CAPITAL MARKETS OUTLOOK

REVIEWING THE QUARTER ENDED December 31, 2023

120 W 45th Street, Suite 3800 | New York, NY 10036
212-867-7647 | www.klingmanria.com

Klingman & Associates
INDEPENDENT WEALTH ADVISORS

ECONOMIC OUTLOOK

Gerard Klingman, Founder & President

Gerry provides financial planning and investment advisory services to corporate executives, entrepreneurs, professional athletes and other high-net-worth individuals.

Gerry received a bachelor's degree in Economics from Princeton University and attained his Certified Financial Planner™ certification from the College of Financial Planning in 1989. He later earned CLU® and ChFC® designations from the American College, as well as a CFS® designation from the Institute of Business & Finance. He is a member of the Financial Planning Association.

With more than 30 years of experience, Gerry is widely recognized as a leader in the field of financial planning and investment management. Gerry has been consistently ranked on many of the industry's lists of top financial advisers including Barron's Top 100 Independent Advisors, the Financial Times' F400 Top Financial Advisers, and the Forbes ranking of America's Top Wealth Advisors.

January 2024

Financial markets' strong rebound in 2023 took investors by surprise. It's hard to believe it was just 12 months ago when market pundits were all but guaranteeing a recession thanks to the Federal Reserve's aggressive tightening of monetary policy to fight inflation. Fast forward and the most talked about recession in history has yet to materialize. This serves as a reminder that successful long-term investing is not about making great decisions, but about consistently avoiding big mistakes that can result from acting on emotions. This is especially true when sentiment is at extremes, both positive and negative. Instead of taking pre-emptive action around the consensus recession, we focused on the building blocks of successful long-term investing – committing to an appropriate asset allocation, rebalancing portfolios to target allocations, tax loss harvesting when possible, managing duration of fixed income portfolios, managing portfolios in a tax efficient manner, and optimizing returns on cash balances. We believe these actions have served our clients well over the last year.

The US economy, as measured by GDP, grew 2.9% in the third quarter versus a year ago (page 8). We expect fourth quarter GDP to grow ~1-2%, in line with our expectations for the full year 2024. We believe consumer spending, which drove above trend growth in 2023, will slow as higher interest rates negatively impact disposable income and the labor market cools. The US labor market added over 2.5 million jobs in 2023, keeping the unemployment rate under 4% (3.7% in November, page 10). However, nonfarm payrolls have started to slow (page 12), and both job openings (page 11) and wage growth have trended down since peaking in 2022. While these headwinds could cause a slowdown in economic growth, and decelerating growth makes the economy more susceptible to unexpected "shocks," we expect any slowdown to be mild given the absence of financial excesses in the economy (such as in lending, inventory, etc.). November's core PCE index, the Fed's preferred measure of inflation, measured 3.2% versus a year ago (page 17). Slower growing shelter costs should continue to push inflation down. Lower inflation readings continue to clear a path for the Federal Reserve to hold monetary policy steady and possibly loosen (lower interest rates) later this year. Markets have responded positively to the prospect of lower interest rates, as such a trend in rates supports consumers, businesses, and overall asset valuations.

Continued

Against this backdrop, global equity markets gained momentum in the fourth quarter. US Large Cap Equities, as measured by the S&P 500 Index, returned +12% in Q4 and finished the year +26% (page 20). The rally has pushed valuations higher, with the 12-month forward price-to-earnings ratio back above 19x (as compared to its long-term average of ~17x, page 21). Corporate earnings, the backbone of long-term equity prices, have overall been more resilient than expected. Current consensus estimates for 2024 and 2025 imply a 12% growth rate above 2023's consensus expectation of $217. If these estimates are achieved, and we believe they can be, then the market is trading in line with historical averages. But the "bar" is higher than it was, and we expect more volatility in the coming year as a result. We remain Neutral weight to US Large Cap Equities. We are also cognizant that the overall market of stocks in the US has done worse than the indices make it appear. The top ten stocks in the S&P 500 (which now comprise 32% of the index) were +62% on average in 2023, while the remaining 490 stocks were +8%. These ten stocks collectively trade at 27x forward earnings, while the remaining 490 stocks trade at 17x (page 32). History tells us that eventually, high valuations and unattainable growth expectations lead to disappointments and devaluations. We believe this dynamic may not only create risks to traditional market cap indexing going forward, but also create opportunities within the rest of the market. US Mid Cap Equities (S&P 400 Index) and US Small Cap Equities (S&P 600 Index) returned +12% and +15%, respectively, in the fourth quarter but failed to catch up to their larger counterparts for the full year 2023 (+16%). At 14x forward earnings multiples, these asset classes remain historically cheap on an absolute and relative basis. We remain Neutral weight to US Mid and Small Cap Equities in our asset allocation models.

Non–US Developed Markets Equities, as measured by the MSCI EAFE Index, returned +19% in 2023 and Emerging Market Equities, as measured by the MSCI EM Index, returned +10%. Global economies face a myriad of uncertainties: the aftermath of aggressive monetary policy tightening, mounting geo-political tensions, and a slew of important upcoming elections. Despite the reality of these uncertainties, global inflation has fallen sharply and should allow central banks to pivot towards easier monetary policy as the year progresses, helping to protect against significant economic contractions. We already see this playing out in certain Emerging Market economies. Furthermore, we believe that investors are being fairly compensated for these risks with current valuations. The MSCI EAFE index trades at 13x forward earnings and the MSCI EM index trades at 12x forward earnings. These valuations are significantly lower compared to those in the US and remain attractive versus long-term averages (page 35). We also think that the recent weakening of the US dollar, after years of strength versus a number of global currencies, is a trend that will continue and will provide a positive tailwind for the performance of Non-US Equities (page 26). We remain Neutral weight to Non-US Developed Market Equities and slightly Overweight to Non-US Emerging Market Equities.

Continued

While all eyes were on the Federal Reserve and short-term interest rates, long-term interest rates were the real story of 2023. Stronger-than-expected growth, concerns about the US government's fiscal outlook and the Fed's pledge to keep interest rates higher for longer initially drove long-term interest rates to levels not seen in decades. The 10 Year Treasury reached 5% in October 2023. When, later in the year, the Federal Reserve changed its tone by acknowledging that inflation was declining sufficiently towards their target 2% level (making further interest rate hikes unlikely), long-term interest rates headed sharply lower with the 10 Year Treasury finishing the year at 3.9% (page 23). Despite the volatility, we continued to take advantage of the opportunity, purchasing high quality bonds at attractive yields to lock in income in client portfolios. We caution those investors wooed by the high interest rates currently offered on cash. Cash interest rates are quite short-term and are only attractive until they are no longer available. If current expectations that the Federal Reserve will lower rates in 2024 prove correct, that time may come sooner than later. Non-Investment Grade Bonds, as measured by the Barclays High Yield index, returned 14% in 2023. Credit spreads over Treasuries - the premium charged by investors to hold below Investment Grade bonds - have narrowed considerably. Given the combination of already rising default rates and attractive interest rates on Treasuries, Municipals and Investment Grade Corporates, we are Overweight US Investment Grade Bonds in our asset allocation models and Neutral to Strategic (Non-Investment Grade) Bonds.

This is the time of year for forecasts, which are essentially educated guesses based on available data. The truth is we do not know exactly what 2024 will bring (nobody does). Nor do we know what direction the stock market will head in the short-term. But we are confident that investing in a diversified portfolio of equities will almost certainly provide higher rates of return than cash and fixed income over long periods of time. After the last several years of double-digit market returns (both positive and negative), we think it important to reiterate how investors achieve market average returns. The S&P 500 has delivered an annual average return of ~10% since 1926. In reality, these average returns are rarely achieved in a given year. The market has returned close to the average (between 8% and 12%) in only 6 of the past 98 years (page 37). In most years, the index's return was outside of the range – often above or below by a wide margin – with no obvious pattern. The last several years have been no different. While we cannot predict what 2024 will bring, we do feel good reviewing portfolios with clients, as we believe many asset classes have attractive valuations that will continue to help them to meet their long-term goals.

TACTICAL OVERLAY TO STRATEGIC ASSET ALLOCATION MODELS

CASH ALTERNATIVES	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT

FIXED INCOME

US INVESTMENT GRADE BOND	UNDERWEIGHT	NEUTRAL	**OVERWEIGHT**
TIPS	**UNDERWEIGHT**	NEUTRAL	OVERWEIGHT
STRATEGIC BOND	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT

US STOCKS

US LARGE CAP EQUITY	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT
US MID CAP EQUITY	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT
US SMALL CAP EQUITY	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT

NON-US STOCKS

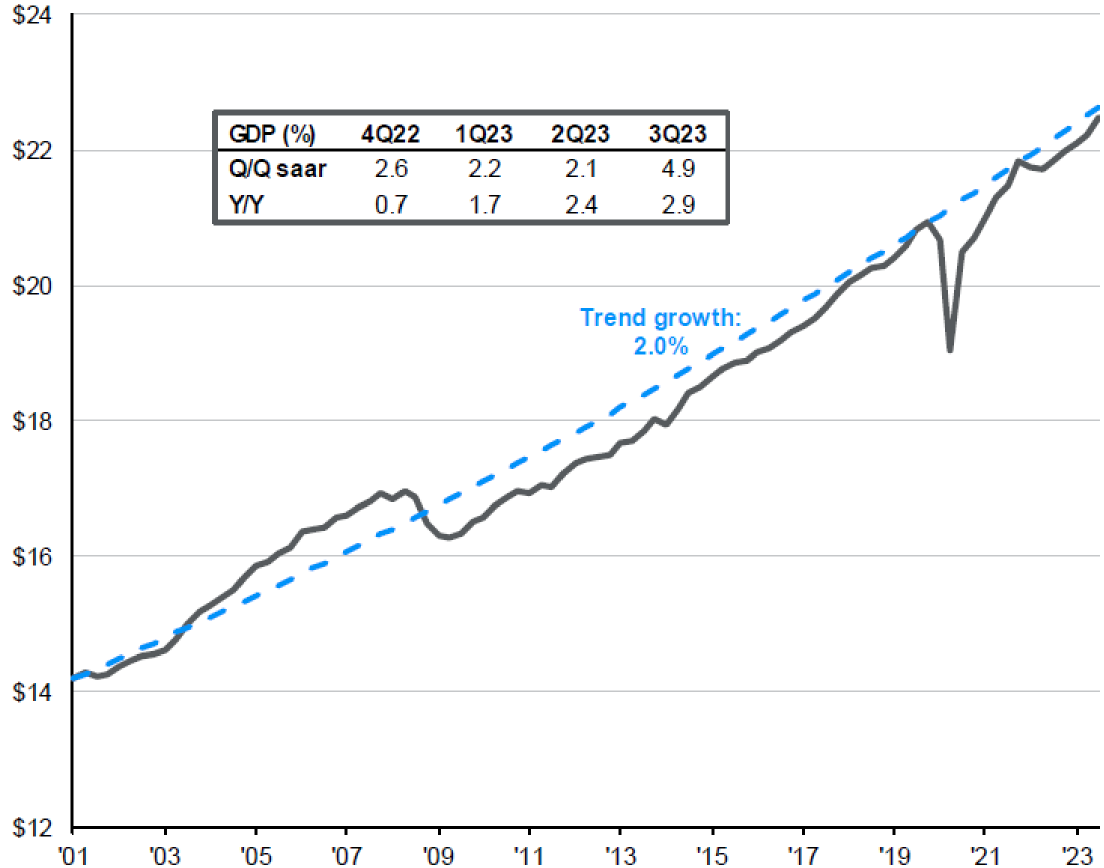
NON-US DEVELOPED MARKETS EQUITY	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT
NON-US EMERGING MARKETS EQUITY	UNDERWEIGHT	NEUTRAL	**OVERWEIGHT**

ALTERNATIVES

REAL ESTATE	UNDERWEIGHT	**NEUTRAL**	OVERWEIGHT

- **ECONOMIC REVIEW**
- CAPITAL MARKETS
- QUARTERLY THEMES

Real gross domestic product (GDP) increased 2.9 percent in the third quarter of 2023 versus a year ago according to the Bureau of Economic Analysis, driven by increases in consumer spending and inventory investment.

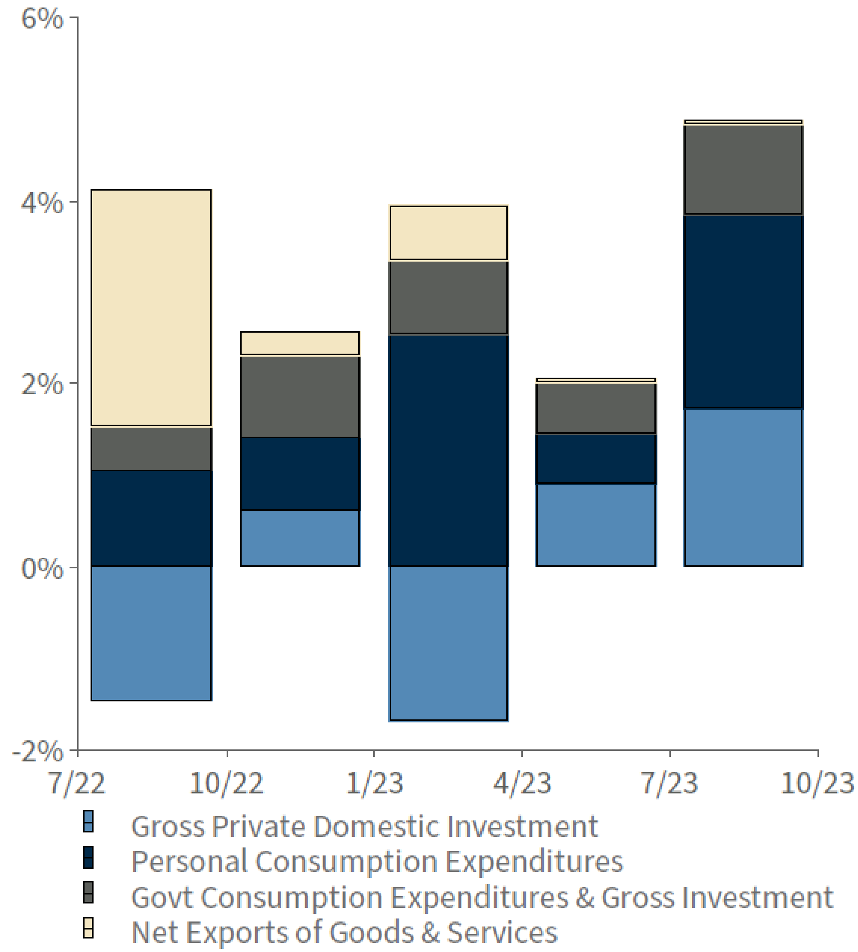


GDP (%)	4Q22	1Q23	2Q23	3Q23
Q/Q saar	2.6	2.2	2.1	4.9
Y/Y	0.7	1.7	2.4	2.9

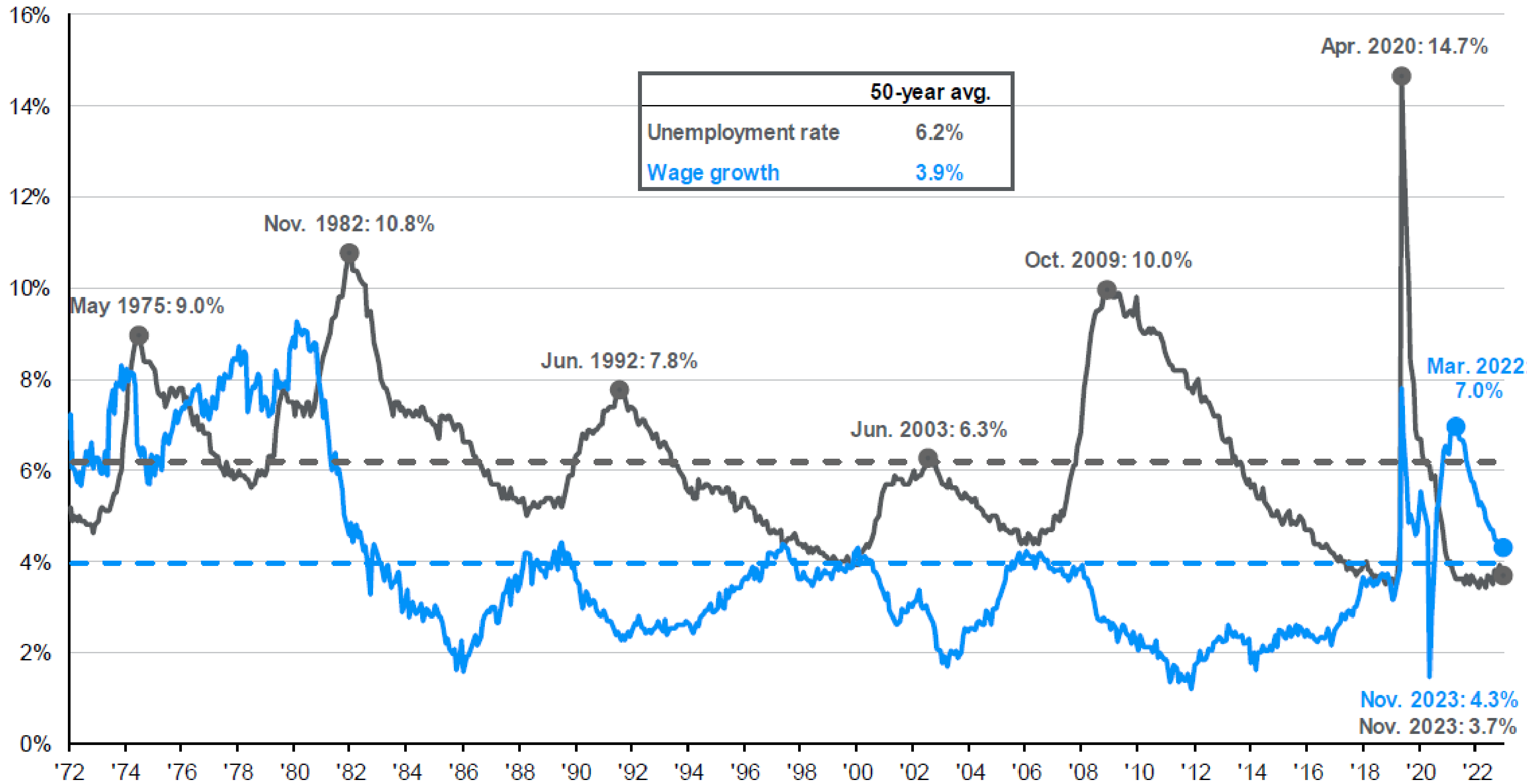
Source: Bureau of Economic Analysis, FactSet, JPMorgan as of 9/30/2023.

Third quarter real GDP reflected increases in personal consumption, gross private domestic investment and government consumption, while net exports were flat.

Source: FactSet, as of 9/30/2023



Civilian Unemployment Rate and Year-over-Year Wage Growth



Source: BLS, FactSet, JPMorgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs. Data as of 12/31/2023.

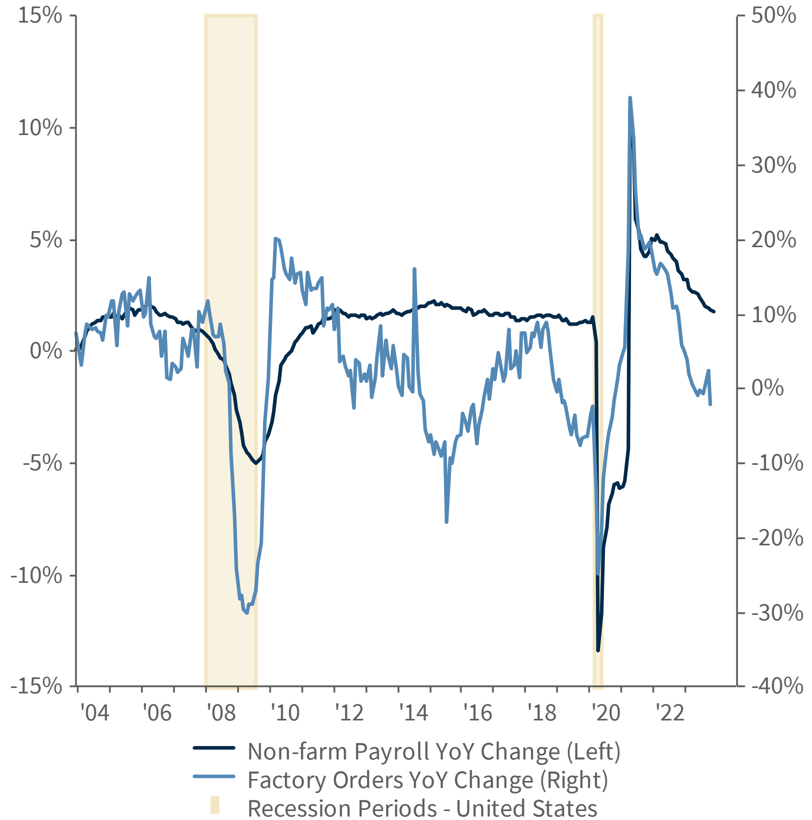
Labor Market Easing

US Job Openings (in Millions)

Source: FactSet, Bureau of Labor Statistics, November 2023.

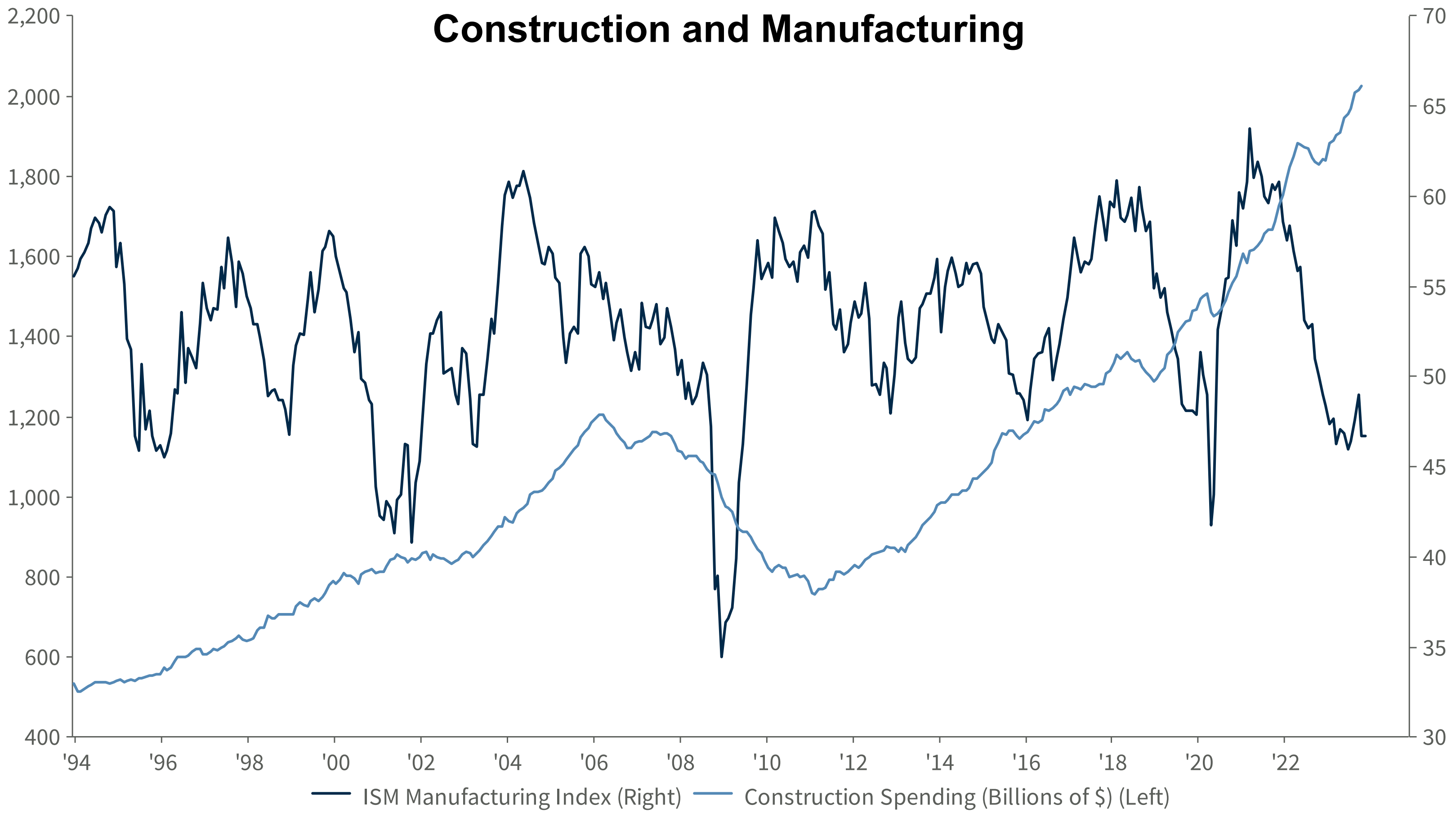
Non-farm payrolls rose by 216,000 in December, ahead of expectations for an increase of 170,000. This increase reflects additions within health care, leisure and hospitality, and government jobs.

Non-Farm Payroll and Factory Orders



Source: FactSet, as of 12/31/2023

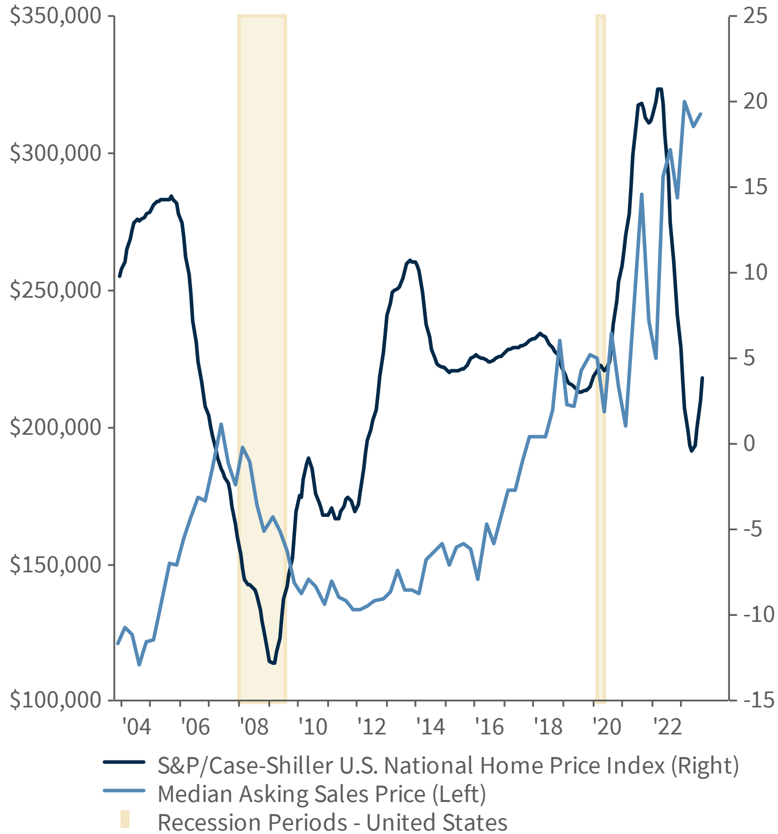
The ISM Manufacturing Index decreased in the fourth quarter to 47.4 and remains in contractionary territory (a level below 50). Construction spending increased slightly in the quarter.



Source: FactSet, as of 12/31/2023

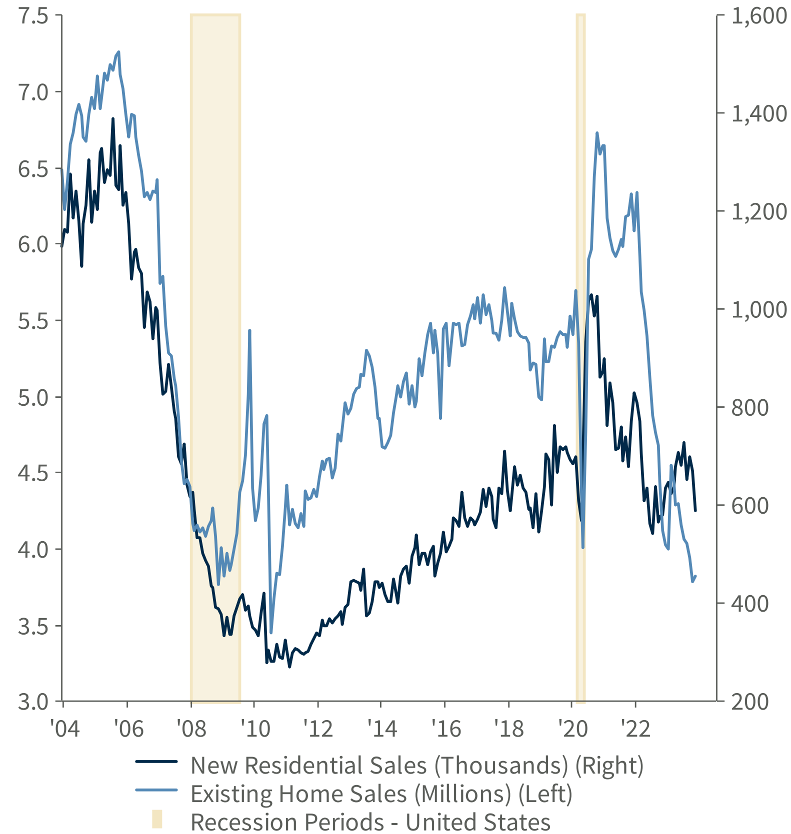
The national home price index increased in October, continuing the trend from last summer. New home sales trended higher this fall, while existing home sales declined.

National Home Price Index (YoY Change)



Source: FactSet, as of 12/31/2023

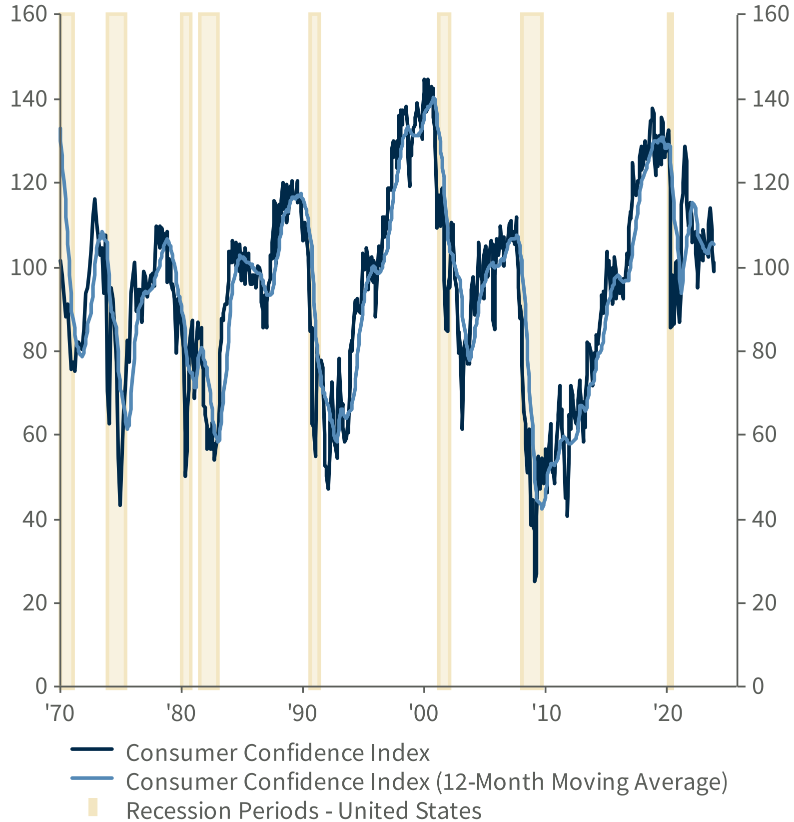
New and Existing Home Sales



Source: FactSet, as of 12/31/2023

US Consumer confidence was 110.7 in December, up significantly from 101.0 in November. Retail sales increased 0.3% in November.

Consumer Confidence



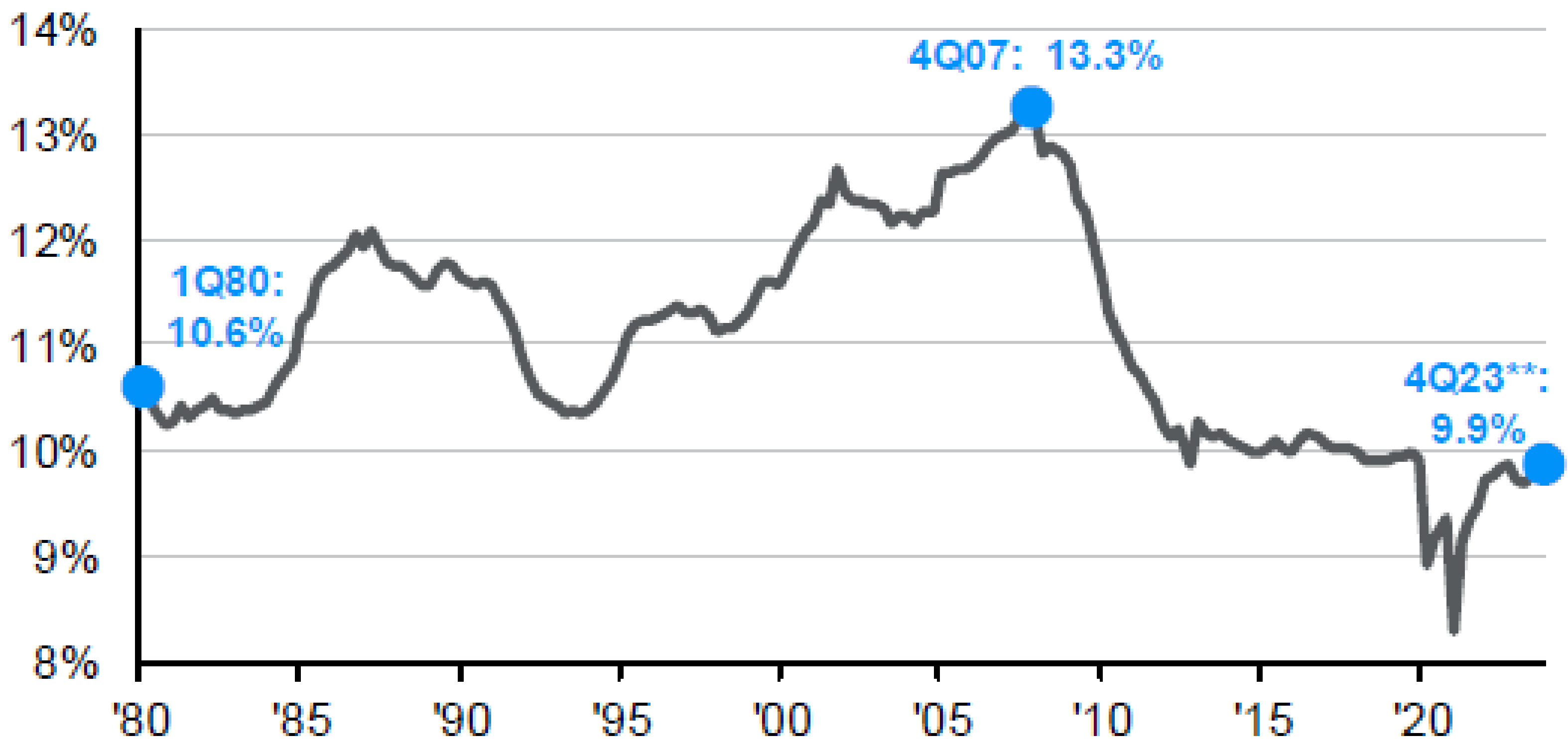
Source: FactSet, as of 12/31/2023

Retail Sales

Source: FactSet, as of 12/31/2023

Household Debt Service Ratio

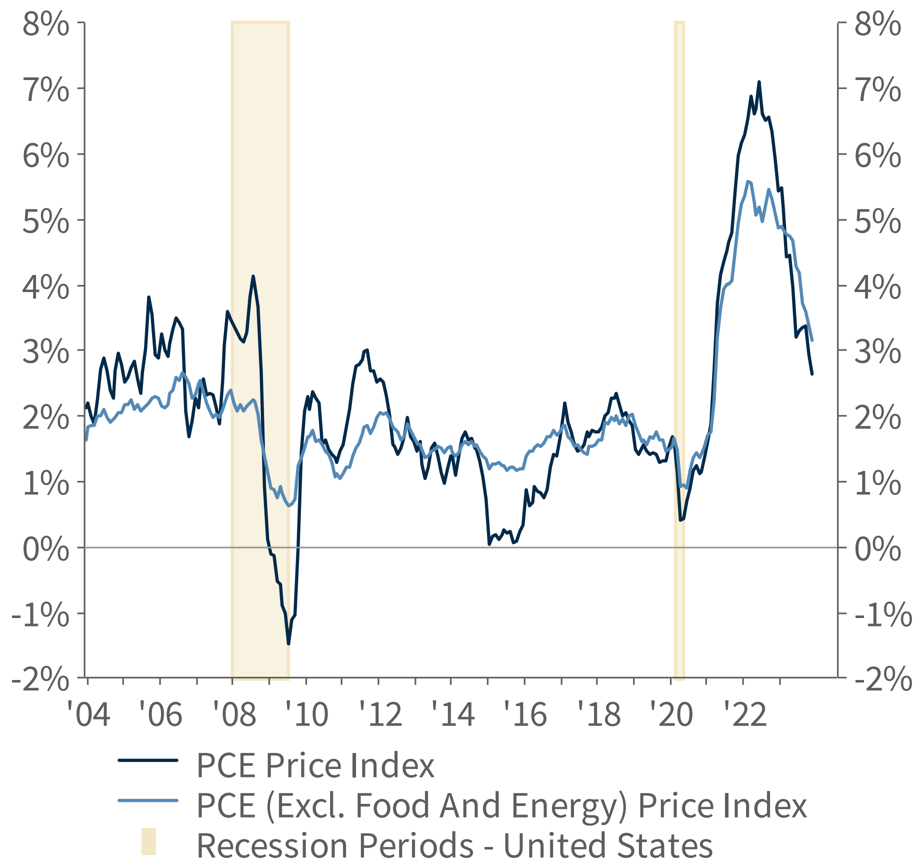
Debt Payments as a % of Disposable Personal Income



Source: FactSet, JPMorgan Asset Management, BEA. Data include households and nonprofit organizations (seasonally adjusted). Data as of 12/31/2023.

Inflation Starting to Roll Over

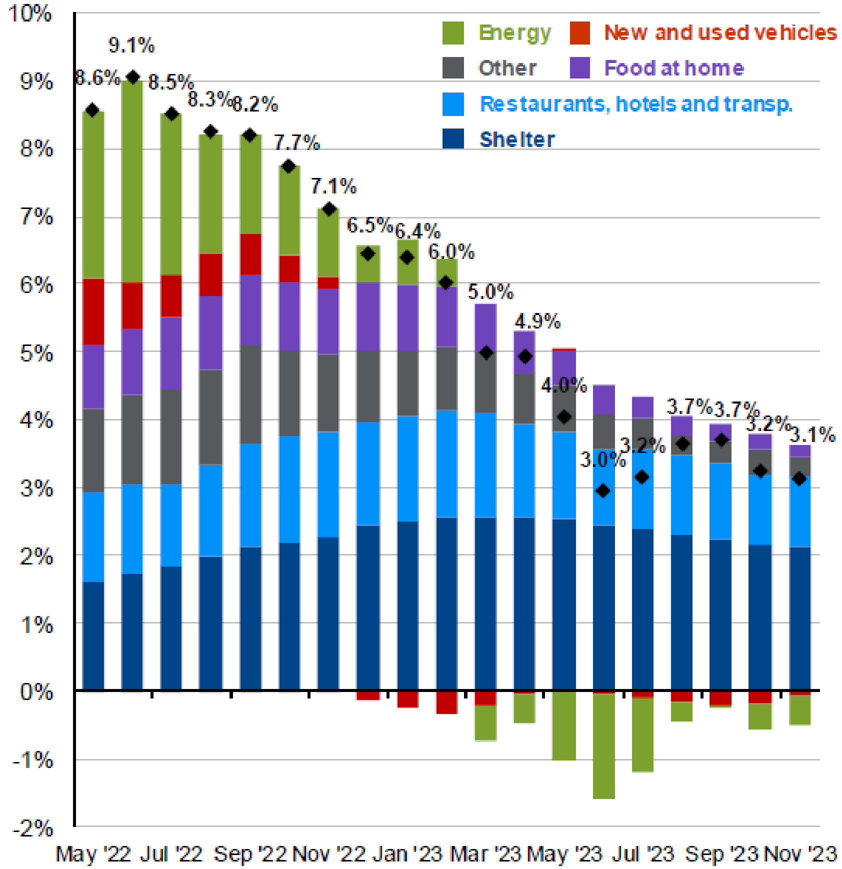
Inflation continues to decelerate towards the Fed's target of 2%. The PCE Price Index (PCE) increased 2.6% in November versus a year ago while the Core PCE Index, which excludes the volatile food and energy components, rose 3.2%.



Source: FactSet, as of 12/31/2023. Personal Consumption Expenditure (PCE) is the preferred measure of inflation by the Bureau of Economic Analysis.

Inflation Starting to Roll Over

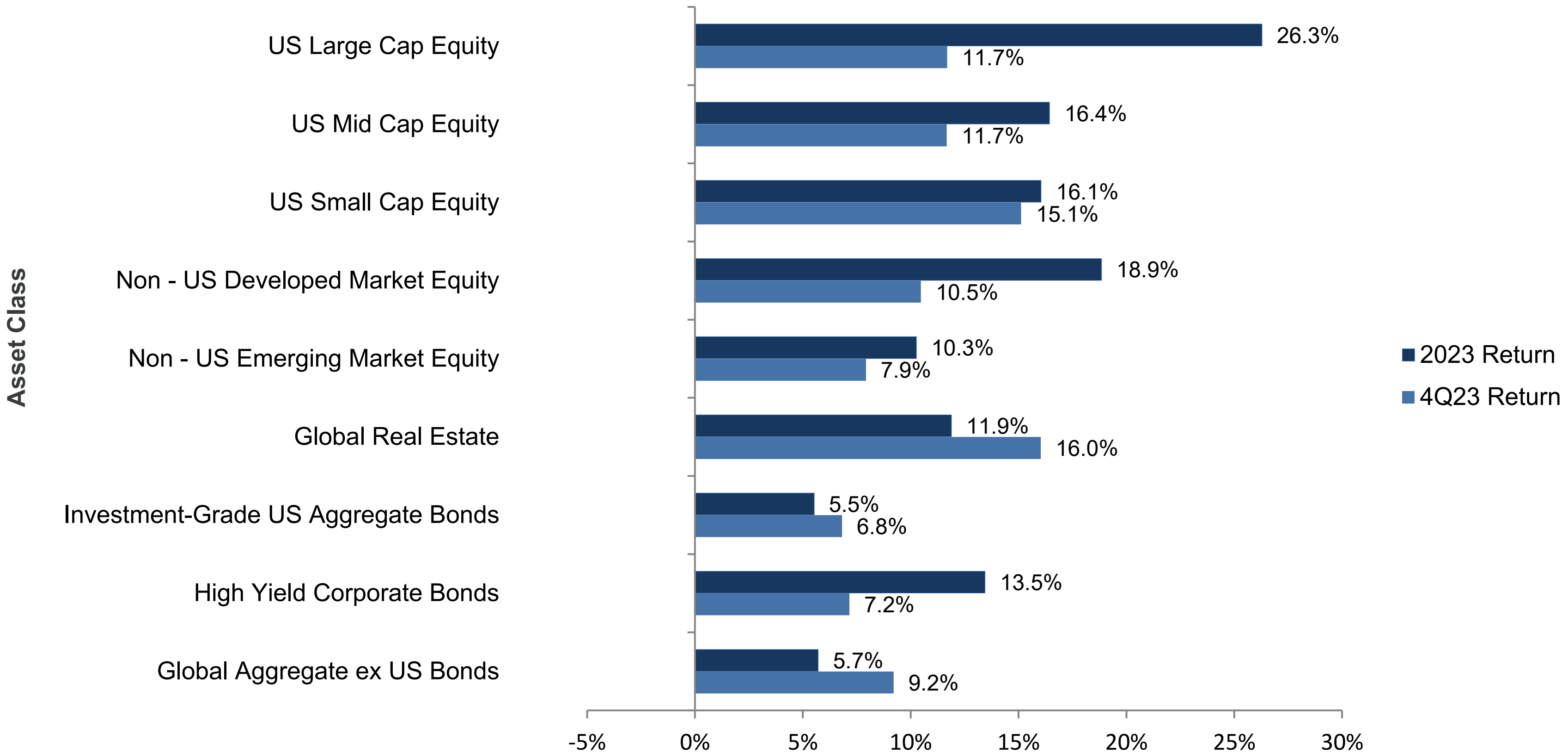
Contributors to Headline CPI Inflation



Source: BLS, FactSet, JPMorgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent and rent of primary residence. "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. Data as of 12/31/2023.

- ECONOMIC REVIEW
- **CAPITAL MARKETS**
- QUARTERLY THEMES

ASSET CLASS RETURNS



Past performance is not indicative of future results. Please see slides 40-42 for asset class definitions.

Source: FactSet, as of 12/31/2023

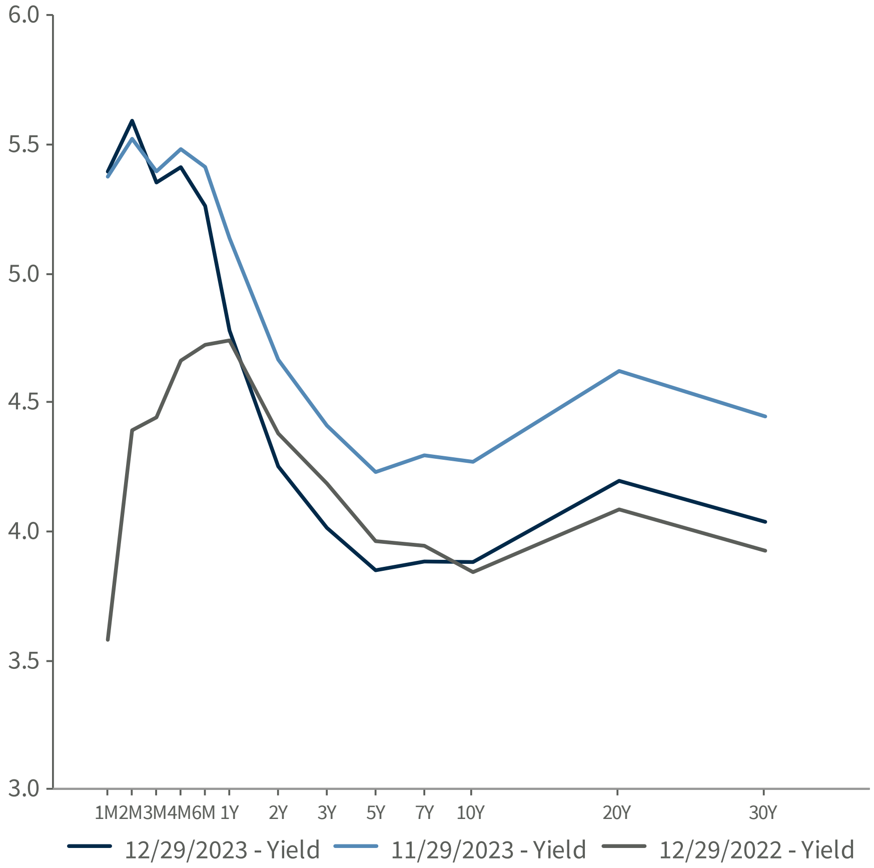
PRICE-EARNINGS RATIOS VERSUS HISTORICAL AVERAGES

	Current P/E	20-Year Average	Current P/E as a % of 20-year Average
S&P 500	19.5	16.8	116.1%
S&P 400	14.6	15.5	94.2%
S&P 600	14.4	16.2	88.9%

Source: Standard & Poor's, Raymond James. P/E calculated as the most recent index price, divided by consensus earnings in the next twelve months. Please see slides 40-42 for index definitions. Current P/E data as of 12/31/2023.

U.S. TREASURY YIELD CURVE

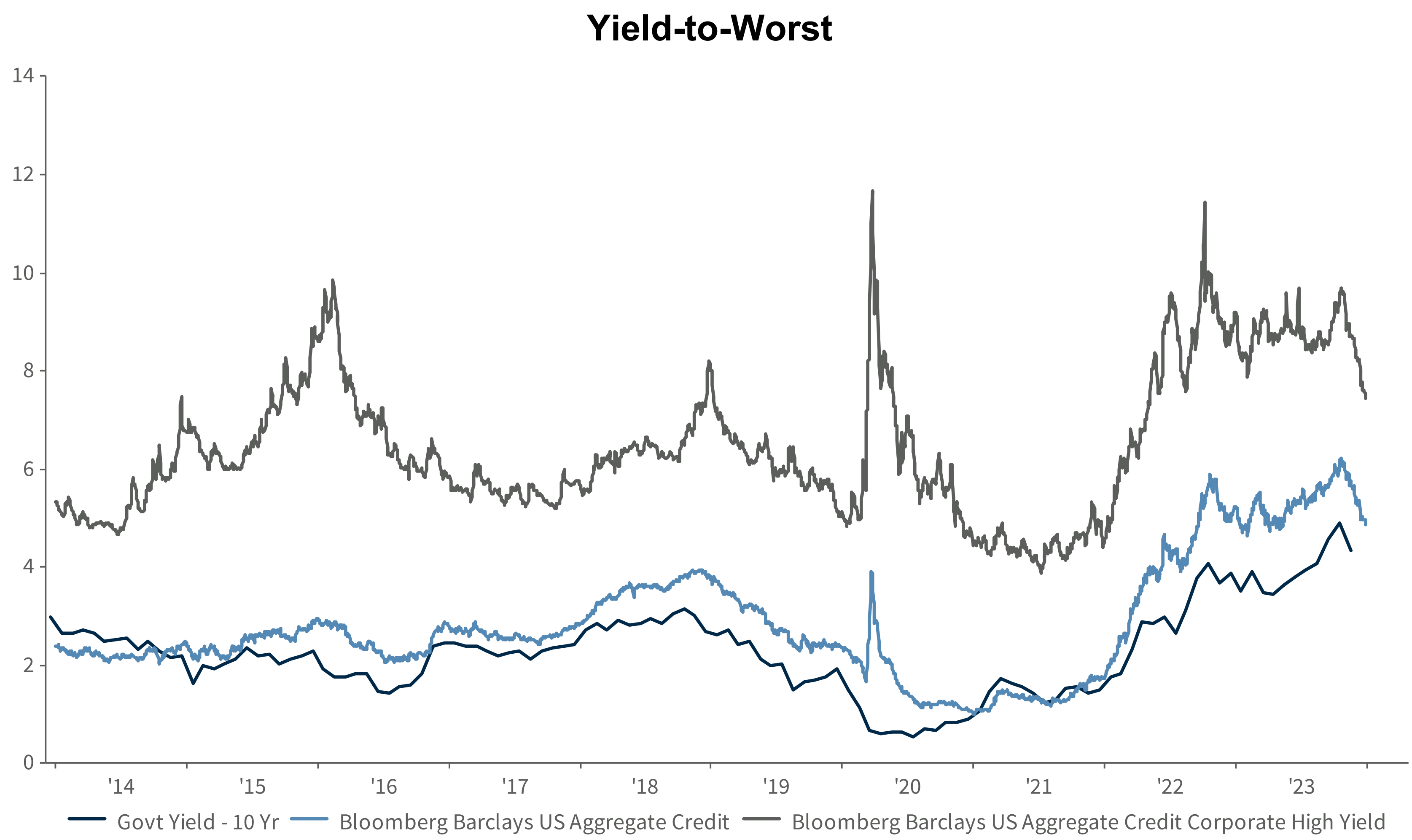
US Yield Curve



Source: FactSet, as of 12/31/2023

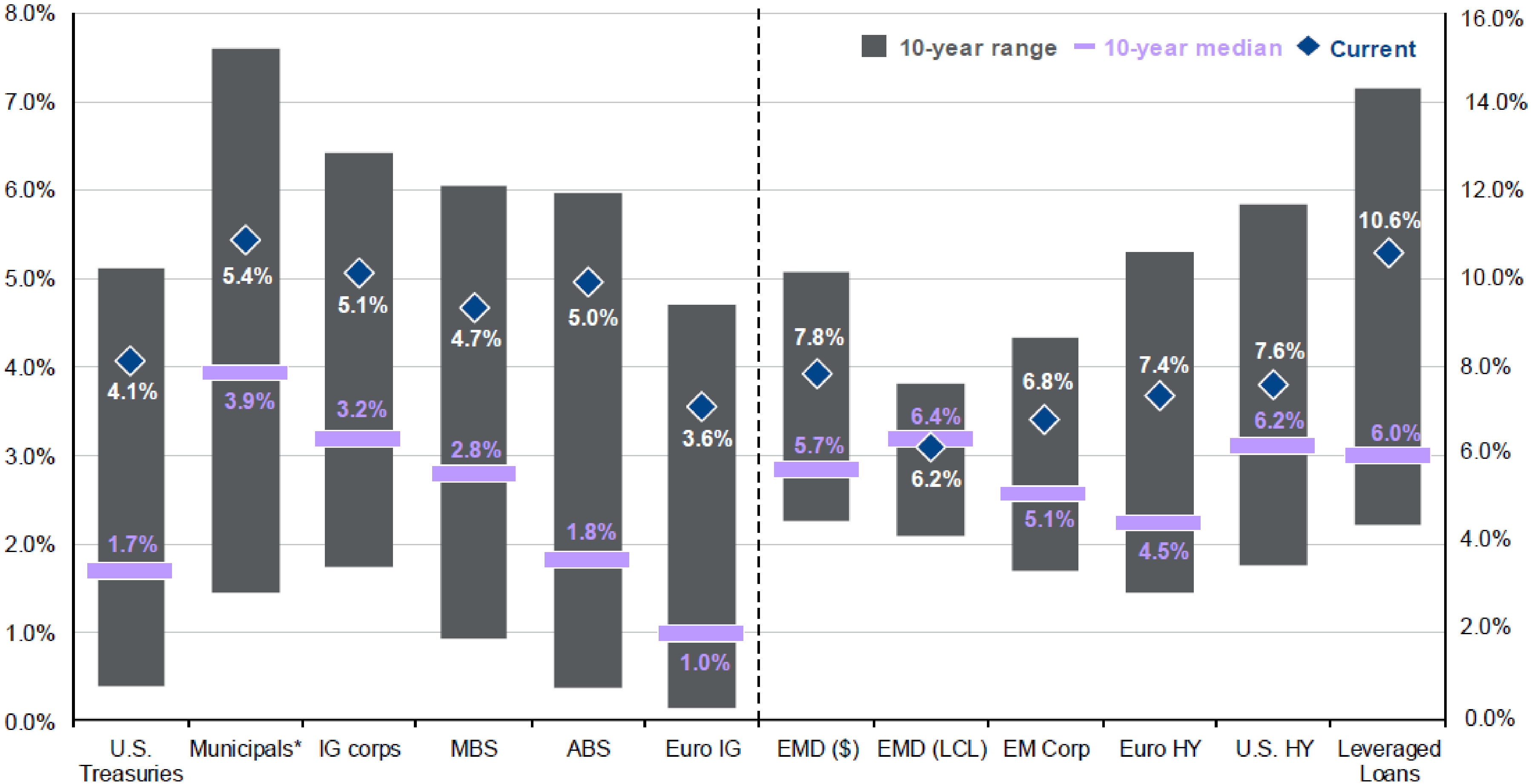
US 10 – Year / US 2- Year Yield Curve

Source: FactSet, as of 12/31/2023



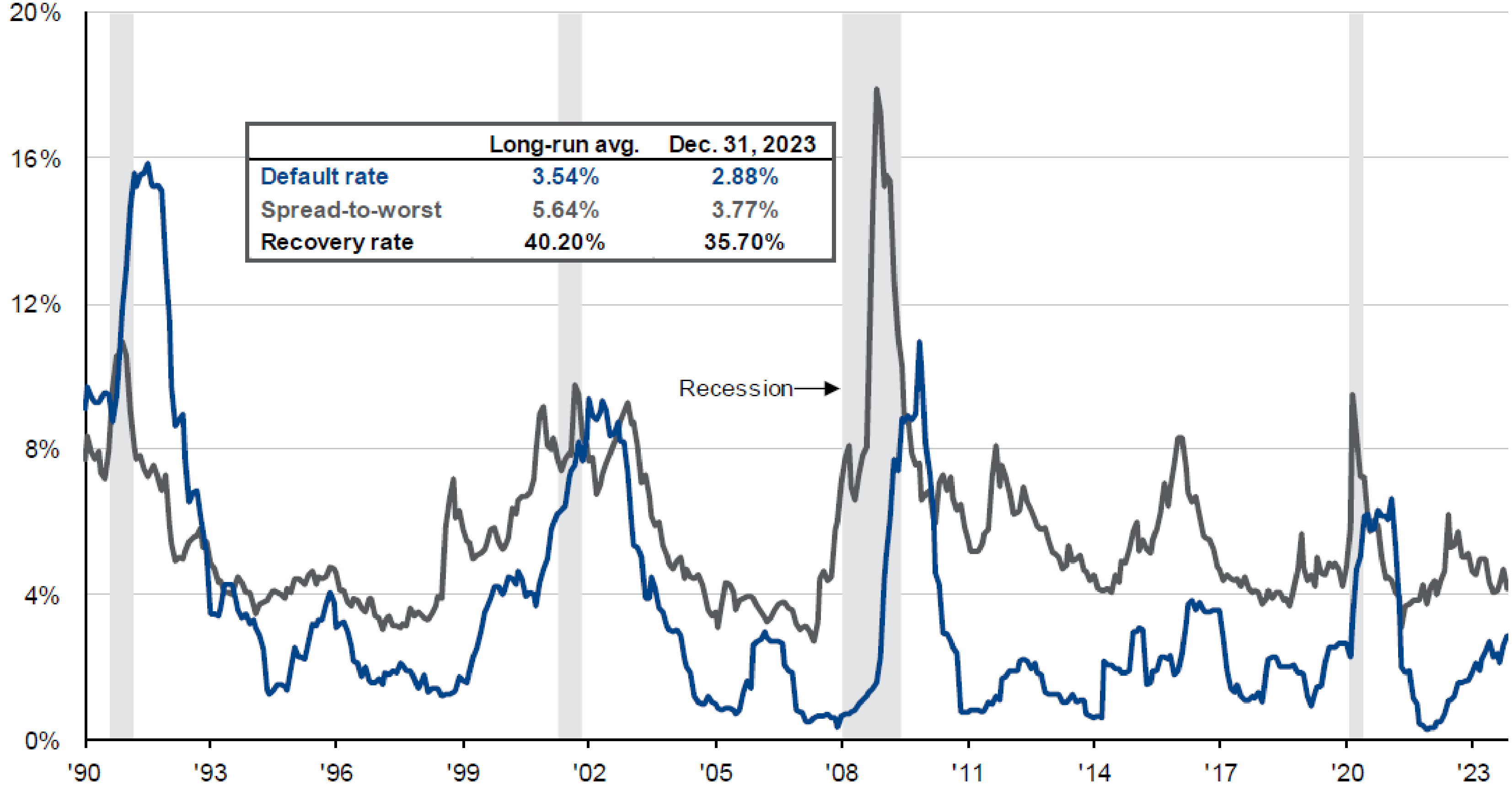
Source: FactSet, as of 12/31/2023. All yields are Yield to Worst. Past performance is not indicative of future results. Please see slides 40-42 for index definitions.

YIELD TO WORST ACROSS FIXED INCOME SECTORS



Source: Bloomberg, FactSet, JPMorgan, as of 12/31/23. All sectors shown are yield-to-worst except for Municipals, which is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8% for a total of 40.8%. Please see slides 40-42 for index definitions.

High Yield Bonds Default Rate and Spread-to-Worst

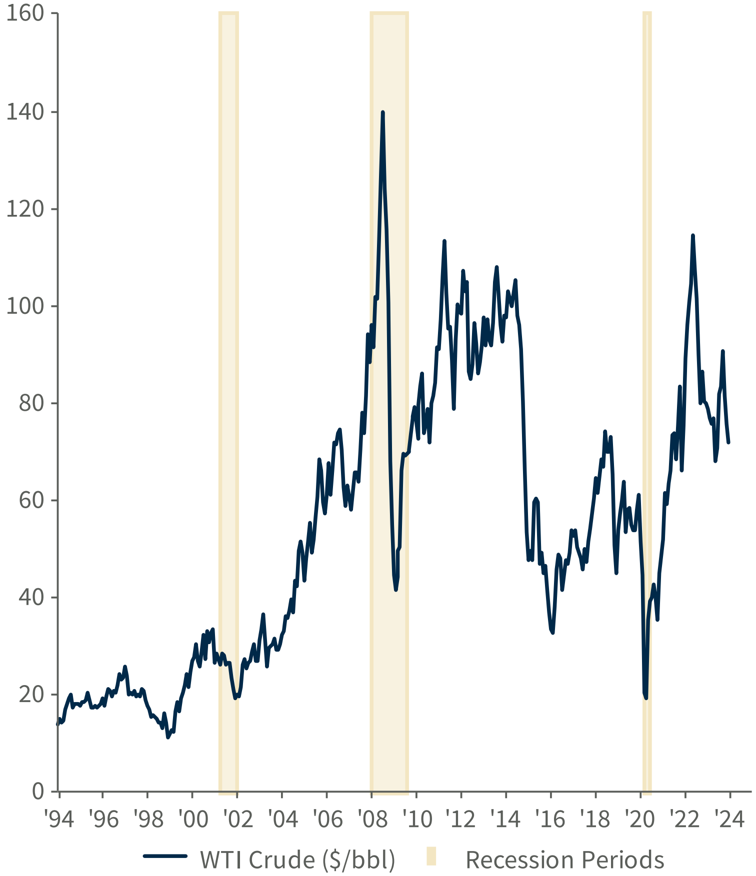


	Long-run avg.	Dec. 31, 2023
Default rate	3.54%	2.88%
Spread-to-worst	5.64%	3.77%
Recovery rate	40.20%	35.70%

Source: JPMorgan Global Economic Research, JPMorgan Asset Management. Long-run average is based on monthly historical data beginning in January 1990. Default rates are defined as the par value percentage of the total market trading at or below 50% of par value and include any Chapter 11 filing, prepackaged filing or missed interest payments. The default rate is an LTM figure (last 12 months) and tracks the % of defaults over the period. Recovery rates are based on the price of the defaulted bonds or loans 30 days post the default date. Default and recovery rates are as of most recent month-end. Spread-to-worst indicated are the difference between the yield-to-worst of a bond and yield-to-worst of a US Treasury security with a similar duration. High Yield is represented by the JPMorgan Domestic High Yield Index. Data as of 12/31/2023. Please see slides 40-42 for index definitions.

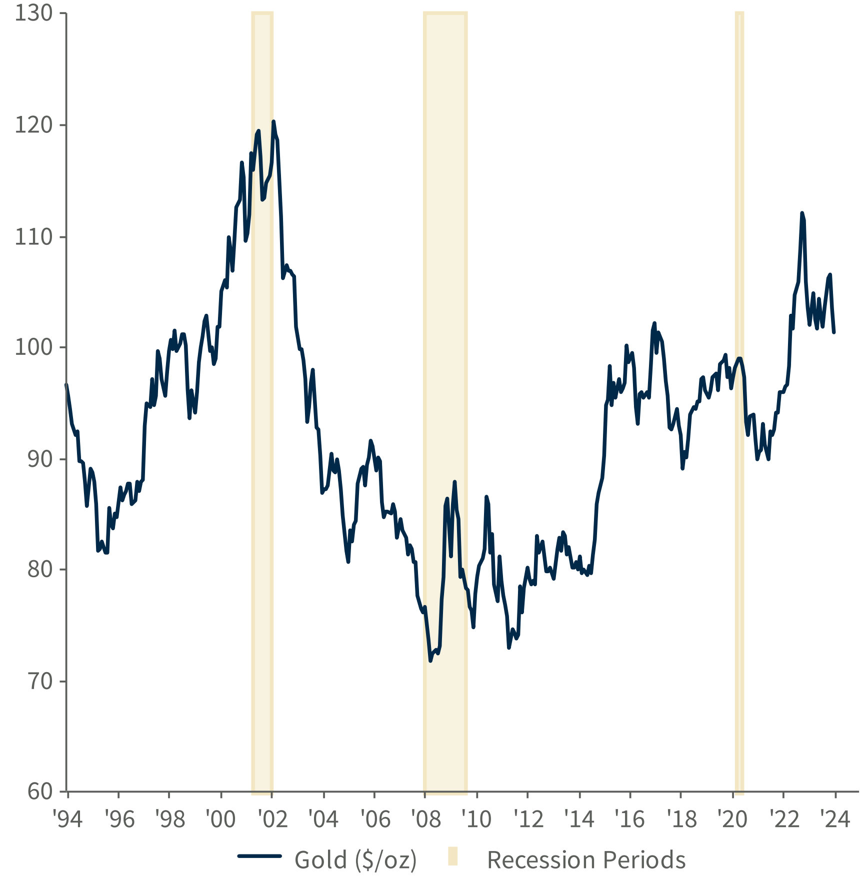
The US Dollar weakened in the fourth quarter, given expectations for potential rate cuts in the US.

WTI Price



Source: FactSet, as of 12/31/2023

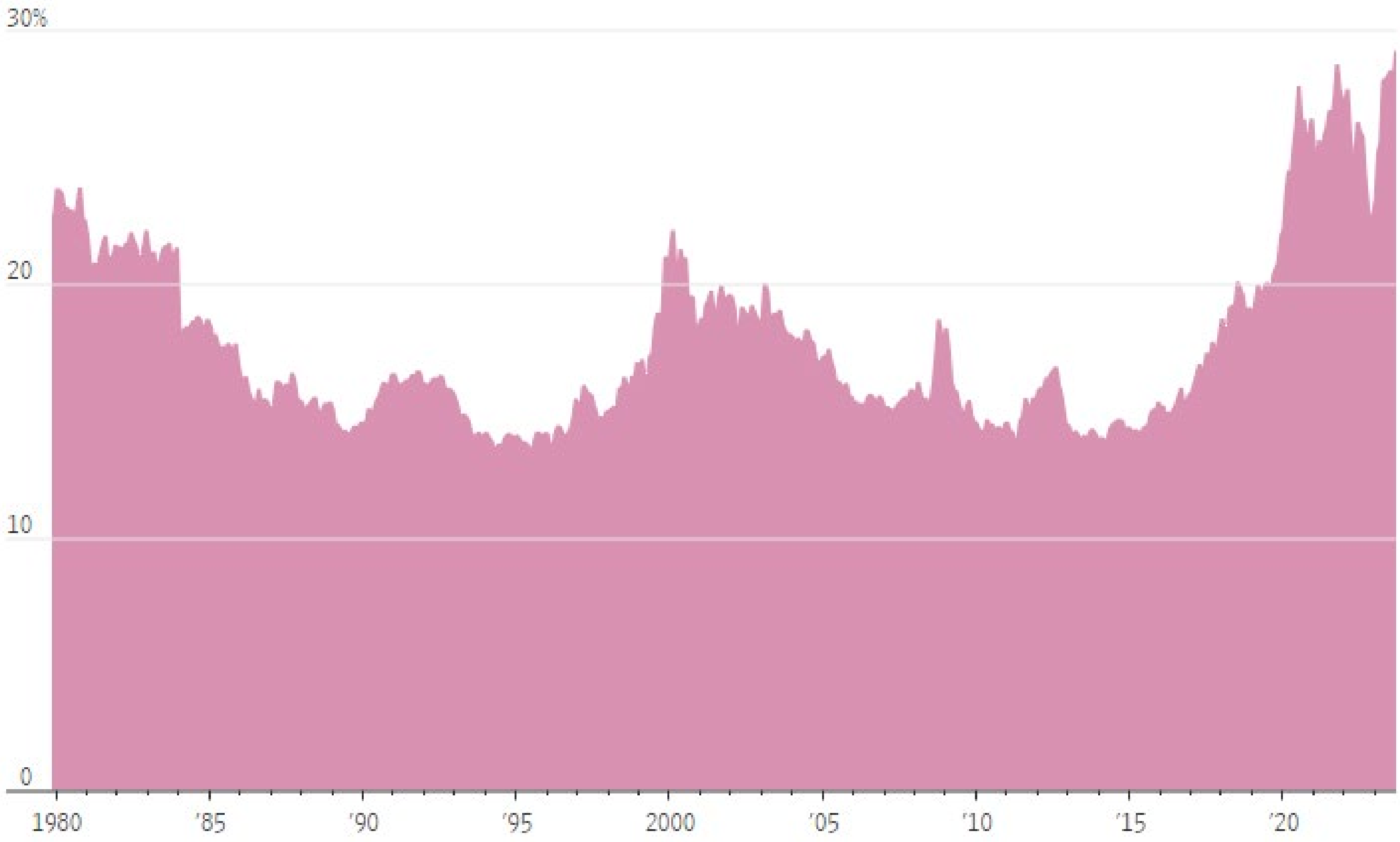
Gold Price



Source: FactSet, as of 12/31/2023

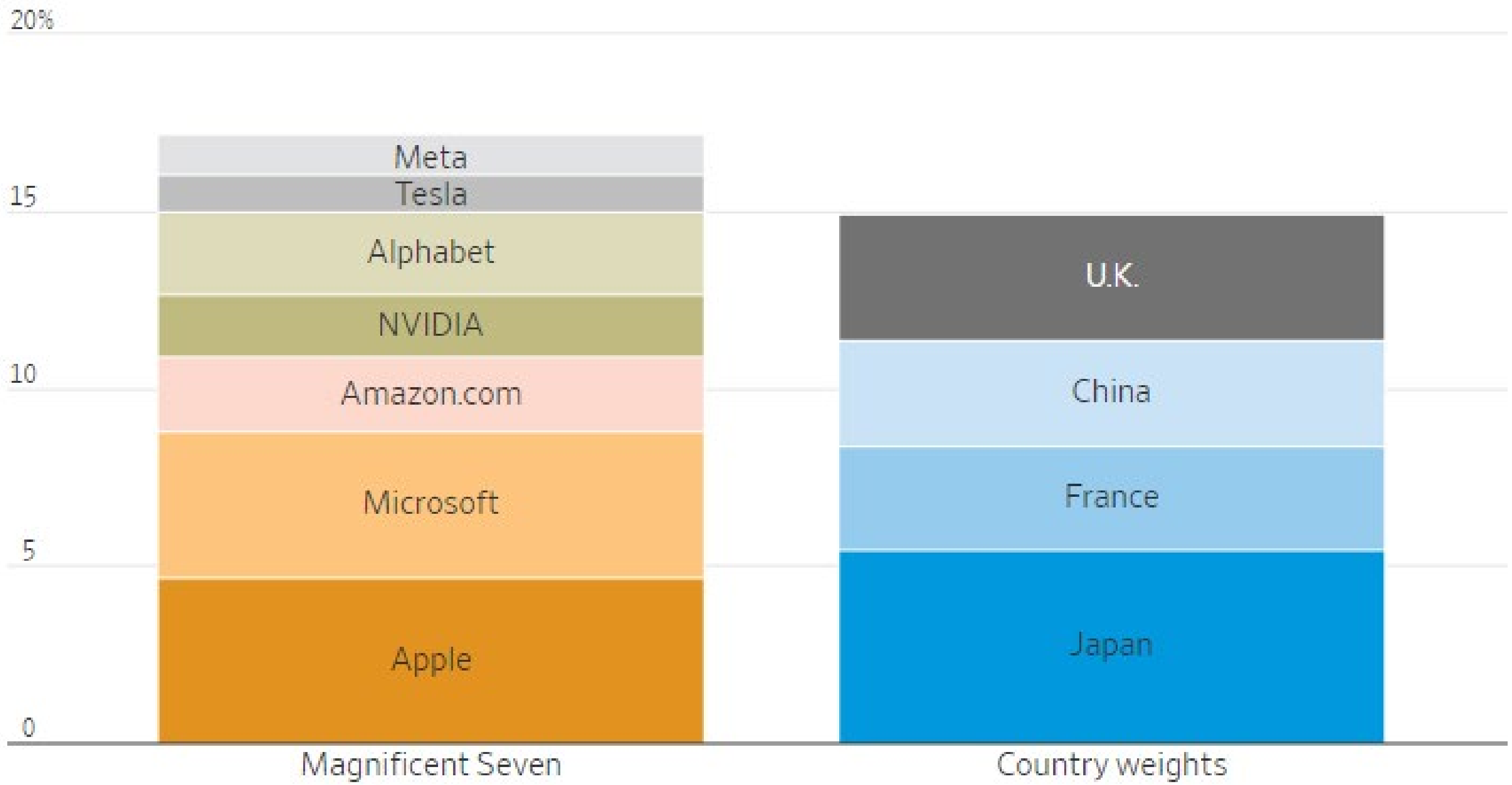
- ECONOMIC REVIEW
- CAPITAL MARKETS
- **QUARTERLY THEMES**

Market Share of the Largest Seven Companies in the S&P 500 Index



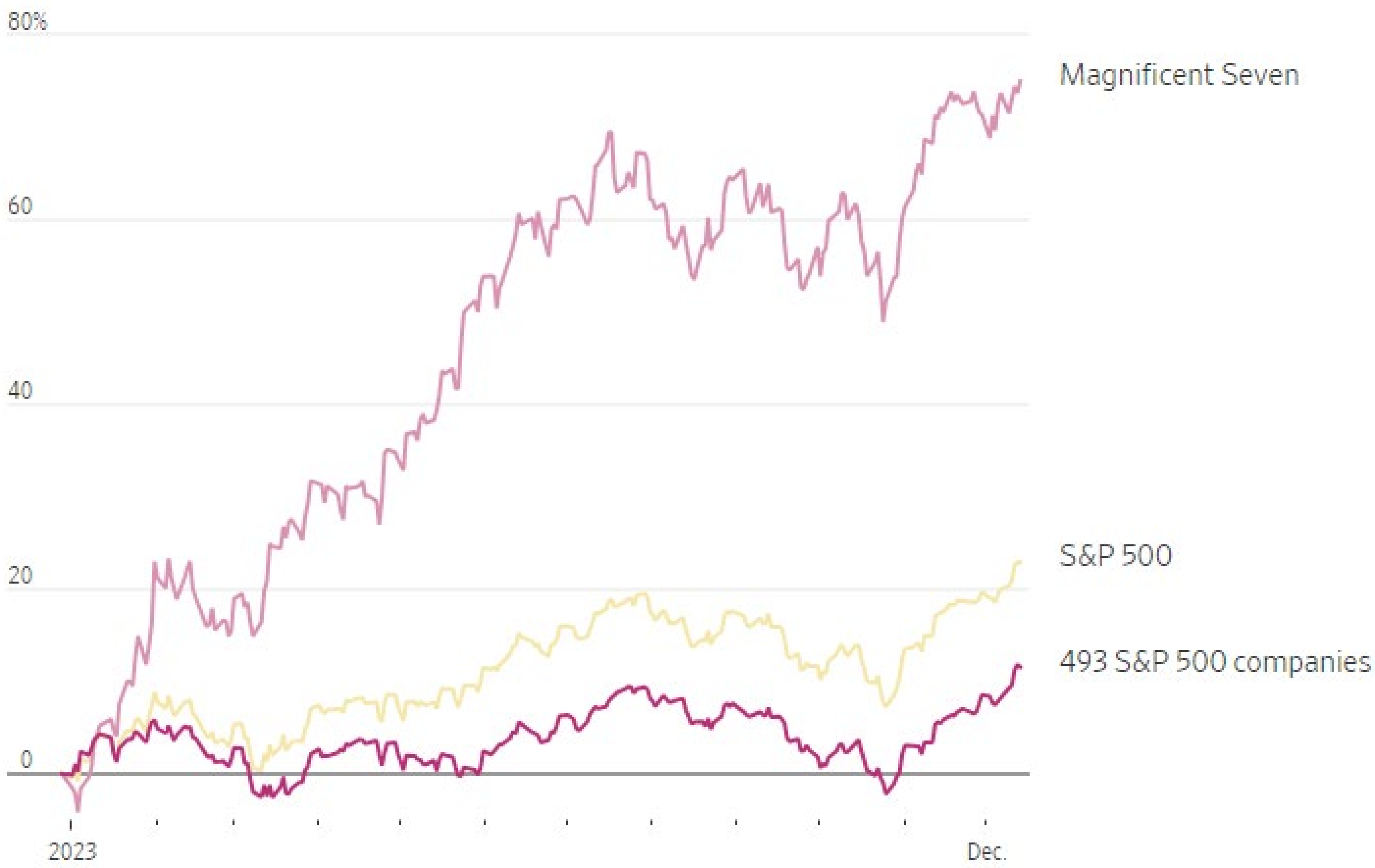
Source: Wall Street Journal, Standard & Poor's, FactSet, Goldman Sachs Global Investment Research. The seven stocks include MSFT, AMZN, META, AAPL, GOOG, NVDA, TSLA. Please see slides 40-42 for index definitions. Data as of 12/18/2023.

Weighting of the Largest Seven Companies in the MSCI All Country World Index



Source: Wall Street Journal, MSCI, Allspring Global Investments. Please see slides 40-42 for index definitions. Data as of 12/18/2023.

Performance of Magnificent Seven



Source: Wall Street Journal, Standard & Poor's, FactSet, Market Data. The seven stocks include MSFT, AMZN, META, AAPL, GOOG, NVDA, TSLA. Please see slides 40-42 for index definitions. Data as of 12/18/2023.

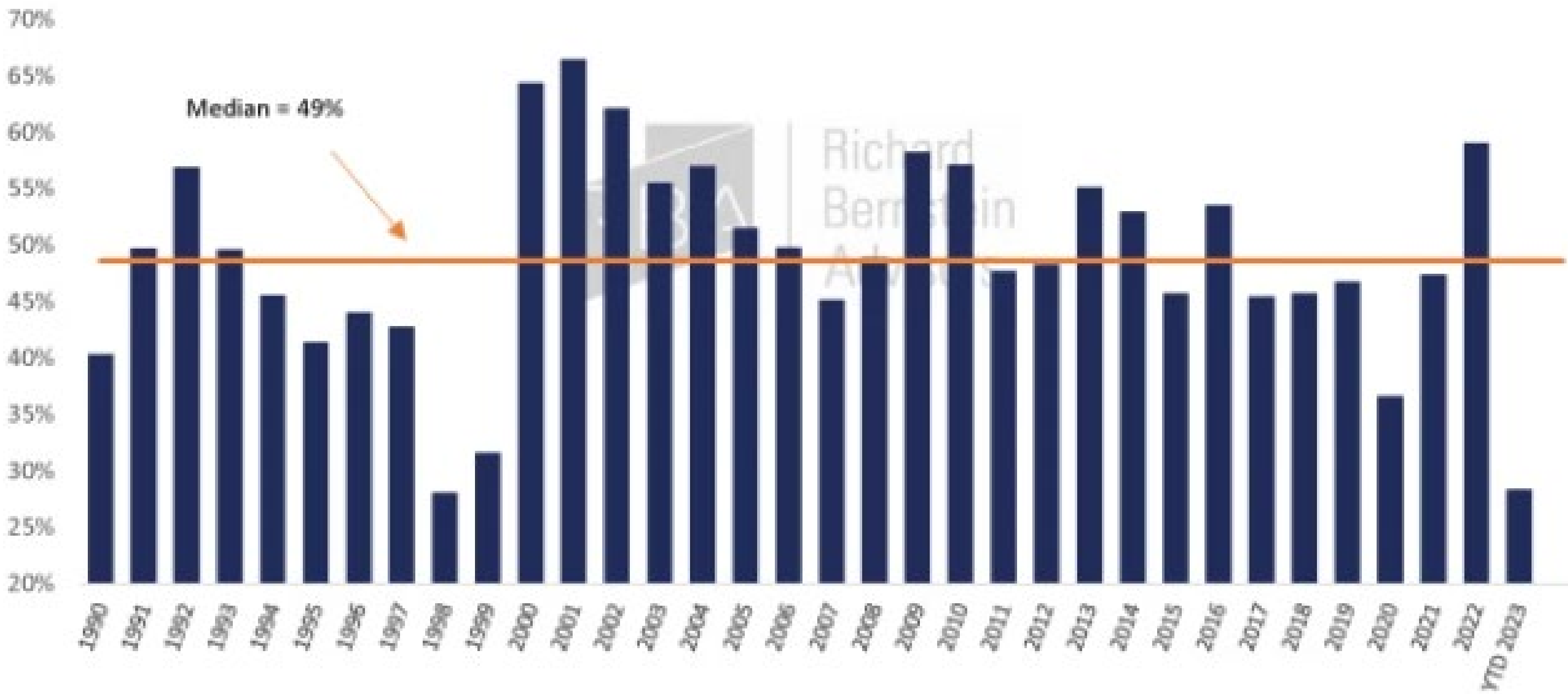
Average Price/Earnings Ratio for S&P 500 Stocks

Source: Wall Street Journal, Standard & Poor's, Dow Jones Market Data. Price/earnings ratios shown include earnings estimates for the next twelve months. The seven stocks include MSFT, AMZN, META, AAPL, GOOG, NVDA, TSLA. Please see slides 40-42 for index definitions. Data as of 12/18/2023.

Percentage of S&P 500 Stocks Within 10% of their Record Highs

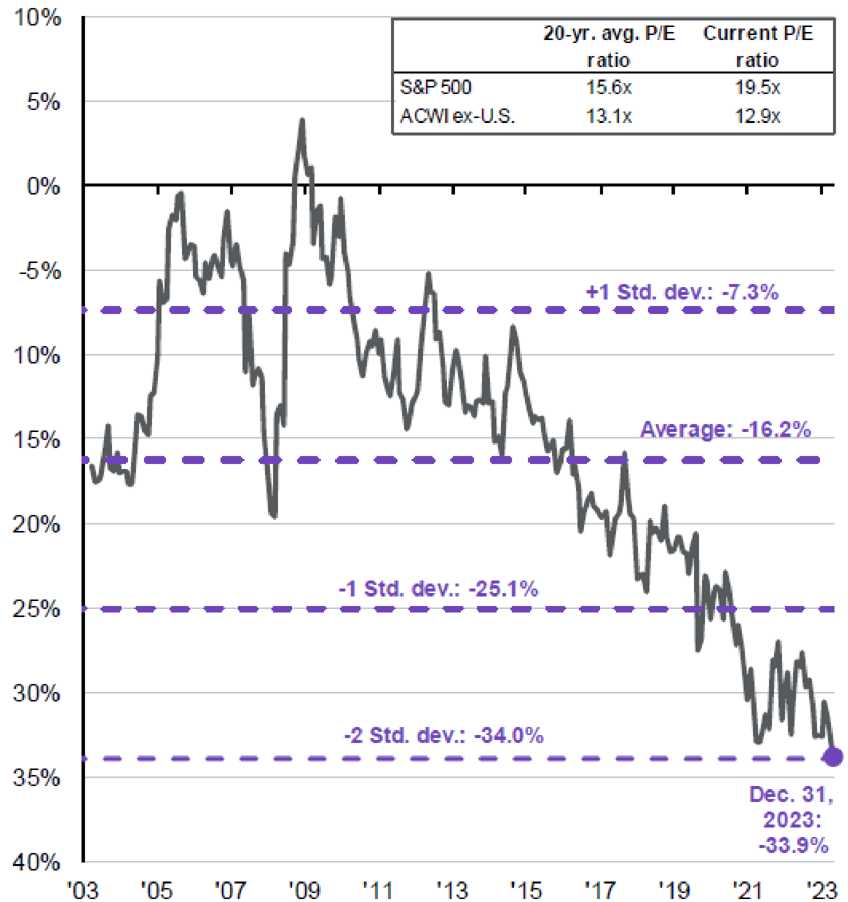
Source: Wall Street Journal, Standard & Poor's, FactSet, Dow Jones Market Data. Please see slides 40-42 for index definitions. Data as of 12/18/2023.

S&P 500 Percentage of Stocks that Outperformed Index, 1990-2023



Source: Richard Bernstein Advisors LLC, Standard & Poor's, BofAML US Strategy. Please see slides 40-42 for index definitions. Data as of 12/14/2023.

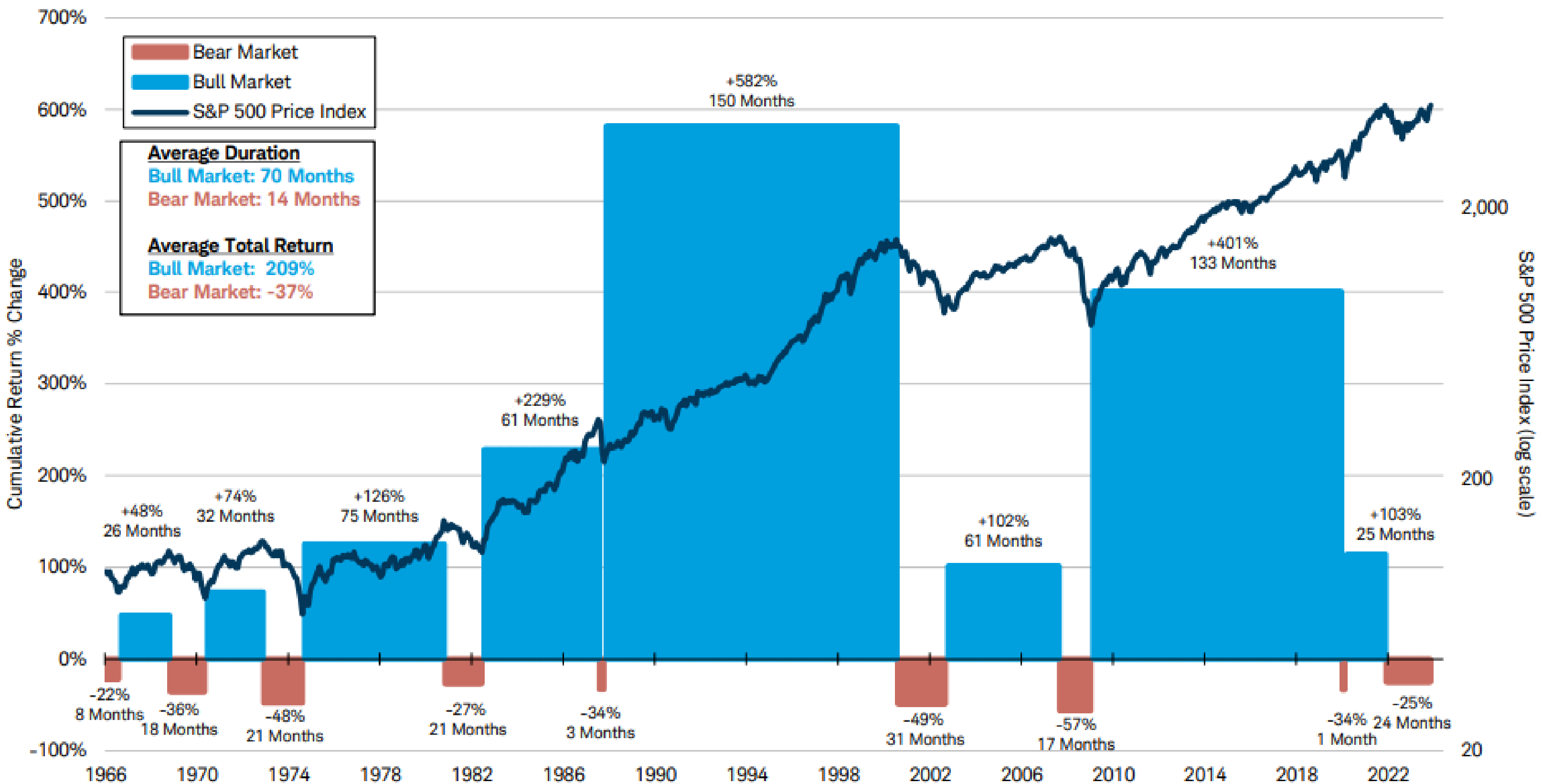
International Equities Trading at a Discount vs. U.S.



	20-yr. avg. P/E ratio	Current P/E ratio
S&P 500	15.6x	19.5x
ACWI ex-U.S.	13.1x	12.9x

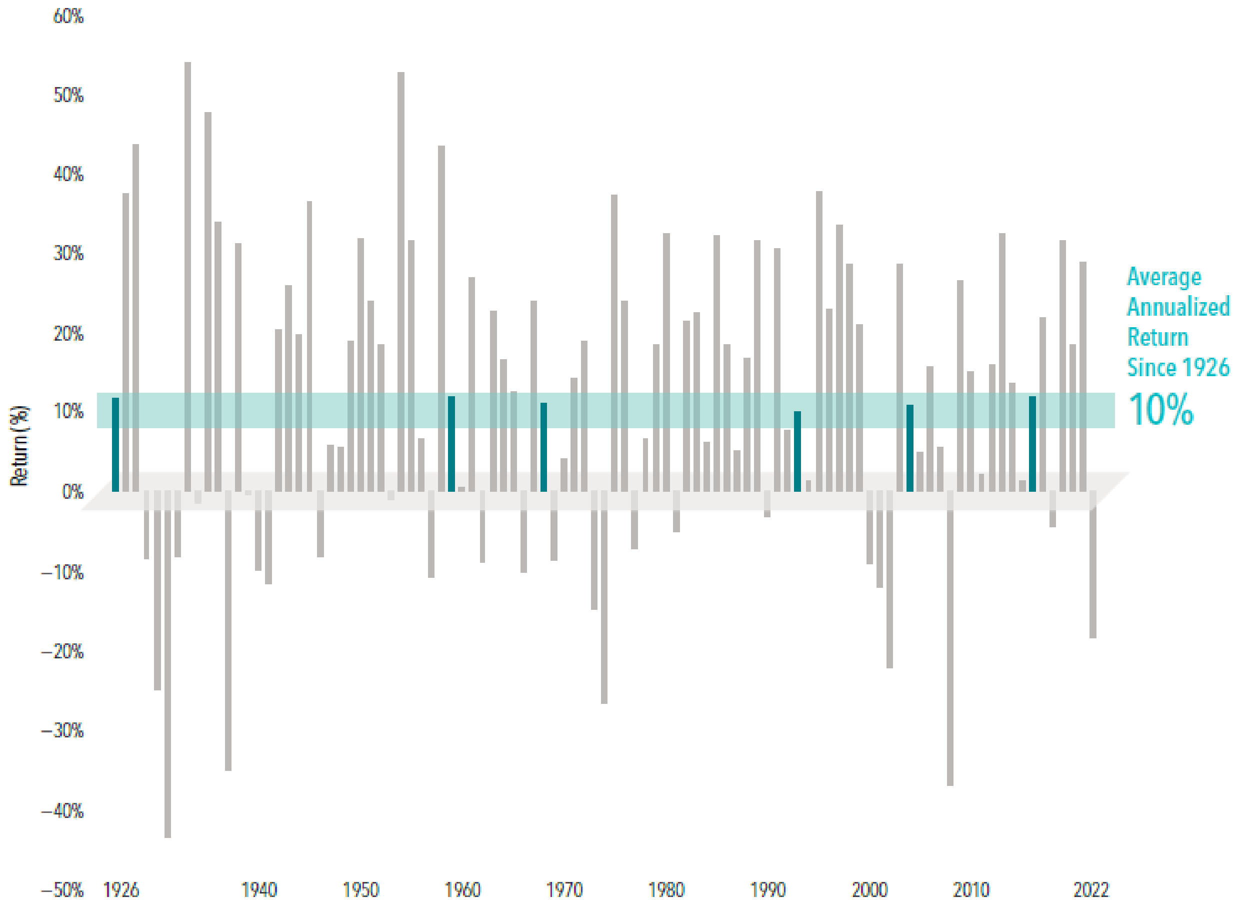
Source: FactSet, MSCI, Standard & Poor's, JPMorgan Asset Management. Please see slides 40-42 for index definitions. Data as of 12/31/2023.

US Bull and Bear markets



Source: Bloomberg. Bull and bear markets as defined by Yardeni Research. Bear Market starting in 2022 is showing the current trough as of 10/12/2022, but the bear market is still ongoing. Cumulative return is the total change in the investment over a set period of time. Logarithmic (log) scale is a way of displaying a wide range of data in a compact way by increasing the numbers exponentially. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. Investing involves risk, including loss of principal. Past performance is no guarantee of future results.

Annual Returns for S&P 500 Index, 1926-2022



Source: Standard & Poor's, Dimensional Fund Advisors. Please see slides 40-42 for index definitions. Data as of 12/31/2022.

DISCLOSURE

All of the accolades received by Klingman & Associates along with the full disclosure of the criteria used for awarding them can be found at: https://www.klingmanria.com/accolades_and_recognition.htm

Data provided by Morningstar, Bloomberg.

This material is for informational purposes only and should not be used or construed as a recommendation regarding any security outside of a managed account.

The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors. Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation made in the future will be profitable or equal any investment performance discussed herein. Please note all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product that attempts to mimic performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results. The performance noted in this presentation does not include fees and costs, which would reduce investor's returns.

Asset allocation and diversification does not guarantee a profit nor protect against loss. Dividends are not guaranteed and will fluctuate. Past performance is not indicative of future results. Investing in international securities involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. The values of real estate investments may be adversely affected by several factors, including supply and demand, rising interest rates, property taxes, and changes in the national, state and local economic climate. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector including limited diversification. Rebalancing a non-retirement account could be a taxable event that may increase your tax liability. Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

DISCLOSURE (continued)

Fixed Income: subject to credit risk and interest rate risk. An issuer's credit rating may impact their ability to pay the promised income and return of principal upon maturity. Generally, when interest rates rise, bond prices fall, and vice versa. Specific-sector investing can be subject to different and greater risks than more diversified investments.

Consumer Price Index (CPI): a common measure of inflation which examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. Changes in CPI are used to assess price changes associated with the cost of living.

Gross Domestic Product (GDP): a broad measurement of a nation's overall economic activity. It is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, including all private and public consumption, government outlays, investments and net exports that occur within a defined territory.

Price-to-Earnings Ratio (P/E): a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price-to-Book Ratio (P/B): A ratio used to compare a stock's market value to its book value. It is calculated by dividing the closing stock price by the latest quarter's book value per share.

Small-cap and Mid-Cap Equity: generally involve greater risks, and may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.

High-Yield Fixed Income: not suitable for all investors. Risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Commodities: trading is generally considered speculative because of the significant potential for investment loss.

U.S. Government Fixed Income: guaranteed timely payment of principal and interest by the federal government.

U.S. Treasury Bills: A short-term debt obligation backed by the U.S. government with a maturity of less than one year.

Fixed Income Sectors: Returns based on the four sectors of Barclays Global Sector Classification Scheme: Securitized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign and Supranational), Corporate (dollar-denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

INDEX DESCRIPTIONS

Asset class and reference benchmarks:

ASSET CLASS	BENCHMARK
U.S. Equity	Russell 3000 TR
Non-U.S. Equity	MSCI ACWI ex US NR
U.S. Fixed Income	Barclays U.S. Aggregate Bond TR
Global Real Estate (prior to 2008)	NASDAQ Global Real Estate NR
Global Real Estate (2008-present)	FTSE EPRA/NAREIT Global Real Estate NR
Commodities	Bloomberg Commodity TR USD
Cash & Cash Alternatives	Citi Treasury Bill 3 Mon USD

Bloomberg Commodity Total Return Index: Formerly the Dow Jones-UBS Commodity Index TR (DJUBSTR),is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 3 Month U.S. Treasury Bills.

Barclays 10-Year Municipal: A rules-based, market-value weighted index engineered for the long-term tax-exempt bond market. This index is the 10 year (8-12) component of the Municipal Bond Index.

Barclays 10-Year U.S. Treasuries: Measures the performance of U.S. Treasury securities that have a remaining maturity of 10 years.

Barclays U.S. Aggregate Index: Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Barclays Global Aggregate ex-U.S. Dollar Bond Index: Tracks an international basket of bonds that currently contains 65% government, 14% corporate, 13% agency and 8% mortgage-related bonds.

Barclays High Yield: Covers the universe of fixed-rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures and 144-As are also included.

Barclays U.S. Corporate High Yield: Composed of fixed-rate, publicly issued, non-investment grade debt.

Citi 3-Month Treasury-Bill Index: This is an unmanaged index of three-month Treasury bills.

FTSE EPRA/NAREIT Global Real Estate Index : Designed to represent general trends in eligible listed real estate stocks worldwide. Relevant real estate activities are defined as the ownership, trading and development of income producing real estate.

INDEX DESCRIPTIONS (continued)

Global Financial Data: Index data has calculated for world ex US indices back to 1919. Since the Morgan Stanley World index was not calculated before 1970, an index has been put together to simulate how a World Index would have performed had it been calculated back to 1919. From 1970 on, the indices are capitalization weighted and include the same countries as are now included in the MSCI World Index.

MSCI All Country World Index Ex-U.S Index.: A market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. It includes both developed and emerging markets.

MSCI EAFE Index (Europe, Australasia, Far East): A free-float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The EAFE consists of the country indices of 21 developed nations.

MSCI EAFE Growth Index: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI EAFE Small-Cap Index: An unmanaged, market-weighted index of small companies in developed markets, excluding the U.S. and Canada.

MSCI EAFE Value: Represents approximately 50% of the free-float adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

MSCI Emerging Markets Index: Designed to measure equity market performance in 25 emerging market indexes. The three largest industries are materials, energy and banks.

MSCI Local Currency Index: A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

NASDAQ Global Real Estate Index: The index measures the performance of real estate stocks which listed on an Index Eligible Global Stock Exchange. The index is market-capitalization weighted.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investible U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap Index: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-Cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index: measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents 98% of the investable U.S. equity market.

INDEX DESCRIPTIONS (continued)

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

S&P 500 Consumer Discretionary: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer discretionary sector.

S&P 500 Consumer Staples: Comprises those companies included in the S&P 500 that are classified as members of the GICS® consumer staples sector.

S&P 500 Energy: Comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

S&P 500 Financials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector

S&P 500 Health Care: Comprises those companies included in the S&P 500 that are classified as members of the GICS® health care sector.

S&P 500 Industrials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector.

S&P 500 Information Technology: Comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

S&P 500 Materials: Comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Telecom Services: Comprises those companies included in the S&P 500 that are classified as members of the GICS® telecommunication services sector.

S&P 500 Utilities: Comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

S&P Mid Cap 400 (S&P 400): Provides investors with a benchmark for mid – cap companies. The index, which is distinct from the large-cap S&P 500, measures the performance of mid-cap companies, reflecting distinctive risk and return characteristics of this market segment.

S&P Small Cap 600 (S&P 600): Provides investors with a benchmark for small – cap companies. The index, which is distinct from the large-cap S&P 500, measures the performance of small-cap companies, reflecting distinctive risk and return characteristics of this market segment.

VIX is the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. It is a widely used measure of market risk.