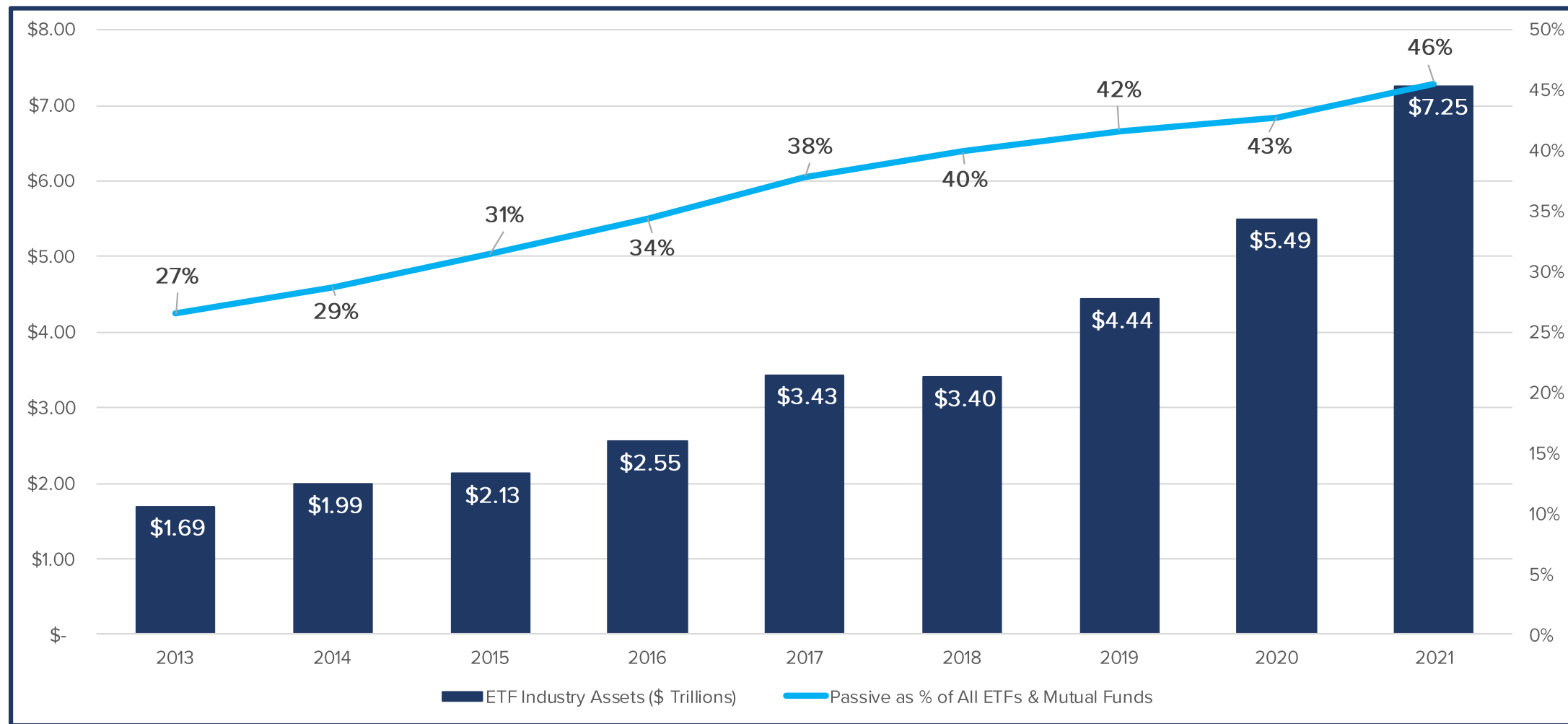


Maryland Government Finance Officers Association Conference

Market Update with Dan Veru

April 29, 2022

Market Trends



As of December 31, 2021. Source: Bloomberg Finance L.P.
Past performance is not a guarantee of future results. Please refer to important information at the end of this presentation.

■ Performance of Major Indices since 2009

The NASDAQ-100 is the only major index since the financial crisis to not post a negative year

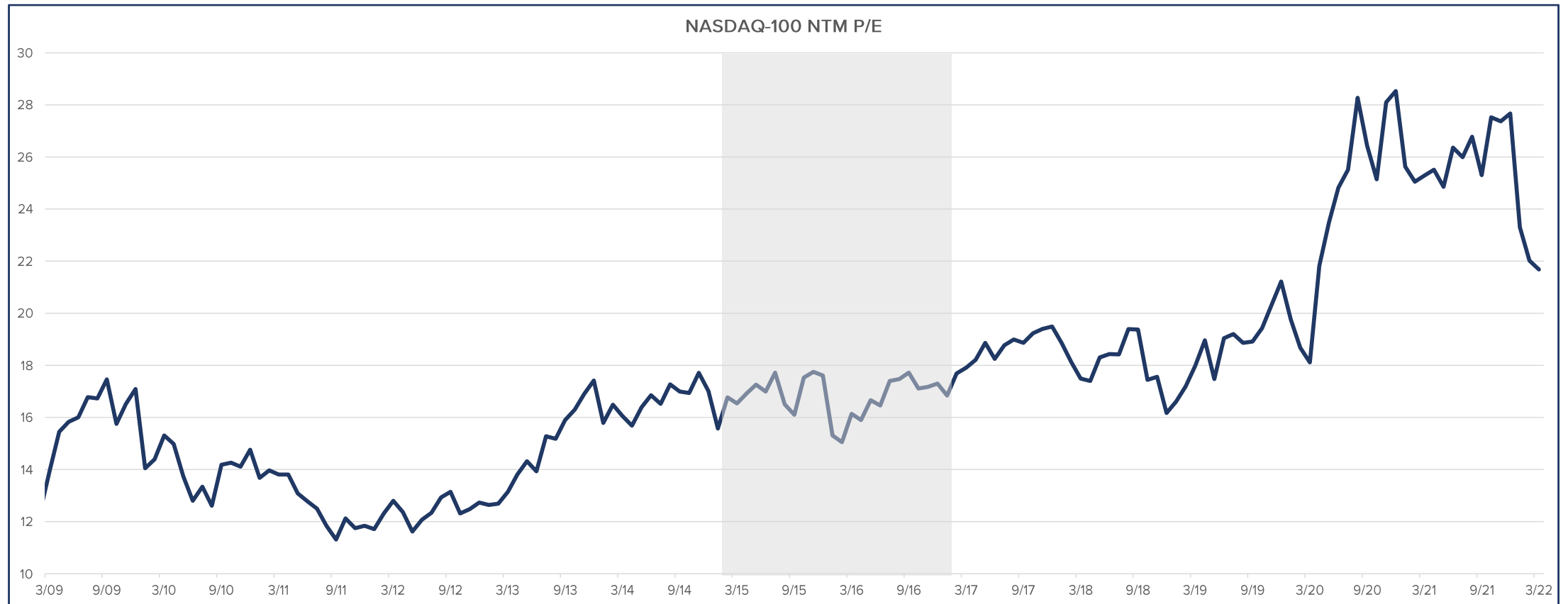
Date	NASDAQ-100	S&P 500®	Russell 1000®	Russell 2000®	Russell 2500™	Russell 3000®	Russell Microcap®	Dow Jones Industrial Average
12/31/2009	54.61%	26.46%	28.43%	27.17%	34.39%	28.34%	27.48%	-31.93%
12/31/2010	20.14%	15.06%	16.10%	26.85%	26.71%	16.93%	28.89%	22.68%
12/31/2011	3.66%	2.11%	1.50%	-4.18%	-2.51%	1.03%	-9.27%	14.06%
12/31/2012	18.35%	16.00%	16.42%	16.35%	17.88%	16.42%	19.75%	8.38%
12/31/2013	36.92%	32.39%	33.11%	38.82%	36.80%	33.55%	45.62%	10.24%
12/31/2014	19.40%	13.69%	13.24%	4.89%	7.07%	12.56%	3.65%	29.65%
12/31/2015	9.75%	1.38%	0.92%	-4.41%	-2.90%	0.48%	-5.16%	10.04%
12/31/2016	7.27%	11.96%	12.05%	21.31%	17.59%	12.74%	20.37%	0.21%
12/31/2017	32.99%	21.83%	21.69%	14.65%	16.81%	21.13%	13.17%	16.50%
12/31/2018	0.04%	-4.38%	-4.78%	-11.01%	-10.00%	-5.24%	-13.08%	28.11%
12/31/2019	39.46%	31.49%	31.43%	25.52%	27.77%	31.02%	22.43%	-3.48%
12/31/2020	48.88%	18.40%	20.96%	19.96%	19.99%	20.89%	20.96%	25.34%
12/31/2021	27.51%	28.71%	26.45%	14.82%	18.18%	25.66%	19.34%	9.72%

Source: FactSet Research Systems.

Past performance is not a guarantee of future results. Please refer to important information at the end of this presentation.

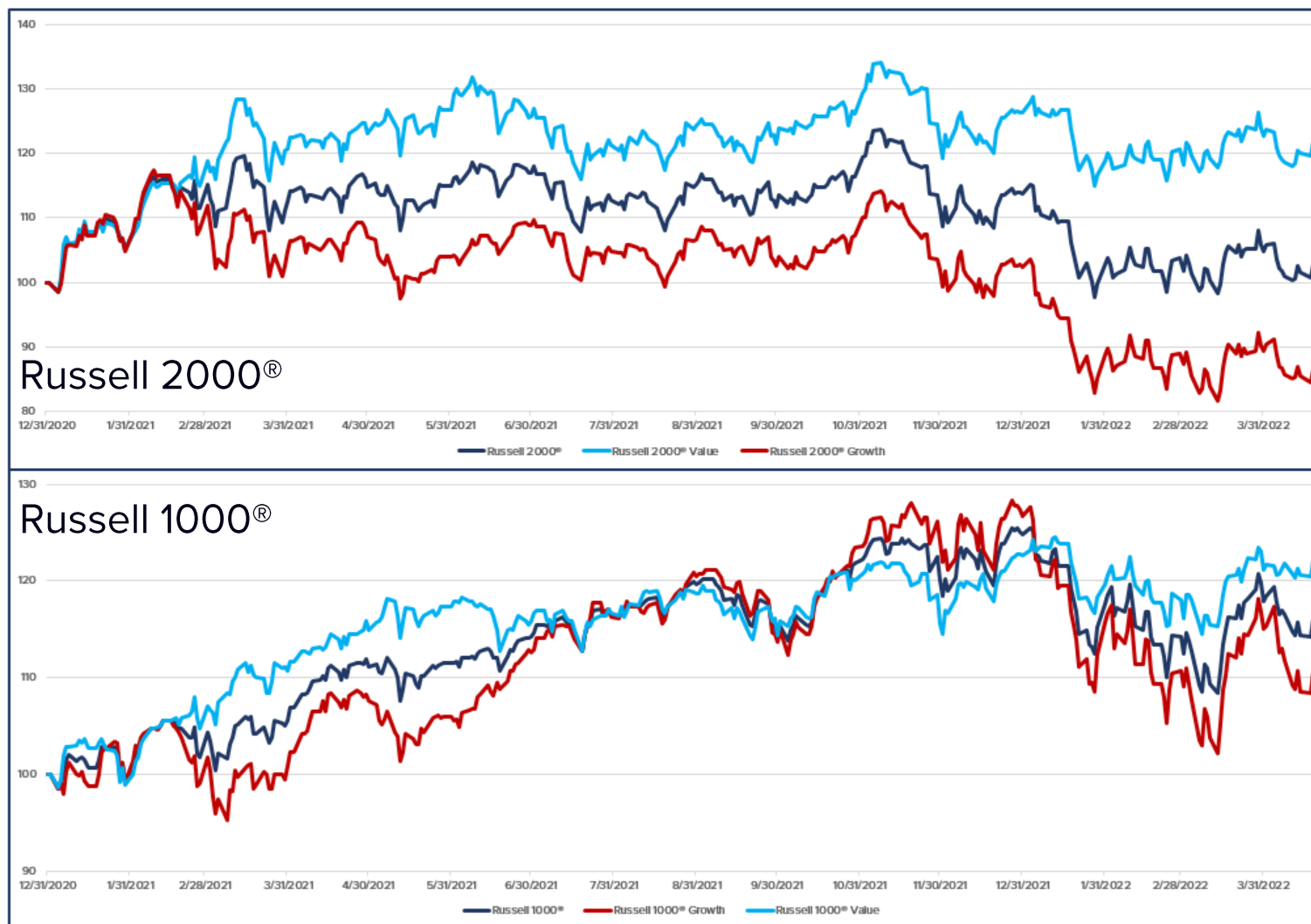
NASDAQ-100 Valuation

- 2015 and 2016 saw “FAANG” names driving market
- Shift in leadership



As of March 31, 2022. Source: Bloomberg Finance L.P.
Past performance is not a guarantee of future results. Please refer to important information at the end of this presentation.

Growth vs. Value since Beginning of 2021



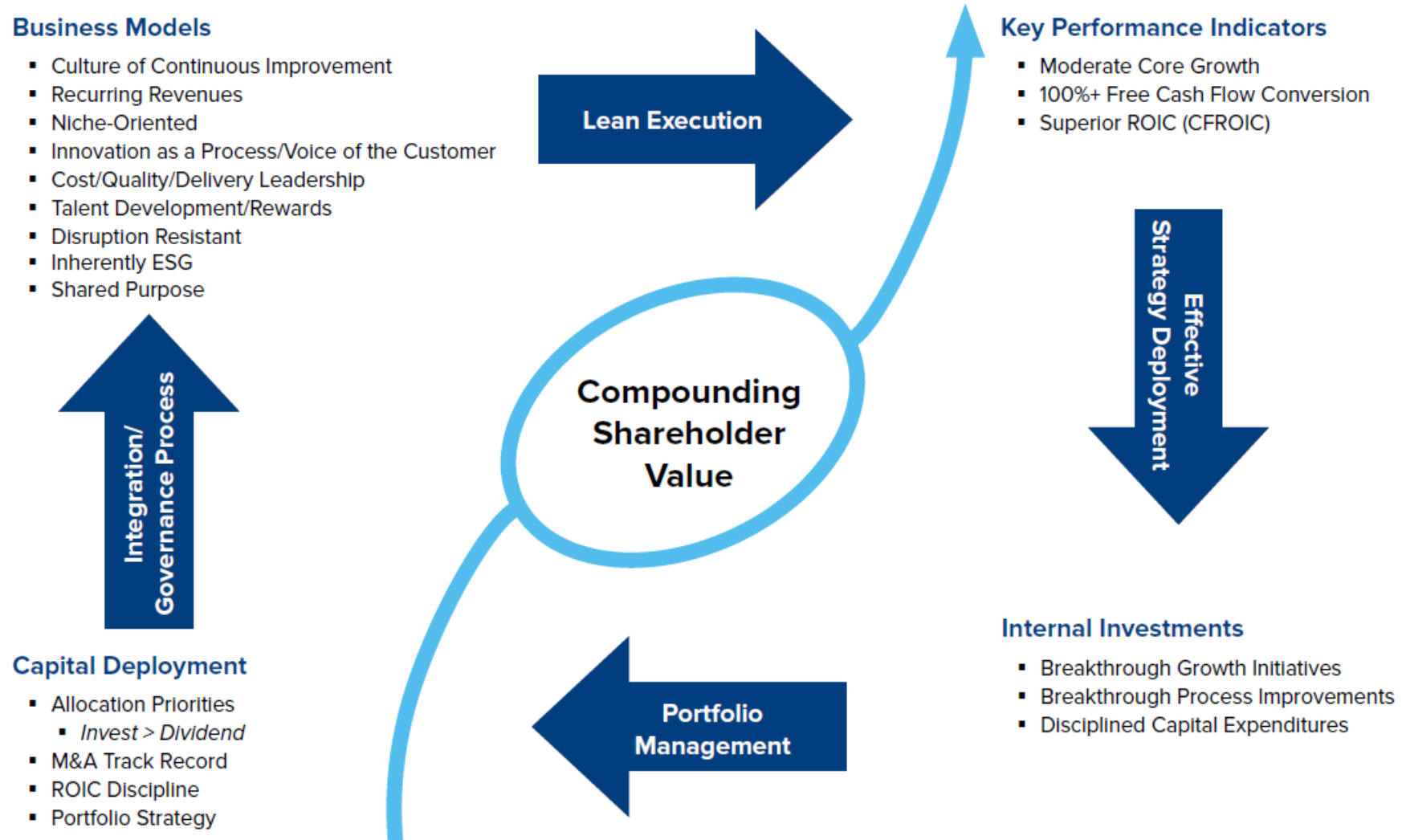
December 31, 2020 through April 19, 2022. Source: FactSet Research Systems.
Past performance is not a guarantee of future results. Please refer to important information at the end of this presentation.

■ Returns of Profitable vs. Non-earners in Small Caps

Profitable small cap companies have outperformed unprofitable small cap companies over the long run

As of February 28, 2022	Annualized				
	1 Year	3 Year	5 Year	10 Year	20 Year
Profitable	5.6%	11.0%	9.5%	11.6%	9.9%
Non-earners	-27.3%	11.5%	11.2%	10.4%	4.7%
Russell 2000® Index	-6.0%	10.5%	9.5%	11.2%	9.1%

■ Executing a Repeatable, Virtuous Cycle



■ Conclusions

I believe:

- The great “unwind” of passive into active is beginning
- The 13-year period of financial repression has ended (interest rates below the rate of inflation)
- Normalized interest rates and inflation are coming
- Focus on active quality vs. passive quantity
 - Diversification through quality not quantity
- Money will gravitate to a smaller universe of high-quality companies that will be treated the best as liquidity conditions change
 - Profitable, high ROE, high ROIC, and high FCF companies
- The bull market for bonds is over if interest rates continue to normalize

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The NASDAQ-100 is a stock market index made up of 101 equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock market. It is a modified capitalization-weighted index. The stocks' weights in the index are based on their market capitalizations, with certain rules capping the influence of the largest components. It is based on exchange, and it does not have any financial companies.

The S&P 500® Index is an unmanaged index that is widely recognized as an indicator of general market performance, based on the market capitalizations of 500 large companies having common stocks listed on the NYSE or NASDAQ. The S&P 500® Index does not have a defined investment objective, nor does it charge fees and expenses.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. It consists of approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the Russell 2000® Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trademark(s) of the relevant LSE Group company and is used by any other LSE Group company under license.

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The Russell 3000® Index is a market capitalization weighted equity index maintained by FTSE Russell that seeks to be a benchmark of the entire U.S. stock market. More specifically, this index encompasses the 3,000 largest U.S. traded stocks, which represents about 98% of all U.S. incorporated equity securities.

The Russell Microcap® Index measures the performance of the microcap segment of the US equity market. Microcap stocks make up less than 2% of the US equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next 1,000 smallest eligible securities by market cap.

The Dow Jones Industrial Average® (The Dow®) is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.

The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years).

The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with relatively higher price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years).

The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years).

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years).

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