CHIEF INVESTMENT OFFICE

Capital Market Outlook

June 26, 2023

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

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Macro Strategy—*Consensus Pushes Out Recession:* Forecasters have pushed their recession call into early 2024 after the surprise improvement in first-half economic data, which we mainly attribute to temporary factors.

The delayed recession and sticky core inflation are forcing the Federal Reserve (Fed) to raise rates more and for longer than previously expected, raising the risks of a more protracted slowdown before the next cyclical upswing.

Market View—*The Shifting Summer Narrative:* The first half of the year packed plenty of action, while the S&P 500 closes in on an above-average half-year for the index. A new market narrative has developed given the delay to the U.S. economic recession, a technical eurozone recession, an underwhelming recovery in China resulting in downward revisions to gross domestic product (GDP), and the Fed's newfound expectation of stickier inflation, lower unemployment, and a higher terminal rate relative to their forecasts cast earlier in the year.

Through this uncertain, volatile environment, we continue to emphasize a more measured approach to asset allocation as the dust settles around a new summer narrative and Q2 earnings season begins.

Thought of the Week—*What's In Your Portfolio? Long-term Returns of Key Asset Classes:* Money market fund assets totaled a near-record high of $5.45 trillion in the week ending June 14. Cash is hardly trash, but investors should not lose sight of the long term. In the race for returns, it's no contest: Over the post-war era stretching from 1945 to 2022, the S&P 500 has handily outperformed other asset classes, posting annualized total returns of 11.2%. That's well in excess of the average annual gains of corporate credit (5.7%), government bonds (5.1%), cash (3.8%) and inflation (3.7%).

In addition, while times of financial crisis typically result in a "flight to safety" (i.e., cash), these periods are typically followed by bouts of economic rejuvenation, a new earnings growth cycle, and sustained price gains for Equites. We believe we are on the cusp of a new cycle with the potential for upside market returns, underpinned by the accelerating adoption of generative artificial intelligence and other innovation-resulting activities.

MACRO STRATEGY ▶

CIO Macro Strategy Team

MARKET VIEW ▶

Lauren J. Sanfilippo
Director and Senior Investment Strategist

THOUGHT OF THE WEEK ▶

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

MARKETS IN REVIEW ▶

Data as of 6/26/2023, and subject to change

Portfolio Considerations

We are in the realistic camp that emphasis on diversification, balance, an understanding that a mixed environment can be confusing at times, and a focus on higher-quality investments makes the most sense. We remain neutral Equities and Fixed Income relative to our strategic benchmarks. Opportunities to add to Equities for long-term exposure should present themselves given the prospects for a liquidity drain in the coming few months. At this point, we would emphasize a solid mix of both Growth and Value investments, Small- and Large-capitalization stocks, and in Fixed Income, a mix of higher-grade bonds across multiple sectors.

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MACRO STRATEGY

Consensus Pushes Out Recession

CIO Macro Strategy Team

The economic consensus has pushed out the much-anticipated 2023 recession into early 2024. Forecasters at the Fed, BofA Global Research, and those participating in the Blue Chip Economic Indicators survey of top analysts' forecasts of the U.S. economic outlook for the year ahead have generally raised their projections for 2023 real GDP growth, inflation and interest rates while lowering their forecasts for the unemployment rate and corporate profits (Exhibit 1).

Investment Implications

Stretched equity valuations in a higher interest rate and lower profits environment make us favor higher-quality assets with less cyclical cash flows.

Exhibit 1: Forecast Revisions Since January 2022.

Consensus for 2023 on:	Real GDP growth	GDP Price Inflation	Corporate profits growth	3-month Treasury-bill rate	Unemployment rate
Jan-22	2.6%	2.5%	3.2%	1.1%	3.5%
Jan-23	0.5%	3.5%	-1.7%	4.6%	4.4%
Jun-23	1.2%	3.9%	-4.5%	5.0%	3.8%
Consensus for 2024 on:					
Jan-23	1.2%	2.3%	2.7%	3.5%	4.8%
Jun-23	0.7%	2.5%	2.3%	4.0%	4.5%

Sources: Blue Chip Economic Indicators. Data as of June 9, 2023. Economic or financial forecasts are inherently limited and should not be relied on as an indicator of future investment performance.

Primarily, these adjustments reflect the incorporation of a better-than-expected first-half U.S. economic performance that, in our view, resulted from some temporary factors that are now fading. First, a warm early winter reduced the usual seasonal slowdown in a number of sectors while also lowering heating bills, boosting household discretionary income. Second, large, almost double-digit inflation adjustments to incomes for Social Security recipients, government pensions and other inflation-indexed incomes had a significant positive effect on disposable incomes. Third, the debt ceiling forced the Treasury to flood banks with additional reserves that more than offset the Fed's steady quantitative tightening (QT), putting about half the reserves that it drained in the second half of 2022 back into the banking system, with additional help from the Fed's emergency lending facilities after the bank crisis in March. This surge in first-half bank liquidity is already reversing, however, and depending on how long the Fed continues QT, will likely bring back the liquidity strains that pressured risk asset prices in the second half of 2022.

The temporary nature of the first-half growth spurt after about a year of near-zero real growth is evident in the Institute for Supply Management (ISM) surveys of manufacturing and non-manufacturing activity. The composite index of these two measures had slipped below the 50 breakeven mark at the end of 2022, consistent with a recession and negative growth. The two alternative GDP measures from the income and the spending sides have been averaging slightly below zero over the past year as well. The ISM composite picked up in the winter to about one standard deviation above normal only to slip back into contraction territory in May, as the temporary boosts to growth highlighted above have faded.

So, while growth is expected to be better than originally predicted in 2023, more of the slowdown has simply been pushed out into 2024. As shown in Exhibit 1, while the outlook for real GDP has been boosted by about a half point for 2023, the outlook for 2024 has been reduced by about the same amount. At the same time, the inflation outlook, as measured by the GDP Price Index, the Consumer Price Index (CPI), and the Personal Consumption Expenditures (PCE) Price Index, has been raised for both 2023 and 2024, as price increases have proven stickier than was anticipated back in January.

The stock market has latched onto the "soft landing" or mild recession scenario to justify a rally that has seen prices retrace about two-thirds of the 2022 bear market. Nevertheless, higher interest rates and a lowered profits outlook imply that rising valuations have been the source of rebounding stock prices rather than an improved outlook for either interest rates or profits. Indeed, as shown in Exhibit 1, the consensus forecast for both 2023 and 2024

pencils in higher interest rates and lower profits than in January because stickier inflation requires a more protracted slowdown to bring the economy back to the Fed's 2% inflation target. Fed Chair Powell admitted this in his June 21 semiannual testimony on the monetary policy outlook to the House Financial Services Committee, saying the inflation fight "has a long way to go," forcing interest rates higher for longer.

Outside the U.S., special temporary factors also boosted first-half growth above expectations. China's abrupt reopening from the pandemic shutdowns caused a spurt of growth that is already running out of steam. In Europe, mild winter weather limited heating demand and sharply reduced energy prices after pre-cautionary inventory builds had sent prices surging in the middle of 2022. Following this winter respite, recent eurozone data show a relapse into recession there. On balance, the outlook for global growth remains muted, with the U.S. and Europe most vulnerable because excessive monetary and fiscal stimulus created the worst inflation problems there in 40 years, while China and Japan, along with most of rest of the world, did not create a big inflation problem with excessive stimulus and therefore have more space for fiscal and monetary expansion should they need it.

In the U.S., scope for fiscal policy stimulus is rapidly diminishing. Normally, when the economy is at the peak of the cycle, with a low unemployment rate, the deficit reaches a cyclical low point or even turns into a surplus. Instead, the rolling 12-month average deficit has doubled from about 4% of GDP to over 8% despite the lowest unemployment rate in half a century. The rapidly deteriorating fiscal outlook combined with the reduced likelihood of the Fed buying government debt in a higher inflation economy has caused real interest rates to creep higher in recent months. High real rates are anathema to stock valuations, especially in an environment of falling corporate profits.

The longer glide path to recession implies a longer timeline before earnings stop falling and a sustainable new cyclical bull market can begin. The 1946-1949 bear market is the most relevant analogy of the past century because it's the only other period of comparable fiscal and monetary stimulus followed by a comparable withdrawal of stimulus to stem double-digit inflation. During World War II (WWII), fiscal deficits of 20% to 30% of GDP financed government spending on military equipment and operations to wage the war. Households saved money in a full-employment economy because consumer goods like cars and houses were not being produced as production focused on military output. After the war, pent-up demand funded by wartime savings caused rapid inflation as supply chains were shifted back to normal production.

The Fed raised the money supply growth rate to a level two or three standard deviations above trend by buying the wartime flood of Treasury debt to keep interest rates low, similar to the recent quantitative easing (QE) pandemic policy of zero interest rates. Money growth and deficits collapsed after the war, bringing inflation down from over 10% right after the war to slightly negative by 1949, when the recession ended and the stock market finally entered a new bull market that surpassed its 1946 highpoint. The pandemic reopening process is playing out similarly, as inflation comes down, pent-up demand is exhausting pandemic savings, and money supply growth goes from record highs to record lows for the period since WWII and its immediate aftermath.

Unlike the 1946-1949 period, the fiscal situation today continues to deteriorate rather than move back into balance. The recent spurt in government spending for big cost-of-living adjustments and student loan forgiveness, along with surging debt-finance costs have kept the deficit much higher as a share of GDP than after WWII. Furthermore, the recent deal between Congress and the administration to limit debt constrains the scope for fiscal stimulus for the next recession. High interest rates for longer also squeeze out the potential for new discretionary government spending programs, as the interest cost of financing record government debt takes on an increasing share of the budget. While the U.S. returned to fiscal orthodoxy after WWII, there are worrying signs that the path to fiscal profligacy that plagues so many underdeveloped economies is proving too tempting for the current U.S. political class. If the Fed resists the pressure to monetize a growing deficit problem, as Mr. Powell adamantly insisted it would at his latest post-Federal Open Market Committee (FOMC) meeting press conference, then inflation can return to normal after a protracted economic slowdown. If the Fed instead decides to abandon monetary discipline, then a volatile high inflation period may lie ahead.

MARKET VIEW

The Shifting Summer Narrative

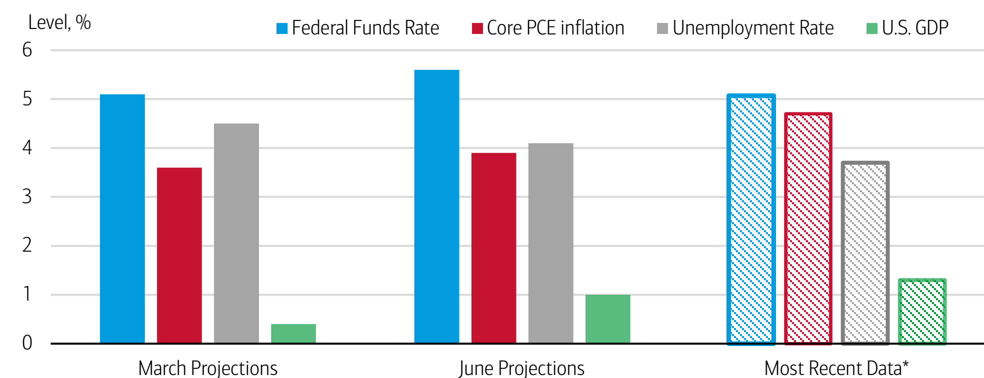
Lauren J. Sanfilippo, Director and Senior Investment Strategist

Just as summertime has arrived, so too has a new market narrative. The ominous U.S. economic recession that many were calling for has proven to be elusive. The recession initially scheduled for the end of 2022 was subsequently pushed into 2023 and has now been recast for the first half of next year. Given a batch of positive economic surprises across the consumer, the labor market and, more recently housing, major segments of the economy have shown durability. As a result, the growth trajectory has varied. Compare the St. Louis Fed's Real GDP forecast for Q2 which has gone negative at a seasonally adjusted annual rate of -0.32%, while the Atlanta Fed's GDP measure is still tracking in positive territory at 1.9%. As for the Gross Domestic Income measure, it indicates the U.S. economy is already in recession.

Confusion over a delayed U.S. recession is just the beginning of the summer's shifting narrative—add on a technical eurozone recession, an underwhelming recovery in China resulting in downward revisions to GDP, the Fed's newfound expectation of stickier inflation, lower unemployment, and a higher terminal rate relative to their forecasts cast earlier in the year, and no one should break for summer vacation.

While consensus expected the FOMC's pause in June, holding the federal funds target range at 5.00% and 5.25%, less anticipated was the shift in the Fed's underlying narrative. As seen in Exhibit 2, first, the committee lifted the fed funds rate projection a half point higher than their previous projection in March. Hence, penciling in a fed funds rate of 5.6% by year-end implies two more 25 basis points hikes. Second, the committee upped its year-end projection of core PCE, which excludes food and energy, to 3.9% from 3.6% in March. That would imply a considerable move down from 4.7% year-over-year (YoY) in May. Third, its projected year-end unemployment rate downshifted from 4.5% in March's Summary of Economic Projections to 4.1% more recently, although a jump from May's jobless rate of 3.7%. Fourth, its 2023 GDP estimate was revised higher, in fact more than doubling, although still reflecting below-trend growth.

Exhibit 2: Shifting Fed View for Year-End 2023: Better Growth, Higher Inflation, Lower Unemployment.



Shaded bars indicate most recent data. *Core PCE inflation is 12 months ended in April, Unemployment Rate is for May, U.S. GDP is for Q1. Otherwise, data is as of June 22, 2023. Sources: The Fed; Commerce Department; Department of Labor; Bureau of Economic Analysis; Barron's.

Incredibly, and unbothered, the momentum in markets remains to the upside. Impressive was the S&P 500's 7% rise over Q1 of this year. More impressive has been the subsequent 7%[1] rally over Q2, closing in on an above-average half-year for the index. The NASDAQ Composite rocketed a meteoric 30% over the first half of the year, while still impaired regional banks declined by the same percent; the S&P 500's worst-performing sector, Energy, detracted 10% after major gains last year. Putting money to work outside the U.S. would not have been a

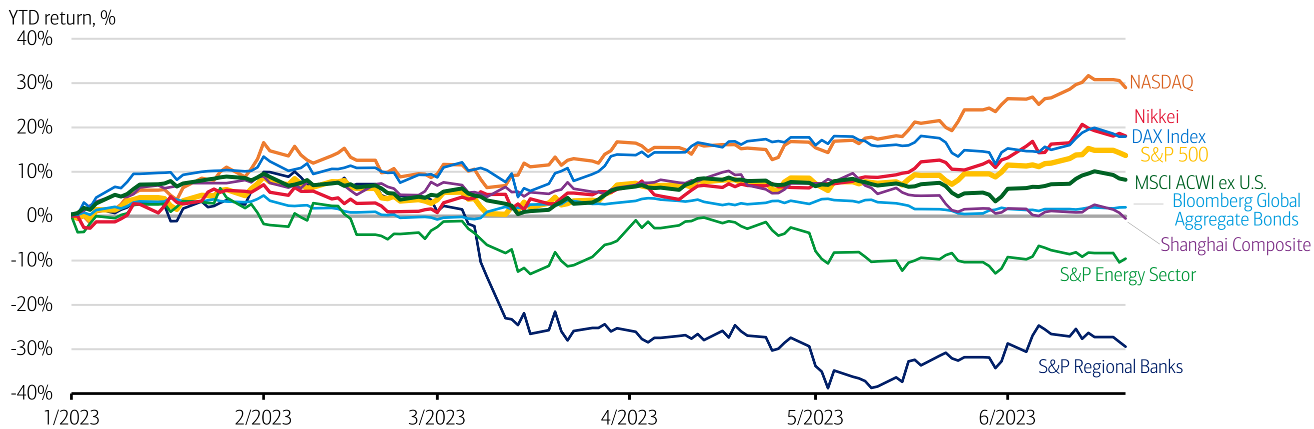
Investment Implications

While neutral across asset classes, we remained selective in taking risk over the first half of this year. We prefer a high level of diversification through the deteriorating economic environment and corporate earnings cycle trough. Favorable attributes in this environment include relative earnings stability, free cash flow generation and dividend payers.

[1] All performance data through June 21, 2023. Source: Bloomberg.

great differentiator during the Q1 and would have more likely impaired performance over Q2 (Exhibit 3) (Case-in-point, the MSCI All Country World Index (ACWI) excluding the U.S. rose 8% over the first half, while the MSCI ACWI including the U.S. gained 12%).

Exhibit 3: First Half Performance Stack Up.



Source: Bloomberg. Data as of June 21, 2023. **Past performance is no guarantee of future results.** Performance would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Please refer to index definitions at the end of this report. It is not possible to invest directly in an index.**

Hopes to extend Q2's rally has been met with skepticism given extended valuations (the S&P 500 trades at a valuation of 19x's 12-month forward earnings) and an artificial intelligence (AI)-euphoric market that has potentially run too far and too fast. At a level of 4,400, the benchmark S&P 500 is already above the median (and average) year-end target of 4,100, according to Bloomberg's consensus survey of Wall Street strategists. Notably, the performance of the S&P 500 is now the most concentrated it has been since the 1970s, with just five stocks representing nearly a quarter of the market capitalization of the entire index.[2] While AI has largely been the catalyst dragging the index higher, less discussed is the all-inclusive advance in June for every sector in the S&P 500.

Generally speaking, stocks have continued to gain as risks continue to rise. And notably, profits remain under pressure as additional economic cracks have formed. S&P 500 earnings are expected to decline 6.5% YoY in this upcoming earnings season, marking the third straight quarter of contraction, according to FactSet, and setting up the worst earnings quarter since the pandemic. Meanwhile, the New York Fed's recession indicator, largely based on the yield curve, shows a 70% probability of a recession in the next 12 months. Here too, long and variable lags matter—as a matter of fact, the inverted yield curve in 2006 was signaling the recession ahead, but the Great Financial Crisis didn't start for another 18 months later in 2008.[3]

Yes, we too expect the U.S. economy to tip into a growth recession over the next 12 months. In the face of still simmering global inflation, an inverted U.S. yield curve, soggy growth in other parts of the world, and the dueling dynamics of war and recession in Europe—against this landscape, the fundamental backdrop is deteriorating, not improving. In need of a catalyst to break out this market to either the upside or the downside, the list includes, but is not limited to: a bottoming/turn higher in earnings trends, a convincing inflation downtrend closer to the Fed's target, a shift to accommodative monetary policy, a deterioration in the labor market, pervasive commercial real estate stress, or a trough in business cycle indicators. While watching those parameters and until the risk premium changes, we maintain our neutral stance toward Equities.

[2] *Financial Times*, "The seven companies driving markets," June 16, 2023.

[3] Evercore ISI Research, June 2023.

THOUGHT OF THE WEEK

What's In Your Portfolio? Long-term Returns of Key Asset Classes

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

Against a backdrop of higher interest rates, a spike in credit volatility, incessant concerns of recession, and ongoing geopolitical tensions, it's little wonder that one of the world's most defensive asset classes—cash—is back in style. To wit, according to the Investment Company Institute, money market fund assets totaled a near-record high of $5.45 trillion in the week ending June 14 (Exhibit 4A). Cash, in other words, is hardly trash, but, that said, investors should not get carried away with the cash trade.

It's time to keep long-term asset returns in perspective, and Exhibit 4B does just that. In the race for returns, it's no contest: Over the post-war era stretching from 1945 to 2022, the S&P 500 has handily outperformed other asset classes, posting annualized total returns of 11.2%. That's well in excess of the average annual gains of corporate credit (5.7%), government bonds (5.1%), cash (3.8%) and inflation (3.7%). And that's another way of saying that the S&P 500 is one of the world's best wealth-generating machines ever constructed.

Another point to remember: While times of financial crisis typically result in a "flight to safety" (i.e., cash), these periods are typically followed by bouts of economic revival and rejuvenation, or a new economic and earnings growth cycle, and sustained price gains for Equites. As we look forward, then, we believe we are on the cusp of a new cycle with the potential for upside market returns, underpinned by the accelerating adoption of generative AI, the push for a greener future (think electrical vehicles/renewables), increased healthcare spending in the post-pandemic world, and the coming capital expenditures boom in semiconductors. All of the above are powerful structural forces for future long-term earnings growth—and key reasons not to rebalance too far in the direction of money market funds. Even if a cyclical downswing (recession) lies on the horizon, it's important to remember that given the dynamic and resilient nature of the U.S. economy, slowdowns/recessions typically leave the U.S. economy stronger, not weaker, over the long term.

Near term, we think today's pile of cash will be tomorrow's market fodder for U.S. Equities as investors rebalance toward more risk-on assets. Indeed, the Nasdaq AI-led market rally in the first half of this year, which has spilled over to robust S&P gains, is an early signal of the coming rebalancing between cash and Equites. In the end, be mindful to what's in your portfolio.

Investment Implications

Successful portfolio construction pivots on asset allocation and rebalancing—and understanding that bouts of market instability and "flight to safety" are typically flowed by earnings resets that drive upside market returns. Cash is all the rage so far in 2023, but we expect greater rebalancing toward Equities over the coming quarters. Over the long term, greater market returns have typically tied more to Equities than any other asset class.

Exhibit 4: Cash Is Popular, But Equities Led Long-Term Market Returns.

4A) Money Market Funds.

4B) Asset Returns Overarching.

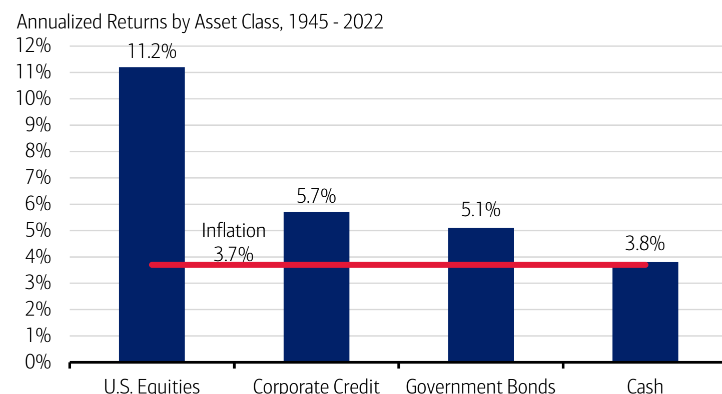


Exhibit 4A) Sources: Investment Company Institute; Haver Analytics. Data as of June 14, 2023. Exhibit 4B) Sources: Bloomberg; Morningstar; Ibbotson; and Barclays Live. Data as of June 22, 2023. U.S. equities are S&P 500 total return, Government Bonds are Intermediate U.S. Treasury, Corporate Credit is U.S. long corporate, Cash is 30-day Treasury Bill, Inflation is U.S. CPI. **Please refer to index definitions at the end of this report. Past performance is no guarantee of future results.**

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	33,727.43	-1.7	2.6	2.9
NASDAQ	13,492.52	-1.4	4.4	29.5
S&P 500	4,348.33	-1.4	4.1	14.2
S&P 400 Mid Cap	2,514.94	-2.5	4.6	4.3
Russell 2000	1,821.64	-2.9	4.2	4.2
MSCI World	2,902.34	-2.0	3.7	12.6
MSCI EAFE	2,097.68	-3.3	2.8	9.8
MSCI Emerging Markets	991.91	-3.6	3.8	4.9

Fixed Income†

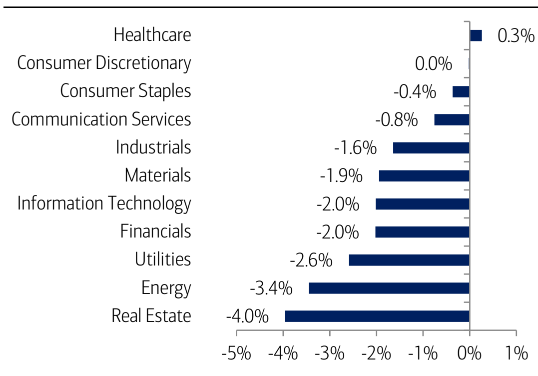
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.71	0.17	-0.14	2.39
Agencies	4.79	0.13	-0.23	1.90
Municipals	3.50	0.30	1.02	2.69
U.S. Investment Grade Credit	4.72	0.14	-0.10	2.36
International	5.46	0.14	0.26	3.05
High Yield	9.03	-0.75	0.84	4.51
90 Day Yield	5.29	5.22	5.39	4.34
2 Year Yield	4.74	4.71	4.40	4.43
10 Year Yield	3.73	3.76	3.64	3.87
30 Year Yield	3.81	3.85	3.86	3.96

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	228.45	-2.6	4.8	-7.1
WTI Crude $/Barrel††	69.16	-3.7	1.6	-13.8
Gold Spot $/Ounce††	1,921.20	-1.9	-2.1	5.3

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.09	1.09	1.07	1.07
USD/JPY	143.70	141.82	139.34	131.12
USD/CNH	7.22	7.13	7.12	6.92

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 6/18/2023 to 6/22/2023. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 6/22/2023 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 6/23/2023)

	2022A	Q1 2023A	Q2 2023E	Q3 2023E	Q4 2023E	2023E
Real global GDP (% y/y annualized)	3.6*	-	-	-	-	3.0
Real U.S. GDP (% q/q annualized)	2.1	1.3	1.5	1.0	0.5	1.6
CPI inflation (% y/y)	8.0	5.8	4.1	3.3	2.8	4.0
Core CPI inflation (% y/y)	6.1	5.6	5.3	4.6	4.0	4.8
Unemployment rate (%)	3.6	3.5	3.6	3.7	3.9	3.7
Fed funds rate, end period (%)	4.33	4.83	5.13	5.63	5.63	5.63

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. **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.

Sources: BofA Global Research; GWIM ISC as of June 23, 2023.

Asset Class Weightings (as of 6/1/2023)

Asset Class	CIO View: Underweight		Neutral	Overweight	
Global Equities			●		
U.S. Large Cap Growth			●		
U.S. Large Cap Value				●	
US. Small Cap Growth			●		
US. 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			●		
Cash					

CIO Equity Sector Views

Sector	CIO View: Underweight		Neutral	Overweight	
Healthcare					●
Energy				●	
Utilities				●	
Consumer Staples			●		
Information Technology			●		
Communication Services			●		
Industrials			●		
Financials			●		
Materials		●			
Real Estate		●			
Consumer Discretionary	●				

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

Source: Chief Investment Office as of June 1, 2023. All sector and asset allocation 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.

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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 U.S. dollars.

Equity/S&P 500 and Total Return Index is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

Institute for Supply Management (ISM) Composite Index is a composite index that gives equal weighting to new orders, production, employment, supplier deliveries, and inventories.

Gross Domestic Product (GDP) Price Index measures changes in the prices of goods and services produced in the United States, including those exported to other countries.

Inflation/Consumer Price Index (CPI) measures the overall change in consumer prices based on a representative basket of goods and services over time.

Personal Consumption Expenditures (PCE) Price Index is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

NASDAQ Composite Index is a stock market index that includes almost all stocks listed on the Nasdaq stock exchange.

Nikkei is a stock market index for the Tokyo Stock Exchange.

DAX Index is a stock market index consisting of the 40 major German blue chip companies trading on the Frankfurt Stock Exchange.

MSCI All Country World Index (ACWI) Index ex-US is a stock market index comprising of non-U.S. stocks from 22 developed markets and 24 emerging markets.

MSCI All Country World Index (ACWI) Index is a stock index designed to track broad global equity-market performance.

Bloomberg Global Aggregate Bonds Index is a flagship measure of global investment grade debt from a multitude local currency markets.

Shanghai Composite s a stock market index of all stocks that are traded at the Shanghai Stock Exchange.

S&P 500 Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

S&P 500 Regional Banks Index are classified in the GICS asset management & custody banks, diversified banks, regional banks, other diversified financial services and thrifts & mortgage finance sub-industries.

Government Bonds/ Bloomberg Intermediate U.S. Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with maturities of 1 to 9.9999 years to maturity.

Corporate Credit/Bloomberg U.S. long corporate is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to 10 years.

Ibbotson/Cash/U.S. Treasury Bill Index is an index based on recent auctions of U.S. Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates.

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