



Town of Wilton

Third Quarter 2023 Pension Discussion Guide

November 8, 2023

Visit our new video library with our views on key investment topics for this quarter using access code “aon!”

<http://site-494121.bcvp0rtal.com/category/videos/key-topics-by-investor-type>

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Town of Wilton

Pension Plan Investment Committee Work Plan

For Discussion Purposes

Topic	Planned Frequency	Last Done	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Notes
Recurring Quarterly Topics							
Capital Markets Overview	<i>Quarterly</i>		X	X	X	X	
Fund Asset Allocation and Performance	<i>Quarterly</i>		X	X	X	X	
Investment Manager Ratings and Updates	<i>Quarterly</i>		X	X	X	X	
Investment Fee Summary	<i>Quarterly</i>		X	X	X	X	
Medium-Term Views	<i>Quarterly</i>		X	X	X	X	
Aon Thought Leadership	<i>Quarterly</i>		X	X	X	X	
Regulatory, Compliance, Administrative Update	<i>Quarterly</i>		X	X	X	X	
Periodic or Ad Hoc Topics							
Investment Policy Statement Review	<i>Annually</i>	Q3'21			X		
Lowest Cost Vehicle and Share Class Analysis	<i>Annually</i>					X	
Investment Checkup	<i>Every 1-3 years</i>	Q1'23	X				
Custody Review	<i>Every 3-5 years</i>						
Review Public Equity Structure	<i>Every 3-5 years</i>	Q2'23		X			
Asset/Liability Study	<i>Every 3-5 years</i>	Q2'20					
Consider an Opportunity Allocation	<i>As needed</i>						
Review Responsible Investment Trends & Strategy	<i>As needed</i>						
Review Diverse Manager Investing Trends & Strategy	<i>As needed</i>						

- We provide our strategic approach for working with the Committee in the table above

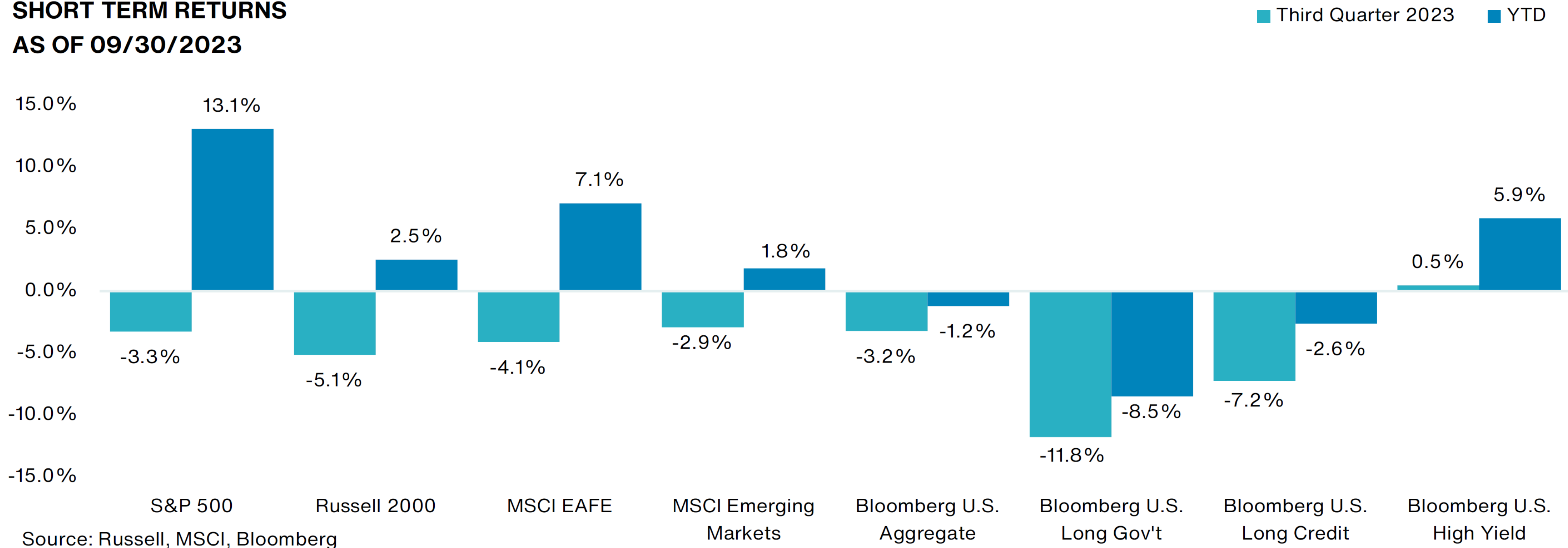
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Market Highlights



Market Highlights

SHORT TERM RETURNS AS OF 09/30/2023



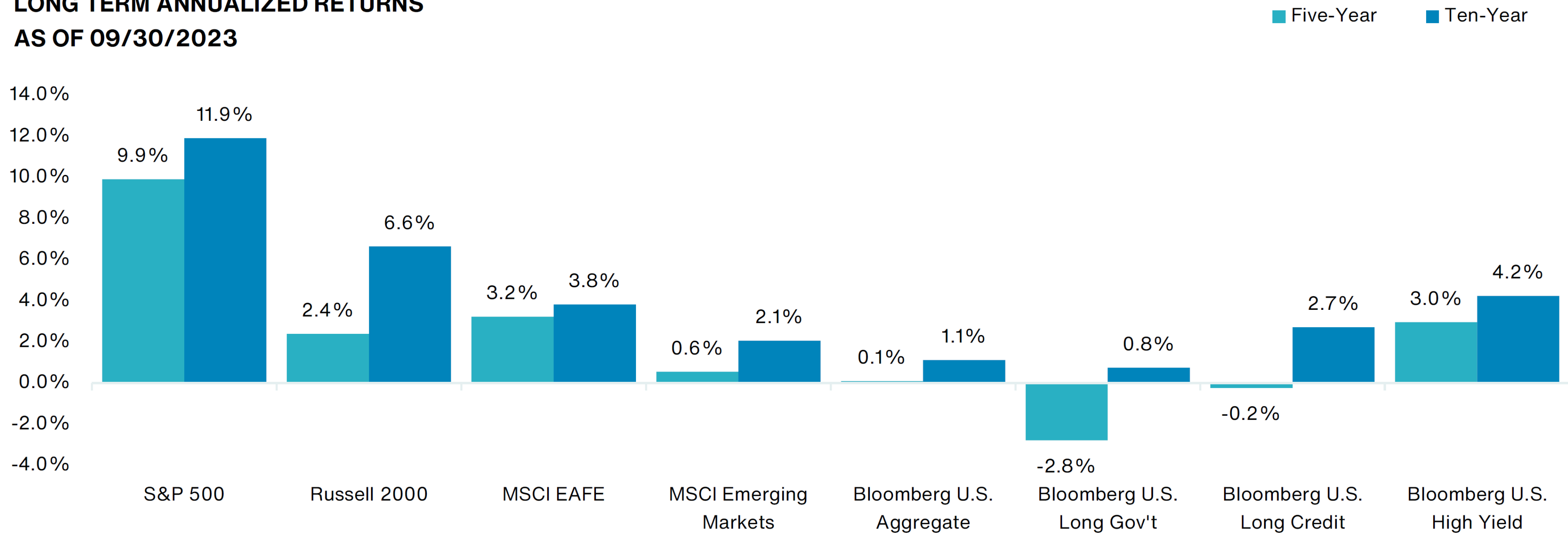
Source: Russell, MSCI, Bloomberg

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

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

Market Highlights

LONG TERM ANNUALIZED RETURNS AS OF 09/30/2023



Source: Russell, MSCI, Bloomberg

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Market Highlights

Returns of the Major Capital Markets						
	Period Ending 09/30/2023					
	Third Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity						
MSCI All Country World IMI	-3.40%	9.39%	20.16%	6.88%	6.09%	7.39%
MSCI All Country World	-3.40%	10.06%	20.80%	6.89%	6.46%	7.56%
Dow Jones U.S. Total Stock Market	-3.29%	12.42%	20.49%	9.27%	9.01%	11.19%
Russell 3000	-3.25%	12.39%	20.46%	9.38%	9.14%	11.28%
S&P 500	-3.27%	13.07%	21.62%	10.15%	9.92%	11.91%
Russell 2000	-5.13%	2.54%	8.93%	7.16%	2.40%	6.65%
MSCI All Country World ex-U.S. IMI	-3.49%	5.30%	20.19%	3.77%	2.57%	3.48%
MSCI All Country World ex-U.S.	-3.77%	5.34%	20.39%	3.74%	2.58%	3.35%
MSCI EAFE	-4.11%	7.08%	25.65%	5.75%	3.24%	3.82%
MSCI EAFE (Local Currency)	-1.27%	10.67%	20.32%	10.81%	5.65%	6.75%
MSCI Emerging Markets	-2.93%	1.82%	11.70%	-1.73%	0.55%	2.07%
Equity Factors						
MSCI World Minimum Volatility (USD)	-2.80%	1.22%	11.43%	3.72%	4.62%	7.70%
MSCI World High Dividend Yield	-1.52%	2.76%	17.77%	8.85%	5.77%	6.65%
MSCI World Quality	-2.83%	18.15%	30.27%	8.75%	11.01%	11.95%
MSCI World Momentum	-2.96%	0.07%	13.22%	1.69%	5.87%	9.93%
MSCI World Enhanced Value	-0.22%	11.05%	29.22%	12.90%	3.96%	6.12%
MSCI World Index Growth	-4.86%	21.09%	26.86%	5.50%	9.70%	10.75%
MSCI USA Minimum Volatility (USD)	-2.04%	1.85%	11.84%	6.17%	6.98%	10.38%
MSCI USA High Dividend Yield	-2.09%	-1.37%	12.62%	8.24%	5.74%	9.48%
MSCI USA Quality	-1.40%	21.67%	32.96%	9.73%	12.11%	13.78%
MSCI USA Momentum	-2.84%	-2.89%	8.92%	-0.31%	4.88%	11.62%
MSCI USA Enhanced Value	-2.52%	1.89%	14.53%	10.30%	3.69%	8.41%
MSCI USA Equal Weighted	-4.03%	4.38%	14.51%	8.88%	6.85%	9.45%
MSCI USA Growth	-3.45%	29.07%	29.83%	7.65%	12.74%	14.51%

Returns of the Major Capital Markets						
	Period Ending 09/30/2023					
	Third Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Fixed Income						
Bloomberg Global Aggregate	-3.59%	-2.21%	2.24%	-6.93%	-1.62%	-0.44%
Bloomberg U.S. Aggregate	-3.23%	-1.21%	0.64%	-5.21%	0.10%	1.13%
Bloomberg U.S. Long Gov't	-11.79%	-8.50%	-9.04%	-15.66%	-2.78%	0.75%
Bloomberg U.S. Long Credit	-7.23%	-2.62%	2.54%	-8.97%	-0.23%	2.71%
Bloomberg U.S. Long Gov't/Credit	-9.37%	-5.40%	-2.93%	-11.90%	-1.21%	1.94%
Bloomberg U.S. TIPS	-2.60%	-0.78%	1.25%	-1.98%	2.12%	1.74%
Bloomberg U.S. High Yield	0.46%	5.86%	10.28%	1.76%	2.96%	4.24%
Bloomberg Global Treasury ex U.S.	-4.70%	-4.62%	1.92%	-9.65%	-3.74%	-2.01%
JP Morgan EMBI Global (Emerging Market)	-2.63%	1.09%	8.61%	-4.27%	-0.09%	2.24%
Commodities						
Bloomberg Commodity Index	4.71%	-3.44%	-1.30%	16.23%	6.13%	-0.75%
Goldman Sachs Commodity Index	15.98%	7.24%	10.93%	29.49%	5.57%	-2.53%
Hedge Funds						
HFRI Fund-Weighted Composite ²	0.84%	4.27%	6.69%	6.89%	5.03%	4.57%
HFRI Fund of Funds ²	0.69%	2.99%	4.77%	3.83%	3.42%	3.29%
Real Estate						
NAREIT U.S. Equity REITS	-7.13%	-2.14%	2.99%	5.76%	2.77%	5.96%
FTSE Global Core Infrastructure Index	-7.93%	-8.83%	-0.94%	2.77%	4.11%	6.25%
Private Equity						
Burgiss Private iQ Global Private Equity ³			-1.81%	19.78%	17.13%	15.20%

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 September 30, 2022

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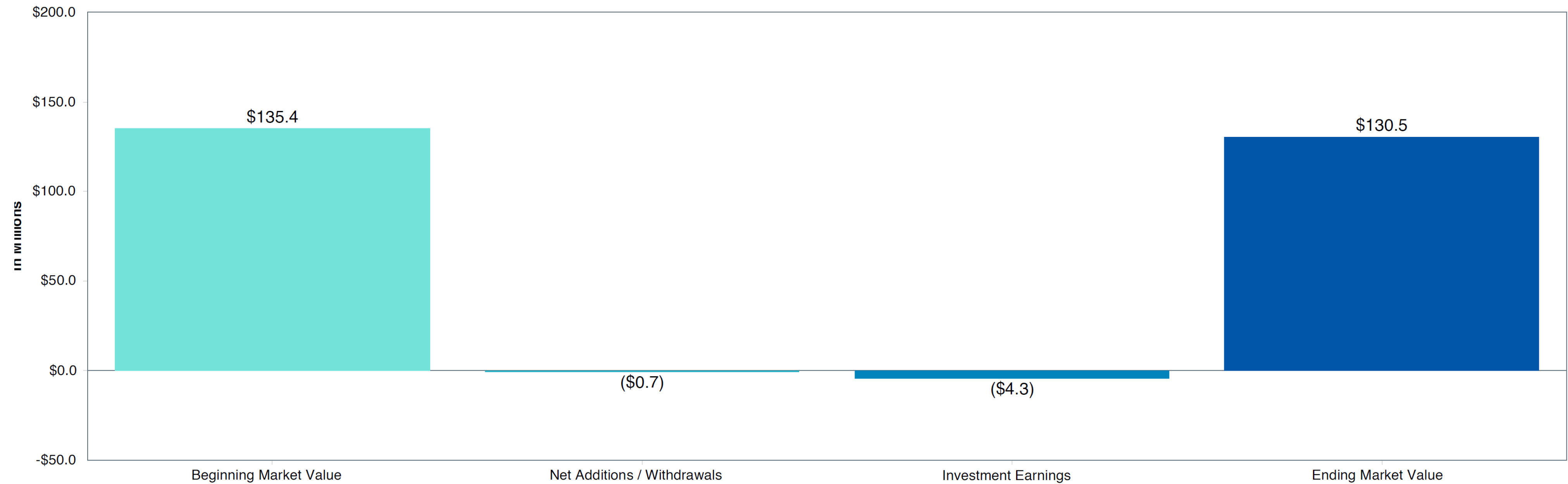
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Pension Plan Performance Summary



Total Plan Asset Summary

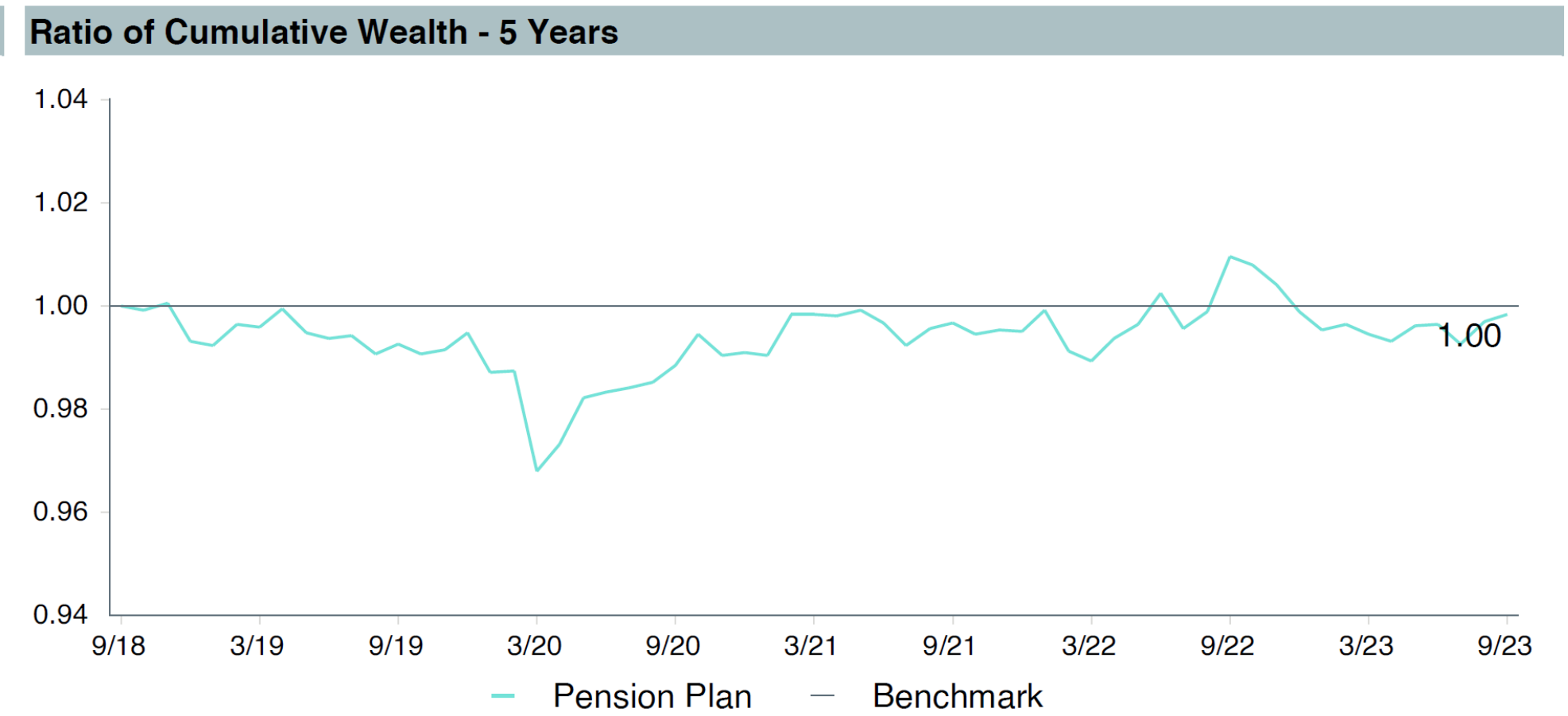
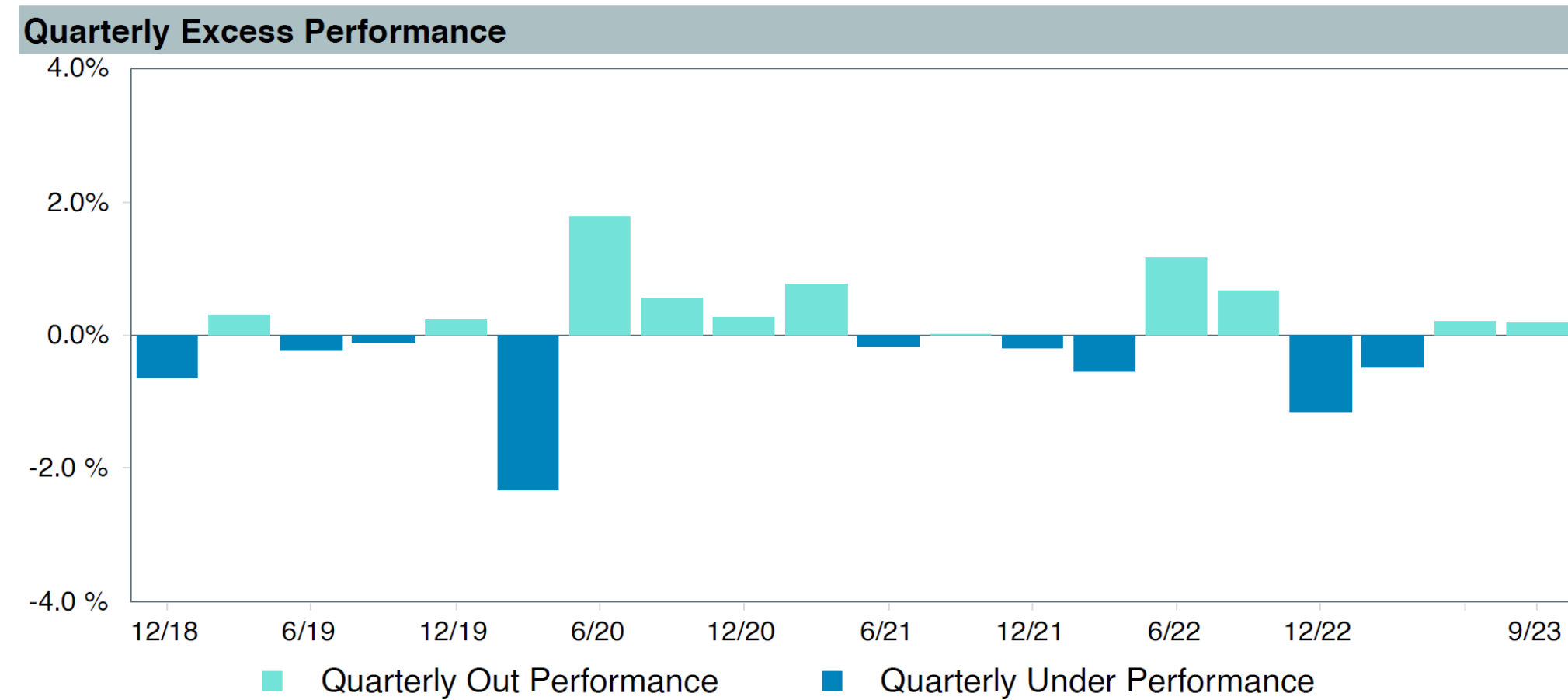
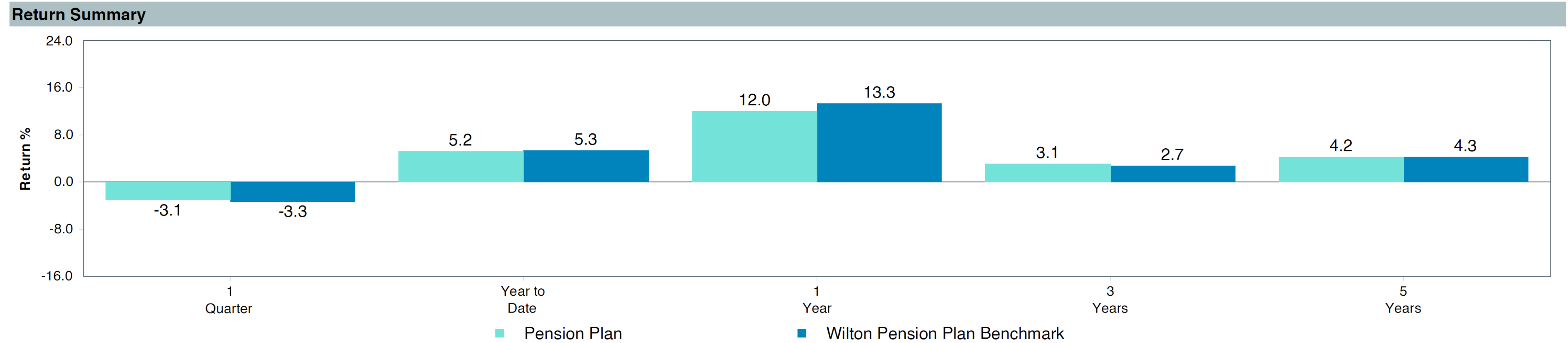
As of September 30, 2023



Summary of Cash Flows				
	1 Quarter	1 Year	Since Inception	Inception Date
ension Plan				05/01/2012
Beginning Market Value	135,405,217	121,038,538	73,939,906	
+ Additions / Withdrawals	-651,564	-4,480,965	-14,548,166	
+ Investment Earnings	-4,290,044	13,906,035	71,071,869	
= Ending Market Value	130,463,609	130,463,609	130,463,609	

Total Plan Performance Summary

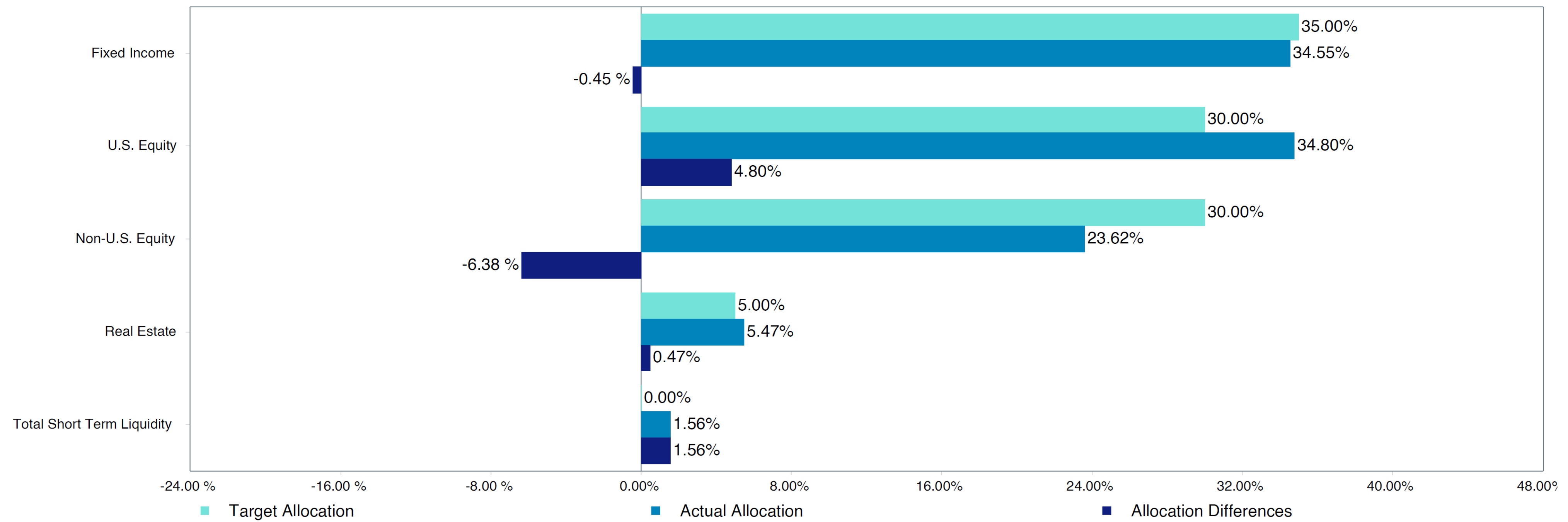
As of September 30, 2023



Asset Allocation

As of September 30, 2023

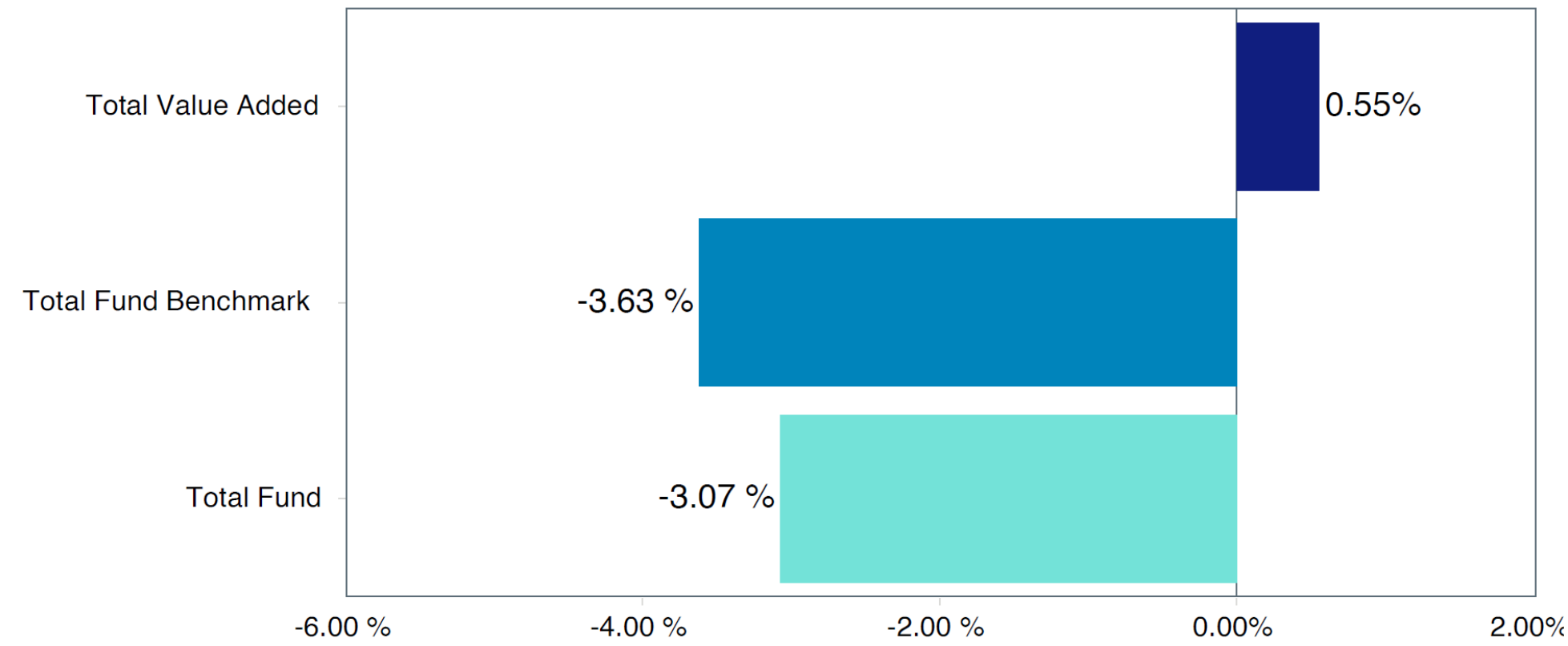
	Market Value \$	Current Allocation %	Target Allocation %	Differences %
Pension Plan	130,463,608.62	100.00	100.00	0.00
Fixed Income	45,075,816.61	34.55	35.00	-0.45
U.S. Equity	45,396,380.33	34.80	30.00	4.80
Non-U.S. Equity	30,813,976.01	23.62	30.00	-6.38
Real Estate	7,142,653.77	5.47	5.00	0.47



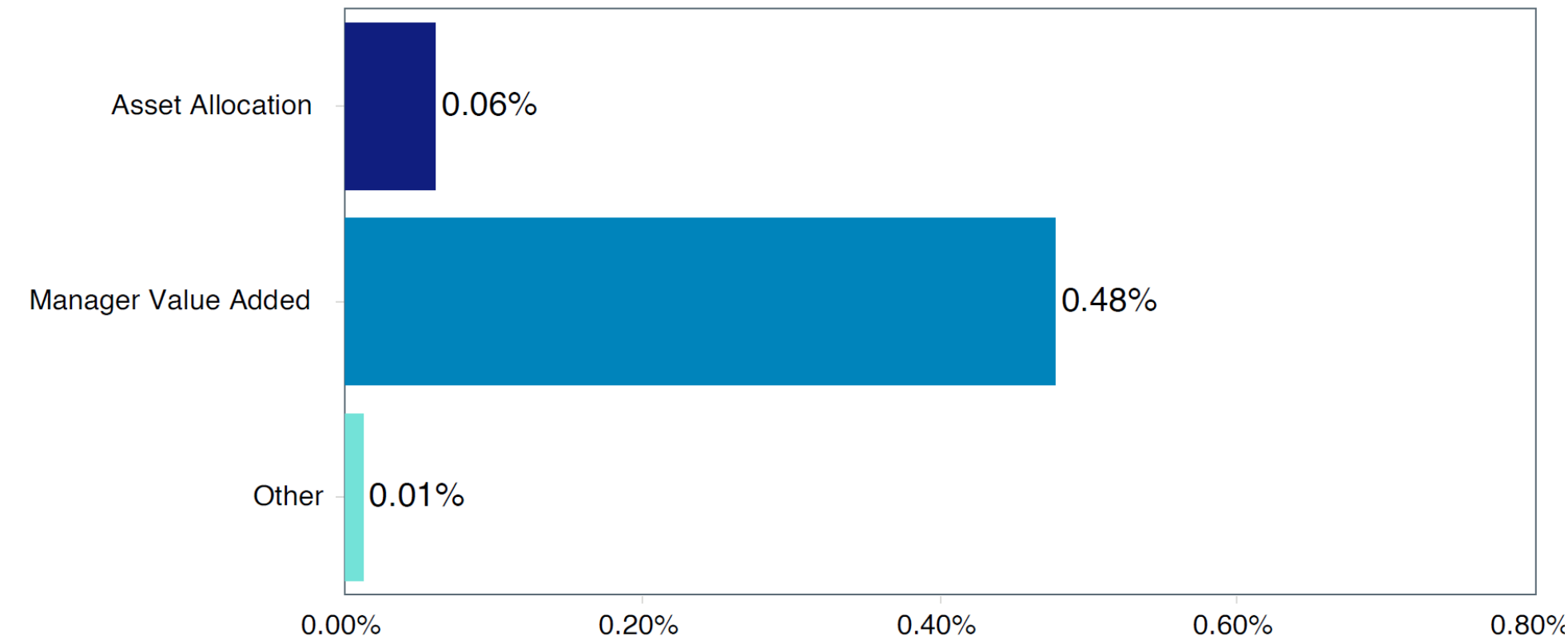
Pension Total Fund Attribution

1 Quarter as of September 30, 2023

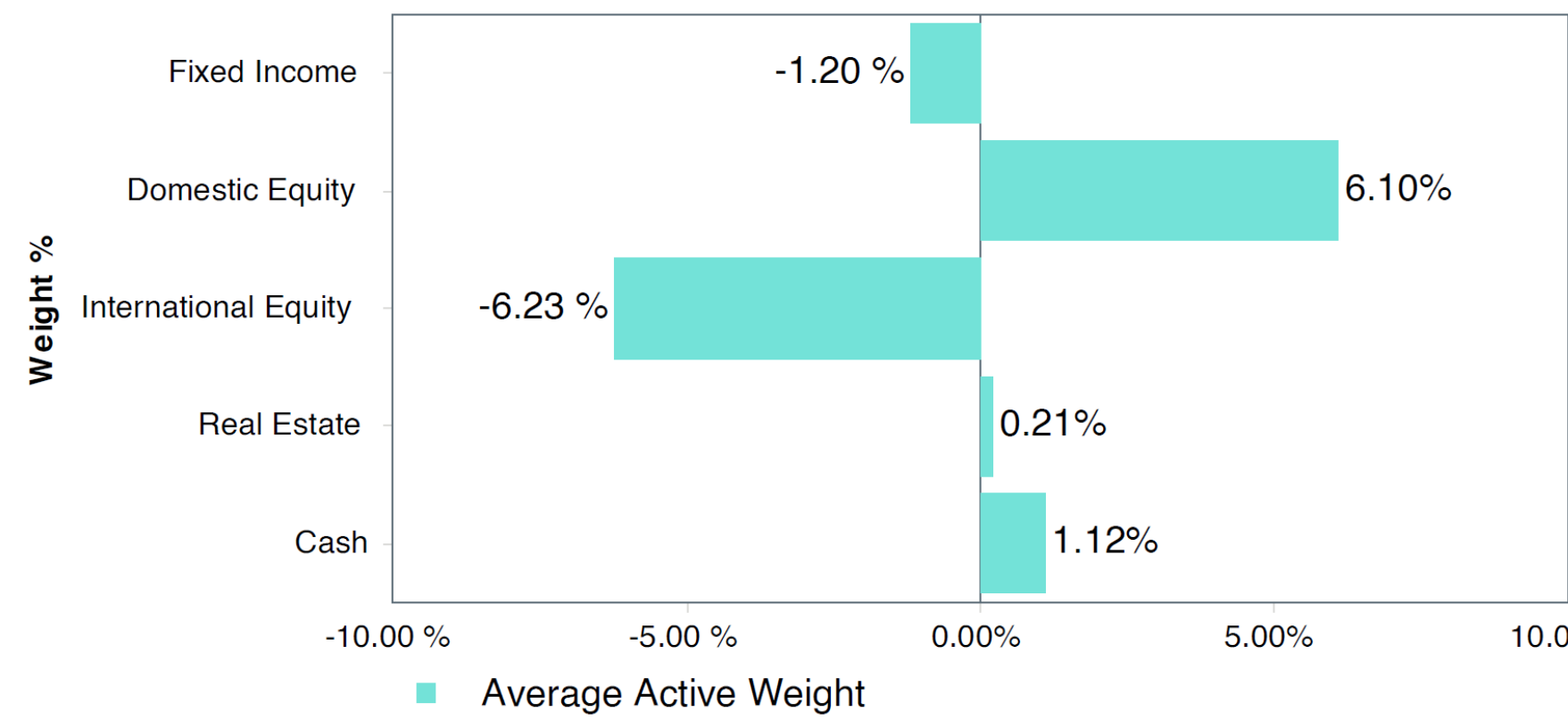
Total Fund Performance



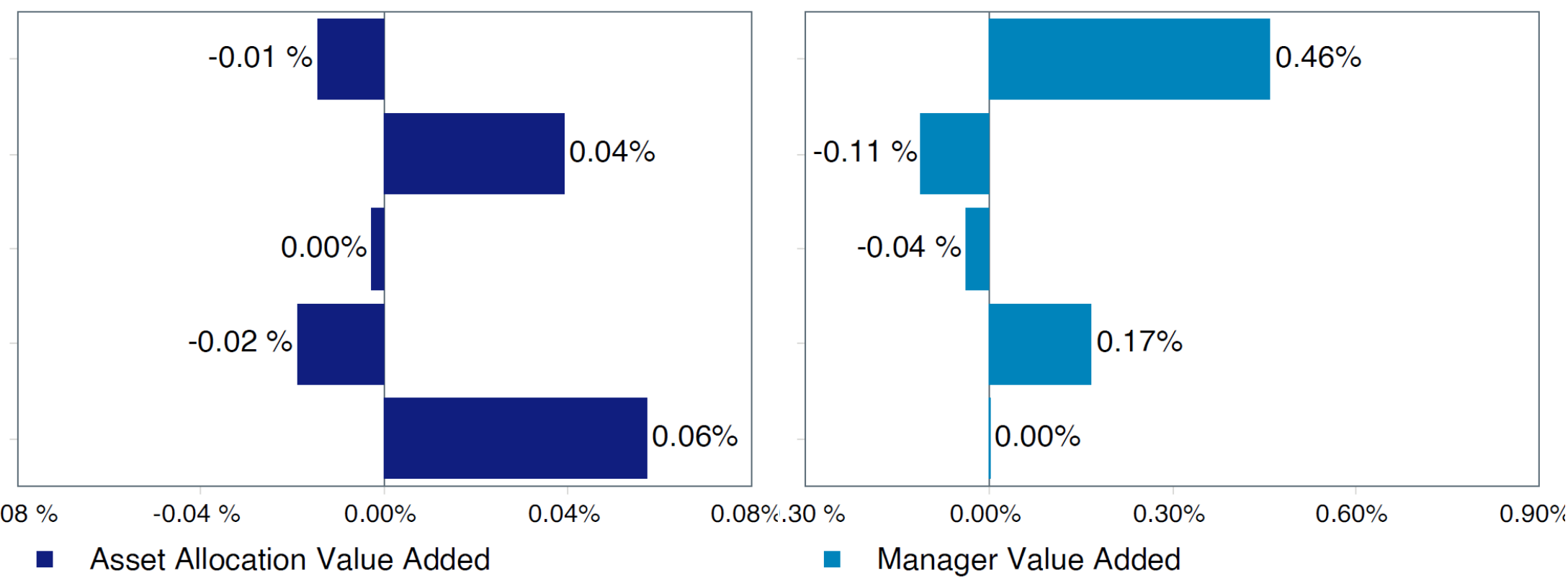
Total Value Added: 0.55%



Total Asset Allocation: 0.06%



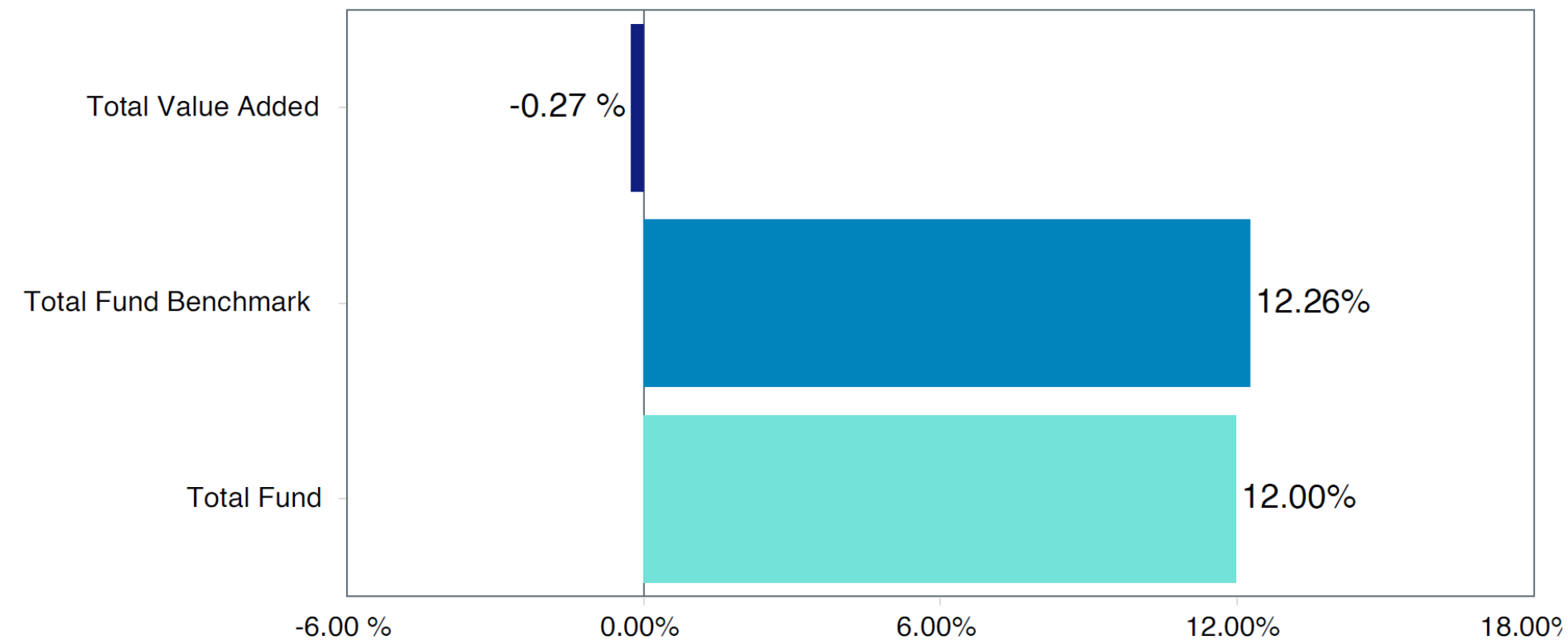
Total Manager Value Added: 0.48%



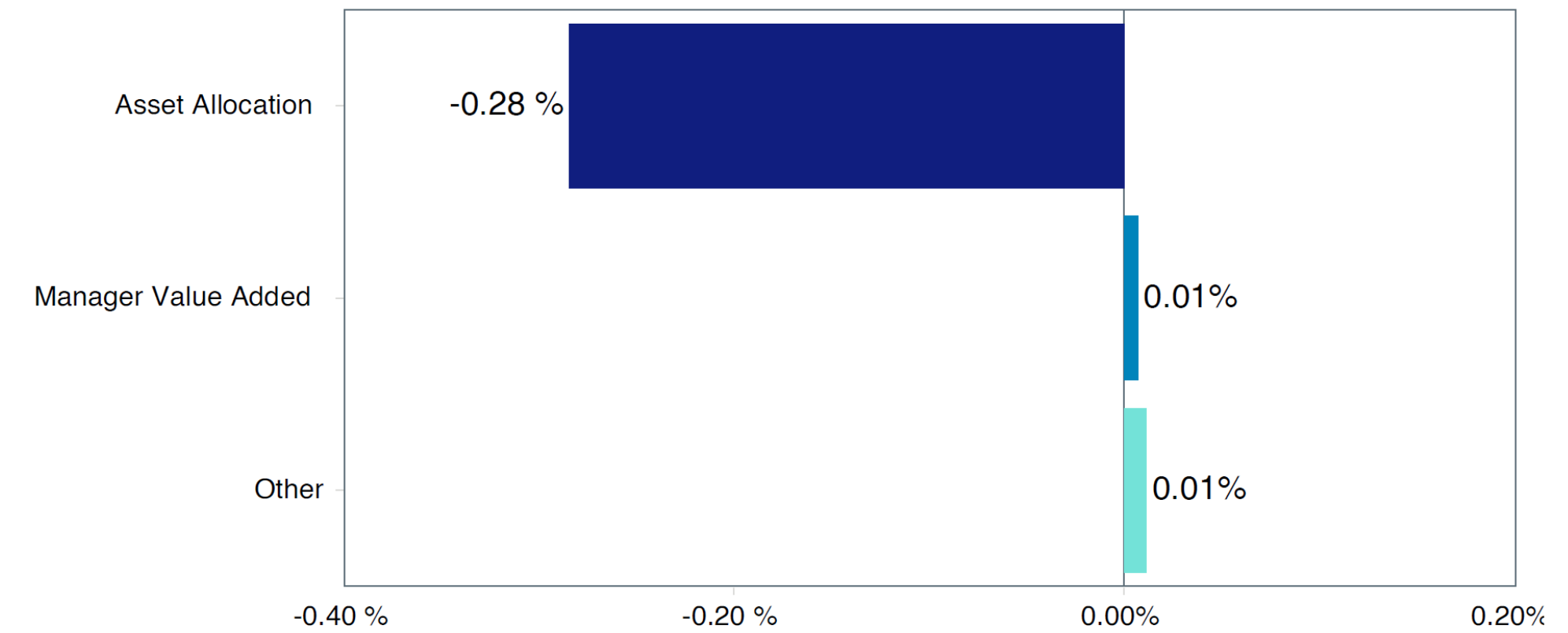
Pension Total Fund Attribution

1 Year as of September 30, 2023

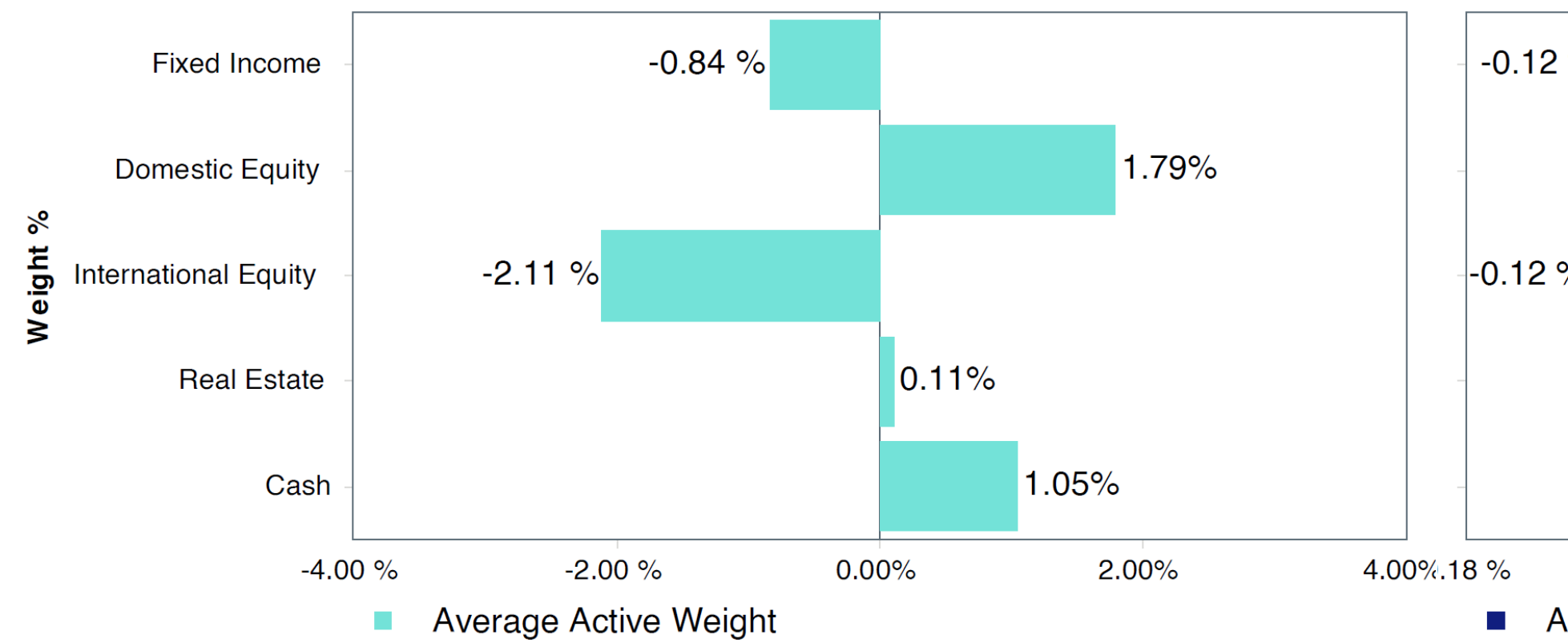
Total Fund Performance



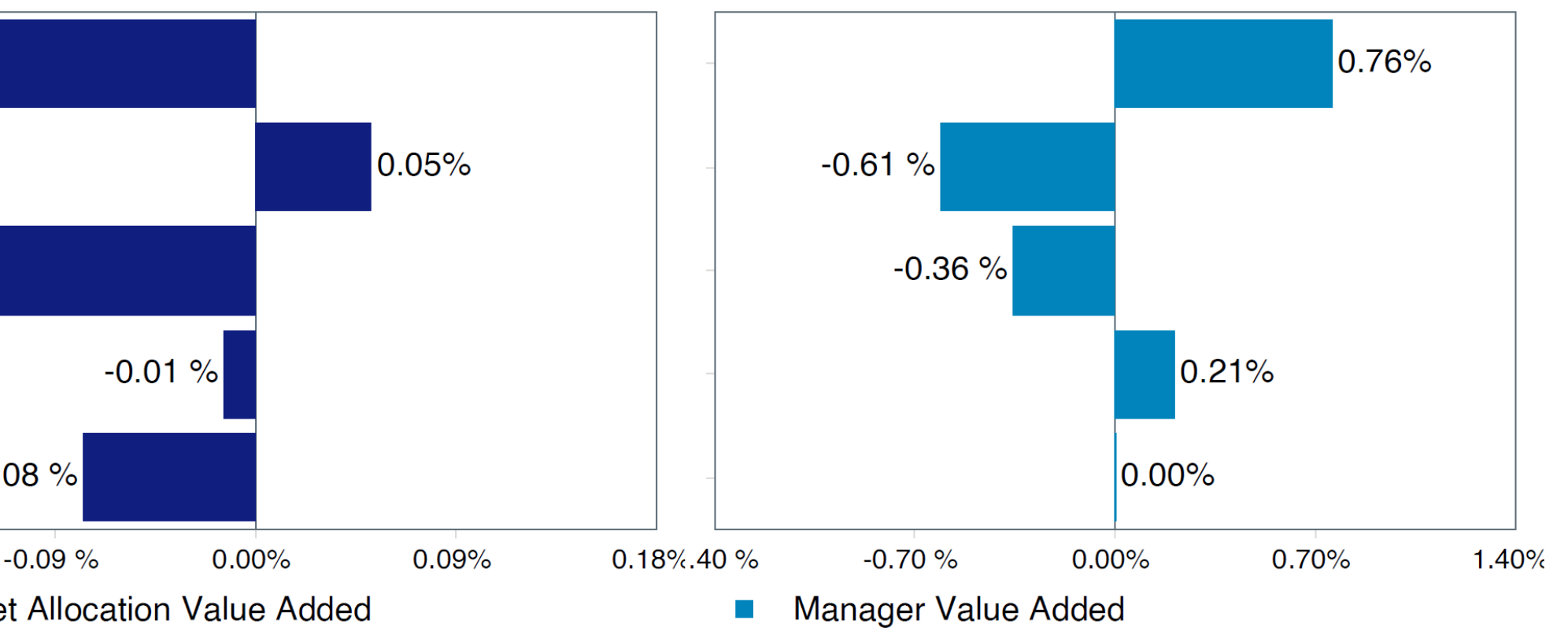
Total Value Added: -0.27 %



Total Asset Allocation: -0.28 %



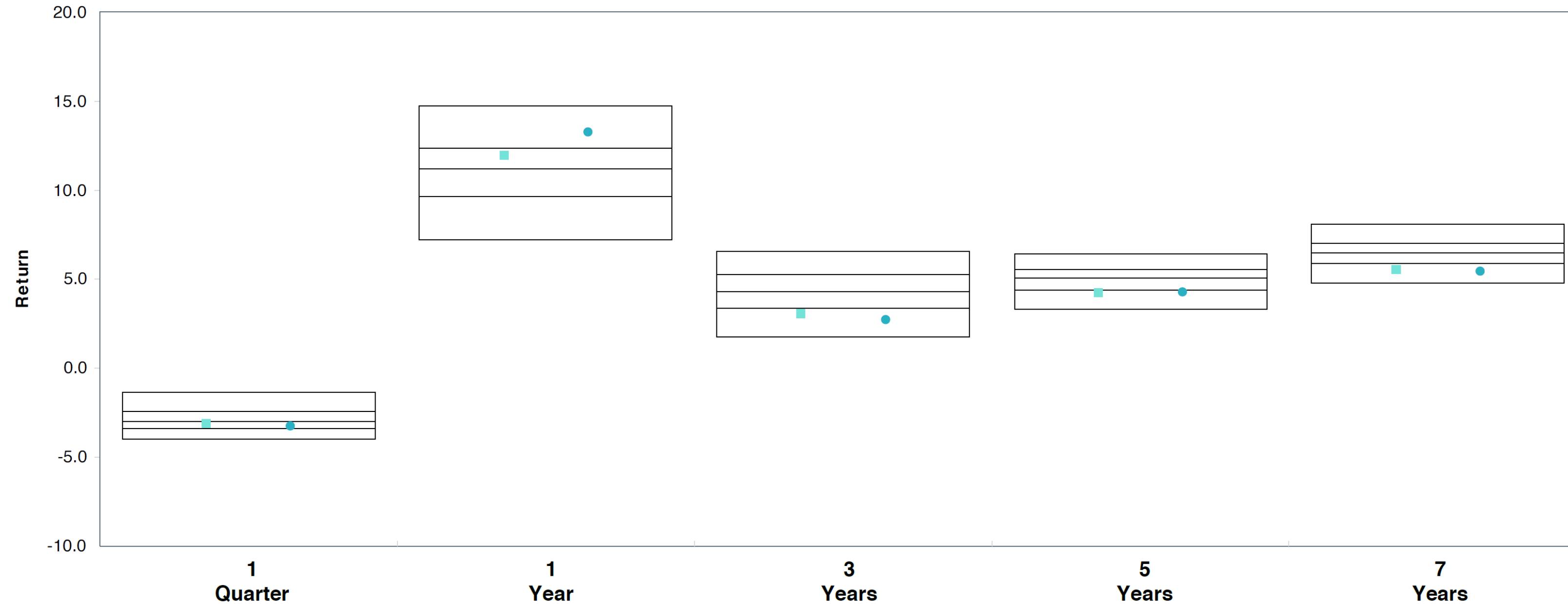
Total Manager Value Added: 0.01%



Plan Sponsor Peer Group Analysis

As of September 30, 2023

All Public Plans < \$1B-Total Fund



	1 Quarter	1 Year	3 Years	5 Years	7 Years
Pension Plan	-3.1 (55)	12.0 (33)	3.1 (80)	4.2 (80)	5.6 (83)
Wilton Pension Plan Benchmark	-3.3 (66)	13.3 (17)	2.7 (86)	4.3 (79)	5.4 (86)
5th Percentile	-1.4	14.8	6.6	6.5	8.1
1st Quartile	-2.4	12.4	5.3	5.5	7.0
Median	-3.0	11.2	4.3	5.1	6.5
3rd Quartile	-3.4	9.7	3.4	4.4	5.9
95th Percentile	-4.0	7.2	1.8	3.3	4.8
Population	373	357	347	329	308

Parentheses contain percentile rankings.

Performance

As of September 30, 2023

	Allocation			Performance %							
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Pension Plan	130,463,609	100.0	100.0	-3.1	5.2	12.0	3.1	4.2	5.6	5.9	05/01/2012
<i>Wilton Pension Plan Benchmark</i>				-3.3	5.3	13.3	2.7	4.3	5.4	6.0	
Fixed Income	45,075,817	34.6	35.0	-1.9	1.1	2.6	-2.4	1.1	1.2	3.3	05/01/2008
<i>Wilton Pension FI Hybrid BB</i>				-2.2	0.8	3.3	-4.3	0.6	0.2	2.7	
Vanguard Total Bond Market Index Instl	6,682,421	5.1		-3.1 (53)	-0.9 (59)	0.7 (63)	-5.2 (64)	0.1 (58)	-0.1 (74)	0.6 (66)	12/01/2014
<i>Blmbg. U.S. Aggregate</i>				-3.2 (69)	-1.2 (82)	0.6 (68)	-5.2 (65)	0.1 (65)	-0.1 (74)	0.6 (67)	
IM U.S. Broad Market Core Fixed Income (MF) Median				-3.1	-0.7	0.9	-5.0	0.2	0.1	0.8	
Metropolitan West Total Return Bond PI	12,745,380	9.8		-3.5 (92)	-1.4 (94)	0.4 (91)	-5.5 (95)	0.1 (84)	0.0 (91)	1.7 (44)	05/01/2012
<i>Blmbg. U.S. Aggregate</i>				-3.2 (84)	-1.2 (91)	0.6 (87)	-5.2 (85)	0.1 (87)	-0.1 (96)	1.1 (94)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-2.9	-0.2	1.7	-4.4	0.6	0.6	1.7	
PGIM Total Return Bond R6	6,749,247	5.2		-2.5 (30)	0.6 (21)	2.9 (18)	-4.7 (68)	0.6 (57)	0.6 (49)	1.4 (25)	01/01/2015
<i>Blmbg. U.S. Aggregate</i>				-3.2 (84)	-1.2 (91)	0.6 (87)	-5.2 (85)	0.1 (87)	-0.1 (96)	0.6 (82)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-2.9	-0.2	1.7	-4.4	0.6	0.6	1.1	
PIMCO Income Fund	6,885,149	5.3		-0.5 (33)	3.2 (19)	6.8 (19)	-	-	-	-0.3 (19)	12/01/2020
<i>ICE BofAML US High Yield Master II Constrained</i>				0.5 (17)	6.0 (6)	10.2 (5)	-	-	-	0.4 (13)	
<i>Blmbg. U.S. Aggregate</i>				-3.2 (83)	-1.2 (88)	0.6 (82)	-	-	-	-5.7 (86)	
IM Multi-Sector General Bond (MF) Median				-1.5	1.3	3.5	-	-	-	-2.4	
Apollo Total Return Fund	5,529,393	4.2		1.6 (10)	6.6 (4)	7.5 (14)	-	-	-	2.4 (3)	01/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				0.5 (17)	6.0 (6)	10.2 (5)	-	-	-	-0.3 (15)	
<i>50/50 ML Master II & Credit Suisse LLI</i>				1.9 (5)	7.9 (2)	11.4 (2)	-	-	-	2.4 (3)	
IM Multi-Sector General Bond (MF) Median				-1.5	1.3	3.5	-	-	-	-2.9	
Aon Opportunistic Credit Fund	3,344,246	2.6		0.0	0.7	-0.6	-	-	-	2.4	02/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				0.5	6.0	10.2	-	-	-	-0.5	
<i>Opportunistic Credit Custom Index*</i>				0.0	2.9	4.3	-	-	-	1.0	

*As of January 2011, The Opportunistic Credit Custom Index consists of 12.5% Bloomberg U.S. Corporate High Yield Index, 12.5% S&P/LSTA Leveraged Loan Index, 25% HFRI RV: Fixed Income-Asset Backed Index, 25% HFRI ED: Distressed/Restructuring Index and 25% Barclays U.S. CMBS 2.0 Index

**Aon Opportunities Credit Fund, Westbrook Real Estate Fund and Barings North American Private Debt Fund MVs as of prior quarter. Apollo Total Return MV as of prior month.

Performance

As of September 30, 2023

	Allocation			Performance %							
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Barings North American Private Debt Fund	3,139,982	2.4		0.0	8.3	6.9	-	-	-	11.2	11/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				0.5	6.0	10.2	-	-	-	-2.7	
Cash Equivalents	2,043,272	1.6	0.0	1.3	3.6	4.5	1.7	1.6	1.4	0.7	05/01/2008
<i>90 Day U.S. Treasury Bill</i>				1.3	3.6	4.5	1.7	1.7	1.5	0.8	
Allspring Government MM Fund [CE]	2,043,272	1.6		1.3	3.6	4.5	1.7	1.6	1.4	0.9	05/01/2012
<i>90 Day U.S. Treasury Bill</i>				1.3	3.6	4.5	1.7	1.7	1.5	1.0	
U.S. Equity	45,396,380	34.8	30.0	-3.6	9.6	18.4	10.5	9.0	11.2	9.6	05/01/2008
<i>Russell 3000 Index</i>				-3.3	12.4	20.5	9.4	9.1	11.6	9.6	
Vanguard Institutional Index Fund Instl	36,320,608	27.8		-3.3 (38)	13.0 (33)	21.6 (26)	10.1 (23)	9.9 (15)	12.2 (14)	12.4 (7)	05/01/2012
<i>S&P 500 Index</i>				-3.3 (24)	13.1 (18)	21.6 (8)	10.2 (4)	9.9 (6)	12.2 (3)	12.5 (1)	
IM S&P 500 Index (MF) Median				-3.3	13.0	21.5	10.0	9.8	12.1	12.3	
Diamond Hill Small-Mid Cap Y	4,476,363	3.4		-7.0 (100)	-1.1 (87)	6.4 (98)	11.4 (84)	4.4 (87)	5.7 (90)	9.1 (59)	05/01/2012
<i>Russell 2500 Value Index</i>				-3.7 (62)	2.0 (57)	11.3 (69)	13.3 (65)	4.0 (88)	6.5 (84)	8.7 (69)	
IM U.S. Mid Cap Value Equity (MF) Median				-3.5	2.4	13.7	15.3	6.3	8.1	9.3	
Eaton Vance Atlanta Capital SMID Instl	4,599,409	3.5		-2.1 (13)	2.8 (79)	14.7 (31)	11.6 (9)	7.5 (10)	11.0 (15)	12.0 (5)	05/01/2012
<i>Russell 2500 Growth Index</i>				-6.8 (82)	5.6 (56)	10.6 (65)	1.0 (72)	4.0 (61)	8.8 (43)	10.0 (41)	
IM U.S. SMID Cap Growth Equity (MF) Median				-5.3	6.7	12.2	4.5	4.7	8.5	9.8	

*As of January 2011, The Opportunistic Credit Custom Index consists of 12.5% Bloomberg U.S. Corporate High Yield Index, 12.5% S&P/LSTA Leveraged Loan Index, 25% HFRI RV: Fixed Income-Asset Backed Index, 25% HFRI ED: Distressed/Restructuring Index and 25% Barclays U.S. CMBS 2.0 Index

**Aon Opportunities Credit Fund, Westbrook Real Estate Fund and Barings North American Private Debt Fund MVs as of prior quarter. Apollo Total Return MV as of prior month.

Performance

As of September 30, 2023

	Allocation			Performance %							
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Non-U.S. Equity	30,813,976	23.6	30.0	-3.9	6.6	19.2	0.7	2.0	4.3	1.8	05/01/2008
<i>MSCI AC World ex USA Index (Net)</i>				-3.8	5.3	20.4	3.7	2.6	4.7	2.1	
American Funds EuroPacific Growth R6	8,754,382	6.7		-6.3 (77)	5.1 (65)	19.6 (80)	0.1 (100)	3.1 (57)	5.2 (39)	3.8 (1)	07/01/2014
<i>MSCI AC World ex USA Index (Net)</i>				-3.8 (12)	5.3 (64)	20.4 (78)	3.7 (70)	2.6 (79)	4.7 (60)	2.5 (60)	
IM International Large Cap Core Equity (MF) Median				-4.8	6.3	23.4	5.5	3.1	4.9	2.7	
T. Rowe Price Overseas Stock Instl	8,951,849	6.9		-4.6 (42)	6.0 (53)	23.8 (49)	5.5 (50)	3.2 (47)	5.5 (26)	-	07/01/2014
<i>MSCI EAFE Index (Net)</i>				-4.1 (22)	7.1 (27)	25.6 (32)	5.8 (39)	3.2 (46)	5.3 (34)	3.0 (30)	
IM International Large Cap Core Equity (MF) Median				-4.8	6.3	23.4	5.5	3.1	4.9	2.7	
Templeton Instl Foreign Smaller Companies Fund Adv	3,844,403	2.9		-3.9 (87)	4.6 (58)	20.5 (75)	0.6 (98)	0.4 (72)	3.2 (82)	4.4 (-)	05/01/2012
<i>MSCI AC World ex USA Small Cap (Net)</i>				-1.7 (28)	5.0 (57)	19.0 (80)	4.0 (85)	2.6 (39)	4.7 (41)	5.4 (-)	
IM International SMID Cap Core Equity (MF) Median				-2.5	6.2	23.3	5.0	1.6	4.2	-	
GQG Partners Emerging Markets Equity	6,796,226	5.2		1.5 (8)	15.5 (2)	19.2 (18)	-	-	-	-4.1 (33)	01/01/2021
<i>MSCI Emerging Markets Index</i>				-2.8 (45)	2.2 (63)	12.2 (59)	-	-	-	-7.7 (53)	
IM Emerging Markets Equity (MF) Median				-3.1	3.5	13.2	-	-	-	-7.3	
William Blair Emerging Markets Leaders Fund; R6	2,467,115	1.9		-6.9 (96)	-2.4 (93)	3.3 (93)	-	-	-	-13.5 (92)	01/01/2021
<i>MSCI Emerging Markets Index</i>				-2.8 (45)	2.2 (63)	12.2 (59)	-	-	-	-7.7 (53)	
IM Emerging Markets Equity (MF) Median				-3.1	3.5	13.2	-	-	-	-7.3	
Real Estate	7,142,654	5.5	5.0	-5.3	-1.1	2.3	7.1	5.9	6.1	7.6	07/01/2012
<i>Wilton Pension Real Estate</i>				-8.3	-5.6	-1.7	2.9	2.8	2.4	5.6	
Cohen & Steers Institutional Realty Shares	4,181,098	3.2		-8.8 (85)	-3.7 (58)	-0.2 (54)	-	-	-	1.2 (29)	01/01/2021
<i>FTSE NAREIT All Equity REITs</i>				-8.3 (67)	-5.6 (87)	-1.7 (73)	-	-	-	0.0 (61)	
IM Real Estate Sector (MF) Median				-7.7	-3.4	0.2	-	-	-	0.6	
Westbrook Real Estate Fund XI	2,961,556	2.3		0.0	1.0	3.9	-	-	-	13.8	02/01/2021

*As of January 2011, The Opportunistic Credit Custom Index consists of 12.5% Bloomberg U.S. Corporate High Yield Index, 12.5% S&P/LSTA Leveraged Loan Index, 25% HFRI RV: Fixed Income-Asset Backed Index, 25% HFRI ED: Distressed/Restructuring Index and 25% Barclays U.S. CMBS 2.0 Index

**Aon Opportunities Credit Fund, Westbrook Real Estate Fund and Barings North American Private Debt Fund MVs as of prior quarter. Apollo Total Return MV as of prior month.

Performance as of June 30, 2023

Lagged Fund Update

	Allocation			Performance %							Inception Date
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	
Pension Plan	135,407,959	100.0	100.0	3.7	8.8	9.5	6.1	5.4	6.6	6.4	05/01/2012
<i>Wilton Pension Plan Benchmark</i>				3.3	8.9	10.0	5.6	5.5	6.4	6.4	
Fixed Income	46,059,468	34.0	35.0	0.4	3.6	1.8	-1.2	1.7	1.7	3.6	05/01/2008
<i>Wilton Pension FI Hybrid BB</i>				-0.1	3.0	1.8	-3.3	1.0	0.6	2.9	
Vanguard Total Bond Market Index Instl	6,894,967	5.1		-0.9 (78)	2.2 (66)	-0.9 (68)	-4.0 (77)	0.8 (62)	0.4 (75)	1.0 (65)	12/01/2014
<i>Blmbg. U.S. Aggregate</i>				-0.8 (67)	2.1 (76)	-0.9 (70)	-4.0 (71)	0.8 (63)	0.4 (73)	1.0 (64)	
IM U.S. Broad Market Core Fixed Income (MF) Median				-0.7	2.4	-0.6	-3.6	0.9	0.7	1.2	
Metropolitan West Total Return Bond PI	13,209,522	9.8		-1.3 (98)	2.2 (83)	-1.4 (96)	-4.0 (95)	0.9 (80)	0.7 (91)	2.1 (47)	05/01/2012
<i>Blmbg. U.S. Aggregate</i>				-0.8 (77)	2.1 (91)	-0.9 (87)	-4.0 (93)	0.8 (86)	0.4 (99)	1.4 (94)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-0.5	2.7	0.4	-2.8	1.3	1.2	2.0	
PGIM Total Return Bond R6	6,923,535	5.1		0.0 (9)	3.2 (16)	0.7 (30)	-3.3 (73)	1.1 (66)	1.2 (47)	1.8 (30)	01/01/2015
<i>Blmbg. U.S. Aggregate</i>				-0.8 (77)	2.1 (91)	-0.9 (87)	-4.0 (93)	0.8 (86)	0.4 (99)	1.0 (84)	
IM U.S. Broad Market Core+ Fixed Income (MF) Median				-0.5	2.7	0.4	-2.8	1.3	1.2	1.5	
PIMCO Income Fund	6,922,866	5.1		1.2 (17)	3.8 (22)	5.3 (16)	-	-	-	-0.1 (18)	12/01/2020
<i>ICE BofAML US High Yield Master II Constrained</i>				1.6 (9)	5.4 (6)	8.9 (3)	-	-	-	0.2 (16)	
<i>Blmbg. U.S. Aggregate</i>				-0.8 (91)	2.1 (79)	-0.9 (84)	-	-	-	-5.0 (87)	
IM Multi-Sector General Bond (MF) Median				0.1	2.9	1.6	-	-	-	-2.1	
Apollo Total Return Fund	5,537,418	4.1		2.6 (2)	4.9 (10)	6.2 (9)	-	-	-	2.0 (3)	01/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				1.6 (9)	5.4 (6)	8.9 (3)	-	-	-	-0.6 (16)	
<i>50/50 ML Master II & Credit Suisse LLI</i>				2.4 (3)	5.9 (3)	9.6 (2)	-	-	-	1.9 (3)	
IM Multi-Sector General Bond (MF) Median				0.1	2.9	1.6	-	-	-	-2.7	
Aon Opportunistic Credit Fund	3,289,188	2.4		2.7	5.8	4.6	-	-	-	4.8	02/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				1.6	5.4	8.9	-	-	-	-0.7	
<i>Opportunistic Credit Custom Index*</i>				1.3	2.9	3.1	-	-	-	1.1	

Performance as of June 30, 2023

Lagged Fund Update

	Allocation			Performance %							
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Barings North American Private Debt Fund	3,281,972	2.4		3.6	8.3	5.4	-	-	-	12.9	11/01/2021
<i>ICE BofAML US High Yield Master II Constrained</i>				1.6	5.4	8.9	-	-	-	-3.4	
Cash Equivalents	1,300,920	1.0	0.0	0.0	-0.2	0.5	0.2	0.8	0.8	0.5	05/01/2008
<i>90 Day U.S. Treasury Bill</i>				1.2	2.3	3.6	1.3	1.6	1.4	0.7	
Allspring Government MM Fund	1,300,920	1.0		0.0	-0.2	0.5	0.2	0.8	0.8	0.5	05/01/2012
<i>90 Day U.S. Treasury Bill</i>				1.2	2.3	3.6	1.3	1.6	1.4	0.9	
U.S. Equity	49,115,107	36.3	30.0	7.3	13.6	17.4	14.8	11.2	12.4	10.0	05/01/2008
<i>Russell 3000 Index</i>				8.4	16.2	19.0	13.9	11.4	12.9	10.0	
Vanguard Institutional Index Fund Instl	37,551,767	27.7		8.7 (35)	16.9 (28)	19.5 (24)	14.6 (20)	12.3 (15)	13.4 (16)	13.1 (7)	05/01/2012
<i>S&P 500 Index</i>				8.7 (18)	16.9 (7)	19.6 (9)	14.6 (7)	12.3 (5)	13.4 (1)	13.1 (1)	
IM S&P 500 Index (MF) Median				8.7	16.8	19.5	14.4	12.1	13.2	12.9	
Diamond Hill Small-Mid Cap Y	5,605,115	4.1		3.4 (73)	6.3 (40)	10.5 (65)	16.6 (64)	6.2 (80)	7.7 (88)	10.0 (46)	05/01/2012
<i>Russell 2500 Value Index</i>				4.4 (53)	5.8 (45)	10.4 (67)	16.1 (66)	5.3 (86)	8.0 (80)	9.2 (70)	
IM U.S. Mid Cap Value Equity (MF) Median				4.6	5.3	12.5	17.7	7.3	9.4	9.9	
Eaton Vance Atlanta Capital SMID Instl	5,958,225	4.4		4.0 (75)	5.0 (98)	13.9 (67)	13.6 (12)	9.6 (8)	11.6 (27)	12.5 (2)	05/01/2012
<i>Russell 2500 Growth Index</i>				6.4 (36)	13.4 (35)	18.6 (27)	6.6 (70)	7.0 (48)	11.0 (32)	10.9 (34)	
IM U.S. SMID Cap Growth Equity (MF) Median				5.4	12.0	15.5	9.5	6.9	10.1	10.4	

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**Aon Opportunities Credit Fund, Westbrook Real Estate Fund and Barings North American Private Debt Fund MVs as of prior quarter. Apollo Total Return MV as of prior month.

Performance as of June 30, 2023

Lagged Fund Update

	Allocation			Performance %							
	Market Value \$	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Non-U.S. Equity	32,072,208	23.7	30.0	4.0	10.9	12.4	5.1	2.6	6.0	2.1	05/01/2008
<i>MSCI AC World ex USA Index (Net)</i>				2.4	9.5	12.7	7.2	3.5	6.3	2.4	
American Funds EuroPacific Growth R6	9,345,849	6.9		2.2 (90)	12.2 (49)	15.8 (68)	5.5 (96)	4.3 (59)	7.4 (20)	4.6 (1)	07/01/2014
<i>MSCI AC World ex USA Index (Net)</i>				2.4 (86)	9.5 (80)	12.7 (81)	7.2 (81)	3.5 (84)	6.3 (65)	3.0 (72)	
IM International Large Cap Core Equity (MF) Median				3.4	12.1	17.9	8.9	4.4	6.6	3.3	
T. Rowe Price Overseas Stock Instl	9,383,263	6.9		3.9 (16)	11.1 (71)	16.5 (62)	9.2 (39)	4.3 (60)	7.3 (23)	-	07/01/2014
<i>MSCI EAFE Index (Net)</i>				3.0 (75)	11.7 (61)	18.8 (34)	8.9 (49)	4.4 (52)	6.9 (41)	3.6 (36)	
IM International Large Cap Core Equity (MF) Median				3.4	12.1	17.9	8.9	4.4	6.6	3.3	
Templeton Instl Foreign Smaller Companies Fund Adv	3,999,710	3.0		1.1 (40)	8.8 (39)	10.0 (95)	6.1 (91)	0.6 (73)	5.0 (77)	4.9 (-)	05/01/2012
<i>MSCI AC World ex USA Small Cap (Net)</i>				2.0 (36)	6.8 (58)	10.9 (79)	8.1 (79)	2.6 (43)	6.1 (47)	5.7 (-)	
IM International SMID Cap Core Equity (MF) Median				0.8	7.2	12.3	9.2	2.0	5.9	-	
GQG Partners Emerging Markets Equity	6,693,747	4.9		10.3 (3)	13.8 (4)	9.3 (21)	-	-	-	-5.0 (40)	01/01/2021
<i>MSCI Emerging Markets Index</i>				1.0 (69)	5.1 (74)	2.2 (69)	-	-	-	-7.4 (56)	
IM Emerging Markets Equity (MF) Median				1.8	6.8	4.6	-	-	-	-6.9	
William Blair Emerging Markets Leaders Fund; R6	2,649,639	2.0		0.8 (73)	4.8 (77)	1.2 (77)	-	-	-	-12.3 (88)	01/01/2021
<i>MSCI Emerging Markets Index</i>				1.0 (69)	5.1 (74)	2.2 (69)	-	-	-	-7.4 (56)	
IM Emerging Markets Equity (MF) Median				1.8	6.8	4.6	-	-	-	-6.9	
Real Estate	6,857,513	5.1	5.0	1.4	4.4	0.4	9.6	7.3	7.3	8.3	07/01/2012
<i>Wilton Pension Real Estate</i>				1.2	3.0	-4.4	6.4	4.7	3.4	6.6	
Cohen & Steers Institutional Realty Shares	4,684,066	3.5		3.1 (22)	5.6 (29)	-2.4 (44)	-	-	-	5.2 (19)	01/01/2021
<i>FTSE NAREIT All Equity REITs</i>				1.2 (68)	3.0 (82)	-4.4 (75)	-	-	-	3.6 (51)	
IM Real Estate Sector (MF) Median				1.7	4.4	-3.0	-	-	-	3.6	
Westbrook Real Estate Fund XI	2,173,447	1.6		-2.7	1.0	7.7	-	-	-	15.3	02/01/2021

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**Aon Opportunities Credit Fund, Westbrook Real Estate Fund and Barings North American Private Debt Fund MVs as of prior quarter. Apollo Total Return MV as of prior month.

Ratings Report Card

Pension

Fund	Aon Rating
Vanguard Total Bond Market Index	Buy
MetWest Total Return Bond	In Review (Buy)
PGIM Total Return Bond	Buy
PIMCO Income Fund	Buy
Apollo Total Return Fund	Buy
Vanguard Institutional Index	Buy
Diamond Hill Small Mid Cap	Not Recommended
Eaton Vance Atlanta Capital SMID Cap	Qualified
AF EuroPacific Growth	Buy
T Rowe Price Overseas Stock	Qualified
Templeton Institutional Foreign Small Comp	Not Recommended
GQG Partners Emerging Markets Equity	Buy
William Blair Emerging Markets Leaders Fund	Buy
Cohen & Steers Institutional Realty Shares	Buy
Westbrook Real Estate Fund	N/A

¹ Qualified rating may be assigned based on a Qualitative or Quantitative Review

² Sub-advisor strategy has a Buy rating

³ Sub-advisor strategy has a Qualified rating

Many factors are considered when selecting and monitoring the investment options including, but not limited to:

- Business – Ownership structure, profitability, stability of organization, client, asset base
- Investment Staff – Quality of personnel, depth of resources, turnover, succession planning
- Investment Process – Skilled investment decisions, clear and repeatable processes, understanding of competitive advantages
- Risk Management – Embedded in broader investment process, independently verified
- Performance – Risk-adjusted returns, compared to appropriate benchmarks and peer groups, measured over multiple periods
- Operational Due Diligence – Operational controls, valuation of assets, independent directors
- Terms & Conditions – Investment expenses should be reasonable for the value provided and benchmarked for reasonability based on the specific type of investment strategy being evaluated
- ESG – Degree to which the team is aware of potential ESG risks and has taken steps to identify, evaluate and mitigate these risks

3

Aon Medium Term Views



Key Issues in Markets Today

1



How long will the Treasury rout continue?

The spike in yields has tightened financial conditions further and hence we think that the Fed can now end its hiking cycle. We think that most yield curves will be lower than they are today on a 2-year view .

2



Will we see a clear deceleration in global growth?

The US economy is currently running hot. However, Europe looks to be rolling over and we suspect the US will slow too. Whether this will be just a downturn or something more serious remains unknown, but we cannot rule out further slowdown in global growth.

3



Do equities have further to adjust?

Global equity markets are down over 10% from their peak at the start of 2022 but this is still above the October 2022 lows: could these be rechallenged?

Core Views

Upgrading US Treasuries

Longer dated US Treasury yields have been above our estimates for long-term fair value for a while, but we have been reluctant to upgrade whilst shorter-term rates markets were pricing in a rate cutting cycle which we felt was too aggressive and too soon, whilst acknowledging the risk that government deficit related increased issuance may struggle to be absorbed easily. If implied rates back in July 2022 had been right today's Fed Funds rate would be below 3% and the Fed would be on its second or third cut. The market now anticipates the first cut in March 2024 and a shallower pace of cuts. Whilst we still think this is too soon, the unwind of 15-year duration in 10-years is now at over 5% versus a long-term fair value of yields which we think is at 3.5%. This level of term premium should compensate investors for any shorter-term disappointment on the timing and pace of rate hikes.

2024 downturn likely

The US economy looks to be currently growing around 3% versus the Fed's estimate of long-term trend growth of 1.8%. Assuming that an extended shut down of the US government is avoided, we think that momentum will continue into Q4, but that growth will be much weaker through 2024. Growth across the world is also weak, with the Chinese recovery from lockdown having disappointed many analysts.

Risky assets headwinds remain

A Fed pivot will require much lower inflation and the US labor market to be substantially weaker than it is now. The latter will only happen if the economy is also weak, which will likely further squeeze profits that remain below 2021 highs on a reported basis.

Actions

View Shifts



Upgraded our core fixed income view to single +, focused on upgrades to **Treasuries** and **TIPS**. We believe that US yields are close to a peak and a slowdown/moderate recession is still possible next year



Adjusted our return-seeking fixed income relative views. We have upgraded our **US High Yield** view to neutral, as it tends to perform better as a Fed rate hiking cycle comes to an end, especially if a deep recession is avoided, as we expect. We have also downgraded our **Local EMD** view to neutral



Upgraded our **Commodity** view to single positive, with an emphasis on **active exposures**. This is due to tight inventories, the impending Northern hemisphere winter and ongoing geopolitical uncertainty

Cross Asset Views

---	--	-	=	+	++	+++
		Equities				
			→	Core fixed income		
		Return-seeking fixed income				
				Alts*		
				Cash		

- Actual reported earnings have struggled since the end of 2021, with Q2 reported earnings for the S&P 500 down by 10% relative to Q4 2021. This earnings pressure, coupled with a weaker economic outlook and headwinds from higher yields, keep us cautious on equities overall.
- We are upgrading our US duration view to single positive. We suspect that yields have overshot fair values and will be lower in a year's time although supply-demand imbalances may mean that the peak in yields has not yet arrived.
- We are keeping our preference for government bonds and less risky credit over return-seeking fixed income whilst there is upward pressure on credit spreads. We consider that there will be a better buying opportunity once spreads widen despite currently attractive yield levels.
- Cash rates continue to be attractive relative to the uncertain outlook of traditional asset classes, so a small cash allocation makes sense. We continue to recommend alternative diversifiers as they should provide resilience to portfolios.

Relative Asset Class Views*

*Asset class views are relative to others within the asset class and not relative to other asset types. There should be no read-across from equities to credit, for example.

Regional Equity views

---	--	-	=	+	++	+++
			USA			
			EAFE			
				Emerging		

Core Fixed Income

---	--	-	=	+	++	+++
				Treasuries		
			Inv. Grade			
				TIPS		

Liquid Alternatives

---	--	-	=	+	++	+++
				Active commodities		
				Alternative Risk Premia		
						Insurance-linked securities
					Diversifying hedge funds	
			Return seeking hedge funds			

Factor views

---	--	-	=	+	++	+++
				Low Vol.		
			Quality			
			Value			
			Growth			

Return-Seeking Fixed Income

---	--	-	=	+	++	+++
			USD EMD			
			Local EMD			
		Bank Loans				
				Selected ABS		
			US High Yield			

Currency views vs USD

---	--	-	=	+	++	+++
				EUR		
			GBP			
					JPY	
				EM		

Relative Equity Views*

*Asset class views are relative to others within the asset class and not relative to other asset types. There should be no read-across from equities to credit, for example.

Regional views

---	--	-	=	+	++	+++
			USA			
			EAFE			
				Emerging		

We remain cautious on equities overall whilst also maintaining a neutral stance on the key developed markets. There is still plenty of uncertainty regarding the extent of the economic slowdown and, in Europe in particular, risks relating to the Ukraine war remain significant. Meanwhile, we remain positive on the Emerging Markets, although we acknowledge that sticky developed world inflation and a sluggish Chinese recovery are near-term risks.

Factor views

---	--	-	=	+	++	+++
				Low Vol.		
			Quality			
			Value			
			Growth			

We continue to prefer low volatility equities as we expect markets to struggle as higher interest rates continue to slow the global economy. Meanwhile, we remain neutral on our value versus growth view due to our view that there will be a mild global recession.

Equities

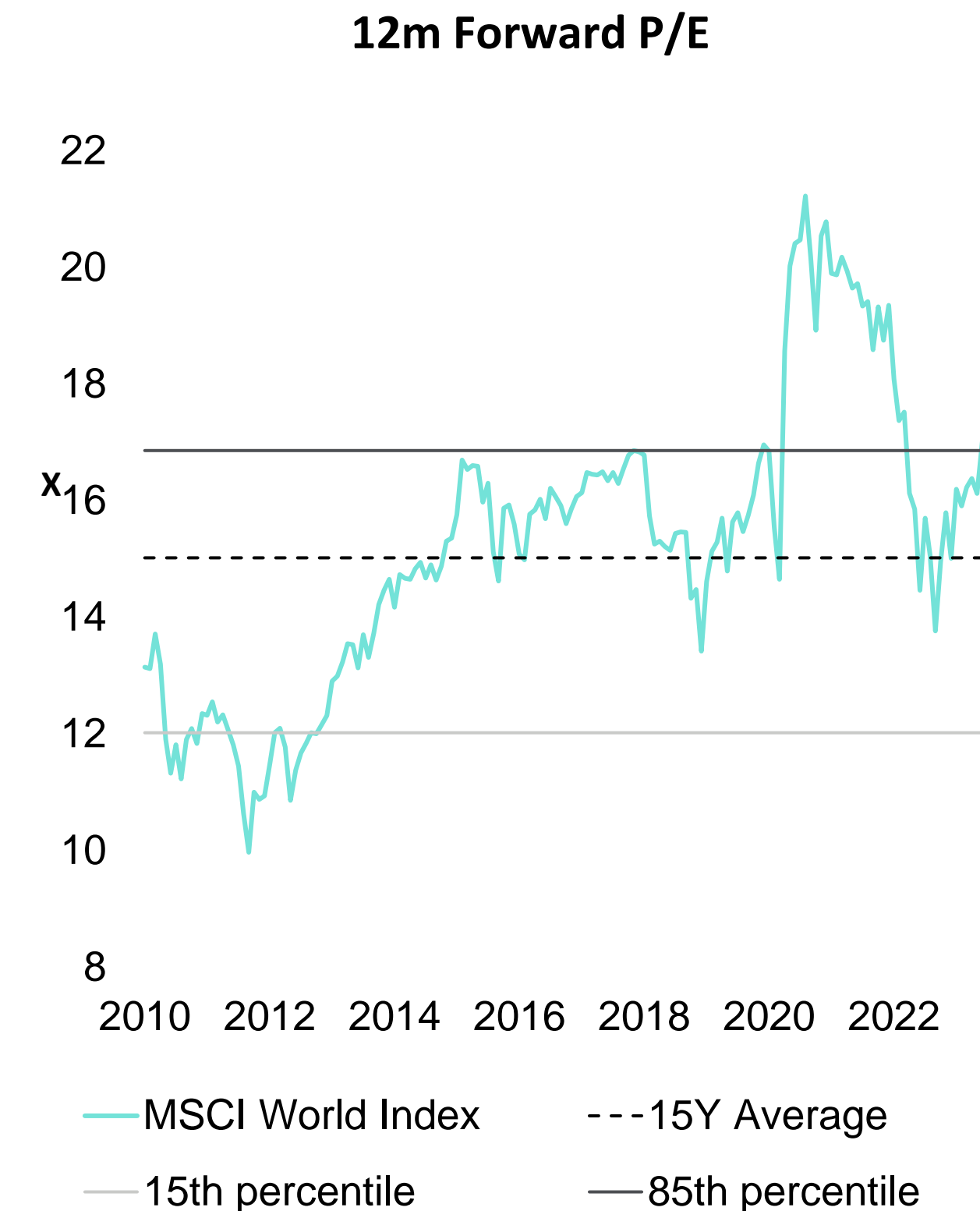
Valuations less expensive as markets struggle but high interest rates and recession risk remain key headwinds

The equity market rally since the start of the year lost momentum over the summer months despite still resilient economic data and the continued fall of inflation figures in the major economies. One major cause for the weaker performance was the sharp rise in yields as markets adjusted their expectations to a scenario of tighter monetary policy, persistently higher yields and sticky core inflation measures.

The impact on valuations, however, has been to move the common metrics away from historically expensive territory as earnings expectations remain near 10% growth for next year and 2025. For this scenario to be realised, one would need to assume that the US and the developed world avoids a recession and demand remains healthy.

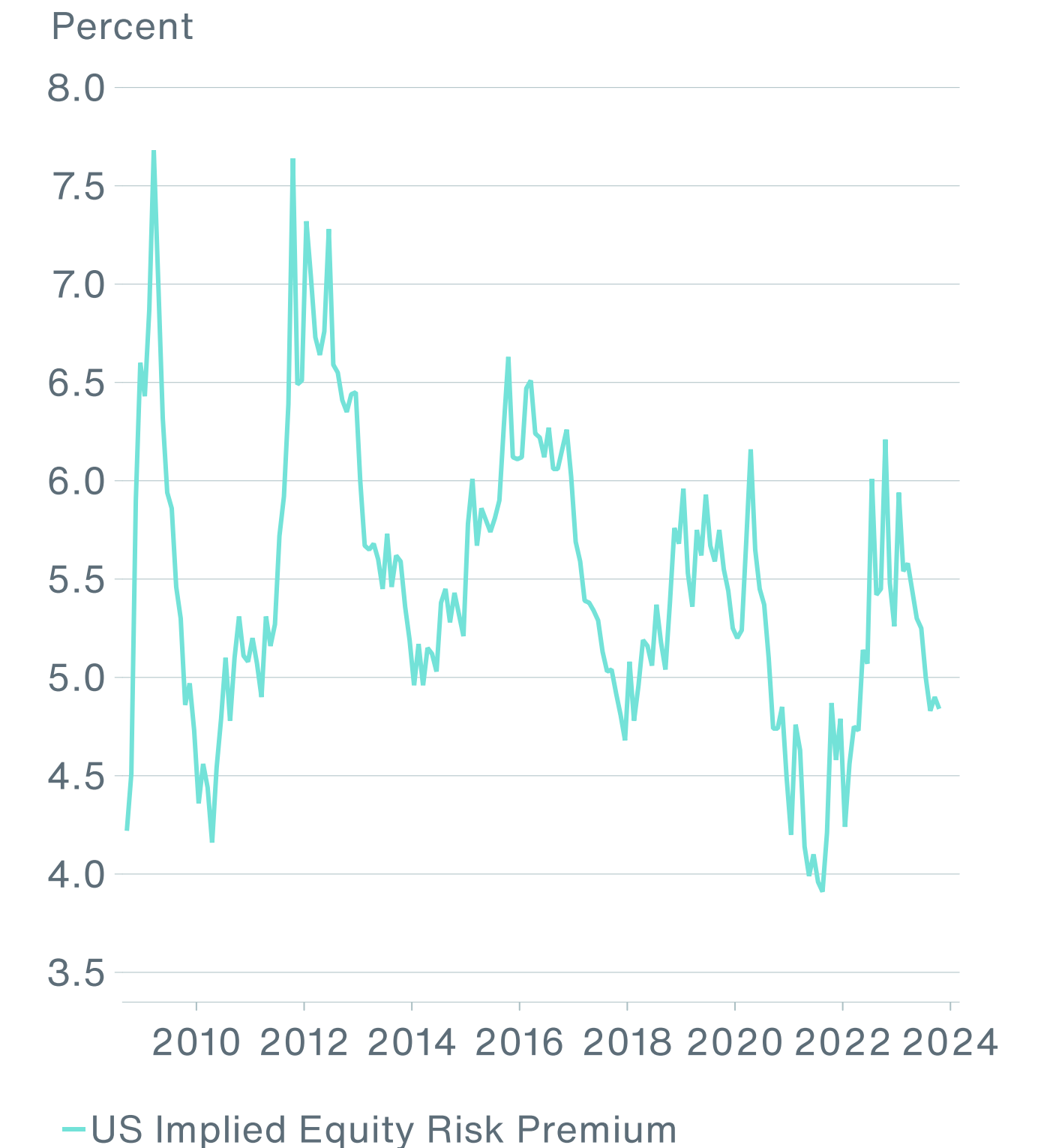
Our view is that the risk of a recession has not gone away completely, although we are assuming that any recession would be shallow and short-lived. At the same time, higher yields compared with the 2010s are likely to present a persistent headwind to equity markets over the coming year. Overall, therefore, we are maintaining our caution on global equities.

In a reversal from last quarter, valuations moved into less expensive territory in Q3



Source: Factset

Higher interest rates are an important headwind to equities



Source: FactSet

Equities

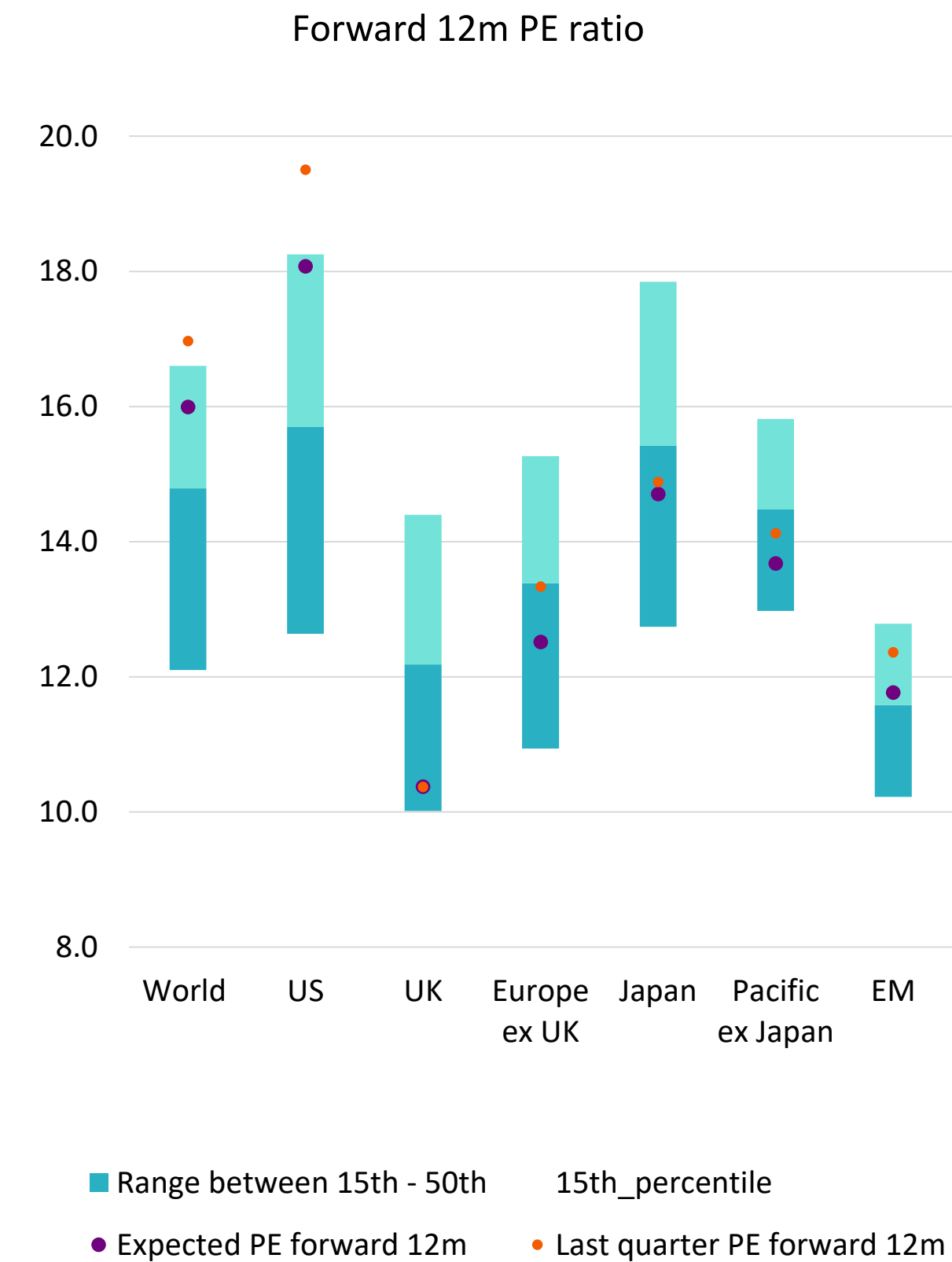
Remaining neutral on US vs non-US regions and leaning towards low volatility equities

There were clear changes in this year's trends over Q3 – equity market weakness as bond yields surged to multi-decade highs, with reversals in the outperformance of AI-related stocks and a strengthening US dollar. As a result, the gap in valuations between the US and EAFE regions narrowed somewhat, and most regions are no longer expensive relative to their long-term histories.

Looking ahead over the coming 12 months, we think that yields will peak but remain relatively elevated, even as economic growth slows in developed countries. Consequently, it remains difficult to take a strong differential view across the key markets and we are neutral on the US versus EAFE. We remain more positive on the Emerging Markets view, given better valuations and strong company fundamentals in some regions. However, we must highlight the increased near-term risks from a sluggish Chinese recovery and higher US yields.

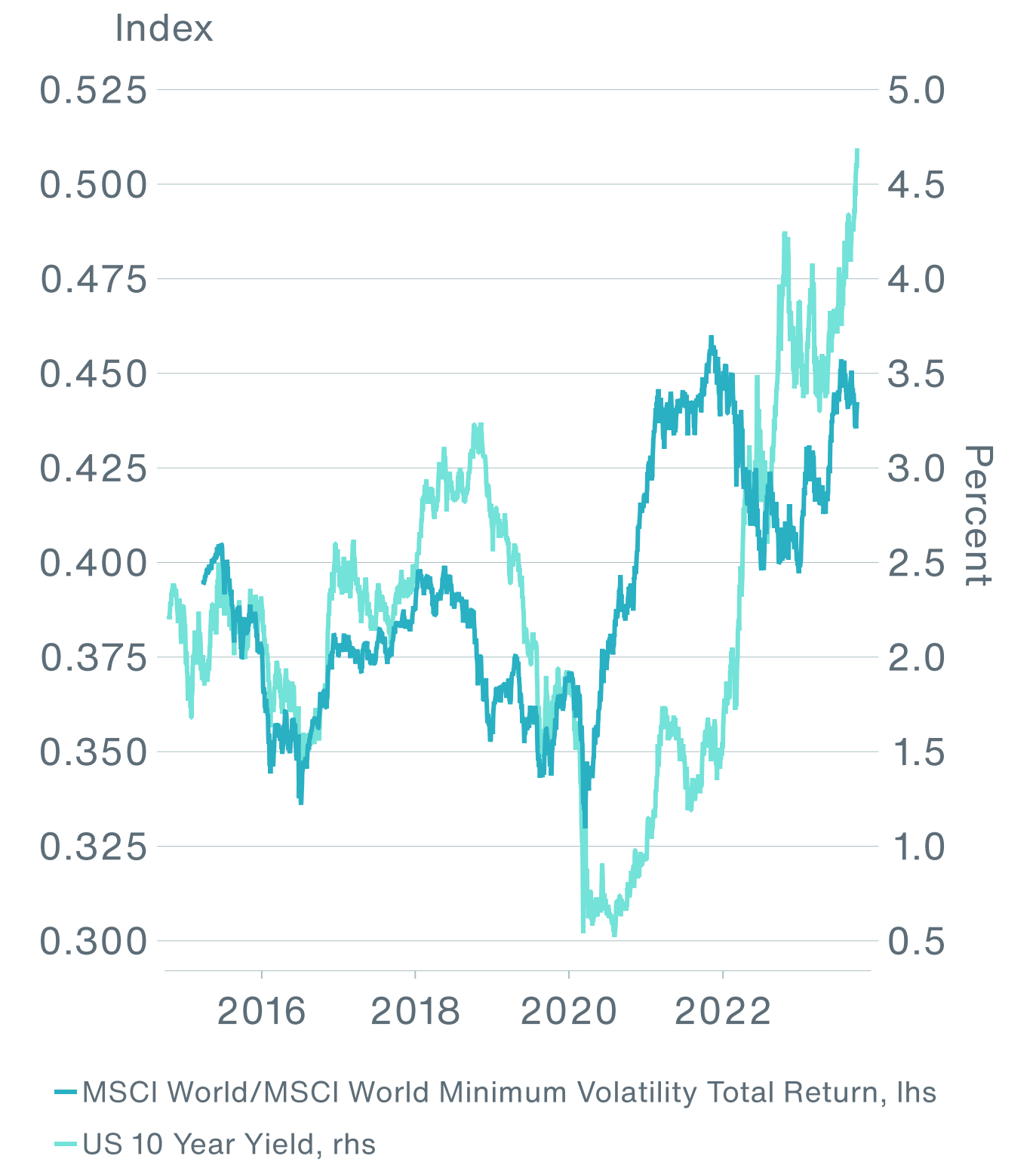
In terms of the factors, low volatility stocks have reflected their bond-proxy characteristics by underperforming as yields have risen this year and Q3 was no exception. However, a recession scenario may bring yields lower and support low volatility equities, hence our moderate preference for this style.

The biggest valuation adjustment has been in the US



Source: Factset and Aon

How much higher for yields? If a recession does occur, lower yields should support low volatility stocks



Source: Macrobond

Relative Fixed Income Views*

*Asset class views are relative to others within the asset class and not relative to other asset types. There should be no read-across from equities to credit, for example.

U.S. Core Fixed Income

---	--	-	=	+	++	+++
			➔	Treasuries		
		Inv. Grade				
			➔	TIPS		

Our overall upgrade on fixed income is predominantly driven by our duration view and hence a slight preference for fixed Treasuries and TIPS over IG as (i) credit spreads are not particularly attractive, and (ii) Treasury benchmarks have greater exposure to the key rate durations which we prefer.

Return-Seeking Fixed Income

---	--	-	=	+	++	+++
			USD EMD			
			Local EMD	←		
		Bank Loans				
				Selected ABS		
			➔	US High Yield		

Rising yields and changing conditions have prompted us to adjust our relative views of credit sectors. As such, we have upgraded our view on US High Yield bonds to neutral. Meanwhile, US-denominated yields have risen more than local EM debt yields whilst economic and geopolitical risks could be challenging for local EMD debt.

Core Fixed Income: Global Yields Climb

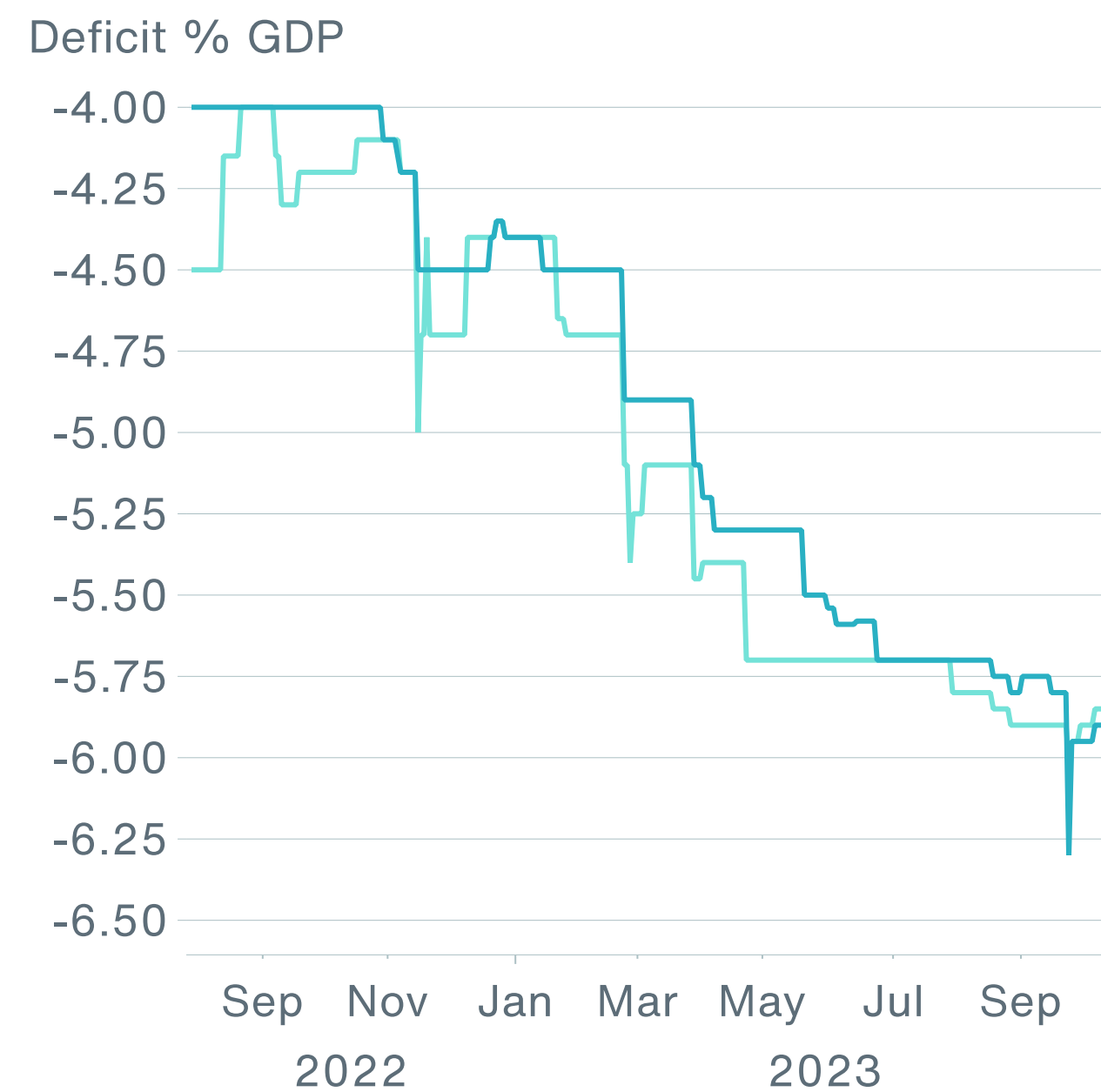
Upgrading US Treasury view

Global yields have continued to rise through 2023 reaching new post-2007 peaks in October. The exact catalyst for the increase in global yields is debated but high levels of issuance (from higher budget deficits, as well as a backlog resulting from the debt ceiling stand-off earlier in the year), quantitative tightening from central banks (where they sell assets including Treasuries), and expectations of 'higher for longer' policy rates from central banks have been some of the major drivers.

Whilst we have been long-standing members of the 'higher for longer' policy rates camp, we think that central bank rates are now very close to peak levels. Higher Treasury yields, combined with a lower equity market have tightened financial conditions and, whilst they remain at these levels, we think that rate hikes are no longer needed in the US. We therefore think yields will be lower over a 2-year horizon and have upgraded our US Treasury view to single positive.

Perhaps one of the biggest unknowns for the US Treasury market is the actions of official purchasers such as overseas central banks and sovereign wealth funds. Chinese demand has declined as shifts in capital account flows and smaller current account surpluses mean there is no longer a build-up of FX reserves. Geopolitical risks could also see selling by other large official holders, creating shorter term volatility.

Higher than originally expected deficits have driven greater issuance



— Bloomberg Consensus 23 Budget Deficit
 — Bloomberg Consensus 24 Budget Deficit

Source: Macrobond

20-year yields have been trending upwards



— GBP — EUR (German) — USD

Source: Macrobond

Investment Grade Credit

Attractive yields, mediocre spreads

Although overall yield levels for corporate IG are attractive, we think that the spread over government bonds is not particularly compelling. Consequently, IG has now become the least preferred area of US core fixed income.

That said, whilst 130 bps is low, it should be seen in the context of (i) a relatively low equity risk premium, so reward for taking risk is compressed in other asset classes too (ii) relatively robust balance sheets with a shift towards higher quality sectors. For buy and maintain investors, IG is therefore reasonable, but we would not suggest being overweight strategic targets at this point. Our base case is that economic growth will deteriorate in 2024 but we don't anticipate a recession sufficiently deep to cause large credit losses within the IG space.

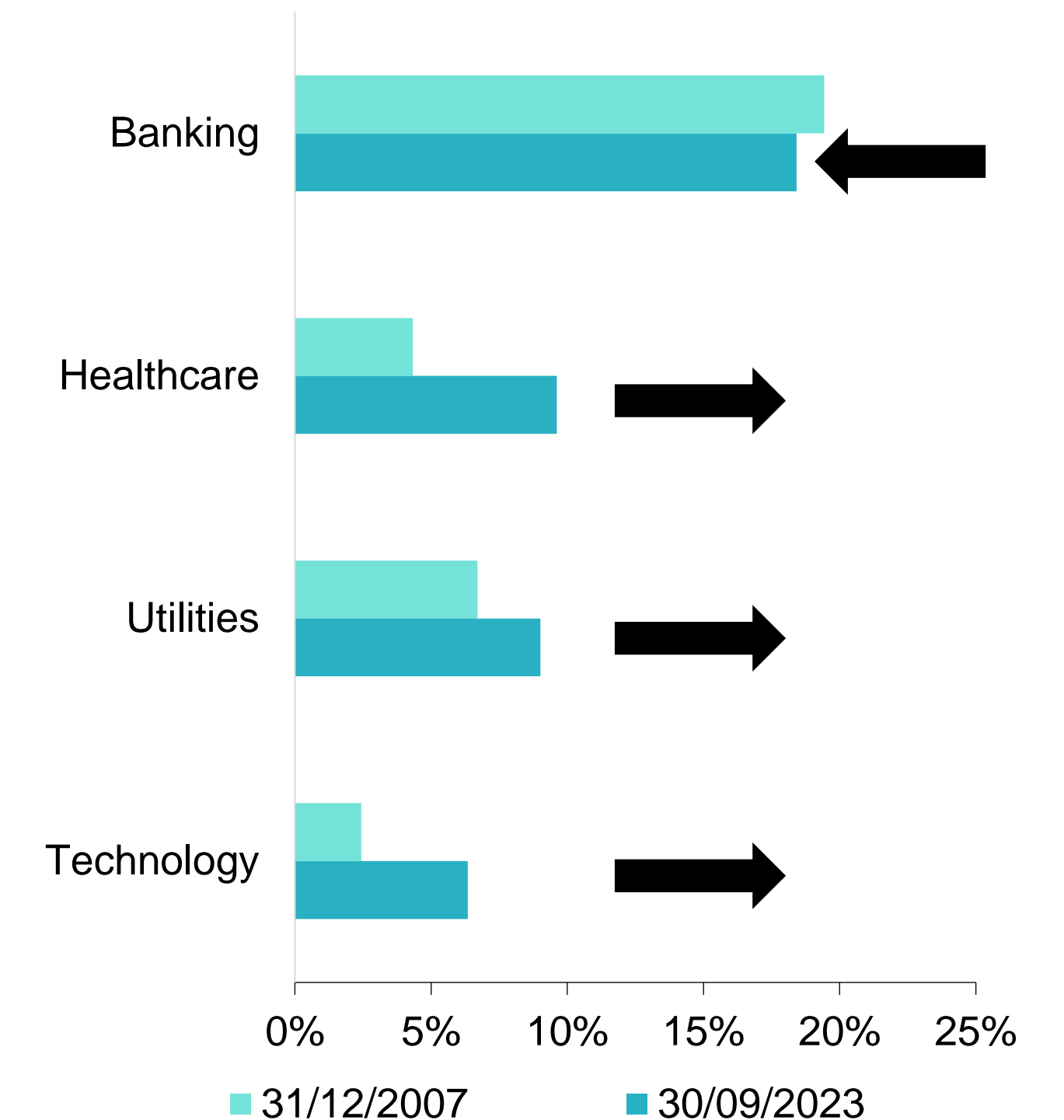
However, US-based investors should consider 'going global' when allocating to fixed income given higher spreads being available in Europe.

Spreads are at reasonable levels for the position in the cycle



Source: Macrobond, ICE BofA.

US IG has less exposure to risky sectors, such as banking, but more in less risky sectors, like Healthcare, Utilities and Tech



Source: ICE BofA.

Return-Seeking Credit

Yields have risen but economic and rates uncertainty keeps us cautious

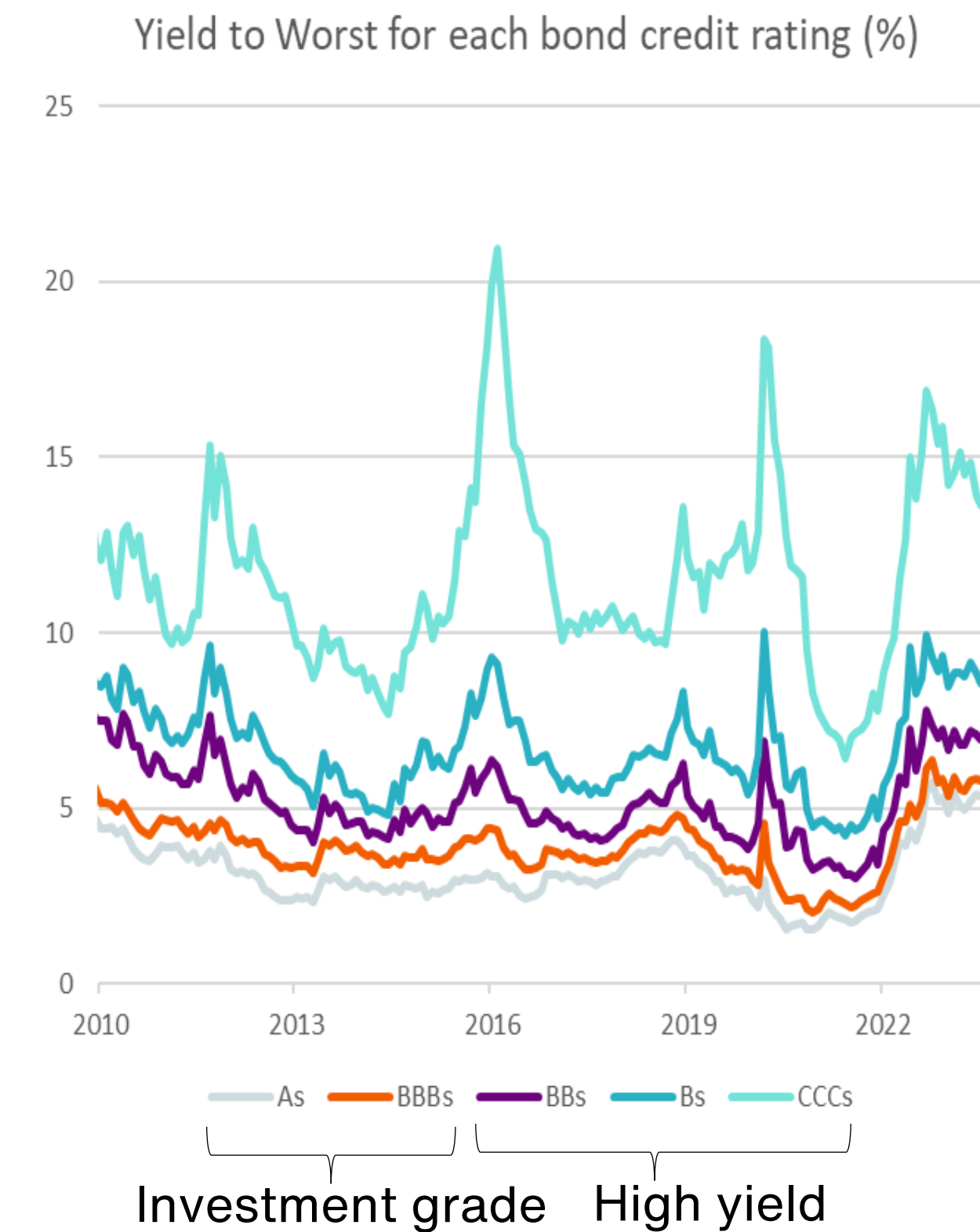
Rising yields may have increased the attractiveness of some areas within return-seeking bonds, but we remain relatively cautious overall as there is still uncertainty related to the economic outlook.

We still expect credit spreads to widen as global growth deteriorates and default rates rise but yield levels and duration will likely offset at least some of the losses from spread expansion. Given the strong move up in US yields, we are upgrading our US HY bond view.

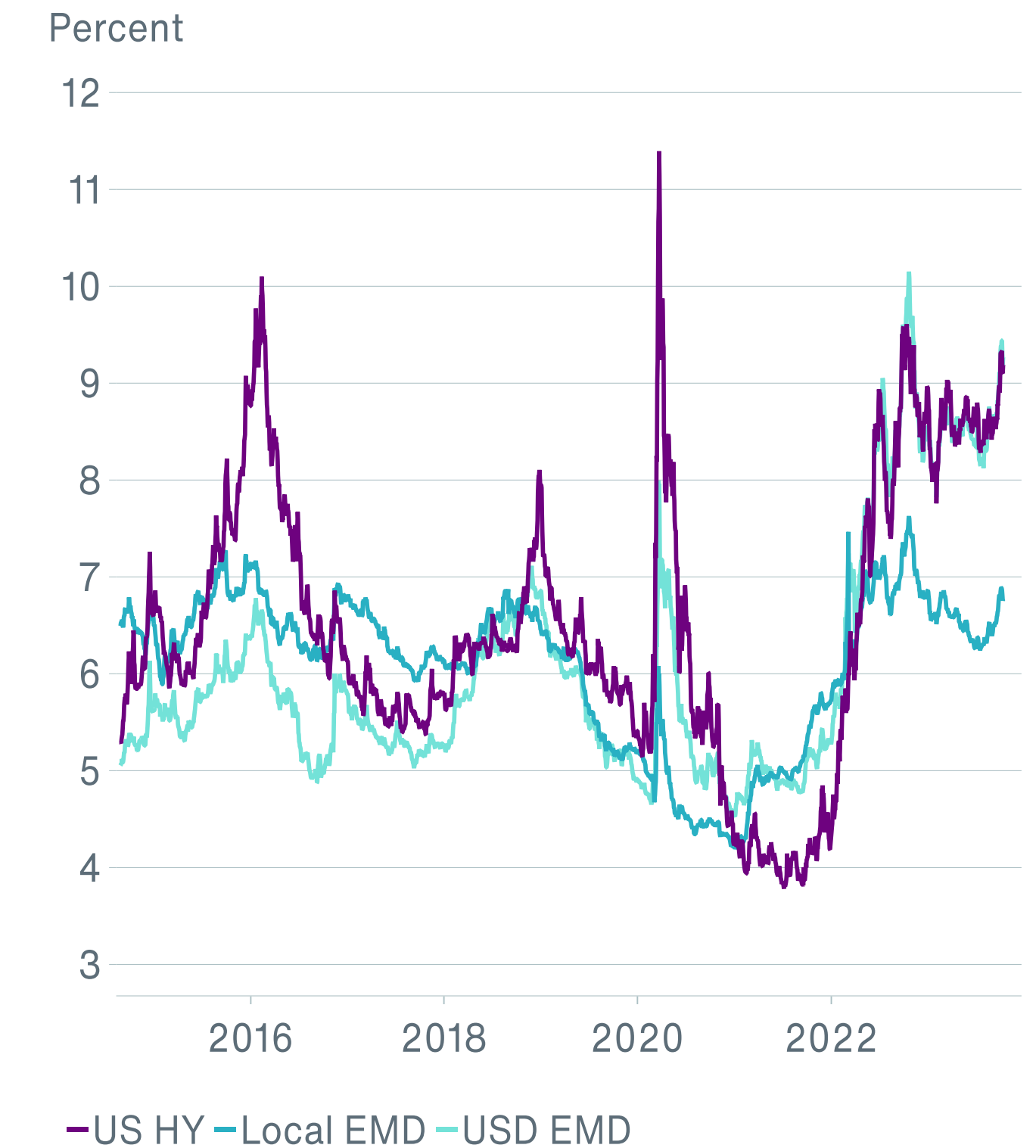
US loans have outperformed HY bonds over the last quarter, benefiting from their floating rates and the US recession delay. Loans should start to underperform HY bonds when there are more signs that US growth is deteriorating so we have decided to keep the view here relatively cautious.

US EMD yields have risen much more than local EMD yields and are now above 9%. Inflation has also been falling in many EM countries, so for these two reasons, local EMD has outperformed this year. We now think that it is a good time to remove our local EMD preference, especially given USD EMD's higher yield and longer duration. EM debt has limited Middle Eastern exposure, but the geopolitical risks could have a negative impact on investor risk appetite.

US yields are at post GFC highs (except for bonds with the lowest HY credit ratings)



US EMD yields have tracked US HY yields higher whilst local EMD has been quite resilient to higher real US yields



Relative Alternatives Views*

*Asset class views are relative to others within the asset class and not relative to other asset types. There should be no read-across from equities to credit, for example.

Liquid Alternatives

---	--	-	=	+	++	+++
			➔	Active commodities		
				Alternative Risk Premia		
						Insurance-linked securities
					Diversifying hedge funds	
			Return seeking hedge funds			

Our key recommendations amongst liquid alternative asset classes are those that are most likely to offer good diversification properties relative to traditional risky asset classes.

This includes insurance-linked securities and diversifying hedge funds, such as macro strategies and commodity trading advisors (CTAs).

We also suggest small allocations to alternative risk premia strategies and commodity exposure through active management. We have upgraded the latter view, amid tight inventories and the impending Northern hemisphere winter.

Diversification does not ensure profit nor does it protect against loss of principal. Diversification among investment options and asset classes may help to reduce overall volatility.

Illiquid Alternatives: Priority of Investment

Private assets do not lend themselves to medium-term tilts as typically allocations will be locked in for many years, and exit-points are not discretionary. Private asset programs are best determined by your consultant, using our capital market assumptions, and both stochastic and deterministic risk analysis, in order to best achieve investment objectives. That said, market conditions do vary, and investors may want to prioritise areas where we think opportunities may not be as long-lived and postpone deployment to asset classes where better entry points may be available over the next few years.



Commodities

Commodities look set to remain volatile, but active managers may add value

Commodity prices have fluctuated sharply over the last three years driven by surging demand after the relaxation of pandemic-related lockdowns, global inflation reaching multi-decade highs and raw material prices being pushed up by the ongoing conflict in Ukraine.

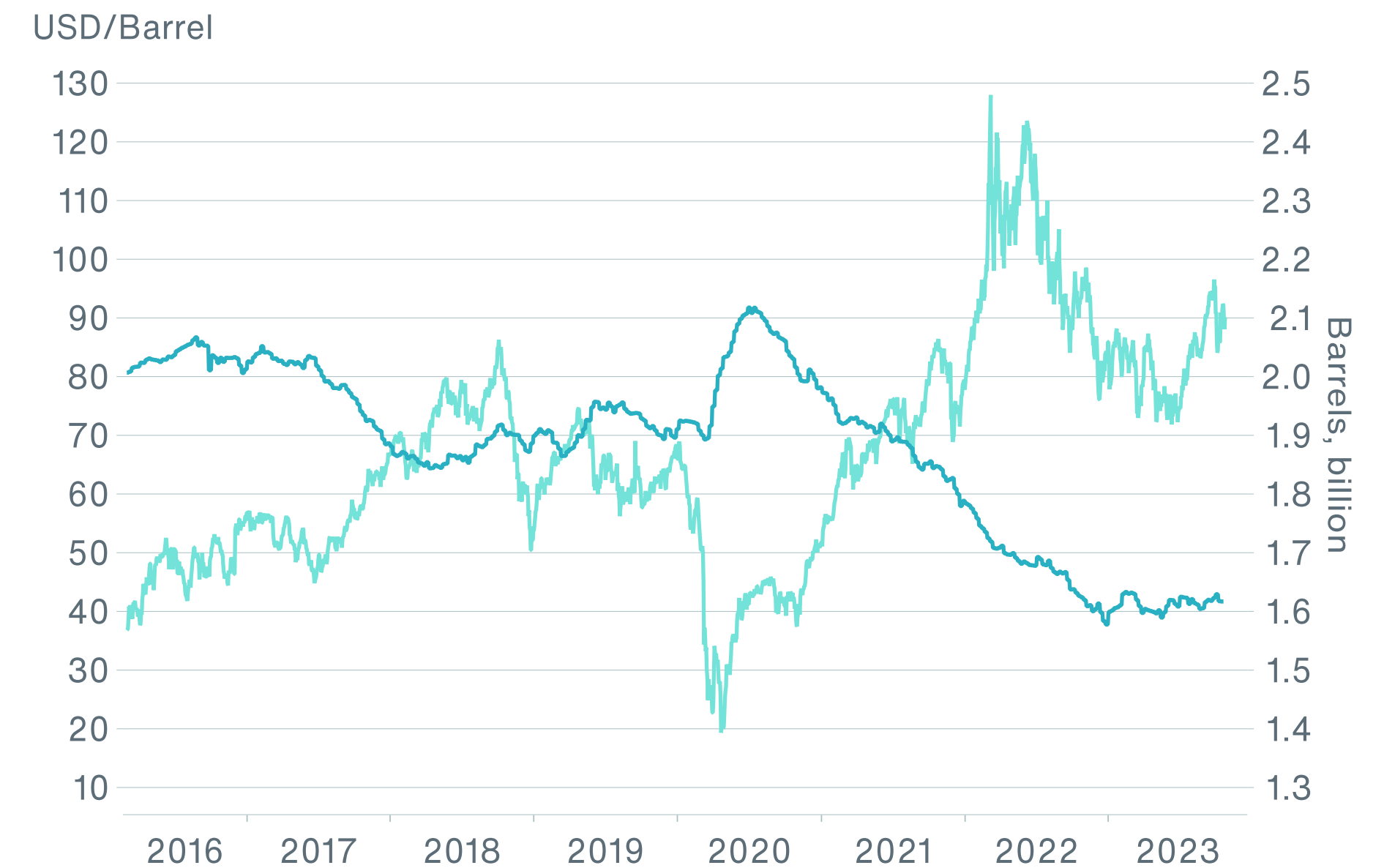
Oil prices (Brent) had fallen somewhat from a high of \$139/bbl to just above \$70/bbl. However, OPEC+ has continued to cut its oil production in an attempt to keep oil prices from falling due to weaker global demand. This has pushed prices to above \$88/bbl, in part due to the ongoing situation in the Middle East, as well as the war in Ukraine.

We expect energy prices to remain elevated over the medium term even in a mild recession scenario. This is in large part due to tight inventory levels and low capital expenditure into exploration, suggesting volatility will continue to remain elevated into the upcoming winter.

Industrial metals have had mixed performance over the short term, due to the fears over an economic slowdown and the ongoing property crisis in China (the largest consumer of metals in the world). The sector could perform well over the medium term but remain very sensitive to short-term economic conditions and the success and speed of an energy transition.

We believe active commodity strategies may provide diversification and benefit from dislocations within commodity markets. In addition, these strategies may reduce volatility associated with exposure to sectors such as energy and metals, as well as economic conditions.

Oil spike coincides with low inventories



—US Oil Inventories, rhs —Brent Oil USD per Barrel, lhs

As at 25/10/2023, 20/10/2023, for Brent Oil USD per Barrel, US Oil Inventories, respectively

Source: Macrobond, Federal Reserve

Relative Currency Views*

*Asset class views are relative to others within the asset class and not relative to other asset types. There should be no read-across from equities to credit, for example.

Currency views vs USD

---	--	-	=	+	++	+++
				EUR		
			GBP			
					JPY	
				EM		

We think the US dollar's extreme overvaluation will cause it to fall over the medium-term.

We therefore remain moderately positive on the euro against the US dollar which we put in place at a similar exchange rate at the start of the year.

We moved to neutral on sterling last quarter on the back of UK stagflation fears.

Currencies

US interest rate and growth advantage now fully priced in

US bond yields have risen strongly on decent US economic data and the Fed's continued narrative that interest rates will stay high. This stands in contrast with the European Central Bank and Bank of England which have started to indicate they may have completed their rate hikes. Eurozone core inflation is now moving down whilst growth is much weaker than in the US.

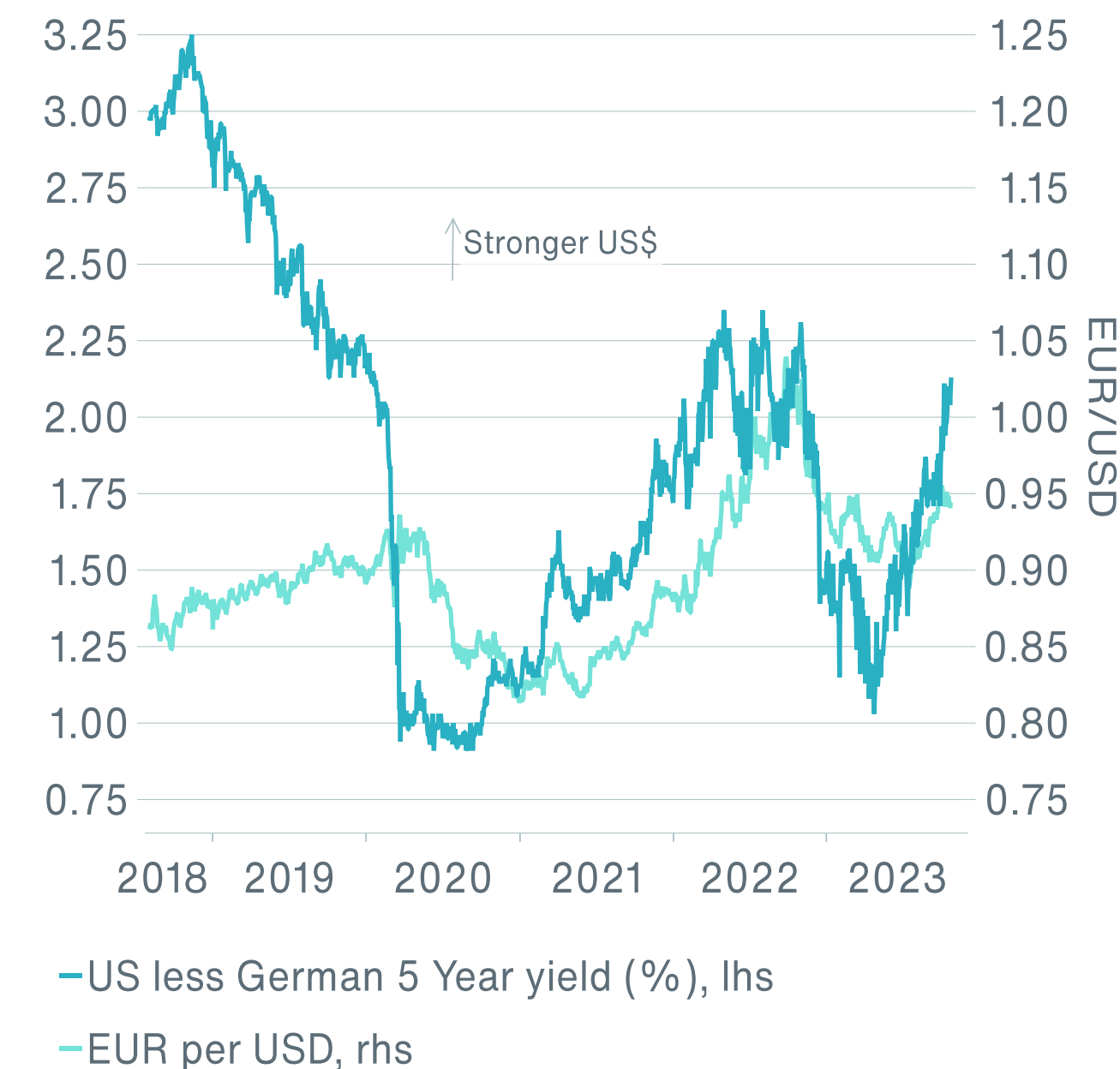
We have long held the view that the market was too optimistic in expecting imminent US rate cuts. However, 'higher for longer' rates have now been priced in (see right chart) which removes a support for the US dollar, reinforced by our view that US bond yields are close to peaking.

Whilst short-term risks remain to support the dollar - an unexpected US rate hike or an extension of the current geopolitical tensions. We think the US dollar's extreme overvaluation will cause it to fall over the medium-term. We therefore remain moderately positive on the euro against the US dollar which we put in place at a similar exchange rate at the start of the year.

We are most positive on the yen as the continuance of ultra easy monetary policy is unsustainable especially now core inflation has risen. The ¥150 level looks promising as a potential turning point for the yen/dollar exchange rate.

We moved to neutral on sterling last quarter on the back of UK stagflation fears.

Higher US yields have strengthened the dollar...5-year yields are at 16-year highs

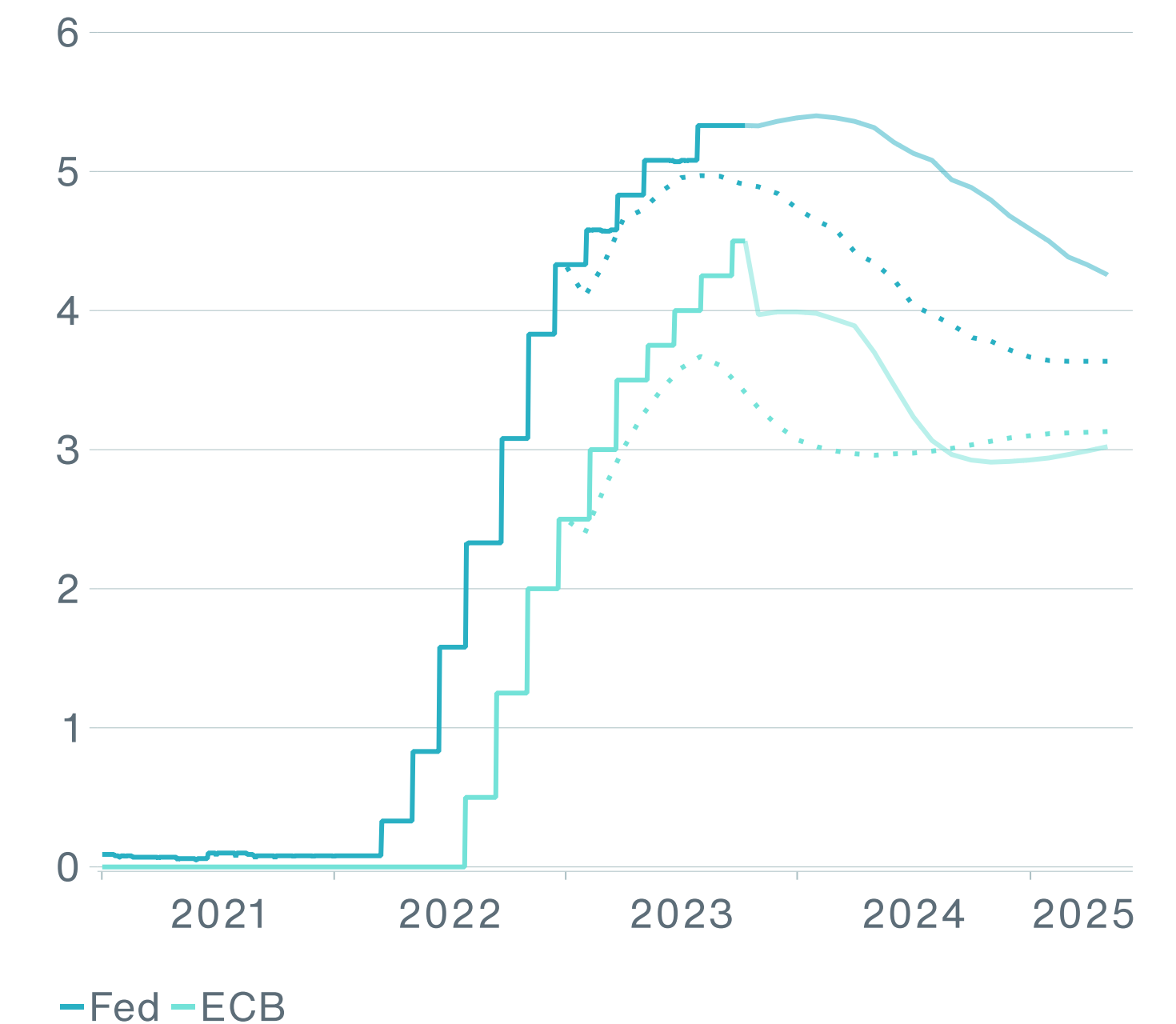


As at 25/10/2023, 25/10/2023, for Euro Area, FX Spot Rates, Macrobond, EUR per USD, Government Benchmarks, "United States, Federal Reserve"- "Germany, Macrobond", 5 Year, Yield, respectively

Source: Macrobond

US interest rates are now expected to stay higher for longer

Dotted line shows the market expectations (based on Fed funds and Euribor futures) at end 2022



Source: Macrobond

Appendix

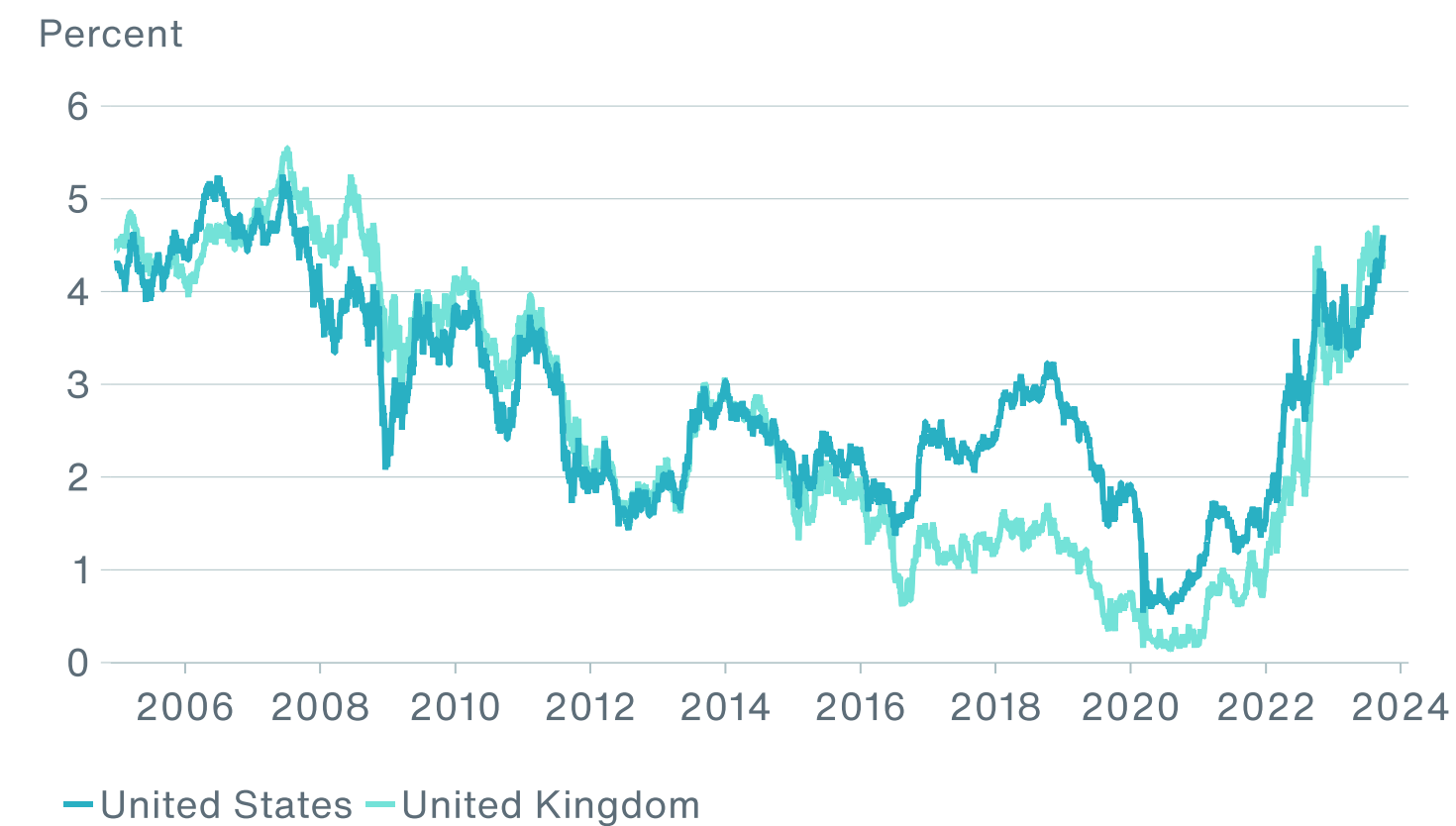


Economic Highlights

Market momentum was checked over the third quarter as bond yields surged higher. Macroeconomic data continued to show resilience, with little sign of a US recession so far. However, core inflation measures have not fallen back as quickly as headline figures and the major central banks continued to indicate that further rate increases are possible over the coming months. Nonetheless, the Federal Reserve, Bank of England and the Bank of Canada decided to pause their monetary policy tightening programmes in Q3 in order to monitor the impact of higher interest rates on the economy.

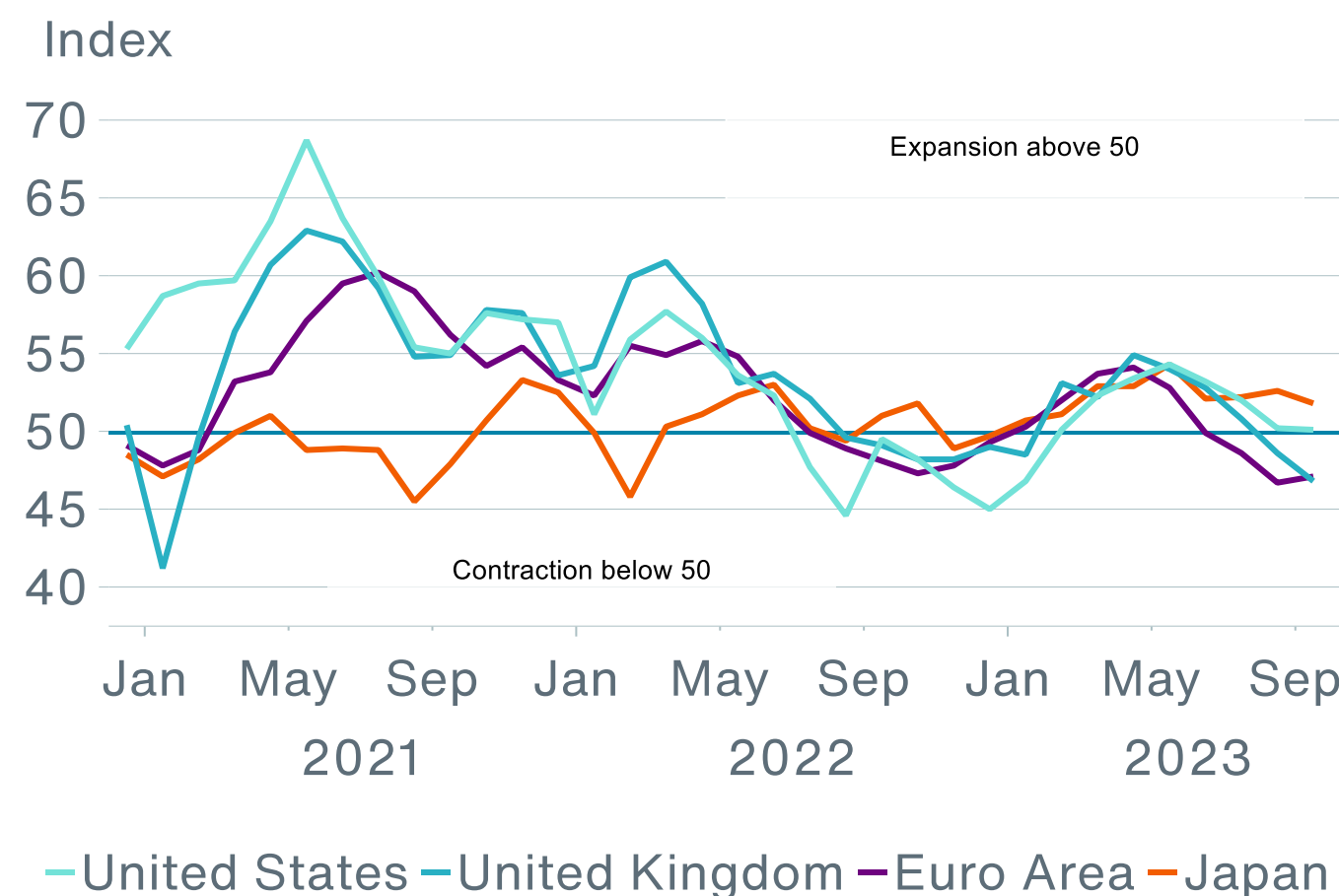
We still think that a global recession is likely at some point over the coming year, although it may be relatively shallow and short-lived. Meanwhile, inflation will likely continue to fall, but we do not expect the key measures to fall back to pre-pandemic rates any time soon. Extreme uncertainty continues to make predictions especially difficult.

Global yields surged higher over Q3 – US and UK 10-year yields hit multi-decade highs, for example 10-year government bond yields



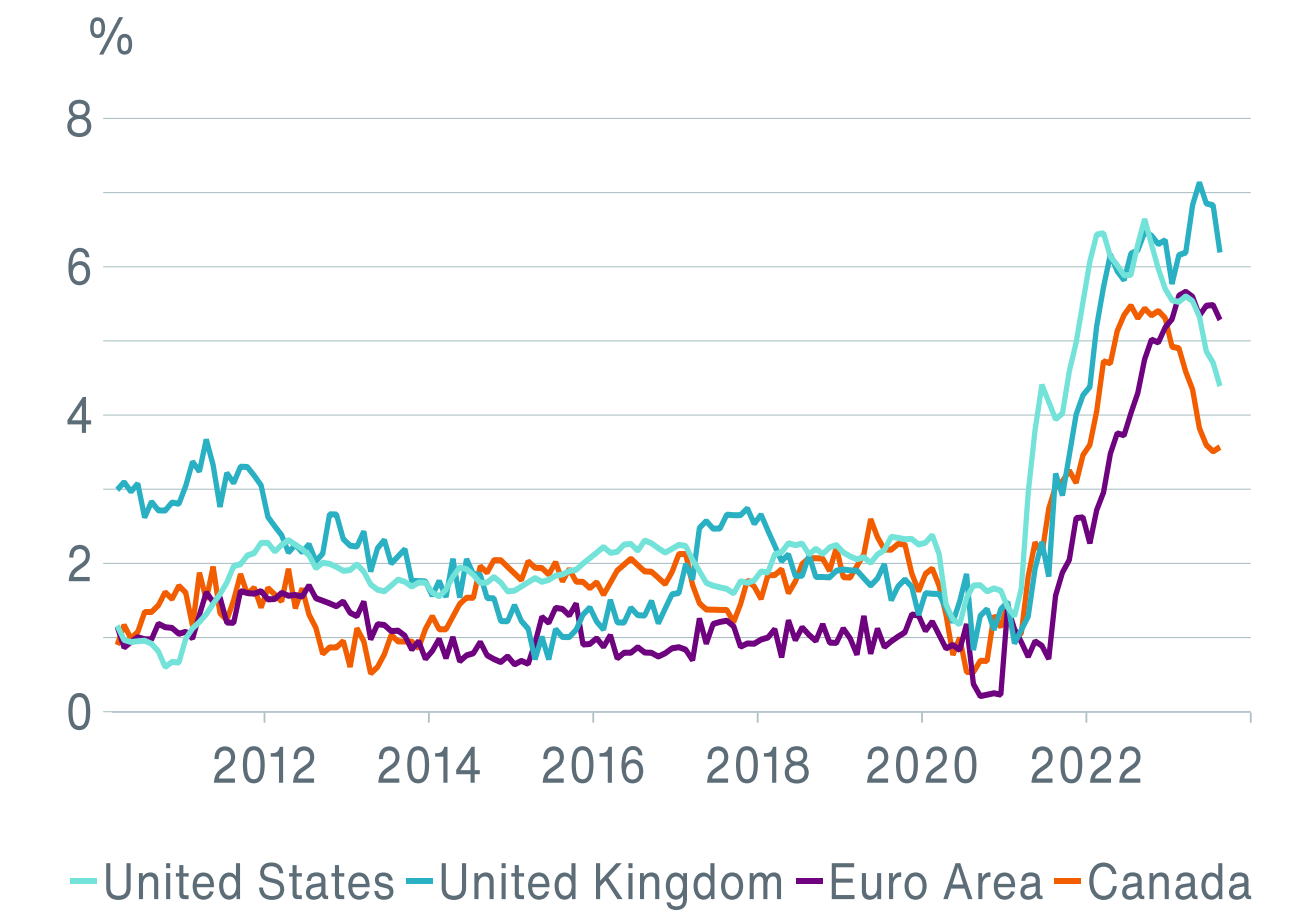
Source: Macrobond

Economic activity continued to weaken over Q3 – Selected regional composite PMIs



Source: Macrobond

Core inflation has eased over Q3 but remains elevated – Core CPI YoY



Source: Macrobond

Selected economic data releases

Date	Country/Region	Event	Period	Actual	Consensus	Surprise	Prior
07/03/2023	United States	ISM Manufacturing SA	JUN	46.0	47.2	-1.2	46.9
07/05/2023	Eurozone	Markit PMI Composite SA (Final)	JUN	49.9	50.3	-0.40	50.3
07/05/2023	United Kingdom	CIPS Composite PMI SA (Final)	JUN	52.8	52.8	0.03	52.8
07/06/2023	United States	ISM Services PMI SA	JUN	53.9	51.0	2.9	50.3
07/07/2023	United States	Nonfarm Payrolls SA	JUN	209.0K	215.0K	-6.0K	306.0K
07/10/2023	China	CPI NSA Y/Y	JUN	0.0%	0.20%	-0.20%	0.20%
07/12/2023	United States	CPI ex-Food & Energy NSA Y/Y	JUN	4.8%	5.0%	-0.20%	5.3%
07/12/2023	United States	CPI NSA Y/Y	JUN	3.0%	3.1%	-0.10%	4.0%
07/12/2023	Canada	BoC Overnight Rate Target	-	5.00%	5.00%	0.00%	4.75%
07/17/2023	China	GDP NSA Y/Y	Q2	6.3%	7.3%	-1.0%	4.5%
07/18/2023	Canada	CPI All Items (NSA Y/Y)	JUN	2.8%	3.0%	-0.19%	3.4%
07/19/2023	United Kingdom	CPI Core NSA Y/Y	JUN	6.9%	7.1%	-0.15%	7.1%
07/19/2023	United Kingdom	CPI EU Harmonized NSA Y/Y	JUN	7.9%	8.1%	-0.25%	8.7%
07/19/2023	Eurozone	CPI Core EU Harmonized NSA Y/Y (Final)	JUN	5.5%	5.4%	0.10%	5.4%
07/19/2023	Eurozone	CPI EU Harmonized Y/Y (Final)	JUN	5.5%	5.5%	0.0%	5.5%
07/21/2023	Japan	CPI Core National Y/Y	JUN	3.3%	3.5%	-0.20%	3.2%
07/21/2023	Japan	CPI National Y/Y	JUN	3.3%	3.2%	0.10%	3.2%
07/26/2023	United States	Fed Funds Target Upper Bound	-	5.50%	5.50%	0.00%	5.25%
07/27/2023	Eurozone	ECB Refi Rate	-	4.25%	4.25%	0.00%	4.00%
07/31/2023	Eurozone	GDP SA Y/Y (Preliminary)	Q2	0.60%	0.50%	0.10%	1.1%
08/01/2023	Japan	Markit/JMMA PMI Manufacturing SA (Final)	JUL	49.6	49.7	-0.10	49.4
08/01/2023	China	Markit/Caixin PMI Manufacturing SA	JUL	49.2	50.2	-0.94	50.5
08/01/2023	United States	ISM Manufacturing SA	JUL	46.4	46.9	-0.50	46.0
08/03/2023	Eurozone	Markit PMI Composite SA (Final)	JUL	48.6	48.9	-0.30	48.9
08/03/2023	United Kingdom	CIPS Composite PMI SA (Final)	JUL	50.8	50.7	0.09	50.7
08/03/2023	United Kingdom	BoE Official Bank Rate	-	5.25%	5.25%	0.00%	5.00%
08/03/2023	United States	ISM Services PMI SA	JUL	52.7	53.0	-0.30	53.9
08/04/2023	United States	Nonfarm Payrolls SA	JUL	187.0K	195.0K	-8.0K	185.0K
08/09/2023	China	CPI NSA Y/Y	JUL	-0.30%	-0.30%	0.0%	0.0%
08/10/2023	United States	CPI ex-Food & Energy NSA Y/Y	JUL	4.7%	4.8%	-0.10%	4.8%

US labour market data remained strong over the quarter

All the major central banks continued to raise policy rates in early Q3

Source: Bloomberg



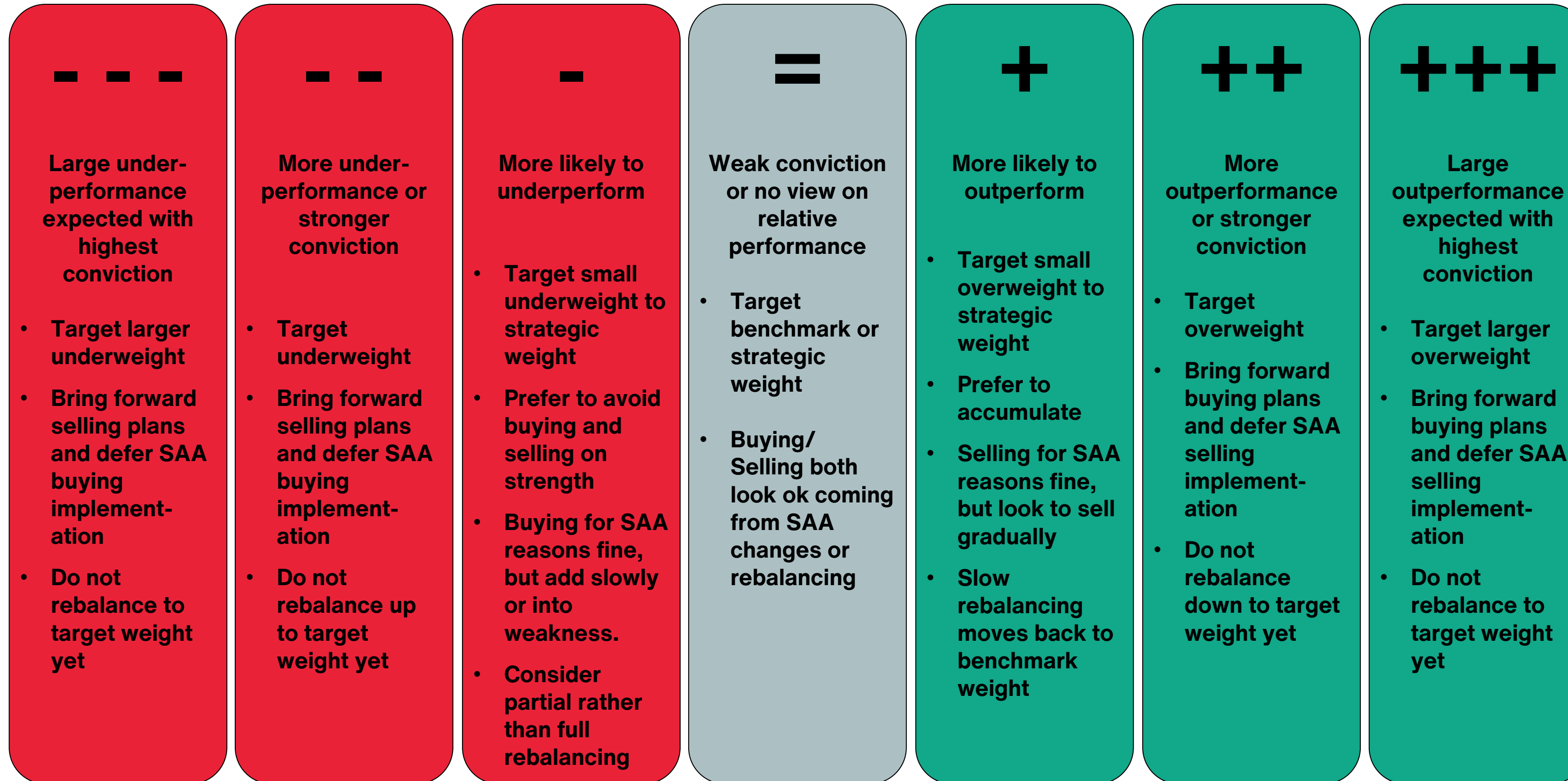
Selected economic data releases

Date	Country/Region	Event	Period	Actual	Consensus	Surprise	Prior
08/10/2023	United States	CPI NSA Y/Y	JUL	3.2%	3.3%	-0.10%	3.0%
08/11/2023	United Kingdom	GDP SA Y/Y (Preliminary)	Q2	0.40%	0.20%	0.20%	0.20%
08/15/2023	Canada	CPI All Items (NSA Y/Y)	JUL	3.3%	3.0%	0.27%	2.8%
08/16/2023	United Kingdom	CPI Core NSA Y/Y	JUL	6.9%	6.8%	0.10%	6.9%
08/16/2023	United Kingdom	CPI EU Harmonized NSA Y/Y	JUL	6.8%	6.8%	-0.0%	7.9%
08/18/2023	Japan	CPI Core National Y/Y	JUL	3.1%	3.1%	0.0%	3.3%
08/18/2023	Japan	CPI National Y/Y	JUL	3.3%	3.0%	0.25%	3.3%
08/18/2023	Eurozone	CPI Core EU Harmonized NSA Y/Y (Final)	JUL	5.5%	5.5%	0.0%	5.5%
08/18/2023	Eurozone	CPI EU Harmonized Y/Y (Final)	JUL	5.3%	5.3%	-0.0%	5.3%
09/01/2023	Japan	Markit/JMMA PMI Manufacturing SA (Final)	AUG	49.6	49.7	-0.10	49.7
09/01/2023	China	Markit/Caixin PMI Manufacturing SA	AUG	51.0	49.3	1.7	49.2
09/01/2023	United States	Nonfarm Payrolls SA	AUG	187.0K	170.0K	17.0K	157.0K
09/01/2023	United States	ISM Manufacturing SA	AUG	47.6	46.8	0.80	46.4
09/05/2023	Eurozone	Markit PMI Composite SA (Final)	AUG	46.7	47.0	-0.30	47.0
09/05/2023	United Kingdom	CIPS Composite PMI SA (Final)	AUG	48.6	47.9	0.73	47.9
09/06/2023	Canada	BoC Overnight Rate Target	-	5.00%	5.00%	0.00%	5.00%
09/06/2023	United States	ISM Services PMI SA	AUG	54.5	52.3	2.2	52.7
09/07/2023	Eurozone	GDP SA Y/Y (Final)	Q2	0.50%	0.60%	-0.10%	0.60%
09/08/2023	Japan	GDP Y/Y (Final)	Q2	1.6%	2.0%	-0.40%	2.0%
09/09/2023	China	CPI NSA Y/Y	AUG	0.10%	0.05%	0.05%	-0.30%
09/13/2023	United States	CPI ex-Food & Energy NSA Y/Y	AUG	4.3%	4.3%	-0.0%	4.7%
09/13/2023	United States	CPI NSA Y/Y	AUG	3.7%	3.6%	0.10%	3.2%
09/14/2023	Eurozone	ECB Refi Rate	-	4.50%	4.25%	0.25%	4.25%
09/19/2023	Eurozone	CPI Core EU Harmonized NSA Y/Y (Final)	AUG	5.3%	5.3%	-0.0%	5.3%
09/19/2023	Eurozone	CPI EU Harmonized Y/Y (Final)	AUG	5.2%	5.3%	-0.10%	5.3%
09/19/2023	Canada	CPI All Items (NSA Y/Y)	AUG	4.0%	3.8%	0.25%	3.3%
09/20/2023	United Kingdom	CPI Core NSA Y/Y	AUG	6.2%	6.8%	-0.60%	6.9%
09/20/2023	United Kingdom	CPI EU Harmonized NSA Y/Y	AUG	6.7%	7.1%	-0.40%	6.8%
09/20/2023	United States	Fed Funds Target Upper Bound	-	5.50%	5.50%	0.00%	5.50%
09/21/2023	United Kingdom	BoE Official Bank Rate	-	5.25%	5.50%	-0.25%	5.25%
09/22/2023	Japan	CPI National Y/Y	AUG	3.2%	3.0%	0.20%	3.3%

Inflation data continued to slow but there was a jump in US core inflation due to rising energy prices and statistical effects

The US Fed, BoE and BoC all decided to pause monetary policy whilst still indicating that further hikes may be warranted in coming months

View Guidance



Index Definitions

MSCI AC World Index - The MSCI ACWI captures large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. With 2,897 constituents, the index covers approximately 85% of the global investable equity opportunity set.

MSCI USA Index - The MSCI USA Index is designed to measure the performance of the large and mid-cap segments of the US market. With 624 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

MSCI UK Index - The MSCI United Kingdom Index is designed to measure the performance of the large and mid-cap segments of the UK market. With 82 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.

MSCI European Union Index - The MSCI European Union (EU) Index captures large and mid-cap representation across the 13 Developed Markets (DM) countries and 4 Emerging Markets (EM) countries in Europe. With 322 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the European equity universe.

MSCI Japan Index - The MSCI Japan Index is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 237 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

MSCI Canada Index - The MSCI Canada Index is designed to measure the performance of the large and mid-cap segments of the Canada market. With 88 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Canada.

MSCI Emerging Markets Index - The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,377 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World Value Index - The MSCI World Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

MSCI World Growth Index - The MSCI World Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

ICE BofAML Global Government Index - An unmanaged index considered representative of fixed-income obligations issued by global governments.

ICE BofAML Global Large Cap Corporate Index - An unmanaged index considered representative of fixed-income obligations issued by global large cap corporates.

JPMorgan EMBI Global Diversified Index - The index is an unmanaged, market-capitalization weighted, total-return index tracking the traded market for U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities within the emerging markets.

JPMorgan GBI-EM Global Diversified Index - A comprehensive emerging market debt benchmark that tracks local currency bonds issued by Emerging market governments.

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