



INVESTMENT STRATEGY BRIEF:

A Smooth Flight Perhaps...
Or Turbulence Ahead?

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STIFEL

Artificial Intelligence

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Artificial Intelligence

THE FIVE THEMES



FOURTH INDUSTRIAL REVOLUTION

Technological innovation has broken down the boundaries between the physical, digital, and biological worlds.

Data as an Asset
|
Enhanced Computing
|
Smart World
|
Workforce Optimization



SECURING STRATEGIC RESOURCES

Companies and governments are prioritizing the development and protection of critical industries, resources, and services.

Food and Water Security
|
Modern Energy Systems
|
New Materials
|
Circular Economy



SHIFTING DEMOGRAPHICS

Changes in global population dynamics will bring about challenges and opportunities.

Millennials
|
Global Middle Class
|
Aging Population
|
Future of Health



THE NEW CONSUMER

Consumer preferences, expectations, and behavior are altering business models and corporate strategies.

Reimagined Convenience
|
Digitalization of Human Connectivity
|
Future of Finance
|
Future of Leisure

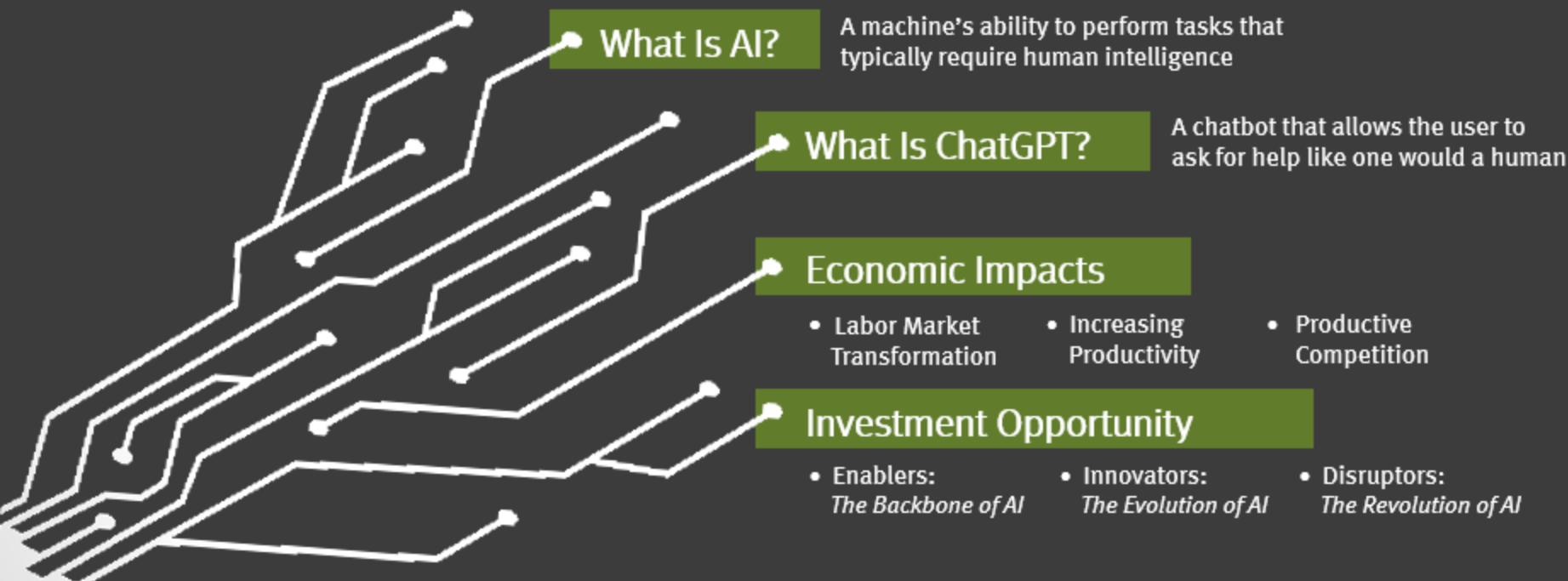


PRODUCTIVE COMPETITION

Rivalry ultimately drives innovation, improves quality of life, and creates value for consumers and the economy.

Power Play
|
Geopolitical Tensions
|
Space Race
|
Transforming Business Models

Get to Know Our Long-Term Investment Themes



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

By 2030  **One-Third** of hours worked could be automated

In **200 seconds**, a quantum computer can solve a problem that the world's current fastest computer would need **10,000 years** to compute

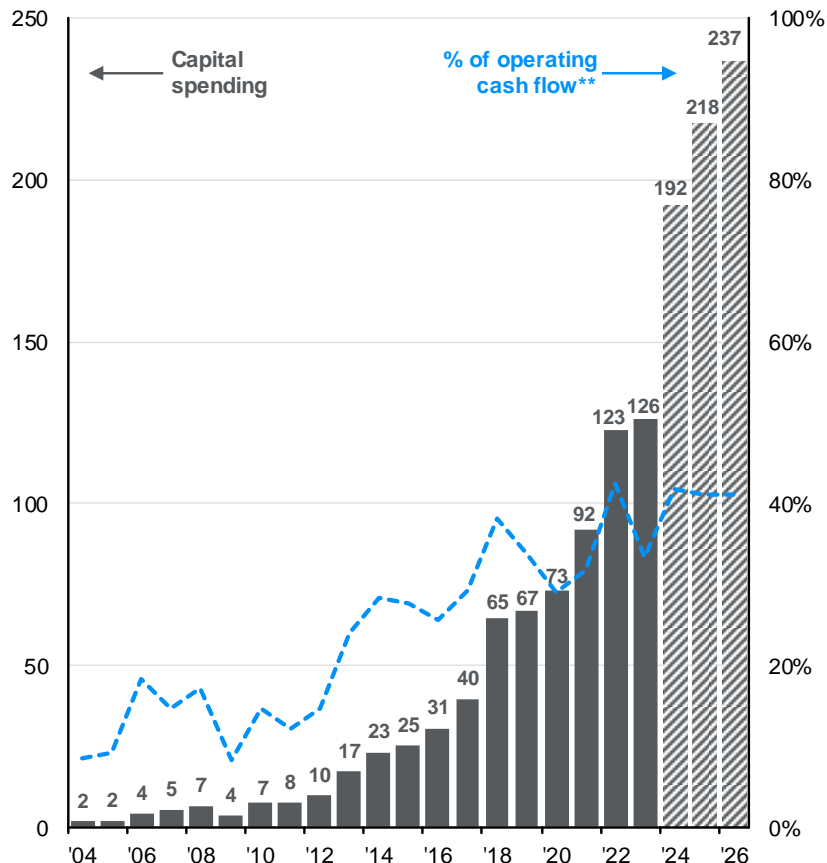
Global GDP is estimated to be 14% higher in **2030 - \$15.7 trillion.**
 Productivity Enhancements: **\$6.6 trillion**
 Product Enhancements: **\$9.1 trillion**

Sources: Stifel CIO Office via Oberlo, McKinsey & Company, Google as of June, 2023, PricewaterhouseCoopers, Global Artificial Intelligence Study (2017).

Media and Entertainment	Financials	Healthcare	Real Estate	Consumer Experience	Logistics
Automated content creation	Market analytics	Illness detection	Listing descriptions	Travel agents	Traffic analysis
AI generated media (ex: music and video)	Credit scoring improvements	Genomic data analysis	Aerial property surveys	Self service technology	Route optimization
Audience analytics	Fraud detection algorithms	Drug development	Dynamic pricing strategies	Smart shopping	Drone and robot deliveries
Automated subtitles and captioning	New investment product offerings	Medical image interpretation	Property valuation models	Anticipate needs and potential issues	Autonomous fleet
Video game design	Portfolio optimization tools	Medical record analytics	Tenant screening		Warehouse space utilization
Editing software	Predictive loan analytics	Nurse bots	Virtual property staging and tours		Demand forecasting
Targeted advertisements	Debt management	Robotic surgery	Automated property appraisals		
Education	Industrials	Retail	Agriculture	Technology	Customer Service
Intelligent tutoring	Robot assisted assembly	Personalized shopping experience	Autonomous tractors	AI-related consulting	Insurance claims
Test grading systems	Digital twins	Automated checkout process	Crop and soil analytics	Automated back-office tasks	Complaint resolution
Language learning	Quality control automation	Inventory management	Water use efficiency	Automated report generation	Voice recognition systems
Curriculum optimization	Predictive maintenance	Fashion recommendations	Pest identification and control	Cybersecurity threat detection	Workflow automation
Secure online assessments	Demand forecasting	Pricing optimization	Weed detection	Data analysis	Product sentiment analysis
	Supply chain optimization	Fit and sizing recommendations	Satellite imagery	Software development	Language translation
		Visual search capabilities		Predictive maintenance	

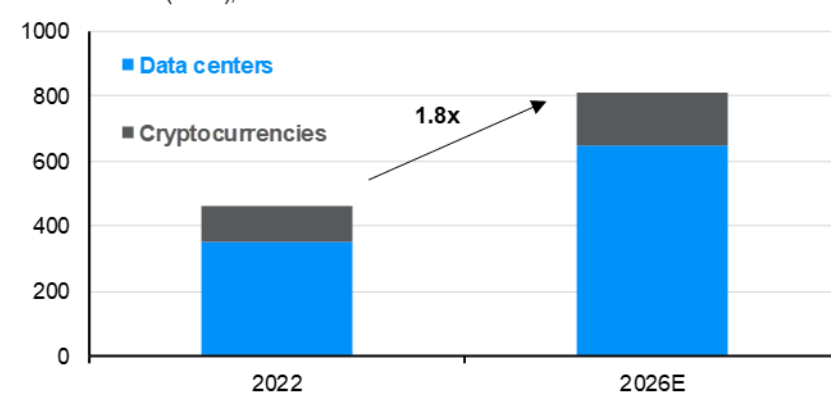
Capex from the major AI hyperscalers*

USD billions; Alphabet, Amazon (AWS), Meta, Microsoft, Oracle



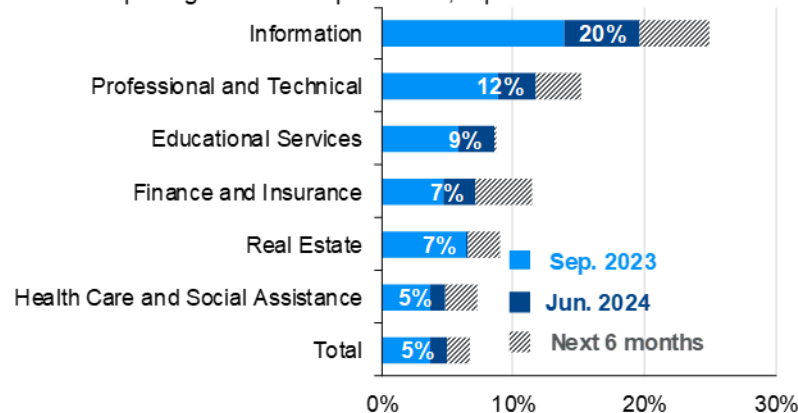
Global electricity demand from data centers and crypto

Terawatt-hour (TWh), 2022-2026**



AI adopters

% of firms reporting use of AI in production, top 6 sectors and total

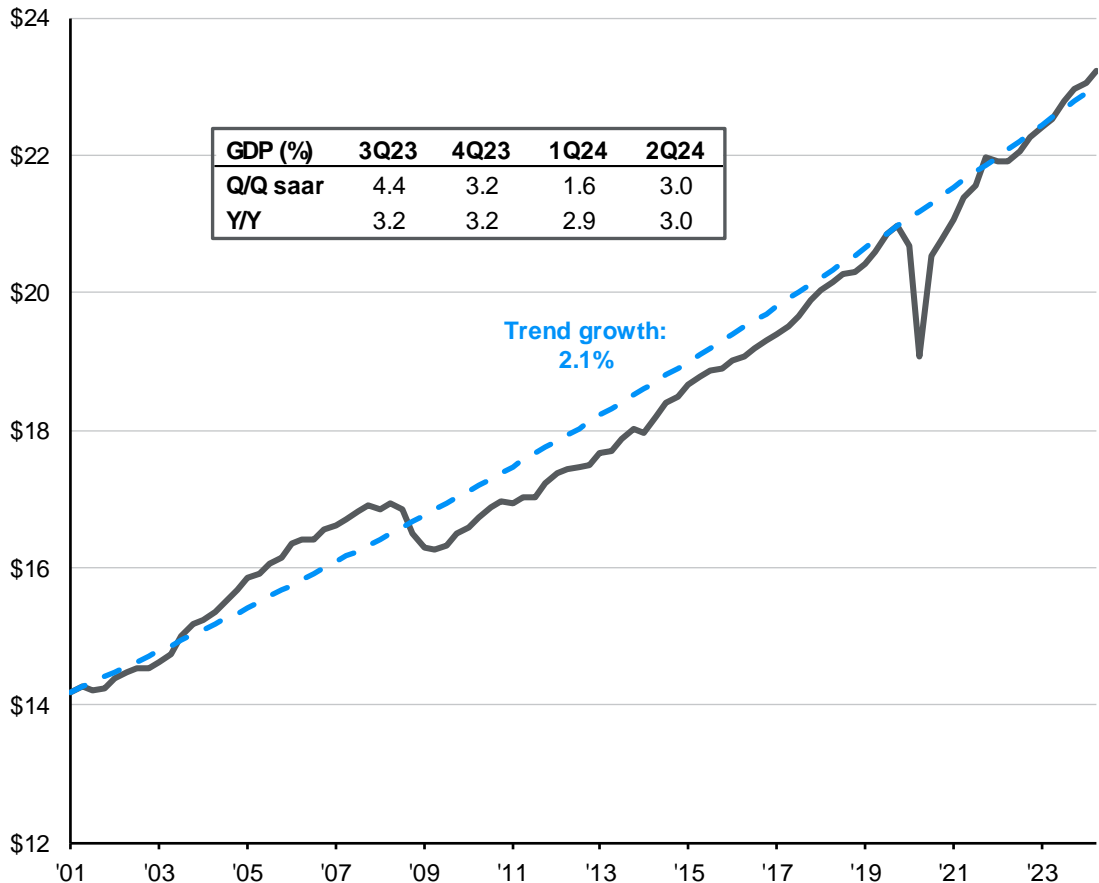


Source: J.P. Morgan Asset Management; (Left) Bloomberg (Top right) IEA; (Bottom right) Census Business Trends and Outlook Survey (AI Supplement). *Hyperscalers shown are Microsoft (Azure), Meta, Amazon (AWS), Oracle and Alphabet (Google Cloud). Data for 2024 reflects consensus estimates. For Amazon, capex for AWS from 2004 to 2012 are J.P. Morgan Asset Management estimates and 2012-Current are Bloomberg consensus estimates. **Estimates are from the IEA Electricity 2024 Analysis and forecast to 2026. Data centers include both traditional and AI dedicated data centers. Guide to the Markets – U.S. Data are as of October 15, 2024.

Economy

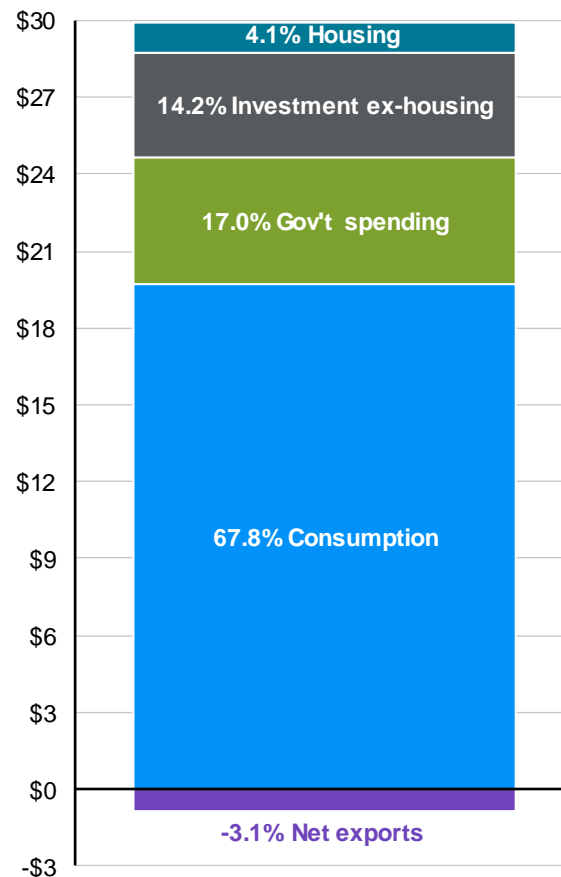
Real GDP

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



Components of GDP

2Q24 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 1Q 2001 to business cycle peak 4Q 2019.

Guide to the Markets – U.S. Data are as of October 15, 2024.

“The Uber **consumer is in great shape**. Our audience is spending on our services more frequently than ever. We **are not seeing softness or trading down** across any income cohort.”

– Uber CEO Dara Khosrowshahi (August 6)

“Both credit card and debit card spend were up in the third quarter from a year ago, and although the pace of growth has slowed, it is **still healthy**.”

– Wells Fargo CEO Charles Scharf (October 11)

“Spending patterns are solid and consistent with the narrative that the **consumer is on solid footing** and consistent with the strong labor market and the current central case of a no-landing scenario.”

– J.P. Morgan CEO Jamie Dimon (October 11)

“We entered the second quarter with an expectation that discretionary spend would remain stable. As the quarter progressed, our **customer became more discriminating**, which we attribute to ongoing macroeconomic uncertainty and an increasingly complex news cycle.”

– Macy’s CEO Antony Spring (August 21)

“Our core **consumer is financially strapped**. More consumers are resorting to credit cards for basic household needs, many of which anticipate missing a bill payment in the next six months.”

– Dollar General CEO Todd Vasos (August 29)

“The reduction of excess savings, interest rates, and inflation are **pressuring consumers’ ability to spend**. Consumers are purchasing lower-priced items, buying less, and focusing on essentials... they are **more cautious with their spending**.”

– Kroger Co. CEO Rodney McMullen (September 12)

“Activity is consistent with how customers were spending money in 2016-2019 when the **economy was growing** and **inflation was under control**.”

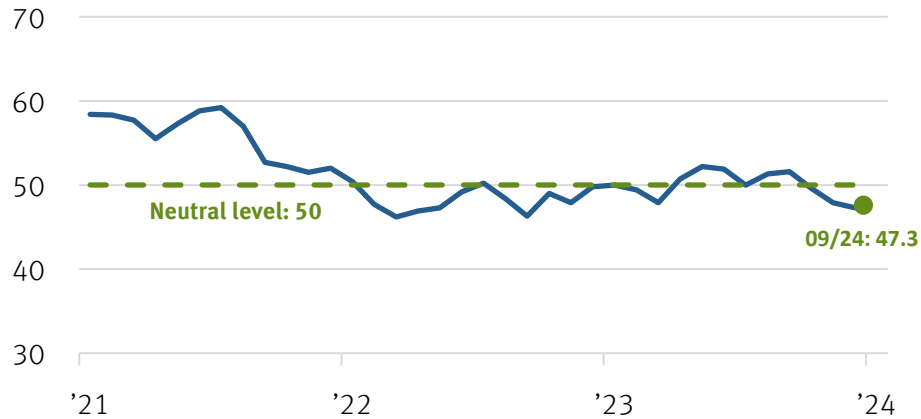
– Bank of America CEO Brian Moynihan (October 15)

“We experienced **more cautious consumer spending** during the second quarter. We are seeing a more **value-seeking customer** now versus our prior expectations.”

– Bath & Body Works CEO Gina Boswell (August 28)

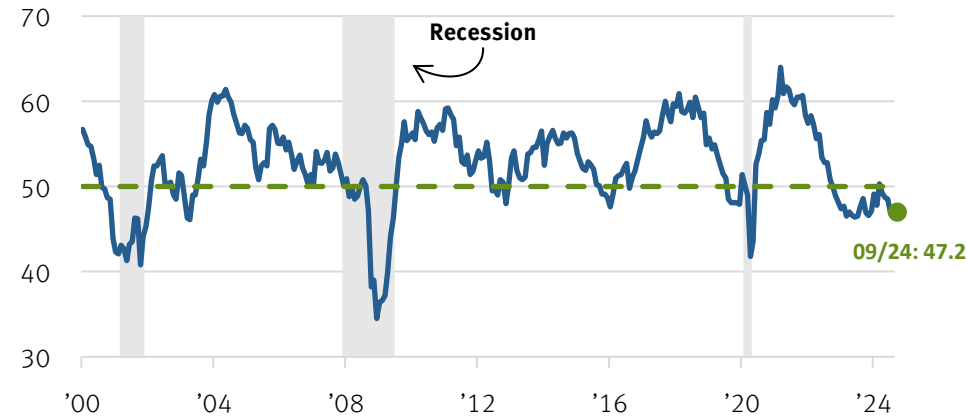
S&P Manufacturing PMI

Monthly, Seasonally Adjusted, Index Values



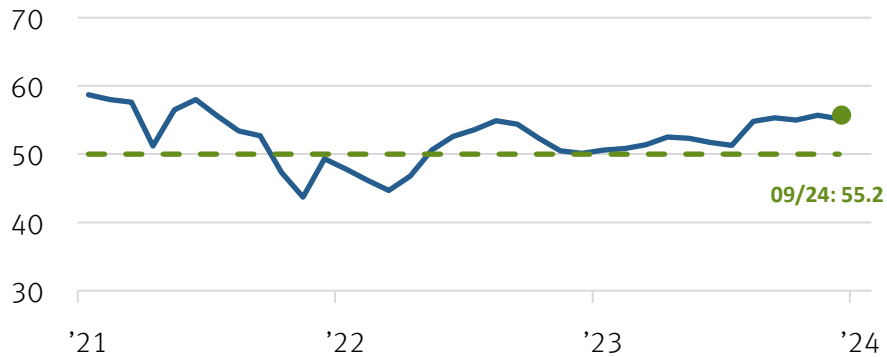
ISM Manufacturing PMI

Monthly, Seasonally Adjusted, Index Values



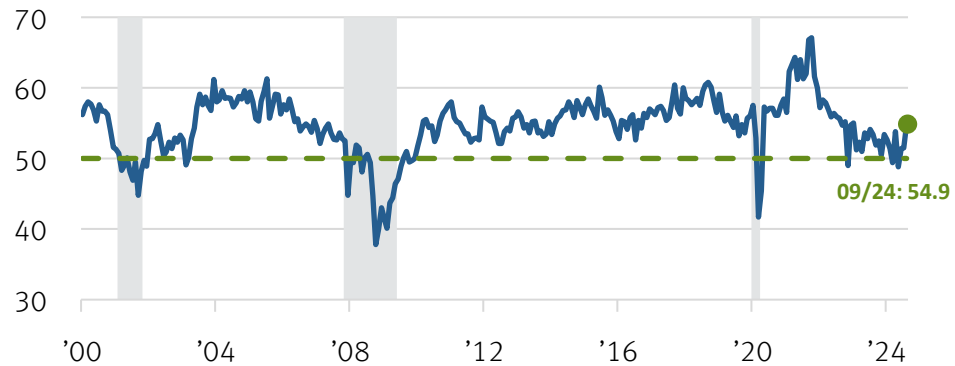
S&P Global Services PMI

Monthly, Seasonally Adjusted, Index Values



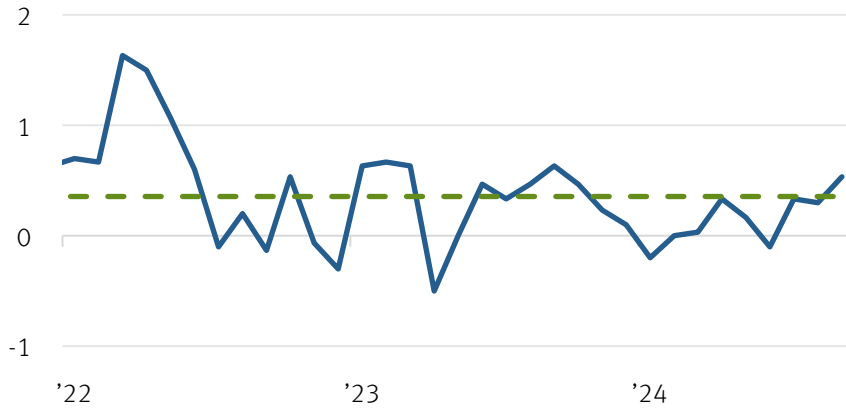
ISM Services PMI

Monthly, Seasonally Adjusted, Index Values

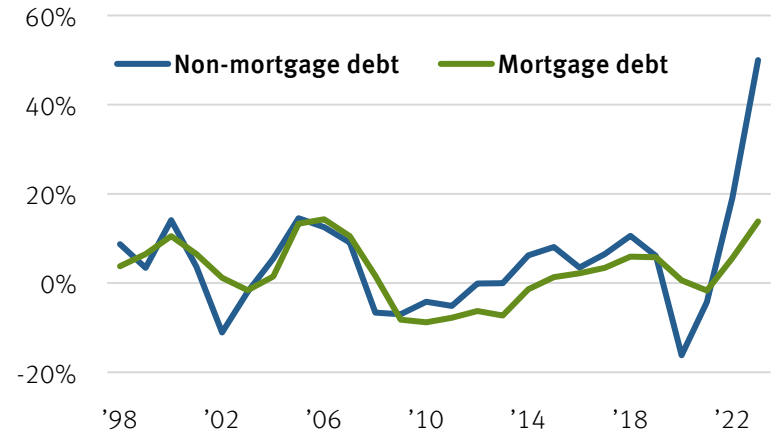


*Source: Stifel CIO Office and Bloomberg, as of October 16, 2024 * PMI = Purchasing Managers Index *PMI reading over 50 represents growth/expansion within manufacturing/service sector of the economy. A reading under 50 represents contraction. ISM = Institute of Supply Management

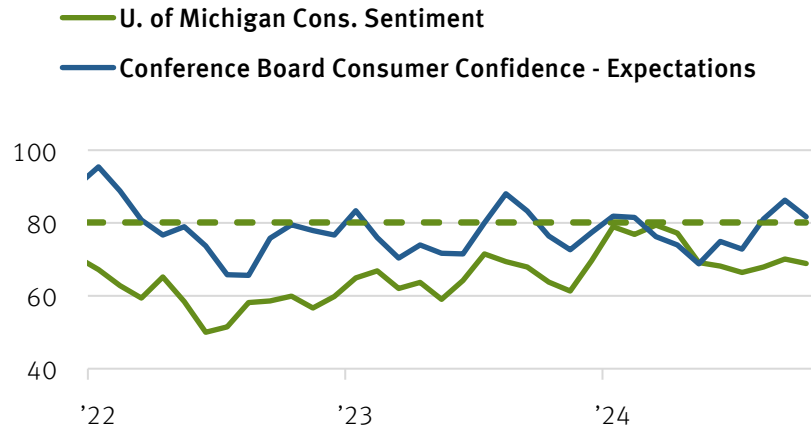
Retail Sales MoM - 3-month Moving Average



Interest paid on Cons. Debt YoY %

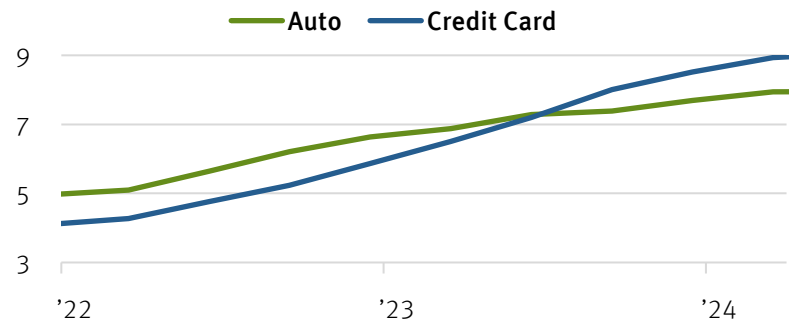


Consumer Confidence & Sentiment

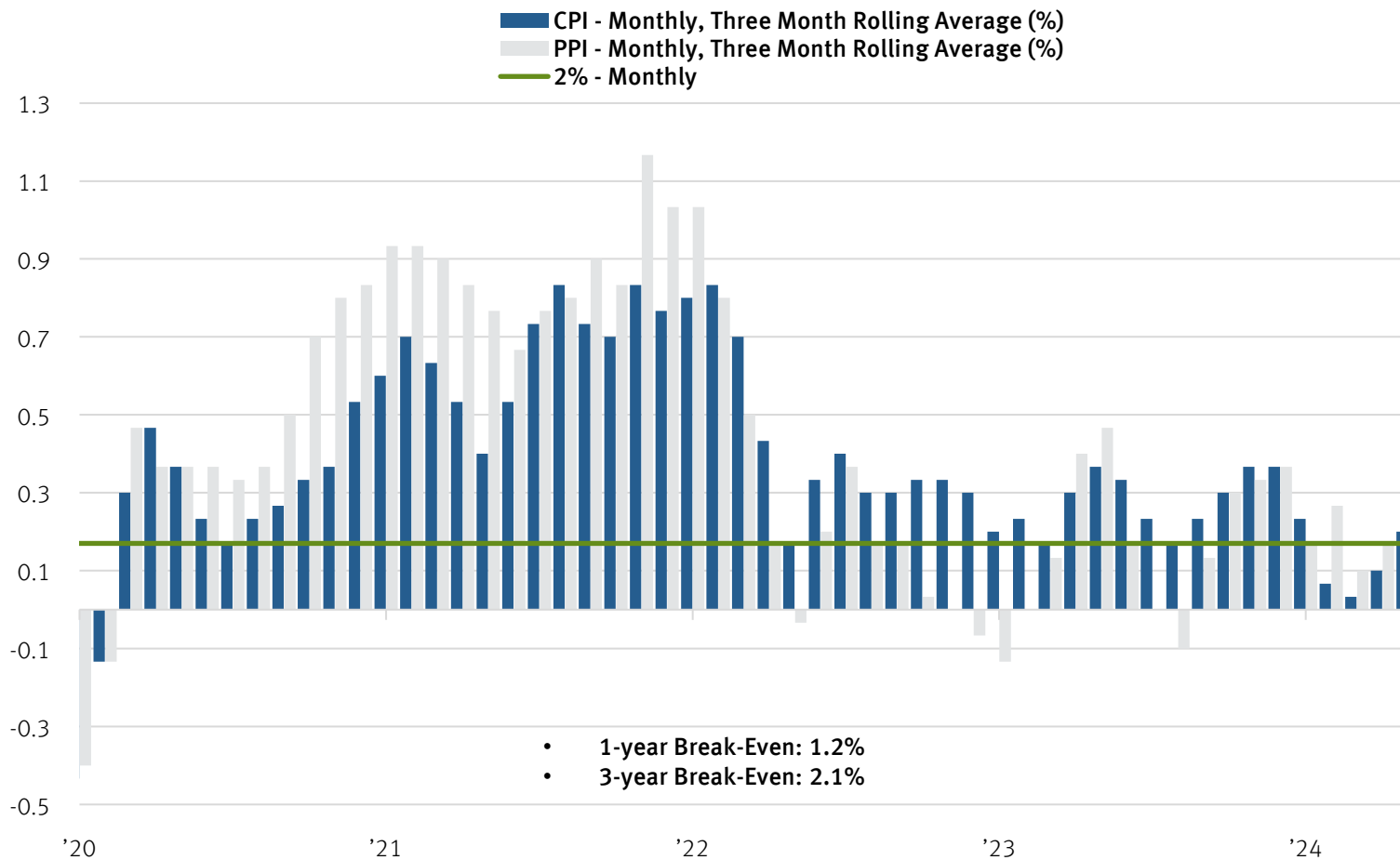


University of Michigan Consumer Sentiment

% of balance delinquent 30+ days



Source: Stifel CIO Office via Bloomberg, Bureau of Economic Analysis, and *The Wall Street Journal* as of October 17, 2024; Dashed lines represent historic averages except for Conf. Board Cons. Confidence Expectations. MoM = Month Over Month. YoY = Year Over Year; For interest paid on Consumer Debt, annual values are shown.



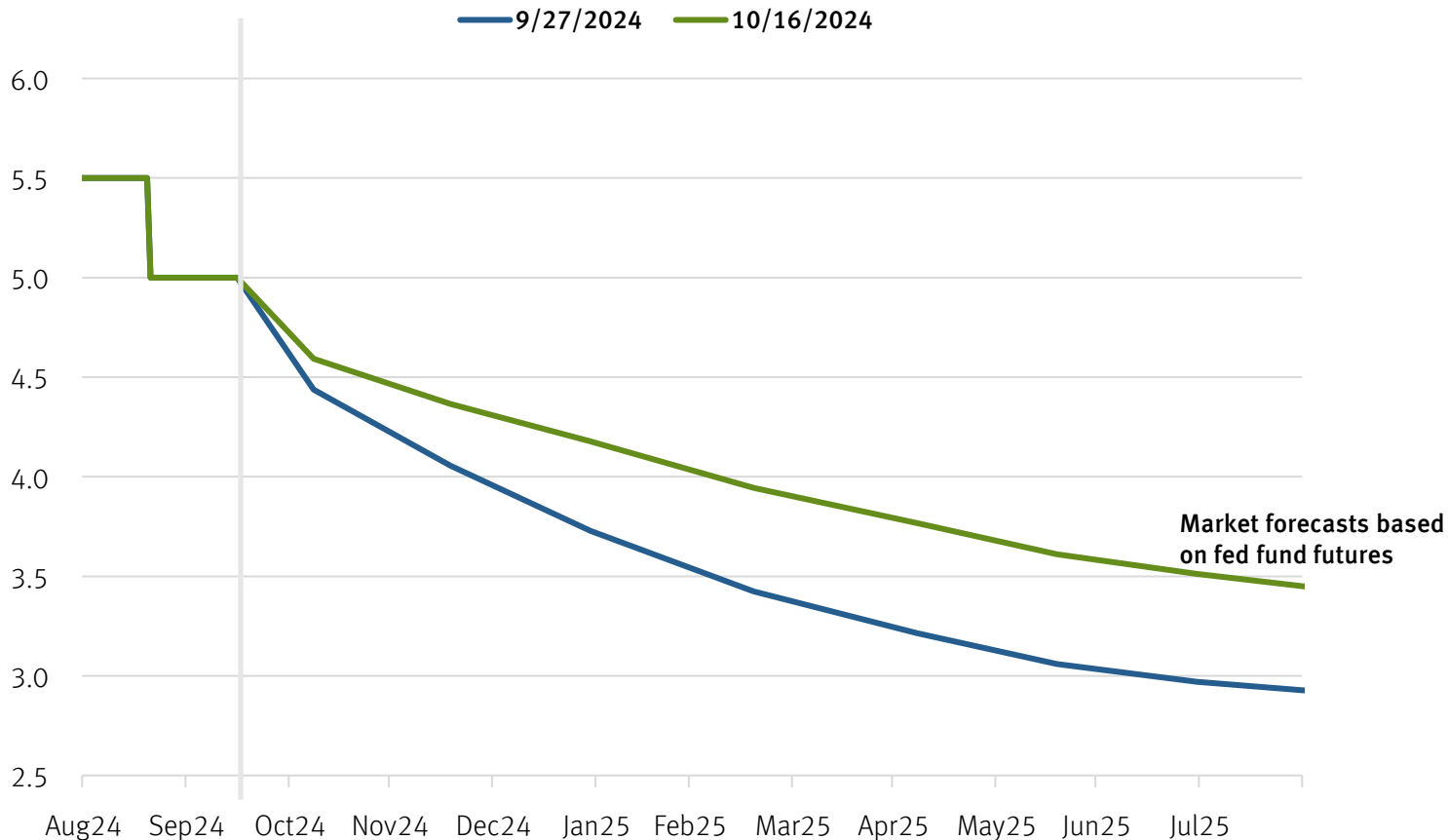
Source: Stifel CIO Office via Bloomberg, as of October 16, 2024

CPI = Consumer Price Index

PPI = Producer Price Index

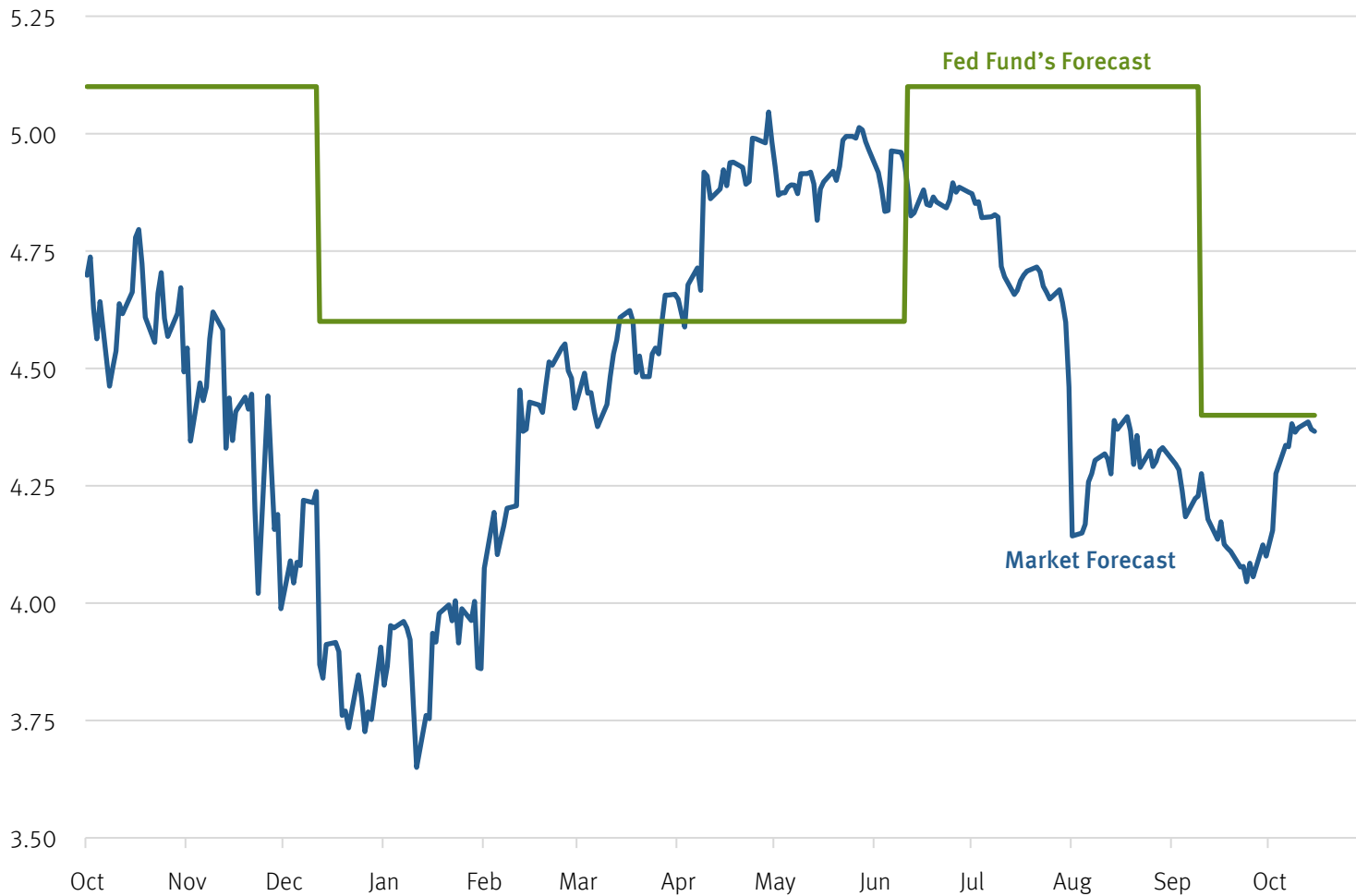
Fed = Federal Reserve

Fed Funds Target Rate - Upper Bound



Source: Stifel CIO Office via Bloomberg, as of October 16, 2024

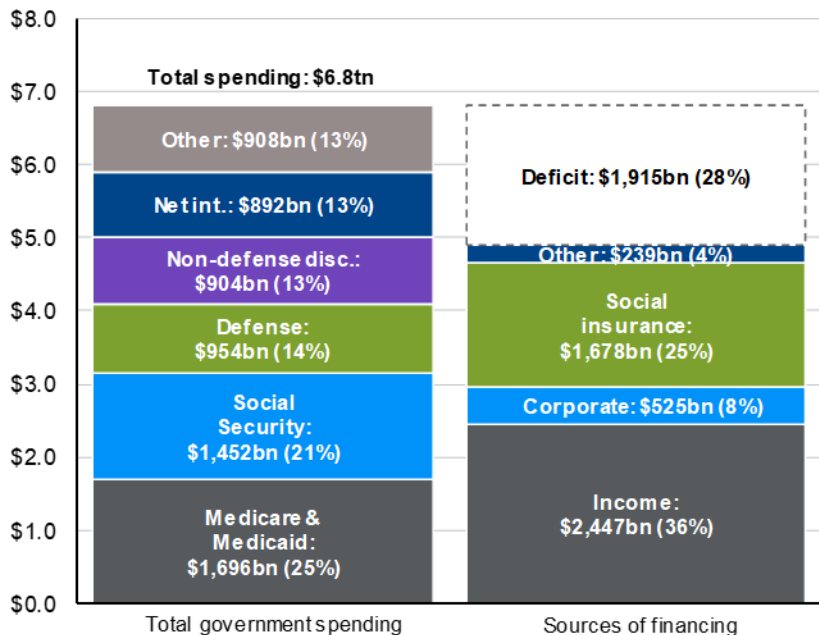
Federal Funds Rate Forecast for the End of 2024



Source: Stifel CIO Office via Federal Reserve and Bloomberg data, as of October 16, 2024

The 2024 federal budget

USD trillions



CBO's Baseline economic assumptions

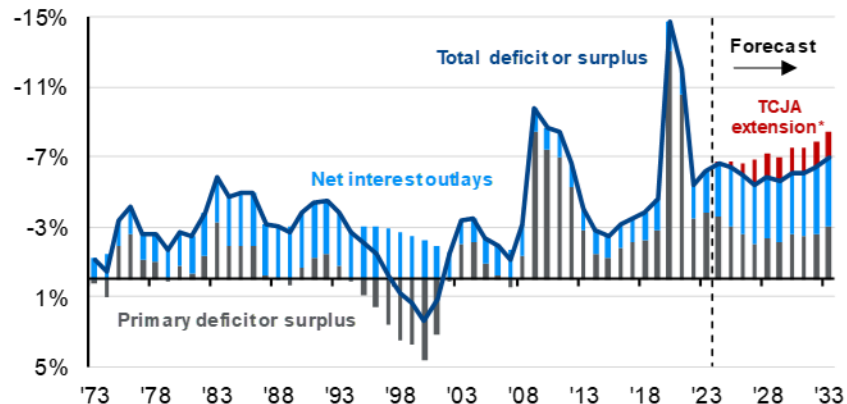
	2024	'25-'26	'27-'28	'29-'34
Real GDP growth	2.9%	2.0%	1.7%	1.8%
10-year Treasury	4.5%	4.0%	3.6%	4.0%
Headline inflation (CPI)	3.2%	2.4%	2.2%	2.2%
Unemployment	3.8%	4.0%	4.3%	4.5%

Source: Congressional Budget Office (CBO), J.P. Morgan Asset Management; (Left) Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA, Treasury Department. Estimates are from the Congressional Budget Office (CBO) June 2024 An Update to the Budget Outlook: 2024 to 2034. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. *Adjusted by JPMAM to include estimates from the CBO May 2024 report "Budgetary Outcomes Under Alternative Assumptions About Spending and Revenues" on the extension of TCJA provisions. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of October 15, 2024.

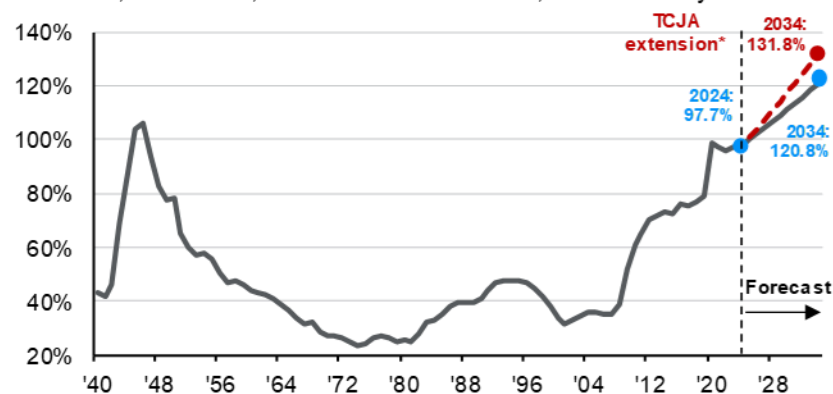
Federal deficit and net interest outlays

% of GDP, 1973-2034, CBO Baseline Forecast



Federal net debt (accumulated deficits)

% of GDP, 1940-2034, CBO Baseline Forecast, end of fiscal year



Debt Added Since GFC

Households	\$5.4 trillion
Corporate	\$8.8 trillion
Federal	\$26.2 trillion

10-year Treasury Yield

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

In a higher rate regime, the cost of debt will increase going forward for all segments of the economy: The Consumer, Business, Government

Current Govt Debt

2024 Deficit: \$1.8 trillion
 Total Debt: \$35 trillion
 Net Interest:
 16% revenue
 12% spending
 35% discretionary

CBO Forecast 2034

2034 Deficit: \$2.8 trillion
 Total Debt: \$57 trillion
 Net Interest:
 19% revenue
 14% spending
 43% discretionary

Quotes

“We have rising deficits, no one is spending enough time talking about deficits...we need to be finding ways to minimize the role of the deficit on the economy, on interest rates, on inflation.” – Larry Fink

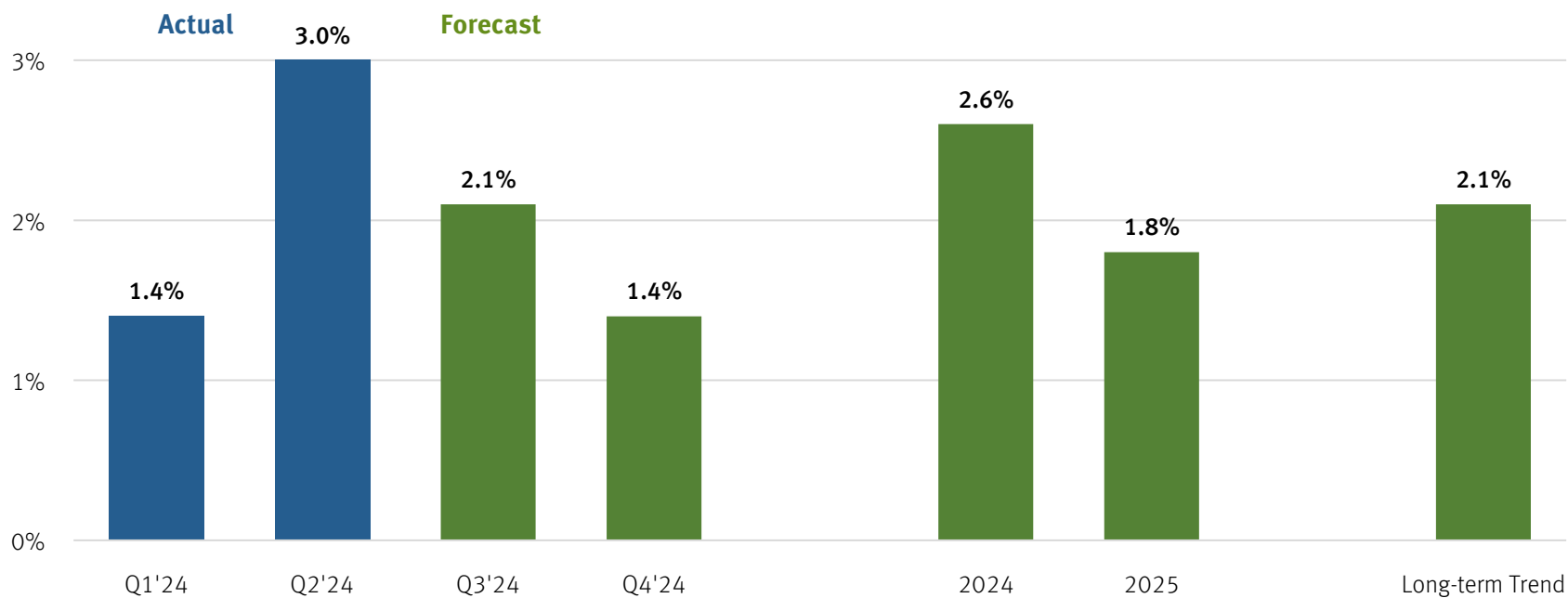
“Any country can borrow money and drive growth, but it may not always lead to good growth, so I think America should be quite aware that we’ve got to focus on it more” – Jamie Dimon

“Policymakers need to put greater focus on the ballooning debt and deficit. The government’s ability to spend without constraint is not unlimited.” – David Solomon

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

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

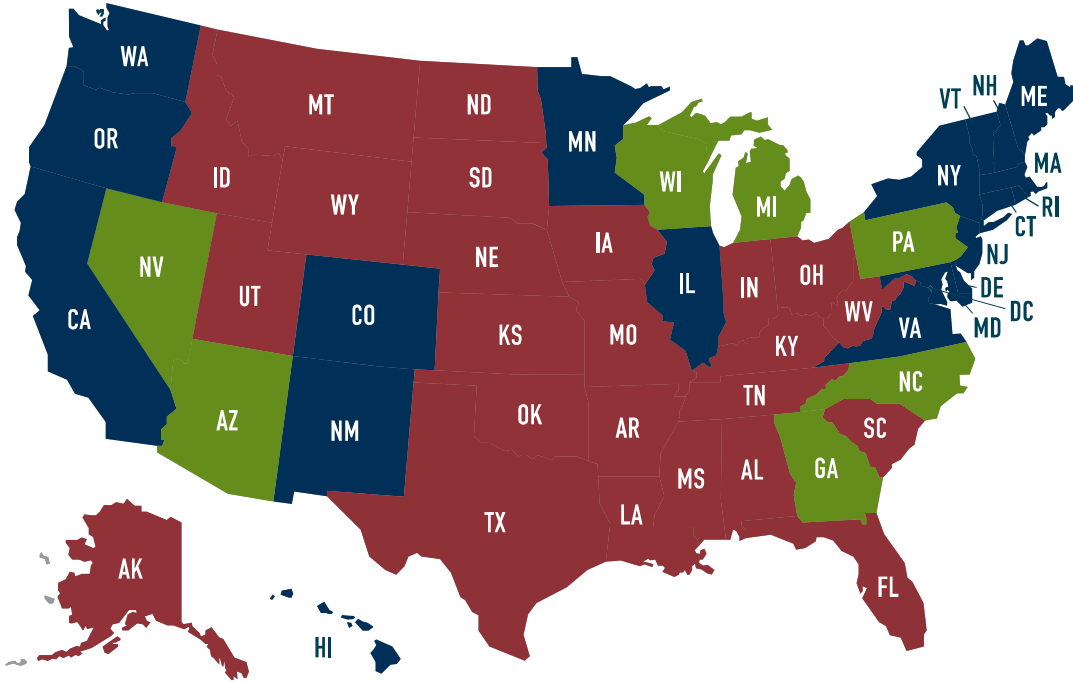
Consensus GDP Estimates



Source: Stifel CIO Office via Bloomberg, as of October 16, 2024.

Elections

WHITE HOUSE



Likely/Leaning Democrat
 Likely/Leaning Republican

 Battleground

CONGRESS

HOUSE OF REPRESENTATIVES



3 Vacant

All 435 seats up for re-election

SENATE



23 Up for Re-election

11 Up for Re-election

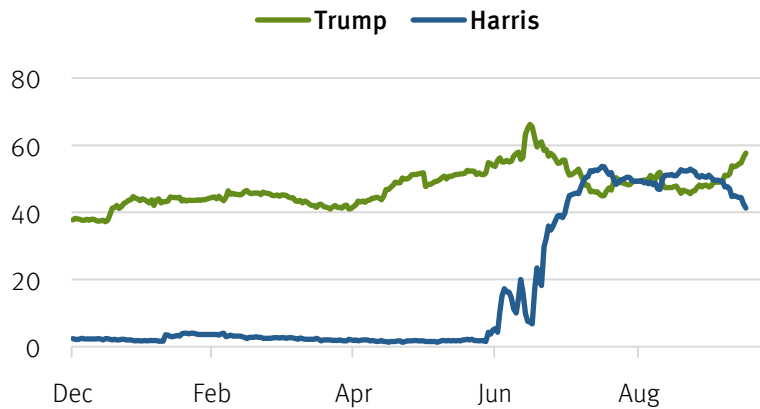
Note: there are 4 independent Senators that caucus with the Democratic Party.

What's the Most Important Issue to You?

	Total	"True" Independents
Inflation/prices	20%	17%
Jobs and the economy	13%	10%
Immigration	15%	17%
Health care	9%	8%
Abortion	8%	8%
Civil rights and civil liberties	7%	8%
Climate change and the environment	8%	10%
Taxes and government spending	4%	5%
National Security and foreign policy	7%	8%
Gun control	4%	4%
Education	3%	2%
Crime and criminal justice reform	3%	4%

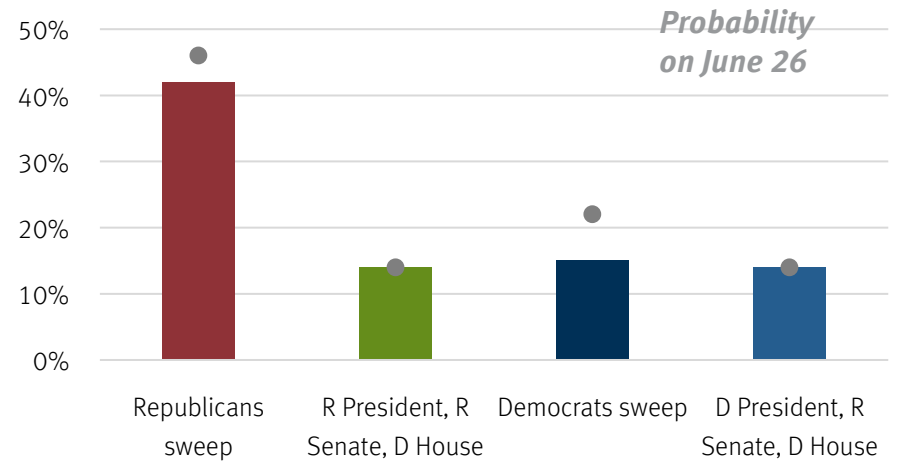
Source: The Economist/YouGov and Stifel Washington Policy Strategy

Prediction Market Probabilities of 2024 Presidential Election Winner



Source: RealClearPolitics via Bloomberg, Stifel CIO Office as of October 16, 2024

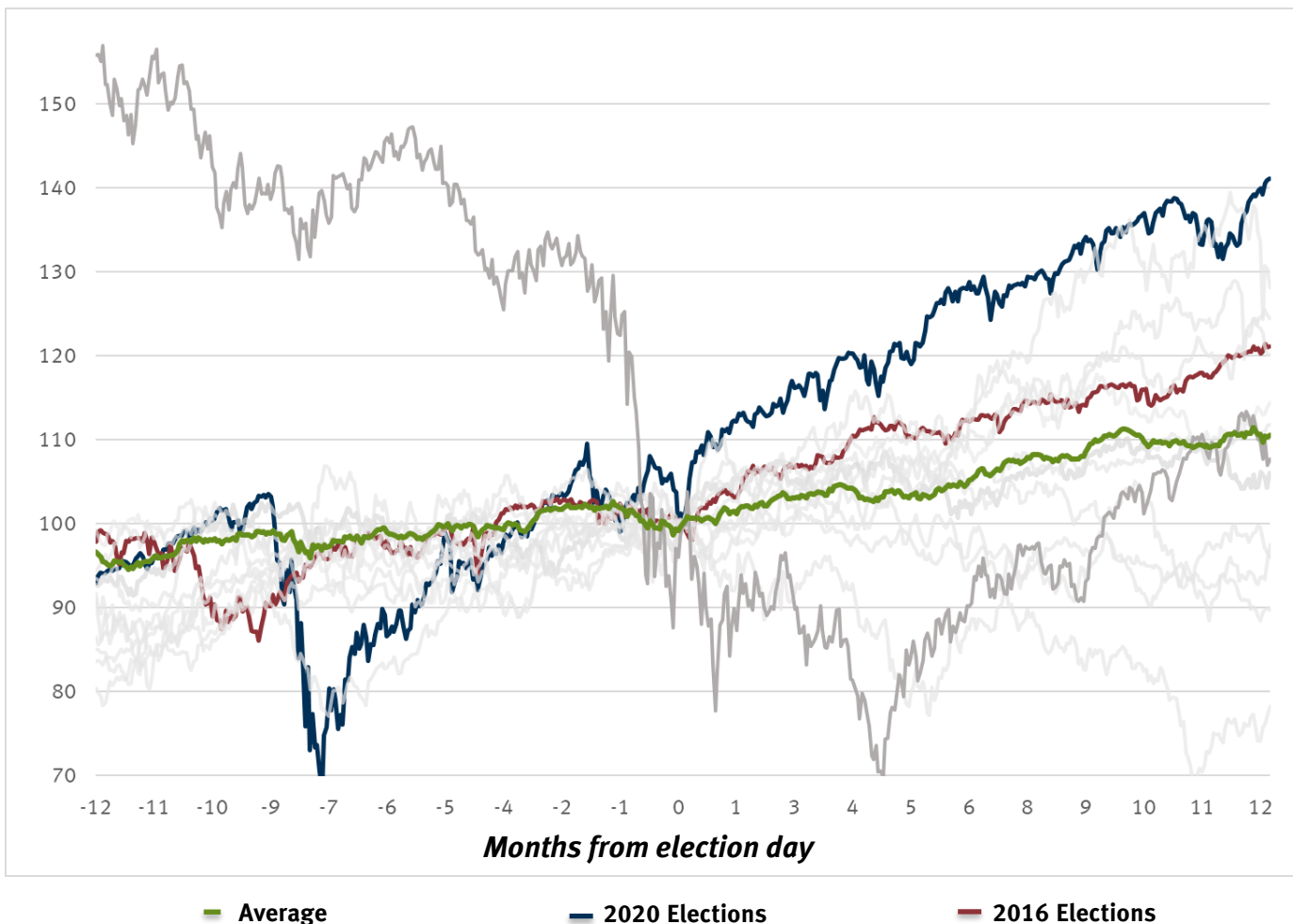
Prediction market odds of various election outcomes



Source: Stifel CIO Office via Polymarket, as of October 16, 2024
Sum may not total 100% due to rounding.

	Trump	Harris
Potential Tailwinds	<p>Financials and Energy: weaker regulation</p> <p>Defense: increase in spending</p> <p>Domestic producers/small business: higher tariffs, onshoring</p>	<p>Renewable and Clean Energy: stronger regulations to reduce greenhouse gas emissions</p> <p>Electric Vehicles: government subsidies</p> <p>Industries reliant on immigration: increased immigration should keep wage inflation low</p>
Potential Headwinds	<p>Companies with China revenue: higher tariffs</p> <p>Renewable & Clean Energy: reversing restrictions on greenhouse gas emissions</p>	<p>Financials: increased regulation and potential for higher capital requirements for banks</p> <p>Technology: continued scrutiny of M&A deals</p>

S&P 500 in the 12 months before and after election day

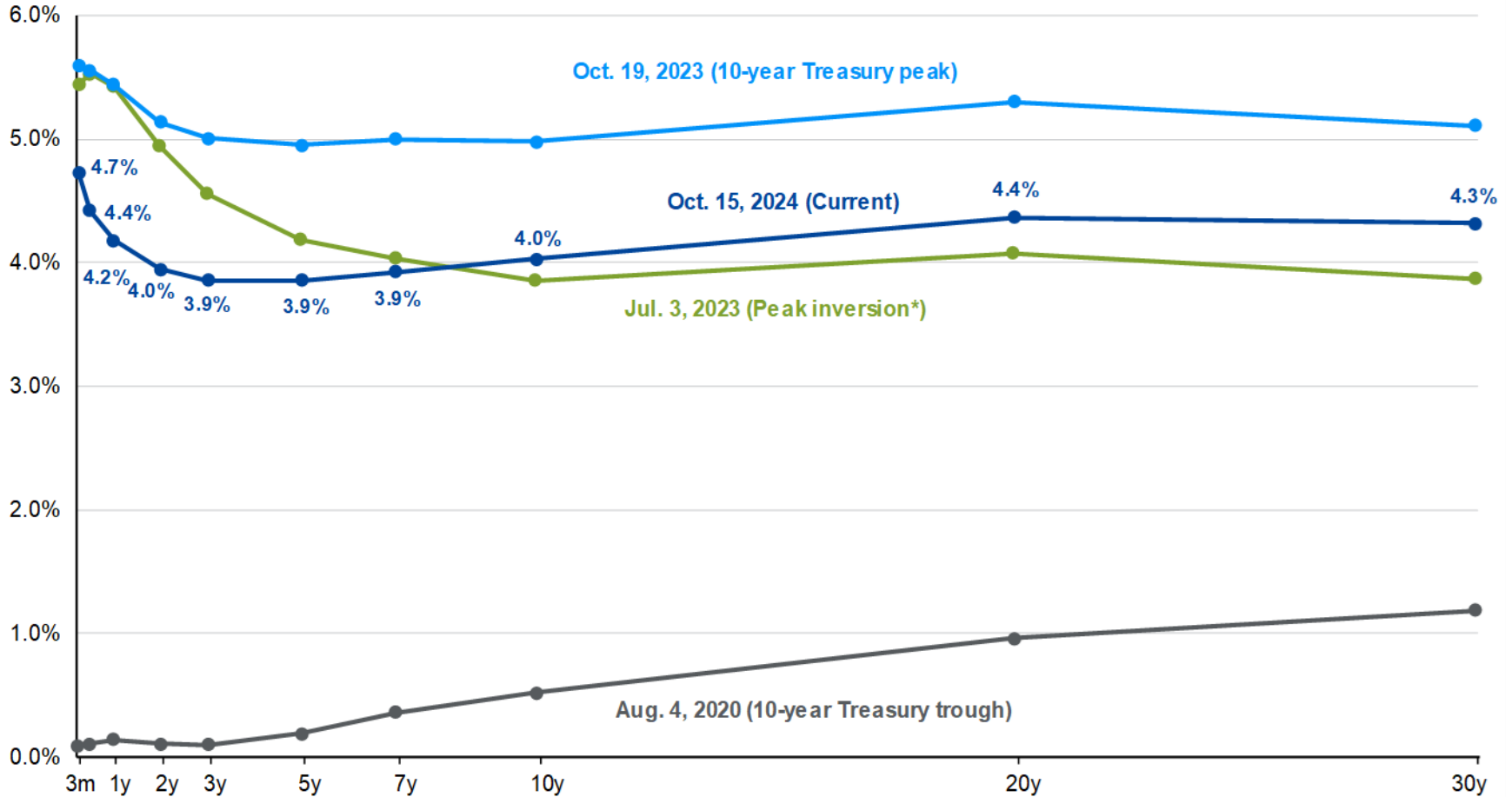


Source: Stifel CIO Office, Bloomberg. Analysis as of December 8, 2023

October 31 used as a proxy for each election date. Scaled to 100 on election date. Analysis is based on the 252 trading days before and 252 trading days after October 31 and includes the 1972-2020 elections. Past results are not predictive of results in future periods.

Markets

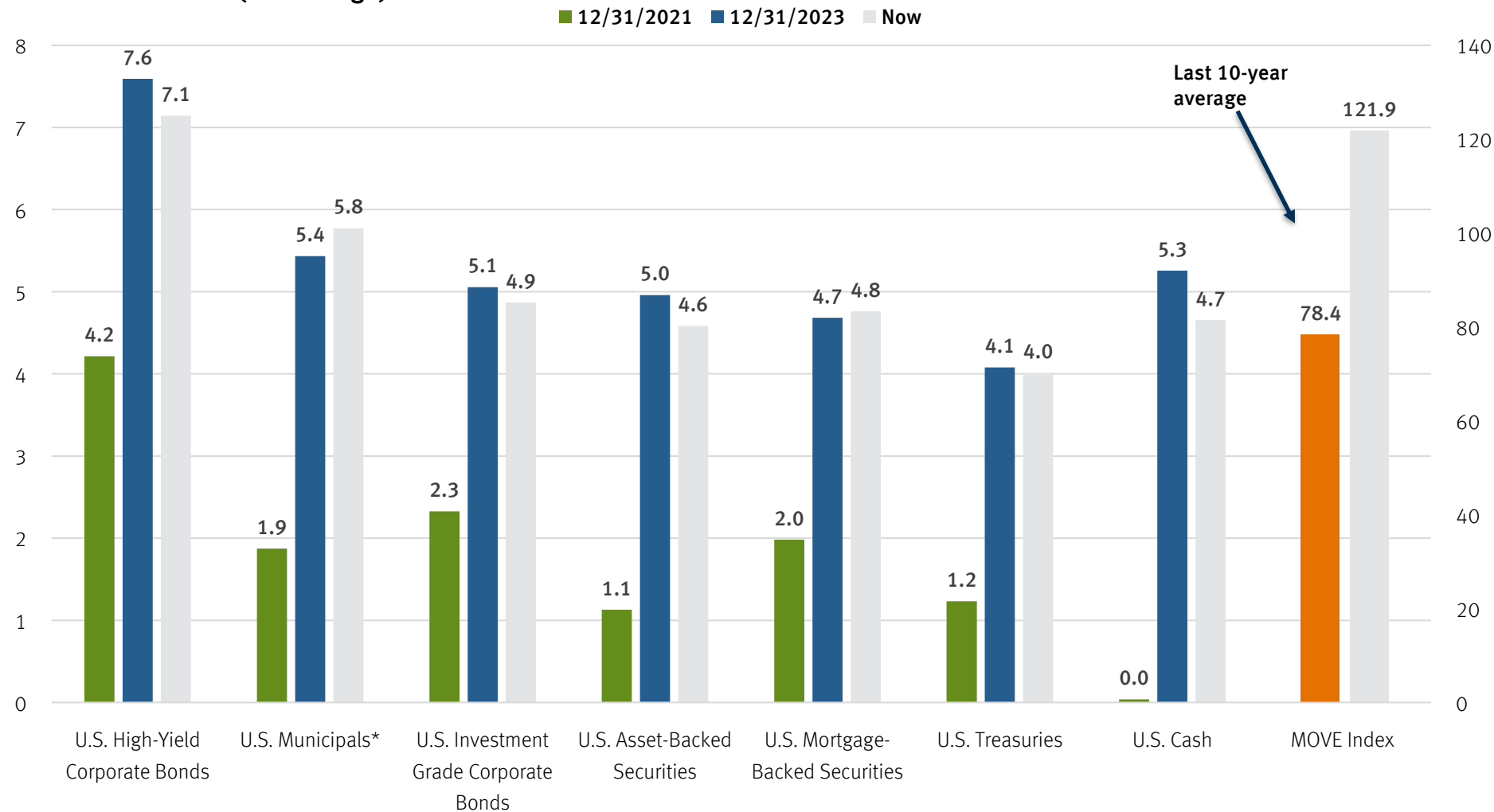
U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.

Guide to the Markets – U.S. Data are as of October 15, 2024.

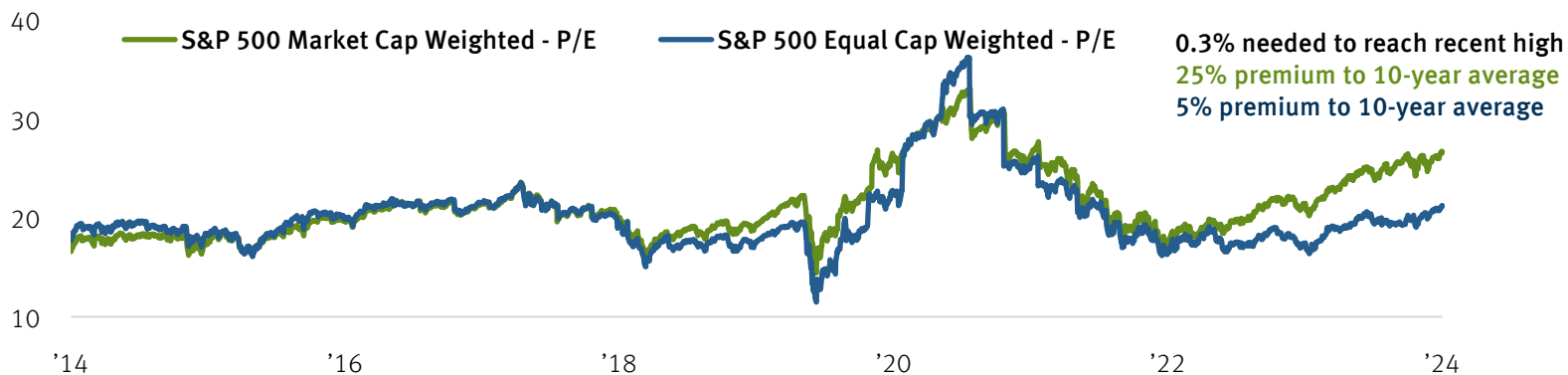
Fixed Income Yield (Percentage)



*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 October 16, 2024

	EPS	EPS Forward P/E							Current S&P 500 Index Level
		18x	19x	20x	21x	22x	23x	24x	
Consensus 2025 EPS →	\$285	5,130	5,415	5,700	6,055	6,270	6,555	6,967	↖
	\$275	4,950	5,225	5,500	5,842	6,050	6,325	6,723	
	\$268	4,824	5,092	5,360	5,694	5,896	6,164	6,551	
	\$259	4,662	4,921	5,180	5,503	5,698	5,957	6,331	
Consensus 2024 EPS →	\$250	4,500	4,750	5,000	5,311	5,500	5,750	6,111	
	\$239	4,302	4,541	4,780	5,078	5,258	5,497	5,842	
	\$230	4,140	4,370	4,600	4,886	5,060	5,290	5,622	



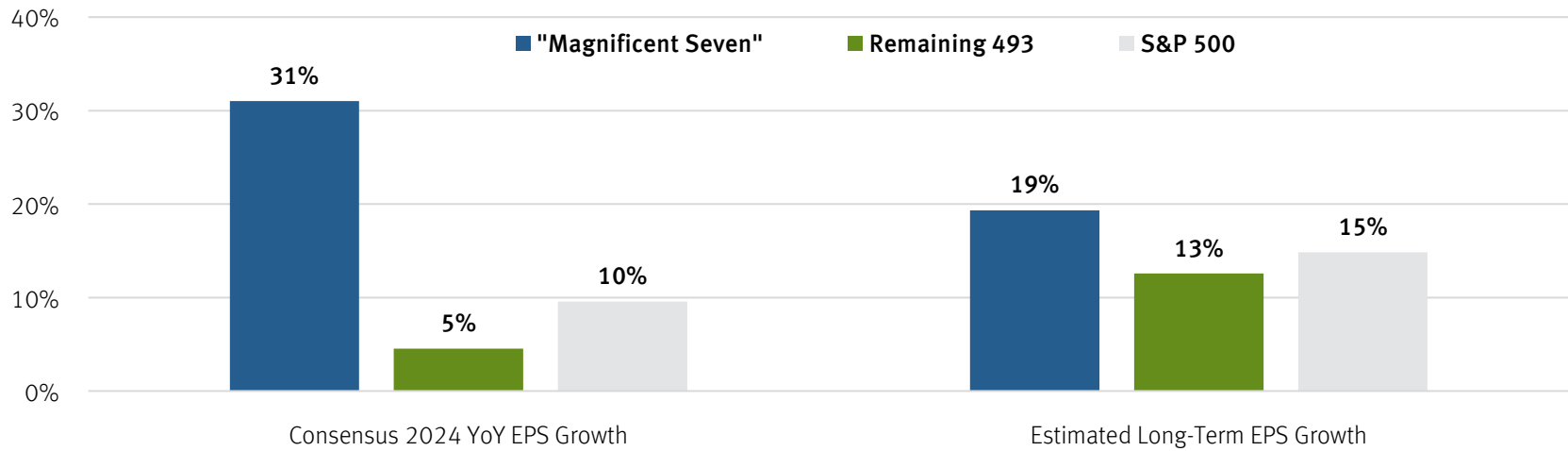
Since 12/31/22:

- **Chip maker Nvidia is up 829%, now approximately 7% of the cap-weighted S&P 500 and 16% of the index return.***

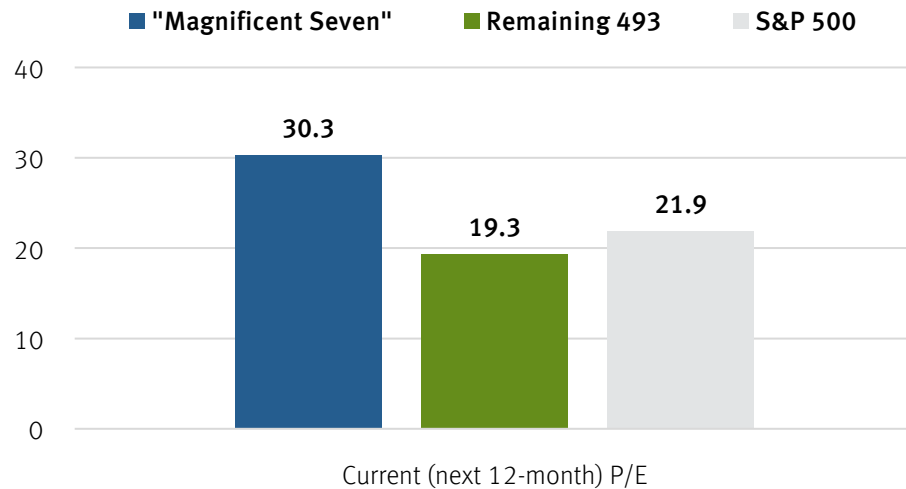
EPS = Earnings Per Share

*Source: Stifel CIO Office and Bloomberg, as of October 16, 2024

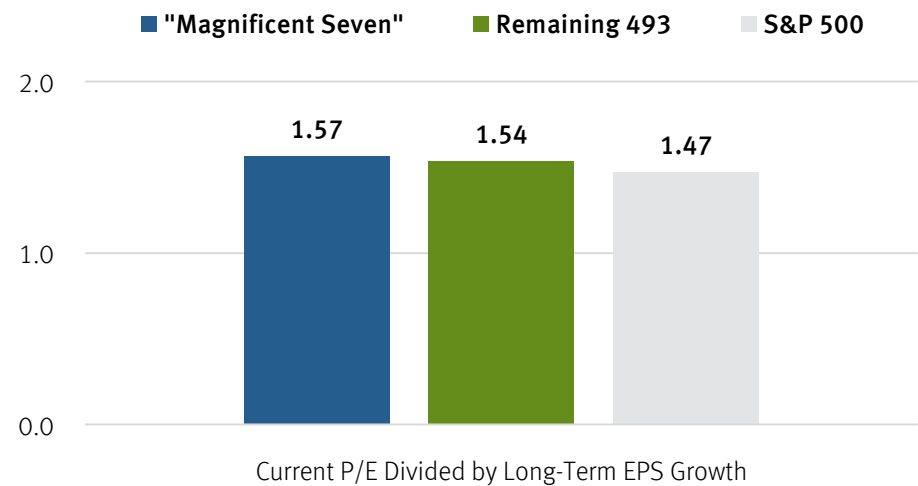
Earnings Growth



P/E Multiples



PEG Ratios



Source: Stifel CIO Office via FactSet, as of October 16, 2024

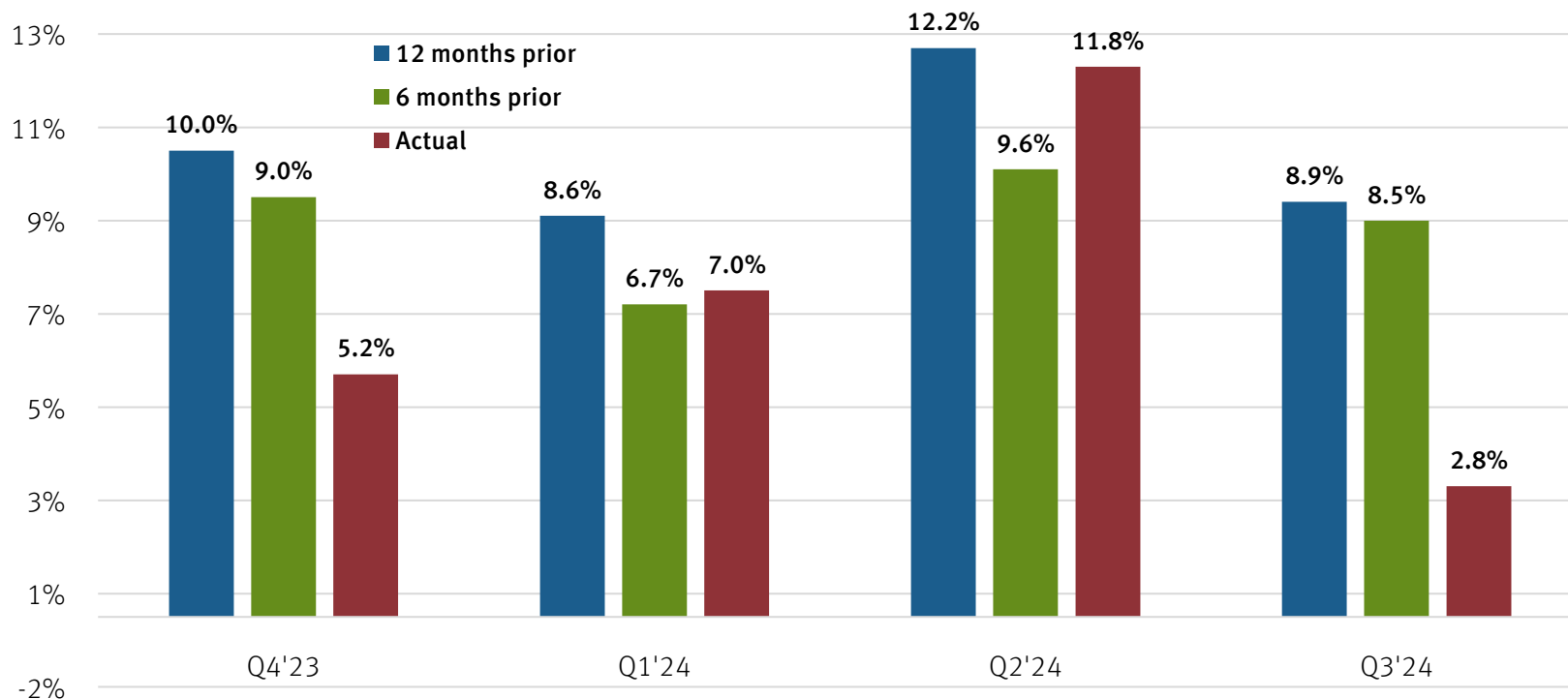
S&P 500 Sector Weights and Estimated Earnings Growth YoY%

	Weight*	FY25
Tech.	32%	20%
Financials	13%	9%
Health Care	11%	21%
Cons. Disc.	10%	14%
Comm. Services	9%	17%
Industrials	9%	19%
Cons. Staples	6%	7%
Energy	3%	10%
Utilities	3%	9%
Materials	2%	20%
Real Estate	2%	5%
S&P 500		15%

*S&P 500 sector weights are shown.

Source: Stifel CIO Office via FactSet, J.P. Morgan Asset Management, as of October 16, 2024

S&P 500 Earnings Estimates



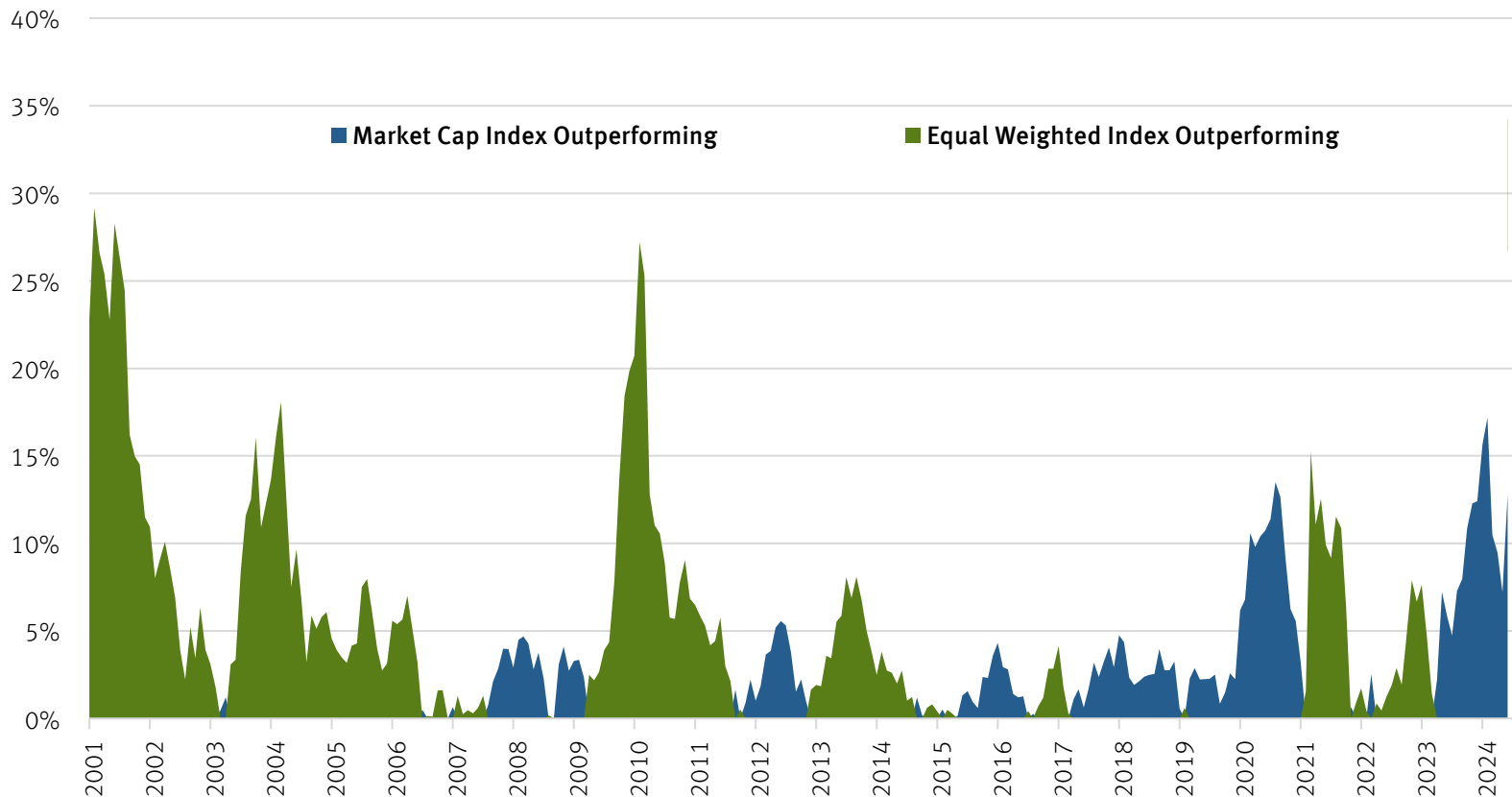
Q3'24 actual is latest estimate

Source: Stifel CIO Office via FactSet, as of October 16, 2024

Index	2021	2022	2023	Dec 31 23 – Jul 10 24	Jul 10 24 – Oct 16 24
S&P 500 Index	28.7%	-18.1%	26.3%	19.0%	4.1%
S&P 500 Eq. Weight.	29.6%	-11.5%	13.8%	5.7%	10.4%
S&P 500 Financials	34.9%	-10.6%	12.1%	12.3%	13.7%
KBW Reg. Banking	36.7%	-6.9%	-0.4%	-6.9%	20.2%
Bloomberg U.S. 1000 Value	28.6%	-2.5%	9.4%	7.6%	10.2%
Bloomberg U.S. 1000 Growth	26.1%	-27.5%	36.1%	22.2%	2.3%
Bloomberg Magnificent 7	51.5%	-45.3%	107.0%	51.1%	-5.8%
NYSE FANG+ Index	17.7%	-40.0%	96.4%	40.8%	-4.7%
Bloomberg U.S. 2000	18.6%	-20.1%	17.1%	0.8%	12.4%
MSCI EAFE Index	11.3%	-14.5%	18.2%	7.8%	1.7%
MSCI EM Index	-2.5%	-20.1%	9.8%	10.3%	3.6%
Bloomberg U.S. Agg	-1.5%	-13.0%	5.5%	0.1%	3.3%

S&P 500 Market Cap versus Equal Weight Relative Performance

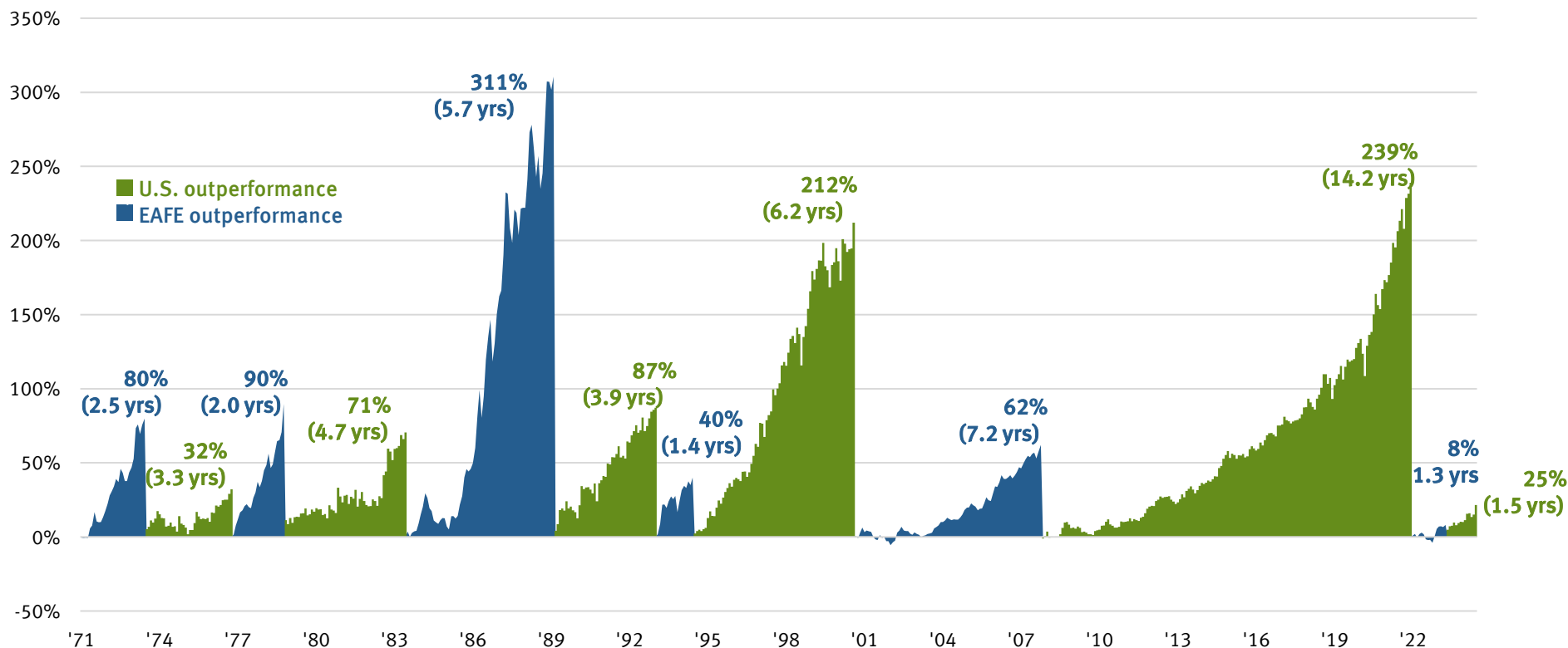
Rolling monthly year-over-year total returns



Source: Stifel CIO Office via Bloomberg, as of October 16, 2024

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return. Cumulative outperformance



**Middle East Conflict
Escalation involving the
U.S. and Other Allies**

**Prolonged Russia-
Ukraine War with
Waning NATO Support**

**Reigniting inflation and
Fed Policy Error**

**Economy Slows
triggering
Weaker-than-expected
Earnings**

**Diverging Global Economies
with continued weakness in
China and Germany**

**The U.S. Fiscal Trajectory
threatens confidence in the
U.S. Dollar and U.S. Debt**

Looking Forward

October

4	Employment
9	Federal Open Market Committee (FOMC) Minutes
10/31	Inflation
11/25	Consumer Sentiment
17	Retail Sales
24	Housing

November

1	Employment
7	Fed Policy Decision
11/22	Consumer Sentiment
13/27	Inflation
15	Retail Sales
26	Housing

December

6	Employment
6/20	Consumer Sentiment
11/20	Inflation
17	Retail Sales
18	Fed Policy Decision
24	Housing

January

10	Employment
6/20	Consumer Sentiment
15/31	Inflation
16	Retail Sales
29	Fed Policy Decision
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. Elections

- 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

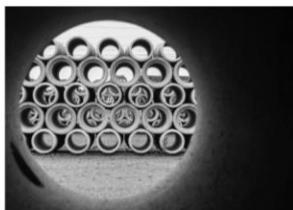
MARKET SIGHT | LINES

An Update – From Vision to Value: Our Long-Term Investment Themes

Recently, we've covered short-term topics, but it's crucial for investors to keep an eye on the long-term changes in our world. Let's dive into our long-term investment themes, highlighting value-creation opportunities that will shape the way we live, interact, and consume goods and services.

Watch | Listen

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MARKET PERSPECTIVES QUARTERLY

Quarterly Market Perspectives

Q4 2024

In this edition of our Quarterly Market Perspective's we examine the U.S. economy's strength in the second and third quarters, and our expectations going forward.

READ



After the Election: Challenges and Opportunities
Market Sight|Lines

With the election coming up, investors are on edge, thanks to the worry about volatility and the media's hype about shifts in political power. Let's look past the election to some areas of long-term focus for the next administration and investors.

READ



Headwinds and Tailwinds

September Investment Strategy Brief

We discuss Headwinds and Tailwinds affecting the economy and the markets going forward, even as we navigate changing Federal Reserve monetary policy and the run-up to the 2024 U.S. elections.

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Popular insights from Stifel's CIO Office include:



WEEKLY | MONTHLY | QUARTERLY



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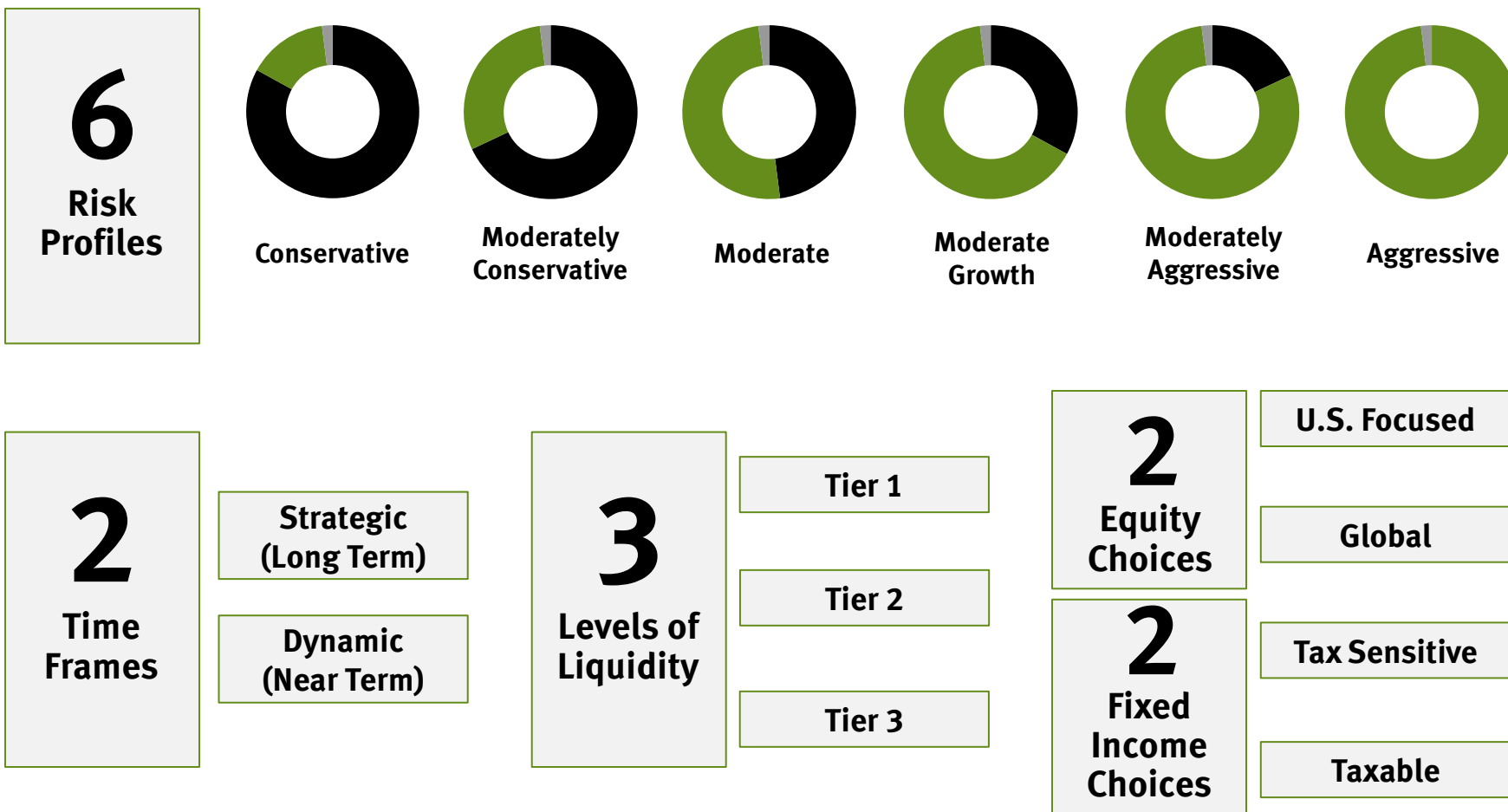
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Dynamic leanings






144 ASSET ALLOCATION MODELS FOR YOUR SELECTION



DYNAMIC ASSET ALLOCATION

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

 Underweight
  Neutral
  Overweight

	ASSET CLASS	CHANGE	CURRENT	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. Non-U.S. equity valuations remain attractive, while the combination of moderating growth, cooling inflation, and continued earnings strength supports the U.S. equity markets.
	U.S. Large Cap vs. U.S. Small Cap	=		Small cap stocks have struggled to maintain momentum as optimism around a soft landing and a rate cutting cycle has been offset by concerns of an economic slowdown and interest rates remaining higher for longer. 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 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	=		Japanese equities have given back some of their gains recently, but we believe there is still the potential for relative outperformance. Japan's corporate governance 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 ASSET ALLOCATION (CONTINUED)

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

Underweight
 Neutral
 Overweight

		ASSET CLASS	CHANGE	CURRENT	COMMENTS
FIXED INCOME				<div style="display: flex; justify-content: space-around; width: 100px;"> <div style="width: 10px; height: 10px; background-color: black;"></div> <div style="width: 10px; height: 10px; background-color: gray;"></div> <div style="width: 10px; height: 10px; background-color: green;"></div> </div>	
		U.S. Investment Grade vs. U.S. High Yield	←	<div style="width: 100%; height: 100%; background-color: gray;"></div>	We move to neutral between investment grade and high yield bonds. Spreads are tight, but corporate fundamentals remain strong and the start of the Federal Reserve's rate cutting cycle should mitigate some of the downside risks.
		Corporates Government/Agency MBS	→	<div style="width: 100%; height: 100%; background-color: gray;"></div>	We have closed our overweight to government securities relative to investment-grade corporate bonds, as we see corporate fundamentals remaining strong and the Fed's easing dampening downside risks.
	Duration	=	<div style="width: 100%; height: 100%; background-color: gray;"></div>	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	=	<div style="width: 100%; height: 100%; background-color: gray;"></div>	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	=	<div style="width: 100%; height: 100%; background-color: gray;"></div>	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.

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