CHIEF INVESTMENT OFFICE

Capital Market Outlook

October 23, 2023

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

IN THIS ISSUE

Macro Strategy—*Yield Surge Reflects Waning Confidence in Inflation Anchor:* Inflation uncertainty surged during the pandemic and remains three to four standard deviations above the norm, an unprecedented rise since 1960. Aside from the pandemic policy response, the shift of Federal Reserve (Fed) policy in August 2020 to tolerate higher inflation seems to have undermined confidence in the 2% anchor for long-term inflation.

While long-term inflation expectations remain in the 2% to 3% range by most market and survey-based measures, the surge in inflation uncertainty to a new, much higher range implies that there is considerably less confidence that they will remain there. The jump in bond term premia since the pandemic reflects this structural shift higher in expected long-term inflation variance.

Market View—*How Investors Should Be Thinking About A U.S. Recession:* A U.S. recession is not our base case, but, with the majority of economists polled by Bloomberg expecting a recession in the next 12 months, we take stock of how investors should think about an economic downturn.

To wit: Recessions are not uncommon. More common still are "rolling recessions," underscoring the dynamic/diversified nature of the U.S. Recessions are short, catalysts for innovation and growth, and can be favorable entry points for Equity exposure. Fear not a recession.

Thought of the Week—*Subdued Sentiment Could Indicate Equity Upside:* As crosscurrents in the economic and market landscape have intensified over the last several weeks, investor sentiment is subdued, and positioning remains defensive.

Since measures of sentiment are typically seen as contrarian, this lack of euphoria among investors implies that stocks could have more room to run as we move deeper into Q4, which is historically the seasonally strongest quarter for Equities. Our base case is for choppy market activity with a slight upward trend as we head into year-end.

MACRO STRATEGY ▶

Chief Investment Office
Macro Strategy Team

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

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Emily Avioli
Assistant Vice President and Investment Strategist

MARKETS IN REVIEW ▶

Data as of 10/23/2023, and subject to change

Portfolio Considerations

Our strategy is to maintain a high level of diversification and to use excess cash to add to higher-quality areas that have drifted below strategic asset allocation targets in both Equities and Fixed Income. As more economic data confirms that a lower-growth path is indeed unfolding, we'd be active in rebalancing early next year. This month, we increased our exposure to Agency Mortgage-backed Securities and upgraded Investment-grade Tax-Exempt while decreasing our exposure to Investment-grade Corporates. We also lowered Utilities and upgraded Energy as technical factors and higher yields are weighing on certain sectors.

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Yield Surge Reflects Waning Confidence in Inflation Anchor

Chief Investment Office Macro Strategy Team

The bedrock of Fed policy in recent decades has been the anchoring of inflation expectations around its 2% inflation target. Stable inflation expectations around the low inflation rate reflected a policy consensus that emerged after the stagflation experience of the 1970s, which had baffled the economic conventional wisdom of that time. The solution that emerged has dominated monetary policy thinking for the past four decades.

However, the surge in inflation uncertainty since the pandemic is evidence that confidence in the 2% inflation target has deteriorated markedly. One reason for this loss of confidence is aggressive monetary easing during the pandemic and the associated spike in inflation. The 2020 loosening of the Fed's longer-term monetary goals to allow inflation to run above 2% without any offsetting commitment to have it run below as needed to reach a 2% average over time is another. In fact, this new tolerance of higher inflation has heightened speculation that the Fed might eventually abandon the 2% target in favor of a higher inflation rate.

In any case, the rise in inflation uncertainty caused by a less firm commitment to 2% average inflation is especially detrimental to long-term Fixed Income assets, helping to explain the worst three-year bear market in Treasury bonds on record and the unusual bear steepening process of recent months. Basically, as investors look out the maturity spectrum, the widening cone of inflation uncertainty is forcing real rates higher. As confidence in price stability deteriorates, bigger term premia are necessary to compensate for the real value destruction that higher inflation volatility implies.

Amplifying this inflation uncertainty is growing concern that the federal debt outlook is deteriorating to a degree that implies that fiscal dominance could eventually override the Fed's focus on a low inflation target. For example, the interest bill implied by high rates has caused a sharp increase in the outlook for government deficits, moving forward the inevitable fiscal reckoning, as rating agencies, such as Fitch, have begun to warn.

As noted in our October 2, 2023 *Capital Market Outlook* report, recent Fed research[1] develops several empirical measures of inflation uncertainty and looks at their effect on real economic variables, such as industrial production, consumption, and investment. The study finds that there are significant negative effects from higher inflation uncertainty on these variables in the U.S. Elevated foreign inflation uncertainty has also been found to have a significant negative impact, though only around half that of domestic inflation uncertainty.

The study measures inflation uncertainty in the U.S. since 1960. Up until 2020, inflation uncertainty was contained within two standard deviations of its historical average. The two biggest surges before the pandemic were during the mid-1970s inflation explosion and the early 2000s' tech bubble bursting. Both episodes maxed out at about two standard deviations above normal, with the mid-70s episode lasting longer, before receding in the early 1980s as a result of then Fed Chairman Paul Volcker's aggressive inflation-fighting policies.

As the above-mentioned research confirms, the pandemic and 2020 Fed policy shift ushered in an unprecedented surge in inflation uncertainty to almost four standard deviations above normal most recently. There is no evidence to date that the Fed's tightening policy since March 2022 has reduced inflation uncertainty. In fact, it has continued to rise despite tighter policy. This probably reflects the Fed's constant signaling that it will come to the rescue well before tight policy slows the economy too much. The

Investment Implications

Higher-for-longer inflation has caused a big rise in duration risks, as the government's commitment to 2% inflation loses credibility. Investors should focus on reducing inflation risks in their portfolios.

[1] "Global Inflation Uncertainty and its Economic Effects," Juan M. Londono, Sai Ma, and Beth Anne Wilson, September 25, 2023.

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result is growing doubt about the reliability of the inflation anchor and a widening range of potential inflation outcomes that are undermining bonds' long-term value.

Working with the anchor analogy, suppose a boat named inflation is anchored at a particular point named 2%. Initially, the anchor is very secure in calm waters. Then, the wind picks up and begins to toss the boat around. The anchor still holds but becomes increasingly less secure and begins to work loose. As the security of the anchor is undermined, doubts arise as to whether the anchor will hold. As these doubts grow, a wider range of new possibilities emerges about where the anchor gets dragged and inflation ends up.

This analogy illustrates the limitations of simply looking at market-based inflation expectations, such as those implied by the Treasury Inflation-Protected Securities (TIPS) market and ignoring uncertainty around those expectations. Lower confidence in the anchor implies a higher term premium for bonds. Put another way, real rates need to be higher in a world where calm waters have shifted to gale-force winds. The massive rise in inflation uncertainty reflects a shift from calm waters to a turbulent sea.

The Fed's loosening of the inflation anchor in August 2020 has no doubt kept inflation uncertainty at the highest levels since 1960. Despite its stated commitment to the 2% target, the Fed has formally adopted a policy that keeps inflation above 2%. This undermines its credibility, a reason why inflation uncertainty has failed to recede during its current tightening campaign and remains orders of magnitude higher than in the past six decades. As doubts grow about the Fed's commitment to keeping inflation low and stable, it is not surprising that long-term Treasury bonds have lost more than half their nominal value and even more real value as inflation over the past three years has averaged several multiples above target.

The unprecedented flood of fiscal stimulus into a full-employment economy has postponed a Fed-tightening-induced recession that would have otherwise occurred by now. The political will to contain government spending is constantly being overridden by one domestic or geopolitical emergency after another. Recessions can be postponed indefinitely as long as the fiscal spigot is flooding the economy. The message from the bond market is that the spigot will likely stay open, and the Fed will enable destabilizing government deficits by letting inflation run higher for longer.

If these policies continue, as currently seems likely, the implications are very negative for U.S. Treasury bonds. The dismal three-year performance of government bonds has enticed "bottom fishers," as current rates on longer maturities look especially appealing compared to the recent past. As noted above, investors enjoyed a long period of relatively low inflation risk during the decades before the pandemic, when the Fed consistently kept inflation averaging close to 2% for extended periods.

In sum, since 2021, inflation has averaged almost three times the Fed's stated target, and confidence in the government's willingness to contain inflation volatility has moved into a much lower realm. Substantially less confidence in the Fed's inflation-fighting determination is feeding a surge in duration risk. This new environment is very different from the past 40 years, which were characterized by relatively low inflation risk, so it's not surprising to also see unusually elevated uncertainty about the investment outlook. Over the mid-1960s to the early 1980s period when inflation was very high and rising, bonds massively underperformed Equities, especially those with good inflation protection characteristics, such as Energy and materials stocks. In our view, the current environment makes inflation hedging much more important than during the pre-pandemic stable inflation period.

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MARKET VIEW

How Investors Should Be Thinking About A U.S. Recession

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

To the surprise of many, the U.S. economy appears to have avoided a recession this year, defying the expectations of the consensus and the Fed. Both camps entered 2023 expecting the U.S. economy to roll over. Instead, it rolled on.

That said, forecasters polled by Bloomberg still peg the odds of a U.S. recession in the next 12 months at 55%. Worrisome to the forecasting community: higher-for-longer interest rates, elevated oil prices, dwindling household savings and rising geopolitical uncertainties—all headwinds to growth.

Given these flashing warnings signs, we thought it an opportune time—while the sun is still shining, so to speak—to outline five factors every investor should know about recessions. The more investors understand economic downturns, the better prepared they are when the economy downshifts. For the record, a U.S. recession is not our near-term base case.

One, recessions are commonplace and are all part of the dynamic U.S. business cycle. The U.S., according to the National Bureau of Economic Research (NBER), has experienced 12 recessions over the post-war era. The causes or triggers of recession vary, ranging from the aftereffects of tight monetary and/or fiscal policies to exogenous shocks like the 1973 oil price shock.

With the U.S. consumer accounting for nearly 70% of U.S. gross domestic product (GDP), American consumers, not unexpectedly, typically play a starring role in recessions. Ditto for the cost of capital, given the credit-intensity of U.S. consumption and the interest rate-sensitivity of such key sectors as automobiles and housing. Against this backdrop, and amid one of the fastest interest rate hiking cycles in history, many forecasters predicted (wrongly) that U.S. personal consumption would fade this year, undercutting growth. This didn't happen, in part, due to strong job and wage growth—the twin underpinnings of U.S. consumption.

Two, "rolling recessions" are even more common than a national recession. To this point, it is critical that investors understand and recognize the diverse and dynamic nature of the U.S. economy. We're talking about a $26 trillion behemoth (26% of world GDP) that beats to the tune of many different sectors, with these sectors, very often, in different stages of the business cycle. Some are ebbing, while others are flowing.

At various times over the past decades, the energy sector has been down, while housing and autos have been up—or vice versa. There have been periods whereby services rose, goods lagged; Wall Street (finance) swooned, while Main Street (consumption) steamed ahead. Texas boomed (thanks to energy), while Michigan (autos) went bust. Meanwhile, the great stabilizer or near recession-proof anchor of the U.S. economy is the massive and plodding U.S. healthcare industry, which, valued at $4.4 trillion, ranks as one of the largest economies in the world on a standalone basis.

The key point is this: "Rolling recessions" are not uncommon in the U.S. given the size and diversity of the U.S. economic base. Periodic soft patches in various sectors or industries are typically not enough to tank the national economy. This fact augers for more active management when it comes to portfolio construction and a keen eye on sector rotation/rebalancing over the medium term.

Three, recessions don't typically last long—they are more transitory than structural or terminal. While recessions are unwanted and unwelcomed, they're not unshakable. They don't linger, in other words. The longest recession of the post-war era was 18 months and associated with the Great Financial Crisis of 2008/2009. The shortest: the pandemic-related swoon in growth between February and April 2020. Recessions typically last just over 10 months on average.

Taking the long view, the U.S. economy's track record for growth in the post-war era is quite remarkable. Indeed, the U.S. economy has been in recession only 13% of the time since 1945 and expanding the other 87% (Exhibit 1A). In large part, this explains how and why the total economic output of the U.S. has risen from under $1 trillion in 1945 to over $26 trillion today. It's also behind the stunning rise of U.S. Equities since 1945, with stocks (S&P 500) posting

Investment Implications

In the face of looming risks of a U.S recession, investors shouldn't forget the underlying dynamics of the U.S. economy and the fact that since 1945, compounded annual average returns of the S&P 500 have been in excess of 11%.

compound average annualized returns of 11.2% between 1945 and 2022 versus bonds (5.1%), credit (5.7%) and cash (3.8%).[2]

Four, recessions are periods of reset/revitalization that often leave the economy stronger at the other end of the downturn. Nothing is more emblematic of the "creative destruction" narrative of the U.S. economy than a recession. Recessions are akin to forest fires: Just as the latter clears out the unhealthy trees and underbrush, and renourishes the forest floor, recessions take out weaker companies or corporate zombies, reduce excess capacity, encourage more innovation, and help pave the way for healthier firms/sectors to drive future growth.

Per history, the recessions of the mid-1970s and early 1980s were able to break the back of double-digit inflation and allowed the economy to grow on a more sustainable path in an environment of greater price stability. The 2001 recession brought market multiples back to earth after the over-inflated valuations of the late 1990s and paved the way for a boom in internet-led growth. And the 2008/2009 recession, while brutal to Wall Street, served to strengthen the U.S. banking sector and capital markets.

In the end, recessions, while hardly pleasant, are critical and essential to a vibrant economic ecosystem.

Finally, recessions can be favorable entry points for Equity investors. Recessions—or the threat thereof—should be bought, not sold, notwithstanding the swirl of negative macro news.

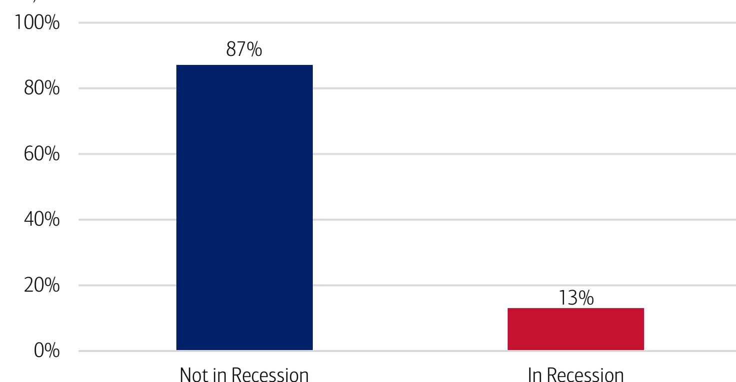
Sequentially, U.S. Equities typically peak several months before the start of a recession. Across the 12 recessions since 1945, the S&P 500 has peaked anywhere up to 13 months before the economic contraction begins, with an average period of six months between the market peak and the eventual onset of the recession itself. Thereafter, Equity markets tend to bottom before recessions officially end. This means that the market will typically begin its recovery from the trough while the economic data are still showing a contraction in output. The upshot: Investors waiting for economic growth to turn positive could therefore potentially miss several months of positive returns in the initial stages of the new market upturn.

To this point, and as highlighted in Exhibit 1B, returns from post-recession troughs have been historically strong, with 3-month average returns of 19.7%, 6-month average returns of 28% and 12-month returns of 43.7%.

The bottom line: Recessions are not uncommon and are a critical cleansing component of the economic DNA of the U.S economy. They have been relatively short in duration, are catalysts for innovation and future growth, and can represent favorable buying opportunities for Equities. These basic tenets of a recession should not be forgotten as the markets remain on guard for an economic downturn.

Exhibit 1: Recessions Are Rare And Can Be Favorable Entry Points For Equities.

1A) In-N-Out of Recession: Percent of Time in U.S. Recession Since 1945.



1B) S&P 500 Price Returns Around Post-World War II Recessions.

Recession	S&P 500 peak-to-trough	Market decline period (months)	S&P 500 returns post-recession trough +3m	+6m	+12m
Nov 48- Oct 49	-20.6%	12.1	16.2%	22.8%	42.1%
Jul 53 - May 54	-14.8%	8.4	8.7%	17.0%	37.7%
Aug 57 - Apr 58	-20.7%	3.3	5.7%	9.8%	31.0%
Apr 60 - Feb 61	-13.9%	15.0	15.7%	24.9%	30.7%
Dec 69 - Nov 70	-36.1%	18.1	17.2%	22.8%	43.7%
Nov 73 - Mar 75	-48.2%	21.0	13.5%	30.9%	38.0%
Jan 80 - Jul 80	-17.1%	1.4	18.1%	25.8%	37.1%
Jul 81 - Nov 82	-27.1%	20.7	36.2%	45.4%	58.3%
Jul 90 - Mar 91	-19.9%	2.9	6.7%	27.8%	29.1%
Mar 01 - Nov 01	-49.1%	31.0	19.4%	11.5%	33.7%
Jan 08 - Jun 09	-56.8%	17.2	39.3%	52.7%	68.6%
Feb 20 - Apr 20	-33.9%	1.1	40.0%	44.7%	74.8%
Average	-29.9%	12.7	19.7%	28.0%	43.7%

Left Exhibit: Source: Bloomberg. Data as of October 18, 2023. Right Exhibit: Source: Bloomberg. Data as of October 18, 2023. **Past performance is no guarantee of future results. Please refer to index definitions and important disclosures at the end of this report.**

[2] Sources: Bloomberg, Morningstar, Barclays.

THOUGHT OF THE WEEK

Subdued Sentiment Could Indicate Equity Upside

Emily Avioli, Assistant Vice President and Investment Strategist

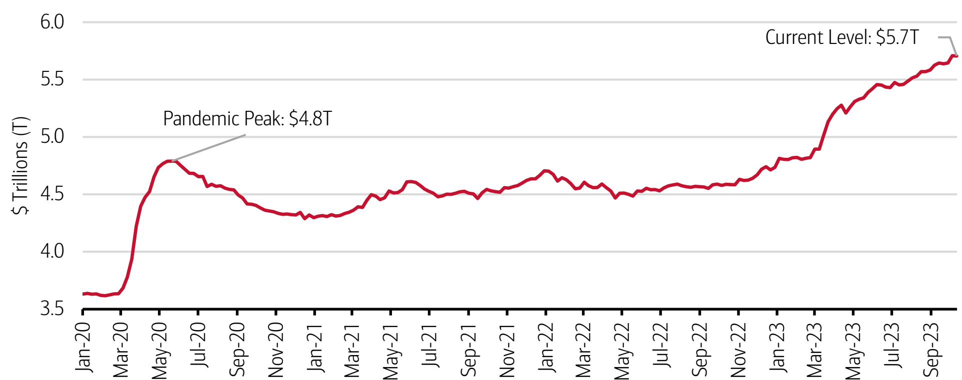
Crosscurrents in the economic and market landscape have intensified over the last several weeks. While investors continue to grapple with uncertainty surrounding the trajectory of monetary policy, the outlook for the global economy, and the path of interest rates, the conflict in the Middle East has recently added an additional element of risk. Against this shaky backdrop, investor sentiment is subdued, and positioning remains defensive. In our view, these factors could be contrarian indicators for more Equity upside in the near term.

According to BofA Global Research's October Fund Manager Survey, investors have grown increasingly bearish, as a broad measure of sentiment based on cash positions, Equity allocation, and economic expectations declined after steadily increasing throughout the summer months. Growth outlooks among fund managers remain lackluster, with 50% expecting a weaker global economy over the next 12 months and 44% anticipating that the global economy will fall into a recession in the first half of 2024.

Meanwhile, the latest American Association of Individual Investors survey suggests that investor sentiment is lukewarm at best. Thirty-five percent of survey respondents expect that stock prices will fall over the next six months, higher than the historical average of 31%. Both bullishness among survey respondents and the bull-bear spread (bullish minus bearish sentiment) are below historic averages.

This defensive posture is reflected in positioning, with record levels of cash on the sidelines. Fund manager cash levels as a percent of assets under management rose to 5.3% in October from 4.9% the month prior, triggering a contrarian "buy" signal.[3] At the same time, money market fund assets have risen to an all-time high of $5.7 trillion, surpassing the pandemic peak by nearly $1.0 trillion (Exhibit 2), while household Treasury holdings as a percentage of GDP recently hit a 25-year high.[4]

Exhibit 2: Money Market Fund Balances Exceed Pandemic Levels.



Source: Bloomberg. Data as of October 18, 2023.

Since measures of sentiment are typically seen as contrarian, this lack of euphoria among investors implies that stocks could have more room to run as we move deeper into Q4, which is historically the seasonally strongest quarter for Equities. Investors who are waiting for an all-clear signal to deploy dry powder back into the market could be encouraged by any potential upside surprise in economic data or above-consensus Q3 earnings results, further supporting a subtle drift upward. That said, a variety of risks to the downside remain, and choppy market activity with a slight upward trend is our view as we head into year-end.

Investment Implications

While factors like subdued sentiment and high cash balances could portend Equity upside, our base case is for a choppy market environment throughout the balance of the year. During times of heightened volatility, investors should consider staying invested in a well-diversified portfolio that aligns with their long-term financial goals.

[3] BofA Global Research. Contrarian Signal: Buy global Equities when cash at or above 5%; sell when cash at or below 4%.

[4] Bloomberg. September 11, 2023.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	33,127.28	-1.6	-1.0	1.7
NASDAQ	12,983.81	-3.2	-1.8	24.9
S&P 500	4,224.16	-2.4	-1.4	11.5
S&P 400 Mid Cap	2,393.28	-2.0	-4.3	-0.2
Russell 2000	1,680.79	-2.3	-5.8	-3.4
MSCI World	2,791.24	-2.5	-2.1	8.7
MSCI EAFE	1,960.40	-2.6	-3.5	3.4
MSCI Emerging Markets	925.58	-2.7	-2.8	-1.0

Fixed Income†

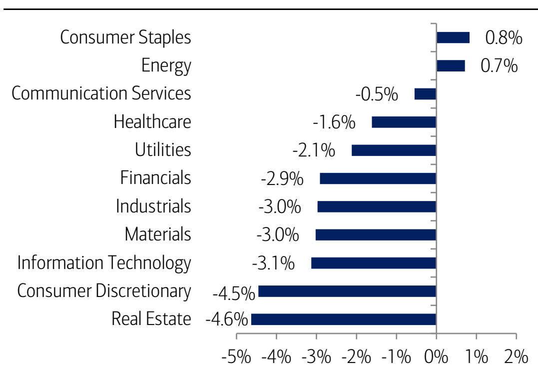
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	5.53	-1.57	-1.70	-2.54
Agencies	5.29	-0.43	-0.31	1.08
Municipals	4.48	-1.42	-0.85	-2.22
U.S. Investment Grade Credit	5.67	-1.73	-1.95	-3.13
International	6.37	-2.06	-2.27	-2.25
High Yield	9.44	-1.17	-1.85	3.91
90 Day Yield	5.45	5.48	5.45	4.34
2 Year Yield	5.07	5.05	5.04	4.43
10 Year Yield	4.91	4.61	4.57	3.87
30 Year Yield	5.08	4.75	4.70	3.96

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	240.39	0.6	1.2	-2.2
WTI Crude $/Barrel††	88.75	1.2	-2.2	10.6
Gold Spot $/Ounce††	1981.4	2.5	7.2	8.6

		Total Return in USD (%)		
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.06	1.05	1.06	1.07
USD/JPY	149.86	149.57	149.37	131.12
USD/CNH	7.33	7.31	7.29	6.92

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 10/16/2023 to 10/20/2023. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 10/20/2023 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 10/20/2023)

	2022A	Q1 2023A	Q2 2023A	Q3 2023E	Q4 2023E	2023E
Real global GDP (% y/y annualized)	3.6	-	-	-	-	3.0
Real U.S. GDP (% q/q annualized)	1.9	2.2	2.1	2.0	1.5	2.1
CPI inflation (% y/y)	8.0	5.8	4.0	3.6	3.3	4.2
Core CPI inflation (% y/y)	6.1	5.6	5.2	4.4	4.0	4.8
Unemployment rate (%)	3.6	3.5	3.5	3.7	3.9	3.6
Fed funds rate, end period (%)	4.33	4.83	5.08	5.33	5.63	5.63

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 October 20, 2023.

Asset Class Weightings (as of 10/3/2023)

Asset Class	Underweight		Neutral	Overweight	
Global Equities	·	·	●	·	·
U.S. Large Cap Growth	·	·	●	·	·
U.S. Large Cap Value	·	·	·	●	·
US. Small Cap Growth	·	·	●	·	·
US. 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. High Yield Tax Exempt	·	●	·	·	·
U.S. Investment-grade Tax Exempt	·	▶	●	·	·
Alternative Investments*					
Hedge Funds			●		
Private Equity			|		
Real Assets			●		
Cash					

CIO Equity Sector Views

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

*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 October 3, 2023. 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.

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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 stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

S&P 500 sub-sectors and industry groups Global Industry Classification Standard Index including Information Technology Total Return (TR) USD; Consumer Discretionary TR USD; Industrials TR USD; Real Estate TR USD; Communication Services TR USD; Materials TR USD; Financials TR USD; Consumer Staples TR USD; Utilities; Energy TR USD; Healthcare TR USD; Pharmaceuticals; Banks; Telecommunications; REITS.

Bonds/Bloomberg Intermediate U.S. Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with maturities of 1 to 9.9999 years to maturity.

Credit/Bloomberg U.S. Long Corporate Credit Index is a float-adjusted version of the US Long Government/Credit Index, which tracks the market for investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Cash/Bloomberg 30-day Treasury Bill Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

Important Disclosures

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