Insights from Stifel's CIO Office

November 2023

INVESTMENT STRATEGY BRIEF:

Fiscal Transition: Tensions Continue

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GEOPOLITICAL TENSIONS

GEOPOLITICAL RISK DASHBOARD

Deglobalization *Increased localization and protectionism*	**Multipolarity** *A more divided world*

EVENT	LIKELIHOOD	MARKET IMPACT
U.S. - China Competition	10	7
The New Cold War	8	7
Emerging Market (EM) Political Uncertainty	7	5
Cyberattacks	7	5
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ISRAEL – HAMAS WAR: LEFT-TAIL RISKS

	Scenario 1 War Limited to Gaza	Scenario 2 Multi-Front War (Hezbollah)	Scenario 3 War Expands to Region (Iran)	Scenario 4 Great Power Conflict (China)
Likelihood	**Most Likely**	**Somewhat Likely**	**Small Likelihood**	**Remote**
Global Economic Impact	Limited and fades quickly	Limited and fades quickly	• Inflation rises as a result of oil supply disruption • Recession likely • Potential for long-lasting impact to local markets	• Decoupling of U.S. - China relations (deglobalization) • Global recession
Global Market Impact	Limited and fades quickly	Limited and fades quickly	• Risk-off sentiment and volatility increases • Sell-off in global stocks, potentially U.S. stocks • Yields decline	• Risk-off sentiment and volatility increases • Bear market (stocks) • Monetary policy easing and yields falling sharply
Investment Implications	• Prevailing macroeconomic conditions continue to warrant an emphasis on quality for investor portfolios • Diversify across and within asset classes, consider rebalancing to target asset allocation • The ongoing geopolitical uncertainty reinforces this view			

Sight | Lines: Troubling Forces Converge: We're Headed to a Fiscal Transition

1 ECONOMY

Recession expectations pushed out, economy to slow

3 things we're focused on:
- Consumer spending
- Labor market
- Lag effects

2 INFLATION

Significant progress, final 1% drop may take longer

3 things we're focused on:
- Shelter prices
- Supercore services
- Inflation expectations

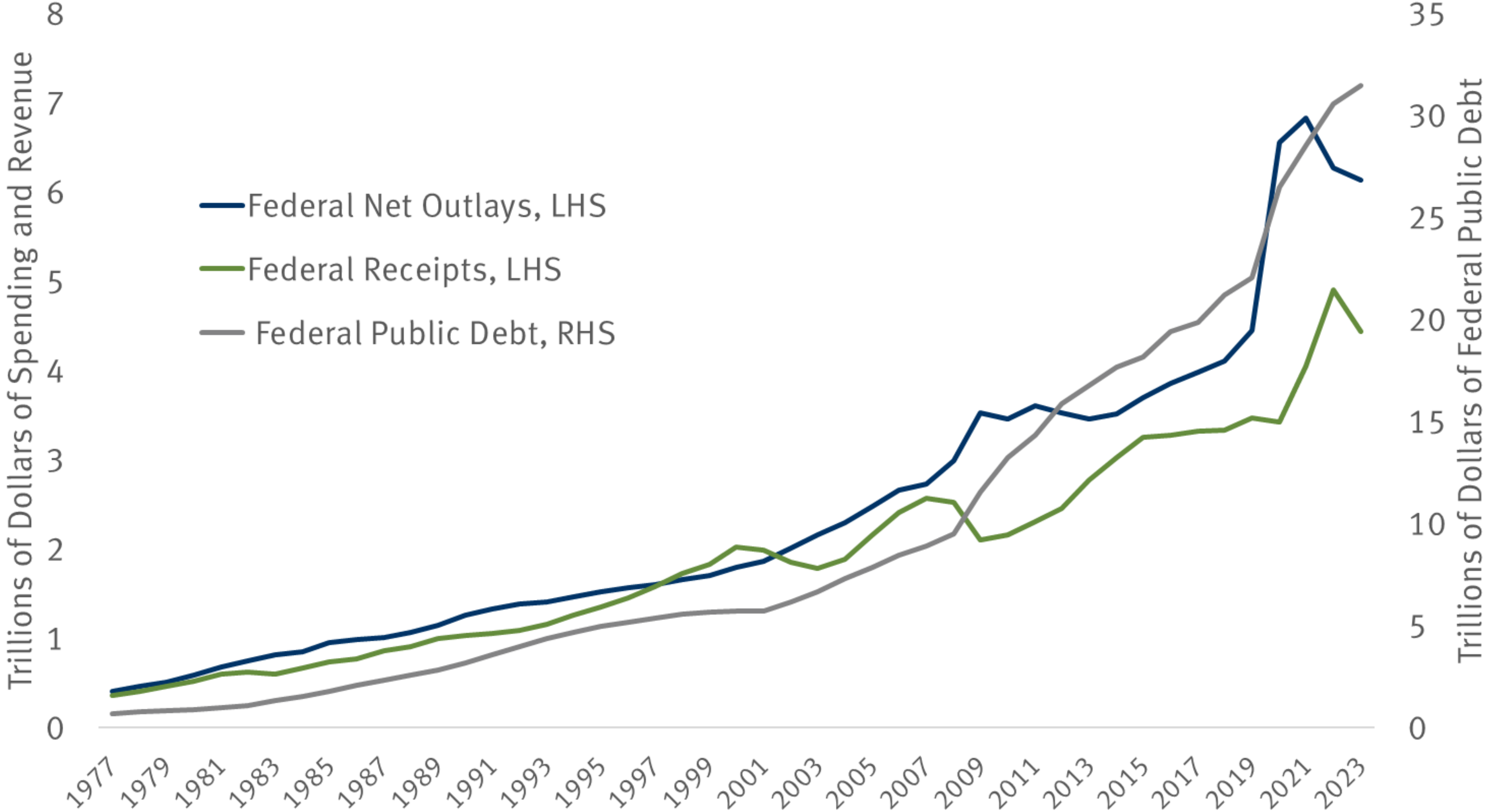
3 MARKETS

Returns broadening out, volatility to increase

3 things we're focused on:
- Company earnings
- Profit margins
- Capital expenditures

Economy

Federal Spending, Tax Revenue and Debt (Trillions of Dollars)



Source: Stifel CIO Office via Federal Reserve of St. Louis, as of November 13, 2023. (Latest data points for Federal Net Outlays/Receipts and Federal Public Debt are as of Sep 30, 2023 and June 30, 2023, respectively.

POST-GREAT FINANCIAL CRISIS ENVIRONMENT

Household, corporate, and government debt increased significantly post-Great Financial Crisis (GFC) In a higher rate regime, the cost of debt will increase going forward

$5.2 trillion
Increase in
U.S. household debt
2023 vs. 2007

$23.4 trillion
Increase in
U.S. federal debt
2023 vs. 2007

~$37 trillion increase in debt

$7.0 trillion
Increase in
U.S. non-financial corporate debt
2023 vs. 2007

$1.3 trillion
Increase in
U.S. private debt
2023 vs. 2007

Sight | Lines: Troubling Forces Converge: We're Headed to a Fiscal Transition

10-YEAR TREASURY YIELD

Decade ***prior*** to the GFC **5%** → Decade ***after*** the GFC **2%**

During Pandemic **1.2%**

2020 ↔ 2021

Now
4.5%
2023

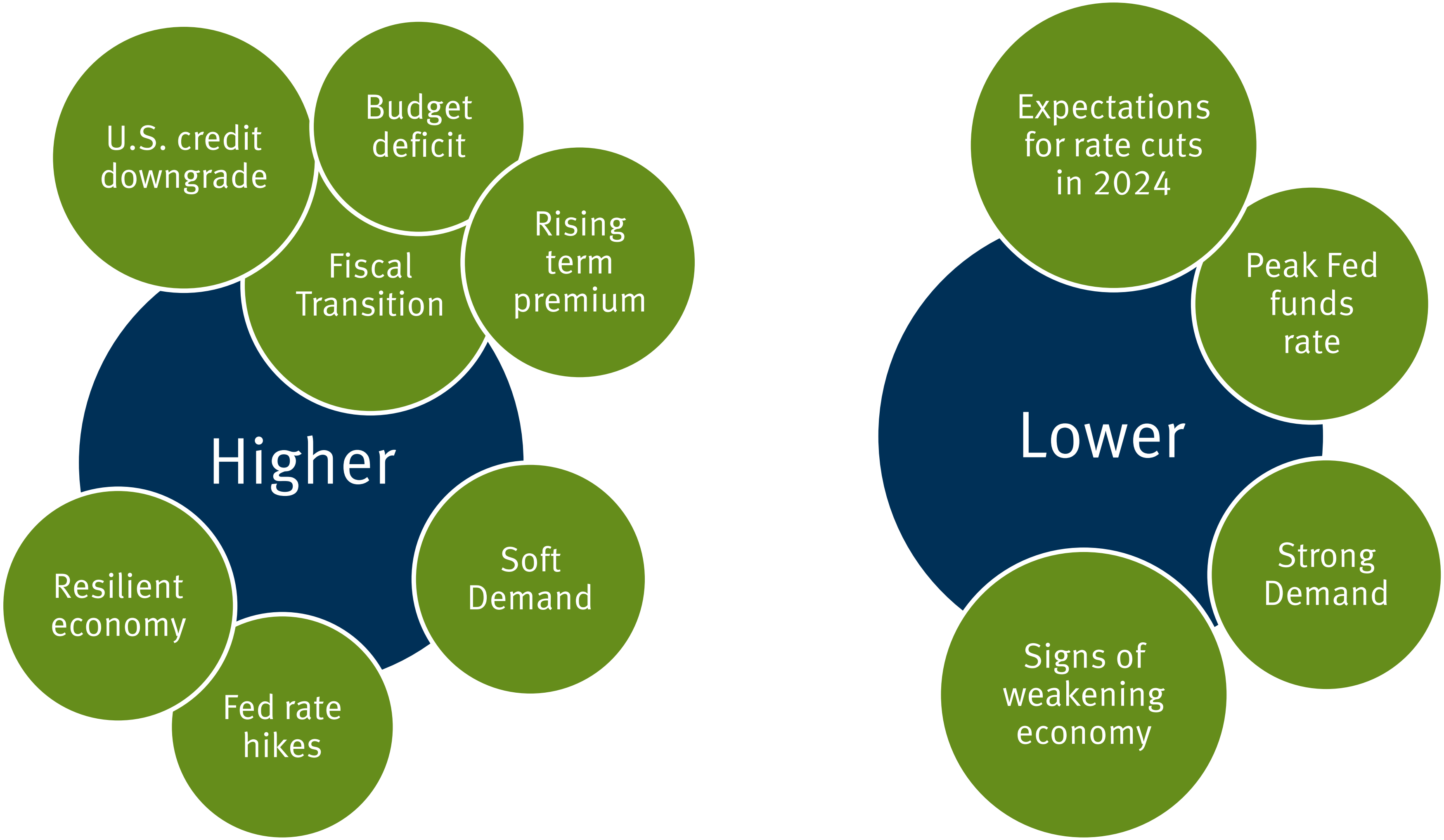
10 Years Forward
5.4%
2033

20 Years Forward
3.9%
2043

Sight|Lines: A New Market Rate Regime? Data and Sentiment Say Yes.

GFC: Global Financial Crisis

FACTORS BEHIND CHANGES IN YIELDS



In a higher rate regime, the cost of debt will increase going forward

Consumers must manage debt more carefully, in a possibly slowing economy, and defaults and bankruptcies could increase

Businesses will adjust how they manage debt, with some companies unable to handle increased debt costs and failing

Government spending, deficits, and debt will come more into focus as the cost of our debt rises and attention turns to fiscal discipline

We remain optimistic that, as a country, we'll get through this fiscal transition stronger. But how much pain will we experience through the process, and when?

Sight|Lines: Troubling Forces Converge: We're Headed to a Fiscal Transition

FISCAL TRANSITION: U.S. GOVERNMENT

- In late, September, former House Speaker Kevin McCarthy sponsored a successful continuing resolution to extend spending through mid November

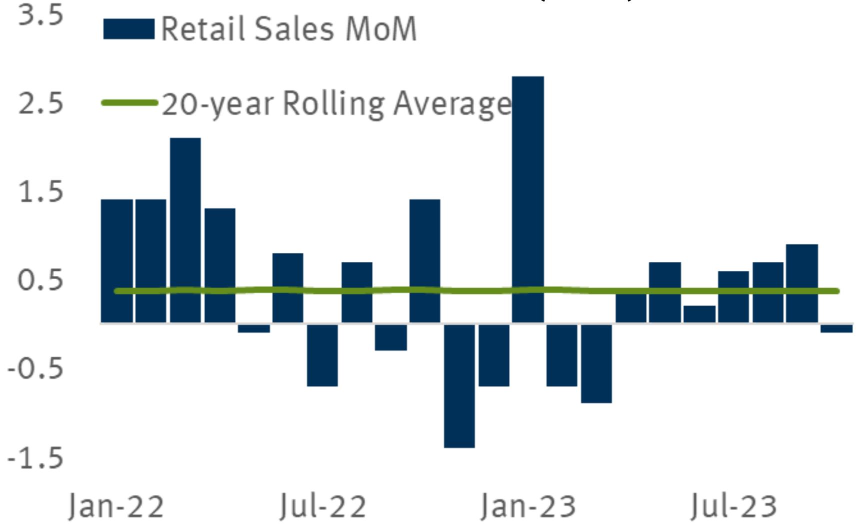
- McCarthy was voted out as Speaker on October 3:
  - Motion to Vacate put forward by Representative Matt Gaetz of Florida
  - Disagreements centered on approach to fiscal management/spending

- After numerous candidates/votes, Mike Johnson was elected Speaker on October 25

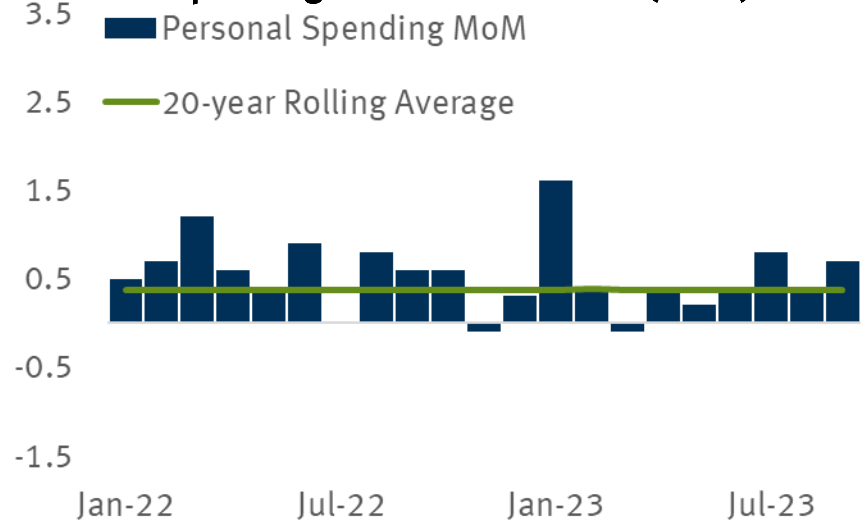
- Johnson proposed a two-tiered funding plan, which have been signed into law:
  - The "laddered" approach lessens the chances of a single end-of-year omnibus spending bill, a prospect for improved fiscal discipline
  - One bill extends current spending levels until January 19 for Military Construction and Veterans Affairs; Agriculture, Rural Development and Food and Drug Administration; Energy and Water Development; and Transportation, Housing and Urban Development.
  - The second bill extends current spending for the rest through February 2.

- Sets the stage for a broader funding negotiations in the new year

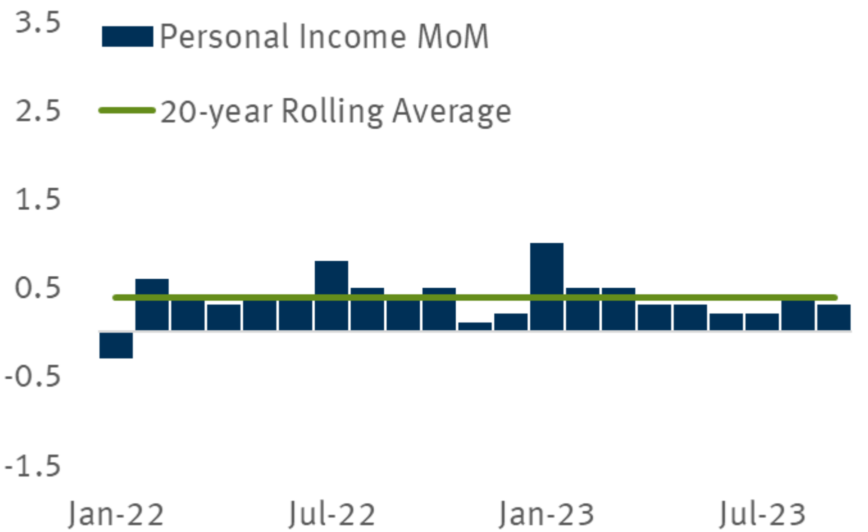
Retail Sales Month Over Month (MoM)



Personal Spending Month Over Month (MoM)



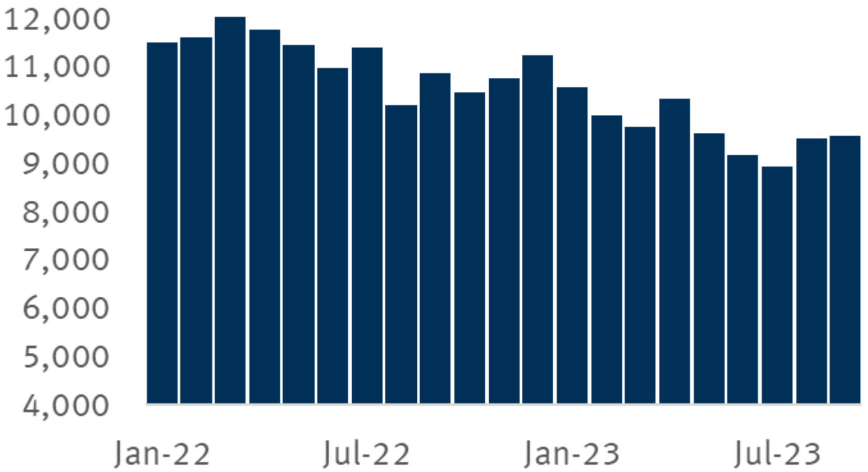
Personal Income Month Over Month (MoM)



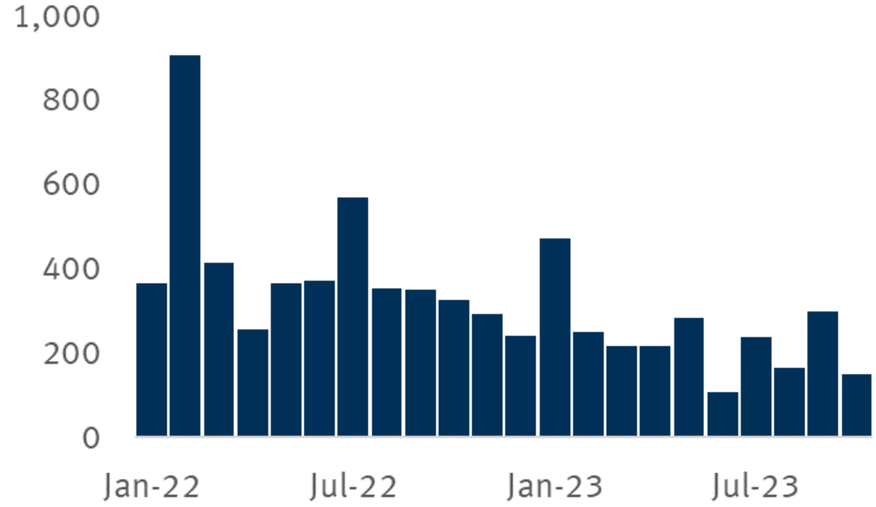
University Of Michigan Consumer Sentiment

Source: Stifel CIO Office via Bloomberg, as of November 15, 2023

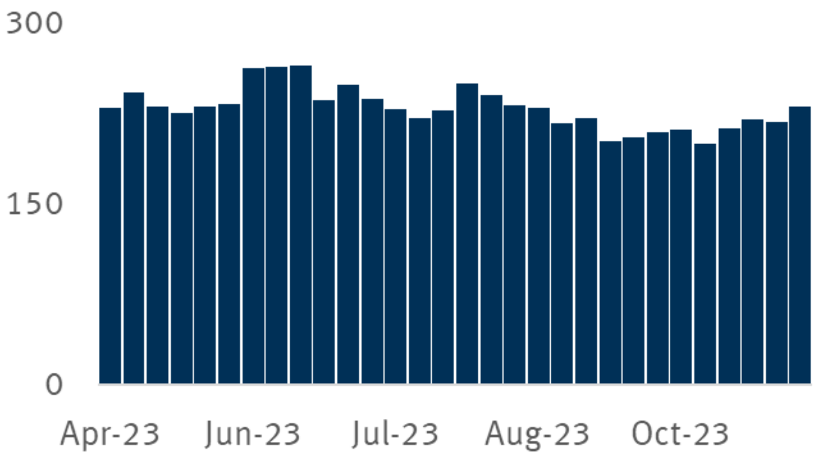
JOLTs - Job Openings (000s)



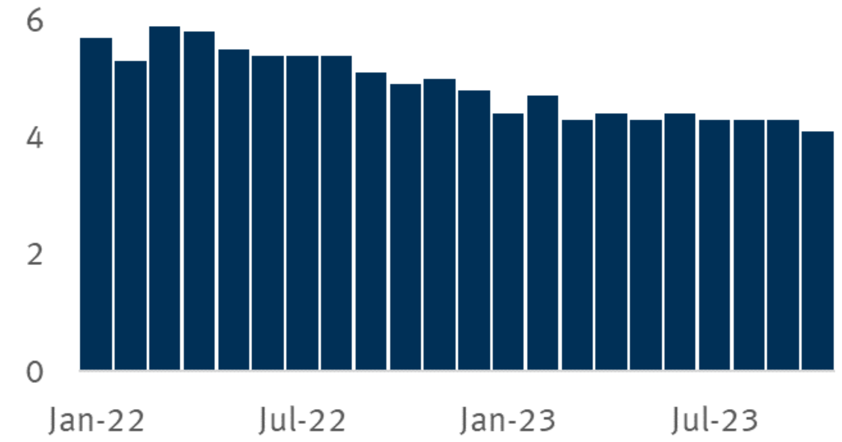
Nonfarm Payrolls (000s)



Jobless Claims (000s)



Wage Growth - Hourly Earnings (%)



Source: Stifel CIO Office via Bloomberg, as of November 16, 2023

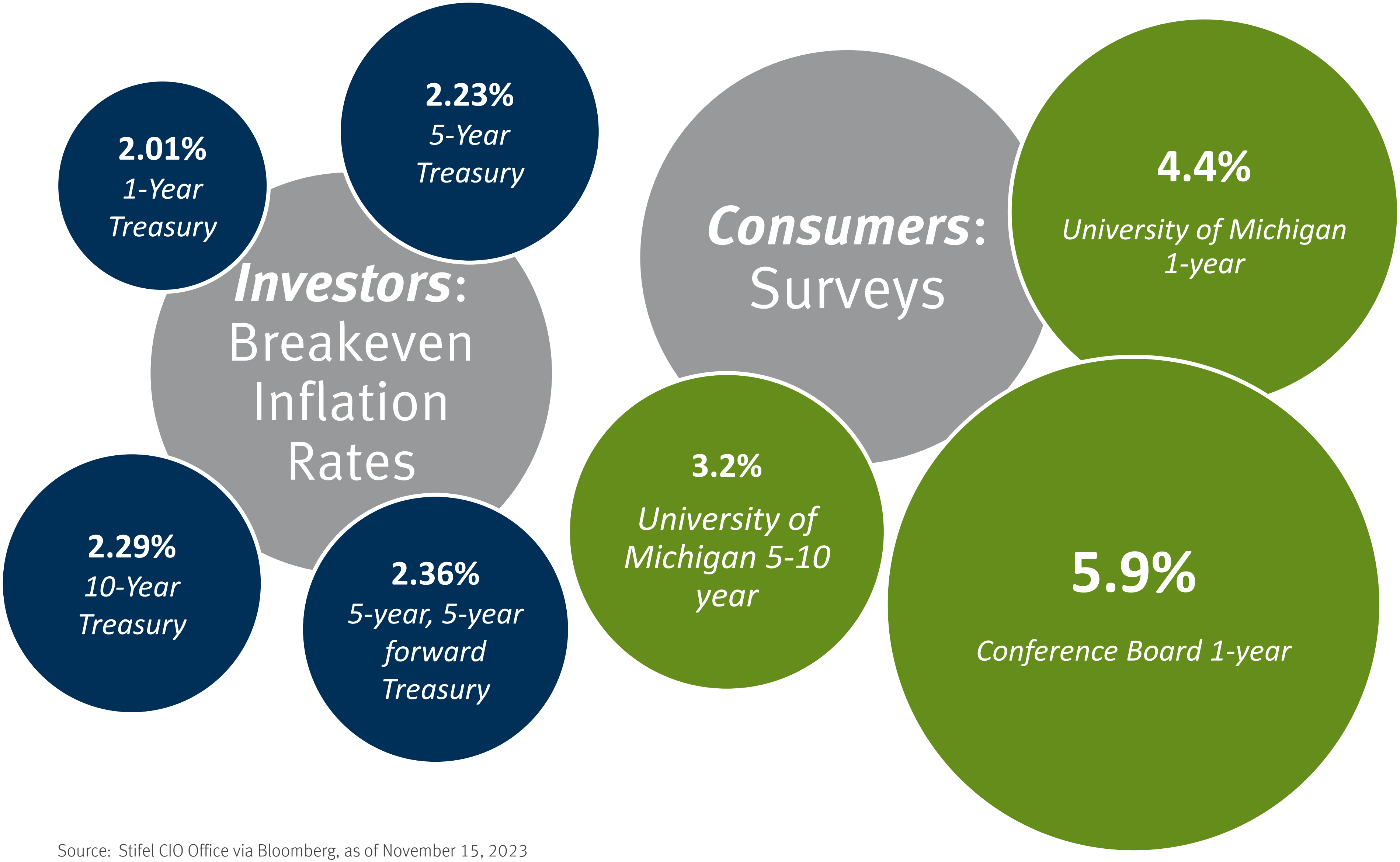
U.S. GDP	Date of Estimate	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2022	2023	2024
Consensus Estimates	**11/14/2023**	**2.2**	**2.1**	**4.9**	**0.7**	**0.3**	**0.6**	**1.9**	**2.3**	**1.0**
Consensus Estimates	*1/3/2023*	*0.1*	*-0.6*	*0.0*	*0.9*	*1.5*	*1.8*	*1.9*	*0.3*	*1.3*
Stifel	11/9/2023	1.2	1.8	2.6	1.9	2.4	0.9	0.5	2.8	1.5
Goldman Sachs	11/14/2023	1.5	2.5	4.6	1.6	1.8	1.6	2.0	2.4	2.1
Capital Economics	11/10/2023	1.2	1.4	3.5	0.6	-0.3	-0.6	2.0	2.4	0.9
Strategas	11/13/2023	1.0	1.6	3.0	0.0	-1.5	1.0	2.0	2.3	0.9
UBS	11/3/2023	1.5	1.6	4.7	1.4	1.3	-0.8	2.0	2.5	1.2
Wells Fargo	11/9/2023	0.6	0.9	4.7	0.7	0.9	-0.3	2.1	2.4	0.8
Bloomberg Economics	10/24/2023	1.2	1.5	4.9	-0.3	-0.2	0.4	2.0	2.3	1.0
Barclays	11/3/2023	1.5	1.5	5.0	1.5	0.5	-0.5	2.0	2.4	1.0
JPMorgan Chase	11/10/2023	1.1	1.7	4.3	1.5	0.5	0.5	2.1	2.4	1.4
Federal Reserve**	9/20/2023							**0.9**	2.1	1.5

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.

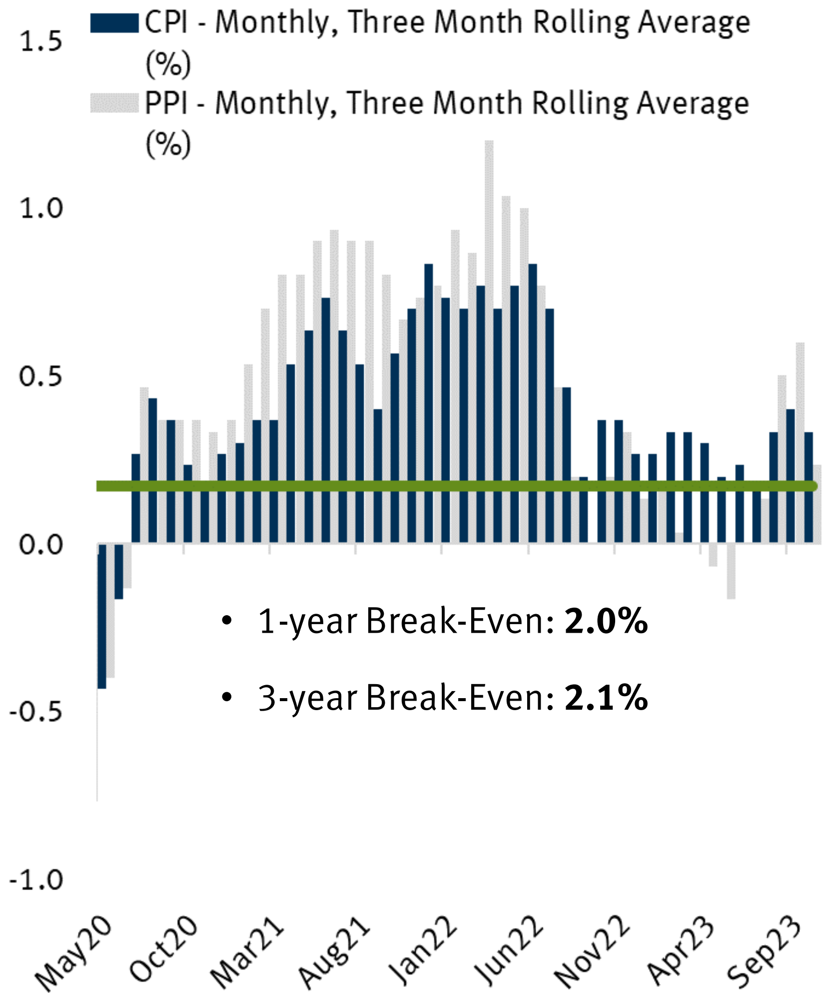
**Percent change from fourth quarter to fourth quarter one year ago.

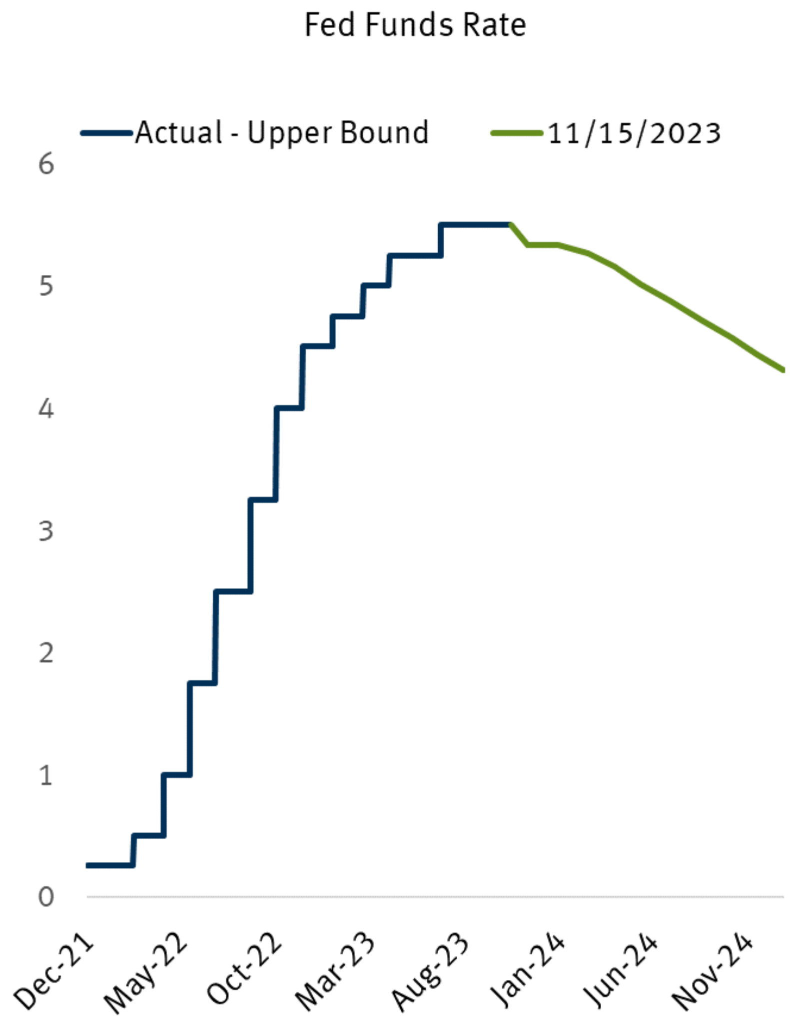
Source: Stifel CIO Office via Bloomberg, as of November 14, 2023. Federal Reserve estimates are as of September 20, 2023. Figures in grey areas under "Consensus Estimates" represent reported results

Inflation



Source: Stifel CIO Office via Bloomberg, as of November 15, 2023





Source: Stifel CIO Office via Bloomberg, as of November 15, 2023 PPI = Producer Price Index
CPI = Consumer Price Index

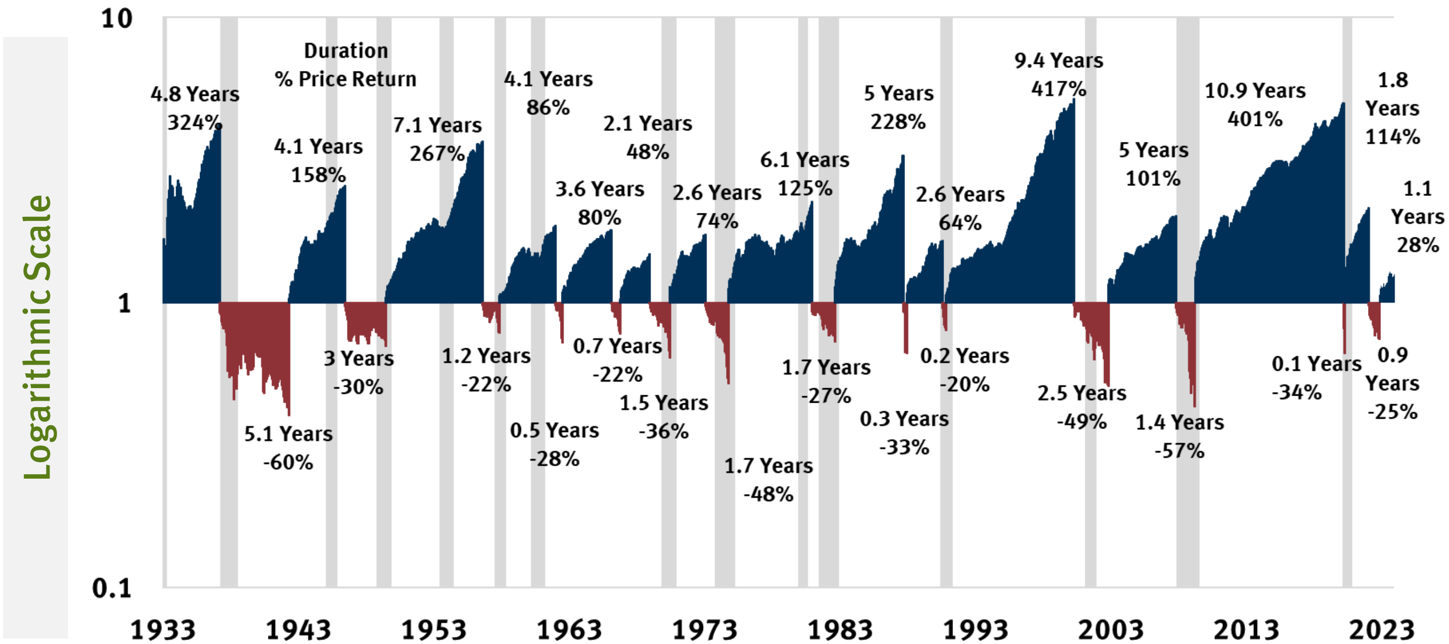
Consumer Price Index, components

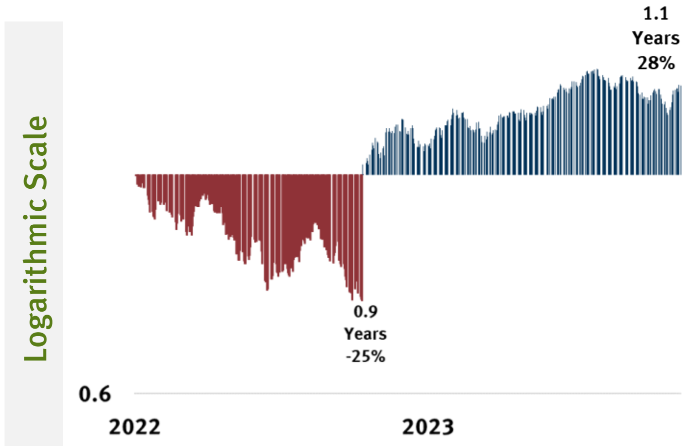
m/m % change, seasonally adjusted

	Weight	2021		2022												2023									
	Weight	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Headline CPI, y/y	100.0	6.9%	7.2%	7.6%	8.0%	8.5%	8.2%	8.5%	8.9%	8.4%	8.2%	8.2%	7.8%	7.1%	6.4%	6.3%	6.0%	5.0%	5.0%	4.1%	3.1%	3.3%	3.7%	3.7%	3.2%
Core CPI, y/y	79.5	5.0%	5.5%	6.1%	6.4%	6.5%	6.1%	6.0%	5.9%	5.9%	6.3%	6.6%	6.3%	6.0%	5.7%	5.5%	5.5%	5.6%	5.5%	5.3%	4.9%	4.7%	4.4%	4.1%	4.0%
Svcs. PCE ex-hous. & energy, y/y*	-	5.1%	5.2%	5.1%	5.0%	4.9%	4.9%	4.8%	4.9%	4.5%	4.7%	5.0%	5.2%	5.0%	4.8%	5.1%	5.1%	4.9%	4.8%	4.7%	4.4%	4.8%	4.4%	4.3%	*4.0%*
Headline CPI, m/m	100.0	0.8%	0.8%	0.6%	0.7%	1.0%	0.4%	0.9%	1.2%	0.0%	0.2%	0.4%	0.5%	0.2%	0.1%	0.5%	0.4%	0.1%	0.4%	0.1%	0.2%	0.2%	0.6%	0.4%	0.0%
Core CPI, m/m	79.5	0.6%	0.7%	0.6%	0.5%	0.3%	0.5%	0.6%	0.6%	0.3%	0.6%	0.6%	0.3%	0.3%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	0.2%	0.2%	0.3%	0.3%	0.2%
Svcs. PCE ex-hous. & energy, m/m*	-	0.5%	0.6%	0.2%	0.3%	0.6%	0.4%	0.3%	0.5%	0.1%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.4%	0.3%	0.3%	0.2%	0.2%	0.5%	0.1%	0.4%	*0.2%*
Energy	7.2	2.6%	2.4%	0.8%	2.7%	8.2%	-1.0%	3.4%	6.9%	-4.7%	-3.9%	-1.7%	1.7%	-1.4%	-3.1%	2.0%	-0.6%	-3.5%	0.6%	-3.6%	0.6%	0.1%	5.6%	1.5%	-2.5%
Gasoline	3.6	4.2%	3.8%	-0.3%	4.7%	13.2%	-3.1%	3.2%	10.3%	-8.1%	-8.4%	-4.2%	3.4%	-2.3%	-7.0%	2.4%	1.0%	-4.6%	3.0%	-5.6%	1.0%	0.2%	10.6%	2.1%	-5.0%
Electricity	2.6	0.7%	0.9%	2.7%	-0.3%	1.7%	0.9%	1.3%	1.5%	1.5%	1.2%	0.8%	0.5%	0.5%	1.3%	0.5%	0.5%	-0.7%	-0.7%	-1.0%	0.9%	-0.7%	0.2%	1.3%	0.3%
Utility Gas	0.7	0.5%	0.1%	0.5%	2.0%	0.6%	2.5%	7.2%	7.5%	-3.8%	3.5%	2.2%	-3.7%	-3.4%	3.5%	6.7%	-8.0%	-7.1%	-4.9%	-2.6%	-1.7%	2.0%	0.1%	-1.9%	1.2%
Food	13.4	0.8%	0.6%	0.8%	1.0%	0.9%	0.8%	1.1%	1.0%	1.1%	0.8%	0.8%	0.7%	0.6%	0.4%	0.5%	0.4%	0.0%	0.0%	0.2%	0.1%	0.2%	0.2%	0.2%	0.3%
Food at home	8.6	1.0%	0.6%	0.9%	1.3%	1.3%	0.9%	1.3%	1.0%	1.3%	0.8%	0.7%	0.5%	0.6%	0.5%	0.4%	0.3%	-0.3%	-0.2%	0.1%	0.0%	0.3%	0.2%	0.1%	0.3%
Food away from home	4.8	0.6%	0.6%	0.7%	0.4%	0.3%	0.6%	0.7%	0.9%	0.7%	0.9%	0.9%	0.9%	0.5%	0.4%	0.6%	0.6%	0.6%	0.4%	0.5%	0.4%	0.2%	0.3%	0.4%	0.4%
Core goods	21.1	1.1%	1.4%	0.9%	0.3%	-0.4%	0.1%	0.6%	0.6%	0.1%	0.4%	0.0%	-0.1%	-0.2%	-0.1%	0.1%	0.0%	0.2%	0.6%	0.6%	-0.1%	-0.3%	-0.1%	-0.4%	-0.1%
Apparel	2.5	0.7%	0.9%	0.7%	0.6%	0.3%	-0.1%	0.4%	0.7%	-0.1%	0.3%	0.0%	-0.2%	0.1%	0.2%	0.8%	0.8%	0.3%	0.3%	0.3%	0.3%	0.0%	0.2%	-0.8%	0.1%
New vehicles	4.2	1.6%	1.8%	0.3%	0.1%	0.1%	0.4%	0.6%	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.6%	0.2%	0.2%	0.4%	-0.2%	-0.1%	0.0%	-0.1%	0.3%	0.3%	-0.1%
Used cars	2.7	3.2%	3.9%	1.4%	-0.6%	-3.6%	-0.7%	1.9%	0.5%	-0.8%	-0.2%	-1.1%	-1.7%	-2.0%	-2.0%	-1.9%	-2.8%	-0.9%	4.4%	4.4%	-0.5%	-1.3%	-1.2%	-2.5%	-0.8%
Medical care commod	1.5	0.1%	0.0%	0.9%	0.3%	0.2%	0.1%	0.3%	0.4%	0.6%	0.2%	-0.1%	0.0%	0.2%	0.1%	1.1%	0.1%	0.6%	0.5%	0.6%	0.2%	0.5%	0.6%	-0.3%	0.4%
Core services	58.3	0.4%	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.6%	0.4%	0.6%	0.8%	0.5%	0.5%	0.6%	0.5%	0.6%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.6%	0.3%
Shelter	34.7	0.5%	0.4%	0.3%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.8%	0.6%	0.4%	0.6%	0.4%	0.4%	0.3%	0.6%	0.3%
Rent of primary res.	7.6	0.4%	0.4%	0.5%	0.6%	0.4%	0.6%	0.6%	0.8%	0.7%	0.7%	0.8%	0.7%	0.8%	0.8%	0.7%	0.8%	0.5%	0.6%	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%
OER	25.6	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.6%	0.7%	0.6%	0.7%	0.8%	0.6%	0.7%	0.8%	0.7%	0.7%	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%	0.6%	0.4%
Medical care services	6.3	0.5%	0.5%	0.5%	0.1%	0.6%	0.5%	0.4%	0.7%	0.4%	0.7%	0.8%	-0.4%	-0.5%	0.3%	-0.7%	-0.7%	-0.5%	-0.1%	-0.1%	0.0%	-0.4%	0.1%	0.3%	0.3%
Transportation services	6.0	1.2%	0.5%	0.7%	1.1%	2.1%	2.2%	1.6%	1.8%	-0.4%	1.0%	1.9%	0.6%	0.3%	0.6%	0.9%	1.1%	1.4%	-0.2%	0.8%	0.1%	0.3%	2.0%	0.7%	0.8%

Source: BLS, FactSet, J.P. Morgan Asset Management. Heatmap shading is relative to the two-year period shown. Component weights may not add to 100. OER refers to owners' equivalent rent. *This is the PCE index of services excluding energy and housing referenced in the U.S. Federal Reserve's Monetary Policy Report. It is provided by the BEA and is distinct from the CPI data provided by the BLS. "Housing" is a PCE component that is measured separately from the CPI "shelter" component.
Guide to the Markets – U.S. Data are as of November 14, 2023.

Markets





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. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. 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.

Source: Stifel Investment Strategy via Strategas Securities, LLC and Bloomberg, as of November 14, 2023 (Intra-Day)

Index	2021	2022	YTD – July 31 2023	July 31–October 27 2023	October 27 – November 15 2023	YTD – November 15 2023
S&P 500 Index	28.7%	-18.1%	20.6%	-9.9%	9.5%	19.0%
S&P 500 Eq. Weight.	29.6%	-11.5%	10.7%	-13.3%	8.7%	4.4%
S&P 500 Financials	34.9%	-10.6%	4.3%	-10.6%	10.4%	2.9%
KBW Reg. Banking	36.7%	-6.9%	-8.4%	-19.1%	15.1%	-14.7%
Russell 1000 Value	25.1%	-7.6%	8.8%	-11.5%	7.4%	3.5%
Russell 1000 Growth	27.6%	-29.1%	33.4%	-9.3%	11.5%	34.9%
NYSE FANG+ Index	17.7%	-40.0%	80.9%	-10.9%	14.2%	84.1%
Russell 2000 Index	14.8%	-20.5%	14.7%	-18.0%	10.1%	3.6%
MSCI EAFE Index	11.3%	-14.5%	15.3%	-11.0%	7.4%	10.2%
MSCI EM Index	-2.5%	-20.1%	11.4%	-11.7%	7.0%	5.2%
Bloomberg U.S. Agg	-1.5%	-13.0%	2.0%	-4.4%	2.4%	-0.2%

Source: Stifel CIO Office via Bloomberg, as of November 15, 2023

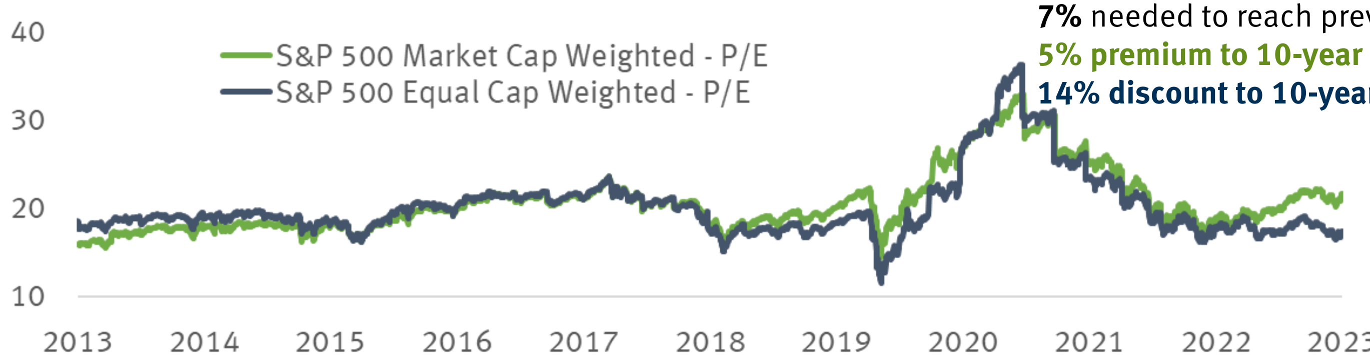
NEAR-TERM RISKS AND OPPORTUNITIES

EPS	EPS Forward P/E					
	16x	17x	18x	19x	20x	21x
$255	4,064	4,318	4,518	4,826	5,055	5,334
$250	3,984	4,233	4,429	4,731	4,955	5,229
$244	3,904	4,148	4,496	4,636	4,856	5,124
$240	3,840	4,080	4,269	4,560	4,776	5,040
$230	3,680	3,910	4,092	4,370	4,577	4,830
$219	3,504	3,723	3,896	4,161	4,358	4,496
$210	3,344	3,553	3,718	3,971	4,159	4,389

Consensus 2024 EPS

Consensus 2023 EPS

Current S&P 500 Index Level



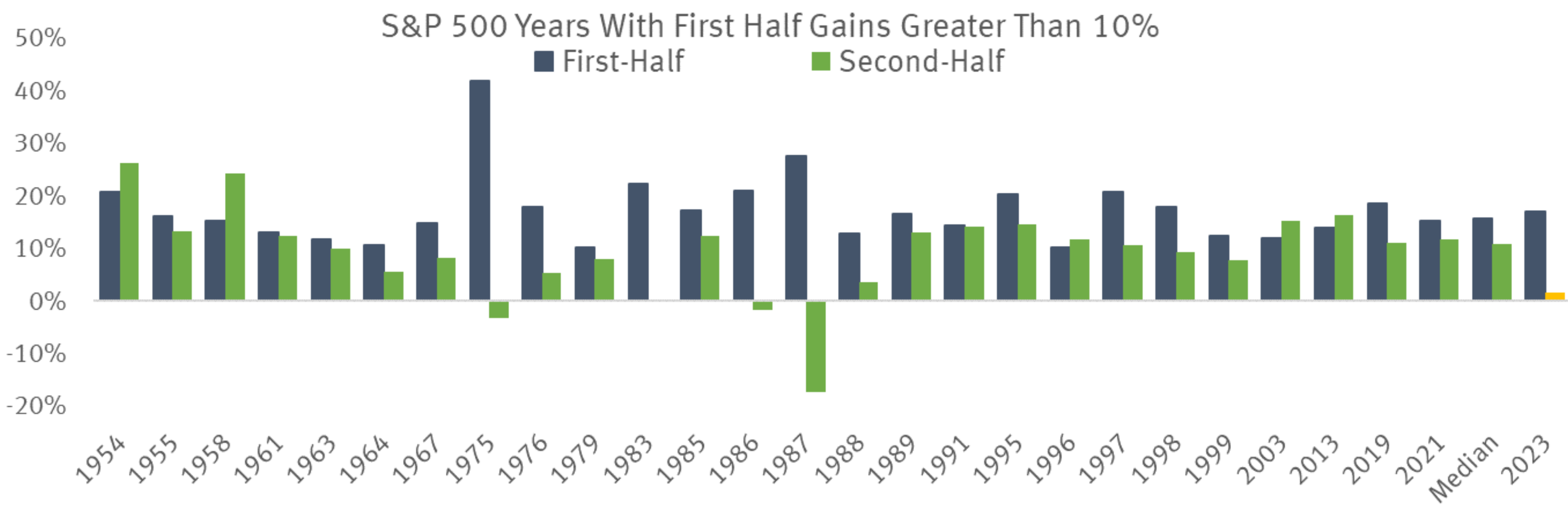
7% needed to reach previous S&P 500 high

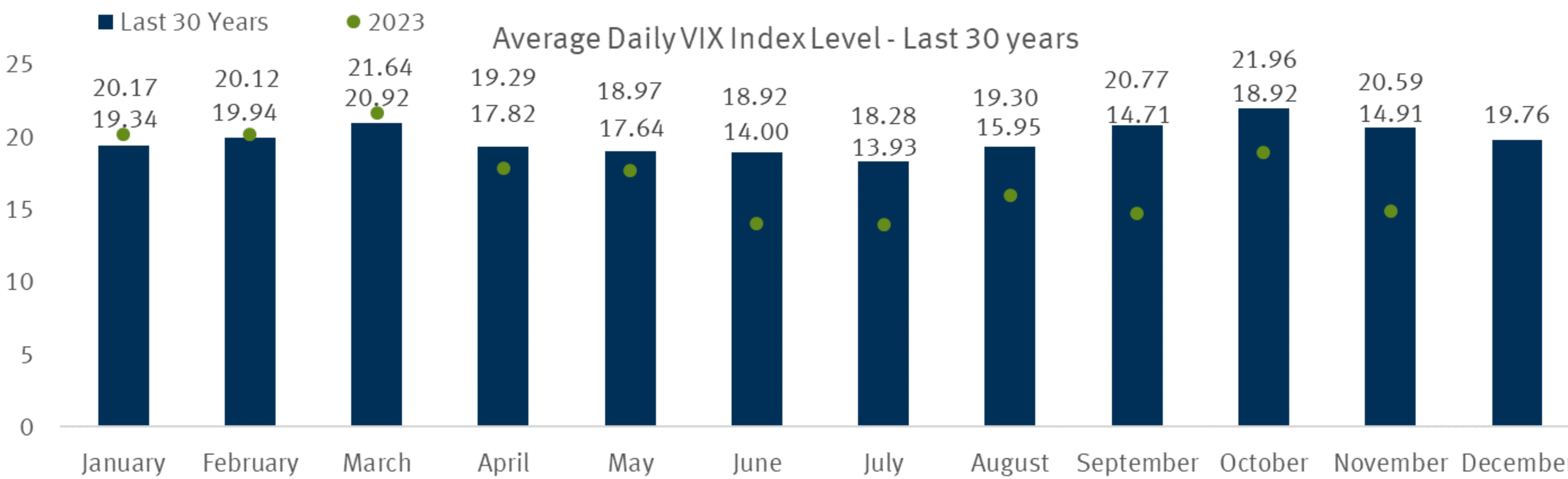
5% premium to 10-year average

14% discount to 10-year average

Source: Stifel CIO Office via Bloomberg, as of November 14, 2023

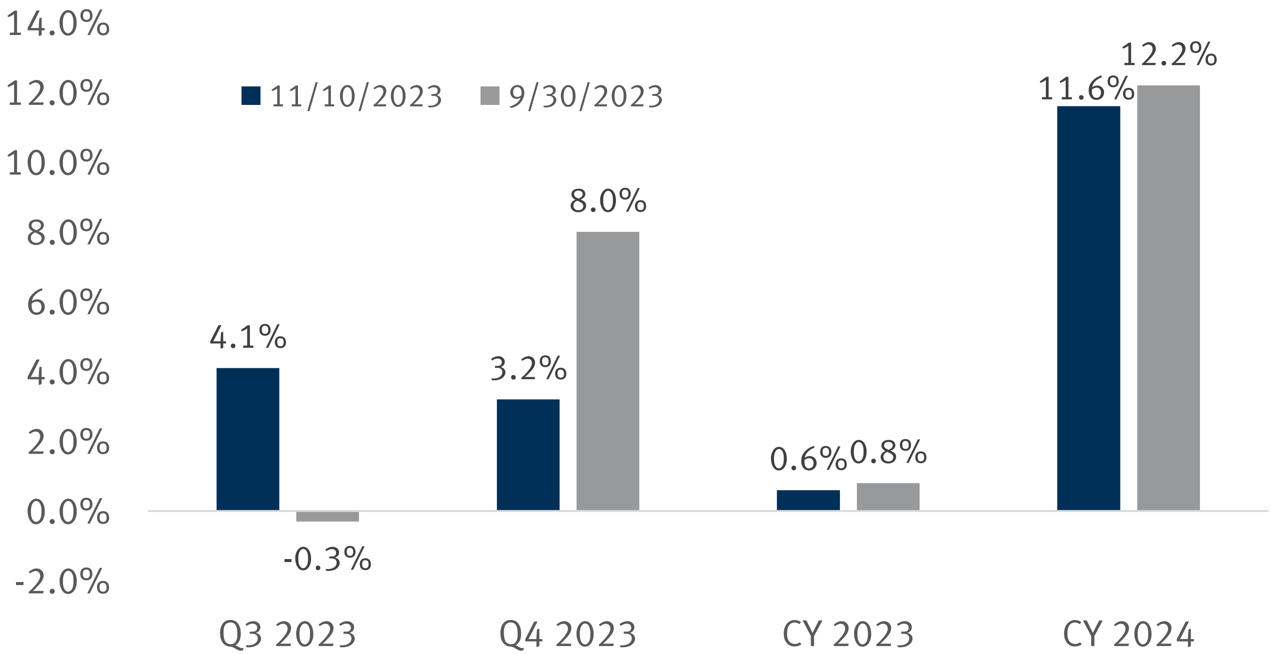
EPS = Earnings Per Share





Source: Stifel CIO Office via Bloomberg, as of November 15, 2023

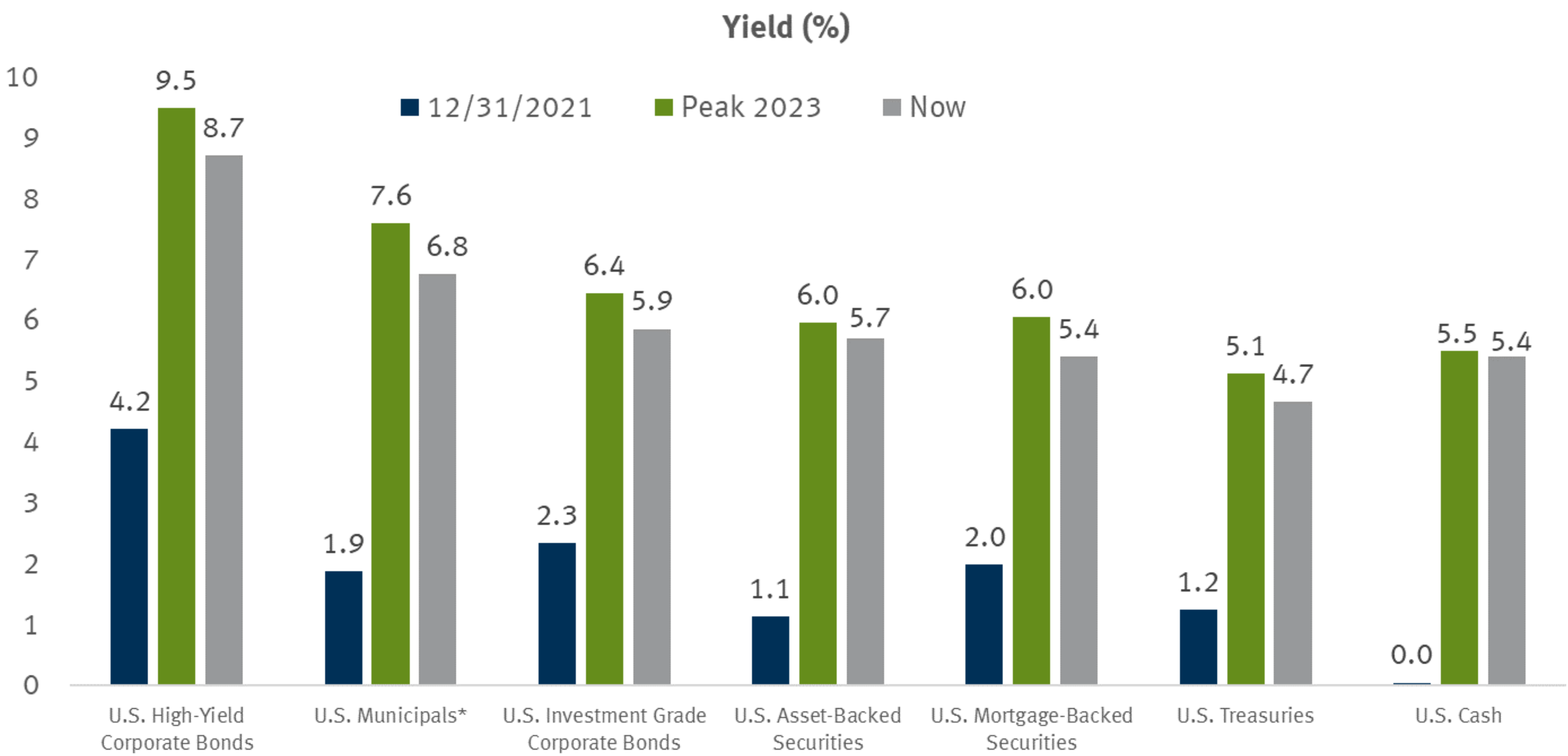
- Earnings growth for the Q3 is expected to be better than initial forecasts
- Analysts have revised Q4 estimates lower given worries about an economic slowdown



Source: Stifel CIO Office via FactSet, as of November 10, 2023
Q3 = Third Quarter
Q4 = Fourth Quarter
CY = Calendar Year

Sight | Lines: Third Quarter Earnings Season: Stronger Now, but Weaker Later?

BOND YIELDS

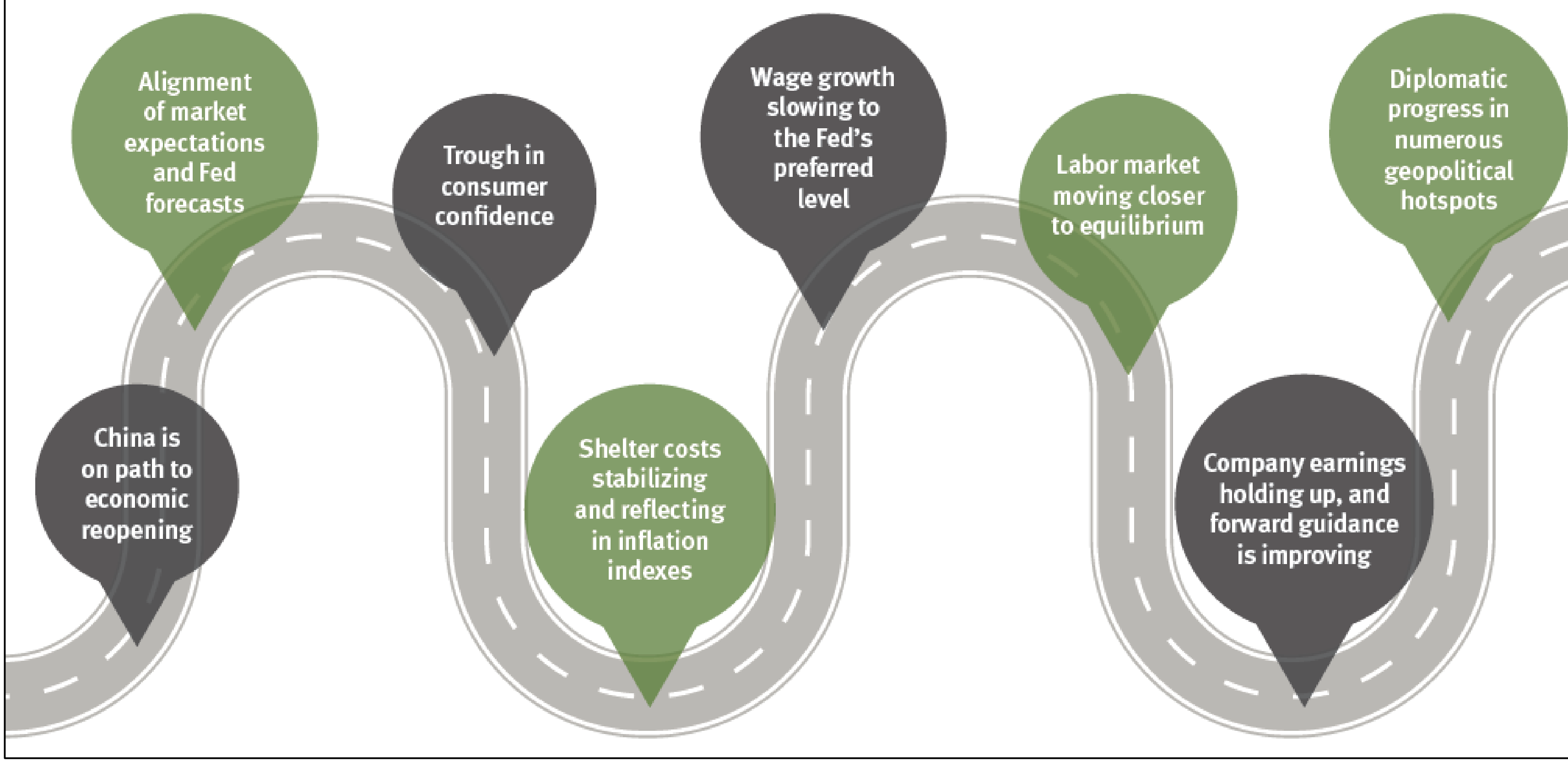


**Based on taxable equivalent yield. Taxable equivalent yield assumes a 37% federal tax and 3.8% net investment income tax.*

Source: Stifel CIO Office via Bloomberg, as of November 14, 2023

Looking Forward

SIGNPOSTS


Alignment of market expectations and Fed forecasts
China is on path to economic reopening
Trough in consumer confidence
Shelter costs stabilizing and reflecting in inflation indexes
Wage growth slowing to the Fed's preferred level
Labor market moving closer to equilibrium
Company earnings holding up, and forward guidance is improving
Diplomatic progress in numerous geopolitical hotspots

NOVEMBER	
1	Fed Policy Decision
3	Employment
14/29	Inflation
10	Consumer Sentiment
15	Retail Sales
17	Housing
22	Federal Open Market Committee (FOMC) Minutes

DECEMBER	
8	Employment
8	Consumer Sentiment
12/21	Inflation
13	Fed Policy Decision
14	Retail Sales
19	Housing

JANUARY	
3	Federal Open Market Committee (FOMC) Minutes
5	Employment
13	Consumer Sentiment
11/26	Inflation
17	Retail Sales
18	Housing
31	Fed Policy Decision

FEBRUARY	
2	Employment
2	Consumer Sentiment
13/29	Inflation
15	Retail Sales
16	Housing
21	Federal Open Market Committee (FOMC) Minutes

Timeline leading up to Election:

- 1/15/24: Iowa Republican Caucus
- 3/5/2024: Super Tuesday
- 3/31/24: By end of March, over 50% of each party's delegates will have taken place
- 7/15-7/18: Republican Convention (Milwaukee, WI)
- 8/19-8/22: Democratic Convention (Chicago, IL)
- 11/5: Election Day
- 12/17: Electors cast their votes

Getting Ready: The 2024-U.S. Presidential Election

Our approach on preparing for the election:

- Understanding the four phases of the election
  1. Early primary
  2. Late primary
  3. General election
  4. Post-election
- Anticipating each candidate's impact on businesses and markets
- Understanding each candidate's chances of winning
- Assessing any possible changes in congressional control

CONGRESS

HOUSE OF REPRESENTATIVES

212 Seats

221 Seats

2 Vacancies

All 435 seats up for re-election

SENATE

51 Seats

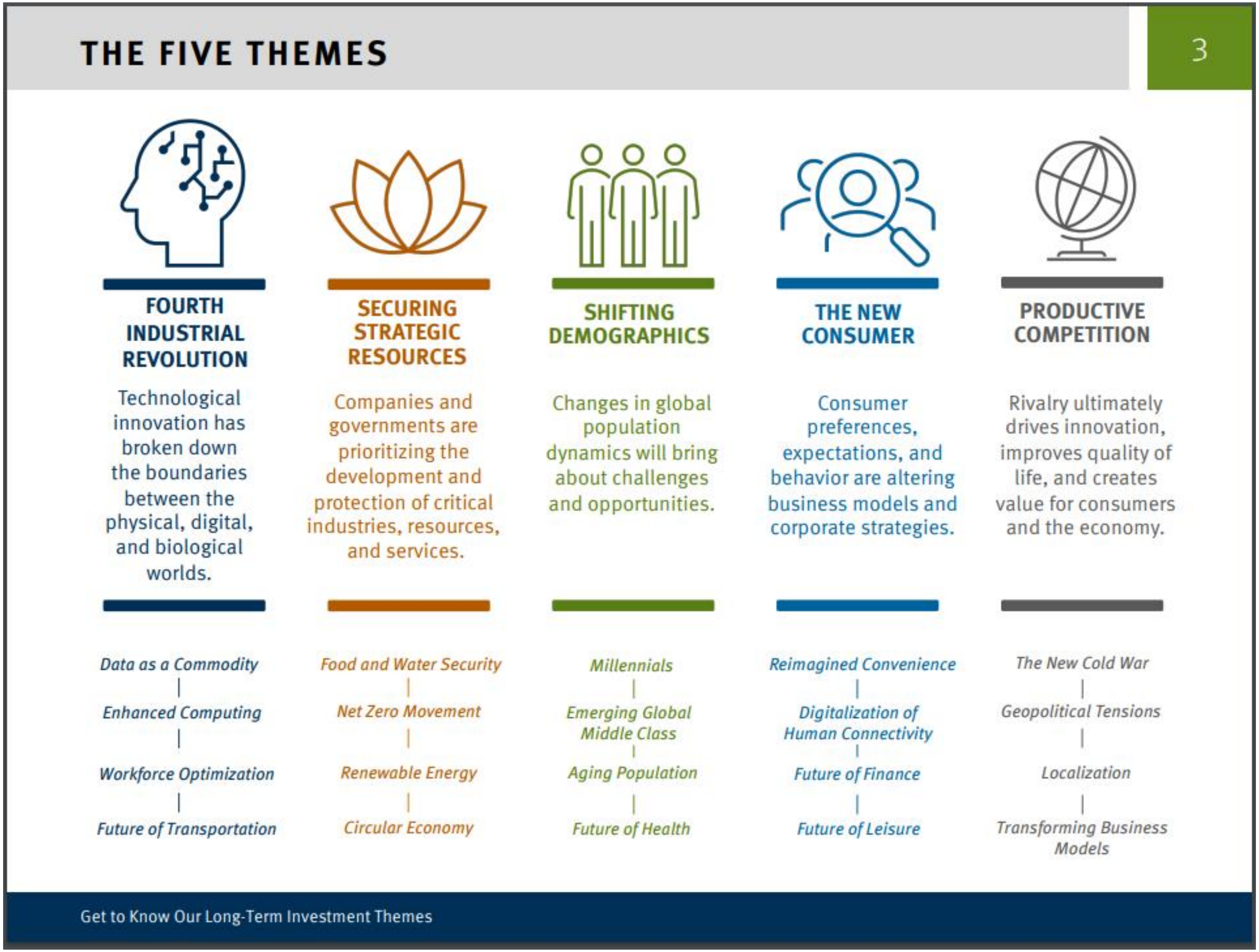
49 Seats

23 Up for Re-election

10 Up for Re-election

* 2 Independents caucus with Democrats and another Independent counts towards the Democrats for committee purposes.

LONG-TERM INVESTMENT THEMES



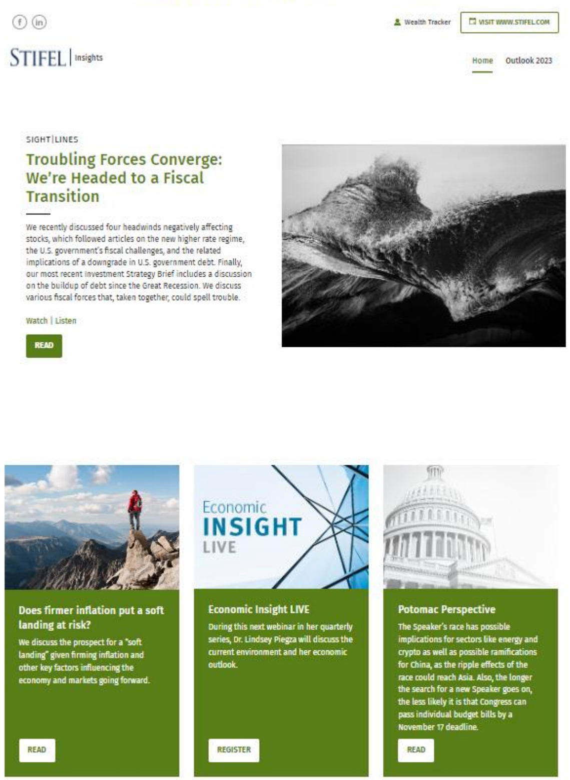
Source: Stifel CIO Office via *From Vision to Value: Our Long-Term Investment Themes*

VIEW REPORT

WHERE TO FIND
STIFEL GUIDANCE

The Stifel CIO Office develops economic and market analysis, and corresponding investment guidance, for the benefit of Stifel clients. You can find all of our Stifel Guidance at:

stifelinsights.com



Popular insights from Stifel's CIO Office include:

Dynamic leanings

144 ASSET ALLOCATION MODELS FOR YOUR SELECTION

6 Risk Profles

Conservative | Moderately Conservative | Moderate | Moderate Growth | Moderately Aggressive | Aggressive

2 Time Frames

- Strategic (Long Term)
- Dynamic (Near Term)

3 Levels of Liquidity

- Tier 1
- Tier 2
- Tier 3

2 Equity Choices

- U.S. Focused
- Global

2 Fixed Income Choices

- Tax Sensitive
- Taxable

DYNAMIC LEANINGS

Underweight Neutral Overweight

	ASSET CLASS	CURRENT: Underweight	CURRENT: Neutral	CURRENT: Overweight	COMMENTS
EQUITY	U.S. Equity vs. Non-U.S. Equity		■		While non-U.S. equity relative valuations remain attractive for longer-term investors, we remain neutral given the global economic and geopolitical headwinds. The strength of the U.S. consumer and corporate balance sheets put the U.S. on a stronger footing, but richer valuations mean near-term weakness is possible.
EQUITY	U.S. Large Cap vs. U.S. Small Cap	■			Small cap company valuations are providing an attractive entry point for skilled investors. Falling prices reflect, to a good degree, the concerns about higher interest rates and an economic slowdown. But lower valuations create opportunities. We guide investors to implement an overweight with active management.
EQUITY	U.S. Large Value vs. U.S. Large Growth		■		In this environment we believe investors should diversify across both value and growth styles. Within U.S. large cap, we have a modest overweight to dividend growth and quality companies, regardless of style.
EQUITY	Non-U.S. Developed Markets vs. Emerging Markets		■		Risks stemming from China and the war in Ukraine are each binary, meaning one or both could quickly dissipate, or get worse. Our team is closely following the developments in China and Europe, and we are prepared to act swiftly as we receive further clarity on the macroeconomic outlook.
EQUITY	Europe vs. Japan		■		We see investment opportunities across regions of the world. Japan's corporate governance reform is a positive and likely to enhance shareholder value in the medium-to-long term. Risks from the war in Ukraine are largely reflected in European stock valuations, and there is meaningful upside potential if and when we see a diplomatic resolution there.

DYNAMIC LEANINGS

	ASSET CLASS	CURRENT: Underweight	CURRENT: Neutral	CURRENT: Overweight	COMMENTS
FIXED INCOME	U.S. Investment Grade vs. U.S. High Yield			■	Bond yields are the most attractive they have been in the last 10–15 years, despite coming off of recent highs. Near-term volatility and an economic slowdown may exacerbate near-term price losses in high yield.
FIXED INCOME	Corporates/ Government/Agency MBS		■		While our base case is for Treasury yields and corporate spreads to remain range bound, we remain neutral and diversified across fixed income supersectors given the fat tail risks of our bear and bull scenarios.
FIXED INCOME	Duration		■		We view duration as a diversifier in a multi-asset class portfolio given the near-term uncertainty and remain neutral to the overall market.
ALTERNATIVES	Private Assets		■		For investors interested in alternative investments and able to handle illiquidity, exposure to some combination of private equity, private debt, and/or private real estate can be considered as part of a diversified portfolio.
ALTERNATIVES	Hedge Funds		■		For investors interested in alternative investments and able to handle less liquidity who have conviction about manager skill, exposure to hedge funds can be a helpful part of a diversified portfolio. This is especially true in volatile, low-return environments.

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.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

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.*

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.

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 US 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.

Russell 1000 Value Index measures the performance of those Russell 1000 index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 1000 Index represents approximately 1,000 of the largest companies in the U.S. equity markets, the Russell 1000 is a subset of the Russell 3000 Index. The Russell 1000 (maintained by the Russell Investment Group) comprises over 90% of the total market capitalization of all listed U.S. stocks and is considered a bellwether index for large cap investing.

Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 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.

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

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

VIX Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

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 Russell 1000 Index, comprised of 1,000 of the largest U.S. securities based on a combination of their market cap and current index membership.

U.S. SC (Small Cap) equities is represented by the Russell 2000 Index, comprised of 2,000 of the smallest U.S. securities based on a combination of their market cap and current index membership.

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.

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