

CHIEF INVESTMENT OFFICE

Capital Market Outlook

April 1, 2024

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE

Macro Strategy—*Is The Fed Pivot Reigniting Inflation?*: The economic data have remained mixed, causing a persistent and pronounced divergence of opinion among economists regarding the direction of inflation and appropriate level of interest rates. The Federal Reserve (Fed) has taken the position that inflation is likely to moderate enough to justify a more accommodative policy, however, spurring a significant easing of financial conditions and increase in investor risk appetite.

Its pivot from a tightening to easing policy bias late last year has stimulated stronger growth and higher inflation, encouraging the bull market in stocks to broaden out to cyclical sectors, which lagged while the economy slowed down under the weight of high inflation and a year of rapid interest rate hikes. The pickup in growth over recent months has raised the profits outlook for these cyclical sectors causing them to join the bull run. The shift to higher growth and inflation that the Fed acknowledged in its March 19 and 20 rate-setting meeting continues to favor Equities over Fixed Income assets.

Market View—*Four Charts on the CIO Radar Screen*: As we flip the calendar page to a new month and quarter, markets are generally supported by U.S. growth running at or above trend, and incremental earnings improvement seen since the corporate earnings recession last year. However, high on our radar screen that bears watching are the finances of the U.S. consumer, stress within the Commercial Real Estate (CRE) market, the ongoing foreign appetite for U.S. securities, and the proliferation of global protectionism and attendant risk to global earnings. We touch on each one of these dynamics.

As portfolio ramifications over the past quarter, we've increased our exposure to Equities and warmed up to cyclical areas. The upgraded view comes courtesy of an economy showing early signs of reaccelerating, corporate profits that are turning higher, and a U.S. monetary policy stance pivoting from tightening to easing.

Thought of the Week—*Quarterly Reflections: Q1 2024*: U.S. Equities ended the first quarter strong. The S&P 500 notched a 9.5% gain for the quarter, breaking through 5200 for the first time ever in March. Positive fundamentals fueled Equity performance.

Resilient job creation and wage growth continued to fuel consumer spending. Corporate earnings came in better than expected for Q4 2023. Expectations for easier financial conditions ahead picked up following a dovish signal from the Fed. Mega-cap Technology stocks continued to drive the market for the quarter, but market breadth has improved some which could help underpin the durability of the market uptrend. More market reflections below.

MACRO STRATEGY ►

Chief Investment Office
Macro Strategy Team

MARKET VIEW ►

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Joseph Quinlan
Managing Director and Head of CIO Market Strategy

THOUGHT OF THE WEEK ►

Kirsten Cabacungan
Vice President and Investment Strategist

MARKETS IN REVIEW ►

Data as of 4/1/2024,
and subject to change

Portfolio Considerations

We expect global stocks to remain in an uptrend led by the U.S. as profits outperform, inflation rates continue to head slowly lower, and productivity helps corporations maintain high margins. We see the potential for tailwinds in Equities that may provide additional upside. These include a durable earnings recovery, equity fund inflows, broadening market leadership, easier monetary policy, and early indicators turning positive. Bonds remain attractive and provide good diversification for multi-asset class portfolios. For qualified investors, Alternative Investments should be considered for long-term growth and various sources of yield as a complement to public investments.

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Is The Fed Pivot Reigniting Inflation?

Chief Investment Office, Macro Strategy Team

Since the Fed signaled the end of its tightening campaign in late 2023 and a shift to an easing bias, equity markets have been off to the races around the world. Global stock market indexes, such as the MSCI World Index, are up 25%, leading indicators have started to improve, measures of financial conditions have eased substantially, economic forecasts for gross domestic product (GDP) growth in 2024 have been rising, and inflation measures have picked up again (Exhibit 1). Both the three-month and six-month measures of the consumer price index (CPI) and personal consumption expenditures (PCE) price index and their “core” versions, which exclude food and energy for a better gauge of underlying inflation, bottomed around the time of the Fed’s pivot and have been rising more than expected in 2024.

Exhibit 1: Inflation Reaccelerating Since Fed Pivot.

	48-month average	Latest 3 months	Q4 3-month low	Latest 6 months	Q4 6-month low
Consumer Price Index (CPI)	4.66	3.99	1.91	3.20	2.99
CPI excluding food and energy	4.23	4.18	3.34	3.85	3.08
Personal Consumption Expenditure (PCE) Price Index	4.00	3.39	0.61	2.51	2.05
PCE excluding food and energy	3.73	3.52	1.55	2.89	1.88

Sources: Bureau of Labor Statistics; Bureau of Economic Analysis/Haver Analytics. Data as of March 29, 2024.

At his press conference after the March 19 and 20 Federal Open Market Committee (FOMC) meeting, Fed Chair Powell acknowledged this pickup but chose to downplay its significance, saying, “January CPI and PCE numbers were quite high. There’s reason to think that there could be seasonal effects...the February number was higher than expectations...not terribly high.” In the end, despite raising its outlook for both growth and inflation, and slightly lowering its unemployment rate forecast, the FOMC maintained its outlook for three rate cuts in 2024. Mr. Powell acknowledged some risk that the higher inflation in recent months could presage a stalling in the disinflation trend that the Fed still hopes will continue, thereby justifying its rate cuts projections.

While the economic data have remained mixed enough to cause a persistent and unusually pronounced divergence of opinion among economists regarding the direction of inflation and the wisdom of a shift to lower interest rates, the Fed has thus chosen to believe that inflation will continue to decline toward its 2% target. Its pivot to an easing bias has resulted in a substantial easing of financial conditions that seems to have stopped the economic slowdown and sparked a growth upswing. This is evident, for example, in the latest Conference Board index of leading indicators (LEI), which, led by the surge in the S&P 500 Index, rose in February for the first time in two years, a sign that the U.S. economy is reaccelerating out of its post-pandemic slowdown phase. Also, the BofA Global Research Global Wave indicator has troughed and started to pick up, as it always does when global economic activity and the profits cycle start to rebound.

Fed erring on the side of easing was just what financial markets needed to promptly rise to fresh records. As an important monetary policy transmission channel, the strong rise in Equity prices is fueling rapid growth in household net worth and supporting a solid consumer sector. Despite the slowing in home sales when mortgage rates soared in 2022, home prices have also continued to rise faster than inflation, and housing activity has

Investment Implications

The easier monetary policy the Fed is pursuing favors Equities over Fixed Income assets, which have been losing value the past few years in a higher inflation environment. It also favors the stocks of cyclical companies that lagged the big Technology leaders during the Fed’s 2022-2023 tightening campaign.

stabilized and begun to pick up again. While households cannot tap much into their home equity windfalls yet, the prospect of lower mortgage rates accompanying renewed Fed easing points to significant potential consumer sector wherewithal and upside risks to growth and inflation at much lower interest rates.

The positive performance of a broad array of risk assets is typical when nominal growth expectations increase, the Global Wave rises, and the profits cycle turns back up. However, widespread signs of a reaccelerating U.S. and global economy also increase the risk that inflation might stall in the 3% to 4% range for the foreseeable future absent sustained gains in the economy's production potential from continued strong labor force and productivity growth. For now, all four inflation measures shown in Exhibit 1 have averaged about 4%, or more, over the past four years despite market-based measures of long-term U.S. inflation expectations remaining "anchored" around 2%. The Fed's pivot to an easing bias with inflation still well above target has thus cast renewed doubts on its commitment to the 2% target despite Mr. Powell's protestations to the contrary. A constant under-estimation of inflation was a feature of the 1970s' environment as well.

The Fed's substantial easing of the outlook for interest rates despite a strengthening economy, full employment, and inflation still substantially above target explains why inflation-hedge assets, such as gold, have broken out to new highs. As expectations for rising earnings in an economy with stronger growth and higher inflation get priced in, the Equities rally is also broadening out. Hopes for a cyclical economic upswing are starting to be priced into the stocks that have lagged the big Technology leaders of 2023 that saw their earnings take off last year on Artificial Intelligence (AI) expectations and the implementation of efficiency measures that boosted their margins.

The cyclical laggards that were hurt by high interest rates and slower growth are now beginning to reflect hopes for a stronger broad-based economic pickup, with robust demand and rising pricing power. While AI is helping to propel a frenzy of valuation excesses in the Technology sector, the prospect of its unquantifiable benefits spreading into the wider economy opens the door to broader based "irrational exuberance" as long as the Fed continues to accommodate the risk-asset demand its pivot to an easing bias has already engendered. Basically, while the Fed claims that policy is restrictive and needs to be eased, the markets are behaving as if policy is already accommodative.

Based on Mr. Powell's signals, it appears that the game plan is to make sure that the eventual problems of out-of-control deficits don't materialize until well after the election. The unprecedented use of deficit spending in a fully employed economy strengthens the case for Equities over Fixed Income, which appears to have moved into a secular bear market despite financial market hopes for much lower interest rates in the next two years. Stronger growth and the highest inflation in 40 years have not been the traditional recipe for sustainably lower interest rates. As the March 25, 2024, edition of the *Wall Street Journal* notes on its front page, "Surging Treasury Sales Unnerve Investors: Annual issuance has nearly doubled since Covid's start, shows no signs of easing." Since World War II, the only strategy for reducing a bothersome debt burden has been to inflate it away. This helps explain why U.S. Treasury bonds have been losing real value for five years.

Four Charts on the CIO Radar Screen

Lauren J. Sanfilippo, Director and Senior Investment Strategist

Joseph Quinlan, Managing Director and Head of CIO Market Strategy

There was no stopping U.S. Equities in Q1 of 2024, with the Dow Jones Industrial Average, Nasdaq and S&P 500 posting gains of the 6%, 9%, 10%, respectively. We see more upside ahead but are keeping a watchful eye on any potential air pockets or potholes for the market as Q2 begins. High on our radar screen: the finances of the U.S. consumer; stress within the CRE market; the ongoing foreign appetite for U.S. securities; and the proliferation of global protectionism and attendant risk to global earnings. We briefly touch on each one of these dynamics below.

The U.S. Powerhouse-(holds). Personal consumption continues to power the U.S. economy, although U.S. consumers face numerous crosscurrents. Broad wage gains have meant bigger paychecks helping to offset still-accelerating inflation pressures, while resilient spending patterns have increasingly been paid for on plastic, notably among households with lower incomes. Accordingly, some retailers reported shopper selectivity within their earnings releases.

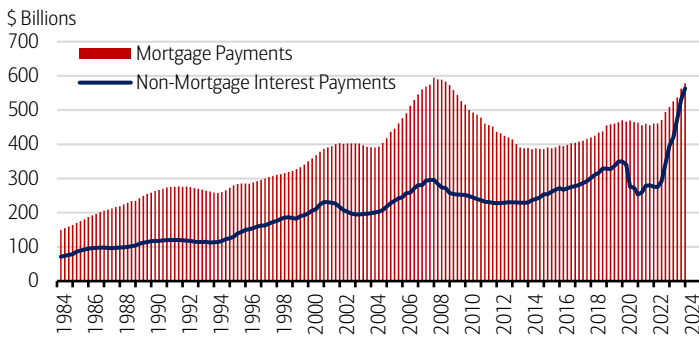
At the end of last year, credit card debt rose to \$1.13 trillion. At the same time, interest rates on credit cards are at a record high, sitting just below 23%, according to Bloomberg. Most concerning, delinquency rates ticked up in Q4 2023 for all types of debt other than student loans.¹ For the first time on record, interest payments on non-mortgage debts are as big a financial burden as mortgage interest payments (Exhibit 2A). The ascent was fast—a more than doubling of credit card expenses and fees since the start of the pandemic.

Investment Implications

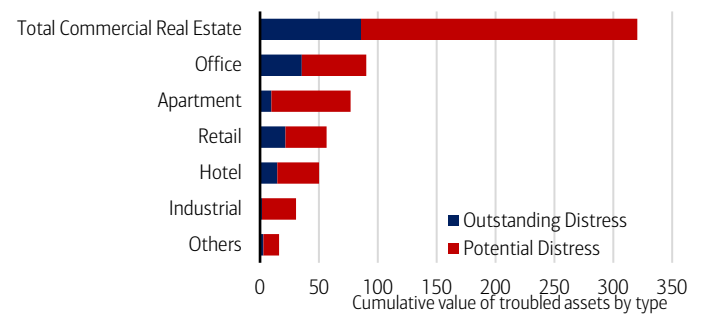
Notwithstanding risks on our radar screen for both the U.S. and global economies, our investment bias remains tilted toward U.S. assets and is predicated on early green shoots seen in both improving earnings trends and a possible U.S. economic reacceleration.

Exhibit 2: On Our Radar...

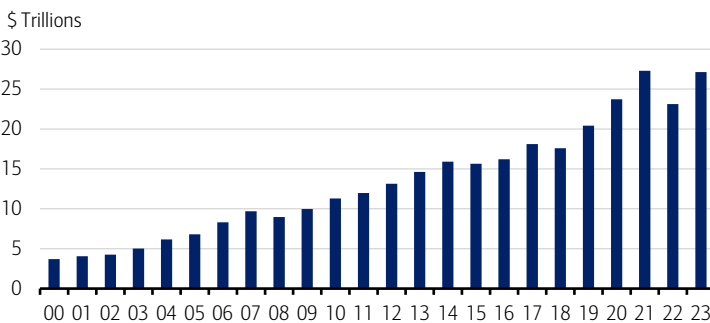
2A) Interest Payments for U.S. Households



2B) Offices Are the Most Distressed Property Type in the U.S.



2C) Holdings of U.S. Issues By Foreign Residents.



2D) Protectionism is Back: Global Trade Restrictions Triple.

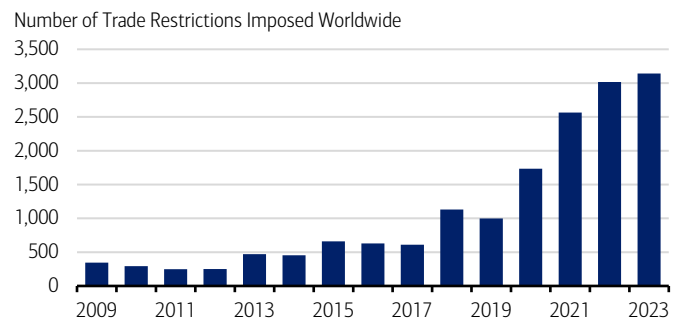


Exhibit 2A: Source: Bureau of Economic Analysis. Data through Q4 2023. Exhibit 2B: Outstanding distress (bankruptcy, default, tenant problems, other known issues), Potential distress (delinquent repayments, forbearance, leasing problems, etc.) Sources: MSCI Real Assets; Bloomberg. Data as of March 2024. Exhibit 2C: Source: Federal Reserve Board. Data as of March 2024. Exhibit 2D: Trade restrictions include restrictions on goods, services, and investment. Data for each year refers to restrictions implemented between January 1 and December 31. Source: Global Trade Alert. Data as of March 25, 2024.

Consumers are increasingly normalizing by coming out of an abnormal period of rock-bottom delinquencies and, generally, a time of financial stability. Underpinned by a strong labor

¹ For balances considered "newly delinquent" by loan type. Source: New York Fed Credit Panel, data as of February 2024.

market, a rise in real wages and a strong stock market, U.S. consumption is expected to remain solid near term, although rising interest/debt burdens bear close watching.

Commercial Real Estate's Slow Burn. A workout process, a slow burn, a wildcard—choose the phrasing. All eyes are on the potential fallout for CRE given higher-for-longer interest rates, tumbling CRE values, and structural changes in the way people work. Signs of commercial distress have percolated since last year, resulting in 3.5% of all office deals involving a distressed seller based on MSCI estimates.

Offices accounted for 41% (or \$35 billion) of the total value of distressed U.S. properties, which stood at nearly \$86 billion in real estate value as of December. Another \$55 billion of office real estate is categorized as “potentially distressed,” which refers to the erosion of an asset’s current financial standing, at nearly \$235 billion across all property types (Exhibit 2B), according to MSCI.

Also ahead: Borrowers face refinancing at higher rates. It’s known that there are \$4.7 trillion in commercial/multifamily mortgages outstanding, according to the Mortgage Bankers Association. As for this year, \$929 billion is expected to mature, with multifamily accounting for 27% of that total, while office accounts for another 22% of maturities through year-end. Distorting the counts has been a pattern of “extend and pretend,” or lengthening loan terms by extending maturities. The space bears watching—while idiosyncratic events have cropped up over the last year, the relatively well-capitalized banking system has resisted broader contagion.

Foreigners Continue To Prefer U.S. Assets, But For How Long? Foreign appetite for U.S. securities (Treasury, government agencies, corporate bonds and Equities) remains robust, with foreign holdings of U.S. securities totaling a near-record high of \$27 trillion at the end of 2023 (Exhibit 2C). As a liquidity injection that helps fund everything from U.S. mortgages to the servicing of U.S. federal debt, foreign capital inflows help grease the wheels of both Main Street and Wall Street. Indeed, with America being one of the world’s largest debtor nations, foreign inflows have always played an important role in U.S. finance. Foreigners owned nearly 30% of U.S. marketable Treasuries, 12% of government agencies, almost one-third of the corporate bond market and roughly one-fifth of U.S. Equities. Since the beginning of the century, the foreign ownership of U.S. assets has increased more than eight-fold, according to the Fed.

Foreign investors remain a critical and essential participant in the U.S. capital markets. However, against a backdrop of rising U.S. trade and investment protectionism, the weaponization of the U.S. dollar and U.S. financial system, capital controls in China and other nations, and positive real interest rates in Japan, the largest holder of U.S. Treasuries—all of these factors could result in a reduced foreign capital inflow in the near term and downward prices on U.S. securities. Notably, at precisely the moment when the U.S. is clocking massive federal budget deficits, the last thing Uncle Sam needs is for foreign investors to back out of the Treasury market. The bottom line: Foreign capital inflows matter.

The Bull Market In Protectionism Is Bearish For Global Earnings. The shift toward more globally managed trade is another metric we are closely watching. As Exhibit 2D depicts, one characteristic of this decade is the bull market in protectionism, with the number of trade restrictions imposed last year topping 3,000. That’s triple the level of 2019 and well above the average over the 2010 to 2019 period. Globalization isn’t dead, in our opinion, but it is increasingly being wrapped up in a web of tariffs, trade barriers, investment restrictions and related moves.

Leading the world down the protectionist path have been China and the U.S.—the globe’s largest trading nations—spurring the rest of the world to follow suit with tit-for-tat trade restrictions. Closely related to rising global trade barriers has been the marked increase in investment protectionism—or increase barriers and regulations to foreign direct investment. Thus far, many U.S. multinationals have done a respectable job of shifting and adjusting global supply chains, although the more the world retreats from free trade and embraces trade restrictions, the greater the risk to large-cap U.S. multinationals. Hence our continued monitoring of the bull market in protectionism.

Quarterly Reflections: Q1 2024

Kirsten Cabacungan, Vice President and Investment Strategist

U.S. Equities ended Q1 2024 strong. The S&P 500 notched a 10.2% gain for the quarter, breaking through 5200 for the first time ever in March. The banner start to the year piggybacked the 2023 yearend rally, bringing the back-to-back quarters up a cumulative 22.5%. Since 1950, when the S&P 500 gained in consecutive quarters with a combined advance of greater than 20%, Equities rose over the next 12 months 77.3% of the time with an average return of 9.8% (Exhibit 3A).²

Positive fundamentals fueled the strong equity performance. Resilient job creation and solid wage growth continued to support consumer spending. Better-than-expected corporate earnings were also a catalyst. S&P 500 companies delivered a strong 4% earnings beat for Q4 2023.³ Analysts expect earnings to continue to accelerate this year with consensus estimates calling for 12% earnings growth for the S&P 500 in 2024.⁴ Expectations for easier financial conditions also underpinned gains. The latest Fed projections estimate a median of three rate cuts this year even amid some warmer inflation signals recently.

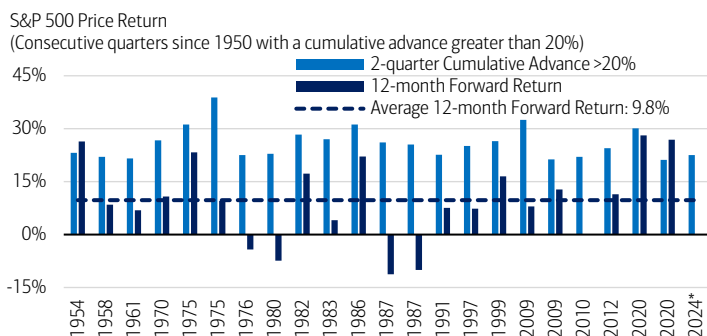
Under the surface, mega-cap Technology stocks continued to drive the market, but market breadth has improved some. By the end of Q1, more than 80% of S&P 500 constituents crossed above the 200-day moving average, which aside from a brief cross in January, marks the first sustained period since 2021. Stocks have historically fared well when breadth increased with the S&P 500 up 13.2% on average over the next 12 months.⁵ From a sector perspective, Communication Services dominated the quarter followed by Energy and Information Technology, but Financials and Industrials also held up with both sectors outperforming the broader index. Small-caps still trailed Large-caps but could see further support especially with a larger earnings growth rebound expected for the Russell 2000 compared to the S&P 500. Growth outperformed Value, but Value could be positioned to catch up given the positive cyclical forces. From a global perspective, U.S. Equities led both International Developed and Emerging Markets, though Japanese Equities staged a strong rally following more optimism around improvements in Japan's economy.

Portfolio Considerations

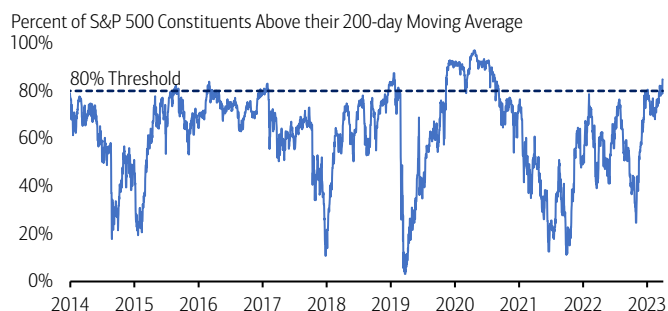
We favor an overweight to Equities, solid income from bonds, and attractive cash flow from cash. We have recently turned more favorable on cyclical areas of the market as they may be positioned to benefit if economic indicators continue to show resiliency. But we maintain a positive view on both stocks and bonds overall, as we continue to be mindful of the potential for bouts of choppiness ahead as risks to the outlook remain.

Exhibit 3: Banner Start to the Year For U.S. Equities.

3A) Back-to-back quarterly advances have led further gains.



3B) Improving market breadth tends to support the durability of the market rally.



*Estimate. Exhibit 3A: Source: Bloomberg. Data as of March 28, 2024. Exhibit 3B: Source: Bloomberg. Data as of March 28, 2024

Fixed Income came under pressure during the quarter, with the Bloomberg U.S. Aggregate Bond Index lower 0.8%. Yields on the 2-year and 10-year U.S. Treasury climbed in the first few months as questions swirled around delays to Fed rate cuts.

Bottom line: Upside surprises to the economy supported a banner start to the year for U.S. Equities. Volatility risks remain, but positive momentum is building for this uptrend to continue, in our view.

² Bloomberg. Data as of March 28, 2024.

³ BofA Global Research. March 12, 2024.

⁴ FactSet. Data as of March 28, 2024.

⁵ Reflects previous instances since 1990 when the percent of S&P 500 constituents above the 200-day moving average flipped above 80% for the first time in three months. Source: Bloomberg. Data as of March 28, 2024.

MARKETS IN REVIEW

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	39,807.37	0.8	2.2	6.1
NASDAQ	16,379.46	-0.3	1.8	9.3
S&P 500	5,254.35	0.4	3.2	10.6
S&P 400 Mid Cap	3,046.36	1.9	5.6	10.0
Russell 2000	2,124.55	2.6	3.6	5.2
MSCI World	3,437.76	0.4	3.2	8.9
MSCI EAFE	2,349.42	0.1	3.3	5.8
MSCI Emerging Markets	1,043.20	0.5	2.5	2.4

Fixed Income[†]

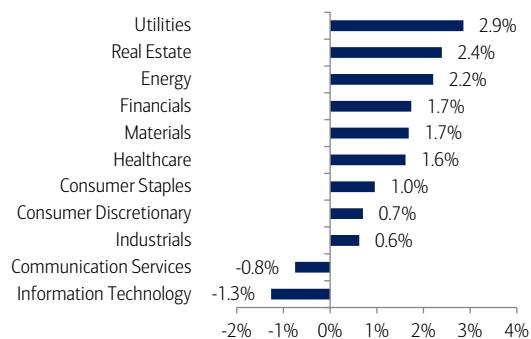
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.76	0.23	0.88	-0.72
Agencies	4.79	0.09	0.46	0.08
Municipals	3.49	-0.16	0.00	-0.39
U.S. Investment Grade Credit	4.85	0.23	0.92	-0.78
International	5.30	0.25	1.29	-0.40
High Yield	7.66	0.10	1.18	1.47
90 Day Yield	5.36	5.36	5.38	5.33
2 Year Yield	4.62	4.59	4.62	4.25
10 Year Yield	4.20	4.20	4.25	3.88
30 Year Yield	4.34	4.38	4.38	4.03

Commodities & Currencies

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Commodities				
Bloomberg Commodity	231.40	0.9	3.3	2.2
WTI Crude \$/Barrel ^{††}	83.17	3.2	6.3	16.1
Gold Spot \$/Ounce ^{††}	2229.87	3.0	9.1	8.1

	Total Return in USD (%)			
	Current	Prior Week End	Prior Month End	2022 Year End
Currencies				
EUR/USD	1.08	1.08	1.08	1.10
USD/JPY	151.35	151.41	149.98	141.04
USD/CNH	7.26	7.28	7.21	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 3/25/2024 to 3/28/2024. [†]Bloomberg Barclays Indices. ^{††}Spot price returns. All data as of the 3/28/2024 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 3/28/2024)

	2023A	Q1 2024A	Q2 2024E	Q3 2024E	Q4 2024E	2024E
Real global GDP (% y/y annualized)	3.1*	-	-	-	-	2.9
Real U.S. GDP (% q/q annualized)	2.5	2.5*	2.0	2.0	2.0	2.7
CPI inflation (% y/y)	4.1	3.2*	3.4	3.2	3.0	3.2
Core CPI inflation (% y/y)	4.8	3.8*	3.5	3.5	3.3	3.5
Unemployment rate (%)	3.6	3.8*	3.8	3.9	3.9	3.9
Fed funds rate, end period (%)	5.33	5.33*	5.13	4.88	4.63	4.63

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics. **There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.**

A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of March 28, 2024.

Asset Class Weightings (as of 3/5/2024)

Asset Class	CIO View		
	Underweight	Neutral	Overweight
Global Equities	●	●	●
U.S. Large Cap Growth	●	●	●
U.S. Large Cap Value	●	●	●
U.S. Small Cap Growth	●	●	●
U.S. Small Cap Value	●	●	●
International Developed	●	●	●
Emerging Markets	●	●	●
Global Fixed Income	●	●	●
U.S. Governments	●	●	●
U.S. Mortgages	●	●	●
U.S. Corporates	●	●	●
International Fixed Income	●	●	●
High Yield	●	●	●
U.S. Investment-grade	●	●	●
Tax Exempt	●	●	●
U.S. High Yield Tax Exempt	●	●	●
Alternative Investments*			
Hedge Funds			
Private Equity			
Real Assets			
Cash			

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of March 5, 2024. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

CIO Equity Sector Views

Sector	CIO View		
	Underweight	Neutral	Overweight
Energy	●	●	●
Healthcare	●	●	●
Consumer Discretionary	●	●	●
Industrials	●	●	●
Information Technology	●	●	●
Communication Services	●	●	●
Financials	●	●	●
Real Estate	●	●	●
Utilities	●	●	●
Materials	●	●	●
Consumer Staples	●	●	●

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

U.S. Equities/S&P 500 Index is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries.

Consumer price index is a price index, the price of a weighted average market basket of consumer goods and services purchased by households.

Personal consumption expenditures price index measures changes in consumer spending on typical goods and services.

Conference Board index of leading indicators is an American economic leading indicator intended to forecast future economic activity.

Dow Jones Industrial Average Index is a stock market index of 30 prominent companies listed on stock exchanges in the United States.

Nasdaq Composite Index is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange.

Treasury/Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

Government Agencies/Bloomberg U.S. Agency Index measures the performance of the agency sector of the U.S. government bond market.

Corporate Bonds/Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market.

Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index.

Bloomberg Aggregate Bond Index broadly tracks the performance of the U.S. investment-grade bond market.

Important Disclosures

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