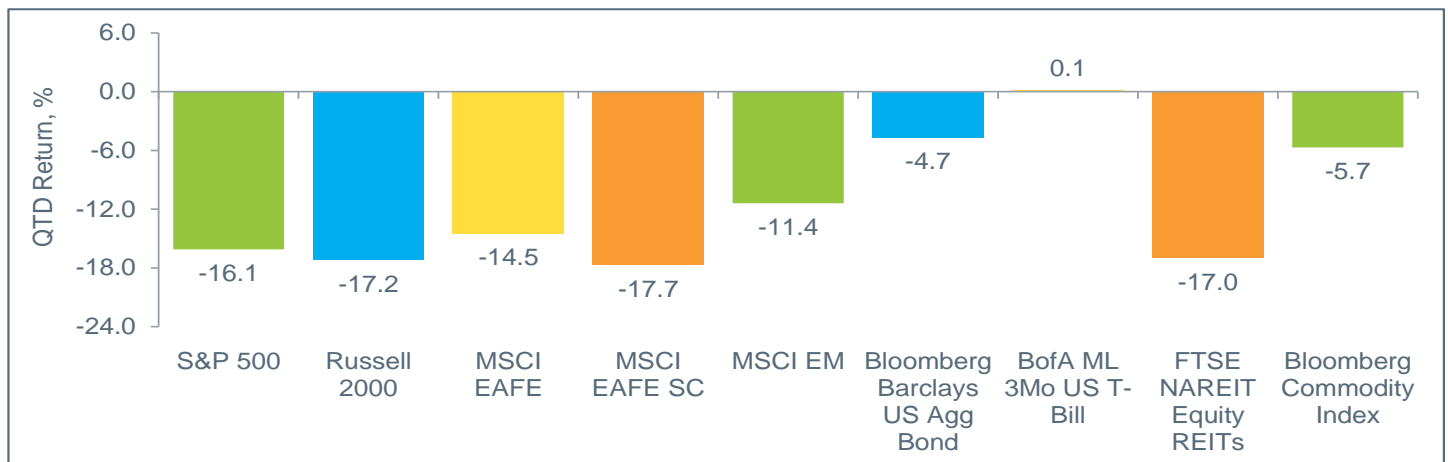


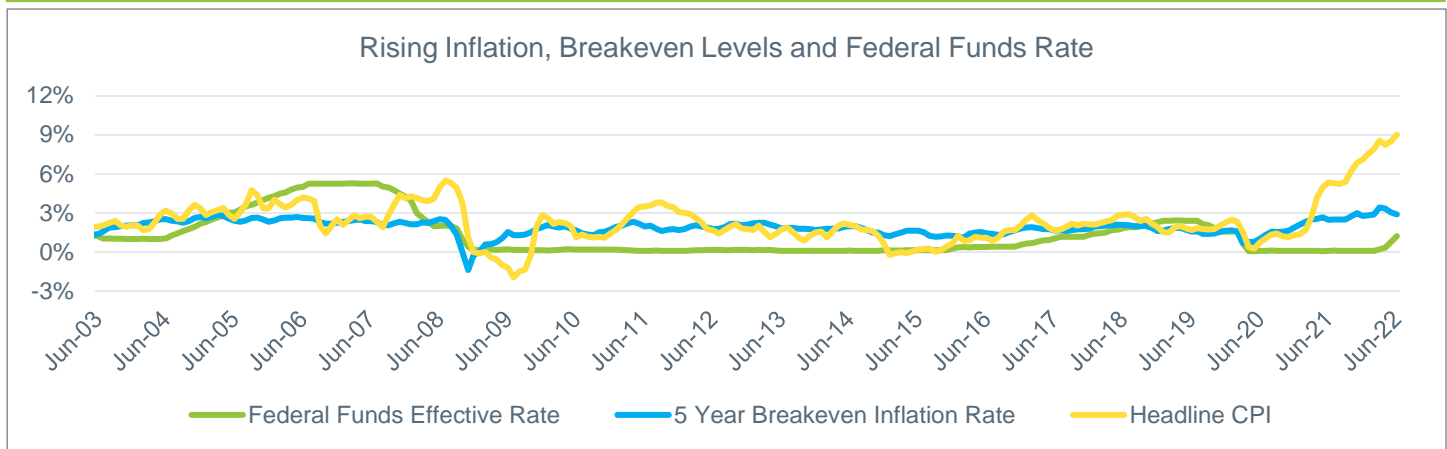
## Overview

Equity and fixed income markets declined significantly during the quarter while credit spreads widened amidst a very difficult period for nearly all asset classes. The inflationary environment worsened in Q2, even as global central banks moved aggressively to tighten monetary policy. Economic forecasters gradually reduced expectations for global GDP growth with the Organization for Economic Cooperation and Development (OECD) reducing its full year global GDP growth projection from 4.5% at the beginning of 2022 to 3.0% in June. Supply chain disruptions tied to the war in Ukraine and China’s zero-COVID policy worked to keep inflation elevated and served to erode the purchasing power of consumers, while global central banks were forced to indicate increasingly restrictive monetary actions. Tightening financial conditions, falling growth, and persistent inflationary pressure proved disastrous for investor portfolios. The S&P 500 returned -16.1% during Q2, bringing its year-to-date return to -20.0%, the worst start for the index since 1970. Core bonds, normally a useful diversifier in down equity markets, returned -4.7%, bringing year-to-date returns for the Bloomberg US Aggregate Bond Index to -10.3%. Even commodities, which performed extraordinarily well in Q1, returned -5.7% in Q2, as the industrial metals complex rolled over amid global growth concerns. Emerging market equities modestly outperformed their developed market counterparts returning -11.4% in Q2. Notably, China was the only emerging market to generate a positive return. The US Dollar was bid up 4.9% during Q2 on a trade-weighted basis as cross currency flows favored the higher path of interest rates in the US.

Inflation, as measured by the Consumer Price Index (CPI), ticked up to 9.1% by the end of June, defying forecasts for moderation earlier in the quarter. Core CPI (excluding food and energy), which the US Federal Reserve (Fed) views as a better measure of true underlying inflation, accelerated at a more modest 5.9%. The tight labor market and its corresponding effects on wage growth remain top concerns for the Fed. The unemployment rate finished Q2 at 3.6% while non-farm payroll growth averaged just under 375k per month. To put that in perspective, the strongest quarter for job growth in the post-financial crisis recovery came in Q2 2014, where job gains averaged 290k per month. Indeed, the US currently has roughly two job openings for every unemployed individual according to the latest Job Openings and Labor Turnover Survey (JOLTS). Additionally, according to Atlanta Fed’s wage tracker, the average annual wage growth is accelerating at 6.7% based on a 3-month moving average.

## 2nd Quarter Performance



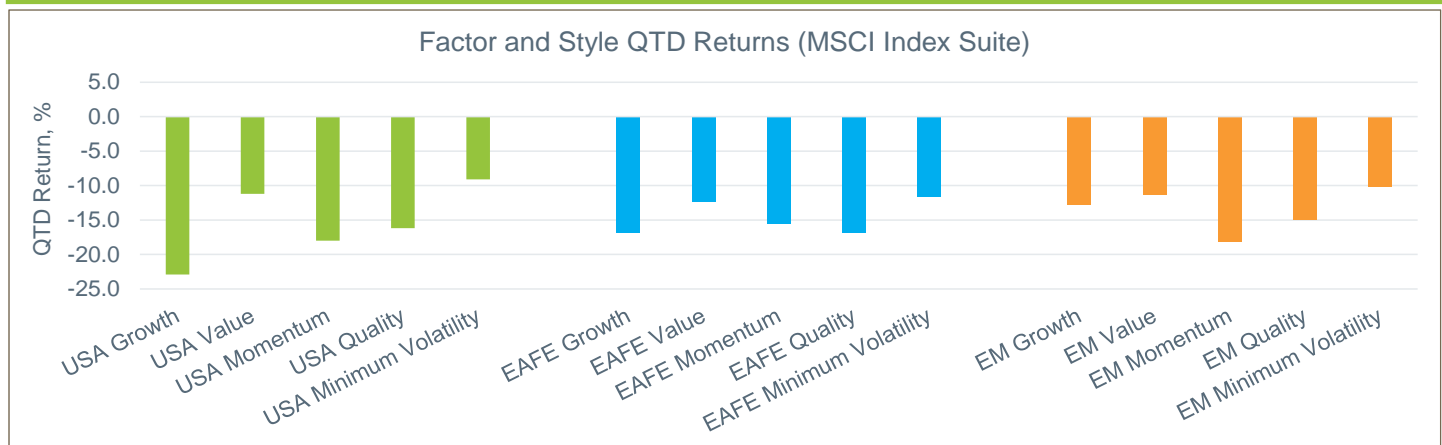


The ongoing broadening of inflation dynamics and persistent labor market strength forced the Fed into a more hawkish monetary policy stance. During its June meeting, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.75%, though it had guided to 0.50% just days earlier. Following the June CPI release, a 1.0% increase at the FOMC meeting in July is now the most likely scenario based on probabilities implied by traders. While forecasters increasingly cite rising recession risks in the US, the data is less clear. The Atlanta Fed’s GDP Nowcast indicates a modest contraction of growth in Q2, with declining residential investment and the private inventory overhang as key negative effects. However, manufacturing and services Purchasing Managers’ Indexes (PMIs) indicate expansion, ending June at 53.0 and 55.3, respectively.

Inflation is not just a US phenomenon. The OECD June Economic Outlook report forecasted global inflation to end 2022 near 9%, roughly double its published forecast from December 2021. In response, the European Central Bank recently announced a plan to end its asset purchase program and begin raising interest rates at its July meeting, while the Bank of England similarly moved forward with a fifth straight 0.25% rate hike in June. The policy outlier across major central banks is China, where policy makers have moved toward easing as the country’s zero-COVID policy and related lockdowns have brought into question the country’s ability to hit annual growth targets without further government support.

## Expanded Review of Key Economic Indicators

	Q2 2022	Q1 2022	Q4 2021	10 Year Average
Federal Funds Rate	1.58%	0.33%	0.07%	0.65%
Treasury - 1 Year	2.80%	1.63%	0.39%	0.81%
Treasury - 10 Year	2.98%	2.32%	1.52%	2.06%
Treasury - 30 Year	3.14%	2.44%	2.08%	2.71%
Breakeven Inflation - 5 Year	2.62%	3.43%	2.91%	1.85%
Breakeven Inflation - 10 Year	2.34%	2.83%	2.59%	1.98%
Breakeven Inflation - 30 Year	2.21%	2.44%	2.38%	2.04%
BB US Corp: Hi Yld Index - OAS	5.69%	3.25%	2.83%	4.33%
Capacity Utilization	80.05%	78.30%	76.31%	77.08%
Unemployment Rate	3.60%	3.60%	3.90%	5.49%
ISM PMI - Manufacturing	53.00%	57.10%	58.80%	54.51%
Baltic Dry Index - Shipping	2,240	2,358	2,217	1,314
Consumer Confidence (Conf. Board)	98.70	107.20	115.20	103.73
CPI YoY (Headline)	9.10%	8.50%	7.00%	2.18%
PPI YoY - Producer Prices	18.60%	15.30%	12.30%	2.20%
US Dollar Total Weighted Index	121.05	115.35	115.32	108.57
WTI Crude Oil per Barrel	\$106	\$100	\$75	\$66
Gold Spot per Ounce	\$1,807	\$1,937	\$1,829	\$1,436



## US Equity

US Equity markets were down sharply in Q2 in the midst of increasing concerns of a looming recession as the Fed acted to respond to sustained, elevated levels of inflation. With declines affecting all sectors, investors fled to defensive stocks as these were comparatively resilient. Likewise, investors in energy stocks benefited as the sector was buoyed by commodity prices.

There was significant outperformance of value stocks over growth stocks across all market capitalizations in Q2, with the Russell 1000 Value and Russell 2000 Value indexes outperforming their growth counterparts by 8.7% and 4.0%, respectively.

However, a rotation back to growth, particularly in small- and mid-cap stocks, was seen in June with the Russell 2000 Growth and Russell Mid-Cap Growth indexes outperforming their value counterparts by 3.7% and 3.5%, respectively.

Active management performed well in Q2, with the exception of large-cap growth managers, who struggled to keep up with their respective benchmarks as growth stocks' valuations continued to contract in the current rising interest rate environment.

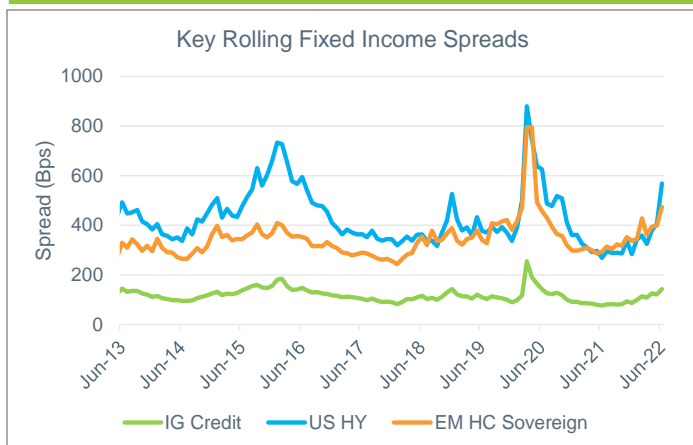
Small- and mid-cap core and value managers had an exceptionally strong Q2 with a majority outpacing their respective benchmarks by significant margins.

## Non-US Equity

Developed international markets fared better than the domestic market, albeit still finishing Q2 in negative territory with the MSCI EAFE Index notching a -14.5% return for the period. Value stocks remained in favor with continued outperformance over growth stocks, while large-cap stocks outperformed small-cap stocks. All developed market countries and sectors were negative for the quarter, with the Asia-Pacific region and information technology sector leading markets lower, as no area was fully immune to the ongoing global inflationary pressures and recessionary risks.

Emerging markets outperformed developed in Q2 with the MSCI EM Index returning -11.4%. Value stocks outperformed growth stocks and large-cap stocks outpaced small-cap stocks. Nearly all emerging market countries experienced negative returns with Eastern Europe suffering the worst performance as the neighboring Russia-Ukraine war continued to weigh heavily on the region.

China was the notable exception to the negative environment as the country led with a 3.5% positive return after six straight quarters of relative underperformance. While China's COVID lockdowns compounded supply chain problems earlier in the quarter, many cities have since reopened and market sentiment quickly rebounded, buoyed further by the Chinese government signaling a gradual softening of their recent regulatory scrutiny in an effort to boost economic growth.

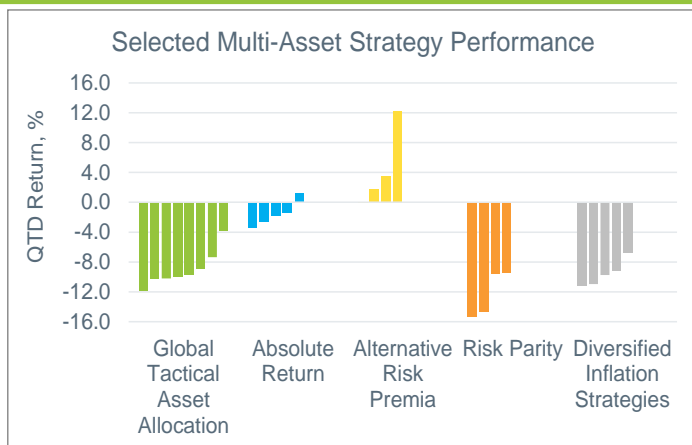


## Fixed Income

The fixed income market continued to experience significant volatility and negative performance during the quarter. Treasury yields rose 66 basis points from 2.32% to 2.98% with an intra-quarter high of 3.49%, as measured by the 10-year US Treasury yield, demonstrating the meaningful interest rate increase and heightened volatility present during the period. Concerns regarding inflation and the Fed’s response to rising prices remain top of mind with investors. The Bloomberg US Aggregate Bond Index ended the quarter down with an overall return of -4.7%.

While fixed income broadly experienced negative absolute performance over the quarter, widening credit spreads presented additional headwinds to corporate credit across the quality spectrum. Investors flocked to higher-quality assets resulting in the relative underperformance of lower-quality credit, in particular. In Q2, US Investment Grade credit detracted -6.9%, while US High Yield returned -9.8%, as measured by the Bloomberg US Credit Index and Bloomberg US High Yield Index, respectively.

Likewise, foreign fixed income markets experienced headwinds and volatility as uncertainty triggered by the ongoing Russia-Ukraine war, global inflationary concerns, and mixed central bank policy responses resulted in increased dispersion and impaired emerging market returns. These factors led to negative results for the JPM EMBI Global Diversified Index which finished the quarter with a return of -11.4%.

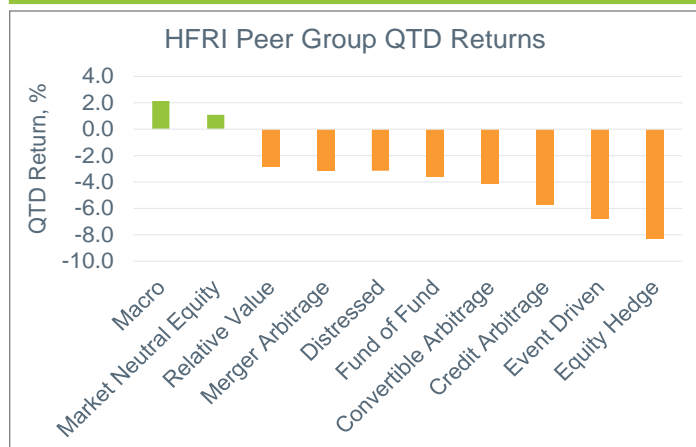


## Multi-Asset

Global Tactical Asset Allocation (GTAA) strategies that RVK follows closely generated disparate performance in Q2. Although overall performance was negative, nearly all managers outperformed a US centric blend of 60% equity and 40% fixed income. The top performing long-biased GTAA strategies tended to emphasize relative undervaluation in their asset allocation processes, while underperformers tended to hold larger allocations to US equity and non-USD fixed income. Managers targeting reduced correlations, volatility, and market sensitivity produced less disparate absolute returns, with nearly all providing attractive downside protection.

After responding positively to record inflationary pressures in Q1, Diversified Inflation Strategies posted losses ranging from negative mid-single digit to negative low double-digit. Manager allocations to inflation sensitive assets were affected by cross currents of Fed rate hikes combined with changing market estimates of future economic growth. During the quarter, nearly all inflation sensitive asset classes were negative except for energy commodities. Managers with larger TIPS allocations tended to outperform peers, especially in cases where shorter duration TIPS were targeted.

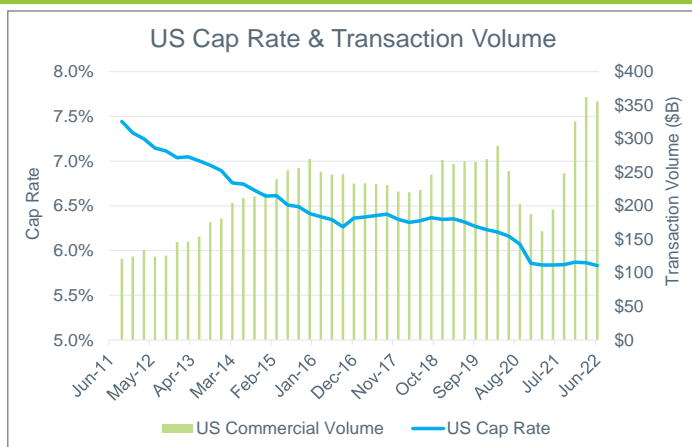
Inflation, as measured by Headline CPI, was above market expectations while market-based measures of future inflation expectations remain around a more moderate 2.3% as measured by 10 year breakeven inflation.



## Diversified Hedge Funds

Dispersion continues to be the theme across the hedge fund landscape. Although the HFRI Asset Weighted Composite returned -0.3% during the quarter, its year-to-date return remained positive at 1.6%. By contrast, the Equal Weighted Index, which is dominated by long/short equity strategies (“ELS”), returned -4.9% in Q2, led lower by ELS managers returning -8.3%. ELS managers that RVK follows closely produced modest alpha on the long side in addition to trading well on the short side in Q2. Prime brokerage data indicates that the 1st half of 2022 was one of the strongest on record for short alpha, as higher interest rates tend to structurally benefit short sellers.

Macro strategies continued to perform well, with the HFRI Macro Index producing a 2.1% return during the quarter, bringing the year-to-date return to 9.0%. Most of the gains came from the Systematic Diversified space, up 15.3% year-to-date, particularly from trend following. The SG Trend Index produced Q2 returns of 9.6%, bringing the year-to-date return to 29.0%. Trend-followers have been able to take advantage of the inflationary environment through long commodity, short fixed-income, long USD, and short equity positions. Within the multi-strategy space, the market neutral multi-PM platforms RVK favors continued to produce modestly positive returns, while strategies with a modest long beta orientation are negative on a year-to-date basis.



## Real Estate

Core private real estate generated a positive 4.8% return in Q2 (on a preliminary and gross of fee basis), as reported by the NFI-ODCE Index, with the total return comprising of 0.9% income and 3.9% price appreciation. While the income return is trending at the lower end of historical levels, the price appreciation return remains elevated.

Investors in publicly traded real estate significantly underperformed their private market counterparts by a meaningful margin. Publicly traded real estate delivered a total return of -14.9% in Q2, as measured by FTSE/NAREIT All REITs Index.

Managers have noted emerging trends in real estate that point towards more return moderation in the coming quarters. While the industrial and apartment sectors continue to drive overall real estate returns, these sectors are showing some early signs of softening.

In particular, rent growth assumptions are being pared back and commercial real estate transaction volumes are coming down from the post-pandemic record highs. Another observation has been that buyers and sellers are further apart in their pricing expectations (wider bid-ask spread) indicating a more cautious investing environment than experienced in recent years.

## Disclaimer

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RVK was founded in 1985 to focus exclusively on investment consulting and today employs over 100 professionals. The firm is headquartered in Portland, Oregon, with regional offices in Boise, Chicago, and New York City. RVK is one of the five largest consulting firms in the world, as reported by Pensions & Investments' 2021 Special Report—Consultants. Additionally, in April 2022, RVK received a notable award as a Coalition Greenwich Quality Leader among large US investment consultants, based on Greenwich's 2021 study. Coalition Greenwich is an industry-recognized third-party firm which asks plan sponsors to rank their consultants on a series of key metrics. Notably, RVK is the only firm among large US consultants to receive an award for a fifth consecutive year.<sup>1</sup> RVK's diversified client base of nearly 200 clients covers 30 states, and covers endowments, foundations, corporate and public defined benefit and contribution plans, Taft-Hartley plans, and high-net-worth individuals and families. The firm is independent, employee-owned, and derives 100% of its revenues from investment consulting services.

<sup>1</sup>Between July and October 2021, Coalition Greenwich conducted phone interviews with 811 individuals from 661 of the largest tax-exempt funds in the US—including corporate and union funds, public funds, and endowments/foundations with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset managers and investment consultants, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. RVK is one of three firms recognized in the large investment consultant category. The ratings may not be representative of any one client's experience with RVK; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of RVK's future performance.

To read the Greenwich press release, please refer to the following URL: <https://www.greenwich.com/institutional-investing/investment-consultants-strengthen-role-top-advisors-us-asset-owners>