



OPEB Discussion Guide

Town of Wilton
May 2021

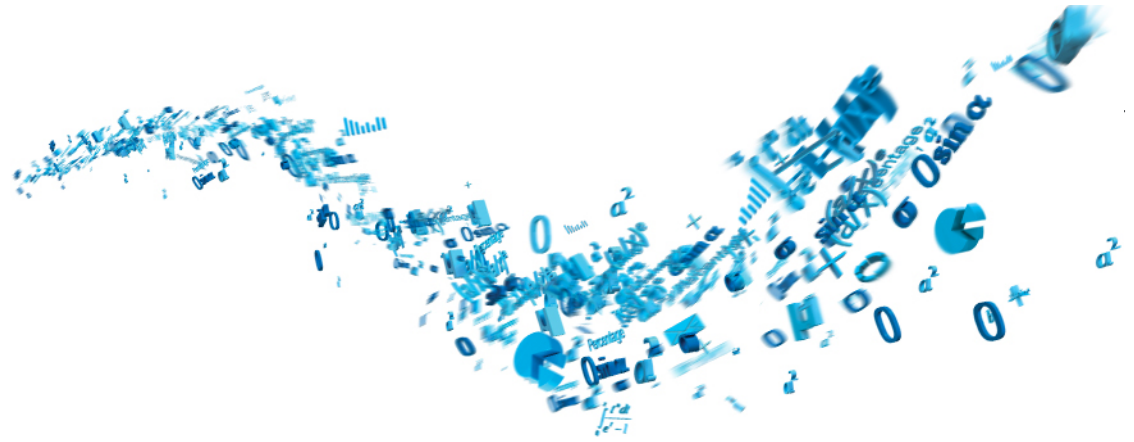
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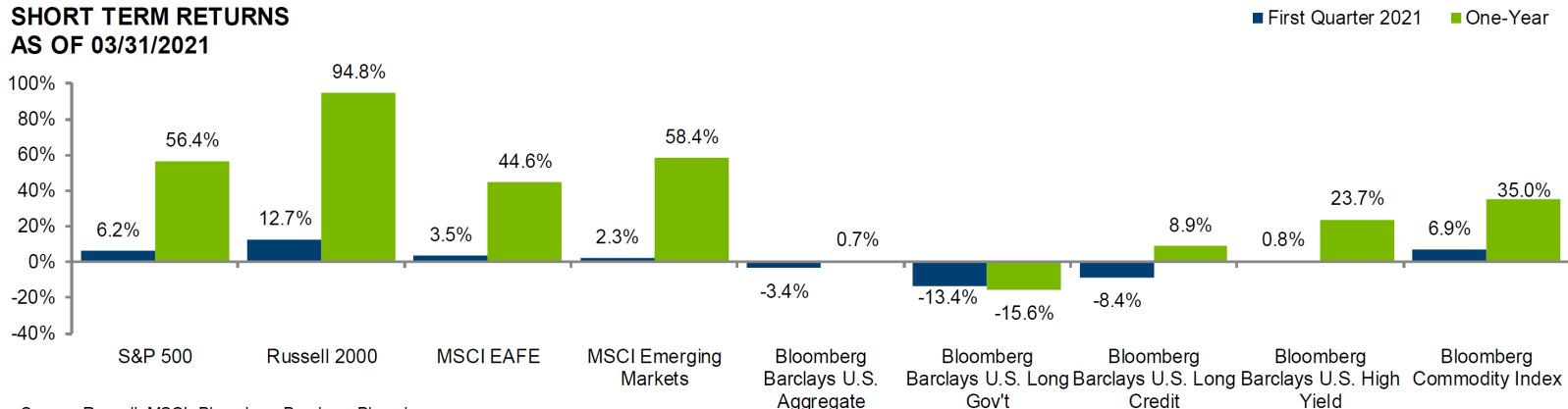
Appendix



Executive Summary

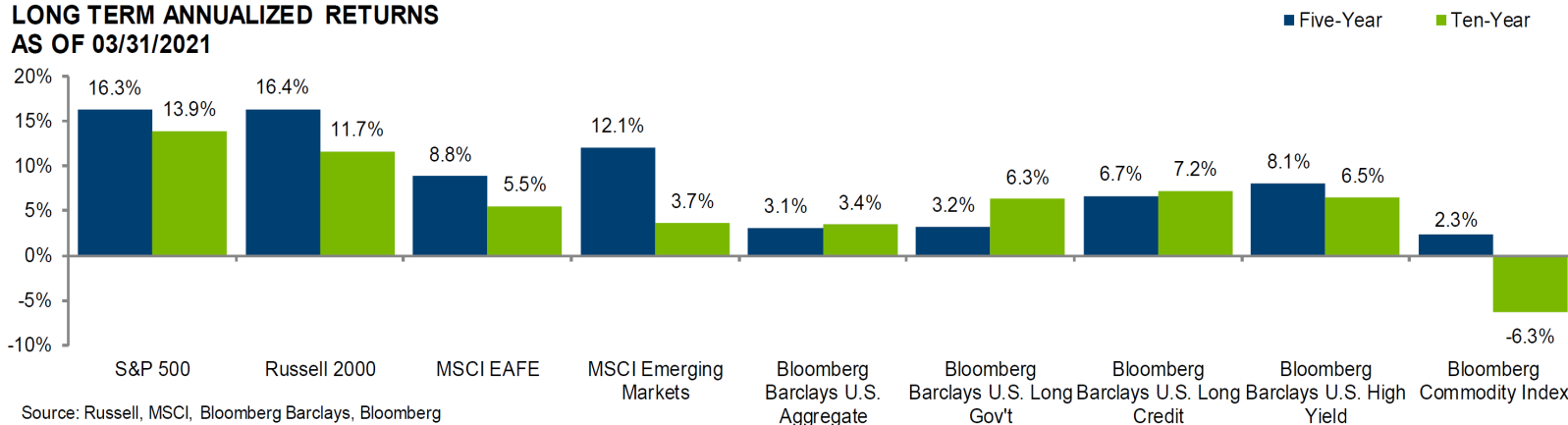
Market Highlights

SHORT TERM RETURNS AS OF 03/31/2021



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg
(MSCI Indices show net total returns throughout this report. All other indices show gross total returns.)

LONG TERM ANNUALIZED RETURNS AS OF 03/31/2021



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

Market Highlights

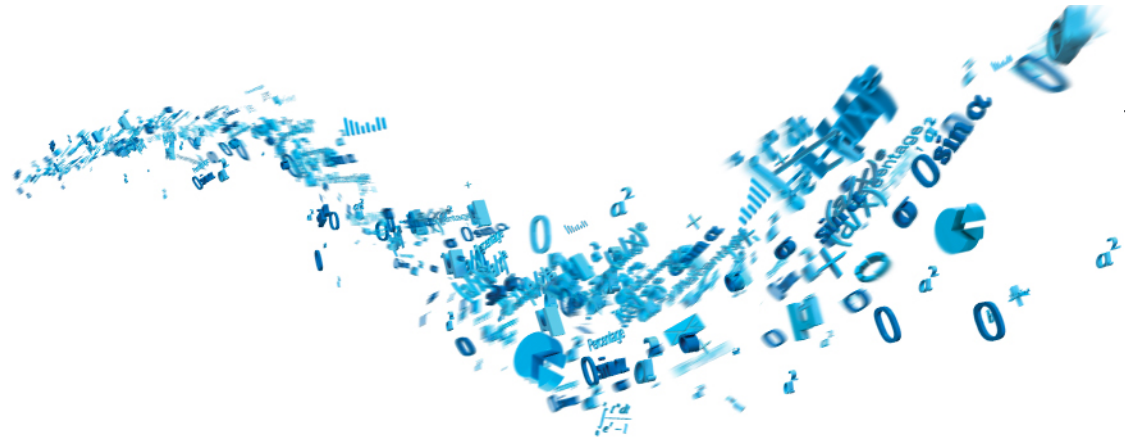
Capital Markets Returns					
	Period Ending 03/31/2021				
	First Quarter	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity					
MSCI All Country World IMI	5.14%	57.58%	11.90%	13.21%	9.15%
MSCI All Country World	4.57%	54.60%	12.07%	13.21%	9.14%
Dow Jones U.S. Total Stock Market	6.45%	62.68%	17.05%	16.60%	13.75%
Russell 3000	6.35%	62.53%	17.12%	16.64%	13.79%
S&P 500	6.17%	56.35%	16.78%	16.29%	13.91%
Russell 2000	12.70%	94.85%	14.76%	16.35%	11.68%
MSCI All Country World ex-U.S. IMI	3.77%	51.94%	6.51%	9.84%	5.11%
MSCI All Country World ex-U.S.	3.49%	49.41%	6.51%	9.76%	4.93%
MSCI EAFE	3.48%	44.57%	6.02%	8.85%	5.52%
MSCI EAFE (Local Currency)	7.59%	36.56%	7.07%	8.82%	7.50%
MSCI Emerging Markets	2.29%	58.39%	6.48%	12.07%	3.65%
Fixed Income					
Bloomberg Barclays Global Aggregate	-4.46%	4.67%	2.80%	2.66%	2.23%
Bloomberg Barclays U.S. Aggregate	-3.37%	0.71%	4.65%	3.10%	3.44%
Bloomberg Barclays U.S. Long Gov't	-13.39%	-15.60%	5.84%	3.17%	6.30%
Bloomberg Barclays U.S. Long Credit	-8.39%	8.87%	7.48%	6.69%	7.23%
Bloomberg Barclays U.S. Long Gov't/Credit	-10.41%	-2.05%	7.14%	5.47%	6.98%
Bloomberg Barclays U.S. TIPS	-1.47%	7.54%	5.68%	3.86%	3.44%
Bloomberg Barclays U.S. High Yield	0.85%	23.72%	6.84%	8.06%	6.48%
Bloomberg Barclays Global Treasury ex U.S.	-5.93%	4.65%	0.89%	1.87%	1.10%
JP Morgan EMBI Global (Emerging Markets)	-4.74%	14.29%	3.87%	4.74%	5.35%
Commodities					
Bloomberg Commodity Index	6.92%	35.04%	-0.20%	2.31%	-6.28%
Goldman Sachs Commodity Index	13.55%	50.22%	-4.93%	1.18%	-8.60%
Hedge Funds					
HFRI Fund-Weighted Composite ²	6.08%	34.11%	7.68%	7.53%	4.64%
HFRI Fund of Funds ²	2.47%	24.56%	5.64%	5.74%	3.48%
Real Estate					
NAREIT U.S. Equity REITS	8.87%	37.78%	9.45%	5.33%	8.56%
FTSE Global Core Infrastructure Index	5.43%	27.55%	10.85%	9.81%	9.63%
Private Equity					
Burgiss Private iQ Global Private Equity ³		6.20%	11.83%	10.92%	12.93%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

¹ Periods are annualized.

² Latest 5 months of HFR data are estimated by HFR and may change in the future.

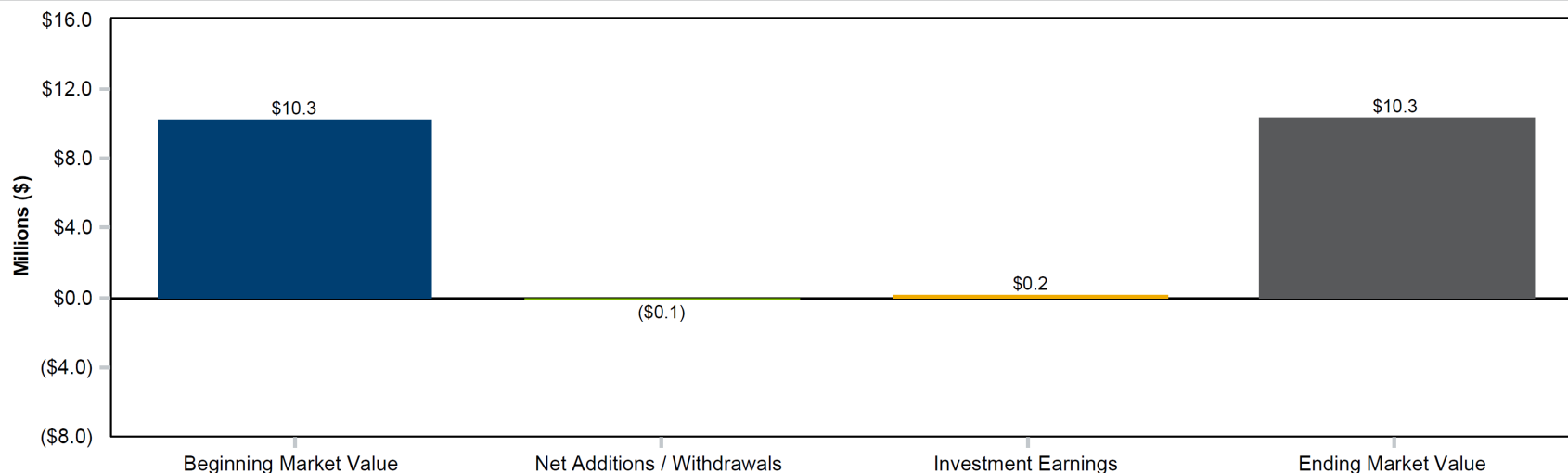
³ Burgiss Private iQ Global Private Equity data is as at June 30, 2020



OPEB Performance Summary

Total Plan Asset Summary

Change in Market Value From January 1, 2021 to March 31, 2021

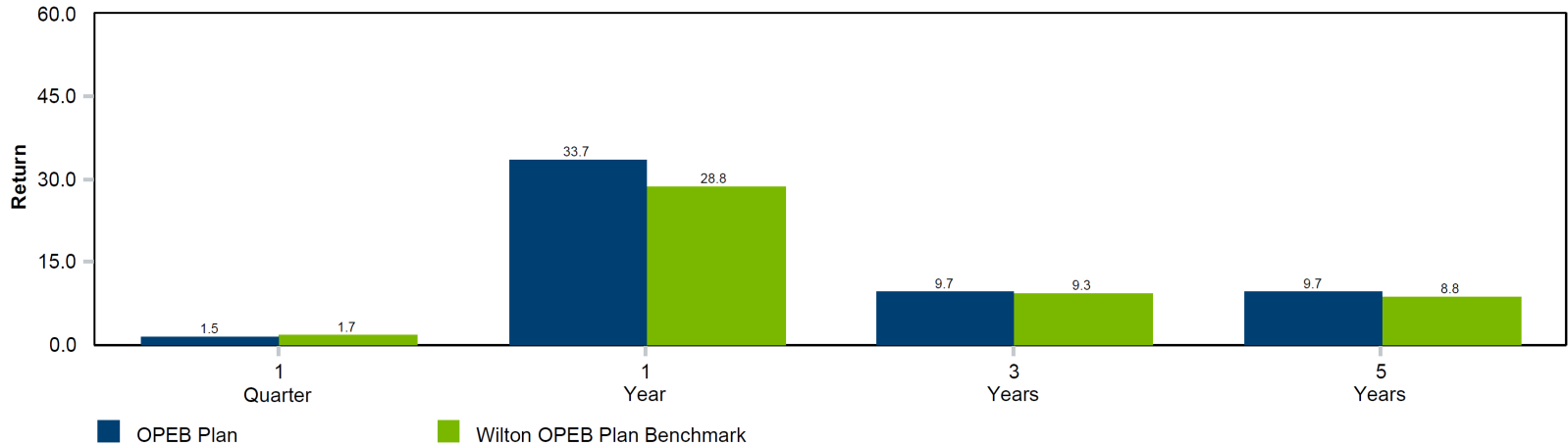


Summary of Cash Flow

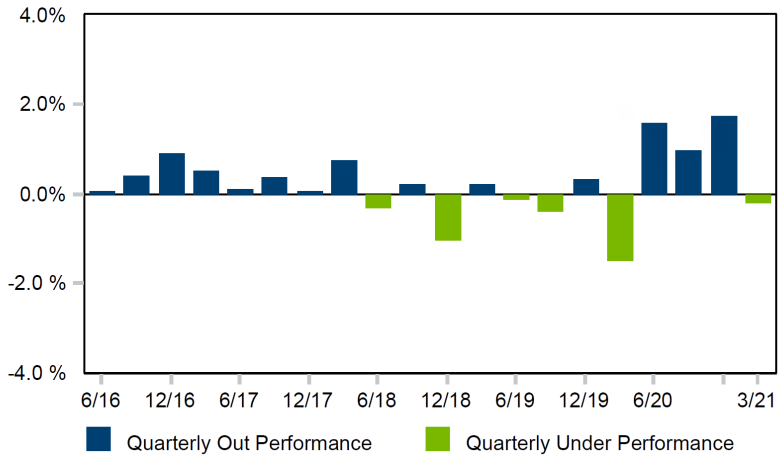
	1 Quarter	1 Year	Since Inception	Inception Date
Beginning Market Value	10,265,516	7,898,791	2,652,035	
+ Additions / Withdrawals	-85,944	-182,199	3,139,058	
+ Investment Earnings	157,623	2,620,603	4,546,101	
= Ending Market Value	10,337,195	10,337,195	10,337,195	

Total Plan Performance Summary

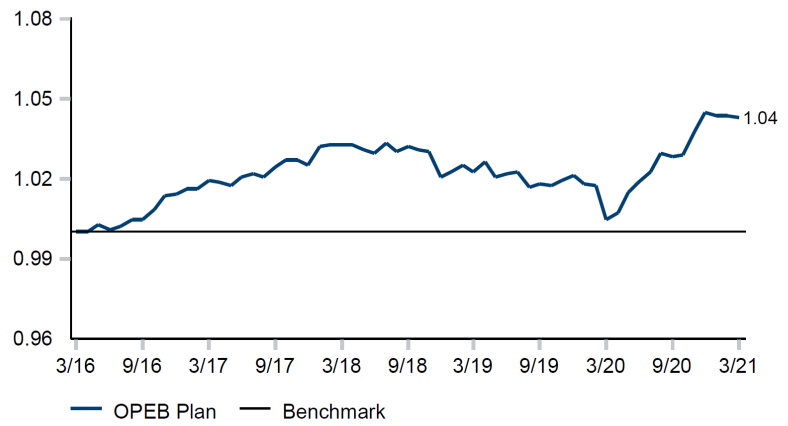
Return Summary



Quarterly Excess Performance

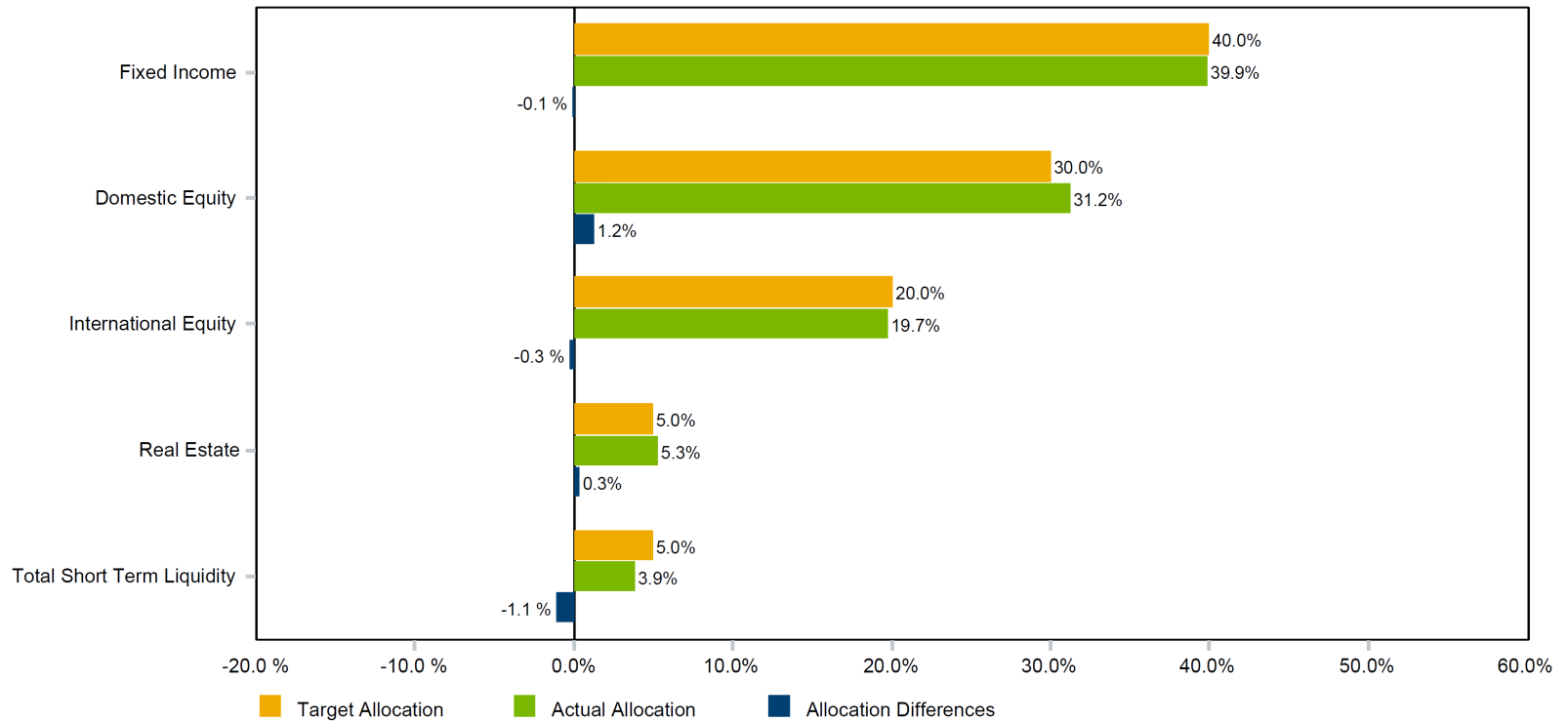


Ratio of Cumulative Wealth - 5 Years



Asset Allocation as of March 31, 2021

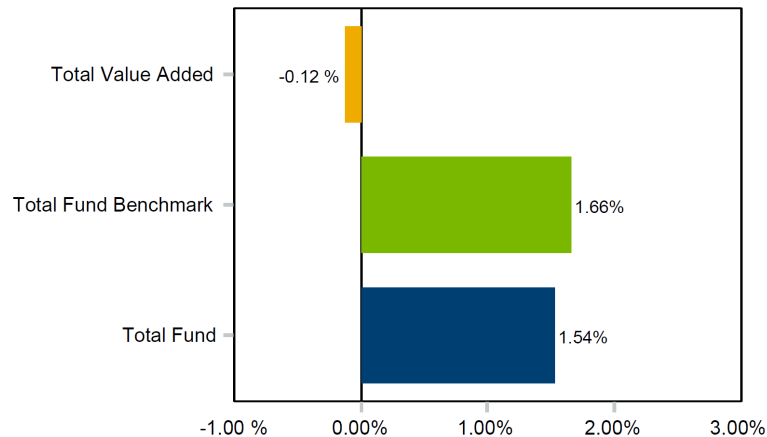
	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Differences (%)
OPEB Plan	10,337,194.71	100.00	100.00	0.00
Fixed Income	4,124,137.51	39.90	40.00	-0.10
Domestic Equity	3,228,659.08	31.23	30.00	1.23
International Equity	2,037,076.29	19.71	20.00	-0.29
Real Estate	546,678.84	5.29	5.00	0.29
Total Short Term Liquidity	400,642.99	3.88	5.00	-1.12



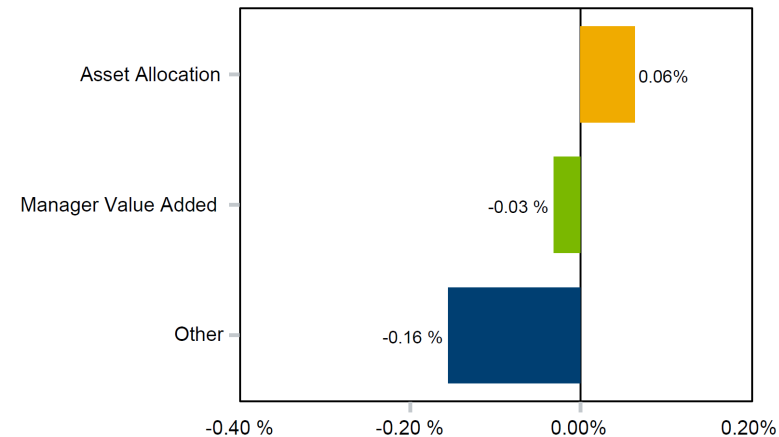
OPEB Total Fund Attribution: 1 Quarter as of March 31, 2021

OPEB Plan vs. OPEB Total Plan Attribution

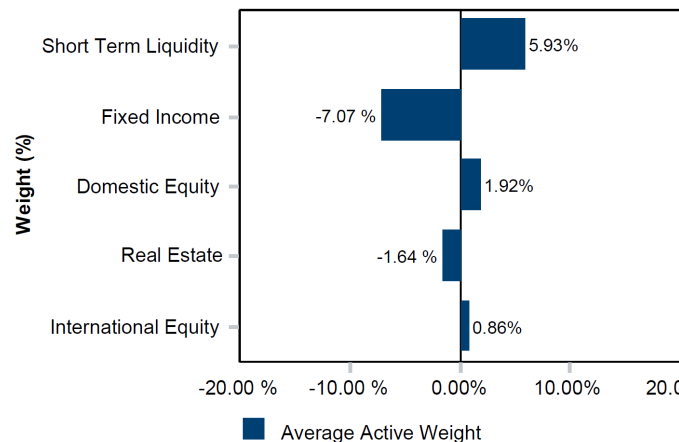
Total Fund Performance



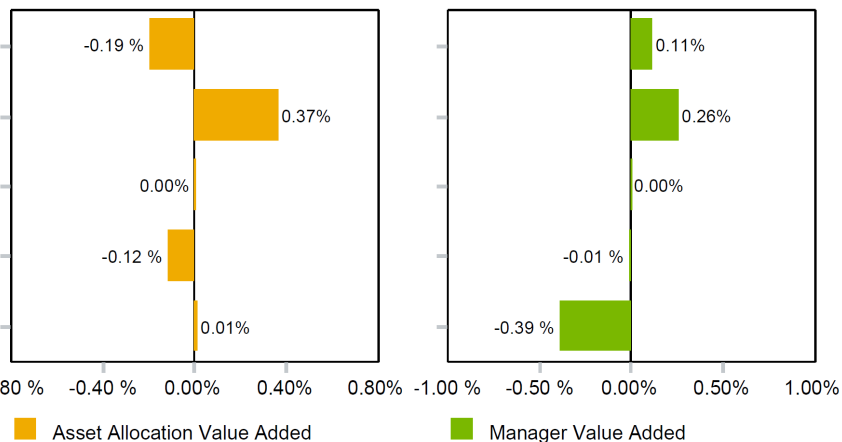
Total Value Added:-0.12 %



Total Asset Allocation:0.06%



Total Manager Value Added:-0.03 %



Performance as of March 31, 2021

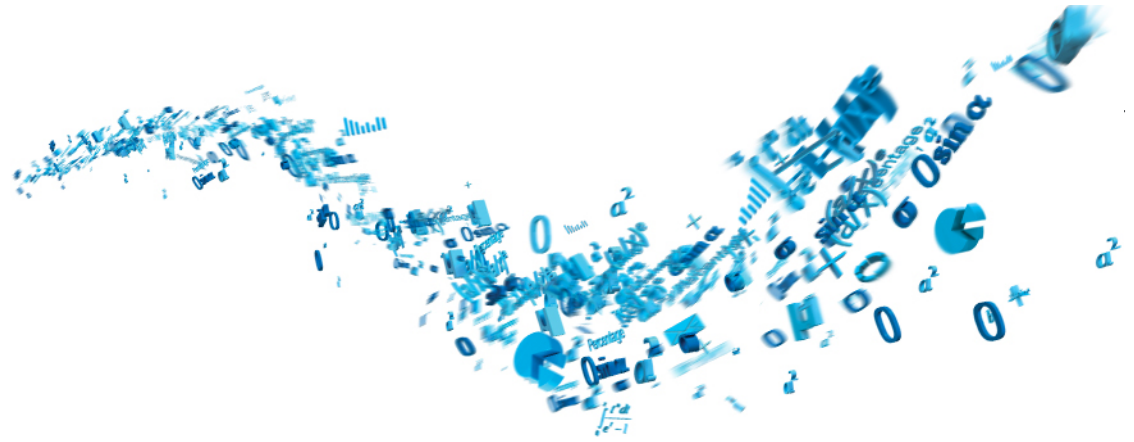
	Allocation			Performance(%)						
	Market Value (\$)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
OPEB Plan	10,337,195	100.0	100.0	1.5	33.7	9.7	9.7	7.6	8.1	05/01/2012
<i>Wilton OPEB Plan Benchmark</i>				1.7	28.8	9.3	8.8	7.1	7.5	
Fixed Income	4,124,138	39.9	40.0	-2.7	4.7	3.9	4.0	3.3	3.7	07/01/2010
<i>OPEB Fixed Income Composite Benchmark</i>				-3.3	1.1	4.7	3.1	3.3	3.3	
Vanguard Total Bond Market Index Adm	1,046,084	10.1		-3.6 (90)	0.5 (91)	4.6 (65)	3.1 (72)	3.2 (65)	4.1 (73)	06/01/2019
<i>Blmbg. Barc. U.S. Aggregate</i>				-3.4 (70)	0.7 (88)	4.7 (64)	3.1 (70)	3.3 (58)	4.2 (68)	
IM U.S. Broad Market Core Fixed Income (MF) Median				-3.0	4.3	4.9	3.5	3.5	4.7	
Metropolitan West Total Return Bond PI	840,160	8.1		-2.9 (54)	3.7 (80)	5.6 (26)	3.8 (76)	3.7 (54)	5.3 (45)	06/01/2019
<i>Blmbg. Barc. U.S. Aggregate</i>				-3.4 (80)	0.7 (100)	4.7 (84)	3.1 (96)	3.3 (81)	4.2 (85)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-2.9	6.9	5.1	4.1	3.7	5.1	
PGIM Total Return Bond R6	637,294	6.2		-4.4 (97)	6.3 (58)	5.0 (60)	4.3 (39)	4.2 (20)	4.6 (30)	12/01/2015
<i>Blmbg. Barc. U.S. Aggregate</i>				-3.4 (80)	0.7 (100)	4.7 (84)	3.1 (96)	3.3 (81)	3.4 (91)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-2.9	6.9	5.1	4.1	3.7	4.2	
PIMCO Income Fund	1,600,599	15.5		-0.2 (40)	14.4 (46)	4.8 (53)	5.9 (14)	5.4 (7)	-0.5 (47)	02/01/2021
<i>Blmbg. Barc. U.S. Aggregate</i>				-3.4 (93)	0.7 (99)	4.7 (57)	3.1 (90)	3.3 (74)	-2.7 (92)	
IM Multi-Sector General Bond (MF) Median				-0.6	14.1	4.8	4.8	3.9	-0.6	
Domestic Equity	3,228,659	31.2	30.0	6.4	62.7	17.1	16.7	13.4	15.8	07/01/2010
<i>Vanguard Spliced Total Stock Market Index</i>				6.4	62.8	17.1	16.7	13.4	15.8	
Vanguard Total Stock Market Index Adm	3,228,659	31.2		6.4 (62)	62.7 (37)	17.1 (16)	16.7 (14)	13.4 (10)	15.6 (13)	01/01/2012
<i>Vanguard Spliced Total Stock Market Index *</i>				6.4 (63)	62.8 (36)	17.1 (15)	16.7 (14)	13.4 (10)	15.6 (12)	
IM U.S. Multi-Cap Core Equity (MF) Median				7.4	60.7	14.2	14.5	11.4	14.2	

*Consists of Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. ** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex. U.S. IMI Index through June 2, 2013; FTSE Global All Cap ex U.S. Index thereafter *** Consists of MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index thereafter.

Performance as of March 31, 2021

	Allocation			Performance(%)						
	Market Value (\$)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
International Equity	2,037,076	19.7	20.0	1.7	56.9	8.5	11.5	7.5	9.0	07/01/2010
<i>OPEB International Equity Composite Benchmark</i>				3.7	50.7	6.6	9.9	5.4	7.4	
Vanguard Total International Stock Index Adm	1,035,838	10.0		3.9 (76)	52.8 (49)	6.5 (42)	10.0 (5)	5.6 (12)	7.0 (44)	05/01/2012
<i>Vanguard Spliced Total International Stock Index **</i>				3.8 (77)	52.0 (52)	6.7 (27)	10.0 (5)	5.6 (10)	7.0 (42)	
IM International Large Cap Core Equity (MF) Median				5.9	52.3	5.9	8.9	4.3	6.9	
American Funds EuroPacific Growth R6	1,001,238	9.7		-0.4 (100)	60.8 (16)	10.2 (1)	12.9 (1)	8.1 (1)	8.4 (1)	09/01/2014
<i>MSCI AC World ex USA Index (Net)</i>				3.5 (80)	49.4 (64)	6.5 (42)	9.8 (15)	5.3 (18)	4.9 (26)	
IM International Large Cap Core Equity (MF) Median				5.9	52.3	5.9	8.9	4.3	4.3	
Real Estate	546,679	5.3	5.0	6.8	34.0	10.3	5.7	7.9	10.3	07/01/2010
<i>Vanguard Real Estate Spliced Index</i>				8.7	36.7	11.1	6.2	8.3	11.0	
Cohen & Steers Institutional Realty Shares	546,679	5.3		8.6 (43)	37.0 (32)	13.1 (8)	8.2 (12)	9.8 (9)	9.3 (29)	02/01/2021
<i>FTSE NAREIT All Equity REITs</i>				8.3 (50)	34.2 (61)	10.8 (37)	7.2 (24)	8.9 (23)	8.4 (56)	
IM Real Estate Sector (MF) Median				8.3	35.7	10.0	5.8	7.8	8.5	
Total Short Term Liquidity	400,643	3.9	5.0	0.4	0.5	1.2	0.8	0.6	0.5	01/01/2012
Wells Fargo Government MM Fund	371,792	3.6		0.6	0.7	1.5	1.1	0.8	0.7	04/01/2012
<i>90 Day U.S. Treasury Bill</i>				0.0	0.1	1.5	1.2	0.9	0.7	
Webster Cash	28,851	0.3								

*Consists of Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter. ** Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex. U.S. IMI Index through June 2, 2013; FTSE Global All Cap ex U.S. Index thereafter *** Consists of MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index thereafter.



Aon Medium Term Views

Medium-Term Views



Total Return Cross Asset Class Views

---	--	-	=	+	++	+++
Equity view remains neutral and downside risks persist		Core fixed income	Equities	We still favor uncorrelated sources of returns from a risk-mitigation view		
		Credit		Alternatives		
			Cash			

Relative Asset Class Views

Equity Regions

---	--	-	=	+	++	+++
Stronger economic growth and earnings outlook has prompted a US view upgrade		USA	EAFE	Emerging	Better virus containment and growth story is supportive for EM Asia	

Equity Styles

---	--	-	=	+	++	+++
Pro-cyclical stance maintained. Value preferred to growth		Low Vol.	Quality	Value		
		Growth				

Alternatives

---	--	-	=	+	++	+++
Non-correlated alternatives still generally preferred		Dir. Hedge Funds	Commodities	Non-Dir. Hedge Funds	Global Infra.	Private Credit
			Real Estate			

Credit Views

---	--	-	=	+	++	+++
		USD EMD	Local EMD	Bank Loans	Selected ABS	Risk of further USD strength and better US outlook have prompted the view change
				High Yield		

Core Fixed Income Duration Views

---	--	-	=	+	++	+++
Potential returns remain unattractive but large rises in break-evens mean we have moved to neutral on our relative preference		Treasuries	Inv. Grade	TIPS	We remain underweight at the total portfolio level	

Currencies versus USD

---	--	-	=	+	++	+++
US dollar likely to be supported near-term by stimulus		EUR	GBP	JPY	EM	

* Local EMD view is based on total return rather than spread
Please refer to the end of the document for interpretation guidelines

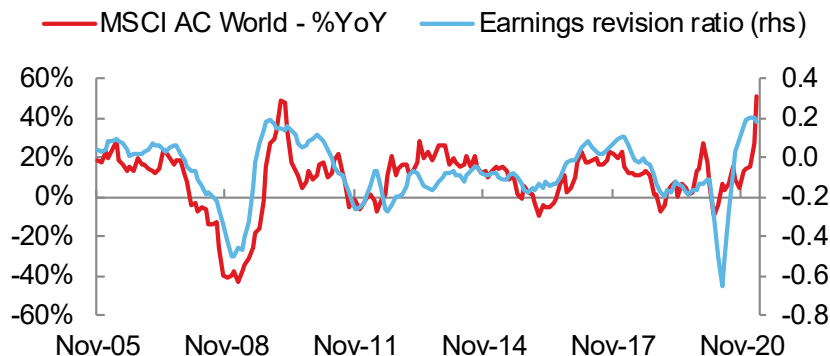
Equities:

Stimulus and vaccines should be supportive, but equities are not cheap



- Equity markets continued to ride high over most of Q1, as further stimulus packages were introduced and especially on the news that a number of vaccines had been approved in several countries, bringing hope of an end to restrictions at some point in 2021. At the same time, there has been a rotation into pro-cyclical and value sectors as “reflation” increasingly became the word on investors’ minds.
- Of course, the impact of a stellar year in terms of equity returns is that valuations have moved far in excess of long-term averages, especially on ratios relative to earnings. In the case of the latter, earnings are expected to grow by over 28% for the MSCI World index this year, before growing a smaller but still healthy 14% in 2022. If the vaccine roll-out is successful and does truly bring the pandemic to a close this year, these estimates are possible, but the risk of delays is still significant and earnings disappointment cannot be ruled out.
- Nonetheless, there is a huge amount of fiscal and monetary support now, and the recent introduction of another Covid support bill to the tune of \$1.9trn in the US may not even be the last – focus has now turned to infrastructure but this would also have tax rises attached. The combination of government support and very low interest rates will likely support equities for now, but there is a risk that rising yields and higher taxes begin to increase headwinds over time.

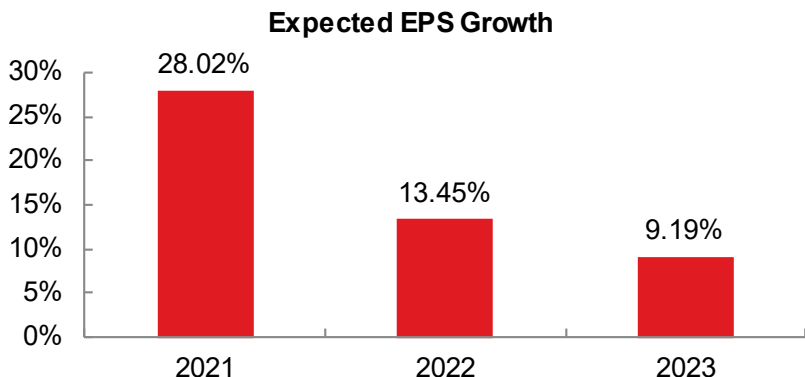
Earnings revisions up sharply and market has responded



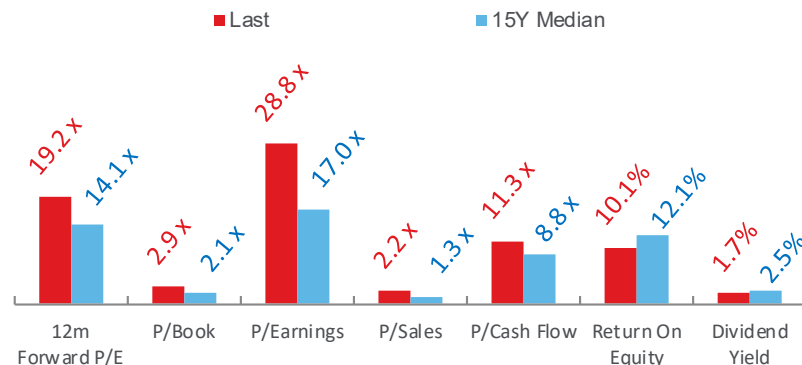
Source: Factset, Aon

2021 and 2022 MSCI World earnings expected to be strong

MSCI World valuations are very expensive



Source: Factset, Aon



Source: Factset, Aon, MSCI

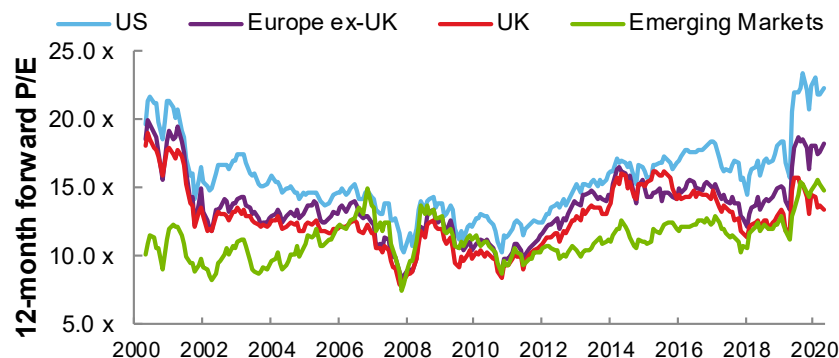
Equities:

US stimulus and European struggles prompt a US view upgrade



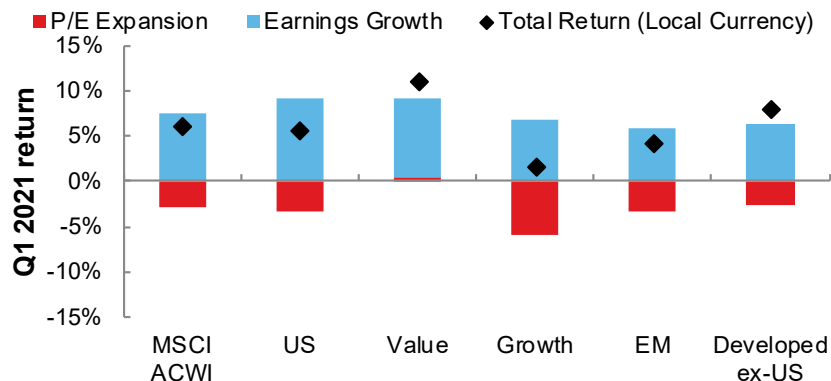
- The so-called reflation trade has prompted a rotation into value stocks and away from growth stocks.
- For these trends to continue, the expectations need to be met by the reality and the current struggles with infection waves in Europe and the associated lockdowns have contrasted with a better vaccine roll-out in the US and falling cases. At the same time, the US government's new \$1.9trn fiscal stimulus package and the promise of further spending has helped to boost the domestic outlook. It is possible that US and growth assets perform better and this will likely be dependent on continued European trouble with easing restrictions. We have upgraded our US equity view to reflect this.
- At the same time, valuations remain expensive across the major regions and the gap between them is wide. The US continues to be the most expensive region, of course, but valuations look less lofty outside of technology.
- In terms of the emerging markets, whilst China has continued to benefit from a controlled virus situation, other major countries, such as Brazil and Turkey, are grappling with fresh outbreaks. Nonetheless, a global growth recovery should still be supportive over the medium term.

Large valuation gaps between markets



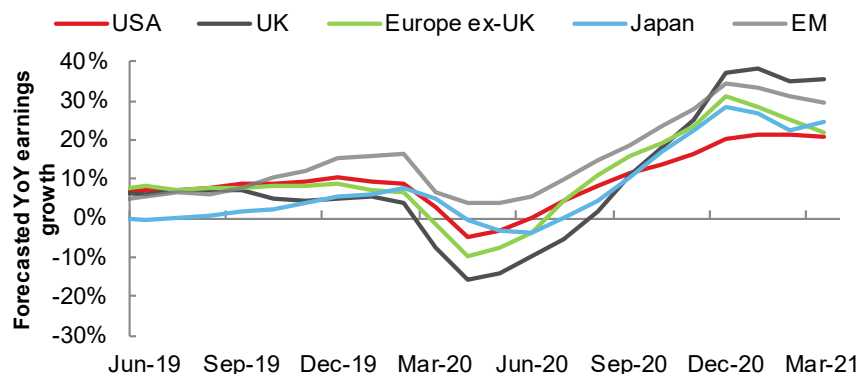
Source: Factset, MSCI, Aon.

Value performs well in Q1 – will it continue?



Source: Factset, MSCI, Aon. Changes in the 12-month forward P/E and earnings per share shown. Local currency returns and MSCI World Growth and Value indices shown.

Earnings outlook remained strong in Q1



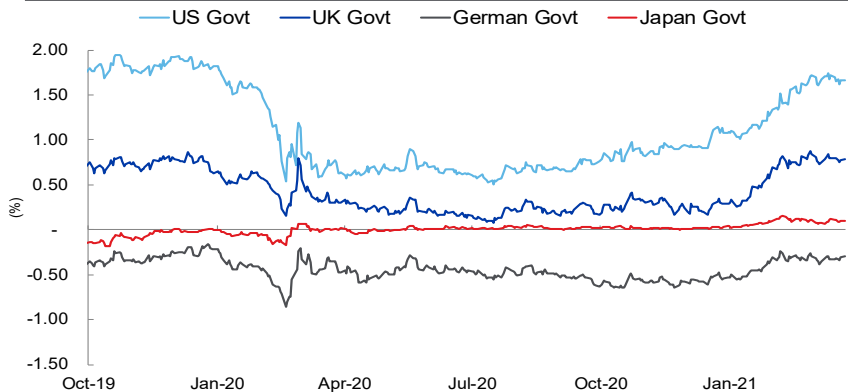
Source: Factset, MSCI, Aon.

Core fixed income: An end to Secular Stagnation?



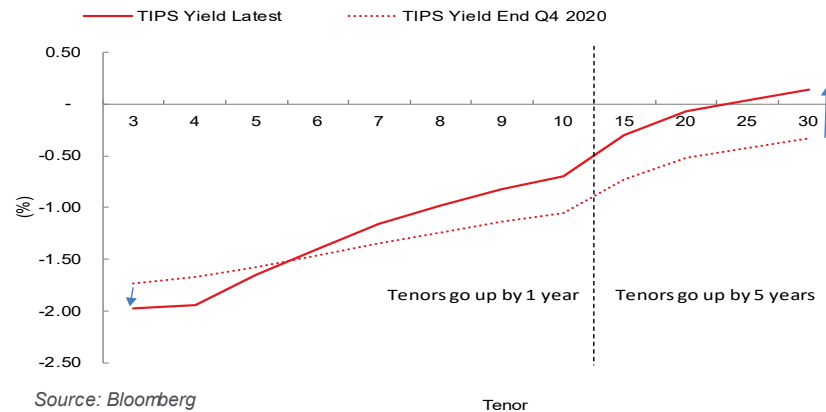
- The \$1.9 trillion stimulus combined with infrastructure bills will keep US fiscal deficits high and, together with lower Fed purchases, will mean the net amount of US Treasuries sold to the private sector will turn positive in 2021. Indeed, in USD terms, it will be the biggest ever amount sold to the private sector. A similar pattern across the G4 will mean that there could be an abundance of government bond issuance.
- If the US infrastructure programmes are successful in raising potential growth, then it is possible that the trend towards 'secular stagnation' (slow growth, and inflation tending to fall short of target) will end. Real yields have become positive again at the 30 year tenor, and have the potential to rise further. In the longer-term demographic shifts could switch from being a headwind to being supportive of yields. However, we still think that it is too early for the narrative in markets to shift decisively on this.
- The rise in break-evens means we think TIPS are now fair value. We have therefore neutralized our relative preference for inflation-linked bonds versus nominal bonds.

10 year yields have stabilised over late March/April



Source: Bloomberg

US Real Yield Curve Has Steepened



Source: Bloomberg

2021 will see biggest 'net' issuance in USD terms

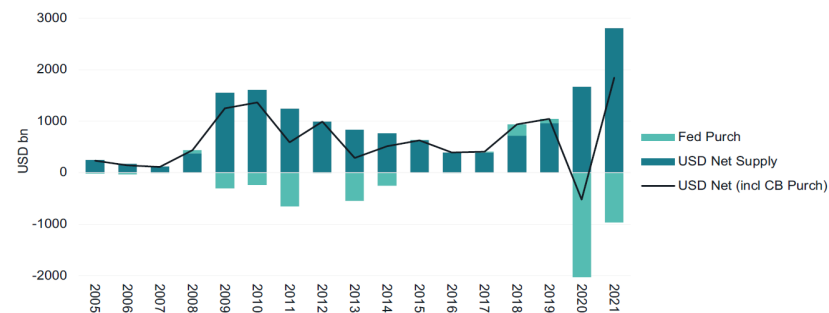


Figure 4: Bond Issuance in EUR

Source: Brevan Howard Capital Management LP

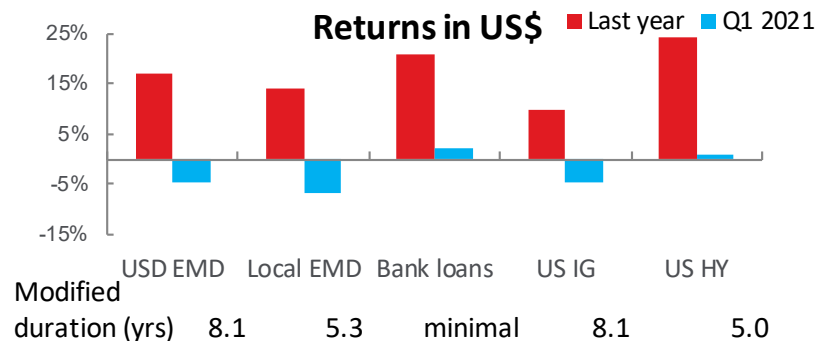
Credit:

Credit spreads likely to stabilise at tight levels but rate risk remains



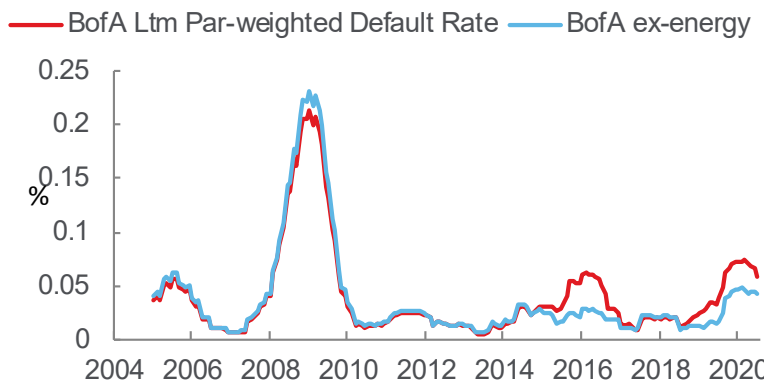
- Policy support in reaction to the virus has meant that the credit downturn has been mild and we expect economic recovery to continue to support credit markets. Credit spreads have now narrowed to decade lows.
- However, government bond yields have risen which has meant longer duration credit sectors like investment grade and US dollar denominated EM debt have underperformed shorter duration HY bonds and loans. The risk of further yield rises means that we are upgrading HY bonds and loans relative to other sectors given their lower duration and economic sensitivity to rising US yields.
- Local EMD has also taken a knock this year from the pick-up in the US dollar with both local EMD yields rising and EM currency dipping. Dollar risk remains but EM fundamentals still look reasonable with strong current account balances so we are maintaining our impartial view between USD and local EM debt markets.
- We still have a preference for certain asset-backed securities, such as CLOs and mortgages, even though credit spreads have tightened considerably here too.

Rising US yields have hurt US IG and EMD this year



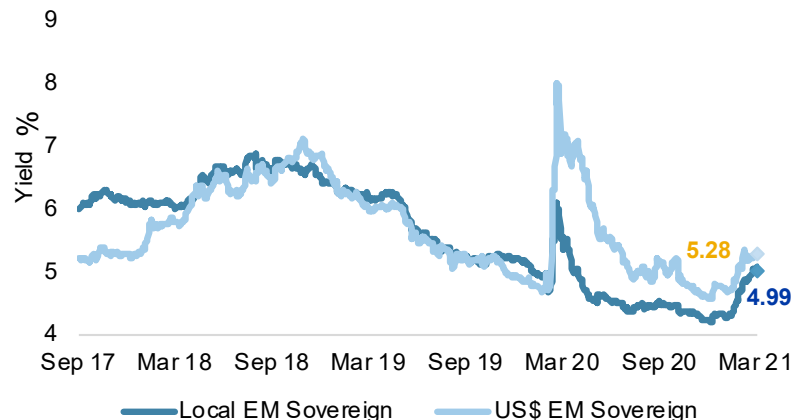
Source: JPMorgan, Credit Suisse, ICE BofA

High yield default rates have peaked



Source: Bank of America Merrill Lynch

USD and local EMD yields have also risen this year



Source: Factset

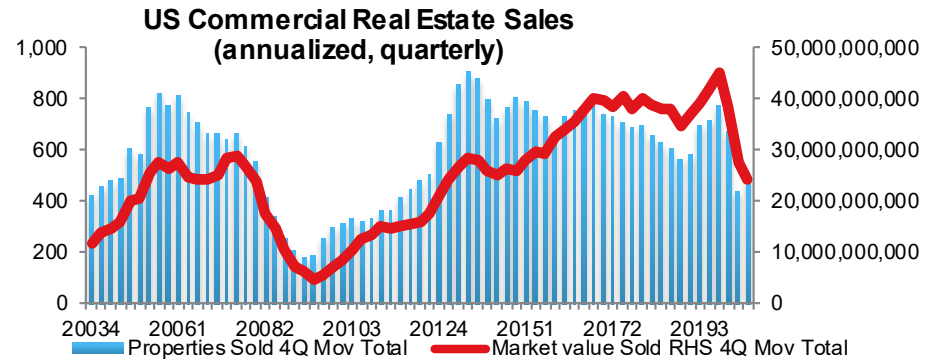
Alternatives Special Focus:

US commercial real estate 'soft lands but some uncertainties remain



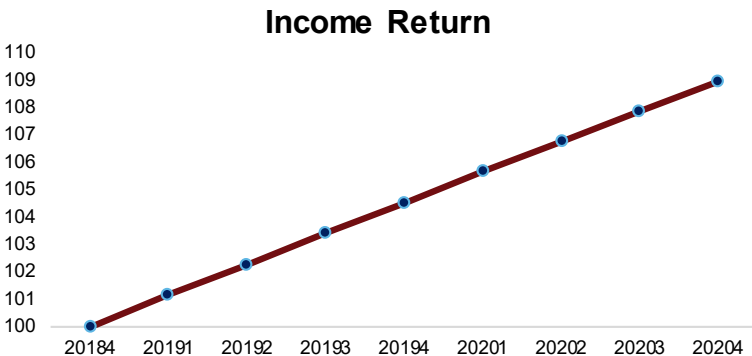
- US private commercial real estate overall appears to have had a 'soft landing' through 2020 as returns dipped only briefly.
- However, a note of caution – transaction levels dipped sharply limiting the reliability of price data, which showed only a small dip in the middle of the year. With sales picking up, the trend in prices should become clearer.
- The rebound in the economy should help support real estate looking forward. However, it is likely that some of the lasting effects of the pandemic will take their toll on certain sectors – uncertainty surrounds office demand, in particular, given new ways of working.
- Income has remained an important cushioning factor (chart below), and this asset class's reliance on income for returns (typically the dominant source of return rather than price changes) is a major stabilising influence.
- Real estate looks expensive given low cap rates versus historic norms, but on a yield 'gap' basis with bonds, the market looks reasonably valued.

Falling transaction levels limited price discovery



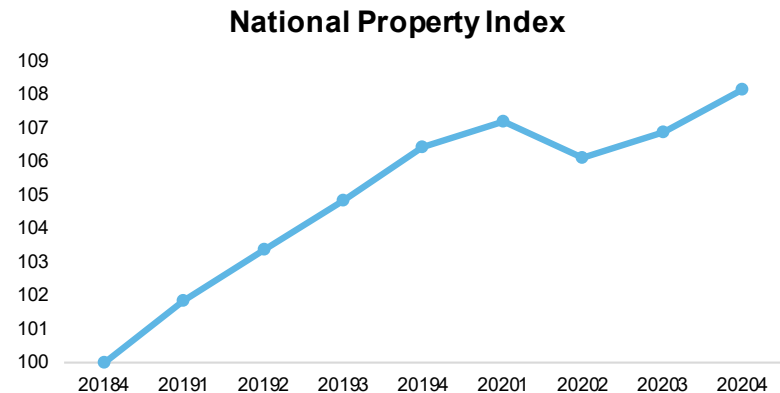
Source: NCREIF

Income stayed steady, cushioning returns



Source NCREIF

...which may have flattered returns, which dipped briefly



Source: NCREIF



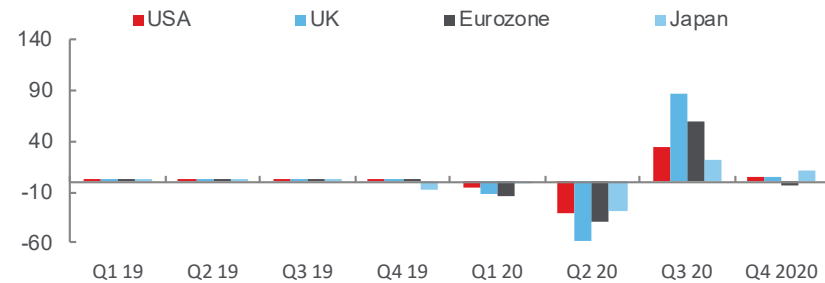
Appendix

Economic Highlights



The markets continued to be buoyed by the optimism triggered by vaccine roll-outs but infection surges around the world have shown that the battle will not end swiftly. Economic activity is expected to recover as restrictions are eased around the world, although this is likely to happen at an uneven pace. Added to this, the US has introduced another huge stimulus bill, with the promise of even more spending soon. This will boost US economic activity and will likely have spillover effects in other countries too. On the flipside, government debt is projected to balloon in the coming decade, which will require claw back through higher taxes and/or lower spending. The hope is that the pandemic will end this year, but its impact will be much longer-lasting.

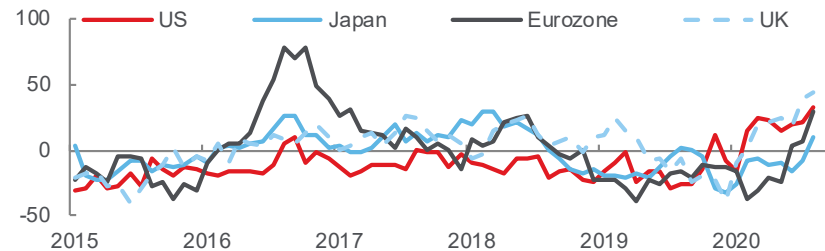
Q4 growth was positive outside of Europe



Source: Factset

The risk of rising inflation is coming into focus

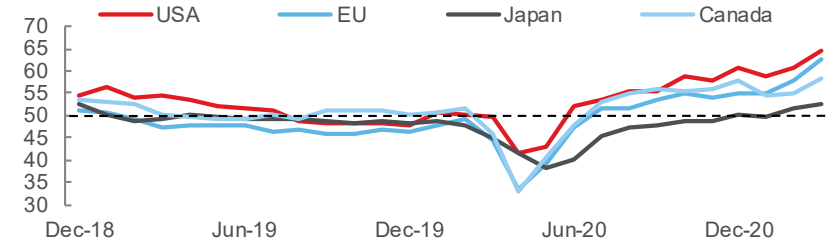
Citi Inflation surprise indexes



Source: Factset

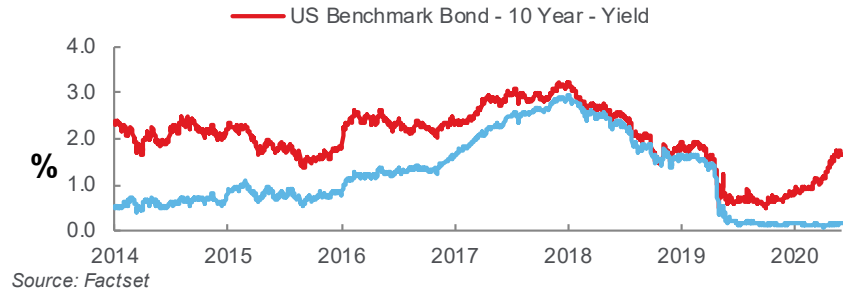
...but the trend in manufacturing activity is upwards

Manufacturing PMIs



Source: Factset

Long-term yields surge on vaccine and stimulus news



Source: Factset



USA

- US economic progress continued with 4.3% annualized GDP growth in Q4 and further rises in the ISM indexes over Q1. Indeed, the non-manufacturing ISM index surged to a record high of 63.7 in March, reflecting the impact of easing restrictions as the vaccine roll-out continues apace in the country.
- There has also been mounting evidence of rising cost pressures due to supply chain disruptions and pent-up demand. Inflation risks are a key concern now.
- Adding to these concerns is the largesse of the government. The administration introduced a \$1.9trn Covid support package in March and has swiftly turned its attention on a \$2trn infrastructure bill and another focused on social care and economic justice. These are planned to be part-financed by higher taxes, which will likely trigger battles in Congress, but a higher-spending US government is likely to borrow more as well.
- The Fed continued to expect keeping its policy very supportive until the end of 2023 but, if growth does remain strong this year, the risk of hikes could rise next year.

EAFE

- Europe has been engulfed in another severe wave of infections, which has prompted renewed harsh restrictions on movement and interactions. At the same time, governments have been embroiled in rising recriminations on the slow roll-out of vaccines, although the pace seems to have been picking up recently. This has inevitably meant that economic activity has suffered and is unlikely to begin recovering before this wave has passed.
- In Japan, the biggest cities have been in partial lockdown for much of Q1, affecting domestic activity. But the quarterly Tankan index jumped to indicate a strong rebound, based on US economic stimulus, strong Chinese growth and the global vaccine roll-out.
- In the UK, the vaccine programme has so far been deemed a success and restrictions were starting to be eased as Q1 came to a close. As a result, economic optimism has risen significantly as well. On the flipside, there continued to be some disruption from trade restrictions created by Brexit, especially in Northern Ireland.

Emerging Markets

- The Chinese economy remained relatively robust in Q4 but, while the Q1 GDP growth numbers will be flattered by the Covid-lockdown crash of last year, activity has been adversely affected by renewed travel restrictions. Household consumption has also fallen back recently. Nonetheless, the country's management of outbreaks and the likely opening up of global trade should support growth going forward.
- Elsewhere, the picture is less positive in some key EM countries. In Turkey, the sacking of the central bank head at the same time as a strong virus wave has dented prospects. Meanwhile, Brazil is also facing an overwhelming wave of infections amid perceived economic mismanagement. India, too is dealing with a rise in cases.
- The blockage in the Suez canal and other supply chain disruptions have also had an impact on the strength of activity in recent weeks.
- As with the developed world, the outlook for EM countries is dependent both on outbreak management and global trade developments.



View Guidance

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<p>Large under-performance expected with highest conviction</p> <ul style="list-style-type: none">• Target larger underweight• Bring forward selling plans and defer SAA buying implementation• Do not rebalance to target weight yet	<p>More under-performance or stronger conviction</p> <ul style="list-style-type: none">• Target underweight• Bring forward selling plans and defer SAA buying implementation• Do not rebalance up to target weight yet	<p>More likely to underperform</p> <ul style="list-style-type: none">• Target small underweight to strategic weight• Prefer to avoid buying and selling on strength• Buying for SAA reasons fine, but add slowly or into weakness.• Consider partial rather than full rebalancing	<p>Weak conviction or no view on relative performance</p> <ul style="list-style-type: none">• Target benchmark or strategic weight• Buying/ Selling both look ok coming from SAA changes or rebalancing	<p>More likely to outperform</p> <ul style="list-style-type: none">• Target small overweight to strategic weight• Prefer to accumulate• Selling for SAA reasons fine, but look to sell gradually• Slow rebalancing moves back to benchmark weight	<p>More outperformance or stronger conviction</p> <ul style="list-style-type: none">• Target overweight• Bring forward buying plans and defer SAA selling implementation• Do not rebalance down to target weight yet	<p>Large outperformance expected with highest conviction</p> <ul style="list-style-type: none">• Target larger overweight• Bring forward buying plans and defer SAA selling implementation• Do not rebalance to target weight yet

Appendix: Investment View Framework

Investment View

Fundamental

Analyze the core economic and underlying drivers of an asset class. For example:

- Economic Growth
- Earnings Growth
- Default Risk

Valuation

Establish if the asset class is cheap or expensive given our fundamental outlook. For Example:

- P/E Ratio
- Credit Spreads
- Yield Levels

Market Awareness

Establish if near-term drivers for the asset class are positive or negative. For Example:

- Technical Indicators
- Sentiment Surveys
- Futures/Options Positioning

Appendix: Index Definitions

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI Emerging Markets Index - A capitalization-weighted index of stocks representing 26 emerging country markets.

MSCI US - A market capitalization-weighted index that is designed to measure the equity market performance of stocks in the USA.

JPM EMBI Global Diversified – Comprised of dollar-denominated Brady bonds, traded loans and Eurobonds issued by emerging market sovereign and quasi-sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding, providing for a more even distribution of weights within the countries in the index.

JPM GBI-EM Global Diversified - Designed to provide a comprehensive measure of local currency denominated, fixed-rate, government debt issued in emerging markets.

BofA Merrill Lynch High Yield - A market capitalization-weighted index that tracks the performance of U.S. dollar-denominated, below investment grade corporate debt publicly issued in the U.S. domestic market.

Trade weighted US Dollar (Federal Reserve) - A weighted average of the foreign exchange value of the U.S. dollar against a broad index of currencies that circulate widely outside the country of issue.

VIX Index – Tracks the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

MSCI World Index - A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, representing 24 developed market country indices.

Russell 1000 Index - An Index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Russell 2000 Index - An Index that measures the performance of the smallest 2,000 stocks contained in the Russell 3000 Index.

MSCI EAFE Index - A capitalization-weighted index of stocks representing 22 developed countries in Europe, Australia, Asia, and the Far East.

HFRI Fund Weighted Composite Index – The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

S&P/LSTA Leveraged Loans Index – The S&P/LSTA Leveraged Loan Index is the first index to track the investable senior loan market. This rules-based index consists of US loan facilities in the syndicated leveraged loan universe.

Bloomberg Barclays Corporate Bond Index - An unmanaged index considered representative of fixed-income obligations issued by U.S. corporates.

Bloomberg Barclays Credit Index - An unmanaged index considered representative of fixed-income obligations issued by U.S. corporate, specified foreign debentures, and secured notes.

ML MOVE Index - The Merrill Lynch Option Volatility Estimate (MOVE) Index is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options which are weighted on the 2, 5, 10, and 30 year contracts

ISM Purchasing Managers Index - The PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change.

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