Insights from Stifel's CIO Office

March 2023

INVESTMENT STRATEGY BRIEF:

Bank Failures, and Worries of More, Amplify Volatility and Weakening Markets

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OUTLOOK 2023
FINDING BALANCE
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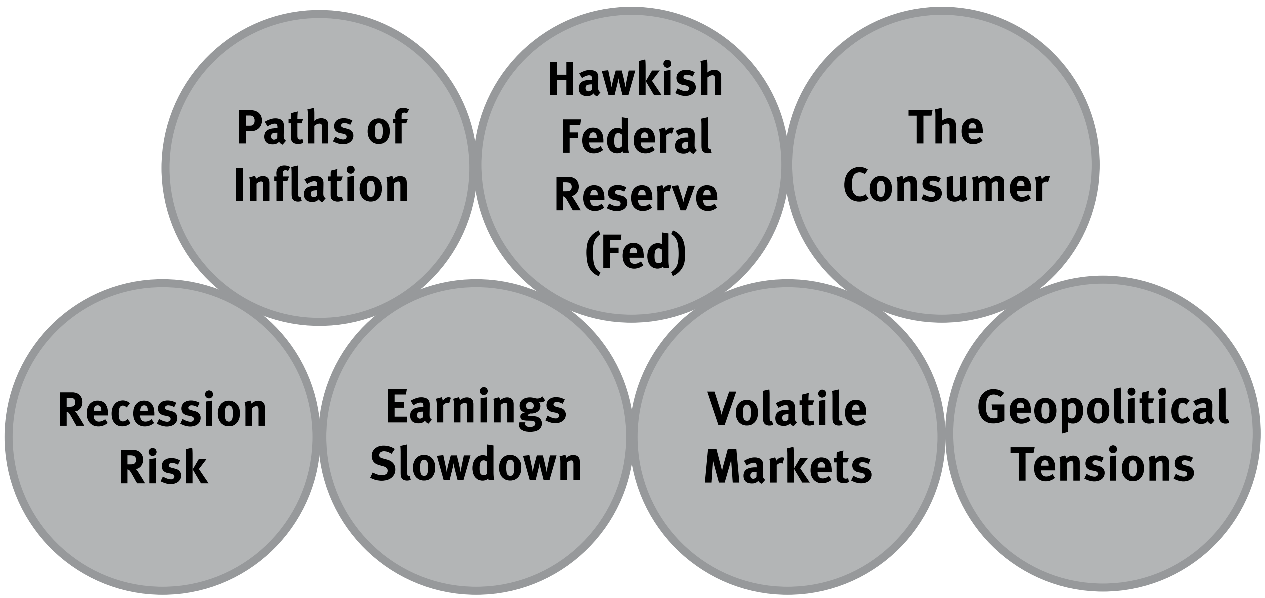
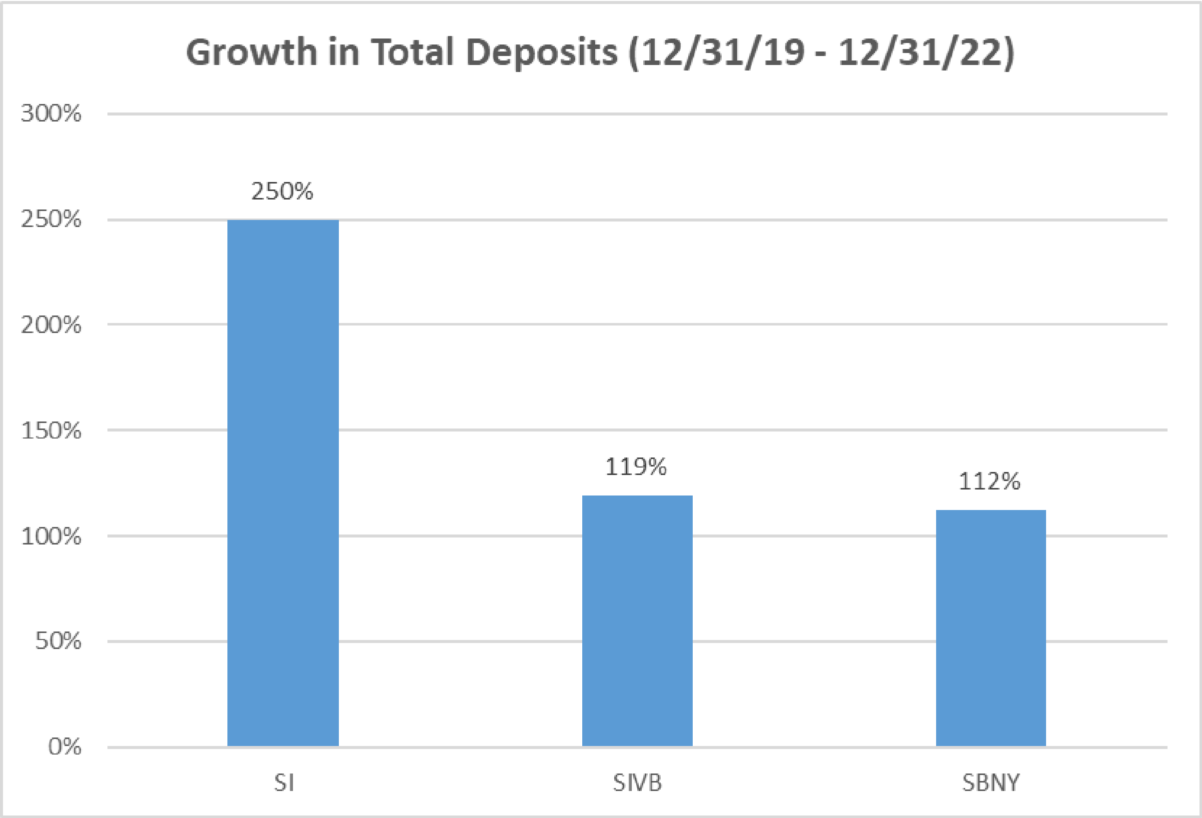

Paths of Inflation
Hawkish Federal Reserve (Fed)
The Consumer
Recession Risk
Earnings Slowdown
Volatile Markets
Geopolitical Tensions

Replay – Client Webinar: An Update on the Banking Sector

Three banks grew rapidly, driven by crypto and tech.

svb Silicon Valley Bank   Silvergate   Signature | SIGNATURE BANK®

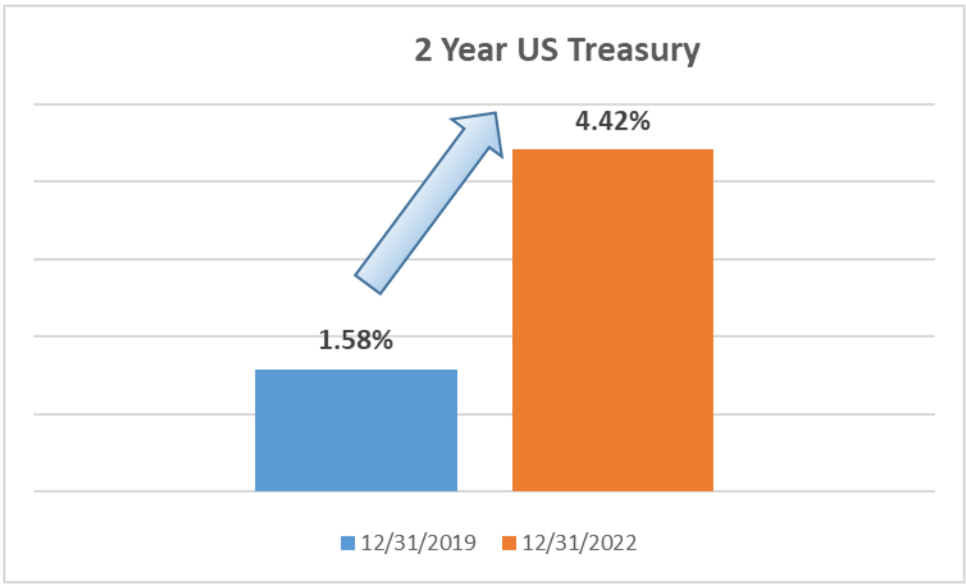


Replay – Client Webinar: An Update on the Banking Sector

Invested in fixed-rate, low coupon bonds, with escalating cost of deposits that are outflowing

Deposits

Higher Rate/Outflows



Bonds @ 2% (fixed, long duration)

Current value ~ 80-90c

WHAT DID GOVERNMENT DO?

Replay – Client Webinar: An Update on the Banking Sector

- **Stepped in**
- **Limited to three banks**
- **Protected depositors**
- **Liquidity facility for other banks**
- **U.S. dollar swap agreements: from weekly to daily**

OTHER BANK STRESS

FIRST REPUBLIC

FHLBANKS
A NATION OF LOCAL LENDERS

UBS

CREDIT SUISSE

- Eleven banks deposited $30 billion in First Republic Bank. Exploring more support.
- Federal government encouraging larger, stable banks to acquire smaller banks at risk.
- The Federal Home Loan Bank System issued $304 billion in debt recently – providing liquidity to support regional and community banks.

- Credit Suisse first drew on a Swiss National Bank credit facility of 50 billion Swiss francs
- UBS to acquire Credit Suisse for more than $3 billion, orchestrated by the Swiss government.

Source: Stifel CIO Office

A SHIFT TO TIGHTER FINANCIAL CONDITIONS

	10-year Yield	IG Spread	HY Spread	VIX Index	MOVE Index	Financial Conditions
High	4.24	1.65	5.83	34.8	198.7	0.5
Median	3.42	1.36	4.48	23.8	124.4	(0.4)
Low	2.29	1.09	3.09	17.9	97.3	(1.3)
Current	3.48	1.57	5.09	24.2	182.6	(1.3)
% Tile	44%	10%	12%	47%	0%	100%
2/28/23	3.92	1.24	4.12	20.7	123.6	0.2
% Tile	12%	80%	77%	79%	53%	13%

Source: Stifel CIO Office via Bloomberg, as of March 20, 2023; based on last 12 months data.

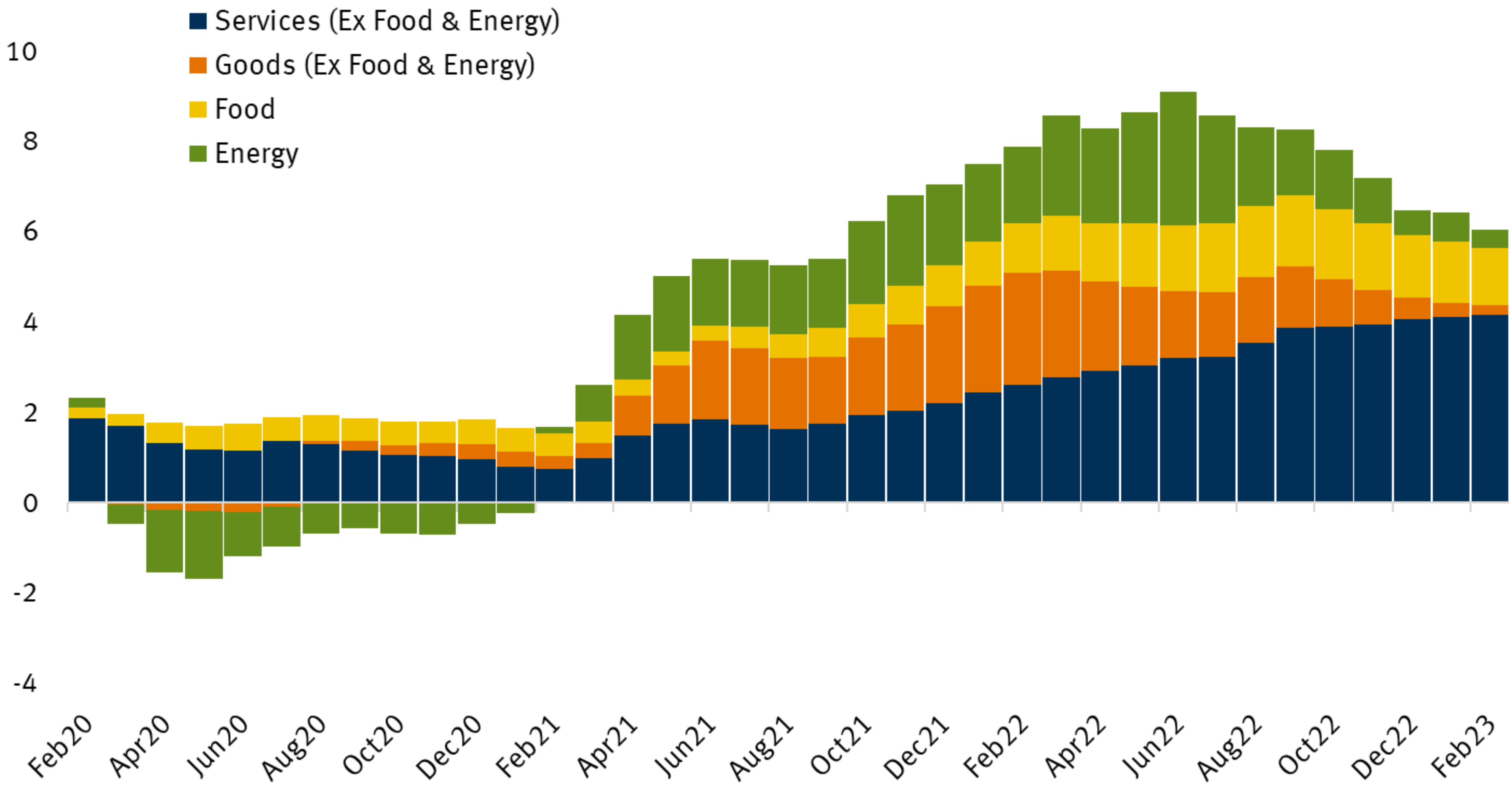
MARKET PERFORMANCE

Index	2020	2021	2022	Jan 2023	Feb 2023	Feb 28 – Mar 8 2023	Mar 8 – Mar 21 2023
S&P 500 Index	18.4%	28.7%	-18.1%	6.3%	-2.4%	0.6%	0.3%
S&P 500 Financials	-1.8%	34.9%	-10.6%	6.9%	-2.3%	-2.1%	-8.1%
KBW Regional Banking	-8.7%	36.7%	-6.9%	2.9%	0.5%	-5.0%	-11.7%
Russell 1000 Value	2.8%	25.1%	-7.6%	5.2%	-3.5%	-0.1%	-2.7%
Russell 1000 Growth	38.5%	27.6%	-29.1%	8.3%	-1.2%	1.2%	2.5%
NYSE FANG+ Index	103.1%	17.7%	-40.0%	18.7%	3.8%	0.6%	7.0%
Russell 2000 Index	19.9%	14.8%	-20.5%	9.7%	-1.7%	-0.9%	-5.3%
MSCI EAFE Index	7.8%	11.3%	-14.5%	8.1%	-2.1%	0.3%	-1.6%
MSCI EM Index	18.3%	-2.5%	-20.1%	7.9%	-6.5%	1.5%	-2.5%
Bloomberg U.S. Agg	7.5%	-1.5%	-13.0%	3.1%	-2.6%	-0.5%	2.2%

Source: Stifel CIO Office via Bloomberg, as of March 21, 2023

INFLATION ROLLING OVER…SLOWLY

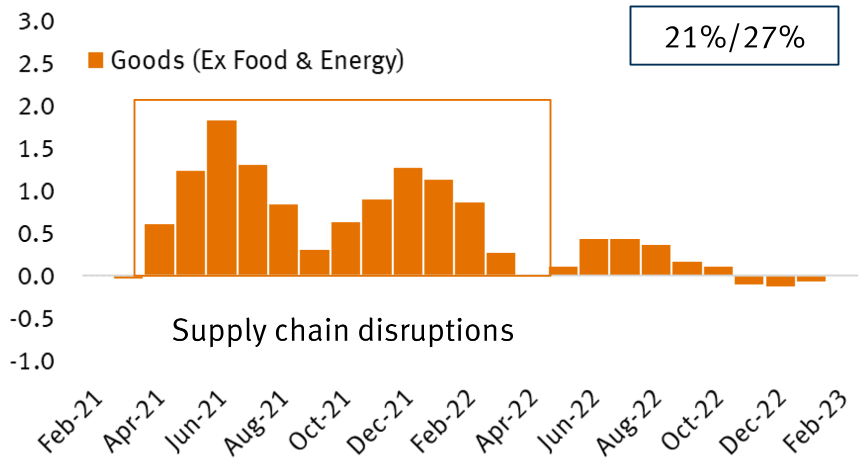
Year over Year % shown below

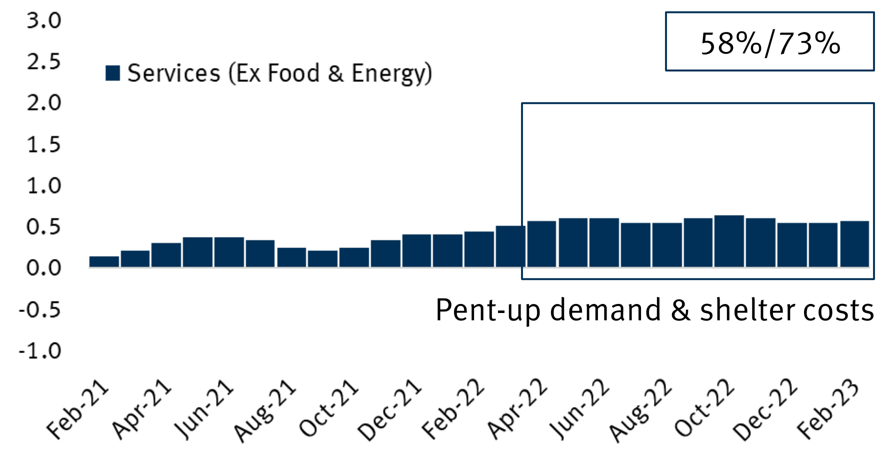


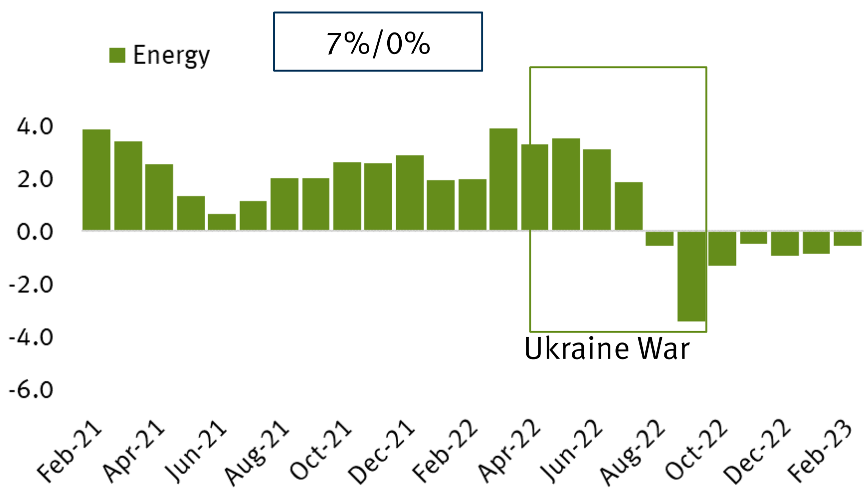
Source: Stifel CIO Office via Bloomberg, as of March 21, 2023

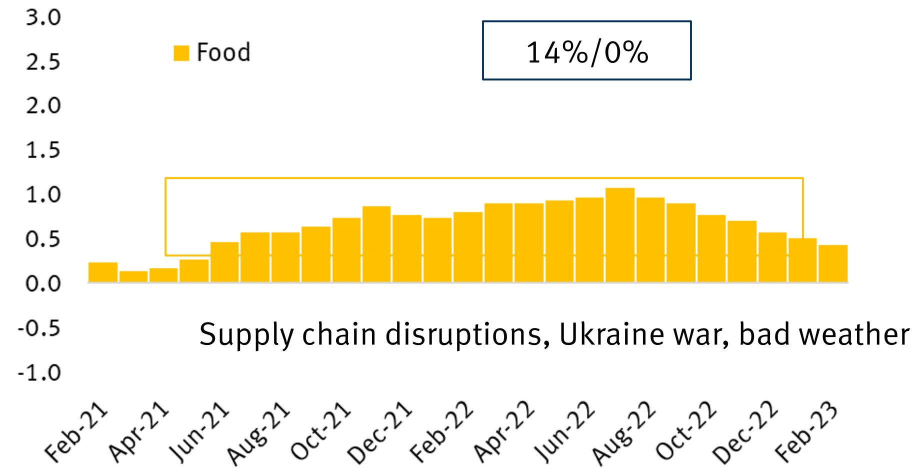
RECENT INFLATION TRENDS

Monthly, three-month rolling average shown below



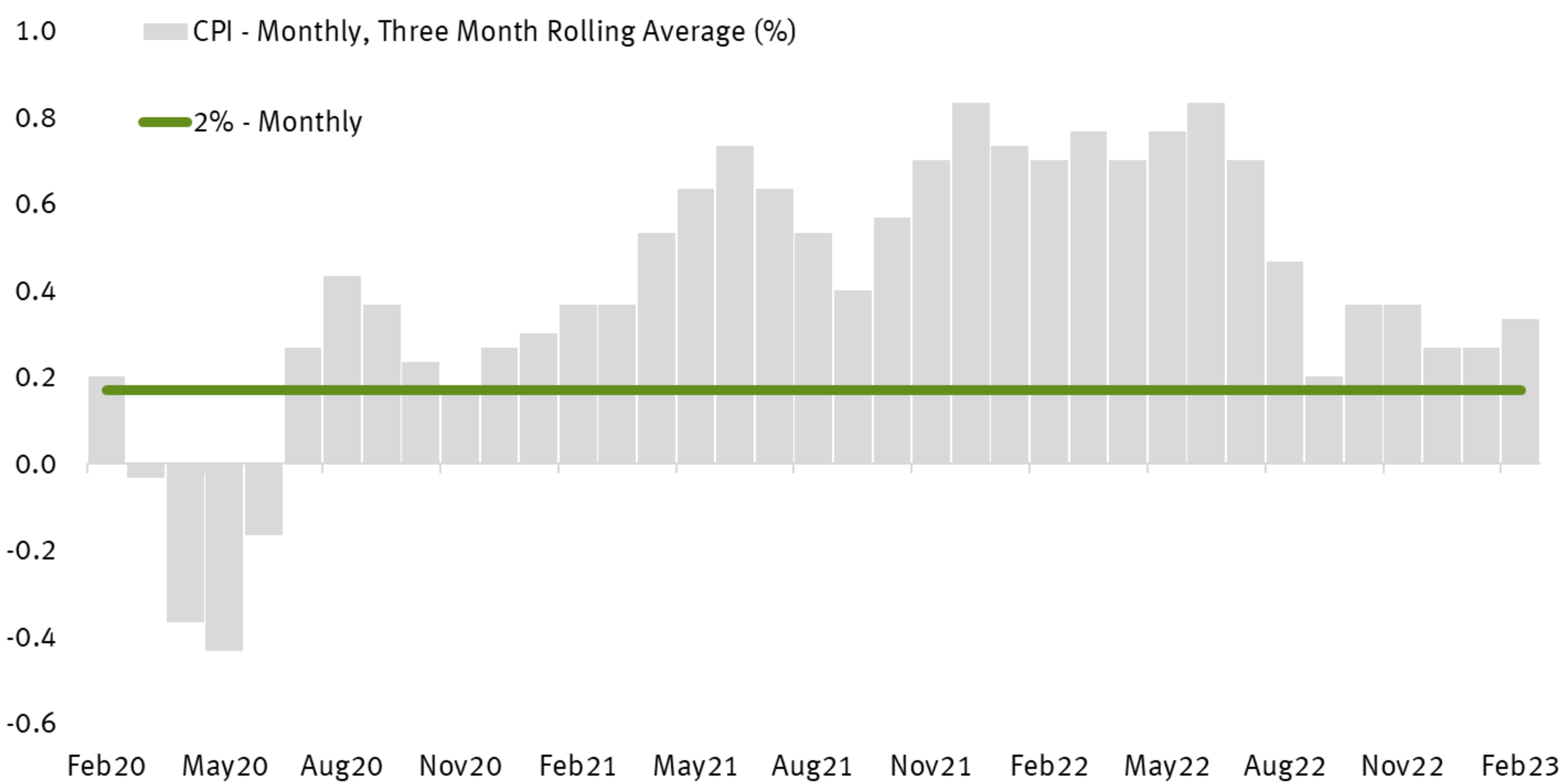






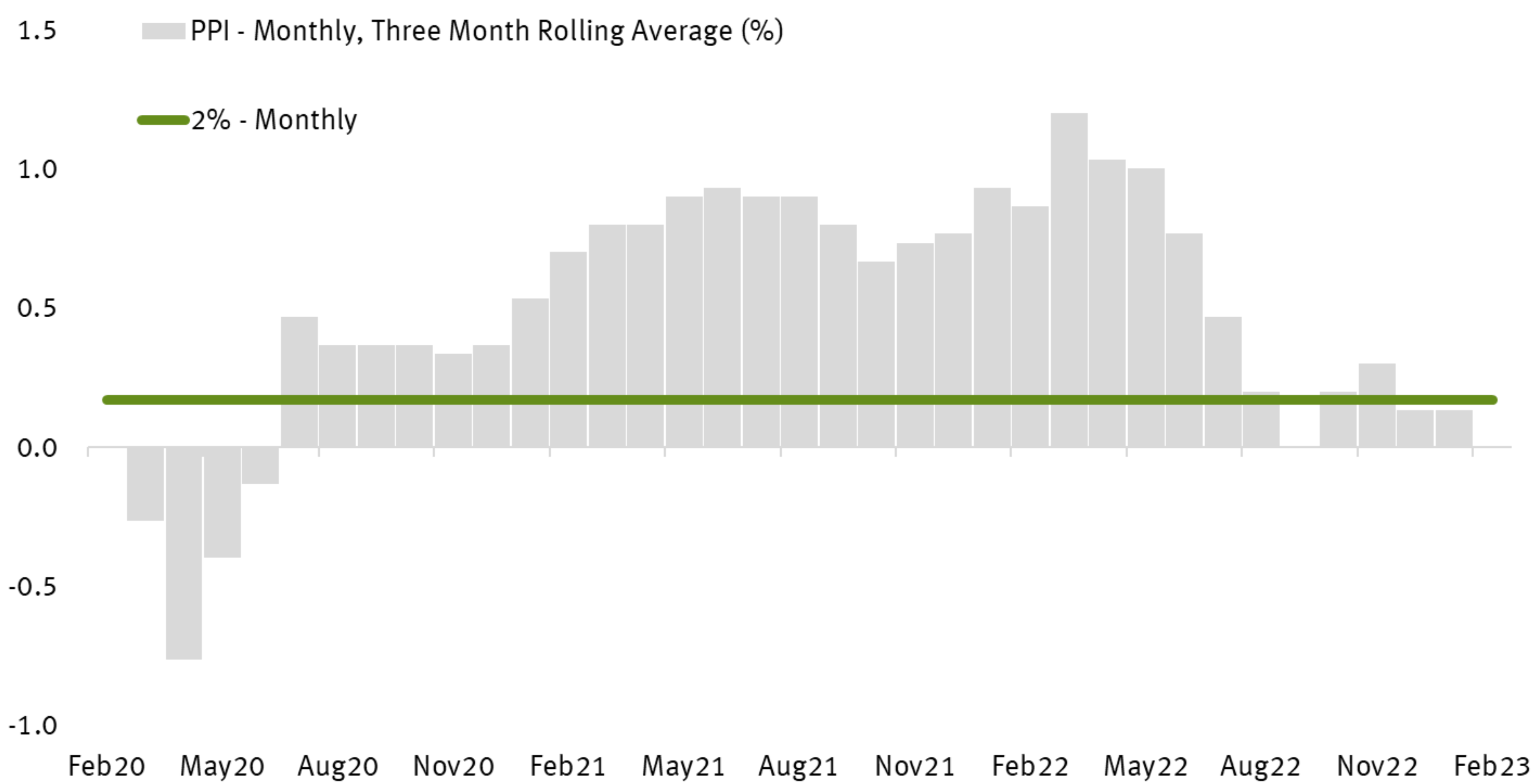
Source: Stifel CIO Office via Bloomberg, as of March 21, 2023

RECENT INFLATION TRENDS



Source: Stifel CIO Office via Bloomberg, as of March 21, 2023

RECENT INFLATION TRENDS



Source: Stifel CIO Office via Bloomberg, as of March 21, 2023

WHEN CAN THE FED SHIFT POLICY?

Fed's Dual Mandate

Price Stability: 2%

- Wage pressures subside
- Food/shelter/core goods prices ease
- Supply chain pressures ease
- Inflation expectations fall towards 2%
- Monthly Consumer Price Index (CPI) trends lower
- Monthly Personal Consumption Expenditures (PCE) trends lower

Maximum Employment

- Job quits slow
- Initial jobless claims rise
- Unemployment to job openings ratio declines
- Unemployment above 4.4%
- Deep recession
- Severe financial conditions

March 21/22 Fed Meeting

Statement/Summary of Economic Projections:

- Noted the labor market remains “robust” and inflation elevated.
- “Recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation.”
- Noted strong capital and liquidity levels of the banking sector.
- The Fed hiked rates by 0.25%, signaled more may be appropriate.
- “The Committee will closely monitor incoming information and assess the implications for monetary policy.”
- Fed Summary of Economic Projections were roughly unchanged, signaling one more 0.25% move in 2023.

Powell press conference:

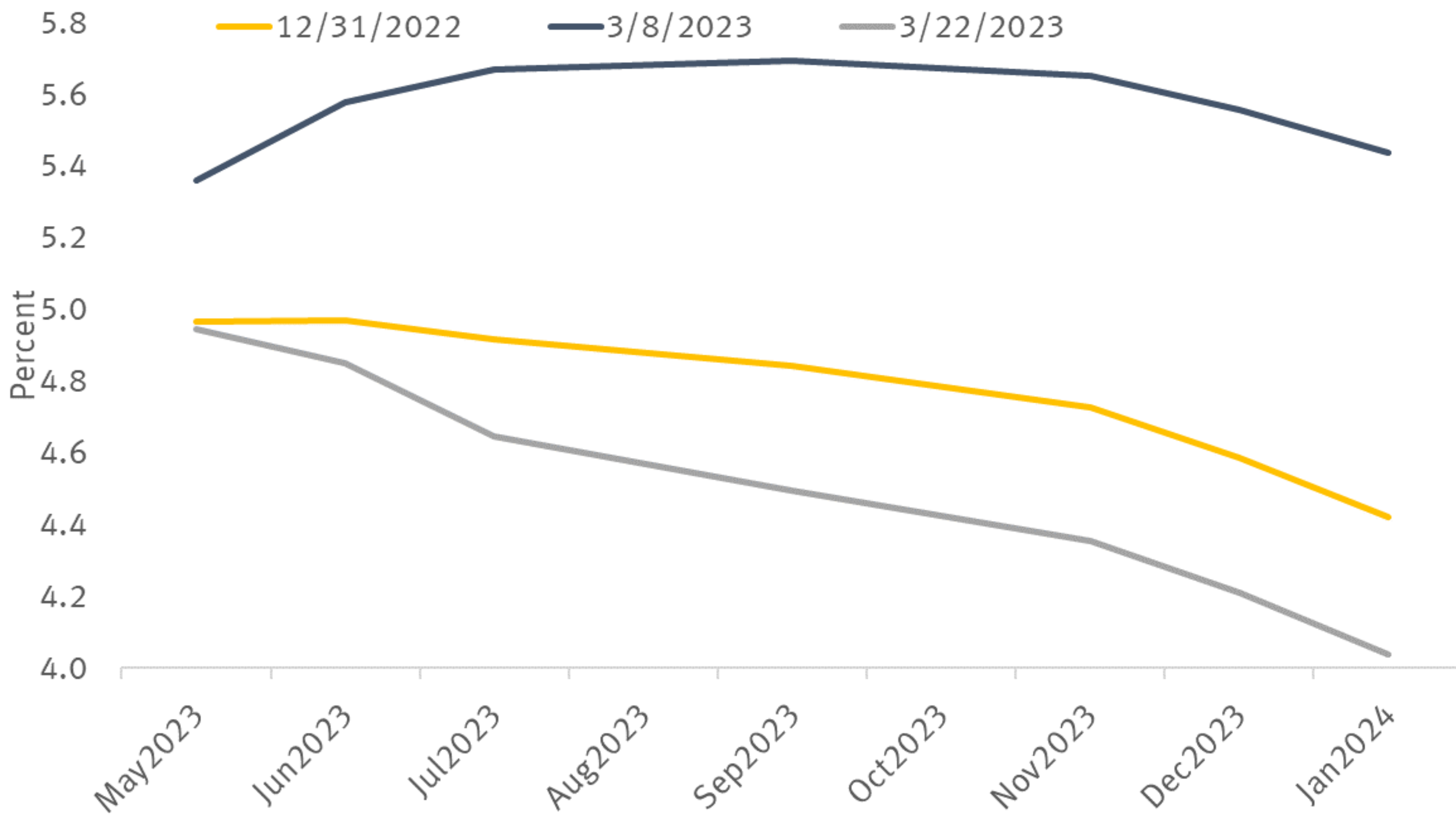
- Important to focus on the words **"may" and "some"** rather than **"ongoing."**
- “We believe…that events in the banking system over the past two weeks are likely to result in tighter credit conditions… which would in turn affect economic outcomes.”
- “As a result, we no longer state that we anticipate that ongoing rate increases will be appropriate to quell inflation; instead, we now anticipate that some additional policy firming may be appropriate.”
- “We will closely monitor incoming data and carefully assess the actual and expected effects of tighter credit conditions on economic activity, the labor market, and inflation, and our policy decisions will reflect that assessment.”

Source: Stifel CIO Office

6.8% Lagging Indicator YoY *1 year ago: 2.1%*	**1.4%** Coincident Indicator YoY *1 year ago: 4.1%*
-6.5% Leading Indicator YoY *1 year ago: 7.0%*	**Chances of Recession** *Higher*

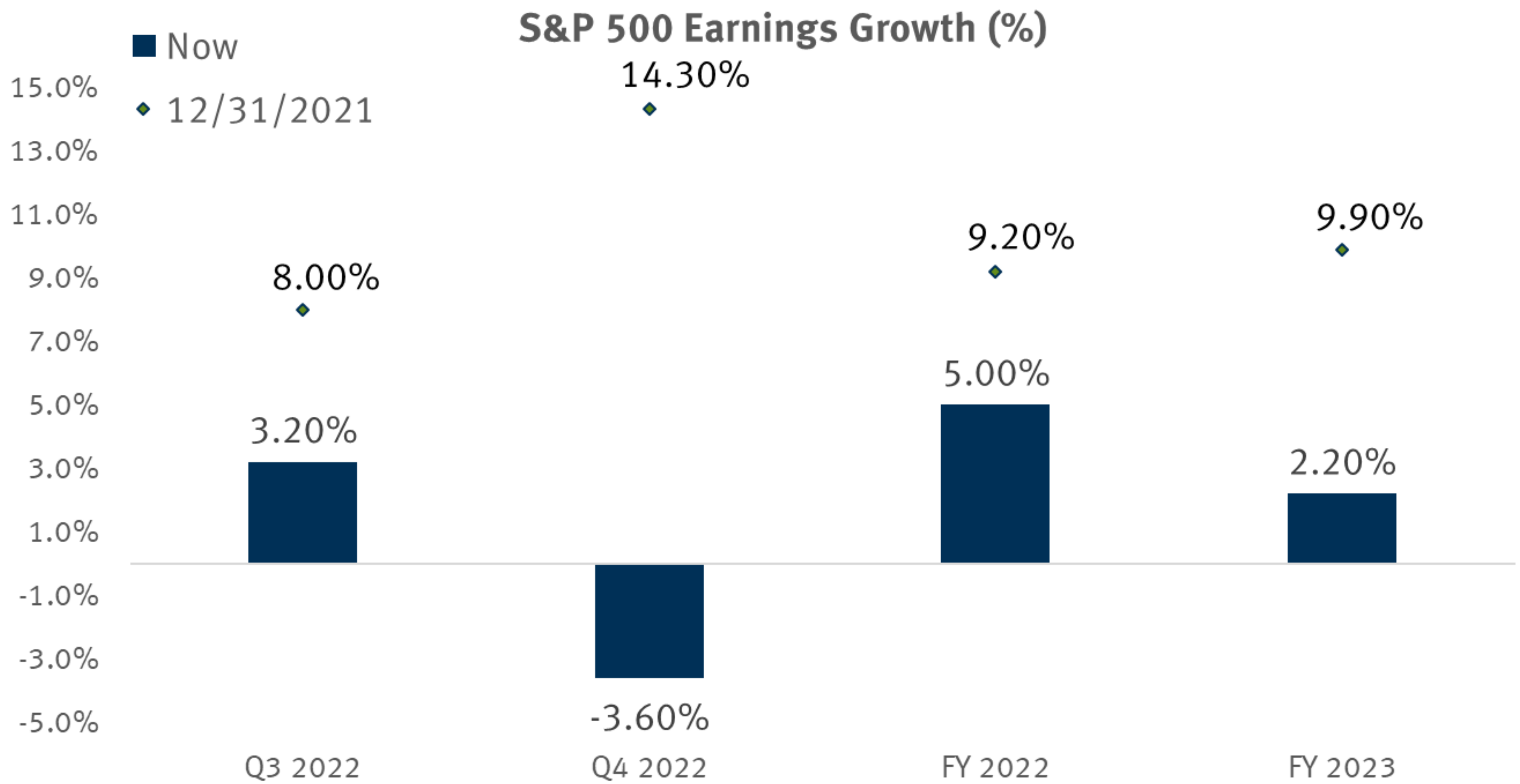
Source: Stifel CIO Office, as of March 21, 2023; Economic indicators above based on the data provided by the Conference Board.

Implied Policy Rates – Fed Funds Futures

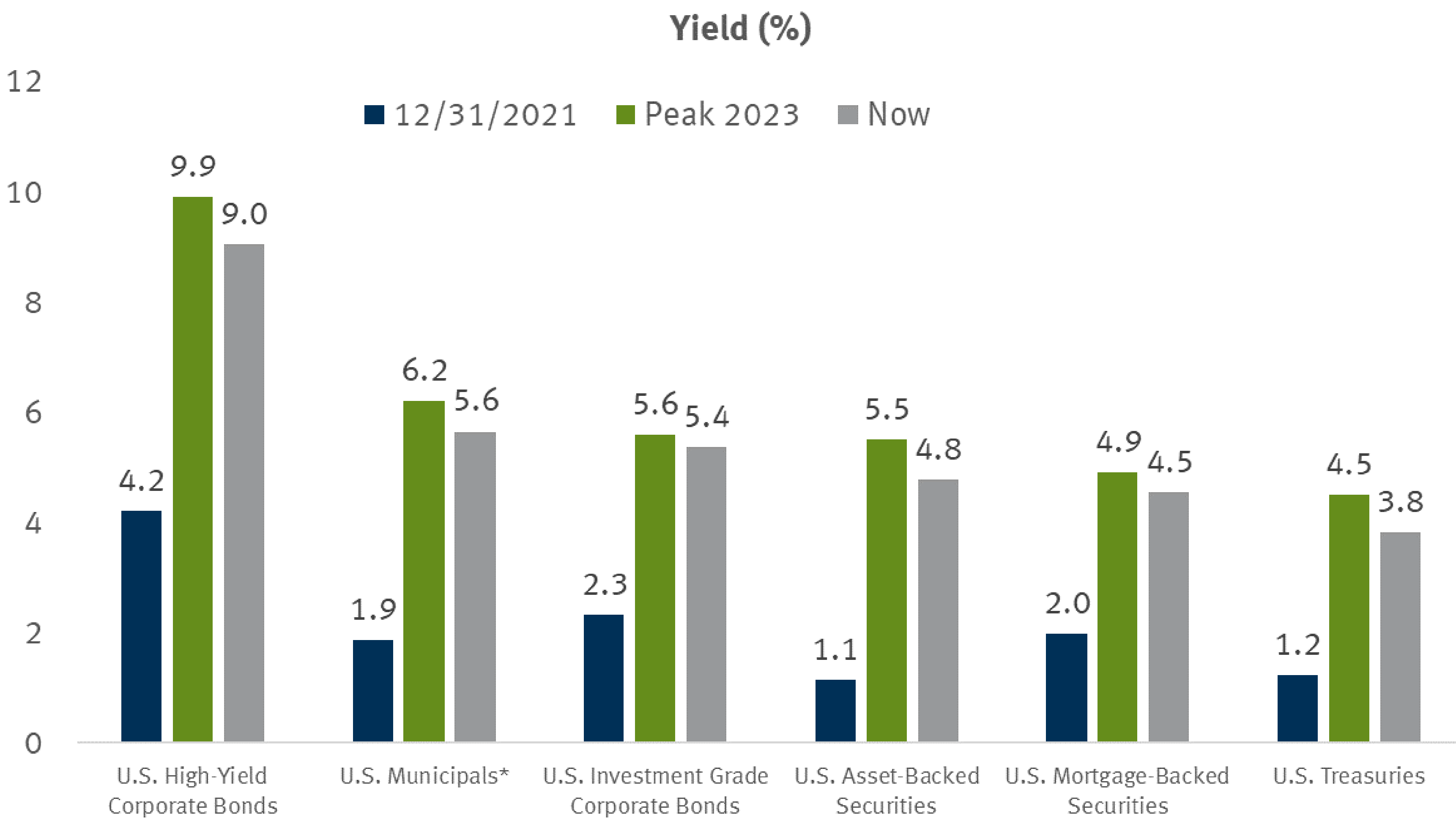


Source: Stifel CIO Office via Bloomberg, as of March 22, 2023 (intra-day)

Many companies citing supply chain, inflation, and recession



Source: Stifel CIO Office via FactSet, as of March 20, 2023



**Based on taxable equivalent yield.*

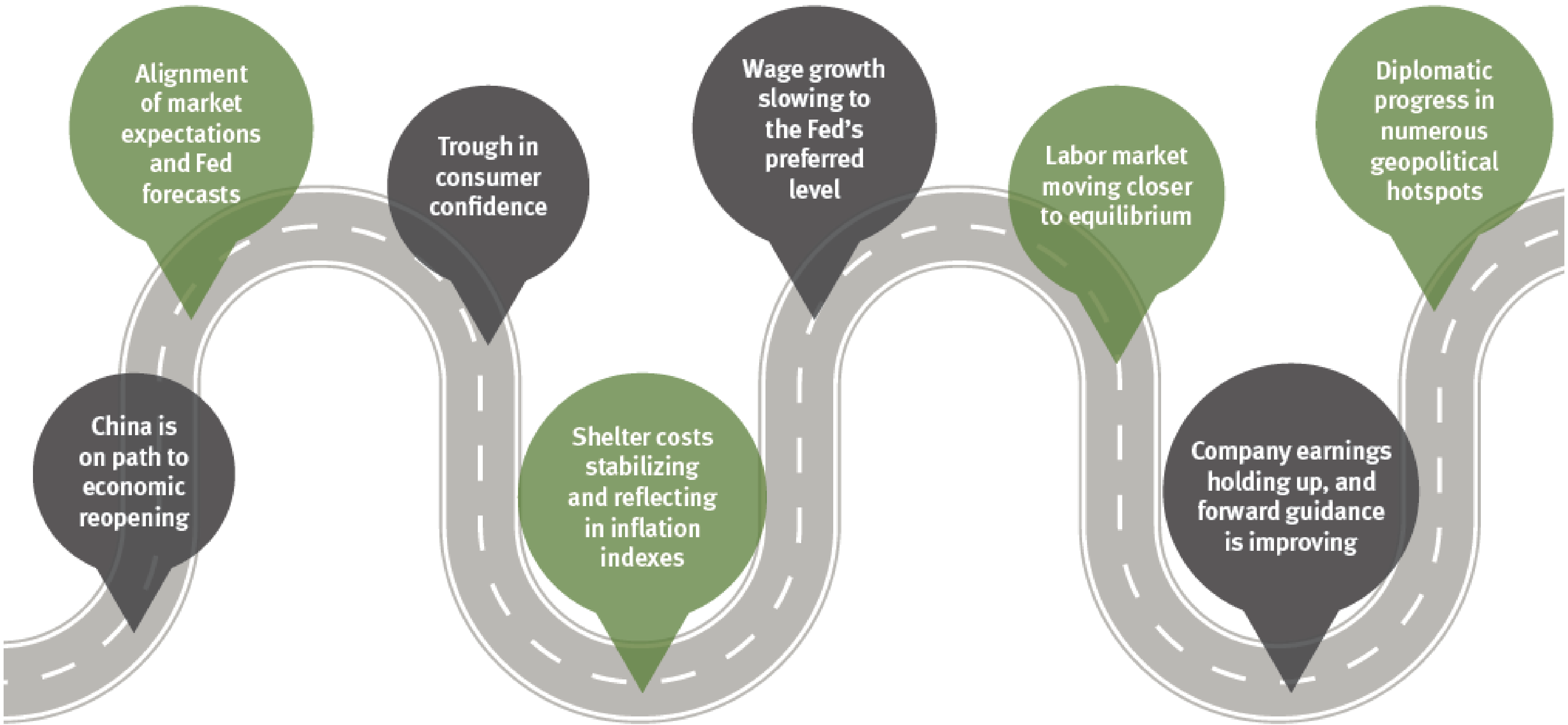
Source: Stifel CIO Office via Bloomberg, as of March 20, 2023

SIGNPOSTS FOR FINDING BALANCE

SIGNPOSTS

VIEW REPORT

VIEW VIDEO



NAVIGATING KEY DATES

MARCH	
10	Employment
14/15	Inflation
15	Retail Sales
16/23	Housing
17	Consumer Sentiment
22	Fed Policy Decision with Economic Projections

APRIL	
7	Employment
12	Federal Open Market Committee (FOMC) Minutes
12/13	Inflation
14	Consumer Sentiment
14	Retail Sales
18/25	Housing

MAY	
3	Fed Policy Decision
5	Employment
10/11	Inflation
12	Consumer Sentiment
16	Retail Sales
17/23	Housing
24	Federal Open Market Committee (FOMC) Minutes

JUNE	
2	Employment
13/14	Inflation
14	Fed Policy Decision with Economic Projections
15	Retail Sales
16	Consumer Sentiment
20/27	Housing

OTHER IMPORTANT TOPICS

- Russia-Ukraine War
- China-Taiwan Tensions
- Progression of Earnings Forecasts
- First Quarter Earnings Season
- Progression of PMI measures
- Business and consumer sentiment
- Global Inflation
- Global Central Bank Policy

WHERE TO FIND STIFEL GUIDANCE

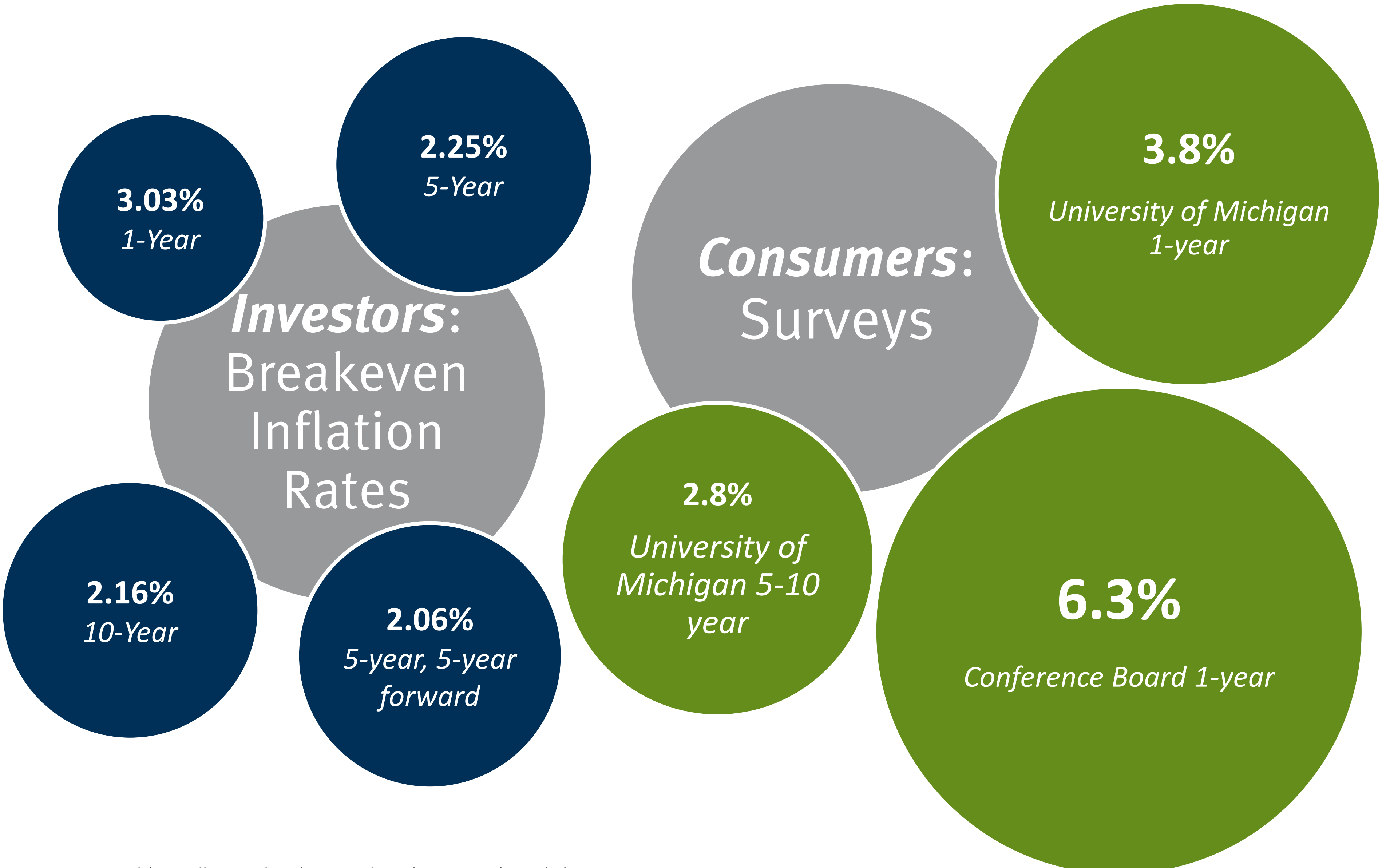
The Stifel CIO Office develops economic and market analysis, and corresponding investment guidance, for the benefit of Stifel clients. You can find all of our Stifel Guidance at:

stifelinsights.com

Popular insights from Stifel's CIO Office include:

Macro Environment

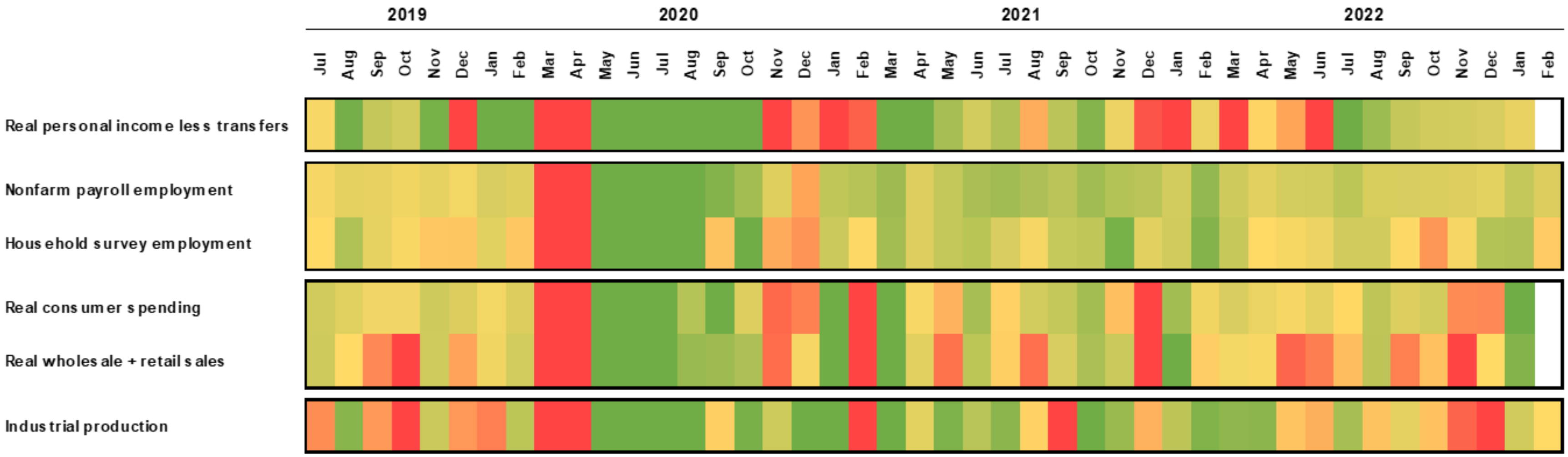
INFLATION EXPECTATIONS



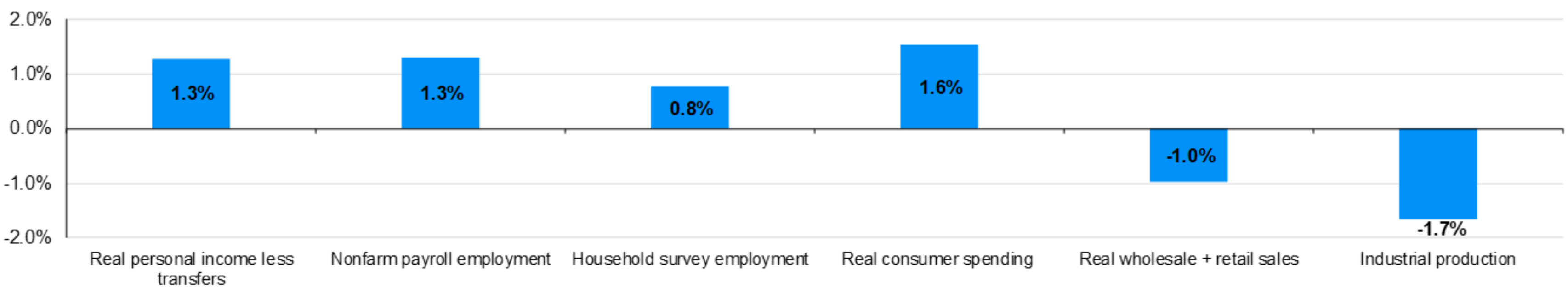
Source: Stifel CIO Office via Bloomberg, as of March 21, 2023 (intra-day)

Variables used by the NBER in making recession determination*

% change month-over-month



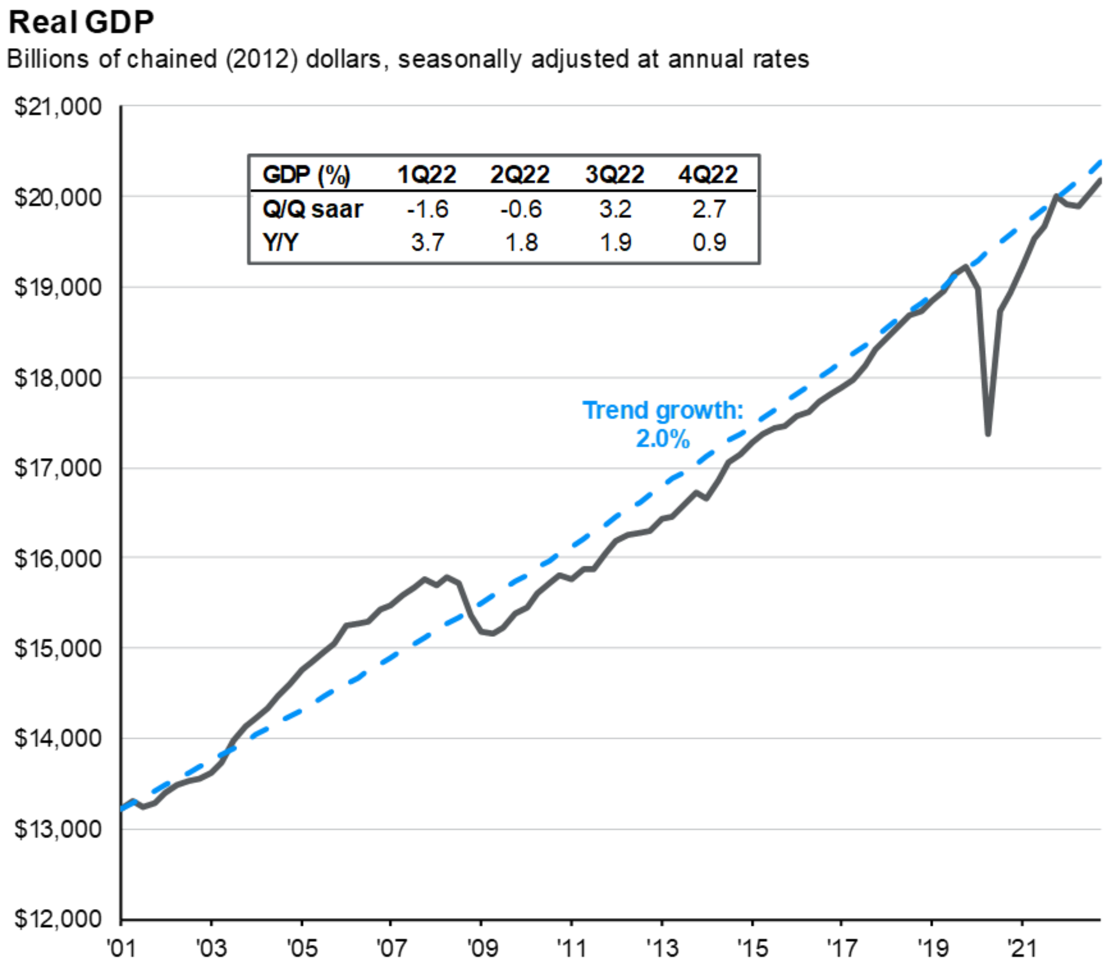
% change, last six months



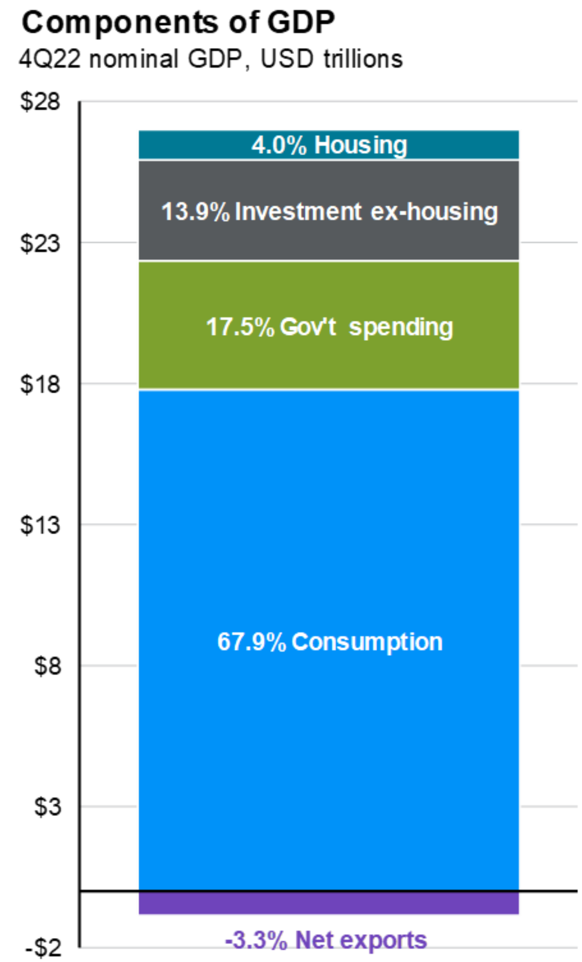
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Federal Reserve of St. Louis, NBER, J.P. Morgan Asset Management. Heatmap shading reflects 10 years of data, with green and red reflecting a range of +/- 0.5 standard deviations from a baseline of 0% monthly growth. *The NBER's definition of a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months. Because a recession must influence the economy broadly and not be confined to one sector, the committee emphasizes economy-wide measures of economic activity. Specifically, they consider real personal income less transfers, nonfarm payroll employment, employment as measured by the household survey, real personal consumption expenditures, wholesale-retail sales adjusted for price changes and industrial production. There is no fixed rule about which measures contribute to the process or how they are weighted, but the committee notes that "in recent decades, the two measures we have put the most weight on are real personal income less transfers and nonfarm payroll employment."

Guide to the Markets – U.S. Data are as of March 17, 2023.

ECONOMIC GROWTH SLOWING

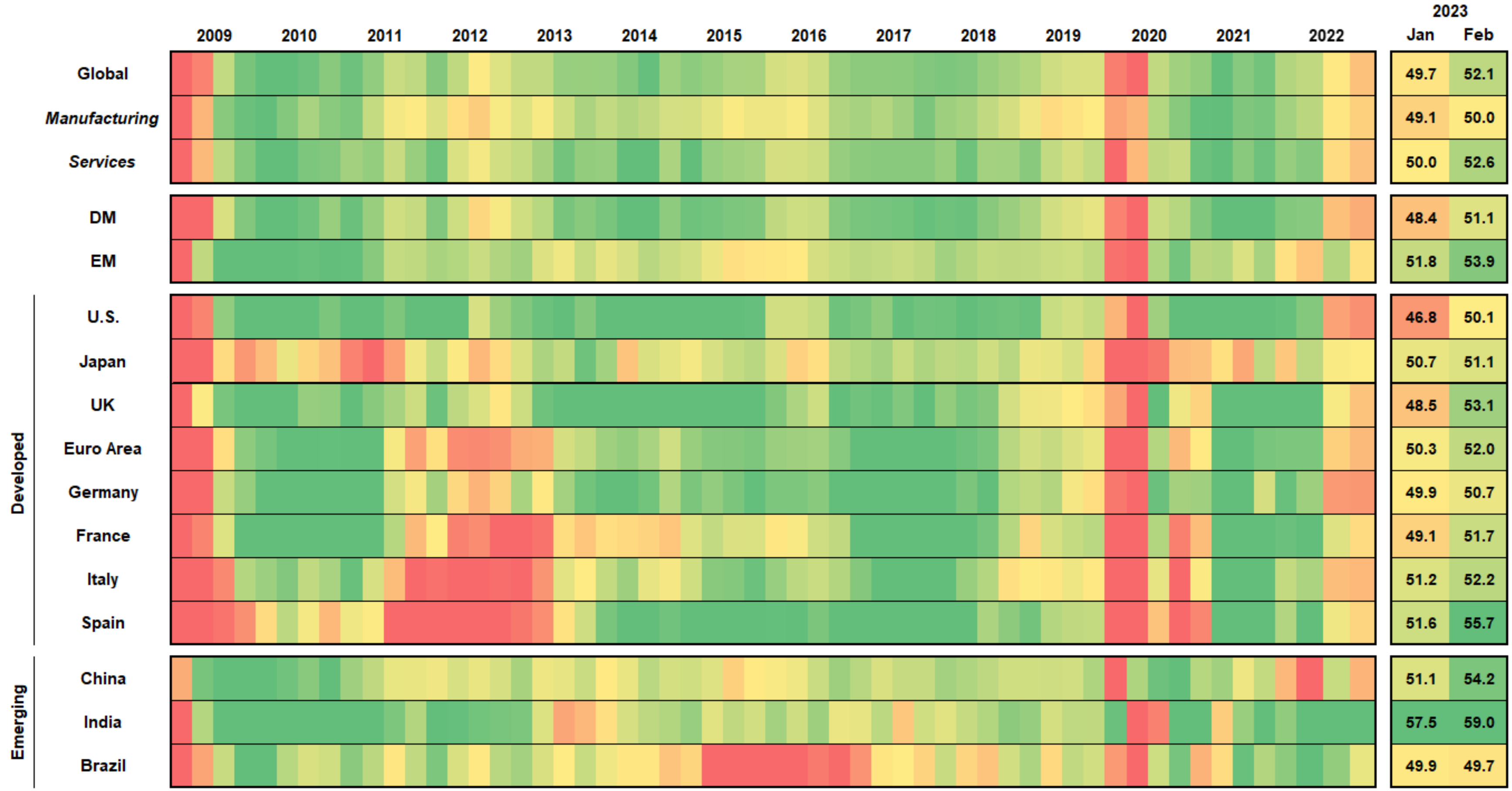


GDP (%)	1Q22	2Q22	3Q22	4Q22
Q/Q saar	-1.6	-0.6	3.2	2.7
Y/Y	3.7	1.8	1.9	0.9



Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.
Guide to the Markets – U.S. Data are as of March 17, 2023.

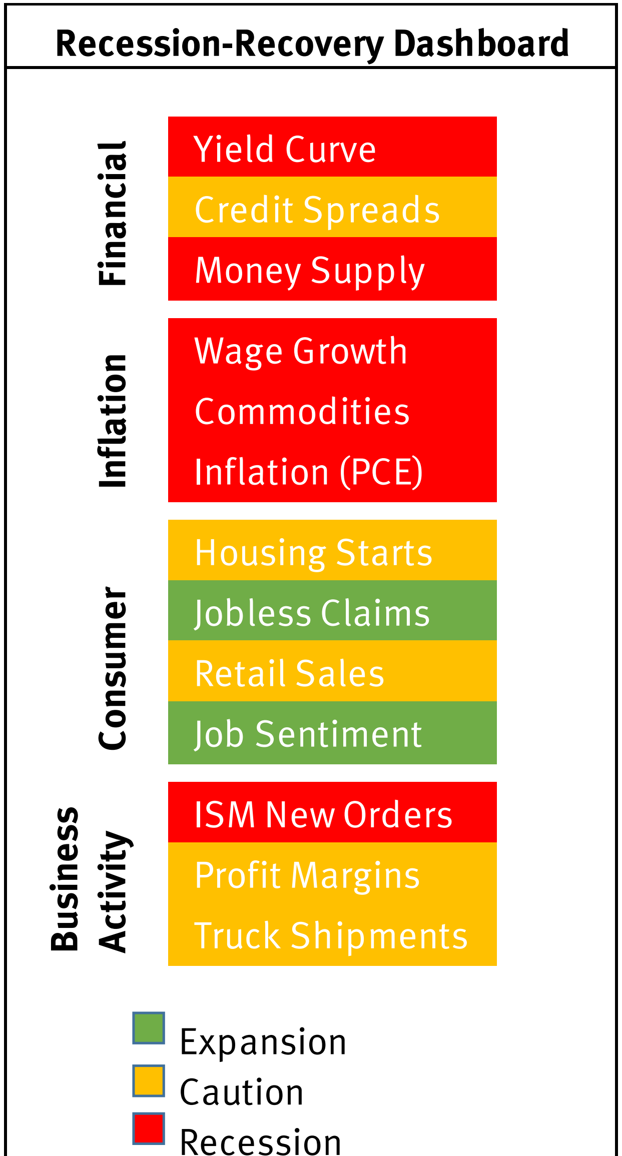
Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



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

The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in from December 2007 to September 2009 due to lack of existing PMI figures. DM and EM represent developed markets and emerging markets, respectively.

Guide to the Markets – U.S. Data are as of March 17, 2023.



- Various **yield curve** indicators suggest +50% probability of recession.
- **Credit spreads** have repriced on increased uncertainty surrounding banking sector.
- **Money supply** growth continues to be negative; but, more banks have been able to take advantage of the Bank Term Funding Program.
- **Wage growth** is contributing to inflationary pressures.
- **Commodities** are lower on weaker global growth prospects.
- **Inflation** is still sticky, but a slowdown resulting from bank sector woes may have a softening effect.
- **Housing starts** have stalled on higher costs and weak builder confidence.
- **Jobless claims** show no signs of labor market weakness.
- Overall **retail sales** remain supported by consumer spending.
- Despite easing, **job sentiment** remains at a healthy level.
- **ISM New Orders** show volatility with the services sector presenting a meaningful upside risk and the manufacturing a downside risk.
- **Profit margins** remain historically high but risks are meaningful due to price pressures.
- **Truck shipments** are showing some signs of stabilization on easing supply chain pressures.

Source: Stifel CIO office via Bloomberg, as of March 20, 2023

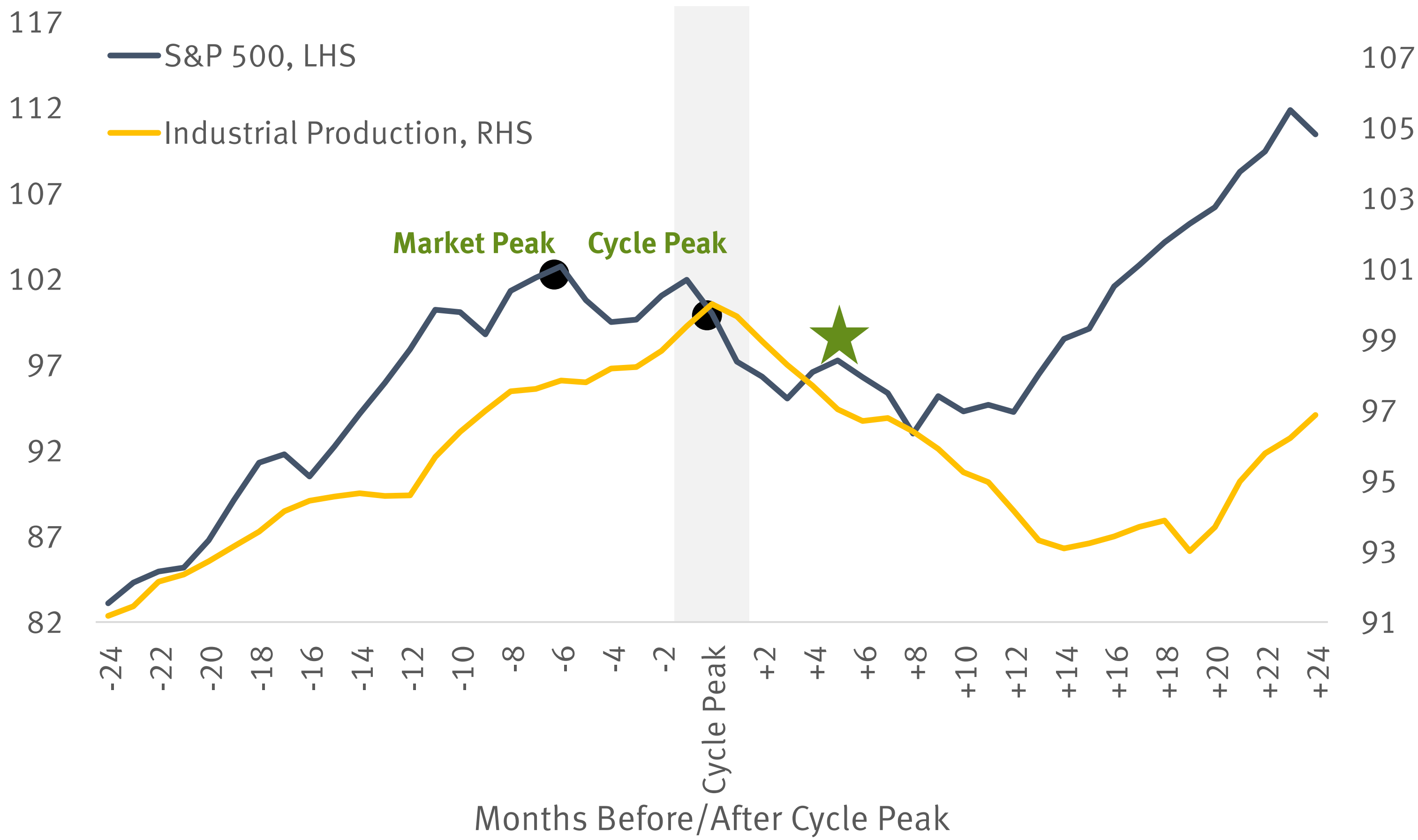
ECONOMIC GROWTH SLOWING

U.S. GDP	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	2021	2022	2023	2024
Consensus Estimates	-1.6	-0.6	3.2	2.7	0.6	-0.4	-0.1	0.7	5.9	2.1	0.9	1.2
Stifel**	1.2	0.5	-1.1	1.2	-0.6	-1.8	0.3	-0.9	5.3	0.5	-0.7	1.6
Goldman Sachs	1.5	0.7	2.5	2.2	2.6	0.7	0.7	1.0	5.7	2.0	1.8	1.5
Capital Economics	1.2	1.2	3.3	1.4	1.5	-1.4	-0.3	1.5	5.7	2.0	1.0	1.3
Strategas	1.0	-0.5	1.0	2.0	1.0	0.7	1.0	0.0	5.6	2.0	1.4	0.5
UBS	1.5	-0.8	1.5	1.7	1.6	-0.8	-1.8	-1.4	5.6	2.0	0.8	0.4
Wells Fargo	0.6	0.2	2.9	3.1	-0.6	0.8	-1.9	-1.6	5.6	2.1	0.6	0.5
Bloomberg Economics	1.2	1.0	2.0	3.0	2.0	1.3	-1.0	-0.8	5.6	2.0	1.4	1.1
Barclays	1.5	-0.4	2.0	2.0	1.0	1.0	-0.5	-1.0	5.6	2.0	1.2	0.2
JPMorgan Chase	1.1	0.7	3.0	2.8	2.5	0.8	0.5	-0.5	5.7	2.1	1.7	0.4
Bank of America ML	1.0	-1.5	1.0	2.5	1.0	0.5	-1.0	-2.0	5.6	2.1	1.0	-0.1
Federal Reserve**									5.5	0.5	0.4	1.2

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 March 20, 2023. Federal Reserve estimates are as of March 22, 2023. Figures in grey areas under “Consensus Estimates” represent reported results

MOVING CLOSER TO RECESSION

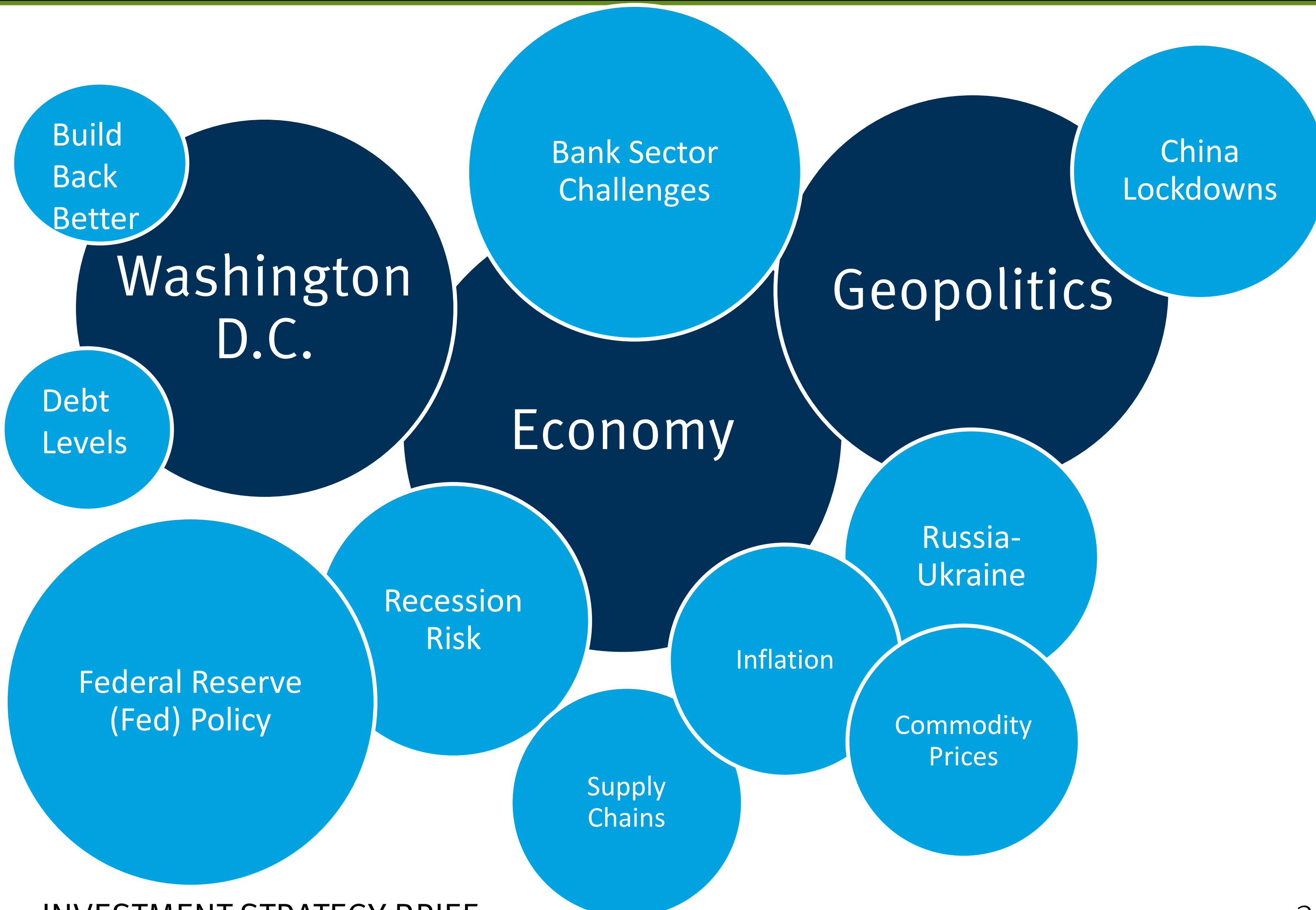
EARLY Acceleration in economic growth	MID Positive, but moderating growth	LATE Growth rate slows to trend or below-trend	RECESSION Growth contracts
Lower consumer spending	Recovering consumer spending	Strong consumer spending	Falling consumer spending
Credit creation low	Credit creation rising	Credit creation rising faster	Credit creation declining
Company profits recovering	Company profits peaking	Company profits under pressure	Company profits contracting
Fiscal/monetary policy accommodative	Fiscal/monetary policy shifting to neutral	Fiscal/monetary policy contractionary	Fiscal/monetary policy easing



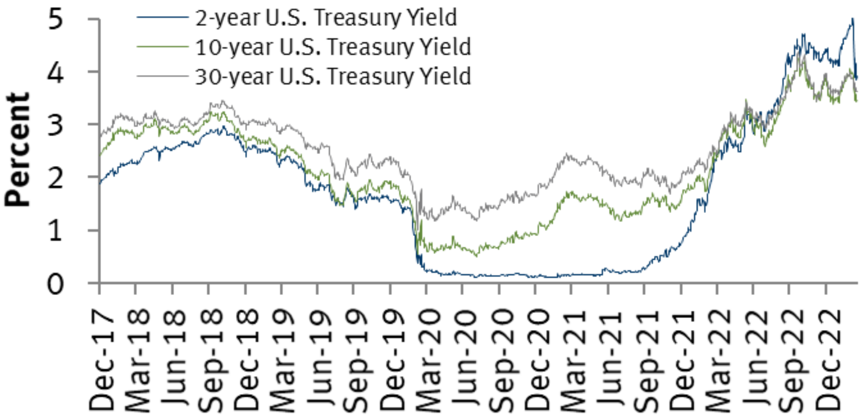
Source: Stifel CIO Office via Strategas Research Partners, as of March 6, 2023; Data since 1950.

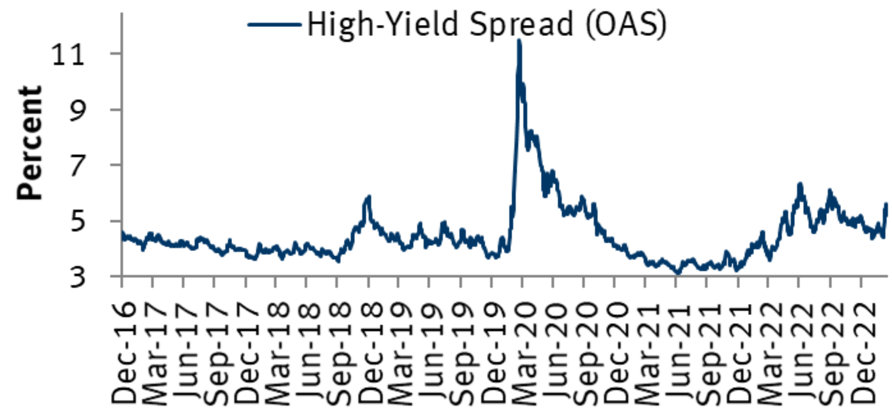

Elections
European Fragmentation
Global Central Bank Policy
UK Policy
Energy Crisis
Geopolitics
Export Controls
Russia-Ukraine
U.S. – China Competition
New Cold War
Russia – NATO
South China Sea
Taiwan

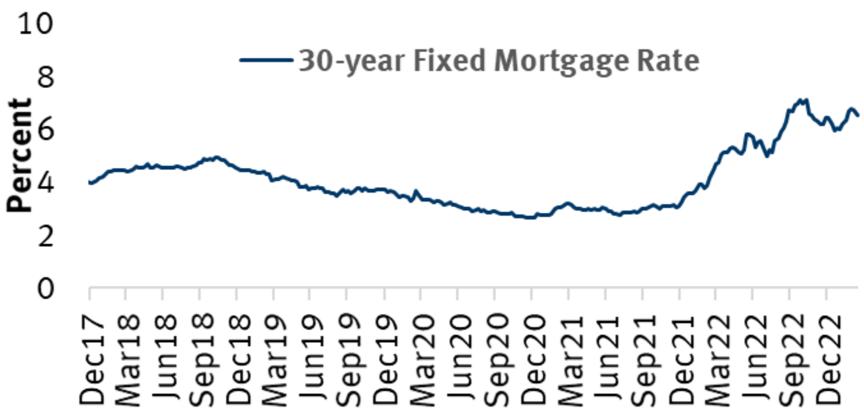
Markets

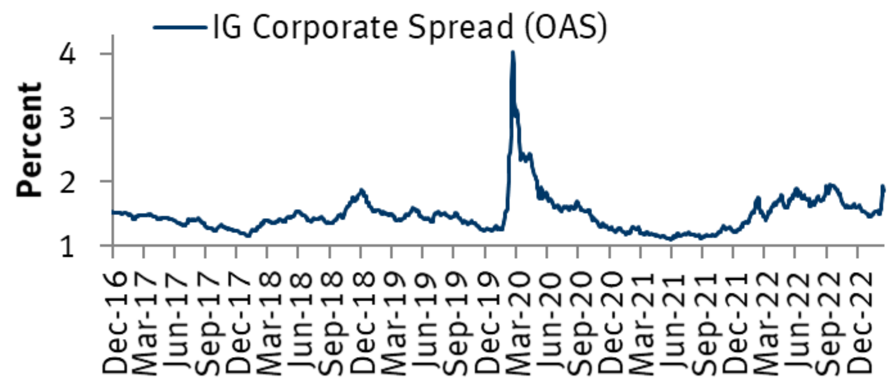

Build Back Better
Washington D.C.
Debt Levels
Bank Sector Challenges
Economy
Geopolitics
China Lockdowns
Russia-Ukraine
Recession Risk
Federal Reserve (Fed) Policy
Inflation
Commodity Prices
Supply Chains

Rates and Spreads





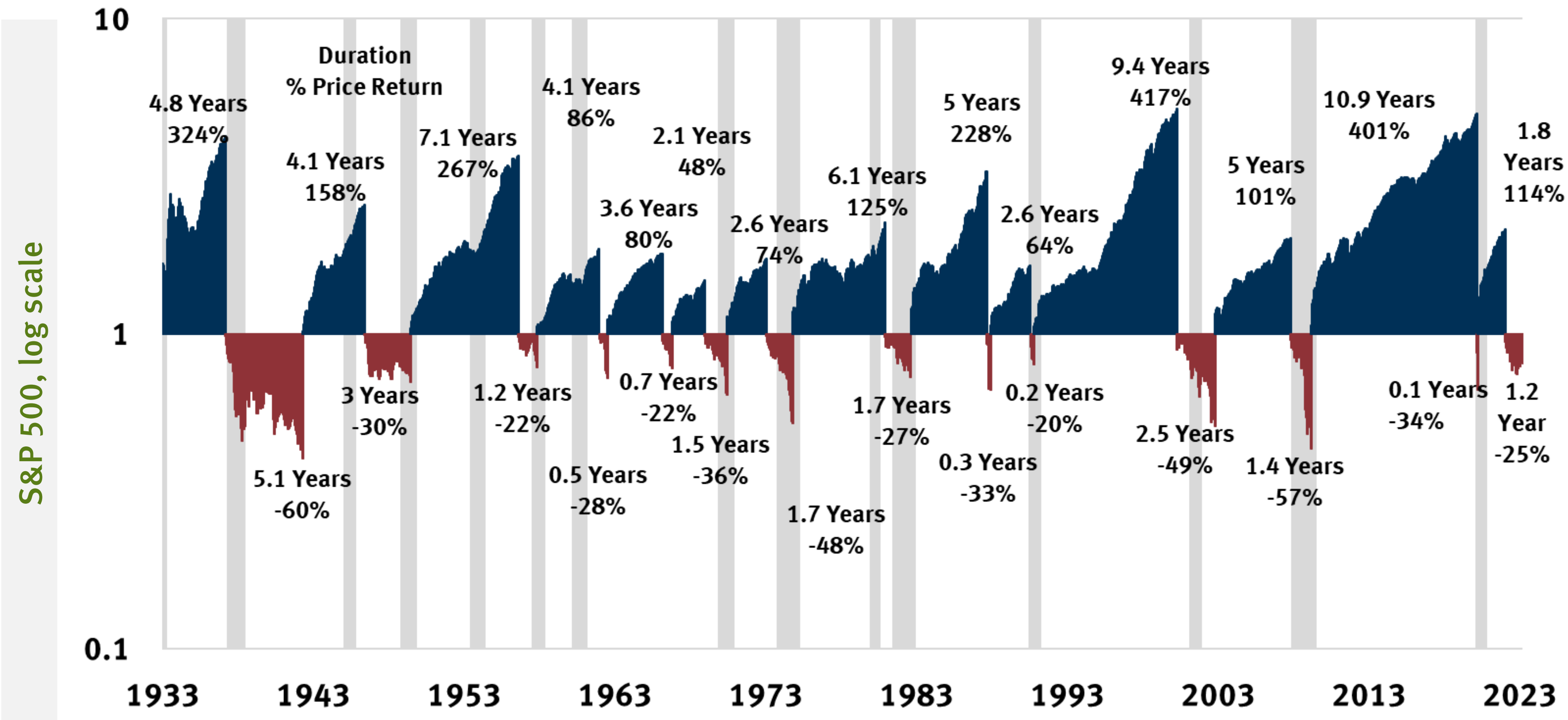




OAS Spread is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option

Source: Stifel CIO Office via Bloomberg, as of March 20, 2023 (intra-day)

BULL AND BEAR MARKETS SINCE 1932



Source: Stifel CIO Office via Bloomberg, Strategas Research Partners, as of March 20, 2023 (Intra-Day)

Dynamic leanings

144 ASSET ALLOCATION MODELS FOR YOUR SELECTION

6
Risk Profiles

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

2
Time Frames

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

3
Levels of Liquidity

- Tier 1
- Tier 2
- Tier 3

2
Equity Choices

- U.S. Focused
- Global

2
Fixed Income Choices

- Tax Sensitive
- Taxable

DYNAMIC LEANINGS

Underweight | Neutral | Overweight

EQUITY

ASSET CLASS	CURRENT: Underweight	CURRENT: Neutral	CURRENT: Overweight	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.

DYNAMIC LEANINGS

Underweight | Neutral | Overweight

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

Past performance is no guarantee of future results.

Index returns include the reinvestment of dividends but do not include adjustments for brokerage, custodian, and advisory fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Restoration Index is composed of 13 high-frequency economic indicators. These indicators include those with longer histories (initial jobless claims, MBA mortgage applications, and steel production) along with newly developed gauges tracking mobility, dining reservations, and airport traffic, among others. KBW set each of the 13 indicators to 100 as of the end of February 2020, the official end of the longest economic cycle in U.S. history, and update the Index each week.

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.