PARS/CITY OF CUPERTINO 115P
OPEB & PENSION ACCOUNTS

December 31, 2020

U.S. Bank Institutional Asset Management

Your U.S. Bank Team

Rick Rosenthal
Vice President &
Senior Portfolio Manager
Institutional Asset Management
213.359.7954
richard.rosenthal@usbank.com

Carolyn Cox
Senior Vice President &
Relationship Manager
Institutional Trust & Custody
415.677.3603
carolyn.cox@usbank.com

Mitch Barker
Executive Vice President
PARS
(Public Agency Retirement Systems)
800.540.6369 Ext. 116 (office)
949.310.4876 (cell)
www.pars.org

Jennifer Meza, CEBS
Manager, Consulting
PARS
(Public Agency Retirement Systems)
800.540.6369 Ext. 141 (office)
949.375.8239 (cell)
www.pars.org

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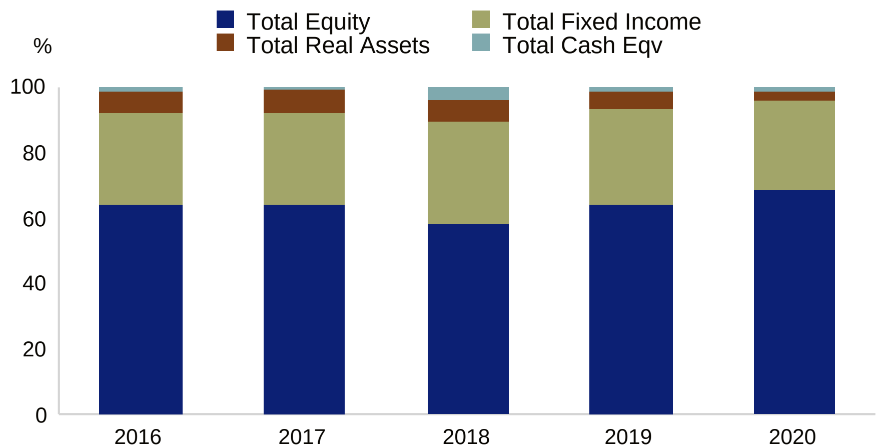
PORTFOLIO REVIEW

History of Asset Growth Graphs

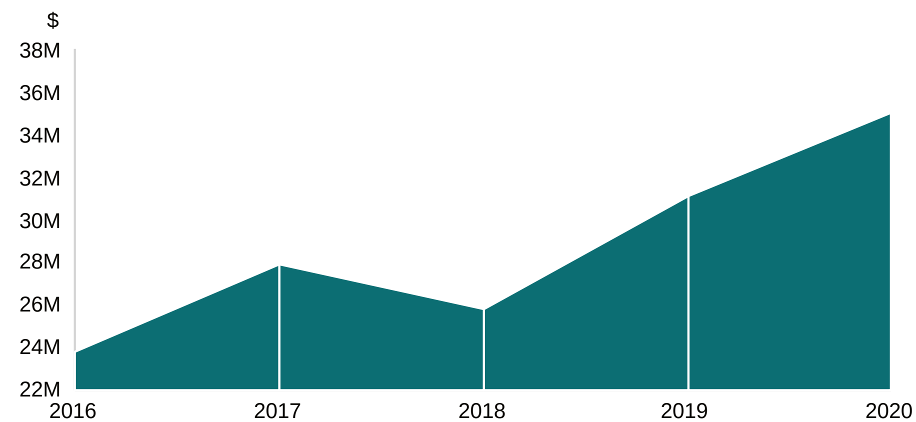
Annual Portfolio Values

	Consolidated	Jan 2016-Dec 2016	Jan 2017-Dec 2017	Jan 2018-Dec 2018	Jan 2019-Dec 2019	Jan 2020-Dec 2020
Beginning Portfolio Value	**22,293,645**	**22,293,645**	**23,808,269**	**27,914,893**	**25,771,054**	**31,154,264**
Contributions	28,325,738	3	2	15	28,325,715	2
Withdrawals	-28,862,135	-97,969	-106,702	-113,476	-28,432,997	-110,991
Income Earned	2,627,469	448,187	452,364	548,841	695,433	482,644
Gain/Loss	10,644,784	1,164,403	3,760,960	-2,579,219	4,795,058	3,503,582
Ending Portfolio Value	**35,029,500**	**23,808,269**	**27,914,893**	**25,771,054**	**31,154,264**	**35,029,500**
Total Return	**9.81**	**7.25**	**17.73**	**-7.30**	**20.89**	**12.85**
Principal	7.73	5.20	15.74	-9.15	18.08	11.09
Income	1.94	1.97	1.74	1.99	2.42	1.59

Allocation Over Time



Ending Market Values Over Time



Custom Benchmark

CITY OF CUPERTINO

Asset Class	Benchmark	Range	Target
Equities	MSCI AC World Free Index	50%-70%	63%
Fixed Income	BBARC Global Aggregate Index	20%-40%	29%
Real Estate	S&P Global REIT TR USD	0%-15%	5%
Commodities	S&P GSCI Commodity Index	0%-10%	2%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%

Selected Period Performance

	Market Value	3 Months	1 Year	3 Years	5 Years	80 Months	Inception to Date 07/01/2010
Total Portfolio Gross of Fees	35,029,500	11.82	12.85	8.14	9.81	7.24	7.70
Total Portfolio Net of Fees	35,029,500	11.77	12.64	7.93	9.59	7.02	
City of Cupertino		11.21	12.83	8.47	9.87	6.65	8.34
Total Equity	24,019,316	16.79	25.99	12.88	14.22	11.39	13.42
MSCI ACWI (Net)		14.68	16.25	10.06	12.26	9.00	10.95
U.S. Equity	17,126,341	15.02	20.38	12.61	14.16	12.30	
S&P 500 Index (Gross)		12.15	18.40	14.18	15.22	13.17	15.46
S&P MidCap 400 Index		24.37	13.66	8.45	12.35	10.06	13.60
S&P SmallCap 600 Index		31.31	11.29	7.74	12.38	10.02	13.93
Developed Markets Equity	4,260,287	22.26	51.26	17.65	15.78	10.66	
MSCI EAFE Index (Net)		16.05	7.82	4.28	7.45	4.29	7.43
Emerging Markets Equity	2,632,688	20.48	26.19	6.35	12.03	5.39	
MSCI Emerging Markets Index (Net)		19.70	18.31	6.17	12.81	6.50	5.81
Total Fixed Income	9,415,922	1.65	-2.38	1.79	3.18	1.77	2.66
BBARC Global Aggregate Index		3.28	9.20	4.85	4.79	2.63	3.25
BBARC US Aggregate Bond Index		.67	7.51	5.34	4.44	3.88	3.77
Total Real Assets	921,063	7.73	-6.11	2.04	3.77		
Real Estate	921,063	7.73	-6.11	2.97	4.30	5.99	
S&P Global REIT Index (Gross)		12.83	-8.11	2.89	4.81	5.24	9.25
S&P GSCI Index		14.49	-23.72	-8.21	-1.85	-13.01	-6.55
Total Cash Equivalents	668,583	.01	.34	1.31	.99	.75	.49
ICE BofAML US 3-Month Treasury Bill Index		.03	.67	1.61	1.20	.91	.61
Pending Cash	4,615	.00	.00	.00	.00	.00	.00

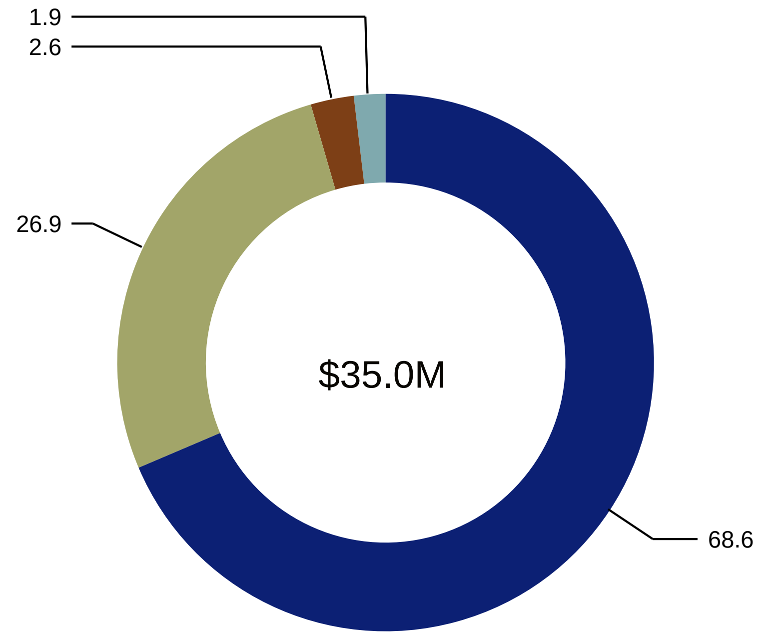
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Asset Allocation Analysis Graph

Market Value by Asset Class

		Market Value	% of Mkt Val
Total Equity	$	24,019,316	68.6 %
Total Fixed Income	$	9,415,922	26.9 %
Total Real Assets	$	921,063	2.6 %
Total Cash Eqv	$	668,583	1.9 %
Total	**$**	**35,024,885**	**100.0 %**

Market Value by Asset Class Pie Chart



	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**35,002,280**	**7,821,061**	**27,181,219**	**1.46**	**511,117**
Cash		**1.91**			**668,568**	**668,568**	**.00**	**0.03**	**174**
Cash Equivalents		**1.91**			**668,568**	**668,568**	**.00**	**0.03**	**174**
FIRST AM GOVT OB FD CL Z	31846V567	1.91	1.00	668,568	668,568	668,568	.00	0.03	174
Fixed Income		**26.84**			**9,393,333**	**3,093,222**	**6,300,111**	**3.06**	**287,397**
Investment Grade		**22.85**			**7,998,494**	**2,338,947**	**5,659,547**	**2.67**	**213,314**
Mutual Funds & ETFs		**22.85**			**7,998,494**	**2,338,947**	**5,659,547**	**2.67**	**213,314**
DoubleLine Total Return Bond Fund Class I	DBLTX	4.95	10.70	161,973	1,733,109	863,613	869,497	3.42	59,282
Fidelity U.S. Bond Index Fund	FXNAX	12.93	12.45	363,499	4,525,561	648,626	3,876,935	2.14	96,691
PGIM Total Return Bond Fund Class R6	PTRQX	4.97	15.11	115,144	1,739,823	826,708	913,115	3.30	57,342
High Yield		**3.98**			**1,394,839**	**754,275**	**640,563**	**5.31**	**74,083**
Mutual Funds & ETFs		**3.98**			**1,394,839**	**754,275**	**640,563**	**5.31**	**74,083**
American Century High Income Fund Class...	NPHIX	3.98	9.64	144,693	1,394,839	754,275	640,563	5.31	74,083
Equity		**68.62**			**24,019,316**	**4,059,271**	**19,960,045**	**0.85**	**204,575**
Large Cap U.S. Equity		**30.62**			**10,718,979**	**1,911,878**	**8,807,101**	**1.03**	**110,456**
Mutual Funds & ETFs		**30.62**			**10,718,979**	**1,911,878**	**8,807,101**	**1.03**	**110,456**
Columbia Dividend Income Fund Class I3	CDDYX	6.97	26.28	92,778	2,438,211	367,459	2,070,753	1.82	44,348
Harbor Capital Appreciation Fund - Retirem...	HNACX	8.11	104.24	27,232	2,838,659	486,854	2,351,805	0.00	0
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	8.55	165.52	18,073	2,991,480	653,887	2,337,593	0.00	0
Vanguard Equity Income Fund Admiral Sha...	VEIRX	7.00	79.33	30,892	2,450,629	403,679	2,046,950	2.70	66,108
Mid Cap U.S. Equity		**13.90**			**4,864,410**	**633,658**	**4,230,753**	**1.37**	**66,456**
Mutual Funds & ETFs		**13.90**			**4,864,410**	**633,658**	**4,230,753**	**1.37**	**66,456**
Fidelity Mid Cap Index Fund	FSMDX	13.90	27.01	180,097	4,864,410	633,658	4,230,753	1.37	66,456
Small Cap U.S. Equity		**4.41**			**1,542,952**	**120,130**	**1,422,822**	**0.94**	**14,454**
Mutual Funds & ETFs		**4.41**			**1,542,952**	**120,130**	**1,422,822**	**0.94**	**14,454**
Fidelity Small Cap Index Fund	FSSNX	4.41	24.98	61,767	1,542,952	120,130	1,422,822	0.94	14,454
Developed Markets Equity		**12.17**			**4,260,287**	**355,551**	**3,904,736**	**0.31**	**13,210**
Mutual Funds & ETFs		**12.17**			**4,260,287**	**355,551**	**3,904,736**	**0.31**	**13,210**
Vanguard International Growth Fund Admir...	VWILX	12.17	160.29	26,579	4,260,287	355,551	3,904,736	0.31	13,210
Emerging Markets Equity		**7.52**			**2,632,688**	**1,038,053**	**1,594,634**	**0.00**	**0**

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Mutual Funds & ETFs		**7.52**			**2,632,688**	**1,038,053**	**1,594,634**	**0.00**	**0**
Baron Emerging Markets Fd Inst Shs	BEXIX	7.52	19.06	138,126	2,632,688	1,038,053	1,594,634	0.00	0
Real Assets		**2.63**			**921,063**	**0**	**921,063**	**2.06**	**18,972**
U.S. Listed Real Estate		**2.63**			**921,063**	**0**	**921,063**	**2.06**	**18,972**
Nuveen Real Estate Securities Fund Cl I	FARCX	2.63	18.74	49,150	921,063	0	921,063	2.06	18,972

Fixed Income Holdings

Account: 6746059600 *Holdings Method: Direct* *Report Date: 12/31/2020*

	Symbol	% of Fixed Income	Portfolio Value	Projected Annual Income	Current Yield	Yield to Maturity	Effective Duration	Effective Maturity	Avg. Quality
Total		**100.00**	**9,393,333**	**287,397**	**3.06**	**2.17**	**5.17**	**5.68**	**BBB**
Investment Grade		**85.20**	**7,998,494**	**213,314**	**2.67**	**2.17**	**5.41**	**5.01**	**A-**
Mutual Funds & ETFs		**85.20**	**7,998,494**	**213,314**	**2.67**	**2.17**	**5.41**	**5.01**	**A-**
DoubleLine Total Return Bond Fund Class I	DBLTX	18.50	1,733,109	59,282	3.42	2.17	3.22	5.01	BB
Fidelity U.S. Bond Index Fund	FXNAX	48.20	4,525,561	96,691	2.14	NA	5.73	NA	AA
PGIM Total Return Bond Fund Class R6	PTRQX	18.50	1,739,823	57,342	3.30	NA	6.75	NA	BB
High Yield		**14.80**	**1,394,839**	**74,083**	**5.31**	**NA**	**3.78**	**6.51**	**B**
Mutual Funds & ETFs		**14.80**	**1,394,839**	**74,083**	**5.31**	**NA**	**3.78**	**6.51**	**B**
American Century High Income Fund Class Y	NPHIX	14.80	1,394,839	74,083	5.31	NA	3.78	6.51	B

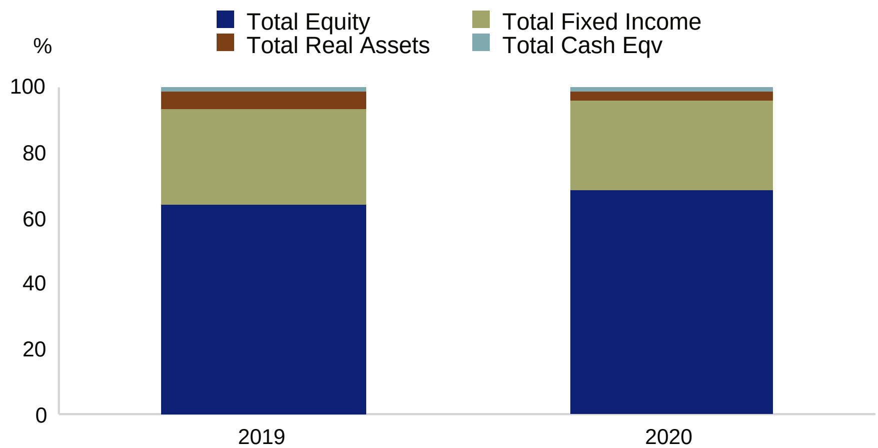
Holdings Date: 12/31/2020

History of Asset Growth Graphs

Annual Portfolio Values

	Consolidated	May 2019-Dec 2019	Jan 2020-Dec 2020
Beginning Portfolio Value	**8,073,518**	**8,073,518**	**8,657,991**
Contributions	4,000,003	1	4,000,002
Withdrawals	-63,571	-20,472	-43,099
Income Earned	349,144	155,938	193,205
Gain/Loss	2,818,253	449,006	2,369,247
Ending Portfolio Value	**15,177,347**	**8,657,991**	**15,177,347**
Total Return	**14.81**	**7.51**	**17.09**
Principal	12.49	5.52	15.31
Income	2.08	1.91	1.55

Allocation Over Time



Ending Market Values Over Time

Custom Benchmark

CITY OF CUPERTINO

Asset Class	Benchmark	Range	Target
Equities	MSCI AC World Free Index	50%-70%	63%
Fixed Income	BBARC Global Aggregate Index	20%-40%	29%
Real Estate	S&P Global REIT TR USD	0%-15%	5%
Commodities	S&P GSCI Commodity Index	0%-10%	2%
Cash	FTSE 3-Mo US T-Bill Index	0%-10%	1%

Selected Period Performance

	Market Value	3 Months	1 Year	Inception to Date 05/01/2019
Total Portfolio Gross of Fees	15,177,347	11.82	17.09	14.81
Total Portfolio Net of Fees	15,177,347	11.77	16.88	14.60
City of Cupertino		11.21	12.83	12.62
Total Equity	10,406,863	16.79	26.11	20.68
MSCI ACWI (Net)		14.68	16.25	15.37
U.S. Equity	7,420,332	15.02	20.38	17.39
S&P 500 Index (Gross)		12.15	18.40	17.94
S&P MidCap 400 Index		24.37	13.66	11.81
S&P SmallCap 600 Index		31.31	11.29	10.36
Developed Markets Equity	1,845,865	22.26	51.27	35.31
MSCI EAFE Index (Net)		16.05	7.82	9.51
Emerging Markets Equity	1,140,666	20.48	26.22	18.80
MSCI Emerging Markets Index (Net)		19.70	18.31	14.24
Total Fixed Income	4,079,660	1.65	-2.23	1.95
BBARC Global Aggregate Index		3.28	9.20	8.46
BBARC US Aggregate Bond Index		.67	7.51	7.90
Total Real Assets	401,019	7.73	-6.11	.84
Real Estate	401,019	7.73	-6.11	.84
S&P Global REIT Index (Gross)		12.83	-8.11	.22
S&P GSCI Index		14.49	-23.72	-15.26
Total Cash Equivalents	287,796	.01	.33	.97
ICE BofAML US 3-Month Treasury Bill Index		.03	.67	1.29
Pending Cash	2,009	.00	.00	.00

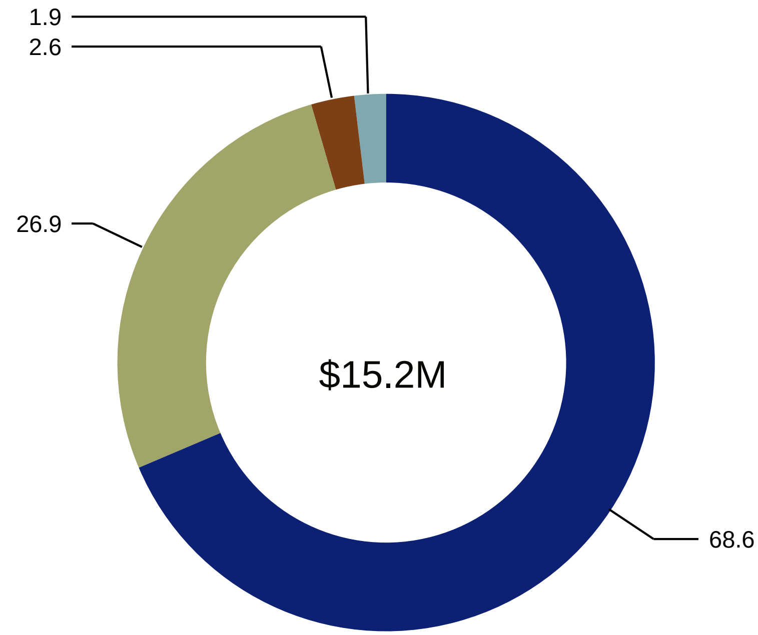
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Asset Allocation Analysis Graph

Market Value by Asset Class

		Market Value	% of Mkt Val
Total Equity	$	10,406,863	68.6 %
Total Fixed Income	$	4,079,660	26.9 %
Total Real Assets	$	401,019	2.6 %
Total Cash Eqv	$	287,796	1.9 %
Total	**$**	**15,175,338**	**100.0 %**

Market Value by Asset Class Pie Chart



	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**15,165,544**	**4,793,194**	**10,372,351**	**1.46**	**221,492**
Cash		**1.90**			**287,789**	**287,789**	**.00**	**0.03**	**75**
Cash Equivalents		**1.90**			**287,789**	**287,789**	**.00**	**0.03**	**75**
FIRST AM GOVT OB FD CL Z	31846V567	1.90	1.00	287,789	287,789	287,789	.00	0.03	75
Fixed Income		**26.84**			**4,069,873**	**2,013,133**	**2,056,739**	**3.06**	**124,521**
Investment Grade		**22.85**			**3,465,527**	**1,687,494**	**1,778,033**	**2.67**	**92,423**
Mutual Funds & ETFs		**22.85**			**3,465,527**	**1,687,494**	**1,778,033**	**2.67**	**92,423**
DoubleLine Total Return Bond Fund Class I	DBLTX	4.95	10.70	70,178	750,909	435,965	314,943	3.42	25,685
Fidelity U.S. Bond Index Fund	FXNAX	12.93	12.45	157,494	1,960,801	840,850	1,119,951	2.14	41,893
PGIM Total Return Bond Fund Class R6	PTRQX	4.97	15.11	49,889	753,818	410,679	343,139	3.30	24,845
High Yield		**3.98**			**604,345**	**325,639**	**278,706**	**5.31**	**32,098**
Mutual Funds & ETFs		**3.98**			**604,345**	**325,639**	**278,706**	**5.31**	**32,098**
American Century High Income Fund Class...	NPHIX	3.98	9.64	62,691	604,345	325,639	278,706	5.31	32,098
Equity		**68.62**			**10,406,863**	**2,492,271**	**7,914,592**	**0.85**	**88,636**
Large Cap U.S. Equity		**30.62**			**4,644,201**	**1,213,567**	**3,430,634**	**1.03**	**47,857**
Mutual Funds & ETFs		**30.62**			**4,644,201**	**1,213,567**	**3,430,634**	**1.03**	**47,857**
Columbia Dividend Income Fund Class I3	CDDYX	6.97	26.28	40,198	1,056,396	256,826	799,571	1.82	19,215
Harbor Capital Appreciation Fund - Retirem...	HNACX	8.11	104.24	11,799	1,229,908	306,710	923,198	0.00	0
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	8.55	165.52	7,831	1,296,121	382,406	913,714	0.00	0
Vanguard Equity Income Fund Admiral Sha...	VEIRX	7.00	79.33	13,384	1,061,777	267,625	794,151	2.70	28,642
Mid Cap U.S. Equity		**13.90**			**2,107,615**	**389,075**	**1,718,540**	**1.37**	**28,793**
Mutual Funds & ETFs		**13.90**			**2,107,615**	**389,075**	**1,718,540**	**1.37**	**28,793**
Fidelity Mid Cap Index Fund	FSMDX	13.90	27.01	78,031	2,107,615	389,075	1,718,540	1.37	28,793
Small Cap U.S. Equity		**4.41**			**668,516**	**58,087**	**610,429**	**0.94**	**6,262**
Mutual Funds & ETFs		**4.41**			**668,516**	**58,087**	**610,429**	**0.94**	**6,262**
Fidelity Small Cap Index Fund	FSSNX	4.41	24.98	26,762	668,516	58,087	610,429	0.94	6,262
Developed Markets Equity		**12.17**			**1,845,865**	**283,809**	**1,562,056**	**0.31**	**5,723**
Mutual Funds & ETFs		**12.17**			**1,845,865**	**283,809**	**1,562,056**	**0.31**	**5,723**
Vanguard International Growth Fund Admir...	VWILX	12.17	160.29	11,516	1,845,865	283,809	1,562,056	0.31	5,723
Emerging Markets Equity		**7.52**			**1,140,666**	**547,734**	**592,933**	**0.00**	**0**

Holdings Date: 12/31/2020

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Mutual Funds & ETFs		**7.52**			**1,140,666**	**547,734**	**592,933**	**0.00**	**0**
Baron Emerging Markets Fd Inst Shs	BEXIX	7.52	19.06	59,846	1,140,666	547,734	592,933	0.00	0
Real Assets		**2.64**			**401,019**	**0**	**401,019**	**2.06**	**8,260**
U.S. Listed Real Estate		**2.64**			**401,019**	**0**	**401,019**	**2.06**	**8,260**
Nuveen Real Estate Securities Fund Cl I	FARCX	2.64	18.74	21,399	401,019	0	401,019	2.06	8,260

	Symbol	% of Fixed Income	Portfolio Value	Projected Annual Income	Current Yield	Yield to Maturity	Effective Duration	Effective Maturity	Avg. Quality
Total		**100.00**	**4,069,873**	**124,521**	**3.06**	**2.17**	**5.17**	**5.68**	**BBB**
Investment Grade		**85.20**	**3,465,527**	**92,423**	**2.67**	**2.17**	**5.41**	**5.01**	**A-**
Mutual Funds & ETFs		**85.20**	**3,465,527**	**92,423**	**2.67**	**2.17**	**5.41**	**5.01**	**A-**
DoubleLine Total Return Bond Fund Class I	DBLTX	18.50	750,909	25,685	3.42	2.17	3.22	5.01	BB
Fidelity U.S. Bond Index Fund	FXNAX	48.20	1,960,801	41,893	2.14	NA	5.73	NA	AA
PGIM Total Return Bond Fund Class R6	PTRQX	18.50	753,818	24,845	3.30	NA	6.75	NA	BB
High Yield		**14.80**	**604,345**	**32,098**	**5.31**	**NA**	**3.78**	**6.51**	**B**
Mutual Funds & ETFs		**14.80**	**604,345**	**32,098**	**5.31**	**NA**	**3.78**	**6.51**	**B**
American Century High Income Fund Class Y	NPHIX	14.80	604,345	32,098	5.31	NA	3.78	6.51	B

Holdings Date: 12/31/2020

ECONOMIC OUTLOOK

Situation analysis

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December 15, 2020

2021 investment outlook

At a glance

The global economic recovery will likely continue through 2021, bolstering risky assets. Key factors include the distribution of a COVID-19 vaccine and U.S. fiscal policies to complement continued low interest rate and asset purchase policies by global central banks.

As we close out an event-filled year with considerable volatility and a 24/7 news cycle, investors are hoping that 2021 follows 2020 in numerical sequence, but not in event intensity. Two major events bookended 2020: A global pandemic's onset in the first quarter and a major election in the fourth quarter. As you will read in our outlook comments, those two events will continue to be the major market drivers for 2021, with medical progress to halt COVID-19 the most important factor.

As we contemplate how global economies and the three core constituencies (consumers, businesses, and governments) who comprise them react to eventual reopening thanks to antiviral campaigns, we maintain a glass half-full perspective on how diversified portfolios will perform in the new year. To be sure, events will occur not covered or contemplated, and capital markets will likely follow their usual non-linear paths. But the common thread in our individual section updates below is anticipating a gradual and durable global economic recovery that provides a favorable investing backdrop for long-term, diversified investors.

As always, we are privileged to have your trust, and we welcome any questions or follow-up you may have with respect to your unique financial situation. We wish you the best in the New Year and thank you for the opportunity to serve you.

— Eric Freedman, Chief Investment Officer, U.S. Bank Wealth Management

[1] Important disclosures provided on page 9.

Global economy

Quick take: We expect the global economic recovery will continue well into 2021, with the timing and uptake of a COVID-19 vaccine the key variable. Inflation pressures are likely to build early in the year before flattening in the back half. Emerging Asian economies, such as China, are likely to remain in the lead for much of 2021, due to their more limited COVID-19 infections at the close of 2020.

Our view: The COVID-19 vaccine will encourage the global recovery in 2021, with distribution and uptake of the vaccine key growth variables. Additional fiscal stimulus and an easing in trade tension may lift growth as well. The recovery will lift inflation, before softening in the back half of the year. The path of monetary and fiscal stimulus in the economic recovery are important factor for inflation.

- **The global economy remains in recovery mode as we enter 2021**. The effectiveness of limiting COVID-19 infection growth is the primary differentiator for pace of the recovery across global markets, though most all economies continue with limitations on certain activities.
- **Most global central banks are maintaining low borrowing rates to stimulate economic activity**. Asset purchases from the Federal Reserve (Fed), European Central Bank and Bank of Japan also continue to support financial markets and economic activity. Such policies, coupled with continued and new fiscal stimulus measures, should accelerate economic activity into mid-2021.
- **U.S. economic activity likely flattened at the end of 2020 due to a pause in reopening** to combat rising COVID-19 infections, hospitalizations and deaths. Reopening the economy and distributing a vaccine should support much stronger growth into the middle of 2021, after which the recovery should moderate, especially compared to the robust recovery in the second half of 2020. Stimulus measures, a strong housing market and recent increases in commodity prices should lift inflation, as well.
- **Emerging Asian economies including China, Korea and Taiwan should be leaders to start the year,** with recoveries in Europe and Japan timed to the distribution of a COVID-19 vaccine. Absolute levels of growth will remain modest, reflecting demographic headwinds that remain a major factor for these economies.

U.S. equity markets

Quick take: Domestic equities rallied to all-time highs in the fourth quarter of 2020 on the heels of COVID-19 vaccine progress and ramping expectations for additional government stimulus. As we begin the new year, we expect volatility to be more the norm rather than the exception, swayed by the tug-of-war between COVID-19 vaccine optimism and evolving election-related clarity versus virus case growth and renewed activity and mobility restrictions slowing economic reopening.

Our view: We are maintaining our “glass half-full” orientation. Benign inflation and low interest rates, supportive monetary and fiscal policy and COVID-19 medical progress support our positive outlook.

- **The fundamental backdrop remains supportive for equities.** Along with an improving economy, benign inflation and low interest rates provide valuation support. Inflation is currently higher than 10- and 30-year Treasury bond yields, meaning real interest rates, or interest rates less the rate of inflation, are negative. This increases the value of companies’ future cash flows.
- **Valuations are elevated yet short of extremes.** Rising analysts’ earnings projections provide valuation support. Consensus S&P 500 earnings expectations for 2021 are approximately $170 per share, which equates to a price-to-earnings ratio (price per share divided by estimated earnings per share) of roughly 22, a level we consider to be elevated yet below extremes.
- **Information Technology has become the new defensive sector.** COVID-19 has accelerated the need for 24/7 connectivity, mobility and all things internet. We see these trends continuing in the new year and beyond, supporting the notion that Information Technology and related industry groups have become the new defensive sector — one that consistently delivers stable and predictable earnings both in good and bad times.
- **E-commerce is gaining in popularity**, driven by the internet’s convenience, reliability and contactless nature. We believe online sales usage and growth will remain high even beyond COVID-19. Consumers have come to appreciate online sales and same-day pick-up, drive-up and delivery services. We consider best-in-class operators to be those with an internet presence that also promote in-store traffic and a personal touch.
- **U.S. equities’ dividend profile remains compelling.** Equities remain an attractive alternative for investors looking for income. Approximately 70 percent of S&P 500 companies offer dividend yields (the expected dividend per share divided by the current price per share) above the U.S. 10-year Treasury note yield as of late-December.

Foreign markets

Quick take: China, South Korea and Taiwan, earliest hit by the COVID-19 pandemic and the economies earliest to reopen, led strong emerging market gains in 2020, narrowing the performance gap to U.S. equities. After posting relatively modest returns in 2020, foreign developed equities hold catch-up potential in a post-vaccine 2021 recovery due to relatively large weightings in sectors historically sensitive to the economic cycle, such as Financials, Industrials and Materials.

Our view: Economic momentum, China's ongoing reopening and vaccine progress are positive catalysts supporting our balanced emerging market equity outlook. While we maintain a strategic bias toward U.S. equities over time, we also must respect foreign developed equities' return potential in a post-vaccine, economic reopening scenario.

- **The fundamental backdrop remains generally positive for foreign equities**. Central banks remained committed to accommodative monetary policy support. Restrained inflation and low interest rates provide valuation support, meaning investors value equities' future cash flows favorably relative to lower-yielding fixed income alternatives.
- **Trade risks are set to recede,** though other domestic and foreign policy risks for foreign equities could materialize. While policy observers expect a presumptive Biden Administration will be less confrontational with China and traditional European allies on trade issues, recent U.S. executive orders and Chinese regulators' capital markets activity highlight the edgeless nature of domestic and foreign policy.
- **Ongoing dollar weakness continues to benefit U.S. investors in foreign equities** in two ways. First, it decreases the dollar-denominated costs for borrowers, supporting their domestic growth prospects and aiding corporate profitability. Second, a falling dollar increases U.S. investors' foreign holdings values.
- **Analysts are forecasting a strong foreign markets revenue and profits recovery in 2021**. High forecasted earnings growth relative to sales reflects high operating leverage in foreign markets. In an economic recession, earnings contract more sharply than sales, while earnings' rebound during an economic recovery is commensurately greater than the recovery in sales.
- **Foreign equities' valuation, or the price investors are willing to pay for anticipated earnings, is elevated** relative to history. While continued vaccine progress provides optimism for a 2021 profits recovery, high valuation implies that investors are already pricing in positive future outcomes, and the potential for disappointment remains high.

Bond markets

Quick take: Corporate and municipal bond performance remains strong as investors begin to look ahead to a post-vaccine world. Interest rates remain low but have risen somewhat as growth and inflation expectations strengthened. Central banks will hold interest rates low and continue asset purchases while investors await additional fiscal stimulus.

Our view: We continue to see opportunities in corporate and municipal bonds. Incremental yield compared to Treasuries has fallen somewhat below normal historical levels, but we anticipate yields relative to Treasuries will continue to compress, driving corporate and municipal outperformance over Treasuries. Riskier high yield corporate bonds present compelling current income, but we favor normal allocations due to better return opportunities in equities.

- **Treasury bond yields have begun rising but should remain low by historical comparisons.** We anticipate the Fed will keep its policy rate near zero through 2022 and may expand its asset purchase program. Rising growth and inflation expectations may push longer-term bond yields somewhat higher, but rates are unlikely to return near historical averages any time soon. Treasury bonds provide important portfolio diversification, but low and rising yields indicate there are better opportunities elsewhere to enhance yield and performance.
- **We see opportunities in corporate bonds.** Large companies have raised a record amount of debt this year at the cheapest rates on record. Low corporate defaults rates in recent months provide evidence that high cash balances resulting from debt issuance are boosting companies' ability to weather short-term pandemic-related challenges. Corporate bond yields compared to Treasury yields have fallen, and will likely fall further, leading to continued outperformance relative to Treasuries.
- **Municipal bonds provide a valuable source of non-taxable income.** Improving sales and income tax revenue forecasts and near-term expense management flexibility paired with improving investor expectations should drive strong municipal bond performance. We anticipate this trend will continue until incremental tax-equivalent yields fall closer to historical lows. Until then, we favor incurring slightly more credit risk than normal to generate extra income and favorable return potential versus Treasuries.
- **Residential mortgage bonds not backed by the government remain attractive.** Yields are high relative to other bond sectors, while fundamentals remain strong. Many homeowners in forbearance never stopped making mortgage payments, while those coming out of forbearance are performing better than anticipated. Current loans falling 30 days or more past due have reached pre-COVID levels, indicating low interest rates, high borrower equity and a robust housing market are encouraging borrowers to remain current on their loans.

Real assets

Quick take: Utilities and Real Estate, two sectors closely tied to interest rates, were mostly flat in the fourth quarter of 2020 as the market started to look for better growth opportunities. Large shifts in work arrangements and living preferences reduced the ability of landlords to raise rents in many markets, providing a further headwind to real estate investments. An improving economy should be a tailwind for commodity prices and commodity producers in 2021.

Our view: The market continues to look beyond a potential near-term slowdown toward a recovery in future growth resulting from a COVID-19 vaccine. As the economy expands and inflation expectations increase in 2021, we believe commodities and commodity producers can benefit. Energy sector equities, including midstream infrastructure, and miners of industrial metals could also do well in this environment. Higher interest rates are likely to moderate the performance of Utilities and broad Real Estate sectors.

- **An economic expansion, declining U.S. dollar relative to foreign currencies and increasing inflation expectations are a favorable backdrop for commodities,** and prices for agricultural products, industrial metals and energy should move higher. Commodity producers appear to be the primary beneficiaries of these trends among real assets. The benefits of precious metals as safe havens are likely to subside further in 2021.
- **Excess capacity exists in retail properties and in office and multi-family properties in the urban core**. It will be hard for landlords to increase rents in these property types. Revenue and earnings are likely to disappoint. Dividend cuts and suspensions among real estate investment trusts are over for the most part, but we also don't expect them to increase much in 2021.
- **Work from home arrangements may become permanent for many employees**. Additionally, an exodus of inhabitants out of many major cities appears to be underway. These two shifts are negatively affecting the office and apartment market in the urban core of most large cities.
- **Crude oil prices were volatile in 2020 and rebounded in the fourth quarter but may be poised for a breakout**. However, demand concerns still exist. The major producers need to keep forward supply balanced with potential demand for the crude market to return to health. Energy sector equities should benefit from a continued economic expansion.

Hedge fund strategies

Quick take: With election results coming into clearer focus and multiple COVID-19 vaccines expected to be available in early 2021, hedge fund managers' focus will return to analyzing company fundamentals and assessing which companies/sectors will perform best in the current and coming economic cycles.

Our view: The Technology and Healthcare sectors will continue to play prominent roles in our lives and present hedge fund managers with attractive investment opportunities due to the ever-changing dynamics within each sector.

- **Technology companies can change the status quo in areas such as e-commerce, machine learning, cloud computing and cybersecurity applications**. The ongoing digital transformation will drive new investment opportunities as different technology applications create companies focused on "smart" cars, homes, cities and everything within the internet-of-things.
- **Healthcare companies are in a strong position to benefit from aging populations in developed countries** such as the U.S., Europe and Japan and from developing countries' rising middle-class spending on healthcare items, procedures, devices and pharmaceuticals. Demographics trends present opportunities for biotech companies involved with new medical devices, accelerated drug discoveries and researching cures for debilitating diseases.

Private markets

Quick take: Private market investment managers took advantage of investors' unrelenting appetite for initial public offerings (IPOs), exiting high-growth businesses in 2020. Maximizing returns of private investments through optimal exit pathways, such as IPOs, is just one tool in private market investors' active management toolkit. Private debt borrowers' widely anticipated defaults did not materialize in 2020, partly due to the flexibility of private lenders and widespread availability of cheap financing as the COVID 19 pandemic brought global economies to a halt.

Our view: Investor appetite for IPOs, the availability of cheap debt financing and opportunities to add value through activities such as consolidating businesses within fragmented industries continue to favor private market investments. Ongoing industry digitalization and healthcare innovation will present private market investors with unique investment opportunities in 2021.

- **Healthy IPO markets and the proliferation of special purpose acquisition companies (SPACs) create a favorable environment** for privately held companies to go public with the intention of maximizing returns for investors.
- **As global economies continue to improve in 2021, private equity investment managers with operational expertise will shift focus toward revenue growth strategies**. As revenues grow, cost rationalization activities implemented during the challenged economic environment of 2020 should lead to high profit margins, ultimately resulting in strong investment returns.
- **Accelerated healthcare innovation continues to show promise,** as displayed by the unprecedented speed of COVID 19 vaccine development, accomplished in just nine months. Digitalization is spreading across industries at a feverish pace as businesses strive to attract the digital consumer and realize efficiencies. These trends are ripe for private market investment opportunities into 2021.

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DISCLOSURES, DEFINITIONS, DESCRIPTIONS

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Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

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Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors**.**

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Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

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Definitions of investment report/statement terms (page 1 of 4)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

Definitions of investment report/statement terms (page 2 of 4)

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond’s most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Definitions of investment report/statement terms (page 3 of 4)

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the "horizon date/price" and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company's stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm's ability to grow its earnings. A low P/E indicates the market has less confidence that the company's earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Definitions of investment report/statement terms (page 4 of 4)

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund's or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used investment indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Frequently used investment indexes (page 2 of 5)

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

Eurekahedge ILS Advisers Index: Designed to provide a broad measure of the performance of underlying hedge fund managers who explicitly allocate to insurance-linked investments and have at least 70% of their portfolio invested in non-life risk.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

Frequently used investment indexes (page 3 of 5)

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 counties in Europe, Australasia and the Far East.

Frequently used investment indexes (page 4 of 5)

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Frequently used investment indexes (page 5 of 5)

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.