



Chart Book

As of November 30, 2023

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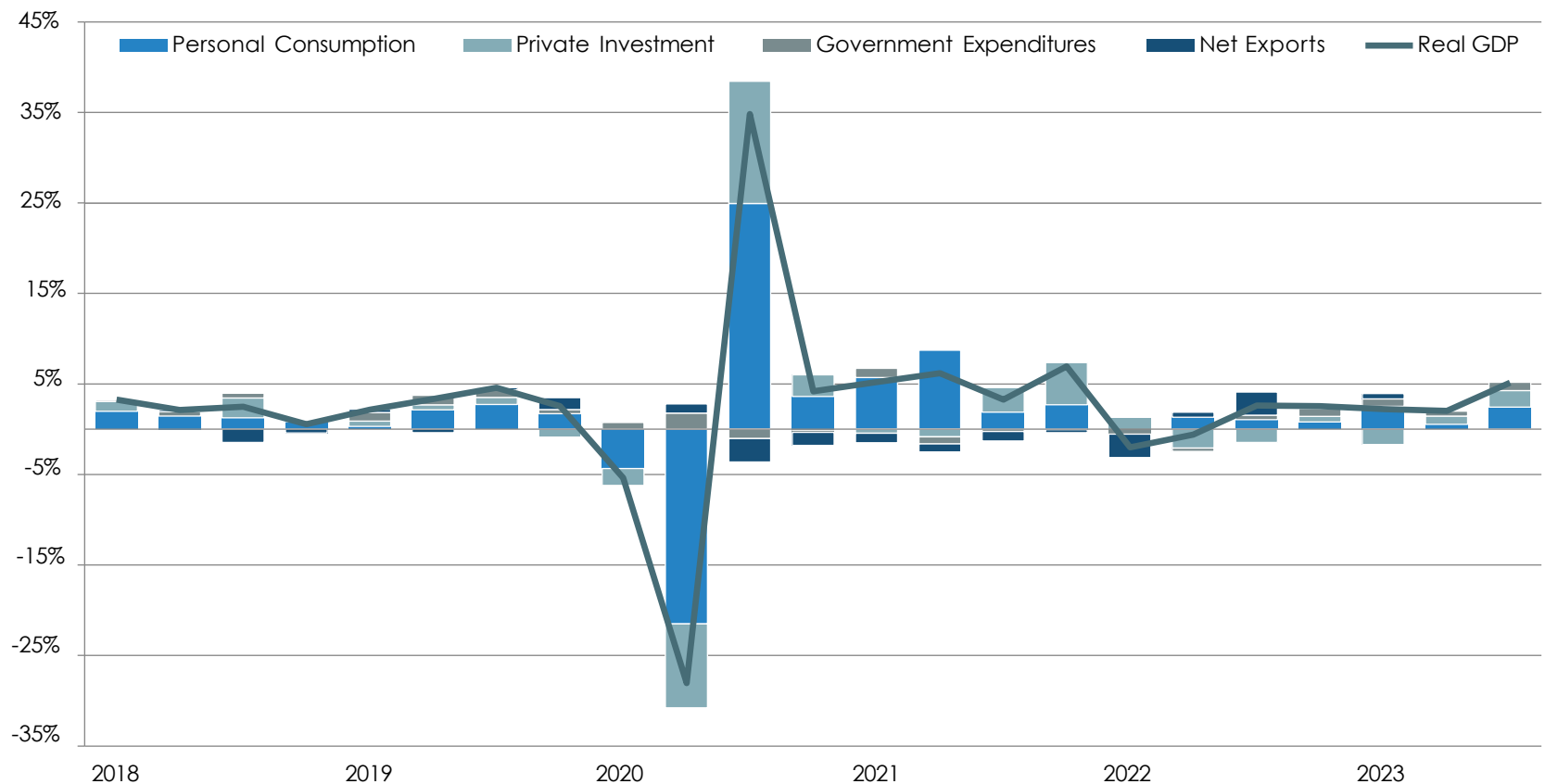
An aerial photograph of a bridge spanning a river, with a teal overlay. The bridge is a multi-lane highway bridge with a small car visible in the center. The surrounding landscape is rocky and forested. The text "ECONOMIC PERSPECTIVE" is centered in white, uppercase letters, with a teal horizontal line above it and a teal circular graphic below it.

ECONOMIC PERSPECTIVE

The U.S. economy grew at an annualized rate of 5.2% in Q3 as businesses built more warehouses and accumulated equipment. However, momentum appears to have since waned as higher borrowing costs curb hiring and spending. The pace of growth in Q3 likely exaggerated the health of the economy. When measured from the income side, economic activity increased at a moderate pace. Nevertheless, the report indicated the economy continued to grow despite fears of a recession that have persisted since late 2022. The economy is undoubtedly expanding at a pace well above what Federal Reserve officials regard as the non-inflationary growth rate of around 1.8%.

Economic Growth

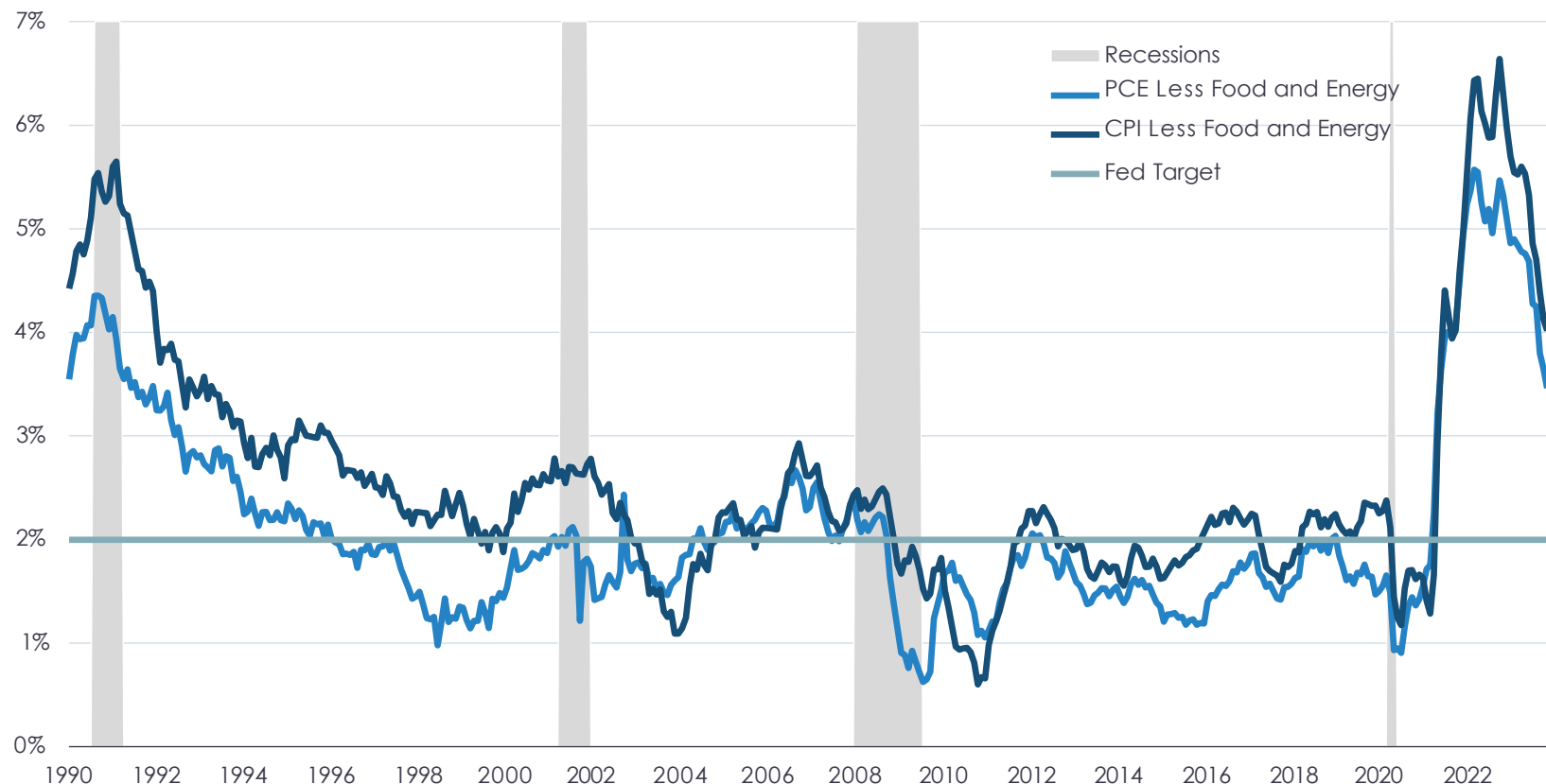
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. core inflation rose last month, bolstering arguments by the U.S. Federal Reserve that interest rates may need to remain on hold for months to come. Figures showed that U.S. core prices rose 0.3% during November, while the year-on-year core rate remained flat at 4%. The headline rate edged lower to 3.1%, in line with expectations and marginally below October's 3.2% rate. After the data's publication, investors scaled back their expectations for interest rate cuts. Policymakers are likely to retain a hawkish bias given prices continue to rise at an uncomfortably fast pace, and Fed officials are sensitive to upside risks to inflation.

Inflation Outlook

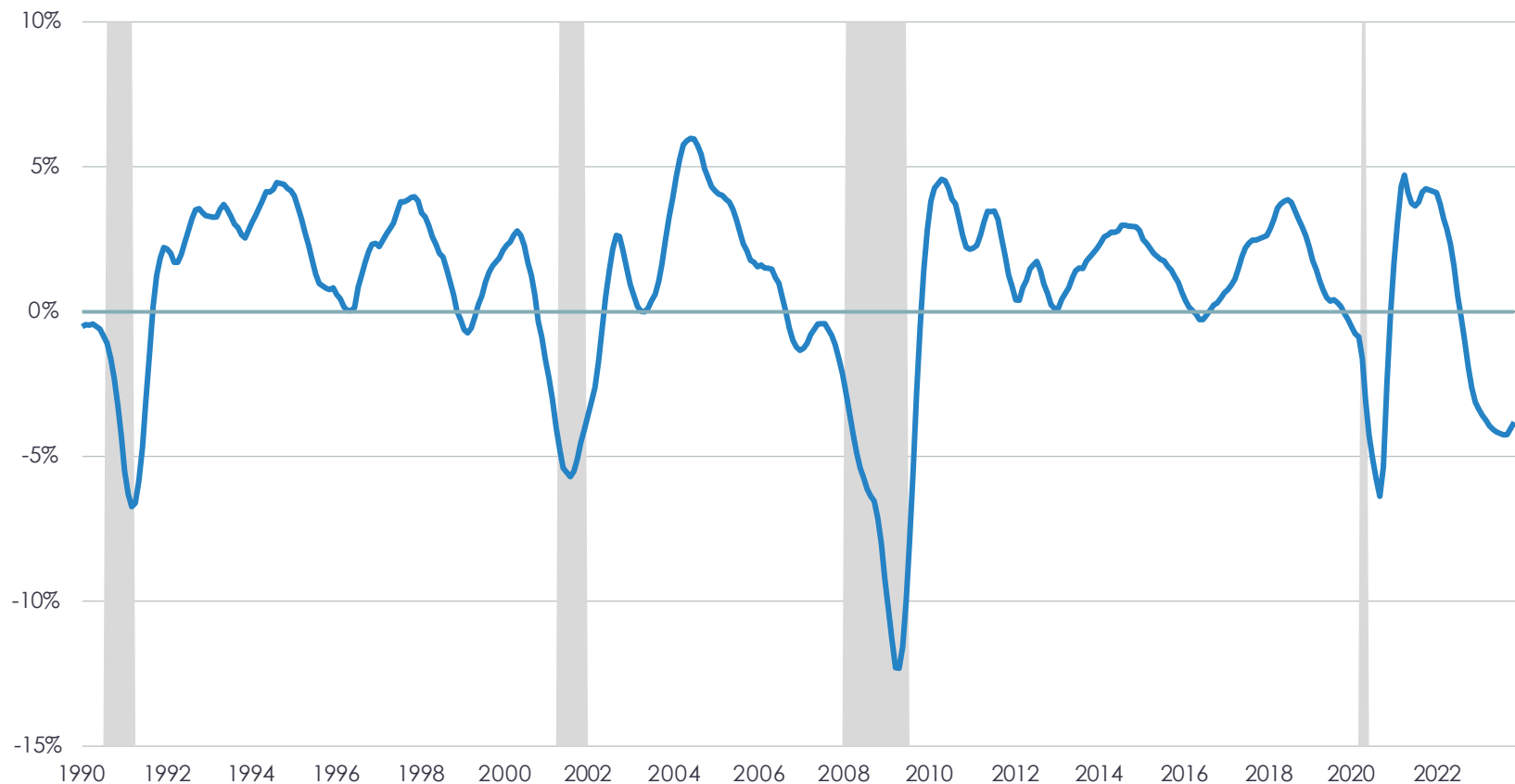
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



According to the Conference Board, the LEI for the U.S. fell again in October. The U.S. LEI trajectory remained negative, and its six- and twelve-month growth rates also held in negative territory in October. Among the leading indicators, deteriorating consumers' expectations for business conditions, falling equities, and tighter credit conditions drove the index's most recent decline. After a pause in September, the LEI resumed signaling recession in the near term. The Conference Board expects elevated inflation, high interest rates, and contracting consumer spending to tip the U.S. economy into a very short recession. The Conference Board forecasts that real GDP will expand by just 0.8% in 2024.

U.S. Economic Outlook

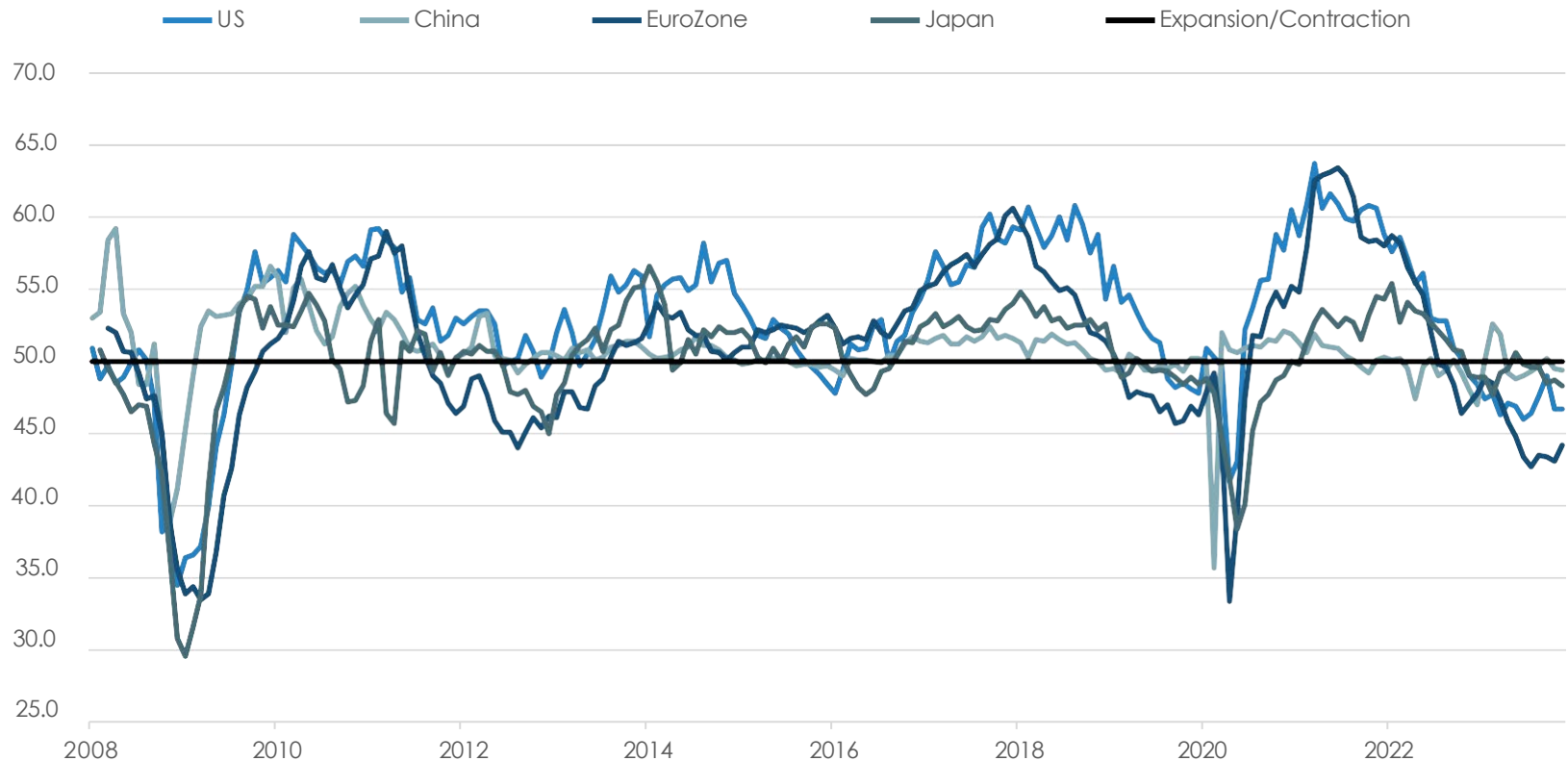
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



The November PMIs offer a glimmer of hope that global industry may have found a bottom at the start of 4Q23. The manufacturing output index rose 1 point to 49.9, more than reversing the October drop and tempering concerns that activity was sliding back into contraction. At this level, the output PMI is consistent with very soft growth in global manufacturing. A sizable increase in the European PMIs is encouraging given that the outlook in the region has been particularly weak. Asia, a bellwether for global industry, also saw a notable rise.

Global Economic Outlook

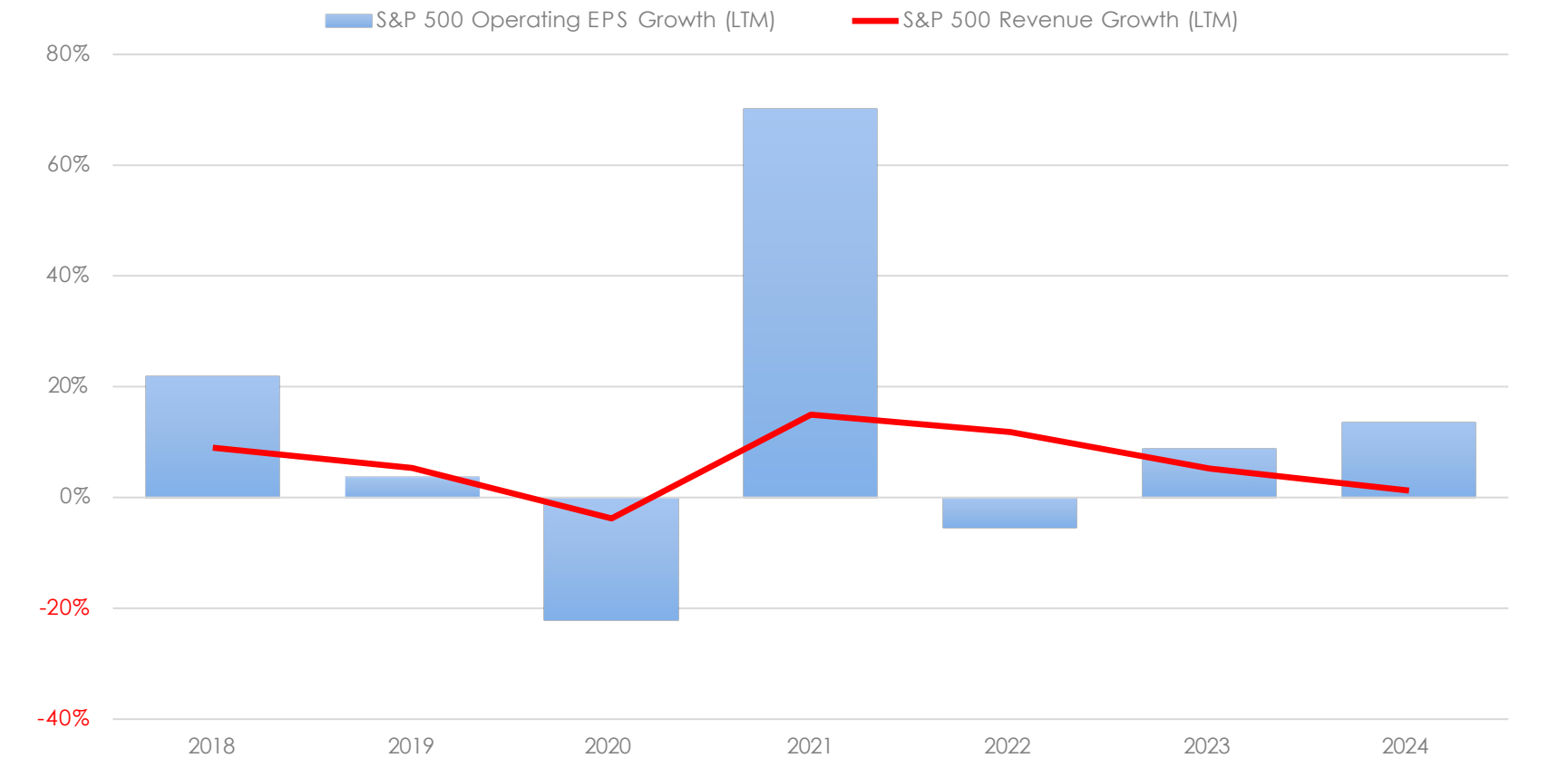
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up target price target for the S&P 500 over the next 12 months is 5068, which is 9.1% above the closing price of 4644. At the sector level, the Energy (+26.1%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Real Estate (+5.3%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)

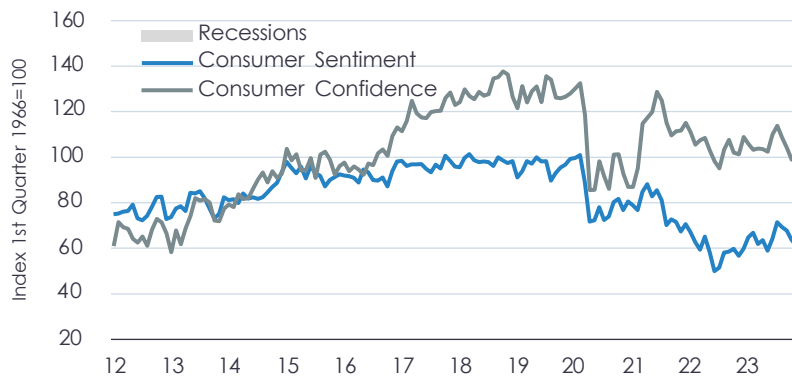


Source: S&P Dow Jones Indices (Reported monthly)

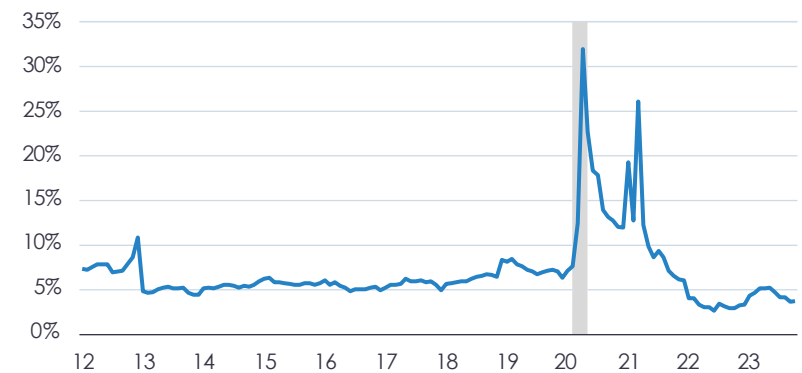
As reported by the Conference Board, consumer confidence increased in November, following three consecutive months of decline. This improvement reflected a recovery in the Expectations Index, while the Present Situation Index was largely unchanged. November's increase in consumer confidence was concentrated primarily among householders aged 55 and up; by contrast, confidence among householders aged 35-54 declined slightly. General improvements were seen across the spectrum of income groups surveyed in November. Nonetheless, write-in responses revealed consumers remain preoccupied with rising prices in general, followed by war/conflicts and higher interest rates.

Consumer Outlook

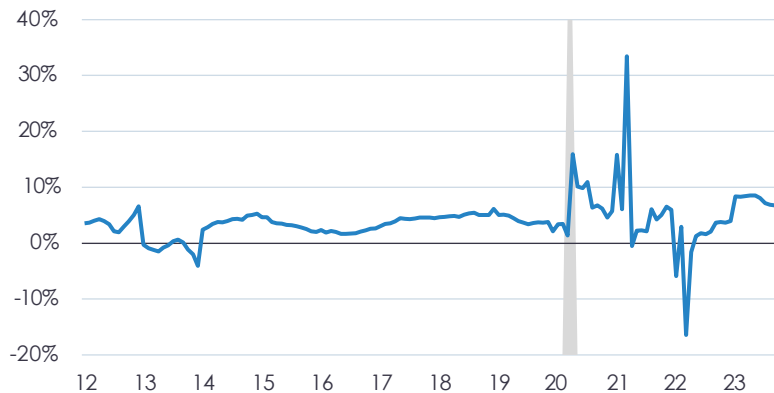
Consumer Sentiment & Confidence Indexes



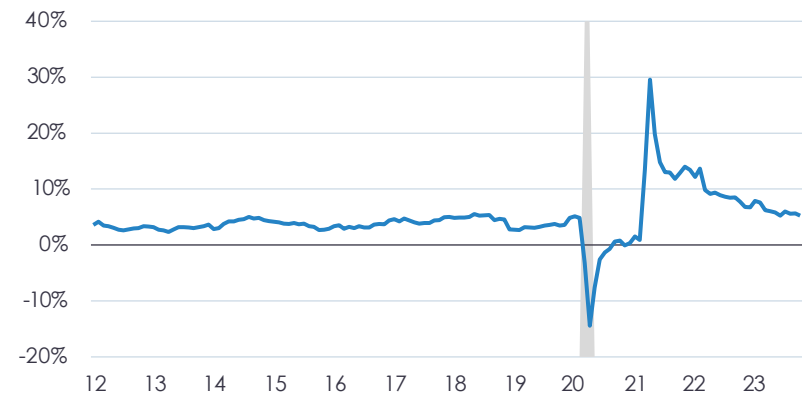
Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



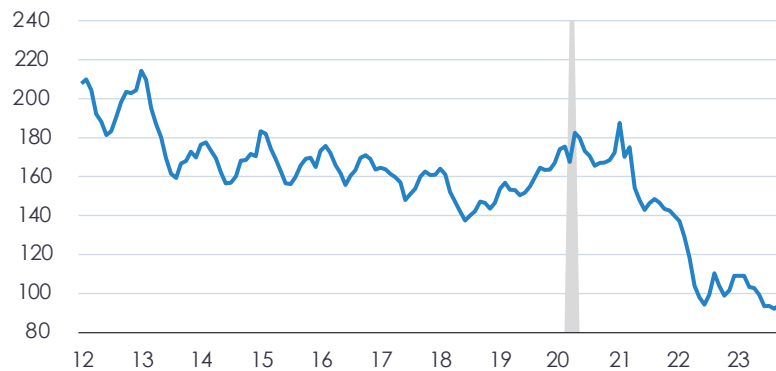
Personal Consumption Expenditures (Y/Y % Change)



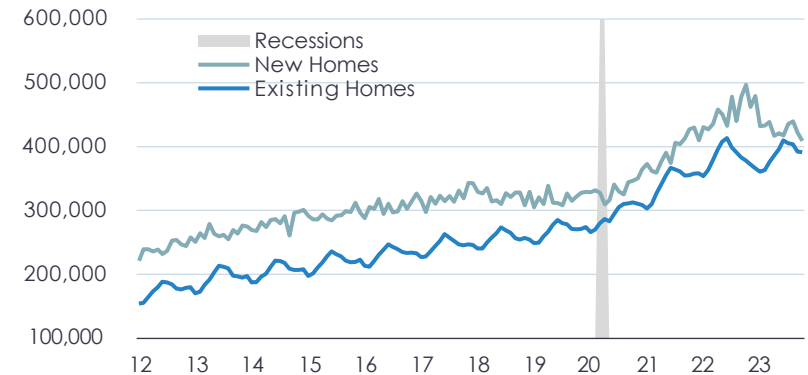
U.S. existing home sales are forecast to remain subdued next year as high mortgage rates force homeowners to stay put, according to a Reuters poll of analysts, who also expected house prices to edge higher. The rate on the popular 30-year fixed-rate mortgage hit a more than two-decade high just under 8% last month, leading to a 4.1% drop in U.S. existing home sales last month alone. Home resales, which account for the bulk of U.S. housing transactions, are expected to average a little over 4 million units next year. That is a far cry from an average 6 million in 2021 during the pandemic housing boom and the 5.3 million average over the past quarter century.

Housing Market Outlook

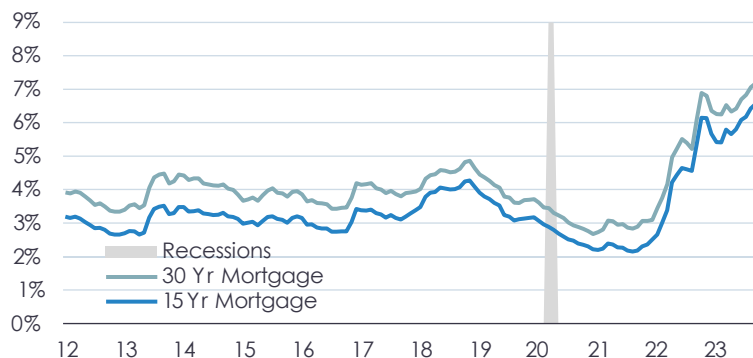
Housing Affordability (higher = more affordable)



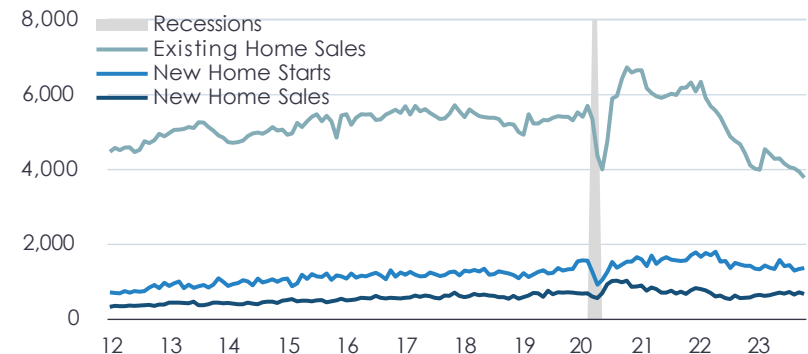
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



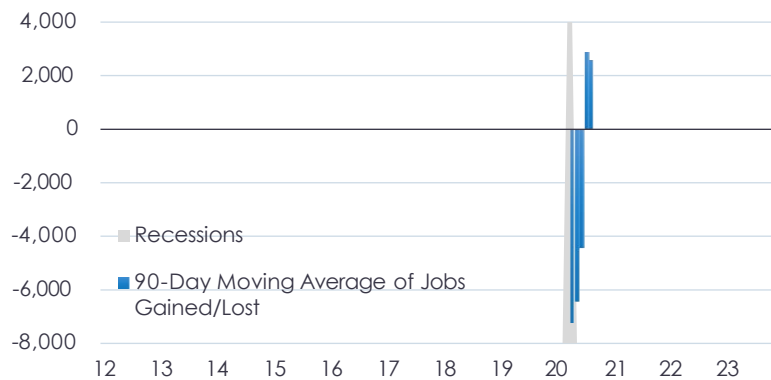
Housing Starts, Existing Home Sales and New Home Sales (000's)



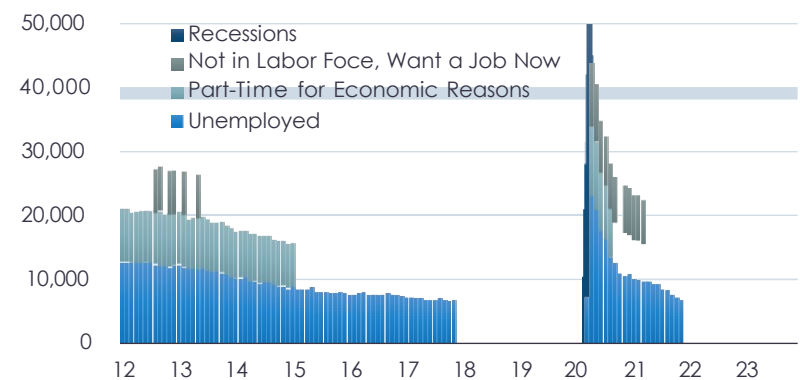
According to the Bureau of Labor Statistics, U.S. nonfarm payrolls increased by 199,000 jobs last month after rising by an unrevised 150,000 in October, while the unemployment rate fell to 3.7%. The report signaled underlying labor market strength that suggest financial market expectations of an interest rate cut early next year were probably premature. However, the report did not change views that the Federal Reserve's rate-hiking cycle was complete as annual wages rose moderately last month. The drop in the jobless rate from a nearly two-year high of 3.9% in October alleviated fears that the economy was close to tipping into recession.

Labor Market Outlook

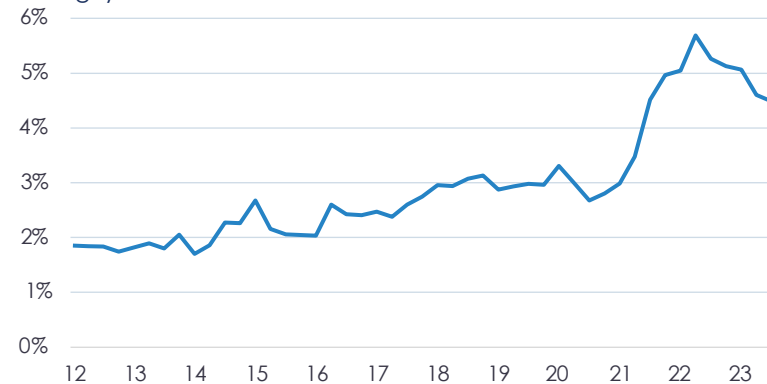
Jobs Gained/Lost (000's) with 12-Month Moving Average



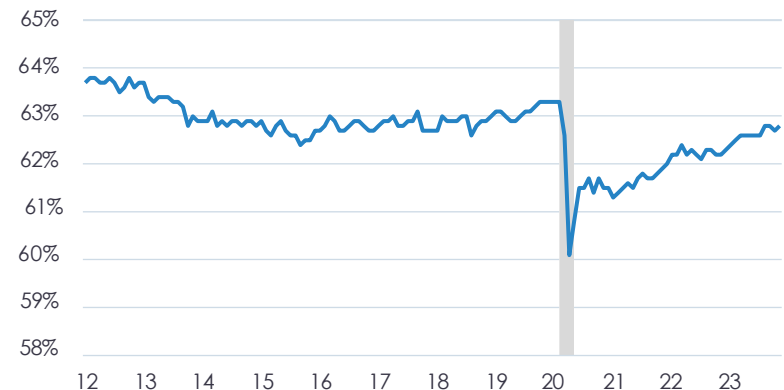
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



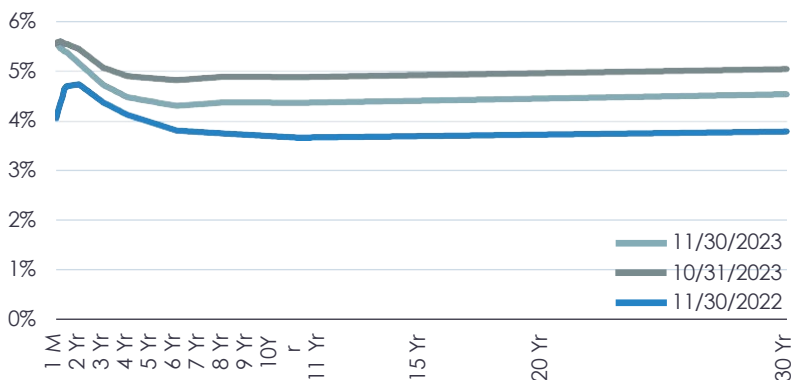
An aerial photograph of a bridge spanning a river, with a single car visible on the bridge. The image is overlaid with a blue tint. A horizontal line is positioned above the text, and a series of concentric circles are at the bottom.

BOND MARKET PERSPECTIVE

Government bonds reversed some of their previous losses on the back of hopes for rate cuts next year. The 10-year U.S. government bond yield fell below 4.4% after having tested 5% in October, and despite Moody's downgrade of the U.S. sovereign debt outlook to negative. Outside of sovereign bonds, the entire fixed income market benefited from lower yields and more rate cuts expected in 2024. Investment grade bonds gained and rising hopes for a soft landing supported high yield bonds where spreads tightened. Emerging market debt instruments also had a positive month thanks to more accommodative local central bank policy and a weaker U.S. dollar.

U.S. Treasury Market

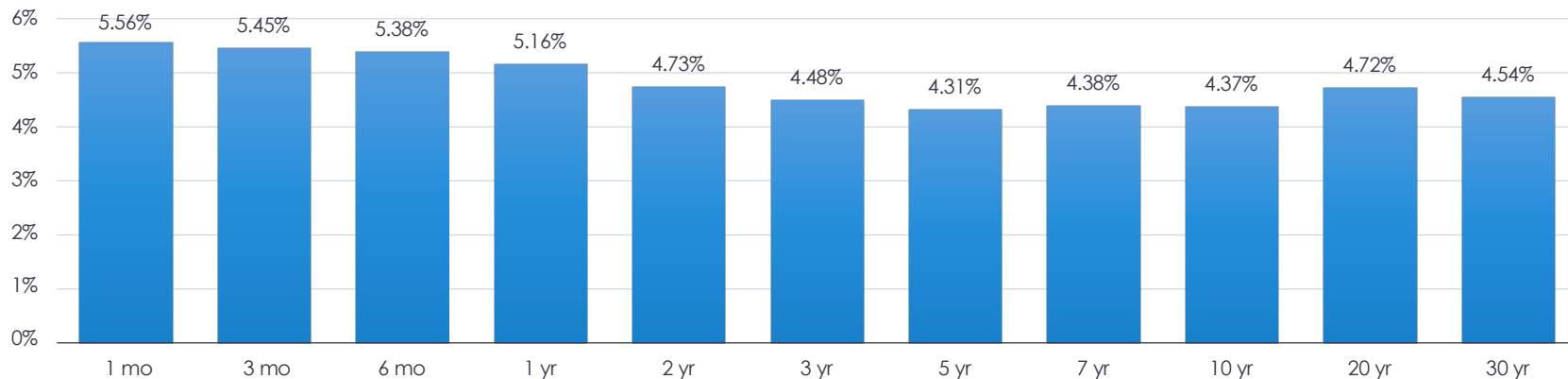
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

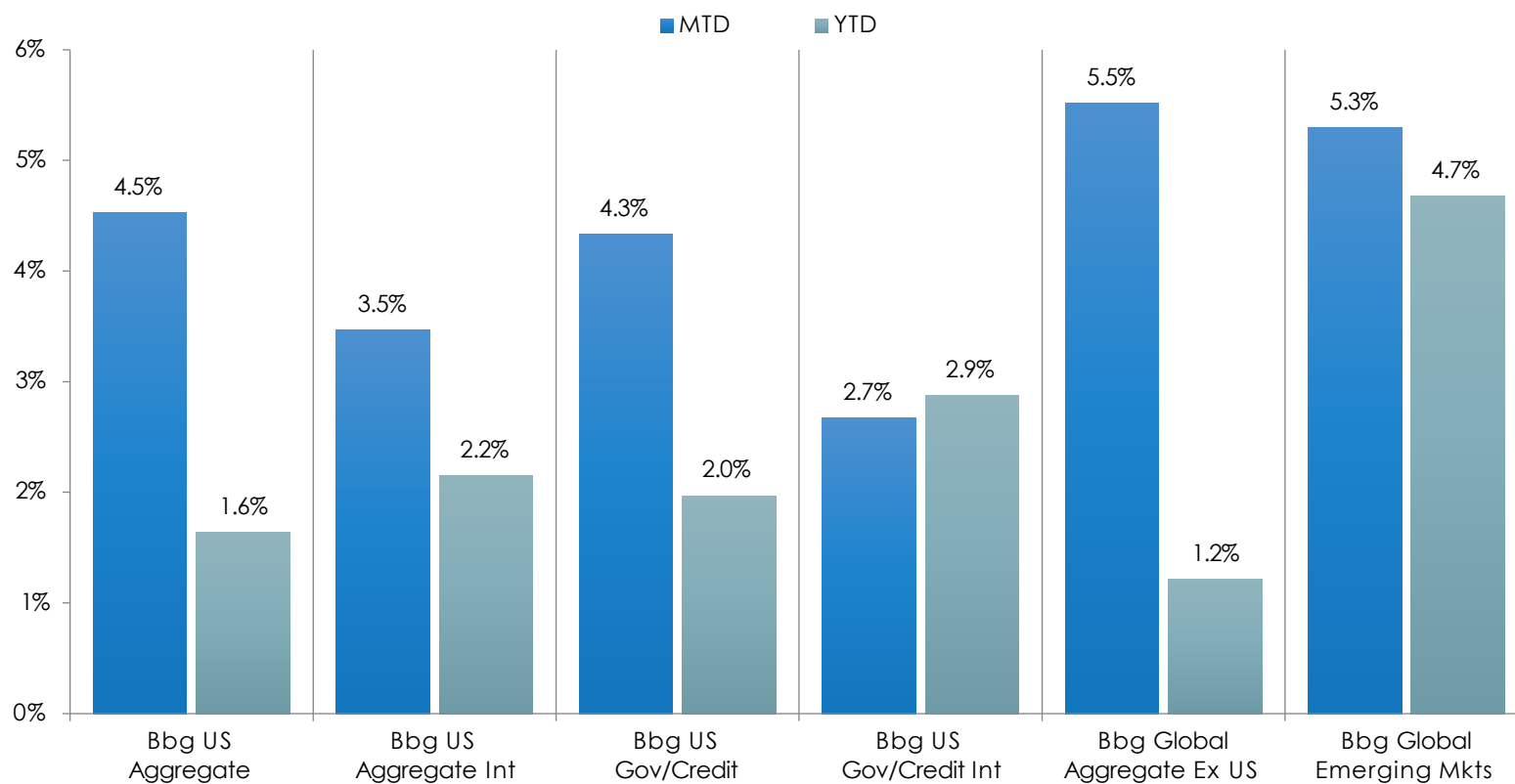


Current U.S. Treasury Yields by Maturity



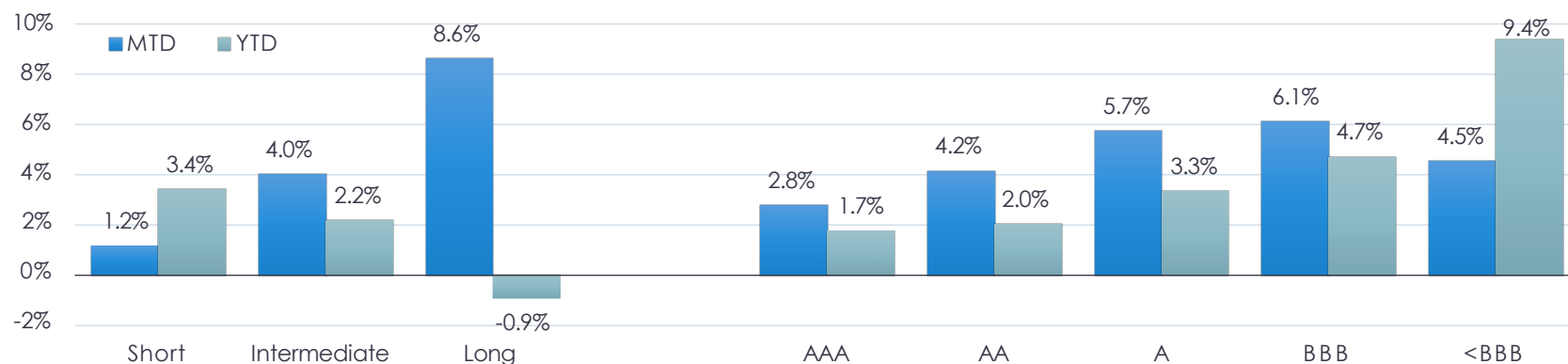
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

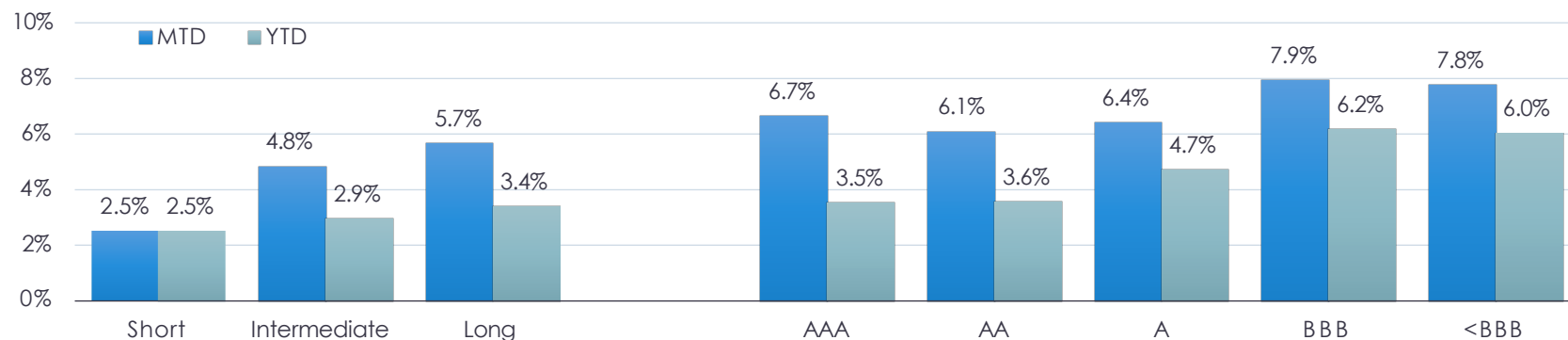


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

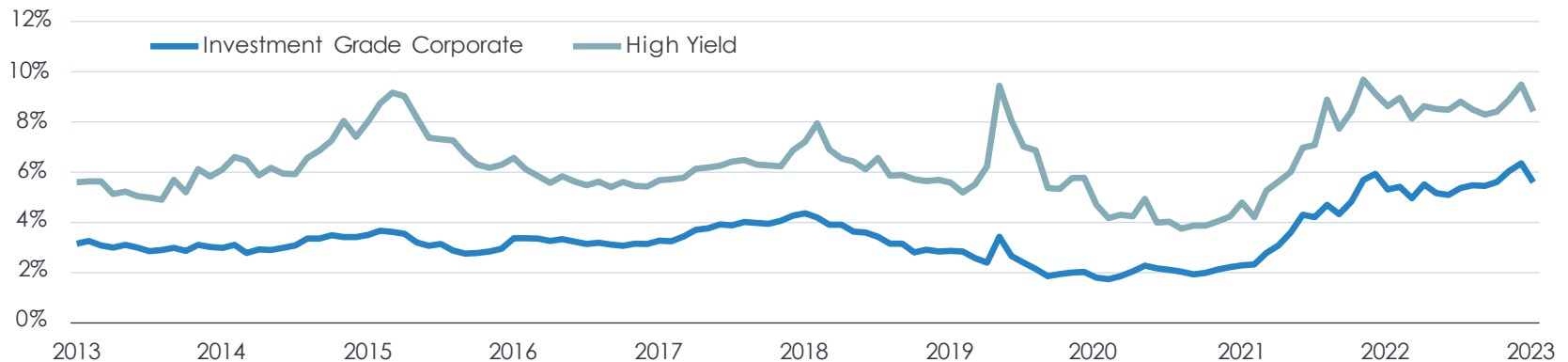


Domestic Bond Market - Municipal

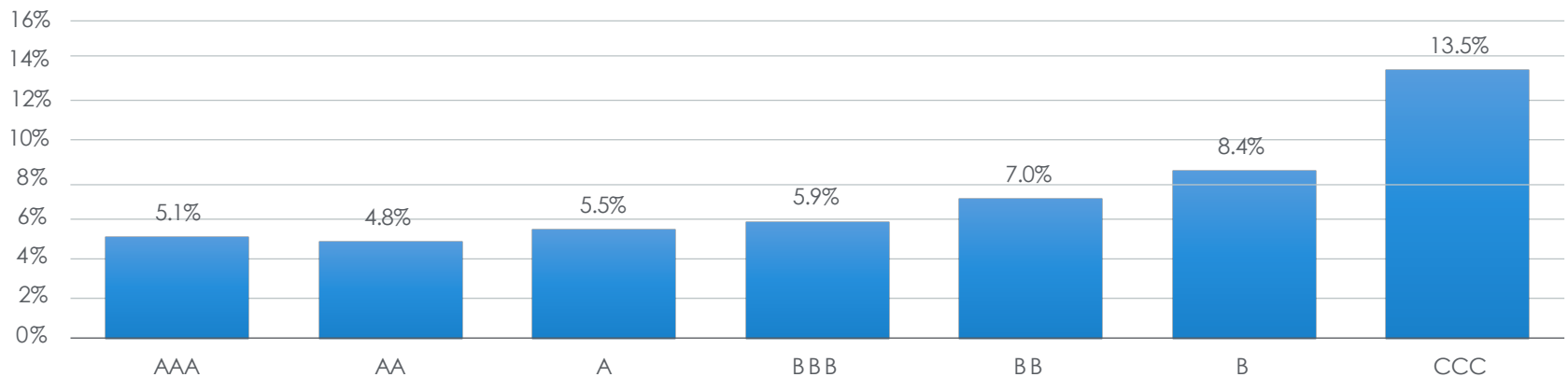


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst

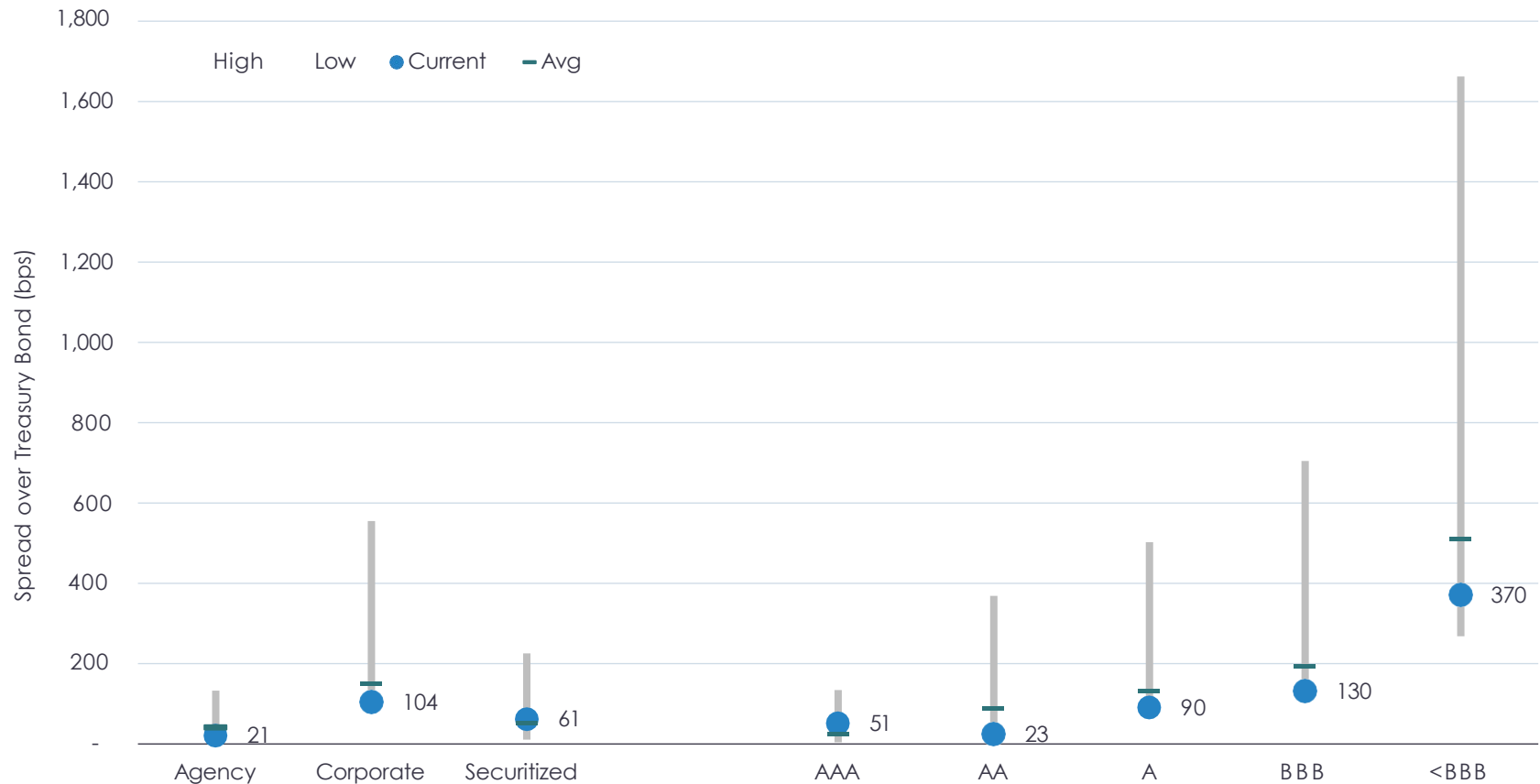


Current Corporate Bond Market Yields by Credit Quality



Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

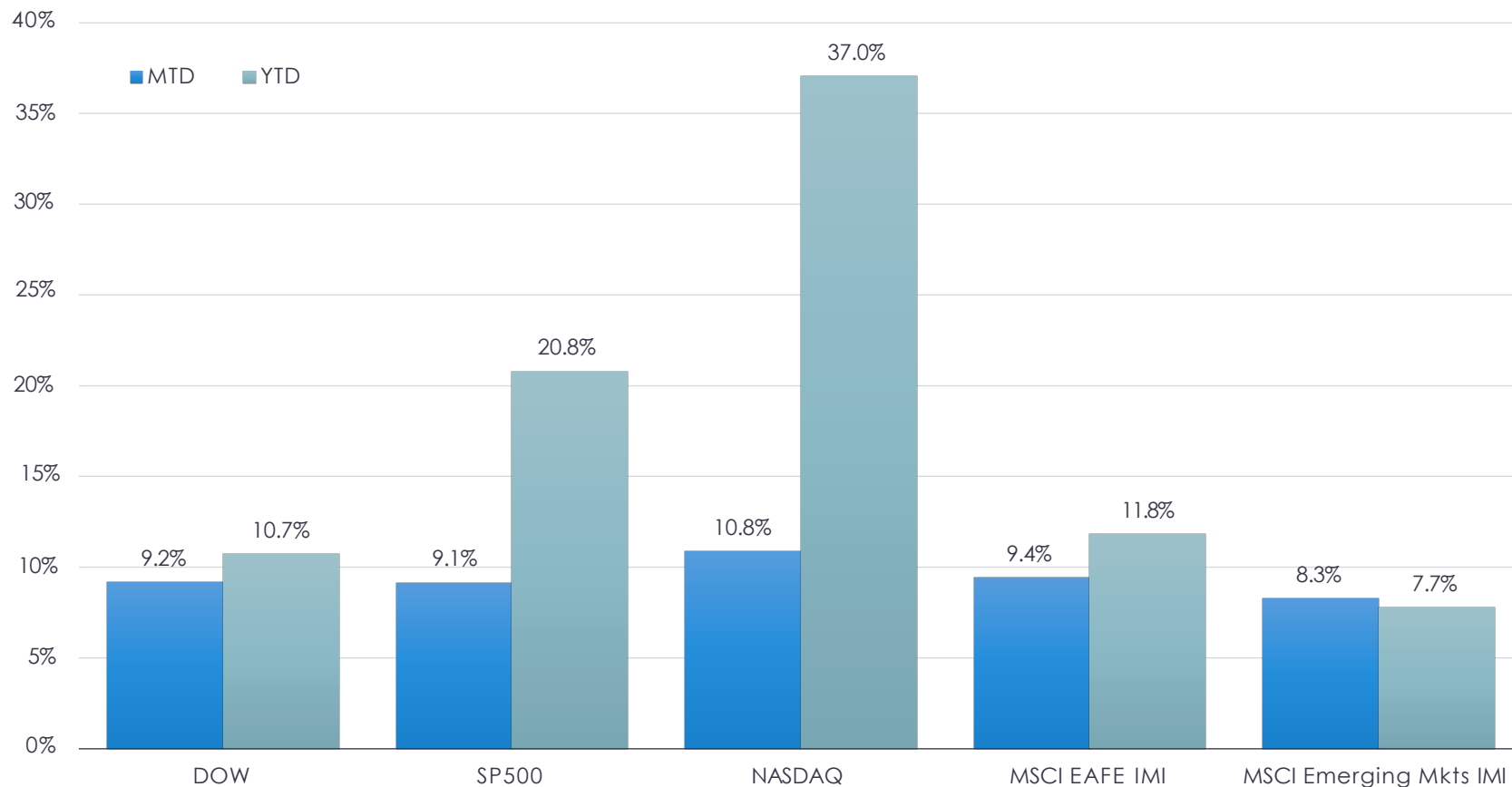
The image is a full-page background featuring an aerial photograph of a bridge spanning a river. The entire image is overlaid with a semi-transparent teal color. In the center, the text "EQUITY MARKET PERSPECTIVE" is written in white, uppercase, sans-serif font. Below the text is a thin horizontal teal line. At the bottom center, there is a graphic of several concentric teal circles.

EQUITY MARKET PERSPECTIVE

Ongoing economic momentum, particularly in the U.S., and tight labor markets reinforced market hopes for a soft landing. This supported equity markets through November, with the S&P 500 Index now up 21% year-to-date. Lower bond yields and healthy corporate earnings boosted growth stocks and the tech sector, which outperformed their value peers. Small caps rallied in November with the Russell 2000 gaining 9.1% over the month. However, large caps have still outperformed year to date, by around 20%. In emerging markets, MSCI China's gain of 2% in November supported the MSCI Emerging Markets Index, which grew 8.3% over the month and is now up 7.7% year-to-date.

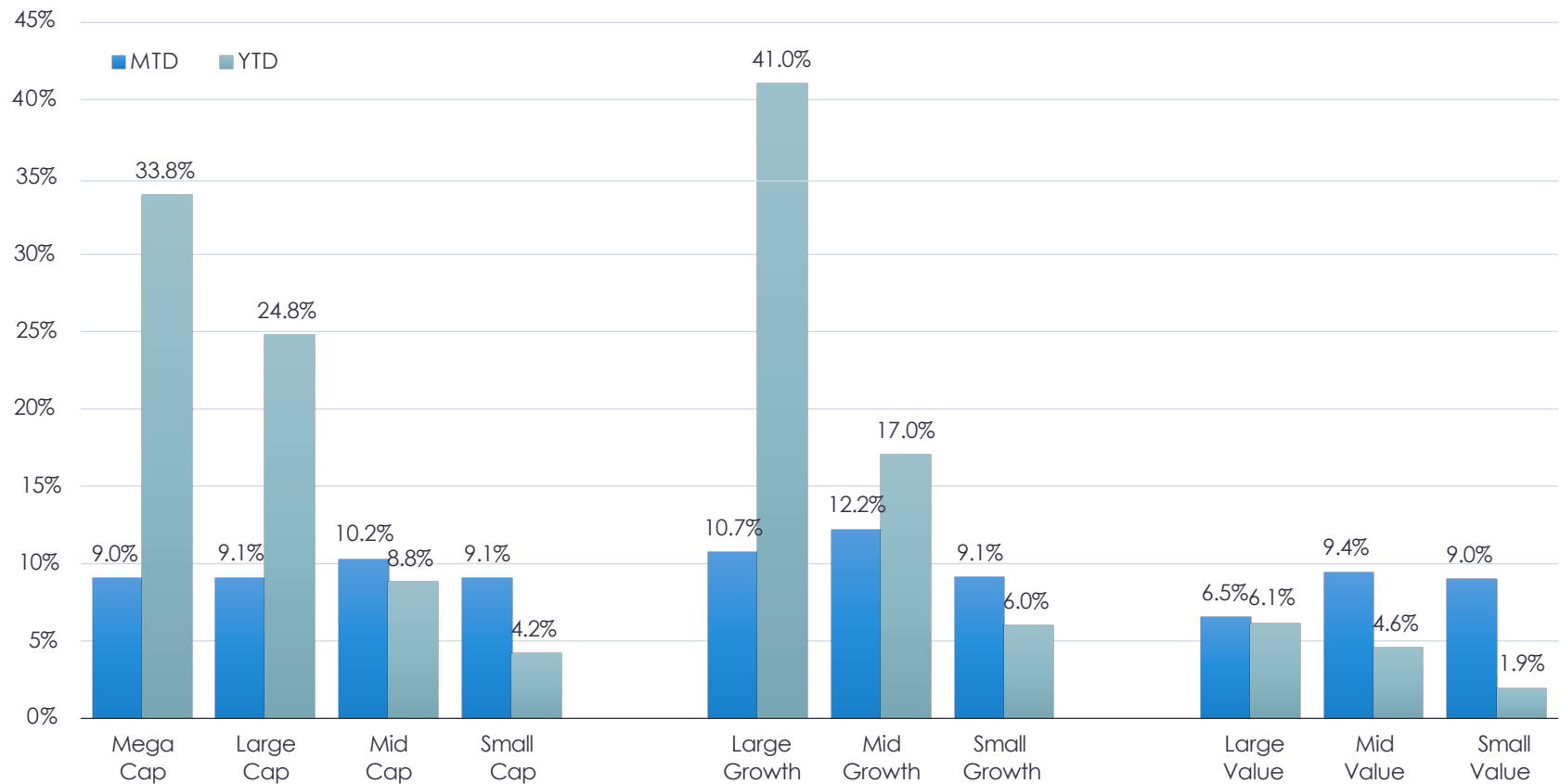
Global Equity Returns by Bellwether Index

Global Equity Markets



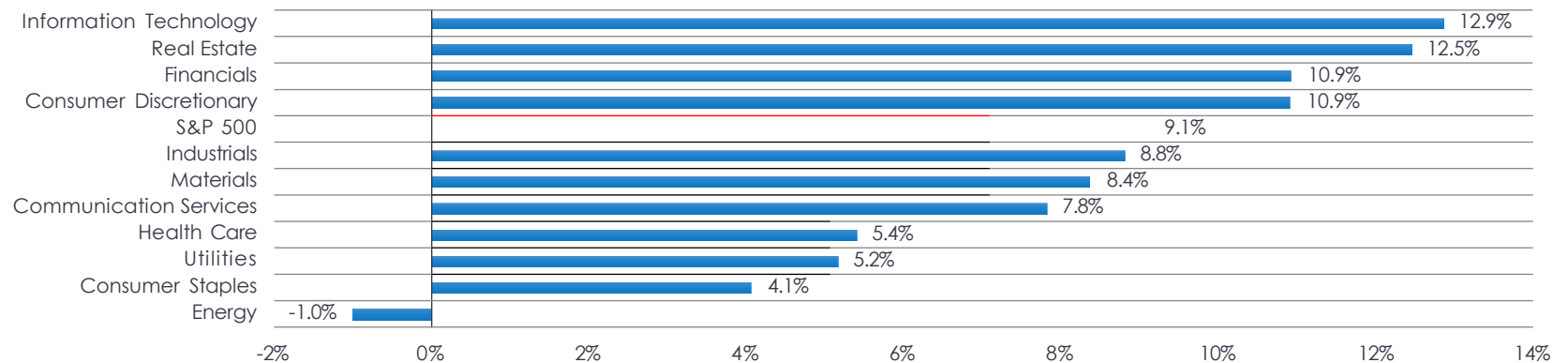
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

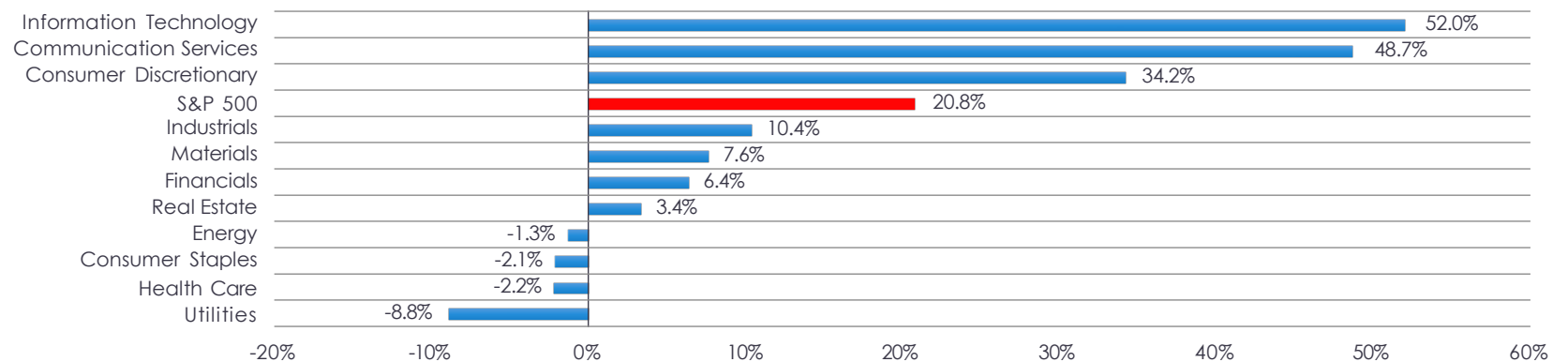


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

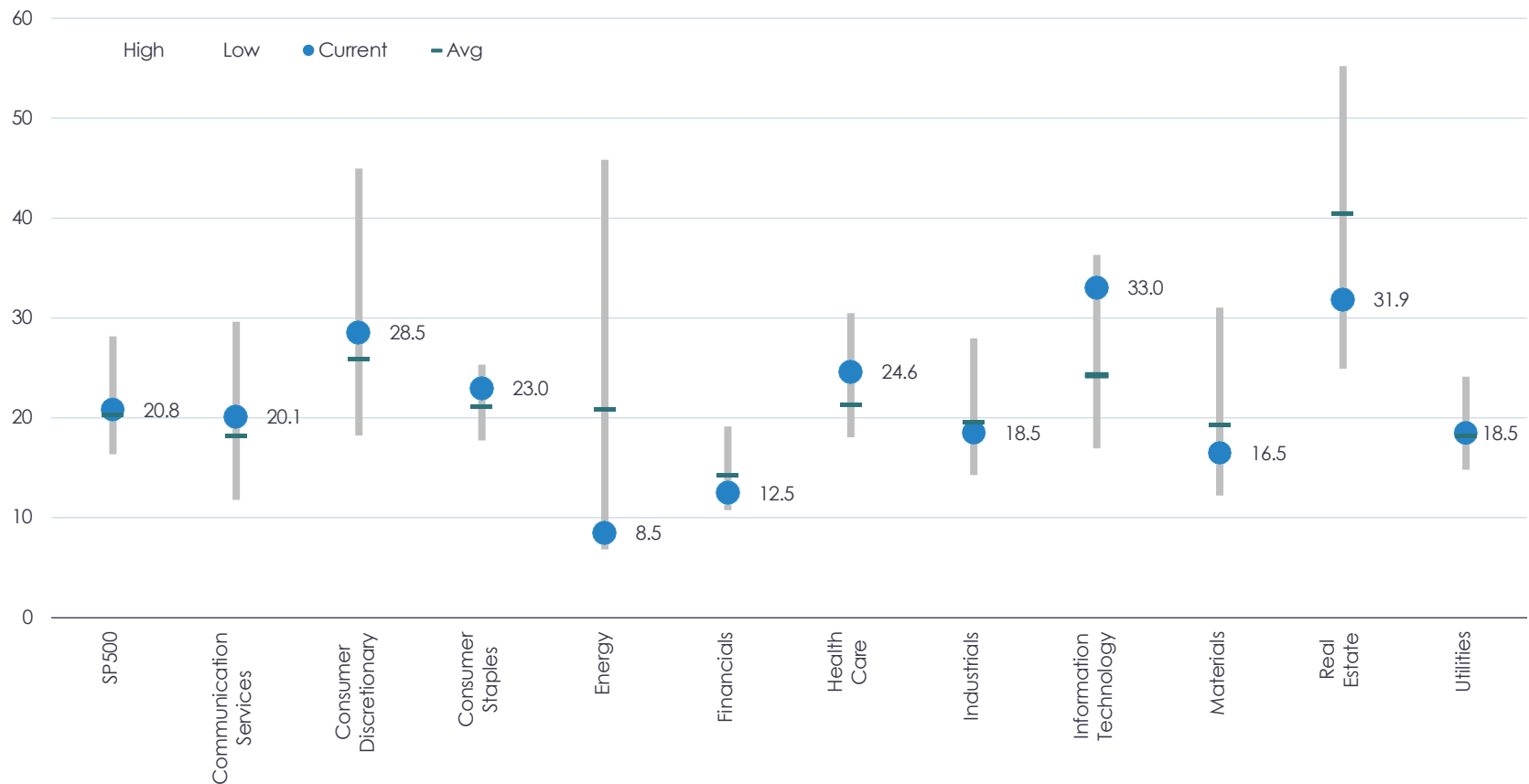


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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