CHIEF INVESTMENT OFFICE

Capital Market Outlook

December 2, 2024

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

IN THIS ISSUE

Macro Strategy—*International Equity Markets: U.S. Versus The Rest of the World:* Global equity markets in 2024 have largely been bifurcated between strong returns in the U.S. and weaker returns elsewhere. And in the month since the U.S. presidential election, the gap has widened further. Fundamental advantages in balance sheet strength, earnings growth and cashflow generation should remain relative supports for U.S. markets, while the prospect of new import tariffs on overseas trading partners and a potential upward bias to rates and the dollar would represent a relative headwind for International Equities. We expect this pattern to persist going into 2025 and retain our tactical preference for U.S. markets over the rest of the world.

Market View—*3 Key Takeaways from Q3 Earnings Season:* A year ago, Bloomberg surveyed Wall Street and reported that the average strategist expected the S&P 500 to finish 2024 at 4,833. Among the index's milestones since then: a 24% year-to-date (YTD) ascent featuring 51 new all-time highs, not to mention clearing 6,000 just 190 trading days after clearing 5,000 for the first time in February. Whether this uptrend can continue into 2025 will depend on a multitude of factors, chief among them being how company earnings hold up in the coming quarters.

With Q3 earnings season coming to a close, the S&P 500 is on track for 5.9% year-over-year (YoY) earnings growth, marking the fifth straight quarter in positive territory. Three key takeaways stand out: First, corporate profits continue to show signs of "broadening" despite strength from the Magnificent 7[1]. Second, with four hyperscalers—Alphabet, Amazon, Meta, and Microsoft—on track to spend more than $200 billion in capital expenditures (capex) this year, all eyes are on whether Artificial Intelligence (AI) spend meaningfully contributes to economic growth in 2025. Finally, higher-income consumers keep on keeping (spending) on, bolstering consumer expenditures for now but key to watch into the new year.

Thought of the Week—*Could Housing Be a Bright Spot for 2025?:* Recent data has been mixed regarding the current state of the housing market, making it a challenging environment for investors to navigate. Headwinds, such as a high 30-year fixed mortgage rate and weakening house starts and building permits data have proven to be drags on the housing market this year. But positive factors, such as builder confidence and existing home sales data, alongside the expectation for mortgage rates to potentially fall to 6% could allow investors to become more confident about the housing market. Ultimately, more data is needed to determine the direction of housing going into 2025.

[1]Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft, and Tesla.

MACRO STRATEGY ▶

Ehiwario Efeyini
Director and Senior Market Strategy Analyst

MARKET VIEW ▶

Ariana Chiu
Wealth Management Analyst

THOUGHT OF THE WEEK ▶

Theadora Lamprecht
Assistant Vice President and Investment Strategist

MARKETS IN REVIEW ▶

Data as of 12/2/2024, and subject to change

Portfolio Considerations

We maintain our tactical Equity overweight relative to Fixed Income, our diversified, balanced approach in Growth versus Value, and continue to favor the U.S. relative to the rest of the world as we close out the choppiness at the end of 2024.

Our highest conviction Fixed Income call remains that the yield curve will normalize by short rates moving lower, and investors, in our opinion, should therefore consider moving out investable cash in Fixed Income to their strategic duration target, as cash yields are likely to decrease relatively quickly from here, and the short-term backup in yields may be an opportunity.

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MACRO STRATEGY

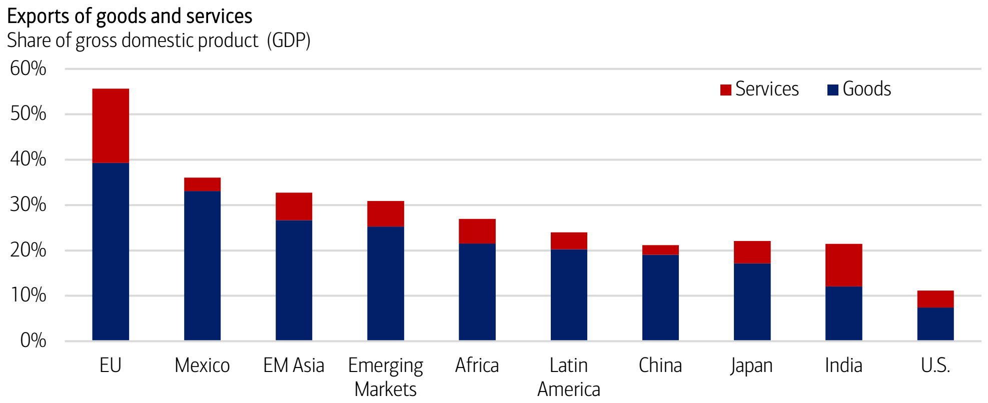
International Equity Markets: U.S. Versus The Rest of the World

Ehiwario Efeyini, Director and Senior Market Strategy Analyst

Global equity markets in 2024 have largely been bifurcated between strong returns in the U.S. and weaker returns elsewhere. And in the month since the U.S. presidential election, the gap has widened further. We would expect this pattern to persist going into 2025 and retain our tactical preference for U.S. markets over the rest of the world.

In addition to fundamental advantages in balance sheet strength, earnings growth and cashflow generation, two main channels are likely to keep U.S. leadership intact next year under the new administration. First, the prospect of new import tariffs on overseas trading partners would represent a relative headwind for international markets, even in the event that they were to provoke retaliatory policies from foreign governments. The U.S. remains far less trade-exposed than other major economies around the world, particularly in goods exports where the tariffs would be levied. And by contrast, key markets like Europe, Asia and Mexico would be far more vulnerable to new export barriers (Exhibit 1).

Exhibit 1: International Economies More Goods Trade-Exposed Than the U.S.



Source: United Nation Trade and Development. Data as of 2023.

The outlook for U.S. rates and the dollar should also keep relative pressure on international markets. A pro-growth U.S. policy agenda of lower taxes, deregulation and support for domestic manufacturing is likely to make for higher yields (if inflation is biased upward and expectations for Federal Reserve (Fed) easing are dialed back) and a stronger dollar (should yields move higher, the trade deficit narrow and U.S. capital inflows rise). Higher yields and stronger dollar have historically weighed on relative returns for International Equities, particularly in EM. And though most emerging economies are more insulated today due to their smaller current account deficits, larger foreign exchange reserves and lower levels of foreign currency debt, we would still expect this to be a source of relative weakness for international markets.

On the flip side, U.S. dollar strength would also help to offset the negative effect of tariffs on foreign exporters, owing to the consequent decline in the underlying price of their exports in dollar terms. And separately, any additional tariff applied to China exports could incentivize more investment into other low-cost EMs such as southeast Asia or India. We therefore remain neutral in our EM positioning but would expect the environment to remain challenging going into 2025. We also expect greater challenges for non-U.S. developed markets next year. Europe in particular is among the most trade-exposed economies in the world through autos and capital goods exports, and would see its growth further undermined by the imposition of U.S. tariffs. Geopolitical risks stemming from the potential for less U.S. defense support could also serve to weaken cohesion across European Union (EU) member countries, potentially increasing local credit risk. Outside the EU, the U.K. (which has a 53% services share in its total exports) should be less vulnerable

Portfolio Considerations

Policy changes under the incoming U.S. administration are likely to reinforce our preference for U.S. Equities over the rest of the world. Europe appears among the most vulnerable of the developed markets, alongside China and Mexico in the emerging world. India by contrast should be relatively well positioned in our view. We remain tactically overweight in the U.S., neutral in Emerging Markets (EM) and underweight in non-U.S. developed Equities.

to new U.S. tariffs. And while Japan is still the only major economy in monetary tightening mode (with the potential for the pace of rate hikes to quicken should the yen weaken further), we continue to expect local drivers from sustained positive inflation and corporate reforms to play a key role in market direction.

In our view, three countries in particular are likely to bear watching next year as the new U.S. administration begins to implement its policy agenda. The outlook for the two dominant countries in the EM benchmark—China and India—is likely to diverge. U.S. import tariffs would weigh more heavily on China given its near-20% of GDP exposure to goods exports. And, particularly if set at a higher level than in the rest of the world, this could accelerate the process of reshoring foreign direct investment (FDI) away from the China market. But perhaps just as important, the domestic outlook for China also remains unfavorable. Local firms continue to contend with the legacy of regulatory tightening in the technology sector. Curbs on access to advanced semiconductors from U.S. export controls could tighten under the incoming administration, further hampering growth in the tech sector. And structural weakness in the construction industry (which has been the main driver of past economic recoveries in China) shows no signs of a material turnaround. Whether or not China authorities decide to pursue a larger fiscal stimulus remains to be seen, but the local government refinancing measures unveiled at last month's National People's Congress meetings disappointed investors. And despite optimism over the announcements made in late-September, the government has so far shown limited willingness to take more comprehensive steps to support the real estate market or household finances.

India by contrast should benefit from its relatively large trade exposure to services as opposed to goods. And its domestic manufacturing capacity and household incomes should gain from any additional migration of FDI away from China. Alongside southeast Asia and Mexico, India is often cited as a preferred destination by multinationals when surveyed about their operational intentions. Two additional investment themes that we expect to develop for India over the medium term are the digitization of the local economy and the rise of the consumer class. The government has focused on digital public infrastructure, primarily through the Aadhaar digital identity system and the digital Unified Payments Interface system, leading to a surge in online transactions. And more funding tailwinds for local fintech services in India could also result from the current regulatory constraints in China. Along with the official government scheme to expand the number of personal bank accounts within India, the growth of the digital economy should help to boost consumption levels—both through the more efficient distribution of government transfers and through wider access to credit.

Given its proximity to the U.S. in terms of trade, investment and migration, Mexico should also be materially affected by policy shifts under the new U.S. government. Perhaps the biggest concern is the potential threat to inbound investment into the manufacturing sector. The U.S.-Mexico-Canada Agreement (USMCA) on free trade is set to be reviewed in mid-2026, and the potential remains for individual provisions to be tightened in order to deter potential FDI into Mexico from China, primarily in the auto industry. Less inward investment and a slower pace of exports to the U.S. (which alone account for close to 30% of Mexican GDP) would come as a significant headwind to growth for the Mexican economy. And on the migration side, a tightening of U.S. policy would also reduce remittances coming into Mexico, which account for around an additional 4% of Mexican GDP. Budget consolidation by the federal government would at the same time also limit its capacity to offset these constraints via fiscal expansion. Therefore, alongside China, we would also view Mexico as one of the major global markets most at risk next year from the policy agenda of the incoming U.S. administration.

MARKET VIEW

3 Key Takeaways from Q3 Earnings Season

Ariana Chiu, Wealth Management Analyst

A year ago, Bloomberg surveyed Wall Street and reported that the average strategist expected the S&P 500 to finish 2024 at 4,833.[2] Since then, the benchmark's 26% YTD ascent has been nothing short of remarkable. In the face of mixed economic data, the start of the first Fed easing cycle in four years, a historic U.S. presidential election, ongoing geopolitical conflict overseas and more, the S&P 500 has managed to make 53 new all-time highs YTD—well above the annual average of 14 going back to 1932. Also among this year's milestones: surpassing 6,000 just 190 trading days after clearing the 5,000 threshold for the first time in February.

Whether the uptrend in U.S. Equities can continue into 2025 will depend on a multitude of factors, chief among them being how company profits hold up in the coming quarters. With 97% of names having reported Q3 results, the S&P 500 is on track for 5.9% YoY earnings-per-share (EPS) growth, above expectations and marking the fifth consecutive quarter of earnings growth following a brief earnings recession in 2023.[3] Revenue growth was similarly solid at 5.4% YoY, its best showing since Q3 2022. Below we discuss three key takeaways from Q3 earnings season and their implications for investors heading into 2025.

Earnings Breadth: Slow but Steady. Results from Q3 2024 earnings season suggested earnings growth continued to show signs of "broadening" after several quarters dominated by mega cap tech stocks. Yes, strength from S&P 500 heavyweights persisted. The so-called "Magnificent 7" closed yet another quarter of impressive double-digit growth in Q3, tracking just above 20% YoY—an impressive feat considering the cohort's 51% growth in the same quarter last year.

Yet as Exhibit 2A shows, the remaining 493 names in the index managed its second straight quarter of positive earnings growth, up an estimated 2.4% over the year. (Remember that this cohort emerged from negative earnings purgatory in Q2 2024 for the first time since Q4 2022.) Sectors like Financials and Healthcare exhibited solid profit growth while more cyclical areas including Energy and Materials remain challenged by lower oil prices and weak demand from China. Excluding Energy alone, S&P 500 profits grew by closer to 8.2% YoY in Q3.

Heading into 2025, we expect earnings to broaden further, assisted by a strong macroeconomic backdrop, lower costs of capital and AI-led innovation. Indeed, consensus expects 13% EPS growth for the rest of the index in 2025, with all 11 sectors in the green by Q3 next year. For investors, greater participation in earnings growth augers for greater participation in equity returns in 2025.

Hyperscalers Spend Big on AI. When it comes to AI, the largest technology companies in the U.S. are not afraid to spend. Q3 earnings season confirmed this and more, with the four major hyperscalers on track to spend more than $200 billion in capex this year. Per Exhibit 2B, these hyperscalers now allocate as much in one quarter as they did annually just a few years ago.

What does this mean for investors? The AI arms race is nothing if not a race for resources, and opportunities to invest in the AI buildout extend well beyond mega cap technology. Power-hungry data centers will require and support greater investment in generation, transmission, energy storage and distribution, and cleaner energy sources well equipped to handle 24/7 demands for reliable electricity. We continue to emphasize structural tailwinds

[2] Bloomberg as of December 19, 2023.

[3] Beginning in Q4 2022, the S&P 500 experienced three consecutive quarters of negative earnings growth.

Investment Implications

We expect earnings to broaden further into 2025, which should support greater participation in equity returns. Leaders in electricity distribution, mineral processing and refining, and makers of industrial cables for long-distance power transmission could benefit from strong AI investment and increasing electricity demand. Finally, provided a stable labor market, we expect the U.S. consumer to continue driving solid economic growth in the coming months.

behind Utilities and strategic commodities primed for the surge in electricity demand ahead.

Of course, from upgrading U.S. aging infrastructure to developing next-generation nuclear technology, progress won't happen overnight. Regulatory hurdles, uncertainty surrounding costs, and labor shortages will be key to monitor in the coming years. But if there's anything we can learn from hyperscalers' recent commitments, it's this: The U.S. private sector is leading the U.S. in the AI arms race. We remain watchful of how AI investment translates to economic growth in 2025.

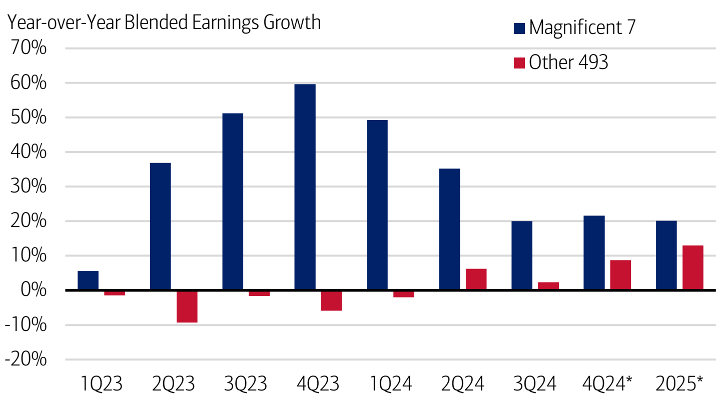
Still a Tale of Two Consumers. The U.S. consumer has defied expectations this year, uplifted by low unemployment, relatively healthy balance sheets and a flourishing "wealth effect" supporting higher-income households. Still, Q3 earnings commentary from America's largest retailers reaffirmed a harsh but important truth: The U.S. consumer is not a monolith.

Lower-income households continue to face the one-two punch of higher prices and stubborn rates, "trading down" and favoring essential items. Wealthier consumers, meanwhile, keep on keeping (spending) on. Proof is in the equity market, with Consumer Discretionary handily outperforming Consumer Staples over the last three months on both a cap-weighted (+17%) and equal-weighted (+13%) basis.[4]

The good news for the U.S. consumer, and thus the broader U.S. economy, is twofold. First, the labor market remains healthy for now, with jobs and real wage growth providing key spending fuel across income cohorts. Second, higher-income consumers are doing just fine—a reality worth appreciating, given that the top 10% of households drive 21.5% of consumption in the U.S.[5] With household net worth at $164 trillion,[6] home prices still climbing, and major U.S. indexes near all-time highs, we expect this consumer to continue spending into year-end.

Exhibit 2: Data to Watch in 2025.

2A) S&P 500 Earnings Expected to Broaden into 2025.



2B) Hyperscaler Spend On Track to Surpass $200 Billion This Year.

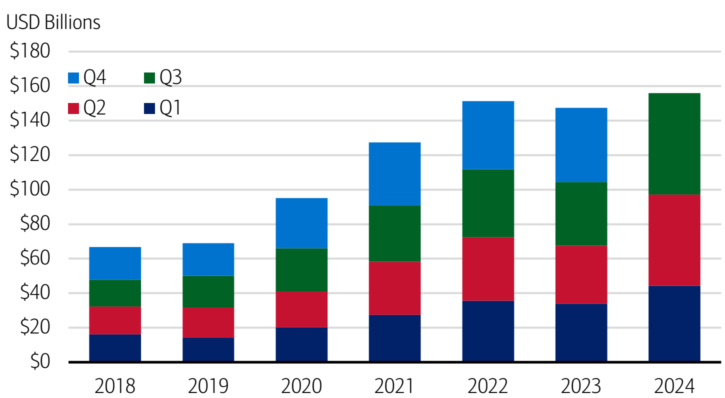


Exhibit 2A) *Estimate. Source: FactSet. Data as of November 26, 2024. Exhibit 2B). Source: Factset. 2024 data through Q3. Data as of November 21, 2024.

Looking ahead, we expect earnings strength to persist into 2025, supported by further broadening beyond mega cap tech leadership, margins lifted by productivity gains and resilient economic growth. Proposed policy changes of the incoming administration, including deregulation efforts and a lower corporate tax rate, may also boost corporate profits. Uncertainty remains, but we believe that corporate America, ever nimble and entrepreneurial, is prepared to weather the storm. In other words, stay long U.S. Equities.

[4] Bloomberg. Data as of December 2, 2024.

[5] Bureau of Economic Analysis. Data refers to 2022, latest available.

[6] Federal Reserve. Data refers to Q2 2024, latest available.

THOUGHT OF THE WEEK

Could Housing be a Bright Spot for 2025?

Theadora Lamprecht, Assistant Vice President and Investment Strategist

Recent data has been mixed regarding the current state of the housing market, making it a challenging environment for investors to navigate. Most notably, mortgage rates have ticked back up, with the 30-year fixed mortgage rate rising to around 7.24% as of last week, its highest level since July.[7] Housing starts and building permits data came in softer than expected for October, decreasing -3.1% and -0.4% to the prior month, respectively. Additionally, new home sales declined -17.3% in October. Furthermore, the median price of a house sold in the U.S. is around $420,400 as of Q3 2024.[8] While not at the all-time high seen in 2022, prices continue to remain significantly high and above prepandemic levels, which were around $329,000 for Q1 2020. Both the production and consumption sides within housing are feeling the crunch amid stubborn mortgage rates.

While concerning, there are still positive signs within housing. Moreover, the other week saw existing home sales rise 3.4% to 3.96 million sales for October, which was also the first YoY gain since July 2021.[9] Furthermore, sentiment remains positive amongst consumers as we've seen the Fannie Mae Home Purchase Sentiment Index increase to 74.6 for October, reaching its highest level since February 2022 and significantly higher than the indicator's all-time low of 56.7 recorded two years ago. From the production side, the National Association of Home Builders Index was up three points in November to 46, suggesting builder confidence improved.

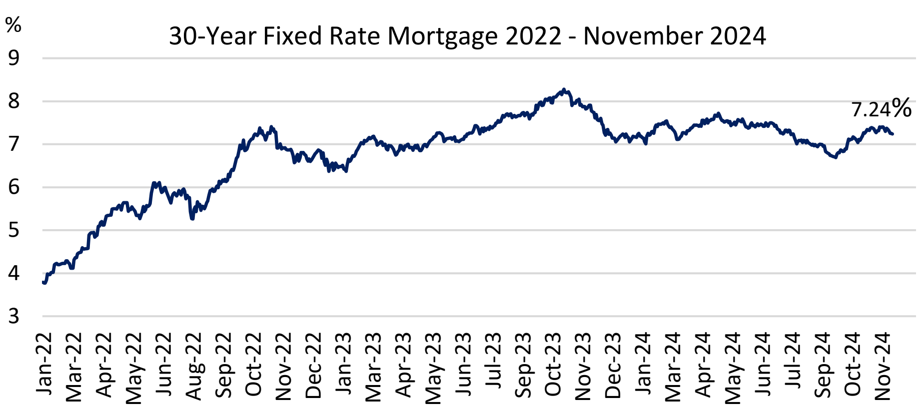
As housing accounts for around 15% to 18% of U.S. GDP, it has a prominent multiplier effect on the economy. With BofA Global Research expecting the Fed to continue easing with an additional three interest rate cuts, this may provide more confidence for 2025. Housing could experience a rebound if sentiment, housing starts and building permits continue to improve alongside the expectation that mortgage rates could fall to 6%.

Ultimately, further data is needed for investors to become more confident about the housing market. Inflation, where shelter contributes over one-third and has increased recently, alongside the Fed's terminal rate and the impacts of changes from a new presidential administration, will be watched closely to anticipate the course of the housing market.

Portfolio Considerations

While the outlook for U.S. housing data remains mixed in 2025, we still remain positive on the U.S. economy overall given a strong consumer, a still-solid labor market, capex spending, and overall economic growth. We continue to await further direction from the Fed, whose policy will help chart the course for the housing market.

Exhibit 3: Data Remains Mixed Within Housing as Mortgage Rates Continue to Churn Higher.



Sources: Wall Street Journal, Haver Analytics. Data as of November 27, 2024.

[7] Wall Street Journal, Haver Analytics. Data as of November 27, 2024.

[8] Federal Reserve Bank of St. Louis, U.S. Census Bureau. Data as of November 25, 2024. Most recent data available.

[9] National Association of Realtors, Bloomberg. Data as of November 25, 2024.

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Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	44,910.65	1.4	7.7	21.2
NASDAQ	19,218.17	1.1	6.3	28.9
S&P 500	6,032.38	1.1	5.9	28.1
S&P 400 Mid Cap	3,366.18	0.8	8.8	22.7
Russell 2000	2,434.73	1.2	11.0	21.6
MSCI World	3,810.14	1.2	4.6	21.8
MSCI EAFE	2,315.77	1.8	-0.6	6.2
MSCI Emerging Markets	1,078.57	-0.8	-3.6	7.7

Fixed Income†

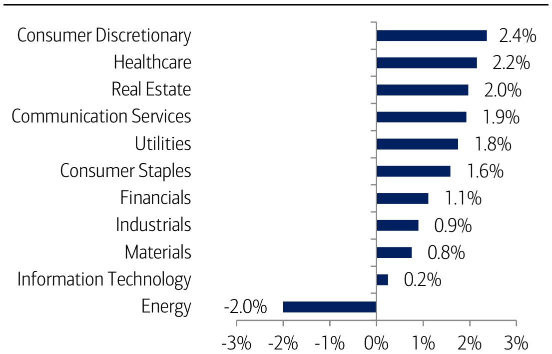
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.53	1.44	0.97	2.89
Agencies	4.45	0.74	0.61	3.68
Municipals	3.45	0.84	1.73	2.55
U.S. Investment Grade Credit	4.64	1.39	1.06	2.93
International	5.05	1.59	1.34	4.14
High Yield	7.14	0.44	1.15	8.66
90 Day Yield	4.49	4.54	4.54	5.33
2 Year Yield	4.15	4.37	4.17	4.25
10 Year Yield	4.17	4.40	4.28	3.88
30 Year Yield	4.36	4.59	4.48	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	236.21	-0.8	0.4	4.3
WTI Crude $/Barrel††	68.00	-4.5	-1.8	-5.1
Gold Spot $/Ounce††	2643.15	-2.7	-3.7	28.1

	Total Return in USD (%)			
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.06	1.04	1.09	1.10
USD/JPY	149.77	154.78	152.03	141.04
USD/CNH	7.25	7.26	7.12	7.13

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 11/25/2024 to 11/29/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 11/29/2024 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 11/29/2024)

	2024E	Q1 2024A	Q2 2024A	Q3 2024A	Q4 2024E	2025E
Real global GDP (% y/y annualized)	3.1	-	-	-	-	3.2
Real U.S. GDP (% q/q annualized)	2.7	1.6	3.0	2.8	2.0	2.4
CPI inflation (% y/y)	2.9	3.2**	3.2**	2.6**	2.6	2.4
Core CPI inflation (% y/y)	3.4**	3.8**	3.4**	3.2**	3.2**	3.0**
Unemployment rate (%)	4.0**	3.8**	4.0**	4.2**	4.2**	4.3**
Fed funds rate, end period (%)	4.38	5.33	5.33	4.83	4.38	3.88

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 November 29, 2024. **As of November 15, 2024.

Asset Class Weightings (as of 11/5/2024)

Asset Class	CIO View: Underweight		Neutral	Overweight	
Global Equities				●	
U.S. Large Cap Growth			●		
U.S. Large Cap Value				●	
U.S. Small Cap Growth				●	
U.S. Small Cap Value				●	
International Developed		●			
Emerging Markets			●		
Global Fixed Income		●			
U.S. Governments				●	
U.S. Mortgages				●	
U.S. Corporates		●			
International Fixed Income			●		
High Yield		●			
U.S. Investment-grade Tax Exempt			●		
U.S. High Yield Tax Exempt		●			
Cash					

CIO Equity Sector Views

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

CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio.
Source: Chief Investment Office as of November 5, 2024. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.

S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

Fannie Mae Home Purchase Sentiment Index is a single number that reflects consumers' current views and expectations about the housing market.

National Association of Home Builders Index is a monthly survey that gauges the health of the single-family housing market.

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

Investments have varying degrees of risk. Some of the risks involved with equity securities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Small cap and mid cap companies pose special risks, including possible illiquidity and greater price volatility than funds consisting of larger, more established companies. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. When interest rates go up, bond prices typically drop, and vice versa. Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Treasury bills are less volatile than longer-term fixed income securities and are guaranteed as to timely payment of principal and interest by the U.S. government. Bonds are subject to interest rate, inflation and credit risks. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. There are special risks associated with an investment in commodities including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors. Investing directly in Master Limited Partnerships, foreign equities, commodities or other investment strategies discussed in this document, may not be available to, or appropriate for, clients who receive this document. However, these investments may exist as part of an underlying investment strategy within exchange-traded funds and mutual funds.

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.

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