 May 2024

INVESTMENT STRATEGY BRIEF:

Higher for Longer

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TABLE OF CONTENTS

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Artificial Intelligence and Macro Environment

THE FIVE THEMES

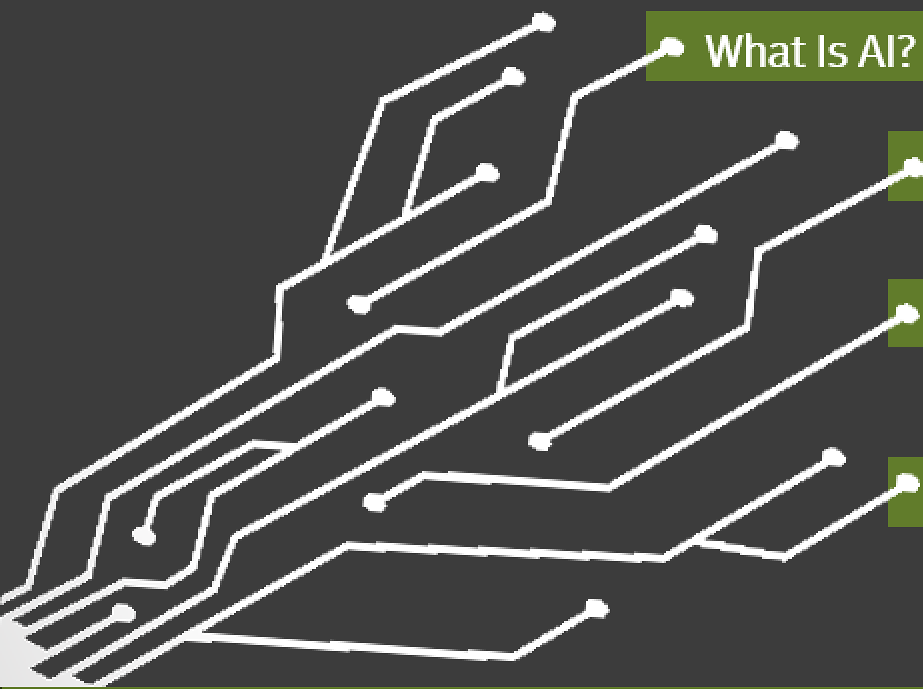
3

FOURTH INDUSTRIAL REVOLUTION	SECURING STRATEGIC RESOURCES	SHIFTING DEMOGRAPHICS	THE NEW CONSUMER	PRODUCTIVE COMPETITION
Technological innovation has broken down the boundaries between the physical, digital, and biological worlds.	Companies and governments are prioritizing the development and protection of critical industries, resources, and services.	Changes in global population dynamics will bring about challenges and opportunities.	Consumer preferences, expectations, and behavior are altering business models and corporate strategies.	Rivalry ultimately drives innovation, improves quality of life, and creates value for consumers and the economy.
Data as a Commodity	*Food and Water Security*	*Millennials*	*Reimagined Convenience*	*The New Cold War*
Enhanced Computing	*Net Zero Transition*	*Emerging Global Middle Class*	*Digitalization of Human Connectivity*	*Geopolitical Tensions*
Workforce Optimization	*Renewable Energy*	*Aging Population*	*Future of Finance*	*Localization*
Future of Transportation	*Circular Economy*	*Future of Health*	*Future of Leisure*	*Transforming Business Models*

Get to Know Our Long-Term Investment Themes

Source: Stifel CIO Office via *From Vision to Value: Our Long-Term Investment Themes*

Full Report



What Is AI?

A machine's ability to perform tasks that typically require human intelligence

What Is ChatGPT?

A chatbot that allows the user to ask for help like one would a human

Economic Impacts

- Labor Market Transformation
- Increasing Productivity
- Productive Competition

Investment Opportunity

- Enablers: *The Backbone of AI*
- Innovators: *The Evolution of AI*
- Disruptors: *The Revolution of AI*

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

1.3 billion
photos shared on Instagram

300 billion
e-mails sent and received every day

22.3 million
packages delivered by UPS

2.5 billion gigabytes (GB)
of data are created each day. That’s equivalent to more than **19 million 128GB iPhones**

8.5 billion
searches on Google

1 billion
hours of YouTube content streamed

150 million
U.S. credit card transactions

Sources: Stifel CIO Office via *Oberlo*, *McKinsey & Company*, *SEO*

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)*

HEALTH CARE

Instantly predict the shape of a protein, leading to drug discovery

Enabling a tool to diagnose sepsis

AGRICULTURE

Scan 2,100 square feet of farmland per second, allowing farmers to spray only weeds, reduce herbicide costs, and improve quality of crops

INDUSTRIALS

Evaluate data from sensors installed on equipment to predict failure before it occurs, limiting down time

AEROSPACE

Using augmented reality to assist technicians with real-time, hands-free, interactive 3D wiring diagrams

Sight|Lines: AI Will Change Our Future: It's Transforming Our World Today

Debt Added Since GFC

Households	**$5.3 trillion**
Corporate	**$8.5 trillion**
Federal	**$25.4 trillion**

10-year Treasury Yield

Now	**4.4%**
10 Years Forward	**5.0%**
20 Years Forward	**4.1%**

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

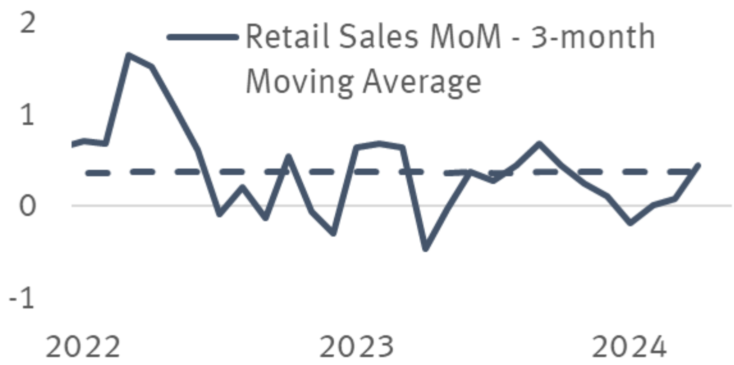
Consumers must manage debt more carefully, in a possibly slowing economy, and defaults and bankruptcies could increase

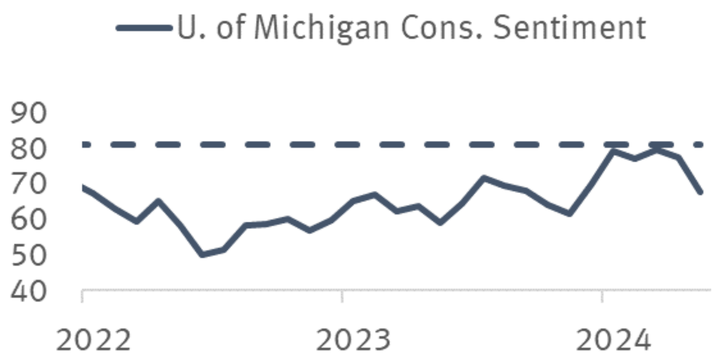
Businesses will adjust how they manage debt, with some companies unable to handle increased debt costs and failing

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

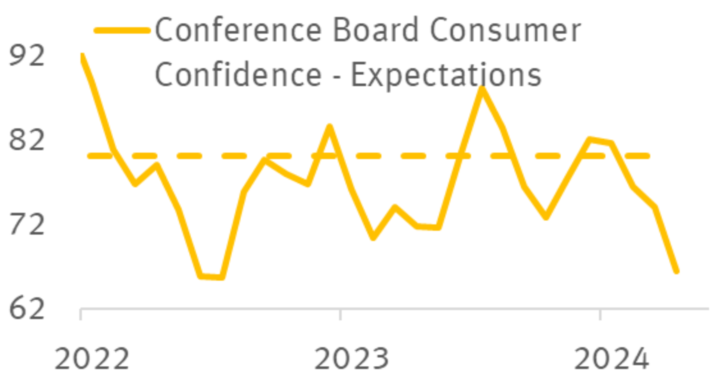
We remain optimistic that, as a country, we'll get through this fiscal transition stronger. But how much pain will we experience through the process, and when?

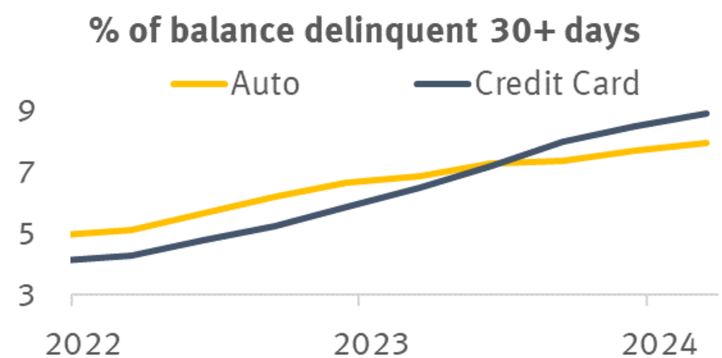
Source: Stifel CIO Office, as of May 20, 2024; data via St. Louis Federal Reserve (FRED), New York Federal Reserve, Strategas; GFC = Great Financial Crisis 16





University of Michigan Consumer Sentiment





Source: Stifel CIO Office via Bloomberg, as of May 20, 2024; Dashed lines represent historic averages except for Conf. Board Cons. Confidence Expectations.
MoM = Month Over Month

GEOPOLITICAL RISK DASHBOARD

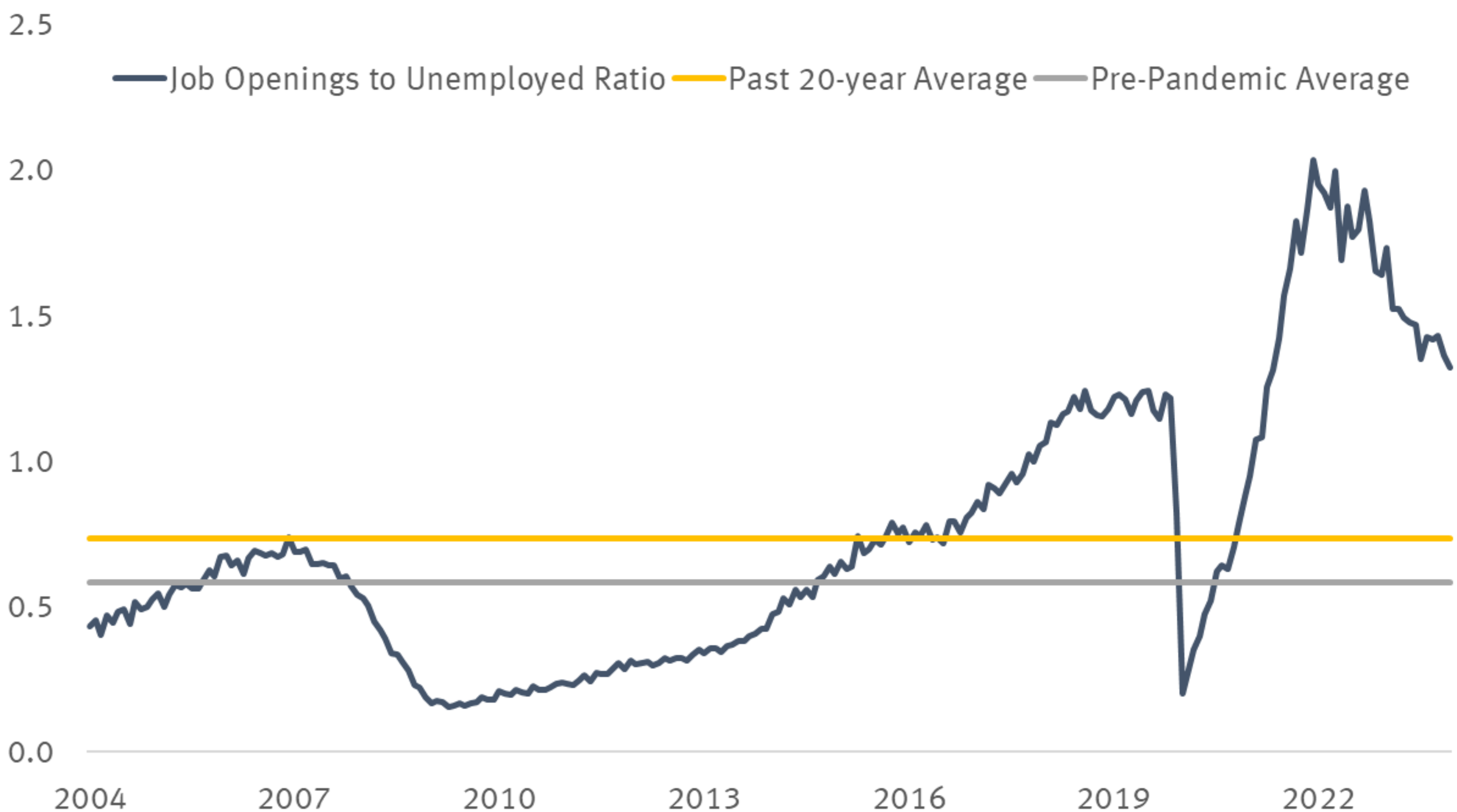
Deglobalization *Increased localization and protectionism*	**Multipolarity** *A more divided world*

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**

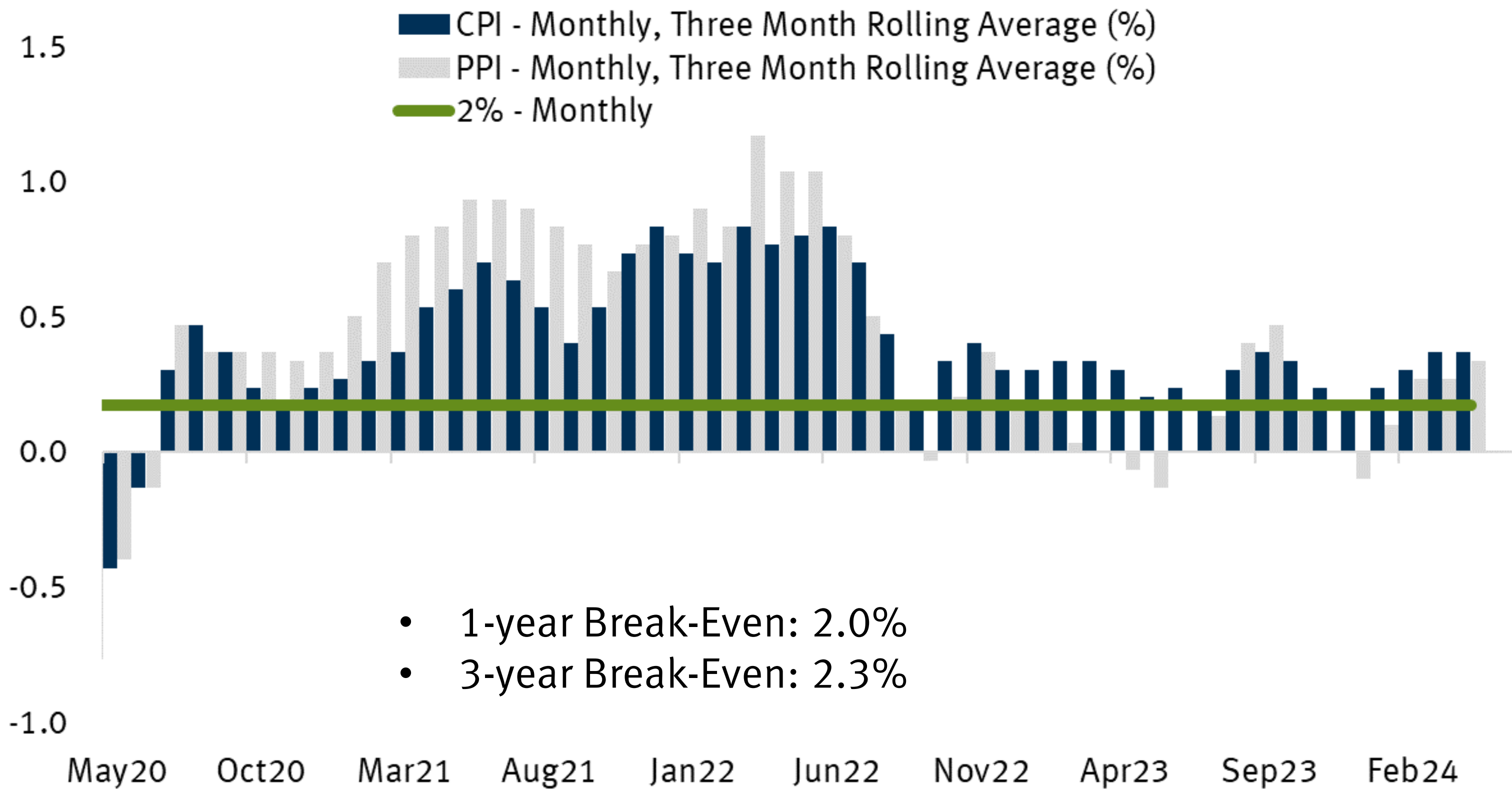
ISRAEL – HAMAS WAR: LEFT-TAIL RISKS

	Scenario 1 War Limited to Gaza	Scenario 2 Multi-Front War (Hezbollah)	Scenario 3 War Expands to Region (Iran)	Scenario 4 Great Power Conflict (China)
Likelihood	**Most Likely**	**Somewhat Likely**	**Small Likelihood**	**Remote**
Global Economic Impact	Limited and fades quickly	Limited and fades quickly	•Inflation rises as a result of oil supply disruption • Recession likely • Potential for long-lasting impact to local markets	• Decoupling of U.S. - China relations (deglobalization) • Global recession
Global Market Impact	Limited and fades quickly	Limited and fades quickly	• Risk-off sentiment and volatility increases • Sell-off in global stocks, potentially U.S. stocks • Yields decline	• Risk-off sentiment and volatility increases • Bear market (stocks) • Monetary policy easing and yields falling sharply
Investment Implications	• Prevailing macroeconomic conditions continue to warrant an emphasis on quality for investor portfolios • Diversify across and within asset classes, consider rebalancing to target asset allocation • The ongoing geopolitical uncertainty reinforces this view			

Inflation/Federal Reserve Policy

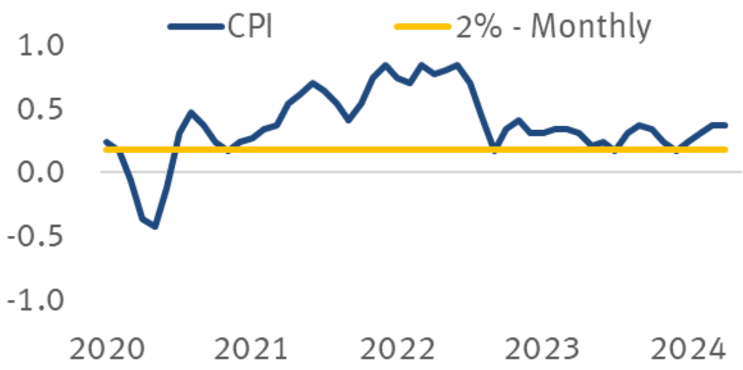


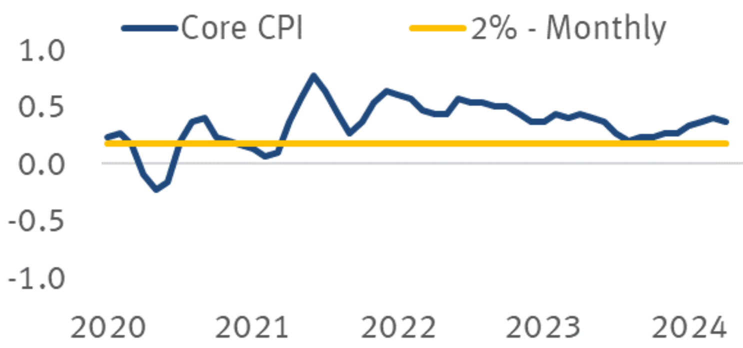
Source: Stifel CIO Office via Bloomberg, as of May 20, 2024

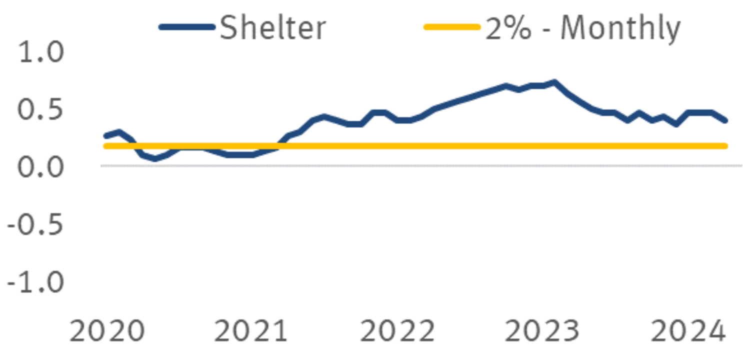


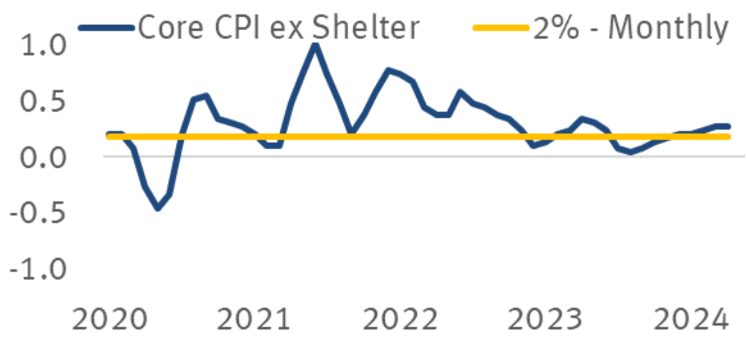
Source: Stifel CIO Office via Bloomberg, as of May 20, 2024

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



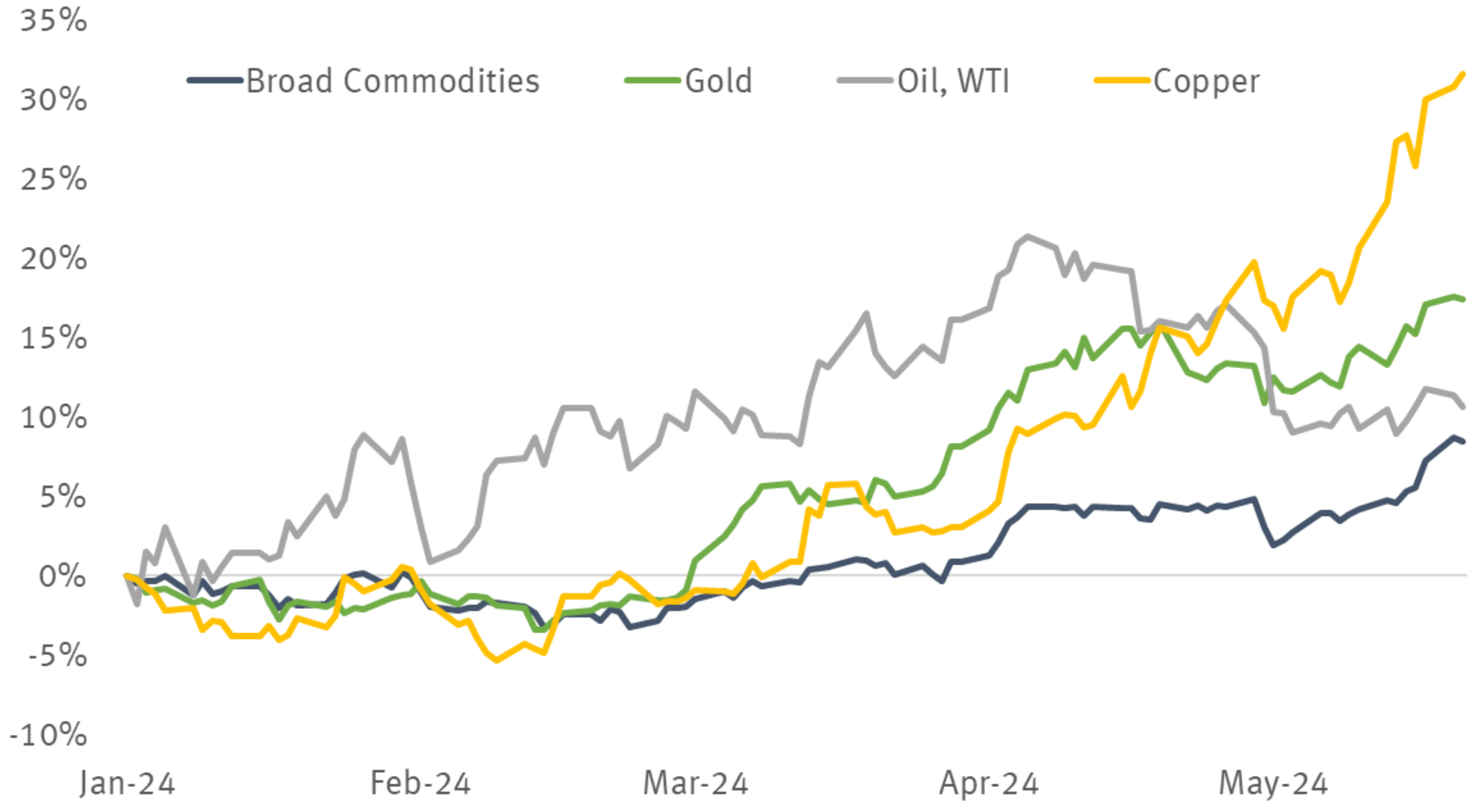






Source: Stifel CIO Office via Bloomberg as of May 20, 2024;
Figures above are based on 3-month moving average month-over-month data.

Year-to-Date Change in Commodity Spot Prices



Source: Stifel CIO Office via Bloomberg as of May 21, 2024

Less Dovish Signals

May Fed Meeting

- Monetary policy unchanged, changes to statement
- Detailed plans for shrinking balance sheet holdings.
- Added: “In recent months, there has been a lack of **further** progress toward the Committee's 2 percent inflation objective.”
- Changed economy "continued to expand" vs. "has been expanding“.
- Changed risks to achieving employment and inflation goals ‘have moved toward’ vs. ‘are moving toward’ better balance.
- Powell noted policy is/will be sufficiently restrictive – “it's **unlikely** that the next policy rate move will be a hike.”
- Remains data-dependent and will balance risks.

SEP: Year-End 2024

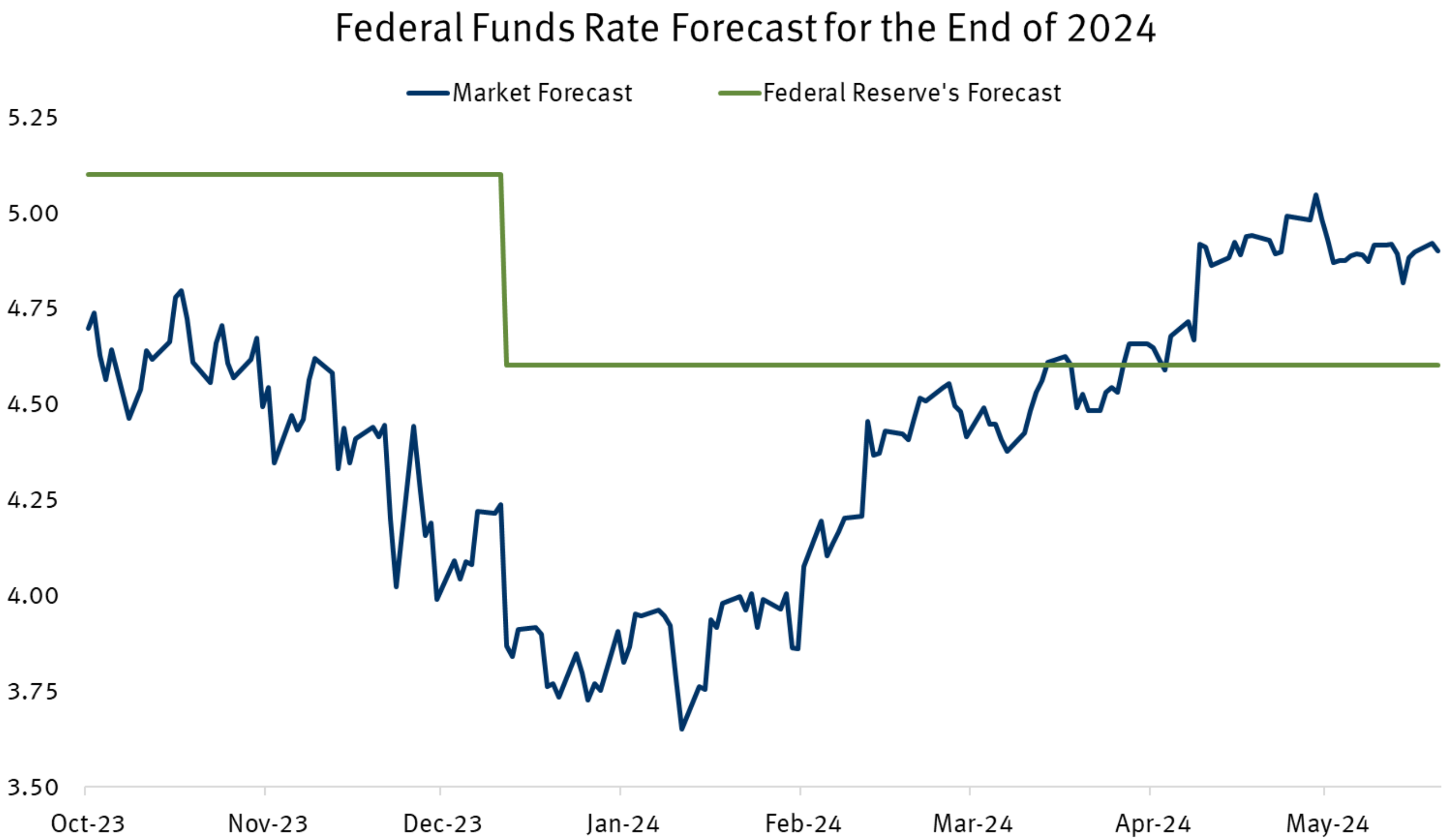
	PCE Inflation	Fed Funds Rate	Real GDP 2024	Real GDP 2025	Real GDP Longer Run
December 23	2.4%	4.6%	1.4%	1.8%	2.5%
March 24	2.4%	4.6%	2.1%	2.0%	2.6%
Change	**0.0%**	**0.0%**	**0.7%**	**0.2%**	**0.1%**

Fedspeak

- “**Smart for the Fed to take our time**” in cutting rates because “no one wants inflation to reemerge.” – Richmond Fed President Thomas Barkin
- “Disinflation may continue to be uneven…this also implies that **less easing of policy this year** than previously thought may be warranted.” – Boston Fed President Susan Collins
- “So far this year, **the data have not given us that greater confidence**” and “appropriate to take signal now.” –Fed Chair Jerome Powell
- "While the current stance of monetary policy appears to be at a restrictive level, I remain **willing to raise the federal funds rate** at a future meeting should the incoming data indicate the progress on inflation has stalled or reversed." –Fed Board Michelle Bowman

SEP = Summary of Economic Projections
PCE = Personal Consumption Expenditures

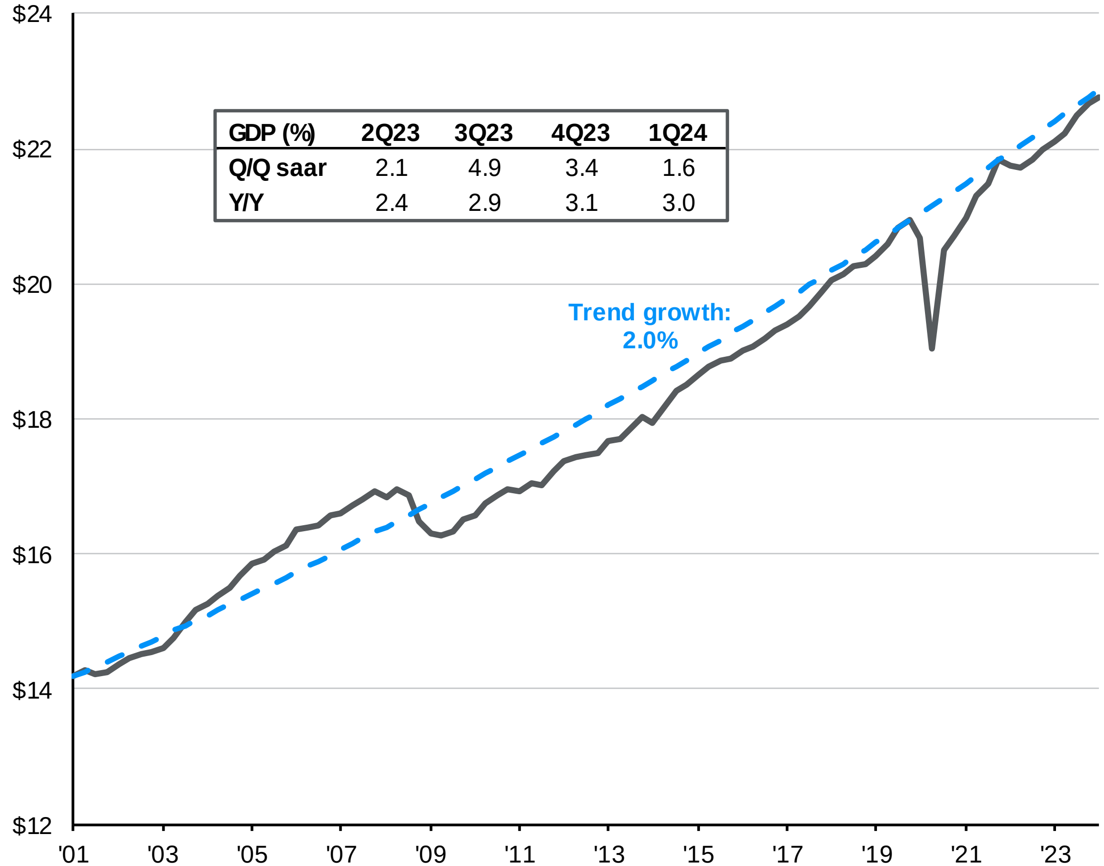
Source: Stifel CIO Office



Source: Stifel CIO Office via Federal Reserve and Bloomberg data, as of May 21, 2024

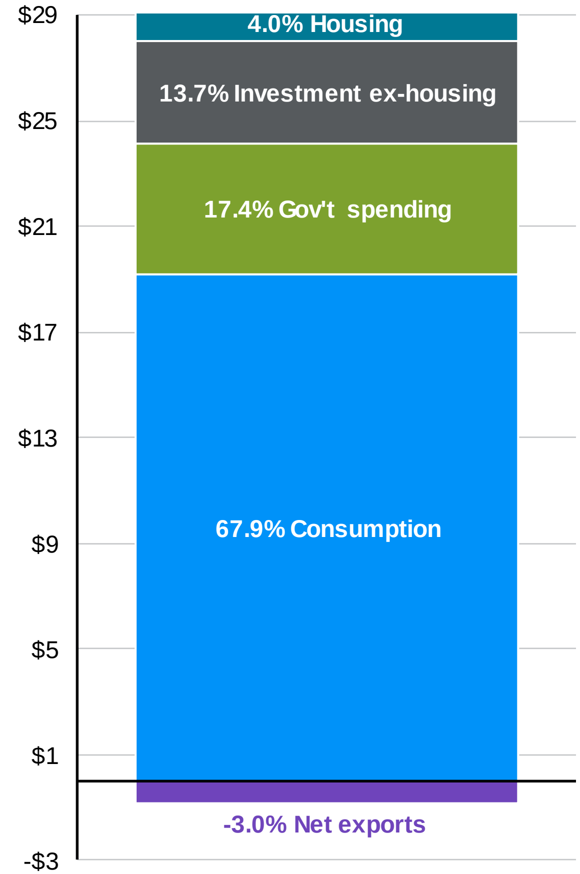
Economy

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



GDP (%)	2Q23	3Q23	4Q23	1Q24
Q/Q saar	2.1	4.9	3.4	1.6
Y/Y	2.4	2.9	3.1	3.0

Components of GDP
1Q24 nominal GDP, USD trillions

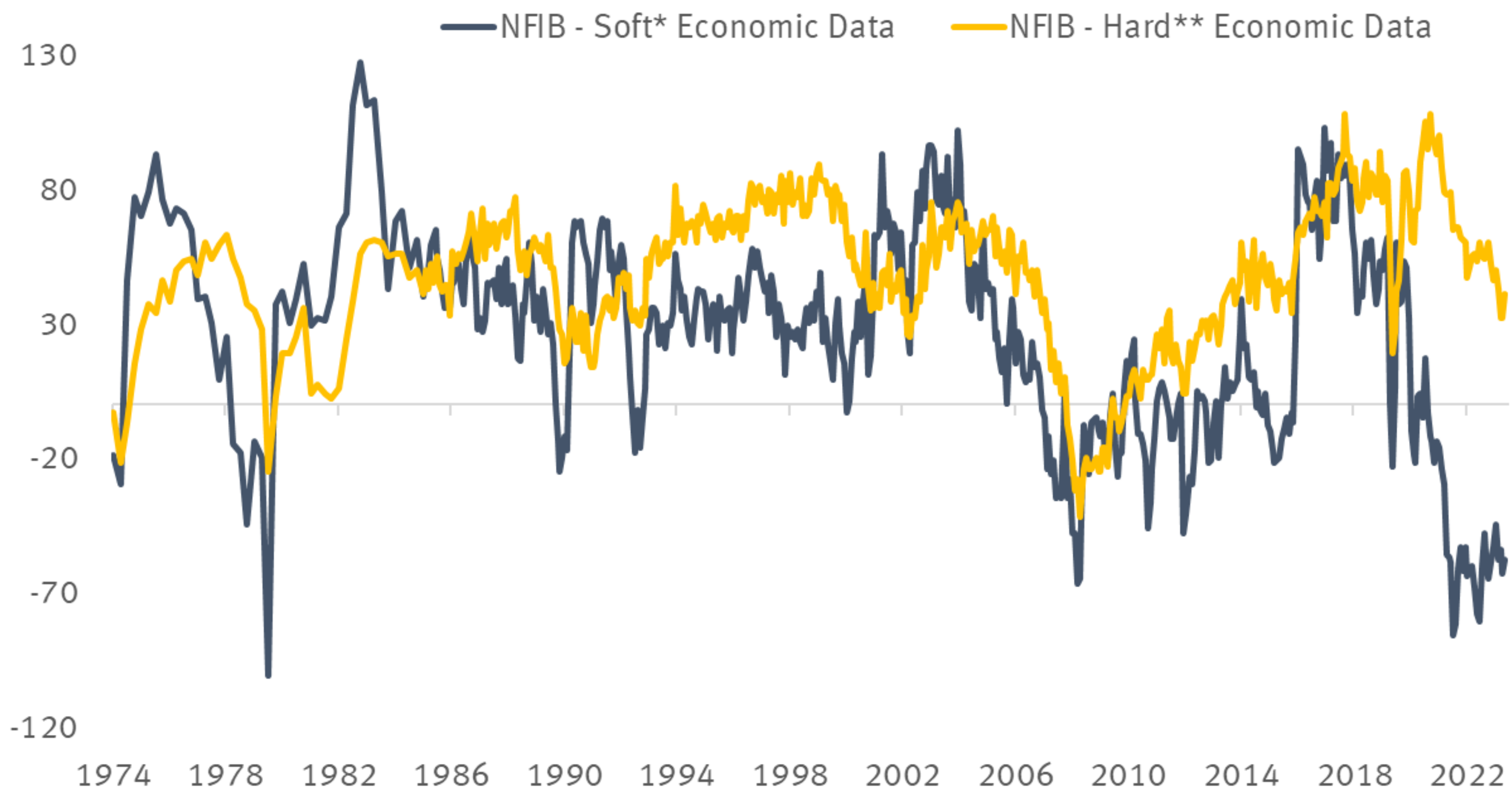


Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1Q01 to business cycle peak 4Q19.
Guide to the Markets – U.S. Data are as of May 21, 2024.

U.S. GDP	Date of Estimate	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024	2025
Consensus Estimates	**5/15/2024**	**2.2**	**2.1**	**4.9**	**3.4**	**2.5**	**1.6**	**1.7**	**1.3**	**1.5**	**2.4**	**1.7**
Consensus Estimates	January	*0.1*	*-0.6*	*0.0*	*0.9*	*0.3*	*1.5*	*1.8*	*1.0*	*1.6*	*1.3*	*1.7*
Stifel	5/9/2024	1.2	1.8	2.6	1.9	2.8	1.9	2.4	2.1	1.7	2.6	1.6
Goldman Sachs	5/15/2024	1.5	2.5	4.6	2.1	2.8	3.1	3.0	2.5	2.4	2.8	2.2
Capital Economics	5/10/2024	1.2	1.4	3.5	1.9	2.4	2.5	2.9	1.4	1.5	2.6	2.0
Strategas	5/13/2024	1.0	1.6	3.0	2.0	2.4	2.5	1.8	2.0	2.0	2.5	1.9
UBS	5/10/2024	1.5	1.6	4.7	1.4	2.4	2.1	2.3	1.0	0.9	2.4	1.4
Wells Fargo	5/8/2024	0.6	0.9	4.7	1.7	2.4	2.2	2.7	1.9	1.5	2.6	2.4
Bloomberg Economics	5/13/2024	1.2	1.5	4.9	1.1	2.4	2.7	1.8	1.2	1.0	2.3	1.6
Barclays	5/10/2024	1.5	1.5	5.0	2.0	2.5	2.5	2.5	2.0	1.5	2.6	1.6
JPMorgan Chase	5/10/2024	1.1	1.7	4.3	2.0	2.5	2.3	2.5	1.0	1.0	2.4	1.7
Federal Reserve**	3/20/2024					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 May 15, 2024. Federal Reserve (Fed) estimates are as of March 20, 2024.

NFIB Optimism Index Components



Source: Stifel CIO Office via Fundstrat, as of May 20, 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.

CONSUMER SPENDING: EARNINGS SEASON

"Strong labor markets and solid wage growth remain in countries across the globe. This is supportive of **healthy consumer spending**" - MasterCard CEO Michael Miebach

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

""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

"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

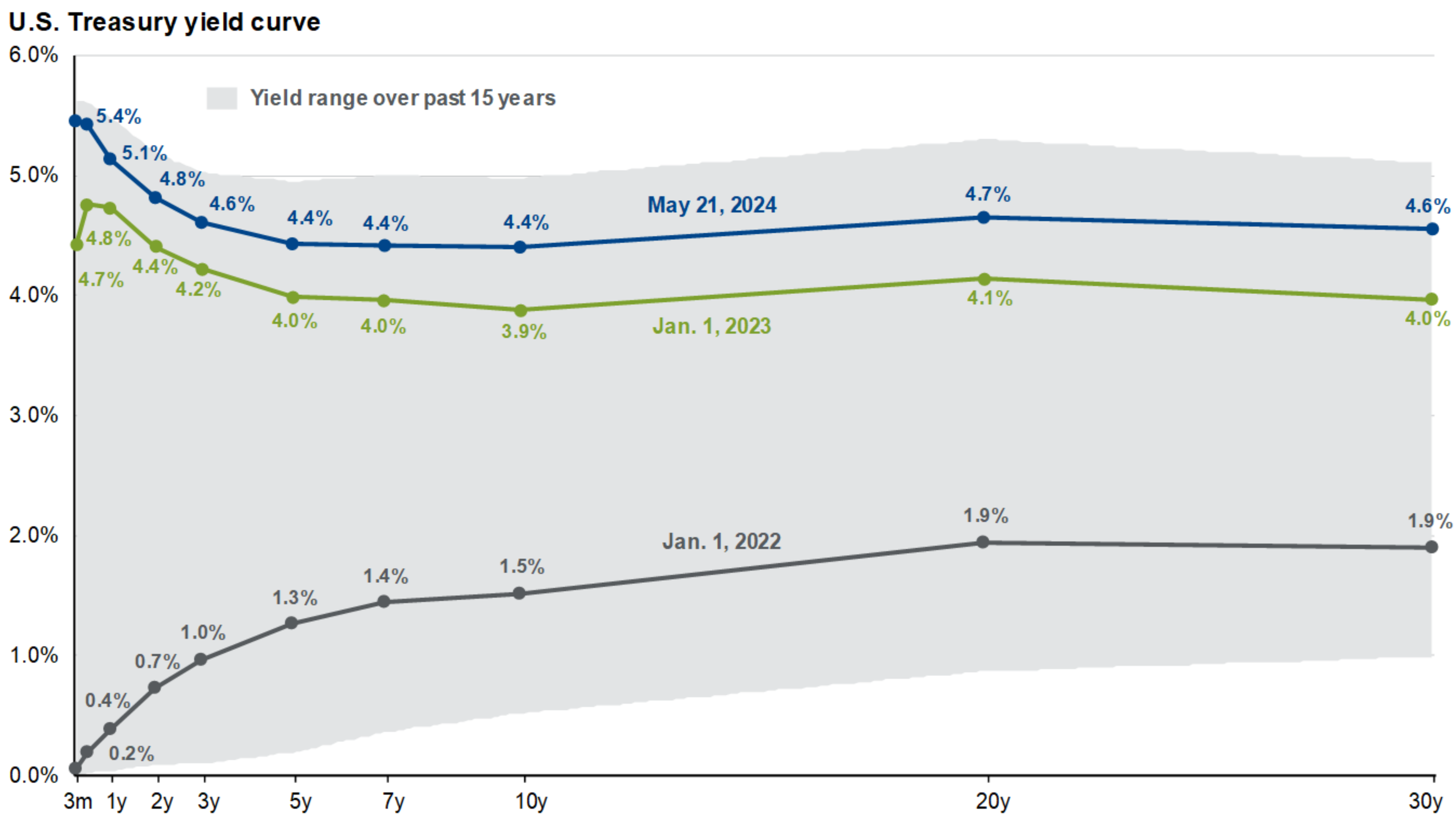
"Spending patterns of consumers using our debit and credit cards remain **generally consistent and continue to grow year over year.** Consumer credit is performing as we expect."- Wells Fargo CEO Charles Scharf

"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

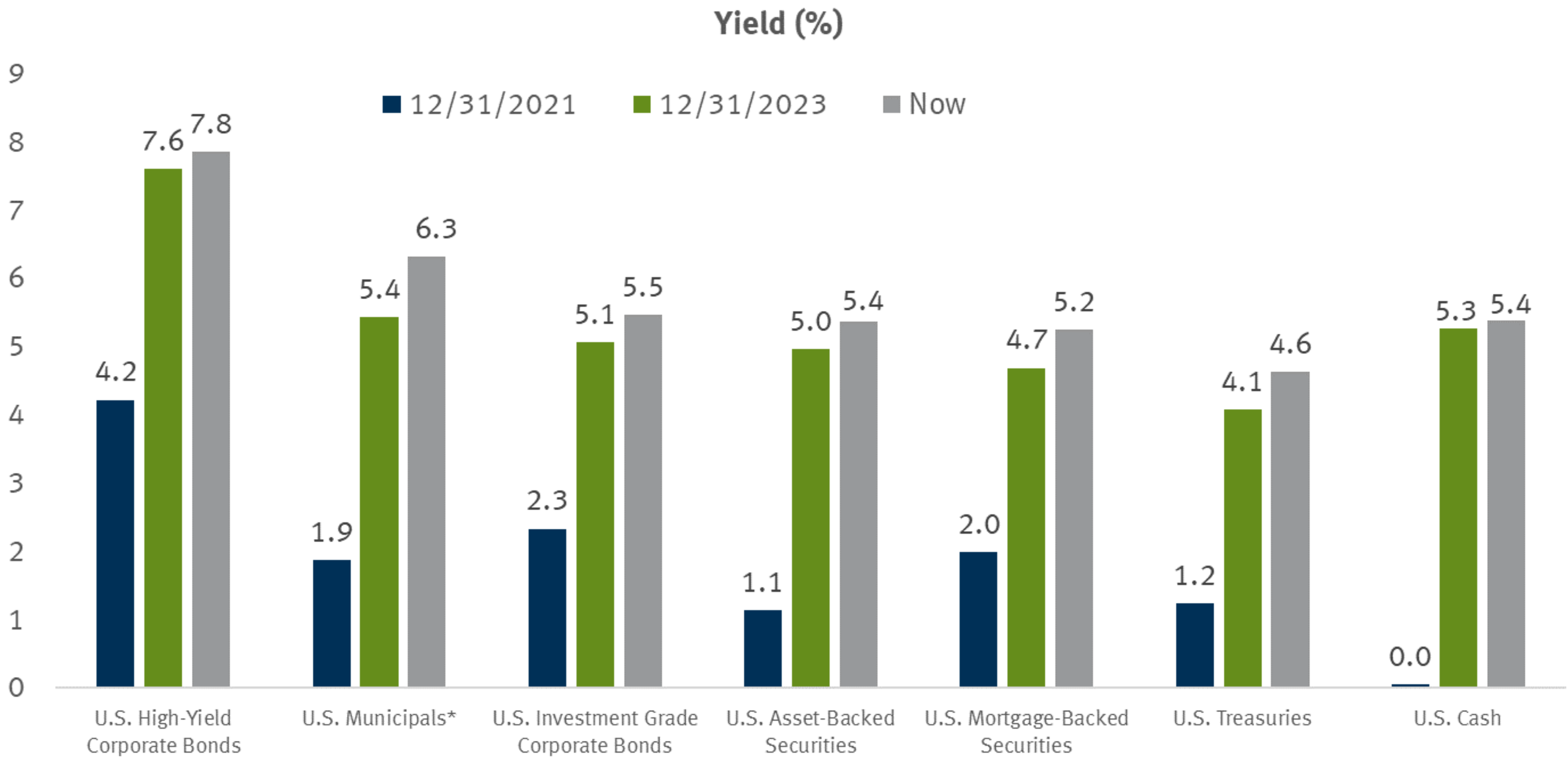
"So, I would **say consumer customers are fine**...The amount of income they need to service their debt is still kind of low....So whatever happens, the customer is in pretty good shape. – JPMorgan CEO Jamie Dimon

"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

Markets



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of May 21, 2024



**Based on taxable equivalent yield. Taxable equivalent yield assumes a 37% federal tax and 3.8% net investment income tax.*

Source: Stifel CIO Office via Bloomberg, as of May 21, 2024

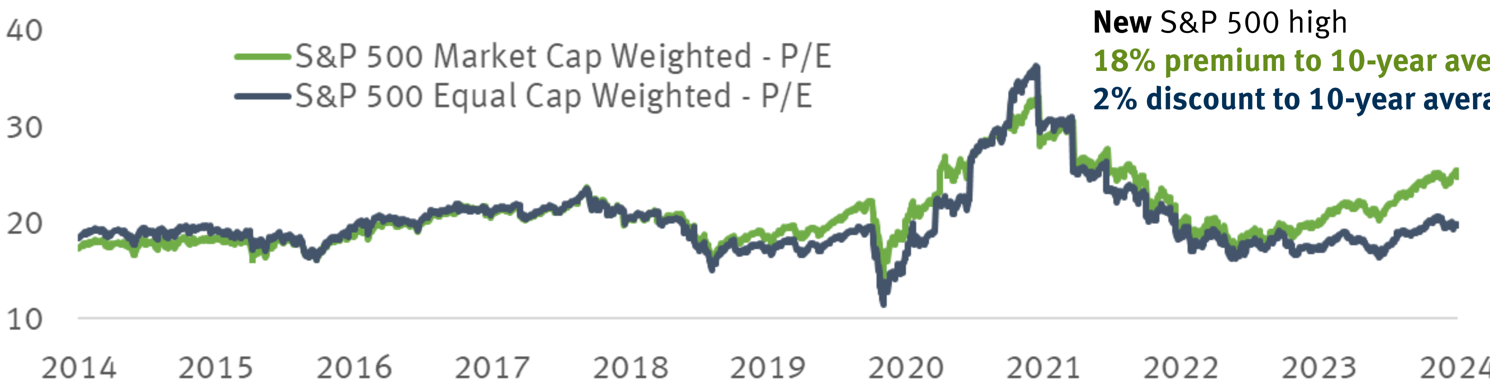
NEAR-TERM RISKS AND OPPORTUNITIES

Current S&P 500 Index Level

EPS	EPS Forward P/E						
	18x	19x	20x	21x	22x	23x	24x
$255	4,590	4,845	5,100	5,355	5,584	5,865	6,225
$250	4,500	4,750	5,000	5,250	5,475	5,750	6,103
$243	4,374	4,617	4,860	5,103	5,321	5,589	5,932
$240	4,320	4,560	4,800	5,040	5,256	5,520	5,858
$230	4,140	4,370	4,600	4,830	5,037	5,290	5,614
$218	3,924	4,142	4,360	4,578	4,774	5,014	5,321
$210	3,780	3,990	4,200	4,410	4,599	4,830	5,126

Consensus 2024 EPS

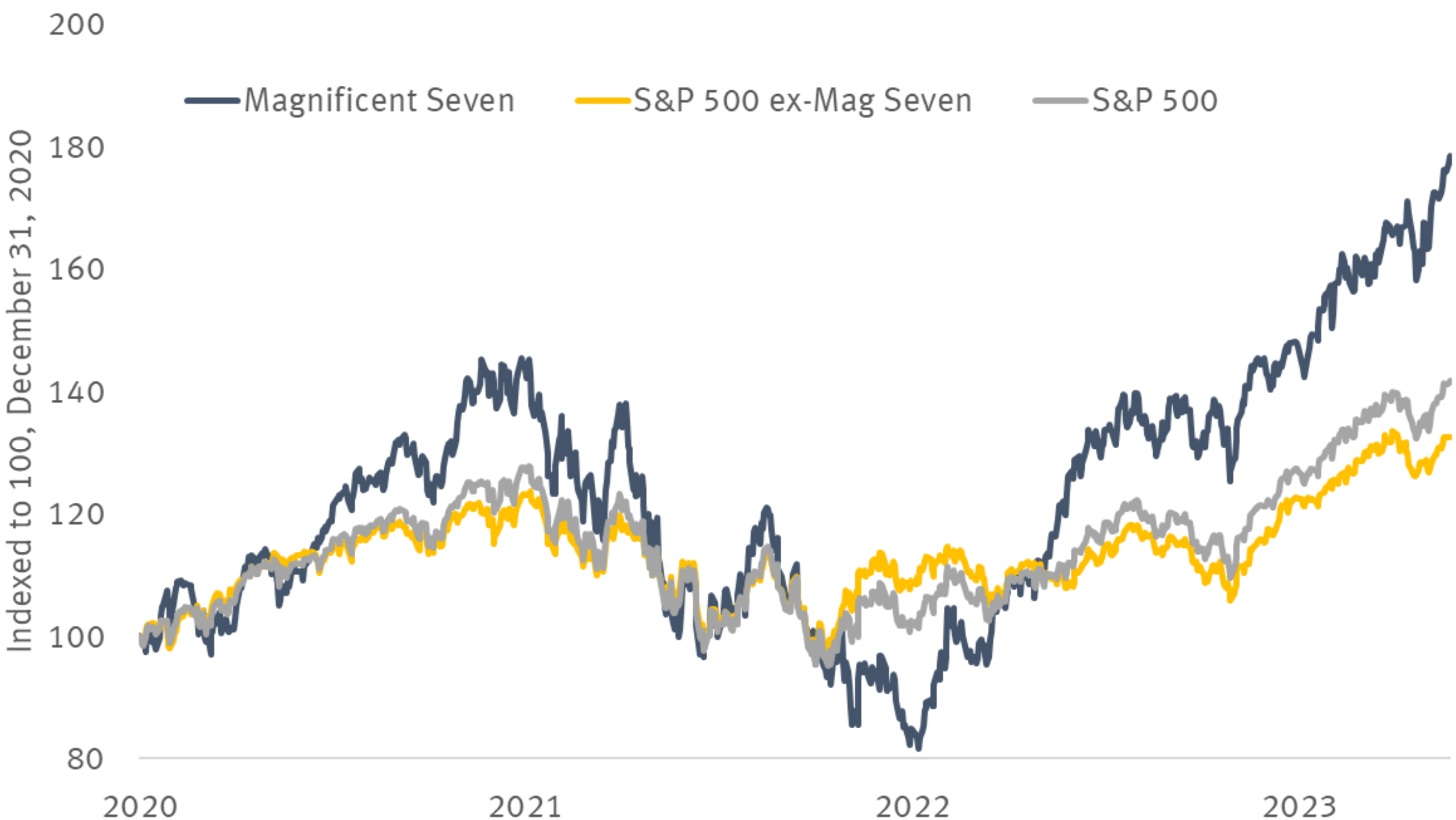
Consensus 2023 EPS



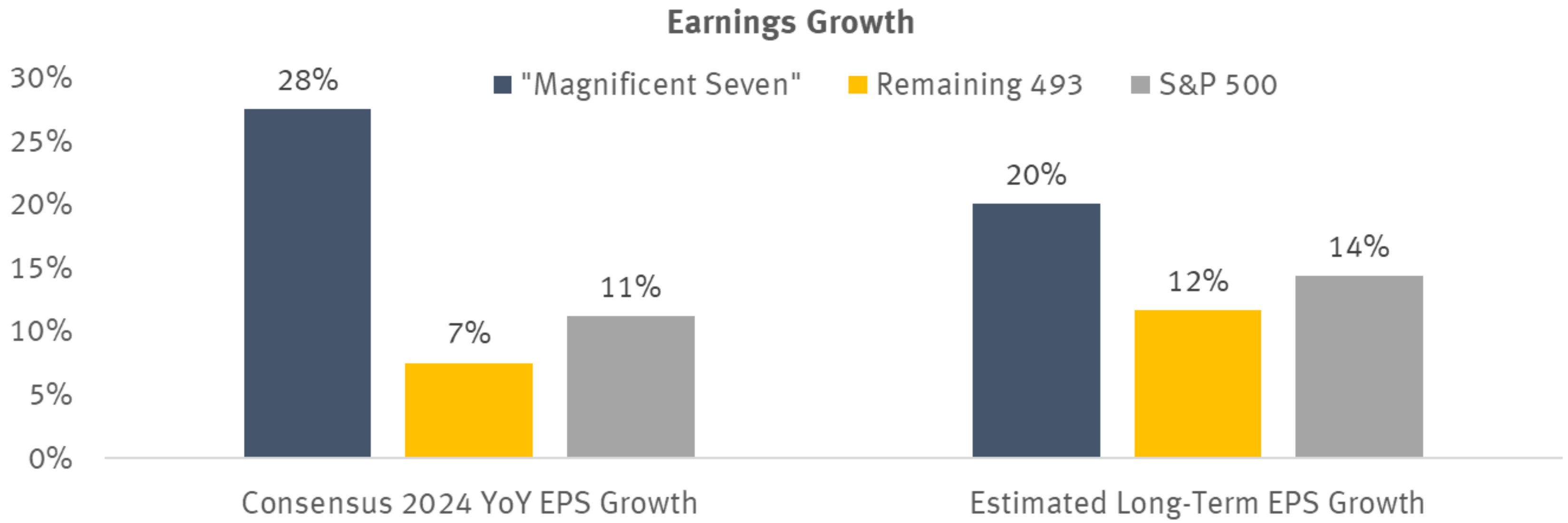
New S&P 500 high
18% premium to 10-year average
2% discount to 10-year average

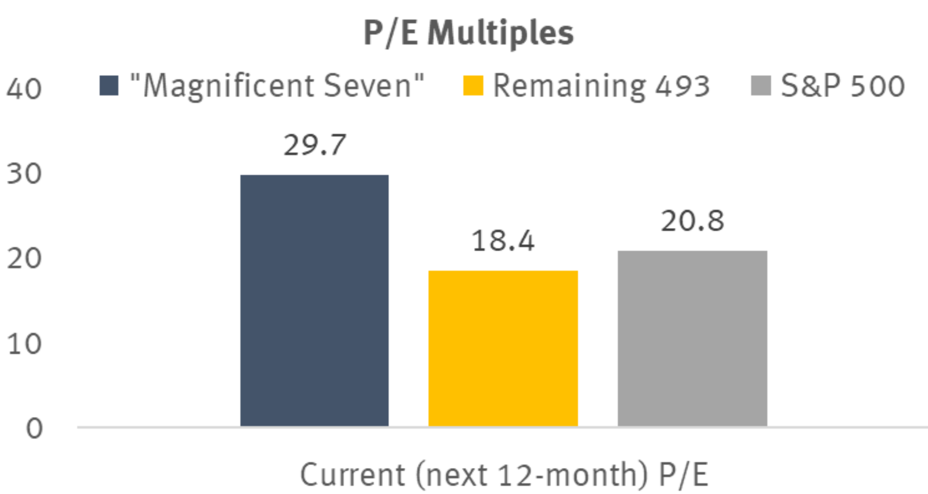
Source: Stifel CIO Office via Bloomberg, as of May 21, 2024
EPS = Earnings Per Share

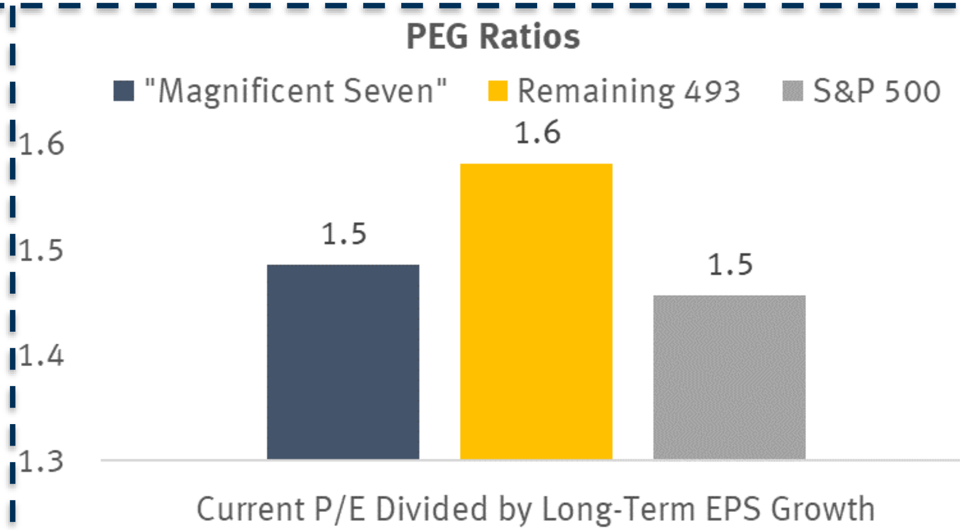
Price Return	2021	2022	2023	2024 YTD
Magnificent Seven	42%	-40%	74%	21%
S&P 500 ex-Mag Seven	23%	-12%	13%	8%
S&P 500	27%	-19%	24%	12%



Price returns shown above.
Source: Stifel CIO Office via Bloomberg, as of May 21, 2024. Magnificent seven includes Apple, Amazon, Alphabet, Meta Platforms, Microsoft, NVIDIA, Tesla.





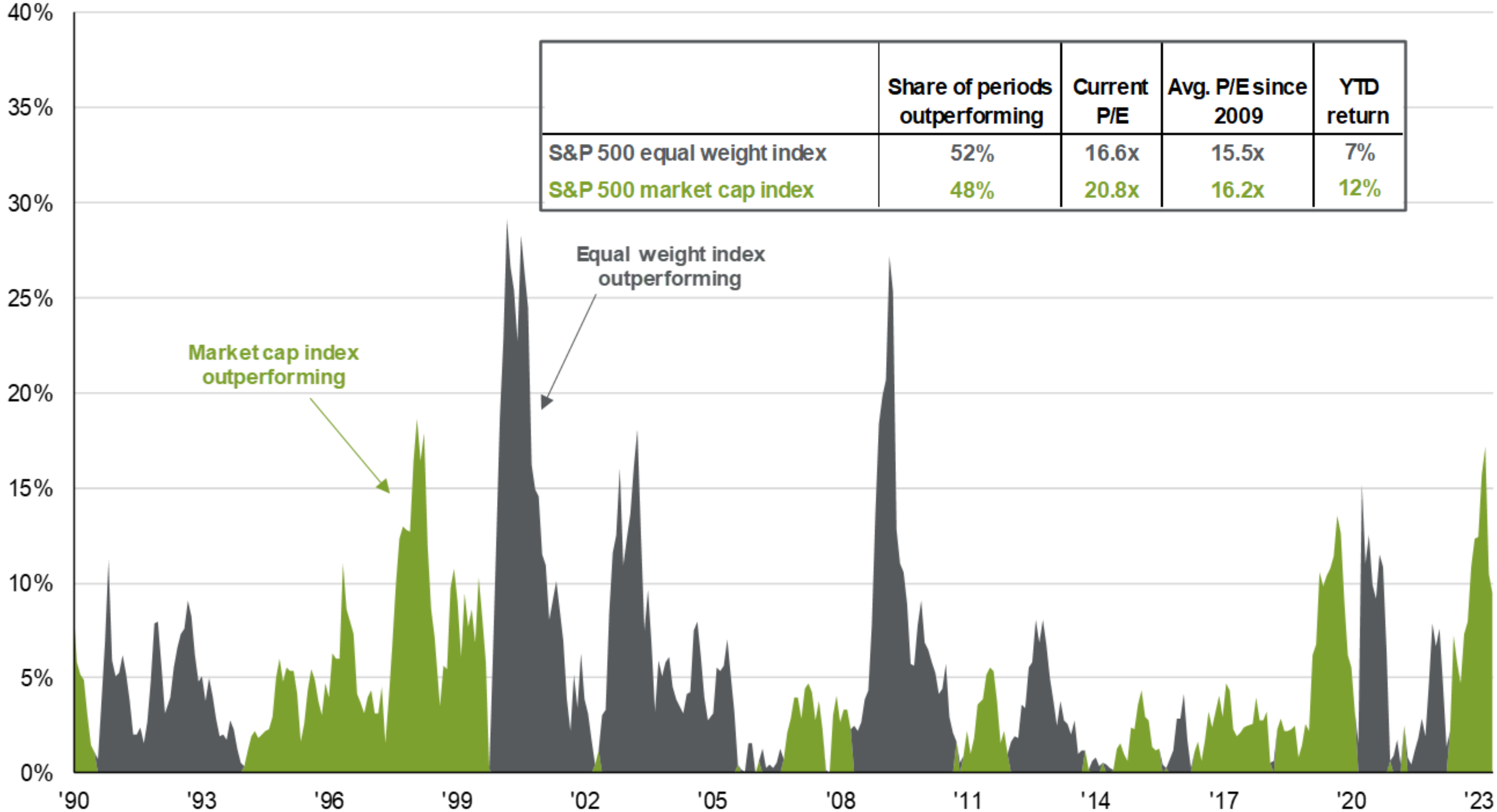


Source: Stifel CIO Office via FactSet, as of May 20, 2024

Index	2021	2022	2023	2024
S&P 500 Index	28.7%	-18.1%	26.3%	12.2%
S&P 500 Eq. Weight.	29.6%	-11.5%	13.8%	6.9%
S&P 500 Financials	34.9%	-10.6%	12.1%	12.5%
KBW Reg. Banking	36.7%	-6.9%	-0.4%	-6.2%
Bloomberg U.S. 1000 Value	28.6%	-2.5%	9.4%	8.6%
Bloomberg U.S. 1000 Growth	26.1%	-27.5%	36.1%	13.0%
UBS Magnificent Seven Index	39.9%	-40.0%	75.9%	20.7%
NYSE FANG+ Index	17.7%	-40.0%	96.4%	21.2%
Bloomberg U.S. 2000	18.6%	-20.1%	17.1%	3.0%
MSCI EAFE Index	11.3%	-14.5%	18.2%	8.1%
MSCI EM Index	-2.5%	-20.1%	9.8%	7.7%
Bloomberg U.S. Agg	-1.5%	-13.0%	5.5%	-1.3%

Source: Stifel CIO Office via Bloomberg, as of May 21, 2024

S&P 500 market cap and equal weight relative performance
Rolling monthly y/y total returns, outperformance = high - low



	Share of periods outperforming	Current P/E	Avg. P/E since 2009	YTD return
S&P 500 equal weight index	52%	16.6x	15.5x	7%
S&P 500 market cap index	48%	20.8x	16.2x	12%

Source: FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of May 21, 2024.

Looking Forward

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

World's largest economies may be evolving…

GDP

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

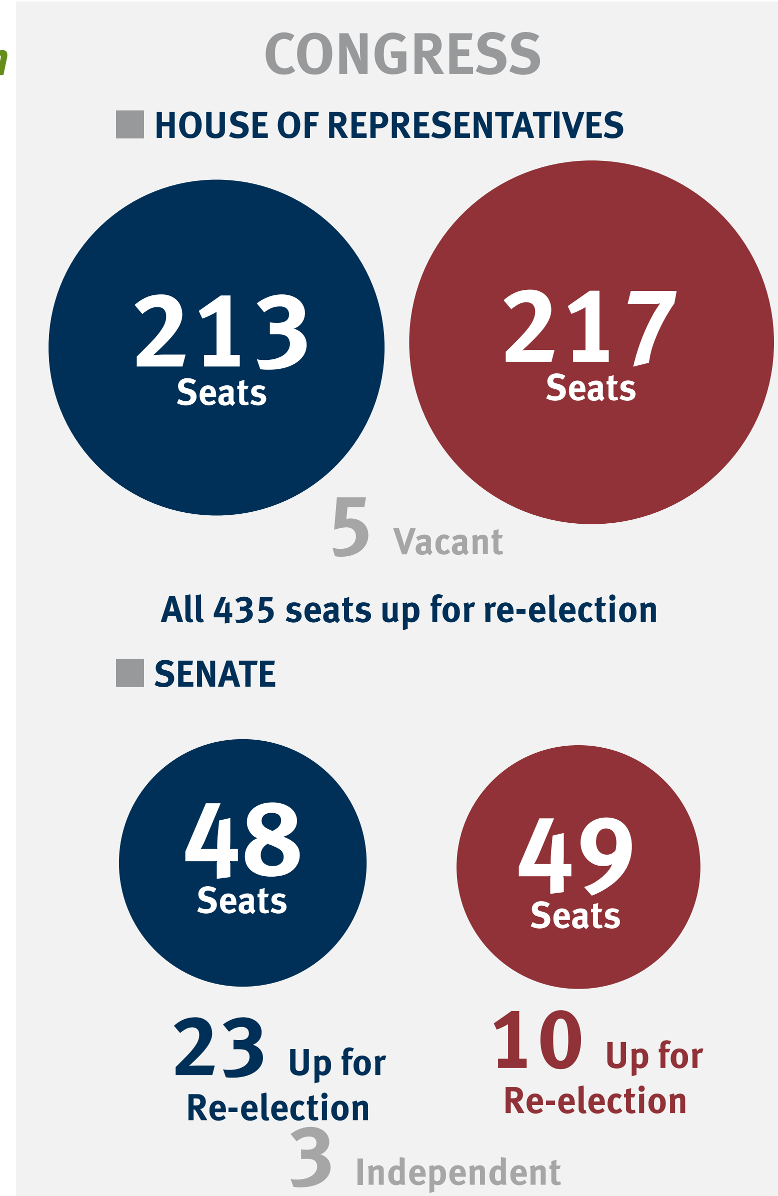
*Source: An Economist's Guide to the World in 2050 via Bloomberg

Sight|Lines: The 2024 Election Supercycle Brings Into Focus an Evolving World Order

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



NAVIGATING KEY DATES

May	
1	Fed Policy Decision
3	Employment
10	Consumer Sentiment
15/31	Inflation
15	Retail Sales
22	Federal Open Market Committee (FOMC) Minutes
23	Housing

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

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

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:

WEEKLY | MONTHLY | QUARTERLY

VIDEO | PODCAST | NEWSLETTER

VIDEO | PODCAST | NEWSLETTER

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	COMMENTS
U.S. Equity vs. Non-U.S. Equity	Neutral	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	Underweight	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	Neutral	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	Neutral	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	Underweight	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: Underweight	CURRENT: Neutral	CURRENT: Overweight	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.
FIXED INCOME	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.
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.
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.

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 UBS Magnificent Seven Index tracks a group of seven of the largest mega cap tech stocks listed in the U.S. The stocks mirror their respective S&P 500 weight reweighted pro-rata. Created October 2023 – rebalanced and reconstituted semi-annually.

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.

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