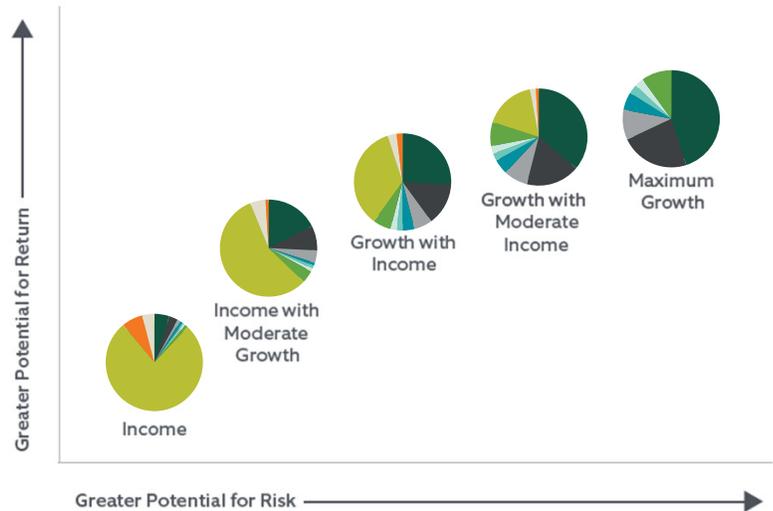


Allocation changes: Emerging Market Stocks +2%; High Yield Bonds -2%.

- Northern Trust Asset Management’s Investment Policy Committee repositioned portfolios to benefit from a post-COVID economic recovery in China.** The Committee believes that emerging market stocks will experience a near-term rally as zero-COVID policy restrictions appear to be permanently lifted in China. As such, the Committee reduced the underweight in emerging market equities from -4% to just -2%. Despite this tailwind, the Committee still sees major headwinds for Chinese companies, especially in real estate (too much debt) and the technology sector (where regulatory roadblocks are severely limiting growth).
- The Federal Reserve Bank (Fed) is still driving the markets, which could go either way:** Investors are hopeful that the Fed will stop hiking the overnight interest rates at approximately 5.25% (currently at ~4.50%) by mid-2023 and hold there for the remainder of the year. After that, rates could start to fall. This expectation has been priced into the markets—meaning that if the Fed acts as expected, stock and bond returns could be positive in 2023. But if something changes—for example an inflation reading comes in higher than expected—the peak Fed Funds interest rate could be higher, or stay higher for longer, which would be negative for economic growth, and for stock and bond prices.
- Portfolio positioning for either scenario:**

 - Neutral on U.S. and international developed market stocks, underweight emerging markets (due to China concerns). Economic growth across Europe and much of the developed world ex-U.S. has been weighed down by: 1) surging energy prices; 2) decreased demand from China; and 3) restrictive central bank activity (rising rates). With China’s reopening, demand could increase. In the U.S., the Committee believes that high interest rates will take a toll on company earnings, but that investors will be more positive (and stock prices could rise) if the Fed acts as expected.
 - Still positive on high yield bonds vs. investment grade bonds. High yield remains our largest overweight. High income (~8% yield) mixed with still favorable corporate financials and little need to refinance at higher rates in the near-term support our outlook for credit. High yield bonds have also historically captured a large portion of any upside in the stock market, with significantly less downside.
 - The Committee remains overweight natural resources, which serves as a hedge against unexpected inflation. We see upside to commodities given limited supply, the Russia-Ukraine war disruption, and boosted demand from China’s reopening.
 - Cash is warranted for yield (~5%) and dry powder.

MULTI-ASSET CLASS PORTFOLIOS



PORTFOLIO POSITIONING

+ overweight | - underweight | = neutral outlook

- U.S. Stocks
- Developed Markets ex-U.S. Stocks
- Emerging Markets Stocks
- Global Natural Resources
- Global Real Estate
- Global Listed Infrastructure
- U.S. High Yield Bonds
- U.S. Investment Grade Bonds
- Inflation Protected Bonds (TIPS)
- Cash & Short-Term Bonds

*Portfolio positioning is relative to Northern Trust Asset Management’s Global Policy Model. Contact your Financial Advisor for more information about your portfolio’s allocation.
For a definition of “risk assets” and “risk control assets”, see page 2.)



Northern Trust Asset Management offers globally diversified investment portfolios comprised of multiple asset classes as illustrated below. Through a time-tested, dynamic asset allocation process, we seek to capitalize on current market opportunities and minimize the effects of market downturns – while keeping your portfolio aligned with your long-term goals.

ASSET CLASSES



IMPORTANT DISCLOSURES

Northern Trust Investments, Inc. (NTI) is an investment adviser registered with the Securities Exchange Commission under the Investment Advisers Act of 1940. The company manages a variety of portfolios utilizing stocks, bonds, and exchange-traded funds (ETFs). The information is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. NTI and its affiliates may have positions in and may effect transactions in the markets, contracts and related investments different than described in this information. This information is obtained from sources believed to be reliable, and its accuracy and completeness are not guaranteed. Information does not constitute a recommendation of any investment strategy, is not intended as investment advice and does not take into account all the circumstances of each investor.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Belvedere Advisors LLC, Northern Trust Asset Management Australia Pty Ltd, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

This report is provided for informational purposes only and is not intended to be, and should not be construed as, an offer, solicitation or recommendation with respect to any transaction and should not be treated as legal advice, investment advice or tax advice. Recipients should not rely upon this information as a substitute for obtaining specific legal or tax advice from their own professional legal or tax advisors. References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. Indices and trademarks are the property of their respective owners. It is not possible to invest directly in any index. Information is subject to change based on market or other conditions.

All securities investing and trading activities risk the loss of capital. There is no assurance that any of the securities discussed herein will remain in a portfolio at the time you receive this report or that securities sold have not been repurchased. Each portfolio is subject to substantial risks including market risks, strategy risks, adviser risk and risks with respect to its investment in other structures. There can be no assurance that any portfolio investment objectives will be achieved, or that any investment will achieve profits or avoid incurring substantial losses. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Risk controls and models do not promise any level of performance or guarantee against loss of principal. Any discussion of risk management is intended to describe NTI's efforts to monitor and manage risk but does not imply low risk. Forward-looking statements and assumptions are NTI's current estimates or expectations of future events or future results based upon proprietary research and should not be construed as an estimate or promise of results that a portfolio may achieve. Actual results could differ materially from the results indicated by this information.

This information is intended for purposes of Northern Trust marketing of itself as a provider of the products and services described herein and not to provide any fiduciary investment advice within the meaning of Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Northern Trust is not undertaking to provide impartial investment advice or give advice in a fiduciary capacity to the recipient of these materials, which are for marketing purposes and are not intended to serve as a primary basis for investment decisions. Northern Trust and its affiliates receive fees and other compensation in connection with the products and services described herein as well as for custody, fund administration, transfer agent, investment operations outsourcing and other services rendered to various proprietary and third-party investment products and firms that may be the subject of or become associated with the services described herein.

© 2023 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A.

P-011823-2684242-011824