REVIEW OF MARKET PERFORMANCE

CALENDAR YEAR 2024

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Key Points

- Global GDP grew at its long-term average and the general deceleration in inflation allowed several major central banks to begin monetary easing.
- Most risk assets enjoyed strong returns in the calendar year (CY) ended December 31, 2024. US equities led on better-than-expected economic data and AI-related growth.
- Bond performance lagged that of the prior year and equities. Corporate high-yield (HY) bonds were once again the best performer on an improving economic outlook and attractive coupons.
- Gold touched all-time nominal highs on heightened geopolitical tensions. Higher-than-expected power demand fueled by AI-related growth drove natural gas and MLP prices higher.

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CY 2024 was a strong year for risk assets

GLOBAL ASSET CLASS PERFORMANCE: CY 2024

As of December 31, 2024 • Total Return (%) • US Dollar

Sources: Bloomberg Index Services Limited, Bloomberg L.P., EPRA, Federal Reserve, FTSE Fixed Income LLC, FTSE International Limited, Hedge Fund Research, Inc., Intercontinental Exchange, Inc., J.P. Morgan Securities, Inc., MSCI Inc., National Association of Real Estate Investment Trusts, Standard & Poor's, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Asset classes represented by: MSCI All Country World Index ("Global"), MSCI World Index ("DM"), S&P 500 Index ("US"), MSCI UK Index ("UK"), MSCI Europe ex UK Index ("Europe ex UK"), MSCI Japan Index ("Japan"), MSCI Emerging Markets Index ("EM"), Bloomberg US Treasury Index ("US Treasury"), FTSE World Government Bond Index ("Dev Mkts Govt"), Bloomberg US Corporate Investment Grade Bond Index ("US IG Corp"), Bloomberg US High Yield Bond Index ("US HY"), J.P. Morgan GBI-EM Global Diversified Index ("EM LC"), market cap-weighted Datastream World Energy Index and Datastream World Basic Resources Index blend ("NRE"), FTSE® EPRA/NAREIT Global Real Estate Index ("Global RE"), Bloomberg Commodity TR Index ("Cmdty"), LBMA Gold Price ("Gold"), Hedge Fund Research Fund Weighted Composite Index ("Hedge Funds"), and Nominal Trade Weighted US Dollar Index: Broad ("USD"). Total return data for all MSCI indexes are net of dividend tax withholdings. Hedge Fund Research data are preliminary for the preceding five months. Gold performance is based on spot price returns.

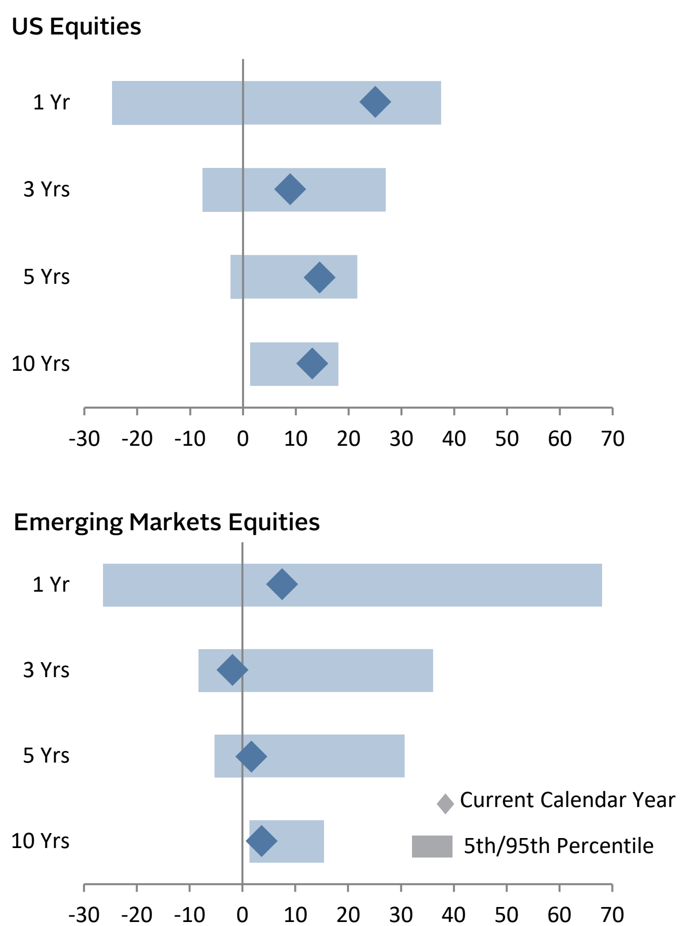
Most risk assets enjoyed positive returns in CY 2024.

- Developed markets (DM) equities rallied on stronger US economic data, the beginning of monetary easing by key central banks, and enthusiasm for AI.
- Emerging markets (EM) equities lagged with underperformance from Korea and Brazil and weaker-than-expected economic data in China. Taiwan enjoyed stellar outperformance on strong technology-related returns.
- Global sovereign fixed income performance declined as investors pared down lofty expectations for policy rate cuts and yields moved higher. HY bonds rallied as credit spreads tightened and as the economic outlook improved.
- Real assets broadly gained on higher commodity prices. Gold touched all-time nominal highs, driven largely by heightened geopolitical tensions.

US and DM equities led across different time periods

AVERAGE ANNUAL COMPOUND RETURN RANGE FOR VARIOUS TIME PERIODS

Periods Ended December 31, 2024 • Total Return (%) • US Dollar



Equities outperformed fixed income in CY 2024. Over longer periods, US and DM equities outperformed EM equities and US Treasuries.

- Consecutive years of strong US and DM equity returns reflected investors' confidence in the resilience of the US economy, enthusiasm for AI-related growth, and the start of monetary easing.
- One-year returns for EM equities were steady relative to 2023 with support from central banks' easing monetary policies and the ongoing rally in technology-driven economies. Despite this, returns over longer tenures remained at the bottom end of historical ranges.
- US Treasury bonds eked out a modestly positive return and lagged 2023's performance, as investors priced in more modest future policy rate cuts toward the end of CY 2024. Three-, five-, and ten-year returns remained at the low end of the historic range.

Sources: Bloomberg Index Services Limited, Global Financial Data, Inc., MSCI Inc., Standard & Poor's, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Ranges reflect the 5th and 95th percentile of calendar year returns. Asset classes are represented by the following indexes: S&P 500 Index ("US Equities"), MSCI World Index ("Developed Markets Equities"), Bloomberg US Treasury Index ("US Treasuries"), and MSCI Emerging Markets Index ("Emerging Markets Equities"). Total returns for all MSCI indexes are net of dividend taxes. Total returns for the MSCI Emerging Markets Index are gross of dividend taxes prior to calendar year 2001. The first full calendar-year periods are 1901 for S&P 500, 1970 for MSCI World, 1973 for Bloomberg US Treasury, and 1988 for MSCI Emerging Markets. Data prior to 1968 for the S&P 500 Index are sourced from Global Financial Data, Inc.

MACRO

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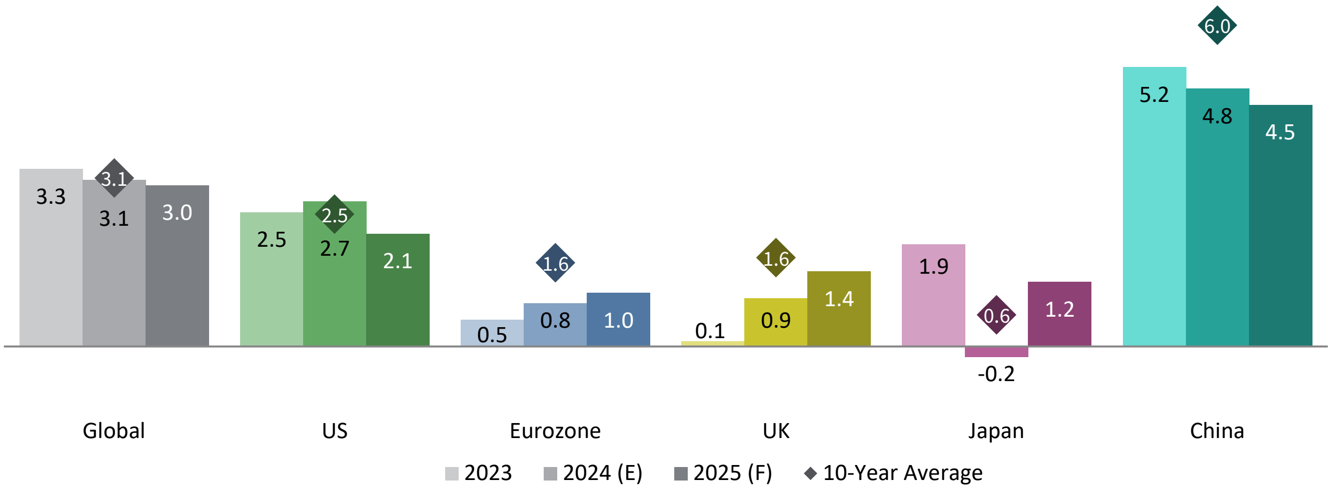
Global growth is expected to remain on-trend in CY 2025

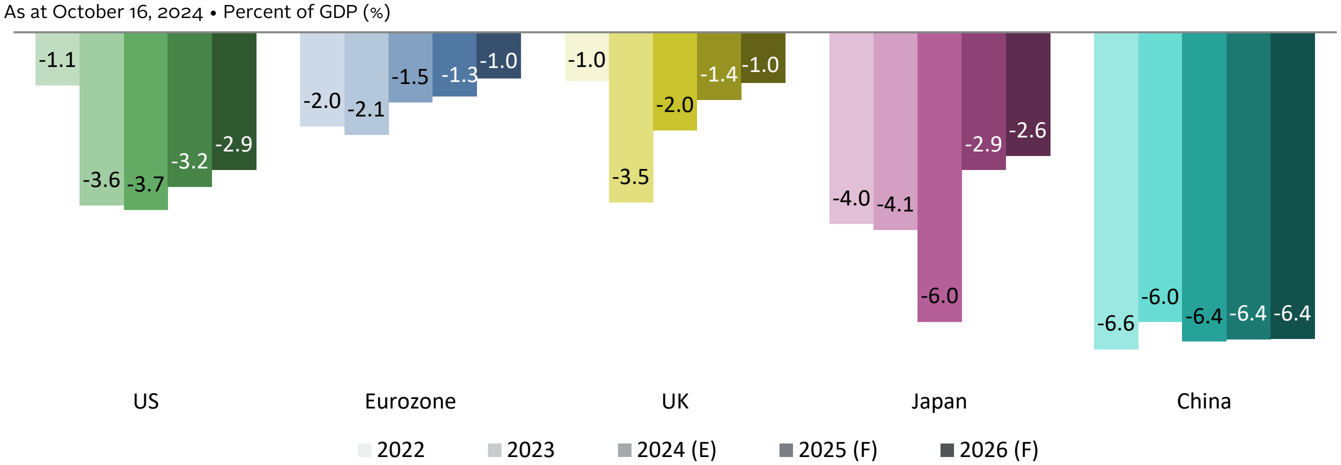
REAL GDP GROWTH

As of December 31, 2024 • Percent (%)



GENERAL GOVERNMENT PRIMARY BALANCE

As at October 16, 2024 • Percent of GDP (%)



Global GDP growth in 2025 is forecast to be on-trend with its ten-year average and CY 2024. Forecasts also show improvements in government deficits going forward for most major economies.

- US GDP growth is expected to moderate slightly below its ten-year average after resilient performance in recent years. Even though growth in most other major DMs trails that of the US, these markets are forecast to see a rebound in growth in 2025. China's GDP, however, is expected to slow and remains well below its ten-year average.

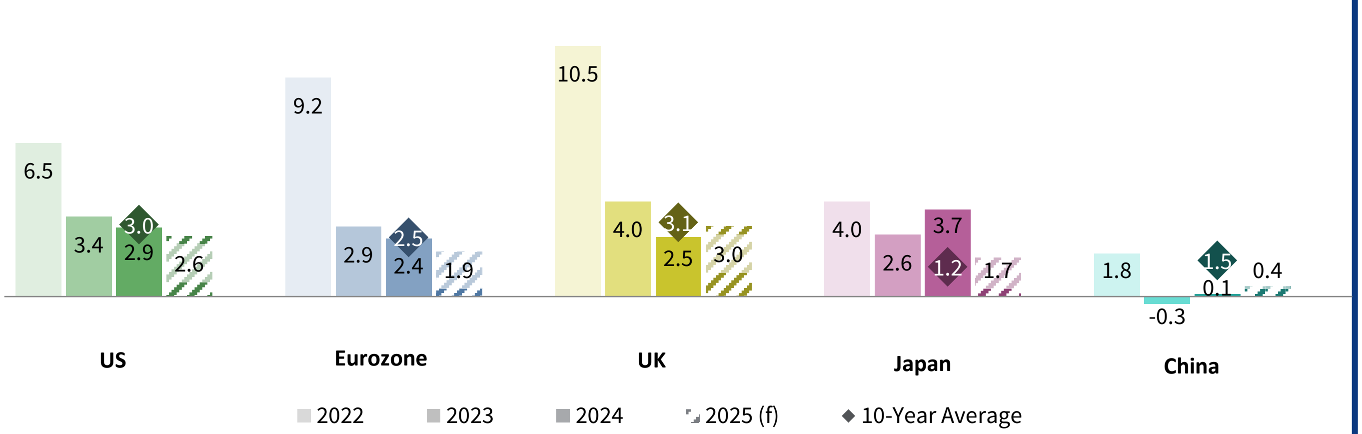
- Estimates indicate government deficits grew in the US, Japan, and China. Debt outstanding also grew in all the countries presented, ranging from an increase of mid-single-digits to low-double-digits, except for in the UK, where it decreased by 8% year-over-year.

Sources: Bloomberg L.P., IMF Fiscal Monitor October 2024, National Sources, and Thomson Reuters Datastream.

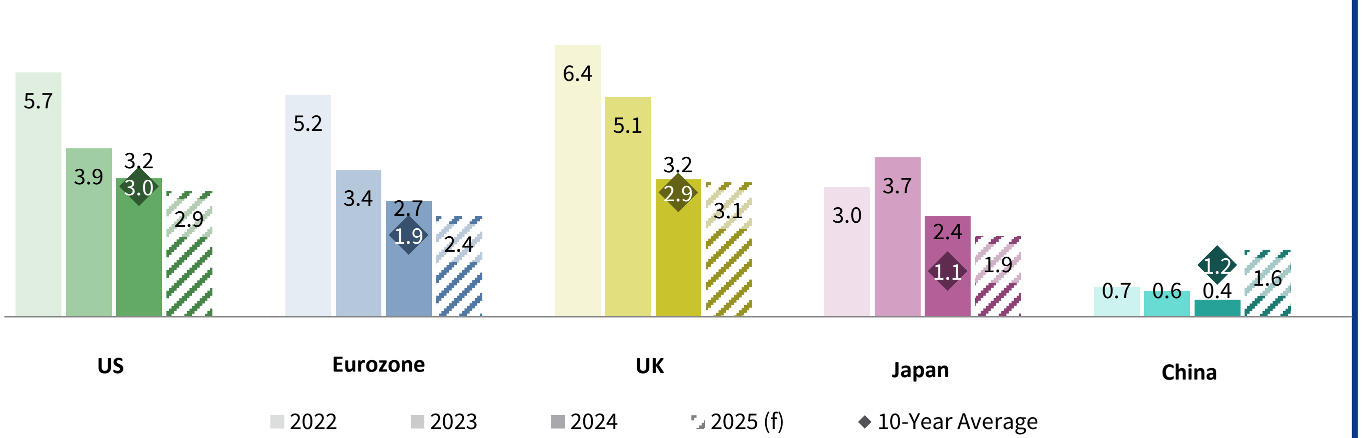
Notes: Real GDP growth are seasonally adjusted for all economies except China and reflect data for calendar years ending December 31. Ten-year average reflects calendar years from 2014 though 2023. General government primary balance is defined as the overall government budget balance, excluding net interest payments. For cross-economy comparison, the expenditures and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may therefore differ from data published by the US Bureau of Economic Analysis.

Inflation once again moderated in CY 2024 and is forecast to further decelerate in CY 2025

HEADLINE INFLATION
As at December 31, 2024 • Percent (%)



CORE INFLATION
As at December 31, 2024 • Percent (%)



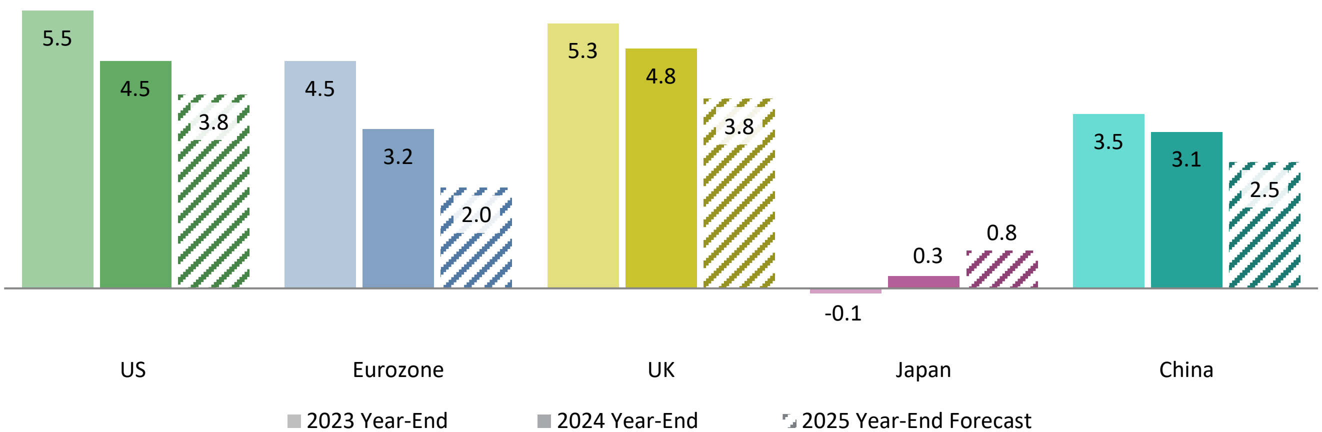
Overall, good progress was made in CY 2024 on lowering inflation rates in the US and Europe, with forecasts pointing to further improvements in most DMs in CY 2025.

- Declines in headline inflation were modest relative to the change in 2023. Japan experienced an increase as the impact of higher wages was felt through the economy. China's inflation remains challenged given weaker domestic activity.
- Progress on reducing inflation was more notable in core data, with the UK showing the largest deceleration on that basis. Lower inflation enabled many major central banks to begin easing monetary policy.
- Monetary policy priorities differed in Japan, where policy rates had been ultra loose. The Bank of Japan (BOJ) began hiking in early CY 2024, however lower core inflation complicated its ability to raise rates at a faster pace.

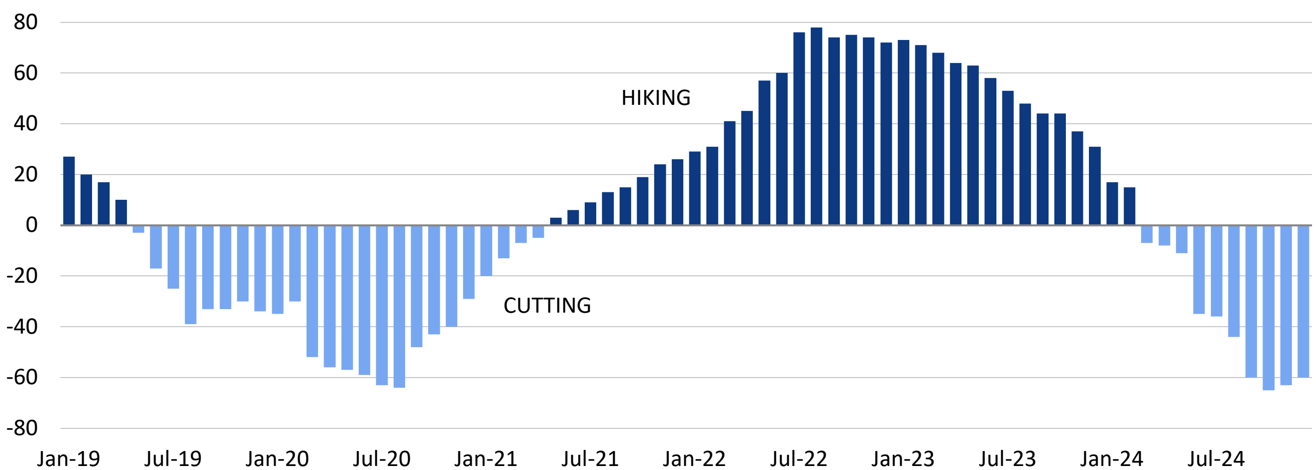
Sources: National Sources, Oxford Economics, and Thomson Reuters Datastream.
Notes: Ten-year average inflation reflects the annual calendar year (i.e., periods ended December 31) inflation from 2015 through 2024. All CPI data are not seasonally adjusted, except for US forecasts, which are seasonally adjusted.

Most major central banks began to ease monetary policy

CENTRAL BANK POLICY RATES
2023–25 (f) • Percent (%)



NET NUMBER OF CENTRAL BANKS CUTTING RATES
January 31, 2019 – December 31, 2024 • Percent (%)



Major central banks began monetary easing in CY 2024 but investor's outlooks for further easing became markedly more hawkish after the US election, as new policies were feared to be inflationary.

- The European Central Bank led the group in terms of the largest reduction in policy rates. Meanwhile, the Bank of England made relatively modest cuts as core inflation remained comparatively higher.
- The Fed began easing in September with a surprise 50-basis point (bp) cut. However, the outlook for further easing moderated in late CY 2024 as inflation became stickier and investors feared further pricing pressures from tariffs and deteriorating trade relations under the incoming administration.
- The BOJ began tightening and raised its policy rate twice, ending CY 2024 at 0.25%. The bank continues to look for signals to support further increases.

Sources: FactSet Research Systems, National Sources, and Thomson Reuters Datastream.
Notes: Central bank policy rate estimates are based on median broker forecasts sourced from FactSet and are as of January 02, 2025. China's policy rate is represented by the one-year loan prime rate. Net cutting represents the number of central banks cutting policy rates minus the number of central banks hiking policy rates, calculated based on changes in interest rates over the trailing six-month period. Data based on available interest rates across 91 global central banks.

EQUITIES

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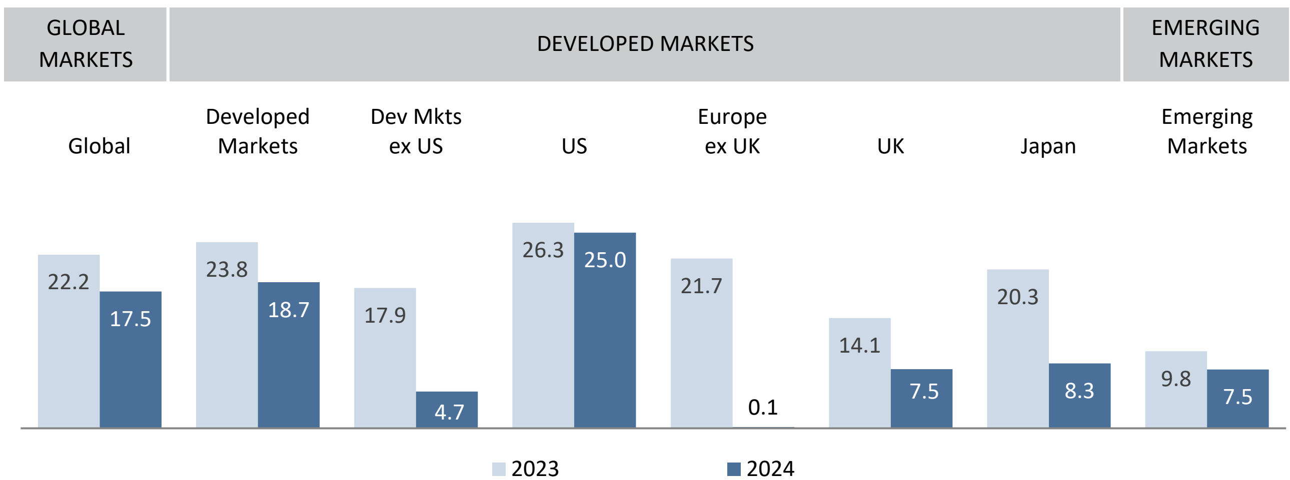
Global equity markets' strength continued in CY 2024 led by the United States

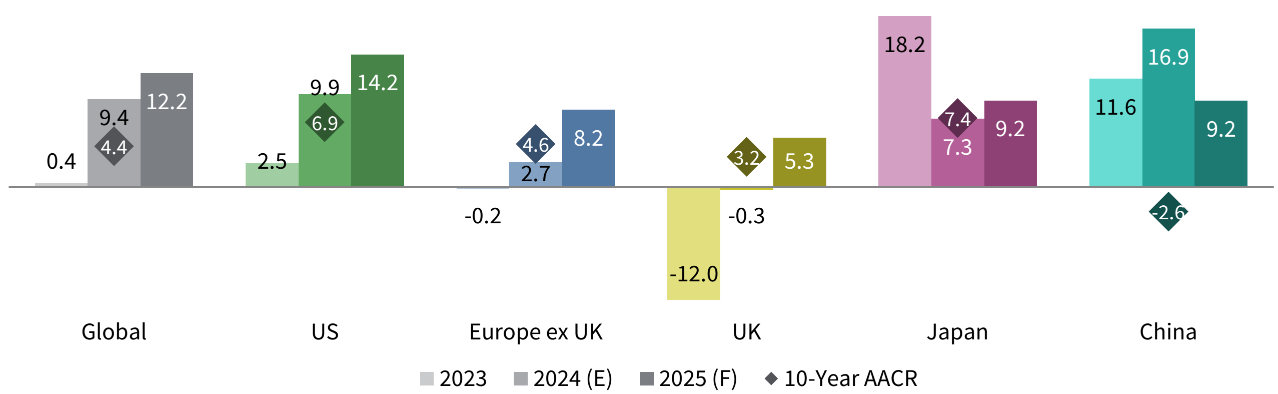
GLOBAL EQUITY PERFORMANCE: CY 2024 VS CY 2023

Total Return (%) • US Dollar



CORPORATE EARNINGS PER SHARE GROWTH

As of December 31, 2024 • Percent (%)



Global equity returns built on the strength of the prior year, but performance lagged that of CY 2023. Conversely, aside from in Japan, CY 2024 earnings growth improved across the board versus the prior year and CY 2025 earnings are expected to accelerate further in all major regions presented, save for China.

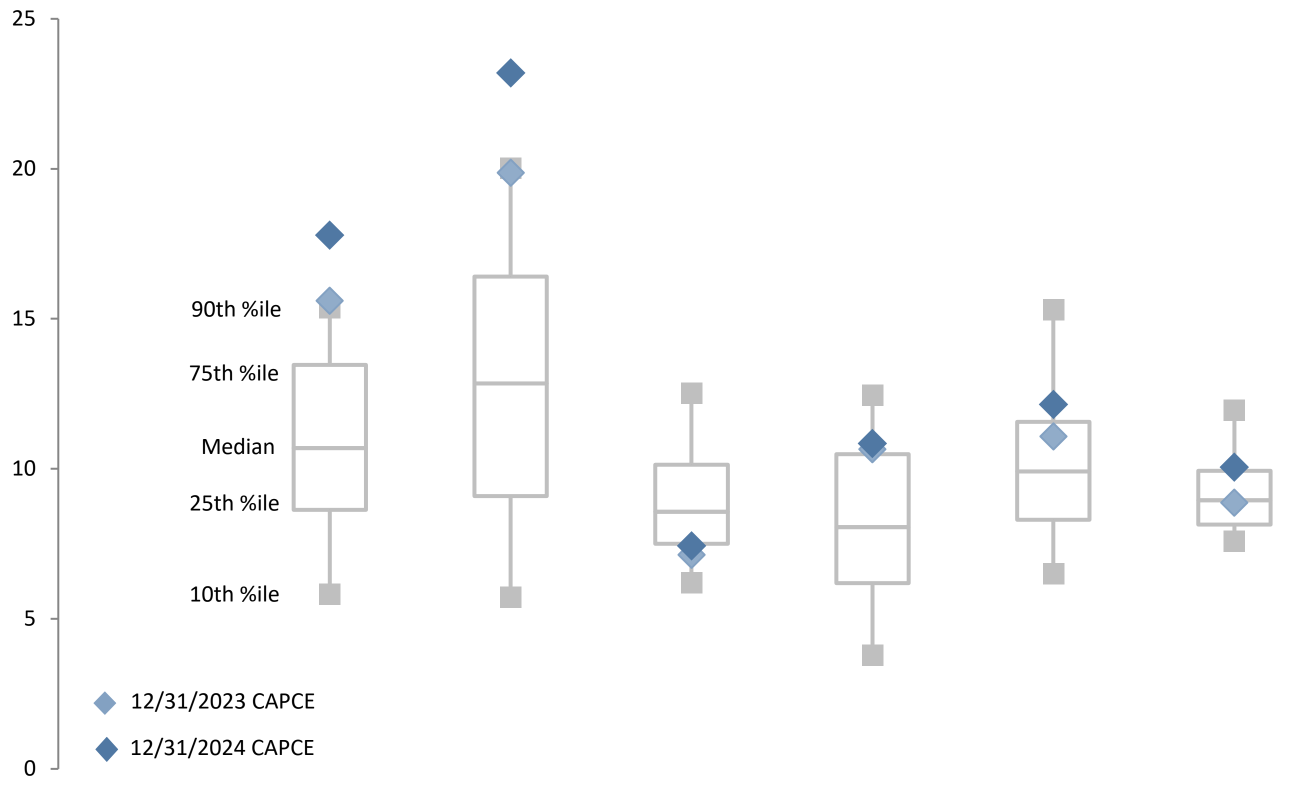
- US equities outperformed as economic data proved resilient and mega-cap tech stocks posted healthy earnings gains.
- Europe ex UK equities lagged on concerns of economic health and political stability in major economies such as Germany and France.
- EM stocks were led by tech-heavy Taiwan, benefiting from higher AI-related demand. However, Korea and Brazil retracted by double digits. China faltered on weakening economic data with earnings growth expected to lag that of global markets next year.

Sources: I/B/E/S, MSCI Inc., Standard & Poor's, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Asset classes represented by the following: MSCI All Country World Index ("Global"), MSCI World Index ("Developed Markets"), MSCI World ex US Index ("Dev Mkts ex US"), S&P 500 Index ("US"), MSCI UK Index ("UK"), MSCI Europe ex UK Index ("Europe ex UK"), MSCI Japan Index ("Japan"), MSCI Emerging Markets Index ("Emerging Markets"), and MSCI China Index ("China"). Total return data for all MSCI indexes are net of dividend tax withholdings. EPS data are based on fiscal years ending December 31, except for Japan which are based on fiscal years ending the following March 31. EPS growth estimates are in local currency terms, except for Global and Europe ex UK which are in US dollar terms. EPS data are estimates for 2024 and forecasts for 2025. Ten-year AACR reflects the annualized earnings growth rate from fiscal year 2014 through 2023. EPS individual year data are based on IBES earnings, and teb-year average based on MSCI earnings.

Equity valuations expanded across major markets

CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS (CAPCE) RATIOS BY REGION

As of December 31, 2024



% Change	DM	US	UK	Europe ex UK	Japan	EM
to 50th %ile	-39.9	-44.6	15.2	-25.7	-18.4	-10.9
to 25th %ile	-51.5	-60.8	1.0	-42.9	-31.7	-19.0
to 10th %ile	-67.2	-75.3	-16.5	-65.0	-46.4	-24.5

Cyclically adjusted price-to–cash earnings (CAPCE) multiples expanded in all major regions in CY 2024.

- US equity valuations rose even further above the 90th percentile of historic observations, as investors drove equity returns higher on optimism around AI and easing monetary policy. This also propelled the DM multiple further above its 90th percentile.
- Other markets experienced more restrained increases in multiples. While the UK multiple rose, it remains subdued on a historical basis as investors continued to focus on elevated inflation and the fallout from changes to the government budget and fiscal policies.

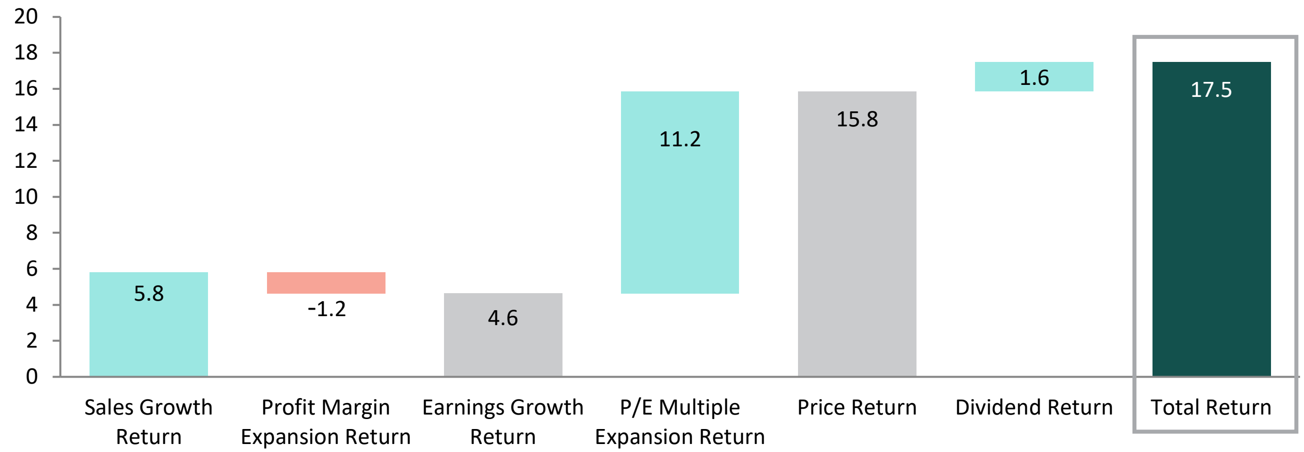
Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: The cyclically adjusted price-to–cash earnings (CAPCE) ratio is calculated by dividing the inflation-adjusted index price by trailing ten-year average inflation-adjusted cash earnings. Cash earnings are defined as net income from continuing operations plus depreciation and amortization expense. MSCI does not publish cash earnings for banks and insurance companies and therefore excludes these two industry groups from index-level cash earnings. EM is cyclically adjusted by trailing five-year data.

Investors rewarded above-normal sales growth with notably higher valuations

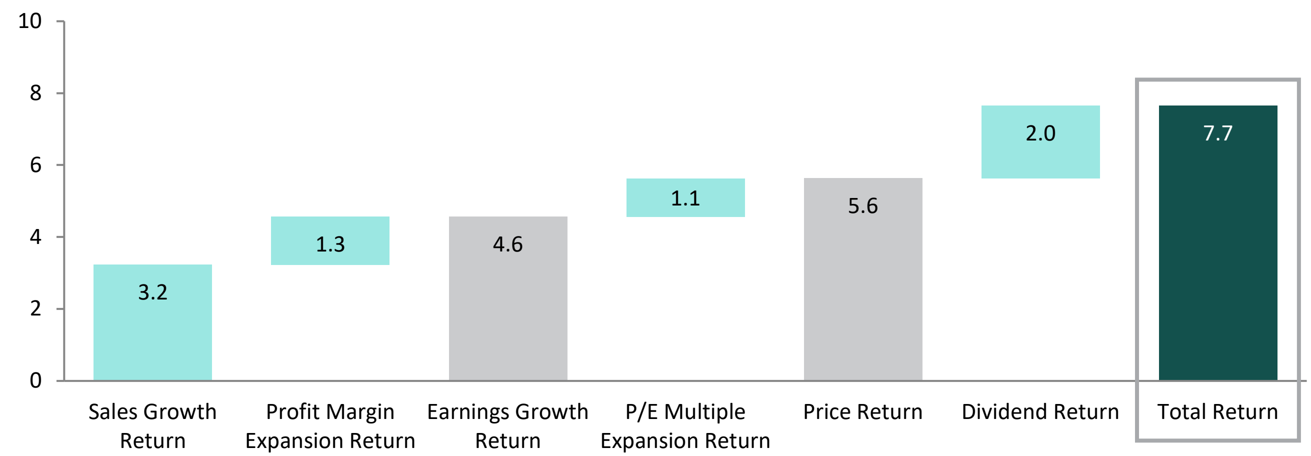
GLOBAL EQUITY RETURN DECOMPOSITION

As of December 31, 2024 • Percent (%) • US Dollar

CY 2024



CY 2005 – CY 2024 Aggregate (AACR)



Investors reflected their optimism for higher-than-normal sales growth by driving multiple expansion well above the long-term average. This resulted in total returns almost 10 percentage points (ppts) higher than the 20-year average.

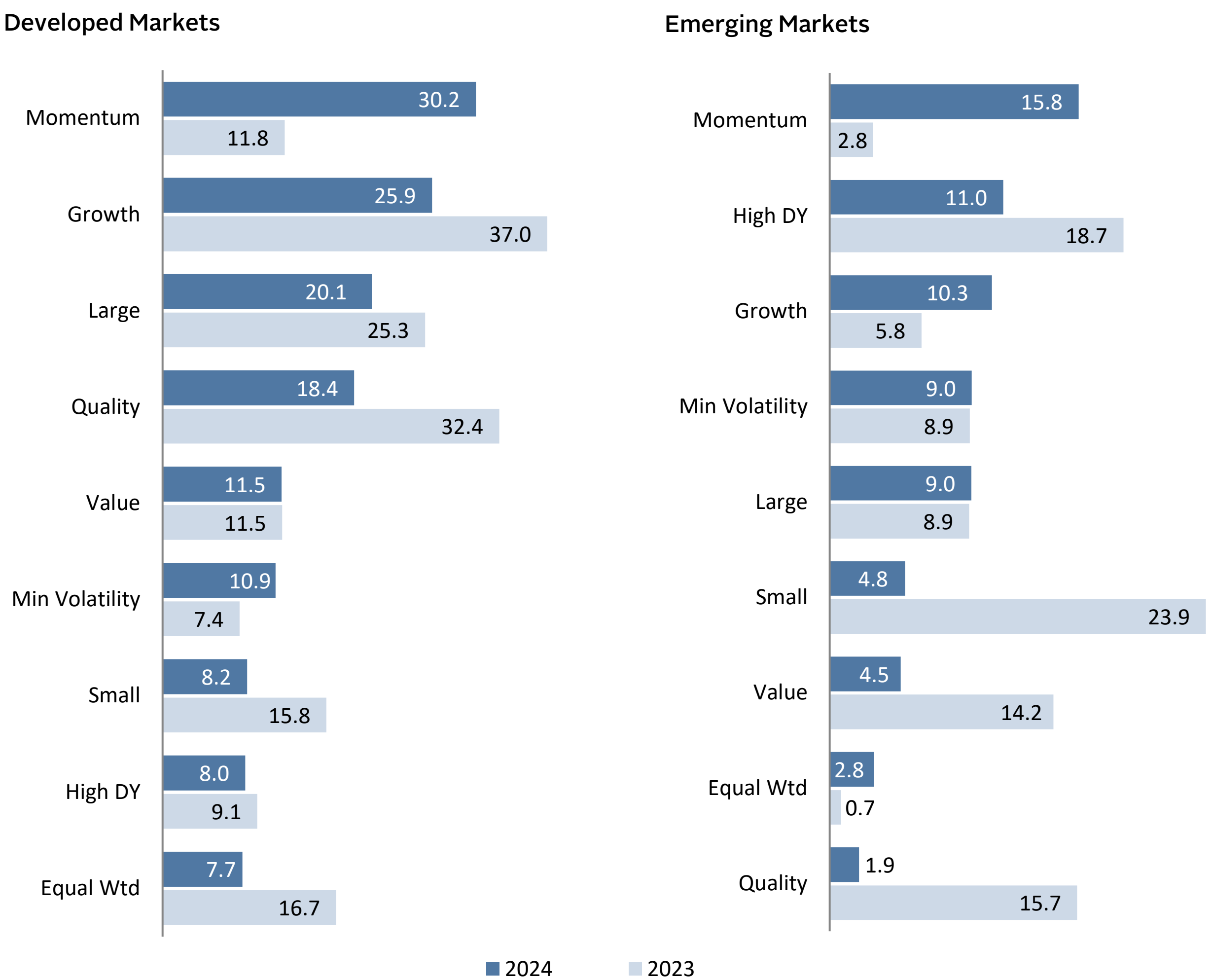
- Sales growth was well above the historic average but was lower than 2023 by more than 2 ppts.
- Margins continued to compress, but by far less than the 9% decline seen in 2023.
- Price-earnings (P/E) multiple expansion drove the bulk of returns but was far more moderate than the 21.5% experienced in the prior year.

Sources: Bloomberg L.P., MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Data are based on the MSCI All Country World Index and in annualized terms. Component returns may not match official sources due to proprietary attribution and smoothing techniques. Numbers may not sum due to rounding. Total returns and dividend returns are net of dividend tax withholdings.

Investors favored momentum in CY 2024

EQUITY PERFORMANCE BY FACTOR AND STYLE: CY 2024 VS CY 2023
As of December 31, 2024 • US Dollar • Percent (%)



Momentum strategies led returns in CY 2024 in both DM and EM, rising to the top place from the bottom half of factors and styles listed in the prior year. This likely reflected investor sentiment favoring positive price trends.

- DM returns were also led by growth, large-cap, and quality strategies, given the technology rally.
- Equal-weighted strategies lagged the most in DM as intense stock concentration dominated market returns.
- EM factor performance was slightly different than that of the previous year, with small-cap strategies falling to the bottom half after being the top performer last year.
- Growth was a top performer in EM as well, largely because semi-conductor chip returns were very strong in those markets.

Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Factors are based on the MSCI World Index and MSCI Emerging Markets Index. Total return data for all MSCI indexes are net of dividend tax withholdings.

Investors yet again flocked to technology-related sectors

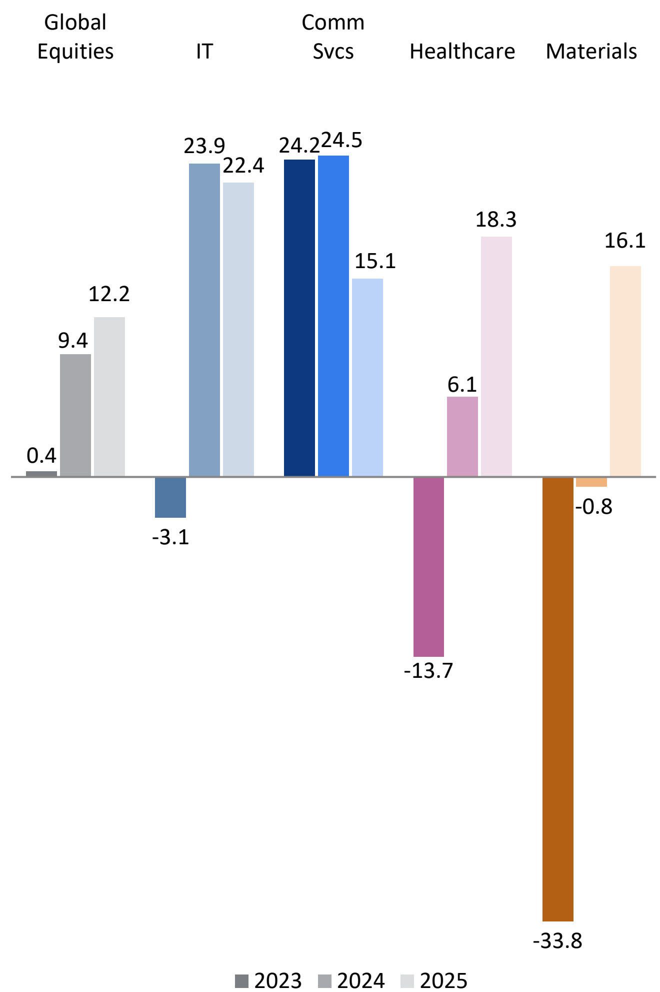
GLOBAL EQUITIES CY PERFORMANCE BY SECTOR

2022–24 • US Dollar • Percent (%)

CY22	CY23	CY24
Energy 33.1	IT 51.0	IT 31.6
Utilities -4.7	Comm Svcs 37.7	Comm Svcs 31.6
Healthcare -6.1	Cons Disc 29.1	Financials 24.3
Cons Stap -6.6	Industrials 21.9	Cons Disc 20.3
Financials -9.8	Financials 15.5	Industrials 12.3
Materials -11.6	Materials 12.1	Utilities 11.8
Industrials -13.1	Real Estate 8.5	Cons Stap 4.1
Real Estate -24.6	Energy 5.0	Real Estate 2.3
IT -31.1	Healthcare 3.6	Energy 1.7
Cons Disc -31.8	Cons Stap 2.5	Healthcare 1.1
Comm Svcs -35.5	Utilities 0.5	Materials -8.1

CY EARNINGS GROWTH FORECASTS

As of December 31, 2024 • US Dollar • Percent (%)



Global markets were once again led by the IT and communications services sectors. Performance mirrored the stellar earnings growth of these sectors, which was more than 2.5 times as high as the global average.

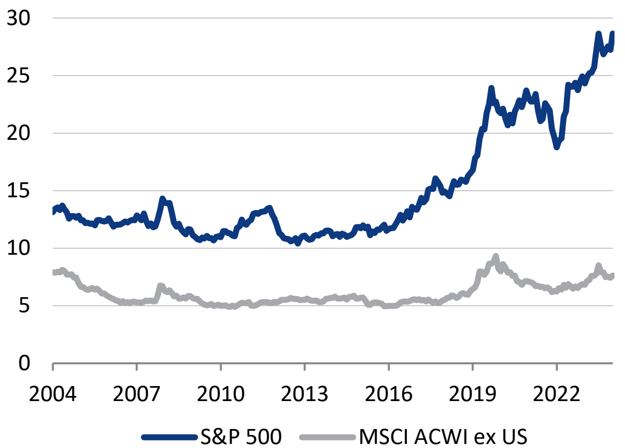
- IT and communication services benefited from AI-related enthusiasm
- Financials benefited from a more favorable outlook of financial conditions and the steepening of the yield curve.
- Materials and energy underperformed on less supportive supply/demand dynamics. Industrial metals suffered on a weaker growth outlook for China. Oil markets suffered on fears of slowing demand despite production curtailment by OPEC+.

Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: Global equities are represented by the MSCI All Country World Index. Total return data for all MSCI indexes are net of dividend tax withholdings.

Market concentration remained a dominant theme

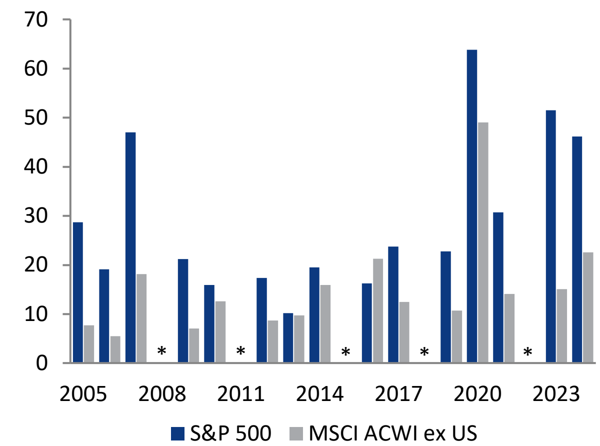
WEIGHT OF TOP 5 STOCKS

December 31, 2004 – December 31, 2024 • Percent (%)



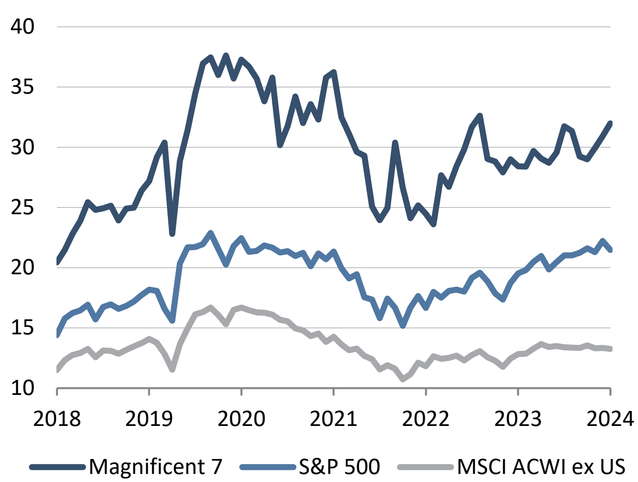
TOP 5 STOCKS' CONTRIBUTION TO RETURNS

2005–24 • As Percentage of Total (%) • Local Currency



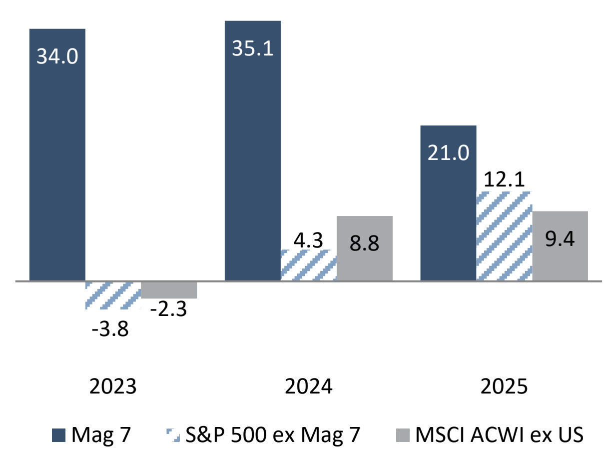
FORWARD P/E RATIOS

December 31, 2018 – December 31, 2024



CALENDAR YEAR EPS GROWTH FORECASTS

As of December 31, 2024 • US Dollar • Percent (%)



Higher-than-normal market concentration in the US remained a dominant theme, as mega-cap tech stocks enjoyed stellar returns, boosted by AI developments.

- Contributions from the top five stocks to the total return moderated slightly in the US from 51% in CY 2023 to 46%.
- Returns were highly sensitive to the performance of a single stock—Nvidia. The chipmaker contributed 22% to the total return, compared to 11% in the prior year.
- Investors reflected their preference for the mega-cap tech stocks by assigning an even higher valuation multiple of 32x than the prior year (28x). This compares to just 13x for non-US equities.
- Earnings growth expectations are superior for these stocks. However, their leadership is expected to moderate in CY 2025.

Sources: FactSet Research Systems, I/B/E/S, MSCI Inc., and Standard & Poor's. MSCI data provided "as is" without any express or implied warranties.
Notes: Asterisks in top right chart denote years where index returns are less than 3%, which are excluded from the contribution analysis. Alphabet Class A & C shares are combined in calculations. The Magnificent 7 refers to the following companies: Apple, Alphabet, Amazon, Meta Platforms, Microsoft, Nvidia, and Tesla. Forward P/E ratio for the Magnificent 7 reflects the market-cap weighted harmonic average, and the EPS growth estimates for the Magnificent 7 is weighted by number of shares outstanding as of December 31, 2024. EPS growth estimates for the S&P 500 ex Magnificent 7 are implied based on the year-over-year growth in total earnings of the S&P 500 constituents excluding the Magnificent 7 stocks.

FIXED INCOME

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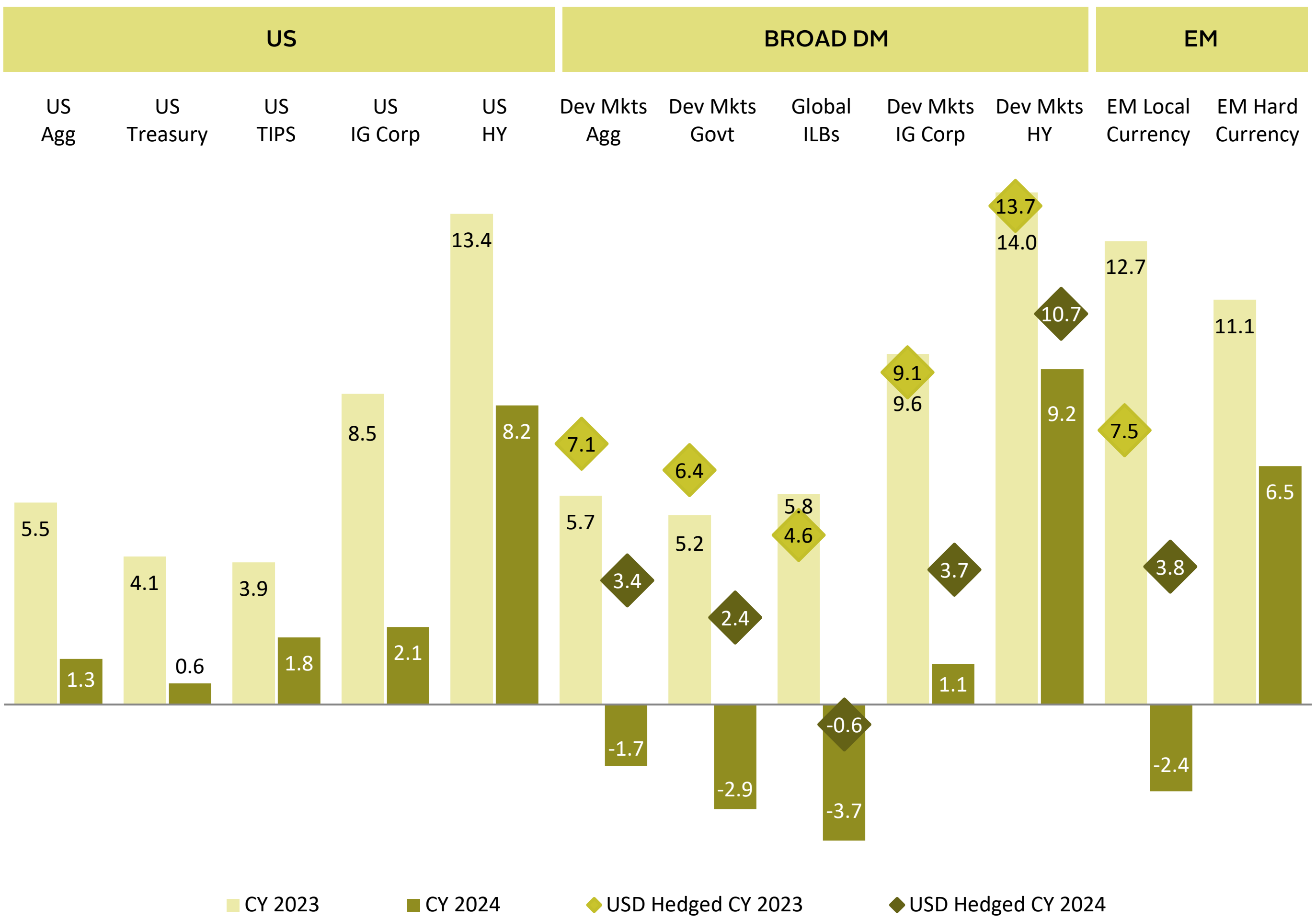
HY bonds were clear winners among fixed income asset classes

GLOBAL BOND PERFORMANCE: CY 2024 VS CY 2023
Total Return (%) • US Dollar



Bond performance lagged that of the prior year, with returns even inflecting negative for some categories.

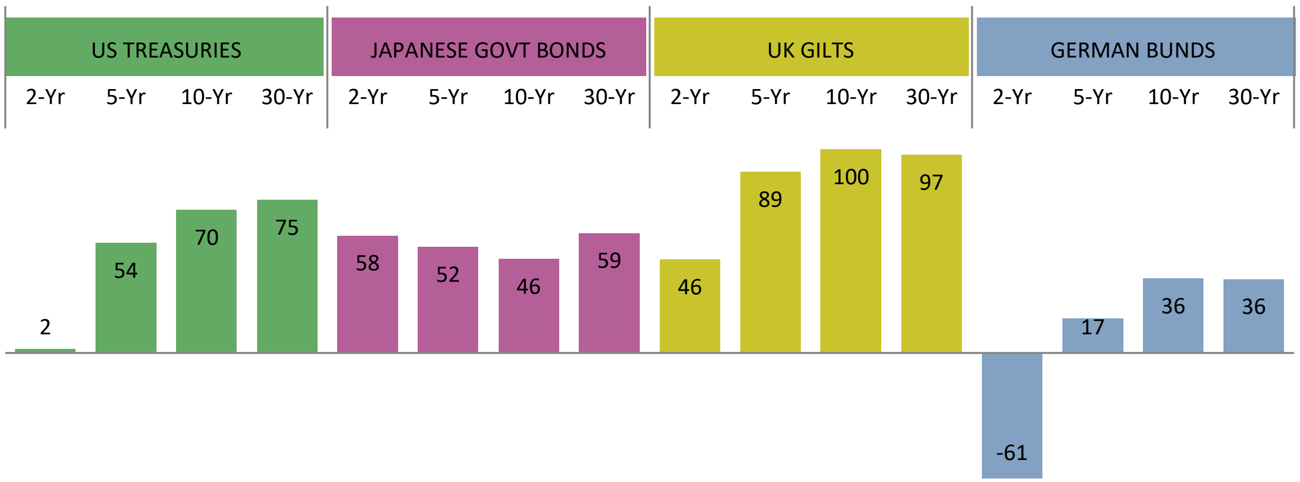
- Broad DM and EM core fixed income indexes largely lagged their US counterparts. A preference for US bonds is likely reflective of the opportunity to make higher carry returns.
- HY bonds outperformed investment-grade (IG) counterparts as spreads tightened.
- As inflation moderated, higher real yields drove higher duration global inflation-linked bonds to lag.
- EM local currency bonds inflected negative on ongoing US dollar strength.

Sources: Bloomberg Index Services Limited, FTSE Fixed Income LLC, J.P. Morgan Securities, Inc., and Thomson Reuters Datastream.
Notes: Asset classes represented by Bloomberg US Aggregate Bond Index ("US Agg"), Bloomberg US Treasury Bond Index ("US Treasury"), Bloomberg US TIPS Index ("US TIPS"), Bloomberg US Corporate Investment Grade Bond Index ("US IG Corp"), Bloomberg US High Yield Bond Index ("US HY"), Bloomberg Global Aggregate Bond Index ("Dev Mkts Agg"), FTSE World Government Bond Index ("Dev Mkts Govt"), Bloomberg Global Inflation Linked Bond Index ("Global ILBs"), Bloomberg Global Aggregate Corporate Bond Index ("Dev Mkts IG Corp"), Bloomberg Global High Yield Bond Index ("Dev Mkts HY"), J.P. Morgan Government Bond Index - Emerging Markets Global Diversified Index ("EM Local Currency"), and J.P. Morgan Emerging Markets Bond Index - Global Diversified Index ("EM Hard Currency").

Rises in shorter-term yields were more modest relative to longer tenors in most developed markets

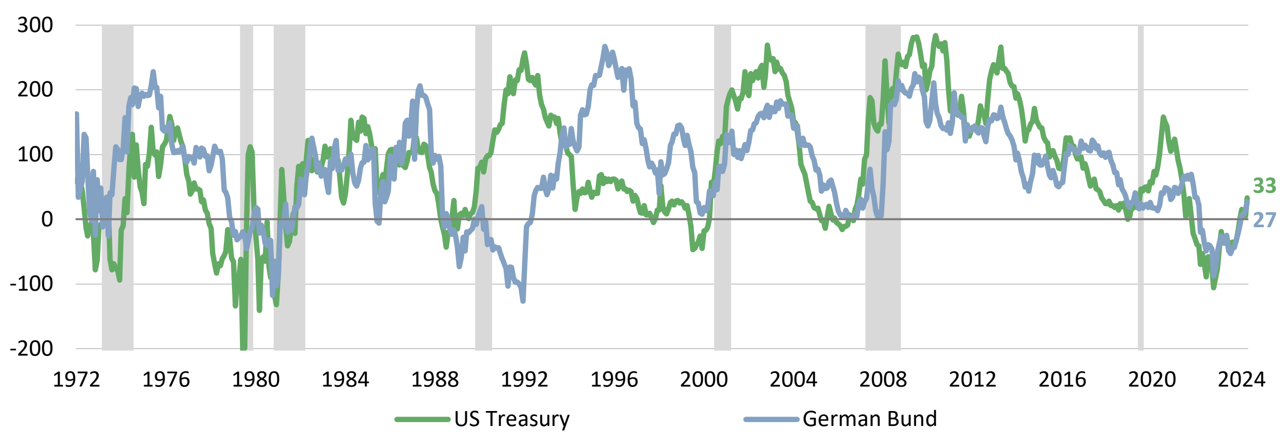
CHANGE IN YIELD VS DECEMBER 31, 2023 FOR VARIOUS GOVERNMENT BOND MATURITIES

As of December 31, 2024 • Basis Points (bps)



10-YR/2-YR YIELD CURVE SPREADS

September 30, 1972 – December 31, 2024 • Basis Points (bps)



As inflation rates moderated, most major central banks were at last able to begin monetary easing. This drove a smaller increase in shorter-term yields versus longer tenors in most DMs as yield curves inflected positive.

- In Europe, yields fluctuated to reflect political uncertainty with snap elections called in the UK and France, and ongoing turmoil in Germany.
- Japan was an outlier as the BOJ modestly moved away from its ultra-loose monetary policy, responding to higher inflation and a weaker yen.
- Expectations of more government bond issuance to help fund spending commitments pushed longer-term rates higher in many countries.
- Increased uncertainty around economic policies after the US presidential election also drove term premiums higher.

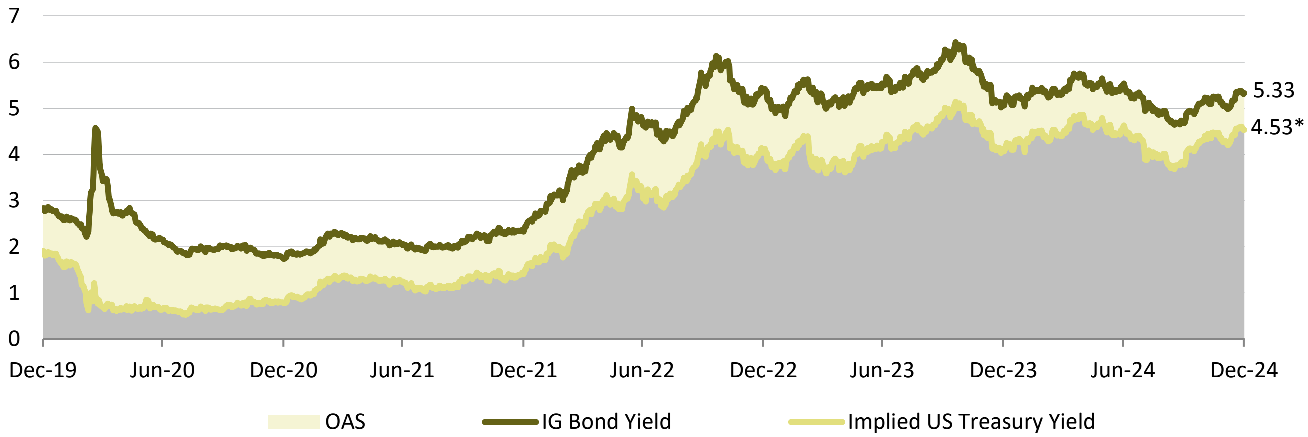
Sources: Deutsche Bundesbank, Federal Reserve, Global Financial Data, Inc., NBER, Refinitiv, and Thomson Reuters Datastream.
Note: Grey bars in the bottom chart represent NBER-defined US recessions.

High-yield corporate bond returns outpaced investment-grade peers

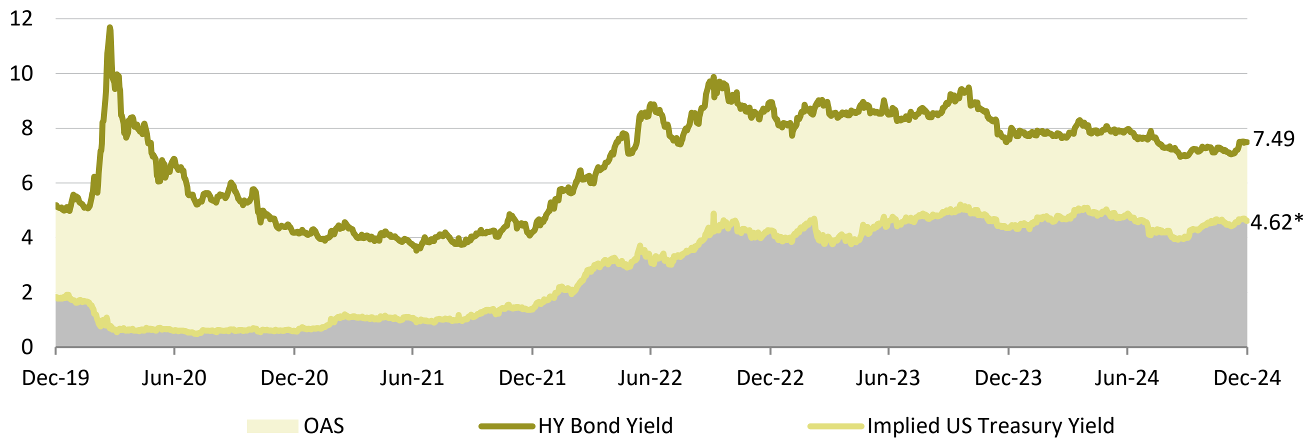
OPTION-ADJUSTED SPREADS (OAS) ON US INVESTMENT-GRADE AND HIGH-YIELD CORPORATE BONDS

December 31, 2019 – December 31, 2024 • Yield to Worst (%)

US Investment-Grade Corporate Bonds



US High-Yield Corporate Bonds



* US Treasury yields are calculated by subtracting the IG and HY OAS from the IG and HY bond yields, respectively.

US corporate IG bond returns lagged US HY peers by over 6 ppts, but both categories' performance lagged the prior year's by over 500 bps.

- Performance faltered late in the year as investors lowered their expectations for rate cuts in 2025. The corporate IG bond index is longer duration (~7 years) than its HY peers and is particularly interest rate sensitive.
- Spreads tightened for HY bonds almost 2x more than IG peers. However, spreads widened slightly late in CY 2024 as the market priced in fewer interest rate cuts.
- In both instances, the implied Treasury yield increased through CY 2024. Additionally, the year-end implied US Treasury yield by both categories were slightly above the Bloomberg US Treasury Index yield of 4.45%.

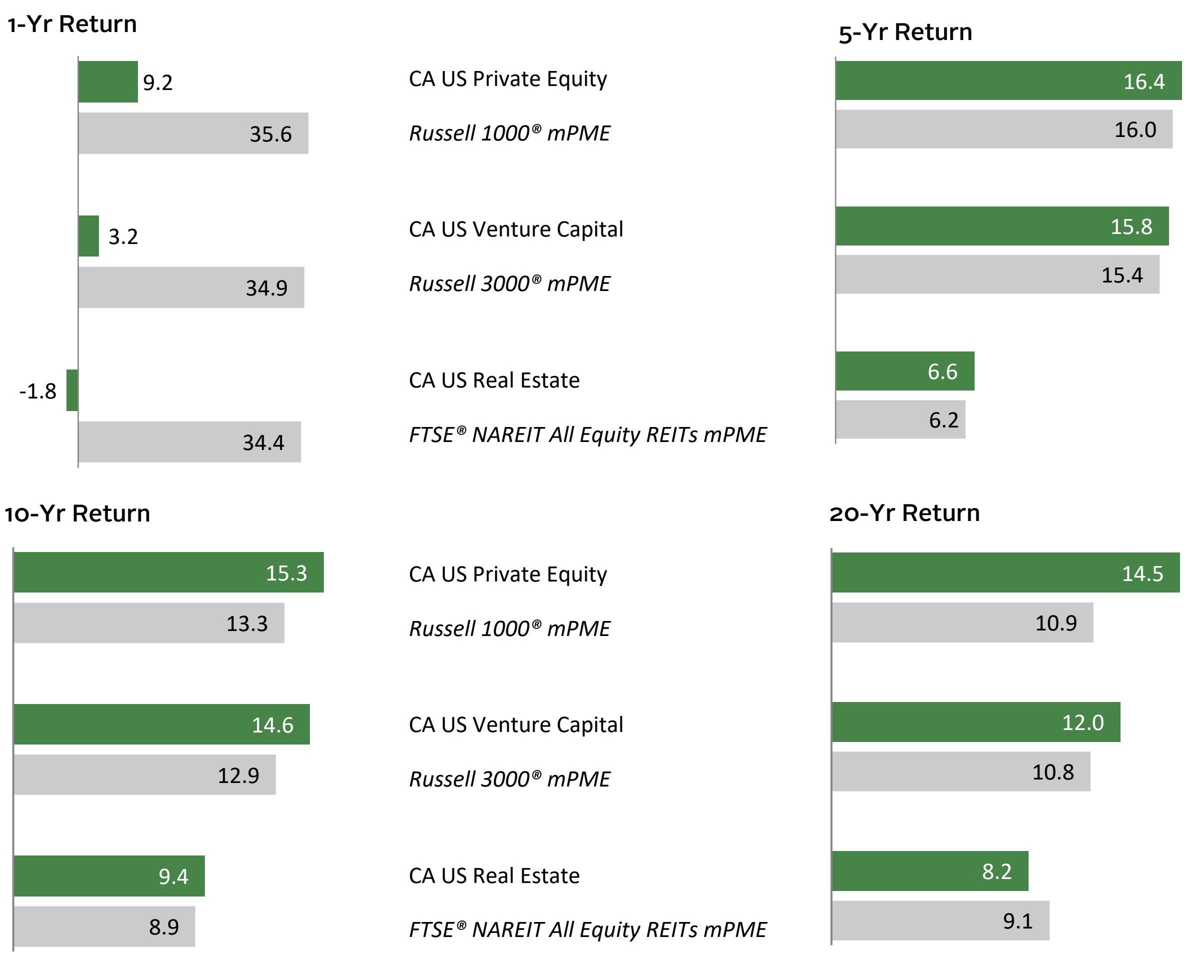
Sources: Bloomberg Index Services Limited and Thomson Reuters Datastream.
Notes: Data for US investment-grade (IG) corporate bonds are represented by the Bloomberg US Corporate Investment Grade Bond Index, and data for US high-yield (HY) corporate bonds are represented by the Bloomberg US High Yield Bond Index. Data are daily.

PRIVATE INVESTMENTS AND HEDGE FUNDS

CAMBRIDGE
ASSOCIATES

US private markets performance lagged public market counterparts

PERFORMANCE OF SELECT CAMBRIDGE ASSOCIATES PRIVATE INVESTMENT INDEXES VS PUBLIC EQUIVALENTS
As of Third Quarter 2024 • Percent (%)



One-year returns as of 3Q CY 2024 show private markets meaningfully lagged public market counterparts.

- Private equity returns led on an absolute basis, while real estate returns lagged public market equivalents by the most.
- Negative private real estate returns indicate continued uncertainty in supply/demand dynamics, and fears of fewer rate cuts.
- Minimal venture capital (VC) returns reflect the overhang from a heated market in recent years where volumes and valuations were unusually high.
- Despite the current weakness in the market, longer-term return profiles still show private investments have largely outperformed public equivalents.

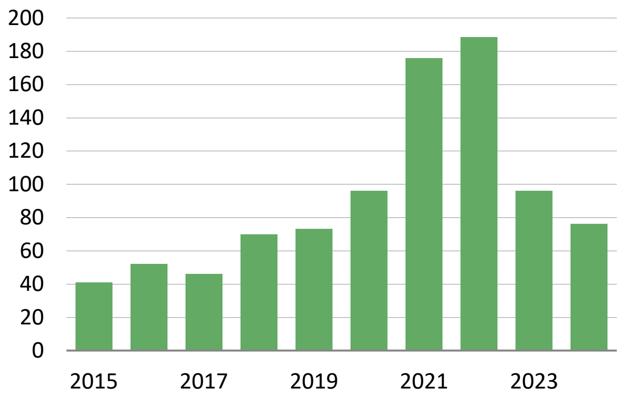
Sources: Cambridge Associates LLC, FTSE International Limited, National Association of Real Estate Investment Trusts, and Thomson Reuters Datastream.
Notes: Private index returns are pooled horizon internal rate of returns, net of fees, expenses, and carried interest. The CA Modified Public Market Equivalent (mPME) replicates private investment performance under public market conditions. The public index's shares are purchased and sold according to the private fund cash flow schedule, with distributions calculated in the same proportion as the private fund, and mPME net asset value is a function of mPME cash flows and public index returns.

Private market fundraising and deal activity normalized

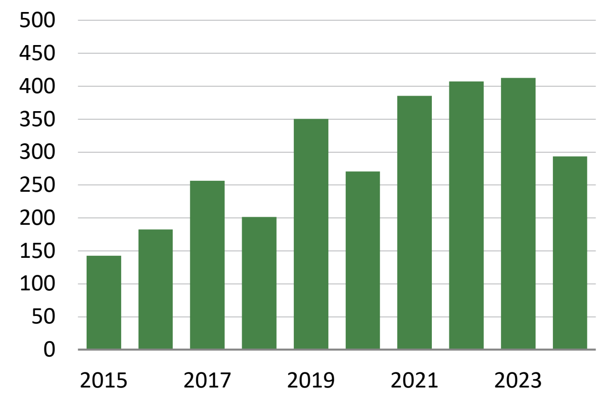
US PE/VC FUNDRAISING AND DEAL ACTIVITY

As of December 31, 2024 • US$ Billion

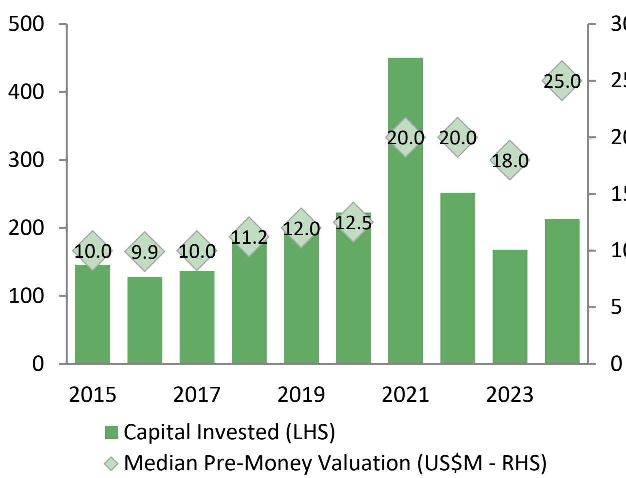
Venture Capital Fundraising



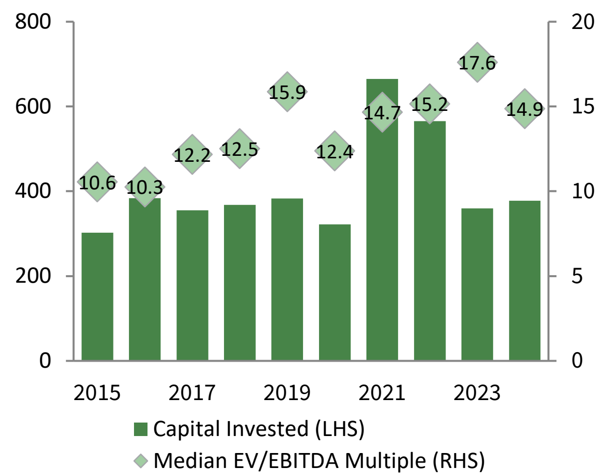
Private Equity Fundraising



Venture Capital Deal Activity



Private Equity Deal Activity



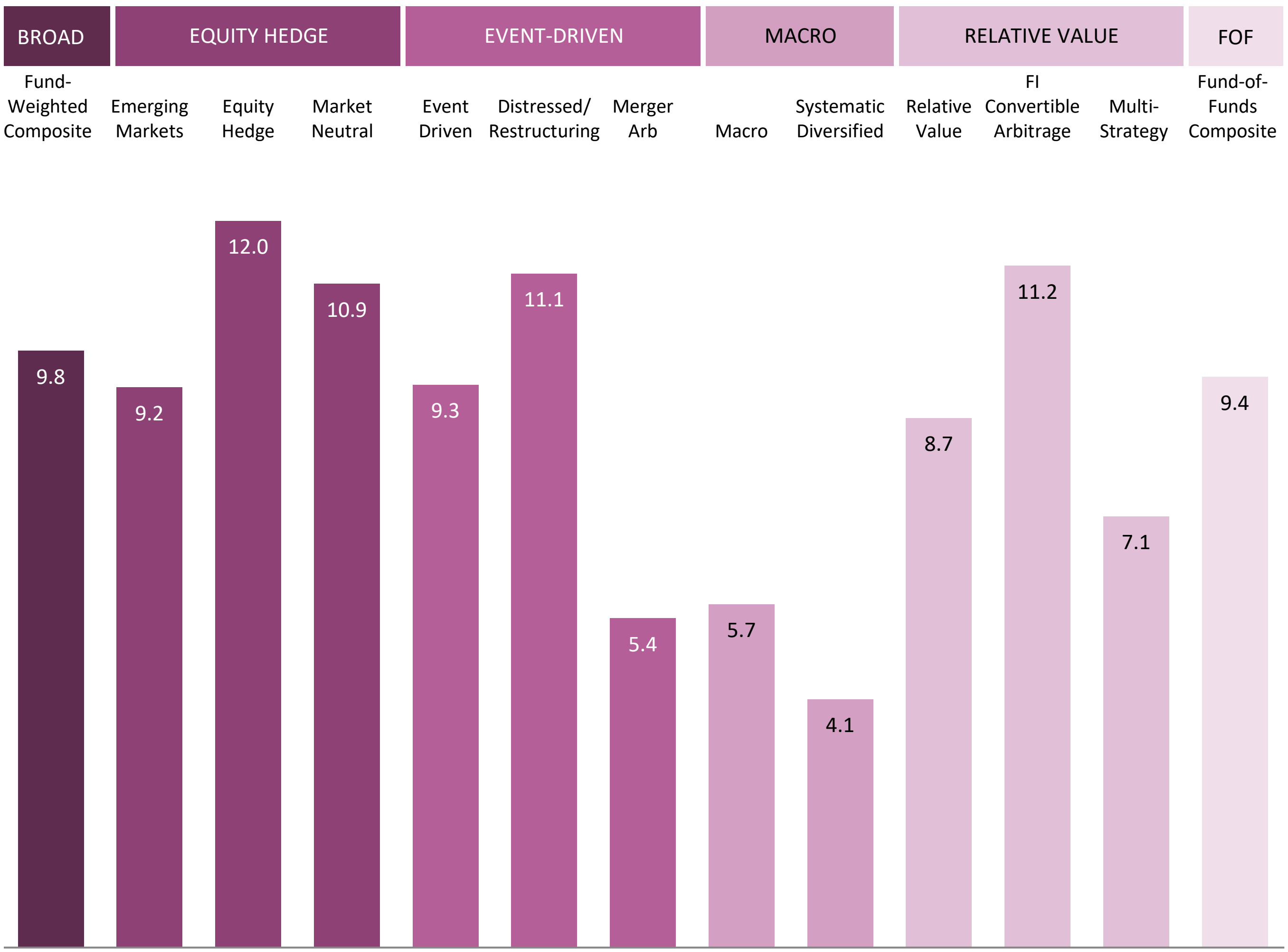
Fundraising activity took another hit for VC in CY 2024 and saw its first drop in private equity (PE) in five years, down 29% year-over-year. Deal activity returned to pre-pandemic levels, even as valuation metrics remain elevated.

- Investors downsized their commitments and became more discerning about valuations, favoring higher-quality options.
- AI-related investments stood out from the pack and continued to enjoy good deal flow and demand higher valuations.
- These two factors in part explain the higher year-over-year valuations in VC and elevated metrics in PE.

Source: PitchBook.
Note: PitchBook data subject to historical revisions.

Hedge fund performance largely improved in CY 2024

HEDGE FUND PERFORMANCE: CY 2024
Total Return (%) • US Dollar



Broad hedge fund performance improved year-over-year by 230 bps, largely driven by improvements in macro, relative value and fund-of-fund categories.

- Relative value strategies benefited from increased uncertainty around inflation and the pace of monetary policy easing.
- Event-driven strategies posted strong returns largely driven by AI-adjacent opportunities in power utilities and increases in investor activism and merger & acquisitions.
- Macro strategies turned positive as investors took advantage of movements in equities, rates, and FX markets.
- EM strategies were aided by strong performance from India and tech-heavy Taiwan.

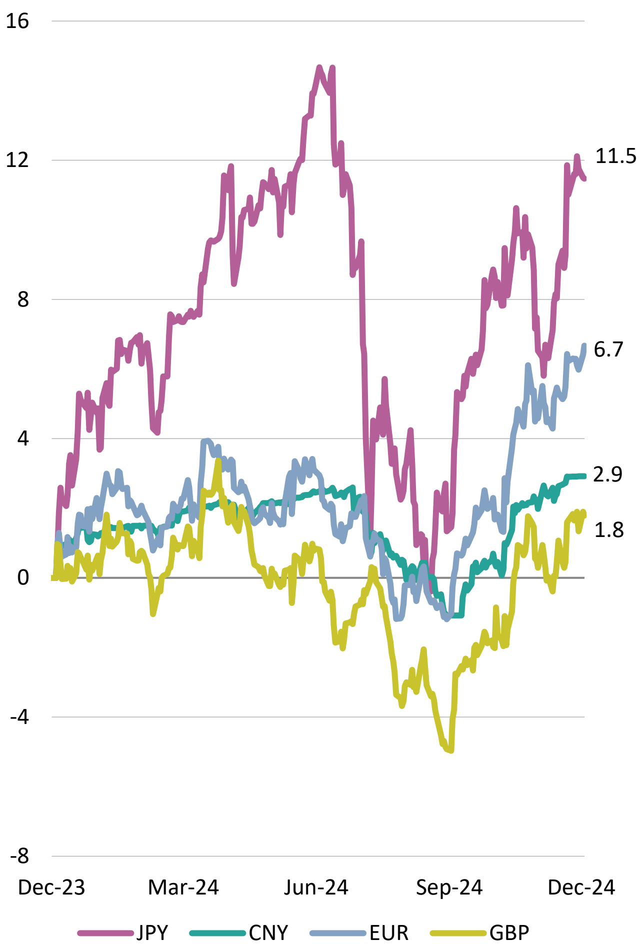
Source: Hedge Fund Research, Inc.
Note: Hedge Fund Research data are preliminary for the preceding five months.

CURRENCIES

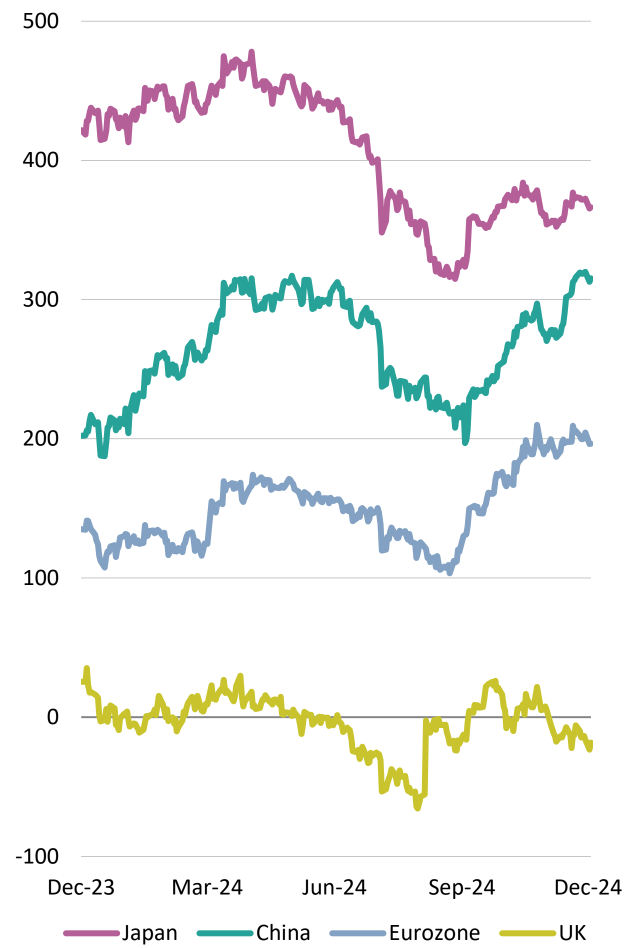
CAMBRIDGE ASSOCIATES

US dollar strengthened on resilient US economy

CY 2024 USD CUMULATIVE PERFORMANCE VS SELECT CURRENCIES
December 31, 2023 – December 31, 2024 • Percent (%)



US VS SELECT COUNTRIES 2-YR GOVT BOND INTEREST RATE DIFFERENTIALS
December 31, 2023 – December 31, 2024 • Basis Points



The US Dollar Index gained 7.1% during CY 2024, relative to a decline of 2.1% in CY 2023

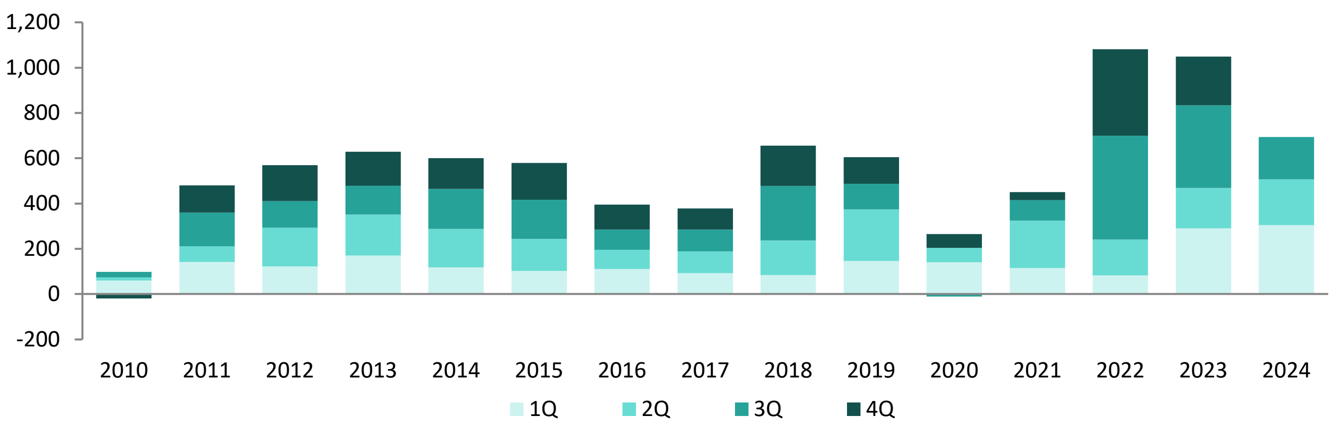
- The dollar gained on several factors, including relatively stronger economic data than most other DM.
- Late in CY 2024, investors moderated their rate cut expectations in the US on higher inflation readings and uncertainty around new policies that may be introduced under the incoming administration. This increase in the interest rate differentials supported the currency.
- The greenback also benefited from its safe-haven status during periods of heightened geopolitical tensions.
- The Japanese yen lagged, as a slightly tighter monetary policy was insufficient to boost the currency.

Sources: Federal Reserve, Refinitiv, and Thomson Reuters Datastream.
Notes: Data are daily. Two-year yields for the Eurozone reflect the median bond yield across France, Germany, Italy, and Spain.

Gold prices rebounded even as real yields increased

GOLD BULLION PRICE VS 10-YR US REAL YIELDS
December 31, 2012 – December 31, 2024

GLOBAL CENTRAL BANKS GOLD DEMAND
2010–24 (3Q) • Tonnes



Gold prices have historically been negatively correlated with long-dated real yields, but this relationship has broken down in recent years.

- Gold's value increased to new nominal highs during CY 2024, returning 27% in USD terms. This was despite the US ten-year real yields rising 52 bps.
- One explanation may be that investors were positioning for the start of monetary easing.
- Prices were also driven higher by ongoing geopolitical tensions.
- Demand from central banks also remained robust and above pre-2022 levels.

Sources: Federal Reserve, Intercontinental Exchange, Inc., Thomson Reuters Datastream, and World Gold Council.
Notes: Ten-year US Real Yields reflect the US ten-year TIPS yield. Data in top chart are weekly. Historical global central bank gold demand data may revise. Global central bank gold demand data are through 3Q 2024.

Bitcoin surged to all-time highs amid pro-crypto developments

BITCOIN PRICE

December 31, 2013 – December 31, 2024 • US Dollar • Logarithmic Scale

Bitcoin prices remained volatile, more than doubling for two consecutive years—up 122% in CY 2024 and 153% in CY 2023 versus a 64% decline in CY 2022.

- Prices closed CY 2024 at $93,381, after hitting a new-high of $106,187 in mid-December, boosted by the US election of President Donald Trump, who is expected to prioritize crypto-friendly policies.
- Bitcoin benefited during periods of a general "risk-on" sentiment as investors were optimistic about future rate cuts and the growth outlook.
- It also rallied earlier in CY 2024 as investors increased flows to bitcoin after approval from the SEC to list spot ETFs.
- Bitcoin continued to see significant breakthroughs, but it was not immune to significant drawdowns. Its volatility was 5x that of global equities in 2024.

Sources: Bitstamp Ltd and Thomson Reuters Datastream.
Note: Data are daily.

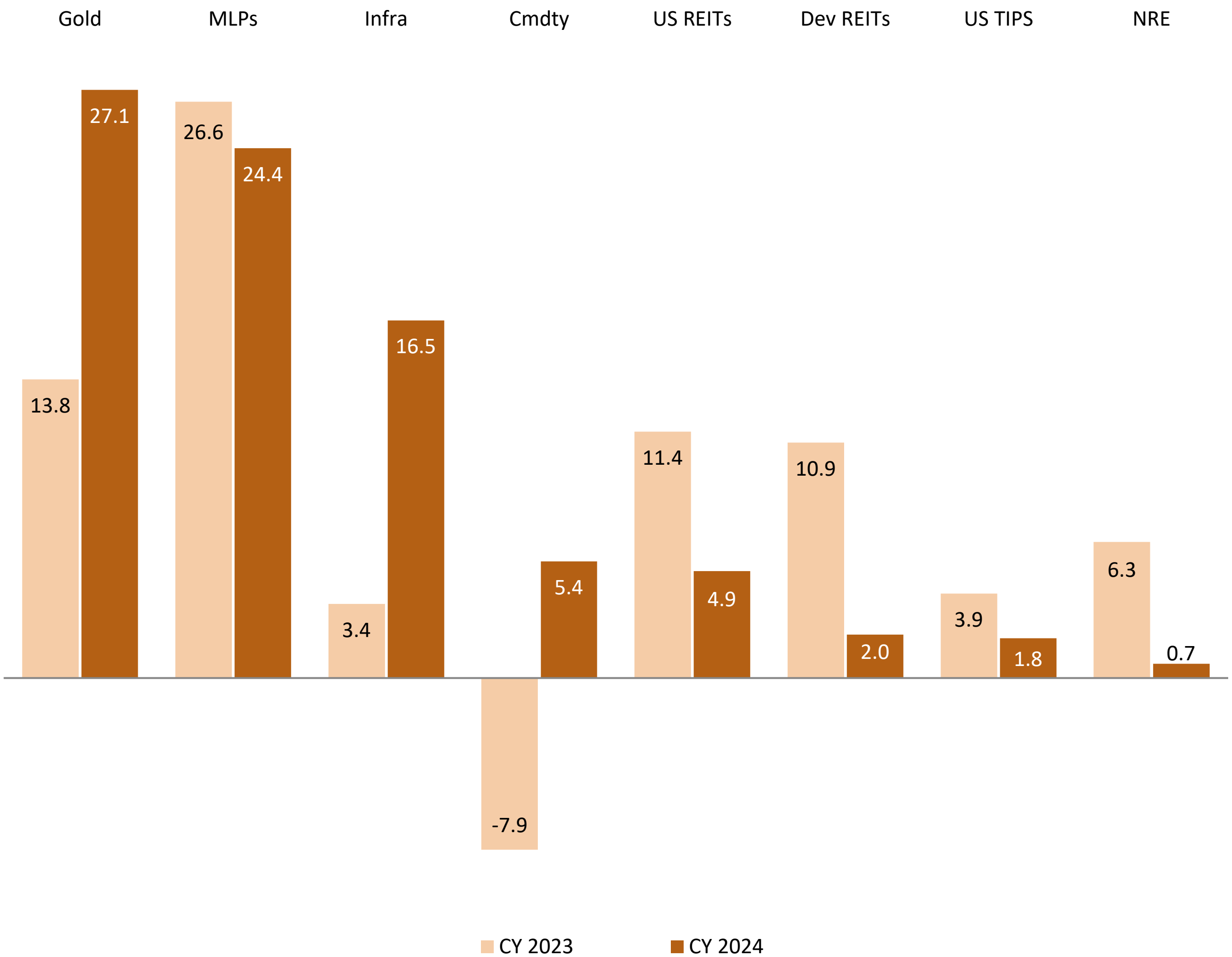
REAL ASSETS

C|A CAMBRIDGE ASSOCIATES

Real assets performance in CY 2024 was mixed relative to CY 2023

REAL ASSET AND INFLATION SENSITIVE PERFORMANCE: CY 2024 VS CY 2023

Total Return (%) • US Dollar



Real assets performance was mixed with different factors influencing performance in the distinct categories.

- Safe-haven gold led on increased uncertainty and higher geopolitical tensions.
- MLPs posted another stellar year on attractive distributions and increased investor interest in infrastructure that supports natural gas, as investors expected demand for power and liquefied natural gas to increase.
- Similarly, infrastructure was favored by investors as AI-related growth boosted future growth profiles for electric utilities.
- REITs lagged as doubts about the pace of Fed easing weighed on investor sentiment toward year end.
- Natural resources equities struggled on weak economic data from China and concerns of softening demand in oil markets.

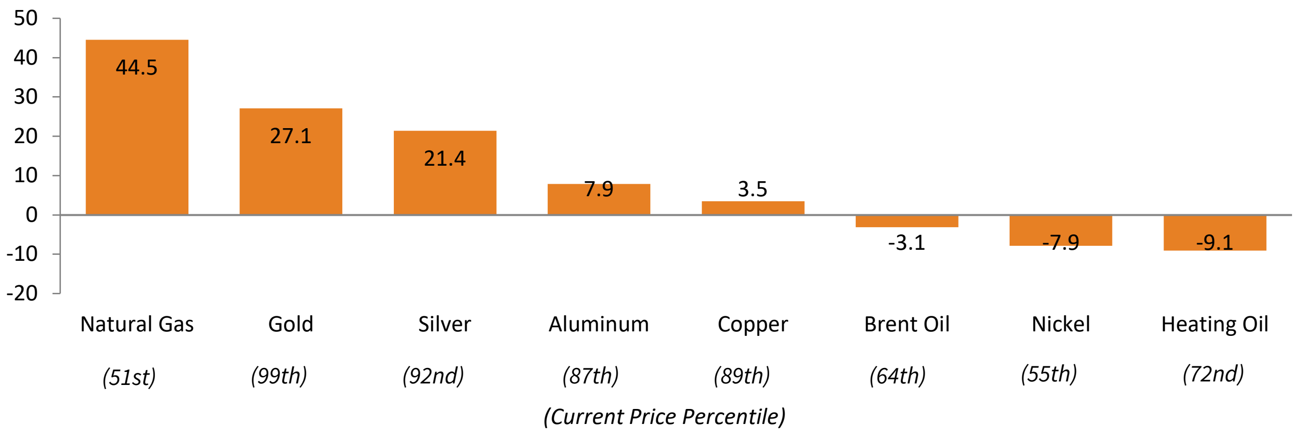
Sources: Alerian, Bloomberg Index Services Limited, EPRA, FTSE International Limited, Intercontinental Exchange, Inc., MSCI Inc., National Association of Real Estate Investment Trusts, Refinitiv, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: All returns are total returns, except those for gold, which are based on spot price returns. Asset classes represented by the following: Alerian MLP Index ("MLPs"), LBMA Gold Price ("Gold"), market cap-weighted blend of Datastream World Energy Index and Datastream World Basic Resources Index ("NRE"), MSCI World Infrastructure Index ("Infra"), FTSE® NAREIT All Equity REITs Index ("US REITs"), FTSE® EPRA/NAREIT Developed Real Estate Index ("Dev REITs"), Bloomberg Commodity TR Index ("Cmdty"), and Bloomberg US TIPS Index ("US TIPS"). Total return data for all MSCI indexes are net of dividend taxes.

Several commodity prices reflected levels in the upper quartile of historic ranges

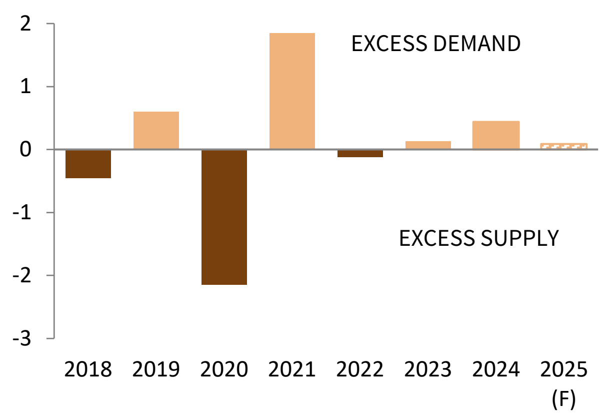
SELECT COMMODITY SPOT PERFORMANCE: CY 2024

As of December 31, 2024 • Percent (%) • US Dollar



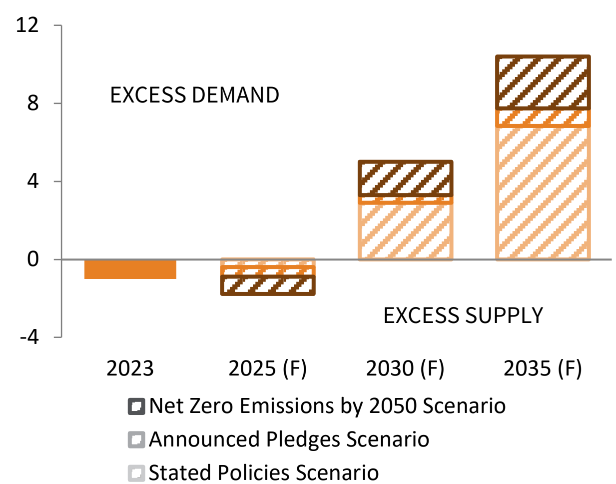
GLOBAL OIL SUPPLY AND DEMAND

2018–25 (F) • Millions Barrel Per Day



COPPER PRIMARY SUPPLY AND DEMAND

2023–35 (F) • Millions ton



Several commodity prices rose.

- Natural gas posted impressive returns on expectations of increased demand as new LNG export capacity is slated to come online, as well as from a boost in future demand from AI's power needs.
- Gold touched new all-time nominal highs as geopolitical tensions remained elevated.
- Copper prices balanced optimism for AI-related demand growth with slowing demand from China. The metal is a key input for electrifying the data centers needed to support AI growth, as well as for transitioning energy to greener sources.
- Oil prices suffered on fears of slowing demand growth, despite OPEC+ production curtailments.

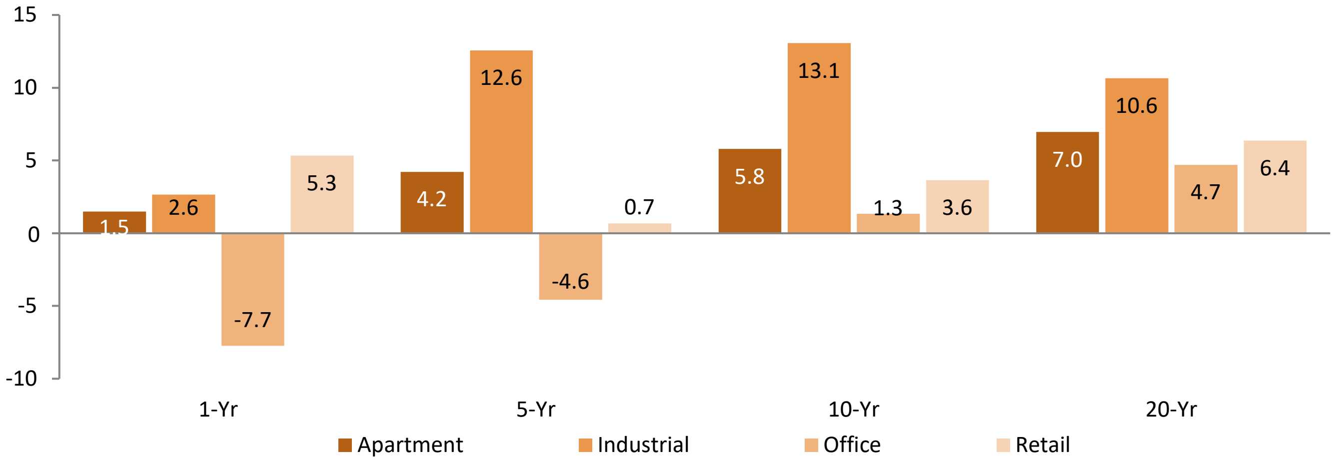
Sources: Bloomberg L.P., Energy Information Administration, IEA (2024), Critical Minerals Data Explorer, IEA, Paris https://www.iea.org/data-and-statistics/data-tools/critical-minerals-data-explorer, and IEA (2024), Share of secondary supply in total demand for selected materials in the Net Zero Scenario, 2010-2040, IEA, Paris https://www.iea.org/data-and-statistics/charts/share-of-secondary-supply-in-total-demand-for-selected-materials-in-the-net-zero-scenario-2010-2040, License: CC BY 4.0.

Notes: Spot returns reflect changes in near-month futures contracts as reported by Bloomberg L.P. except for gold, which is based on the LBMA gold price. Current valuation for commodities reflect the percentile of the closing price relative to historical prices in nominal terms, calculated using data from July 31, 1997, to December 31, 2024. Excess oil and copper supply/demand is calculated as annual oil/copper supply minus annual oil/copper demand. Primary copper demand is calculated as total demand net of secondary supply from metals recycling and reuse. Primary supply reflect the base case supply from existing assets and those under construction, along with announced projects that have a high chance of moving ahead. The Stated Policies Scenario provides a sense of the prevailing direction of travel for the energy system, based on today's policy settings. The Announced Pledges Scenario assumes that all long-term emissions and energy access targets, including net zero commitments, will be met on time and in full, even where policies are not yet in place to deliver them. The Net Zero Emissions by 2050 sets out a pathway for the global energy sector to achieve net zero CO2 emissions by 2050.

Real estate returns improved

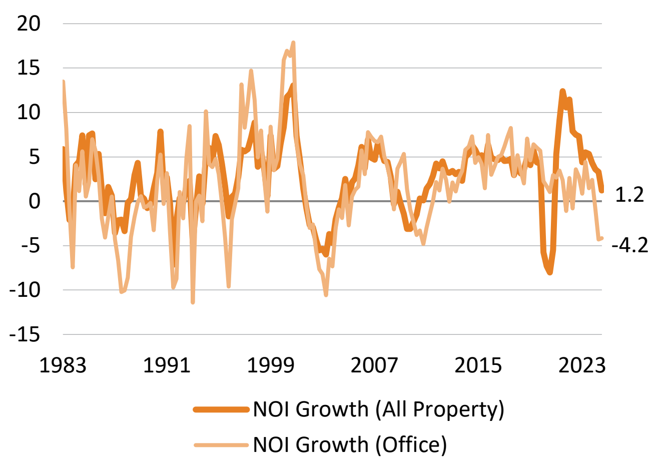
RETURNS BY PROPERTY TYPE

As of Fourth Quarter 2024 • AACR (%) • US Dollar



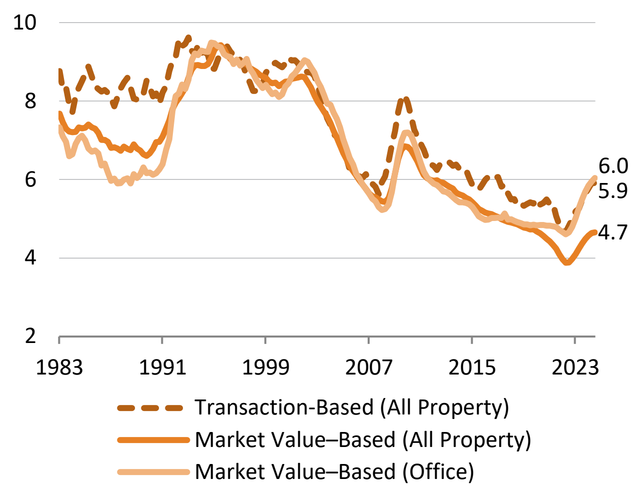
NET OPERATING INCOME GROWTH

Second Quarter 1983 – Fourth Quarter 2024 • Percent (%)



PROPERTY CAPITALIZATION RATES

Second Quarter 1983 – Fourth Quarter 2024 • Percent (%)



One-year returns in private real estate improved versus the prior year but largely lag longer-term returns on less supportive financial markets and supply/demand concerns.

- The sector was weighed down by expectations of fewer interest rate cuts. The prospect of higher rates also added financial stress to properties in need of refinancing.
- Retail was a relative outperformer, as it continued to recover from the lows experienced during the pandemic.
- Supply increases in the industrials segment led to lower returns than historical ranges despite secular tailwinds.
- Office remained the most challenged sector as work-from-home trends persisted, leading to higher vacancy rates and lower property values. As a result, market value–based office cap rates increased to higher levels than the broader category.

Source: National Council of Real Estate Investment Fiduciaries.

Notes: Returns are total, reflecting property price appreciation and income return. Transaction-based capitalization (cap) rates are from sold properties, and market value-based cap rates are from properties that were revalued during the quarter. All net operating income growth data and cap rates data are based on a four-quarter moving average.

David Kautter also contributed to this publication.