

WEEK ENDED MARCH 21, 2025

Carol Schleif, CFA, SASB-FSA  
Chief Market Strategist

## What Could Go Right?

*"Optimism isn't a belief that things will automatically get better; it's a conviction that we can make things better."*

– Melinda Gates

**The Through Line:** The door to the globe's worry closet has been flung wide open this year, with a broad array of challenges spilling out. Just a few of the many monsters loosed from the closet to keep us up at night: tit-for-tat trade wars; sticky inflation; geopolitical policy pivots; shifting economic outcomes; disruptive technological breakthroughs; and asset market volatility. Lost in the chaos, however, is the fact that much is actually going well, creating a constructive foundation for investors with a long-term focus.

### The glass-half-full mindset

It would be easy enough to write *yet again* about what's deteriorating (sentiment), softening (economic data), riled (global relations), roiled (markets) or disrupted (government processes/agencies). But seriously: "been there done that" for nearly three months already.

On the other hand, we thought it might be nice to focus this week's missive on teasing out factors that are already going well – or could conceivably swing in a constructive direction. As an early mentor once told me, "If you're not a long-term optimist, this is probably the wrong career for you."

Markets are forward-looking discounting mechanisms, continually trying to absorb incoming information and adapt on the fly. The long-term path, particularly for equities, though, tends to lead up and to the right as markets reflect the aggregate progress of the most successful companies an economy has to offer. Growing economies tend to lead to growing markets, with patient investors rewarded for long-term participation. Yet the problem for those of us trying to get to that long term via a string of dailies is that markets can be a little excitable in the short term. They abhor both information vacuums and uncertainty.

### Inheriting a sturdy economy

In the glass-half-full category, it's important to acknowledge that President Donald Trump started his second term with lots of evidence that the U.S. economy is performing solidly:

- GDP growing above 2% for nearly five years
- Unemployment hovering near record lows for over two years
- Inflation down from 9% to just under 3%
- Aggregate S&P EPS growing solidly and projected to increase by double digits for five to six more quarters
- Business sentiment on a strong upswing with hopes of reduced regulatory oversight, lower business taxes for domestic manufacturers and enhanced deductions dancing in leaders' heads
- Sharp upticks in private sector construction spending, especially on data centers
- A recently more accommodative Federal Reserve that had already cut 100 basis points from its policy rate
- Two years of plus-20% stock market returns – albeit the rally started narrow and had only recently (and fitfully) been able to broaden

Green shoots were appearing in Canada, too, thanks to the Bank of Canada's world leading 225 basis points of interest rate cuts, the delivery of tax holidays to nudge consumer spending, right-sizing immigration, signs of stabilization in the housing market, and an improving business environment evidenced most notably by a pickup in hiring.

## Tariffs then taxes

We suspect President Trump leaned into his knowledge of the U.S. economy's strong run rate when determining the sequencing of policy announcements launched shortly after inauguration. Unlike his first term, when pro-growth tax cuts came first, President Trump 2.0 prioritized tariffs, immigration and government efficiency promises right out of the gate – all likely to temper growth. It has largely been left to Congress to sort through tax policy and other growth-assistive issues later in the year.

Wall Street has not responded well to the activity barrage or the many zigs and zags in tariff policy. Traders crave certainty: the last six weeks have provided very little. Interestingly, the TSX remains up nearly 1.5% on the year while the S&P did correct by 10%; a subsequent relief rally sees it down by less than 4% year-to-date (and that follows on the heels of a nearly 65% rise off the late 2022 lows). Many foreign bourses, including Germany's and China's, are up double digits. Currency and commodity prices are behaving reasonably as well, adjusting nimbly to shifting headlines. Another silver lining: bond yields have actually declined, particularly at the highly scrutinized 10-year level that now stands in the 4.25% range for the U.S. and hovering at 3% in Canada – levels supportive of business activity, housing and big ticket purchases.

**Glass-half-full observation:** while it may make observers' heads spin, **capital market adjustments have been orderly, implicitly suggesting faith in the functioning of markets – a confidence not to be taken for granted.** U.S. markets are still the largest, most liquid and constructively regulated trading venues on the planet, providing liquidity and optionality for investors and companies alike.

## Sentimental journey

As uncertainty has mounted over the past six weeks, sentiment indicators for virtually all constituencies (business, consumer, investor) have turned sharply lower. Sentiment data typically has a spotty record for predicting *economic* outcomes and in many cases (i.e., corporate CEOs, retail investors, fund managers) is taken as a contrarian indicator for potential market direction. That said, the sharpness of the current sentiment downturns – and their ubiquity across categories – bear close watching in case they bleed over into altered actions. The Fed asserted as much in the press conference following this week's FOMC decision. The Fed's recent Beige Book surveys, for example, already give us hints that businesses have sidelined many plans as they await clarity.

**Glass-half-full observation:** so far, weak sentiment numbers are the result of near-term, policy-related ambiguity inflamed by headlines and not a sharp slowdown in economic activity. **It is quite possible that a timely resolution to even a portion of the uncertainty could induce a rapid snap-back in optimism, releasing pent up corporate activity relative to capital expansion, M&A and hiring plans.**

## Business positioning

Post-election, business sentiment initially soared on the hope of a rapid roll out of trade friendly promises made during the campaign including tax cuts for domestic manufacturers, reinstatement of accelerated depreciation, a lighter regulatory touch and faster permitting. Investment bankers sharpened pencils and rubbed their hands gleefully in anticipation of a long-dormant M&A and IPO boom in the making.

Then came the tariff see saw and the tit-for-tat retaliation. With the headlines shifting so rapidly and range of potential outcomes so vast, companies have found it virtually impossible to plan with any precision and instead have gone into lock down mode on everything from hiring and expansion plans to advertising campaigns. More recently, a number of industries have begun to lower guidance – most notably just last week among airlines and a variety of consumer goods companies.

**Glass-half-full observations:** we would not be surprised if the lowered guidance is mostly related to an extreme inability to forecast with any sense of precision. Five years ago, at the start of the COVID-19 pandemic, most companies pulled guidance entirely while waiting for clarity. **Firmer policy outlines could rapidly reverse the inability to plan and help support resumption of activity, which could potentially lead to healthy earnings beats in future quarters.** Another constructive tidbit and relic from COVID 19: companies seem to be holding onto talent (versus making widespread layoffs) even if they are not actively expanding job openings. Corporate margins remain healthy and balance sheets clean, leaving them well positioned to participate once the game rules become evident. AI, cloud and robotics implementation is accelerating; this represents at least some potential offset to cost pressures arising from tariff or immigration changes.

## Still talking about tariffs

The bulk of fear that sidelined business activity and prompted gloomy sentiment over the past few months can be laid at the feet of tariff policy (or more accurately the lack of an overarching or cohesive rationale relative to who, what, why, when and how much). Exacerbating the problem is the lack of a consistent message – or standard bearer. The President, secretaries of Commerce and Treasury, and the White House press secretary are all weighing in with inconsistent and contradictory answers to questions.

Technically, negotiating and carrying out trade/tariff policy resides with the U.S. trade representative. President Trump's nominee for that spot, Jamieson Greer, was confirmed by the Senate in late February. Many expect him to assume a higher profile and more consistent role in setting the communication strategy, tone and implementation policy re the upcoming April 2 deadline for "reciprocal" tariffs.

**Glass-half-full potential:** clarity on the trade front remains elusive but could go a *long* way toward improving sentiment and coaxing hibernating animal spirits back into the open. **The President's April 2 deadline is less than two weeks away and might be an opportunity to provide a reliable framework and/or the introduction of a spokesperson.**

## What will the Fed do?

As we noted at the outset, both the U.S. and Canadian economies entered the year on reasonable footing. Then came threatened tariffs on the U.S.'s three largest trading partners, prompting economists from the BMO Economics team to anticipate that the OECD and IMF will lower growth and increase inflation expectations for most countries. The Bank of Canada has moved aggressively to cut policy rates, leading the globe with 225 basis points of cuts to date; BMO Economics expects approximately three more cuts this year. The U.S. Federal Reserve cut just three times last year (for a total of 100 basis points); the policy rate range stands at 4.25% - 4.5%. The Fed has expressed little interest in stepping off the sidelines to lower rates further, given both stickiness in getting inflation down to its 2% target (the core PCE, the Fed's preferred inflation measure, is at 2.6%) and current policy uncertainty.

**Glass-half-full observation:** while the Fed is perfectly comfortable watching from the sidelines, it does have ample room to cut either in response to economic growth that softens too quickly (especially if accompanied by moderating inflation) and/or in response to a weakening labor market.

## Implications for investors

Frenzied daily market action and inflamed headlines have made it rough for investors in the early days of 2025. On the other hand, diversification has helped, as many non-U.S. equity markets outperformed along with bonds and other diversifying assets.

Volatility, viewed as friend rather than foe, can be used constructively to facilitate rebalancing activities. This can include trimming overweight positions to reinvest in fundamentally sound categories that may be temporarily depressed amid interim mayhem.

**Bottom line:** the constructive economic underpinnings that began the year are still largely in place. The extreme policy fluidity that has reigned for the last few months could at least partially clear over the next few quarters, paving the way for clearer trendspotting in the back half of 2025.

## In focus in North America

*Jon Borchardt, Sr. Analyst*

*George Trapkov, CFA, VP and Portfolio Manager*

### This week

**Canada inflation update** – Canadian consumer prices rose a massive 1.1% in February (or 0.7% seasonally adjusted), boosted by the mid-month reversal of the tax holiday. This lifted inflation to 2.6% year over year, an eight-month high. Gains were across the board, with sectors impacted by the tax change seeing the largest increase: recreation +3.4%; food +1.9%; clothing +1.6%; and alcohol +1.5%. **This report will reinforce the Bank of Canada's cautious tone on further easing to mitigate the impact of tariffs.** On inflation – expect plenty of noise, which complicates the job of policymakers.

**Canada's new Prime Minister** – Mark Carney took his oath last Friday. On Monday, he boarded a plane for Europe, seeking alliances with British and French leaders on U.S. tariffs and geopolitical issues. With his cabinet in place, Mr. Carney is widely expected to trigger a general election in the next few days or weeks. On top of political uncertainty, the Prime Minister is facing a softening in domestic demand as global policy uncertainty remains high. Indeed, sentiment indicators have soured, with consumer confidence nearing the record low recorded at the start of the pandemic. The sharply weaker economic backdrop is prompting BMO to forecast that the BoC could cut rates at each of its next three meetings.

**U.S. FOMC holds the line on rates** – The Federal Reserve Open Market Committee (FOMC) left policy rates unchanged, with Chair Jerome Powell stating that the Fed is well-positioned given the current mix of a still solid economy, falling sentiment and heightened uncertainty. Hard data continues to show reasonable economic strength (balanced labor markets, solid activity and inflation still headed bumpily toward the Fed's target). Tariff-driven price pressures, depending upon if/how they are responded to by other countries, could represent more of a one time (“transitory”?) price hike versus the launch of an inflationary spiral. Key will be watching how such price changes impact the anchoring of consumers' long-term inflation expectations. These were the key takeaways investors initially focused on, leading to an equity market rally and contracting bond yields. **However, Chair Powell cautioned that “uncertainty is remarkably high” due to policy changes in trade, immigration, fiscal policy and regulation under the new administration.** FOMC members have lowered their U.S. economic growth expectations while moderately raising inflation projections for both 2025 and 2026. **Both moves hinted more at a slowing than at recession.** While recent sentiment survey data has turned “quite negative,” Chair Powell pointed out that this decline in sentiment has yet to transmit firmly into the hard data. He reiterated that the Fed will not be in a hurry to act and remains positioned to wait for further clarity. Despite these uncertainties, the median expectation from FOMC members remains that the Fed will implement two rate cuts this year.

**U.S. consumer continues to deteriorate** – A swoon in consumer confidence poses a risk to the spending levels that have supported the economy. U.S. retail sales fell short of consensus expectations, with notable weakness in away-from-home dining and discretionary spending on items such as electronics and appliances. The University of Michigan's preliminary February Consumer Sentiment Survey showed a decline for the third consecutive month, with sentiment falling across all political and income cohorts. Lower-income consumers continue to feel the greatest financial strain. During its earnings call last Friday, Dollar General reported that its customers' financial situations have worsened, with many now only able to afford essentials. A Financial Times headline this week said, “U.S. shoppers tighten belts as tariffs and market volatility sap confidence.” The article cites recent data from RetailNext and Placer.ai, which indicate declining foot traffic at U.S. retailers. Meanwhile, fiscal Q3 2025 results for General Mills were negatively impacted by weaker snack food sales and lower away-from-home market volumes. Spending by affluent consumers has helped sustain economic growth, but even this segment faces increasing risks. BMO Wealth Management Chief Investment Officer Yung-Yu Ma, Ph.D., recently warned the “wealth effect could turn negative if equity markets continue to decline, which could impact spending among the upper income levels as well.”

**U.S. investor sentiment struggling too** – Both institutional and retail investor sentiment has turned decidedly negative. BofA Securities' Global Fund Manager Survey recorded the second-largest month-over-month rise in pessimism regarding the global growth outlook in the survey's 30-year history. Allocations to cash rose at the fastest pace since the onset of COVID-19. The survey typically identifies contrarian indicators, but Investment Strategist Michael Hartnett cautioned, “FMS positioning is nowhere near bear/close-your-eyes-and-buy levels.” Meanwhile, the American Association of Individual Investors' (AAII) weekly survey revealed that over 55% of retail investors held a bearish view of the market for the third consecutive week. This marks the first time since the market bottom in March 2009 that sentiment has remained so consistently negative, a level often associated with capitulation. BMO Wealth Management Chief Investment Officer Yung-Yu Ma, Ph.D., notes “negative sentiment can set the stage for a relief bounce on modest news, but a more durable rally based on negative sentiment would likely require more sustained negativity than has been seen so far.” Sufficient clarity on Trump Administration trade policy come April 2nd could provide a positive catalyst, but the outcome remains uncertain.

**Global policy pivots continue** – President Trump has long called for NATO members to increase military spending to ensure a more equitable distribution of the financial burden. While allies were initially slow to respond, they have since rapidly shifted their thinking. Political leaders in both Europe and Canada are increasingly questioning the reliability of the U.S., citing President Trump's engagement with Russia, his transactional policy approach

and unilateral decision-making. Germany is on the verge of passing a constitutional amendment that would allow a significant increase in defense spending. Chancellor-to-be Friedrich Merz has stated that it is an absolute priority for Europe to bolster military spending as quickly as possible to achieve independence from the U.S. Meanwhile, Canadian Prime Minister Mark Carney made his first state visit to Europe, where he met with French President Emmanuel Macron and U.K. Prime Minister Keir Starmer to discuss strengthening ties with “reliable allies” and creating a “coalition of the willing” to support Ukraine. Both Canada and Portugal have announced reviews of their contracts to purchase Lockheed Martin F-35 jets in part due to concerns that the U.S. could remotely disable portions of the fighters’ operational capabilities. Switzerland has also expressed national security concerns and is seeking greater integration and interoperability with European forces. In response to evolving security threats, the Swiss government has begun discussions on potentially ending the country’s 200-year-old neutrality policy.

## Next Week

An important week of data reports with insights into manufacturing; consumer and business sentiment; inventories; and Bank of Canada’s notes from its most recent meeting.

- **Monday 3/24** – U.S. flash services and manufacturing PMIs
- **Tuesday 3/25** – U.S. Philly Fed, Consumer Confidence | Canada Manufacturing sales
- **Wednesday 3/26** – U.S. Durable Goods Orders | Canada Wholesale sales, Bank of Canada Summary of Deliberations
- **Thursday 3/27** – U.S. Initial jobless claims, Trade balances, Retail & Wholesale inventories
- **Friday 3/28** – U.S. PCE data and Final consumer sentiment | Canada CFIB Business Barometer, MoM GDP

## Data scorecard as of March 19, 2025

Equity Market Total Returns						
	3/19/2025 Level	WTD	YTD	2024	2023	2022
S&P 500	5,675	0.7%	-3.2%	25.0%	26.3%	-18.1%
NASDAQ	17,751	0.0%	-7.9%	29.6%	44.7%	-32.5%
DOW	41,965	1.2%	-1.0%	15.0%	16.2%	-6.9%
Russell 2000	2,082	1.9%	-6.4%	11.5%	16.9%	-20.5%
S&P/TSX	25,069	2.1%	2.0%	21.7%	11.8%	-5.8%
MSCI EAFE	8,988	1.7%	11.2%	3.8%	18.2%	-14.5%
MSCI EM	613	2.2%	6.7%	7.5%	9.8%	-20.1%
Bond Market Total Returns						
		WTD	YTD	2024	2023	2022
Bloomberg U.S. Aggregate		0.5%	2.6%	1.3%	5.5%	-13.0%
Bloomberg U.S. Treasury		0.4%	2.6%	0.6%	4.1%	-12.5%
Bloomberg U.S. Corporate		0.8%	2.4%	2.1%	8.5%	-15.8%
Bloomberg U.S. High Yield		0.4%	1.5%	8.2%	13.4%	-11.2%
Bloomberg 1-10 Year Munis		0.0%	0.9%	0.9%	4.5%	-4.7%
Bloomberg Canada Aggregate		0.6%	1.7%	4.0%	6.5%	-11.3%
Bloomberg Canada Treasury		0.5%	1.9%	2.9%	5.0%	-9.9%
Bloomberg Canada Corporate		0.5%	1.4%	6.9%	8.2%	-9.5%
Government Bond Yields						
	3/19/2025	Last Month End	Last Quarter End	2024	2023	2022
U.S. 10-Year Treasury	4.24%	4.21%	4.57%	4.57%	3.88%	3.88%
Canada 10-Year Government	3.00%	2.90%	3.23%	3.23%	3.11%	3.30%
U.K. 10-Year Gilt	4.63%	4.48%	4.56%	4.56%	3.53%	3.66%
German 10-Year Bund	2.80%	2.41%	2.36%	2.36%	2.02%	2.57%
Japan 10-Year Government	1.51%	1.37%	1.09%	1.09%	0.61%	0.41%
Currencies & Real Assets						
	3/19/2025 Level	WTD	YTD	2024	2023	2022
USD Index	103.43	-0.3%	-4.7%	7.1%	-2.1%	8.2%
CAD:USD	\$0.70	0.3%	0.4%	-7.9%	2.3%	-6.7%
Bitcoin	\$85,377.85	1.5%	-8.9%	120.5%	157.0%	-64.3%
Gold	\$3,047.79	2.1%	16.1%	27.2%	13.1%	-0.3%
Oil (WTI)	\$67.16	0.0%	-6.4%	0.1%	-10.7%	6.7%

\*Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. You cannot invest directly in an index. Index definitions can be found at the end of this publication.



## Index Definitions

### Equity indices

**S&P 500® Index** is an index of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**NASDAQ Composite Index** is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

**Dow Jones Industrial Average (“DOW”)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

**Russell 2000® Index** (Russell 2000®) is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000® Index.

**S&P/TSX Index** is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada’s primary stock exchange, the Toronto Stock Exchange (TSX).

**MSCI EAFE Index (Developed Markets —Europe, Australasia, and Far East Index)** is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International. The index captures large and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada.

**MSCI Emerging Markets Index** is a market capitalization weighted index representative of the market structure of the emerging markets countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

### Fixed income indices

**Bloomberg U.S. Aggregate Bond Index** is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

**Bloomberg U.S. Treasury Index** is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

**Bloomberg U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

**Bloomberg U.S. Corporate High Yield Index** is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+ or below.

**Bloomberg 1-10 Year Blend Municipal Bond Index** is a market value-weighted index which covers the short and intermediate components of the Bloomberg Capital Municipal Bond Index — an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

**Bloomberg Canada Aggregate Bond Index** measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market. It includes treasuries, government-related, and corporate issuers.

**Bloomberg Canada Aggregate Bond Index - Treasury** is the treasury sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.

**Bloomberg Canada Aggregate Bond Index - Corporate** is the Corporate sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.



## Disclosure

“BMO” refers to BMO Financial Group, a diversified financial services organization and a trade name used by Bank of Montreal its subsidiaries and affiliates including BMO Bank N.A. in the United States.

“BMO Private Wealth” is a brand name for entities of BMO providing wealth management products and services in North America including BMO Wealth Management in the United States. For Canadian Residents: Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

“BMO Wealth Management” is a brand delivering investment management services, trust, deposit and loan products and services through BMO Bank N.A., a national bank with trust powers; family office services and investment advisory services through BMO Family Office, LLC, an SEC-registered investment adviser; investment advisory services through Stoker Ostler Wealth Advisors, Inc., an SEC-registered investment adviser; and trust and investment management services through BMO Delaware Trust Company, a Delaware limited purpose trust company. These entities are all affiliates and owned by BMO Financial Corp., a wholly-owned subsidiary of the Bank of Montreal. BMO Delaware Trust Company operates only in Delaware, does not offer depository, financing or other banking products, and is not FDIC insured. Not all products and services are available in every state and/or location. Family Office Services are not fiduciary services and are not subject to the Investment Advisers Act of 1940 or the rules promulgated thereunder. Investment products and services are: **NOT A DEPOSIT – NOT INSURED BY THE FDIC OR ANY FEDERAL GOVERNMENT AGENCY – NOT GUARANTEED BY ANY BANK – MAY LOSE VALUE.** Capital Advisory Services are offered by a division of BMO Bank N.A.

This report contains our opinion as of the date of the report. We will not update this report or advise you if there is any change in this report or our opinion.

Forward-looking statements in this report involve known and unknown risks, uncertainties and other factors that may cause actual performance to differ materially from the projections and opinions contained in the report. Do not place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of the report. The words “may,” “could,” “should,” “would,” “suspect,” “believe,” “expect,” “intend,” “forecast,” and similar expressions identify forward-looking statements. Forward-looking statements are not guarantees of future performance or events. Forward-looking statements involve risks and uncertainties about general economic factors. It is possible that predictions, projections, and other forward-looking statements will not be achieved. General factors that could cause our predictions or projections to change include general economic, political and market factors; interest and foreign exchange rates; global equity and capital markets; commodities markets; business competition; technological changes; changes in laws and regulations; judicial or regulatory judgments; legal proceedings; and catastrophic events.

Investment involves risk. Market conditions and trends will fluctuate. Investment returns fluctuate, and investments when redeemed, may be worth more or less than the original investment. Asset allocation and diversification do not guarantee a profit and do not eliminate the risk of experiencing investment losses. Past performance is not indicative of future results.

This report and any discussions of specific securities, fund managers, or investment strategies are for informational purposes only and are not investment advice. This report does not predict or guarantee the future performance of any security, fund manager, market sector, or the markets generally.

This report is not a client-specific suitability analysis or recommendation, to buy, sell, or hold any security. Do not use this report as the sole basis for your investment decisions. Do not select an asset class, investment product, or investment manager based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

Our affiliates may provide oral or written statements that contradict this report. These same persons may make investment decisions that are inconsistent with this report.

You may not copy this report or distribute or disclose the information contained in the report to any third party, except with our express written consent or as required by law or any regulatory authority.