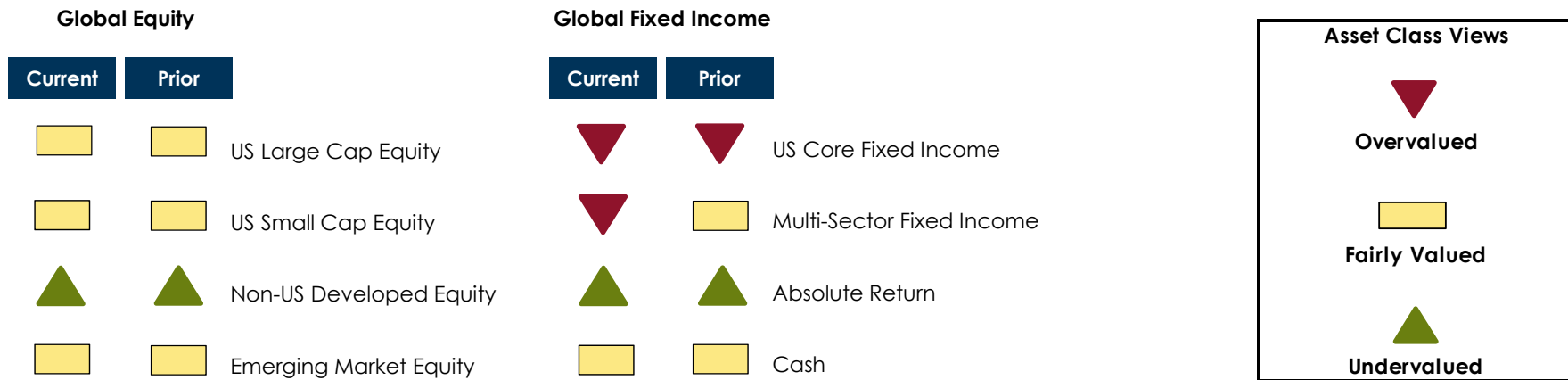


Financial assets across the board performed well in June, capping a very strong first half of 2019. While global economic data releases tended to fall short of expectations, this only served to support the market's firm conviction that the Federal Reserve will soon deliver insurance cut(s) to "sustain the expansion." Not to be left out, the European Central Bank delivered a statement indicating that it would employ its monetary policy tools to "answer any challenges to price stability." Geopolitical tensions remain a source of potential volatility, with 2020 election campaigns and heightened conflict with Iran coming into focus, even as US relations with both China and Mexico seemingly improved.

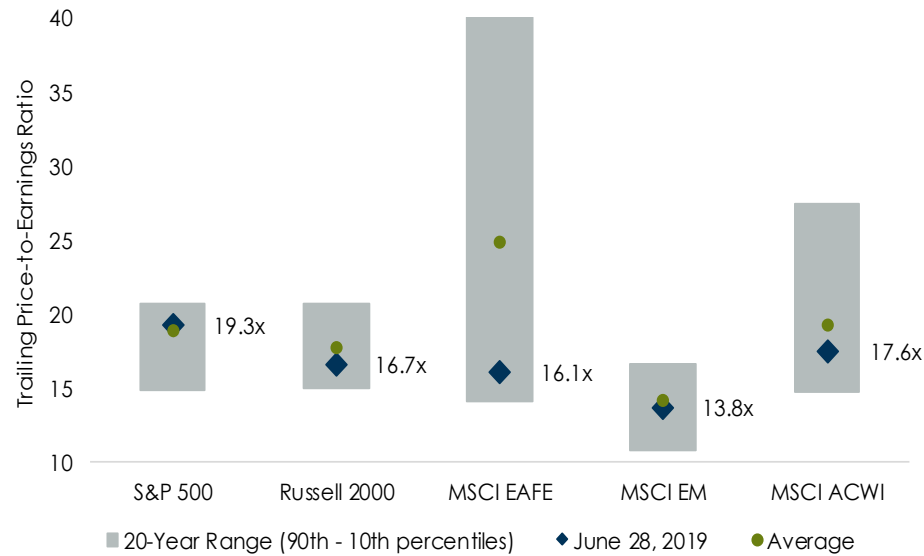
- **Global Equity** – Following meaningful monthly gains, index-level P/E ratios moved higher across all categories. With US Large Cap outperforming in June, the category's valuation again resides slightly ahead of longer-term averages. Alternatively, Non-US Developed markets continue to trade at the most significant relative discount given pervasive European pessimism. Slower late-cycle earnings growth appears to be universal. With economic and market signals mixed, ACG believes portfolios should be closely aligned with strategic allocation targets.
- **Global Fixed Income** – Anticipating global policy easing, developed market interest rates sank further, limiting the return potential of high-quality bonds outside of a recessionary scenario. Credit sensitive categories such as High Yield and EMD have rallied to >10% gains year-to-date, and current spread levels suggest that upside beyond indicated yields appears quite scarce. ACG continues to value Absolute Return strategies that often benefit from volatility, aid in downside protection, and reduce key correlations.
- **Global Real Assets & Private Markets** – Real estate has seen slowing appreciation, even as fundamentals and limited supply have supported Net Operating Income. Private equity purchase price and leverage multiples have both moved higher in 2019, with dry powder testing manager discipline. Commodities remain quite volatile, with tensions in the Middle East driving oil and concerns over fiat currencies boosting gold.

At A Glance – Our Current Liquid Asset Class Views



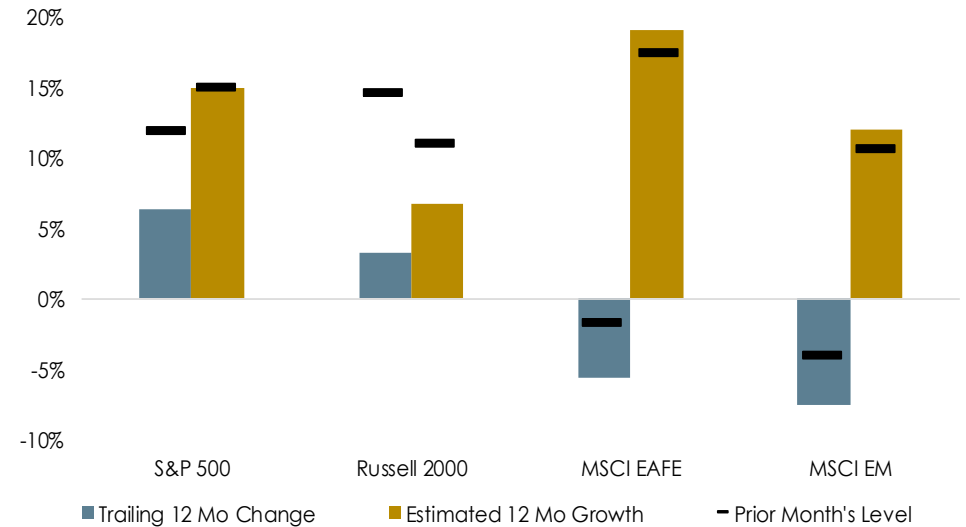
Current liquid asset class views represent the **outlook for the near-term horizon**, which can be utilized to guide rebalancing from cash in/out flows or for potential shading around long-term strategic targets. ACG's overall market risk appraisal is informed by relevant quantitative and qualitative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

P/E Valuations vs Own Category History

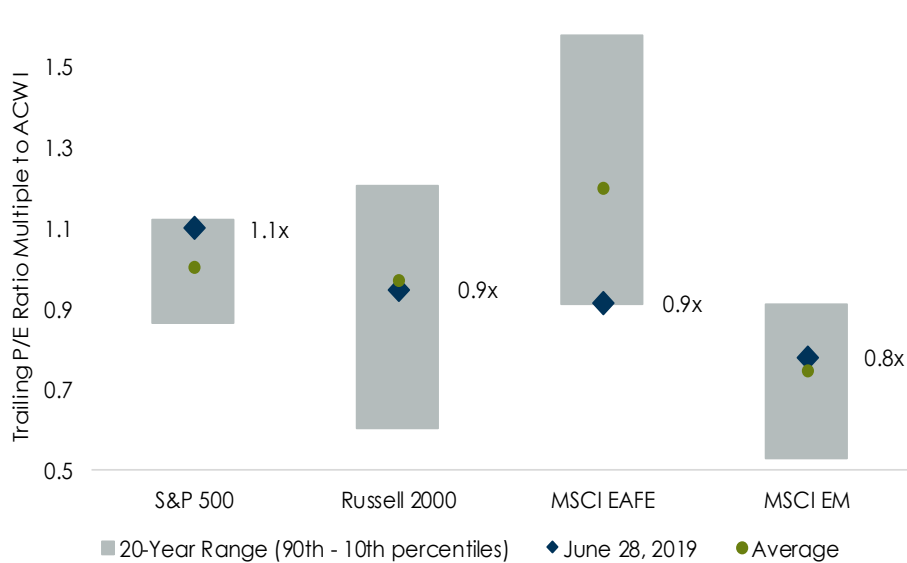


*Utilizes rolling 20-year history

Global Earnings –YoY % Change & Consensus Projections

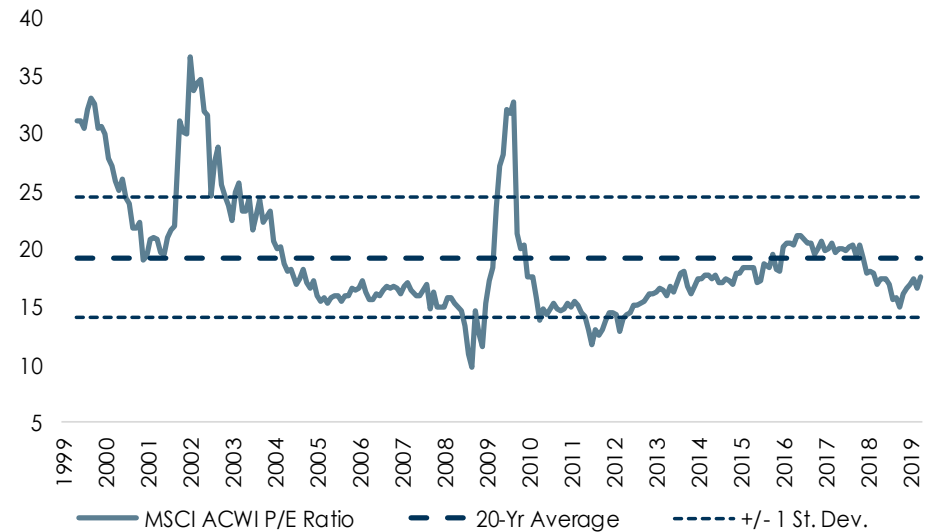


P/E Valuations vs ACWI



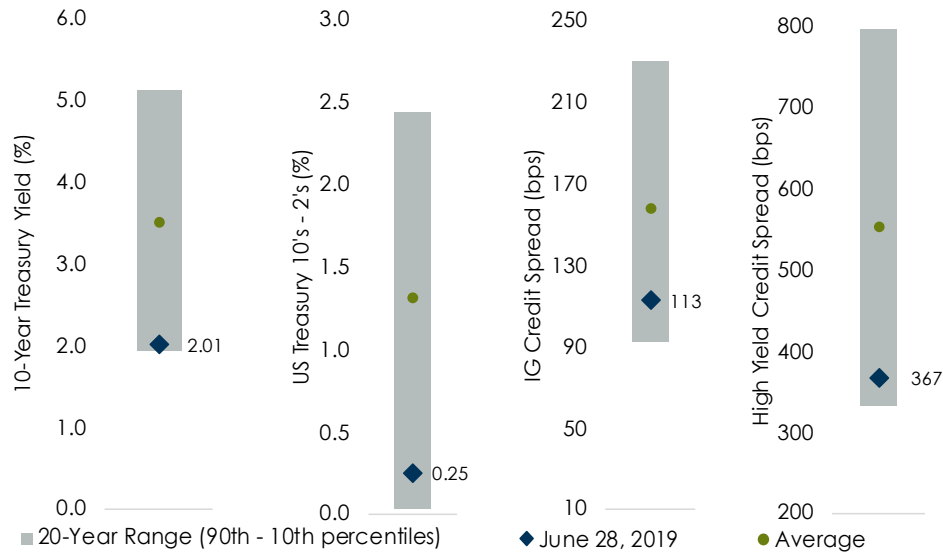
*Utilizes rolling 20-year history

Historic ACWI P/E



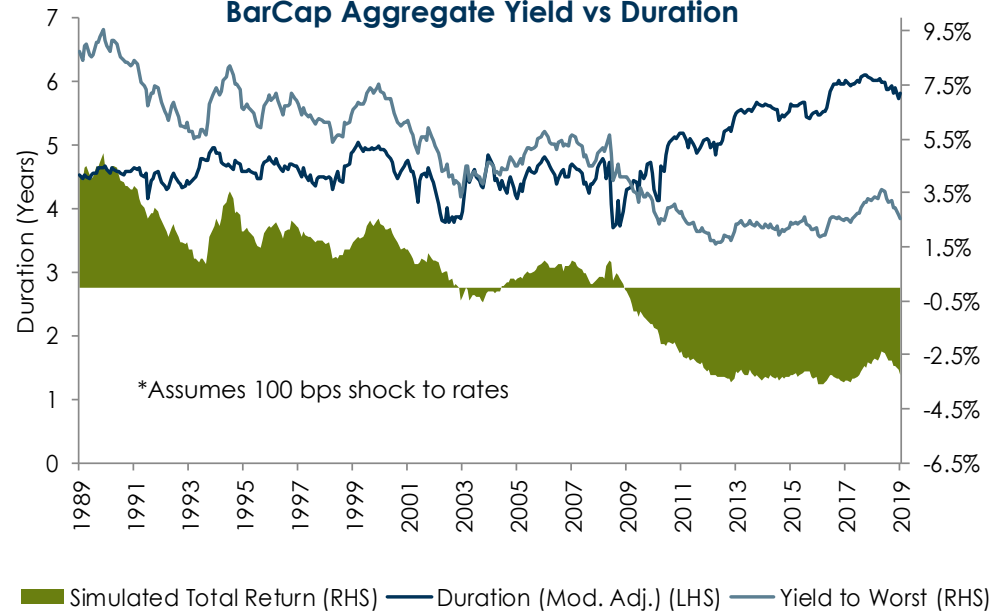
Fixed Income Markets

Key Fixed Income Factors

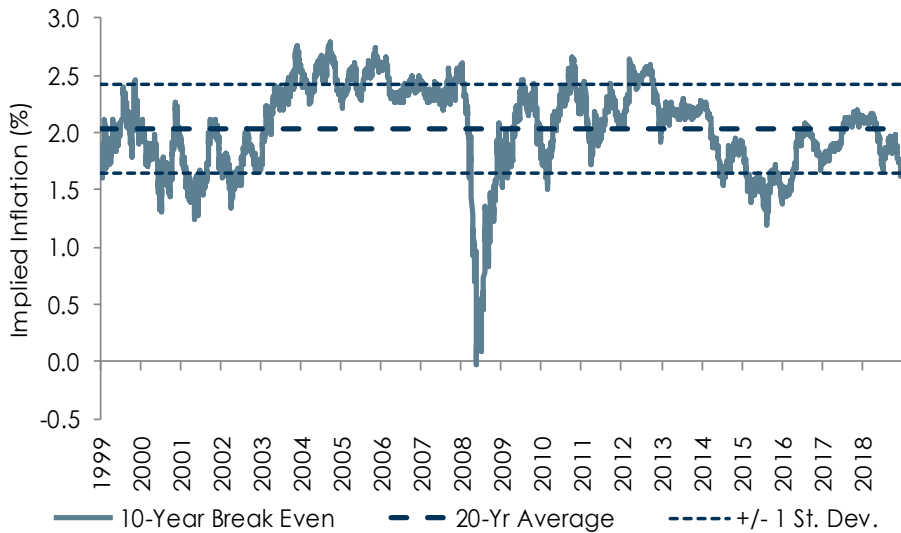


*Utilizes rolling 20-year history

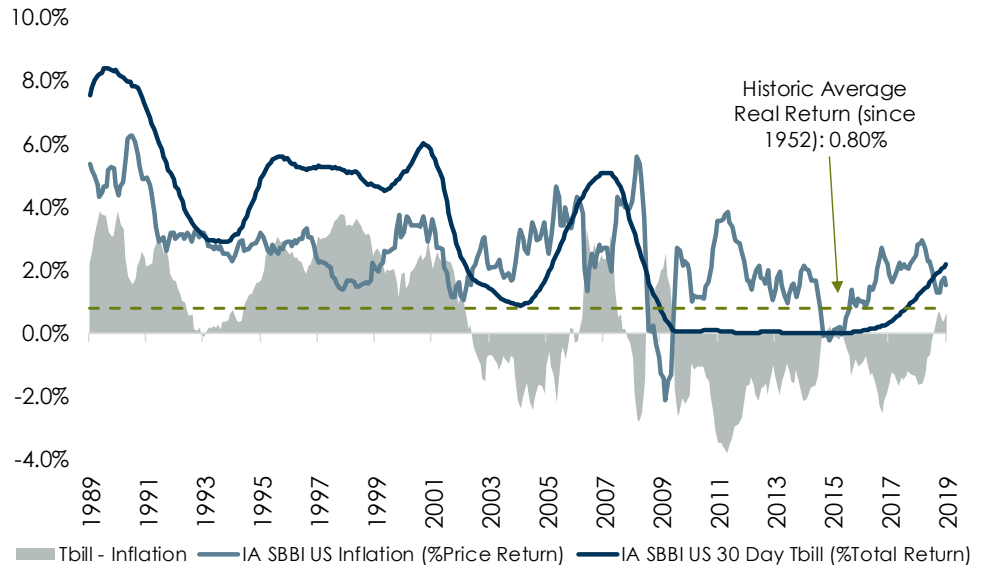
BarCap Aggregate Yield vs Duration



10-Year Inflation Breakevens



Inflation vs Cash Rates

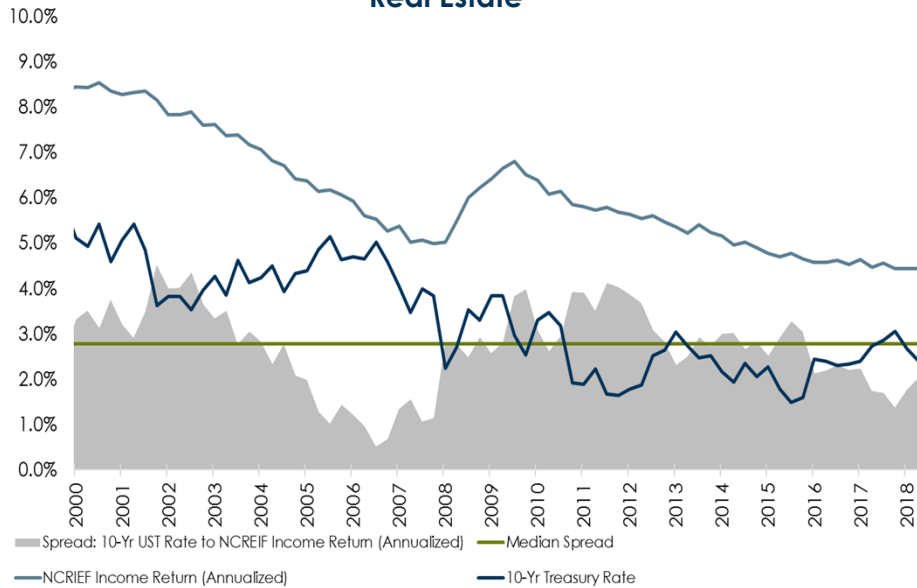


Source for All: Bloomberg, ACG Research (as of 6/30/2019)

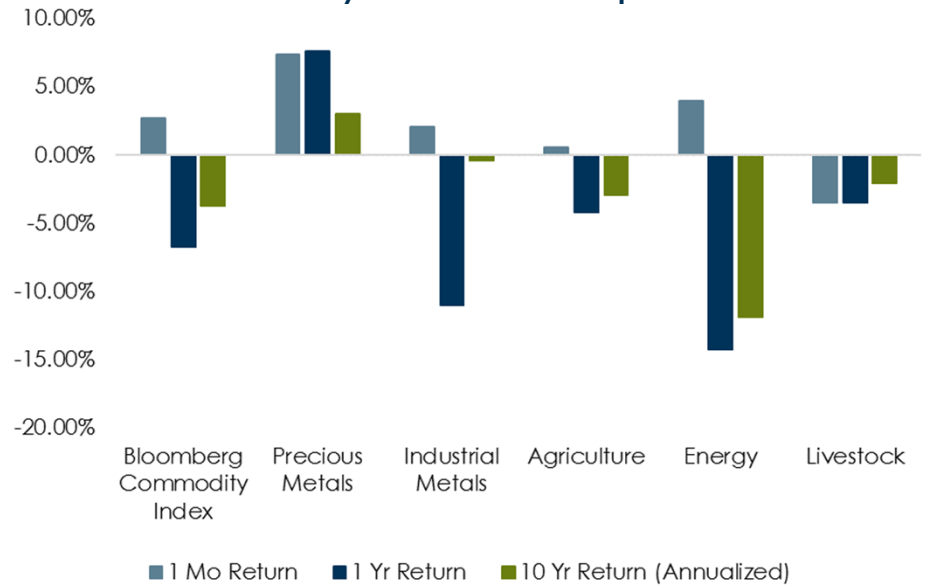
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Real Assets and Private Markets

Real Estate



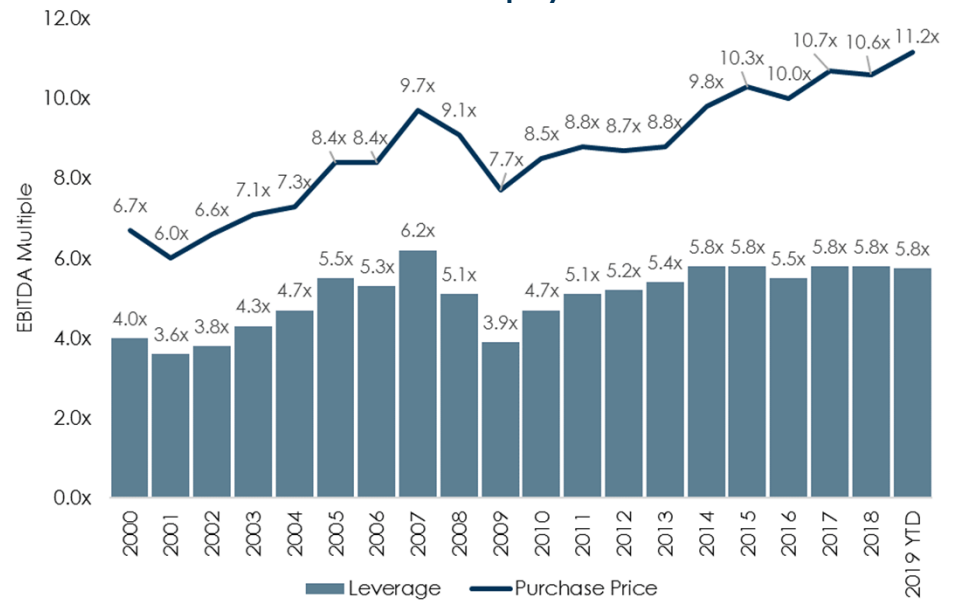
Commodity Index & Sub-Components



MLPs

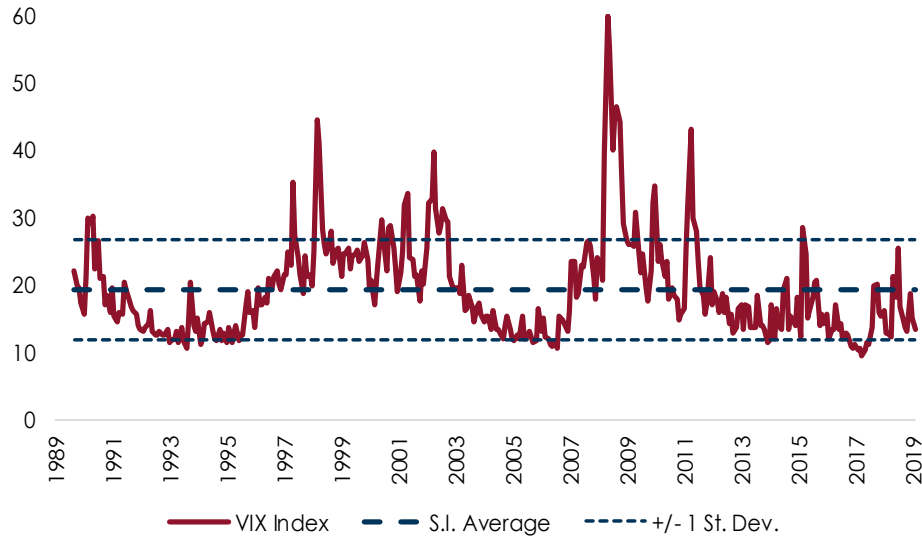


Private Equity

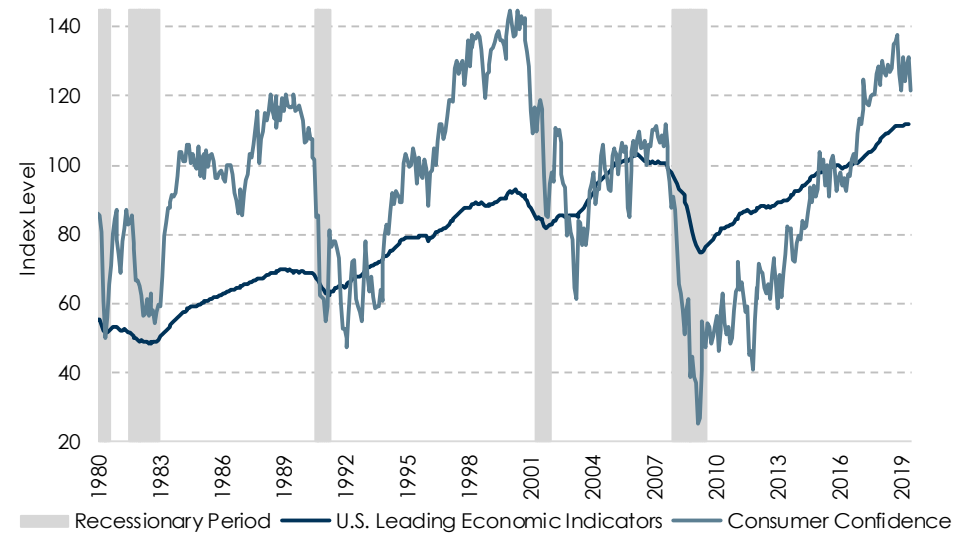


Source for All: NCREIF, Alerian, Bloomberg, S&P LCD, ACG Research (as of 6/30/2019)

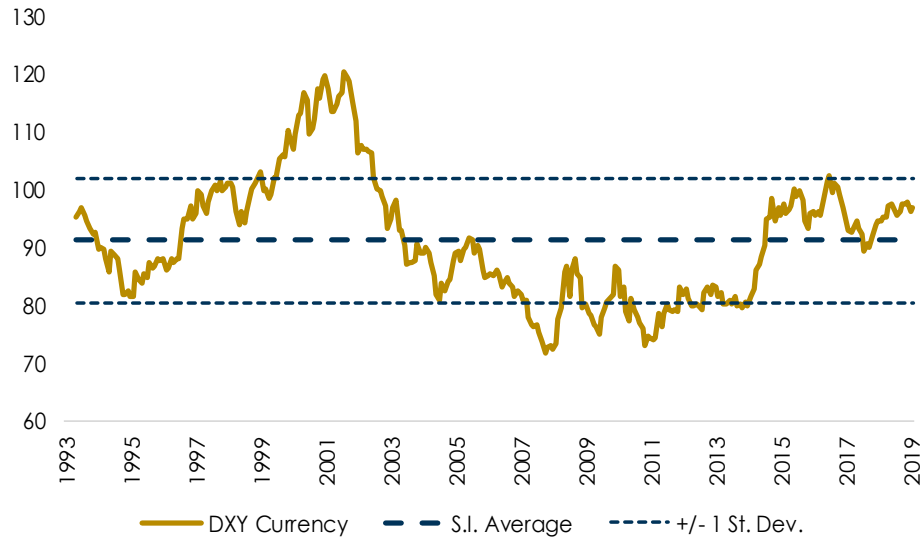
CBOE Market Volatility Index



Leading Economic Indicators & Consumer Confidence



US Dollar vs. Developed Currency Basket



Traditional Earnings Yield

