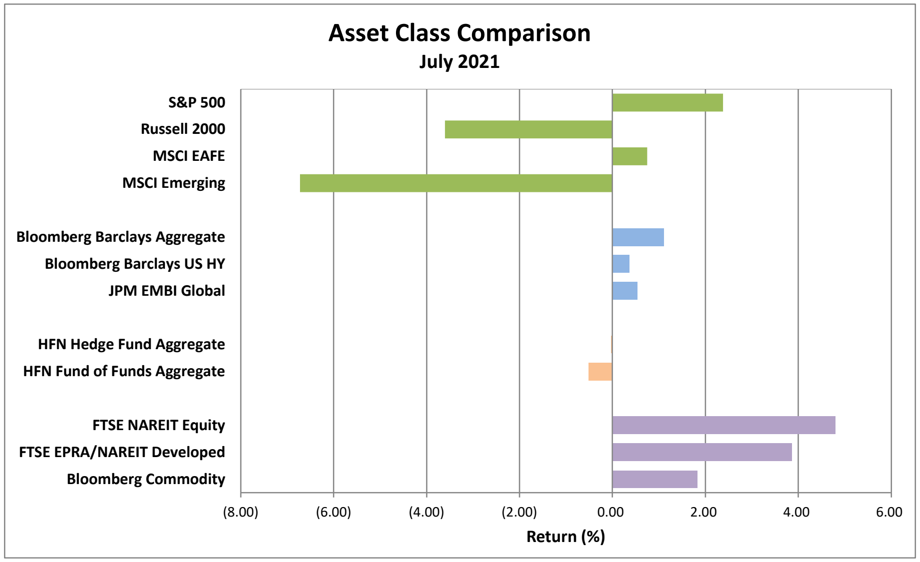
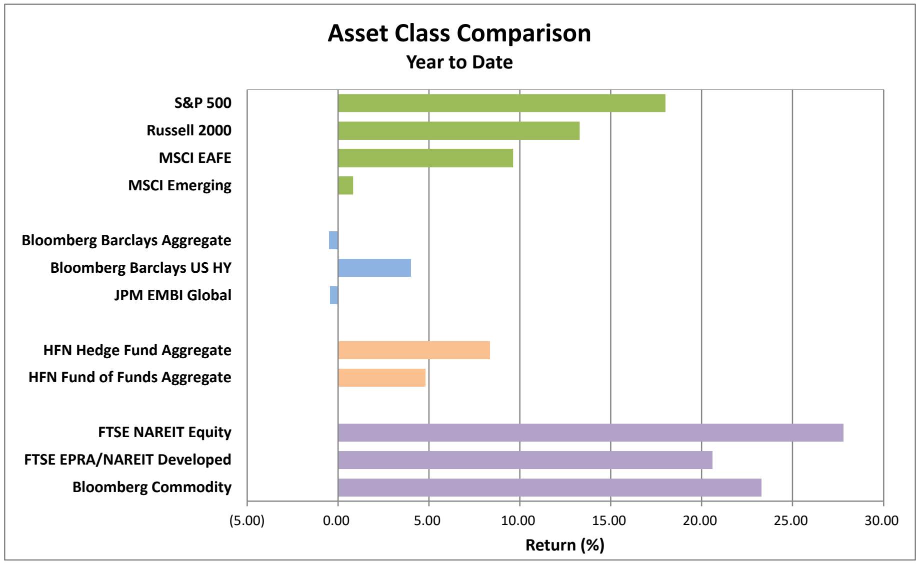




Market Overview

- Despite ongoing uncertainty due to the Delta COVID-19 variant, elevated inflation readings and a sharp pullback in Chinese shares due to increased regulatory scrutiny, large cap growth stocks moved higher globally as lower bond yields and the ongoing commitment from policy makers to maintain accommodative monetary policy kept investor demand elevated. Within the U.S., both the S&P 500 and the NASDAQ Composite achieved all time highs, while small cap stocks experienced their first monthly decline since September 2020 as energy and bank stocks struggled.

- The Delta-variant of COVID was in focus during the month as case loads increased, especially in regions of the U.S. and the world with lower vaccination rates. While much of the world has moved out of lockdowns, a state of emergency was extended in Japan as COVID cases hit their highest level since the start of the pandemic. Markets held up well despite these increases as severe cases requiring hospitalization, and ultimately fatalities, are not expected to revisit the levels witnessed during the initial surge of the virus in 2020.

- Initial 2nd quarter economic growth readings were quite positive, with GDP in the U.S. hitting 6.5%, China reporting a 5.5% increase and Europe topping estimates with a 2% expansion. Europe's recovery has lagged as various markets have remained in some form of lockdown protocol in response to fluctuating COVID case counts and lower vaccination levels. Another boost to sentiment came from 2nd quarter corporate earnings, which saw huge increases over the prior period. Although the year-over-year comparison was an easy comparable given last year represented the height of the COVID-19 related shutdowns, many companies saw earnings surpass pre-COVID levels. In addition, many believe the earnings should have been even better as supply shortages across numerous industries dampened reported results. As a result of these shortages, though, inflation readings may continue to tick upward as companies look to pass along sizable cost increases, including a 7.3% jump in producer prices for the year ending June.

- Chinese stocks struggled in July as regulators moved to implement certain controls over companies operating in that market, including a newly announced ban on private tutoring companies from going public or making a profit. This action follows on prior scrutiny on the practices at internet and other technology companies, which has resulted in weakness in these shares since February and an overall decline in the stock index of just over 30% since that time.

Equity Markets

U.S. large cap stocks finished July in positive territory, boosted by solid results among technology stocks, while small caps suffered their first decline of the year. The S&P 500 index gained 2.4%, while small caps, represented by the Russell 2000 index, were lower by 3.6%. Among large caps, healthcare (+4.9%) shares were the month's best gainers, while real estate (+4.6%) and utilities (+4.3%) also performed well. The energy (-8.3%) and financial (-0.4%) sectors were the only segments to finish with negative returns, as oil prices stalled and lower bond yields were negative for banks. Outside the U.S., the MSCI EAFE index of developed equity markets underperformed the U.S. in July with a 0.8% gain in U.S. dollar terms, with weakness in the dollar adding to a gain of 0.4% in local currency terms. European markets were a solid performer for the month as many markets gained traction with reopening initiatives. Economic growth came in ahead of expectations, while monetary policy from the ECB is likely to remain accommodative for an extended period. The MSCI Emerging Markets index (-6.7%) was the notable laggard within equity markets as weakness across many of the largest markets, including China (-13.8%), Brazil (-6.1%) and Korea (-5.6%), accounted for the bulk of the decline.

Fixed Income Markets

U.S. Treasury yields moved lower for the fourth consecutive month as demand for U.S. Treasuries remained solid. Despite lingering concerns of elevated inflation above Fed targets, the Fed has continued to indicate that policy adjustments, starting with tapering of bond purchases, would be gradual and well telegraphed. As a result, the yield on the 10-year Treasury finished the month lower by 22 bps at a yield of 1.23%. Meanwhile, the yield on the 2-year Treasury, which had jumped 11 bps in June, ended 7 bps lower at 18 bps. The Bloomberg Barclays Aggregate index finished the month with a gain of 1.1%, cutting the loss for the year to just 0.5%. Investment grade corporate bonds benefited from continued buying activity as demand for yield continued to be strong, although spreads to comparable-duration Treasuries did widen by 6 bps. Bank loans underperformed in July as the decline in yields, coupled with the outlook for delayed policy changes from the Fed, hurt these predominantly floating rate instruments.

Alternative Strategies

The HFN Hedge Fund Aggregate index (-0.03%) produced its first losing month of the year, leaving the index up 8.4% on the year. While less directional strategies such as market neutral equity and convertible arbitrage posted gains for the month, it was weakness from event driven and distressed managers that resulted in the month's overall decline.

Developed Market Returns (%)

	Month	Year to Date
S&P 500	2.38	18.00
Russell 2000	(3.61)	13.29
MSCI EAFE ($)	0.75	9.63
MSCI Europe ($)	1.85	13.86
MSCI UK ($)	0.91	13.54
MSCI Japan ($)	(1.27)	(0.00)
MSCI Pacific ex Japan ($)	(1.49)	7.96

Source: eVestment Alliance, MSCI, S&P, Russell

Emerging Market Returns (%)

	Month	Year to Date
MSCI EM ($)	(6.73)	0.22
MSCI EM Asia ($)	(8.05)	(2.40)
MSCI EM EMEA ($)	0.04	16.10
MSCI EM Latin America ($)	(4.07)	4.45

Source: eVestment Alliance, MSCI

U.S. Fixed Income Returns (%)

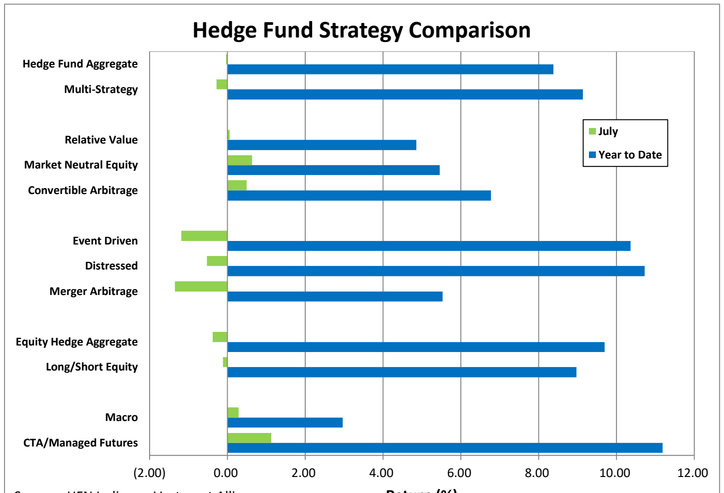
	Month	Year to Date
Bloomberg Barclays Aggregate	1.12	(0.50)
Bloomberg Barclays Government	1.34	(1.20)
Bloomberg Barclays U.S. TIPS	2.67	4.44
Bloomberg Barclays U.S. Inv. Grade Corp	1.37	0.09
Bloomberg Barclays U.S. Mort. Backed	0.63	(0.15)
Bloomberg Barclays U.S. High Yield	0.38	4.02
Credit Suisse Leveraged Loan	0.00	3.49

Source: eVestment Alliance, Bloomberg Barclays, Credit Suisse

Non-U.S. Fixed Income Returns (%)

	Month	Year to Date
FTSE Non-U.S. WGBI Hedged	1.64	(0.71)
FTSE Non-U.S. WGBI Unhedged	1.84	(4.17)
JP Morgan EMBI Global	0.54	(0.46)

Source: eVestment Alliance, FTSE, JP Morgan



Source: HFN Indices, eVestment Alliance