CHIEF INVESTMENT OFFICE

Capital Market Outlook

April 7, 2025

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

IN THIS ISSUE

Macro Strategy—Stay Calm: How U.S. Equities Have Navigated "Once-in-a-Century" Macro Events. We are only half-way through this decade, but just in the span of five years, the world economy has been stricken by a global pandemic, challenged by a ground war in the heart of Europe, and now rocked by a global trade war after the Trump administration last week announced sweeping tariffs. Each one of these "once-in-a-century" events has triggered doomsday commentary and epic market swoons. Near term, we expect more chop and churn as the markets dissect and discount the upending of the global trading regime of the past 80 years.

However, it is important for investors to remember that each macro event of the past few years (and decades) has been followed by robust recoveries and higher equity prices. Taking the long view, since 1950, there have been 56 market pullbacks of 10% or more, and 12 months after those drawdowns, Equities were higher 49 times—or 87.5% of the time (Bloomberg). Translation: In times of tumult, staying calm and staying in the market have generally paid off for investors.

Market View—*Liftoff in Europe? Six Reasons To Be Cautious:* The 20% U.S. import tariff on European Union goods has taken some of the shine off European equities. On a year-to-date basis, however, the region has outperformed major U.S. indices, buoyed by German fiscal activism, European re-armament and relatively attractive valuations, among other factors. Also at play are mounting policy-related worries in the U.S.

Yet even prior to the tariff news, we felt investors should approach Europe with caution given structural barriers, regional fragmentation, massive trade dependencies, weak productivity, index revenue exposure and market concentration risks. Can the European Union—a supranational entity attempting to balance the interests of 27 nation-states—simplify its bureaucratic complexity, harmonize its mountain of rules and regulations, narrow the economic disparities among member states, boost productivity, secure its own energy future, and incubate the tech leaders of the future? Call us hopeful but skeptical.

Thought of the Week—*Mixed Signals: The Divergence between "Soft" and "Hard" Data:* Abounding uncertainty is weighing on sentiment across consumers, investors and businesses, creating a divergence between "soft data," which captures perceptions and expectations, and "hard data," which reflects actual levels of economic activity. Measures of consumer sentiment fell to multiyear lows in March, investor sentiment is increasingly bearish, and much of the pro-business enthusiasm observed post-election has dissipated. But the "hard data" is still relatively strong—initial claims for unemployment are far from levels typically seen during recessions, inflation remains subdued from recent highs, and consumers are relatively well supported by elements like elevated net worth and solid wage growth. Amid growing weariness about what's next for macro and markets, we're monitoring the risk that the negativity in the "soft data" could start to materialize in the "hard data." For now, actual levels of economic activity suggest that fundamentals are relatively strong. We continue to expect economic growth to resume its firmer footing after this reset period in the U.S.

MACRO STRATEGY ▶

Joseph P. Quinlan
Managing Director and Head of CIO Market Strategy

Ariana Chiu
Wealth Management Analyst

MARKET VIEW ▶

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THOUGHT OF THE WEEK ▶

Emily Avioli
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MARKETS IN REVIEW ▶

Data as of 4/7/2025, and subject to change

Portfolio Considerations

Equity markets and the global economy are transforming. There is a clear rebalancing taking place, which we believe is likely to result in another bull market advance.

We maintain an overweight to Equities, driven by U.S. Equities, with a preference for Large-caps over Small-caps, and we are neutral outside of the U.S.

We still favor a significant allocation to bonds in a well-diversified portfolio. Through periods of volatility, we emphasize portfolio diversification as our core framework with targeted thematic overlays and are buyers on weakness as markets and the world transform.

MACRO STRATEGY

Stay Calm: How U.S. Equities Have Navigated "Once-in-a-Century" Macro Events

Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Ariana Chiu, Wealth Management Analyst

"There are decades when nothing happens, and there are weeks where decades happen."—Vladimir Lenin

And the hits keep coming. We are only half-way through this decade, but, just in the span of five years, the world economy has been stricken by a global pandemic, challenged by a ground war in the heart of Europe, and now rocked by a global trade war after the Trump administration last week announced the highest U.S. taxes on trade since 1909, effectively dismantling the post-war trading architecture.

Not unexpectedly, each one of these "once-in-a-century" events triggered an epic market swoon. For instance, when the pandemic struck in 2020, the S&P 500 Index dropped roughly 34% from its peak on February 19, 2020 (3,386), to its low on March 23, 2020 (2,237). The day Russia invaded Ukraine, the S&P 500 declined 1.8% and would ultimately fall roughly 25% from its all-time high of 4,797 in January 2022 to a bear market low of 3,577 on October 12, 2022.

Now fast forward to today: In the two days following "Liberation Day," the Dow Jones Industrial Average (Dow) dropped 9.3%, the S&P 500 slipped 10.5%, and the Nasdaq cratered nearly 12%. The latter has officially entered a bear market (a decline of 20% or more). Meanwhile, the Dow is in correction territory (off 10% from its high), while the S&P 500 is closing in on joining the Nasdaq in the bear camp, with the index off roughly 17% from its high of 6,144 on February 19, 2025.

No, it's not different this time. What lies ahead? No one really knows. Market sentiment remains sour. Earnings estimates are being marked down. The odds of recession are rising. Ditto for inflation expectations. The market's favorite gauge of fear, the Chicago Board Options Exchange Volatility Index, hovers around 45, the highest in months. And not unexpectedly, "tit," or U.S. tariffs, have been met with "tat," or retaliatory measures from one of America's largest trading partners, China.

Predictably, the imposition of U.S. tariffs and a trade war between the world's two largest economies have elicited a barrage of media comments like "this time is different." "No one's seen this before." "There is no playbook." "No one knows how to react to it." To which we agree: When it comes to the reordering of global trade, we are in uncharted territory.

But that said, listen carefully: Does any of this gloom-and-doom sound familiar? Doesn't it feel like we've been here before? Answer: yes. The bleak commentary of today echoes the not-so-distant past.

Let's rewind the clock: Remember when we were told how the COVID-19 pandemic had the potential to kill more people than the 1918 Spanish Flu, or an estimated 50 million people, worldwide? Remember when some experts warned of a Great Depression, unemployment rates of 30%, food shortages and riots? Remember when many public health officials advised that the vaccine for COVID-19 would take 4 to 10 years to develop, and therefore the shutdowns could last years, not months?

After Russia invaded Ukraine, remember the dire predictions that Russia's attack would lead to a direct confrontation with North Atlantic Treaty Organization (NATO), triggering World War III? That a global recession was inevitable given the massive disruption in energy supplies and trade? Forecasts for oil prices as high as $150 per barrel? That the conflict could trigger the use of nuclear weapons? (As an aside, we are very cognizant of the fact that the war in Ukraine is not over and that the worst-case scenarios could still materialize.)

The key lesson for investors is this: "Once-in-a-century" events have a way of evoking the darkest/bleakest predictions because they are truly "unknown unknowns." They are unparalleled, extraordinary, the bolt from the blue—triggering maximum stress and concerns in the markets and massive market selloffs. Investors play hide (lay low) and seek (refuge).

Portfolio Considerations

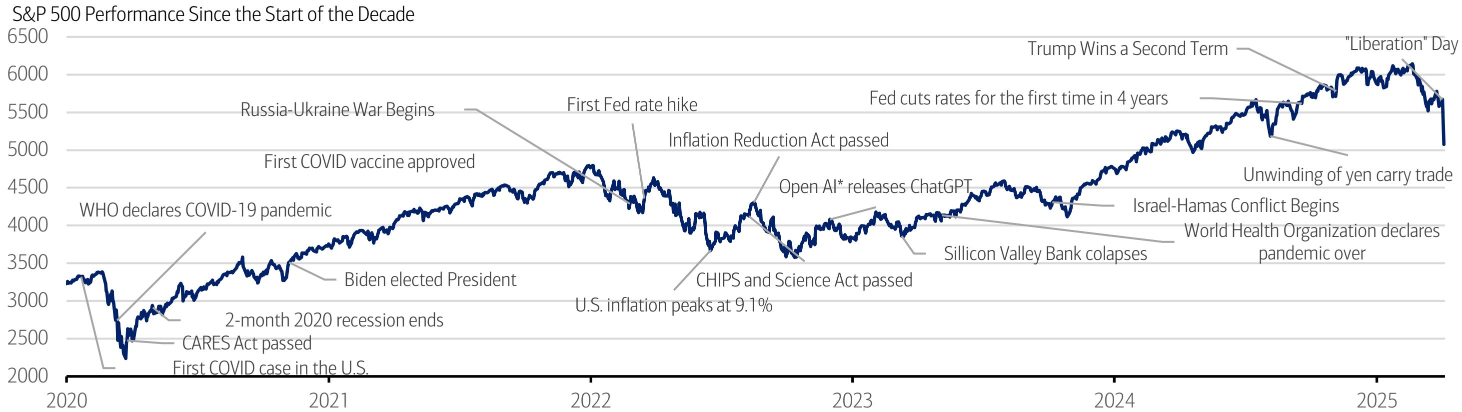
Portfolio construction should pivot on up-in-quality across all asset classes, dividend and income providers, more active[1] over passive[2] management, and a preference for hard power (defense/cybersecurity), hard assets (commodities) and inflation-sensitive sectors.

[1] Active management seeks to outperform benchmarks through active investment decisions such as asset allocation and investment selection.

[2] Passive management is a strategy where investment portfolios aim to replicate the performance of a market index or benchmark by holding the same or similar securities in the same proportions.

Shock and awe, then rebound and recovery. But as Exhibit 1 clearly depicts, each major shock of this decade (and in decades past) has been followed by a robust push higher in U.S. Equities as asset prices reprice and households, companies and countries regroup. These market resets, to be sure, are not linear. They're jagged and painful, but the general direction of the market is up in the long run.

Exhibit 1: Halfway Through the "Roiling '20s"...



*AI=artificial intelligence. Sources Bloomberg. Data April 4, 2025. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. **Past performance does not guarantee future results.**

The dire financial consequences of the pandemic never panned out due to the massive monetary and fiscal response from the U.S. government in addition to the flexibility and adaptability of U.S. firms and the warp speed with which the vaccine for COVID was developed. Russia's invasion of Ukraine was met by the resolve of NATO members to back Ukraine, the rapid shift of Europe's energy security from Russia to the U.S., and above all else, the tenacity and success of Ukraine to stand up to a larger and better-armed enemy. And the trade shock of 2025—how will it play out amid the fog and volatility of today?

Questions that need answers: How much room is open for nations to negotiate lower tariff rates with the U.S., thus avoiding more collateral damage to the global economy? China has aggressively pushed back against U.S. tariffs; will others—notably the European Union—follow suit, injecting more downside concerns into the markets? Will U.S.-China tensions escalate or de-escalate in weeks ahead? Finally, while we believe the U.S. economy will avoid recession, that outcome rests on the shoulders of high-income U.S. households. The top 10% of U.S. households account for 50% of U.S. consumption, per Moody's Analytics. So in the face of a massive negative wealth shock from a swooning stock market, will higher-income consumers continue to spend or retrench?

No one can be sure of the answers to these questions. But here's what we do know: Since 1950, there have been 56 market pullbacks of 10% or more, and 12 months after those drawdowns, Equities were higher 49 times—or 87.5% of the time (Bloomberg). Translation: In times of tumult, staying calm and staying in the market have generally paid off for investors.

In the end, yes, we are entering a new investment era characterized by factors investors have rarely had to contemplate in the past—think pandemics, wars, U.S. isolationism, the rise of China, the U.S.-Sino Great Power Rivalry, climate stress, the transformational effects of AI, the race to control the Arctic and space. You name it. "Once-in-a-century" macro events might become more common than uncommon as the post-1945 world order is transformed and realigned.

All of which makes portfolio construction even more important to investors. To wit, think up-in-quality across all asset classes, dividend and income providers, more active over passive management, and a preference for hard power (defense/cybersecurity), hard assets (commodities) and inflation-sensitive sectors. We suggest staying invested in technology and innovation leaders; we continue to prefer U.S. Equities over the rest of the world. We remain neutral on emerging markets since this cohort faces an uncertain future owing to the upended global trading system. For reasons outlined in an accompanying article, we are neutral on Europe.

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MARKET VIEW

Liftoff in Europe? Six Reasons To Be Cautious

Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

The 20% U.S. import tariff on European Union (EU) goods has taken some of the shine off European equities. In the two days following the release of the U.S. tariff schedule, the German DAX dropped 6.8%, the French CAC by 6.4%, the FTSE 100 by 7.0% and the Stoxx 600 by 6.5%. On a year-to-date basis, however, most European indices are still in the green versus red in the U.S. Through April 4th, the S&P 500 and Nasdaq were down 13.7% and 19.3%, respectively, which contrasts with gains of 3.7% for the Stoxx 600, 9.4% for the German DAX, 4.5% for French CAC, and 1.5% for the FTSE 100. (Note: Figures are U.S. Dollar-based).

A number of variables have bolstered European Equities this year, including German fiscal activism, Euro rearmament, relative attractive valuations, a cyclical rebound in growth and earnings, and rate cuts from the European Central Bank. Also at play are mounting policy-related worries in the U.S., which have not only triggered concerns of slower U.S. growth in the near term but also a transatlantic rotation among U.S. and European assets. These factors have given European assets a bid versus the U.S. and underscore why we recently upgraded developed Europe to neutral from underweight in our multi-asset portfolios.

That said, the outlook for Europe remains foggy as investors await the EU response to U.S. tariffs. The EU has given itself a four-week window to negotiate with the administration, i.e., Europe is holding its fire for now. That said, even before last week's sweeping U.S. tariff release, we remained cautious on the outlook for Europe for the following six reasons:

One, despite investor enthusiasm over Europe's fiscal activism this year, the long-term structural barriers to growth in Europe—and hence its long-running underperformance relative to the U.S.—are not about to evaporate overnight. Overshadowing Europe's long-term outlook is a bureaucratic, heavy-handed regulatory state that has long stifled innovation, productivity and the entrepreneurial DNA of the continent. To this point, the International Monetary Fund "estimates that Europe's internal barriers are equivalent to a tariff of 45% for manufacturing and 110% for services." Two other structural headwinds: an aging labor force and an energy infrastructure dependent on foreign supply.

Two, while united against the U.S., Europe remains largely divided and fragmented at home—it's a fractured, unproductive continent on many fronts. For instance, despite three decades in the making, the so-called European Single Market remains a work in progress. Meanwhile, Europe has a single currency but neither a single pan-European capital markets nor a fiscal union needed to pool the region's savings, thus making it easier for incubate startups and scale businesses. Joint-EU funding for investment remains lacking, although there is no shortage of regulatory barriers, labor market restrictions, and stringent and duplicative hurdles to business.

Three, Europe remains one of the most trade-dependent regions of the world at a time when mercantilism has reared its head in the U.S., China and other parts of the world. Europe is notably vulnerable in a world where trade barriers are rising (ala the U.S.) and in a world where China continues to massively overproduce for export, undermining Europe's manufacturing base at home and abroad as China suppliers take market share from European firms.

Four, when it comes to long-term, productivity-led grow potential, the productivity gap between the U.S. and Europe has only continued to widen this decade as U.S. technology giants push well ahead of Europe on the frontiers of artificial intelligence (AI) and related activities (Exhibit 2A). Even well before the AI renaissance, the transatlantic digital divide was widening, due in part to the larger, more innovative, risk-taking companies in the U.S. versus Europe's smaller, less-developed, and less-dynamic tech sector. Contributing to this digital gap, Europe accounted for just 16% of global venture capital raised last year, versus the U.S. share of 57% and Asia's share of 23%, according to figures from dealroom.com.

Investment Implications

We recently closed out our underweight to International Developed Equities on the expectation that European markets will benefit from major potential fiscal expansion and additional central bank easing. That said, manufacturing-led EU economies continue to face headwinds including escalating U.S. import tariffs, competition from China, and structural barriers including depressed productivity and a rapidly aging population.

Five, investors enthralled with European Equities shouldn't ignore the fact that most of Europe's large-cap equity leaders are more leveraged and exposed to a U.S. economy that is slowing versus a European economy that is rebounding. According to data from FactSet, for instance, some one-quarter of the revenue of the German DAX is derived in the U.S. The U.S. also accounts for one-fifth of the revenue for the Stoxx 600; one-third of Swiss SMI Index and 22% of the CAC. Add in a stronger euro-cum-weaker U.S. dollar scenario, and the one-two combination of weak U.S. growth/dollar could trigger some downside European earnings surprise in the months ahead.

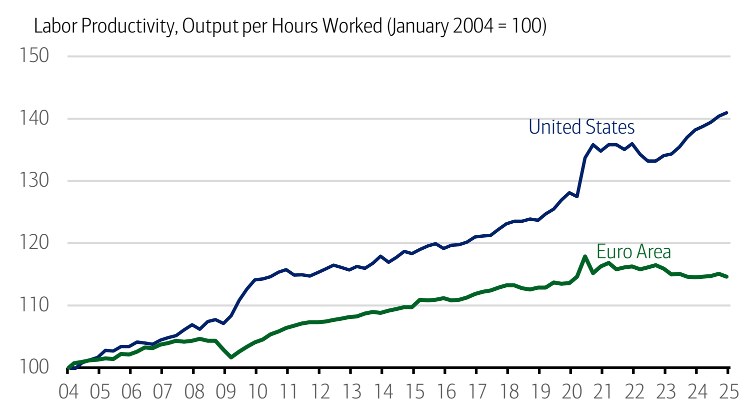
Six, and finally, while U.S. investors have long worried about the risks associated with market concentration in a handful of U.S. companies (aka the Magnificent 7[3]), **the risks of market concentration are even greater in Europe.** Not unlike the U.S., most European stock indexes are market-capitalization-weighted—meaning that a small number of companies can have an outsized influence on market gains/losses. That said, note from Exhibit 2B that one company in Denmark, Novo Nordisk, accounts for nearly half of the main index. SAP of Germany, meanwhile, represents nearly 16% of the market cap of the German DAX, while ASML comprises 14% of the main Dutch AEX index. In contrast, Apple, Microsoft and Nivida, while large based on market capitalization, constitute a relatively smaller share of the overall S&P 500 index.

The point being this: While much has been made in the U.S. of market gains/returns owing to a handful of companies, the same dynamic—and then some—is at work in Europe. The market returns of many European indices rest on the shoulders of a very few companies, creating risks in terms of market breadth, sector dependence, and company-specific situations.

The bottom line: Yes, Europe has a pulse. The region has been galvanized into action owing to geopolitical pressures from Russia and China and, notably, the U.S. The continent's resolve to chart its own future has never been higher, bolstering market sentiment in favor of European assets versus U.S. assets. Talk is cheap, however. Can the EU—a supranational entity attempting to balance the interests of 27 nation-states—simplify its bureaucratic complexity, harmonize its mountain of rules and regulations, narrow the economic disparities among member states, boost productivity, secure its own energy future, and incubate the technology leaders of the future—supporting, in the process, the outperformance of Europe relative to the U.S.? Call us hopeful but skeptical.

Exhibit 2: Two Reasons for Caution in Europe.

2A) U.S. Productivity Sprints Past Europe.



2B) Concentration is Not a U.S.-Specific Phenomenon.

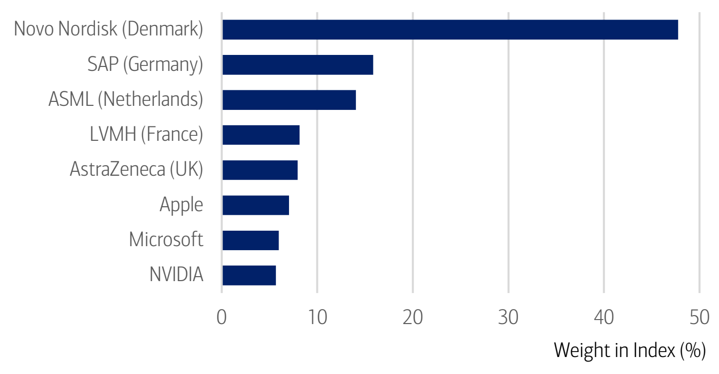


Exhibit 2A) Sources: Eurostat, Bureau of Labor Statistics. Data through Q4, as of March 7, 2025. Latest data available. Exhibit 2B) Sources: Bloomberg, FactSet. Data refers to weight in index; Novo Nordisk's weight estimated using company market cap as a share of total index market cap. Indexes referenced: OMX Copenhagen 25 Index, DAX Index, AEX Index, CAC 40 Index, FTSE 100 Index, S&P 500 Index. Data as of April 2, 2025. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report.

[3] Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, Tesla.

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THOUGHT OF THE WEEK

Mixed Signals: The Divergence between "Soft" and "Hard" Data

Emily Avioli, Vice President and Investment Strategist

Abounding uncertainty is weighing on sentiment across consumers, investors and businesses, creating a divergence between "soft data," which captures perceptions and expectations, and "hard data," which reflects actual levels of economic activity.

The "soft data" in recent survey results has soured considerably. Consumer attitudes were increasingly downbeat in March, with University of Michigan sentiment falling to the lowest level in over two years, and Conference Board Consumer Confidence reaching the lowest level in four years. The March BofA Fund Manager Survey showed the biggest monthly drop in sentiment since 2020, while global growth expectations declined by the second most in the survey's history. Bearish sentiment, as measured by the American Association of Individual Investors (AAII), is unusually high relative to historical averages (Exhibit 3A).

Other data suggests that the pro-business enthusiasm observed post-election has dissipated. Small-business optimism recently retreated below its November 2024 level,[4] a measure of homebuilder confidence fell to a seven-month low in March,[5] and the Institute for Supply Management Manufacturing Index slipped back into contraction territory this month.

Then there's the "hard data," which is still not nearly as weak as the "soft data" suggests. The unemployment rate ticked up slightly to 4.2% in March, while the U.S. economy added 228,000 jobs, beating consensus expectations. Initial claims for unemployment are far from levels typically seen during recessions (Exhibit 3B). While inflation is sticky above the Federal Reserve's target, signs of a reacceleration are largely absent and the most recent Consumer Price Index reading of 2.8% year-over-year was slightly cooler-than-expected. Consumers remain well supported by elements like elevated net worth, a healthy pace of wage growth, and a solid labor market, though the most recent Retail Sales report admittedly suggests that they have tightened the purse strings. U.S. gross domestic product forecasts have been revised lower amid recent trade policy developments, but BofA Global Research still anticipates Q4-over-Q4 growth of 1.8% for 2025.

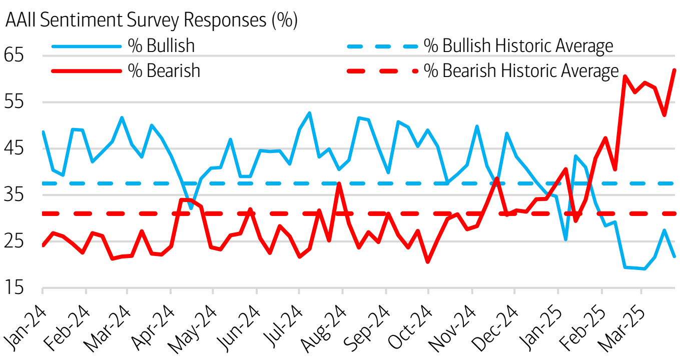
Amid growing weariness about what's next for macro and markets, we're monitoring the risk that the negativity in the "soft data" could start to materialize in the "hard data." There's the potential for confidence to deteriorate to the point that U.S. consumers and businesses meaningfully pull back on spending, thus dampening economic activity. For now, the "hard data" suggests that economic fundamentals are relatively strong. We continue to expect economic growth to resume its firmer footing after this reset period in the U.S. For long-term investors, unusually low levels of sentiment could be viewed as a contrarian buy signal, potentially presenting an opportunity to add to portfolios.

Portfolio Considerations

Uncertainty is likely to persist as investors continue to digest mixed signals. From a positioning perspective, we continue to emphasize diversification across and within asset classes and view market weakness as a potential opportunity for long-term investors.

Exhibit 3: Soft Data and Hard Data Diverge.

3A) "Soft data", like investor sentiment, is deteriorating…



3B) While "hard data", like jobless claims, hold up.

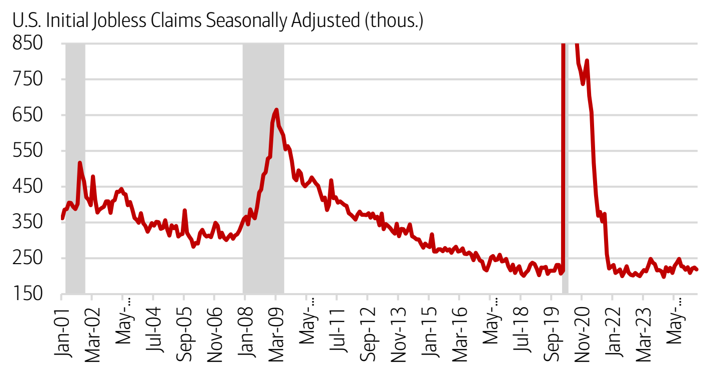


Exhibit 3A) Source: American Association of Individual Investors, Bloomberg. April 3, 2025. Exhibit 3B) Source: Bloomberg. Monthly data referenced, as of April 3, 2025. Grey areas represent recession periods.

[4] National Federation of Independent Business. March 11, 2025.

[5] National Association of Home Builders. March 17, 2025.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	38,314.86	-7.8	-8.7	-9.5
NASDAQ	15,587.79	-10.0	-9.9	-19.1
S&P 500	5,074.08	-9.1	-9.6	-13.4
S&P 400 Mid Cap	2,648.54	-9.1	-9.3	-14.8
Russell 2000	1,827.03	-9.6	-9.2	-17.8
MSCI World	3,326.28	-8.5	-8.3	-10.0
MSCI EAFE	2,281.19	-6.9	-4.9	1.6
MSCI Emerging Markets	1,087.59	-2.9	-1.2	1.7

Fixed Income†

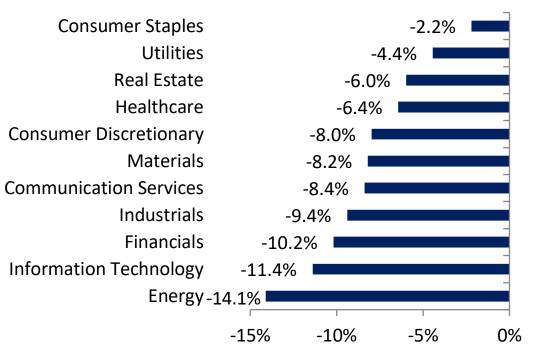
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.33	1.10	0.84	3.56
Agencies	4.18	0.70	0.58	2.70
Municipals	3.62	1.82	1.48	1.26
U.S. Investment Grade Credit	4.44	1.12	0.88	3.69
International	5.10	0.55	0.33	2.65
High Yield	8.30	-1.78	-1.71	-0.73
90 Day Yield	4.24	4.29	4.29	4.31
2 Year Yield	3.65	3.91	3.88	4.24
10 Year Yield	3.99	4.25	4.21	4.57
30 Year Yield	4.41	4.63	4.57	4.78

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	243.51	-5.7	-6.3	2.0
WTI Crude $/Barrel††	61.99	-10.6	-13.3	-13.6
Gold Spot $/Ounce††	3038.24	-1.5	-2.7	15.8

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.10	1.08	1.08	1.04
USD/JPY	146.93	149.84	149.96	157.20
USD/CNH	7.30	7.27	7.27	7.34

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 03/31/2025 to 04/04/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 04/04/2025 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 4/4/2025)

	Q4 2024A	2024A	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E
Real global GDP (% y/y annualized)	-	3.2	-	-	-	-	3.1
Real U.S. GDP (% q/q annualized)	2.4	2.8	1.5	1.5	2.0	2.0	2.1
CPI inflation (% y/y)	2.7	3.0	2.8	2.9	3.2	3.0	3.0
Core CPI inflation (% y/y)	3.3	3.4	3.2	3.3	3.5	3.3	3.3
Unemployment rate (%)	4.2	4.0	4.1	4.2	4.2	4.2	4.2
Fed funds rate, end period (%)	4.38	4.38	4.38	4.38	4.38	4.38	4.38

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 April 4, 2025.

Asset Class Weightings (as of 4/1/2025)

	CIO View				
Asset Class	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 Strategies					
Private Equity & Credit					
Real Assets					
Cash					

CIO Equity Sector Views

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

*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 April 1, 2025. 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.

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.

S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

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

Nasdaq Composite is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange. Along with the Dow Jones Industrial Average and S&P 500, it is one of the three most-followed stock market indices in the United States.

Chicago Board Options Exchange Volatility Index is a measure of the market's expectation of 30-day volatility in the S&P 500 Index, calculated based on the prices of S&P 500 options.

German DAX Index is a stock market index that tracks the performance of the 40 largest and most liquid companies listed on the Frankfurt Stock Exchange.

FTSE 100 index is the United Kingdom's best-known stock market index of the 100 most highly capitalised blue chips listed on the London Stock Exchange.

STOXX 600 Index is a stock index of European stocks with a fixed number of 600 components representing large, mid and small capitalization companies among 17 European countries..

Dutch AEX Index is a stock market index that tracks the performance of the 25 largest and most actively traded companies listed on Euronext Amsterdam, serving as a key indicator of the Dutch stock market.

Swiss SMI Index is Switzerland's blue-chip stock market index, which makes it the most followed in the country. It is made up of 20 of the largest and most liquid Swiss Performance Index stocks. As a price index, the SMI is not adjusted for dividends.

OMX Copenhagen 25 Index is the top-tier stock market index for Nasdaq Copenhagen, which is part of the Nasdaq Nordic, prior being replaced was known as OMX Copenhagen 20 index. It is a market value weighted index that consists of the 25 most-traded stock classes.

CAC 40 Index represents a capitalization-weighted measure of the 40 most significant stocks among the 100 largest market caps on the Euronext Paris. It is a price return index.

Institute for Supply Management Manufacturing Index is a monthly survey-based economic indicator that gauges the health and trends of the US manufacturing sector, with a reading above 50 indicating expansion and below 50 indicating contraction.

Consumer price index measures change over time in the prices paid by consumers for a representative basket of goods and services.

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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All 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.

Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Dividend payments are not guaranteed, and are paid only when declared by an issuer's board of directors. The amount of a dividend payment, if any, can vary over time.

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Income from investing in municipal bonds is generally exempt from Federal and state taxes for residents of the issuing state. While the interest income is tax-exempt, any capital gains distributed are taxable to the investor. Income for some investors may be subject to the Federal Alternative Minimum Tax (AMT). Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Alternative Investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.