Insights from Stifel's CIO Office

July 2025

INVESTMENT STRATEGY BRIEF:

Climbing Higher? The Roadmap for 2H2025

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Geopolitics

GEOPOLITICAL DASHBOARD

LEGEND

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

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

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

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Full Report

GEOPOLITICAL DASHBOARD
(continued)

LEGEND

Certain	Expected to happen; strong evidence or clear trends
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Military Conflicts

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

Full Report

Changes in Washington, D.C.

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

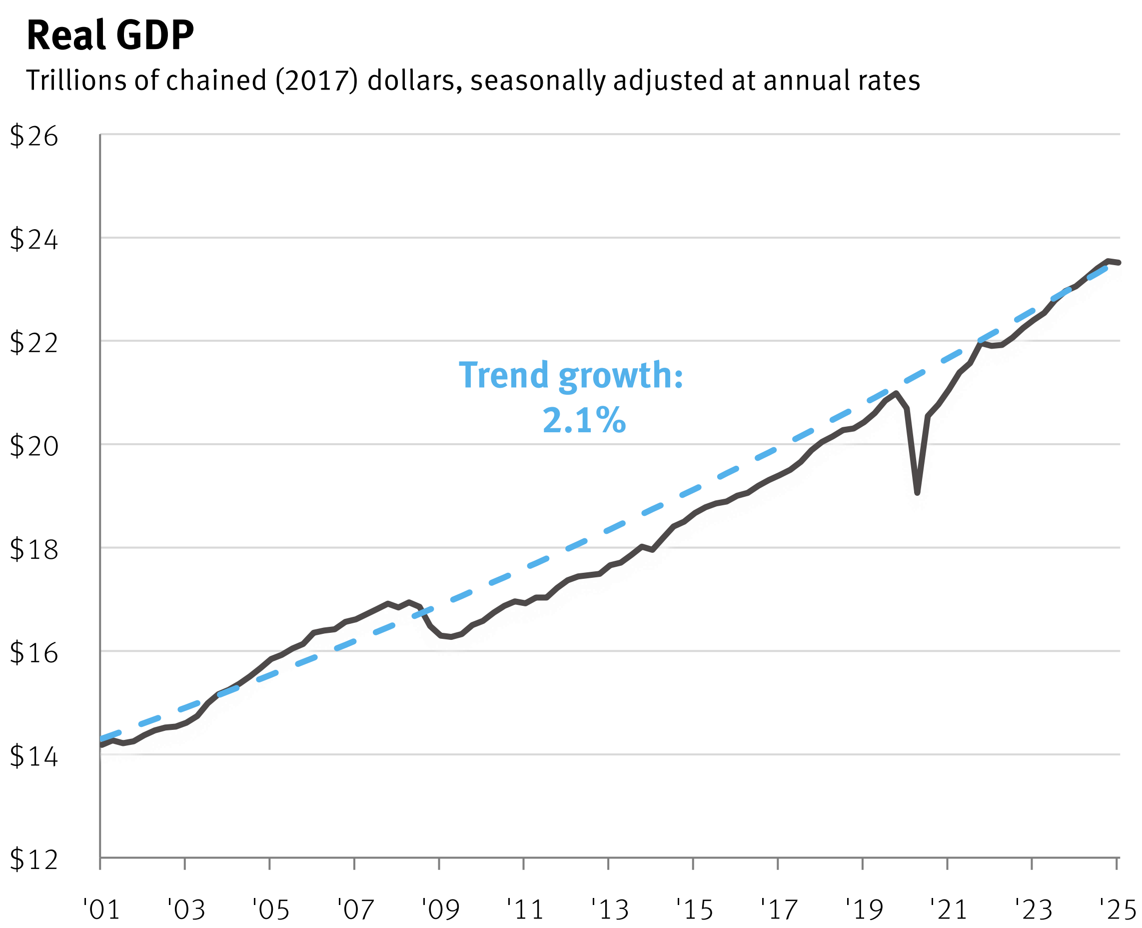
Tariffs and Trade Policy	**Fiscal and Tax Policy**
Department of Government Efficiency	**Health and Human Services**
Immigration and Border Security	**Department of Education**

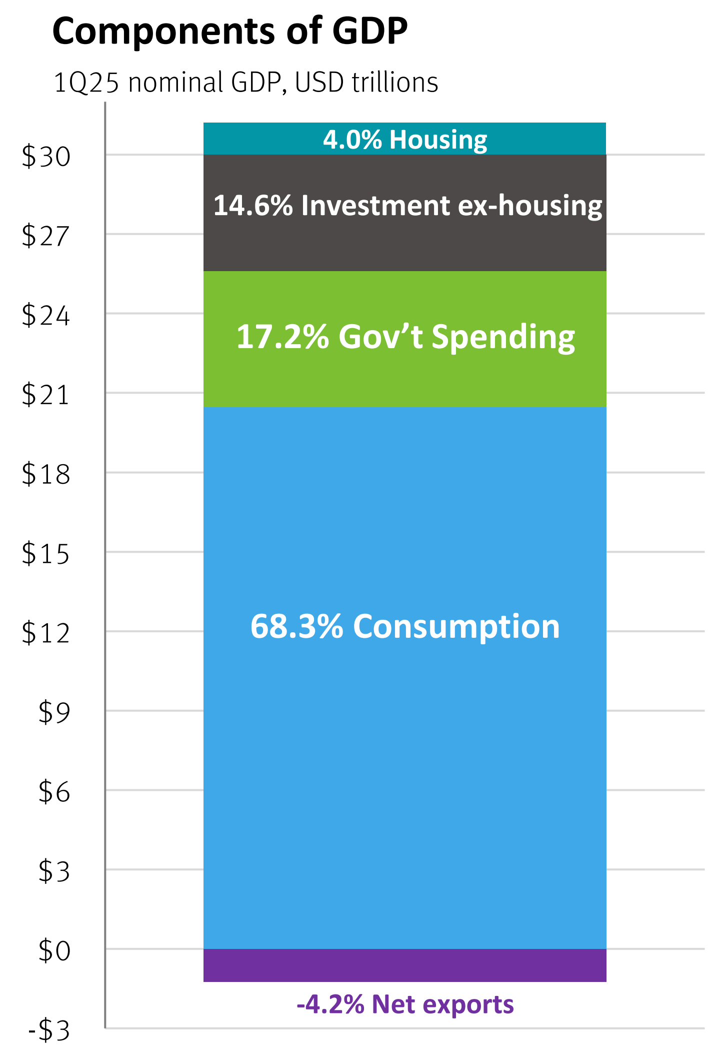
Other anticipated changes include areas like judiciary and the legal system, housing and urban development, and artificial intelligence and technology.

ONE BIG BEAUTIFUL BILL ACT (OBBBA)

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

Economy

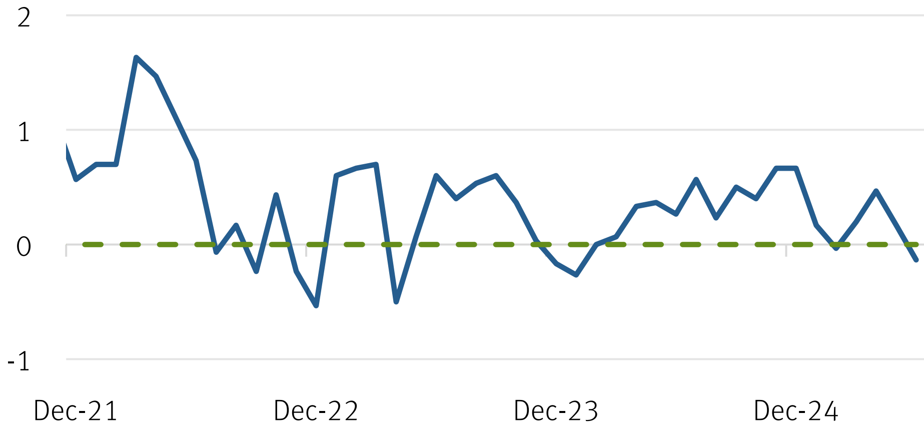




Source: Stifel CIO Office via Bloomberg, as of July 17, 2025.

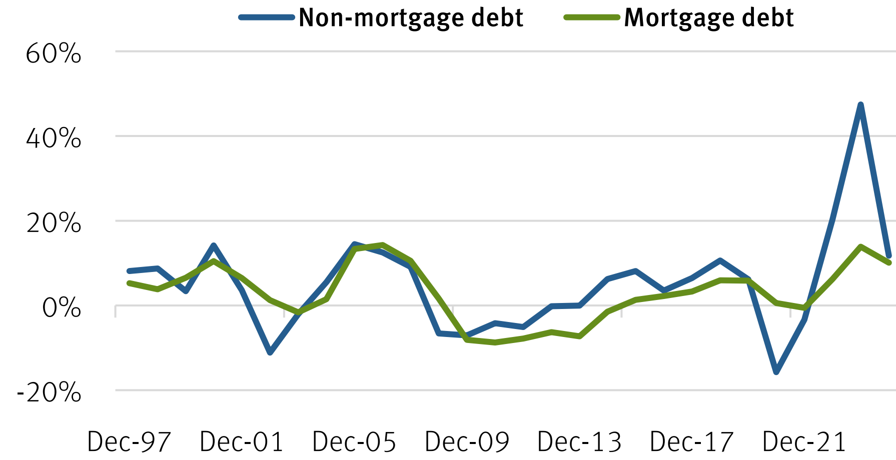
Retail Sales

Month-over-Month, 3-month Moving Average

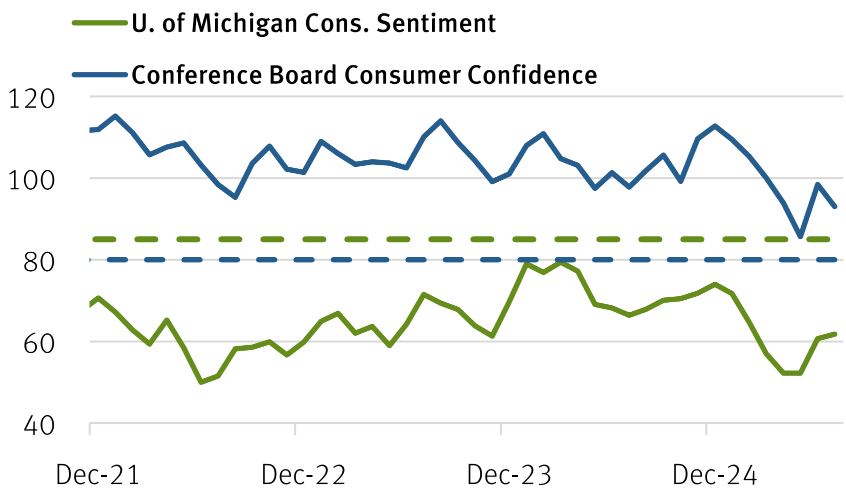


Interest paid on Consumer Debt

Year-over-Year %

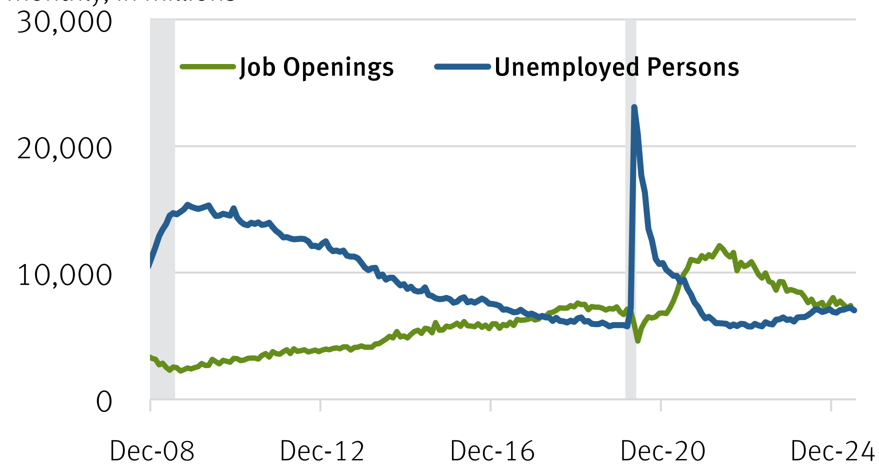


Consumer Confidence and Sentiment



Job Openings and Unemployed Persons

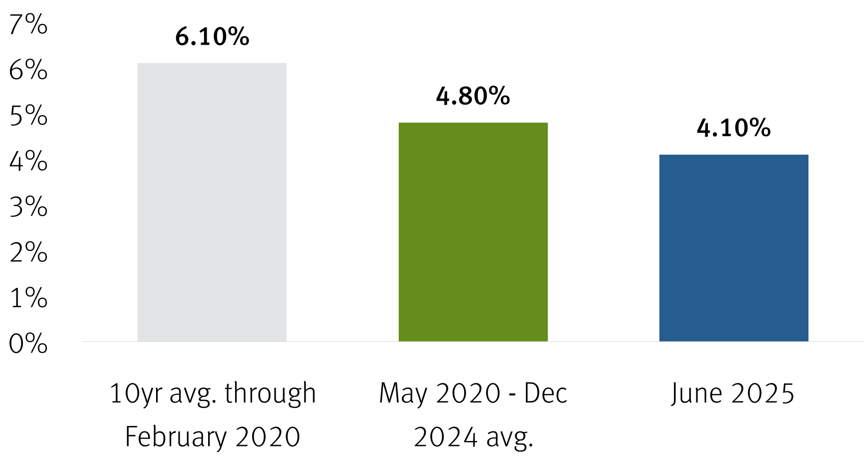
Monthly, in Millions



Source: Stifel CIO Office via Bloomberg and Strategas Research Partners, as of July 18, 2025

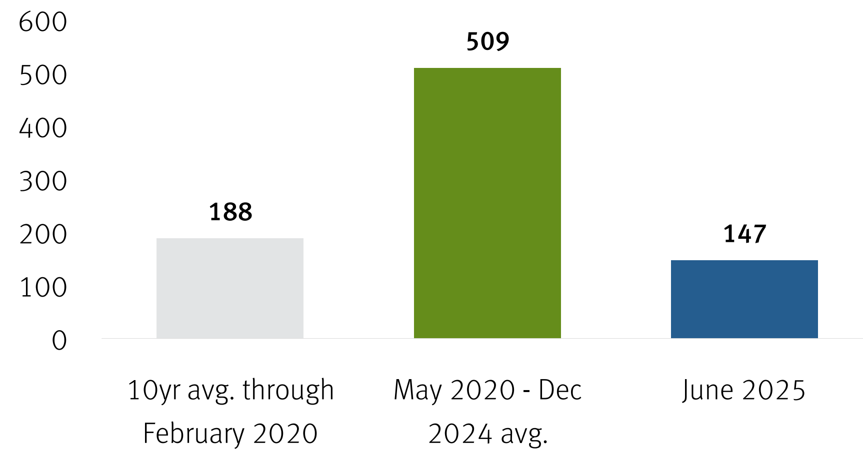
Unemployment Rate

Monthly



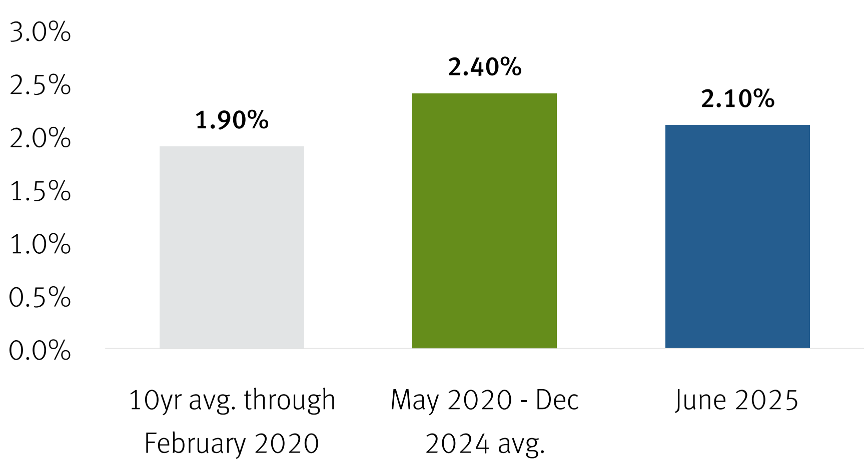
Nonfarm Payrolls

Monthly, thousands



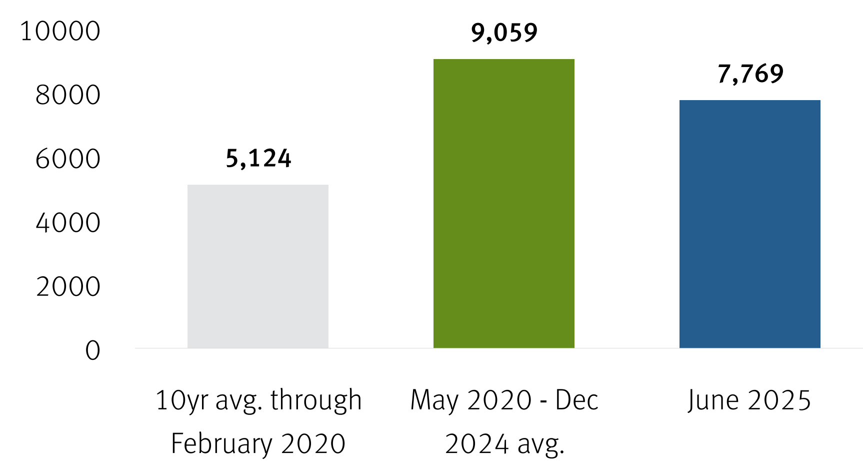
JOLTS - Quits Rate

Monthly



JOLTS - Job Openings

Monthly, thousands

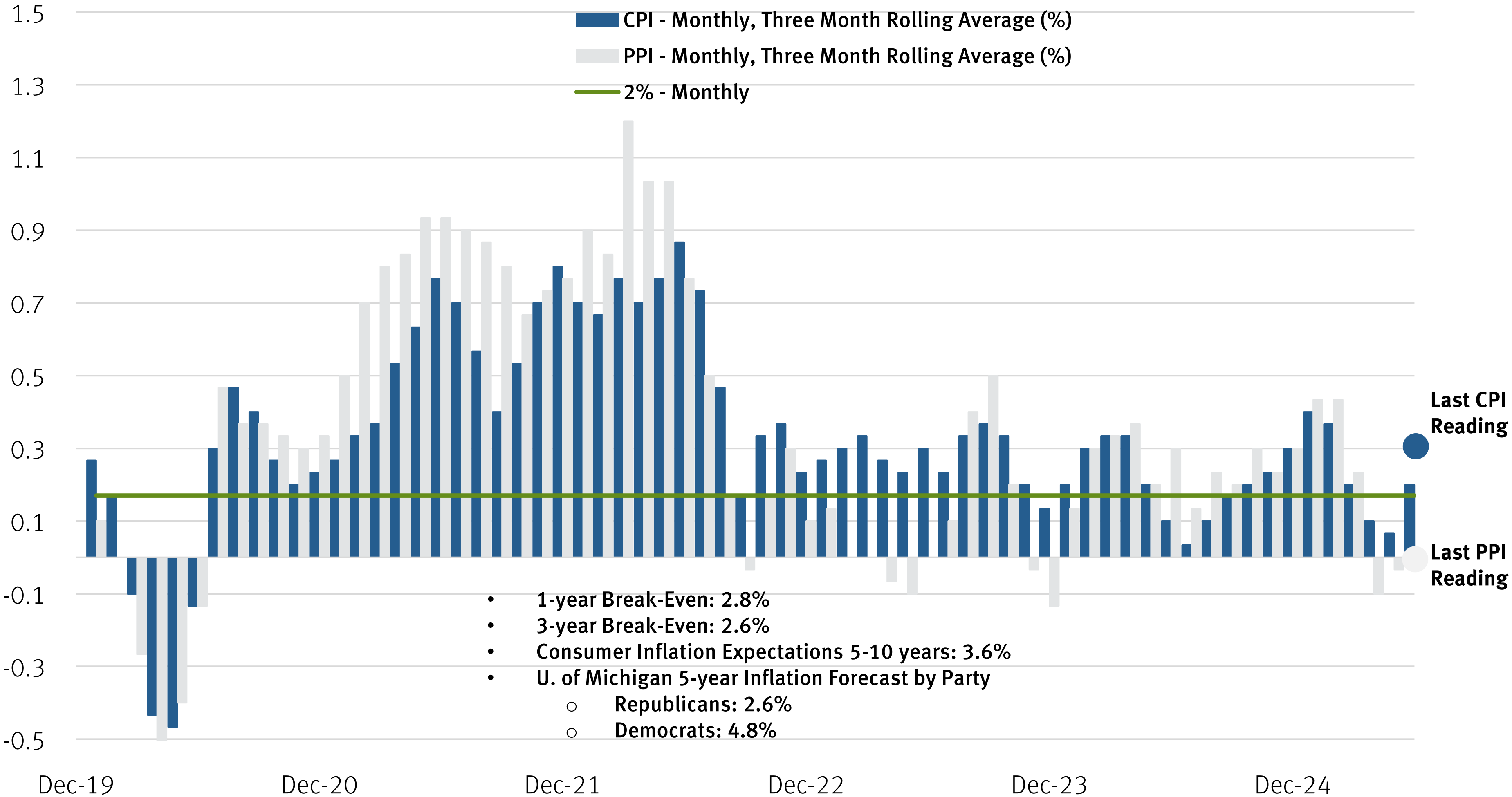


Source: Stifel CIO Office via Bloomberg, as of July 17, 2025
JOLTS = Job Openings and Labor Turnover Survey

U.S. GDP	Date of Estimate	2023	2024	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025	2026
Actual		**2.9**	**2.8**	**1.6**	**3.0**	**3.1**	**2.4**	**-0.5**					
January Consensus									*2.0*	*2.0*	*2.0*	*2.1*	*2.0*
Consensus	**7/17/2025**								**2.1**	**0.8**	**1.2**	**1.5**	**1.6**
Stifel	4/22/2025	2.8	2.8	1.9	2.4	2.1	2.2	0.3	0.6	1.8	2.4	1.4	2.0
Goldman Sachs	7/17/2025	2.8	2.8	3.1	2.6	3.0	1.8	-0.2	3.0	0.7	0.9	1.6	1.5
Capital Economics	7/11/2025	2.4	2.8	2.5	2.3	3.4	2.8	0.1	2.5	1.4	1.5	1.6	1.5
Strategas	7/14/2025	2.4	2.8	2.5	1.8	2.7	2.5	0.0	2.5	0.0	1.7	1.5	1.7
UBS	7/3/2025	2.4	2.8	2.1	1.9	3.0	2.0	0.4	2.8	0.9	0.5	1.6	1.2
Wells Fargo	6/12/2025	2.4	2.8	2.2	1.5	3.2	2.7	0.4	3.4	0.0	0.5	1.6	1.9
Bloomberg Economics	6/27/2025	2.4	2.8	2.7	2.0	3.1	2.5	0.4	3.0	0.1	1.1	1.6	1.4
Barclays	7/11/2025	2.5	2.8	2.5	2.5	3.0	2.5	1.0	1.0	0.5	1.0	1.2	1.7
JPMorgan Chase	7/11/2025	2.5	2.8	2.3	2.0	3.2	2.8	0.0	2.5	1.0	0.5	1.5	1.6
Federal Reserve**	6/18/2025	2.6	2.5									1.4	1.6

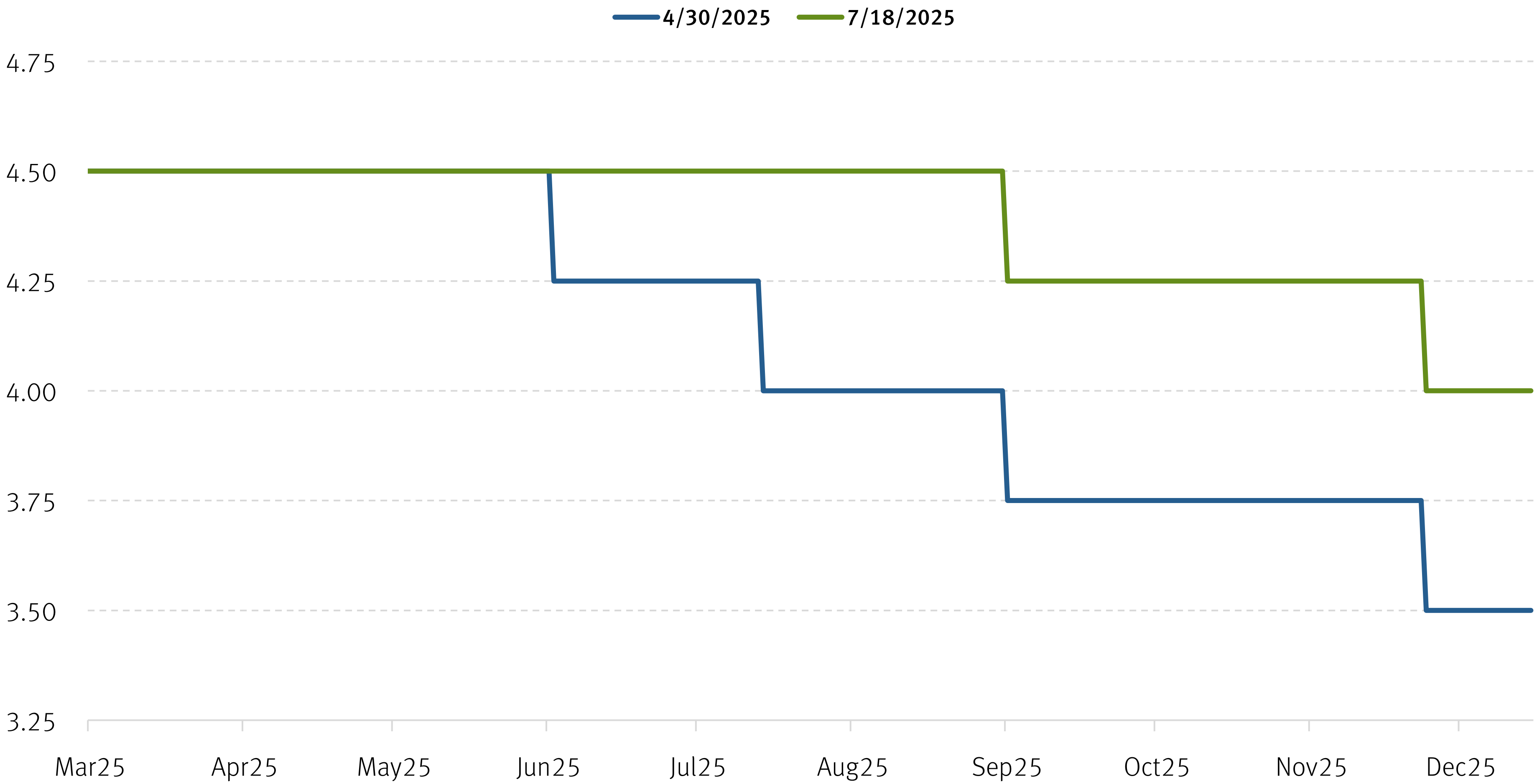
Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively. Stifel estimates based on Stifel sell-side Economics department estimates. **Percent change from fourth quarter to fourth quarter one year ago. "Consensus Estimates" for time periods that have passed represent actual results and consensus estimates in grey shaded boxes represent first estimate of year.
Source: Stifel CIO Office via Bloomberg, as of July 17, 2025. Federal Reserve estimates are as of June 18, 2025.

Monthly Inflation Trends



Source: Stifel CIO Office via Bloomberg, as of July 18, 2025
CPI = Consumer Price Index
PPI = Producer Price Index

Fed Funds Target Rate - Upper Bound



Source: Stifel CIO Office via Bloomberg, as of July 18, 2025

Debt Added Since GFC

Households	**$5.8 trillion**
Corporate	**$8.8 trillion**
Federal	**$27.0 trillion**

10-year Treasury Yield

Now	**4.4%**
10 Years Forward	**5.9%**
20 Years Forward	**5.0%**

In a higher rate regime, the cost of debt will increase going forward for all segments of the economy: The Consumer, Business, Government

Government Debt

2024 Deficit: $1.8 trillion
2024 Debt: $36 trillion
Net Interest:
15% revenue
12% spending
33% discretionary

CBO Forecast 2034

2034 Deficit: $2.6 trillion
2034 Debt: $56 trillion
Net Interest:
18% revenue
14% spending
43% discretionary

Quotes

"The…federal government's fiscal path…is on an unsustainable path…you've got a very large deficit…So, it's important…they be dealt with. It is ultimately a threat to the economy …" – Jay Powell

"Any country can borrow money and drive growth, but it may not always lead to good growth, so I think America should be quite aware that we've got to focus on it more." – Jamie Dimon

"We must work to get our fiscal house in order and adjust federal domestic discretionary spending that has grown by an astonishing 40 percent over the past four years." – Scott Bessent

We remain optimistic that the U.S. will ultimately get through this fiscal transition stronger. But how much pain will we experience through the process, and when?

Source: Stifel CIO Office, as of July 18, 2025; data via Bloomberg, St. Louis Federal Reserve (FRED), New York Federal Reserve, Strategas

GFC = Great Financial Crisis
CBO = Congressional Budget Office

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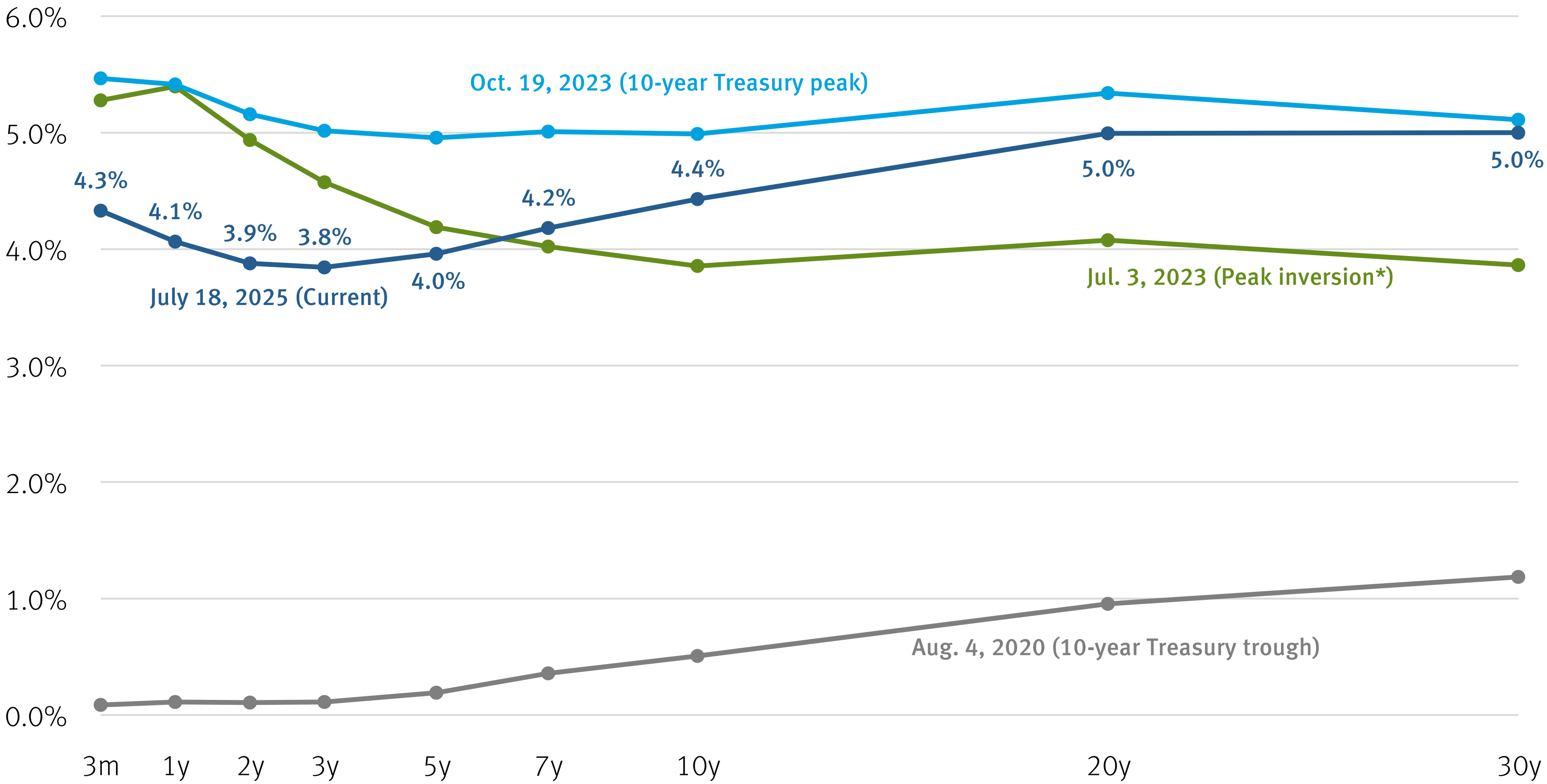
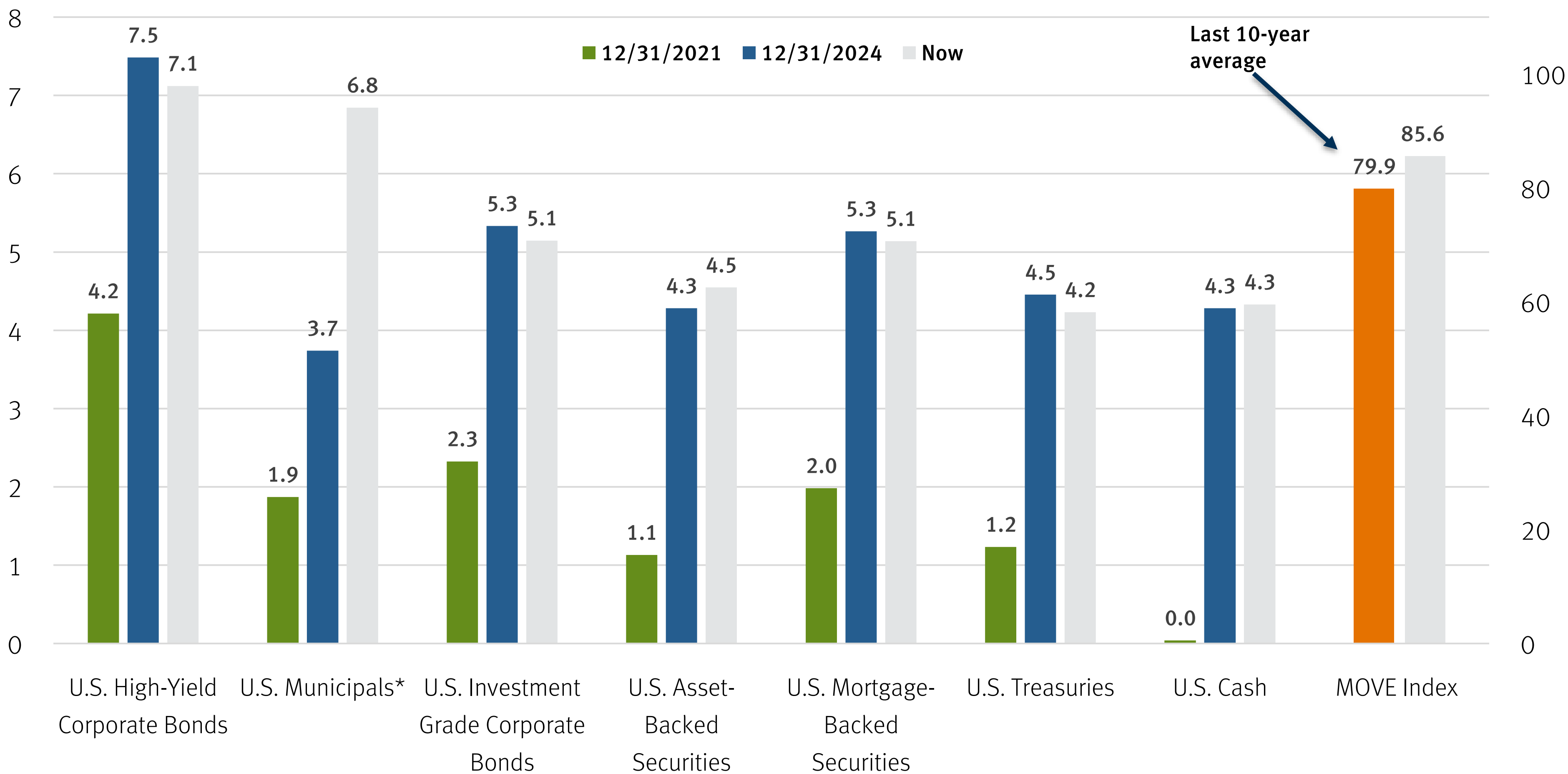
Markets

U.S. Treasury Yield Curve



*Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
Source: Stifel CIO Office via Bloomberg, as of July 18, 2025

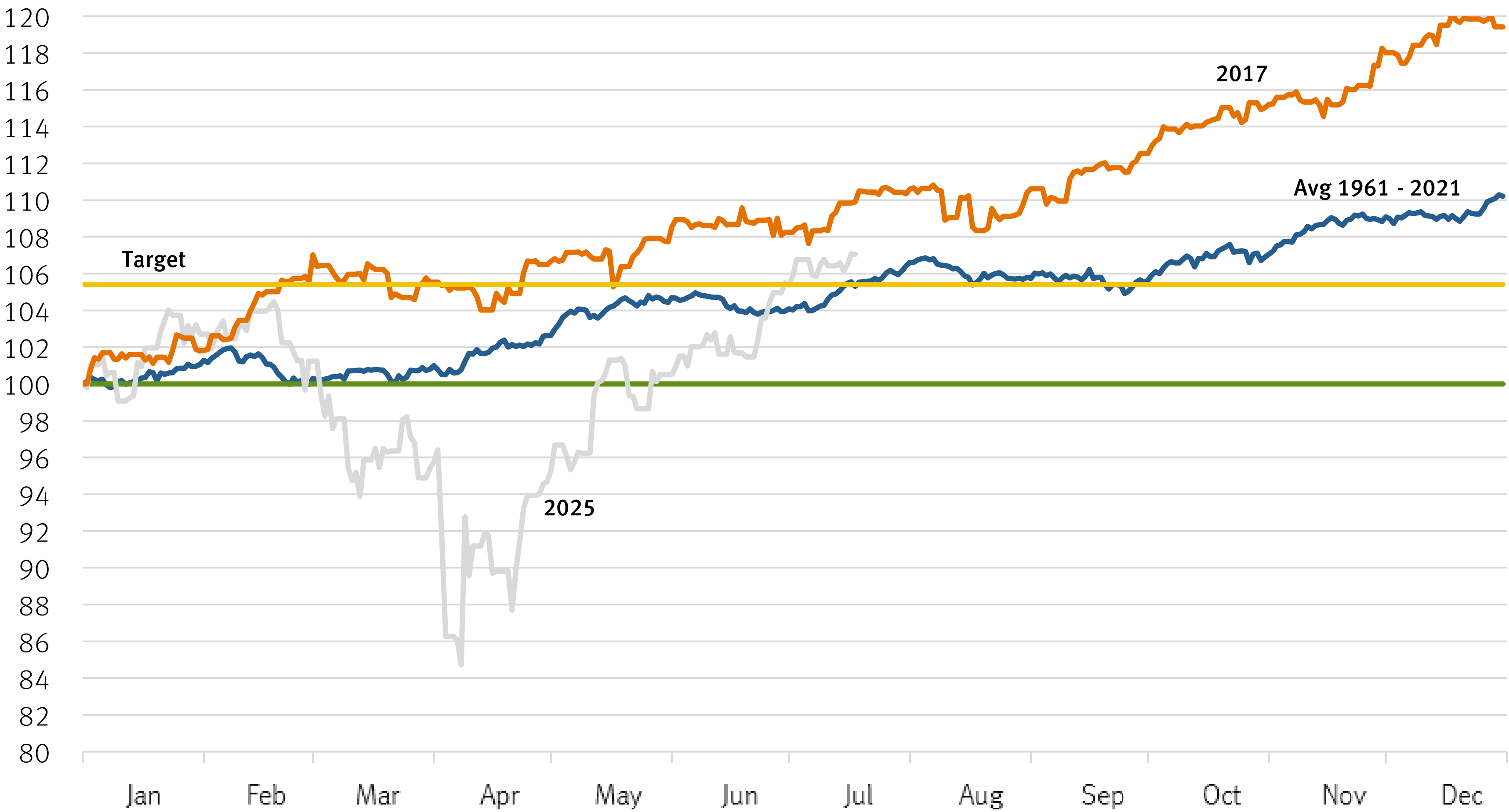
Fixed Income Yield (Percentage)



**Based on taxable equivalent yield. Taxable equivalent yield assumes a 37% federal tax and 3.8% net investment income tax.*
Move Index is shown on right-hand scale.

Source: Stifel CIO Office via Bloomberg, as of July 17, 2025

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



Source: Stifel CIO Office via Strategas Research Partners and Bloomberg, as of July 18, 2025.

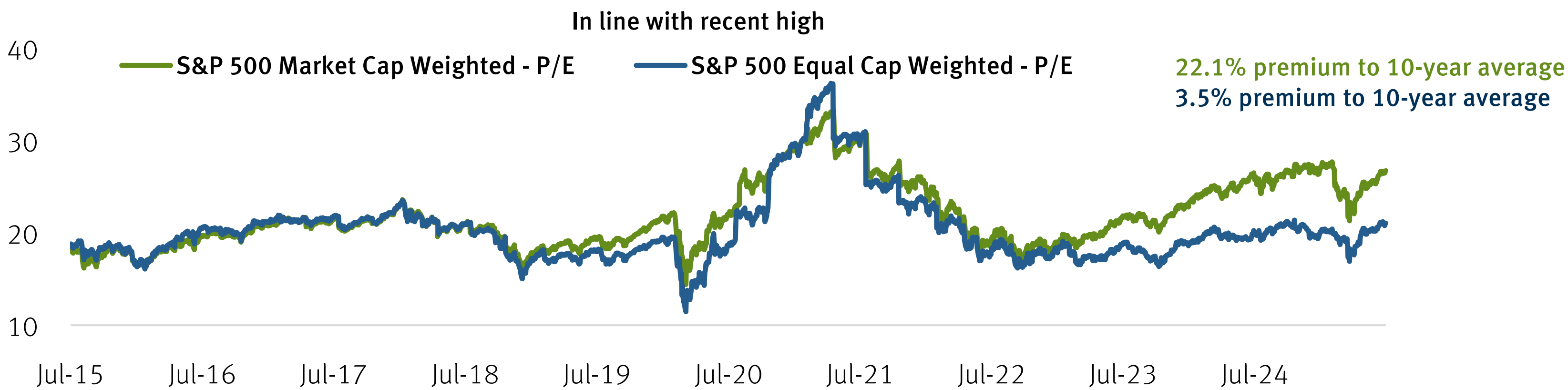
NEAR-TERM RISKS AND OPPORTUNITIES

EPS	S&P 500 P/E						
	21x	22x	23x	24x	25x	26x	27x
$280	5,861	6,141	6,421	6,701	6,981	7,344	7,624
$270	5,652	5,922	6,192	6,462	6,732	7,082	7,352
$263	5,507	5,771	6,034	6,297	6,560	6,901	7,164
$260	5,443	5,703	5,963	6,223	6,483	6,820	7,080
$250	5,233	5,483	5,733	5,983	6,233	6,558	6,808
$240	5,025	5,265	5,505	5,745	5,985	6,297	6,537
$230	4,815	5,045	5,275	5,505	5,735	6,033	6,263

Consensus 2025 EPS

Consensus 2024 EPS

Current S&P 500 Index Level



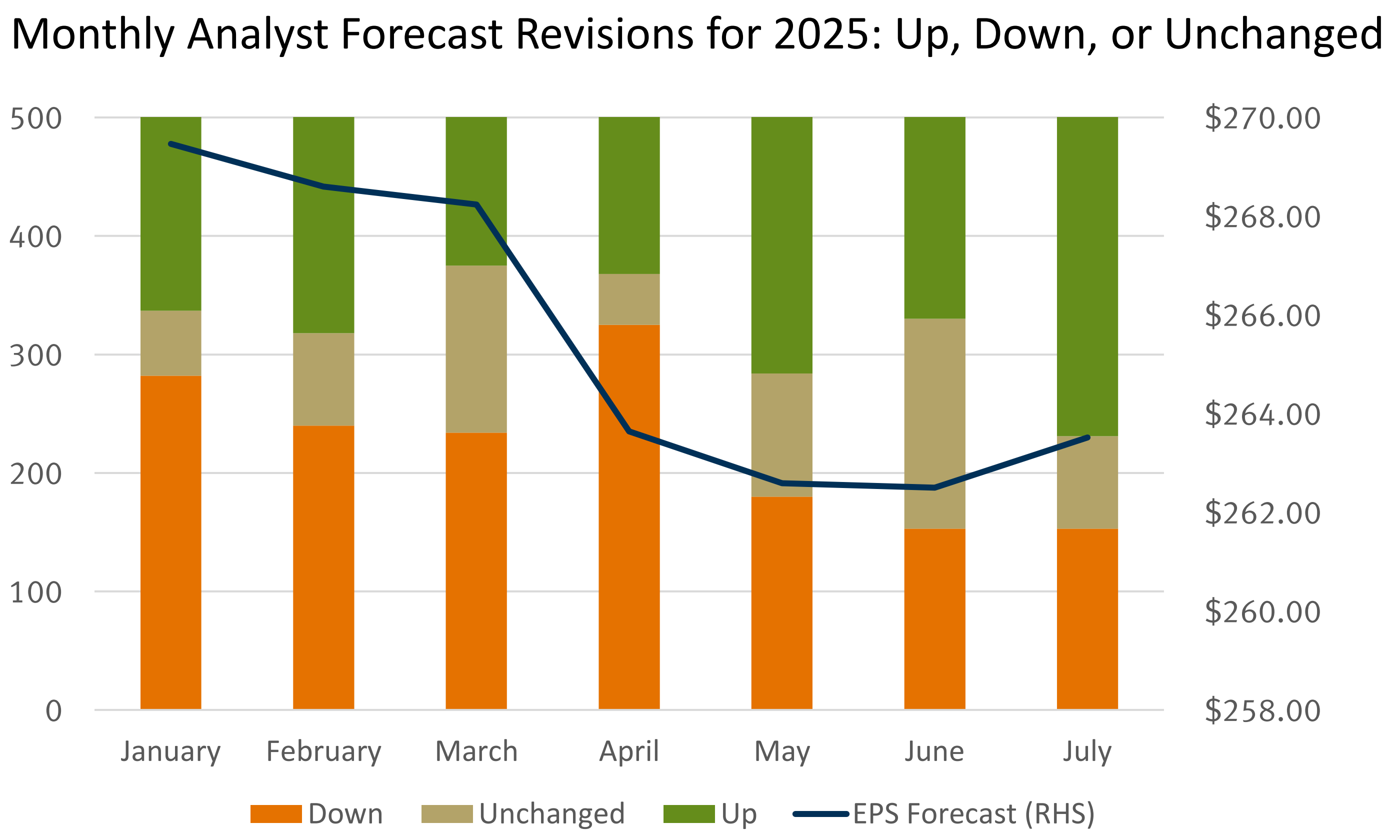
Earnings

- For 2025, analysts are projecting earnings growth of 9.6%, down from 14.3% at the beginning of the year.
- For 2026, the forecast has been revised slightly upward to 13.9%, compared to 13.6% at the beginning of the year.

EPS = Earnings Per Share

*Source: Stifel CIO Office, FactSet, and Bloomberg, as of July 18, 2025

Analysts Earnings Revisions May Have Bottomed



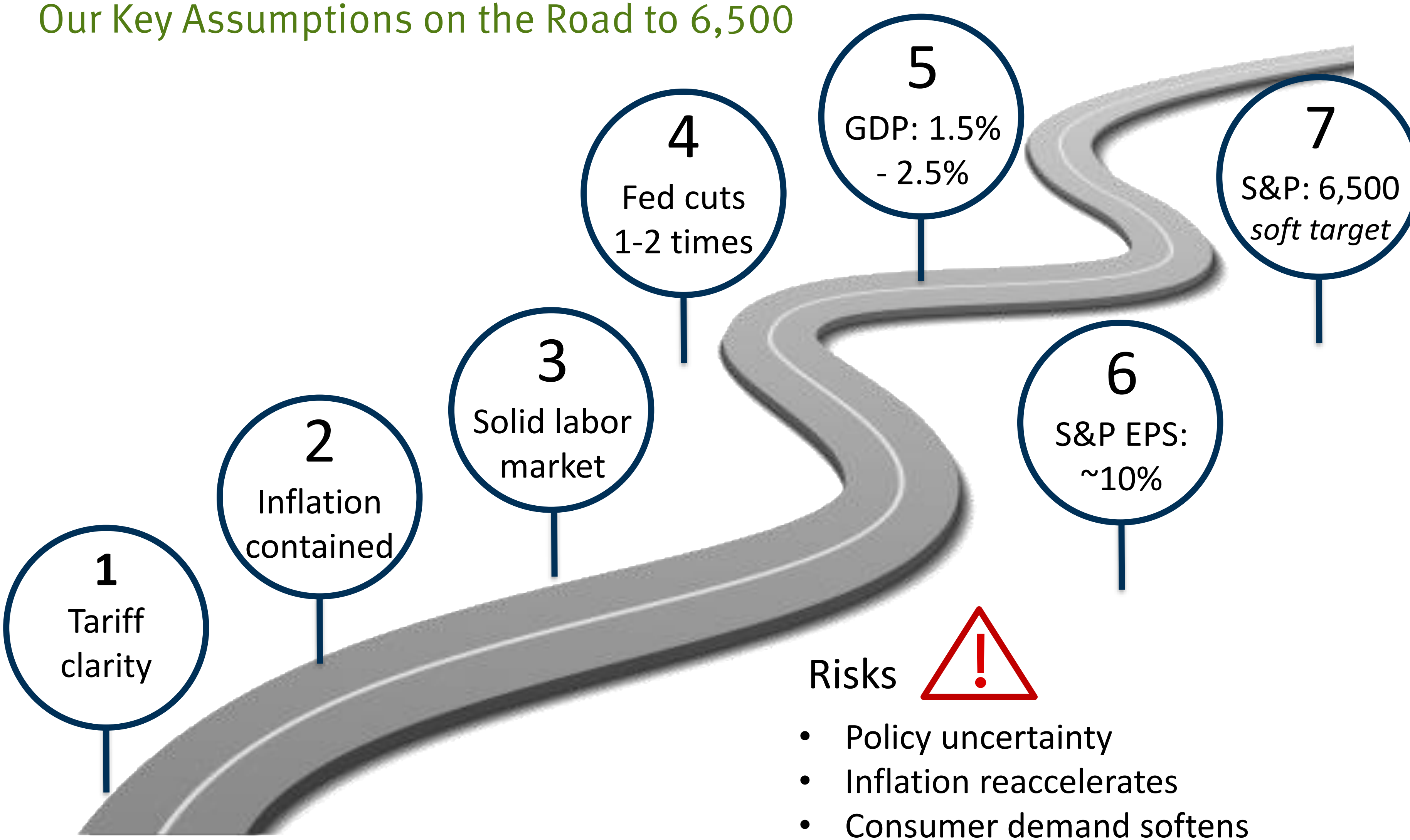
Source: Stifel CIO Office and FactSet, as of July 29, 2025

Index	2022	2023	2024	2025 YTD	Peak to Date	Last Year
S&P 500 Index	-18.1%	26.3%	25.0%	7.8%	☑	15.1%
S&P 500 Eq. Weight.	-11.5%	13.8%	13.0%	6.2%	-0.5%	10.7%
S&P Quality High Dividend	-0.3%	5.5%	11.1%	0.7%	-5.4%	2.9%
S&P 500 Financials	-10.6%	12.1%	30.5%	9.5%	☑	23.2%
KBW Reg. Banking	-6.9%	-0.4%	13.2%	4.1%	-8.0%	12.6%
Bloomberg U.S. 1000 Value	-2.5%	9.4%	13.6%	6.6%	-0.7%	9.0%
Bloomberg U.S. 1000 Growth	-27.5%	36.1%	28.9%	8.4%	☑	18.0%
Bloomberg Magnificent 7	-45.3%	107.0%	67.3%	4.8%	☑	25.2%
NYSE FANG+ Index	-40.0%	96.4%	51.0%	14.2%	☑	31.6%
Bloomberg U.S. 2000	-20.1%	17.1%	12.0%	0.2%	-7.9%	4.2%
MSCI EAFE Index	-14.5%	18.2%	3.8%	18.8%	☑	13.8%
MSCI EM Index	-20.1%	9.8%	7.5%	18.0%	☑	15.5%
Bloomberg U.S. Agg	-13.0%	5.5%	1.3%	3.2%	☑	3.7%

Source: Stifel CIO Office via Bloomberg, as of July 18, 2025
☑ Indicates a new high has been reached

Looking Forward

Our Key Assumptions on the Road to 6,500



Risks

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

OUR FIVE INVESTMENT THEMES

FOURTH INDUSTRIAL REVOLUTION

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

Quantum Leaps

|

Rise of Bionics

SECURING STRATEGIC RESOURCES

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

Farm Fields Go Vertical

|

Nuclear Will Power the U.S.

SHIFTING DEMOGRAPHICS

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

Beating Cancer

|

Meet Your Digital Twin

THE NEW CONSUMER

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

The Sky's the Limit

|

Your Next Hire: An AI Agent

PRODUCTIVE COMPETITION

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

Advanced Warfare: Humanoid Robots

|

Space Means Business

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

NextGen Investor Webinar featuring Alyssa and Gisele Thompson

Join us for an exclusive webinar featuring Stifel brand ambassadors Alyssa and Gisele Thompson – two of the most inspiring young athletes in U.S. soccer!

REGISTER

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You're Invited to

NEXTGEN WEBINAR

Quarterly Market Perspectives

Third Quarter | 2025

The second quarter highlighted the underlying resilience of the U.S. economy and markets despite fresh macro headwinds. While "Liberation Day" tariffs and escalating trade tensions sparked volatility early in the quarter, markets ultimately stabilized as policy risks moderated and geopolitical tensions eased.

READ

Resilient Markets Amidst Growing Tensions

Investment Strategy Brief

We review how the economy and markets appear resilient despite growing geopolitical tensions/hotspots and still evolving U.S. policies.

Watch | Listen

READ

Our Second Half Outlook: Animal Spirits Are Proving to Be a Driving Force in 2025

Market Sight/Lines

Despite a volatile first half, the S&P 500 surged ahead, up 6.2% and surpassing our 6,200 year-end target. What's next for markets in 2H 2025? We provide an outlook for the second half of 2025, considering geopolitics, government policy, inflation, Federal Reserve policy, economic growth, and company earnings.

READ

Popular insights from Stifel's CIO Office include:

WEEKLY | MONTHLY | QUARTERLY

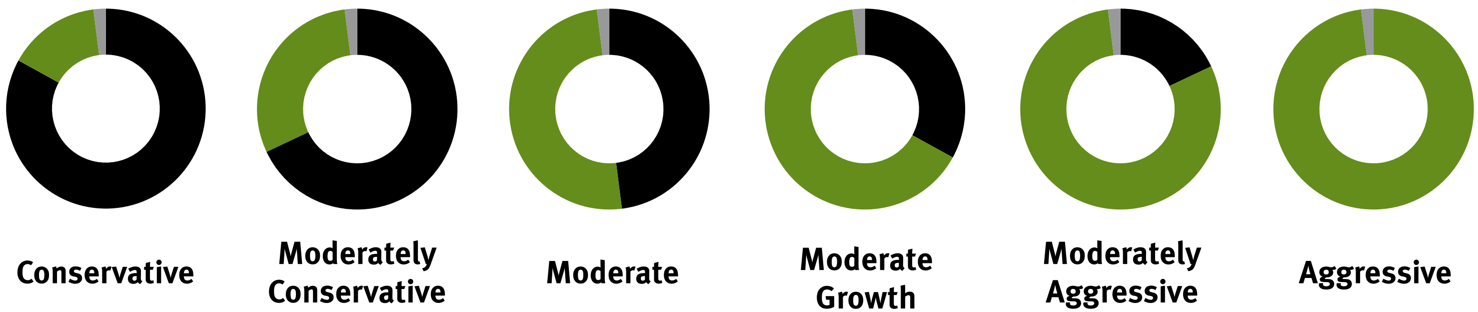
VIDEO | PODCAST | NEWSLETTER

VIDEO | PODCAST | NEWSLETTER

Dynamic leanings

144 ASSET ALLOCATION MODELS FOR YOUR SELECTION

6
Risk Profiles



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

EQUITY

ASSET CLASS	Underweight	Neutral	Overweight	COMMENTS
U.S. Equity vs. Non-U.S. Equity		■		We guide investors to diversify between U.S. and non-U.S. equity, maintaining a neutral allocation versus our SAA. U.S. equities benefit from strong economic growth and innovation, but starting valuations may pose a headwind if company earnings underwhelm. Outside the U.S., attractive valuations are offset by geopolitical tensions and sluggish economic growth, softening their appeal.
U.S. Large Cap vs. U.S. Small Cap	■			Large cap companies offer stability and earnings resilience but face valuation pressures after strong performance in mega cap tech. Small caps are more vulnerable to higher-for-longer interest rates, which challenge companies reliant on financing or carrying significant debt. However, a favorable economic backdrop and an earnings recovery still present opportunities within small cap for skilled active investors.
U.S. Large Value vs. U.S. Large Growth		■		We believe investors should be diversified across both value and growth styles. We expect returns to broaden out beyond the Magnificent Seven and have a preference for quality companies and those that are expected to benefit from our long-term investment themes. Value offers attractive relative valuations and benefits from higher yields, while growth continues to gain support from innovations like AI.
Non-U.S. Developed Markets vs. Emerging Markets		■		Both developed and emerging markets remain vulnerable to idiosyncratic risks and headwinds stemming from geopolitical tensions, economic challenges, and an "America First" agenda from the incoming Trump administration. Despite ongoing stimulus, China continues to grapple with structural challenges stemming from its high debt levels and aging population, compounded by persistent issues in its real estate market.
Europe vs. Japan	■			Japanese equities have given back some of their gains recently, but we believe there is still the potential for relative outperformance. Japan's domestic reflation along with corporate governance reform are likely to enhance shareholder value in the medium-to-long term. In Europe, policy uncertainty in France and Germany, weaker Chinese growth, and the Russia-Ukraine war remain headwinds for the growth outlook.

DYNAMIC LEANINGS

Underweight | Neutral | Overweight

	ASSET CLASS	Underweight	Neutral	Overweight	COMMENTS
FIXED INCOME	U.S. Investment Grade vs. U.S. High Yield		■		We recently moved to neutral between investment-grade and high-yield bonds. High-yield corporate spreads are tight, leaving little margin for error, but corporate fundamentals remain strong, and the rate-cutting cycle should mitigate some of the downside risks. In investment grade, we expect returns to be primarily driven by carry, offering steady income in a stable rate environment.
FIXED INCOME	Corporates vs. Government vs. Agency MBS		■		We remain neutral within the fixed income super sectors but believe there is opportunity within the asset class for active management. Asset-backed and mortgage-backed securities are attractive with 30-year mortgage rates remaining elevated, tempering prepayment risks.
FIXED INCOME	Duration		■		We view duration as a diversifier in a multi-asset class portfolio given the macroeconomic uncertainty and volatility in yields, and so we remain neutral on duration as compared to the overall market. Investors holding cash should consider extending duration.
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.

Neither Stifel nor its associates render legal or tax advice. Please consult with your legal and tax advisors regarding your particular circumstances.

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 U.S. Government debt.

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

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

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

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

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

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

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

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

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

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

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

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

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.

The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 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).

The Economic Policy Uncertainty Index quantifies the level of uncertainty surrounding economic policy decisions. It combines data from newspaper articles, federal tax code expirations, and forecasts from economic forecasters. A higher index value suggests greater economic risks due to policy ambiguity, potentially leading businesses and consumers to delay decisions..

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 the Bloomberg U.S. 1000 Index, comprised of a float market-cap-weighted benchmark of the 1000 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 2000 in capitalization of the Bloomberg U.S. 3000 Index.

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.

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

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

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

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

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

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

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.

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.

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