MARKET & PERFORMANCE UPDATE

3Q 2021

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THIRD QUARTER 2021 MARKET SUMMARY

Global investors were presented with a disparate performance backdrop in the third quarter of 2021, a change of pace from recent quarters' broad-based gains across most liquid asset classes and categories. The theme of outperformance in domestic-based sectors versus competing international asset categories persisted, as a strengthening U.S. dollar (USD) and a stronger economic recovery helped bolster relative performance.

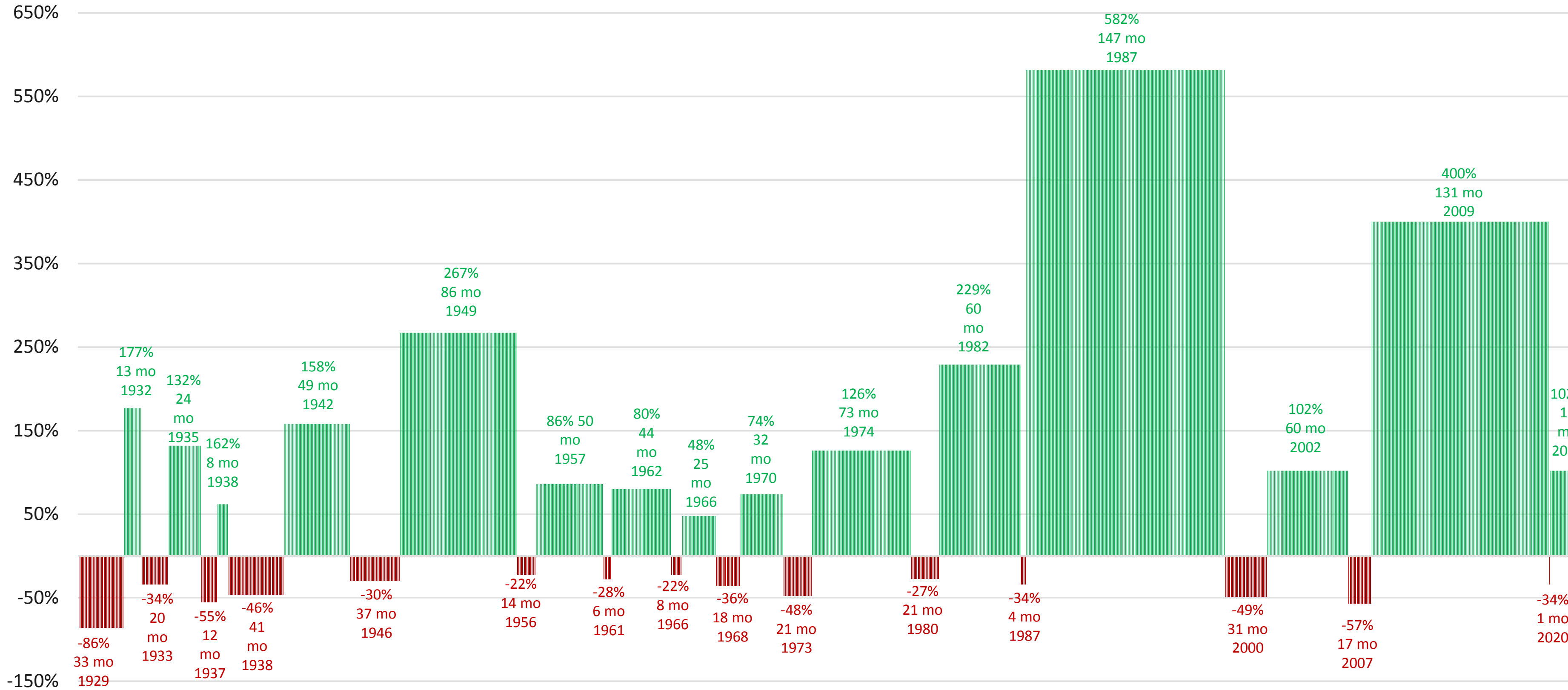
The significant progress made on the inflation and employment fronts prompted the Federal Reserve's (Fed) signaling of near-term tapering of monthly asset purchases. Numerous macro headwinds continued to form, however, including volatility in China, questions related to the timing and scope of the upcoming infrastructure package, and politics around the passage of an increase to the federal statutory debt limit, among others.

Global equity performance during the quarter was mostly negative, outside of a modest positive return in domestic large cap. In fixed income, credit-sensitive assets continued to outperform rate-sensitive assets, and performance in real assets was also mixed, with positive themes generally favoring energy-related assets.

- The 34% fall that defined the bear market in 2020 was one of the shortest on record.
- This recovery has been strong and already surpassed the gain of 5 previous bull markets in only 17 months.

BULL AND BEAR MARKETS SINCE 1928

Bull and Bear Markets Since 1928
S&P 500 Index Cycle Returns: 1928 through August 2021

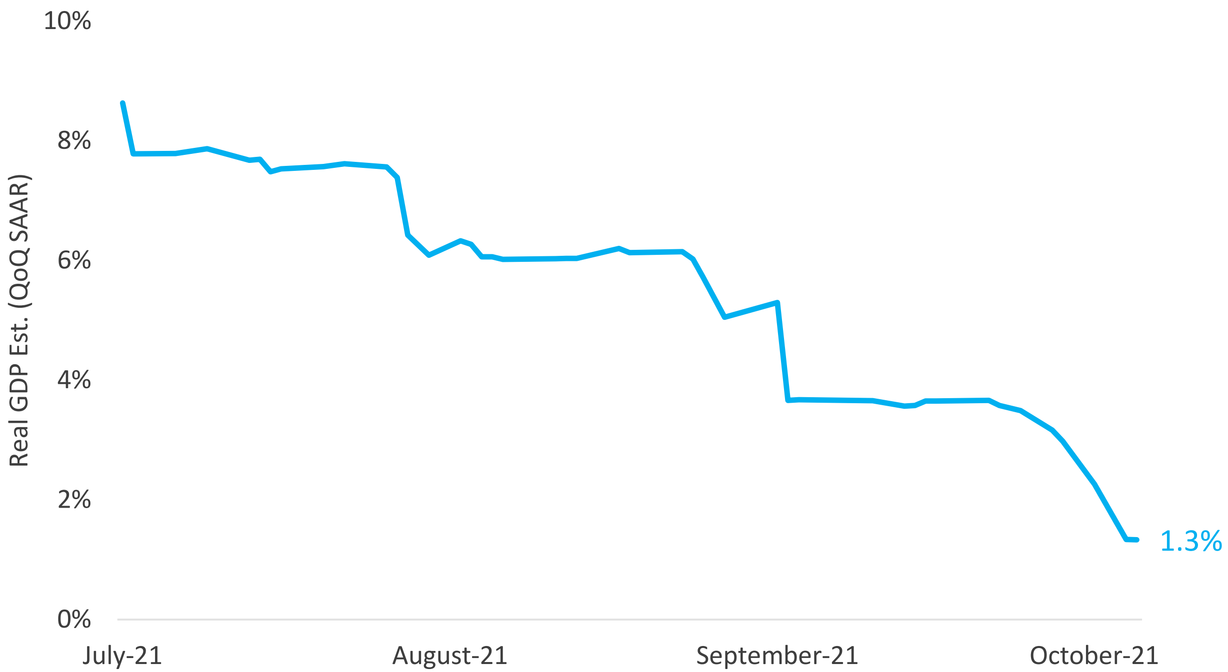


Data source: Bloomberg, L.P.

- As the Fed shifts gears to begin incrementally reducing the flow of stimulus, incoming economic data has moderated meaningfully, albeit from cyclically high levels across many economic aggregates.
- Real-time model-based gross domestic product (GDP) estimates, such as the Atlanta Fed's GDPNow™ tracker, have declined to reflect an only-slightly positive reading for the third quarter, at just a 1.3% expected growth rate based on the latest data.

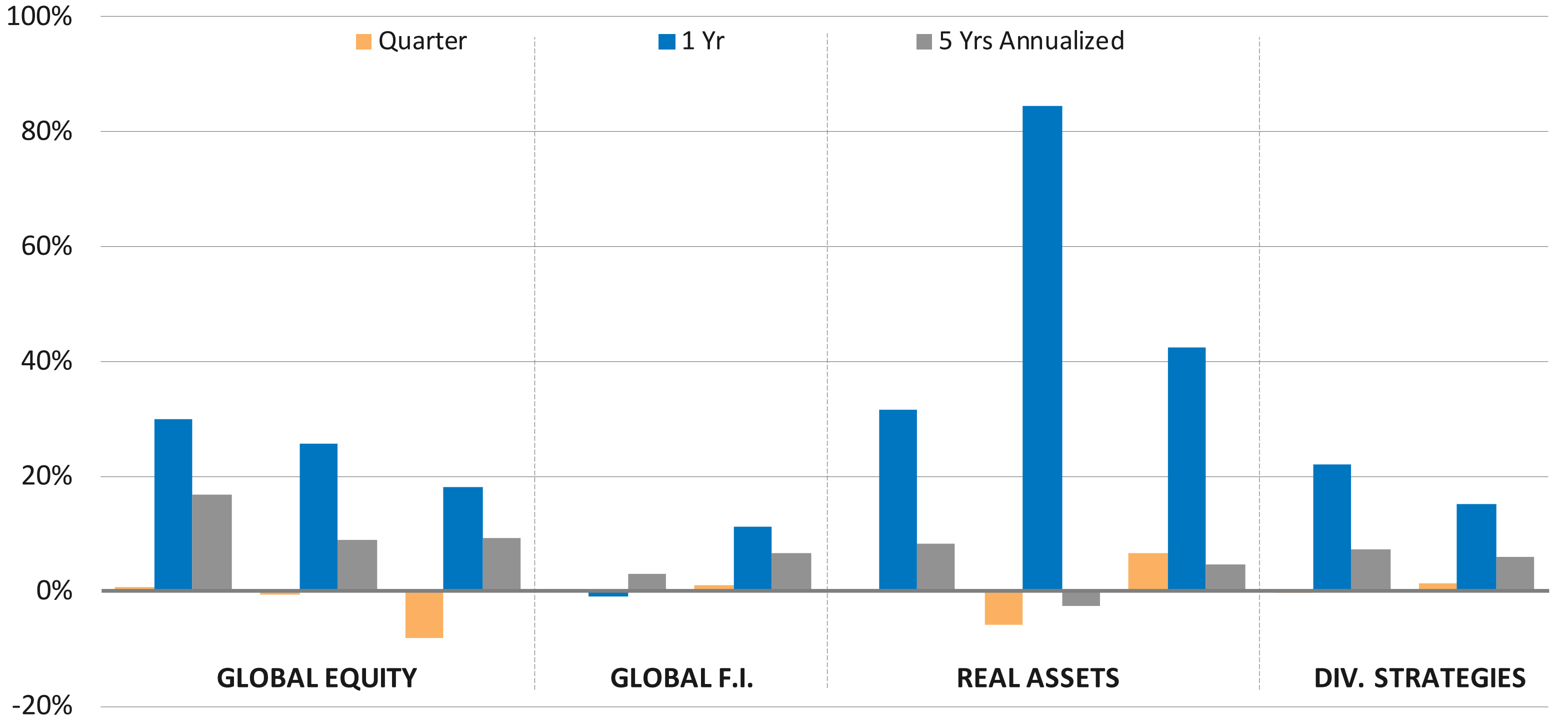
ECONOMIC GROWTH EXPECTATIONS ARE MODERATING CONSIDERABLY

Atlanta Fed GDPNow™ Estimate for 2021-3Q



Data sources: Atlanta Fed, Bloomberg, L.P.
Data as of 10/6/2021

MAJOR ASSET CLASS RETURNS

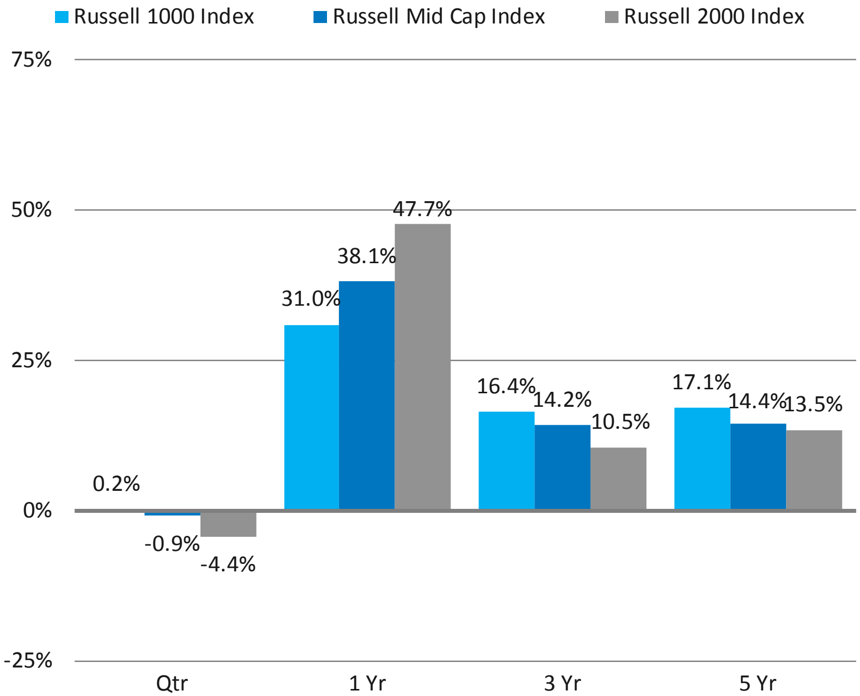


	S&P 500 Index	MSCI EAFE Index	MSCI Emerging Mkts Index	Blmbrg Barclays U.S. Agg Index	Blmbrg Barclays HY Index	FTSE NAREIT All Equity Index	Alerian MLP Index	Blmbrg Cmdty Index	HFRI Fund Wtd Comp. Index	HFRI Fund of Fund Index
Quarter	0.6%	-0.4%	-8.1%	0.1%	0.9%	0.2%	-5.7%	6.6%	0.0%	1.4%
1 Yr	30.0%	25.7%	18.2%	-0.9%	11.3%	31.5%	84.6%	42.3%	22.1%	15.0%
5 Yrs Annualized	16.9%	8.8%	9.2%	2.9%	6.5%	8.4%	-2.4%	4.5%	7.3%	5.9%

Data sources: Lipper and Hedge Fund Research, data as of 5th business day following quarter-end

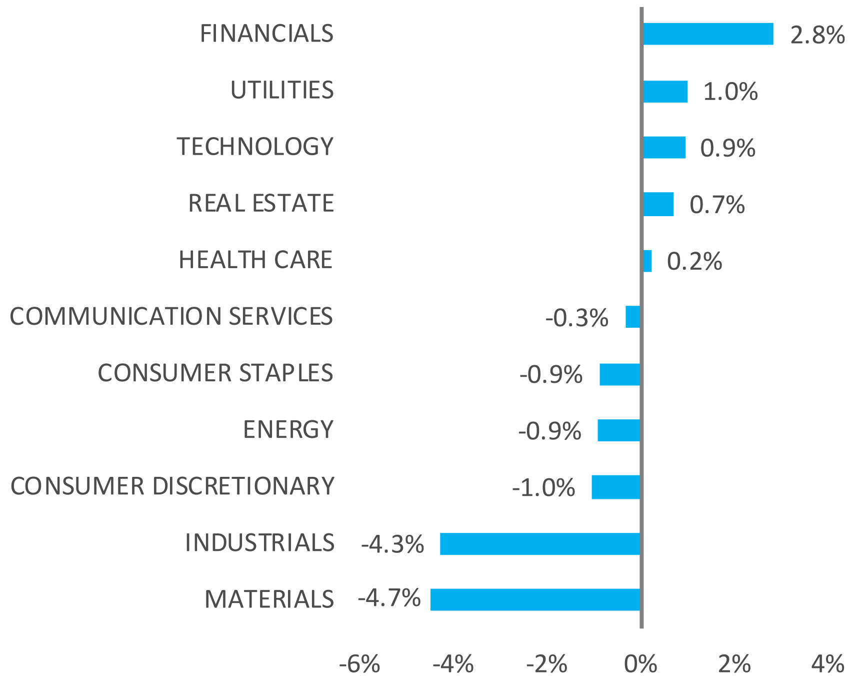
- Historically, September ranks as the worst-performing month for equity markets. September 2021 was no exception, as it was the S&P 500 Index's worst-performing month since the height of the pandemic in March 2020. Equity returns over the quarter were mixed, with September erasing much of the quarter's prior gains. Volatility was fueled by choppy incoming economic data and reduced economic growth projections with continued elevated inflation, signaling stagflation risk.
- Value equities outperformed growth equities amid September's weakness. Nearly all the outperformance occurred in September's final week of trading—following the Federal Open Market Committee's meeting on September 22—which coincided with a spike in the 10-year interest rate. However, value's last-minute strength was not enough to overcome underperformance for the quarter.

LARGE CAP, MID CAP, AND SMALL CAP



Data source: Russell

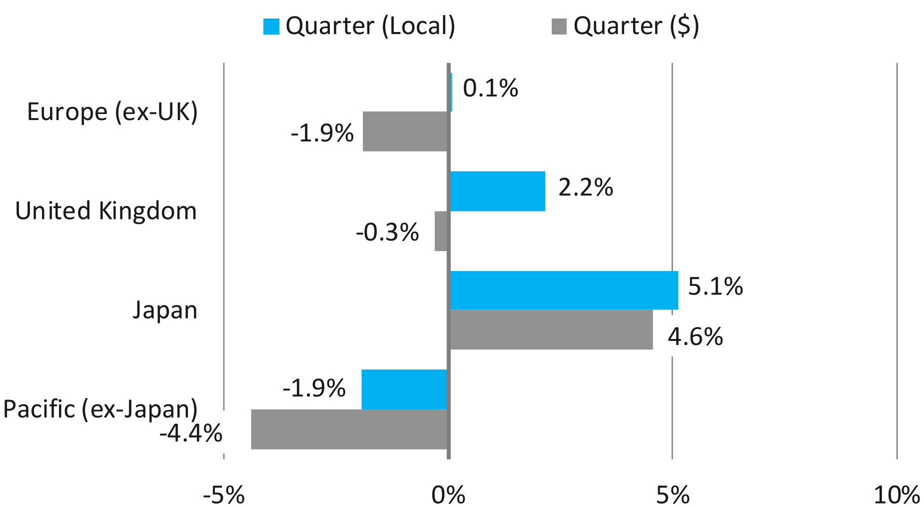
RUSSELL 3000 SECTOR PERFORMANCE



Data source: Russell

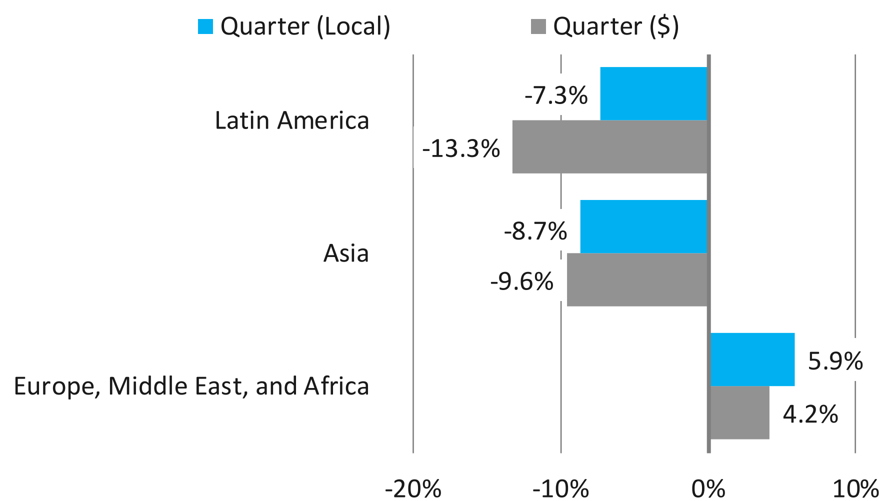
- European equities' performance was flat during the quarter. Returns were positive in the beginning of the period due in part to earnings growth and economic recovery, with vaccination rates in the euro zone exceeding 75%. However, as global markets retracted and inflation expectations surprised to the upside, equity returns declined.
- Japanese equities benefitted from strong earnings reports as companies have seen improved global demand as well as a rotation back towards more defensive and less expensive areas of the market. In the beginning of September, Japanese Prime Minister Suga announced his intention to resign. He was succeeded by Fumio Kishida of the Liberal Democratic Party, calming investor worries about significant changes in the political landscape of the country.
- Emerging market equity returns were impacted significantly by Chinese regulatory announcements and credit concerns in Chinese real estate. Brazil's market was also weak, as above-target inflation continued to rise, and the central bank responded with further interest rate hikes. Conversely, India continued to outperform relative to other emerging markets. India's strong equity performance during the second half of the year can be attributed to business resiliency following a second wave of COVID-19. Additionally, India has been the primary beneficiary of the rotation of capital away from China due to recent regulations and credit concerns in China's markets.

MSCI EAFE REGIONAL QUARTERLY RETURNS



Data source: MSCI Barra

MSCI EM REGIONAL QUARTERLY RETURNS

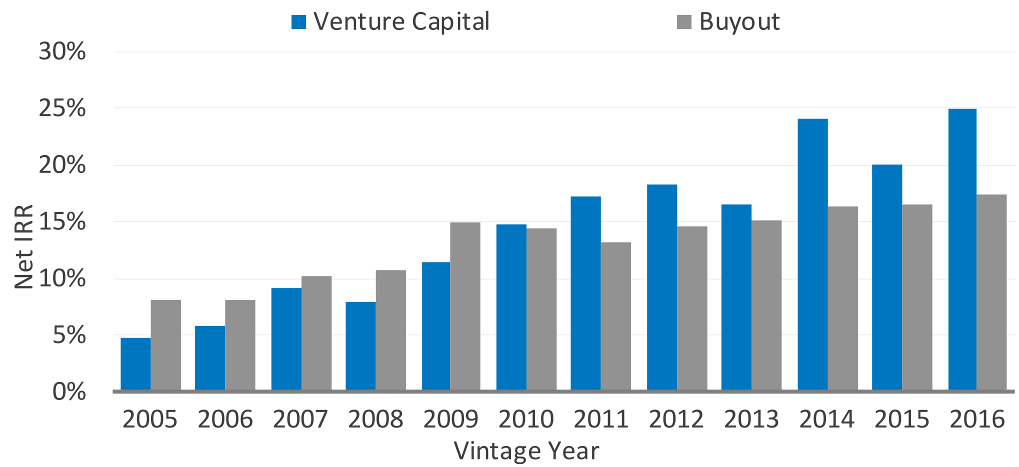


Data source: MSCI Barra

- Private equity reports performance on a lag and the latest data available are through March 31, 2021. Performance for both venture capital and buyout funds remained strong through 2020 despite COVID-19's impact on the global economy.
- Median private equity returns for both venture capital and buyout funds have generally been in the mid- to upper-teens since the 2010 vintage year with venture returns in recent years in excess of 20%.
- Median buyout fund performance was stronger than the median venture capital fund from the mid-2000s through 2009 vintage years. In the subsequent decade's vintage years, this dynamic reversed, with venture generally performing better than buyout. Recent vintages for venture capital funds benefited from a robust initial public offering (IPO) market and continued interest from investors.
- After a tepid 2020, fundraising activity for venture capital and buyout funds rebounded in 2021. Fundraising can be volatile quarter-over-quarter. If this fundraising pace continues, commitments to both venture capital and buyout funds are expected to be near recent highs.

MEDIAN VENTURE CAPITAL AND BUYOUT VINTAGE YEAR IRR

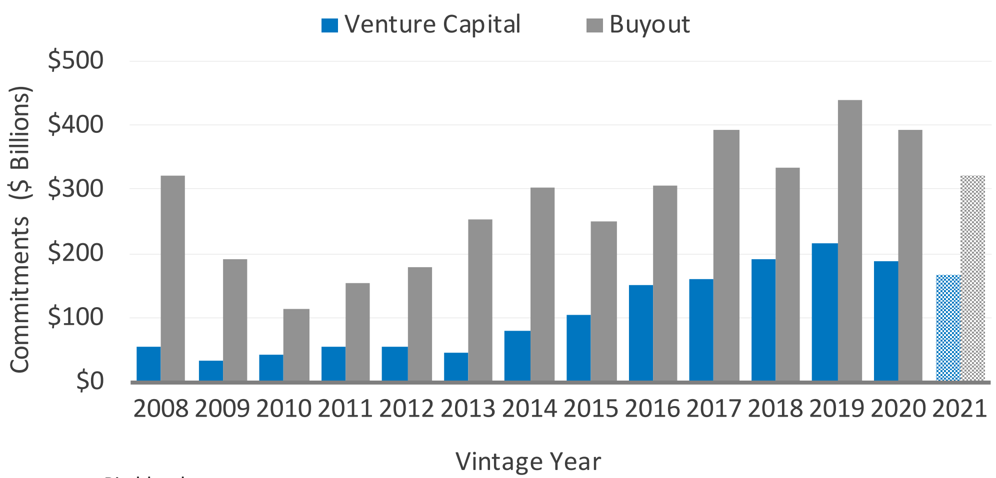
As of March 31, 2021



Data source: Thomson One; The most recent private equity return information available is through March 31, 2021

VENTURE CAPITAL AND BUYOUT FUNDRAISING ACTIVITY

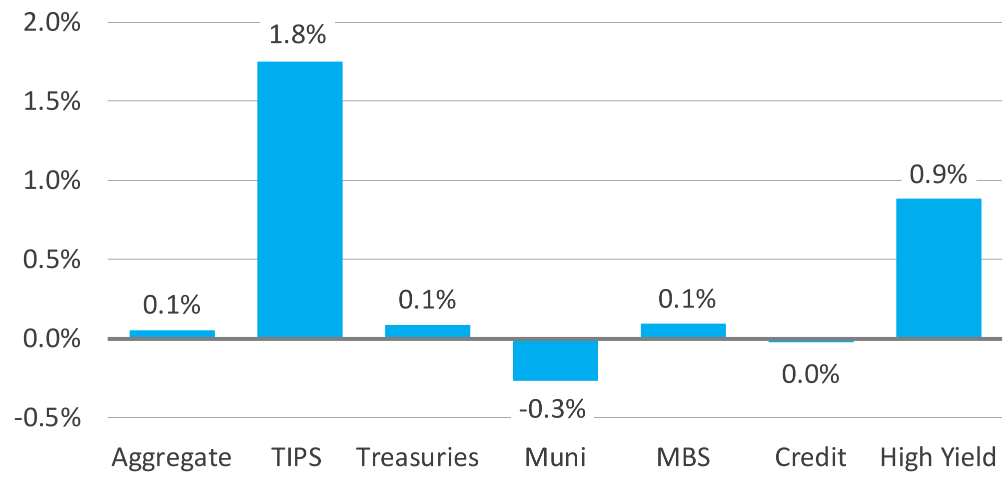
As of September 30, 2021



Data source: Pitchbook

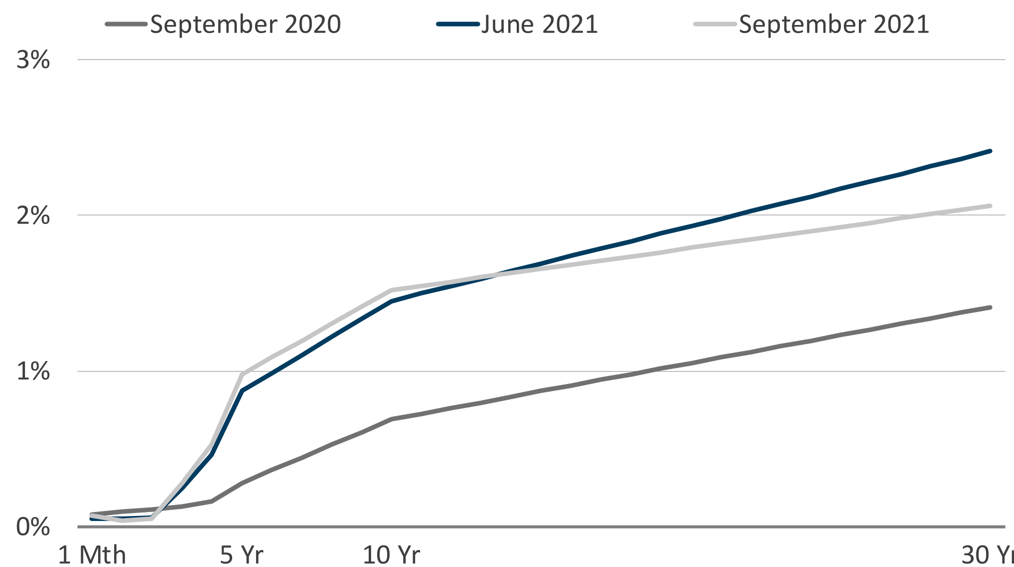
- The third quarter was characterized by interest rate volatility as opposed to directional movement.
- The 10-year U.S. Treasury yield started the quarter at 1.45% before falling 24 basis points during July as the market digested softer economic data and weakened growth expectations.
- Subsequent movements in August and September saw yields rise to 1.52% at the end of the quarter on accelerating inflation fears and further guidance from the Fed on the timeline of tapering. The result was relatively flat quarterly performance for core bonds.
- The Fed signaled that while its inflation target had been satisfied, there remained room for improvement in the labor market. The Fed's September meeting was more hawkish than anticipated, with the statement that tapering may "soon be warranted." Furthermore, Chair Powell signaled that tapering could begin as soon as November and conclude in mid-2022, while reiterating that tapering and hiking rates are independent of one another.

BLOOMBERG BARCLAYS U.S. FIXED INCOME INDEX RETURNS



Data source: Barclays

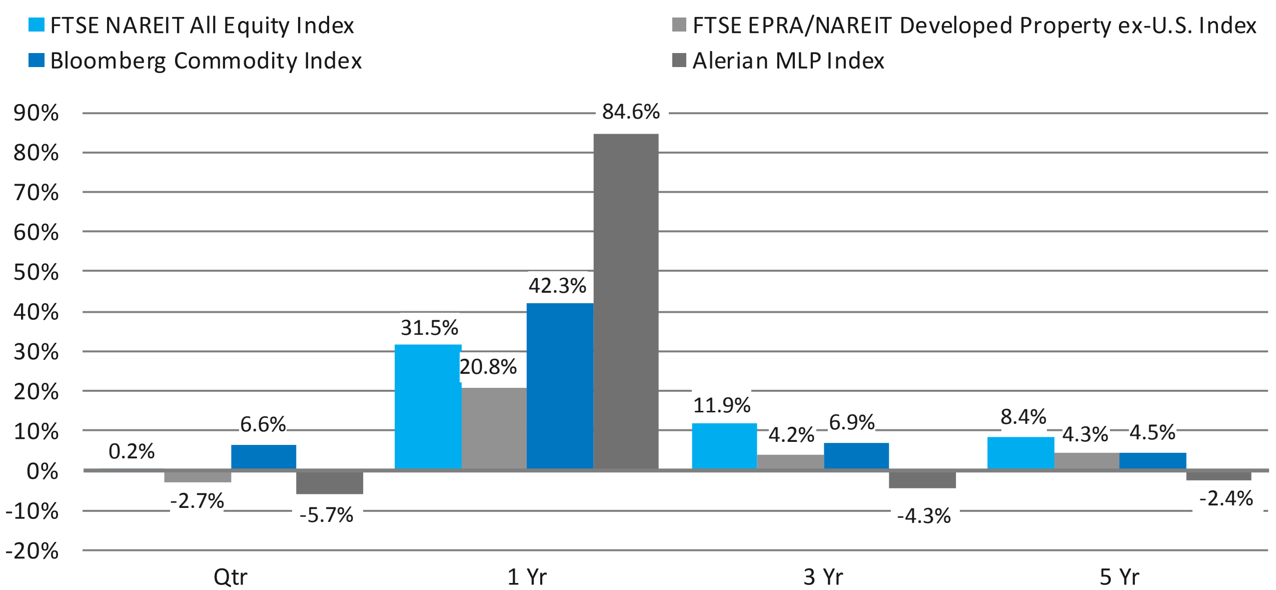
U.S. TREASURY YIELD CURVE



Data source: Bloomberg, L.P.

- After strong performance in the first half of the year, U.S. REIT returns were relatively flat during the third quarter. REIT property types that benefited from the reopening trade earlier in the year underperformed in the third quarter, with health care, lodging, and office properties all posting declines. In part, this was due to states and cities implementing restrictions to help curb the spread of the COVID-19 Delta variant. Notably, apartments, manufactured homes, and industrial properties all outperformed, as demand for housing pushed rents higher and investor appetite for industrial real estate remained strong.
- Oil prices rose 2.1%, closing at $74.35/barrel. Year-to-date, oil prices are up nearly 55% from $48.50/barrel at the end of 2020. Oil demand continues to recover following the gradual reopening of the global economy, and OPEC now projects oil demand in 2022 will average 100.8 million barrels per day, exceeding pre-pandemic levels.
- Commodity prices, as measured by the Bloomberg Commodity Index (BCOM), ended the quarter with the strongest gains across the broad real asset categories, with performance driven primarily by robust returns across energy commodities and metals.

PUBLIC REAL ASSETS – REAL ESTATE, COMMODITIES, AND MLPs

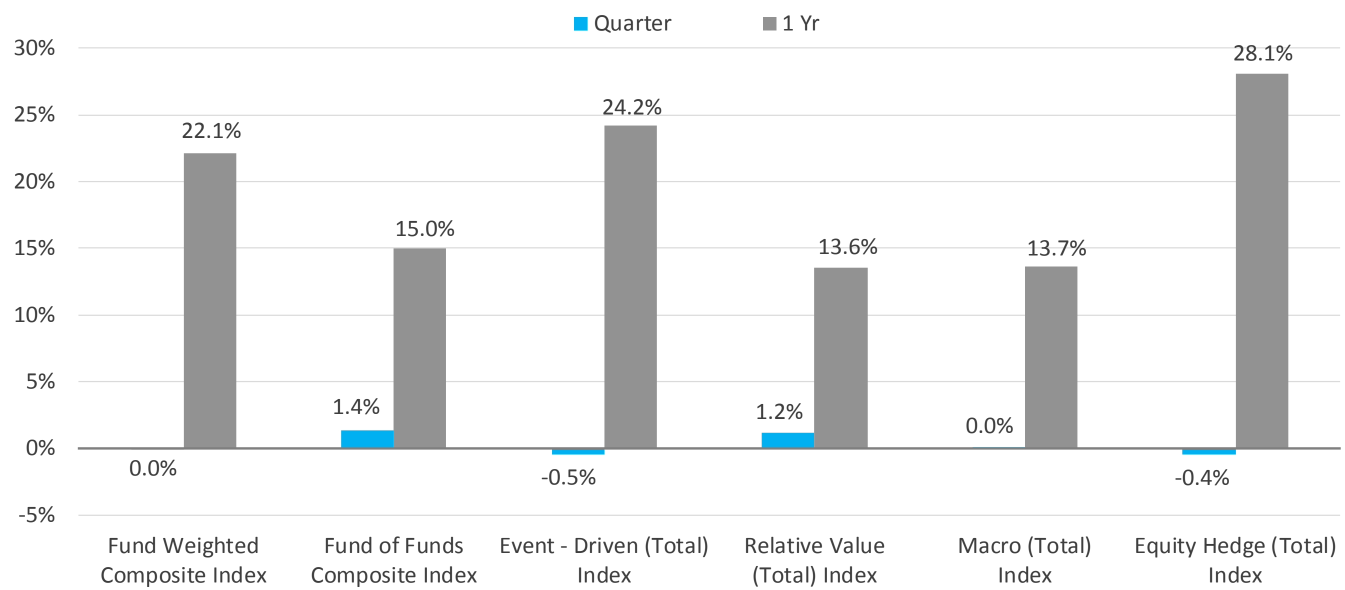


Data sources: NAREIT, Bloomberg, L.P., and Alerian

DIVERSIFYING STRATEGIES, HEDGE FUNDS

- Hedge funds protected capital well during the third quarter as traditional asset classes struggled in the face of heightened volatility. While the universe of hedge fund strategies was broadly flat for the quarter, diversified investors were rewarded in the form of positive performance across relative value and commodity strategies, as investor fears surrounding inflation, supply chain woes, and government debt ceiling debates drove volatility.
- Fixed income-based relative value strategies led performance during the quarter, as interest rates spiked on concerns surrounding inflation, the debt ceiling, and Fed tapering.
- Fund of funds also posted strong performance, as funds with broadly diversified portfolios benefitted from dislocations across asset classes and geographies.
- Event-driven and equity hedge managers struggled with performance. Hawkish messaging from the Fed served as a headwind to equity-oriented strategies.

HFRI INDICES PERFORMANCE RETURNS IN U.S. DOLLARS



Data source: HFRI

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This report is prepared for informational purposes only. It does not address specific investment objectives, or the financial situation and the particular needs of any person who may receive this report.

All shown returns greater than one year are annualized.

All data as of September 30, 2021 unless otherwise specified.

INDEX DEFINITIONS

The Alerian MLP Index is a composite of the 50 most prominent energy Master Limited Partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class.

The Bloomberg Barclays Capital Aggregate Bond Index is a benchmark index made up of the Barclays Capital 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.

The FTSE NAREIT Composite Index (NAREIT) includes only those companies that meet minimum size, liquidity and free float criteria as set forth by FTSE and is meant as a broad representation of publicly traded REIT securities in the U.S. Relevant real estate activities are defined as the ownership, disposure, and development of income-producing real estate. See www.ftse.com/Indices for more information.

The HFRI Monthly Indices (HFRI) are equally weighted performance indexes, compiled by Hedge Fund Research Inc., and are utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 37 different categories by strategy, including the HFRI Fund Weighted Composite, which accounts for over 2000 funds listed on the internal HFR Database. The HFRI Fund of Funds Composite Index is an equal weighted, net of fee, index composed of approximately 800 fund of funds which report to HFR. See www.hedgefundresearch.com for more information on index construction.

MSCI ACWI – Ex. U.S. Index is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World Index Ex-U.S. includes both developed and emerging markets.

The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

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

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

The S&P 500 Index is capitalization-weighted index of 500 stocks. The S&P 500 Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

Information on any indices mentioned can be obtained by contacting your consultant or by sending a written request to information@feg.com.