Insights from Stifel’s CIO Office

March 2025

INVESTMENT STRATEGY BRIEF:
How Will D.C. Policy Shifts Shape Markets?

Watch

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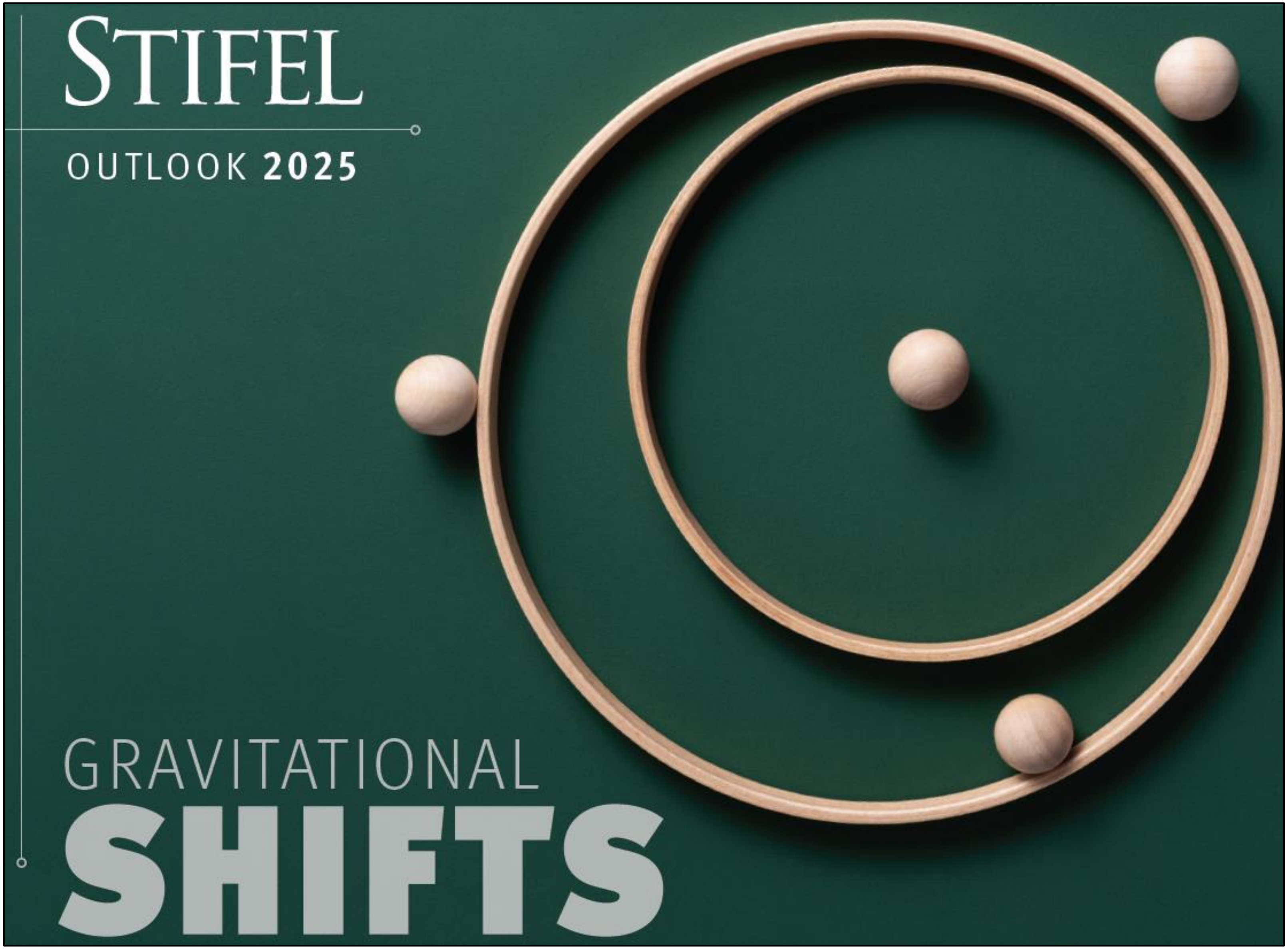
Outlook 2025: Gravitational Shifts



INVESTMENT STRATEGY BRIEF Report Video Webinar

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Bonds

Our view on 2025 is that bond yields will continue to stabilize at more normalized long-term levels. We expect that the 10-year Treasury yield, which ended 2024 at 4.57%, will remain range-bound between 4.25% and 4.75%.

Borrowers are still learning to accept that our "normal" interest rate environment will no longer be the low-rate regime orchestrated by the Fed after the Great Recession and amplified during the pandemic. There's a consensus building that the Fed's neutral rate, the rate at which policy is neither stimulative nor restrictive, will settle at a much higher 3.75% compared to the post-Great Recession environment.

On a related note, the yield curve reflects forward rates on the 10-year Treasury of about 4%-5% over the next two decades. This reflects, in part, investors' demand for higher yields as the U.S. government works to improve its fiscal trajectory.

Corporate bond spreads, which represent the extra yield investors demand for credit risk, ended 2024 historically tight for both investment-grade and high-yield debt, reflecting investor confidence in the current and future business environment. We expect spreads to remain tight given our view of continued economic growth, but widen some as investors focus further on the uncertainties of the current environment.

	2025 FORECAST
S&P 500	6,200 | 6.7% (Total Return)
10-Year Treasury (%)	4.25% – 4.75%
Market Pulse Publications*	25
Investment-Grade Spreads**	100 bps – 150 bps
High-Yield Spreads	300 bps – 350 bps

* The Stifel CIO Office issues a Market Pulse publication when the S&P 500 closes up or down by at least 2% on a given day.

** bps is basis points.

OUTLOOK 2025 *(continued)*

FISCAL TRANSITION

In the wake of the Great Recession, the lower interest rate environment motivated borrowers across the economy, including the U.S. government, to increase debt. The 2024 deficit is forecast to be $1.8 trillion, and we've ended the year with over $36 trillion in government debt. The debt service – interest on the debt – is estimated to account for over a third of our discretionary spending.

In a higher rate regime, the cost of debt will increase going forward for all segments of the economy: the consumer, business, and the government. Corporate leaders and government officials alike have drawn focus to this issue, describing our fiscal trajectory as "unsustainable."

As a result, we see our economy, and especially the U.S. government, needing to go through a *Fiscal Transition* to reduce our deficit spending and debt overall. 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? We're encouraged by the new administration's focus on government efficiency and the stated goals of Treasury Secretary nominee Scott Bessent.

OUTLOOK 2025

BULL/BEAR CASE

Government Policy Execution	The Consumer	Corporate Earnings
Investors are optimistic about the incoming administration and the Fed's rate cuts, so how well these policies are executed will influence the economy and markets.	Consumption makes up about two-thirds of U.S. GDP, so how consumers behave during the year will greatly influence outcomes.	Actual earnings and views about future earnings will continue to drive market performance.
Roadblocks to Growth Narrow majorities in Congress and government bureaucracy limit changes in Washington. Inflation reignites requiring the Fed to maintain or even raise rates.	**Roadblocks to Growth** Frustration with Washington gridlock, a weakening job market, and higher inflation shake the consumer, slowing spending as caution grows.	**Roadblocks to Growth** Inflation, higher rates, permanent tariffs, and increasing debt burdens cause earnings to fall well short of forecasts.
American Exceptionalism Progress on government efficiency and lower taxes. Inflation declines, allowing for faster rate cuts that fuel further job growth and economic expansion.	**American Exceptionalism** Job market improves even more, even as inflation falls further. The Fed is able to lower rates at a brisker pace.	**American Exceptionalism** Better than expected economic growth and earnings, with the prospect of transformative changes from technological advances.

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Roadblocks to Growth

PATH	DESCRIPTION	PROBABILITY
Erosion of Animal Spirits	Erratic policy shifts or poor communication about government policy can trigger an equity market correction or bear market.	15%
Global Recession	Positive U.S. economic forecasts may be undermined by foreign policy shifts, risking a global recession and bear market.	15%
Sustained Stagnation	If a recession occurs with persistent inflation, we risk sustained stagflation and a more severe bear market.	<5%
U.S. Fiscal Trajectory and Debt Mismanagement	Eroding investor confidence and the U.S. dollar losing its reserve status could trigger an economic depression and severe bear market.	<3%
Constitutional Unrest	Conflicts within the government, or even civil unrest, amplifies uncertainty and could disrupt the U.S. economy and markets.	<1%

Sight|Lines: Putting Bear Case Scenarios in Focus: Investment Ideas for Times of Trouble

American Exceptionalism

Driver	DESCRIPTION
Deregulation	A rollback in regulations, especially in financial services, energy, and healthcare, could mean lower compliance costs, faster expansion, and higher corporate profits.
Tax Reforms	Lower corporate tax rates could increase after-tax profits, fueling expansion and hiring, while improved individual tax brackets may boost disposable income and spending.
Mergers and Acquisitions	The focus on antitrust will likely soften, with more strategic deals and faster approvals, potentially improving valuations and increased deal-making activity.
Strategic Trade and Manufacturing	If short-term tariffs lead to improved trade relations and more U.S. jobs, our manufacturing sector could become more competitive and experience growth.
Lower Energy Costs	Expansion of U.S. energy production, particularly in oil and gas, could mean lower production costs, stronger corporate profits, and easing inflationary pressures.
Improved Infrastructure	Investment in transportation, digital infrastructure, and energy networks could boost to jobs and consumer spending, driving long-term economic efficiency.
Government Efficiency and Fiscal Discipline	Although it will take some time, a tighter focus on spending could ease the debt burden, helping to stabilize our long-term fiscal health.

Sight|Lines: Putting Our Bull Case Scenario in Focus: Investment Ideas for Optimistic Investors

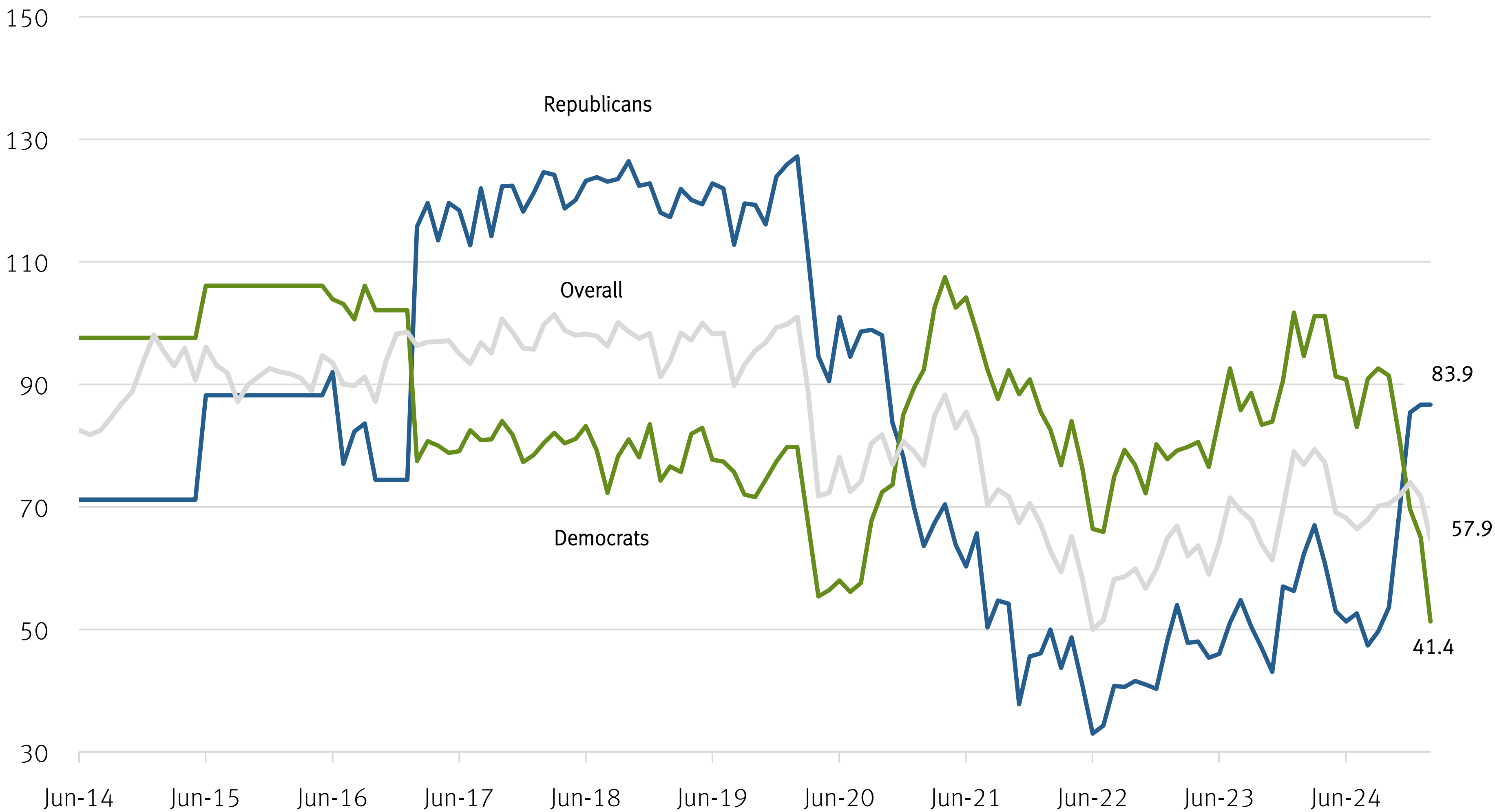
Changes in Washington, D.C.

President Trump is midway through his first 100 days, implementing significant policy changes, including 89 executive orders. Some business leaders and consumers appear concerned about rising uncertainty, which may be dampening Animal Spirits and contributing to stock market weakness.

Topic	Actions/Examples	Winners	Risks
Government Restructuring and Efficiency	The Department of Government Efficiency (DOGE) aims to cut wasteful spending and downsize federal operations.	Lower government expenditures could contribute to deficit and debt reduction.	Potential disruptions to government services, economic uncertainty, and unintended negative economic consequences.
Fiscal Policy and Taxation	Potential corporate and individual tax cut extensions, incentives for U.S. business investment.	Corporations, small businesses, individual taxpayers, investors, industries benefiting from capital expenditure incentives.	Increased federal deficit, headwind to improving the fiscal trajectory, potential for higher local taxes and future austerity.
Trade and Economic Policies	Tariffs on Canada, Mexico, China, and others; deregulation; expedited drilling and pipeline approvals; climate regulation rollbacks.	U.S. manufacturers, steel, aluminum, heavy industry, fossil fuel companies, and pipeline developers.	Higher costs for import-reliant businesses, potential trade retaliation, and reduced investment in renewables.
Foreign Policy and National Security	Seeking peace negotiations in Europe/Middle East (outside NATO), a military shift toward “warfighting,” and American influence (e.g., Panama Canal, Greenland).	Related infrastructure investments, U.S. defense contractors, businesses supporting peacetime rebuilding.	Potential destabilization of alliances and global order, heightened geopolitical uncertainty, China strengthens ties with U.S. allies.
Immigration and Border Security	Stricter border enforcement, increased deportations, more assertive policies.	Border security firms, contractors supporting enforcement efforts.	Potential labor shortages in affected industries, economic disruptions, and humanitarian concerns.

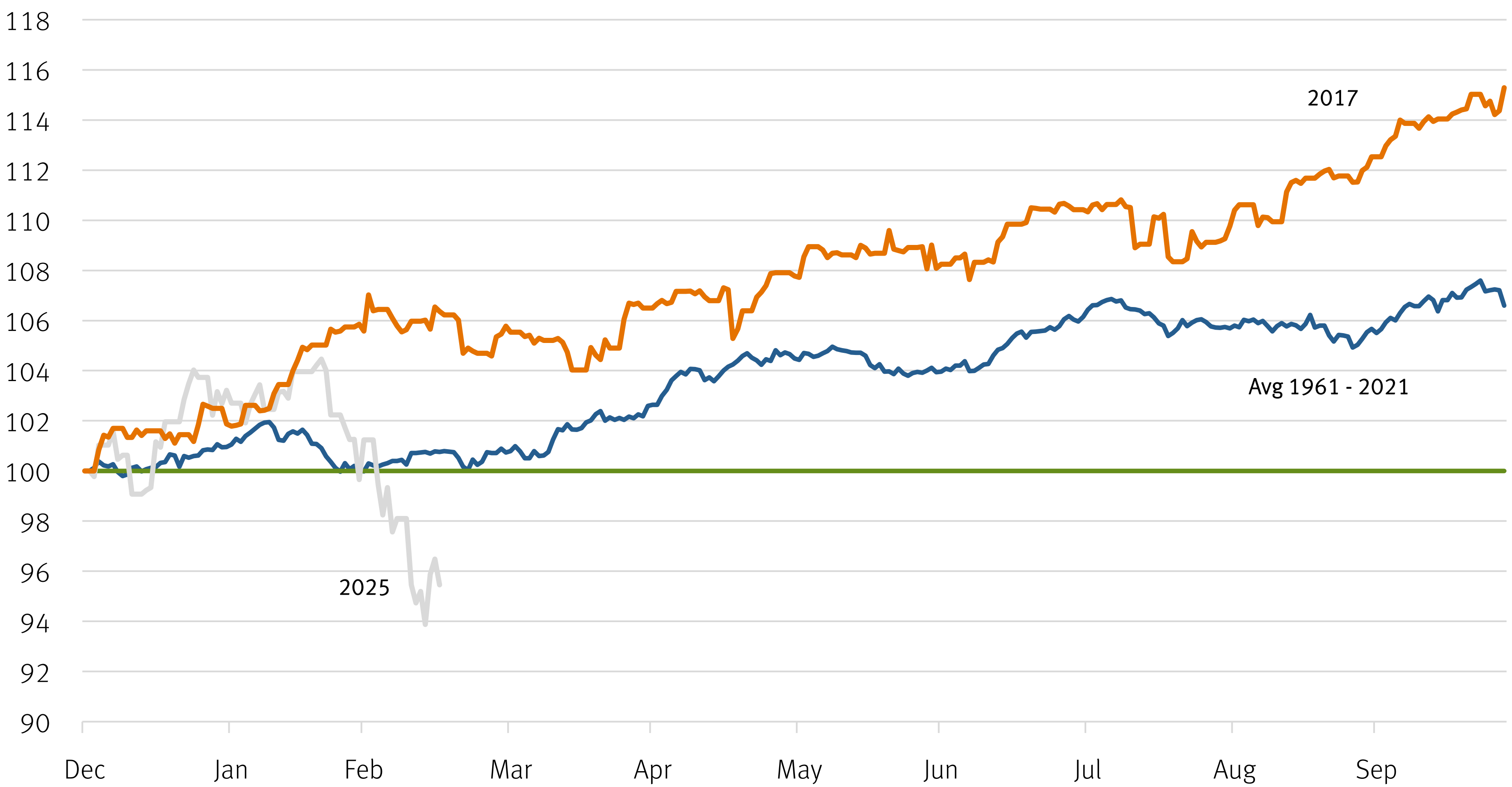
Other anticipated changes include areas like education, health and human services, judiciary and the legal system, housing and urban development, and artificial intelligence and technology.

U. of Michigan Consumer Sentiment Index by Party



Source: Stifel CIO Office via Bloomberg, as of March 17, 2025

S&P Average Price Returns In First Year of Presidential Cycle

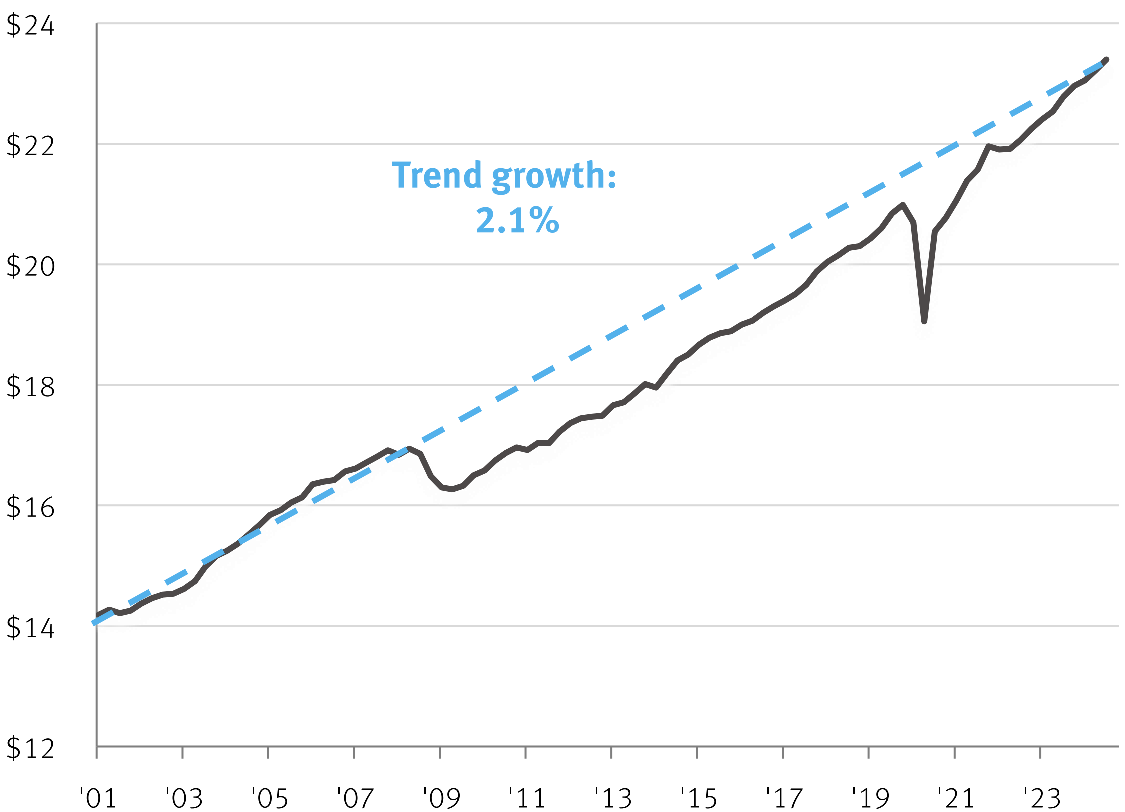


Source: Stifel CIO Office via Strategas Research Partners, as of March 18, 2025.

Economy

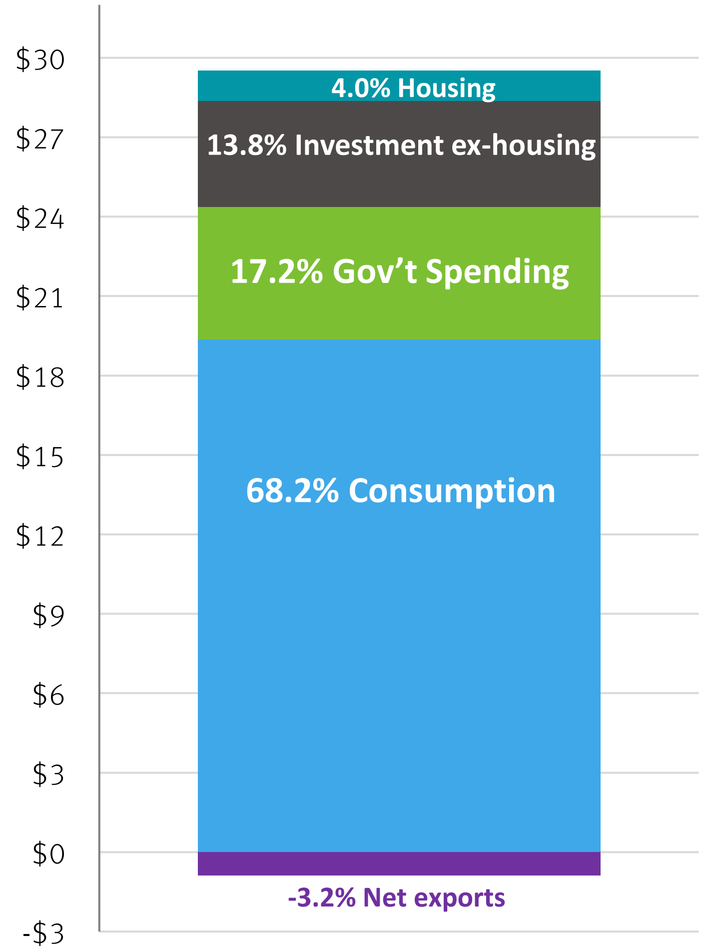
Real GDP

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



Components of GDP

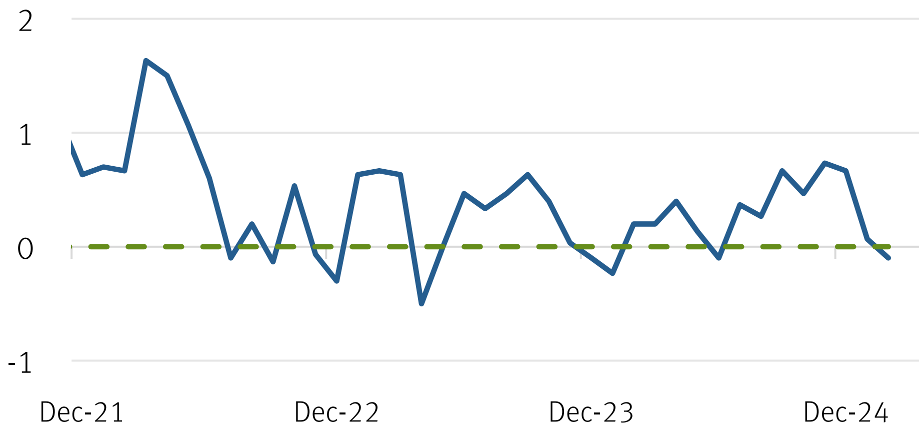
4Q24 nominal GDP, USD trillions



Source: Stifel CIO Office via Bloomberg, as of March 18, 2025.

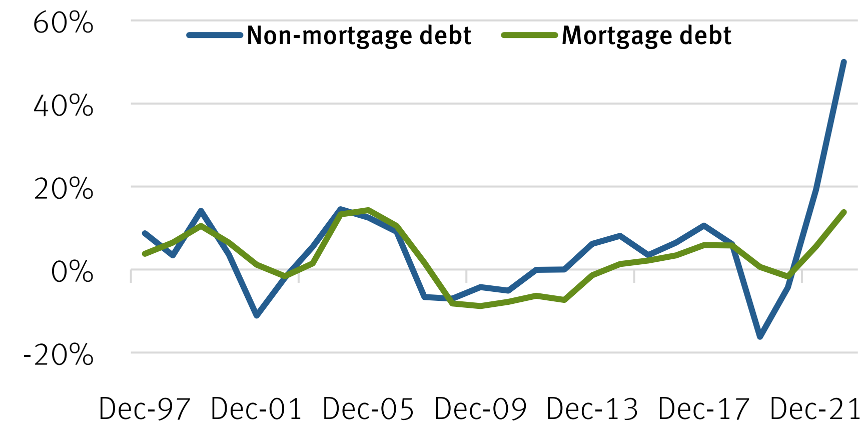
Retail Sales

Month-over-Month, 3-month Moving Average

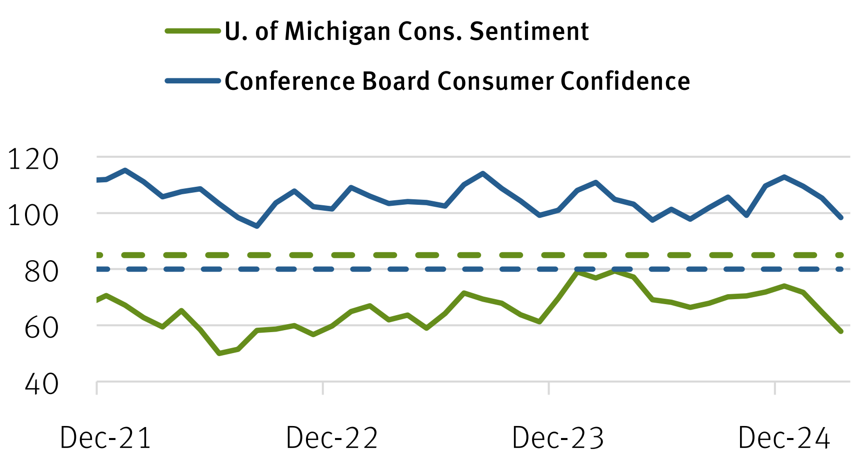


Interest paid on Consumer Debt

Year-over-Year %

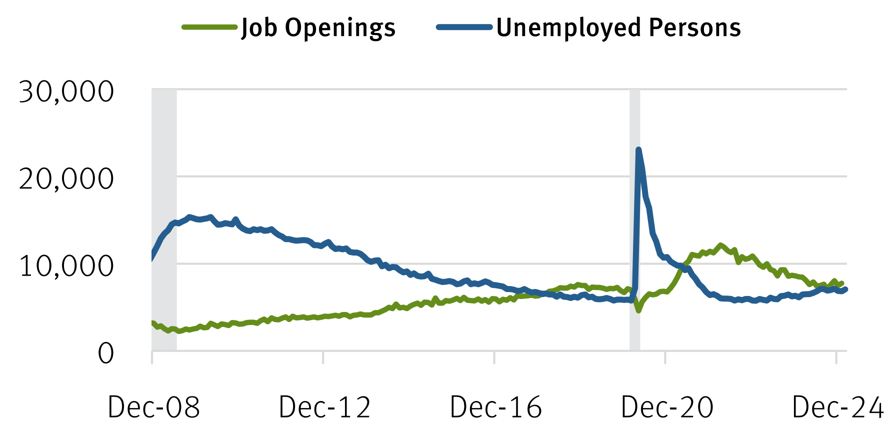


Consumer Confidence and Sentiment



Job Openings and Unemployed Persons

Monthly, in Millions



Source: Stifel CIO Office via Bloomberg, as of March 17, 2025.

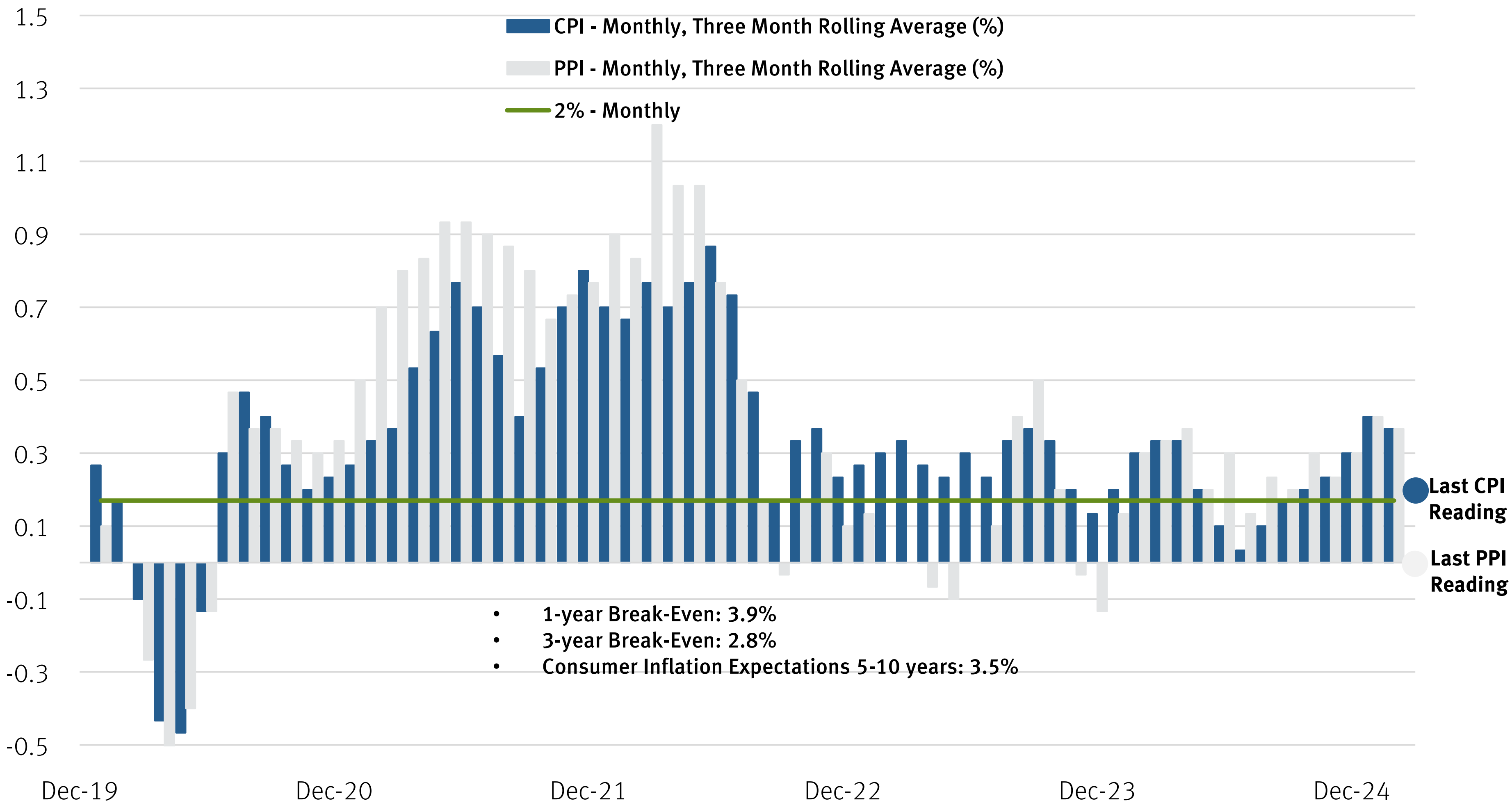
NFIB Small Business Optimism
CEO Confidence

Monthly

Chief Executive surveys CEOs each month to compile their CEO Confidence survey data. The CEO Confidence survey value is a rating from 1 to 10 of CEOs' expectations for overall business conditions. As such, it captures an accurate assessment of how confident CEOs are in the economy and prospects for business over the coming year. CEOs are guided by giving them the following word associations to each value: **10 = Excellent 8 = Very Good 6 = Good 4 = Weak 2 = Poor.**

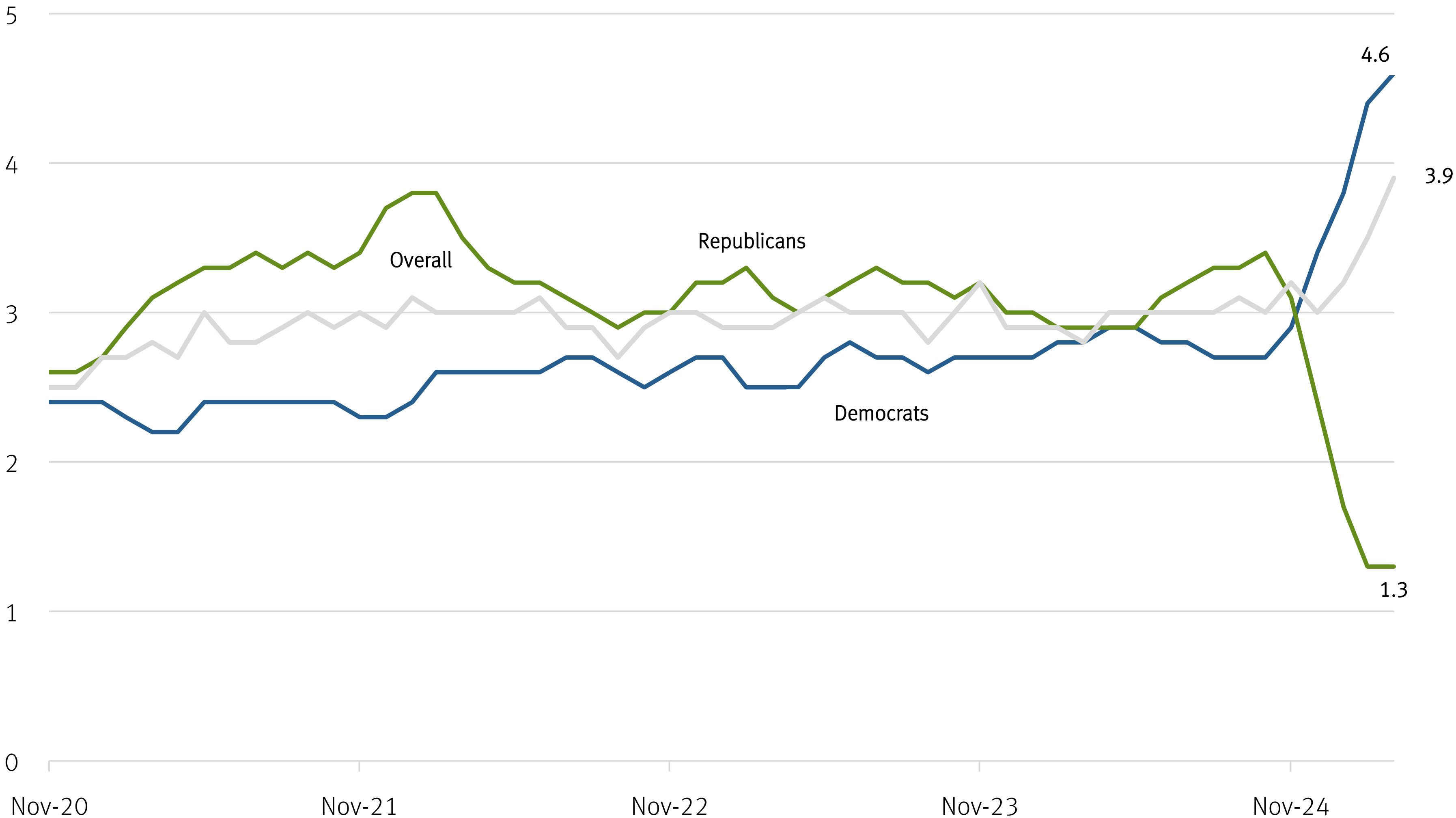
Source: Stifel CIO Office via Bloomberg, as of March 18, 2025.

Monthly Inflation Trends



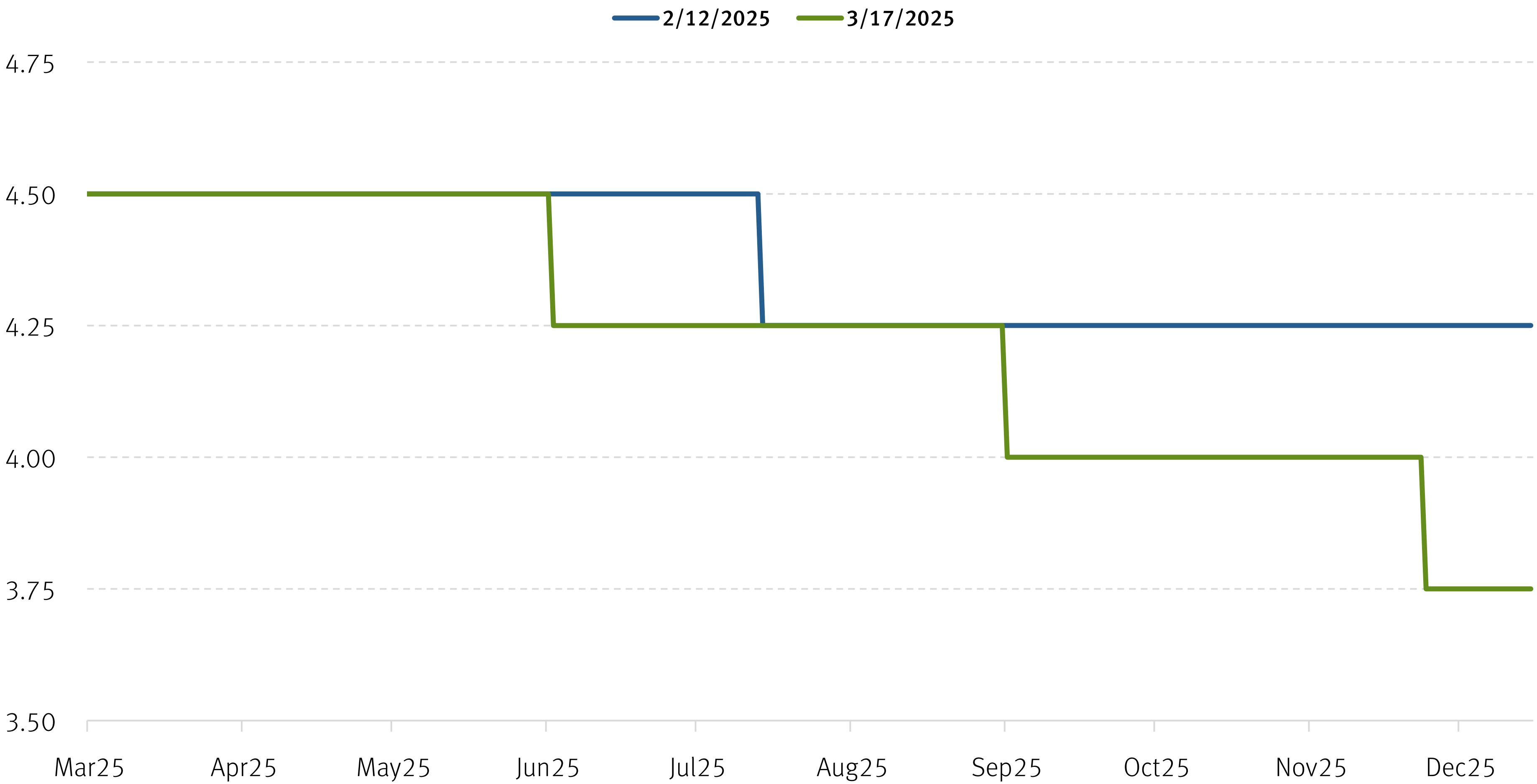
Source: Stifel CIO Office via Bloomberg, as of March 18, 2025
CPI = Consumer Price Index
PPI = Producer Price Index

U. of Michigan 5-Year Inflation Forecast by Party



Source: Stifel CIO Office via Bloomberg, as of March 17, 2025

Fed Funds Target Rate - Upper Bound



Source: Stifel CIO Office via Bloomberg, as of March 17, 2025

Debt Added Since GFC

Households	**$5.7 trillion**
Corporate	**$8.5 trillion**
Federal	**$27.0 trillion**

10-year Treasury Yield

Now	**4.3%**
10 Years Forward	**5.2%**
20 Years Forward	**4.4%**

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

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Current Government Debt

2024 Deficit: $1.8 trillion
Total Debt: $36 trillion
Net Interest:
15% revenue
12% spending
33% discretionary

CBO Forecast 2034

2034 Deficit: $2.6 trillion
Total Debt: $56 trillion
Net Interest:
18% revenue
14% spending
43% discretionary

Quotes

"The…federal government's fiscal path…is on an unsustainable path…you've got a very large deficit…So, it's important…they be dealt with. It is ultimately a threat to the economy …" – Jay Powell

"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

"We must work to get our fiscal house in order and adjust federal domestic discretionary spending that has grown by an astonishing 40 percent over the past four years." – Scott Bessent

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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 March 18, 2025; data via Bloomberg, St. Louis Federal Reserve (FRED), New York Federal Reserve, Strategas

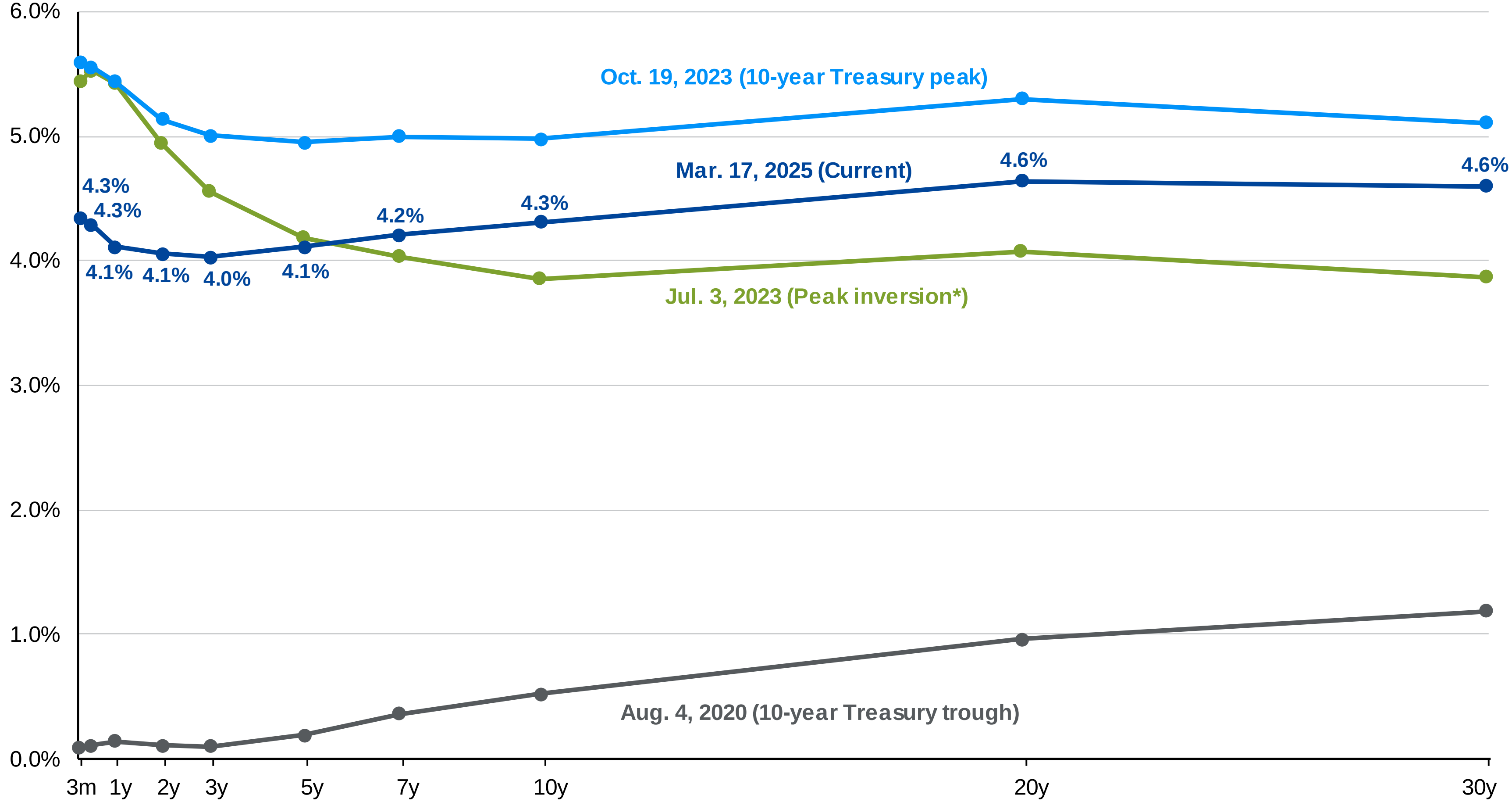
GFC = Great Financial Crisis
CBO = Congressional Budget Office

U.S. GDP	Date of Estimate	2023	2024	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2025	2026
Actual		**2.9**	**2.8**	**1.6**	**3.0**	**3.1**	**2.3**						
Consensus	**3/19/2025**							**2.1**	**1.9**	**1.9**	**2.0**	**2.2**	**2.0**
Stifel	2/6/2025	2.8	2.8	1.9	2.4	2.1	2.2	2.6	3.1	2.2	2.8	2.7	2.5
Goldman Sachs	3/19/2025	2.8	2.8	3.1	2.6	3.0	1.8	1.3	1.7	1.7	1.9	2.0	1.9
Capital Economics	3/14/2025	2.4	2.8	2.5	2.3	3.4	2.8	-1.0	4.4	1.6	1.9	1.9	2.1
Strategas	3/17/2025	2.4	2.8	2.5	1.8	2.7	2.5	0.9	1.9	2.8	2.0	2.1	2.3
UBS	3/7/2025	2.4	2.8	2.1	1.9	3.0	2.0	1.4	1.9	1.8	1.8	2.0	1.8
Wells Fargo	3/13/2025	2.4	2.8	2.2	1.5	3.2	2.7	1.0	2.1	1.3	1.2	1.9	2.9
Bloomberg Economics	3/14/2025	2.4	2.8	2.7	2.0	3.1	2.5	0.4	0.9	1.8	1.8	1.6	1.8
Barclays	3/14/2025	2.5	2.8	2.5	2.5	3.0	2.5	1.0	0.5	0.5	1.0	1.5	1.2
JPMorgan Chase	3/14/2025	2.5	2.8	2.3	2.0	3.2	2.8	1.0	1.0	2.0	2.3	1.8	1.9
Federal Reserve**	3/19/2025	2.6	2.5									1.7	1.8

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 March 19, 2025. Federal Reserve (Fed) estimates are as of March 19, 2025.

Markets

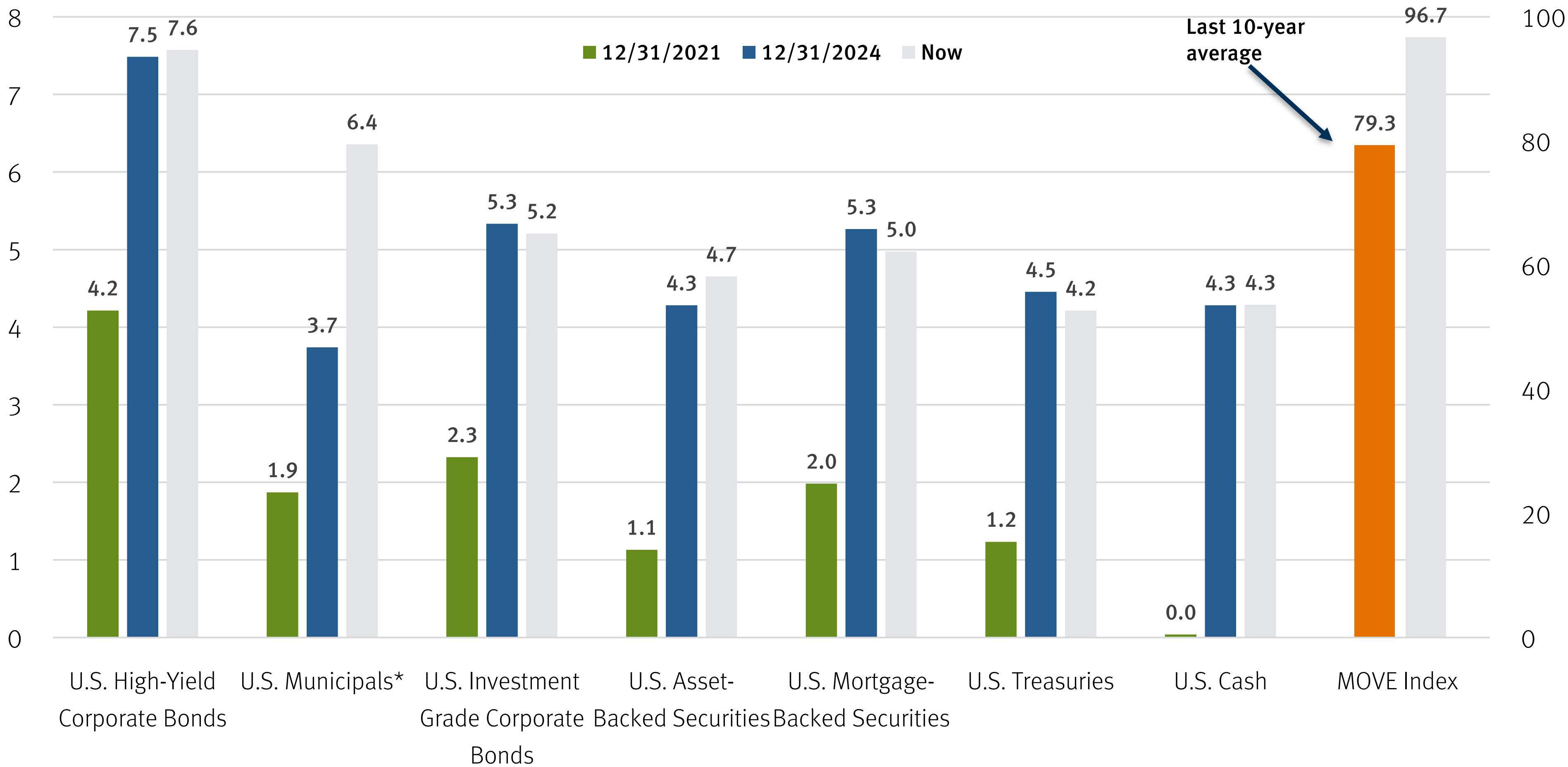
U.S. Treasury yield curve



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 March 17, 2025.

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 March 18, 2025

NEAR-TERM RISKS AND OPPORTUNITIES

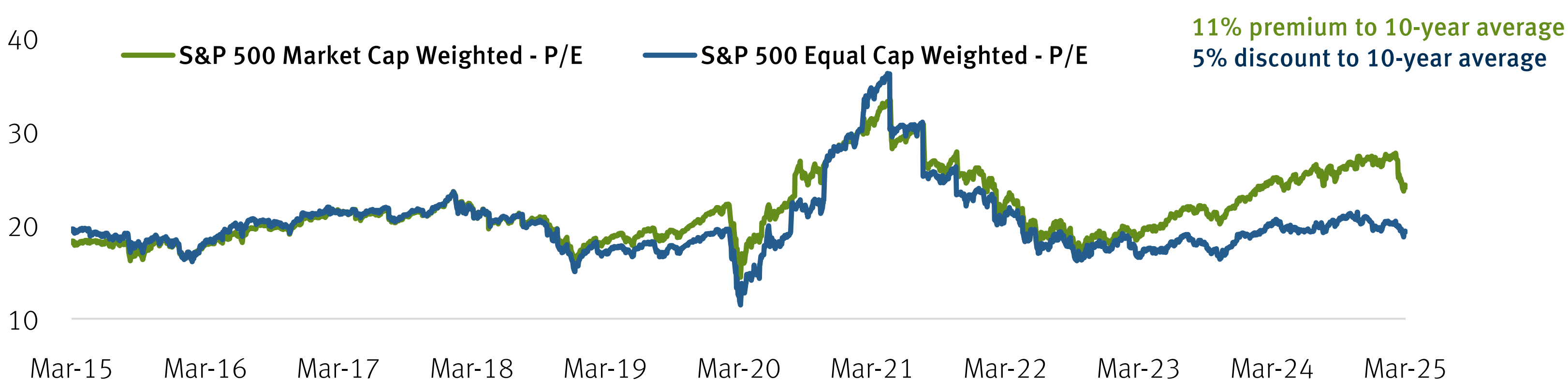
EPS	S&P 500 P/E						
	19x	20x	21x	22x	23x	24x	25x
$285	5,415	5,700	5,927	6,270	6,640	6,840	7,125
$270	5,130	5,400	5,615	5,940	6,290	6,480	6,750
$268	5,092	5,360	5,573	5,896	6,244	6,432	6,700
$259	4,921	5,180	5,386	5,698	6,034	6,216	6,475
$250	4,750	5,000	5,199	5,500	5,824	6,000	6,250
$241	4,579	4,820	5,012	5,302	5,615	5,784	6,025
$230	4,370	4,600	4,783	5,060	5,358	5,520	5,750

Consensus 2025 EPS → $270

Consensus 2024 EPS → $241

Current S&P 500 Index Level

9.4% needed to reach recent high



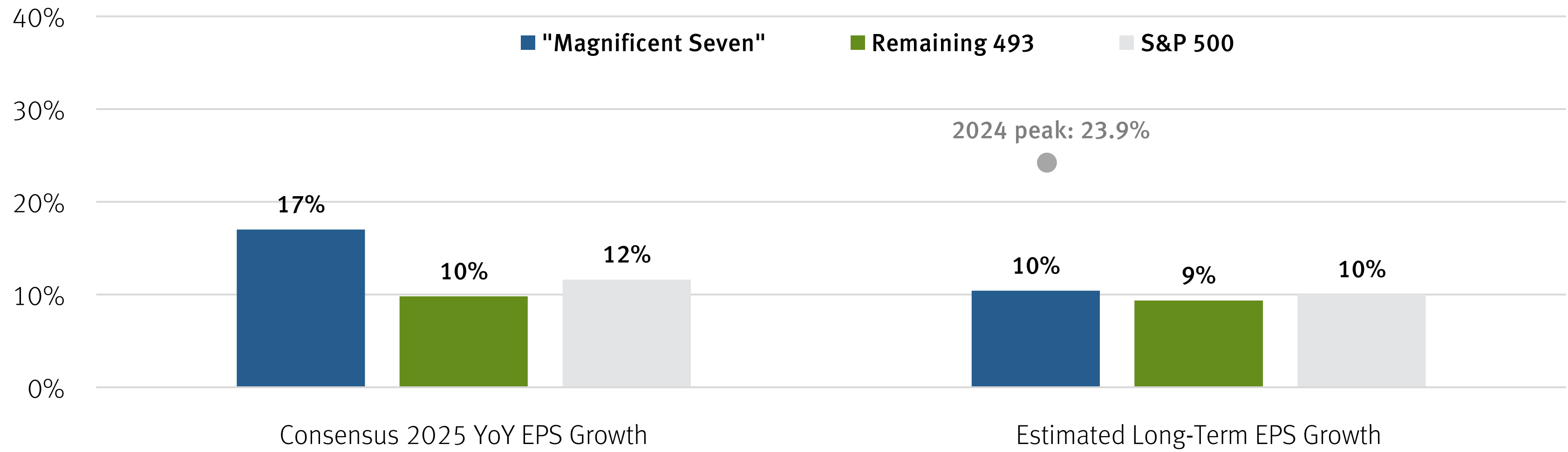
In 2024:

- **The Magnificent Seven Stocks are together up 60%, now approximately 30% of the cap-weighted S&P 500 and over 53% of the index return.***

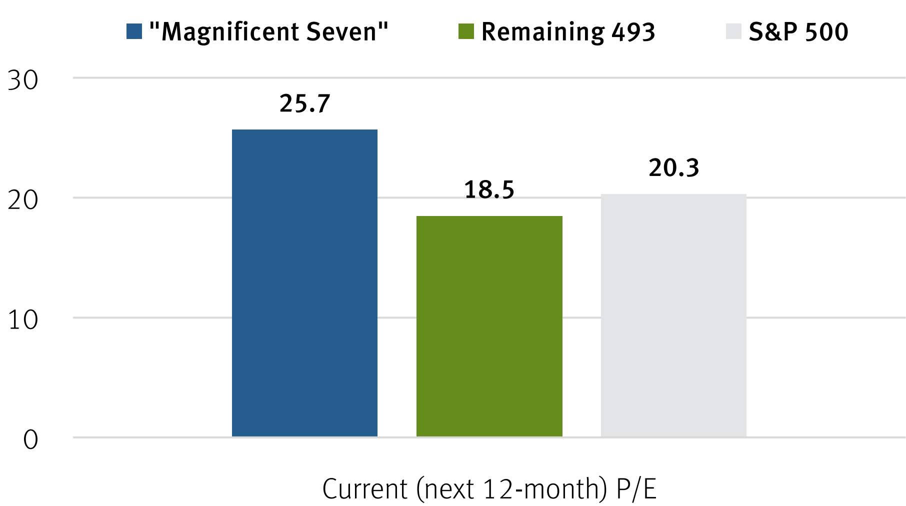
EPS = Earnings Per Share

*Source: Stifel CIO Office and Bloomberg, as of March 18, 2025

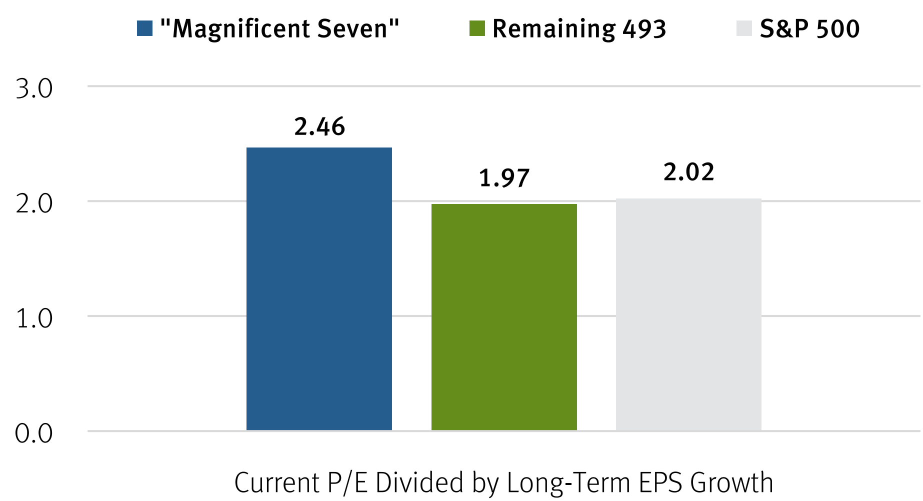
Earnings Growth



P/E Multiples



PEG Ratios



Source: Stifel CIO Office via FactSet, as of March 19, 2025

MARKET PERFORMANCE

Index	2022	2023	2024	Nov 05 24 – Mar 18 25	2025 YTD	Feb 19 25 – Mar 18 25
S&P 500 Index	-18.1%	26.3%	25.0%	-2.4%	-4.3%	-8.5%
S&P 500 Eq. Weight.	-11.5%	13.8%	13.0%	-2.2%	-0.6%	-4.8%
S&P Quality High Dividend	-0.3%	5.5%	11.1%	-0.6%	1.9%	-0.1%
S&P 500 Financials	-10.6%	12.1%	30.5%	5.4%	1.5%	-6.0%
KBW Reg. Banking	-6.9%	-0.4%	13.2%	-2.9%	-5.5%	-10.3%
Bloomberg U.S. 1000 Value	-2.5%	9.4%	13.6%	1.0%	3.1%	-3.0%
Bloomberg U.S. 1000 Growth	-27.5%	36.1%	28.9%	-4.0%	-7.3%	-11.1%
Bloomberg Magnificent 7	-45.3%	107.0%	67.3%	-4.2%	-16.1%	-17.1%
NYSE FANG+ Index	-40.0%	96.4%	51.0%	-0.3%	-9.6%	-14.8%
Bloomberg U.S. 2000	-20.1%	17.1%	12.0%	-9.0%	-8.6%	-10.6%
MSCI EAFE Index	-14.5%	18.2%	3.8%	7.5%	11.4%	3.3%
MSCI EM Index	-20.1%	9.8%	7.5%	1.1%	6.9%	0.9%
Bloomberg U.S. Agg	-13.0%	5.5%	1.3%	1.5%	2.3%	1.4%

Source: Stifel CIO Office via Bloomberg, as of March 18, 2025

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Looking Forward


THE WORLD IN 2035: FROM VISION TO VALUE
OUR FIVE INVESTMENT THEMES
FOURTH INDUSTRIAL REVOLUTION
Technological innovation has broken down the boundaries between the physical, digital, and biological worlds.
Quantum Leaps
Rise of Bionics
SECURING STRATEGIC RESOURCES
Companies and governments are prioritizing the development and protection of critical industries, resources, and services.
Farm Fields Go Vertical
Nuclear Will Power the U.S.
SHIFTING DEMOGRAPHICS
Changes in global population dynamics will bring about challenges and opportunities.
Beating Cancer
Meet Your Digital Twin
THE NEW CONSUMER
Consumer preferences, expectations, and behavior are altering business models and corporate strategies.
The Sky's the Limit
Your Next Hire: An AI Agent
PRODUCTIVE COMPETITION
Rivalry ultimately drives innovation, improves quality of life, and creates value for consumers and the economy.
Advanced Warfare: Humanoid Robots
Space Means Business
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March	
7	Employment
12/28	Inflation
14/28	Consumer Sentiment
14	Retail Sales
19	Fed Policy Decision
25	Housing

April	
4	Employment
10/30	Inflation
11/25	Consumer Sentiment
16	Retail Sales
23	Housing

May	
2	Employment
13/30	Inflation
16/30	Consumer Sentiment
15	Retail Sales
23	Housing

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

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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

	ASSET CLASS	Underweight	Neutral	Overweight	COMMENTS
EQUITY	U.S. Equity vs. Non-U.S. Equity		■		We guide investors to diversify between U.S. and non-U.S. equity, maintaining a neutral allocation versus our SAA. U.S. equities benefit from strong economic growth and innovation, but starting valuations may pose a headwind if company earnings underwhelm. Outside the U.S., attractive valuations are offset by geopolitical tensions and sluggish economic growth, softening their appeal.
EQUITY	U.S. Large Cap vs. U.S. Small Cap	■			Large cap companies offer stability and earnings resilience but face valuation pressures after strong performance in mega cap tech. Small caps are more vulnerable to higher-for-longer interest rates, which challenge companies reliant on financing or carrying significant debt. However, a favorable economic backdrop and an earnings recovery still present opportunities within small cap for skilled active investors.
EQUITY	U.S. Large Value vs. U.S. Large Growth		■		We believe investors should be diversified across both value and growth styles. We expect returns to broaden out beyond the M7 and have a preference for quality companies and those that are expected to benefit from our long-term investment themes. Value offers attractive relative valuations and benefits from higher yields, while growth continues to gain support from innovations like AI.
EQUITY	Non-U.S. Developed Markets vs. Emerging Markets		■		Both developed and emerging markets remain vulnerable to idiosyncratic risks and headwinds stemming from geopolitical tensions, economic challenges, and an "America First" agenda from the incoming Trump administration. Despite ongoing stimulus, China continues to grapple with structural challenges stemming from its high debt levels and aging population, compounded by persistent issues in its real estate market.
EQUITY	Europe vs. Japan	■			Japanese equities have given back some of their gains recently, but we believe there is still the potential for relative outperformance. Japan's domestic reflation along with corporate governance reform are likely to enhance shareholder value in the medium-to-long term. In Europe, policy uncertainty in France and Germany, weaker Chinese growth, and the Russia-Ukraine war remain headwinds for the growth outlook.

DYNAMIC LEANINGS

Underweight | Neutral | Overweight

	ASSET CLASS	Underweight	Neutral	Overweight	COMMENTS
FIXED INCOME	U.S. Investment Grade vs. U.S. High Yield		■		We recently moved to neutral between investment-grade and high-yield bonds. High-yield corporate spreads are tight, leaving little margin for error, but corporate fundamentals remain strong, and the rate-cutting cycle should mitigate some of the downside risks. In investment grade, we expect returns to be primarily driven by carry, offering steady income in a stable rate environment.
FIXED INCOME	Corporates vs. Government vs. Agency MBS		■		We remain neutral within the fixed income super sectors but believe there is opportunity within the asset class for active management. Asset-backed and mortgage-backed securities are attractive with 30-year mortgage rates remaining elevated, tempering prepayment risks.
FIXED INCOME	Duration		■		We view duration as a diversifier in a multi-asset class portfolio given the macroeconomic uncertainty and volatility in yields, and so we remain neutral on duration as compared to the overall market. Investors holding cash should consider extending duration.
ALTERNATIVES	Private Assets		■		For investors interested in alternative investments and able to handle illiquidity, exposure to some combination of private equity, private debt, and/or private real estate can be considered as part of a diversified portfolio.
ALTERNATIVES	Hedge Funds		■		For investors interested in alternative investments and able to handle less liquidity who have conviction about manager skill, exposure to hedge funds can be a helpful part of a diversified portfolio. This is especially true in volatile, low-return environments.

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).

The Conference Board Measure of CEO Confidence™ is a barometer of the health of the U.S. economy from the perspective of U.S. chief executives. The measure of CEO confidence is based on CEOs' perceptions of current and expected business and industry conditions. The survey also gauges CEOs' expectations about future actions their companies plan on taking in four key areas: capital spending, employment, recruiting, and wages.

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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