

MONTHLY FLASH REPORT

RISK-BASED STRATEGIES PLUS | DECEMBER 2022

This monthly report is intended only for CAPTRUST clients who have given us discretionary trading authority over their investment portfolios. This report highlights market outlook and commentary, financial market index performance, our tactical asset allocation weightings, performance on the specific investments we use in our discretionary strategies, and qualitative strategy updates. The opinions expressed in this report are subject to change without notice.

MARKET REWIND

U.S. stocks posted modest losses in December, ending the year with a thud. Excitement about a Fed pivot waned as officials warned that monetary policy would remain restrictive for much of 2023 to combat inflation. Outside the U.S., developed market stocks retained their November gains. Emerging market stocks notched marginal losses, despite a rally in China driven by the ending of most COVID-19 restrictions.

Bonds dipped again, contributing to a historic year. Rising-interest-rate headwinds and fears of a slowing economy sent real estate investments and commodities lower in December, although commodities were still the standout performer for 2022.

LOOKING FORWARD

Investors should approach 2023 with a healthy dose of humility as the range of potential outcomes remains wide. The snapback of the Fed's monetary policy will continue to create uncertainty. However, it was essential to strengthen the economy's longer-term outlook. Unlike 2022 when everything lost ground, investors will need to differentiate between companies that survived on cheap liquidity and those with sound operations to provide sources of capital.

Higher yields have created a more attractive environment for fixed income investing, but we expect continued volatility in some sectors. Outside the U.S., the dominant stories will be the ongoing Russia-Ukraine war, the reopening of China's economy, and the path of the U.S. dollar. All three could be positive contributors to foreign market returns, but each carries risk.

Index Performance Numbers as of 12.31.22

Asset Classes	December	YTD	1 Year	3 Years	5 Years
U.S. Large-Cap Stocks	-5.76%	-18.11%	-18.33%	7.77%	9.43%
U.S. Small-Cap Stocks	-6.49%	-20.44%	-20.57%	3.19%	4.13%
International Developed Stocks	0.08%	-14.45%	-14.41%	0.88%	1.54%
Emerging Market Stocks	-1.41%	-20.09%	-19.50%	-2.80%	-1.40%
U.S. Bonds	-0.45%	-13.01%	-12.89%	-2.74%	0.02%
Real Estate	-4.73%	-25.17%	-25.07%	-0.27%	4.04%
Commodities	-2.45%	16.09%	15.80%	12.42%	6.44%
Cash	0.38%	1.53%	1.53%	0.71%	1.23%

Asset class returns are represented by the following indices: S&P 500 Index (U.S. Large-Cap Stocks), Russell 2000 Index (U.S. Small-Cap Stocks), MSCI EAFE Index (International Developed Stocks), MSCI Emerging Markets Index (Emerging Market Stocks), Bloomberg U.S. Aggregate Bond Index (U.S. Bonds), Dow Jones U.S. Real Estate Index (Real Estate), Bloomberg Commodity Index (Commodities), and ICE Bank of America 0-3 Month U.S. Treasury Bill Index (Cash).

Current Tactical View

U.S. Stocks	International Stocks
UNDERWEIGHT	UNDERWEIGHT
Bonds	
NEUTRAL	

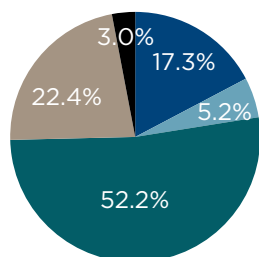
Investment Returns

U.S. Stocks	December	YTD
Fidelity® S&P 500 Index	-5.77%	-18.13%
Vanguard Value Index	-3.37%	-2.05%
JPMorgan Large Cap Growth I	-6.47%	-25.41%
iShares MSCI USA Momentum Factor	-3.86%	-18.23%
SPDR® Technology Select Sector Index	-8.25%	-27.71%
iShares MSCI USA Minimum Volatility Factor	-3.75%	-9.35%
MFS New Discovery Value I	-4.10%	-10.84%
T. Rowe Price QM U.S. Small-Cap Growth Equity I	-5.38%	-22.31%
International Stocks	December	YTD
American Funds EuroPacific Growth F3	-3.42%	-22.73%
MFS International Growth I	-3.46%	-15.13%
Dodge & Cox International Stock	-1.69%	-6.78%
Capital Group International Focus Equity	-4.06%	N/A
Bonds	December	YTD
DoubleLine Low Duration Bond I	0.55%	-2.69%
Guggenheim Total Return Bond I	-0.43%	-15.54%
Baird Intermediate Bond	-0.01%	-8.64%
PIMCO Income I	-0.63%	-8.21%
iShares iBonds 2023 Term Treasury Index	0.41%	-1.49%
iShares iBonds 2024 Term Treasury Index	0.22%	-4.50%
iShares iBonds 2025 Term Treasury Index	-0.02%	-6.43%
iShares 20+ Year Treasury Bond Index	-2.76%	-31.41%
Fidelity® Municipal Income	-0.02%	-10.19%
American Funds Limited Term Tax-Exempt Bond F3	0.24%	-4.50%
Nuveen Limited Term Municipal Bond I	0.23%	-4.19%
American Funds Short-Term Tax-Exempt Bond F3	0.18%	-2.79%
Low Volatility Alternatives	December	YTD
BlackRock Systematic Multi-Strategy I	0.13%	-2.95%
Calamos Market Neutral Income I	-0.14%	-4.26%
Merger Institutional I	0.49%	1.01%
Guggenheim Macro Opportunities I	-0.06%	-8.38%
iShares Gold Trust Index	3.34%	-0.67%

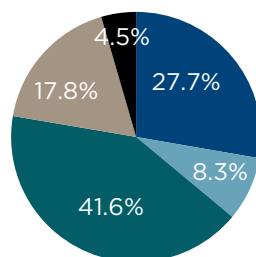
This report is intended as a monthly update only for CAPTRUST clients who have given us discretionary trading authority over their investment portfolios. This is not intended to depict performance of any particular account or portfolio, but rather to illustrate historical market performance on underlying fund managers to which discretionary portfolios may be allocated. Past performance is not a guarantee of future performance. Additionally, not every portfolio contains all the funds listed here, since each portfolio is managed according to the individual risk tolerance of each client. This is not a solicitation or an offer to buy any security. Although the material has been obtained from sources considered to be reliable, no guarantee can be made as to its accuracy. CAPTRUST does not render legal, accounting, or tax advice. ©2023 CAPTRUST Financial Advisors

Current Asset Allocations

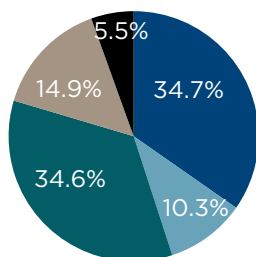
Income Strategy with Alts



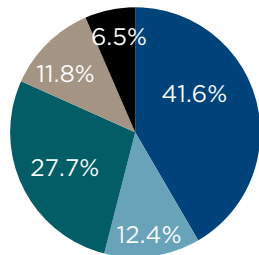
Conservative Strategy with Alts



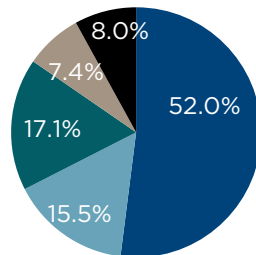
Balanced Strategy with Alts



Moderate Strategy with Alts



Growth Strategy with Alts



STRATEGY UPDATE

The Investment Committee made changes to the Risk-Based Strategies Plus in December.

- We repositioned our portfolio in December, paring back equity exposure to a benchmark underweight. This shift attempts to mitigate short-term risk amid ongoing volatility and a broad range of potential market outcomes in 2023. While we have increased our defensiveness, we continue to view the long-term investment environment favorably.
- Our U.S. equity managers returned to negative performance in December as investors reconciled their expectations for an easing in monetary policy with the Fed's unwavering restrictive stance. Higher yields weighed on interest-rate-sensitive growth stocks. Waning consumer demand is also pressuring companies to employ cost-cutting measures, including reducing headcount.
- While our international developed managers outpaced their domestic counterparts, performance was still negative for the month. The falling value of the U.S. dollar and diminished fears of an energy shortage in Europe cushioned the impact of recessionary concerns.
- Yields climbed throughout the month in response to the Fed's 2023 outlook. This weighed on our bond managers and resulted in modestly negative performance for the month, capping off a challenging year. Given ongoing market volatility, we have positioned the portfolio to mitigate interest rate risk by maintaining a balanced allocation to higher-quality bonds and more liquid instruments, including U.S. Treasuries.
- Our low volatility alternatives managers posted modest gains this month, led again by our investment in gold. The category continues to add value for the year by providing more downside protection than core bonds. These low volatility alternatives strategies seek to generate moderate returns with low correlations to stocks and bonds. We maintain allocations to a range of investments, including market-neutral, convertible arbitrage, merger arbitrage, and hedged equity strategies, as well as a small allocation to gold, which we believe can provide long-term inflation protection and serve as a store of value during periods of uncertainty.