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2024 CAPITAL MARKETS FORECAST + SAMPLE PORTFOLIO CHANGES

SYNTRINSIC INVESTMENT COMMITTEE

JANUARY 2024

WELCOME

For the past decade, Syntrinsic has developed our annual Capital Markets Forecast to inform long-term strategic asset allocations and near-term tactical shifts. Our long-term return assumptions for each asset class are based on quantitative building blocks that are less prone—but not immune to—our subjective musings. Of course, we continue to learn from experience, refining our process as we access new information.

Our approach provides a rational and measurable way to anticipate the returns available from equity, fixed income, real estate, commodities, hedge fund strategies, and private investments.

We also realize that from time-to-time, economic and/or market conditions create opportunities to add value on the margins by modestly reducing or increasing asset class and segment allocations. As a result, we craft a near-term sentiment to complement our long-term forecast. Our near-term sentiment evaluates opportunities and measurable risks to adjust allocations with a three-year perspective in mind.

We humbly acknowledge that Syntrinsic did not Forecast COVID-19 in 2020 or Russia's invasion of Ukraine in 2022. This document is not meant to be a crystal ball; rather, it serves as a rational guide for building a reasonable investment portfolio with a high likelihood of success.

AGENDA

1. Near-Term Sentiment
2. Equity Markets
3. Private Assets
4. Fixed Income
5. Long-Term Forecast
6. Sample Portfolio Changes

NEAR-TERM SENTIMENT

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EXECUTIVE SUMMARY

If 2022 was about a global economy closed off due to war and pandemic, 2023 was about opening. If 2022 was tough medicine from the Federal Reserve, 2023 was that tonic at work. If 2022 was a disappointment for Investors, 2023 was a pleasant surprise ending with a cherry on top for investors who stayed the course.

Early in the year, February and March triggered all-too-fresh memories of the Global Financial Crisis as Silicon Valley Bank, then Signature Bank, then First Republic failed. While many banks face a difficult road ahead, the rate hikes exposed poor bank leadership and regulation rather than systemic weakness.

If the banking crisis was the first shoe to drop, then the second shoe—the universally-anticipated 2023 recession—never materialized. And it doesn't seem to be on the near-term horizon as we dive into 2024. Despite expectations amongst many that the Fed would go too far too fast, year-end 2023 data points to an economy that seems to be bringing inflation under control without crashing the economy.

As we head into 2024, here at home, we are contending with presidential and congressional elections and the ongoing fight against inflation taking place at the big table where the Federal Reserve confers and at kitchen tables around the country. Geopolitical crisis in Eastern Europe and the Middle East, as well as potential conflict in the South China Sea intensify uncertainty and are a headwind to our globalized economy. We hope that 2024 brings us all wisdom, good decision-making, and prosperity enough for all.

NEAR-TERM SENTIMENT OVERVIEW

Syntrinsic has upgraded our near-term sentiment on Core Bond and Core Plus Bond to **Positive** from **Neutral/Positive**, reflecting improved forward-looking prospects for the broad asset class.

We have added Infrastructure to the asset classes that we forecast. Our initial sentiment is **Neutral/Positive** because we expect Infrastructure will be more compelling due to the transition to a low carbon economy, technological innovation, the potentially growing role of "onshoring," and historic underinvestment. An expanding set of infrastructure opportunities will enable more investors to participate in the asset class, though at this time most worthwhile private infrastructure funds are limited to qualified investors.

Asset Class/Segment	1Q 2024 Near-Term Sentiment	3Q 2023 Near-Term Sentiment
Global Equities	**Neutral/Positive**	**Neutral/Positive**
US	Neutral/Positive	Neutral/Positive
Non-US Developed	Neutral	Neutral
Emerging Markets	Neutral	Neutral
Global Fixed Income	**Neutral/Positive**	**Neutral/Positive**
Short-Term Bond	Positive	Positive
Core Bond	Positive	Neutral/Positive
Core Plus Bond	Positive	Neutral/Positive
Non-US Developed Bond	Neutral/Negative	Neutral/Negative
Emerging Markets Bond	Neutral	Neutral
Real Assets	**Neutral**	**Neutral**
Real Estate	Neutral	Neutral
Commodities	Neutral/Negative	Neutral/Negative
Infrastructure	Neutral/Positive	NA
Hedge Fund Strategies	**Neutral/Negative**	**Neutral/Negative**
Private Equity	**Neutral/Positive**	**Neutral/Positive**
Private Debt	**Neutral/Positive**	**Neutral/Positive**

ECONOMIC INDICATORS

Throughout our Forecast, we delve into economic factors that influence or are influenced by market conditions. As 2023 came to a close, many conditions were in positive territory relative to conditions over the past few years, even as inflation numbers were showing promise of normalization.

Election years bring uncertainty. It will be interesting to track how consumers, purchasing managers, employees, and potential employees feel and what they do during a year with so many possibilities.

Purchasing Manager's Index (PMI)

	Q/Q	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
US Composite	↑	50.9	50.2	53.2	52.3	45.0	49.5	52.3
DM Composite	↑	49.8	49.6	52.1	52.5	47.1	49.2	52.4
EM Composite	↑	53.1	52.0	53.5	54.6	50.0	50.1	55.2

Retail Sales, Annual % Change

	Q/Q	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
US *As of 11/30/23	↑	4.1	4.0	1.5	2.2	6.0	9.0	9.5
Eurozone*As of 11/30/23	↑	-1.1	-2.9	-0.8	-3.2	-2.9	0.2	-2.6
China *As of 11/30/23	↑	10.1	5.5	3.1	10.6	-1.8	2.5	3.1

Consumer Confidence

	Q/Q	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
US	↑	110.7	104.3	110.1	104.0	109.0	107.8	98.4
Eurozone	↑	-15.0	-17.7	-16.1	-19.1	-22.0	-28.6	-24.1
China *As of 11/30/23	↓	87.0	87.2	86.4	94.9	88.3	87.2	88.9

Unemployment Rate

	Q/Q	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
US	↑	3.7	3.8	3.6	3.5	3.5	3.5	3.6
Eurozone*As of 10/31/23	-	6.5	6.5	6.5	6.5	6.7	6.7	6.7
China *As of 11/30/23	-	5.0	5.0	5.2	5.3	5.5	5.5	5.5

US Financial Conditions

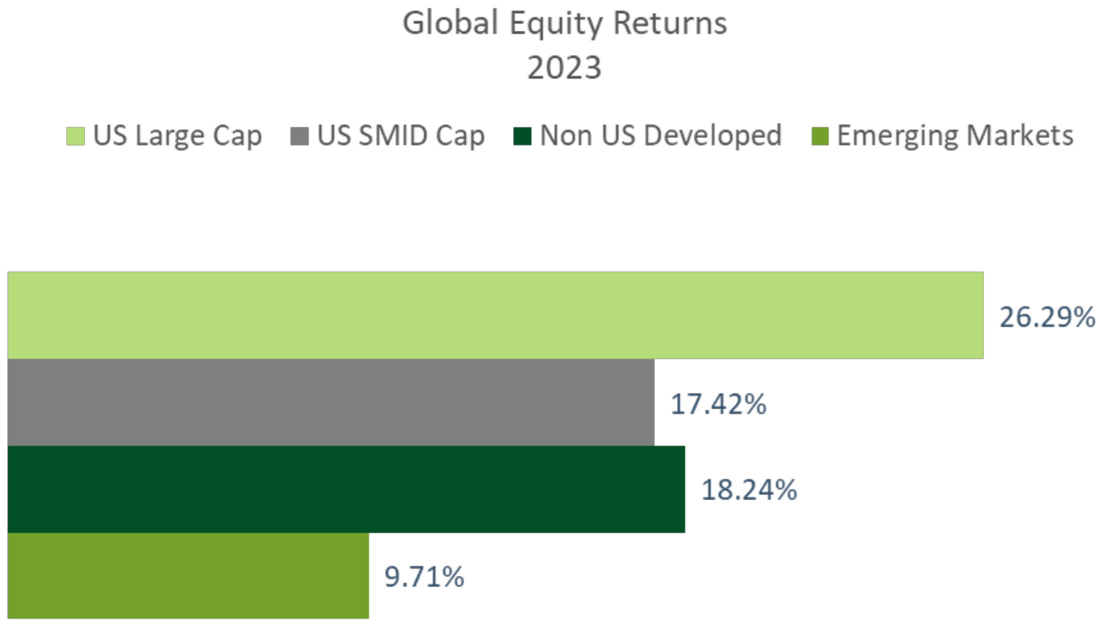
	Q/Q	12/31/23	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
US	↑	0.7	0.1	0.3	-0.4	-0.3	-1.2	-1.2

Sources: Bloomberg, Markit, US Census Bureau, Eurostat, National Bureau of Statistics China, US Conference Board, European Commission, and US Bureau of Labor

EQUITY MARKETS

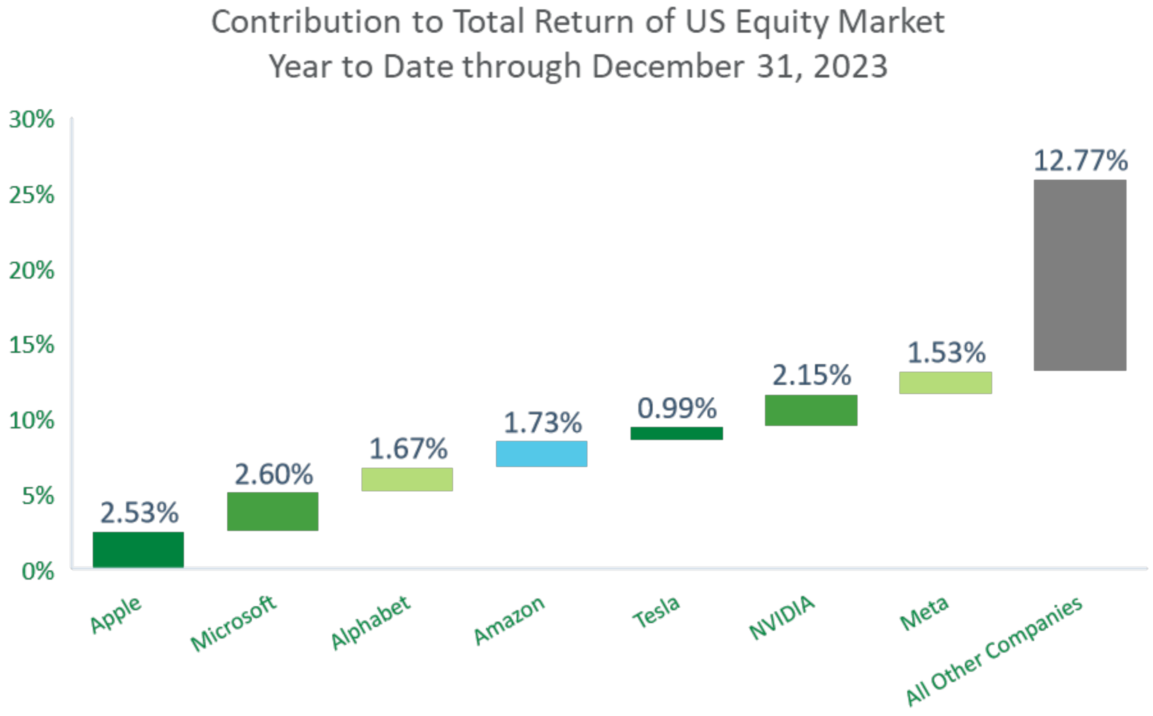
GLOBAL EQUITIES 2023

Across the globe in 2023, equities performed well despite high inflation, helped by a material boost in investor sentiment in November-December.



Sources: Russell, MSCI, BlackDiamond

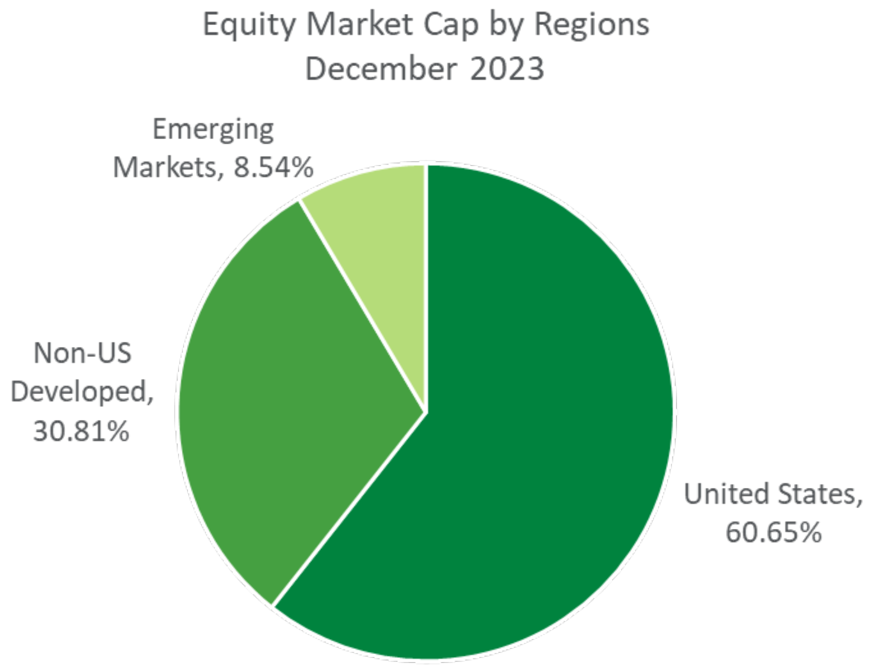
By year-end 2023, seven technology adjacent companies were responsible for 50.8% of the US equity market's 25.96% return.



Sources: Morningstar, Bloomberg, FinanceCharts, Syntrinsic

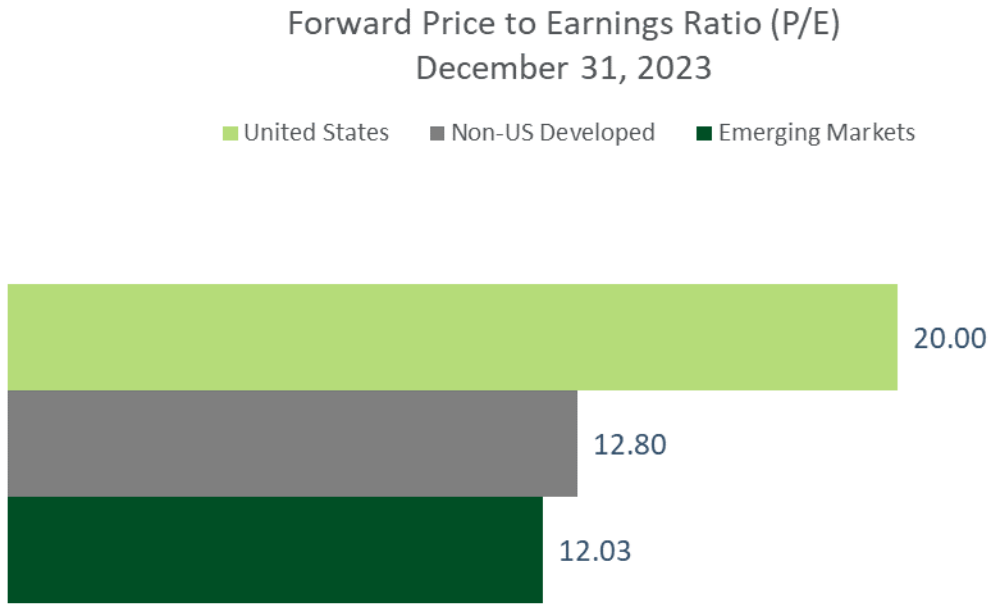
GLOBAL EQUITIES TODAY

While multinationals dominate global markets, a company's domicile impacts rule of law, central banking, regulation, banking, and domestic wealth.



Source: Morningstar

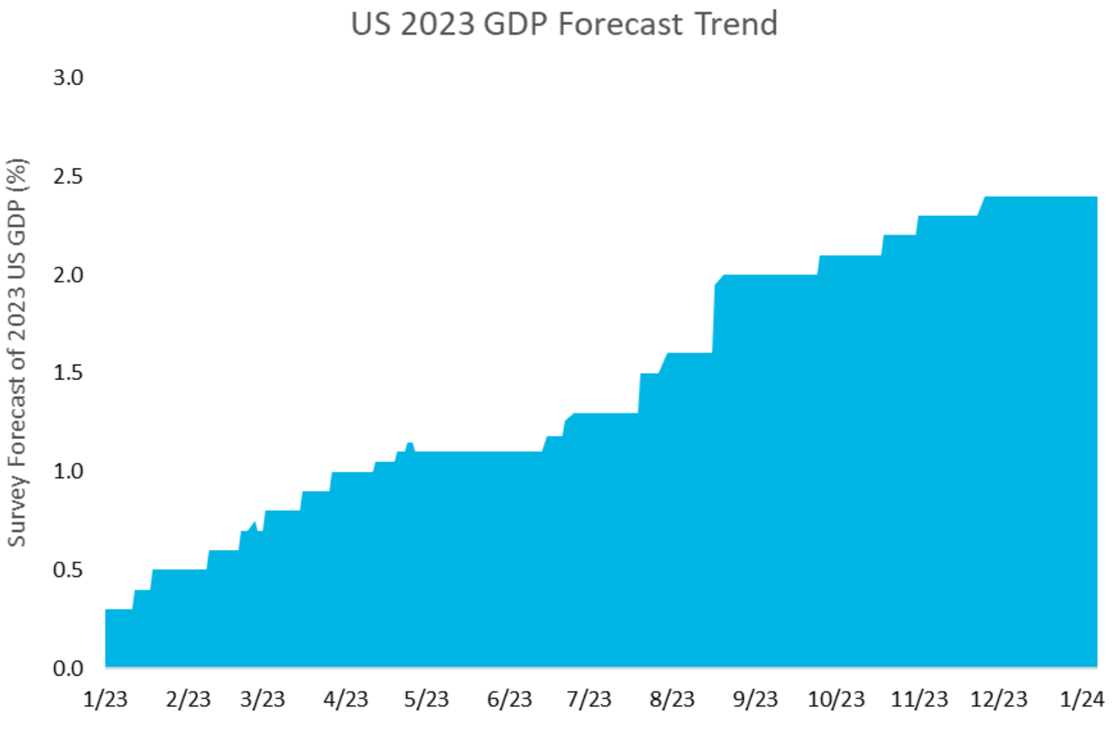
The growth-biased US equity market carries a high P/E ratio relative to history and peers. Still, we think that Non-US stocks are cheaper for a reason.



Source: Morningstar

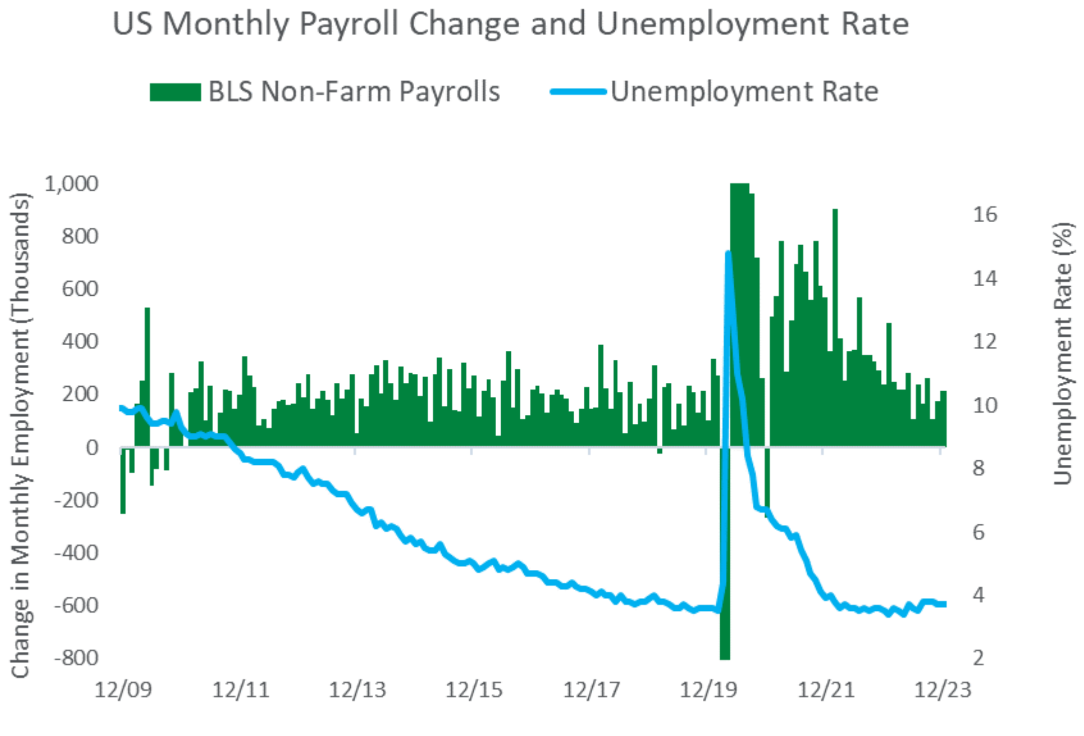
US ECONOMIC CONDITIONS

2023 began with broad expectations for recession by year-end. As the year unfolded and inflation fell, forecasts for 2023 GDP steadily improved to 2.4%.



Source: Bloomberg Survey of 71 Economists

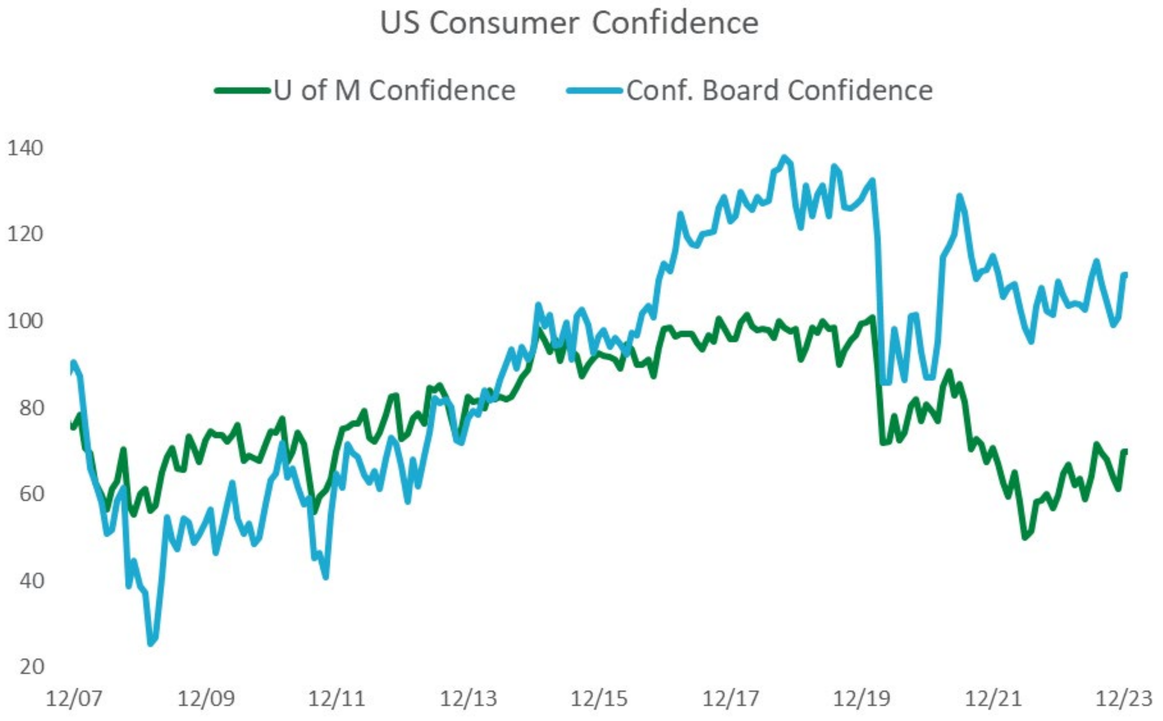
US unemployment has been in the 3.5% range, in line with pre-COVID conditions. The Fed seems to be slowing inflation without massive job losses.



Source: Bloomberg, US Department of Labor

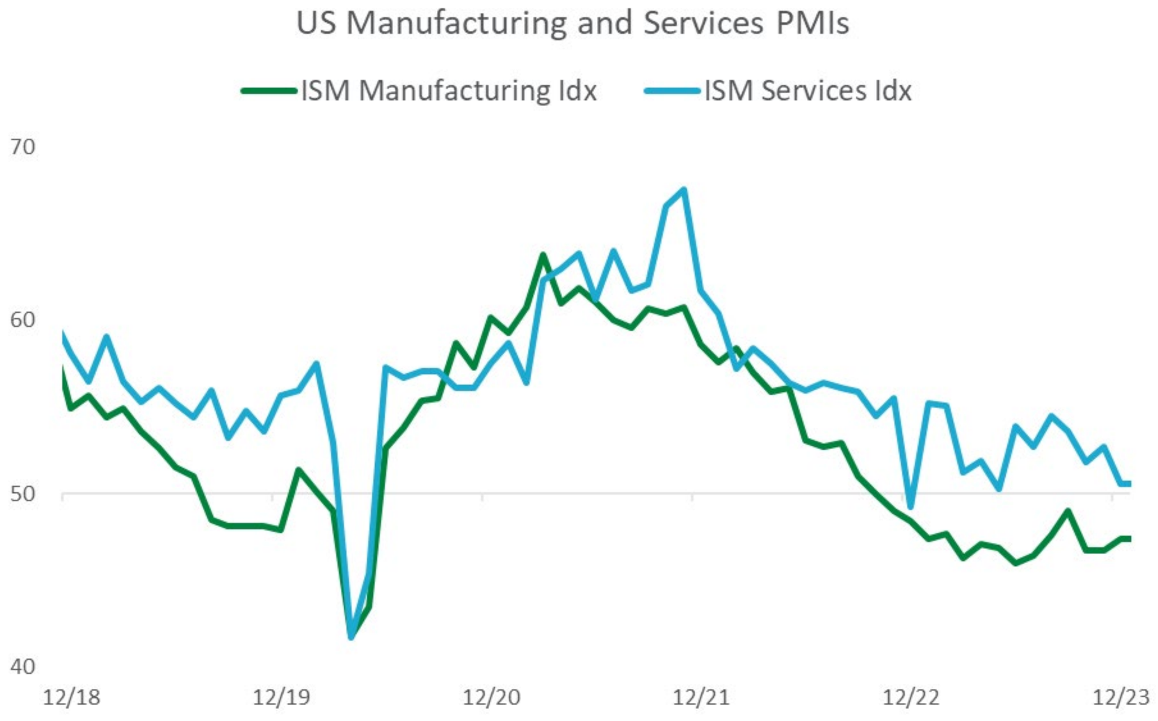
HOW US CONSUMERS AND BUSINESSES FEEL

While consumer confidence remains materially lower than pre-COVID, it was at historic highs when the pandemic hit.



Source: Bloomberg, University of Michigan, Conference Board Index

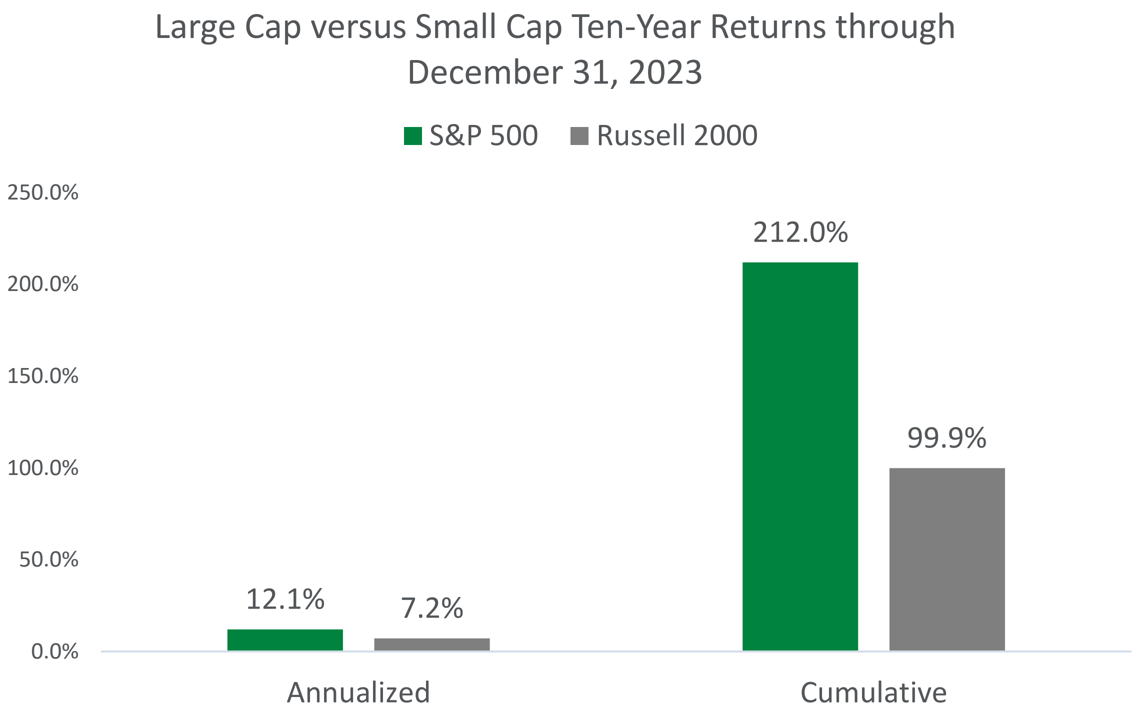
2023 ends with Purchasing Managers' Index for Services at 50.6 and Manufacturing at 47.4. The Fed has stemmed inflation by slowing investment.



Source: Bloomberg, ISM

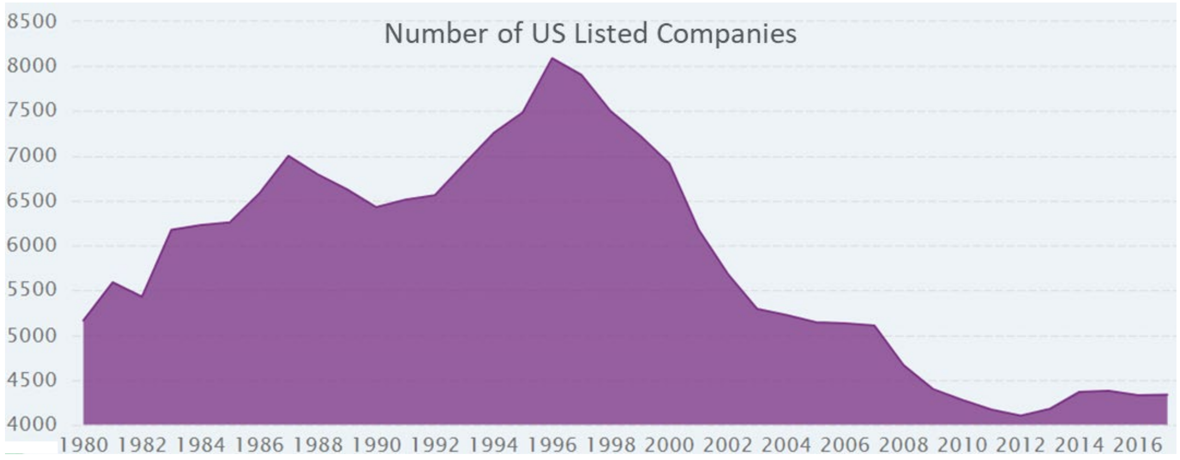
THE US SMALL CAP CONUNDRUM

Many investors believe in a premium for investing in small cap stocks, though over ten years, US large cap stocks returned double small cap peers.



Source: Russell, Standard & Poor's, BlackDiamond, Syntrinsic

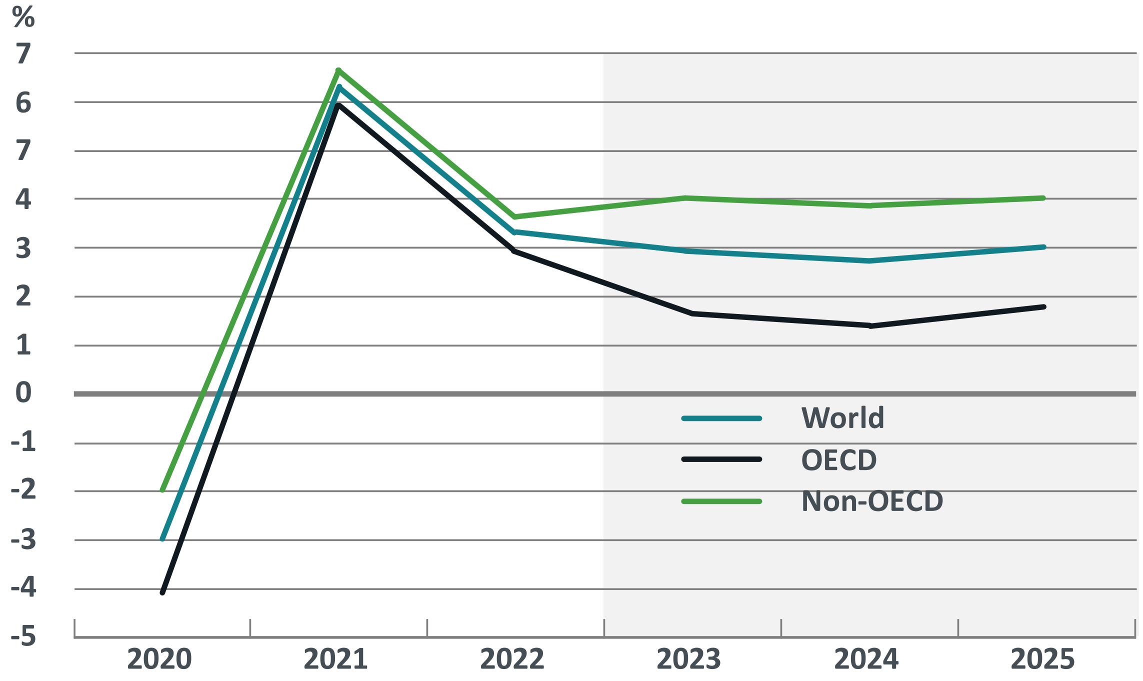
Over thirty years, large companies out returned small by 1.65% per year for a few likely reasons. First, low interest rates support larger companies most. Second, larger company cash hordes enable more IT and AI investment. Third, regulatory burdens (e.g., Sarbanes Oxley Act (2002)) weigh heaviest on smaller public companies, potentially driving small companies to remain private for longer.



Source: ceicdata.com, World Ban

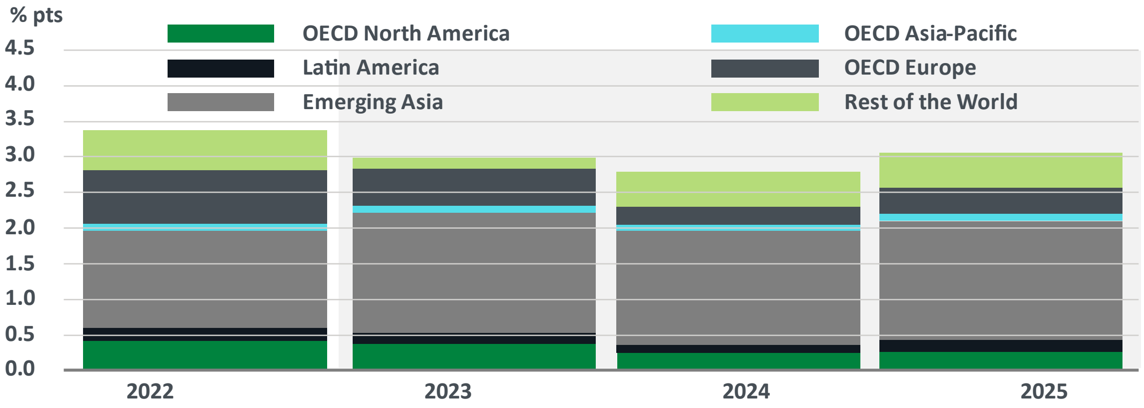
GLOBAL GDP GROWTH: OECD V NON-OECD

Developed (OECD) countries are expected to earn 2% real GDP growth while emerging economies likely will hold steady at 4%, below averages since 1990.



Source: November 2023 OECD (Organization for Economic Cooperation and Development) Economic Outlook

Most significantly, the OECD reminds us that most of the global growth taking place is occurring outside OECD countries, even if companies based in the OECD are benefitting from that economic activity. Only about 25% of anticipated global growth in 2025 will be based on contributions from OECD countries.

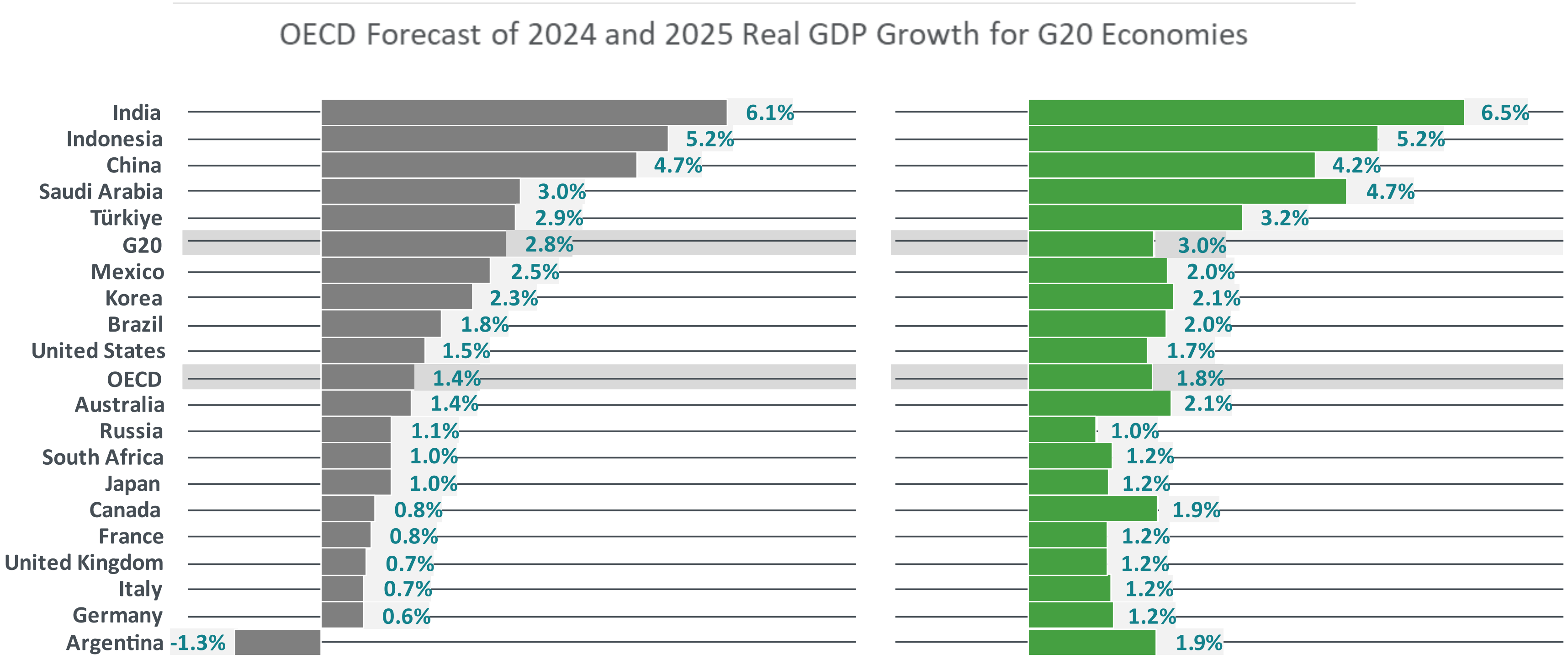


Source: November 2023 OECD (Organization for Economic Cooperation and Development) Economic Outlook

GLOBAL GDP GROWTH FORECASTS BY OECD COUNTRY

The primary emerging market growth economies continue to be based in Asia; however, two large countries have overtaken China as the dominant growth stories, India and Indonesia.

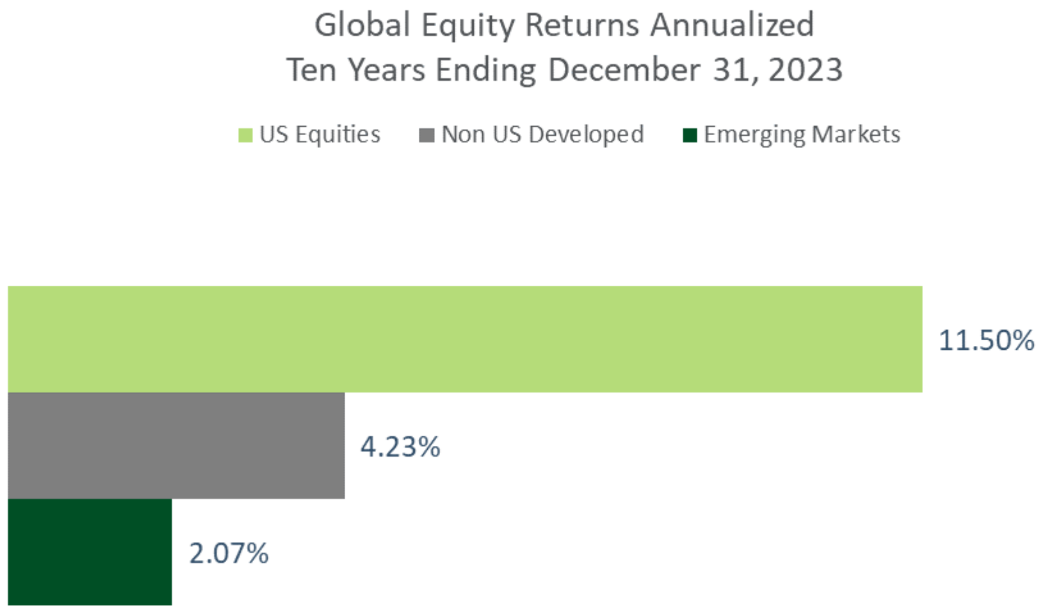
Their economic ascendancy further diversifies global growth, could elevate millions from poverty, and potentially creates more compelling investment opportunities for foreign capital.



Source: November 2023 OECD (Organization for Economic Cooperation and Development) Economic Outlook

EQUITY DIVERSIFICATION

For ten years ending December 31, 2023, US equities have earned annualized returns over 2x that of Non-US developed markets and 5x emerging markets.



Source: Russell 3000 represents US Equities, MSCI - EAFE represents Non-US Developed Markets, and MSCI Emerging Markets represents Emerging Markets. Morningstar.

In aggregate, companies outside the US have higher dividend yields than US peers, more attractive valuations, and are located in faster growing economies. The same conditions have existed for over ten years. However, higher dividends, lower P/E valuations, and faster growing economies have NOT led to Non-US equity market outperformance—nor even comparable performance relative to US markets.

Our sentiment about US and Non-US equity markets leads to a general view that investors should continue to overweight US equities versus their weight in the global equity indexes, tilt toward large and mid cap in the US, avoiding small cap, and focus on companies with the highest growth prospects outside the US, controlling for good governance and transparency that can protect outside investors.

PRIVATE ASSETS

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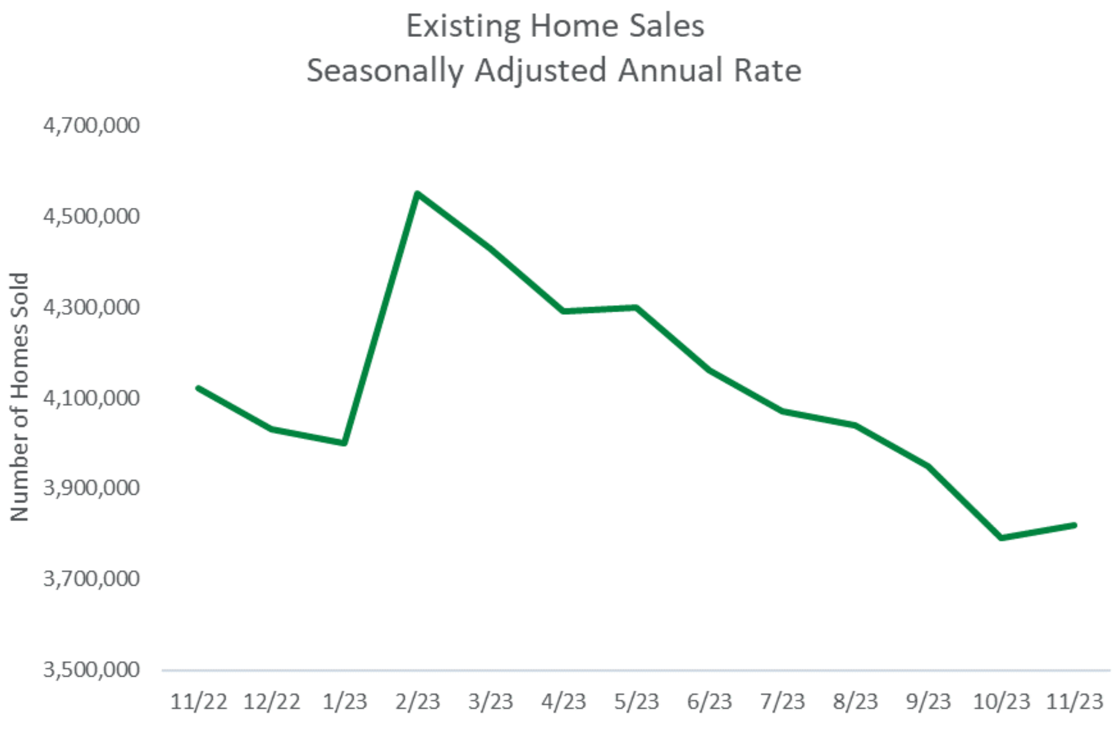
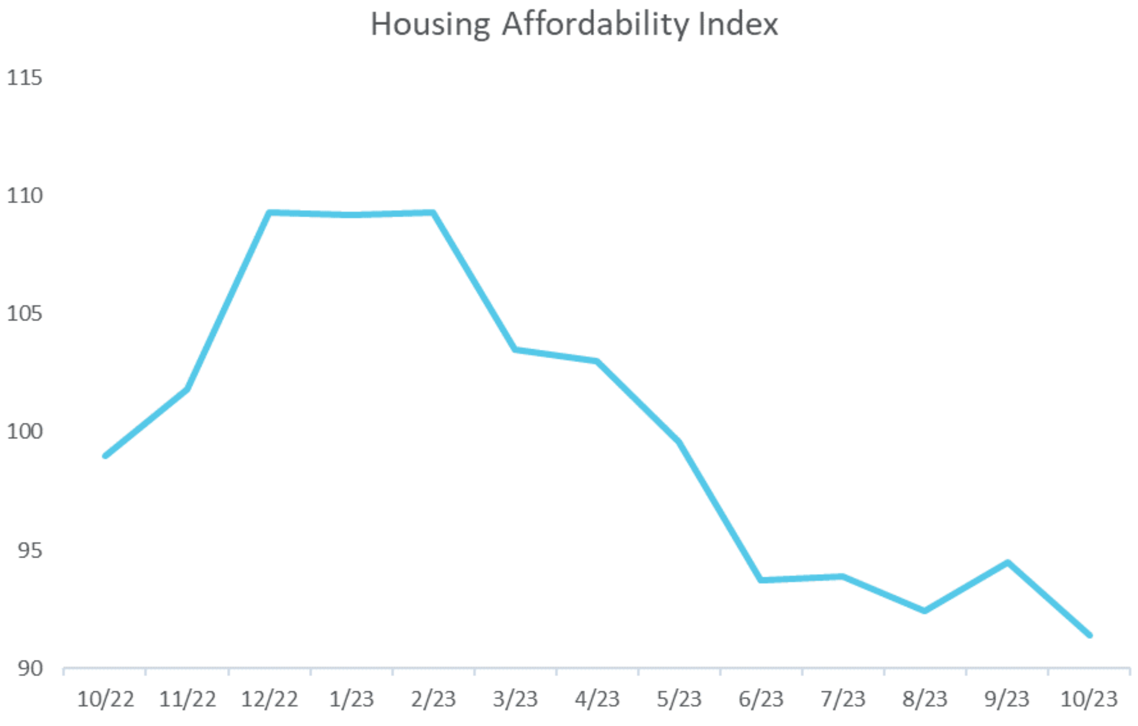
UNCERTAINTY IN RESIDENTIAL REAL ESTATE

Higher interest rates increase mortgage rates and discourage home sales. Home sales in 2023 dropped to levels last seen in 2008 financial crisis.



Source: St. Louis Federal Reserve (FRED)

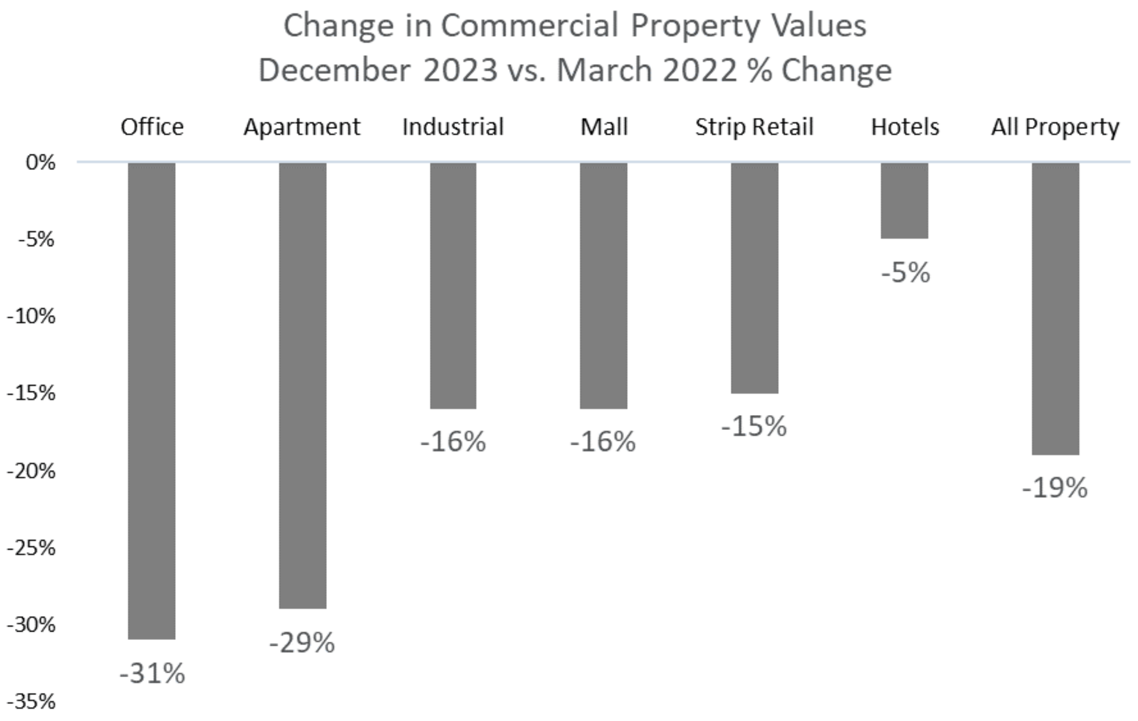
Curiously, existing home prices remain at record high levels, leading to historically low affordability for potential home buyers.



Source: St. Louis Federal Reserve (FRED)

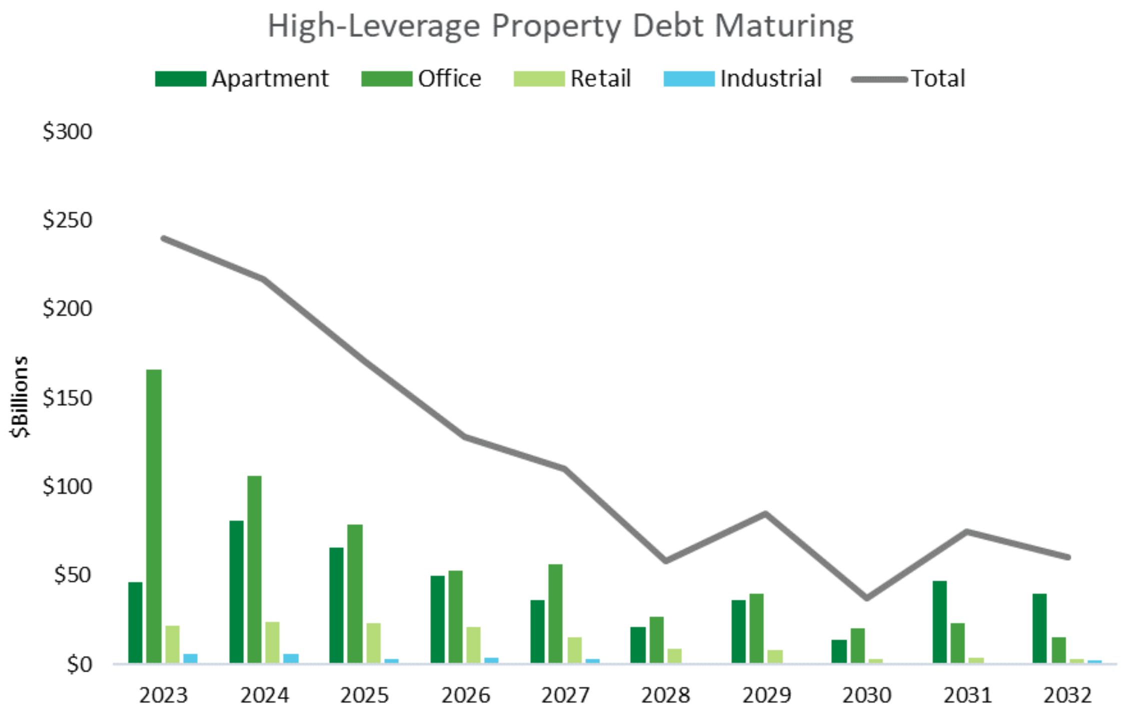
COMMERCIAL PROPERTY HEADWINDS

From March 2022, when the Fed started its rate-hiking cycle, to December 2023, commercial property values in aggregate have declined significantly.



Source: Bloomberg

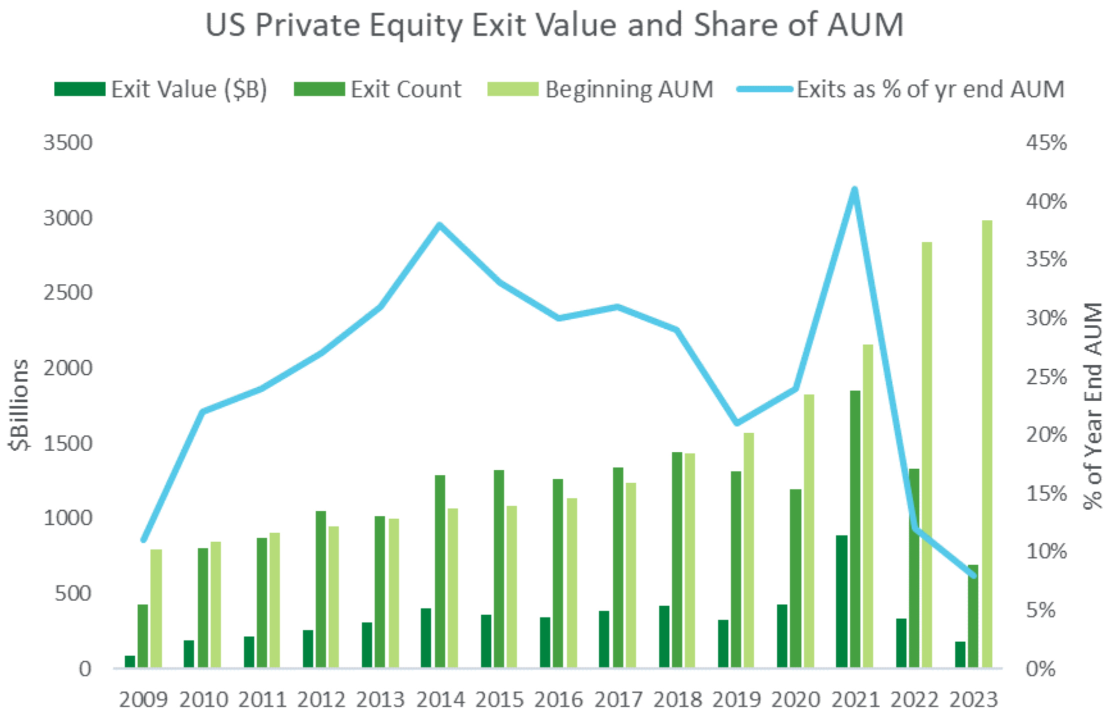
Extending out to 2032, about $1.2 trillion of US commercial real estate is potentially troubled given their loan-to-value ratios.



Source: NewMark Group Inc.

PRIVATE EQUITY INFLECTION POINT

Interest rate increases in 2023 ground machinations of private equity to a near-halt with a decline in deals, exits, fundraising, valuations, and distributions.



Source: PItchbook

The only bright spot for private equity in 2023 was the secondary private equity market where some General Partners acquired secondaries at discounts of 20% or more as Limited Partners scrambled to rebalance portfolios and generate liquidity.

Should interest rates decline in 2024, there likely will be a pickup in merger and acquisition activity from both corporate and private equity buyers.

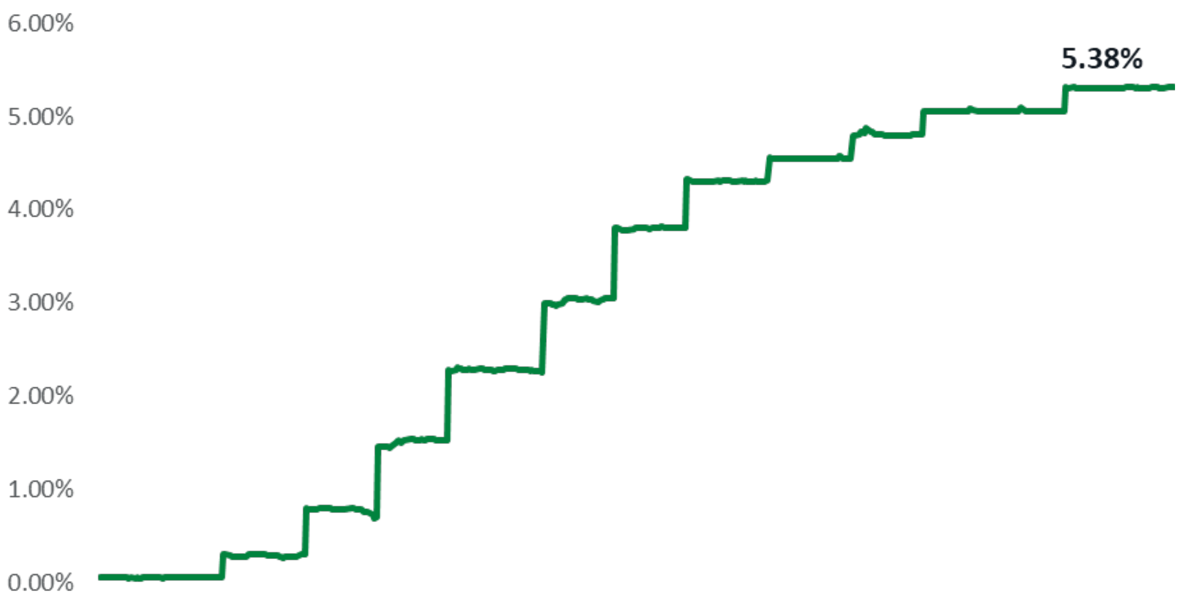
We could also see some pickup in the Initial Public Offering (IPO) market which will improve exits, distributions, deal activity, and fundraising.

Private equity managers able to deploy capital in the 2023 and 2024 vintages could experience strong returns going forward given the valuation discounts.

PRIVATE DEBT

Most private loans use SOFR as a base for calculating interest payments. Thus, the rising rate environment in 2022-2023 boosted yields for most private debt.

Secured Overnight Financing Rate (SOFR)
January 3, 2022 to December 31, 2023



Source: Morningstar

With the rapid rise in interest rates, private credit lenders had a banner year in 2023 as they were able to earn yields on new loans of 10 - 12%.

Even with higher interest rates, we have not seen a material deterioration in private debt portfolio companies' revenue, EBITDA, or interest expense ratios in 2023, at least amongst managers focused on senior secured lending.

Additionally, defaults remain at low levels though they have been increasing modestly. We would expect portfolio companies' financials to improve further in 2024 under a soft-landing scenario.

OTHER ALTERNATIVE ASSET CLASSES

Syntrinsic regularly considers the use of other diversifying asset classes to strive to improve the likelihood of achieving long-term return and risk management objectives. While we have included dedicated investments to both commodities and hedge fund strategies when conditions merited, heading into 2024 we do not recommend either asset class.

Hedge Fund Strategies (Neutral/Negative)	**Commodities (Neutral/Negative)**
While higher forecasted equity and bond returns bodes well for hedge funds strategies, we continue to see better relative opportunities in other asset classes due in part to high active manager risk and high fees.	We prefer to invest in commodities when long-term fundamentals are supportive, which they are not. Using commodities to hedge against short-term risks can be expensive given how the assets often perform outside of a crisis.

INTRODUCING INFRASTRUCTURE

Given what we anticipate will be increasing importance and greater investment accessibility, Syntrinsic is adding Infrastructure to our Capital Markets Forecast. Our near-term sentiment for Infrastructure starts at **Neutral/Positive.** We anticipate introducing infrastructure on a client-by-client basis over the year ahead.

Focus on essential services

- Digital, transport, energy and utilities, power transmission, renewables
- Support economic growth
- Promote higher quality of life

Compelling structure

- Debt and equity opportunities provide varied risk/return possibilities
- Public market and private market
- Frequently supported by fixed prices or payment guarantees

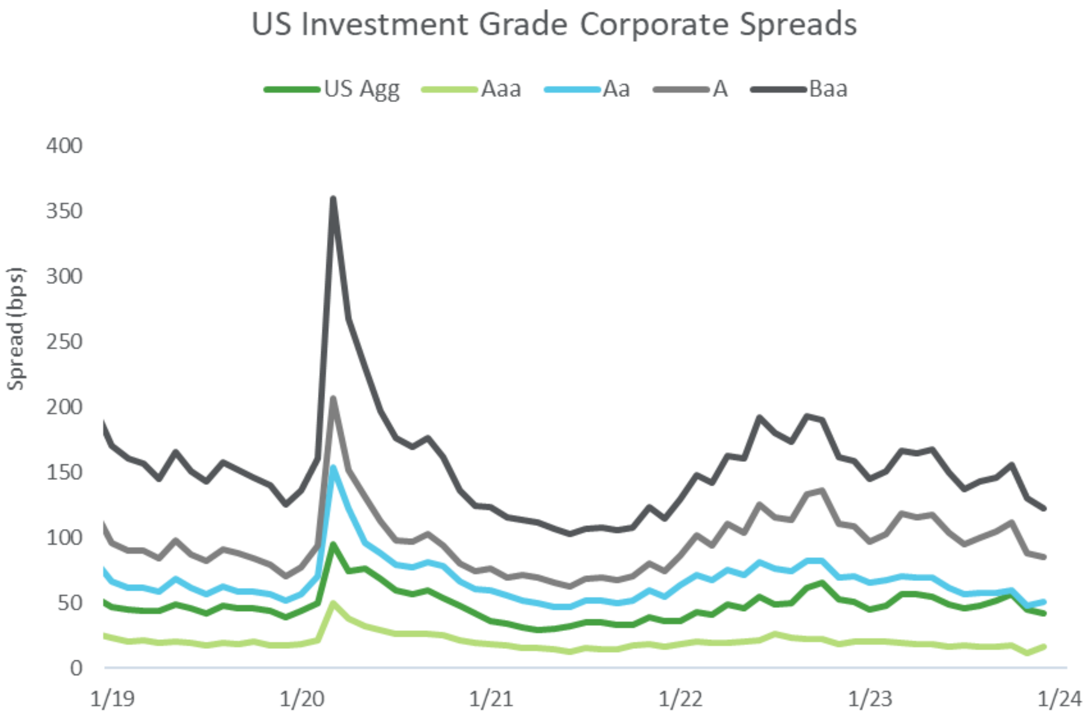
Robust opportunity set

- Driven by demographics, urbanization, decarbonization, digitization
- Infrastructure gaps measured in $US trillions and located globally
- Low correlation to other asset classes and economic cycles

FIXED INCOME

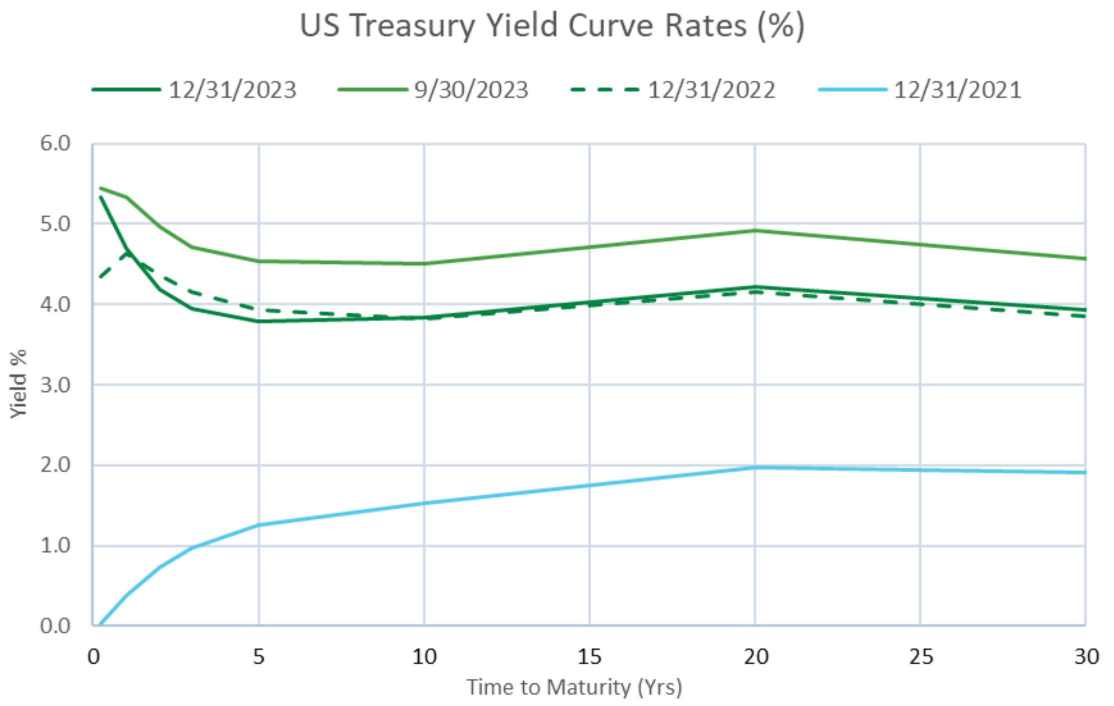
CREDIT SPREADS AND DURATION RISK

Credit spreads tightened across most spread sectors during 2023, aiding the absolute performance of credit securities. The credit coupon remains strong.



Source: Bloomberg

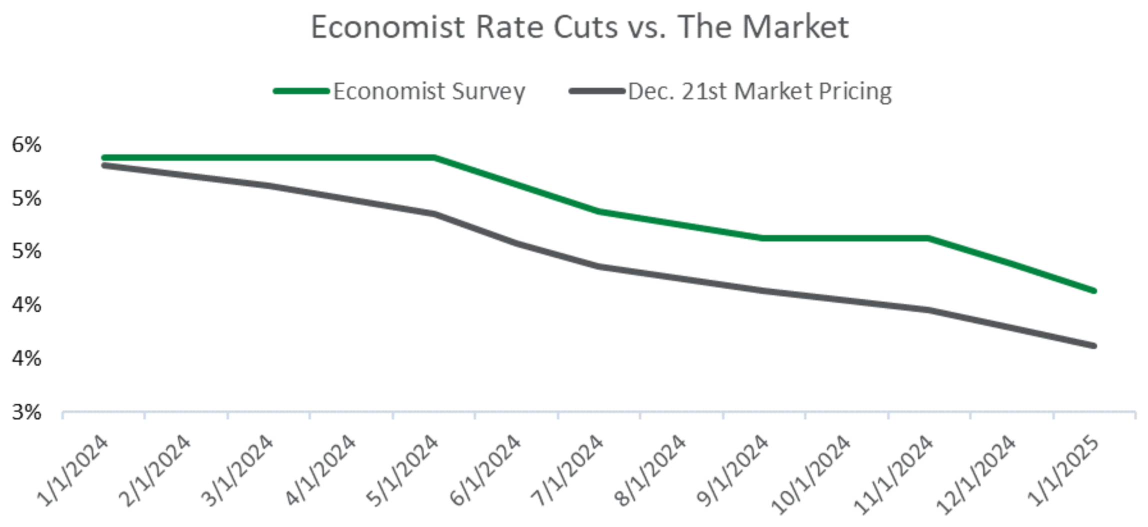
The US Treasury yield curve as of December 31, 2023, remains inverted, with short-term rates higher than longer-term rates.



Source: Bloomberg

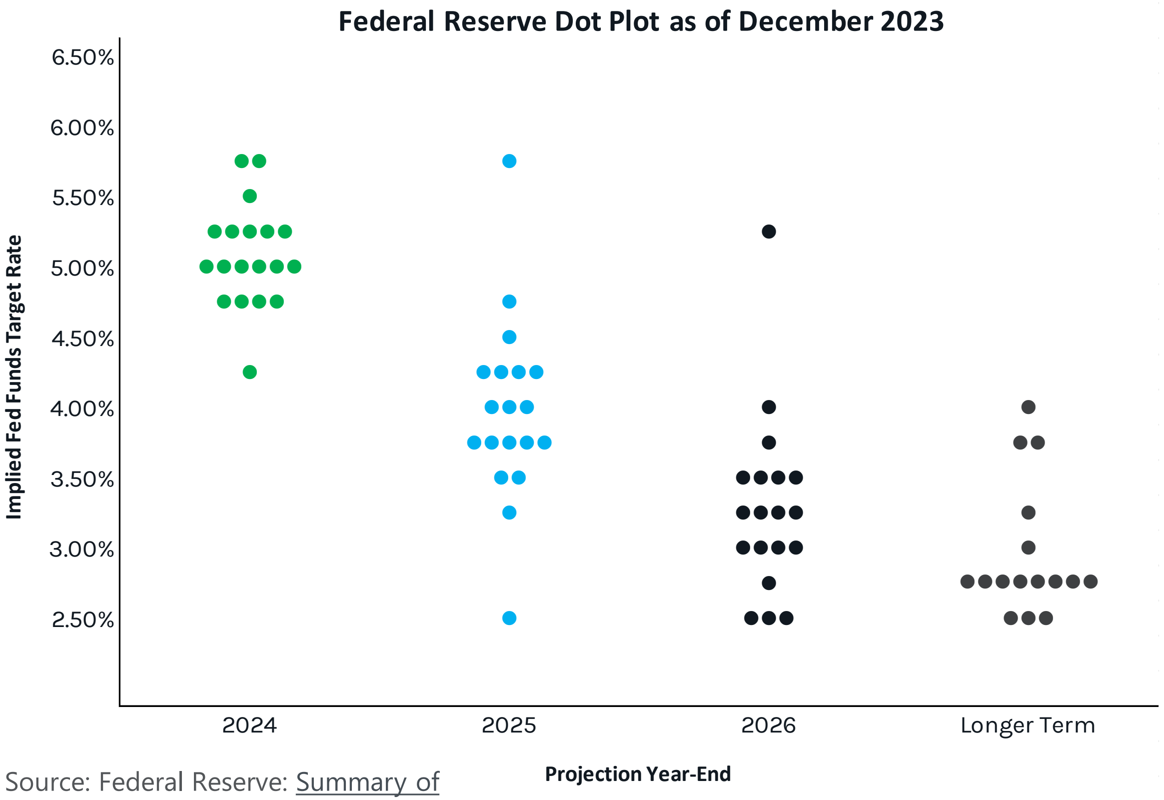
FEDERAL RESERVE EXPECTATIONS

Economists anticipate that the Fed will cut the Target Rate in 2024, though the market is far more optimistic about the pace and depth of cuts.



Source: Bloomberg

The Fed details votes among individual FOMC members and Reserve Bank presidents indicating where they believe economic data are trending.



Source: Federal Reserve: Summary of Economic Projections (December 2023)

LONG-TERM FORECAST

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LONG-TERM FORECAST: GROWTH ASSETS

Across growth assets, Syntrinsic's ten-year forecast is roughly flat to modestly improved over 2023's forecast.

Equity markets remain unchanged at the broad asset class level, while private equity and private real estate have stepped up from here forward. Listed real estate and listed infrastructure are improving within the 6-7% range.

Despite strong performance in growth assets in 2023, long-term expectations remain compelling.

Asset Class/Segment	Index	2024 Ten-Year Forecast	2023 Ten-Year Forecast	Change
Global Equity	**MSCI ACWI**	**8.35%**	**8.35%**	0.00%
U.S. Large Cap	S&P 500	7.65%	7.65%	0.00%
U.S. SMID Cap	Russell 2500	8.00%	8.05%	-0.05%
Non-U.S. Dev. Large Cap	MSCI EAFE	7.35%	7.20%	0.15%
Non-U.S. SMID Cap	MSCI ACWI ex-US SMID	8.95%	8.90%	0.05%
Emerging Markets Equity	MSCI EM	9.25%	9.05%	0.20%
Private Investments				
Private Equity	Cambridge US Private Equity	10.10%	9.05%	1.05%
Private Debt	Cliffwater Direct Lending	7.65%	7.80%	-0.15%
Private Core Real Estate	NCREIF ODCE	5.95%	5.70%	0.25%
Private Core-Plus Real Estate	NCREIF ODCE + Premium	7.75%	7.45%	0.30%
Real Estate				
Global Listed Real Estate	FTSE NAREIT/EPRA Global	6.35%	6.10%	0.25%
U.S. Listed Real Estate	FTSE NAREIT/EPRA United States	6.25%	6.45%	-0.20%
Global ex-US Listed Real Estate	FTSE NAREIT/EPRA Global ex-US	6.25%	6.05%	0.20%
Infrastructure				
Global Infrastructure	S&P Global Infrastructure	6.50%	6.12%	0.38%
Commodities				
Commodities	S&P GSCI	3.65%	3.50%	0.15%

LONG-TERM FORECAST: RISK-OFF ASSETS + INFLATION

Stabilizing interest rates enable long-term fixed income expectations to remain compelling, particularly in the US.

Lower interest rate regimes in Europe and Japan keep global sovereign rate expectations subdued and drag down global bond market expectations.

While emerging market yields are compelling, currency, economic, and geopolitical risk require those high yields and dampen our enthusiasm.

Asset Class/Segment	Index	1Q 2024 10-Year Forecast	1Q 2023 10-Year Forecast	Change from Previous Forecast
Hedge Fund Strategies				
Hedge Fund Strategies	HFRI FoF Composite	4.60%	4.75%	-0.15%
Equity Hedge	HFRI Equity Hedged	5.80%	5.80%	0.00%
Global Fixed Income	**Barclays Global Agg**	**3.70%**	**3.50%**	0.20%
Short-Term Fixed Income	Barclays G/C 1-5 Yr.	3.60%	2.00%	1.60%
U.S. Core Bond	Barclays U.S. Agg	4.90%	4.80%	0.10%
U.S. Core Plus Bond	Barclays 80% U.S. Agg/ 20% HY	5.40%	5.40%	0.00%
High Yield bond	Barclays U.S. High Yield Corporate	7.25%	7.75%	-0.50%
Non-U.S. Developed Bond	FTSE WGI ex-US	2.20%	2.10%	0.10%
Emerging Markets Bond	JPM EMBI	8.25%	8.65%	-0.40%
Cash	**3 Mo Treasury**	**3.25%**	**4.00%**	-0.75%
US Inflation	**CPI: Consumer Price Index**	**2.25%**	**2.50%**	-0.25%
Global Inflation	**Weighted Regional Forecast**	**2.48%**	**2.11%**	0.37%

FORECAST IMPLICATIONS FOR ASSET ALLOCATION

Asset Class	Allocation Implications
Public Equity	• Continue to remain broadly diversified in terms of sector and style allocation. • Remove US small cap exposure to pivot to larger companies or privately held smaller companies.
Public Fixed Income	• Remain invested in higher quality corporate and structured credit. • Start to increase duration of fixed income portfolio by reducing short-term bond managers.
Private Debt	• Maintain or increase the allocation to senior secured private debt investments with covenants that are more insulated from potential economic downturn.
Private Equity	• Long-term growth investors should initiate or build on private equity allocation by investing in companies with manageable leverage levels, positive EBITDA, and strong exit opportunities.
Real Estate	• We maintain our recommendation to avoid dedicated investments to broad commercial real estate markets.
Infrastructure	• Initiate or build on investments in public market or private market infrastructure to take advantage of needed investment and likely support from government spending.

PORTFOLIO CHANGES

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ACTION ITEMS + TIMELINE: NON-DISCRETIONARY

Syntrinsic proposes portfolio changes that would improve the likelihood of achieving your objectives while maintaining a similar risk/return profile. These changes are outlined on the following pages.

Because of the level of discretion in your relationship with Syntrinsic, **trades will not be placed to effect these changes until we receive your approval.**

For our discretionary clients, we intend to start making portfolio changes on **Monday, February 5, 2024**.

Please notify Syntrinsic prior to trading if you have material short-term (less than three months) cash flow needs that should be considered when making changes outlined herein.

SAMPLE ASSET ALLOCATION

Asset Class	Current Allocation	Proposed Allocation	LT Proposed Allocation
US Equities	43.88%	43.88%	37.13%
Non US Equities	21.13%	21.13%	17.88%
Infrastructure Equities	5.00%	5.00%	5.00%
Private Equity	0.00%	0.00%	5.00%
Private Debt	5.39%	5.39%	10.00%
Listed Real Estate	0.00%	0.00%	0.00%
Private Real Assets	0.00%	0.00%	5.00%
Hedge Fund Strategies	0.00%	0.00%	0.00%
Global Fixed Income	11.81%	18.09%	14.63%
Short-Term Fixed Income	12.30%	6.03%	4.88%
Short-Term Treasury	0.00%	0.00%	0.00%
Cash	0.50%	0.50%	0.50%
Total	**100.00%**	**100.00%**	**100.00%**

The proposed allocation to the left maintains similar risk and return profile while it takes advantage of the improved relative value of fixed income. This will be implemented on February 5, 2024.

For Discussion

The long-term proposed allocation improves the risk and return profile while it:

- Increases diversification
- Lowers correlation and volatility
- Reduces liquidity
- Allows for deeper impact

US EQUITY

Terminate the dedicated allocation to US Small Cap equity and allocate the proceeds toward the Large Cap portion of the portfolio. Retain exposure to Mid Cap and SMID Cap managers.

Rationale

While investors have for many years taken as a truism that investors earn a premium for investing in US small cap stocks versus US large cap peers, there has been no such premium over the previous ten years. What premium there had been during the late 90s during a historic growth in the number of publicly traded domestic companies, has reversed course as new company formation has shifted from public markets to private markets in the US.

Whether the higher barrier to entry for small cap companies has to do with uneven playing field in the capital markets, greater regulatory compliance hurdles, or other factors, we are not aware of a catalyst with a high likelihood of driving entrepreneurs *en masse* to once again concentrate on public markets as the best path for companies with strong growth prospects.

FIXED INCOME

Reduce the exposure to dedicated short-term fixed income managers. Proceeds will go toward intermediate term Global Fixed Income, Private Debt, or other market segment(s) specific to client objectives and target allocation.

Rationale

Long-term growth portfolios typically do not include short-term fixed income except as an alternative to cash. However, 2022-2023 provided an unusual opportunity to weave shorter duration investment grade bonds into long-term growth portfolios. In 2022, as the US Federal Reserve raised interest rates, shorter duration bonds lost less value than their longer duration peers while also capturing the benefits of rising rates. This trend continued into 2023. The longer-than-usual inverted yield curve benefitted shorter-duration investors.

As we enter 2024, the Fed has communicated that inflation still has a ways to fall, but that most if not all of the monetary policy changes that caused interest rates to increase have been enacted. Going forward, it is reasonable to expect that the Fed will begin to cut interest rates in 2024 and that there may be some benefit to moving back toward a paradigm in which short-term bonds are not a part of long-term growth portfolios.

PRIVATE DEBT

Move toward an allocation of 10% to private debt in a manner appropriate to investor size, liquidity needs, and time horizon.

Rationale

Public market stocks and bonds provide exposure to important parts of the US economy, though primarily focused on the largest companies that have chosen to raise capital through publicly listing their stock and raising debt publicly as well. Private debt and private equity tend to reflect activity in the middle markets of the US economy, generally focusing on companies with annual earnings in the $10 million - $100 million range, though they can serve smaller and larger companies as well.

Private debt plays an important role in financing growth activities for middle market companies, including merger & acquisition, expansion, and other strategic investments. Syntrinsic tends to focus on allocating to private debt managers making senior secured loans with strong covenants. While riskier loans can carry higher yields, we anticipate that reliable managers can still earn 4-5% over SOFR (Secured Overnight Financing Rate) net of fees and leverage, which makes a 7-8% total return over the coming decade reasonable to expect.

PRIVATE EQUITY

Move toward an allocation of 10% to private equity in a manner appropriate to investor size, liquidity needs, and time horizon.

Rationale

Private markets have grown in size and sophistication over the past twenty years even as public markets became more onerous from a regulatory standpoint, especially for smaller companies. This has led to massive growth in Assets Under Management in private equity, from approximately $793 billion in 2009 to $2.980 trillion today. We also see an expanded array of structures such as continuation funds, interval funds, and evergreen funds, also will allow for more participants in the Private Equity markets.

We see the next few years as an important opportunity in private equity as higher interest rates relative to 2009 – 2021 improve the quality of deals and potentially create valuation discounts for managers deploying capital today. The secondary market has served as a compelling source for opportunities over the past decade and we anticipate that trend will continue as pensions, sovereign wealth funds and other limited partners rebalance their portfolios. We see venture as a compelling opportunity for investors who are comfortable with the risk.

INFRASTRUCTURE

Move toward an allocation of 5% to private infrastructure in a manner appropriate to investor size, liquidity needs, and time horizon.

Rationale

Public markets offer reasonable opportunities in infrastructure through industrial and technology companies focused on the transition to a low carbon economy, sustainable agriculture, improved communications, and upgraded transport.

Private market infrastructure can take advantage of conditions consistent with those in private debt or private equity to make longer term commitments that can potentially have a greater impact and earn a premium over private market returns. While specific policies and programs (e.g., Inflation Reduction Act) are subject to political whims, previous underinvestment combined with the underlying demand for major infrastructure investments at a time of significant technological innovation creates a thematic that we anticipate will play out for decades to come.

CONTRIBUTORS

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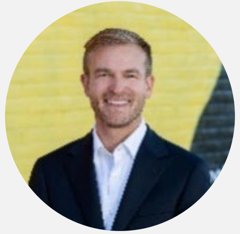
Akasha Absher
Co-President

Ben Valore-Caplan
Co-President



Robin Meyer, CFA
Senior Research Analyst

Matt Kukla
Senior Research Analyst

Eli Davidoff
Research Associate

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The opinions expressed in this document are the combined work of Syntrinsic’s Investment Committee. Our research comes from a multitude of sources, but any opinions expressed are our own.

Given the complex nature of risk-reward trade-offs involved in portfolio construction, we advise clients to consult with financial professionals on specific investment-related decisions. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. In addition, past performance is not a guarantee of future results.

Assumptions, opinions, and estimates are provided for illustrative purposes only and are subject to significant limitations. Expected return estimates are subject to uncertainty and error. Expected returns for each asset class can be conditional on economic scenarios to which actual returns could be significantly higher or lower than forecasted.

Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness.

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About Syntrinsic

Founded in 2008, Syntrinsic is co-creating a sustainable and generative world that empowers all people by providing investment advice and strategic consulting to community foundations, private foundations, public charities, and private clients interested in using assets for good and growth. The firm offers a full suite of services, including impact investing, stakeholder education, operational support, business strategy and structure, and client-stakeholder relations.