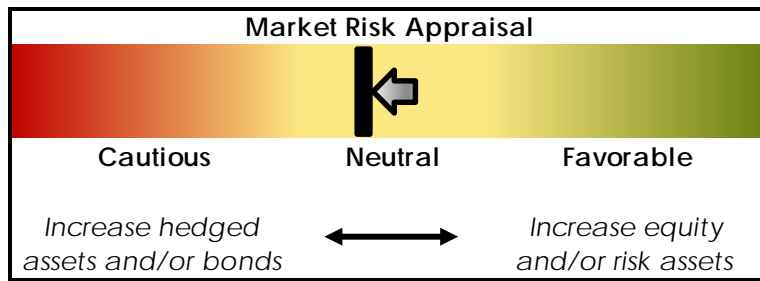


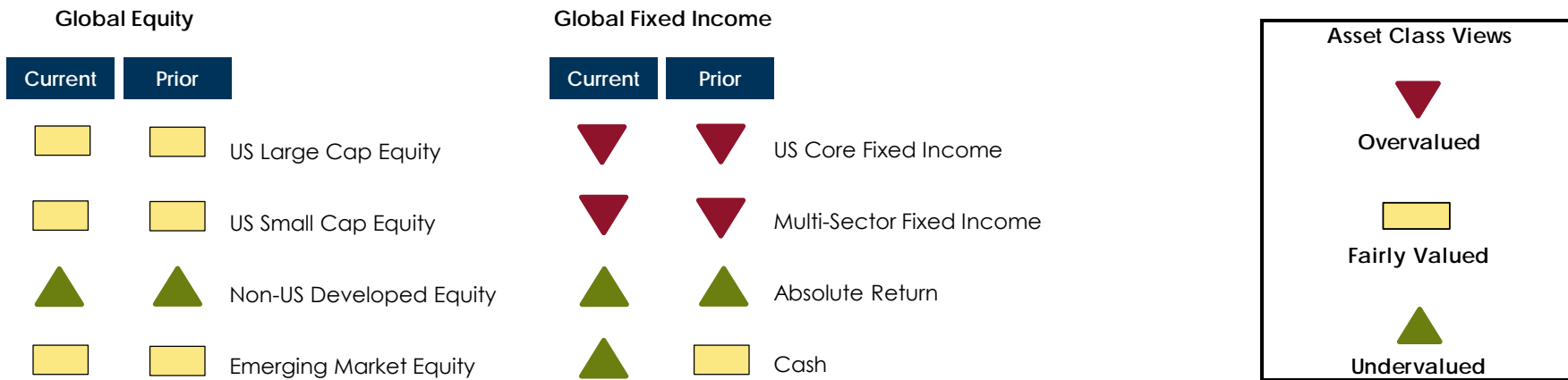
Asset Class Relative Valuations as of August 31, 2019



- Uncertainty and volatility ruled the month of August with globally depressed interest rates, US/China trade issues, and the increased likelihood of a no-deal hard Brexit at the forefront. While economic data indicated "consumers are consuming," manufacturing data were not as strong, causing some dashboards to flash rising recession probabilities. Interest rates moved sharply lower, resulting in an inverted US yield curve and increasing amounts of negatively yielding debt abroad. The cycle of tariff threats, trade talks, altered implementation, and more talks continued with increasing intensity. As markets seemingly hung on every word coming from Beijing or Washington, day-to-day price movements were both more significant and less predictable. Mid-September meetings by the Federal Reserve and the European Central Bank should provide critical policy signals.

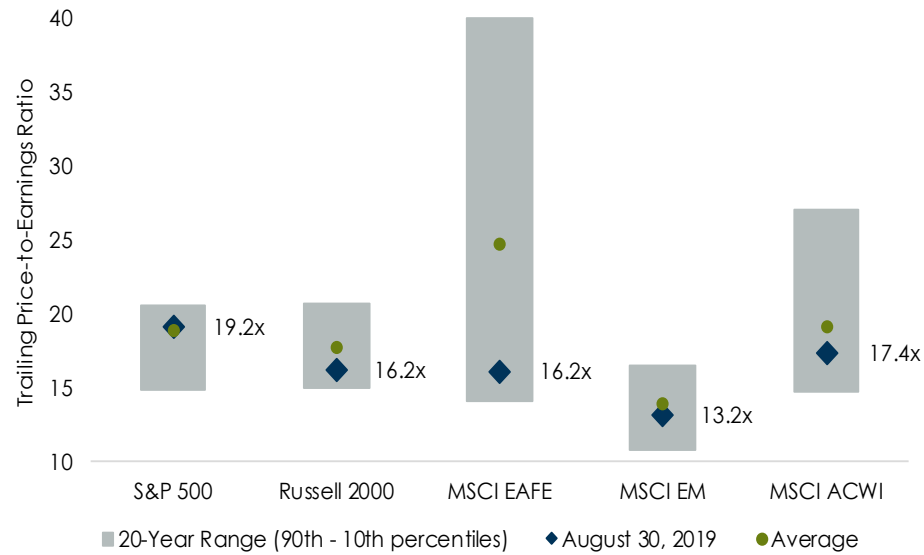
- **Global Equity** – With across-the-board declines over the past month, index-level P/E ratios contracted on an absolute basis. As US Large Cap outperformed again in August, the category's valuation continued to reside just ahead of longer-term averages. Non-US Developed markets still offered the most significant relative discount, and signs of stabilization via aggressive policy stimulus could benefit investors. Projected earnings still call for a profits recovery, even as expectations for Small Cap and Emerging Markets ticked lower. With economic and market signals mixed, ACG believes portfolios should be near strategic allocation targets.
- **Global Fixed Income** – Developed market interest rates collapsed, with \$17 trillion of debt now trading with negative yields and the 30-year US Treasury achieving an all-time low below 2.0%. Outside of a recessionary scenario, the forward return potential of high-quality bonds appeared limited. While credit sensitive categories such as HY and EMD endured wider spreads, upside beyond indicated yields remained quite scarce. ACG continues to value Absolute Return strategies that often benefit from volatility, aid in downside protection, and reduce key correlations. Any marginal allocation to cash provides flexibility and a hedge amid uncertainty.
- **Global Real Assets & Private Markets** – Real estate saw slowing appreciation even as fundamentals and limited supply supported Net Operating Income. Private equity purchase price and leverage multiples have both moved higher in 2019 with dry powder testing manager discipline. Commodities remain quite volatile, with global growth concerns taking everything besides safe-haven precious metals lower for the month.

At A Glance – Our Current Liquid Asset Class Views



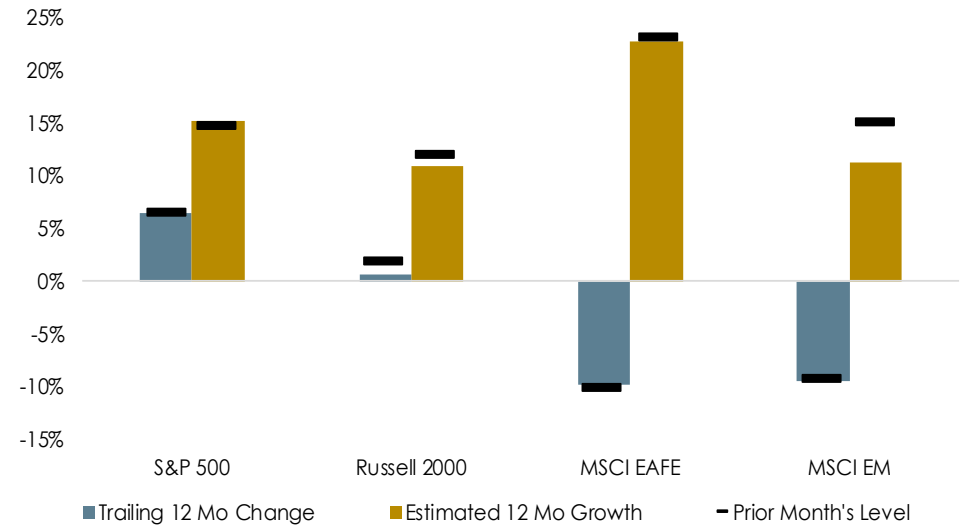
Current liquid asset class views represent the **outlook for the near-term horizon**, which can be utilized to guide rebalancing from cash in/out flows or for potential shading around long-term strategic targets. ACG's overall market risk appraisal is informed by relevant quantitative and qualitative considerations, and serves as the backdrop for each asset class.

P/E Valuations vs Own Category History

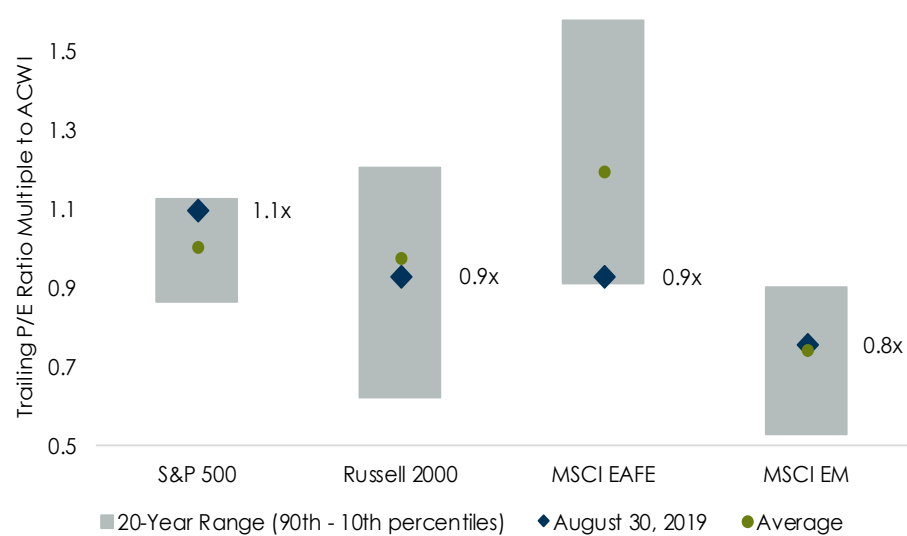


*Utilizes rolling 20-year history

Global Earnings –YoY % Change & Consensus Projections

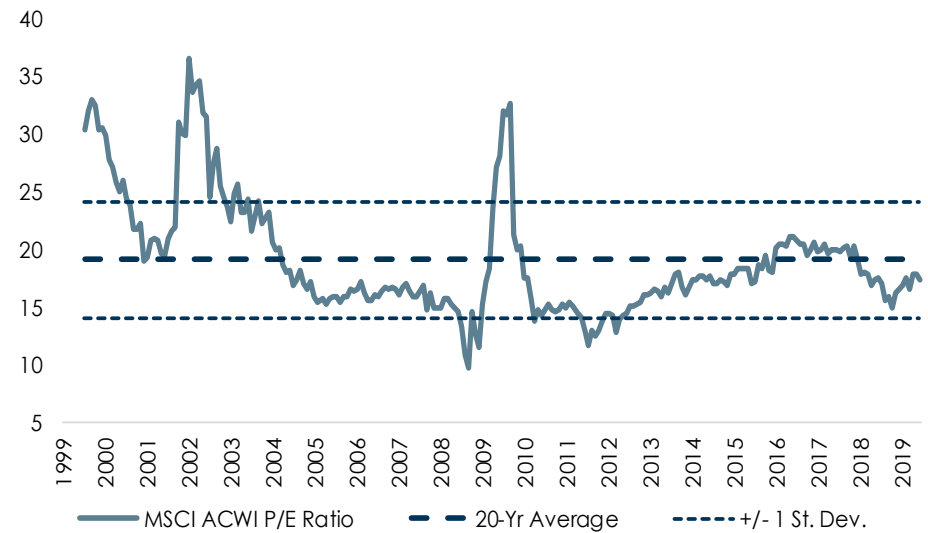


P/E Valuations vs ACWI



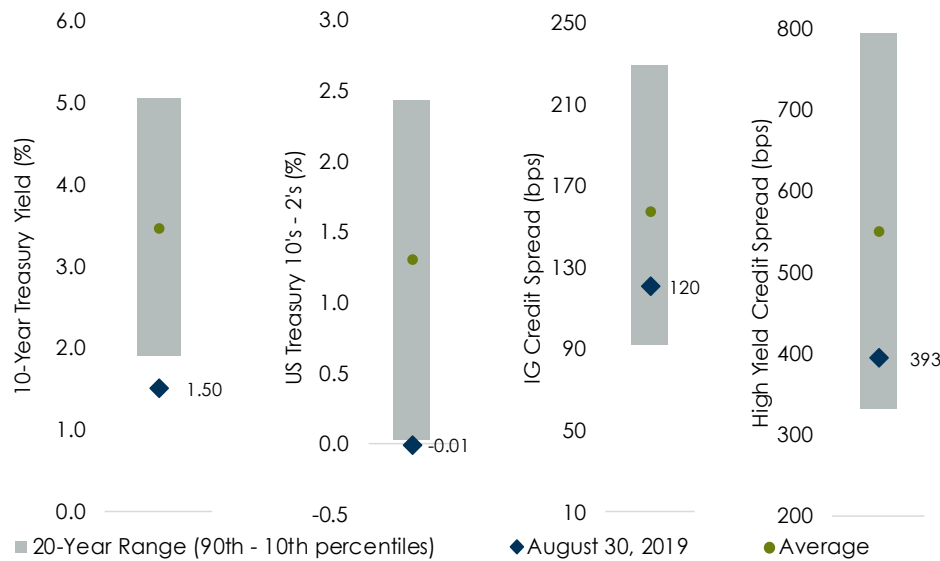
*Utilizes rolling 20-year history

Historic ACWI P/E



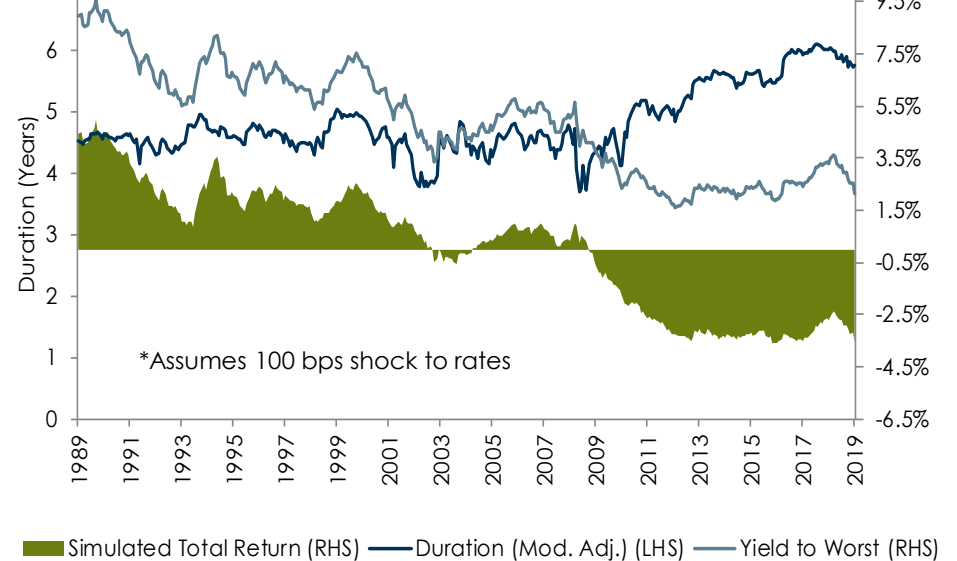
Fixed Income Markets

Key Fixed Income Factors

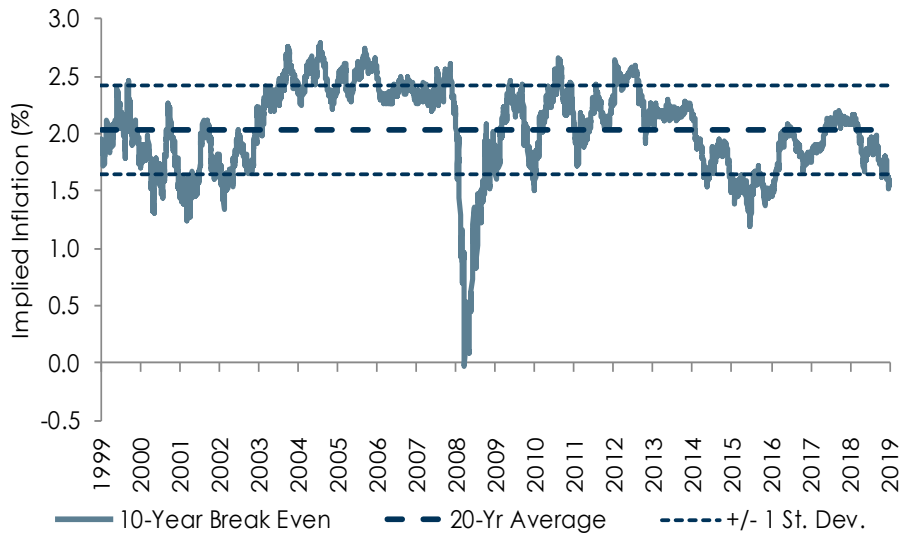


*Utilizes rolling 20-year history

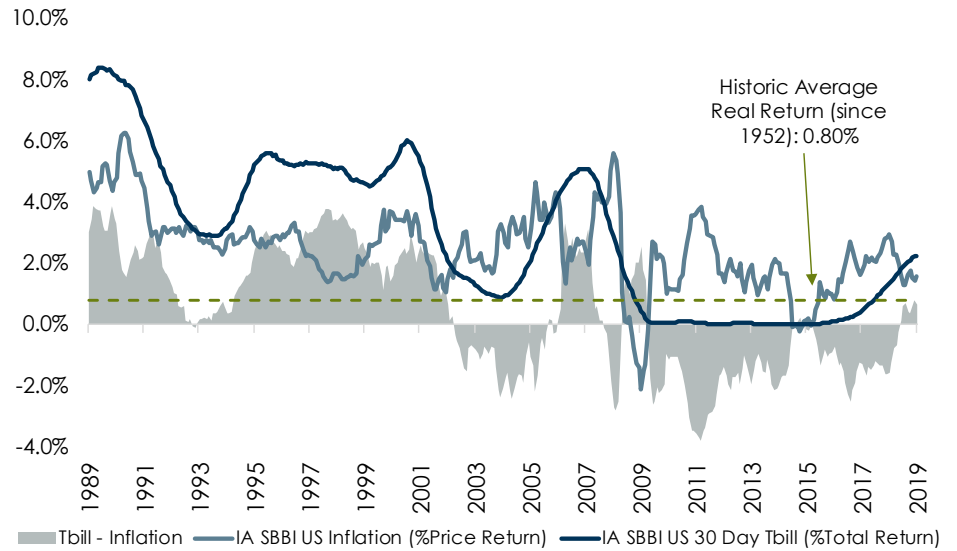
BarCap Aggregate Yield vs Duration



10-Year Inflation Breakevens



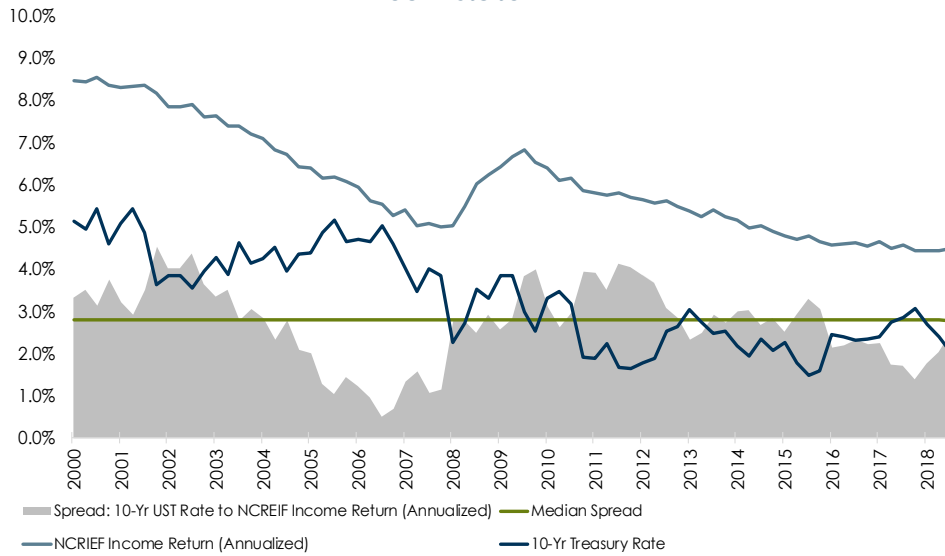
Inflation vs Cash Rates



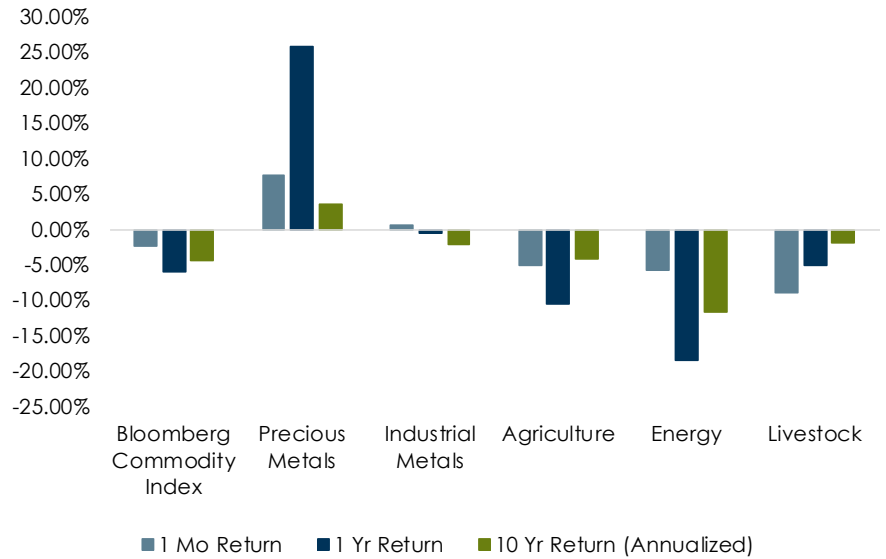
Source for All: Bloomberg, ACG Research (as of 8/31/2019)

Real Assets and Private Markets

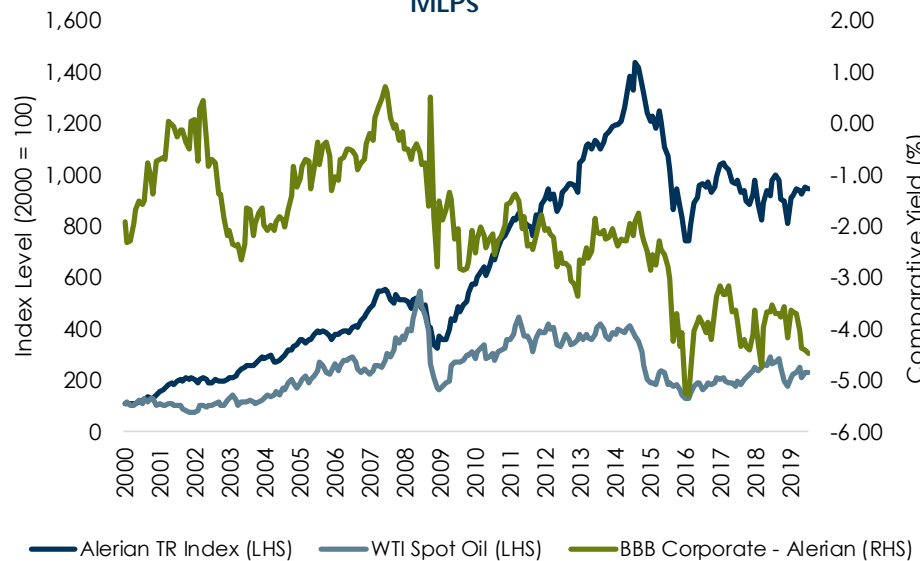
Real Estate



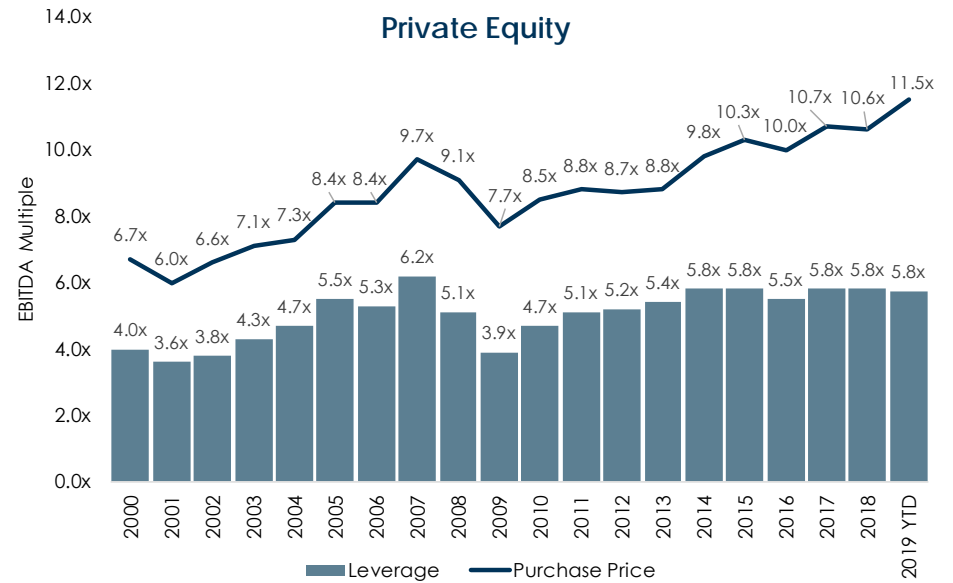
Commodity Index & Sub-Components



MLPs

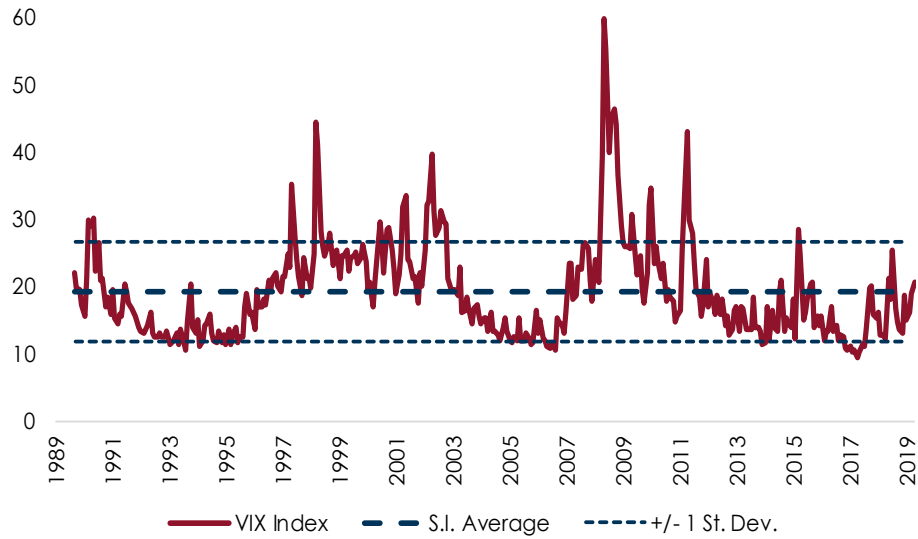


Private Equity

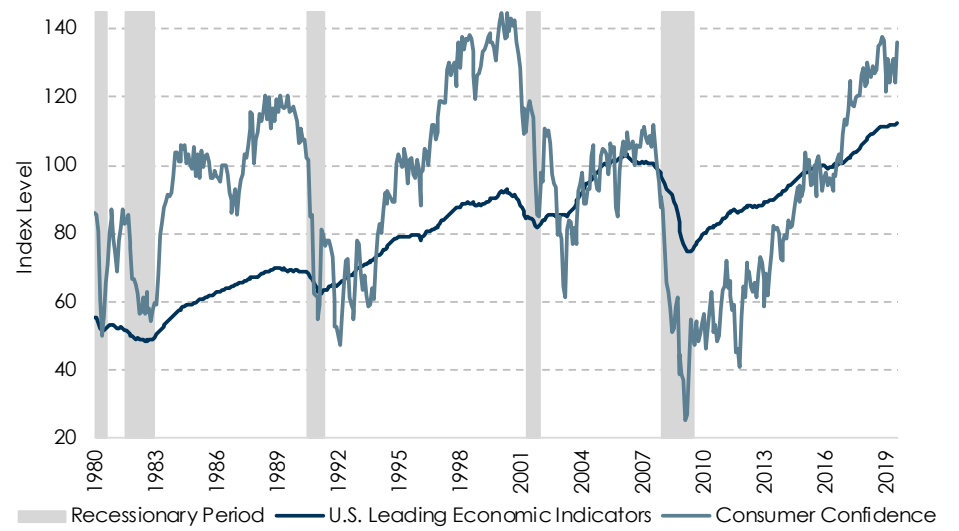


Source for All: NCREIF, Alerian, Bloomberg, S&P LCD, ACG Research (as of 8/31/2019)

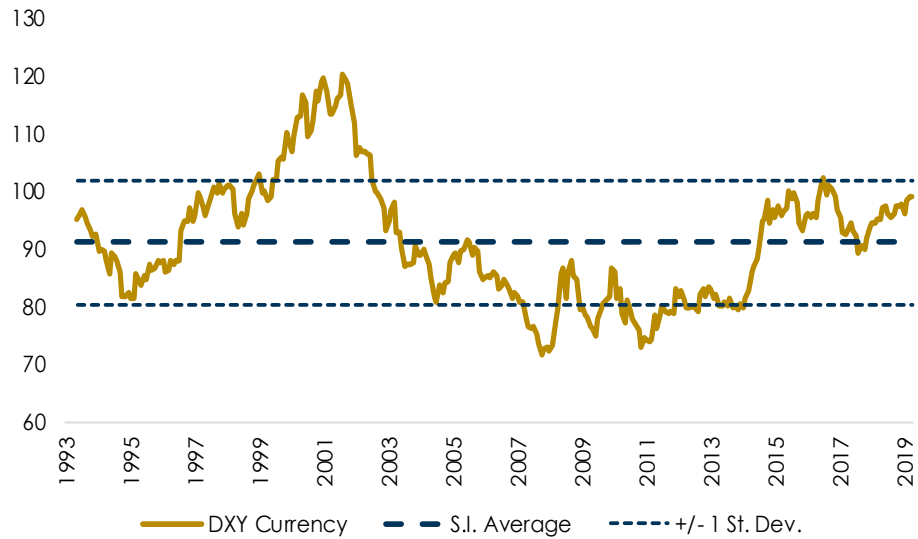
CBOE Market Volatility Index



Leading Economic Indicators & Consumer Confidence



US Dollar vs. Developed Currency Basket



Traditional Earnings Yield



Source for All: Bloomberg, ACG Research (as of 8/31/2019)