discretionary was the best sector performer for small caps, returning +14.6% MTD (heavily skewed by the recent pile into firms as part of the social media retail investing phenomenon), with Energy a close second (+13.5%).

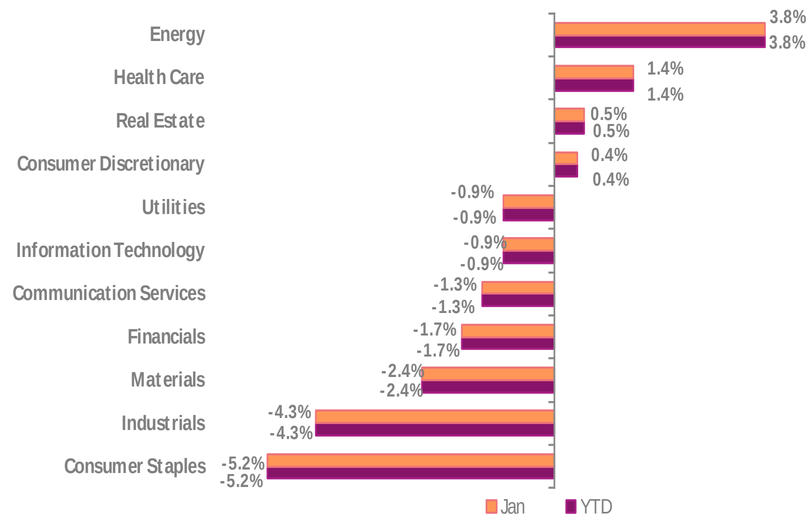
International equities:

- U.S.-dollar-denominated emerging market (EM) equities (+3.1%) outperformed developed market (DM) equities (-1.1%) for January as investors continued to pivot into cyclical assets on increasing risk appetite. Dollar-denominated returns for international equities were mixed with the strongest DM equity markets, MSCI Sweden and Netherlands, returning +2.5% and +2.2% having kept infection rates low with minimal lockdowns relative to the broader European region. The weakest DM equity market for January was MSCI Spain, as the region, along with the eurozone at large, continues to struggle with policy surrounding Brexit returning -4.5%.

Stock market total returns Period ending January 31, 2021**

Equity indexes	Jan	QTD	YTD	1 Year	3 Year*	5 Year*
Global Market	-0.4%	-0.4%	-0.4%	17.6%	8.5%	14.2%
Large Cap	-1.0%	-1.0%	-1.0%	17.2%	11.7%	16.2%
Large Cap Growth	-0.7%	-0.7%	-0.7%	34.5%	19.9%	22.2%
Large Cap Value	-0.9%	-0.9%	-0.9%	4.1%	4.4%	10.7%
Mid Cap	-0.3%	-0.3%	-0.3%	17.7%	10.1%	14.9%
Small Cap	5.0%	5.0%	5.0%	30.2%	11.1%	16.5%
Developed ex.U.S. (USD)	-1.1%	-1.1%	-1.1%	9.4%	2.7%	9.4%
Developed Small Cap (USD)	-0.4%	-0.4%	-0.4%	15.7%	3.4%	11.5%
Emerging Markets (USD)	3.1%	3.1%	3.1%	28.3%	4.8%	15.4%
Frontier Markets (USD)	0.4%	0.4%	0.4%	2.1%	-1.5%	8.2%

S&P 500 sector returns



Sources: Bloomberg, and Wells Fargo Investment Institute, January 31, 2021. *Annualized returns **Index returns do not reflect the deduction of fees, expenses or taxes. **Past performance is no guarantee of future results.** Please see disclosures at the end of the report for index definitions.

Bond market review and strategy

Japan hit hard by dollar's January bounce

U.S. market:

- Continued positive developments around the vaccines and stronger signs of U.S. reflation caused Treasury yields to rise, steepening the curve further in January, with the 10-year Treasury yield finally crossing above the 1% psychological resistance. Although we expect yields to climb further, the trajectory will not be a straight line, rather a function of how the recovery plays out.

Developed markets:

- 2021 started with a month of negative returns for DM bonds, driven by both a bounce in the U.S. dollar and by the rise in U.S. Treasury yields. Hedged bonds saw returns of -0.7% and unhedged bonds -1.5% due to currency losses. All sovereign bond markets saw negative returns in both local-currency and dollar terms; only Portugal and New Zealand managed to outperform U.S. Treasuries. Japan was one of the worst performers, with the yen hard hit by the dollar's January bounce.

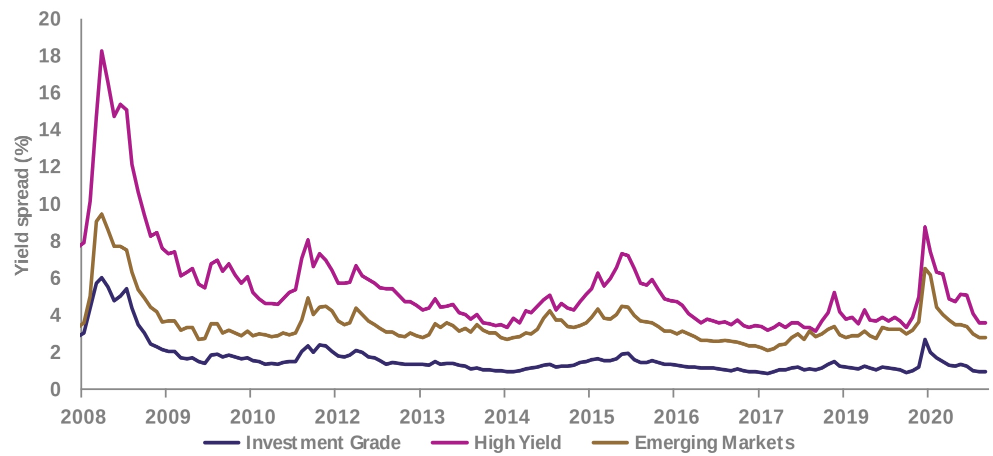
Emerging markets:

- After a strong end to 2020, EM bonds and currencies also gave back gains in January, as local-currency bond dollar-based returns were undermined by the dollar's rebound, and USD-denominated bond returns fell as the U.S. yield-curve steepening pushed index yields higher. Local-currency bonds ended the month -0.7% (in dollar terms) and dollar sovereigns were -1.2%. In both sectors, Latin America was hardest hit, with Brazil and Mexico being conspicuous underperformers.

Fixed Income market total returns** **Period ending January 31, 2021**

Fixed Income indexes	Jan	QTD	YTD	1 Year	3 Year*	5 Year*
Global Multiverse	-0.9%	-0.9%	-0.9%	6.8%	4.1%	4.7%
U.S. Inv Grade Taxable	-0.7%	-0.7%	-0.7%	4.7%	5.5%	4.0%
U.S. Treasury Bills	0.0%	0.0%	0.0%	0.4%	1.5%	1.1%
U.S. Short-Term Taxable	0.0%	0.0%	0.0%	2.5%	3.0%	2.1%
U.S. Interm-Term Taxable	-0.3%	-0.3%	-0.3%	6.2%	5.6%	3.7%
U.S Long-Term Taxable	-3.0%	-3.0%	-3.0%	7.1%	9.5%	8.2%
U.S. Treasury	-1.0%	-1.0%	-1.0%	4.4%	5.3%	3.1%
U.S. Corporate	-1.3%	-1.3%	-1.3%	6.0%	6.9%	6.4%
U.S. Municipal	0.6%	0.6%	0.6%	4.0%	5.3%	3.8%
U.S. TIPS	0.3%	0.3%	0.3%	9.1%	6.3%	4.8%
U.S. High Yield	0.3%	0.3%	0.3%	7.4%	6.1%	9.0%
Developed ex.U.S. (unhedged)	-1.5%	-1.5%	-1.5%	7.7%	3.0%	4.5%
Emerging Market (USD)	-1.2%	-1.2%	-1.2%	2.8%	4.6%	6.6%

Credit spreads to Treasury Securities



Sources: Barclays, Bloomberg, and Wells Fargo Investment Institute, January 31, 2021. *Annualized return. **Index returns do not reflect the deduction of fees, expenses or taxes. **Past performance is no guarantee of future results.** Please see disclosures at the end of the report for index definitions.

Real Assets review and strategy

Commodities posted mixed returns in January

Master limited partnerships (MLPs):

- MLPs were fast out of the gate in 2021, up nearly 17% by the second week of January before fading to end the month up 5.8% (as measured by the Alerian MLP Index). Despite the disappointing second half, MLPs still posted the strongest January return of the major asset classes that we track. This action tracked the price of oil, which was buoyed by a surprise announcement at the start of January that Saudi Arabia would unilaterally cut oil production by an extra one million barrels per day. The enthusiasm from this announcement waned as the month wore on, as COVID cases accelerated, and vaccine rollouts experienced some hurdles.

Commodities:

- *Agriculture:* Agriculture commodities had a solid month, led by corn (+13%) and soybean (+4.2%) prices. Coffee prices were the notable underperformer in January (-4.1%). Prices have risen with expectations for reduced supply and increased demand this year.

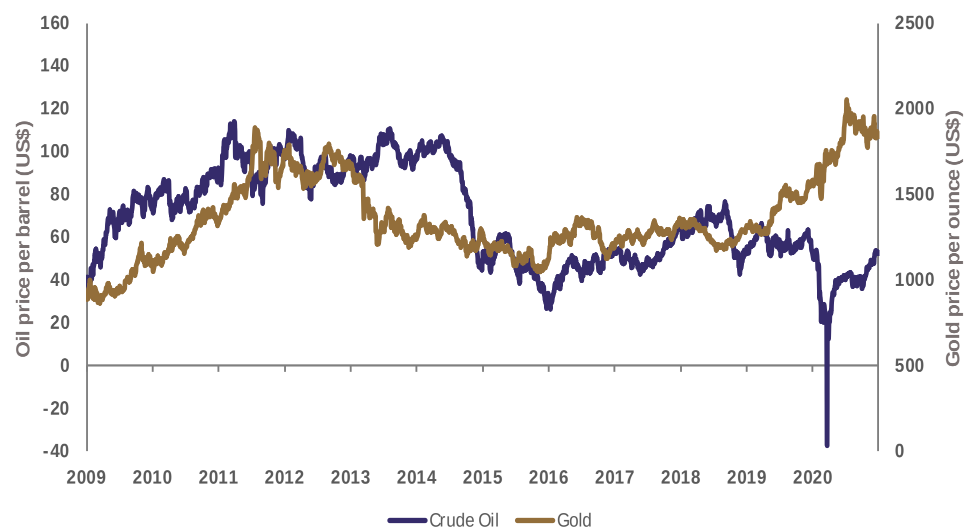
- *Energy:* Energy commodities performed well in January as crude oil and gasoline prices increased. West Texas Intermediate (WTI) crude oil prices rose above $50 per barrel for the first time since February 2020. Oil prices have been supported by OPEC (Organization of the Petroleum Exporting Countries) price support and Saudi Arabia's commitment to additional production cuts in the first quarter.

- *Metals:* Precious metal prices fell in January with gold's loss more than offsetting silver's gain. Precious metals experienced an impressive rally in 2020, but that rally has stagnated somewhat as perceived safe haven demand decreased due to strong equity performance.

Real Asset total returns** **Period ending January 31, 2021**

REIT/Commodity indexes	Jan	QTD	YTD	1 Year	3 Year*	5 Year*
Public Real Estate	-0.8%	-0.8%	-0.8%	-9.7%	2.2%	5.5%
U.S. REITs	-0.1%	-0.1%	-0.1%	-6.4%	6.4%	7.4%
International REITs	-1.3%	-1.3%	-1.3%	-8.2%	0.4%	6.6%
S&P GSCI Commodity	4.9%	4.9%	4.9%	-10.2%	-7.8%	0.2%
Bloomberg Commodity	2.6%	2.6%	2.6%	7.3%	-2.3%	1.9%
RICI Commodity	4.2%	4.2%	4.2%	3.9%	-1.8%	3.9%
Global Infrastructure	-2.1%	-2.1%	-2.1%	-9.2%	1.6%	7.6%
MLPs	5.8%	5.8%	5.8%	-20.0%	-12.7%	-2.6%

Crude oil versus gold



Sources: Barclays, Bloomberg, and Wells Fargo Investment Institute, January 31, 2021. REITs=real estate investment trusts.
*Annualized return. **Index returns do not reflect the deduction of fees, expenses or taxes. **Past performance is no guarantee of future results.** Please see disclosures at the end of the report for index definitions.

Alternatives review and strategy

Event Driven managers outperform

Relative Value:

- Corporate and structured credit spreads tightened to start the year, led again by lower rated loans and commercial mortgage backed securities. Across many sectors, spreads are tighter than they were pre-pandemic, which is leading investors further down the credit curve as they search for yield.

Macro:

- The average Systematic and Discretionary macro portfolio struggled during the last week of January, as volatility in the equity markets coincided with a counter-trend in the U.S. dollar. Fortunately, long positions across the commodity complex helped to mitigate the losses.

Event Driven:

- Stable credit markets and strength in small cap equities benefitted the average Event Driven manager in January. Deal volume increased 86% year-over-year, while Special Purpose Acquisition Company (SPAC) Merger and Acquisition (M&A) activity saw $33B in volume.

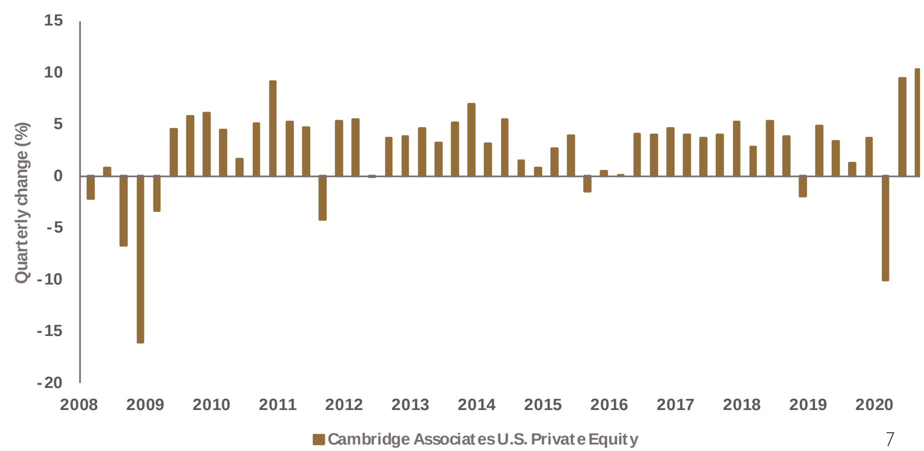
Equity Hedge:

- Despite a very public short squeeze during the last week of the month, the average Equity Hedge manager began the year with only modest losses, mostly due to weakness from crowded long positions being sold in order to cover shorts. Leverage levels began the month near historical highs, but moderated amid the spike in volatility.

Alternatives total returns   Period ending January 31, 2021**

Alternative indexes	Jan	QTD	YTD	1 Year	3 Year*	5 Year*
Global Hedge Funds	0.9%	0.9%	0.9%	13.3%	5.1%	6.9%
Relative Value	1.3%	1.3%	1.3%	4.3%	3.5%	5.2%
Arbitrage	1.0%	1.0%	1.0%	2.6%	4.2%	4.9%
Long/Short Credit	1.2%	1.2%	1.2%	8.2%	5.3%	7.3%
Struct Credit/Asset Backed	1.9%	1.9%	1.9%	0.1%	3.2%	4.9%
Macro	0.2%	0.2%	0.2%	5.6%	1.7%	2.0%
Systematic	-0.3%	-0.3%	-0.3%	1.7%	-0.5%	0.1%
Discretionary	1.8%	1.8%	1.8%	17.2%	6.0%	4.1%
Event Driven	2.8%	2.8%	2.8%	12.6%	5.2%	7.7%
Activist	1.0%	1.0%	1.0%	12.8%	5.4%	7.5%
Distressed Credit	2.6%	2.6%	2.6%	16.5%	4.9%	8.1%
Merger Arbitrage	4.0%	4.0%	4.0%	9.5%	6.1%	5.5%
Equity Hedge	0.8%	0.8%	0.8%	19.9%	6.8%	9.4%
Directional Equity	-0.8%	-0.8%	-0.8%	26.8%	8.8%	9.6%
Equity Market Neutral	-0.5%	-0.5%	-0.5%	-0.5%	-0.2%	1.6%

Private Capital Index returns



Sources: Morningstar, Cambridge Associates, and Wells Fargo Investment Institute, January 31, 2021. Cambridge data through September 30, 2020.
*Annualized returns **Index returns do not reflect the deduction of fees, expenses or taxes. **Past performance is no guarantee of future results.** Please see disclosures at the end of the report for index

Disclosures

Asset class risks

Alternative Investments, such as hedge funds and private capital funds, are not appropriate for all investors. They are speculative and involve a high degree of risk that is only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund and for which the fund does not represent a complete investment program.

Hedge funds trade in diverse complex strategies that are affected in different ways and at different times by changing market conditions. Strategies may, at times, be out of market favor for considerable periods with adverse consequences for the investor. Arbitrage strategies expose a fund to the risk that the anticipated arbitrage opportunities will not develop as anticipated, resulting in potentially reduced returns or losses to the fund. Event Driven strategies involve investing in opportunities created by significant transactional events, such as spinoffs, mergers and acquisitions, bankruptcy reorganization, recapitalization and share buybacks. Managers who use such strategies may invest in, and might sell short, the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation. Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. Investing in Distressed companies is speculative and subject to greater levels of credit, issuer and liquidity risks and the repayment of default obligations contains significant uncertainties such companies may be engaged in restructurings or bankruptcy proceedings. Macro strategies base their investment decisions on the anticipated price movement of stock markets, interest rates, foreign exchange, and physical commodities. These price movements result from many factors including forecasted shifts in world economies. Exchange-traded and over-the-counter derivatives are often used to magnify these price movements. The fixed income securities used in the structured credit relative value strategy may include CMBS, RMBS, ABS CLOs and other debt securities. They are subject to security-specific risks in addition to the risks associated with fluctuations in interest rates, credit/default, liquidity and forced deleveraging. Long/short credit strategies invest in the global credit markets which may be volatile. The risks associated with this strategy include investments in debt securities and the use of short selling and derivatives.

Private capital investments are complex, speculative investment vehicles that are not appropriate for all investors. The funds use complex trading strategies, including hedging and leveraging through derivatives and short selling and other aggressive investment practices. It is possible to lose your entire investment investing in these funds. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage which can magnify volatility and may entail other risks such as market, interest rate, credit, counterparty and management risks. Short selling involves leverage and theoretically unlimited loss potential since the market price of securities sold short may continuously increase.

Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities. Small and Mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks.

Investments in fixed-income securities are subject to interest rate, credit/default, liquidity, inflation and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and/or principal. This risk is heightened in lower rated bonds. If sold prior to maturity, fixed income securities are subject to market risk. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Municipal bonds offer interest payments exempt from federal taxes, and potentially state and local income taxes. These bonds are subject to interest rate and credit/default risk. Quality varies widely depending on the specific issuer. Municipal securities may also be subject to the alternative minimum tax and legislative and regulatory risk which is the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

In addition to the risks associated with investment in debt securities, CLOs are subject to other risks, including, among others, the risk that the CLOs may have a limited trading market; the possibility that distributions from collateral securities will not be adequate to make interest or other payments; the quality of the collateral may decline in value or default; and the possibility that the investments in CLOs are subordinate to other classes or tranches.

Mortgage- and asset-backed securities are subject to the risks associated with debt securities and to prepayment, extension and call risks. Changes in prepayments may significantly affect yield, average life and expected maturity. Extension risk is the risk that rising interest rates will slow the rate at which mortgages are prepaid. Call risk is the risk that If called prior to maturity, similar yielding investments may not be available for the Fund to purchase. These risks may be heightened for longer maturity and duration securities.

Treasury Inflation-Protected Securities (TIPS) are subject to interest rate risk, especially when real interest rates rise. This may cause the underlying value of the bond to fluctuate more than other fixed income securities.

Disclosures

Asset class risks (continued)

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. These risks are heightened in emerging and frontier markets.

Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Investing in precious metals involves special risk considerations such as severe price fluctuations and adverse economic and regulatory developments which could materially and adversely affect an investment.

Investing in physical commodities, such as gold, silver, palladium and other precious metals, exposes a portfolio to material risk considerations such as potentially severe price fluctuations over short periods of time and storage costs that exceed the custodial and/or brokerage costs associated with a portfolio's other holdings.

Investment in securities of Master Limited Partnerships (MLPs) involves certain risks which differ from an investment in the securities of a corporation. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from Net Asset Value and other material risks.

Sector risks

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. Risks associated with the Consumer Discretionary sector include, among others, apparel price deflation due to low-cost entries, high inventory levels and pressure from e-commerce players; reduction in traditional advertising dollars, increasing household debt levels that could limit consumer appetite for discretionary purchases, declining consumer acceptance of new product introductions, and geopolitical uncertainty that could affect consumer sentiment. Consumer Staples industries can be significantly affected by competitive pricing particularly with respect to the growth of low-cost emerging market production, regulation, the performance of the overall economy, interest rates, and consumer confidence. The Communication services companies are vulnerable to their products and services becoming outdated because of technological advancement and the innovation of competitors. Companies in the communication services sector may also be affected by rapid technology changes; pricing competition, large equipment upgrades, substantial capital requirements and government regulation and approval of products and services. In addition, companies within the industry may invest heavily in research and development which is not guaranteed to lead to successful implementation of the proposed product. Energy sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Investing in the Financial services companies will subject an investment to adverse economic or regulatory occurrences affecting the sector. Some of the risks associated with investment in the Health Care sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market. There is increased risk investing in the Industrials sector. The industries within the sector can be significantly affected by general market and economic conditions, competition, technological innovation, legislation and government regulations, among other things, all of which can significantly affect a portfolio's performance. Materials industries can be significantly affected by the volatility of commodity prices, the exchange rate between foreign currency and the dollar, export/import concerns, worldwide competition, procurement and manufacturing and cost containment issues. Real estate investments have special risks, including possible illiquidity of the underlying properties, credit risk, interest rate fluctuations, and the impact of varied economic conditions. Risks associated with the Technology sector include increased competition from domestic and international companies, unexpected changes in demand, regulatory actions, technical problems with key products, and the departure of key members of management. Technology and Internet-related stocks, especially smaller, less-seasoned companies, tend to be more volatile than the overall market. Utilities are sensitive to changes in interest rates, and the securities within the sector can be volatile and may underperform in a slow economy.

Index definitions

An index is unmanaged and not available for direct investment.

Economic indexes (slides 2-3)

The Institute of Supply Management (ISM) **Manufacturing Index®** is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories. An Index values over 50 indicate expansion; below 50 indicates contraction. The values for the index can be between 0 and 100.

The Institute of Supply Management (ISM) **Non-Manufacturing Index®** is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries. An Index values over 50 indicate expansion; below 50 indicates contraction. The values for the index can be between 0 and 100.

PMI Surveys, such as the **Eurozone Manufacturing PMI**, track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Equities (slide 4)

Global Market Equity: **MSCI AC World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed and 23 emerging markets.

Large Cap Equity: **S&P 500 Index** is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market. Returns assume reinvestment of dividends and capital gain distributions.

Large Cap Growth Equity: **Russell 1000® Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Large Cap Value Equity: **Russell 1000® Value Index** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Mid Cap Equity: **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000® Index.

Small Cap Equity: **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Developed Market ex. U.S. Equity: **MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets, excluding the US & Canada.

Developed Small Cap Equities: The **MSCI EAFE Small Cap Index** is an equity index which captures small cap representation across Developed Markets countries* around the world, excluding the US and Canada. With 2,282 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

Energy Index: The Energy Index comprises those companies included in the index that are classified as members of the GICS® energy sector.

Consumer Staples Index : The Consumer Staples Index comprises those companies included in the index that are classified as members of the GICS® consumer discretionary index.

Index definitions (continued)

Consumer Discretionary Index: The Consumer Discretionary Index comprises those companies included in the index that are classified as members of the GICS® consumer discretionary sector.

Health Care Index : The Health Care Index comprises those companies included in the index that are classified as members of the GICS® health care sector.

Industrials Index: The Industrials Index comprises those companies included in the index that are classified as members of the GICS® industrials sector.

Emerging Markets: MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of 23 emerging market countries.

Frontier Market Equity: MSCI Frontier Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets. The MSCI Frontier Markets Index consists of 24 frontier market country indexes.

MSCI Netherlands Index is a free-float weighted equity index composed of companies domiciled in the Netherlands.

MSCI Spain Index is designed to measure the performance of the large and mid-cap segments of the Spanish market.

MSCI Sweden Index is designed to measure the performance of the large and mid-cap segments mid of the Swedish market.

Fixed Income (slide 5)

Global Multiverse Fixed Income: Bloomberg Barclays Multiverse Index provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index and the Global High-Yield Index and captures investment grade and high yield securities in all eligible currencies.

U.S. Inv Grade Taxable Fixed Income: Bloomberg Barclays U.S. Aggregate Bond Index is composed of the Bloomberg Barclays Capital U.S. Government/Credit Index and the Bloomberg Barclays Capital U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities.

U.S. Treasury Bills Fixed Income: Bloomberg Barclays U.S. Treasury Bills Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

Short, Intermediate and Long Term Fixed Income: Bloomberg Barclays U.S. Aggregate Bond Index is made up of the Bloomberg Barclays U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million.

U.S. Treasury Fixed Income: Bloomberg Barclays U.S. Treasury Index includes public obligations of the U.S. Treasury with a remaining maturity of one year or more.

U.S. Investment Grade Corporate Fixed Income: Bloomberg Barclays U.S. Corporate Bond Index includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

U.S. Municipal Fixed Income: Bloomberg Barclays U.S. Municipal Bond Index represents municipal bonds with a minimum credit rating of at least Baa, an outstanding par value of at least $3 million, and a remaining maturity of at least one year. The Index excludes taxable municipal bonds, bonds with floating rates, derivatives, and certificates of participation.

Index definitions (continued)

U.S. TIPS Fixed Income: Bloomberg Barclays Treasury Inflation Protected Securities (TIPS) Index includes all publically issued, investment-grade U.S. TIPS with an outstanding face value of more than $250 million and that have at least one year to maturity.

U.S. High Yield Fixed Income: Bloomberg Barclays U.S. High Yield Bond Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Developed ex. U.S. Fixed Income (Unhedged): JPMorgan GBI Global ex-U.S. (Unhedged) in USD is an unmanaged index market representative of the total return performance in U.S. dollars on an unhedged basis of major non-U.S. bond markets.

Developed ex. U.S. Fixed Income (Hedged): JPMorgan GBI Global ex-U.S. (Hedged) is an unmanaged index market representative of the total return performance, on a hedged basis, of major non-U.S. bond markets. It is calculated in U.S. dollars.

Emerging Market Fixed Income: JP Morgan Emerging Markets Bond Index Global (EMBI Global), which currently covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

Emerging Market Fixed Income (Local Currency): J.P. Morgan Government Bond Index-Emerging Markets Global (USD Unhedged) is a comprehensive global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds.

<u>Real Assets (slide 6)</u>

Public Real Estate: FTSE/EPRA NAREIT Developed Index is designed to track the performance of listed real estate companies and REITs worldwide.

U.S. REITs: FTSE NAREIT U.S. All Equity REITs Index is designed to track the performance of REITs representing equity interests in (as opposed to mortgages) on properties. It represents all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets, other than mortgages secured by real property that also meet minimum size and liquidity criteria.

International REITs: FTSE EPRA/NAREIT Developed ex U.S. Index is designed to track the performance of listed real estate companies in developed countries worldwide other than the U.S.

S&P GSCI Commodity: S&P Goldman Sachs Commodity Index (GSCI) is a composite index of commodity sector returns representing unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The index is includes futures contracts on 24 physical commodities of which Energy represents nearly 70%.

Bloomberg Commodity Index is calculated on an excess return basis and reflects commodity futures price movements.

Commodities (RICI): The Rogers International Commodity Index is a U.S. dollar based index representing the value of a basket of commodities consumed in the global economy. Representing futures contracts on 37 physical commodities, it is designed to track prices of raw materials not just in the U.S. but around the world.

Global Infrastructure: S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure, the index includes three distinct infrastructure clusters: utilities, transportation and energy.

Index definitions (continued)

MLPs: Alerian MLP Index is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

Ag Commodities (BCOMAG): Bloomberg Agriculture Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return of the underlying commodity futures and is quoted in USD.

Energy Commodities (BCOMEN): Bloomberg Energy Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on crude oil, ultra-low sulfur diesel, unleaded gasoline, low sulphur gasoil, and natural gas. It reflects the return of the underlying commodity futures and is quoted in USD.

Industrial Metals Commodities (BCOMIN): Bloomberg Industrial Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on aluminum, copper, nickel and zinc. It reflects the return of the underlying commodity futures and is quoted in USD.

Precious Metals Commodities (BCOMPR): Bloomberg Precious Metals Subindex is a commodity group subindex of the Bloomberg Commodity Index. It is composed of futures contracts on gold and silver. It reflects the return of the underlying commodity futures and is quoted in USD.

Index definitions (continued)

Alternative Assets (slide 7) – Hedge Fund Strategy definitions

Global Hedge Funds: The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net-of-all-fees performance in U.S. dollars and have a minimum of $50 million under management or a 12-month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

Relative Value: The HFRI Relative Value Index: maintains positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

Arbitrage: The HFRI Relative Value Fixed Income Sovereign Index: Includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a sovereign fixed income instrument. Strategies employ an investment process designed to isolate attractive opportunities between a variety of fixed income instruments, typically realizing an attractive spread between multiple sovereign bonds or between a corporate and risk free government bond. Fixed Income Sovereign typically employ multiple investment processes including both quantitative and fundamental discretionary approaches and relative to other Relative Value Arbitrage sub-strategies, these have the most significant top-down macro influences, relative to the more idiosyncratic fundamental approaches employed.

Long/Short Credit: HFRI Relative Value Fixed Income—Corporate Index. Includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a corporate fixed-income instrument. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments, typically realizing an attractive spread between multiple corporate bonds or between a corporate and risk free government bond. They typically involve arbitrage positions with little or no net credit market exposure, but are predicated on specific, anticipated idiosyncratic developments.

Structured Credit/Asset Backed: HFRI Relative Value Fixed Income-Asset Backed Index includes strategies predicated on realization of a spread between related instruments in which one or multiple components of the spread is a fixed-income instrument backed by physical collateral or other financial obligations (loans, credit cards) other than those of a specific corporation. Strategies are designed to isolate attractive opportunities between a variety of fixed income instruments specifically securitized by collateral commitments, which frequently include loans, pools and portfolios of loans, receivables, real estate, machinery or other tangible financial commitments. Investment thesis may be predicated on an attractive spread given the nature and quality of the collateral, the liquidity characteristics of the underlying instruments and on issuance and trends in collateralized fixed-income instruments, broadly speaking. In many cases, investment managers hedge, limit, or offset interest-rate exposure in the interest of isolating the risk of the position to strictly the disparity between the yield of the instrument and that of the lower-risk instruments.

Macro: HFRI Macro Index: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposes to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis.

Index definitions (continued)

Systematic Macro: HFRI Macro Systematic Diversified Index: Diversified strategies employing mathematical, algorithmic and technical models, with little or no influence of individuals over the portfolio positioning. Strategies are designed to identify opportunities in markets exhibiting trending or momentum characteristics across individual instruments or asset classes. Strategies typically employ quantitative processes which focus on statistically robust or technical patterns in the return series of the asset, and they typically focus on highly liquid instruments and maintain shorter holding periods than either discretionary or mean-reverting strategies. Although some strategies seek to employ counter-trend models, strategies benefit most from an environment characterized by persistent, discernible trending behavior. Typically have no greater than 35 percent of portfolio in either dedicated currency or commodity exposures over a given market cycle.

Discretionary Macro: HFRI Macro Discretionary Thematic Index: Strategies primarily rely on the evaluation of market data, relationships and influences, as interpreted by individuals who make decisions on portfolio positions; strategies employ an investment process most heavily influenced by top-down analysis of macroeconomic variables. Investment Managers may trade actively in developed and emerging markets, focusing on both absolute and relative levels on equity markets, interest rates/fixed income markets, currency and commodity markets; they frequently employ spread trades to isolate a differential between instrument identified by the Investment Manager as being inconsistent with expected value. Portfolio positions typically are predicated on the evolution of investment themes the Manager expects to develop over a relevant time frame, which in many cases contain contrarian or volatility-focused components.

Event Driven: HFRI Event Driven Index: Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

Activist: HFRI Event Driven Activist Index: Strategies may obtain or attempt to obtain representation on the company's board of directors in an effort to impact the firm's policies or strategic direction and in some cases may advocate activities such as division or asset sales, partial or complete corporate divestiture, dividends or share buybacks, and changes in management. Strategies employ an investment process primarily focused on opportunities in equity and equity-related instruments of companies that are currently or prospectively engaged in a corporate transaction, security issuance/repurchase, asset sales, division spin-off or other catalyst-oriented situation. These involve both announced transactions and situations in which no formal announcement is expected to occur. Activist strategies would expect to have greater than 50 percent of the portfolio in activist positions, as described.

Distressed Credit: HFRI Event Driven Distressed/Restructuring Index: Strategies focus on corporate fixed-income instruments, primarily corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceedings or financial-market perception of near-term proceedings. Managers are typically actively involved with the management of these companies; they are frequently involved on creditors' committees in negotiating the exchange of securities for alternative obligations, either swaps of debt, equity or hybrid securities. Managers employ fundamental credit processes focused on valuation and asset coverage of securities of distressed firms; in most cases portfolio exposures are concentrated in instruments that are publicly traded, in some cases actively and in others under reduced liquidity but in general for which a reasonable public market exists. Strategies employ primarily debt (greater than 60 percent) but also may maintain related equity exposure.

Merger Arbitrage: HFRI Event Driven Merger Arbitrage Index: Strategies primarily focus on opportunities in equity and equity-related instruments of companies that are currently engaged in a corporate transaction. Merger Arbitrage involves primarily announced transactions, typically with limited or no exposure to situations in which no formal announcement is expected to occur. Opportunities are frequently presented in cross-border, collared, and international transactions that incorporate multiple geographic regulatory institutions, typically with minimal exposure to corporate credits. Strategies typically have over 75 percent of positions in announced transactions over a given market cycle.

Index definitions (continued)

Equity Hedge: HFRI Equity Hedge (Total) Index: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50 percent exposure to, and may in some cases be entirely invested in, equities, both long and short.

Directional Equity: HFRX Equity Hedge Multi-Strategy Index: Managers maintain positions both long and short in primarily equity and equity-derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage, holding period, concentrations of market capitalizations, and valuation ranges of typical portfolios. Managers typically do not maintain more than 50 percent exposure to any one Equity Hedge sub-strategy.

Equity Market Neutral: HFRI Equity Hedge Equity Market Neutral Index: Strategies employ sophisticated quantitative techniques to analyze price data to ascertain information about future price movement and relationships between securities. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Factor-based investment strategies include strategies predicated on the systematic analysis of common relationships between securities. In many cases, portfolios are constructed to be neutral to one or multiple variables, such as broader equity markets in dollar or beta terms, and leverage is frequently employed to enhance the return profile of the positions identified. Statistical Arbitrage/Trading strategies consist of strategies predicated on exploiting pricing anomalies which may occur as a function of expected mean reversion inherent in security prices; high-frequency techniques may be employed; trading strategies may also be based on technical analysis or designed opportunistically to exploit new information that the investment manager believes has not been fully, completely, or accurately discounted into current security prices. Strategies typically maintain characteristic net equity market exposure no greater than 10 percent long or short.

The HFRI Indices are based on information self-reported by hedge fund managers that decide, on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, LLC (HFR). Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

Alternative Assets (page 7) - Private Capital Strategy definitions

Cambridge Associates LLC U.S. Private Equity Index® uses a horizon calculation based on data compiled from more than 1,400 institutional-quality buyout, growth equity, private equity energy, and subordinated capital funds formed between 1986 and 2017. The index utilizes a modified private market equivalent (mPME) calculation as a way to replicate private investment performance under public market conditions. While traditional public market indices calculate an average annual compounded return (time weighted over specified time periods), private indexes measure performance using internal rates of return and multiples based on cash flows (money-weighted returns). The funds included in the index report their performance voluntarily and therefore the index may reflect a bias towards funds with records of success. Funds report unaudited quarterly data to Cambridge Associates when calculating the index. The index is not transparent and cannot be independently verified because Cambridge Associates does not identify the funds included in the index. Because Cambridge Associates recalculates the index each time a new fund is added, the historical performance of the index is not fixed, can't be replicated and will differ over time from the day presented. The returns shown are net of fees, expenses and carried interest. *Index returns do not represent fund performance.*