



INVESTMENT STRATEGY BRIEF:

Does firmer inflation put a soft landing at risk?

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STIFEL

Economy

page 4

Inflation

page 11

Markets

page 15

Looking Forward

page 26

Dynamic Leanings

page 32

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

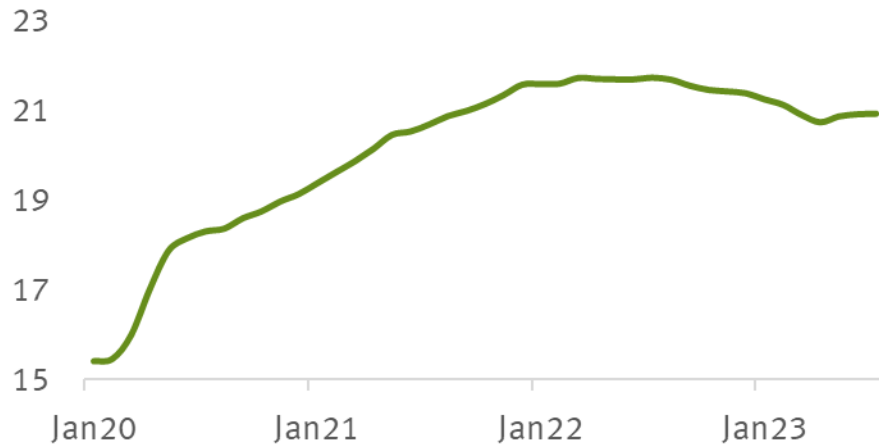
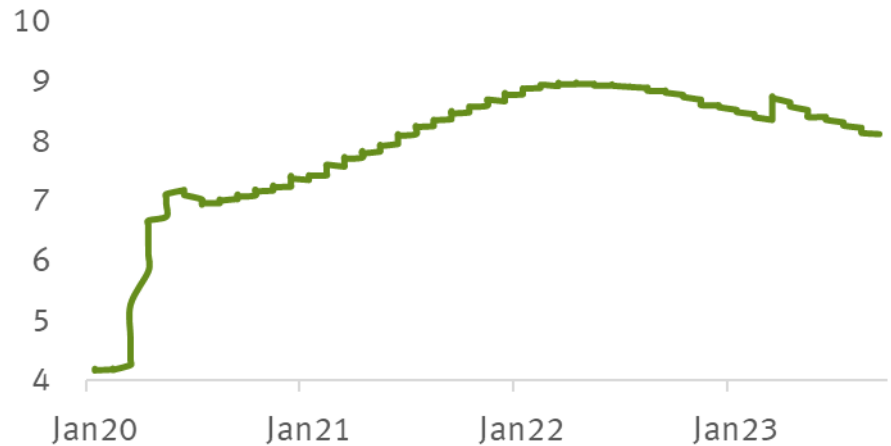
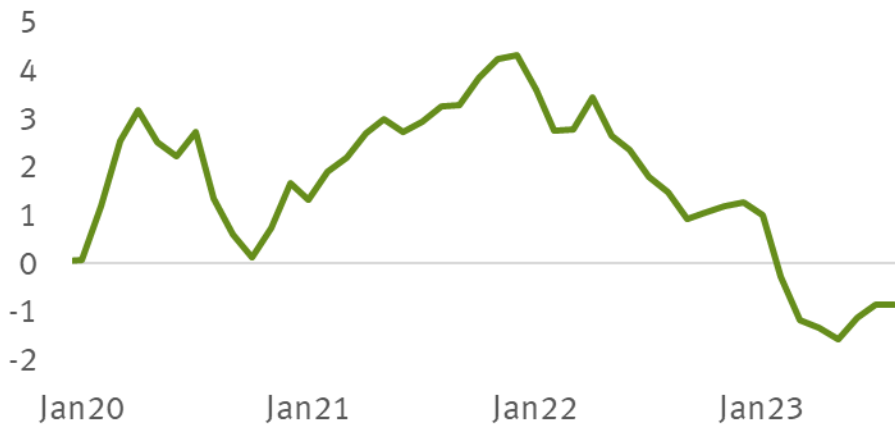
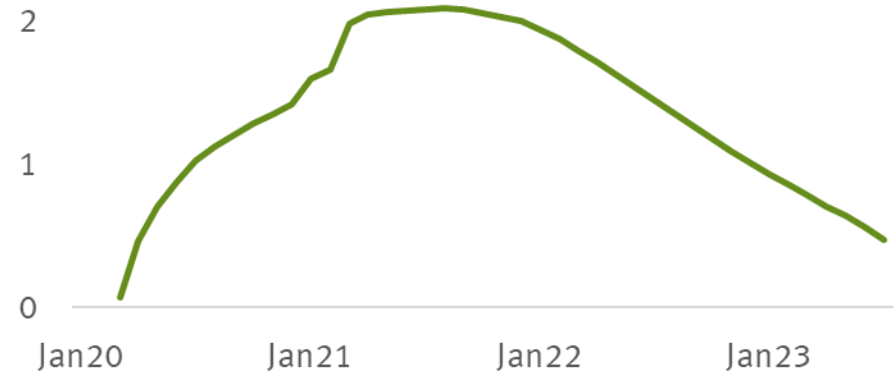
MARKETS

Returns broadening out, volatility to increase

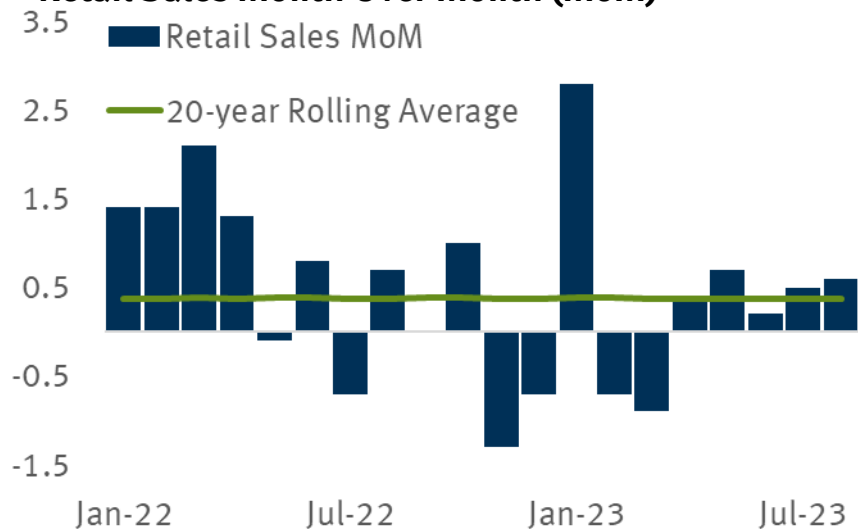
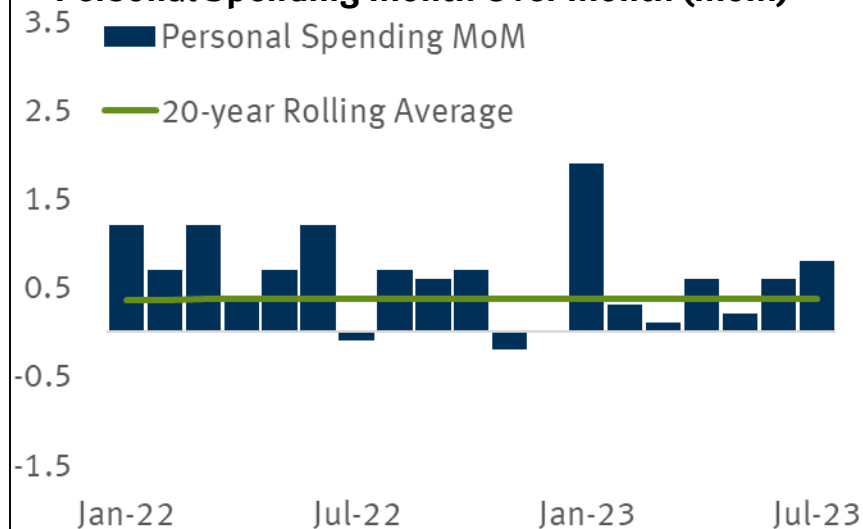
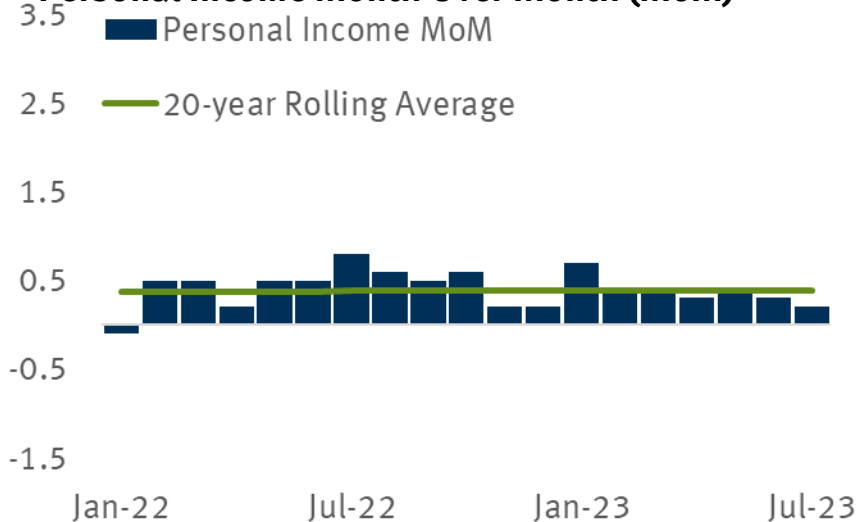
3 things we're focused on:

- Company earnings
- Profit margins
- Capital expenditures

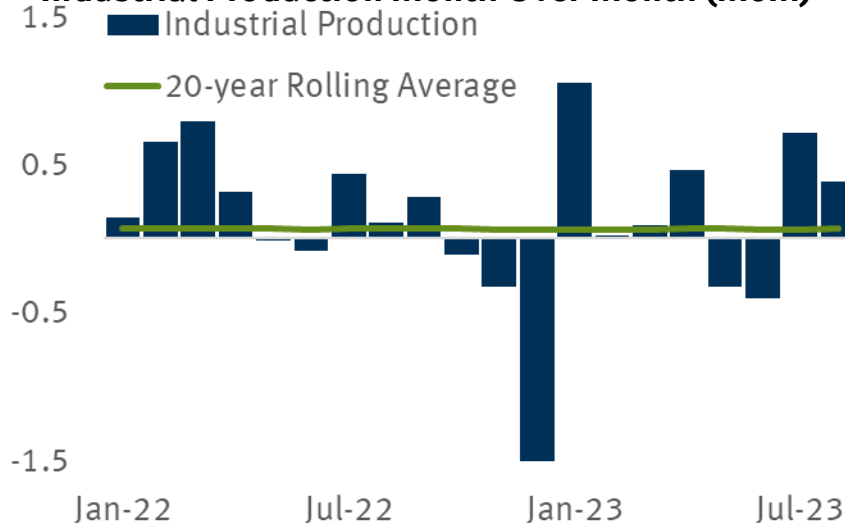
Economy

Money Supply (Trillions)**Federal Reserve (Fed)'s Balance Sheet (Trillions)****Global Supply Chain Pressure Index****Excess Savings (Trillions)**

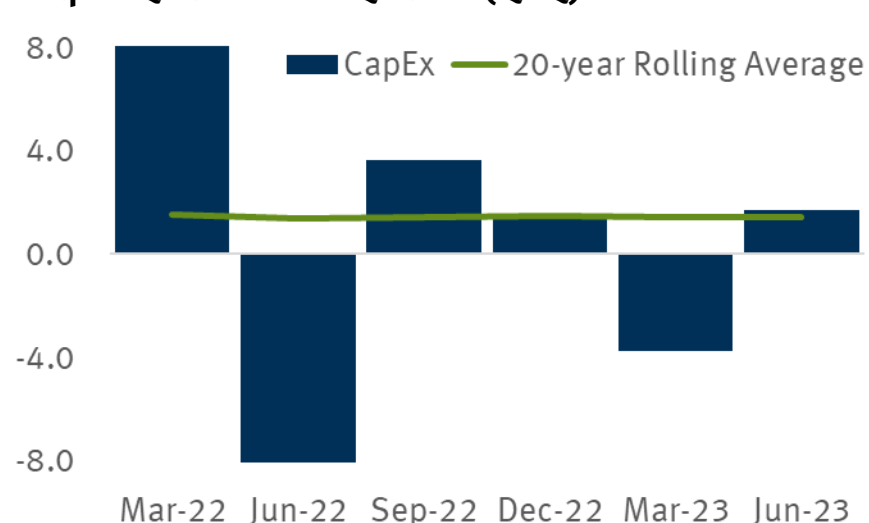
Source: Stifel CIO Office via Bloomberg, Pantheon Macroeconomics, as of September 14, 2023

Retail Sales Month Over Month (MoM)**Personal Spending Month Over Month (MoM)****Personal Income Month Over Month (MoM)****University Of Michigan Consumer Sentiment**

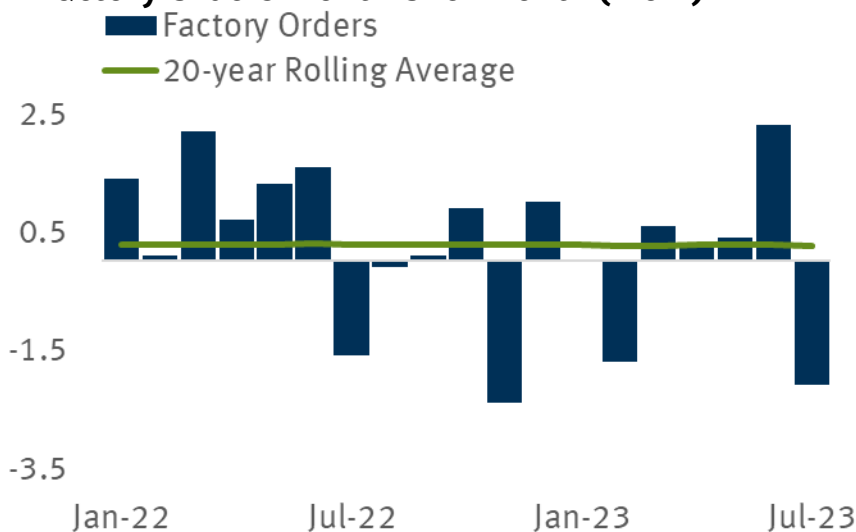
Industrial Production Month Over Month (MoM)



CapEx Quarter Over Quarter (QoQ)



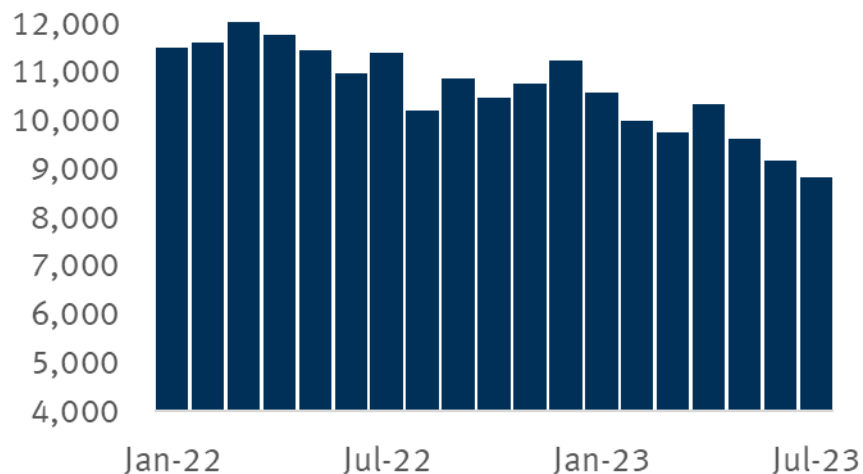
Factory Orders Month Over Month (MoM)



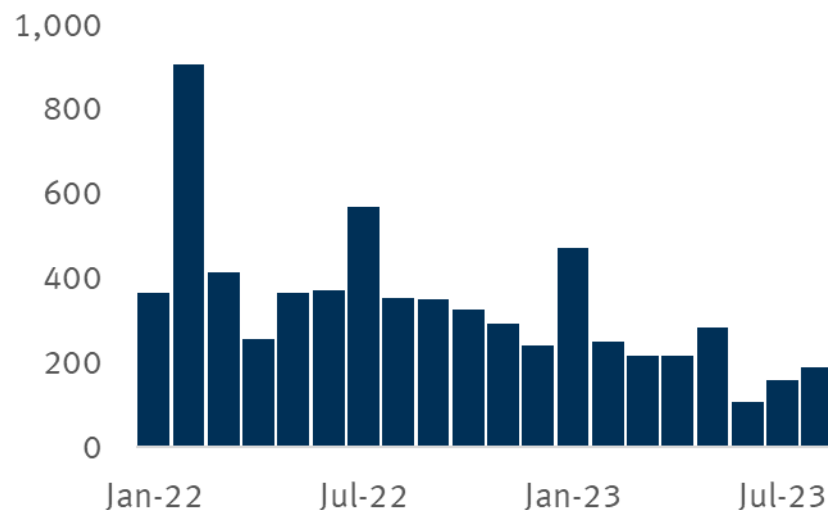
National Federation of Independent Business Small Business Sentiment at Lows



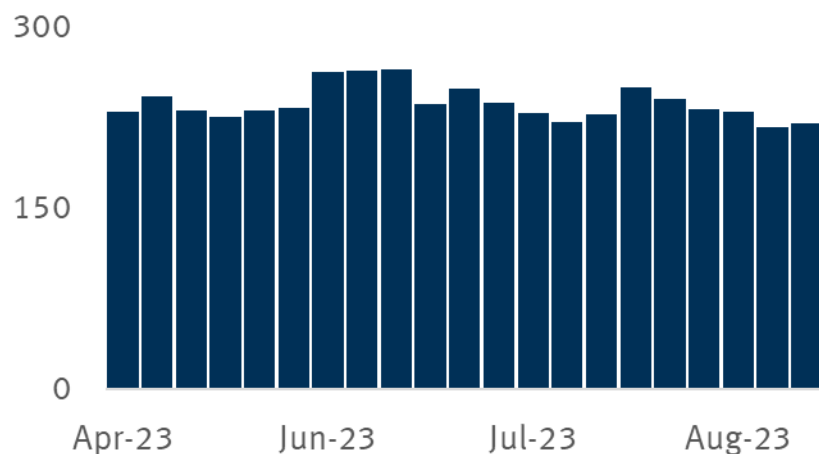
JOLTs - Job Openings (000s)



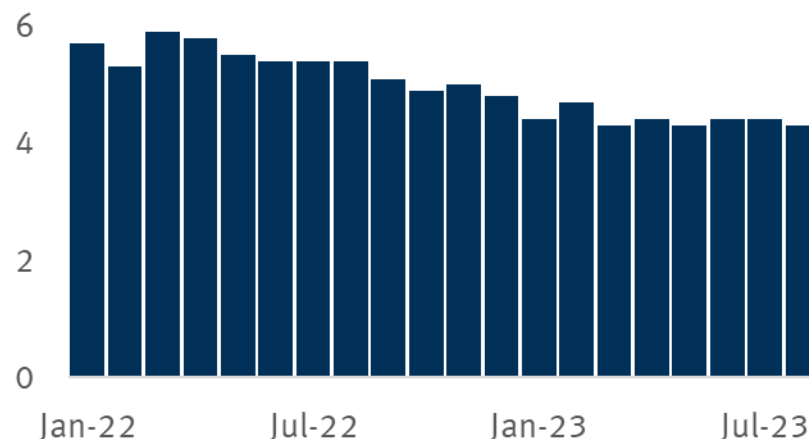
Nonfarm Payrolls (000s)



Jobless Claims (000s)



Wage Growth - Hourly Earnings (%)



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

U.S. GDP	Date of Estimate	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	2022	2023	2024
Consensus Estimates	9/14/2023	2.0	2.1	2.0	0.4	0.1	0.9	2.1	2.0	0.9
Consensus Estimates	1/3/2023	0.1	-0.6	0.0	0.9	1.5	1.8	1.9	0.3	1.3
Stifel	8/29/2023	1.2	1.8	2.6	1.5	0.9	1.8	0.5	2.1	1.7
Goldman Sachs	9/14/2023	1.5	2.5	3.2	1.3	1.9	1.9	2.0	2.2	2.0
Capital Economics	9/8/2023	1.2	1.4	2.3	-0.8	0.8	1.4	2.0	2.0	1.0
Strategas	9/11/2023	1.0	1.6	3.0	-0.5	-1.5	1.0	2.0	2.1	0.6
UBS	9/8/2023	1.5	1.6	3.3	-1.4	-2.0	1.5	2.0	2.1	0.4
Wells Fargo	9/7/2023	0.6	0.9	3.4	0.4	-0.8	-1.1	2.1	2.1	0.5
Bloomberg Economics	8/18/2023	1.2	1.5	1.5	-0.2	-0.5	0.4	2.0	2.1	0.6
Barclays	9/4/2023	1.5	1.5	3.0	0.5	0.0	-0.5	2.0	2.1	0.5
JPMorgan Chase	9/8/2023	1.1	1.7	3.5	1.5	0.5	0.5	2.1	2.3	1.2
Federal Reserve**	6/14/2023							0.9	1.0	1.1

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 September 11, 2023. Federal Reserve estimates are as of June 14, 2023. Figures in grey areas under “Consensus Estimates” represent reported results

STIFEL POST-GREAT FINANCIAL CRISIS ENVIRONMENT

Following the decade of low interest rates post-Great Financial Crisis (GFC), companies and businesses were able to “lock-in” lower fixed rates, reducing debt servicing costs and extending the transmission effects of monetary policy tightening

\$5.2 trillion

Increase in U.S. household
debt 2023 vs. 2007

*Note: U.S. household debt as a percent of GDP has
declined by roughly 25% since 2007*

\$7.0 trillion

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

21.6% vs. 5.6%

ARM Loans average as % of
total loans pre-GFC and
post-GFC

212%

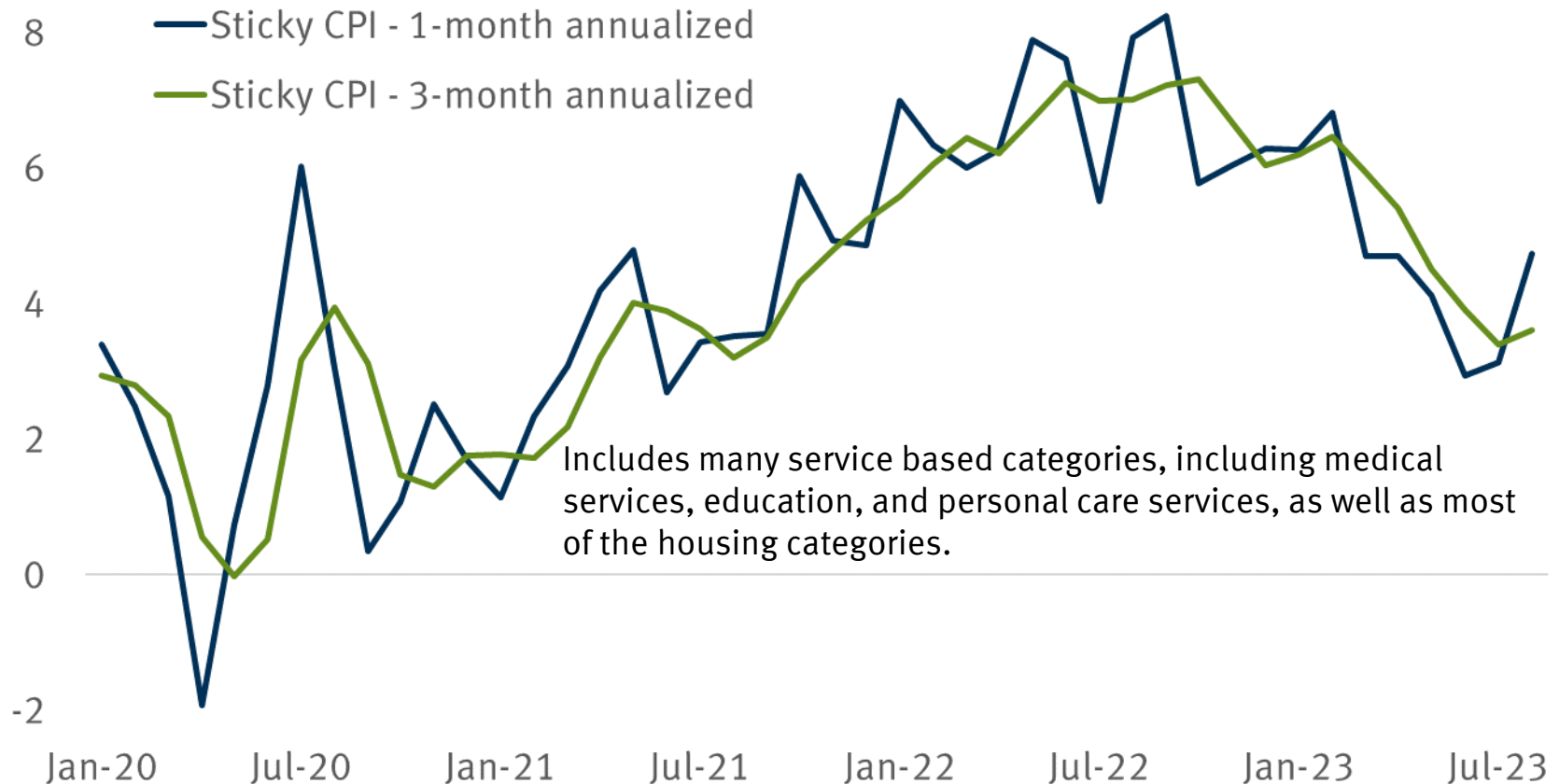
Increase in S&P 500 Index
cash per share
2022 vs. 2007

Source: Stifel CIO Office, as of August 30, 2023; data via St. Louis Federal Reserve (FRED), New York Federal Reserve, and Bloomberg

Note: The time period for Adjustable Rate Mortgage (ARM) loans average for pre-GFC is 12/31/1999 – 12/31/2007; post-GFC is 12/31/2007 – 12/31/2021

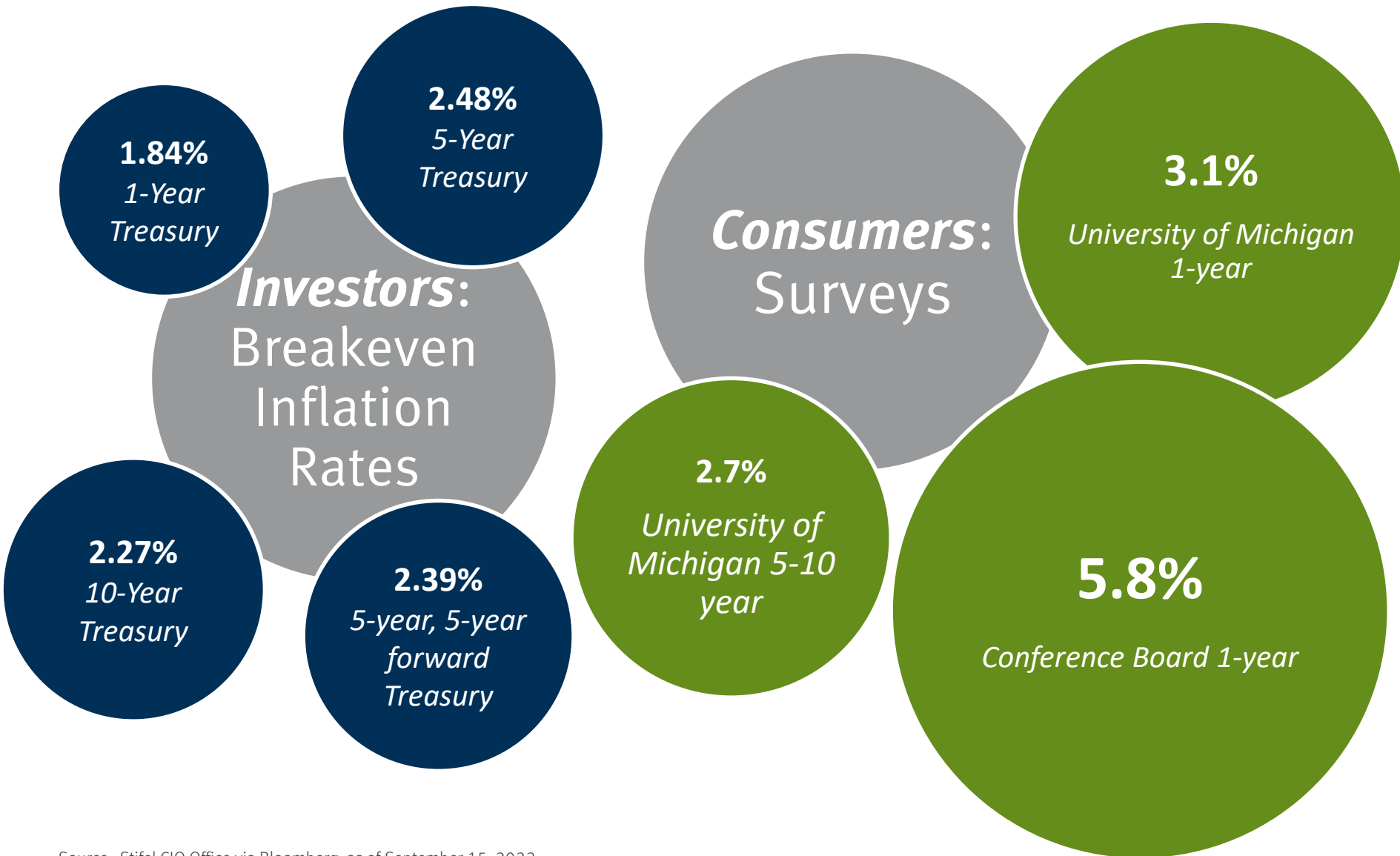
Inflation

Sticky inflation

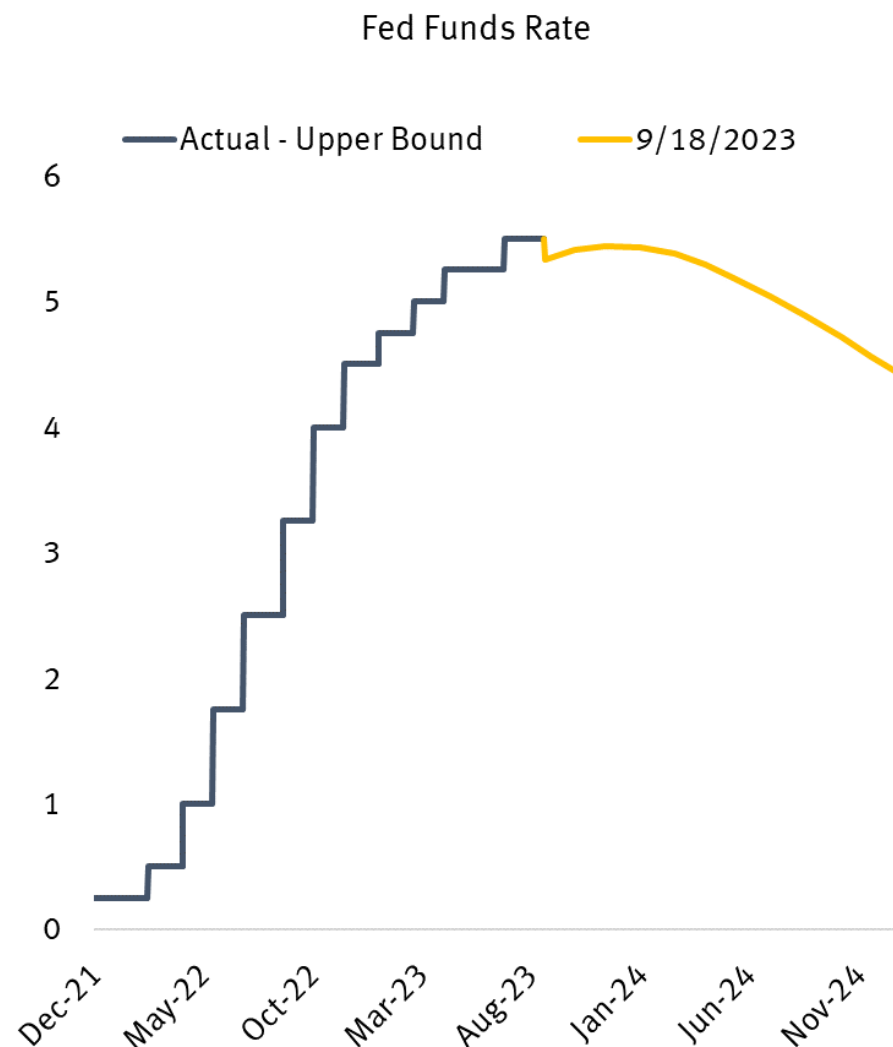
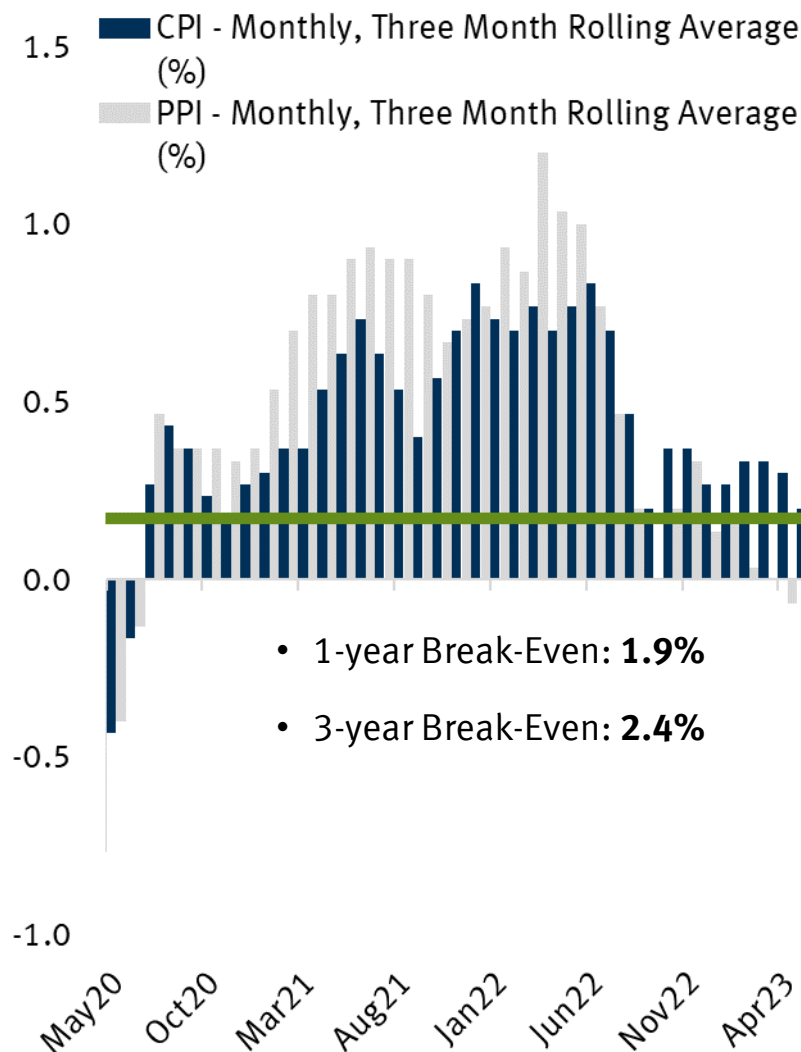


CPI = Consumer Price Index

Source: Stifel CIO Office via Federal Reserve Bank of Atlanta, as of September 13, 2023



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

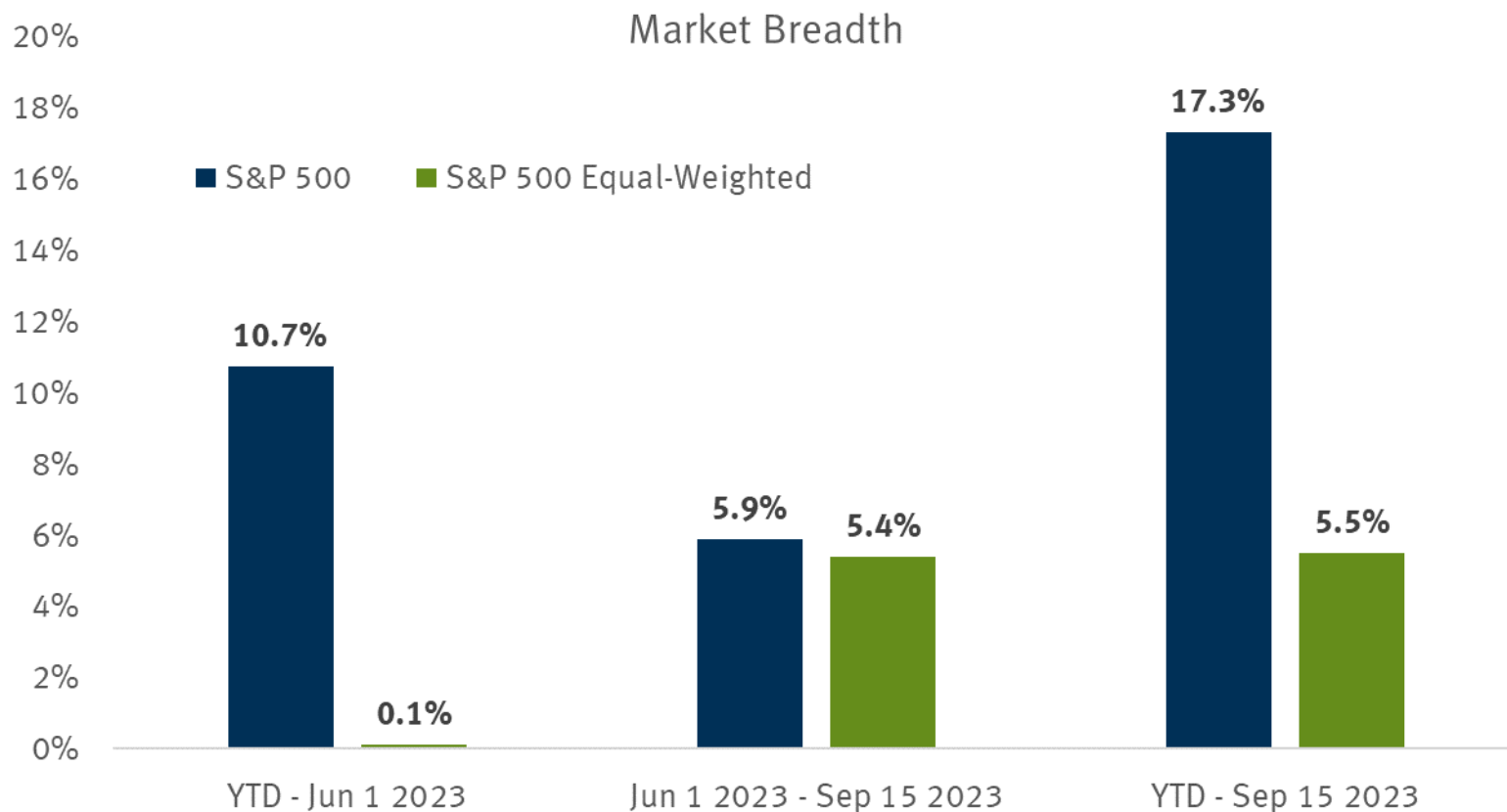


Source: Stifel CIO Office via Bloomberg, as of September 18, 2023 PPI = Producer Price Index

Markets

Index	2020	2021	2022	YTD – June 1 2023	June 1– September 15 2023	YTD – September 15 2023
S&P 500 Index	18.4%	28.7%	-18.1%	10.7%	5.9%	17.3%
S&P 500 Eq. Weight.	12.8%	29.6%	-11.5%	0.1%	5.4%	5.5%
S&P 500 Financials	-1.8%	34.9%	-10.6%	-5.7%	9.0%	2.8%
KBW Reg. Banking	-8.7%	36.7%	-6.9%	-25.9%	10.8%	-17.9%
Russell 1000 Value	2.8%	25.1%	-7.6%	-0.7%	6.2%	5.4%
Russell 1000 Growth	38.5%	27.6%	-29.1%	22.2%	6.1%	29.7%
NYSE FANG+ Index	103.1%	17.7%	-40.0%	64.5%	5.4%	73.5%
Russell 2000 Index	19.9%	14.8%	-20.5%	1.0%	4.9%	6.0%
MSCI EAFE Index	7.8%	11.3%	-14.5%	8.3%	2.4%	10.9%
MSCI EM Index	18.3%	-2.5%	-20.1%	1.4%	3.7%	5.2%
Bloomberg U.S. Agg	7.5%	-1.5%	-13.0%	2.7%	-2.4%	0.3%

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

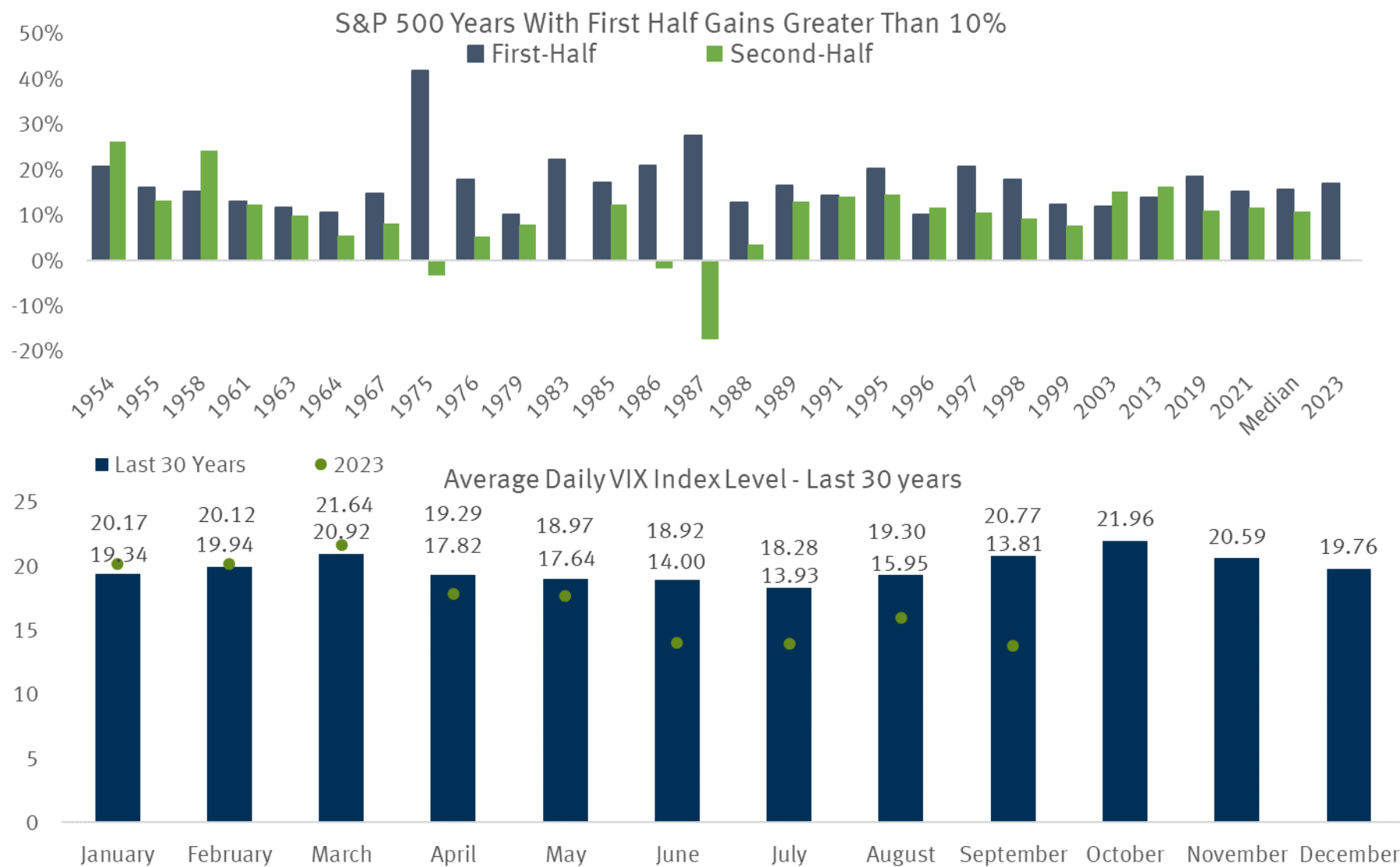


Source: Stifel CIO Office via Bloomberg, as of September 15, 2023

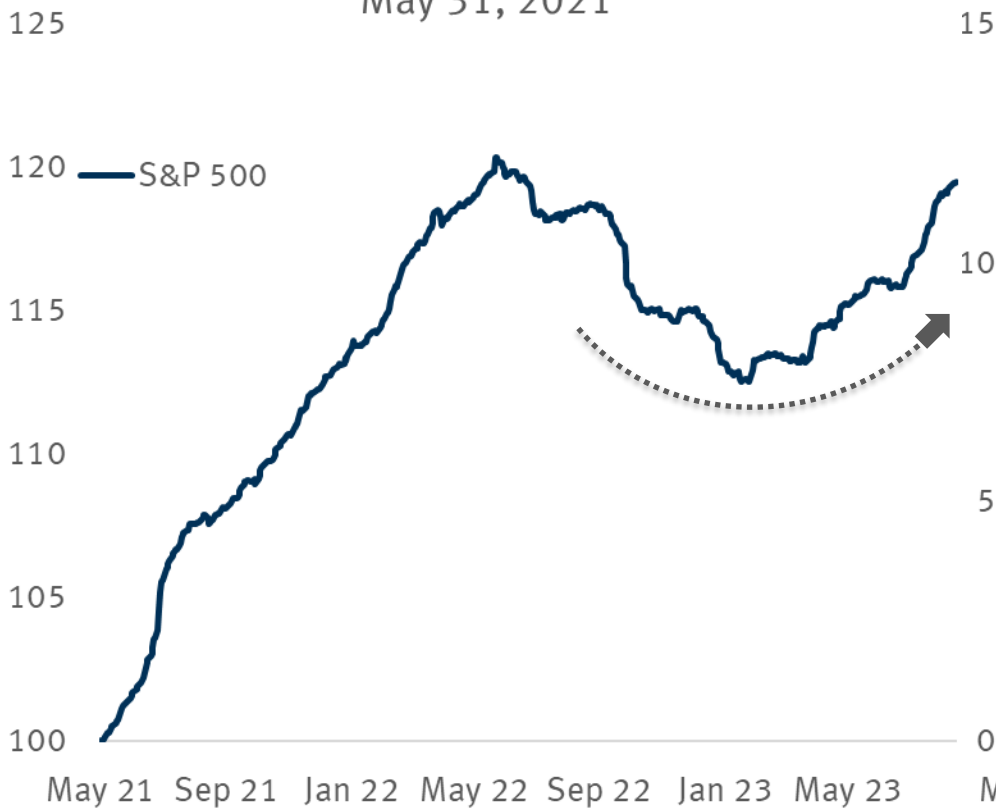
	EPS	EPS Forward P/E						Current S&P 500 Index Level
		16x	17x	18x	19x	20x	21x	
Consensus 2024 EPS	\$255	4,080	4,335	4,582	4,837	5,102	5,355	
	\$250	4,000	4,250	4,492	4,742	5,002	5,250	
	\$245	3,920	4,165	4,450	4,647	4,902	5,145	
Consensus 2023 EPS	\$240	3,840	4,080	4,312	4,552	4,802	5,040	
	\$230	3,680	3,910	4,132	4,362	4,602	4,830	
	\$220	3,520	3,740	3,953	4,173	4,450	4,620	
	\$210	3,360	3,570	3,773	3,983	4,202	4,410	



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

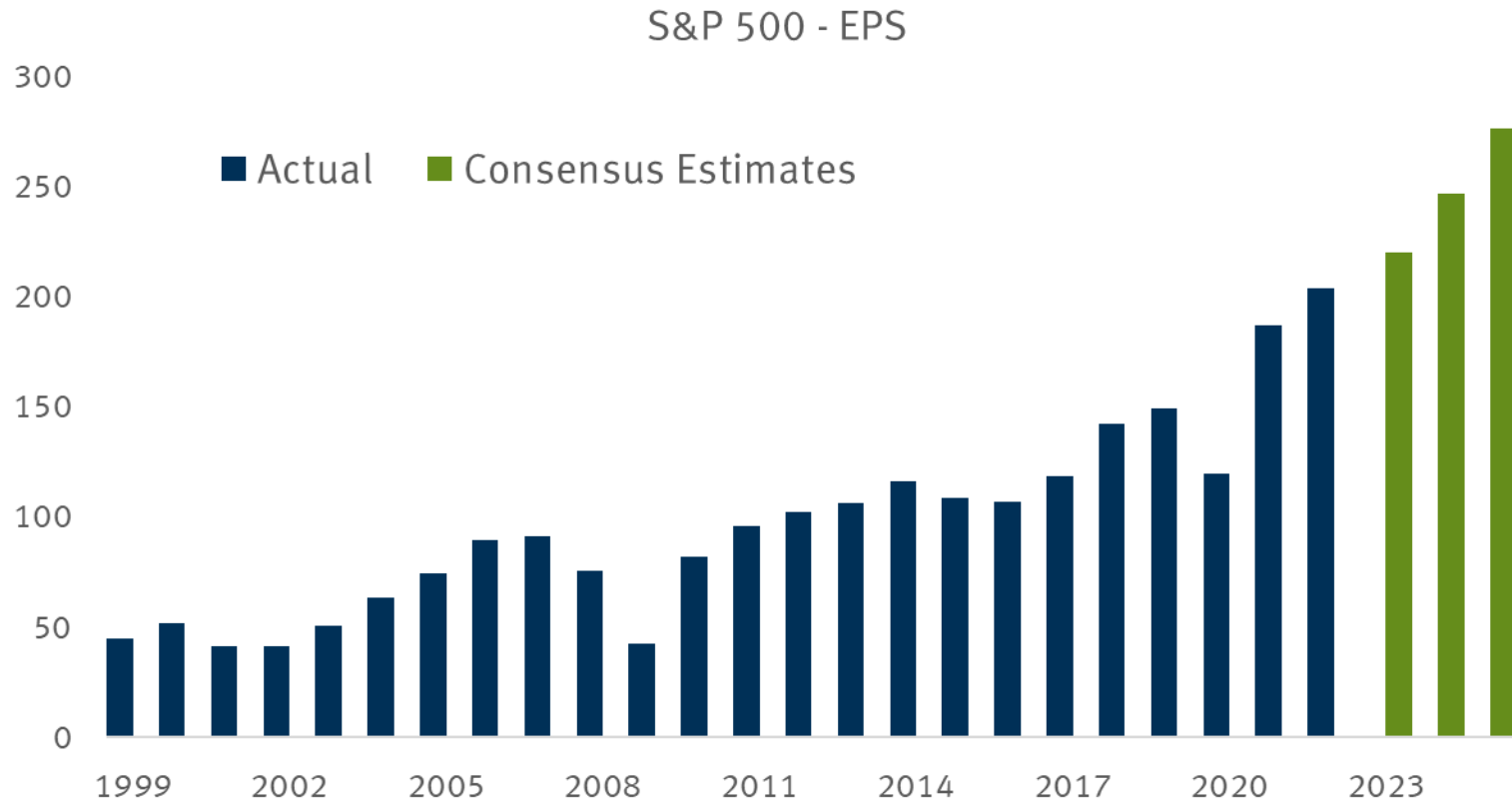


Forward 12m EPS, Indexed to 100 on
May 31, 2021



S&P 500 Profit Margins Over Time (%)





Source: Stifel CIO Office via FactSet, as of September 14, 2023

Decade *prior*
to the GFC

5%



Decade *after*
the GFC

2%

During
Pandemic

1.2%

2020



2021

Now

4.3%



10 Years
Forward

5.0%



20 Years
Forward

4.5%



Sight|Lines: [A New Market Rate Regime? Data and Sentiment Say Yes.](#)

	Current	5-Year Average
Corporate IG	1.18	1.23
Corporate HY	3.74	4.13
Securitized	0.59	0.46
<i>CMBS</i>	1.30	0.92
<i>ABS</i>	0.65	0.54
<i>MBS</i>	0.55	0.42

Corporate IG = Corporate Investment Grade

Corporate HY = Corporate High Yield

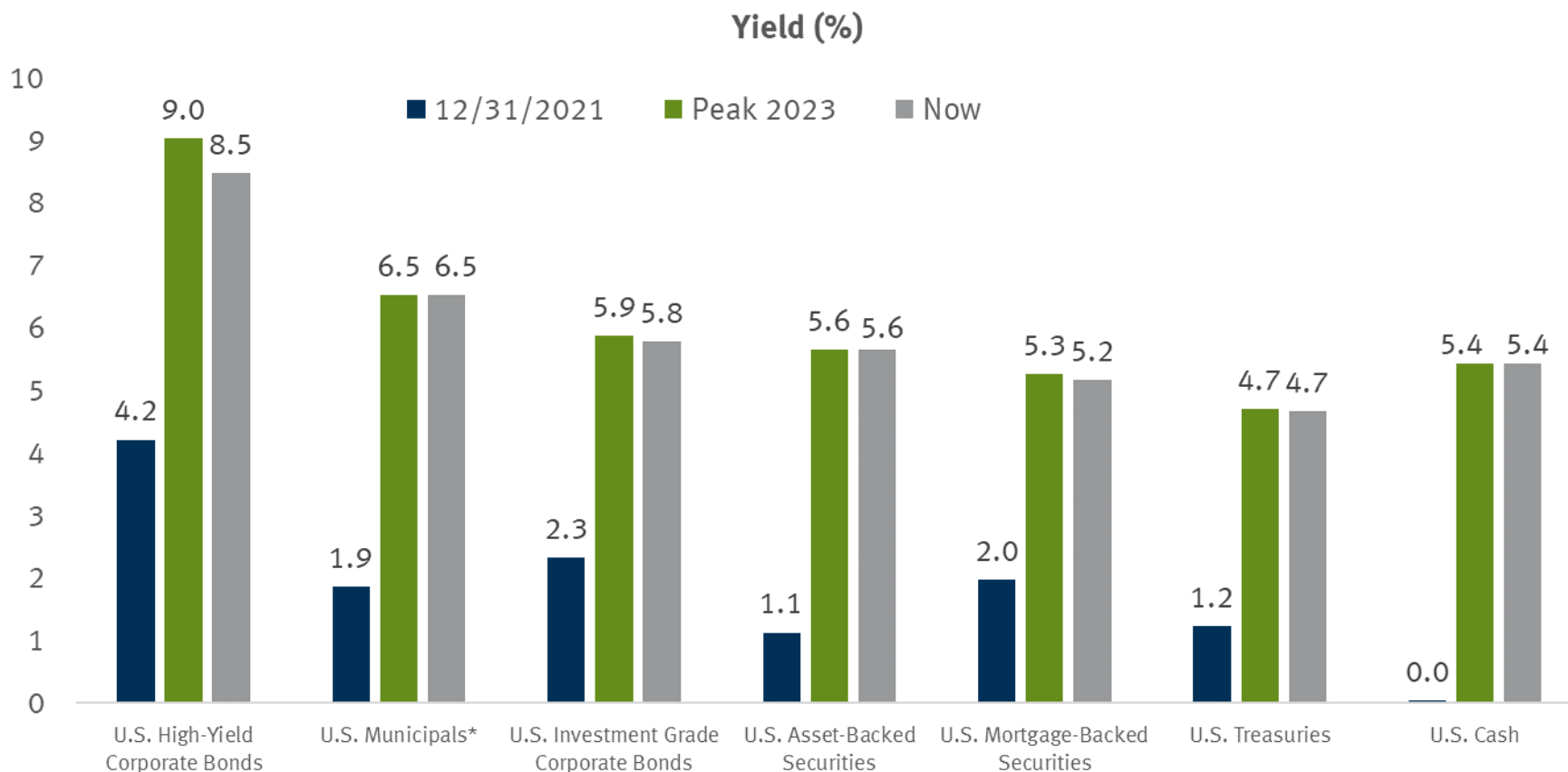
Securitized = Securitized Credit Markets

CMBS = Commercial Mortgage-Backed Securities

ABS = Asset-Backed Securities

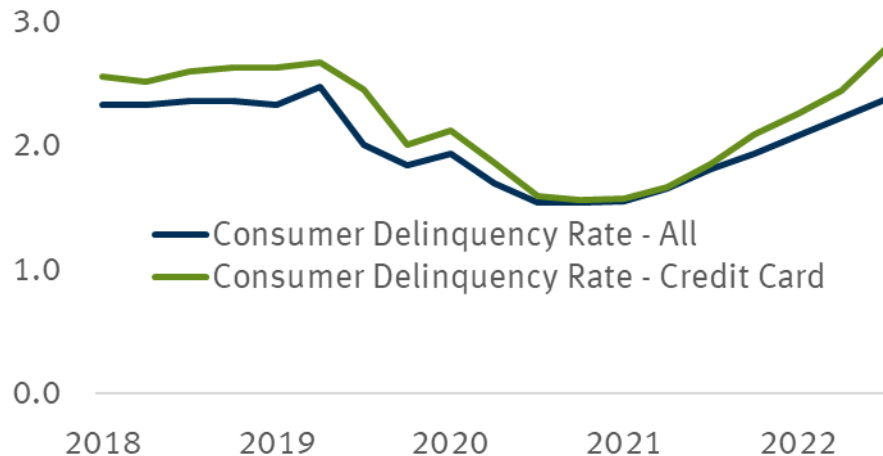
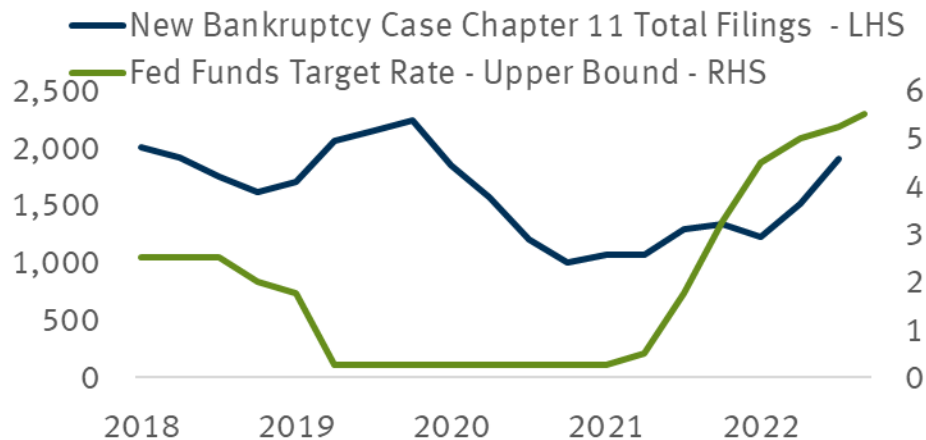
MBS = Mortgage-Backed Securities

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



*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 September 14, 2023

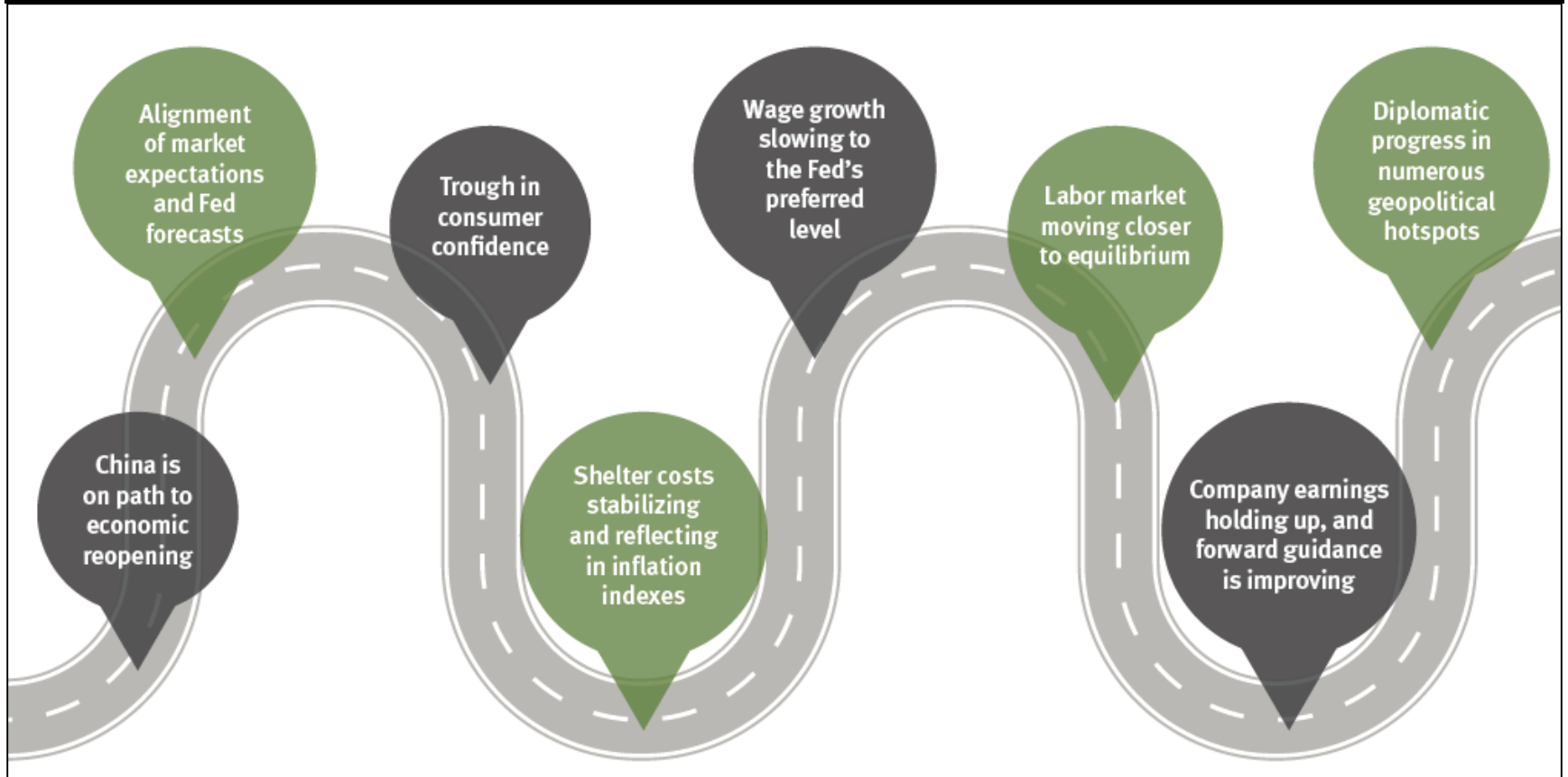
Consumer**Business****Summary**

- Consumer delinquency rates are rising
 - Led by credit card debt category
 - Despite rising, delinquency rates are below the levels we saw during GFC
- Interest rates have put pressure on mismanaged corporate entities, resulting in a higher level of corporate bankruptcies
 - However, the rate remains below levels seen During COVID-19 as larger firms are holding healthy levels of cash on their balance sheets

Source: Stifel CIO Office via Bloomberg and Federal Reserve, as of August 31, 2023; Quarterly data has been used for historical values.

Looking Forward

SIGNPOSTS



Key Issues Confronting Congress This Fall

- **Government Shutdown** - Low odds, but not zero
- **Impeachment** – Potential House vote to initiate proceedings for President Biden
- **Disaster Spending/Ukraine Aid** - \$40 Billion to Florida and Hawaii, uncertainty on Ukraine aid
- **Health Care/Prescription Drugs** – price cap unlikely beyond insulin and recent caps under Medicare
- **China Tariffs** - Under review, likely to remain
- **Business Taxes and SALT**– negotiations ongoing
- **SAFE Banking** – Cannabis banking debated, some bipartisan support
- **Durbin Credit Card Bill** – Efforts continue to allow merchants to use two unaffiliated credit card networks, odds low
- **Executive Compensation Clawback Bill** – crowded Senate calendar makes it difficult for it to reach the Senate floor

[VIEW REPORT](#)

U.S. – CHINA RELATIONS

- Relationship strained further this year
- **February:**
 - U.S. shoots down spy balloons
- **May:**
 - U.S. – Taiwan Initiative on 21st Century Trade
- **June:**
 - China exploring military facility in Cuba
 - Secretary of State Blinken visits China - Will “compete vigorously”...but seek to “reduce risk of miscalculation”
- **July:**
 - China places export restrictions on key metals for chip production
 - Treasury Secretary Janet Yellen says ‘premature’ to remove tariffs
- **August:**
 - U.S restricts investments in Chinese tech companies

THE FIVE THEMES

3



FOURTH INDUSTRIAL REVOLUTION

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

Data as a Commodity
|
Enhanced Computing
|
Workforce Optimization
|
Future of Transportation



SECURING STRATEGIC RESOURCES

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

Food and Water Security
|
Net Zero Movement
|
Renewable Energy
|
Circular Economy



SHIFTING DEMOGRAPHICS

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

Millennials
|
Emerging Global Middle Class
|
Aging Population
|
Future of Health



THE NEW CONSUMER

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

Reimagined Convenience
|
Digitalization of Human Connectivity
|
Future of Finance
|
Future of Leisure



PRODUCTIVE COMPETITION

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

The New Cold War
|
Geopolitical Tensions
|
Localization
|
Transforming Business Models

Get to Know Our Long-Term Investment Themes

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



STIFEL | Insights

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Home Outlook 2023

MARKET SIGHT|LINES

A New Market Rate Regime? Data and Sentiment Say Yes.

The 10-year Treasury yield has risen above 4%, levels not seen since before the Great Recession. Forward rates are signalling that market participants believe the 10-year yield will remain above 4% for decades. We discuss the potential for a higher market rate regime, considering both market data and investor sentiment in our discussion.

Watch | Listen

READ



Mid-Year Outlook: Investment Strategy Brief

We offer our view on how the rest of the year may unfold as we seek to find balance on a few more of our signposts. We discuss our mid-year outlook and three things we're focused on for the economy, inflation, and markets.

READ



Potomac Perspective

Congress returns to Washington for a busy fall. Some matters, like a government shutdown and potential impeachment proceedings regarding President Biden, could produce smoke but little fire (at least for the markets). Legislation on disaster relief, prescription drugs, corporate taxes, and several bills related to financial services could also be on the agenda.

READ



Call for Patience Likely to Delay Inevitable Further Federal Reserve Action

Federal Reserve (Fed) Chairman Jerome Powell did not parse words late last month at the annual Jackson Hole Symposium in Wyoming, when he sent an extremely hawkish message to the market that there was more policy work to be done, and soon.

READ

*Popular insights from
Stifel's CIO Office include:*



WEEKLY | MONTHLY | QUARTERLY



VIDEO | PODCAST | NEWSLETTER



VIDEO | PODCAST | NEWSLETTER



SEPTEMBER

1	Employment
13/29	Inflation
14	Retail Sales
15	Consumer Sentiment
20	Fed Policy Decision
26	Housing

NOVEMBER

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

OCTOBER

6	Employment
11	Federal Open Market Committee (FOMC) Minutes
12/27	Inflation
17	Retail Sales
19	Housing

DECEMBER

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

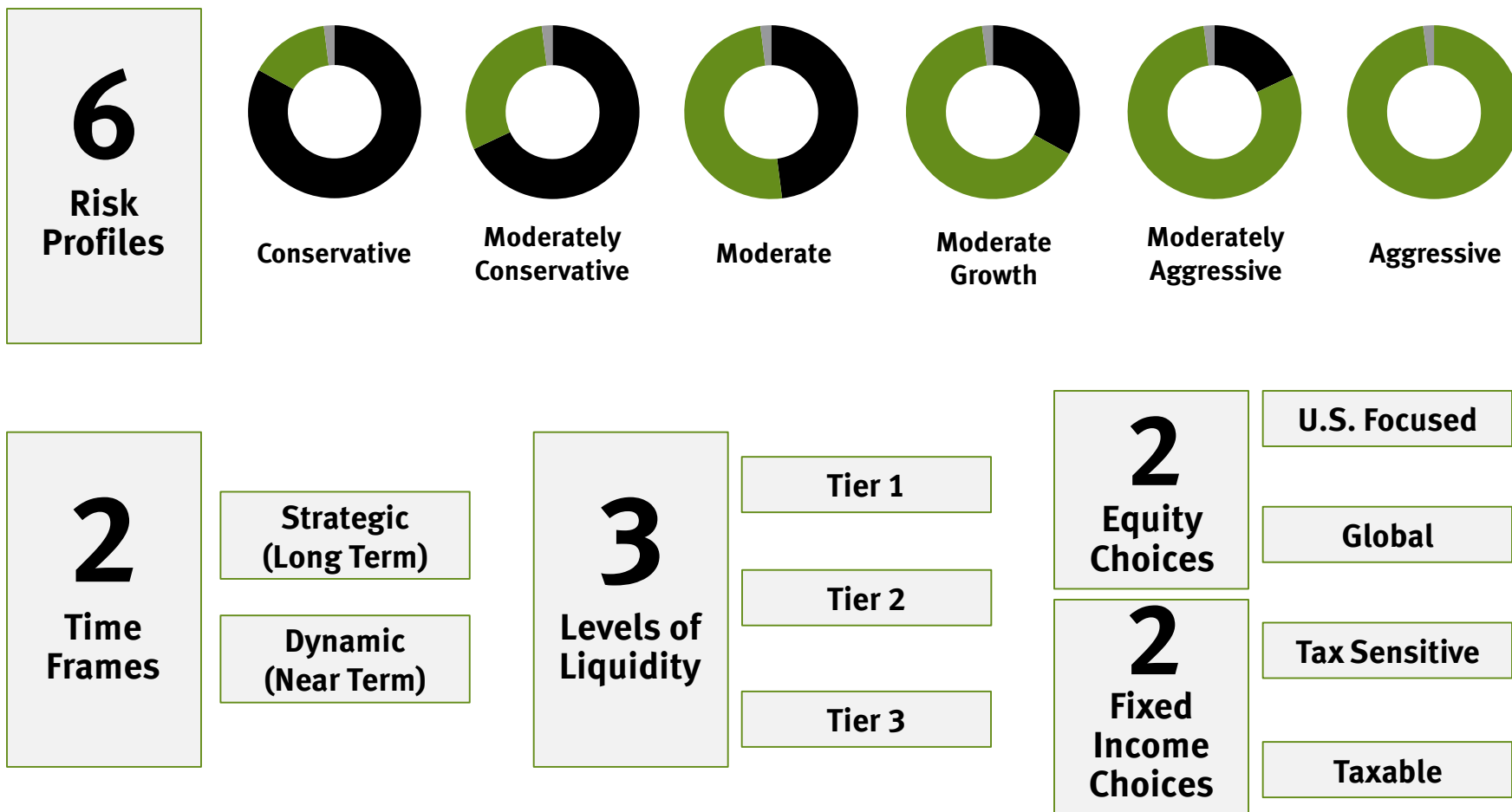
OTHER IMPORTANT TOPICS

- Russia-Ukraine War
- China-Taiwan Tensions
- Progression of Earnings Forecasts
- Third Quarter Earnings Season
- Progression of Purchasing Managers' Index measures
- Business and consumer sentiment
- Global Inflation
- Global Central Bank Policy














Dynamic leanings

144 ASSET ALLOCATION MODELS FOR YOUR SELECTION













DYNAMIC LEANINGS

 Underweight
  Neutral
  Overweight

ASSET CLASS	CURRENT			COMMENTS
				
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.
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.
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.
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.
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.

EQUITY

DYNAMIC LEANINGS					 Underweight  Neutral  Overweight		
ASSET CLASS		CURRENT			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.		
	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.		
	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.		
	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.