Before the Bell

An Ameriprise Investment Research Group Publication

December 14, 2023

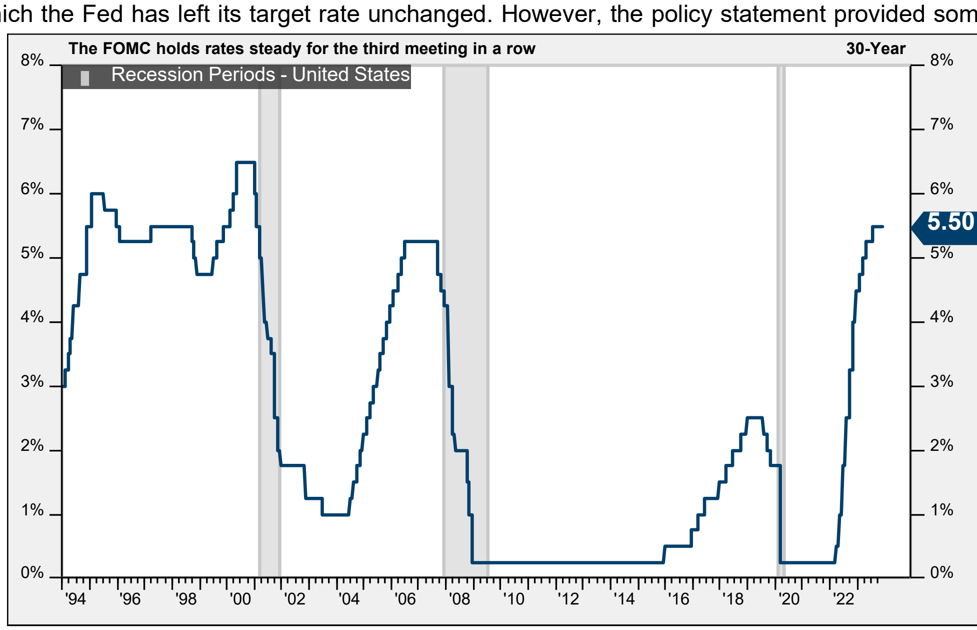
Starting the Day

- U.S. futures are pointing to a higher open
- European markets are trading higher at mid-day
- Asian markets ended higher overnight
- The Fed gets more dovish on the margin
- Stocks hit new highs
- 10-year Treasury yield at 3.94%
- West Texas Intermediate (WTI) oil is trading at $70.62
- Gold is trading at $2,050.10

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

The Fed embraces the soft-landing scenario. Stocks hit new highs. With key employment and inflation reports out of the way and coming in largely as expected, yesterday's Fed decision was the last hurdle markets had to jump over before moving into the holidays. The Federal Open Market Committee (FOMC) delivered a largely as-expected policy decision but with a few dovish twists that helped stocks add a little more holiday cheer to their already strong year-to-date gains. As expected, the Federal Reserve left the fed funds target range unchanged at 5.25% to 5.50%, as the *FactSet chart* highlights. That marked the third straight meeting in which the Fed has left its target rate unchanged. However, the policy statement provided some added dovish tones that had stocks reacting positively to an unchanged policy rate. In the policy statement, the Fed acknowledged that inflation has eased over the past year, and the Fed will be data-dependent in determining the extent of "any" additional policy firming. Notably, in the previous statement, and in relation to inflation, policymakers had referred to inflation as "elevated." In our view, the addition of the word "any" in the updated policy statement also suggests the central bank believes current rates could already be at the high water mark for this cycle, which Fed Chair Powell helped clarify in his press conference. While not much else changed in the Fed's statement, the slight language shift on inflation and lower probability of additional rate hikes were quickly perceived by the market as a subtle shift to a more dovish stance and without having to walk back the possibility of further rate hikes if necessary. In this instance, the Fed has its cake and can eat it too. The statement helped acknowledge that economic/labor conditions remain firm, continue on a trend toward normalization, and that inflation has made considerable progress toward



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moving back to the Fed's 2.0% target. At the same time, policymakers left their option open to further tighten rates if necessary, which should help keep inflation expectations anchored heading into next year. As a result, stocks rallied after the release of the statement, with the S&P 500 Index ending Wednesday higher by +1.4% (hitting a new 2023 high) and the NASDAQ Composite gaining +1.4%. The Russell 2000 Index soared higher by +3.5% yesterday, and the Dow Jones Industrials Average hit a new "all time" high.

Below are a few other nuggets of interest from yesterday's policy decision, updated Summary of Economic Projections, and Fed Chair Powell's press conference.

- The vote to hold rates steady yesterday was unanimous.
- The median "dot plot" fed funds rate forecast in the December SEP now projects roughly three 25 basis point cuts in the fed funds rate in 2024. That's one more 25 basis point cut than what was forecast in September. As we have noted in these pages previously, a projection of additional rate cuts in 2024 above September's forecast would likely be greeted positively by the stock market. Yesterday's market reaction confirms that view.
- 90% of the market now sees the fed funds rate lower in March.
- The 2024 GDP forecast ticked down to +1.4%, while 2025's GDP forecast remained unchanged at +1.8%. Notably, while current Fed projections do not forecast a recession (they likely would never indicate that), they do highlight slow economic growth ahead. As we have also noted in these pages, when growth is slow, financial conditions tend to be more fragile, and an unexpected shock can swiftly change the growth outlook and quickly weigh on stock prices.
- The unemployment rate for 2024 and 2025 remained unchanged at 4.1%.
- Core PCE inflation is forecast to fall to +2.4% by the end of 2024, 0.2 percentage points lower than the September forecast. 2025 core PCE is seen ending the year at +2.2%, down 0.1 percentage points versus September's projection.
- In his press conference, Fed Chair Powell noted that "inflation has eased from its highs, and this has come without a significant increase in unemployment. That's very good news." While he noted that inflation is still too high and the path forward is uncertain, he made an active decision not to "hawk-up" the generally more dovish tones in the policy statement and updated SEPs in his press conference.
- He also insinuated that the committee would be sensitive to cutting rates if conditions warrant and possibly before core inflation hits 2.0%. That's a key takeaway for investors from our point of view and helps further keep the soft-landing scenario in play. While the Fed will need to be confident that inflation will move to 2.0% and stay there, it may start to act with gradual easing before inflation hits the target and if it sees growth slowing more significantly. **Engineering a soft landing for a $28 trillion economy simply on the level of policy rates is a pretty tall order. However, a pragmatic policy approach, and one that encompasses a host of economic measures and that is sensitive to the lagged effects in some components of core inflation (i.e., shelter costs), is likely necessary to achieve that soft landing. Stocks and bonds rallied yesterday because it appears that Mr. Powell and company fully understand that point. Today's inflation environment is very different than the 70s and 80s and the mistakes policymakers made during the Arthur Burns era. Importantly, we believe the Fed took a critical step yesterday to recognize/communicate that as long as inflation moderates as expected next year, it has room to lower policy rates and will likely do so. That's the message investors have been waiting on for the last few meetings, and in our view, Mr. Powell finally delivered that message more directly in his press conference.**

With the major headline data and Fed meeting now out of the way for December, stocks could continue to grind a little higher into yearend. That said, we would expect trading activity to start to slow over the next week or so and as the holidays draw closer. Additionally, January has shown it can be a volatile month, both to the upside and downside.

Bottom line: Investors couldn't have asked for a better December setup for jobs data, inflation updates, and the last Fed meeting of the year. Normalizing inflation, calibrated rate cuts, and positive growth is the environment investors now expect in 2024. We tend to agree with that setup as a base case scenario. Nevertheless, risks to the outlook remain, which may not become more obvious until we move further into next year.

Look for our *2024 Outlook* reports tomorrow to help you understand the key themes we see driving economic/market conditions at the start of the new year and how to prepare for the opportunities and challenges that lie ahead.

U.S. Pre-Market Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a higher open this morning.** With the year winding down quickly, the path of least resistance for equities over the near term remains higher, in our view, with the rally building steam and finally broadening outside of this year's narrow leadership. Over the last month, stock leadership has come from Real Estate, Financials, Industrials, and Health Care. That said, mega-cap Tech stocks have also performed well over the last month, lending credence to the idea that these names don't have to fall out of bed for the rest of the market to perform well. Notably, the 10-year U.S. Treasury yield is back below 4.0% this morning, a first since August. With inflation on a downtrend, gasoline prices falling, the unemployment rate sitting at 3.7%, and lower yields helping to send stock prices to new highs late in the year, it's looking like Santa Claus may have come a little earlier than usual.

Europe:

Both the European Central Bank and Bank of England are expected to leave rate policy unchanged today. The BOE is expected to remain on hold for the third meeting in a row, though the policy statement is expected to leave the door open to further rate hikes if necessary. Prior to today's BOE announcement, the market was looking for 100 basis points in rate cuts next year, with the first cut coming in May. The ECB may look to dampen rate cut expectations today, with ECB President Christine Lagarde preferring to stress a data-dependent approach.

Asia-Pacific:

Stocks across Asia rose overnight following the dovish tones coming out of yesterday's Fed meeting. Other news flow across the region was rather quiet.

WORLD CAPITAL MARKETS

12/14/2023 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	1.4%	24.5%	4,707.1
Dow Jones	1.4%	14.3%	37,090.2
NASDAQ Composite	1.4%	41.9%	14,734.0
Russell 2000	3.5%	12.2%	1,947.5
Brazil Bovespa	0.8%	18.9%	130,521
S&P/TSX Comp. (Canada)	2.0%	9.9%	20,629.5
Mexico IPC	1.3%	17.6%	55,167.9

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	0.8%	24.4%	4,566.1
FTSE 100 (U.K.)	1.6%	6.7%	7,672.3
DAX Index (Germany)	0.6%	21.2%	16,870.4
CAC 40 (France)	1.2%	21.3%	7,618.9
FTSE MIB (Italy)	0.3%	28.2%	30,394.9
IBEX 35 (Spain)	1.4%	29.6%	10,233.2
MOEX Index (Russia)	-0.2%	47.6%	3,027.1

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	-0.7%	27.7%	32,686.3
Hang Seng (Hong Kong)	1.1%	-14.0%	16,402.2
Korea Kospi 100	1.3%	14.6%	2,544.2
Singapore STI	0.6%	0.9%	3,123.0
Shanghai Comp. (China)	-0.3%	-4.2%	2,959.0
Bombay Sensex (India)	1.3%	17.5%	70,514.2
S&P/ASX 200 (Australia)	1.7%	10.6%	7,377.9

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	0.9%	19.7%	709.3

Developed International	% chg.	%YTD	Value
MSCI EAFE	0.2%	14.2%	2,148.7

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.3%	4.6%	973.5

Note: International market returns shown on a local currency basis. The equity index data shown above is on a total return basis, inclusive of dividends.

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	0.7%	50.1%	237.0
Consumer Discretionary	1.4%	40.0%	1,395.2
Consumer Staples	1.8%	0.1%	760.8
Energy	1.2%	-4.0%	623.2
Financials	1.6%	10.4%	616.9
Health Care	1.8%	1.3%	1,580.6
Industrials	1.1%	15.3%	942.1
Materials	1.2%	9.7%	526.7
Real Estate	3.6%	9.3%	246.2
Technology	0.9%	56.7%	3,373.8
Utilities	3.7%	-4.2%	332.3

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	1.3%	14.2%	248.3
FTSE NAREIT Comp. TR	3.7%	8.7%	23,344.9
DJ US Select Dividend	2.7%	0.6%	2,975.4
DJ Global Select Dividend	2.2%	6.9%	217.4
S&P Div. Aristocrats	1.9%	7.1%	4,219.0

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	1.3%	4.2%	2,134.8
Barclays HY Bond	0.6%	10.9%	2,424.3

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	0.0%	-5.0%	541.1
NYMEX WTI Crude (p/bbl.)	2.3%	-11.4%	71.1
ICE Brent Crude (p/bbl.)	2.3%	-11.6%	76.0
NYMEX Nat Gas (mmBtu)	0.6%	-47.5%	2.3
Spot Gold (troy oz.)	0.3%	11.5%	2,033.7
Spot Silver (troy oz.)	0.9%	0.3%	24.0
LME Copper (per ton)	-0.3%	-1.5%	8,237.4
LME Aluminum (per ton)	1.2%	-10.6%	2,101.1
CBOT Corn (cents p/bushel)	0.7%	-21.9%	482.8
CBOT Wheat (cents p/bushel)	1.2%	-25.8%	612.3

Foreign Exchange (Intra-day)	% chg.	% YTD	Value
Euro (€/$)	0.5%	2.1%	1.09
British Pound (£/$)	0.6%	5.1%	1.27
Japanese Yen ($/¥)	0.7%	-7.6%	141.89
Australian Dollar (A$/$)	0.5%	-1.7%	0.67
Canadian Dollar ($/C$)	0.6%	0.8%	1.34
Swiss Franc ($/CHF)	0.3%	6.3%	0.87

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee (GAAC)

U.S. Equity Sector - Tactical Views

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Information Technology	28.2%	Overweight	2.0%	30.2%	Energy	4.0%	Equalweight	-	4.0%
Consumer Staples	6.8%	Overweight	2.0%	8.8%	Utilities	2.6%	Equalweight	-	2.6%
Health Care	13.6%	Equalweight	-	13.6%	Materials	2.5%	Equalweight	-	2.5%
Financials	12.3%	Equalweight	-	12.3%	Real Estate	2.4%	Equalweight	-	2.4%
Industrials	8.4%	Equalweight	-	8.4%	Consumer Discretionary	10.7%	Underweight	-2.0%	8.7%
As of: September 29, 2023					Communication Services	8.5%	Underweight	-2.0%	6.3%

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 06/22/2023. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	60.7%	Overweight	1.3%	62.0%	United Kingdom	3.6%	Equalweight	-	3.6%
Japan	5.6%	Overweight	1.0%	6.6%	Latin America	1.1%	Equalweight	-	1.1%
Europe ex U.K.	13.6%	Equalweight	-	13.6%	Middle East / Africa	1.3%	Underweight	-1.3%	0.0%
Asia-Pacific ex Japan	11.2%	Equalweight	-	11.2%	Canada	2.9%	Underweight	-1.0%	1.9%
as of: September 29, 2023									

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 06/22/2023. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Fixed Income Perspectives

Brian M. Erickson, CFA, VP Fixed Income Research and Strategy

Fed points to lower rate path well before core inflation reaches 2%: At the latest Fed policy follow-up press conference, Fed Chairman Jerome Powell noted that “We’re aware of the risk that we would hang on too long…and we are very focused on not making that mistake.” He further clarified that the Fed would want to reduce policy well before 2%, otherwise it would likely overshoot.

This provided a shift in our thinking with the Fed not looking to have inflation fully return to below 2% (like 1.5-1.9%) so that prices would average 2% over time; policy rate cuts may be appropriate even earlier than we anticipated. It appears the Fed would begin reducing the degree to which it is constrictive in advance of getting Core PCE inflation all the way to 2% from its level of 3.4% in October.

With this in mind, and referencing the Fed’s estimate for neutral long-term policy rates of 2.5%, the Fed would need to reduce policy rates by three full percentage points to return to neutral (5.25%-5.50% now, to 2.25%-2.50%). While that requires time to lead the policy rate lower if taking a measured approach, some of the effects of elevated policy rates would still be working to slow the economy roughly six months after the rate returns to neutral. In this context, the Fed would need a long ramp-down for cuts. When looking at the Fed’s desire not to overshoot, the Fed may begin the process of lowering policy rates once core PCE inflation passes below 3%, with expectations that the figure may continue to fall.

Connecting the dots: The often-quoted San Francisco Federal Reserve paper on the likely decline in shelter costs supported a potential glide path to lower inflation this analysis may be playing a greater role in the Fed’s thinking with the recent progress on where policy rates may need to go.

What regime is the economy returning to? Has been a question on our minds for the past quarter or two. If we are simply circling back to the context of the past decade, where the Fed’s price stability mandate held more downside due to deflationary forces in the economy post-Great Financial Crisis, the Fed would want to shift toward a neutral rate posture well in advance. However, the Fed dots suggest a gradual, multi-year track back to neutral, which would not seem to contemplate a return of some deflationary bias within the economy.

Our thinking had centered more on the tail risk of continued inflationary pressures or the stubbornness of inflation that would impact headline and core inflation measures.

Only time will tell, but the Fed seems to be hedging its bets that deflation, as unlikely as it might be, may be more of a concern than 1970s-like inflation pressures.

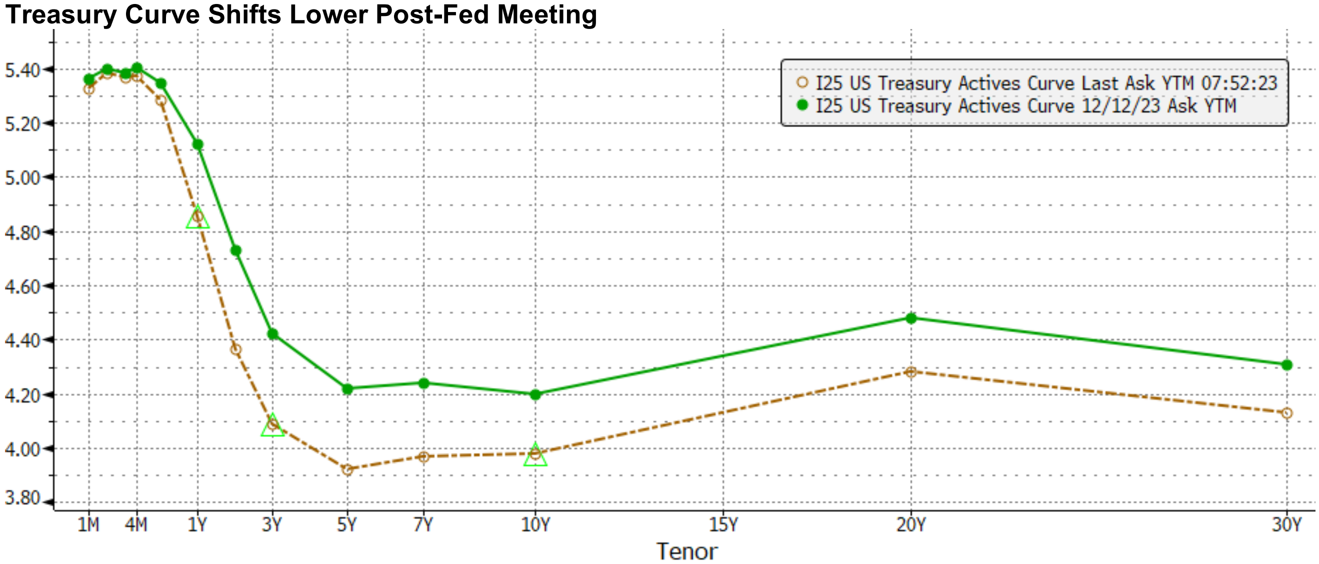
The confluence of a shrinking working population from aging global demographics, the less optimal reorientation of work due to de-globalization, and slower global growth without China's massive spending stimulus seem to suggest inflation forces may be more balanced than over the past decade.

Implications for Treasuries and fixed income. In bond markets, we believe the market is pulling forward or anticipated the Fed's potential action next year. We have been looking ahead to lower Treasury yields based on both the prospects of Fed rate cuts next year and the declining influence of the inflation premium on longer-term Treasuries. Falling yields suggest strong total return performance within fixed income allocations, especially for intermediate and long-term allocations.

Since July, we suggested that the window was open for investors to rebuild fixed income allocations where challenging performance in 2022 may have pressured positioning shorter on the curve or allocations to cash remain excessive. Pulling total return performance forward into December means investors may have missed an attractive window of returns. More will come, and hopefully, the 5.47% quarter-to-date total return on the Bloomberg US Aggregate Index confirms for investors that the 2022 is in fact history. The environment in the future appears to be centered on lower inflation and likely lower Fed policy rates, which would benefit both U.S. Treasuries and Corporate Bonds.

We will be releasing our forecast for both fed funds and 10-year Treasury yields tomorrow morning in our 2024 Fixed Income Outlook and our Top Themes 2024 reports.

Treasury Curve Shifts Lower Post-Fed Meeting



Source: Bloomberg L.P.

Economic News and Views:

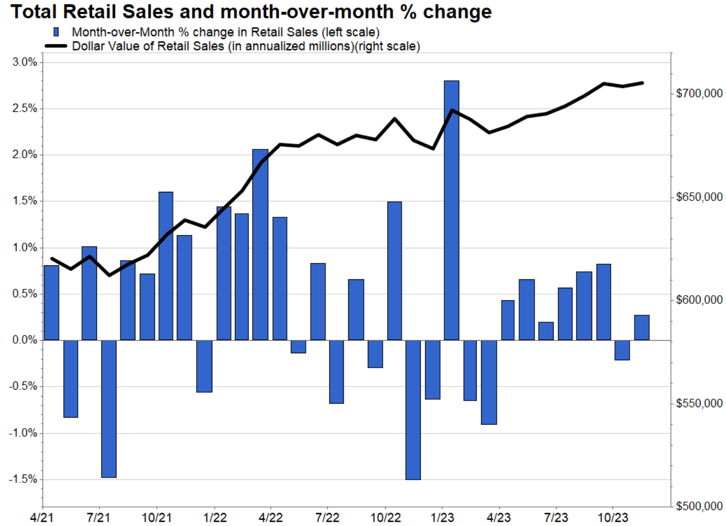
Russell T. Price, CFA – Chief Economist

Releases for Thursday December 14, 2023			**All times Eastern. Consensus estimates via Bloomberg**			
Time	Period	Release	Consensus Est.	**Actual**	Prior	Revised to
8:30 AM	Dec. 9	Initial Jobless Claims	220k	**202k**	220k	
8:30 AM	Dec. 2	Continuing Claims	1880k	**1876k**	1861k	
8:30 AM	NOV	Retail Sales (MoM)	-0.1%	**+0.3%**	-0.1%	-0.2%
8:30 AM	NOV	Retail Sales Ex. Autos (MoM)	-0.1%	**+0.2%**	+0.1%	0.0%
8:30 AM	NOV	Retail Sales Ex. Autos & Gas (MoM)	+0.2%	**+0.6%**	+0.6%	+0.8%
8:30 AM	NOV	Import Price (MoM)	-0.8%	**-0.4%**	+0.0%	
8:30 AM	NOV	Import Price (YoY)	-2.1%	**-1.4%**	+0.0%	

Commentary:

- **Retail sales were modestly stronger than expected** in November as sales grew on a month-over-month basis versus an expected slight decline.

Total Retail Sales and month-over-month % change



- The underlying details of the retail report were decidedly mixed. Many segments showed modest m/m gains, but several prominent categories were lower, including, gas stations (-2.9% m/m), department stores (-2.5%), electronics (-1.1%), and building materials (-0.4%).
- On a year-over-year (y/y) basis, total retail sales were a solid 4.2% higher while sales excluding the volatility of auto and gasoline sales were5.1% higher.
- Overall, we believe consumers remain in good financial health even though we expect their pace of spending to decelerate to more sustainable levels.
- Looking at multi-month spending trends, consumer outlays have been easing but modestly. We believe the solid balance sheet positions of consumers should further support consumption over the near-term at least. *The chart at right is sourced from FactSet and HAS been updated to reflect today's release.*

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual 2021	Actual 2022	Est. 2023	Est. 2024	Actual Q4-2022	Actual Q1-2023	Actual Q2-2023	Actual Q3-2023	Est. Q4-2023	Est. Q1-2024	Est. Q2-2024
Real GDP (annualized)	5.9%	2.1%	2.4%	1.4%	2.6%	2.2%	2.1%	4.9%	1.2%	0.8%	1.2%
Unemployment Rate	3.9%	3.5%	4.0%	4.2%	3.5%	3.5%	3.6%	3.8%	4.0%	4.2%	4.1%
CPI (YoY)	7.0%	6.4%	4.0%	2.2%	6.5%	5.0%	3.0%	3.7%	4.0%	3.0%	2.5%
Core PCE (YoY)	4.9%	4.4%	3.2%	2.3%	4.9%	4.8%	4.3%	3.7%	3.2%	2.6%	2.2%

Sources: Historical data via FactSet. Estimates (Est.) via American Enterprise Investment Services Inc.

YoY = Year-over-year, Unemployment numbers are period ending. GDP: Gross Domestic Product; CPI: Consumer Price Index

PCE: Personal Consumption Expenditures Price Index. Core excludes food and energy.

All estimates other than GDP are period ending. **Last Updated: October 30, 2023**

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

2023 Year-end Targets:	Favorable Scenario	Base-Case Scenario	Adverse Scenario
S&P 500 Index:	4,600	4,400	4,000
10-Year U.S. Treasury Yield:	4.00%	4.50%	5.00%
Fed Funds Target Range:	5.25% to 5.50%	5.25% to 5.50%	5.50% to 5.75%

Estimates (Est.) via American Enterprise Investment Services Inc.
Please see latest *Quarterly Capital Market Digest* for more information.

Last Updated: October 30, 2023

Ameriprise Global Asset Allocation Committee Targets and Views

2023 Year-end S&P 500 Target: 4400
2023 Year-end 10-year Treasury Target: 4.50% *as of 10/30/2023*

	Overweight	Equalweight	Underweight
Equity	• U.S. Large Cap Value	• U.S. Mid Cap Value • U.S. Mid Cap Growth • U.S. Small Cap Value • U.S. Small Cap Growth • Developed Foreign Equity	• U.S. Large Cap Growth • Emerging Foreign Equity
S&P 500 Sectors	• Information Technology • Consumer Staples	• Energy • Financials • Health Care • Industrials • Materials • Real Estate • Utilities	• Communication Services • Consumer Discretionary
Global Equity Regions	• United States • Japan	• Asia-Pacific ex Japan • Europe ex U.K. • Latin America • United Kingdom	• Middle East / Africa • Canada
Fixed Income	• U.S. Government • U.S. Inv. Grd Corporate • Municipals	• Developed Foreign Bond • Emerging Foreign	• High Yield Bond
Alternatives			• Alternative Strategies
Cash	• Cash Investments	• Cash	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6 to 12-month time horizon. **Asset Allocation and Diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.**
Cash generally refers to assets, securities, and/or products low in risk and high in liquidity. For asset allocation purposes, instruments can include Treasury Bills, certificates of deposit, money market funds and high quality bonds whose maturities are less than 3-months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemtions.

		Rolling Returns			
Major Market Indices	**Q3'23**	**Year-to-date**	**1-year**	**3-years**	**5-years**
Russell 3000® Index (U.S. Equity)	-3.25%	12.39%	20.46%	9.38%	9.14%
MSCI ACWI Ex USA Index – net (Foreign Equity)	-3.77%	5.34%	20.39%	3.74%	2.58%
Bloomberg U.S. Universal Bond Index (Fixed Income)	-2.88%	-0.62%	1.61%	-4.68%	0.34%
Wilshire Liquid Alternative Index (Alternatives)	-0.12%	2.48%	4.30%	1.88%	1.43%
FTSE Three-Month Treasury Bill Index (Cash)	1.38%	3.80%	4.71%	1.78%	1.74%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of 09/30/2023.

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The Ameriprise Investment Research Group

With Ameriprise Financial, you can benefit from our dedicated team of experienced investment research and due diligence professionals. Our objective market insight, strategies and guidance are designed to provide you with investment strategies and solutions to help you feel more confident about your financial future. It's the higher level of sophistication and service you've come to expect from Ameriprise.

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International investing involves increased risk and volatility due to political and economic instability, currency fluctuations, and differences in financial reporting and accounting standards and oversight. Risks are enhanced for **emerging market** issuers.

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