CHIEF INVESTMENT OFFICE

Capital Market Outlook

November 16, 2020

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE

- **Macro Strategy**—It's historically typical for cyclical, Value and small-cap stocks to have performed well during the early stage of an economic expansion when profits tend to have shown the most improvement. International markets, both developed and emerging, also tend to outperform during this stage of the cycle partly because they have more cyclical and Value exposure and less Growth stocks than the U.S., where a disproportionate share of technology stocks reside. Also, the U.S. tends to lead global expansions that eventually spill out to the rest of the world, as we are now seeing. The November 9, 2020, announcement that an effective coronavirus vaccine is on the way has accelerated these normal cyclical rotations into the Value space.
- **Global Market View**—The first half of November has brought major turning points in the two defining events of 2020. We continue to view the wider backdrop for equity risk appetite as positive overall, but expect the market effect from this month's election results and vaccine developments announcement to vary across individual regions and sectors.
- **Thought of the Week**—Foreign direct investment (FDI) activity stalled in the third quarter of 2020, with investment project announcements down 37% versus 2019 levels. U.S. companies have increasingly favored domestic projects over expansions abroad. By sector, global investment in the chemicals, utilities, trade, and information and communications services sectors have proved the most resilient amid the pandemic.
- **Portfolio Considerations**—Headline risk and presidential election uncertainty is likely to keep investor risk aversion and cash allocations high, and we expect this to lead to a "seesaw" investment environment well into November. We would use major weakness in equity markets as a buying opportunity for those who have at least a six-month-or-longer time horizon.

MACRO STRATEGY

Chief Investment Office Macro Strategy Team

GLOBAL MARKET VIEW

Ehiwario Efeyini
Director and
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THOUGHT OF THE WEEK

Kathryn McDonald, CFA®
Vice President and
Investment Strategist

Data as of 11/16/2020, and subject to change.

MACRO STRATEGY

Vaccine Sparks Massive Rotation

Chief Investment Office Macro Strategy Team

The announcement less than one week after the election that a highly effective vaccine against coronavirus is on the way set off one of the biggest stock-market rallies in modern times. According to Renaissance Macro Research, for example, its market “thrust indicator” registered over 70% for only the 10th time since 1957, meaning over 70% of stocks made 20-day highs on November 9. As Jeff de Graff, creator of this indicator explained, “The history of the data suggests it’s unambiguously bullish, and Monday’s reading follows on the reading we had back in early June, also above 70%.” Two greater-than-70% readings in just a few months is a sign of just how powerful the 2020 bull market is.

Other metrics also illustrate the strength of the bull market that began the week of March 23, 2020, when it became apparent that the biggest fiscal package since World War II was coming with unprecedented support from the Federal Reserve (Fed). In addition, the election results sharply reduced fears of massive tax hikes and other policies inherent in a “Blue Wave” victory that failed to materialize. The result, according to commentary in Forbes Magazine, was that stocks ended the election week “with the biggest post-election day rally in over a century.” Then, after the weekend, came the vaccine announcement that just added fuel to the fire, though with one important difference. Stocks that benefit from the end of the pandemic far outperformed those that benefit from the work-from-home (WFH) and shutdown environment of the past eight months.

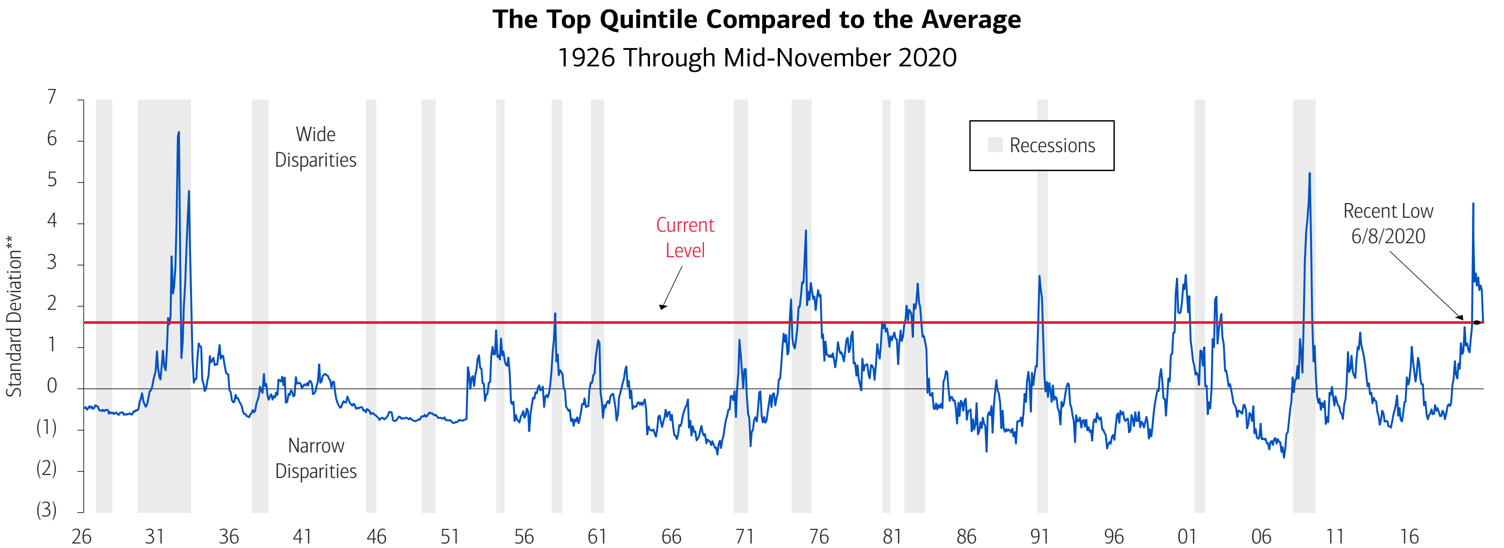
Initially, as the election results were tabulated, the biggest gains went to the high-flying Growth stocks that have led the market for the past decade. That’s because they are the most vulnerable to higher capital-gains tax rates, which Democrats proposed to double from about 20% to about 40%. A very large proportion of unrealized capital gains reside in the high-flying tech sector, which now accounts for a much bigger share of the market’s capitalization and has far outperformed most other parts of the market during the past decade. With capital-gains tax hikes presumably off the table, big growth stocks breathed a sigh of relief.

Also helping the growth sector was the initial drop in interest rates when the Blue Wave failed to materialize. If the Senate remains in Republican hands, a big fiscal stimulus is less likely, causing markets to reduce the outlook for growth, inflation and, therefore, interest rates. Growth stocks are more sensitive to interest-rate changes because their earnings on average are concentrated further out in the future. Discounting those more distant earnings at a higher interest rate reduces their value more than that of slower-growing stocks, which have earnings more concentrated in the less distant future. Therefore, the big initial post-election drop in rates boosted the relative performance of the big-tech growers. All in all, the tech sector was up about 10% by Friday, November 6, more than the other sectors, which also rose, just not as much.

That left the Growth sector vulnerable on Monday, November 9, when the vaccine announcement came. It also sparked a massive rally, like the election results did, but totally shifted the internal market dynamics, causing a rotation away from the secular Growth stocks to more cyclical value areas of the market like Energy, Financials, Materials and Industrial stocks. This time, the prospects for much stronger growth as pandemic fears fade in 2021 caused long-term Treasury yields to reverse all of their election-week declines and poke out to new highs. The higher rates were one reason Growth stocks suffered relatively on the vaccine news.

In addition, valuation differentials remain big, with Growth stocks’ relative valuations still almost two standard deviations (SDs) above historical norms, according to estimates by Empirical Research Partners (ERP). As usually happens over the business cycle, Growth stocks valuation premiums reached a peak back in March during the big market selloff and period of maximum economic pessimism. This was the biggest valuation gap since the 1999 tech bubble, according to ERP (Exhibit 1).

Exhibit 1: U.S. Large-Capitalization Stocks Valuation Spreads*



*Prior to 1952, the spread is measured using the price-to-book data of the largest 1,500 stocks. **Standard Deviation: A measure of the amount of variation or dispersion of a set of values. Sources: National Bureau of Economic Research, Empirical Research Partners Analysis. Data as of November 12, 2020. **Past performance is no guarantee of future results.**

Since March, as the synchronized global expansion started and the stock market began its powerful bull run, a subtle shift toward cyclical stocks has slowly unfolded, narrowing the valuation gap from over four SDs above normal to just shy of two SDs, according to the latest ERP estimates. The vaccine news turned this slow subtle shift away from growth into a full-blown rush to embrace cyclical and Value stocks. The question now is whether this is just a one-time adjustment to the vaccine news or the beginning of a trend with more staying power.

In our view, the big valuation gap between Growth and Value stocks is likely to continue to close in the year ahead. As shown in Exhibit 1, ERP data shows that the valuation gap tends to be greatest during recessions and normalize over expansions when it fluctuates around zero. We suspect this expansion will follow that pattern. The pandemic was especially hard on many cyclical sectors and especially beneficial for many high-tech, WFH growth stocks. This sets up a big move back to normal as the pandemic hopefully dissipates over 2021.

ERP estimates that value stocks outperformed by six percentage points on November 9, “the biggest one-day relative return in seven decades.” Relative returns of three percentage points or more in a day are extremely rare according to ERP. “Value stocks outperformed in the next six months in all the episodes save one, that at the end of April this year.” The extended pandemic effect likely accounts for that exception, and the end of the pandemic is thus likely to amplify this typical cyclical rotation.

Jeff de Graff’s “thrust indicator” also suggests good performance by the underperforming cyclical sectors of the past decade. Two readings above 70% separated by a month or more in a six-month period has only happened eight times since 1957. In each of those cases, the market was up 12 months later, with the average gain in the S&P 500 15%, and the average gain in the small-cap Russell 2000 Index 28%, or almost twice as much as big-cap gains.

This strong relative outperformance of small-cap and other more cyclical stocks reflects the fact that they tend to be most undervalued and have the most to gain when the economy recovers from a recession. The ERP research and the strong de Graff "thrust indicator" generally show this potential for relative outperformance in the first year of economic expansions, especially a synchronized global expansion, which benefits non-U.S. equities, as they tend to be more cyclical and value oriented. The recent outperformance of the Japanese stock market is a good example of this. Japan tends to be highly leveraged to pickups in global growth like we are seeing now.

Help for this cyclical rotation in the market is dependent on the ongoing, strengthening synchronized global expansion. On this score, the economic data around the world remains encouraging despite the sharp acceleration in coronavirus cases. The latest update of the BofA Global Research Global Wave report is titled "Powerful Upturn in the Global Wave." It notes that, over the last month, all seven components of the Global Wave Indicator improved. Importantly, the early moving components improved the most, including the global earnings revision ratio, global industrial confidence and global consumer confidence (which improved in 60% of countries despite falling in Europe, according to the report).

In the U.S., early leading indicators are confirming this positive outlook. The October Institute for Supply Management (ISM) manufacturing survey registered its strongest new orders reading since 2004, when a major global expansion was in the early stages. Robust orders are a pre-condition for the strengthening global manufacturing sector. Inventories have been depleted during the pandemic, causing a major restocking cycle to begin as is typical after a recession. A strong housing rebound is also typical in the early stage of a new expansion. That's why the ISM orders index and new building permits are among the 10 variables included in the Conference Board Index of Leading Indicators, which is based on over a century of research on the dynamics of business cycles.

Employment data have also continued to surprise economists with six straight months of bigger-than-expected declines in the unemployment rate through October. As noted in recent reports, in aggregate, many consumers have been saving a disproportionate share of their income because the pandemic has restrained consumption of services like travel and dining out. Hopefully, the vaccine will instill enough confidence to unleash this massive reservoir of pent-up demand.

Therefore, we believe that the extreme rotation that was triggered on November 9 is not a one-off event but rather an extreme example of the rotations that generally occur in the first year of a new economic expansion. The powerful "global wave" and better-than-expected economic data support this outlook. So do technical signals like "thrust indicators" and valuation discrepancies. The surprisingly strong bull market is not so surprising when compared to past early-stage expansions. This combination of bullish economic and equity-market signals points to a strong stock market in 2021. The early-cycle mix shift is typical when the BofA Global Research Global Wave turns strongly higher. According to its past history, "the global wave and the global earnings cycle have had a 76% correlation since 1988 so it seems likely a globally synchronized earnings upturn could drive a cyclical rotation." This stage of the global wave cycle generally heralds higher bond yields, improved financial sector stocks, and it's a negative for expensive bond-like stocks, such as utilities. It also tends to be associated with a weaker dollar and a rotation into emerging markets and other international stocks.

In short, the assets that have lagged over the past decade are starting to catch up. This does not mean secular Growth stocks are in a bear market. It just means a very powerful bull market triggered by unprecedented fiscal and monetary stimulus is broadening out to include the beneficiaries of a strong global expansion in 2021.

November's Surprise: The Election, The Vaccine and The Markets

Ehiwario Efeyini, Director and Senior Market Strategy Analyst

The first half of November has brought major turning points in the two defining events of 2020. Following the November 3 U.S. presidential election, a divided government now looks all but certain in 2021, not the Democratic sweep that had been expected ahead of the vote. And, over the past week, the first interim Phase 3 analyses for two leading coronavirus vaccine candidates have reported success in key milestones, with more expected to announce trial results later this year. Global equity markets have been buoyed by these developments, and broader support from the ongoing recovery in economic growth and corporate earnings, accommodation in monetary policy, and economic reopening across most geographic regions should provide a firm basis for additional gains. But while we view the wider backdrop for equity risk appetite as positive overall, we expect the effect from November's two surprise outcomes to vary across individual regions and sectors.

Election aftermath

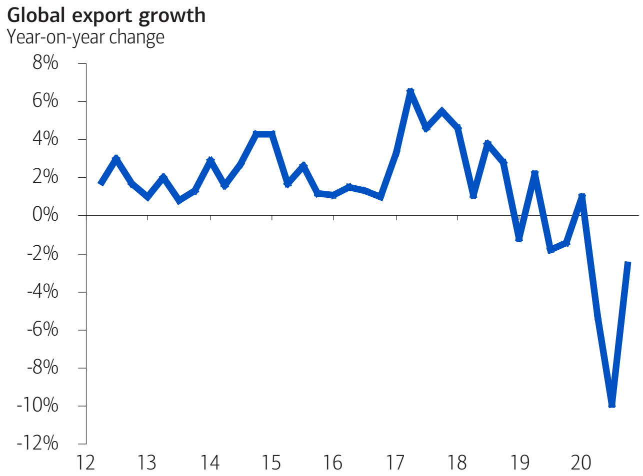
The post-election rally in U.S. markets owes much in our view to the pricing out of policy risk under alternative government configurations. Tax increases that were expected for both individuals and corporations under full Democratic control now appear far less likely. And though tax hikes may yet be attempted later in the new administration as the focus shifts away from pandemic recovery, any such proposals are likely to be resisted by a Republican Senate.

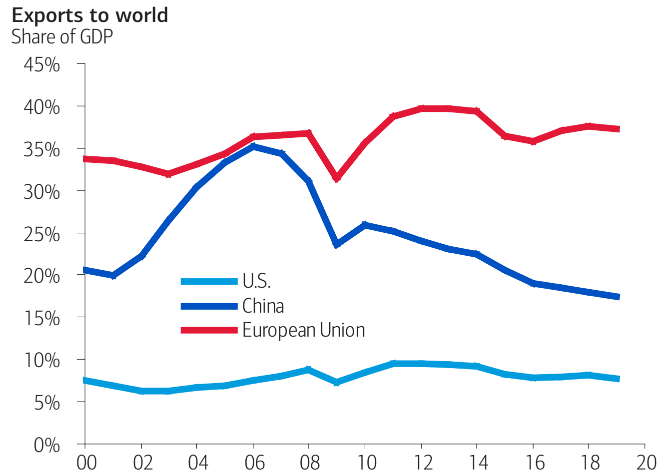
Similarly, the likelihood of major new regulatory measures for the corporate sector also seems lower than would have been the case under complete Democratic leadership. Information technology in particular now accounts for close to 40% of S&P 500 market capitalization when broadly defined to include interactive media and internet retail. And narrower prospects for rule changes in areas such as data privacy, antitrust and content liability therefore come as a source of relief for both the discrete sector and the broad market.

Somewhat less supportive under divided government is likely to be the outlook for discretionary government spending. A split Congress could eventually deliver a smaller stimulus package than would have been expected under full Democratic control. And fiscal outlays on infrastructure and clean energy are also likely to be scaled back relative to pre-election Democratic proposals.

For international markets, the U.S. election outcome should also come as a marginal source of support as we saw during election week, largely due to its implications for crossborder trade and investment. The past four years have brought increases in trade barriers between the U.S. and the rest of the world through new tariffs and export restrictions, as well as withdrawal from a series of multilateral agreements such as the Paris Agreement on climate, the Trans-Pacific Partnership (TPP) and the Iran nuclear deal. Under a new administration, the U.S. should, however, take a more cooperative approach to foreign policy. This could potentially include a rollback of tariffs imposed on allied markets such as Canada, Mexico and the European Union (EU), recertification of the Iran deal, and a possible rejoining of the revamped TPP as a more multilateralist response to China's rise. A focus on domestic economic recovery is likely to be prioritized in the earlier stages of the new administration, but a shift in emphasis away from the protectionist measures that have depressed global trade growth over recent years even before the start of the pandemic, should nonetheless provide a relative tailwind for major non-U.S. markets that are more exposed to external demand (Exhibit 2).

Exhibit 2: Potential trade improvement under the new administration may be a relative support for major non-U.S. markets.





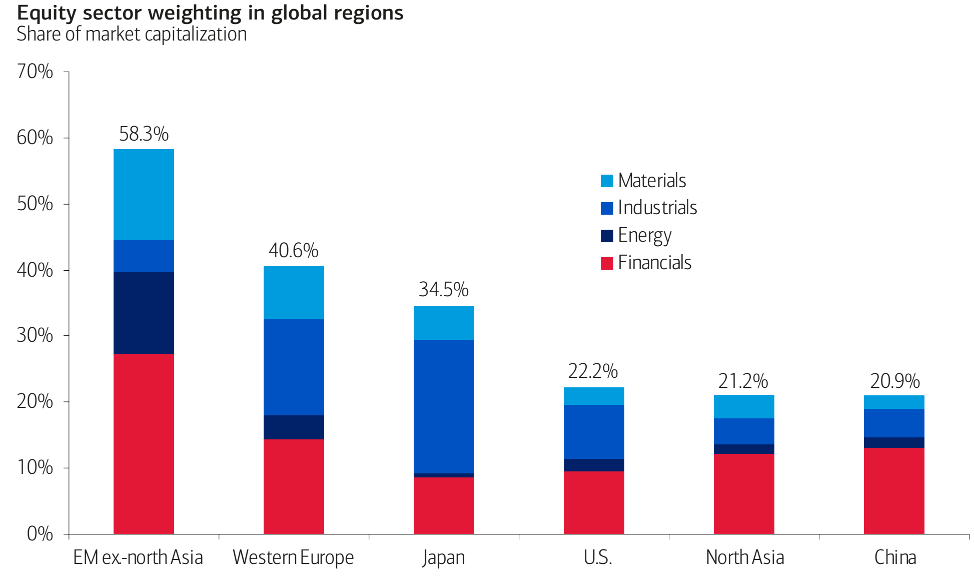
Sources: International monetary Fund; Bloomberg. Data as of November 12, 2020.

Investors should nonetheless not expect a full return to pre-2016 global trade relations, particularly between the U.S. and China. The growing frictions of the past four years remain closely tied to China's emergence as an economic and technological rival. And with the gap in economic size between the two countries closing by more than 20% over the course of this past presidential term, the rivalry is only likely to intensify under the next administration. The new U.S. government may yet take a more coordinated approach that does less to undermine bilateral China-U.S. trade and investment but is still likely to balance this against national security interests on intellectual property protection, data security, supply chain resilience and the domestic labor market.

Pandemic progress

Recent advances on vaccine development have also marked a turning point in investor sentiment, potentially setting the stage for a return to normalization of activity levels across the sectors most depressed by the need for physical distancing. Last week's announcement sparked a rise in global bond yields and commodity prices, alongside outperformance in key cyclical sectors such as Financials, Energy, Materials and Industrials. Any prospect of the start of a transition toward widespread vaccination, particularly if underpinned by successful trials across a range of other candidates, could potentially lead to sustainable gains in markets most exposed to these value sectors, such as emerging markets outside north Asia (Exhibit 3), which have lagged the most this year. But scientific and logistical questions over the duration of any vaccine-induced immunity and the amount of time required to manufacture, distribute, and administer a sufficient number of doses could yet reverse these recent market moves, especially if the pandemic worsens over the coming winter months.

Exhibit 3: Regional equity market exposure to key cyclical sectors.

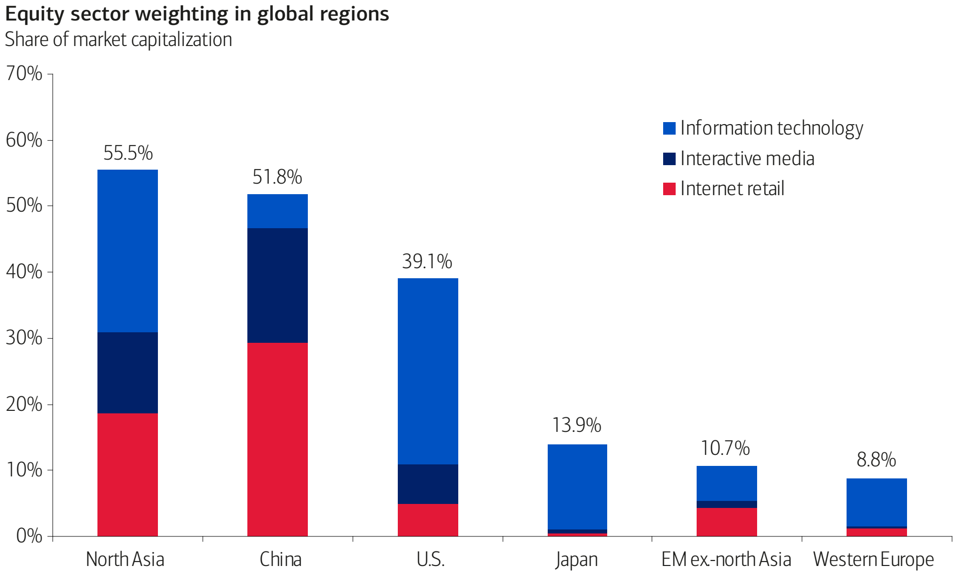


Sector exposures based on MSCI country indices. North Asia is China, Korea, and Taiwan.
Source: MSCI. Data as of October 31, 2020. **Past performance is no guarantee of future results.**

Western Europe has already led an increase in daily coronavirus cases over recent weeks, leading to a series of new shutdown measures across large economies such as the Germany, France, the U.K., Italy and Spain. But though these moves are likely to limit economic growth within the region in the current quarter, the broad market effect should be at least partially offset by further policy easing expected from the European Central Bank and the likelihood that EU-wide relief funds approved in July begin to be disbursed in early 2021. And for developed markets overall, any near-term deterioration in the underlying health crisis is unlikely to cause a major downward shift in growth due to the uptake of adaptation measures such as widespread testing, mask wearing and more web-based communication since the first wave in March and April that have enabled economic continuity. Lower-income markets in the emerging world could nonetheless remain vulnerable due to their weaker health systems, lower capacity for fiscal stimulus and lower levels of internet penetration which reduce their ability to pursue these adaptation measures. And in this regard, it is notable that 2021 growth projections from the International Monetary Fund are lower for Latin America, Africa and the Middle East than for developed economies in aggregate.

Crucially, these emerging market regions outside north Asia also have the lowest market capitalization weightings in technology-related equity holdings (Exhibit 4).

Exhibit 4: Regional equity market exposure to technology-related segments.



Sector exposures based on MSCI country indices. North Asia is China, Korea, and Taiwan.
Source: MSCI. Data as of October 31, 2020. **Past performance is no guarantee of future results.**

These sectors could well experience periodic underperformance on positive news around vaccine development as we saw at the start of last week. But it could yet require more durable progress toward a lasting inhibition of the virus before these rotations prove more sustainable. Even then, the legacy of the pandemic in terms of greater reliance on new services such as telehealth and biosecurity should provide an ongoing tailwind for these areas of structural growth. And further expansion of the digital economy that was already well underway in areas like internet retail, online media and cloud computing should also give a longer-term advantage to markets such as the U.S. and north Asia, which have the most exposure to these segments.

THOUGHT OF THE WEEK:

Global Investment Trends During the Pandemic

Kathryn McDonald, CFA®, Vice President and Investment Strategist

Foreign direct investment (FDI) activity stalled in the third quarter of 2020 as the pandemic continued to disrupt multinational corporations' outbound investment plans. According to the latest United Nations Conference on Trade and Development (UNCTAD) Investment Trends Monitor, year-to-date Greenfield[1] project announcements—a leading indicator for foreign investment activity—are down 37% versus 2019 levels. Looking beneath the surface, we uncover some important trends, consistent with our main investment themes.

Global-to-local: U.S. multinationals, typically the largest source of outward FDI, have increasingly favored projects within the U.S. over outbound FDI.[2] In the first nine months of the year, U.S. companies announced 2,322 interstate investment projects, which is almost double the amount of U.S. FDI projects abroad. This is the largest gap between U.S. interstate and overseas project announcements in the history of the data, which is tracked by FDI Markets.

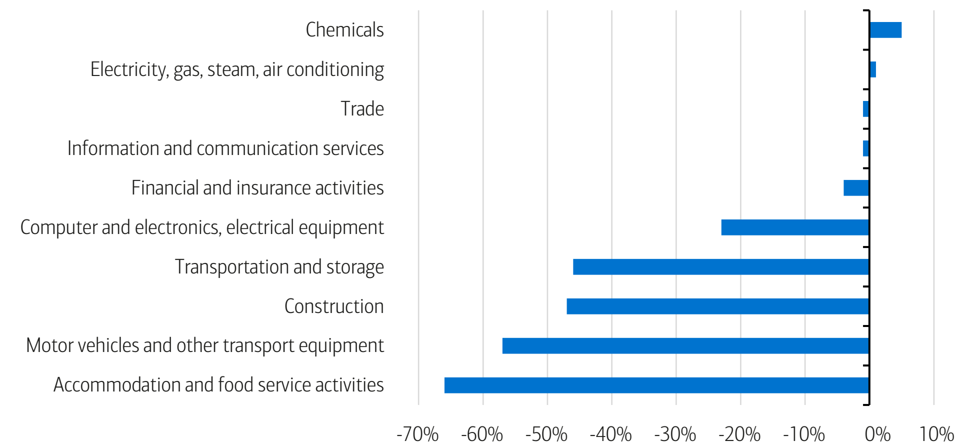
[1] Greenfield investment represents investments in new assets.

[2] See FDI Intelligence, "Global Investment Remains Weak as U.S. Investors Stay Home," November 6, 2020.

Industry divergence: The year-to-date FDI data reflect a highly bifurcated investment landscape. Industries like chemicals, information and communication services, trade, finance, and utilities, including green energy, have been relatively resilient. On the other hand, many sectors that were hit hard during March and April, such as Accommodation and Food Service industries, continue to show significantly weak levels of crossborder investment projects year-to-date (Exhibit 5).

Crossborder consolidation: Compared to the drastic decline in FDI projects, crossborder deal-making was down just 15% year-to-date from prior year levels, after a strong Mergers & Acquisitions (M&A) recovery in Q3. Indeed, total global M&A volume, within countries and across borders, returned to pre-pandemic levels last quarter as business confidence rebounded. As firms continue to position themselves in the post-pandemic world, we expect industry consolidation across multiple sectors to continue to strengthen into next year.[3]

Exhibit 5: Global FDI: A Sector Perspective.



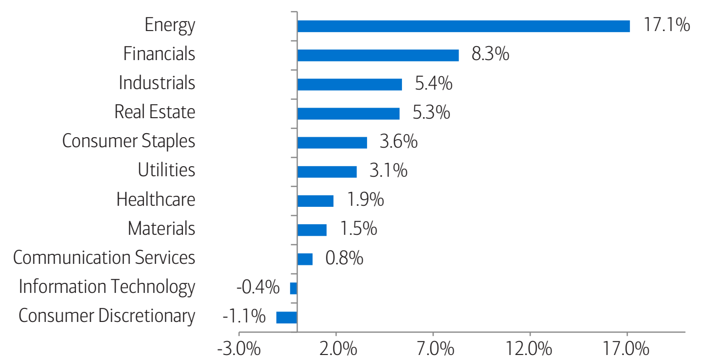
Greenfield investments are foreign investments in new projects or assets. Measures percent change in terms of value of investments. Industries listed are the top 10 industries in terms of value of foreign Greenfield investments. Greenfield investment projects measure the first eight months of 2020.
Sources: United Nations Conference on Trade and Development; fDi Markets. Data as of October 27, 2020.

[3] See Chief Investment Office Investment Insights, "The Great Consolidation: Industry and Equity Market Concentration after the Crisis," July 2020.

Equities

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
DJIA	29,479.81	4.2	11.4	5.4
NASDAQ	11,829.29	-0.5	8.5	32.9
S&P 500	3,585.15	2.2	9.7	12.8
S&P 400 Mid Cap	2,113.26	4.3	11.3	3.9
Russell 2000	1,744.04	6.1	13.4	5.8
MSCI World	2,529.29	2.4	10.4	8.8
MSCI EAFE	1,998.05	3.9	12.3	0.2
MSCI Emerging Markets	1,188.35	1.0	7.7	8.7

S&P 500 Sector Returns



Fixed Income†

		Total Return in USD (%)		
	Current	WTD	MTD	YTD
Corporate & Government	1.18	-0.20	0.48	7.91
Agencies	0.53	-0.14	0.00	5.12
Municipals	1.30	0.08	0.71	3.75
U.S. Investment Grade Credit	1.23	-0.14	0.35	6.68
International	1.95	-0.12	1.21	7.73
High Yield	4.99	0.48	2.60	3.76
	Current	Prior Week End	Prior Month End	2019 Year End
90 Day Yield	0.08	0.09	0.09	1.54
2 Year Yield	0.18	0.15	0.15	1.57
10 Year Yield	0.90	0.82	0.87	1.92
30 Year Yield	1.65	1.60	1.66	2.39

Commodities & Currencies

		Total Return in USD (%)		
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	157.38	1.2	2.6	-8.5
WTI Crude $/Barrel††	40.13	8.1	12.1	-34.3
Gold Spot $/Ounce††	1889.20	-3.2	0.6	24.5
Currencies	Current	Prior Week End	Prior Month End	2019 Year End
EUR/USD	1.18	1.19	1.16	1.12
USD/JPY	104.63	103.35	104.66	108.61
USD/CNH	6.60	6.59	6.70	6.96

Sources: Bloomberg, Factset. Total Returns from the period of 11/09/2020 to 11/13/2020. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 11/13/2020 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 9/1/2020)

	Under-weight		Neutral	Over-weight	
Global Equities	•	•	•	●	•
U.S. Large Cap Growth	•	•	•	●	•
U.S. Large Cap Value	•	•	•	●	•
U.S. Small Cap Growth	•	•	•	●	•
U.S. Small Cap Value	•	•	●	•	•
International Developed	•	•	●	•	•
Emerging Markets	●	•	•	•	•
Global Fixed Income	•	●	•	•	•
U.S. Governments	•	●	•	•	•
U.S. Mortgages	•	●	•	•	•
U.S. Corporates	•	•	•	●	•
High Yield	•	●	•	•	•
U.S. Investment Grade Tax Exempt	•	•	●	•	•
U.S. High Yield Tax Exempt	•	●	•	•	•
International Fixed Income	●	•	•	•	•
Alternative Investments*					
Hedge Funds			●		
Private Equity					
Real Assets			●		
Cash					

* Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to pre-qualified clients.

CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio.

Economic and Market Forecasts (as of 11/13/2020)

	2019A	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020E	2020E
Real global GDP (% y/y annualized)	2.9	-	-	-	-	-3.8
Real U.S. GDP (% q/q annualized)	2.2	-5.0	-31.4	33.1	3.0	-3.6
CPI inflation (% y/y)	2.3	1.5	0.6	1.3	1.1	1.2
Core CPI inflation (% y/y)	2.3	2.1	1.2	1.7	1.6	1.7
Unemployment rate (%)	3.5	3.8	13.0	8.8	6.6	8.1
Fed funds rate, end period (%)	1.55	0.08	0.08	0.09	0.13	0.13
10-year Treasury, end period (%)	1.92	0.67	0.66	0.68	0.90	0.90
S&P 500 end period	3231	2585	3100	3363	3250	3250
S&P earnings ($/share)	163	33	28	34.5*	35	131
Euro/U.S. dollar, end period	1.12	1.10	1.12	1.17	1.14	1.14
U.S. dollar/Japanese yen, end period	109	108	108	105	103	103
Oil ($/barrel, avg. of period, WTI**)	57	46	29	40	44	40

The forecasts in the table above are the base line view from BofA Global Research. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics.

Past performance is no guarantee of future results. There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

A = Actual. E/* = Estimate. S&P 500 represents the year-end target for 2020. **West Texas Intermediate.
Sources: BofA Global Research; GWIM ISC as of November 13, 2020.

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Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in dollars.

S&P 500 Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

Institute for Supply Management (ISM) Non-manufacturing Index is an economic index based on surveys of more than 400 non-manufacturing (or services) firms' purchasing and supply executives.

Russell 2000 Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index.

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All recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors. Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

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