CHIEF INVESTMENT OFFICE

Capital Market Outlook

December 16, 2019

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

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- **Macro Strategy**—The global economy is transitioning to a new mix of economic policies that are more favorable to national rather than global growth. This shift is increasingly apparent in economic data and is shaping new investment opportunities for 2020
- **Global Market View**—Top of mind at year-end: the structural shift in U.S.-Sino relations; underwhelming Europe; the new world disorder; falling U.S. birth rates; ubiquitous cameras; higher global food prices; rising U.S. energy output and health care costs; and the deep value of Kurt Cobain's cardigan sweater.
- **Thought of the Week**—As a result of the North American Free Trade Agreement (NAFTA), the barriers to trade across the continent are now considerably reduced, but some tension spots remain with areas in need of refresh to bring the trilateral agreement forward into the 21st century. This update comes in the form of the United States-Mexico-Canada Agreement (USMCA), which appears to be on the precipice of being enacted into law.
- **Portfolio Considerations**—We continue to favor global equities over fixed income; maintain our constructive view on U.S. equities and within fixed income; we are overall neutral on credit and have a slight preference for short-dated investment-grade corporates.

MACRO STRATEGY

Chief Investment Office Macro Strategy Team

GLOBAL MARKET VIEW

Joseph P. Quinlan
Managing Director and
Head of CIO Market Strategy

Lauren J. Sanfilippo
Vice President and
Market Strategy Analyst

THOUGHT OF THE WEEK

Nick Giorgi, CFA®,
Vice President,
Investment Strategist

Data as of 12/16/2019 and subject to change.

UK Election: What the Result Means for Markets

Ehiwario Efeyini, Senior Vice President and Senior Market Strategy Analyst

Last week's general election in the United Kingdom produced a big victory for the ruling Conservatives. The party won a total of 365 parliamentary seats, well in excess of the 326 needed for a majority, and will now form the government for a new term of up to five years. The response from investors was positive, with the local UK equity market rising on the result and the pound building on its gains of the past two months. UK markets had been buoyed by the rising odds of a Conservative majority in the lead up to the vote, given the party's pro-market policy agenda and the narrowing of the range of possible outcomes around Brexit. And the unexpected size of the Conservative victory gives the party a strong mandate to pursue both.

The UK will now almost certainly leave the European Union (EU) on January 31, delivering on the Brexit referendum result of 2016. But while this date would mark the formal

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withdrawal of the UK from the EU, it would only begin the process of new negotiations between the UK and the EU-27 on their new trade relationship. The two sides have set a target of year-end 2020 to complete the talks, with the aim of reaching a free trade agreement by the end of this period. There is of course no guarantee that a deal will be reached over this relatively short time frame, and for this reason it remains to be seen whether the current optimism among investors remains intact as we move through 2020. If a free trade agreement is not reached by the end of next year, the result will be a hard "no-deal" Brexit with higher tariff and regulatory barriers between the UK and its largest trading partner. And even if both sides agree to extend the talks beyond 2020 (which would have to be decided by June 30), uncertainty around the final outcome could resurface.

We would also emphasize that any form of Brexit is expected to lead to weaker economic growth for the UK economy through trade, investment, immigration and regulatory compliance. The midpoint of official government estimates for the cumulative loss of output for the UK economy over the next 15 years ranges from -9.3% under a worst case no-deal scenario to -1.4% under the softest possible Norway-style exit. These potential market headwinds would, however, need to be balanced against competitiveness and currency translation benefits from any accompanying exchange rate weakness, as well as the more pro-market domestic policy direction that should be offered by the Conservatives.

Outside the UK, the rest of the EU would be the most exposed of the major economies under any exit scenario (particularly Ireland as the UK's closest trading partner). But in aggregate, the impact would be much lower given that EU exports to the UK as a share of the EU economy are roughly one quarter of UK exports to the EU as a share of the UK economy. Indeed some individual European markets could be potential beneficiaries under a hard Brexit outcome if more financial services firms, automakers and aircraft manufacturers announce plans to move European operations onto the mainland in order to retain unrestricted access to the single market. And for other large trading partners around the world such as the U.S., China and Japan, aggregate trade exposure to the UK is lower still. Crucially, Brexit (even a no-deal outcome at the end of 2020) would not represent a systemic risk for the financial system as we saw with peripheral eurozone countries during the euro crisis. And if necessary, the Bank of England and the UK government would be able to use monetary and fiscal policy to counteract the effects on real activity. In the wake of the election result, we therefore see a near-term reduction in Brexit-related uncertainty, while acknowledging the ongoing downside risks that should come into clearer focus next year.

MACRO STRATEGY

Local Versus Global

Chief Investment Office Macro Strategy Team

One way to gauge the pace of globalization is the growth rate of global trade compared to global gross domestic product (GDP). At the peak, when China's GDP was growing at a double-digit pace, global trade volumes were growing at roughly twice the rate of world GDP. As China slowed to about half that pace, global trade fell back into line with global GDP growth. More recently, with the rise of populist political pressures around the world and the resultant policy changes, trade growth has sunk below GDP growth. In this sense, globalization is slowing.

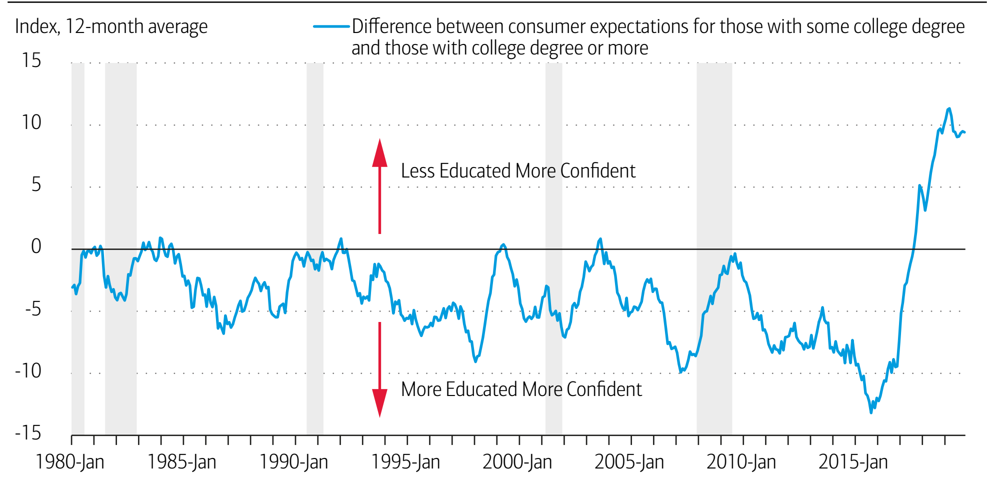
Indeed, while there are still strong forces for globalization to continue in many spheres of activity due to accelerating technological change, "localization" of growth is a growing trend that stems from a couple of important forces. First, the intensity of globalization in the prior decade was very much a function of China's surging trade surplus and growing role in the global economy. Second, that dynamic was associated with a rapid movement

of people out of subsistence poverty in emerging markets (EMs) and a stagnation of incomes for less-educated workers in the developed economies (DMs). Lower-income workers in DMs were more vulnerable to the massive offshoring of labor demand. Over three decades, the resulting rising income inequality throughout the developed world eventually reached a critical point that triggered the disenchantment with the policy status quo that took the form of populism.

Policymakers are now responding to the negative consequences of the intense globalization period. China has restructured its policies for slower, more balanced growth that is less dependent on exports and more reliant on domestic demand. In the U.S., corporate tax cuts and deregulation have made domestic production more attractive, disincentivizing U.S. businesses from fleeing to more profitable locations overseas. This has boosted the confidence and incomes of small business owners and lower-income, less-educated workers relative to big multinational corporations and the well-educated elites that benefitted the most from globalization. For example, over the past three years, small business confidence as measured by the National Federation of Independent Business' small business optimism index has surged from the very low levels that prevailed during the decade up to 2016 to highs rarely seen in its four-decade history. In contrast, big company CEOs' confidence rose early in this expansion to high levels typical of past strong growth periods, but since the trade issue has risen to the fore, it has weakened more than that of small business. Basically, business sentiment on Main Street has risen relative to business sentiment on Wall Street and in corporate boardrooms.

A similar phenomenon is evident in the consumer sector. Typically, college-degreed households' income expectations for the year ahead exceed the expectations of those without a college degree. The four-decade history of the household survey conducted by the University of Michigan shows that began to change in 2016 (Exhibit 1). Helping to explain this change is a shift in pay raises, which have been favoring lower-income workers by about a full percentage point. Rising labor force participation is another positive effect of recent pro-growth policies that help domestic workers, especially those less educated.

Exhibit 1: For the First Time in More Than 35 Years, Less-educated Households Significantly More Optimistic Than Those With A College Degree.



Sources: University of Michigan/Haver Analytics. Data as of December 6, 2019.

The November NFIB report suggests 2020 will be another good year for labor. Plans to raise worker compensation in the next three months rose to the highest level since December 1989, which was the all-time high for the almost four-decade long history of the survey. Healthy wage gains, a 10%+ rise in household net worth over the past year, a 50-year low in the unemployment rate, and still-strong confidence all point to another

solid year for consumption, especially in the lower and middle segments of the wealth and income spectrum. **Equities of retailers that serve this segment well should continue to outperform the market.**

The new USMCA agreement replacing NAFTA illustrates the refocus on the American worker. Various tweaks include provisions to protect and help increase domestic jobs. The fact that labor leaders support the changes illustrates that point. According to a study by the International Trade Commission, the deal could boost GDP by about a third of a percentage point. Other battles on the trade front are aimed at achieving a freer, fairer set of global rules that will ultimately end the existing regime that was tilted against American workers, such as the higher tariffs other countries impose on the U.S.

The strong dollar has also hurt U.S. production relative to the rest of the world. Trade policies to level the playing field together with a softer or stable dollar would help the transitions to more domestic or local growth. While central banks in both the developed world and EMs have eased policy, the degree of policy change varies. Since the U.S. has seen the biggest shift, this implies less upward pressure on the dollar, which was buoyed by the the Federal Reserve's (the Fed's) tight policy during 2017 and 2018. For example, the Fed has recently cut rates much more than other major central banks and is committed to $60 billion per month of Quantitative Easing (QE) compared to the European Central Bank's (ECB's) $10 billion per month QE.

EM central banks were hamstrung by the Fed's tight policy, which slowed their economies and weakened their currencies, problems exacerbated by the big domestic overhang of dollar debt created during the zero-rate era. The Fed's policy reversal has freed EM central banks to ease without worrying about excessive currency depreciation. Easier monetary conditions and rising equity prices signal a new upcycle in EM growth.

The growth differential between the U.S. and the rest of world (ROW) widened over the 2016–2018 period because of pro-growth U.S. tax and regulatory policies that also caused U.S. stocks to outperform the ROW by a wide margin. Now, the U.S. is much later in its labor-market cycle, while much of the ROW has more room to run. This suggests the 2020 pickup in growth will move the differential in country growth rates in favor of the ROW, which should help support many currencies against the dollar as capital flows adjust to this change.

Two special cases are the British pound and the Japanese yen. A favorable Brexit deal should strengthen a severely undervalued pound against most currencies. On the other hand, the yen, unlike most other currencies, is likely to weaken because faster global growth is likely to unleash bigger capital flows from Japan to take advantage of a more favorable global-investment environment. Foreign tourists' spending during the 2020 Olympics will help mitigate the currency impact of these capital outflows.

Bottom line: The relatively bigger U.S. reversal from tight to easy monetary policy and reduced U.S. growth relative to the ROW suggest upward pressure on the dollar is dissipating and could even turn into dollar depreciation, depending on how strong the global rebound is in 2020.

Country and Sector Implications

The more bullish global-growth outlook, coupled with the less bullish dollar outlook, suggests international equities could keep pace with U.S. equities for a while despite the strong secular advantage of the U.S. market, which is much more weighted in the leading-edge growth companies for the future. China, on the other hand, like Japan after 1990, seems to be in secular decline because of its decision to double down on authoritarian control of its people and economy. Nevertheless, a global cyclical upswing would mitigate the downtrend in Chinese growth for a while.

The coming growth pickup is evident in the fact that the German and Japanese stock markets have been keeping pace with the U.S. market in recent months. Better EM market performance also reinforces this theme, suggesting underweights in the ROW will be reduced in 2020. Cyclical and value stocks comprise a bigger share of ROW markets, making them bigger bets on a cyclical upswing, which we expect.

In the U.S. market, this outlook is apparent in the recent relative outperformance of these stocks compared to the tight-money-era defensive barbell portfolio of bond proxies and long-term technology growth stocks that are the mainstay of this secular bull market. Investors around the world need to shift from that barbell to a more pro-economic-growth portfolio. In our view, that shift has just begun and will remain a key theme for 2020.

GLOBAL MARKET VIEW

Last Call: Some Market Musings at Year-End

Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Lauren J. Sanfilippo, Vice President and Market Strategy Analyst

By now, the connoisseurs of Wall Street are well acquainted with the Street's market outlook for 2020. To wit, the longest economic expansion in U.S. history will plod on; U.S.-China trade tensions will abate; global growth will bottom and rebound early in the year; the U.S. dollar will weaken, albeit modestly; and equities will remain more attractive than fixed income.

All of the above is pretty much standard fare, so below we briefly discuss some other items that we believe deserve more attention and contemplation, and will be market-significant in 2020.

For starters, **when it comes to U.S.-Sino relations, this time is really different.** Bilateral relations have been fundamentally altered by two years of tariffs, tweets and tough talk. No more "business as usual"—even with the Phase One trade deal.

Ties are badly frayed. China's holding of U.S. Treasuries, for instance, has dropped precipitously this year, shedding $24.3 billion of U.S. Treasuries over the first nine months of 2019.[1] Meanwhile, U.S. exports to China dropped 14.4% in the first 10 months of this year from the same period a year ago, while imports have slipped 14.6%. U.S.-China bilateral foreign direct investment flows have plummeted as well this year, with U.S. investment flows to China down over 50% in the first half of this year from the same period a year ago, while inflows from China cratered 156%. The number of Chinese tourists traveling to the U.S. has declined 6% over the past year, while the number of Chinese student applications to U.S. universities has decelerated. 2019 will be remembered as the year the two largest economies in the world entered an economic cold war, so take any "good news" about a trade deal with a large grain of salt.

A second item that has us wondering: **Will the European Union (EU) ever punch above its economic weight?** Rarely has an economic entity so large (total GDP= $18 trillion), so rich (average per capita income of over $36,000) and so well endowed (nearly 500 million population) acted so economically enfeebled. By choice and design, Europe is an economic pygmy, preferring to lag, not lead, more reactive than proactive. Back in May 2017, Angela Merkel, frustrated with the Trump Administration, warned that the EU must be prepared to "take its fate into its own hands." More than two years later, the world is still waiting; ironically, while dithering over the past few years, no region of the world has been hammered more by U.S.-Sino trade tensions that trade-dependent Europe. Under new management—with Christine Lagarde at the ECB and Ursula von der Leyen at the

[1] September TIC data, *Department of the Treasury*, November 18, 2019.

helm of the EU Commission—perhaps Europe will exhibit new vigor heading into the next year. We doubt it, but here's to hoping.

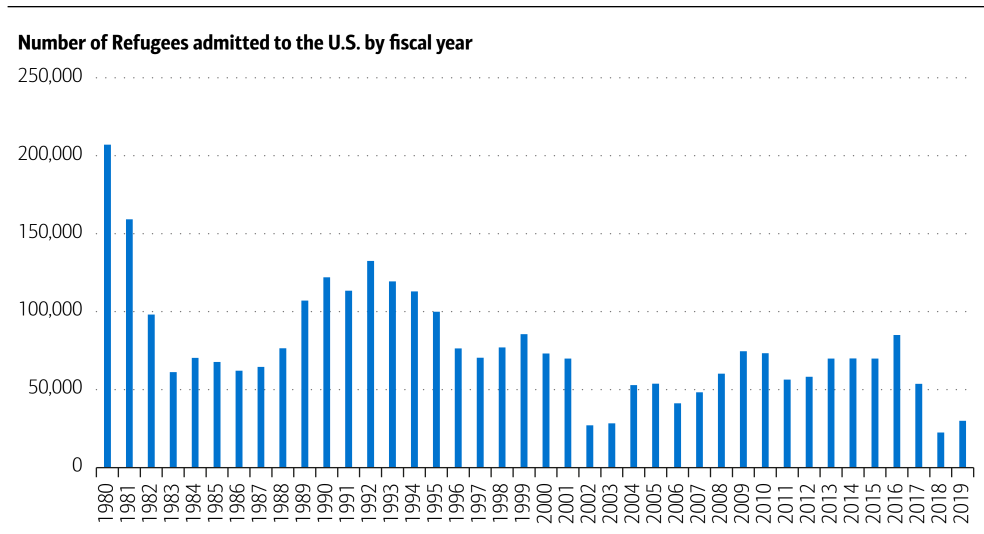
A third point on our mind: As the American-led liberal order wanes, as nationalism and isolationism gain traction around the globe, **the world confronts a painful choice: either grow up or blow up.** Like Germany, the rest of the world needs to take its fate into its own hands since the planet's benign hegemon—the U.S.—isn't interested in running the world anymore.

The standard bearer of a free trade, the global champion of human rights, and the enforcer of basic principles or international behavior is retreating and retrenching, less inclined to shoulder the economic, financial and military burdens for the good of the global commons.

Nothing lasts forever—including the post-war liberal order chaperoned by the U.S. The fact that the World Trade Organization's appeals court was effectively shut down last week, leaving global trade unregulated and at the mercy of the "law of the jungle" is yet the latest sign of a world economy unmoored. Times are changing; regions and global industries (notably tech) are being balkanized, presenting both risks and rewards to investors.

Back in the United States, the juxtaposition of plunging U.S. birth rates against the steep decline in the number of refugees settled in the United States has us dwelling on the future population of the U.S. **In October 2019, for the first time, not a single refugee was resettled in America.** As a point of reference, since 1980, when records began, the U.S., on average, has admitted roughly 77,500 refugees per annum (Exhibit 2). The U.S. admission ceiling for refugees in fiscal year 2020 is just 18,000, one of the lowest in almost 30 years. It is harder entering America at precisely the moment U.S. birth rates are plunging. According to the Centers for Disease Control and Prevention (CDC), the **U.S. birthrate fell 2% again in 2018, to 3,788,235 births, the lowest number of births in 32 years.** America's total fertility rate (1.72 in 2018) increasingly mirrors doddering and infirmed Europe. Against this backdrop, the math is worrisome: declining U.S. birth rates + plunging immigration levels (including refugee settlements) = an aging population, fewer workers and lower productivity, among other things.

Exhibit 2: Refugee Flows Into the U.S. Since 1980.



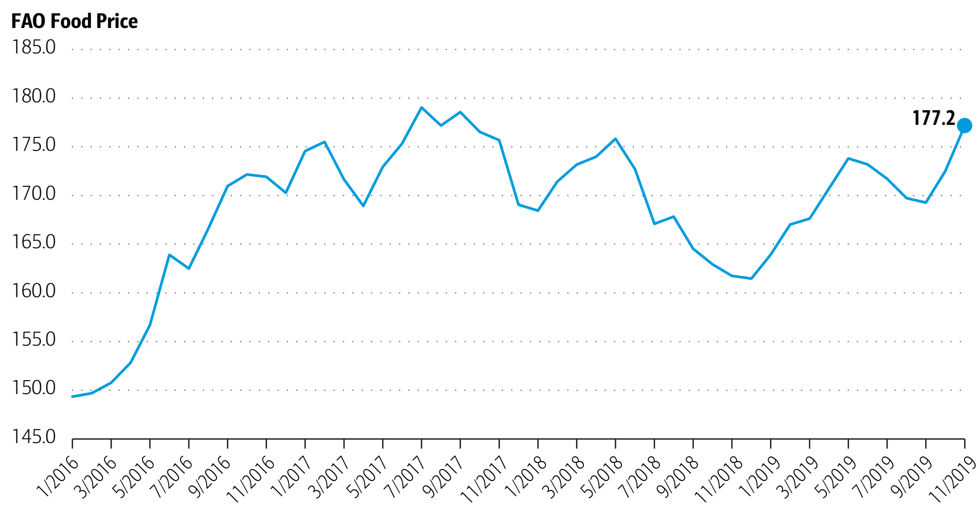
Source: U.S. State Department's Refugee Processing Center. Data as of September 30, 2019.

Here are a few other trends we're mulling over at year-end: **if you're camera shy, this isn't the time to be alive.** Growth in video surveillance cameras has exploded, with IHS Markit projecting that by the end of 2021, the number of cameras will surpass one

billion. That's a 30% jump from today's installed base of 770 million cameras, with China, India and Brazil leading the way. As we enter the age of deep learning and artificial intelligence, video hardware and analytics will remain among the fastest growing industries in the world again next year.

Global food prices climbed to a two year high in November, owing to a combination of factors including African swine fever, which has pushed up pork prices, strong Chinese demand, U.S.-Sino trade tensions, and supply constraints (Exhibit 3). Against this backdrop, we remain long-term bulls on hard assets: farmland, trees, real estate.

Exhibit 3: Food Prices Reached a Two-year High in November.



Source: FAO. Monthly data through November 2019.

On the U.S. energy front, **U.S. petroleum exports exceed imports in September, the first month this has happened since monthly records began in 1973.** Long live the U.S. energy renaissance. Less sanguine are the latest figures from the U.S. Department of Health: **Spending on U.S. health care rose 4.6% in 2018, well above the rate of inflation, to a record $3.6 trillion.** As a standalone entity, the U.S. health care sector ranks as one of the largest economies in the world.

Finally, as the year comes to a close, there are very few signs of bubbles, or financial excesses, that could give us pause for worry. However, we're still trying to wrap our head around the fact that the New York Mets are valued in excess of $2 billion; that a Grandmaster Chime watch was sold for $31 million in November at Christie's; and a true seafood lover forked over $46,000 for a snow crab in Japan this year. **Kurt Cobain's "Unplugged," discolored, cigarette-stained, green sweater sold for $334,000 in October, but that's not a bubble but our definition of deep value.**

THOUGHT OF THE WEEK

It’s Fun To Stay In the USMCA

Nick Giorgi, CFA®, Vice President, Investment Strategist

In 1994, NAFTA went into effect with the intention of promoting economic development and broadened access by reducing trade barriers while simultaneously protecting intellectual property, environmental standards and labor rights. This created the world’s largest free-trade zone, encompassing more than 365 million people representing

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28% of global output at the time.[2] But just as trends in pop culture have since evolved, so have regional economies, creating the impetus to refresh NAFTA and make North American trade more congruent with the needs and standards of modern commerce. It now seems exceedingly likely that an updated trade pact, USMCA, will successfully be implemented.

Prior to NAFTA having been enacted, the average tariff applied to U.S. imports to Mexico was 10% as opposed to average U.S. tariffs on Mexican goods of 2.1%, notwithstanding material non-tariff impediments. Thanks to NAFTA, the barriers to trade across the continent are now considerably reduced, but some tension spots remain, with areas in need of refresh to bring the trilateral agreement forward into the 21st century. This update in the form of USMCA includes more stringent vehicle rules in component sourcing, increased agricultural access, a reduction in policy uncertainty around digital trade, and more stringent labor standards along with enforcement mechanisms. This trade deal represents the first in eighteen years that has been explicitly endorsed by the AFL-CIO, the largest labor union in North America. Importantly, USMCA may serve as a template for trade deals, with certain aspects less applicable to North American trade but more relevant to other trading relationships, including that with China. The U.S. International Trade Commission estimates that USMCA will increase U.S. real growth by 0.35% and employment by 0.12%.

Now, the House Ways and Means Committee is expected to send the deal directly to the floor for a vote, which could come as early as this week. Then the bill would head to the Senate Finance Committee and ultimately to a full chamber vote, which leadership indicates may take place in January 2020. Mexican and Canadian lawmakers will also need to ratify the deal.

Exhibit 4: USMCA is Expected To Have a Positive Impact on Growth, Jobs and Wages.

Projected difference from baseline	Economy-wide	Agriculture	Manufacturing & Mining	Services
U.S. real GDP	0.35	–	–	–
U.S. real output	–	0.18	0.57	0.17
U.S. employment	0.12	0.12	0.37	0.09
U.S. wages	0.27	0.23	0.5	0.23

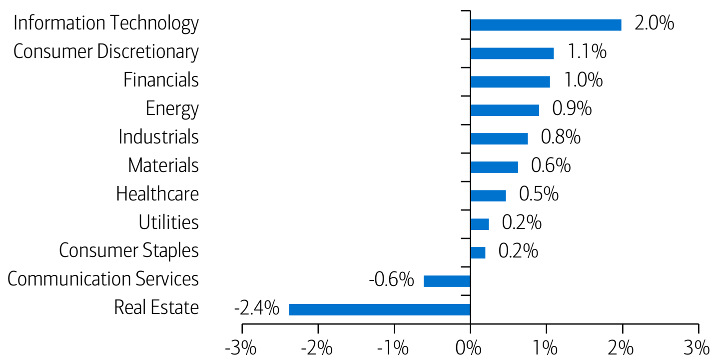
Source: U.S. International Trade Commission estimates. April 2019.

[2] The World Bank. December 2019.

Equities

	Current	Total Return in USD (%) WTD	MTD	YTD
DJIA	28,135.38	0.5	0.4	23.6
NASDAQ	8,734.88	0.9	0.9	33.0
S&P 500	3,168.80	0.8	1.0	28.9
S&P 400 Mid Cap	2,024.72	0.2	0.8	23.8
Russell 2000	1,637.98	0.3	0.9	23.1
MSCI World	2,319.73	1.0	1.2	25.5
MSCI EAFE	2,015.62	1.7	2.1	20.7
MSCI Emerging Markets	1,086.91	3.6	4.5	15.2

S&P 500 Sector Returns



Fixed Income[1]

	Current	Total Return in USD (%) WTD	MTD	YTD
Corporate & Government	2.21	0.3	0.1	10.0
Agencies	1.87	0.1	-0.1	6.0
Municipals	1.77	0.3	0.3	7.5
U.S. Investment Grade Credit	2.30	0.3	0.1	8.9
International	2.84	0.6	0.4	14.6
High Yield	5.24	0.8	1.1	13.3

	Current	Prior Week End	Prior Month End	2018 Year End
90 Day Yield	1.48	1.47	1.54	2.36
2 Year Yield	1.60	1.61	1.61	2.49
10 Year Yield	1.82	1.84	1.78	2.68
30 Year Yield	2.25	2.28	2.21	3.01

Commodities & Currencies

Commodities	Current	Total Return in USD (%) WTD	MTD	YTD
Bloomberg Commodity	168.74	1.5	3.0	5.6
WTI Crude $/Barrel[2]	60.07	1.5	8.9	32.3
Gold Spot $/Ounce[2]	1,476.35	1.1	0.8	15.1

Currencies	Current	Prior Week End	Prior Month End	2018 Year End
EUR/USD	1.11	1.11	1.10	1.15
USD/JPY	109.38	108.58	109.49	109.69
USD/CNH	7.01	7.02	7.03	6.87

Source: Bloomberg, Factset.Total Returns from the period of 12/9/19 to 12/13/19. Bloomberg Barclays Indices.[1] Spot price returns.[2] All data as of the 12/13/19 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 10/1/2019)

	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*	see CIO Asset Class Views				
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.

Economic and Market Forecasts (as of 12/13/19)

	Q2 2019A	Q3 2019A	Q4 2019E	2019E	Q1 2020E	2020E
Real global GDP (% y/y annualized)	–	–	–	3.1	–	3.1
Real U.S. GDP (% q/q annualized)	2.0	2.1	1.5	2.3	1.7	1.7
CPI inflation (% y/y)	1.8	1.8	2.1	1.8	2.4	2.3
Core CPI inflation (% y/y)	2.1	2.3	2.3	2.2	2.4	2.4
Unemployment rate (%)	3.6	3.6	3.6	3.7	3.6	3.6
Fed funds rate, end period (%)	2.40	1.90	1.63	1.63	1.63	1.63
10-year Treasury, end period (%)	2.01	1.66	2.00	2.00	1.80	1.80
S&P 500 end period	2942	2977	2950	2950	–	3300
S&P earnings ($/share)	41	42	42	164.5	40.5	177
Euro/U.S. dollar, end period	1.14	1.09	1.10	1.10	1.10	1.15
U.S. dollar/Japanese yen, end period	108	108	108	108	110	103
Oil ($/barrel, avg. of period, WTI**)	60	56	55	56	52	54

The forecasts in the table above are the base line view from BofAML Global Research team. 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.

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 a fair value estimate for 2019. **West Texas Intermediate

Sources: BofA Merrill Lynch Global Research; GWIM ISC as of December 13, 2019.

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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 is a stock market index that tracks the stocks of 500 large-cap U.S. companies. It represents the stock market's performance by reporting the risks and returns of the biggest companies.

National Financial Conditions Index (NFCI) provides a comprehensive weekly update on U.S. financial conditions in money markets, debt and equity markets and the traditional and "shadow" banking systems.

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Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

It is not possible to invest directly in an index.

Asset allocation, diversification, dollar cost averaging and rebalancing do not ensure a profit or protect against loss in declining markets. Dollar cost averaging involves continual investment in securities regardless of fluctuating price levels; you should consider your willingness to continue purchasing during periods of high or low price levels.

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