In the fourth quarter of 2020 Wall Street cheered but Main Street seethed; it was truly a study in extremes. In our opinion, the highs were soaring assets prices, renewed cryptocurrency zeal, and emergency approval by the FDA of two COVID-19 vaccines. The lows were tremendous rancor surrounding the Presidential election, swaths of the economy remaining severely hobbled by the pandemic and rising COVID-19 deaths as a second wave gripped not only the United States but many countries across the globe.

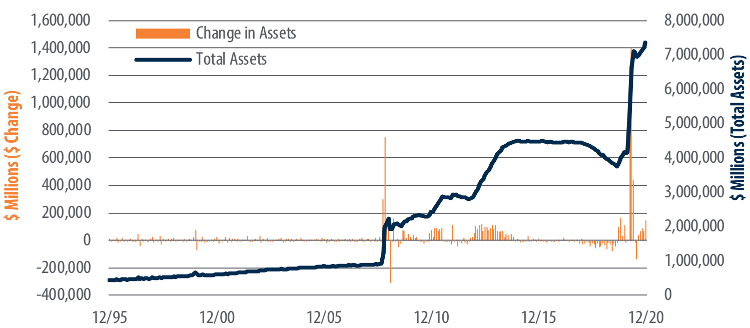
Congress wrestled over the next round of pandemic stimulus with some members of the Republican party re-embracing fiscal discipline once it became clear that Joe Biden would be the next President. Meanwhile some members of the Democratic party seemed to move even further into monetary fantasyland with discussions of total student loan forgiveness, multi-trillion-dollar infrastructure and global warming initiatives, as well as supersizing more rounds of direct-to-consumer stimulus checks. The Federal Reserve (the "FED") made nary a mention of any potential bubbles and did nothing to dissuade the notion that they were ready, willing and able to keep the printing presses rolling as well as find new and inventive ways to use those printing presses. Inflation and the impact of a near zero interest rate policy on the ever-increasing retirement population does not seem to be a concern, though movement in commodity prices and steepening of the yield curve might be an indicator of future inflation. The FED's balance sheet grew $307 billion over the fourth quarter to end the year at $7.36 trillion (see Figure 1), pushing U.S. Central Bank Assets to GDP to a record 35.10%. The same trend can be seen across the other major central banks (see Figure 2).

Returns for major asset classes were exceptionally strong in the fourth quarter. Emerging markets led the way with the MSCI Emerging Markets Index up 19.70% followed by the MSCI EAFE Index, up 16.05%. The S&P 500 Index was up 12.15% and Commodities returned 10.19%. Long-dated U.S. Treasuries fell -3.08% while high-yield bonds were up 5.96%, as capital flowed into the riskier fixed income sector. The U.S. dollar continued its decline, down -4.21% (see Figure 3).

Alternative Investments ("alternatives") had a solid quarter with positive returns in every category. Higher correlation/higher beta strategies, on average fared better (see Figure 4). Hedged equities were the best performing category (+14.50%). Other double-digit gainers were event driven (+11.76%), distressed/restructuring (+10.31%) and commodities (+10.19%). Macro (+4.73%), equity market neutral (+1.54%) and volatility arbitrage (1.40%) all lagged the wider alternatives category. Despite strong returns in several categories, only hedged equity outpaced the S&P 500 Index, possibly reflecting a category bias towards small cap stocks which considerably outperformed large cap benchmarks in the 4th quarter (see Figure 5).

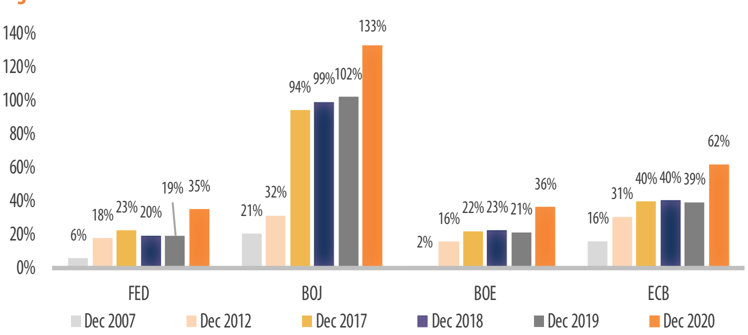
Traditionally, managed futures and macro strategies are viewed as having lower correlations to equities because they are generally diversified across a variety of markets and often employ shorting as part of their approach. Strategies that had higher 2-year correlations to U.S. equities (greater than 0.60), on average, significantly outperformed those strategies that had a lower correlation with U.S. equities. The spread was 249 basis points ("bps") (see Figure 6). Real assets had positive returns across the board (see Figure 7). Commodities took

Figure 1 Federal Reserve Balance Sheet



Source: Bloomberg, Data from 9/30/95 - 12/31/20.

Figure 2 Central Bank Balance Sheet as a % of GDP



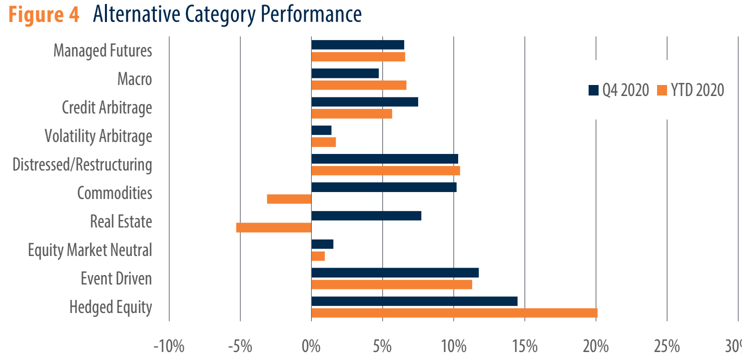
Source: Bloomberg, Data from 12/31/07 - 12/31/20.

Figure 3 Asset Class Returns

	Q4 2020	YTD 2020
U.S. Equities	12.15%	18.40%
International Developed	16.05%	7.82%
Emerging Markets	19.70%	18.31%
U.S. Treasury	-3.08%	18.06%
Real Estate	7.72%	-5.29%
Commodities	10.19%	-3.12%
High Yield Bonds	5.96%	5.87%
U.S Aggregate Bonds	0.67%	7.51%
Bitcoin	170.82%	305.07%
U.S. Dollar	-4.21%	-6.69%

Source: Bloomberg, 12/31/20.

Figure 4 Alternative Category Performance



Source: Bloomberg, 12/31/20.

All charts shown herein are for illustrative purposes only and not indicative of any investment. The performance illustrations exclude the effects of taxes and brokerage commissions or other expenses incurred when investing. ***Past performance is not indicative of future results*** *and there can be no assurance past trends will continue in the future. An investor cannot invest directly in an index. See last page for definitions of asset class indexes and other terms discussed herein.*

the lead (+10.19%) benefitting from rising inflation expectations, a weakening U.S. dollar and seemingly unrelenting stimulus from both fiscal and monetary sources. Real estate had a strong quarter (+7.72%) with residential home sales continuing to roll and prices at record highs. Previously hard-hit sectors such office real estate, apartments, shopping, and hotels are now seeing the light at the end of the tunnel as the COVID-19 vaccine roll-out is beginning in earnest along with the promise of a return to normalcy in late 2021. Gold (+0.66%) took a bit of a breather in the fourth quarter but was up over 25% for the year.

Managed futures, commodities, and macro strategies have historically shown low correlation and beta to stocks and bonds over the course of a market cycle; thus, they may serve as potentially strong portfolio diversifiers. Strategies such as credit arbitrage, event driven, hedged equity, et al., which have historically had higher correlations with equities and bonds, may provide attractive risk/return profiles through potentially lower volatility. These characteristics may allow investors to broaden their investment choices and create more efficient portfolios.

Returns for "Risk On" assets (+7.55% average return) considerably outperformed the returns for "Risk Off" assets (+0.89% average return). The S&P 500 Index had the best return in the fourth quarter and U.S. Treasuries had the worst return (see Figure 8). Focusing on non-currencies, equities and high-yield bonds outperformed gold and long dated (20 yr. +) U.S. Treasuries by an average of 1,026 bps, though year-to-date, gold and Treasuries have outperformed by 946 bps. Alternatives have historically provided significant diversification benefits when paired with a portfolio of traditional assets, in addition to both competitive absolute returns and attractive risk-adjusted returns.

Returns in the cryptocurrencies sectorhad were nothing short of astounding in the fourth quarter (see Figure 9). Bitcoin, the flagship cryptocurrency, was up (+170.82%), while the wider universe of cryptocurrencies, as measured by the Bloomberg Galaxy Crypto Index (BGCI), rose (+120.51%). Ethereum soared (+107.16%), while Litecoin was up (+170.40%). The notable exception to the dramatic positive performance in the sector was, XRP (the Ripple digital asset), which

Figure 5 Excess Return vs. S&P 500 Index

Category	Q4 2020
Hedged Equity	2.35%
Macro	-7.42%
Event Driven	-0.39%
Managed Futures	-5.63%
Equity Market Neutral	-10.60%
Volatility Arbitrage	-10.74%
Distressed/Restructuring	-1.84%
Real Estate	-4.42%
Credit Arbitrage	-4.66%
Commodities	-1.96%

Source: Bloomberg, 12/31/20.

Figure 6 Correlations (2yr) & Returns

	S&P 500 Index	Q4 2020
Hedged Equity	0.94	14.50%
Event Driven	0.84	11.76%
Real Estate	0.82	7.72%
Commodities	0.71	10.19%
Distressed/Restructuring	0.70	10.31%
Credit Arbitrage	0.69	7.49%
Equity Market Neutral	0.82	1.54%
Volatility Arbitrage	0.69	1.40%
Managed Futures	0.31	6.52%
Macro	0.47	4.73%
Lower Correlation Avg TR (<=0.60)		5.62%
Higher Correlation Avg TR (>0.60)		8.12%

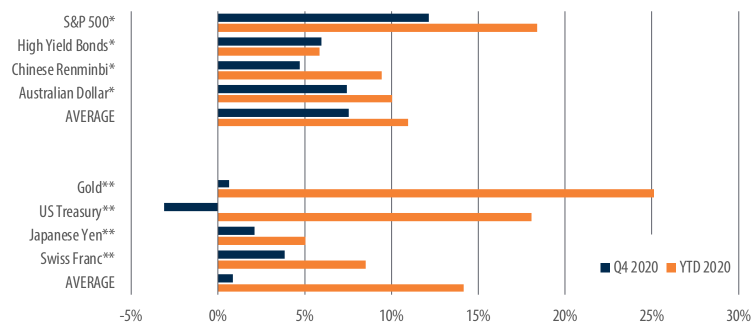
Source: Bloomberg, 12/31/20. Monthly returns over 24 months.

Figure 7 Real Assets

	Q4 2020	YTD 2020
Real Estate	7.72%	-5.29%
Commodities	10.19%	-3.12%
Gold	0.66%	25.12%
Average	6.19%	5.57%

Source: Bloomberg, 12/31/20.

Figure 8 Risk On vs. Risk Off Assets



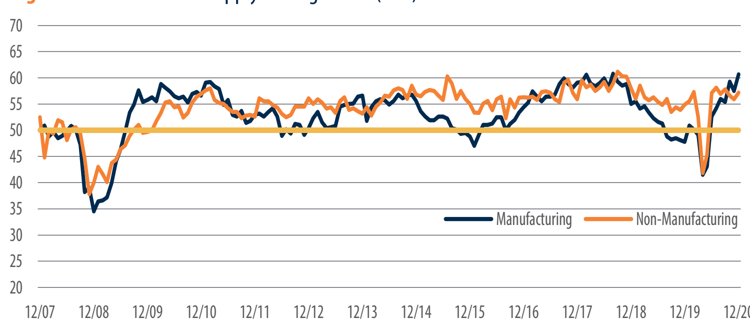
Source: Bloomberg, 12/31/20. *Considered to be "Risk On" asset class. **Considered to be "Risk Off" asset class.

Figure 9 Cryptocurrency Returns

	Q4 2020	YTD 2020
BB Galaxy Crypto Index	120.51%	276.70%
Bitcoin	170.82%	305.07%
Ethereum	107.16%	475.51%
Ripple	-5.98%	18.00%
Litecoin	170.40%	200.69%

Source: Bloomberg, 12/31/20.

Figure 10 Institute for Supply Management (ISM) Data



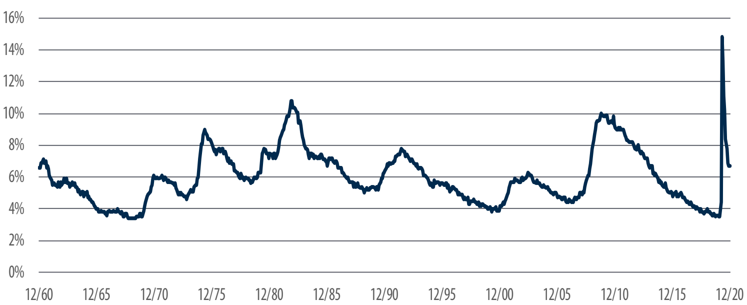
Source: Bloomberg, Data from 12/31/07 - 12/31/20. Seasonally adjusted (SA). Numbers above 50% indicate an expansion, below 50% indicates a contraction.

fell (-5.98%). In December, the Securities and Exchange Commission (SEC) announced that they had filed an action against Ripple Labs Inc. (the software company behind the issuance of XRP) and two of its executives, alleging Ripple raised over $1.3 billion through an unregistered, ongoing digital asset securities offering. The Biden administration is generally regarded as being more friendly towards the adoption of cryptocurrencies than the Trump administration.

Economic data continued to trend upward and point towards a significantly approving economy. The ISM manufacturing indicator ascended ending the quarter at 60.7, its highest reading since 2018. The ISM non-manufacturing indicator (services) fell slightly and finished at 57.2 (see Figure 10) likely reflecting the impact of increased restrictions on the service sector in the wake of a second COVID-19 wave. For both indicators, levels below 50 represent a contraction. Unemployment, as measured by the U-3 seasonally adjusted rate, continued to trend downward, and fell to 6.7%, though the labor participation rate and a high level of underemployment are concerns (see Figure 11). Sentiment, as measured by the University of Michigan Consumer Sentiment Index, climbed slightly to reach 80.7. Another sentiment indicator, the Conference Board Consumer Confidence Index, ended the quarter down sharply at 88.6 after reaching 101.4 in October (see Figure 12). The year-over-year (YOY) consumer price index (CPI) bottomed in the second quarter and has been inching up since but has not approached the 2-3% rate which might prompt the FED to modify their stance (see Figure 13).

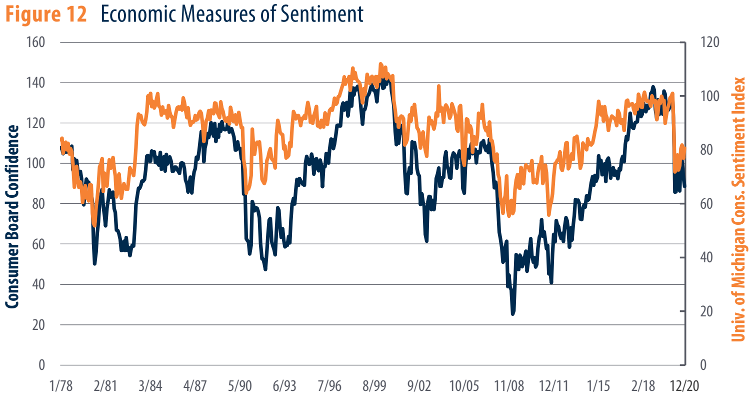
Baa/BBB rated corporate bonds outperformed 10-year U.S. Treasuries, as we believe investors sought out yield while shedding duration and safety amidst concern over the inflationary pressures growing due to various policy choices by the FED and Congress. Baa/BBB over 10-year U.S. Treasuries yields narrowed 56 bps over the fourth quarter (see Figure 14). This spread ended the quarter at the 45th percentile (see Figure 15). The spread between below investment grade corporate bonds (B/CA rated) and BBB rated corporate bonds (investment grade) fell by over 163 bps during the quarter to 186 bps, representing the 25th percentile. While BBB yields fell 33 bps, B/CA rated narrowed 196 bps reflecting a strong desire by investors to buy riskier assets, in our opinion (see Figure 16).

Figure 11 U.S. Unemployment Rate (U-3)



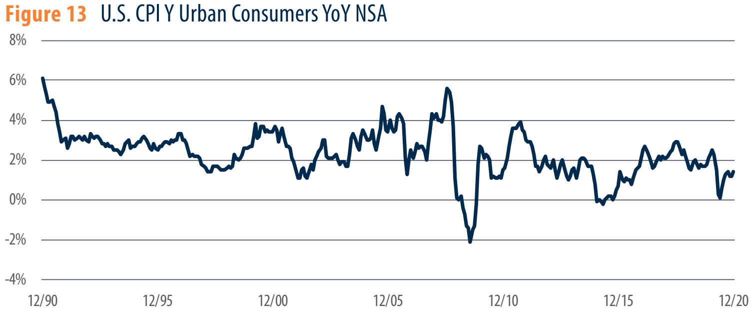
Source: Bloomberg, Data from 12/31/60 - 12/31/20. Seasonally adjusted (SA).

Figure 12 Economic Measures of Sentiment



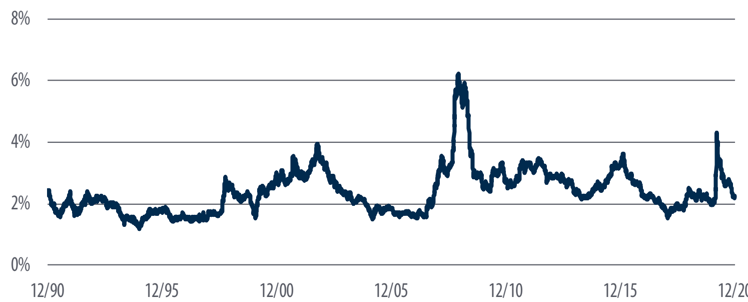
Source: Bloomberg, 1/31/78 - 12/31/20.

Figure 13 U.S. CPI Y Urban Consumers YoY NSA



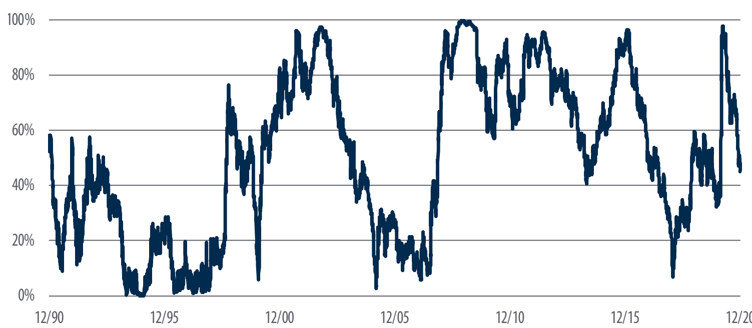
Source: Bloomberg, 12/31/90 - 12/31/20, not seasonally adjusted (NSA).

Figure 14 BAA Corp Credit Spread over 10-Yr U.S. Treasury (%)



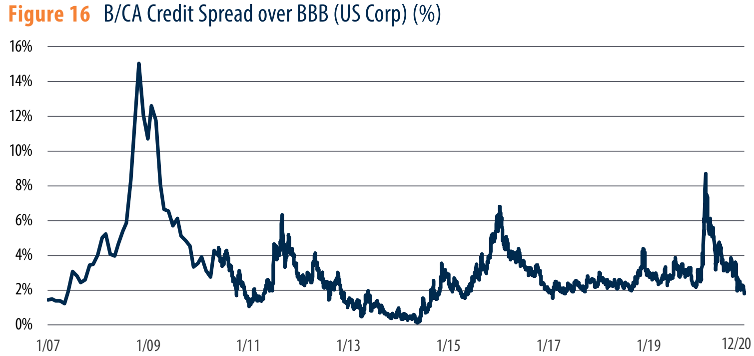
Source: Bloomberg, 12/31/90 - 12/31/20.

Figure 15 Credit Spread Percentile Rank (%)



Source: Bloomberg, 12/31/90 - 12/31/20.

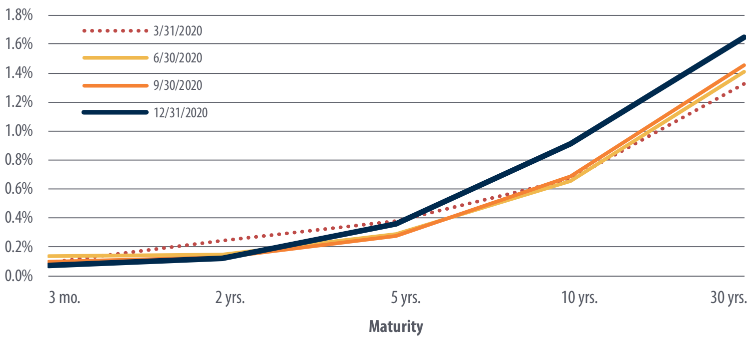
Figure 16 B/CA Credit Spread over BBB (US Corp) (%)



Source: Bloomberg, Data from 1/31/07 - 12/31/20.

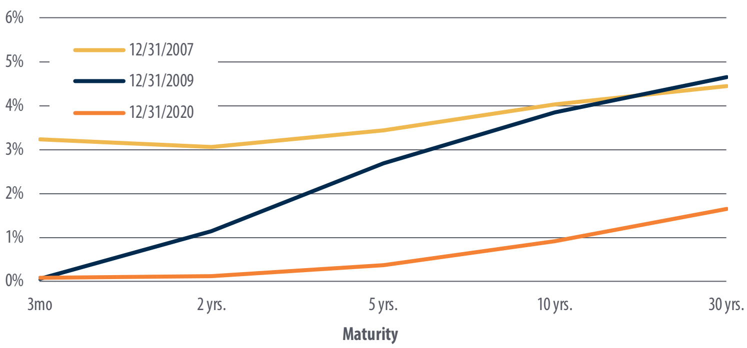
News from the FED focused mostly on concerns about the fragility of the economy and the need for continued support, both monetary and fiscal, to ensure a stable recovery. There has also been no change in the narrative of low rates for quite some time. The U.S. dollar sank, and inflation expectations continued to build steam, causing a sell-off further out on the Treasury curve. U.S. Treasury 10-year yields rose 23 bps to 0.92% at quarter end, while 30-year yields rose 19 bps to a yield of 1.65%. The yield spread between 30-yr. to 10-yr. U.S. Treasuries narrowed 4 bps to a spread of 73 bps. The Treasury yield curve steepened as the yield spread between 30-yr. Treasuries and T-bills (3 mo. maturity) widened out and ended the quarter at 157 bps (see Figure 17 and Figure 18). With CPI rebounding from the lows of the second quarter, real yields (nominal yields-CPI) ended negative across the curve with the exception of the 30-year, which yields are only 25 bps above CPI (See Figure 19).

Figure 17 U.S. Treasury Yield Curve



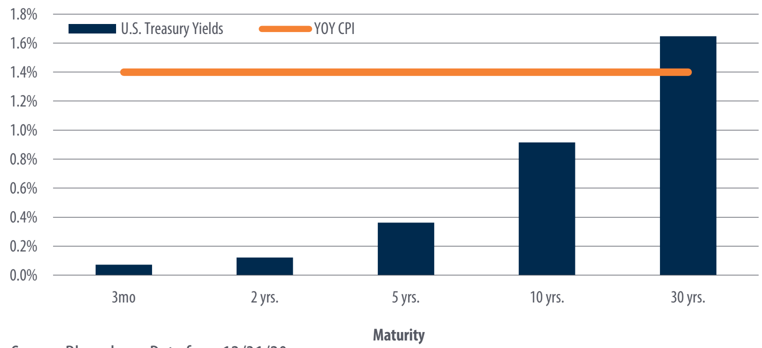
Source: Bloomberg, 12/31/20.

Figure 18 U.S. Treasury Yield Curve



Source: Bloomberg, 12/31/20.

Figure 19 U.S. Treasury Yield Curve and CPI



Source: Bloomberg, Data from 12/31/20.

Definitions

10-Yr Treasury: Yield of U.S. Treasury securities maturing in approximately 10 years.

Aggregate Bonds: The Bloomberg Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

BAA Corp: Moody's Bond Indices Corporate BAA. Moody's Long-Term Corporate Bond Yield Averages are derived from pricing data on a regularly replenished population of corporate bonds in the U.S. market, each with current outstandings over $100 million. The bonds have maturities as close as possible to 30 years; they are dropped from the list if their remaining life falls below 20 years, if they are susceptible to redemption, or if their ratings change. All yields are yield-to- maturity calculated on a semi-annual basis.

Beta: A measure of price variability relative to the market.

Bitcoin: A digital currency using encryption techniques created for use in peer-to-peer online transactions Introduced in 2008 by a person or group using the name Satoshi Nakamoto.

Bloomberg Barclays US Corp B-Ca Capped Index: The Bloomberg Barclays index measures the performance of the taxable B1 – Ca rated range of the fixed-rate U.S. dollar-denominated corporate bond market. The index is market capitalization weighted and caps individual issuers at 3% of the total market value.

Bloomberg Galaxy Crypto Index (BGCI): The BGCI is designed to measure the performance of the largest cryptocurrencies traded in USD.

Commodities: The Bloomberg Commodity Index is made up of exchange-traded futures on physical commodities and represents 20 commodities, which are weighted to account for economic significance and market liquidity.

Consumer Price Index (CPI): A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Correlation: A statistical measure that quantifies the extent to which two or more data series fluctuate together. Values run from -1.0 to +1.0.

Credit Arbitrage: Hedge Fund Research HFRI Event-Driven Credit Arbitrage Index. Credit Arbitrage strategies employ an investment process designed to isolate attractive opportunities in corporate fixed-income securities; these include both senior and subordinated claims as well as bank debt and other outstanding obligations, structuring positions with little of no broad credit market exposure. These may also contain a limited exposure to government, sovereign, equity, convertible or other obligations but the focus of the strategy is primarily on fixed corporate obligations and other securities are held as component of positions within these structures.

Cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.

Distressed/Restructuring: Hedge Fund Research HFRI Event-Driven Distressed/Restructuring Total Index. Distressed/ Restructuring strategies employ an investment process focused on corporate fixed-income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Emerging Markets: The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets (EM) countries. The index covers 85% of the free float-adjusted market capitalization in each country.

Equity Market Neutral: Hedge Fund Research HFRI Equity Hedge Equity Market Neutral Index. Equity Market Neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Ethereum: Ethereum is a platform that offers programming code of any decentralized application. It has been linked to payment style transactions. Ether is the cryptocurrency issued through open-source code executed on thousands of nodes.

Event Driven: Hedge Fund Research HFRI Event-Driven (Total) Index. Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.

Gold: The return of the gold spot price as quoted as U.S. dollars per Troy Ounce.

Hedged Equity: Hedge Fund Research HFRI Equity Hedge (Total) Index. Investment Managers who maintain positions both long (positions that are owned) and short (positions that are owed) in primarily equity and equity derivative securities. Hedged Equity managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short.

High-Yield Bonds: The Bloomberg Barclays US High Yield Very Liquid Index (VLI) is a component of the US Corporate High Yield Index that is designed to track a more liquid component of the USD-denominated, high yield, fixed-rate corporate bond market. The US High Yield VLI uses the same eligibility criteria as the US Corporate High Yield Index, but includes only the three largest bonds from each issuer that have a min amount outstanding of USD500mn and less than five years from issue date.

International Developed: The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the U.S. and Canada. The index is a free-float weighted equity index.

Litecoin: A peer-to-peer cryptocurrency and open source software project similar to Bitcoin, Litecoin uses blockchain technology to process transactions. Litecoin, referred to as an alt-coin can process blocks faster than Bitcoin, uses a different mining algorithm and has larger supply.

Long/Short: "Long" and "short" are investment terms used to describe ownership of securities. To buy securities is to "go long." The opposite of going long is "selling short." Short selling is an advanced trading strategy that involves selling a borrowed security. Short sellers make a profit if the price of the security goes down and they are able to buy the security at a lower amount than the price at which they sold the security short. A put gives the holder the right to sell the underlying asset at a specified price on or before expiration.

Macro: Hedge Fund Research HFRI Macro (Total) Index. Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed-income, hard currency and commodity markets.

Managed Futures: BarclayHedge US Managed Futures Industry Top 50 (BTop 50) Index. The Index seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure.

Risk-On and Risk-Off is an investment setting in which price behavior responds to and is driven by changes in investor risk tolerance. Risk-on risk-off refers to changes in investment activity in response to global economic patterns.

Real Estate: The Dow Jones US Real Estate Index is designed to track the performance of real estate investment trusts (REITs) & other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies.

Ripple: Known as XRP, Ripple is a cryptocurrency that can be used on open source distributed ledger created by the company Ripple. It is built upon the principles of blockchain as an on-demand option for faster cross border payments.

U.S. Equities: The S&P 500 Index. An unmanaged index of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.

U.S. 30-Yr Treasury Yield: Yield of U.S. Treasury securities maturing in approximately 30 years.

U.S. Dollar: The U.S. Dollar Index (USDX) indicates the general international value of the U.S. dollar. The USDX does this by averaging the exchange rates between the USD and major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

U.S. Treasury: The ICE U.S. Treasury 20+ Years Bond Index is part of a series of indices intended to assess U.S. Treasury issued debt. Only U.S. dollar denominated, fixed-rate securities with minimum term to maturity greater than twenty years are included.

U.S. Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less.

Volatility Arbitrage: Hedge Fund Research HFRI Relative Value Volatility Index. Volatility strategies trade volatility as an asset class, employing arbitrage, directional, market neutral or a mix of types of strategies, and include exposures which can be long, short, neutral or variable to the direction of implied volatility, and can include both listed and unlisted instruments. Directional volatility strategies maintain exposure to the direction of implied volatility of a particular asset or, more generally, to the trend of implied volatility in broader asset classes. Arbitrage strategies employ an investment process designed to isolate opportunities between the price of multiple options or instruments. Volatility arbitrage positions typically maintain characteristic sensitivities to levels of implied and realized volatility, levels of interest rates and the valuation of the issuer's equity, among other more general market and idiosyncratic sensitivities.

Yield Spread: The difference in yields on differing debt instruments of varying maturities, credit ratings, issuer, or risk level.

Alternative investments may employ complex strategies, have unique investment and risk characteristics that may not be suitable for all investors.