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CHIEF INVESTMENT OFFICE

Capital Market Outlook

January 16, 2024

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

IN THIS ISSUE

Macro Strategy—*The Case For Interest Rate Cuts In 2024:* It has been difficult to reconcile tight U.S. labor market conditions and consensus optimism about the economic outlook with Federal Reserve (Fed) expectations for three rate cuts in 2024, and double that priced in interest rate markets. Mixed incoming economic data have done little to resolve the conundrum, keeping confidence around the path of interest rates historically low despite tempering concerns about inflation in recent months.

Indeed, unusual pockets of strength combined with strong business and household sector financial underpinnings have continued to smooth the economy's response to aggressive Fed tightening to date. At the same time, the sharp slowdown in private sector hiring through December and deteriorating trends in various other indicators of labor demand suggest that the economic winds may be shifting in a more unfavorable direction that justifies lower interest rates.

Market View—*Recalibrating Our Themes for 2024:* A handful of long-term secular trends and themes is unfolding as we reach the midpoint of this decade. For that reason, we've recalibrated our 2024 themes to be reflective of these powerful structural forces. Our five include: Artificial Intelligence, Demographics, Infrastructure, Security and Polycrisis. Along with traditional investment metrics like corporate earnings, valuations, sentiment, positioning and the like, these themes should be considered within portfolios.

From the perspective of the Chief Investment Office (CIO), thematic investing is a macroeconomic-based, forward-looking investment approach that focuses on emerging trends reflective of economic, social, corporate and demographic dynamics. This framework is designed to uncover anticipated changes over a long-term horizon, including some that may be less obvious. The goal is to uncover the undercurrents of future growth and then pair each theme with an investment solution to be considered as a core or satellite exposure.

Thought of the Week—*As Goes January, so Goes the Year?:* The S&P 500 stumbled out of the gate in 2024, falling by -1.5% in the first trading week before clawing back losses. This lackluster start put some proponents of the January Barometer market theory, which suggests that investment performance in the month of January could be representative of performance of the entire year, on edge. But in our view, shaky market activity in the beginning of the year does not necessarily portend weakness for Equities.

While the January Barometer does have some historical accuracy, it's also fraught with nuance and has become less reliable in recent years. We caution investors about placing too much emphasis on any one technical indicator and continue to advocate for a disciplined and balanced investment approach.

MACRO STRATEGY ▶

Chief Investment Office
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MARKET VIEW ▶

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THOUGHT OF THE WEEK ▶

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MARKETS IN REVIEW ▶

Data as of 1/16/2024, and subject to change

Portfolio Considerations

While we are optimistic that peak rates and inflation are behind us, we are balanced versus our strategic benchmarks and fully invested across Equities—with still a preference for Large-caps and U.S. relative to the rest of the world—and Fixed Income. In Fixed Income, our preference is to maintain a higher quality positioning across credit and sovereigns and, where appropriate, to favor slightly extending duration. We've identified five mega themes for 2024 and beyond that carry long-term implications and influence on economic growth, earnings potential, and the cost of capital.

The Case For Interest Rate Cuts In 2024

Chief Investment Office, Macro Strategy Team

Investment Implications

Cooling labor demand increases the downside risks to overly optimistic earnings expectations, suggesting balanced, well-diversified portfolio allocations with a defensive tilt for 2024.

Effective central bank communication is seen as an important tool of monetary policy. It not only increases the predictability of changes in interest rates, helping to reduce economic and financial market volatility but also supports central banks in achieving their macroeconomic objectives. Still, despite the Fed's best efforts to shape policy expectations, untangling its views on the risks to inflation and economic growth, with the aim of deciphering the path of interest rates, has recently seemed more difficult than usual, keeping interest rate volatility elevated. Indeed, on one hand, policymakers judge the current stance of monetary policy as restrictive and see risks to growth as tilted to the downside, according to the minutes from the Fed's December interest rate setting meeting. On the other hand, risks to inflation are still seen to the upside because of potentially persistent upside pressures on wages and possible supply chain shocks from escalating geopolitical conflicts, for example.

When all is said and done, however, clear progress toward the Fed's 2% inflation objective over the past six months cannot be ignored, as it turns policy more restrictive even as the Fed paused hiking in July. Since this increases the downside risks to growth, almost all of the December meeting participants' baseline projections show that a lower target range for the federal funds rate would be appropriate by the end of 2024. In fact, the committee's central-tendency forecast increased from two to three 25 basis point (bps) rate cuts at the December meeting.

Still, policymakers have acknowledged the unusually high degree of uncertainty about their forecasts, emphasizing the potential for more rate hikes or maintaining the status quo if necessary to contain inflation. To make matters even more complex, interest rate markets have priced in a battery of six 25 bps rate cuts this year, double the Fed's expectations, and arguably even more inconsistent with the consensus view for a soft landing, or no-recession scenario.

Mixed incoming data have done little to lift the fog of uncertainty, keeping interest rate volatility elevated. Indeed, early-year upside revisions to Q4 gross domestic product (GDP) estimates and a strong December employment report caused market participants to pare back their expectations for interest rate cuts and the probability of early-year rate cuts. Yields rose across the curve and the dollar appreciated as a result, weighing on Equities as 2024 began.

The Atlanta Fed GDPNow estimate for Q4 annualized growth now stands at 2.2%, and the consensus forecast for 2024 was raised from 1.3% to 1.6%. The December payroll report surprised with a better-than-expected 216,000 net gain and unemployment remaining historically low at 3.7%. This marked a third consecutive year of strong employment growth that brought the three-year average to +3.2%, the best since 1986. A lot of this strength represents rehiring after the big pandemic job cuts, however, with hiring slowing considerably since payrolls returned to their prepandemic level by mid-2022.

In any case, not only have recent growth and employment data been stronger than expected, but average hourly earnings (AHE) growth for private sector workers accelerated month to month and remained elevated on a year-over-year (YoY) basis, also spurring concern about renewed upside inflation pressures. Still, production and nonsupervisory workers, which account for the bulk of the workforce, saw a slight month-to-month deceleration in AHE growth. On a YoY basis, their AHE growth softened from 5.3% in January 2023 to a still elevated 4.3% by December, about where it peaked in three of the past four business cycles of the last 30 years.

As discussed in prior reports, the Fed cannot tolerate wage growth much in excess of 4% if productivity averages about 2.1%, as it has over the past 60 years, because this would imply inflation above its 2% target. It would take persistently higher productivity growth than the historical average for the Fed to tolerate wage growth much faster than 4% on a sustained basis.

Encouragingly for the lower inflation, more aggressive rate-cut camp, productivity growth has averaged a robust 2.5% in the four quarters to Q3. In large part, this helps explain why inflation softened even as GDP surprised to the upside with a strong gain of 3% over the same period and the labor market stayed historically tight. Accelerating artificial intelligence (AI) applications to a broadening range of business activity, as well as much stronger policy support for domestic investment than during the "secular stagnation" period between 2009-2019, when

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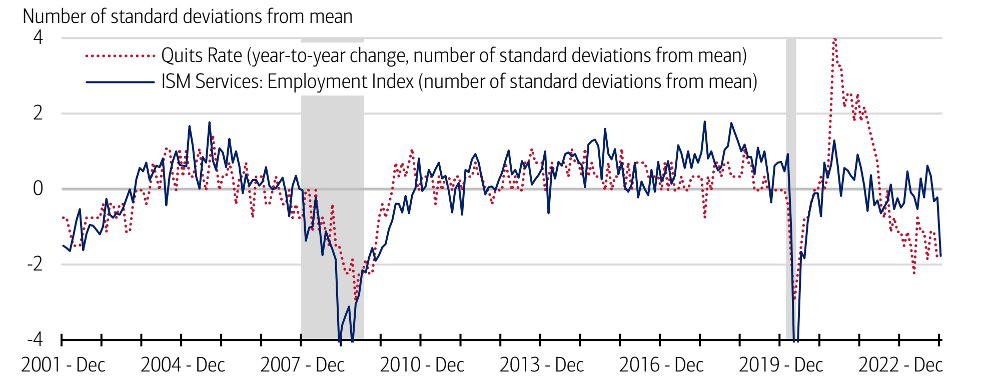
productivity averaged just 1.0%, suggest a more favorable productivity trend that may maintain downside pressure on inflation and interest rates ahead.

Also important for the inflation and interest rate outlook, much of the ongoing strength in the economy and labor market has been due to strong government spending and hiring in 2023. The December payrolls report was no exception. Government employment accounted for 24% of the increase in overall employment in December and was up 3% from year ago levels compared to a 1.5% increase reported for the private sector. Hampered by elevated interest rates, tight lending conditions, waning pricing power and softening revenue growth, the private sector added on average just 115,000 jobs in the three months to December, about 60% less than in early 2023.

Sustained declines in the quits rate and the hires rate to below prepandemic levels, according to the November Job Openings and Labor Turnover Survey, raise questions about the underlying strength of the labor market as well. So do the drop in job openings and temporary help services, as well as the contractionary employment components of the Institute for Supply Management (ISM) surveys. The drop in the ISM service sector employment component deep into contraction territory in December (to 43.3 versus 54.7 in August) was particularly sharp. While typically volatile on a month-to-month basis, this drop tracks the decline in the Conference Board's Index of Leading Indicators and the quits rate over the past year, all consistent with potentially deteriorating labor demand.

Exhibit 1: Plunge In The Service Sector Employment Index Follows The Drop In The Quits Rate.



Gray areas represent recession periods. Sources: ISM; Bureau of Labor Statistics/Haver Analytics. Data as of January 10, 2024.

Also suggesting a potential shift in the economic winds, average weekly hours worked declined in December, and the duration of unemployment increased meaningfully both month to month and from year ago levels. The decline in the hires level suggests the latter is on track for a further increase. The labor force participation rate also surprised with a sizeable drop. Persistent declines tend to accompany weakening economic conditions, so the participation rate also warrants attention. All this is consistent with the National Association of Independent Business (NFIB) December survey, which showed continued moderation in small business demand for labor. Though still elevated, both hiring plans and unfilled positions have dropped below prepandemic levels. Fading demand for labor substantially eased small business concerns about finding qualified labor, suggesting potentially lower pressures on wages ahead.

In sum, aggregate demand has remained too strong for a sharp drop in employment. However, with state and local governments already having depleted the vast majority of their massive pandemic-related education funds and government jobs in educational services back to prepandemic levels, government hiring is set to cool, while the private sector likely retrenches further, if leading employment indicators are any indication. Labor statistics will thus remain in sharp focus in coming months. At face value, the fact that leading indicators of growth are still negative and the yield curve is still inverted supports the market's outlook for more rate cutting rather than less. The potential for robust trend productivity growth also argues for downside pressures on inflation and interest rates ahead.

MARKET VIEW

Recalibrating Our Themes for 2024

Lauren J. Sanfilippo, Director and Senior Investment Strategist

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

2024 is the year not only to focus on traditional investment metrics like corporate earnings, valuations, sentiment, positioning and the like; it is also a year—amid many moving tectonic parts—for investors to frame and position portfolios against a handful of long-term secular trends/themes that are unfolding as we reach the mid-point of this decade.

In that spirit, the accompanying exhibit highlights and outlines the CIO's primary themes—and sub-themes—for this year. Before examining each theme briefly, however, first a note about thematic investing.

From the perspective of the CIO, thematic investing is a macroeconomic-based, forward-looking investment approach that focuses on emerging trends reflective of economic, social, corporate and demographic dynamics. This framework is designed to uncover anticipated changes over a long-term horizon, including some that may be less obvious. The goal is to unveil the undercurrents of future growth and then pair each theme with an investment solution. Thematic investing solutions pivot on either core or satellite exposure within a multi-asset class portfolio.

Key themes for 2024

The following themes and subthemes are among the most powerful structural forces in the world and will be covered in greater depth by the CIO over the balance of this year.

Artificial Intelligence (AI) The term "artificial intelligence" first surfaced in 1955, but some 75 years later, "AI is leaving the realm of demos and entering the real world," as noted by Mustafa Suleyman, author of "*The Coming Wave*." Mass-scale AI isn't coming—it's arrived, having proliferated numerous services, goods and devices that can, among other things, discover new drugs for incurable diseases, detect cracks in bridge/water pipes, optimize shipping routes, and drive cars, detect fraud, and even write love songs. That said, we are in the early innings of the AI revolution.

Like previous industrial revolutions, the potential rewards of AI will produce a tectonic shift—the addressable market for AI is not just limited to customer operations, software engineering, marketing and sales, education, and similar activities. AI's addressable market encompasses the entire $105 trillion global economy. There will be leaders and laggers, as well as volatility around this pivotal point in history. But the macro/micro gains could be enormous. Finally, investors should be aware of the rate of change. To this point, the first version of GPT (generative pretrained transformer) was developed in 2018 and had 117 million parameters (the number of parameters is a core measure of an AI system's scale and complexity). Fast forward to today, GPT-4, released March 2023, now has a stunning 1 trillion parameters. Need we say more about the future and AI? We expect the biggest beneficiaries to be providers of AI-enabling technology and industries that gain the most in product enhancement from improvements in AI performance.

Demographics Our demographics theme pivots around several long-term secular forces that have the potential to reshape industries and the global economy. Thanks to lengthening life expectancy rates, the world is growing older, notably in the developed nations and in China. This portends more outlays on healthcare, longevity, and related activities. A new consuming cohort is gradually emerging from the developing nations, although don't count out the Boomers in the U.S. The latter remain a key driver of global demand and is considered core to the great wealth transfer that is about to unfold over the next decade. Finally, the world's population is in flux—global migration has accelerated due to internal conflicts, external wars, and climate change, creating risks (higher public spending/political instability) and rewards (more supply-labor) for the markets to consider.

Infrastructure Calls to increase infrastructure spending in the U.S. are as old as America's crumbling bridges. However, legislation in recent years put that spending in motion, spurring greater investment in projects encompassing upgrades to vital national infrastructure, and related to initiatives such as digitalization and decarbonization. Data-center demand in the U.S. is expected to grow 10% a year into the end of the decade, according to McKinsey estimates. Investment opportunities run the gamut from

Portfolio Considerations

Today's investment landscape is punctuated by war, extreme weather events, disruptive technologies, and copious debt and deficit levels. We point to these in our 2024 thematic framework made up of themes that we believe carry implications for economic growth, earnings and the cost of capital. A diversified mix of sectors, styles and asset classes is our broadest line of defense in times of instability, with thematic solutions belonging as a complement to core portfolios.

transmission lines to energy storage assets to more basic materials to capacity and storage infrastructure as investment offshoots. Beneficiaries will be found all along the value chain from production to storage to transmission and distribution.

Security It's always dangerous to say "it's different this time" but as one scans the geopolitical landscape of today, it is different. Russia's invasion of Ukraine, war in the Middle East, raging conflicts in Africa, U.S.-Sino tensions over Taiwan—all point to an era where national security trumps economic efficiency. The peace dividend of the 1990s is gone. Industrial policies are back in vogue, with a keen emphasis on renewable energy. Cross-border trade and investment have been weaponized. The expanding global security umbrella also includes more capital being spent on cybersecurity, space, surveillance and of course, traditional military hardware. Per the latter, global defense spending (already around $2.2 trillion annually) is shifting higher and is poised to hit $3 trillion annually in the not-to-distant future, according to the Stockholm International Peace Research Institute.

Polycrisis When we speak of "polycrisis," we are referring to a world experiencing multiple crises at once, or simultaneously.[1] Among other things, it's the interplay between wars in Europe and the Middle East, deteriorating U.S.-Sino relations, and the rise of global populism and nationalism, and its offshoots—trade and investment protectionism. It's about the challenge and urgency of climate change and efforts to create a more decarbonized future. The latter will not be cheap and has run headlong into constraints on public sector debts and deficits. Also weighing on sovereign finances: deaths of despair (the spike in opioid use, suicides, gun violence) and the attendant strain on the U.S. healthcare industry. In short, we live in a world with complex, entangled problems that create risks and rewards for investors. Our polycrisis theme augurs for exposure in defense, hard assets, healthcare, high quality government debt and climate mitigation leaders.

Exhibit 2: CIO Themes for 2024 and Beyond.

ARTIFICIAL INTELLIGENCE (AI)	Building on last year's AI-enthusiasm, the next act for Generative AI is about adoption and deployment. The promise that AI will eventually aid productivity and efficiencies while reducing costs is also hastening the need for complementary industrial and service Robotics/Automation. Use cases of Generative AI and robotics within Healthcare Innovation abound, with the potential to aid drug discovery, age-related disease treatments and gene therapies/ mapping. The massive growth in unstructured data being created and processed by machines, devices and systems is feeding Big Data Analytics and Storage. An ongoing migration of data and applications to Cloud Computing infrastructure as well as hardware providers supports the AI data boom.
DEMOGRAPHICS	Several demographic transitions serve as important arbiters of future growth. That's true about the Great Wealth Transfer of over $84 trillion in assets likely to be inherited through 2045, according to Cerulli Associates. As main recipients, both the Millennials (born 1981-1996) and Gen Z (born 1997-2012) could have greater influence on consumer spending patterns and preferences. Tax treatment and business regulation continue to drive an intra-U.S. migration, while a Global Migration cycle is also underway given displaced populations owing to conflict, forced migration and other factors. Changing the face of consumerism globally is the Emerging Market Consumer, which represents a powerful middle-class cohort with rising incomes and improved health outcomes. With lengthening life expectancies globally, Global Ageing puts a renewed focus on healthcare, aged-care, financial, and consumer products and services. So too does the Silver Tsunami of ageing and wealthy Baby Boomers, who represent the bulk of consumer spending in the U.S.
INFRASTRUCTURE	Infrastructure needs today span physical infrastructure well beyond its useful life, to energy assets, both traditional and renewable. As the sought-after Energy Transition toward renewable energy sources such as solar, wind, hydrogen, and nuclear remain in focus, so does reliable Energy Storage and Distribution of our energy sources. If the Future Mobility of the global car fleet is electric, Electric Vehicle (EV) production demands more mining of copper, lithium, nickel, manganese, cobalt and graphite, etc. to produce EVs as compared to internal combustion engines. Other key investment opportunities exist given disruptions through climate related events, cyber threats, or general impairments to the National Grid; but also globally, the risk of scarcity/stress to resource facilities among Water/Waste Management.
SECURITY	Industrial Policies are in, as the "visible hand" of the government is just as prominent as the "invisible hand" of the private sector, with hundreds of billions of dollars committed from the White House to incentivize security and self-reliance of suppliers and resources. Regulation pertaining to Surveillance and adjacent technologies, as well as legislation of data privacy rights will be a topic on Capitol Hill in 2024. Of national security concern, defense spending in the years ahead likely remains elevated given ongoing Ukraine-Russia and Israel-Hamas wars in addition to simmering U.S.-China tensions. Aerospace and Defense should benefit from the remilitarization in the wake of shrinking stockpiles. Ongoing and sophisticated ransomware and data breaches bolsters Cybersecurity budgets across industries. With the commercialization of space, security extends to Space and space-based assets (such as drones, satellites, data links, weather monitoring and Global Positioning System (GPS).
POLYCRISIS	Growing conflict and crisis globally can be described as Multipolar Disorder, leading to unforeseen realities for the macroeconomic backdrop and markets. Resource Protectionism has been on the rise as the extraction, sourcing and management of the world's resources will stay in focus with commodities, metals and mining complexes already stretched. Although net zero commitments are widespread, the current path to Decarbonization targets remains narrow. Also at crisis levels, global debt reached a staggering $307 trillion last year according to Institute of International Finance, putting in focus Debt and Deficit concerns. A million people in the U.S. have died of drug overdose since 2000 while suicide rates are at their highest level in over 80 years—All tragedies related to Deaths of Despair, and of particular impact to our healthcare system.

Source: Chief Investment Office. Data as of January 2024.

[1] The term was first coined in the 1970s, but recently popularized by historian Adam Tooze.

THOUGHT OF THE WEEK

As Goes January, So Goes the Year?

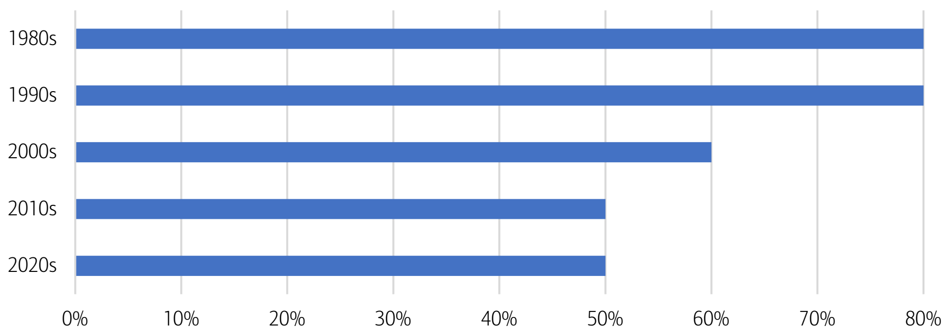
Emily Avioli, Assistant Vice President and Investment Strategist

The turn of the calendar can intensify investor focus on the direction of market activity, with the popular January Barometer theory suggesting that investment performance in the month of January could be representative of performance of the entire year. As such, eyebrows were raised when the S&P 500 stumbled out of the gate in 2024, falling by -1.5% in the first trading week before clawing back losses. But in our view, shaky market activity in the beginning of the year does not necessarily portend weakness for Equities.

It's true that January has been a reasonably reliable predictor of returns throughout history. When returns in January are positive, the year is up 80% of the time, with an average return of 13.2%. When January is down, the S&P 500 is only up 46% of the time with an average return of -0.7%.[2] The theory held true in 2023, when the S&P 500 kicked off with a 6.2% return in January and went on to finish the year up 24.2%, placing it among the top performing years in the market's history.[3]

That said, the January Barometer is fraught with nuance. The theory has become less reliable in recent years, with success rates gradually declining from about 80% in the 1980s to about 50% in the 2020s (Exhibit 3). The macroeconomic and political backdrop also influences its outcome—presidential election years tend to produce lackluster January returns, even though they are typically positive for Equity markets overall. It's also not uncommon to see a slight exhale in January after a knockout year like 2023. Following years in which the S&P 500 gained 20% or more, the index has averaged a slight decline of -0.7% in January.[4]

Exhibit 3: January Barometer Success Rate by Decade.



Source: Bloomberg. Data as of January 10, 2024.

Adding it all up, while the January Barometer may provide some insight into the momentum behind stocks, it's hardly a surefire way to forecast annual market activity. We maintain a positive view overall for 2024, with expectations for choppy market activity that ultimately produces solid gains for Equities.

Portfolio Considerations

Investors should avoid placing too much emphasis on any one technical indicator, as there are many factors that can influence the direction of markets. We continue to advocate for a balanced and diversified portfolio approach.

[2] BofA Global Research. January 4, 2024.

[3] Bloomberg. Data as of January 10, 2024. Price returns referenced.

[4] Bloomberg. Data as of January 10, 2024. Refers to data from 1980 – 2022.

MARKETS IN REVIEW

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	37,592.98	0.4	-0.2	-0.2
NASDAQ	14,972.76	3.1	-0.2	-0.2
S&P 500	4,783.83	1.9	0.3	0.3
S&P 400 Mid Cap	2,728.63	0.6	-1.9	-1.9
Russell 2000	1,950.96	0.0	-3.7	-3.7
MSCI World	3,168.31	1.5	0.0	0.0
MSCI EAFE	2,226.88	0.9	-0.4	-0.4
MSCI Emerging Markets	996.30	-0.6	-2.7	-2.7

Fixed Income†

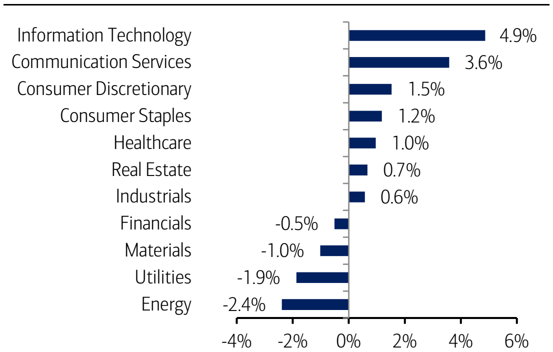
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.46	0.88	-0.33	-0.33
Agencies	4.39	0.63	0.14	0.14
Municipals	3.30	0.05	-0.24	-0.24
U.S. Investment Grade Credit	4.55	0.92	-0.29	-0.29
International	5.07	1.26	-0.30	-0.30
High Yield	7.71	0.98	-0.16	-0.16
90 Day Yield	5.35	5.37	5.33	5.33
2 Year Yield	4.14	4.38	4.25	4.25
10 Year Yield	3.94	4.05	3.88	3.88
30 Year Yield	4.18	4.20	4.03	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	225.32	-0.6	-0.5	-0.5
WTI Crude $/Barrel††	72.68	-1.5	1.4	1.4
Gold Spot $/Ounce††	2049.06	0.2	-0.7	-0.7

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.10	1.09	1.10	1.10
USD/JPY	144.88	144.63	141.04	141.04
USD/CNH	7.19	7.16	7.13	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 1/8/2024 to 1/12/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 1/12/2024 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 1/12/2024)

	Q4 2023E	2023E	Q1 2024E	Q2 2024E	Q3 2024E	Q4 2024E	2024E
Real global GDP (% y/y annualized)	-	3.1	-	-	-	-	2.8
Real U.S. GDP (% q/q annualized)	1.5	2.4	1.0	1.0	1.5	1.5	1.7
CPI inflation (% y/y)	3.2	4.1	2.8	2.8	2.5	2.3	2.6
Core CPI inflation (% y/y)	4.0	4.8	3.6	3.1	3.2	3.0	3.2
Unemployment rate (%)	3.8	3.6	3.8	4.0	4.1	4.2	4.0
Fed funds rate, end period (%)	5.33	5.33	5.13	4.88	4.63	4.38	4.38

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 January 12, 2024.

Asset Class Weightings (as of 1/9/2024)

	CIO View				
Asset Class	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		●			
International Fixed Income			●		
High Yield		●			
U.S. High Yield Tax Exempt		●			
U.S. Investment-grade Tax Exempt			●		
Alternative Investments*					
Hedge Funds			●		
Private Equity			●		
Real Assets			●		
Cash					

CIO Equity Sector Views

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

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of January 9, 2024. 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.

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.

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.

Conference Board's Index of Leading Indicators is an American economic leading indicator intended to forecast future economic activity.

Service Sector Employment Index is defined as the total number of persons working in an observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit who belong to it and are paid by it.

Institute for Supply Management (ISM) Services Employment Index is a component of the Manufacturing Purchasing Managers Index and reflects employment changes from industrial companies.

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