BNY MELLON
INVESTMENT MANAGEMENT

TOUCHPOINTS Q3 2024

BALANCING THE SCALE

BNY MELLON
INVESTMENT MANAGEMENT

EXECUTIVE SUMMARY

Eric Hundahl, CFA

Head of BNY Advisors Investment Institute

> **Ultimately, a growing economy and lower rates should be sufficient to continue to support risk assets, while the downside and upside risks should remain well-balanced through the remainder of the year.**

2024 has seen markets consistently change focus between two dominant narratives: one in which growth is strong and the economy remains resilient, thanks in part to artificial intelligence (AI); and another where the path of inflation seems to trend downward to target, only to stall and hold steady. After holding our breath through the first quarter, inflation looks to be back on track in its descent and markets are convinced that the Federal Reserve will cut rates in short order.

However, although there has been improvement in the pace of inflation, it has come with a cost. The economy is showing clear signs of slowing and pushing unemployment up with it. Services inflation also remains a sticky problem, proving that the “last mile” could be challenging, although it’s becoming increasingly hard to see what could push inflation higher.

In our view, there is still room for the labor market to become less tight and wage inflation to slow down. The economy can slow enough to allow inflation to keep declining, especially in core services, but avoids a recession this year. Data through the summer should be enough to support the Federal Reserve to lower interest rates around September and into 2025. Ultimately, a growing economy and lower rates should be sufficient to continue to support risk assets, while the downside and upside risks should remain well-balanced through the remainder of the year.

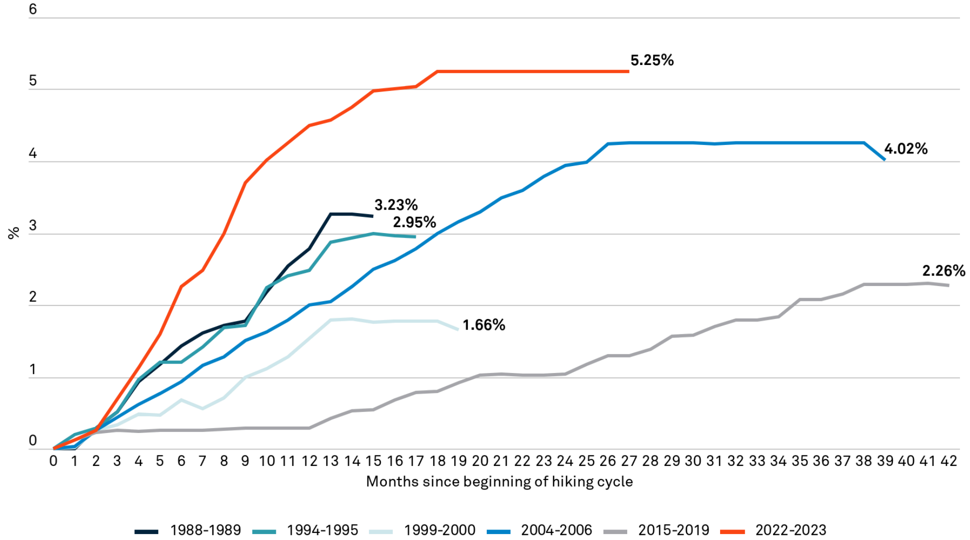
GROWTH

Major economies, and the US in particular, continue to prove remarkably resilient in the face of one of the most rapid tightening of monetary policies since the 1980s. We think that the US economy will moderate slightly from its surprisingly strong performance in 2023, as the labor market cools further.

Meanwhile, we think Europe and the UK will continue to recover from shallow downturns on the back of positive real income growth. We see a period of gentle reconvergence in economic performance between Europe and the US.

Unprecedented Tightening

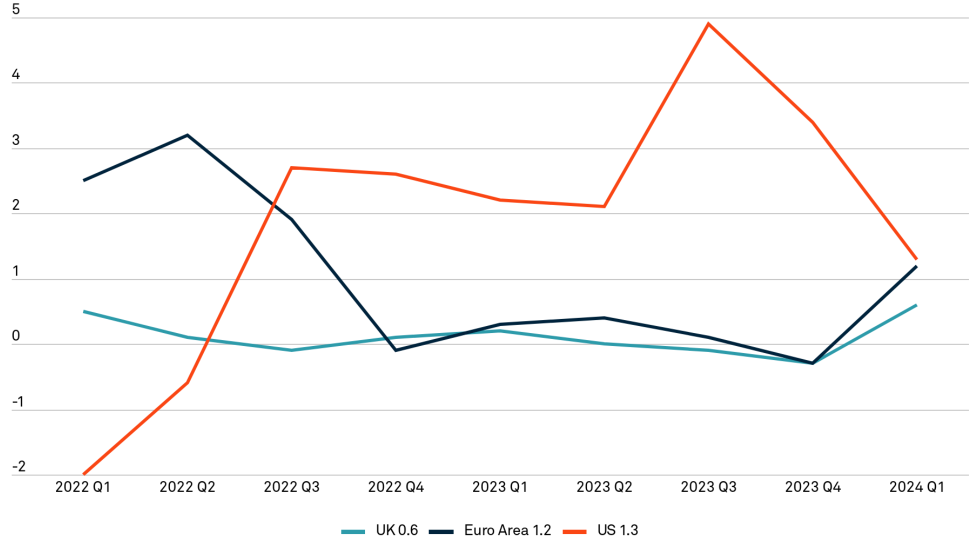
Change in effective Federal Funds rate



Source: Bloomberg, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

Gentle Reconvergence

Real Gross Domestic Product (GDP), annual rate of change, quarterly



Source: U.S. Bureau of Labor Statistics, Eurostat, Office for National Statistics, BNY Investments Portfolio Solutions as of June 21, 2024. For illustrative purposes only.

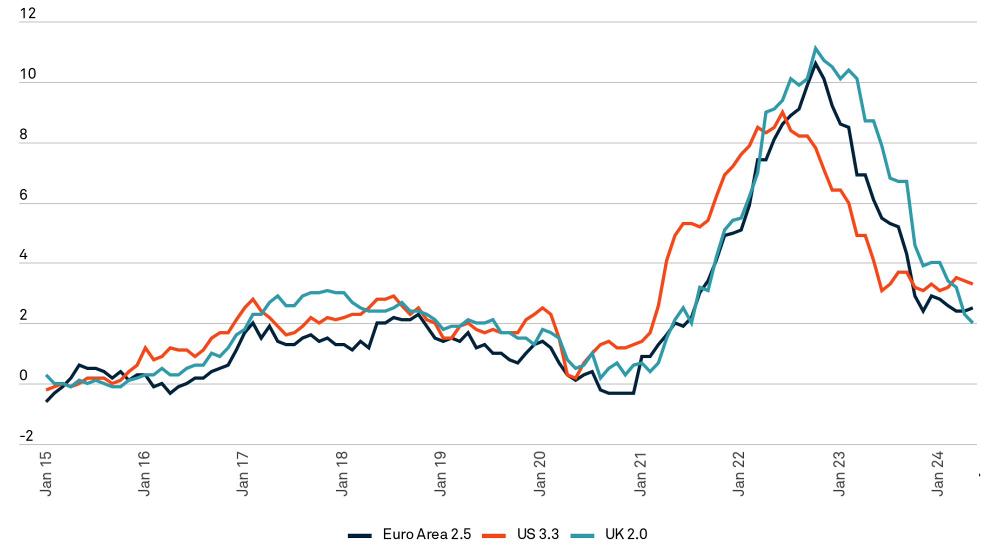
INFLATION

Inflation, what we see as the key fear gripping markets in the past couple of years, has receded but not disappeared. Domestic components of inflation proved to be a little stickier than many had hoped in most major economies, and wage inflation remains above levels consistent with meeting the 2% inflation target.

We expect further progress from here, as we see wage growth falling on the back of loosening labor markets, albeit not one that will likely happen in a linear fashion. Progress will likely remain bumpy, resembling a two-steps forward, one-step back trend.

US Inflation Stickier Than UK and Euro Area

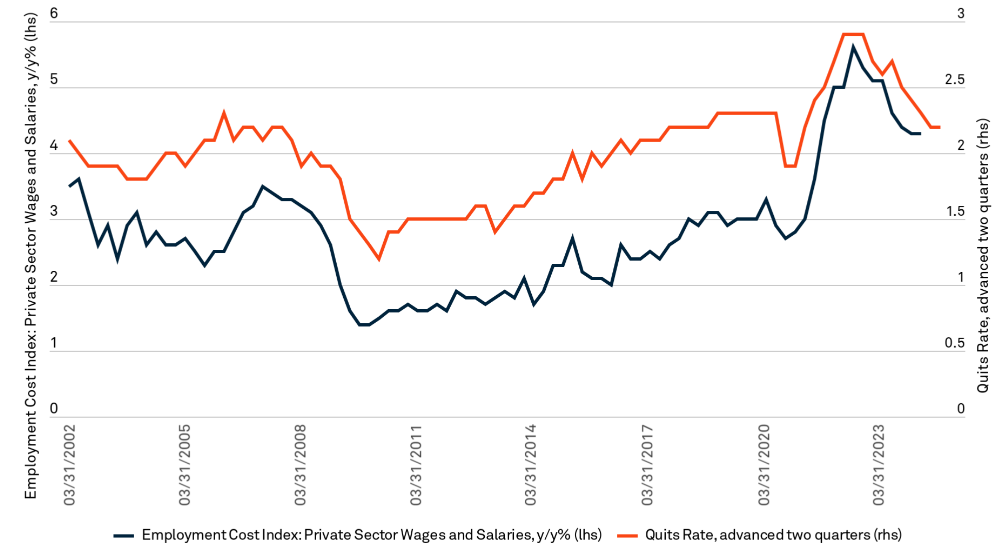
Y/Y percent change, monthly



Source: U.S. Bureau of Labor Statistics, Eurostat, Office for National Statistics, BNY Investments Portfolio Solutions as of June 21, 2024. For illustrative purposes only.

Quits Rate Signals Slower Wage Growth

Percent, quarterly



Source: U.S. Bureau of Labor Statistics, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only.

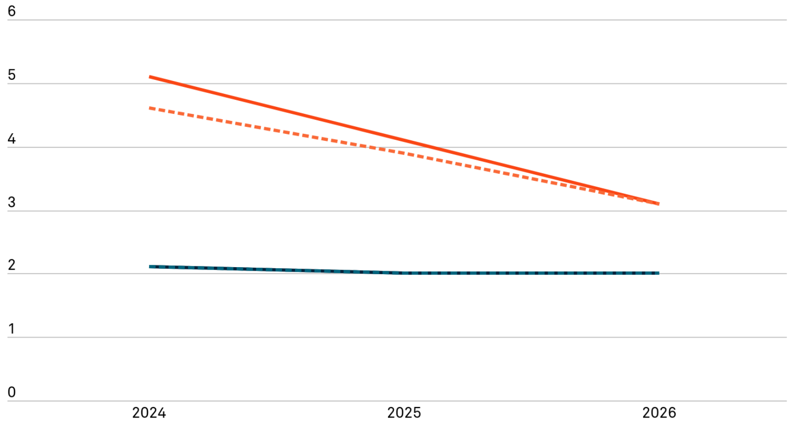
CENTRAL BANKS

Thanks to resilient and strong/improving growth, central banks can afford to be patient in waiting to see further progress on inflation before they embark on rate-cutting cycles.

The further progress on inflation that we expect over the second half of 2024 should likely allow 1-2 rate cuts that the market is pricing in for major central banks, but the risk of no cuts for this year is material.

The Federal Reserve (Fed) Expects Solid Growth to Continue

Federal Open Market Committee (FOMC) Statement of Economic Projections (SEP), percent

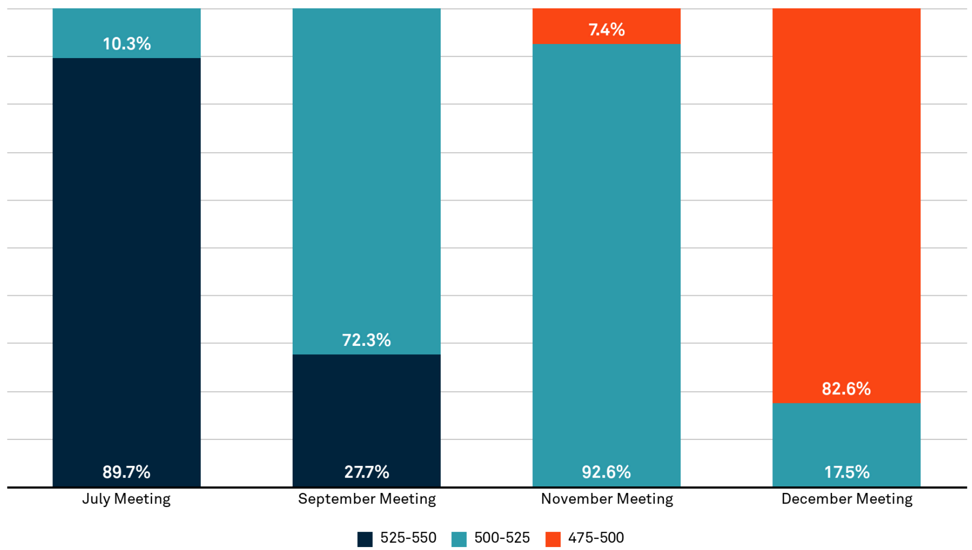


	2024	2025	2026
Change in real GDP, June	2.1	2.0	2.0
Change in real GDP, March	2.1	2.0	2.0
Fed Funds Rate, June	5.1	4.1	3.1
Fed Funds Rate, March	4.6	3.9	3.1

Source: Board of Governors of the Federal Reserve System, BNY Investments Portfolio Solutions as of June 20, 2024. For illustrative purposes only.

Aggregated Meeting Probabilities for the Fed

Target rate in basis points (bps)



Source: CME FedWatch, BNY Investments Portfolio Solutions as of June 21, 2024. For illustrative purposes only.

SPOTLIGHT 1

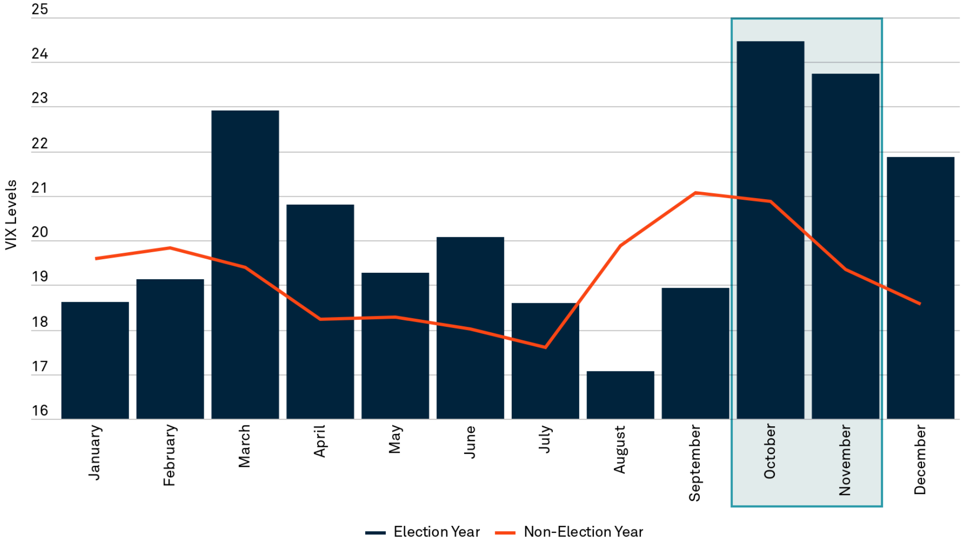
CAUTIOUSLY OPTIMISTIC ON EQUITIES

Nearly half the world's population heads to the polls in 2024 and uncertainty of election outcomes is an ever-present risk. Fortunately, the US election presents two candidates with track records to examine. Both are tough on China and focus on reshoring industrial capacity and supply chains to support the American labor market, although the approach may be somewhat different.

Election years tend to be positive for equities by historical standards, particularly in the US. In the US alone, the largest fiscal spending, which tends to buoy growth, historically occurred during election years.

Average VIX Levels During Election and Non-Election Years

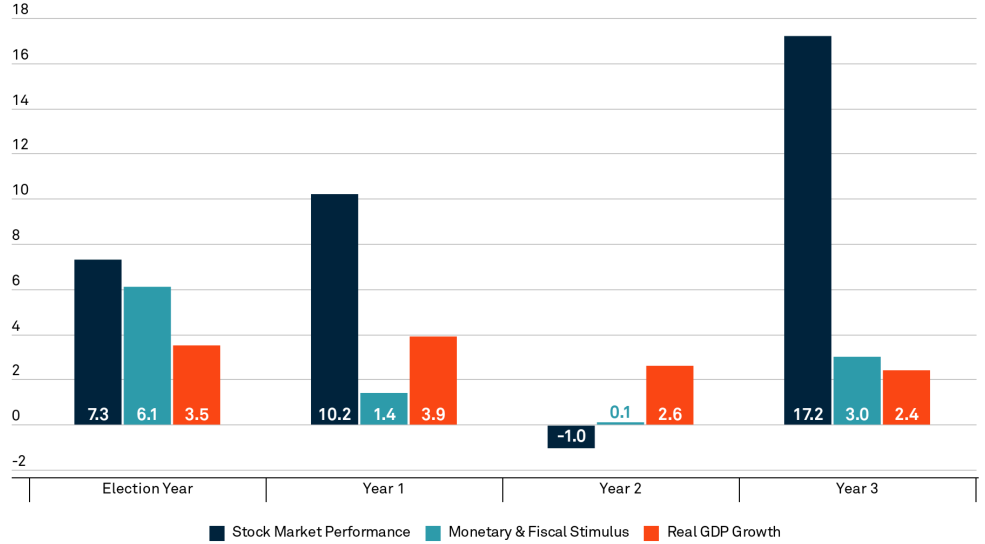
Level, data since 1990, monthly



Source: Federal Reserve Bank of St. Louis, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

Policy and Market Performance

Data since 1960, percent



Source: Federal Reserve Bank of St. Louis, Morningstar Direct, BNY Investments Portfolio Solutions as of June 18, 2024. Stock market performance defined as S&P 500 Price Return (PR) and monetary & fiscal stimulus defined as real M2 money stock plus federal expenditure minus federal receipts. For illustrative purposes only.

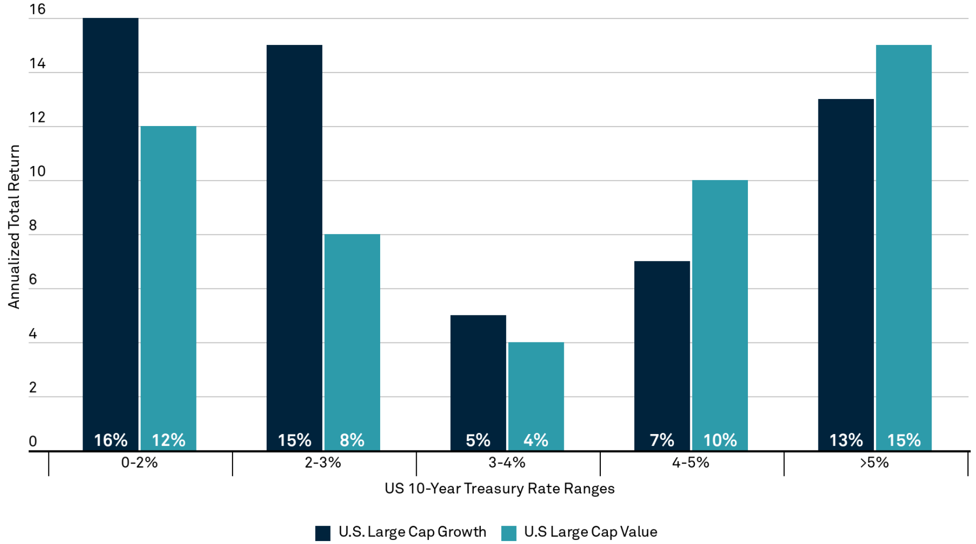
CAUTIOUSLY OPTIMISTIC ON EQUITIES

Both presidential candidates like to spend so neither is likely going to reduce debt, but policy shifts and thematic growth trends should help keep the debt sustainability from becoming a larger issue. Policy path is moving towards lowering, but the terminal rate may be higher than the previous decade.

As this scenario materializes, we think the normalization of the yield curve will re-incentivize the next lending cycle to finance new energy production, natural resource extraction, and the capital outlays to support the artificial intelligence (AI) revolution with data centers and manufacturing.

U.S. Large Cap Value Tend to Outperform U.S. Large Cap Growth When U.S. Treasury (UST) 10Y Rates Are Above 4%

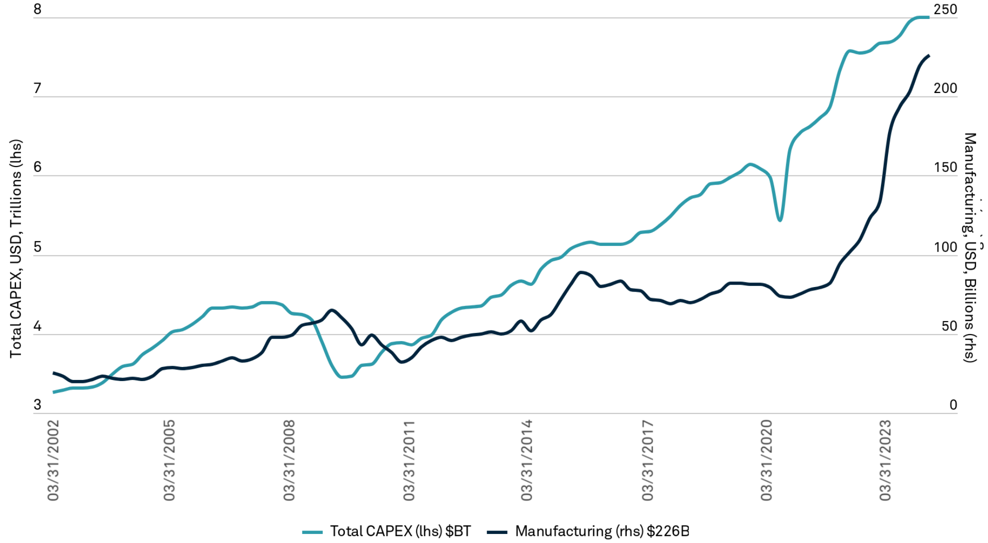
Annualized total return by UST 10Y rate ranges, 1979-present, monthly



Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only. U.S. Large Cap Growth: Russell 1000 Growth TR USD. U.S. Large Cap Value: Russell 1000 Value TR USD. See full definitions of indices in back labeled Appendix.

Total Capital Expenditure (CAPEX) & Manufacturing Spending

Total in USD, quarterly



Source: U.S. Census Bureau, Board of Governors of the Federal Reserve System, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

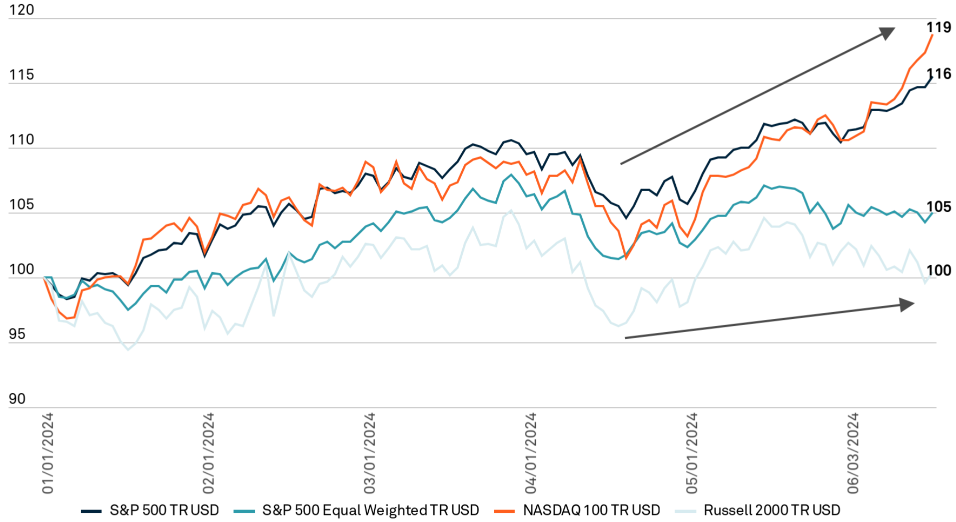
CAUTIOUSLY OPTIMISTIC ON EQUITIES

Markets have quickly moved to price in the benefits of AI through a handful of big tech names, further supporting the quality tilt to navigate through volatility if the theme doesn't fully materialize in the short run.

With markets rewarding earnings surprises less than historical average and punishing earnings misses more than average, odds are, further rally likely has a lower convexity.

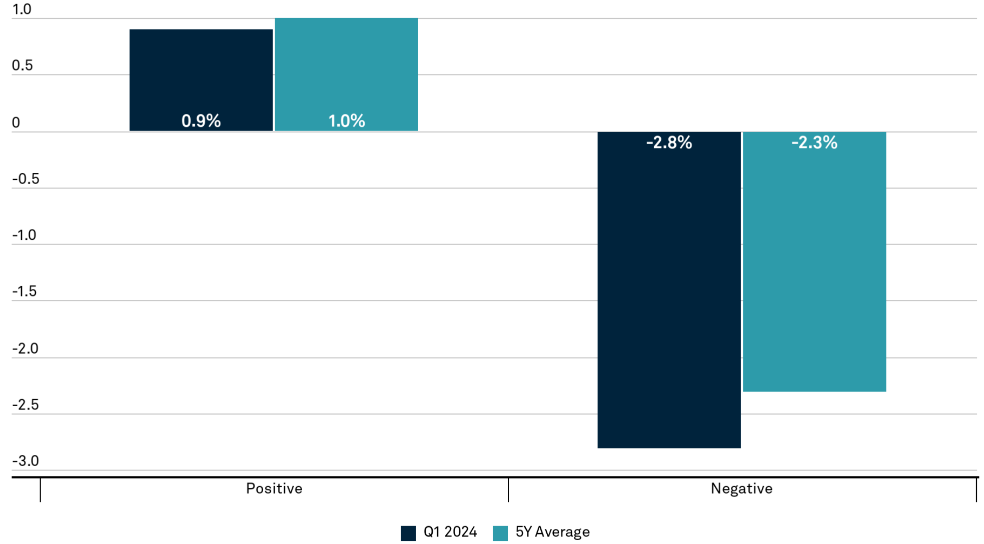
YTD Performance

Index rebased 100, daily



Source: Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only. See full definitions of indices in back labeled Appendix.

S&P 500 EPS Surprise vs. Avg. Price Change %



Source: FactSet, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only.

CAUTIOUSLY OPTIMISTIC ON EQUITIES

Environment	Market Implications
Economy still flush with cash	Financial conditions remain looser than average
Growth moderates slightly	Further rally dependent on earnings sustainability versus Fed pivot
Election year	Historically heightened volatility but generally positive for equities

Positioning: Preference for quality given macro uncertainty and elevated valuations of U.S. Large Cap Growth. Trim Growth overweight for balanced style tilts. Bias towards Large Caps versus Small Caps.

SPOTLIGHT 2

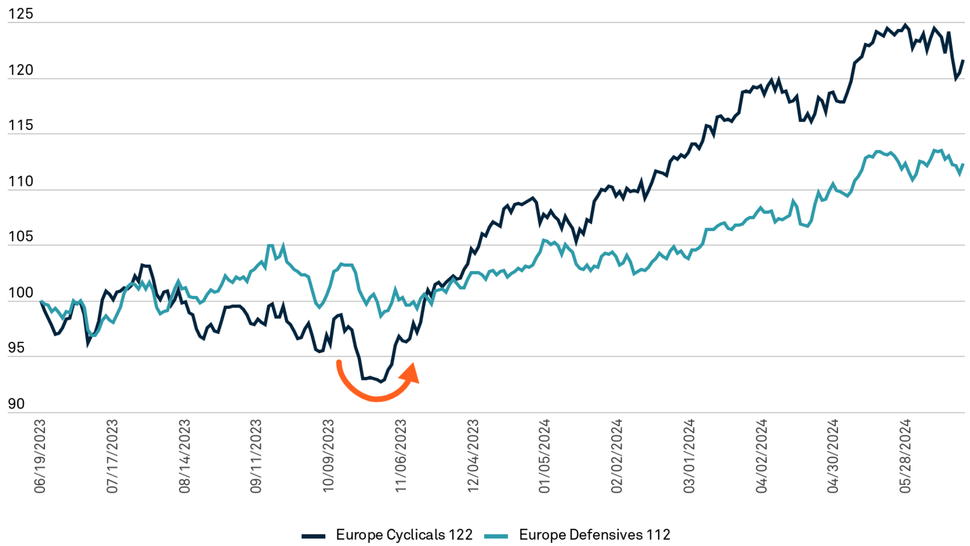
NON-US FOCUS: ALPHA > BETA

Our outlook for growth in Europe is moderately positive. Growth recovered in Q1 '24 and consumer spending is strengthening on the back of positive and strong real income growth. Near-term earnings expectations appear inconsistently weak considering expected cyclical lift.

Looking at the euro area, periphery countries remain a bright spot relative to the core. Impact of the EU's 'Next-Generation (NGEU)' program is expected to ramp up significantly from here. Germany and the Netherlands both fell into recession in 2023, while Spain, Portugal and Greece all grew by at least 2%. We expect some of this divergence to continue.

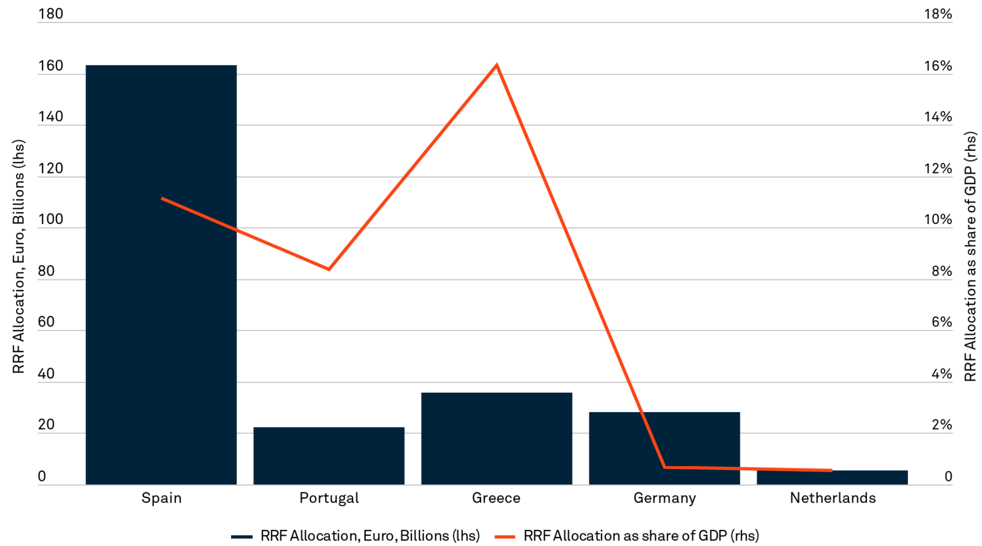
Europe Cyclicals Outpaced Defensives

Index rebased to 100, daily



Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only. Europe Cyclicals: STOXX Europe 600 Optm Cyclicals NR EUR. Europe Defensives: STOXX Europe 600 Optm Defensives NR EUR. See full definitions of indices in back labeled Appendix.

EU Recovery and Resilience Facility (RRF) Allocations



Source: European Commission, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

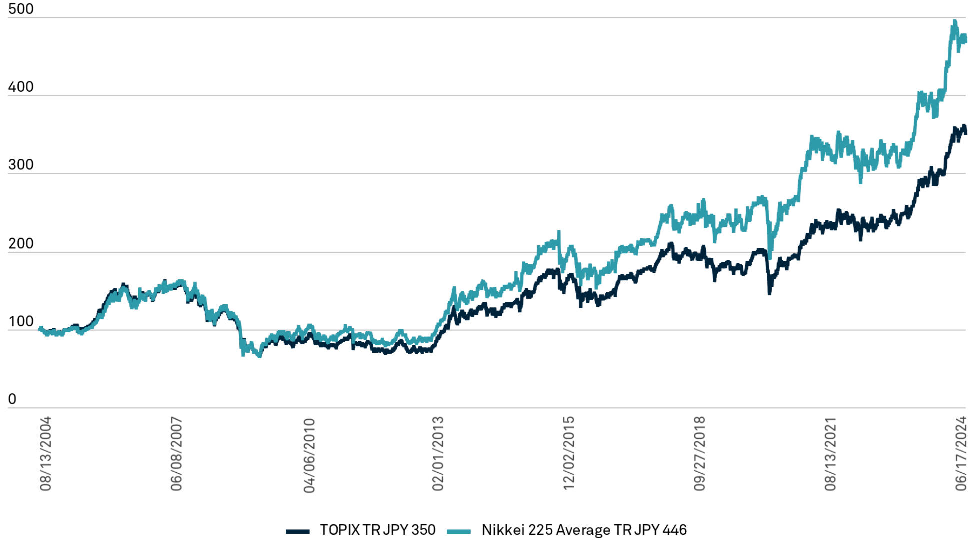
NON-US FOCUS: ALPHA > BETA

Revival of labor wages, rising inflation expectations, ongoing corporate reforms and relatively accommodative macro policies to attractive equity valuations (even after the recent rallies) warrant our structurally bullish outlook on Japanese equities. But over the near-term, we are paring back overweights as much of the optimism is already largely priced in.

In the event of a near-term abatement of dollar strength, the Yen, which looks heavily oversold on most metrics could stage a relatively large rally, which would diminish earnings prospects (i.e., lower FX translation gains) for multinational Japanese corporates with large overseas footprints.

Investment Growth in the Japanese Stock Market

Index rebased to 100, daily



Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only. See full definitions of indices in back labeled Appendix.

Japanese Yen to U.S. Dollar Spot Exchange Rate

Source: Federal Reserve Bank of St. Louis, BNY Investments Portfolio Solutions as of June 18, 2024. For illustrative purposes only.

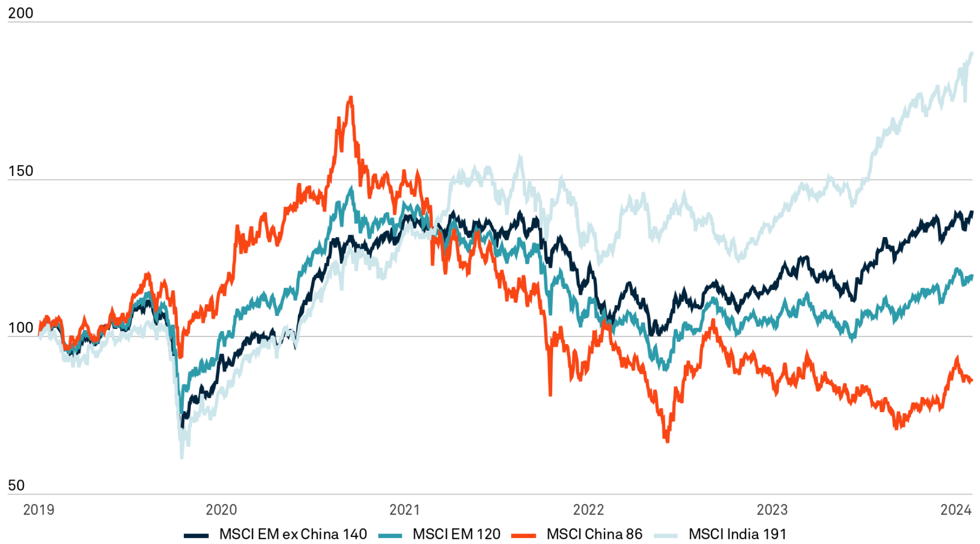
NON-US FOCUS: ALPHA > BETA

Over the recent years, Emerging Market (EM) ex-China equity is seen as increasingly attractive. Underlying price trends reflect a variety of secular growth themes: AI-driven semiconductor-led gains in Taiwan and Korea and domestic-demand driven strength in India. In China, domestic demand is still quite weak and ending deflation will prove challenging and likely to weigh on Chinese equities.

Given the overall positive view but with country-level divergence, preference is towards quality through thoughtful security selection. Emphasis is on alpha over beta exposure.

Divergence Within Emerging Markets

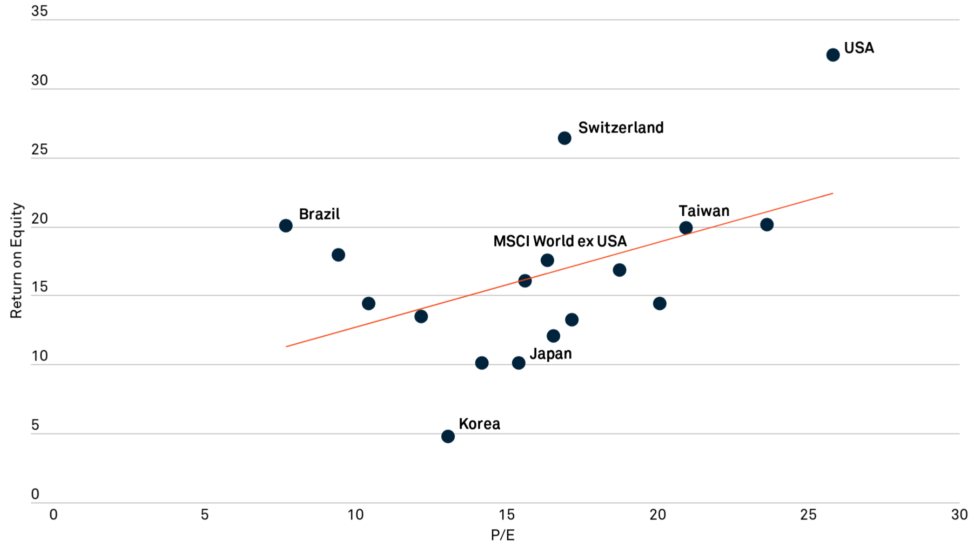
Index rebased to 100, daily



Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only. See full definitions of indices in back labeled Appendix.

Regional Price-to-Earnings (P/E) vs Return on Equity (ROE)

TTM



Source: Morningstar Direct, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

NON-US FOCUS: ALPHA > BETA

Environment	Market Implications
Eurozone and UK growth trough likely behind	Sentiment improves, assets look undervalued, earnings pose to rebound
International Central Banks more dovish than Fed	Supportive of Growth & Cyclicals
Ongoing reflation in Japan	Bullish view on Japan continues, Yen likely strengthens relative to USD

Positioning: Maintain quality preference and favor an active approach versus market beta.
Opportunity to deploy risk budget towards Growth and Cyclicals. Preference for Japan and EM ex-China.

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SPOTLIGHT 3

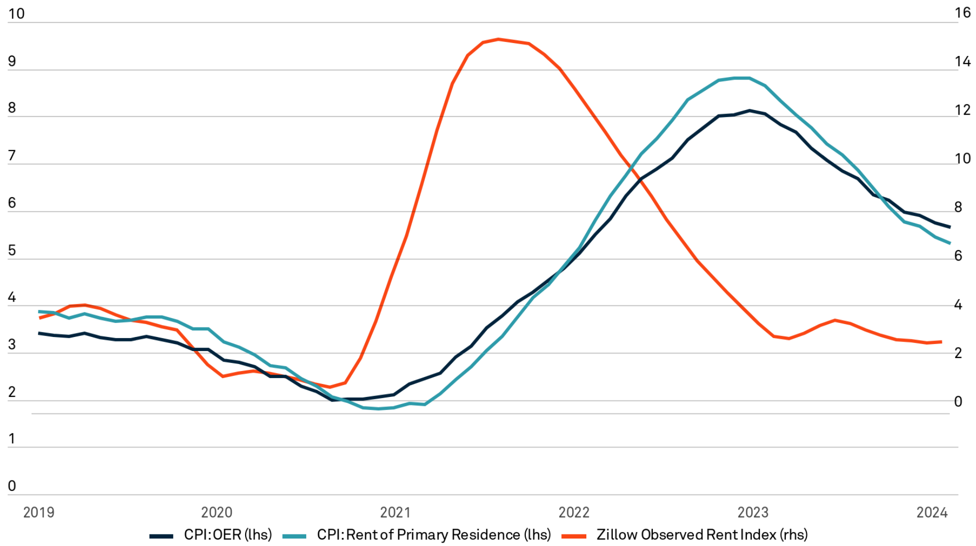
TOP END OF THE RATE CYCLE

Housing and services remain the largest structural issues embedded in inflation, but inflation outside of these two baskets has shown large progress. Leading indicators of housing point to slowdowns ahead.

Wages are the largest cost item of services firms and remains elevated. On the back of a more balanced labor market, wages have been slowing and likely progressing down further in the coming months.

Housing Inflation Peak Likely Behind

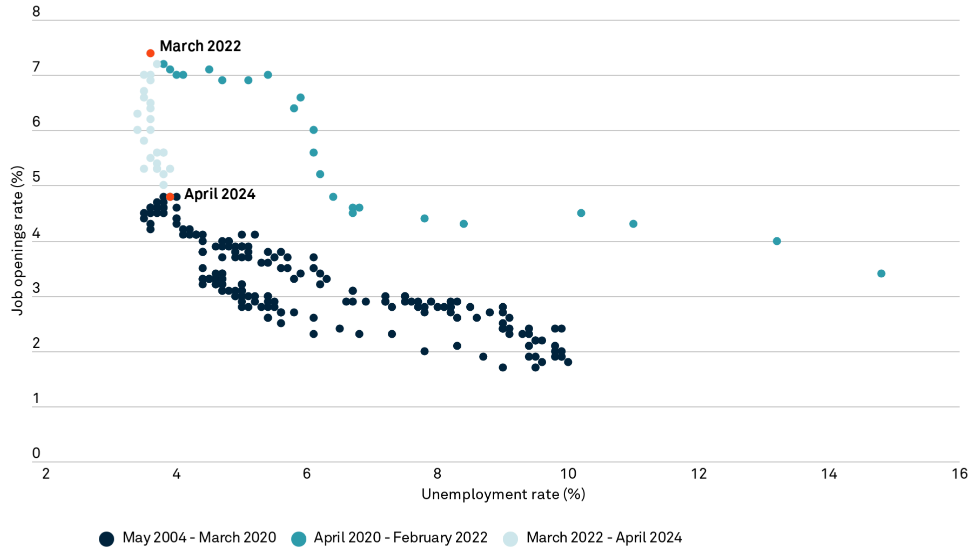
Y/Y percent change, monthly



Source: U.S. Bureau of Labor Statistics, Zillow, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

US Beveridge Curve

Trailing 20Y



Source: European Commission, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

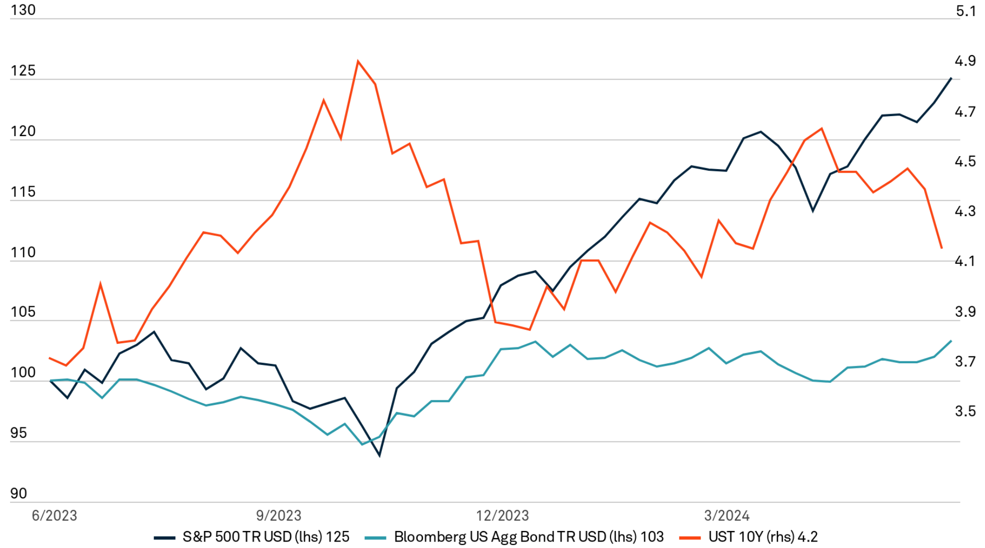
TOP END OF THE RATE CYCLE

The retreat in rates upwards to start this year was largely the pricing-out of overly aggressive cutting expectations as US inflation prints surprised to the upside during the first three months of the year.

Market expectations have rationalized and with inflationary pressures showing signs of further softening, our base case is 1-2 cuts in consensus with market expectations. We don't see a significant likelihood of an aggressive near-term rate rally given still solid growth.

Rate Peak Likely Behind

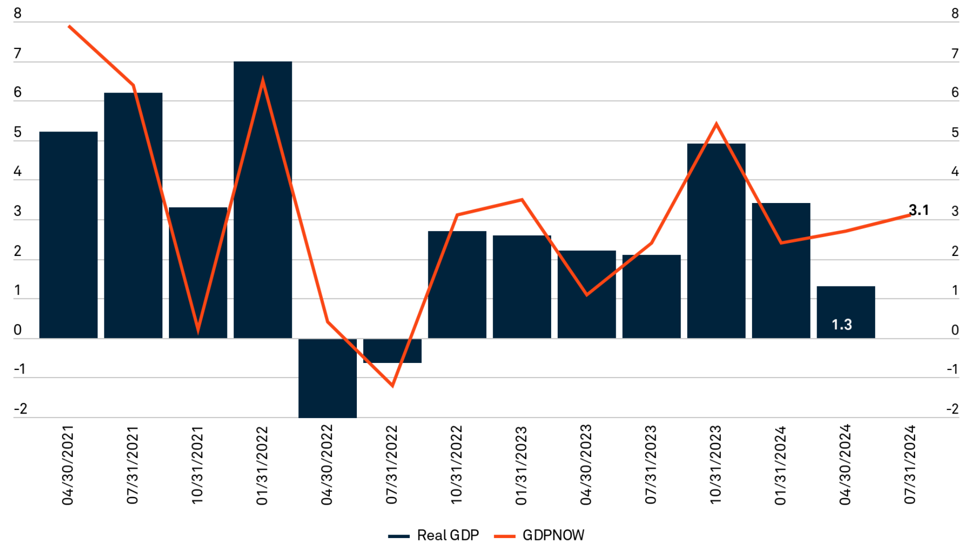
Index rebased to 100, weekly



Source: Morningstar Direct, Federal Reserve Bank of St. Louis, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only. See full definitions of indices in back labeled Appendix.

US Real GDP Growth and GDPNow

Annualized, percent, quarterly



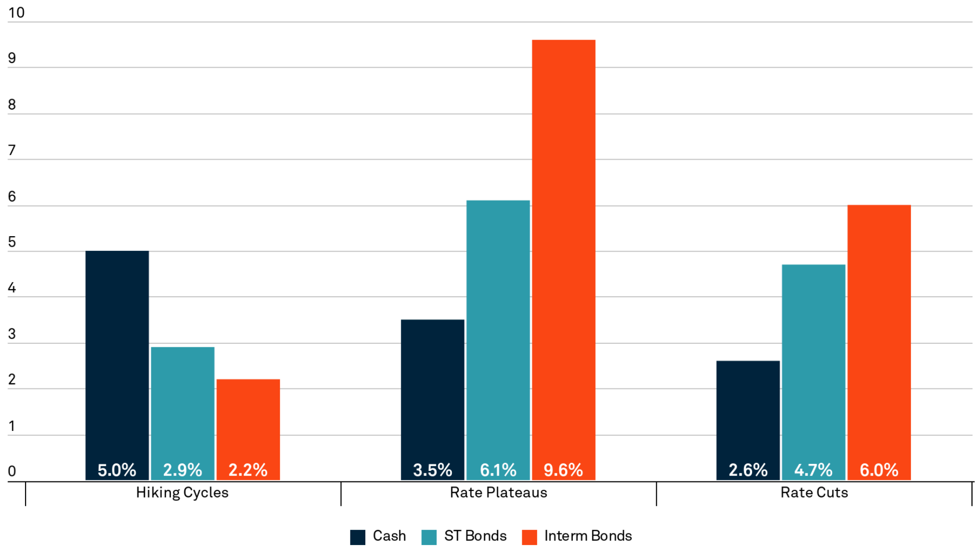
Source: U.S. Bureau of Economic Analysis, Federal Reserve Bank of Atlanta, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

TOP END OF THE RATE CYCLE

In cutting cycles since the 1980s, benchmark interest rates (UST 10Y) consistently moved lower after the last hike in each cycle. Investors were late if they extended duration only after the first Fed cut. Resetting duration closer to the benchmark is reasonable at this juncture given attractive carry.

High Yield (HY) can provide better absolute returns within fixed income, but current spreads beg the question of whether downside risks are baked into valuations. From a risk-adjusted standpoint, overall asset allocation preference is to continue to use HY as a funding source for equities.

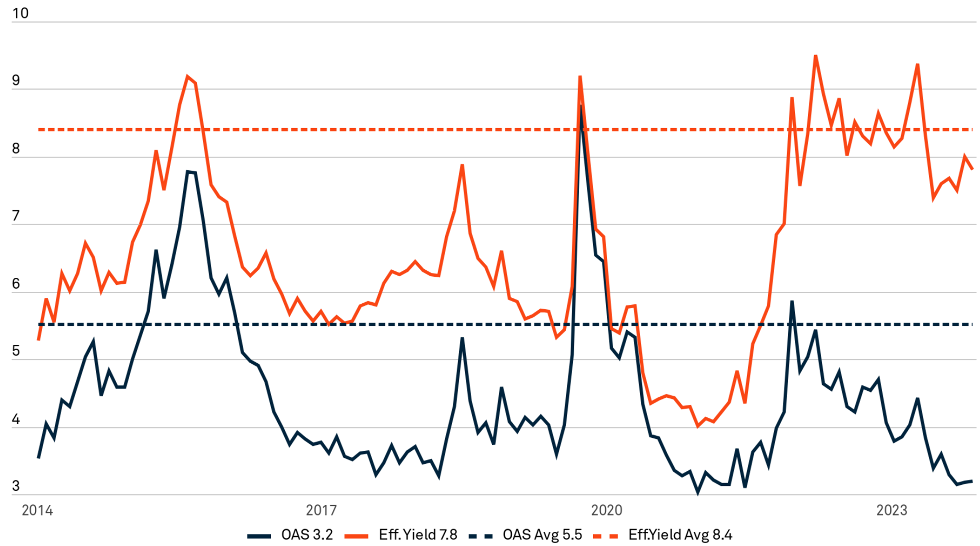
Don't Time the Fed



Source: Bloomberg, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

US High Yield Effective Yield and Option-Adjusted Spreads (OAS)

Trailing 25Y average, percent, monthly



Source: Federal Reserve Bank of St. Louis, BNY Investments Portfolio Solutions as of June 19, 2024. For illustrative purposes only.

TOP END OF THE RATE CYCLE

Environment	Market Implications
Fed pivot in 2024	US yield curve steepens, duration benefits
Growth moderates but still positive	Supportive of higher quality credit
Market pricing closer to Fed's guidance	Subsiding rate volatility

Positioning: Duration for attractive carry and hedge if "something breaks."
Outlook remains supportive for credit but with spreads tight, preference is towards quality.
Maintain Investment Grade (IG) bias over High Yield (HY). Continue to use HY as funding source for equities.

TAIL RISKS

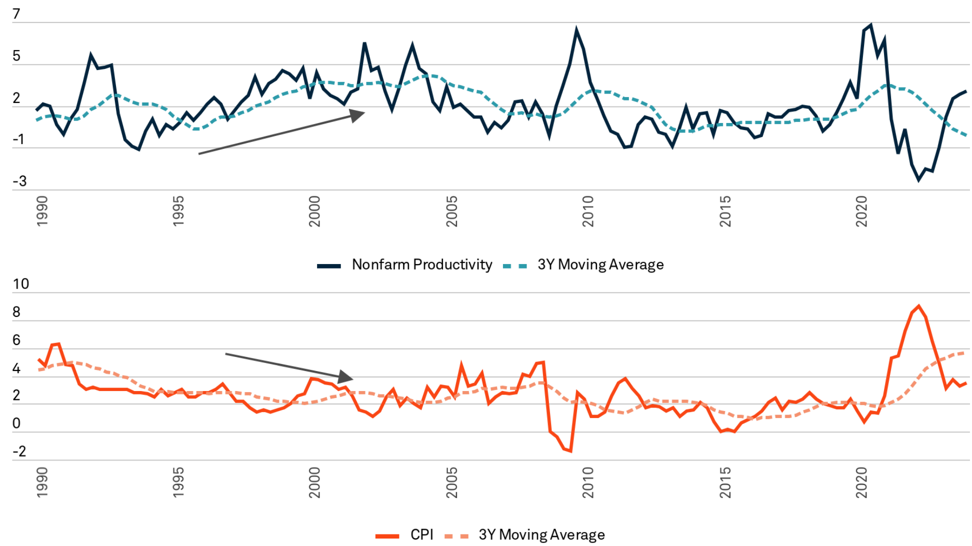
AI ADOPTION VS DEJA VU

On the bright side, AI could start to deliver on its macroeconomic promise sooner than expected by boosting productivity and aggregate supply. Growth could be higher than expected in major economies, notably the US, and inflation softer, allowing interest rates to come down more quickly than current pricing. Market rally continues and becomes more sustainable.

On the downside, the inflation genie has not quite been pushed back into the bottle, and victory could still be declared too early. In this world, central banks cut rates, but inflation starts to pick up again and policymakers must slam on the brakes again. Rates spike higher, which would be a huge negative monetary policy shock. Risk assets suffer and duration fails as a hedge.

Labor Productivity and Inflation

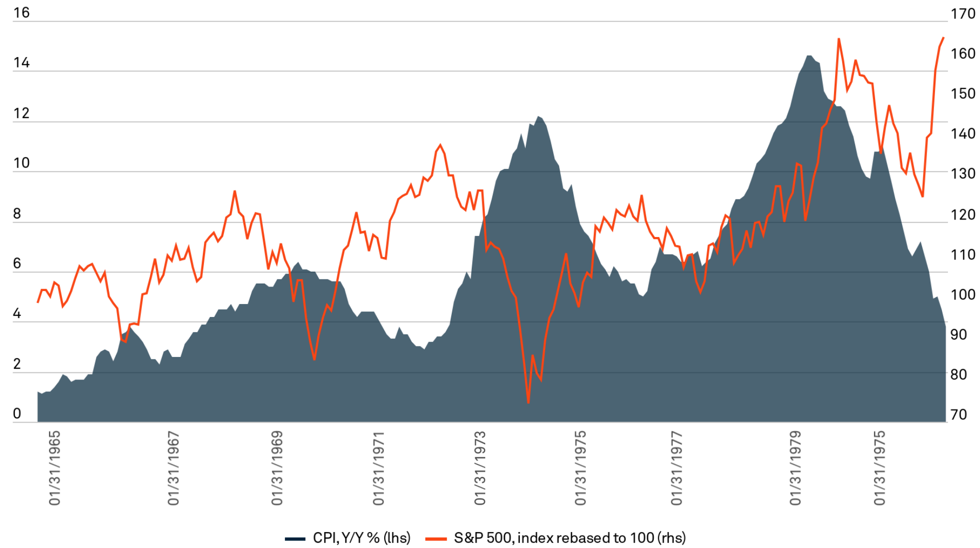
Y/Y percent change, quarterly



Source: U.S. Bureau of Labor Statistics, BNY Investments Portfolio Solutions as of June 20, 2024. For illustrative purposes only.

The Great Inflation

1965-1982



Source: Morningstar Direct, U.S. Bureau of Labor Statistics, BNY Investments Portfolio Solutions as of June 21, 2024. For illustrative purposes only.

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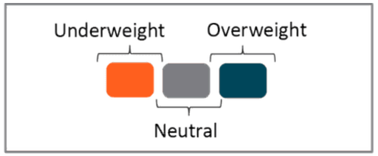
ASSET CLASS VIEWS

CROSS ASSET VIEWS



BNY Advisors Macro Scenarios			
Scenarios (probability)→	**Muddle Through (60%)**	**Second Wave (20%)**	**New Economy (20%)**
Growth	Growth slows to below trend, but recession is avoided near-term.	Growth accelerates and eventual recession comes from policy shock.	Growth surprises to upside and stabilizes at slightly above trend.
Inflation	Disinflation continues, but slowly and with set-backs.	Inflation re-accelerates on robust demand and sticky wages.	Inflation target achieved sooner on rising productivity on back of AI adoption.
Policy	Rate cuts delivered in line with current market expectations.	Unexpected rate hikes crush inflation, but also demand and growth.	Rate cuts are slower/shallower as equilibrium real rates are higher.

Cross Asset	Views	Commentary
Equities		Notable amount of optimism priced in the market over the near term, but expected returns are broadly in line with long term averages, and relatively better compared to other asset classes. We see regional opportunities to add value as economies converge.
Fixed Income		High current yields remain attractive but total expected price returns are constrained by low likelihood of aggressive rate cutting cycles. Given tighter than average credit spreads, we continue to lean in favor of sovereign debt and higher quality credit exposure over high yield.
Alts/Real Assets		With more constructive views of growth and expectations that inflation will be broadly in line with consensus, we remain neutral. Preference for infrastructure given equity exposure with stability.
Cash		Neutral cash is supported by low volatility, elevated income returns, and rates that are expected to fall more slowly. But stronger expected return opportunities are appearing elsewhere.

Source: BNY Mellon Global Markets Advisory Council, as of June 14, 2024. For illustrative purposes only.

EQUITY VIEWS

Tactical asset allocation

Equities	
Fixed Income	
Alts/Real Assets	
Cash	

Asset Class	Views	Commentary
US Equity		Near-term risks slightly skewed to the downside given inflation uncertainty in coming months and elevated multiples at risk of de-rating if confidence in rate cuts evaporates. Risks skewed to upside in 2025 as near-term constraints fade and expected positive AI impact dominates.
UK Equity		Cheap valuations on both relative and historical average basis remain attractive and imply that less bad news could spur markets. 12-month forward EPS (earnings per share) growth expectations are negative and low compared to peers.
Europe ex-UK Equity		Upgraded European equities on the back of expected positive earnings revisions. Most of the leading indicators suggest the cycle is picking up in the Euro area, yet earnings expectations remain weak.
Japan Equity		Japan recovering from a weak growth patch and reflating more durably – underpinned by rising nominal and real wages, strengthening corporate sector reforms, a pick-up in business investment and more entrenched inflation expectations.
EM Equity		As China's weight in MSCI indices wane, drag from China is lessening, but persists. Optimism in longer term trends – such as favorable trade, FDI (foreign direct investment) and supply chain shifts and a larger growth contribution from several large emerging markets.

Source: BNY Mellon Global Markets Advisory Council, as of June 14, 2024. For illustrative purposes only.

FIXED INCOME VIEWS

Tactical asset allocation

Equities	
Fixed Income	
Alts/Real Assets	
Cash	

Asset Class	Views	Commentary
US Treasuries		The high level of nominal yields offer attractive income returns, as does extending duration to lock in multi-year rates. Expecting Fed cuts to begin later this year; however, see less risk of a strong deterioration in growth that would merit sharp rate cuts.
Intl. Sovereign Debt		With the loosening cycle now underway in the euro area, and risks to growth that remain (e.g., in Germany), we expect decent risk-adjusted returns over the next 12 months. However, we see less compelling income returns compared to USTs - US Treasuries.
Inflation Protected		Real rates now available are relatively attractive and provide a way to balance between duration exposure and any near-term upside inflation surprises.
Investment Grade Credit		Corporate spreads are trading rich, but yield levels are also elevated on a historic basis and provide some buffer. On net, and on a probability weighted basis, total expected returns likely in the low-single digits.
High Yield		Recession avoidance and peak US rates allowed HY to rally sizably. But rich credit valuations, coupled with a gradual economic slowdown, slow rate cuts, and elevated re-financing needs weigh on HY's near-term prospects.
EM Debt Local		Peak US rates, better EM inflation fundamentals, decent real rate buffers and cheap currency valuations keep EM debt local attractive. EM rate cuts have been slowed by higher for longer US rates but could be catalyzed by policy easing at other (non-US) developed markets (DMs).
EM Debt USD		Tighter spreads and below-trend growth in US and China and a fragile recovery in Europe keep us cautious, but balanced by historically wide yield levels.

Source: BNY Mellon Global Markets Advisory Council, as of June 14, 2024. For illustrative purposes only.

BY THE NUMBERS...

200+
year legacy

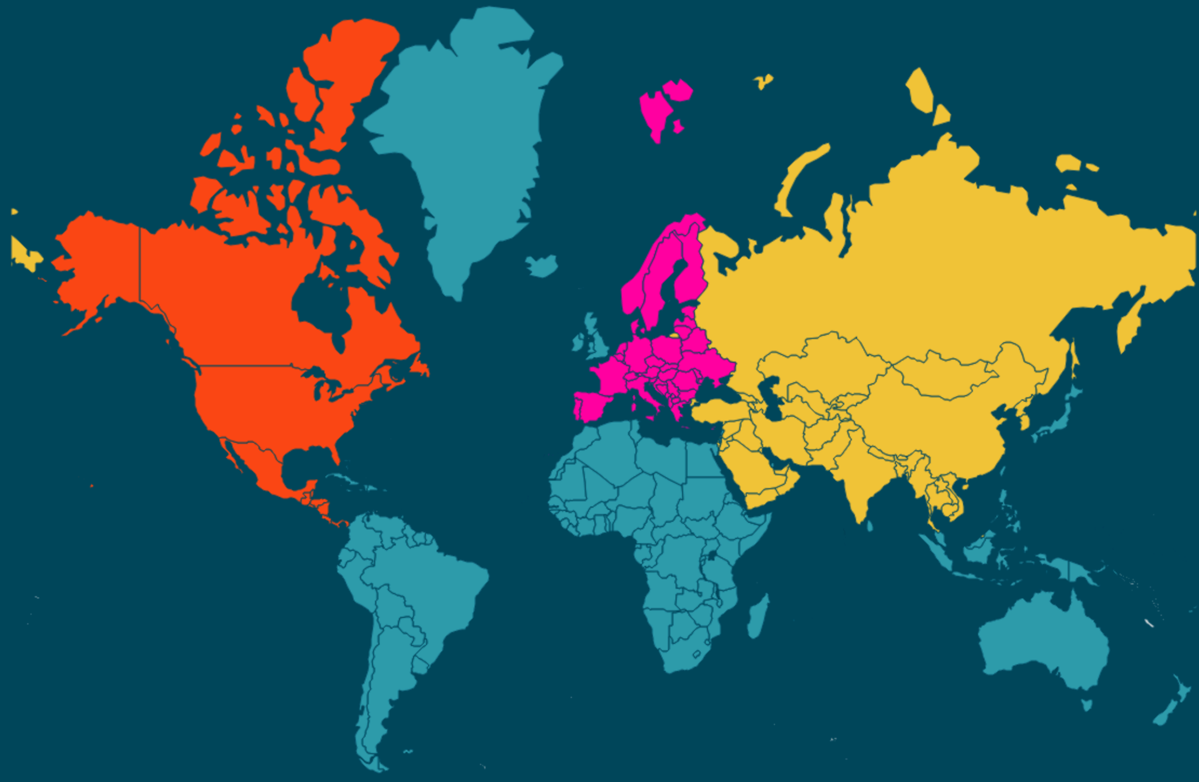
20%
of the world's investable assets touched

5TH
largest US institutional money manager

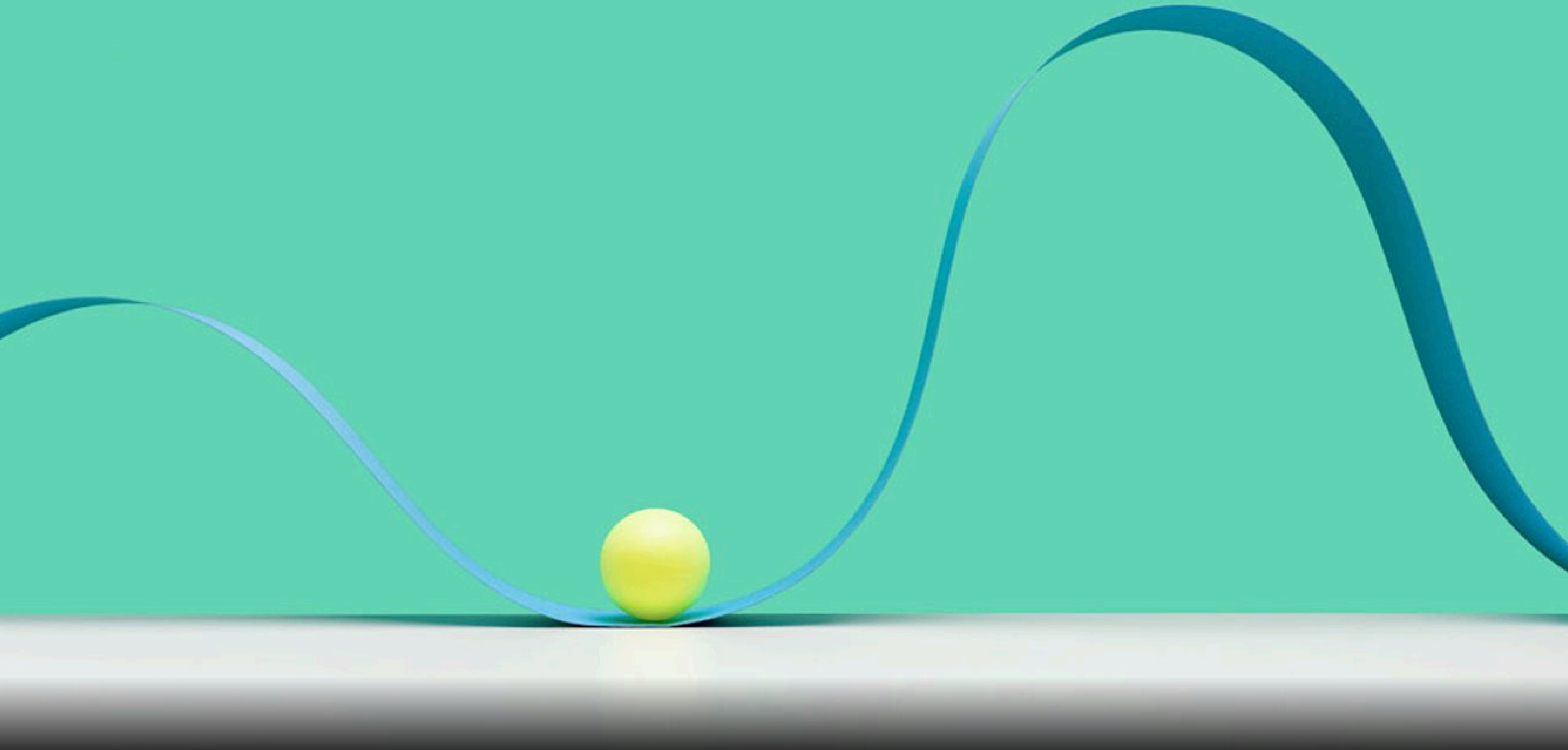
45+
years of experience with multi-asset portfolios

$2T
assets under management

Source: BNY as of March 31, 2024.



APPENDIX



REPRESENTATIVE INDICES

Indices	Representative index
U.S. Large Cap (S&P)	The S&P 500 Composite Index (S&P 500) is designed to track the performance of the largest 500 US companies.
U.S. Large Cap (Nasdaq)	The index measures the performance of 100 of the largest non-financial securities listed on The NASDAQ Stock Market based on market capitalization. It includes common stocks, ordinary shares and ADRs. The index is modified market capitalization-weighted.
U.S. Large Cap Value	The Russell 1000® Value Index measures the performance of the large cap value segment of the US equity universe.
U.S. Large Cap Growth	The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe.
U.S. Small Cap	The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index.
Europe	The STOXX Europe 600, also called STOXX 600, SXXP, is a stock index of European stocks designed by STOXX Ltd. This index has a fixed number of 600 components representing large, mid and small capitalization companies among 17 European countries, covering approximately 90% of the free-float market capitalization of the European stock market.
Europe (Cyclicals)	STOXX Europe 600 Optimised Cyclicals Index: companies which tend to follow economic cycles.
Europe (Defensives)	STOXX Europe 600 Optimised Defensive Index: companies which tend not to be affected by economic cycles.
Japan (TOPIX)	TOPIX is a free-float adjusted market capitalization-weighted index with nearly 2000 constituents.
Japan (Nikkei)	The Nikkei 225 is a price weighted equity index, which consists of 225 stocks in the Prime Market of the Tokyo Stock Exchange.
Emerging Markets	The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,373 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Investors cannot invest directly into any index.

REPRESENTATIVE INDICES

Indices	Representative index
Emerging Markets ex China	The MSCI Emerging Markets ex China Index captures large and mid cap representation across 23 of the 24 Emerging Markets (EM) countries excluding China. With 671 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
China	The index measures the performance of the large and mid cap segments of emerging China equity securities. It is free float-adjusted market-capitalization weighted.
India	The index measures the performance of the large and mid cap segments of India equity securities. It is free float-adjusted market-capitalization weighted.
U.S. Aggregate	Bloomberg US Agg Total Return Value Unhedged USD Index is a widely accepted, unmanaged total return index of corporate, government and government-agency debt instruments, mortgage-backed securities and asset-backed securities with an average maturity of 1–10 years.
Intermediate Bonds	The index measures the performance of non-securitized component of the U.S. Aggregate Index with maturities of 5-10 years, including Treasuries, government-related issues and corporates. It is a subset of the U.S. Aggregate Index.
Short-term Bonds	The index measures the performance of the non-securitized component of the U.S. Aggregate Index including treasuries, government-related issues and corporates with maturities of one to five years. It is a subset of the U.S. Aggregate Index.
U.S. High Yield	ICE BofA US High Yield Index, which tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market.
Cash	ICE BofA US 3-Month Treasury Bill tracks short-term U.S. government security with a maturity period of 3 months.

Investors cannot invest directly into any index.

DEFINITIONS

Terms	Definition
Gross Domestic Product (GDP)	Gross domestic product is the total monetary or market value of all the finished goods and services produced within a country's borders over a given time period.
GDPNow Forecast	The GDPNow forecast is constructed by aggregating statistical model forecasts of 13 subcomponents that comprise GDP.
Personal Consumption Expenditure (PCE)	US Personal Consumption Expenditure (PCE) YoY tracks overall price changes for goods and services purchased by consumers.
Core PCE	US Core Personal Consumption Expenditure (PCE) YoY tracks overall price changes for goods and services purchased by consumers less food and energy.
Consumer Price Index (CPI)	US Consumer Price Index Urban Consumers (CPI) YoY is an index designed to measure the changes in prices of all goods and services purchased for consumption by US urban households.
Core CPI	US Consumer Price Index (CPI) Urban Consumers Less Food & Energy YoY is an index designed to measure the prices paid by consumers for a market basket of goods.
Sticky Inflation	Refers to wages and consumer prices that don't respond quickly to changes in demand.
Yield Curve	Represents the term structure of interest rates for government or benchmark securities, with the assumption that all promised principal and interest payments take place.
Recession Probability	Median forecasted probability of recession. These forecasts are derived from the latest monthly & quarterly surveys conducted by Bloomberg and from forecasts submitted by various banks.
MOVE Index	ICE BofAML MOVE Index is an index designed to reflect the level of volatility in US Treasury futures.
VIX Index	CBOE Volatility Index is an index designed to measure the projected 30-day forward volatility of the market. Investors use the VIX to measure levels of risk, fear, and/or stress in the markets.

DEFINITIONS

Terms	Definition
Quits Rate	Number of quits during the entire month as a percent of employment.
Price-to-Earnings	The ratio of share price to earnings per share (EPS).
Return on Equity	ROE is the percentage of a firm's net income or earnings relative to the total equity of the firm. It is a measure of profitability.
Yield	Yields shown are the yield to worst of each respective index. Yield to worst represents the lowest yield figure between the yield to maturity, yield to call, or yield to refunding.
Spread	Spread represents the Option Adjusted Spread (OAS) for the index. The OAS spread is a constant spread that when added to all discount rates from the US treasury curve on the binomial interest rate tree model will make the theoretical value of future cash flows equal to the market price of the instrument.
Duration	Duration measures the price sensitivity of a bond to changes in interest rates.
Carry	Carry benefits arise from owning certain underlying's; for example, dividends, foreign interest, and bond coupon payments. Carry costs arise from owning certain underlying's. They are generally a function of the physical characteristics of the underlying asset and also the interest forgone on the funds tied up in the asset.
Correlation	Correlation is a statistic that measures the degree to which two variables move in relation to one another.
Fed	US Federal Reserve.
CME FedWatch	The CME FedWatch Tool is an online resource from the CME Group that measures the market's expectations for future monetary policy from the Federal Reserve.
Zillow Rent Index	The Zillow Rent Index (ZRI) is a dollar-valued index intended to capture typical market rent for a given segment (IE, multifamily or single-family units) and/or geography by leveraging rent "Zestimates."
Alpha	The return on an asset in excess of the asset's required rate of return; the risk-adjusted return.

DEFINITIONS

Terms	Definition
Beta	A measure of an investment's sensitivity to market movements and is used to evaluate market related, or systematic risk.
Next-Generation EU (NGEU)	Next-Generation EU is a more than €800 billion temporary recovery instrument to help repair the immediate economic and social damage brought about by the coronavirus pandemic. The centerpiece of Next-Generation EU is the Recovery and Resilience Facility (RRF).
Recovery and Resilience Facility (RRF)	An instrument for providing grants and loans to support reforms and investments in the EU Member States at a total value of €723.8 billion.
Beveridge Curve	The relationship between the unemployment rate and the job openings rate. It is a measure of the general state of the labor market, highlighting if the market is tight (lots of jobs available, low unemployment), or loose (few jobs available, high unemployment).

IMPORTANT INFORMATION

All investments involve some level of risk, including loss of principal. Certain investments have specific or unique risks that should be considered along with the objectives, fees, and expenses before investing. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Past performance is no guarantee of future results. Asset Allocation and Diversification cannot assure a profit or protect against loss.

Equities are subject to market, market sector, market liquidity, issuer, and investment style risks to varying degrees. Small and midsized company stocks tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories. Investing in foreign denominated and/or domiciled securities involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks are generally greater with emerging market countries. **Real Estate** security investments involve similar risks to those associated with direct investments in real estate, including falling property values due to increasing vacancies or declining rents resulting from economic, legal, political, or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions. **Bonds** are subject to interest rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. Municipal income may be subject to state and local taxes. Some income may be subject to the federal alternative minimum tax for certain investors. Capital gains, if any, are taxable. **High yield bonds** involve increased credit and liquidity risks than higher rated bonds and are considered speculative in terms of the issuer's ability to pay interest and repay principal on a timely basis. **Commodities** contain heightened risk including market, political, regulatory, and natural conditions, and not be appropriate for all investors. **Currencies** can decline in value relative to a local currency, or, in the case of hedged positions, the local currency will decline relative to the currency being hedged. These risks may increase fund volatility.

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IMPORTANT INFORMATION

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