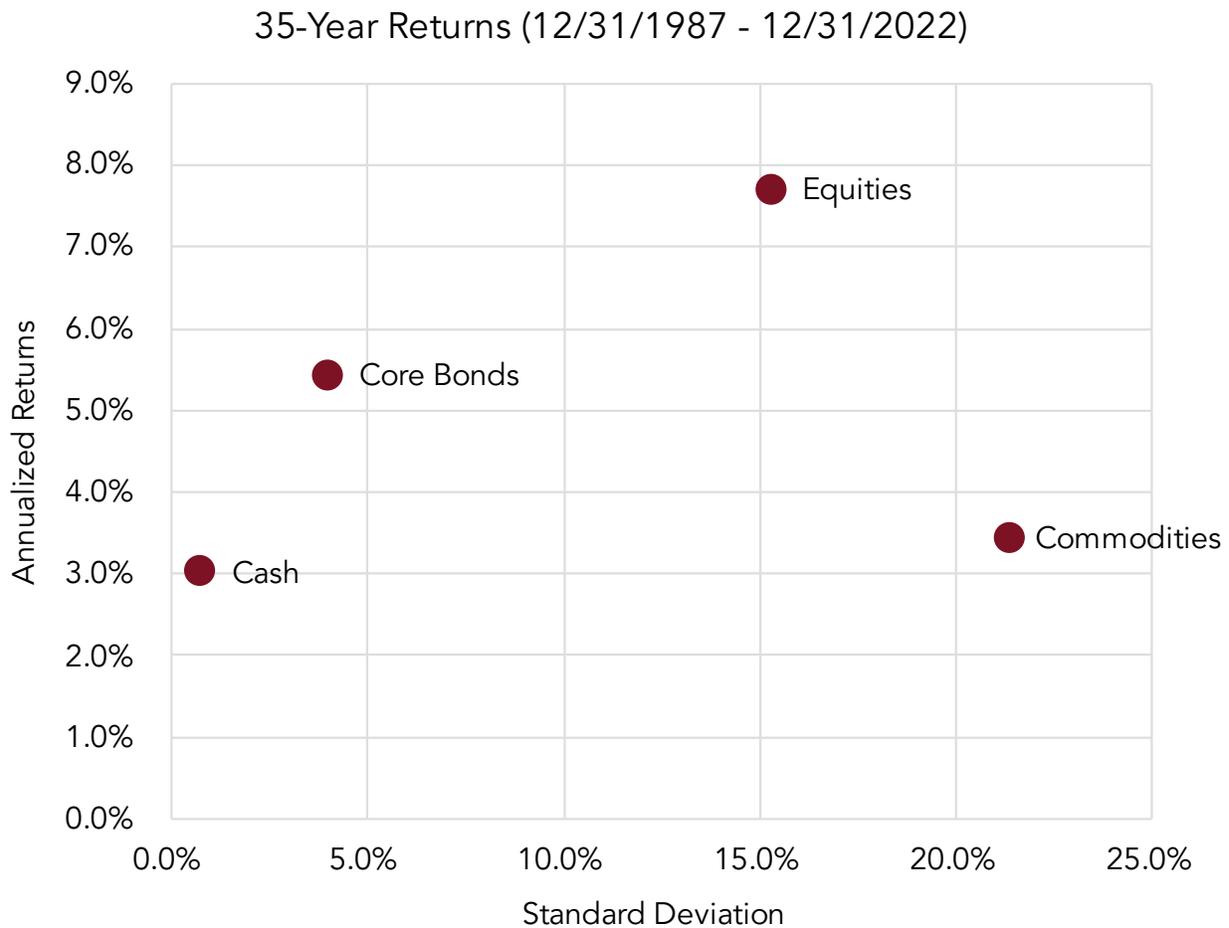


Commodities did fantastically well over the past few years, earning 40% in 2021 and 26% in 2022. After such strong performance investors may be asking if they should have an allocation to this asset class.

Cardinal prefers to take a longer-term view. Over the past 35 years, commodities produced cash-like returns with equity-like volatility:

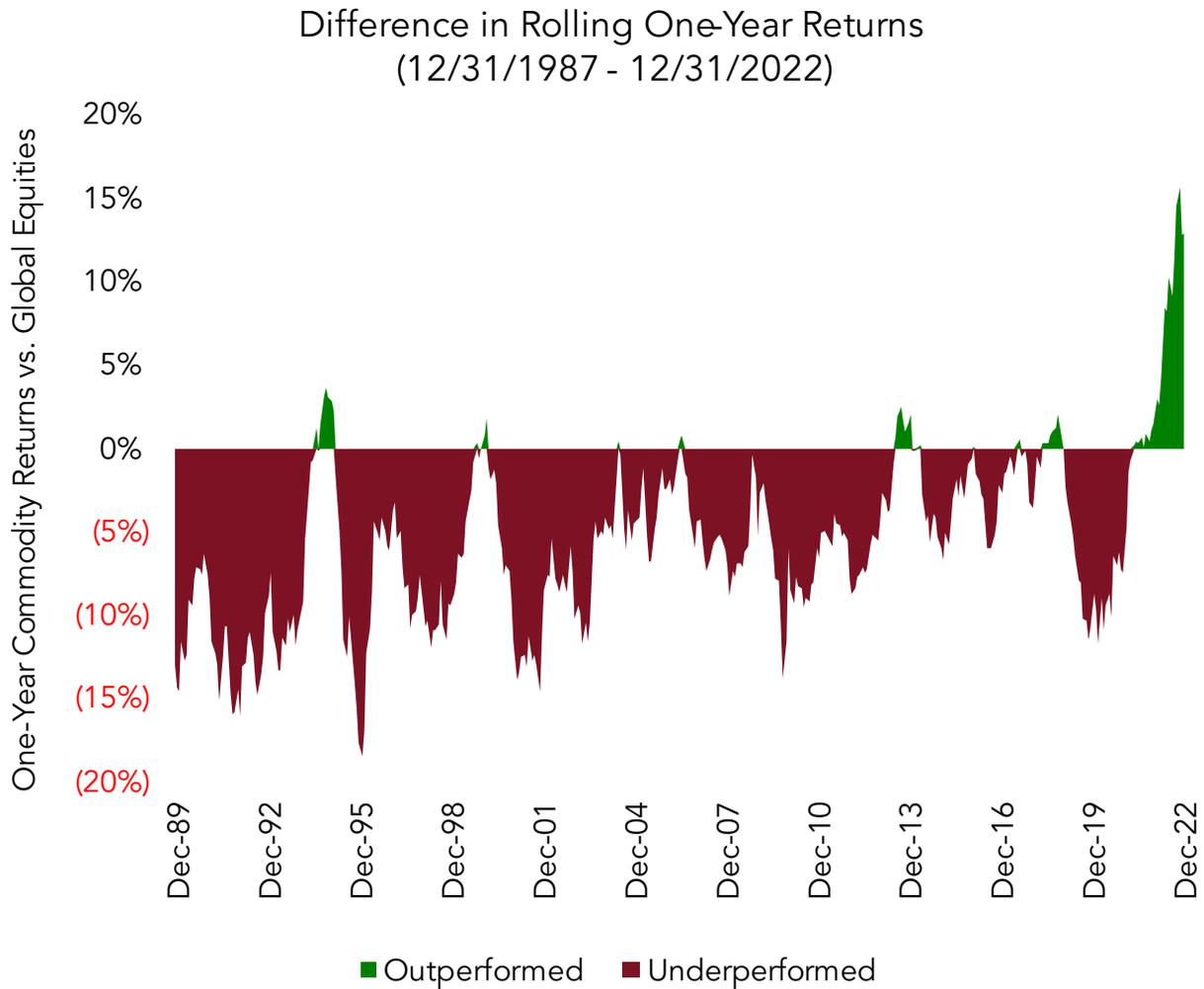
Exhibit 1



While this analysis is based on data availability, 35 years is a strange time period that might seem like data mining. To allay this concern, we compared rolling one-year commodity returns to rolling one-year global equity returns. We chose equities as the basis of comparison because of the similar volatilities of these two asset classes.

The past two years are clearly outliers:

Exhibit 2



We think Nancy Reagan’s advice about (a rather different type of) commodities is sound: “Just say no.”

Note on indices:

- Cash: ICE Bank of America 90-Day Treasury Bills
- Bonds: Bloomberg Barclays US Aggregate
- Global Equities: MSCI ACWI
- Commodities: S&P GSCI Commodity