Summit *Strategies Group*
8182 Maryland Avenue, 6th Floor
St. Louis, Missouri 63105
314.727.7211

Monthly Economic & Capital Market Update

October 2017

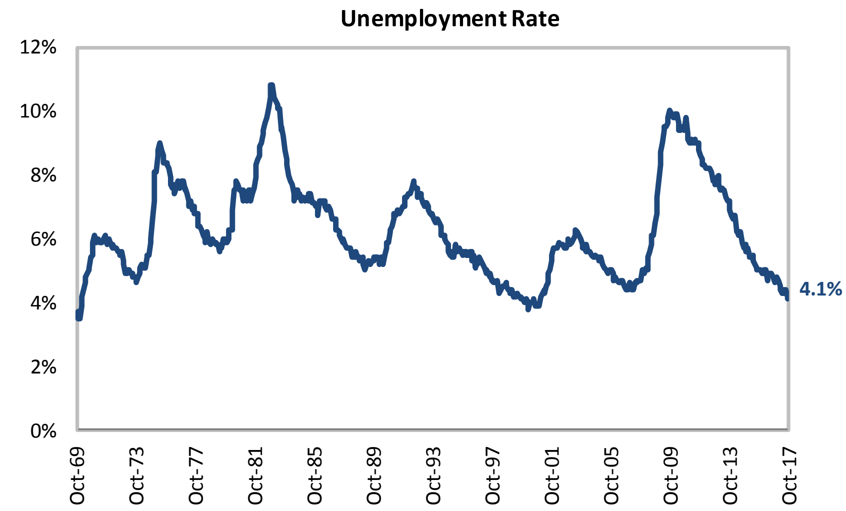
Economy

- The global economy continued its expansion during October, supported by relatively strong growth across major regions. Throughout 2017 economists have consistently revised up their global GDP growth expectations for 2017 and 2018, from roughly 2.5% at the beginning of the year to above 3.0% currently. The increase in growth and growth expectations have been a tailwind for global equity markets; MSCI ACWI IMI gained 2.0% during October and has now risen in each of the last 12 months.

- US employers added 261,000 jobs in October as the labor market recovered from the hurricane-impacted month of September. Fewer jobs were added than the 310,000 expected by economists, though payrolls for August and September were revised upward by a total of 90,000. The unemployment rate declined 10 bps to 4.1%, a seventeen-year low. Wage growth, as measured by the change in average hourly earnings of private sector workers, was 2.4% over the 12 months ending in October, the lowest year-over-year wage gain since February 2016.

- Real GDP grew at a 3.0% annualized rate during the third quarter of 2017 according to the advance estimate released by the Bureau of Economic Analysis. The advance estimate is based on source data that are incomplete and subject to revision. The decrease in real GDP from 3.1% in the second quarter reflected a deceleration in consumer spending, nonresidential fixed investment, and exports.

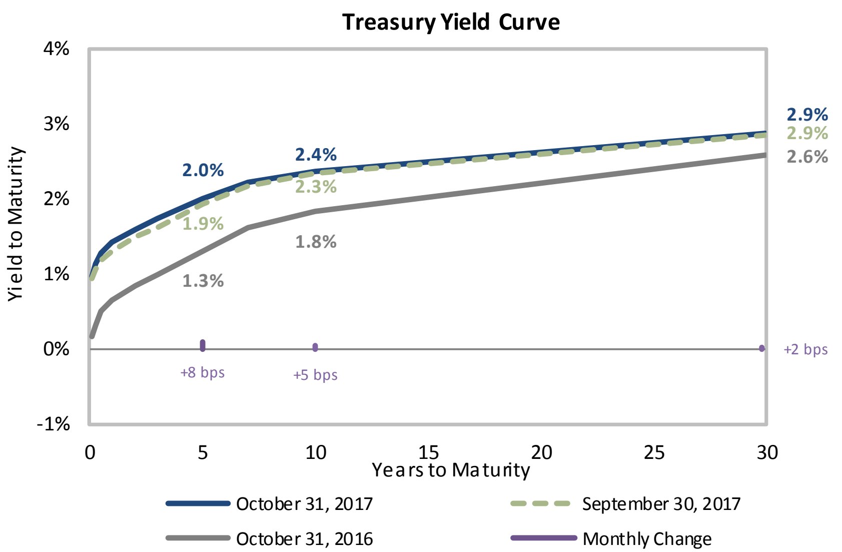
- Economic activity in both the manufacturing and services sectors continues to expand, as measured by purchasing managers indices (PMI). The US ISM Manufacturing PMI decreased 2.1 points in October to 58.7; an Index reading over 50 suggests expansion in the sector. Manufacturing has now been a boost to US growth for 14 consecutive months. The Non-Manufacturing (or services) PMI also continues to reflect strength, gaining 0.3 points in October to 60.1, the highest reading since the index's debut in 2008. US services have expanded 94 consecutive months.



Source: Bloomberg.

Yield Curve

- The spread between 2-year and 30-year Treasuries tightened 10 bps to 128 bps in October. Over the past two years, the 2-30 spread has tightened by 76 bps; the long end of the curve has been mostly unchanged while short-term yields have been lifted by Federal Reserve rate hikes. The 20-year average spread between 2-year and 30-year Treasuries is 192 bps.



Public Equities

- Equity markets gained once again in October. Investors in the US reacted positively to economic data and earnings while remaining cautiously optimistic about potential tax reform, as the S&P 500 increased 2.3%. Small caps underperformed their larger peers, as the Russell 2000 gained 0.9%. Growth continued its trend of outperformance over value, as the Russell 1000 Growth Index gained 3.9% compared to the Russell 1000 Value Index's 0.7%. Outside the US, emerging market equities outperformed developed by 2.0%.
- Master limited partnerships (MLPs) returned -4.1% for the month, driven by poor performance in the crude oil and refined products pipeline sectors. Year-to-date, MLPs have returned -9.5% and distribution yields have increased 71 bps to 7.8%.

Public Debt

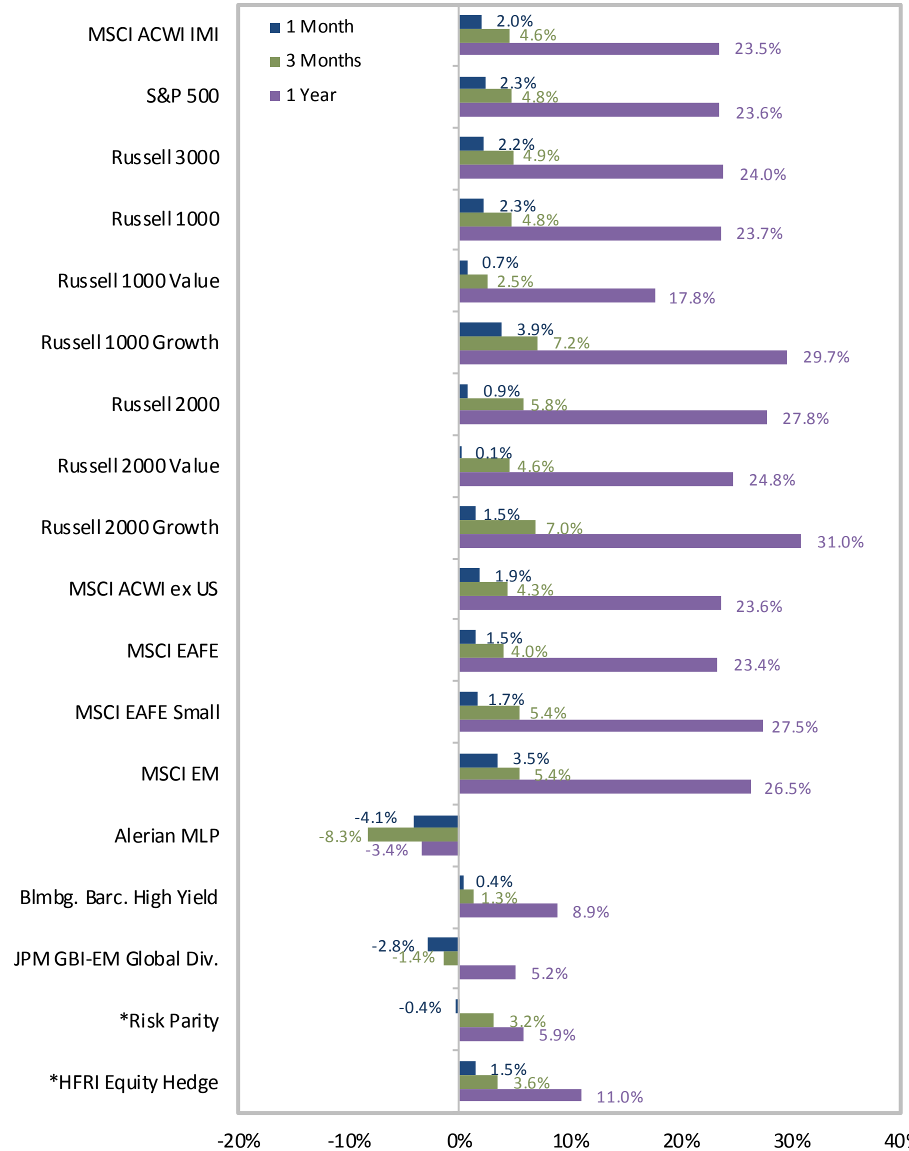
- The Bloomberg Barclays US High Yield Index returned 0.4% for October, benefitting from continued support for risk assets, reduced macroeconomic tension, and optimism regarding potential tax reform and 3Q earnings. Spreads tightened to 338 bps over treasuries.
- Local currency-denominated emerging market debt returned -2.8% in October. Currency served as a headwind of -2.2% for the month, while principal detracted 0.6%. EM local currency-denominated bonds ended October yielding 6.2%.

Private Assets

- Fundraising slowed in Q3 2017, as Preqin estimated total commitments of $96M versus $137M the quarter prior. However, of note is that Apollo Global Management raised the largest private equity fund in history at $25 billion of total commitments, indicative of the ongoing frothy environment for private equity. This increase in capital has caused LBO purchase price multiples to rise above 10x EBTIDA, following a slight decline in 2016.
- Leverage multiples have increased to over 5.5x EBTIDA in 2017, following a decline in 2016. We continue to see robust demand for private debt funds, as momentum increased in Q3 2017. This ongoing demand from investors has helped support higher leverage levels and kept a ceiling in place for average loan spreads.

Hedge Funds

- Risk parity funds detracted in September. Losses in nominal and inflation linked-bonds offset gains in equities and credit.
- Growth hedge funds contributed in September. Long/short equity and activist funds led performance, benefiting from continuing equity market gains. Distressed debt and merger arbitrage strategies also contributed.



* Data was not available at time of publication – returns are previous month's.
Note: Risk Parity returns are based on an internally comprised benchmark.
All returns are USD.

Public Debt

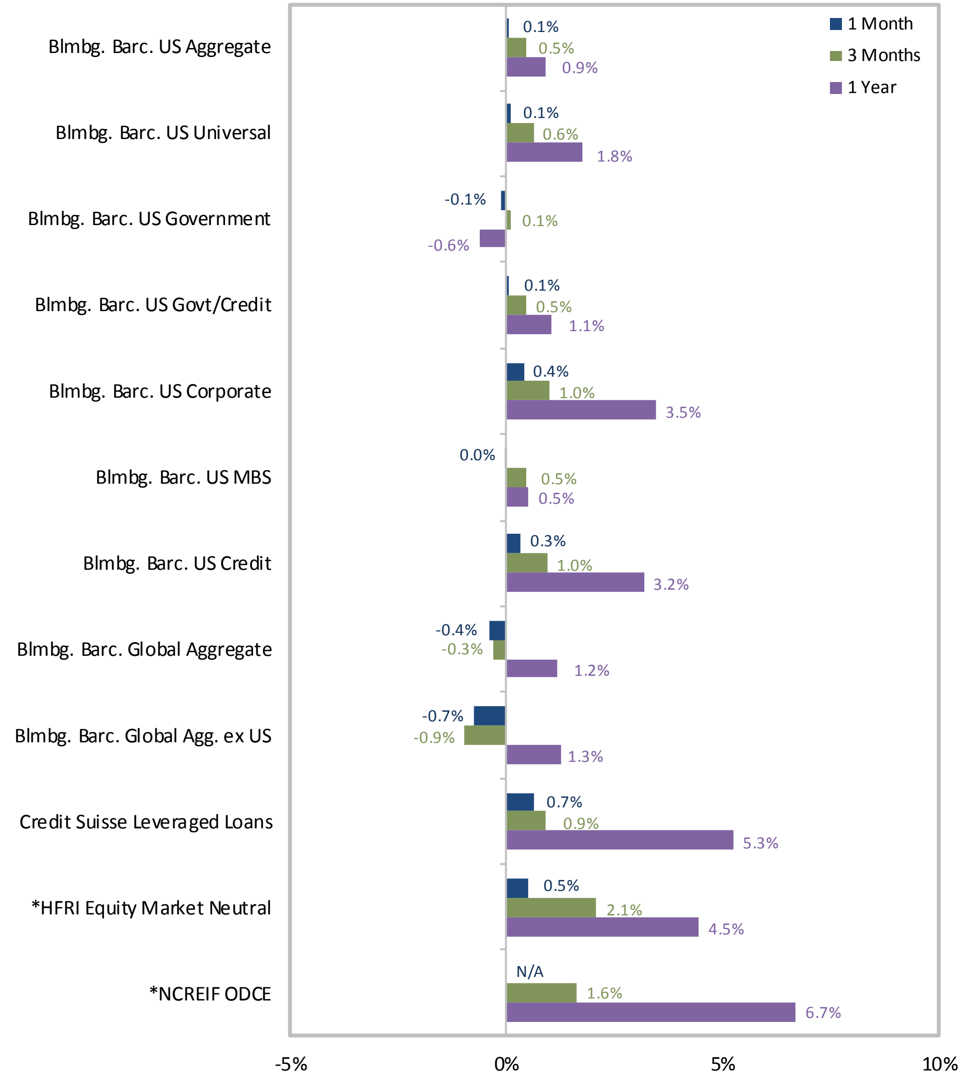
- The yield curve flattened modestly during October after steepening in September. Short-end rates increased while long-end rates remained relatively stable.
- The 10-year US Treasury yield ended October at 2.4%, up 5 basis points from September. At the end of October, the fed fund futures market implied a 96% probability of a rate hike by the Federal Reserve at its upcoming December meeting.
- The Bloomberg Barclays US Aggregate returned 0.1% in October, bringing year-to-date returns to 3.2%. Corporates were the best performing sector in the Index, with long duration issues outperforming the short duration sector.
- The Bloomberg Barclays Global Aggregate returned -0.4%. Currency was the primary driver of performance, detracting 0.7%, while principal appreciation and coupon payments added 0.3%.
- Public bank loans, as measured by the Credit Suisse Leveraged Loan Index, returned 0.7%. Three-year discount margins decreased by 15 bps, ending the month at 417 bps. Lower-rated issues outperformed higher-rated issues, with positive returns to principal alongside higher overall carry.

Relative Value Hedge Funds

- Relative value hedge funds contributed in September, with gains spread across strategies. Convertible and volatility arbitrage performed best, while the credit complex posted varying gains across sectors.

Core Real Estate

- Core real estate returns for the third quarter of 2017 were 1.9% gross and 1.6% net, bringing the one-year gain for core funds to 6.7%. Strong but declining gains in the commercial real estate market have been supported by the US cyclical expansion, with strong labor market growth fueling demand while supply remains limited. In recent quarters price appreciation has slowed compared to prior in the expansion, with a larger percentage of real estate gains now being generated through income.



* Data was not available at time of publication – returns are previous month's.
Note: All returns are USD.

Inflation

- TIPS showed modest gains during October despite rising real yields. Consistent with mostly strong economic data during the month, 10-year inflation expectations continued to rise, increasing 3 bps to 1.88% (below the 10-year average of 1.98%). Despite improvements in the economy and progression through the business cycle, market participants are still expecting inflation to fall short of the Federal Reserve's 2% target over the next decade.

Deflation

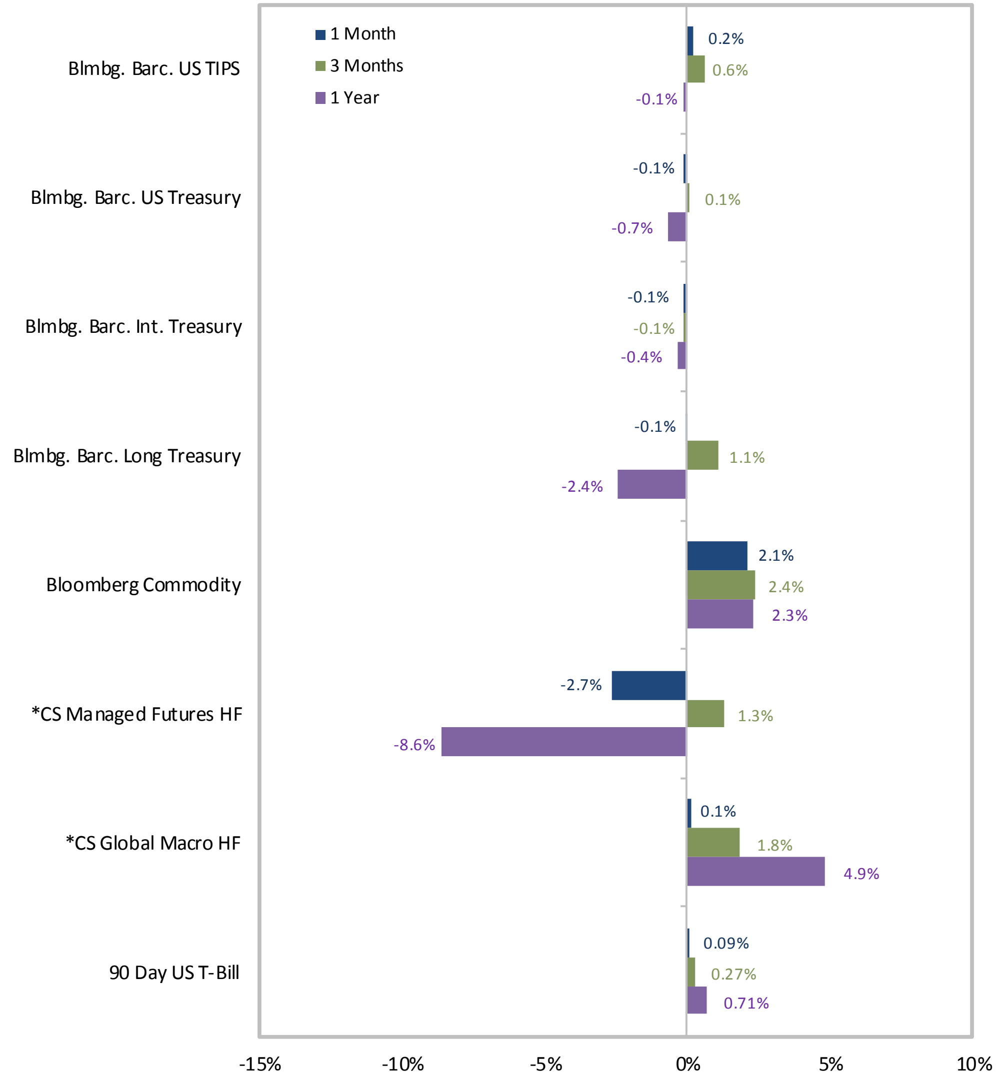
- The Bloomberg Barclays Long Treasury Index returned -0.1%, with the coupon nearly offsetting price return, as long-end yields slightly raised during the month.

Commodities

- The Bloomberg Commodity Index returned 2.1%, driven by strong performance from livestock and industrial metals. Over the trailing twelve months, the Bloomberg Commodity Index has returned 2.3%. Industrial metals and energy have been the largest contributors to commodity gains over the trailing year.

Tactical Trading

- Tactical trading hedge funds detracted in September, with losses in trend-following strategies. Discretionary global macro managers were slightly positive in aggregate.



* Data was not available at time of publication – returns are previous month's.
Note: All returns are USD.

DISCLOSURES

Summit has prepared this presentation for the exclusive use of its intended audience. Any information contained in this report is for information purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management. The information herein was obtained from various sources, which Summit believes to be reliable. Summit cannot assure the accuracy of any third-party-generated numbers. Past performance is no guarantee of future results, and no graph, chart, or formula can, in and of itself, be used to determine which managers or investments to buy or sell. Any forward-looking projection contained herein is based on assumptions that Summit believes is reasonable, but which are subject to a wide range of risks, uncertainties, and the possibility of loss. Actual results and performance will differ from those expressed or implied by such forward-looking projections.

This report may contain opinions developed by Summit. Summit does not guarantee the accuracy or completeness of the information contained in this report. The opinions, market commentary, portfolio holdings, and characteristics are as of the date(s) shown and subject to change.

Private investments and hedge funds are subject to less regulation than other types of pooled vehicles. Alternative investments may involve a substantial degree of additional risk, including the risk of total loss of an investor's capital and lack of liquidity, and therefore may not be appropriate for all investors. Clients should review the Offering Memorandum, the Subscription Agreement, and any other applicable documents prior to investing. Summit does not provide legal or accounting advice. Clients should consult with their own legal advisor and/or accountant on these opportunities, including the review of any Subscription Document, Offering Memorandum, or Partnership Agreement.

Summary statistical data such as standard deviation (risk), Sharpe ratio, and tracking error is calculated using industry-standard methodology. Details regarding these calculations are available upon request.