

# Market Environment Standard Report

Long Version

First Quarter 2024

A business of Marsh McLennan

# Market review & outlook

## Stocks perform strongly but bonds suffer as rate cut expectations are dialed down



- Global equity markets performed strongly during the first quarter. Even though the Federal Reserve shifted gears on rate cuts, equity markets focused on the AI narrative and a generally solid economy, which benefited US large growth stocks the most. Returns for small cap, value and non-US were more subdued, yet positive. Equity volatility remained low and declined during the quarter as equities had positive returns across the board.
- Treasury yields rose sharply during the quarter as markets positioned for a slower pace in rate cuts than expected at the end of 2023. The 2-year Treasury yield rose by 40 bps from 4.2% to 4.6% during Q1, while the 30-year Treasury yield also rose by 30 bps from 4.0% to 4.3%. Credit spreads declined during this risk-on quarter.
- The Bloomberg US Aggregate Bond Index returned -0.8% in Q1, while the MSCI ACWI returned 8.2%. As a result, a traditional 60/40\* portfolio returned 4.6%.

## Resilient economic growth, higher than expected inflation readings inform central bank caution

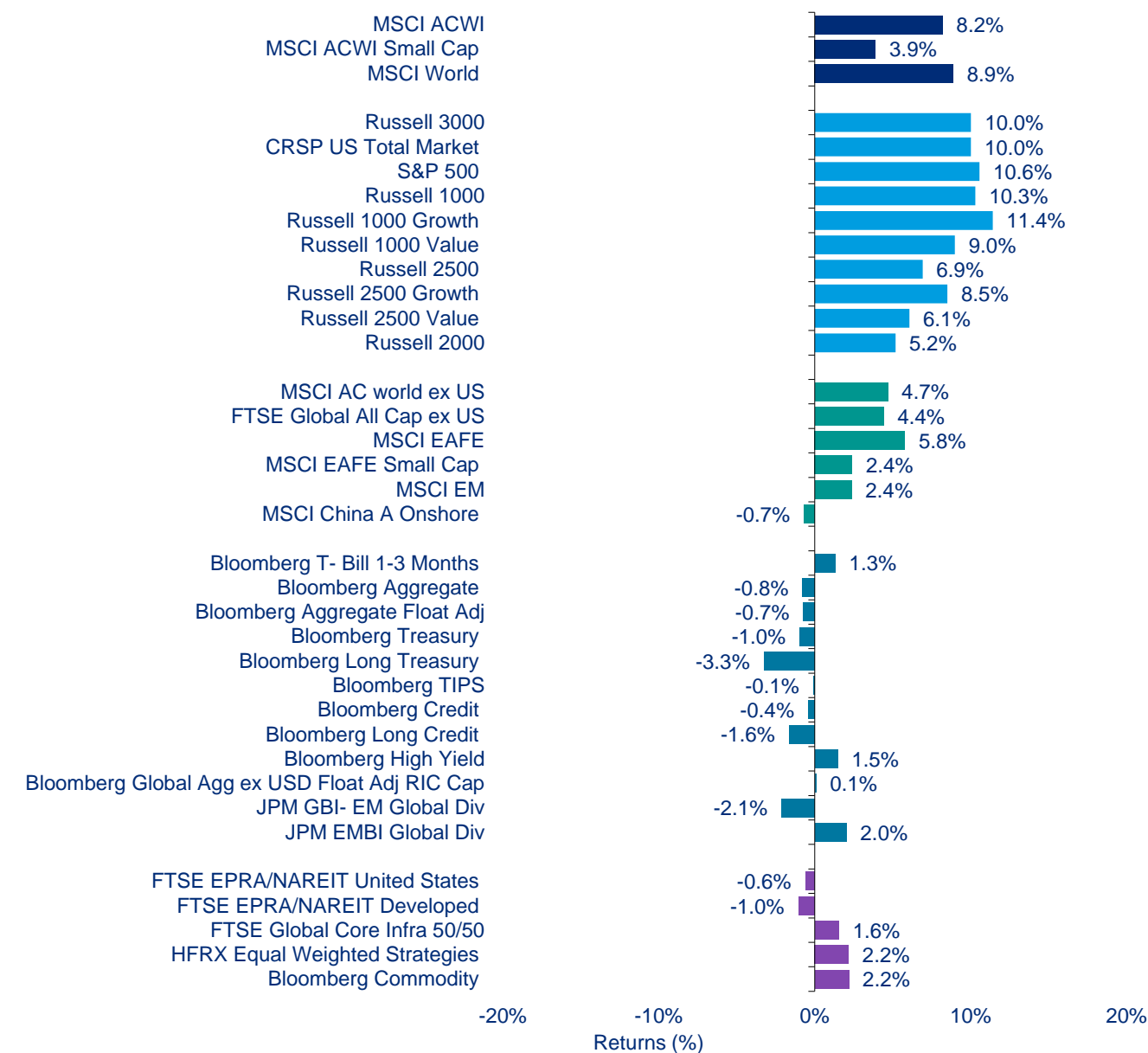


- US economic growth remained strong over the first quarter. Growth has been weaker in developed countries outside the US. China's economy continued to struggle but exited a multi-month deflation spell in Q1. Overall, this paints a picture of a resilient global economy and aligns with our expectations of a moderate slowdown in global growth in 2024 and 2025 while avoiding a hard landing.
- US inflation was above expectations in the first quarter of 2024. Headline CPI was 3.5% year-over-year through March, while core CPI came in at 3.8%, a more than two-year low. Inflation is expected to decline further as remaining inflationary components such as shelter roll over. Labor markets have shown signs of softening from tight levels as seen by the unemployment rate increasing slightly, which also should help inflation fall back to target.
- Resilient inflation figures caused the Fed to pivot back towards more cautionary rhetoric and deferring rate hikes to future meetings. Nonetheless, the Fed left the fund rate projection for year-end unchanged, which implies up to three cuts this year. Outside the US, the Swiss Central Bank became the first major developed market central bank to cut rates while the Bank of England and European Central Bank are expected to start cutting rates later this year but remain cautious as well. Japan on the other hand exited yield curve control as inflationary pressures are mounting, albeit from very low levels.
- There were plenty of geopolitical events this quarter including ongoing conflicts in the Middle East and Eastern Europe and a major terror attack in Russia. Oil prices increased over Q1, driven primarily from a shifting assessment of the demand and supply outlooks.
- Over the quarter, strong equity returns pushed equity valuations further into richly valued territory. Weak fixed income performance has made those valuations more attractive on a rate level but the risk on environment has pushed credit spreads towards historic tights.

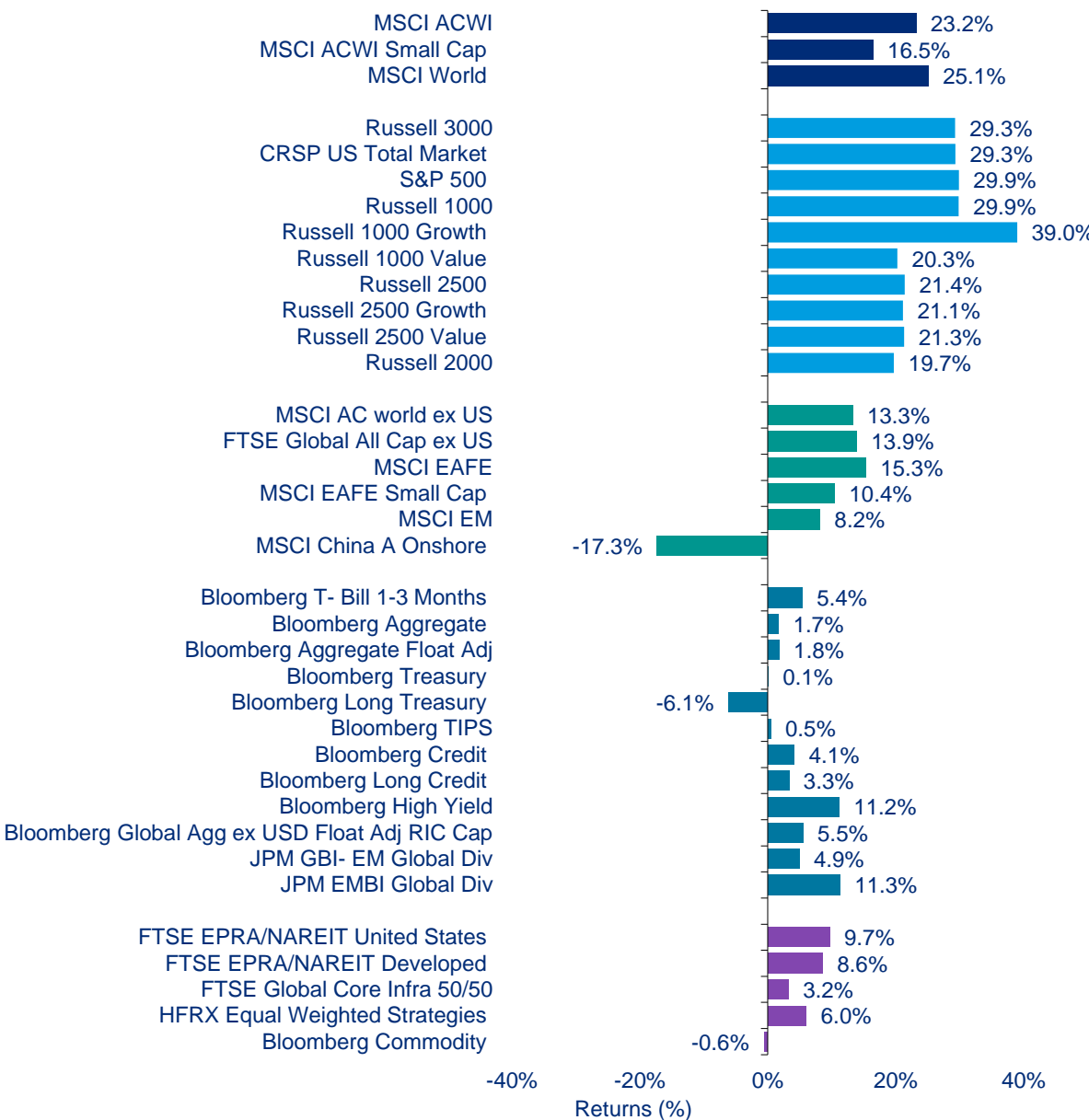
\*60% MSCI ACWI, 40% Bloomberg US Aggregate

# Performance summary

Market Performance  
First Quarter 2024



Market Performance  
1 Year

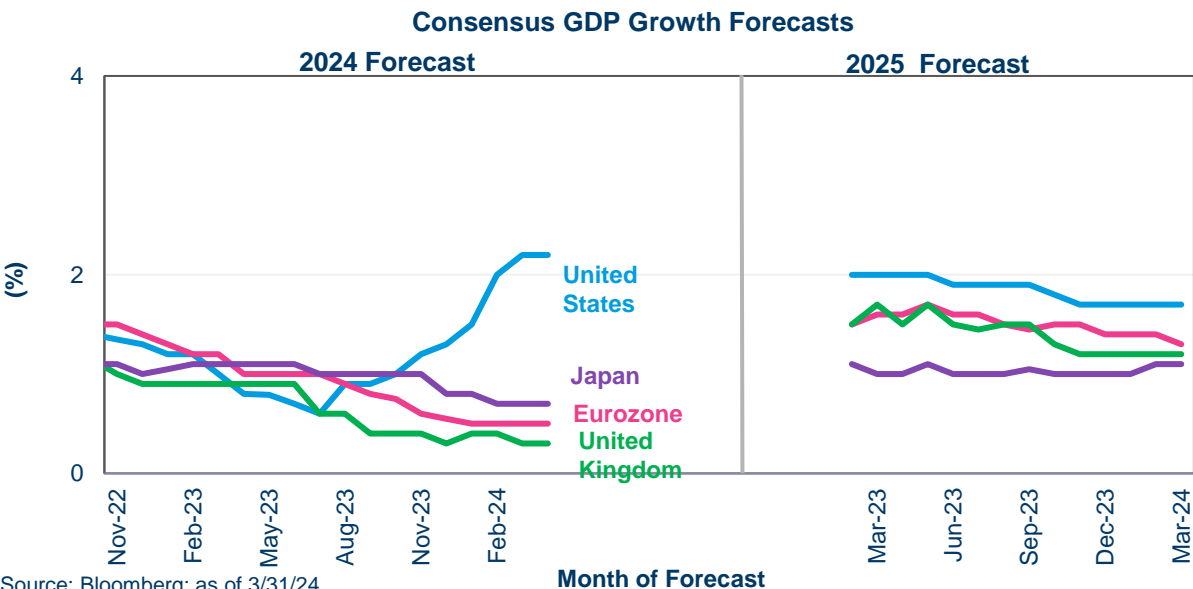


Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg; as of 3/31/24. Past performance is no guarantee of future results.

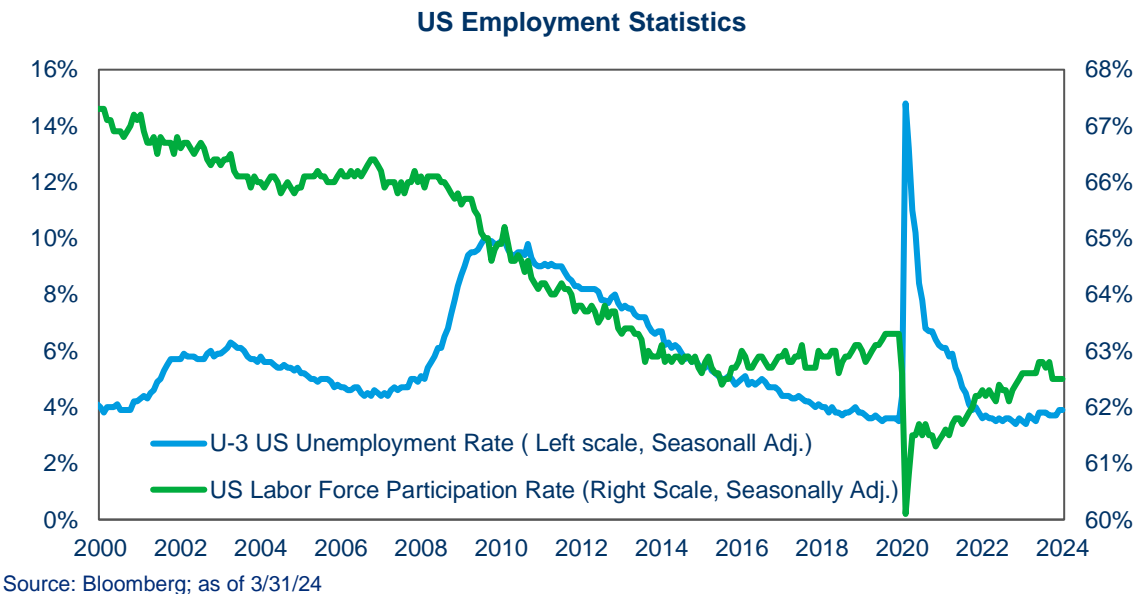
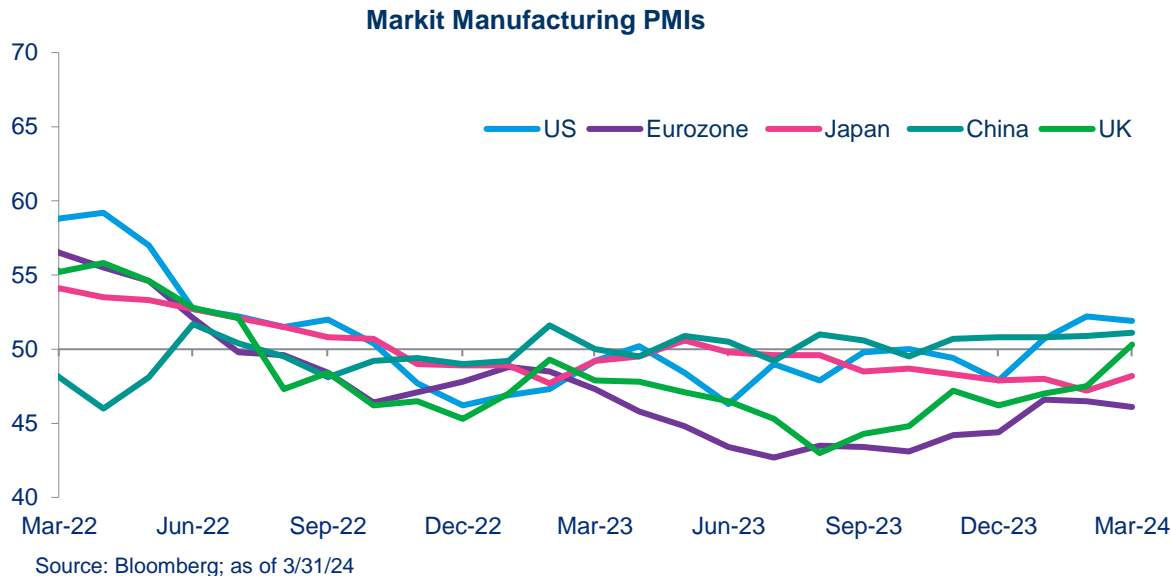
# Economic fundamentals

## US economic growth remains resilient, driven by strength in service sectors

- US economic growth continued at a solid pace during the first quarter, while growth in the Eurozone and UK lagged. Consensus growth forecasts for 2024 improved considerably for the United States but fell for other regions, while forecasts for 2025 remained unchanged except for Japan, which increased a bit.
- Manufacturing PMIs remained at contractionary levels for major regions except the US and China, but service PMIs are generally stronger for all regions.
- The US labor market remains tight. The unemployment rate (U-3)<sup>1</sup> ended the quarter at 3.9%, and the labor force participation rate remained at 62.5%, just below its pre-Covid trend. However, wage growth appears to be moderating.



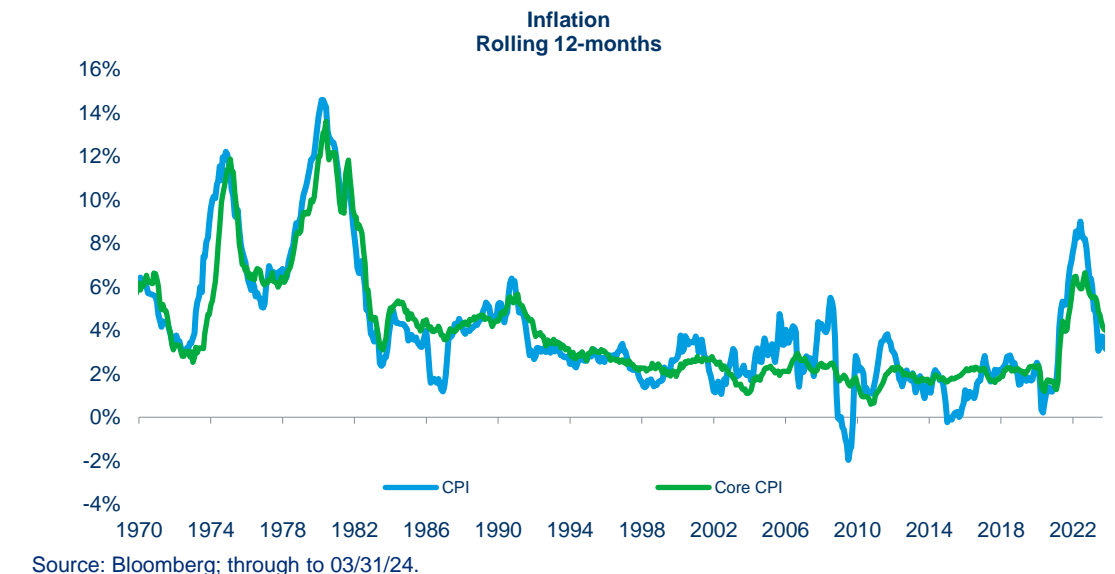
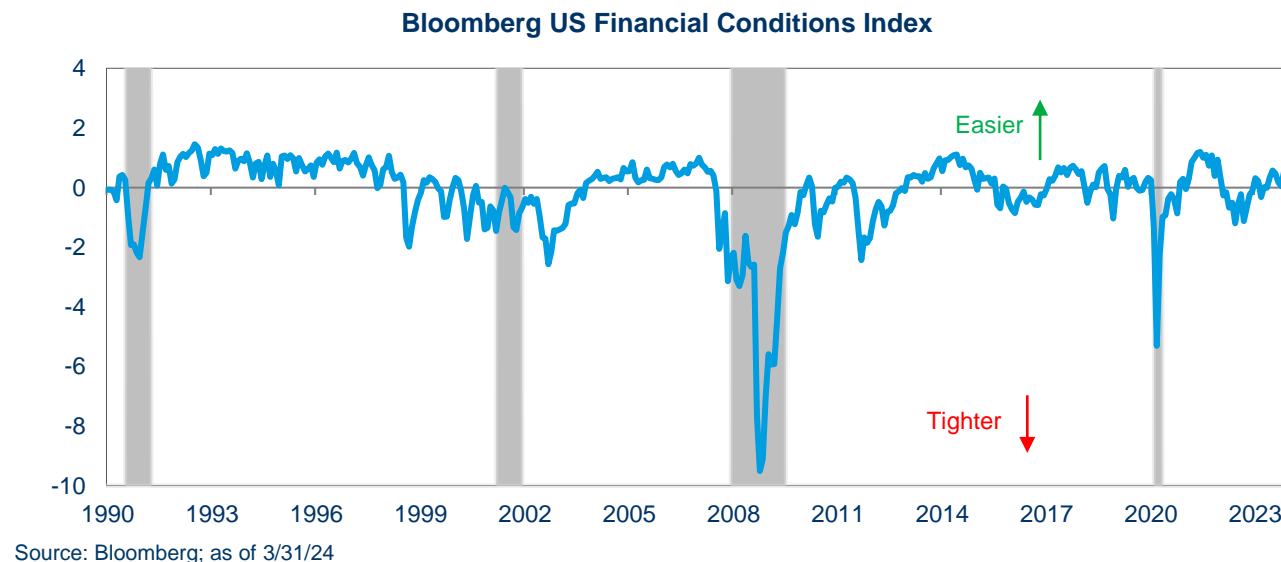
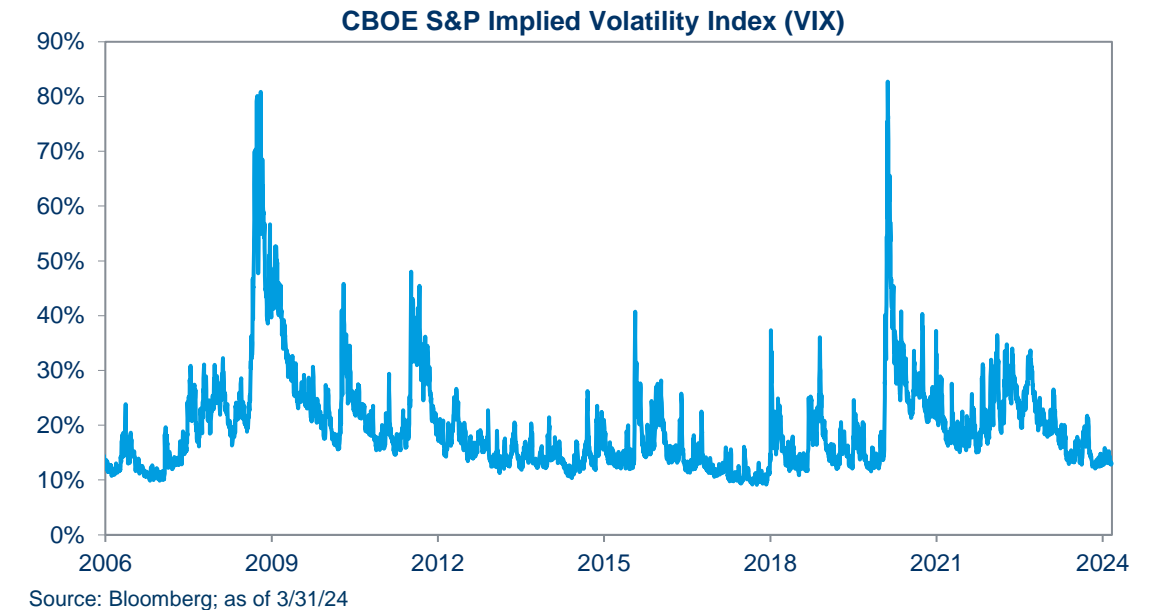
<sup>1</sup> The U-3 unemployment rate represents the percentage of the civilian labor force that is jobless and actively seeking employment.



# Risk factors

## Long-term interest rates rise but financial conditions remain easier than two years ago

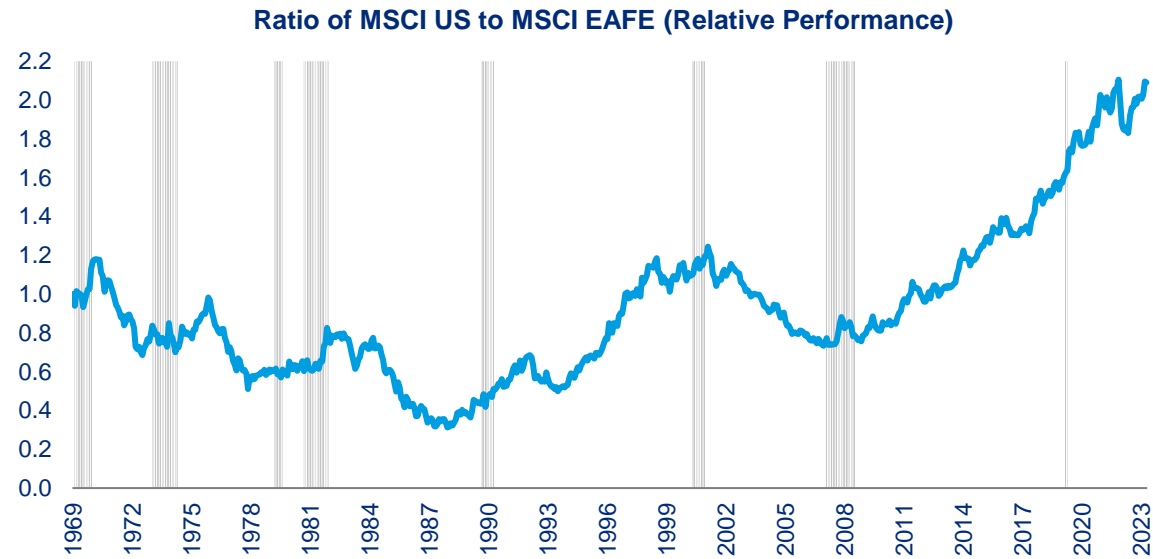
- Long-term interest rates have risen again this quarter as markets dialed back overly optimistic rate hike expectations.
- Geopolitical risks remained elevated with numerous conflicts across the Middle East and Eastern Europe. The risk of further escalation has the potential to impact the oil markets.
- US headline inflation came in at 3.5% in March, while core CPI declined to 3.8%, slightly lower than the end of 2023.
- The CBOE Volatility Index (VIX) volatility index marginally increased from 12.5 to 13.0, still the lowest level since 2019.<sup>1</sup>
- The Bloomberg US Financial Conditions Index rose during the quarter to levels above March 2022 when the rate hiking cycle began.



# Regional equity returns

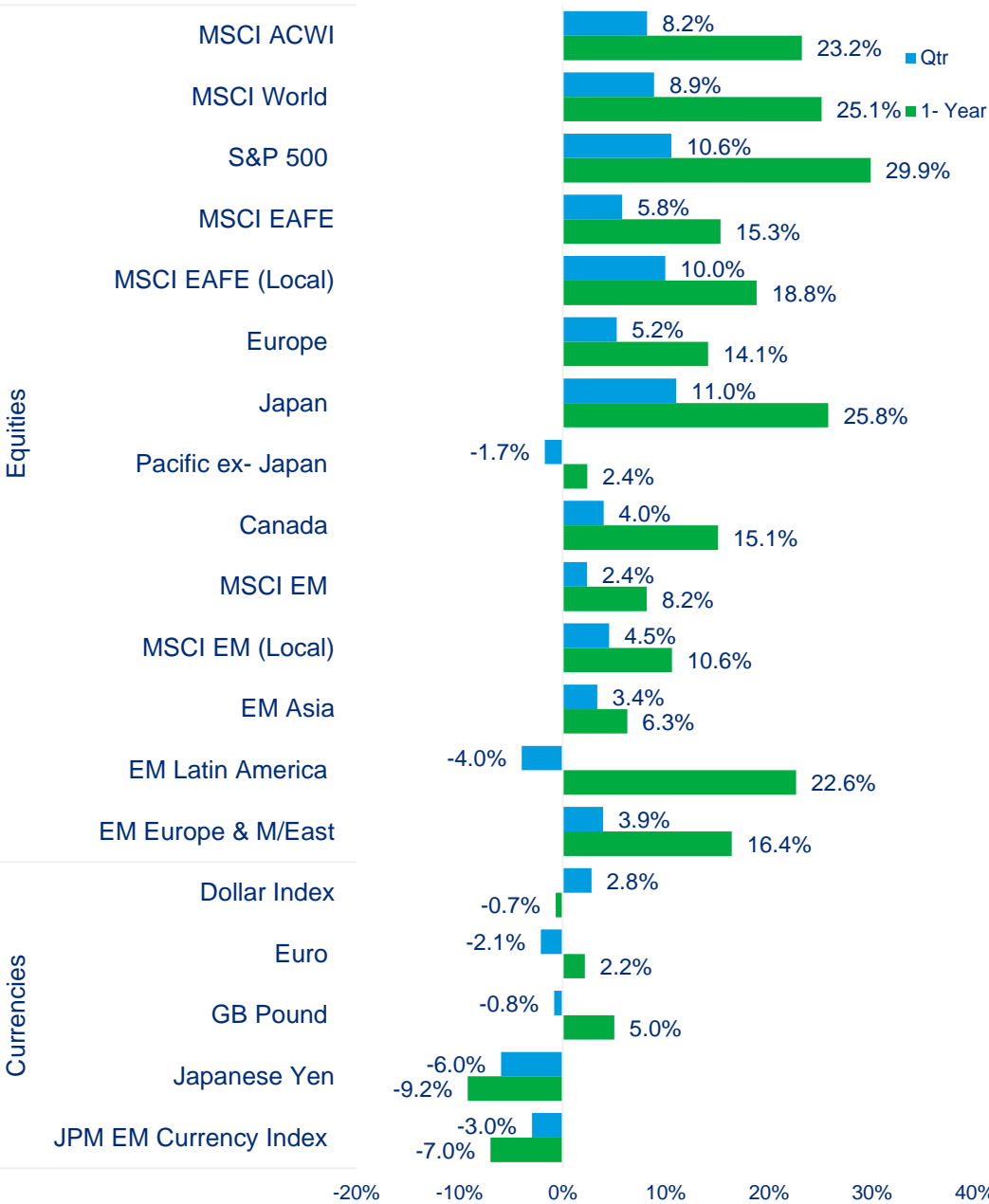
## Global equities rally as the narrative pivots back to soft landing

- Global equities maintained their momentum for the second quarter in a row, with the MSCI ACWI returning 8.2%.
- The S&P 500 rallied strongly during the quarter, up 10.6%, led by the Magnificent 7.
- International developed stocks returned 5.8% in Q1, far behind US equities due to their lower tech exposure and slower growth. A stronger dollar detracted 420 bps from US\$ returns during the quarter.
- Emerging market equities returned just 2.4% in Q1, lagging global equities by a wide margin. Low single digit returns in Asia and Emerging Europe were offset by negative returns from Latin America. China had marginally positive returns for a change.



Source: Bloomberg; through 3/31/24

## Global Performance

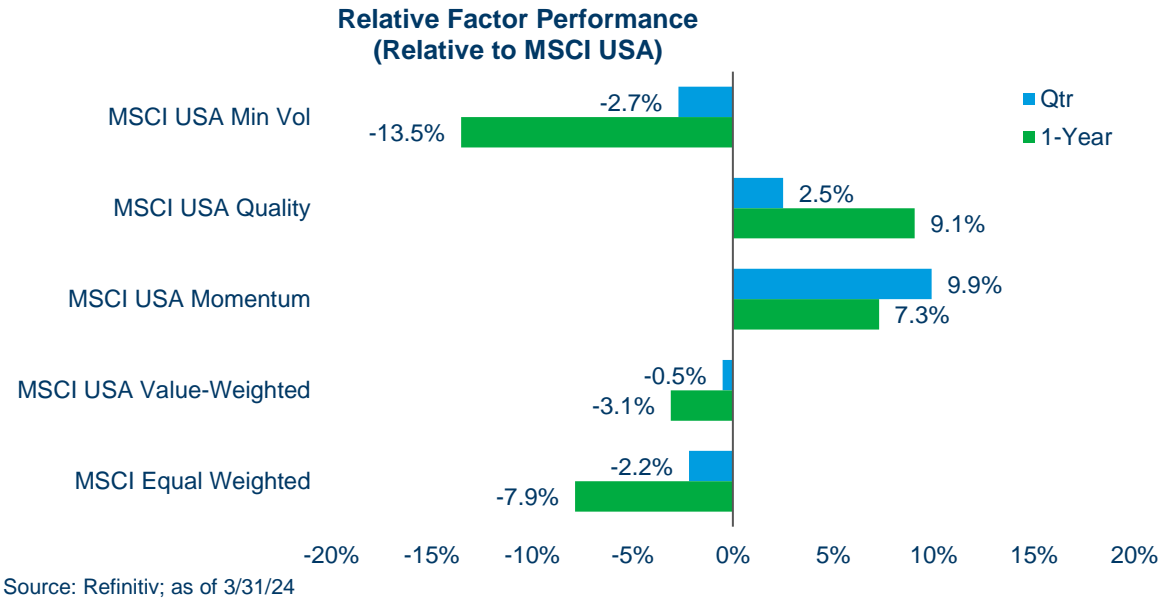
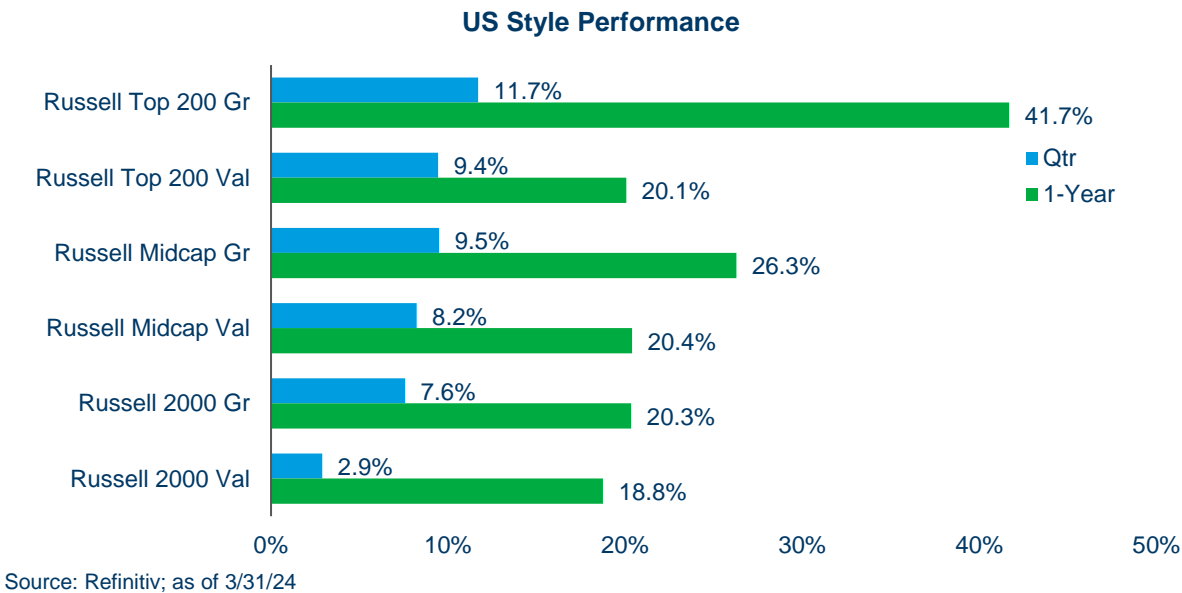
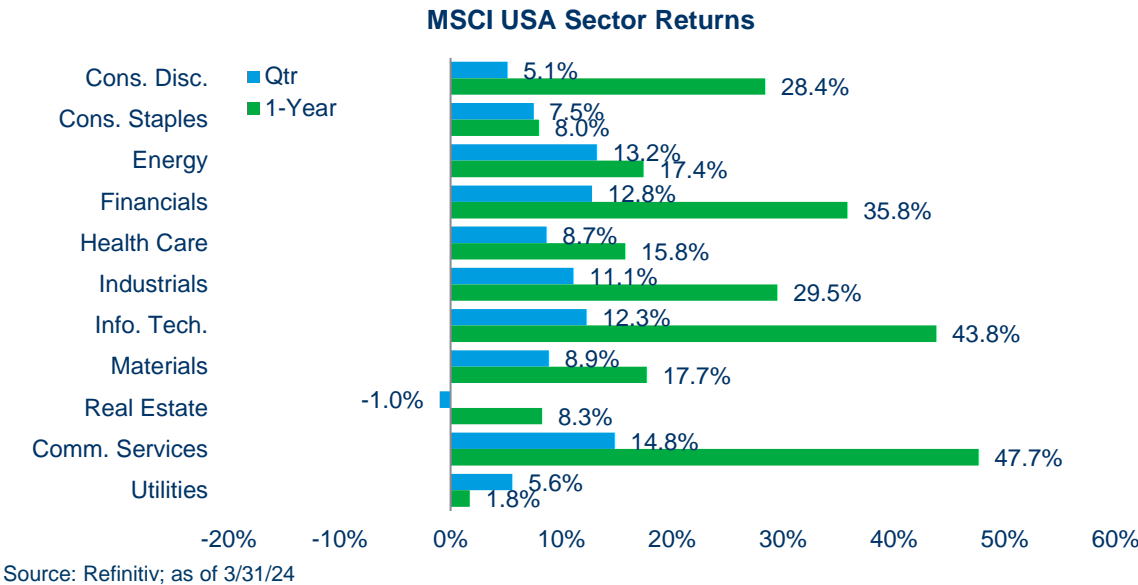


Source: Bloomberg, Refinitiv; as of 03/31/24.

# US equity factor and sector returns

## Growth outperforms value by wide margins across all market caps

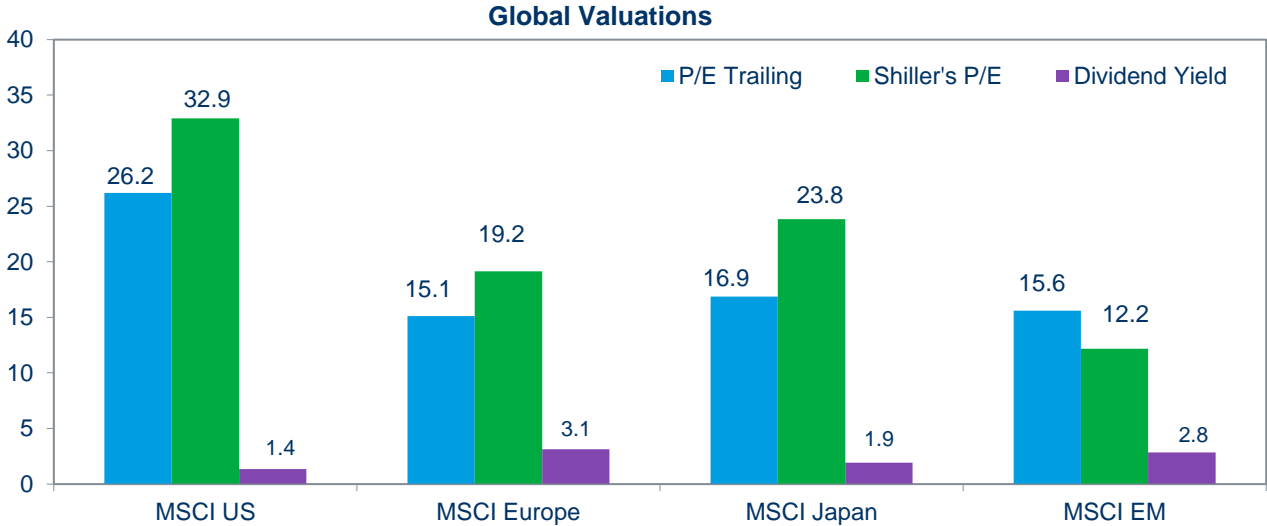
- The AI narrative was fueled by strong results by companies like Nvidia. This momentum benefited the largest growth stocks in aggregate. The prospect of rate cuts not materializing as soon as expected in late 2023 was a headwind for small caps that are more vulnerable to higher rates.
- Relative to the MSCI USA, the momentum factor produced the strongest results during the quarter, while minimum volatility was weakest. The equal weighted version of the index also underperformed given the tech-heavy nature of this quarter’s performance.
- The strongest sectors for this quarter were communication services, financials, energy and tech. Real Estate was the only sector with negative performance due to their sensitivity to rates.



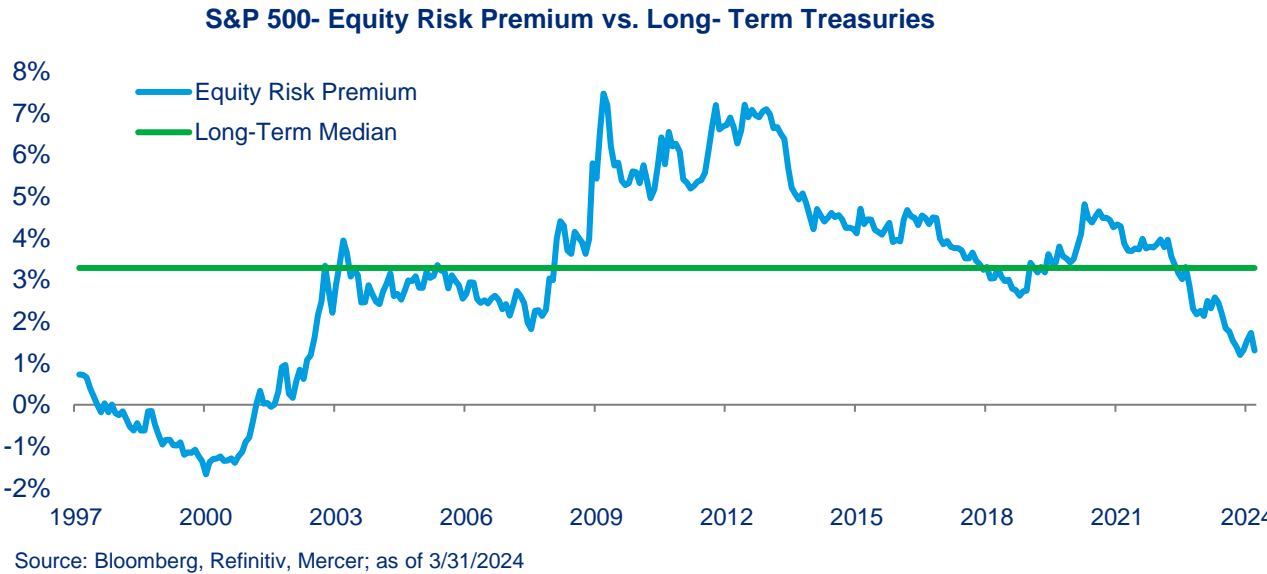
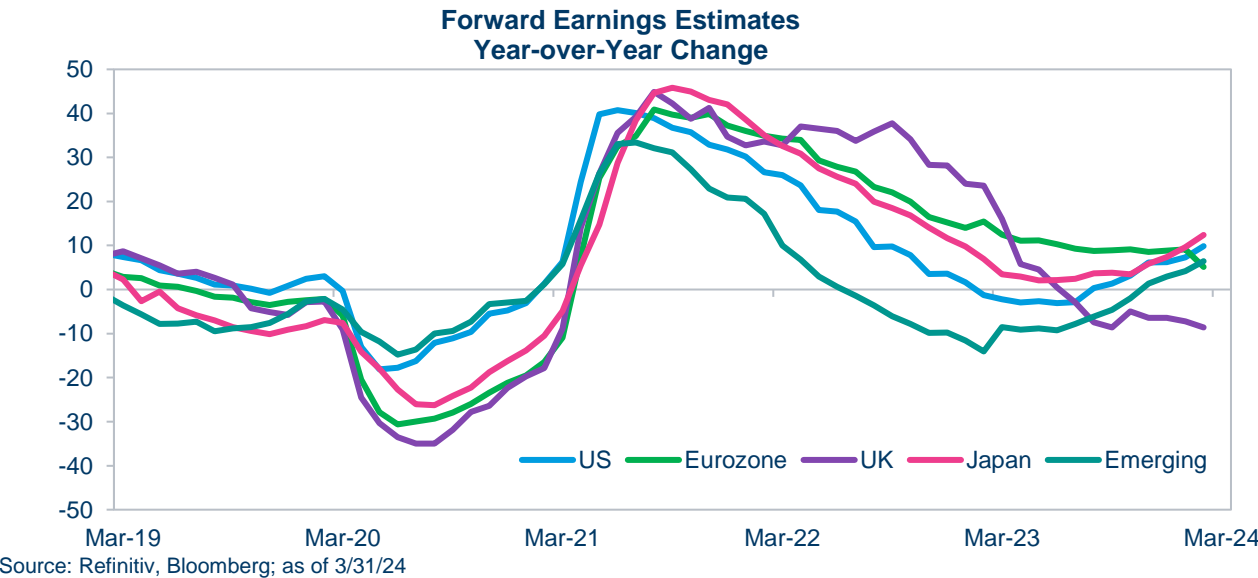
# Equity fundamentals

## Valuations rose driving strong equity returns

- Valuations increased during the quarter due rising equity prices. The trailing P/E ratio on the MSCI US Index rose from 24.9 to 26.2<sup>1</sup>. We estimate that the equity risk premium over long-term treasuries decreased roughly 20 bps<sup>2</sup>.
- International developed stocks appear more reasonably valued than US stocks but are likely to experience slower economic and earnings growth.
- Emerging market valuations continue to appear more attractive than developed markets. However, ongoing weakness in the Chinese economy remains a drag on emerging markets, though growth estimates are improving.



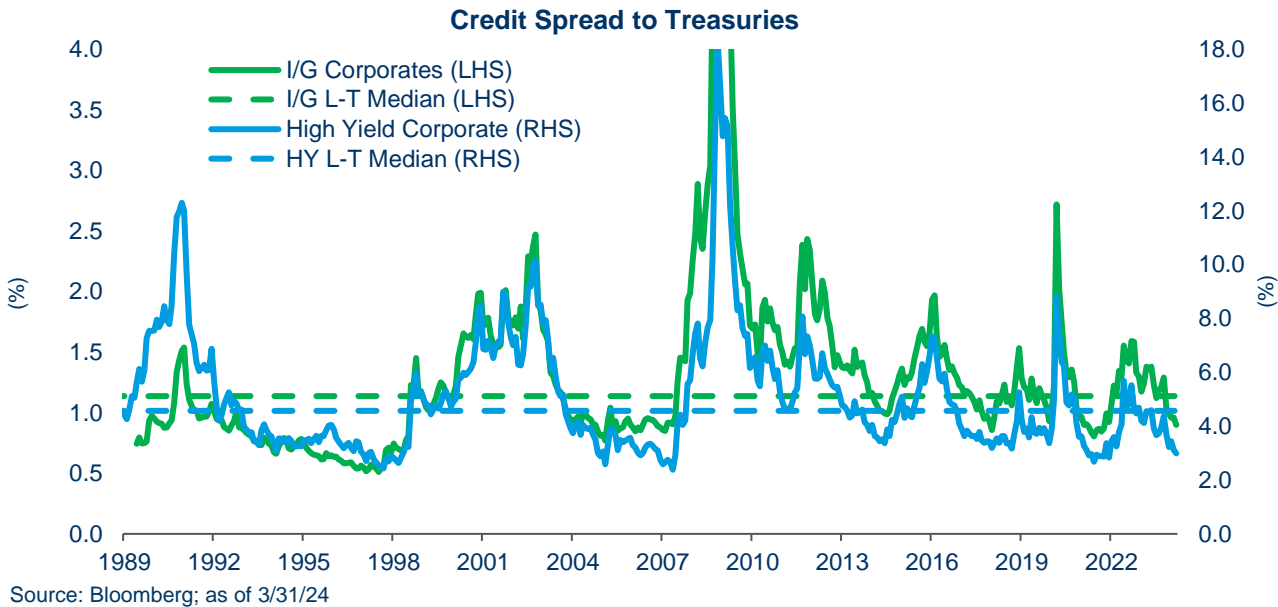
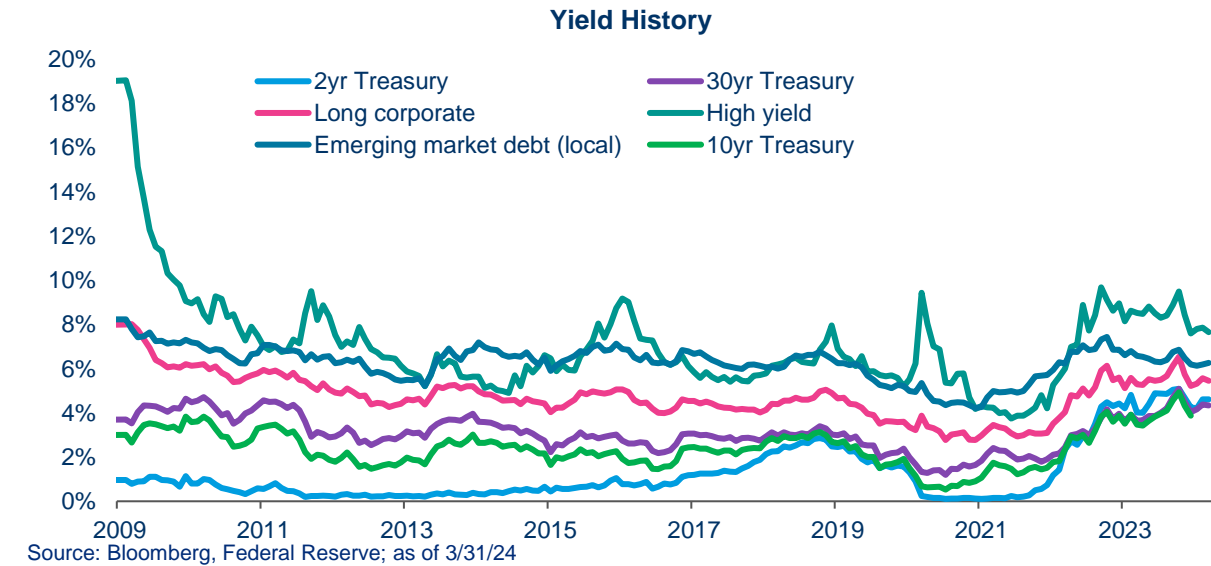
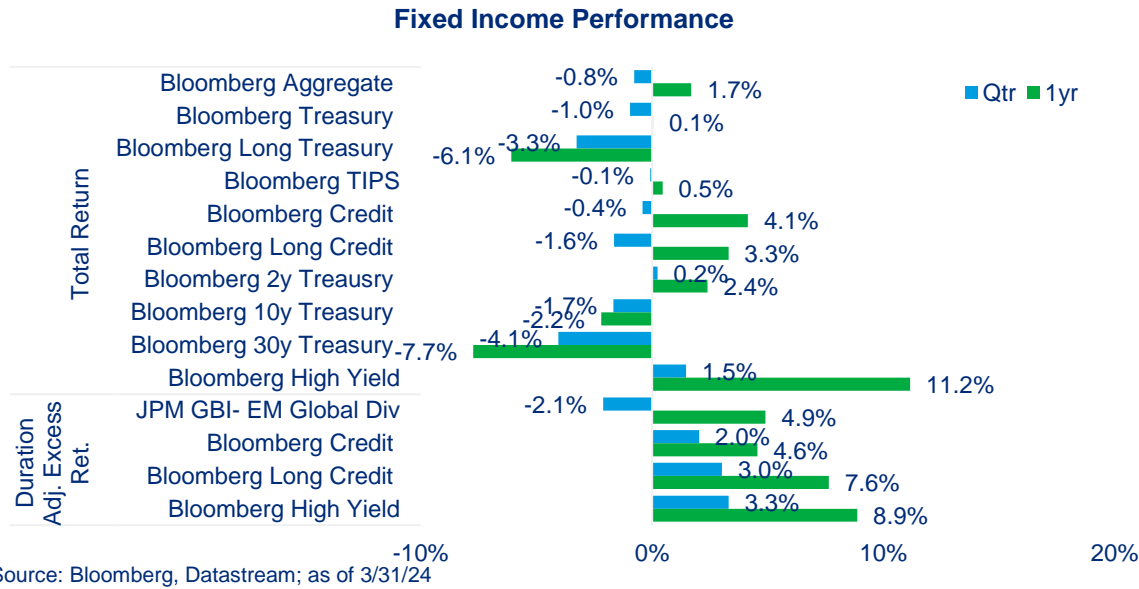
Source: Bloomberg, Datastream, Mercer; as of 3/31/24



# Interest rates and fixed income

## Yields rise and credit spreads fall to 2-year tights

- The Bloomberg US Aggregate Index returned -0.8% during the quarter. Treasuries returned -1.0% and corporates returned -0.4%. The yield curve shifted higher during the quarter. The 2-year yield rose 40 bps, while the 30-year yield rose 30 bps<sup>1</sup>.
- Spreads on US investment-grade credit fell to 0.9%, below the long-term median level<sup>2</sup> and the lowest since late 2021, benefitting credit returns.
- US high yield bonds returned 1.5% during the quarter, as high yield spreads fell 24 bps to ~3.0% in a risk-on market. US high yield spreads are 132 bps below the long-term median level of 4.3%<sup>2</sup>. Local currency EMD returned -2.1% during Q1.



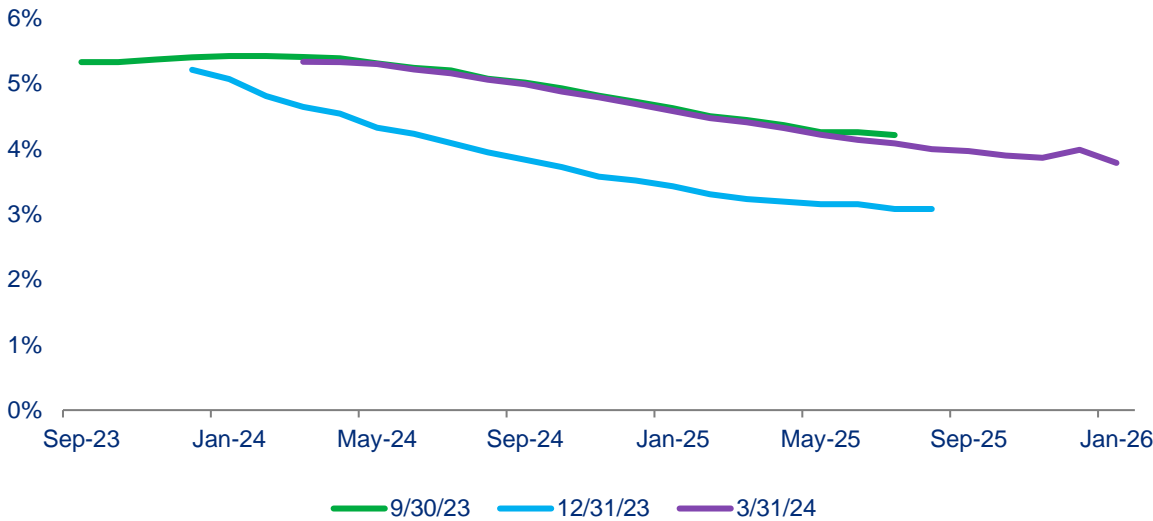
<sup>1</sup> Source: Federal Reserve, Refinitiv; as of 3/31/24  
<sup>2</sup> Source: Bloomberg, Refinitiv Mercer; as of 3/31/24

# Monetary policy

## Fed pivots back to more cautious rhetoric

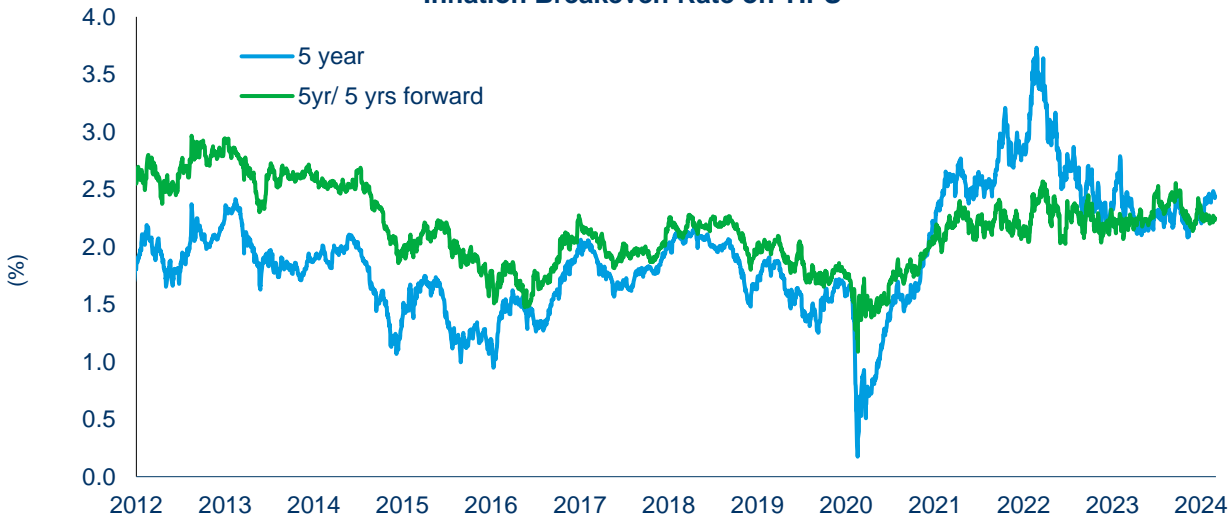
- The Federal Reserve fueled a Santa Rally late last year after more dove-ish rhetoric indicated rate cuts could start as early as March 2024. Resilient inflation readings in January and February have turned the Fed more cautious. While rate projections for 2024 are unchanged, cuts are now expected to start later this year.
- US inflation breakeven rates saw modest increases during the quarter, with 10-year inflation breakeven rate falling 10 bps to 2.25%, still below the Fed's target of 2.0% PCE (roughly equivalent to 2.5% CPI)<sup>1</sup>.
- Overseas, the ECB and BOE left rates unchanged in Q1 while the BOJ exited yield curve control. The Swiss central bank became the first major central banks to cut rates after the recent hiking cycle.

Market Implied US Overnight Lending Rate (Based on Fed Funds Futures)



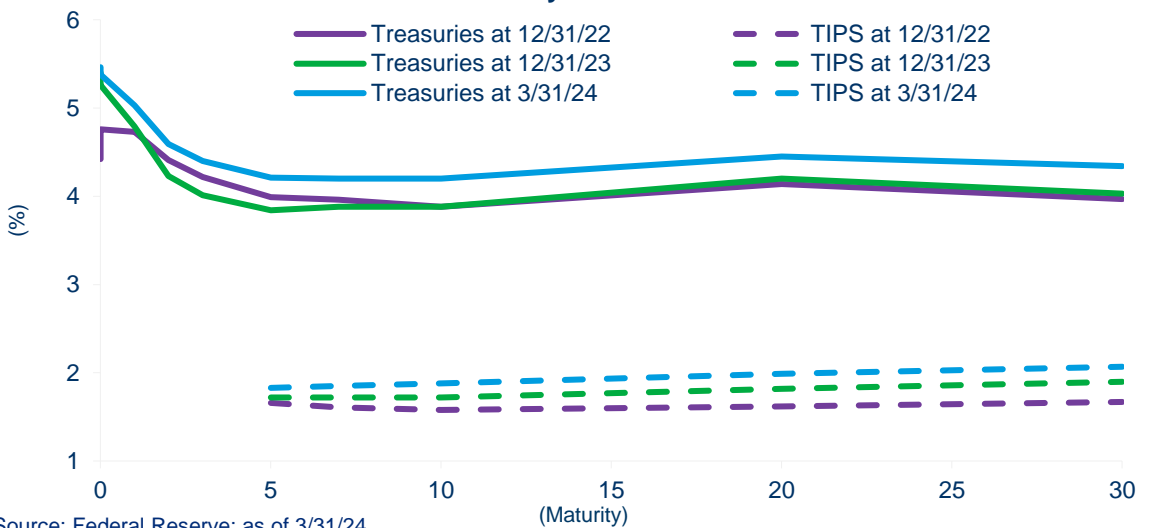
Source: Bloomberg, Mercer as of 3/31/24

Inflation Breakeven Rate on TIPS



Source: Bloomberg, Mercer; as of 3/31/24

Treasury Yield Curve

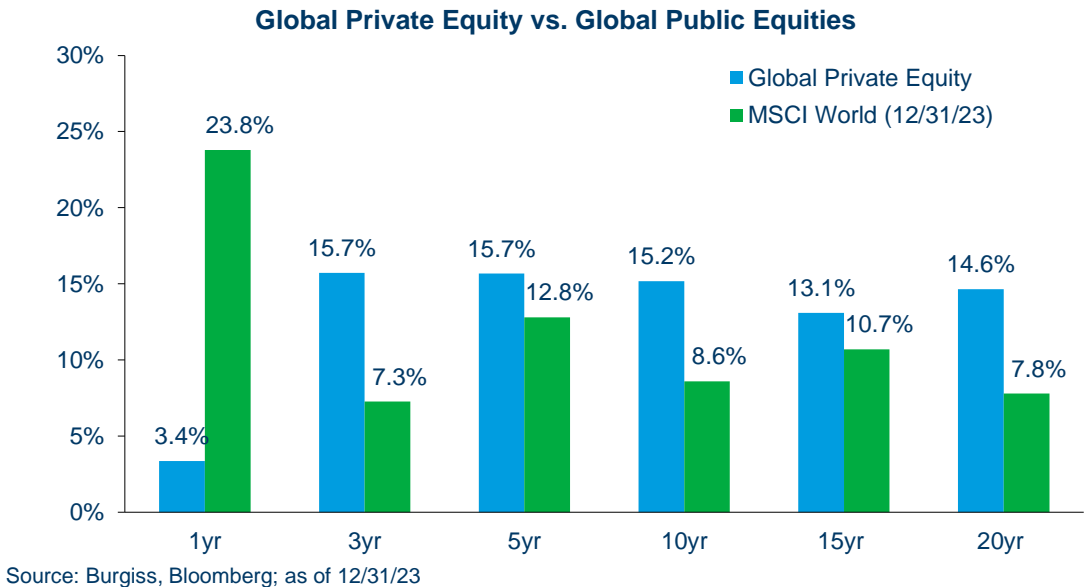
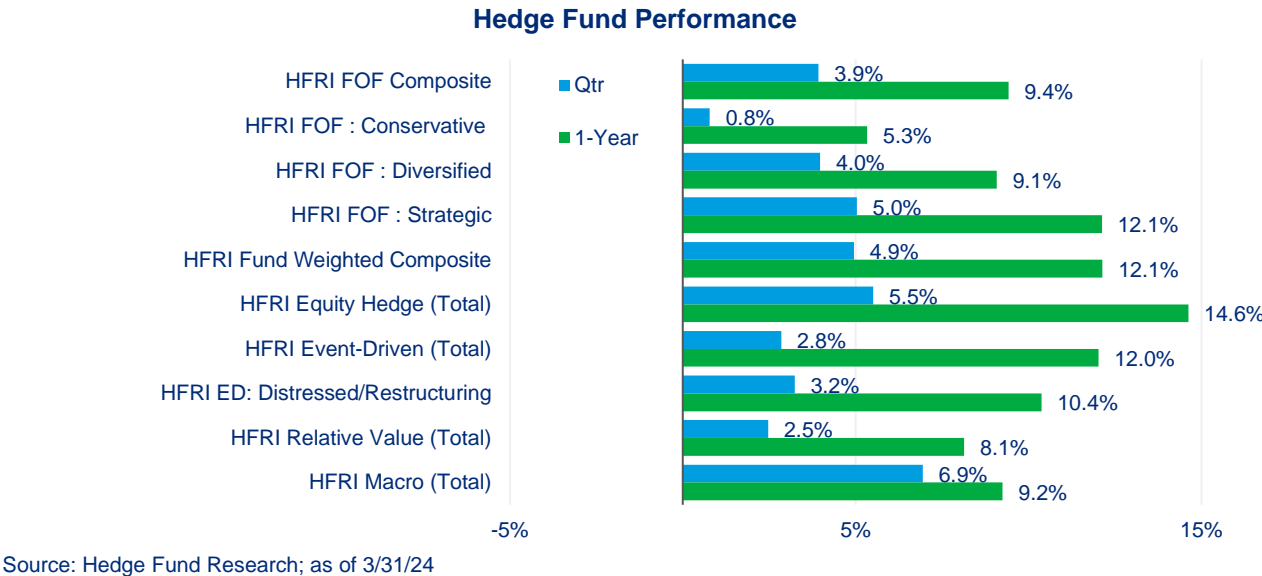
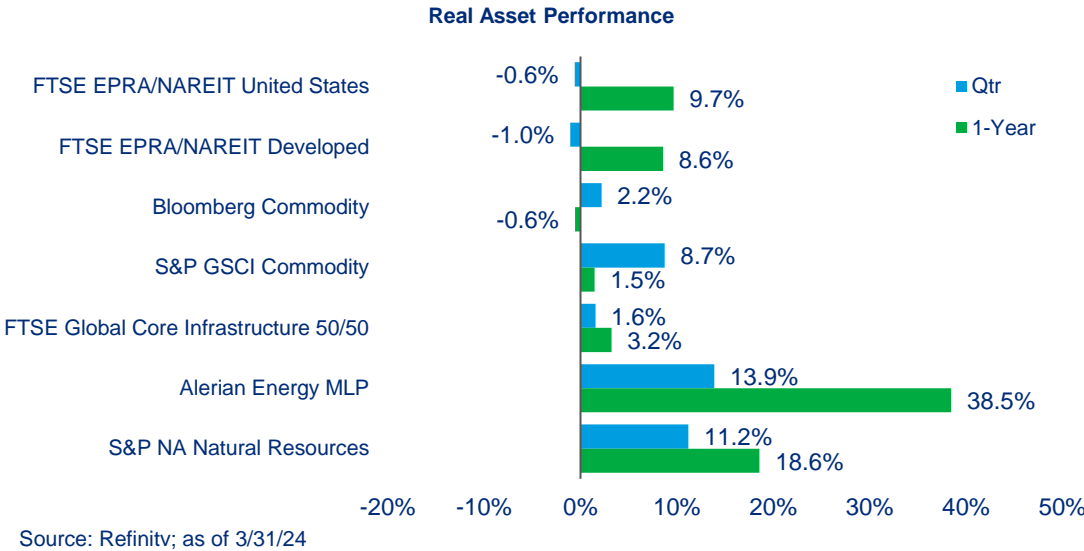


Source: Federal Reserve; as of 3/31/24

# Alternative investment performance

## REITs & infrastructure underperform broader equities, negative commodity returns

- Global developed REITs returned -1.0% during Q1, underperforming broader equity markets. Core infrastructure stocks were flat during the quarter. Higher rate sensitivities for both sectors were a headwind this quarter.
- Commodities and natural resources had strong performance during the quarter, while MLPs even outperformed growth stocks. The price of WTI crude oil rose by 13.0% and ended the quarter at around \$87 per partially driven by conflicts in the middle east.
- The HFRI FOF Composite Index returned 3.9% in Q1<sup>1</sup>.
- Global private equity outperformed global developed stocks over the longer-term trailing periods<sup>2</sup>.



<sup>1</sup> Source: Hedge Fund Research; as of 3/31/24

<sup>2</sup> Source: Burgiss, Bloomberg; as of 9/30/23

Past performance is no guarantee of future results

# Valuations and yields

Ending March 31, 2024

## Valuations

MSCI USA	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Index Level	23686.9	21453.4	19163.7	19770.6
P/E Ratio (Trailing)	26.2	24.9	22.9	23.6
CAPE Ratio	32.9	29.8	27.3	28.8
Dividend Yield	1.4	1.4	1.6	1.5
P/B	4.8	4.6	4.1	4.3
P/CF	18.1	16.3	15.3	15.4
MSCI EAFE	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Index Level	8234.3	7784.0	7049.3	7351.5
P/E Ratio (Trailing)	15.7	14.7	14.4	15.4
CAPE Ratio	17.3	15.6	15.4	15.1
Dividend Yield	2.9	3.0	3.2	3.1
P/B	1.9	1.8	1.6	1.6
P/CF	10.1	9.4	9.3	8.7
MSCI EM	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Index Level	546.5	533.8	494.9	509.8
P/E Ratio (Trailing)	15.61	14.5	14.1	13.6
CAPE Ratio	12.18	11.9	10.9	11.3
Dividend Yield	2.83	2.9	3.1	3.3
P/B	1.71	1.6	1.6	1.6
P/CF	8.08	8.2	8.5	8.5

Source: Bloomberg, Refinitiv

Past performance is no guarantee of future results

## Yields

Global Bonds	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Germany – 10Y	2.30	2.02	2.84	2.39
France – 10Y	2.81	2.56	3.40	2.93
UK – 10Y	3.93	3.54	4.44	4.39
Switzerland – 10Y	0.69	0.70	1.10	0.96
Italy – 10Y	3.68	3.70	4.78	4.07
Spain – 10Y	3.16	2.99	3.93	3.39
Japan – 10Y	0.73	0.61	0.77	0.40
Euro Corporate	3.66	3.56	4.52	4.44
Euro High Yield	7.72	7.35	8.43	8.29
EMD (\$)	7.23	7.43	9.03	8.36
EMD (LCL)	6.81	6.19	6.76	6.32
US Bonds	3/31/2024	12/31/2023	9/30/2023	6/30/2023
3-Month T-Bill	5.46	5.40	5.55	5.43
10Y Treasury	4.20	3.88	4.59	3.81
30Y Treasury	4.34	4.03	4.73	3.85
10Y TIPS	1.88	1.72	2.24	1.61
30Y TIPS	2.07	1.90	2.33	1.62
US Aggregate	4.85	4.53	5.39	4.81
US Treasury	4.43	4.08	4.85	4.37
US Corporate	5.30	5.06	6.04	5.48
US Corporate High Yield	7.66	7.59	8.88	8.50

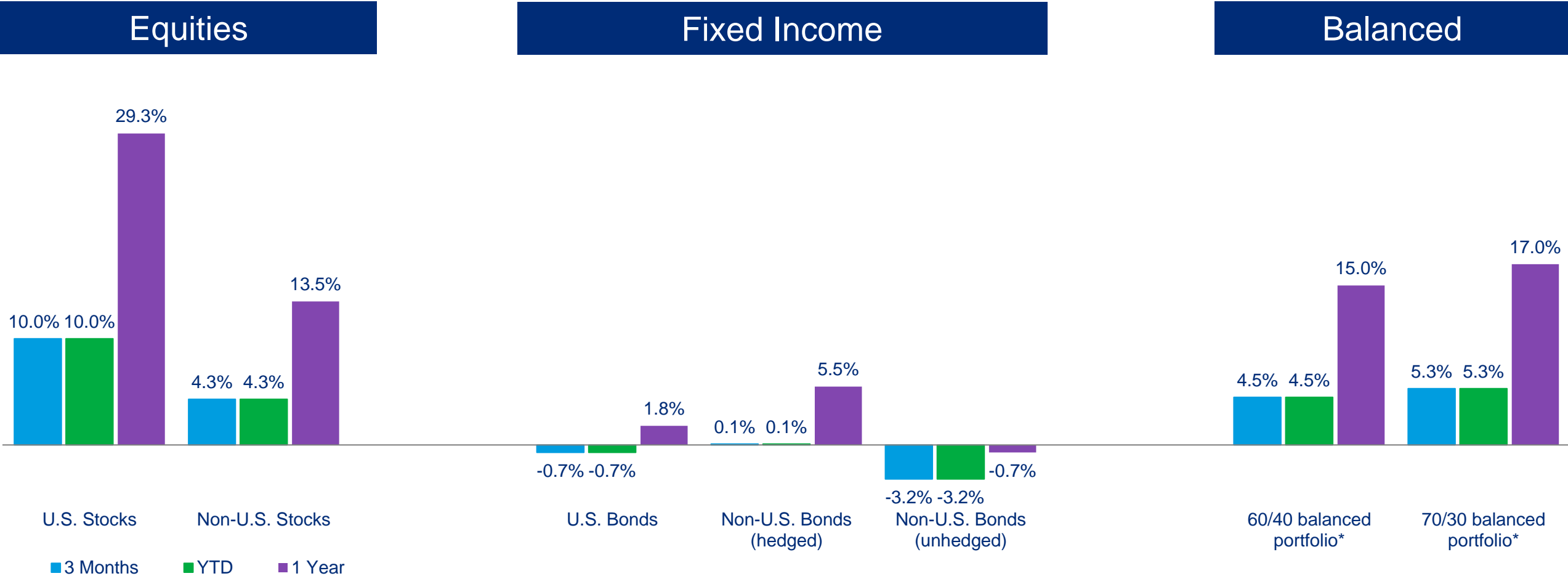
Source: Bloomberg, Thomson Reuters Datastream

# Appendix



# Global market returns - overview

Global market returns as of March 31, 2024 (%)



**Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

Sources: Bloomberg, FTSE, MSCI, Russell, CRSP and Dow Jones.

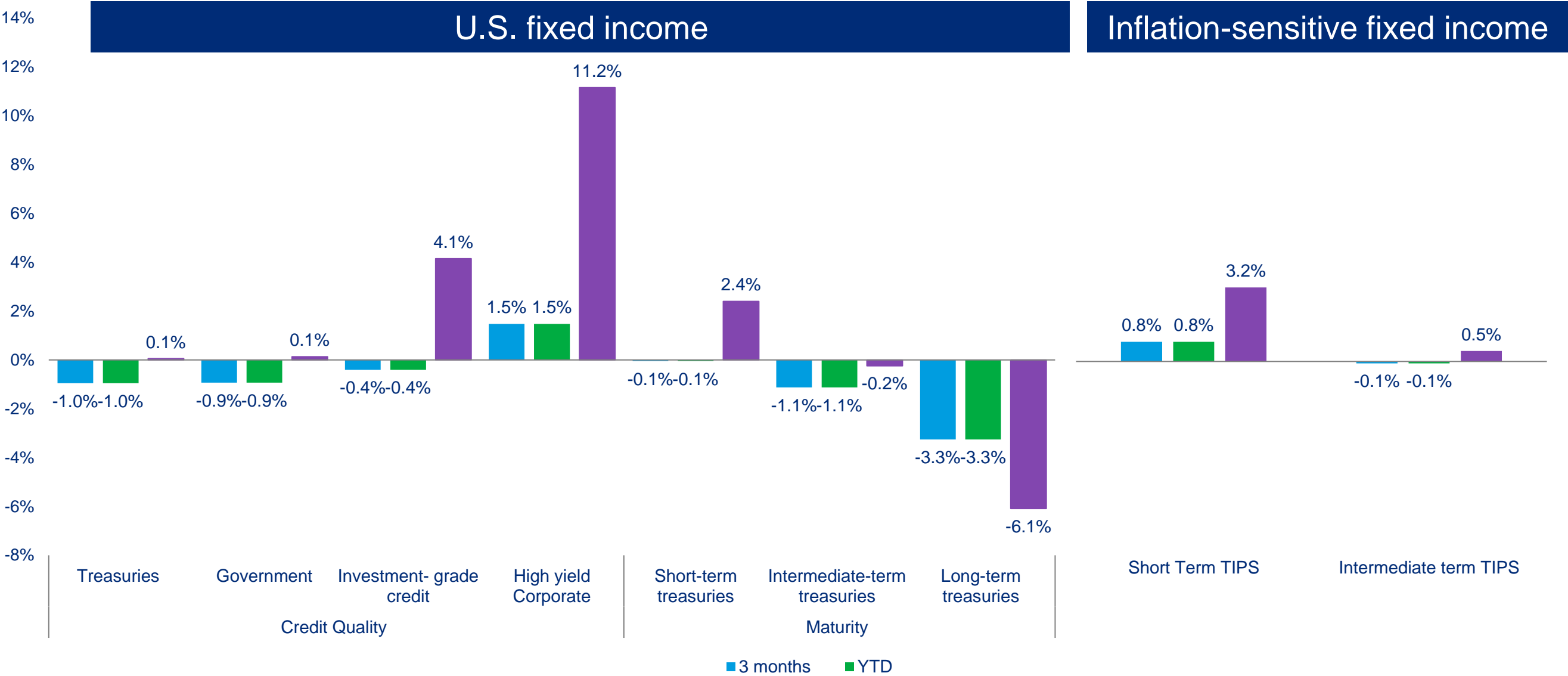
US Stocks (CRSP US Total Market Index), Non-US Stocks (FTSE Global All-Cap ex-US Index), US Bonds (Bloomberg US Aggregate Float Adjusted Index), Non-US Bonds hedged (Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged), Non-US Bonds unhedged (Bloomberg Global Aggregate Index ex-USD).

\*60/40 balanced portfolio Static Composite (36% U.S. stocks, 24% international stocks, and 28% investment-grade U.S. bonds, 12% investment-grade international bonds).

\*70/30 balanced portfolio Static Composite (42% U.S. stocks, 28% international stocks, and 21% investment-grade U.S. bonds, 9% investment-grade international bonds).

# Global market returns – fixed income

Global market returns as of March 31, 2024 (%)

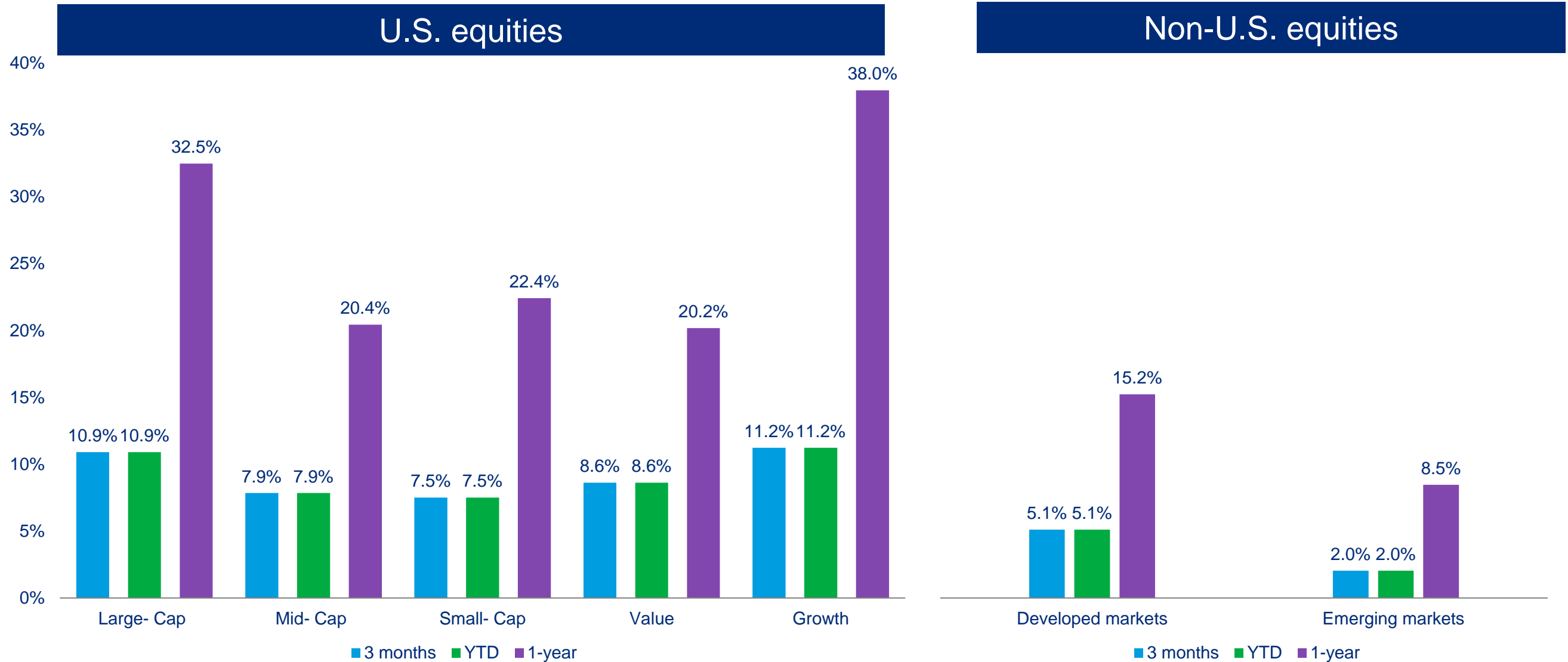


Source: Refinitiv, Bloomberg; as of 3/31/24

Treasuries (Bloomberg US Treasury Index), Government (Bloomberg US Government Index), Investment-grade credit (Bloomberg US Credit Index), High Yield Corporate (Bloomberg US High Yield Corporate index), Short Term treasuries (Bloomberg US 1-5yr Treasury Index), Intermediate term treasuries (Bloomberg US 5-10yr Treasury Index), Long term Treasuries (Bloomberg US Long Treasury Index), Short Term TIPS (Bloomberg US Treasury 0-5yr TIPS Index), Intermediate term TIPS (Bloomberg US TIPS Index)

# Global market returns - equities

Global market returns as of March 31, 2024 (%)



Source: Refinitiv, Bloomberg; as of 3/31/24

Large-Cap (CRSP US Mega Cap Index), Mid-Cap (CRSP US Mid Cap Index), Small-Cap (CRSP US Small Cap Index), Value (Russell 3000 Value Index), Growth (Russell 3000 Growth Index), Developed Markets (FTSE Developed All Cap ex US Index), Emerging Markets (FTSE Emerging Markets All Cap China A Inclusion Index)

# Periodic table of returns

## Global market returns as of December 31, 2023 (%)

Periodic Table of Index Returns											Market Indices
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	10-Year Average Return
Small Cap Core Equity 38.8%	US REITS 28.0%	Private Equity All 10.1%	Small Cap Core Equity 21.3%	Emerging Market Equity 37.3%	Private Equity All 19.2%	Large Cap Core Equity 31.5%	Private Equity All 29.9%	Private Equity All 53.1%	Commodity 16.1%	Large Cap Core Equity 26.3%	17.3% Private Equity All Burgiss Private IQ All
Mid Cap Core Equity 34.8%	Private Equity All 15.1%	US REITS 2.8%	High Yield Bonds 17.1%	Developed Intl Equity 25.0%	Treasury Bonds 0.9%	Mid Cap Core Equity 30.5%	Small Cap Core Equity 20.0%	US REITS 41.3%	Private Equity All 0.5%	Global Equity 22.2%	12.0% Large Cap Core Equity S&P 500
Large Cap Core Equity 32.4%	Large Cap Core Equity 13.7%	Large Cap Core Equity 1.4%	Mid Cap Core Equity 13.8%	Global Equity 24.0%	Aggregate Bonds 0.0%	US REITS 28.7%	Large Cap Core Equity 18.4%	Large Cap Core Equity 28.7%	Hedge Fund of Funds -5.6%	Developed Intl Equity 18.2%	9.4% Mid Cap Core Equity Russell Midcap
Global Equity 22.8%	Mid Cap Core Equity 13.2%	Blended 60/40 1.3%	Large Cap Core Equity 12.0%	Large Cap Core Equity 21.8%	High Yield Bonds -2.1%	Global Equity 26.6%	Emerging Market Equity 18.3%	Commodity 27.1%	High Yield Bonds -11.2%	Blended 60/40 17.7%	8.0% US REITS NAREIT Equity REITs
Developed Intl Equity 22.8%	Blended 60/40 11.0%	Treasury Bonds 0.8%	Commodity 11.8%	Mid Cap Core Equity 18.5%	Blended 65/35 -2.5%	Small Cap Core Equity 25.5%	Mid Cap Core Equity 17.1%	Mid Cap Core Equity 22.6%	Emerging Debt Local -11.7%	Mid Cap Core Equity 17.2%	7.9% Global Equity MSCI ACWI Net
Private Equity All 22.0%	Aggregate Bonds 6.0%	Aggregate Bonds 0.6%	Emerging Market Equity 11.2%	Private Equity All 17.1%	Hedge Fund of Funds -2.6%	Blended 60/40 23.3%	Global Equity 18.5%	Global Equity 18.5%	Treasury Bonds 12.5%	Small Cap Core Equity 16.9%	7.8% Blended 60/40 60% S&P 500/40% Barc
Blended 60/40 19.3%	Treasury Bonds 5.0%	Hedge Fund of Funds -0.3%	Emerging Debt Local 9.9%	Blended 60/40 15.4%	US REITS -4.0%	Developed Intl Equity 22.0%	Blended 60/40 14.6%	Blended 60/40 15.9%	High Yield Bonds -13.0%	Private Equity All 15.7%	7.2% Small Cap Core Equity Russell 2000
Hedge Fund of Funds 9.0%	Small Cap Core Equity 4.9%	Developed Intl Equity -0.8%	Private Equity All 9.2%	Emerging Debt Local 15.2%	Large Cap Core Equity -4.4%	Emerging Market Equity 18.4%	Treasury Bonds 8.0%	Small Cap Core Equity 14.8%	Developed Intl Equity -14.5%	High Yield Bonds 13.4%	4.6% High Yield Bonds Bloomberg High Yield
High Yield Bonds 7.5%	Global Equity 4.2%	Global Equity -2.4%	Blended 60/40 8.8%	Small Cap Core Equity 14.6%	Emerging Debt Local -6.2%	High Yield Bonds 14.3%	Developed Intl Equity 7.8%	Developed Intl Equity 11.3%	Blended 60/40 -15.8%	Emerging Debt Local 12.7%	4.3% Developed Intl Equity MSCI EAFE Net
US REITS 2.9%	Hedge Fund of Funds 3.4%	Mid Cap Core Equity -2.4%	US REITS 8.6%	US REITS 8.7%	Mid Cap Core Equity -9.1%	Emerging Debt Local 13.5%	Aggregate Bonds 7.5%	Hedge Fund of Funds 5.7%	Mid Cap Core Equity -17.3%	US REITS 11.4%	3.1% Hedge- Fund of Funds HFRI Fund of Funds
Aggregate Bonds -2.0%	High Yield Bonds 2.5%	Small Cap Core Equity -4.4%	Global Equity 7.9%	Hedge Fund of Funds 7.6%	Global Equity -9.4%	Private Equity All 11.9%	High Yield Bonds 7.1%	High Yield Bonds 5.3%	Large Cap Core Equity -18.1%	Emerging Market Equity 9.8%	2.7% Emerging Markets Equity MSCI EMF Net
Emerging Market Equity -2.6%	Emerging Market Equity -2.2%	High Yield Bonds -4.5%	Aggregate Bonds 2.7%	High Yield Bonds 7.5%	Small Cap Core Equity -11.0%	Aggregate Bonds 8.7%	Hedge Fund of Funds 6.7%	Aggregate Bonds -1.5%	Global Equity -18.4%	Aggregate Bonds 5.5%	1.8% Aggregate Bonds Bloomberg Aggregate
Treasury Bonds -2.8%	Developed Intl Equity -4.9%	Emerging Market Equity -14.9%	Treasury Bonds 1.0%	Aggregate Bonds 3.5%	Commodity -11.3%	Commodity 7.7%	Emerging Debt Local 2.7%	Treasury Bonds -2.3%	Emerging Market Equity -20.1%	Hedge Fund of Funds 4.4%	1.3% Treasury Bonds Bloomberg Treasury
Emerging Debt Local -9.0%	Emerging Debt Local -5.7%	Emerging Debt Local -14.9%	Developed Intl Equity 1.0%	Treasury Bonds 2.3%	Developed Intl Equity -13.8%	Treasury Bonds 6.9%	Commodity -3.1%	Emerging Market Equity -2.5%	Small Cap Core Equity -20.4%	Treasury Bonds 4.1%	0.1% Emerging Debt Local JP Morgan Emerging Market GBI-EM
Commodity -9.5%	Commodity -17.0%	Commodity -24.7%	Hedge Fund of Funds 0.5%	Commodity 1.7%	Emerging Market Equity -14.6%	Hedge Fund of Funds 6.2%	US REITS -5.1%	Emerging Debt Local -8.8%	US REITS -24.9%	Commodity -7.9%	-1.1% Commodity Bloomberg Commodity

Ten-year average returns represent the 10-year period ending 12/31/2023  
IRR for Private Equity are shown on a 1 quarter time lag  
All the returns are in USD

Source: Bloomberg, Refinitiv, JP Morgan, Barclays, ICE, Mercer Analysis; as of 12/31/23  
Past performance is no guarantee of future results

Index Disclosure



Important Notices



**Appendix**

**Index List**

**2**

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
Global All Cap Equities	MSCI ACWI Net Total Return Index	Refinitiv
Global Small Cap Equities	MSCI ACWI Small Cap Net Total Return Index	Refinitiv
Global Developed Equity	MSCI World Net Total Return Index	Refinitiv
Defensive Equity	Russell 3000 Total Return Index	Refinitiv
	CRSP US Total Market Total Return index	Refinitiv
	CRSP US Mega Cap Total Return Index	Bloomberg
US Large Cap	S&P 500 Total Return Index	Refinitiv
	Russell 1000 Total Return Index	Refinitiv
US Large Cap growth	Russell 1000 Growth Total Return Index	Refinitiv
US Large Cap Value	Russell 1000 Value Total Return Index	Refinitiv
US Mid Cap	CRSP US Mid Cap Total Return Index	Refinitiv
US SMID Cap	Russell 2500 Total Return Index	Refinitiv
US SMID Cap Growth	Russell 2500 Growth Total Return Index	Refinitiv
US SMID Value	Russell 2500 Value Total Return Index	Refinitiv
US Small Cap	CRSP US Small Cap Total return Index	Refinitiv
	Russell 2000 Total Return Index	Refinitiv
US Value Equity	Russell 3000 Value Total Return Index	Refinitiv
US Growth Equity	Russell 3000 Growth Total Return Index	Refinitiv
Global ex US Equity	MSCI AC World ex US Net Total Return Index	Refinitiv
	FTSE Global All Cap ex US Total Return Index	Refinitiv
International Developed Equity	FTSE Developed All cap ex US Total Return Index	Refinitiv
	MSCI EAFE Net Total Return Index	Refinitiv

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
International Developed Equity Small Cap	MSCI EAFE Small Cap Net Total Return Index	Refinitiv
Emerging Markets Equity	MSCI EM Net Total Return Index	Refinitiv
	FTSE Emerging Markets All Cap China A Inclusion Total Return Index	Bloomberg
China Equity	MSCI China A Onshore Net Total Return Index	Refinitiv
US Cash	Bloomberg T- Bill 1-3 months Index	Bloomberg
Global Bonds	Bloomberg Aggregate Total Return Index	Refinitiv
US Treasuries	Bloomberg Treasury Total Return Index	Refinitiv
US Government Bonds	US Government Total Return Index	Refinitiv
US Long Treasuries	Bloomberg Long Treasury Total Return Index	Refinitiv
Short Term Treasuries	Bloomberg 1-5yr Treasury Total Return Index	Refinitiv
Intermediate Term Treasuries	Bloomberg 5-10yr Treasury Total Return Index	Refinitiv
Short Term TIPS	Bloomberg 0-5yr US TIPS Total Return Index	Bloomberg
US Inflation Linked Bonds	Bloomberg US TIPS Total Return Index	Refinitiv
US Investment Grade Credit	Bloomberg Credit Total Return Index	Refinitiv
US Long Investment Grade Credit	Bloomberg Long Credit Total Return Index	Refinitiv
US High Yield Bonds	Bloomberg High Yield Total Return Index	Refinitiv
EMD (Local Currency)	JPM GBI-EM Global Diversified Total Return Index	Refinitiv
EMD (Hard Currency)	JPM EMBI Global Diversified Total Return Index	Refinitiv
Global Bonds ex US	Bloomberg Global Aggregate ex USD Float Adjusted RIC Capped Index Hedged	Bloomberg
US REITS	FTSE EPRA/NAREIT United States Total Return Index	Refinitiv
Global Developed REITS	FTSE EPRA/NAREIT Developed Total Return Index	Refinitiv

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
Infrastructure	FTSE Global Core Infrastructure 50/50 Total Return Index	Refinitiv
Hedge Funds	HFRX Equal Weighted Strategies Total Return Index	Refinitiv
Commodities	Bloomberg Commodity Total Return Index	Refinitiv
Europe Equity	MSCI Europe Net Total Return Index	Refinitiv
Japan Equity	MSCI Japan Net Total Return Index	Refinitiv
Pacific ex Japan	MSCI Pacific ex Japan Net Total Return Index	Refinitiv
Canada	MSCI Canada Net Total Return Index	Refinitiv
Emerging Markets Asia	MSCI EM Asia Net Total Return Index	Refinitiv
Emerging Markets Latin America	MSCI EM Latin America Net Total Return Index	Refinitiv
EM Europe and Middle East	MSCI EM & Middle East Net Total Return Index	Refinitiv
US Dollar	DXY Index	Bloomberg
Euro	EUR Currency Index	Bloomberg
GB Pound	GBP Currency Index	Bloomberg
Japanese Yen	JPY Currency Index	Bloomberg
Emerging Market currency	JPM EM Currency Index	Bloomberg
2-year Treasury	Bloomberg US 2yr Treasury Index	Bloomberg
10-year Treasury	Bloomberg US 10yr Treasury Index	Bloomberg
Long Corporate	Bloomberg US long corporate Index	Bloomberg
Corporate	Bloomberg US corporate Index	Bloomberg

All indices in USD unless otherwise specified

# Appendix 1 – Indices used by asset class

Asset Class	Index	Source
5 year Breakeven	US 5-year breakeven index	Bloomberg
5year 5 years forward	US Forward 5-year 5years Index	Bloomberg
Energy	Alerian Energy MLP Total Return Index	Refinitiv
Natural Resources	S&P NA Natural resources Total Return Index	Refinitiv
Global Private Equity	Burgiss Private Equity	Burgiss
Hedge Funds Conservative	HFRI FOF conservative Index	Refinitiv
Diversified Hedge Funds	HFRI FOF Diversified Index	Refinitiv
Strategic Hedge Funds	HFRI FOF Strategic Index	Refinitiv
Equity Hedge Funds	HFRI Equity Hedge Index	Refinitiv
Event driven Hedge Funds	HFRI Event Driven Index	Refinitiv
Distressed Hedge Funds	HFRI ED: Distressed/Restructuring Index	Refinitiv
Relative Value Hedge Funds	HFRI Relative Value Index	Refinitiv
Macro Hedge Funds	HFRIC Macro Index	Refinitiv

All indices in USD unless otherwise specified

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