

# Viewpoint by Charts

March 2024

We have six main themes that are catalysts for a move from a “tighter” state to a more normal foundation.



With these foundational elements in mind for 2024, we expect an overall constructive viewpoint for both stocks and bonds. However, we also have to be aware of a few wildcards that could change market direction without notice:

<p>Significantly elevated geopolitical volatility</p>	<p>Leverage and debt refinancing in the commercial property market</p>
<p>The timing and reasoning of Fed rate cuts</p>	<p>U.S. sovereign debt servicing concerns</p>

Source: Chief Investment Office as of March 5, 2024. The Chief Investment Office (CIO) views and opinions expressed are for informational purposes only, are made as of the date of this material, and are subject to change without notice. **FOR INFORMATIONAL PURPOSES ONLY.**



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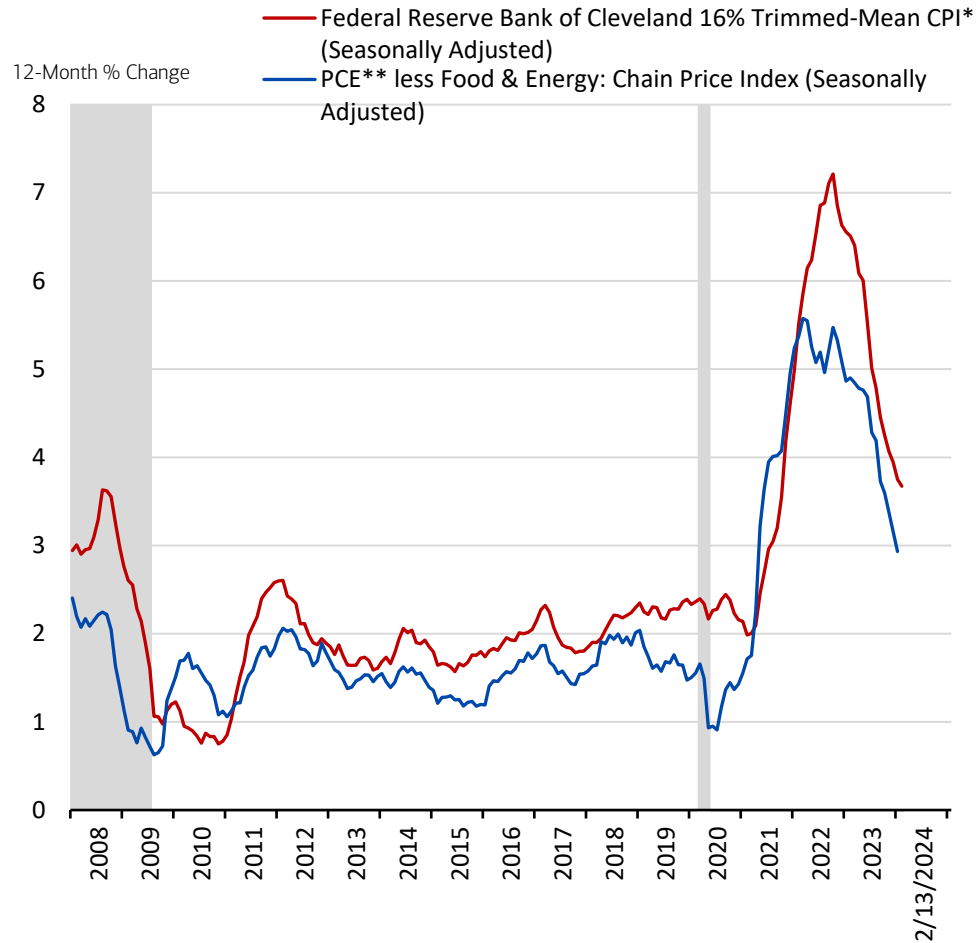
Investment products:

<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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# Macro & Portfolio Strategy

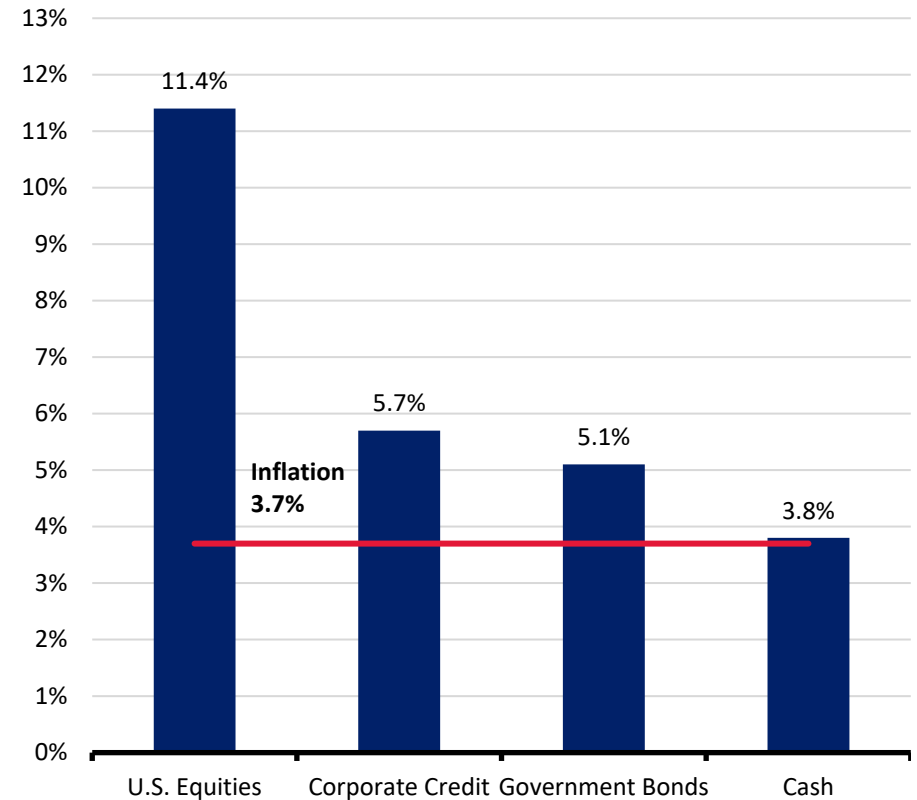
**Macro:** While disinflation continues, various components of inflation remain above the Federal Reserve's 2.0% target, supporting sticky services prices.



\*Consumer Price Index. \*\*Personal Consumption Expenditures. Gray areas represent recessionary periods. Source: Bloomberg. Data as of February 13, 2024.

**Portfolio Strategy:** We continue to emphasize balance and a fully invested strategy while using potential excess cash to support a portfolio strategy that is highly diversified.

Annualized Returns by Asset Class, 1945 - 2023



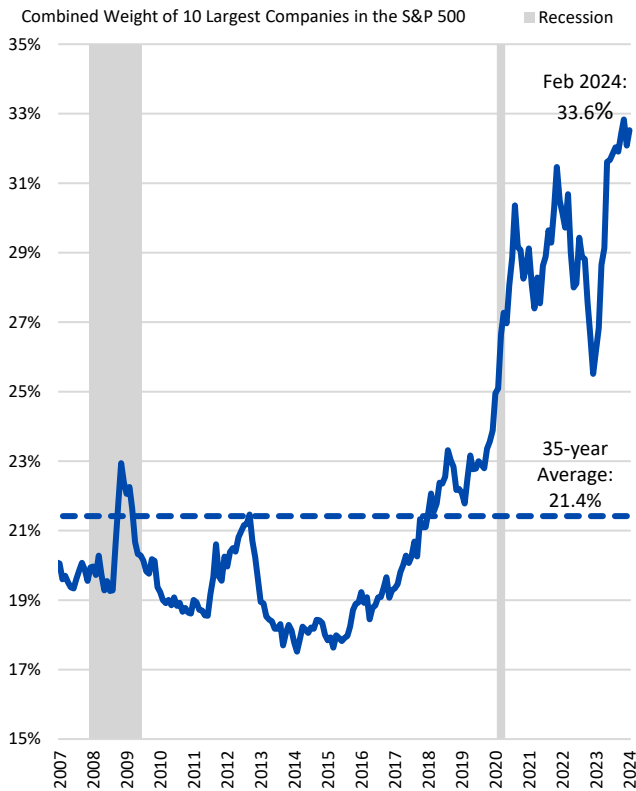
Sources: Bloomberg, Morningstar, Ibbotson and Barclays Live. Data as of January 2024. U.S. Equities are S&P 500 Total Return, Government Bonds are Intermediate U.S. Treasury, Corporate Credit is U.S. long corporate, Cash is 30-day Treasury Bill, Inflation is U.S. consumer price index.

Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Please refer to index definitions and important disclosures at the end of this presentation.



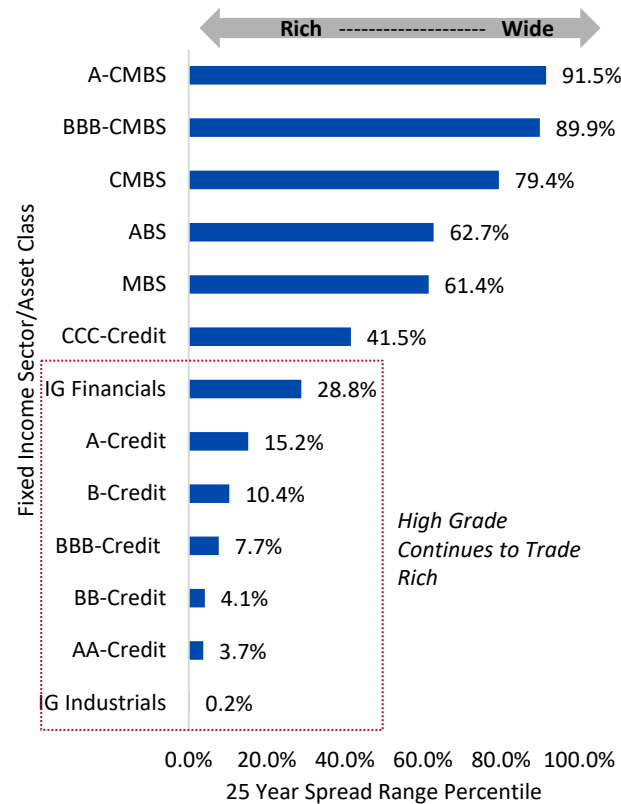
# CIO Asset Allocation

**Equities:** Narrow market leadership by itself is not a major cause for concern, in our opinion, especially when the narrow leadership is driven by above market profits and the leadership eventually shifts to additional parts of the market.



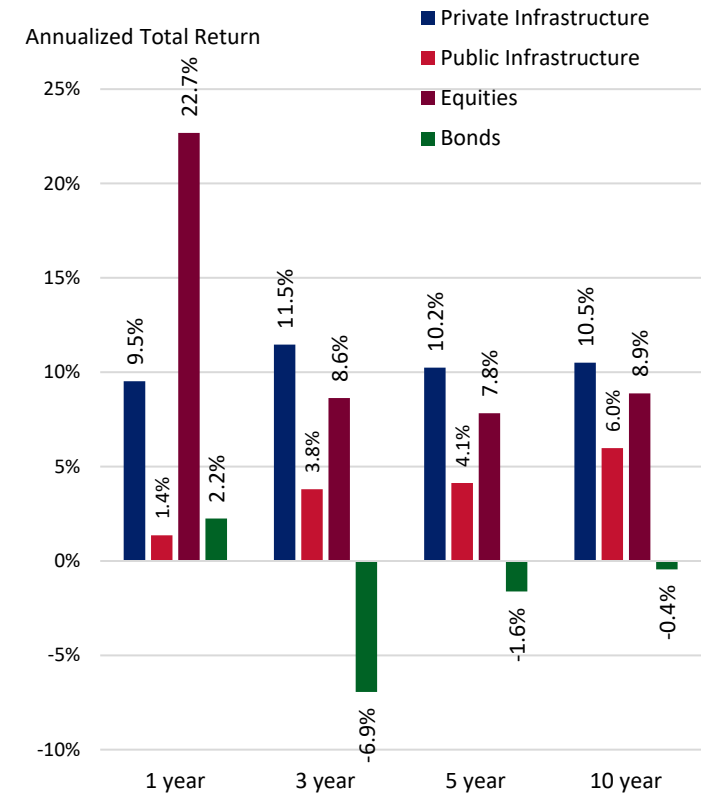
Source: Bloomberg. Data as of February 29, 2024.

**Fixed Income:** Credit markets have fully embraced this latest Fed pivot and are trading at exceedingly rich levels in some cases. We reiterate our slight underweight on IG and wait for a more opportune entry point.



Source: ICE BofA Corporate and High Yield Indexes as of February 6, 2024.

**Alternatives\*:** Within Real Estate, Infrastructure should continue to benefit from fiscal spending; large need for energy transition and upgrading ageing infrastructure; potential to be inflation beneficiary if new resting rate structurally higher.

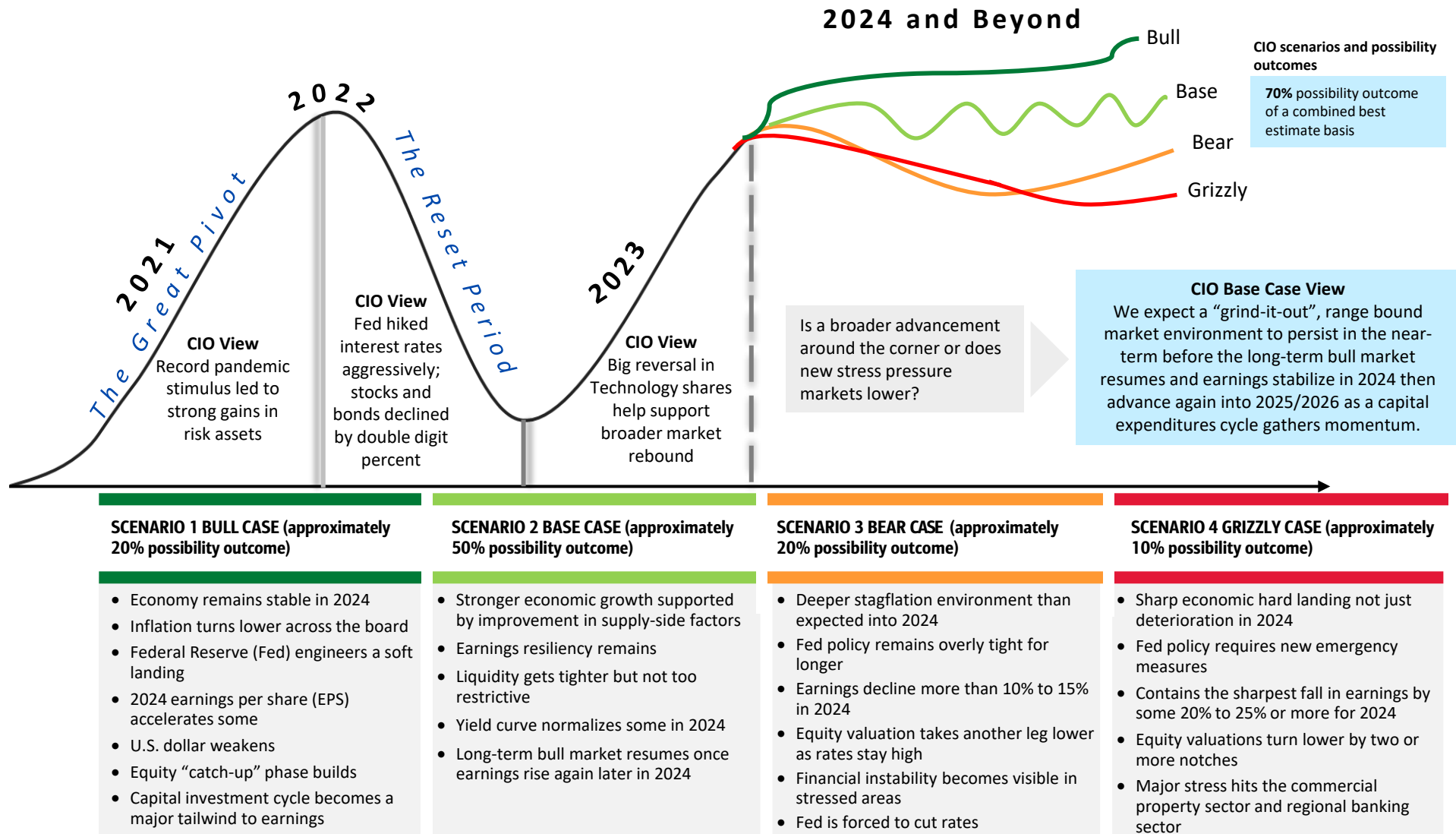


Sources: Bloomberg, Cambridge Associates. Indexes used to measure private infrastructure, public infrastructure, equities, and bonds include the Cambridge Associates Global Infrastructure Index, FTSE Global Core Infrastructure 50/50 Index, MSCI World Index, and Bloomberg Global Aggregate Fixed Income Index, respectively. Data through Q3 2023.

\*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. Past performance is no guarantee of future results. FOR INFORMATIONAL PURPOSES ONLY. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Please refer to index definitions and important disclosures at the end of this presentation.



# What Is The Next Move?



— Black line represents the lifecycle of the CIO economic process and is not meant to represent any specific investment, index or performance of any kind. Source: CIO. Data as of January 2024. CIO views are subject to change. **FOR INFORMATIONAL PURPOSES ONLY.** Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance. Please refer to index definitions and important disclosures at the end of this presentation.



# 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.**

**Consumer Price Index** is a price index, the price of a weighted average market basket of consumer goods and services purchased by households. ,

**Chain Price Index** is a time series measure of price levels of consumer goods and services created by the Bureau of Labor Statistics as an alternative to the US Consumer Price Index.

**Government Bonds/Bloomberg US Treasury Intermediate Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with maturities of 1 to 9.9999 years to maturity.

**Corporate Credit/Bloomberg U.S. Long Corporate Index** designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to 10 years.

**Cash/Ibbotson US 30-Day Treasury Bills Index** is an unweighted index which measures the performance of one-month maturity US Treasury Bills.

**U.S. Financials/U.S. Industrials/AA-Credit/BBB-Credit/A-Credit/ICE BofA U.S. Corporate Index** tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the US domestic market.

**U.S. High Yield/BB-Credit/B-Credit/CCC-Credit/Bloomberg U.S. Corporate High Yield 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.

**U.S. Mortgage-backed Securities (MBS)/Bloomberg U.S. Mortgage-backed Securities Index** is the U.S. MBS component of the U.S. Aggregate index. The MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**Bloomberg Capital Asset-Backed Securities (ABS) Index** is composed of debt securities backed by credit card, auto and home equity loans that are rated investment grade or higher by Moody's.

**Bloomberg U.S. Commercial Mortgage Backed Securities (CMBS) Index** is the Bloomberg Non-Agency Investment Grade CMBS: BBB Total Return Index Unhedged.

**Cambridge Associates LLC Infrastructure Index** is a horizon calculation based on data compiled from 93 infrastructure funds, including fully liquidated partnerships, formed between 1993 and 2015. Private indexes are pooled horizon internal rate of return (IRR) calculations, net of fees, expenses, and carried interest.

**FTSE Global Core Infrastructure 50/50 Index** is a broad-based index representing infrastructure and infrastructure-related listed securities in developed markets.

**MSCI World Index** is a widely recognized benchmark that measures the performance of equity markets across developed countries.

**Bloomberg Global Aggregate Fixed Income Index** is a flagship measure of global investment grade debt from a multitude local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**S&P 500 Index** is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States.

**S&P 500 Total Return Index** is a type of equity index that tracks both the capital gains as well as any cash distributions, such as dividends or interest, attributed to the components of the index.



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