CHIEF INVESTMENT OFFICE

Capital Market Outlook

October 30, 2023

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

IN THIS ISSUE

Macro Strategy—*Q3 Nominal GDP Spurt An Outlier:* About halfway through the earnings reporting season, Q3 corporate profits are higher than expected, with the beat rate much above its long-term average. This fits well with solid U.S. consumer spending and nominal gross domestic product (GDP) growth during the period. Still, equity investors have become more risk averse as they asses the outlook for growth and inflation. Indeed, inflation appears on a downtrend both here and abroad, and surging borrowing costs, heightened geopolitical tensions, rising oil prices and recessionary eurozone economic conditions suggest downward pressures on growth in coming months. This combination points to downside risks for personal income, retail sales, corporate revenues and profits growth.

Market View—*"One Damn Thing After Another"—Some Historical and Pictorial Perspectives on Market Returns:* It is understandable that investors find themselves confused and overwhelmed by the cadence of history and the markets. Thus far in the "roiling '20s," the investment landscape has been rocked by a global pandemic, a multidecade spike in inflation, an unthinkable ground war in the heart of Europe, record-breaking U.S. fiscal outlays, one of the fastest Federal Reserve (Fed) tightening cycles in history, and a simmering conflict in the Middle East. If that weren't enough, the great power rivalry between the U.S. and China has only intensified, as have the residual effects of climate change. Add to the above the disruptive and transformational effects of Generative Artificial Intelligence (AI), and yes, when it comes to investing, it's "one damn thing after another." That said, the S&P 500 remains one of the greatest wealth-generating instruments ever created; the latter has significantly outperformed other asset classes over time, returning an annualized 11.2% between 1945 and 2022—well ahead of bonds (5.1%), credit (5.7%), cash (3.8%) and inflation (3.7%).

Thought of the Week—*Foreign Financing Matters:* Missing from the narrative that foreigners are selling out of U.S. Treasurys/assets generally, is that: 1. Both Belgium's Euroclear and Luxembourg's Clearstream serve as offshore custodians where it's harder to account for foreigners' activity within the Treasury market; 2. The fact that foreign holdings of U.S. Treasurys are at a near all-time record of $7.7 trillion and; 3. Foreigners have an impressive and diverse portfolio, inclusive of U.S. agency bonds, Treasurys, Equities, real estate, and other assets, serving as a vote of confidence in the U.S. With that said, the landscape of U.S. Treasury buyers has shifted. While foreigners currently own 30%, that share has been declining. Increasingly coming to the table are hedge funds, pensions, mutual funds and insurers as marginal buyers. The allure associated with U.S. assets influences our asset allocation and supports our U.S. bias.

MACRO STRATEGY ▶

Chief Investment Office Macro Strategy Team

MARKET VIEW ▶

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

THOUGHT OF THE WEEK ▶

Lauren J. Sanfilippo
Director and Senior Investment Strategist

MARKETS IN REVIEW ▶

Data as of 10/30/2023, 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.

MACRO STRATEGY

Q3 Nominal GDP Spurt An Outlier

Chief Investment Office Macro Strategy Team

Economic growth greatly surprised to the upside in Q3, strongly boosting payrolls and helping corporate earnings exceed expectations so far into the reporting season. However, mixed incoming data and growing headwinds from spiking borrowing costs, heightened geopolitical tensions, elevated oil prices and worsening eurozone economic conditions have raised risks to the downside for nominal growth. Waning appetite for risk has caused the equal-weighted S&P 500 Index to fully correct its 13% mid-summer excess above its 2010-2019 trend. In spite of the selloff, the capitalization-weighted S&P 500 benchmark index remains more than 10% above trend.

Increased risk aversion is not surprising given unusually elevated uncertainty about the outlook. On one hand, in addition to the strong September retail sales report—which helped boost the outsized Q3 GDP growth print and created a strong hand-off for consumer spending into Q4—recent U.S. data include several other upside surprises that seem at odds with ongoing recession signals coming from various leading indicators. Notably, the Bureau of Labor Statistics September employment report far exceeded expectations, reflecting a still strong jobs market. The Institute for Supply Management (ISM) Manufacturing Index, a leading economic indicator, also improved for a third consecutive month in September, reapproaching the 50 breakeven mark, led by meaningful gains in its production, new orders and employment subcomponents.

The ISM survey's bottoming process around midcycle-slowdown levels in recent months has been confirmed by the IHS Markit Manufacturing Purchasing Managers' Index (PMI), which also showed a small uptick in October to almost 50 after one year in contraction territory. In turn, strength in consumer demand and employment was reflected in a healthy manufacturing production gain in September, another sign of resilient domestic economic conditions.

That said, the September manufacturing production pop was not big enough to make output break out of its flat narrow range of the past two years, with production still down on a year-over-year (YoY) basis. The sharp deceleration in real manufacturing new orders for consumer goods and materials as well as for nondefense capital goods ex aircraft in September suggests little impetus for renewed industrial-sector expansion. This is also consistent with the fact that, despite a welcome stabilization, PMIs remain in contraction territory, and regional Federal Reserve manufacturing surveys for October reflect low expectations for new orders and capital spending.

As noted above, both the ISM Manufacturing Index and the global IHS Markit Manufacturing PMI have been trying to bottom this year at levels typically seen in midcycle slowdowns (just below the 50 breakeven mark), as expansionary emerging-market ex-China readings have offset to a large extent persistently recessionary surveys for China and the developed world. Still, while the U.S. Markit PMI for October continued to rebound, deeper dips into contraction territory were reported for the eurozone, Japan and Australia, with some improvement in, but still recessionary, U.K. readings. Given typical leads and momentum effects, we expect a continued muddle-through global industrial production environment into early 2024 as a result.

Advance IHS Markit PMIs for October show that services-sector activity also worsened substantially in the eurozone, Japan and Australia. Their U.S. services counterpart, which weakened from May to September, remains depressed as well, despite a slight uptick in October from 50.2 to 50.9. In general, the lagged post-pandemic services rebound seems to be receding, so overall, the data don't suggest much impetus for global growth to get out of its funk.

For what it's worth, the Conference Board's Index of Leading Indicators fell again in September, and temporary employment dropped again, consistent with potentially weaker labor demand ahead, given past correlations. In any case, our aggregate wage-and-salary proxy points to continued moderation in coming months. This, along with rising student debt repayments, elevated energy prices, and diminished excess savings, suggests weaker consumer spending following the Q3 surge. Rising credit card delinquencies and low bank willingness to lend to consumers are raising red flags on this front.

Investment Implications

With the capitalization-weighted S&P 500 Index still more than 10% above its 2010-2019 trend, heightened risk aversion may persist until headwinds to growth abate. We recommend high-quality companies with low-cyclicality cash flows.

Also raising red flags is renewed housing data weakness in the wake of the spike in mortgage rates over the past two months. While new home sales rose strongly in September, existing home sales fell for a seventh consecutive month to their lowest level in more than a decade, as surging borrowing costs have reduced homebuying affordability to a 38-year low, paralyzing activity and depressing homebuilders' spirits. Existing home sales account for a much bigger, but shrinking, share of sales, as current homeowners are staying put, reluctant to relinquish their low mortgage costs.

In fact, with most homeowners having refinanced or purchased their homes at the lowest mortgage rates in decades before Fed monetary policy tightening began, sustained mortgage rates at their current multidecade highs massively raise the costs awaiting homeowners who must move due to various life events. In other words, above-trend real consumer spending, mortgage rates way above the average outstanding rate, a depressed inventory of homes available for sale (54-year-low inventory of vacant housing units available for sale adjusted for population), and elevated home prices form an untenable mix that poses downside risks to home prices and consumer spending. "Higher for longer" rates have the potential to cause serious damage to the economy.

In our view, the overall picture is consistent with sustained downside cyclical risks to inflation. Since inflation is a monetary phenomenon, aggressive Fed tightening (along with normalization of supply chains and completed pandemic-related government transfers) has already helped moderate YoY "core" inflation from 6.6% to 4.1% over the 12 months through September. This rollover has been led by a collapse in commodities-less-energy inflation, from 6.6% to zero over the same time frame, as apparel and used motor vehicle prices have moved deep into deflation territory.

On the other hand, service-sector inflation has remained "stickier," significantly reaccelerating on a month-to-month basis since June and up 5.2% on a YoY basis, in a typical lagged response to the post-pandemic rebound. This "stickiness," combined with strong real disposable income growth, has kept worries about the inflation outlook alive.

While inflation uncertainty remains at 60-year highs, according to recent Fed research, we believe that inflation is likely to continue to moderate as Fed tightening mops up excess liquidity and restrains domestic demand. The New York Fed Underlying Inflation Gauge, which captures sustained movements in inflation, has dropped sharply from a 5.8% YoY pace in September 2022 to just 2.2% in September 2023, consistent with further moderation in "core" inflation in coming months.

In sum, uncertainty about the direction of crude oil prices, government debt policy, and the Fed's commitment to a 2% inflation rate have kept uncertainty about long-term inflation unusually elevated. As a result, although disconcerting geopolitical turbulence has boosted demand for Treasurys as a "safe haven" in recent weeks, interest rates remain much higher than had been expected.

Their sharp increase is causing renewed weakness in the housing sector and creating large financial costs for households needing to move. It is also hurting consumer demand for housing-related goods and services. In addition, relentlessly higher rates are causing a third consecutive year of negative government bond returns, for a combined three years of the worst performance in a century, according to an Empirical Research Partners, October 17, 2023, report. They also bloat government interest payments, worsening the country's debt dynamics. High rates are also boosting the dollar, with negative translation effects for corporate revenues obtained overseas.

Moreover, the jump in the 10-year Treasury note yield from 4% to 5% since late July has increased risk aversion and created an increasingly appealing alternative to Equities for risk-averse investors. According to Empirical Research Partners, the surge in bond rates has accounted for no less than 66% of the dispersion of returns in the Equity market over the past nine months, which is more than four times the long-term average and ranks in the top 15 highest readings of the past 70 years.

In this context, we believe that it would be wise for the Fed to pause its hiking campaign. Destabilizing government spending and related upside pressures on interest rates may tie the Fed's hands, however, causing the U.S. economy to struggle for longer than expected under the burden of high borrowing costs.

MARKET VIEW

"One Damn Thing After Another"—Some Historical and Pictorial Perspectives on Market Returns

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

Investing today feels a lot like how British historian Arnold Toynbee once described history: "one damn thing after another."

To wit, just in the past four years, the investment landscape has been rocked by a global pandemic, a multi-decade -high spike in inflation, an unthinkable ground war in the heart of Europe, record-breaking U.S. fiscal outlays, one of the fastest Fed tightening cycles in history, and a war in the Middle East.

If that weren't enough, the great power rivalry between the U.S. and China has only intensified, as have the residual effects of climate change. 2023 was one of the hottest years on record. Add to the above the disruptive and transformational effects of Generative AI, and yes, when it comes to investing, it's "one damn thing after another."

All of the above is captured in Exhibit 1, which overlays the S&P 500 against the tectonic turning points of this decade—which we call the "Roiling 2020s." After initially climbing at the start of 2020, the S&P 500 promptly dropped by over 31% between early January and late March that year as the aftershocks of the global pandemic weighed on global growth. However, fueled by unprecedented U.S. fiscal and monetary policies, the S&P still mustered solid gains of nearly 19% in 2020 and continued to roar ahead in 2021, soaring 28.7% (total returns). Thereafter, the index swooned 18.1% in 2022 owing to the war in Ukraine and the Fed tightening cycle. Finally, coming into this year, the mood of investors was guarded given the overwhelming expectation of a U.S. recession; the latter, however, never materialized, and off a narrow base (the Magnificent Seven), the S&P 500, to the surprise of many, is up nearly 9% year-to-date.

Given the whipsawing effects of the "Roiling '20s," it's understandable if investors find themselves a tad confused and a bit overwhelmed by the cadence of history and the markets. The welter of events, along with 5%+ returns in good old-fashioned money market funds, has investors skittish about Equities, and for good reason. But keep in mind that over the long run, the S&P 500 remains one of the greatest wealth-generating instruments ever created; the latter has significantly outperformed other asset classes over time, returning an annualized 11.2% between 1945 and 2022—well ahead of bonds (5.1%), credit (5.7%), cash (3.8%) and inflation (3.7%).

Investment Implications

Market uncertainty is the one constant of today, which means investors need to see the forest for the trees—or take a long-term approach to investing by maintaining a disciplined and diversified portfolio while actively rebalancing across all asset classes.

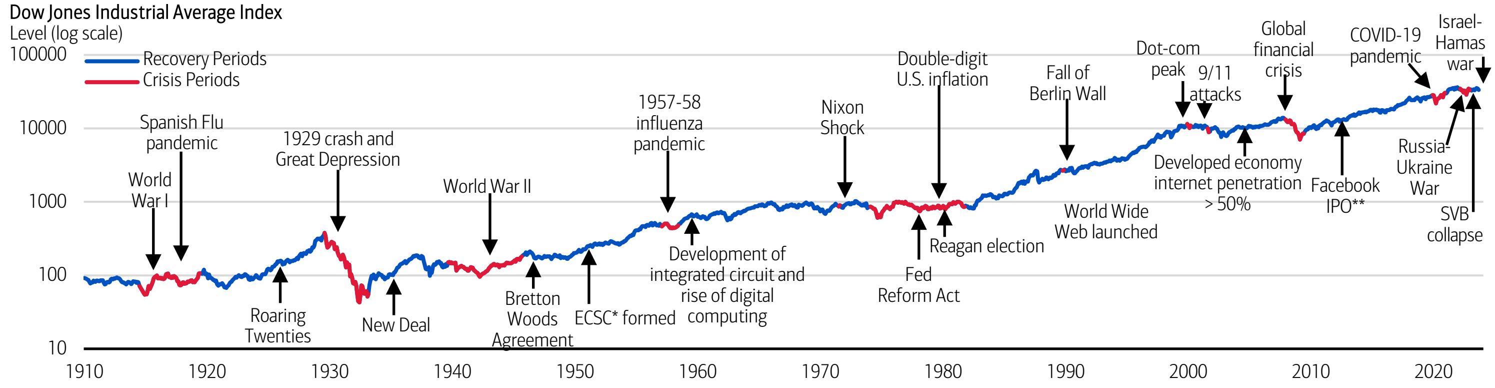
Exhibit 1: The Roiling '20s.

Source: Bloomberg. Data as of October 25, 2023. *Silicon Valley Bank. **Past performance is no guarantee of future results. It is not possible to invest directly in an index.**

The Long View: Seeing The Forest For The Trees The last 100 years really hasn't been all that different from this decade. As Exhibit 2 shows, market history is replete with key geopolitical/economic events that are punctuated by crises and recoveries that gradually give way to economic revival, more innovation, a favorable investment climate, and sustained price gains for equity markets (in this case the Dow Jones Industrial Average). Throughout history, corporate America has been extraordinarily resilient, adapting to shifting circumstances with dexterity and deftness that has sustained, in general, long-term profits momentum—and an upward bias in equity prices.

Market uncertainty is the one constant of today, which means investors need to see the forest for the trees—or take a long-term approach to investing by maintaining a disciplined and diversified portfolio while actively rebalancing across all asset classes. This is notably true in the "higher-for-longer" era in which we currently find ourselves. As we have mentioned in the past, higher-for-longer doesn't apply just to interest rates, but also to other key metrics like global oil prices, budget deficits, global defense spending, and political discord in Washington. Each one of these factors will remain hallmarks of this tumultuous decade.

Exhibit 2: Equity Market And Historical Periods Of Crisis And Recovery.



Source: Bloomberg. Data as of October 20, 2023. *European Coal and Steel Community. **Initial Public Offering. **Past performance is no guarantee of future results. It is not possible to invest directly in an index.**

The Marginal Effects Of Geopolitical Risks Finally, and speaking of tumultuous, while major geopolitical events are typically headline-grabbing, they are rarely long-term market movers (Exhibit 3). Initial selloffs are usually followed by market recoveries on the expectation that the worst outcomes will not come to fruition and that cooler heads (diplomacy) will prevail. To this point, since the start of the war on October 7, the S&P has slipped less than 5%; Brent crude oil prices have bumped up just under 7%; 10-year bond yields have been basically range-bound, signaling no flight to safety; the Emerging Market Index has declined by just 1.8%, the All Country World Index by 3.7%; and the ultimate fear gauge, Chicago Board Options Exchange Volatility Index, presently hovers around 20.

All in all, the global capital markets continue not only to dispassionately discount the war in Ukraine, but also the war in the Middle East and associated risks. This isn't uncommon. Indeed, as the *Financial Times* recently noted, after examining the stock market reaction to 25 of the most significant geopolitical events since World War Two, "the S&P 500 dropped on average by around 4 percent, reaching bottom in 15 days, but recovering fully in 33 days."[1]

Exhibit 3: Geopolitical Events Have Not Historically Had a Lasting Effect On Market Returns.

Major Geopolitical Events and Subsequent S&P 500 Price Returns

Event	Date	1 day	1 month	6 months	12 months
Cuban Missile Crisis	16-Oct-62	-0.3%	5.4%	21.1%	27.8%
JFK Assassination	22-Nov-63	-2.8%	6.3%	16.0%	23.5%
Six-Day War	5-Jun-67	-1.5%	3.3%	7.5%	13.5%
Bretton Woods Collapse	15-Aug-71	3.2%	0.9%	6.9%	13.1%
Arab Oil Embargo	19-Oct-73	-1.0%	-8.6%	-14.9%	-34.4%
Iranian Shah Overthrown	11-Feb-79	0.3%	1.7%	9.4%	20.1%
Fall of Berlin Wall	9-Nov-89	-0.5%	4.5%	2.2%	-6.8%
Start of Gulf War	17-Jan-91	3.7%	12.6%	17.5%	27.7%
9/11 Terrorist Attacks	11-Sep-01	-4.9%	-0.1%	6.7%	-16.8%
Fukushima Nuclear Disaster	11-Mar-11	-0.6%	1.5%	-10.9%	5.1%
Russia Annexes Crimea	20-Feb-14	-0.2%	1.8%	8.4%	14.7%
Brexit Vote	23-Jun-16	-3.6%	2.6%	7.0%	15.4%
NotPetya Cyberattack	27-Jun-17	0.9%	2.3%	10.9%	11.6%
Russia-Ukraine Conflict	24-Feb-22	1.5%	7.0%	-2.0%	-6.0%
Israel-Hamas War	7-Oct-23	0.6%	-	-	-
Average		**-0.3%**	**2.9%**	**6.1%**	**7.8%**

Source: Bloomberg. Data as of October 20, 2023. **Past performance does not guarantee future results. It is not possible to invest directly in an index.**

[1] "Why Markets are relatively calm in the geopolitical storm," Ruchir Sharma, *Financial Times*, October 23, 2023.

Foreign Financing Matters

Lauren J. Sanfilippo, Director and Senior Investment Strategist

As told in a 2013 speech by the Deputy Governor for the People's Bank of China, it was "no longer in China's favor to accumulate foreign-exchange reserves,"[2] marking the beginning of a downtrend in China's holdings of U.S. Treasurys. At the time, in late 2013, China owned more than $1.3 trillion in Treasurys, in excess of 23% of all foreign holdings. More recently, and over the last 18 months, China has sold more than $200 billion in Treasurys. Missing from the narrative that foreigners are selling out of U.S. Treasurys/assets generally, however, is that: 1. Both Belgium's Euroclear and Luxembourg's Clearstream serve as offshore custodians where it's harder to account for foreigners' activity within the Treasury market; 2. Foreign holdings of U.S. Treasurys are at a near all-time record of $7.7 trillion and; 3. Foreigners have an impressive and diverse portfolio, inclusive of U.S. agency bonds, Equities, real estate and other assets, serving as a vote of confidence in the U.S.

Japan, our largest creditor since 2019, and the United Kingdom—the third-largest—in fact increased their debt holdings in August. Japan bought $3.7 billion, amounting to $1.1 trillion total holdings, while the U.K. bought $35.7 billion, amounting to $698 billion, more than helping to offset the $16.4 billion decline over the month of August from China (Exhibit 4A). Not limited to Treasurys, foreign buying of U.S. corporates and agencies in August continued, with inflows of $24.6 billion and $14 billion, respectively. Among Equities, over the past six months of Treasury data, foreign investors have bought U.S. stocks at the fastest pace since 2021.

All in all, the landscape of buyers of U.S. Treasurys has shifted (Exhibit 4B). While foreigners own 30%, that share has been declining. The Fed owns 18%, or another $4.7 trillion, down from a peak of $6.0 trillion via the monthly run off of $60 billion of Treasurys through their ongoing quantitative tightening program. Importantly, and increasingly coming to the table are hedge funds, pensions, retail investors, mutual funds and insurers as marginal buyers.

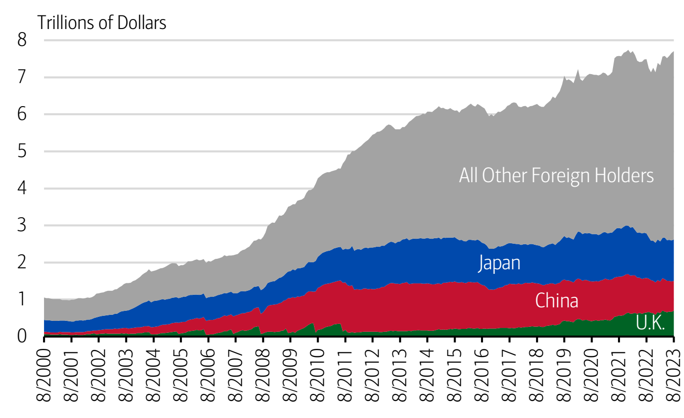
The bottom line: Foreigners are still a major source of demand for our paper. An important fact, particularly when accounting for a growing U.S. deficit. A list of concerns such as a shifting geopolitical landscape, polarizing U.S. politics, hits to the U.S. credit rating, or a worrying pile of debt, could all chip away at the allure for U.S. assets over the long term, but good reasons remain for our preference of U.S. dollar-denominated assets relative to non-U.S. dollar assets. The U.S. economy remains the largest, wealthiest and most competitive economy backstopped by the U.S. corporate sector. Globally speaking, that's a rare combination that continues to drive flows into U.S. assets, both foreign and domestic.

Investment Implications

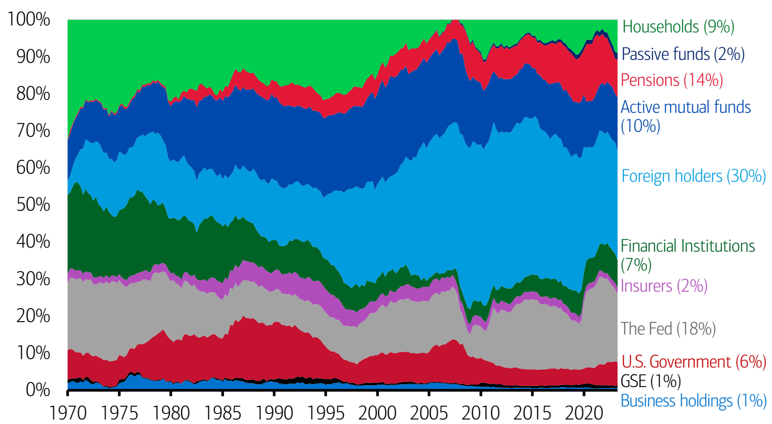
While we are neutral relative to our strategic target, we express a high-quality bias through our overweight to the U.S. Though multiple crosscurrents have cropped up both globally and domestically this year, the U.S.'s resilience has been a standout among most international peers.

Exhibit 4: The Who's Who of U.S. Treasury Ownership.

4A) Foreign Holders of Treasuries Near An All-Time High at $7.7 Trillion.



4B) Who Owns America's $26 Trillion Treasury Market?



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

[2] Yi Gang, a deputy governor at China Economists 50 Forum at Tsinghua University, in 2013.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	32,417.59	-2.1	-3.2	-0.5
NASDAQ	12,643.01	-2.6	-4.3	21.6
S&P 500	4,117.37	-2.5	-3.9	8.7
S&P 400 Mid Cap	2,326.82	-2.8	-6.9	-3.0
Russell 2000	1,636.94	-2.6	-8.2	-5.9
MSCI World	2,731.99	-2.1	-4.2	6.4
MSCI EAFE	1,945.35	-0.8	-4.2	2.6
MSCI Emerging Markets	919.78	-0.6	-3.4	-1.7

Fixed Income†

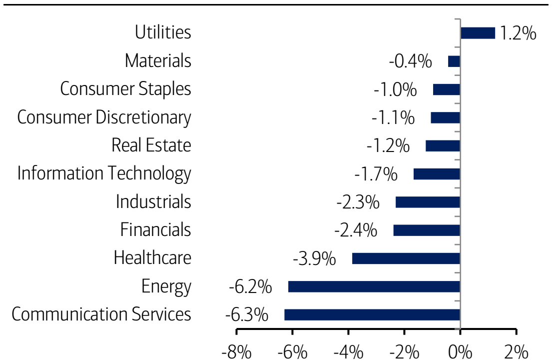
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	5.45	0.62	-1.09	-1.93
Agencies	5.23	0.32	0.00	1.40
Municipals	4.49	-0.04	-0.89	-2.26
U.S. Investment Grade Credit	5.58	0.68	-1.28	-2.48
International	6.28	0.78	-1.50	-1.49
High Yield	9.35	0.40	-1.46	4.32
90 Day Yield	5.45	5.45	5.45	4.34
2 Year Yield	5.00	5.07	5.04	4.43
10 Year Yield	4.83	4.91	4.57	3.87
30 Year Yield	5.01	5.08	4.70	3.96

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	240.22	-0.1	1.2	-2.3
WTI Crude $/Barrel††	85.54	-3.6	-5.8	6.6
Gold Spot $/Ounce††	2006.37	1.3	8.5	10.0

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.06	1.06	1.06	1.07
USD/JPY	149.66	149.86	149.37	131.12
USD/CNH	7.33	7.33	7.29	6.92

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 10/23/2023 to 10/27/2023. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 10/27/2023 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 10/27/2023)

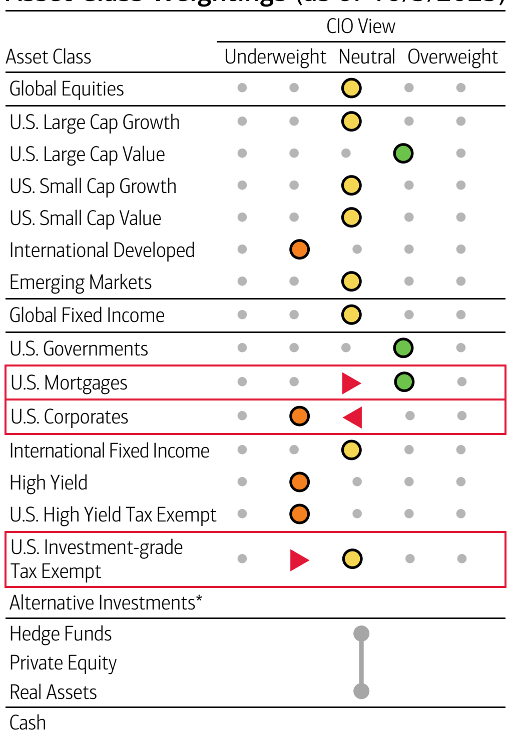
	2022A	Q1 2023A	Q2 2023A	Q3 2023A	Q4 2023E	2023E
Real global GDP (% y/y annualized)	3.6	-	-	-	-	3.1
Real U.S. GDP (% q/q annualized)	1.9	2.2	2.1	4.9	1.5	2.4
CPI inflation (% y/y)	8.0	5.8	4.0	3.6	3.3	4.2
Core CPI inflation (% y/y)	6.1	5.6	5.2	4.4	4.0	4.8
Unemployment rate (%)	3.6	3.5	3.5	3.7	3.9	3.6
Fed 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.**

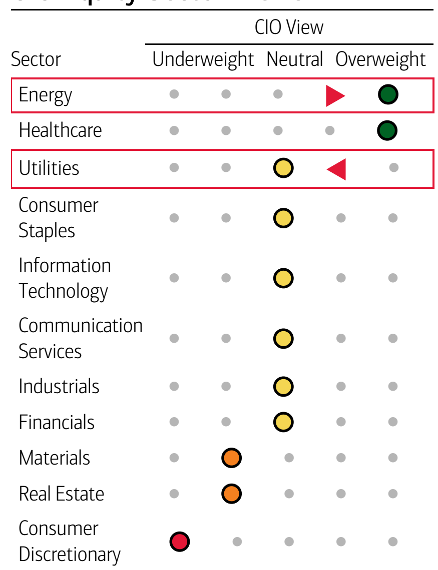
A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of October 27, 2023.

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



CIO Equity Sector Views



*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.

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.

Institute for Supply Management (ISM) Manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms.

Equal-weighted S&P 500 Index is a capitalization-weighted benchmark of the large cap U.S. equity market

Capitalization-weighted S&P 500 benchmark index is a market capitalization-weighted index tracking the share price movements and performance of ~500 large-cap U.S. equities.

IHS Markit Manufacturing Purchasing Managers Index (PMI) is a survey-based economic indicator designed to provide a timely insight into changing business conditions in the goods-producing sector.

IHS Markit Manufacturing PMI is a measure of the prevailing direction of economic trends in manufacturing.

Conference Board's Index of Leading Indicators i**s an American economic leading indicator intended to forecast future economic activity.**

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.

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

MSCI Emerging Market Index captures large and mid cap representation across 24 Emerging Markets (EM) countries.

MSCI All Country World Index is a stock index designed to track broad global equity-market performance.

Chicago Board Options Exchange Volatility Index a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

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

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