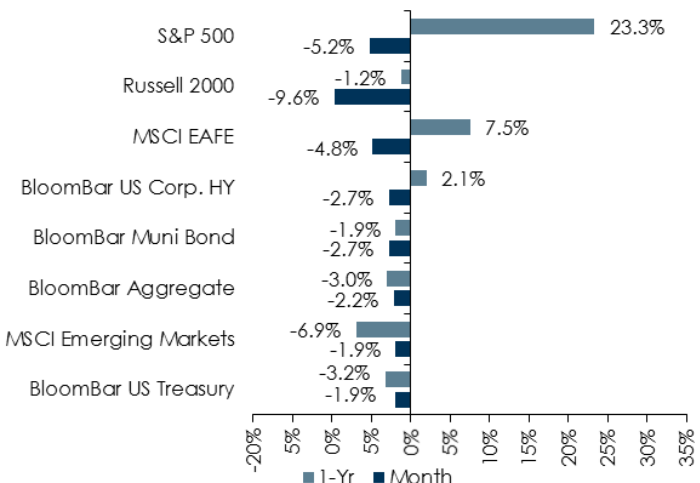


Economic Overview

- Concerns over central bank tightening, inflation, and geopolitical tensions caused most asset classes to decline for the month
- The Federal Reserve set expectations for a March rate-liftoff while the ECB is not likely to raise rates until 2024
- US GDP growth exceeded expectations in 4Q with a 6.9% annualized rate, but the US growth advantage vs. rest of world is expected to fade during 2022

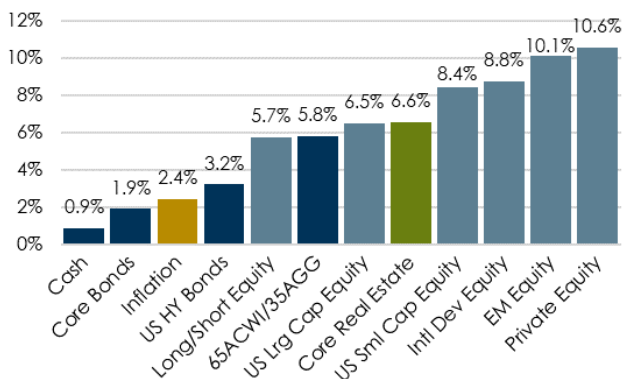
Market Returns

- Most asset classes began 2022 with negative returns
- Last year's winners dropped the most; EM outperformed



Source: Bloomberg, ACG Research (as of 1/31/2022)

ACG's Capital Market Assumptions – Next 10 Years



Asset Class Valuations

- Equities still favored over bonds
- Non-US equities favored over US equities
- Equities, H.Y. bonds, R.E. provide an inflation hedge

	Current Fwd P/E	Historical Avg P/E	Current Avg Ratio
S&P 500	20.0	15.7	1.3
R2000	22.0	22.7	1.0
MSCI EAFE	14.2	13.5	1.1
MSCI EM	12.0	11.6	1.0

	Current Yield	Historical Avg Yld	Current Avg Spread
3-month T-Bill	0.2%	4.2%	-4.0%
10-year UST	1.8%	6.1%	-4.3%
BloomBar Agg	2.1%	6.3%	-4.2%
High Yield	5.3%	9.6%	-4.4%

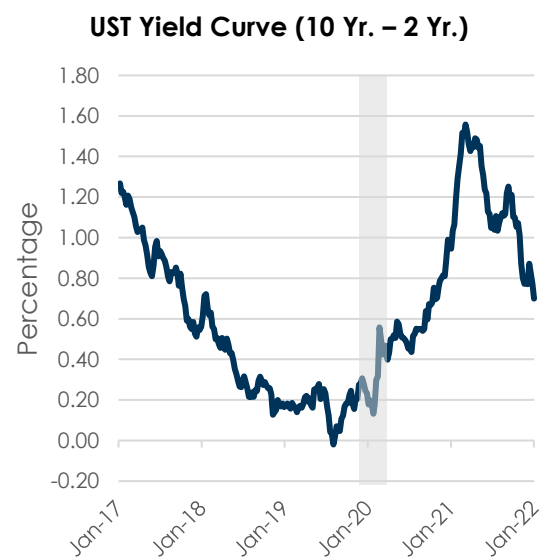
	Current Yield	Historical Avg Yld	Current Avg Spread
ACWI EY / Agg Spread	2.9%	1.7%	1.2%
Core R.E.	4.1%	5.9%	-1.8%
Core Inflation	5.5%	4.0%	1.5%

Undervalued Fairly Valued Overvalued

Key Risk Factors We Are Watching

- Coronavirus Omicron Variant
- Inflation / pace of consumer spending
- Financial Conditions; Fed Tapering
- Geopolitical tensions
- Regulatory Policy Shifts (US and China in particular)

Flattening Yield Curve – Slower Growth?



Recent Articles (click on link below)

- [Time to Abandon Non-US Equity? \(February\)](#)
- [Year-in-Review/Market Outlook \(January\)](#)
- [Private Equity Manager Selection \(December\)](#)

Upcoming Articles / Webcasts

- [The Growing Opportunity in Alternative Real Estate](#)

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