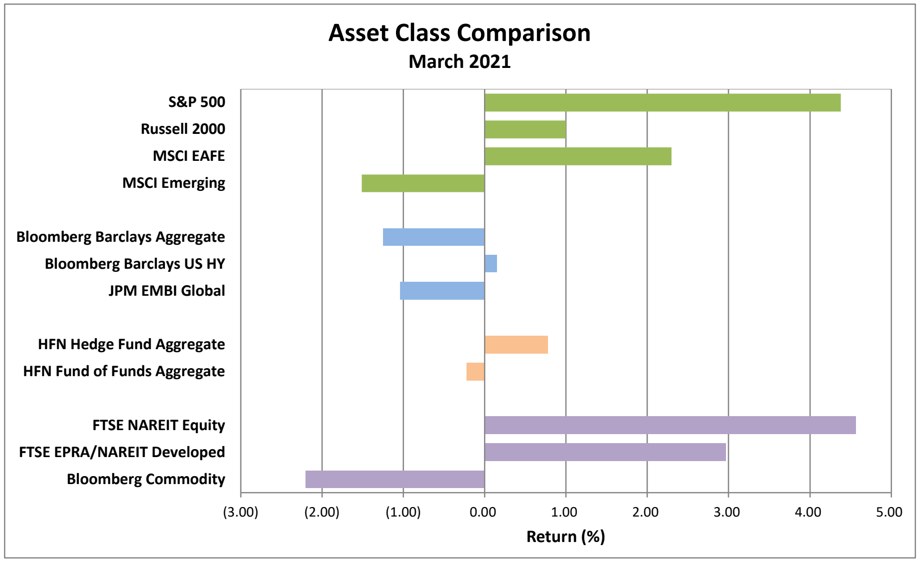

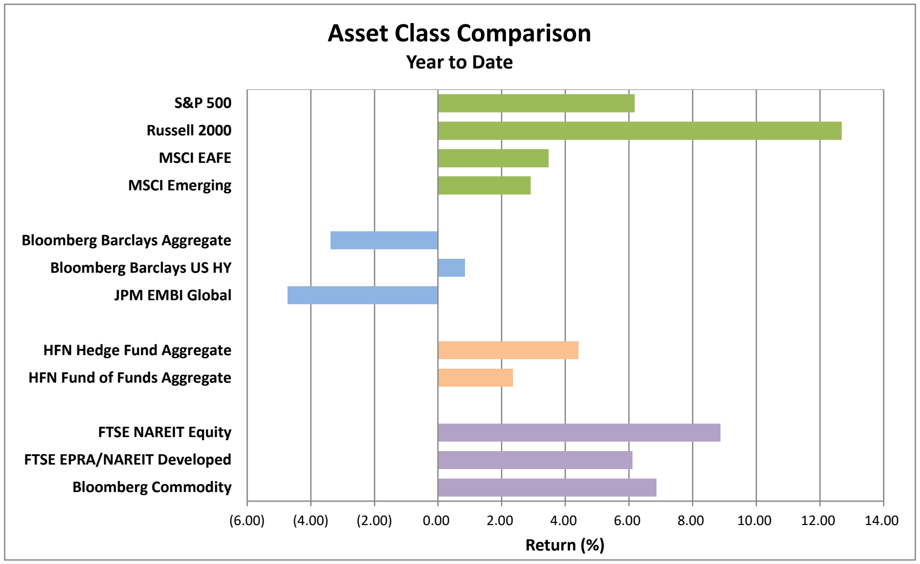

Market Overview

- The steady progression toward widespread vaccinations helped investors push equity markets higher during the period as the likelihood of more robust economic activity globally improves. Data across markets suggests that economies have already witnessed an uptick in activity, with the expectation for robust growth measures across most markets in 2021. In general, the U.S. and China appear to be among the furthest along in their return to pre-pandemic levels, with China expected to further benefit from the steady improvement in the U.S. and the associated rise in consumer spending activity.

- The pace of vaccinations has varied considerably around the world, with the United States and many Asian nations progressing much quicker than European peers and most emerging economies. Europe remains behind when it comes to the pace of the economic recovery for a variety of reasons, including the implementation of rolling lockdowns to address increases in COVID-19 cases as a result of more virulent variants of the virus, as well as logistical issues around attainment and distribution of the approved vaccines. In addition, despite solid progress on the vaccination front within the U.K., overall economic activity has been hampered in that market by a sharp decline in exports to the EU in the aftermath of Brexit.

- The U.S. continues to push forward with additional fiscal stimulus to help mitigate the delay between the economic recovery and improvement in employment metrics. In mid-March, the U.S. Congress passed the American Rescue Plan Act, a $1.9 trillion package that included direct stimulus payments to citizens below certain income thresholds, as well as a variety of other spending and stimulus measures. This plan, coupled with the eagerly anticipated infrastructure package that may result in several more trillion in approved spending, are expected to serve as support to the markets over the near term and have already helped push equity valuations higher year to date.

- Aside from the fiscal spending, the Federal Reserve continues to employ an accommodative policy stance despite the market's concerns over rising interest rates and fears of elevated inflation levels above the Fed's target range. Fed officials, including Fed Chair Jerome Powell, continue to suggest that they view recent inflation readings to be transitory and continue to believe inflation is not likely to remain at elevated levels for a protracted period that would cause them to adjust their current stance of low rates and steady bond purchasing activity.

Equity Markets

Equity markets across many developed economies moved higher as progress on vaccinations, especially within the U.S. proved beneficial. The S&P 500 index gained 4.4%, while small cap stocks, represented by the Russell 2000 index, were up just 1.0% after outperforming the prior six months. Value sectors of the economy generally outperformed growth counterparts, with strong results produced by utilities (+10.5%) and industrials (+8.9%), while technology (+1.7%) was the month's laggard. Outside the U.S., the MSCI EAFE index of developed equity markets underperformed the U.S. for the month with a 2.3% gain in U.S. dollar terms, although the region did perform slightly better from a local currency perspective (+5.4%). Similar to the prior month, larger European markets outperformed the larger Asian markets, with Germany (+4.1%) and the U.K. (+2.8%) leading the way, while Japan was higher by 1.1%. The MSCI Emerging Markets index underperformed the developed markets with a 1.5% loss as lagging returns from the Asian region were driven predominantly by weakness in China (-6.3%) as internet behemoths came under heightened scrutiny from Chinese regulators and the U.S. pushed to delist several companies due to insufficient audit and reporting protocols.

Fixed Income Markets

Fears that robust economic activity would also lead to higher-than-desired inflation kept selling pressure on U.S. Treasuries. The yield on the 10-year Treasury finished the month higher by 28 bps (1.74%), hitting the highest level since the start of the COVID-19 pandemic. In total, the 10-year yield has risen by 82 bps since the start of the year. There was little change to the short end of the curve, however, resulting in further steepening of the yield curve with the yield on the 2-year Treasury ending at 16 bps, up 2 bps on the month. The Bloomberg Barclays Aggregate index finished with a loss of 1.3% in March, the third straight month of negative return, leaving the index down 3.4% year to date. The investment grade corporate bond index was down 1.7% due to the slightly longer duration profile, while high yield and bank loans managed to generate small positive returns as spreads to comparable-duration Treasuries continued to narrow.

Alternative Strategies

Hedge fund strategies continued a recent run of solid returns in March, with the HFN Hedge Fund Aggregate index (+0.8%) posting its fifth straight monthly gain. The multi-strategy category was the standout performer for the month (+1.8%), while most other strategies produced gains below 1%. Merger arbitrage (-0.7%) and convertible arbitrage (-0.7%) were the only strategies outside of dedicated short selling to post losses, with the latter hampered most by the recent decline in implied volatility.

Developed Market Returns (%)

	Month	Year to Date
S&P 500	4.38	6.18
Russell 2000	1.00	12.69
MSCI EAFE ($)	2.30	3.47
MSCI Europe ($)	3.09	4.07
MSCI UK ($)	2.75	6.18
MSCI Japan ($)	1.06	1.56
MSCI Pacific ex Japan ($)	0.98	4.62

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

Emerging Market Returns (%)

	Month	Year to Date
MSCI EM ($)	(1.51)	2.29
MSCI EM Asia ($)	(2.96)	2.22
MSCI EM EMEA ($)	4.88	8.07
MSCI EM Latin America ($)	4.63	(5.32)

Source: eVestment Alliance, MSCI

U.S. Fixed Income Returns (%)

	Month	Year to Date
Bloomberg Barclays Aggregate	(1.25)	(3.37)
Bloomberg Barclays Government	(1.51)	(4.14)
Bloomberg Barclays U.S. TIPS	(0.19)	(1.47)
Bloomberg Barclays U.S. Inv. Grade Corp	(1.72)	(4.65)
Bloomberg Barclays U.S. Mort. Backed	(0.51)	(1.10)
Bloomberg Barclays U.S. High Yield	0.15	0.85
Credit Suisse Leveraged Loan	0.06	2.01

Source: eVestment Alliance, Bloomberg Barclays, Credit Suisse

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

	Month	Year to Date
FTSE Non-U.S. WGBI Hedged	0.36	(2.39)
FTSE Non-U.S. WGBI Unhedged	(2.59)	(6.33)
JP Morgan EMBI Global	(1.04)	(4.74)

Source: eVestment Alliance, FTSE, JP Morgan