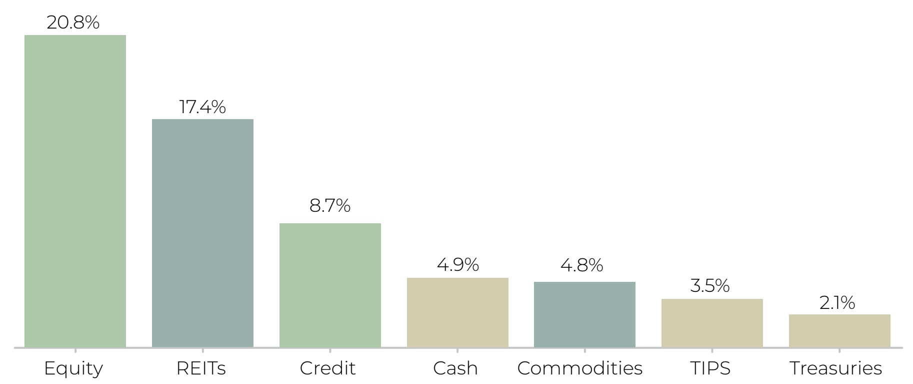
2025 Outlook

Shifting Winds

Introduction

Asset markets enjoyed another strong year in 2024, with growth optimism in the US accelerating as the Fed began to cut interest rates and an eventful election cycle concluded. Apart from the prospect of continued high fiscal spending, markets were heartened by a decisive electoral result that removed uncertainty about an indelicate transition of power. Through the Friday following the election, the S&P 500's 26.4% gain was the best year-to-date return to that point since 1999.

Within our risk factor framework, Equity has once again been the best performing asset for the year, followed by REITs which rebounded strongly in Q3 in anticipation of lower interest rates and easier lending standards. Credit gained 8.7% on strong carry and still-tight spreads. Commodities performed in line with Cash, and Fixed Income (Treasuries and TIPS) lagged.[1]



Source: Bloomberg as of 11/30/2024.

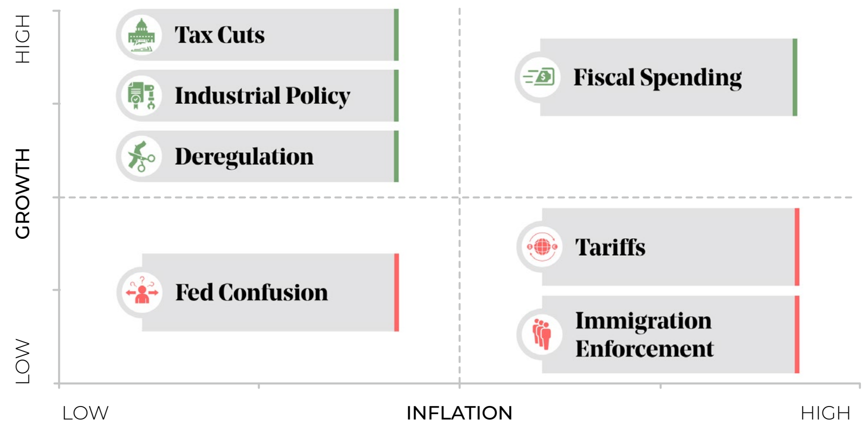
The central tension in our Outlook for 2025 is a fairly typical one: The current economic backdrop of solid growth and coordinated global monetary easing is supportive of risk assets, but those favorable conditions are well known and largely reflected in current market pricing.

That in mind, what are our key takeaways for 2025?

- President-elect Trump's likely policy mix will have varied impacts on markets and the economy but will generally lean pro-growth and strong dollar. Page: 3
- Inflation volatility will likely persist, but global central banks have shifted their primary focus to preserving a soft landing by supporting labor markets. Page: 6
- The long-running outperformance of US stocks—especially the largest technology companies—has been extraordinary and deserved, but continued outperformance faces a high bar. Page: 7
- Global interest rates are unlikely to fall to the historic lows of the 2010s, but their moderation should reignite activity in leveraged segments of public and private markets. Page: 10
- We are cautiously bullish and comfortable with the composition of client portfolios: They are generally comprised of overweights to equity risk (especially actively managed international holdings) and commodity risk (from gold and alternative energy inputs like uranium and copper), with a commensurate underweight to interest rate risk via Treasuries.[2] Page: 13

Trumponomics: Implications

We have classified the expected policy priorities of a Trump administration in terms of the impact we expect them to have on the economic variables of growth and inflation. There's always peril in making assumptions about the president-elect's intentions, but even taking him and his key advisors at their word results in a mix of positive and negative impulses.



Note: For illustrative purposes only. Based on GEM analysis and assumptions.

The base case in November—regardless of the winning candidate—was fiscal largess, so we'll ignore the inflationary nudge of high budget deficits visible as far as the eye (and the CBO) can see. Markets are cheering the prospect of **lower taxes, expanded industrial policy**, and **deregulation**, all of which should boost growth without increasing inflation.

Marginal tax rates have an impact on both supply and demand, and according to the Committee for a Responsible Federal Budget, the impact from extending the 2017 Tax Cuts and Jobs Act would be sizable: increasing the national debt by $5.4 trillion over the next 10 years, equating to roughly 1.5% of GDP per annum.[3] Industrial policy boosts domestic production in targeted sectors, and we expect continued support for some of the beneficiaries of the Inflation Reduction Act and the CHIPS and Science Act. Since their enactment in 2022, manufacturing construction has contributed 0.2% to GDP growth, 10x the average of the previous 19 years.[4] Deregulation would be another significant positive supply shock. In addition to likely increases in fossil fuel production and the restoration of liquified natural gas (LNG) exporting capabilities, Silicon Valley is said to be "hyped up" by the prospect of moving faster in areas like AI.[5] A16z co-founder Ben Horowitz recently said the last four years were "inarguably the worst four years in our careers in terms of White House policy as it related to technology." Lina Kahn's controversial aggressive anti-trust enforcement will also end with the new administration, boosting the prospects of an M&A renaissance in 2025 after it fell in 2023 to the lowest level in a decade.[6]

That's the potential good news for markets. The president-elect's administration will also likely champion two initiatives that could be stagflationary shocks. These occur when a vital economic input is disrupted, shifting aggregate supply "inward." In the classic Keynesian model, aggregate supply intersects with aggregate demand at a point of higher prices and lower real demand. Both **tariffs** and **immigration enforcement** represent such a shock.

Tariffs are undoubtedly a tax on consumers, and the segments targeted during the first Trump administration did see an increase in prices. From the 2018 imposition of tariffs on solar panels and washing machines, later extended to steel and aluminum, the CPI of tariff-impacted goods rose 3.6% through the end of 2019 against a 1% decline in core goods.[7] These measures did not translate into broader price increases across the economy, but those tariff rates were far lower than some of Trump's recent proposals of as much as 60% across the board on Chinese goods.

Learn More:
How Tariffs Work
Page: 15

While China is an obvious target of the incoming administration—the president-elect's early cabinet picks for major positions like Secretary of State, National Security Advisor, and Director of the CIA are avowed China hawks—Mexico and South Korea are also expected to suffer, while India and Brazil are expected to benefit in relative terms. Within Latin America, Mexico sends nearly 80% of its exports north,[8] while Brazil exports nearly three times as much to China as it does the US.[9] Within Asia, Taiwan and South Korea depend on US defense agreements, while India maintains ties with China and Russia, and has parlayed its neutrality into a position of leadership in the region. South Korea was the target of Trump's first trade deal renegotiation in his first term, and over half of the country's auto exports (which recently hit a record high) go to the US.[10,11] The strong dollar could become a challenge to disinflation in developing countries.

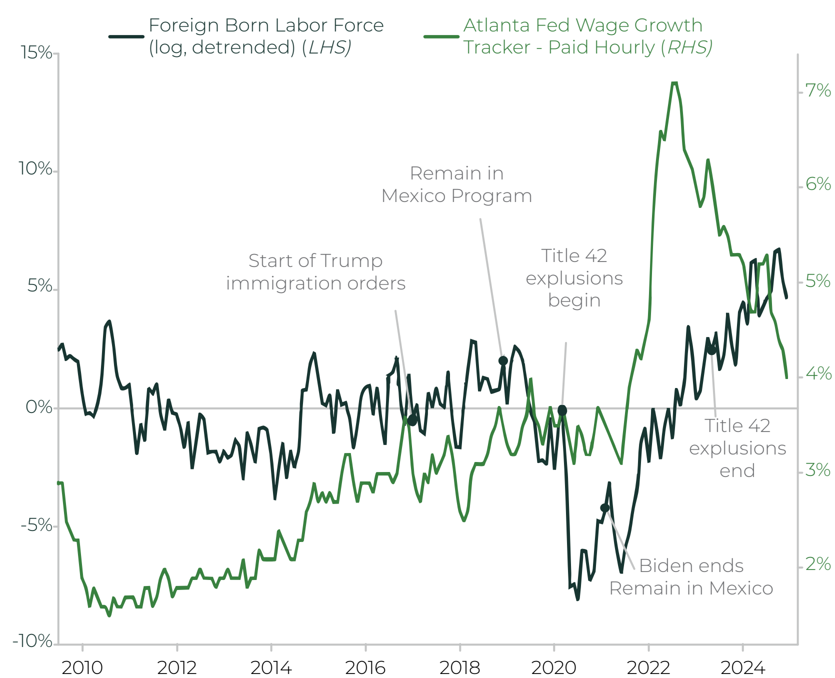
EM Core Inflation

Source: Bloomberg as of 10/31/2024; excludes Turkey and Argentina.

While the Smoot-Hawley calamity of the Great Depression is a popular framework for fearmongering tariffs, the US is in a decidedly different trade position than it was in the 1930s. At that time, the US had been a net exporter of manufactured goods for over two decades while today the US has by far the largest trade deficit of any country in the world.[12] Tariffs reduce domestic spending and increase domestic savings, which was a disaster for a country with excess savings like the US a century ago. In the event of a trade war, the net exporter in the most precarious position today is China.

On **immigration**, the recent increase in the unemployment rate was cause for concern because typically, when it begins to rise, it rises a lot; US labor markets grow or contract, but rarely move sideways. Fortunately, when the unemployment rate rose above the Sahm threshold it was due to an increase in the *supply* of labor rather than the demand, with a smaller contribution from people actually losing their jobs.[13] A July Federal Reserve paper estimated that net migration accounted for one-fifth of the easing in labor market tightness. The 2020 start of Title 42 expulsions led to a plunge in the foreign-born labor force relative to trend, and wage growth for hourly workers soared. Hourly wage growth is now down from over 7% to 4.3%.[7]

Labor Market Tightness



Source: Bureau of Labor Statistics as of 10/31/2024.

Taken together, the mix should constitute an incremental positive nudge for the economy, corporate earnings, and hence equity markets. That said, the Fed will face a tricky balancing act. While markets reacted to the election results by easing financial conditions (i.e., stocks went up), Chair Powell and other Fed members have eschewed any anticipation of potential fiscal changes, and therefore impact on monetary policy. Most of the repricing of the Fed's easing pace occurred before the election, with just modest increases since. The Fed will likely have to calibrate around policy crosscurrents with differing impacts on growth and inflation, as well as different timing and lags, all while attempting to guard its independence against White House encroachment. And if that was not enough, services inflation remains stubbornly high. The Fed's Super Core services gauge, which also removes shelter-related inflation from the non-energy index, bottomed a year ago at 3.8% and turned up again recently.

US Super Core Services Inflation

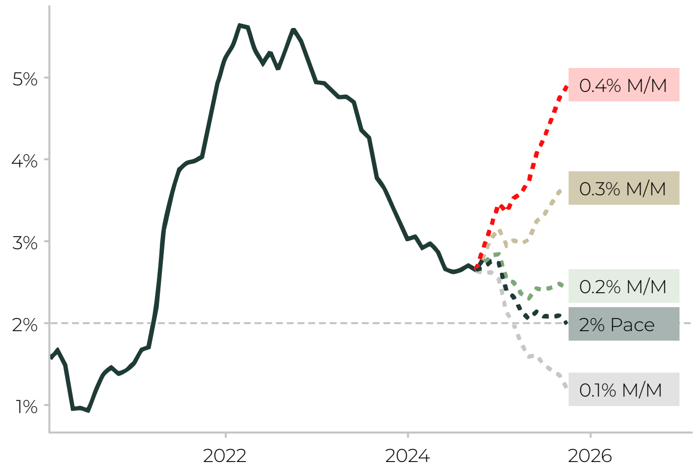
Source: Bureau of Labor Statistics as of 11/30/2024.

Inflation: The Elusive Last Mile

The Fed's preferred inflation gauge is not Super Core services, however. It is Core PCE, which has decelerated from a 5.6% peak in September 2022 to 2.7% in September 2024. Though that's still above target, the three-month annualized change fell below 2% in July and was just 2.3% in September.[7] If Core PCE rises at the pace of the Fed's long-term target, the Central Bank will achieve its objective in September of 2025. But even if they don't—*we continue to believe that the economy will not return to the post-GFC secular stagnation that depressed inflation*—we believe they will tolerate higher prices for the sake of avoiding a recession and maintaining support for the labor market.

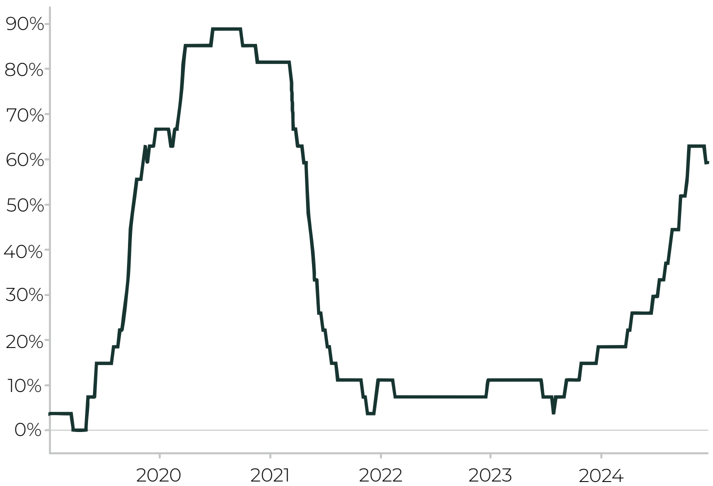
At the moment, global monetary policy is relatively synchronized in that view. Many central banks (especially in emerging markets) led the US in raising interest rates to fight inflation, and also eased ahead of the Federal Reserve, but most have stayed directionally in line. The obvious outlier is Japan, whose Central Bank embarked on a halting attempt to normalize interest rates. In contrast to most of the world, core inflation did not peak in Japan until late 2023, exacerbated by the weak yen. The violent capital market reaction to the Bank of Japan's second rate increase in July caused a rhetorical pivot, but Japan is likely to remain out of sync with the rest of the world on monetary policy.

Core PCE



Source: Bureau of Labor Statistics as of 9/30/2024.

Percent of Global Central Banks Easing



Source: Bloomberg as of 12/6/2024.

A ballooning public debt picture always carries with it the specter of inflation. Another source of potential inflation volatility is within the energy sector, and it will depend in part on the pricing backdrop, geopolitics, and policy choices globally around nuclear energy's potential renaissance. Any inflation volatility should cause a continued positive correlation between stocks and bonds, and will continue to necessitate an emphasis on more efficient forms of portfolio diversification, like certain fundamentally uncorrelated absolute return strategies.

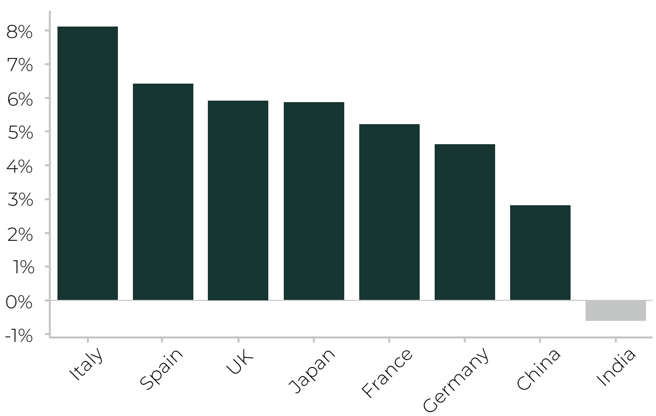
Learn More: Nuclear Energy's Renaissance
Page: 16

US Exceptionalism: Fully Valued?

Portfolio diversification was largely a drag on returns during the post-GFC environment, driving some to wonder why investors don't simply invest in US stocks, the highest returning major asset class over the last decade and a half by far.

In October, *The Economist* published a special report on the American economy titled "The envy of the world," demonstrating that US exceptionalism has become a consensus market view. The relative performance of the US over the long term has been astounding, causing America's weight in global market capitalization to swell to over two-thirds, the highest since the early 1970s (before many current global stock markets even existed).

MSCI USA 20-Year Annualized Return Versus:



Source: Bloomberg as of 11/30/2024.

US Portion of World Stock Markets

Source: Bloomberg as of 11/30/2024.

Part of the story is economic. In the four years since economic output reached its Covid-low, US real GDP has grown by more than 5% per annum, the highest over similar time periods since 1986.[14] Despite the Fed increasing short-term interest rates by the historic pace of more than 5% in less than 18 months, and the yield curve inverting over two years ago, US growth has remained strong.

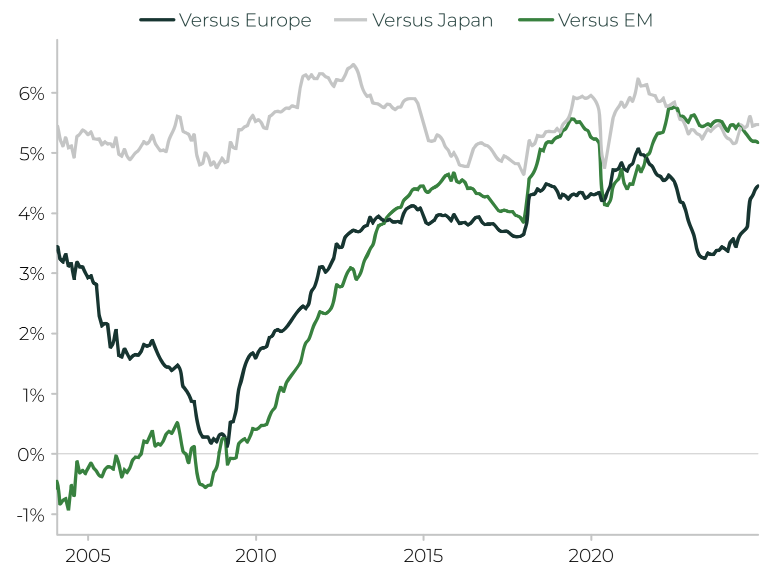
Former Fed governor Bill Dudley was among the first to predict a recession in 2022, and one of the first to thoughtfully articulate why the forecast went awry.[15] He highlighted two key factors: sustained government stimulus and loosening financial conditions during the Fed's ostensible tightening campaign.

In the US, fiscal largess largely offset the Fed's post-Covid monetary tightening, allowing the economy to continue growing despite higher interest rates. Early in the tightening campaign, Chair Powell suggested the Fed might be able to normalize the economy by reducing job openings rather than employment. Like many, we were skeptical, but so far that is precisely what has happened. While the unemployment rate has increased markedly from its low, estimated job growth remains positive. High levels of government spending and easing financial conditions (particularly rising stock prices) have supported US economic growth, but a reversal in either trend would jeopardize America's resilient performance.

The other part of the story is in equity markets, which now seem to fully discount American exceptionalism in valuation spreads. The US is home to the massive tech companies most likely to shape the future and provides a relatively hospitable environment for risk taking. We do not expect the US to cede its advantages to a global competitor, but current valuations suggest a high hurdle. Much of the relative performance will hinge on those gigacap tech stocks that now account for one-third of the US market. While the ultimate impacts of AI are unknowable, any potential challengers to US tech dominance are hamstrung by less friendly jurisdictions (Europe) or conflicting strategic goals (China).

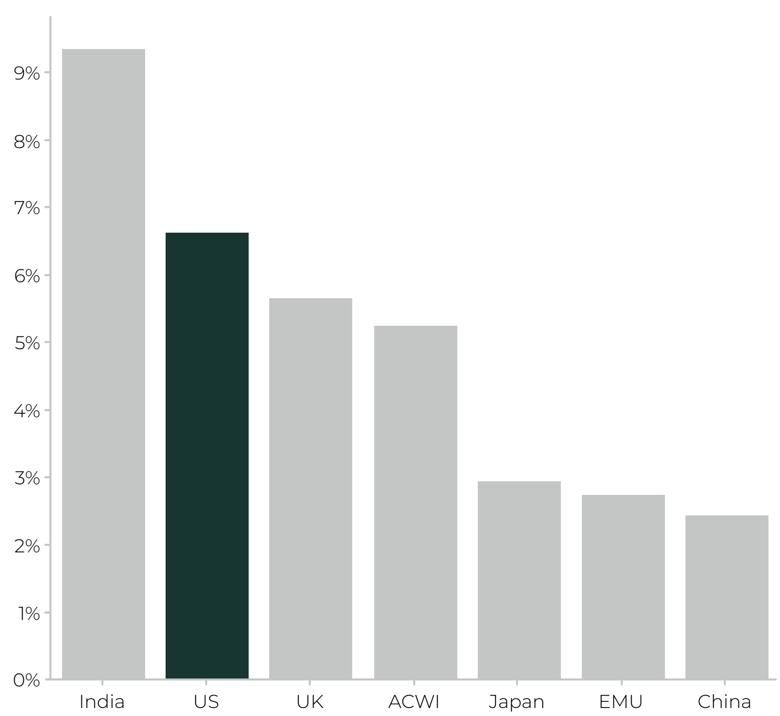
Using current valuations and bond yields for each major market, we can calculate the earnings growth required to achieve a 4% nominal premium over bonds in the future. High hurdles imply relative expensiveness, and low hurdles relative cheapness. At the end of November, the required growth was 6.6% per annum for US stocks, 2.7% for those in the Euro area, and 2.4% for those in China. Even though expectations for US companies are higher today, there are no especially compelling reasons to believe they can't be met. Not only is the sector mix in the US more favorable to growth and returns on capital—over 30% of the US market is comprised of technology stocks versus 13% for ACWI ex-US—but US productivity is outpacing the rest of the world. Goldman Sachs noted that US productivity has run at nearly 2% since 2019, and AI could add to that "significantly."[16]

Spread of US Profit Margin



Source: Bloomberg as of 11/30/2024.

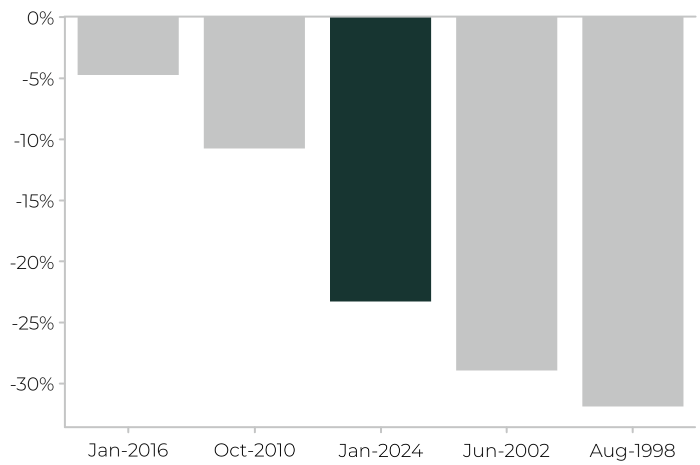
Break-Even Earnings Growth for 4% ERP



Source: Bloomberg as of 11/30/2024.

Where else could investors turn for better value? Europe is beset by regulatory impedance, sluggish growth, and a lack of competitiveness. China's stock market has suffered a massive setback since 2021 as the country struggles with the economic malaise created by a weak real estate market. The MSCI China Index declined by 23% per annum in the three years ended January 2024, the worst three-year run in over 20 years (when, at the start, the market was much smaller and less impactful to global investors). At the January low, the level of China relative to ACWI excluding-China had returned to its 2002 level.[17] While Chinese stock valuations may appear low relative to broad global equities, we think a higher risk premium is warranted. Japan has made strides in driving its corporates toward improved and more shareholder-friendly capital allocation, but efforts to normalize monetary policy may derail the potential gains of US dollar-based investors. India has been expensive for the entire post-Covid era, benefiting from robust growth rates along with capital flight from China.

MSCI China Worst Three-Year Annualized Losses



Source: MSCI and Bloomberg as of 11/30/2024.

More generally, there is a broader divergence in valuations for equity markets around the world than there has been in a long time, and that may be the efficient outcome—a case of "you get what you pay for." Our active public equity managers continue to tilt towards non-US markets, a view we offset only slightly with passive exposure. Global opportunities have been diffuse enough that plenty of non-US equities managed to outperform even US-only benchmarks. Goldman deems concentration within US equity indexes to be its own form of return drag over time, but again, valuations seem fair when compared to growth and returns on equity. Any relative success for smaller companies over large will depend more on the interest rate environment and general business conditions since roughly 40% of the Russell 2000 small cap index constituents earn no profit at all.[18]

Leverage: So Back?

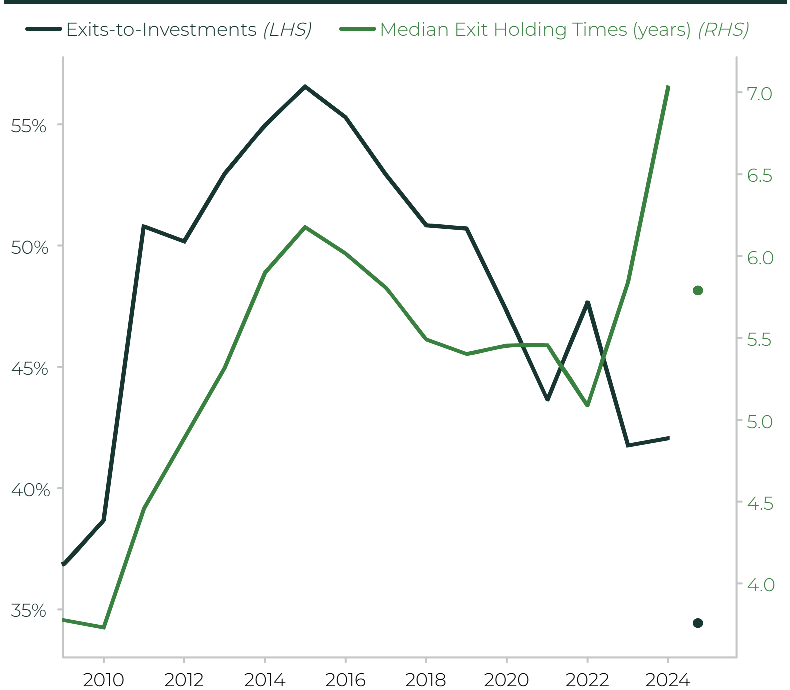
Leverage—its cost and accessibility—will likely impact numerous market segments besides small cap stocks. Although the potential for fiscal or monetary looseness to reignite some inflationary pressure has led markets to scale back the expected pace of policy easing dramatically over the last two months, the expectation is still for lower rates. With credit spreads historically tight given the volume of capital raised in private credit strategies, segments of the market that are contingent on inexpensive funding should benefit as a result.

Private equity is one candidate. Leveraged finance did not wait on the Fed's pivot to easing this year, and borrowing rates declined well ahead of the first cut. All-in, single-B yields fell back into single digits in 2024, helping boost buyout activity in the first three quarters of the year (+10% versus the previous year).[14] The abundance of dry powder has contributed to a slowing in exits versus new investments, but the median holding period declined from 2023's record level. Judging from the publicly-listed cohort, larger dealmakers will likely use lower rates to focus on new investments over exits. The environment for large buyouts is improving with declining interest rates, low credit spreads, and high public multiples. During the first half of 2024, dividend recaps accounted for over 40% of PE-backed loans, more than doubling from a year earlier.[19]

Expected Fed Funds June 2026

Source: Bloomberg as of 11/30/2024.

Private Equity Slow Exit Environment

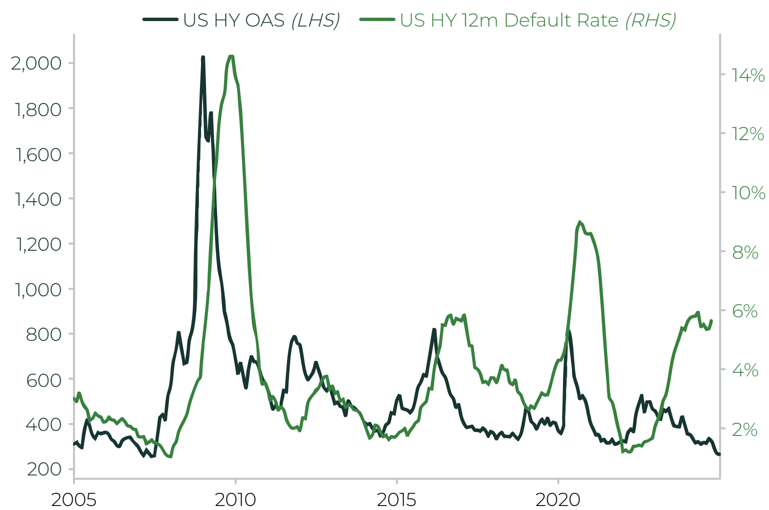


Source: Pitchbook as of 9/30/2024.

We remain broadly neutral on Credit in both public and private markets. US junk bonds returned over 8% in 2024 due mostly to the income component, as rising defaults moderated price gains versus 2023. In contrast to history, spreads were unperturbed by rising default risk as paper was in short supply, with issuance mostly for refinancing activity rather than M&A or buyouts. Spreads are nearly one standard deviation tighter than their 20-year average, but fulsome valuations are supported by relatively low leverage levels and easing lending standards (in Q3, only 4% of banks reported tightening corporate lending standards versus one-third a year earlier).[20]

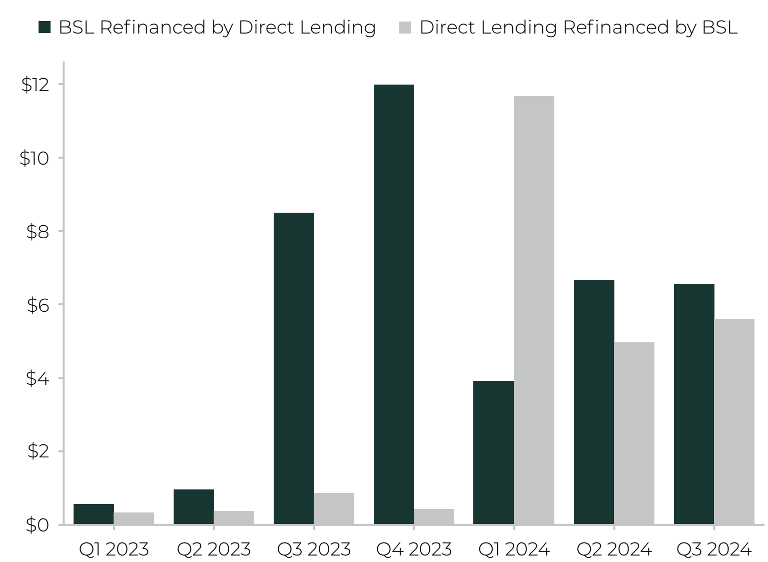
Meanwhile, private credit markets continue to grow and have rivaled the broadly syndicated loan (BSL) market over the last two years. Private credit now accounts for 20% of leveraged finance, and secondary trading is occurring among large lender groups.[21] However, easing credit conditions and the growth of 40-Act funds have reduced return prospects. During the last half of 2023, direct lenders refinanced a net $19 billion of BSLs, but according to Bank of America, banks reclaimed more than $30 billion of refinanced private debt during the first nine months of 2024.[22] Terms are also weakening, judging from the rise in payment-in-kind provisions among loans held by business development companies.

US High Yield Market



Source: Bloomberg as of 11/30/2024.

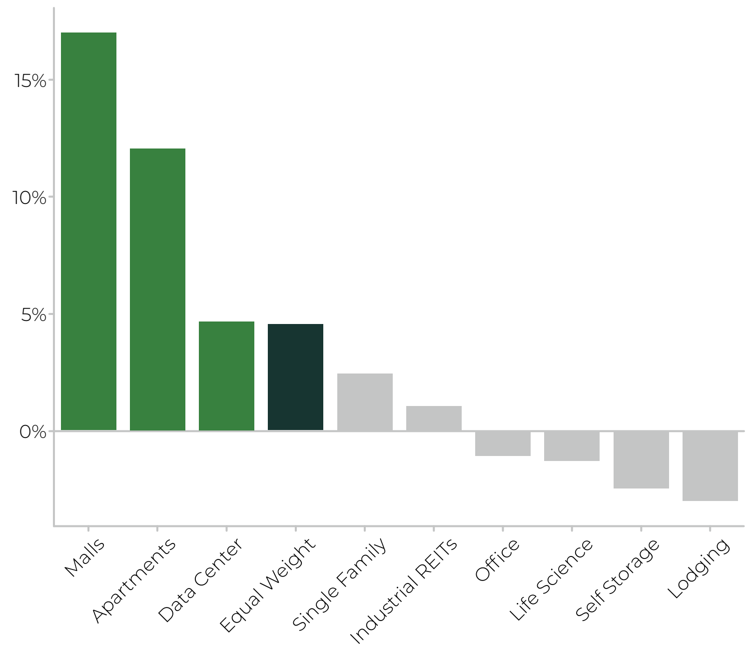
Loan Takeouts ($B)



Source: Pitchbook LCD as of 9/30/2024.

Real estate also stands to turn. Public REITs generate notoriously lumpy returns, and that trend continued in 2024. Despite a slow start, 2024 is set to be the second consecutive year of low-teens REIT gains. Since the end of 2019, REITs have annualized at just 6%, barely half of equity gains[14] High mortgage rates versus low in-place rates hurt single family housing returns to the benefit of multi-family. Despite declining short-term rates, mortgage rates have been sticky, and monetary easing may stop short of levels that spur more housing activity. Low residential turnover also remains a headwind to self-storage. Public real estate has benefited from the growth of alternative sectors, reducing the weight to traditional sectors hurt by Covid. Office and retail, which accounted for half of REIT values in 2010, are only 20% of public real estate today.[14]

2024 Real Estate Sector Performance



Source: Bloomberg as of 11/30/2024.

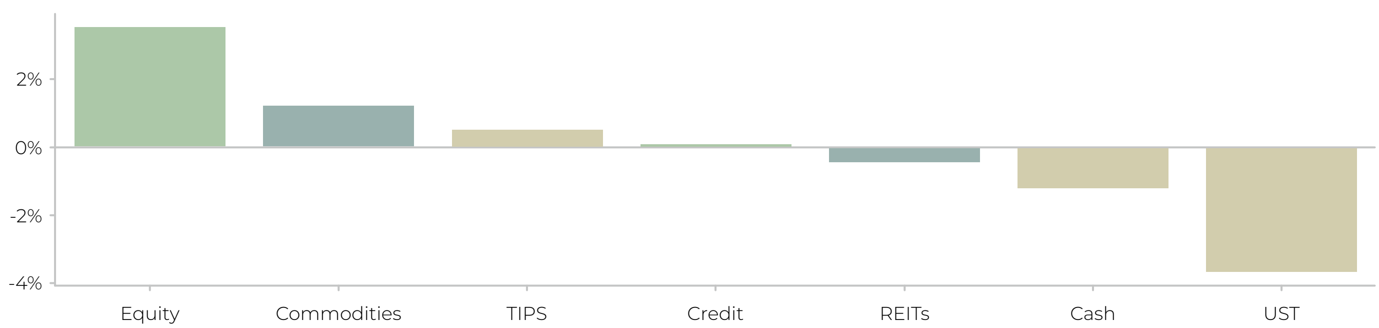
The strong "Covid winner" and "Covid loser" sector dynamics have abated of late, as some of the biggest losers like strip mall centers and senior housing are more attractive today given the low supply growth over the last few years. Conversely, formerly "hot" areas like storage, life sciences, and certain markets for multi-family, are struggling to absorb the significant supply that has come online.

Gauges of private real estate since Covid nearly matched REIT returns through mid-2024 (before big REIT gains in Q3). Private fundraising peaked in 2021, and as of mid-year was 60% below that pace.[19] Since the GFC there have been numerous debt "maturity walls," but the one facing real estate is a meaningful challenge to the asset class. According to S&P Global, over $4.5 trillion of commercial real estate debt will mature in the next four years.[23] Unlike past periods of concern in corporate credit, the prevalence of asset impairment obviates the ability to extend maturities via traditional refinancing. On a positive note, lending conditions have eased by 50 points over the last year, with less than 20% of banks reporting tightening CRE lending in Q3.[20] We are neutral on REIT exposure and think 2026 may be the opportunity for a more durable turn in the asset class.

Positioning: More of the Same for Now

We held a modestly pro-risk asset allocation for the entirety of 2024 and continue to do so (see average positioning for 2024 below).[24] The global backdrop of synchronized monetary policy easing with firm nominal growth is supportive of risk assets.

Average 2024 Active Weight versus Policy



Source: Bloomberg and GEM analysis; depicts the Endowment Fund's average weights versus Policy for the year through 11/30/2024, calculated on a weekly basis.

Equity	+	We remain overweight, with a tilt towards non-US on valuation grounds and the active stock selection opportunity, and in private markets emphasizing lower middle market buyouts and early-stage venture commitments. We continue to insist on relative style and sector balance to help protect against increasing narrow factor bets within passive, cap-weighted equity market benchmarks.
Credit	•	We are neutral due to generally favorable credit quality offset by tight spreads and little upside convexity relative to equity. We're negative on private markets versus public due to the influx of private capital.
Commodities	+	We are overweight via gold and alternative energy inputs.
REITs	•	We are neutral, with some specific tilts toward sectors that have been undersupplied over the last few years.
Treasuries, TIPS	-	We are underweight, reflecting lower confidence that yields have room to fall meaningfully.

Conclusion

Even the optimistic consensus recognizes myriad risks in 2025. While mostly pro-growth, the sequencing of policy changes in the US could prove challenging. Once Congress becomes involved, bond markets could push back on the Trump agenda of tax cuts amid high spending. During the last five years, government consumption contributed 1% of GDP growth,[14] and return to post-GFC levels might be sufficient to land growth below its potential. The rhetorical fight over Fed independence also raises risks in 2025: including the potential for both a market revolt over political meddling, and the increased likelihood of a policy misstep by a Fed intent on demonstrating its independence.

We will remain steadfast in our strategic positioning and continue to pursue client mandates with discipline, adjusting for new and material information as it arises.

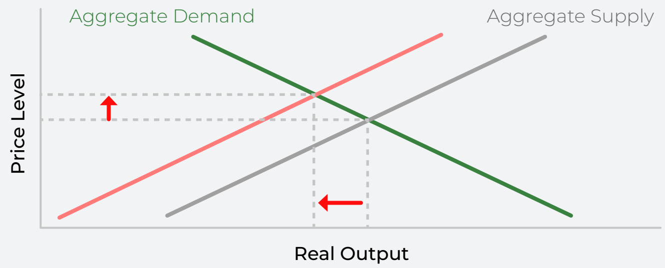
Learn More: How Tariffs Work

A tariff is a tax on consumers that raises the cost of imports and reduces real output. Tariffs shift relative income away from consumers (net importers) to producers (net exporters). We have described the policy broadly as a stagflationary shock that impinges supply, thus causing the negative impacts to prices and demand. Professor Michael Pettis recently wrote that "tariffs work in large part by forcing up the domestic savings share of GDP."[25] This is important for understanding how tariffs impact countries differently, and how the impact in a particular country like the US may differ from history.

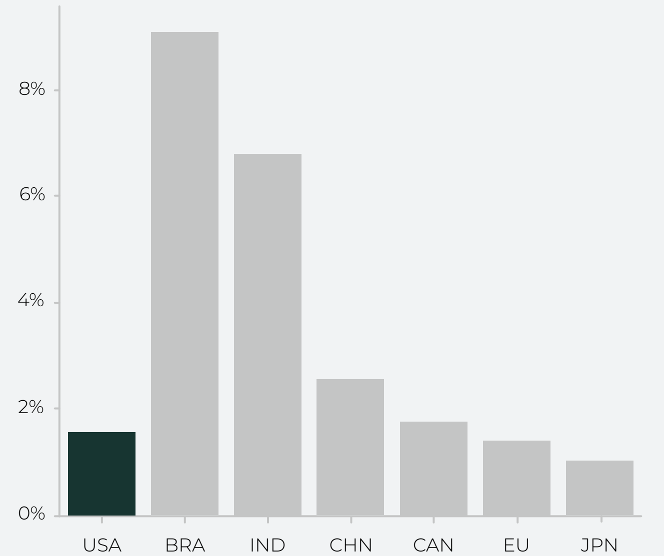
The US has the largest trade deficit in the world at nearly $800 billion, while China has the largest trade surplus by a similar amount. The US is the consumer of last resort, so policies that reduce spending and increase savings may benefit the economy by allowing more investment for a given level of debt. China's biggest economic challenge is weak demand, the reciprocal of excess savings. Trade policies like tariffs that boost domestic savings would put China's economy further out of balance.

One common ominous warning about tariffs is the 1930's experience with Smoot-Hawley which raised the duty rate to as high as 59%. The ensuing trade war is often cited as a contributing factor to the Great Depression. However, most of the loss in exports arose from the plunge in global growth, and the US was in a very different trade position in the 1930s. The fortuitous development of a massive iron ore range in Minnesota reduced prices by 60% in the mid-1890s and turned the US into a net exporter of manufactured goods around 1910, a position it still held at the start of the Depression-era trade war. It is, of course, China that holds that distinction today.

Tariffs Raise Prices and Reduce Demand



Average Tariff Rate on Manufactured Goods



Source: US Trade Representative as of 11/30/2024.

Those direct impacts are well understood, but new tariffs in 2025 could come at the cost of unintended consequences, particularly if they trigger a broad trade war. While recent industrial policy in the US has encouraged domestic manufacturing, tariff changes could hurt corporate investment by raising uncertainty. Several studies during the first Trump administration demonstrated that higher input costs and retaliatory tariffs outweighed the impact of import protection.[26] The history of targeted protectionism is one of failure as well. Both the 2002 George W. Bush steel tariffs and the Barack Obama levies on Chinese tires resulted in more job losses than they saved.

Return to your place in the Outlook
Page: 4

Learn More: Nuclear Energy's Renaissance

This was an eventful year for nuclear power as the burgeoning interest in AI focused the world on the enormous increase in baseload power required to run data centers. Estimates from Goldman Sachs suggest that the incremental data center demand from AI will rise from 3% in 2023 to nearly 20% in 2026.[27] According to an International Energy Agency estimate, data centers could consume more than 1,000 TWh of electricity by 2026,[28] which is more than any country except for China, the US, and India.[29]

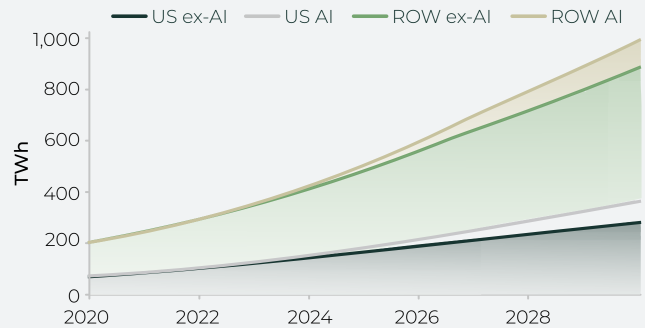
The leading data center operators have responded with plans to increase nuclear power production. Microsoft announced a restart of the decommissioned Unit 1 at Three Mile Island with a 20-year offtake agreement.[30] The renamed Crane Clean Energy Center is operated by Constellation Energy, whose stock price is up 124% in 2024. The plant was still operating at high efficiency when it was closed in 2019 due to cheap natural gas and subsidized renewable energy, according to the Nuclear Innovation Alliance. Google announced an offtake agreement with venture-backed Kairos Power which develops small modular reactors (SMRs).[31] Amazon announced its second SMR deal shortly after that, investing $500 million in venture-backed X-Energy.[32]

The Overton window is shifting on nuclear power. Previously shunned in favor of more intermittent sources of clean power (most notably by Germany ahead of the invasion of Ukraine), the UN's Climate Change Conference set a goal to triple nuclear capacity by 2050.[33] Environmental group Sierra Club has opposed nuclear power for over 50 years, but in September published a white paper on improving the power grid that included nuclear along with geothermal power as part of technology-neutral clean energy standards.[34] An annual survey conducted since 1983 showed the biggest spread in favorability towards nuclear power on record this year at 77% support versus just 23% opposed.[35] Despite the concerns that led to decommissioning after the Fukushima disaster (resulting in one suspected related death), the IAEA ranks nuclear as the safest form of energy aside from solar.[36]

Markets have responded to the turn towards nuclear energy. Constellation Energy has been a clear winner, outperforming even the Magnificent Seven since the start of 2023. A basket of companies focused on nuclear power gained 128% since 2023 after an 82% gain in 2024. Over the last five years the quintessential "green metal," copper, has gained 10% per annum, badly trailing the 24% annualized gain in spot uranium prices. If proponents of renewable energy adopt the stance of the UN, it could expand the investor base and provide the next leg of support for the market.

Return to your place in the Outlook Page: 6 →

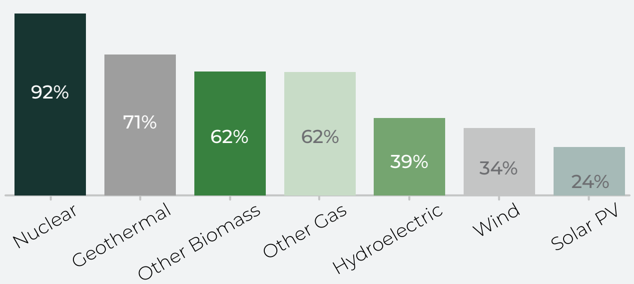
Global Power Demand



Source: International Energy Agency as of 11/30/2024.

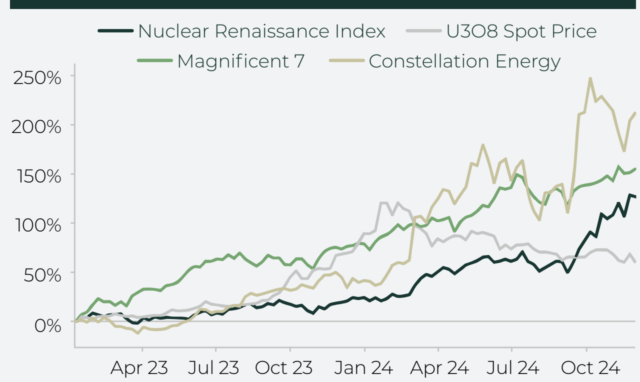
Microsoft Google amazon

Capacity Factor 2012-2022 Average



Source: US Department of Energy as of 12/31/2022.

Nuclear Performance



Source: Bloomberg as of 11/30/2024.

Endnotes

[1] Unless otherwise noted, all performance included herein is 2024 year-to-date through November 30, 2024. See Important Notes for definition of Policy factors.

[2] Returns are not guaranteed.

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Endowment Fund Policy Portfolio Weights & Benchmarks

Return Factor	Target	Benchmark
Growth-Oriented	60%	
Equity	53%	MSCI ACWI
Credit	7%	Bloomberg High Yield Index
Inflation-Oriented	15%	
Commodities	3%	Bloomberg Commodity Index
REITs	12%	MSCI US REIT Index (gross)
Income-Oriented	25%	
Treasuries	15%	Bloomberg US Treasury Index
TIPs	10%	Bloomberg US Tsy Inflation Notes Index

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