



MILL CREEK

2024 Second Quarter Investment Update

MILL CREEK CAPITAL ADVISORS
MC
OUR VALUES APPRECIATE YOURS

Q2 2024 Outlook

CONTENTS
 Outlook 1
 House View Summary 5
 First Quarter 2024 Market Review 6
 Why We Like Private Equity in 2024 7
 Outlooks 8

01 April 2024
Megatrends for the Decade Ahead
 By Michael Cook, Chief Investment Officer

...set months ~~ago~~ hypothesized that we might be on the cusp of a historical period of elevated US economic growth and discussed many of the investment implications of a higher-growth economic environment. This quarterly publication takes a step back and focuses on four potential catalysts that could drive higher real economic growth:

- 1) baby boomer consumption,
- 2) retirement living middle age,
- 3) immigration, and
- 4) artificial intelligence.

Real GDP growth averaged just under 2.5% between 2000 and 2020 (Fig. 1). However, due to factors like an aging population, low birth rates, generic productivity and many real-world economic factors, the US can only realize a 1.8% trend real gross domestic product (GDP) growth from now on. While such a view is very reasonable based on the 2020-2026 economic climate, in our opinion, it grants significant changes in the US economy that will sustain higher economic growth through the balance of the decade.

Fig. 1 US GDP growth, year-over-year (%)

Source: Washington, DC: FRED, Real-time quarterly releases (unless otherwise noted) for Q1 2024.

Capital Markets Performance Summary *(as of March 31, 2024)*

Index Returns	Q1 2024	2024 YTD	2023	2022	2021	2020	1 Year	3 Years	5 Years	10 Years
Global Equities	8.2%	8.2%	22.2%	-18.4%	18.5%	16.3%	23.2%	7.0%	10.9%	8.7%
US Equities	10.0%	10.0%	26.0%	-19.2%	25.7%	20.9%	29.3%	9.8%	14.3%	12.3%
Large Cap US	10.3%	10.3%	26.5%	-19.1%	26.5%	21.0%	29.9%	10.5%	14.8%	12.7%
Mid Cap US	8.6%	8.6%	17.2%	-17.3%	22.6%	17.1%	22.3%	6.1%	11.1%	9.9%
Small Cap US	5.2%	5.2%	16.9%	-20.4%	14.8%	20.0%	19.7%	-0.1%	8.1%	7.6%
US Growth	11.2%	11.2%	41.2%	-29.0%	25.8%	38.3%	38.0%	11.5%	17.8%	15.4%
US Value	8.6%	8.6%	11.7%	-8.0%	25.4%	2.9%	20.2%	7.7%	10.2%	8.9%
International Developed Equities	5.8%	5.8%	18.2%	-14.5%	11.3%	7.8%	15.3%	4.8%	7.3%	4.8%
Emerging Market Equities	2.4%	2.4%	9.8%	-20.1%	-2.5%	18.3%	8.2%	-5.1%	2.2%	2.9%
US Taxable Bond Market	-0.8%	-0.8%	5.5%	-13.0%	-1.5%	7.5%	1.7%	-2.5%	0.4%	1.5%
US Municipal Bond Market	-0.4%	-0.4%	4.6%	-4.8%	0.5%	4.2%	2.2%	0.0%	1.4%	2.0%
Diversified Commodities	2.2%	2.2%	-7.9%	16.1%	27.1%	-3.1%	-0.6%	9.1%	6.4%	-1.6%
Hedge Funds	2.7%	2.7%	7.8%	-6.9%	9.7%	9.5%	8.6%	2.6%	5.2%	4.0%

Private Asset Index Returns (as of 3Q 2023)	2023 Q1-Q3	2022	2021	2020	1 Year	3 Years	5 Years	10 Years
Global Equities	10.1%	-18.4%	18.5%	16.3%	20.8%	6.9%	6.5%	7.6%
Private Equity	10.9%	-0.3%	36.1%	20.3%	14.2%	19.2%	15.5%	14.6%
US Taxable Bond Market	-1.2%	-13.0%	-1.5%	7.5%	0.6%	-5.2%	0.1%	1.1%
Private Credit	5.6%	6.3%	12.8%	5.5%	7.7%	9.5%	8.0%	8.5%

Key Rates (as of stated date)	Mar-2024	Dec-2023	Dec-2022	Dec-2021	Dec-2020	Dec-2019	Dec-2018	Dec-2017	Dec-2016	Dec-2015
US 10-Year Treasury	4.2%	3.9%	3.9%	1.5%	0.9%	1.9%	2.7%	2.4%	2.4%	2.3%
Barclays Aggregate Bond Index	4.9%	4.5%	4.7%	1.8%	1.1%	2.3%	3.3%	2.7%	2.6%	2.6%
BBarc Muni 1-10Yr Blend (1-12) Index	3.1%	2.8%	3.0%	0.7%	0.6%	1.4%	2.2%	2.0%	2.1%	1.6%

Source: Bloomberg, Mill Creek. Returns for periods greater than one year are annualized. Index rates are yield to worst. As of 03/31/2024 unless otherwise stated.

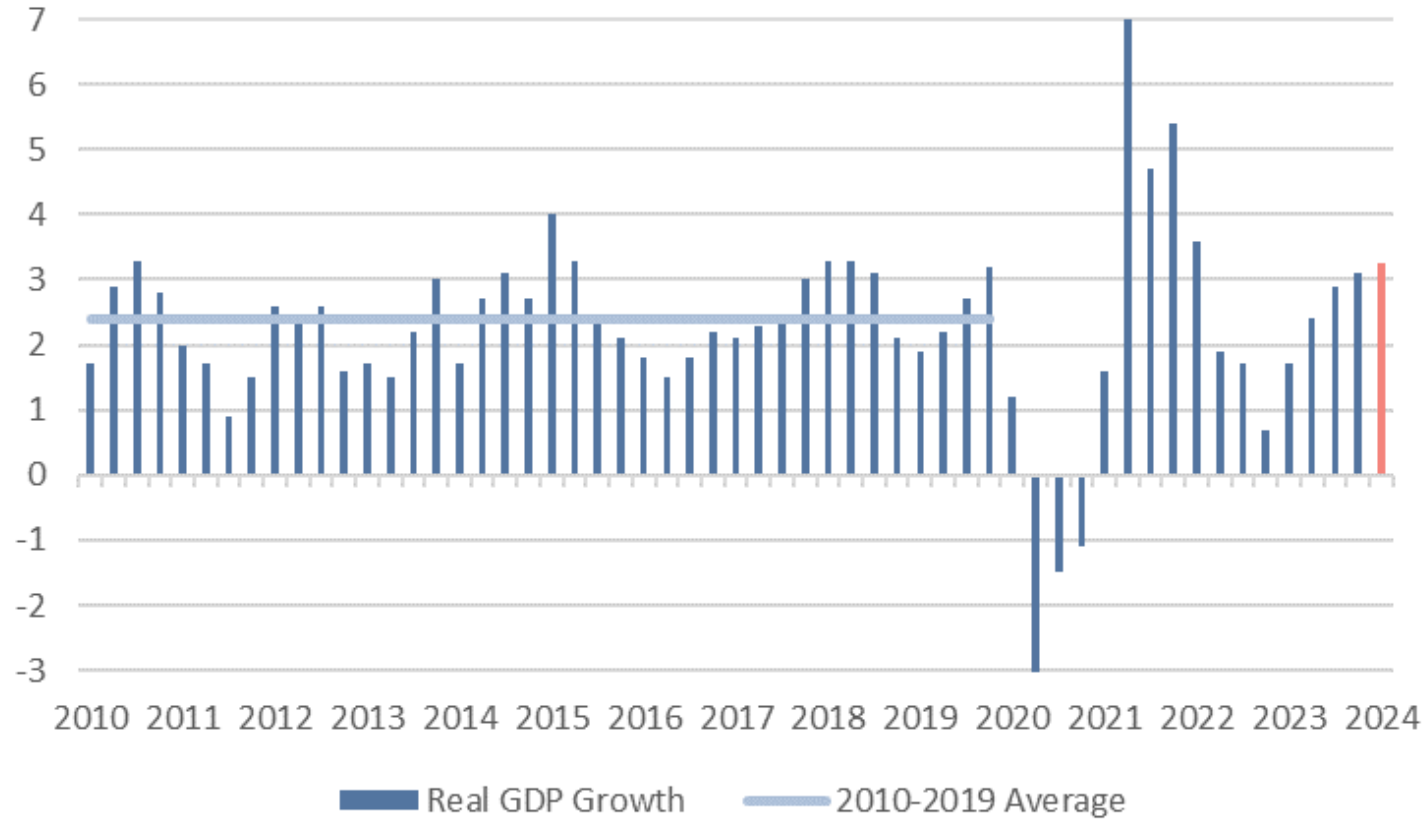
Indices used to represent periodic capital markets returns include: MSCI ACWI (Global equities), Russell 3000 (US equities), Russell 1000 (Large Cap US), Russell Mid Cap US (Mid Cap US), Russell 2000 (Small Cap US), Russell 3000 Growth (US Growth), Russell 3000 Value (US Value), MSCI EAFE (International Developed), MSCI Emerging Markets Index (Emerging Markets Equities), Bloomberg Aggregate Bond Index (US Taxable Bonds), Bloomberg 1–10 Year Municipal Bond Index (US Municipal Bonds), HFRX Global Hedge Fund Index (Hedge Funds), Bloomberg Commodity Index TR (Diversified Commodities), Bloomberg Buyout PE Index (Private Equity), and Bloomberg Private Debt Index (Private Credit).

Megatrends for the Decade Ahead



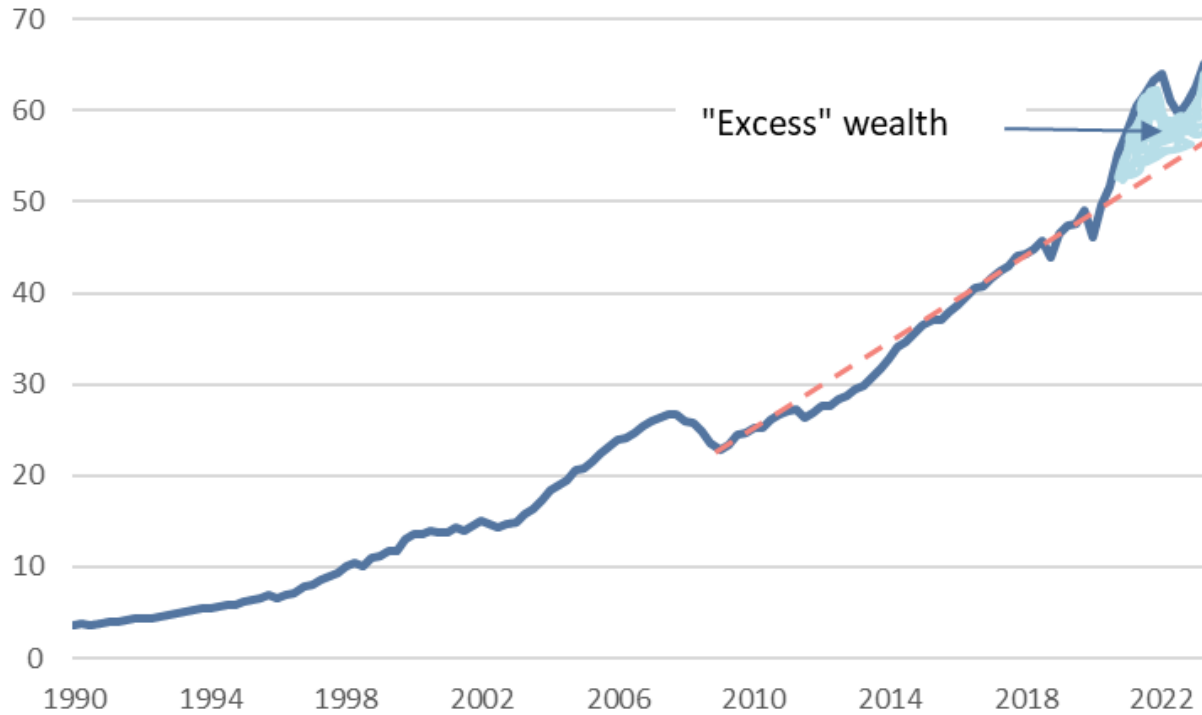
Source: Dall-E, Mill Creek. Prompt: “create a picture that illustrates four potential catalysts that could drive higher real economic growth: 1) baby boomer consumption, 2) millennials hitting middle age, 3) immigration, and 4) artificial intelligence.”

US GDP Growth, Year-over-year (%)



Source: Bloomberg, Mill Creek. Red column represents Atlanta FedNow forecast for Q1 2024.

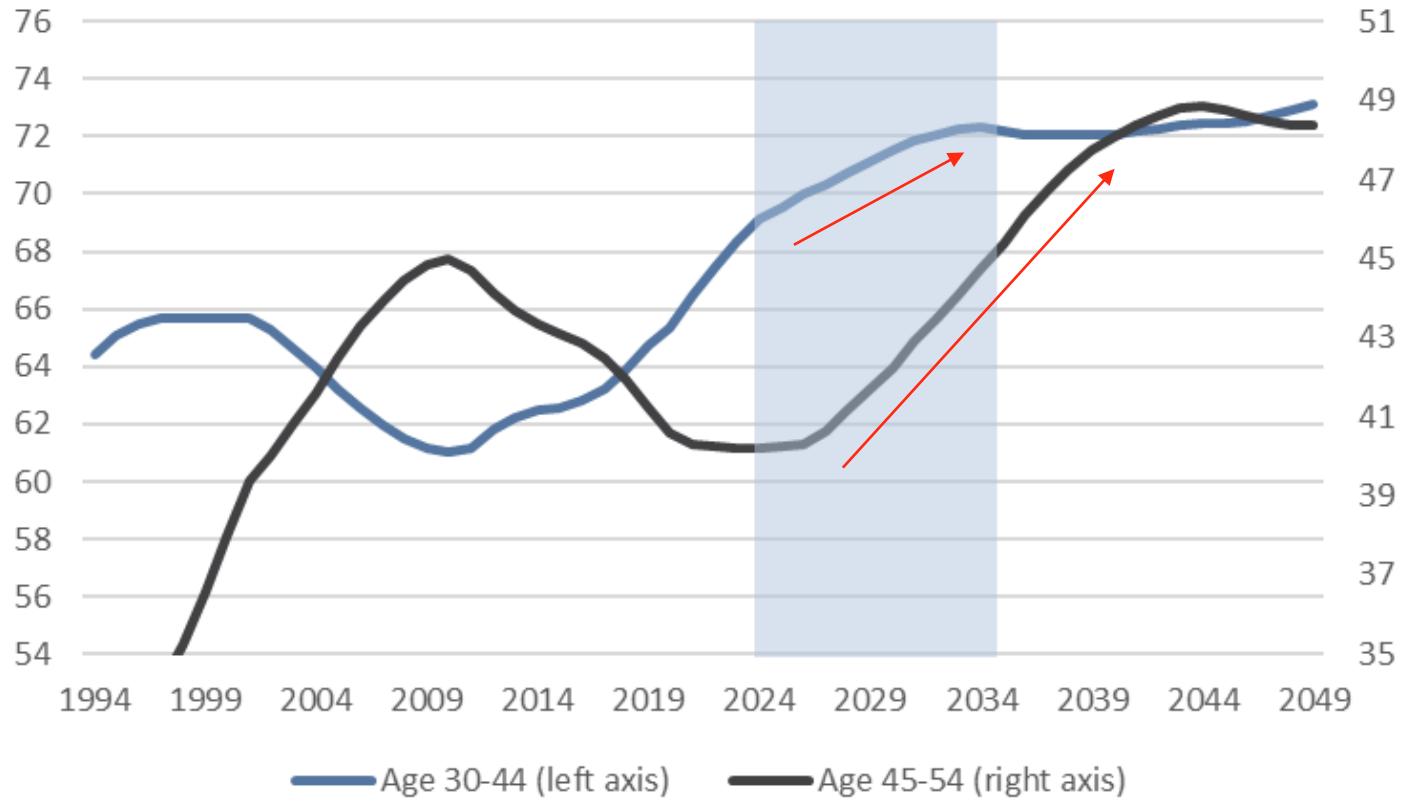
Megatrend #1: Baby boomer net worth (trillions)



Source: Federal Reserve Board, Mill Creek. Salmon line represents 2009-2019 trend.

Megatrend #2: The "middle-aged" US population will grow rapidly

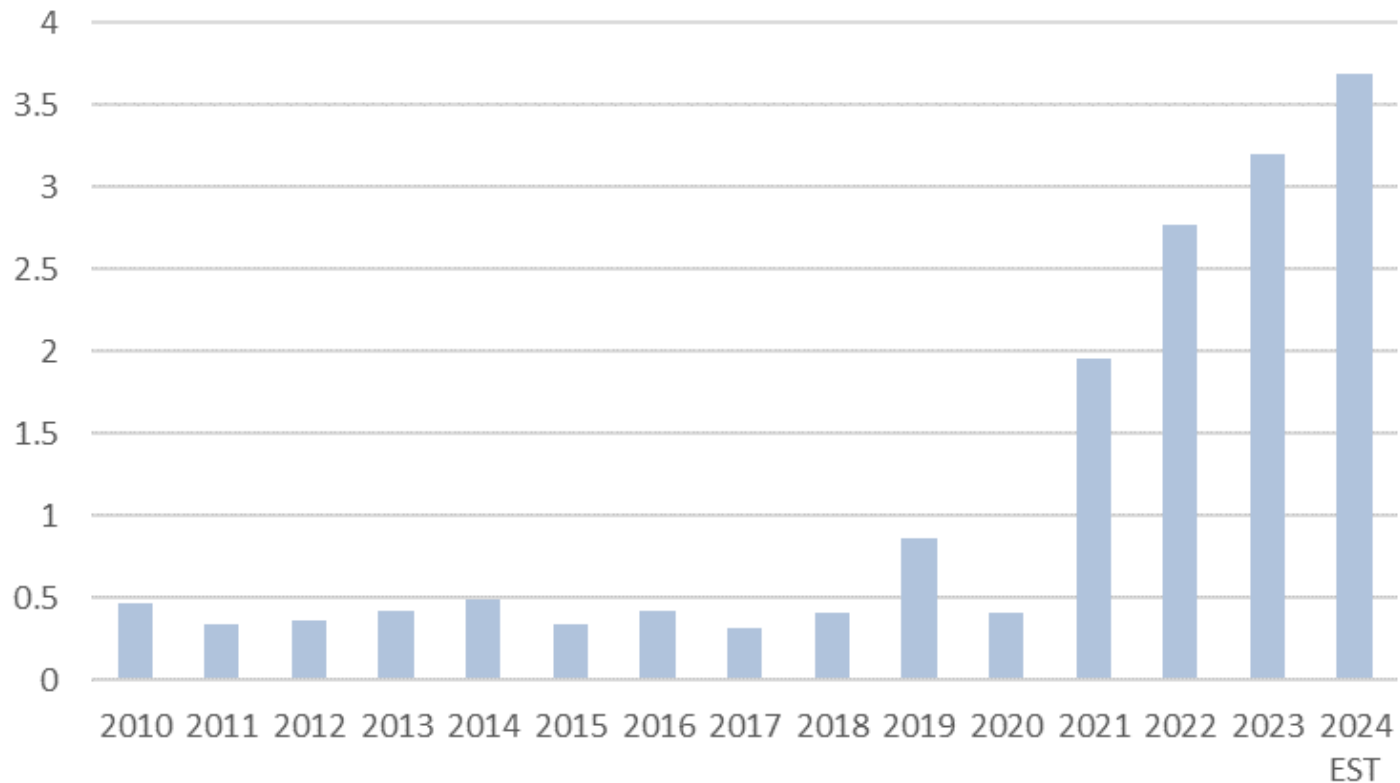
Population by age cohort (millions)



Source: US Census Bureau, Mill Creek.

Megatrend #3: Immigration and population growth

US Border Control Encounters by year (millions)



Source: US Border Control, Mill Creek.

Megatrend #4: Productivity growth from AI and LLMs

US Productivity Growth



Source: Bloomberg, Mill Creek. 5-year rolling average.

Strategic investment implications

- 1) Persistently higher interest rates than 2010-2020 experience
- 2) Tailwind for equities due to higher growth/ higher earnings
- 3) Housing demand / residential investment
- 4) Increased energy demand, particularly around electrification, necessity of stable base energy, and storage/transmission.

Disclosures

This presentation has been prepared by Mill Creek Capital Advisors, LLC (“MCCA”). The information is only intended for its recipients and is not to be forwarded without the consent of MCCA. We believe the information contained in this presentation to be reliable but do not warrant its accuracy or completeness. The opinions, estimates, investment strategies and views expressed in this presentation constitute the judgment of MCCA investment professionals, based on current market conditions and are subject to change without notice. You should not regard it as research or as a research report. Investing involves certain risks and there is no guarantee of profitability; investors may lose all of their investments. You should understand and carefully consider an investment’s objectives, risks, fees, expenses and other information before investing. Diversification and asset allocation does not guarantee a profit and may not protect against market risk. Past performance is not necessarily indicative of future results, and there can be no assurance that any projections or estimates of future performance will be realized.

Forward Looking Statements: Certain of the statements set forth in this presentation constitute “forward-looking statements.” All such forward-looking statements involve risks and uncertainties, and there can be no assurance that the forward-looking statements included in this commentary will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as representations or warranties of MCCA and that the forward-looking statements will be achieved in any specified time frame, if at all.