Market WISE

October 2022 Edition

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Wise Words

Current Events and the Economy

- Inflation conintues to be a nuisance and remains the biggest worry amongst investors. Headline inflation is the highest in 40 years and the Fed has indicated they will do "whatever it takes" to bring inflation down. There are some early signs that inflation may cool over the next 12 months.
- On the economic front, recession fears are palpable. While economic growth and inflation certainly make the case for one, the labor market continues to stay hot -- the unemployment rate fell from 3.7% 3.5% in September, one of the lowest levels over the past 25 years.
- We're in a bear market and consumer sentiment has never been lower. It's nearly impossible to find someone with a positive take on the toxic brew of elevated inflation, Fed tightening and a potential recession. Well, here's the positive take. Based on history, evidence overwhelmingly points to strong market returns over the next 1, 3, and 5 years, whether or not we have a recession! Per Ycharts data, after entering technical bear market territory, the market has averaged mid-teens returns over the next year and low-teens returns per year over the next 3-5 years! While the future may not look like the past, the probabilities of success are on investors' sides.

Asset Performance

- Equity markets had their worst nine months to a year since the 1970s as markets sit at or near bear market levels. Diversification has helped as tilts to value and quality have outperformed on a relative basis.
- Bonds have struggled this year. The good news is starting bond yields are extremely predictive of 5-year future bond returns; investors should be rewarded by higher yields going forward.
- Alternatives added much needed diversification - Trend Following (+16.7%), Real Assets (+5.9%), and Reinsurance (+2.6%) are all positive over the past 12 months.

Perspective

- Despite the strong run in recent months, U.S. value stocks are trading at their cheapest level since World War II excluding the dotcom bubble. Historically, extreme levels of cheapness have preceded periods of strong outperformance for value stocks relative to growth stocks. There's reason to believe 2021's value stock performance won't be a one hit wonder.
- Historically, commonly known factors such as size, value, quality, and momentum post positive returns about as frequently as stocks in general. Since factors tend to outperform and underperform at different times, diversifying across these factors may enhance risk-adjusted returns.
- Over shorter periods rebalancing may seem trivial, but it can add meaningful value over longer time horizons.

Inflation Heatmap

Sep-22 Weight	Component	22-Sep	22-Aug	22-Jul	22-Jun	22-May	22-Apr	22-Mar	22-Feb	22-Jan	21-Dec	21-Nov	21-Oct	21-Sep
100.0	**Headline CPI**	**8.2%**	**8.3%**	**8.5%**	**9.1%**	**8.6%**	**8.3%**	**8.5%**	**7.9%**	**7.5%**	**7.0%**	**6.8%**	**6.2%**	**5.4%**
13.6	Food	11.2%	11.4%	10.9%	10.4%	10.1%	9.4%	8.8%	7.9%	7.0%	6.3%	6.1%	5.3%	4.6%
8.2	Energy	19.8%	23.8%	32.9%	41.6%	34.6%	33.8%	32.0%	25.6%	27.0%	29.3%	33.3%	30.0%	24.8%
77.4	**Core CPI (ex-Food and Energy)**	**6.7%**	**6.3%**	**5.9%**	**5.9%**	**6.0%**	**6.1%**	**6.5%**	**6.4%**	**6.0%**	**5.5%**	**4.9%**	**4.6%**	**4.0%**
3.9	Household Furnishing & Supplies	9.9%	10.6%	10.8%	10.2%	9.7%	9.4%	10.8%	10.3%	9.3%	7.4%	6.0%	6.1%	4.8%
2.4	Apparel	5.5%	5.1%	5.1%	5.2%	5.0%	5.8%	6.8%	6.6%	5.3%	5.8%	5.0%	4.3%	3.4%
8.0	Motor Vehicles													
	New Vehicles	9.4%	10.1%	10.4%	11.4%	12.6%	12.3%	12.5%	12.4%	12.2%	11.8%	11.1%	9.9%	8.7%
	Used Cars & Trucks	7.2%	7.8%	6.6%	7.1%	16.1%	22.1%	35.3%	41.2%	40.5%	37.3%	31.4%	26.5%	24.4%
1.5	Medical Care Commodities	3.7%	4.1%	3.7%	3.2%	2.4%	2.6%	2.7%	2.5%	1.4%	0.4%	0.2%	-0.4%	-1.6%
1.9	Recreation Commodities	4.0%	3.8%	4.1%	4.5%	3.8%	4.2%	4.7%	4.6%	4.1%	3.3%	4.0%	4.0%	3.5%
0.9	Alcoholic Beverages	4.1%	4.3%	4.2%	4.0%	4.0%	3.8%	3.7%	3.5%	2.7%	2.3%	1.9%	2.2%	2.8%
1.3	Other Goods	7.9%	7.6%	6.7%	6.6%	6.2%	5.5%	5.3%	4.9%	4.3%	4.6%	4.3%	4.5%	3.4%
32.4	Shelter	6.6%	6.2%	5.7%	5.6%	5.5%	5.2%	5.0%	4.7%	4.4%	4.1%	3.8%	3.5%	3.2%
	Owners Equivalent Rent	6.7%	6.3%	5.8%	5.5%	5.1%	4.9%	4.5%	4.3%	4.1%	3.8%	3.5%	3.1%	2.9%
	Rent of Primary Residence	7.2%	6.7%	6.3%	5.5%	5.2%	4.8%	4.4%	4.2%	3.8%	3.8%	3.1%	2.7%	2.4%
	Lodging Away From Home	2.9%	4.0%	1.0%	10.0%	19.3%	22.3%	25.1%	25.1%	23.6%	23.9%	22.2%	22.3%	17.5%
1.1	Water/Sewer/Trash Collection	4.9%	4.6%	4.4%	4.4%	4.4%	4.2%	4.0%	4.2%	4.0%	3.5%	3.5%	3.7%	3.7%
6.8	Medical Care Services	6.5%	5.6%	5.1%	4.8%	4.0%	3.5%	2.9%	2.4%	2.7%	2.5%	2.1%	1.7%	0.9%
5.9	Transportation Services	14.6%	11.3%	9.2%	8.8%	7.9%	7.2%	7.7%	6.6%	5.6%	4.2%	3.9%	4.5%	4.4%
	Airline Fares	42.9%	33.4%	27.7%	34.1%	37.8%	32.6%	23.6%	12.7%	4.9%	1.4%	-3.7%	-4.6%	0.8%
3.1	Recreation Services	4.1%	4.2%	4.5%	4.7%	4.9%	4.4%	4.8%	5.1%	5.0%	3.3%	2.8%	3.8%	3.5%
5.3	Education Services	1.4%	1.5%	1.5%	1.7%	1.7%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
1.4	Other Personal Services	5.9%	5.8%	5.9%	6.7%	6.5%	6.2%	5.7%	5.6%	5.4%	4.3%	4.5%	4.1%	3.5%

Data as of 10/12/2022. Data source: Bureau of Economic Analysis.

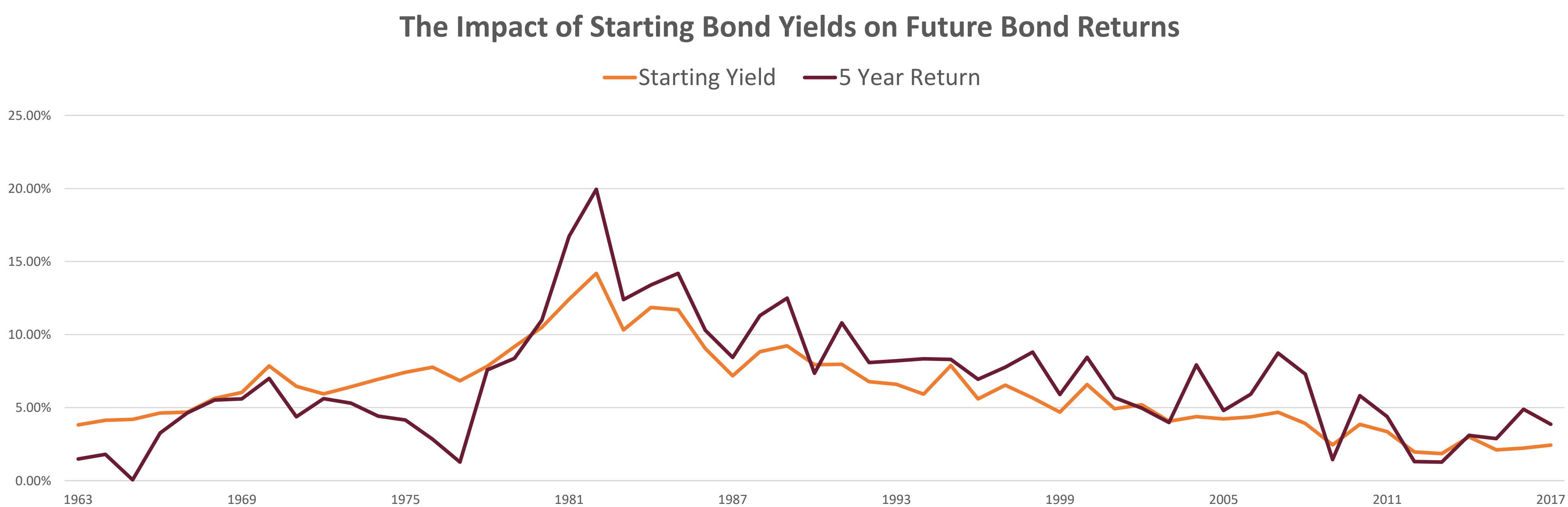
Barclays U.S. Aggregate: Drawdowns > 3% (Daily, Since 1995)				
Start Month	**End Month**	**# Months**	**Max Drawdown (Daily)**	**# Months to New High**
August 2020	??	26	(-19.4%)	-
March 2020	March 2020	1	(-6.3%)	2
September 2017	May 2018	10	(-3.3%)	15
July 2016	December 2016	5	(-4.4%)	10
May 2013	September 2013	4	(-4.9%)	12
September 2008	November 2008	3	(-5.1%)	15
March 2004	May 2004	3	(-4.2%)	7
June 2003	August 2003	3	(-4.6%)	8
November 2001	December 2001	3	(-3.6%)	8
September 1998	August 1999	11	(-3.6%)	18

The uptick in interest rates has had a significant negative impact on bonds which had little ability to weather rising rates given historically low starting yields.

This is now the longest U.S. bond market drawdown in history (26 months) and the largest drawdown in more than 50 years.

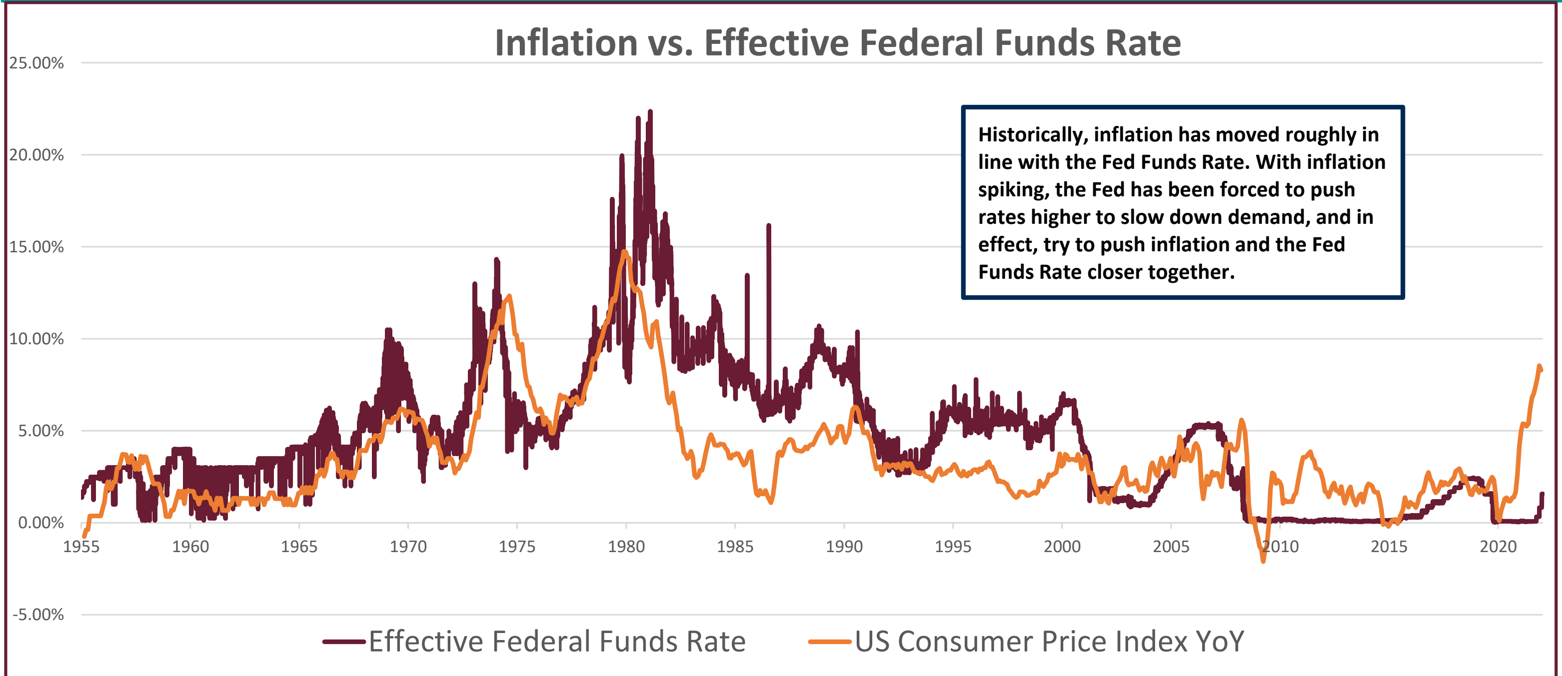
The good news? The single best predictor of future bond returns is starting yield. As rates rise, future bond returns rise with them.

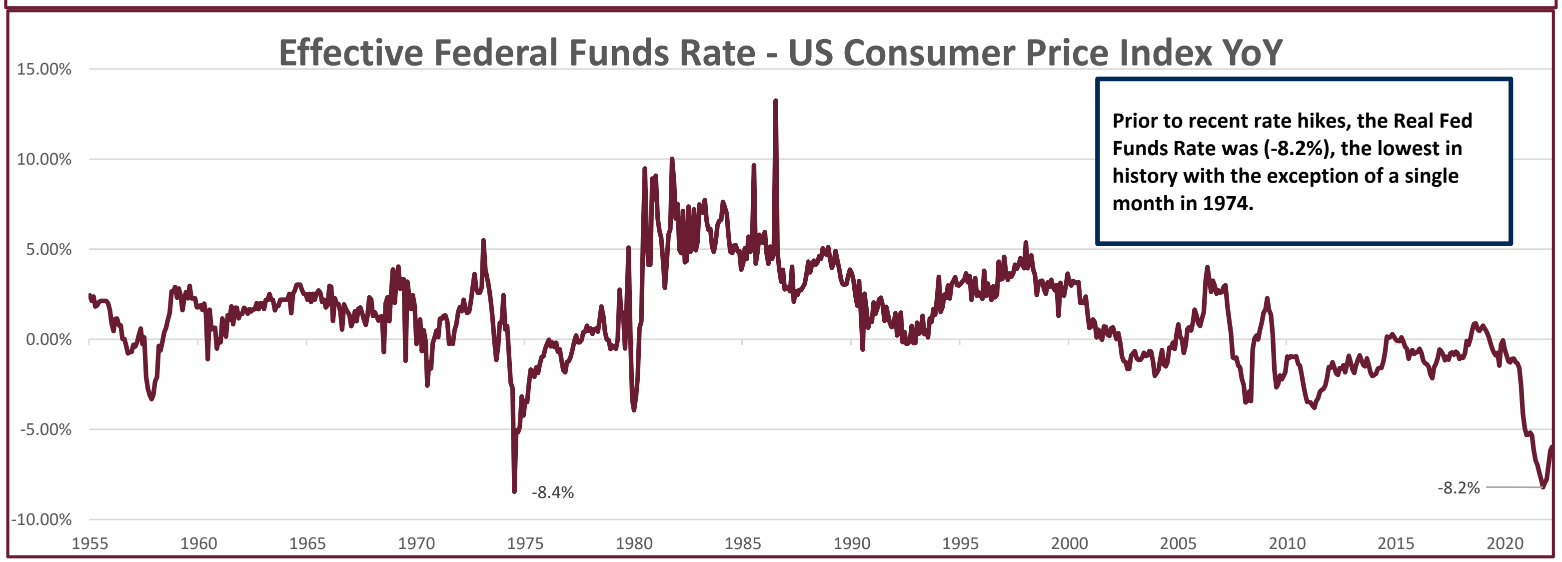
Rising rates are painful, but necessary, for bond investors.



Data as of 9/30/2022. Data source: Ycharts.

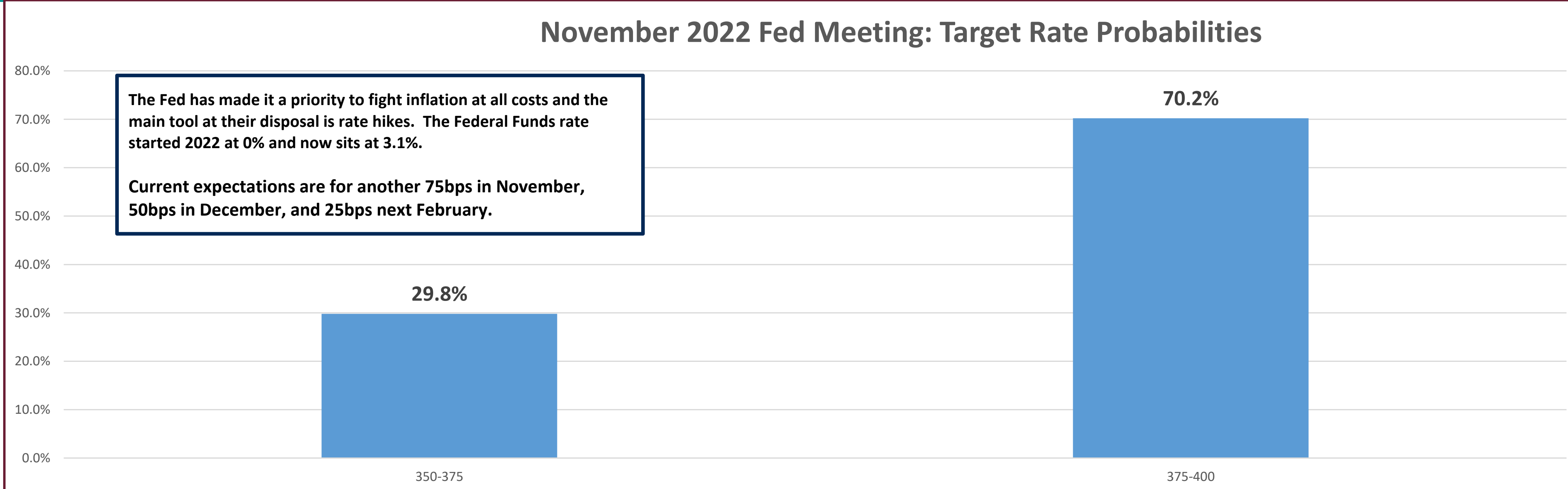
Inflation and The Fed

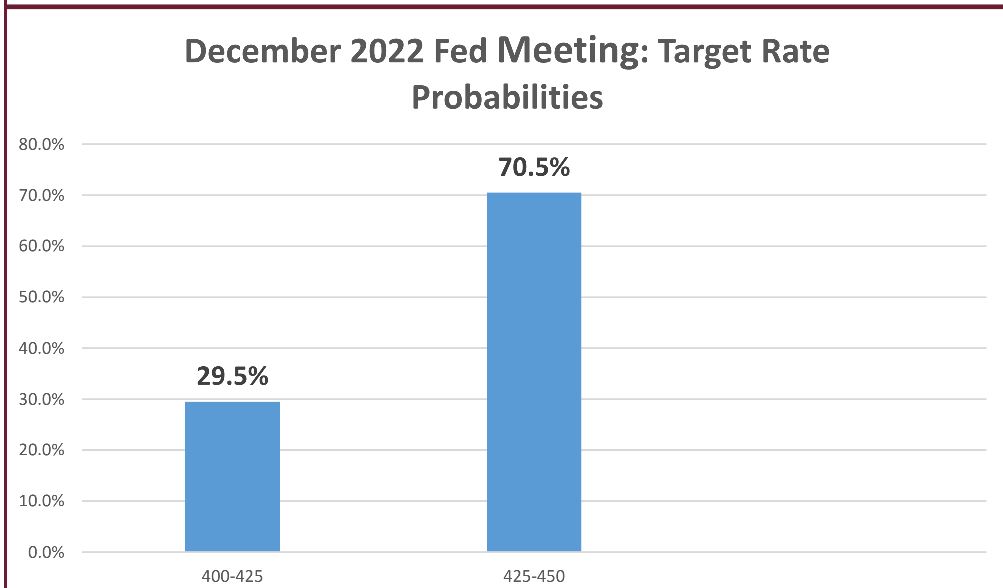


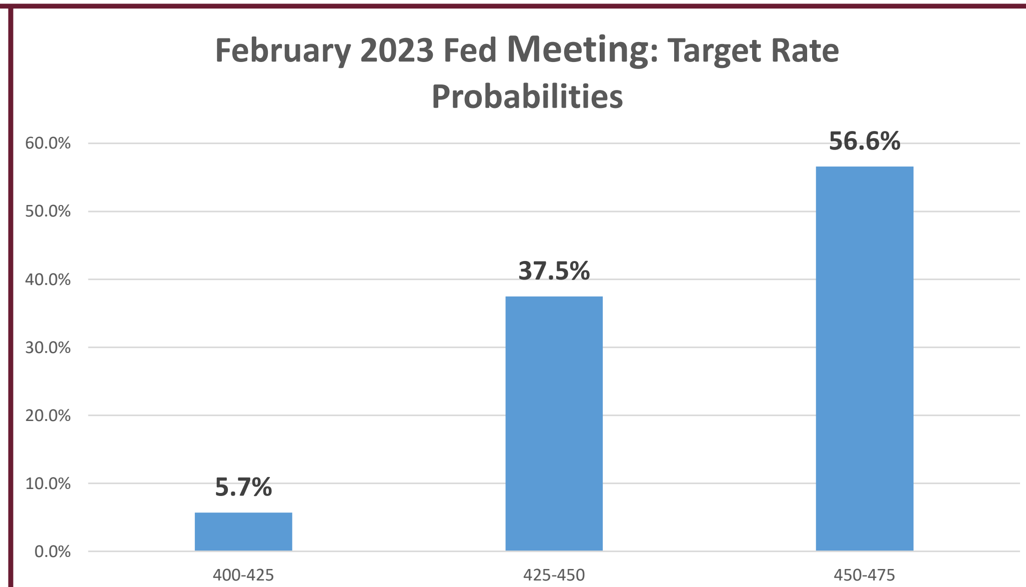


Data as of 10/3/2022. Data source: Ycharts.

Fed Watch - Rate Hikes Not Over Yet

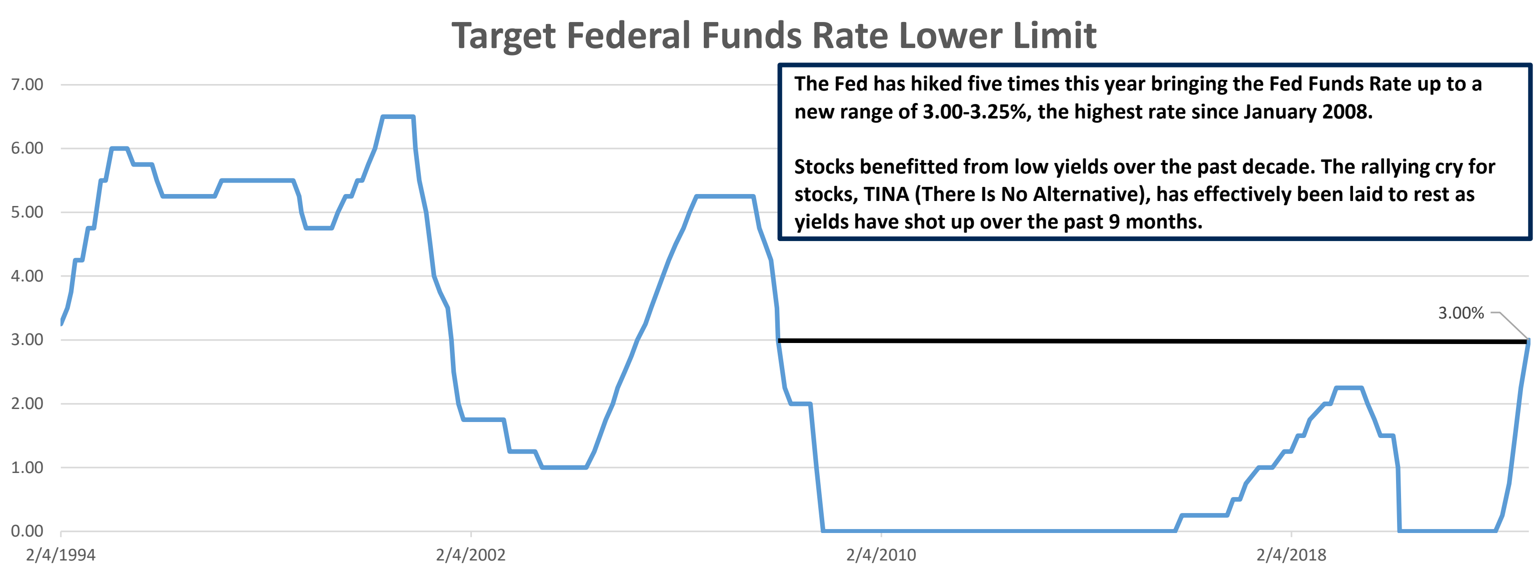


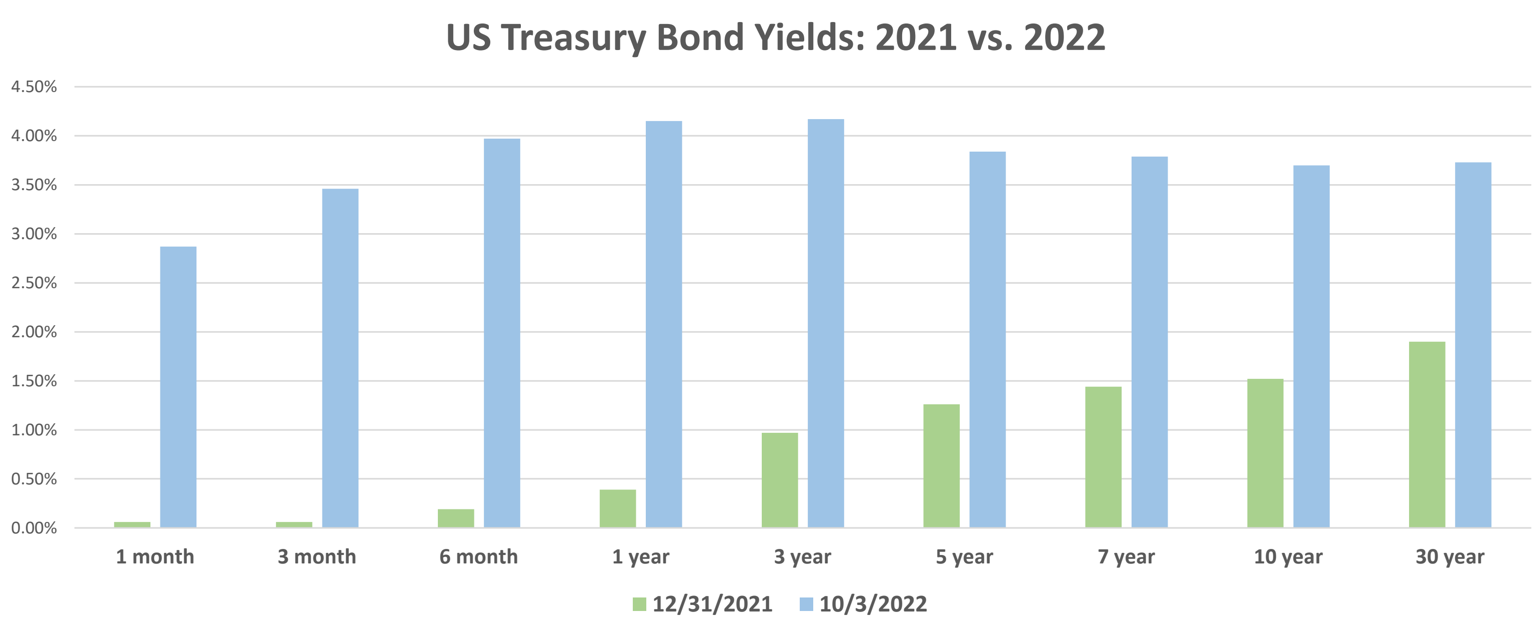




Data as of 10/5/2022. Data source: Chicago Mercantile Exchange Fed Watch Tool.

The Fed Impact on Yields





Data as of 10/3/2022. Data source: Ycharts.

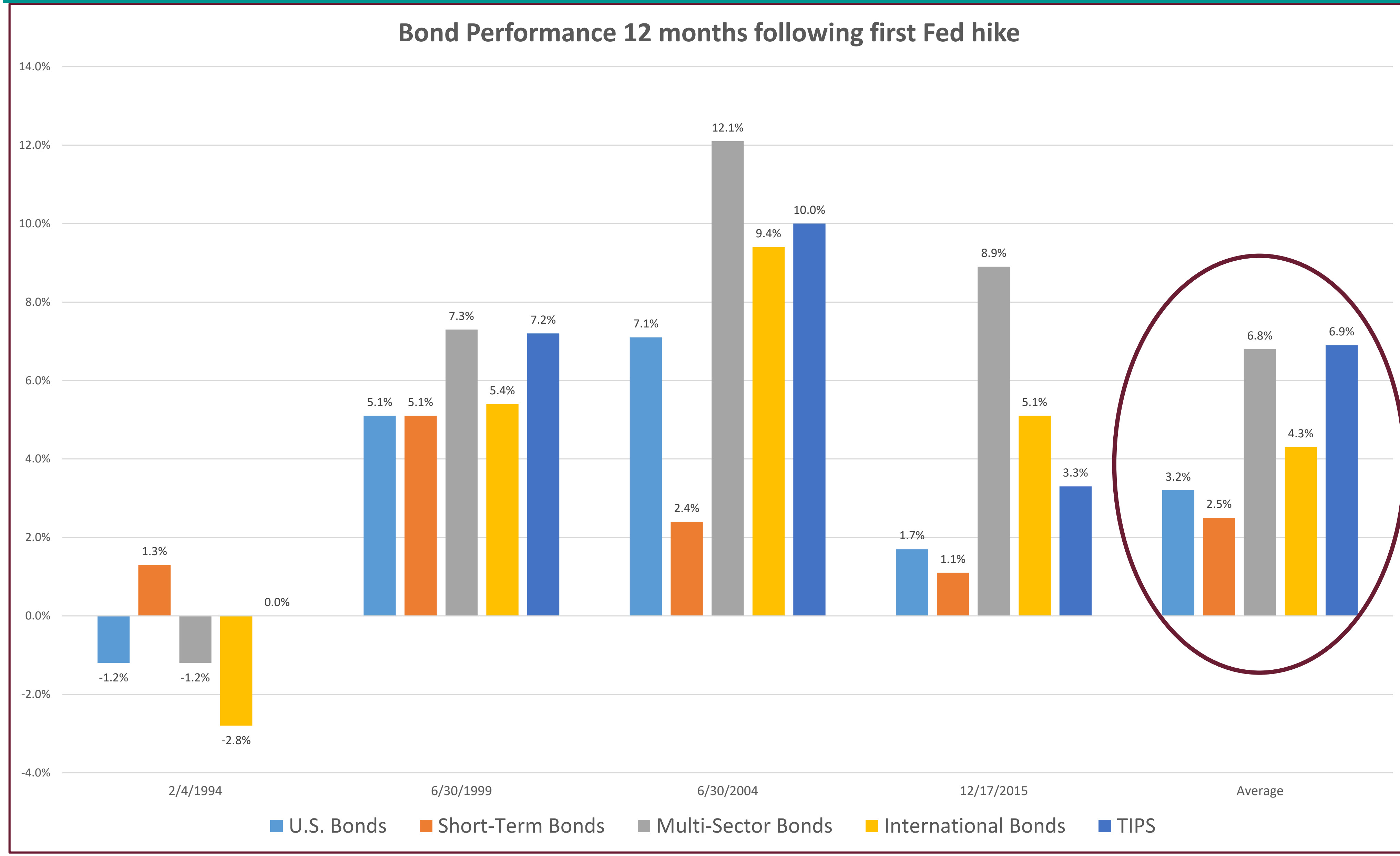
Only Cure for Higher Rates is Higher Rates

Higher yields will provide a cushion going forward. Rates adjusting higher from zero hurts most at the beginning. An increase in rates from 4% to 5% will be much less dramatic than the move from 0% to 1%, for the simple fact that if you're getting paid a coupon of 4-5% and if you reinvest, it has a tremendous compounding effect that isn't replicated with a 1% yield.

10-Year Bond Starting Yield	1 Year Return (%) Assuming Change in Yield of:				
	-50bps	-25bps	No Change	+25bps	+50bps
0.00%	5.1%	2.5%	0.0%	-2.5%	-4.9%
0.50%	5.5%	3.0%	0.5%	-1.9%	-4.2%
1.00%	5.9%	3.4%	1.0%	-1.3%	-3.6%
1.50%	6.2%	3.8%	1.5%	-0.8%	-3.0%
2.00%	6.6%	4.3%	2.0%	-0.2%	-2.4%
2.50%	7.0%	4.7%	2.5%	0.4%	-1.7%
3.00%	7.3%	5.1%	3.0%	0.9%	-1.1%
3.50%	7.7%	5.6%	3.5%	1.5%	-0.5%
4.00%	8.1%	6.0%	4.0%	2.0%	0.1%
4.50%	8.5%	6.5%	4.5%	2.6%	0.7%
5.00%	8.9%	6.9%	5.0%	3.1%	1.3%

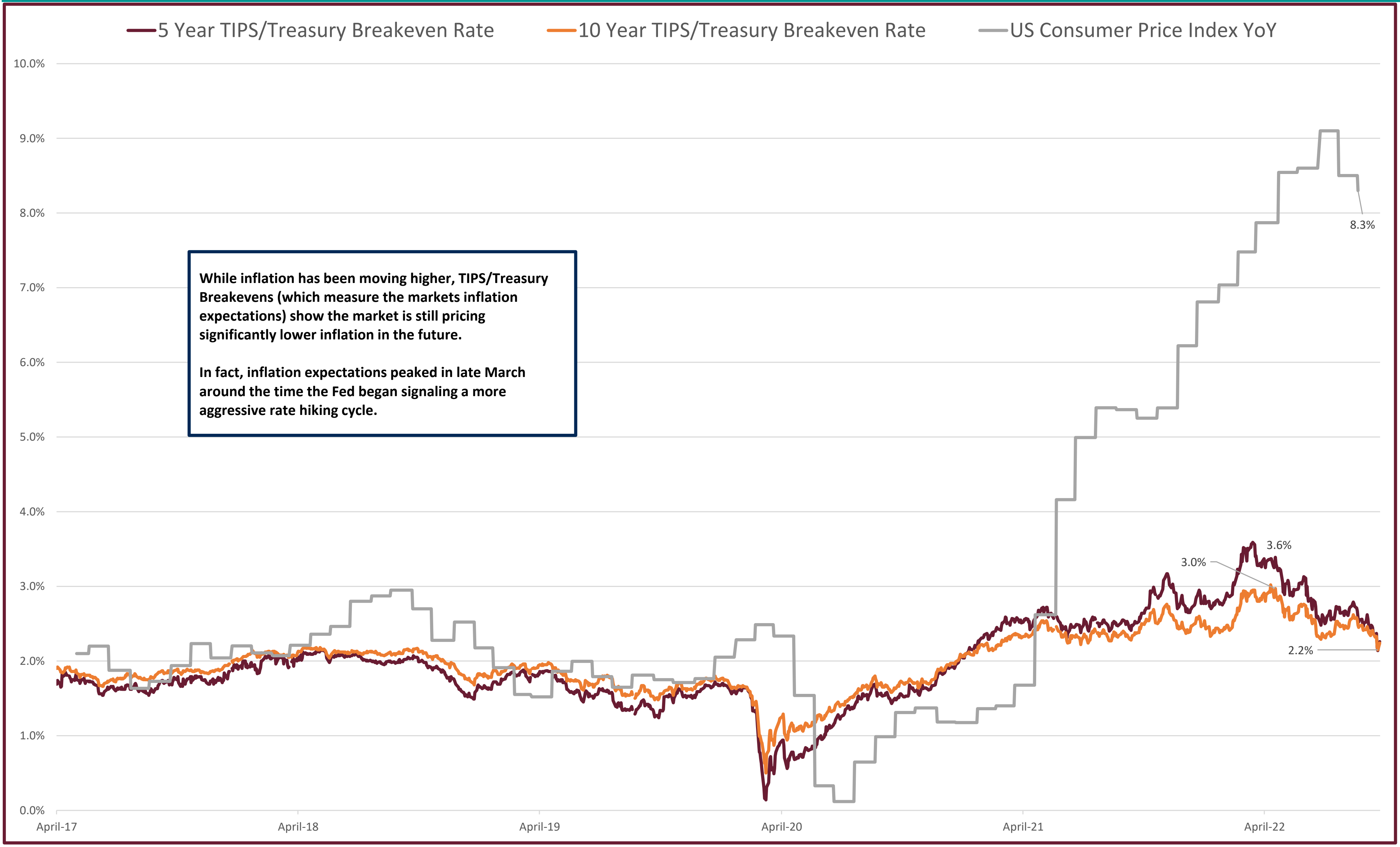
Data as of 10/5/2022. Data source: Morningstar Direct.

Bonds and Rate Hikes



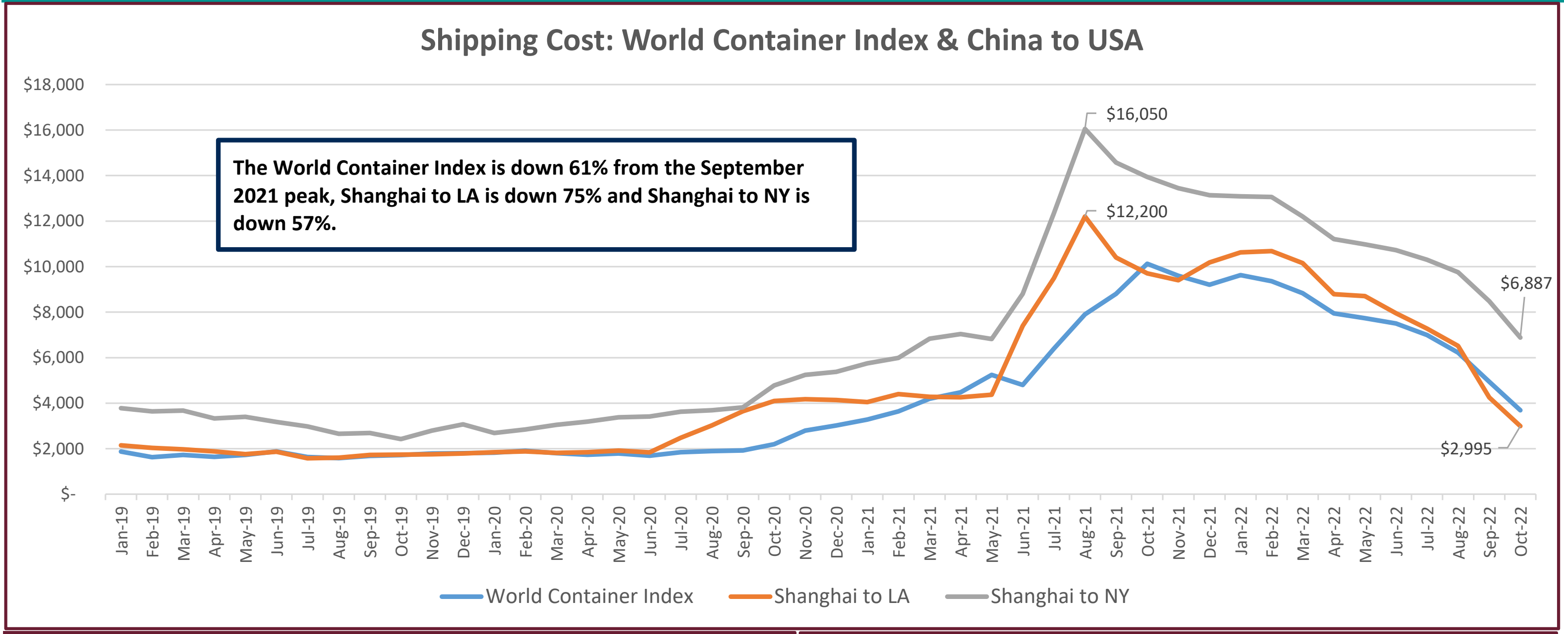
Data as of 9/30/2022. Data source: Morningstar Direct.

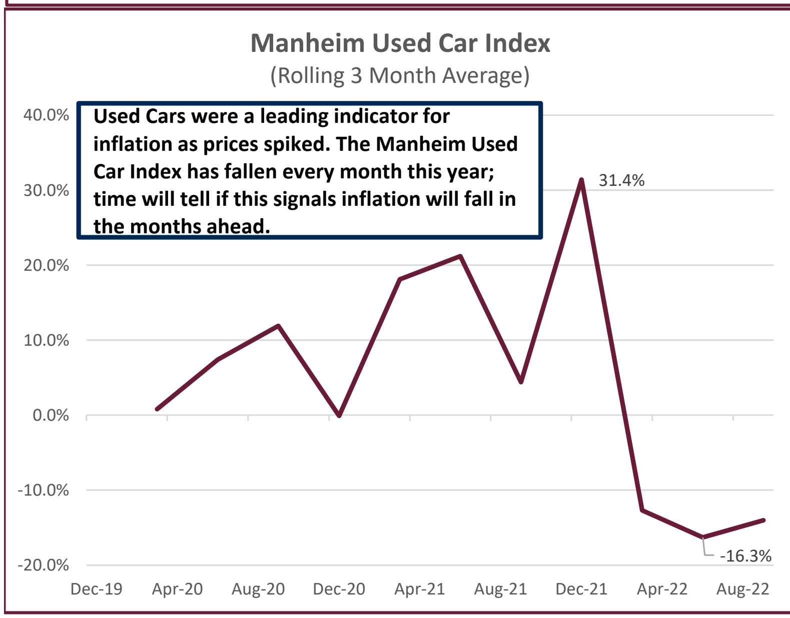
Current Inflation vs. Market Expecations

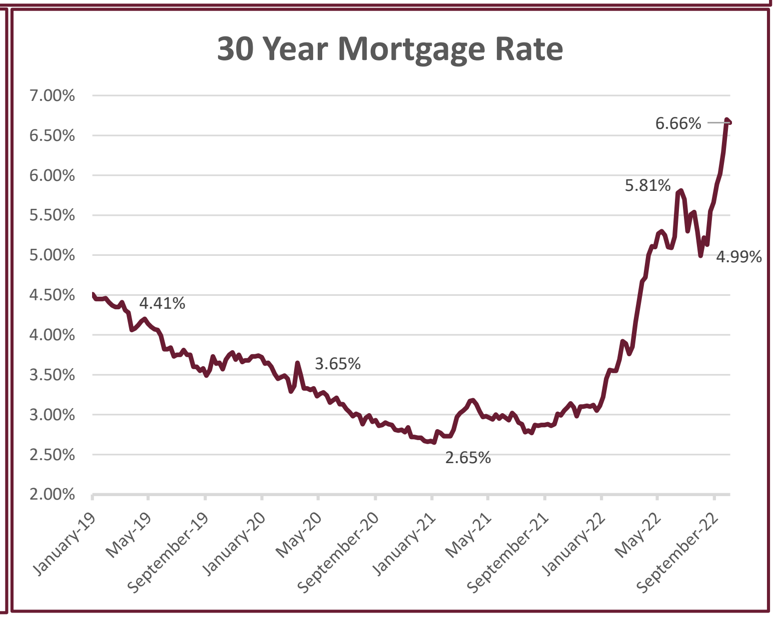


Data as of 10/5/2022. Data sources: Ycharts

Inflation Peaking?







Data as of 10/5/2022. Data Source: Drewry, Ycharts and Manheim Used Car Index.

Historically, the S&P 500 Has Not Moved Back to New Lows After Recovering 50% of Bear Market Losses

Does the S&P 500 Have to Re-Test the Lows?

					S&P 500 Forward Returns			
S&P Peak	**S&P Trough**	**S&P Drawdown**	**Date Recovered 50% of the Decline**	**New Lows After Recovering 50%?**	**3 Month**	**6 Month**	**12 Months**	**24 Months**
8/2/1956	10/22/1957	21.6%	6/4/1958	No	8.3%	18.0%	29.5%	26.4%
12/12/1961	6/26/1962	28.0%	12/4/1962	No	3.5%	12.6%	18.6%	34.7%
2/9/1966	10/7/1966	22.2%	1/12/1967	No	6.6%	10.1%	15.3%	20.3%
11/29/1968	5/26/1970	36.1%	12/3/1970	No	11.3%	13.8%	7.8%	32.0%
1/11/1973	10/3/1974	48.2%	5/13/1975	No	-4.9%	-2.4%	12.4%	8.1%
11/28/1980	8/12/1982	27.1%	9/3/1982	No	13.1%	25.3%	33.9%	35.9%
8/25/1987	12/4/1987	33.5%	10/20/1988	No	1.3%	9.4%	22.7%	10.5%
7/16/1990	10/11/1990	19.9%	1/18/1991	No	15.5%	15.6%	26.1%	31.5%
3/24/2000	10/9/2002	49.1%	1/26/2004	No	-1.7%	-5.2%	1.1%	10.3%
10/9/2007	3/9/2009	56.8%	12/24/2009	No	4.2%	-4.6%	11.6%	12.3%
9/20/2018	12/24/2018	19.8%	1/18/2019	No	8.9%	11.8%	24.3%	41.1%
2/19/2020	3/23/2020	33.9%	4/14/2020	No	12.3%	24.2%	44.9%	54.3%
1/3/2022	6/16/2022	23.6%	8/12/2022	??	??	??	??	??
			Average		**6.5%**	**10.7%**	**20.7%**	**26.5%**
			% Positive		**83%**	**75%**	**100%**	**100%**

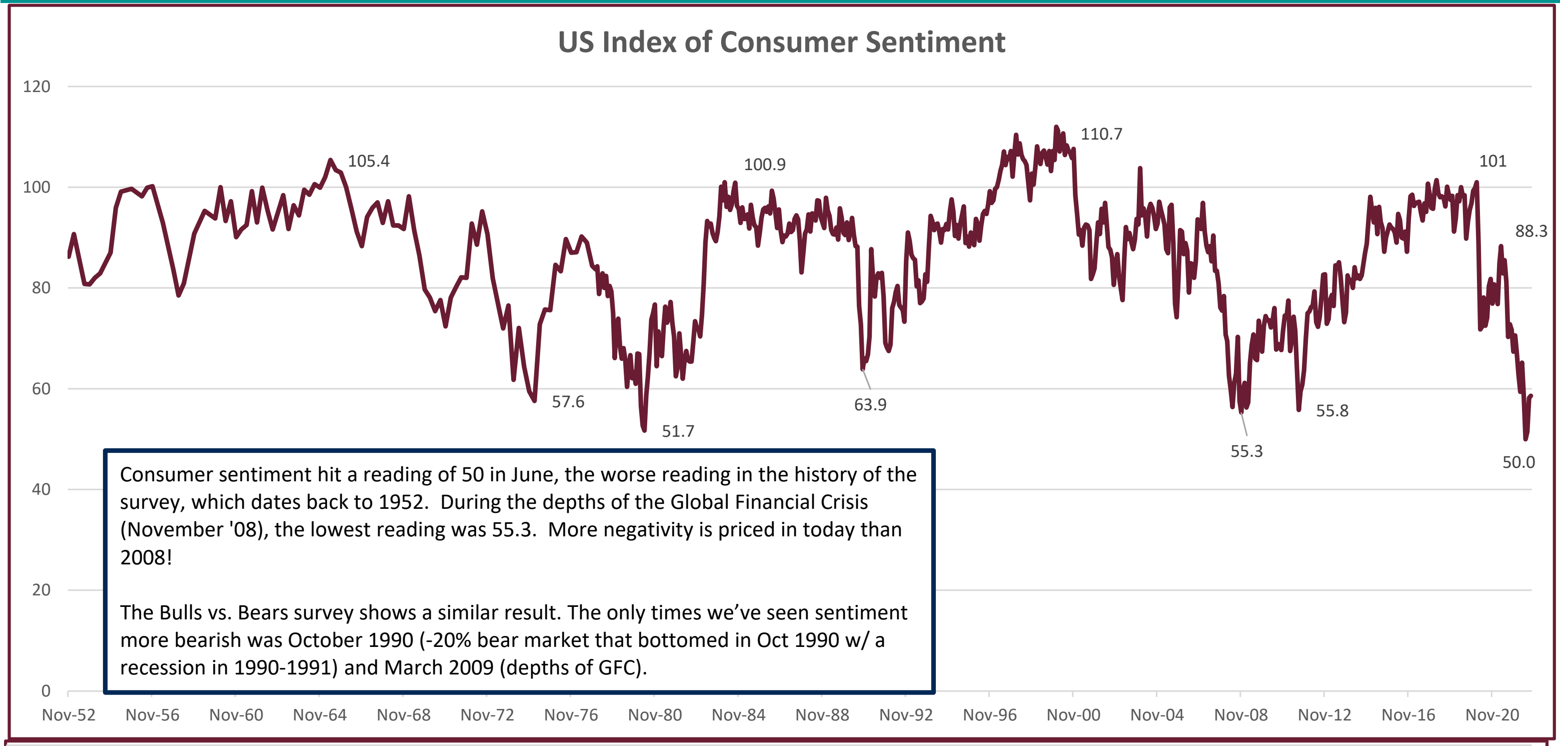
Source: Ycharts and Biryni Associates.

S&P 500 Drawdown Analysis: 1939-Present (Minimum Decline of 20%)

											Forward Performance following (-20%) Drawdown	
Start Date	**End Date**	**Duration (months)**	**Max Drawdown**	**Trough Forward P/E**	**Forward P/E at 20% Drawdown**	**Peak CPI**	**Recession/No Recession**	**Add'l Drawdown after (-20%) Decline**	**Months from Trough**	**1-Yr**	**3-Yr**	**5-Yr**
10/25/1939	6/10/1940	8	-32%	8.5x	9.7x	2.2%	No Recession	-15%	1	-4%	11%	13%
11/7/1940	4/28/1942	18	-34%	7.0x	9.6x	12.7%	No Recession	-18%	5	9%	19%	16%
5/29/1946	5/19/1947	12	-28%	8.1x	10.4x	19.7%	No Recession	-11%	8	2%	6%	17%
6/15/1948	6/13/1949	12	-21%	5.7x	5.7x	9.9%	Recession	-1%	0	59%	32%	25%
8/2/1956	10/22/1957	15	-22%	13.5x	13.6x	3.7%	Recession	-2%	0	34%	14%	11%
12/12/1961	6/26/1962	7	-28%	14.1x	15.0x	1.3%	No Recession	-10%	1	25%	19%	13%
2/9/1966	10/7/1966	7	-22%	13.8x	14.0x	3.8%	No Recession	-3%	1	28%	12%	10%
11/29/1968	5/26/1970	8	-36%	13.3x	16.7x	6.2%	Recession	-20%	4	15%	14%	1%
1/11/1973	10/3/1974	18	-48%	8.0x	10.5x	12.1%	Recession	-35%	10	-24%	7%	5%
11/28/1980	8/12/1982	21	-27%	7.7x	9.0x	12.6%	Recession	-9%	6	37%	23%	26%
8/25/1987	12/4/1987	21	-34%	9.4x	9.5x	4.5%	No Recession	-17%	2	7%	9%	13%
7/16/1990	10/11/1990	3	-20%	18.5x	18.5x	6.3%	Recession	0%	0	34%	20%	18%
3/24/2000	10/9/2002	3	-49%	15.9x	47.8x	3.8%	Recession	-36%	19	-3%	-1%	3%
10/9/2007	3/9/2009	31	-57%	11.1x	99.3x	5.6%	Recession	-46%	8	-28%	5%	8%
2/19/2020	3/23/2020	17	-34%	23.8x	26.4x	2.3%	Recession	-17%	0	48%	n/a	n/a
Average		13 months	-33%	11.9x	21.0x	7.1%		-16%	4 months	16%	13%	13%
Median		**12 months**	**-32%**	**11.1x**	**13.6x**	**5.6%**		**-15%**	**2 months**	**15%**	**13%**	**13%**
Avg Recession		15 months	-35%	13.1x	27.5x	6.9%	60%	-19%	5 months	19%	14%	12%
Median		**17 months**	**-34%**	**13.3x**	**16.7x**	**6.2%**		**-17%**	**4 months**	**34%**	**14%**	**9%**
Avg No Recession		9 months	-30%	10.1x	11.4x	7.4%	40%	-12%	3 months	11%	12%	14%
Median		**8 months**	**-30%**	**9.0x**	**10.1x**	**4.2%**		**-13%**	**1 months**	**8%**	**11%**	**13%**
Current Period												
1/3/2022	6/30/2022	6 months	-24%	15.5x	15.9x	8.60%	n/a	-4%	?	n/a	n/a	n/a

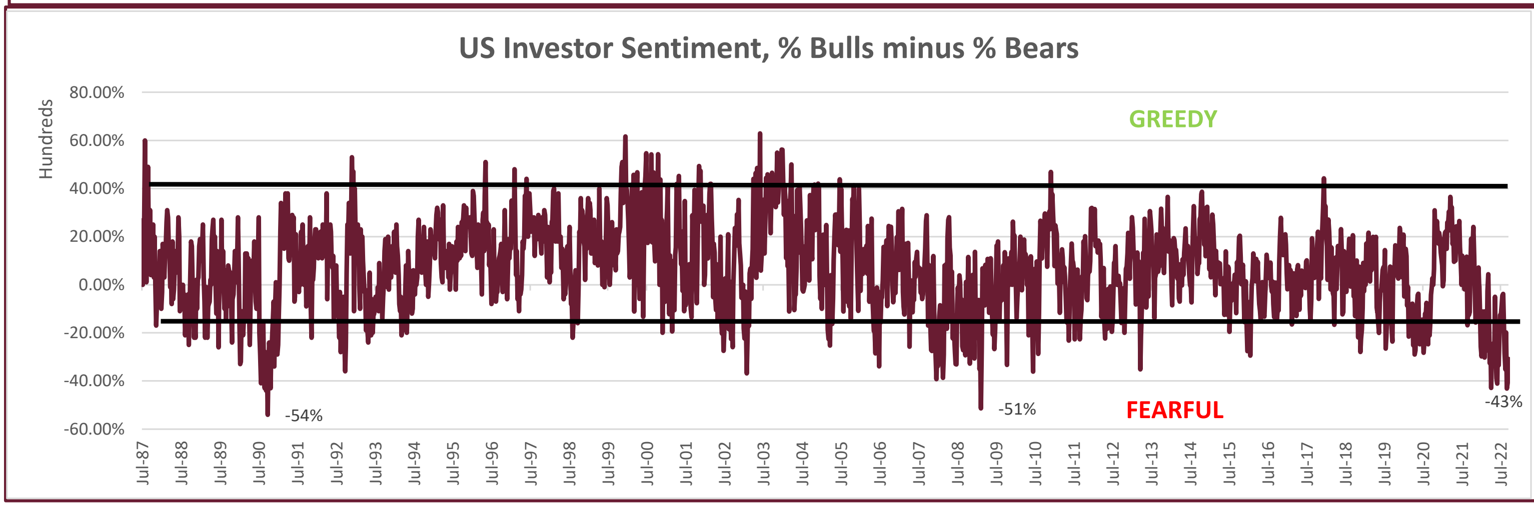
Source: Bloomberg and Birinyi Associates. 3-yr and 5-yr returns are annualized.

Historic Low in Sentiment



Consumer sentiment hit a reading of 50 in June, the worse reading in the history of the survey, which dates back to 1952. During the depths of the Global Financial Crisis (November '08), the lowest reading was 55.3. More negativity is priced in today than 2008!

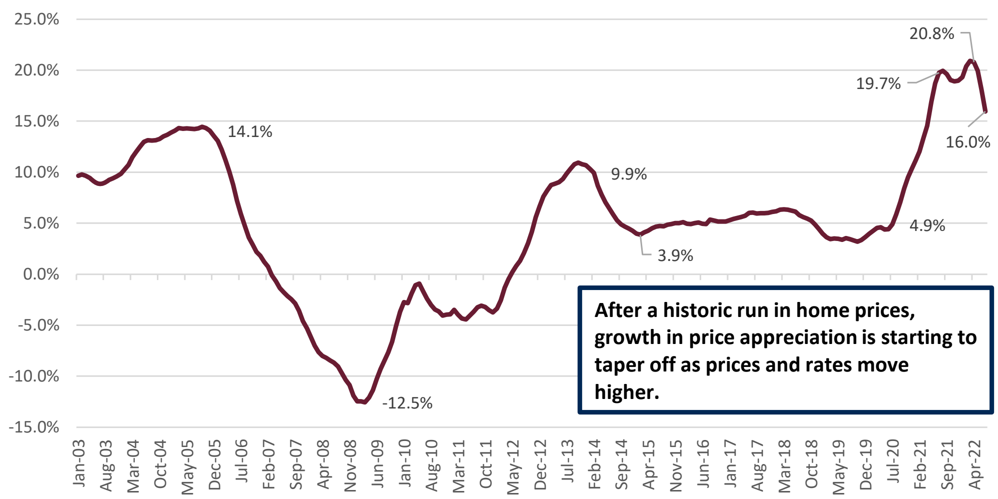
The Bulls vs. Bears survey shows a similar result. The only times we've seen sentiment more bearish was October 1990 (-20% bear market that bottomed in Oct 1990 w/ a recession in 1990-1991) and March 2009 (depths of GFC).



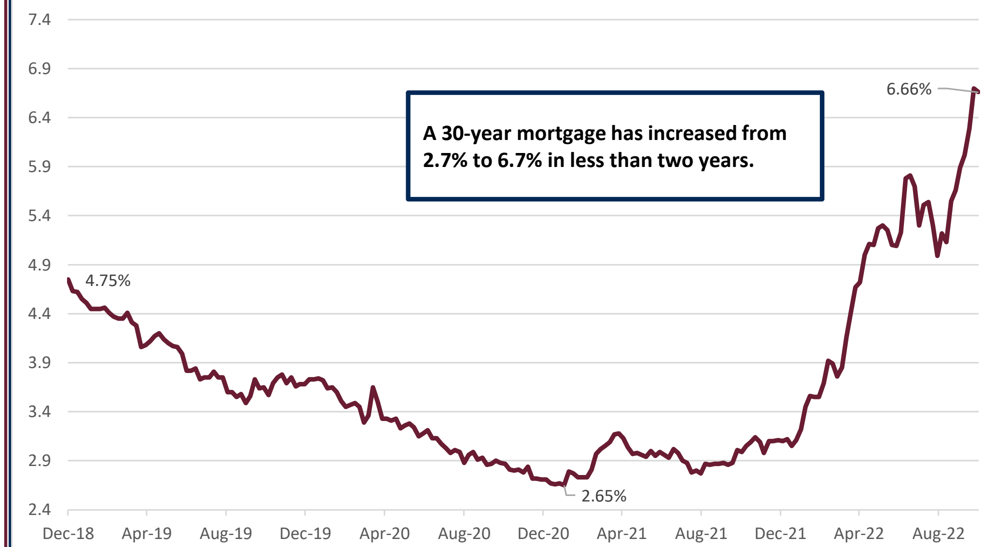
Data as of 10/7/2022. Data sources: Ycharts

State of the Housing Market

Case-Shiller National Home Price Index (y/y % change)

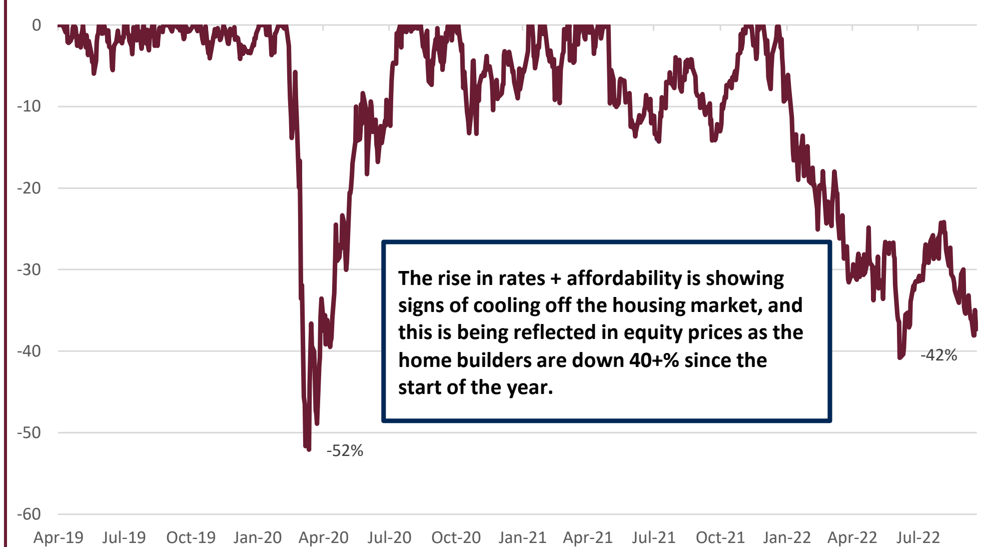


30-Year Mortgage Rate



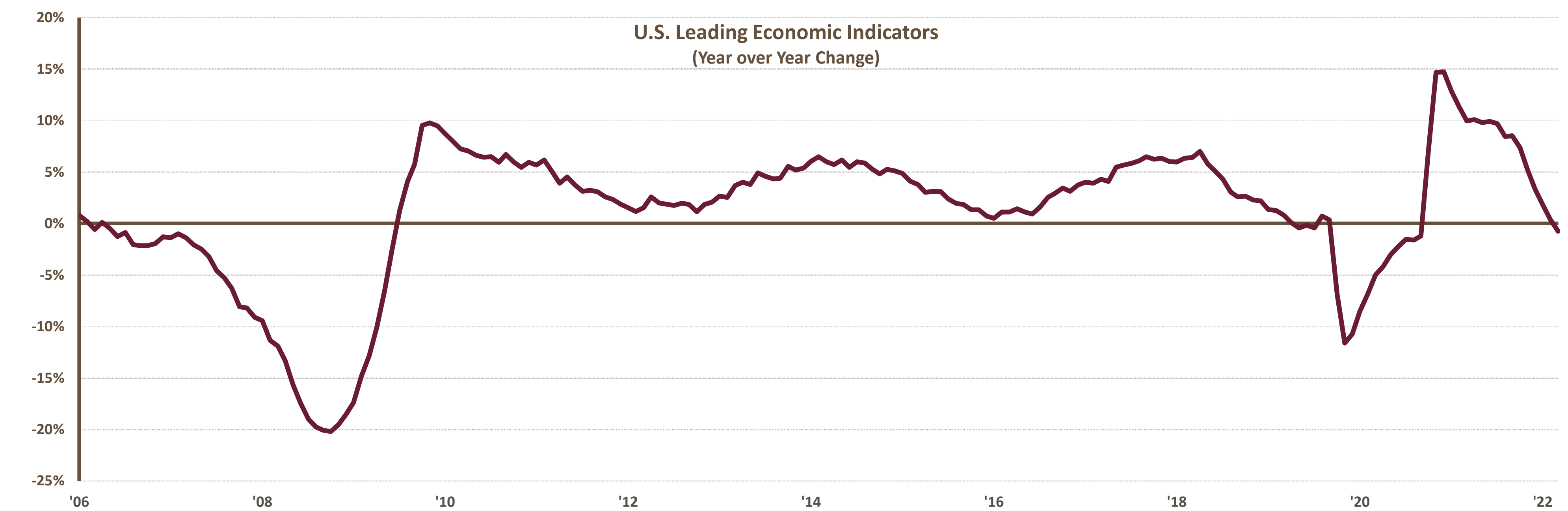
US Housing Affordability Index

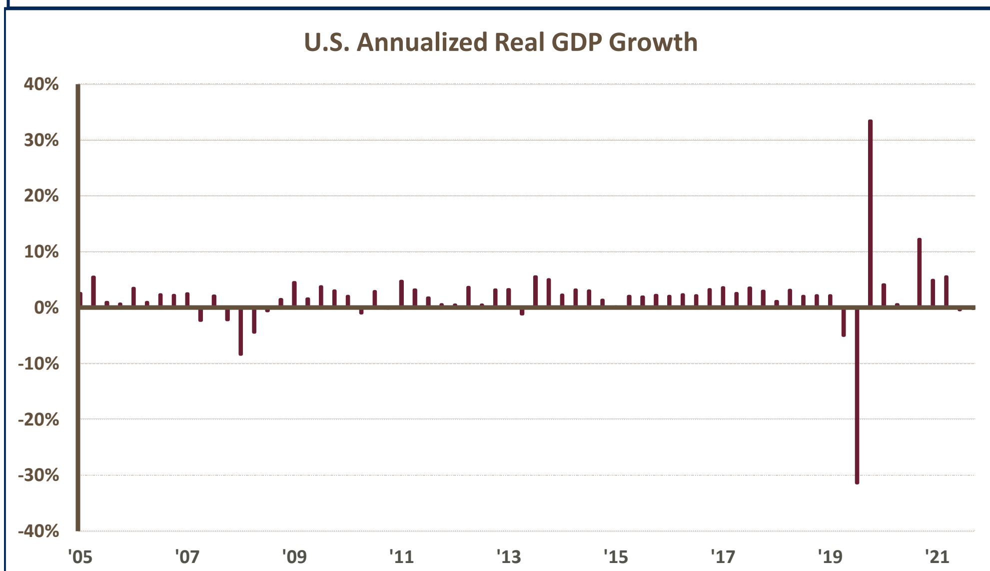
iShares US Home Construction ETF Price % Off High

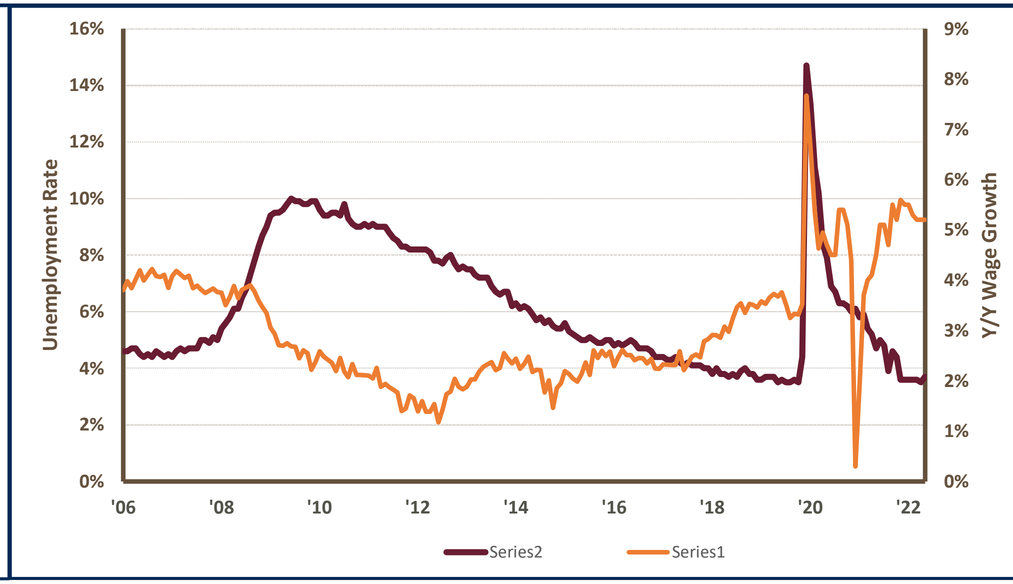


Data as of 10/7/2022. Data sources: Ycharts

Economic Indicators

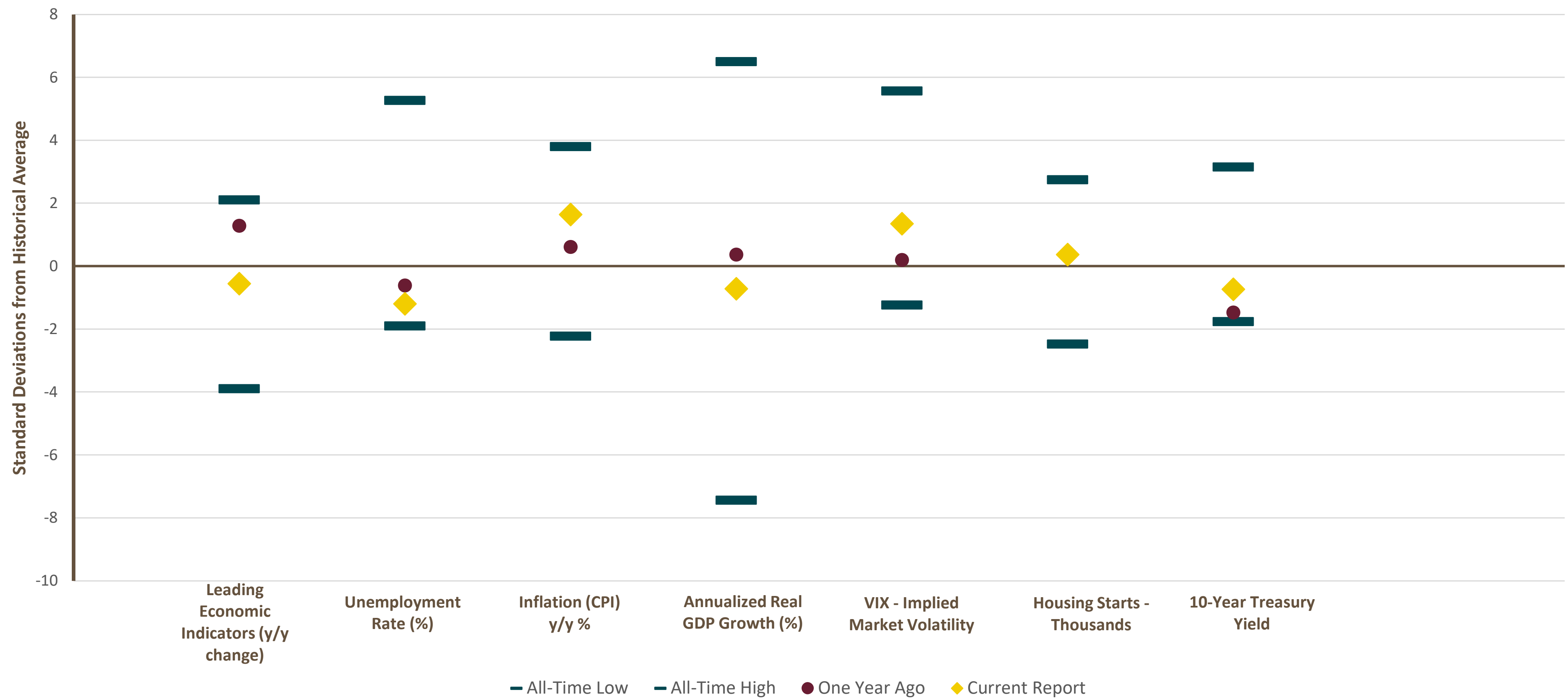






Data as of 10/5/2022. Data sources: Morningstar Direct, FRED, The Conference Board.

Economic Indicators: Relative to History

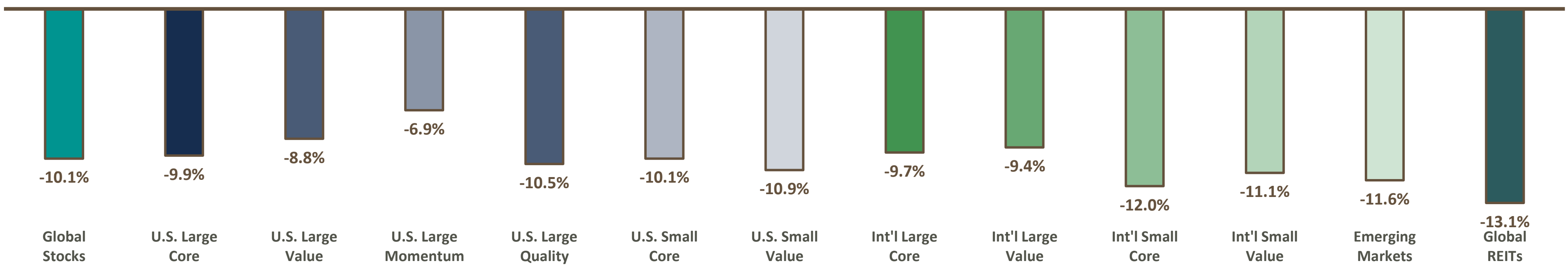


Economic Measure	All-Time Low	Historical Average	All-Time High	One Year Ago	Last Report	Current Report
Leading Economic Indicators (y/y change %)	-20.2%	2.5%	14.7%	10.0%	-0.8%	-0.8%
Unemployment (%)	2.5%	5.7%	14.7%	4.7%	3.5%	3.7%
Inflation - CPI (y/y %)	-3.0%	3.5%	14.6%	5.3%	8.5%	8.3%
Annualized Real GDP Growth (%)	-31.4%	3.2%	33.4%	4.9%	-0.4%	-0.1%
VIX - Implied Market Volatility	10.1	19.7	62.6	21.2	25.6	30.1
Housing Starts (Thousands)	478.0	1433.9	2494.0	1573.0	1404.0	1575.0
10-Year Treasury Yield (%)	0.6%	5.9%	15.3%	1.5%	3.3%	3.7%

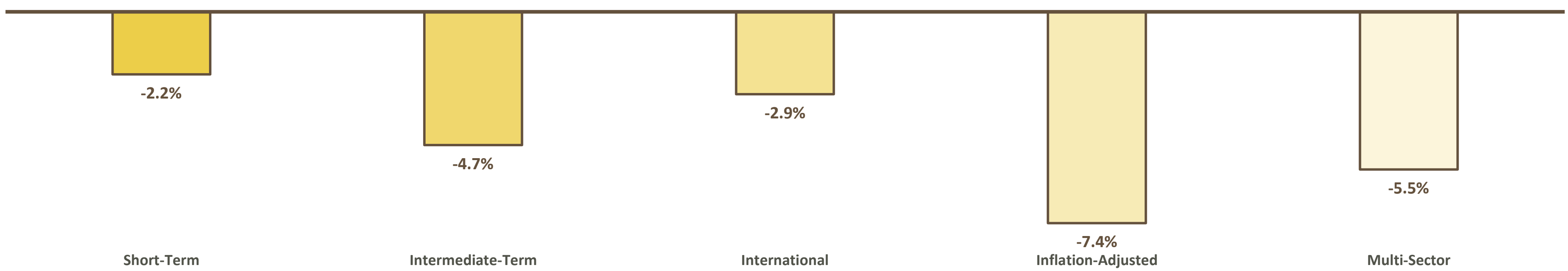
Data as of 10/1/2022. Data sources: FRED, The Conference Board.

Asset Class Performance: Last Month

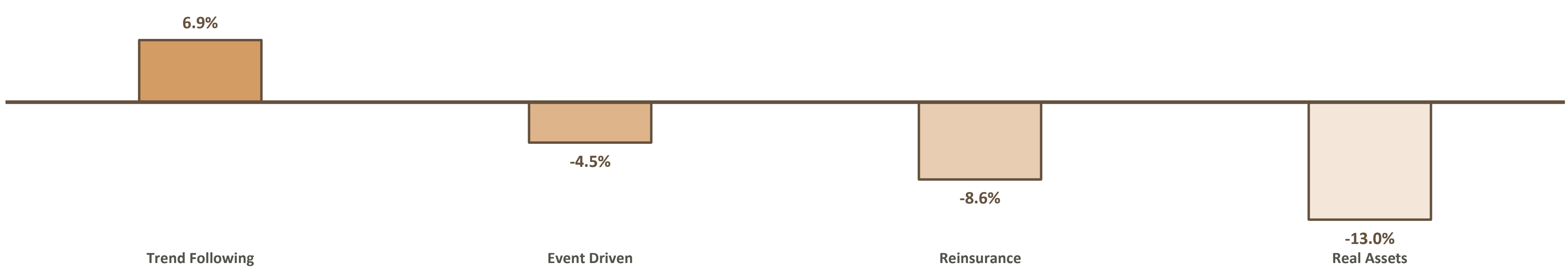
Stocks



Bonds

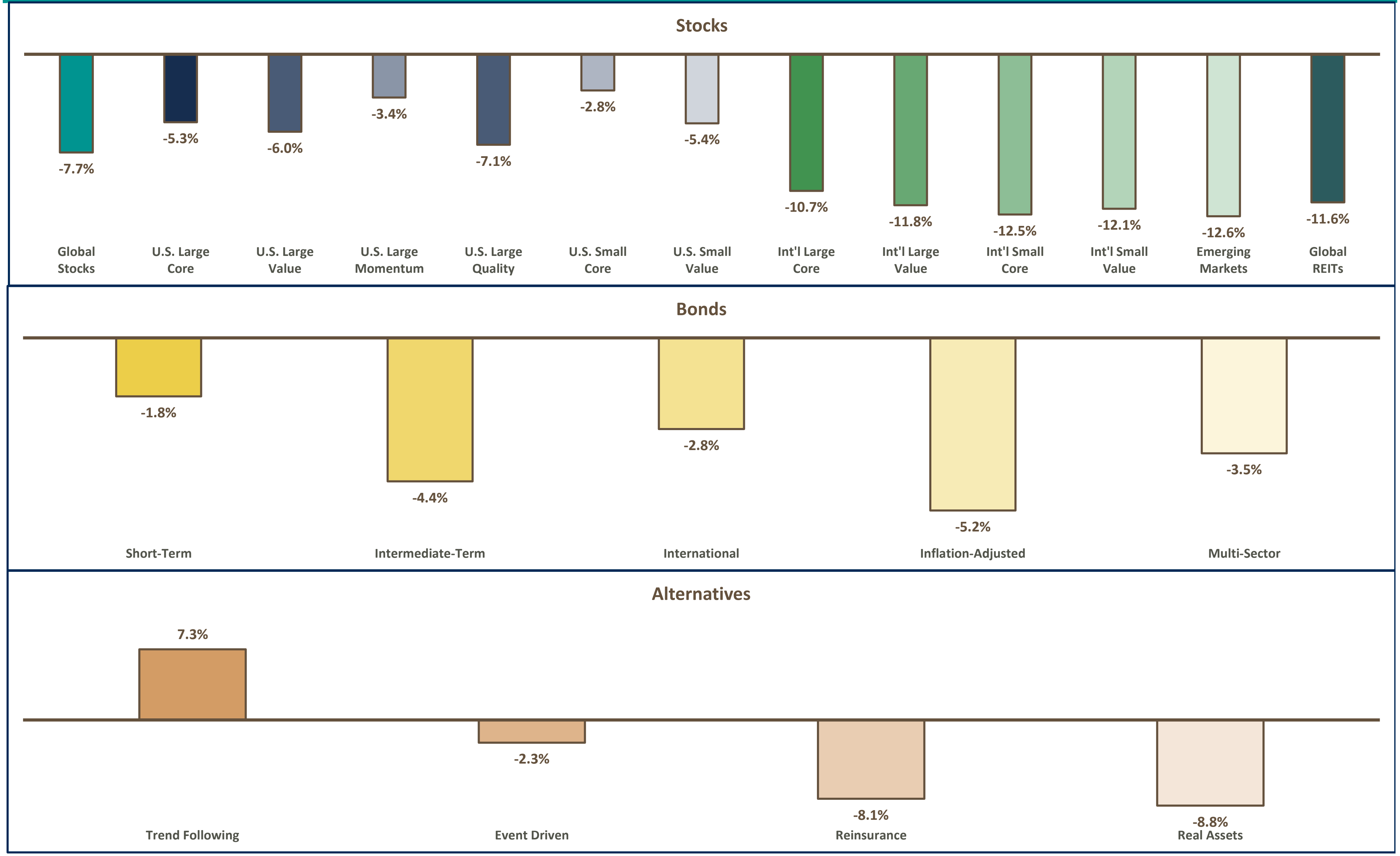


Alternatives



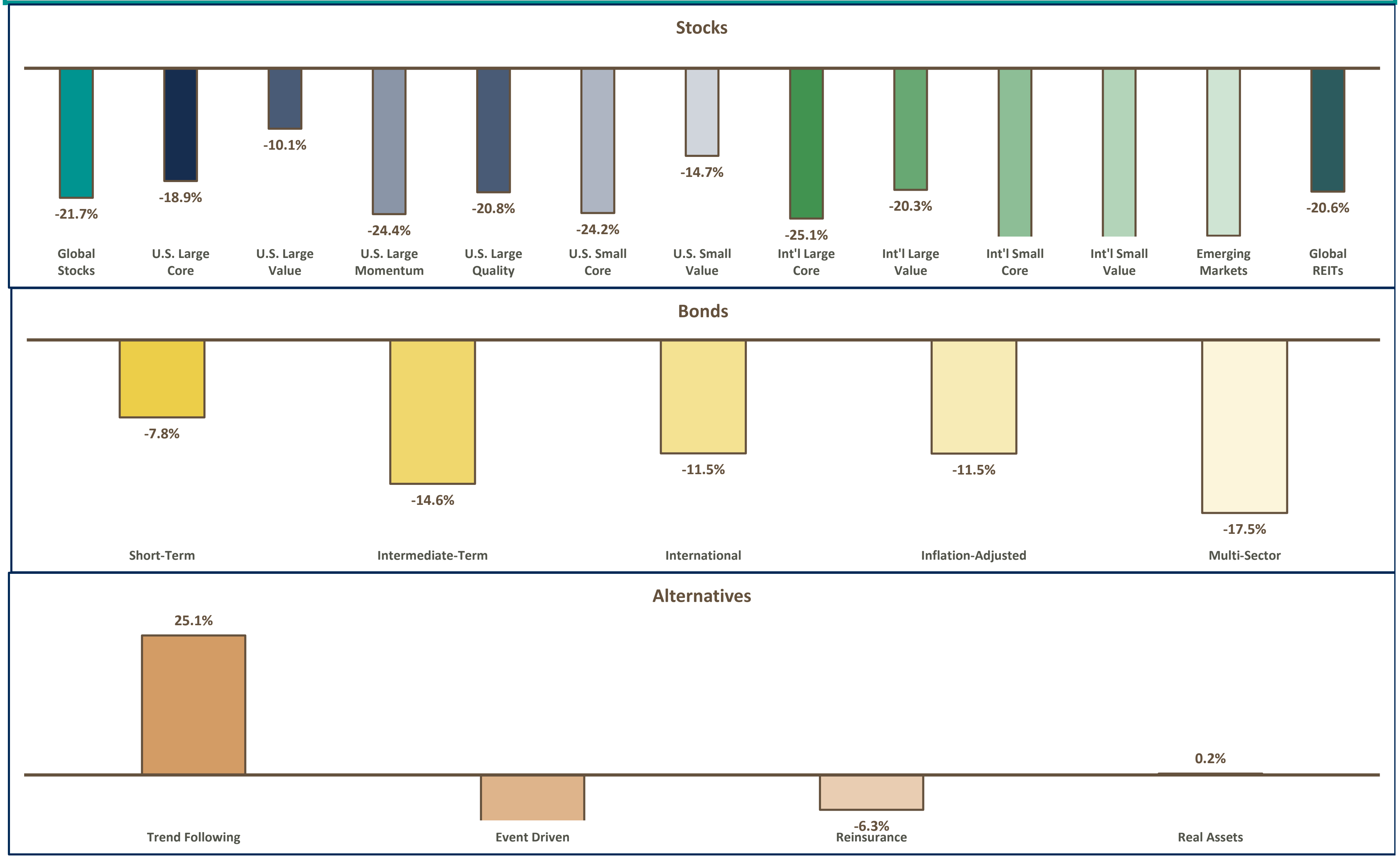
Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

Asset Class Performance: Last Three Months



Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

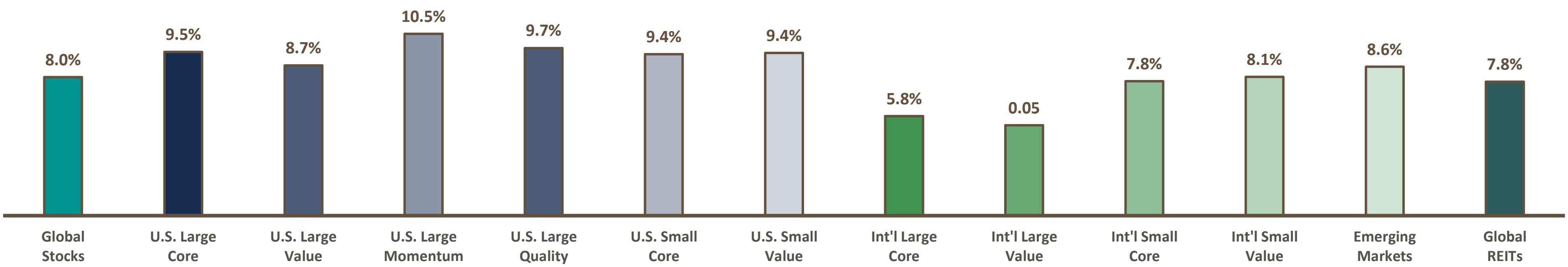
Asset Class Performance: Previous 12 Months



Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

Asset Class Performance for the Long Term Investor: Previous 20 Years

Stocks



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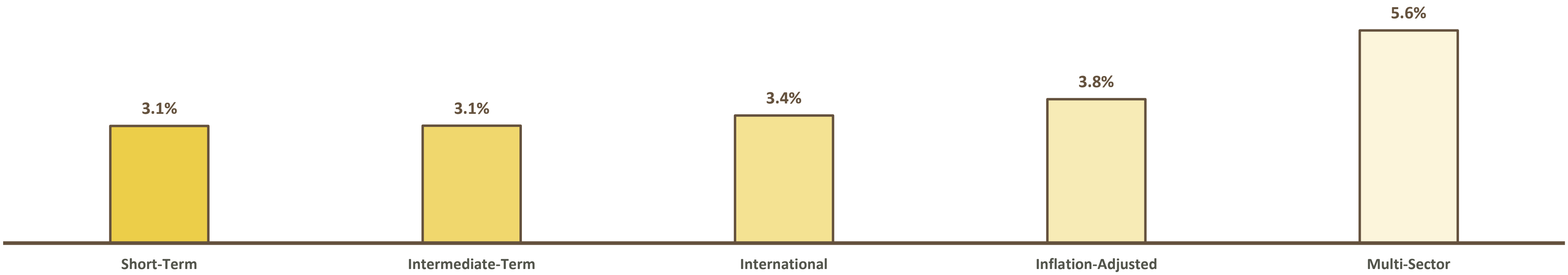
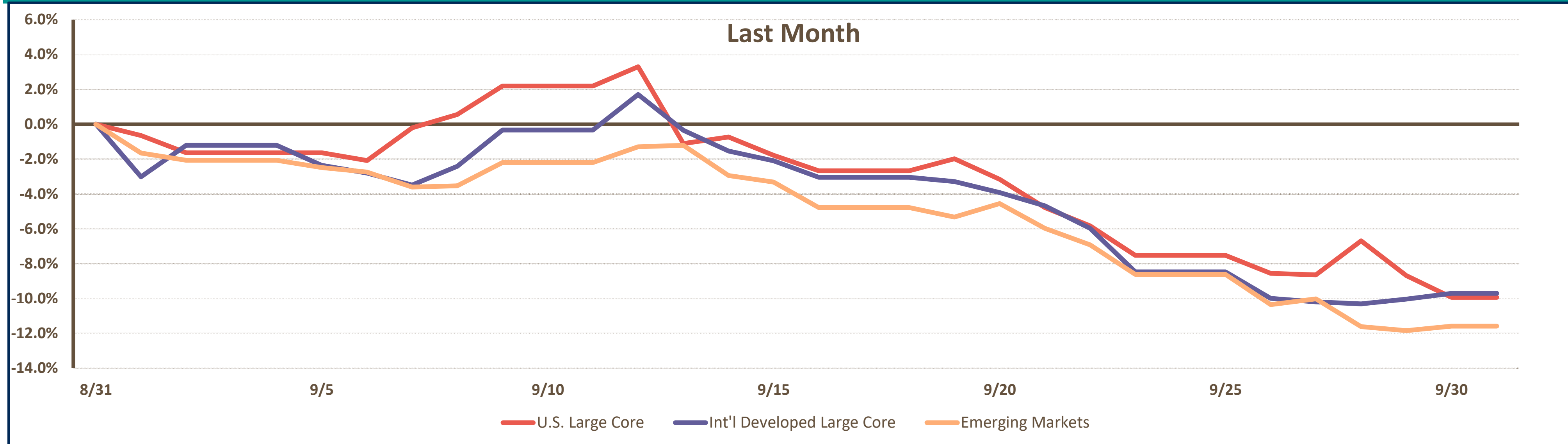
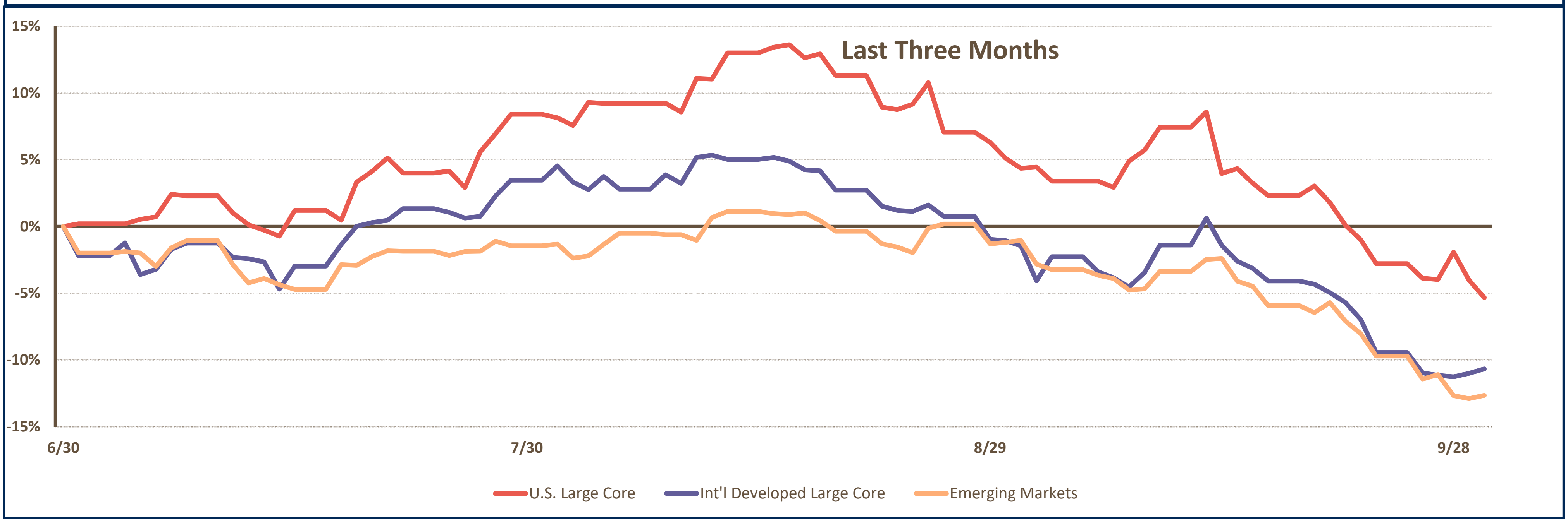


Alternatives

Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

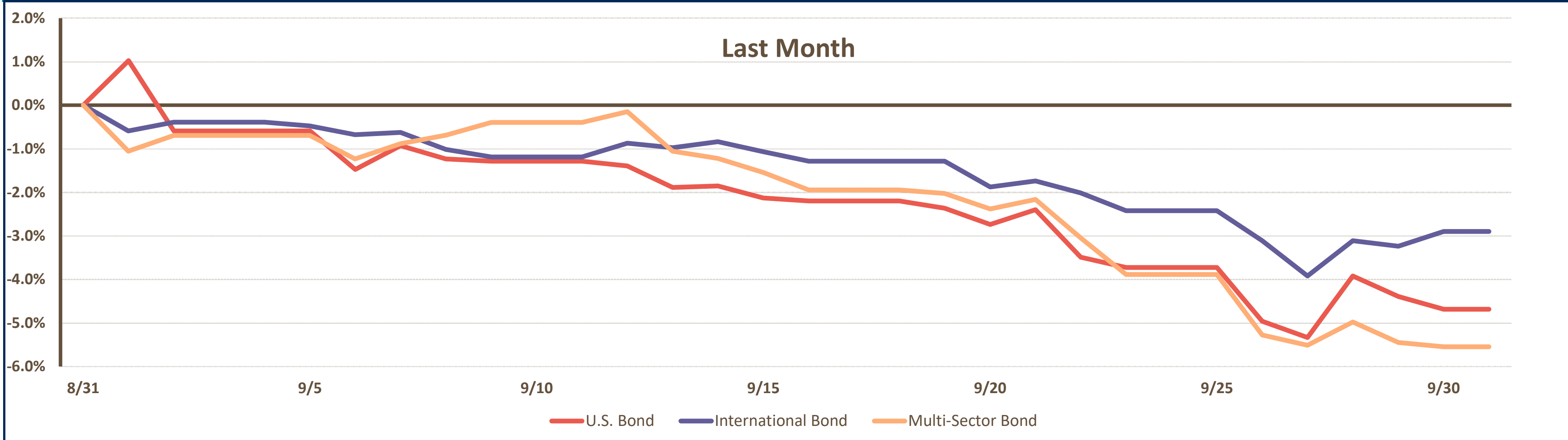
Equity Performance Tracker

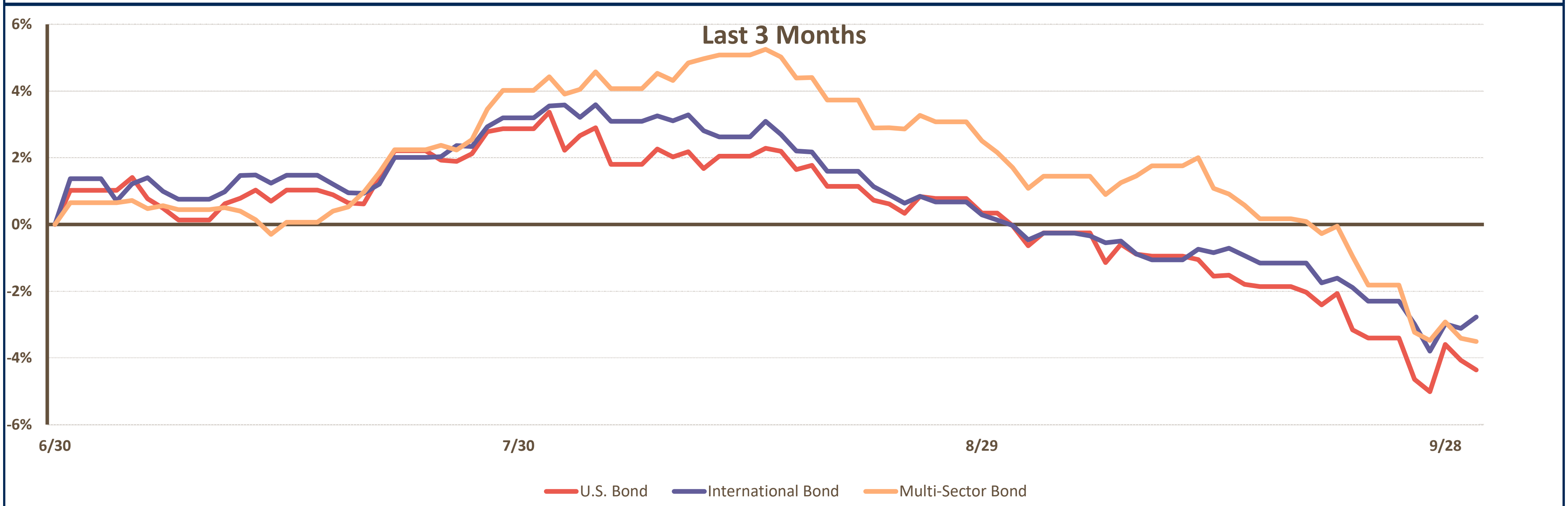




Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

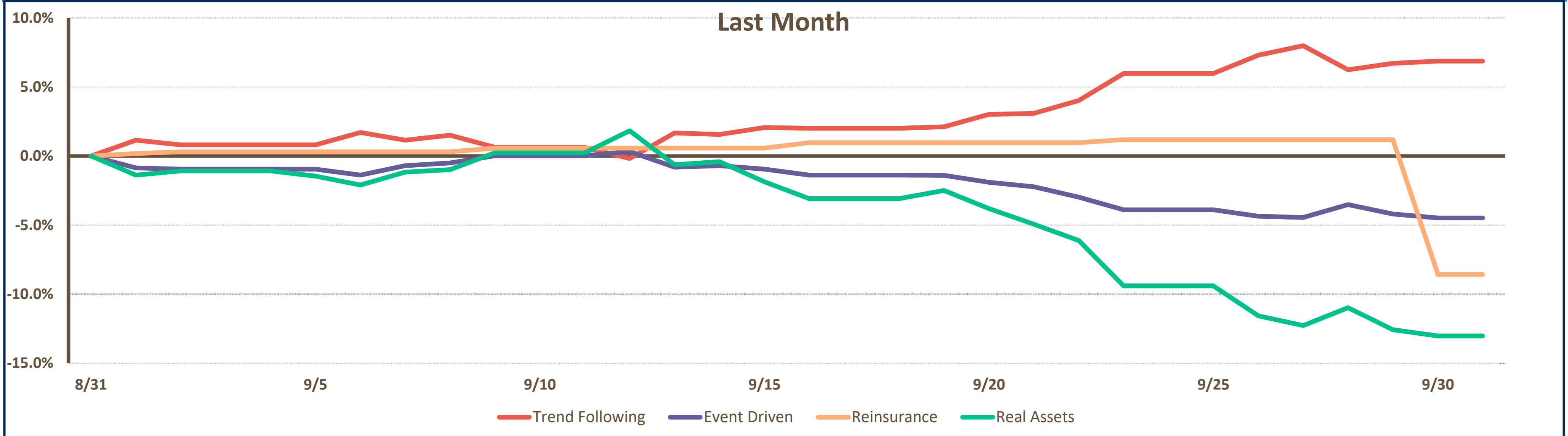
Fixed Income Performance Tracker

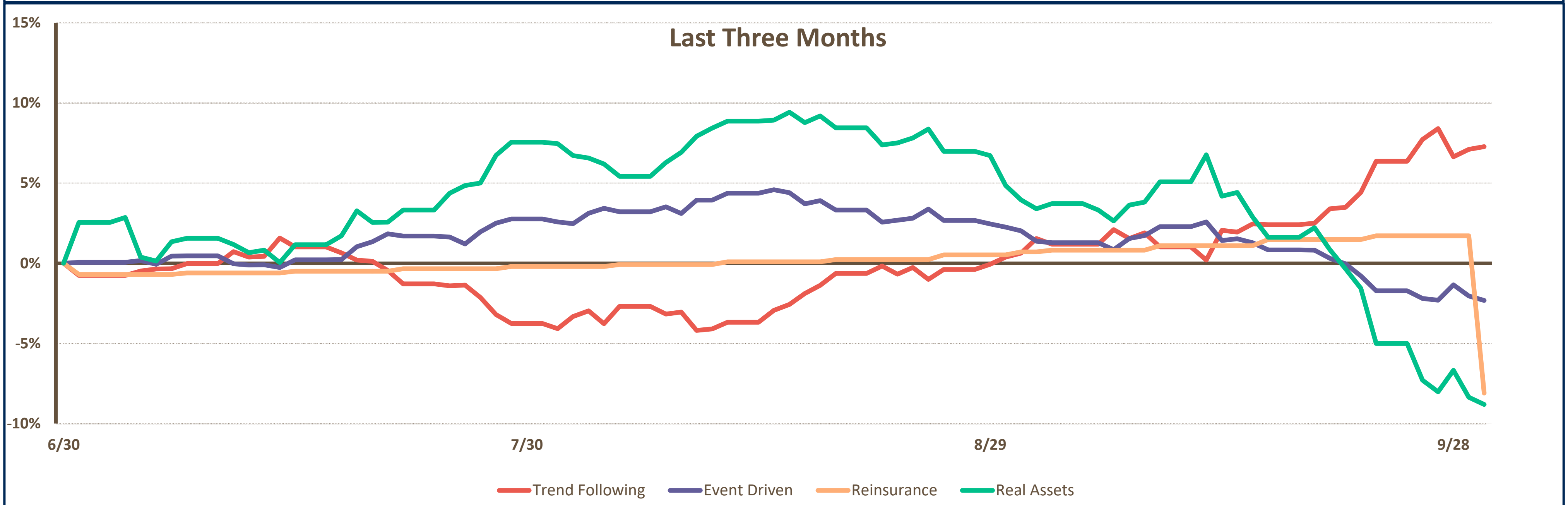




Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

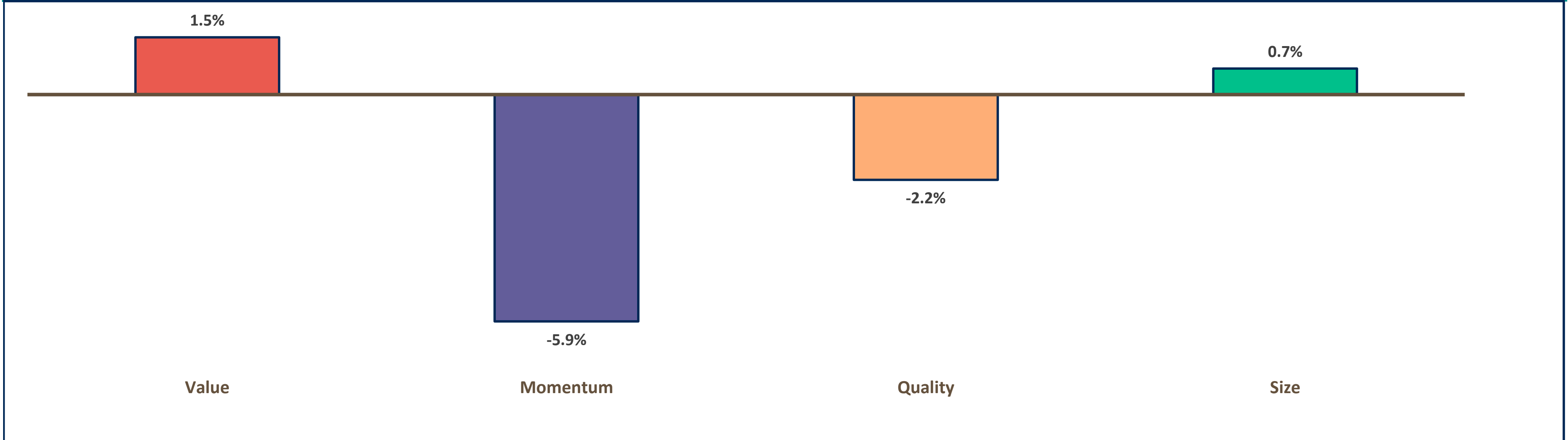
Alternatives Performance Tracker

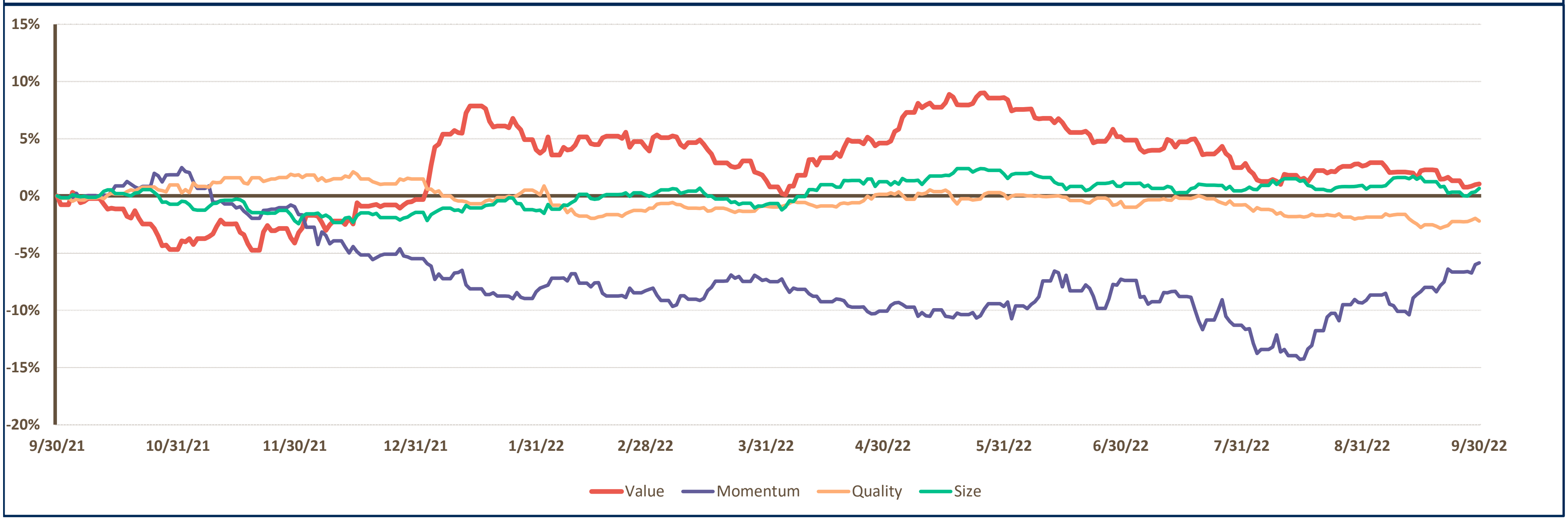




Data as of 9/30/2022. Data source: Morningstar Direct. See Endnote 1 for additional disclosures.

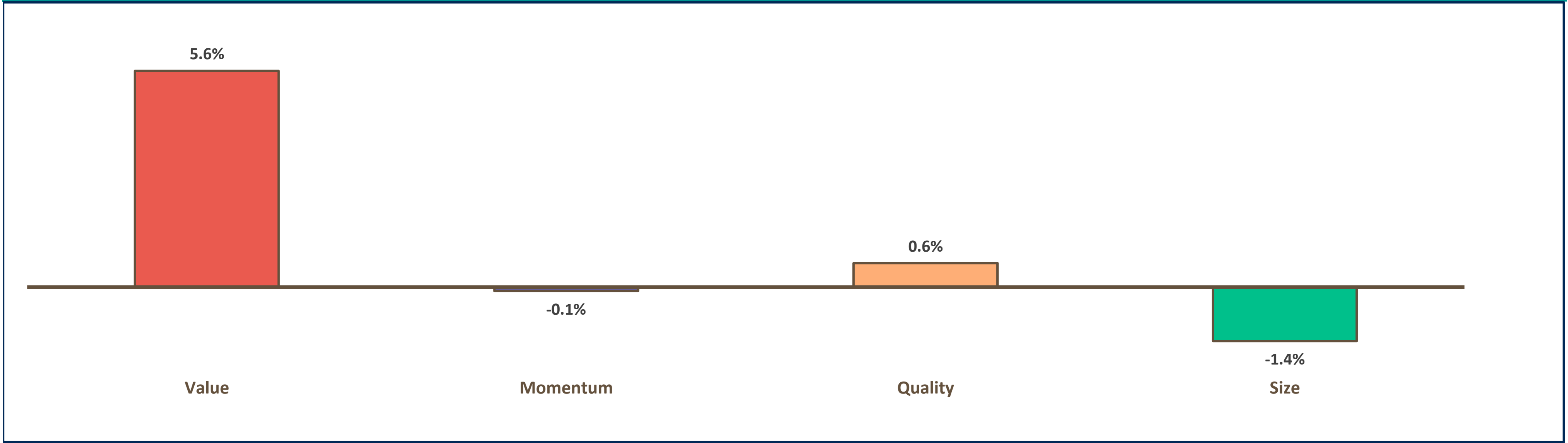
U.S. Equity Factor Performance Relative to Broad Market: Previous 12 Months

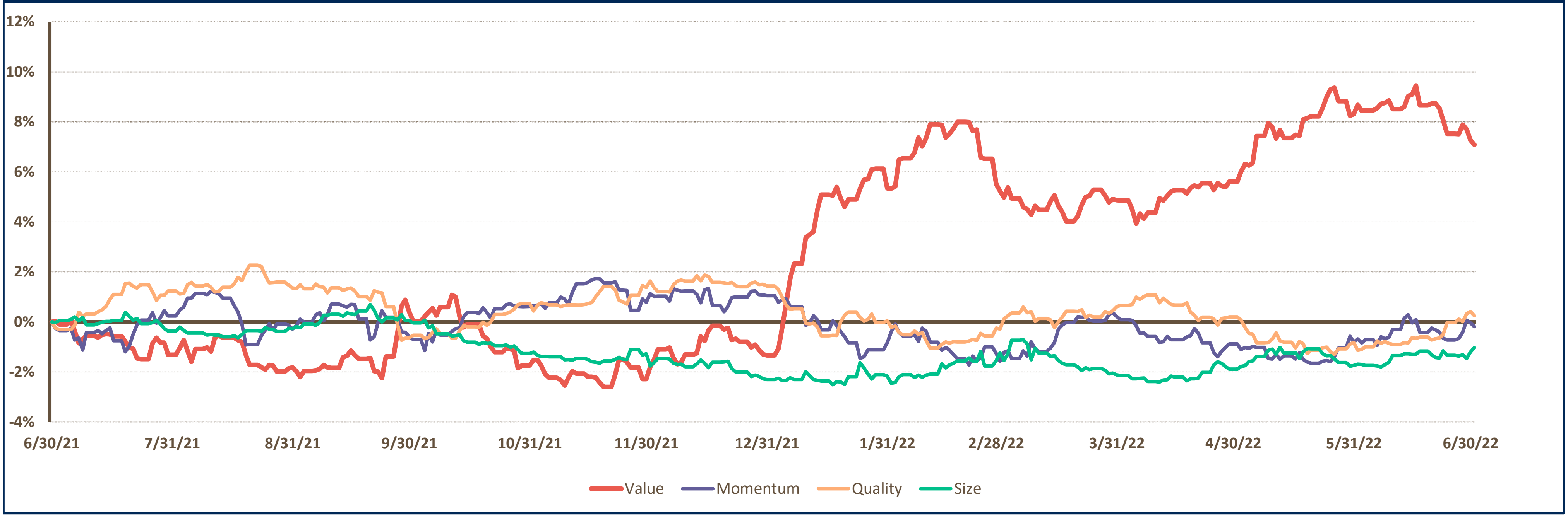




Data as of 9/30/2022. Factor performance calculated relative to broad index. See Endnote 2 for additional disclosures.

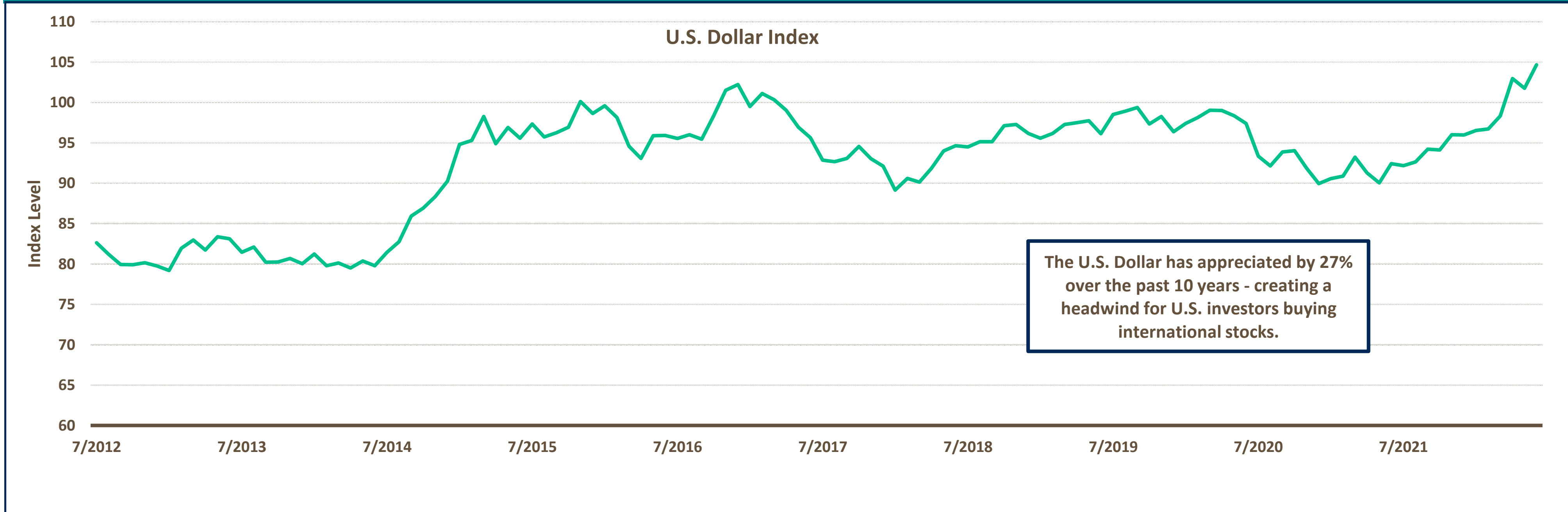
International Equity Factor Performance Relative to Broad Market: Previous 12 Months

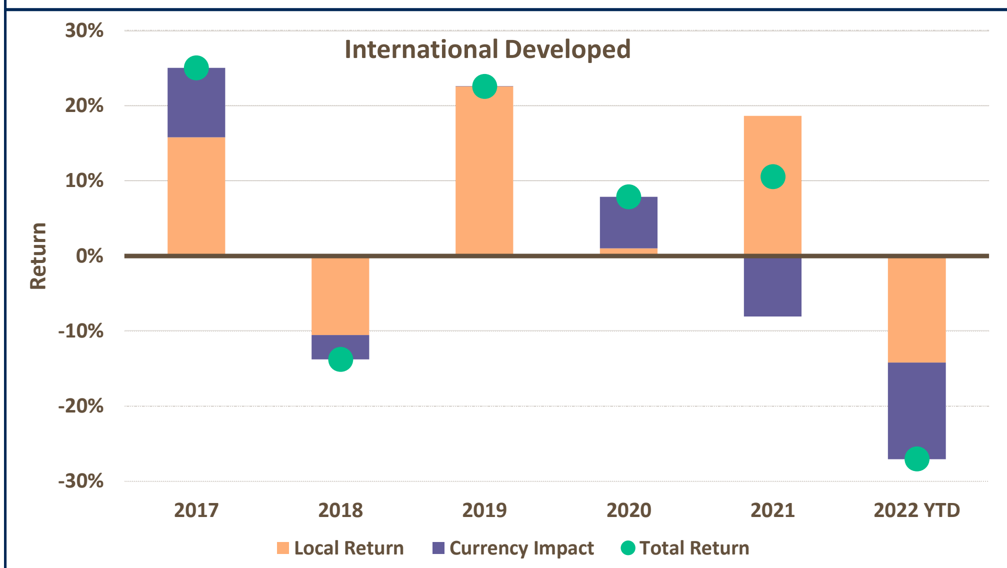


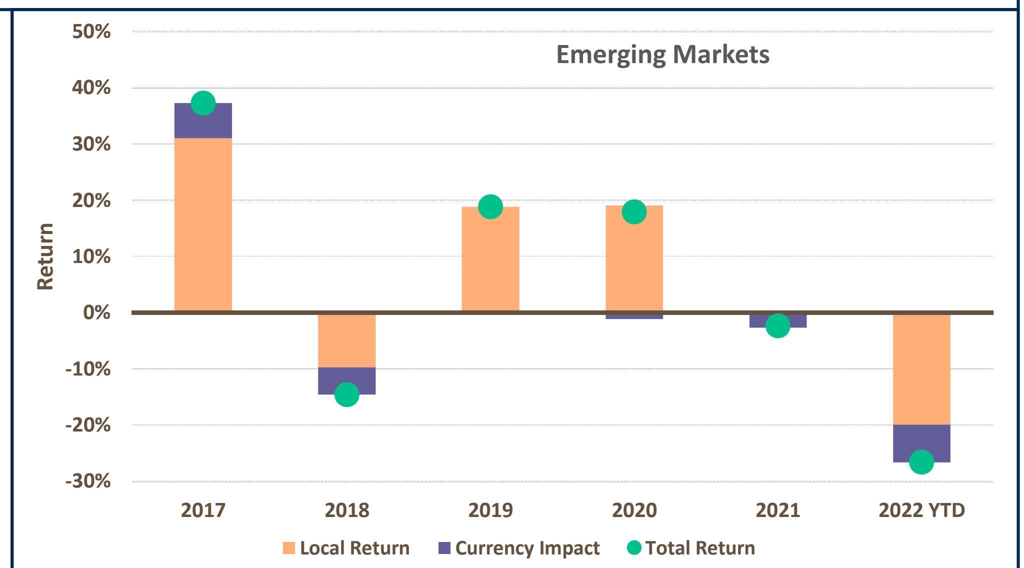


Data as of 9/30/2022. Factor performance calculated relative to broad index. See Endnote 2 for additional disclosures.

Currency Impact on International Equity Returns

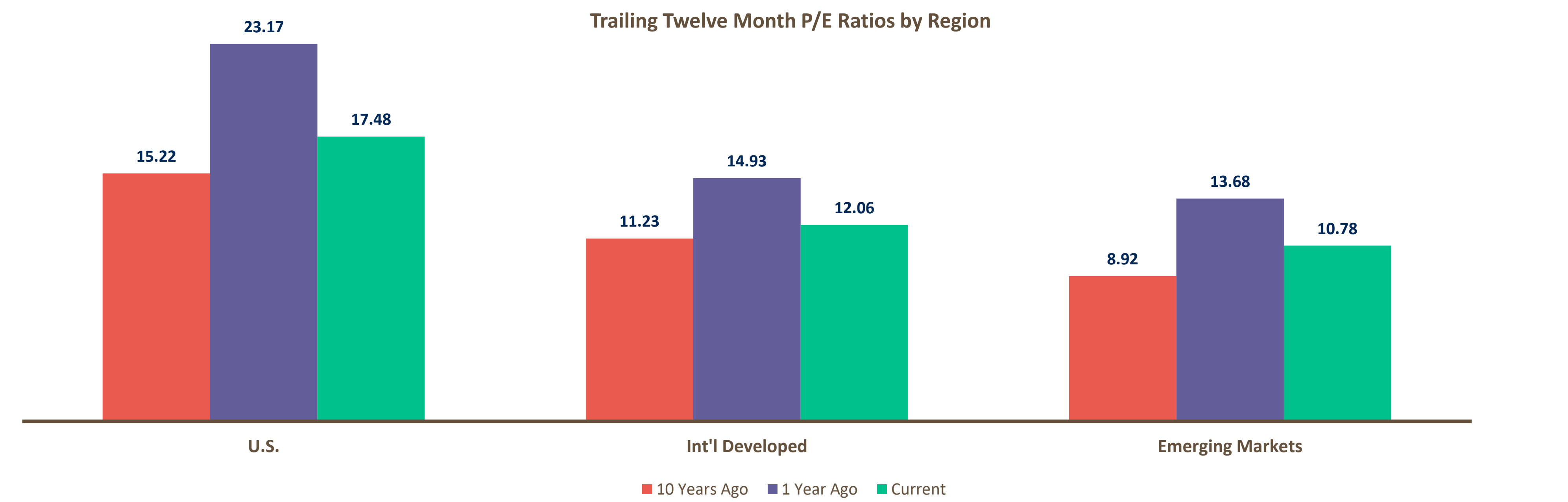


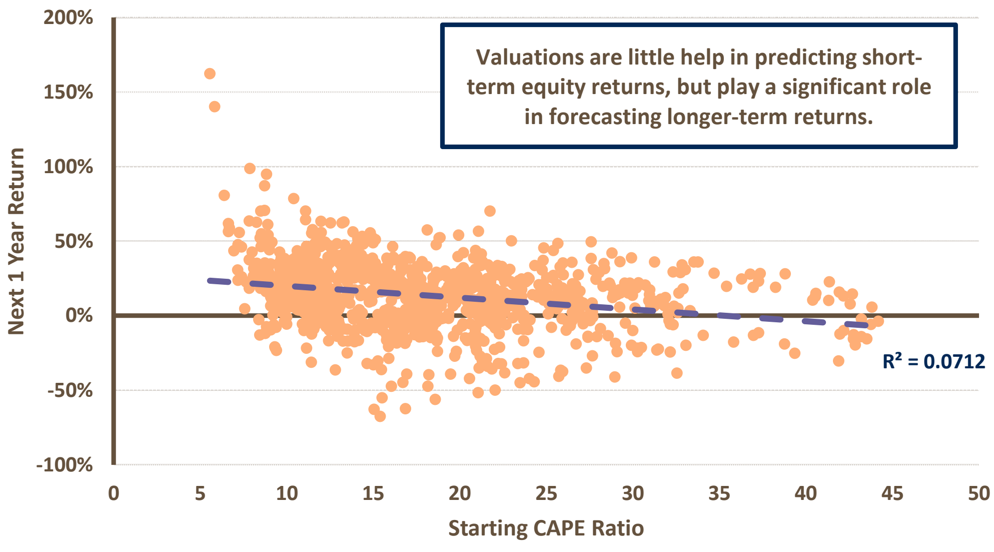


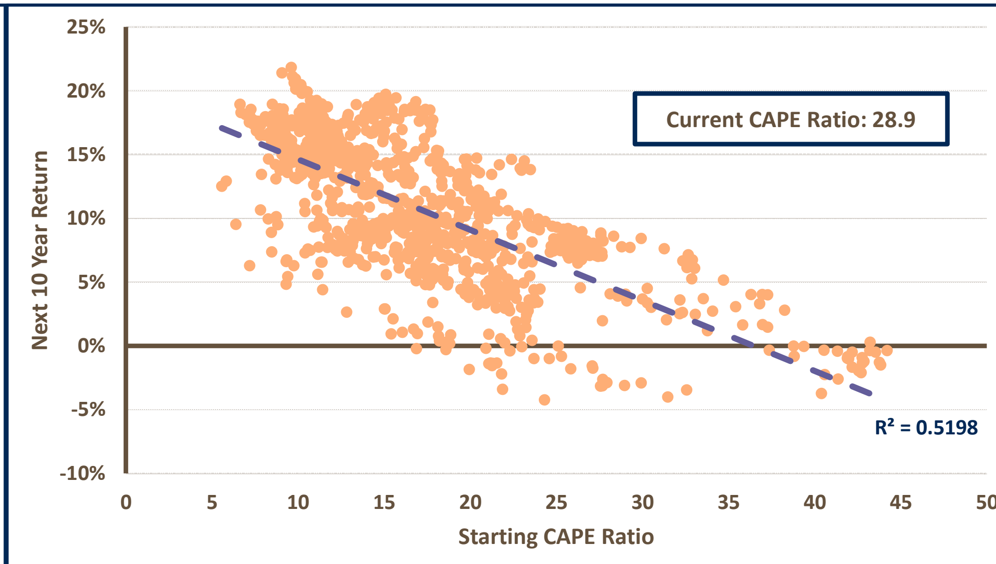


Data as of 9/30/2022. Data soure: Morningstar Direct. See Endnote 3 for additional disclosures.

Current Equity Valuations and The Impact on Future Returns

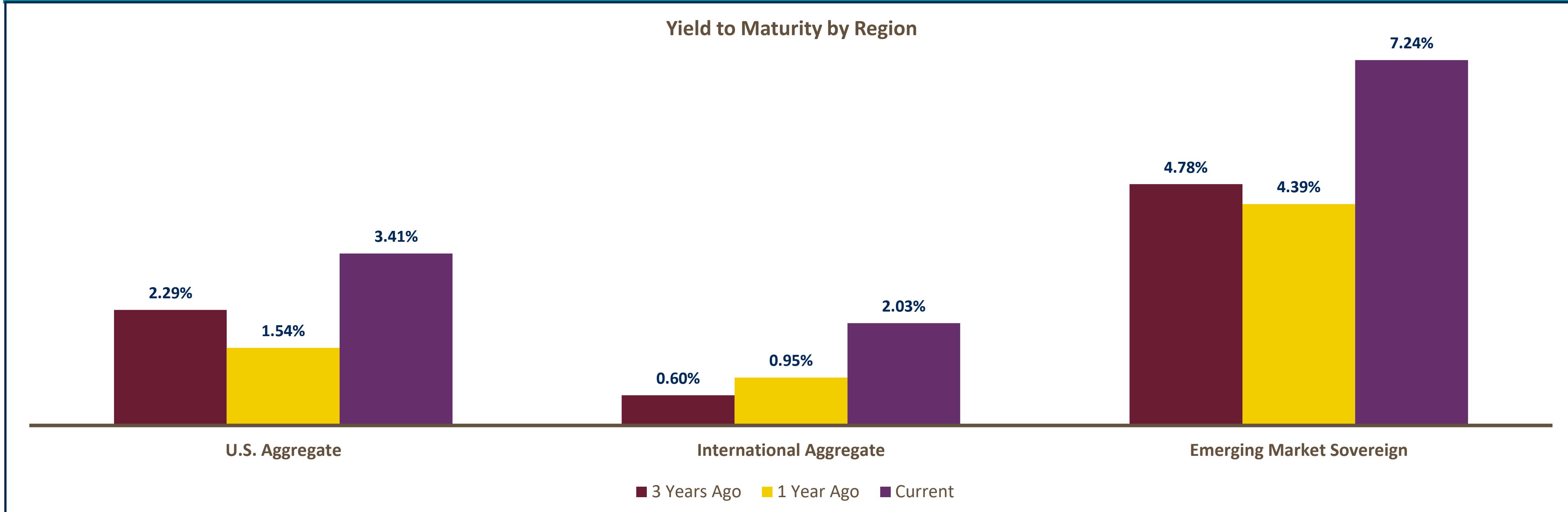


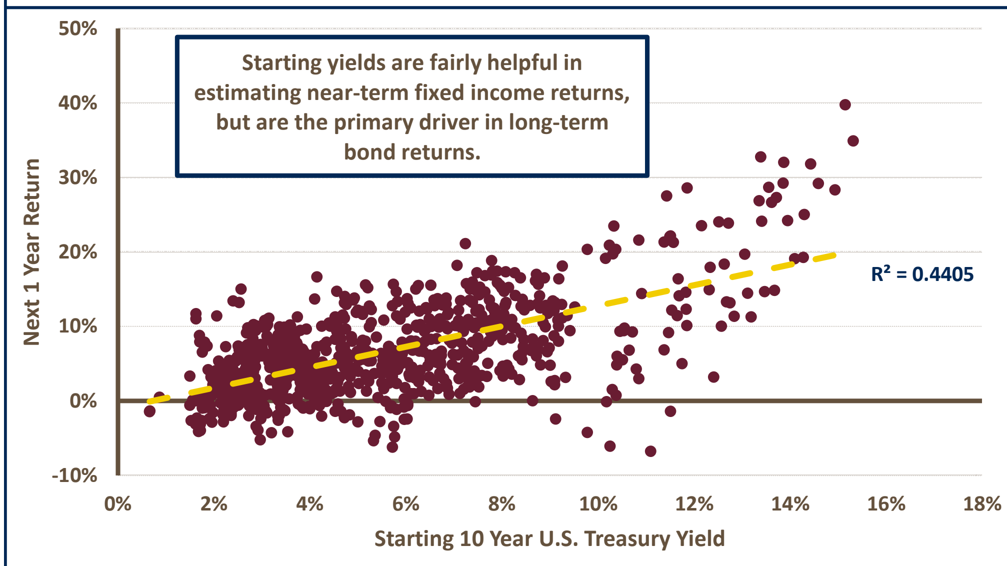


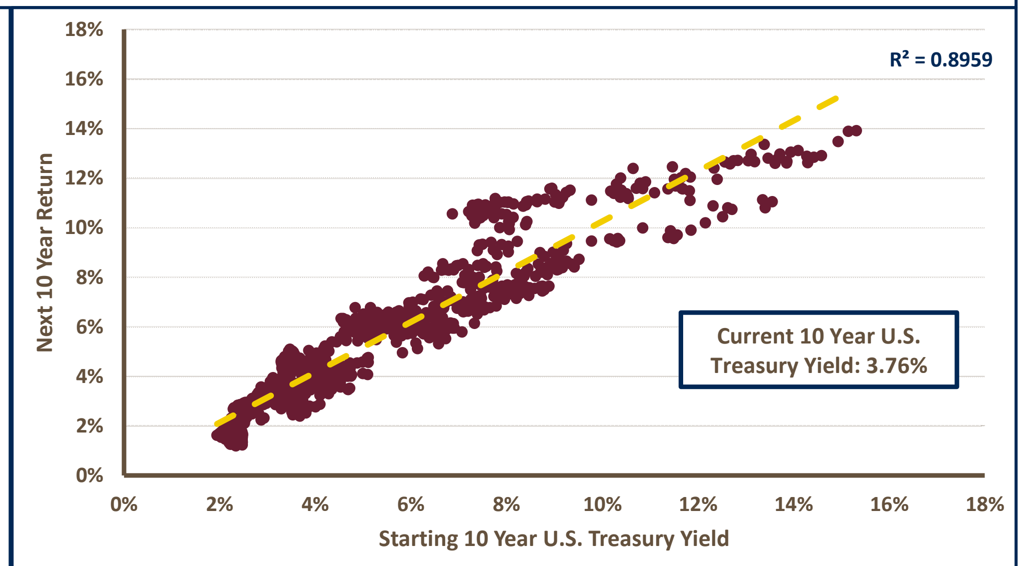


Data as of 9/30/2022. R2 refers to the predictive power a variable has in a regression. A higher R2 (maximum of 1.0) implies a variable is more significant. See Endnote 4 for additional disclosures.

Current Fixed Income Yields and The Impact on Future Returns



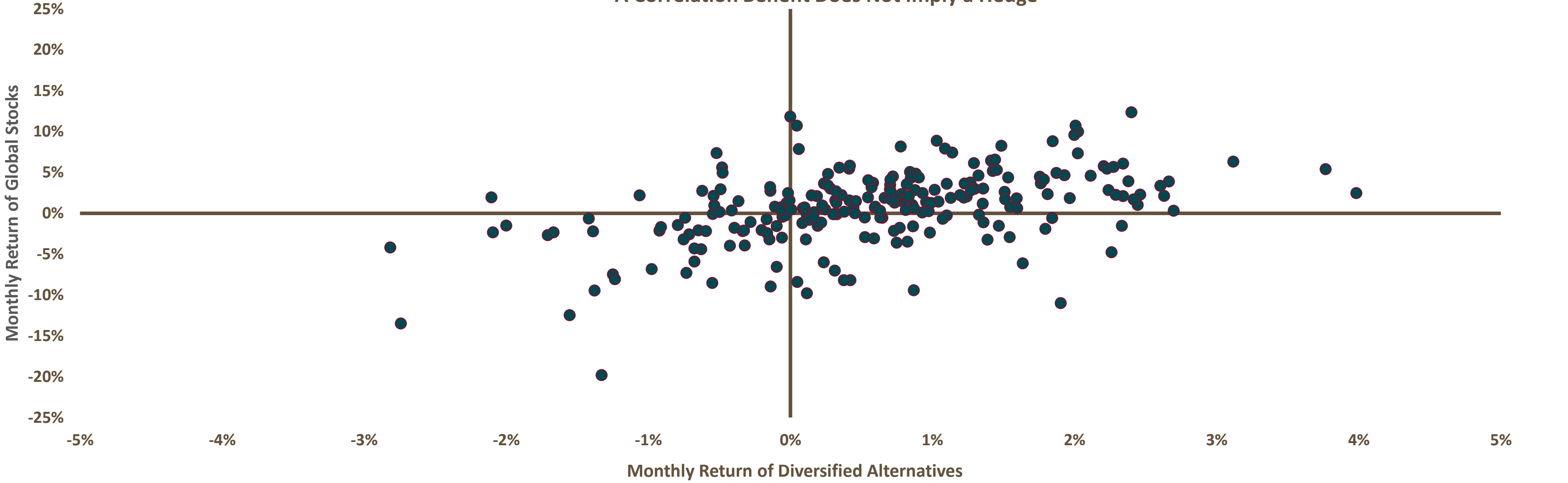




Data as of 9/30/2022. R2 refers to the predictive power a variable has in a regression. A higher R2 (maximum of 1.0) implies a variable is more significant. See Endnote 5 for additional disclosures.

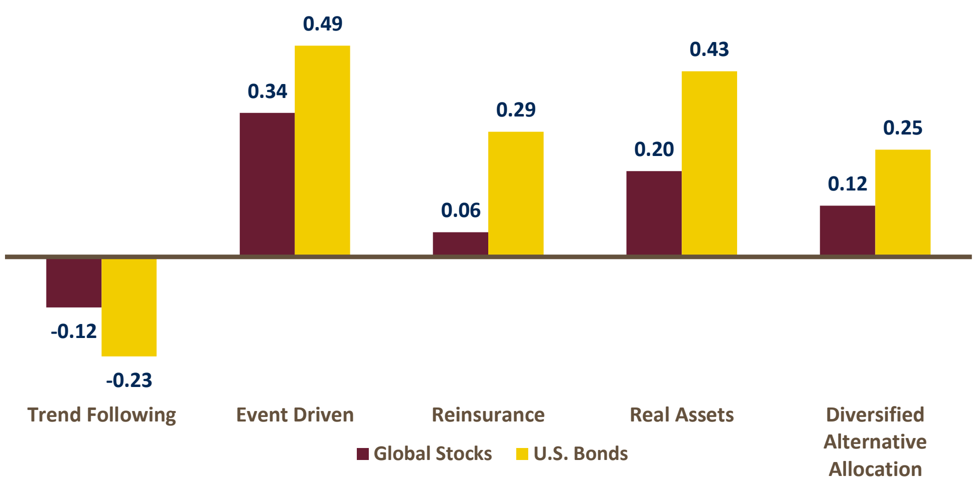
A Diversified Alternative Allocation Provides a Correlation Benefit

A Correlation Benefit Does Not Imply a Hedge

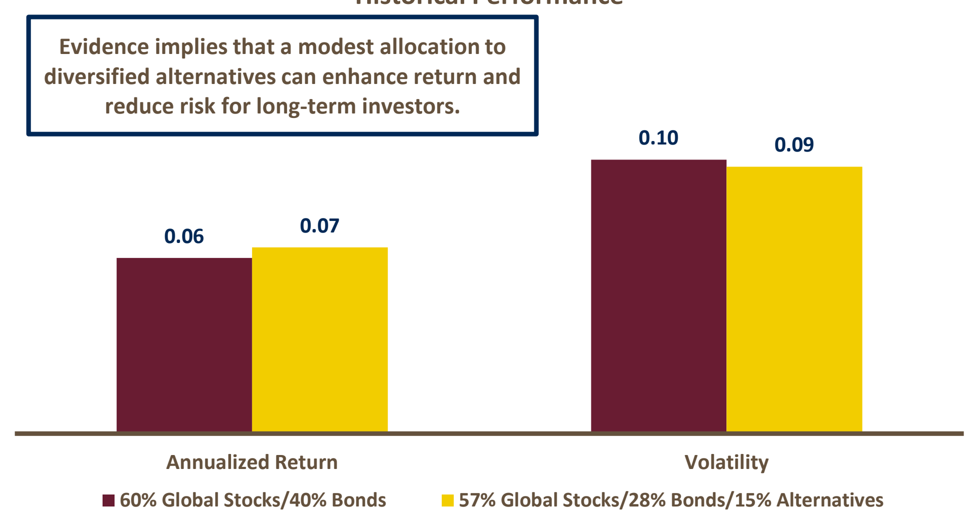


Beta of Alternatives to Traditional Assets

(Last 15 Years)

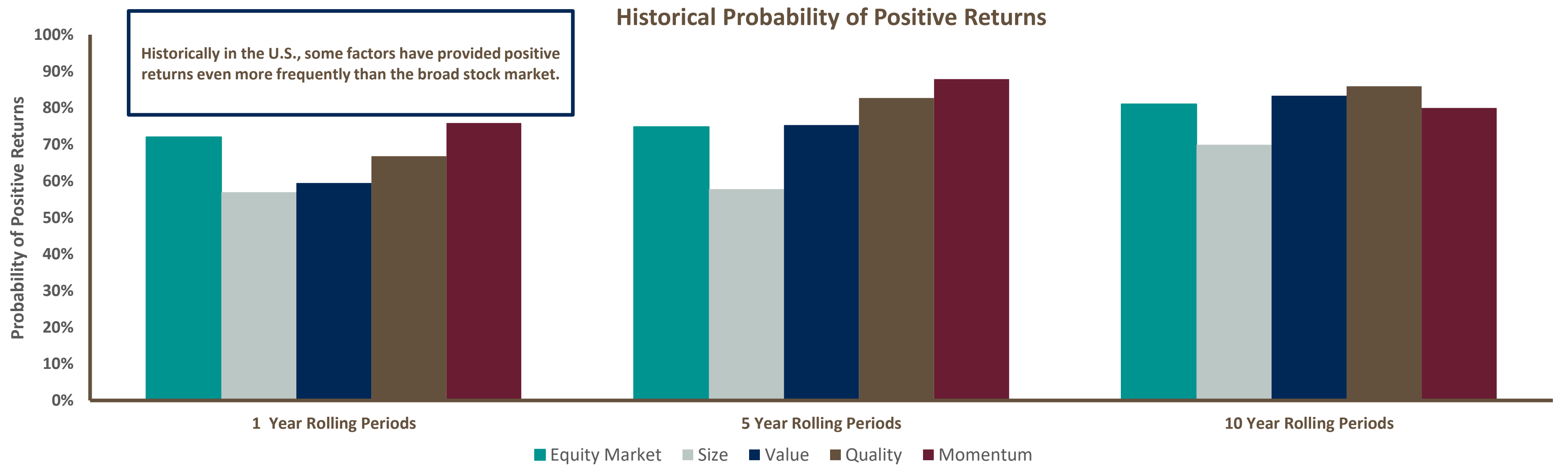


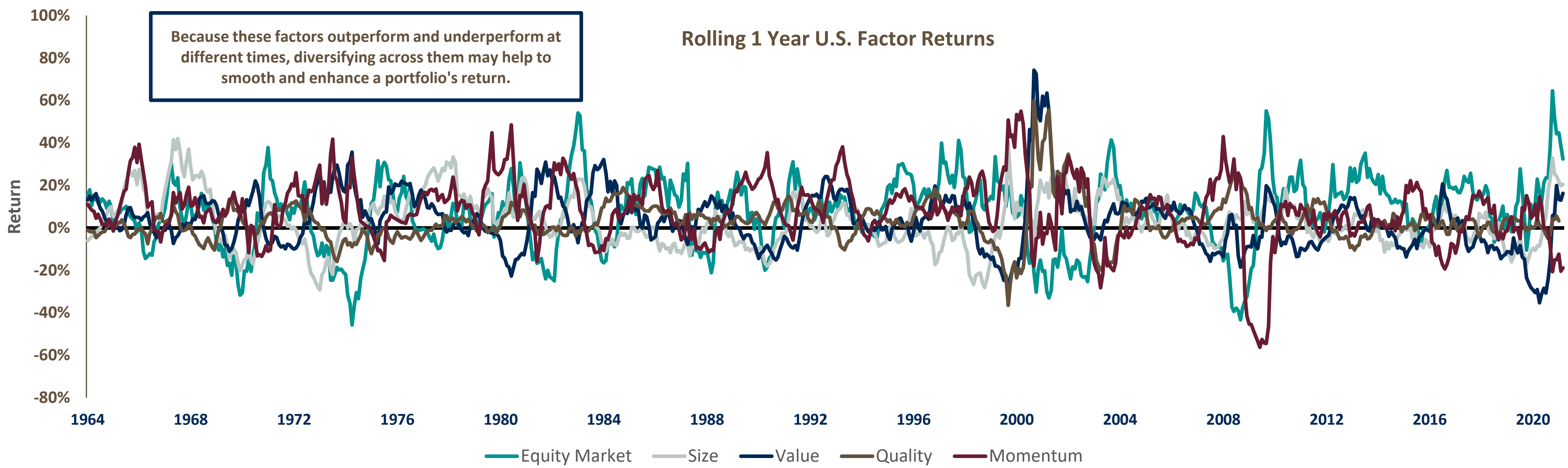
Historical Performance



Based on data from 2/2002 through 9/30/2022. Data source: Morningstar Direct. See Endnote 6 for additional disclosures.

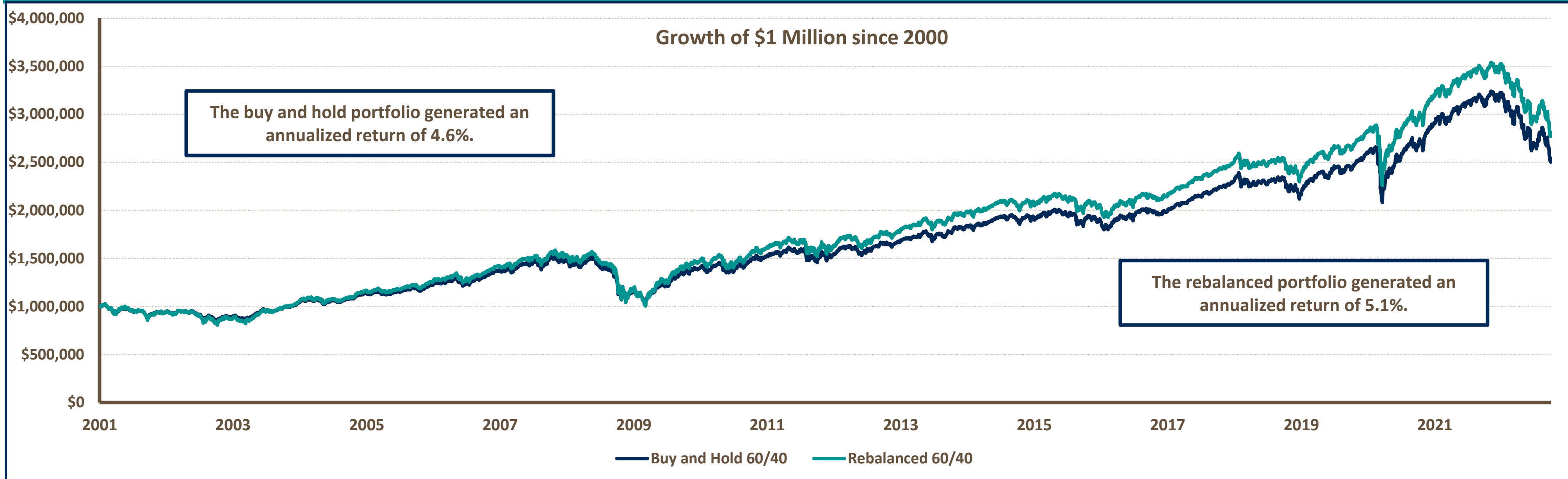
Diversifying Across Factors

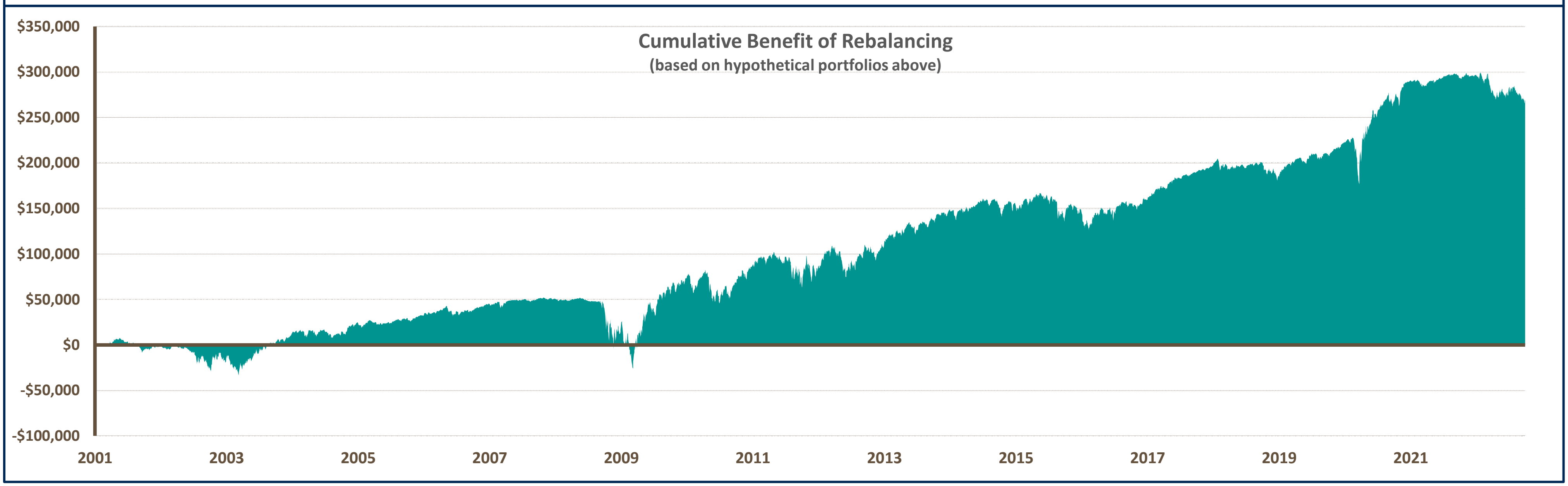




Data as of 9/30/2022. Data source: Kenneth R. French Data Library.

A Case Study in Rebalancing





Data as of 9/30/2022. See Endnote 7 for additional disclosures.

Disclosures

Endnote 1: Indices used - Global stocks: MSCI ACWI IMI; U.S. Large Core: CRSP US Total Market; U.S. Large Value: MSCI US Prime Market Value; U.S. Large Momentum: MSCI USA Momentum Index; U.S. Large Quality: MSCI USA Sector Neutral Quality Index; U.S. Small Core: Russell 2000; U.S. Small Value: MSCI US Small Cap Value; International Large Core: MSCI EAFE; International Large Value: MSCI EAFE Value; International Small Core: S&P EPAC Small; International Small Value: S&P EPAC Small Value; Emerging Markets: MSCI EM; Global REITs: S&P Global REIT; Short-Term Bond: BBgBarc Credit 1-5 Yr; Intermediate-Term Bond: BBgBarc US Agg Bond; International Bond: JPM GBI Global ex US TR Hdg USD; Inflation-Adjusted Bond: BBgBarc Gbl Infl Linked US TIPS; Multi-Sector Bond: 1/3 BBgBarc US Corporate High Yield, 1/3 BBgBarc US MBS, 1/3 JPM EMBI Global Diversified; Trend Following: Credit Suisse Mgd Futures Liquid; Event Driven: IQ Hedge Event-Driven (appended with other indices prior to inception - available upon request); Reinsurance: SwissRe Global Cat Bond; Real Assets: In the most recent quarter - DJ Brookeld Global Infra, earlier 1/4 DJ Brookfld Global Infra, 1/4 NCREIF Farmland, 1/4 NCREIF Propert, 1/4 NCREIF Timberland (appended with additional indices prior to inception - available upon request).

Endnote 2: Indices used - U.S. Large Core: MSCI USA All; U.S. Large Value: MSCI USA Enhanced Value; U.S. Large Momentum: MSCI USA Momentum; U.S. Large Quality: MSCI USA Sector Neutral Quality; U.S. Small Core: MSCI USA Low Size; Int'l Large Core: MSCI World ex USA All Cap; Int'l Large Value: MSCI World ex USA Enhanced Value; Int'l Large Momentum: MSCI World ex US Momentum; Int'l Large Quality: MSCI World ex US Sector Neutral Quality; Int'l Small Core: MSCI World Ex USA Low Size.

Endnote 3: Indices used - International: MSCI EAFE; Emerging Markets: MSCI EM. The total return refers to the NR (net return) version of each the index. The local return refers to the LCL (local version of each index). The current impact was determined by subtracting the return of the local return index from the net return index.

Endnote 4: P/E proxies for - U.S. Stocks: iShares Core S&P Total US Stock Market ETF; International Stocks: iShares MSCI ACWI ex US ETF; Emerging Markets: iShares MSCI Emerging Markets ETF. CAPE Ratio data is from the Online Shiller Data Library and refers to valuations of U.S. stocks. The corresponding annualized return uses the IA SBBI US Large Stock index.

Endnote 5: Yield to maturity proxies for - U.S. Bonds: iShares Core US Aggregate Bond ETF; International Aggregate: iShares Core International Agg Bond ETF; Emerging Market Sovereign: iShares JP Morgan USD Em Mkts Bond ETF. 10 Year Treasury data is from the Online Shiller Data Library and refers to valuations of U.S. stocks. The corresponding annualized return uses the IA SBBI US IT Govt Bond Index.

Endnote 6: Indices used - Trend Following: Credit Suisse Mgd Futures Liquid; Event Drive: IQ Hedge Event-Driven (appended with other indices prior to inception - available upon request); Reinsurance: SwissRe Global Cat Bond; Real Assets: In the most recent quarter - DJ Brookeld Global Infra, earlier 1/4 DJ Brookfld Global Infra, 1/4 NCREIF Farmland, 1/4 NCREIF Propert, 1/4 NCREIF Timberland (appended with additional indices prior to inception - available upon request). The 'Diversified Alternative Allocation' is an equal-weight index benchmark, allocating 25% to Trend Following, 25% to Event Driven, 25% to Reinsurance, and 25% to Real Assets via the benchmarks listed above.

Endnote 7: Stocks are represented by the MSCI ACWI IMI NR USD Index. Bonds are represented by the BBgBarc US Agg Bond TR USD Index. For the 'Buy and Hold 60/40', the investor is assumed to start with $600,000 in stocks and $400,000 in bonds. The investor simply holds the positions and accepts the changes to the portfolio allocation mandated by buy and hold returns. The 'Rebalanced 60/40' investor is assumed to start with the same $600,000 in stocks and $400,000 in bonds. However, when this investor's stock allocation drifts below 55% or above 65%, the portfolio is automatically rebalanced back to target. This exhibit does not take management fees, taxes, or taxes strategies such as tax loss harvesting nor tax considerations such as capital gain taxes into account. This case study utlizes returns from 1/1/2000 through last month end.

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Please Note: Limitations of Index discussion. Savant has provided the Index presentation solely to demonstrate the benefit of rebalancing. Different types of investments and/or investment strategies or allocations involve varying degrees of risk and volatility, and at any specific point in time, or over any specific time-period, any investment or investment strategy can and will suffer losses, at times substantial losses. Therefore, it should not be assumed that the future performance of any specific investment or investment strategy, including the investments and/or investment strategies or allocations recommended and/or undertaken by Savant, will be profitable, equal any historical performance level(s), or prove successful. Please Also Note: The referenced graphs do not reflect the rebalancing, composition or performance of any current Savant investment strategy.