RockCreek

Beyond the Peak

Q2 2021

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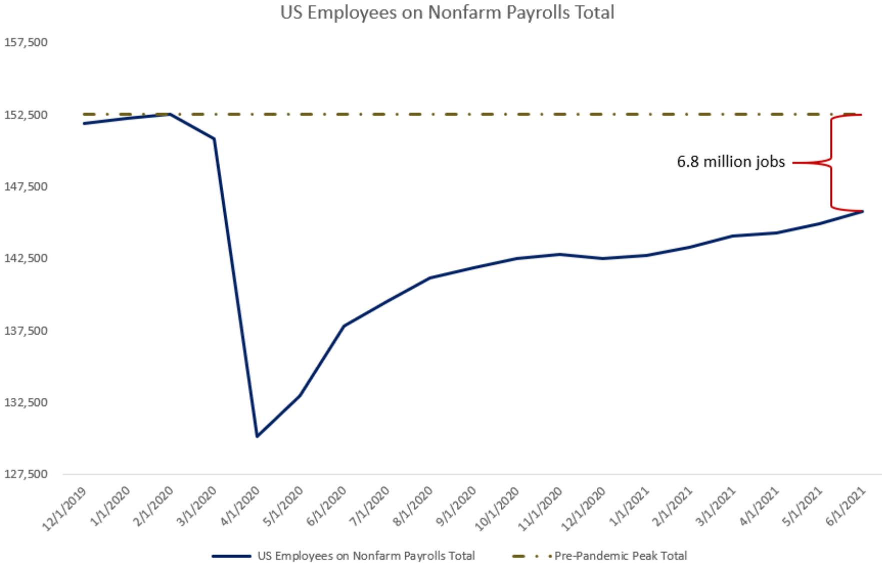
BEYOND THE PEAK

The US recovery is alive and well. And financial markets loved it in Q2. Even the persistent high numbers on inflation and a hawkish shift in signals from the Federal Reserve could not dampen spirits. The S&P 500 ended the quarter up 8.6 percent, and the MSCI World Index 7.4 percent, from the end of March. Businesses added 1.7 million jobs to payrolls over the quarter, and GDP growth hit what will probably turn out to have been its fastest pace for decades – as well as the peak growth rate for this recovery.

The economy was powered last quarter by fiscal as well as monetary policy. Swift passage of President Biden's $1.9 trillion recovery plan in Q1 continued to buoy output in Q2, even as Congress deadlocked on the next installment of President Biden's spending plans. The White House is hoping that the third quarter will see Congress come together again on spending – with enough Republicans supporting a trimmed down infrastructure plan to get past a filibuster. If the stars align fully for President Biden, this will be followed by agreement on a budget bill with higher spending for climate and family care, offset—in part—by higher taxes. The budget can pass, under Senate rules, with just 50 votes and a tie break from the Vice President. The path to agreement is narrow, not least because of weak support for increased taxes on corporations and the wealthy and deficit concerns if taxes are not raised. The odds still favor passage of at least some new spending on badly needed infrastructure. The terrible collapse of a 40-year-old building in Miami on June 24 showed the importance of building back better—and more resilient—by private as well as public sectors. Investors reducing fixed income allocations are looking for more real asset and infrastructure investments.

Whatever the fate of the legislation, consumers and businesses are now adding their spending to the tailwinds from fiscal and monetary policy. That means growth will continue to be strong in the second half of 2021 – strong enough to make further inroads into unemployment. But look for a slowdown from the Q2 peak speed. In some ways, that will be a good thing, lowering the risk of an inflationary upset. The Fed will be watching for warning signs that inflation—which has surprised on the upside—is becoming permanent rather than transitory. They will also hope for more progress toward full employment.



In Europe, a slow start to vaccinations in Q1 meant that the region's economies took longer than the United States to pull out of recession. European Central Bank President Christine Lagarde warns that the recovery there is still fragile. But as vaccination rates accelerated in Q2, so did growth, and European equities have done well, outperforming Japan and Emerging Markets last quarter. The spread of new COVID-19 variants, notably the Delta and Delta-Plus variants, has raised some questions about the summer opening in Europe. Vaccination rates have been highest in the UK so far, but the rate of new infections there has accelerated also, predominantly among the still unvaccinated.

For much of the rest of the world, vaccinations are still far below what is needed to combat COVID-19. New and more dangerous variants have more of a chance to develop and spread in unprotected populations, but they pose a risk to everyone as they can jump across borders. For almost 18 months now, economists have had to combine health projections with economics. As the world opens up again, all of us—investors, workers, business leaders, teachers, parents, policymakers—will have to keep one eye on the latest coronavirus news.

At RockCreek, as in many other firms, we had more people coming into the office this quarter. It was mostly delightful to mix and mingle with colleagues again. For companies adopting a hybrid model, the differing health and family status means hybrid work and varying norms around mask-wearing and social distancing. After so many months of Zoom meetings, it turns out that going back to the office presents new technological and personal challenges. But for many people, the energy generated by working together while keeping a safe workplace will continue for the rest of 2021 and likely into 2022.

INFLATION BARKING; NOT YET BITING

The great inflation debate continues. Surprisingly, although actual price data in the second quarter were worse than expected, market expectations seemed to soften for the future. This may have reflected a growing conviction among bond traders that the Federal Reserve will act if and when inflation threatens to become permanently above the 2 percent target, but until then will keep a bias towards ease. Still plentiful liquidity—with central bank purchases remaining at $120 billion a month—also helped to anchor yields and breakevens.

There is no longer much dispute that prices have been rising more rapidly than most forecasters, including those in central banks, had envisaged at the start of the year. The Fed itself acknowledged as much in its June economic update. Unlike in March, when the central bank stuck steadfastly to its earlier growth and inflation projections, in June the Fed projected 2021 growth at 7 percent and inflation of 3.4 percent. Consistent with that, a number of decision-makers on the FOMC shifted earlier their expectations of when interest rates would be raised, into early 2023 or even 2022 and said that the time had come to discuss tapering the central banks' liquidity infusions, perhaps starting with those in the mortgage market.

The decision to talk about talking about tightening made markets wobble at first. But after the message was absorbed, and Chair Jay Powell repeated that the Fed expected inflation to be "transitory," yields drifted back down again by the end of the quarter. As RockCreek CEO Afsaneh Beschloss discussed with Sebastian Mallaby earlier this month, it takes time for inflation to become embedded in the system. In the 1970s, the run-up in inflation took place over a dozen years. In that context, the Fed moving to tighten

a month or two earlier or later does not seem so crucial. What may matter more for the economy is if the Fed has to take sharp action to curb wage and price expectations, as some have warned.

Both sides of the US inflation debate continue to find data to point to in support of their view. In June, the Institute of Supply Managers reported the highest figure for increases in prices paid since 1979. Bottlenecks in supply chains continue to be reported, a form of suppressed inflation that will find its way into prices in due course, unless production can be ramped up quickly. Consumer expectations of inflation have risen, according to the Michigan survey of sentiment, with the median expectation for price rises in the next 12 months hitting 4.6 percent – the highest reading in a decade. And the much-watched consumer price index shot up again in June, recording a rise of 5.4 percent compared to a year ago, or 4.5 percent on the "core" inflation measure.

Against these pointers to a more durable uptick in inflation, there has been a sharp drop in lumber prices, as well as an apparent flattening out in some other commodity prices and in the used car market that has contributed importantly to recent overall increases in consumer prices. The recent rises in CPI inflation are due, in large part, to big price increases in a few items, including autos, where supply shortages trace back to decisions made in the early days of the pandemic to cut production and orders for semiconductors and other parts. The squeeze on auto markets was exacerbated as rental companies that offloaded inventory when demand cratered last year have not been providing their usual supply of used cars. Car rental prices also soared in the face of a jump in demand from Americans keen to travel again. Already, however, rental companies say they are reducing their prices back towards more normal, pre-Covid levels.

Those analysts less worried about inflation also downplayed the rise in consumer expectations of inflation, with complicated reasoning. Survey results are heavily influenced by recent price changes, particularly for items that consumers purchase frequently, such as food and gas. Rising oil prices have pushed up prices at the pump, thus pushing up consumer perceptions of overall inflation. But others might argue, oil prices may be set to continue to rise – perhaps in a last hurrah for this fossil fuel. Oil has a lower weight in GDP than during the days of the 20th century oil price shocks. But it is still enough to affect the CPI.

A similar debate is playing out across the Atlantic – with similar reluctance by central bank leaders to play the traditional role of removing the punchbowl. In the UK, Governor Andrew Bailey stressed, in a major set-piece speech, the highly uncertain nature of forecasts today, on the back of an extraordinary sixteen months of collapse and revival in activity. He concluded that tightening now would be premature. In Europe, some members of the European Central Bank now argue for reviewing, and perhaps reducing, the QE purchases that have kept rates low and yields compressed across the euro area. ECB President Christine Lagarde, however, has publicly disagreed and noted that she expects vigorous debate on the Council as the central bankers adapt to the new regime, aiming at inflation of 2 percent (rather than less than, but close to, 2 percent).

THE EMPLOYMENT PUZZLE

We have noted that the inflation data are a Rorschach test. Hawks believe the data warn of a possible 1970s style inflationary episode. Doves see a transitory rise from a too-low for too-long base rate of inflation.

Now, the US jobs figures are becoming harder to read and open to the same kind of divergence in interpretation, in part because the information from the two sources—one from household surveys and one from business establishments—is diverging. The reported rise in jobs in Q2 was significant, but considerably less than the million a month that some believed possible. The June labor report was stronger than April or May, with former chair of the White House Council of Economic Advisers Jason Furman calling the labor market “hot.” But labor force participation remains stubbornly below the pre-pandemic level and unemployment barely moved in the quarter, going from 6.0 percent in March 2021 to 5.9 percent in June, despite the rapid pace of growth.

TAIL RISK – VARIABLE COVID-19

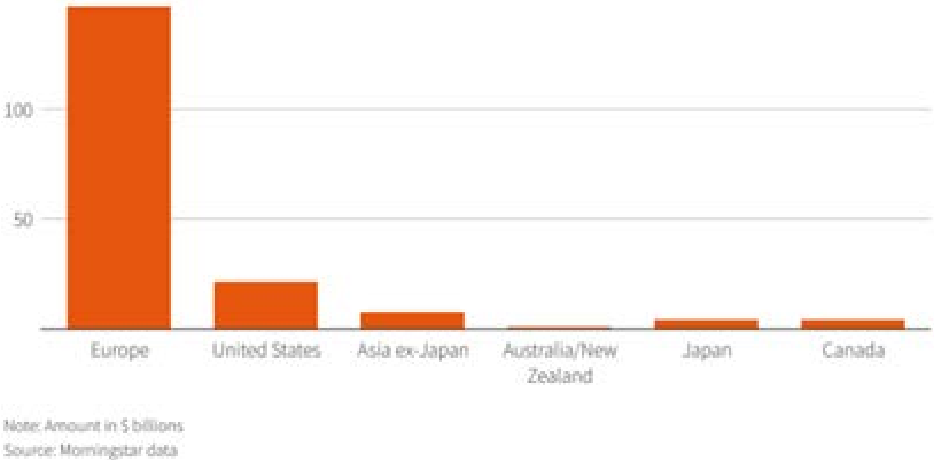
Just when it seems that scientists and policymakers have got a handle on the coronavirus, the disease evolves with another twist. The Delta variant, first identified in India, exploded on the world in Q2, changing the path of opening and recovery. First, India suffered a terrible outbreak, made worse by a weak and poorly organized health system and political mistakes, in allowing and even encouraging mass gatherings. This was followed by political mistakes in other countries, notably the UK, which stayed open to flights from India for a crucial extra two weeks, leading to a surge in COVID-19 cases elsewhere as well. In the UK, Prime Minister Boris Johnson was forced to delay the full opening of the economy from June 21 to July 19. Brits, desperate to find the sun on summer vacations in Europe, have often been told no, even as the EU opens up for travel internally – and to Americans. In Southeast Asia, including Indonesia, Thailand, Taiwan, new infections have recently surged, again reflecting the Delta variants. Worryingly, vaccines from China, which have been widely used in Asia (as well as Africa) seem to be less effective, and lack of public COVID data from China paints an opaque picture.

In the United States, the CDC has continued to give mixed signals, complicating both business—and personal—planning and economic forecasting. The boost to second quarter growth was helped by the CDC recommendation in mid-May that fully vaccinated people no longer need to wear masks. By the end of the quarter, the agency was warning that a surge in infections could be coming. True, the consistent thread is that vaccination saves lives. As Anthony Fauci, the United States’ leading infectious disease specialist, has commented, large, often regional variations in the proportion of Americans who are vaccinated risk seeing a further division of the country into two Americas: one with high vaccinations, able to pick up a more normal life and stay healthy, and one—largely in Southern states—with low rates of vaccination, rising disease and, in time, hospitalizations and deaths.

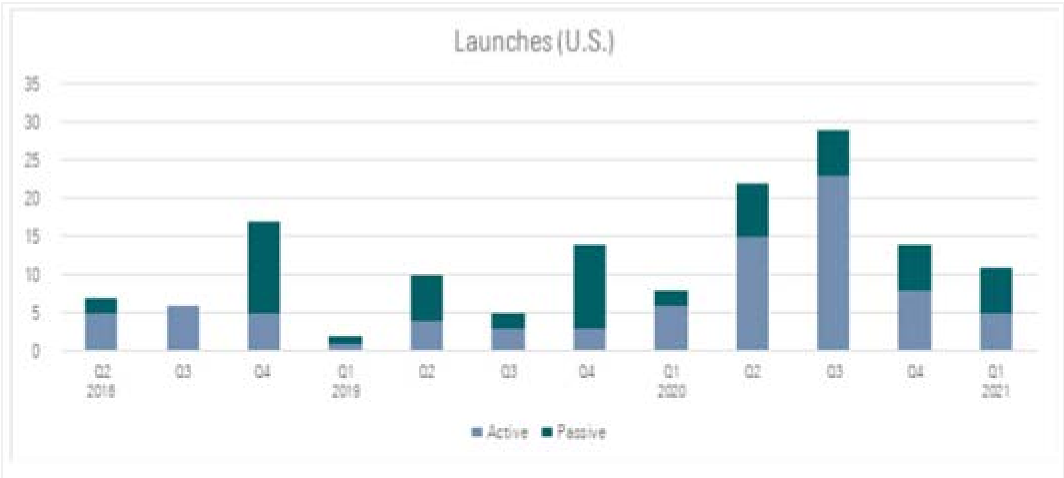
SUSTAINABLE INVESTING

It should not be surprising that institutional investors have shown increasing interest in creating innovative, inclusive approaches to sustainable investments. The disruptions of 2020, specifically COVID-19, highlighted the needs of communities around the world. From healthcare to unemployment to food insecurity to poor infrastructure and beyond, the needs of hardest hit communities came to the forefront. RockCreek's $6.3 billion in sustainable investments generate strong returns, manage long term risks, and drive positive outcomes for global communities. They extend across our portfolios and are a growing universe of opportunity.

In the public markets at the start of this year, sustainable funds (both equity and fixed income) attracted $185 billion, with European investors continuing to lead – $185 billion in inflows represents a 17 percent increase quarter-over-quarter. The disparity of investor interest across regions is stark. US investors are only a tiny fraction of the market, despite increased investor talk around sustainable investments.



In 2020 there was a record number of new funds launched — 532 according to Morningstar. In 2021, inflows have continued to increase into public market sustainable funds. And again, in Q1 2021, Europe was the leader in launches, with 111 new sustainable funds for the quarter alone. Contrast this with only 11 new public market sustainable funds launched in the United States, ten of which were equity strategies.

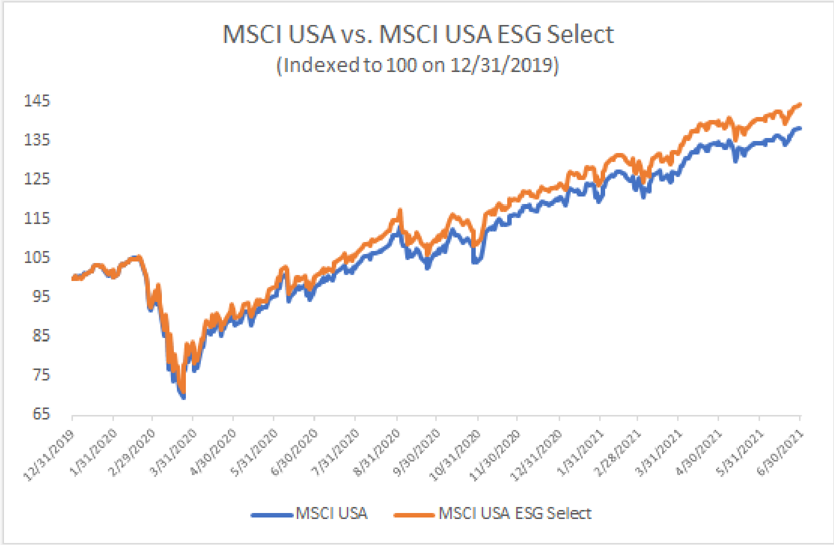


This trend is not surprising to RockCreek. Our analysis shows that a growing and thriving economy that benefits a larger share of the population, and is more equitable, can also generate higher returns. Based on our assessment of the opportunity, RockCreek launched an active fund to target seven UN Sustainable Development Goals (SDGs) through an investment grade corporate fixed income strategy benchmarked to the Barclays Aggregate Index.

Similarly on the equity side, we are in the process of similar analysis and a future launch. As more institutional investors see the return potential from integrating sustainable, active strategies into their portfolios, we believe that these types of funds targeting impact outcomes such as social justice, gender equality, work and economic growth, climate, and a clean environment will be the future of sustainable funds in the public markets.

Sustainable investing in the private markets continues to lead discussions with many of our investors who want to expand the positive outcomes of their investment pools across their portfolio. With allocations to private markets generally increasing across institutional investors, it is a natural place to focus on sourcing impactful business models that are growing, increasing in profitability, and significantly improving communities. This includes our portfolio companies that are tapping into the needs of under-served communities.

At RockCreek we invested $300 million in Black-owned and managed firms, companies, and funds in 2020, bringing our total investments in Black-owned and managed enterprises since inception to over $900 million. We continue to find exciting investments across a diverse group of entrepreneurs in 2021. ESUSU, a digital platform that helps individuals save and build credit, is a perfect example of how innovative technology can improve lives. It is especially impactful for those who would otherwise have no ability to build up credit, given their economic conditions.



RockCreek private market investments are delivering extremely strong performance – many of which are taking advantage of these impact opportunities around themes such as inclusivity or climate and environment. We recently invested in Generate, a company that is at the forefront of innovative sustainable infrastructure. Generate's ecosystem focuses on sustainable energy, sustainable mobility, and sustainable waste and water, including investments across the spectrum of developing, building, and operating more affordable, reliable solutions around these themes. The company provides innovative technologies to increase the ease, use, and cost of these solutions in areas such as renewable energy, energy efficiency, transportation, waste, agriculture, and water markets. This is just one of many investments we have made so far this year that continue to excite us as we aim to push the envelope of both impact investment outcomes and areas where future returns can be found.

PUBLIC EQUITIES

Equity Markets	Q2 2021
US Large Cap (S&P 500 TR)	8.5%
Nasdaq	9.7%
US Small Cap (Russell 2000)	4.3%
Japan (TOPIX)	-0.4%
Europe (MSCI Europe)	6.7%
China (CSI 300)	4.3%
Global EM (MSCI EM)	5.1%

Bond Markets	Q2 2021
US 2yr	8.8
US 10yr	-27.2
US 30yr	-32.5
German 10yr	8.5
German 30yr	3.2
UK 10yr	-12.9
UK 30yr	-16.3
JGB 10yr	-3.7
JGB 30yr	2.1

Currency Markets	Q2 2021
DXY	-0.9%
EUR	1.1%
GBP	0.3%
JPY	-0.4%
MSCI EM Currency Index	2.2%

Commodity Markets	Q2 2021
Crude Oil (WTI)	24.2%
Nat Gas	40.0%
Gold (Spot)	3.7%
Steel (Rebar)	1.3%
Ag & Livestock (Bloomberg)	10.2%

RCG HF Indices	Q2 2021
All Hedge Funds	4.0%
Equity Hedge	5.5%
Absolute Return	1.8%
Equity Market Neutral	3.2%
Event Driven	3.7%
Global Macro	3.6%

Changing inflationary forecasts, central bank policies, fiscal spending plans, Covid variants, and vaccination rates across the globe are creating a rapidly evolving opportunity set within equities. Coming into this year there was significant value to be found in economically sensitive companies that had been devastated earlier by the lockdowns. Investors who bet on the emerging recovery in energy, manufacturing, and travel & leisure have been well rewarded. This has coincided with strong outperformance for US small-cap and developed Europe as well. The Russell 2000 and MSCI Europe returned 48.4 percent and 38.9 percent, respectively, compared to the S&P 500's 29.8 percent return.

Performance from growth-oriented strategies has been more muted this year, though the opportunity set has moved back in their direction recently. The combination of strong profit growth and weak stock price performance quickly compresses P/E multiples. According to FactSet, from the end of December last year through Friday, June 18, Amazon's expected 12-month forward earnings rose more than 40 percent. Since its share price had only risen about 7 percent, its P/E had contracted from almost 73x to 55x. Netflix's subscriber growth disappointed as people resumed more of their daily activities but its expected earnings rose while its share price fell 7 percent and its P/E compressed from 60x to 43x. Apple saw its P/E decrease from 32x to about 25x. The convergence of multiples between growth and cyclical value stocks has brought about the most balanced opportunity set we have seen in more than a year. In fact, a sizable rotation back toward TMT took place last month in June with the group returning 4.5 percent on average versus -1.5 percent for cyclicals. With cyclical performance largely catching up with TMT, portfolio performance over the second half of the year may be more stock dependent and less sector driven. With the risks of supply bottlenecks and rising wage and commodity prices, business quality considerations including pricing power, cost controls, and market share capture will become increasingly important.

There is good reason to be cautious toward equities generally. US GDP growth is expected to have peaked in Q2 and equities often struggle when strong economic growth begins to slow. The latest ISM Manufacturing Index registered 61.2 and 60.6 in May and June, respectively. According to research by Goldman Sachs, an investor who bought the S&P 500 while the ISM was above 60 (a strong indication of peak growth) over the last 40 years would have earned a median return of -1 percent the following month and a meager 3 percent over the ensuing 12 months.

Through most of last year, Covid beneficiaries, mainly within technology, were the market leaders by an overwhelming margin. However, starting in November of last year, as vaccines came to light, a regime shift in favor of cyclicals took place, led by energy and financials. In the table below, we grouped the eleven S&P 500 sectors into three main buckets (TMT, Cyclical, and Defensive) to help illustrate the magnitude of this thematic dispersion. We categorize consumer discretionary with TMT, given Amazon and Tesla make up more than half of that sector's market capitalization. From the onset of the pandemic through October 2020, TMT strongly outperformed other sectors, but from November 2020 through May 2021, the average return of cyclical sectors was 57 percent versus 25 percent for TMT-oriented and 15 percent for defensives. Whether that trend holds is a key question for Q3.

	Mar 2020 - Oct 2020	Nov 2020 -May 2021	Jun-21
TMT Sectors			
Communication Services	15.8%	31.5%	2.7%
Consumer Discretionary	28.7%	18.2%	3.8%
Information Technology	26.7%	25.3%	7.0%
Average	**21.3%**	**25.0%**	**4.5%**
Cyclical Sectors			
Energy	-34.7%	86.1%	4.6%
Financials	-8.5%	60.9%	-3.0%
Industrials	4.8%	39.7%	-2.2%
Materials	21.8%	39.5%	-5.3%
Average	**0.8%**	**56.5%**	**-1.5%**
Defensive Sectors			
Consumer Staples	9.7%	15.1%	-0.2%
Health Care	11.4%	22.6%	2.3%
Utilities	3.1%	6.1%	-2.2%
Average	**8.3%**	**14.6%**	**0.0%**

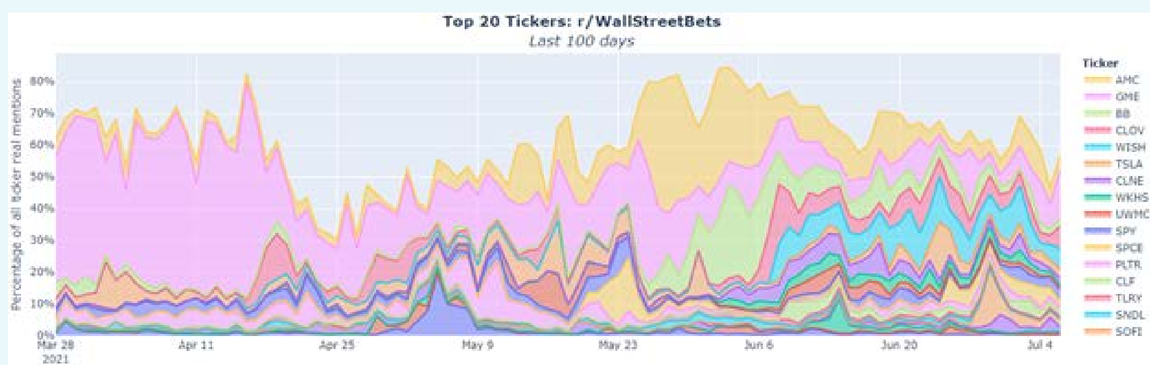
A SPOTLIGHT ON MEME STOCKS – IS YOLO-INVESTING OVER?

Retail investors are a growing force in finance. In early 2020, individual investors accounted for 19.5 percent of the shares traded in the U.S stock market – up from 14.9 percent in 2019 and nearly double the level from 2010. And the newest generation of retail investors has access to a variety of information online – everything from personal finance apps like smartasset, to TikTok influencers, to Reddit communities. Some retail investors are focused on making money quickly with high-risk investments, and perhaps disrupting the system in the process. Throughout the last two quarters, groups of retail investors dramatically influenced price movements of meme stocks to such a degree that they can no longer be ignored by institutional investors. Characterized by high volatility and "hype" on platforms such as Reddit, meme stocks at first seemed like a pandemic-induced diversion. But at the end of Q2, it seems that YOLO (You Only Live Once) investing may remain a fixture on Wall Street.

Over the last month, these individual investors have continued to rally behind meme stocks. According to a new survey by digital advisor Betterment, 97 percent of YOLO investors are at least somewhat likely to invest in meme stocks. Social media platforms have garnered more of these investors: r/WallStreetBets, the infamous subreddit forum behind the trading volume responsible for GameStop and AMC mania, currently boasts 10.6 million self-identified "degenerates" as loyal followers.

YOLO investing might signal a bigger trend in the intersection of social media and finance. Reddit's WallStreetBets community will be one to watch for new meme stocks, though some members argue its recent explosion in popularity ruined the tight-knit community that sent GameStop's stock "to the moon." As a result, splinter subReddit forums like WallStreetBetsNew and Superstonk have accumulated more than a million disillusioned ex WallStreetBets members.

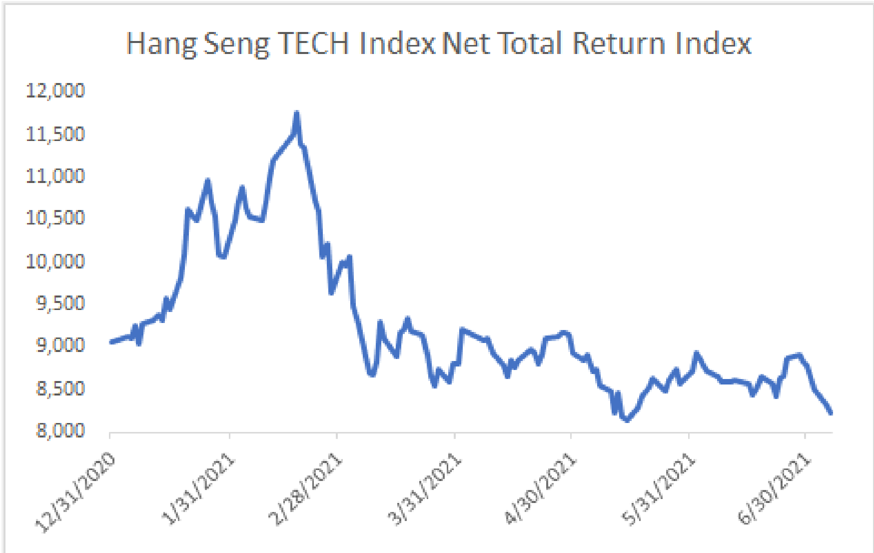
Communities surrounding some of the original meme stocks are still going strong, with many members holding out for an even bigger short squeeze. Websites such as yolostocks.live track Reddit mentions of stock tickers in real time. The chart below shows how mentions of AMC and GameStop moved in lockstep early in Q2; more stocks are garnering attention as we move into Q3.



The advent of meme stocks has posed some tough questions: How important are investing fundamentals if retail investors can drive up a dying company's stock price over a thousand percent on a whim? Will the emergence of these get-rich-quick schemes negatively impact the market in the future? The meme stock movement seems hardly ephemeral. Investors should be prepared for more booms—and perhaps some busts—in the "stonk market."

EMERGING MARKETS EQUITIES

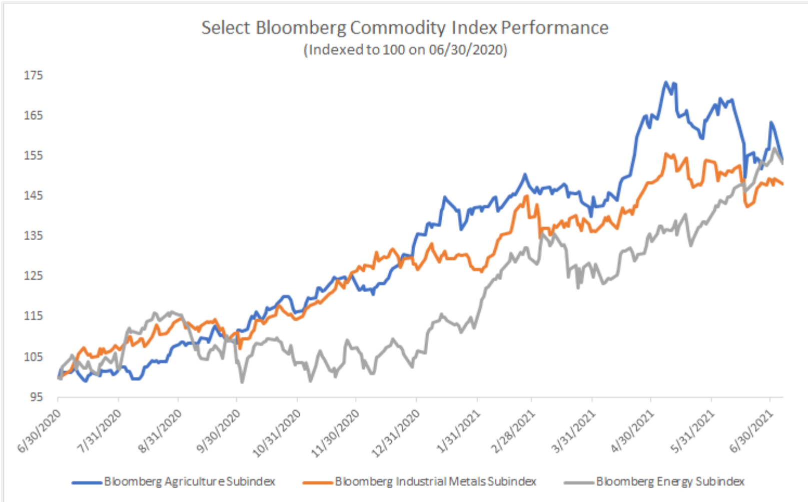
The divergence in performance between China and the rest of emerging markets that began in Q1 was even more evident in Q2, as Chinese markets sold off and markets such as Mexico, Brazil, India, and Eastern Europe all rallied. The ongoing Chinese government crackdown on large cap technology companies has played a non-trivial role in subduing the performance of Chinese equities. The recent development around ride-hailing behemoth Didi Global is just the latest example in a string of clampdown measures that, among other consequences, has put a chill on future US listings of Chinese companies. Consider this: just eight technology stocks represent close to 40 percent of the MSCI China Index. Of these eight, seven have faced government fines, and/or corporate restructurings in the past year. Accordingly, many have sold off by 30 percent or more since the peak in February.



Source: Hang Seng, Bloomberg

Authorities are showing no sign of slowing down. President Xi's administration is keen to assert control over key areas of China's new economy, and at the center of this power grab is data. For a single party state with a model of centralized decision making, having a monopoly over data can be seen as the key to survival. The string of investigations also coincides with public anger with growing income disparity in what is nominally a socialist state. In a year that just celebrated the hundred-year anniversary of the Chinese Communist Party, authorities in Beijing are focused on keeping the peace domestically, focusing on unglamorous (but critical) issues like food inflation and affordable housing. While China's CPI has remained relatively stable in the first half of 2021, it is expected to pick up as the effects of higher commodity prices find their way into everyday staples. While Chinese bulk buying of commodities has blunted some of the effects of surging prices, it has its limits when faced, for example, with a 79 percent on year-over-year increase in the price of soybeans.

It is not just an issue of imported inflation for China. In the ongoing debate on inflation and Western Central Banks' reactions, China's role in exporting inflation can sometimes be overlooked. Perhaps this is because for years, following China's entry into the WTO, China was a deflationary force, bringing to bear an enormous pool of cheap labor and a cheap currency. The script has arguably flipped in the last year as labor costs have surged and Chinese authorities have let the Renminbi steadily appreciate. Input costs globally have been on the rise, but especially so for Chinese manufacturers, as reflected by the 9 percent rise in producer prices reported during the quarter. Since most of China's export business is still conducted in US dollars, Chinese manufacturers must decide whether to pass on these incremental costs to their customers. If they do, they may well accelerate the normalization of global interest rates.



Source: The RockCreek Group, Federal Reserve

Outside of China, technical and macro-economic factors were tailwinds for emerging markets, despite the tragic public health developments. On the technical front, record low valuations and fixed income yields led to a surge of domestic equity buyers. On the macro front, the economic recoveries of the US and North Asia, coupled with a weaker US dollar and stable EM currencies, also boosted investor confidence. At the country level, idiosyncratic factors also played a role. The ongoing US economic recovery and the much-anticipated infrastructure stimulus has helped Mexican exporters, steel, and cement producers. Similarly, the recovery in global car demand has helped Eastern European economies get back on their feet. In Brazil, the government has belatedly moved ahead with a slate of privatizations to shore up the country's fiscal balance sheet, including one of the largest electric utilities. Indian equity performance has been led by banks and insurance names which, morbidly, have benefited from an uptick in life insurance premiums.

Index	Q2	YTD	1-Year
MSCI Emerging Markets	5.0%	7.4%	40.9%
MSCI Emerging & Frontier Markets	5.1%	7.5%	40.8%
MSCI Emerging Markets ex-China	6.8%	11.1%	50.2%
MSCI EM Asia	3.8%	6.0%	41.0%
MSCI EM EMEA	7.4%	16.0%	37.4%
MSCI EM Latin America	15.0%	8.9%	44.9%
MSCI Frontier Markets	14.1%	15.0%	38.5%

Source: MSCI as of 6/30/21.

PRIVATE EQUITY &VENTURE CAPITAL

Private markets continued their blistering pace of activity as global private equity deal volume surpassed a half trillion dollars during the first six months of 2021.

Venture capital funding continues to accelerate this year. According to Crunchbase, venture capitalists invested $288 billion in the first half of 2021, an all-time record for any half-year period and a 95 percent increase versus the first half of 2020. Through the first half of 2021, 250 companies became unicorns—valuations above $1 billion—versus 161 new unicorns for all of 2020.

While funding within venture capital and private equity has increased, the opportunity set remains robust. One opportunity that has been particularly booming in 2021 has been fintech investments in Latin America. Nubank, which reports more than 40 million mobile banking customers across the region, raised a fresh round of funding that valued the company at $30 billion. The round was anchored by a $500 million investment from Berkshire Hathaway, which previously acquired a stake in Paytm, India's largest mobile payments company, back in 2018. In early June, dLocal, a fintech company based in Uruguay that powers local payments connecting merchants with billions of emerging market consumers through a single API, conducted a US IPO that valued the company at $10 billion during its first day of trading, while in early July, SoftBank announced a $200 million investment in Mercado Bitcoin, one of the largest cryptocurrency exchanges in Latin America.

Another opportunity we continue to watch is the healthtech ecosystem. Over the quarter, Olive, an Ohio based automation business working to create "the internet of healthcare", raised over $400 million in fresh funding. In healthtech, investors appear to be looking at the picks-and-shovels of healthcare data and delivery, while others are attempting to wholly reimagine elements of the sector. At RockCreek, we continue to invest in themes such as renewable energy, education, and health technology. Our investments have led to QTD trailing IRRs of between 15-25 percent.

Quarterly IRR
(March 31, 2021)

	Early-Stage VC	Late-Stage VC/Expansion	Buyout	Total
United States	17.8%	9.6%	8.6%	**10.5%**
W. Europe	8.8%	2.9%	1.1%	**1.4%**
Asia & Pacific	20.6%	3.4%	3.9%	**8.5%**
Total	**18.1%**	**7.3%**	**6.5%**	**8.6%**

Source: Burgiss

Venture capital is expected to continue driving the performance of private markets investors' portfolios as several high-profile venture-backed businesses made their public markets debuts during the quarter, including Coinbase, Coupang, and UiPath, with Coinbase and UiPath following the likes of Slack and Spotify in pursuing a direct listing as an alternative to a traditional IPO. For a refresher on some of the nuances

between direct listings versus IPOs, we suggest reading the below two blog posts by the team at Andreessen Horowitz:

All about Direct Listings

In Defense of the IPO, and How to Improve It

Other near-term IPO candidates include Instacart, Nextdoor, Robinhood, and Stripe, which could achieve a combined valuation of more than $200 billion, continuing to drive strong outcomes for the asset class. Despite some volatility, many of the 2020/21 cohort of VC-backed IPOs have sustained relatively large public market caps, locking in significant gains for early-stage investors.

Company	**IPO Date**	**Total Funding**	**Valuation at IPO**	**Current Market Cap (7/6)**
Airbnb	12/10/20	$6.0 billion	$47 billion	$90 billion
Coinbase	4/14/21	$547 million	$86 billion	$49 billion
Coupang	3/11/21	$3.4 billion	$60 billion	$69 billion
Doordash	12/9/20	$2.5 billion	$39 billion	$60 billion
Roblox	3/10/21	$856 million	$30 billion	$50 billion
UiPath	4/21/21	$2.0 billion	$35 billion	$33 billion

Source: Crunchbase

However, momentum did falter for several popular private investment themes, including crypto, insuretech, and electric vehicles/batteries:

- The price of Bitcoin declined 41 percent during the second quarter, though the cryptocurrency still managed to gain 20 percent year-to-date through 6/30 despite headlines from China and concerns about the sustainability of Bitcoin mining, an issue we monitor closely;
- Insuretech stocks have struggled year-to-date (through 7/6), including Root Insurance (-41 percent), Oscar Health (-40 percent), Clover Health (-36 percent), and Lemonade (-7 percent);
- Tesla stock has declined 9.6 percent year-to-date (through 7/6), while companies like Quantumscape (-60 percent), Plug Power (-55 percent), Blink Charging (-38 percent), and Fisker (-37 percent) have seen significant declines from their Q1'21 peaks. Over the quarter, Fisker set an ambitious objective to build climate neutral vehicles by 2027.

In private equity, activity has been driven by a combination of a robust M&A environment, accommodative capital markets, and the transition out of lockdown. According to data from Axios and Refinitiv, M&A deal volume topped $2.8 trillion during the first half of the year, surpassing 2007 ($2.35 trillion) for the most active start to a year. A highlight transaction was the announced acquisition of Medline, the largest privately held manufacturer and distributor of medical supplies for approximately $34 billion and led by a consortium of private equity firms. Also of note, tech deals had a market share of approximately 23.5 percent as the sector has become much more ubiquitous for the industry. The private equity industry has quickly reloaded its war chest as dry powder in the U.S. alone has approached nearly $750 billion, with record fundraising volume partially offsetting the pace of capital deployment.

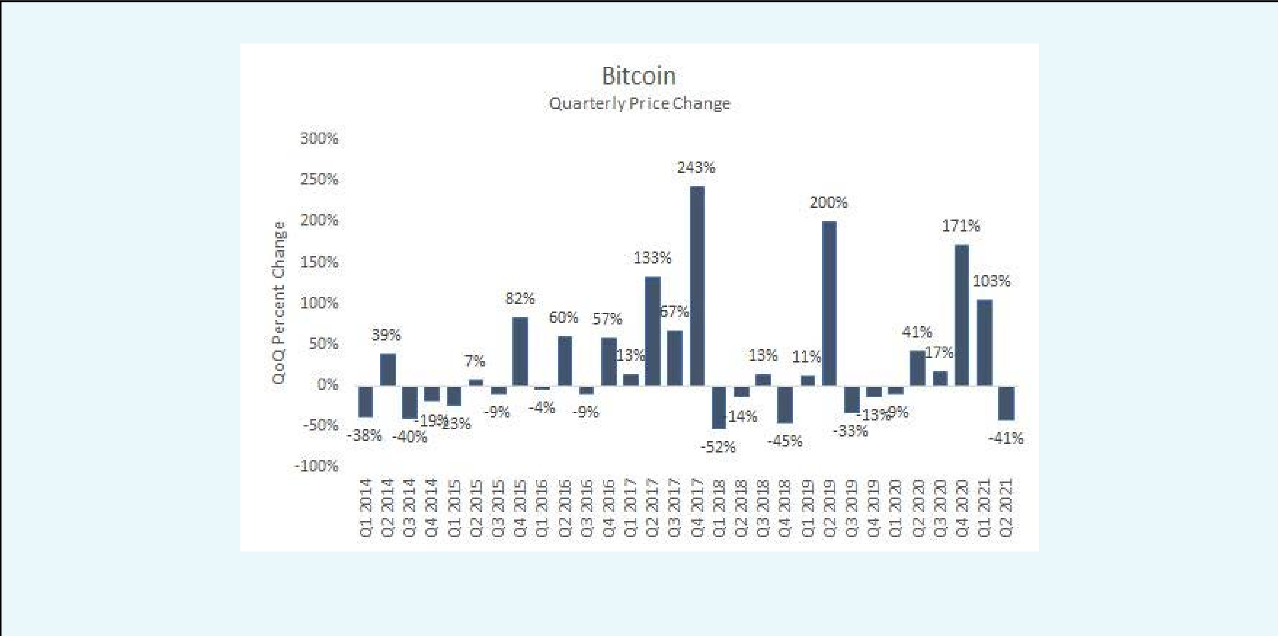
A SPOTLIGHT ON CRYPTO

Crypto's maturation process continued in the second quarter. Despite the volatility of the burgeoning asset class being on full display, institutions continued to increase their engagement. Bitcoin lost the status of its $1 trillion valuation as the price per BTC dropped from an intra-quarter high of more than $64,000 to below $29,000, while Ethereum would see a spectacular 120 percent roundtrip – rallying from below $2,000 per ETH to more than $4,300 before retracing the entirety of the move.

Amid the carnage in June, Andreessen Horowitz was able to close their third crypto fund. It was oversubscribed with $2.2 billion of commitments, more than four times what was raised for the 2020 vintage predecessor fund. Coinbase was also able to execute on its direct listing during the second quarter, with early trading giving the company a valuation in excess of $100 billion. While shares have come back to earth, the company is going to be playing an essential role in how speculative investors become participants in these individual networks, transforming what are effectively being treated as digital collectibles into commodities. In a recent blog post, the company's CEO Brian Armstrong wrote, "Coinbase is the trusted bridge to the crypto economy today, but we need to become the place people also go to actually participate in the crypto economy." This is where we at RockCreek are focusing for the second half of the year and beyond.

It has also been interesting to see how governments have engaged with the technology. China for one has taken a defensive posture as it relates to decentralized cryptocurrencies such as Bitcoin, while embracing a more centralized version of the technology as it seeks to develop the first central bank digital currency (CBDC). During the second quarter, Chinese regulators worked to stymie broader adoption of the former by shutting down miners and telling banks and payments platforms not to support crypto transactions. While undoubtedly a headwind for Bitcoin, one positive that could come out of the step-up in regulation is the redistribution of mining activity onto greener power grids. According to a study from the University of Cambridge, the Bitcoin network was consuming more than 0.5 percent of global electricity production at its peak, equivalent to a small country. The energy intensity of the transaction verification process is an incentive mechanism design flaw of Bitcoin, one that can only be resolved through the broader adoption of renewables by miners if the network is going to survive. More receptive jurisdictions are trying to get ahead of this flaw. El Salvador approved a proposal in June that will make the country the first to adopt Bitcoin as legal tender. President Nayib Bukele at the same time flaunted the country's ability to leverage its geothermal energy resources for mining. Miami, which is being adopted as the Bitcoin capital of the United States, saw its mayor try to lure China's castoff miners with an offer of cheap nuclear energy.

Growing adoption within the asset management space, the first crypto currency exchange going public and political leaders lobbying for Bitcoin miners amid China's defensive stance should provide investors hope and sense of security for the ecosystem. After all, even after one of its worst quarters ever (see the chart below) Bitcoin is still up about 19 percent year to date, outperforming a large majority of other asset classes. As mentioned above, RockCreek is looking closely at the opportunities and is excited to see this new asset class to continue to grow.


Bitcoin
Quarterly Price Change
QoQ Percent Change
300%
250%
200%
150%
100%
50%
0%
-50%
-100%
-38%
39%
-40%
-19%
-23%
7%
-9%
82%
-4%
60%
-9%
57%
13%
133%
67%
243%
-52%
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17%
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Q1 2014
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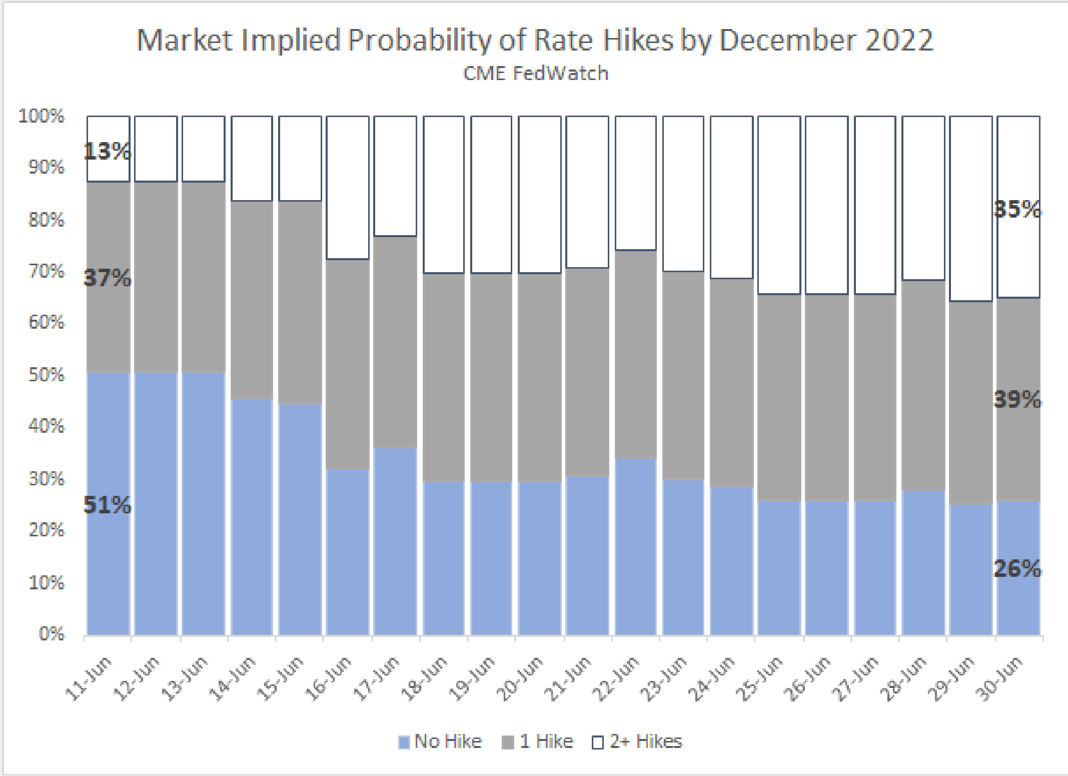
Q1 2021
Q2 2021

FIXED INCOME

The second quarter was a far more muted period for fixed income following the sharp rerating of inflation and monetary policy expectations during the preceding three months.

As we discussed in the opening section, despite official measures of inflation in the United States coming in hotter than expected, future expectations have cooled. The headline 10-year Treasury yield declined 29 basis points to 1.45 percent at the end of Q2 and the yield curve flattened, pivoting between the 3- and 5-year points. Yields on the 10-year TIPS declined 24 basis points translating to a five-basis point decline in the 10-year breakeven inflation rate to 2.32 percent.

The lower and flatter yield curve is seemingly in conflict with the latest inflation prints and has many speculating as to why the bond market is looking past these price data. Some attribute it to structural deflationary pressures that will prove inflation to be transitory, others fear that the market is implicitly downgrading its growth expectations, perhaps anticipating a resurgence in COVID-19 or a stumble in China's trajectory. But the action in the front-end of the Treasury curve would indicate that the bond market expects the Fed to act sooner than previously expected, putting a lid on any inflation that proves more persistent. After remaining well anchored over the past year, the yield on the 2-year note jumped following the most recent FOMC meeting. At that meeting, Committee members adjusted their Fed Funds projections to include two hikes by the end of 2023 (the median projection expected none at the March meeting), while seven members expect at least one by the end of 2022 (up from four in March). The market implied probability of a 2022 hike rose from a 50/50 proposition ahead of the meeting to 75/25 in favor of tightening by the end of Q2 and placed a greater probability on two hikes than none.



Before we get "liftoff" though we are likely to see monetary tightening come in the form of a reduction (i.e., tapering) in asset purchases, which immediately brings to mind the 2013 "taper tantrum." The question continues to be asked – will 2021 see a replay of that event? We think not. Recall that the sell-off in fixed income in 2013 was very much a reaction to the prospect of tapering and the fear of the unknown rather than the action itself. The damage to fixed income portfolios largely occurred in the months leading up to its implementation, as markets were caught unawares by Fed communications around the likelihood of tapering. So far this time around, markets have taken in stride the Fed's gentle messaging that a time will come for tightening. Of course, that messaging has been accompanied by reassurance that tightening is still a ways off. Continued easy monetary conditions are one element in the surprising dip in yields even while inflation is exceeding expectations. At some point, these conditions will be tightened – barring an unexpected hiccup in recovery. Investors will be hoping that the Fed manages a smooth transition when the time comes.

EMERGING MARKET DEBT

The chart depicts the performance of emerging market debt markets through Q2 2021. Performance was strong across both hard currency and local debt with outperformance concentrated in high beta commodity sensitive issuers given investors seeking out yield as markets believed that the pandemic is behind us. According to Morgan Stanley, the inflow has been strong since the beginning of the year, the highest on a comparative basis since 2017. Within global credit, the funds transferred to EM Hard

Currency Bond Funds will follow the funds of US investment-eligible funds over the past few years. One sign of sustained demand for EM debt can be seen in this week's huge $10 billion offering from Qatar Oil. This is the first time in 15 years. According to Dealogic data, this will be the third largest EM bond transaction in the last five years. Qatar Oil, a large producer of liquefied natural gas, is being driven by rising hydrocarbon prices.

Moreover, with rates pressure subsiding in the quarter, high quality long duration securities also had a strong quarter. However, IG returns remain in the red driven by the duration impact of rising rates in the United States seen in the first quarter.

Emerging Market Debt Performance

External Debt Indices	1-mo	3-mo	YTD	12-mo	Yield to Maturity	Spread to Maturity	IR Dur to Maturity	Yield to Worst	Spread to Worst	IR Dur to Worst
EMBI Global	**0.89%**	**3.93%**	**-1.00%**	**6.81%**	**4.66**	**312**	**8.14**	**4.62**	**309**	**8.11**
Inv Grade	1.39%	3.17%	-1.97%	3.56%	3.21	155	9.17	3.12	147	9.14
High Yield	0.11%	5.16%	0.56%	12.34%	7.22	586	6.52	7.22	586	6.50
EMBI Global Div	**0.73%**	**4.06%**	**-0.66%**	**7.53%**	**4.91**	**340**	**7.94**	**4.89**	**339**	**7.91**
Inv Grade	1.41%	3.01%	-2.45%	3.02%	3.16	150	9.25	3.11	145	9.22
High Yield	-0.02%	5.27%	1.42%	13.08%	7.17	582	6.46	7.17	582	6.44
EMBI+	**0.94%**	**4.42%**	**-3.12%**	**4.13%**	**5.09**	**356**	**8.86**	**5.09**	**356**	**8.84**
Inv Grade	1.35%	3.36%	-3.33%	3.32%	3.39	171	9.97	3.39	171	9.94
High Yield	0.28%	6.24%	-2.75%	5.65%	8.20	684	7.03	8.20	685	7.03
EURO EMBI Global Div	**0.39%**	**0.69%**	**-0.90%**	**5.23%**	**1.62**	**182**	**7.40**	**1.62**	**182**	**7.40**
NEXGEM	**-0.47%**	**4.10%**	**2.77%**	**14.59%**	**6.87**	**556**	**6.08**	**6.88**	**557**	**6.06**
JACI	**0.43%**	**1.07%**	**-0.12%**	**3.85%**	**4.03**	**273**	**4.88**	**3.36**	**214**	**4.68**

Corporate Debt Indices	1-mo	3-mo	YTD	12-mo	Yield to Maturity	SOT to Maturity	IR Dur to Maturity	Yield to Worst	Spread to Worst	IR Dur to Worst
CEMBI Broad Diversified	**0.84%**	**2.10%**	**1.28%**	**8.67%**	**4.26**	**296**	**4.91**	**3.63**	**249**	**4.49**
Inv Grade	0.79%	1.58%	-0.14%	5.26%	3.00	172	5.53	2.78	149	5.44
High Yield	0.89%	2.78%	3.20%	13.50%	5.88	456	4.10	5.35	446	3.24
CEMBI Diversified	**0.77%**	**2.12%**	**1.11%**	**8.22%**	**4.20**	**286**	**4.98**	**3.43**	**229**	**4.57**
Inv Grade	0.81%	1.75%	0.01%	5.59%	3.10	177	5.63	2.77	149	5.53
High Yield	0.72%	2.63%	2.65%	12.06%	5.65	429	4.12	4.80	393	3.30

Local Debt Indices	1-Month	3-Month	YTD	12-Month	Local Return 1-mo	FX Return 1-mo	Yield	Modified Duration
GBI-EM Global Div*	**-1.21%**	**3.54%**	**-3.38%**	**6.57%**	**0.09%**	**-1.30%**	**4.98**	**5.26**
Inv Grade	-1.72%	1.86%	-4.14%	5.10%	-0.11%	-1.62%	4.13	5.47
GBI-EM Div*	**-1.22%**	**4.49%**	**-2.30%**	**7.28%**	**0.14%**	**-1.36%**	**5.09**	**4.97**
ELMI+*	-1.21%	2.02%	-0.60%	6.82%	0.17%	-1.38%	2.78	-
GBI Aggregate Div*	-1.25%	1.52%	-4.24%	2.84%	0.47%	-1.72%	1.50	7.90
GBI Global*	-0.82%	1.07%	-4.64%	-0.01%	0.56%	-1.37%	0.91	8.16

*USD unhedged
Source: J.P. Morgan

Performance as of 6/30/21

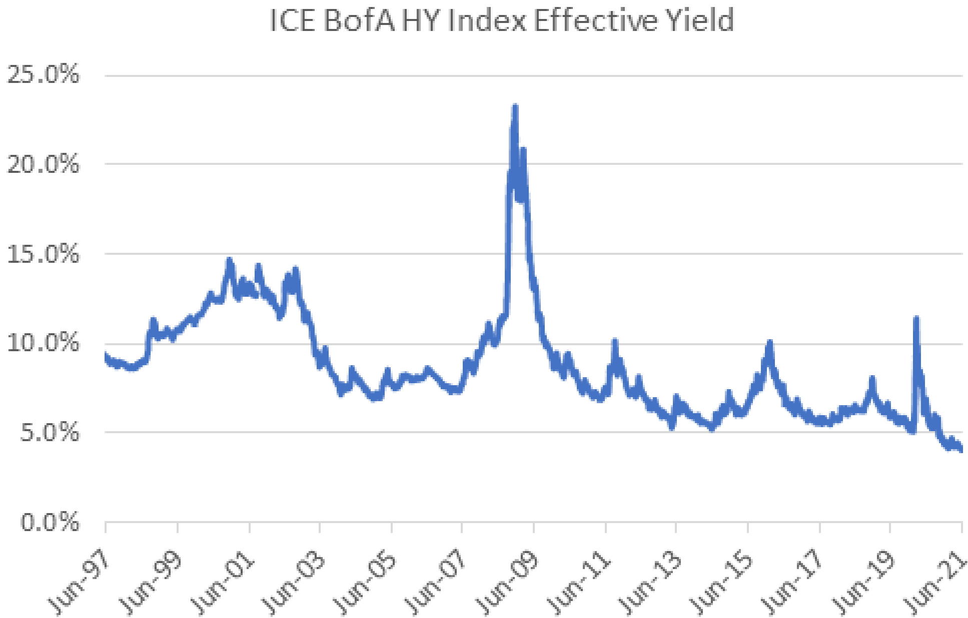
We expect the recovery in global growth and subsequent expansion following a period of low rates to produce a strong broad-based rebound in earnings and earnings metrics in 2021, returning to levels last seen in 2019. The recovery in commodity prices has been an additional tailwind for emerging market corporate earnings. As earnings recover, it is likely that credit metrics should improve, particularly if management teams remain disciplined. Emerging market corporates will have the capacity to borrow for growth opportunities, which could be a risk, but we think 2021's issuance can be easily absorbed, in light of current net supply dynamics.

The ratings picture has also stabilized and although we see upward pressure, we expect a measured pace of revision. To us, refinancing risks appear manageable, with an active new issue market and attractive funding levels. This leads us to expect below average defaults in 2021. Defaults were relatively contained in 2020; we expect a similar trend in 2021, the main challenge is valuation – spreads for both sovereign and corporate issuers have fallen to their lowest levels in three years. The high yield space continues to offer value, while the duration-adjusted premium of emerging market investment grade to developed market investment grade remains attractive for crossover investors. Hence, we believe there is room for spreads to compress further given the spread to DM issuers. Active management is key given how divergent the recovery from the pandemic has been across different EM regions.

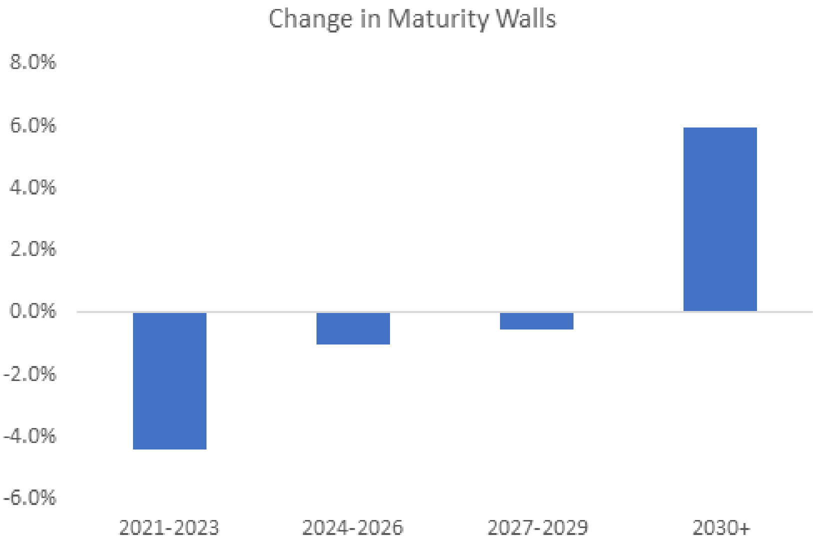
As we look ahead, we see the expected rebound in global growth as supportive for emerging market debt, though the inevitable tightening of financial conditions that follows may present headwinds. Investors should position their portfolio towards credit over rates as monetary policy normalizes, preferring issuers with exposure to commodities and those with lower financing needs.

PUBLIC CREDIT

Credit markets experienced another benign quarter as the economy showed continued signs of recovery, market participants scrambled for yield (which has led to record debt issuance), and research houses revised down their default assumptions to between 0.65 percent and 2 percent for 2021. High yield bonds delivered a 2.8 percent return (ML HY Master II Index) and leveraged loans returned 1.1 percent (S&P/LSTA 100 Index). Lower rated once again outperformed as CCC bonds returned 3.5 percent and B's returned 2.2 percent. Yields continued to move into record territory as the ICE BofA Index effective yield reached 4.01 percent (see the chart below). Structured credit markets also performed well during the quarter as the Bloomberg Barclays CMBS, MBS, and ABS indices returned 1.9 percent, 0.3 percent, and 0.3 percent respectively. The Markit iBoxx Non-Agency RMBS index returned 4 percent on the back of an incredibly hot residential real estate market. Within ABS, upper-tranche aviation-related paper had a particularly strong quarter as consumer demand snapped back more quickly than expected.



Debt issuance continued at record levels, with the majority being refinancings or repricings. Overall, high yield issuers have floated $300 billion so far in 2021, already surpassing last year's $220 billion. While much of the refinancing has been focusing on replacing existing maturities with lower coupons, we have also seen a marginal shift in the maturity wall with nearer-term debt rolled into the next decade, as demonstrated in the chart.



Source: IBOXX High Yield Index

2021 only $8.5 billion of bonds and loans have defaulted or been involved in distressed transactions, marking the slowest start to a year in over a decade. As we wrote about in previous quarters, the universe of distressed bonds and loans is also at a near-decade low level.

Not only are we seeing fewer defaults, but we have recently seen several high-profile restructuring processes reach a positive conclusion. In May, Hertz reached a deal that kept debtholders intact, and actually led to significant recovery value for the equity holders, a major turnaround from only a few months ago when the equity was expected to be fully wiped out. We also saw the reemergence of Valaris from bankruptcy following its nearly year-long process initiated when oil prices saw futures briefly move into negative territory last April.

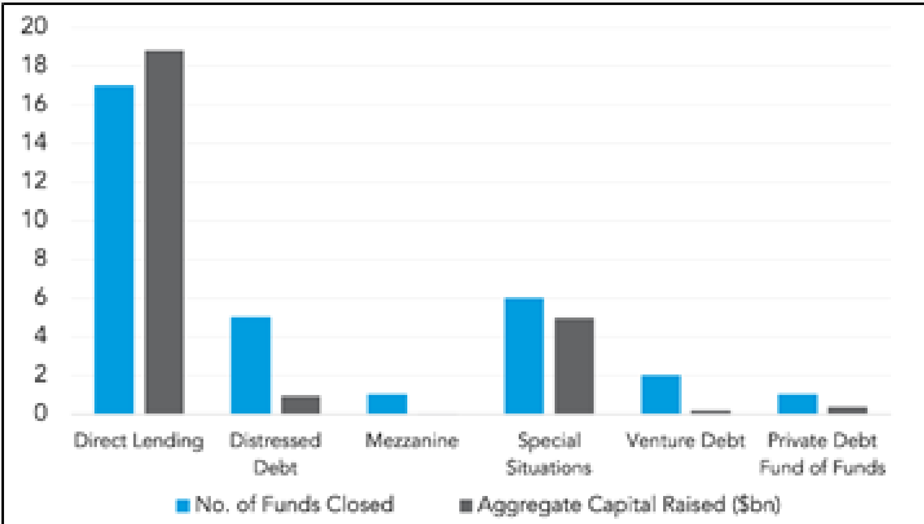
Meme stocks also continue to show resilience, and again allowed AMC to raise equity and further de-lever its balance sheet. And in good news for James Bond fans, MGM Studios reached a deal to be acquired by Amazon for $6.5 billion ($8.5 billion including debt).

With the asymmetry inherent in bonds and a market priced to perfection, credit beta is hard to justify in today's environment. However, given the high level of issuance (particularly in the convert market, which reached a record in 2021), volatility and dispersion within industries driven by COVID-related changes in consumer patterns, and structural differences in buyer profiles across the cap structure, we think there is ample opportunity for long/short strategies, cap structure arb, convert arb, and other relative value strategies within the credit space.

PRIVATE CREDIT

Private credit strategies continued to perform well on the back of continued strength in the leveraged loan and high yield market. As the US economy continues to recover and public credit spreads have narrowed, investors have resumed their hunt for yield in earnest, plowing a significant amount of capital into sponsored direct lending strategies, the largest segment of the private credit universe. The chart below depicts private credit fundraising by strategy with direct lending taking in the lion's share with close to $18 billion raised across 17 fund vehicles.

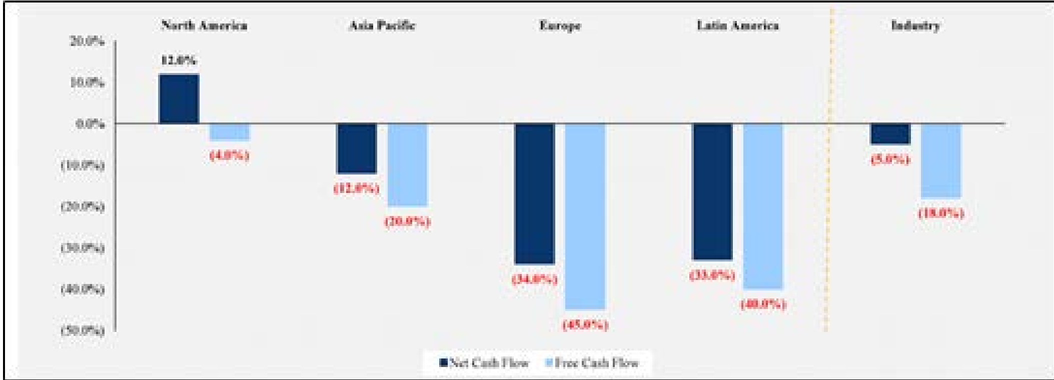
Private Credit Fundraising in Q1 2021 by Strategy



Source: Preqin Pro

The overall market has grown close to a trillion dollars and funds that traditionally lend directly to small or mid-sized companies have been targeting larger transactions in order to deploy greater amounts of capital. This year alone, companies including Calypso Technologies and Bourne Leisure Holdings have tapped private debt lenders for more than $2 billion in financing each for buyouts. These outcomes epitomize the growing dichotomy within the sponsored lending market. Large private credit GPs have raised significant war chests so they can (i) work directly with the mega buyout sponsors whose targets tend to be more resilient through cycles and (ii) face less competition from smaller and mid-sized GPs. The result of this pivot is that a larger number of investment funds that have been raised are targeting smaller mid-market transactions – this has resulted in the return premia for lending to lower to middle market companies to shrink considerably.

Cash Flow from Operating Activities in Q1 2021 (% of Revenues)



Source: IATA Economics

While most corporate sectors are nearing recovery to pre-pandemic levels, the aviation sector continues to face headwinds despite reopening and travel nearing pre-pandemic levels domestically. The graph above depicts the cash flow from operating activities for major carriers in Q1 across regions remaining well in the red. While airline stocks have rallied and bond spreads have narrowed on the expectation of a recovery, the hard asset market continues to be challenging as aircraft values remain depressed. A significant number of planes remain off-lease and lessors are only slowly resuming their lease payments. The recovery is expected to be more drawn out with pre-pandemic lease rate factors not expected for at least a couple of more years when global travel resumes.

While lending strategies have returned to vogue among institutional investors, distressed oriented strategies have fallen out of favor. Many experts had forecasted that the pandemic would create an opportunity set not too dissimilar to that seen after the 2008 Global Financial Crisis. However, a swift government response has almost fully erased any opportunity and funds that were raised at the onset of the pandemic have faced challenges deploying capital. In fact, some GPs have even released LP commitments given the dearth of opportunities. Fitch Ratings has stated in their latest market report that they expect high yield default rates to be sub 1 percent this year. We concur that traditional corporate distressed strategies pose limited opportunities but believe that the environment for special situation strategies and especially those that operate outside the United States are attractive. For example, small to medium size enterprises in Europe which make up close to 95 percent-plus of all companies, continue to face liquidity challenges given the uneven recovery, lost revenue and having to service their interest payments after taking on more debt last year. In fact, according to a PWC survey of 400 business leaders and key management in the UK:

- 57 percent report being unable to meet financial covenants;
- 55 percent have experienced challenges in repaying or refinancing loans;
- 49 percent say that over the last 12 months they have had an inappropriate capital structure and were unable to meet their liabilities;
- 41 percent are planning or considering disposing of part of the business through insolvency in the next 12 months.

REAL ESTATE

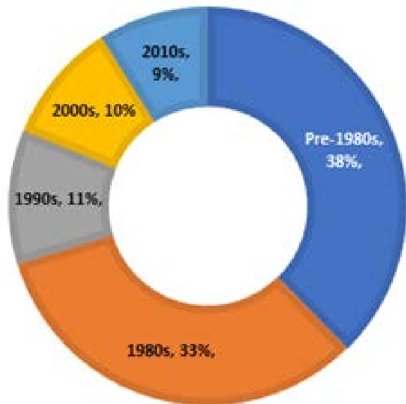
Although the effects of the global pandemic have further to run, the worst of the crisis has likely now passed, with 2021 shaping up to be a significantly better year for the global economy and real estate markets than 2020. Risks still exist, but distress in financial and real estate investment markets has been avoided, reflecting a concerted global policy effort. As investors once again start to deploy capital and look for opportunities, the divergent performance of various parts of the global real estate market across regions and property types means that an almost full cycle worth of opportunities is in play at the same time.

For investors seeking to take on a more opportunistic risk profile, there are reasons to be optimistic about the potential to generate revenue and grow values as occupier markets recover, and by expanding to look at modernization of assets, investment in operating platforms and rotation toward more sustainable strategies. Today's investment opportunities span a wide range of categories, including capitalizing on favorable occupier momentum linked to accelerated changes in how real estate is used, investing in assets that require some short-term repositioning and finding value in parts of the market that have undergone a long-term correction.

The one area where investors have been unable to reach a consensus is in the office sector and specifically whether it is an attractive recovery trade or a falling knife much like brick-and-mortar retail was nearly 10 years ago. In past letters, we have discussed the positive tailwinds for lab and medical offices given that work-from-home options are more limited. This quarter, we tackle the expectation for quality Class A office space in high growth markets, another important segment within the broader office sector.

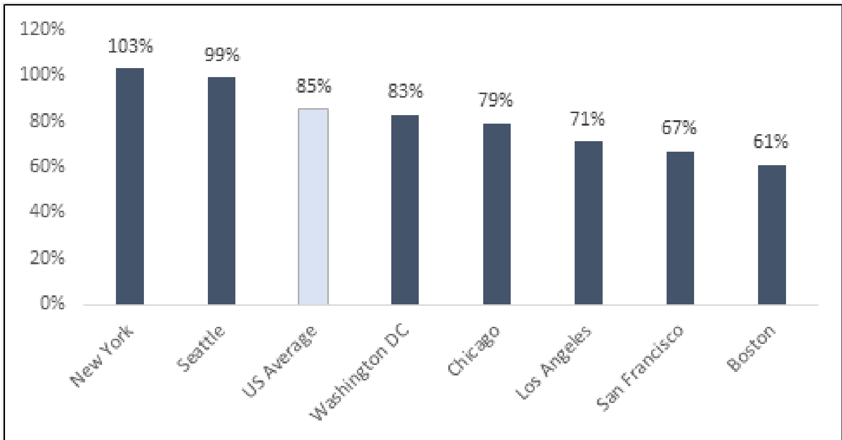
Despite the threat to space demand from remote working options, we expect offices to remain an integral part of how businesses operate. In part, this is because offices will continue to play an essential role in encouraging collaboration, facilitating training and development, and building culture within the organizations that use them. The pressures for employers to allow for greater remote working—including the potential for cost savings and demands from highly skilled workers—will result in a shift to a hybrid model that balances in-place working with remote working. Such a shift puts greater emphasis on the need for modern, grade A offices — but available supply is limited. Net additions to office stock have been trending downward during the past 20 years, and while more than 70 percent of standing office space was built prior to 1990, only 9 percent has been built since 2010.

Age Supply of Office Space



The interest in office space began to return in earnest over the quarter with the urban core in primary markets already witnessing an uptick in mobility spurred by widespread vaccination rollouts. Many tenants are re-evaluating their earlier decisions to downsize offices as employees have returned to the office. According to JLL, large blocks of sub lease space are being withdrawn from the market as tenants reoccupy and backfill space. The graph below depicts the share of pre-COVID office tour velocity in key metropolitan statistical areas (MSAs), many of which have returned to or even surpassed these levels.

Share of pre-COVID Office Tour Velocity



Source: JLL, May 2021

These dynamics would seem to suggest that there are attractive opportunities to either develop high quality office space or reposition older existing assets especially in high growth markets.

While we have discussed commercial real estate opportunities, we cannot ignore the residential real estate market which has been red hot so far this year with home prices rising at rates never seen in history. According to Realtor.com, the median national home price for active listings in June was $385,000, a 12.7 percent increase from the previous year. On the demand side, continued low mortgage rates, combined with an increase in work-from-home opportunities resulting from the pandemic, have fueled a surge in demand particularly in lower-density suburbs. On the supply side, the number of homes currently on the market is at an all-time low, dating back to the turn of the century. Housing starts are on the rise and with increased supply, home price appreciation should gradually moderate over time. We remain cautious as we recognize that housing tends to be cyclical, and history would point to homebuilders tending to overbuild during boom periods only to suffer later as demand falls when affordability worsens, and interest rates begin to rise.

As COVID-19 begins to dissipate, we believe generating strong returns will largely be identifying which property types and markets present opportunities recognizing that some of the changes brought upon by pandemic may be here to stay. We believe that an important element will be to pivot to sectors that are poised to benefit from long-term demographic, technological and social changes. Opportunities that we continue to focus on include affordable housing, logistics and last-mile solutions, as well as telecommunication and other digital assets.

ROCKCREEK UPDATE

On July 21, RockCreek will host a virtual Climate Summit. White House National Climate Advisor Gina McCarthy; Senator Ed Markey; Andrew Steer, President and CEO of the Bezos Earth Fund; New York State Comptroller Tom DiNapoli; Britt Harris, CIO of the University of Texas/Texas A&M Management Company; and other national and international leaders will discuss marshalling finance to accelerate climate action.

Please join us on Zoom by registering here.

Earlier this month, RockCreek CEO Afsaneh Beschloss hosted Senior Advisor, Former Fed Chair Dr. Alan Greenspan and journalist and author Sebastian Mallaby of the Council on Foreign Relations to discuss the most critical issues facing the global economy.

Watch the discussion on *Inflation* here; *The Future of Work* here; and *China* here.

On Friday, July 9, Afsaneh joined host David Westin on Bloomberg's *Wall Street Week*, along with former Under Secretary of the Treasury Nathan Sheets, where she discussed inflation, energy, China, and much more. Watch here.

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