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# Election 2024 Economic & Market Implications for Decision Day & Beyond

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All data is as of August 31, 2024, unless otherwise noted.



# Agenda

## Economic & Market Baseline

### Three Levels of Election Uncertainty

- **Election Outcome**

Who wins the presidential election, and the makeup of Congress?

- **The Candidate vs The Elected Official**

How do “the candidate’s” proposals differ from the policies enacted by “the elected official”?

- **Policy Impact**

What are the impacts of enacted policies on the economy & markets?

### Key Policy Issues

- **Taxes**

- **Fiscal state**

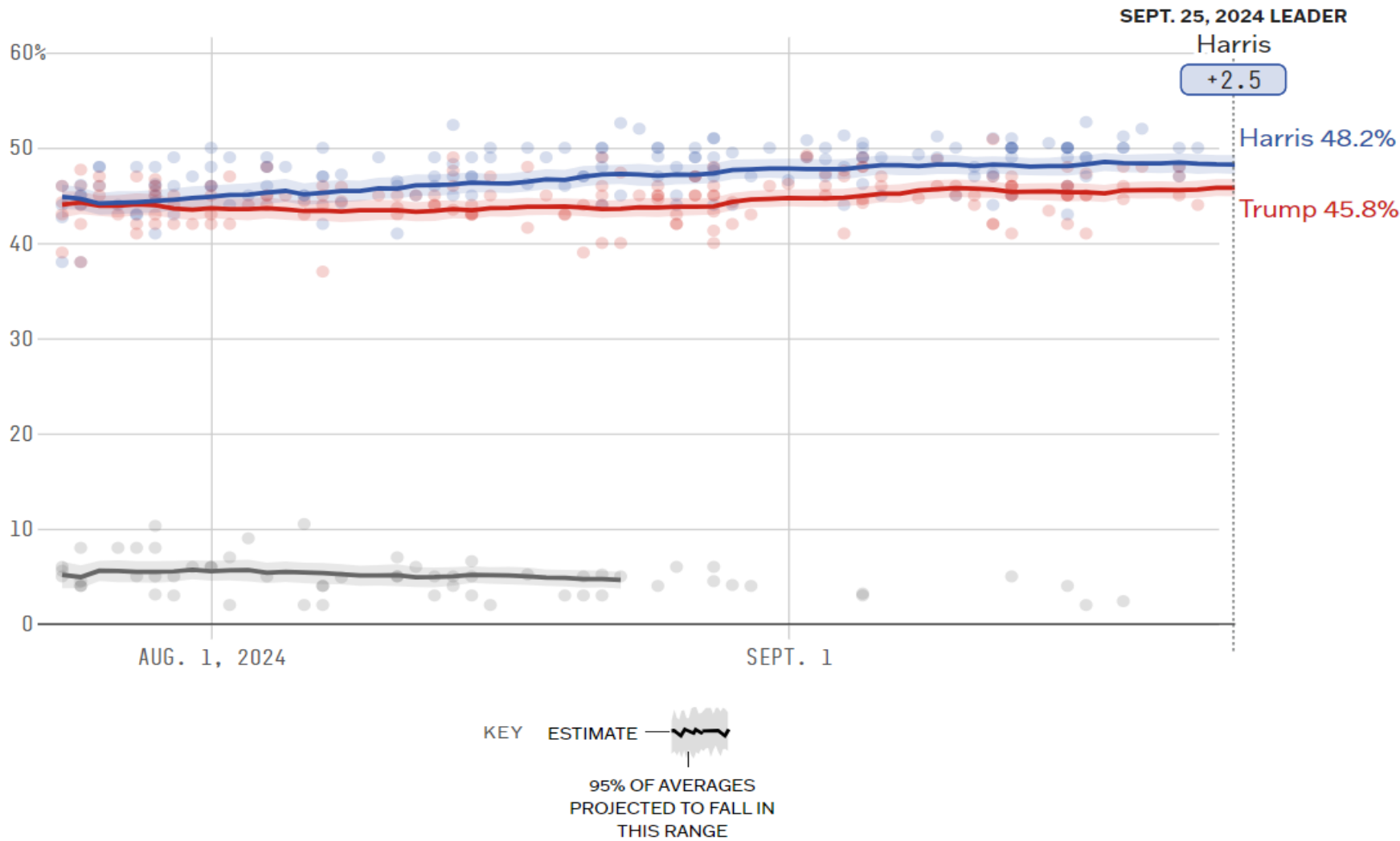
- **Trade**

- **Immigration**

# Presidential Election Landscape

## Who's ahead in the national polls?

Updating average for each candidate in 2024 presidential polls, accounting for each poll's recency, sample size, methodology and house effects



Source: FiveThirtyEight, Who's Ahead in the National Polls?, [September 25, 2024](#)

# Presidential Election Landscape

## Race to 270

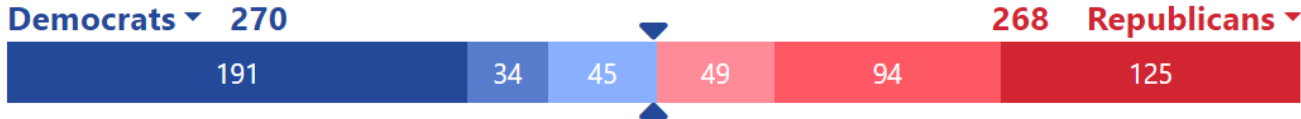
Ignore national polls and focus on battleground states

## The Big Seven

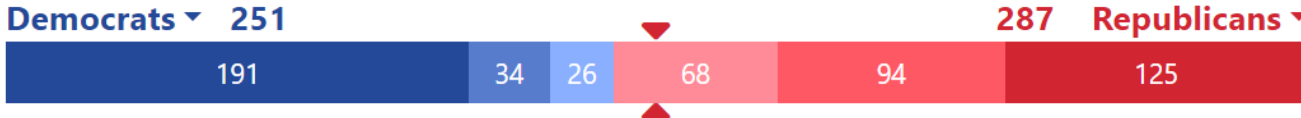
Arizona (11), Georgia (16), Michigan (15), Nevada (6), North Carolina (16), Pennsylvania (19), Wisconsin (10)

Both campaigns view PA as must win.

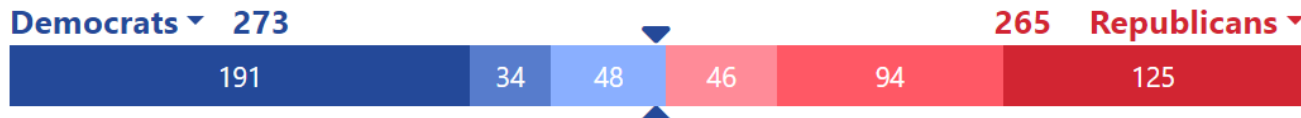
Scenario: Harris wins PA, MI, WI / Trump wins other battlegrounds



Scenario: Harris wins MI, WI / Trump wins PA and other battlegrounds



Scenario: Trump wins PA / Harris needs MI & WI with combination of GA/NC and NV/AZ



Source: 270 to Win, 2024 Presidential Election Interactive Map, September 19, 2024.

# Senate Landscape

## Senate Control Change

- West Virginia

## Democrats are also playing defense in 7 other Senate races

- Lean R: MT (Tester)
- Toss-ups: OH (Brown), MI (open)
- Lean D: AZ (open), NV (Rosen), PA (Casey), WI (Baldwin)

***The Senate map does not get any easier for Democrats in 2026 and 2028.***

# Senate Landscape

SOLID D	LIKELY D	LEAN D	TOSS UP	LEAN R	LIKELY R	SOLID R
CA-OPEN CT-Murphy DE-OPEN HI-Hirono MA-Warren ME-King (I) MN-Klobuchar NJ-OPEN NM-Heinrich NY-Gillibrand RI-Whitehouse VA-Kaine VT-Sanders (I) WA-Cantwell	MD-OPEN	AZ-OPEN (I) NV-Rosen PA-Casey Jr. WI-Baldwin	MI-OPEN OH-Brown	MT-Tester	FL-Scott TX-Cruz	WV-OPEN IN-OPEN MO-Hawley MS-Wicker ND-Cramer NE-Fischer NE-Ricketts TN-Blackburn UT-OPEN WY-Barrasso

Source: Cook Political Report (Accessed 09/17/24)

# House Landscape

## Control of the House is a toss-up

MARGINS IN THE HOUSE ARE STILL TIGHT:

there are **220 Republicans**, **211 Democrats**, and **4 vacancies**.

**13 GOP seats and 11 Democratic seats rated as toss-ups...**  
and another 2 GOP seats that are rated likely/lean Democrat.

**To flip control of the House,**  
Democrats would need to hold their current seats and flip **4 GOP held seats**.

# Splitting the Ticket

**Percentage of districts where the majority voted for a candidate from one party for President and a candidate from another party for House**

- Peaked in 1972 – almost 40%<sup>1</sup>
- Declining steadily to 3.7% in 2020<sup>1</sup>

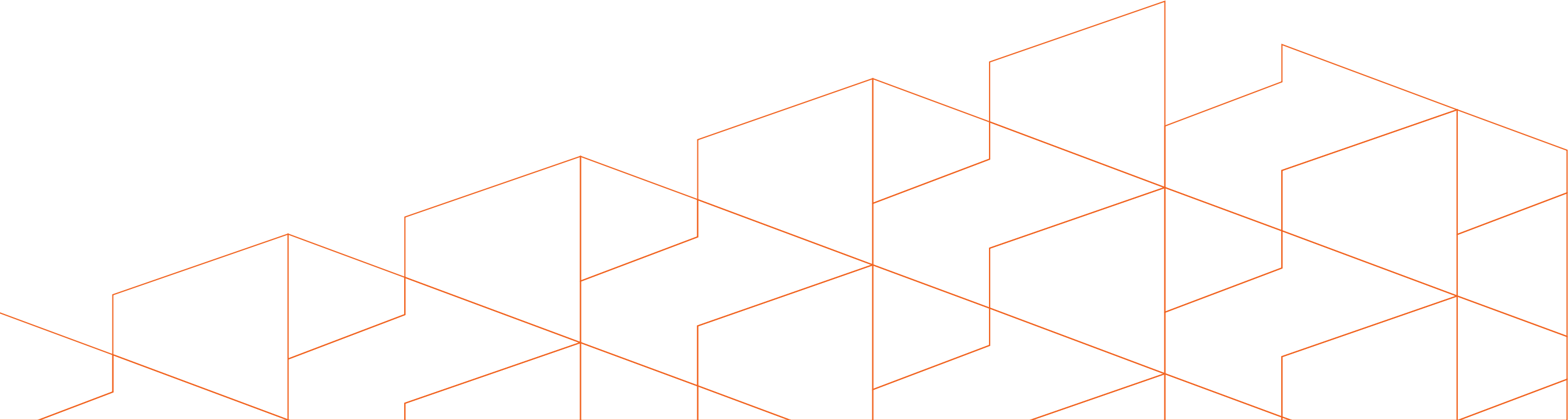
**In the last 4 years, 69 Senate races, 68 mirrored the Presidential choice<sup>2</sup>**

Source: <sup>1</sup>Share of voting districts splitting the vote between Presidential and House candidates in the United States from 1900 to 2020, accessed 9/24/2024.

<sup>2</sup>ABC News, Could Larry Hogan turn a blue Senate seat red in Maryland? March 28, 2024

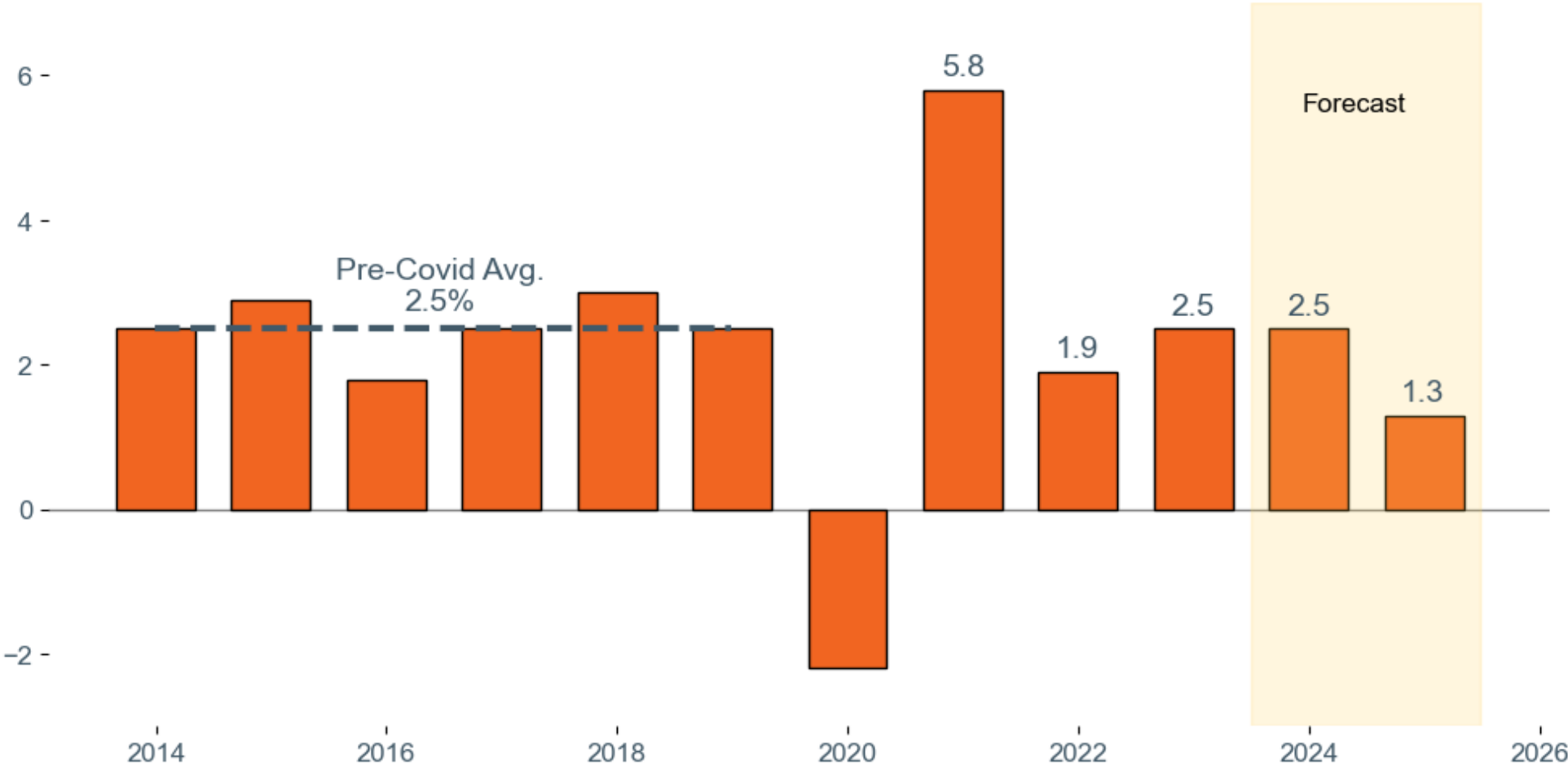


# Economic Baseline



# Soft Landing Expected into 2025

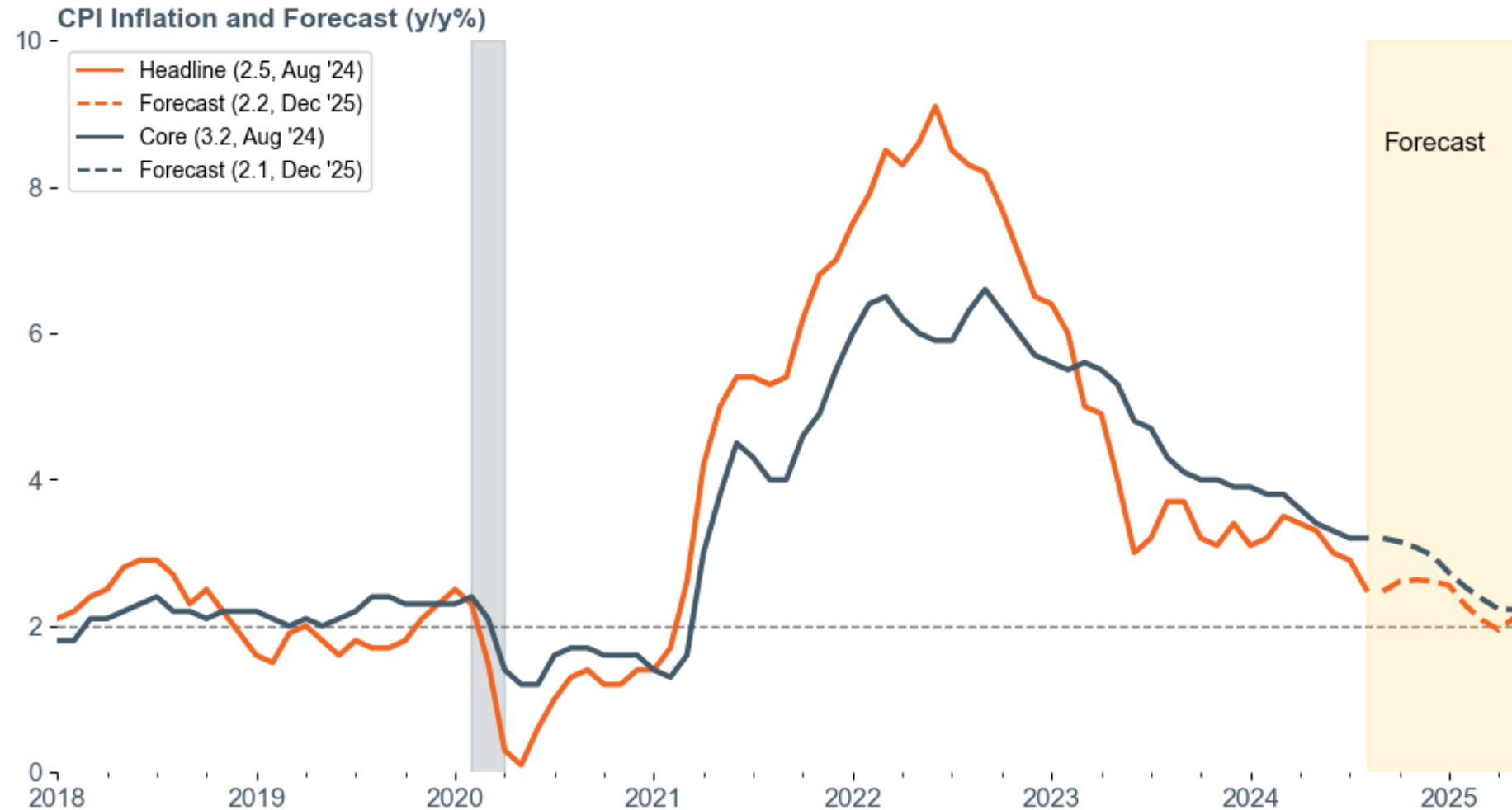
U.S. real gross domestic product (GDP, %)



Data as of August 31, 2024. Sources: Bureau of Economic Analysis, WTIA.

# Inflation Likely to Continue Slowing, Allowing for Rate Cuts

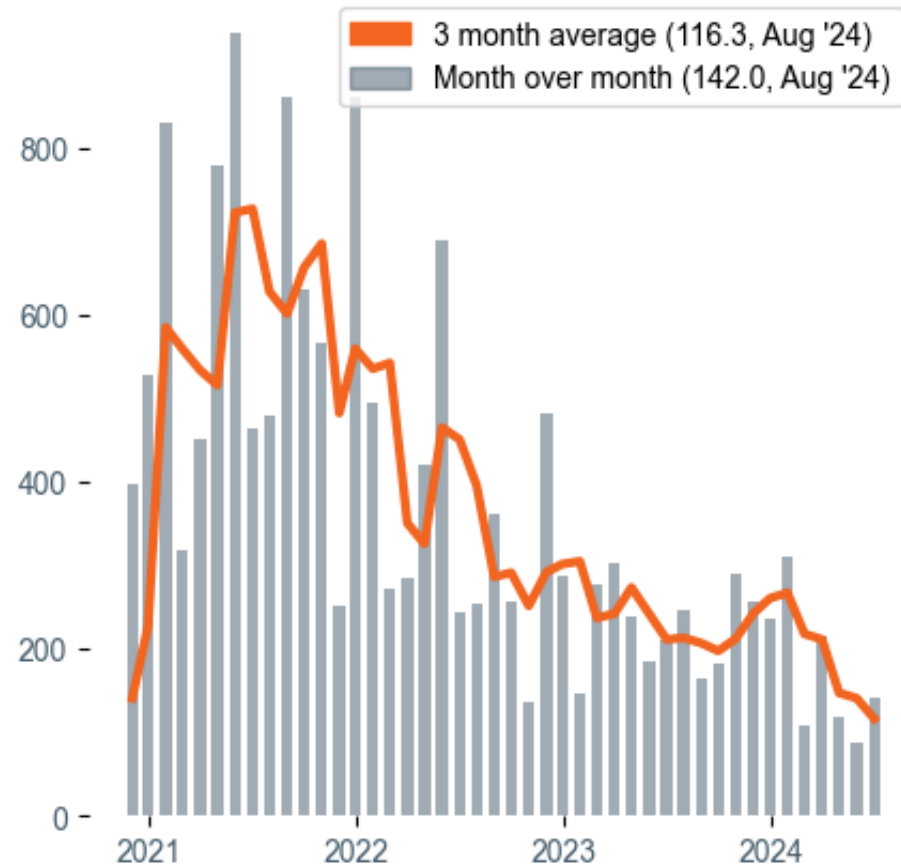
## U.S. Consumer Price Index (CPI) inflation (y/y %)



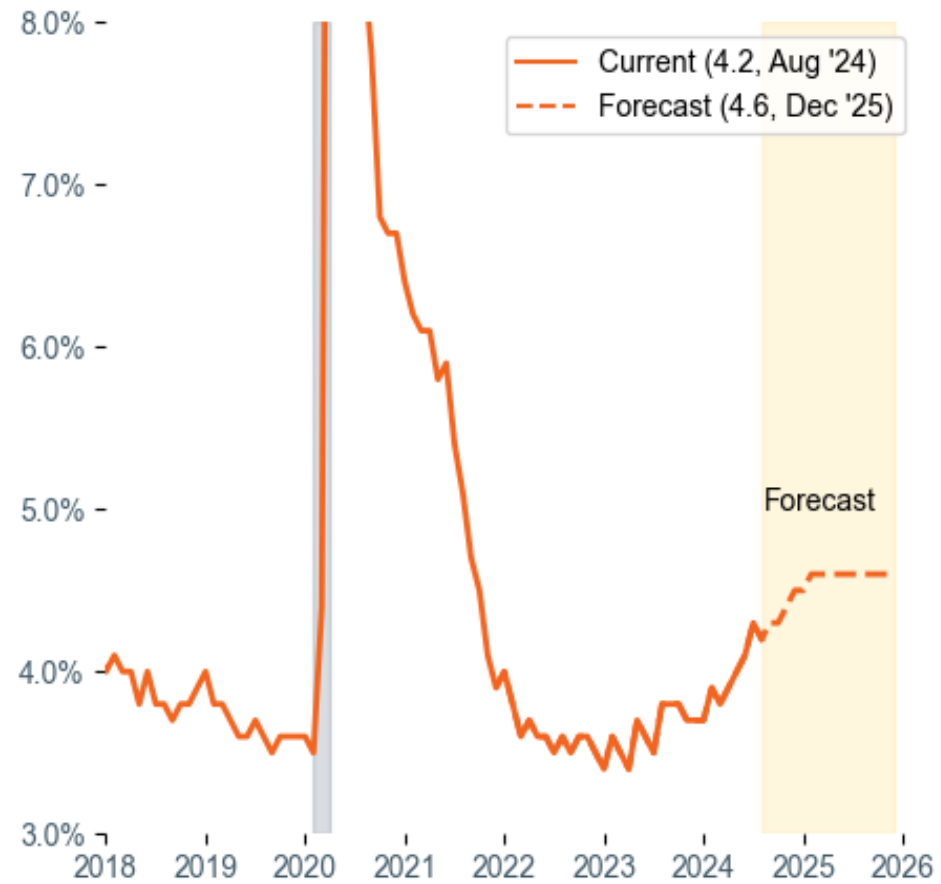
Data as of September 11, 2024. Sources: Bureau of Economic Analysis, WTIA. Gray bars represent recessionary periods.

# Labor Market Data Slowing But Not in Decline

Change in nonfarm payrolls (thousands)



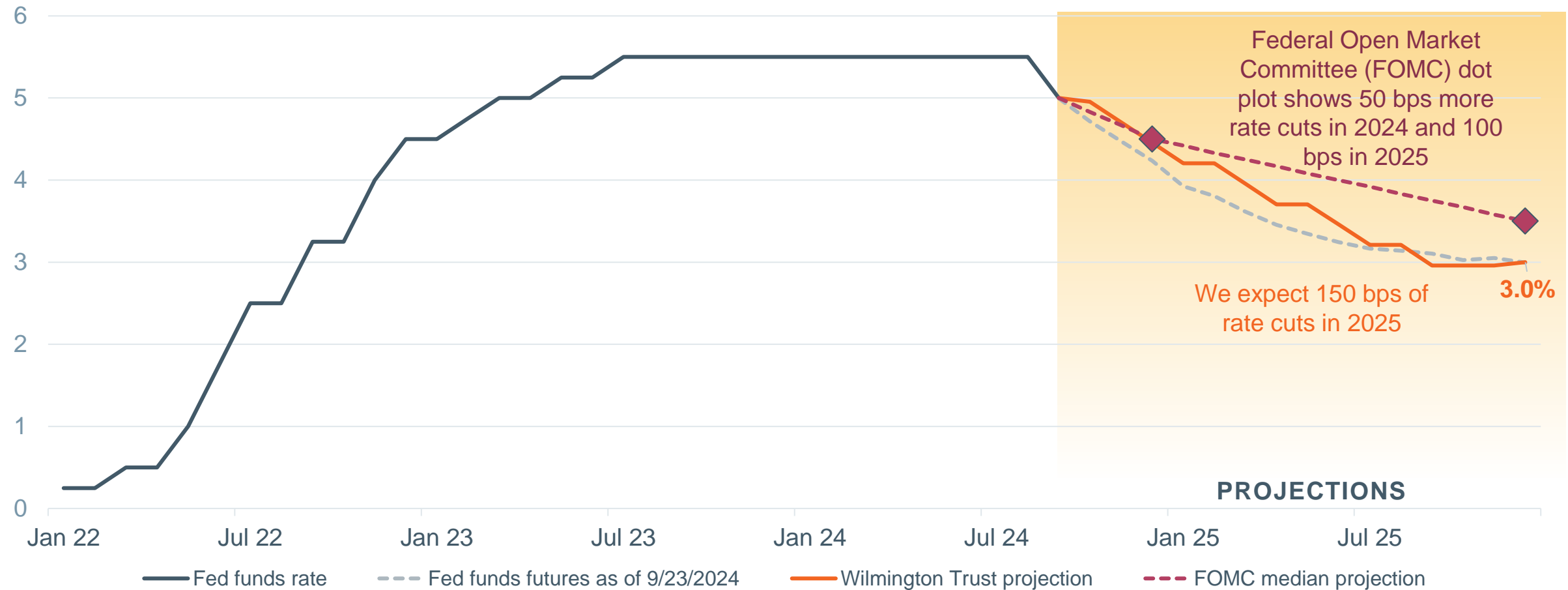
U.S. unemployment rate (%)



Data as of September 6, 2024. Sources: Bureau of Labor Statistics, Wilmington Trust. Gray bars represent recessionary periods.

# Rate Cuts to Exceed Fed Projections in 2025

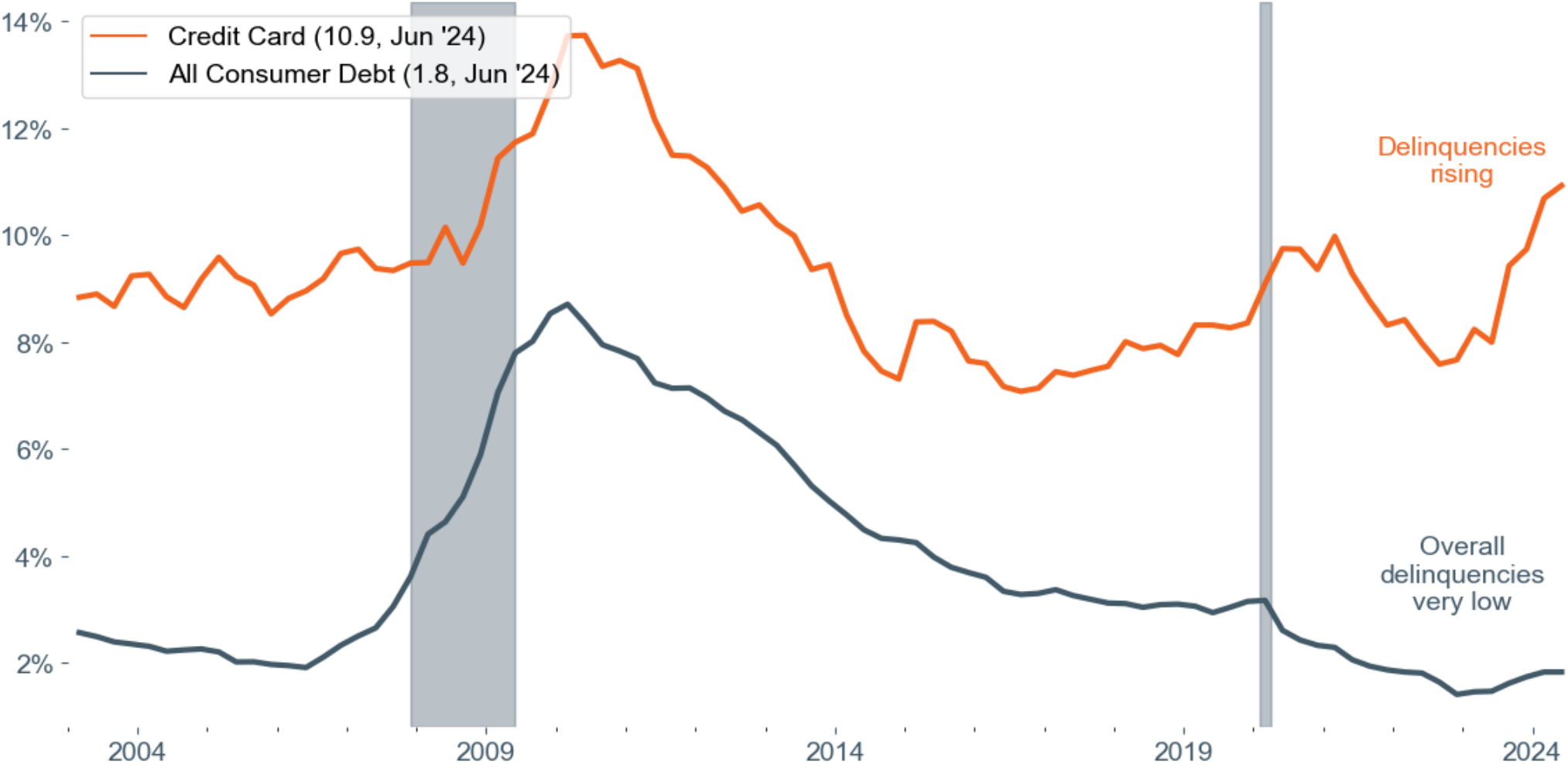
Federal funds rate (% top of target range)



Data as of September 23, 2024. Sources: Macrobond, Federal Reserve, WTIA. A basis point is one hundredth of 1 percentage point.

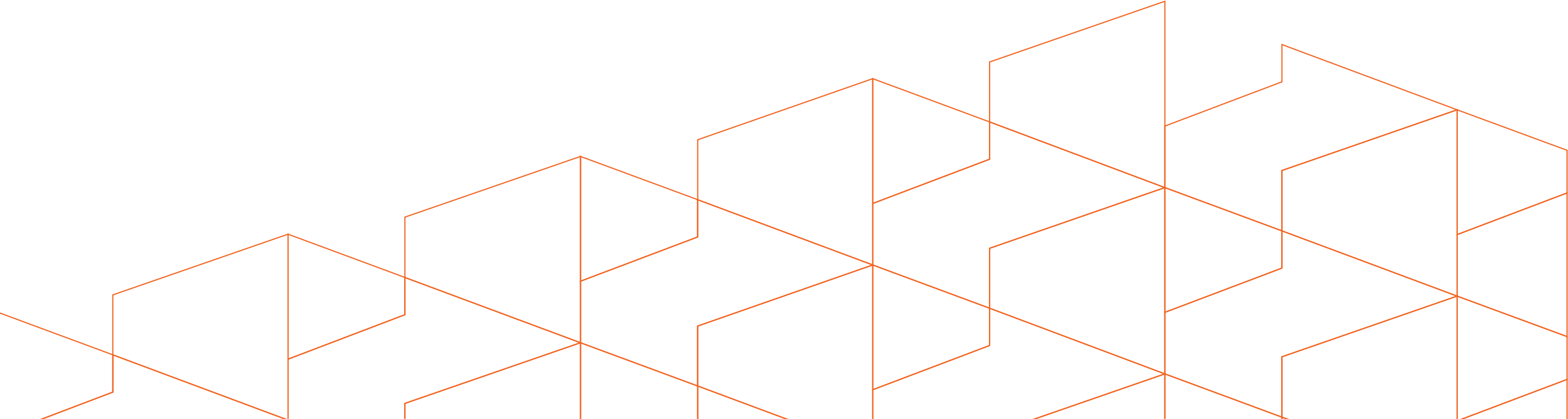
# Possible Recessionary Warning Signs: Credit Delinquencies

Percent of Balance 90+ Days Delinquent



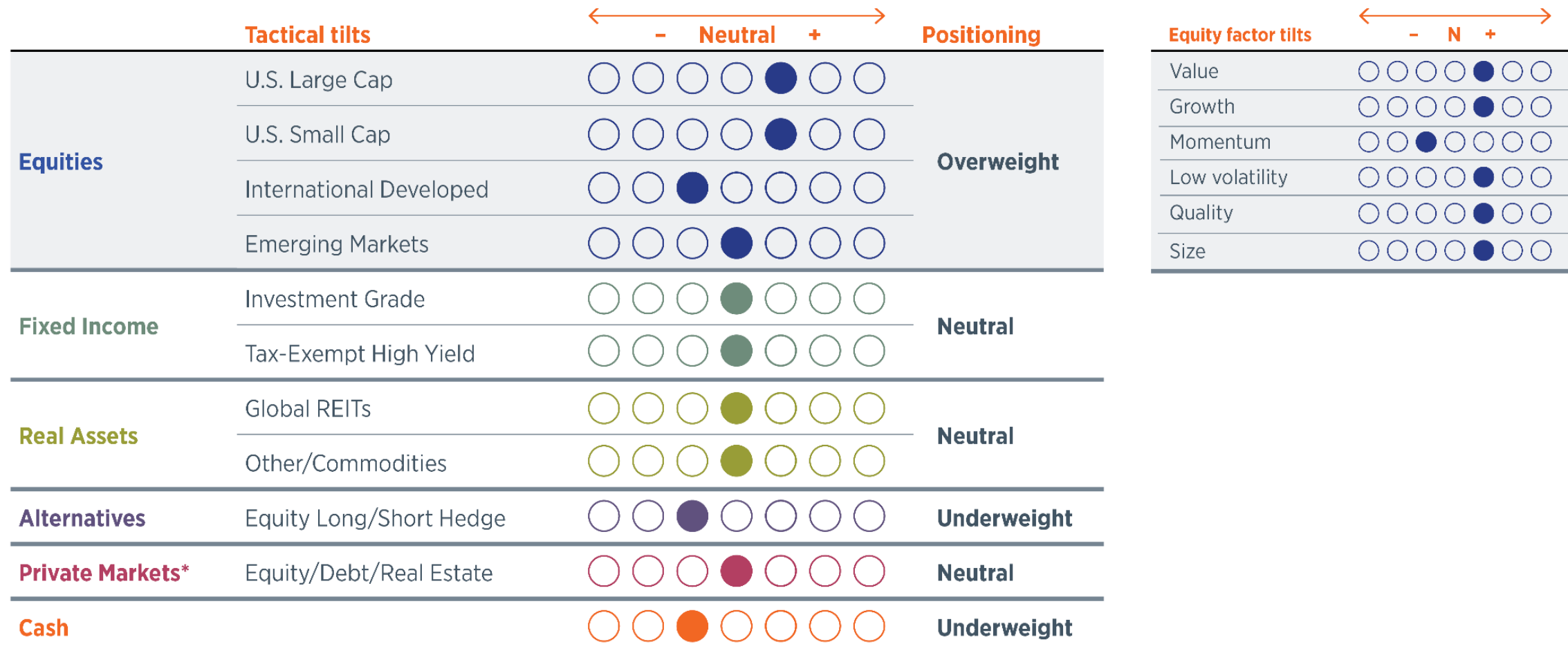
Data as of 2024Q2. Sources: Equifax, Federal Reserve Bank of New York, WTIA.  
Note: Consumer debt includes Credit Card, Student Loan, Auto Loan, Home Equity Line of Credit, Mortgage. Gray bars represent recessionary periods.

# Baseline Market Outlook



# Current Positioning

High-net-worth portfolios with private markets\*

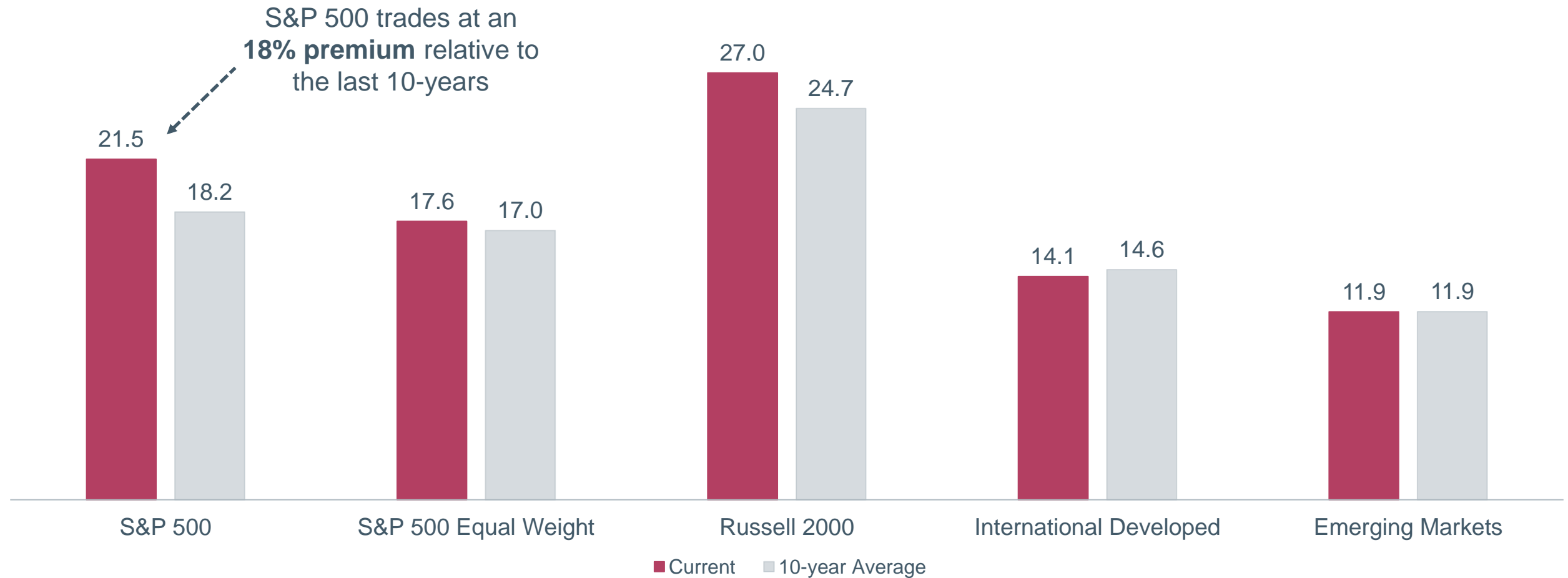


Data as of August 31, 2024. Positioning reflects our monthly tactical asset allocation (TAA) versus the long-term strategic asset allocation (SAA) benchmark. For an overview of our asset allocation strategies, please see the disclosures. \*Private markets are only available to investors that meet Securities and Exchange Commission standards and are qualified and accredited. We recommend a strategic allocation to private markets we do not tactically adjust this asset class.



# Elevated Valuations Support Rotation Trade

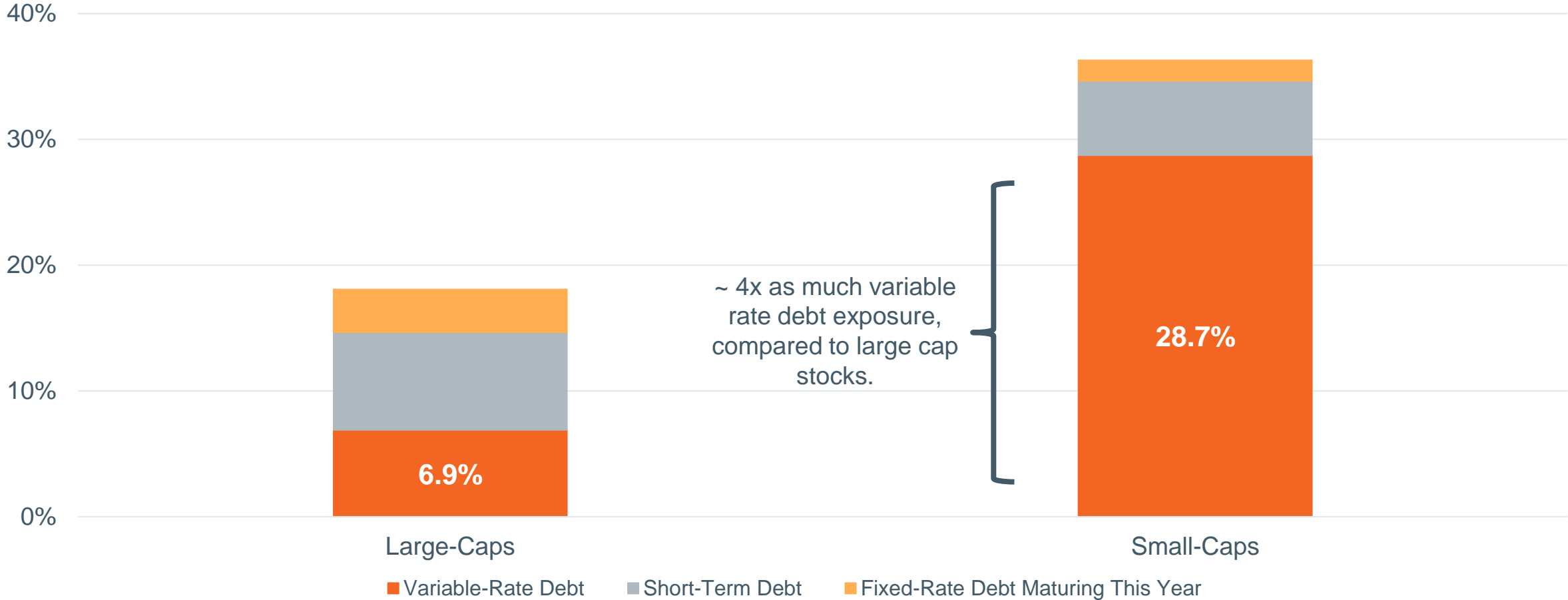
Forward price-to-earnings-ratio (last 10-years)



Data as of September 23, 2024. Source: Bloomberg, WTIA.

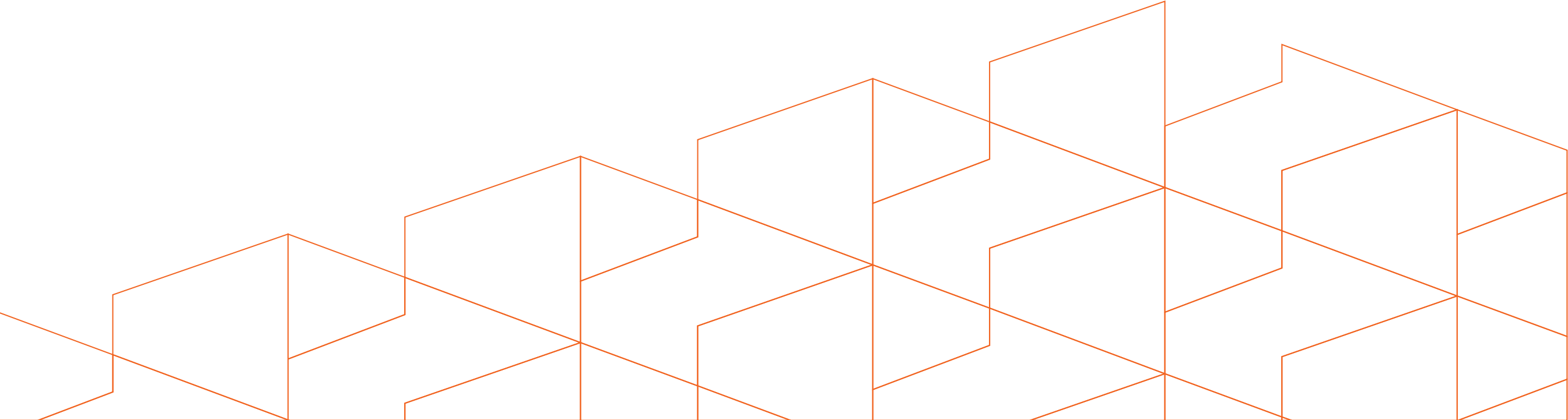
# Small Caps a Beneficiary of Rotation Trade, Rate Cuts

Large cap and small cap (ex-financials and real estate) share of debt that is rate sensitive

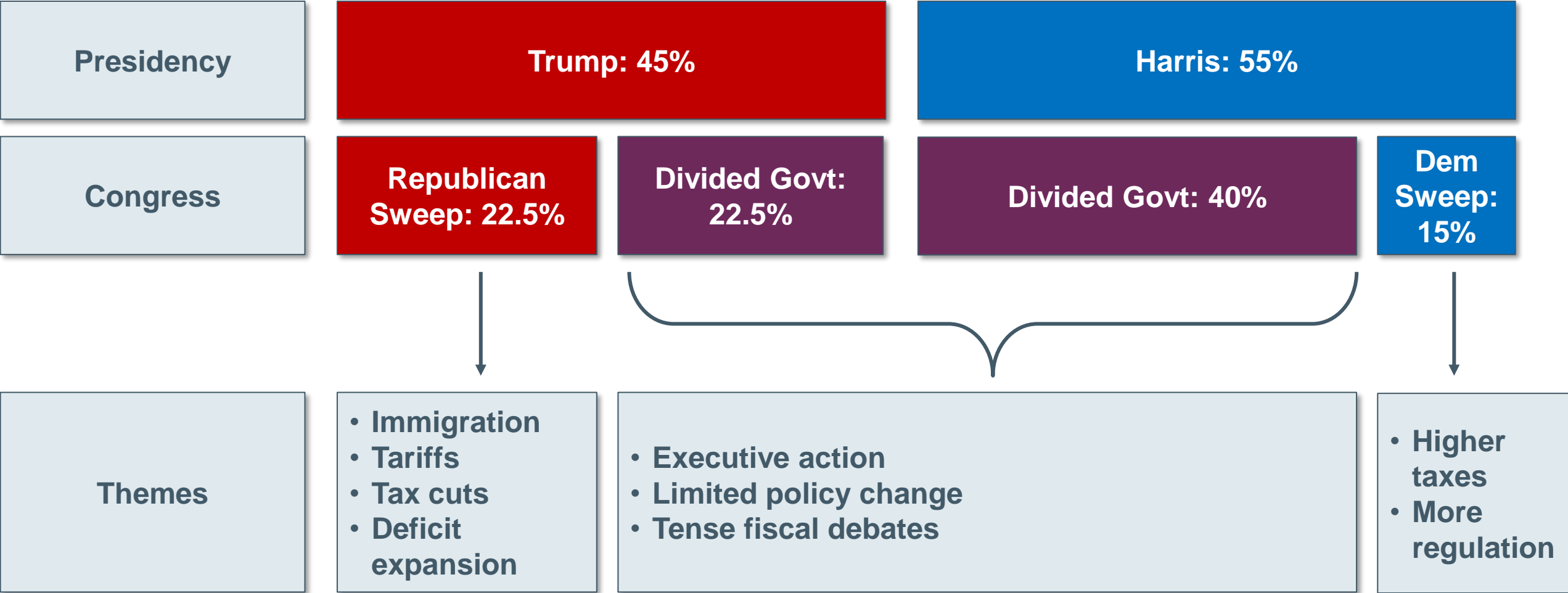


Data as of July 31, 2024. Source: Empirical Research Partners, Factset Research. "Large caps" represent the 750 largest U.S. stocks. "Small caps" represents the next 2000 largest stocks.

# Policy Impacts



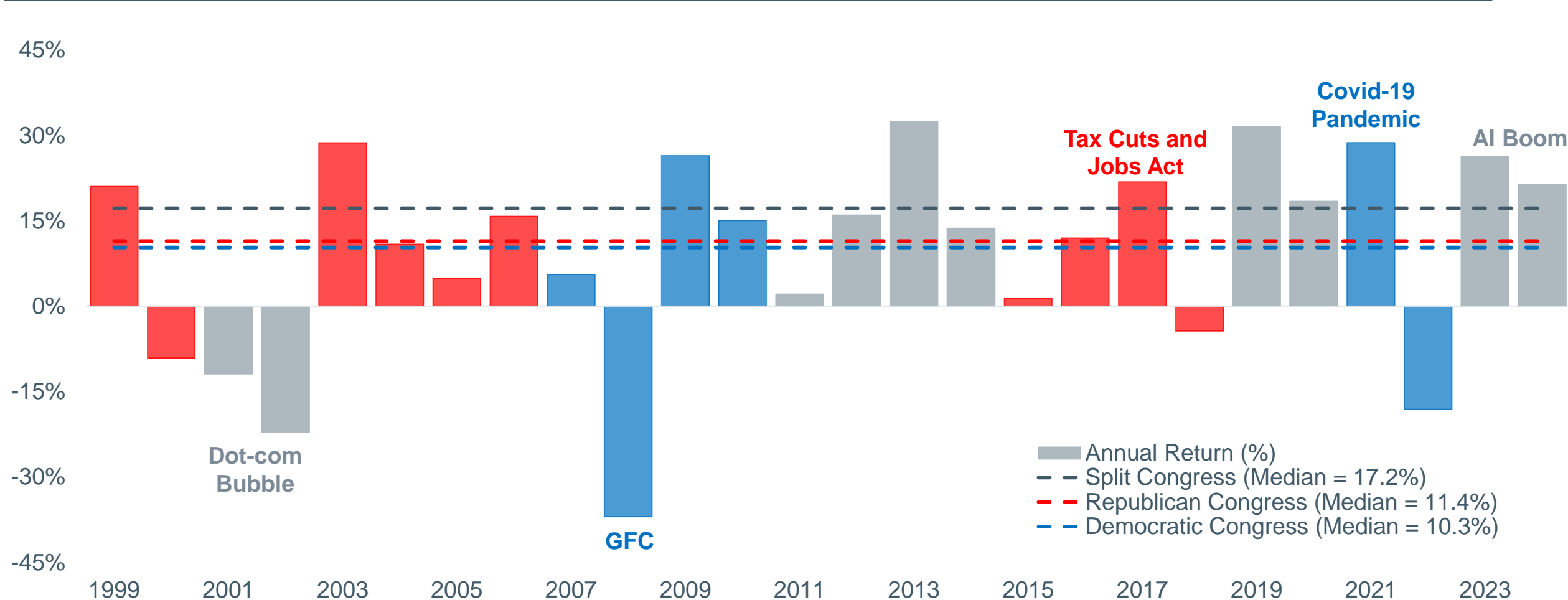
# Assessing the Odds of Major Policy Change



Source: WTIA estimates, based on current aggregate polling as of September 20, 2024.

# Elections Are One Piece of a Complicated Puzzle for Markets

S&P 500 returns under different Congressional regimes (last 25 years)



Data as of September 19, 2024. Source: WTIA, Bloomberg.

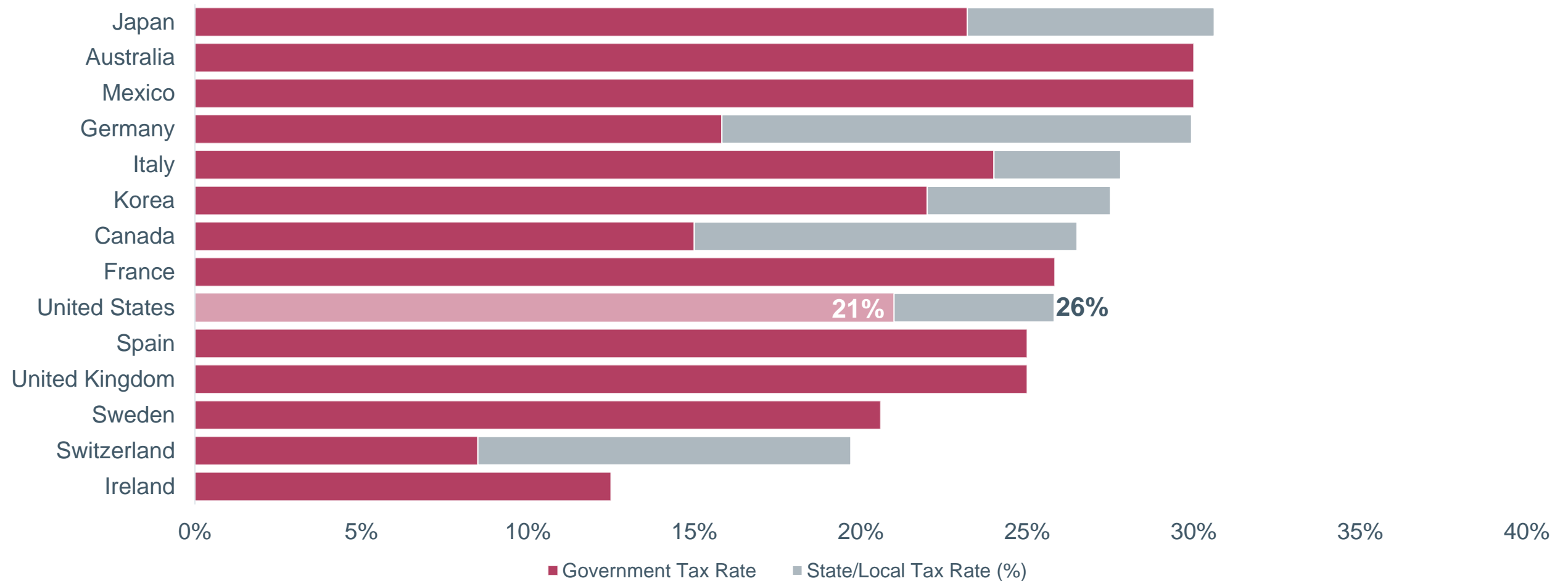
# Digging into the Issues: Taxes – Possible Outcomes

	Republican Sweep 22.5%	Trump with Divided Congress 22.5%	Harris with Divided Congress 40%	Democratic Sweep 15%
<b>Personal Income Taxes</b>	<ul style="list-style-type: none"> <li>Full extension of TCJA (top marginal rate remains at 37%)</li> </ul>	<ul style="list-style-type: none"> <li>TCJA extended for households making less than \$400k</li> </ul>		
<b>Capital Gains</b>	<ul style="list-style-type: none"> <li>Cut long-term capital gains (LTCG) rate to 15% (plus 3.8% net investment income surtax for high earners)</li> </ul>	<ul style="list-style-type: none"> <li>LTCG remains 20% (plus 3.8% net investment tax)</li> </ul>	<ul style="list-style-type: none"> <li>Increase LTCG to 28% (plus 5% tax for those earnings more than \$1M)</li> <li>Tax unrealized gains for those with net worth &gt;\$100M</li> </ul>	
<b>Corporate Taxes</b>	<ul style="list-style-type: none"> <li>21% → 15%</li> </ul>	<ul style="list-style-type: none"> <li>Remains 21%</li> </ul>		<ul style="list-style-type: none"> <li>21% → 28%</li> </ul>
	<ul style="list-style-type: none"> <li>AMT 15%</li> <li>1% tax on buybacks</li> </ul>			<ul style="list-style-type: none"> <li>AMT 15% → 21%</li> <li>Buyback tax 1% → 4%</li> </ul>
<b>Child Tax Credit</b>	<ul style="list-style-type: none"> <li>\$1,000 → \$5,000</li> </ul>		<ul style="list-style-type: none"> <li>\$1,000 → a range of \$3,000-\$6,000 (age dependent)</li> </ul>	
<b>Estate Tax</b>	<ul style="list-style-type: none"> <li>\$13.6M for individuals</li> <li>\$27.2M for joint filers</li> </ul>	<ul style="list-style-type: none"> <li>\$7M for individuals</li> <li>\$14M for joint filers</li> </ul>		

Source: WTIA, Tax Foundation, CNN, Financial Times, New York Times. Projections and estimates are based on Wilmington Trust views. Note: If the 2017 Tax Cuts and Jobs Act (TCJA) were allowed to expire, the top marginal tax rate would increase from 37% to 39.6% and the child tax credit would stand at \$1,000. The estate tax exemption would be \$7M for individuals and \$14M for joint filers. The top long-term capital gains (LTCG) rate would remain at 20% with a 3.8% net investment income tax for high earners. The corporate tax rate would remain at 21% with a 1% buyback on stocks. Under Harris’s proposal, she would increase the child tax credit to \$6,000 for children under 1; \$3,600 for ages 2-5; and \$3,000 for >5 years of age.

# U.S. Corporate Tax Rate In Line with OECD\* Countries

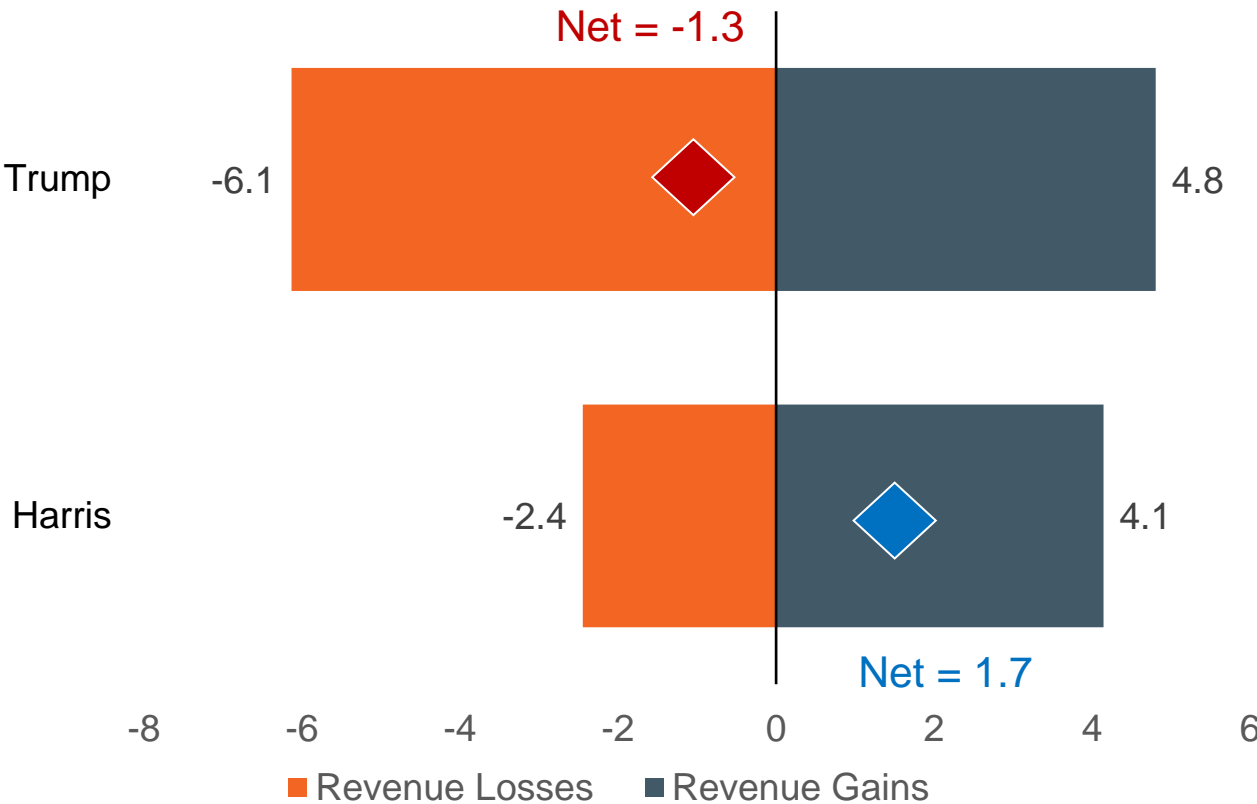
## Statutory corporate income tax rates



Data as of December 31, 2023. Sources: \*Organisation for Economic Co-operation and Development (OECD) and Tax Policy Center (Brookings Institute).

# Campaign Tax Policies Unlikely to Be Fully Implemented

Estimated Revenue Gains and Losses of Stated Tax Policies and Tariffs over 10-years (2025-2034) (\$trillions)



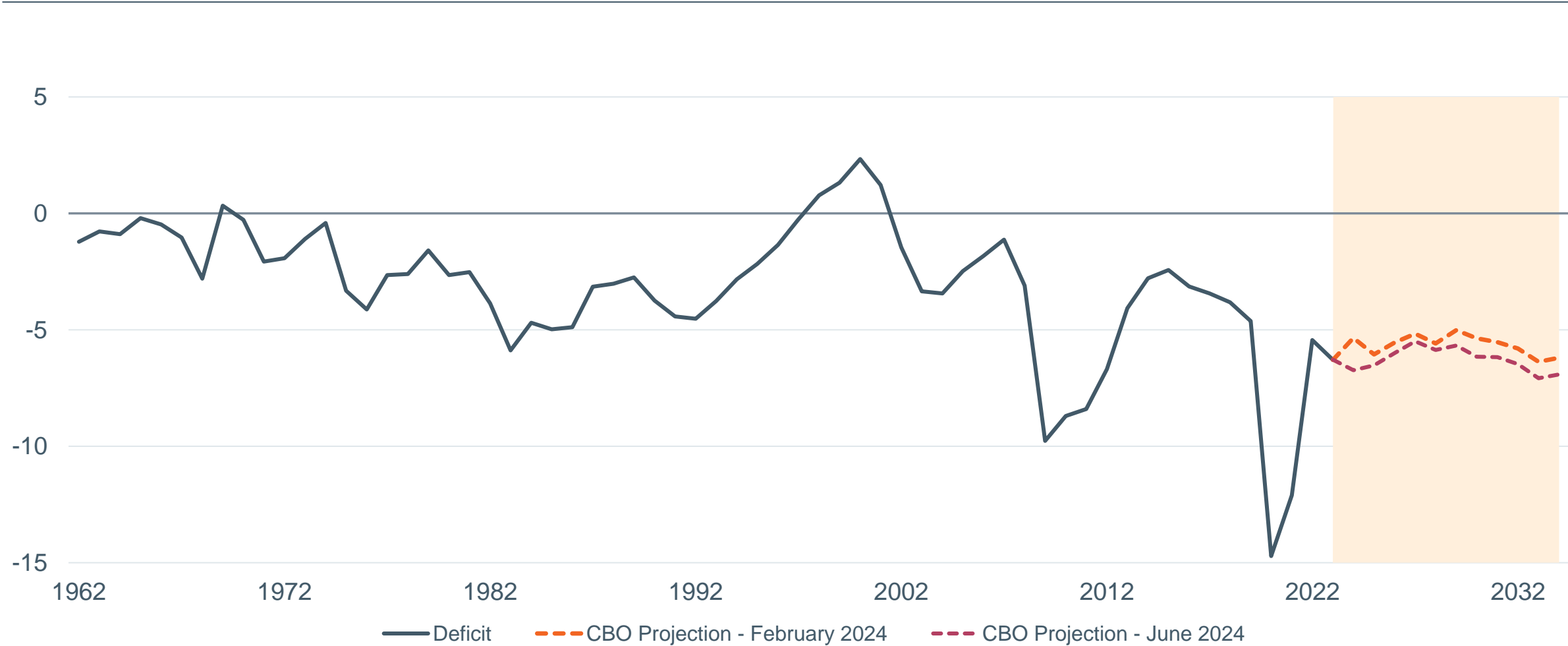
- Extension of TCJA tax rates are biggest driver
- Estate taxes, exempt Tips, exempt Social Security also contribute
- Revenue gains principally from tariffs but likely to be much smaller as firms react
- No major spending plans included
- Major revenue increases from taxes on business and high-income earners
- Revenue declines from tax expenditures: Child Tax Credit, ACA Tax Credits, and First-Time Homebuyers
- Projected surplus unlikely as spending plans are not included in these estimates

Data as of September 20, 2024. Source: Tax Foundation, WTIA.  
 Note: The Tax Foundation provides 10-year budget impacts on a dynamic and non-dynamic basis. Dynamic impacts include macroeconomic modeling of how the economy would change as a result of the policies such as changes to economic growth, labor force, and wages. We use non-dynamic estimates to avoid any uncertainty and bias that could result from modeling the macroeconomic impacts/



# Deficit Picture Downgraded in June, Unusually Large in Expansion

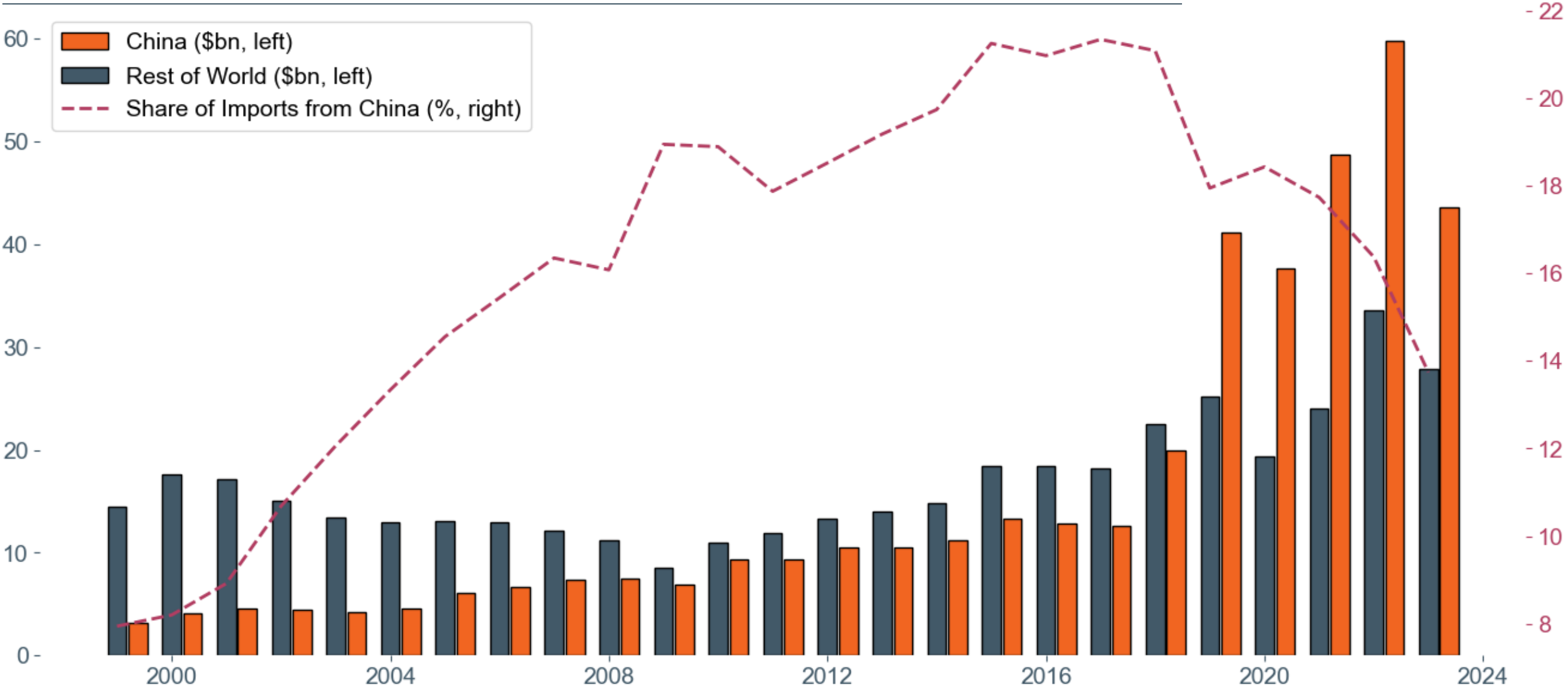
Annual Fiscal Deficit as a Share of Gross Domestic Product (%)



Source: Congressional Budget Office (CBO)

# Tariffs Lead to Firms Shifting Operations and Tariff Avoidance

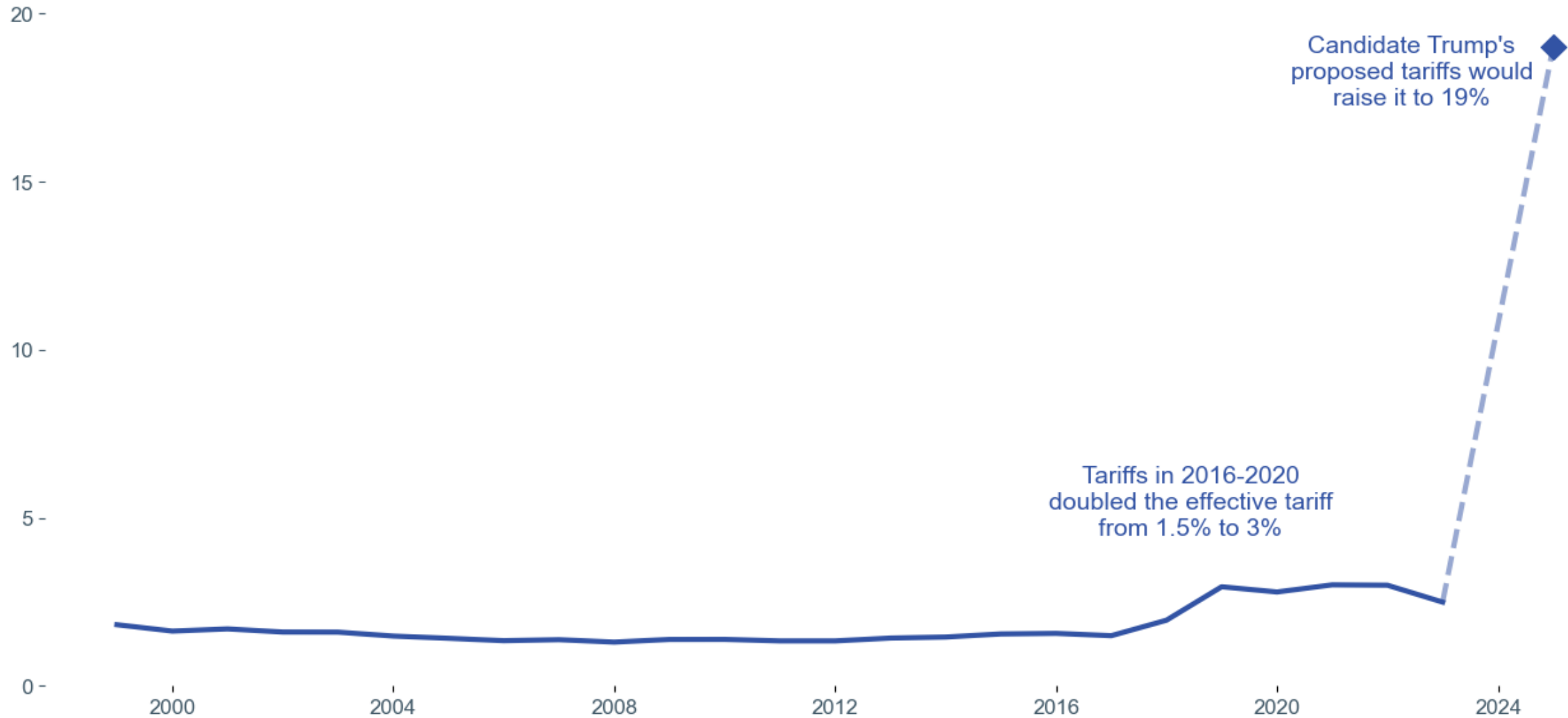
Tariff Revenue by Import Country and Share of Imports from China



Data as of December 31, 2023. Sources: U.S. Census Bureau, U.S. Treasury, Peterson Institute for International Economics WTIA

# Trump's Proposed Tariffs Are Massive

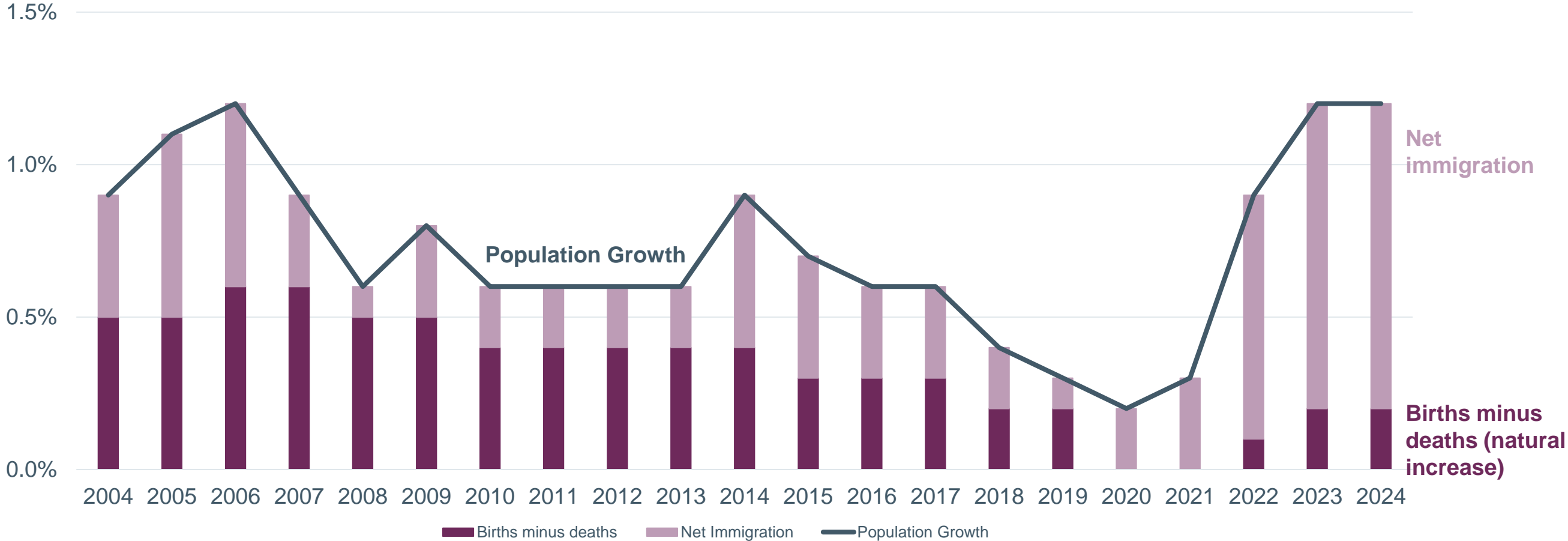
Effective tax rates for U.S. Imports (%)



Data as of December 31, 2023. Sources: World Bank, WTIA

# Immigration A Main Driver of Population Growth

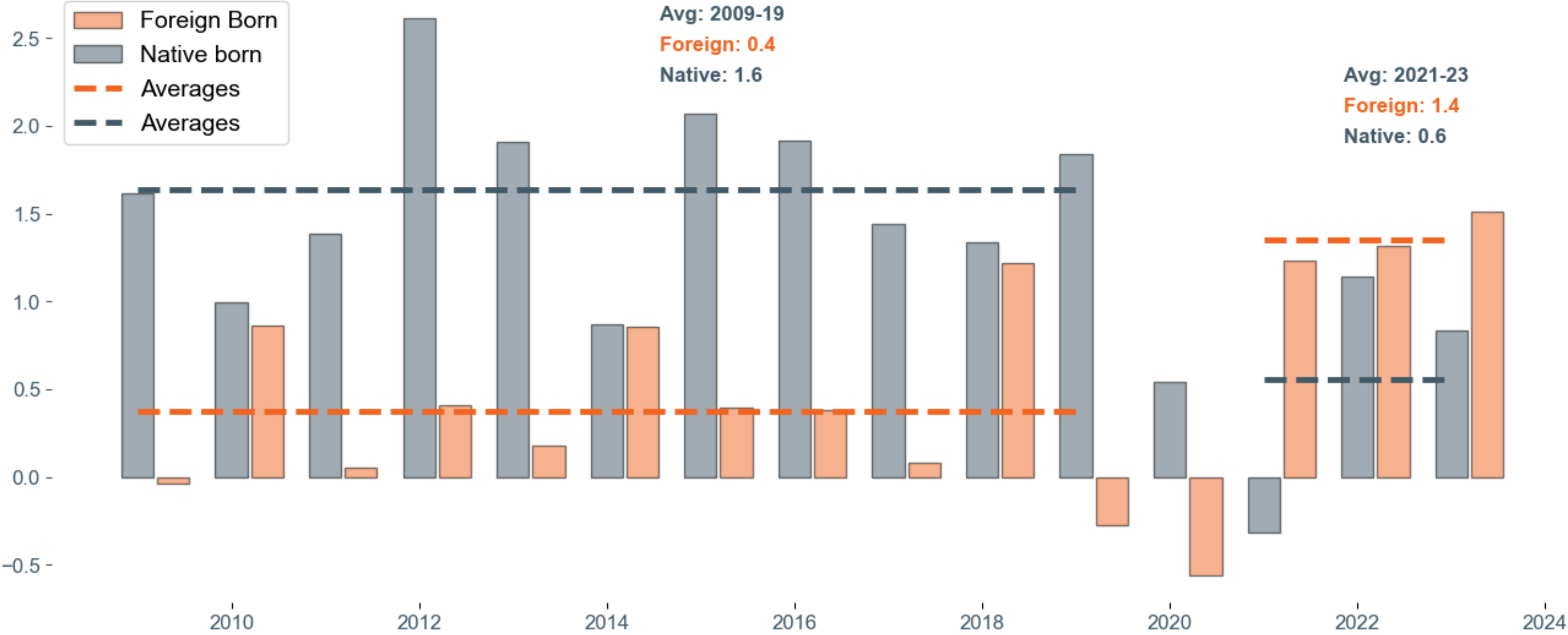
Demographic factors that contributed to population growth (2004-2024)



Data as of June 30, 2024. Sources: Congressional Budget Office (CBO) and Brookings Institute.

# Immigration A Critical Factor in Growth of Labor Supply

Annual labor force growth by place of birth (millions)



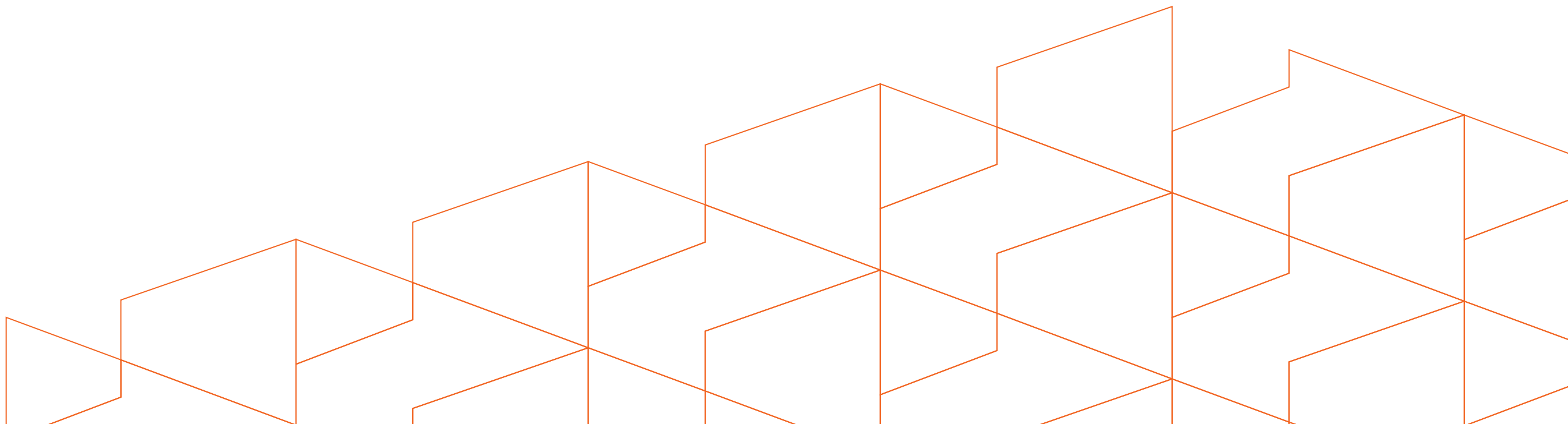
Data as of June 30, 2024. Sources: Bureau of Labor Statistics, WTIA.

# Potential Market Implications of Different Outcomes

		Republican Sweep 22.5%	Trump with Divided Congress 22.5%	Harris with Divided Congress 40%	Democratic Sweep 15%
<b>Asset Classes</b>	<b>Equities</b>	<ul style="list-style-type: none"> <li>Higher volatility on trade uncertainty (-) but also tax cuts (+)</li> <li>US &gt; Non-U.S.</li> </ul>		<ul style="list-style-type: none"> <li>Market neutral: Equities may deliver mid-single digit returns as economy expands in 2025 and Fed cuts rates; valuations a limiting factor</li> </ul>	<ul style="list-style-type: none"> <li>Higher volatility on expectations for tax increases (-) but status quo on trade, increase in social spending (+)</li> </ul>
	<b>Fixed Income</b>	<ul style="list-style-type: none"> <li>Higher deficits, inflation, and interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Tense fiscal debates pose risk to the debt ceiling, increasing interest-rate volatility</li> </ul>		<ul style="list-style-type: none"> <li>Higher deficits, inflation, and interest rates</li> </ul>
	<b>Real Assets</b>	<ul style="list-style-type: none"> <li>Precious metals may outperform on elevated uncertainty around trade or debt ceiling</li> </ul>			
		<ul style="list-style-type: none"> <li>Oil prices lower on increased production, strong dollar, weaker Chinese economy</li> </ul>	<ul style="list-style-type: none"> <li>Oil prices mixed</li> </ul>		
	<ul style="list-style-type: none"> <li>Real estate may outperform on tax policy, regulation</li> </ul>	<ul style="list-style-type: none"> <li>Real estate may deliver moderate returns on cyclical recovery</li> </ul>		<ul style="list-style-type: none"> <li>Real estate outperforms on support for housing market</li> </ul>	
<b>Sectors</b>	<ul style="list-style-type: none"> <li>Financials, Utilities (+)</li> <li>Materials, Industrials (-)</li> <li>Cons Disc, Cons Staples, Healthcare, Tech, Energy (+/-)</li> </ul>			<ul style="list-style-type: none"> <li>Unclear, on limited policy change</li> </ul>	<ul style="list-style-type: none"> <li>Industrials, Cons Disc, Staples (+)</li> <li>Financials, Energy (-)</li> <li>Healthcare, Tech (+/-)</li> </ul>

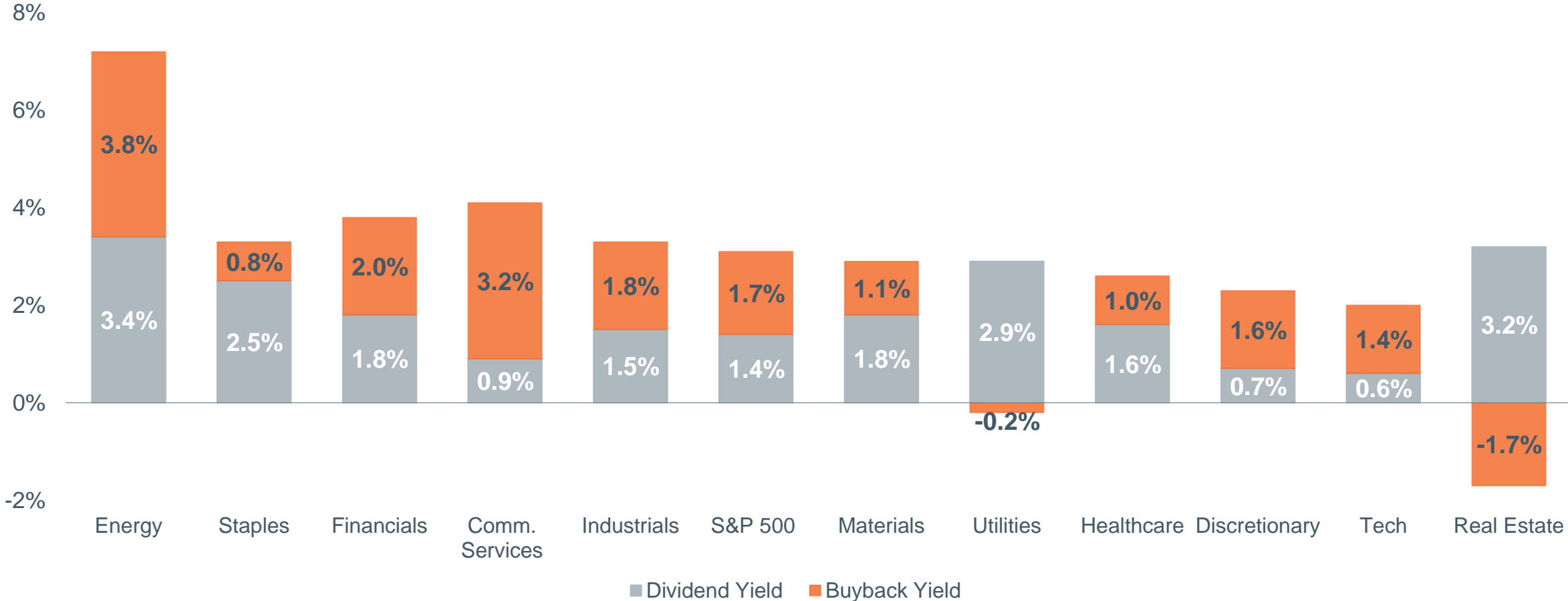
Source: WTIA

# Appendix



# Buybacks a Target Under Harris Tax Plan

Total shareholder yield by sector

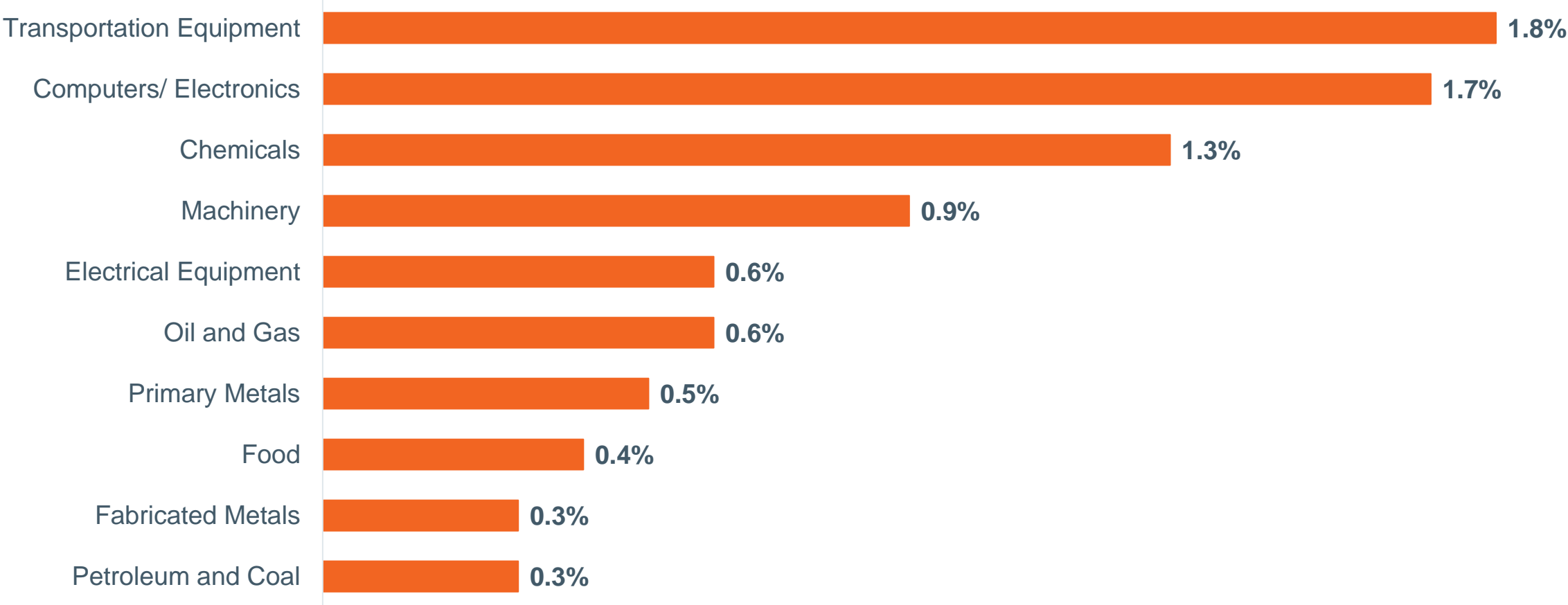


Data as of September 30, 2024. Source: Bloomberg, WTIA. Last 12m dividends and buybacks minus issuance divided by market cap. Investing involves risks, and you may incur a profit or a loss.



# Tariffs Would Impact Some Industries More than Others

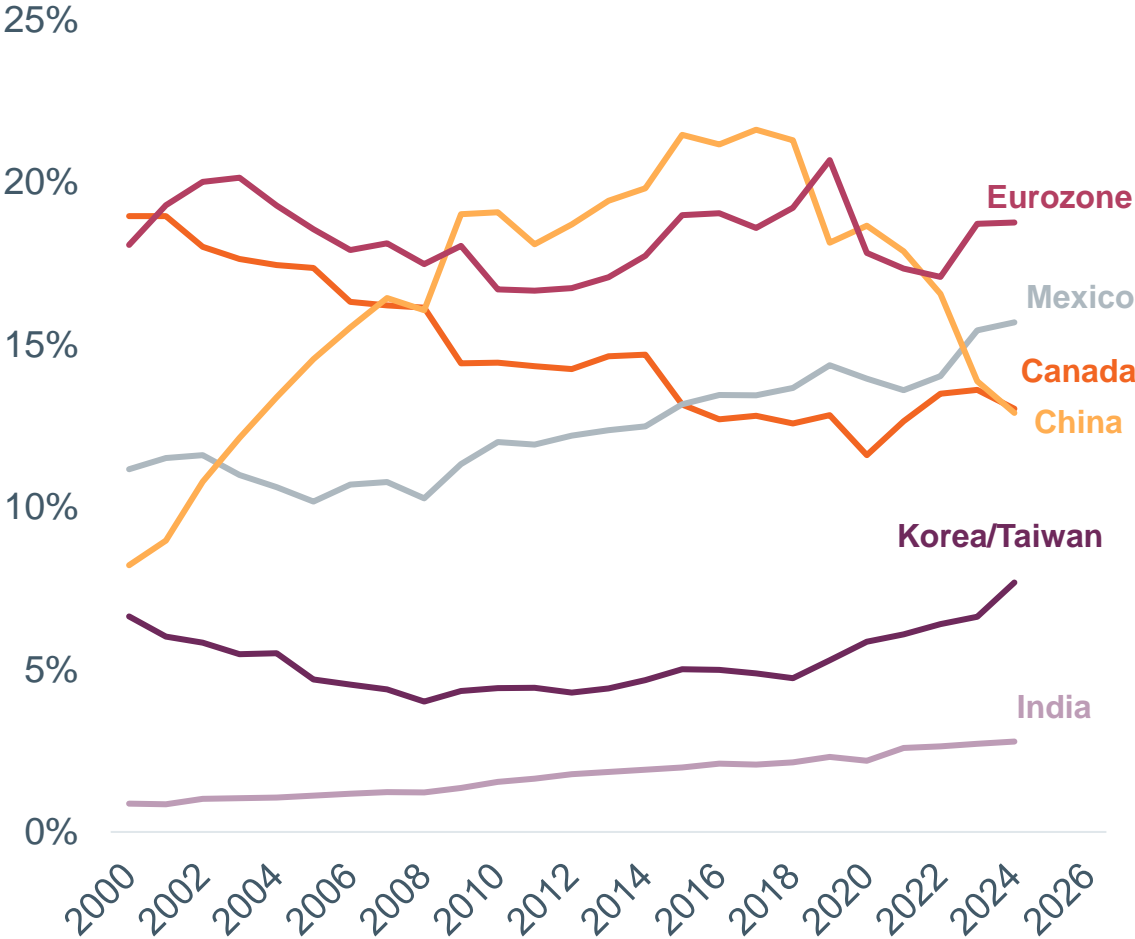
U.S. imports by select product category (2023, % of total GDP)



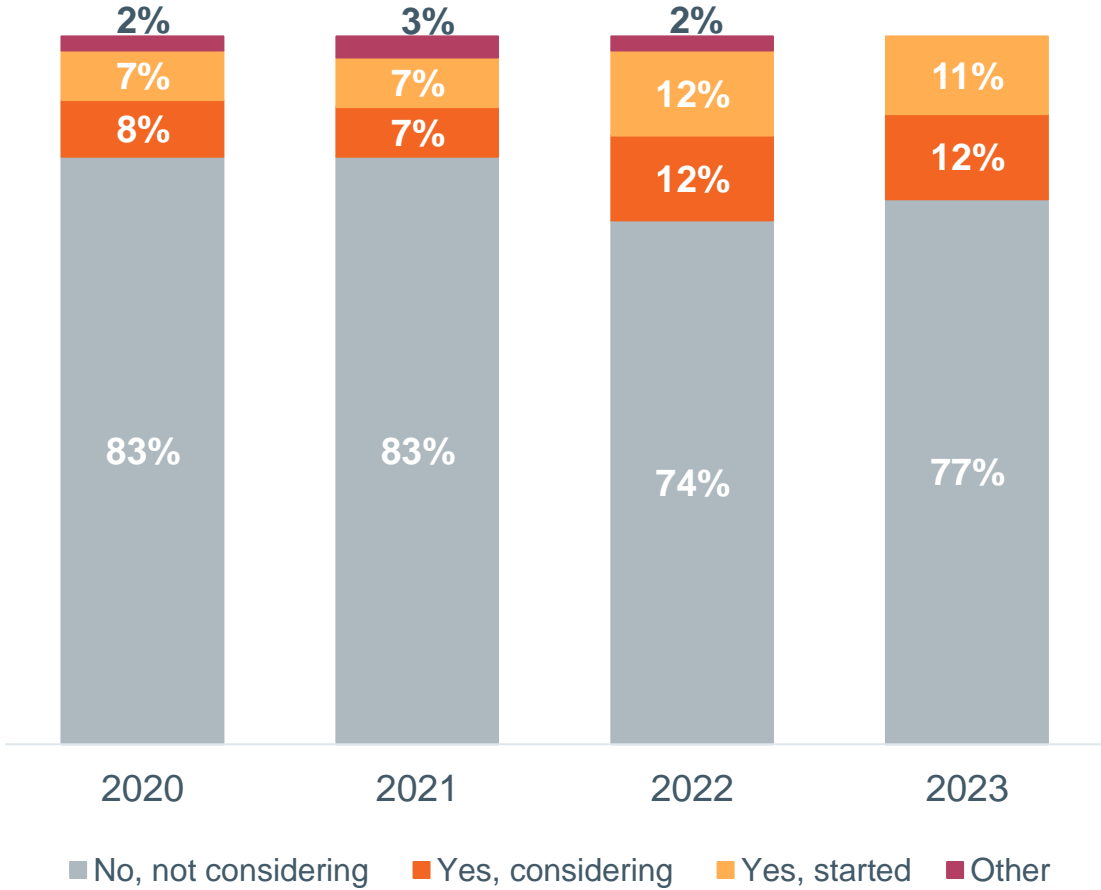
Data as of December 31, 2023. Source: Census Bureau, Bureau of Economic Analysis.

# Trade War Risks to Resurface Under a Trump Win

**U.S. top trading partners**  
(imports by country as % of total imports)



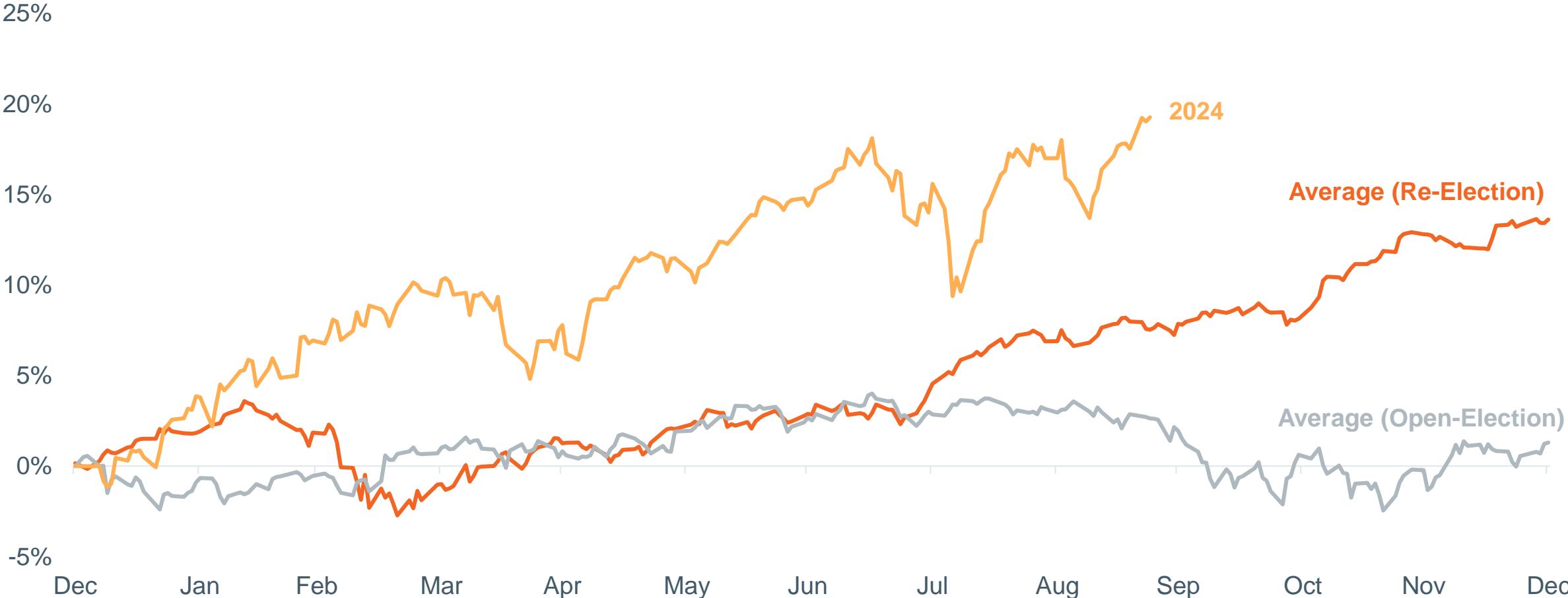
**Plans to relocate manufacturing out of China?**



Left chart: data as of September 30, 2024. Sources: U.S. Census Bureau, WTIA, Bloomberg. Right chart: survey conducted yearly between 2020-2023, Source: The American Chamber of Commerce in China 2024 China Business Climate Survey Report.

# Increased Election Uncertainty as Landscape Evolves

S&P 500 cumulative returns, indexed on December 31 of the year preceding the election



Data as of September 23, 2024. Series starts in 1960 and is calculated using price return data. 1964 and 1976 are treated as open elections. Source: Strategas, Bloomberg, WTIA. Past performance cannot guarantee future results. Indices are not available for direct investment. Investment in a security or strategy designed to replicate the performance of an index will incur expenses such as management fees and transaction costs which will reduce returns. Investing involves risks, and you may incur a profit or a loss.

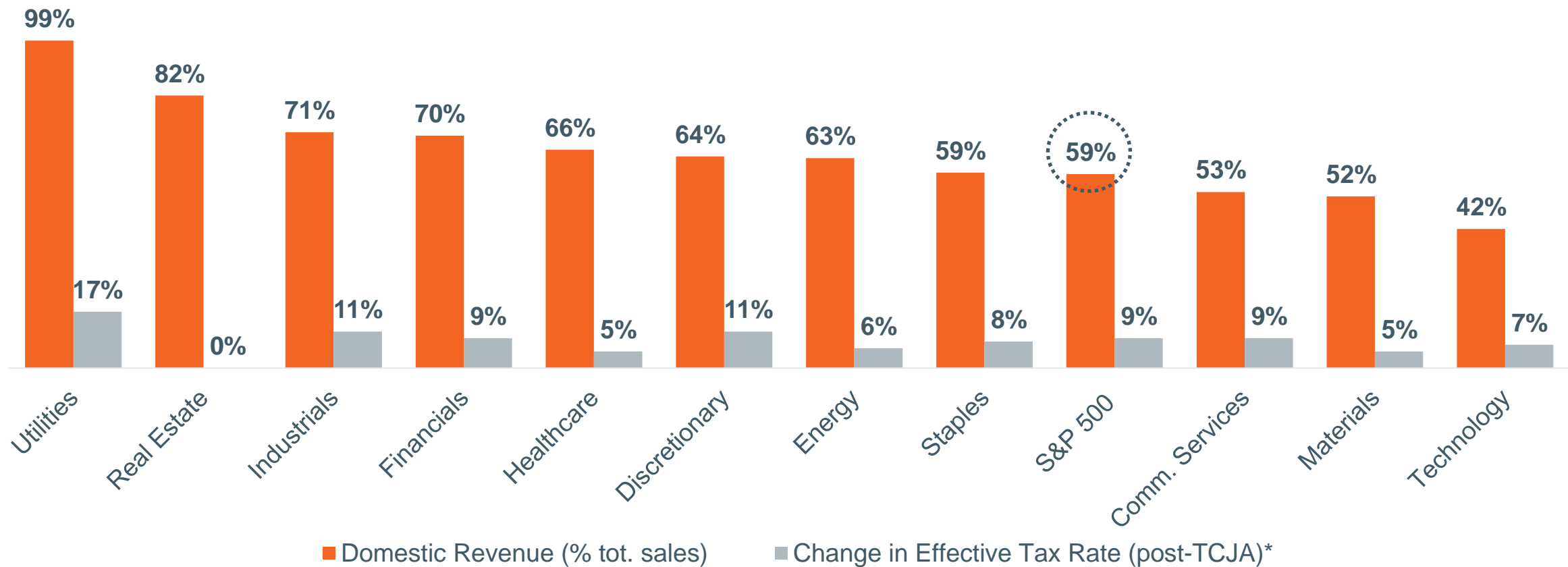
# Digging into the Issues: Immigration, Trade, and More

	Republican Sweep	Trump with Divided Congress	Harris with Divided Congress	Democratic Sweep
<b>Immigration</b>	<ul style="list-style-type: none"> <li>• Tighter restrictions on border entry of unauthorized immigrants</li> <li>• Possible expansion of visa, Greencard programs</li> </ul>		<ul style="list-style-type: none"> <li>• Increased funding for Customs and Border Protection agents, judges</li> </ul>	
<b>Tariffs/Trade</b>	<ul style="list-style-type: none"> <li>• Tariffs as high as 10-20% on all imports and 60% on Chinese-made goods</li> </ul>		<ul style="list-style-type: none"> <li>• No change to existing tariffs</li> <li>• Continued scrutiny on trade with China</li> </ul>	
<b>Energy</b>	<ul style="list-style-type: none"> <li>• Focus on domestic production, lighter regulation</li> <li>• Limited changes to Individual Retirement Account (IRA)</li> </ul>		<ul style="list-style-type: none"> <li>• Possible expansion of IRA incentives</li> </ul>	
<b>Regulation</b>	<ul style="list-style-type: none"> <li>• Lighter regulation of energy, healthcare, banks, crypto</li> <li>• Continued scrutiny on big tech</li> </ul>		<ul style="list-style-type: none"> <li>• Increase regulation on energy, banks, big tech</li> <li>• Limitations due to SCOTUS decision on <i>Chevron</i> case</li> </ul>	<ul style="list-style-type: none"> <li>• Increase regulation on energy, banks, big tech, and grocers</li> <li>• Limitations due to SCOTUS decision on <i>Chevron</i> case</li> </ul>

Source: WTIA

# Trump Tax Cuts 2.0 Gives Preference to Domestic Sales

Sector breakdown: Domestic sales and effective tax rate changes



Data as of December 31, 2023. Source: Bloomberg, Factset, WTIA. \* Represents the percentage point decrease in the effective tax rate following the 2017 TCJA.

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Some investment products may be available only to certain “qualified investors”—that is, investors who meet certain income and/or investable assets thresholds. Any offer will be made only in connection with the delivery of the appropriate offering documents, which are available to pre-qualified persons upon request.

## An Overview of Our Asset Allocation Strategies

Wilmington Trust offers seven asset allocation models for taxable (high-net-worth) and tax-exempt (institutional) investors across five strategies reflecting a range of investment objectives and risk tolerances: Aggressive, Growth, Growth & Income, Income & Growth, and Conservative. The seven models are High Net Worth (HNW), HNW with Liquid Alternatives, HNW with Private Markets, HNW Tax Advantaged, Institutional, Institutional with Hedge LP, and Institutional with Private Markets. As the names imply, the strategies vary with the type and degree of exposure to hedge strategies and private market exposure, as well as with the focus on taxable or tax-exempt income. On a quarterly basis we publish the results of all of these strategy models versus benchmarks representing strategic implementation without tactical tilts.

Model Strategies may include exposure to the following asset classes: U.S. large-capitalization stocks, U.S. small-cap stocks, developed international stocks, emerging market stocks, U.S. and international real asset securities (including inflation-linked bonds and commodity-related and real estate-related securities), U.S. and international investment-grade bonds (corporate for Institutional or Tax Advantaged, municipal for other HNW), U.S. and international speculative grade (high-yield) corporate bonds and floating-rate notes, emerging markets debt, and cash equivalents. Model Strategies employing nontraditional hedge and private market investments will, naturally, carry those exposures as well. **Each asset class carries a distinct set of risks, which should be reviewed and understood prior to investing.**

# Disclosures

continued

## ALLOCATIONS:

Each strategy group is constructed with target policy weights for each asset class. Wilmington Trust periodically adjusts the policy weights target allocations and may shift away from the target allocations within certain ranges. Such tactical adjustments to allocations typically are considered on a monthly basis in response to market conditions. The asset classes and their current proxies are:

- Large-cap U.S. stocks: Russell 1000® Index
- Small-cap U.S. stocks: Russell 2000® Index
- Developed international stocks: MSCI EAFE® (Net) Index
- Emerging market stocks: MSCI Emerging Markets Index
- U.S. inflation-linked bonds: Bloomberg US Treasury Inflation Notes TR Index Value Unhedged USD (took effect 8/1/22)
- International inflation-linked bonds: Bloomberg World ex US ILB (Hedged) Index
- Commodity-related securities: Bloomberg Commodity Index
- U.S. REITs: S&P US REIT Index
- International REITs: Dow Jones Global ex US Select RESI Index
- Private markets: S&P Listed Private Equity Index
- Hedge funds: HFRX Global Hedge Fund Index (took effect 8/1/22)
- U.S. taxable, investment-grade bonds: Bloomberg U.S. Aggregate Index
- U.S. high-yield corporate bonds: Bloomberg U.S. Corporate High Yield Index
- U.S. municipal, investment-grade bonds: S&P Municipal Bond Index

## Risk Assumptions

**All investments carry some degree of risk.** The volatility, or uncertainty, of future returns is a key concept of investment risk. Standard deviation is a measure of volatility and represents the variability of individual returns around the mean, or average annual, return. A higher standard deviation indicates more return volatility. This measure serves as a collective, quantitative estimate of risks present in an asset class or investment (e.g., liquidity, credit, and default risks). Certain types of risk may be underrepresented by this measure. **Investors should develop a thorough understanding of the risks of any investment prior to committing funds.**

Diversification cannot ensure a profit or guarantee against a loss. There is no assurance that any investment strategy will be successful.

The names of actual companies and products mentioned herein may be the trademarks of their respective owners.

Reference to the company names mentioned in this presentation is merely for explaining the market view and should not be construed as investment advice or investment recommendations of those companies.

## DEFINITIONS:

Buyback yield is a metric that measures the percentage of a company's market value that is returned to shareholders through share repurchases. It's calculated by dividing the total value of share buybacks over a period by the company's market capitalization at the start of that period. The most common period used for this calculation is the previous 12 months.

Core Consumer Price Index (CPI) is a measure of inflation excludes the volatile prices of food and energy to show the underlying trend in consumer prices. Core inflation is often used as a complementary indicator to headline inflation.

Dividend yield is a ratio, and one of several measures that helps investors understand how much return they are getting on their investment.

Headline Consumer Price Index (CPI) is the raw inflation figure that measures the average price of a standard basket of goods and services. Headline inflation is more volatile than core inflation because it includes food and energy prices, which can fluctuate significantly.

Federal Open Market Committee (FOMC), a group of Federal Reserve officials who determine the direction of monetary policy in the United States. The FOMC's decisions impact interest rates, credit conditions, and the economy as a whole.

The Price-to-Earnings (P/E) ratio is calculated by dividing the market value price per share by the company's earnings per share (EPS). A high P/E ratio can mean that a stock's price is high relative to earnings and possibly overvalued. A low P/E ratio might indicate that the current stock price is low relative to earnings.

# Disclosures

continued

## Index Descriptions

**The Bloomberg U.S. Aggregate Index** measures the performance of the entire U.S. market of taxable, fixed-rate, investment-grade bonds. Each issue in the index has at least one year left until maturity and an outstanding par value of at least \$250 million.

**The Bloomberg U.S. High Yield Corporate Index**, formerly known as Lehman Brothers U.S. High Yield Corporate Index, measures the performance of taxable, fixed-rate bonds issued by industrial, utility, and financial companies and rated below investment grade. Each issue in the index has at least one year left until maturity and an outstanding par value of at least \$150 million.

**The Bloomberg World Government Inflation-Linked Bond (WGILB) Index** measures the performance of investment grade, government inflation-linked debt from 12 different developed market countries.

**Bloomberg Commodity Index** measures the performance of 19 futures contracts on physical commodities. As of the annual reweighting of the components, no related group of commodities (for example, energy, precious metals, livestock, and grains) may constitute more than 33% of the index and no single commodity may constitute less than 2% or more than 15% of the index.

**The Dow Jones Global ex-U.S. Index** is an equal-weighted stock index composed of the stocks of 150 top companies from around the world (excluding the U.S.) as selected by Dow Jones editors and based on the companies' long history of success and popularity among investors. The Global Dow is designed to reflect the global stock market and gives preferences to companies with global reach.

**The HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is composed of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

**The MSCI All-Country World Index ex USA** measures the performance of large- and mid-capitalization stocks in approximately 50 developed and emerging equity markets, excluding the United States.

**The MSCI EAFE® (net) Index** measures the performance of approximately 20 developed equity markets, excluding those of the United States and Canada. The total returns of the index are net of the maximum tax withholding rates that apply in many countries to dividends paid to nonresident investors.

**The MSCI Emerging Markets Index** captures large- and mid-cap representation across 26 emerging markets countries. With 1,198 constituents, the index covers approximately 85% of the free-float-adjusted market capitalization in each country.

**Russell 1000® Growth Index** measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000® Value Index** measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

**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. As of its latest reconstitution, the index had a total market capitalization range of approximately \$128 million to \$1.3 billion.

**The Russell 3000® Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of its latest reconstitution, the index had a total market capitalization range of approximately \$128 million to \$309 billion.

**The S&P 500 Index** measures the performance of approximately 500 widely held common stocks listed on U.S. exchanges. Most of the stocks in the index are large-capitalization U.S. issues. The index accounts for roughly 75% of the total market capitalization of all U.S. equities.

**The S&P Developed Property** defines and measures the investable universe of publicly traded **property** companies domiciled in developed markets.

**The S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

**The S&P Municipal Bond High-Yield Index** consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade.

**The S&P Municipal Bond Index** is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market.

**The S&P United States REIT Index** measures the investable U.S. real estate investment trust market and maintains a constituency that reflects the market's overall composition.