

QUARTERLY COORDINATES 3Q 2024



City of Lights, Market of Opportunities

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Chief Investment Officer

3Q24 MARKET OUTLOOK: CITY OF LIGHTS, MARKET OF OPPORTUNITIES

- 1** Introduction | Unprecedented Olympic Games and Financial Markets
- 2** Economy | Riding the Wave of the Consumer
- 3** Fixed Income | Bonds ‘Set Up’ for Positive Returns
- 4** Equities | Scaling the Wall of Worry to Record Highs
- 5** AI | ‘Breaking’ From the Shadow of the Market
- 6** International | US Dominance to Continue
- 7** Politics | Wrestling Until November
- 8** Asset Allocation | Synchronized Strategy for Long-Term Investing



1

Introduction

Unprecedented Summer Olympic Games of 2024

INSIGHT:

The 2024 Summer Olympics are set to kick off this summer in Paris, France. There are a number of unprecedented events at this Olympics, such as the Opening Ceremony not taking place in a stadium and the official mascot being a hat for the first time.

BOTTOM LINE:

Similar to the Games, there are several ‘unprecedented’ events occurring in financial markets—such as the longest bond bear market on record, a record amount of government debt and the longest yield curve inversion in history. Managing these ‘unprecedented’ events will be critical.

IS THIS TIME DIFFERENT?

HISTORY MAKING OLYMPICS AND FINANCIAL MARKETS

Five Unprecedented Facts About the 2024 Olympics

- 1 Ceremony Will Not Be Hosted in a Stadium
- 2 The Mascot Is Not an Animal But a Hat
- 3 Eiffel Tower Infused Medals
- 4 Gender Equality Is a Top Priority
- 5 Breakdancing Is the Only Sport Making Its Olympic Debut



Five Unprecedented Facts About the Economy and Financial Markets

- 1 Record Amount and Percentage of National Debt
- 2 Potential Record Setting Fed 'Pause'
- 3 Record Inversion of Yield Curve
- 4 Longest Bond Bear Market
- 5 Tech-Oriented Equity Market Concentration



2 Economy

Riding the Consumer Wave

INSIGHT:

Up until this point, the US economy has ridden the wave of robust consumer spending. However, with a number of headwinds in front of the consumer (e.g., rising delinquencies, slowing labor market), growth is likely to slow over the coming quarters.

BOTTOM LINE:

While growth is poised to slow, the US economy should 'avoid a wipeout' as still positive consumer spending, Fed cuts and fiscal spending are all supportive of growth. Rising energy prices are a key risk to the growth outlook.

THE ECONOMY HAS RIDDEN THE WAVE OF THE CONSUMER

US ECONOMIC WAVE LOSING SOME ENERGY



Post-COVID Conditions

Improving Labor Market

Record Net Worth

Record Low Delinquencies

Elevated Spending on Travel

Pent-Up COVID
Demand/Pull Forward

Current Conditions

Hiring Plans at 3-Year Low

**Record Net Worth—But Low-Income
Consumer Struggling**

Delinquencies at 12-Year High

Travel Spending at Six-Month Low

**Large Purchase Plans at Four-
Year Low**

Source: FactSet, Data as of 6/30/2024.

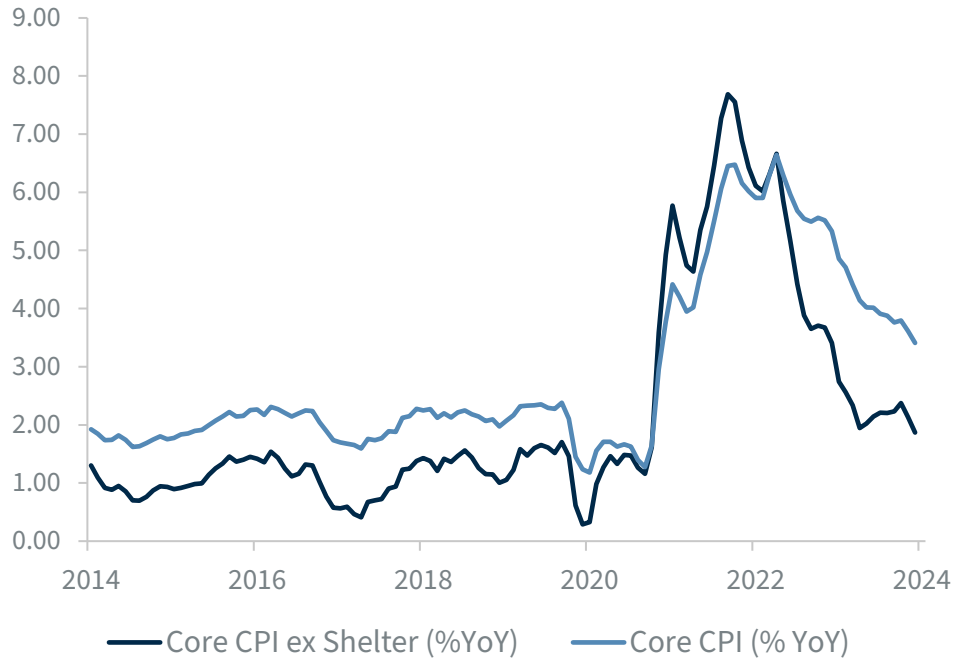
ECONOMY EXPECTED TO SLOW BUT AVOID A WIPEOUT

SLOWING INFLATION AND ECONOMIC GROWTH SUPPORTIVE OF FED CUTS

2

Number of Fed Rate Cuts Expected in 2024

Disinflationary Process Intact



"Inflation is a lagging indicator. We cannot wait until inflation is down before we act. We have to look at the future."

-Ben Bernanke

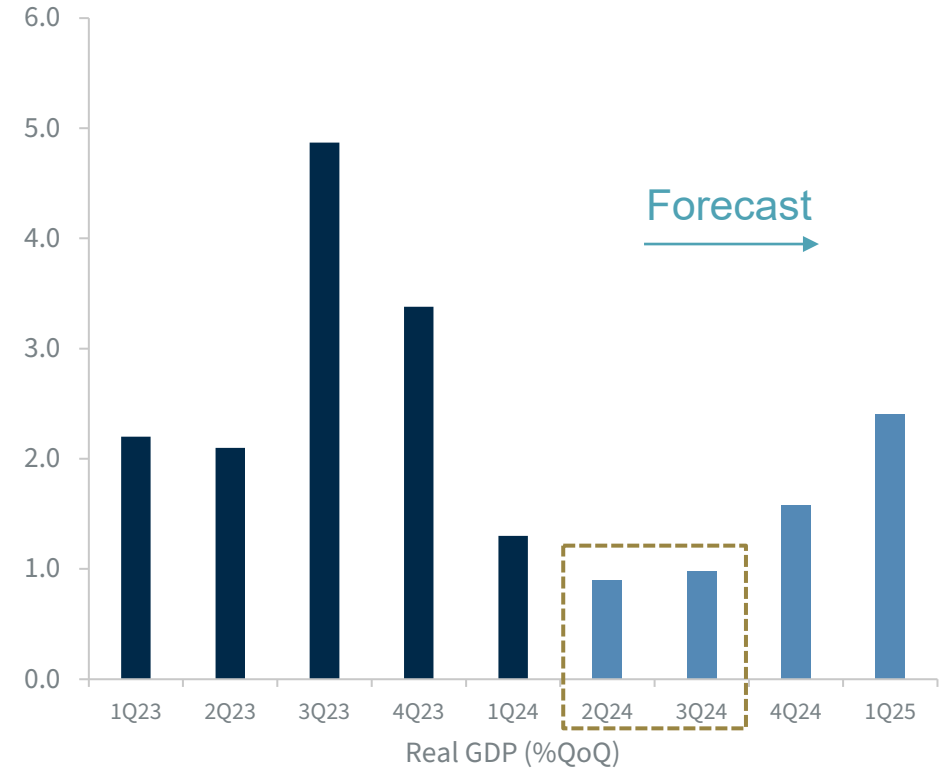
2.1%

2024 US GDP Forecast

2.0%

2025 US GDP Forecast

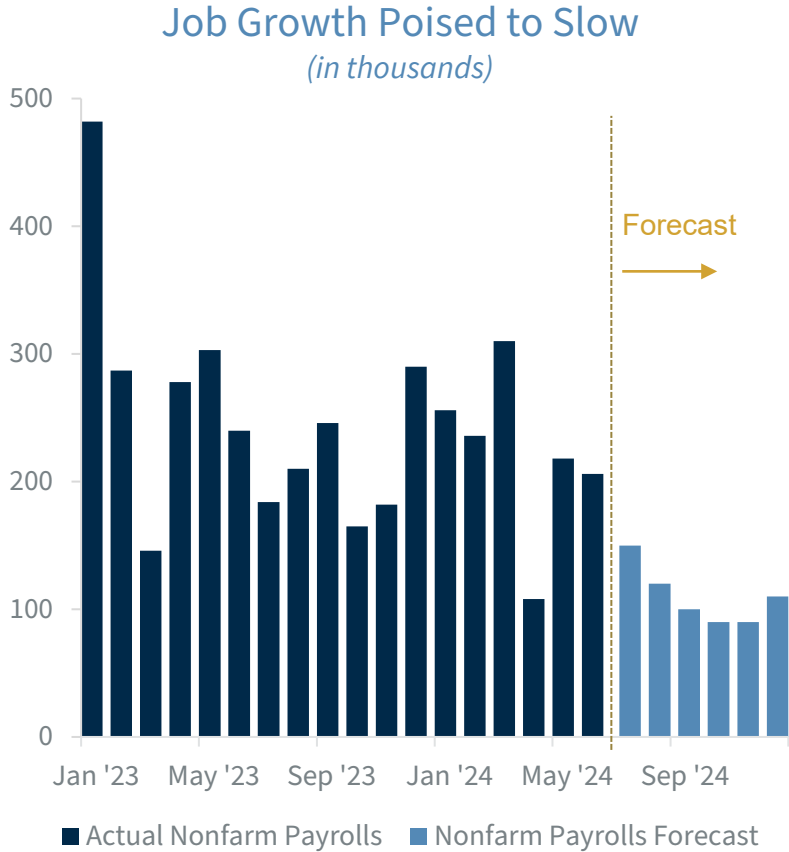
GDP Poised to Slow



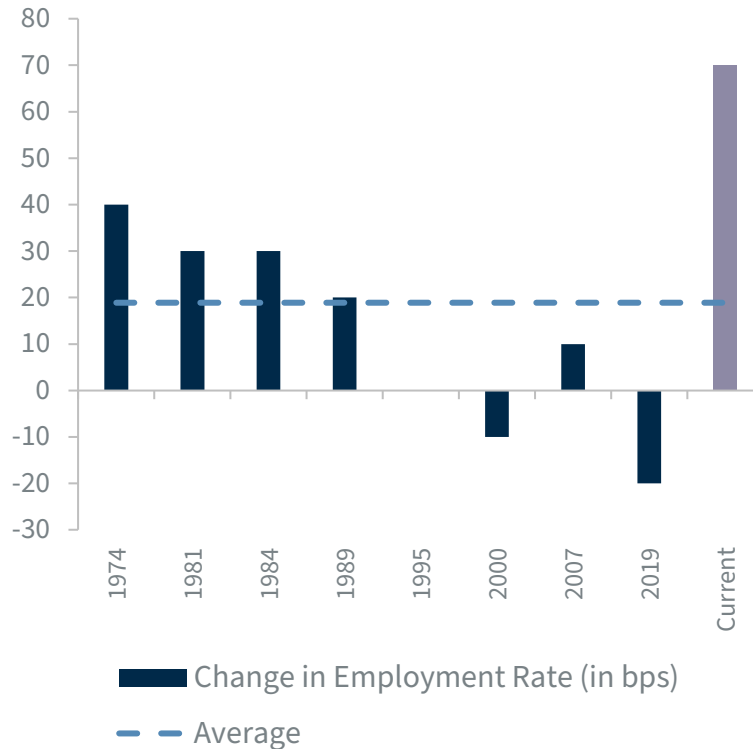
Source: FactSet, Data as of 6/30/2024.

FED CUTS TO SKIRT ECONOMIC WIPEOUT

FED CUTTING CYCLE EXPECTED TO BEGIN THIS YEAR



Largest Increase in Unemployment Rate from Last Hike to First Cut



Other Factors for Fed Cuts

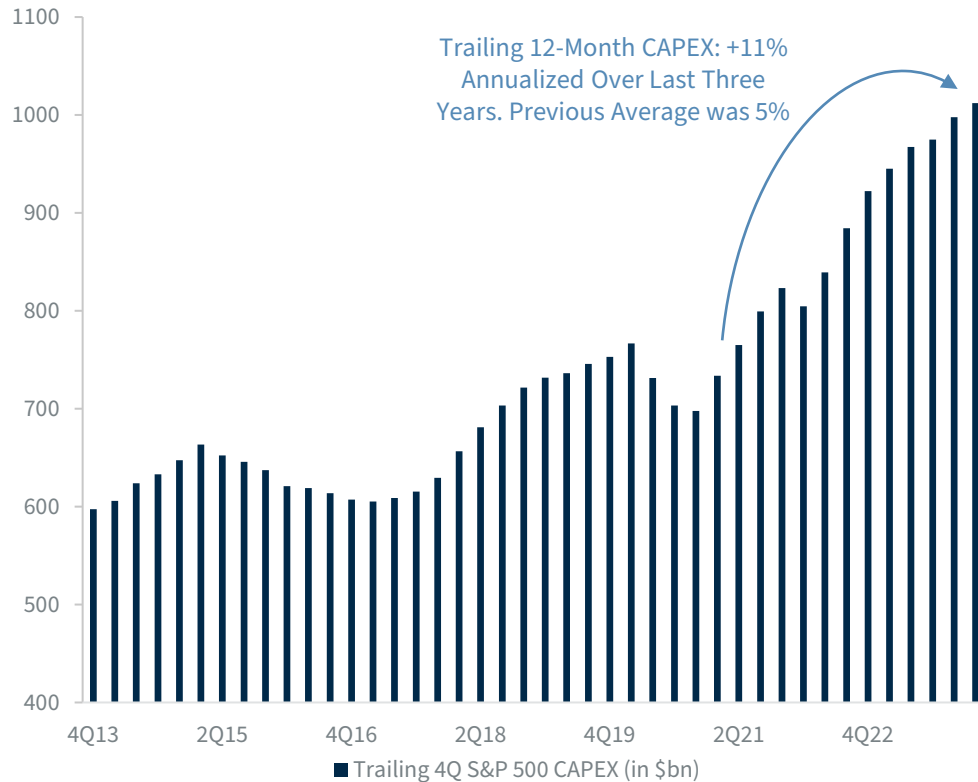
- 1 **Businesses Need Lower Rates**
Rates for Small Business Loans at the Highest Since 2007
- 2 **Short-Term Maturity Wall**
43% of Outstanding Treasury Debt Set to Mature in Next Two Years
- 3 **Exposed Interest-Rate Sensitive Areas**
Buying Conditions for a House Decline to the Lowest Level on Record in May
- 4 **Delinquencies Increasing**
Consumer Delinquencies at the Highest Level Since 2013
- 5 **Other Central Banks Cutting**
Could Have Global Implications Due to Stronger Dollar

Source: FactSet, Data as of 6/30/2024.

OTHER FACTORS BEYOND THE CONSUMER SUPPORTING THE ECONOMY

FACTORS OUTSIDE THE CONSUMER BOOSTING THE ECONOMY

CAPEX Continues to Increase



Source: FactSet, Data as of 6/30/2024.

AI Driving Investment

Meta Says It Plans to Spend Billions More on A.I.

OpenAI and Microsoft Plan \$100 Billion 'Stargate' Data Center in the U.S.

Amazon, built by retail, invests in its AI future

Healthcare industry sees increased investment in generative AI, LLMs

Thomson Reuters Has \$8 Billion in 'Financial Firepower' for AI Investment

Digital Realty and Blackstone Announce \$7 Billion Hyperscale Data Center Development Joint Venture

FISCAL STIMULUS INCENTIVES FROM CHIPS AND INFLATION REDUCTION ACT

Semiconductor & Electronics
\$395B

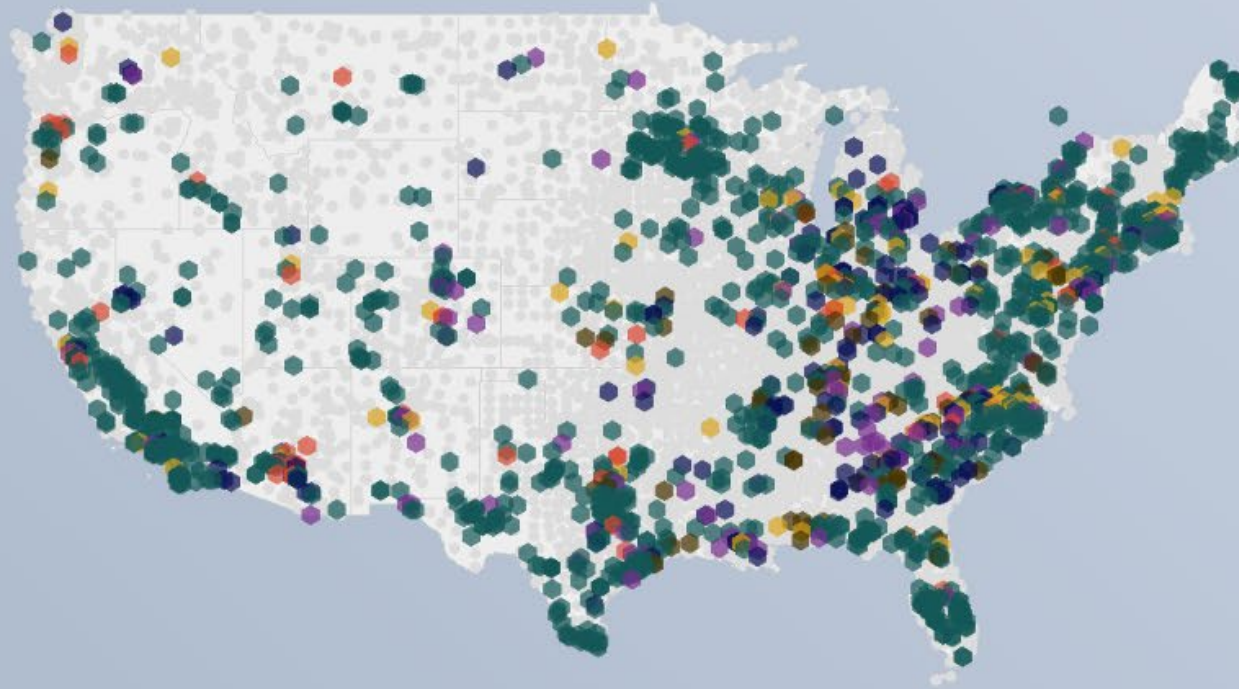
Clean Energy Manufacturing
\$80B

EV & Batteries
\$177B

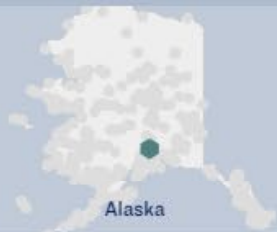
Biomanufacturing
\$29B

Heavy Industry
\$42B

Clean Power
\$155B



Total:
\$877
Billion



Alaska



Hawai'i



Mariana Islands & Guam



American Samoa



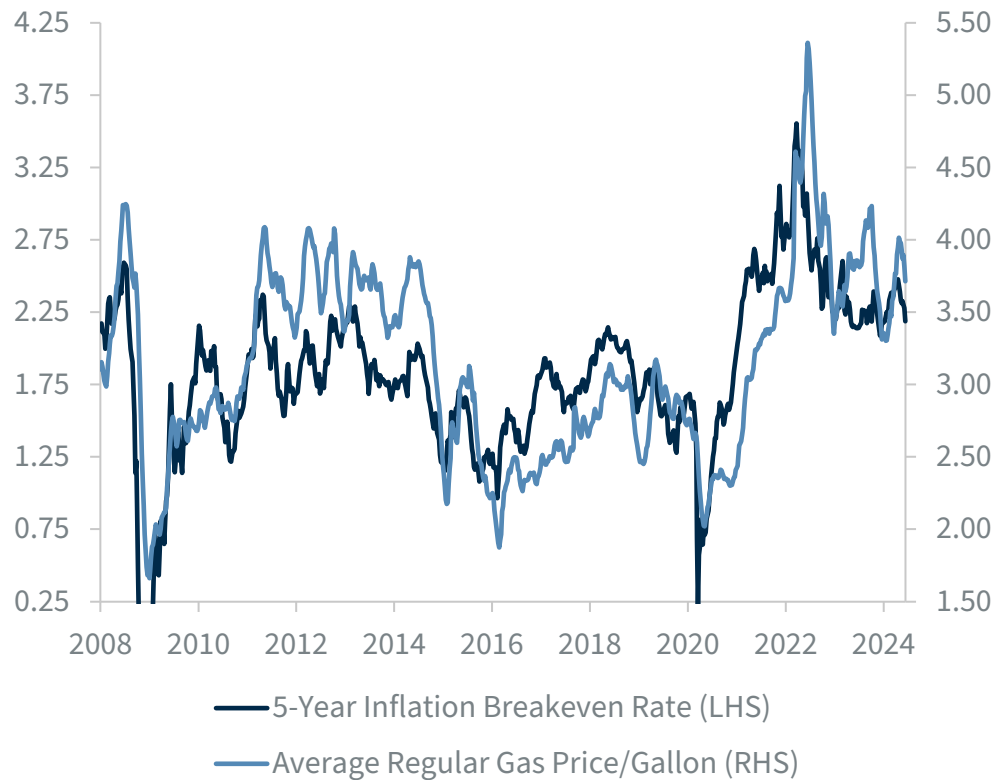
Puerto Rico & U.S. Virgin Islands

Source: White House, data as of 6/24/2024.

KEY RISKS TO MONITOR AHEAD—OIL SWELLING INFLATION PRESSURES

RISING ENERGY PRICES AND THE POTENTIAL REACCELERATION OF INFLATION A KEY CONCERN

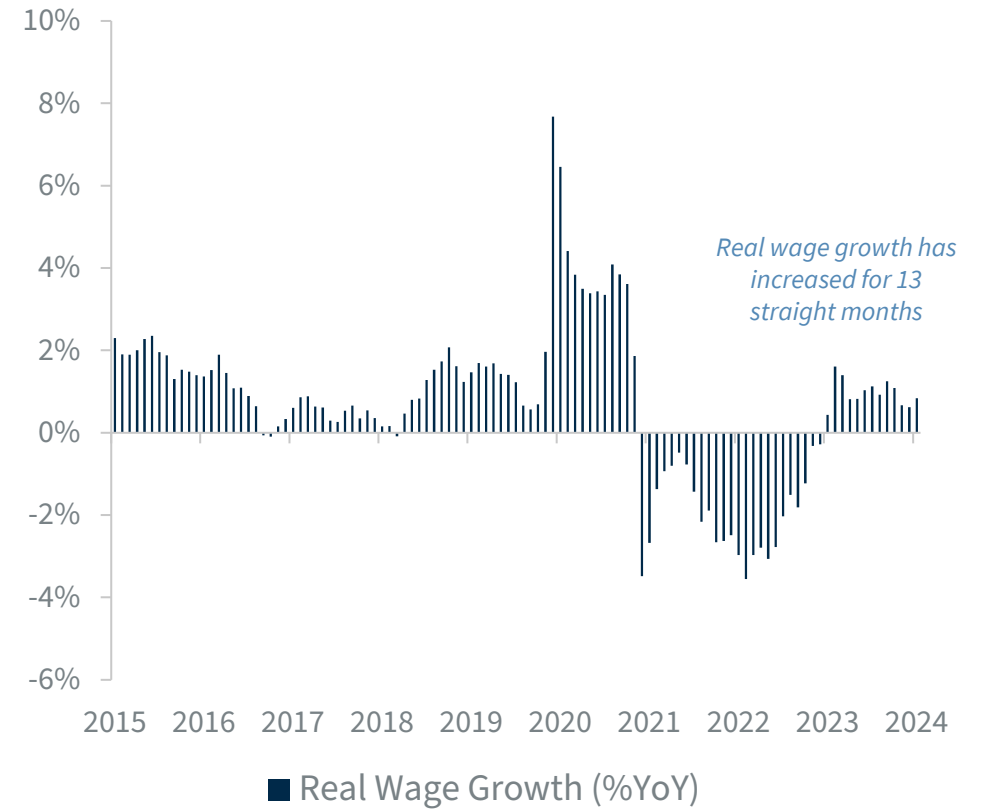
Potential Surge in Oil Prices a Headwind for Inflation Expectations



\$85

2024 Crude Oil Forecast

Rising Prices a Threat to Real Wage Growth



Source: FactSet, Data as of 6/30/2024.



3

Fixed Income

Bonds Set Up for Positive Returns

INSIGHT:

Unlike indoor volleyball, participants in beach volleyball have to contend with other factors such as sand, wind and heat. This is similar to the bond market, as other factors such as issuance, foreign demand and the impact of central bank policy play a key role in bond market returns going forward.

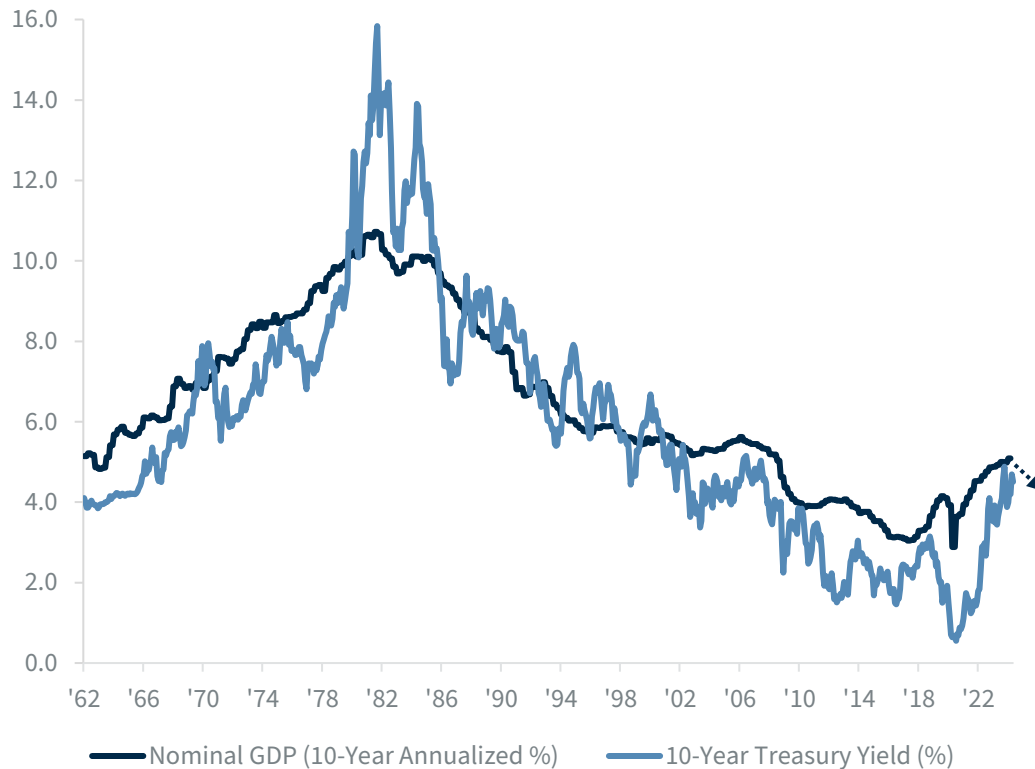
BOTTOM LINE:

Elevated carry combined with a decline in yields (due to slowing growth and inflation) should lead to solid fixed income returns over the next 12 months. We favor investment grade, munis and EM bonds.

NAVIGATING BONDS HAS GOTTEN MORE COMPLEX

FACTORS OUTSIDE GROWTH AND INFLATION DRIVING THE BOND MARKET

Nominal GDP Has Been A Good Proxy For Bond Yields



4.0%

10-Year Treasury
Yield Year-End
Forecast

3.75%

10-Year Treasury
Yield 12-Month
Forecast

But Be Beware Of 'Flare' Ups

Shifting Demand for Treasuries

Net purchases of US government bonds are tilting to price-sensitive buyers

**The Most Powerful Buyers in
Treasuries Are All Bailing**

**Rising US Debt Load Poses a Growing
Risk for Treasury Market**

**The US is paying a record amount of
interest on its national debt**

How can the Fed's QT go?

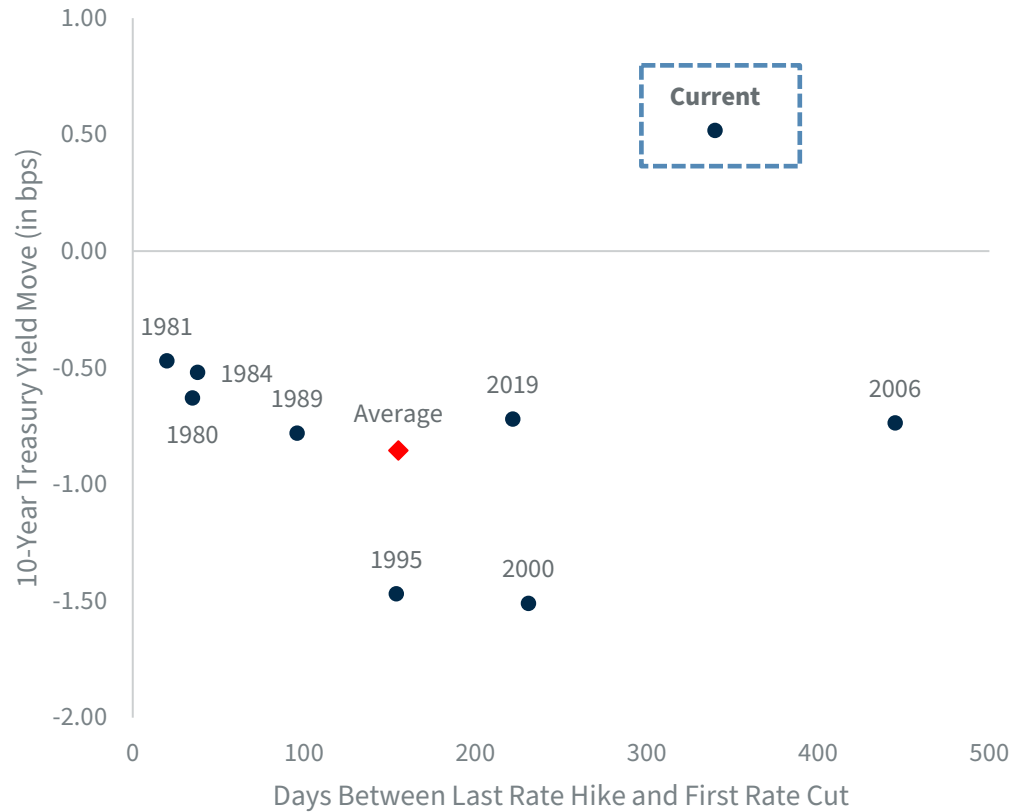
U.S. bond 'term premium' is back

Source: FactSet, Bloomberg Data as of 6/30/2024.

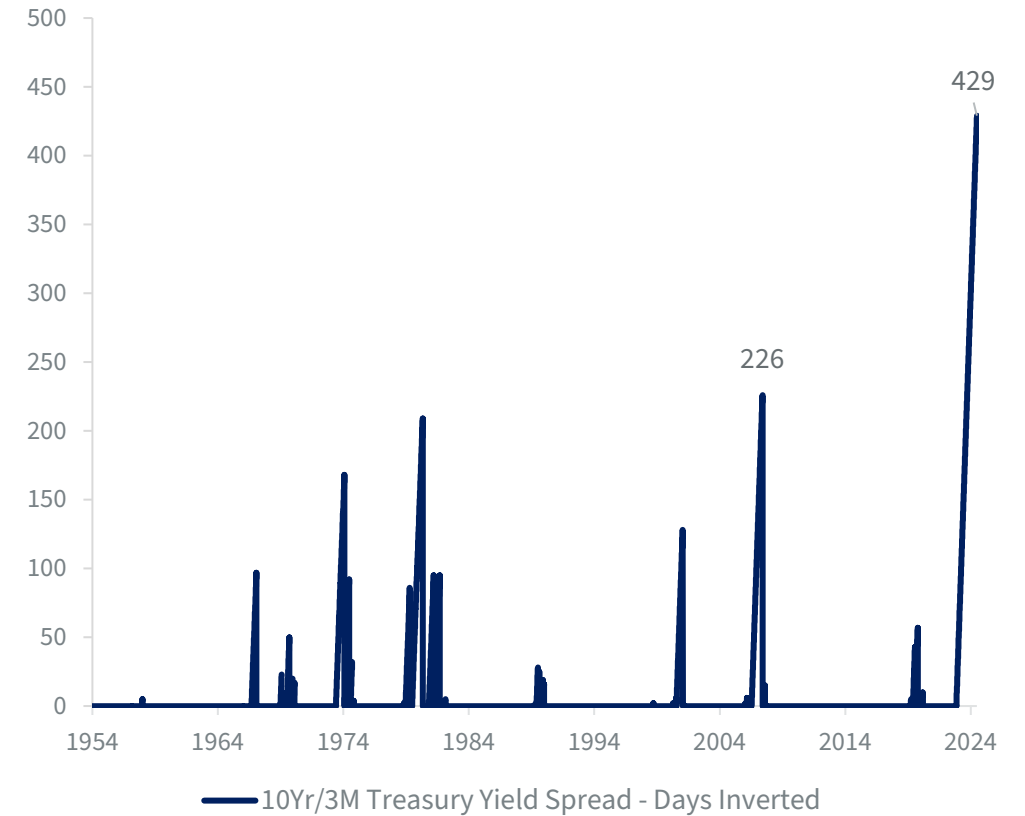
THIS CYCLE HAS BEEN DIFFERENT

THIS CYCLE HAS BEEN LIKE NO OTHER IN THE RECENT PAST

This Cycle Has Been An Outlier



Longest Yield Curve Inversion On Record

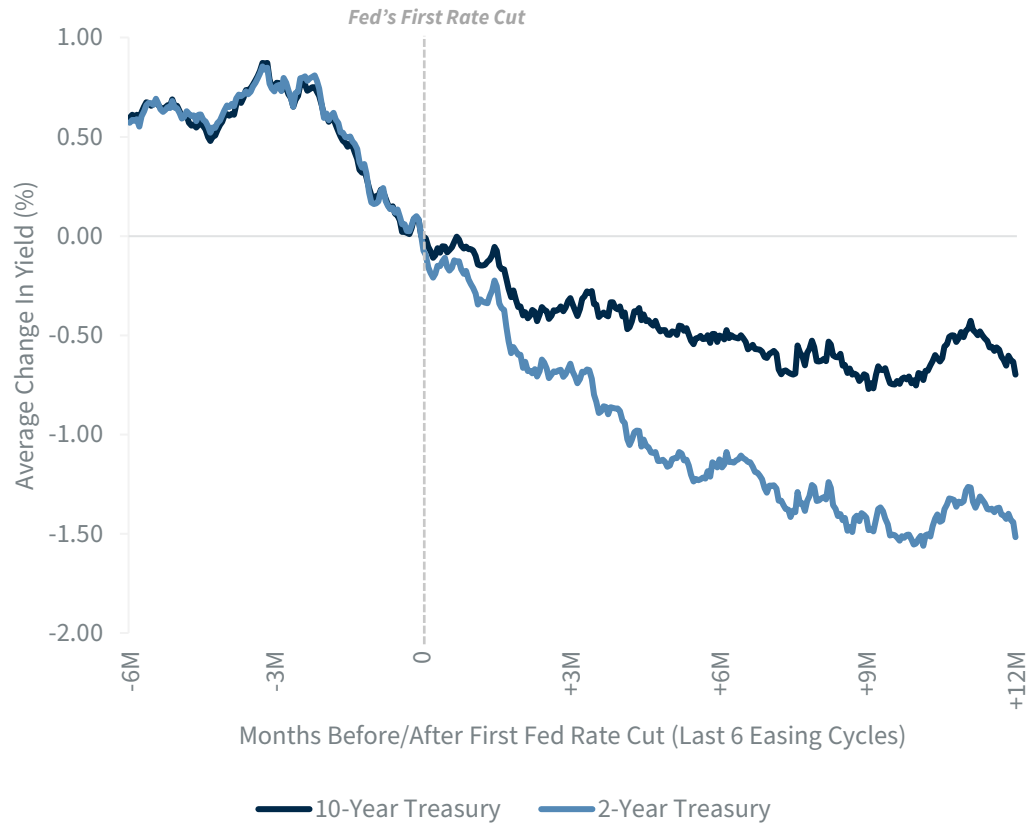


Source: FactSet, Data as of 6/30/2024.

YIELDS POISED TO 'TIP' LOWER

YIELD DECLINE HAS BEEN DELAYED, NOT DERAILED

Yield Moves Around Fed Easing Cycles



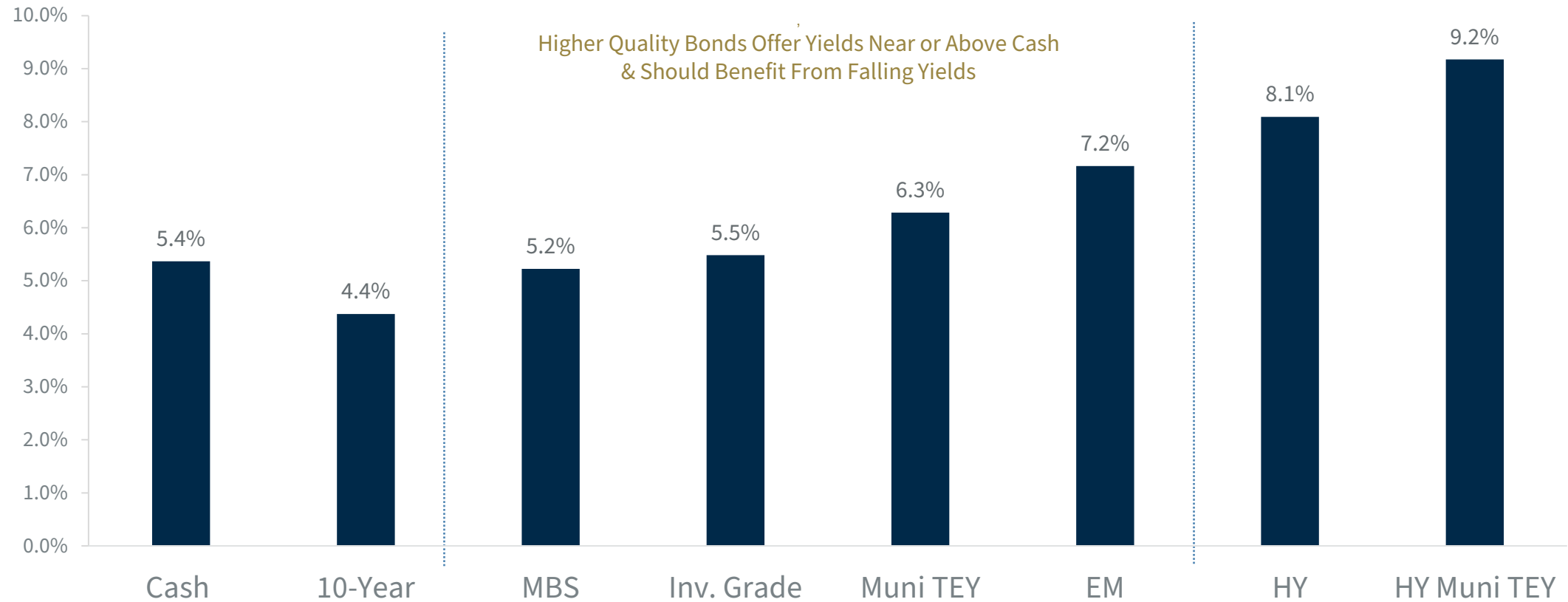
Source: FactSet, Data as of 6/30/2024.

1-Year Forward Returns

	2-Year	5-Year	10-Year	30-Year
+100	3.88	0.84	-2.69	-9.83
+75	4.10	1.70	-0.99	-6.53
+50	4.31	2.56	0.73	-3.04
+25	4.53	3.44	2.50	0.66
0	4.75	4.32	4.37	4.54
-25	4.97	5.21	6.14	8.70
-50	5.19	6.11	8.03	13.09
-75	5.41	7.02	9.95	17.73
-100	5.64	7.94	11.92	22.65

ATTRACTIVE INCOME OPPORTUNITIES

HIGH-QUALITY BONDS OFFER ATTRACTIVE INCOME OPPORTUNITIES



Source: FactSet, Data as of 6/30/2024. Tax Equivalent Yield (TEY) based on 40.8% Top Tax Rate.



4 Equity Market

Scaling the Wall of Worry

INSIGHT:

Despite obstacles (e.g., elevated valuations, higher interest rates), the equity market has continued to climb higher as the S&P 500 is off to the best start to a reelection year on record and has notched 31 record highs year-to-date. However, the climb gets more challenging the higher you go.

BOTTOM LINE:

With valuations at elevated levels, much of the good news has been priced into the market. While we remain cautious in the near term, rising earnings and the fact that we are still early in the bull market leave us confident longer term.

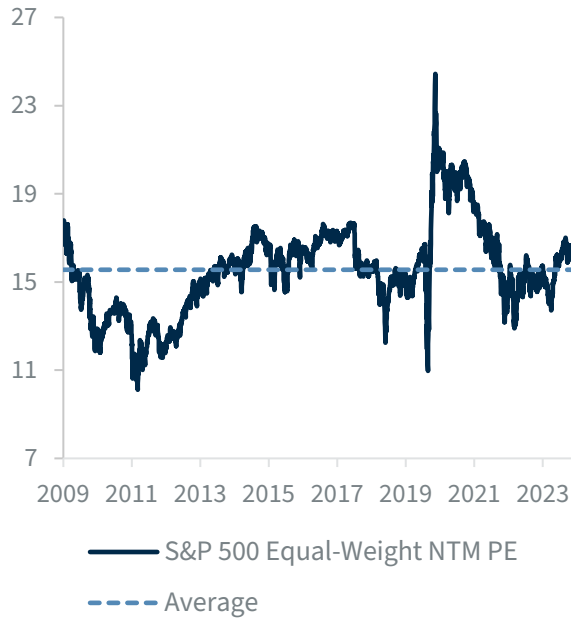
INVESTORS CLIMBING THE WALL OF WORRY

AN ANSWER HAS BEEN FOUND FOR EVERY OBSTACLE UP UNTIL THIS POINT

“Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria.”

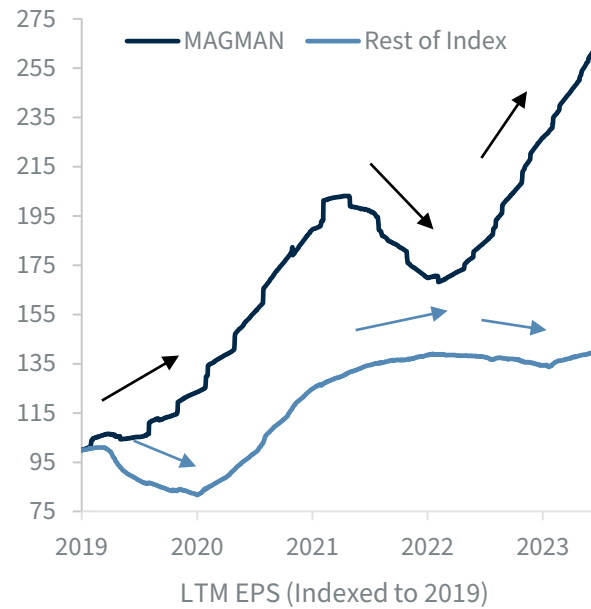
-John Templeton

Elevated Valuations



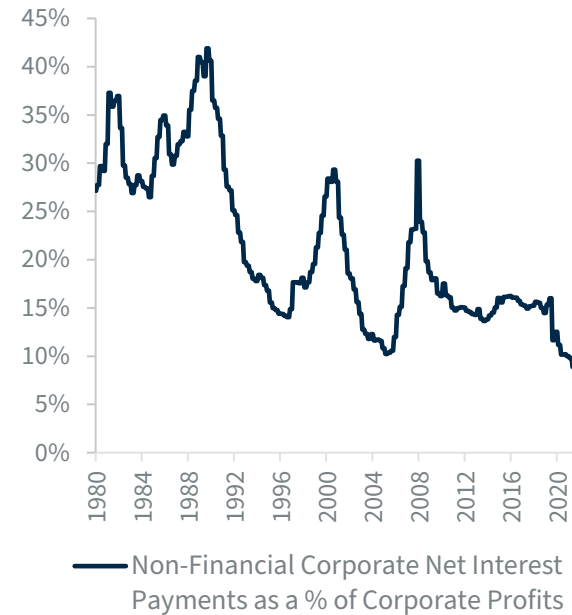
S&P 500 Equal-Weight NTM PE at Historical Average

Recessionary Concerns



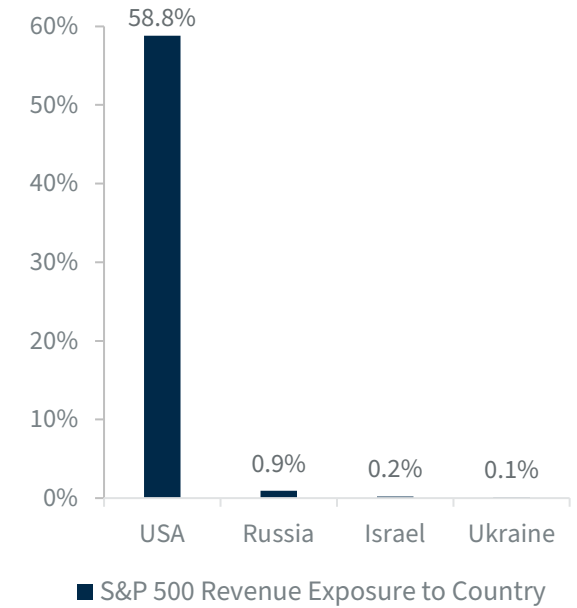
‘Rolling Recession’ Helps to Buoy Earnings Decline

Higher Interest Rates



Corporate Interest Expense as a % of Profits at Record Lows

Boiling Geopolitical Risk



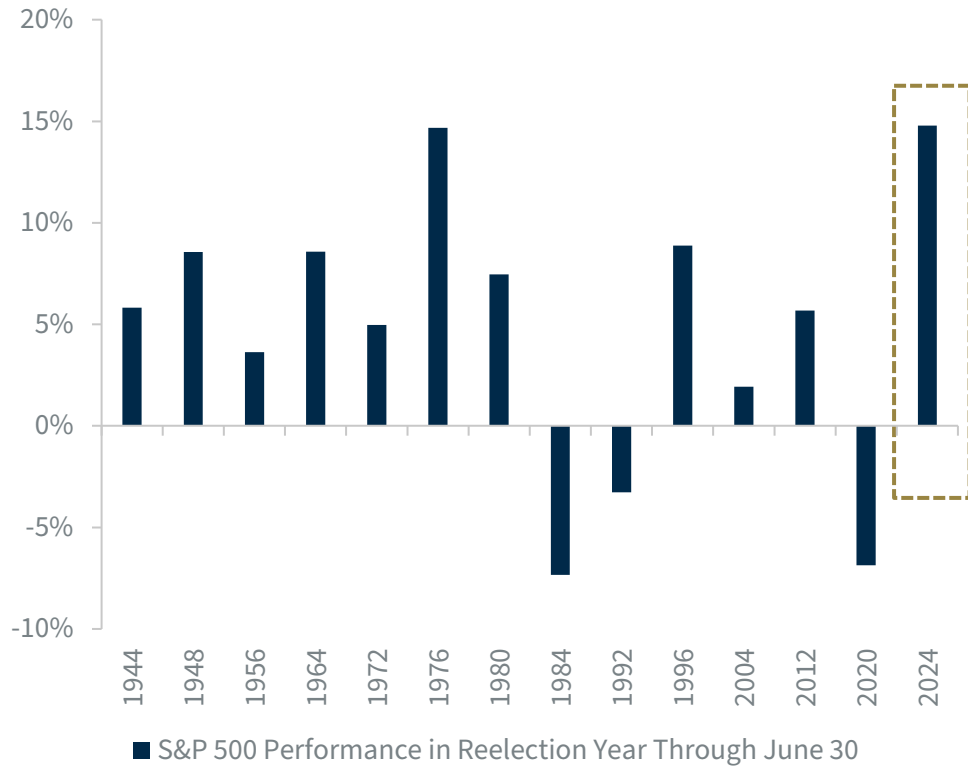
Limited Revenue Exposure to Geopolitical Issues

Source: FactSet, Data as of 6/30/2024. MAGMAN represents mega-cap tech consisting of MSFT, APPL, GOOGL, META, AMZN, NVDA.

OBSTACLES FOR THE EQUITY MARKET IN THE NEAR TERM

REASONS TO EXPECT A SLOWER CLIMB IN THE NEAR TERM

Best Start to a Reelection Year on Record



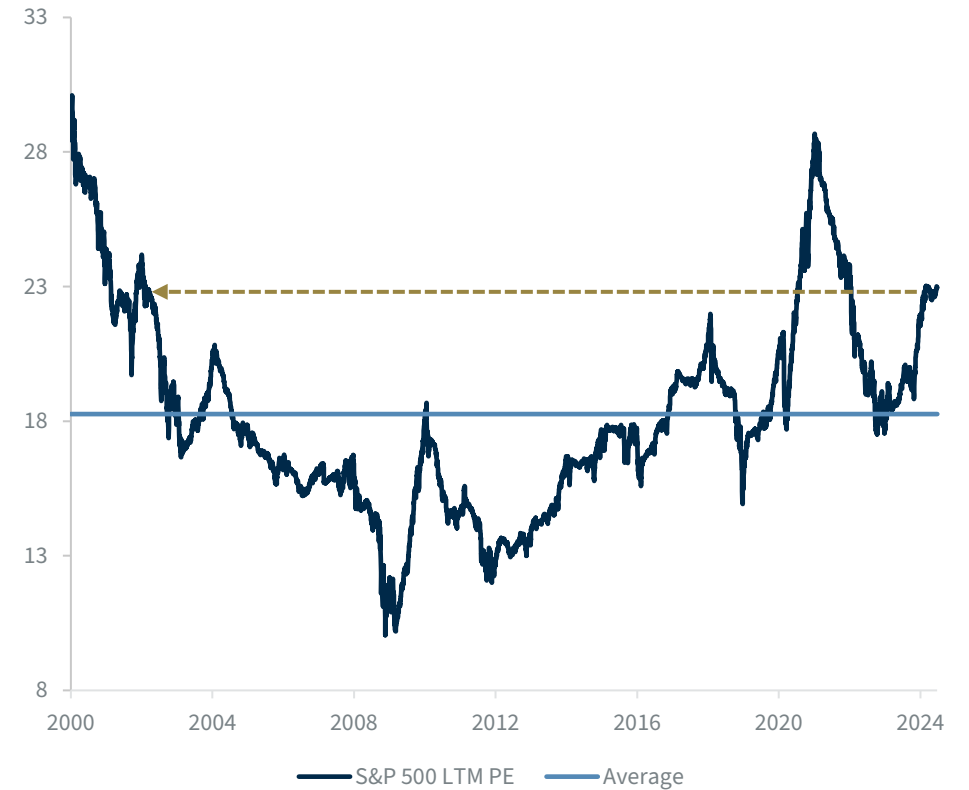
13th

Best Start to a Year
in All Years Dating
Back to 1928

31

Record Highs, 6th
Most at this
Juncture

A Lot of Good News Priced Into the Market



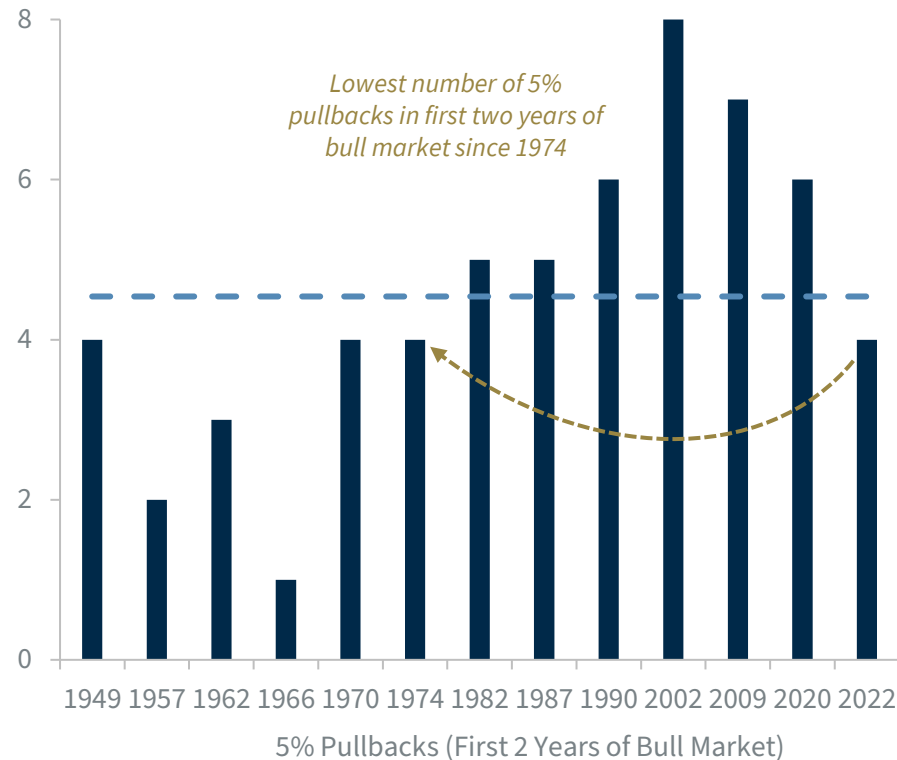
Source: FactSet, Data as of 6/30/2024.

OBSTACLES FOR THE EQUITY MARKET IN THE NEAR TERM

REASONS TO EXPECT A SLOWER CLIMB IN THE NEAR TERM

5,400 2024 Year-End S&P 500 Target (12 month = 5,700)

Limited Drawdowns Since Start of Bull Market



Source: FactSet, Data as of 6/30/2024.

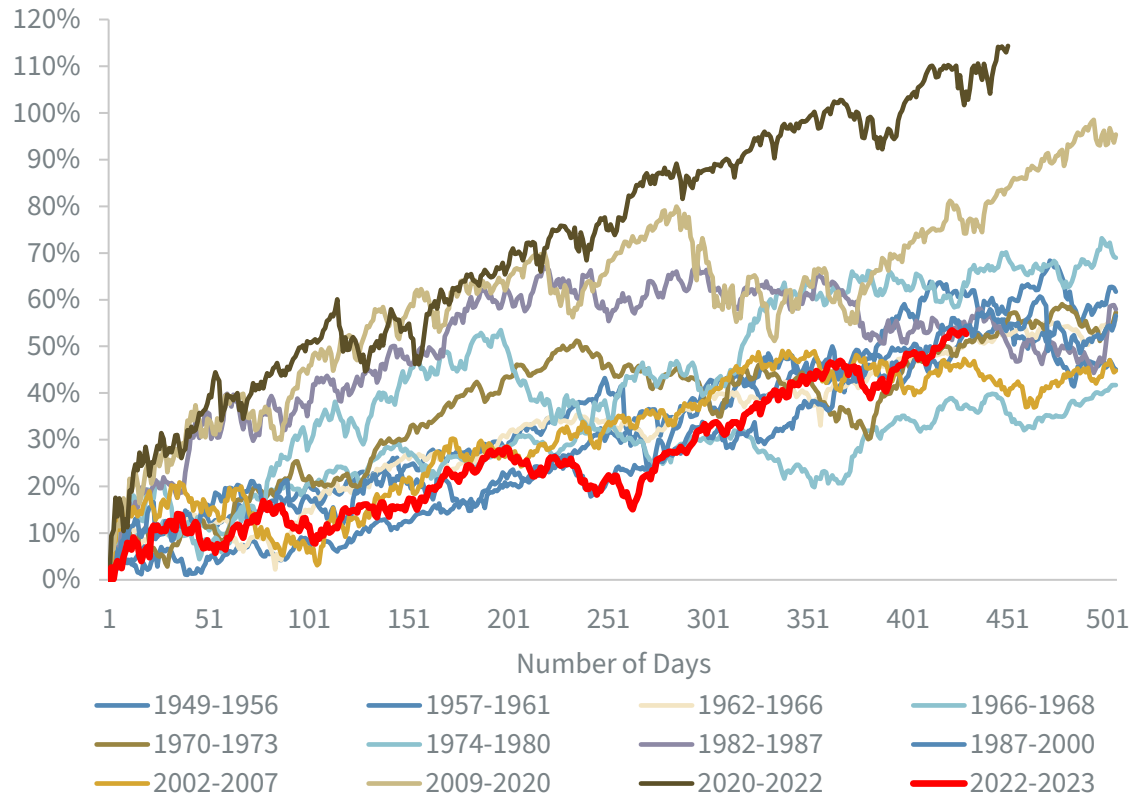
Five Reasons to Expect a Pullback Near Term

- Investor Complacency**
% of Investors Expecting Higher Stock Prices Rose to the Fourth Highest Level Since 1987
- Slowing Economy to Hit Businesses**
Upward Earnings and Growth Revisions Likely to Moderate
- Election Impacts**
Volatility Typically Increases in the Months Leading up to Presidential Election
- Historical Market Risk Patterns**
Average Max Intra-Year Drawdown Would Bring Market Below 5,000

WHY WE REMAIN OPTIMISTIC LONGER TERM

BULL MARKET BELOW AVERAGE IN DURATION AND MAGNITUDE

Duration and Magnitude Less Than Historical Average



Current

+53%

Return During
Current Bull Market

Average

+60%

Average Return of
Bull Market at this
Juncture

1.7

Duration of Current
Bull Market in Years

5.5

Average Duration of
Bull Market in Years

Why Bull Market Can Continue

Earnings Continue to Move
Higher

Still Positive Economic
Growth

Record Amount of Cash on
Sidelines

Lower Interest Rates and
Inflation

Source: FactSet, Data as of 6/30/2024.

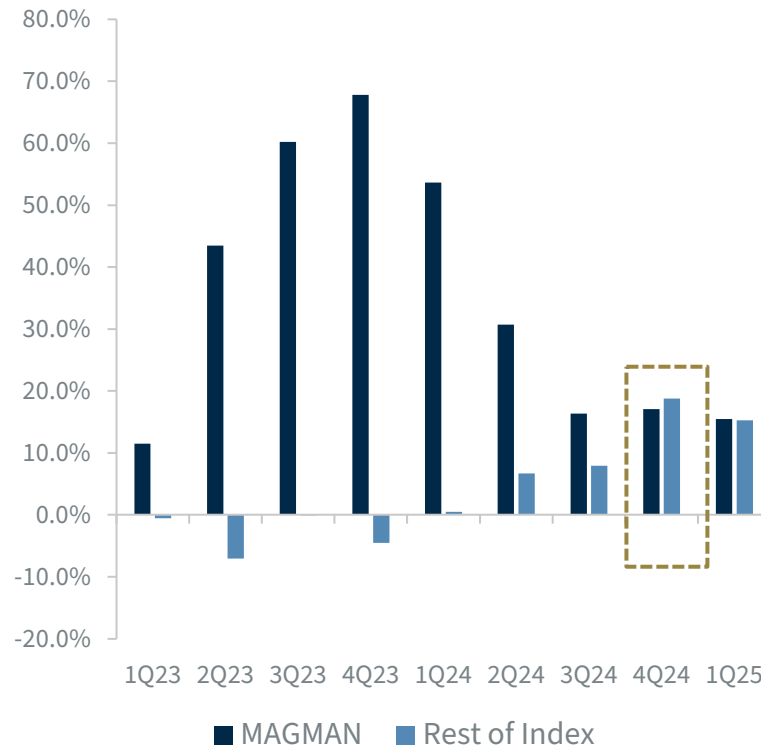
WHY WE EXPECT VOLATILITY GOING FORWARD

TOP HEAVY MARKET—SELECT AREAS SET TO BENEFIT FROM BROADENING OUT

Mega-Cap Tech Driving the Market

	MAGMAN	Rest of Index	Small Cap
Performance YTD	44.7%	4.0%	-2.6%
Perf of Avg Stock	47.9%	3.6%	-4.8%
Trailing 12 Month EPS Growth	44.3%	1.4%	-11.2%
Net Margin	23.6	11.5	6.0
Current NTM PE	32.8	16.1	13.9
20-Year Average	21.5	15.2	14.5

Rest of Market EPS Growth Set to Accelerate



Areas to Benefit from Broadening (Beyond Tech)

- 1 Industrials**
Benefit from Fiscal Spending in Defense and Buildout of Chip Factories
- 2 Health Care**
Least Expensive Sector on PEG Basis, EPS Growth Poised to Accelerate in 2H24
- 3 Energy**
WTI at the Lower End of Trading Range, Highest Dividend/Buyback Yield of Any Sector
- 4 Small Cap**
Remains ~20% Below Highs, Benefits from Fed Cuts, Falling Rates and No Recession

Source: FactSet, Data as of 6/30/2024. MAGMAN represents mega-cap tech consisting of MSFT, APPL, GOOGL, META, AMZN, NVDA.



5 Artificial Intelligence

New Age Breakdancing

INSIGHT:

While breakdancing has been around for years, it has finally gained notoriety in the Olympics for the first time in 2024. This is similar to artificial intelligence, as while it has been around for decades the release of ChatGPT put technological advancement into the forefront.

BOTTOM LINE:

As computing power has significantly advanced in recent years, use cases for AI have caught a groove. As AI will continue to drive investment, we continue to like the Tech sector as it has consistently beaten earnings estimates, has the highest margins of any sector, and has the largest amount of cash on balance sheets.

THE EVOLUTION OF TECH

LIKE BREAKDANCING, ARTIFICIAL INTELLIGENCE HAS BEEN AROUND FOR SOME TIME



1970
Breakdancing
Invented in
New York City



1983
Michael
Jackson
Moonwalk



1984
Breaking and
Beat Street
Movies



2024
Breakdancing
in Olympics for
First Time



1964
Eliza: First
Chatbot
Invented



1997
Deep Blue
Beats Chess
Legend



2002
Roomba
Vacuum
Unveiled



2011
Apple
Introduces Siri



2014
Amazon Rolls
Out Alexa



2016
Sophia the
Robot



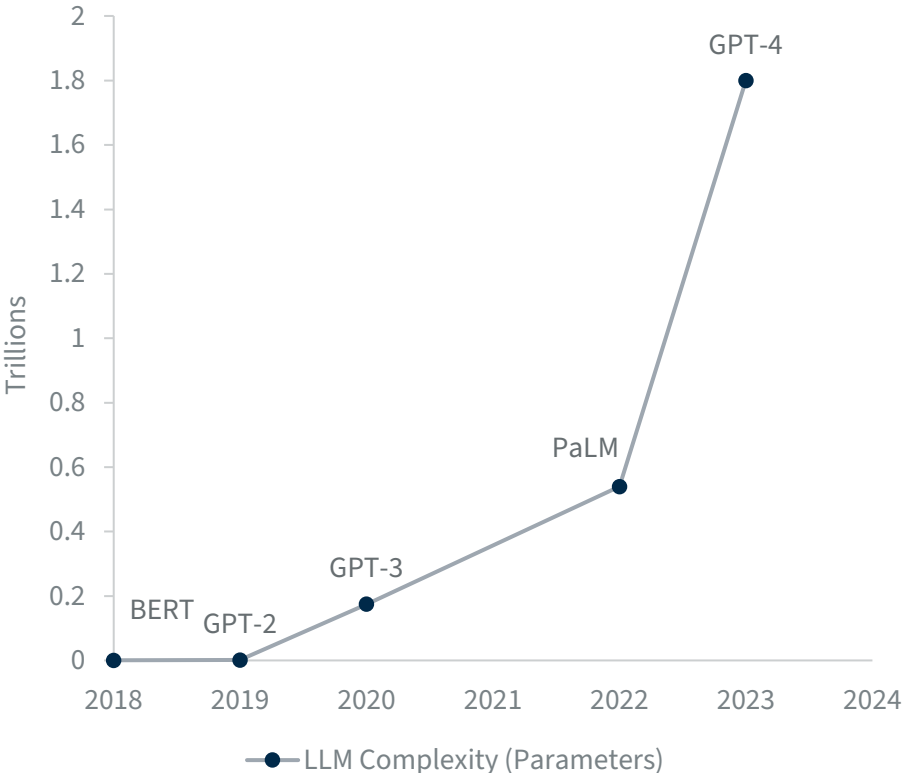
2022
ChatGPT
Introduced

Source: Getty Images.

AI REMAINS IN THE EARLY STAGES OF REVOLUTIONARY CHANGE

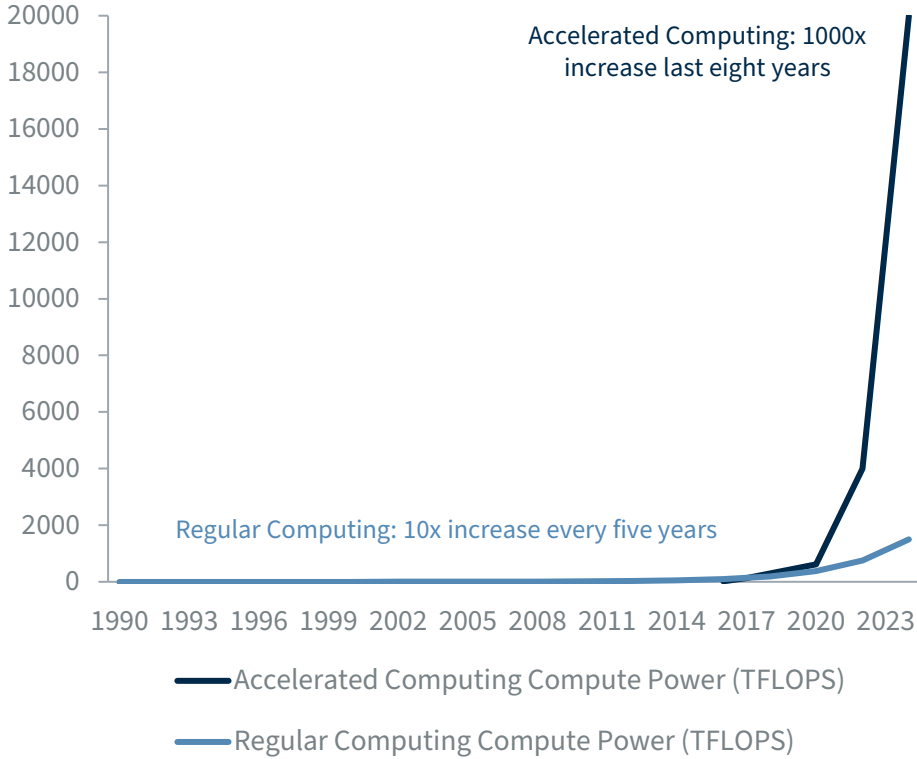
THE COMBINATION OF LARGE LANGUAGE MODELS AND ACCELERATED COMPUTING SUPPORT AI MOMENTUM

Advances in Large Language Model Size



72%
Of Businesses Have Adopted AI in at Least One Business Function, Up from 20% in 2017

Compute Power Steadily Increasing



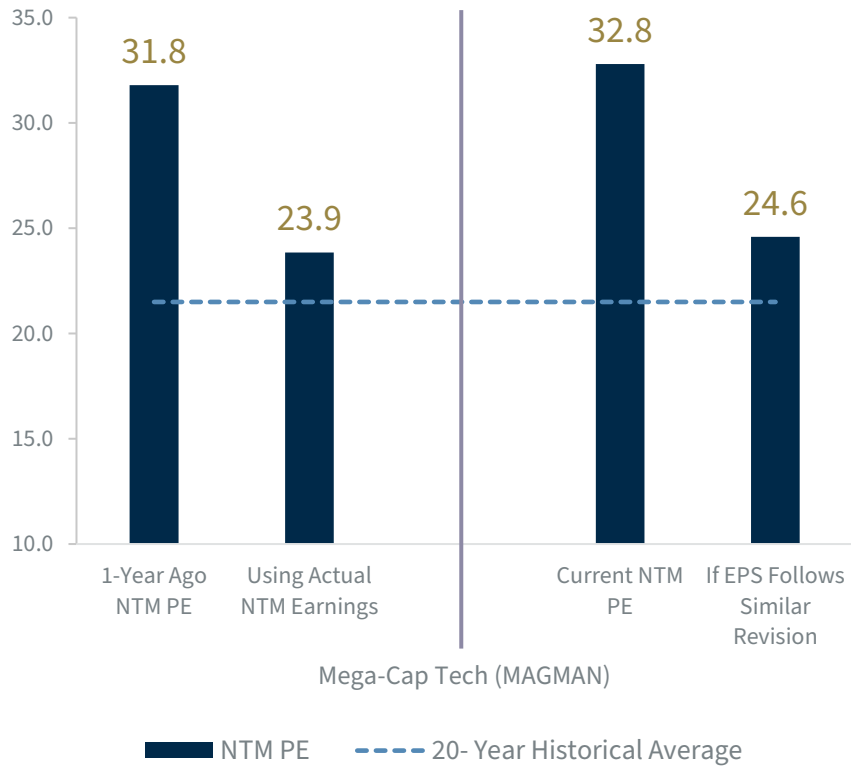
Source: FactSet, Data as of 6/30/2024.

Source: FactSet, Data as of 6/30/2024. TFLOPS stands for Trillions of Floating Operations per Second.

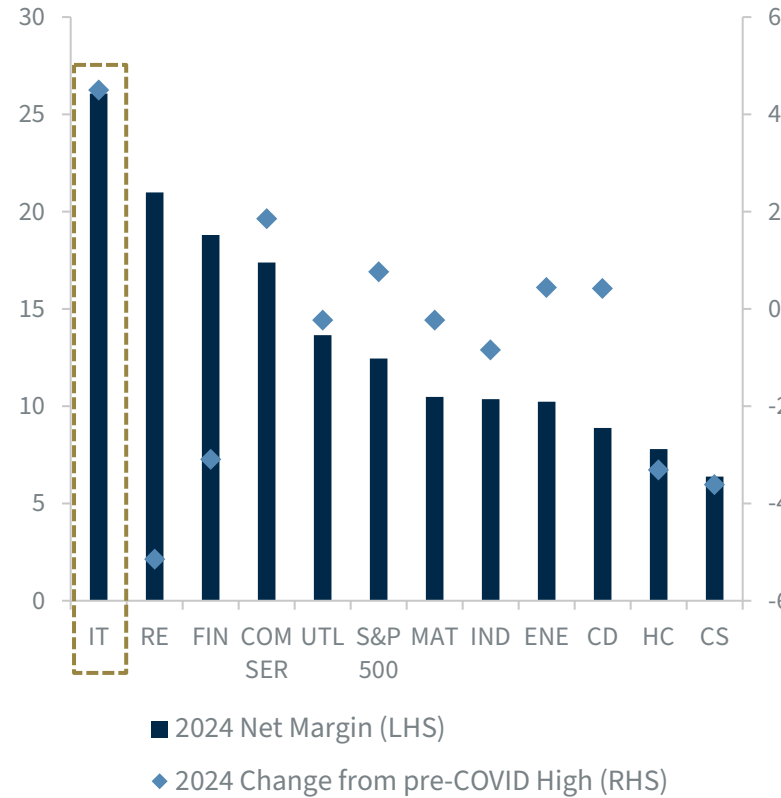
WHY TECHNOLOGY REMAINS A FAVORED SECTOR

INVESTMENT TO DRIVE CONTINUED EARNINGS GROWTH

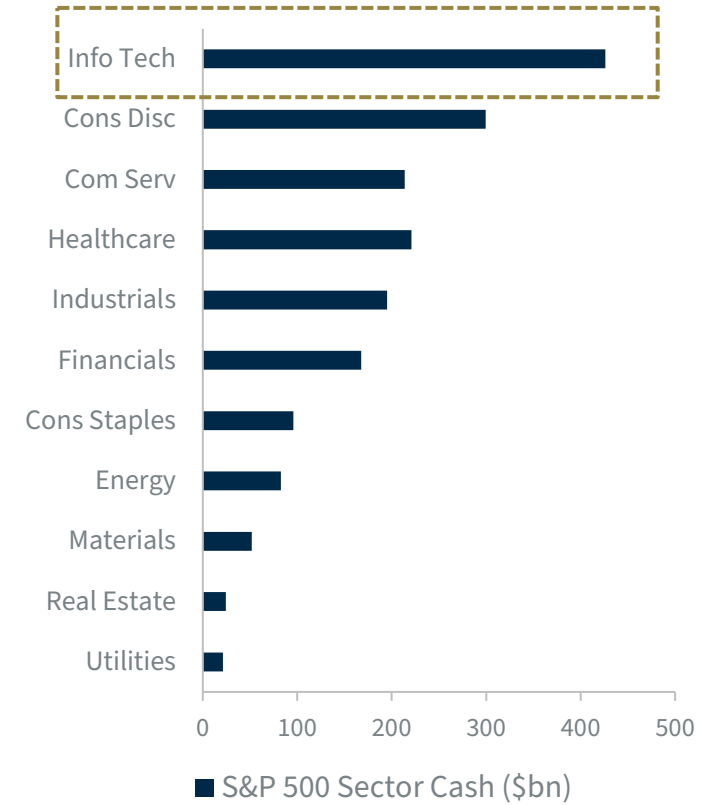
Valuations May Not Be As Expensive as They Suggest



Highest Margin of Any Sector



Tech Holds Record Amount of Cash



Source: FactSet, Data as of 6/30/2024.



6 International Equities

US Dominance Includes Women's Basketball

INSIGHT:

US Women's Basketball has been a standout on the international stage, winning each of their last 55 games. Similar to this, US equities have also been a standout, outperforming other developed markets by ~340% over the last 16 years.

BOTTOM LINE:

We continue to prefer the US over international due to its stronger economic and earnings growth. However, the competitors (e.g., Japan, Europe) are narrowing the gap. Within emerging markets, we like Mexico and India.

US LEADING THE CHARGE

LIKE US WOMEN'S BASKETBALL, THE US EQUITY MARKET LEADS THE WAY

STANDOUTS – US Women's National Team and US Equity Market



US Women's National Team

US Equity Market

Achievements



Won Gold Medal in Last 7 Olympics

Outperformed International in 12 of Last 16 Years

Performance

Won Each of Their Last 55 Olympic Basketball Games

Outperformed International by ~340% Over Last 16 Years

Statistics

Outscored Opponents by 1,583 Points Since 1996 (29 per Game)

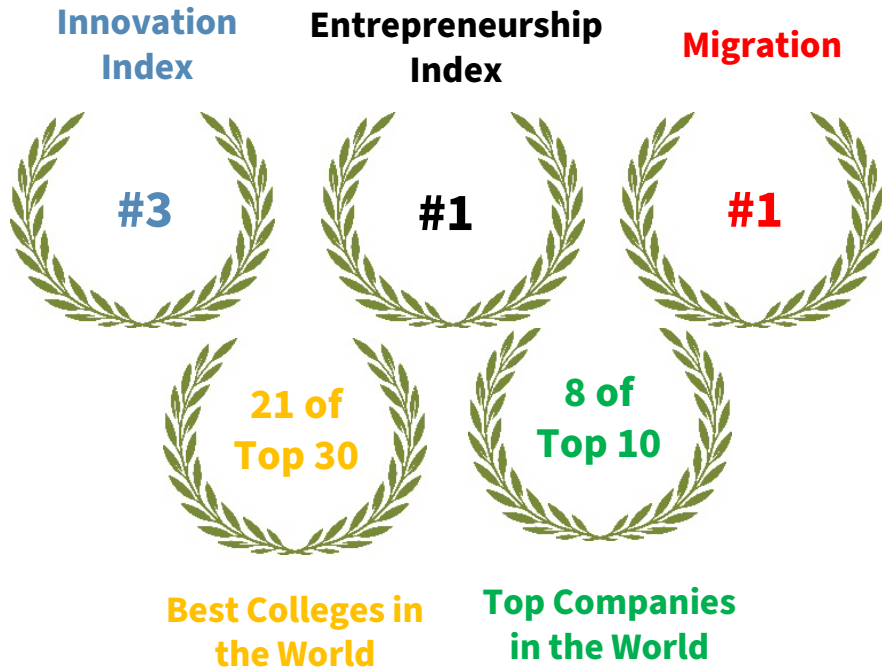
EPS Growth Outpaced International by 180% Over Last 16 Years

Source: FactSet, Data as of 6/30/2024. Past performance is not a guarantee of future results.

THE US: THE STANDOUT ON THE INTERNATIONAL STAGE

US EQUITIES A STANDOUT, BUT COMPETITORS ARE NARROWING THE GAP

Superior Infrastructure in US for Stronger GDP and Earnings Growth



\$15.3tn

MAGMAN
Market Value

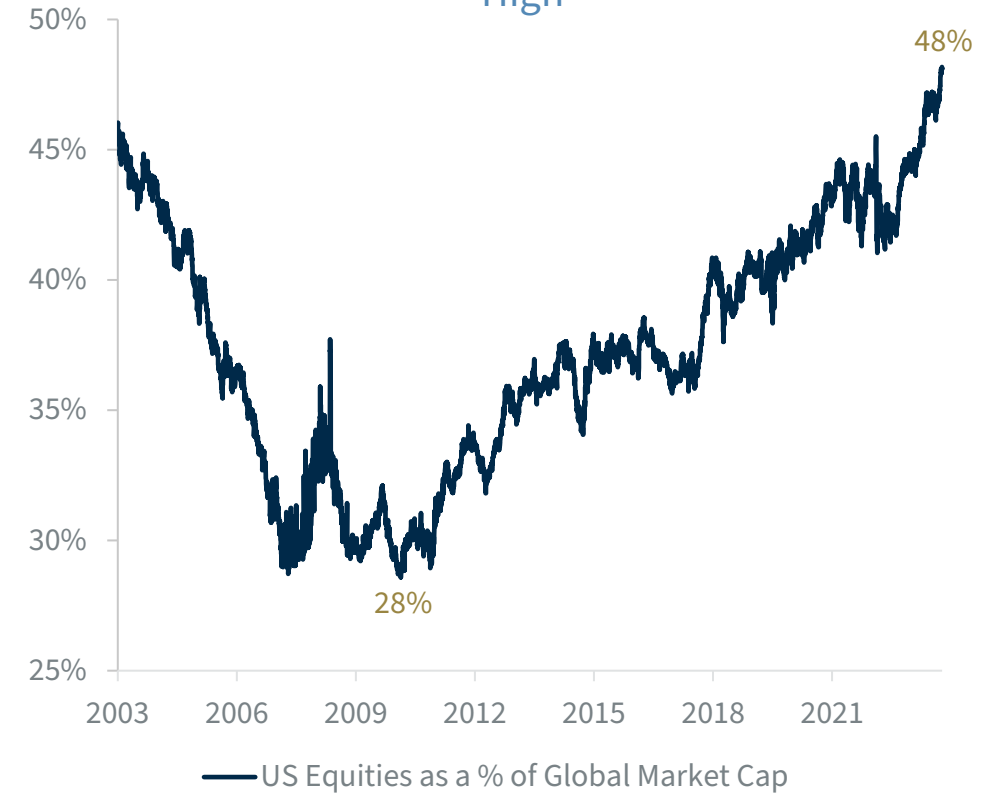
\$8.6tn

MSCI Europe ex UK
Market Value

\$3.8tn

MSCI Japan
Market Value

US Share of World Market Cap at All-Time High



Source: FactSet, Data as of 6/30/2024.

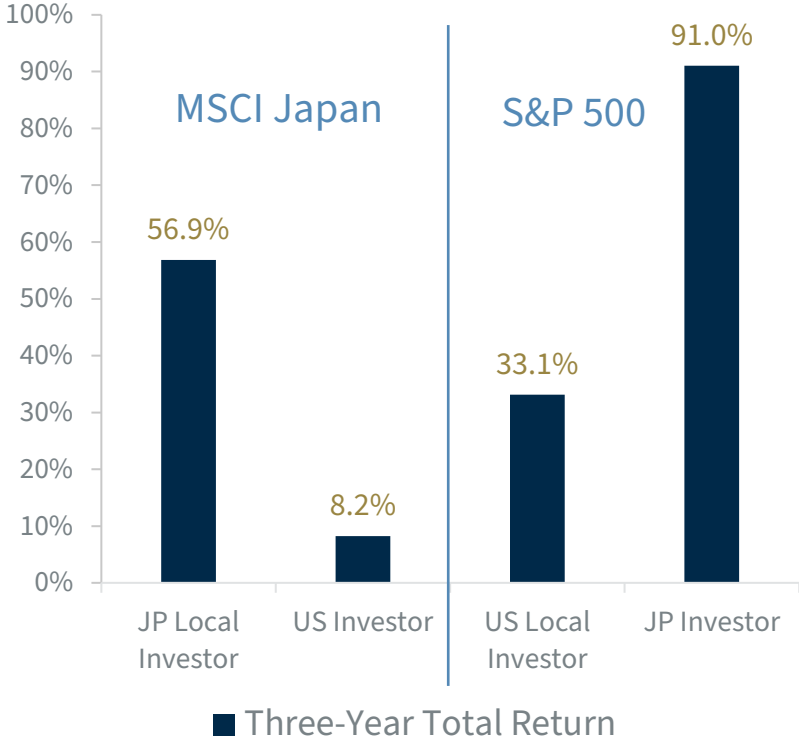
FUNDAMENTALS SUPPORT THE US IN 2024

JAPAN AND SELECT EM HAVE TAILWINDS GOING FORWARD

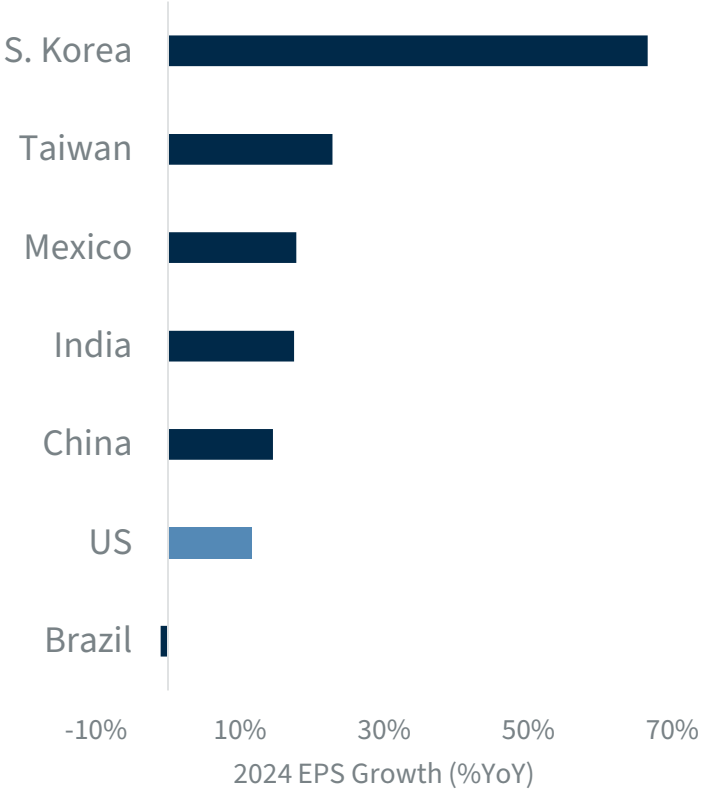
Four Reasons Japan to Improve

- 1 **Consumer Deflation Mindset Easing**
Increased Consumer Spending Should Boost Earnings Growth
- 2 **Elevated Consumer Cash Positions**
Investors Have Highest Allocation to Cash of Any Major DM Region
- 3 **Corporate Governance Reforms**
Increased Shareholder-Friendly Activities Will Provide Support To Equities
- 4 **Weaker Yen Likely to Strengthen**
Will Provide Powerful Tailwind To US-Based Returns When It Reverses Course

Currencies Make Major Impact on Performance



Emerging Market Areas to Watch



Source: FactSet, Data as of 6/30/2024.



7 Politics

Wrestling Until November

INSIGHT:

With less than five months to go until the election, the presidential race remains neck and neck. Watch equity performance in the three months leading up to the election, as this has been the strongest predictor of the outcome.

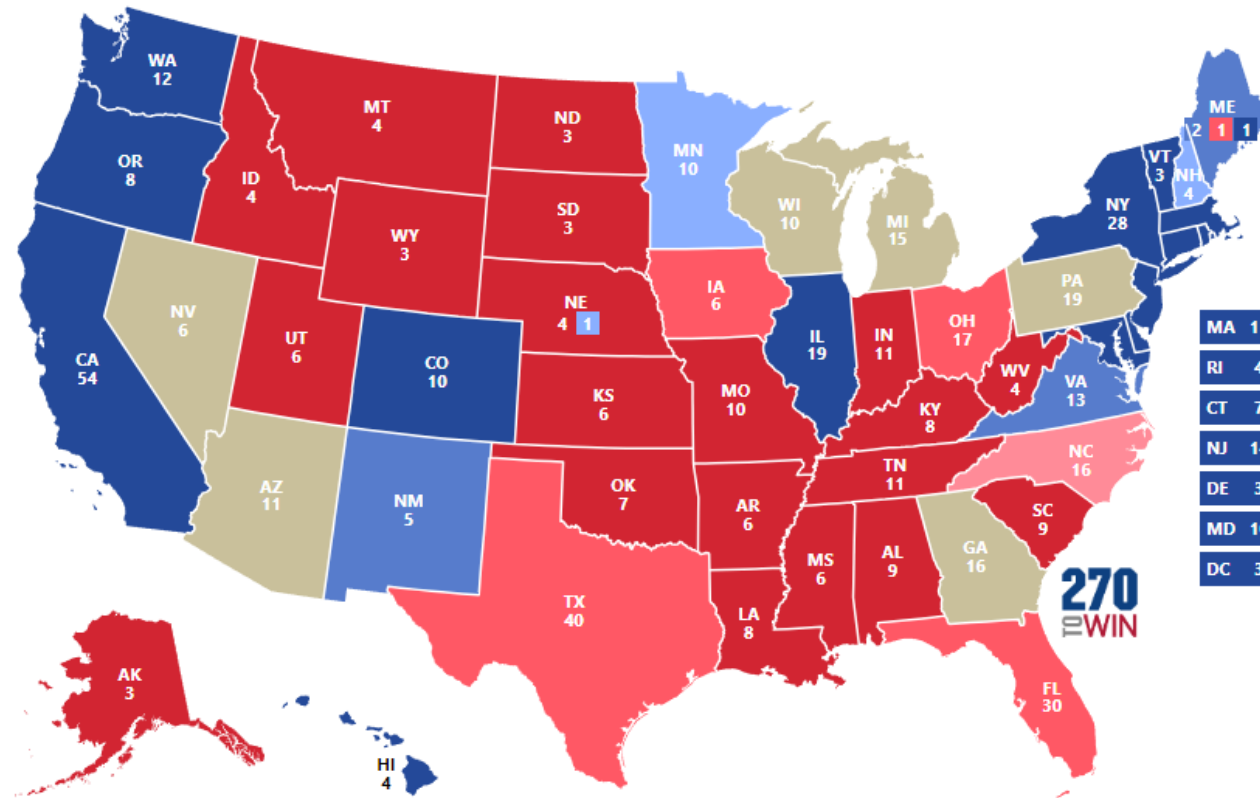
BOTTOM LINE:

Staying invested and not making investment decisions based on which party wins has been the most important outcome following an election.

POLLING SUGGESTS TIGHT RACE

POLLING CURRENTLY SUGGESTS A TIGHT RACE, BUT REPUBLICANS HOLD A NARROW LEAD

Polling Suggests a Tight Race



Trump Continues to Lead in Swing States

Arizona	+4.6
Nevada	+5.7
Wisconsin	+0.3
Michigan	+0.2
Pennsylvania	+2.3
Georgia	+5.0

59%

Betting Market Probability
Republicans Win the White House

48%-44%

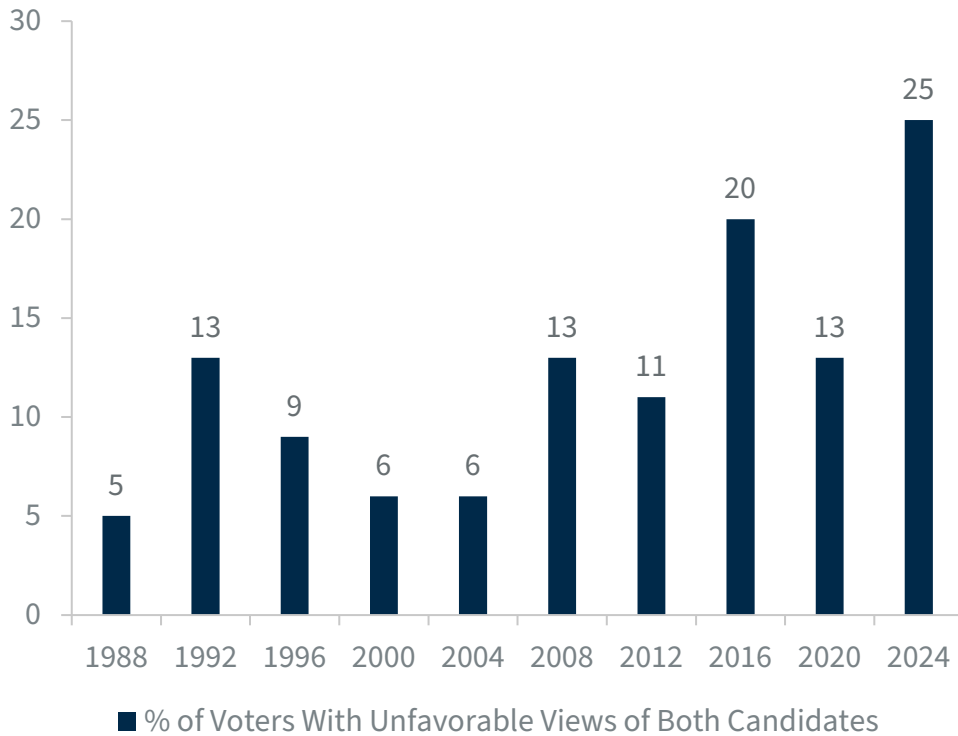
Trump Leads in National Polling Average

Source: FactSet, Data as of 6/30/2024.

A TIGHT RACE IS LIKELY AGAIN

RECENT HISTORY SUGGESTS THAT THIS ELECTION COULD COME DOWN TO A FEW VOTES

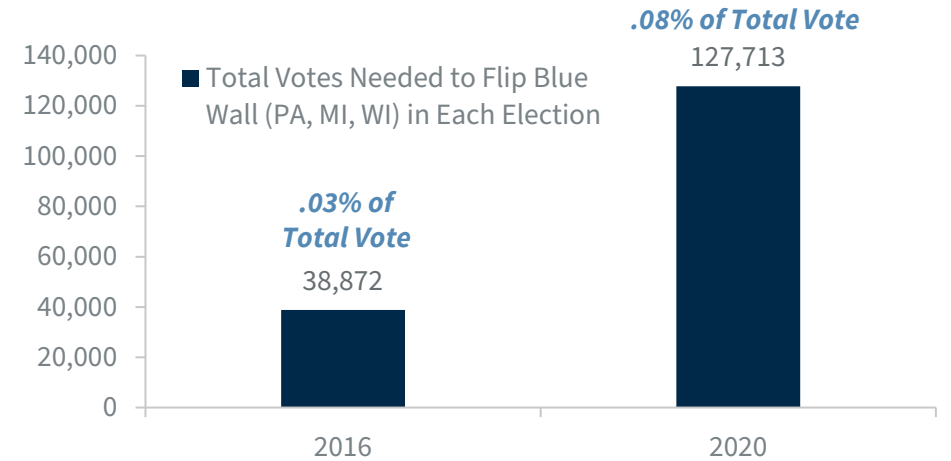
Two Most Unliked Candidates in History



Source: FactSet, Data as of 6/30/2024. 5-Way vote includes third party candidates Robert Kennedy Jr, Jill Stein and Cornel West.

5
10%
of Vote Robert Kennedy Jr. is Receiving, On Average, in 5-Way Vote

Split Government the Most Likely Outcome



Key Items to Watch

- 1 Health Issues
- 2 Legal Cases
- 3 Fundraising
- 4 VP Announcement

EQUITY PERFORMANCE A KEY PREDICTOR OF ELECTION OUTCOME

THE THREE-MONTH EQUITY PERFORMANCE LEADING UP TO THE ELECTION VS EQUITY IMPACT OF FIRST CUT

Three-Month Equity Performance

	Three Month Performance into Election	Incumbent Party Win?	Predict Outcome?
1928	14.9%	Yes	
1932	-2.6%	No	
1936	7.9%	Yes	
1940	8.6%	Yes	
1944	2.3%	Yes	
1948	5.4%	Yes	
1952	-3.3%	No	
1956	-2.6%	Yes	
1960	-0.7%	No	
1964	2.6%	Yes	
1968	6.5%	No	
1972	6.9%	Yes	
1976	-0.1%	No	
1980	6.7%	No	
1984	4.8%	Yes	
1988	1.9%	Yes	
1992	-1.2%	No	
1996	8.2%	Yes	
2000	-3.2%	No	
2004	2.2%	Yes	
2008	-19.5%	No	
2012	2.5%	Yes	
2016	-1.9%	No	
2020	1.2%	No	

Performance Following Cut

	Performance in 97 Days Following Cuts (Length of Time from July FOMC to Election)	Performance in 48 Days Following Cuts (Length of Time from September FOMC to Election)
Jul-74	-10.3%	-19.0%
Apr-80	15.8%	5.4%
Jun-81	-13.0%	-2.0%
Sep-84	-2.7%	0.8%
Jun-89	8.3%	4.3%
Jul-95	4.6%	0.6%
Jan-01	-13.3%	-5.1%
Sep-07	0.5%	2.2%
Aug-19	4.2%	1.8%
Average	-0.7%	-1.2%
Median	+0.5%	+0.8%

Source: FactSet, Data as of 6/30/2024.

FORECAST FOR ELECTION OUTCOMES

WE EXPECT GRIDLOCK STEMMING FROM 2024 PRESIDENTIAL ELECTION, BUT DO NOT UNDERESTIMATE THE POTENTIAL FOR A SWEEP

2024 Election Scenario Analysis

	Projection	Rationale
President	60%/40% Trump Over Biden	<ul style="list-style-type: none">• Trump currently leading in all six swing states• Economy remains on solid footing, favoring Biden• Both candidates have two of the lowest approval ratings in history
Senate	75% Probability Of <u>Republican</u> Win	<ul style="list-style-type: none">• Base case is 50 Dem/50 Rep seats to start with Senator Manchin (D-WV) retiring and high likelihood Republicans win• Republicans need to flip one additional seat to control• Three toss-up seats (AZ, MT, OH), all of which Democrats are defending
House	55% Probability Of <u>Democratic</u> Win	<ul style="list-style-type: none">• 190 and 202 Solid/Likely Dem/Rep seats respectively• 17 Republican held House seats in Biden districts• Due to redistricting, only 23 toss-up competitive seats in 2024 – this is down from 164 in 1998

Source: FactSet, Data as of 6/30/2024.

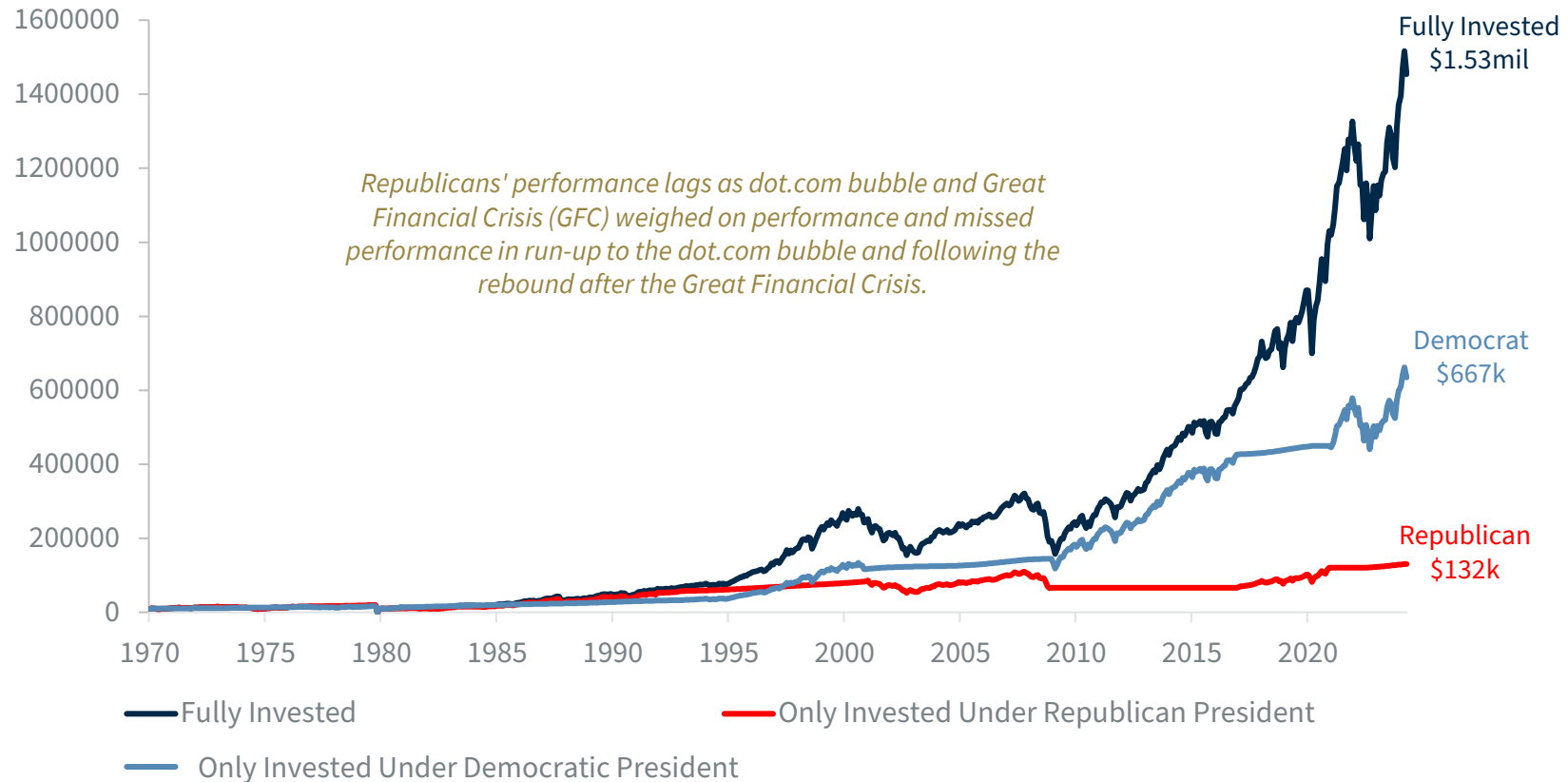
AVOID THE POLITICAL NOISE WHEN INVESTING

STAYING INVESTED THROUGHOUT POLITICAL CYCLES HAS PROVEN CRITICAL

Politics Not at the Top of Investing Framework

- 1 Economic Growth
- 2 Earnings Growth
- 3 Monetary Policy
- 4 Interest Rates & Inflation
- 5 Valuations
- 6 Sentiment
- 7 Corporate Activity
- 8 Politics
- 9 Natural Calamities
- 10 Geopolitical Events

Staying Fully Invested Is Key



Source: FactSet, Data as of 6/30/2024. For study, when investor is not invested in equity market, the investor is invested in cash.



8

Asset Allocation

Synchronized Swimming: More than Meets the Eye

INSIGHT:

Much like synchronized swimming, much of what occurs in developing an asset allocation framework happens beneath the surface. Maintaining asset allocation principles is critical.

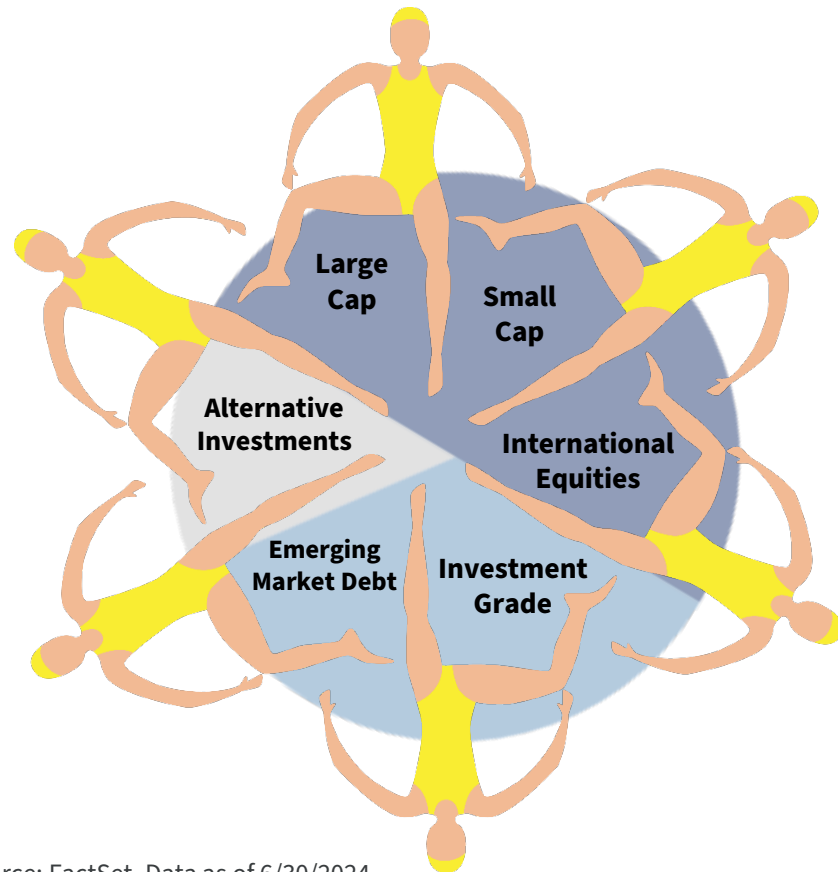
BOTTOM LINE:

Sticking to your asset allocation framework is critical to achieving financial goals. Work with your coach (financial advisor) to pursue a gold (financial freedom) medal!

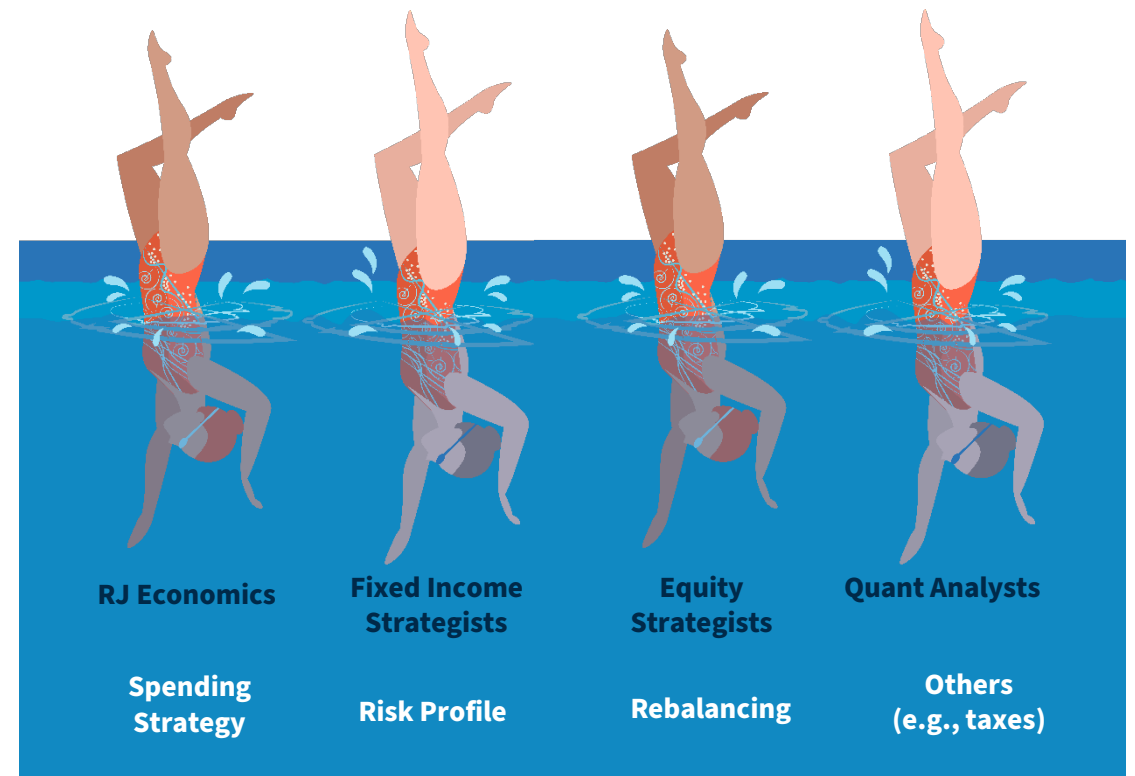
MORE THAN MEETS THE EYE TO ASSET ALLOCATION

SIMILAR TO SYNCHRONIZED SWIMMING, MUCH OF THE EFFORT OCCURS BENEATH THE SURFACE

Portfolio Allocation—Diversification is Key



Strategists' Synchronized Performance



Source: FactSet, Data as of 6/30/2024.

ASSET ALLOCATION

"The hardest days are best because that's when champions are made."

-Simone Biles

"Chase your own dreams, not the dreams of others."

-Katie Ledecky

"You can't be afraid to fail. It's the only way you succeed - you're not gonna succeed all the time, and I know that."

-Lebron James

"The most important lesson surfing has taught me is to commit, paddle hard, let go of the rails and enjoy the ride"

-Carissa Moore

"If everything is choreographed from the beginning to end, you just look robotic."

-Victor Montalvo (B-Boy Victor)

"Having discipline means choosing between what you want now and what you want most."

- Christian Pulisic

"There are so many things that are out of your control when you surf and I think you have to focus on the things you can control."

- Caroline Marks





UPCOMING WEBINARS

September 9 | 4:00 pm ET

Market Outlook and Timely Investment Topics

This presentation will discuss recent market and economic trends and impacts.

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INTERNATIONAL INVESTING | International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Investing in emerging markets can be riskier than investing in well-established foreign markets.

SECTORS | Sector investments are companies engaged in business related to a specific economic sector and are presented herein for illustrative purposes only and should not be considered as the sole basis for an investment decision. Sectors, including the Technology sector, are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

OIL | Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

WEST TEXAS INTERMEDIATE | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

CURRENCIES | Currencies investing are generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

GOLD | Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

FIXED INCOME | Fixed-income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise.

US TREASURIES | US Treasury securities are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value.

US TREASURY INDEX | An index based on recent auctions of US Treasury bills and is commonly used as a benchmark when determining interest rates, such as mortgage rates.

CAPEX | CAPEX Capital Expenditures are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment. CapEx is often used to undertake new projects or investments by a company.

FIXED INCOME DEFINITION

AGGREGATE BOND | **Bloomberg US Agg Bond Total Return Index:** The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

HIGH YIELD | **Bloomberg US Corporate High Yield Total Return Index:** The index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

CREDIT | **Bloomberg US Credit Total Return Index:** The index measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government related bond markets. It is composed of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supnationals and local authorities.

US DOLLAR | The U.S. Dollar Index is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.

200 DAY MOVING AVERAGE | The 200-day moving average is a popular technical indicator which investors use to analyze price trends. It is simply a security's average closing price over the last 200 days.

US INDEXES AND EQUITY SECTORS DEFINITION

S&P 500 | The **S&P 500 Total Return Index**: The index is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 7.8 trillion benchmarked to the index, with index assets comprising approximately USD 2.2 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

RUSSELL 2000 | **Russell 2000 Total Return Index**: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

INTERNATIONAL EQUITY DEFINITION

EMERGING MARKETS EASTERN EUROPE | **MSCI EM Eastern Europe Net Return Index**: The index captures large- and mid-cap representation across four Emerging Markets (EM) countries in Eastern Europe. With 50 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

EMERGING MARKETS | **MSCI Emerging Markets Net Return Index**: This index consists of 23 countries representing 10% of world market capitalization. The index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 23 countries.

MSCI EAFE | The **MSCI EAFE** (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations.

GERMAN BUND | A bund is a debt security issued by Germany's federal government, and it is the German equivalent of a U.S. Treasury bond.

SMALL CAP | Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. The prices of small company stocks may be subject to more volatility than those of large company stocks.

LARGE-CAP STOCK | also known as big caps are shares that trade for corporations with a market capitalization of \$10 billion or more. Large-cap stocks tend to be less volatile during rough markets as investors fly to quality and stability and become more risk-averse

MSCI AC WORLD EX-US | The **MSCI AC ex USA** Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries*. With 2,215 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.

LATAM | **MSCI EM Latin America Net Return Index**: The index captures large- and mid-cap representation across five Emerging Markets (EM) countries in Latin America. With 116 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

ASIA EX-JAPAN | **MSCI Pacific Ex Japan Net Return Index**: The index captures large- and mid-cap representation across four of 5 Developed Markets (DM) countries in the Pacific region (excluding Japan). With 150 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

JAPAN | **MSCI Japan Net Return Index**: The index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 319 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

COMMODITIES DEFINITION

BLOOMBERG COMMODITY INDEX | Bloomberg Commodity Index is a commodity group sub index of the Bloomberg CITR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

WTI | West Texas Intermediate can refer to a grade or a mix of crude oil, and/or the spot price, the futures price, or the assessed price for that oil; colloquially WTI usually refers to the price of the New York Mercantile Exchange WTI Crude Oil futures contract or the contract itself.

BLOOMBERG EMERGING MARKETS AGGREGATE BOND INDEX | The Bloomberg Emerging Markets Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

ZILLOW OBSERVED RENT INDEX | A measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to 65th percentile range. Available as a smoothed, seasonally adjusted measure and as a raw measure.

[ADOBE DIGITAL PRICE INDEX](#) | The Digital Price Index is the most comprehensive measure of inflation in the digital economy, and it's made possible by the ability of Adobe Analytics to turn terabytes of data into useable insights.

[NAR HOUSING AFFORDABILITY INDEX](#) | The Housing Affordability Index measures whether or not a typical family earns enough income to qualify for a mortgage loan on a typical home at the national and regional levels based on the most recent price and income data.

[COX AUTOMOTIVE INDEX](#) | The Cox Automotive/Moody's Analytics Vehicle Affordability Index measures the ability of a household earning the median income to afford the purchase of an average-priced automobile.

[MUNICIPAL SECURITIES](#) | Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

[REBALANCING](#) | Rebalancing a non-retirement account could be a taxable event that may increase your tax liability.

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