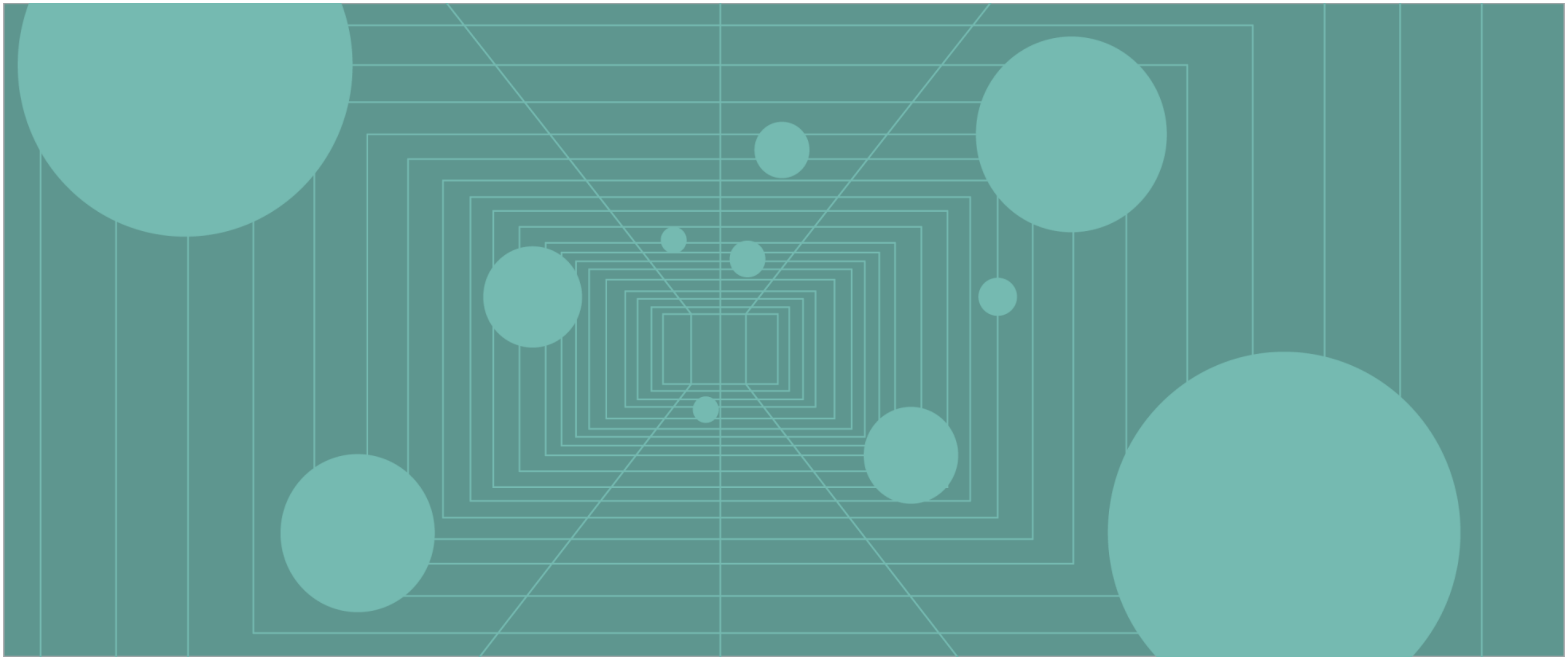
ASSET CLASS FACTS & FIGURES



CAMBRIDGE
ASSOCIATES

SECOND QUARTER 2025

Contents

C|A

EQUITIES

CAMBRIDGE ASSOCIATES

Developed Markets Equities

Facts & Figures Second Quarter 2025

DM equities returned 11.5% in 2Q and 9.5% in the YTD period for USD investors. Markets rallied as the initial shock from the US reciprocal tariff policy announcement was outweighed by implementation delays and progress toward trade deals. A rally for technology stocks given renewed AI enthusiasm was another key driver, while a weaker US dollar supported performance of the non-US bloc (12.0%).

- The bloc trades at 18.3x cyclically adjusted cash earnings, which ranks higher than 99% of historical data dating back to 1979. The high valuation level masks dispersion across major DM blocs, with the US trading at levels higher than DM ex US. In particular, the UK's large exposure to cyclical companies has left its equities trading low relative to history.

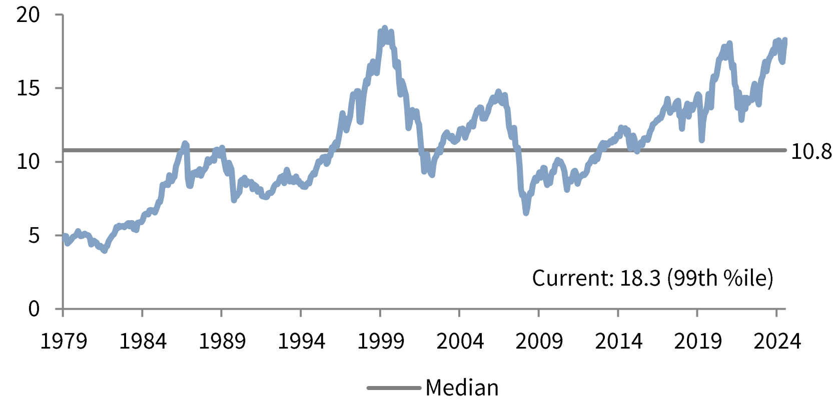
- The global economy is expected to grow by 2.6% in 2025, according to analysts surveyed by Bloomberg in early July. Developed economies, which tend to grow at a slower rate than emerging economies, are expected to collectively grow by 1.3%. While low, the 2025 growth expectation is in line with recent history. However, recent US trade policy has contributed to downgrades over the past several months given the potential to slow economic activity. Among major developed countries, growth expectations were highest for the US (1.5%), followed by the UK (1.1%), the euro area (1.0%), and Japan (0.8%).

- DM corporate earnings are expected to grow by 6.8% in 2025, which is softer than the 8.8% pace earnings are expected to have grown in 2024. The EPS growth outlook has been downgraded by 5 ppts over the past six months, with potential for further adjustments considering US trade policy. Roughly half of this year's earnings growth is expected to come from profit margin expansion, with the remainder from sales growth. Among major markets, US earnings are expected to grow at levels above broader DM, with the non-US bloc below.

- Expectations for policy interest rates is a key risk for equities. Major DM central banks increased policy rates by considerable amounts in 2022 and 2023, prior to cutting in 2024. While the market expects many key central banks will continue to cut rates in 2025, inflation rates may not moderate as expected, particularly considering the potential for greater trade barriers. This could force central banks to not cut interest rates in line with market expectations.

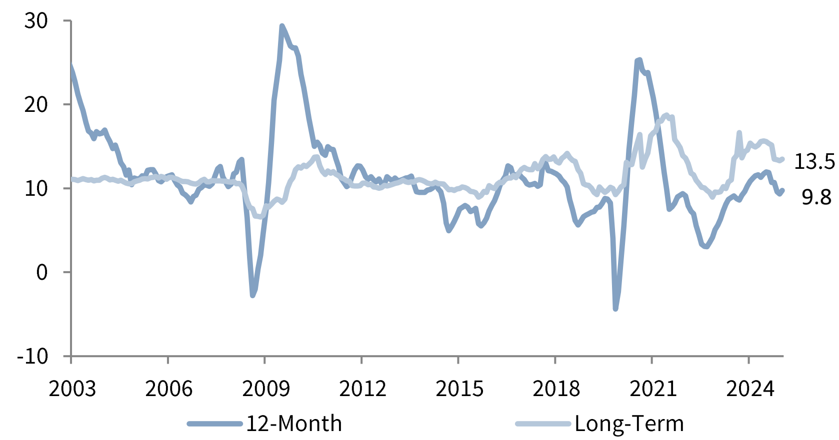
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS

Dec 31, 1979 – Jun 30, 2025



CORPORATE EARNINGS GROWTH EXPECTATIONS

Jun 30, 2003 – Jun 30, 2025 • Percent (%)



Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data are based on the MSCI World Index.

US Equities

Facts & Figures Second Quarter 2025

US equities rallied in 2Q and ended June at fresh highs, supported by a de-escalation in trade tensions and prospects of continued Fed policy easing to support growth. Valuations for US equities climbed higher over the quarter and are near record highs relative to history.

- US equities returned 11.2% in 2Q 2025, ending June at fresh highs. The market outperformed DM ex US peers in LC terms (5.2%) but lagged in common currency terms (12.1%) amid continued USD weakness. Year-to-date, US equities returned 6.1%, trailing DM ex US peers by 1.9 ppts in LC terms and 12.9 ppts in USD terms.

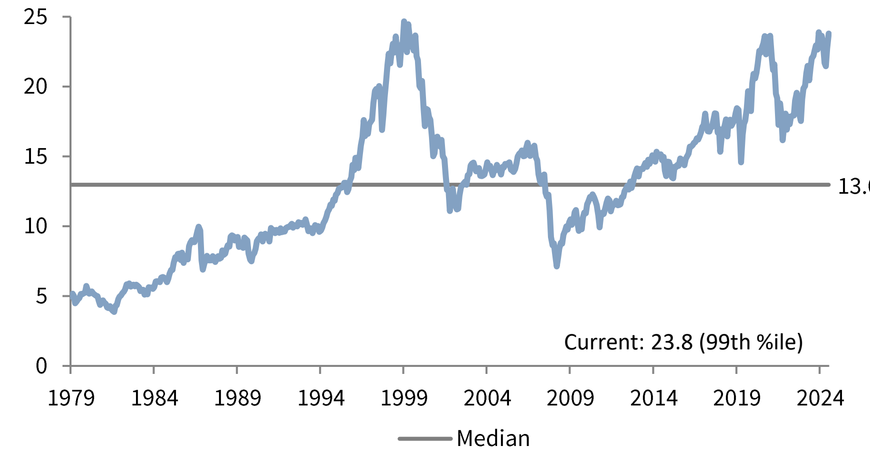
- US equities are up sharply from their early April lows as a de-escalation of more severe US tariffs lessened fears of a sharper growth shock. The prospect of continued Fed policy easing, fiscal expansion via the tax bill, and a deal to exempt US multinationals from a global tax regime also lent support to performance. Analysts' expectations for US 12-month forward earnings growth stabilized in June after seeing downward revisions earlier in the year. However, tariff uncertainty may continue to contribute to near-term volatility, particularly as potentially higher levies on trade partners are scheduled to take effect on August 1.

- US equities' cyclically adjusted price-to-cash earnings multiple rose in 2Q to 23.8x, which is the 99th percentile based on historical data from 1979. Relative valuation with DM ex US equities, which trade at 11.0x, are at record highs. The gap in equity valuations remains stark even after adjusting for sector differences.

- Tariff uncertainty has placed pressure on consumer and business sentiments and are starting to feed into trailing economic data. US 1Q GDP contracted 0.5% annualized, largely weighed by tariff front-running and a surge in imports, but also softer consumer spending. Economic indicators, such as retail sales and industrial production, further showed signs of weakening in 2Q. Consensus forecasts expect US GDP growth will slow from 2.8% in 2024 to 1.5% in 2025, narrowing the gap versus broader developed economies where growth is expected to slow from 1.9% to 1.3%. Expectations of softer economic growth in the US relative to elsewhere have weighed on the US dollar in 2025 and therefore the relative performance of US equities versus global peers in USD terms.

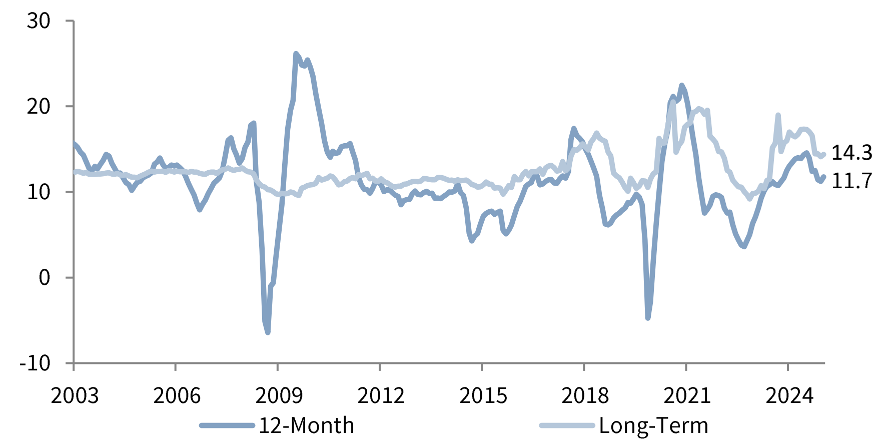
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS

Dec 31, 1979 – Jun 30, 2025



CORPORATE EARNINGS GROWTH EXPECTATIONS

Jun 30, 2003 – Jun 30, 2025 • Percent (%)



Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data are based on the MSCI US Index.

Developed Markets excluding US Equities

Facts & Figures Second Quarter 2025

DM ex US equities performance was up 5.2% in 2Q 2025 in LC terms, underperforming the 9.5% return of broader DM. However, a decline in the dollar saw more comparable performance in USD terms, with DM ex US equities returning 12.0% versus 11.5% for broader DM. The threat of tariffs weighed on global equities early on in the quarter, however a lack of follow through on some threats allowed for subsequent recovery. While EPS downgrades for the US have been larger, earnings growth is still expected to lag in DM ex US this year.

- The bloc trades at 11.0x cyclically adjusted cash earnings. This is in the 82nd percentile of historical data dating back to 1979, and above the long-term median of 9.2x. That valuation multiple remains well below the 18.3x CAPCE of broader DM equities, due to the 23.8x CAPCE enjoyed by US equities. A material valuation gap remains after adjusting for sectoral differences.

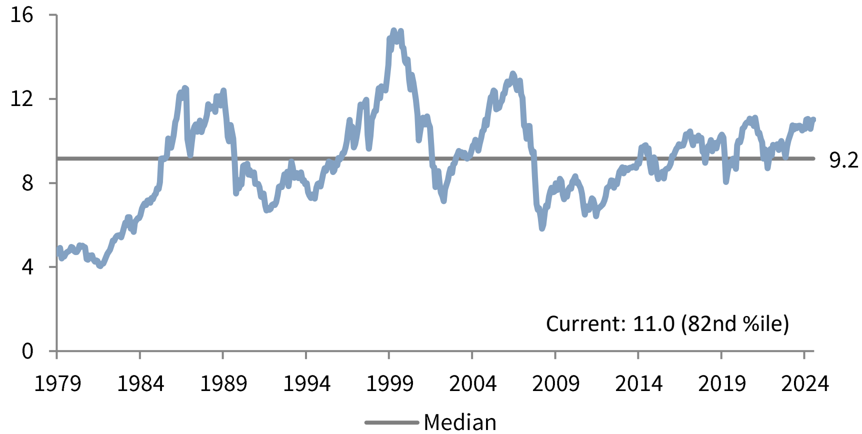
- The global economy is expected to grow by 2.6% in 2025, 30 bps lower than expected three months previously. There remain downside risks to this forecast given the uncertain impact of the tariffs that have been levied by the United States on trading partners. While the United States is currently expected to continue to outperform the major components of this index, the gap has narrowed, reflecting the greater expected impact on the United States. Consensus growth for 2025 is 1.5% for the United States, in comparison to 0.8% for Japan, 1.1% in the United Kingdom, and 1.0% in the euro area.

- Analysts expect corporate earnings to grow by 6.5% on a 12-month forward EPS basis, but this again is at risk of downward revision. This would represent an undershoot of 3.2 ppts to its median long-term expected EPS growth rate. This consensus corporate earnings growth is expected to be driven slightly more by profit margin expansion (from 10.1% to 10.5%) than by sales growth (2.3%). This would put the index's profit margin back above the previous record high-level of 10.3% it reached in 3Q 2022, according to IBES data. But this margin would still be below the current level of the same metric for the US (12.8%).

- On a regional basis, Switzerland and Canada stand out with expected EPS growth of around 9.0% in the coming 12 months, while growth of 6.9%, 6.9%, and 4.1% is expected in the UK, the euro area, and Japan, respectively.

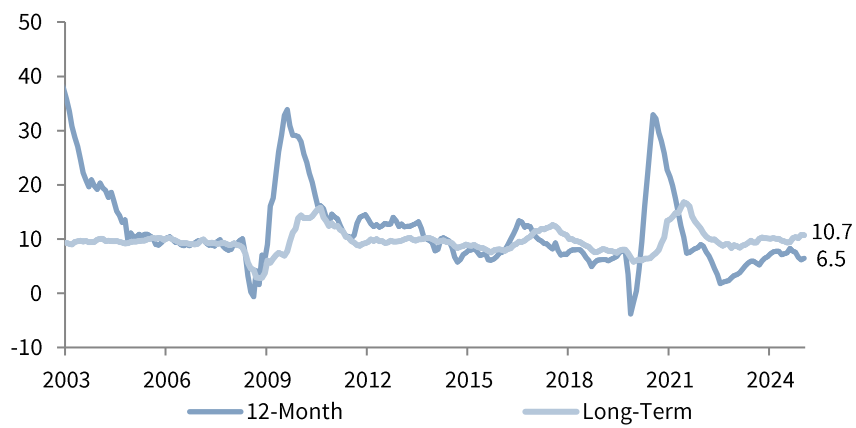
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS

Dec 31, 1979 – Jun 30, 2025



CORPORATE EARNINGS GROWTH EXPECTATIONS

Jun 30, 2003 – Jun 30, 2025 • Percent (%)



Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Note: Data are based on the MSCI World ex US Index.

UK Equities

Facts & Figures Second Quarter 2025

UK equities returned 2.4% in 2Q 2025 in LC terms, lagging the 9.5% return of broader DM. However, a decline in the dollar saw a narrower underperformance in USD terms, with UK equities returning - 8.7% versus 11.5% for broader DM. Partially due to sectoral tilts, the long-term earnings growth of the United Kingdom has lagged its peers over a prolonged period and is expected to do so again this year, though tariff impacts may see these estimates change.

- The UK's cyclically adjusted price-to–cash earnings (CAPCE) ratio remained at 7.8, the 29th percentile. The ratio of the UK's CAPCE to that of DM stands at 0.43, in the 1st percentile of observations. When adjusting for the substantial sectoral differences between the indexes, the relative CAPCE stands at 0.62. However, when the weaker expected earnings are considered (i.e., by looking at forward PEs) the ratio of sector-neutral forward PEs stands at 0.78. Overall, the valuation of UK equities remains deeply depressed versus peers.

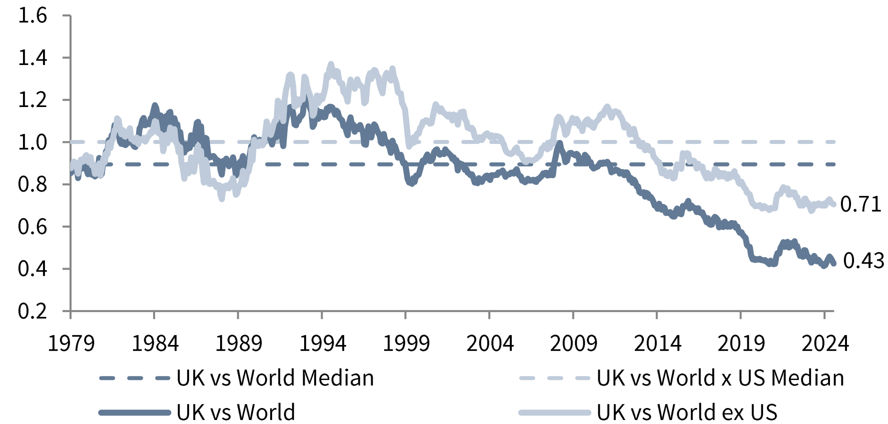
- In general, the UK index has an underweight to growth stocks and an overweight to value stocks. This has been a significant drag on relative performance in recent years. While it was a tailwind in 1Q, it reverted to being a headwind last quarter as IT and communication stocks led the rebound after the recent tariff-related sell-off. In general, these tilts may help the UK in periods of accelerating global growth, particularly when that is accompanied by rising commodity prices.

- UK EPS are forecast to underperform broader DM by 2.8 ppts over the next 12 months (6.9% vs 9.7%). EPS growth is currently forecast to be primarily driven by margin expansion (rising from 10.8% to 11.3%) with a more modest contribution expected from sales growth (2.0%).

- As with EPS, UK GDP is expected to underperform broad DM in 2025. The current consensus for real GDP in 2025 is 1.1% vs 1.3% for DM, though this could narrow further based on recent downward revisions to US growth. Strong GDP growth in 1Q underlined some abatement of the headwinds which the United Kingdom has contended with, albeit 2Q currently looks weaker amidst some tax rises and tighter fiscal policy. Eventual rate cuts and positive real wage growth should help foster the UK's recovery. Nonetheless, the imposition of tariffs by the United States will be a headwind. The fact that sentiment toward the UK and its risk assets remains depressed could prove supportive in the event of any improvement in fundamentals.

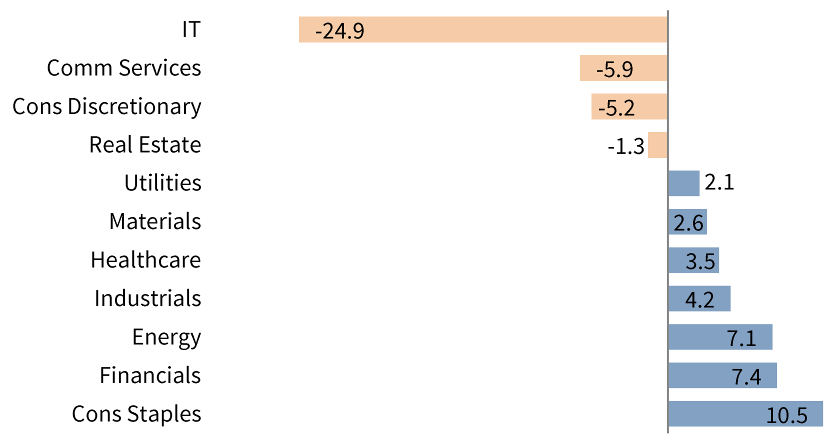
RELATIVE CAPCE: MSCI UK VS WORLD

Dec 31, 1979 – Jun 30, 2025



RELATIVE SECTOR WEIGHTS: UK MINUS WORLD

As of Jun 30, 2025 • Percentage Points



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

Europe ex UK Equities

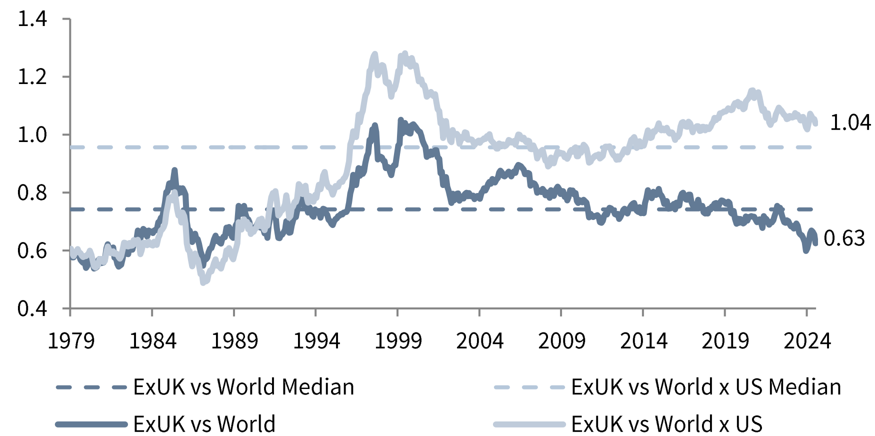
Facts & Figures Second Quarter 2025

Europe ex UK equities returned 3.1% in 2Q 2025 in LC terms, lagging the 9.5% return of broader DM. However, a decline in the dollar saw a modest outperformance in USD terms, with Europe ex UK equities returning 12.2% versus 11.5% for broader DM. While at quarter-end earnings growth was expected to continue to lag that of broad DM over the coming 12 months, US tariffs have introduced material uncertainty into these forecasts.

- The region's CAPCE remained at 11.4 during the quarter, standing at the 83rd percentile of its history. Its CAPCE relative to DM declined to 0.63, moving further below the long-term median level of 0.74. A large portion of this relative cheapness is due to the comparative richness of the US market, however. The region's CAPCE relative to that of DM ex US declined slightly to 1.04, now standing at the 74th percentile of historical observations, above the long-term median level of 0.96.
- The longer-term underperformance of the Europe ex UK region versus DM more broadly is down to a lower underlying profitability. The return on equity (ROE) for the region has been below that of broader DM for well over a decade and the ratio of their ROEs stands at 0.83. This is partly due to the region's lower exposures to some of the higher ROE sectors, notably tech. However, sectoral ROEs are also lower in nine of the 11 GICS sectors, showing that it's a broader issue. Nevertheless, the region's ROE is greater than that of DM ex US.
- Earnings growth in Europe ex UK is expected to be 7.0% over the coming 12 months, trailing the 9.7% expected of broader developed markets. Sales growth over this period is expected to be 3.4%, while profit margins are expected to rise 30 bps from 10.0% to 10.3%.
- Consensus estimates of Eurozone GDP growth for 2025 have increased by 10 bps over the past quarter to 1.0%. This still lags the 1.3% growth expected in DM more broadly, albeit the differential has narrowed. German growth weakness has been partially offset by relatively stronger peripheral performance in recent quarters. Fears of the impact of US tariffs have offset some of the optimism arising from Germany's pivot to a more expansive fiscal policy. The ECB cut interest rates by 50 bps during the quarter and may well deliver some further cuts in the face of tariff impacts.

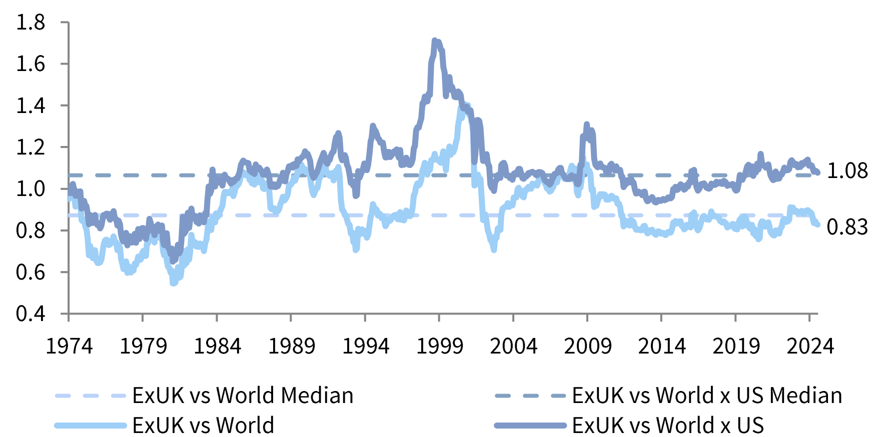
RELATIVE CAPCE: MSCI EUROPE EX UK VS WORLD AND WORLD EX US

Dec 31, 1979 – Jun 30, 2025



ROE: MSCI EUROPE EX UK VS WORLD AND WORLD EX US

Dec 31, 1974 – Jun 30, 2025 • Percent (%)



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

Japanese Equities

Facts & Figures Second Quarter 2025

Japanese equities gained in 2Q but lagged DM peers for the quarter and YTD in LC terms. However, Japanese equities are outperforming YTD in USD terms given the JPY's rally. Valuations are elevated in absolute terms but are low relative to other developed markets.

- Japanese equities gained 7.6% in LC terms in 2Q and 2.7% YTD, trailing DM equities which returned 9.5% and 6.6%, respectively. However, the yen rallied 8.1% against the US dollar YTD, meaning Japanese equities (11.7%) outperformed DM equities (9.5%) in USD terms. The yen's strength so far in 2025 is a reversal from its performance in 2024, when it weakened 11.5% against the USD.

- The market trades at 11.9x cyclically adjusted cash earnings, which ranks as the 77th percentile of historical observations since 1979. Relative to other developed markets, Japanese equities are at the 16th percentile of historical observations.

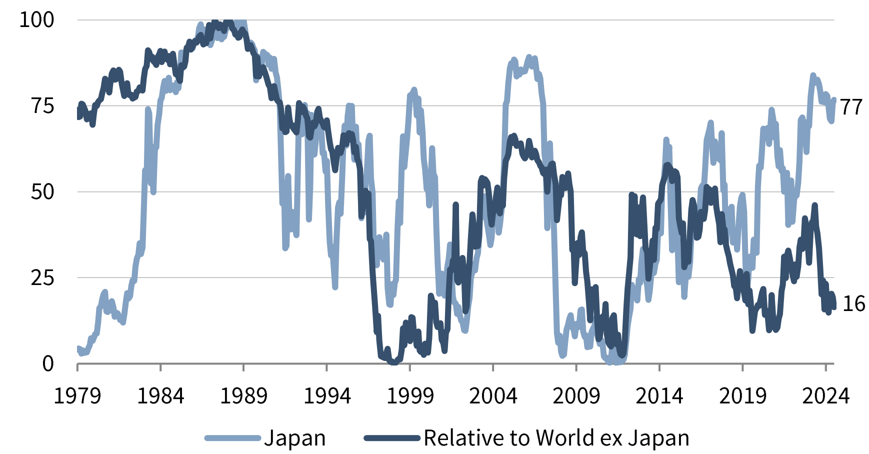
- Japanese equities have recovered from their early April lows, although US tariff uncertainty may continue to weigh the market's performance, given its dependency on US and global trade. As of early July, US President Trump has announced tariffs of 25% on Japan, although further negotiations may help to lower eventual levies. Continued strength in the yen would also erode the positive currency translation impact to earnings, which had been a driver of Japanese equity performance in LC terms over the trailing three years. Analysts' expectations of 12-month forward earnings growth in Japan were revised sharply lower over 2Q to 4.1% as of the end of June, compared to estimates for DM peers at 9.7%.

- The ROE on Japanese equities currently stands at 9.5%, which is above the historical median. Japan's ROE had been improving relative to DM peers given an increased focus on corporate governance and shareholder returns in Japan, although this is tentatively reversing in 2025 as corporate earnings came under pressure.

- As of the end of June, the MSCI Japan Index trailing dividend yield was 2.3%, above the 1.7% historical median and higher than that for DM equities (also at 1.7%). Japanese companies retain significant cash balances and have increased dividend payouts in recent years, which may serve as a longer-term tailwind for Japanese equities.

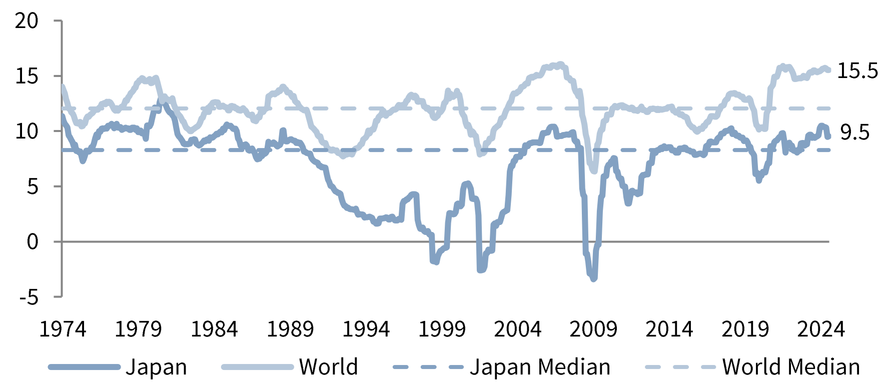
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS

Dec 31, 1979 – Jun 30, 2025 • Percentile (%)



ROE: MSCI JAPAN VS WORLD

Dec 31, 1974 – Jun 30, 2025 • Percent (%)



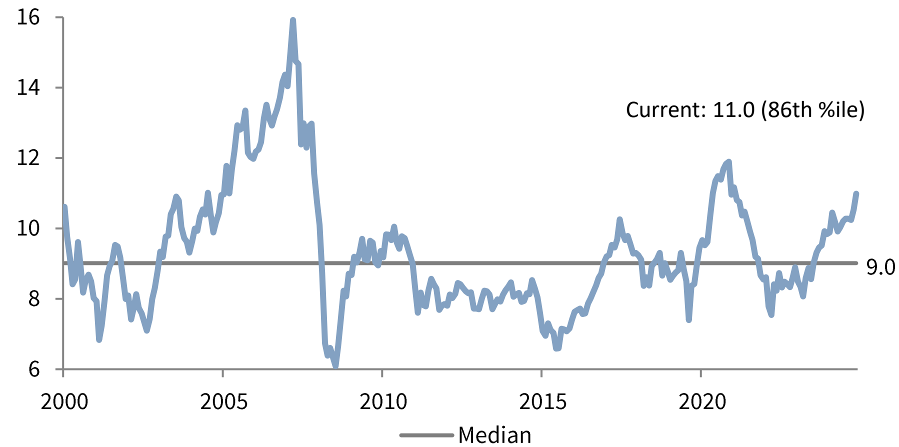
Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Emerging Markets Equities
Facts & Figures Second Quarter 2025

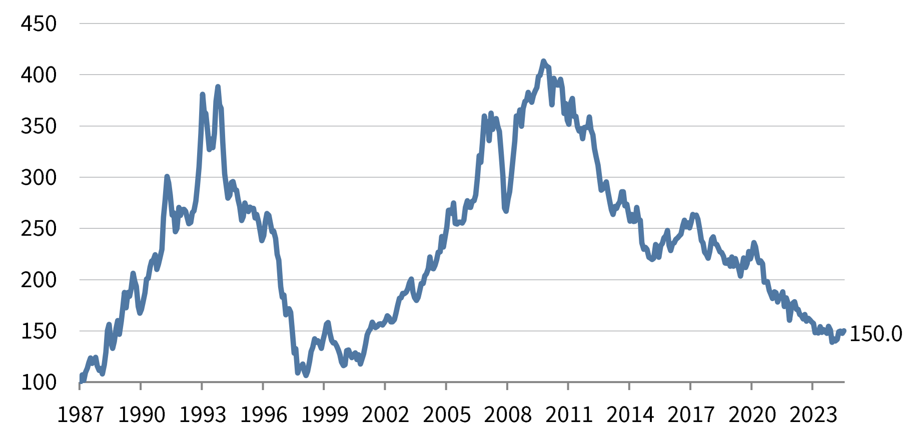
EM equities gained 12.0% in USD terms in 2Q, bringing YTD performance to 15.3%. Performance was supported by a weaker US dollar, a rally in global tech stocks, and Latin America. EM topped DM in 2Q and has outperformed by nearly 6 ppts YTD.

- EM Asia (12.4%) edged broader EM in 2Q. Tech-heavy Korea (32.7%) and Taiwan (26.1%) gained the most amid a broader rally for global tech. Korea was boosted by prospects for further corporate governance reforms following June's presidential election. Chinese equities (2.0%) lagged amid soft economic growth signals, despite US-China trade de-escalation and monetary policy easing. US tariff policy has increased uncertainty in the outlook for the trade-heavy region.
- LatAm (15.2%) outperformed in 2Q, bringing YTD performance to 29.9%. The region was largely spared from escalating US tariffs, benefiting from low equity and currency valuations as the US dollar depreciated. EMEA (7.6%) lagged as declines for Saudi Arabia (-5.1%) offset solid gains across the European segment.
- EM has lagged DM by nearly 9 ppts annualized on a trailing 3Y basis, building on a longer-term underperformance trend since 2010. Underperformance has coincided with USD appreciation, subpar earnings growth, and a narrowing economic growth differential, which are keys to the outlook for EM performance vis-à-vis DM. Several of these factors appear to have shifted in favor of EM in 2025.
- EM valuations are elevated but exhibit wide dispersion. Valuations for India and Taiwan are high relative to their 20-year medians, whereas Brazil and Mexico appear relatively cheap. Broader EM stocks trade at a nearly 40% discount to DM, among the widest on record since 2000.
- US tariff policy in 2025 has clouded the global growth outlook. Export-heavy Asia may be disproportionately impacted, while Latin America and EMEA appear relatively insulated. Overall, a weakening US dollar and potential for offsetting EM policy stimulus may support performance vis-à-vis DM. Still, 2025 EPS (12%) and GDP (4.1%) growth expectations will likely be downgraded in the months ahead, and EM equities typically bear the brunt of broader risk aversion permeating global stock markets, particularly in today's shifting environment.

CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS: MSCI EM
Aug 31, 2000 – Jun 30, 2025



EM/DM EQUITY RELATIVE CUMULATIVE WEALTH
Dec 31, 1987 – Jun 30, 2025 • US Dollars



Sources: MSCI Inc. and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: EM CAPCE based on five-year average real cash earnings. Total returns are gross of dividend taxes prior to January 2001 and net thereafter. EM and DM equities based on the MSCI Emerging Markets Index and MSCI World Index, respectively.

Asia ex Japan Equities

Facts & Figures Second Quarter 2025

Asia ex Japan equities have rebounded from their early April lows and outperformed global equities in 2Q and YTD. Valuations are elevated in absolute terms as of the end of June, albeit low relative to DM peers and with dispersion across the underlying countries.

- Asia ex Japan equities returned 12.5% in USD terms in 2Q and 14.5% YTD, outperforming global equities, which returned 11.5% and 10.0%, respectively.

- Asia ex Japan equities have rebounded from their early April lows following a de-escalation of more severe US-China tariffs, and 2Q returns were largely positive across regions and sectors. Tech-heavy South Korea (32.7%) and Taiwan (26.1%) equities led on a rebound in global IT stocks, with the Asia ex Japan IT sector also rallying and returning over 24% in the quarter. Thailand equities underperformed the region and posted flat returns (0.4%) given recent political turmoil. Consumer discretionary was the only sector in Asia ex Japan, which posted declines in 2Q, driven by weakness in China's consumer tech companies amid US tariffs and a weaker outlook for China's growth.

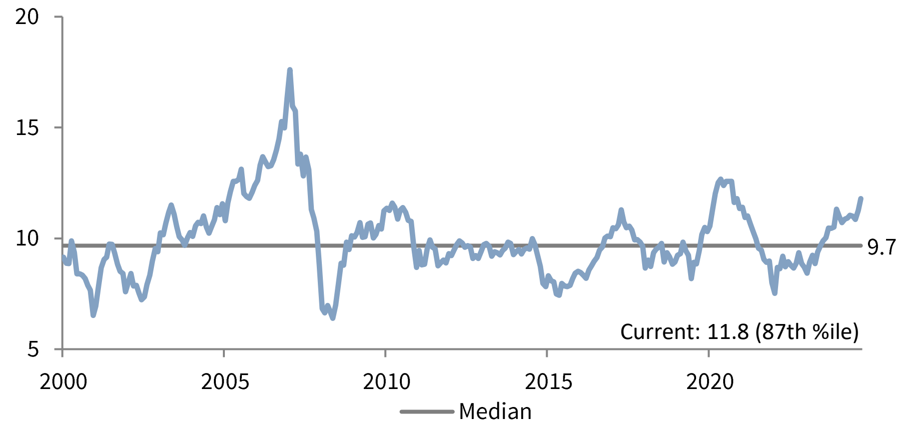
- Asia ex Japan valuations rose in 2Q and are elevated relative to history. The index's CAPCE metric trades at 11.8x, which is the 87th percentile of historical observations. Relative to DM equities, however, Asia ex Japan trades lower at the 18th percentile of historical observations.

- There is dispersion among Asia ex Japan country valuations. As of the end of June, valuations remained elevated in Taiwan, Singapore, and India but were below historical median elsewhere.

- Analysts' expectations of forward 12M EPS growth for Asia ex Japan were revised modestly lower over 2Q to 11.6% as of the end of June, compared to estimates for global peers at 10.1%. Estimates may still come under revisions amid US tariff uncertainty, particularly ahead of the August 1 deadline for countries to conclude trade negotiations with the United States and upon which potentially higher levies may go into effect. Given the export-oriented and cyclically sensitive nature of most Asia ex Japan markets, prolonged US tariffs on the region will dampen growth and corporate earnings, although this may be offset to a degree if China releases more aggressive stimulus in response.

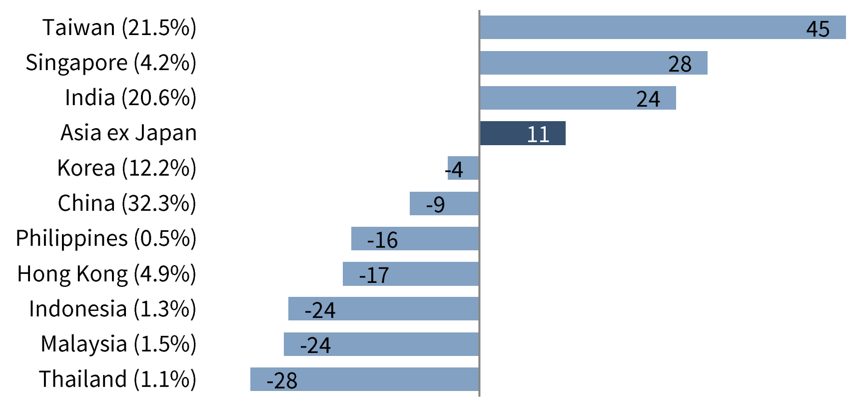
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS: MSCI ALL COUNTRY ASIA EX JAPAN

Oct 31, 2000 – Jun 30, 2025



COUNTRY P/B % DEV FROM HIST MEDIAN: MSCI AC ASIA EX JAPAN

As of Jun 30, 2025 • Index Weight in Parentheses



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

Notes: CAPCE based on five-year average real cash earnings. Totals may not sum to 100% due to rounding.

Chinese Equities

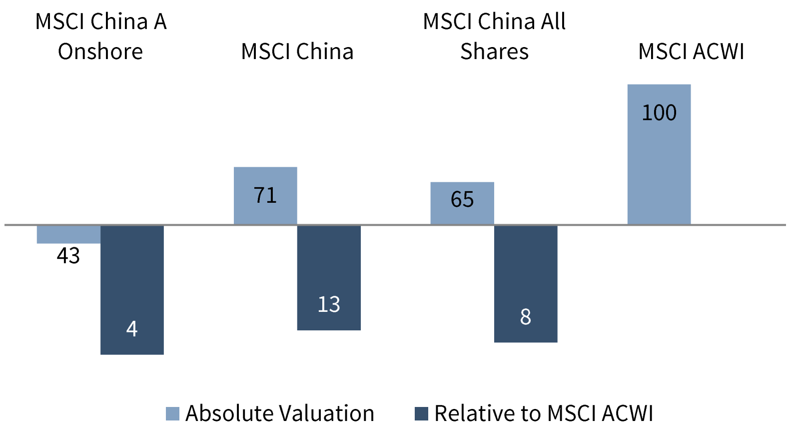
Facts & Figures Second Quarter 2025

Chinese equities delivered positive gains in 2Q 2025 following a de-escalation in US-China trade tensions. The market is still outperforming on a YTD basis, supported by a tech-driven rally in 1Q. Valuations for Chinese equities have rebounded from depressed levels to fair value but remain very low relative to global equities.

- Chinese equities consist of mainland China-listed A-shares, Hong Kong-listed Chinese companies, and US-listed Chinese companies. The MSCI China All Shares Index combines both onshore and offshore markets and is composed of 53% Hong Kong-listed equities, 4% US-listed equities, and 43% A-Shares.
- Chinese equities have recovered from their early April lows following a de-escalation of more severe US-China tariffs and increased PBOC policy easing in May. The MSCI China All Shares Index returned 2.3% in 2Q in LC terms, although performance trailed global equities which returned 9.3%. This reflects expectations of weaker economic growth in China given US tariffs that still amount to 55% as of end June.
- Year-to-date, however, Chinese equities (11.5%) are still outperforming global equities (7.0%), supported by optimism over China's progress on AI and a rally in offshore Chinese technology stocks in 1Q. Onshore A-shares, which are underweight technology, had lagged the rally. As a result, the MSCI China Index (17.9%) is meaningfully outperforming the MSCI China A Onshore Index (1.6%) on a YTD basis.
- As of the end of June, the composite P/E ratio for the MSCI China All Shares Index was at the 65th percentile, up from the 12th-percentile in August 2024. There is dispersion, as Chinese A-Shares still trade below historical median, while valuations for the MSCI China Index are elevated. However, relative to global equities, Chinese equity valuations remain low.
- Active China-dedicated managers have historically demonstrated an ability to add value over the A-share index, given the retail-driven nature of the market. However, the A-share market is underweight the technology sector, with most Chinese tech companies listed offshore in Hong Kong or the US. Managers with flexible "All China" mandates can offer exposure across the China equity universe.

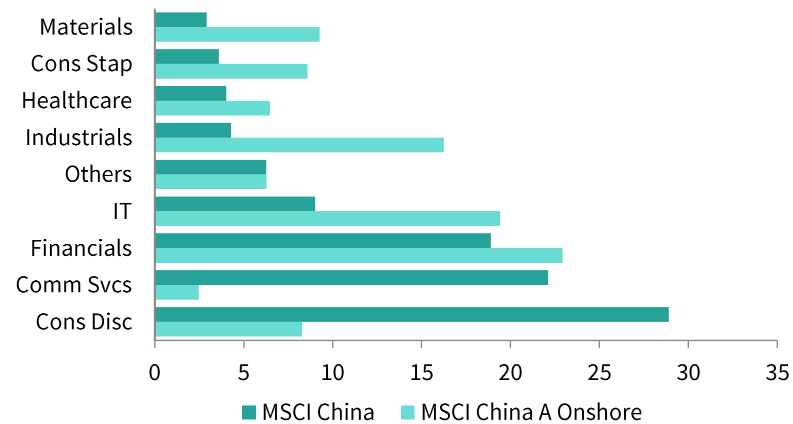
COMPOSITE P/E: PERCENTILE

Feb 28, 2010 – Jun 30, 2025



SECTOR WEIGHTS

As of Jun 30, 2025 • Percent (%)



Sources: FactSet Research Systems, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Composite P/E reflects the harmonic average of the 5-year cyclically-adjusted P/CE, forward P/E, and ROE-adjusted P/E ratios. Sector weight for "Others" consists of Real Estate, Utilities, and Energy. Totals may not sum to 100% due to rounding.

US Small-Cap Equities

Facts & Figures Second Quarter 2025

US small-cap equities lagged mid- to large-cap stocks in 2Q by 3.6 ppts as equity markets rebounded and mega cap tech-related names led sector performance. In the past 12 months, small caps have lagged their larger-cap counterparts by 6.3 ppts.

- Both large- and small-cap equities initially stumbled in 2Q as tariff announcements unsettled equity markets, but performance quickly rebounded after 90-day tariff pauses were announced. The rally in large-cap tech names, with the Mag 7 resuming market leadership after a stumble in 1Q. Indeed, those stocks returned 21.0% in 2Q on an equal-weighted basis.

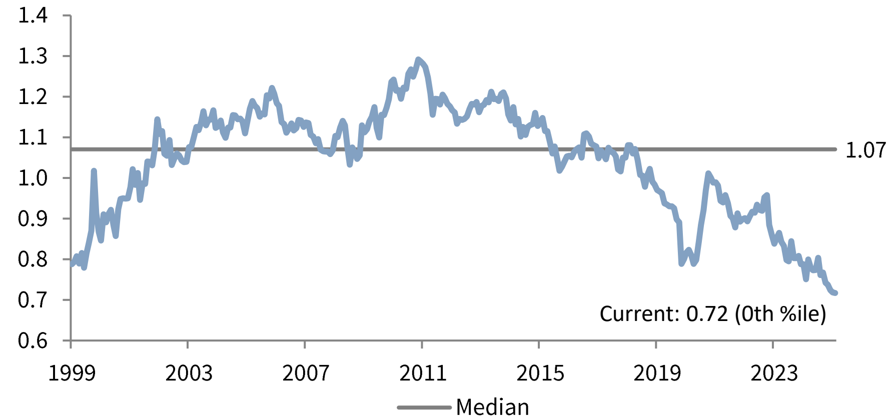
- Relative valuations between small caps and mid- to large-cap peers are sharply discounted; in fact, they have never been cheaper based on a normalized price-to-cash earnings metric dating back to 1999. During this period, small caps have typically traded at a 7% premium versus large caps, as opposed to the 28% discount they are trading at today.

- The US small-cap segment is overweight cyclical sectors and underweight technology compared to the mid-/large-cap universe. As such, small caps tend to be more sensitive to the economic cycle and have a better track record during economy recovery phases.

- Small-cap stocks could benefit if the Trump administration eases tariff policies and adopts a more pro-growth approach. Notably, the recently enacted US tax and spending bill includes provisions that may be particularly advantageous for small-cap companies, which are generally more domestically oriented.

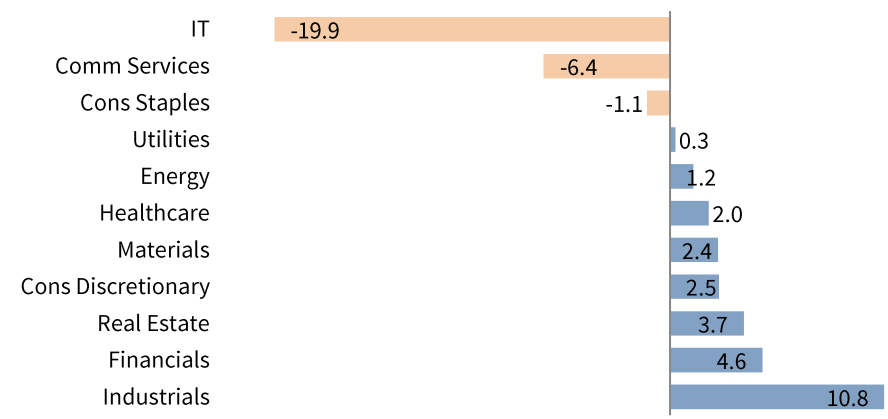
RELATIVE 5-YR CAPCE: MSCI US SC VS US LC/MC

May 31, 1999 – Jun 30, 2025



RELATIVE SECTOR WEIGHTS: US SC MINUS US LC/MC

As of Jun 30, 2025 • Percentage Points



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

Note: CAPCE ratios based on five-year average inflation-adjusted earnings.

Developed ex US Small-Cap Equities

Facts & Figures Second Quarter 2025

Developed ex US small caps returned 10.5% in 2Q in LC terms, besting their mid- to large-cap peers by 5.3 ppts. The dollar's depreciation meant that the USD return for non-US small caps on the quarter was higher, at 16.8%. In the past 12 months, small caps have topped mid- to large caps by 4.1 ppts in LC terms and by 4.2 ppts in USD terms.

- Developed ex US small-cap valuations increased in 2Q but remain sharply discounted relative to their large-cap peers. As of June 30, developed ex US small-cap valuations were trading at a 9.7x cyclically adjusted price-to–cash earnings (CAPCE) ratio, in the 42nd percentile of historical observations. On a relative basis, small-cap valuations are in the 15th percentile versus their large-/mid-cap counterparts, at a ratio of 0.89. This discount, which has improved in recent months, is still just above the 0.84 ratio, which was the steepest discount relative to large caps in more than 20 years.

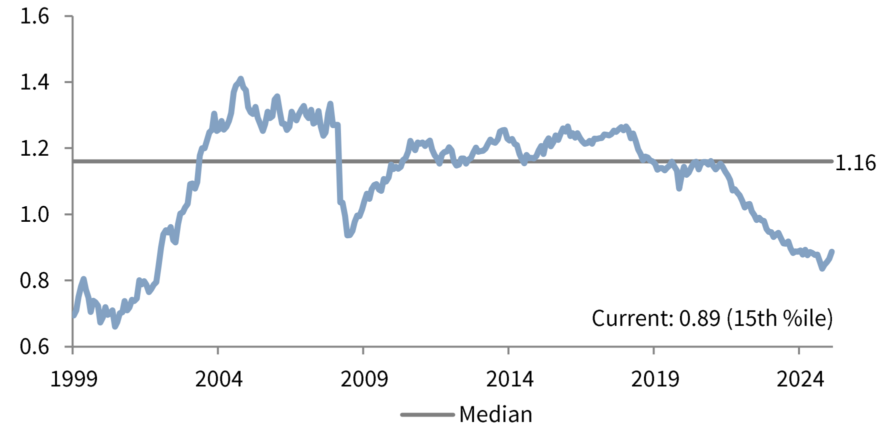
- From a relative sector exposure standpoint, the developed ex US small-cap segment is overweight cyclicals—particularly real estate and industrials—vis-à-vis its large-/mid-cap counterpart, though this is partially offset by a large underweight to financials. However, the defensive and higher-quality consumer staples and healthcare sectors are meaningfully underrepresented in the small-cap universe.

- Superior long-term earnings growth has helped developed ex US small caps outperform their large-/mid-cap counterparts over time. Over the last 15 years, world ex US small caps real cash earnings per share grew by 5.0% per annum, while real EPS for large-/mid-caps has been just 1.1%. During that time, small caps have returned 8.0% annualized in LC terms, while large-/mid-caps have returned 7.2%.

- The developed ex-US small-cap universe is regarded as less efficient than the larger-cap space due to lower analyst coverage, limited institutional ownership, and greater return dispersion. These inefficiencies create opportunities for skilled active managers to identify mispriced securities and generate alpha. However, success requires expertise to navigate challenges like higher volatility, liquidity constraints, and elevated transaction costs.

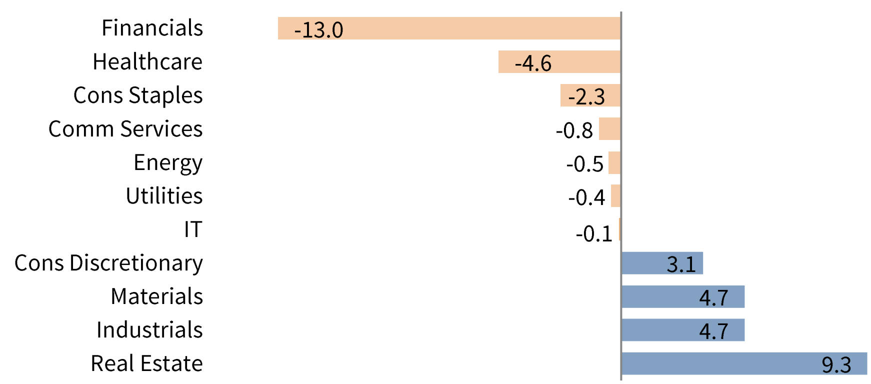
RELATIVE 5-YR CAPCE: MSCI WORLD EX US SC VS LC/MC

May 31, 1999 – Jun 30, 2025



RELATIVE SECTOR WEIGHTS: MSCI WORLD EX US SC MINUS WORLD EX US LC/MC

As of Jun 30, 2025 • Percentage Points



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

Note: CAPCE ratios based on five-year average inflation-adjusted cash earnings.

US Growth and Value Equities

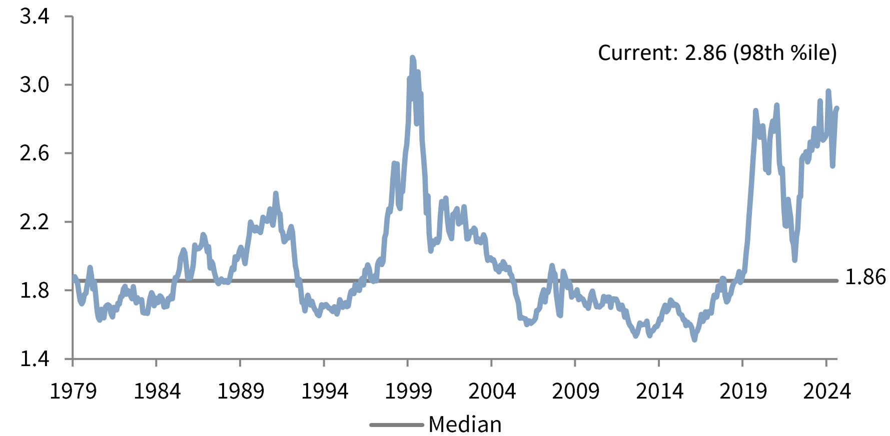
Facts & Figures Second Quarter 2025

US growth stocks delivered a return of 19.2% in the 2Q, outperforming value stocks by 16 ppts and more than offsetting their relative underperformance in the 1Q. Over the past 12 months, growth stocks have outpaced value stocks by 5.6 percentage points.

- Growth stocks initially reacted negatively to the Trump Administration's tariff announcements in early 2Q, but sharply reversed course after those tariffs were paused for 90 days. Inflation and growth concerns abated, risk-on sentiment returned to equity markets, and growth resumed its leadership over value stocks. Since 2022—a rare year during which value topped growth by a wide margin — growth has outperformed value by more than 80 ppts.
- The Magnificent 7 stocks, which had faltered in 1Q, bounced back in 2Q and were the main driver of growth's outperformance. These stocks, which represent more than 60% of the growth index, returned 21.2% in 2Q on an equal-weighted basis.
- Based on the cyclically adjusted price-to–cash earnings (CAPCE) ratio, the MSCI US Growth Index trades at 2.9 times the valuation of the MSCI US Value Index. That relative ratio is in the 98th percentile of historical observations. Investors have demonstrated a willingness to assign a higher multiple to expected earnings for growth-oriented stocks compared to value stocks. The price-to–forward earnings multiple for the MSCI US Growth Index trades at 31x, which is 1.8 times higher than that for value stocks. This ratio is 33% higher than the median ratio of 1.36 that has been observed over the past 20 years.
- Growth stocks have traditionally generated higher return on equity (ROE) than value counterparts. Today's wide ROE spread is partly driven by differences in sector exposures—technology and financials most prominently—and helps to explain the current valuation disparity between the growth and value indexes.

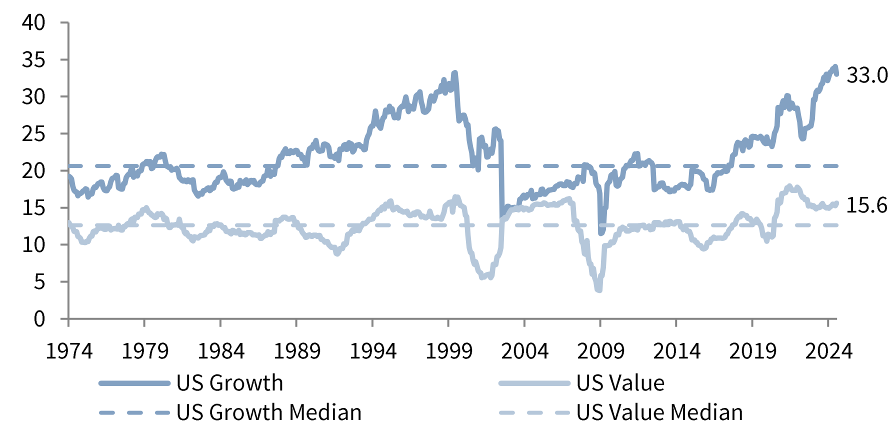
RELATIVE 5-YR CAPCE: MSCI US GROWTH VS US VALUE

Nov 30, 1979 – Jun 30, 2025



ROE: MSCI US GROWTH VS US VALUE

Dec 31, 1974 – Jun 30, 2025 • Percent (%)



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

Developed Markets Equity Factors

Facts & Figures Second Quarter 2025

Momentum (12.7%) was the only major factor that outperformed the broader global equity market (9.5%) in 2Q, as upward price trends resumed amid risk-on sentiment. Quality (7.5%), size (6.7%), value (5.0%), and min vol (0.4%) all lagged the broader index. Over the past 12 months, momentum (14.1%) has been the top-performing factor.

- Tariff-related concerns initially shocked equity markets in April, but volatility quickly abated as 90-day tariff pauses were announced. Equities rallied for the remainder of the quarter. Momentum benefited as high-flying stocks like Broadcom and Netflix, which are the largest in the MSCI World Momentum Index, resumed their torrid pace of price appreciation after cooling in 1Q.

- The broader theme of a return of positive equity market sentiment meant that quality and size also had solid gains. Minimum volatility, which tends to do best in higher volatility equity market periods, was the notable laggard with a roughly flat return on the quarter.

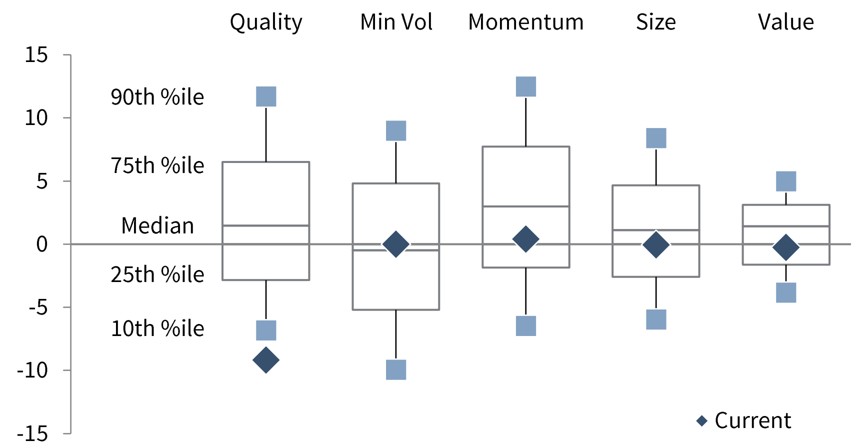
- Valuations for most factors, outside of min vol, moved higher during the quarter. Quality commands the highest premiums across different valuation metrics. The P/B ratio tends to have the strongest relationship to subsequent five-year returns across factors, but the strength of the relationship varies by factor. For instance, the relationship between starting valuation and subsequent returns is weak for the momentum factor, given that it overweights recent outperformers and typically has a very high turnover ratio.

- Because the excess returns across several strategies have low or negative correlations with each other, combining these factors can add a diversification benefit. For example, value and momentum had strongly negative correlations over the trailing five-year period, suggesting that certain combinations of factors may work together to smooth out the overall pattern of portfolio outperformance over time.

- Quality, minimum volatility, momentum, size, and value are five factors primarily cited in academic research. These factors represent market premiums that have all shown superior risk/return characteristics compared to broad-market benchmarks.

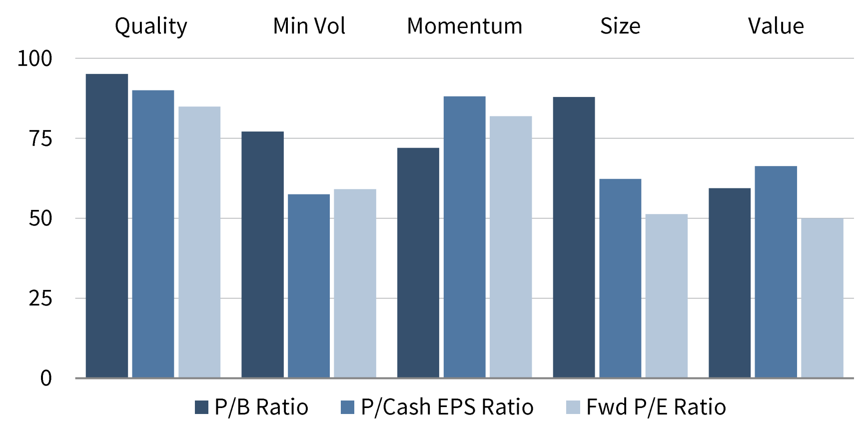
FACTOR RETURNS IN EXCESS OF DEVELOPED MARKETS EQUITIES

As of Jun 30, 2025 • Rolling 12M • Percent (%)



CURRENT VALUATION PERCENTILE RANKING BY FACTOR

As of Jun 30, 2025



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

Hedge Funds

Facts & Figures Second Quarter 2025

Fundamentally oriented hedge fund strategies generally performed well in 2Q 2025, while some diversifying strategies faced headwinds amid shifting macroeconomic conditions.

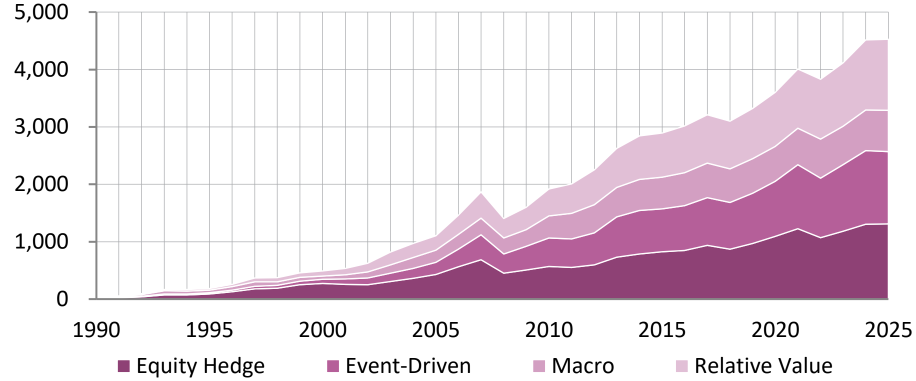
- Relative value hedge funds continued to post steady gains through 1H 2025, with the HFRI Relative Value (Total) Index rising 1.6% in 2Q. The uneven pace of central bank rate cuts, combined with ongoing uncertainty around inflation and tariff negotiations, created a fertile environment for arbitrage opportunities. In contrast, macro managers faced a difficult quarter, particularly in April following the "Liberation Day" announcement; the HFRI Macro (Total) Index declined by 2.3% in April and finished 2Q down 1.4%. Quantitative strategies also struggled, with the HFRI Systematic Diversified Index returning -4.8%. Trend-following strategies were whipsawed by volatile price action across asset classes, resulting in negative returns. The Barclay BTOP50 Index fell 3.6% for the quarter—after a particularly challenging April, a negative May, and some positive relief in June—extending the current drawdown in trend-following strategies to over 12 months.

- Long/short equity strategies posted a strong 2Q after successfully navigating early April volatility and participating in the subsequent equity market rally. The HFRI Equity Hedge (Total) Index gained 7.6%, while the HFRI Equity Market Neutral Index advanced 3.2%. Although there were short squeezes among lower-quality or retail-favored companies, long/short funds avoided significant losses due to limited exposure, modest position sizes, and strength from other areas of the short portfolio, as short alpha and dispersion remained healthy. Funds with long exposure to technology and growth companies with strong fundamentals performed particularly well.

- The HFRI Event-Driven (Total) Index returned 5.3% in 2Q, supported by an equities rebound, tightening credit spreads, and merger arbitrage gains from the closure of several high-profile deals. Early-quarter volatility allowed managers to add to favored equity names on weakness. A more constructive M&A environment—enabled by regulators willing to consider structural remedies, in contrast to the prior administration's litigious approach—has positioned corporations for increased deal activity and encouraged activists to pursue value-unlocking initiatives, potentially enhancing the supply of events for managers to exploit. With high-yield spreads tight again, managers have been selectively adding to restructurings, as distressed strategies have lagged.

HFRI HISTORICAL ASSET GROWTH BREAKOUT

1990–2025 (Mar) • US$B



EQUITY DISPERSION: TOTAL RETURNS FOR THE S&P 500 CONSTITUENTS

As of Jun 30, 2025

Sources: Hedge Fund Research, Inc., FactSet Research Systems, and Standard & Poor's.

FIXED INCOME

CAMBRIDGE ASSOCIATES

US Bonds

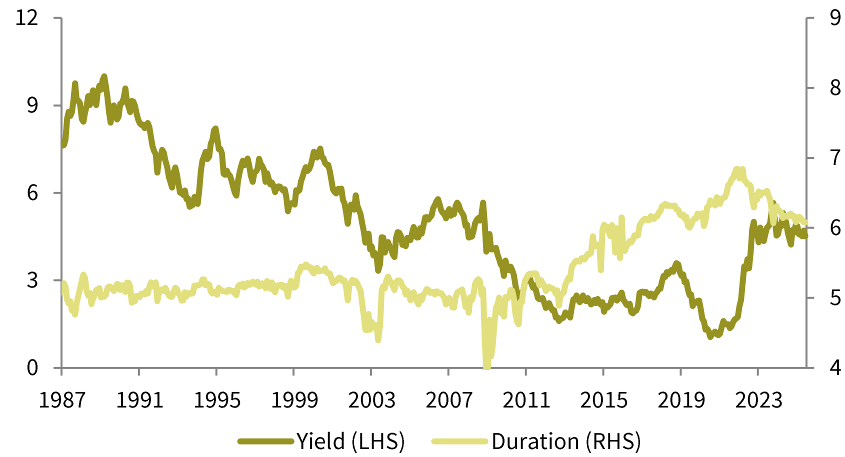
Facts & Figures Second Quarter 2025

Core US bonds returned 1.2% in 2Q as US Treasury yields dipped. Inflation has softened and US economic data has weakened. The Fed may resume easing later in 2025 but faces challenges given tariffs could prove inflationary yet also curb economic growth.

- The Bloomberg US Aggregate Bond Index returned 1.2% in 2Q, bringing its trailing 12-month return to 6.1%. Core fixed income has demonstrated its diversifying benefits in recent months. While equity markets ultimately finished 2Q higher, they initially suffered steep losses given concerns over the impact of tariffs and a trade war.
- The yield on the Bloomberg Agg fell slightly in 2Q to 4.51%. Yields on underlying benchmark Treasuries were mostly unchanged. Investors are trying to balance concerns over the potential inflationary aspects of tariffs and rising debt issuance given the passage of the reconciliation bill with weakening economic data and ebbing inflationary pressures.
- The Fed has been on hold in 2025 despite weakening economic data and easing inflationary pressures. The labor market has remained healthy and potential tariffs could prove inflationary. Should the Fed resume easing, this could help pull longer term yields lower and benefit longer duration bonds.
- The Bloomberg Aggregate Index has a high-quality asset mix—over 70% of the index carries an AA or higher rating—and most of this is a direct or indirect obligation of the US government. This should serve to insulate it should US economic growth deteriorate. The flipside is that questions are arising around ongoing demand for US Treasuries from investors as large ongoing federal budget deficits mean supply remains elevated.
- Around 25% of the index is corporate bonds. Credit spreads are below historical medians despite tariff-related uncertainty and offer little cushion if growth weakens. However, US IG corporate fundamentals have been healthy and borrower leverage is low.
- The duration of the Bloomberg US Aggregate index (around six years) has declined as rates have backed up but leaves it vulnerable to unexpected spikes in long-term yields.

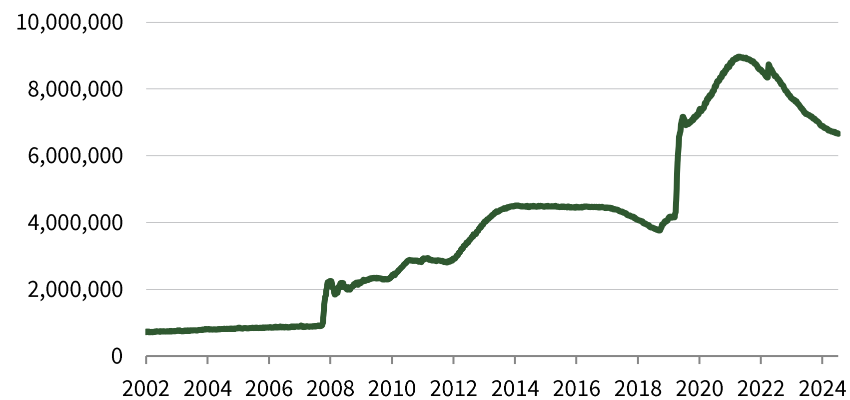
YIELD VS DURATION: BBG US AGGREGATE BOND INDEX

Jan 31, 1987 – Jun 30, 2025



FED BALANCE SHEET TOTAL ASSETS

Dec 18, 2002 – Jun 30, 2025 • US$M



Sources: Bloomberg Index Services Limited, Federal Reserve Bank of St. Louis, and Thomson Reuters Datastream.

Notes: Fed balance sheet assets are weekly and not seasonally adjusted. Total assets are less eliminations from consolidation.

US Treasuries

Facts & Figures Second Quarter 2025

US Treasury securities returned 0.8% in 2Q and are up 3.7% YTD. US Treasury yields have declined in response to growing growth and tariff-related concerns, despite heightened inflation and fiscal risks.

- Nominal ten-year US Treasury yields settled at 4.24% as of June 30, down from a high of roughly 4.7% early this year. Following the move, US Treasury valuations appear fairly valued. Yields are squarely within the middle of their implied fair value range of 3.3%–5.2%, which is based on the trend in the nominal GDP growth.

- US economic activity has moderated this year as data broadly has mostly surprised to the downside and both consumer and business sentiment has slipped in response to tariffs. While underlying inflation pressures have eased—the seasonally adjusted three-month annualized rate of US core CPI was 1.7% as of May—inflation will likely rise in response to higher tariffs.

- The latest consensus among analysts suggests US real GDP growth will expand 1.5% and headline CPI will rise 2.9% in 2025, compared to 2.1% and 2.5%, respectively as of December 2024.

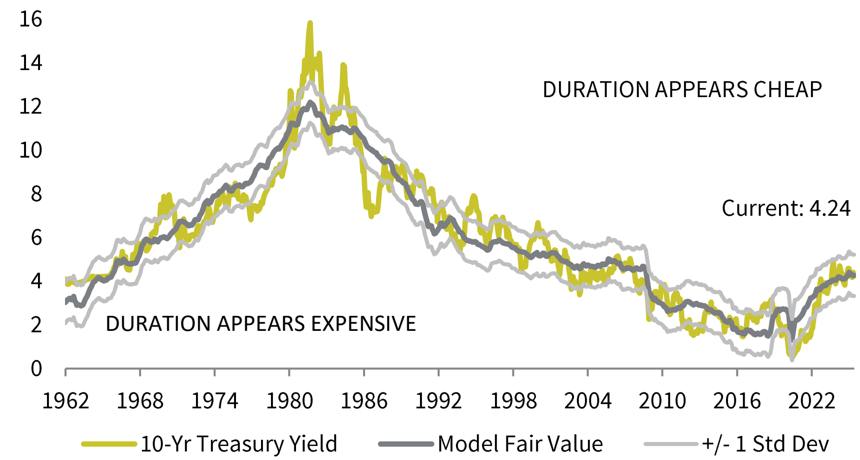
- The somewhat stagflationary outlook has challenged the Fed's ability to act decisively. The Fed's current target policy rate range of 4.25%–4.50% remains restrictive compared to its estimated longer-run neutral rate of 3.0%. While the Fed still projects it will cut rates by 50 bps this year, division within the Fed about the rate outlook has increased, with nearly half of FOMC members anticipating only a single 25-bp cut or no cuts at all.

- The yield curve has steepened somewhat this year. The spread between ten-year and two-year yields has increased from 33 bps at the end of 2024 to 52 bps as of June 30. Yields at the long-end of the curve have been stickier as the term-premium for holding longer-dated debt has increased. The ten-year term premium reached 0.9% in May, its highest rate in over a decade.

- The higher term premium reflects several factors, including Fed easing, increased policy and economic uncertainty, and fiscal/supply concerns. The recently passed One Big Beautiful Bill locks in large deficits for the foreseeable future. The US deficit is currently running close to 7% of GDP—well above the historical average of 3.7%.

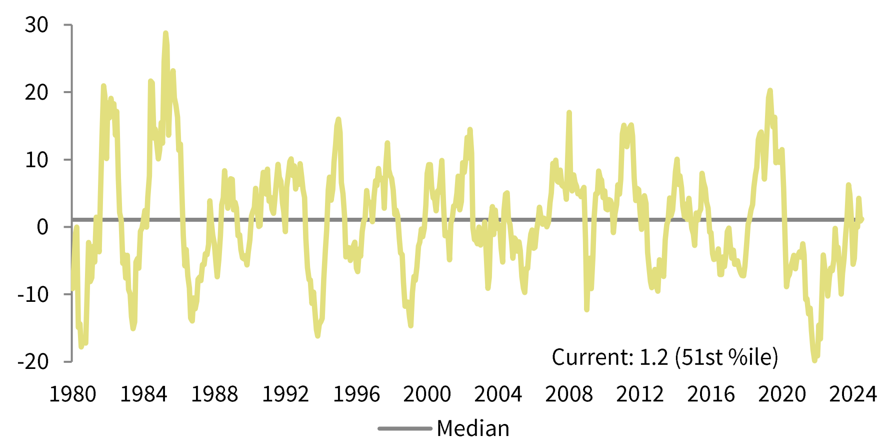
VALUATIONS: 10-YR TREASURY

Jan 31, 1962 – Jun 30, 2025 • Percent (%)



12-MONTH PRICE MOMENTUM: 10-YR TREASURY

Dec 31, 1980 – Jun 30, 2025 • Percent (%)



Sources: Federal Reserve and Thomson Reuters Datastream.

Notes: The Model Fair Value is the predicted range of ten-year yields based on a multiple linear regression model that includes trailing ten-year real GDP and CPI change. CPI data are as of May 31, 2025.

US Cash

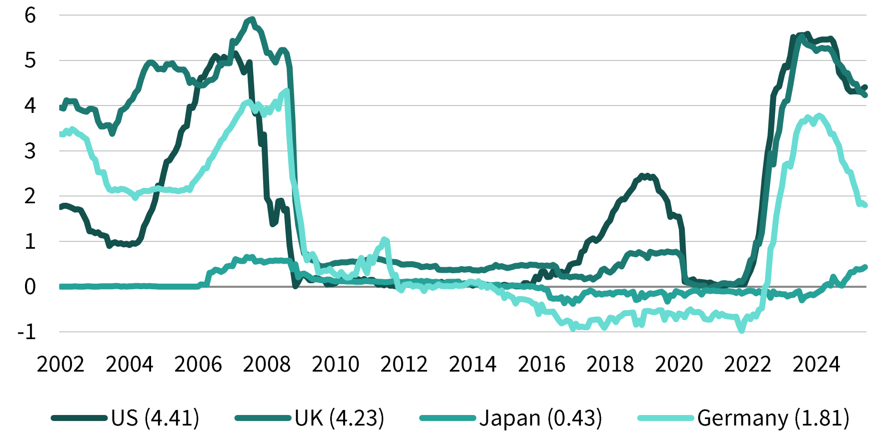
Facts & Figures Second Quarter 2025

Cash has remained a stable source of returns this year. This will likely remain the case in the near-term given elevated short-term yields and flat yield curves in major countries. However, the outlook for cash versus bonds is less favorable as most major central banks have begun to cut rates and Treasury yield curves have steepened in most major countries.

- Policy rates have risen significantly from their post-COVID lows, but the Fed, ECB, and BOE each started to lower their main policy rates over the previous year. While tariffs complicate the outlook, interest rates markets project each central bank will cut rates further in the future, with 1 to 4 cuts expected over the next 12 months.
- Cash yields traded above treasury yields for an extended period, reducing the opportunity cost of holding cash. While the spread between cash and treasury yields remains compressed, yield curves steepened significantly since mid-2024 as central banks lowered policy rates. Cash yields should move further below treasury yields if DM central banks lower rates as much as expected over the next 12 months.
- Cash provides stability and is important for liquidity needs. Both are a priority in today's market environment, particularly for investors with heavy operational spending, significant unfunded commitments, or that have currency and other hedging overlays.
- US investors should stick to secure instruments such as US T-bills. In the eurozone, cash should be kept in a core country bank within prudent limits. For investors that use money market funds, we recommend Treasury and government funds. Prime funds invest in bank commercial paper, corporate notes, and other credits and may have gating and floating-NAV provisions, making them slightly riskier.
- Holding cash for an extended period can be challenging, given the risk that inflation erodes the value of cash in real terms and the opportunity costs of not investing in assets with higher expected returns over longer periods. Additionally, reinvestment risk will likely increase as central banks cut rates, and the yield curve steepens.

T-BILL RATES

Jan 31, 2002 – Jun 30, 2025 • Percent (%)



MARKET EXPECTATIONS FOR FUTURE CENTRAL BANK RATES

As of Jun 30, 2025 • Percent (%)

	CURRENT	3M	6M	1Y	2Y
UK	4.25	4.00	3.75	3.55	3.54
Japan	0.50	0.53	0.64	0.77	1.00
EMU	2.00	1.90	1.78	1.74	2.00
US	4.38	4.03	3.66	3.24	3.08

Sources: Bloomberg L.P. and Thomson Reuters Datastream.

Notes: ECB data represented by the ECB overnight deposit rate. Feds funds target range is 4.25%-4.50%. The mid-point of 4.38% is used for future market expectations.

US Corporate Bonds

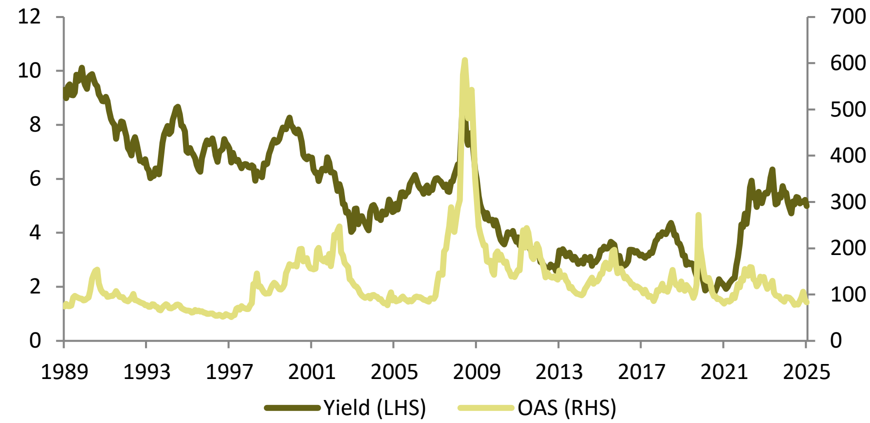
Facts & Figures Second Quarter 2025

US investment-grade (IG) corporate bonds returned 1.8% in 2Q and are now up 4.2% YTD. The 4.99% index yield is above its ten-year average and should serve to underpin future returns, though tariffs could threaten the Fed's ability to ease later in 2025 and cause some retracement in underlying Treasury yields.

- The Bloomberg Corporate Investment-Grade Index returned 1.8% in 2Q and is now up 6.9% over the past 12 months.
- Spreads fell slightly in 2Q despite tariff-related volatility and downward revisions to US growth forecasts. The current OAS of 83 bps is in the bottom quintile of historical observations. While credit risk is limited by the high-quality nature of the index, the current OAS offers little cushion if sentiment or fundamentals soften.
- Yields fell slightly in 2Q to 4.99% and are about 30 bps lower than where they began 2025. Underlying Treasury yields have moved lower in 2025 as inflation has fallen and growth forecasts have weakened, which for now are offsetting growing concern over the inflationary impact of tariffs and diminished demand for US assets from foreign investors.
- Should growth deteriorate and a recession ensue, IG corporate fundamentals would deteriorate but from a strong position. Morgan Stanley reports the median interest coverage ratio for investment-grade corporate borrowers was 10.3x at the end of 1Q, unchanged from the previous quarter. Healthy Ebitda growth also means gross leverage for the median IG issuer stood at just 2.4x at the end of 1Q.

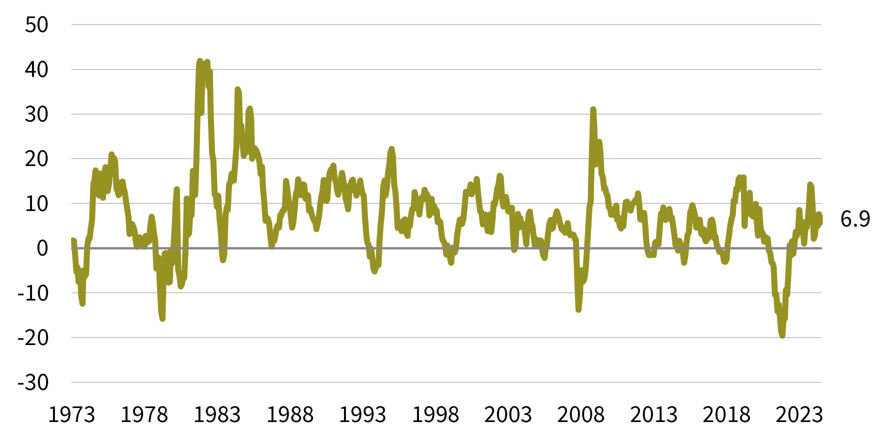
YIELD AND OPTION-ADJUSTED SPREAD: US INVESTMENT-GRADE CORPORATES

Jun 30, 1989 – Jun 30, 2025 • Percent (%)



TRAILING 12-MONTH RETURN: US INVESTMENT-GRADE CORPORATES

Dec 31, 1973 – Jun 30, 2025 • Percent (%)



Sources: Bloomberg Index Services Limited and Thomson Reuters Datastream.

US Tax-Exempt Bonds

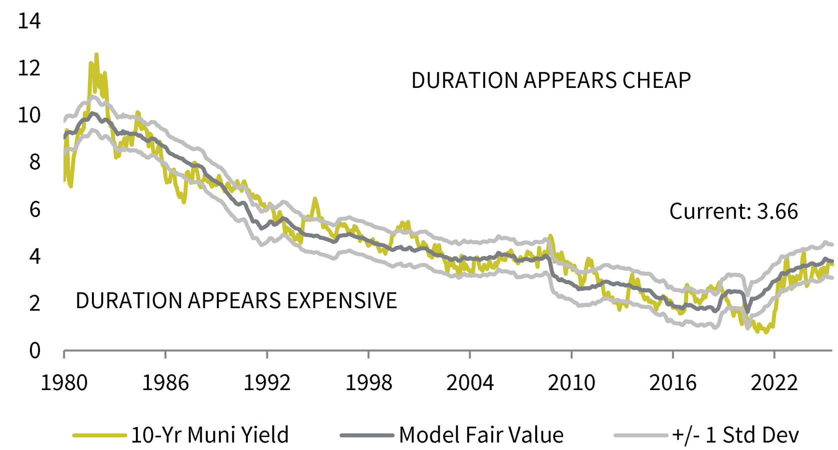
Facts & Figures Second Quarter 2025

US munis returned -0.1% in 2Q and are down 0.3% YTD. Munis are one of the few major fixed income asset classes with negative returns this year. They have been weighed down by rich starting valuations, elevated market/policy uncertainty, and challenging supply conditions.

- US ten-year muni yields were 3.7% as of June 30, up slightly from the end of last year. Muni yields have increased despite taxable Treasury yields falling. The divergence coincided with increased market volatility and muni supply this year.
- Ten-year muni yields are in the 75th percentile of their trailing 20-year distribution, but yields remain slightly below their implied fair value of 3.8%, which is based on their relationship with the trailing ten-year nominal GDP growth adjusted for the average muni/Tsy yield ratio.
- Munis are starting to look more compelling relative to taxable Treasury bonds given the divergence in yields and attractive tax-equivalent yields. The current ten-year muni/Tsy ratio of 0.86 is slightly above its long-term median, and for high tax bracket individuals, ten-year munis offer a 157-bps yield advantage over taxable-equivalents after taxes.
- Munis could remain under pressure in the near term if market volatility persist. However, flows from retail investors, which are the largest holders of munis, have been healthy after a strong 2024—investors have added $17B to muni ETFs and funds this year and $43B in 2024.
- US policy remains a risk. Importantly, the One Big Beautiful Bill did not remove the tax-exempt status of munis. The increase in the SALT cap included in the bill could challenge demand for munis in high tax states at the margin, and cuts to Medicaid and Medicare and reduced federal funding for states could weigh on states balance sheets and keep issuance elevated for the foreseeable future. However, these risks appear to be mostly priced into the market at this point.
- The risk of default among high-quality muni issuers is low and the sector is well prepared for a slowdown given the relatively healthy credit fundamentals of high-quality issuers. The pullback in federal funding should not materially impact credit quality.

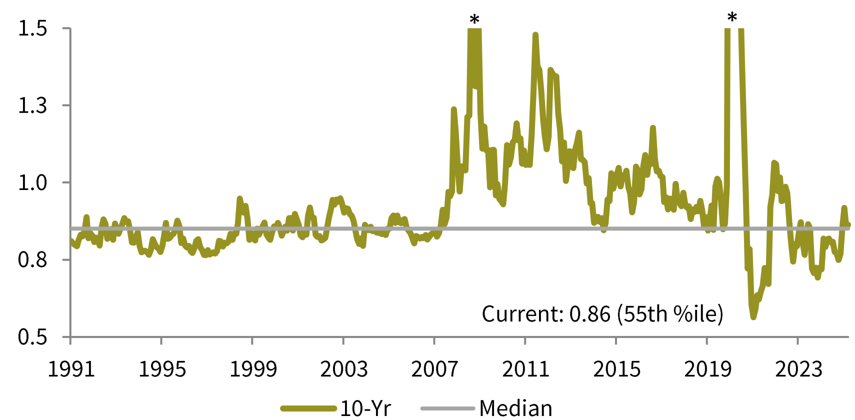
VALUATIONS: 10-YR MUNI

Jan 31, 1980 – Jun 30, 2025 • Percent (%)



RATIO OF 10-YR MUNI YIELDS TO TREASURY YIELDS

Apr 30, 1991 – Jun 30, 2025



* Axis is capped for scaling purposes. Ratio hit a high of 3.16 on 4/30/2020.

Sources: Bloomberg Index Services Limited and Thomson Reuters Datastream.

Notes: The Model Fair Value is the predicted range of ten-year yields based on a multiple linear regression model that includes trailing ten-year real GDP and CPI change. CPI data are as of May 31, 2025.

US Inflation-Linked Bonds

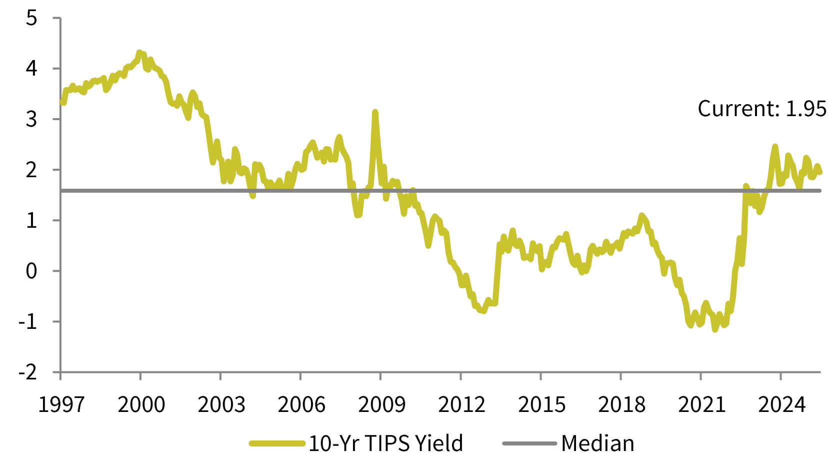
Facts & Figures Second Quarter 2025

US TIPS returned 0.5% in 2Q and are up 4.7% YTD, compared to 3.7% YTD for nominals. TIPS have outperformed nominals this year as inflation breakeven rates have been sticky, while real yields have fallen, amid tariff-related stagflation concerns.

- US ten-year TIPS yields settled at 1.95% as of June 30, which is down from 2.2% at 2024 year-end but above their long-term median of 1.6%.
- Real yields appear relatively attractive around 2%. Ten-year real yields are 0.8 standard deviation above their implied fair value yield of 1.2%, which is based on their relationship with trailing real GDP growth.
- US economic activity has moderated this year, while underlying inflation pressures have eased—the seasonally adjusted three-month annualized rate of US core CPI was 1.7% as of May.
- Tariffs complicate the outlook, as they will likely further weigh on growth but boost inflation. The latest consensus among analysts suggests US real GDP growth will expand 1.5% and headline CPI will rise 2.9% in 2025, compared to 2.1% and 2.5%, respectively as of year end.
- The market has largely focused on the downside growth risk posed by tariffs rather than the upside inflation risk and the Fed is still expected to cut rate by 50 bps this year, according to futures markets.
- While some survey-based measures of inflation expectations have seen a marked increase in response to tariffs, market-based inflation expectations have been more stable. The ten-year breakeven inflation rate (2.3%) has declined slightly this year. The current rate sits slightly above its long-term median but is in line with its median since COVID.
- TIPS are contractually linked to CPI and less liquid than Treasuries, which has led to them underperforming Treasuries when inflation is falling and during periods of markets stress.
- However, TIPS are one of the few assets that provide defense against unexpectedly high inflation. TIPS may offer more value if inflation is stickier than expected given higher real yields and relatively subdued breakeven inflation rates for the current environment.

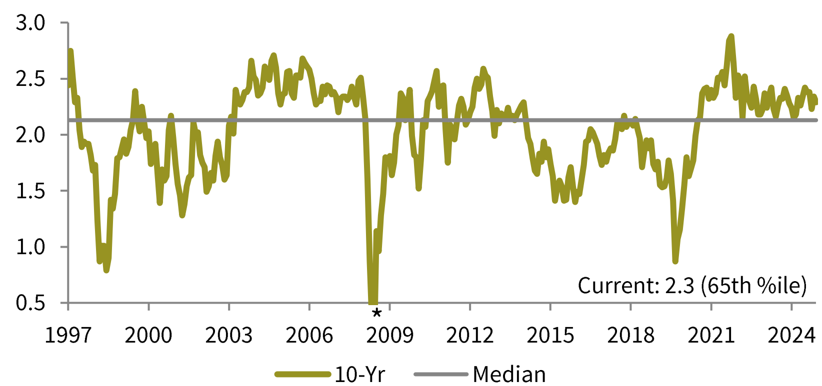
HISTORICAL YIELD: 10-YR TIPS

Jan 31, 1997 – Jun 30, 2025 • Percent (%)



10-YR BREAKEVEN INFLATION

Jul 31, 1997 – Jun 30, 2025 • Percent (%)



* Capped for scale purposes. 10-Yr BE Inflation hit a low of 0.11% on 12/31/2008.

Sources: Bloomberg Index Services Limited, Global Financial Data, Inc., and Thomson Reuters Datastream.

Global Inflation-Linked Bonds

Facts & Figures Second Quarter 2025

Global linkers returned 0.8% in 2Q and are up 2.6% YTD, compared to 1.8% for global nominal bonds. Linkers have outperformed nominals this year as inflation breakeven rates have been sticky amid tariff-related stagflation concerns.

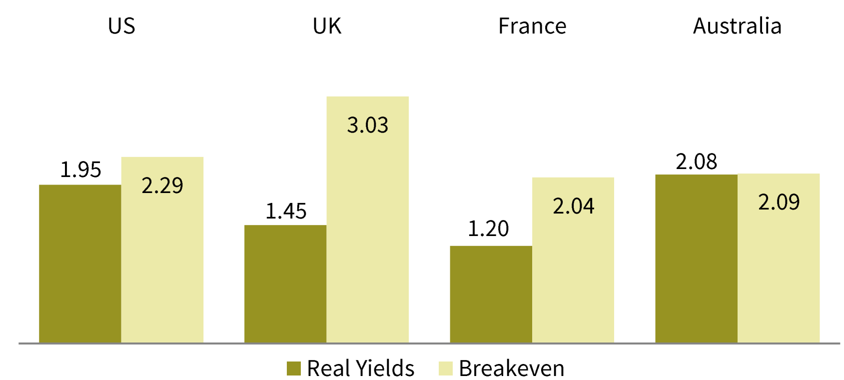
- Global linkers were yielding 1.8% as of June 30, slightly below their post-COVID high of 1.9% and about 40 bps above their long-term median.
- Global real yields appear relatively attractive at current levels as they are more than 1 standard deviation above their implied fair value yield of 0.6%, which is based on their relationship with trailing real GDP.
- Tariffs complicate the macroeconomic outlook. They will likely weigh on growth and lift inflation, but they will have varied effects across countries. The latest consensus among analysts suggests DM real GDP growth will expand 1.3% and headline CPI will rise 3.3% in 2025, compared to 1.7% and 3.0%, respectively, as of year-end.
- While some survey-based measures of inflation expectations have seen a marked increase in response to tariffs, market-based measures of inflation expectations have been rangebound and remain near their post-pandemic median.
- Most major central banks continue to guide toward more rate cuts, despite the uncertainty. According to futures markets, the BOE, ECB, and Fed are forecast to cut rates between 25 bps–100 bps over the next 12 months.
- Concerns about elevated government debt burdens within DMs and heightened policy uncertainty have raised term premiums and have supported higher real yields even as short-term policy rates have fallen.
- Linkers are contractually linked to inflation and less liquid than Treasuries, which has caused them to underperform when inflation is falling and in periods of economic/market stress.
- Linkers are one of the few assets that protect against unexpectedly high inflation. Linkers may offer more value if inflation continues to be stickier than expected given higher real yields and relatively subdued breakeven inflation rates in most DM countries.

HISTORICAL INDEX YIELD: BBG GLOBAL LINKERS

Dec 31, 1996 – Jun 30, 2025 • Percent (%)

10-YR REAL YIELDS AND BREAKEVEN INFLATION

As of Jun 30, 2025 • Percent (%)



Sources: Bloomberg Index Services Limited and Thomson Reuters Datastream.

Notes: France data are based on the underlying securities within the Bloomberg Global Agg Treasuries and Bloomberg World Govt Inflation-Linked indexes. All other data are based on the Bloomberg real yield and breakeven series.

UK Gilts

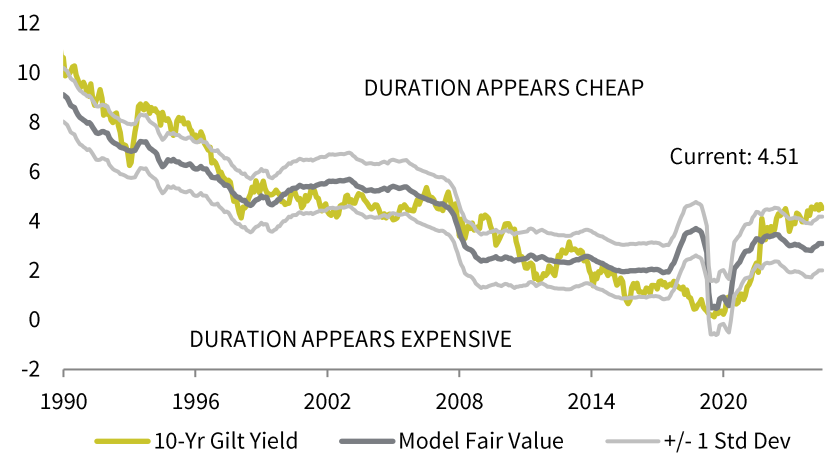
Facts & Figures Second Quarter 2025

UK gilts returned 2.0% in 2Q and are up 2.5% YTD in LC terms as of June 30. Weak domestic growth and tariff-related concerns have supported Gilts, but inflation and fiscal risks are elevated.

- Ten-year gilt yields settled at 4.5%, down from a recent peak of 4.7% but still near their highest level since 2008 and well above their trailing 20-year median of 2.7%.
- Gilt yields still trade well above their implied fair value. UK ten-year yields are 1.3 standard deviations above their implied fair value yield of 3.1%, which is based on the trend in nominal GDP growth.
- While gilt performance has rebounded from its 2022 trough, momentum has waned more recently. The trailing 12-month performance is negative and near the bottom quartile of observations.
- UK economic growth has been lackluster in recent years, and both labor and economic data have surprised to the downside more recently. Inflation remains a challenge in the UK—annual headline CPI rose by 3.4% in May, compared to 2.5% in December 2024.
- However, the UK is one of only a few countries to secure a trade deal with the US, locking in a 10% tariff rate and greater access to the US market, which has boosted economic sentiment.
- The latest consensus among analysts suggests UK real GDP growth will expand 1.1% and headline CPI will rise 3.2% in 2025, compared to 1.4% and 2.5%, respectively as of December 2024.
- The Bank of England, which began cutting rates in 2024 and has already lowered them by 100 bps, is expected to lower rates this year by another 50 bps, according to futures markets.
- Renewed fiscal concerns, which have been a headwind for the gilt market in recent years, led to a sharp jump in yields intra-quarter. The OBR projects the UK government's net debt-to-GDP ratio will rise from 98% to 274% over the next 50 years.
- The UK yield curve has steepened over the previous year. The ten-year gilt yield spread over cash was about 30 bps as of June 30.

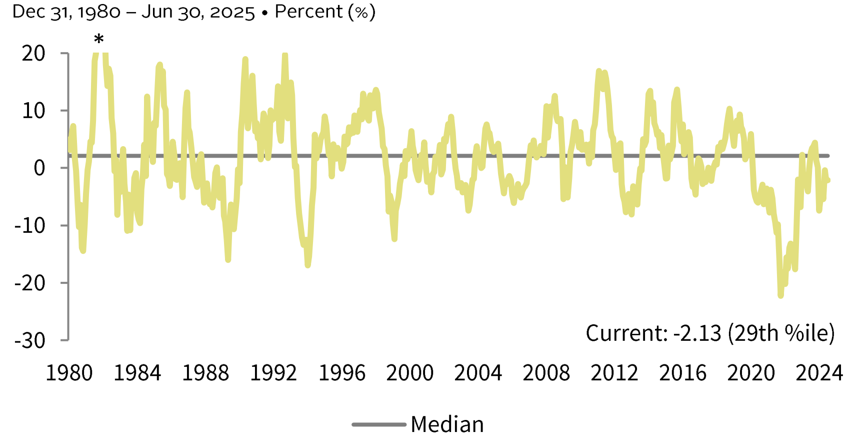
VALUATIONS: 10-YR GILTS

Jan 31, 1979 – Jun 30, 2025 • Percent (%)



12-MONTH PRICE MOMENTUM: 10-YR GILTS

Dec 31, 1980 – Jun 30, 2025 • Percent (%)



* Capped for scale purposes. The rolling 12-M Momentum was 44.5% in October 1982.

Source: Thomson Reuters Datastream.

Notes: The Model Fair Value is the predicted range of ten-year yields based on a multiple linear regression model that includes trailing ten-year real GDP and RPI/CPI change. CPI data are as of May 31, 2025.

UK Corporate Bonds

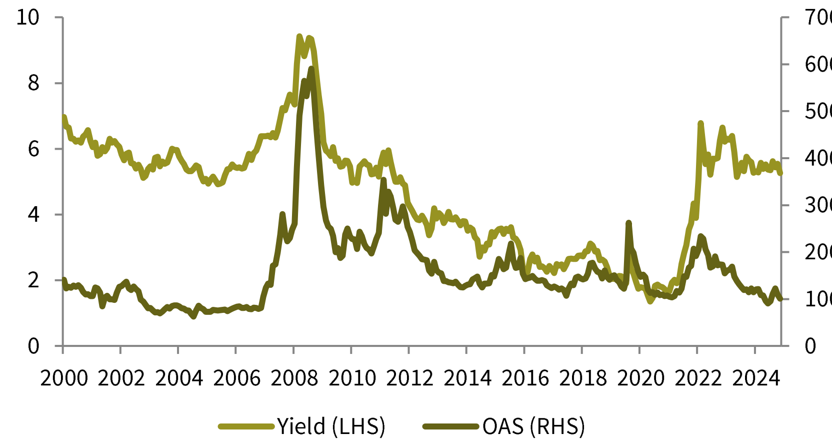
Facts & Figures Second Quarter 2025

Sterling-denominated investment-grade corporate bonds posted healthy 2Q returns, bouncing back from a lackluster start to the year. The Bank of England (BOE) continues to slowly ease, and underlying gilt yields and credit spreads moved lower.

- Sterling investment–grade corporate bonds returned 3.1% in 2Q after a flattish start in 1Q.
- Investment-grade yields fell 36 bps during the quarter to 5.27%. Current yields, which remain nearly 200 bps above their ten-year average, suggest future returns may be higher than they have been in recent years.
- Underlying gilt yields fell during the quarter as the BOE again cut its policy rate in May to 4.25%.
- While the BOE cut again in May, it did so before data was released later that month which showed CPI rose by 3.5% in April, more than had been expected. Persistent inflationary pressures may limit the BOE's ability to cut further.
- The flipside is that its base rate is above that in many developed economies, providing more income and potential upside for bond investors if inflation decisively rolls over.
- The option-adjusted index spread fell slightly during the quarter to 101 bps, reflecting the 19th percentile of observed values. UK IG spreads are slightly above those seen in the United States and Eurozone.
- The macro backdrop for UK corporate credit has become murkier in recent months. The ten-year gilt yield remains close to the highest level since the GFC—a level which if sustained will surely serve to curb growth and consumer spending.
- Very low net issuance remains a technical tailwind for the market. Net issuance in 2025 YTD has totaled just GBP £3.2B.

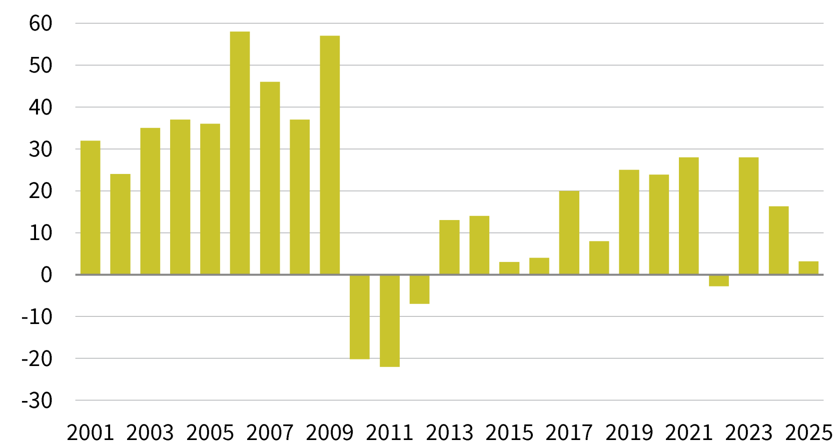
YIELD AND OPTION-ADJUSTED SPREAD: STERLING CORPORATES

Aug 31, 2000 – Jun 30, 2025 • Percent (%)



NET ANNUAL ISSUANCE: STERLING CORPORATES

2001-25 • Sterling (Billions)



Source: Bloomberg Index Services Limited.

Note: Issuance data for 2025 are through June 30.

C|A

Euro Area Sovereign Bonds

Facts & Figures Second Quarter 2025

Core EA sovereigns (i.e., German bunds) returned 1.2% in 2Q but remain down 0.5% YTD in LC terms. While government bonds in most major countries have rallied this year, EA bonds have been challenged by the recently announced fiscal stimulus and improved growth sentiment.

- Ten-year bund yields settled at 2.6% as of June 30, slightly below their recent peak of 3.0% but well above their trailing 20-year median of 1.7%.

- Ten-year bund yields are within their implied fair value range of 1.8%–4.5% but are about a 0.4 standard deviation below their implied fair value yield of 3.1%, which is based on the trend in nominal GDP growth.

- Core EA bond yields have risen this year driven by higher bund yields on the back of improved growth sentiment and fiscal reforms. Germany, and to a lesser extent, the EA more broadly, have announced new fiscal stimulus that includes increased infrastructure and defense spending, relaxed fiscal constraints, and common borrowing among EA members.

- Unlike most other major DMs, the growth and inflation outlook in the EA has been stable this year. The latest consensus among analysts suggests EA real GDP growth will expand 1.0% and headline CPI will rise 2.0% in 2025, compared to 1.0% and 2.0%, respectively as of December 2024.

- Potential US tariffs are a risk. The US threatened the EA with a 20% tariff in April, however, there has been positive momentum toward a potential deal recently ahead of the new August 1 deadline.

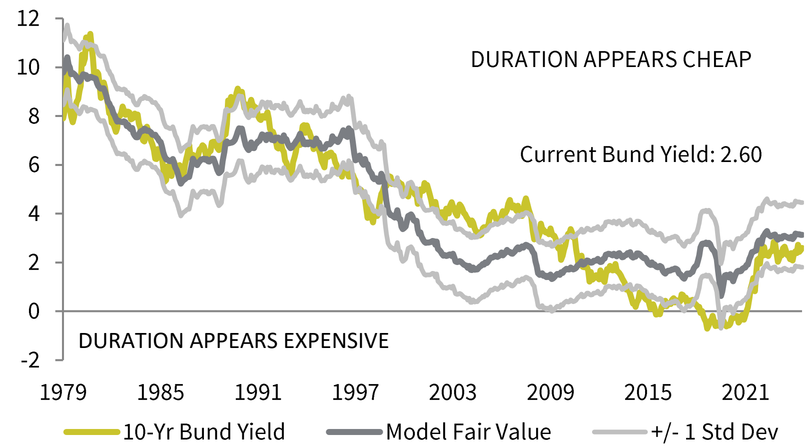
- The ECB, which started cutting rates in 2024 and has led other central banks by cutting by 200 bps, is expected to lower rates this year another 25 bps, according to futures markets.

- Increased coordination within the EA and structural reforms within the periphery have reduced fiscal risk and kept EA spreads in check, despite the ECB reducing its bond holdings and EA increasing spending. However, concerns about debt sustainability have risen in France in the wake of its recent political turmoil. The ten-year OATs-bunds spread was 68 bps as of June 30, above its trailing 20-year median of 36 bps.

- The yield curve has steepened as the ECB has cut rates. The ten-year bund yield spread over cash reached roughly 80 bps as of June 30.

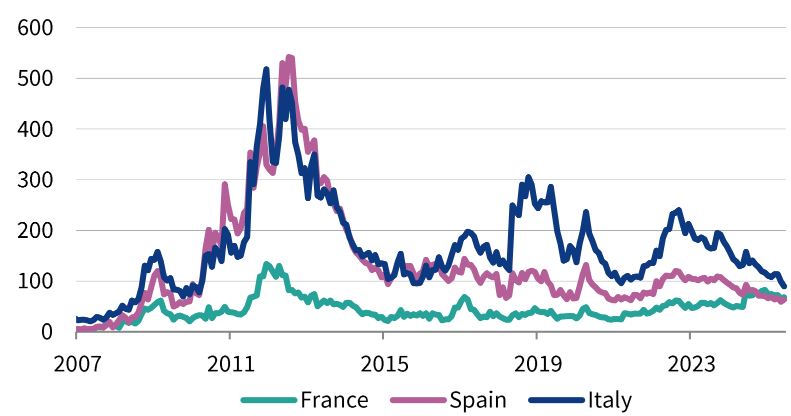
VALUATIONS: 10-YR BUNDS

Dec 31, 1979 – Jun 30, 2025 • Basis Points (bps)



HISTORICAL 10-YR SPREADS OVER BUND YIELDS

Jan 31, 2007 – Jun 30, 2025 • Basis Points (bps)



Source: Thomson Reuters Datastream.

Note: The Model Fair Value is the predicted range of ten-year yields based on a multiple linear regression model that includes trailing ten-year real GDP and CPI change.

Euro Area Corporate Bonds

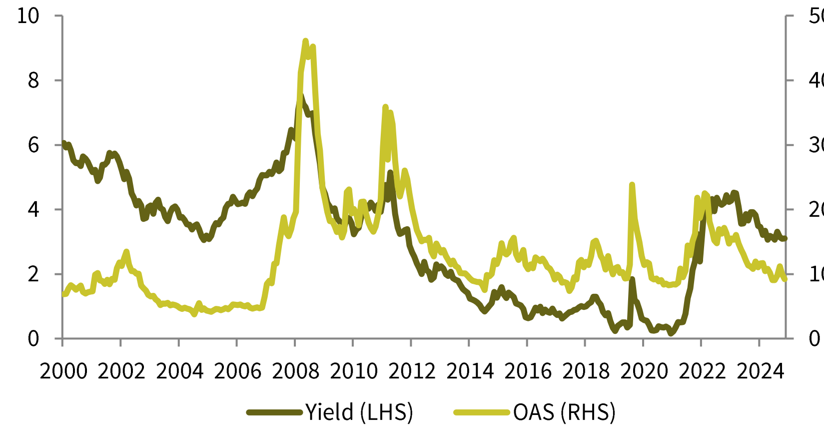
Facts & Figures Second Quarter 2025

The Bloomberg Euro-Aggregate Corporate Index bounced back and posted a healthy return in 2Q. Underlying benchmark yields fell as the ECB continued to cut rates.

- The Bloomberg Euro-Aggregate Corporate Index returned 1.8% in 2Q after a flat start to 2025. Returns were supported by a drop in underlying benchmark yields as cooling inflation allows the ECB to continue lowering rates.
- Yields on euro corporate bonds fell over 20 bps during the quarter to 3.10%. Yields have declined around 140 bps since their cyclical peaks in fall of 2023.
- The corporate bonds OAS also was basically unchanged in 2Q and at 92 bps looks expensive (33rd percentile) relative to its historical median OAS of 113 bps. This spread looks attractive relative to other more expensive international fixed-rate IG bond markets (e.g., the US) but declining index credit quality means there isn't a significant cushion for investors if fundamentals weaken.
- According to Schroders, Euro IG issuers had a leverage ratio of around 2.2x at the end of 1Q, below the comparable figure for the US IG index.
- The macro backdrop has been mixed for corporate bonds but is improving. Lower base rates mean companies should be able to refinance existing debt at lower yields. The ECB has cut its benchmark deposit rate three times thus far in 2025 including by another 25 bps in June. Ebbing inflationary pressures may provide further flexibility.
- The flipside is that lackluster economic growth may not support significant earnings growth, though the new German government's fiscal stance may give growth in that region a boost.
- Issuance of Eurozone corporate bonds totaled €224B in 2024, the highest level since 2020. Year-to-date, it has kept pace with that figure, with around €125B issued during the first half.

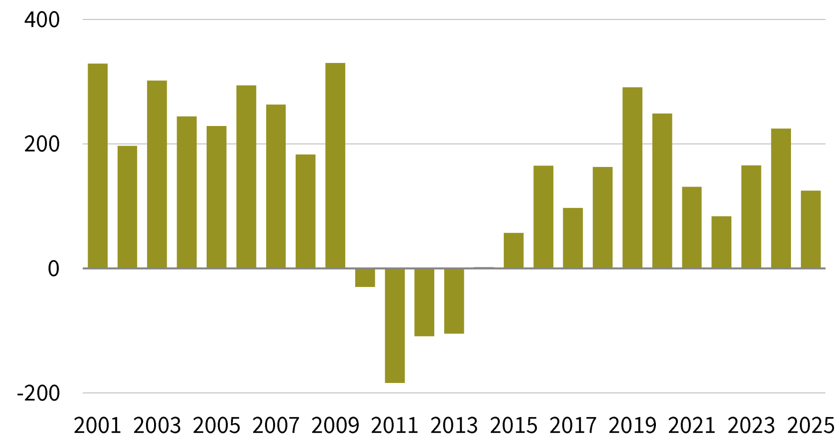
YIELD AND OPTION-ADJUSTED SPREAD: EUROPEAN CORPORATES

Aug 31, 2000 – Jun 30, 2025 • Percent (%)



NET ANNUAL ISSUANCE: EUROPEAN CORPORATES

2001-25 • Billions (EUR)



Source: Bloomberg Index Services Limited.

Note: Issuance data for 2025 are through June 30.

Structured Finance

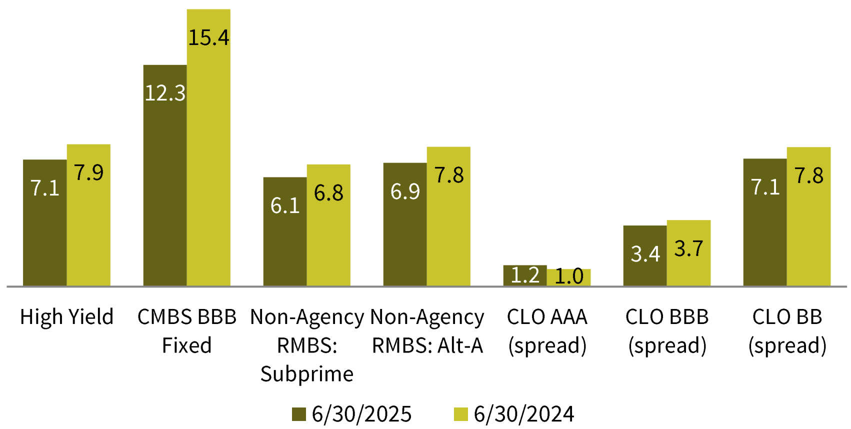
Facts & Figures Second Quarter 2025

Structured credit markets have held up well in 2025 despite concerns over tariffs and slowing economic growth. Underlying corporate and real estate fundamentals have shown some impacts from softer growth but structural protections for investors within the bonds have helped protect against losses.

- Most structured credit indexes posted positive returns in 2Q. Examples included US CMBS BBB-rated bonds (2.1%) and BB-rated CLO debt (3.6%).
- CMBS bonds have bounced back as fundamentals in sectors such as industrial, multi-family, and retail have been resilient. The flipside is that some loans in CMBS may prove difficult to refinance in a risk-off environment, and valuations for some of the underlying collateral types like office remain in flux.
- Economic uncertainty is rising as the US attempts to negotiate new tariff and trade packages with rivals. Economists have trimmed growth forecasts, and some companies will likely see margins and earnings deteriorate. Corporate bond and loan default rates are already on the rise when liability management exercises are included, though this has yet to impact assets like lower-rated CLO debt.
- Spreads on some types of CLO liabilities have moved slightly wider in 2025, while others have tightened. Still, CLO liability spreads remain above those on comparably rated corporate debt. As example, the discount margin on CLO BBB bonds ended June at 339 bps, while the OAS on BBB-rated corporate bonds was 103 bps. The overcollateralization in the CLO structure has historically led to lower default rates on CLO bonds than similarly rated corporate securities.
- Some structured credit assets are less liquid than corporate equivalents and often require specialized systems to analyze. Many also have indefinite maturities given amortizing loan pools. The result is a spread premium to similarly rated corporate debt.
- Investors can access structured credit through several vehicles and mandates, including mutual funds, hedge funds, and closed-end funds.

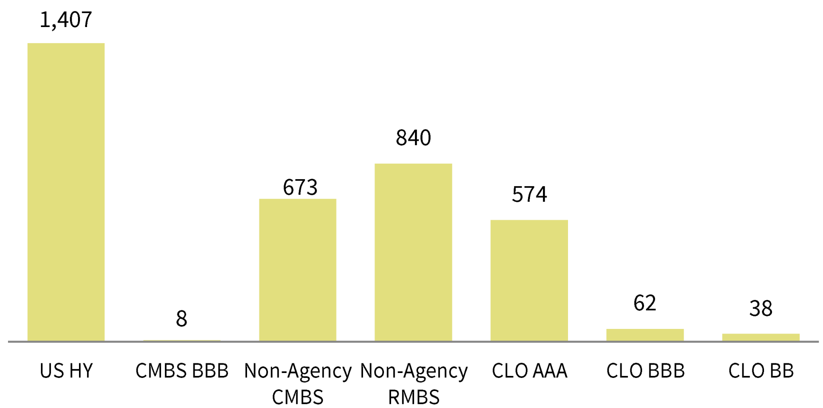
YIELD: SELECT STRUCTURED CREDITS

Percent (%)



MARKET CAP: SELECT STRUCTURED CREDITS

As of June 30, 2025 • US$B



Sources: Bloomberg Index Services Limited, ICE BofA Merrill Lynch, J.P. Morgan Securities, Inc., Securities Industry and Financial Markets Association(SIFMA), and Thomson Reuters Datastream.

Notes: CLOs yield data are represented by discount margins. Non-Agency CMBS and Non-Agency RMBS market-cap data are as of December 31, 2021.

US High-Yield Bonds

Facts & Figures Second Quarter 2025

US high-yield bonds withstood elevated tariff and geopolitical uncertainty in 2Q and posted healthy returns. Spreads are close to being overvalued and could go higher if economic growth softens or tariffs disproportionately impact weaker borrowers.

- The Bloomberg High-Yield Index returned 3.5% in 2Q, outperforming benchmarks like US leveraged loans (2.3%). As for many risk assets, the quarterly return for HY bonds masks significant volatility, as an early April sell-off driven by fears around US tariffs was followed by gains in May and June as countries indicated a willingness to strike new trade deals.

- The yield on the high-yield index fell over 60 bps during the quarter to 7.06% driven by both a decline in underlying benchmark yields, as well as spread compression.

- The index OAS fell 57 bps in 2Q to 290 bps, which falls in the bottom decile of observed values. Investors have limited cushion if tariff wars reignite or if policy uncertainty causes fundamentals to weaken.

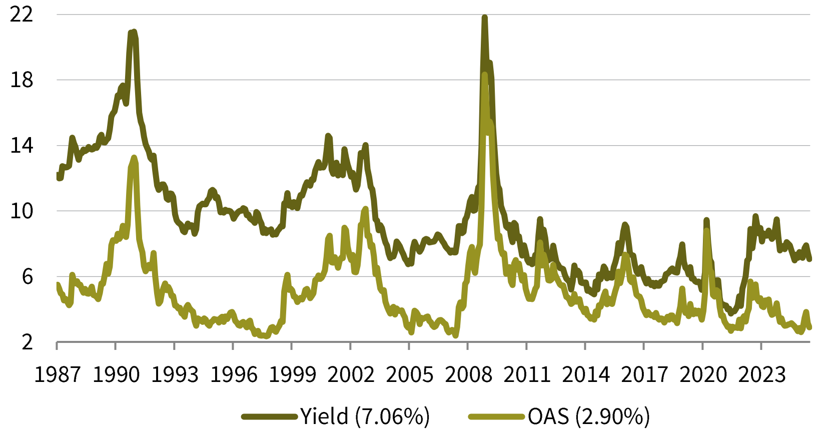
- Economists have downgraded 2025 US growth forecasts in recent months as tariff tensions escalated but still expect a moderate expansion. Current spreads are well below those seen during recent recessions or periods of increased volatility, such as COVID-19 (when spreads reached around 1100 bps) or the GFC (when spreads reached around 2000 bps).

- High-yield borrowers have grown earnings and handled the strain from higher rates in recent years. Moody's reported a speculative-grade default rate of 1.8% at the end of May, below its long-term median of 2.3%. Through the end of June, the distressed ratio had only risen slightly YTD and suggests the market is not expecting a further rise in defaults.

- Credit fundamentals have remained steady in recent quarters as most borrowers have been able to offset rising interest costs with stronger earnings. Bank of America reports interest coverage for HY borrowers was roughly stable at 4.2x at the end of 2Q, above its long-term median. Should US growth slow sharply or a recession ensue, these fundamentals are likely to soften.

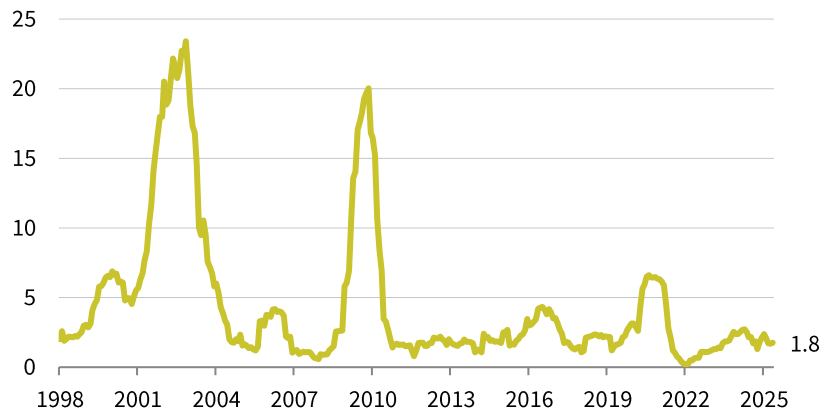
YIELD AND OPTION-ADJUSTED SPREAD: US HIGH-YIELD INDEX

Jan 31, 1987 – Jun 30, 2025 • Percent (%)



PAR DEFAULT RATES: US HIGH-YIELD

Jan 31, 1998 – May 31, 2025 • Percent (%)



Sources: Bloomberg Index Services Limited, Deutsche Bank Credit Strategy, and Moody's Investors Service.

Notes: Data prior to June 30, 2017, are represented by Moody's default rates as provided by the Deutsche Bank US Credit Strategy Chartbook. All default rate data on and after June 30, 2017, are sourced from the Moody's Investor Services Default Report.

Leveraged Loans

Facts & Figures Second Quarter 2025

US leveraged loans posted coupon-like returns in 2Q, weathering significant tariff-related volatility early in the quarter. Credit fundamentals are stable for most borrowers though underlying earnings growth has been weak, and elevated defaults reflect that not all firms have been able to handle the stress of higher rates.

- Overcoming a rocky April, leveraged loans returned 2.3% in 2Q and have now returned 3.0% YTD. Loans underperformed US high-yield (HY) bonds for the quarter as bonds again benefited from a decline in underlying Treasury yields.

- Discount margins for leveraged loans fell around 40 bps in 2Q to 459 bps and are now below their historical median. Margins initially moved higher on the back of tariff and policy-related uncertainty but then reversed course as scope for deals with various US trading partners appeared to arise. For now, economists are expecting moderate US economic growth in 2025, but current tariff schemes have generated concern around headwinds to corporate revenues and margins.

- A key wildcard for leveraged loans is what the Fed will do with benchmark rates given the expected stagflationary effects of tariffs. The Fed has been on hold in 2025, waiting for clarity around tariffs and inflationary pressures. One-month SOFR stands around 4.3% and the current yield on leveraged loans is over 8%. Expected Fed rate cuts could further lower this yield and thus potential returns.

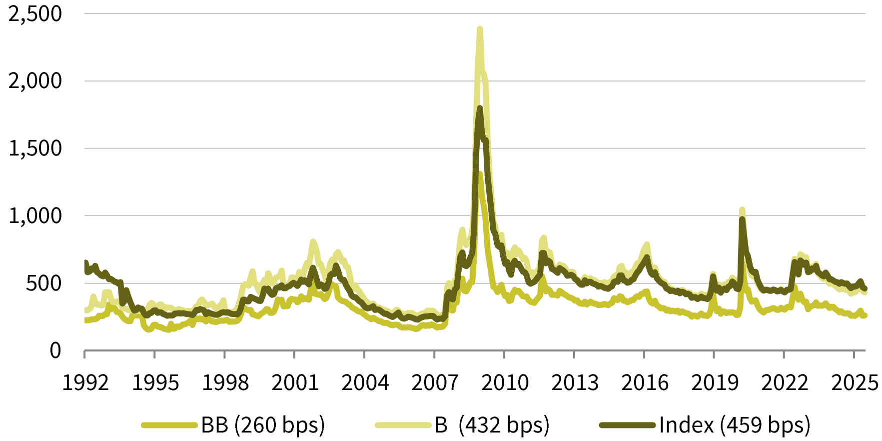
- Fundamentals for loan issuers are stable but are weaker than recent averages. According to Morgan Stanley, the median interest coverage ratio for loan issuers stood at 4.0x at the end of 2Q, roughly stable QOQ but down from 2023-2024 levels.

- J.P. Morgan reports the trailing default rate for leveraged loans was 3.8% at the end of 2Q when liability management exercises are included, above its 25-year average but down roughly 70 bps from January.

- The loan index has lower average credit quality than the HY index, explaining the higher default rate and leaving it more vulnerable to future downturns. According to LCD, just 30% of the S&P loan index has at least one BB rating.

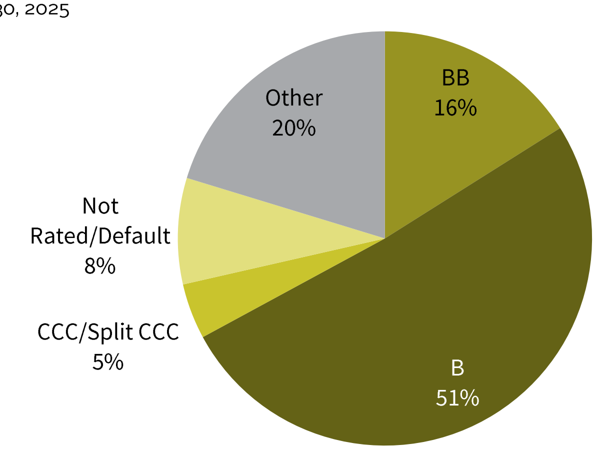
DISCOUNT MARGIN: CS LEVERAGED LOAN INDEX

Jan 31, 1992 – Jun 30, 2025 • Basis Points



RATINGS BREAKDOWN: CS LEVERAGED LOAN INDEX

As of June 30, 2025



Source: Credit Suisse.

Notes: Discount margin assumes a three-year life, assuming all loans are paid off at par with no defaults. Other category includes Split BBB, Split BB, and Split B. Not Rated/Default includes CC, C, and Not Rated/Default loans.

Pan-European High-Yield Bonds

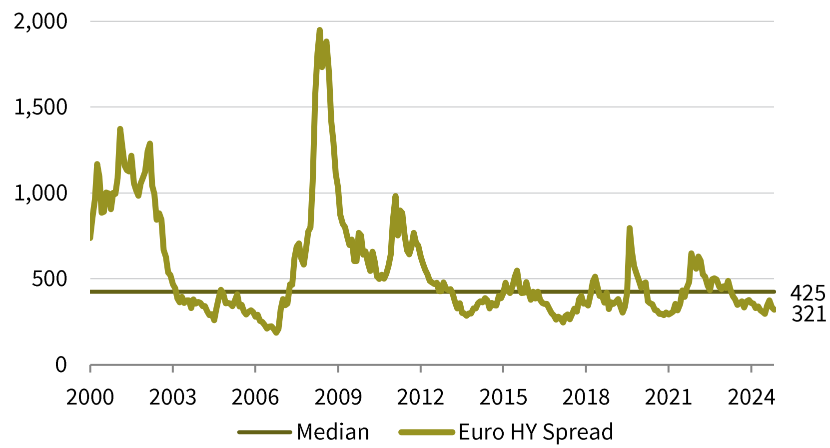
Facts & Figures Second Quarter 2025

European high-yield bonds delivered coupon-like returns in 2Q. Yields and spreads are similar to where they started 2025 despite elevated global trade tensions. Yields are above recent averages but do not offer sufficient cushion to investors if a slowdown or recession means defaults rise.

- The Bloomberg Pan-European High-Yield Index returned 1.7% in 2Q and has returned 2.3% YTD.
- Recent returns have been driven mainly by carry; the current index yield of 5.92% is only around 10 bps lower than where it started 2025.
- The index OAS of 321 bps is also close to where it began the year (318 bps). This metric falls in the bottom quartile of observed values and suggests European HY bonds are slightly expensive. The flipside is that European growth forecasts have held up better than in some other regions, boosted by expected stimulus in some countries like Germany.
- Declining inflation has allowed central banks in Europe to ease rates, which has helped underpin demand for higher-yielding fixed income assets. The ECB cut its key base rate by 25 bps in June to 2.0%, its eight consecutive rate cut since the middle of 2024.
- European HY credit metrics have deteriorated given the delayed impact of higher rates in recent years on interest burdens. Schroders reports that interest coverage for European HY borrowers stood at around 4x at the end of 1Q, like pre-Covid levels but well below levels seen in 2022–23.
- Defaults have risen modestly in recent quarters, mostly reflecting well-telegraphed struggles at some large issuers. According to Moody's, the trailing 12-month European HY default rate was 2.1% at the end of May, similar to levels seen three months ago.
- The European HY distress ratio has declined in recent quarters and stands below 5%, but an escalation of trade tensions which impacts corporate fundamentals could reverse this trend.
- Overall, European HY issuance has declined since elevated levels of 2020–21, which were driven by M & A, supporting prices. A resurgence of animal spirits and thus bond supply could test recent appetite.

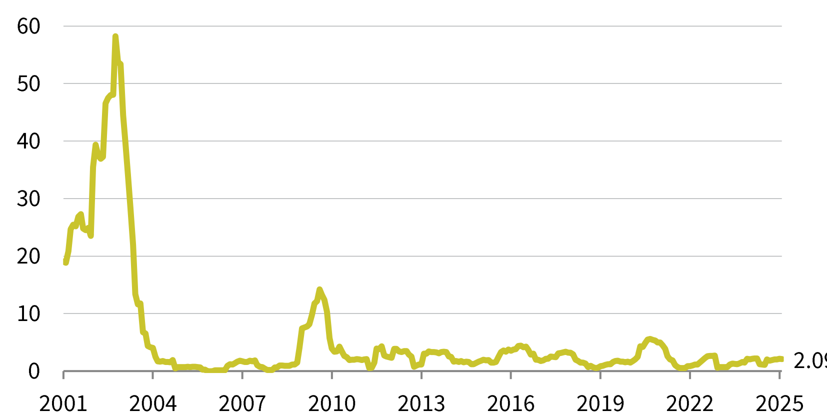
OPTION-ADJUSTED SPREAD: EUROPEAN HIGH YIELD

Aug 31, 2000 – Jun 30, 2025 • Basis points (bps)



PAR DEFAULT RATES: EUROPEAN HIGH YIELD

Apr 30, 2001 – May 31, 2025 • Percent (%)



Sources: Bloomberg Index Services Limited and Moody's Investor Services.

Notes: The European high-yield option-adjusted spread peaked in December 31, 2008, at 1,949 bps. The European high-yield default rate peaked on January 31, 2003, at 58.2%.

Distressed Investing: Non-Control

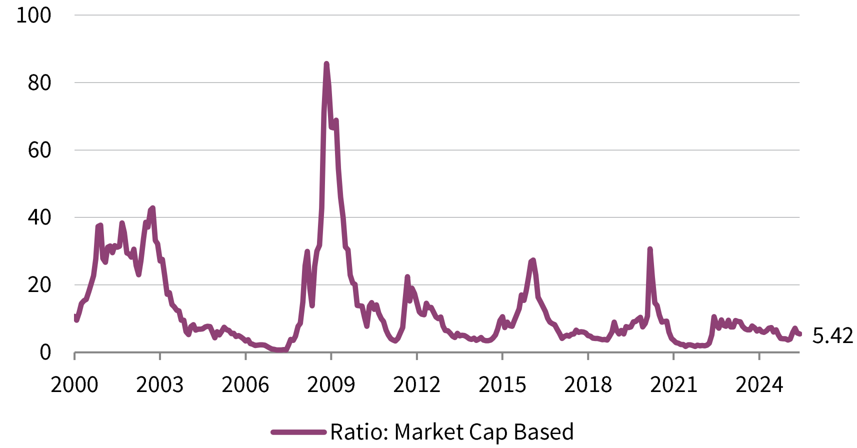
Facts & Figures Second Quarter 2025

Distressed hedge funds have generated consistent returns in recent quarters and outperformed most other hedge fund categories. Distressed ratios remain low, but credit markets have grown, and funds are finding opportunity amid discounted bond and loan prices as some companies struggle with elevated borrowing costs.

- The HFRI Event Driven: Distressed/Restructuring Index returned 2.5% in 2Q and 10.2% over the past 12 months. Distressed hedge funds have outperformed fund-of-funds and many other hedge fund categories over the past 12 months.
- Distressed funds have seen their opportunity set fluctuate over the past couple of years. Only 5% of the $1.4 trillion face value HY index trades with a spread above 1,000 bps. The flipside is that the combined US HY and leveraged loan market has more than doubled in size since the GFC, so the overall opportunity set is large. Higher base rates also mean the overall yields on distressed securities are higher, generating higher income for the funds unless/until a default occurs.
- Rising bond prices had been a headwind for buyers of discounted securities but the recent bout of tariff-related uncertainty has caused rising default risk to weigh on spreads and yields for weaker rated credits. The average OAS of CCC-rated bonds has risen from 558 bps last December to 677 bps at the end of 2Q.
- Stagnant earnings growth means the proportion of loan borrowers with weak interest coverage ratios (i.e., under 1.5x) has steadily risen over the past 12 months to around 13%, creating more opportunities.
- Some highly leveraged borrowers may have been expecting a reprieve as the Fed was expected to resume cutting interest rates over the course of 2025. However, and while the futures markets are still pricing in two cuts in 2025, the stagflationary implications of tariffs may challenge its dual mandate of stable employment and low inflation.
- There are a variety of ways to invest in distressed debt, including hedge funds and lock-up vehicles, which will do everything from trade existing securities to provide rescue finance for troubled companies. Skilled managers may find opportunities beyond traditional focus areas, including structured credit and property-backed credit.

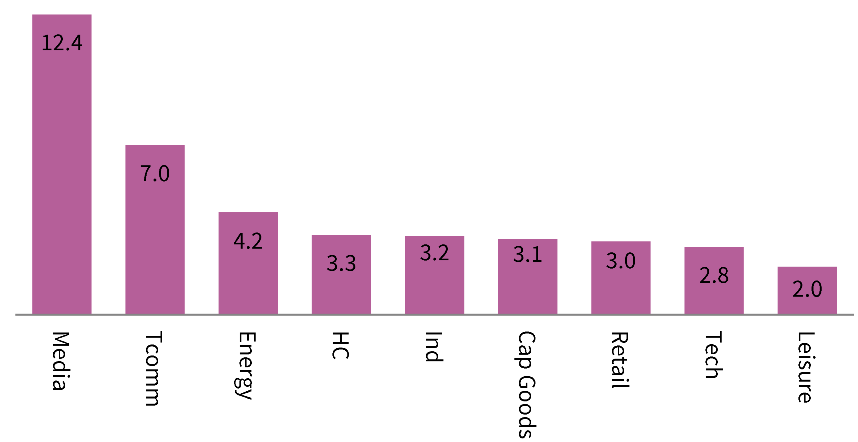
DISTRESSED RATIO: BOFA ML HIGH YIELD MASTER II INDEX

Jan 31, 2000 – Jun 30, 2025 • Percent (%)



MARKET VALUE OF DISTRESSED PAPER FOR SELECT INDUSTRIES

As of June 30, 2025 • US$B



Source: ICE BofA Merrill Lynch.

Notes: Bottom chart represents the ICE BofA Merrill Lynch US High Yield Index universe. Distressed bonds are defined as bonds with option-adjusted spreads greater than 1,000 basis points. Only industries with a market value equal or greater than $2 billion are shown.

USD-Denominated Emerging Markets Debt

Facts & Figures Second Quarter 2025

EM debt gained in 2Q, bringing TTM performance for the (sovereign) JPM EMBI Global Diversified and (corporate) CEMBI Broad Diversified indexes to 7.8% and 10.0%, respectively. Performance in 2Q was supported by a decline in yields and spreads owing to growth concerns from US trade policy. US Treasury yields were largely unchanged on the quarter overall, contributing to the spread compression.

- Recent gains have built on strong returns in 2023 and 2024 for both the sovereign and corporate segments. Still, the sovereign and corporate indexes returned a lower 3.0% and 1.8% annualized, respectively, over the latest five-year period, after seeing heavy drawdowns in 2022 as inflation and interest rates spiked.

- EM debt yields have risen around 250 bps since 2021, pushed higher by the backup in Treasury yields, which rose as growth and inflation forced the Fed to hike its target rate by 500 bps. Sovereign and corporate yields declined 90 bps and 30 bps, respectively, in the TTM period.

- However, spread compression has been a key driver of return. Sovereign and corporate debt spreads tightened roughly 70 bps in 2024, with a meaningful portion of that occurring in 4Q. Sovereign spreads are flat YTD, whereas corporates widened roughly 20 bps.

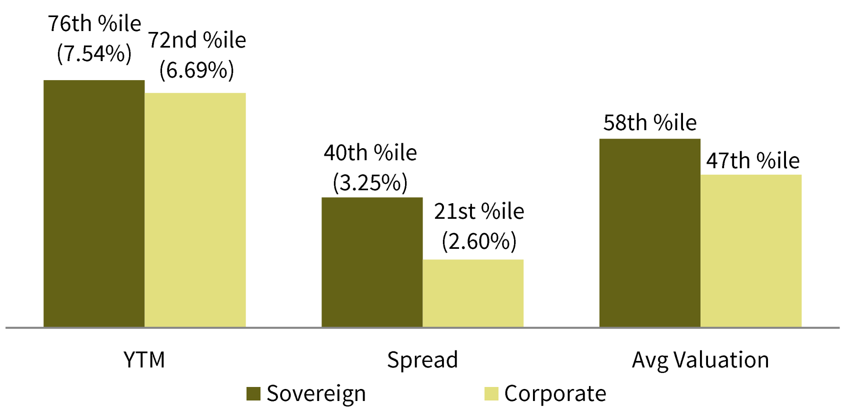
- Sovereign yields look elevated from a historical perspective, but investors should be aware that the asset class faces unique risk factors. For example, following Russia's invasion of Ukraine, EM index providers responded to the uninvestable nature of Russian assets by eliminating them from many indexes (from their prior 3% weight). In addition, debt from Ukraine and surrounding countries also plunged.

- Broader EM debt index stats disguise wide variation in underlying fiscal health across borrowers. For example, the main EM sovereign index includes several CCC/CC-rated borrowers (Argentina, Ukraine, Sri Lanka, etc.) whose optically cheap debt will only prove attractive if coupons and principal payments are repaid.

- About 50% of the sovereign index has an investment-grade rating, which is similar for corporates. The wide dispersion of fundamentals and possible political outcomes suggests an active management approach to these assets may generate more successful outcomes.

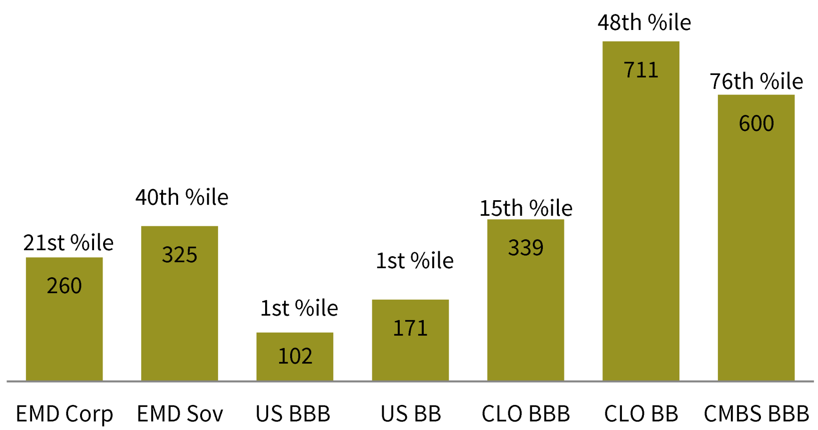
PERCENTILE RANK: USD EM DEBT

As of Jun 30, 2025 (Based on Post-2003 Data)



PERCENTILE RANK: OPTION-ADJUSTED SPREAD

As of Jun 30, 2025



Sources: Bloomberg Index Services Limited, J.P. Morgan Securities, Inc. and Thomson Reuters Datastream.

Notes: Composite Valuation Indicator is the average of YTM percentile and spread percentile. Asset classes represented by J.P. Morgan Emerging Market Bond Index (EMD Sov), J.P. Morgan Corporate Emerging Markets Bond Index (EMD Corp), Bloomberg US Corporate Investment Grade BBB Index (US BBB), Bloomberg US High Yield BB Index (US BB), J.P. Morgan CLOIE BBB Index (CLO BBB), J.P. Morgan CLOIE BB Index (CLO BB), and Bloomberg US CMBS Baa Index (CMBS BBB).

Local Currency Emerging Markets Debt

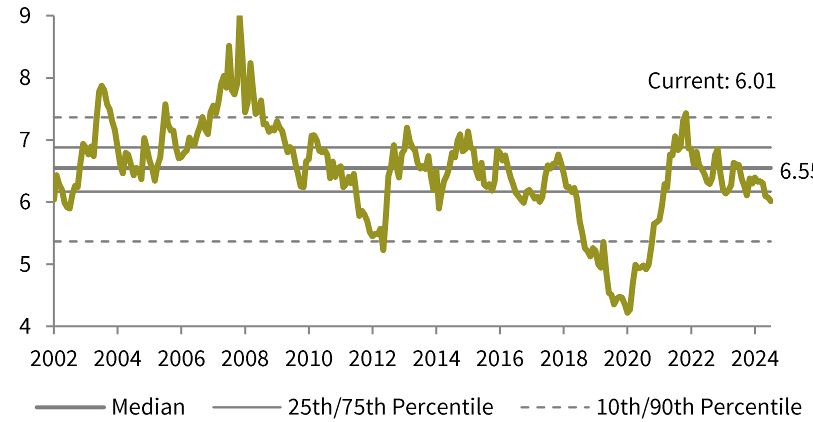
Facts & Figures Second Quarter 2025

Local currency EM debt returned 3.2% in LC terms in 2Q 2025. However, a continued sell-off in the US dollar saw USD returns delivering a more substantive 7.6% return in USD terms, bringing YTD returns to 12.3% in USD. Yields fell during the quarter, outpacing the yield declines in DM bond markets.

- EM local currency bonds have generally outperformed their DM equivalents this year as the impact of tariffs on these markets was expected to be disinflationary, in contrast to the expected short-run impact on the United States. At the same time, fears of a growth slowdown centered in the United States have grown in recent months, weighing on the dollar.
- EM currencies are highly sensitive to global growth prospects. In the post-COVID era, factors including impaired global supply chains, geopolitical risks, and fears of a policy-induced slowdown have variously impacted EM currencies. More recently, while US tariff policy could potentially eventuate a global slowdown, the relatively greater impact on US growth sentiment has more than offset these worries.
- EM-LC bond yields fell by 29 bps during the quarter. The yield now sits back at the 18th percentile of historical observations. The spread to the Global Agg narrowed further and stands back toward the low end of the historical range at 2.54 ppts. As a result, EM currencies are likely to remain the larger driver of returns for unhedged investors. The recent strengthening of EM currencies has seen their valuation slightly increase, with the REER of EM fixed income–weighted currencies sitting at the 21st percentile.
- On a medium-term outlook, EM currencies should be well placed to appreciate. Global growth will eventually improve more materially relative to the United States, helped by greater policy room to support it. Narrowing growth and interest rate differentials between the United States and its peers, and improved global economic sentiment, should all contribute to a decline in the dollar. Shorter-term headwinds could appear if broader trade wars result from the imposition of retaliatory tariff measures, causing a more global slowdown in growth. The level of dispersion between the underlying countries suggests there are opportunities for active managers with broad mandates to add value.

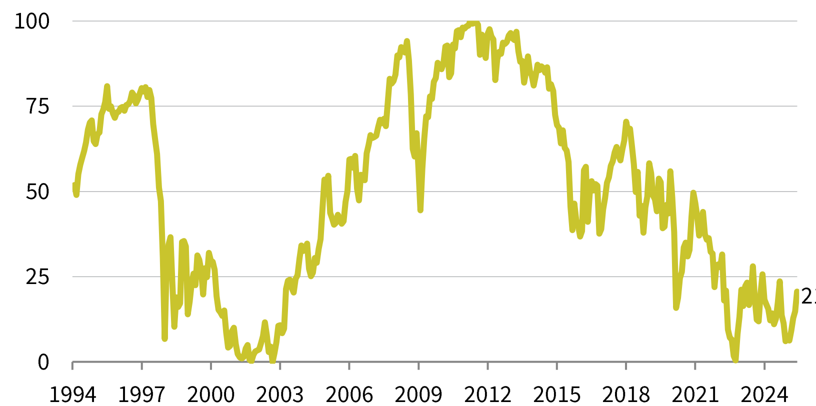
NOMINAL YIELD: JPM GBI-EM GLOBAL DIVERSIFIED INDEX

Dec 31, 2002 – Jun 30, 2025



FI-WEIGHTED EM REAL EXCHANGE RATE VS US: PERCENTILE

Jan 31, 1994 – Jun 30, 2025



Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan; INE - National Institute of Statistics, Chile; International Monetary Fund; J.P. Morgan Securities, Inc.; MSCI Inc.; National Bureau of Statistics of China; Thomson Reuters Datastream; and US Department of Labor - Bureau of Labor Statistics. MSCI data provided "as is" without any express or implied warranties.

PRIVATE EQUITY/VENTURE CAPITAL

CAMBRIDGE ASSOCIATES

US Private Equity

Facts & Figures Second Quarter 2025

US PE returned 8.1% in CY 2024, building on the 9.4% return in 2023. While performance has trailed broader public markets more recently, the US PE index still outperformed by a solid margin over longer-term periods. While fundraising and investment activity continued to moderate, policy uncertainty challenged exit activity in 2Q.

- US-based PE funds raised $357B in 2024, which slowed from an average of more than $400B of capital raised between 2021–23 ($1.2T cumulative). The slower fundraising trend has persisted in 2025, with $161B of capital raised YTD. Fundraising has become increasingly concentrated, with average fund sizes nearing $1B in 2025. Indeed, funds of $5B or more accounted for roughly half of capital raised over the past four years. More than a dozen remained open as of 2Q-end, suggesting this trend may continue. US PE secured more than 60% of global capital raised YTD, which is roughly in line with the average share in the five-year period ended 2024 (61%).

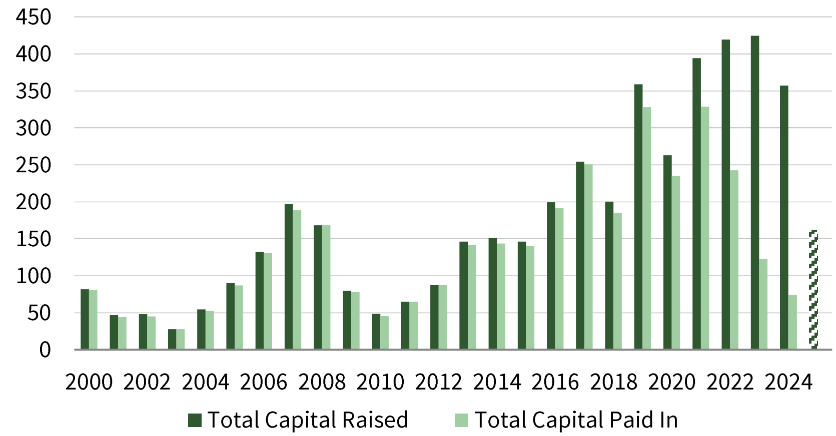
- Capital invested in US buyout and growth equity deals was $440B in 2024 and $204B YTD in 2025, compared to average capital invested of $530B between 2021–23. Amid tighter credit conditions, add-on and growth equity transactions have accounted for a greater share of deal activity, and carveouts have also rebounded. IT companies attracted around one-quarter of investment in 2024, in-line with recent averages. Healthcare's share stood at just over 10%.

- According to PitchBook LCD data, purchase price multiples for large buyout transactions increased to 11.5x in 2025. Looking at EV/Revenue multiples, valuations were roughly halved in 2023 relative to their peaks in 2021–22 (1.7x vs 3.0x) but have risen to 2.2x as of 2Q. Leverage levels have stabilized at just more than 5x in 2025 after falling to multi-year lows in 2023.

- Total US PE-backed exit value recovered in 2024 at $384B, according to PitchBook, and has already reached $340B YTD (albeit driven by only a few large deals). Excluding the exceptional 2021, recent exit values were exceeded only by 2018 and 2020. M&A accounted for the lion's share of all exit value in 2024, which is the typical exit route for US PE. Still, PitchBook has noted that exit activity by count faltered in 2Q, while the ratio of exits-to-entry deals has been historically low, recently falling to 0.34x, versus ~0.55x roughly ten years ago.

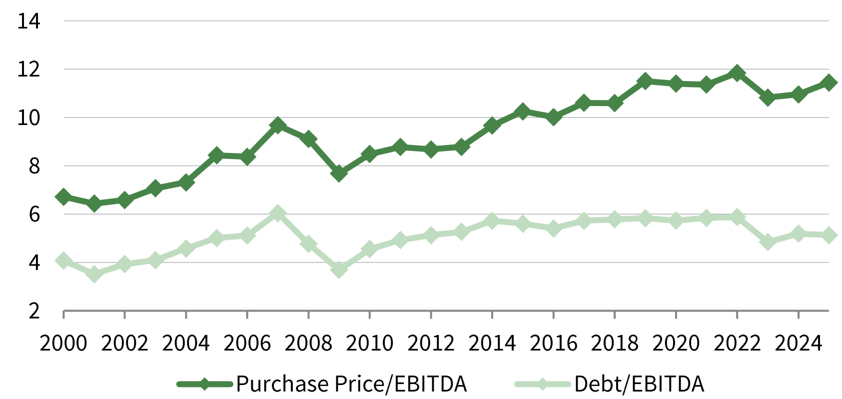
FUNDRAISING AND PAID-IN CAPITAL: US PE

Vintage Years 2000–25 (Jun 30) • US$B



AVERAGE PURCHASE PRICE AND DEBT MULTIPLES: US PE

2000–25 (May 31)



Sources: Cambridge Associates LLC and PitchBook.

Note: Historical fundraising and paid-in capital data revise. 2024 Paid-in capital data are through December 31.

US Venture Capital

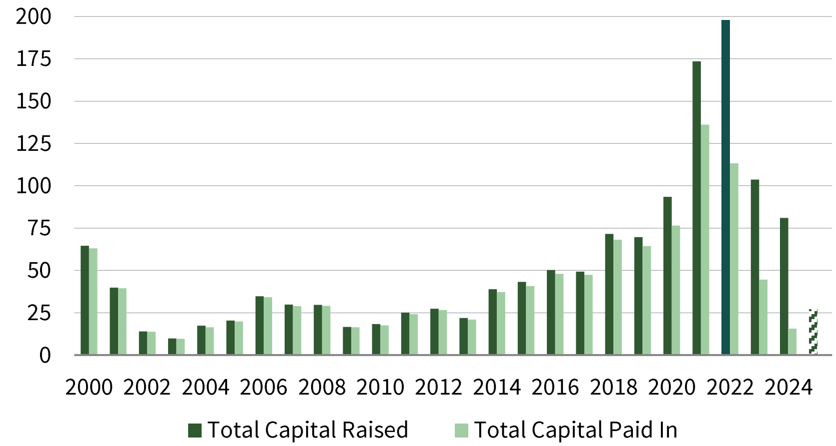
Facts & Figures Second Quarter 2025

US VC returns turned positive in 2024 (6.2%), following declines in 2022 and 2023. Recent returns lagged public markets, but US VC outperformed most broader indexes over longer time horizons. US VC valuations have rebounded in 2024 and 2025, but fundraising has continued to slow amid liquidity challenges. Although entry and exit activity has picked up, the latter remains below pre-COVID levels.

- US-based VC funds raised $81B in 2024 compared to $104B in 2023. Recent activity followed the exceptional 2021–22 period, when around $370B was raised. Fundraising continued slowing YTD with just $27B of capital raised, as limited liquidity over the past several years has weighed on activity. PitchBook noted that top-decile funds by size accounted for more than 71% of capital raised in 2024, while first-time funds had their weakest year in a decade. US funds attracted 52% of global VC capital raised YTD, slightly elevated compared to the prior five-year average (43%).
- US VC deal activity rebounded in 2024 with total deal value of $215B compared to $165B in 2023. YTD deal activity totaled $163B in value. This follows records of $359B and $235B in 2021 and 2022, respectively. Recent investment activity has exceeded the pre-COVID era, where deal values averaged $115B between 2015–19. 75% of deal activity was concentrated in the IT and healthcare sectors YTD tracking ahead of their trailing five-year average share (~68%). Late-stage VC deals accounted for among their largest shares of total deal activity in the past decade.
- US VC valuations dropped almost across the board in 2023 but increased in 2024 and 2025. The declines were most acute for series C and D+ deals, which fell 44% and 52% in 2023, respectively. This US VC reset was short-lived, however, as valuations have risen sharply, with seed through series C deals reaching new highs in 2025.
- Exit activity rose in 2024, with $151B of exit value matching 2022 and exceeding 2023 ($117B). Exits in 2024 were bolstered by several successful IPOs, but exit pace is down from the extraordinary activity in 2021 ($862B) and pre-COVID levels, which averaged $170B per year from 2015–19. Exits picked up in 2025, totaling $120B YTD, driven by a handful of large IPOs. Exits via M&A came in at more than $100B in 2024, which was roughly in line with their typical share of exit value.

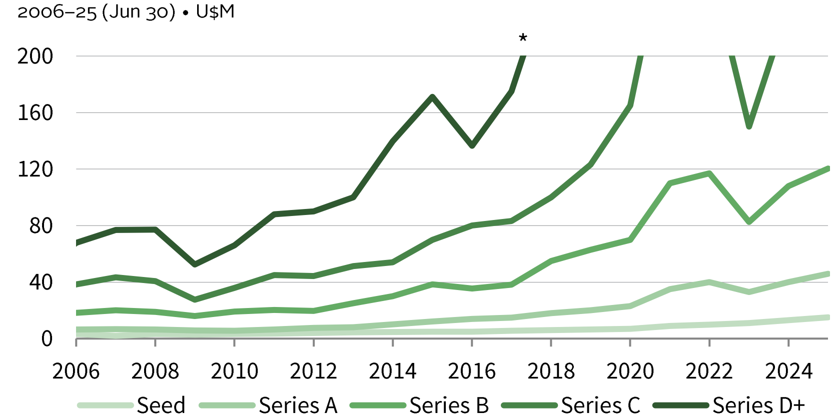
FUNDRAISING AND PAID-IN CAPITAL: US VC

Vintage Years 2000–25 (Jun 30) • US$B



MEDIAN PRE-MONEY VALUATIONS BY SERIES: US VC

2006–25 (Jun 30) • US$M



* Y-axis capped for scale purposes. Latest value for Series D+ is 650.

Sources: Cambridge Associates LLC and PitchBook.

Note: Historical data revise. 2024 Paid-in capital data are through December 31.

European Private Equity

Facts & Figures Second Quarter 2025

European PE posted positive returns in 2024 (3.0% in USD, 9.8% in EUR), building on 2023 performance (9.8% in USD, 6.1% in EUR). While returns have underperformed public markets recently, European PE has outperformed over longer time periods historically. Fundraising activity set a record in 2024, while deal and exit activity have increased to levels exceeding pre-COVID averages.

- Fundraising by Europe-based PE funds set a record in 2024 at €152B , surpassing 2023's high of €133B. Fundraising totaled €65B YTD, driven by strong middle-market activity. Still, recent fundraising has been concentrated in fewer funds, with median and average fund size both increasing to near records of roughly €350M and more than €900M, respectively. With the higher fundraising volumes, European funds have attracted just under 30% of global PE capital raised in 2024 and 2025 YTD, tracking ahead of their share in the five years ended 2023 (~21%).

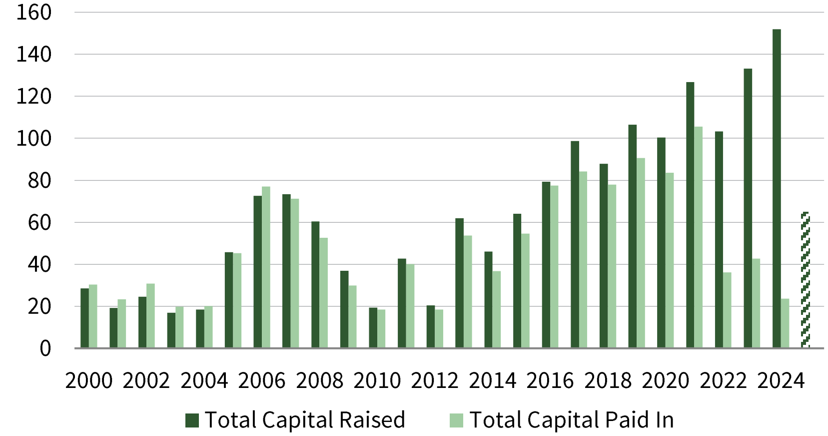
- Investment activity directed at European-based companies increased in 2024, reaching total deal value of €540B. This exceeded 2023 (€437B) and was on pace with the roughly €600B in both 2021 and 2022. Activity has settled at levels well ahead of pre-COVID averages (€360B per year between 2015–19) and was on pace to do so again in 2025 with €222B of deal value YTD despite concerns over US tariff policy. Among sectors, IT achieved among its highest share of overall deal value in the past decade in 2024 at nearly 25%.

- According to PitchBook LCD, purchase price multiples (PPMs) are on track to decline for a fifth straight year in 2025 to 8.8x EBITDA. PPMs are now below their trailing ten-year average and back to 2013 levels. Leverage multiples also turned lower in 2024 at 4.6x, while equity contributions of around 47% are in-line with their average over the past decade.

- Total exit value held steady at €272B in 2024, remaining higher than pre-COVID averages (€225B per year between 2015–19). YTD exit activity of €112B was tracking slightly below recent trends. Still, median holding periods for European PE-backed companies has continued to increase and the exit/investment ratios have fallen to a new lows. Corporate acquisitions and secondary buyouts continue to account for the majority of exit value, which is the usual exit route for European PE.

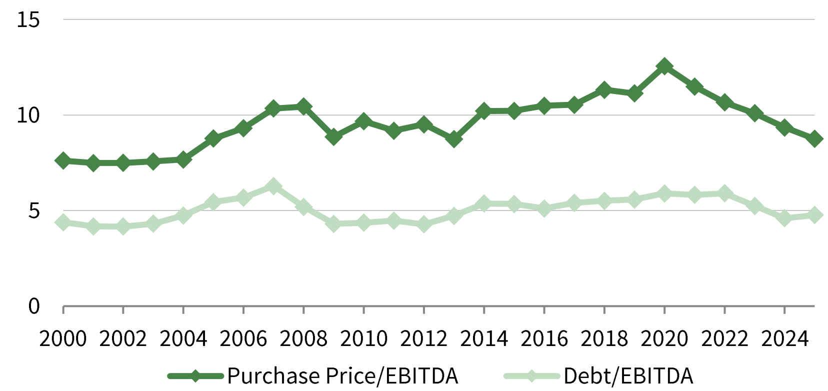
FUNDRAISING AND PAID-IN CAPITAL: EUROPEAN PE

Vintage Years 2000–25 (Jun 30) • Euro (Billions)



AVERAGE PURCHASE PRICE AND DEBT MULTIPLES: EUROPEAN PE

2000–25 (May 31)



Sources: Cambridge Associates LLC and PitchBook.

Note: Historical fundraising and paid-in capital data revise. 2024 Paid-in capital data are through December 31.

European Venture Capital

Facts & Figures Second Quarter 2025

European VC returns turned positive in CY 2024 (5.7% in USD, 12.7% in EUR), following declines in 2022 and 2023. While returns lagged public markets, European VC has generally outperformed over longer time periods historically. European VC valuations did not decline as much as they did in the US and reached new highs in 2024 and 2025 as deal activity normalized. Fundraising has continued to slow, in line with global trends.

- Europe-based VC funds raised €21B of fresh capital in 2024, matching 2023. However, only €5B of capital was raised YTD. From 2020–22, VC funds in Europe raised €30B per year, on average. Larger fund sizes have bolstered activity with the average and median fund size of $127M and €67M, respectively, setting a new highs in 2024, although this has cooled YTD. Among all VC funds globally, European managers secured 12% of capital raised in 2024 and 9% YTD, in-line with recent averages.

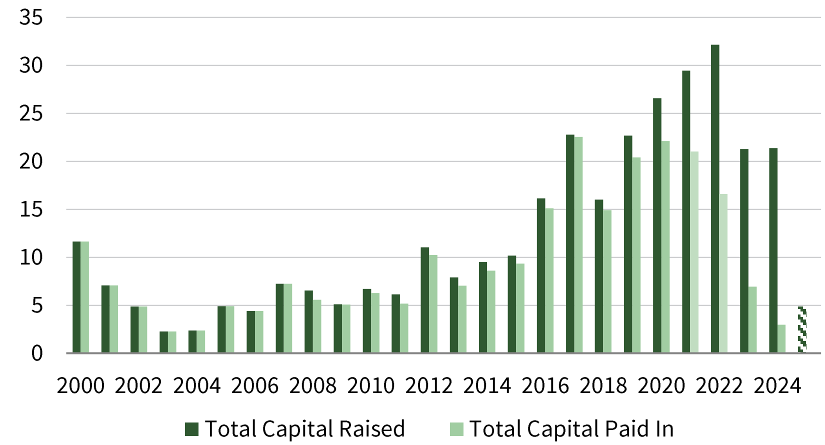
- Deal activity directed at Europe-based VC companies came in at €62B in 2024, in-line with 2023 (€63B), and €29B YTD in 2025. This follows an average of more than €100B in the prior two years but was still well ahead of pre-COVID norms (€28B on average from 2015–19). According to PitchBook, late-stage venture saw the largest slowdown in 2023, whereas seed deals slowed the most in 2024. IT accounted for nearly 40% of deal flow in 2024, in line with recent averages.

- Valuations decreased in 2023, although the decline was modest compared to the US. In fact, later-stage valuations held steady in 2023, whereas later funding rounds in the US were among the hardest hit. Valuations have recovered to new highs in 2024 and 2025, save for a leveling off of early-stage deals. Seed and later-stage rounds have increased around 25% compared to 2023 levels.

- Exit activity picked up in 2024, with €61B of exit value generated, increasing from €45B in 2023. Based on 1H activity, 2025 was on track with the prior year, with €27B of exit value generated YTD. Exit activity in 2024 was almost double pre-COVID levels, after surging to €170B in 2021. IPO activity has been volatile in recent years having moderated from exceptional levels in 2021 (€108B). Still, IPOs made a significant contribution to overall exits in 2024, accounting for 20%. The split between IPO and M&A exits can fluctuate widely in a given year for European VC.

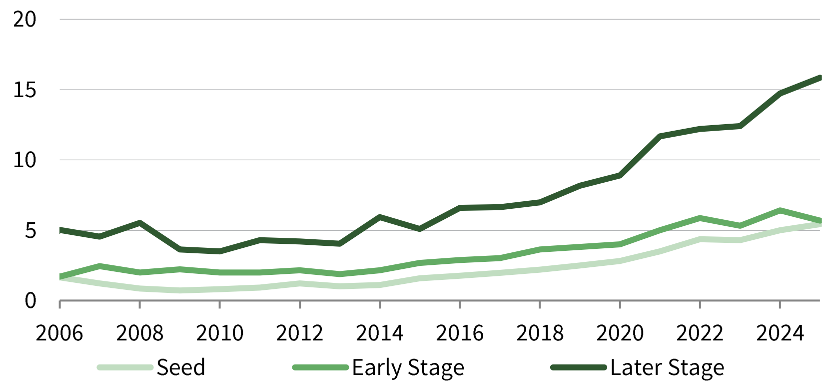
FUNDRAISING AND PAID-IN CAPITAL: EUROPEAN VC

Vintage Years 2000–25 (Jun 30) • Euro (Billions)



MEDIAN PRE-MONEY VALUATIONS BY STAGE: EUROPEAN VC

2006–25 (Jun 30) • Euro (Millions)



Sources: Cambridge Associates LLC and PitchBook.

Notes: Valuations are shown by stage (as defined by PitchBook) rather than by series due to small sample sizes. Historical fundraising and paid-in capital data revise. Paid-in capital data for 2024 are through December 31.

Asian Private Equity

Facts & Figures Second Quarter 2025

Asian PE returned 1.9% in USD terms in 2024 after gaining 4.4% in 2023. Despite underperforming public markets in recent quarters, Asian PE has outperformed by a wide margin over longer time periods historically. Activity across fundraising, entry deals, and exits has slowed in recent years, with signs of additional softness in 1Q amid an uncertain outlook due to US trade policy.

- Asian PE funds raised $105B of new capital in 2024, rebounding from the $43B raised in 2023. However, 2024 totals were bolstered by a Chinese government guidance fund, which accounted for roughly half the capital raised. Only $16B worth of funds have closed YTD, likely due in part to uncertainty over US trade policy. In the five years prior to 2023, annual fundraising by Asian PE funds averaged around $90B per year. Recent fundraising has been driven by larger funds, with median fund size climbing to a record. Asian PE funds secured 16% of global capital raised in 2024, matching the average of 16% during the prior decade, but only 7% YTD.

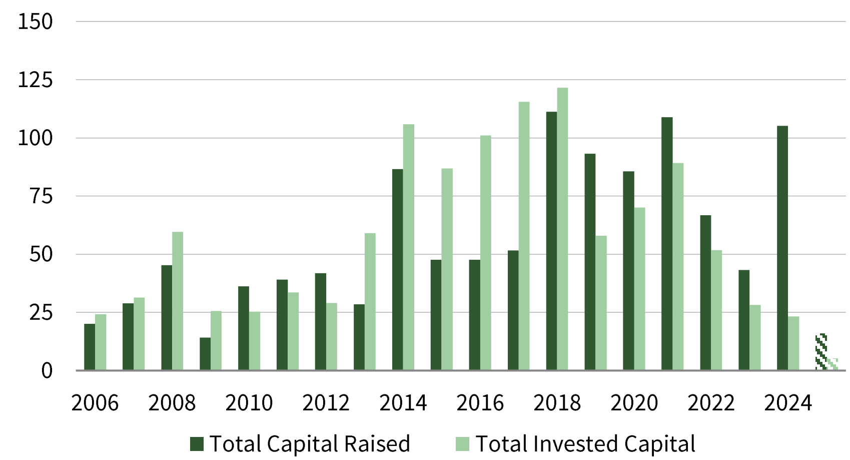
- Asia-based businesses attracted $137B of capital in 2024, compared to the prior three years when deal activity averaged around $150B. Capital invested was just $44B YTD. According to PitchBook, Australia-based companies received 29% of deal flow in 2024, followed by China (25%), India (14%), and Japan (11%). Japan, India, and South Korea have gained in terms of share of overall investment at the expense of other Asian countries over the past five years.

- Buyout strategies have historically been more prevalent than growth equity in Australia, Korea, and Japan, while the reverse has been true in China. Regardless of strategy, leverage has historically been modest or low, while valuations, especially in growth sectors, have been as high as those in other regions.

- Exit activity continued moderating in 2024, with exit value of $138B compared to the prior five-year average of around $160B, according to PitchBook. Exit value in the region totaled $51B YTD, suggesting signs of a further slowing. M&A activity has been the typical exit path for PE-backed companies in Asia.

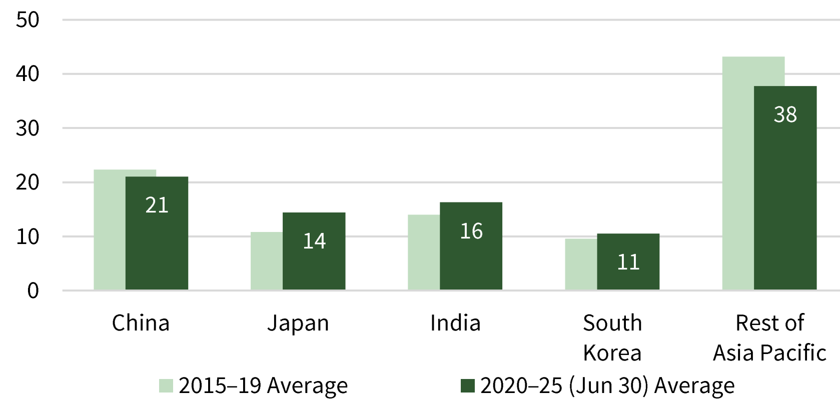
FUNDRAISING AND INVESTED CAPITAL: ASIA-PACIFIC PE

2006–25 (Jun 30) • US$B



PERCENT (%) OF INVESTED CAPITAL BY COUNTRY OF TARGET COMPANY

As of Jun 30, 2025



Source: PitchBook.

Note: Total Capital Raised does not include Softbank Vision funds. For the top chart, invested capital includes deals where the investor is an Asia-based PE fund. For the bottom chart, invested capital includes PE deals where the target company is headquartered in Asia; data may not sum to 100 due to rounding. Historical data revises.

Asian Venture Capital

Facts & Figures Second Quarter 2025

Asian VC returned -4.2% in USD terms in 2024, extending negative performance that started in 2H 2021. While VC in Asia has lagged public indexes in recent quarters, it has outperformed by a wide margin over longer periods historically. Broader activity in the region has continued to slow in early 2025 amid a shifting geopolitical landscape.

- Asian VC funds raised $85B in 2024, moderating from the $110B raised in 2023. Only $22B of fresh capital was raised YTD in 2025. Between 2016–22, Asian VC funds raised an average of nearly $140B per year. Average fund sizes have pushed higher over time, hitting a record at nearly $130M in 2025. Asia's share of global VC fundraising held steady in 2024 near 40%, which was roughly in-line with more recent averages, but dropped to 33% YTD in 2025.

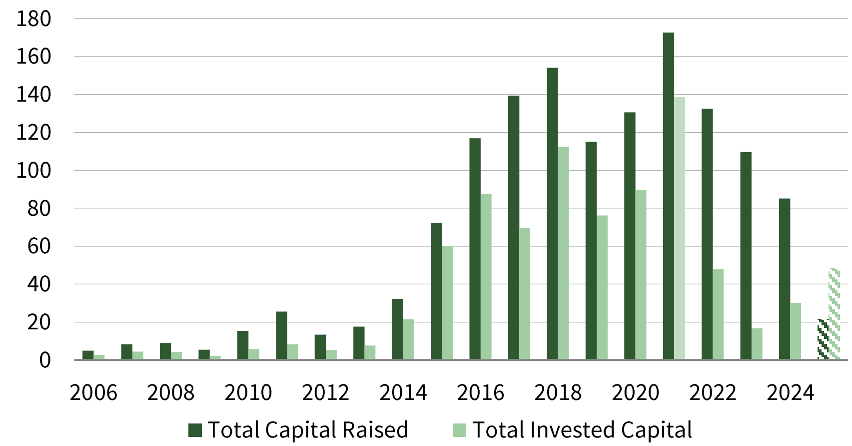
- Global investors closed deals totaling around $100B in Asia-based venture companies in 2024, the lowest investment total since 2017. In the prior five years, deal activity averaged roughly $150B per year. YTD deal value was just $36B in 2025. Asian VC managers invested just $17B in 2023 and $30B in 2024 but have increased activity to $50B YTD in 2025. Chinese companies received 50% of invested capital in 2024, followed by India, Singapore, and Japan. IT accounted for more one-third of deal activity.

- Median pre-money valuations have fallen since 2021 across later-stage VC deals but continued climbing at earlier rounds. Later-stage valuations, which are most impacted by public markets, contracted more than $30M from their 2021 peak to 2024, but have stabilized YTD. Consumer and IT valuations reached a new high in 2024, whereas health care valuations have rebounded but remain off their 2021 highs. These three sectors have historically dominated the Asia VC landscape.

- Exit activity slowed to around $150B in 2023, which was the slowest pace in four years. In 2024, activity slowed further to $97B and was less than $50B YTD in 2025. Although these exit values were down from the prior three-year average of around $270B, the exit environment looks healthy relative to pre-COVID levels. Additionally, VC-backed IPOs in Asia have held up better than their US and European counterparts, where public listings were mostly frozen over the past couple years. In fact, IPOs accounted for roughly 90% of exit value on average over the past five years.

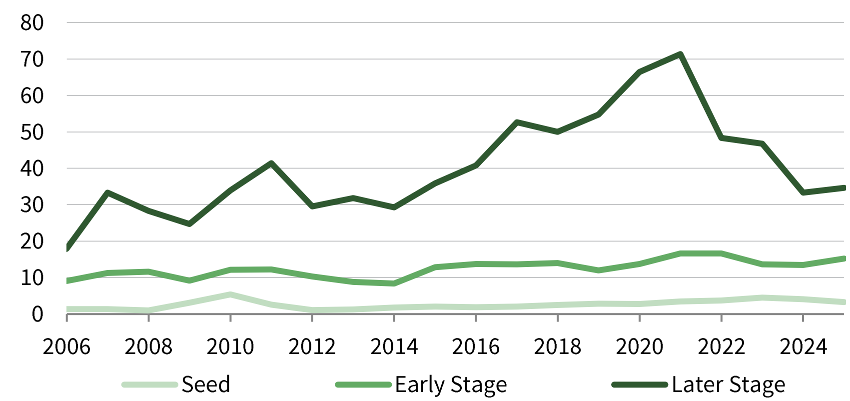
FUNDRAISING AND INVESTED CAPITAL: ASIA-PACIFIC VC

2006–25 (Jun 30) • U$B



MEDIAN PRE-MONEY VALUATIONS BY STAGE: ASIA-PACIFIC VC

2006–25 (Jun 30) • U$M



Source: PitchBook.

Notes: Total Capital Raised does not include Softbank Vision funds. Invested capital includes deals where the investor is an APAC-based VC fund. Valuations are shown by stage (as defined by PitchBook) rather than by series, due to small sample sizes. Historical data revises.

REAL ASSETS

CAMBRIDGE
ASSOCIATES

Developed Markets Property Securities

Facts & Figures Second Quarter 2025

DM property securities delivered a return of 4.7% in USD terms during 2Q. Year-to-date, DM property securities returned 6.7%, underperforming broader DM equities by 2.8 ppts. Among sectors, office led performance for the quarter with a return of 10.1%, while the industrial sector lagged, posting a decline of -2.3%. Year-to-date, all sectors have had positive returns with the office sector leading (6.8%) as markets outside the US are showing more robust signs of recovery.

- DM property securities trade at 14.6x normalized funds from operations, which is higher than 59% of historical data going back to 1990. Furthermore, property securities offer a yield spread of just 0.5% over government bonds, well below the long-term median of 1.7%. Spreads were unchanged over the quarter, as yields for both developed markets property securities and government bonds experienced slight declines.

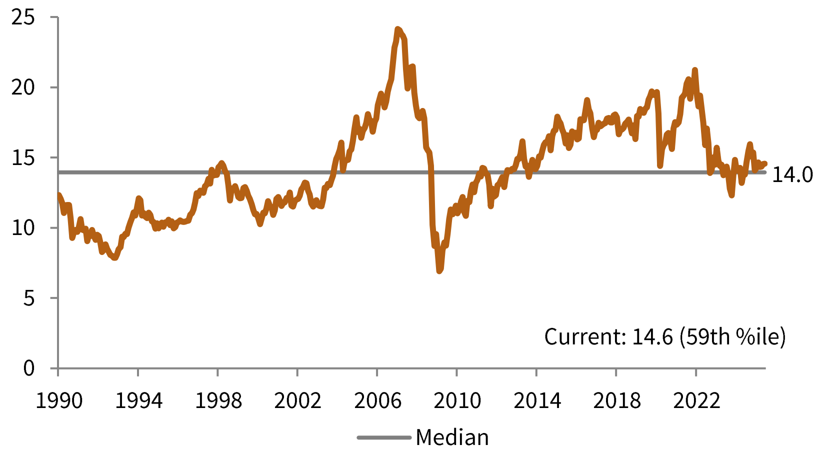
- The global economy is expected to grow 2.6% in 2025, according to analysts surveyed by Bloomberg in June. This is 40 bps lower than the forecast at the beginning of the year. DM forecasts have also been revised lower as policy uncertainty has weighed on growth outlooks. The US, UK, and Japan have all seen their 2025 growth forecasts lowered as the impact of potential tariffs has negatively weighed on estimates.

- A key concern for property investors is the pandemic's long-term impact on consumer and business preferences. For instance, while funds from operations of broad DM property securities have recovered from the pandemic, some sectors such as offices, hotels, and retail, remain below 2019 levels. Conversely, other sectors, such as industrials and residential, have fared better growing funds from operations.

- Real estate is a capital-intensive business, which uses debt to finance its growth to a greater degree than other sectors. Still, developed property securities' leverage has fallen since the GFC, with net debt as a percentage of total assets at 40% at the end of 2Q 2025 relative to the 46% at the beginning of 2009. The current level of leverage is below the average over the last two decades and reflects more discipline in capital markets.

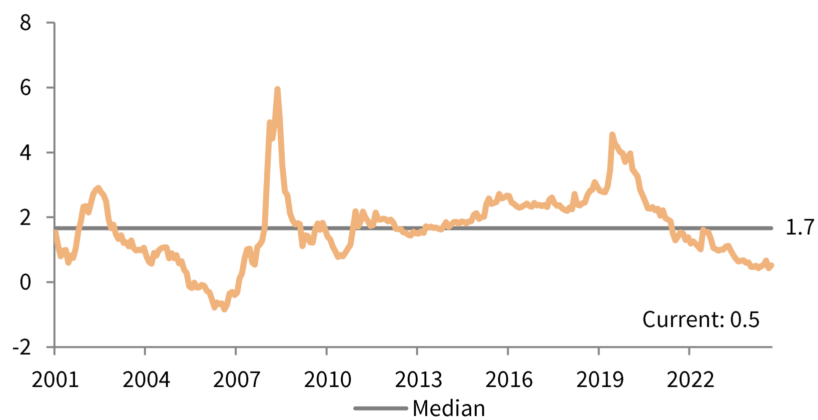
NORMALIZED PRICE-TO–FUNDS FROM OPERATIONS MULTIPLE

Jan 31, 1990 – Jun 30, 2025



SPREAD BETWEEN DY AND GLOBAL GOVT BONDS

Oct 31, 2001 – Jun 30, 2025



Sources: EPRA, FTSE International Limited, J.P. Morgan Securities, Inc., National Association of Real Estate Investment Trusts, and Thomson Reuters Datastream.

US Private Property

Facts & Figures Second Quarter 2025

US property sequentially declined and returned -2.1% annualized over the last three-year period at the asset level, according to NCREIF Property Index data as of 1Q. Returns have broadly weakened as tighter financial conditions, ongoing trend of working-from-home and supply/demand dynamics weighed on the sector.

- Considerable return dispersion among sectors remains, with hotels returning 8.5% annualized over the trailing three-year period ending 1Q, while office returned -9.8%. Industrials, which had meaningfully outperformed in aftermath of the pandemic, have seen returns soften sharply to 1.0%.

- Capitalization rates, or cap rates, have steadily fallen since the end of the GFC. While levels remain relatively low, cap rates are sharply higher than the 2022 low as tighter financial conditions weighed on the sector. Across sectors, cap rates are lowest within industrial (4.12%) and highest within office (6.06%).

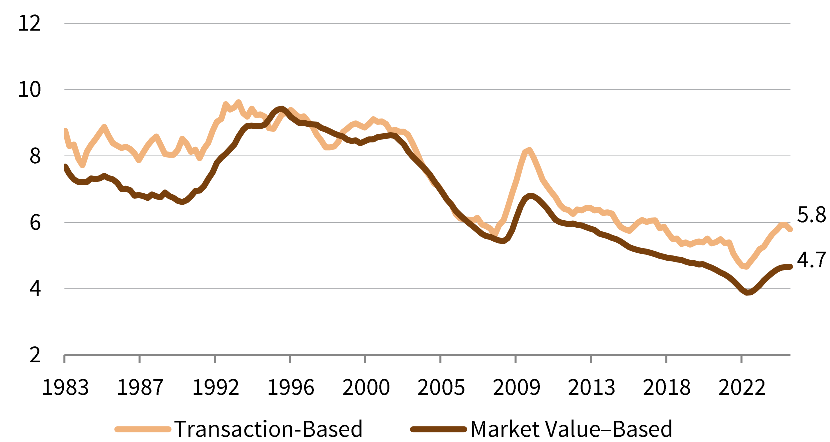
- NOI growth rate, at an aggregate level, has also trended down since 2022. First quarter NOI showed a tentative improvement to 1.9%, although this remains below the trailing ten-year median of 4.6%. All sectors, except for office, saw an improvement in growth rates in 1Q, with industrials posting the highest rate at 6.48%. Office NOI worsened to -7.52% in the quarter.

- Most major central banks have begun monetary easing as inflation has moderated. However, tariffs have weighed on forecasts for US inflation and economic growth, muddying the outlook of the future path of US policy rates. Real GDP expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Forecasts for the US were revised 40 bps lower QOQ to 1.5%, albeit this still leads other developed markets in terms of growth expectations.

- New commercial real estate construction has been on an upward trend in recent years, but activity is starting to soften. YOY total non-residential construction ending in May declined 1.1% from the same period in 2024.

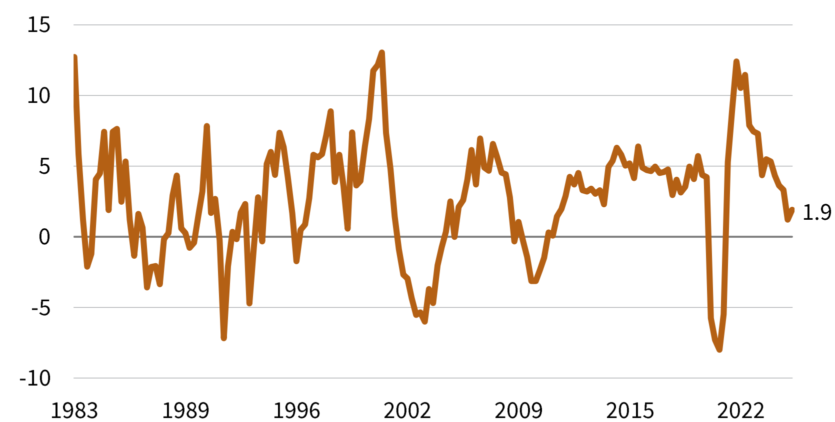
ALL PROPERTY CAP RATES

Second Quarter 1983 – First Quarter 2025 • Percent (%)



FOUR-QUARTER ROLLING NOI GROWTH

First Quarter 1983 – First Quarter 2025 • Percent (%)



Source: National Council of Real Estate Investment Fiduciaries.

UK Private Property

Facts & Figures Second Quarter 2025

UK private property declined by 2.7%% on an annualized basis over the last three-year period at the asset level, according to the unlevered MSCI UK Quarterly Property Index as of 1Q in GBP terms. Lower returns highlight the impact from tight monetary policy. Office lagged considerably, with trailing three-year returns at -7.0%, while retail outperformed, albeit gains were modest at 0.3%.

- After dipping to a low of 5.1% in mid-2022, yields across all UK investment properties increased to 7.1% as the BOE monetary policy remained restrictive. Although monetary easing has begun, it is still early in the cycle and moving slowly, amidst heightened trade uncertainty and domestic considerations. According to data from the UK government, seasonally adjusted YOY non-residential monthly transactions were 5% lower in May 2025 compared to the prior year, and 11% lower compared to three years ago. Vacancy rates have inched higher to 9.8% as affordability remains a concern.

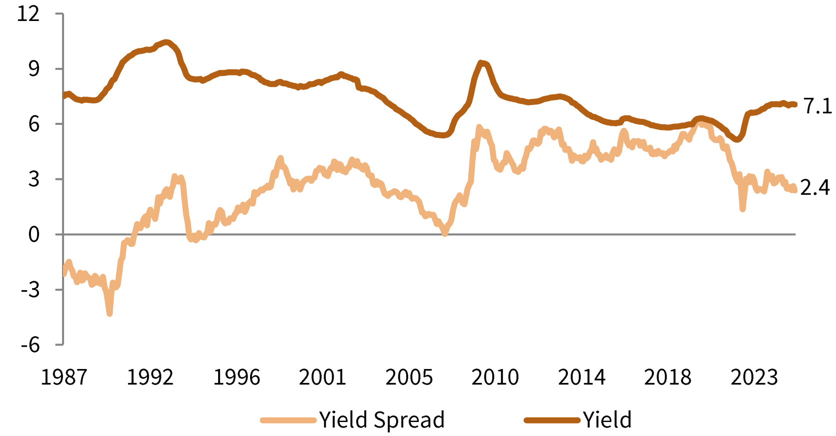
- Property yields can be sensitive to changes in government rates. As government rates have increased, property's yield spread has fallen to 2.4 ppts. The current spread is lower than the ten-year average (4.2 ppts), which suggests the asset class's attractiveness relative to gilts has declined.

- Most major central banks have begun monetary easing as inflation has moderated. However, US tariffs have weighed on forecasts for inflation and economic growth, muddying the outlook for policy rates. Real GDP expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Expectations are more modest for developed markets at 1.3%. In comparison, UK GDP is expected to grow 1.1% in 2025, slightly trailing broad developed markets, but in line with growth from 2024 levels (1.1%).

- As of 2023, the UK commercial real estate market is estimated to be roughly $937B, according to MSCI Real Estate—$56B higher YOY. It is the largest market in Europe and is followed by Germany's roughly $777B market (down $16B YOY). The UK commercial real estate market is composed primarily of retail, office, and industrial properties, with the industrial sector being the largest sector in the country.

ALL PROPERTY EQUIVALENT YIELDS AND SPREADS

Dec 31, 1987 – May 31, 2025 • Percent (%)



VACANCY RATE

Jan 31, 2000 – May 31, 2025 • Percent (%)

Sources: MSCI Real Estate and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: The MSCI Real Estate index measures returns to direct investment in commercial property. Initial yield is current net income divided by gross capital value.

Europe ex UK Private Property

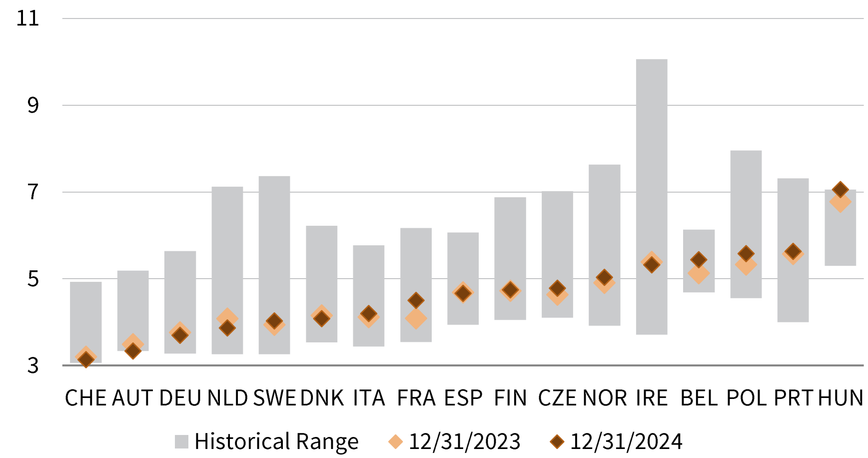
Facts & Figures Second Quarter 2025

Europe ex UK property recorded an annualized return of -7.0% at the asset level over the past three years, based on unlevered MSCI Global Property Fund Index data as of 4Q 2024 in LC terms. Sector performance was also negative across the board; retail properties returned -1.2%, while residential, industrial, and office sectors saw even steeper declines of -3.2%, -8.4%, and -8.1%, respectively.

- Property yields across most of Europe have steadily decreased over the last decade. Top markets, such as Germany and France, have property yields near the lowest level for which data are available, according to MSCI Real Estate.
- Most major central banks have begun monetary easing as inflation moderated. However, US tariffs have weighed on forecasts for inflation and economic growth, muddying the outlook for policy rates. Real GDP expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Expectations are more modest for developed markets at 1.3%. In comparison, Eurozone GDP is expected to grow at 1.0% in 2025, slightly trailing broad developed markets, but still reflecting an improvement in activity from 2024 levels (0.9%).
- European commercial real estate investment grew by 6% YOY in 1Q 2025, according to CBRE. Over the trailing 12 months, investment is up 25% from the prior period. All sectors posted strong double-digit growth over the TTM period except for healthcare (-15%). The top six countries in the region (Germany, France, Spain, Sweden, Italy, and Netherlands) also enjoyed strong growth.
- The top two largest commercial real estate investment markets across Europe, excluding the UK, are Germany and France. MSCI estimates the size of all commercial real estate in 2023 in those two markets to be roughly $777B and $617B, respectively. German market fell by $16B, while France grew by $7B. Offices make up a large portion of both Germany and France's commercial real estate markets. Indeed one-year rents in these countries have led and outpaced three-,five- and ten-year growth rates.

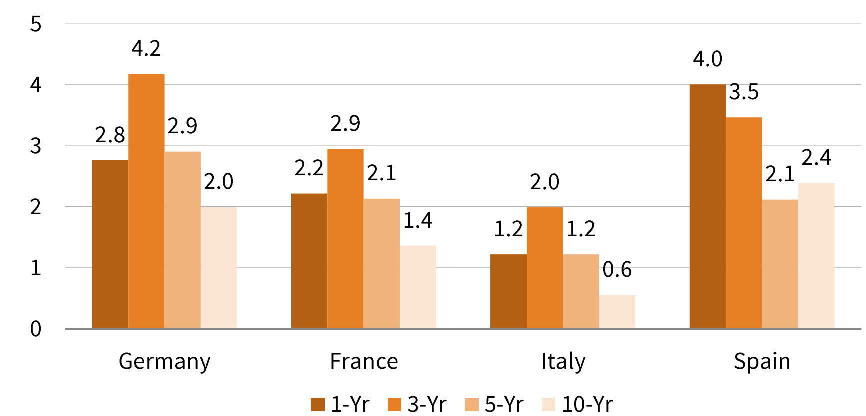
EUROPEAN PROPERTY NET OPERATING INCOME YIELDS

As of Dec 31, 2024 • Percent (%)



ANNUALIZED RENT GROWTH

As of Dec 31, 2024 • Percent (%)



Source: MSCI Real Estate. MSCI data provided "as is" without any express or implied warranties.

Asian Private Property

Facts & Figures Second Quarter 2025

Asian property returned 3.3% annually over the last three-year period at the asset level, according to MSCI Global Property Fund Index data as of 4Q 2024 in USD terms. At a sector level, retail delivered the best results, returning 4.2%, whereas industrials had one of the lowest returns of 2.8%, over the same period.

- Property yields in many markets have steadily decreased since the GFC. Within two top markets, Japan continues to see property yields at the lowest level for which data are available, according to MSCI real estate data. Yields in Australia, which had marched up since 2022, are starting to fall as the RBA pivoted to policy easing.

- Vacancy rates in Asia differ across countries and sectors but mostly held steady through the pandemic given the multi-year nature of many property leases. In some geographies with higher frequency data, higher office and retail vacancy rates have been observed, in part given substantial new supply.

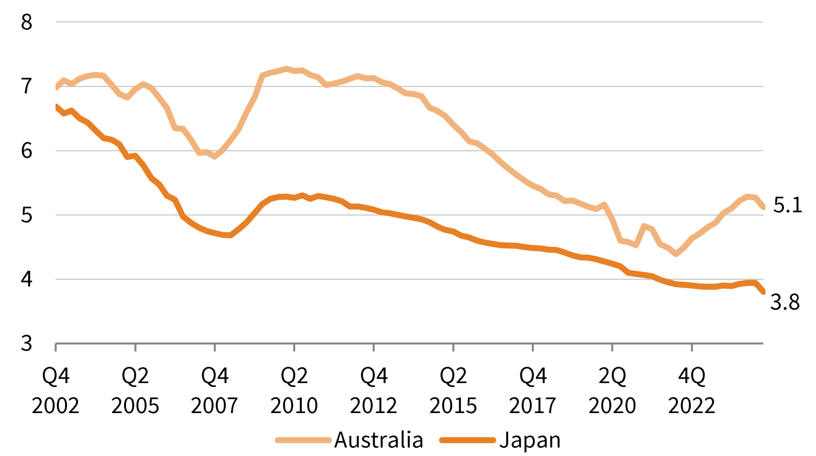
- Most major central banks have begun monetary easing as inflation as moderated. However, US tariffs have weighed on forecasts for inflation and economic growth, muddying the outlook for policy rates. Real GDP expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Across major economies, growth expectations are highest for Asia ex Japan at 4.4%, although this is weaker than the 5.3% growth seen in 2024. GDP growth forecasts for Australia and Japan are more modest at 1.7% and 0.8%, respectively, although activity in both countries are expected to improve from 2024.

- Asia-Pacific real estate investment volume in 1Q was relatively flat from their prior quarter (-1%). On a YOY basis, investment volume expanded 11%. First quarter volumes were driven by Japan and Korea, while activity in mainland China continued to weaken on a YOY basis. Office sector investment continued to outpace retail and industrial, both of which declined in 1Q.

- The primary locations for Asia Pacific property investments are China, Japan, Australia, South Korea, and Singapore. The focus as it relates to Asian properties (ex Australia) has been primarily from investors within Asia.

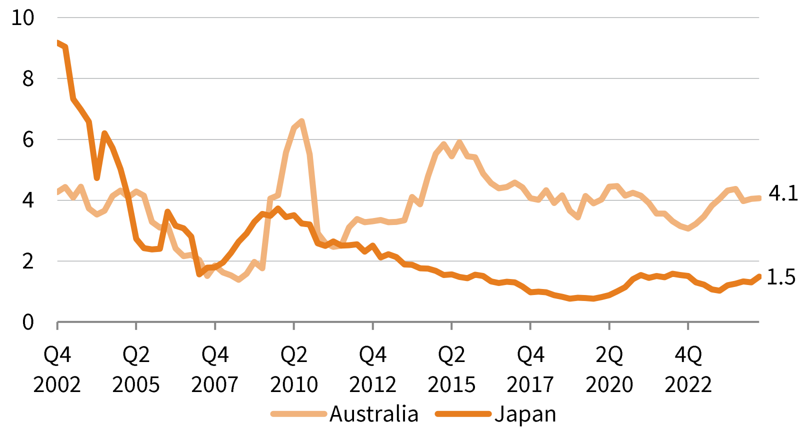
PROPERTY YIELDS

Fourth Quarter 2002 – First Quarter 2025 • Percent (%)



VACANCY RATES

Fourth Quarter 2002 – First Quarter 2025 • Percent (%)



Source: MSCI Real Estate. MSCI data provided "as is" without any express or implied warranties.

Note: Japan first quarter 2025 data are as of February 2025.

Private Infrastructure

Facts & Figures Second Quarter 2025

Private infrastructure returned 8.2% annualized over the last three-year period, according to the Cambridge Associates Infrastructure Index as of 4Q 2024. This index, which calculates horizon internal rates of return, net of fees, expenses, and carried interest, returned 10.2% annualized over the last ten-year period. The industry has benefited from stable demand, policy support, and increased interest among institutional investors.

- Infrastructure companies transacted at 12.5 times EBITDA over the prior 12-month period, which is almost at par with the industry's long-term average level. Broadly speaking, institutional investors have been increasingly attracted to brownfield infrastructure investments, as an effort to generate portfolio income and protect against inflation.

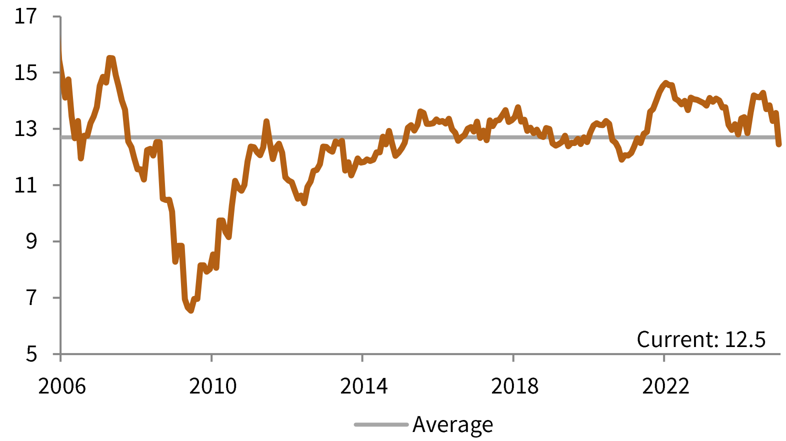
- Most major central banks have begun monetary easing as inflation has moderated. However, the threat of higher tariffs from new US trade policies weighed on forecasts for inflation and economic growth, muddying the outlook for policy rates. Real GDP expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Among major global economies, growth expectations for 2025 are highest for Asia ex Japan (4.4%). Expectations are modest for developed markets at 1.3%, led by the US at 1.5%, and contrasted by Japan at 0.8% on the low-end. 2025 global earnings growth were also revised 2.6 ppts lower in the quarter to 7.5%, below 2024 levels of 10.5%.

- Global infrastructure transaction values expanded more than 19% in 2024 from 2023 levels, although 2025 YTD annualized flows point to a modest slow down in activity. Data through 2Q shows global refinancing, greenfield, and brownfield deals accounted for 23%, 28%, and 48% of deal volume, respectively. Renewables and telecommunications were the top two sectors for investment, accounting for 28% and 22%, respectively, of deal volume.

- Direct investments by pension funds and sovereign wealth funds in infrastructure assets have increased in recent years. Direct investments can offer attractive return potential, given fees are generally lower, and they allow investors to build custom exposures.

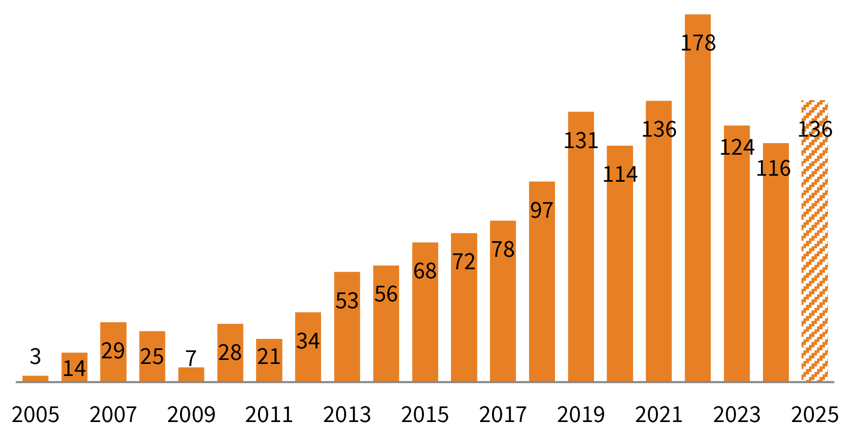
PRICES OF TRANSACTIONS (EV/EBITDA)

Jun 30, 2006 – Jun 30, 2025 • Rolling 12M Average



GLOBAL CAPITAL COMMITMENTS TO INFRASTRUCTURE PE FUNDS

2005–25 (Jun 30) • US$B



Sources: Dealogic and InfraDeals.

Notes: Data are monthly and represent the trailing 12-month average EV/EBITDA for all infrastructure transactions. Historical data revise.

Natural Resources Equities

Facts & Figures Second Quarter 2025

Natural resources equities declined 2.3% in 2Q according to the MSCI World Natural Resources Index in USD terms, reversing some of the strong gains seen in 1Q. Concerns of slowing global demand amid tariff-related uncertainty weighed on the outlook for oil and industrial metals producers in the quarter. Year-to-date, however, natural resources equities remain up 6.8%.

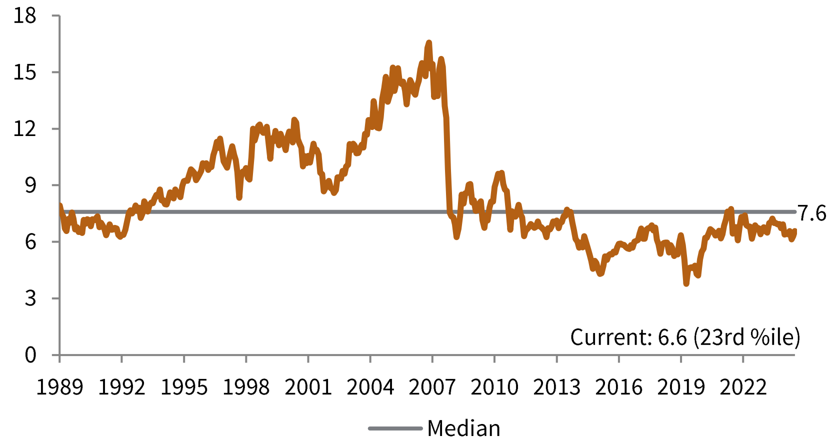
- Natural resources firms trade at 6.6 times cyclically adjusted price-to–cash earnings, which ranks in the 23rd percentile of month-end observations dating back to 1990. Valuations remain rangebound and below the median level of 7.6x. Concerns of demand destruction from lowered trade prospects dampened the outlook for oil companies and industrial metals producers in 2Q. However, heightened geopolitical and macro uncertainty has supported a continued rally in gold prices and the performance of gold mining companies.

- Low investment levels contributed to the rise in oil & gas prices in recent years, with capital expenditures hitting at trough of 4.5% of total assets in 2021. However, as prices have recovered, capital expenditures have rebounded to levels not seen since late 2016. Increased spending resulted in the number of rotary rigs operating around the world in 2023 to increase by nearly 4% versus 2022 and 34% versus 2020. However, the rig count decreased by 4% in 2024, whereby international rigs were unchanged, but North American rigs fell by 9%. Spending levels remain lower than those that led to a severe glut in energy commodities and the rig count remains far lower than the ~3,000 rigs that operated on average between 2010 and 2016.

- A key consideration for investors is the extent that renewable energy could undercut future hydrocarbon demand. Indeed, the recent COP29 reaffirmed the goal of tripling renewables capacity by 2030. Some long-term energy analyses, such as the US Energy Information Administration's 2025 Annual Energy Outlook reference case, highlight that oil and natural gas may continue to be an important energy source for decades. Still, long-term energy forecasts have wide confidence intervals, and investors would be wise to carefully consider how different future energy scenarios may impact their portfolios. On the other hand, natural resources equities may attract more investor interest, as weaning off fossil fuels supports demand for certain metals to facilitate the transition to net zero.

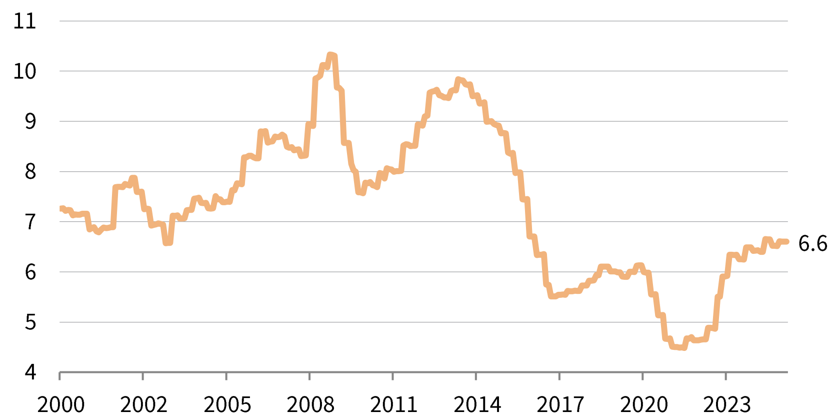
CYCLICALLY ADJUSTED PRICE-TO–CASH EARNINGS

Dec 31, 1989 – Jun 30, 2025



CAPITAL EXPENDITURES

Jan 31, 2000 – Jun 30, 2025 • Percent (%) of Total Assets



Source: Thomson Reuters Datastream.

Notes: Natural resources equities are made up of constituents in the Datastream World Energy Index and the Datastream World Basic Resources Index, weighted on a market-capitalization basis. Historical data revise.

Commodity Futures

Facts & Figures Second Quarter 2025

The Bloomberg Commodity Index declined 3.1% on a total return basis in 2Q in USD terms, weighed by weaker energy prices. YTD, the index remains up 5.5%, supported by higher gold and industrial metals prices.

- Commodity spot prices are above the ten-year inflation-adjusted mean, using the constituents and weights associated with the Bloomberg Commodity Index. Prices reflect supply/demand issues unique to commodities. Gold has gained YTD on heightened macro and geopolitical uncertainty, while copper surged as investors front-run anticipated tariffs. Oil prices briefly spiked in June amid the Israel-Iran conflict. However, prices subsequently eased as the conflict de-escalated. Expectations of softer global growth and increased production by the OPEC+ group further weighed on oil prices.

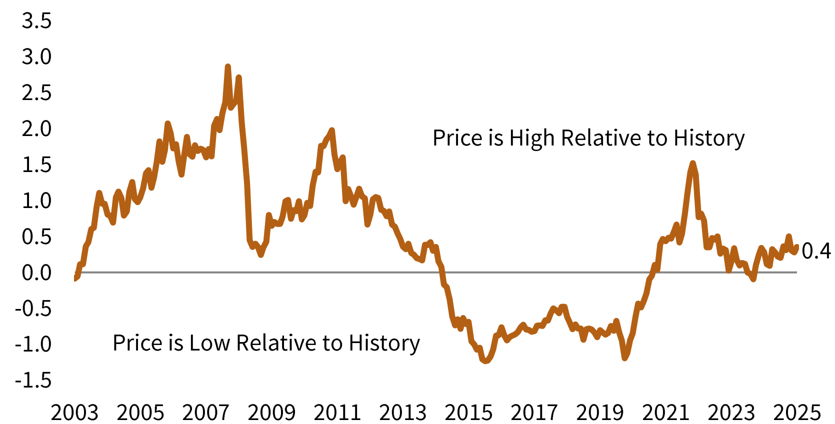
- US tariffs added uncertainty to the global growth outlook in 2Q. Real GDP growth expectations for the global economy fell 30 bps QOQ to 2.6% for 2025, according to analysts surveyed by Bloomberg in June. Tariffs also added uncertainty to the US inflation outlook, with the June US CPI starting to reflect a pass through of higher prices.

- The performance of commodity futures consists of the returns linked to spot price changes, rolling a futures contract forward as it comes due, and the cash used to collateralize the contracts. When the markets are in contango, meaning near-dated contracts are cheaper than contracts dated farther out, the roll return can detract from commodity index returns. After being in backwardation since late 2020 markets are in contango again, reflecting expectations of economic uncertainty and weaker demand in the near term, albeit a high cash yield today is helping to add to returns.

- Two frequently referenced commodity benchmarks are the Bloomberg Commodity Index and the S&P GSCI™. The former is a world production- and liquidity-weighted index, with restrictions on individual commodity and commodity subsector sizes to promote diversification. The latter is a world production-weighted index of liquid futures contracts, which has most of its exposure in energy. While both indexes only hold near-month futures contracts, many active managers have the capability to buy contracts all along futures curves.

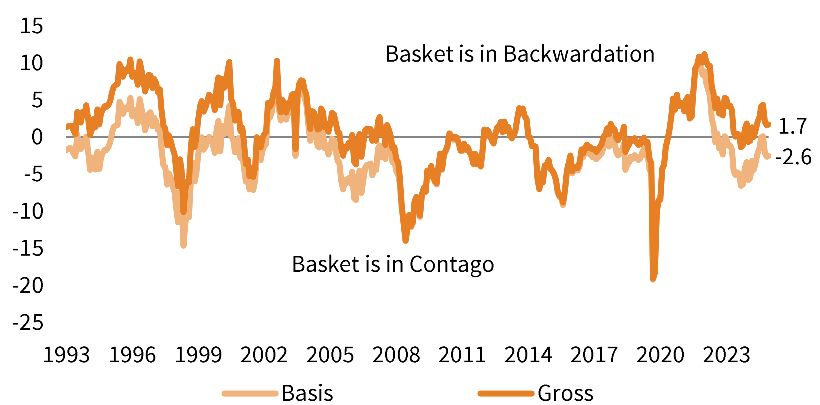
COMMODITY FUTURES BASKET PRICE DEVIATION

Jun 30, 2003 – Jun 30, 2025 • Z-Score



COMMODITY FUTURES BASKET INDICATIVE ROLL YIELD

Jul 31, 1993 – Jun 30, 2025 • Percent (%)



Sources: Bloomberg L.P. and Thomson Reuters Datastream.

Notes: Exhibits are based on the current futures and weights of the Bloomberg Commodity Index. Price deviation is the weighted z-score of commodity futures using ten years of trailing data. Basis is the roll yield's weighted percentage difference of front month contract relative to contracts one year later. Gross is the roll yield plus cash yield.

Gold

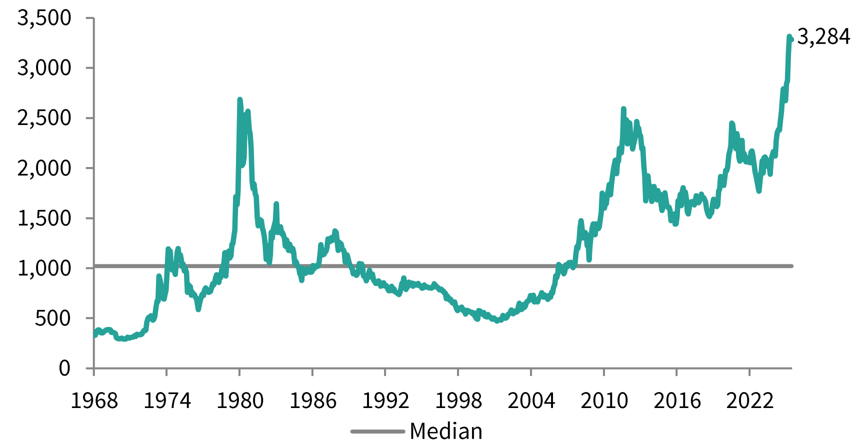
Facts & Figures Second Quarter 2025

The price of gold rose 5% in 2Q, ending the quarter just below its all-time high price. Gold advanced 41% in the past 12 months.

- Gold's sustained outperformance has been driven by heightened geopolitical uncertainty, increased market volatility, and weakness in the US dollar. More specifically, President Trump's volatile tariff policy this year has complicated the outlook, raising concerns about potential economic weakening and higher inflation. This, in turn, has boosted demand for gold as a safe haven.
- The US dollar fell 7% in 2Q on a trade-weighted basis. The performance of the dollar has typically had a negative correlation to that of gold, as investors may turn to gold as a hedge against currency depreciation. Since 2000, when the dollar has declined by more than 3% in a quarter, gold has averaged a 7% return. In addition, the escalation of the trade war may be catalyzing an increase in global de-dollarization efforts, which could help boost gold demand as countries seek to move away from the greenback.
- There are several low-cost, physically backed gold ETFs that track the price of gold without requiring physical storage. While these "paper gold" products offer liquidity, they also carry counterparty risk. Physical gold, which provides investors with a tangible asset, is subject to purchase premiums and storage fees. However, these fees are typically in the low-single digit basis point range.
- Gold has a low expected real return over the long term, which makes it problematic for institutions tasked with meeting a real spending objective. However, it provides a hedge against conditions that are hostile to capital markets.

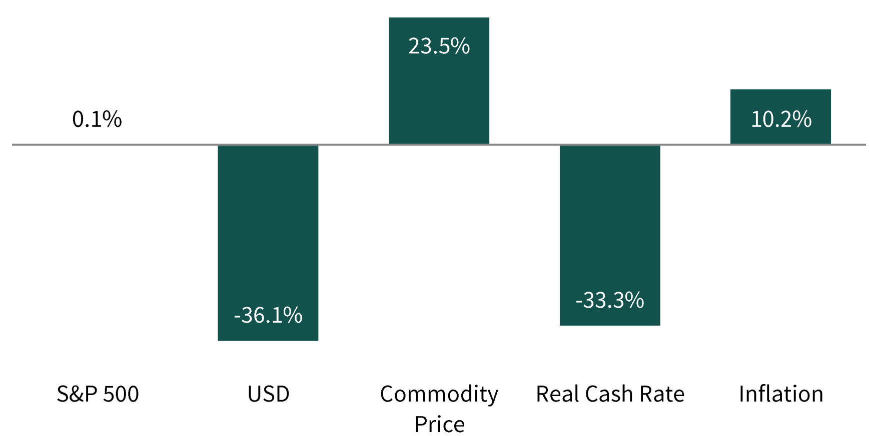
GOLD BULLION REAL PRICE

Jan 31, 1968 – Jun 30, 2025 • US Dollars per Troy Oz



LONG-TERM CORRELATION VS GOLD PRICES

Dec 31, 1970 – Jun 30, 2025



Sources: Intercontinental Exchange, Inc., Standard & Poor's, and Thomson Reuters Datastream. Third-party data are provided "as is" without any express or implied warranties.

Notes: Real prices are inflation adjusted to today's dollar. Data for CPI-U are through May 31, 2025.

CURRENCIES

CAMBRIDGE
ASSOCIATES

USD vs Developed Markets Currencies

Facts & Figures Second Quarter 2025

The US dollar fell by 6.5% in 2Q 2025 in nominal trade-weighted terms, bringing its YTD performance to -9.1%. The announcement of tariffs saw the dollar and US risk assets underperform early in the quarter, though the US dollar did not take part in the subsequent rebound of US equities. The still-elevated real valuation of the dollar suggests there is room for further depreciation over a multi-year horizon. A continuation of the current geopolitical turbulence, however, could yet see a period of dollar strength if global conditions deteriorate.

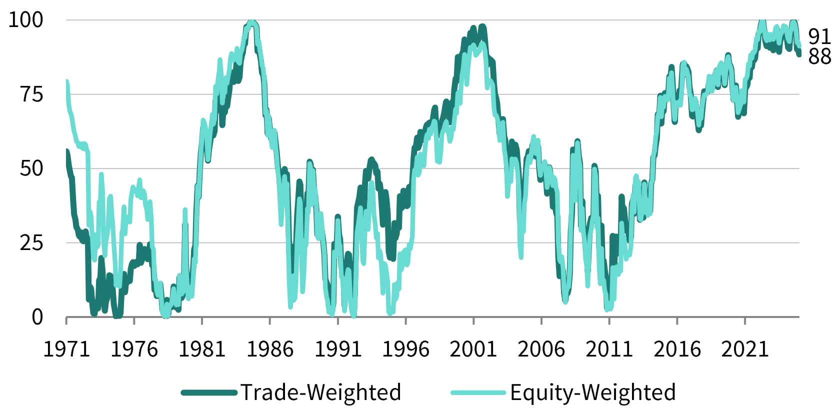
- A widening in interest-rate differentials between the US and its peers, because of an earlier rise in inflation and a more hawkish Fed, was the main plank of dollar strength since its rally began in mid-2021. The bulk of this widening had played out by October 2022, followed by a period of range trading. The US election took us right back to the top of that range as the proposed tariff, tax, and immigration policies of the incoming administration were expected to boost US growth and inflation, at least in the short run.

- Once the new administration in the US took office, asset markets focused on the growth-negative impacts of tariffs, as it became apparent that they would be implemented in a substantial way. The uncertainty engendered by the changeable policy has seen US growth slow, while the direct impact of tariffs are just starting to be felt. US interest rates declined slightly more than those of peers. However, in April and May, the dollar fell more than rate differentials alone would suggest, as foreign investors slowed or reversed US asset purchases in response to shifts in US economic and geopolitical strategy.

- The US dollar remains richly valued on a longer horizon. Its real effective exchange rate stands at the 91st and 88th percentiles for the equity- and trade-weighted series, respectively. Further easing of US rate expectations versus peers, but absent any serious global recessionary fears, would be the most potent catalyst for further USD weakness. Further growth and interest rate convergence may occur as tariff uncertainty causes greater revisions to US growth expectations, though the passage of the One Big Beautiful Bill may provide some tailwind to US activity in the medium term. The potential for the dollar to have its "exceptional" status eroded has also risen as international investors reconsider investments in the United States.

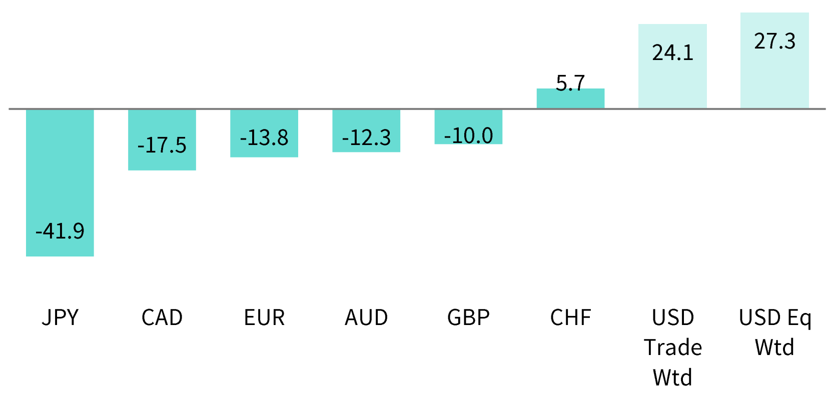
USD BASKET REAL EXCHANGE RATE PERCENTILE

Jun 30, 1971 – Jun 30, 2025



REAL EXCHANGE RATE VS THE USD: % FROM MEDIAN

As of Jun 30, 2025



Sources: MSCI Inc., National Sources, OECD, Refinitiv, Thomson Reuters Datastream, and US Federal Reserve. MSCI data provided "as is" without any express or implied warranties.

Notes: Australian inflation data are quarterly and as of March 31, 2025. All other inflation data are as of May 31, 2025.

Emerging Markets Currencies

Facts & Figures Second Quarter 2025

EM currencies, as measured by an equal-weighted basket, rose by 4.8% in 2Q 2025, bringing the YTD rise to 8%. This was driven primarily by a broad-based weakening of the dollar as US geopolitical policies impacted international sentiment toward US assets and resulted in growth and interest rate convergence versus peers. The medium- to long-term outlook should be helped by some further weakness in the dollar, though risks around tariffs and broader economic and geopolitical policy introduce some shorter horizon uncertainty.

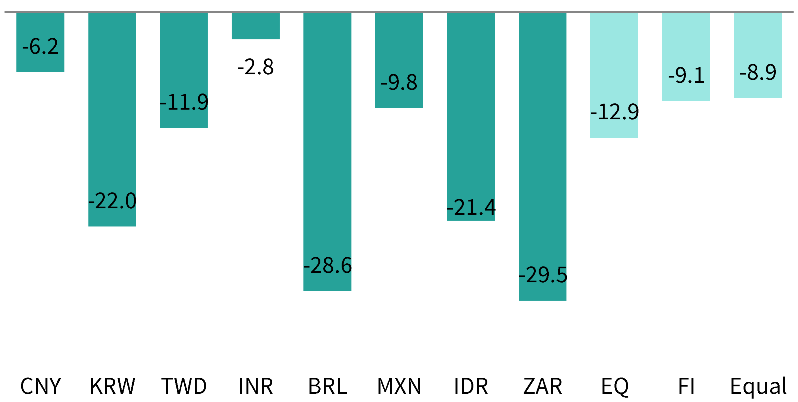
- EM currencies are highly sensitive to global growth prospects. In the post-COVID era, factors including impaired global supply chains, geopolitical risks, and fears of a policy-induced slowdown have variously impacted EM currencies. More recently, while US tariff policy could potentially eventuate a global slowdown, the relatively greater impact on US growth sentiment has more than offset these worries.

- Asian inflation has tended to be lower than peers, including post-COVID. As a result, Asian bonds and currencies have traded with a lower beta than their peers during broad risk-on and risk-off periods. This has broadly held true in the recent bounce, albeit with some notable exceptions, such as the Taiwan dollar and Korean won. The won experienced the largest depreciation in the build up to tariffs, and has bounced back strongly, while the TWD has been boosted by life insurer hedging activity. Nonetheless, the Asian heavy equity–weighted index has slightly lagged the debt-weighted index despite rising 5.4% YTD. Eastern European currencies have generally been the strongest performers so far this year, aided by a generally more-hawkish-than-expected tone from their central banks.

- The carry of EM currencies has declined since the end of 2021 as interest rate differential with DM markets has narrowed; however, the increased easing that has generally been expected of the Fed as inflation moderated saw some subsequent re-widening. Hedging out the FX exposure of EM equities currently results in a minor carry pick-up for a USD-based investor. It costs 1.8% to do likewise for EM local bonds, reflecting the greater weight of high-yielding currencies in that index.

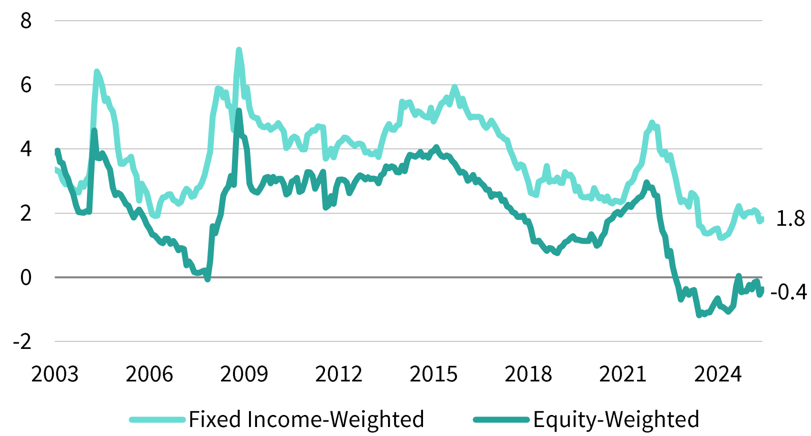
EM REAL EXCHANGE RATE VS USD: % FROM MEDIAN

Jan 31, 1994 – Jun 30, 2025



EMFX IMPLIED CARRY

Jan 31, 2003 – Jun 30, 2025 • Percent (%)



Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan; INE - National Institute of Statistics, Chile; International Monetary Fund; J.P. Morgan Securities, Inc.; MSCI Inc.; National Bureau of Statistics of China; Refinitiv; Thomson Reuters Datastream; and US Department of Labor - Bureau of Labor Statistics. MSCI data provided "as is" without any express or implied warranties.

GBP vs Developed Markets Currencies

Facts & Figures Second Quarter 2025

The pound had a modest appreciation in 2Q 2025, rising by 0.4% in trade-weighted terms to bring its YTD rise to 0.5%. Appreciation against a softening dollar was partially offset by declines against the euro and Swiss Franc. The pound is approximately at fair value in trade-weighted terms but remains cheap to the dollar. This year, consensus expectations for growth in the UK have improved modestly, though economic challenges remain.

- The Bank of England (BOE) commenced its rate cutting cycle in 3Q 2024 and one further cut this quarter brought the base rate to 4.25% after a cumulative 100 bps of cuts. Core inflation has continued to prove somewhat stubborn in the UK. Combined with sticky wage growth this has caused the BOE to be more cautious than peers regarding the pace of their rate cutting cycle. However, if growth indicators remains depressed, and US tariffs further weigh on activity, they should be able to keep cutting rates in 2025.

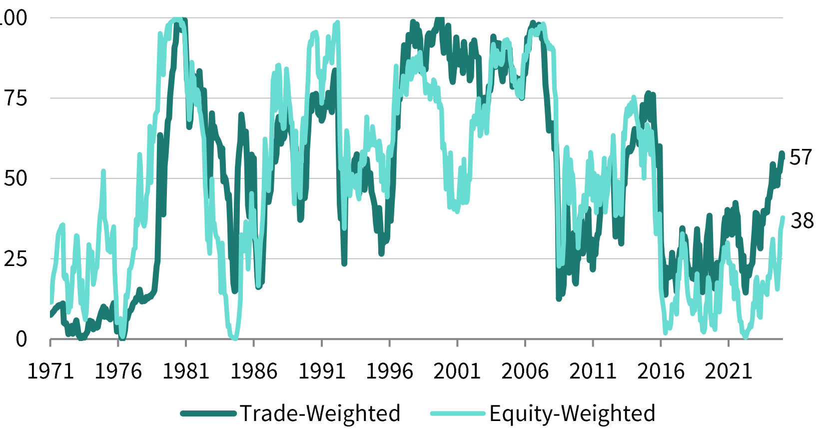
- The UK's structural current account deficit and the greater prevalence of cyclical sectors in the country's asset markets, gives sterling a propensity to behave as a risk-on/risk-off currency. Anemic domestic growth and rising bond yields have seen some concern over the UK's fiscal position add to this dynamic.

- The USD dominates the equity-weighted index, with a weight of 76%, given its dominance of the MSCI World index. We would expect cyclical softness in the dollar as tariffs weigh on growth and interest rate differentials converge. Longer term, the risk of capital being less attracted to the United States has risen because of recent policy actions. The euro dominates the trade-weighted index, at 56%.

- Monthly GDP data suggest 2Q will show weakness once more after a rebound in 1Q. However, positive real wage growth and a rate cutting cycle should still act as tailwinds as time goes on. Nonetheless, the imposition of tariffs by the United States will be a headwind. Consensus 2025 GDP growth expectations for the UK (1.1%) still lag that of broad DM (1.3%), though this may narrow as tariffs weigh on US growth. A period of political and economic stability may yet help cultivate an improved growth and markets environment. The fact that sentiment toward the United Kingdom and its risk assets remains depressed could prove supportive in the event of any improvement in fundamentals.

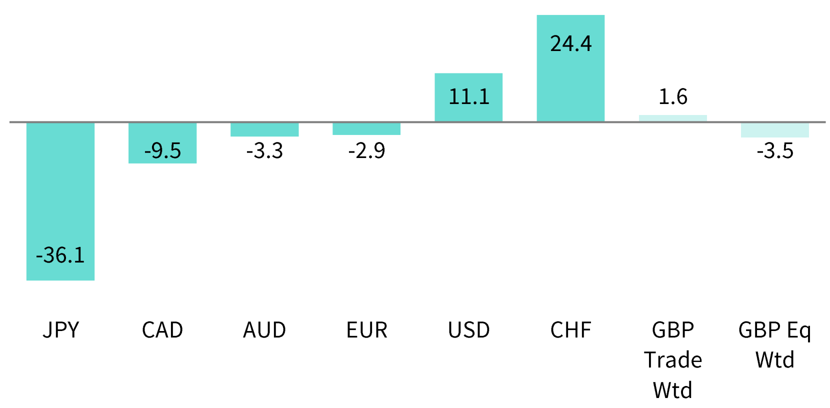
GBP BASKET REAL EXCHANGE RATE PERCENTILE

Jun 30, 1971 – Jun 30, 2025



REAL EXCHANGE RATE VS THE GBP: % FROM MEDIAN

As of Jun 30, 2025



Sources: Bank of England,MSCI Inc., National Sources, OECD, Refinitiv, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Australian inflation data are quarterly and as of March 31, 2025. All other inflation data are as of May 31, 2025.

EUR vs Developed Markets Currencies

Facts & Figures Second Quarter 2025

The euro rose by 4.4% in trade-weighted terms in 2Q 2025, bringing its YTD rise to 6.5%. The euro rose against all major peers bar the Swiss Franc, though it was softness in the dollar that contributed most to its trade-weighted rise. In the medium to long term, a weakening dollar may be a continued tailwind for the euro. Volatility is likely in the short run as growth and inflation expectations fluctuate in line with changing trade tariffs.

- The ECB began a rate cutting cycle last June that has since seen them reduce policy rates by a cumulative 200 bps. Headline and core inflation are at unproblematic levels and US tariff policy should prove deflationary if anything. Though now near the end of its cutting cycle, these conditions would allow the ECB to continue easing should the activity picture further weaken.

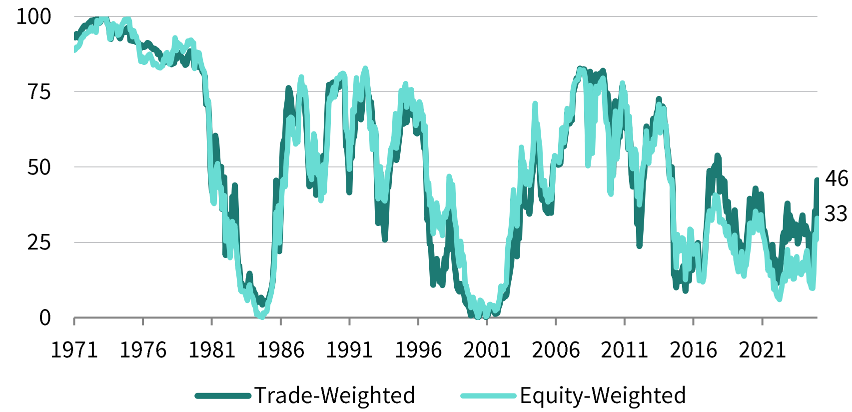
- Though GDP growth has been materially positive in the euro area for several quarters, it has been held up by strong growth in the periphery while growth in the core, especially Germany, remains anemic. As a result of this and other geopolitical developments, the German parliament has approved large infrastructure and military stimulus packages. The EU have also indicated some willingness to expand deficits. The subsequent rise in real rates has contributed to the euro's climb and rate differentials may be less of a structural headwind going forward. Eurozone growth is expected to come in at 1.0% this year, slightly underperforming the 1.3% expected of broader DM.

- On an equity-weighted basis, the REER stands at the 33rd percentile, while it is at the 46th percentile on a trade-weighted basis. These values are 8.2% and 1.2% below median, respectively. The direction of the dollar remains key for the euro outlook, especially for the equity-weighted index which has an 81% weight to the USD. We would expect cyclical softness in the dollar as tariffs weigh on growth and interest rate differentials converge, while there is a risk of less capital being attracted to the US because of recent policy actions.

- The chances of increased fiscal and regulatory convergence between periphery and core, which is likely needed to boost potential growth and deliver domestically generated appreciation of the euro, have improved. Completing the capital markets union and growing issuance of jointly issued bonds have moved up the policy agenda in response to a changing trading, growth, and security environment.

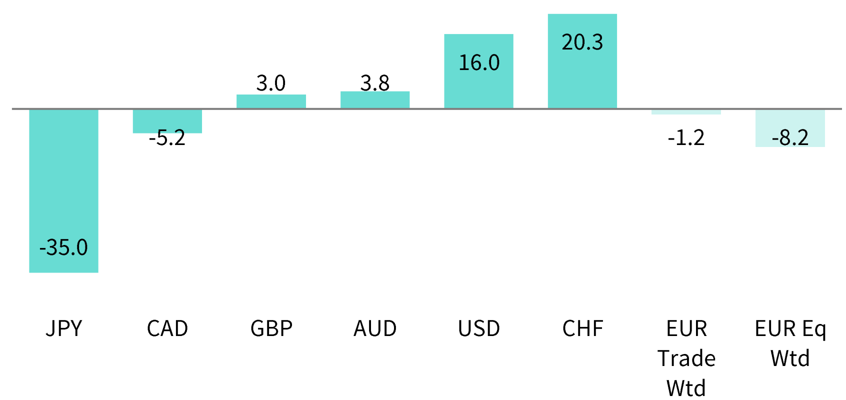
EUR BASKET REAL EXCHANGE RATE PERCENTILE

Jun 30, 1971 – Jun 30, 2025



REAL EXCHANGE RATE VS THE EUR: % FROM MEDIAN

As of Jun 30, 2025



Sources: European Central Bank, MSCI Inc., National Sources, OECD, Refinitiv, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Australian inflation data are quarterly and as of March 31, 2025. All other inflation data are as of May 31, 2025.

Digital Assets

Facts & Figures Second Quarter 2025

The price of bitcoin increased 30% in 2Q. Over the past 12 months, the cryptocurrency has surged 78%. More broadly, digital assets have enjoyed strong performance; the S&P Cryptocurrency Broad Digital Market Index rose 26.3% in 2Q and was up 38.7% in the past 12 months.

- Bitcoin experienced a strong rally in 2Q, following an initial period of volatility driven by tariff-related concerns that unsettled risk assets. Performance rebounded swiftly after the announcement of 90-day tariff pauses. In early April, bitcoin traded below $75,000 but subsequently surged to a record high of nearly $112,000 in June. This rally was fueled by a shift toward risk-on sentiment, increased allocations to bitcoin by corporations, and ongoing discussions regarding the establishment of bitcoin reserves by sovereign nations.

- There are few reliable options for valuing digital assets. One metric—price-to-transactions per coin (P/TC)—can be viewed as a crude valuation metric for bitcoin. Transactions per coin offers a way to gauge the utility of coins in circulation. Thus, a high P/TC could indicate speculation, with bitcoin being priced expensively for every unit of its transaction volume. But transactions per coin only show bitcoin's utility as a medium of exchange and doesn't inform on how users "stake" bitcoins, which can indicate bitcoin's utility as a store of wealth.

- Digital asset investing involves significant risks, with high price volatility being the most prominent compared to equities. Although volatility levels have moderated as digital assets gain broader acceptance and liquidity, they remain elevated. For example, over the past three years, bitcoin exhibited a standard deviation nearly five times greater than that of equities. Less established digital assets are likely to experience even higher levels of volatility.

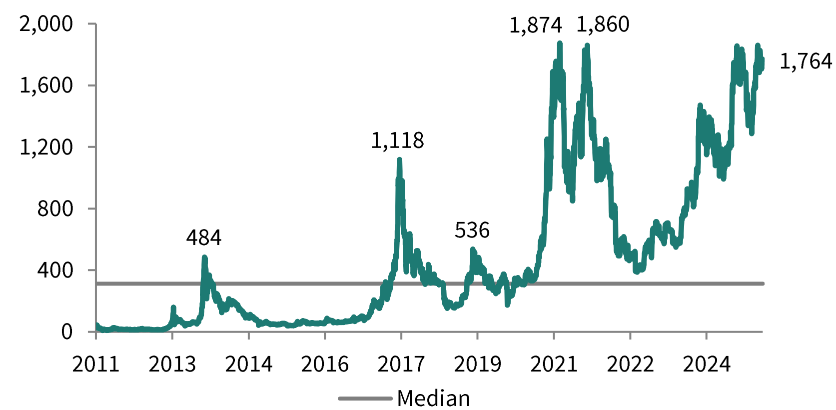
- Bitcoin is just one of thousands of different cryptoassets that utilize blockchain technology. Implementation options have historically been limited, but passive and active options—including dedicated custodians, cryptoasset trusts, and venture capital and hedge funds—continue to be introduced.

BITCOIN PRICE

Dec 31, 2015 – Jun 30, 2025 • US Dollars

RATIO OF BITCOIN PRICE TO TRANSACTIONS PER COIN

Aug 31, 2011 – Jun 30, 2025



Sources: Blockchair.com and Thomson Reuters Datastream.

Notes: Bottom chart represents the USD price of bitcoin divided by the number of transactions per coin outstanding. All data are daily.

Notes on Data
Second Quarter 2025

Note on CA House Views

- All performance data is quoted in US dollars unless otherwise noted.

Notes on Our Cyclically Adjusted Price-to–Cash Earnings Calculations

- For most equity markets, we construct a cyclically adjusted price-to–cash earnings (CAPCE) ratio. 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.
- On our equity valuation charts, we use a consistent approach to our median and percentile calculations for valuation ratios across all regions. All charts are labeled to indicate the current valuation's percentile versus the historical median. We typically consider the range from the 25th to the 75th percentile as fairly valued. Valuations in the 75th to 90th percentile are typically overvalued relative to history, and in the 10th to 25th percentile, undervalued. The top 10th and bottom 10th percentiles generally represent very overvalued and very undervalued relative to history, respectively. An asset class's valuation call takes into account valuations, fundamentals, momentum, sentiment, and other factors, and calls do not mechanistically change with percentiles; rather these ranges are used as guides for our valuation calls.

Notes on the 12-Month Absolute and Relative Price Momentum

- The 12-month absolute momentum is the trailing 12-month index price return in local currency terms.
- The 12-month relative momentum is calculated as the geometric difference between each market's trailing 12-month price return in local currency terms.

Notes on Specific Data Providers

- Dealogic updates its database on a regular basis; therefore, historical data may change.
- Hedge Fund Research data are preliminary for the preceding five months.
- Total return data for all MSCI indexes are net of dividend taxes.
- US CPI data lag by one month.

This performance report represents CA's estimates of investment performance, portfolio positioning and manager information including but not limited to fees, liquidity, attribution and strategy and are prepared using information available at the time of production. Historical results can and likely will adjust over time as updated information is received and processed. Estimated, preliminary, and/or proxy information may be displayed and can change with finalized information, and CA disclaims any obligation to update previously provided performance reports when such changes occur. This report is not intended as a Book of Record nor is it intended for valuation, reconciliation, accounting, auditing, or staff compensation purposes, and CA assumes no responsibility if the report is used in any of these ways.

The primary data source for information is the investment manager and/or fund administrator, therefore data may not match custodial or other client records due to differences in data sourcing, methodology, valuation practices, etc. Estimated values may include prior quarter end data adjusted by a proxy benchmark or by subsequent cash flows. In some instances, data may be sourced directly from a client and/or prior advisors or service providers. CA makes no representations that data reported by unaffiliated parties is accurate, and the information contained herein is not reconciled with manager, custodian, and/or client records. The nature of performance measurement is such that it is a best estimate of performance. As such, performance is displayed to a one decimal place level of precision, accommodating up to nine basis points (0.09%) of imprecision in reported returns. There are multiple methodologies available for use in the calculation of portfolio performance, and each may yield different results. Differences in both data inputs and calculation methodologies can lead to different calculation results.

As part of the reporting process, errors can and do occur. For the purpose of CA reports, an error represents any component of the performance report that is missing or inaccurate, including, but not limited to, composite returns and market values, manager returns and market values, benchmark returns, risk and other statistical measures, holdings and exposures. Errors can be a result of incorrect aspects of data, calculations, setup, software or may be a result of an omission, incorrect value, incorrect systematic computation, incorrect report production, and other similar reasons. For classification as an error, the item in question must be objectively incorrect according to the standard policies, procedures, and methodologies utilized by CA. Differences due to changes in methodology over time, the difference between preliminary and final data and other related changes do not constitute errors, but rather normal course of business for the reporting process. Though CA makes reasonable efforts to discover inaccuracies in the input data used in the performance report, CA cannot guarantee the accuracy and are ultimately not liable for inaccurate information provided by external sources. Clients should compare the values shown on our performance reports with the statements sent directly from their custodians, administrators or investment managers.

In the event that an error is discovered, CA will correct the error and maintain the most accurate information possible. In the event of a material error, CA will disclose the error to the report recipient along with an updated version of the report from the most recent period.

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