

STIFEL

FAVORITE

15

June 2026

Insights From Stifel's CIO Office

1. [Four Possible Scenarios](#): We share four possible scenarios for the Iran conflict: a managed off-ramp, shadow war, severe tail, or regime change.
2. [U.S.-Iran Peace Agreement](#): We look at the status and key risks to the U.S.-Iran Peace Agreement.
3. [Monitoring the War](#): We outline major changes in energy prices, markets, and expectations since the onset of the conflict.
4. [Near-Term Risks and Opportunities](#): Equities remain elevated on a cap-weighted basis, with the S&P 500 P/E ratio about 19% above its 10-year average. However, equal-weighted valuations appear more reasonable, presenting opportunities as market breadth is expected to expand.
5. [Kevin Warsh Fed](#): A look at the outcome of Kevin Warsh's first FOMC decision as Chair.
6. [Inflation and Fed Policy](#): Inflation expectations currently vary significantly based on political affiliation.
7. [Fed Funds Target Rate](#): Fed funds futures had priced in two quarter-point cuts over 2026 prior to the conflict with Iran. Fed funds futures are now pricing in one hike over 2026.
8. [Second Half Outlook](#): We examine the factors impacting the economy and markets over the balance of 2026.
9. [Labor Market](#): We show the dispersion in U.S. unemployment across demographics.
10. [Cheaper Booking Created More Demand for Humans](#): We show the stability of travel agency employment over the past 15 years.
11. [Global Central Banks](#): We show the recent rate decisions from the Bank of Japan and the European Central Bank.
12. [Economic Forecasts](#): Economic projections have improved, with 2026 GDP growth expected at 2.1%. Analysts maintain a positive and resilient outlook.
13. [U.S. Government Finances Are Not Ready for a Recession](#): We look at the latest U.S. Government debt expectations from the Congressional Budget Office.
14. [Market Performance](#): Major market indices have shown a rotation away from the trends we saw last year.
15. [Historical Geopolitical Shocks](#): We look at short-term impacts and recoveries of the market amid geopolitical shocks.

The motivations and goals of four distinct parties will define the timing and shape of an off-ramp.

- How quickly does this move to an off-ramp?
- What factors are driving this timing?
- What are the near-, medium-, and long-term implications for the global economy and markets?

MANAGED OFF-RAMP

(50% Probability)

- **Timeline:** Resolved within weeks.
- **Action:** All parties accept a "face-saving" stand-down.
- **Market:** Oil prices recede and shipping normalizes quickly.

SHADOW WAR

(25% Probability)

- **Timeline:** Persists for months.
- **Action:** U.S./Israel declare victory; Iran continues proxy/intermittent attacks.
- **Market:** Ongoing volatility as markets remain "shaken" by friction.

SEVERE TAIL

(15% Probability)

- **Timeline:** Prolonged for many months.
- **Action:** Blockade of Strait of Hormuz and defense system depletion.
- **Market:** Inflation spikes alongside supply disruption; potential deflation.

REGIME CHANGE

(10% Probability)

- **Timeline:** Long-term (many months).
- **Action:** U.S./Israel focus explicitly on toppling the regime.
- **Market:** Sustained high inflation; remote chance of internal uprising.

SightLines (3/13): [Unpacking Motivations: Four Scenarios to an End to the War With Iran](#)

Status: U.S.-Iran Peace Agreement — Full Status Update The MoU: President Trump signed the 14-point Memorandum of Understanding at the Palace of Versailles on June 17.

THE AGREEMENT

- Interim accord to reopen the Strait of Hormuz.
- 14-point MOU
- Opens a 60-day window for further negotiations on Iran's nuclear program and other outstanding issues.

Key Terms

- Iran to begin reopening the Strait of Hormuz immediately upon signing.
- Iran allowed to restart oil exports immediately; U.S. grants sanctions waivers across oil sales, banking, transportation, and insurance.
- Near-bomb-grade uranium stockpile to be “adequately addressed,” specific fate of the material unresolved in the current draft.

KEY RISKS

- **Israeli unilateral strike:** Strikes on Lebanon nearly derailed talks on 6/14; action against Iranian nuclear sites remains a live tail risk.
- **Hormuz reopening delay:** Demining is required before full commercial transit; shipping lines remain skeptical of the timeline, sustaining near-term energy supply risk.
- **U.S. domestic constraints:** Midterm pressure accelerated the deal; congressional opposition is likely if nuclear concessions are perceived as insufficient.

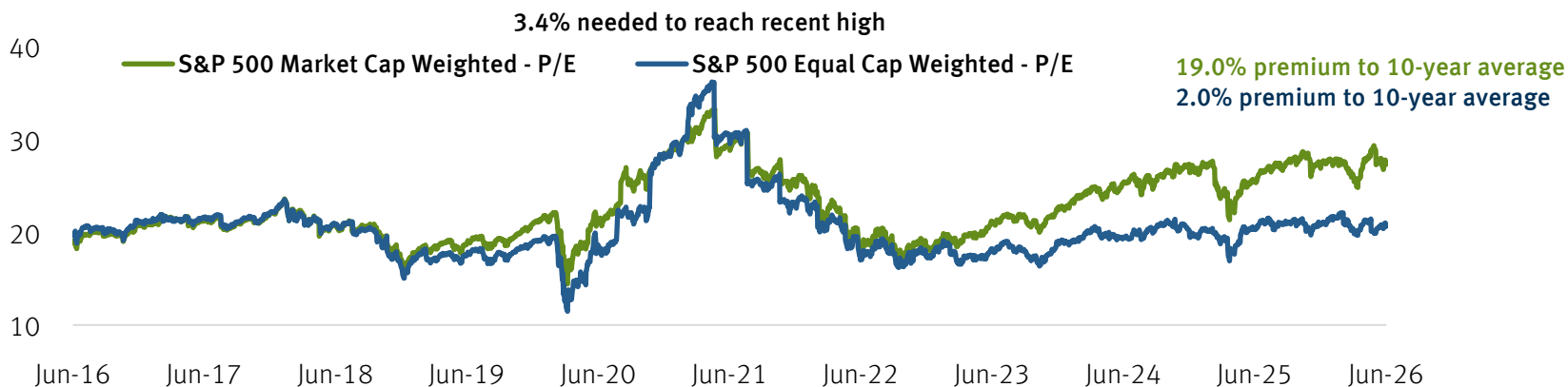
Category	Description	Change Since the War Began	Change Since Mar 30 (Bottom)	Change Since Jun 12 Peace Agreement
Energy	Natural Gas	From \$2.85 to \$3.34	From \$2.89 to \$3.34	From \$3.12 to \$3.34
	Oil, WTI	From \$67 to \$72	From \$103 to \$72	From \$85 to \$72
Market Volatility	VIX Index	-4.9%	-38.3%	6.8%
	MOVE Index	-8.6%	-38.1%	-3.3%
Fixed Income Markets	Bloomberg U.S. Agg	-0.8%	1.1%	0.5%
	Bloomberg U.S. HY	1.1%	2.9%	0.1%
Equity Markets	S&P 500	7.0%	16.3%	-1.0%
	Bloomberg Mag 7	0.0%	10.7%	-5.9%
	MSCI EAFE	-0.8%	11.0%	0.3%
	MSCI Japan	1.7%	14.9%	3.4%
	MSCI EM	9.9%	25.1%	2.4%

Category	Description	% Feb 27 Level	% Mar 30 Level	% Current Levels
Breakevens	1-Year Breakeven	3.8%	5.3%	1.6%
	2-Year Breakeven	2.8%	3.3%	2.0%
	1-year, 1-year Forward	1.8%	1.3%	2.5%
Rates	10-year	3.9%	4.3%	4.4%

Source: Stifel CIO Office via Bloomberg, as of June 25, 2026.



	EPS	S&P 500 P/E						Current S&P 500 Index Level
		22x	23x	24x	25x	26x	27x	
Consensus 2026 EPS	\$339	7,357	7,791	8,129	8,468	8,807	9,225	9,484
	\$320	6,951	7,360	7,680	8,000	8,320	8,715	8,960
	\$310	6,734	7,130	7,440	7,750	8,060	8,443	8,680
	\$300	6,516	6,900	7,200	7,500	7,800	8,170	8,400
	\$290	6,299	6,670	6,960	7,250	7,540	7,898	8,120
	\$280	6,082	6,440	6,720	7,000	7,280	7,626	7,840
Consensus 2025 EPS	\$270	5,868	6,213	6,484	6,754	7,024	7,357	7,564



Earnings

- For 2026, the forecast has been revised slightly upward to 25.4%, compared to 15.4% at the beginning of the year.
- For 2027, analysts are projecting earnings growth of 16.5%, in line with 14.9% at the beginning of the year.

Fed June 2026 FOMC Decision — Warsh's Debut as Chair

Rate Decision and Dot Plot

- Rates held **unanimously** at **3.50%-3.75%** — fourth consecutive pause.
- **9 of 18 members** now favor at least one hike by year-end; six want more than one.
- Easing bias **dropped** from the statement entirely.
- Warsh himself **did not file a dot**.

Warsh on Inflation

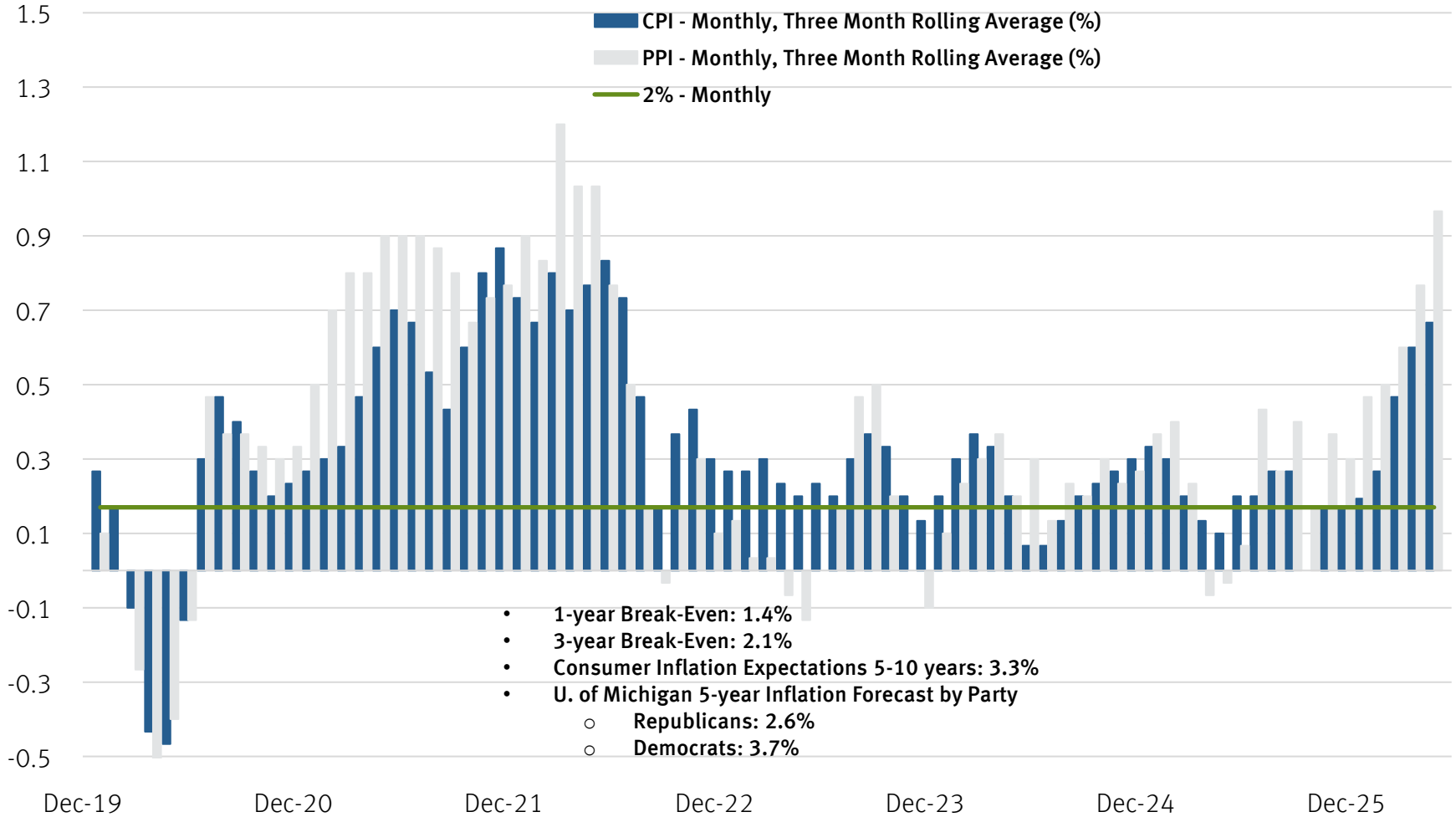
- "Persistently high prices are a burden for the American people" — vowed to restore price stability.
- Committee has **"work to do"** on inflation; views on second-round effects remain divided.

Institutional Overhaul — Five Task Forces

- Fed **communications**
- **Balance sheet** — T-bill purchases now permitted "when appropriate"
- **Data sourcing** and reliance
- **Productivity and jobs** in the AI era
- **Inflation framework**

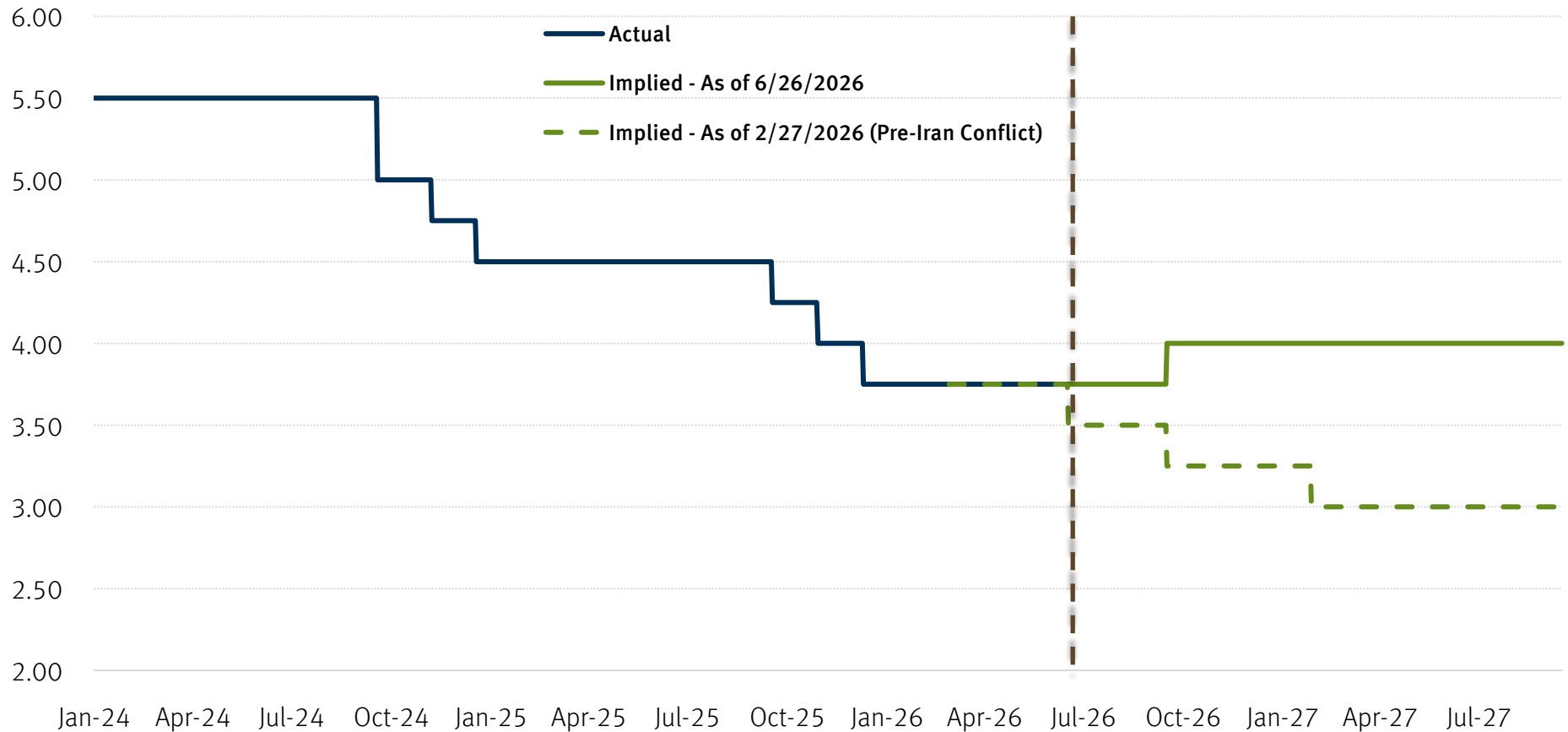
A revamped communications framework and SEP changes are expected by year-end.

Monthly Inflation Trends



Source: Stifel CIO Office via Bloomberg, as of June 26, 2026. (Intra-Day)
 CPI = Consumer Price Index
 PPI = Producer Price Index

Fed Funds Target Rate - Upper Bound

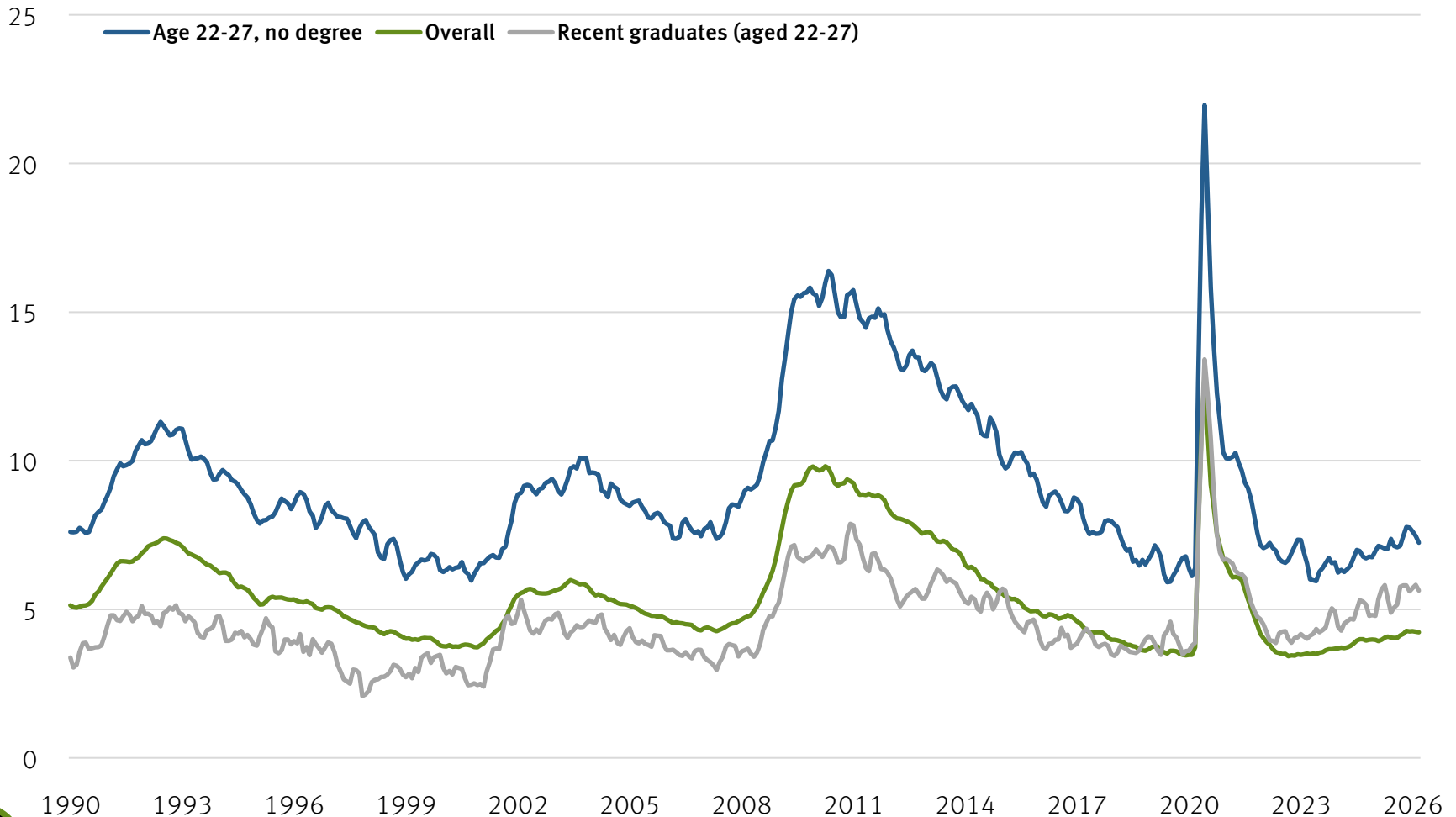


Source: Stifel CIO Office via Bloomberg, as of June 26, 2026. (Intra-Day)

- **Geopolitical risk as a new normal:** A U.S.-Iran agreement and easing Middle East tensions reduce tail risks, normalize shipping flows, and compress geopolitical risk premia embedded across assets.
- **Energy normalization reinforces disinflation:** As conflict-driven price pressures ease, energy shifts from an inflation driver to a stabilizing force, supporting the disinflation process – though progress will be gradual and inflation pressures may linger.
- **Growth holds firm with upside bias:** A resilient consumer, increased AI spending, and reduced uncertainty support GDP growth around trend (~2%), with fewer downside shocks to trade and activity.
- **Fed policy regains flexibility:** After a “higher for longer” pivot driven by energy inflation, easing tensions may allow the Fed to shift back toward a more balanced, data-dependent stance.
- **Treasury yields remain elevated but steadier:** Structural forces (fiscal deficits, term premium) keep rates high, but reduced geopolitical risk may lower volatility and supports modest curve steepening.
- **Credit spreads stay tight with limited compression:** Improved macro visibility underpins fundamentals, but already-tight spreads suggest carry – not further tightening – drives returns.
- **Market leadership broadens:** Lower macro volatility and a more stable rate environment support rotation beyond mega cap concentration into cyclicals, financials, and capex/AI-linked sectors. The market also remains underpinned by strong earnings growth, currently estimated at 25.4% for 2026.
- **Key risks remain event-driven:** Breakdown of negotiations, delays in reopening global supply channels, or policy missteps could quickly reintroduce energy volatility, push rates higher, and widen spreads.

Unemployment Rates for Recent College Graduates Versus Other Groups

U.S. Unemployment Rate

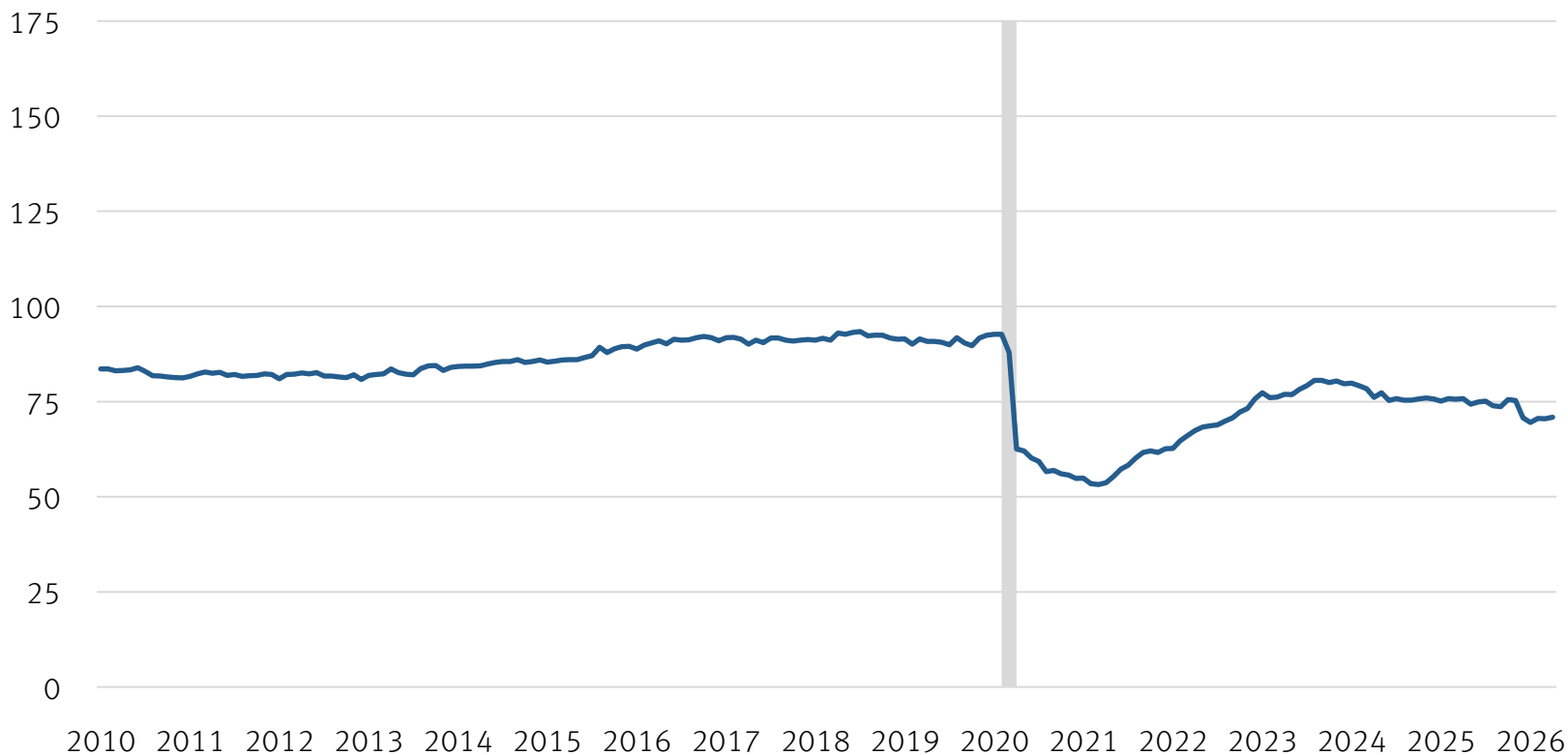


Source: Stifel CIO Office via Federal Reserve Bank of New York, as of June 18, 2026. (Latest Release: May 5, 2026, with 2026 Q1 data)



Employment in U.S. Travel Agencies

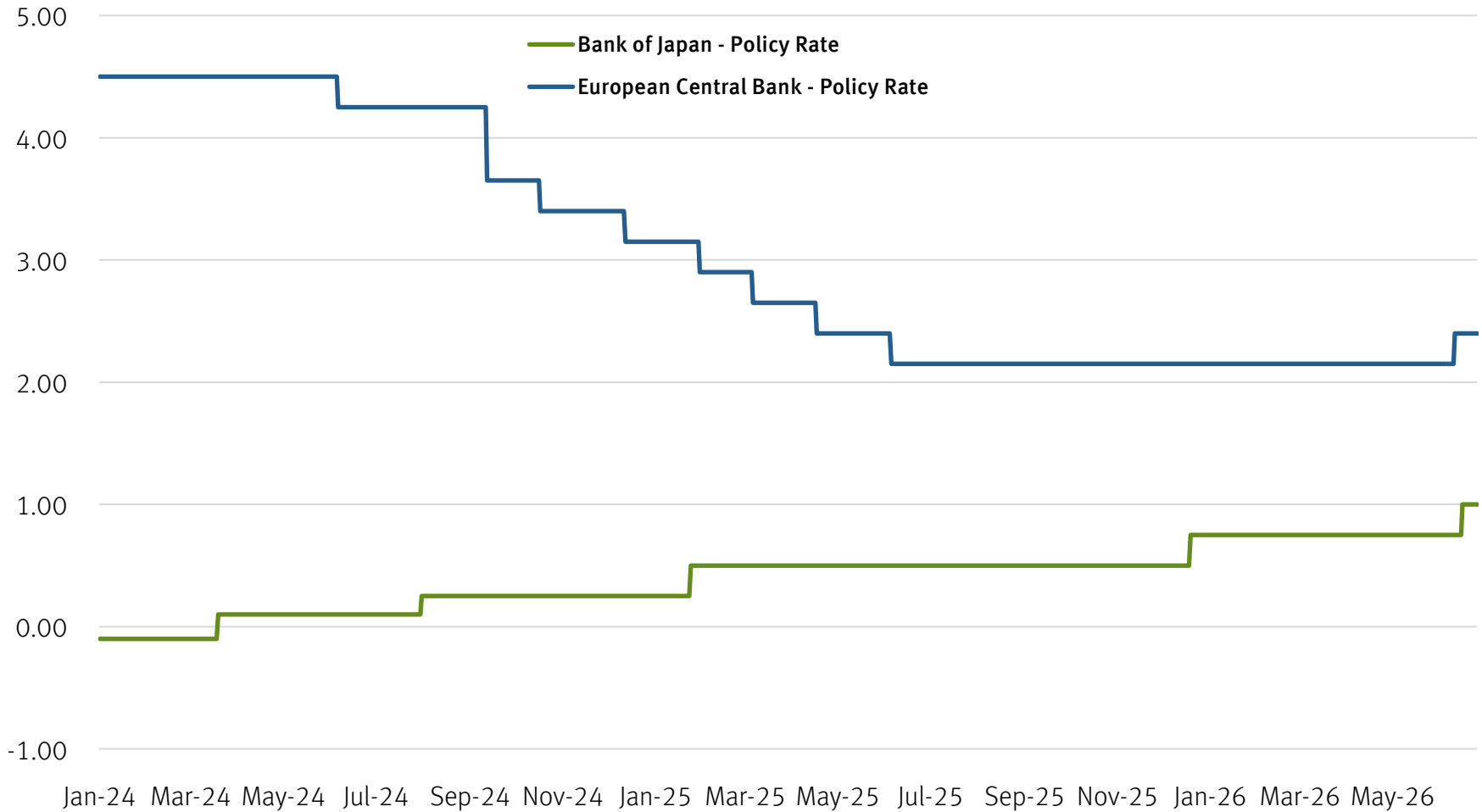
Number of Jobs, Thousands



Source: Stifel CIO Office via Bloomberg and Apollo, as of June 18, 2026.

SightLines: [AI and the Future of Work: Efficiency, Demand, and the Jevons Effect](#)

Global Central Bank Policy Rates



Source: Stifel CIO Office via Bloomberg, as of June 25, 2026.



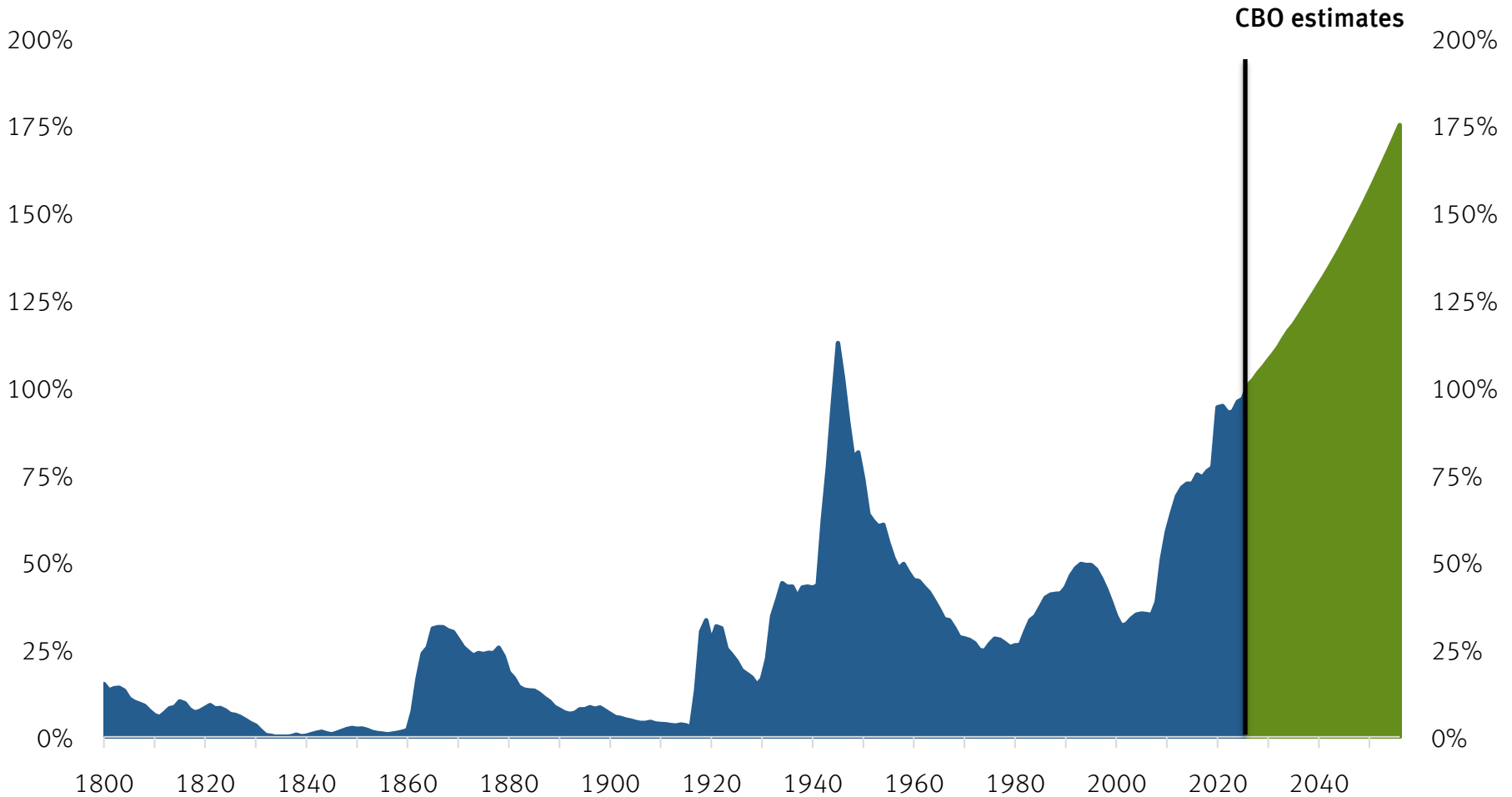
	Date of Estimate	2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027	Q2 2027	2026	2027
Actual		2.1	3.8	4.4	0.5	2.1							
January Consensus		2.0	2.0	2.0	1.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consensus	6/25/2026						2.2	1.9	2.0	2.0	2.1	2.1	2.0
Stifel	6/1/2026	2.3	0.6	3.2	4.1	2.2	1.7	2.2	2.5	3.2	2.8	2.1	3.0
Goldman Sachs	6/25/2026	2.2	2.7	3.5	1.6	3.5	2.4	2.0	2.0	2.1	2.2	2.1	2.2
Capital Economics	6/25/2026	2.3	2.5	4.3	3.4	2.5	2.5	2.5	2.5	2.6	2.5	2.3	2.5
Strategas	6/22/2026	2.2	2.5	2.5	2.5	1.5	2.5	1.7	2.0	1.0	2.0	2.1	1.7
UBS	6/19/2026	2.2	2.5	2.7	2.4	2.2	2.4	1.9	2.0	1.9	2.0	2.3	2.1
Wells Fargo	6/18/2026	2.2	1.8	3.7	2.1	2.9	2.5	1.5	2.4	2.2	2.5	2.1	2.3
Bloomberg Economics	6/3/2026	2.3	2.6	3.2	2.5	1.9	2.5	2.0	2.4	1.9	2.1	2.1	2.1
Barclays	6/19/2026	2.2	1.5	2.5	2.0	2.5	2.5	2.0	2.0	1.5	1.5	2.2	1.8
JPMorgan Chase	6/18/2026	2.3	2.5	3.0	3.0	2.5	3.0	1.5	1.8	2.3	2.3	2.1	2.0
Morgan Stanley	6/19/2026	2.2	2.1	2.0	2.0	1.9	2.3	2.3	2.5	2.4	2.6	2.2	2.5
Federal Reserve**	6/17/2026	1.7										2.2	2.3

Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively. Stifel estimates based on Stifel sell-side Economics department estimates. **Percent change from fourth quarter to fourth quarter one year ago. "Consensus Estimates" for time periods that have passed represent actual results, and consensus estimates in gray-shaded boxes represent first estimate of year.

Source: Stifel CIO Office via Bloomberg, as of June 25, 2026. Federal Reserve estimates are as of June 17, 2026.



Federal Debt Held by Public (% GDP)



CBO estimates

Index	2023	2024	2025	Since 2/28/26	Since 6/12/26	Year to Date
S&P 500 Index	26.3%	25.0%	17.9%	7.4%	-1.0%	8.1%
S&P 500 Eq. Weight.	13.8%	13.0%	11.4%	4.2%	0.4%	11.5%
S&P High Dividend	5.5%	11.1%	3.3%	-2.6%	-2.2%	8.5%
S&P 500 Low Vol. High Div.	1.7%	18.3%	3.7%	-0.8%	-0.6%	9.3%
MSCI U.S. High Dividend	6.8%	11.7%	12.0%	0.7%	-1.0%	11.7%
NASDAQ Composite Index	44.7%	29.6%	21.2%	12.1%	-2.0%	9.4%
S&P 500 Financials	12.1%	30.5%	15.0%	4.7%	0.5%	-1.7%
KBW Reg. Banking	-0.4%	13.2%	6.5%	14.0%	2.9%	19.0%
Bloomberg U.S. 1000	26.7%	24.2%	17.5%	7.5%	-0.9%	8.4%
Bloomberg U.S. 1000 Eq. Wt.	19.9%	13.1%	10.9%	4.3%	0.2%	9.7%
Bloomberg U.S. 1000 Value	9.4%	13.6%	16.5%	4.9%	0.0%	15.1%
Bloomberg U.S. 1000 Growth	36.1%	28.9%	17.9%	8.5%	-1.1%	6.0%
Bloomberg Magnificent 7	107.0%	67.3%	24.9%	0.0%	-5.9%	-6.8%
NYSE FANG+ Index	96.4%	51.0%	20.8%	14.0%	-2.6%	4.3%
S&P 600 Index	15.9%	8.6%	6.0%	13.2%	2.1%	22.3%
S&P 600 Quality Index	24.3%	7.8%	1.4%	8.2%	1.3%	13.7%
Bloomberg U.S. 2000	17.1%	12.0%	11.1%	13.5%	2.1%	20.6%
MSCI EAFE Index	18.2%	3.8%	31.2%	-0.8%	0.3%	9.2%
MSCI EM Index	9.8%	7.5%	33.6%	9.9%	2.4%	26.2%

Source: Stifel CIO Office via Bloomberg, as of June 25, 2026.



Event	Start Date	S&P 500 Price Return					Primary Trigger/Incident
		One Week	1 Month	3 Months	6 Months	12 Months	
Korean War	6/28/1950	-1.1%	-2.3%	5.7%	10.8%	17.6%	Initial North Korean invasion across the 38th Parallel
Suez Crisis	10/29/1956	2.6%	-4.2%	-4.1%	-1.4%	-12.3%	Israel occupies Egypt's Sinai Peninsula
1958 Lebanon Crisis	7/15/1958	2.9%	6.2%	14.4%	23.7%	32.8%	U.S. Marines land in Beirut (Operation Blue Bat)
Berlin Crisis	8/14/1961	1.0%	0.4%	5.2%	4.0%	-15.1%	Erection of the Berlin Wall begins
Cuban Missile Crisis	10/16/1962	-6.3%	5.1%	14.2%	21.0%	26.6%	President Kennedy informed of missile sites (start of "13 Days")
Vietnam (Tonkin)	8/3/1964	-1.5%	-0.8%	2.6%	5.5%	2.0%	Gulf of Tonkin naval engagement involving USS Maddox
India-Pakistan War	8/5/1965	0.7%	2.6%	7.6%	7.9%	-4.1%	Outbreak of hostilities following Operation Gibraltar
Six-Day War	6/5/1967	4.1%	3.3%	5.9%	7.5%	10.7%	Israel initiates Operation Focus airstrikes
Vietnam (Tet Offensive)	1/30/1968	-1.1%	-3.8%	4.9%	5.1%	10.2%	Surprise North Vietnamese offensive begins
Yom Kippur War	10/5/1973	1.4%	-2.5%	-9.1%	-14.1%	-42.2%	Egypt and Syria launch surprise attack
Fall of Saigon	4/30/1975	2.0%	4.4%	1.0%	2.8%	17.3%	Capture of Saigon; final U.S. evacuation
Iran Hostage Crisis	11/5/1979	1.7%	5.3%	12.3%	4.5%	24.0%	Storming of the U.S. Embassy in Tehran
Soviet-Afghan War	12/24/1979	0.1%	5.2%	-8.0%	6.1%	23.3%	Soviet tanks cross into Afghanistan
Iran-Iraq War	9/22/1980	-5.3%	1.2%	4.1%	4.1%	-10.2%	Full-scale Iraqi invasion of western Iran
Force in Lebanon	8/25/1982	0.6%	4.9%	13.1%	25.9%	39.8%	Multinational force including U.S. Marines lands in Beirut
Gulf War	8/2/1990	-3.3%	-8.2%	-13.5%	-4.4%	9.0%	Iraq invades Kuwait; defense forces overwhelmed
Croatian War	4/1/1991	2.0%	2.4%	1.8%	4.5%	9.8%	Plitvice Lakes incident; outbreak of independence war
Kosovo War	2/27/1998	0.6%	4.4%	4.6%	3.3%	21.2%	KLA escalates attacks; Serbian army responds
9/11 Terror Attacks	9/11/2001	-5.5%	0.4%	4.3%	6.7%	-18.2%	Coordinated terrorist attacks on WTC and Pentagon
Iraq War (Invasion)	3/20/2003	-0.8%	2.0%	15.4%	17.5%	26.1%	"Shock and Awe" coalition invasion begins
Madrid Bombing	3/11/2004	1.4%	2.9%	2.2%	1.3%	10.7%	Coordinated terrorist train bombings
Crimea Annexation	2/20/2014	0.8%	1.5%	2.6%	7.7%	14.0%	Russian aggression/illegal crossing of Ukrainian border
COVID-19 Crash	2/19/2020	-8.0%	-31.9%	-13.7%	-0.1%	16.2%	S&P 500 reaches peak before pandemic sell-off
Russia-Ukraine War	2/24/2022	1.7%	5.9%	-7.2%	-3.7%	-4.9%	Russia launches full-scale invasion of Ukraine
Israel-Iran War	4/12/2024	-3.0%	1.9%	9.0%	13.1%	-1.2%	Iran launches direct drone and missile attack on Israel
Median		0.6%	2.0%	4.3%	5.1%	10.7%	
Average		-0.5%	0.3%	3.0%	6.4%	8.1%	
Event	Start Date	One Week	1 Month	3 Months	3.9 Months	12 Months	
Iran Conflict	2/27/2026	-2.0%	-7.4%	9.3%	7.0%	N/A	The current open-ended military engagement in Iran

Source: Stifel CIO Office via Bloomberg, as of June 25, 2026. Calculations assume 30 days per month.

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.

Bloomberg U.S. 100 Equal Weight is an equity benchmark that tracks the performance of the 100 largest companies listed on the NASDAQ exchange within five specific sectors. It assigns a 1% weight to each constituent at rebalancing.

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.

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

INDEX DESCRIPTIONS

The **MSCI U.S. High Dividend Yield Index** is based on the MSCI USA Index, its parent index, and includes large and mid cap stocks. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

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.

The **S&P 600 Index** is a capitalization-weighted index that represents the U.S. small capitalization market, including 600 domestic stocks chosen for market size, liquidity, and industry representation.

The **S&P SmallCap 600 Quality Index** is designed to measure the 120 highest-quality stocks in the S&P SmallCap 600 on the basis of their quality score, which is calculated using three fundamental measures: return on equity, accruals ratio, and financial leverage ratio.

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.

Bloomberg HHI (Herfindahl-Hirschman Index) measures concentration and is calculated by summing the squared weights of each S&P 500 constituent.

INDEX DESCRIPTIONS

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.

MOVE Index measures U.S. bond market volatility by tracking a basket of OTC options on U.S. interest rate swaps. The Index tracks implied normal yield volatility of a yield curve weighted basket of at-the-money one-month options on the 2-year, 5-year, 10-year, and 30-year constant maturity interest rate swaps.

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.

The **NASDAQ Composite Index** is a capitalization-weighted index that is comprised of all stocks listed on the National Association of Securities Dealers Automated Quotation System stock market, which includes both domestic and foreign companies.

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.

Dollar-cost averaging does not assure a profit or protect against a loss. Investors should consider their ability to continue investing during periods of falling prices.

Rebalancing may have tax consequences, which you should discuss with your tax advisor.

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.

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