

FOURTH QUARTER 2020 MARKET SUMMARY

Amid several critical macro-related events—most notably the volatile U.S. presidential election and the Trump administration’s subsequent challenges of the results—most major corners of the market continued to display positive momentum in the final quarter of 2020, which proved to be one of the most tumultuous years in recent memory. To cushion the impact of COVID-19, global policymakers introduced unprecedented levels of stimulus, which also served to boost confidence levels and ease financial and business conditions.

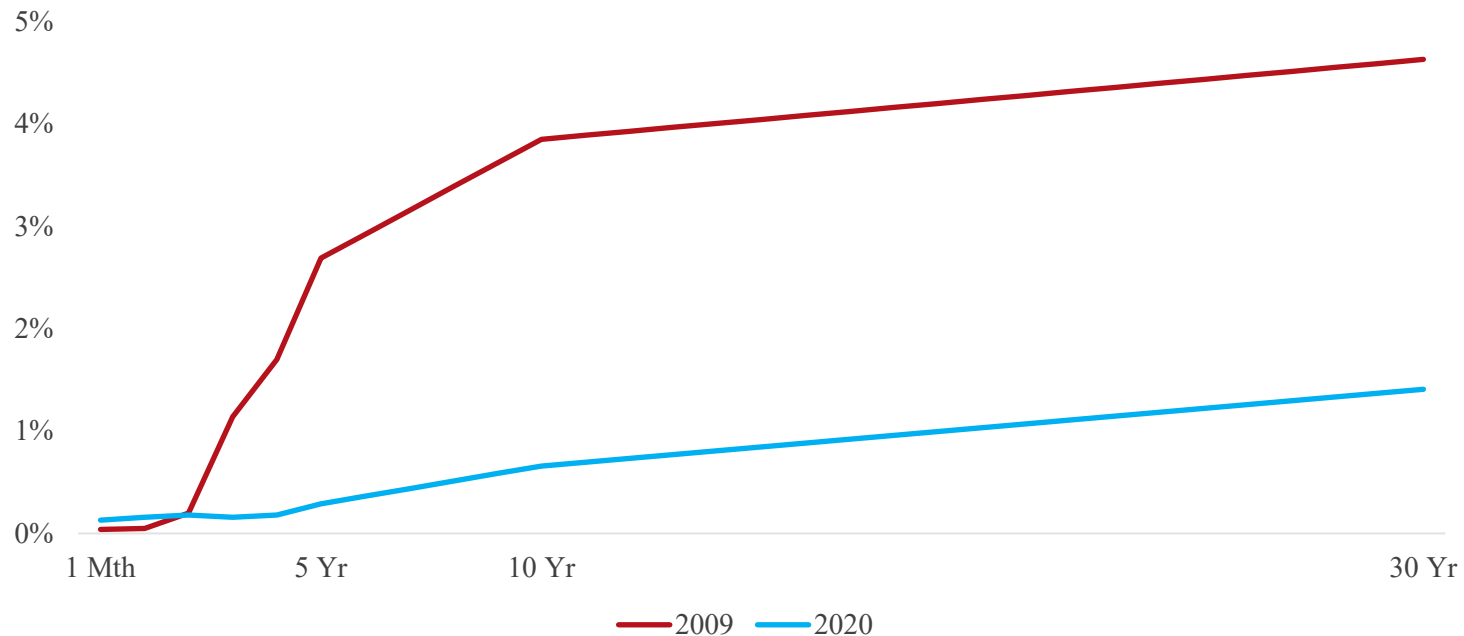
Global equities advanced significantly during the quarter, particularly among the smaller cap and value-oriented indices within domestic sectors. Emerging market equities generated a nearly 20% return, essentially matching the performance of domestic markets for the year. Both U.S. Treasuries and the U.S. dollar (USD) suffered losses during the quarter, potentially reflective of shifting preferences on behalf of asset allocators amid the prospect for rebounding economic growth and inflation. Credit markets continued to rally, sending risk premiums below historical averages. Performance across real assets was broadly positive during the quarter, particularly among energy-related sectors, however, performance throughout 2020 was generally challenged.

MARKET INSIGHTS

- For the first time in U.S. history, both short- and long-term interest rates are entering a recovery well inside of 2%.
- Unlike the last recovery, long rates have little room for substantial declines. This means duration exposure provides upside in a deflationary environment, while low yields reduce the benefits of holding duration risk – i.e. negative returns should inflation pressures rise.

THE YIELD CURVE IS IN A DIFFERENT POSITION FOR THIS RECOVERY

U.S. Treasury Yield Curve, December 2009 versus December 2020



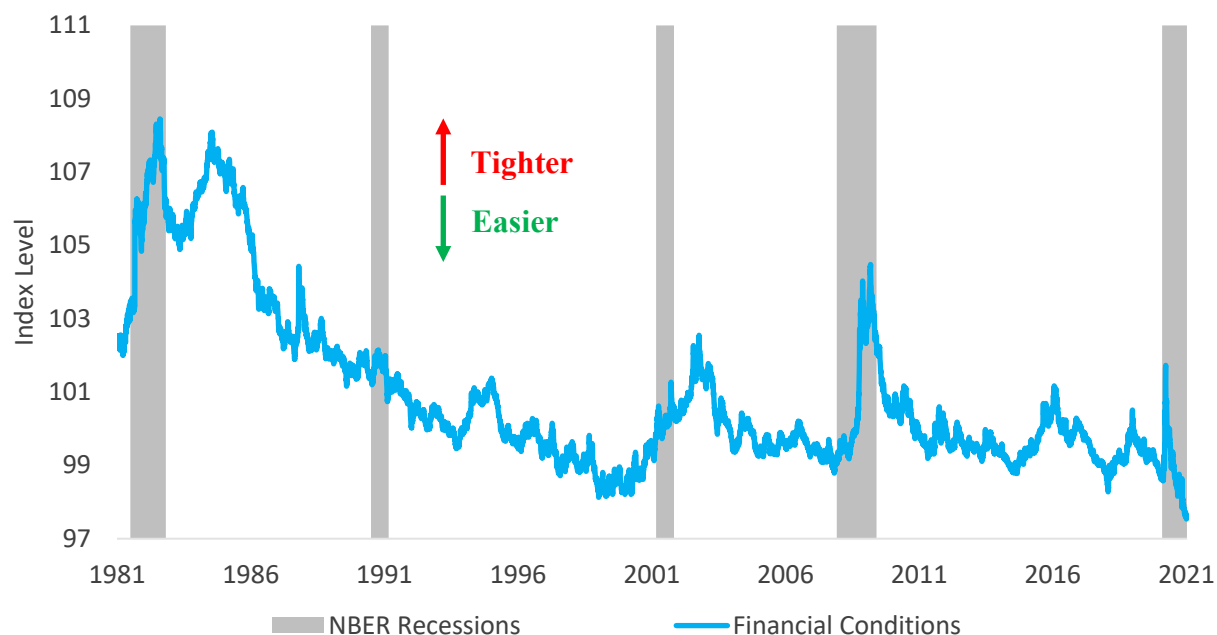
Data source: Bloomberg, L.P.

ECONOMIC INSIGHTS

- A dominant theme throughout 2020 was policymakers attempting to reverse the growth headwinds and disinflationary forces presented by COVID-19 through the introduction of unprecedented levels of monetary and fiscal stimulus. These initiatives helped to tighten credit risk premiums, drive price—and many valuation—levels to record highs across various major global equity markets, boost consumer and business confidence, and ease overall financial and business conditions.
- The Goldman Sachs U.S. Financial Conditions Index, which utilizes inputs such as high-quality interest rates, exchange rates, credit spreads, and equity valuations, sank to the lowest level on record on the last day of the year.

STIMULUS LEADS TO THE LOOSEST FINANCIAL CONDITIONS IN 40 YEARS

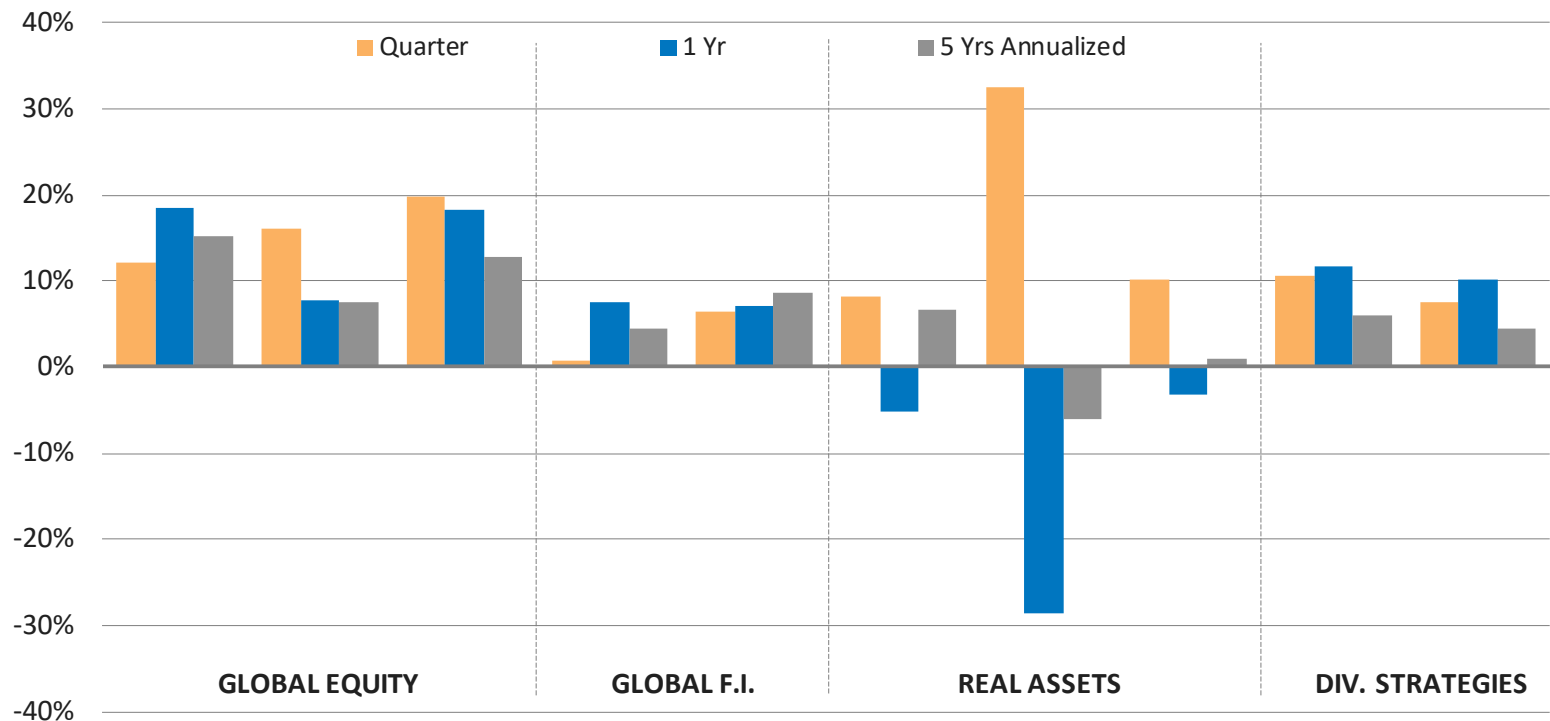
Goldman Sachs U.S. Financial Conditions Index



Data sources: Goldman Sachs, Bloomberg, L.P.; Data as of 1/7/2021

MARKET RETURNS

MAJOR ASSET CLASS RETURNS



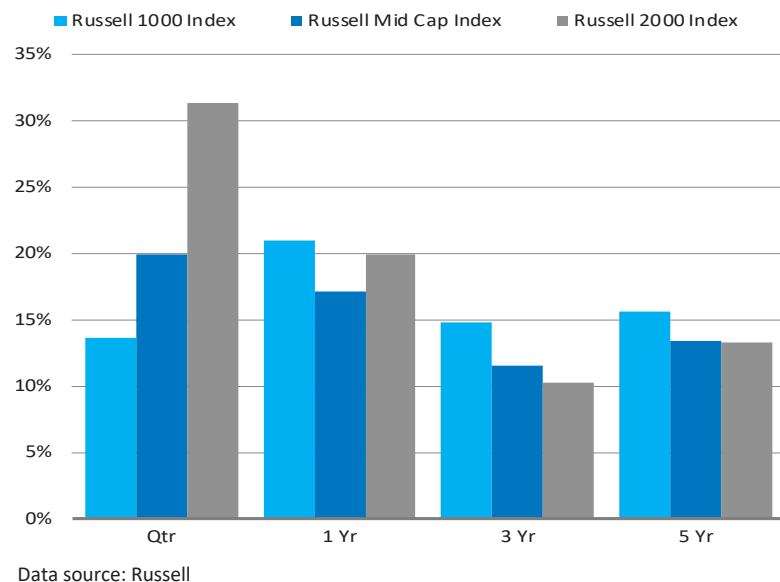
	S&P 500 Index	MSCI EAFE Index	MSCI Emerging Mkts Index	Blmbrg Barclays U.S. Agg Index	Blmbrg Barclays HY Index	FTSE NAREIT All Equity Index	Alerian MLP Index	Blmbrg Cmdty Index	HFRI Fund Wtd Comp. Index	HFRI Fund of Fund Index
Quarter	12.1%	16.0%	19.7%	0.7%	6.5%	8.1%	32.4%	10.2%	10.7%	7.5%
1 Yr	18.4%	7.8%	18.3%	7.5%	7.1%	-5.1%	-28.7%	-3.1%	11.6%	10.3%
5 Yrs Annualized	15.2%	7.4%	12.8%	4.4%	8.6%	6.7%	-5.9%	1.0%	6.1%	4.4%

Data sources: Lipper and HedgeFund Research

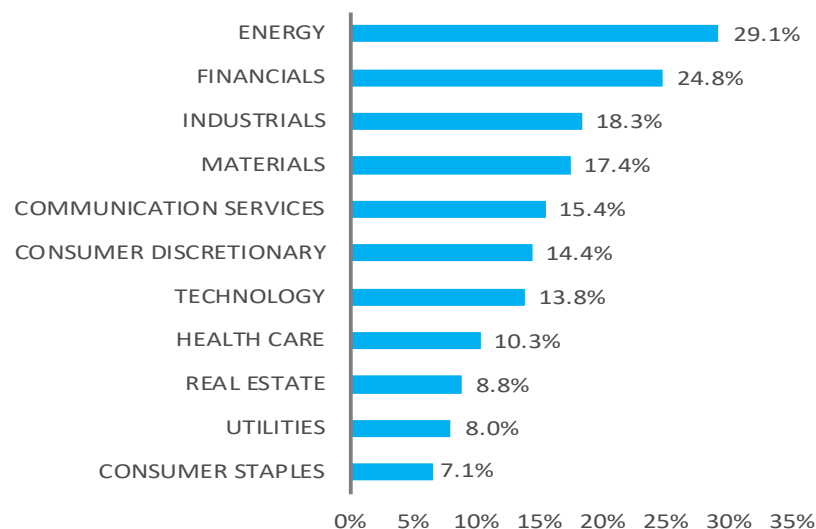
GLOBAL EQUITY, U.S.

- Global equity markets ended the fourth quarter on a positive note as vaccine distributions, coupled with finalized U.S. elections, boosted markets. The U.S. and emerging markets set record highs aided by rallies within cyclical and traditional value sectors. The S&P 500 returned 18.4% for the year, driven predominately by increasing valuation multiples. The forward-looking equity market rebounded well ahead of the economy, with the S&P 500 soaring nearly 70% from its March lows. Economic fundamentals, however, remain challenged to start 2021.
- Sectors such as energy, financials, and industrials had the strongest positive reactions to the news of vaccine approvals, a modest increase in rates, and the recently announced \$900 billion stimulus package. All 11 sectors in the Russell 3000 Index posted positive returns for the quarter.
- Additionally, small caps rallied on vaccine news, gaining 31.4% to record their best quarter in the history of the Russell 2000 Index. Despite the rally, large cap stocks still modestly outperformed small cap stocks for the full year. Small cap stocks were not alone in their outperformance, value stocks recorded their strongest quarter since 2009.

LARGE CAP, MID CAP, AND SMALL CAP



RUSSELL 3000 SECTOR PERFORMANCE

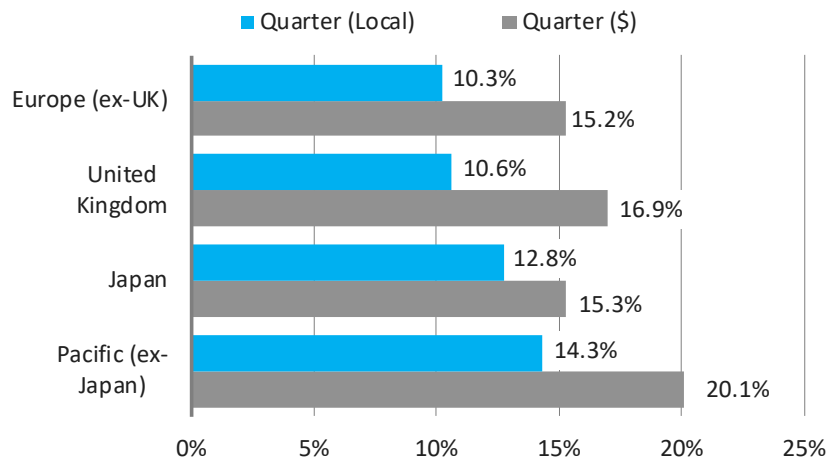


Data source: Russell

GLOBAL EQUITY, NON-U.S.

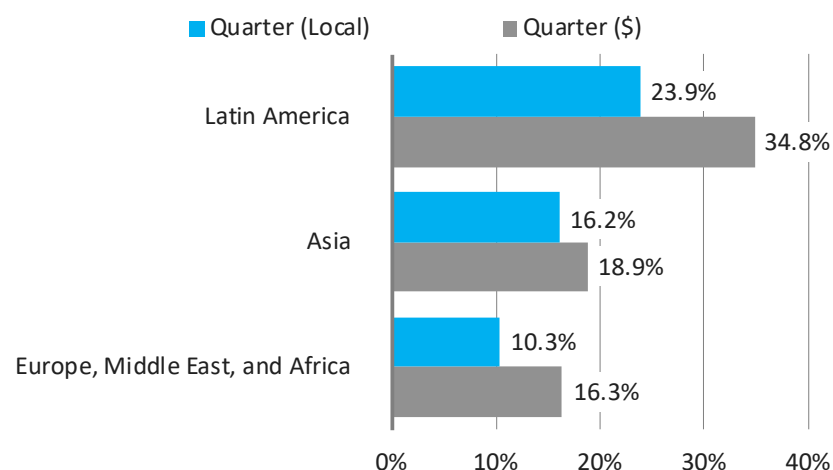
- Equities in the UK and Europe posted strong returns over the quarter, driven in part by the long-awaited finalization of the Brexit trade deal agreement. The European Union successfully approved a EUR 1.8 trillion financial support package, helping bolster optimism in the region for continued policy support.
- In emerging markets, the strong rally was led by Brazil, South Korea, and India. Asian equity markets witnessed strong investor inflows of nearly \$26.8 billion during the fourth quarter, supporting the market rally. The returns in Chinese equities were also positive; however, anti-trust investigations and heightened tensions between the U.S. and China, as the deadline for the delisting of some Chinese companies on U.S. stock exchanges loomed closer, dampened investor sentiment in China.
- The surge in commodity prices and a weaker U.S. dollar helped emerging markets equities outperform the U.S. and other regions during the quarter. The authorization of the AstraZeneca vaccine was an important development for emerging markets due to the vaccine's cheaper price and ease of storage compared to Pfizer's and Moderna's vaccines.

MSCI EAFE REGIONAL QUARTERLY RETURNS



Data source: MSCI Barra

MSCI EM REGIONAL QUARTERLY RETURNS



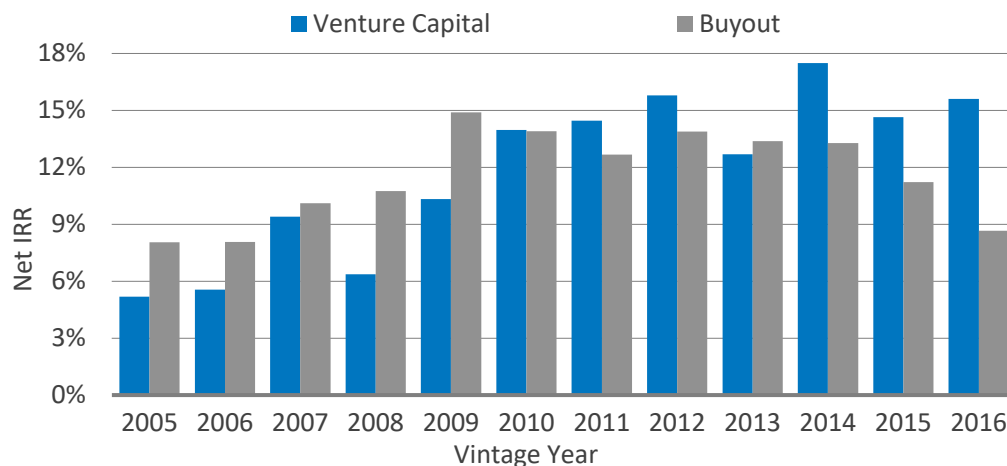
Data source: MSCI Barra

GLOBAL EQUITY, PRIVATE

- Private equity reports performance on a lag and the latest performance is available through June 30, 2020. The second quarter was a time of significant volatility in both the financial markets and the economy, as society adjusted to COVID-19.
- Median private equity returns for both venture capital and buyout funds have generally been in the low- to mid-teens since the 2010 vintage years. Buyout funds outperformed during the 2000s, while median venture funds from the following decade's vintage years have generally performed better than buyout.
- Commitments to private equity funds were off to a strong start in the first quarter, though were mixed through the end of the year. Venture fundraising exceeded 2019's level, while fundraising for buyout funds dropped.
- After a slow start to the year, venture-backed initial-public-offerings rose in the second half of 2020, with the active life science sector playing an integral role.

MEDIAN VENTURE CAPITAL AND BUYOUT VINTAGE YEAR IRR

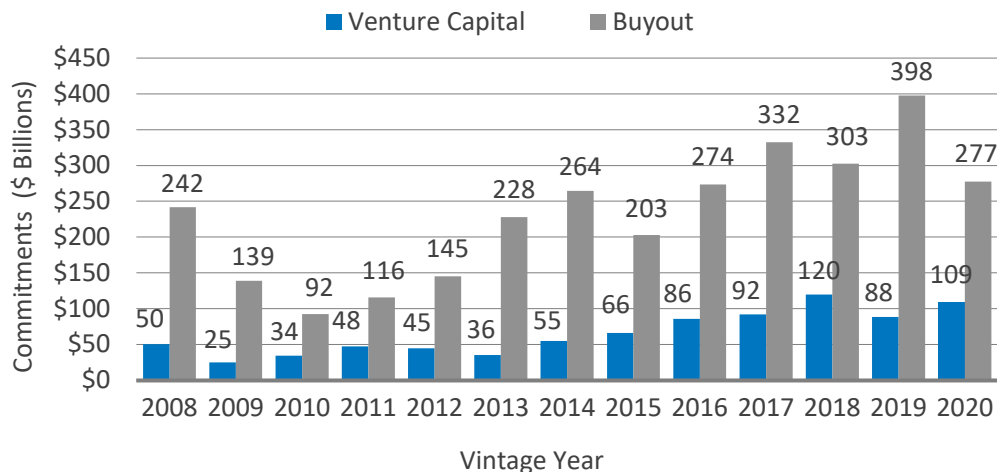
As of June 30, 2020



Data source: Pitchbook; The most recent private equity return information available is through June 30, 2020

VENTURE CAPITAL AND BUYOUT FUNDRAISING ACTIVITY

As of December 31, 2020

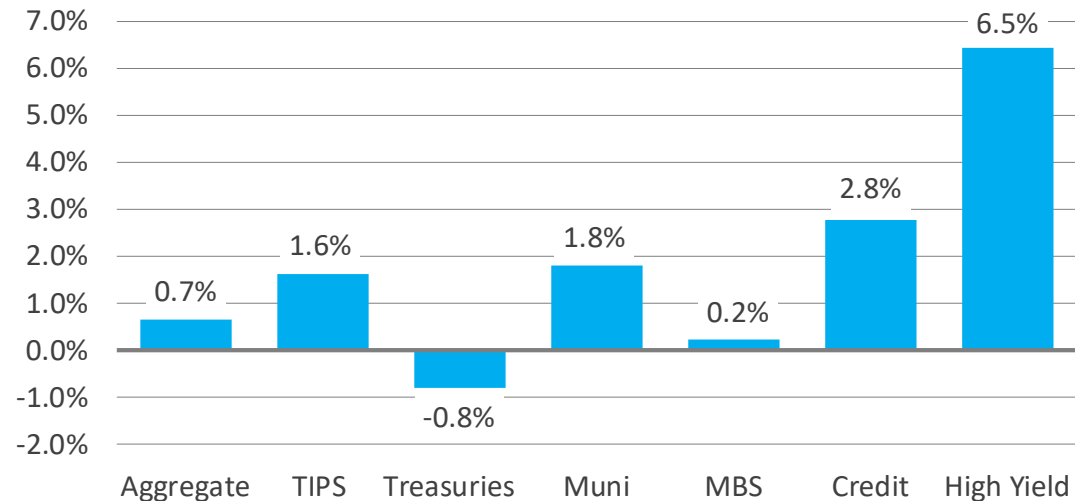


Data source: Pitchbook

GLOBAL FIXED INCOME

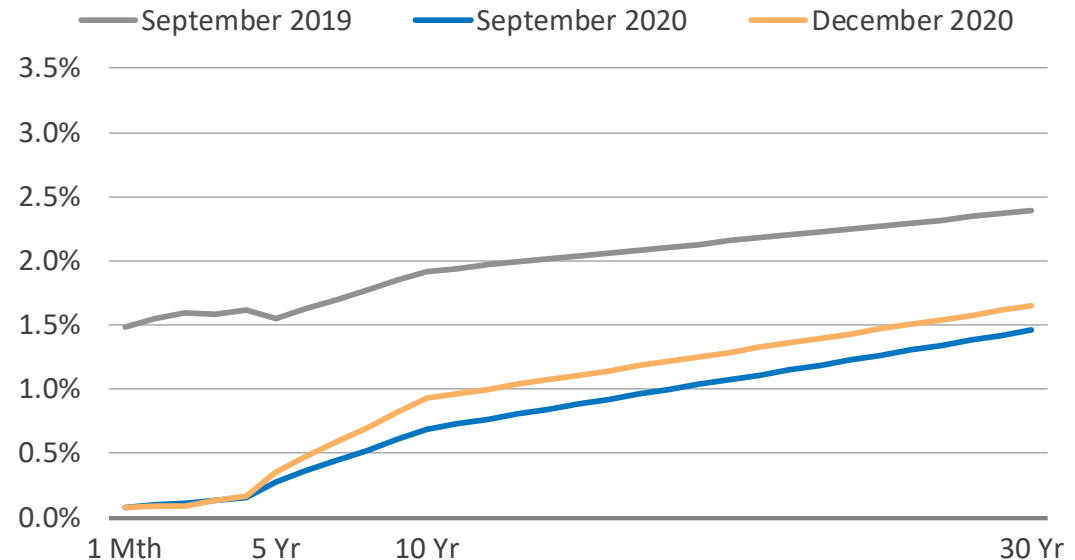
- Long-term U.S. interest rates rose during fourth quarter, as expectations for growth continued to recover following the resolution of U.S. elections and approval of the first COVID-19 vaccine.
- TIPS outperformed nominal Treasuries as breakeven inflation rates rose to their highest level since 2018. The Federal Reserve (Fed) stated willingness to let inflation run above its 2% target. The Fed's intentions, combined with stimulus and an improving economic outlook, have led to increased market expectations for inflation. Notably, market-based estimates of inflation expectations are materially higher than model-based inflation expectations published by the Fed.
- Despite rising government rates, strong risk-on sentiment caused nominal yields in most spread sectors to decline, as the decline in credit spreads outpaced the rise in Treasury yields for most sectors. The year-end rally in credit was led by sectors directly affected by the pandemic, such as high-yield energy issuers and subordinated tranches in commercial mortgage-backed securities.

BLOOMBERG BARCLAYS U.S. FIXED INCOME INDEX RETURNS



Data source: Barclays

U.S. TREASURY YIELD CURVE

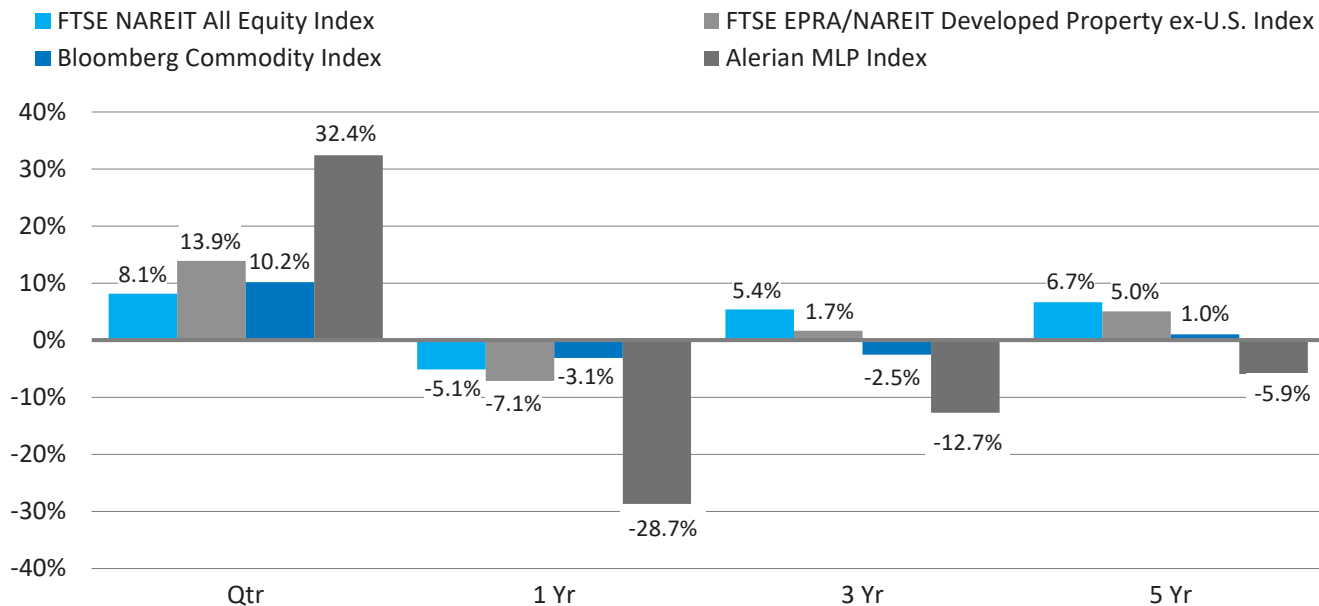


Data source: Bloomberg, L.P.

REAL ASSETS

- REITs showed signs of improvement over the quarter, with large uplifts in both retail and lodging, as positive COVID-19 vaccine news provided a tailwind to performance. As COVID-19 concerns and uncertainty continue, sectors that support the digital economy, such as data centers and industrials, have witnessed the best performance throughout 2020.
- Daily WTI oil spot prices averaged ~\$42 per barrel in the fourth quarter and have fluctuated within a fairly narrow band of about \$38-\$48 since June 2020. While that is a significant rise from the multiyear low seen in April, uncertainty remains in the market. Global oil demand has recovered to approximately 96 million barrels per day, nearing the 100 million per day pre-COVID-19 levels and aiding price stabilization.
- Master limited partnerships (MLPs), as measured by the Alerian MLP Total Return Index, posted sizeable increases as the industry repositioned for increased post-vaccine demand for energy.

PUBLIC REAL ASSETS – REAL ESTATE, COMMODITIES, AND MLPs

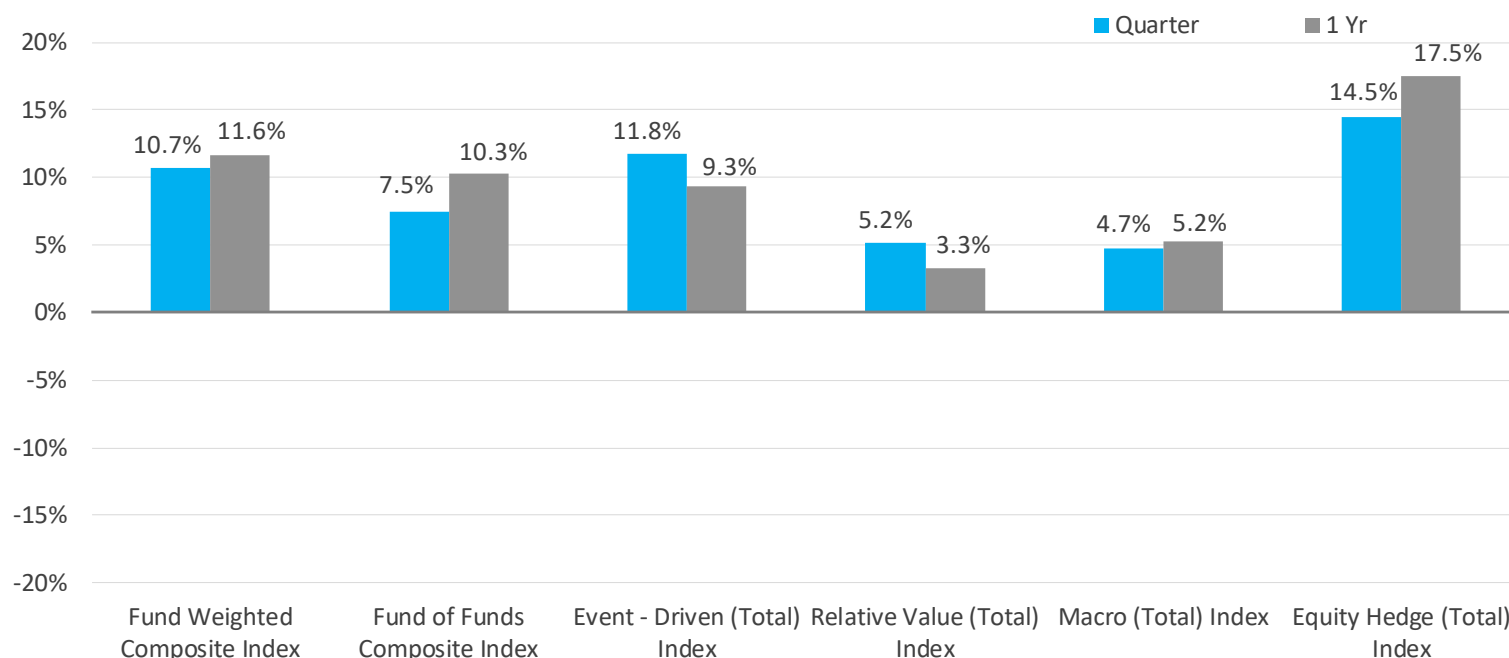


Data sources: NAREIT, Bloomberg, L.P., and Alerian

DIVERSIFYING STRATEGIES, HEDGE FUNDS

- Hedge funds broadly produced strong gains for the fourth quarter, with a double-digit increase in returns. Performance was spread across strategies, including equity hedge, event-driven, relative value, and global macro.
- Equity hedge was the best performer for the quarter, led by sector-dedicated strategies in energy, technology, and health care. Quantitative equity strategies also generated robust performance during the quarter.
- Trend following managers ended the year with a large upswing led by trends in commodities, equities, and currencies. Discretionary macro strategies were also able to exploit market volatility to end 2020 with a strong quarter.

HFRI INDICES PERFORMANCE RETURNS IN U.S. DOLLARS



Data source: HFRI

DISCLOSURES

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Past performance is not indicative of future results.

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 December 31, 2020 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, disposal, 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.