



INVESTMENT STRATEGY BRIEF:

Focus on the Second Half

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STIFEL

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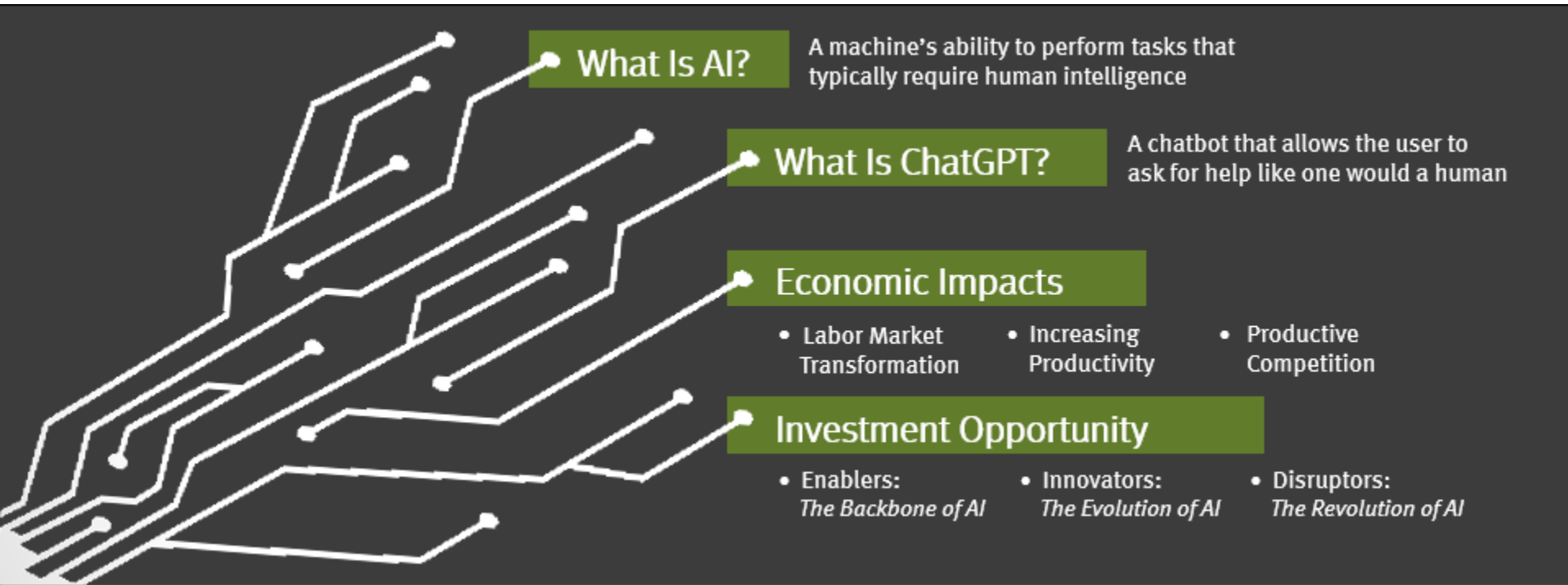
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Artificial Intelligence



Sources: Stifel CIO Office via Oberlo, McKinsey & Company, PricewaterhouseCoopers, as of April 2023.

Global GDP is estimated to be 14% higher in 2030 - \$15.7 trillion

Improved productivity

(\$6.6 trillion increase in GDP by 2030)

- Examples
 - Automation
 - Improved traffic flow
 - Digital twins

Product enhancements

(\$9.1 trillion increase in GDP by 2030)

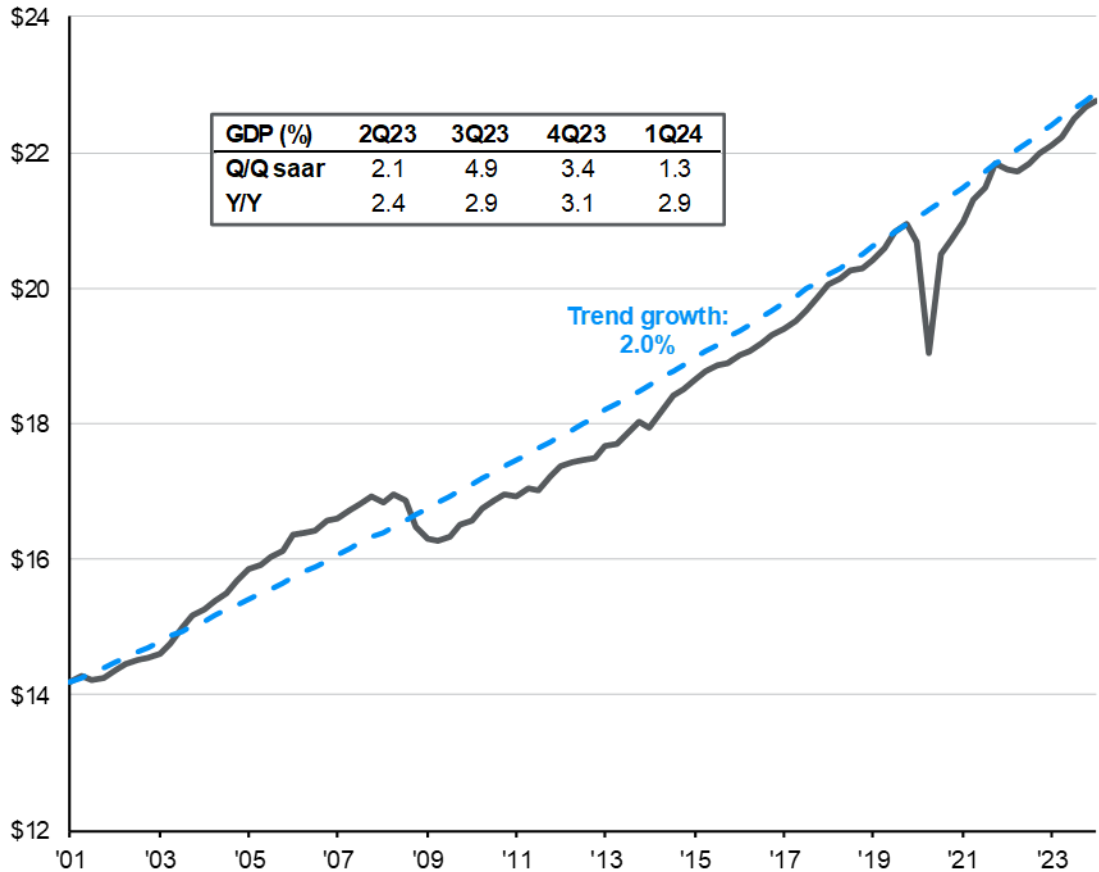
- Examples
 - AI-powered diagnostics
 - Predict consumer behavior
 - Customized apparel

Source: Stifel CIO Office via PricewaterhouseCoopers, *Global Artificial Intelligence Study (2017)*

Inflation/Federal Reserve Policy/Economy

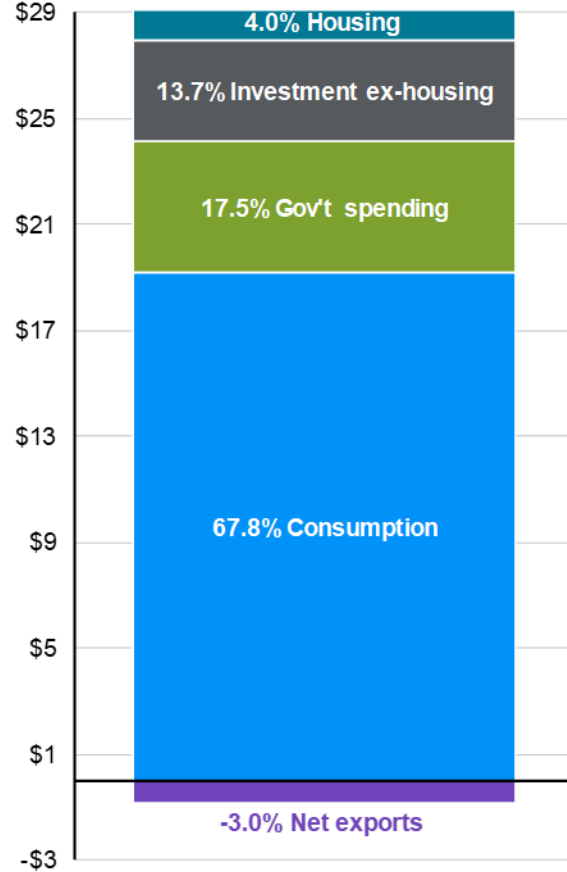
Real GDP

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



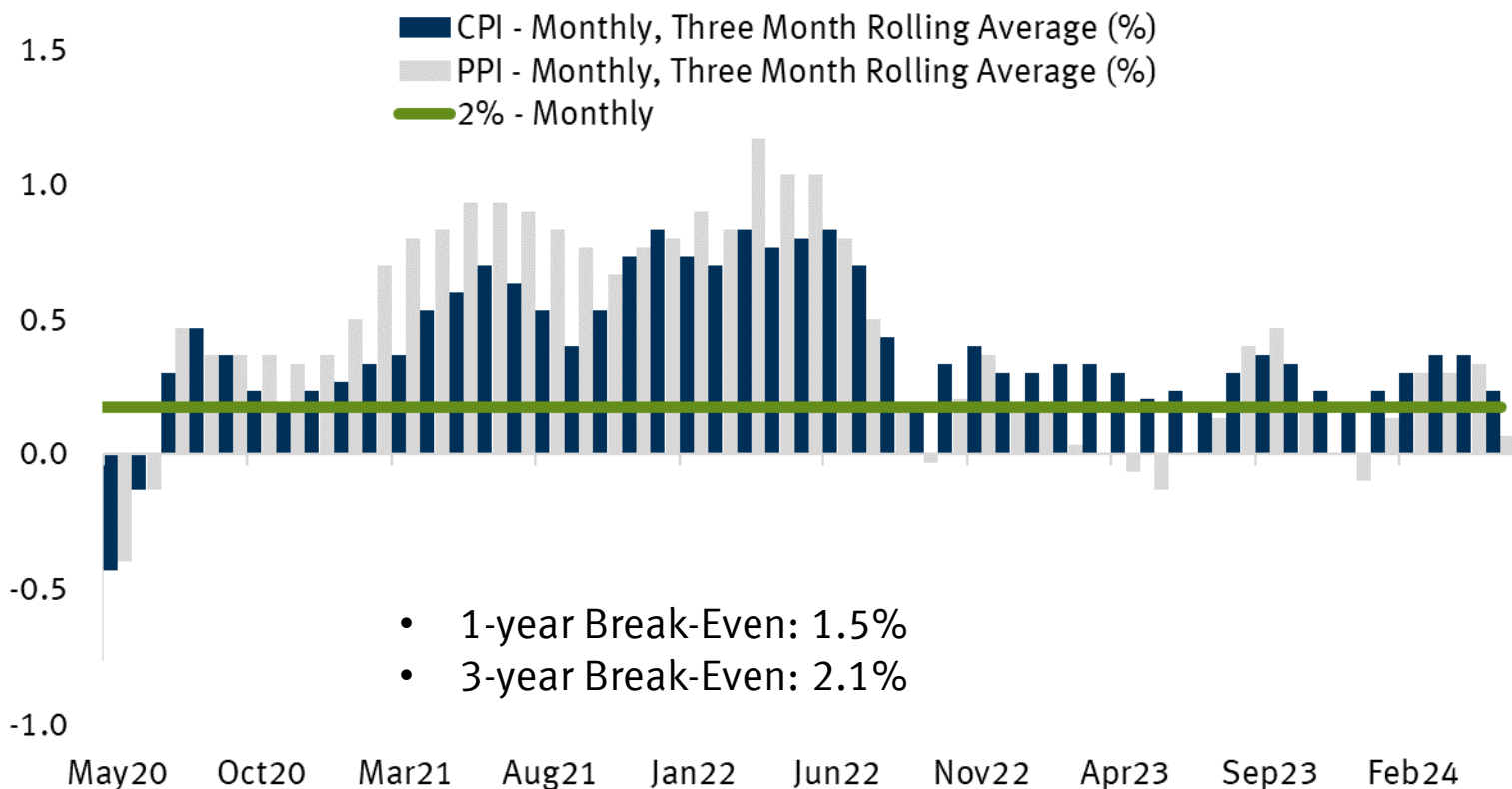
Components of GDP

1Q24 nominal GDP, USD trillions



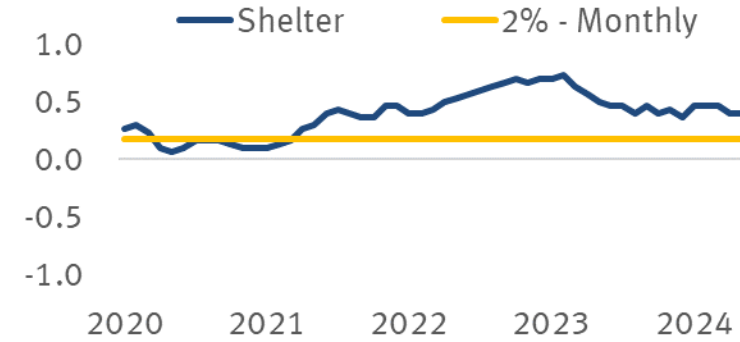
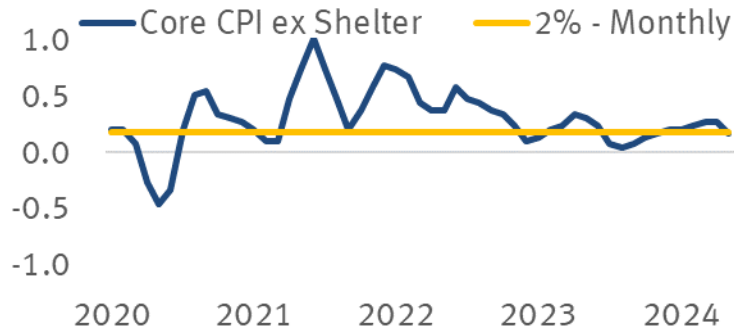
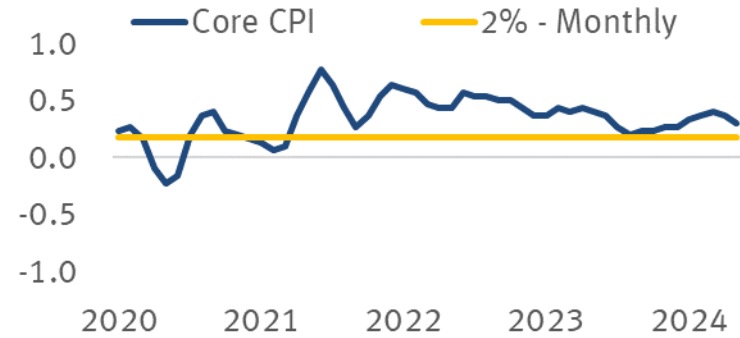
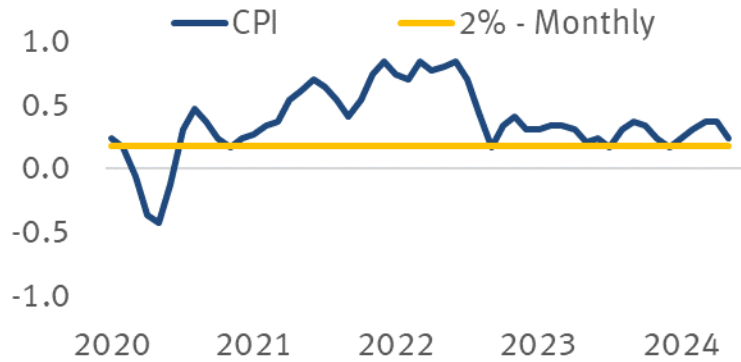
Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.

Guide to the Markets – U.S. Data are as of June 13, 2024.



Source: Stifel CIO Office via Bloomberg, as of June 13, 2024

PPI = Producer Price Index
 CPI = Consumer Price Index
 Fed = Federal Reserve



Source: Stifel CIO Office via Bloomberg as of June 14, 2024;
 Figures above are based on 3-month moving average month-over-month data.

Dovish Signals

May Fed Meeting

- Monetary policy unchanged, changes to statement
- Acknowledged **inflation improvement**: replacing “a lack of” further progress with “modest.”
- Fed remains **data dependent**.
- Powell noted **risk factors are in better balance**:
 - **“Today was a better inflation report than almost anyone expected...but it is still too high.”**
 - Powell noted that the labor market is where it was before pandemic and **“gradually cooling.”**
- Fed believes policy will be sufficiently restrictive.
 - **“I think the evidence is pretty clear. This policy is restrictive and is having the effect we would hope for.”**

SEP: Year-End 2024

	PCE	Fed Funds		Real GDP	
	Inflation	Rate	Longer Run	2024	2025
March 24	2.4%	4.6%	2.6%	2.1%	2.0%
June 24	2.6%	5.1%	2.8%	2.1%	2.0%
Change	0.2%	0.5%	0.2%	0.0%	0.0%

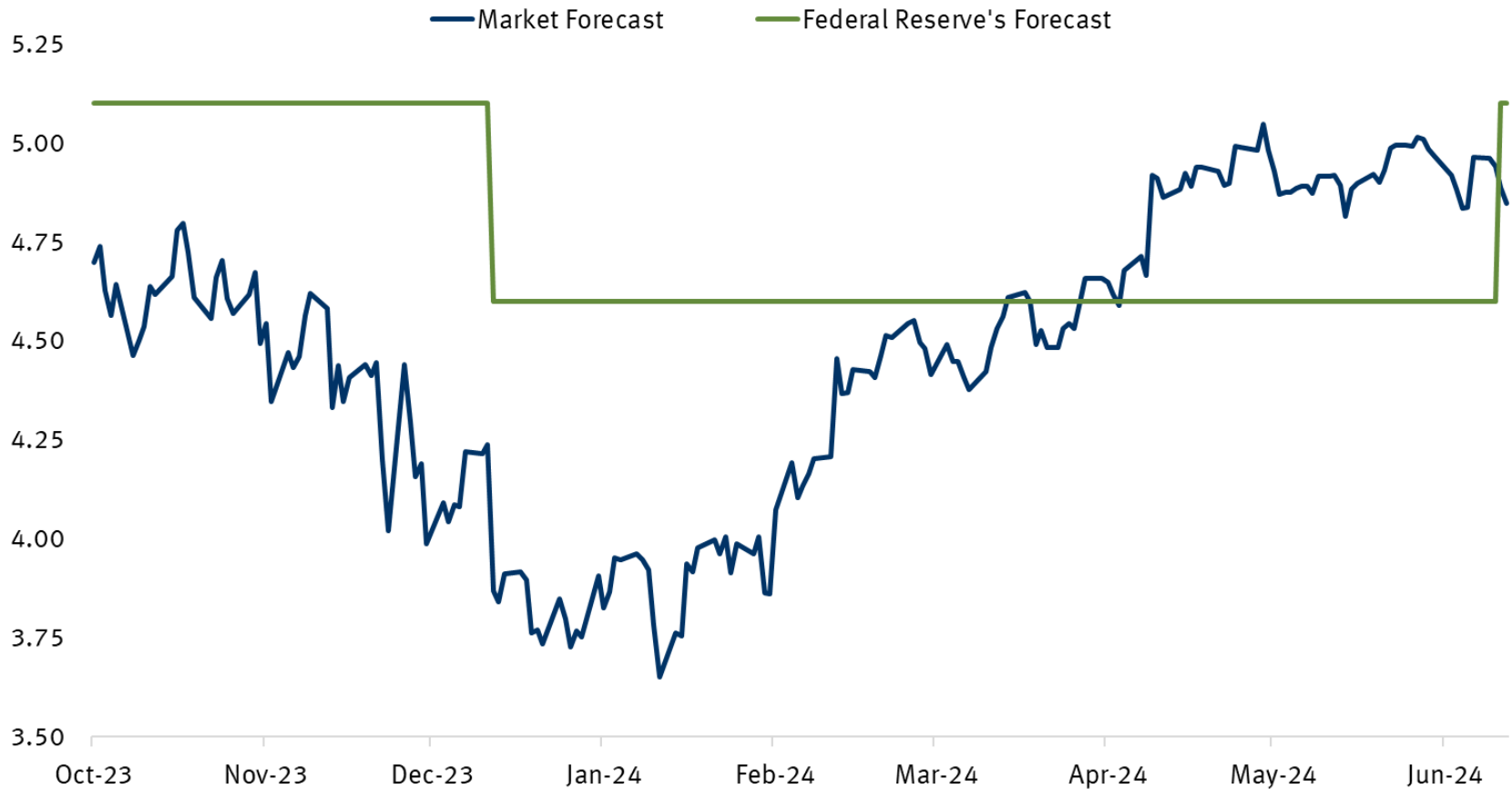
Dot Plot

- **Only one 25-basis-point (bps) cut projected this year.** Fed Funds are expected to be at a median 5.1% by year end.
 - **Rates are expected to fall 100 bps in both 2025 and in 2026.**
 - For the three-year period, this is 25 bps higher than in September.
 - Projections show all 19 members see the present rate as the peak rate, with one member projecting no cut next year.
 - **Fifteen of 19 officials clustered around one or two cuts this year:** four officials expect no cut this year, seven anticipate one cut, and eight two cuts.
 - **Long-run estimates (neutral rate) rose** to 2.8% from 2.6%.

Source: Stifel CIO Office

SEP = Summary of Economic Projections
PCE = Personal Consumption Expenditures

Federal Funds Rate Forecast for the End of 2024



Source: Stifel CIO Office via Federal Reserve and Bloomberg data, as of June 13, 2024

Debt Added Since GFC

Households	\$5.3 trillion
Corporate	\$8.7 trillion
Federal	\$25.4 trillion

10-year Treasury Yield

Now	4.3%
10 Years Forward	4.9%
20 Years Forward	4.1%

In a higher rate regime, the cost of debt will increase going forward

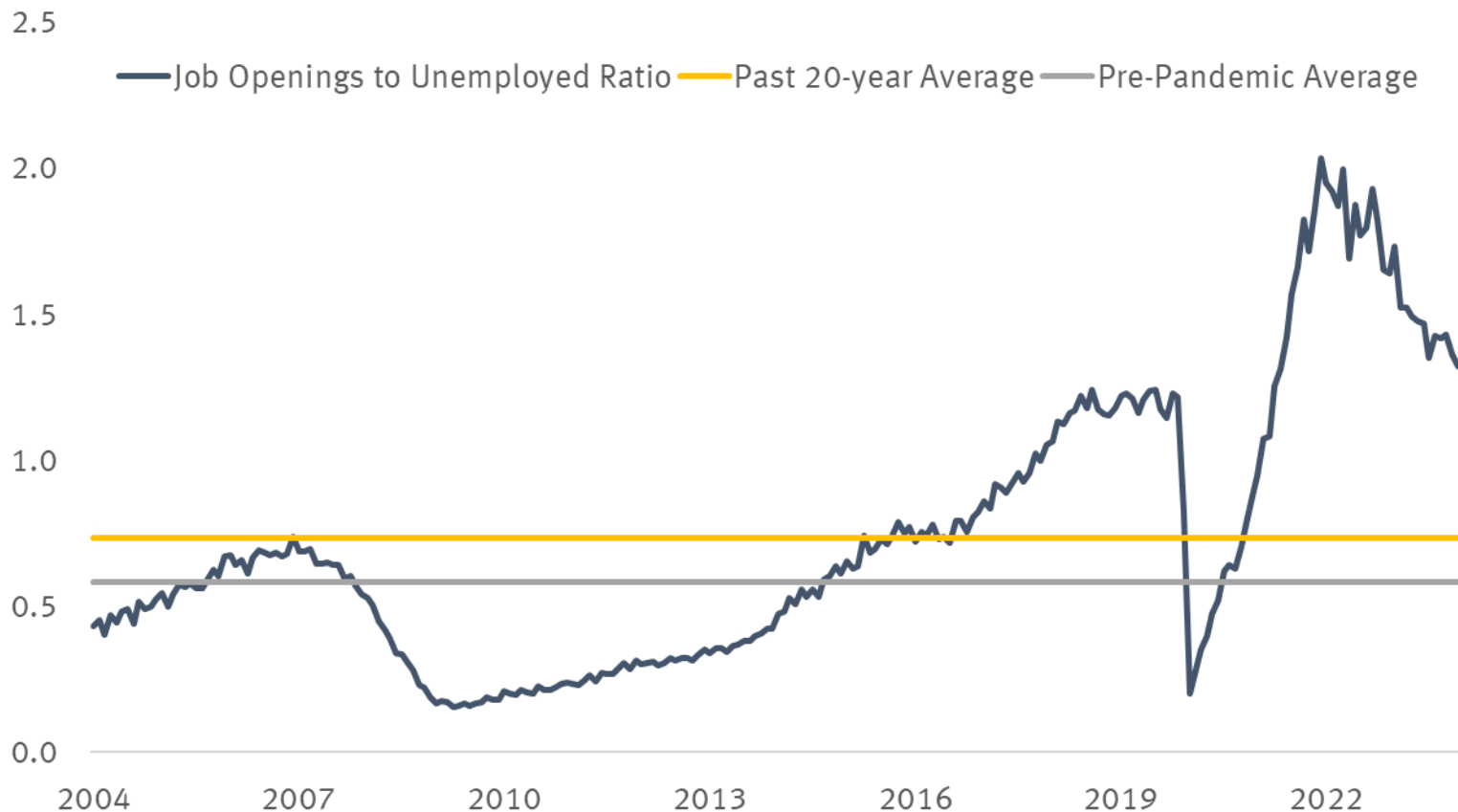
Consumers must manage debt more carefully, in a possibly slowing economy, and defaults and bankruptcies could increase

Businesses will adjust how they manage debt, with some companies unable to handle increased debt costs and failing

Government spending, deficits, and debt will come more into focus as the cost of our debt rises and attention turns to fiscal discipline

We remain optimistic that, as a country, we'll get through this fiscal transition stronger. But how much pain will we experience through the process, and when?

Source: Stifel CIO Office, as of June 13, 2024; data via Bloomberg, St. Louis Federal Reserve (FRED), New York Federal Reserve, Strategas; GFC = Great Financial Crisis



Source: Stifel CIO Office via Bloomberg, as of June 14, 2024

“Strong labor markets and solid wage growth remain in countries across the globe. This is supportive of **healthy consumer spending**”

- MasterCard CEO Michael Miebach

“Spending patterns of consumers using our debit and credit cards remain **generally consistent and continue to grow year over year**. Consumer credit is performing as we expect.” - Wells Fargo CEO Charles Scharf

“Everybody's **fighting for fewer consumers** or consumers that are certainly visiting less frequently...” – McDonald's CEO Chris Kempczinski

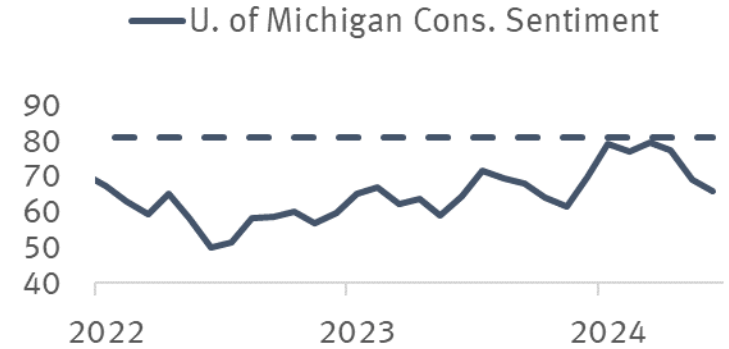
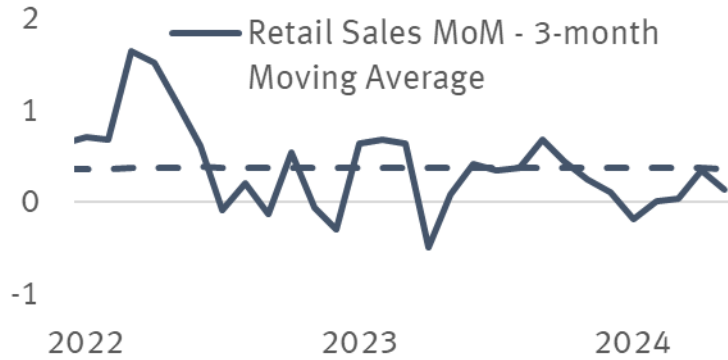
“The **lower income consumer in the U.S. is stretched**...he is strategizing a lot to make their budgets get to the end of the month.” – PepsiCo CEO Ramon Laguarta

“As the results show, **customers are shopping but remain cautious**, trading down on price when they can, and seeking out deals.” – Amazon CEO Andy Jassy

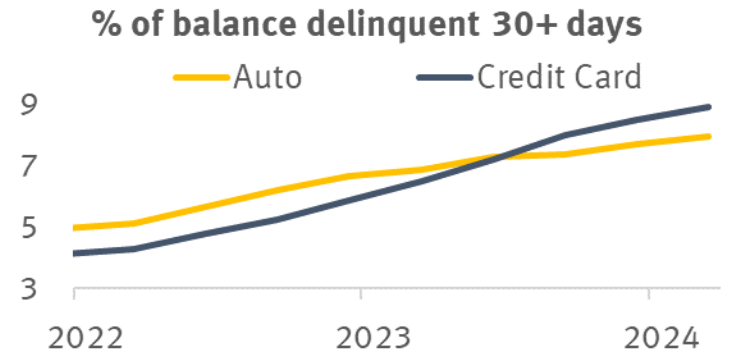
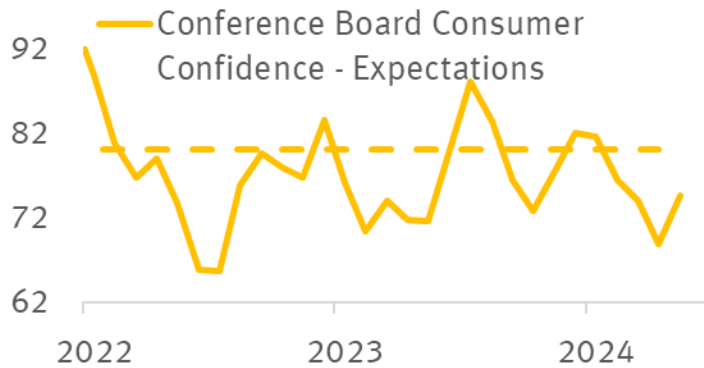
“So, I would **say consumer customers are fine**...The amount of income they need to service their debt is still kind of low....So whatever happens, the customer is in pretty good shape. – JPMorgan CEO Jamie Dimon

“We're **seeing a much more cautious low-income consumer**...They're feeling more of the pressure of the cost of living, which has been high and increased for them. So while there is employment for them, debt servicing levels are higher than they were before.” – Citigroup CEO Jane Fraser

“But in this environment, **many customers are being more exacting** about where and how they choose to spend their money, particularly with stimulus savings mostly spent.” – Starbucks CEO Laxman Narasimhan

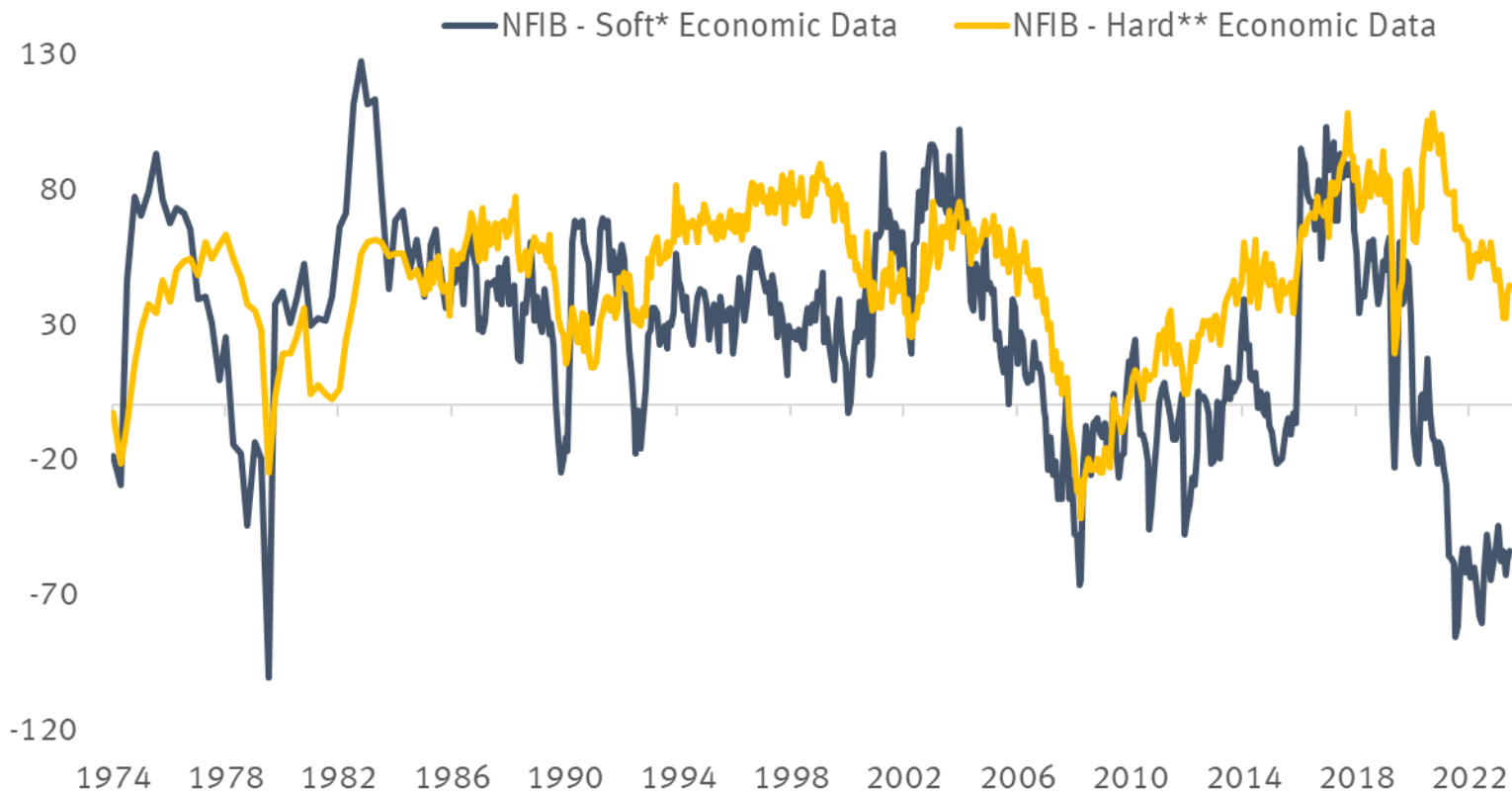


University of Michigan Consumer Sentiment



Source: Stifel CIO Office via Bloomberg, as of June 18, 2024; Dashed lines represent historic averages except for Conf. Board Cons. Confidence Expectations. MoM = Month Over Month

NFIB Optimism Index Components



Source: Stifel CIO Office via Fundstrat, as of June 14, 2024

*National Federation of Independent Business (NFIB) *Soft Economic Data* includes: Expected Business Conditions, Outlook for Expansion, Expected Real Sales, Expected Credit Conditions, Inventory Satisfaction.

**National Federation of Independent Business (NFIB) *Hard Economic Data* includes: Job Creation Plans, Job Openings, Inventory Plans, Earnings, CapEx Plans.

U.S. GDP	Date of Estimate	Q3 2023	Q4 2023	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	2024	2025
Consensus Estimates	6/12/2024	4.9	3.4	2.5	1.3	2.1	1.7	1.6	1.8	1.9	2.4	1.8
Consensus Estimates	January	0.0	0.9	0.3	1.5	1.8	1.0	1.6	1.8	1.9	1.3	1.7
Stifel	5/9/2024	2.6	1.9	2.8	1.9	2.4	2.1	1.7	0.9	1.4	2.6	1.6
Goldman Sachs	6/12/2024	4.6	2.1	2.8	3.1	2.1	2.3	2.3	2.0	2.0	2.5	2.1
Capital Economics	6/7/2024	3.5	1.9	2.4	2.5	1.7	1.8	1.9	2.2	2.4	2.3	2.1
Strategas	6/7/2024	3.0	2.0	2.4	2.5	1.8	2.0	2.0	2.0	1.8	2.4	1.9
UBS	6/7/2024	4.7	1.4	2.4	2.1	2.0	1.2	1.0	1.5	1.6	2.3	1.5
Wells Fargo	5/24/2024	4.7	1.7	2.4	2.2	2.7	1.9	1.5	1.8	2.0	2.6	2.0
Bloomberg Economics	5/24/2024	4.9	1.1	2.4	2.7	1.8	1.2	1.0	1.5	2.0	2.3	1.6
Barclays	5/24/2024	5.0	2.0	2.5	2.5	2.5	2.0	1.5	1.5	1.5	2.5	1.6
JPMorgan Chase	6/7/2024	4.3	2.0	2.5	2.3	2.0	1.0	1.0	2.0		2.2	1.7
Federal Reserve**	6/12/2024			2.6							2.1	2.0

Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively. Stifel estimates based on Stifel sell-side Economics department estimates. **Percent change from fourth quarter to fourth quarter one year ago. "Consensus Estimates" for time periods that have passed represent actual results and consensus estimates in grey shaded boxes represent first estimate of year.

Source: Stifel CIO Office via Bloomberg, as of June 12, 2024. Federal Reserve (Fed) estimates are as of June 12, 2024.

Elections

More than 40% of the world's population will be voting in 40 national elections

Key Themes

Economic Opportunity

Protectionism

International Relations

5 elections to watch as the U.S. and China compete for influence:

- Taiwan – manufactures 90% of the most advanced semiconductor chips
- Indonesia – plays pivotal role in supplying nickel for EVs
- India – significant trading partner for the West and China
- Mexico - now the largest U.S. trading partner and potential beneficiary from reshoring
- European Union – strong U.S. ally but also relies on Chinese consumers for exports

GDP

World's largest economies may be evolving...

	2023	2050*
1.	U.S.	China
2.	China	U.S.
3.	Germany	India
4.	Japan	Indonesia (NEW)
5.	India	Germany
6.	U.K.	Japan
7.	France	Brazil (NEW)

*Source: An Economist's Guide to the World in 2050 via Bloomberg

Sight | Lines: [The 2024 Election Supercycle Brings Into Focus an Evolving World Order](#)

Key Themes

Economic Opportunity

Protectionism

International Relations

Mexico:***Left Wins Large Majority***

Claudia Sheinbaum wins Presidency by 30% margin

Continue the “Fourth Transformation” started by predecessor

Strengthen border enforcement

Capitalize on nearshoring effort by U.S companies

India:***Right Loses Majority***

Prime Minister Narendra Modi wins third term, party loses majority

Unemployment and inequality high despite economy growing

Rallied voter base around Hindu nationalism

Appeasing both China and the U.S.

European Union:***Center Holds, Far-Right Gains***

Renew and Greens lose 41 parliament seats, European People’s Party (center) and Identity and Democracy Group (right) gain

Migration a concern while consumers starting to rebel against measures to combat climate change

Focused on security while balancing military support for Ukraine

*Source: An Economist’s Guide to the World in 2050 via Bloomberg

Sight | Lines: [The 2024 Election Supercycle Brings Into Focus an Evolving World Order](#)

The 2024 Election – All Possible Outcomes

	Single Party		Divided					
Presidency	D	R	R	D	R	D	R	D
Senate	D	R	R	R	D	R	D	D
House	D	R	D	D	D	R	R	R

STATUS QUO

- When we look at three centers of power, the presidency, the Senate, and the House of Representatives, there are eight possible outcomes for Republican versus Democratic control.
- The major “sweep” scenarios would imply the biggest change, as a single party can pass legislation more easily.

**Great scope for a change;
Dependent on the election outcome**

- Trade Policy
- Tax Policy
- Immigration Policy
- Regulation Policy
- Environment Policy

**Limited scope for a change;
Irrespective of the election outcome**

- Persistently High Fiscal Deficit
- Heavy scrutiny on China

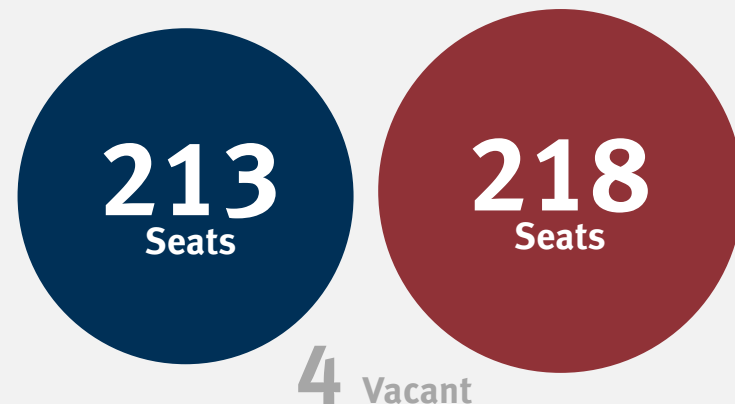
Getting Ready: The 2024-U.S. Presidential Election

Our approach on preparing for the election:

- Understanding the 4 phases of the election
 1. Early primary
 2. Late primary
 3. General election
 4. Post-election
- Anticipating each candidate's impact on businesses and markets
- Understanding each candidate's chances of winning
- Assessing any possible changes in congressional control

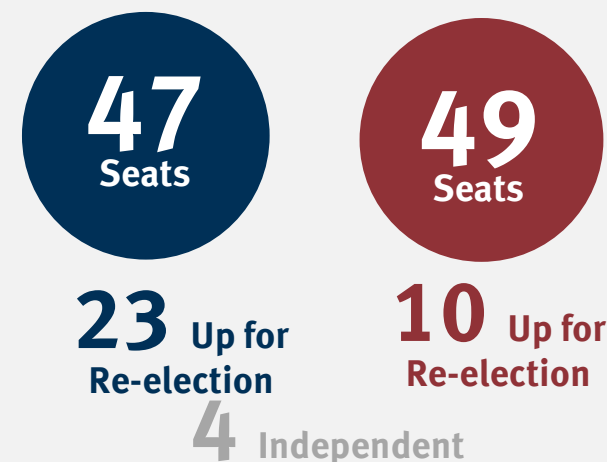
CONGRESS

HOUSE OF REPRESENTATIVES



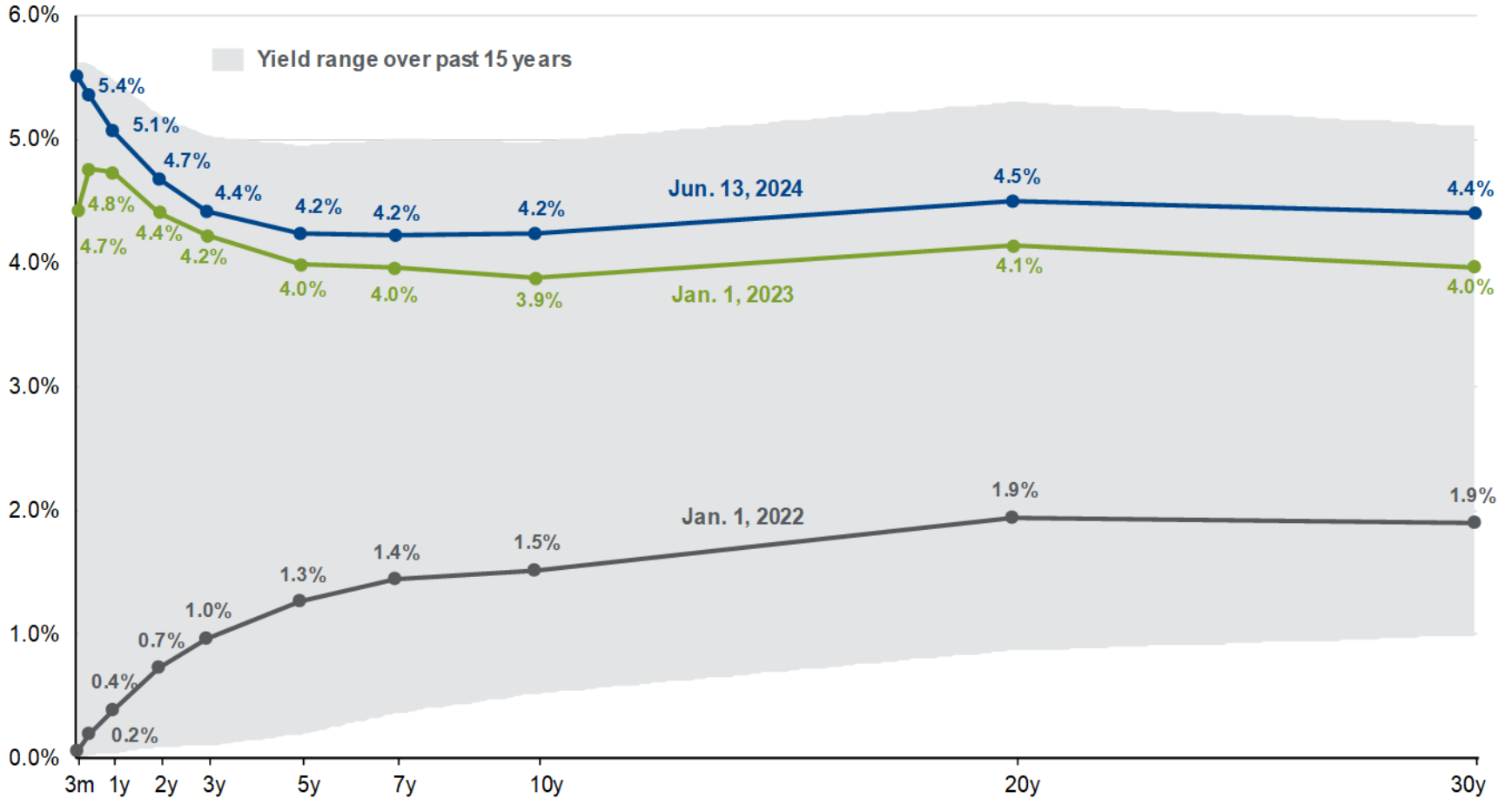
All 435 seats up for re-election

SENATE

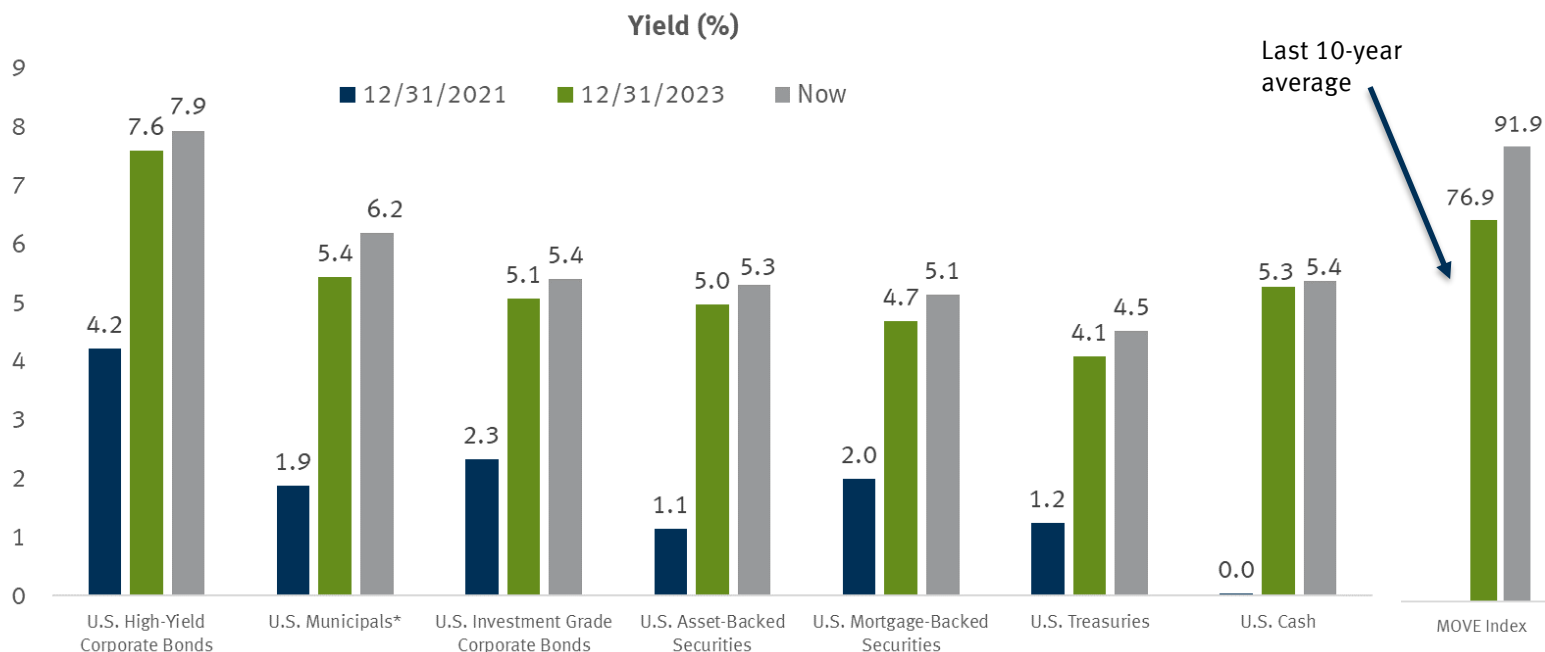


Markets

U.S. Treasury yield curve

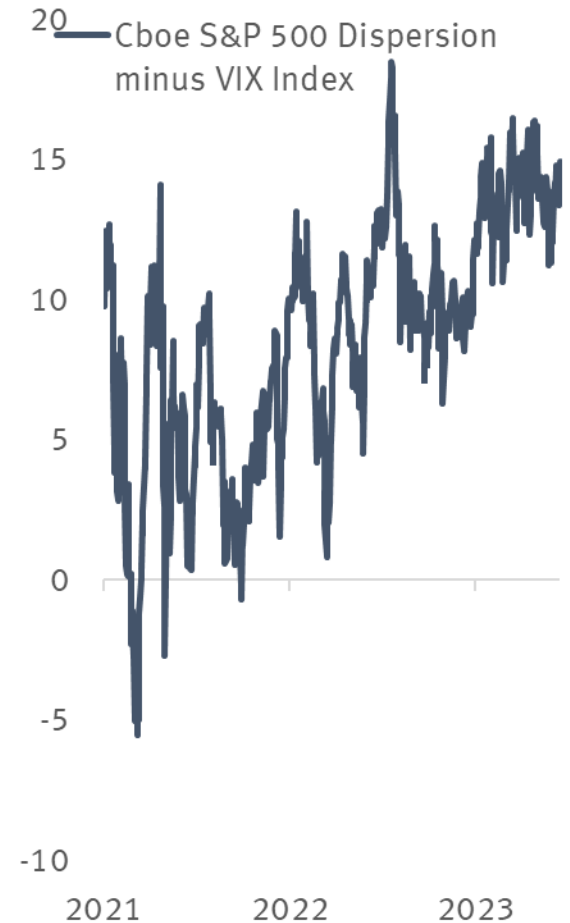
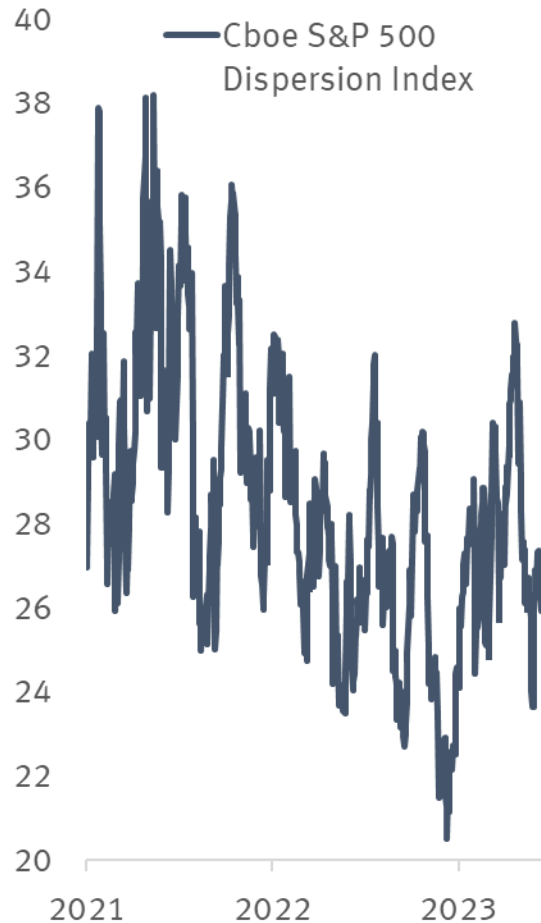
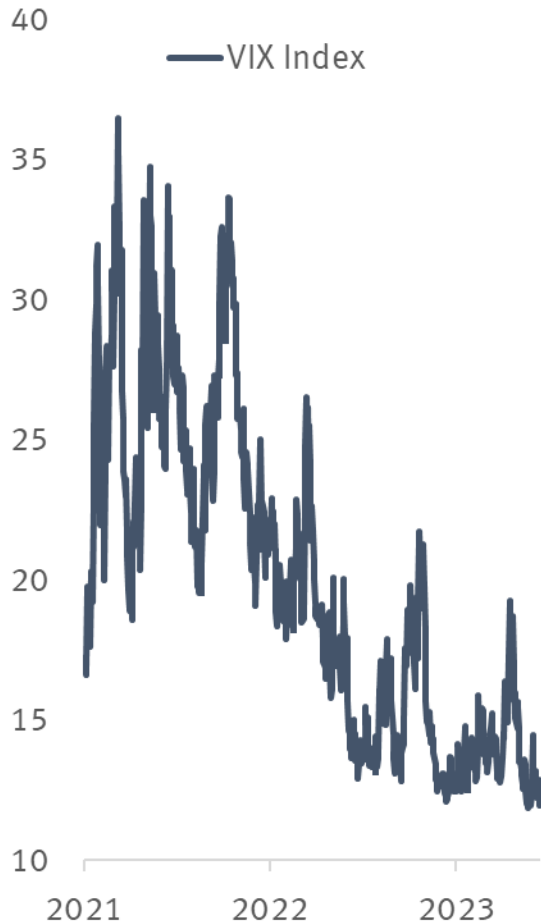


Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
 Guide to the Markets – U.S. Data are as of June 13, 2024



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

Source: Stifel CIO Office via Bloomberg, as of June 17, 2024

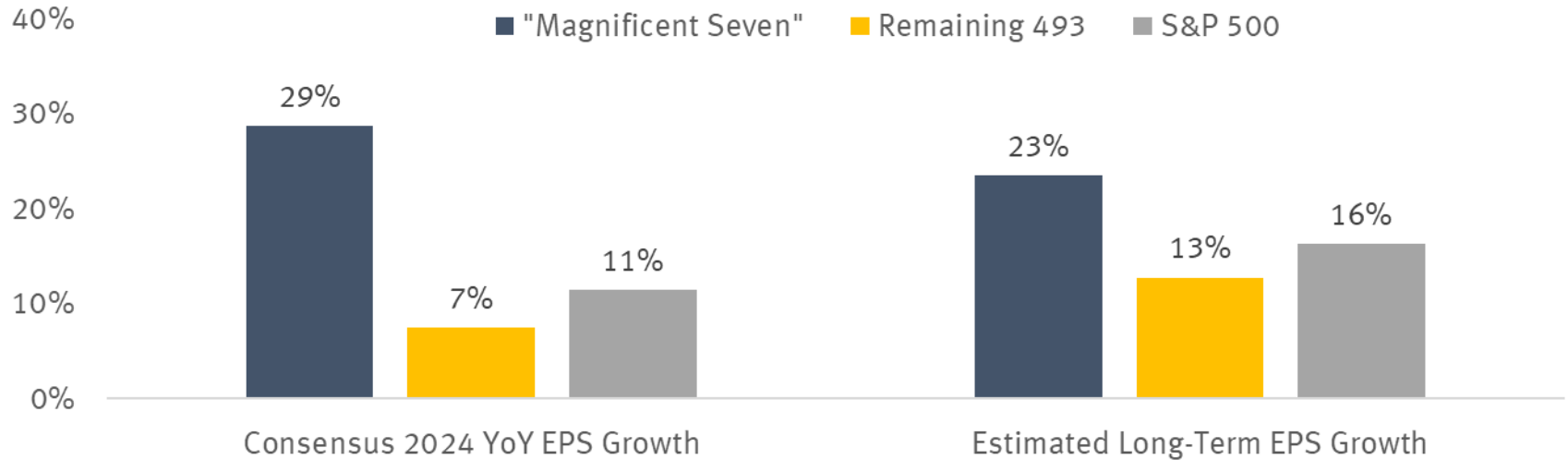


EPS	EPS Forward P/E							Current S&P 500 Index Level
	19x	20x	21x	22x	23x	24x	25x	
\$255	4,845	5,100	5,355	5,689	5,865	6,120	6,341	
\$250	4,750	5,000	5,250	5,577	5,750	6,000	6,217	
Consensus 2024 EPS → \$243	4,617	4,860	5,103	5,421	5,589	5,832	6,043	
\$240	4,560	4,800	5,040	5,354	5,520	5,760	5,968	
\$230	4,370	4,600	4,830	5,131	5,290	5,520	5,719	
Consensus 2023 EPS → \$218	4,142	4,360	4,578	4,863	5,014	5,232	5,421	
\$210	3,990	4,200	4,410	4,685	4,830	5,040	5,222	

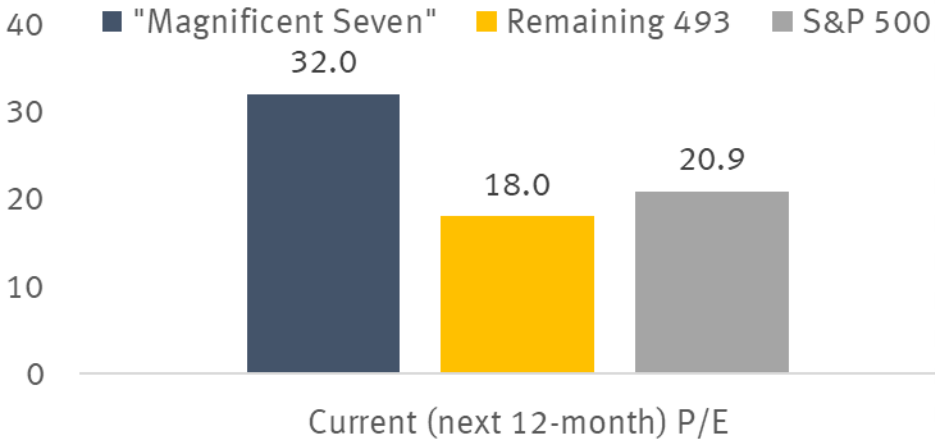


Source: Stifel CIO Office via Bloomberg, as of June 12, 2024
 EPS = Earnings Per Share

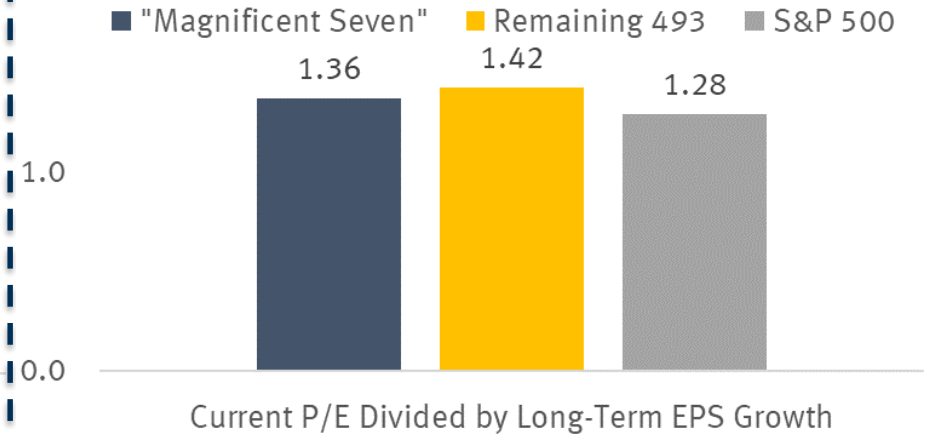
Earnings Growth



P/E Multiples



PEG Ratios

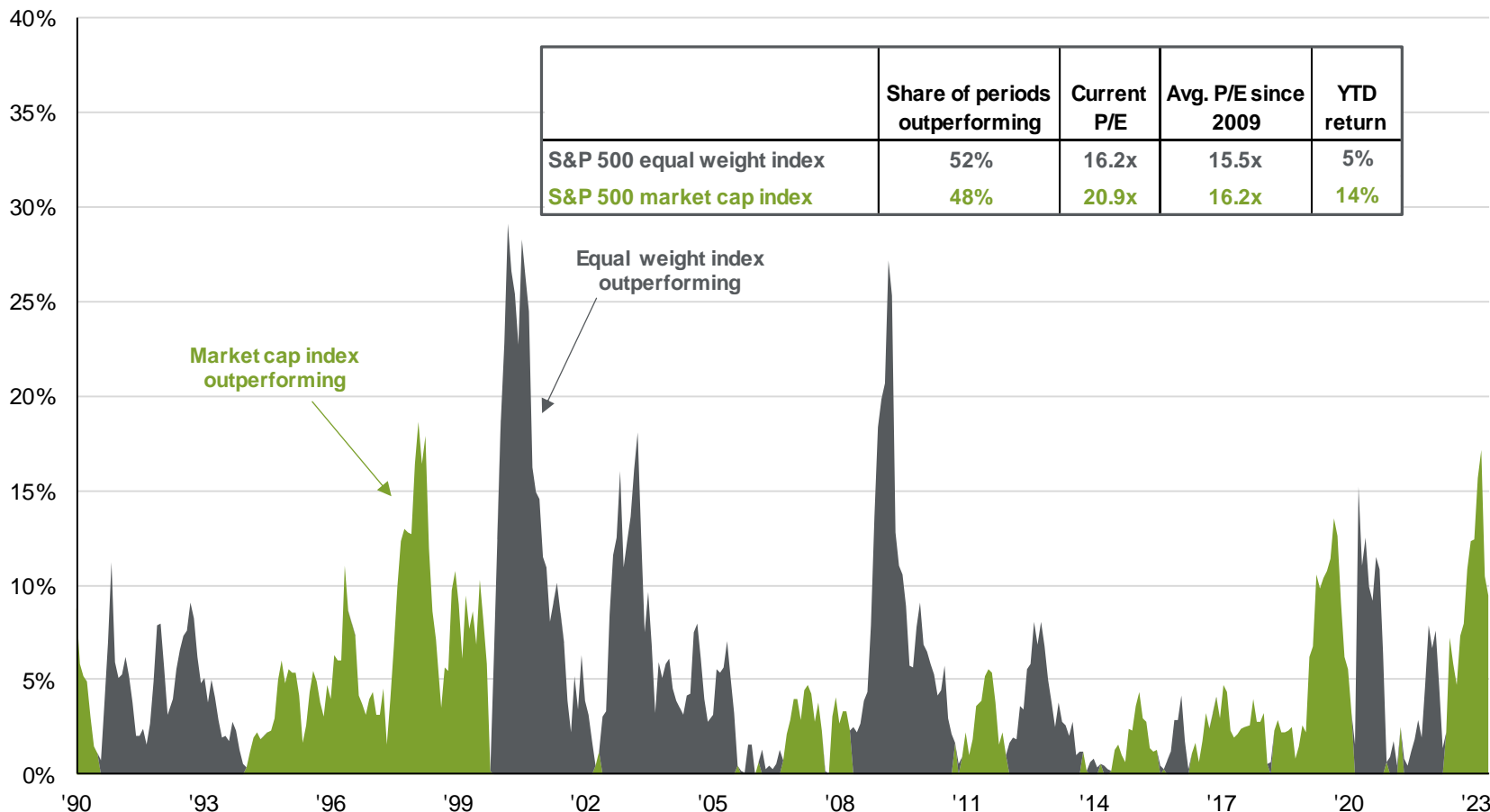


Source: Stifel CIO Office via FactSet, as of June 13, 2024

Index	2021	2022	2023	2024
S&P 500 Index	28.7%	-18.1%	26.3%	15.5%
S&P 500 Eq. Weight.	29.6%	-11.5%	13.8%	5.0%
S&P 500 Financials	34.9%	-10.6%	12.1%	9.4%
KBW Reg. Banking	36.7%	-6.9%	-0.4%	-12.8%
Bloomberg U.S. 1000 Value	28.6%	-2.5%	9.4%	5.9%
Bloomberg U.S. 1000 Growth	26.1%	-27.5%	36.1%	18.2%
Bloomberg Magnificent 7	51.5%	-45.3%	107.0%	36.7%
NYSE FANG+ Index	17.7%	-40.0%	96.4%	30.9%
Bloomberg U.S. 2000	18.6%	-20.1%	17.1%	-0.6%
MSCI EAFE Index	11.3%	-14.5%	18.2%	4.6%
MSCI EM Index	-2.5%	-20.1%	9.8%	6.1%
Bloomberg U.S. Agg	-1.5%	-13.0%	5.5%	-0.3%

S&P 500 market cap and equal weight relative performance

Rolling monthly y/y total returns, outperformance = high - low



Source: FactSet, J.P. Morgan Asset Management.

Guide to the Markets – U.S. Data are as of June 12, 2024

Looking Forward

Deglobalization*Increased localization and protectionism***Multipolarity***A more divided world*

EVENT	LIKELIHOOD	MARKET IMPACT
U.S.-China Competition	10	7
The New Cold War	8	8
Emerging Market (EM) Political Uncertainty	8	5
Cyberattacks	8	5
Washington D.C. Gridlock	7	7
Financial Instability	7	7
Major Terror Attacks	7	4
Climate Policy Error	6	7
South China Sea Military Conflict	6	7
European Fragmentation	6	6
Structurally Higher Inflation	5	8
Middle East Conflict	5	7
North Korea Conflict	5	4
Russia-West Conflict	4	8

June

7	Employment
14	Consumer Sentiment
12/27	Inflation
18	Retail Sales
20	Housing
12	Fed Policy Decision

July

3	Federal Open Market Committee (FOMC) Minutes
5	Employment
11/26	Inflation
12/26	Consumer Sentiment
16	Retail Sales
24	Housing

Sources of Potential Volatility

- Macroeconomic Conditions
 - Economy
 - Inflation
 - Monetary Policy
 - Market Valuations
- Geopolitical Tensions
 - Russia – Ukraine
 - Israel – Hamas
 - Red Sea
 - South China Sea
- Global Election Supercycle
 - 40 major elections worldwide
 - U.S. Presidential Election
- Fiscal Transition
 - Regional Bank Stress
 - Commercial Real Estate Loans
 - Corporate Refinancing
 - Government Debt
 - Consumer Spending

August

2	Employment
14/30	Inflation
15	Retail Sales
16/30	Consumer Sentiment
21	Federal Open Market Committee (FOMC) Minutes
23	Housing

September

6	Employment
11/27	Inflation
13/27	Consumer Sentiment
17	Retail Sales
18	Fed Policy Decision
25	Housing

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

INVESTMENT STRATEGY BRIEF

Higher for Longer

Recent economic and market data continue to reflect a resilient economy and corporate profits. We discuss the economic and market implications of market interest rates staying higher for longer.

READ | LISTEN

WATCH



OUTLOOK 2024
EMBRACING CHANGE

Outlook 2024 | Embracing Change

Entering 2024, we observe several enduring changes in the post-pandemic world that may well require a

The U.S. Dollar as the World's Reserve Currency; Secure in the Near Term, But...

We discuss the U.S. dollar's (USD) position as the world's reserve currency.

STIFEL
BLUEPRINT
2024

Learnings From the Stifel Blueprint Conference

Every year or so, Stifel wealth colleagues, Stifel leadership, and other industry professionals gather for our Blueprint

Popular insights from Stifel's CIO Office include:



WEEKLY | MONTHLY | QUARTERLY



VIDEO | PODCAST | NEWSLETTER



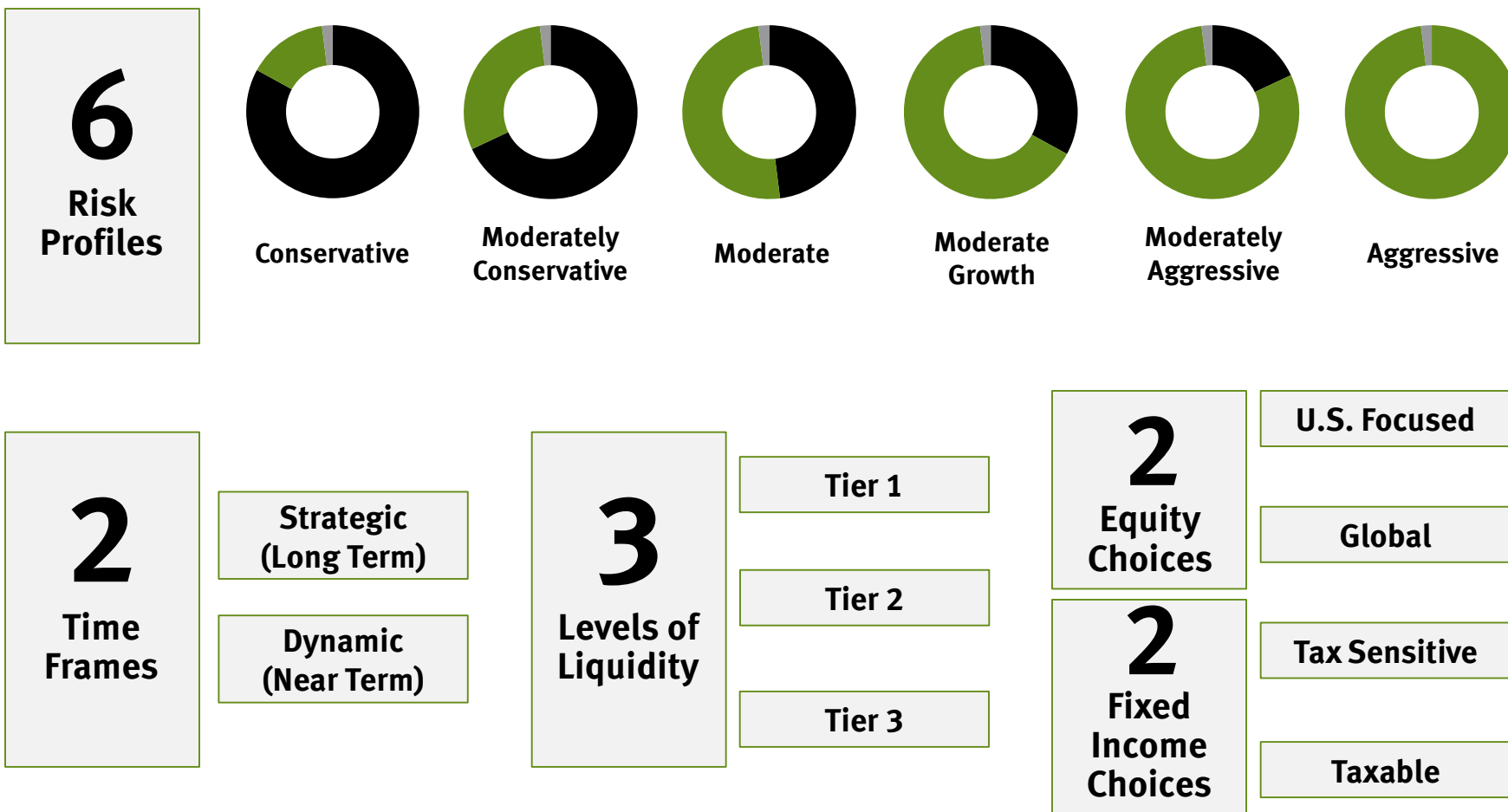
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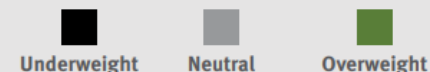




Dynamic leanings












144 ASSET ALLOCATION MODELS FOR YOUR SELECTION





EQUITY

DYNAMIC LEANINGS			
ASSET CLASS	CURRENT		COMMENTS
U.S. Equity vs. Non-U.S. Equity			We remain neutral between U.S. and non-U.S. equity. Our base case calls for a soft landing in the U.S., but we believe valuations have priced in this scenario and the consensus earnings outlook is too optimistic. We recognize, however, that momentum is strong and the eventual Fed easing should be supportive of U.S. stocks. Non-U.S. equity valuations are attractive; however, growth trends are diverging and Europe and China face headwinds. We guide investors to consider active management.
U.S. Large Cap vs. U.S. Small Cap			Small cap equity valuations remain attractive and reflect worries about an economic downturn and the greater vulnerabilities from higher financing costs. We have a preference for quality companies with strong balance sheets regardless of market capitalization. We believe there is opportunity within small cap for skilled active investors.
U.S. Large Value vs. U.S. Large Growth			We believe in this new regime investors should be diversified across both value and growth styles. Within U.S. large cap, we expect returns to broaden out and have a preference for quality companies and those that are expected to benefit from our long-term investment themes such as AI and the Fourth Industrial Revolution.
Non-U.S. Developed Markets vs. Emerging Markets			Both developed and emerging markets remain vulnerable to idiosyncratic risks and headwinds stemming from geopolitical tensions and a slowing global economy. China is facing structural headwinds, and investors are worried about policy uncertainty and possible stresses in its property sector.
Europe vs. Japan			Japan was a solid performer in 2023, but we believe there is still the potential for relative outperformance. Japan's economic growth remains positive, and corporate governance reform is likely to enhance shareholder value in the medium to long term. In Europe, weaker Chinese growth and the Russia-Ukraine war remain headwinds for the growth outlook.

DYNAMIC LEANINGS		 Underweight	 Neutral	 Overweight	
ASSET CLASS	CURRENT	COMMENTS			
FIXED INCOME	U.S. Investment Grade vs. U.S. High Yield				We favor a quality tilt and prefer investment grade for passive investors. Spreads for high yield remain tight and do not appropriately reflect the increased risk of recession and credit deterioration, in our view.
	Corporates vs. Government vs. Agency MBS				We have a modest preference for government and mortgage-backed securities relative to investment-grade corporate bonds, which can be expressed with passive investments or may be implemented by active managers. Agency MBS spreads remain well above their 2021 lows, and both fundamental and technical factors are supportive of this sector. Treasury yields remain attractive and should provide an added diversification benefit if the economy deteriorates.
	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.
ALTERNATIVES	Private Assets				For investors interested in alternative investments and able to handle illiquidity, exposure to some combination of private equity, private debt, and/or private real estate can be considered as part of a diversified portfolio.
	Hedge Funds				For investors interested in alternative investments and able to handle less liquidity who have conviction about manager skill, exposure to hedge funds can be a helpful part of a diversified portfolio. This is especially true in volatile, low-return environments.

Past performance is no guarantee of future results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 US companies.

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

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

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

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

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

The **Bloomberg Magnificent 7 Total Return Index** is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

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

VIX Index shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

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

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

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

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

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

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

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

Stifel, Nicolaus & Company, Incorporated | Member SIPC & NYSE | www.stifel.com
3 Bryant Park | 1095 Avenue of the Americas | New York, New York 10036

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