

ALPS Advisors, Inc.

**Laton Spahr, CFA**  
President, Portfolio Manager

**Eric Hewitt**  
Co-Chief Investment Officer, Portfolio Manager

**Alex Hagemeyer, CFA**  
Co-Chief Investment Officer, Senior Director  
Quantitative Research

Multi-Asset Research Team



**Robert McClure**  
Director of Research  
[robert.mcclure@sscinc.com](mailto:robert.mcclure@sscinc.com)



**Chris Proctor, CFA**  
Director of Research,  
Fixed Income  
[chris.proctor@sscinc.com](mailto:chris.proctor@sscinc.com)



**Richard Baker, CAIA**  
Director of Research,  
Real Assets and Alternatives  
[richard.baker@sscinc.com](mailto:richard.baker@sscinc.com)



**Warren Beth, CFA**  
Chief Equity Strategist  
[warren.beth@sscinc.com](mailto:warren.beth@sscinc.com)



**Jimmy Wenger, CFA**  
Real Assets Strategist  
[jimmy.wenger@sscinc.com](mailto:jimmy.wenger@sscinc.com)



**Andrew Drummond**  
VP, Portfolio Manager  
[andrew.drummond@sscinc.com](mailto:andrew.drummond@sscinc.com)

# Investment Committee Review

## Outlook Q3 2025

SS&C ALPS Advisors is an open architecture boutique investment manager offering portfolio building blocks, active insight and an unwavering drive to guide clients to investment outcomes across sustainable income, thematic and alternative growth strategies.

### Asset Class Reviews

- 2 Introduction
- 3 Macro Summary
- 5 Equities Summary
- 8 Fixed Income Summary
- 11 Real Estate Summary
- 14 Commodities Summary
- 19 Private Markets Summary

**Robert McClure**  
 Director of Research  
 robert.mcclure@sscinc.com

## Introduction

### Q2 2025 Review

Global equities rose by 11.7% in Q2 2025, supported by easing US financial conditions and positive global liquidity, while core bonds also saw modest gains. Despite these market advances, economic data in the US continued to moderate amid trade policy uncertainty from the new Trump administration, signaling a potential ongoing slowdown in growth. Inflation remained subdued, with recent data showing further cooling and raising the possibility of hitting the Federal Reserve's (Fed) 2% target by year-end, especially if oil prices stay low and demand weakens due to tariffs. Meanwhile, earnings expectations are softening, labor markets are cooling and global trade tensions are increasing uncertainty, highlighting the importance of diversification in navigating this late-cycle economic environment.

### Executive Summary

Diversification continues to be the name of the game in portfolio allocations, in our view. Inflationary pressures seem to be abating, and if the economy continues to soften, we could see easing from the Fed in 2025. We continue to favor higher quality equities, Real Estate Investment Trusts (REITs) and fixed income, and are relatively cautious in the commodities sector given the softening macroeconomic backdrop.

### Equities

Equity markets began Q2 2025 with a tariff-induced selloff but quickly rebounded after President Trump announced tariff relief, driving major indexes to record highs. Momentum stocks—especially in tech and banking—led the rally, while investors largely overlooked macro uncertainties in favor of strong earnings and stability in large-cap, high-quality names. International equities outperformed US markets, supported by a weakening dollar, rising global stimulus and improving capital flows, with emerging markets benefiting from soft oil prices and shifting trade dynamics. Looking ahead, tariff policy remains a key risk, but selective opportunities are emerging in cyclicals and health care, as defensive positioning and global macro shifts create potential for diversified upside.

### Fixed Income

Bond markets delivered solid returns in Q2 2025 and year-to-date, supported by slowing economic growth, evolving fiscal policy and shifting views on the inflationary impact of tariffs. While early fears of tariffs driving inflation concerned the Fed, markets now see them more as growth inhibitors, contributing to demand for inflation-protected and defensive fixed income assets. The Fed remains positioned for potential rate cuts later in 2025, especially if labor and inflation data continue to moderate, while fiscal uncertainty—particularly surrounding US policy—remains a key risk. In our view, investors should focus on selectively increasing duration in higher quality credits and avoid overweighting treasuries.

### Real Estate

REITs posted a slight decline of -0.93% in Q2 2025, though one-year returns remained solid at 9.20%, with strong performance from sectors like Specialty, Data Centers and Infrastructure offsetting weakness in Industrial, Residential and Health Care. Sector returns diverged as economically resilient areas outperformed more cyclical ones, reflecting investor preference for stability amid a slowing economy and weaker consumer spending. While market volatility is expected to persist due to macroeconomic uncertainty, improving fundamentals, stabilized valuations and historically attractive earnings, yields suggest a constructive outlook for REITs moving forward.

### Commodities

Commodities declined in Q2 2025, with the Bloomberg Commodity Index down 3%, led by an 11% drop in energy prices due to new tariffs and oversupply concerns, while precious metals gained 5% as investors sought safe havens. Industrial metals were flat overall, but copper surged late in the quarter on news of a likely 50% tariff, highlighting growing concerns over trade policy impacts on industrial inputs. The broader commodity outlook remains negative, as weak global growth, ongoing tariff uncertainty and unfavorable structural conditions continue to weigh on demand and sentiment. While a partial tariff rollback remains a possibility, the risk of delayed or intensified trade measures and rising input costs suggest a persistently volatile and stagflation-prone environment for commodities.

### Private Markets

This quarter we initiate coverage of private markets, with a focus on performance drivers and key considerations for advisors. Currently, private market assets total \$18.7 trillion and are projected to grow to \$24.1 trillion by 2029, over twice as large as the \$10.2 trillion US exchange-traded fund (ETF) market in size. We highlight key trends in the space, including robust mergers and acquisitions (M&A) activity, stable valuation multiples and signs of a fundraising rebound. While deregulatory signals from the current administration may support market expansion and broader access, ongoing trade uncertainty and tariff risks pose potential headwinds to global private market momentum.

**Alex Hagmeyer, CFA**  
 Co-Chief Investment Officer, Senior  
 Director Quantitative Research  
 alexander.hagmeyer@sscinc.com

## Macro Summary

### Liquidity Cycle

Global equities rallied back +11.7% in Q2 2025 while Core Bonds gained +1.3%. US economic data continued to moderate during the period, coinciding with a wave of uncertainty from the new administration's evolving trade policies—setting the stage for a growth slowdown we still believe is in motion.

US financial conditions loosened off their April tights, but not back to their all-time loose conditions made in February 2024. Large-cap stocks are back to record highs while credit spreads are approaching their historical tights. Meanwhile, the US Treasury General Account provided a welcome counterbalance to the Fed's ongoing quantitative tightening and the Fed's Reverse Repurchase Facility held steady.

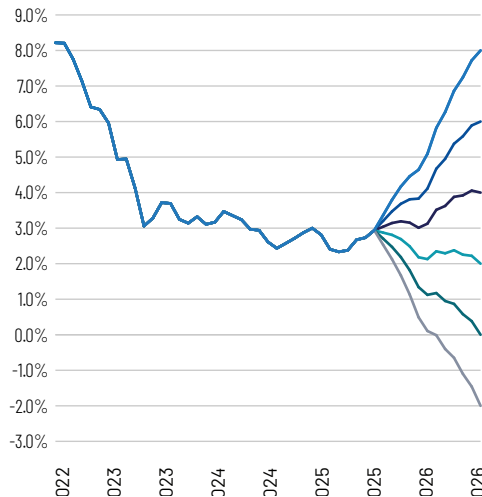
The US dollar and Oil prices remained weak during the quarter, creating a buffer against tighter financial conditions. Furthermore, Global money supply accelerated its expansion from its cyclical low in October 2022, keeping financial markets in a modestly positive liquidity cycle.

### Inflation Cycle

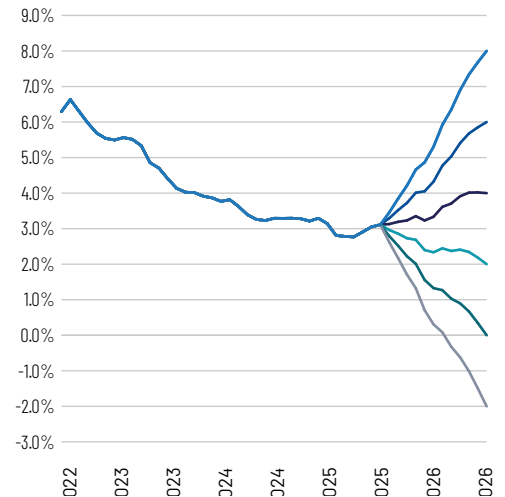
May brought headline inflation of 0.1% month-over-month, keeping the streak of cooling inflation in-tact. The annualized average of the last three inflation prints are now 1% and 1.7% for headline and core inflation, respectively.

Our 2025 outlook maintains both headline and core inflation between 2% and 3%, with potential downside to this range due to capital expenditures (CapEx) and demand gaps created by volatile US trade policy. We continue to view reduced immigration and a slowing change in the size of the labor force as headwinds to growth. Recent inflation readings confirm the inseparable relationship between growth and inflation. The post-election economic surge may have created a vacuum where prices are now temporarily falling back to equilibrium. If Oil remains rangebound lower and tariffs cause a slowdown in demand, it remains entirely possible that we see inflation hit the Fed's target of 2% or lower by the end of the year.

**Expected Headline YoY Inflation at Various MoM Annualized Rates**



**Expected Core YoY Inflation at Various MoM Annualized Rates**

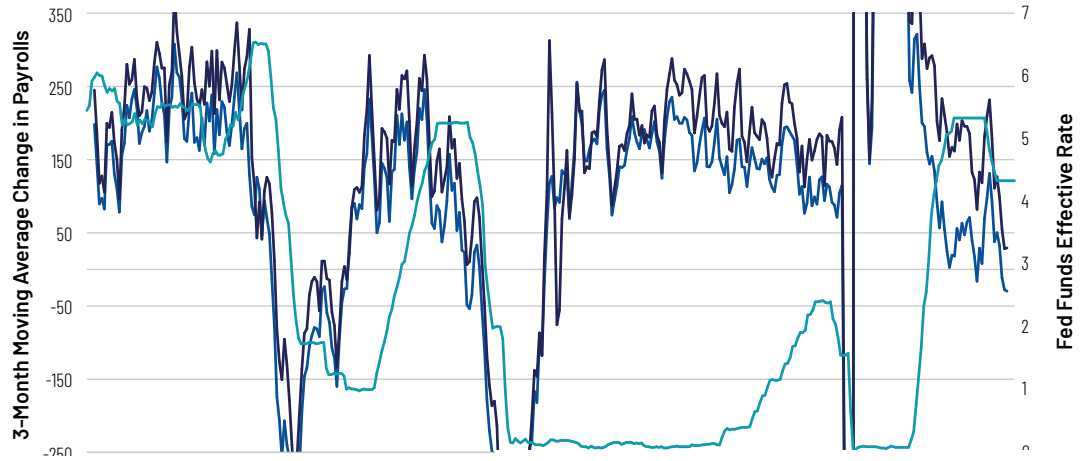


### Growth Cycle

Over the last year, we've highlighted signs of economic moderation in the United States: cooling housing investment, decelerating manufacturing construction and weakening labor market indicators. It's important to keep in mind we're tracking a very slow-moving process. The growth and labor market conditions from which we came were about as hot and tight as ever.

We continue to focus on jobs to understand how the growth environment will unfold. In last quarter's report we discussed the negative job revisions in the procyclical segment in 2024. As we update the data from the last few months, we can see in the chart below that procyclical jobs remain positive but lower than usual in historical expansions. The 3-month moving average of procyclical jobs added to the economy is trending at 41% of the historical median, while total jobs are trending at 74% of the historical median. The labor market continues to cool.

### 3-Month Moving Average Change in Payrolls: Total vs. Proccyclical

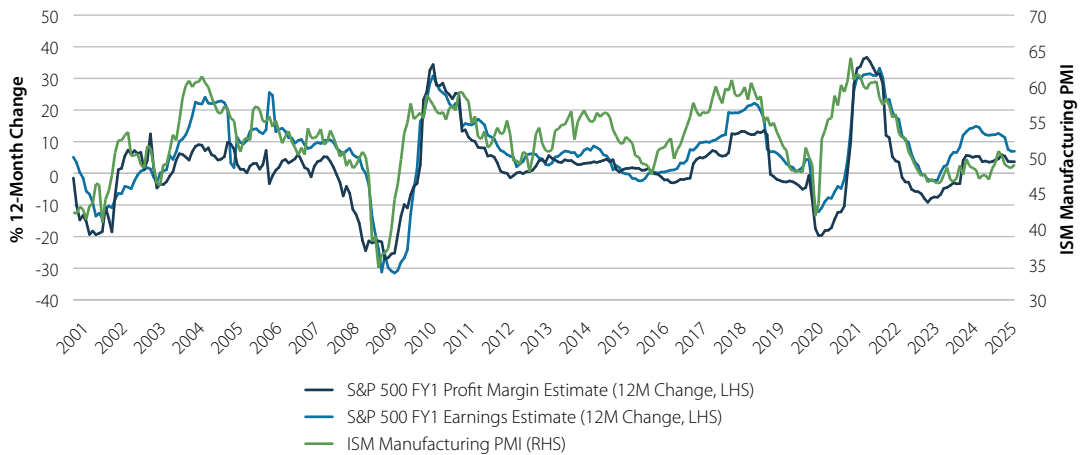


### Profit Cycle

S&P 500 Index earnings per share estimates for the coming year are 7% higher compared to year-ago forecasts, down from 9% in Q1 2025 and 14% in Q3 2024. While global liquidity conditions are positive and improving, the implementation of global tariff policies has injected uncertainty into markets and trade relations, potentially compromising the investment activities needed to achieve earnings projections. The range of potential profit cycle outcomes has widened given these developments.

We continue to focus on monetization of recent Artificial Intelligence (AI) investments and AI-adjacent themes. Demand remains robust for previously bottlenecked AI chips, orchestration software and workplace co-pilots. To the extent profitable applications emerge beyond data center buildouts, this investment theme may continue driving the profit cycle forward in this mid- to late-cycle macroeconomic environment. Nonetheless, we're now seeing earnings and margin estimates lowered in the US as trade policy uncertainty is being modeled as a new tax on both corporates and consumers. Between the cooling in the US labor market, revisions of earnings and margins and global trade policy uncertainty, we believe now is a time to be vigilant about portfolio diversification.

### S&P 500 12-Month Change in Earnings, Profit Margin, ISM Manufacturing PMI



Source: Bloomberg, as of 6/30/2025

**Warren Beth, CFA**  
 Chief Equity Strategist  
 warren.beth@sscinc.com

## Equities Summary

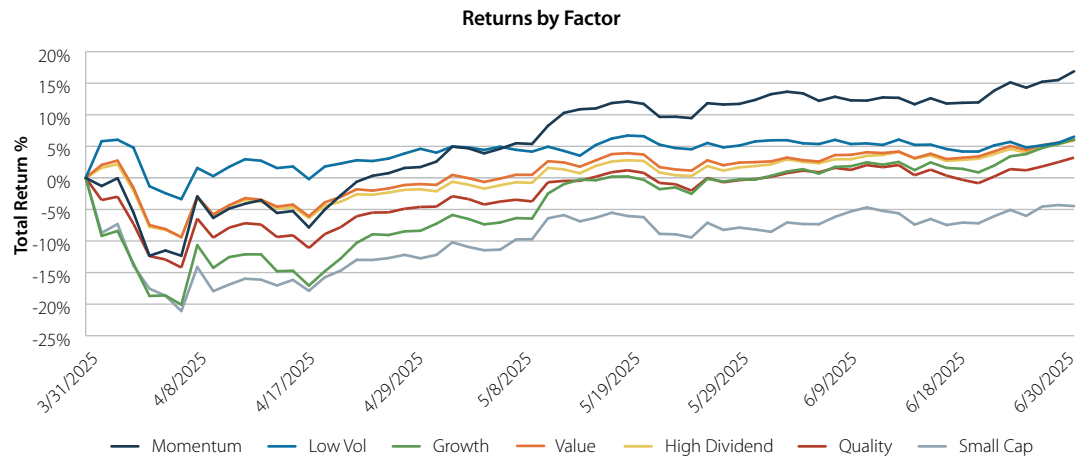
### Q2 2025 Review

The second quarter of 2025 opened with a sharp, tariff-driven selloff in equity markets. However, sentiment quickly reversed after President Trump announced tariff relief aimed at facilitating renewed trade negotiations. This policy shift sparked a sustained rally, propelling major indexes to new all-time highs despite lingering geopolitical tensions.

Market performance was underpinned by strong gains in momentum-driven stocks, with leadership concentrated in technology and banking. Investors largely looked past macro uncertainties, focusing instead on earnings strength and favorable trends.

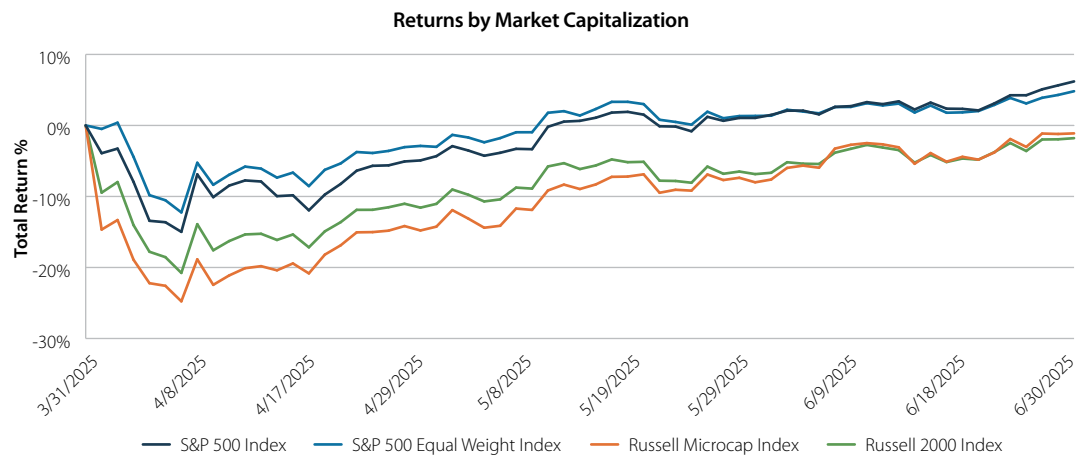
The S&P 500 posted a robust 10.94% return for the quarter. The Nasdaq 100 Index led major indexes with a gain of 17.86%, while the Dow Jones Industrial Average lagged slightly, rising 5.46%.

As illustrated in the charts below, the divergence between large-cap and small-cap equities widened further during the quarter, reflecting a continued rotation into less cyclical, higher-quality names. This trend underscores a broader market preference for stability amid an uncertain policy backdrop.



Source: Bloomberg, 3/31/2025 - 6/30/2025

**Past performance is no guarantee of future results.**



Source: Bloomberg, 3/31/2025 - 6/30/2025

**Past performance is no guarantee of future results. One may not invest directly in an index.**

We have consistently highlighted the relative opportunity in international equities, underpinned by our expectation of a weakening US dollar and the historically wide valuation gap between US and international stocks. This view has been rewarded year-to-date and also in the second quarter, as both international developed and emerging markets outperformed the US.

Notably, members of the Trump administration have voiced concerns about currency manipulation by key trading partners—comments that implicitly suggest the US dollar is overvalued. At the same time, rising trade barriers are likely to dampen future economic growth and reduce the need for foreign capital inflows, both of which add further pressure on the dollar.

Taken together, we interpret these developments as part of a broader, deliberate shift toward a weaker dollar policy—one we believe is likely to endure. Moreover, this trend, when combined with softer oil prices, creates a compelling tailwind for emerging markets going forward.

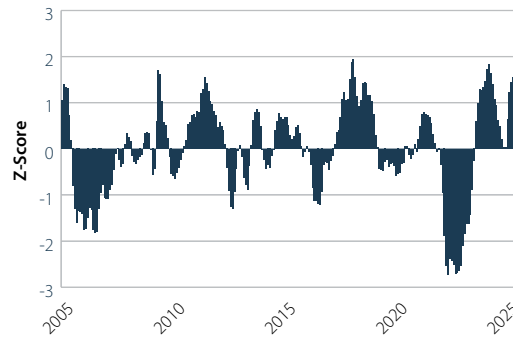
**Q3 2025 Outlook**

Tariff policy remains a central force driving market sentiment, with the broader economic outlook hinging heavily on whether current trade measures persist or are ultimately rolled back. Since “Liberation Day,” markets have largely shrugged off new tariff headlines, and the broader economic data has yet to reflect any material negative impact—a testament to the underlying resilience of the US economy.

While the ultimate direction of tariff policy remains uncertain, recent market behavior exhibited a shift toward a more defensive posture. From a factor perspective, we’ve observed a pronounced rotation into companies with stable free cash flow and high-quality fundamentals.

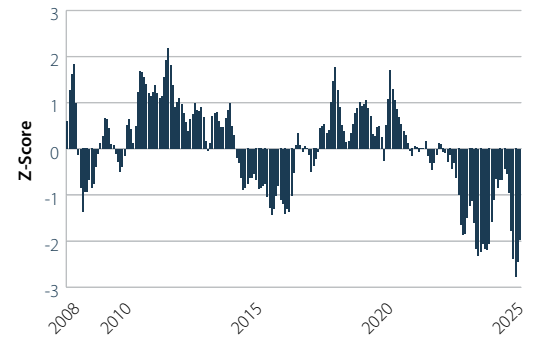
Although it’s too early to determine whether this positioning will prove prescient or premature, we see a potential risk/reward opportunity emerging in more cyclical areas of the market—particularly if trade tensions ease or economic growth accelerates in the second half of the year with the passage of the tax bill.

**Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Quality**



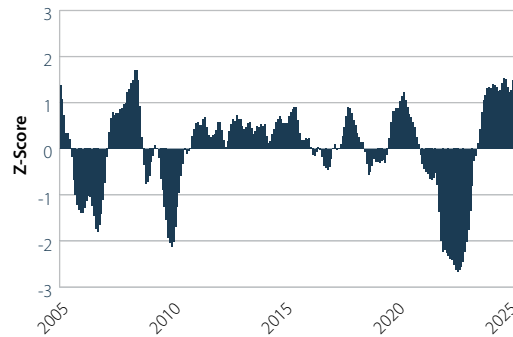
Source: Bloomberg, Bloomberg US 1000 Index, 2/28/2005 - 6/30/2025; quality is the trailing twelve month return on invested capital (ROIC)

**Z-Score Valuation Spread Between Top and Bottom Quintiles Based on FCF Volatility**



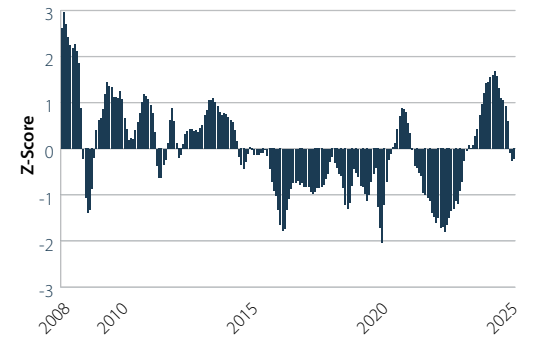
Source: Bloomberg, Bloomberg US 1000 Index, 4/30/2008 - 6/30/2025; free cash flow volatility is the standard deviation of last twelve quarters of free cash flow

**Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Revenue Growth**



Source: Bloomberg, Bloomberg US Corporate High Yield Bond Index, 2/28/2005 - 6/30/2025; revenue growth is the last twelve months revenue growth

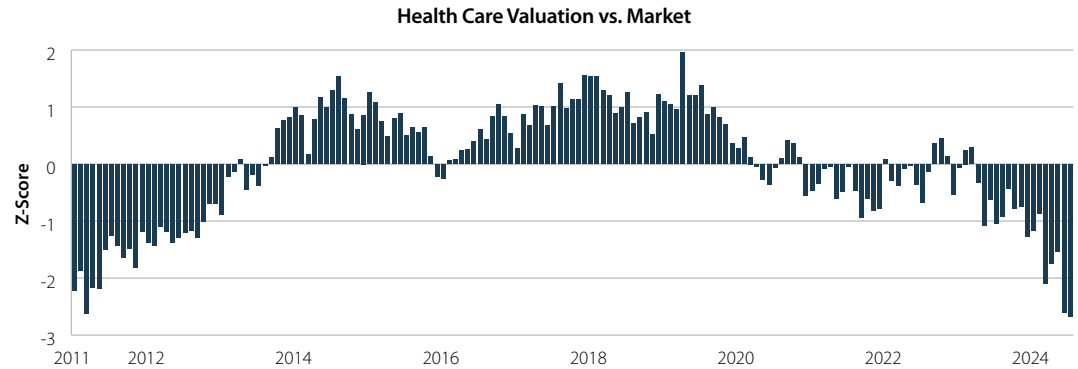
**Z-Score Valuation Spread Between Top and Bottom Quintiles Based on Volatility**



Source: Bloomberg, Bloomberg US 1000 Index, 1/31/2008 - 6/30/2025; volatility is the standard deviation of last 36 months stock price

Interestingly, despite the swift rotation into stable, high-quality and defensive stocks, health care has been notably left behind. This underperformance appears driven in part by lingering post-COVID-19 distortions and uncertainty surrounding the policy direction of the new administration.

Yet health care remains a fundamentally strong, high-margin and traditionally defensive sector. Notably, the last time we saw the sector trading at a similar discount—in 2012—it went on to deliver nearly twice the return of the broader market over the following three years. In our view, this creates an overlooked opportunity in a sector with strong long-term fundamentals and asymmetric upside potential.



Source: Bloomberg, Bloomberg US 1000 Index, 12/31/2011 - 6/30/2025

The new administration has brought increased policy uncertainty and headline-driven volatility, leading to wide performance dispersion across regions, sectors and styles. While tariff policy remains a key source of risk, any signs of relief could lift sentiment—particularly in cyclical and trade-sensitive areas. Despite these uncertainties, we see selective opportunities emerging, especially in cyclicals and health care.

At the same time, shifting global macro conditions are creating a more favorable backdrop for international markets. The long-standing headwind of US dollar strength appears to be reversing, boosting the return potential of foreign assets and improving export competitiveness. Meanwhile, several international economies are ramping up fiscal spending—especially in infrastructure and industrial policy—while global investors begin to scale back US exposure and reallocate capital locally.

Together, these trends—a weakening dollar, increased international stimulus and shifting capital flows—could provide a durable tailwind for international equities. As the year progresses, we remain focused on managing risk, identifying asymmetric opportunities and staying broadly diversified in a rapidly evolving environment.

**Chris Proctor, CFA**  
 Director of Research, Fixed Income  
 chris.proctor@sscinc.com

## Fixed Income Summary

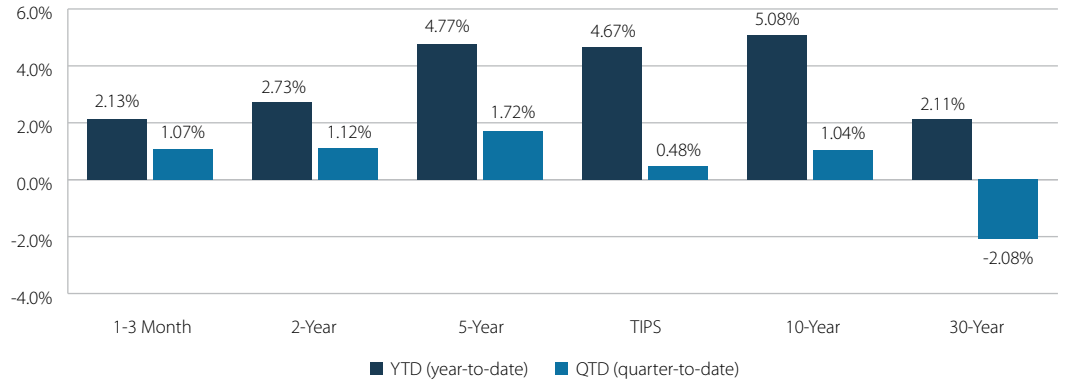
### Q2 2025 Review

Bond markets delivered solid returns in Q2 and year-to-date (YTD), despite persistent volatility. This performance was underpinned by gradually slowing economic growth, ongoing uncertainty about the tariff impacts and evolving fiscal policy. The initial market reaction to new tariffs—viewed as a “tax on the consumer”—sparked inflation concerns with the Fed but more recently viewed by market participants as a growth inhibitor. Volatility has been driven by the impacts on tax policy and the Treasury’s borrowing needs as the market digests these recent developments.

#### Performance Highlights (See Nearby Charts)

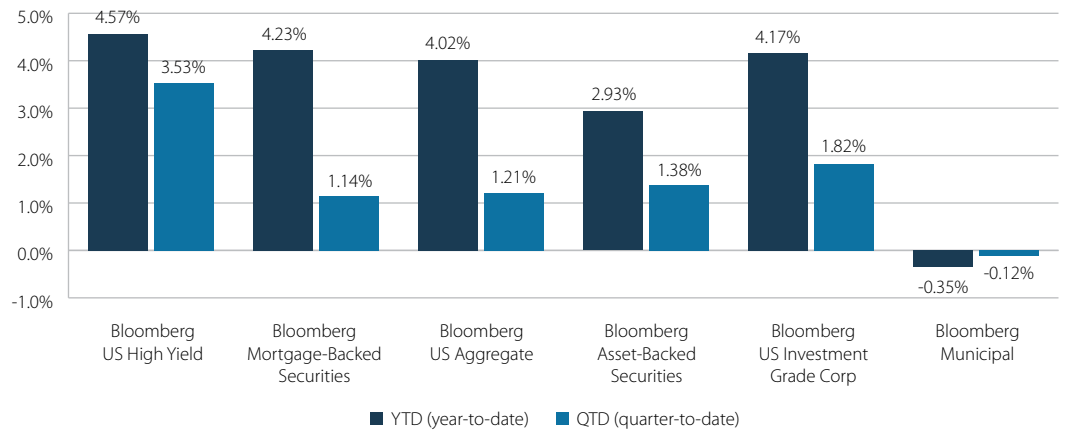
- The Bloomberg US Aggregate Bond Index returned 4.1% YTD reflecting the bond market’s resilience amid equity volatility.
- Most duration bands posted gains, except for very long-duration Treasuries, which underperformed but still matched cash returns YTD.
- Credit sectors rebounded late in the quarter as equities recovered.
- Treasury Inflation-Protected Securities (TIPS) and Mortgage-Backed Securities (MBS) (slower growth option) saw strong inflows, reflecting the popular “stagflation trade”.
- Municipal bonds remain negative YTD, pressured by record new supply as municipalities adjust to an increase in post-COVID-19 pandemic funding needs.

**US Treasury Performance - YTD and QTD**  
 (Total Return, Sorted by Index Duration)



Source: Bloomberg, total returns as of 6/30/2025  
**Past performance is no guarantee of future results.**

**US Core Bond and Credit Sector Performance - YTD and QTD**  
 (Sorted by Total Return)



Source: Bloomberg, total returns as of 6/30/2025  
**Past performance is no guarantee of future results. One may not invest directly in an index.**

## Policy Landscape

### **Monetary Policy: Positive Outlook**

The Fed paused its preemptive easing cycle this year, citing persistent inflation and tariff-related uncertainty. While short-term rates are steady, weakening macro data supports the Fed's internal forecast for rate cuts later in 2025. The slower pace of quantitative tightening has also created a more supportive tone for bond markets. The market is pricing in the possibility of up to 50 basis points (bps) in cuts by year-end, contingent on continued moderation in jobs and inflation data.

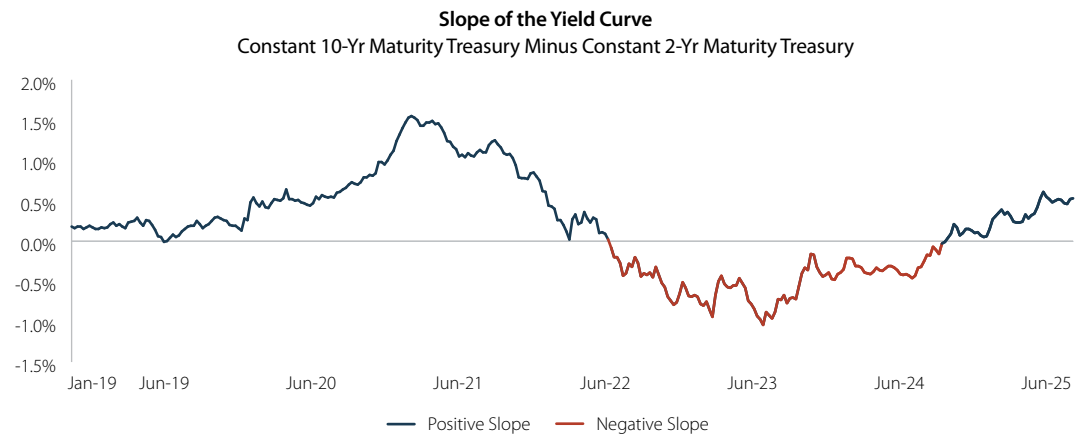
### **Fiscal Policy: Uncertain/Somewhat Negative Outlook**

Fiscal policy remains a major source of volatility. The new administration's tax and spending bill is viewed as neutral, with tax cut extensions already in place offset by spending reductions and projected revenue gains. However, concerns persist about the trajectory of US government debt. The Treasury faces the challenge of managing over \$36 trillion in debt in a volatile funding environment, and while it has plenty of tools to avoid default, the lack of a credible deficit reduction plan remains a negative factor in our view.

## Market Dynamics

### **Yield Curve: Positive Outlook (for Normalization)**

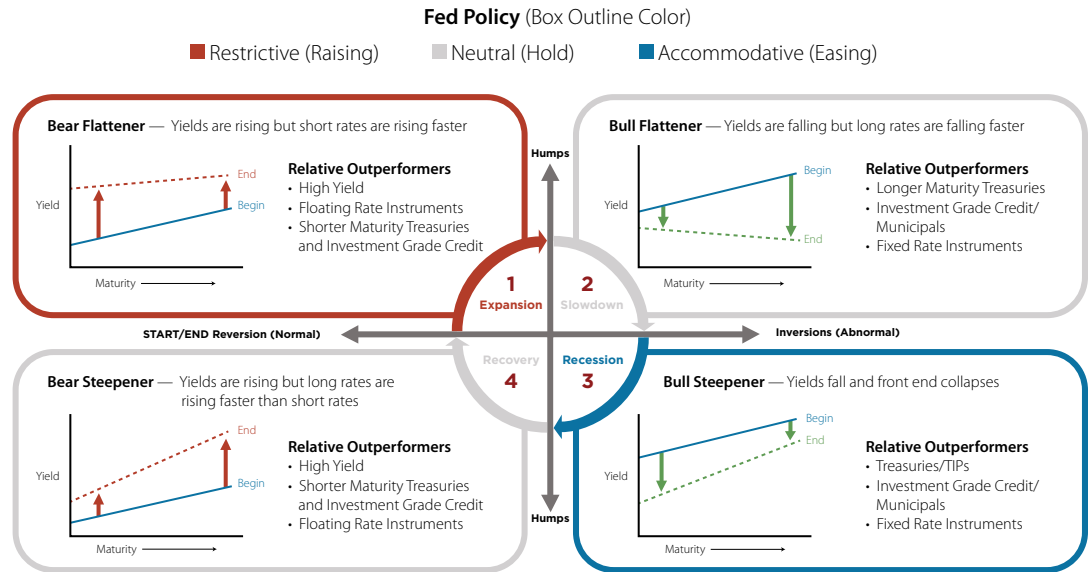
Despite the hysteresis, the yield curve continues to normalize (as measured by the spread between 10-year and 2-year Treasury yields). Currently the 10- to 2-year yield spread is +50 bps. Historically, positively sloped yield curves have favored core intermediate bonds, which tend to perform well when monetary policy becomes supportive. The yield curve steepness impacts investor preferences and flows into longer duration sectors, with many seeking higher yields further along the curve. The Fed's anticipated rate cuts later this year could further reinforce this trend.



Source: Federal Reserve Economic Data-FRED, 10-Year Treasury constant maturity minus the 2-Year Treasury constant maturity yield, 1/23/2019 - 6/30/2025

**Market Expectations/Positioning: Neutral**

Fixed Income typically performs well late in the business cycle, with high-quality, fixed-rate bonds favored in a slowing economy. However, current risks have left the yield curve oscillating between bear and bull steepening, and active managers remain cautious in their positioning. We feel it is too early to call this business cycle over and ready to re-ignite, which is what the bear steepening case would imply. That does not mean that longer-term rates could go higher, but the shape of the yield curve with any Fed cut would favor intermediate/core securities over short duration. The rush out of short-term rates into longer maturities will be significant if inflation does not increase, in our view.



Source: SS&C ALPS Advisors Proprietary Research  
 For Illustrative Purposes Only

**Recommendation – Strengthen Core Holdings**

Amid heightened volatility and shifting policy dynamics, active management remains critical for fixed income investors. We expect fixed income will continue to provide critical portfolio ballast and positive returns over the next year. The new post-pandemic/political regime presents new risks, but also opportunities for active fixed income exposure.

Here are key recommendations:

- **Extend Duration Selectively – Look a Little Out of the Curve for Income/Value** – Focus on intermediate sectors that benefit from a steeper yield curve (Financials).
- **Upgrade Credit Quality – No Need to Reach for Yield** – Upgrade in quality within high yield. Bonds rated single-B and below are not likely to outperform until a growth phase becomes more likely.
- **Stay Active and Diversified - Avoid Overweighting Treasuries** – Consider other high-quality sectors like Agency Mortgage-Backed Securities (MBS) and relatively cheaper sectors like high-grade (AAA) Asset-Backed Securities (ABS) and Commercial Mortgage-Backed Securities (CMBS) as well as Municipal Bonds in taxable accounts.

Despite fiscal uncertainty and tariff-related inflation risks, fixed income remains a vital portfolio ballast. The current environment supports a risk-aware, actively managed approach, with opportunities emerging from volatility and monetary and fiscal policy shifts.

**Richard Baker, CAIA**

Director of Research, Real Assets  
and Alternatives  
richard.baker@sscinc.com

**Real Estate Summary****Q2 2025 Review**

After rebounding in Q1, REIT performance was slightly negative for the quarter, with the FTSE NAREIT All Equity REITs Index returning -0.93%. However, one-year performance remained robust, returning 9.20%.

Specialty (14.50%), Data Centers (7.29%), Lodging (3.60%), Office (3.41%) and Infrastructure/Cell Tower (2.70%) sectors were positive contributors, while Industrial/Warehouse (-6.26%), Residential (-5.83%), Health Care (-3.12%), Retail (-1.36%), Self Storage (-0.85%) and Diversified (-0.28%) sectors were negative contributors. Of note, it appears that Data Centers are recovering from the January sell-off after the DeepSeek AI announcement and the initial fears of significantly lower demand for data center infrastructure for AI computing.

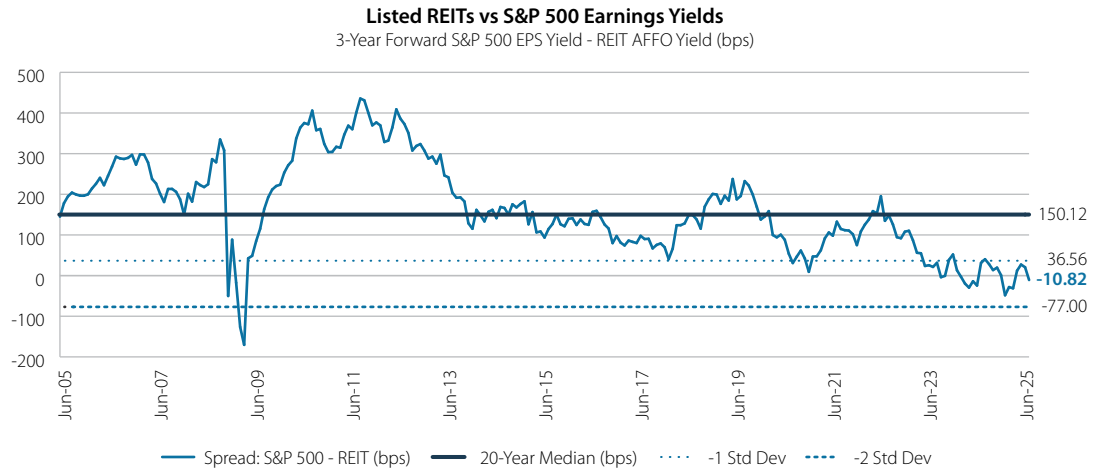
With a slowing economy and lower growth in consumer spending, sector returns have diverged in a meaningful manner. The one-year returns from more durable sectors such as Data Centers, Infrastructure, Diversified and Health Care have significantly outperformed more economically sensitive sectors such as Lodging, Retail, Self Storage and Industrial.

REIT Indices	QTD	YTD	1 Year
	4/1/2025 - 6/30/2025	1/1/2025 - 6/30/2025	7/1/2024 - 6/30/2025
<b>FTSE NAREIT All Equity REITs</b>	-0.93	1.80	9.20
<b>REIT Sector Indices:</b>			
<b>Residential</b>			
FTSE NAREIT Equity Residential	-5.83	-1.68	2.78
<b>Retail</b>			
FTSE NAREIT Equity Retail	-1.36	-1.03	12.59
<b>Lodging</b>			
FTSE NAREIT Equity Lodging/Resorts	3.60	-14.24	-10.30
<b>Office</b>			
FTSE NAREIT Equity Office	3.41	-7.52	18.98
<b>Industrial Warehouses</b>			
FTSE NAREIT Equity Industrial	-6.26	-0.52	-6.18
<b>Technology - Cell Towers and Data Centers</b>			
FTSE NAREIT Infrastructure REITs	2.70	19.53	16.47
FTSE NAREIT Equity Data Centers	7.29	-9.03	11.68
<b>Health Care</b>			
FTSE NAREIT Equity Health Care	-3.12	10.35	24.27
<b>Self Storage</b>			
FTSE NAREIT Equity Self Storage	-0.85	0.03	1.83
<b>Diversified</b>			
FTSE NAREIT Equity Diversified	-0.28	9.32	11.70
<b>Specialty</b>			
FTSE NAREIT Equity Specialty	14.50	1.75	16.29

Source: Morningstar, as of 6/30/2025, returns presented are total return

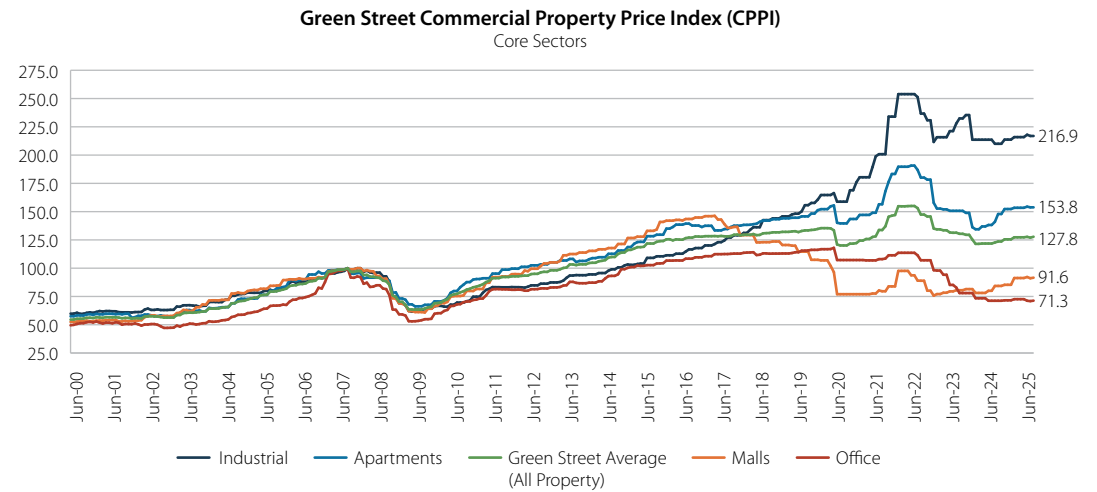
**Past performance is no guarantee of future results. One may not invest directly in an index.**

On an earnings yield basis, REITs continue to trade at near historic lows relative to the S&P 500.



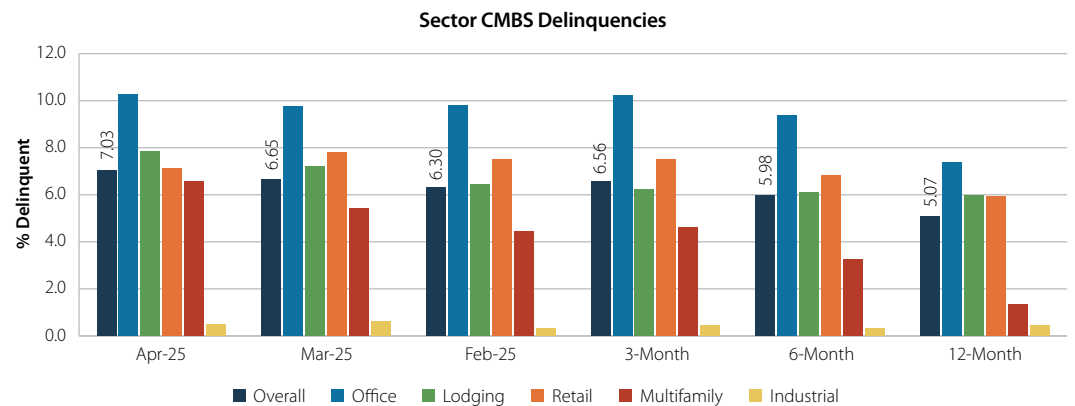
Source: Green Street, as of 6/1/2025

Valuation declines for core sectors appear to have stabilized, as illustrated using the transaction-based Green Street Commercial Property Price Index, as fundamentals continue to improve.



Source: Green Street, as of 6/30/2025

CMBS delinquencies trended up over the quarter to 7.03% for 30+ day delinquencies, up 196 bps from a year ago. Office, Retail and Lodging measuring the highest core sector delinquencies over the past three-, six- and 12-month periods.



Source: Trepp, as of 4/30/2025

### **Q3 2025 Outlook**

Despite generally improving fundamentals, stabilized market conditions and attractive valuations for REITs, we expect the ongoing themes such as tariffs, rate cuts, labor outlook, economic growth and consumer spending will drive market sentiment and higher volatility in the near-term.

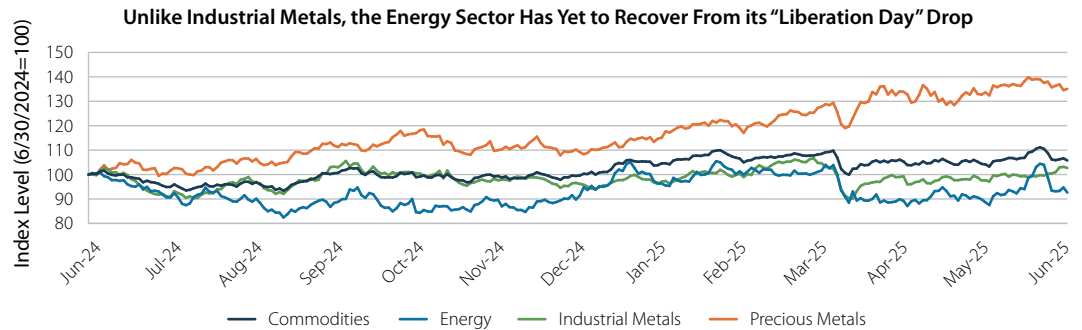
We believe much of the negative sentiment has been priced in, which could be constructive for returns and maintain a market weight for REITs.

**Jimmy Wenger, CFA**  
Real Assets Strategist  
jimmy.wenger@sscinc.com

## Commodities Summary

### Q2 2025 Review

After a strong start to 2025, broad commodities posted weak Q2 performance primarily due to “Liberation Day” tariffs.<sup>1</sup> The Bloomberg Commodity Index returned -3% over the period, and energy was the primary drag, down 11%, and the only sector to not recover from the tariff shock. The industrial metals sector was nearly flat, down only 0.5% and supported by tariff threats on its biggest component, copper. Precious metals had another positive quarter, returning 5% as central banks and investors continued to seek haven assets amid persistent macro and political uncertainty. Agriculture returned -4%, and livestock continued its upward trend, returning almost 9%.<sup>2</sup>



Source: Bloomberg, 6/30/2024 - 6/30/2025  
See endnotes for reference indices.

### Q3 2025 Outlook

We maintain a **negative outlook** on broad commodities. While some of the more extreme tariff threats have been deferred again until August 1<sup>st</sup>, the structural backdrop remains weak.<sup>3</sup> The 10% baseline tariff remains in effect, growth expectations remain low and uncertainty remains the only reliable variable.<sup>4,5,6</sup>

The extension of the 90-day tariff pause through August 1<sup>st</sup> supports a base case in which **the harshest measures are never implemented or are quickly reversed**, particularly if they begin to show up in economic data or bond market performance.<sup>7</sup> While this approach has so far avoided worst-case outcomes, **each episode of brinkmanship increases the risk that a reversal comes too late** to avoid real damage.

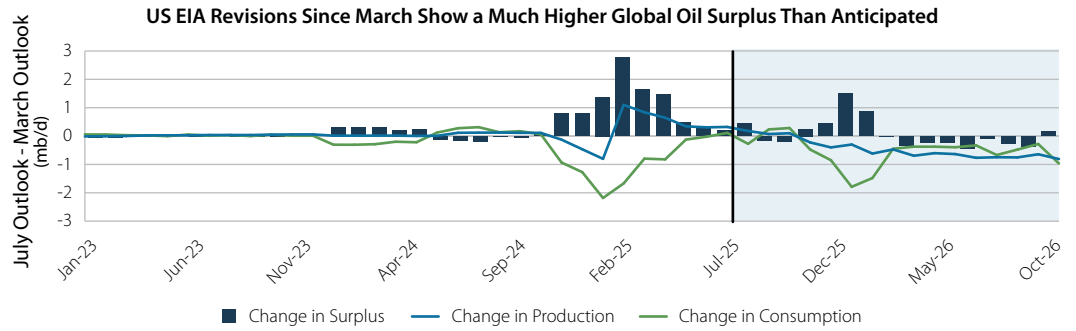
As it stands, we see few near-term catalysts for a broad commodity rally unless global growth re-accelerates or monetary policy pivots decisively toward easing.

#### Energy

The energy sector declined 11% in Q2, giving back gains from the winter rally. The decline can be entirely attributed to the early April tariff announcement, as the sector’s return from the bottom on April 8<sup>th</sup> was nearly 5%.<sup>8</sup>

Oil markets experienced a major-but-fleeting rally at the end of the quarter as Israel launched airstrikes on Iranian nuclear infrastructure and the US followed suit a few days later.<sup>9,10</sup> Despite the severity of the attacks, Iran chose to make a token response, similar to their muted reaction to the assassination of Qassem Soleimani in 2020.<sup>11</sup> In the days following the exchange, each party publicly declared victory and signaled an end to hostilities. Iran’s national security council declared it had “imposed a cease-fire” on Israel, Netanyahu declared a “generational victory” and President Trump, despite authorizing the strikes, advocated for de-escalation and even floated the removal of oil sanctions on Iran.<sup>12,13,14</sup> Markets took them at their word, with the energy sector making a roundtrip +/- 10%, ending the Tuesday of the official peace deal announcement slightly below its starting point the day before the Israeli attacks.<sup>9</sup>

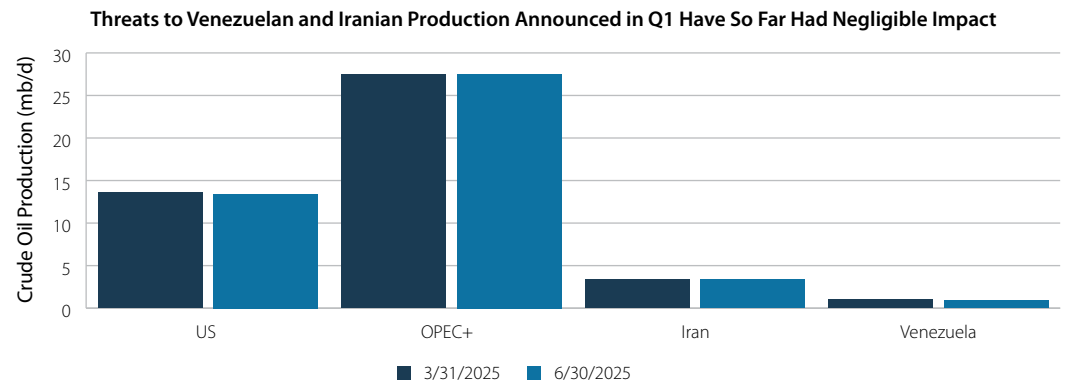
Meanwhile, oil fundamentals remain unsupportive. The **US Energy Information Administration (EIA) forecasts global oil production to exceed consumption** by an average of 1 million barrels/day in 2025, resulting in a substantially oversupplied market.<sup>15</sup> The group has also made significant revisions to both realized and forecast production and consumption numbers, in almost every case increasing the amount of surplus.<sup>16</sup>



Source: US Energy Information Administration  
 Time period (realized): 1/2023 - 6/2025  
 Time period (forecast): 7/2025 - 12/2026

OPEC’s production increases continue, albeit at a much slower pace than headlines suggest, as the increases are partially being eaten up by members who are already overproducing.<sup>17</sup> The US EIA expects only a 0.5 million barrels per day (mb/d) increase in OPEC+ crude production this year, despite announcing the return of nearly 2 mb/d as of their most recent August production announcement.<sup>15,18</sup> This increase is still a significant part of the forecasted surplus, so an about-face by the cartel could materially support oil prices. However, based on their July 5<sup>th</sup> press release referencing “current healthy oil market fundamentals,” the group seems comfortable with oil in the upper \$60 range.<sup>19</sup>

OPEC+ members Venezuela and Iran have been targeted directly recently by the US administration, with little impact yet visible. In May, the US revoked licenses that permitted the export of Venezuelan oil to the US and Europe. Venezuela has already been able to find new buyers, China first among them, which has resulted in almost no decrease so far in Venezuelan crude to market due to these most recent US actions.<sup>20</sup>



Source: Bloomberg News for OPEC and members, US Department of Energy via Bloomberg for US, as of 6/30/2025

Iran shares a similar story, with additional sanctions and specific targeting of its “shadow fleet” announced in February showing no measurable impact.<sup>21</sup> The Trump administration has also floated the removal of sanctions as an apparent display of good will after the US attacks on Iranian nuclear sites, though it is yet unclear whether this suggestion will develop any further (or have any impact).<sup>14</sup>

Natural gas prices declined sharply in Q2, with the front-month contract falling ~15% after its winter surge.<sup>22</sup> While demand growth is expected to resume later in the year, especially in the heating season, the **near-term overproduction and inventory build** have overwhelmed the market. The US EIA projects that demand will outpace supply in the back half of 2025, but **the short-term imbalance still favors lower prices.**<sup>15</sup>

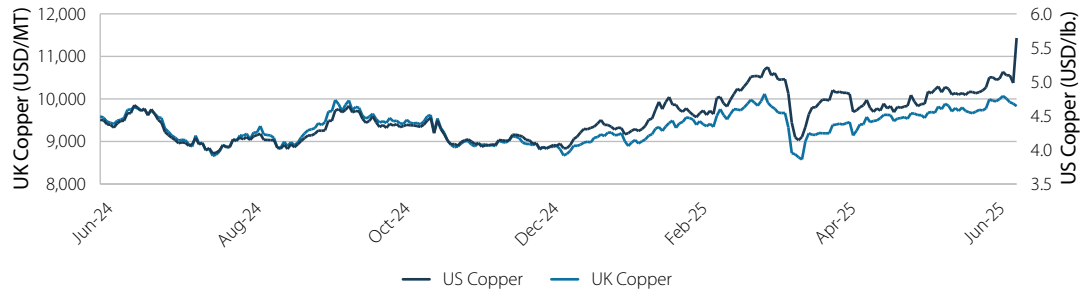
Liquefied natural gas (LNG) exports remain a tailwind. The US now exports the equivalent of **16% of domestic natural gas consumption via LNG**, and that figure is forecast to hit 20% by this time next year.<sup>15</sup> New terminal capacity and high foreign prices could reassert upward pressure on domestic gas prices later in the year.

**Industrial Metals**

Copper prices fell precipitously on the initial tariff announcement due to concerns about the global economy grinding to a halt.<sup>23</sup> After the 90-day pause was implemented, copper spent the rest of the quarter slowly grinding back to its pre-“Liberation Day” price, only to be surprised on July 8<sup>th</sup> with an announcement that the copper tariff being considered is actually 50%, not 25%, and will likely be implemented by early August.<sup>24,25</sup>

While a copper tariff is not a surprise, as the administration initiated an investigation into a potential copper tariff in February of this year, the deadline for a report on the investigation is not due until November 22<sup>nd</sup>, and the expected rate was only 25%.<sup>4,26</sup> Even given the huge quantities of copper that have been imported to US warehouses to front-run the tariff, the imminence and size of the tariff announcement led to a 13% one-day jump in the copper price on July 8<sup>th</sup>.<sup>27</sup>

**A Persistent Arbitrage Opportunity in Importing Copper to the US Blew Out Even Further on News of 50% Tariff**



Source: Bloomberg, 6/21/2024 - 7/8/2025

Reference asset for US copper is the front-month COMEX copper contract (HG1 Comdty). Reference asset for UK copper is the front-month LME copper contract (LP1 Comdty).

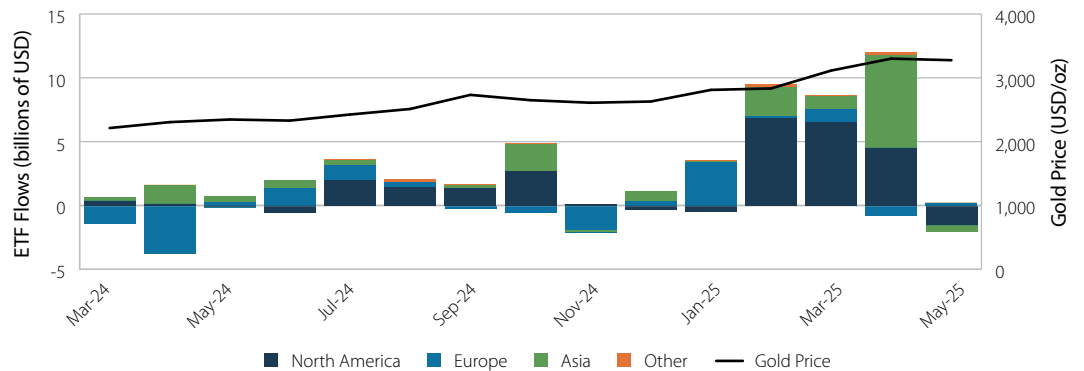
The tariff has not been officially announced as of the time of this writing, only suggested, perhaps to gauge the market’s stomach for it. Given the price of copper is now up 42% from the start of the year and 15% from its 2022 high, it seems likely that imposition of the 50% tariff for any extended period of time will have a material impact on economic activity in the United States.<sup>28</sup> The US consumed 1.6 million tonnes of refined copper in 2024 and imported 0.9 million tonnes, leaving the gap to be filled by domestic production and recycling.<sup>29</sup> While US stocks have already climbed significantly, they will not be enough to shield consumers from the tariff impact for very long, if at all.

The tariff on aluminum was **increased from 25% to 50% on July 2<sup>nd</sup>**, but prices on the LME contract barely budged due to the unique nature of this contract as a benchmark to which a premium is applied for all-in price.<sup>30</sup> The US Midwest premium is up 179% since the end of 2024, during which time the benchmark aluminum price has stayed nearly flat.<sup>31</sup> We anticipate this expense will start to weigh on demand, and work alongside the copper and steel tariffs to slow activity in construction-related industries.

**Precious Metals**

Gold continued its strong run, returning 6% in Q2 and 26% year-to-date.<sup>32</sup> While some ETF outflows occurred in May, year-to-date **net flows remain hugely positive**, with **\$38 billion added across gold ETFs** representing a 14% increase in assets under management (AUM).<sup>33,34</sup>

**At \$38 Billion in Net Inflows, H1 2025 Marks the Highest Semi-Annual Gold ETF Inflows Since H1 2020**



Source: World Gold Council, March 2024 - May 2025

**Central bank buying** seems likely to continue, as fears about the reliability of the US as a treaty ally and economic partner do nothing to bolster confidence in the US dollar. The central bank survey conducted by the World Gold Council confirms this expectation, with 43% of the 72 central banks that responded to the survey stating they expect an increase in their own gold reserves over the next 12 months, and the other 57% stating they expect no change.<sup>35</sup>

### Risks to Outlook

If economic data weakens or equity markets experience a correction, the US administration may opt for a full or partial rollback of the April 2<sup>nd</sup> tariffs that remain in place. A reversal framed as a strategic “win” could quickly shift expectations on growth and industrial activity, providing a demand-driven tailwind for oil and industrial metals. However, the timing of such a pivot would be critical—**too late, and the economic rut may be difficult to climb out of.**

The 90-day pause on the harshest tariff measures has been extended to August 1<sup>st</sup>, but the risk remains that the **administration reimposes most or all the suspended April 2<sup>nd</sup> tariffs**, particularly if key trade partners do not make concessions. This would reintroduce broad downside risk, especially to global demand expectations and cross-border flows.

If the 50% copper tariff is enacted, it could drive US copper prices sharply higher in the short term. However, the longer-term impact on construction, manufacturing and input costs could weaken broader demand and reinforce stagflation concerns. The **structure and permanence** of the tariff will determine whether it is ultimately inflationary, contractionary, or both.

While risks abound, we see the most likely scenario to be a lower-growth environment, with unnatural and unpredictable barriers to trade and an overall unfavorable environment for commodities.

---

All performance data sourced from Bloomberg.

The commodity asset class proxy is the Bloomberg Commodity Index (BCOMTR Index). The energy sector proxy used for this analysis is the Bloomberg Energy Subindex Total Return (BCOMENTR Index). The precious metals proxy is the Bloomberg Precious Metals Subindex Total Return (BCOMPTR Index). The industrial metals sector proxy is the Bloomberg Industrial Metals Subindex Total Return (BCOMINTR Index). The agriculture sector proxy is the Bloomberg Agriculture Subindex Total Return (BCOMAGTR Index). The livestock sector proxy is the Bloomberg Livestock Subindex Total Return (BCOMLITR Index).

- <sup>1</sup> The “strong start” refers to a +9% return to broad commodities from 12/31/2024 - 3/31/2025. All commodity sectors saw a drawdown in early April that coincided with the “Liberation Day” tariff announcement on April 2<sup>nd</sup> and bottomed between April 4<sup>th</sup> and April 8<sup>th</sup> depending on the sector. Source: Bloomberg.
- <sup>2</sup> Q2 time period is 3/31/2025 - 6/30/2025. Data sourced from Bloomberg.
- <sup>3</sup> Mason, J., Meijer, B. H., & Brunnstrom, D. (2025, July 7). Trump unveils 25% tariffs on Japan, South Korea in letters to Leaders. Reuters.
- <sup>4</sup> Lowell, M. J., Heeren, P., Angotti, J., Rodriguez-Johnson, L., Lowell, K., & Fisher, C. E. (2025, July 3). Trump 2.0 Tariff tracker. Trade Compliance Resource Hub.
- <sup>5</sup> IEA. (2025). Oil Market Report - June 2025. IEA.
- <sup>6</sup> OECD. (2025). OECD Economic Outlook, Volume 2025 Issue 1: Tackling Uncertainty, Reviving Growth, OECD Publishing.
- <sup>7</sup> Smith, C., & Karaian, J. (2025, April 18). Why the Bond Market Holds Sway Over Trump. The New York Times.
- <sup>8</sup> Tariffs were announced at the end of the day on April 2<sup>nd</sup>. From April 2<sup>nd</sup> to April 8<sup>th</sup>, the return for the energy sector was -14.8%. From April 8<sup>th</sup> through June 30<sup>th</sup>, the return for the energy sector was 4.7%. Source: Bloomberg.
- <sup>9</sup> The first Israeli strikes of this phase of the conflict were on June 13<sup>th</sup>, and the first news of a cease fire came on June 23<sup>rd</sup>. The energy sector returned 10.6% between June 12<sup>th</sup> and June 22<sup>nd</sup>. From June 22<sup>nd</sup> to June 24<sup>th</sup> (the date on which the cease fire was confirmed), the index returned -10.2%. Source: Bloomberg.
- <sup>10</sup> Sanger, D. E. (2025, June 13). Much of Iran’s Nuclear Program Remains After Israel’s Strikes. At Least for Now. The New York Times.
- <sup>11</sup> Rubin, A. J., Fassihi, F., Schmitt, E., & Yee, V. (2020, January 8). Iran fires on U.S. forces at 2 bases in Iraq, calling it ‘fierce revenge.’ The New York Times.
- <sup>12</sup> Nikounazar, L., & Yee, V. (2025, June 24). Iran Casts Cease-Fire as Proof That Its Military Has Prevailed. The New York Times.
- <sup>13</sup> Goller, H. (2025, June 24). Netanyahu declares historic win, says Israel removed Iran’s nuclear threat in 12-Day War. Reuters.
- <sup>14</sup> Mason, J. (2025, June 25). Trump signals US may ease Iran oil sanction enforcement to help rebuild country. Reuters.
- <sup>15</sup> US Energy Information Administration. (2025, July 8). Short-Term Energy Outlook, July 2025. EIA.
- <sup>16</sup> US Energy Information Administration. (2025, March 11). Short-Term Energy Outlook, March 2025. EIA.
- <sup>17</sup> International Energy Administration. (2025, May). Oil Market Report – May 2025. IEA.
- <sup>18</sup> Lawler, A., El Dahan, M., Astakhova, O., & Ghaddar, A. (2025, July 5). OPEC+ speeds up oil output hikes, adds 548,000 bpd in August. Reuters.
- <sup>19</sup> Organization of the Petroleum Exporting Countries. (2025, July 5). Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria and Oman reaffirm commitment to market stability on current healthy oil market fundamentals and steady global economic outlook and adjust production [press release].
- <sup>20</sup> Reuters Staff. (2025, July 2). Venezuela’s oil exports on the rise as more cargoes head to China. Reuters.

- <sup>21</sup> US Department of the Treasury. (2025, February 24). *Treasury Imposes Additional Sanctions on Iran's Shadow Fleet as Part of Maximum Pressure Campaign* [press release].
- <sup>22</sup> Front month natural gas contract is NG1 Comdty. Return referenced is price return only. Time period: 3/31/2025 - 6/30/2025. Source: Bloomberg.
- <sup>23</sup> The front month futures contract for copper (HG1 Comdty) fell 18% from April 2<sup>nd</sup> to April 8<sup>th</sup>. Source: Bloomberg.
- <sup>24</sup> The front month futures contract for copper (HG1 Comdty) had a 22% price return from April 8<sup>th</sup> to June 30<sup>th</sup>, resulting in a price increase of only 0.20% for the time period 3/31/2025 - 6/30/2025. Source: Bloomberg.
- <sup>25</sup> Shalal, A., Renshaw, J., & Scheyder, E. (2025, July 8). *Trump says US to impose 50% tariff on copper imports, Copper Futures jump*. Reuters.
- <sup>26</sup> Home, A. (2025, May 19). *Copper's US tariff premium crushed by wave of imports*. Reuters.
- <sup>27</sup> Referenced return is price return. Referenced contract is the front month copper contract (HG1 Comdty). Source: Bloomberg.
- <sup>28</sup> Referenced return is price return. Reference contract is the front month copper contract (HG1 Comdty). Since start of the year time period: 12/31/2024 - 7/8/2025. Since 2022 high time period: 3/4/2022 - 7/8/2025. Source: Bloomberg.
- <sup>29</sup> US Geological Survey. (2025, December). *Mineral Industry Surveys: Copper In December 2024*. USGS.
- <sup>30</sup> Desai, P. (2025, June 5). *US aluminium premiums hit record levels after tariffs take effect*. Reuters.
- <sup>31</sup> Referenced return is price return. Referenced contract is the LME Aluminum Premium Duty Paid US Midwest (PUL1 Comdty). Time period: 12/31/2024 - 7/8/2025. Source: Bloomberg.
- <sup>32</sup> Referenced return is price return. Referenced contract is front month gold (GC1 Comdty). Q2 time period: 3/31/2025 - 6/30/2025. Year-to-date time period: 12/31/2024 - 6/30/2025.
- <sup>33</sup> World Gold Council. (2025, July 8). *Gold ETF Flows: June 2025*.
- <sup>34</sup> World Gold Council. (2025, January 8). *Gold ETF Flows: December 2024*.
- <sup>35</sup> World Gold Council. (2025, June 17). *Central Bank Gold Reserves Survey: June 2025*.

**Richard Baker, CAIA**

Director of Research, Real Assets  
and Alternatives  
richard.baker@sscinc.com

**Chris Proctor, CFA**

Director of Research, Fixed Income  
chris.proctor@sscinc.com

**Andrew Drummond**

VP, Portfolio Manager  
andrew.drummond@sscinc.com

## Private Markets Summary

### Introduction

According to data provider Pitchbook, private market assets are currently \$18.7T and projected to grow 5% per year to \$24.1T by 2029.<sup>1</sup> For comparison, the US ETF market is \$10.2T in AUM.<sup>2</sup>

Given the growing interest and importance of private market exposure for investor portfolios, we are initiating coverage of private markets this quarter. Leveraging our collective 25+ years of global private markets research and investment management experience, we aim to highlight thematic and economic performance drivers, identify key considerations and provide investment context for asset allocators.

### Current Conditions

- **Mergers & Acquisitions (M&A)** – Private equity (PE) firms have been active on the buy side in 2025 with PE-backed acquisitions, by both deal count and deal value, trending to post-COVID-19 highs.<sup>3</sup>
- **Valuations** – Median EV/EBITDA transaction value multiples were 9.6x and generally flat after peaking at 10.6x in 2021 during the COVID-19 pandemic.<sup>3</sup>
- **Fundraising** – After three years of declines, private markets fundraising appears to be normalizing, with Q1 values flat vs 2024 when compared on annualized basis.<sup>1</sup>
- **Regulatory** – The new administration has voiced favor for deregulatory trends which could increase private markets participation from retail investors and accelerate M&A deal activity. However, tariff policies and global trade disruptions have created significant uncertainty which could slow the recent global private markets momentum.

### Outlook Q3 2025

Category	Positive Factors	Negative Factors and Risks	Outlook
<b>Private Equity</b>	<ul style="list-style-type: none"> <li>• Potential for easing interest rates.</li> <li>• M&amp;A activity trending positive.</li> <li>• Growth of secondary environment has improved liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>• Elevated interest rates and capital costs.</li> <li>• Relatively weak exit environment with valuation pressures.</li> <li>• Tariff policies.</li> </ul>	Neutral
<b>Venture Capital</b>	<ul style="list-style-type: none"> <li>• Momentum around AI-related start-ups.</li> <li>• Growth of secondary environment has improved liquidity.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of diversification – 70%+ of new investments are AI-related.</li> <li>• Moribund initial public offering (IPO)/exit environment and aging “unicorn” (&gt;\$1B valuation) investments.</li> <li>• Asymmetric dispersion of returns and outcomes.</li> <li>• Tariff policies.</li> </ul>	Unfavorable
<b>Private Credit</b>	<ul style="list-style-type: none"> <li>• Direct lending opportunities from changes in banking and financial system regulations.</li> <li>• Current low default rates.</li> <li>• Inflation protection.</li> <li>• Improving underwriting terms and collateral protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Deal competition is creating pricing pressure and lower spreads.</li> <li>• Potential for rising default risk in downturns.</li> <li>• Regulatory scrutiny and leverage concerns.</li> </ul>	Favorable
<b>Private Infrastructure</b>	<ul style="list-style-type: none"> <li>• Shortage of public funding with favorable government partnerships.</li> <li>• Robust deal flow with significant government support for energy, digital and transportation projects.</li> <li>• Inflation protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Political and regulatory uncertainty.</li> <li>• Rising construction and financing costs.</li> <li>• Supply chain and energy availability for projects.</li> </ul>	Favorable
<b>Private Real Estate</b>	<ul style="list-style-type: none"> <li>• Stabilizing valuations.</li> <li>• Favorable demographic supply/demand imbalances.</li> <li>• Robust demand for AI/data centers and related assets.</li> <li>• Inflation protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Persistent high rates and financing tightness.</li> <li>• Rising insurance and operating costs.</li> <li>• Significant exposure for tariff-sensitive sectors, primarily retail, warehouse, data centers.</li> <li>• Exposure heavily tilted to “Old” real estate assets (office, retail, apartments) vs “Modern” assets (data centers, storage, senior housing).</li> <li>• Sector weakness narrative (e.g., office weakness).</li> </ul>	Unfavorable

<sup>1</sup> Pitchbook. (2025, March 31). Q1 2025 Global Private Market Fundraising Report.

<sup>2</sup> Investment Company Institute. 2025 Investment Company Factbook.

<sup>3</sup> Pitchbook. (2025, March 31). Q1 2025 Global M&A Report.

## Definitions

*Basis Point (bps): a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.*

*Bloomberg Agriculture Subindex (BCOMAGTR Index): formerly known as the Dow Jones-UBS Agriculture Subindex (DJUBAGTR), the index is a commodity group subindex of the Bloomberg CTR. The index is composed of futures contracts on coffee, corn, cotton, soybeans, soybean oil, soybean meal, sugar and wheat. It reflects the return on fully collateralized futures positions and is quoted in USD.*

*Bloomberg Energy Subindex (BCOMENTR Index): a commodity index composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return of underlying commodity futures price movements only and is quoted in USD.*

*Bloomberg Industrial Metals Subindex (BCOMINTR Index): reflects the returns that are potentially available through an unleveraged investment in the futures contracts on industrial metal commodities.*

*Bloomberg Intermediate US High Yield Index: measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The intermediate duration segment of the index includes bonds with maturities of 1 to 10 years.*

*Bloomberg Municipal Index: serves as a benchmark for the US municipal bond market.*

*Bloomberg Precious Metals Subindex (BCOMPTR Index): reflects the returns that are potentially available through an unleveraged investment in the futures contracts on precious metals commodities. The Index currently consists of two precious metals commodities futures contracts (gold and silver).*

*Bloomberg US 1000 Index: a float market-cap-weighted benchmark of the 1000 most highly capitalized US companies.*

*Bloomberg US Aggregate Bond Index: a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).*

*Bloomberg US Asset-Backed Securities Index: a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index only includes ABS securities.*

*Bloomberg US Corporate Bond Index: measures the investment grade, fixed-rate, taxable corporate bond market.*

*Bloomberg US Corporate High Yield Bond Index: measures the USD-denominated, high yield, fixed-rate corporate bond market.*

*Bloomberg US Treasury US TIPS Index: measures the performance of the US treasury inflation-linked bond market.*

*Cash Flow: the net balance (inflows minus outflows) of cash moving into and out of a business at a specific point in time.*

*Consumer Price Index (CPI): a measure of the average change over time in the prices paid by urban consumers for a representative basket of consumer goods and services.*

*Core Inflation: a measure of the change in the costs of goods and services, excluding the costs of energy and food sectors.*

*Credit Quality: the risk of default, often in reference to a debt instrument.*

*Dow Jones Industrial Average: a stock market index of 30 prominent companies listed on stock exchanges in the United States. The DJIA is one of the oldest and most commonly followed equity indexes.*

*Enterprise Multiple (EV/EBITDA): a ratio used to determine the value of a company by considering the company's debt. The enterprise multiple is the enterprise value (EV) (market capitalization + total debt – cash and cash equivalents) divided by EBITDA (earnings before interest, taxes, depreciation and amortization).*

*Federal Funds Rate: the target interest rate set by the Federal Open Market Committee (FOMC). This target is the rate at which the Fed suggests commercial banks borrow and lend their excess reserves to each other overnight.*

*FTSE NAREIT All Equity REITs Index: a free-float adjusted, market capitalization-weighted index of US equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.*

*FTSE NAREIT Equity Data Centers Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Data Center REITs in the parent index.*

*FTSE NAREIT Equity Diversified Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Diversified REITs in the parent index.*

*FTSE NAREIT Equity Health Care Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Health Care REITs in the parent index.*

*FTSE NAREIT Equity Industrial Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Industrial REITs in the parent index.*

*FTSE NAREIT Equity Lodging/Resorts Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Lodging/Resorts REITs in the parent index.*

*FTSE NAREIT Equity Office Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Office REITs in the parent index.*

*FTSE NAREIT Equity Residential REIT Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Equity Residential REITs in the parent index.*

*FTSE NAREIT Equity Retail Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Retail REITs in the parent index.*

*FTSE NAREIT Equity Self Storage Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Self Storage REITs in the parent index.*

*FTSE NAREIT Equity Specialty Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Specialty REITs in the parent index.*

*FTSE NAREIT Infrastructure REITs Index: a subsector index of the FTSE NAREIT US Real Estate Index containing all Infrastructure REITs in the parent index.*

*Earnings Yield: calculated as 1/Current P/E Ratio.*

*Green Street Commercial Property Price Index (CPPI): a time series of unleveraged US commercial property values that captures the prices at which commercial real estate transactions are currently being negotiated and contracted. Features that differentiate this index are its timeliness, its emphasis on high-quality properties, and its ability to capture changes in the aggregate value of the commercial property sector.*

*Headline Inflation: the raw inflation figure reported through the Consumer Price Index (CPI) that is released monthly by the Bureau of Labor Statistics which is derived from the cost to purchase a fixed basket of goods.*

*High Yield: commonly referred to as "junk" or "junk bonds," fixed income securities rated below investment grade (below BBB). High yield bonds pay higher interest rates because they have lower credit ratings than investment-grade bonds.*

*Inflation Expectations: the rate at which people, including consumers, businesses and investors, expect prices to rise in the future.*

*ISM Manufacturing PMI: measures the change in production levels across the US Economy from month to month.*

*Investment Grade (IG): a rating that signifies that a municipal or corporate bond presents a relatively low risk of default. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's. Anything below this 'BBB' rating is considered non-investment grade.*

*Liquidity: the degree to which an asset or security can be bought or sold in the market without affecting the asset's price.*

*Mortgage-Backed Securities (MBS): bonds secured by home and other real estate loans. They are created when a number of these loans, usually with similar characteristics, are pooled together.*

*Municipal Bond: a debt security issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges, or schools. They can be thought of as loans that investors make to local governments. Municipal bonds are often exempt from federal taxes and most state and local taxes (for residents), making them especially attractive to people in higher income tax brackets.*

*NASDAQ 100 Index: one of the world's preeminent large-cap growth indexes. It includes 100 of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization.*

*Nonfarm Payroll (NFP) Industry Diffusion Index: the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.*

*Personal Consumption Expenditures Price Index (PCE): a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.*

*Quantitative Tightening: a monetary policy strategy used by central banks where they reduce the pace of reinvestment of proceeds from maturing government bonds in an attempt to raise interest rates, decrease the supply of money, and reduce lending to consumers and businesses.*

*Real Estate Investment Trust (REIT): companies that own or finance income-producing real estate across a range of property sectors. Listed REITs have characteristics of both the income potential of bonds and growth potential of stocks.*

*S&P 500 Index: widely regarded as the best single gauge of large-cap US equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.*

*US Dollar Index: measures the value of the US dollar relative to a basket of foreign currencies.*

*Yield Curve: a graphical representation of the yields (y-axis) on debt instruments with different maturities (x-axis).*

*Z-Score: a numerical measurement that describes a value's relationship to the mean of a group of values, measured as standard deviations from the mean. If a Z-score is 0, it indicates that the data point's score is identical to the mean score. A Z-score of 1.0 would indicate a value that is one standard deviation from the mean.*

*One may not invest directly in an index.*

## Important Disclosures

*ALPS Advisors, Inc. ("SS&C ALPS Advisors" or "ALPS Advisors") is a SEC registered investment adviser located in Denver, Colorado. Registration does not imply a certain level of skill or training. ALPS Advisors may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements.*

*Information presented herein is provided for educational or informational purposes only. ALPS Advisors does not transact business via this material. Nothing herein should be construed as financial advice.*

*Information developed by ALPS Advisors is subject to change at any time without notice. ALPS Advisors provides such information for illustrative and informational purposes only. This information may represent personal opinions and viewpoints of the commentators and should not be regarded as a description of advisory services provided by ALPS Advisors.*

*Information presented herein does not constitute investment, legal or tax advice; performance data; an endorsement of any third party or such third party's views; or any recommendation that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person. Information is impersonal and not tailored to the circumstances or investment needs of any specific person. Any mention of a particular security and related performance data is not a recommendation to buy or sell that security. Whenever there are hyperlinks to third-party content, this information is intended to provide additional perspective and should not be construed as an endorsement of any services, products, guidance, individuals or points of view outside ALPS Advisors. All examples are hypothetical and for illustrative purposes only.*

*ALPS Advisors does not warrant information presented herein to be correct, complete, accurate or timely, and is not responsible for any errors or omissions in the information or for any investment decisions, damages or other losses resulting from, or related to, use of the information. No assurance can be made regarding the profitability of any security mentioned or regarding the accuracy of any forecast made. Not all past forecasts were, nor future forecasts may be, as accurate as those presented. Past performance is no guarantee of future returns.*

*Investing involves risk, including the possible loss of principal and fluctuation of value. There is no assurance that the stated objective will be met. Please consider the charges, risks, expenses and investment objective carefully before investing. Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy, sell or hold any securities. Past performance is no guarantee of future results.*

AAI000955