



DELEGATE

ASSET CLASS PERSPECTIVES + MARKET INDEX RETURNS Q4 2020

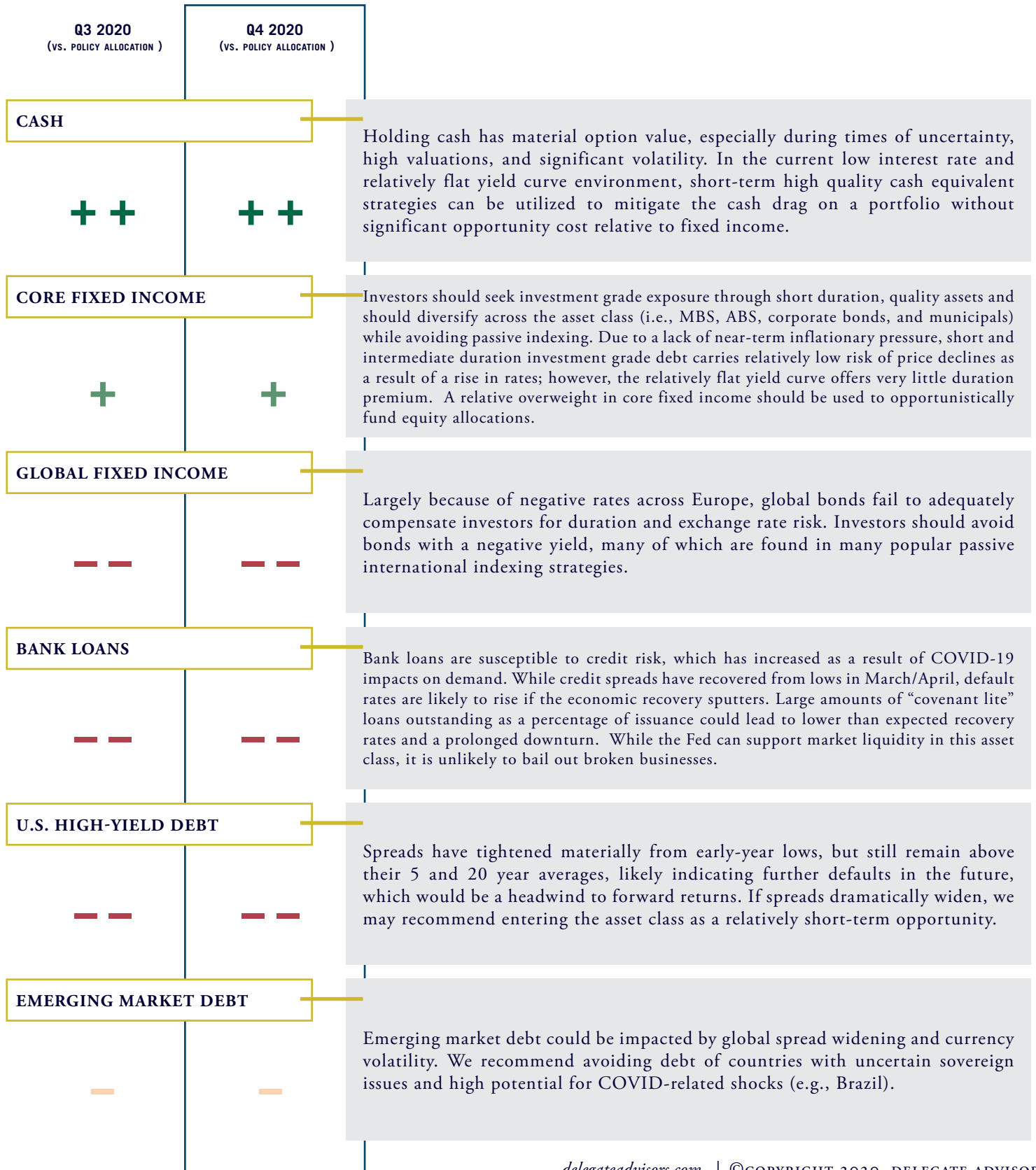
Summary of Market Index Returns as of 9/30/2020

FIXED INCOME	Q3	YTD	1-Year	3-Year	5-Year	10-Year
Barclays Global Aggregate	2.7%	5.7%	6.2%	4.1%	3.9%	2.4%
Barclays U.S. Aggregate	0.6%	6.8%	7.0%	5.2%	4.2%	3.6%
Barclays Corporate High Yield	4.6%	0.6%	3.3%	4.2%	6.8%	6.5%
S&P/LSTA U.S. Leveraged Loan Index	4.1%	-0.7%	1.1%	3.1%	4.0%	4.3%
EQUITIES						
S&P 500 (Large Cap)	8.9%	5.6%	15.1%	12.3%	14.1%	13.7%
S&P Small Cap 600	3.2%	-15.2%	-8.3%	-0.3%	7.2%	10.6%
MSCI EAFE Index (International)	4.8%	-7.1%	0.5%	0.6%	5.3%	4.6%
MSCI Emerging Markets Index	9.6%	-1.2%	10.5%	2.4%	9.0%	2.5%
OTHER						
HFRI Fund of Funds Diversified Index	3.7%	2.6%	5.4%	3.1%	3.0%	2.6%
HFRI Fund of Funds Composite Index	4.1%	2.4%	5.6%	2.8%	3.1%	2.5%
Bloomberg Commodity Index	9.1%	-12.1%	-8.2%	-4.2%	-3.1%	-6.0%

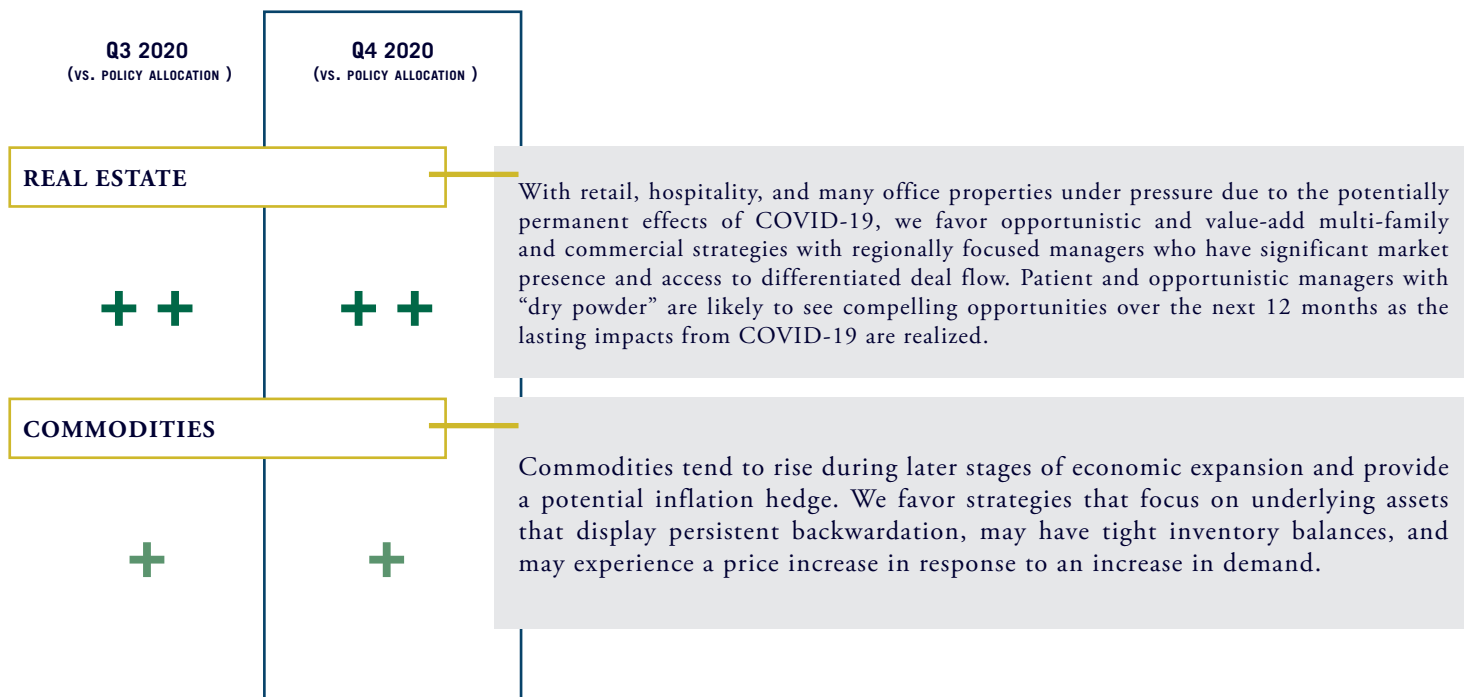
Source: Morningstar, Bloomberg. Returns for periods longer than one year are annualized.

DELEGATE ADVISORS ASSET CLASS PERSPECTIVES: Fourth Quarter 2020

Underweight Neutral to Underweight Neutral Neutral to Overweight Overweight



Q3 2020 (VS. POLICY ALLOCATION)	Q4 2020 (VS. POLICY ALLOCATION)	
PRIVATE DEBT	+	Private markets provide a compelling illiquidity premium and a higher yield relative to public markets. Due to large capital inflows into direct lending strategies, we recommend focusing private debt exposure primarily on special situations and distressed strategies as we see defaults rising due to recessionary pressures that are exacerbated by COVID-19 impacts.
U.S. LARGE CAP EQUITY	-	Domestic equity markets do not appear to have fully priced in the risk of a slower-than-expected economic recovery or a second wave of COVID-19 as valuations are close to historic highs. Delegate favors high quality companies with low leverage approach and an emphasis on sectors that have long-term secular tails winds (e.g., technology). We recommend that investors take advantage of volatility and add towards policy targets when markets experience periodic downturns.
U.S. SMALL CAP EQUITY	--	Domestic equity markets do not appear to have fully priced in the risk of a slower-than-expected economic recovery or a second wave of COVID-19. We recommend that investors take advantage of volatility and add towards policy targets when markets experience periodic downturns.
EAFE EQUITY	-	Eurozone equities carry relatively low valuations when compared to U.S. equities and Europe's COVID-19 recovery appears to be ahead of the U.S., although a "second wave" remains a high risk. We remain somewhat cautious, however, due to continued uncertainty regarding Brexit and growing social unrest across Europe.
EMERGING MARKET EQUITY	=	Emerging market equities carry relatively lower valuations and higher long-term growth potential than global developed equities. Investors should focus on country diversification (the MSCI Emerging Markets Index is ~33% China) and the potential for pockets of COVID-19 outbreaks.
PRIVATE EQUITY	++	P.E. offers a compelling illiquidity premium relative to public markets. We favor small and middle market buyout, secondaries and sector specialists. Vintage year and strategy diversification is critical given late cycle market dynamics and elevated purchase multiples.
HEDGED STRATEGIES	++	Many hedged strategies are designed to provide uncorrelated returns, alpha opportunities, and a reduction in overall portfolio risk. Heightened levels of volatility are likely to create a more favorable environment for managers to capture alpha. We favor market-neutral strategies with low beta exposure as a proxy for intermediate- to long-term bonds.



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