

# MONTHLY FLASH REPORT

STRATEGIC ALTERNATIVES STRATEGY | MAY 2023

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

With debt-ceiling debates at the forefront in May, investor concerns about a potential crisis created volatility. However, as the Treasury spent down its reserves, the markets benefited from significant liquidity injections. Large-cap stocks posted modest gains, enjoying their third consecutive month of growth. Although eight of eleven sectors declined, a handful of technology stocks brought balance. Their small-cap counterparts retreated. In the fixed income market, yields climbed, and bond prices fell as investors aligned with the Fed's higher-for-longer expectations. Both real estate and commodities slumped, adding to year-to-date losses.

International developed markets also sagged. Emerging markets fared better but still ended May in negative territory, weighed down by Chinese equity markets.

## LOOKING FORWARD

We expect additional short-term volatility under the new debt ceiling as Treasury reserves are rebuilt and liquidity is removed from the economy.

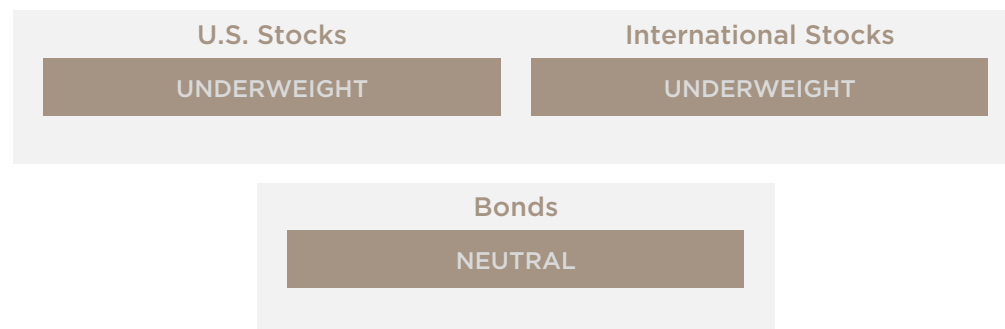
Although war in Ukraine and trade tensions with China create persistent geopolitical risks, so far, the economy has remained stronger than expected, dimming investor hopes for a rate cut before year-end. Thus, we remain cautious across portfolios.

## Index Performance Numbers as of 5.31.23

Asset Classes	May	YTD	1 Year	3 Years	5 Years
U.S. Large-Cap Stocks	0.43%	9.65%	2.92%	12.93%	11.02%
U.S. Small-Cap Stocks	-0.92%	-0.04%	-4.68%	9.24%	2.74%
International Developed Stocks	-4.23%	6.81%	3.06%	8.54%	3.21%
Emerging Market Stocks	-1.68%	1.05%	-8.49%	3.48%	-0.67%
U.S. Bonds	-1.09%	2.46%	-2.14%	-3.65%	0.81%
Real Estate	-4.01%	-1.63%	-14.29%	4.86%	4.23%
Commodities	-5.64%	-11.37%	-22.50%	17.17%	3.17%
Cash	0.40%	1.86%	3.32%	1.17%	1.48%

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).

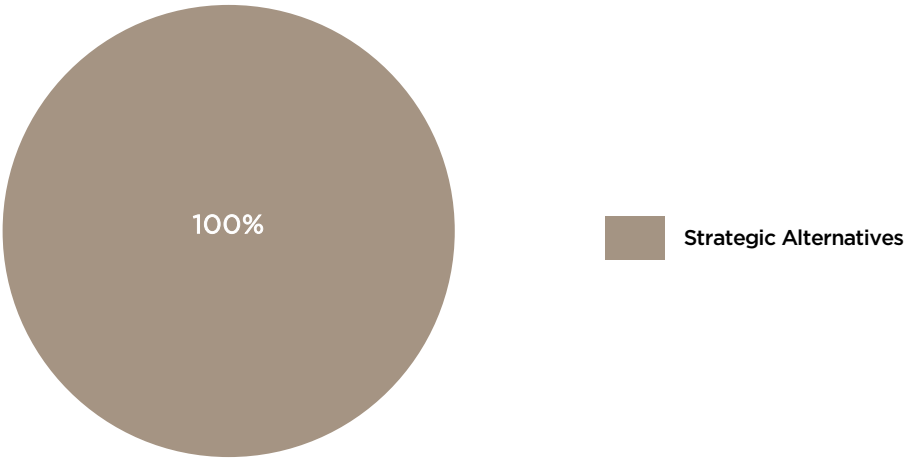
## Current Tactical View



Investment Returns

Strategic Alternatives	May	YTD
Bluerock Total Income + Real Estate I	-0.18%	-4.30%
Cliffwater Corporate Lending I	1.05%	4.43%
Lazard Global Listed Infrastructure I	-1.53%	5.37%
PIMCO Flexible Credit Income I	0.37%	1.76%
Versus Capital Real Assets I	-0.76%	1.69%

Current Asset Allocation



STRATEGY UPDATE

The investment committee made no changes to the Strategic Alternatives Strategy in May.

Our strategic alternatives managers faced performance challenges in May. These managers seek to provide moderate returns that exhibit low correlations to stocks and bonds and reduce overall volatility. Additionally, these strategies aim to protect against rising inflation and interest rates through a real-return emphasis that combines capital appreciation and income generation. We maintain allocations to a range of strategies to achieve private markets exposure through quarterly liquid investment vehicles, including private credit, private real estate, and private real assets.

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