

STIFEL

FAVORITE

15

August 2025

Insights From Stifel's CIO Office

1. [Geopolitical Dashboard](#): The world is shifting from an era of globalization to one marked by increased localization and protectionism, increasing geopolitical risks, and uncertainty.
2. [Geopolitical Dashboard \(Continued\)](#): Aims to identify and assess the likelihood and investment considerations of key geopolitical risks and events that have the potential to create market volatility over the next three to five years.
3. [Washington, D.C. Transition](#): President Trump, through his first 100 days, has issued 140+ executive orders, causing concern among business leaders and consumers about rising uncertainty, which may be dampening Animal Spirits and contributing to market volatility.
4. [One Big Beautiful Bill Act \(OBBBA\)](#): The spending bill has been passed, and we laid out the elements from tax relief to market implications.
5. [The Consumer](#): We consider measures of consumer health, indicating they are engaged, despite some softening confidence and sentiment.
6. [Labor Market](#): We show labor market conditions before, during, and after the COVID shock to better assess current conditions.
7. [Inflation and Federal Reserve \(Fed\) Policy](#): Inflation expectations currently vary significantly based on political affiliation.
8. [Fed Funds Target Rate](#): Fed funds futures have priced in two quarter-point cuts in 2025, in response to a resilient job markets and inflation fears.
9. [Stock Market Downturn](#): Equity markets began the year positively but encountered volatility following the tariff announcement. They have since improved as the administration engages in negotiations over the next 90 days.
10. [S&P 500 Sectors](#): Sector breakdown of the S&P 500 showing weights, profit margin, trailing P/E, and other financial metrics.
11. [2025 Earnings Revisions](#): Liberation Day-related uncertainty resulted in downward adjustments to earnings forecasts; since recovered.
12. [Long-Term Investment Themes](#): Looking forward, long-term themes will shape how our world evolves over the next decade.
13. [From Vision to Value](#): Looking at innovations that could shape the world over the next ten years.
14. [Market Performance](#): Major market indices have largely recovered from the recent downturn, with many reaching peak levels.
15. [Second Half Outlook](#): We assess recent positive momentum with lower uncertainty, contained inflation, and a stable labor market.

GEOPOLITICAL DASHBOARD

LEGEND

■ Certain	Expected to happen; strong evidence or clear trends
■ Highly Likely	Very probable; significant indicators suggest it will occur
■ Likely	Reasonable chance of happening; emerging signals present, uncertainty remains
■ Unlikely	Uncommon; there are some signals, but it's not expected
■ Highly Unlikely	Very rare; little to no evidence to suggest occurrence

The world is shifting from an era of globalization to one marked by increased localization and protectionism, increasing geopolitical risks, and uncertainty. The Stifel Geopolitical Risk Dashboard aims to identify and assess the likelihood and investment considerations of key geopolitical risks and events that have the potential to create market volatility over the next three to five years.

RISK	DESCRIPTION	LIKELIHOOD (3–5 YEARS)	INVESTMENT CONSIDERATIONS
U.S.-China Competition	Strategic competition for global leadership intensifies across various fronts, including technological, economic, and social influence.	Certain	Tariffs, trade restrictions, and protectionist policies will challenge companies reliant on China for supply chains and revenue. India and Mexico may benefit.
Escalating Cold War(s)	Emergence of competing geopolitical blocs with increasingly hostile actions, pushing tensions close to open conflict.	Highly Likely	Defense and cybersecurity companies may benefit from increased militarization and higher defense spending, while some corporations might deem certain regions as not investable.
Cyberattack(s)	A major cyberattack on the world's leading companies, government agencies, or infrastructure that paralyzes an entire industry or sector.	Highly Likely	Cybersecurity firms stand to benefit as demand for robust data protection and security measures rises. Increasing focus on and awareness of data privacy.
U.S. Financial Instability	Rising debt levels and higher interest rates trigger a painful <i>Fiscal Transition</i> and a sharp economic downturn.	Likely	Poor fiscal management may lead to diminished confidence in U.S. Treasuries and the U.S. dollar, both of which are pillars of global capital markets.
Climate Policy Error	Net zero commitments and regulations without economic and societal readiness spark inflation and an economic slowdown.	Likely	Look for companies focused on energy efficiency and innovative solutions for potential opportunities. Nuclear power is an example.
Structurally Higher Inflation	The Fed accepts inflation running hotter than its 2% target for a prolonged period of time.	Likely	Consider sectors and companies with strong pricing power and the ability to pass on costs or asset classes that can provide a diversification benefit or hedge against inflation.
Introduction of BRICS Currency	Brazil, Russia, India, China, and South Africa (BRICS) establish a new reserve currency backed by a basket of their respective currencies.	Unlikely	Potential decline in demand for U.S. dollars and a weakening in its value. Consider diversifying in markets outside the U.S.
European Fragmentation	Disagreements on key political and policy issues lead to a withdrawal from the European Union by a member nation.	Unlikely	Increased market volatility. Likely weakness in the euro as well as sectors impacted by trade disruptions.
Aging Population Strain	Longer lifespans drive up healthcare demand and cost, placing added pressure on budgets and economic stability.	Unlikely	Focus on investment opportunities arising from an aging population, including the increased demand for healthcare, leisure and travel, and financial services.

GEOPOLITICAL DASHBOARD

(continued)

LEGEND

■ Certain	Expected to happen; strong evidence or clear trends
■ Highly Likely	Very probable; significant indicators suggest it will occur
■ Likely	Reasonable chance of happening; emerging signals present, uncertainty remains
■ Unlikely	Uncommon; there are some signals, but it's not expected
■ Highly Unlikely	Very rare; little to no evidence to suggest occurrence

Military Conflicts

RISK	DESCRIPTION	LIKELIHOOD (3–5 YEARS)	INVESTMENT CONSIDERATIONS
South China Sea Military Conflict	Competing claims over territory escalate into military confrontation, drawing U.S. involvement.	Likely	More than \$3 trillion worth of global trade, or a third of maritime trade, passes through the South China Sea annually. A conflict would severely disrupt supply chains.
Middle East War	Israel and Iran conflict escalates from retaliatory strikes into full-scale war, forcing the U.S. to get involved.	Likely	Global oil market will be disrupted, driving up energy prices and impacting global supply chains. Defense and energy sectors would likely benefit.
Russia-NATO Confrontation	Accidental strike on a NATO member or Russia's interference in NATO countries provokes the alliance into a direct conflict.	Unlikely	This will likely lead to a spike in oil prices and a recession in Europe. Perceived safe-haven assets such as gold, U.S. Treasuries, and the U.S. dollar may benefit.
Indian-Pakistan Tensions	India and Pakistan tensions escalate into military conflict, disrupt regional stability, and draw in international powers.	Unlikely	A nuclear war is the worst-case scenario. India, the world's most populous country, is emerging as a "swing state" in the context of geopolitics.
China Invades Taiwan	China asserts its claim over Taiwan and attempts to achieve "reunification."	Unlikely	Severe disruption in global trade, potentially crippling the semiconductor industry given Taiwan's central role in chip production.
North Korea War	South Korea strikes preemptively, or North Korea becomes emboldened with support from Russia and/or China.	Highly Unlikely	There are several reasons why we think this is unlikely, including North Korea's lack of military capabilities and the focus on preserving the current Kim dynasty.



President Trump is quickly implementing significant policy changes, increasing uncertainty, dampening Animal Spirits, and contributing to stock market weakness.

**Tariffs and
Trade Policy**

**Fiscal and
Tax Policy**

**Department of
Government Efficiency**

**Health and
Human Services**

**Immigration and
Border Security**

**Department of
Education**

Other anticipated changes include areas like the judiciary and the legal system, housing and urban development, and artificial intelligence and technology.

- **Permanent Extension of 2017 Tax Cuts**
- **Targeted Tax Relief:**
 - Federal taxes on tips, overtime, and auto loan interest may be excluded from income from 2025-2028
 - Increased standard deduction and expanded deductions for seniors
 - Raises the state and local tax deduction cap from \$10,000 to \$40,000 from 2025-2029, phase-out for income over \$500,000
- **Energy Policy Changes:**
 - Rolls back many clean energy tax credits from the Inflation Reduction Act
- **Spending Shifts:**
 - Increases funding for defense (\$150 billion), border security (~\$132 billion), and ICE operations
 - Reduces Medicaid (~\$800 billion), SNAP (~\$300 billion), and student loan support (~\$350 billion)
- **Deficit Impact:**
 - No final assessment from Congressional Budget Office on the final OBBBA
 - Many economists expect deficits to stabilize around 6%-7% of GDP
- **Economic Effects:**
 - Modest short-term GDP boost (~0.3%-0.5% in 2025-2026) – increase in household after-tax income
 - Mixed views on longer-term economic impact
- **Market Implications:**
 - Tech and industrials may benefit from corporate tax changes
 - Healthcare stocks with Medicaid exposure could face pressure
 - Rising deficits may steepen the yield curve and influence Fed policy

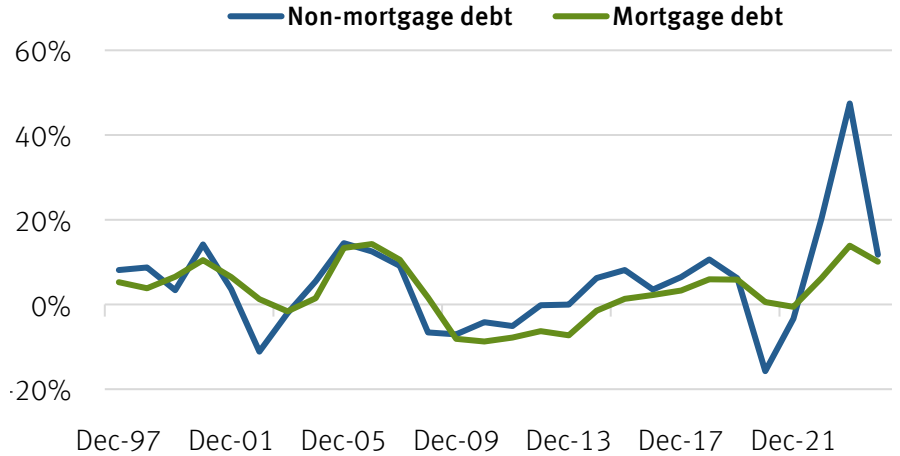
Retail Sales

Month-over-Month, 3-month Moving Average

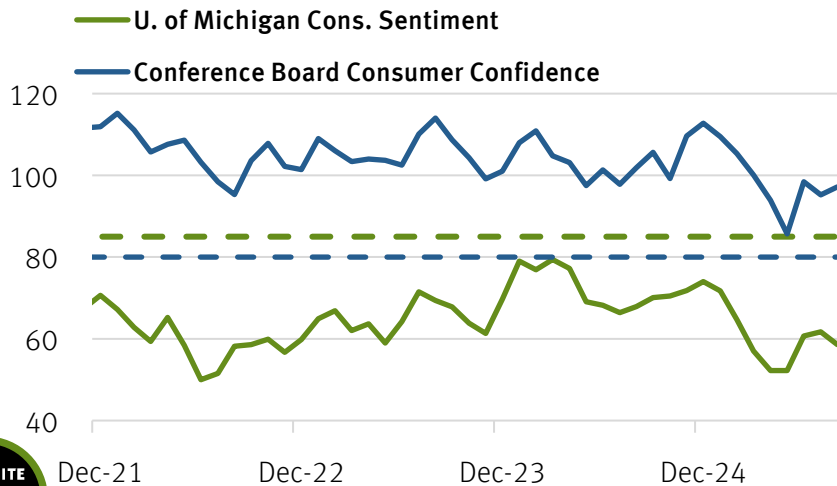


Interest Paid on Consumer Debt

Year-over-year %

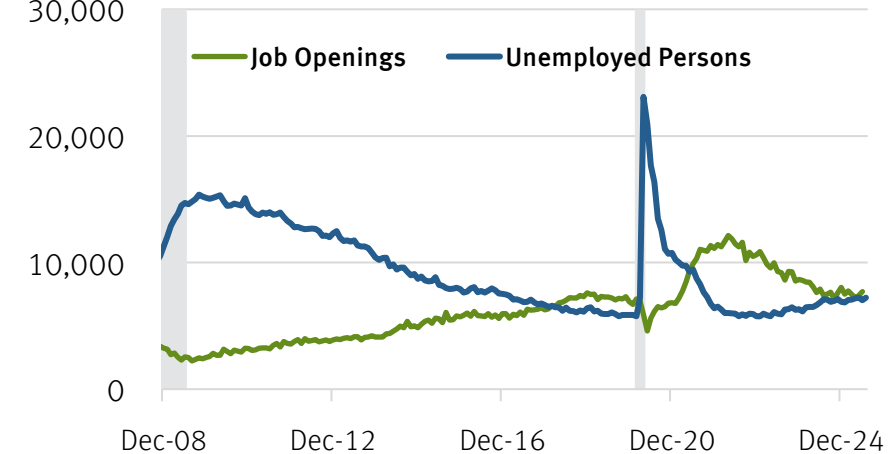


Consumer Confidence and Sentiment



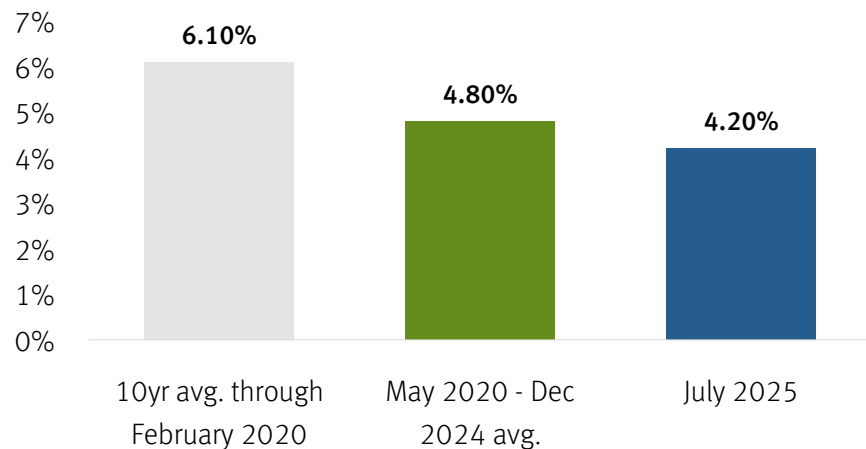
Job Openings and Unemployed Persons

Monthly, in Millions



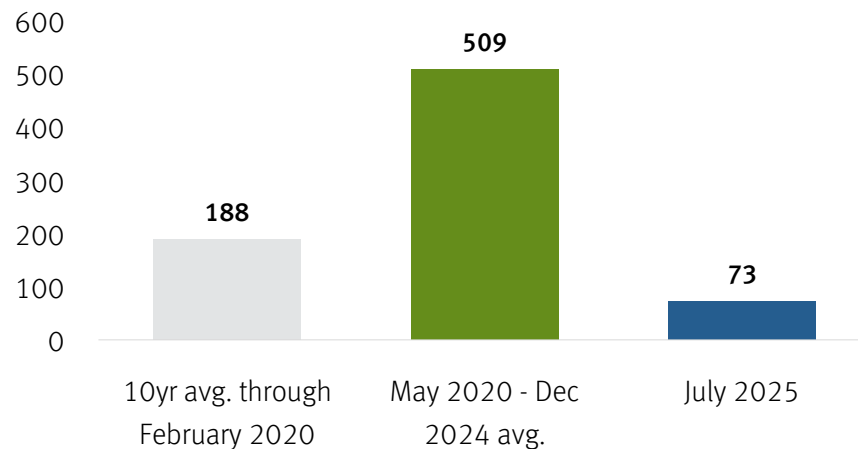
Unemployment Rate

Monthly



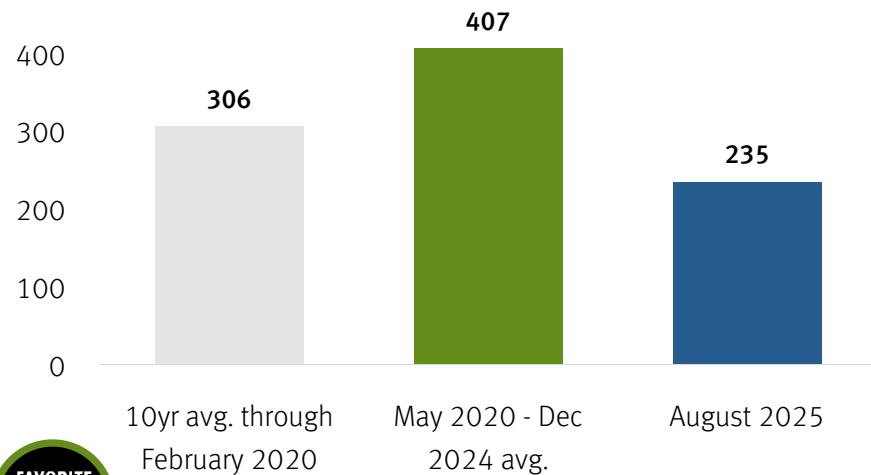
Nonfarm Payrolls

Monthly, thousands



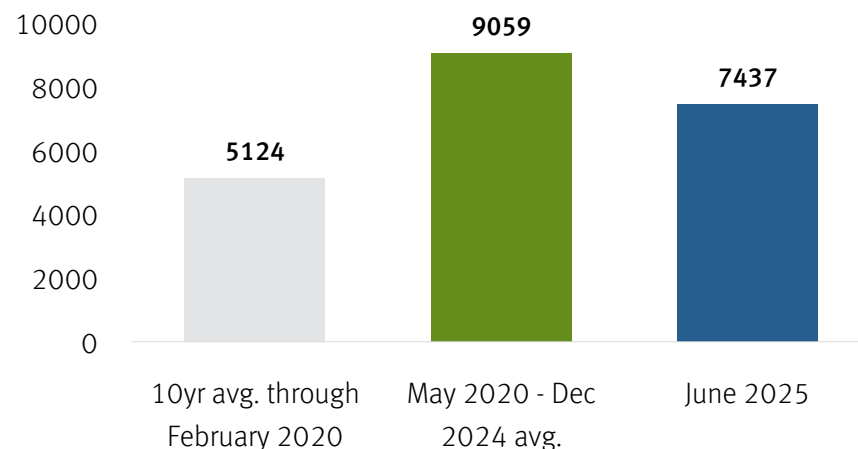
Jobless Claims

Weekly, thousands



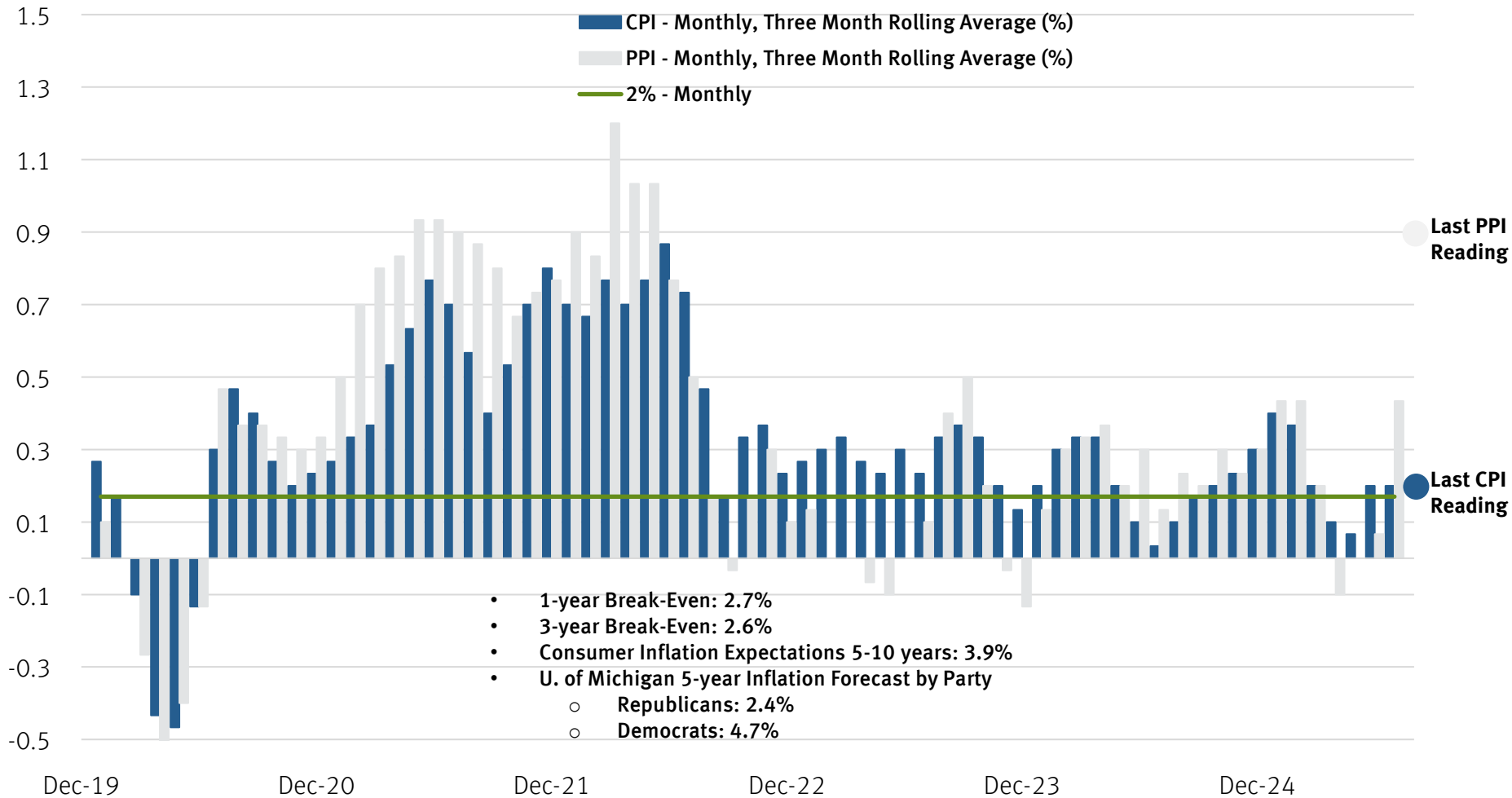
JOLTs - Job Openings

Thousands



Source: Stifel CIO Office via Bloomberg, as of August 21, 2025
JOLTS = Job Openings and Labor Turnover Survey

Monthly Inflation Trends

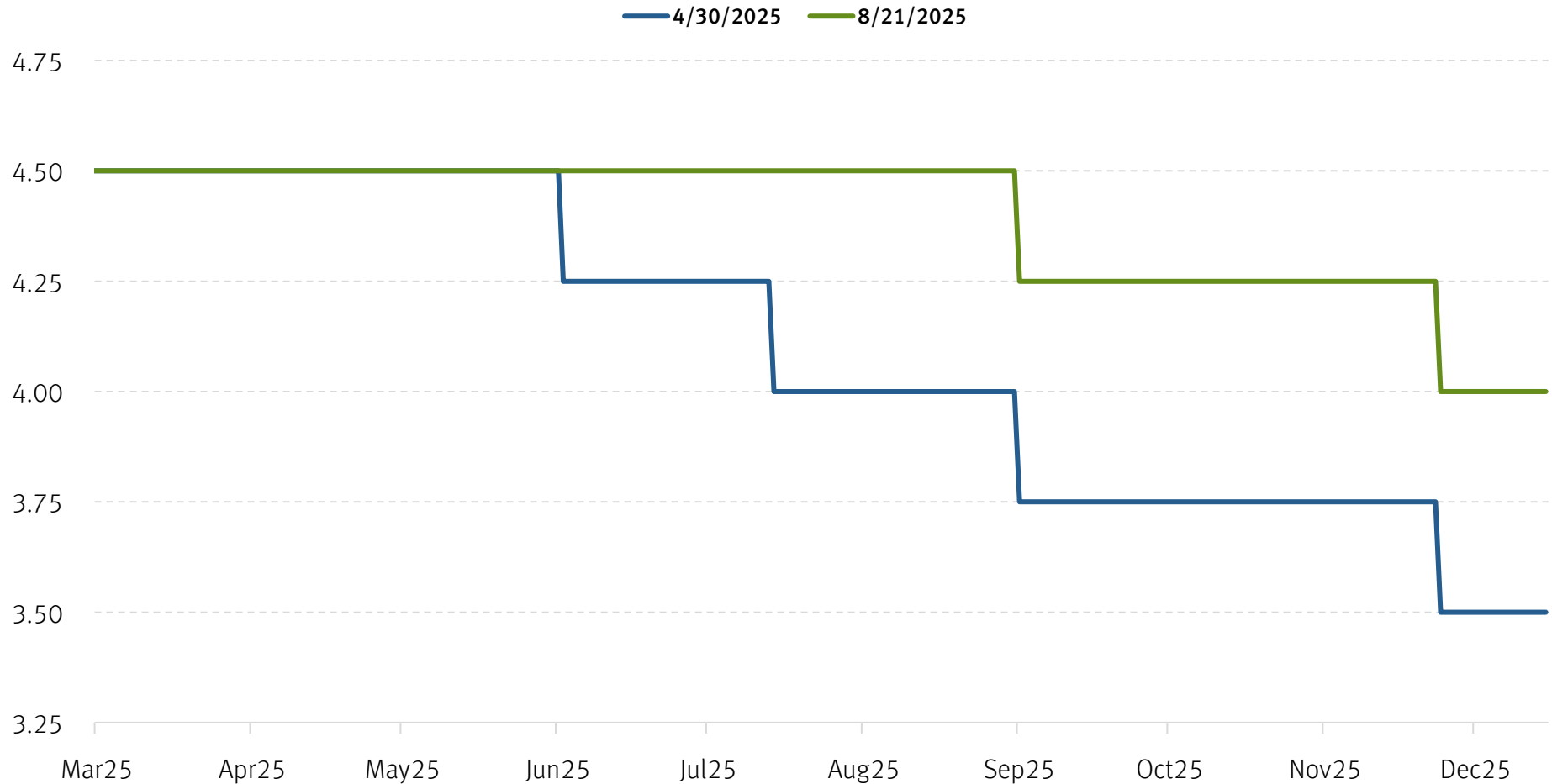


Source: Stifel CIO Office via Bloomberg, as of August 21, 2025

CPI = Consumer price index

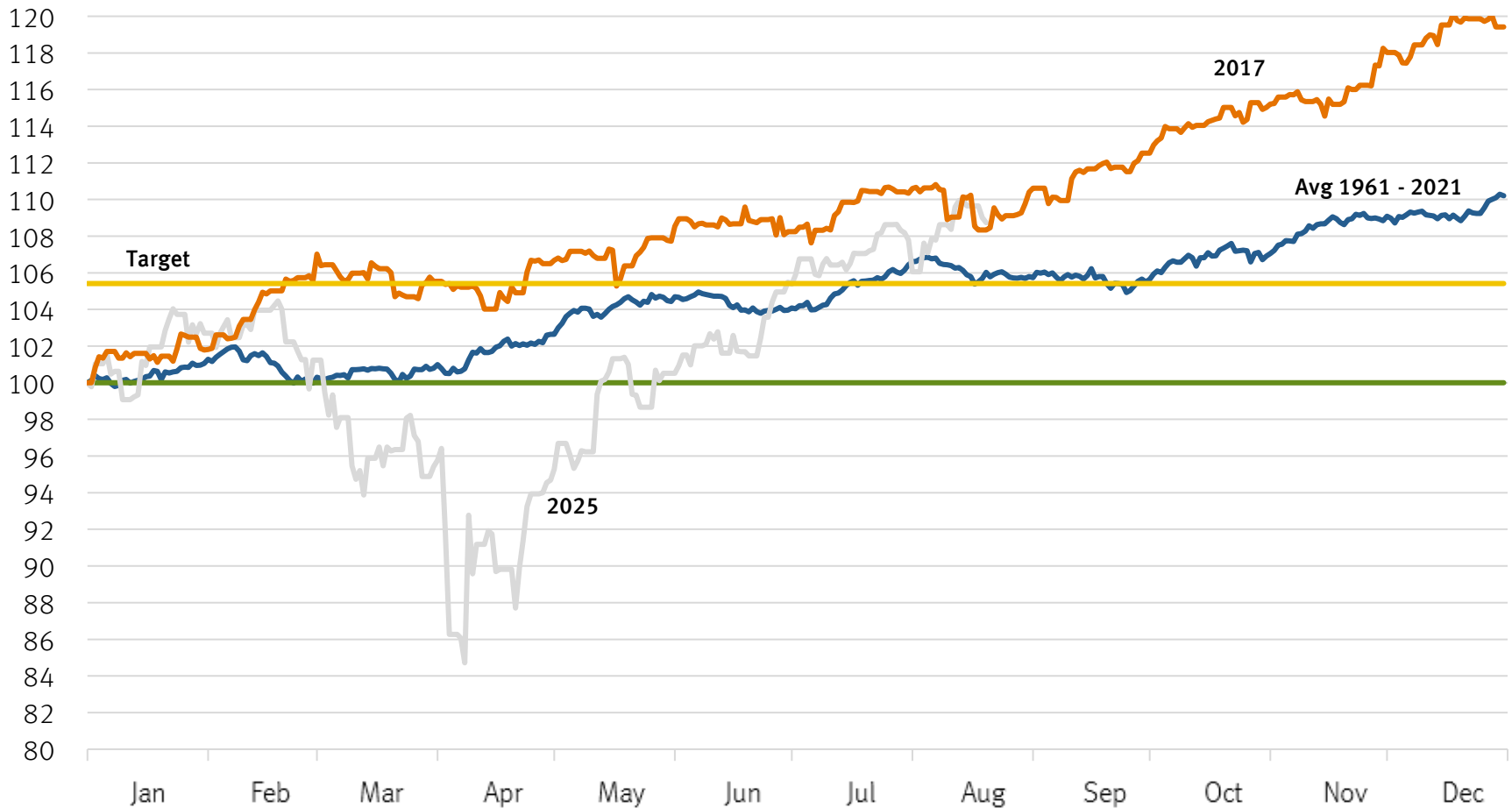
PPI = Producer price index

Fed Funds Target Rate - Upper Bound



Source: Stifel CIO Office via Bloomberg, as of August 21, 2025

S&P 500 Average Price Returns In First Year of Presidential Cycle



Source: Stifel CIO Office via Strategas Research Partners and Bloomberg, as of August 20, 2025

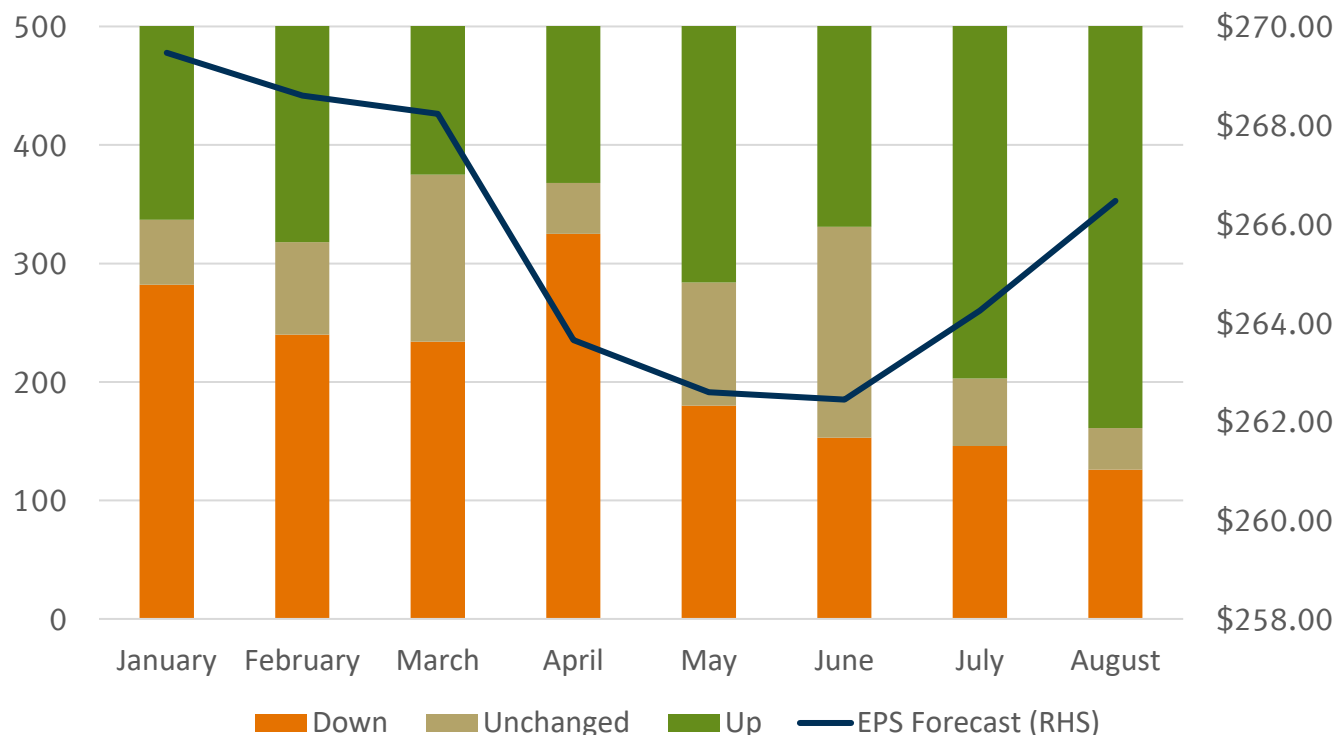
S&P 500 Sectors	Weight	Profit Margin	Trailing P/E	Long-Term Earnings Growth	PEG ratio
S&P 500	100.0	13.4	27.1	9.5	2.9
Information Technology	33.5	26.8	41.1	16.4	2.5
Financials	13.8	20.0	19.2	13.6	1.4
Consumer Discretionary	10.4	9.5	30.1	33.1	0.9
Communication Services	9.9	21.8	21.5	10.4	2.1
Health Care	9.3	8.2	20.3	2.7	7.5
Industrials	8.5	10.7	29.9	8.5	3.5
Consumer Staples	5.4	6.8	23.1	5.6	4.1
Energy	2.9	7.9	16.4	-12.0	-1.4
Utilities	2.4	14.5	19.9	6.6	3.0
Real Estate	2.0	32.6	43.1	6.5	6.7
Materials	1.9	9.5	25.5	9.9	2.6

Source: Stifel CIO Office, Bloomberg and FactSet Earnings Insights, as of August 21, 2025

Long-term earnings growth is an expected annual increase in operating earnings over the company's next full business cycle. In general, these forecasts refer to a period of between three to five years.

Analysts Earnings Revisions May Have Bottomed

Monthly Analyst Forecast Revisions for 2025: Up, Down, or Unchanged



OUR FIVE
INVESTMENT THEMES**FOURTH
INDUSTRIAL
REVOLUTION**

Technological innovation has broken down the boundaries between the physical, digital, and biological worlds.

Quantum Leaps

Rise of Bionics

**SECURING
STRATEGIC
RESOURCES**

Companies and governments are prioritizing the development and protection of critical industries, resources, and services.

*Farm Fields
Go Vertical*

*Nuclear Will
Power the U.S.*

**SHIFTING
DEMOGRAPHICS**

Changes in global population dynamics will bring about challenges and opportunities.

Beating Cancer

*Meet Your
Digital Twin*

**THE NEW
CONSUMER**

Consumer preferences, expectations, and behavior are altering business models and corporate strategies.

*The Sky's
the Limit*

*Your Next Hire:
An AI Agent*

**PRODUCTIVE
COMPETITION**

Rivalry ultimately drives innovation, improves quality of life, and creates value for consumers and the economy.

*Advanced Warfare:
Humanoid Robots*

*Space Means
Business*

STIFEL

THE WORLD IN 2035: FROM VISION TO VALUE

“Mark my word: A combination airplane and motorcar is coming,”
– Henry Ford, 1940

“By 2005 or so, it will become clear that the internet’s impact
on the economy has been no greater than the fax machine’s.”
– Paul Krugman, Nobel Prize-Winning Economist, 1998

Throughout history, even the most brilliant minds have made predictions that have not quite stood the test of time. Yet, for investors, anticipating the megatrends influencing the economy and markets is crucial for successful investing. This year, we set out to imagine how our long-term investment themes could shape the world of 2035, exploring their transformative potential. Here are 10 ways how the world may be different over the next decade.

1 QUANTUM LEAPS

A more powerful type of computer is emerging: the quantum computer. While breakthroughs in hardware and software are still needed to scale quantum computing systems, by 2035 it may become one of the most influential technological advancements of mankind. These computers will tackle complex problems like analyzing compounds to create new drugs or analyzing matter to design new materials. Some studies show that this technology may generate as much as \$2 trillion in value for businesses in finance, materials, life sciences, and mobility.

2 RISE OF BIONICS

The boundaries between humans and machines are expected to blur even further over the next decade. Significant progress has already been made in developing artificial limbs, implantable monitoring devices, brain chips, wearables, and organ engineering. In the coming decade, technological advances may lead to better integration of prosthetics with the nervous system, bioartificial organ manufacturing, and improved brain chips that could help disabled individuals regain lost senses or mobility. These advances have the potential to significantly improve the standard of



THE WORLD IN 2035: FROM VISION TO VALUE (continued)

3 FARM FIELDS GO VERTICAL

Indoor, high-tech farms stack crops in controlled environments, using advanced techniques and AI-driven systems to optimize growth year-round. While still costly, they offer significant benefits compared to traditional farming, including reduced water usage, land use, pesticides, and emissions. As the technology scales, cities grow, and arable land diminishes further, this approach could ensure food security and revolutionize how we feed the world. Although inroads have been made, traditional farming methods still dominate. So next time you drive past that empty strip mall and wonder what will become of it, don’t be surprised if more of your produce comes from there over the next decade.

5 BEATING CANCER

Drug development is notoriously long and costly, with only 10%-20% of drug candidates successfully making it to market. On average, the process takes around 12 years from initial discovery to approval, and even longer – up to 30 years – for groundbreaking innovations like gene therapies. We expect AI will have a growing impact in clinical trials and drug discovery, significantly reducing timelines and costs while uncovering treatments for disease like cancer and exploring new frontiers in anti-aging and longevity.

7 THE SKY’S THE LIMIT

Flying taxis, once a staple of science fiction, are now closer to becoming a reality. The Federal Aviation Administration has already recognized a new category of aircraft – electric-powered air taxis – and in 2024 finalized rules for training and certifying pilots. It’s not far-fetched to imagine a near future where drones complete last-mile deliveries and air taxis take off, potentially transforming transportation. Travel time from Manhattan to JFK Airport could be cut from an hour and a half to just 10 minutes.



4 NUCLEAR WILL POWER THE U.S.

Our digitalized economy and the rise of generative AI are pushing our aging power infrastructure to the brink. The solution? More nuclear power. It’s considered more reliable, scalable, and cleaner than most other renewable energy sources. Instead of traditional large-scale nuclear power plants, we expect innovation to come from small modular reactors (SMRs). Although their maximum power output is about 25%-30% less than that of large nuclear plants, these advanced reactors are much less expensive, can be constructed faster, and have diverse applications. Currently, only three SMRs are operational globally, but multiple projects are underway.



6 MEET YOUR DIGITAL TWIN

Digital twins are virtual replicas of physical objects, processes, or systems, created with real-time data to deliver predictive insights through advanced simulation. Now imagine having a digital version of yourself – a “health twin” powered by AI and real-time data – designed to predict, prevent, and personalize your healthcare. By 2035, digital health twins could model your unique biology, enabling treatments tailored to your genetic makeup and lifestyle. From early disease detection to optimizing wellness plans, personalized medicine will transform healthcare into a proactive, precision-driven experience.



8 YOUR NEXT HIRE: AN AI AGENT

Chatbots often get a bad rap – frustrating, impersonal, and rigid, with pre-trained responses that leave you frantically trying to reach a human. But as AI technology advances, we expect the next generation of “bots” will be reliable, smarter, more intuitive, and capable of reasoning in ways that closely resemble human thought. These AI agents are poised to disrupt the services sector, becoming more common in everyday life. Imagine the future with AI accountants, lawyers, doctors, educators, and travel agents.

THE WORLD IN 2035: FROM VISION TO VALUE (continued)

9 ADVANCED WARFARE: HUMANOID ROBOTS

Humanoid robots are set to become a standard feature on the battlefield, complementing the already operational unmanned aerial vehicles, drones, and robot dogs. These machines will not only reduce human casualties but also handle dangerous tasks such as bomb disposal, reconnaissance, and search and rescue missions. Retired Army General and former Chairman of the Joint Chiefs of Staff Mark Milley predicted that in 10-15 years, approximately one-fourth to a third of the U.S. military could be robotic.

10 SPACE MEANS BUSINESS

Our economy is already deeply reliant on space, with satellites enabling global communication, navigation, and weather forecasting. However, in the next decade, the space economy is expected to expand far beyond these foundational services. McKinsey & Co. predicts that the space economy will triple to become a \$1.8 trillion industry by 2035. As humans push the boundaries, data centers in space, lunar mining for materials, missions to Mars, and private space tourism appear within reach.



As long-term investors, our primary focus when managing portfolios is on how well a company aligns with one or more of our investment themes. While some of these ideas may seem like “moonshots,” many are closer to reality than you might think, as the seeds of these transformative changes are already being planted today. We are excited to witness how technology and innovation will drive progress and create new opportunities.

MOONSHOT:

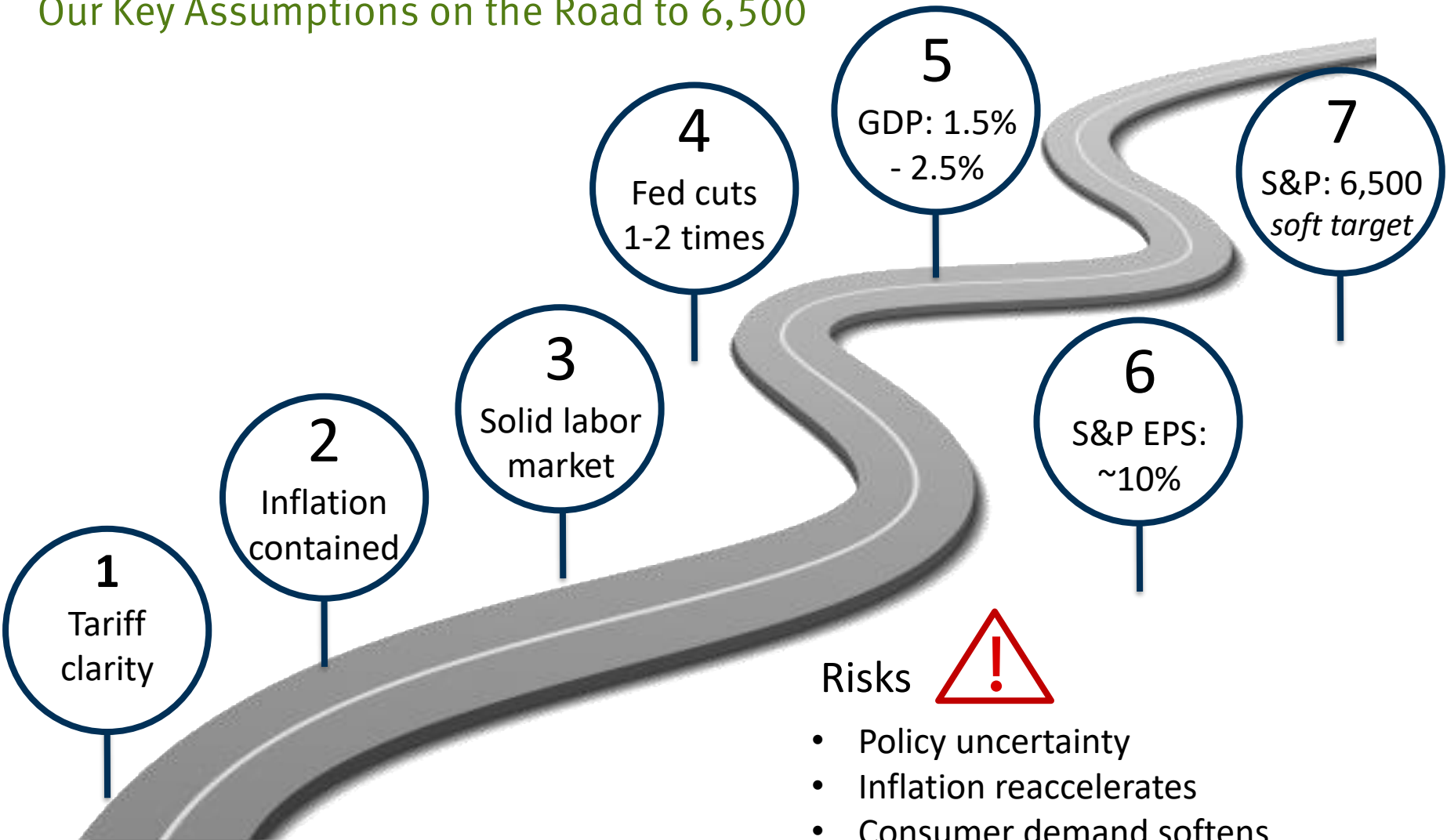
A radical idea or technology with the potential to create significant disruption and drive long-term growth, often accompanied by a high degree of uncertainty regarding its success.

Index	2022	2023	2024	2025 YTD	Peak to Date	Last Year
S&P 500 Index	-18.1%	26.3%	25.0%	9.6%	✓	15.7%
S&P 500 Eq. Weight.	-11.5%	13.8%	13.0%	7.5%	✓	10.8%
S&P Quality High Dividend	-0.3%	5.5%	11.1%	2.2%	-4.0%	3.3%
S&P 500 Financials	-10.6%	12.1%	30.5%	10.2%	✓	22.3%
KBW Reg. Banking	-6.9%	-0.4%	13.2%	1.6%	-10.2%	12.9%
Bloomberg U.S. 1000 Value	-2.5%	9.4%	13.6%	9.0%	✓	11.0%
Bloomberg U.S. 1000 Growth	-27.5%	36.1%	28.9%	9.7%	✓	18.0%
Bloomberg Magnificent 7	-45.3%	107.0%	67.3%	7.7%	✓	30.1%
NYSE FANG+ Index	-40.0%	96.4%	51.0%	14.9%	✓	32.2%
Bloomberg U.S. 2000	-20.1%	17.1%	12.0%	1.7%	-6.5%	7.8%
MSCI EAFE Index	-14.5%	18.2%	3.8%	23.7%	✓	17.1%
MSCI EM Index	-20.1%	9.8%	7.5%	19.3%	✓	16.6%
Bloomberg U.S. Agg	-13.0%	5.5%	1.3%	4.6%	✓	2.4%

Source: Stifel CIO Office via Bloomberg, as of August 20, 2025

✓ Indicates a new high has been reached.

Our Key Assumptions on the Road to 6,500



Risks



- Policy uncertainty
- Inflation reaccelerates
- Consumer demand softens
- Geopolitical conflict
- Animal Spirits weaken

INDEX DESCRIPTIONS

Indices are unmanaged and are not available for direct investment. Past performance is no guarantee of future results. Index returns include the reinvestment of dividends but do not include adjustments for brokerage, custodian, and advisory fees.

Bloomberg U.S. Treasury Bills 1-3 Months Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than three months and more than one month, are rated investment grade, and have \$250 million or more of outstanding face value.

Bloomberg U.S. Corporate IG Index is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

Bloomberg U.S. Aggregate Corporate Index is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

Bloomberg U.S. Corporate High Yield is an unmanaged index considered representative of fixed-rate, noninvestment-grade debt.

Bloomberg U.S. Government Bond Index is an unmanaged index considered representative of fixed-rate, investment-grade U.S. Government debt.

Bloomberg Global Aggregate This index provides a broad-based measure of the global investment-grade, fixed-rate debt market.

DXY Index is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

S&P 500 Equal Weight Index is the equal-weight version of the widely regarded Standard & Poor's 500 Index, which is generally considered representative of the U.S. large capitalization market. The index has the same constituents as the capitalization-weighted S&P 500, but each company in the index is allocated a fixed weight of 0.20% at each quarterly rebalancing.

S&P 500 Financials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® financials sector.

Bloomberg U.S. 1000 Value Index provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth.

Bloomberg U.S. 1000 Growth Index provides exposure to companies with superior growth factor scores based on their earnings yield, valuation, dividend yield, and growth.

Bloomberg U.S. 1000 Index is a float market-cap-weighted benchmark of the 1000 most highly capitalized U.S. companies.

Bloomberg U.S. 2000 Index is a float market-cap-weighted benchmark of the lower 2000 in capitalization of the Bloomberg U.S. 3000 Index.

MSCI EAFE Index captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. With 914 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets (EM) Index captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 837 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Morgan Stanley Market implied pace of hikes index (MSPOKE) is the number of Fed rate hikes in the 12 months following the first rate hike implied by the Eurodollar interest rate futures market.

MSCI World Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets.

Bloomberg Magnificent Seven Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of seven widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

S&P 500 Quality High Dividend Index is designed to measure the performance of S&P 500 members that exhibit both high quality and high dividend yield characteristics. **18**

INDEX DESCRIPTIONS

Wilshire 5000 Index is a market-capitalization-weighted index of the market value of all stocks actively traded in the United States.

VIX is a trademarked ticker symbol for the Chicago Board Options Exchange Market Volatility Index, a popular measure of the implied volatility of S&P 500 index options.

Cboe S&P 500 Dispersion Index (DSPXSM) measures the expected dispersion in the S&P 500® over the next 30 calendar days, as calculated from the prices of S&P 500 index options and the prices of single stock options of selected S&P 500 constituents, using a modified version of the VIX® methodology.

EURO STOXX 50 is a stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Börse Group. According to STOXX, its goal is "to provide a blue-chip representation of Supersector leaders in the Eurozone.

Cash & Cash Equivalent is represented by the Bloomberg U.S. Treasury 3-6 months Bill Index, comprised of treasury bills issued by the U.S. government with less than one year to maturity.

U.S. Government Bonds is represented by the Bloomberg U.S. Government Bond Index, comprised of the U.S. Treasury and U.S. Agency indexes.

U.S. Corp IG Bonds is represented by the Bloomberg U.S. Corporate Bond Index, comprised of the investment grade, fixed-rate, taxable corporate bond market.

High-Yield Bonds is represented by the Bloomberg U.S. Corporate High Yield Bond Index, comprised of U.S. Dollar denominated, high-yield, fixed-rate corporate bond market securities.

U.S. LC (Large Cap) equities is represented by the Bloomberg U.S. 1000 Index, comprised of a float market-cap-weighted benchmark of the 1,000 most highly capitalized U.S. companies.

U.S. SC (Small Cap) equities is represented by the Bloomberg U.S. 2000 Index, comprised of a float market-cap-weighted benchmark of the lower 2,000 in capitalization of the Bloomberg U.S. 3000 Index.

Developed International Equities is represented by the MSCI EAFE Index, comprised of equity securities that belong to markets outside of the U.S. and Canada.

Emerging Markets Equities is represented by the MSCI EM Index, comprised of equity securities that belong to emerging markets.

Moderate Bench stands for moderate benchmark portfolio return which is a blended portfolio of stocks (60% weight, represented by MSCI AC World Index) and bonds (40% weight, represented by Bloomberg U.S. Agg Gov/Credit).

MSCI AC World Index is comprised of equity securities belonging to 23 developed markets and 24 emerging markets countries.

Bloomberg U.S. Government/Credit Bond Index is comprised investment grade, dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

KBW Nasdaq Regional Banking Index seeks to reflect the performance of U.S. companies that do business as regional banks of thrifts.

NYSE FANG+ Index is an equal-dollar weighted index designed to track the performance of highly-traded growth stocks of technology and tech-enabled companies in the technology, media & communications and consumer discretionary sectors such as Facebook, Apple, Amazon, Netflix, and Alphabet's Google.

NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only.

National Federation of Independent Business Small Business Optimism Index measures the overall optimism and outlook of small business owners regarding the economic conditions, sales expectations, hiring plans, and capital expenditures. It provides valuable insights into the sentiment of small businesses, which are a vital component of the U.S. economy.

DISCLOSURES

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

Alternative Investments or Non-Traditional Assets – Alternative investments may include, but are not limited to: Real Estate Investment Trusts (REITs), Commodities, Futures, Hedge Funds, Venture Capital, Limited Partnerships, etc.

Real Estate – When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Commodities and Futures – The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

Hedge Funds – Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

Venture Capital – Venture capital investments involve substantial risks. The risks associated with investing in companies in the start-up or expansion stages of development are greater than those of companies in later stages, because the companies' business concepts generally are unproven, and the companies have little or no track record.

Limited Partnerships – Generally, limited partnership investments are suitable only for a narrow class of relatively sophisticated investors. Limited partnership investments may be speculative in nature and be subject to resale restrictions or illiquidity. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Bonds – When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds.

Duration – Duration is a measure of the sensitivity of the price – the value of principal – of a fixed income investment to a change in interest rates. Duration is expressed as a number of years.

Standard Deviation – Standard deviation is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

International and Emerging Markets – There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Private Equity – Private equity funds are not appropriate for all investors. Investors should be aware that private equity funds may contain speculative investment practices that can lead to a loss of the entire investment. Private equity funds may invest in entities in which no secondary market exists and, as such, may be highly illiquid. The funds are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information.

DISCLOSURES CONTINUED

Short Positions – The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral, and the manager might have to close out that short position at an inopportune time to limit any further losses.

Small Company Securities – Small company securities are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.

Michael O’Keeffe, CFA

Chief Investment Officer

Sophia DiMartini

Investment Strategy Analyst

Nik Eftimov, CFA

*Director, Investment Management
& Guidance*

Bobby Lewit

Investment Strategy Analyst

Carlos Mieles, CFA

Senior Investment Strategist

David Motsonelidze, CFA

Director of Macro Strategy

Reagan Raley

Investment Strategist

Arnez Rodriguez

Investment Strategist

Dori Schwartz

Economist