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CHIEF INVESTMENT OFFICE

Capital Market Outlook

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

IN THIS ISSUE

Macro Strategy—*From Oysters to Damp Squib: How the World Has Changed for Corporate America:* The global operating environment for U.S. multinationals has become increasingly challenging against a backdrop of rising trade and investment barriers. Past will not be prologue: Gone are the days when firms could roam the world freely, planting stakes in virtually every corner of the planet. Also gone are the days when countries aggressively courted multinationals with liberal trade and investment policies and attractive financial terms. And also in the past: the days when virtually every major market in the world was open for business.

What's changed: Firms today are more bound than unbound, with more barriers to cross-border trade and investment flows being erected almost daily. More than 3,000 trade restrictions were imposed on global commerce last year. Meanwhile, the motivations of multinationals—profits—are now on a collision course with the overarching priorities of governments—national security. Finally, in many parts of the globe, the welcome mat for firms is being rolled up rather than rolled out. The bottom line: A world more squib than oyster could put at risk the global earnings and the future profitability of many U.S. multinationals.

Market View—*The Growing Importance of a Very Mixed Economy:* Last month's soft retail sales figures and reports from consumer-facing companies citing spending fatigue have elicited concerns that the almighty U.S. consumer has weakened. Corroborating evidence, a consumer sentiment gauge swung sharply lower in the beginning of the month, while delinquencies of all stripes have increased. We don't think this is the beginning of the end for the consumer, although it's evident that by spending levels, a bifurcated story is taking shape.

And speaking of spending supporting growth, the spending spickets haven't run dry with Wall Street or Washington, catalyzing spending on future capital expenditures related to Artificial Intelligence (AI), infrastructure for the 21st century and the elusive energy transition. Welcome to a very mixed economy, a concoction likely to backfill growth and company earnings in hopes of further diversifying and adding to the dynamism of the U.S. economy.

Thought of the Week—*Social Security: Some Good News for Now, But Trouble Ahead:* The Board of Trustees of the Social Security trust funds released its annual report on May 6, 2024. The board now expects that the combined Social Security trust funds will be depleted in 2035, one year later than projected last year. At that point, annual inflows to the trust fund would be sufficient to pay approximately 83% of scheduled benefits. That percentage will continue to decline, until 2098, when only 73% of scheduled benefits would be supported by annual revenues. Reducing retirees' benefits and higher taxes on workers are potential solutions, but in Washington, finding enough common ground to resolve this in the near term will be challenging. As the trust fund reserves continue to decline, the cost of shoring up the program for future retirees will only increase.

MACRO STRATEGY ▶

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

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Lauren J. Sanfilippo
Director and Senior Investment Strategist

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Chief Investment Office
National Wealth Strategy Team

MARKETS IN REVIEW ▶

Data as of 5/28/2024, and subject to change

Portfolio Considerations

We maintain an overweight to Equities, with a preference for higher quality U.S. Large- and Small-caps, and still favor a significant allocation to bonds in a diversified portfolio. We maintain our view of buying into equity market weakness and maintaining exposure to Fixed Income for the purpose of cash flow and diversification benefits. Within Fixed Income, we still suggest a slightly long-duration position versus a stated benchmark to take advantage of higher yields, and as prudent positioning against macro risk in the increased Equity positioning of a diversified portfolio.

MACRO STRATEGY

From Oysters to Damp Squib: How the World Has Changed for Corporate America

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

U.S. multinational corporations (MNCs) confront a global competitive landscape radically different from just a few years ago. How different?

First, gone are the days when firms could roam the world freely, planting stakes in virtually every corner of the planet, creating vast cross-border production networks that leveraged local resources in pursuit of lower costs, greater resources and higher profit margins.

Second, gone are the days when countries aggressively courted MNCs with liberal trade and investment policies, attractive financial terms, and the privatization of state assets.

And **third, gone are the days when virtually every major market in the world was open for business.** China's tilt toward the west in the 1970s, the creation of Europe's Single Market, financial reform in India, the collapse of Communism and the ensuing enlargement of the European Union (EU), market reforms in South America, the Middle East and Africa—the last two decades of the 20th century were among the most inviting times in modern history for MNCs. The world was truly their oyster—triggering a massive overseas push by U.S. firms.

Oysters

Going global became the mantra of many U.S. companies as the world of the late 20th century was unlocked by falling trade barriers, investment reforms, industry liberalization, falling communications and transportation costs, and the proliferation of regional trading blocs. Against this backdrop, the outward stock of U.S. foreign direct investing (FDI) soared from just $285 billion in 1985 to $1.6 trillion in 2000, before topping a staggering $6.5 trillion in 2022 (Exhibit 1A).

Leading the charge overseas have been U.S. foreign affiliates, the global foot soldiers of Corporate America. U.S. affiliates can now be found in virtually every country in the world, and number nearly 40,000 according to the latest data from the Bureau of Economic Analysis (BEA). Based on data from the BEA, America's army of affiliates now produce some $1.5 trillion in output, employ nearly 15 million workers globally, and tallied over $7 trillion in affiliate sales in 2021, the last year of available data. That figure is some 2.5 times greater than U.S. exports and underscores how U.S. firms primarily deliver their goods and services to foreign customers—via investment and affiliate sales, not through arms-length trade (exports).

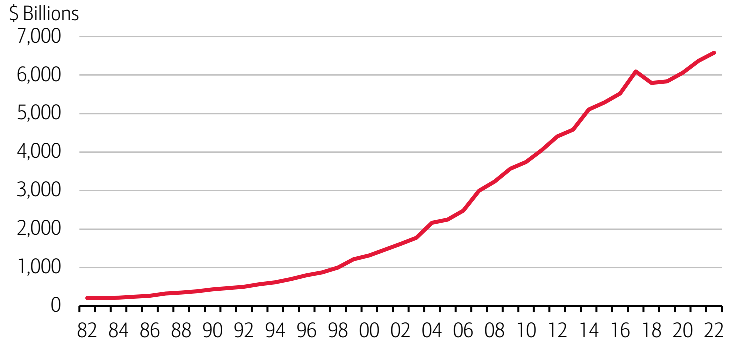
Finally, as Exhibit 1B highlights, **as the global presence of U.S. firms has expanded over the past few decades, so has U.S. affiliate income—a proxy for global earnings**. Income topped a record $600 billion in 2023, with the bulk of this income (roughly 60%) derived from the EU.

Investment Implications

Overseas profits are notably important to the Technology and Materials sectors of the S&P 500; the least exposed to global dynamics: Utilities.

Exhibit 1: More Foreign Investment = More Revenue.

1A) U.S. Direct Investment Position Abroad on a Historical-Cost Basis.



1B) U.S. Affiliate Income Earned Abroad.

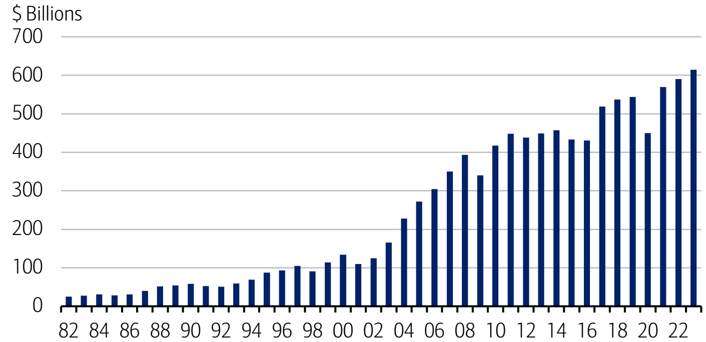


Exhibit 1A: Source: BEA. Data as of May 22, 2024. Exhibit 1B: Source: BEA. Data as of May 22, 2024.

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The Tide has Turned: From Oysters to Damp Squib

The world has become a great deal more inhospitable and unwelcoming to U.S. MNCs. What's changed? Plenty.

First, the rules-based, free market-led interdependent world of the past that let MNCs scour the globe for opportunities and leverage is fraying. Firms today are more bound than unbound, with more barriers to cross-border trade and investment flows being erected almost daily. As Exhibit 2A highlights, there has been a bull market in protectionism this decade, with the number of trade restrictions counted by the Global Trade Alert Group more than tripling since 2019. More than 3,000 trade restrictions were imposed on global commerce last year.

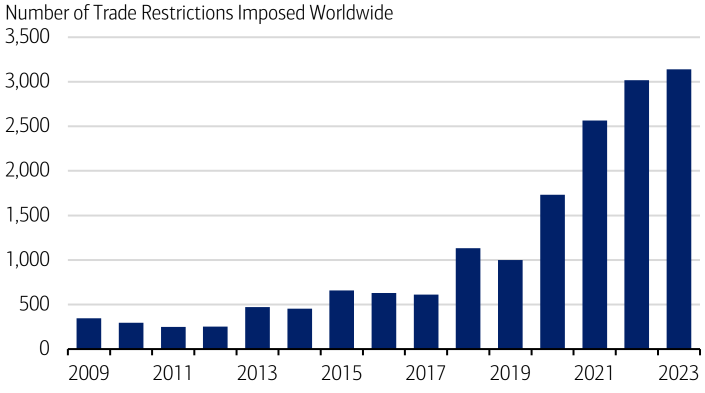
Second, the motivations of MNCs—profits—are now on a collision course with the overarching priorities of governments—national security first, economics/profits second. That has translated into more trade and investment barriers around the world and has forced firms to rethink and reconfigure their global supply chains at mounting costs. Around the world, the "Commanding Heights"—or control of the economy—has shifted to the state at the expense of the private sector, creating a much more challenging environment for MNCs to navigate.

Finally, in many parts of the globe, the welcome mat for firms is being rolled up rather than rolled out. As a consequence of geopolitics, Russia—a one-time thriving market for U.S. firms—is now off limits. Meanwhile, market access in China continues to dwindle with the deterioration in U.S.-Sino relations. And with more nations (friends and foes) now following the protectionist nationalism of the U.S. in boosting trade and investment barriers, U.S. MNCs are finding it harder and costlier to access foreign markets.

The bottom line: A world more squib than oyster could put at risk the global earnings and the future profitability of many U.S. MNCs. As Exhibit 2B highlights, the sectors most at risk within the S&P 500 are Technology and Materials, with overseas revenue accounting for more than half of the total for both sectors. Overall, just over 40% of S&P 500 revenue is leveraged to overseas markets—which is another way of saying that the current global operating environment for MNCs bears close watching by investors.

Exhibit 2: The New World Disorder.

2A) A Bull Market In Protectionism: The Global Rise In Trade Restrictions.



2B) S&P 500 Revenue International Exposure, By Sector.

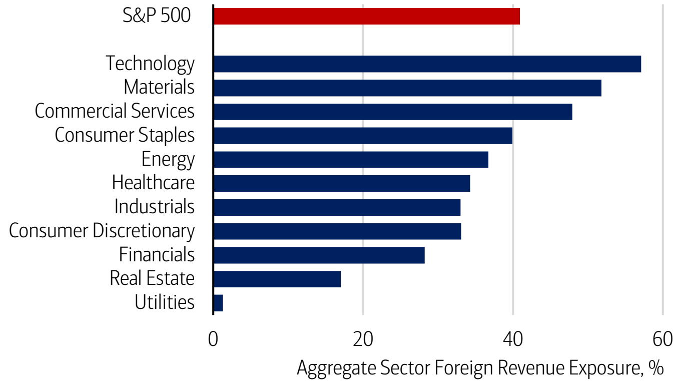


Exhibit 2A: Trade restrictions include restrictions on goods and services, and investment. Data for each year refers to restrictions implemented between January 1 and December 31. Source: Global Trade Alert. Data as of May 20, 2024. Exhibit 2B: Source: FactSet. Data as of May 22, 2024.

MARKET VIEW

The Growing Importance of a Very Mixed Economy

Lauren J. Sanfilippo, Director and Senior Investment Strategist

Clues from last month's soft retail sales report and from consumer-facing companies citing spending fatigue (particularly among the lower income bracket), have elicited concerns that the almighty U.S. consumer has weakened. Corroborating evidence, a consumer sentiment gauge swung sharply lower in the beginning of the month, while delinquencies of all stripes have increased. Is this the beginning of the end for the consumer?

We don't think so. An impaired consumer, however, would be a risk to growth, seeing as the consumer drives 70% of U.S. economic activity. What's more, the spending spickets haven't run dry with Wall Street and Washington catalyzing spending on future capital expenditures related to Artificial Intelligence (AI), infrastructure for the 21st century and the elusive energy transition. Welcome to a very mixed economy, a concoction likely to backfill growth and company earnings in hopes of further diversifying and adding to the dynamism of the U.S. economy.

More on this below.

Investment Implications

At this time, the hairline cracks in the health of the U.S. consumer do not impinge on our investment allocation, which favors U.S. assets. Given the outlook of a still healthy U.S. consumer, and with corporate/fiscal spending spickets very much open, our broad expectation is for U.S. growth to run at or above trend over the coming months, supportive of both incremental earnings improvement and risk assets.

The U.S. Consumer: Shaken Not Stirred. Auto delinquencies—up, credit card delinquencies—up, mortgage, home equity loans—also up. Those are the cliff notes from the Q1 2024 *Federal Reserve Bank of New York's Quarterly Report on Household Debt and Credit*. The report shows an increasing number of borrowers missed payments (again) with serious delinquency[1] on the rise over Q1 2024 (Exhibit 3A). Auto delinquencies have ticked up, with the average monthly car payment at $738. Three million cars on the road today are 90 or more days delinquent. Credit cards harbor the highest delinquency rates—as more spending has been with plastic, credit card utilization rates have also soared. The Federal Reserve's (Fed) report showed 6.9% of credit card debt transitioned to serious delinquency last quarter, up from 4.6% a year ago. Also on a tear are the $16 billion in home equity loan originations last quarter—the biggest increase since the 2008/2009 Great Financial Crisis (GFC) and a sign a stretched consumer is in search of more cash.[2]

All in all, 3.2% of outstanding debt is in some stage of delinquency according to the Fed. That's less delinquent compared to a prepandemic snapshot when the delinquency rate was close to 5% (as of Q4 of 2019) and far less delinquent compared to the GFC peak of 12%.

The insulating factor of excess savings—gone, according to the San Francisco Fed. What once totaled $2.1 trillion was spent at a pace of $70 billion to $85 billion per month. Whether spent buying goods, services or invested in money markets yielding 5%, that savings cushion has worn down.

Investment Implications: The most heavily indebted consumers are most exposed to higher rates and hairline cracks. After all, 62% of Americans live paycheck-to-paycheck, a vulnerable starting place potentially leading to financial distress more quickly.[3] There's a clear bifurcation among income earners; while in aggregate, Americans do not have a household debt problem. The composition of consumer spending matters—with top earners accounting for the lion's share of spending. The top 20% income earners account for 40% of spending and have benefited from not only a positive wealth effect in years prior, but from terming out their debt by locking in low mortgage rates. [4]

Washington Catalyzing Both Earnings and Expenses. As we've highlighted in prior editions, big government is back, with industrial policies all the rage, triggering an avalanche of future private sector investment and innovation. Indeed, the mega-legislative programs of the Biden administration—the Infrastructure and Jobs Act (IJA), the Inflation

[1] 90 days + or more, Federal Reserve, May 2024.
[2] Bloomberg, "Overdue Bills Are Rising With U.S. Debt Delinquencies, Fed Survey Shows," May 14, 2024.
[3] Payments Intelligence, *New Reality Check*, December 2023
[4] The Bureau of Labor Statistics, Consumer Expenditures Report, December 2023. Quintiles of income before taxes, highest 20 percent as defined by BLS.

Reduction Act (IRA), and the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act—aim to direct dollars across renewables, electric vehicles (EVs), semiconductors, and related infrastructure upgrades. As for the CHIPS Act specifically, which provided $39 billion of grant incentives to support the semiconductor industry almost $450 billion of investment has since been announced on 83 separate projects across 25 states.[5] Estimates from the Semiconductor Industry Association suggest the U.S. will edge up its share of global manufacturing capacity for the first time in decades, from 10% today to 14% by 2032. In leading edge chips (below 10 nanometers) U.S. capacity will increase from 0% in 2022 to 28% in 2032.

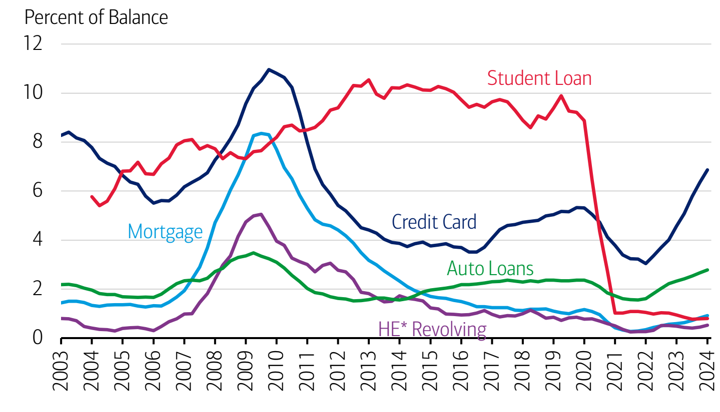
Following the IRA and CHIPS Act, aggregate private nonresidential fixed investment, specifically manufacturing investment has shot up, as the level of private investment in manufacturing has soared to its highest level on record in real terms. A stunning chart, but this doesn't guarantee breaking ground, providing workers jobs (or having headcount) or productive output. Almost two years after the IRA was passed, the U.S. has only installed seven new EV charging stations covering a total of 38 spots for drivers.[6]

On the path to cleaner energies, future technologies and competitive innovations, spending at both the business and federal levels have flattered one another (Exhibit 3B). As complements, business-funded and federally-funded research and development (R&D) totaled $885 billion in 2022, the most recent year of data, on its way to a trillion given spending initiatives and lucrative corporate balance sheets since then. While federally funded R&D spending has flatlined in recent years, business funded R&D has taken off. Sparing no expense, and in the face of AI and a rapid pace of innovation, big spenders of R&D (some of the leading luminaries in the S&P 500 and Nasdaq) commit 15% to 30% of their revenues, or more, to fund tomorrow's growth.

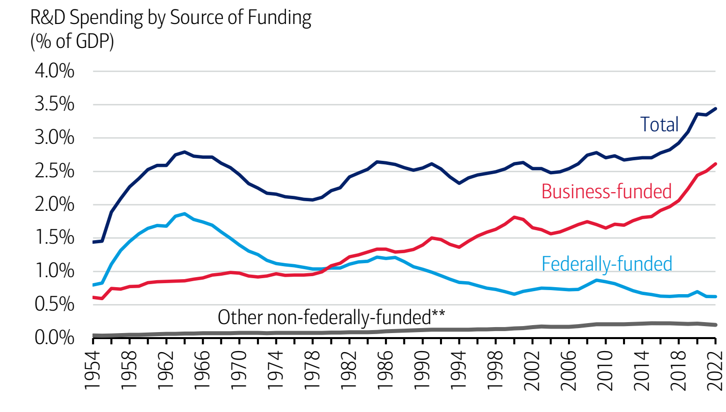
Investment Implications: On a secular, longer-term basis these multiyear spending packages look set to benefit investment activity for industrial leaders, power producers, and advanced semiconductor manufacturers, as well as sectors such as Materials, Industrials and Technology. One caveat: All this federal spending will come at a cost of widening the U.S. federal budget deficit. In the first seven months of Fiscal Year 2024, the deficit stood at $857 billion—a dynamic we are watching closely.

Exhibit 3: On the Rise: Consumer Delinquencies and R&D Spending.

3A) Balances Transitioning into Serious Delinquency (90+ days).



3B) Decline in Federally Funded R&D Offset By Rise in Business Funding since the '90s.



*Home Equity. Exhibit 3A: Note: 4 Quarter Moving Sum. Student loan data are not reported prior to 2004 due to uneven reporting. Source: New York Fed Consumer Credit Panel/Equifax. Data as of Q1 2024. Exhibit 3B: **Other non-federally funded sources include nonfederal government, academic institutions and other non-profit organizations. Source: National Science Foundation. Data as of May 2024.

[5] *Financial Times*, "The Great American Innovation Engine is Firing Again," May 9, 2024.

[6] Financial Times, "America is pulling up the drawbridge," May 16, 2024.

THOUGHT OF THE WEEK

Social Security: Some Good News for Now, But Trouble Ahead

Chief Investment Office, National Wealth Strategy Team

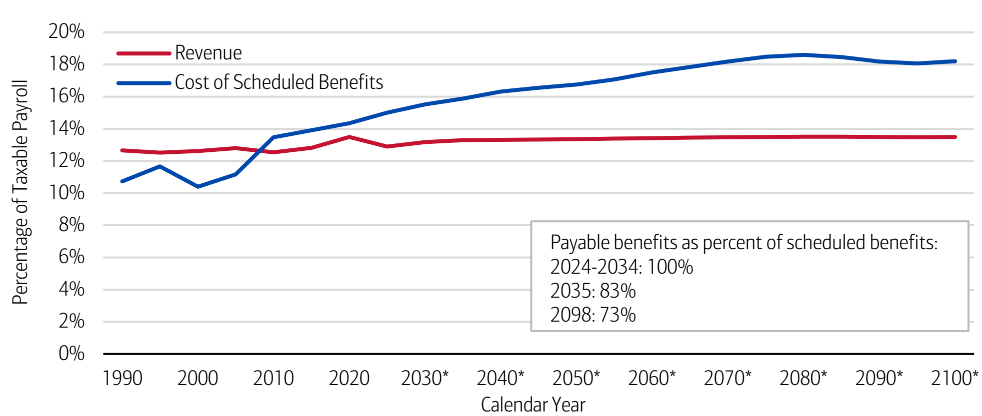
On May 6, the Board of Trustees of the Social Security trust funds published its annual report on the financial health of Social Security and Medicare. The report's findings project that the trust funds for paying Social Security benefits could be completely depleted by 2035. While this is one year later than the trustees determined in their 2023 report, the findings are another reminder of the stark realities facing current and future retirees. With the trust funds fully depleted in 2035, the trustees estimate that approximately 83% of the scheduled benefits could be paid through annual Social Security tax collections. However, by 2098 that 17% reduction in benefits would rise to 27% due to anticipated demographic changes.

There are few discrete solutions when it comes to shoring up Social Security. Most rely on increasing contributions to the trust fund by increasing taxes. This might be achieved by increasing the payroll tax rate (currently 12.4%), raising the cap on wages to which the tax applies ($168,600 for 2024) or even applying the Social Security tax to other types of income. Other solutions rely on decreasing benefits by delaying the full retirement age, reducing benefits for higher earners, or changing the annual inflation calculation.

While there is no consensus on which solution or combination of solutions should be implemented, what is clear is that delaying will only make matters worse. The trustees' report quantifies the cost of waiting by comparing the changes needed if action is taken now versus waiting to 2035. For example, an immediate tax increase of 3.33% would keep the program solvent through 2098, while waiting until 2035 would require a 4.02% tax increase. Alternatively, if an overall decrease in benefit payments is enacted, the required reduction would be 20.8% if effective immediately; in 2035 that reduction would need to be 24.6%.

As the largest single annual expenditure in the federal budget, and the program that many Americans rely on for retirement, disability, and survivor benefits, protecting this program for future generations will be both a defining and controversial legislative moment for Washington. However, with such high stakes, few politicians are eager to propose a near-term fix that would increase taxes or reduce benefits. This only raises the odds of a future, and potentially more substantial, change to the program in the years to come.

Exhibit 4: OASDI[7] Income and Benefits as Percentages of Taxable Payroll.



*Estimate. Source: 2024 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds. Data as of May 6, 2024.

Investment Implications

Replacing the payments that previously came from the Social Security trust fund by increasing taxes or reducing benefits would mean lower overall liquidity and reduced consumption for workers or retirees. Another approach, which would require structural changes to how the Social Security program is funded, would be for the federal government to step in and financially support the program. This would likely mean higher annual federal deficits and increased issuance of Treasury securities to fund benefit payments.

[7] Social Security Old-Age, Survivors, and Disability Insurance.

MARKETS IN REVIEW

Equities

	Current	WTD	MTD	YTD
	Total Return in USD (%)			
DJIA	39,069.59	-2.3	3.5	4.4
NASDAQ	16,920.79	1.4	8.2	13.1
S&P 500	5,304.72	0.0	5.5	11.8
S&P 400 Mid Cap	2,976.67	-1.3	4.2	7.6
Russell 2000	2,069.67	-1.2	5.0	2.6
MSCI World	3,462.13	-0.3	4.9	10.0
MSCI EAFE	2,358.87	-0.9	3.9	7.1
MSCI Emerging Markets	1,082.98	-1.5	3.8	6.7

Fixed Income†

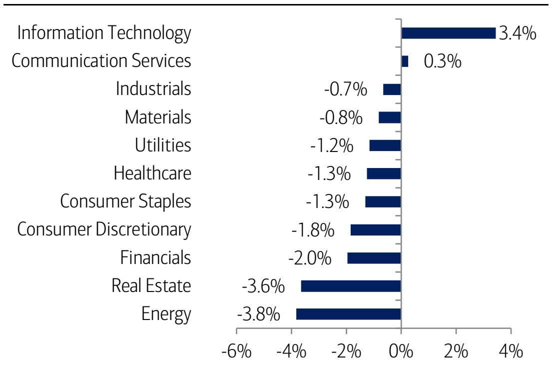
	Current	WTD	MTD	YTD
	Total Return in USD (%)			
Corporate & Government	5.02	-0.23	1.55	-1.58
Agencies	5.09	-0.13	0.83	-0.08
Municipals	3.84	-0.86	0.15	-1.47
U.S. Investment Grade Credit	5.11	-0.28	1.66	-1.68
International	5.54	-0.25	1.78	-1.21
High Yield	7.95	-0.21	1.11	1.64
90 Day Yield	5.40	5.39	5.39	5.33
2 Year Yield	4.95	4.82	5.04	4.25
10 Year Yield	4.47	4.42	4.68	3.88
30 Year Yield	4.57	4.56	4.78	4.03

Commodities & Currencies

Commodities	Current	WTD	MTD	YTD
	Total Return in USD (%)			
Bloomberg Commodity	246.33	-0.6	3.7	8.8
WTI Crude $/Barrel††	77.72	-2.9	-5.1	8.5
Gold Spot $/Ounce††	2333.83	-3.4	2.1	13.1

Currencies	Current	Prior Week End	Prior Month End	2022 Year End
	Total Return in USD (%)			
EUR/USD	1.08	1.09	1.07	1.10
USD/JPY	156.99	155.65	157.80	141.04
USD/CNH	7.26	7.23	7.25	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 5/20/2024 to 5/24/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 5/24/2024 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 5/24/2024)

	2023A	Q1 2024A	Q2 2024E	Q3 2024E	Q4 2024E	2024E
Real global GDP (% y/y annualized)	3.0	-	-	-	-	3.0
Real U.S. GDP (% q/q annualized)	2.5	1.6	2.0	2.0	2.0	2.5
CPI inflation (% y/y)	4.1	3.2	3.5	3.2	3.0	3.2
Core CPI inflation (% y/y)	4.8	3.8	3.6	3.6	3.5	3.6
Unemployment rate (%)	3.6	3.8	3.8	3.9	3.9	3.9
Fed funds rate, end period (%)	5.33	5.33	5.38	5.38	5.13	5.13

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 May 24, 2024.

Asset Class Weightings (as of 5/7/2024)

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 May 7, 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	●				

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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.

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

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

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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. 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.