QUARTERLY

MARKET PERSPECTIVES

Q1 2025

WEALTH MANAGEMENT INSIGHTS FROM STIFEL'S CIO OFFICE

The U.S. economy and markets have consistently outperformed expectations this decade. Since the end of 2019, the U.S. economy has grown by 15% (real GDP), and equity markets have surged 97% (total return), despite unprecedented pandemic lock downs, soaring inflation, aggressive monetary policy tightening, a short recession, and a bear market.

This exceptional growth persisted last year, driven by a resilient consumer and easing inflation. This favorable economic environment allowed the Federal Reserve (Fed) to initiate rate cuts. Equity markets reached new all-time highs, propelled by investor enthusiasm for artificial intelligence and stellar earnings from the "Magnificent Seven" (M7) – Google parent Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla. A Republican sweep in the elections added to market momentum, with policy shifts signaling the potential for further economic tailwinds.

Entering 2025, we focus on "Gravitational Shifts," likened to a pendulum. Trends such as government policies or market dynamics swing into favor, reach an extreme, and then shift back. We expect these shifts to broaden returns beyond mega cap tech stocks and the M7 to more balanced sector participation. The normalization of monetary policy marks a recalibration from ultra-low rates and aggressive hikes to a more predictable environment for growth and capital allocation.

While we see longer-term risks going forward, most notably the U.S. fiscal deficit, we anticipate a positive economic and market environment in 2025, supported by a business-friendly policy backdrop, resilient consumer spending, and robust capital investment. Our base case outlook is positive for both the economy and markets.

Learn more in our Outlook 2025: *Gravitational Shifts*.

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STIFEL

MACROECONOMIC OVERVIEW

U.S. ECONOMY LEADS THE WAY

The economy grew by 2.7% last year, surpassing the consensus 1.3% forecast. Consumer spending, a still tight yet softening labor market, and rising real wages were key drivers. The unemployment rate averaged 4.0%, peaking at 4.3% in July. Business investment in technology and government spending also supported growth.

For 2025, we forecast U.S. GDP growth of 1.5% to 2.5%, indicating a slower pace compared to last year. Government reforms under the Trump administration's "America First" agenda, including looser regulations, lower taxes, and infrastructure focus, are expected to contribute to growth. Whether growth is above or below the long-term trend of 2.1% will depend on the extent and pace of change in government policies and continued return to normal across various dimensions.

INFLATION "OBSESSION" NO MORE

Over the past two years, concerns over inflation and the Fed's ability to achieve a "soft landing" have dominated the market narrative. Inflation has been on a bumpy path toward the Fed's 2% target, with consumer prices falling below 3% annually for the first time since 2021. This progress, along with a cooling labor market, gave the Fed confidence to start its rate-cutting cycle after raising rates by 5.25% between March 2022 and July 2023. In last year's second quarter earnings season, 235 companies in the S&P 500 mentioned "inflation," down from 411 in Q2 2022.

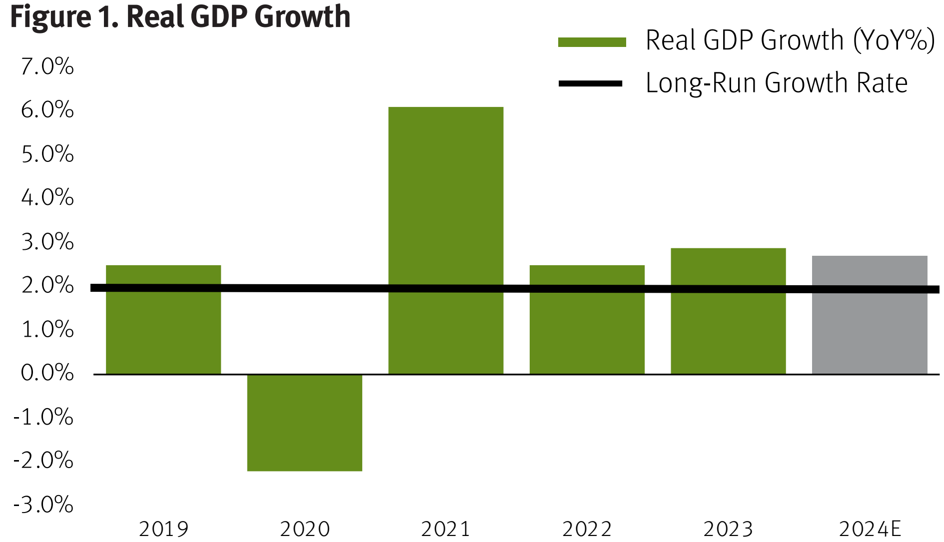
The Fed is gradually normalizing rates to balance economic growth and price stability. While inflation uncertainties persist, we expect it to run modestly above 2%, which the Fed is likely to tolerate given the strong economic backdrop. Core personal consumption expenditure inflation is also expected to run modestly above 2%, allowing the Fed to slow its rate cut cycle. We anticipate one to two quarter-point rate cuts during the year.

REPUBLICANS WIN BIG IN 2024 ELECTIONS

More than 40% of the world's population participated in 40 national elections last year. A significant shift occurred as every governing party in developed countries facing elections lost voter share, including the U.S., where Donald Trump was reelected as president. Republicans are set to control both the Senate and the House of Representatives. Equity markets rallied, and bond yields rose, driven by expectations that Trump's policies may be inflationary but also boost the economy, corporate profits, and consumer confidence.

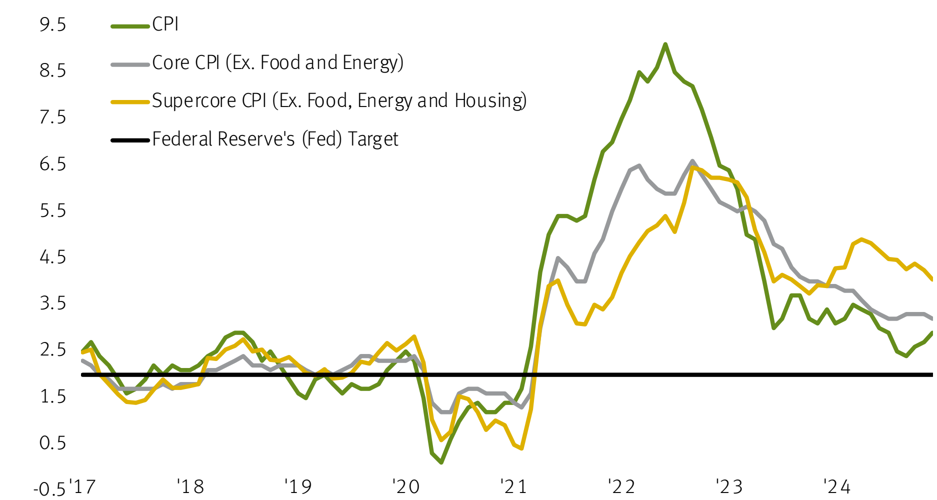
The new administration's policy shifts introduce a level of unpredictability that could impact the economy and markets in 2025. Key areas to monitor include tariffs, immigration, and

Figure 1. Real GDP Growth



Source: Stifel CIO Office via Bloomberg as of December 31, 2024

Figure 2. Year-over-Year Inflation



Source: Stifel CIO Office via Bloomberg as of December 31, 2024 the administration's ability to deliver on campaign promises like revitalizing domestic manufacturing and improving government efficiency. While deregulation and tax cuts are expected to provide positive momentum, permanent tariffs and immigration restrictions could have adverse effects. The outcome will depend on policy implementation, but we believe the net result will be positive for both the economy and markets.

EQUITY MARKETS

RIDING THE AI WAVE, EQUITY MARKETS MARCHED HIGHER

The U.S. stock market posted another strong year, with the S&P 500 up 25.0%, buoyed by continued optimism around AI. The equal-weighted benchmark rose 13.0%.

The M7 surged in the first half of 2024, rising 37.0%, while the S&P 500 rose 15.3%. In the second half of the year, returns broadened beyond the M7, with a rotation from big tech into more rate-sensitive and cyclical sectors as inflation continued its descent and investors began questioning big spending on AI and the path to monetization.

We anticipate another positive year for stocks. We forecast a total return of approximately 7% for the S&P 500, assuming a modest contraction in P/E ratios and/or more tempered earnings growth, However, stock market volatility is likely to rise compared to last year due to elevated starting valuations, policy shifts in Washington, and global geopolitical tensions. Periodic market weakness or even a correction wouldn't be surprising.

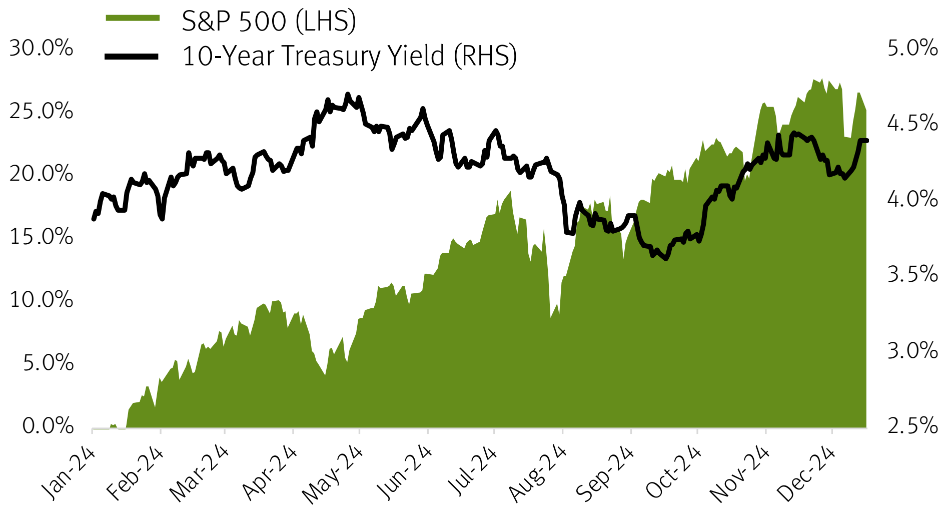
STELLAR EARNINGS GROWTH, BOLSTERED BY THE M7

Earnings for the S&P 500 are estimated to have grown 9.4% in 2024. The communication services and information technology sectors saw earnings grow 21.7% and 17.6% respectively, led by the M7. Meanwhile, earnings for the materials and energy sectors declined 9.9% and 16.9%, respectively, over the year.

Earnings are the fundamental driver of returns, and the consensus bottom-up earnings growth forecast for the S&P 500 is a robust 15.0%. Importantly, all sectors are expected to see earnings growth, which should translate to a broadening of returns beyond the mega cap technology stocks. This shift would reduce the concentration of leadership in the M7 and promote more balanced sector participation.

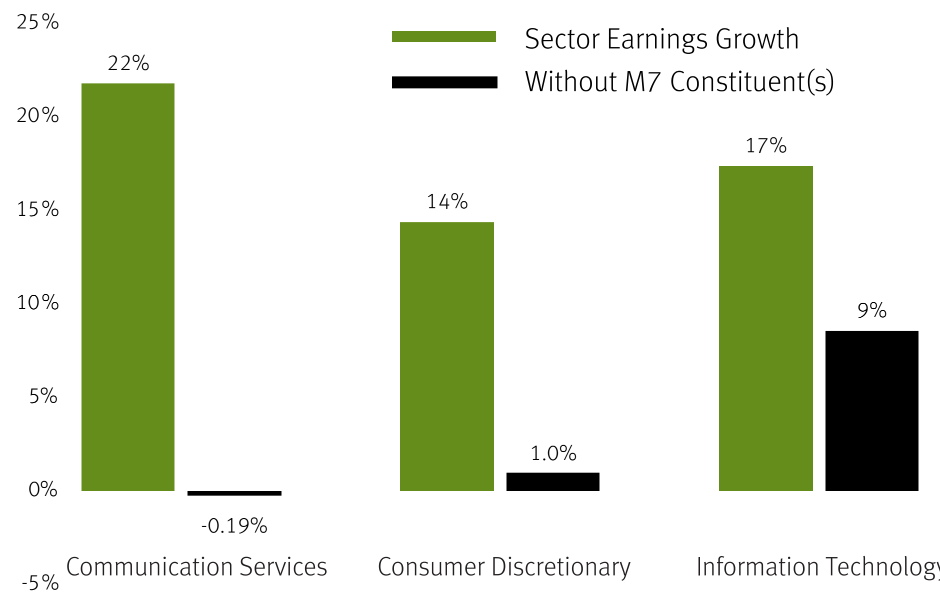
The S&P 500 ended 2024 with a forward price/earnings (P/E) ratio at 21.5 times earnings. If the P/E ratio remains constant and earnings grow by 15%, prices will also have to rise by 15%. Adding in dividends would imply a total return of over 16%. We see this as too optimistic. As mentioned, we forecast a total return of approximately 7%, This outlook results in a year-end S&P 500 target of 6,200.

Figure 3. 2024 Market Performance



Source: Stifel CIO Office via Bloomberg as of December 31, 2024

Figure 4. Sector Earnings Growth With and Without Magnificent Seven



Source: Stifel CIO Office via FactSet as of January 21, 2024

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NON-U.S. MARKETS POST POSITIVE, BUT LUKEWARM RETURNS

International markets faced challenges due to lackluster economic growth, weaker earnings, and geopolitical tensions. The broader non-U.S. equity complex, as measured by the MSCI All Country ex USA Index, ended the year up 5.5% (USD), lagging behind U.S. stocks. European stocks rose just 1.8% (USD) amid muted external demand, while Japanese stocks increased by 8.3%. The MSCI China Index climbed 19.4% as China's government introduced new stimulus measures aimed at reigniting growth to achieve its 5% target.

FIXED INCOME

BOND YIELDS CONTINUE TO SIGNAL INVESTOR FOCUS ON FISCAL TRANSITION

The yield on the benchmark 10-year U.S. Treasury fluctuated, but averaged above 4.0% for the year, well above the 2.4% average in the 10 years prior to the pandemic. Higher yields reflected the potential for stronger economic growth, but also the risk of higher inflation and possible concerns about the nation's fiscal trajectory. As a result, we expect greater focus from our political and corporate leaders on a Fiscal Transition to more carefully manage our federal deficit and debt going forward.

The Bloomberg U.S. Aggregate Index returned 1.3% while the Bloomberg U.S. Municipal Bond Index returned 1.1%. High-yield bonds, as measured by the Bloomberg Corporate High Yield Index, were up 8.2%

Our view on 2025 is that bond yields will continue to stabilize at more normalized long-term levels. We expect that the 10-year Treasury yield, which ended 2024 at 4.57%, will remain range-bound between 4.25% and 4.75%. There's a consensus building that the Fed's neutral rate, the rate at which policy is neither stimulative nor restrictive, will settle at a much higher 3.75% compared to the post-Great Recession environment.

COMMODITIES

The S&P GSCI Commodity Index rose 2.61% for the year. Oil prices fluctuated but ended 2024 3.12% lower due to weak demand in China. Gold prices hit an all-time high of $2,624.50 per oz. in December, driven by economic uncertainty, geopolitical tensions, and concerns over U.S. fiscal direction. For the year, gold prices rose 27.22%. The U.S. dollar ended the year 7.1% higher against a basket of currencies, strengthened by the anticipation and results of the U.S. presidential election, and expectations of higher growth and slower pace of monetary policy easing.

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DYNAMIC ASSET ALLOCATION

The following table summarizes our thinking across various asset classes and regions.

Underweight | Neutral | Overweight

	ASSET CLASS	CHANGE	CURRENT: Underweight	CURRENT: Neutral	CURRENT: Overweight	COMMENTS
EQUITY	**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.
EQUITY	**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.
EQUITY	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 M7 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..
EQUITY	**Non-U.S. Developed Markets vs. Emerging Markets**	=		■		Both developed and emerging markets remain vulnerable to idiosyncratic risks and headwinds 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.
EQUITY	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.

(continued on next page)

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DYNAMIC ASSET ALLOCATION (CONTINUED)

The following table summarizes our thinking across various asset classes and regions.

Underweight | Neutral | Overweight

	ASSET CLASS	CHANGE	CURRENT: Underweight	CURRENT: Neutral	CURRENT: 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 Government/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.

FIGURE 5. CAPITAL MARKET RETURNS (AS OF DECEMBER 31, 2024)

NORTH AMERICAN EQUITY	MTD (%)	QTD (%)	YTD (%)	1 YEAR (%)	3 YEAR (%)*	5 YEAR (%)*
Bloomberg U.S. 3000 Index	-3.03	2.58	23.58	23.58	7.80	13.84
Standard & Poor's 500	-2.38	2.41	25.02	25.02	8.94	14.53
Standard & Poor's/TSX (CAD)	-3.27	3.76	21.65	21.65	8.58	11.08
U.S. EQUITY BY SIZE/STYLE						
Bloomberg U.S. 1000 Index	-2.78	2.64	24.23	24.23	8.16	14.16
Bloomberg U.S. 1000 Growth Index	-1.09	4.50	28.88	28.88	8.36	16.86
Bloomberg U.S. 1000 Value Index	-7.03	-2.04	13.63	13.63	6.61	9.23
Bloomberg U.S. 2000 Small Cap Index	-7.87	1.30	11.95	11.95	1.56	8.75
Bloomberg U.S. 2000 Small Cap Growth Index	-7.63	2.60	14.27	14.27	-0.86	7.34
Bloomberg U.S. 2000 Small Cap Value Index	-8.18	-0.40	9.01	9.01	4.32	10.37
Bloomberg U.S. Microcap Index	-1.87	8.92	11.60	11.60	-5.53	8.31
INTERNATIONAL EQUITY (USD)						
MSCI AC World ex U.S.	-1.94	-7.60	5.53	5.53	0.82	4.10
MSCI EAFE	-2.27	-8.11	3.82	3.82	1.65	4.73
MSCI Europe	-2.44	-9.74	1.79	1.79	1.20	4.90
MSCI Pacific	-5.65	-9.13	4.59	4.59	1.54	3.15
MSCI Japan	-0.34	-3.60	8.31	8.31	2.80	4.81
MSCI Emerging Markets	-0.14	-8.01	7.50	7.50	-1.92	1.70

FIGURE 5. CAPITAL MARKET RETURNS (AS OF DECEMBER 31, 2024)

U.S.FIXED INCOME	MTD (%)	QTD (%)	YTD (%)	1 YEAR (%)	3 YEAR (%)*	5 YEAR (%)*
Bloomberg U.S. Treasury Bills: 1-3 Months	0.40	1.19	5.32	5.32	3.98	2.49
Bloomberg U.S. Aggregate	-1.64	-3.06	1.25	1.25	-2.41	-0.33
Bloomberg Gov't/Credit	-1.67	-3.08	1.18	1.18	-2.59	-0.21
Bloomberg Treasury	-1.54	-3.14	0.58	0.58	-2.88	-0.68
Bloomberg U.S. TIPS	-1.58	-2.88	1.84	1.84	-2.30	1.87
Bloomberg Municipal Bond Index	-1.46	-1.22	1.05	1.05	-0.55	0.99
Bloomberg U.S. Credit	-1.89	-3.04	2.03	2.03	-2.20	0.23
Bloomberg Corporate High Yield	-0.43	0.17	8.19	8.19	2.92	4.21
REAL ESTATE/COMMODITIES/ALTERNATIVES						
Wilshire U.S. Real Estate Securities Index	-7.25	-4.98	9.15	9.15	-2.41	4.57
Wilshire Global ex U.S. Real Estate Securities Index	-6.17	-15.30	-5.89	-5.89	-5.56	-3.53
Wilshire Global Real Estate Securities	-7.01	-7.48	5.37	5.37	-3.13	2.21
Bloomberg Commodity Index	1.02	-0.45	5.38	5.38	4.05	6.77
S&P GSCI Commodity (S&P GSCI)	3.28	3.81	9.25	9.25	9.63	7.12
Wilshire Liquid Alternatives Index	-2.49	-1.87	4.33	4.33	1.50	2.48
Wilshire Liquid Alternative Equity Hedge Index	-4.33	-1.92	9.20	9.20	4.42	5.73
Wilshire Liquid Alternative Event Driven Index	-2.78	-2.48	0.96	0.96	0.84	1.88
Wilshire Liquid Alternative Global Macro Index	0.00	-1.08	2.41	2.41	2.82	3.18
Wilshire Liquid Alternative Multi-strategy Index	-3.10	-2.30	4.56	4.56	1.54	2.21
Wilshire Liquid Alternative Relative Value Index	-1.36	-1.77	1.78	1.78	-0.57	0.51
Wilshire Focused Liquid Alternative Index	-2.50	-1.87	3.62	3.62	1.27	2.31

Source: Stifel Investment Strategy via Bloomberg as of December 31, 2024

**Represents annualized returns*

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DISCLOSURE

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 322 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The MSCI EM (Emerging Markets) Europe, Middle East and Africa Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of Europe, the Middle East, and Africa.

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related, and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and nonagency). Provided the necessary inclusion rules are met, U.S. Aggregate-eligible securities also contribute to the multicurrency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

The Bloomberg U.S. Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. It includes investment-grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related, and corporate securities.

The Bloomberg U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting. The U.S. Treasury Index is a component of the U.S. Aggregate, U.S. Universal, Global Aggregate, and Global Treasury Indices.

The Bloomberg U.S. Treasury U.S. TIPS index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The Bloomberg U.S. Municipal Index covers the U.S. dollar-denominated, long-term, tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

The Bloomberg U.S. Credit Index measures the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related bond markets. It is composed of the U.S. Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals, and local authorities.

The Bloomberg U.S. Corporate High Yield Bond Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

The Bloomberg Global Aggregate Bond Index is a flagship measure of global investment-grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.

The Bloomberg Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes U.S. dollar-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

The Wilshire U.S. REIT Index is a float-adjusted market capitalization-weighted index that measures U.S. publicly traded real estate investment trusts (REITs), excluding mortgage REITs, net-lease REITS, real estate finance companies, home builders, large landowners and sub-dividers, hybrid REITS, and companies that have more than 25% of their assets in direct mortgage investments.

The Wilshire ex U.S. Real Estate Investment Trust Index℠ (Wilshire ex U.S. REIT) measures global publicly traded real estate investment trusts, less all U.S. securities.

The Wilshire ex U.S. REIT is a subset of the Wilshire ex U.S. Real Estate Securities Index℠ (Wilshire ex U.S. RESI).

The Wilshire Global REIT Index is a float-adjusted, market capitalization-weighted index that measures global publicly traded real estate investment trusts (REITs), excluding mortgage REITs, net-lease REITS, real estate finance companies, home builders, large landowners and sub-dividers, hybrid REITS, and companies that have more than 25% of their assets in direct mortgage investments.

Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted two-thirds by trading volume and one-third by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from the sixth to the tenth business day based on the roll schedule.

The S&P GSCI (formerly the Goldman Sachs Commodity Index) serves as a benchmark for investment in the commodity markets and as a measure of commodity performance over time. The index was originally developed by Goldman Sachs. In 2007, ownership transferred to Standard & Poor's, which currently owns and publishes it. Futures of the S&P GSCI use a multiple of 250. The S&P GSCI contains as many commodities as possible, with rules excluding certain commodities to maintain liquidity and investability in the underlying futures markets. The index currently comprises 24 commodities from all commodity sectors.

The Wilshire Liquid Alternative Index℠ measures the collective performance of the five Wilshire Liquid Alternative strategies that make up the Wilshire Liquid Alternative Universe. The Wilshire Liquid Alternative Index (WLIQA) is designed to provide a broad measure of the liquid alternative market by combining the performance of the Wilshire Liquid Alternative Equity Hedge Index℠ (WLIQAEH), Wilshire Liquid Alternative Global Macro Index℠ (WLIQAGM), Wilshire Liquid Alternative Relative Value Index℠ (WLIQARV), Wilshire Liquid Alternative Multi-Strategy Index℠ (WLIQAMS), and Wilshire Liquid Alternative Event Driven Index℠ (WLIQAED).

The MSCI World ex USA All Cap Index captures large, mid, small, and micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 8,138 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country.

The MSCI EAFE Index (Europe, Australasia, and the Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

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

The MSCI Pacific Index captures large and mid cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The Bloomberg U.S. 1000 Total Return Index is a float market-cap-weighted benchmark of the 1,000 most highly capitalized U.S. companies.

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

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

The Bloomberg U.S. 3000 Total Return Index is a float market-cap-weighted benchmark of the 3,000 most highly capitalized U.S. companies.

The Bloomberg U.S. 2000 Total Return Index is a float market-cap-weighted benchmark of the lower 2,000 in capitalization of the Bloomberg U.S. 3000 Index.

The Bloomberg U.S. 2000 Value Total Return Index provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth.

The Bloomberg U.S. 2000 Growth Total Return Index is a float market-cap-weighted equity benchmark derived from membership of the Bloomberg U.S. 2000 Index.

The Bloomberg U.S. Micro Cap Total Return Index is a float market-cap-weighted benchmark of those securities in the U.S. Aggregate Equity Index with a market capitalization ranking of lower than 2,500.

The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market.

The S&P/TSX Composite Index is the benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange with about 250 companies included in it. The Toronto Stock Exchange is made up of over 1,500 companies.

The 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.

The NASDAQ-100 is a modified capitalization-weighted index that is comprised of the largest non-financial companies listed on the National Association of Securities Dealers Automated Quotation System stock market. It includes both foreign and domestic companies, and does not include any financial or investment companies.

The Bloomberg 1-3 Month U.S. Treasury Bill 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. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.

The Zillow Observed Rent Index (ZORI): A smoothed measure of the typical observed market rate rent across a given region. ZORI is a repeat-rent index that is weighted to the rental housing stock to ensure representativeness across the entire market, not just those homes currently listed for-rent. The index is dollar-denominated by computing the mean of listed rents that fall into the 40th to 60th percentile range for all homes and apartments in a given region, which is once again weighted to reflect the rental housing stock. Details available in ZORI methodology.

The Wilshire Focused Liquid Alternative Index℠ is a subset of the Wilshire Liquid Alternative Index℠ and measures the performance of a focused basket of mutual funds that provides risk adjusted exposure to equity hedge, global macro, relative value, and event driven alternative investment strategies.

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

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.

Alternative investments involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing tax information, are not subject to the same regulatory requirements as more traditional investments, and often charge high fees, which may erode performance. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

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.

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.

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.

Past performance is not indicative of future results.

High yield bonds have greater credit risk than higher quality bonds.

When investing in bonds, it is important to note that as interest rates rise, bond prices will fall.

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.

Diversification and asset allocation do not ensure a profit or protect against loss.

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