OAM Research *Viewpoints* First Quarter 2023

Reassessing Recession Risk for 2023

With inflation beginning to abate, economic growth is likely to play more of a role in how markets perform

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2022 was a turbulent year for markets and the economy, as equities and fixed income experienced significant declines simultaneously for the first time in decades. While markets saw intermittent rallies throughout the year, the S&P 500 and Nasdaq indices ultimately rounded out 2022 in double-digit negative territory. If central banks remain steadfast in their tightening policies to combat inflation, we expect that the uncertainty that marked 2022 will remain top of mind for investors.

What Has Changed?

2022	2023
Inflation Extends its Stay Inflation sustains elevated levels, with U.S. inflation up +7.1% YoY as of November 2022 and up +0.1% during the month	**Strong U.S. Dollar** Continued strength in the US dollar as it reached multi-decade highs continues to weigh on global economies and contribute to persisting inflation
Hawkish Central Bank Seven rate hikes year to date have brought the Federal Funds Rate target to 4.25%-4.50%	**Central Banks' Pathway Forward** Aggressive policy actions undertaken by global central banks to combat inflation has increased terminal rate estimates and the probability of recession
Russia/Ukraine War Intensifying geopolitical concerns fueled the onset of war between Russia/Ukraine, elevating global trade and policy tensions	**Winter and the Energy Crisis** War abroad has called into question how Europe will manage through a winter without Russian oil and gas as affordability remains an issue
Supply Chain Imbalance A persisting mismatch between supply and demand in 2020 and 2021 led to production and shortage issues, followed by an inventory glut	**China Reopening** Tumultuous zero-Covid policies in China seem to be receding as investors consider supply and demand implications
Strength in Corporate Earnings Despite recessionary fears, corporate earnings held up well for most of 2022 as companies were able to pass through elevated costs and rely on resilient consumer confidence	**Corporate Earnings Slowdown** While earnings have remained broadly positive, layoffs, cost cutting, and leaner margins point to a reset of earnings expectations and downward revisions
Midterm Elections Markets questioned the outcome of the midterm election as control of both the House of Representatives and Senate were toss ups	**Gridlocked Government** Election uncertainty was resolved, but ushered in a gridlocked U.S. government that may cause a potential pause in legislative progress

Source: OAM Research.

In the United States, although the Federal Reserve only hiked 0.5% instead of another 0.75% in December 2022, the median federal funds rate target was increased to 5.1% from 4.6% for year-end 2023 and to 4.1% from 3.9% at the end of 2024, implying more interest-rate increases in 2023 and no cuts until 2024. While recent data indicate that inflation has peaked, the Fed has acknowledged the tightness of the labor market and the importance of avoiding a wage-price spiral that will extend this period of elevated inflation. In 2023, the Fed will have to cool off the labor market without hampering economic growth in order to achieve its desired "soft landing." That's no easy feat as wage gains remain elevated and economic activity has slowed.

Please see disclosures regarding Risk Factors beginning on page 9.

Indeed, private-sector wages have risen sharply with few signs of slowing in the near term. Average hourly earnings growth was 0.3% in December, below market expectations, but wages were still 4.6% higher than a year ago. Although the pace of growth on the goods side has slowed in recent months, service industry wage growth combined with a tight labor market has propelled wages higher. Certain industries have started to see layoffs or slowing job growth, but the industries driving the largest wage increases remain in need of workers. The number of U.S. job openings remained high in November at 10.5 million, only modestly lower than the peak of 11.9 million in March 2022.

Heating Up

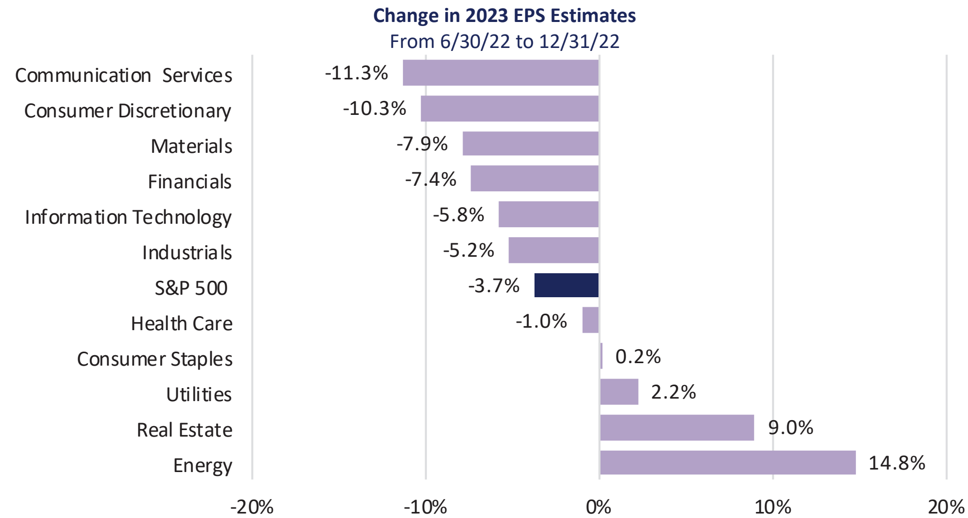
Private sector wages continue to rise

Source: U.S. Bureau of Labor Statistics.

On Wall Street, analysts expect earnings growth to decline in the fourth quarter of 2022. Consensus estimates for 2023 have been revised lower as softening demand and elevated input costs will likely pressure margins. OAM Research believes that estimates will likely fall further, putting pressure on equities and potentially causing a slowdown in growth. Ultimately, slower demand should ease wage pressures and lead to a higher unemployment rate. If unemployment rises, then the Fed would likely pivot from its current tightening policy.

Lower Expectations

Wall Street analysts have lowered earnings estimates on weakening demand and higher costs



Source: Bloomberg.

Meanwhile, the bond market has been forecasting the likelihood of a recession for some time, as the 10-year/2-year Treasury yield curve first inverted in March 2022 and remains increasingly negative. Despite these macro concerns and continued Fed tightening, U.S. equity valuations are slightly extended with the S&P 500 trading at a 7% premium to its 20-year average. Large-cap growth stocks, despite a notable drawdown in 2022, are even more richly valued with a 14% premium to their 20-year average.

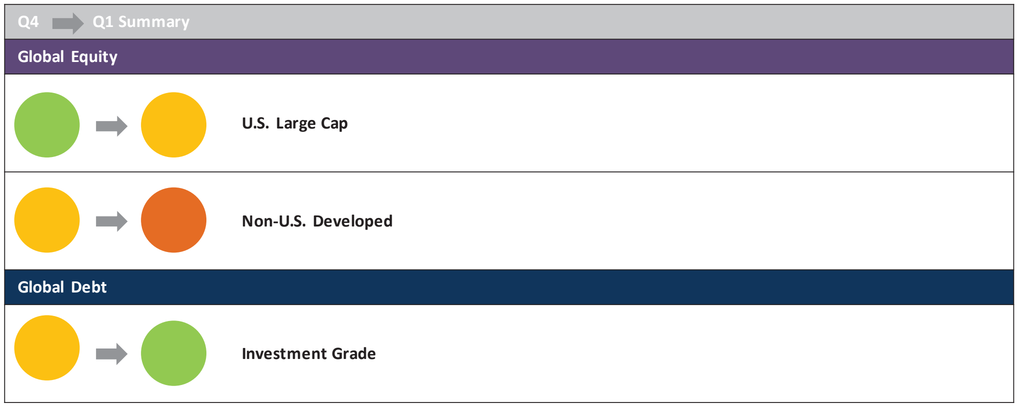
The fight against inflation is not just a U.S. problem. Europe and the U.K. also have a tough road ahead. Annualized inflation rates remain much higher overseas and the Bank of England and the European Central Bank are not as far along in their tightening cycle relative to the Fed. Europe also has to contend with the energy crisis spurred by Russia's invasion of Ukraine, a situation that could fuel more volatility in oil and gas prices. The region is also facing a weakening growth outlook.

Despite the macro headwinds and a strong U.S. dollar, international equities have staged an even greater rally recently. The MSCI EAFE Index surged over 17% in the fourth quarter, leading to outperformance over U.S. stocks for 2022. When taking out currency effects and comparing local currency performance, the magnitude of international outperformance for the year is significantly larger. Although non-U.S. stocks entered 2022 trading at meaningful discounts to their U.S. counterparts, recent performance seems to be discounting significant headwinds for international equities.

Looking ahead, while the drivers of uncertainty have not broadly changed in 2023, a number of the variables cited above will dictate how investors should allocate capital as we move away from a decade of easy money and globalization. With the strong U.S. dollar, uncertain Fed policy and a potential decline in corporate earnings, investors could face a longer road to recovery.

For investors, we emphasize the importance of diversification and active management across portfolios. Investing in strategies that aim to protect capital and reduce volatility—while positioning portfolios to capture longer-term tailwinds—will be key as the market seeks to emerge from this period of challenging performance.

Summary of Asset Class Changes – First Quarter 2023



Please refer to the Asset Class Details section at the end of the piece for a full discussion of our macroeconomic and asset class views.

OAM Alternatives *Deep Dive*

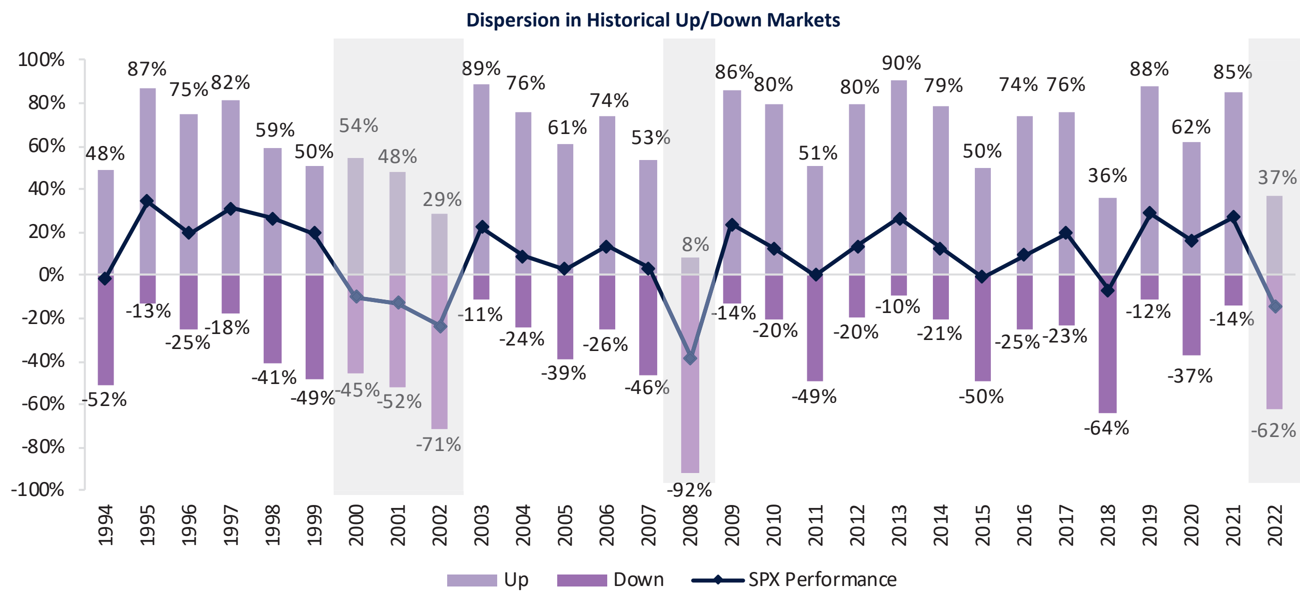
As a complement to the quarterly asset class views, OAM Research has provided our 2023 outlook for alternative investments.

With OAM Research's macroeconomic and market views as a backdrop, we recommend that clients review their underlying risk exposure and consider diversifying strategies that can produce uncorrelated returns in the face of prolonged volatility. We believe generalist long/short equity, event-driven, multi-manager, private credit and private equity secondaries should offer attractive risk/reward along with continued exposure to their complementary long-only counterparts.

Within equities, exposure to generalist long/short equity managers and private equity secondaries may prove to be timely in a period of depressed valuations, as these asset classes have historically compounded capital well over time. While the environment for some long/short equity strategies overweight to areas such as growth or cyclical sectors has proved difficult in a rising-rate environment, skilled managers should be able to lean on effective stock-picking capabilities to identify leaders and laggards that emerge as dispersion increases. During periods of outsized market drawdowns (S&P 500)—including the 2000s dot-com bubble, the 2008 financial crisis and the current market drawdown—there have been attractive opportunities for managers to capitalize on increased dispersion between winners and losers (the degree of up and down markets occurrences).

Exploiting Volatility

Stock dispersion in markets have historically driven strong stock selection opportunities on the long and short side



Source: Bloomberg. There is no guarantee an investment strategy will be successful. **Past performance does not guarantee future results.**

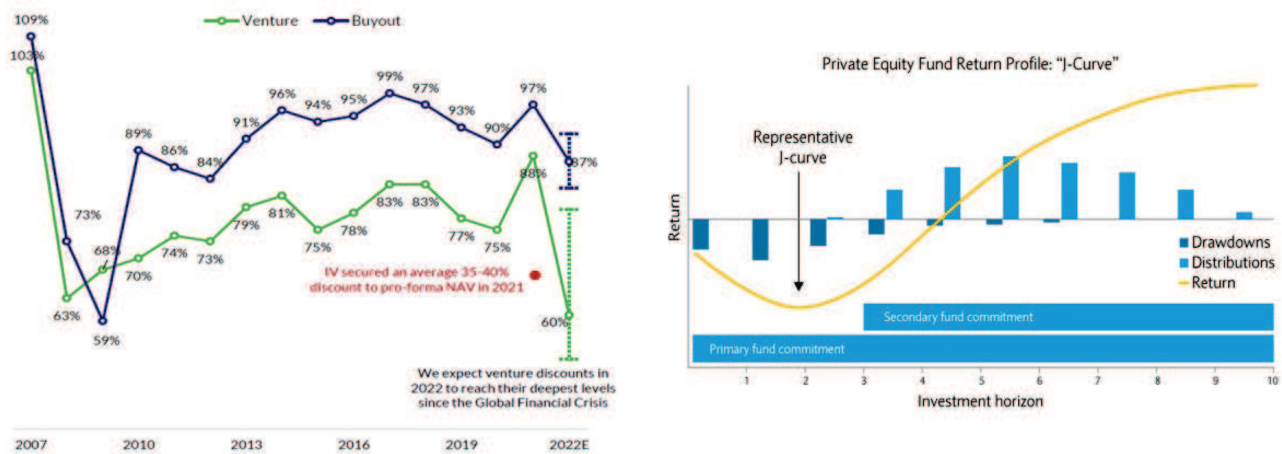
Generalist hedge funds with skilled stock pickers should be able to identify these companies on both the long and short side across sectors, as a rising tide will likely no longer lift all boats. We believe that long/short equity strategies should perform amid wider dispersion among stocks and as company fundamentals are rewarded again.

NOTE: *Alternative investments may be highly speculative and are not intended as a complete investment program. Investors must be able to bear the economic risk of such an investment for an indefinite period and afford to suffer the complete loss of their investment. The investor should carefully review the Private Placement Memorandum of any fund before investing. Alternative investments are not appropriate for all investors and only may be offered to certain qualified investors. For certain alternative investments, redemptions are limited to specific time periods (monthly, quarterly, semi-annually, annually) with certain notice requirements.*

While accounting for the illiquidity premium, private-equity secondaries also stand at an interesting crossroads, as limited partners invested in more mature vintages (2007-2016) seek liquidity. In addition, private companies continue to see increasing discounts of roughly 20%-40% to their valuations, providing an attractive entry point for investors. In addition to providing liquidity, secondary funds can also benefit from reduced J-curve risk[1] and subsequently accelerate distributions relative to traditional primary investments.

Private Entrance

A combination of attractive private market discounts not seen since the Great Financial Crisis and reduced J-curve risk has created an attractive entry point in venture capital secondaries



Source: Bloomberg. Barclays. There is no guarantee any investment strategy will be successful. **Past performance is no guarantee of future results.**

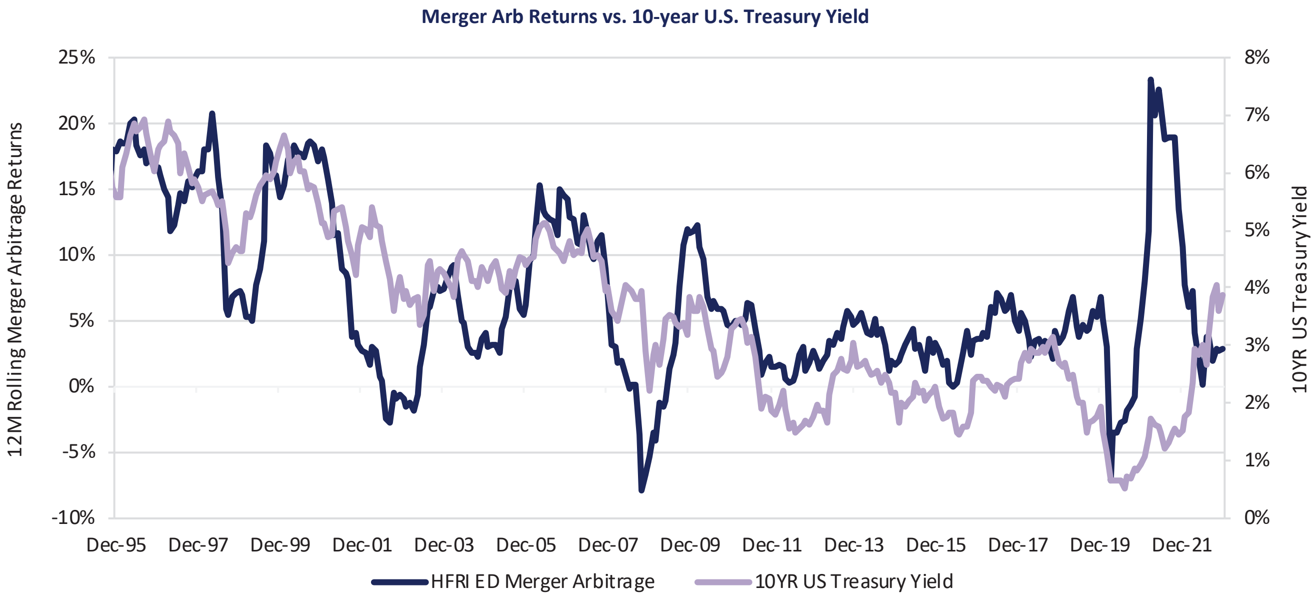
Among alternative fixed-income and diversifying strategies, allocations to event-driven, multi-manager and private credit strategies have served portfolios well year-to-date when traditional equities and fixed income have been challenged. These strategies can offer an opportunity to receive exposure to different yield profiles across varying durations as interest rates will likely continue to rise and inevitably fall. However, investors must be "accredited" and "qualified purchasers" who are willing to exchange higher risk and limited liquidity for higher returns.

Event-driven and multi-manager strategies can produce less correlated returns by investing across the capital structure (from equities to credit) while pivoting risk capital between sub-strategies that are in or out of favor. While 2022 saw a slowdown in M&A deal flow given the unusually high volume in 2021, the year has shaped up to be the fifth-best year for announced M&A deal volumes since 2010—7% higher than their historic average. In 2023, M&A returns should benefit from a higher interest-rate environment and, in past cycles, merger-arbitrage returns have been positively correlated with higher rates. As global economists continue to expect rate hikes at least until mid-2023 and no rate cuts before 2024, event-driven funds are poised to benefit.

[1] The J-curve effect occurs when closed end funds experience negative returns in the early years of the fund life as capital calls for investments and management fees result in negative cash flows. Secondary funds typically mitigate this J-curve risk and allow investors to receive their initial investment and distributions earlier.

Event-Driven Upside?

Historically, merger-arbitrage returns have been positively correlated with higher rates



Source: Morningstar Direct. Bloomberg. 12-month M&A arbitrage returns based on the HFRI ED Merger Arbitrage Index. There is no guarantee any investment strategy will be successful. **Past performance is no guarantee of future results.**

Skilled private credit managers employing disciplined credit selection and low leverage can provide broader diversification as tightening of traditional bank lending standards weighs on unmet financing needs for high-quality borrowers. With public market volatility increasing along with the rising cost of capital, traditional bank lenders are becoming more defensive in their willingness to provide financing. This has created an opportunity for private credit managers to negotiate loans at higher yields while benefiting from conservative loan structures. In addition, for strategies that place an emphasis on downside protection through asset-backed debt, managers are able to rely on cash flows (principal and interest repayments) from the underlying collateral each period rather than relying on the capital markets or a refinancing event.

NOTE: *Private funds that invest in lower-rated debt securities involve additional risks because of the lower credit quality of the portfolio securities. Investors should be aware of the possible higher level of volatility and increased risk of default.*

Asset Class Detail

OAM Research's sector-specific opinions are derived from ongoing analysis of valuations, momentum, economics, business cycle and fund flows.

Negative · Slightly Negative · Neutral · Slightly Positive · Positive · Change from prior quarter

Global Equity

Current Change

U.S. Large Cap Valuations are extended again after a fourth-quarter rebound. Higher input costs and slowing consumer spending has led to downward earnings revisions and more persistent inflation may lead to further margin pressure. Higher-quality companies with pricing power should be more resilient amid elevated inflation and slowing growth. Investors may benefit from allocating to moderate beta strategies focused on quality.

Long/Short Equity Long/short strategies should benefit from increased dispersion and active management of both long and short positions, but may be impacted by a broad downward revision in earnings across sectors.

U.S. Small Cap Small-cap stocks are trading at a discount compared to their history and large-cap stocks. However, smaller companies are likely to face the same margin pressure as their larger peers and with less diversified product lines. Small caps tend to underperform in a recession and outperform at the start of a new cycle, so neutral positioning is warranted until further clarity is gained.

Non-U.S. Developed International stocks staged a notable recovery in late 2022 despite worsening macro pressures. With most major economies facing a recession or material slowdown and central banks tightening, the near-term outlook for risk assets is unfavorable. International equities continue to trade at steep discounts today, but given the economic uncertainties there appears to be more downside risk.

Emerging Markets Valuations remain reasonable and look attractive relative to U.S. equities. Still, growth in emerging economies is expected to slow and emerging-market equities tend to be more volatile amid uncertainty. China's emergence from zero-Covid policies may be a catalyst for growth but it won't be a seamless return to normalcy.

Global Debt

Core Bond Interest rates remained volatile in recent months, with shorter-term rates increasing by more and most parts of the yield curve remaining inverted. The Fed has reaffirmed its plan to ease inflation at all costs, which will create a headwind for core bonds. However, Treasury yields are much higher today than they were a year ago, providing a buffer from a total return standpoint.

Investment Grade Yields for investment-grade bonds are off their peaks but still near their highs of the last decade, driven by the sharp rise in interest rates and modest spread-widening. Valuations are reasonable as credit spreads are in line with longer-term averages. While the sector still carries significant duration risk and credit spreads could continue to widen as companies face margin pressure, the relative yield pickup makes this sector look more attractive today. Investment-grade bonds should offer downside protection if the economy worsens.

High Yield Spreads widened in 2022 and are now in line with long-term averages. The default rate remains below average but defaults rose in 2022 and could accelerate if the economy worsens. But yields more than doubled in 2022 and high-yield bonds provide considerably more income today. Investors may prefer short-term high yield that carries a similar yield but with less duration risk.

Non-U.S. Developed Yields overseas have improved but remain less attractive than U.S. yields, and investors may face more pain from further central bank tightening to fight higher inflation. European corporate debt provides less yield than U.S. corporates, and company fundamentals may suffer from a more dramatic economic downturn in Europe. Japan's rates continue to be extremely low as the Bank of Japan tries to remain accommodative amid inflationary pressures.

Emerging Markets Emerging-market debt continues to offer attractive absolute yields but the relative appeal has been reduced as rates rose across most developed markets. Although the asset class can be volatile when macro pressures mount, it can help diversify portfolios given its low correlation to equities and other fixed-income segments.

Diversifying Strategies

Real Assets While oil and gas prices have been volatile, midstream energy infrastructure may continue to perform well due to improved fundamentals and attractive yields. Other infrastructure segments with lower equity betas should provide stability in the face of more volatility. Sharp rises in rates have pressured REITs, but valuations have improved and they may fare better if rates become more range bound.

Macro Macro strategies have performed well amid high volatility, higher commodity prices and an increase in rates. If this environment continues, then we expect these strategies to generate positive but modest returns.

Event Driven Event-driven strategies continue to perform well as deal flow remains at multi-year highs and skilled managers are taking advantage of hostile and complex deals. Although M&A activity could slow in the event of a significant slowdown or recession, companies continue to bolster their competitive moat through acquisitions. In some cases, event-driven managers with opportunistic credit exposure may benefit from stressed and distressed situations that arise.

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Adopting a fee-based account program may not be suitable for all investors; anticipated annual commission costs should be compared to anticipated annual fees.

S&P 500 Index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid-1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

Russell 1000 Value Index measures the performance of the large cap value segment of the US equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. The Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Russell 1000 Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Nasdaq Composite Index tracks the performance of about 3,000 stocks traded on the Nasdaq exchange. The index is calculated based on market cap weighting.

VIX Index Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, it provides a measure of market risk and investors' sentiments.

MSCI AC World ex-USA Index *captures large- and mid- cap representation across 22 of 23 developed-market countries (excluding the U.S.) and 24 emerging-market countries.*

LTM PE Ratio *is the last 12-month price-to-earnings ratio.*

Indices are unmanaged, do not reflect the costs associated with buying and selling securities and are not available for direct investment.

Risk Factors
The success of an investment program may be affected by general economic and market conditions, such as interest rates, the availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a portfolio's investments. Unexpected volatility or illiquidity could result in losses. Investing in securities is speculative and entails risk. There can be no assurance that the investment objectives will be achieved or that an investment strategy will be successful.

Special Risks of Foreign Securities
Investments in foreign securities are affected by risk factors generally not thought to be present in the United States. The factors include, but are not limited to, the following: less public information about issuers of foreign securities and less governmental regulation and supervision over the issuance and trading of securities. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Special Risks of Small- and Mid-Capitalization Companies
Investments in companies with smaller market capitalization are generally riskier than investments in larger, well established companies. Smaller companies often are more recently formed than larger companies and may have limited product lines, distribution channels and financial and managerial resources. These companies may not be well known to the investing public, may not have significant institutional ownership and may have cyclical, static or moderate growth prospects. There is often less publicly available information about these companies than there is for larger, more established issuers, making it more difficult for the Investment Manager to analyze that value of the company. The equity securities of small- and mid-capitalization companies are often traded over-the-counter or on regional exchanges and may not be traded in the volume typical for securities that are traded on a national securities exchange. Consequently, the investment manager may be required to sell these securities over a longer period of time (and potentially at less favorable prices) than would be the case for securities of larger companies. In addition, the prices of the securities of small- and mid- capitalization companies may be more volatile than those of larger companies.

Special Risks of Fixed Income Securities
For fixed income securities, there is a risk that the price of these securities will go down as interest rates rise. Another risk of fixed income securities is credit risk, which is the risk that an issuer of a bond will not be able to make principal and interest payments on time. Liquidity risk is the risk that you might not be able to buy or sell investments quickly for a price that is close to the true underlying value of the asset. When a bond is said to be liquid, there's generally an active market of investors buying and selling that type of bond. Fixed income securities markets are subject to many factors, including economic conditions, government regulations, market sentiment, and local and international political events. Further, the market value of fixed-income securities will fluctuate depending on changes in interest rates, currency values and the creditworthiness of the issuer.

High Yield Fixed Income Risk
High yield fixed income securities are considered to be speculative and involve a substantial risk of default. Adverse changes in economic conditions or developments regarding the issuer are more likely to cause price volatility for issuers of high yield debt than would be the case for issuers of higher grade debt securities. In addition, the market for high yield debt may be less attractive than that of higher-grade debt securities.

Special Risks of Alternative Investments: *Alternative investments are highly speculative and are not intended as a complete investment program. Investors must be able to bear the economic risk of such an investment for an indefinite period and afford to suffer the complete loss of their investment. Alternative investments have limited liquidity and limited price transparency in that they do not trade on a public market. The investor should carefully review the Private Placement Memorandum of any fund before investing. Alternative investments are not appropriate for all investors and only may be offered to certain qualified investors.*

Special Risks of Master Limited Partnerships
Master limited partnerships are publicly listed securities that trade much like a stock, but they are taxed as partnerships. MLPs are typically concentrated investments in assets such as oil, timber, gold and real estate. The risks of MLPs include concentration risk, illiquidity, and exposure to potential volatility, tax reporting complexity, fiscal policy and market risk. MLPs are not suitable for all investors.

Forward Looking Statements
This presentation may contain forward looking statements or projections. These statements and projections relate to future events or future performance. Forward-looking statements and projections are based on the opinions and estimates of Oppenheimer as of the date of this presentation, and are subject to a variety of risks and uncertainties and other factors, such as economic, political, and public health, that could cause actual events or results to differ materially from those anticipated in the forward-looking statements and projections. 5421197.1