ALTERNATIVE INVESTMENTS

A Goals-Based Framework

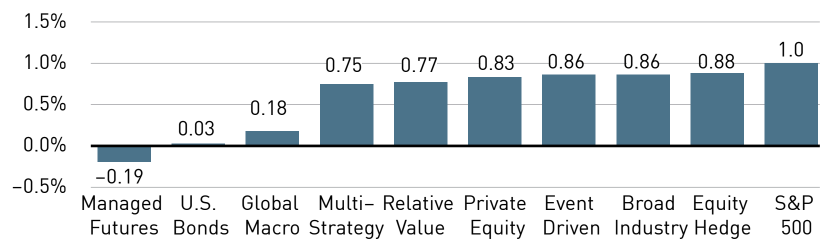
By Anthony B. Davidow, CIMA®

As an industry, we don't always make it easy for investors to understand the role of a particular type of investment, and consequently, sometimes scare investors away from what they should be embracing. The term "alternative investments" is a good example of how industry jargon gets in the way and limits integration of these strategies into investor portfolios. The name alone conjures up fear and confusion.

Are alternative investments just a fancy name for hedge funds? Are they appropriate only for institutions and very wealthy families? What are they the alternative to? This article evaluates alternative investments within a goals-based framework (i.e., what are they solving for?). We'll examine various types of alternative investments and how to use them to build goals-based portfolios.

Figure 1

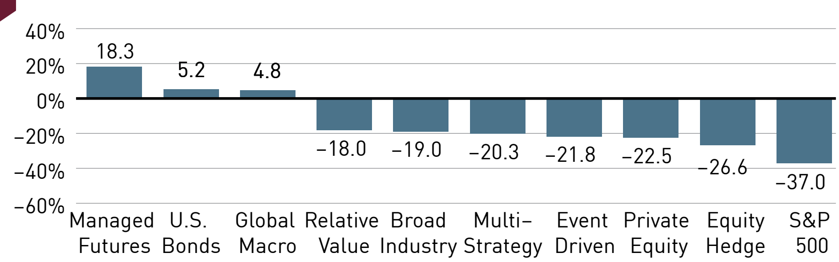
10-YEAR HISTORICAL CORRELATIONS OF ALTERNATIVE INVESTMENT STRATEGIES VS. THE S&P 500 INDEX (JANUARY 1, 2007–DECEMBER 31, 2016)



Source: Schwab Center for Financial Research with data provided by Morningstar Direct. Asset classes are represented by the following benchmarks: Managed Futures - Morningstar Diversified Futures, U.S. Bonds - Bloomberg Barclays U.S. Aggregate Bond, Event Driven - HFRI Liquid Alternative Event Driven, Equity Hedge - HFRI Liquid Alternative Equity Hedge, Global Macro - HFRI Liquid Alternative Global Macro, Broad Industry - HFRI Liquid Alternative, Relative Value - HFRI Liquid Alternative Relative Value, Multi-Strategy - HFRI Liquid Alternative Multi Strategy, S&P 500 - S&P 500 Index, Private Equity - Cambridge Associates US Private Equity. Past performance is not a guarantee of future results.

Figure 2

2008 PERFORMANCE OF SELECT ASSET CLASSES



Source: Schwab Center for Financial Research with data provided by Morningstar Direct. Asset classes are represented by the following benchmarks: Managed Futures - Morningstar Diversified Futures, U.S. Bonds - Bloomberg Barclays U.S. Aggregate Bond, Event Driven - HFRI Liquid Alternative Event Driven, Equity Hedge - HFRI Liquid Alternative Equity Hedge, Global Macro - HFRI Liquid Alternative Global Macro, Broad Industry - HFRI Liquid Alternative, Relative Value - HFRI Liquid Alternative Relative Value, Multi-Strategy - HFRI Liquid Alternative Multi Strategy, S&P 500 - S&P 500 Index, Private Equity - Cambridge Associates U.S. Private Equity. Performance is calculated as annualized return. Past performance is not a guarantee of future results.

IT'S A GOOD TIME FOR ALTERNATIVE INVESTMENTS

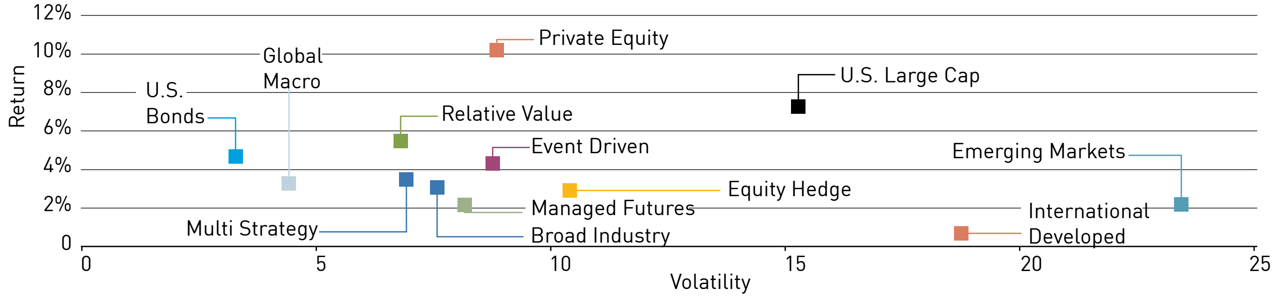
The following three driving factors should lead to growth in the use of alternative investment strategies:

Market environment. We believe the next 20 years likely will be very different from the past 20 years (Davidow 2017). In the coming years, we will see a series of persistent new market realities including globalization, increased bouts of volatility, lower bond yields, and lower expected equity returns. This market environment may be conducive for alternative investments to help dampen volatility and potentially deliver better results than traditional investments. In light of increasing correlations among traditional investments and lower expected equity returns, advisors need to identify investments that historically have exhibited lower correlations.

Product and structure development. Product innovation has allowed alternative strategies to be offered to investors who previously were unable to invest due to accreditation, access, and minimums. A number of new products have come to market allowing more choices for investors.

Figure 3

RISK-AND-RETURN CHARACTERISTICS (JANUARY 1, 2007–DECEMBER 31, 2016)



Source: Schwab Center for Financial Research with data provided by Morningstar Direct. Asset classes are represented by the following benchmarks: Managed Futures - Morningstar Diversified Futures, U.S. Bonds - Bloomberg Barclays U.S. Aggregate Bond, Event Driven - HFRI Event Driven, Equity Hedge - HFRI Equity Hedge, Global Macro - HFRI Macro, Broad Industry - HFRI Composite, Relative Value - HFRI Relative Value, Multi-Strategy - HFRI Multi Strategy, U.S. Large Cap - S&P 500 Index, Private Equity - Cambridge Associates U.S. Private Equity, International Developed - MSCI EAFE, Emerging Markets - MSCI EM. Return is annualized total return, and volatility is calculated as standard deviation. Past performance is not a guarantee of future results.

Regulatory changes. Regulatory changes have made it easier for privately offered funds to market themselves. The Jumpstart Our Business Startups Act allowed for crowdfunding and eased restrictions on marketing hedge funds and private equity to individual investors. Along with the new product innovations, regulatory relief has increased the availability of these investments for "Main Street" investors.

THE ROLE OF ALTERNATIVE INVESTMENTS

One of the primary roles of alternative investments is to dampen portfolio volatility. They accomplish this through access to different segments of the marketplace as well as the latitude to be long and short the market. Historically, this broader investing palette has led to lower correlation to traditional investments.

Figure 1 shows the 10-year correlation among select traditional and alternative strategies. Although equity hedge had a relatively high correlation to the S&P 500, managed futures exhibited a negative correlation over the same 10 years.

In fact, if we focus on the year 2008, when we needed diversification the most, managed futures were up handsomely in a very challenging environment. Figure 2 shows the performance of select asset classes in 2008. Managed futures helped buffer the severe drawdown in 2008, and, not surprisingly, performance has lagged somewhat since the market bottomed in March 2009.

As the data clearly show, not all alternatives are created equal. Some are more equity-oriented and some are truly non-correlating in nature. We will expand on these differences as we discuss building portfolios. We also should consider the risk-and-return trade-off between traditional and alternative investment strategies. For the 10-year period, many of the alternative strategies historically have shown lower volatility than their traditional brethren.

Private equity has delivered the highest return over the past 10 years, with lower volatility than the S&P 500. The data illustrate that various alternative strategies exhibit different risk, return, and correlation characteristics (see figure 3).

PRIVATE EQUITY

As the historical data suggest, private equity offers the potential for oversized returns. Early investors in such companies as Tesla, Google, Facebook, and Alibaba were rewarded handsomely when those companies went public via initial public offerings (IPOs). There is great anticipation for the next round of hot IPOs. Companies such as Uber, Airbnb, Pinterest, and SpaceX have been dubbed "unicorns" based on their multi-billion-dollar valuations. Today, there are more private companies than public companies.

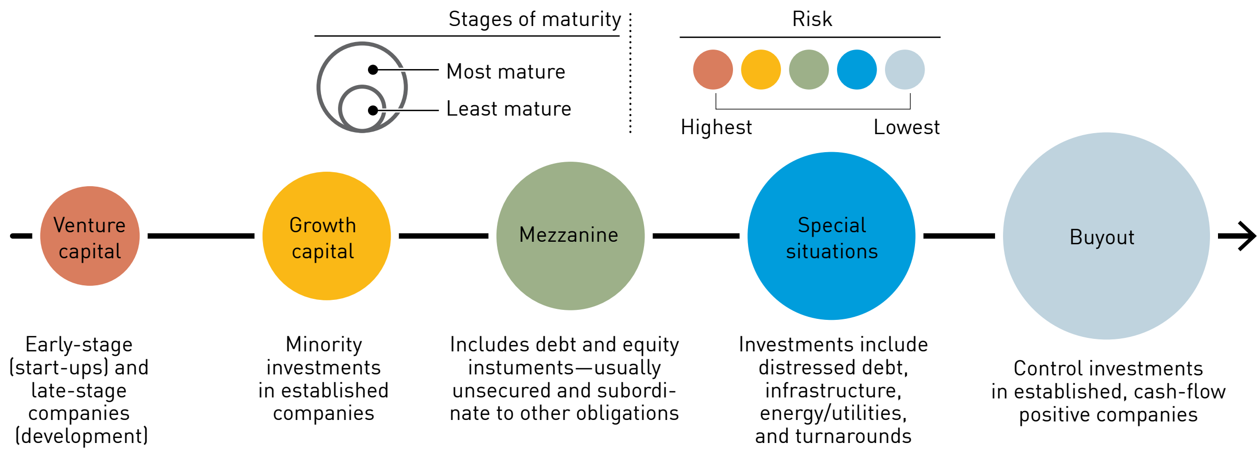
Of course, not all private equity investments make it to the public markets. Many private companies lack the capital to invest in their young businesses, and others are acquired by larger competitors. The allure of private equity and venture capital has been to identify and invest early in the next game-changer.

Private equity firms typically seek to add value to a private company in return for a stake in the company itself. The type of value offered depends on the life stage of the company, but typically it might include providing capital to fuel further growth or strengthen a balance sheet, as well as managerial or operational expertise. From that standpoint, investors typically recognize different stages of a private equity company: venture capital, growth equity, mezzanine, special situations, and leveraged buyouts (LBOs) (see figure 4). Similar to public equity investing, each of these strategies offers a different risk-and-return profile to investors, where the early stages generally carry the higher risk.

As noted above, private equity historically has delivered strong returns relative to traditional market indexes. It's also worth noting that there is typically a large dispersion between the best- and the worst-performing private equity

Figure 4

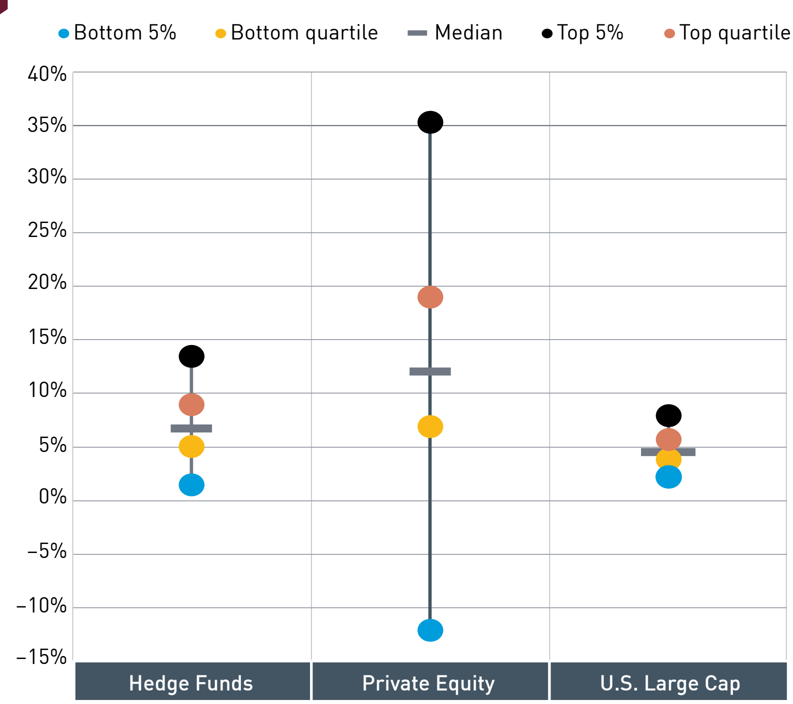
STAGES OF PRIVATE EQUITY



funds. Figure 5 illustrates this dispersion by comparing the top- and bottom-quartile funds of private equity, hedge fund, and U.S. large-cap universes. The difference between the top- and bottom-quartile private equity funds (12 percent) is substantially larger than the hedge funds (4 percent) and large-cap funds (~2 percent). Therefore, there is a premium in selecting the right private equity fund. It can require significant skill and resources to consistently identify funds that will outperform.

Figure 5

DISPERSION OF RETURNS



Source: Schwab Center for Financial Research with data provided by Morningstar Direct and Thompson One. Private Equity returns are based on the Cambridge Associates U.S. Private Equity Index for all vintage years from 2000–2016. Hedge Funds is represented by the Morningstar Direct Hedge Fund Universe. U.S. Large Cap is represented by the Morningstar Direct U.S. Large Cap Universe. Past performance is not a guarantee of future results.

Most investors lack the time and expertise to evaluate the various companies and typically couldn't invest directly anyway. However, in a private equity fund, the general partner (GP) or other managing entity has expertise in valuing companies and providing guidance to the management team as the companies grow. The expectations are that some of the companies will fail but the rewards from the winners will more than offset the cost of the losers. Private equity funds typically are available only to qualified purchasers (QPs) at very high minimums ($5 million).

Investors in private equity funds generally commit capital that gets drawn down over six to seven years. The fund's life is typically 10 to 14 years depending on the strategy. As money flows into the fund, the GP will invest the capital in underlying portfolio companies. During the following years, the GP attempts to increase the value of the portfolio companies through various changes in these organizations and prepare for an exit. In the final years of the fund, often referred to as the harvest period, the GP exits the individual portfolio companies and distributes the capital to investors. This cash-flow effect is often shown as a J-curve (see figure 6).

The early years typically reflect negative returns and the later years show the appreciation of the underlying investments. Because of the nature of the

J-curve, many investors choose to diversify their vintage years (i.e., the year the capital is contributed).

Historically, private equity has been an illiquid strategy. The illiquidity is partially responsible for delivering such strong results. Private companies don't need to answer to disparate groups of shareholders and can make long-term strategic decisions. Large endowments with time horizons in perpetuity don't worry about liquidity, but many high-net-worth investors would prefer some liquidity.

The feeder fund structure has been a popular way for investors to access private equity. Feeder funds are private funds that typically invest in one specific private equity fund. The feeder fund provides scale to the general partner by aggregating underlying investors. Feeder funds are typically available for smaller investments (e.g., $250,000) but still require QP status.

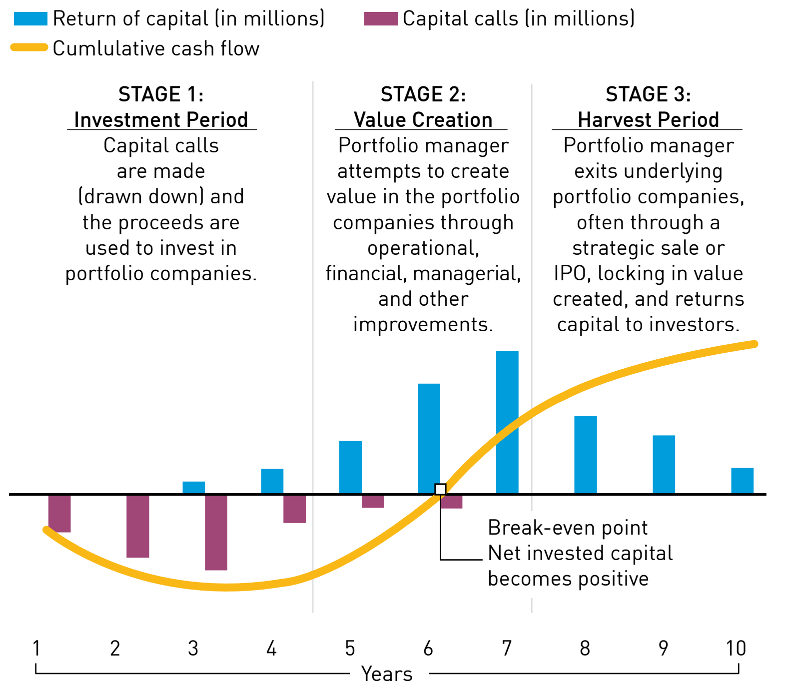
Non-traded registered funds are available for accredited investors (i.e., $1 million net worth). They are "continuously offered," meaning they can issue new shares based on demand. One big benefit of a non-traded registered fund, compared with a private fund, is its potential for liquidity (often quarterly). There are of course trade-offs with the liquidity provisions. A fund may be forced to hold more cash than it would like to meet redemptions, thus providing a cash drag over time.

Another important consideration with private equity is diversification, both relative to traditional investments and across private equity. Private equity can be diversified in the following ways:

- Industry: diversification across industry groups
- Geography: global diversification
- Vintage: diversification across vintage years
- Manager: diversification across investment managers
- Stage: diversification across stages of maturity (from venture capital to buyouts)

Figure 6

LIFE CYCLE OF PRIVATE EQUITY FUNDS



Source: Schwab Center for Financial Research. This is a simplified example, and does not represent the performance of an actual company or fund. Private equity investments involve substantial risk. There can be no assurance that actual fund cash flows will be similar to the model set forth in this chart. Cash-flow patterns will vary depending upon the activities of the underlying private equity partnerships. Data provided by Pantheon.

Private equity is now easier to access for individual investors through feeder funds, private funds-of-funds, and non-traded registered funds. Private funds-of-funds provide diversification benefits by allocating across private equity investments. These funds may diversify across industry, geography, vintage, manager, and stage.

Some of the newer product structures are seeking to tackle one of the bigger hurdles with private equity—liquidity—in a more sophisticated structure. The investing landscape is expanding and this once-limited investment is making its way to Main Street.

PRIVATE DEBT

Investing in the debt of private companies is another way investors may gain exposure to private companies with a potentially lower level of risk than investing in the equity of a private company. Similar to investing in the debt of a public company, private debt may offer investors an attractive stream of income. Typically, private debt demonstrates low correlation to other more traditional fixed income because the debt is not traded and subject to the volatility of the public markets. Further, the debt is often floating-rate, so in a rising rate environment the income paid to the investor should increase with interest rates.

Funds dedicated to private debt have grown substantially since the financial crisis because both institutional investors and retail investors are seeking attractive levels of yield in a low rate environment. The growth of these funds is partially attributable to a decline in lending by banks in the aftermath of the financial crisis and as a result of the Dodd-Frank Act. As figure 7 illustrates, since 1994 bank participation in loans has decreased to just more than 10 percent of financing activities and non-bank participation has increased to almost 90 percent. According to Preqin data, assets under management of private debt funds are now more than $595 billion, up from $149 billion in December 2006 (Preqin 2017).

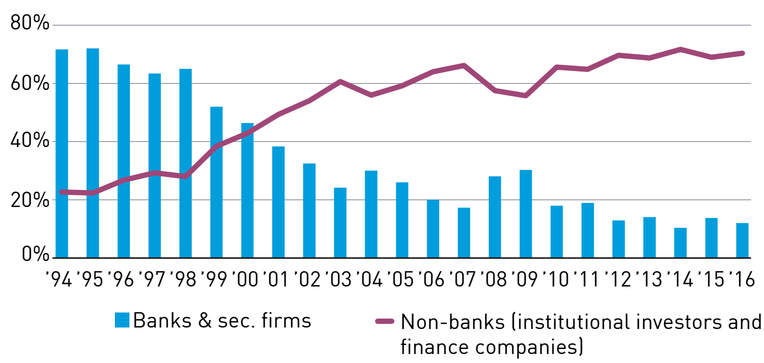
There may be trade-offs in the type of structure utilized and they require careful consideration. Please note, there can be significant differences in the fee structures. Advisors should carefully consider all expenses and fees associated with these offerings.

Before investing in private debt, investors must consider the type of debt in which the fund is investing to make an appropriate assessment of the risk level of the fund, relative to the underlying securities. It's important to consider the capital structure hierarchy to determine which type of investment has preference and priority.

Investors should note the type of underlying debt held in portfolios. Senior secured debt has priority over high-yield debt, mezzanine debt, preferred equity, and common equity. In other words, holders of senior secured debt will have a preferential claim on assets. Investors can access private debt investments through a variety of fund structures, all of which have natural trade-offs that investors must assess.

Figure 7

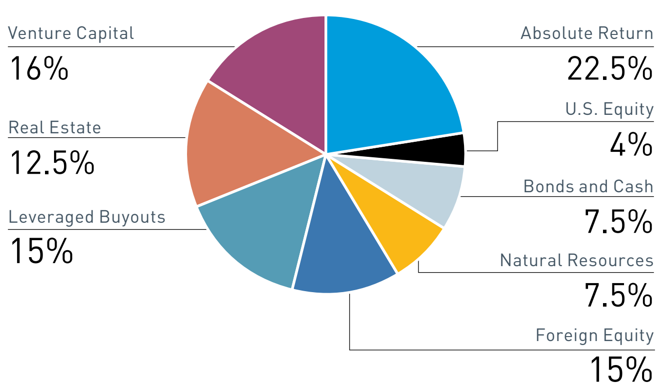
BANK PARTICIPATION IN LOANS HAS DECREASED AND NON-BANK INSTITUTIONS ARE STEPPING IN TO PROVIDE THIS SOURCE OF CAPITAL



Source: LCD, an offering of S&P Global Market Intelligence. Used with permission. For illustrative purposes only. Non-Banks include: institutions, insurance, and finance companies.

Figure 8

YALE ENDOWMENT FISCAL TARGETS FOR 2016



Source: Yale University Investment Office. Yale Endowment Model for Fiscal Year 2017. For illustrative purposes only. Not representative of any specific investment or account.

ALLOCATING TO ALTERNATIVES

For many decades, David Swenson, chief investment officer of the Yale Endowment, has been considered one of the brilliant investors of our generation. Since joining the Yale Endowment in 1985, he has espoused the virtues of alternative investments and been able to deliver stellar returns. Much of his success can be attributed to the large allocations to non-traditional investments, including absolute return strategies, natural resources, LBOs, real estate, and venture capital, among others. In fact, his target allocation for non-traditional investments is roughly 73 percent, with a mere 4-percent allocation to domestic equity and a 7.5-percent allocation to fixed income (see figure 8).

Based on Yale's success, firms began to promote the endowment model as the new asset allocation model. Like Yale, their models had high allocations to absolute return strategies and private equity. Unfortunately, most of these strategies failed to deliver on the promise of oversized and uncorrelated returns.

We should consider the differences between individual investors and institutions—and Yale's scale imperative. For starters, Yale is an endowment and its time horizon is perpetuity. Individual investors often have cash-flow needs and typically aren't willing to lock up funds for extended periods of time. If Yale requires additional funding, it can seek donations from alumni. Most of us would hesitate to ask for financial help due to performance shortfalls.

Lastly, Yale has a real scale imperative relative to an individual investor. Yale can negotiate favorable terms with hedge fund managers and access strategies that many of us can't get into (Lorin 2017).

Yale helps seed many new managers and can demand "favored nation status." Yale also employs a dedicated team of professionals to analyze strategies.

We would never suggest blindly following the endowment model, but we do believe there are some valuable lessons to be learned. Alternative investments can be a source of differentiated returns. Diversification across alternative strategies may be an additional source of return and risk reduction. Table 1 shows data from the 2016 NACUBO-Commonfund Study of Endowments. NACUBO (National Association of College and University Business Officers) annually tracks the allocation of colleges and universities.

As the data show, the larger endowments have the highest allocation to alternative strategies and the lowest allocation to domestic equities. We don't think it would be prudent for the average investor to allocate in this fashion, but it is instructive in the sense that these sophisticated institutions see significant value in alternatives investments. Note that their alternative allocations include absolute return, market-neutral, long/short, event-driven, private real estate, and private equity, among others.

A GOALS-BASED FRAMEWORK

Goals-based investing has become increasingly popular over the past several years. Part of its appeal is that it tracks progress relative to a goal rather than an arbitrary benchmark. We all know that investors often follow three benchmarks—the S&P 500, cash, and a best friend's portfolio, whichever performed best. We would all benefit from moving our clients away from fixating on short-term benchmarks.

We believe that there is value in changing the discussion with our clients to the role of various asset classes rather than comparing assets to an arbitrary benchmark. We believe it should be easier for investors to understand the individual roles of asset classes and appreciate the collective impact of combining the pieces of the puzzle (see figure 9).

> *I see every day how competitive the markets are, and how tough. So the idea that you can do this yourself, that's out the window.*
>
> —David Swensen, CIO—Yale Endowment

Growth will come primarily from equity-oriented investments, including U.S. stocks, international stocks, emerging markets, smart beta, relative value, long/short, and private equity, among others.

Income will come primarily from income-oriented investments, including treasuries, corporates, high yield, real estate investment trusts, and alternative credit, among others.

Defensive/non-correlating assets should help in dampening portfolio volatility and would include gold, real assets, global macro, and managed futures.

If we switch the discussion to a goals-based framework and focus on the three broad categories of growth, income, and defensive/non-correlating assets, we can move away from grouping alternative investments as a single decision. In fact, depending upon the underlying strategy, alternatives can serve multiple roles within a portfolio.

Alternative investments should be viewed as part of an expanded toolbox. Rather than building a house using only hammers and nails—good tools but not a complete set—you'll likely need pliers, screwdrivers, wrenches, and a tape measure, too. Certain types of alternative investments may be viewed as multi-purpose tools. With the proliferation of better tools for building portfolios, we need to better understand how to use them.

PUTTING THE PIECES TOGETHER

Now let's look at a sample client case study to see how a goals-based portfolio can fulfill the needs of a couple planning for retirement.

CASE STUDY

John and Mary Smith are 55 and 54, respectively. Their two children, Bob and Becky, are grown and married. John is a doctor and Mary is a teacher. Their

Table 1

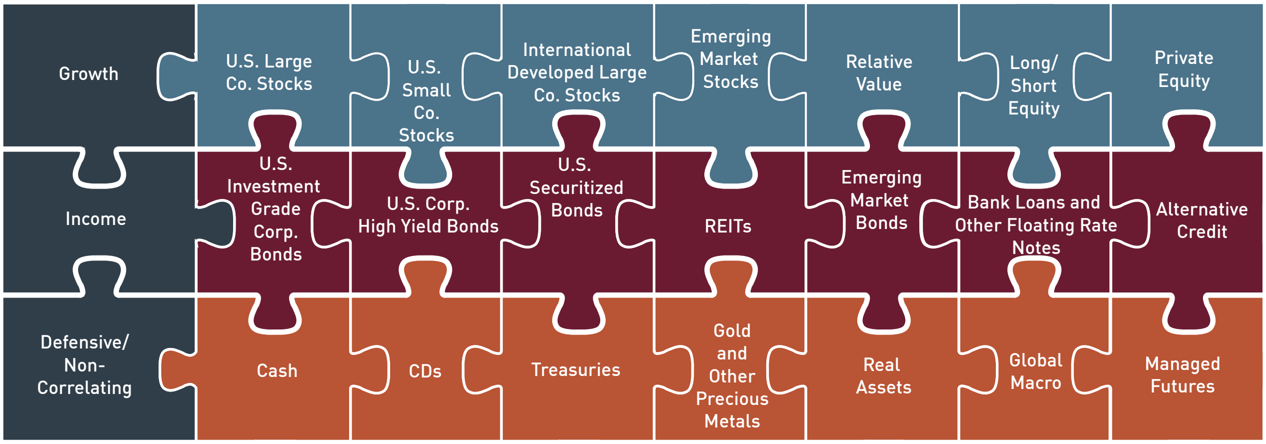
ASSET ALLOCATION FOR U.S. COLLEGE AND UNIVERSITY ENDOWMENTS AND AFFILIATED FOUNDATIONS, FISCAL YEAR 2016

Size of Endowment	Domestic Equities	Fixed Income	Non-U.S. Equities	Alternative Strategies	Short-Term Securities/ Cash/Other
Over $1 billion	13%	7%	19%	58%	3%
$501 million–$1 billion	20%	9%	18%	45%	8%
$101–$500 million	26%	13%	20%	35%	6%
$51–$100 million	33%	17%	19%	24%	7%
$25–$50 million	38%	20%	17%	17%	8%
Under $25 million	44%	24%	15%	10%	7%

Source: NACUBO. Average asset allocations as of June 30, 2016. All data are dollar-weighted unless otherwise specified. Due to rounding, details may not sum to 100 percent. Alternative strategies are categorized in the NCSE as follows: Private Equity (LBOs, Mezzanine, M&A funds, and international private equity); Marketable alternative strategies (hedge funds, absolute return, market neutral, long/short, 130/30, and event-driven, and derivatives); Venture Capital; Private equity real estate (non-campus); Energy and natural resources (oil, gas, timber, commodities, and managed futures); and Distressed debt. On-campus real estate is included in the Short-term Securities/Cash/Other category.

Figure 9

GOALS-BASED INVESTING



Source: Schwab Center for Financial Research. For illustrative purposes only.

Table 2

SAMPLE GOALS-BASED ASSET ALLOCATION

		January 1, 2002–December 31, 2016	
Growth-Oriented	**50%**	**Annual Returns**	**Annual Standard Deviation**
U.S. Large Cap	15%	6.69%	15.87
U.S. Small Cap	7%	8.49%	20.06
Intl Developed Large	10%	5.28%	19.23
Emerging Markets	5%	9.50%	23.77
Private Equity	5%	12.76%	9.38
Relative Value	5%	6.04%	4.30
Long/Short Equity	3%	4.86%	7.96
Income-Oriented	**35%**	**Current Yield (as of June 30, 2017)**	
Treasuries	10%	2.31%	
Corporates	12%	3.11%	
High Yield	5%	5.32%	
REITs	3%	4.12%	
Alterative Credit	5%	5.07%	
Defensive/ Non-correlating	**10%**	**Correlation to S&P 500**	
Gold	2%	0.40	
Real Assets	3%	0.54	
Managed Futures	5%	–0.23	
Cash	**5%**		

Source: Schwab Center for Financial Research with data provided by Morningstar Direct, Zephyr STYLEAdvisor, and Bloomberg. Asset classes are represented by the following benchmarks: U.S. Large – S&P 500, U.S. Small – Russell 2000, Intl. Developed Large – MSCI EAFE, Emerging Markets – MSCI EM, REITs – S&P United States REIT, Relative Value – HFRI Relative Value, Long/Short Equity – HFRI Equity Hedge, Treasuries – Bloomberg Barclays U.S. Treasury 10-year, Corporates – Bloomberg Barclays U.S. Corporate Credit, High Yield – Bloomberg Barclays VLI High Yield, Alternative Credit – Credit Suisse Leveraged Loan, Gold – S&P GSCI Gold, Real Assets – Morningstar Real Asset, Private Equity – Cambridge Associates Private Equity, Managed Futures – Morningstar Diversified Futures, Cash – Bloomberg Barclays Short Treasury 1-3 Month. Past performance is not a guarantee of future results.

combined annual income is $1 million, their home is valued at $2 million, and they have $5.3 million in savings. They have a retirement home and both have pension plans. They are sophisticated investors; they have invested in the markets for more than 25 years, as well as in hedge funds, private equity, and private real estate. They hope to retire in 12 years and would like to see their portfolio grow leading up to retirement.

Using case-study data, table 2 reflects a sample allocation geared toward generating growth over the next 10 years. We've included relative value, long/short equity, and private equity in the growth-oriented bucket, and alternative credit in the income-oriented bucket. Managed futures are in the defensive/non-correlating bucket.

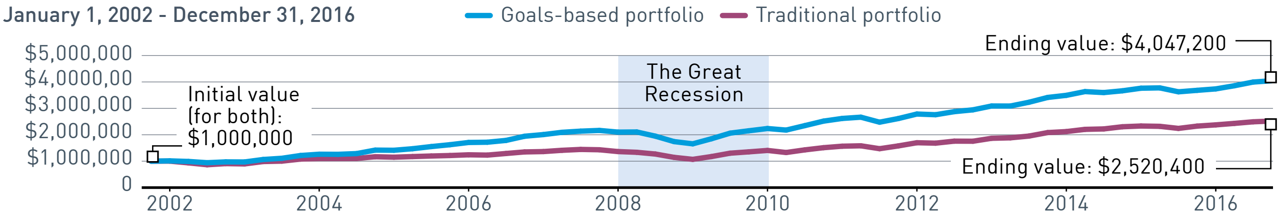
Depending upon investor risk appetite, time horizon, and income needs, the allocations should be adjusted accordingly. The goals-based framework allows for greater alignment with goals and objectives. If the Smiths were primarily seeking income, they would have higher allocations to the income bucket and may use different underlying strategies.

Two investors, of similar ages and income, may have dramatically different needs. One may live a modest lifestyle and have significant savings. One may have a loved one with special needs and require income to pay for medical expenses. Advisors and investors should spend time to determine the right asset allocation based on the investors' individual goals and objectives.

As we put the pieces of the puzzle together, as shown in figure 10, we can see that the goals-based portfolio helped mitigate risk with a maximum drawdown of –23.42 percent versus –26.00 percent. It also outpaced the

Figure 10

GOALS-BASED VS. TRADITIONAL PORTFOLIO RETURNS (JANUARY 1, 2002–DECEMBER 31, 2016)



	Initial value	Ending value	Max Drawdown	Annualized return	Standard deviation
Goals-based portfolio	$1,000,000	$4,047,200	23.42%	9.77%	8.94%
Traditional portfolio	$1,000,000	$2,520,400	26.00%	6.36%	8.95%

Source: Schwab Center for Financial Research with data provided by Morningstar Direct and Zephyr STYLEAdvisor. Traditional Portfolio is represented by 60-perent U.S. Large Cap (S&P 500) and 40-percent U.S. Bonds (Bloomberg Barclays U.S. Aggregate). The Goals-Based Portfolio is represented by the following benchmarks: U.S. Large – S&P 500, U.S. Small – Russell 2000, International Developed Large – MSCI EAFE, Emerging Markets – MSCI EM, Private Equity – Cambridge Associates US Private Equity, REITs – S&P Global REIT, Relative Value – HFRI Relative Value, Long/Short Equity Hedge – HFRI Equity Hedge, Treasuries – Bloomberg Barclays U.S. Treasury 10-year, Corporates – Bloomberg Barclays U.S. Corporate Credit, High Yield – Bloomberg Barclays VLI High Yield, Alternative Credit – Credit Suisse Leveraged Loan, Gold – S&P GSCI Gold, Real Assets – Morningstar Real Asset, Managed Futures – Morningstar Diversified Futures, Cash – Bloomberg Barclays Short Treasury 1-3 Month. Please see table 1 for allocation percentages. Taxes and fees are not taken into account; the Goals-Based and Traditional portfolios are rebalanced annually and all dividends are reinvested. Past performance is not a guarantee of future results.

traditional 60/40 portfolio over time, where $1 million grew to $4,047,200 in the goals-based portfolio versus $2,520,400 for a traditional portfolio. Small allocations, to multiple alternative strategies, and the inclusion of a broader set of asset classes, helped smooth the ride and allowed the portfolio to participate in growing segments of the market. The expanded toolbox shows its value over time.

Please note, the results above do not include the impact of fees. Depending upon the product structure, fees can vary a great deal.

CONCLUSION

Although alternative investments are versatile tools for building better portfolios, they are often misunderstood, and consequently, investors shy away from them. Many alternatives provide valuable diversification relative to traditional investments. In periods of market stress, alternatives can help to mitigate big drawdowns in portfolios.

As we've shown, not all alternatives are created equal. But if we can think of these tools in a goals-based framework, and allocate across growth-oriented, income-oriented, and defensive/non-correlating, we can help our clients achieve their long-term goals, dreams, and aspirations.

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