CHIEF INVESTMENT OFFICE

Capital Market Outlook

December 19, 2022

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

IN THIS ISSUE

Macro Strategy—*Labor Market Poised To Cool Meaningfully:* Notwithstanding a currently tight labor market, as reflected in rock-bottom unemployment and wage growth not seen since the mid-1980s, numerous forward-looking indicators of employment have continued to weaken. These include various employment surveys, which are already flashing yellow, corporate pricing power and revenue surveys which have dropped closer to prepandemic levels and are likely to soften further as a result of aggressive Federal Reserve (Fed) tightening, as well as business and consumer confidence, which have declined into recessionary territory this year.

As a result, we believe that consumer spending and economic growth are likely to surprise to the downside next year as households deplete their pandemic savings and unemployment may rise more than expected.

Market View—*Not Your Mother's Thematic Investing:* This year brought global disorder, with various macro forces applying substantial pressure on markets. While every bear market has a bottom and every bull market has new leadership, thematic solutions that centered on static buy-and-hold strategies of prior-generation market leaders suffered.

Looking ahead to 2023 and through the market bottoming process, the repricing in stocks likely offers investors an attractive entry point to position for the next cycle's market leaders.

Thought of the Week—*Global Housing Softness:* Cracks in the global housing market are widening. Over the last decade, housing prices around the world tracked a steady uptrend as economies recovered from the housing slowdown during the 2008/2009 Great Financial Crisis (GFC). But headwinds to housing activity have developed as a tighter monetary policy environment has pushed up mortgage rates.

Global housing markets are now showing signs of softening, but improved borrowing standards for major economies over the last decade and a solid labor market keeps the vulnerability of a deep downturn more limited.

MACRO STRATEGY ▶

Chief Investment Office
Macro Strategy Team

MARKET VIEW ▶

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THOUGHT OF THE WEEK ▶

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Assistant Vice President and Investment Strategist

MARKETS IN REVIEW ▶

Data as of 12/19/2022, and subject to change

Portfolio Considerations

We favor bonds in the first half of 2023 and stocks in the second half. We remain neutral Equities with a preference for U.S. Equities relative to International, and maintain our slight overweight to high quality Fixed Income. We continue to believe that market volatility will be elevated for most asset classes and expect the "grind-it-out" environment to persist for markets over the next several months before stabilizing later in 2023. Portfolio diversification, including Alternative Investments* for qualified investors, can help mitigate volatility and allow for participation in a renewed bull market.

*Many products that pursue Alternative Investment strategies are available only to qualified investors.

MACRO STRATEGY

Labor Market Poised To Cool Meaningfully

Chief Investment Office Macro Strategy Team

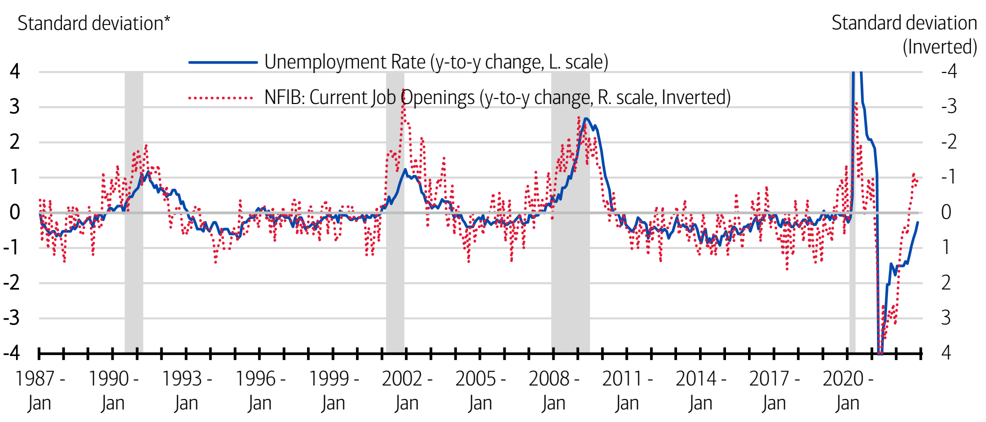
While the labor market is currently tight, as reflected in rock-bottom unemployment, still elevated job openings, as well as the strongest wage growth since the mid-1980s (up 5% year-over-year as measured by the Employment Cost Index), various leading indicators suggest that U.S. real gross domestic product (GDP) and employment growth are likely to surprise to the downside in 2023, with the unemployment rate potentially rising toward 5%.

Indeed, faced with an unexpectedly resilient post-shutdown economy, businesses have scrambled to fully restore the 25 million jobs lost in early 2020 in order to bring employment back to trend. In the first three quarters this year, payroll employment far outpaced real GDP growth, expanding 4.3% compared to about 1% suggested by employment's past correlation with GDP growth. With employment now near the 25-year prepandemic trend, the pace of hiring should realign with the growth in labor force and real GDP. If our expectations for a continued loss of momentum in real GDP given significant declines in various leading indicators in recent months prove correct, this realignment implies that employment could weaken more than generally anticipated in coming months.

Basically, employment growth is a coincident economic indicator that tends to follow signals from forward-looking indicators of the economy, such as business sentiment as measured by the National Federation of Independent Business (NFIB), for example, which has hovered around recessionary levels this year, or corporate revenues and profits growth, which are already rapidly losing momentum due to aggressive Fed tightening. Based on strong past correlation, employment also appears poised to slow significantly over the next year in response to the deterioration in the Conference Board Leading Economic Index over the past six months.

The hiring frenzy of the past two years has caused a spike in job openings, extreme concerns over the quality of labor, and an acceleration in wage growth not seen in 40 years, which has contributed to high and pervasive inflation. While still elevated, job openings have rolled over from their March peak, however, and NFIB concern over the quality of labor has dropped sharply, matching past recession declines and consistent with a meaningful increase in the unemployment rate in coming months. As shown in Exhibit 1, the big year-to-year (y-to-y) drop in the percentage of small businesses unable to fill open jobs over the past year also appears consistent with a large increase in the unemployment rate.

Exhibit 1: Drop In Job Openings Consistent With A 4.5% To 5% Unemployment Rate Ahead.



*A measure of how dispersed the data are in relation to their mean. Sources: National Federation of Independent Business; Bureau of Labor Statistics/Haver Analytics. Data as of December 15, 2022.

Rapidly rising continuing claims for unemployment compensation already indicate that the economy is not absorbing available labor as fast as earlier this year. According to recent Piper Sandler Economic Research, the number of companies reporting difficult times has

Investment Implications

As market concerns shift from rising interest rates to rising unemployment and impending recession, high-quality long-duration Fixed Income assets should outperform Equities.

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increased sharply since June. “Tech companies led the pain parade, now joined by media (think ad spending), food/restaurants (think too expensive), and financials (think Fed tightening).” As a result, a growing number of companies, including some large well-known corporations, are announcing layoffs or hiring freezes, making it more difficult for those unemployed to find jobs. In addition, the Evercore ISI Research weekly survey of staffing firms shows that the conversion rate of temporary-to-full-time workers is falling at more companies than is rising, another indication of a cooling labor market.

With payrolls now close to trend, structural labor market constraints are also likely to reassert themselves, limiting employment growth and potential GDP growth, in our view. Basically, the U.S. population has aged. According to the Bureau of Labor Statistics November employment report, the prime-age population between 25 and 54 years old, rose just about 2 million since 2008. In contrast, the population over 65 has expanded by almost 20 million. This cohort has a much lower labor force participation rate (LFPR) than the prime-age group, so its share gain from about 16% to 22% of the noninstitutional population over 16 is depressing the LFPR and the employment-to-population ratio. What’s more, people 65+ have been participating in the labor force at a rising rate over time, and their LFPR is currently not far from the prepandemic peak (19.2% currently versus 20.5%). A return to 20.5% would bring in about 700,000 more people to the labor force, but much higher participation rates are unlikely in the near term.

A bigger gain could come from boosting the LFPR for the 24- to 54-year-old population, which has returned closer to its prepandemic average of about 82.6% but remains below its 84% peak in 1999. Going back to that peak would bring in an extra 1.8 million people to the labor market.

The biggest potential increase in the labor force could come from boosting the LFPR for the 16- to 24-year-old cohort. Their LFPR is back to the prepandemic rate of 55.8% but still way lower than 59% in 2008 and 65.8% in 2000. A return to the 2000 rate would bring about 4 million more people to work. Though possible, we believe that a wealthier population and societal changes are likely to inhibit such a sharp reversal in this cohort’s LFPR downtrend. Also, because of the aging of the population, demand is surging for healthcare jobs, as well as other jobs not suitable for 16- to 24-year-olds, such as education or professional services, for example. An increase to its 2008 rate is probably more realistic and would still add 1.5 million more people into the labor market.

There is thus potential for about a 4.0 million to 6.5 million combined increase in labor supply from boosting participation rates across age cohorts. However, population aging, rising wealth, societal changes, substance abuse, mental-health issues, skills mismatch, and now long Covid, are likely to continue to constrain overall labor force participation and employment growth now that employment has returned to trend. We estimate that it would take a 60% slower pace of growth in payrolls to keep unemployment near 3.5% through the end of 2024 compared to that of the past two years (about 187,000 per month on average vs. 437,000 per month) even if participation rates continue to inch higher.

Labor-force constraints force the Fed to restrain labor demand in line with labor supply in order to avoid sustained overheating of the economy and to tame inflation. The effect of its rate hikes to date is starting to accumulate, with leading indicators suggesting additional softening of the economy and labor demand. Payroll growth has weakened to 263,000 jobs in November from 392,000 monthly average year-to-date, and the household survey shows flat employment, stalled at the prepandemic peak since March. Layoff announcements have increased, and concerns about the quality of labor have eased from unusually high levels. At its December Federal Open Market Committee meeting, the Fed revised up its expectation for the unemployment rate. It now projects it to reach 4.6% at the end of 2023, up from its September forecast of 4.4% and from 3.7% currently. Though it would still be relatively low, given the tight correlation between economic growth and unemployment, such an increase in the unemployment rate implies significantly weaker economic conditions ahead.

MARKET VIEW

Not Your Mother's Thematic Investing

Lauren J. Sanfilippo, Director and Senior Investment Strategy Analyst

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

Prior-generation thematic investing hinged on buy-and-hold strategies. Next-generation thematic investing, however, will pivot on tuck-and-roll strategies—i.e., portfolio positioning in shorter-duration assets and mark-to-market alpha generating investments. The shift reflects the state of the global economy, neatly summarized by the Collins English Dictionary word of the year for 2022—"permacrisis," or "an extended period of instability and insecurity."

As part of this mosaic, think global inflation at multidecade highs, Europe in the midst of its largest land war since 1945, China struggling to overcome coronavirus, and record-topping climate metrics, ranging from extreme droughts to vicious floods in various parts of the world. We have transitioned into a world of disorder, with thematic investing running hard to keep up.

Investment Implications

The current state of "permacrisis" has played a significant role in influencing the macro backdrop and market volatility this year. Along the way, rotations in market leadership have shifted from a period dominated by growth-oriented, megacap mega-runs backed by low interest rates and very tame inflation. Accordingly, our thematic views broadened out to include some value and cyclically or defensively tilted subthemes.

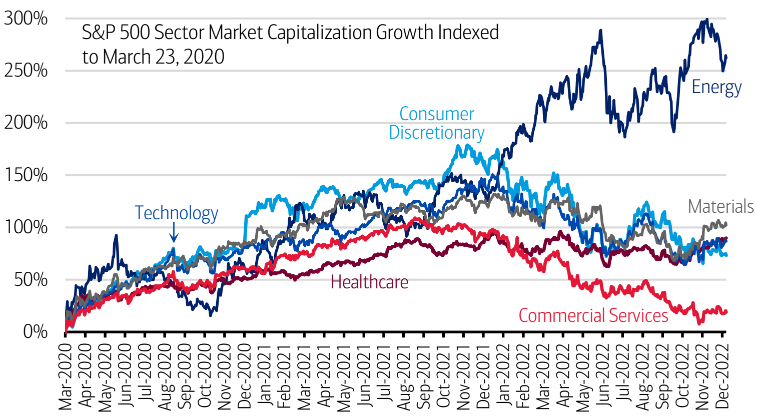
From lite to hard assets

The "permacrisis" of today entails more market volatility into the new year. But luckily, every bear market has a bottom and every bull market has new leadership. Too true, considering the evident style and sector rotations in market leadership that have taken place since the March 2020 low of 2,237 on the S&P 500. Decade-prior performance was dominated by passive, growth-oriented, megacap mega-runs backed by low interest rates and very tame inflation. While the pandemic and the accelerated pace of digitalization helped Technology reach record levels over 2020 and 2021, structural problems set in by 2022.

The crisis and attendant global pandemic response expanded the universe of leading stocks to include more mixed size, style and sector leadership. A look back at the market capitalization growth since the 2020 market bottom shows the value of some of the smallest weighted sectors in the S&P 500 such as Energy and Materials have increased the most to date (262% and 102%, respectively) (Exhibits 2A and 2B).

Exhibit 2: The Shifting S&P 500 Sector Leadership: Market Capitalization, Earnings and Weights.

1A) The Bounce off the Bottom.



1B) S&P 500 Sector Weights and Earnings Contribution.

	Earnings Weight, %	Sector Weight, %	Differential
Energy	10.8%	4.9%	5.9%
Financials	16.3%	11.3%	5.0%
Communication Services	9.5%	7.3%	2.2%
Materials	3.5%	2.7%	0.8%
Utilities	2.7%	3.1%	-0.4%
Healthcare	15.1%	15.6%	-0.5%
Consumer Staples	6.0%	7.1%	-1.1%
Real Estate	1.6%	2.7%	-1.1%
Industrials	7.0%	8.6%	-1.6%
Consumer Discretionary	6.9%	10.1%	-3.2%
Information Technology	20.6%	26.6%	-6.0%

Source: Bloomberg. Data as of December 14, 2022. **Past performance is no guarantee of future results.** It is not possible to invest in an index.

The Energy sector's market cap weight has roughly doubled from under 2.5% of the index in March of 2020 to 5%, although less than half of its long-term average of 11% since the 1970s. More impressive, its contribution to overall index earnings has grown significantly, contributing 11% of total earnings for a sector that's only 5% of the index.[1] In other words, the Energy sector is punching well above its weight class.

Meanwhile, the Technology sector has the greatest differential between its sector weight and earnings contribution, symptomatic of this year's market leadership changes. Along the way, unprofitable growth areas faced steep valuation rerating, making the inclusion of some higher-quality and slightly shorter-duration investments outside of technology and growth-related themes all the more important to our thematic views.

[1] Source: Bloomberg, annual 2022 data through December 14, 2022.

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FAANG 2.0

These market leadership shifts are indicative of the global premium on hard assets and other energy-related commodities ranging from cobalt to zinc, and everything in between. The age of "permacrisis" reflects the tectonic shifts of the past year, or the shift from a pandemic to Putin; infections to inflation; Big Data to Big Oil; Zoom to zinc; masks to mascara; E-commerce to electric vehicles; jabs to javelins; swabs to sanctions; WebEx to weddings; boosters to bombs; NFT (non-fungible token) to LNG (liquefied natural gas); CDC (Centers for Disease Control) to NATO (North Atlantic Treaty Organization); work-from-home to work-from-office; the cloud to cobalt; and lite assets to hard assets. Accordingly, our FAANG 2.0 construct pivots on Fuels, Aerospace & Defense, Agriculture, Nuclear and renewables, and Gold and metals/minerals. This cohort is emblematic of a world undergoing profound change.

The "New" Future

These "permacrisis" shifts serve as a timely reminder for investors that every period of tumult, and bear market bottom, spawns its new opportunities. As Gavekal Research recently noted, "Bear markets exist for a reason: to shift market leadership from one group of stocks to the next. Hence, once the bear market has started, investors should be spending most of their time trying to identify the next winning trend instead of trying to time their reentry into the previous—now dead—bull trend."[2]

Thematically, therefore, we expect the "new" future pivot on the following:

- Renewable technologies as the world marches towards a more decarbonized future, encouraged by the pursuit of resource security and independence of fossil fuels, metals and minerals
- Accelerated capital expenditures on automation and robotics given aging demographics and the peak in the global labor force
- And elevated defense spending (including cybersecurity) given the geopolitical realities of our times with the U.S.-Sino rivalry front and center

Per the latter on defense spending, we were struck by recent comments in the *Wall Street Journal* from Jim Taiclet, chief executive officer of Lockheed Martin, quoted "munitions production needs to rise by two standard deviations—effectively double—from peacetime levels." Additionally, and acknowledging the depleted U.S. stockpiles of munitions in support of Ukraine, Greg Hayes, CEO of Raytheon mentioned: "Ukraine has burned through five years of Javelin production since February and 13 years' worth of Stinger antiaircraft missiles."[3]

We still believe dedicated thematic exposure around these themes can complement a core portfolio strategy of diversified sectors, styles and asset classes in the post-pandemic cycle. Specifically, our high-conviction thematic views are summarized below, including our more recent "Post-Crisis World" themes offering some value and cyclically or defensively natured subthemes. Above all, we believe these themes should carry implications for the next profit cycle driving economic growth, the cost of capital and global earnings.

Exhibit 3: CIO Thematic Investing Views for 2023.

Big Data	Future Mobility
Artificial Intelligence; Data Analytics; Internet of Things (IoT); Cloud Computing; Data Centers/Storage	Electric Vehicles & Battery Value Chain; Next-Gen Infrastructure; Smart Cities; Autonomous Vehicles; Drones
Demographics	**Security**
Millennials; Gen Z; Emerging Market Consumer; Bottom Billions; Longevity	Cybersecurity; Payments/IoT Protection; Space; Data Privacy/Surveillance; Aerospace & Defense
Climate Change	**Post-Crisis World**
Nuclear, Hydrogen, Renewables; Water/Waste Management; Energy-Efficiency; Energy Storage & Distribution; ESG: Sustainable & Impact Investing	Tri-Polar Supply Chain; Industrial/Service Automation (Robotics); Resource Markets: Agriculture, Commodities, Etc.; Metals & Mining; Hard Assets/Inflation Beneficiaries

Source: Chief Investment Office. Data as of December 2022.

Through the economic cycle bottom and turn in the market cycle next year, we would consider 2023 foundational for long-term investors. While thematic solutions belong as a compliment to core portfolios, the days of static buying and holding are over. The next generation of market leaders will demand more dynamic allocations through the post-pandemic cycle.

[2] Gavekal Research, *Bulls, Burst Bubbles and Bear Markets*, December 6, 2022.

[3] *Wall Street Journal*, "Supply Chain Issues Slow Global Arms Sales," December 7, 2022.

THOUGHT OF THE WEEK

Global Housing Softness

Kirsten Cabacungan, Assistant Vice President and Investment Strategist

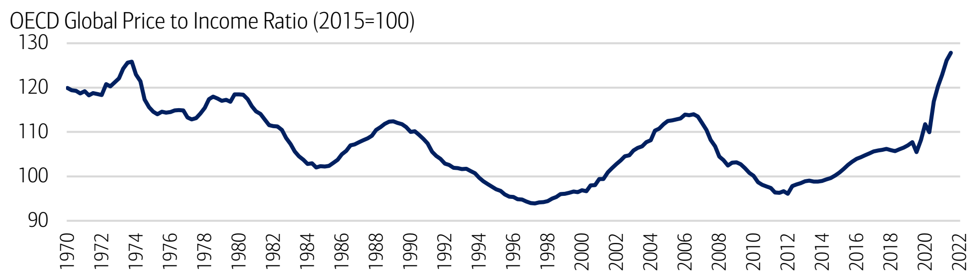
Cracks in the global housing market are widening. Over the last decade, housing prices around the world tracked a steady uptrend as economies recovered from the housing downturn during the 2008/2009 Great Financial Crisis (GFC). The Organisation for Economic Co-operation and Development's (OECD) index of global housing prices, which comprises 38 countries, rose 86.8%, or 8.7% per year, over the last 10 years through Q2 2022. The pandemic only accelerated that rise, with global prices increasing 14% per year from Q4 2020 to Q2 2022.[4] Low borrowing costs and constrained housing supply coupled with strong pent-up demand dynamics and excess household savings cushioned by stimulus underpinned the trend. But headwinds to housing activity have developed. Mortgage rates have soared as global central banks have aggressively tightened monetary policy to battle elevated inflation. The U.S. 30-year fixed mortgage rate moved above 7% in October, a 16-year high and more than double where it sat a year ago at around 3%. The U.K. two- and five-year fixed mortgage rates have also moved up, sitting near 14-year highs.[5] The upswing in borrowing costs has only magnified a housing affordability crisis that started as home prices rapidly rose faster than incomes in the last few years (Exhibit 4). Higher rates should only further depress demand for potential homebuyers, as current financing makes buying a home even more unaffordable.

Housing markets are now showing signs of softening as appetites for home loans weaken, transactions slow down and prices in some countries already head lower. Canadian home prices have declined 10% since their February peak,[6] and Sweden is facing its worst housing price collapse since the 1990s, with prices down 14% from their high.[7] The outlook for economic growth could be dragged down by further housing market weakness. In the U.S., combined housing investment and spending contributes roughly 15% to 18% to GDP, according to the National Association of Home Builders. While the U.S. posted positive growth in Q3, residential investment sank an annualized 26.4%. The collapse in China's property market, which accounts for roughly 30% of the country's GDP,[8] has also played a role in subduing China's economy this year. BofA Global Research is forecasting China's growth to decelerate to 3.0% in 2022 from 8.1% in 2021. Certain regions face more acute risk, but a housing slump as severe as the GFC appears less likely at this point. The labor market remains solid, and unemployment rates have not yet surged. The borrowing backdrop is also different. Roughly 90% of mortgages in the U.S. are fixed rate,[9] and the share of new mortgages with variable rates across Europe has been decreasing over the last decade.[10] Tighter lending standards have improved the overall credit quality of the average borrower. Over the medium term, housing could find further support from millennials aging into their prime age for earning and consuming as well as from scarcity of supply. The upshot is that the higher interest rate environment is set to slow global housing activity and lead to a decline in prices, but vulnerability of a deep downturn could be more limited.

Investment Implications

Weakness in the housing market may weigh on the global economic outlook ahead. Investors should continue to tilt more defensive and emphasize diversification in their portfolios as economic volatility remains elevated.

Exhibit 4: Global Home Prices Relative To Income At An All-Time High.



Sources: OECD; Haver Analytics. Data as of June 30, 2022. Latest data available.

[4] Evercore ISI Research, "Global house prices now declining," December 8, 2022.
[5] Bloomberg. Data as of December 15, 2022.
[6] Bloomberg, "Canada home prices fall again and are now down 10% from peak," November 15, 2022.
[7] Bloomberg, "Swedish households turn gloomier on outlook for home prices," December 12, 2022.
[8] *The New York Times*, "China's once-sizzling property market has started to cool," June 20, 2022.
[9] BofA Global Research, "Year Ahead 2023: Sprint lower, marathon higher," November 22, 2022.
[10] *Financial Times*, "The global housing market is heading for a brutal downturn," November 12, 2022.

Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	32,920.46	-1.6	-4.7	-7.5
NASDAQ	10,705.41	-2.7	-6.6	-31.0
S&P 500	3,852.36	-2.0	-5.5	-17.9
S&P 400 Mid Cap	2,416.51	-2.1	-6.1	-13.6
Russell 2000	1,763.42	-1.8	-6.4	-20.4
MSCI World	2,606.01	-2.1	-4.2	-18.1
MSCI EAFE	1,936.53	-2.1	-0.3	-14.8
MSCI Emerging Markets	957.30	-2.1	-1.5	-20.1

Fixed Income†

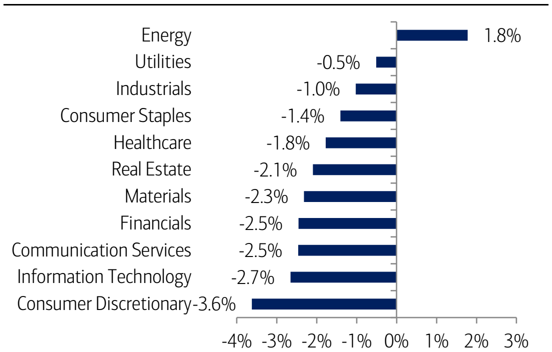
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.34	0.61	1.62	-11.76
Agencies	4.34	0.54	0.73	-7.16
Municipals	3.40	0.24	1.07	-7.81
U.S. Investment Grade Credit	4.35	0.80	1.70	-11.13
International	5.11	0.55	1.96	-13.73
High Yield	8.56	0.03	0.75	-9.96
90 Day Yield	4.25	4.26	4.32	0.03
2 Year Yield	4.18	4.34	4.31	0.73
10 Year Yield	3.48	3.58	3.61	1.51
30 Year Yield	3.55	3.56	3.74	1.90

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	245.27	1.0	-2.7	15.8
WTI Crude $/Barrel††	74.29	4.6	-7.8	-1.2
Gold Spot $/Ounce††	1793.08	-0.2	1.4	-2.0

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2020 Year End
EUR/USD	1.06	1.05	1.04	1.14
USD/JPY	136.60	136.56	138.07	115.08
USD/CNH	6.98	6.96	7.05	6.36

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 12/12/2022 to 12/16/2022. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 12/16/2022 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 12/16/2022)

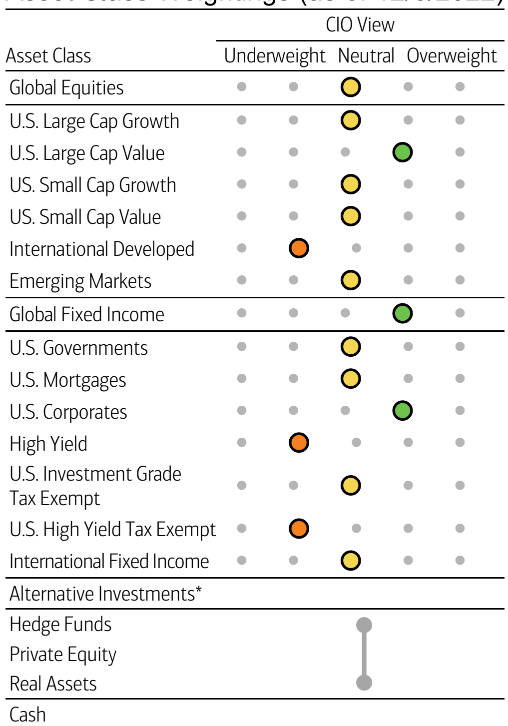
	Q4 2022E	2022E	Q1 2023E	Q2 2023E	Q2 2023E	Q4 2023E	2023E
Real global GDP (% y/y annualized)	-	3.4	-	-	-	-	2.3
Real U.S. GDP (% q/q annualized)	0.5	1.9	-1.0	-2.0	-1.5	1.0	-0.3
CPI inflation (% y/y)	7.2	8.0	5.4	3.9	3.3	2.9	4.0
Core CPI inflation (% y/y)	6.0	6.2	5.2	4.3	3.3	2.8	4.3
Unemployment rate (%)	3.7	3.7	3.7	4.2	4.8	5.4	4.5
Fed funds rate, end period (%)	4.38	4.38	5.13	5.13	5.13	4.88	4.88

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.**

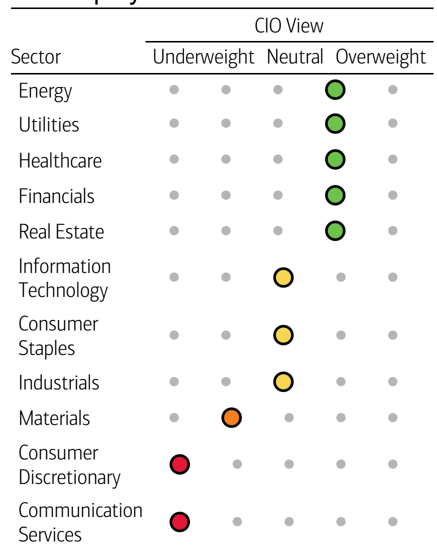
A = Actual. E/* = Estimate.

Sources: BofA Global Research; GWIM ISC as of December 16, 2022.

Asset Class Weightings (as of 12/6/2022)



CIO Equity Sector Views



*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 December 6, 2022. 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.

Employment Cost Index is a quarterly economic series detailing the changes in the costs of labor for businesses in the United States economy.

Conference Board Leading Economic Index is an American economic leading indicator intended to forecast future economic activity.

Organisation for Economic Co-operation and Development's (OECD) index is an international organisation that works to build better policies for better lives.

Energy, Materials, Consumer Discretionary, Healthcare, Information Technology, Communication Services/S&P 500 Global Industry Classification Standard (GICS®) is standardized system of categorizing companies into sectors and industries. GICS is used globally by market participants to classify domestic stock and international investment instruments.

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Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

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Alternative Investments are speculative and involve a high degree of risk.

Alternative investments are intended for qualified investors only. Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

Nonfinancial assets, such as closely-held businesses, real estate, fine art, oil, gas and mineral properties, and timber, farm and ranch land, are complex in nature and involve risks including total loss of value. Special risk considerations include natural events (for example, earthquakes or fires), complex tax considerations, and lack of liquidity. Nonfinancial assets are not in the best interest of all investors. Always consult with your independent attorney, tax advisor, investment manager, and insurance agent for final recommendations and before changing or implementing any financial, tax, or estate planning strategy.

Sustainable and Impact Investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.