

STIFEL

FAVORITE

15

November 2025

Insights From Stifel's CIO Office

1. [Geopolitical Dashboard](#): The world is shifting from an era of globalization to one marked by increased localization and protectionism, increasing geopolitical risks, and uncertainty.
2. [Geopolitical Dashboard \(Continued\)](#): Aims to identify and assess the likelihood and investment considerations of key geopolitical risks and events that have the potential to create market volatility over the next three to five years.
3. [Economic Growth and the Composition of GDP](#): Real GDP for 2Q 2025 rose an annualized 3.8% from the quarter prior, supported by a lower proportion of net exports.
4. [Labor Market](#): We show labor market conditions before, during, and after the COVID shock to better assess current conditions.
5. [Consumer Slowdown Ahead?](#): Consumption has contributed less to GDP growth over the first half of 2025 than we have seen in recent history.
6. [Federal Reserve Funds Target Rate](#): Fed funds futures have priced in one more quarter-point cuts in 2025, followed by another three cuts over 2026, in response to softness in the labor market.
7. [Fiscal Transition](#): The Congressional Budget Office estimates a \$1.8 trillion deficit, pushing total debt to over \$36 trillion, with interest rates to remain between 4%-6% for the next 10-20 years; focus should be brought to managing the deficit and debt.
8. [Path to Improvement](#): The deficit sits above 6% of GDP, with debt above 120% of GDP. Spending cuts will likely be required to achieve healthy levels over the next 10 years.
9. [Market Returns Around the Start of Fed Cutting Cycles](#): Investors seem to be demanding higher yields to compensate for risks associated with government debt. As a result, taxable fixed income has underperformed past rate cutting cycles.
10. [Top 10 U.S. Companies by Decade](#): We take a look at the turnover of the top 10 companies in the S&P 500 and market share concentration.
11. [Artificial Intelligence](#): We take a look at the scope and impact of artificial intelligence (AI) so far.
12. [Global Equity Return Composition](#): Equity returns have been positive over 2024 and 2025. Multiples expansion has contributed less to total return over 2025 than we saw in 2024.
13. [Market Performance](#): Major market indices have fallen recently, after many reached peak levels over the past few months.
14. [Near-Term Risks and Opportunities](#): Equities remain elevated on a cap-weighted basis, with the S&P 500 P/E ratio about 21% above its 10-year average. However, equal-weighted valuations appear more reasonable, presenting opportunities as market breadth is expected to expand.
15. [This Month: Stifel Bits](#): Stifel Bits is a weekly e-mail that takes a breezy, lighthearted approach to our insights.

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 Federal Reserve accepts inflation running hotter than its 2% target for a prolonged period of time.	Likely	Consider sectors and companies with strong pricing power and the ability to pass on costs or asset classes that can provide a diversification benefit or hedge against inflation.
Introduction of BRICS Currency	Brazil, Russia, India, China, and South Africa (BRICS) establish a new reserve currency backed by a basket of their respective currencies.	Unlikely	Potential decline in demand for U.S. dollars and a weakening in its value. Consider diversifying in markets outside the U.S.
European Fragmentation	Disagreements on key political and policy issues lead to a withdrawal from the European Union by a member nation.	Unlikely	Increased market volatility. Likely weakness in the euro as well as sectors impacted by trade disruptions.
Aging Population Strain	Longer lifespans drive up healthcare demand and cost, placing added pressure on budgets and economic stability.	Unlikely	Focus on investment opportunities arising from an aging population, including the increased demand for healthcare, leisure and travel, and financial services.

GEOPOLITICAL DASHBOARD

(continued)

LEGEND

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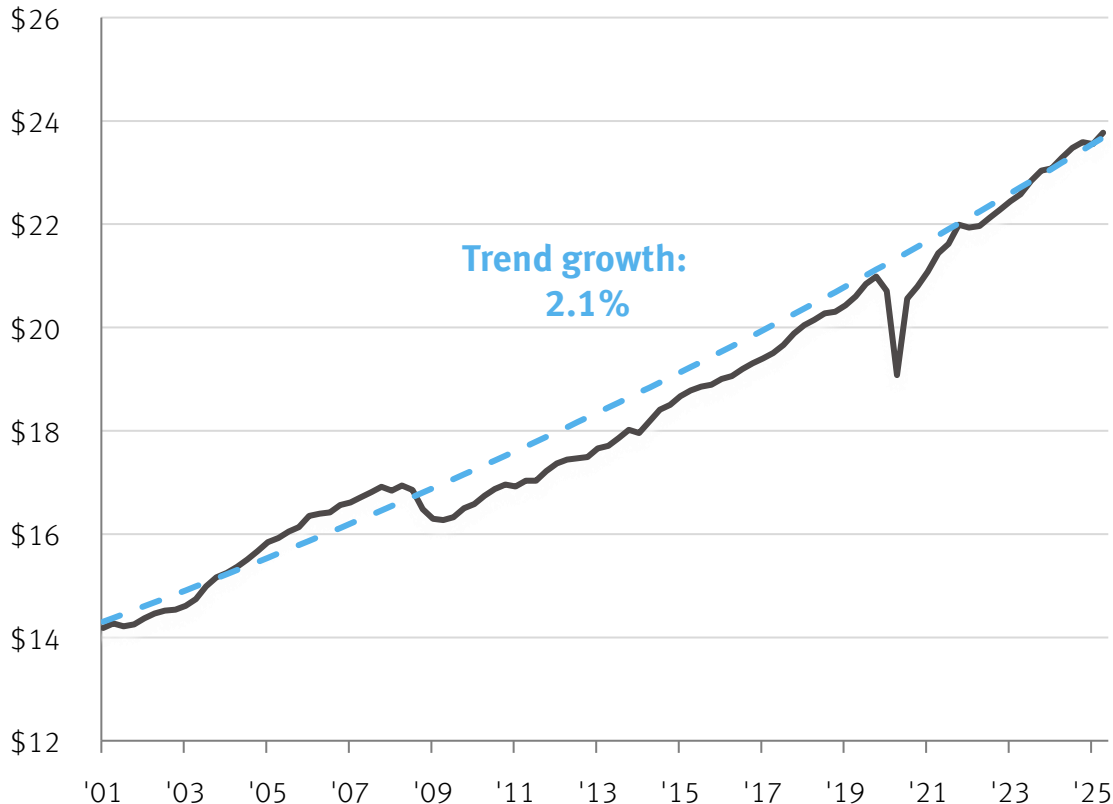
Military Conflicts

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.



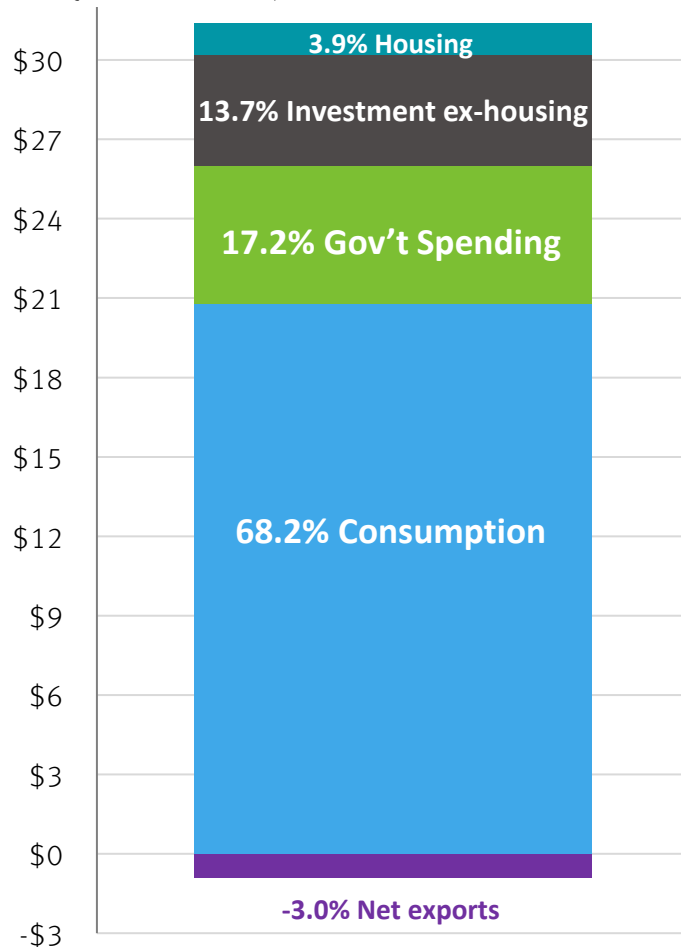
Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



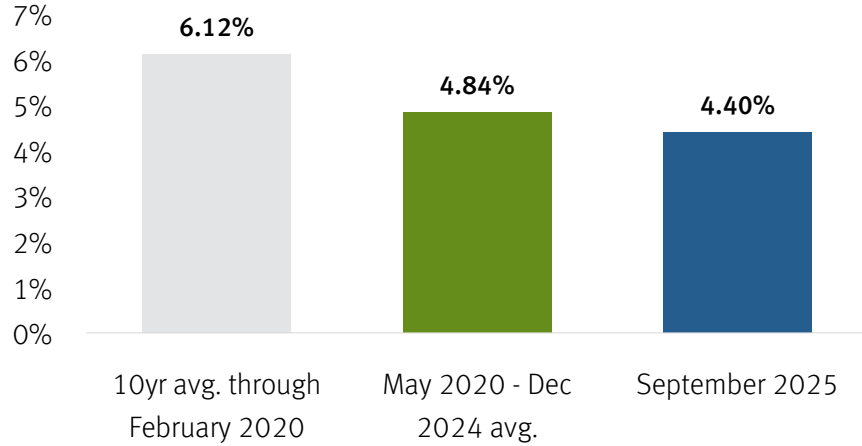
Components of GDP

2Q25 nominal GDP, USD trillions



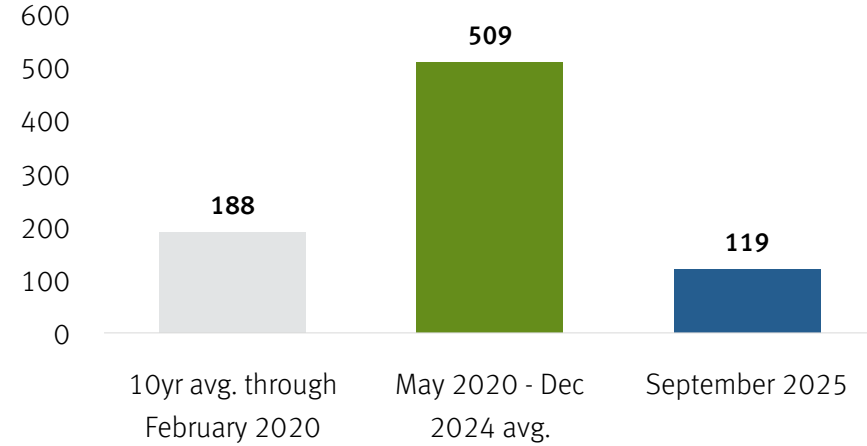
Unemployment Rate

Monthly



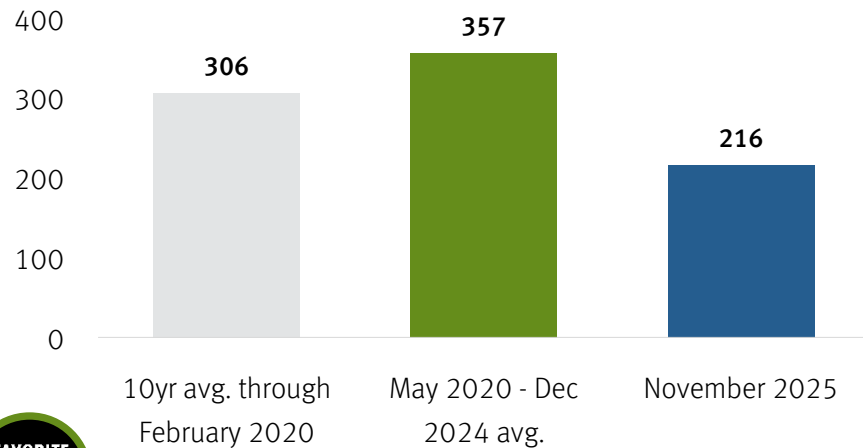
Nonfarm Payrolls

Monthly, thousands



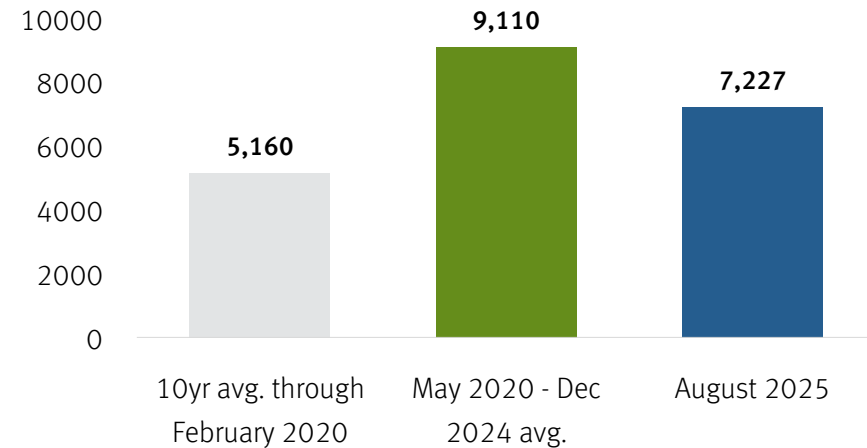
Jobless Claims

Weekly, thousands



JOLTS - Job Openings

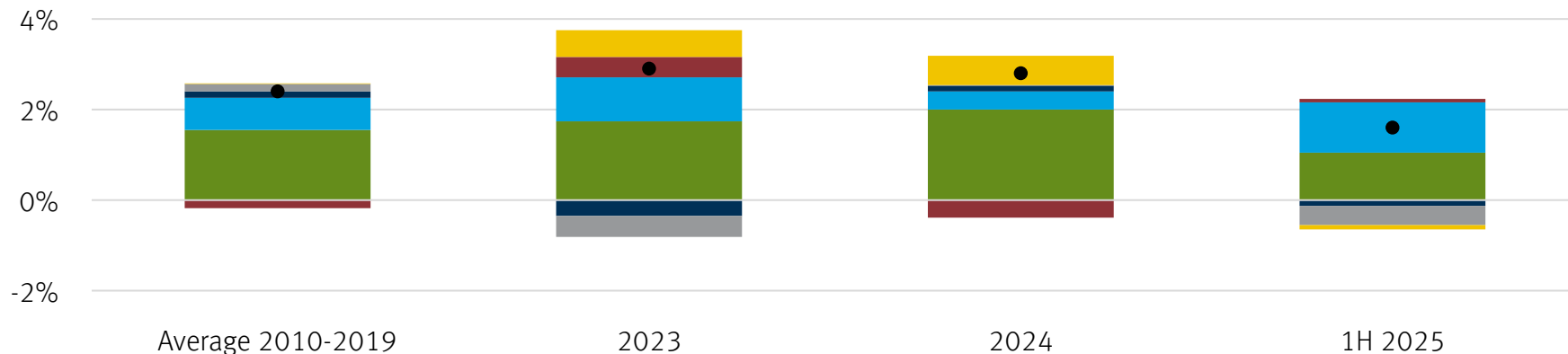
Thousands



Source: Stifel CIO Office via Bloomberg, as of November 26, 2025
 JOLTS = Job Openings and Labor Turnover Survey



Contributions to Annual U.S. GDP Growth, 2010-2025

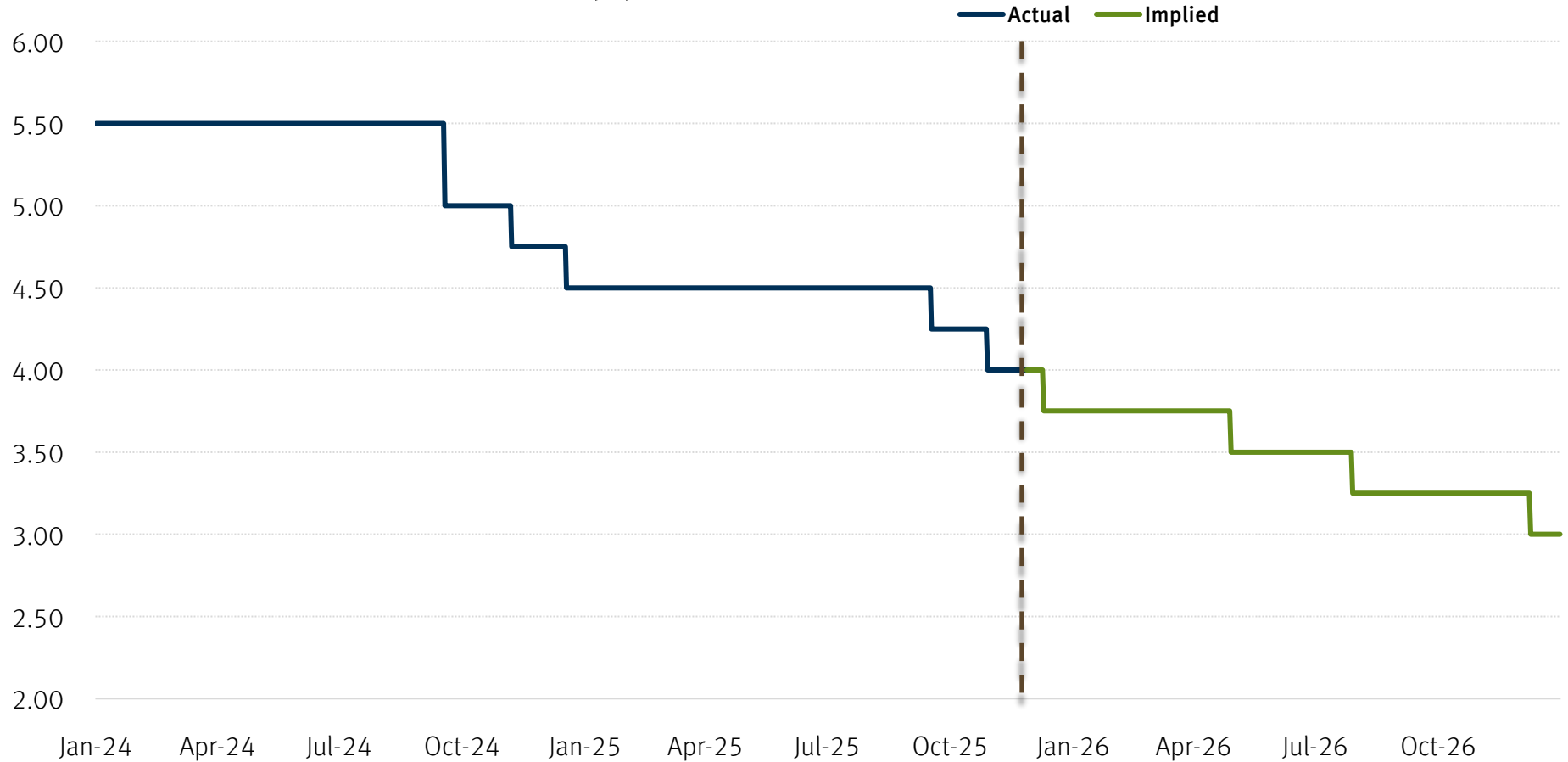


- Consumption
- Nonresidential Investment
- Residential Investment
- Private Inventories
- Net Exports
- Government Spending
- GDP

Latest Data Points

- **Credit stress rising:** Delinquency rates in the credit card segment rising, signaling increased financial stress.
- **Labor market cooling:** Negative ADP employment data, pointing to potential softening in labor market conditions.
- **Fed observations:** The latest Beige Book notes growing financial strain among lower- and middle-income consumers.
- **Savings thin:** Personal savings rates remain near historical lows, reducing consumers' financial buffers.
- **Weaker sentiment:** New York Fed survey data show rising pessimism about future job prospects.

Fed Funds Target Rate - Upper Bound



Debt Added Since GFC

Households	\$6.2 trillion	-20% of GDP
Corporate	\$8.9 trillion	7% of GDP
Federal	\$28.8 trillion	68% of GDP

10-year Treasury Yield

Now	4.0%
10 Years Forward	5.6%
20 Years Forward	4.8%

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% over the past four years.” – Scott Bessent

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

Debt Stabilization Playbook: Austerity + Growth, Sequenced and Credible

A path to evolve away from persistent deficits and debt buildup

Depends on **growth, rates, inflation, and political will**

Current:

- Deficit ~6.4% of GDP
- Debt ~122% of GDP

Goal:

- Deficit \leq 3% of GDP by 2035
- Debt ~60%-80% of GDP by 2050

How We Get There

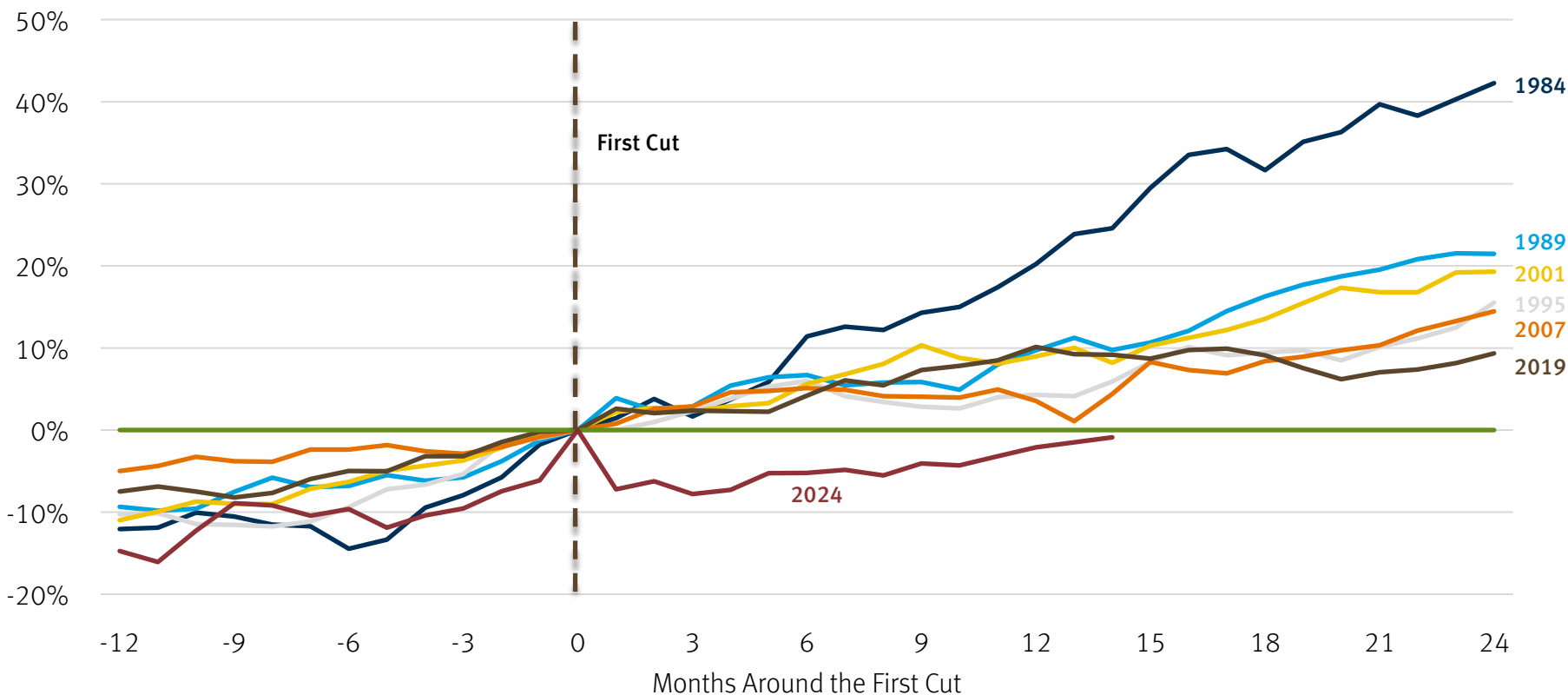
Requires deficit reduction of \$7.5 trillion to \$9 trillion for 10 years to keep debt roughly stable and then declining.

Requires Austerity:

- Spending (~2/3 of adjustment): entitlement reform and efficiency gains
- Revenue (~1/3): tax increases and grow the economy/personal income

U.S. Aggregate Index Returns Around the Start of Fed Cutting Cycles

% Total Return, Indexed to Zero at the First Cut

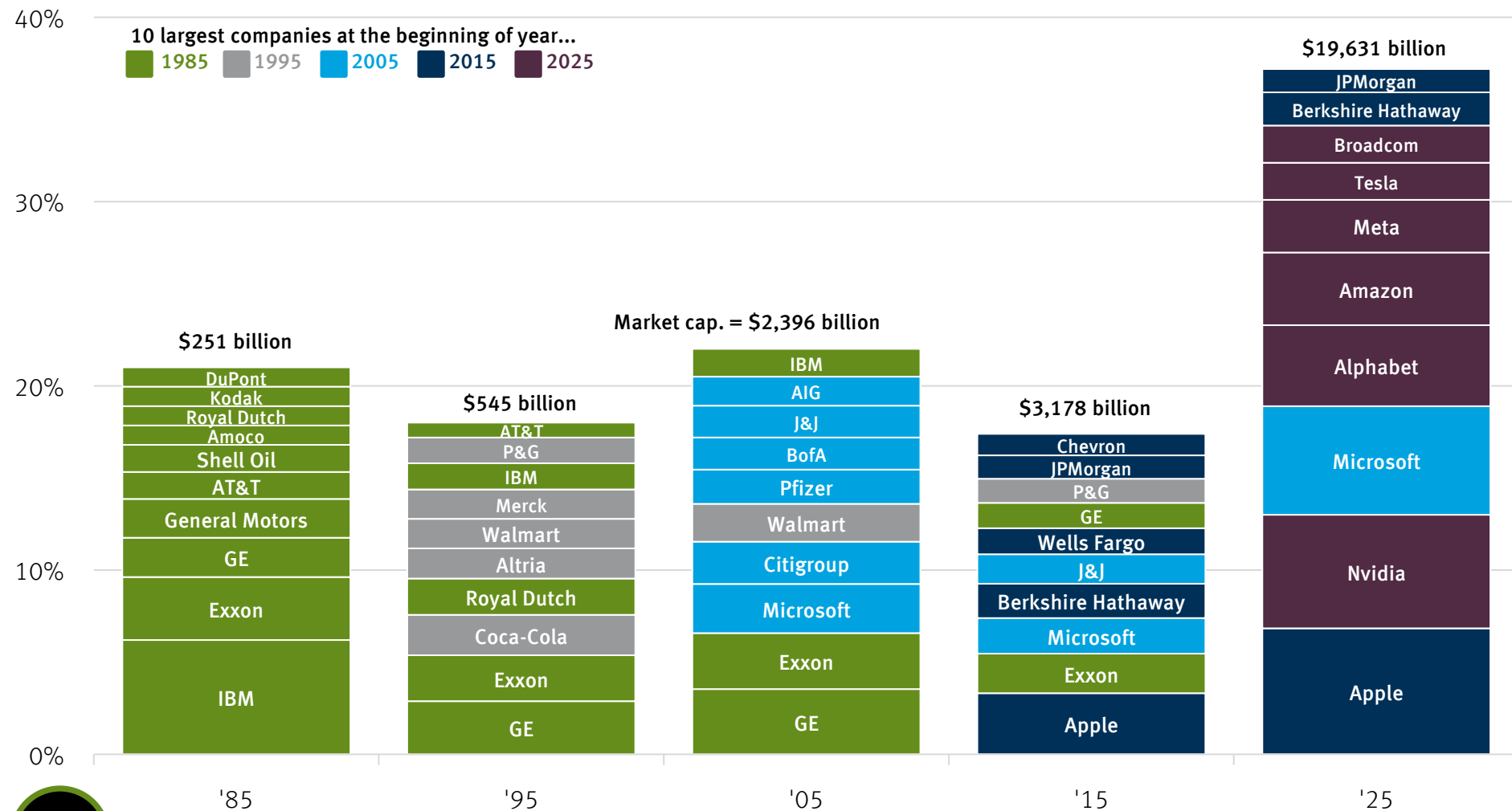


Source: Stifel CIO Office via Bloomberg, as of November 25, 2025



Top 10 U.S. Companies by Market Capitalization

Percent of S&P 500 Market Capitalization as of the First Day of the Indicated Year



Source: Stifel CIO Office via Bloomberg, as of January 2, 2025
J.P. Morgan Asset Management.

AI Has Gone Mainstream, With Adoption Pace Outstripping PCs/Internet

U.S. adults using GenAI

45%

1/3

of workers use it at least once a week

10%

of workers use it daily

Early Economic Impact Is Real, Longer-Term Expected to Be Even More

~5.4%

Time saved per week by workers using GenAI

>10%

Companies reporting mature implementation of an AI strategy

80%

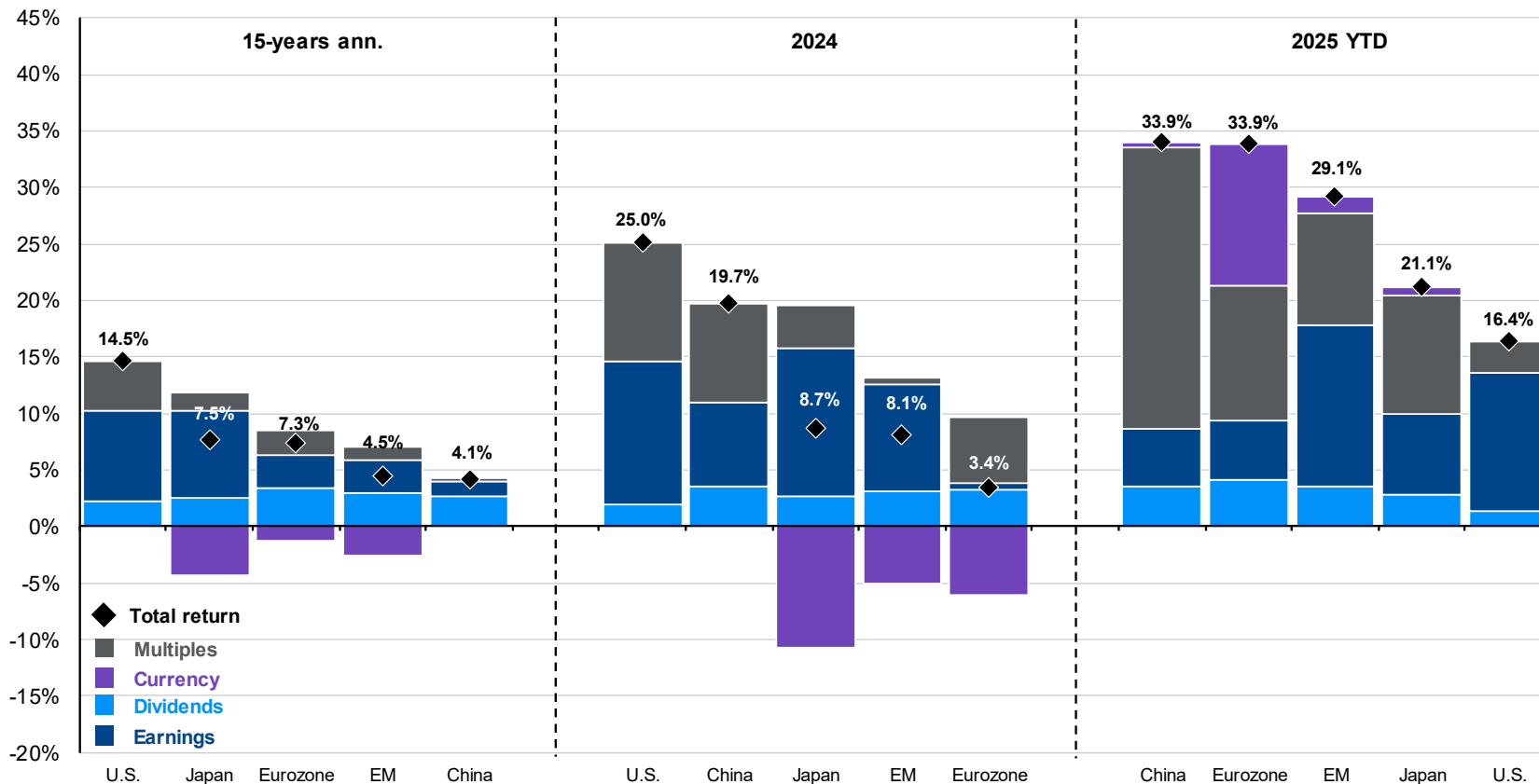
Companies expect AI to reshape their business by 2030

41%

The chance that a Fed model estimates the U.S. economy is in a new period of higher productivity growth

Sources of global equity returns*

Total return, USD



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management

15-years ann. is a rolling 15-year period ending with the previous month-end. All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. *Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on NTMA earnings estimates. Chart is for illustrative purposes only. Past performance is not indicative of future results.

Guide to the Markets – U.S. data are as of November 25, 2025

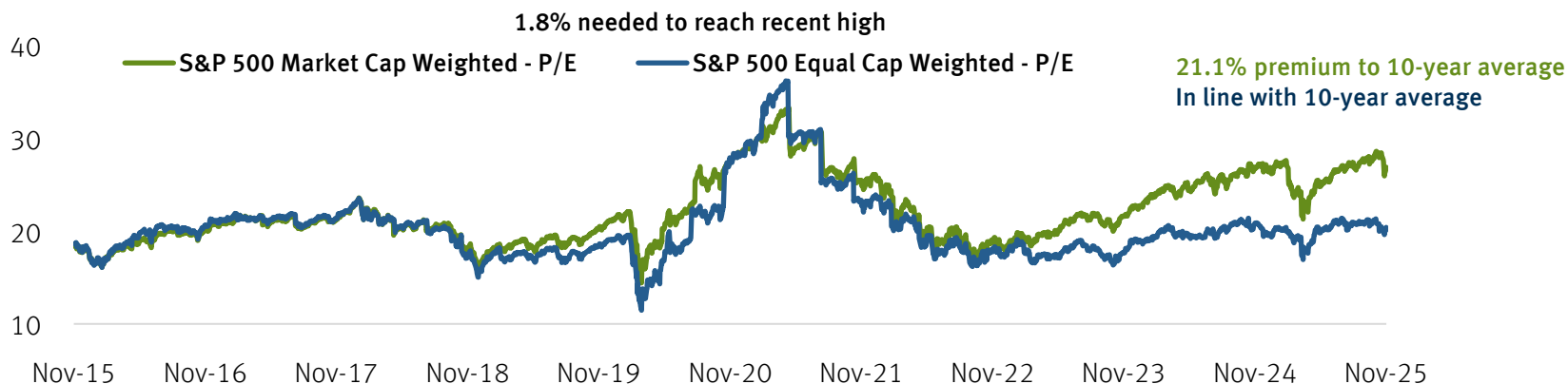


Index	2022	2023	2024	2025 YTD	Peak to Date	Last Year
S&P 500 Index	-18.1%	26.3%	25.0%	16.4%	-1.7%	14.5%
S&P 500 Eq. Weight.	-11.5%	13.8%	13.0%	9.6%	-1.0%	2.9%
S&P Quality High Dividend	-0.3%	5.5%	11.1%	2.8%	-3.2%	-3.5%
S&P 500 Financials	-10.6%	12.1%	30.5%	9.9%	-2.2%	4.4%
KBW Reg. Banking	-6.9%	-0.4%	13.2%	4.4%	-7.7%	-7.7%
Bloomberg U.S. 1000 Value	-2.5%	9.4%	13.6%	13.9%	-0.2%	6.1%
Bloomberg U.S. 1000 Growth	-27.5%	36.1%	28.9%	16.9%	-3.0%	16.6%
Bloomberg Magnificent 7	-45.3%	107.0%	67.3%	22.8%	-3.3%	32.9%
NYSE FANG+ Index	-40.0%	96.4%	51.0%	25.7%	-2.7%	33.7%
Bloomberg U.S. 2000	-20.1%	17.1%	12.0%	10.2%	-1.4%	1.3%
MSCI EAFE Index	-14.5%	18.2%	3.8%	24.8%	-3.4%	23.2%
MSCI EM Index	-20.1%	9.8%	7.5%	28.4%	-4.3%	26.7%
Bloomberg U.S. Agg	-13.0%	5.5%	1.3%	7.5%	-0.1%	6.2%

Source: Stifel CIO Office via Bloomberg, as of November 25, 2025



	EPS	S&P 500 P/E						Current S&P 500 Index Level
		23x	24x	25x	26x	27x	28x	
	\$290	6,670	6,960	7,301	7,540	7,830	8,195	8,410
	\$280	6,440	6,720	7,049	7,280	7,560	7,912	8,120
Consensus 2025 EPS →	\$269	6,181	6,450	6,766	6,987	7,256	7,594	7,793
	\$260	5,980	6,240	6,546	6,760	7,020	7,347	7,540
	\$250	5,750	6,000	6,294	6,500	6,750	7,065	7,250
Consensus 2024 EPS →	\$239	5,507	5,746	6,028	6,225	6,465	6,766	6,943
	\$230	5,290	5,520	5,791	5,980	6,210	6,499	6,670



Earnings

- For 2025, analysts are projecting earnings growth of 12.2%, down from 14.3% at the beginning of the year.
- For 2026, the forecast has been revised slightly upward to 14.1%, compared to 13.6% at the beginning of the year.



\$394 – The average daily rate at U.S. luxury hotels hit a record high this year – \$168 more than the next-priciest tier.

70% – The percentage of participants in a USC study that rated ChatGPT’s jokes funnier than human ones.

33% – The percentage of Gen Z investors that value “returns and performance” the most in their investment experience. For Boomers, it’s 75%.

2.4% – The increase in college and university undergraduate enrollment this fall, the third straight year of enrollment growth.

11 – The number of test flights done for SpaceX’s Starship, the biggest and most powerful rocket ever built.

52% – The percentage of Americans that would consider buying a “haunted” house.

INDEX DESCRIPTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEX DESCRIPTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURES CONTINUED

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

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

Michael O’Keeffe, CFA

Chief Investment Officer

Sophia DiMartini

Investment Strategy Analyst

Nik Eftimov, CFA

*Director, Investment Management
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