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CHIEF INVESTMENT OFFICE

Capital Market Outlook

October 28, 2024

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

IN THIS ISSUE

Macro Strategy—*The Treasury Market Changed its Mind:* Treasurys rallied sharply from May through the bold September Federal Reserve (Fed) rate cut, taking 10-year yields down from about 4.6% to just 3.6%. With stronger-than-expected incoming data and inflation somewhat sticky above the 2% Fed target, interest rate markets have since quickly recalibrated their aggressive rate-cut expectations. By late October, the 10-year Treasury yield reversed about half of its May-to-September drop.

Indeed, far from fizzling out, a string of recent positive data surprises has reinforced the view that the expansion has continued at a rather robust pace, and that the economy doesn't need sharply lower rates after all. Basically, while the devastating hurricane season and Boeing strike will weigh on the economic data for the remainder of the year, economic fundamentals are much stronger than previously anticipated. Growth is thus likely to oscillate around a healthy average, with aggressive Fed easing risking to reignite inflation. Reflecting this, the market has priced in higher inflation compensation in Treasury Inflation Protected Securities (TIPS) and has sharply tempered its rate cut expectations since the September Fed rate cut.

Market View—*When Bulls Get More Bullish:* U.S. equity market optimism is unmistakable. According to the latest American Association of Individual Investors (AAII) Sentiment Survey, bullish sentiment has dominated over bearish sentiment for 26 consecutive weeks. That has drummed up some concerns over whether there could be an excess amount of optimism in the market. So far, positive investor sentiment has been underpinned by a confluence of positive economic factors.

As for bearish investors, after a bull run of more than 62.3% in the S&P 500 since the October 2022 bear market low, it is understandable that there may be questions on how much further this rally can go. What might be keeping bears from fully embracing the bull market? We dissect two animating issues for bears including: stretched valuation and high concentration in the market below.

Thought of the Week—*What A Decade: America As The Envy Of The World:* Taking the long view, and after accounting for a whirl of global crosscurrent, the U.S., in our opinion, remains the most dynamic and resilient in the world. But don't take our word for it. In a recent special report on the U.S. economy, the London-based *The Economist* cited some of these nuggets: **First,** in 1990, America accounted for about two-fifths of the overall gross domestic product (GDP) of the G7 group of advanced countries; today it is up to about half. **Second,** average wages in America's poorest state, Mississippi, are higher than the averages in Britain, Canada and Germany. **Third,** this year the average American worker will generate about $171,000 in economic output, compared with (on purchasing power parity terms) $120,000 in the euro area, $118,000 in Britain and $96,000 in Japan. And **finally,** if you had invested $10,000 in the American stock market at the end of the year 2000 you would have had about $27,000, after adjusting for inflation, by the end of 2023. If you had invested in global Equities, excluding America, you would have had only about $16,000. All of the above echo and support the bullish sentiment of the Chief Investment Office (CIO) that U.S. assets remain among the most attractive in the world and should be at the core of investors' portfolios.

Data as of 10/28/2024, and subject to change

Portfolio Considerations

As the Fed begins the first easing cycle in four years, our base case is a balanced market outlook within an uptrend where valuation remains sticky and equity prices track earnings growth step-for-step.

Within Equities, we adjust our sector allocations by upgrading Utilities to slight overweight and downgrading Energy to slight underweight. For globally oriented investors, we adjust our geographic allocation by upgrading Japan to slight overweight and lowering Asia Pac ex-Japan to slight underweight. Within Fixed Income, we raise our outlook on munis to neutral for high-tax investors and are lowering our duration to neutral. This month we are also rebalancing our multi-asset portfolios back to our tactical targets and remain overweight Equities relative to Fixed Income in a diversified portfolio.

The Treasury Market Changed its Mind

Chief Investment Office, Macro Strategy Team

Temporary effects on economic indicators from vast hurricane disruptions and a five-week Boeing strike will no doubt distort the economic picture in coming months. This is likely to keep uncertainty about the economic outlook and interest rate volatility elevated. Yet, there's been enough strong incoming data to paint a better-than-anticipated economic backdrop, consistent with a higher structure of interest rates than priced into Treasury yields just weeks ago.

Indeed, data surprises have become increasingly positive in recent weeks, boosting growth estimates for Q3 consumer spending and real GDP to 3.6% and 3.3%, respectively (annualized quarterly rates). Real nonresidential investment is seen accelerating from 3.9% in Q2 to 5.9% in Q3. With gains broad-based across categories, the September retail sales report confirmed that consumer spending has remained strong as the year progressed. This sets the economy up for continued expansion into Q4, further reducing concerns about the labor market outlook.

Strong growth goes a long way in explaining why labor demand has remained robust and unemployment low. This resilience reflects the economy's lower-than-assumed sensitivity to the Fed rate hikes, a function of the unusual pandemic-related fiscal largesse and zero-rate Fed policy. Locking in rock-bottom mortgage rates and corporate borrowing rates alike allowed the economy to absorb elevated interest rates elsewhere without the typical sharp drop in consumption, spike in bankruptcies, abrupt increase in layoffs, and much higher unemployment. Even where credit issues have popped up, such as rising credit card delinquency rates, the situation seems unlikely to deteriorate much more. Corporate credit spreads have continued to narrow, reapproaching extreme lows, consistent with subdued concerns of significant defaults and bankruptcies ahead. Such spread narrowing tends to also bode well for the near-term path of consumer credit charge-off rates.

All in all, strong incoming data have confirmed our view that the Treasury market had rallied too far, too fast in anticipation of far worse economic conditions than was likely. Its sharp about-face has aligned rates better with economic realities, U.S. government debt supply and demand conditions, and the more gradual rate cuts they entail, as outlined below:

- Bond markets were pricing in excessive rate cuts given prevailing growth and inflation conditions. The probability of a near-term recession has dropped sharply, and Treasury inflation breakevens (a measure of inflation expectations priced in by government securities) rose above 2% across horizons following the 50 basis point Fed rate cut.
- Investor risk appetite remained high as the economic outlook improved, undermining demand for long-term Treasurys.
- Demand for high-yield credit has continued to increase, sharply narrowing spreads in a potential sign of overheating economic conditions.
- Productivity and labor-force growth have been stronger than expected. Not least due to broadening high-technology applications, trend productivity growth appears to average more than 2% compared to 1.5% between 2003 and 2018, and just 1% during the 2009–2019 post-Great Financial Crisis (GFC) period. Higher productivity raises the economy's potential growth rate and the interest rate structure compared to the post-GFC decade.
- By inducing a large-scale deleveraging process that created deflation risks, the GFC engendered an abnormally low growth, inflation, and interest rate environment that is not comparable to the current situation.
- The Fed is still reducing its Treasury holdings through ongoing quantitative tightening (QT).
- Treasury debt supply remains unbound. This raises sustainability issues and creates Treasury auction challenges. Primary dealers' ability to absorb growing Treasury supply appears strained. Both issues put upside pressures on interest rates.
- Though highly unevenly distributed, the surge in homeowner equity mixed with much lower interest rates would create overheating risks, rendering such rate declines unsustainable absent much bleaker economic conditions.

Portfolio Considerations

The sharp spike in the 10-year Treasury yield since the Fed September rate cut reflects renewed risks of inflation from potentially excessive Fed easing. In a high inflation environment, the correlation between stock and bond price changes tends to be positive (as it has been since 2022), reducing the portfolio diversification benefit from Treasury allocations.

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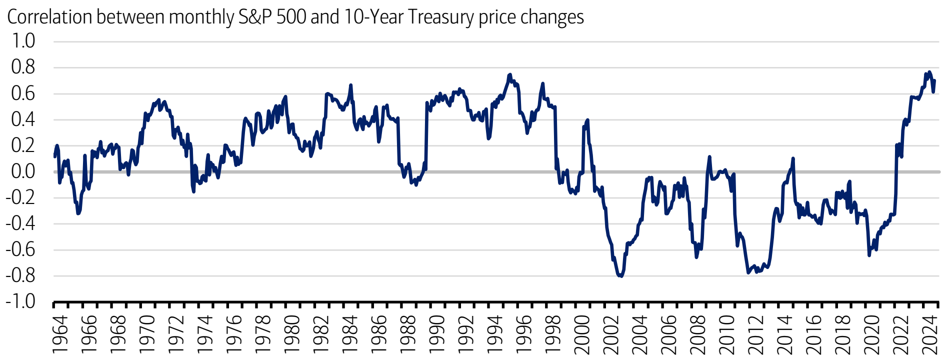
- High-profile organized-labor success in obtaining large wage increases through massive strikes raises upside inflation risks. If the Fed is to stick to its low and stable inflation mandate, this risk implies fewer rate cuts than Treasurys had previously priced in.
- Deglobalization suggests a higher range for the 10-Year Treasury yield.
- Various countries have been pursuing larger gold allocation at the expense of Treasury purchases due to perceived risks of dollar-reserves confiscation in geopolitical retaliation.
- Escalating instability in the Middle East keeps risks of higher inflation through potentially higher oil prices and disruptions to shipping activity alive.
- The 10-year Treasury rate increase is likely to be tempered by foreign investors' thirst for higher yield compared to that available locally. Overseas growth has under-performed the U.S., resulting in lower inflation and interest rates. Putting it together, a return to a more normal range of 3.5% to 5% that prevailed before the GFC makes sense for the 10-year Treasury rate at this point.

Inflation Environment Shapes Stock-Bond Correlations. A gradual Fed easing that keeps growth going and inflation under control would be more favorable for continued U.S. expansion and for risk-asset prices than aggressive rate cuts that risk to revive inflation and destabilize the economy. With the stock-bond correlation highly dependent on the inflation environment, low and stable inflation conditions would also ensure a resumption of portfolio diversification benefits from Treasurys.

That's because in high-inflation regimes, central banks don't have much latitude to cut rates when growth slows. They often must tighten policy to restrain inflation, a negative for bond prices, earnings and, thereby, Equity prices. As a result, the correlation between stock and Treasury prices was mainly positive in the high-inflation period of the 1970s to the late 1990s (Exhibit 1).

Exhibit 1: Stock-Bond Price Correlation Similar To Prior High-Inflation Periods.



Source: Bloomberg. Data as of October 23, 2024**. It is not possible to invest directly in an index. Please refer to index definitions at the end of this report.**

Credible inflation-fighting policies from the early 2000s until the pandemic inflation surge caused a shift to negative stock-bond price correlations (Exhibit 1), with bonds becoming a good hedge to stock-price declines. Indeed, against a low-inflation backdrop, policymakers had strong incentives to quickly ease in support of growth and profits to prevent deflation from ensnarling the economy. With risks of deflation and a Fed ready to cut rates, bonds tended to rally when Equities sold off, cushioning portfolio returns.

Persistently high inflation would preclude Treasurys from offering the same diversification benefit as they did in the two decades of low-and-stable inflation prior to the pandemic. Following the pandemic, inflation surged and the correlation between stock and bond prices became positive again, akin to the 1970–2000 period. The 10-year Treasury note delivered negative returns on Equity down days in 2022 and 2023, further hurting portfolio returns rather than buffering them. The situation has continued this year, an indication that interest rate markets remain concerned about the inflation outlook and that other hedges are needed to stabilize portfolio returns until markets become confident about low and stable inflation once again.

MARKET VIEW

When Bulls Get More Bullish

Kirsten Cabacungan, Vice President and Investment Strategist

U.S. equity market optimism is unmistakable. The S&P 500 just recorded six straight weeks of gains, its longest winning streak this year, despite elevated geopolitical tensions, election volatility and a historically weaker seasonality period. Stocks have not only outpaced what bearish investors had expected going into this year but even blown past what bulls forecasted. The S&P 500 is up 21.8% so far this year and has captured 47 new all-time highs.[1]

Positive investor sentiment has helped fuel the advance in U.S. Equities. The latest AAII Sentiment Survey shows the spread between bulls, investors who expect stocks will rise in the months ahead, and bears, investors who expect stocks will fall, has been above its historical average for 24 of the last 25 weeks (Exhibit 2A) and net bullish for the last 26 consecutive weeks.[2] There have only been eight prior instances where bulls outweighed bears for longer than 25 weeks in the history of the survey (Exhibit 2B). That has drummed up some concerns over whether there could be an excess amount of optimism in the market and if that leaves stocks vulnerable to a potential contraction. Historically, though, these previous periods of extended net bullishness lasted 36.2 weeks on average, suggesting elevated optimism could persist for much longer. On performance, equity returns following these periods were more mixed in the shorter term, but positive over the longer term with the S&P 500 higher 66.7% of the time 12 months later for a median gain of 6.0%.[3]

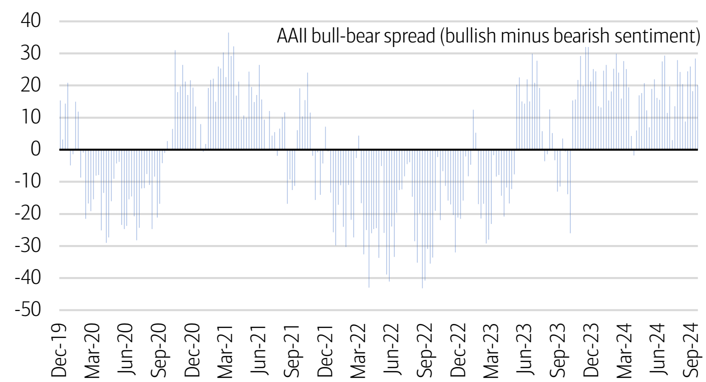
The recent BofA Global Research Fund Manager Survey paints a similar picture. Sentiment rose by its largest one-month increase in October since June 2020 amid the surge in risk-on appetite. In fact, fund manager cash allocations dropped enough to trigger a contrarian "sell" signal, which has historically preceded weaker returns in the shorter term. Based on the 11 prior instances of a "sell" signal, global Equities, as measured by the MSCI All-Country World Index, declined 2.5% and 0.8% in the one and three months after on average, respectively.[4]

Investment Implications

We remain constructive on U.S. Equities as we believe fundamental reasons underpin bullish optimism in the stock market. Still, extended period of bullishness should be closely monitored, therefore we continue to emphasize a disciplined investment process and a focus on a well-diversified portfolio.

Exhibit 2: Investors Maintain A Bullish Outlook On U.S. Equities.

2A) There are more bulls than bears right now.



2B) Net bullishness has persisted for some time.

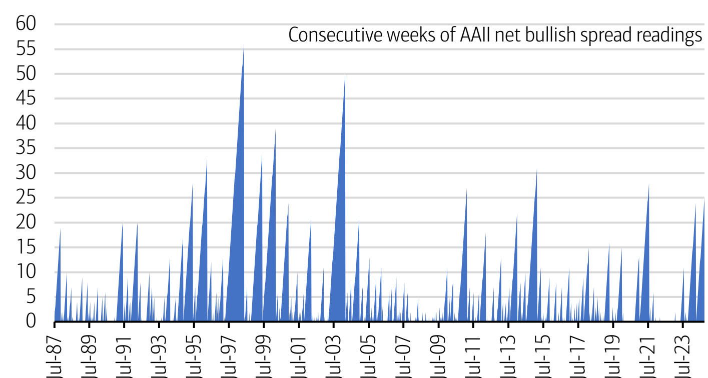


Exhibit 2A) Source: American Association of Individual Investors. Data as of October 17, 2024. Exhibit 2B) Source: American Association of Individual Investors. Data as of October 17, 2024.

Investor sentiment on its own, however, is not enough to fully assess the outlook for U.S. Equities, especially since stocks have gained on much more than just bullish expectations. There has been a confluence of economic factors that have underpinned the optimism and helped to keep the rally going: solid economic growth, a cooling instead of collapsing labor

[1] Bloomberg. Data as of October 25, 2024.

[2] American Association of Individual Investors. Survey data as of October 24, 2024.

[3] Bloomberg. Data as of October 23, 2024.

[4] BofA Global Research. Global Fund Manager Survey. Data as of October 15, 2024.

market, decelerating inflation measures and a resilient consumer. The backdrop for easier financial conditions has also improved now that the Fed has embarked on a new monetary policy easing cycle.

As for bearish investors, after a bull run of more than 62.4% in the S&P 500 since the October 2022 bear market low, it is understandable that there may be questions on how much further this rally can go. What might be keeping bears from fully embracing the bull market? Two animating issues to consider:

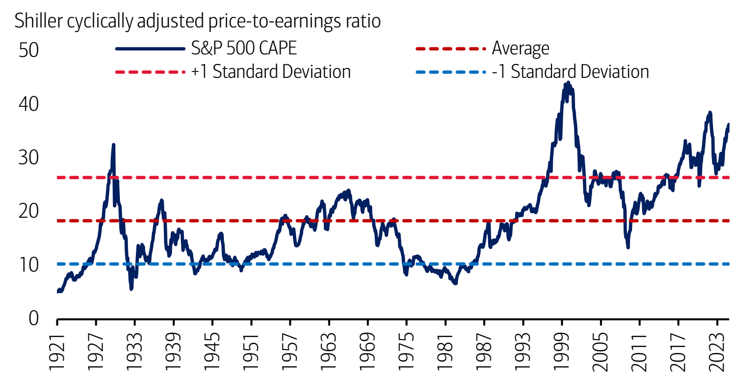
The leading pushback is on stretched valuations. The cyclically adjusted price-to-earnings (CAPE) ratio for U.S. Equities, a measure that smooths the effects of business cycles at 36.3 times 10-year average earnings, sits at almost double its long-term historical average of 18.4 times (Exhibit 3A). The current multiple from a historical perspective looks expensive. There is an argument to be made, however, that there has been a structural move higher in valuations in the last three decades. For one thing, the CAPE ratio has spent 97% of the time above its long-term historical mean since 1994. And the other, the composition of the stock market has changed from decade to decade, which in turn makes it more difficult to compare valuations across time, especially given the greater share of Technology in the S&P 500. Furthermore, valuation has historically been a poor predictor of nearer-term stock returns, according to BofA Global Research. Take this year for an example: At the close of 2023, it could be argued then that U.S. Equities looked overvalued with the S&P 500 CAPE ratio at 31.5 times, but had investors used that as a reason to not buy stocks this year, it would have meant missing out on a strong double-digit advance.

The other point of contention has been the high concentration in the market. Narrow market breadth has been a defining feature of this bull market as just a handful of companies tied to generative artificial intelligence have accounted for an outsized share of the rally. Even amid some recent broadening out of participation in the rally, these Artificial Intelligence (AI)-beneficiaries continue to dominate. That has raised some questions about the sustainability of this equity market uptrend and even led some investors to call out parallels with the early-2000 Dot-com Bubble. One clear difference, though, between the market conditions then and now is the quality of leadership. Stock leaders have not only benefited from expectations for future productivity gains from AI technology but have also seen their resilience underpinned by consistent and strong profitability (Exhibit 3B). Broadening earnings growth, though, will be an important factor to further extend this bull market over the longer term.

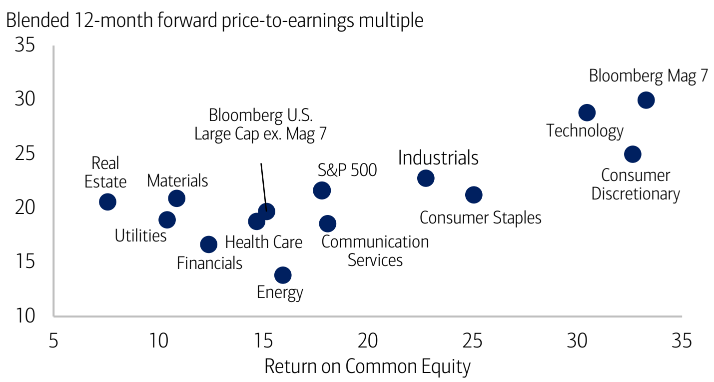
Bulls getting more bullish warrant monitoring as we navigate this next phase of the cycle, but we see strong fundamental reasons that keep us constructive on the outlook for stocks. We therefore continue to emphasize a disciplined investment process that focuses on a well-diversified portfolio.

Exhibit 3: Is The Stock Market Overvalued?

3A) U.S. Equity valuations over time have shifted higher.



3B) Mega-cap Tech stock resilience is against a backdrop of positive profitability.



*Mag 7 represents Magnificent 7 companies such as Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla. Exhibit 3A) Source: Robert Shiller; Haver Analytics. Data as of October 24, 2024. Exhibit 3B) Note: Sectors refer to S&P 500 GICS sectors. Source: Bloomberg. Data as of October 24, 2024. **It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. Past performance is no guarantee of future results.**

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THOUGHT OF THE WEEK

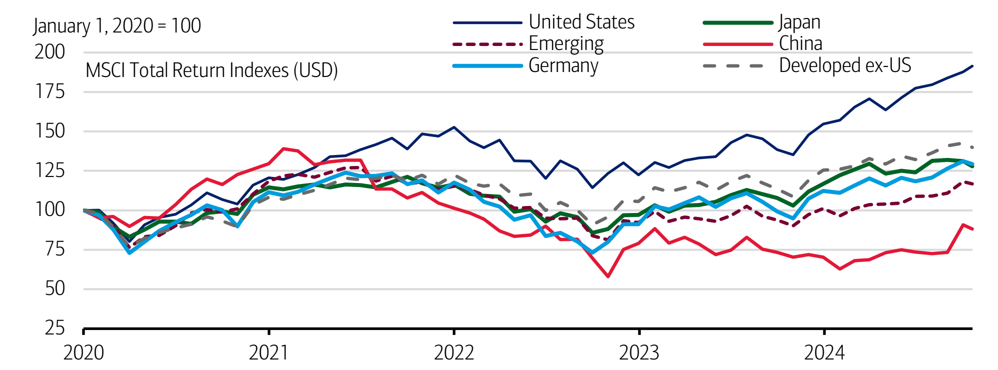
What A Decade: America As The Envy Of The World

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

Sometimes, it's just better to let others do the talking. In that spirit, the following quotes from a recent edition of *The Economist* speak to the dynamic and resilient character of the U.S. economy.[5] They echo and support the bullish sentiment of the CIO that U.S. assets remain among the most attractive in the world and should be at the core of investor's portfolios. To wit:

- *"The American economy has left other rich countries in the dust. Expect that to continue."*
- *"In 1990, America accounted for about two-fifths of the overall GDP of the G7 group of advanced countries; today it is up to about half. On a per-person basis, American economic output is now about 40% higher than in western Europe and Canada, and 60% higher than in Japan."*
- *"Average wages in America's poorest state, Mississippi, are higher than the averages in Britain, Canada and Germany."*
- *"Since the start of 2020, just before the pandemic, America's real growth has been 10%, three times the average for the rest of the G7 countries."*
- *"This year the average American worker will generate about $171,000 in economic output, compared with (on purchasing power parity terms) $120,000 in the euro area, $118,000 in Britain and $96,000 in Japan."*
- *"With the exception of Israel and South Korea, America invests more in R&D than any other country, at roughly 3.5% of GDP."*
- *"The rise of AI has served to underscore just how formidable America remains as an engine of innovation. It accounts for more than half of global private-sector investment in AI."*
- *"If you had invested $10,000 in the American stock market at the end of the year 2000 you would have had about $27,000, after adjusting for inflation, by the end of 2023. If you had invested in global equities, excluding America, you would have had only about $16,000."* See Exhibit 4 for comparable U.S. returns vs. rest of world.
- *"Today, America accounts for 4% of the world's population, and by 2100 it will be about the same, according to projections from the United Nation. During the same time, China's share is expected to fall from 18% to 6%, while the European Union will go from 6% to 3.5%. America will, in relative terms, be a younger country."*
- *"An economy with an unemployment rate of 4% and a per-person GDP of $85,000 does not have to be made great again; it is great."*
- *"If you want to bet against America, **The Economist** will gladly take the other side of the wager."*

Exhibit 4: The Tortoise and the Hare: U.S. Returns vs. Rest of World.



Source: Bloomberg. Data as of October 21, 2024. **It is not possible to invest directly in an index. Please refer to index definitions at the end of this report. Past performance is no guarantee of future results.**

Portfolio Considerations

"Pessimism sells, optimism pays" remains one of our core beliefs when it comes to investing for the long term. There is more right with America, than wrong. We remain bullish on U.S. assets.

[5] See "The American Economy: The Envy of the World," October 19, 2024.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	42,114.40	-2.7	-0.4	13.4
NASDAQ	18,518.61	0.2	1.8	24.1
S&P 500	5,808.12	-1.0	0.9	23.1
S&P 400 Mid Cap	3,107.51	-2.8	-0.4	13.1
Russell 2000	2,208.00	-3.0	-0.9	10.1
MSCI World	3,705.81	-1.3	-0.4	18.4
MSCI EAFE	2,361.47	-2.0	-4.3	8.1
MSCI Emerging Markets	1,134.88	-1.8	-3.0	13.3

Fixed Income†

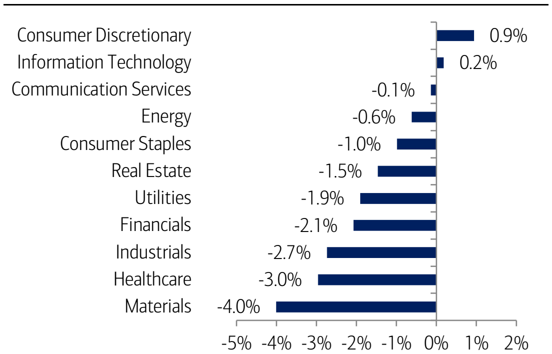
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.54	-0.87	-2.25	2.05
Agencies	4.44	-0.39	-1.07	3.15
Municipals	3.64	-1.09	-1.42	0.84
U.S. Investment Grade Credit	4.67	-0.92	-2.32	2.03
International	5.10	-1.04	-2.25	2.96
High Yield	7.30	-0.37	-0.51	7.46
90 Day Yield	4.63	4.63	4.62	5.33
2 Year Yield	4.10	3.95	3.64	4.25
10 Year Yield	4.24	4.08	3.78	3.88
30 Year Yield	4.50	4.39	4.12	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	240.21	2.1	0.2	6.1
WTI Crude $/Barrel††	71.78	3.7	5.3	0.2
Gold Spot $/Ounce††	2747.56	1.0	4.3	33.2

		Total Return in USD (%)		
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.08	1.09	1.11	1.10
USD/JPY	152.31	149.53	143.63	141.04
USD/CNH	7.13	7.12	7.01	7.13

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 10/21/2024 to 10/25/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 10/25/2024 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 10/25/2024)

	2024E	Q1 2024A	Q2 2024A	Q3 2024A	Q4 2024E	2025E
Real global GDP (% y/y annualized)	3.1	-	-	-	-	3.2
Real U.S. GDP (% q/q annualized)	2.7	1.6	3.0	2.5*	2.0	1.8
CPI inflation (% y/y)	2.9	3.2	3.2	2.6	2.5	2.2
Core CPI inflation (% y/y)	3.4	3.8	3.4	3.2	3.2	2.7
Unemployment rate (%)	4.0	3.8	4.0	4.2	4.3	4.5
Fed funds rate, end period (%)	4.38	5.33	5.33	4.83	4.38	3.13

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 October 25, 2024.

Asset Class Weightings (as of 10/1/2024)

	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 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 October 1, 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

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

Index Definitions

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

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.

MSCI All-Country World Index tracks large and mid cap stocks from 23 developed and 24 emerging markets.

MSCI United States Index is designed to measure the performance of the large and mid cap segments of the US market.

MSCI Emerging Markets Index is a stock market index that measures the performance of emerging countries' stock markets and tracks large and mid-cap companies in over 12 emerging countries, representing more than 13% of the world's market capitalization.

MSCI Germany Index is designed to measure the performance of the large and mid cap segments of the German market.

MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market.

MSCI China Index is a market capitalization weighted index that represents large and mid-cap Chinese companies.

MSCI Developed Markets ex US Index are used to measure the performance of equity markets in developed and emerging markets outside of the United States

S&P 500 sub-sectors and industry groups Global Industry Classification Standard (GICS®)/S&P 500 Total Return 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 TR USD; Energy TR USD; Healthcare TR USD.

Bloomberg U.S. Large Cap ex Magnificent 7 Index is a float market-cap weighted benchmark designed to measure the most highly capitalized US companies, excluding members of the Bloomberg Magnificent 7 Index.

Bloomberg U.S. Large Cap Magnificent 7 Index is an equal-dollar weighted equity benchmark that tracks a fixed basket of seven widely-traded companies in the US.

Important Disclosures

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

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