

# MACRO INSIGHTS

## Q1 2025

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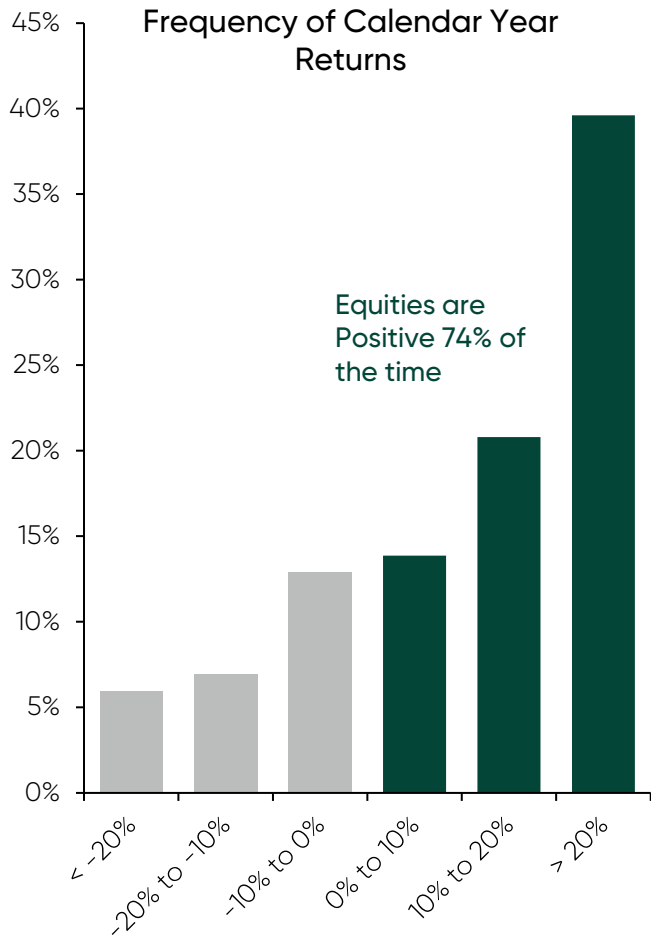
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# MARKET OUTLOOK

- The global economic expansion and equity bull market should continue in 2025
- Three consecutive strong years for equities is rare but not unprecedented
- US Presidents' inaugural years tend to be variable but strong when positive
- Equity categories helped or hurt by the US election likely reverse as a tight Congress prevents President Trump from doing as much as hoped or feared
- Potential tariffs will have a far smaller economic impact than many fear
- US large growth companies should do fine, but leadership likely shifts to less-loved areas like non-US and value
- European sentiment is exceedingly low leaving significant room for upside surprise

# FOUR MARKET CONDITIONS

Calendar years rarely feature big negative returns, and strong returns occur much more frequently than many realize. Since 1925, US equities have been down more than 20% in only about 6% of calendar years while roughly 40% have had returns over 20%.



<p>↑ 20% or more</p> <p>1924 1942 1961 1985 2003            1925 1943 1963 1989 2009            1927 1945 1967 1991 2013            1928 1950 1975 1995 2017            1933 1951 1976 1996 2019            1935 1954 1980 1997 2021            1936 1955 1982 1998 2023            1938 1958 1983 1999 2024</p>	<p>↑ 0-20%</p> <p>1926 1960 1979 2004 2015            1944 1964 1984 2005 2016            1947 1965 1986 2006 2020            1948 1968 1987 2007            1949 1970 1988 2010            1952 1971 1992 2011            1956 1972 1993 2012            1959 1978 1994 2014</p>
<p>↓ 0-20%</p> <p>1929 1957 2000            1932 1962 2001            1934 1966 2018            1939 1969 2022            1940 1973            1941 1977            1946 1981            1953 1990</p>	<p>↓ 20% or more</p> <p>1930            1931            1937            1974            2002            2008</p>

Source: Finaeon, as of 1/3/2025. S&P 500 Total Return Index returns, yearly, USD, 1924 – 2024.

# POST-ELECTION EXCITEMENT FADED FAST

US equities surged immediately after the November election then faded as initial ebullience morphed to tariff terror, leading to one of history's weaker post-election periods.

Election Date	Who Won the Election?	Party	Election Date to 1/15	Bear Market Stated Pre-election?
11/6/1928	Hoover	R	7.7%	No
11/8/1932	FDR -- 1st	D	4.4%	No
11/3/1936	FDR -- 2nd	D	1.8%	No
11/3/1940	FDR -- 3rd	D	-4.3%	Yes
11/7/1944	FDR / Truman	D	4.7%	No
11/2/1948	Truman	D	-4.0%	Yes
11/4/1952	Eisenhower - 1st	R	5.9%	No
11/6/1956	Eisenhower - 2nd	R	-4.1%	Yes
11/8/1960	Kennedy / Johnson	D	7.7%	No
11/3/1964	Johnson	D	1.3%	No
11/5/1968	Nixon	R	-1.6%	No
11/7/1972	Nixon / Ford	R	4.5%	No
11/2/1976	Carter	D	2.1%	No
11/4/1980	Reagan - 1st	R	2.2%	No
11/6/1984	Reagan - 2nd	R	1.0%	No
11/8/1988	Bush	R	3.9%	No
11/3/1992	Clinton - 1st	D	4.8%	No
11/5/1996	Clinton - 2nd	D	5.9%	No
11/7/2000	Bush, G.W. - 1st	R	-6.5%	Yes
11/2/2004	Bush, G.W. - 2nd	R	3.6%	No
11/4/2008	Obama - 1st	D	-11.4%	Yes
11/6/2012	Obama - 2nd	D	5.6%	No
11/8/2016	Trump - 1st	R	5.1%	No
11/3/2020	Biden	D	9.4%	No
11/5/2024	Trump - 2nd	R	0.4%	No
When not in bear market		Avg.	4.0%	
		Median	4.4%	
		Freq. +	95.0%	
When in bear market		Avg.	-6.1%	
		Median	-4.3%	
		Freq. +	0.0%	
All		Avg.	2.0%	
		Median	3.6%	
		Freq. +	76.0%	

Source: Finaeon, as of 1/15/2025. S&P 500 Total Return Index, USD, 1928 – 2025.

# THREE CONSECUTIVE +20% YEARS IS RARE

The first two years of this bull market have been strong but fairly normal. It is rare to get three consecutive +20% years but not unprecedented, and positive years happen more often than not.

Years up +20%	1st Year	2nd Year	Years 1 and 2	3rd Year
1924 and 1925	25.7%	29.5%	62.8%	11.1%
1927 and 1928	37.1%	43.3%	96.5%	-8.9%
1935 and 1936	47.2%	32.8%	95.5%	-35.3%
1942 and 1943	21.1%	25.8%	52.3%	19.7%
1950 and 1951	30.6%	24.6%	62.6%	18.5%
1954 and 1955	52.4%	31.4%	100.3%	6.6%
1975 and 1976	37.3%	23.7%	69.7%	-7.4%
1982 and 1983	21.5%	22.5%	48.8%	6.2%
1995 and 1996	37.6%	23.0%	69.2%	33.4%
1996 and 1997	23.0%	33.4%	64.0%	28.6%
1997 and 1998	33.4%	28.6%	71.5%	21.0%
1998 and 1999	28.6%	21.0%	55.6%	-9.1%
2023 and 2024	26.3%	25.0%	57.9%	?
<b>Median</b>			<b>64.0%</b>	<b>8.9%</b>
<b>Frequency Positive</b>				<b>66.7%</b>

Source: Finaeon, S&P 500 total returns, USD, 1924-2024.

# POLITICS AND GEOPOLITICS

*Our market related views on US politics and global political themes*

- US Presidential inaugural years are variable but strong when positive
- The market's initial election reaction often reverses in the inaugural year
- Political change in the US will be difficult to achieve with an extremely tight Congress and midterm elections around the corner
- Tariffs, debt, and deficits are less problematic than most fear
- Political gridlock is prevalent throughout the world

*As of February 2025. Political Disclaimer: We prefer no party, politician or ideology and assess political developments solely for their potential market impact.*

# PRESIDENTIAL TERM ANOMALY

US equities are most consistently positive in the third and fourth years of the US Presidential cycle, rising 92% and 84% the time since the 1920s. Inaugural years tend to be more variable, but they tend to be up a lot when positive.

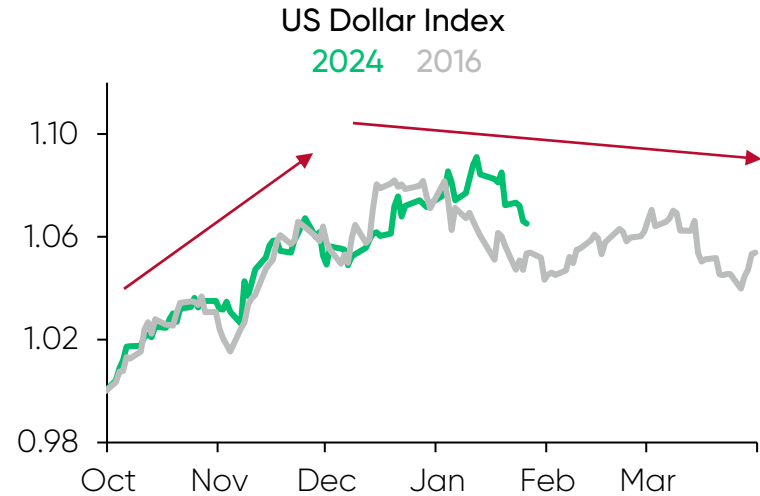
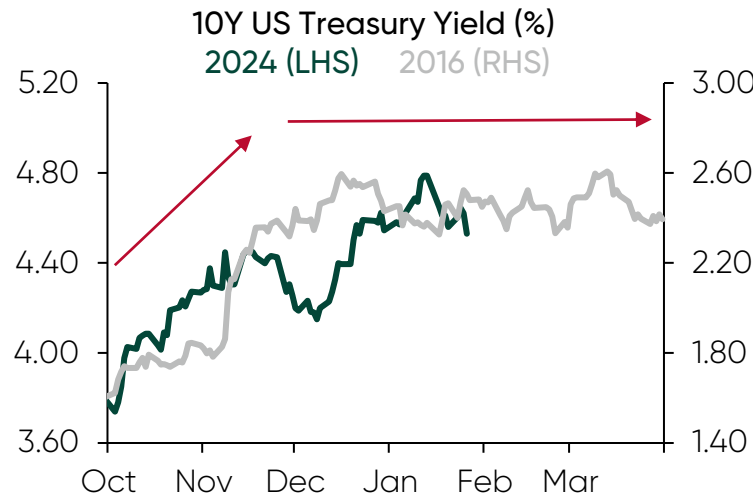
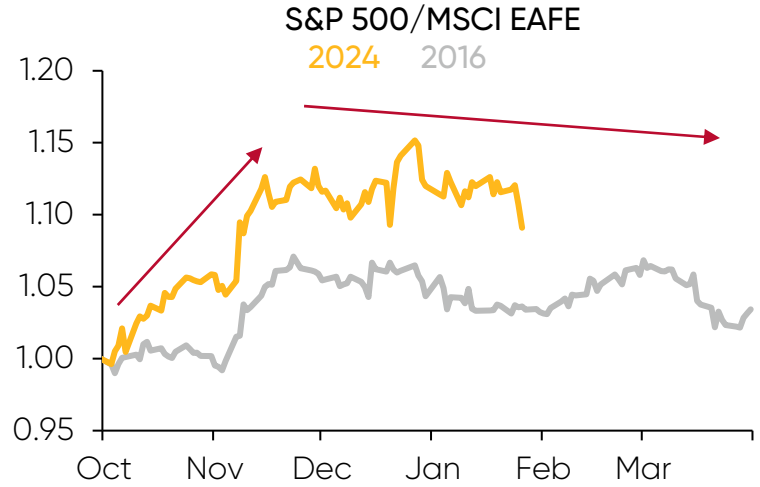
President	Inaugural Years		Second Year		Third Year		Election Years	
Coolidge	1925	29.5%	1926	11.1%	1927	37.1%	1928	43.3%
Hoover	1929	-8.9%	1930	-25.3%	1931	-43.9%	1932	-8.9%
FDR --1st	1933	52.9%	1934	-2.3%	1935	47.2%	1936	32.8%
FDR -- 2nd	1937	-35.3%	1938	33.2%	1939	-0.9%	1940	-10.1%
FDR -- 3rd	1941	-11.8%	1942	21.1%	1943	25.8%	1944	19.7%
FDR/Truman	1945	36.5%	1946	-8.2%	1947	5.2%	1948	5.1%
Truman	1949	18.1%	1950	30.6%	1951	24.6%	1952	18.5%
Eisenhower --1st	1953	-1.1%	1954	52.4%	1955	31.4%	1956	6.6%
Eisenhower -- 2nd	1957	-10.9%	1958	43.3%	1959	11.9%	1960	0.5%
Kennedy/Johnson	1961	26.8%	1962	-8.8%	1963	22.7%	1964	16.4%
Johnson	1965	12.4%	1966	-10.1%	1967	23.9%	1968	11.0%
Nixon	1969	-8.5%	1970	4.0%	1971	14.3%	1972	18.9%
Nixon/Ford	1973	-14.8%	1974	-26.5%	1975	37.3%	1976	23.7%
Carter	1977	-7.4%	1978	6.4%	1979	18.4%	1980	32.3%
Reagan -- 1st	1981	-5.1%	1982	21.5%	1983	22.5%	1984	6.2%
Reagan -- 2nd	1985	31.6%	1986	18.6%	1987	5.2%	1988	16.6%
Bush	1989	31.7%	1990	-3.1%	1991	30.5%	1992	7.6%
Clinton --1st	1993	10.1%	1994	1.3%	1995	37.6%	1996	23.0%
Clinton --2nd	1997	33.4%	1998	28.6%	1999	21.0%	2000	-9.1%
Bush, G.W. -- 1st	2001	-11.9%	2002	-22.1%	2003	28.7%	2004	10.9%
Bush, G.W. -- 2nd	2005	4.9%	2006	15.8%	2007	5.5%	2008	-37.0%
Obama --1st	2009	26.5%	2010	15.1%	2011	2.1%	2012	16.0%
Obama --2nd	2013	32.4%	2014	13.7%	2015	1.4%	2016	12.0%
Trump --1st	2017	21.8%	2018	-4.4%	2019	31.5%	2020	18.4%
Biden	2021	28.7%	2022	-18.1%	2023	26.3%	2024	25.0%
Trump -- 2nd	2025	-	2026	-	2027	-	2028	-
Percent Positive	60.0%		60.0%		92.0%		84.0%	
Average Return	11.3%		7.5%		18.7%		12.0%	
Average Positive Return	26.5%		21.1%		22.3%		17.4%	
Average Negative Return	-11.5%		-12.9%		-22.4%		-16.3%	

Source: Finaeon, as of 12/31/2024. S&P 500 Total Return Index, USD, 1925 – 2024.



# ELECTION REACTIONS ARE OFTEN SHORT-LIVED

President Trump's surprise 2016 election was followed by a fair amount of capital markets volatility. US stocks, small caps, treasury yields and the US dollar all surged temporarily then faded into 2017. In the wake of the 2024 election, similar trends emerged but faded just as quickly, if not more rapidly, than before.

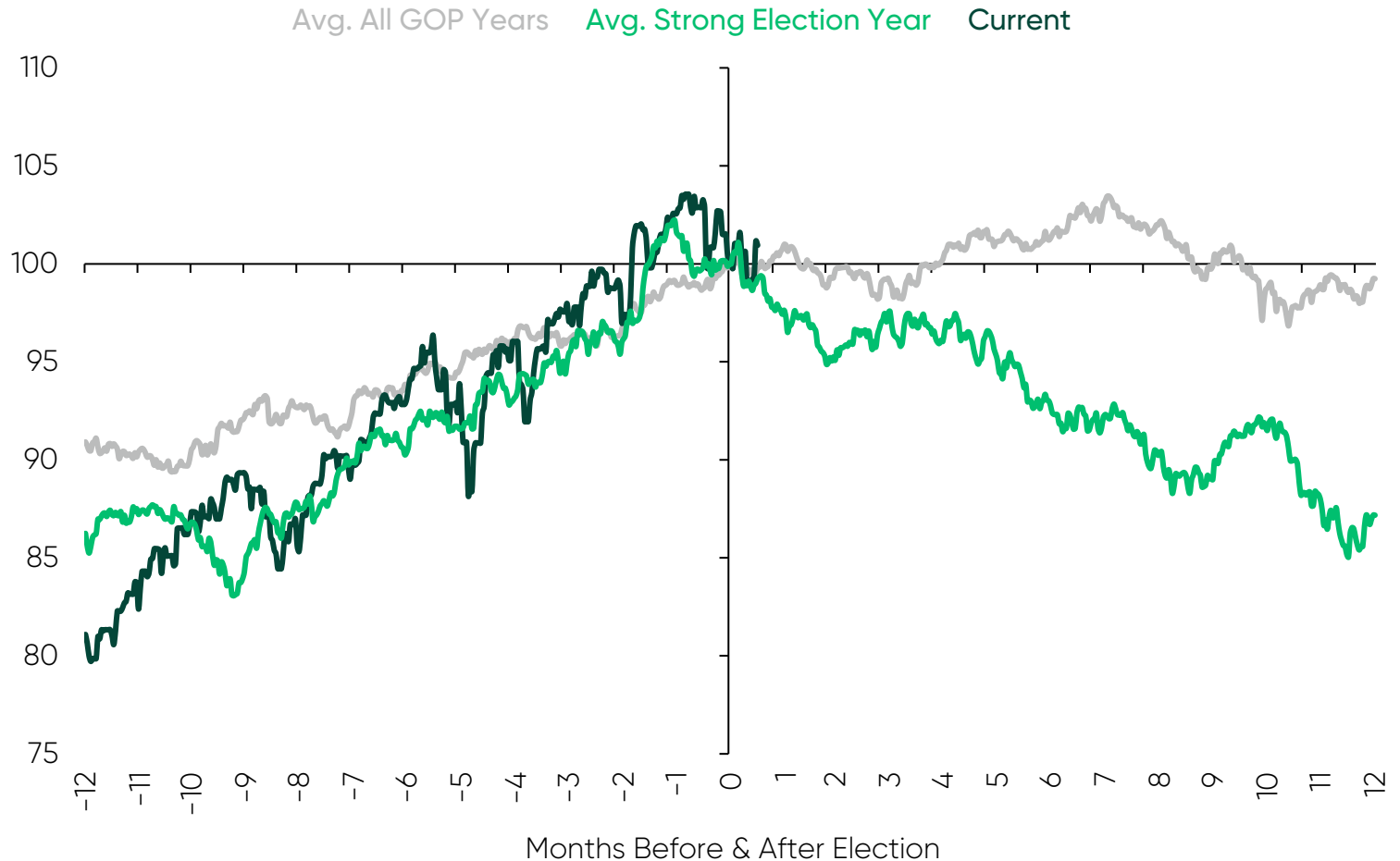


Top Left Source: FactSet. Russell 2000 relative to S&P 500 returns, indexed at start of period, 10/1/2016-3/31/2017 and 10/1/2024-1/27/2025. Top Right Source: S&P 500 relative to MSCI EAFE returns, indexed at start of period, 10/1/2016-3/31/2017 and 10/1/2024-1/27/2025. Bottom Left Source: FactSet. 10-year US treasury yield, 10/1/2016-3/31/2017 and 10/1/2024-1/27/2025. Bottom Right Source: FactSet. US Dollar index, indexed at start of period, 10/1/2016-3/31/2017 and 10/1/2024-1/27/2025. All returns in USD.

# STRONG GOP ELECTION YEARS GO ON TO DISAPPOINT

Persistently strong US election years that culminate in a Republican presidential victory are often followed by disappointing inaugural years as the policies that drove election year optimism prove more difficult to enact than hoped.

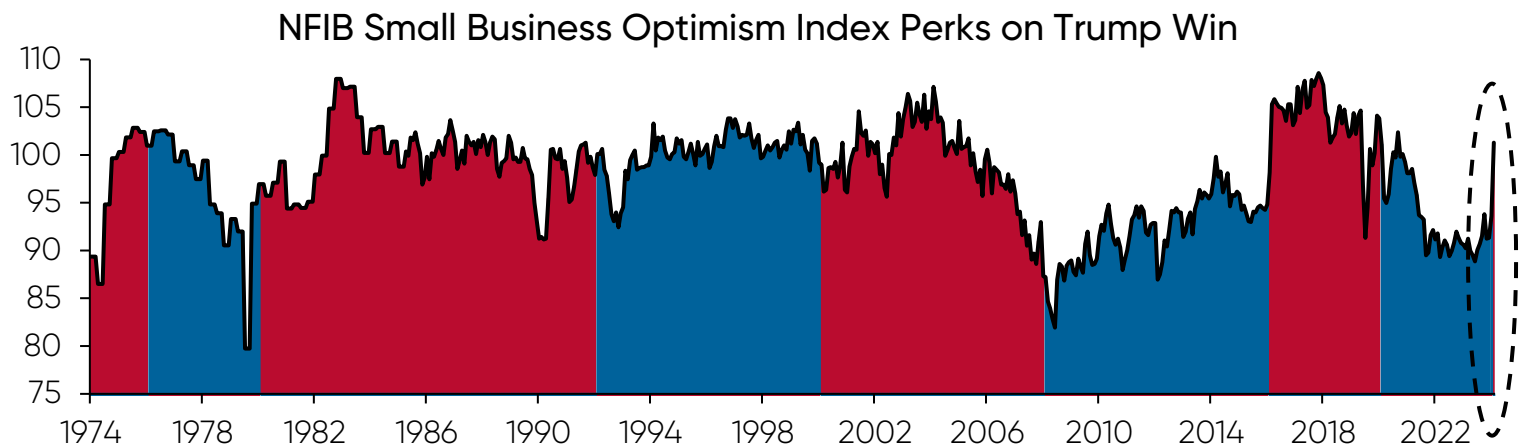
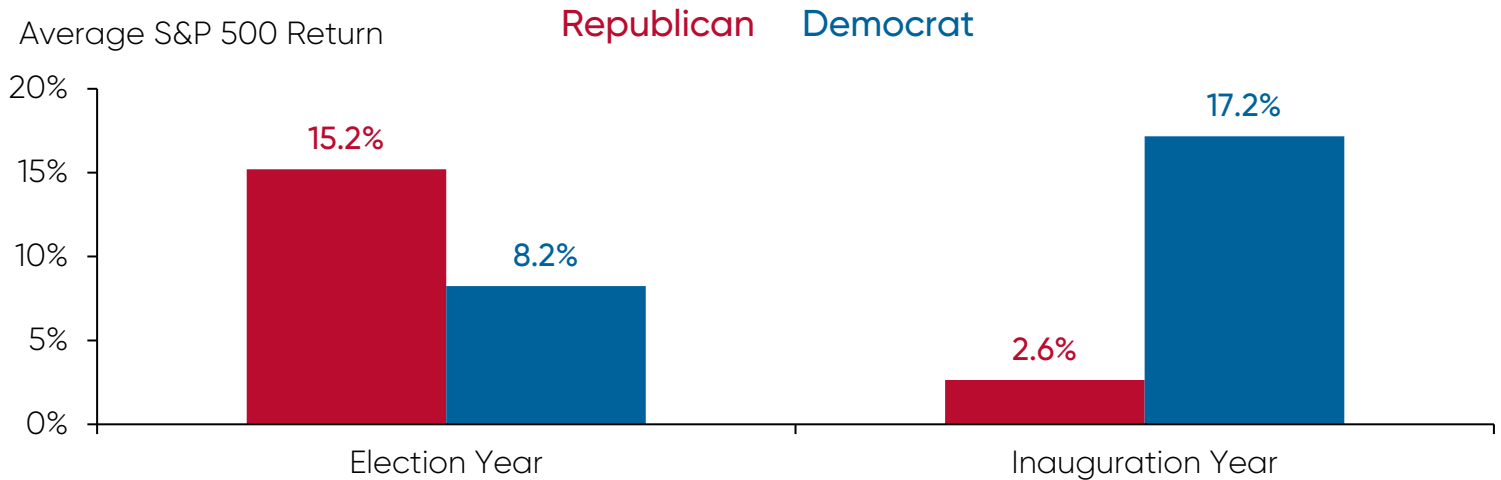
### S&P 500 Returns Indexed to 100 on Election Day



Source: FactSet, S&P 500 Returns in the 12 months leading up to, and following the election. Indexed to 100 on election day. Data from 1/1/1933-1/16/2025 in USD. "Strong" election years include 1968, 1972 and 1980.

# PERVERSE INVERSE

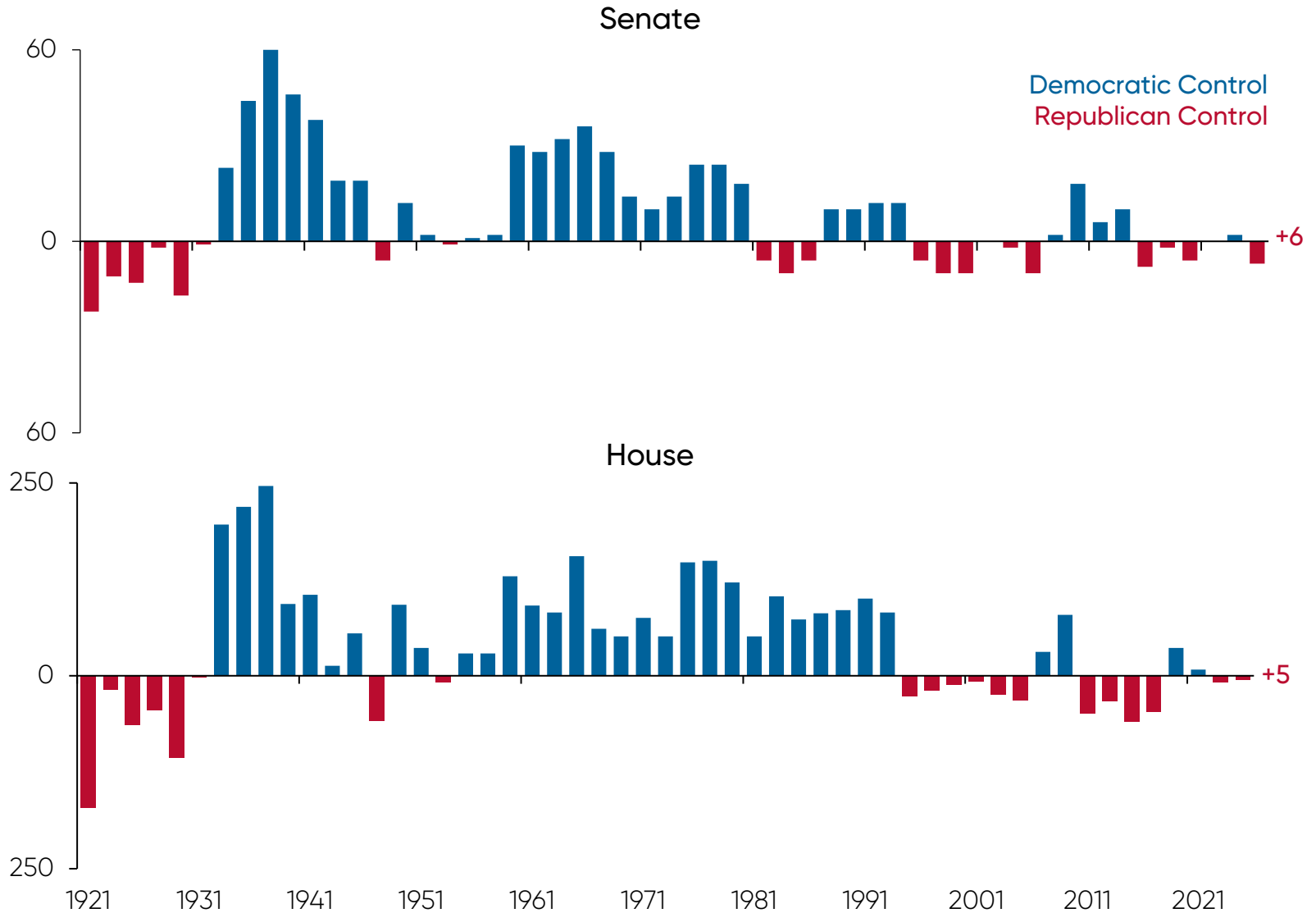
Rightly or wrongly, the US Republican party is often viewed as favoring more business-friendly policies such as lower taxes and fewer regulations as compared to Democrats. Historically, Republican election years have been stronger than Democrat election years. But when investors realize neither candidate has as much impact as hoped or feared, election year trends tend to reverse in inaugural years.



Top Source: Finaeon. S&P 500 Total Return Index average cumulative returns by presidential year, 1925–2021, USD. Bottom Source: Macrobond. NFIB Small Business Optimism Index from 10/1/1974–12/31/2024.

# CONGRESS REMAINS TIGHT

Despite Republicans sweeping the presidency and congress, their congressional control will be very slim, likely requiring significant negotiation and watering down to get contentious bills passed.



Source: Associated Press, House Press Gallery, US House of Representatives, Senate Party Divisions, as of 1/13/2025. Major political parties' historical House and Senate margins for the first year of a 2-year term (House), 1921–2024.

# 2026 MIDTERMS ARE JUST AROUND THE CORNER

The President's party tends to lose power in Congress in midterm elections. Republican or Democrat candidates in states that lean toward the opposite party and open seats are most vulnerable. 2026 midterms will feature a few vulnerable Republican seats (e.g. Susan Collins in Maine) which could prevent candidates from signing on to controversial legislation.

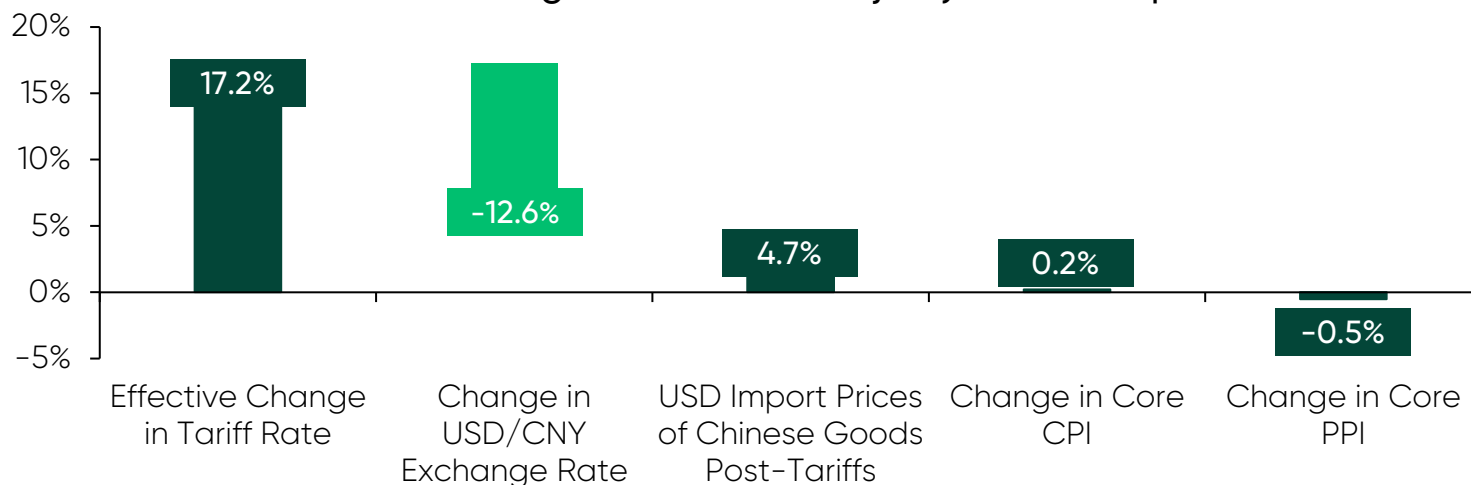
State	Pre-election Incumbent	Party	% of Votes for Republican Presidential Nominee			State	Pre-election Incumbent	Party	% of Votes for Republican Presidential Nominee		
			Trump 2024	Trump 2020	Trump 2016				Trump 2024	Trump 2020	Trump 2016
MA	Ed Markey	D	37%	32%	33%	IA	Joni Ernst	R	56%	53%	51%
DE	Chris Coons	D	42%	40%	42%	TX	John Cornyn	R	56%	52%	52%
OR	Jeff Merkley	D	42%	40%	39%	KS	Roger Marshall	R	57%	56%	57%
RI	Jack Reed	D	42%	39%	39%	SC	Lindsey Graham	R	58%	55%	55%
CO	John Hickenlooper	D	43%	42%	43%	MT	Steve Daines	R	59%	57%	56%
IL	Dick Durbin	D	45%	41%	39%	LA	Bill Cassidy	R	60%	58%	58%
ME	Susan Collins	R	45%	44%	45%	NE	Pete Ricketts	R	60%	58%	59%
NJ	Cory Booker	D	46%	41%	41%	MS	Cindy Hyde-Smith	R	62%	58%	58%
NM	Ben Ray Lujan	D	46%	44%	40%	SD	Mike Rounds	R	63%	62%	62%
MN	Tina Smith	D	47%	45%	45%	AR	Tom Cotton	R	64%	62%	61%
VA	Mark Warner	D	47%	44%	44%	TN	Bill Hagerty	R	64%	61%	61%
NH	Jeanne Shaheen	D	48%	45%	46%	AL	Tommy Tuberville	R	65%	62%	62%
MI	Gary Peters	D	50%	48%	47%	KY	Mitch McConnell	R	65%	62%	63%
GA	Jon Ossoff	D	51%	49%	51%	OK	Markwayne Mullin	R	66%	65%	65%
NC	Thom Tillis	R	51%	50%	50%	ID	Jim Risch	R	67%	64%	59%
OH	TBD	R	55%	53%	52%	WV	Shelley Capito	R	70%	69%	68%
AK	Dan Sullivan	R	56%	53%	51%	WY	Cynthia Lummis	R	72%	70%	68%

Source: Federal Elections Commission, Associated Press, as of 11/11/2024. 2024 election data reflect AP results and have not yet been verified by the FEC. Not all pre-election incumbents have indicated their intention to run for office in 2026. \*The governor of Ohio will announce an interim replacement to fill JD Vance's vacated Senate seat. This replacement would then run in a special election held during the 2026 midterm elections.

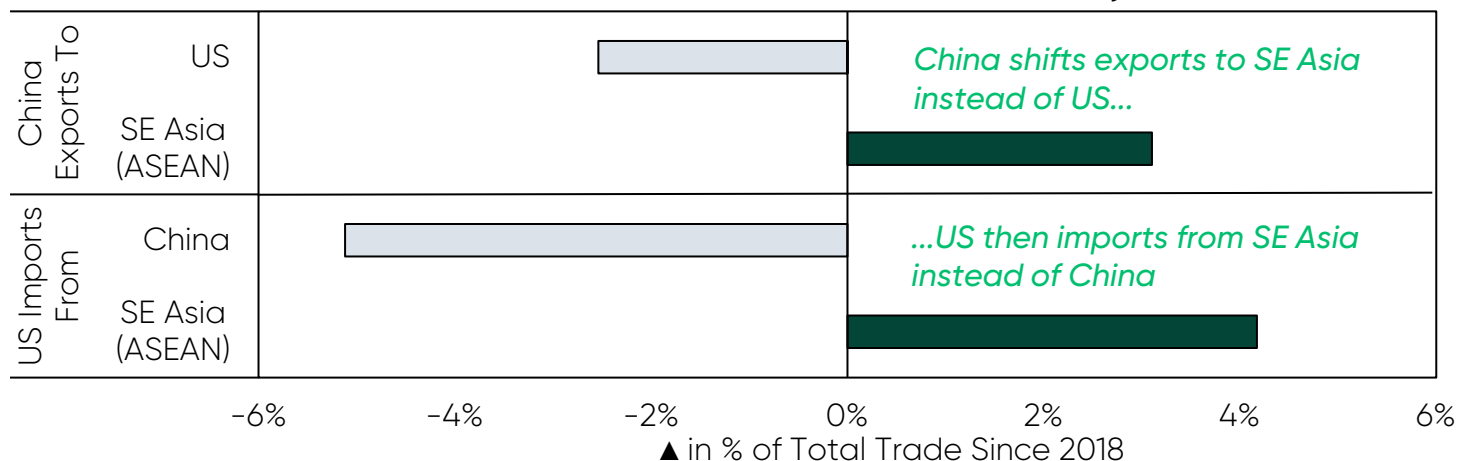
# TRADE TACTICS MUTE TARIFF IMPACT

Amid the 2018 trade war, the impact of tariffs was mitigated by currency adjustments and re-routing of goods through SE Asia and elsewhere, resulting in almost no discernable inflationary impact.

## USD/CNY Exchange Rate Offsets Majority of Tariff Impacts



## SE Asia Acts as US-China Trade Intermediary



Top Source: Peterson Institute, FactSet, 2/1/2018-9/30/2019. Bottom Source: Macrobond as of 11/20/2024.

# SERVICES DOMINATE EXPORTS

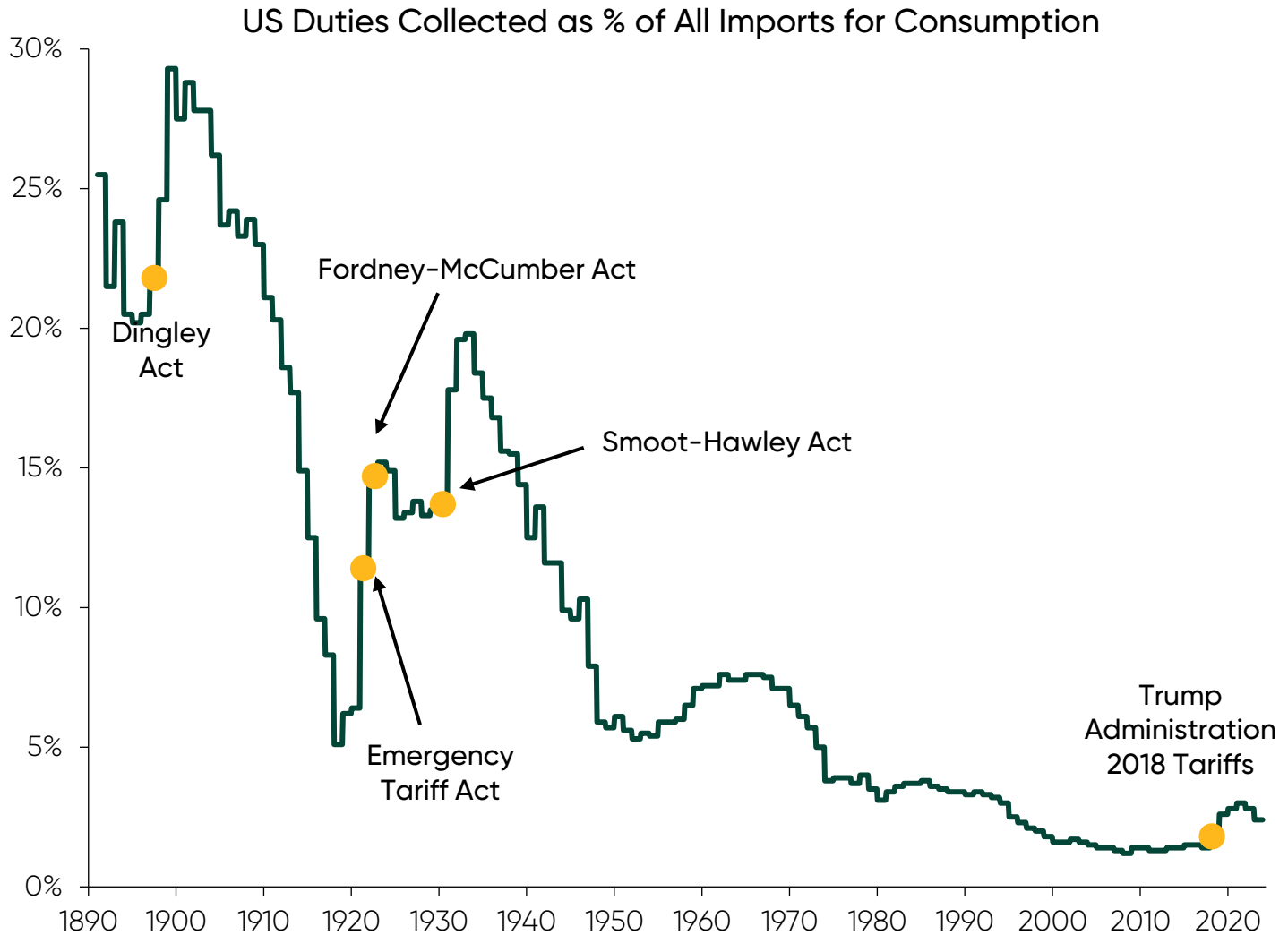
Services are now a larger portion of global trade than goods, reducing the impact of tariffs, which often apply to goods only.



Source: International Monetary Fund, Balance of Payments Statistics Yearbook and data files. 2005- 2023.

# TARIFFS STILL AT HISTORIC LOWS

Tariffs are not good for the US or other economies, but they are nowhere close to prior levels that caused significant economic harm.

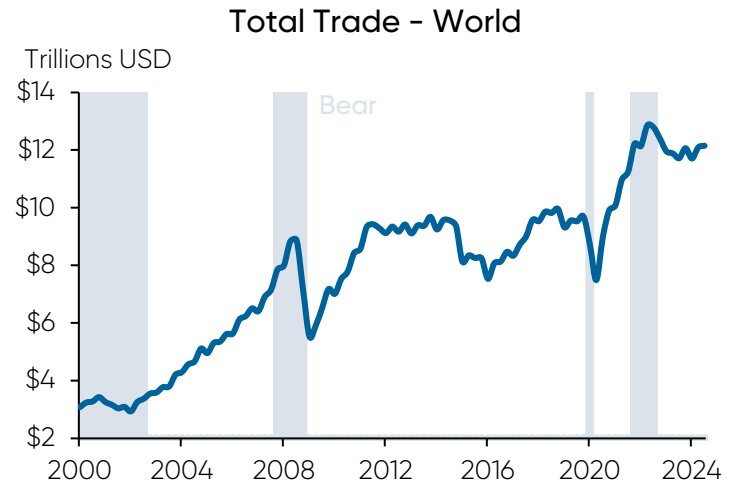
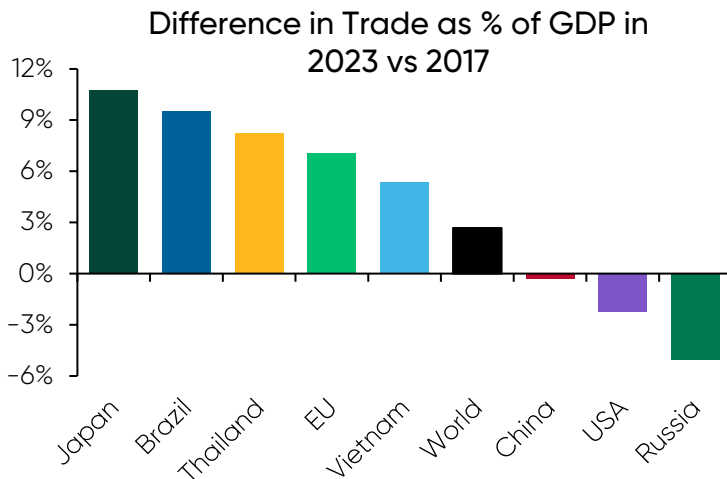
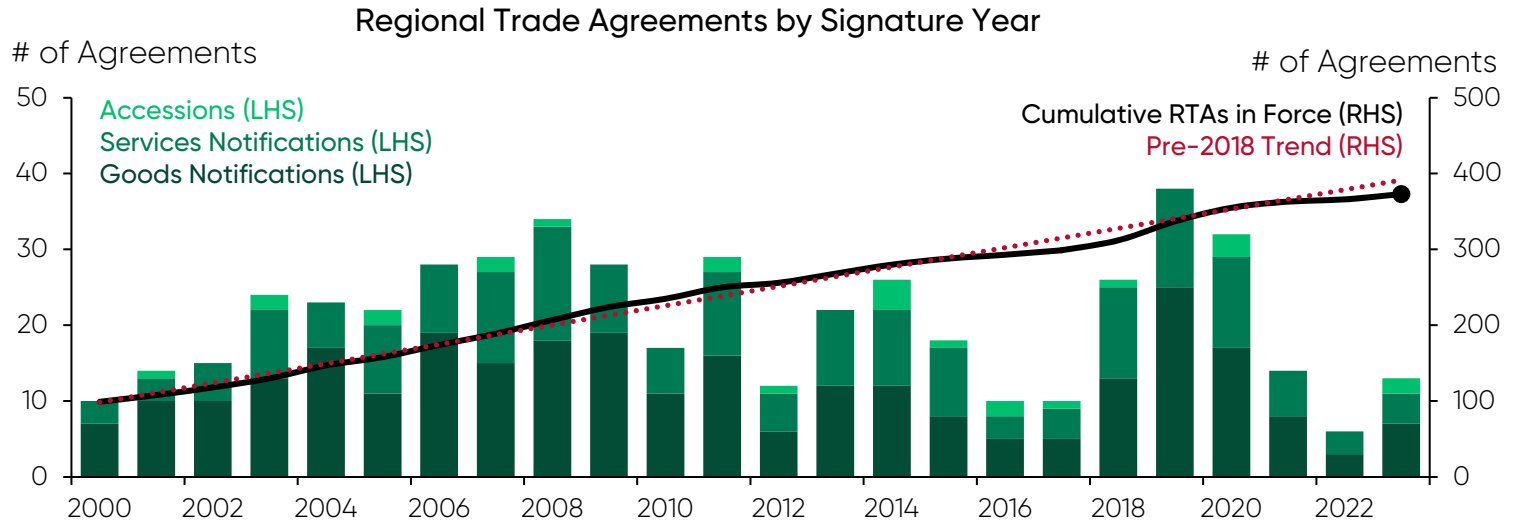


Source: US International Trade Commission, as of 3/31/2019. US duties as a percentage of imports for consumption, 1/31/1891 – 12/31/2023.



# WHAT DEGLOBALIZATION?

Despite fears of deglobalization, global trade is near all-time highs. Regional trade agreements help facilitate a continuation of robust global trade.



Top Source: WTO, Regional Trade Agreements Information System, 2000-2024. Bottom Left Source: FactSet, World Bank WDI. Trade as a % of GDP in 2017 and 2023. Bottom Right Source: FactSet, World Bank WDI. Total Exports & Total Imports – World, 1/1/2000-9/30/2024, USD.

# TAX CHANGES AND EQUITY RETURNS

Extending or increasing tax cuts appears to be near the top of President Trump's agenda. Republican's have only a slim lead in congress, and many would prefer to see tax cuts offset by spending cuts. Negotiating the details of a renewed tax cut plan may take longer then expected, leaving little surprise power for markets once a deal is finalized. The table below shows tax hikes and cuts have not had a consistent impact on equity returns.

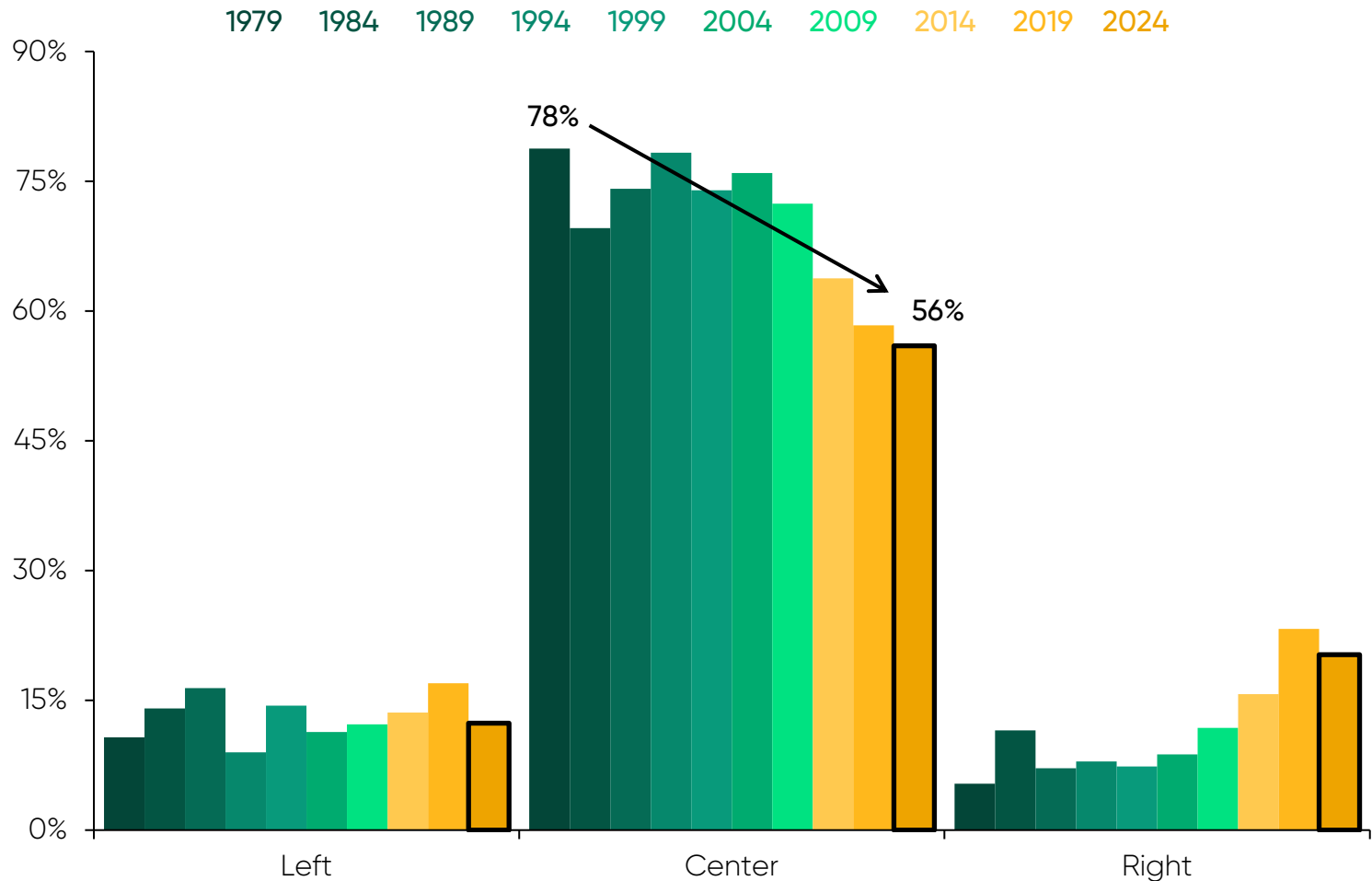
	Corporate Tax		Income Tax		Capital Gains Tax	
	Cuts	Hikes	Cuts	Hikes	Cuts	Hikes
# of Instances	11	13	16	14	10	10
Avg. 12M Return Before Hike/Cut	10.7%	-0.2%	4.4%	1.7%	8.9%	8.5%
% Positive	82%	54%	56%	57%	80%	80%
Avg. 12M Return After Hike/Cut	3.2%	11.1%	0.0%	16.8%	5.4%	10.7%
% Positive	73%	69%	56%	86%	70%	90%

Source: Global Financial Data, Tax Policy Center. S&P 500 Price Index 12-month forward and 12-month trailing returns, daily, 5/29/1927 – 1/1/2019 (corporate tax cuts); 2/26/1925 – 8/10/1994 (corporate tax hikes); 12/17/1928 – 1/1/2019 (income tax cuts); 1/1/1929 – 1/2/2014 (income tax hikes); 1/1/1953 – 1/1/2019 (capital gains tax cuts); 1/1/1967 – 1/1/2014 (capital gains tax hikes).

# CHANGING EU POLITICAL LANDSCAPE

Centrist parties have historically dominated European politics, but power has been gradually shifted from the center to both the left and right ends of the political spectrum. As a result, forming governments requires greater coalition building, which hampers decision making and increases gridlock.

EU Parliament Party Stance by Election Since 1979

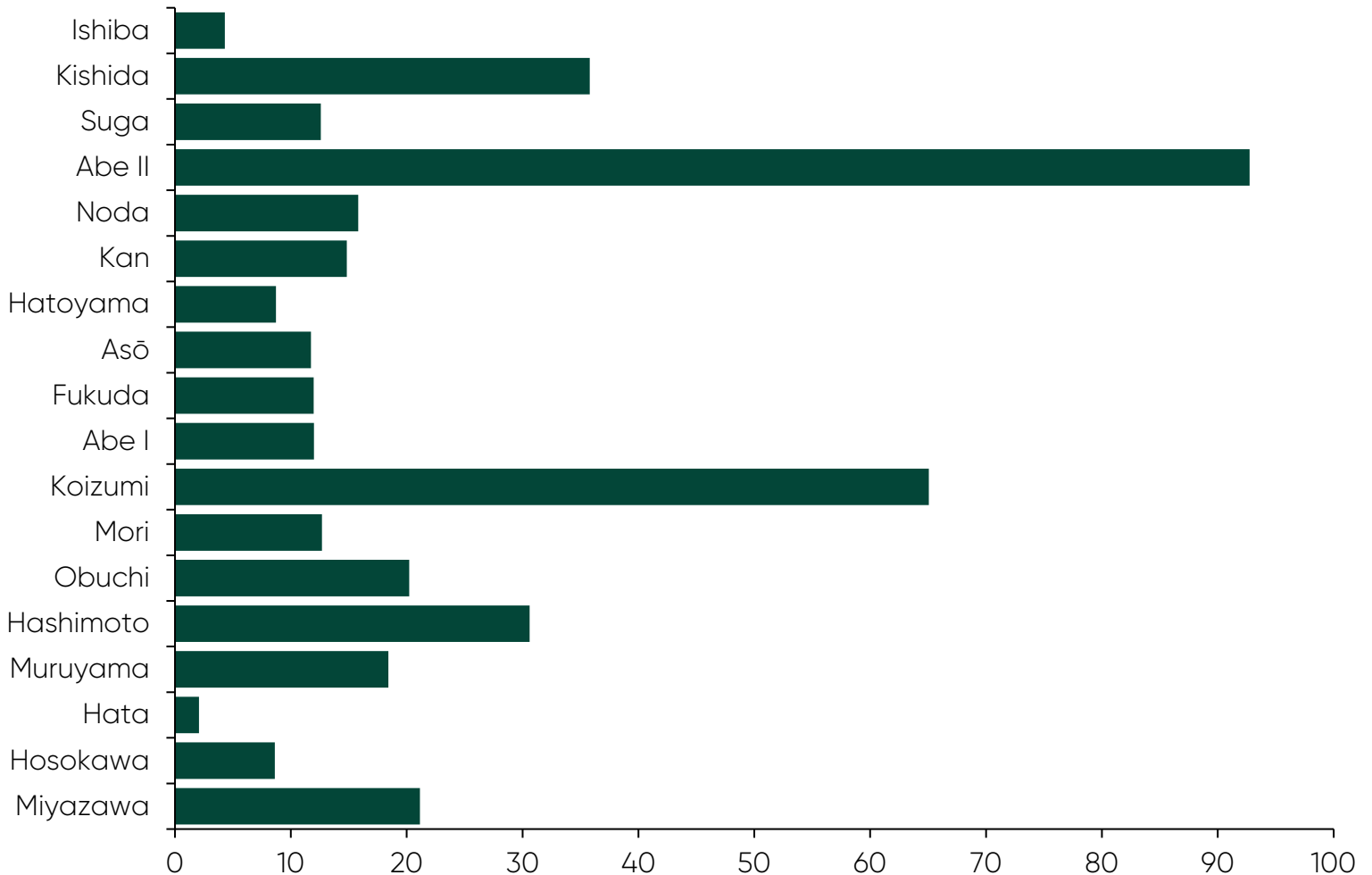


Source: Fisher Investments Research, EU Parliament as of 6/24/2024. EU Parliament party stance by election since 1979 (% of seats).

# REVOLVING DOOR OF JAPAN PRIME MINISTERS

In the last few decades, few Japanese prime ministers have remained in office long enough to meaningfully reform the economy. Given Japan's demographic and other economic challenges, high PM turnover may diminish confidence in the potential for economic reforms.

Japan Prime Ministers' Months in Office



Source: Japan.Kantei.Go.JP, as of 2/5/2025.

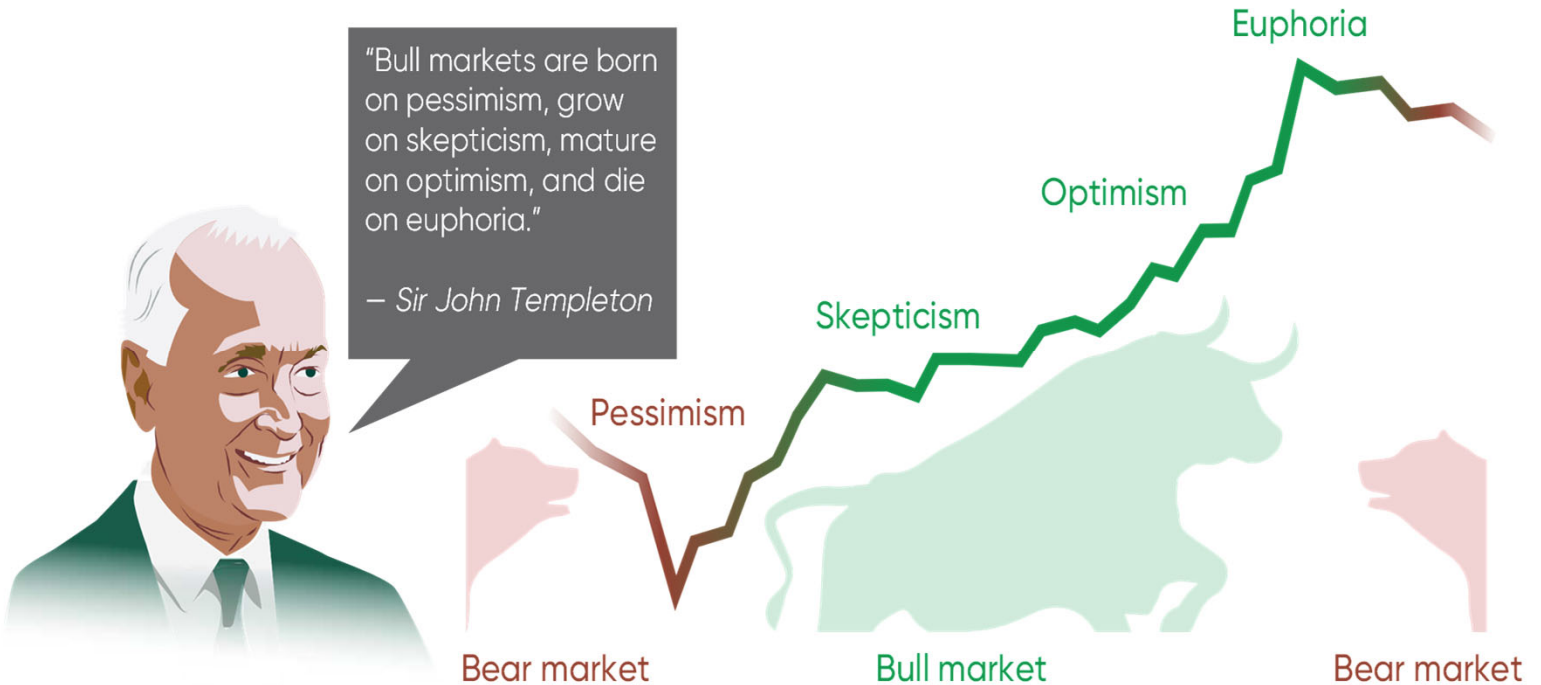
# CURRENT MARKET TOPICS

*Our views on contemporary investor topics in the market*

- Investor sentiment is increasingly optimistic but not yet euphoric
- The global economy looks set to grow steadily
- Post COVID-19 economic reverberations continue to hamper recession indicators
- Businesses are healthy and continue to increase spending

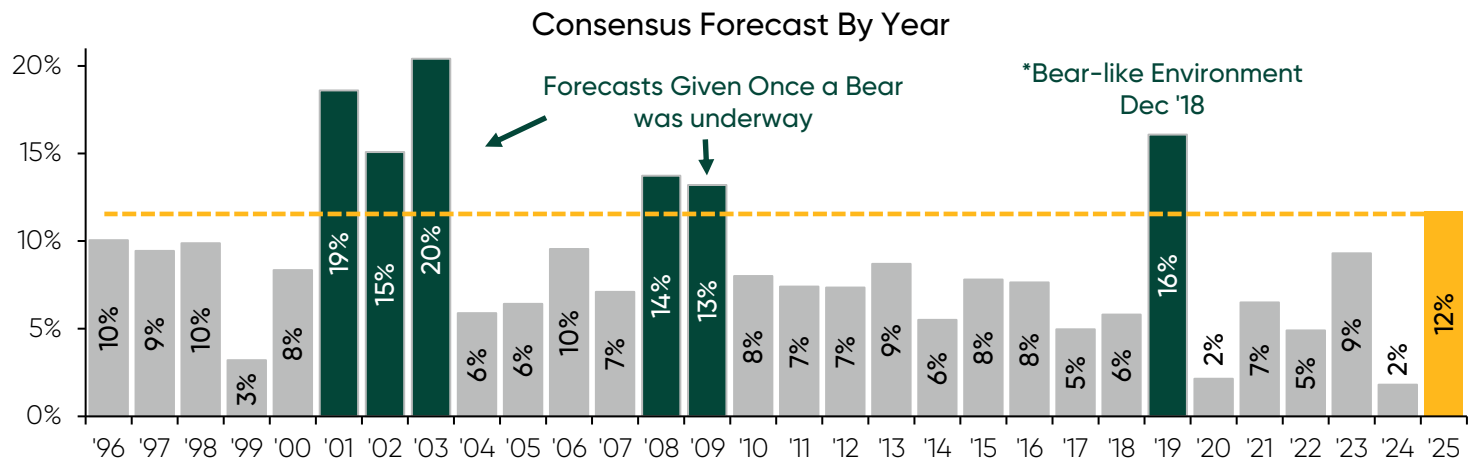
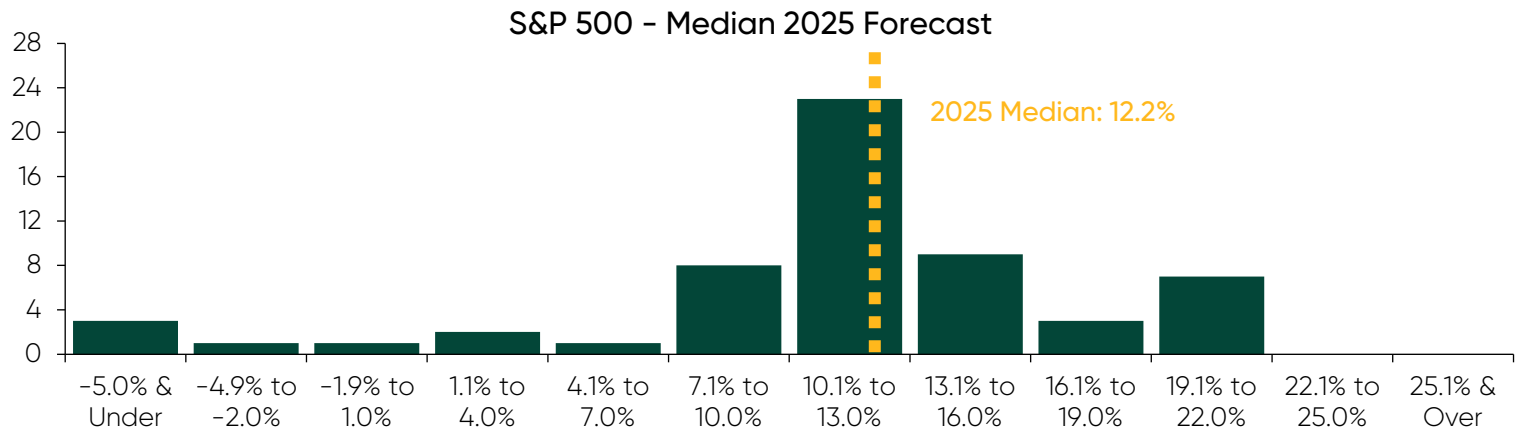
# MARKET CYCLE SENTIMENT PROGRESSION

As explained by John Templeton, bull markets typically begin amidst a mound of investor worries and pessimism, which lower expectations, setting up positive surprise and fueling rising markets.



# SENTIMENT BELL CURVE

Market forecasts can be a powerful contrarian tool. Equity markets rarely do what most expect, and the information that formulates most forecasts is already widely known. A Sentiment Bell Curve aggregates many forecasts into a histogram and can indicate what equities are unlikely to do—usually equities end up better or worse than the consensus expects. As 2025 begins, forecasts for US equity performance are relatively high, suggesting sentiment may be getting overly optimistic.

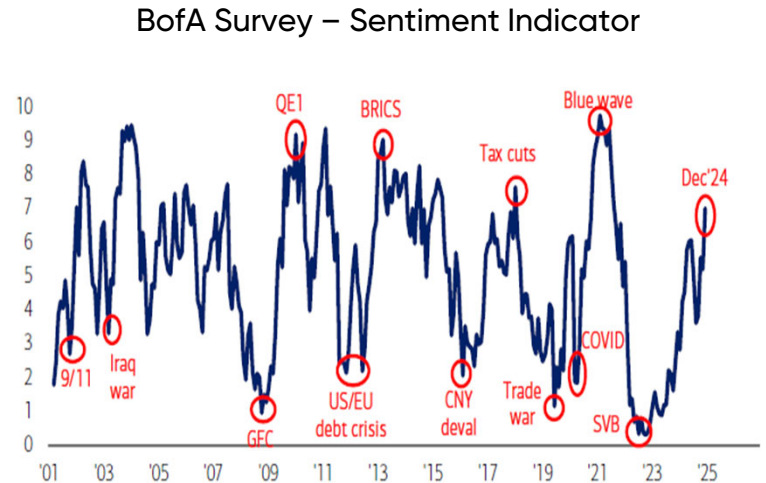
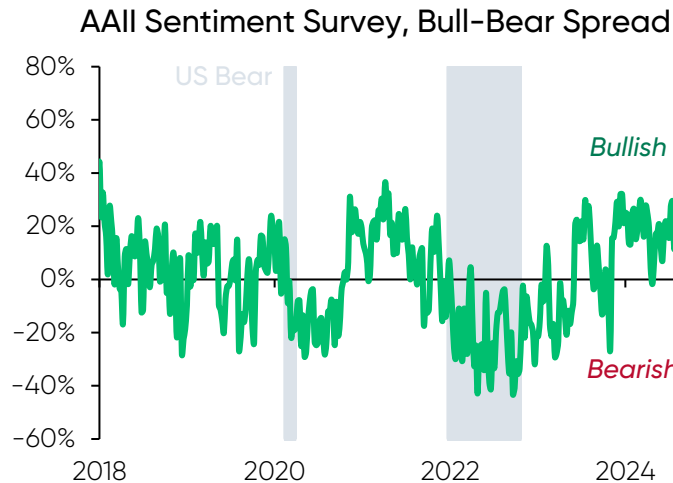
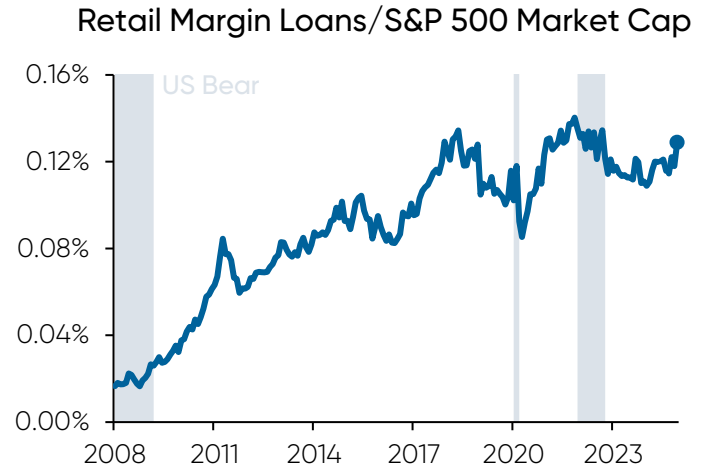
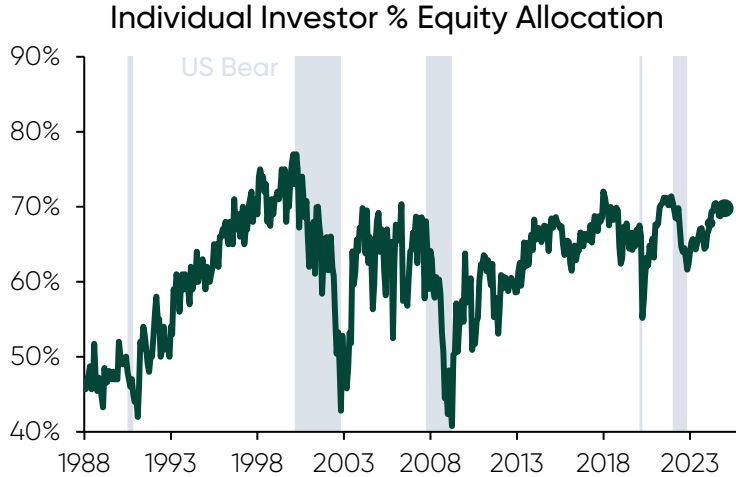


Top Source: Fisher Investments Research. Median forecasts for end of year S&P 500 Price Index returns on 12/30/2024.

Bottom Source: Fisher Investments Research. Median forecasts for end of year S&P 500 Price Index returns from 1996–2025.

# “BULL MARKETS MATURE ON OPTIMISM ...” – JOHN TEMPLETON

Investor sentiment has been steadily improving but does not appear euphoric.



Top Left Source: Factset. American Association of Individual Investors (AAll) monthly US stock & stock fund allocation from 12/31/1987–12/31/2024. Top Right Source: Interactive Brokers, monthly customer margin loans to S&P 500 market cap from 1/1/2008–12/31/2024 in USD. Bottom Left Source: Macrobond, American Association of Individual Investors (AAll) US Bull-Bear Spread, 1/1/2018–1/30/2025. Bottom Right chart source: BofA Global Fund Manager Survey, as of December 2024.

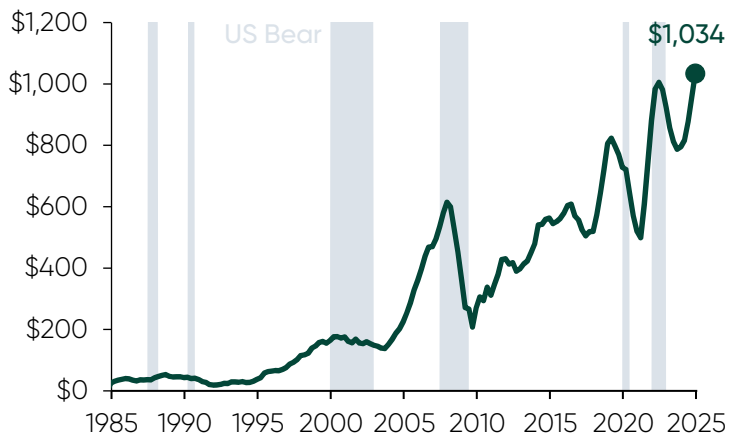
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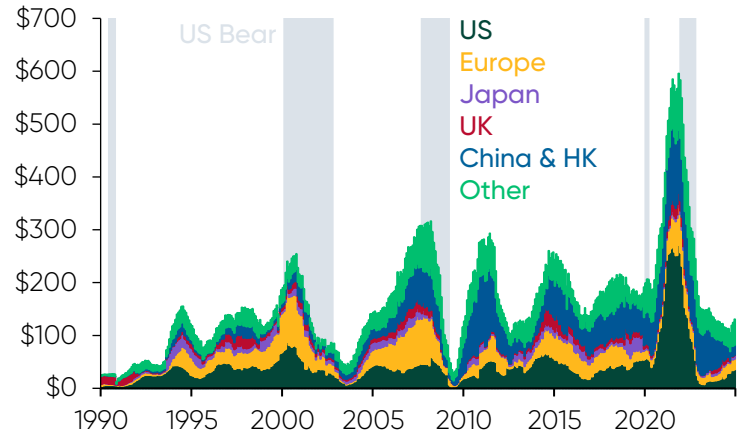
# SHRINKING EQUITY SUPPLY

Initial public offerings (IPOs) have been subdued as private market valuations keep companies private for longer. Meanwhile, share repurchases have been robust, shrinking the overall supply of equities.

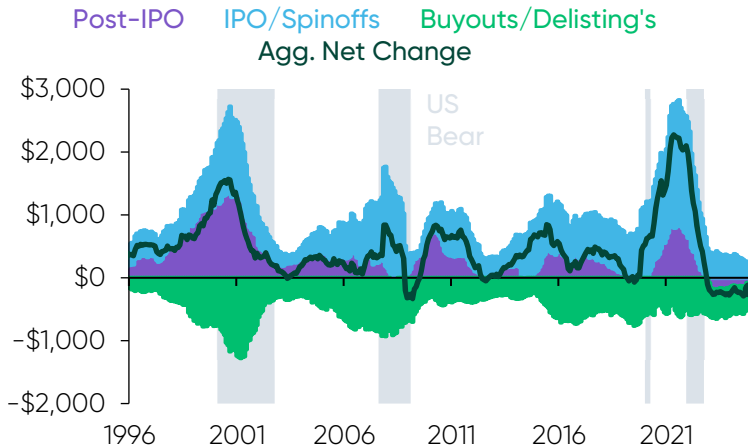
Trailing 4Q S&P 500 Realized Buybacks



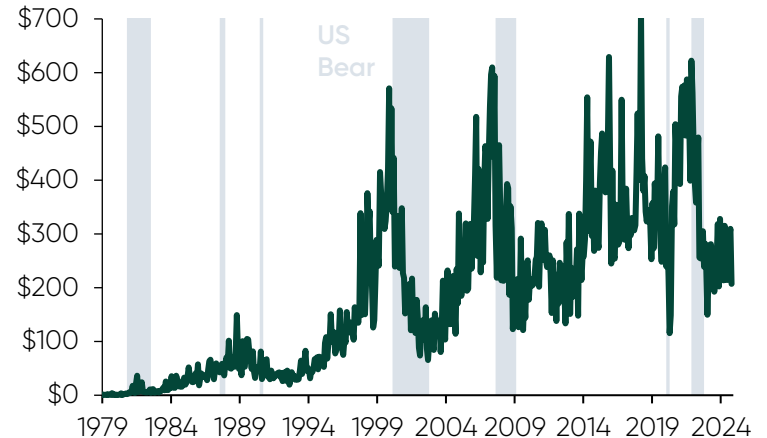
Inflation Adjusted TTM IPO Proceeds



Global TTM Equity Supply Factors



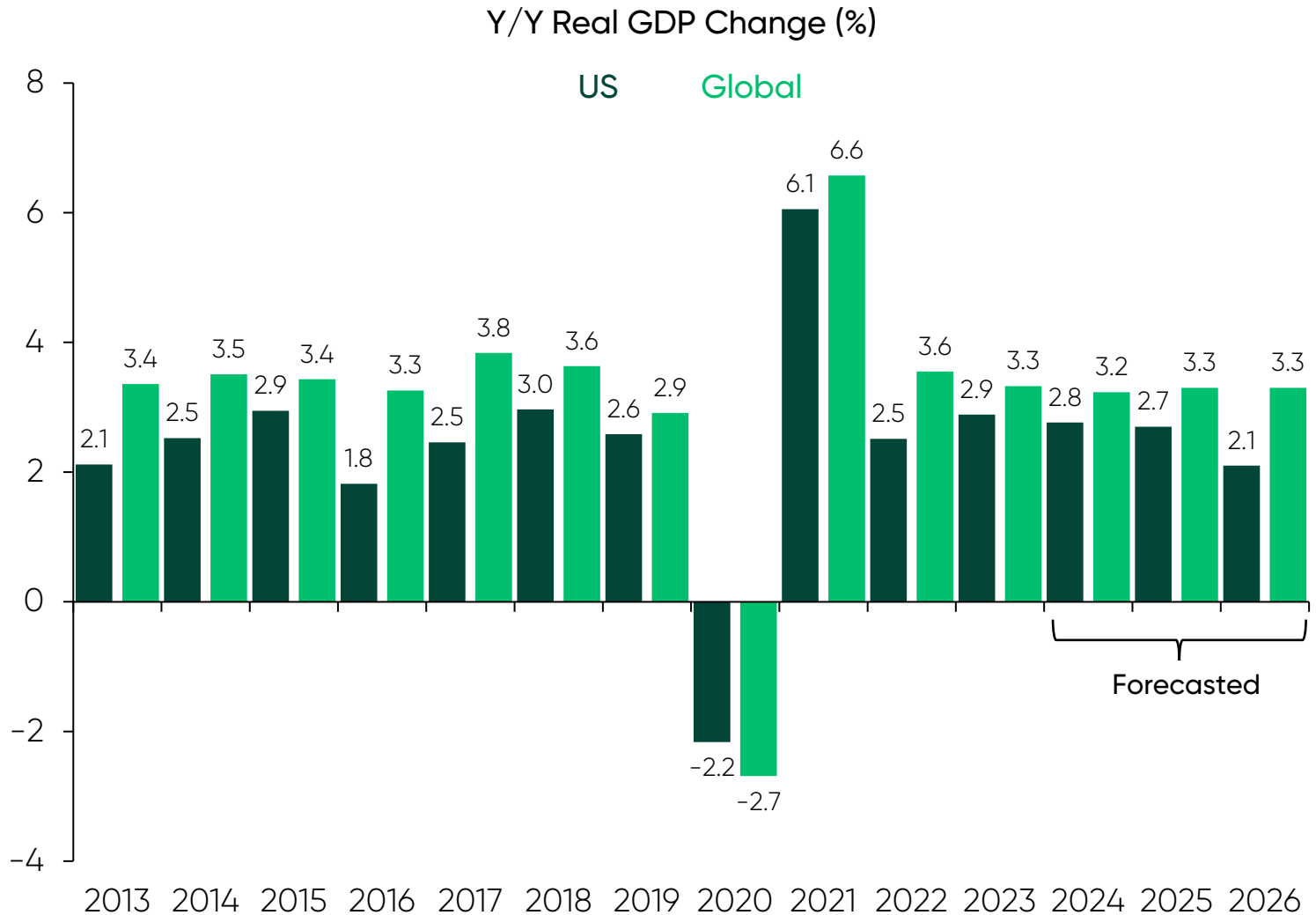
Announced M&A Has hit a Trough



Top Left Source: Clarifi quarterly S&P 500 buybacks for Q4 1985–Q3 1998 and Q4 2024 estimate, FactSet quarterly buyback screens from Q4 1998 – Q1 2021, and S&P quarterly from Q2 2021–Q3 2024. Data in USD billions. Top Right Source: Refinitiv Eikon & DataStream. Data shown from Inflation-adjusted in \$Bil USD from 1971. Monthly data shown from 1/1/1996–12/31/2024. Bottom Left Source: Refinitiv Eikon/Datastream. Monthly share price, shares outstanding, and IPO and SPAC M&A screens from 12/31/1996–12/31/2024, USD. Bottom right source: Refinitiv Eikon monthly M&A screens from 3/31/1979 – 10/31/2024, USD.

# ECONOMIC GROWTH CONTINUES NORMALIZING

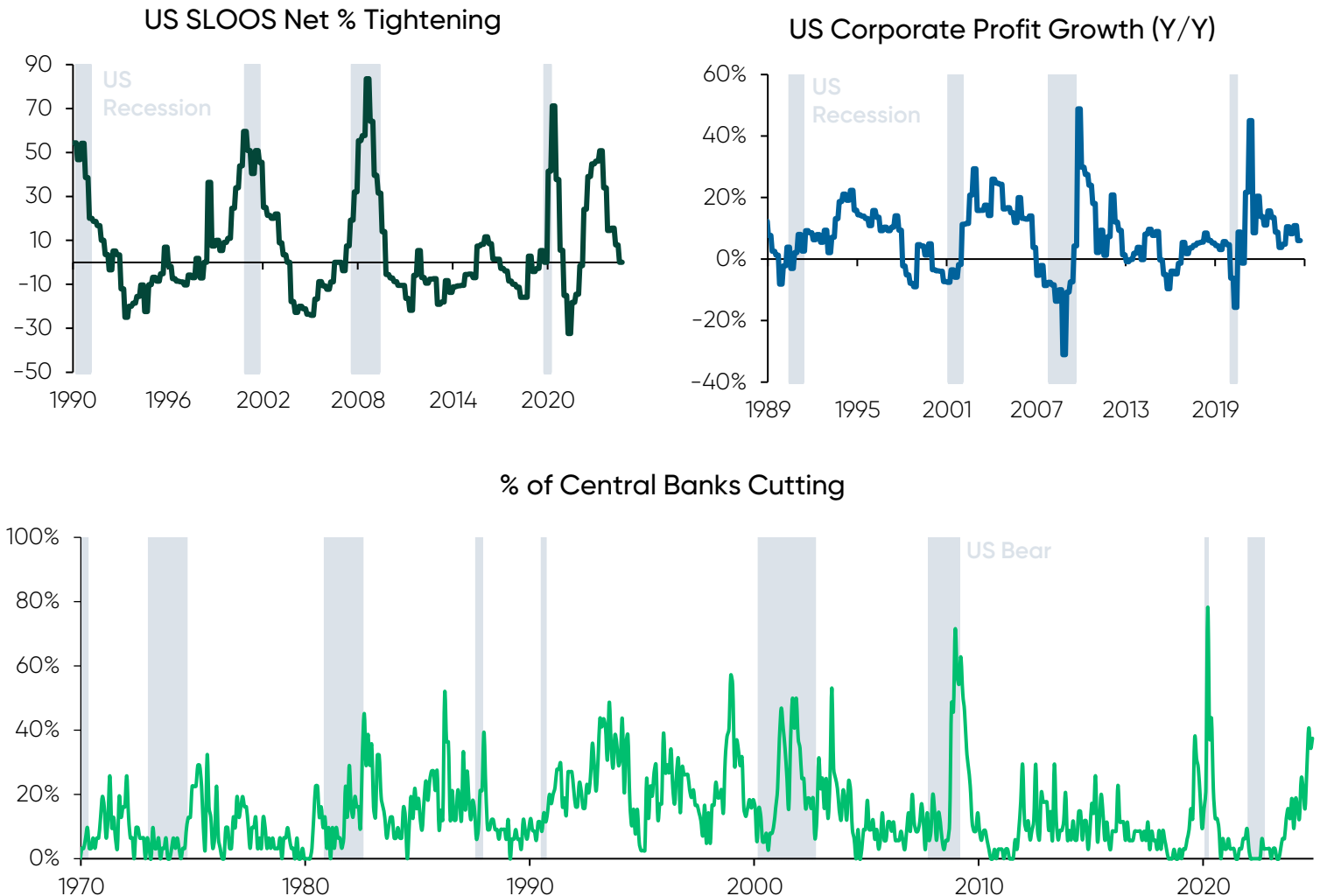
Amid COVID-19 lockdowns and reopening, the global economy experienced wild swings in growth rates, inflation, and consumption patterns. As the COVID-19 effects fade, the economy is reverting to normalcy.



Source: FactSet. International Monetary Fund annual percent change in real GDP 2017–2026. Data beyond 2023 is forecasted.

# CORPORATE & ECONOMIC CONDITIONS ARE SUPPORTIVE

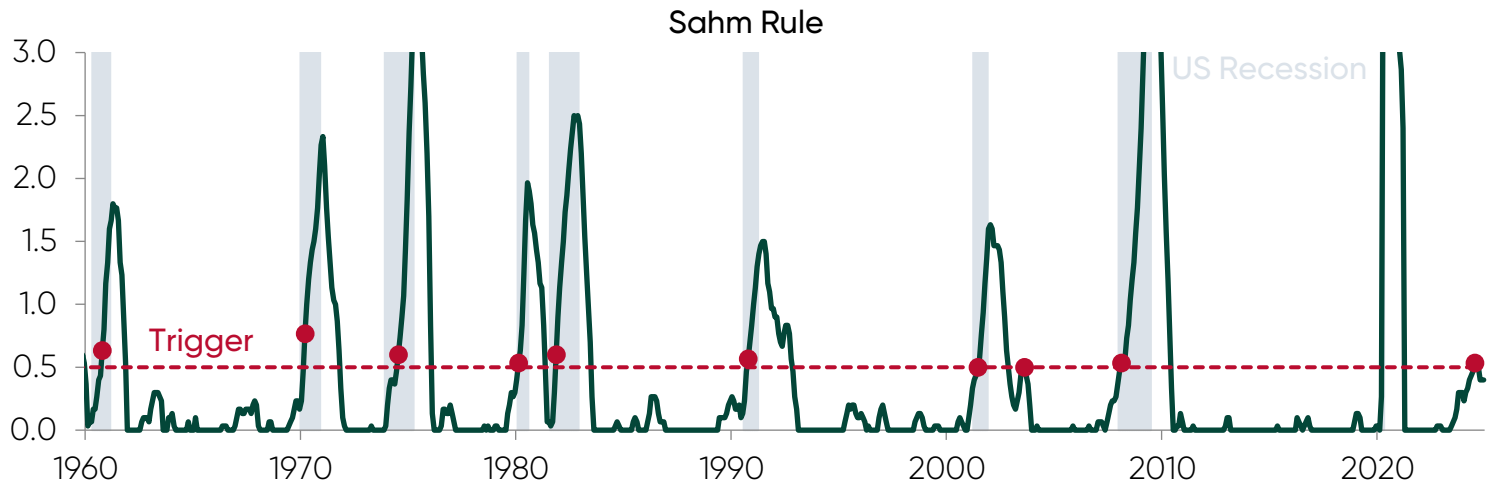
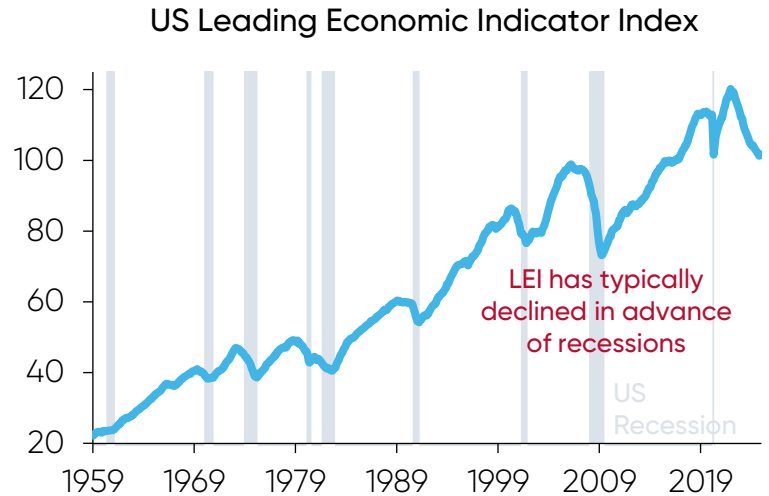
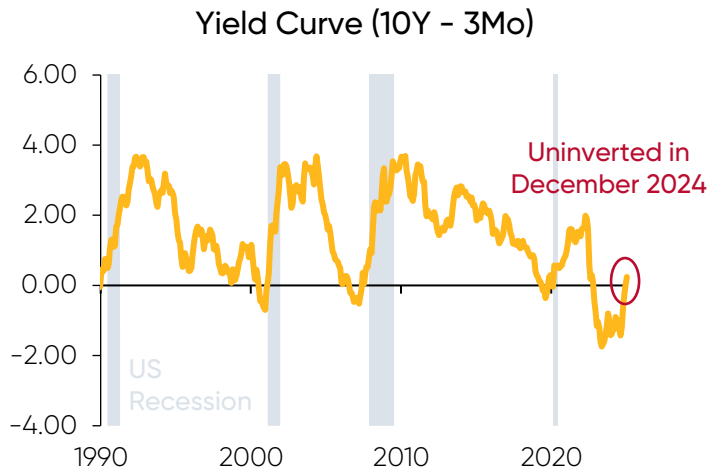
Loosening financing conditions and strong, broad-based profit growth create a healthy backdrop for an ongoing bull market.



Top Left Source: FactSet, Federal Reserve Senior Loan Officer Opinion Survey on Bank Lending Practices, Percent of Large and Medium Domestic Firms Tightening Standards for C&I Loans - United States from 4/30/1990-9/30/2024. Top Right Source: FactSet, BEA National Income, Corporate Profits from 12/30/1988-9/30/2024. Bottom Source: FactSet and Finaeon. Monthly data shown from 1/1/1970-11/30/2024.

# RECESSION INDICATORS ARE FALTERING

Unusual economic conditions surrounding COVID-19 lockdowns and stimulus have made numerous historically-reliable recession indicators less reliable—at least temporarily. For example, the yield curve, Leading Economic Indexes, and now the Sahm Rule have been flashing false recession signals for some time.

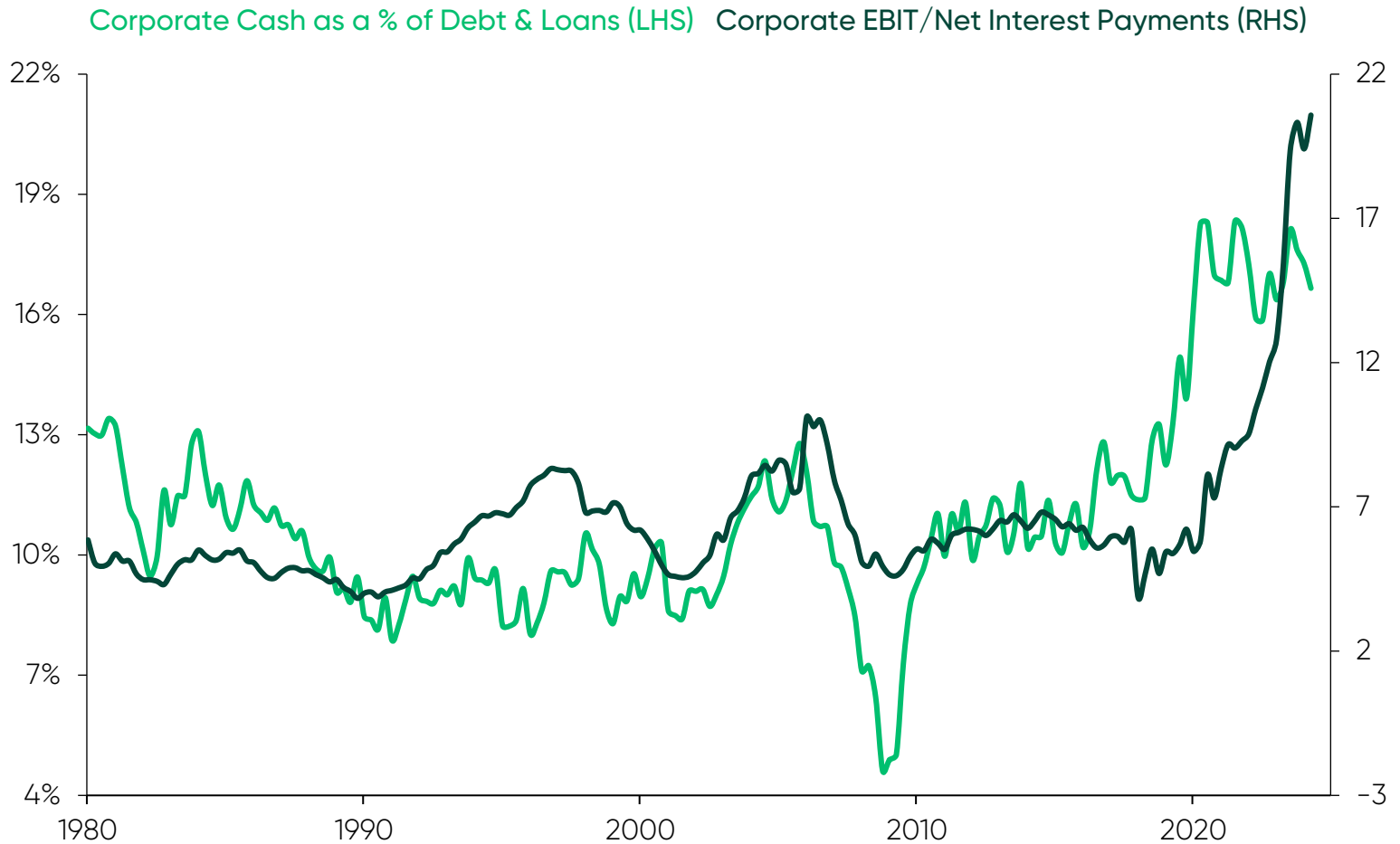


Top Left Source: FactSet. US Treasury constant maturity, 10 Year minus 3 Month, 1/1/1990-1/30/2025. Top Right Source: US LEI data, 1/1/1959-12/31/2024. Bottom Source: Bureau of Labor Statistics. Sahm's rule, dotted line showing 0.5% level, 01/01/2024-12/31/2024.

# CORPORATE BALANCE SHEETS REMAIN EXTREMELY HEALTHY

US corporate balance sheets remain extremely healthy overall despite higher interest rates thanks to strong earnings and high cash balances.

## US - Corporate Fundamentals

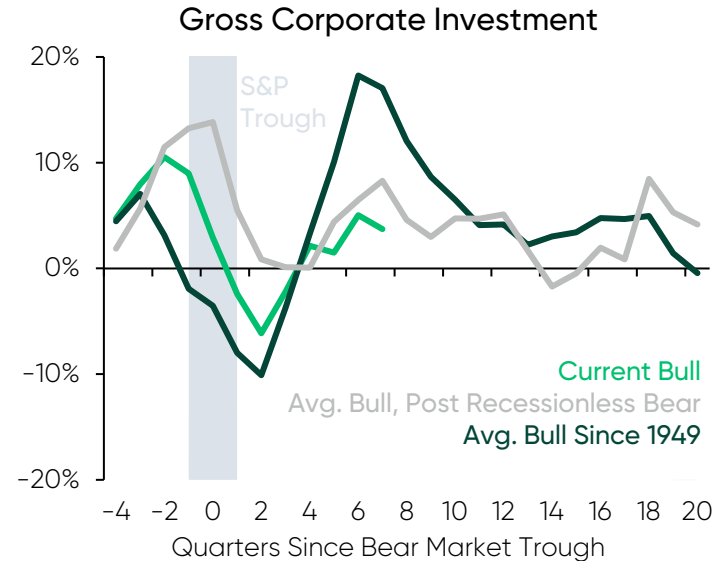


Source: Federal Reserve Economic Data and Federal Reserve Bank of St. Louis. Millions of dollars (USD), seasonally adjusted annual rate, 1/1/1980-7/1/2024.

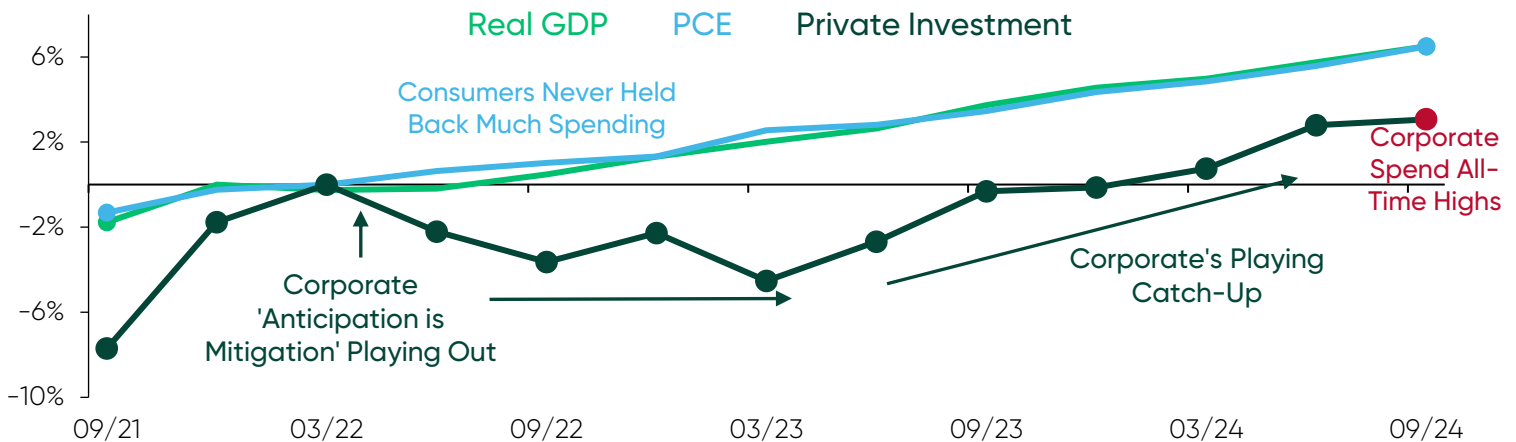
# CORPORATIONS GOING ON OFFENSE

Recession fears contributed to corporate retrenching, but corporate investment tends to accelerate as a market cycle progresses back to all-time highs.

New Bull Market	Corporate Investment (Y/Y)		
	Year 1	Year 2	Year 3
Q2 1949	5.0%	12.0%	14.3%
Q3 1957	-12.8%	-1.5%	1.4%
Q2 1962	4.2%	15.2%	33.9%
Q3 1966	-2.0%	3.0%	12.2%
Q2 1970	-1.0%	6.4%	22.3%
Q3 1974	-9.4%	-3.1%	7.3%
Q2 1982	-4.7%	13.8%	23.1%
Q4 1987	5.1%	9.9%	-
Q3 1990	-4.9%	-0.7%	5.8%
Q3 2002	4.0%	10.0%	18.1%
Q1 2009	-2.3%	5.6%	19.4%
Q1 2020	0.4%	5.8%	10.4%
Q3 2022	4.1%	12.1%	?
Average	-1.1%	6.8%	15.3%
Frequency Positive	46.2%	76.9%	100.0%



## US GDP Components vs Pre-Investment Slump Highs



Top Left Source: US Bureau of Economic Analysis. Change in nonresidential fixed investment during bull markets, 1987 bull market did not have a third year, 1949-2024. Top Right Source: FactSet. Gross Corporate Investment, quarterly, 03/31/1974-06/30/2024. USD. Bottom Source: FactSet. US GDP components vs all time high levels. Data shown from 09/30/2021-09/30/2024, quarterly in USD.

# KEY DEVELOPED MARKETS THEMES

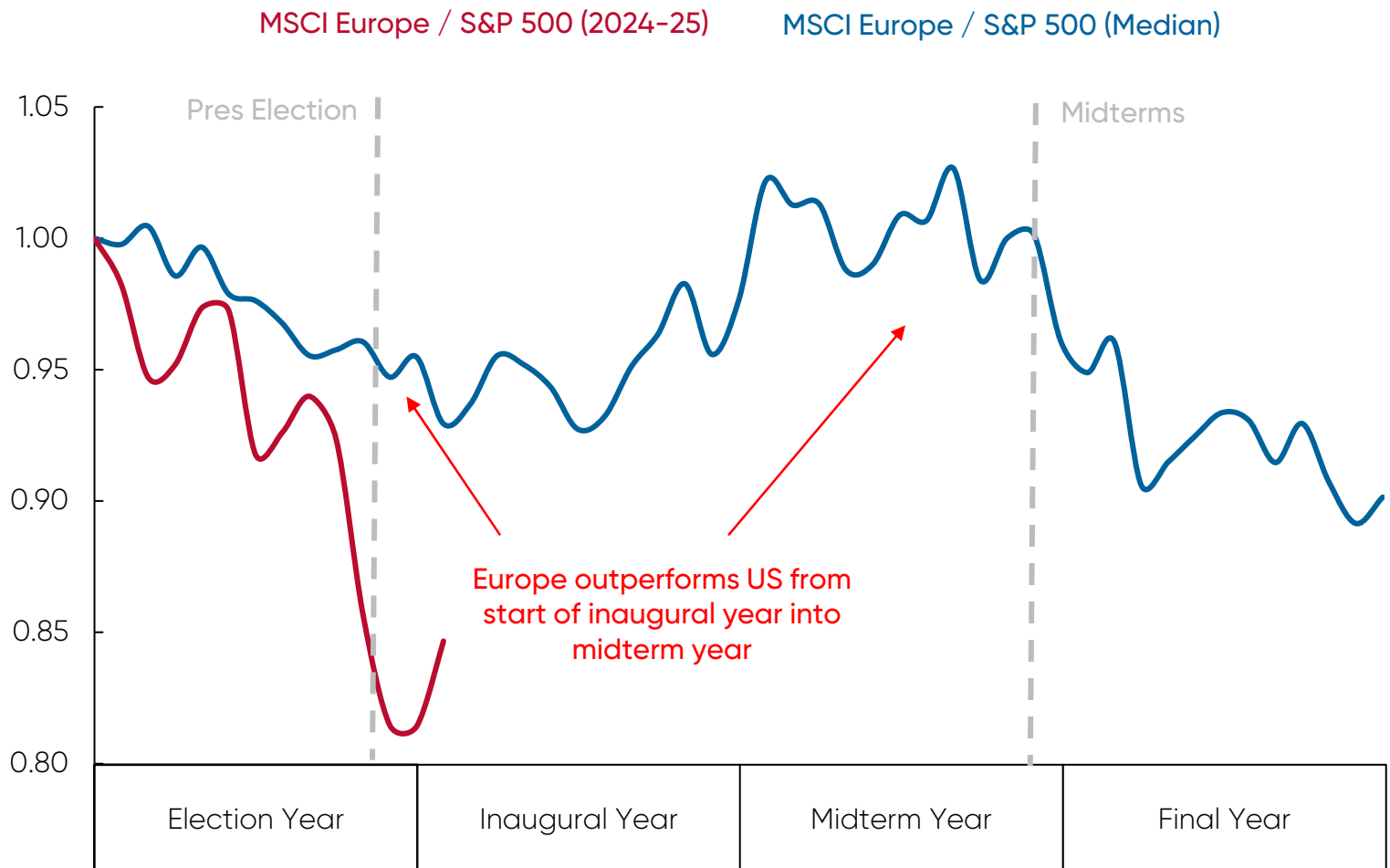
## *Our current views on Developed Markets*

- In contrast to the US, European sentiment is very dour
- The European economy may be recovering from its malaise fueled by a pick up in lending and manufacturing, and healthy corporate and household balance sheets
- Global inflation continues to moderate
- Interest rates remain elevated but are fairly benign

# EUROPE PERFORMANCE AROUND US ELECTIONS

European equities often lag the US in election years as US election tailwinds disproportionately benefit US equities. In this election, tariff threats and Europe's domestic issues led to a meaningful lag to the US, possibly setting the stage for a reversal in President Trump's inaugural year.

## US vs. Europe Relative Performance Indexed to 1

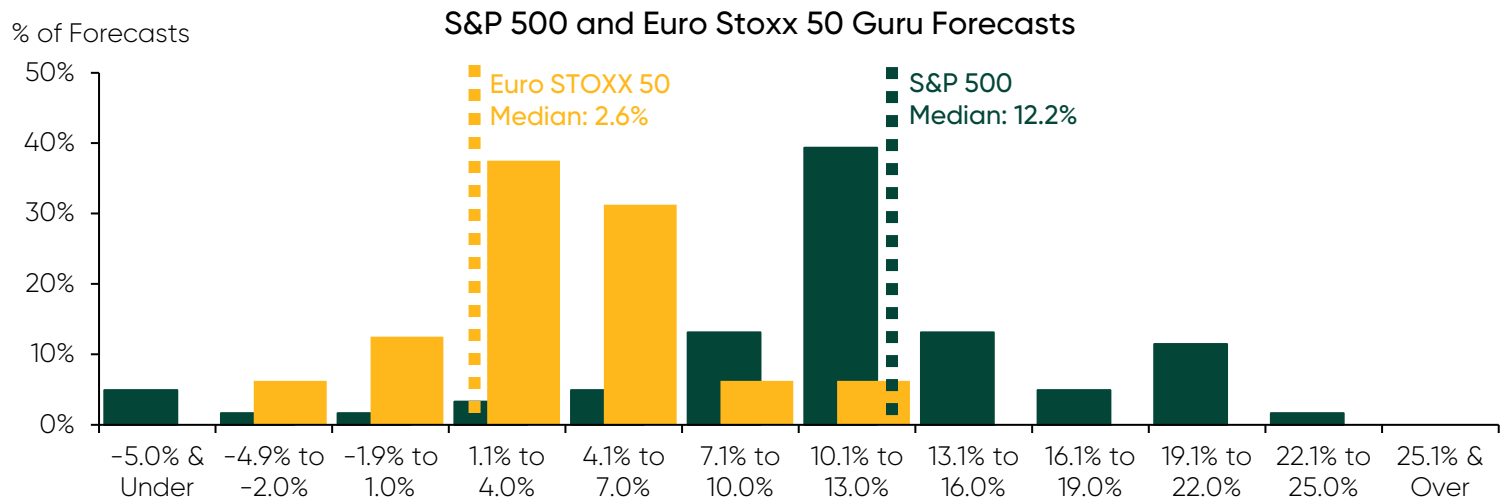
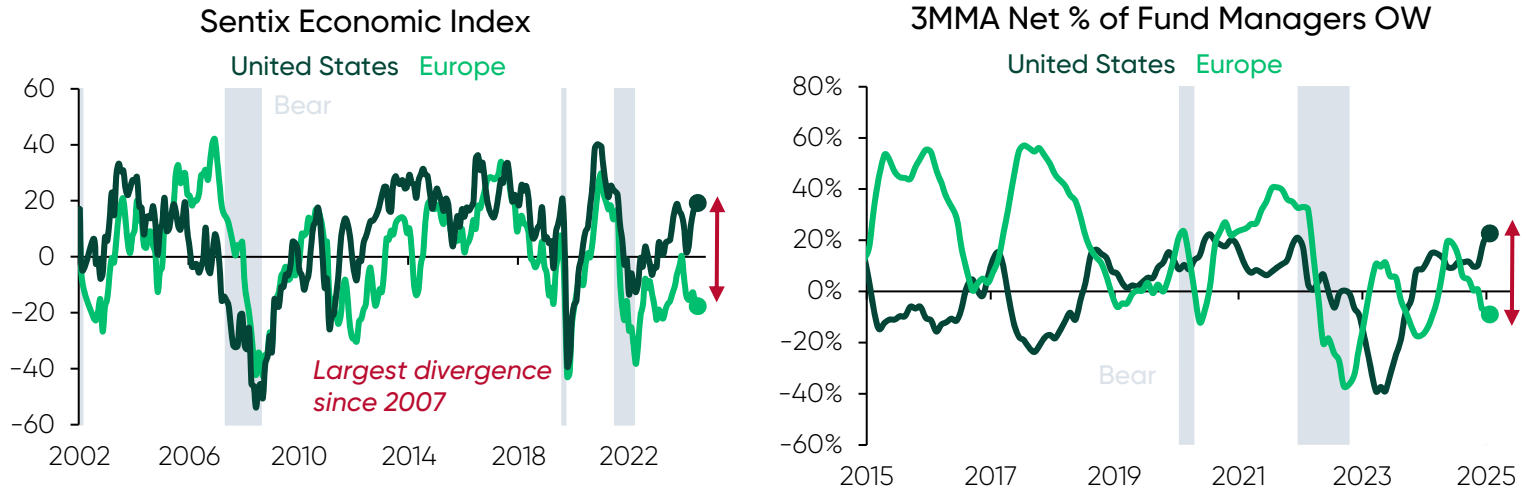


Source: Factset & Finaeon, as of 1/31/2025. Eurostoxx Index 1952 – 1969 & MSCI Europe TR Index thereafter; S&P 500 TR Index. From 1952–1969 local currency returns were used, otherwise returns are in USD.



# SENTIMENT IS GEOGRAPHICALLY BARBELLED

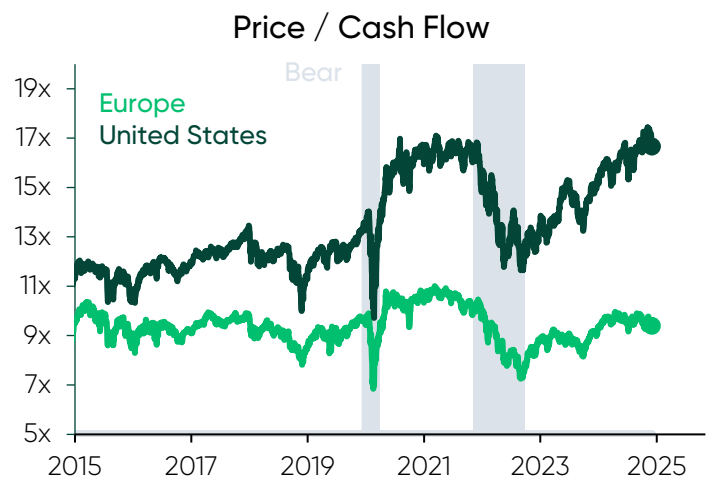
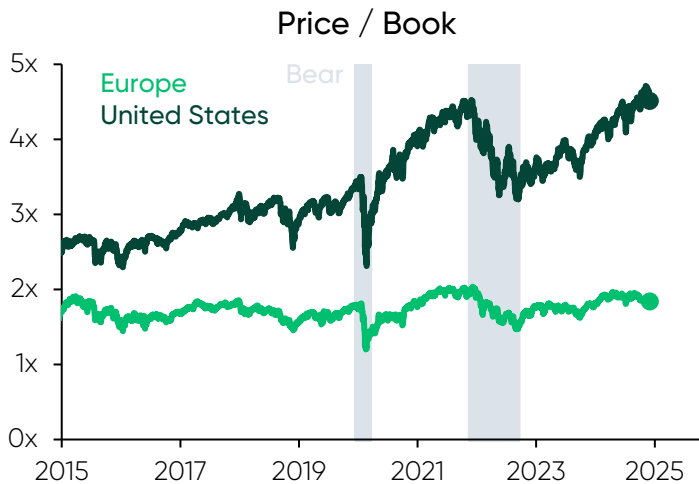
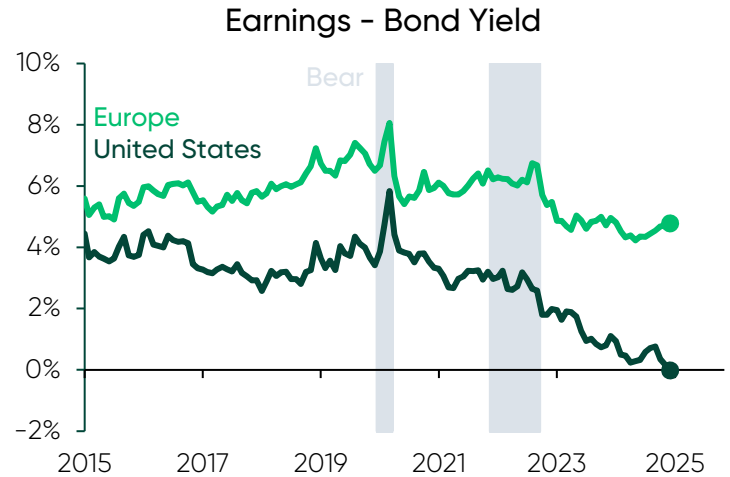
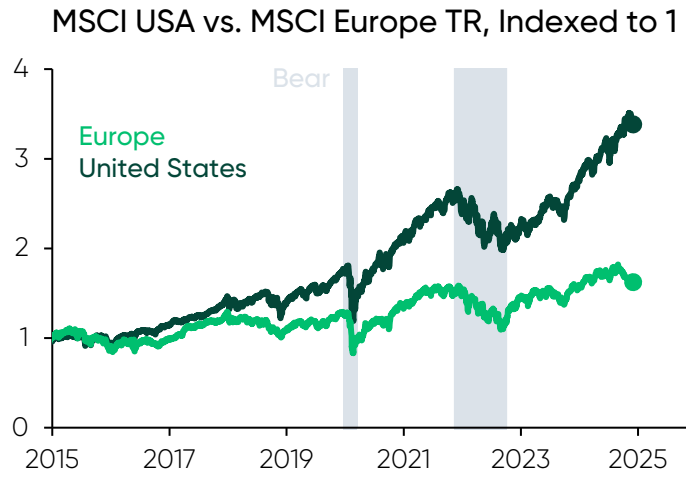
While American sentiment has normalized on political and economic optimism, Europe continues to stew over tariffs, slow rate cuts and 2024's lackluster non-US returns.



Top Left Source: Macrobond. Eurozone and United States Sentix Economic Index from 7/1/2002-1/1/2025. Top Right Source: BofA Fund Manager Survey, % of managers overweight to the specified region. Bottom Source: Fisher Investments Research. Median forecasts for end of year S&P 500 and Euro STOXX 50 Price Index returns as of 1/27/2025.

# EUROPEAN VALUATIONS HAVE NOT BUDGED

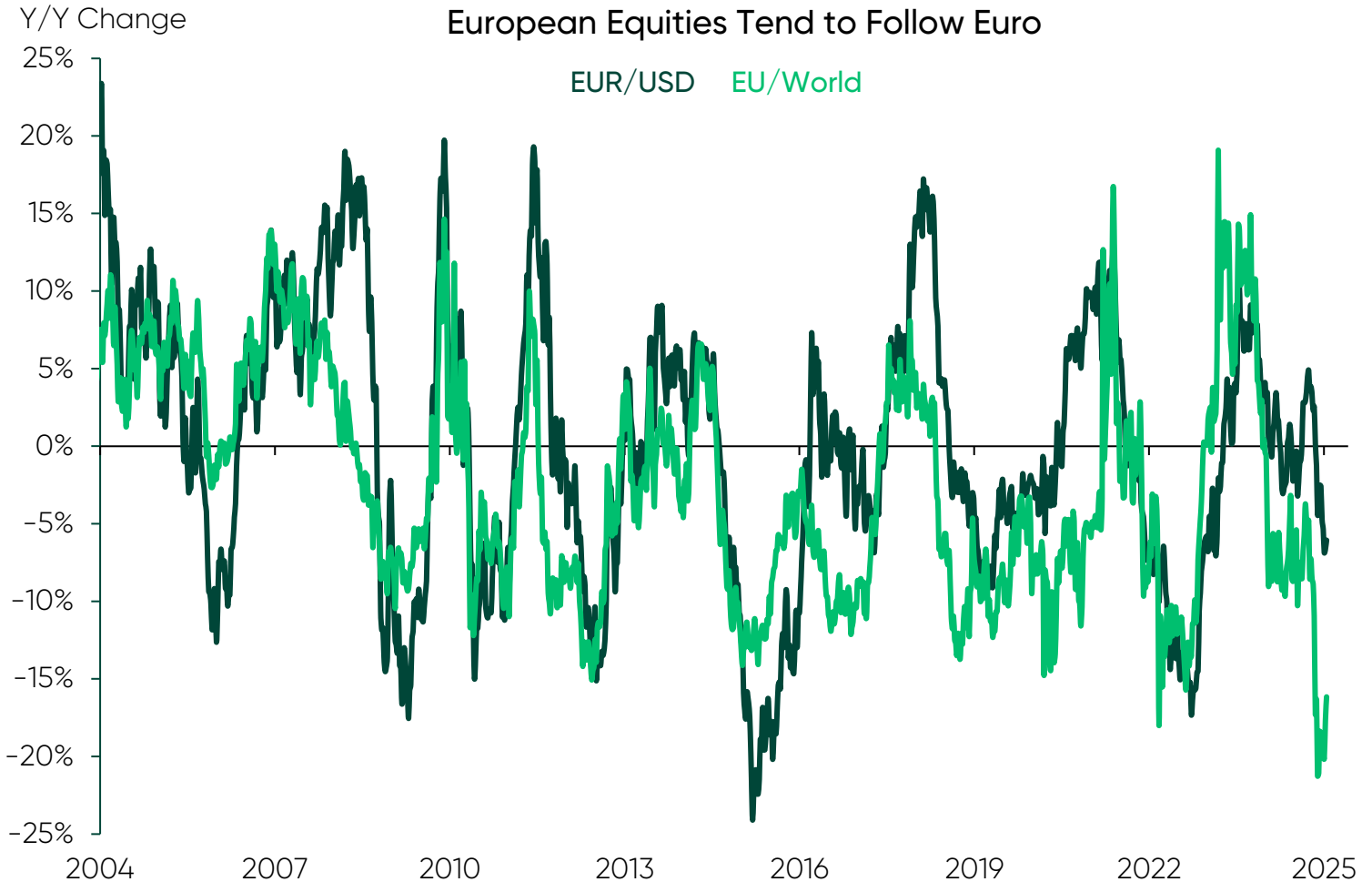
Valuations alone are not short-term predictive of market direction or category leadership. However, rising US valuations have contributed to a long stretch of US outperformance.



Top Left Source: FactSet. MSCI USA and MSCI Europe TR, returns from 1/1/2015-12/31/2024 in USD. Top Right Source: FactSet. US and European earnings yield based on the P/E ratio of the MSCI Europe and MSCI USA, bond yields are based on the 10y yield of US and EU benchmark bonds, from 1/1/2015-12/31/2024. Bottom Left Source: FactSet, MSCI Europe and MSCI USA Forward 12m Price to Book Value, 1/1/2015-12/31/2024. Bottom Right Source: FactSet, MSCI Europe and MSCI USA Forward 12m Price to Cash Flow, 1/1/2015-12/31/2024. All returns and valuations in USD.

# EUROPEAN EQUITIES TEND TO FOLLOW THE EURO

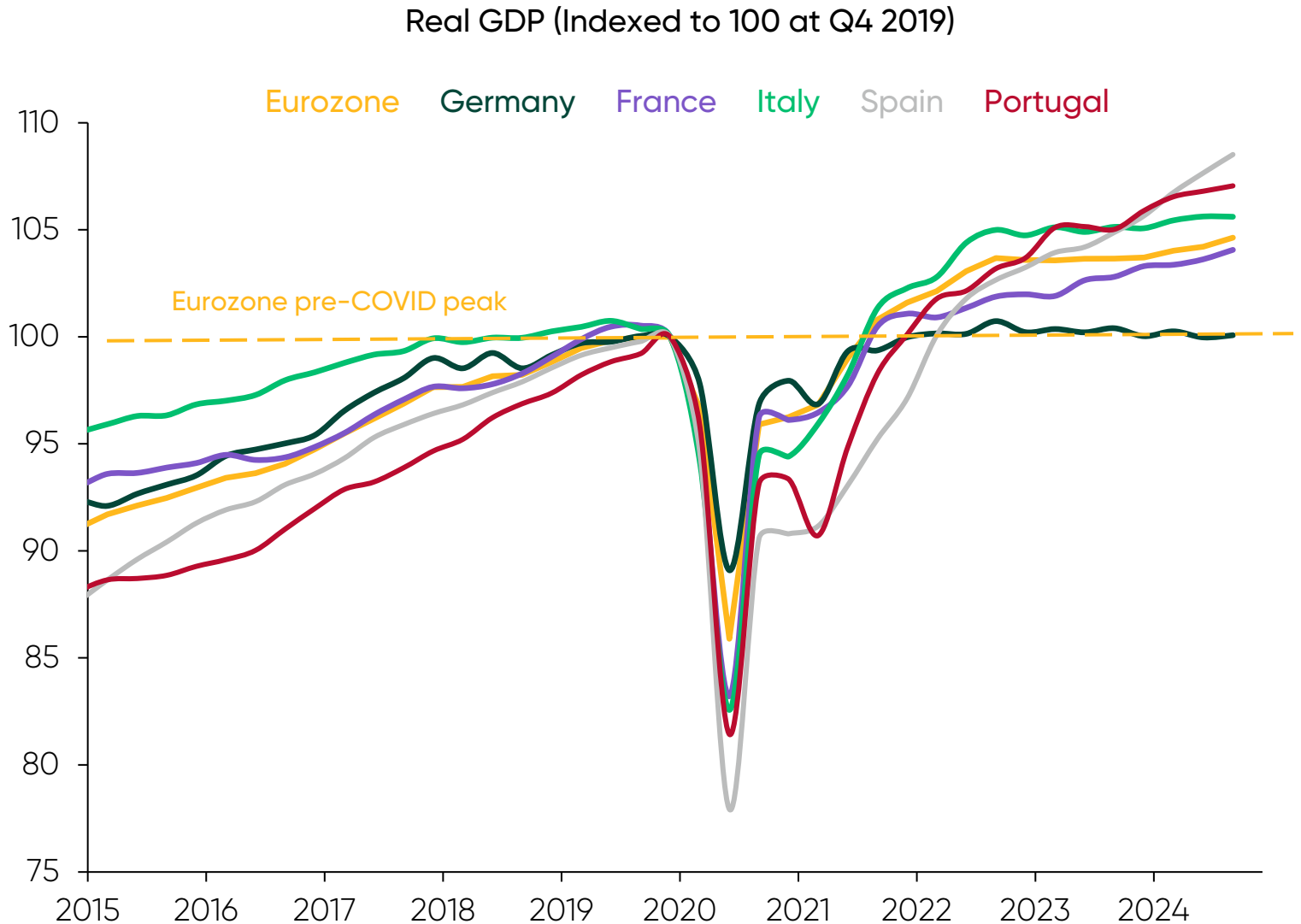
European equities do not require an extremely strong euro to outperform, but European equities do not often outperform when facing a meaningful currency headwind. Recently, the euro has suffered from economic pessimism, tariff fears, and expectations for ECB policy. Less impactful tariffs than feared and upside economic surprise could help stabilize the euro and support European equities.



Source: FactSet. Euro – US Dollar exchange rate % change, MSCI EU / MSCI World Index returns % change. 1/1/2004–1/17/2025.

# EUROZONE PERIPHERY DRIVING GROWTH

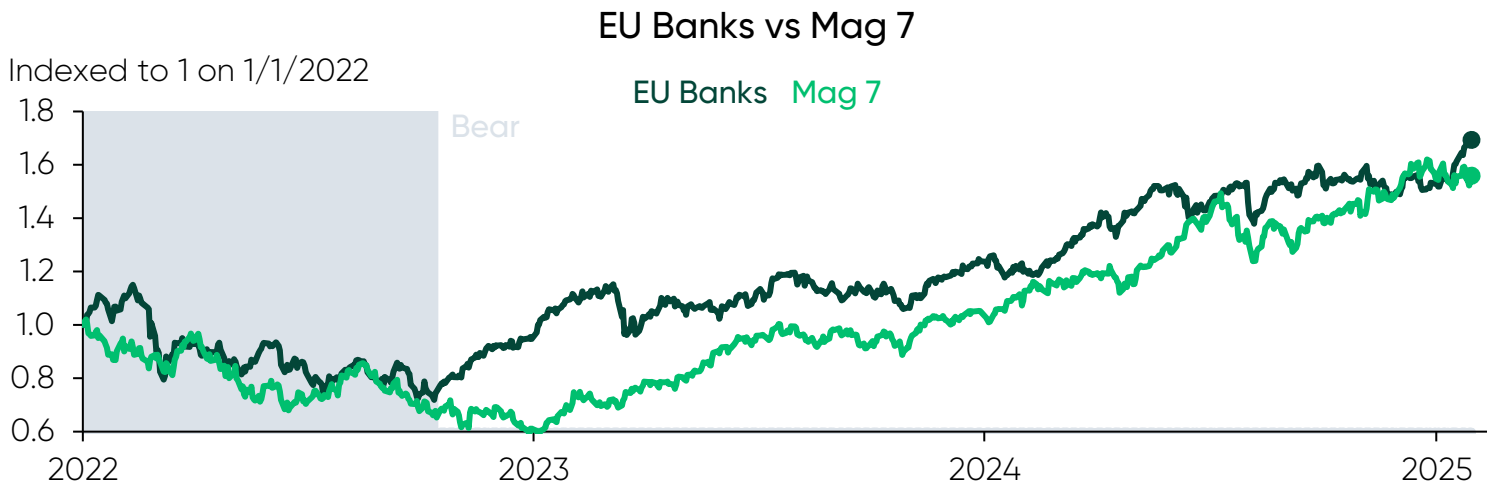
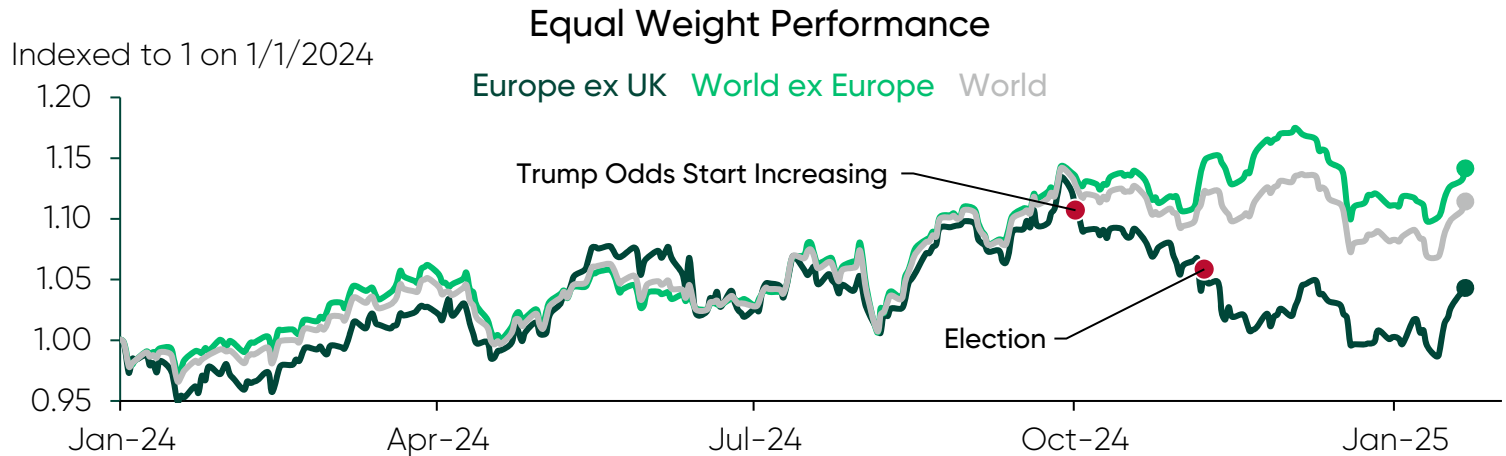
The eurozone economy has struggled with geopolitics, inflation, and concerns about energy scarcity. Still, eurozone GDP is at all-time highs led by the periphery.



Source: Eurostat, data in EUR. Shows real GDP indexed to 100 at Q4 2019. Data shown quarterly from 1/1/2015-09/30/2024.

# EUROPEAN EQUITY PERFORMANCE BETTER THAN APPRECIATED

European equities lagged US counterparts in 2024, but the lag was heavily influenced by the Magnificent 7 stocks and the US elections. Equal-weighted baskets of European and US stocks largely tracked each other in 2024 until shortly before the election, implying election worries had an outsized impact. Certain segments of European markets have done particularly well. In fact, European banks have modestly outperformed the Magnificent 7 over the past three years.

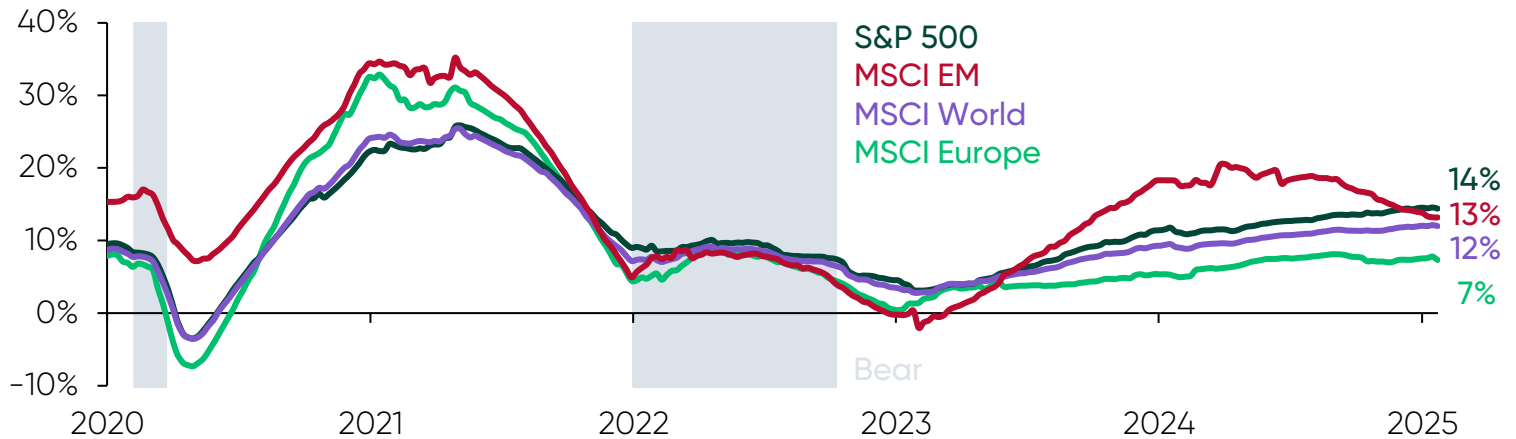


Top Source: FactSet, MSCI Europe ex UK Equal Weight, MSCI World ex Europe Equal Weight, MSCI World Equal Weight indexes, 1/1/2024–1/20/2025 Bottom Source: FactSet, based on daily data from 1/1/2022–1/29/2025 for the MSCI Europe Banks index and the Mag 7 (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) in USD.

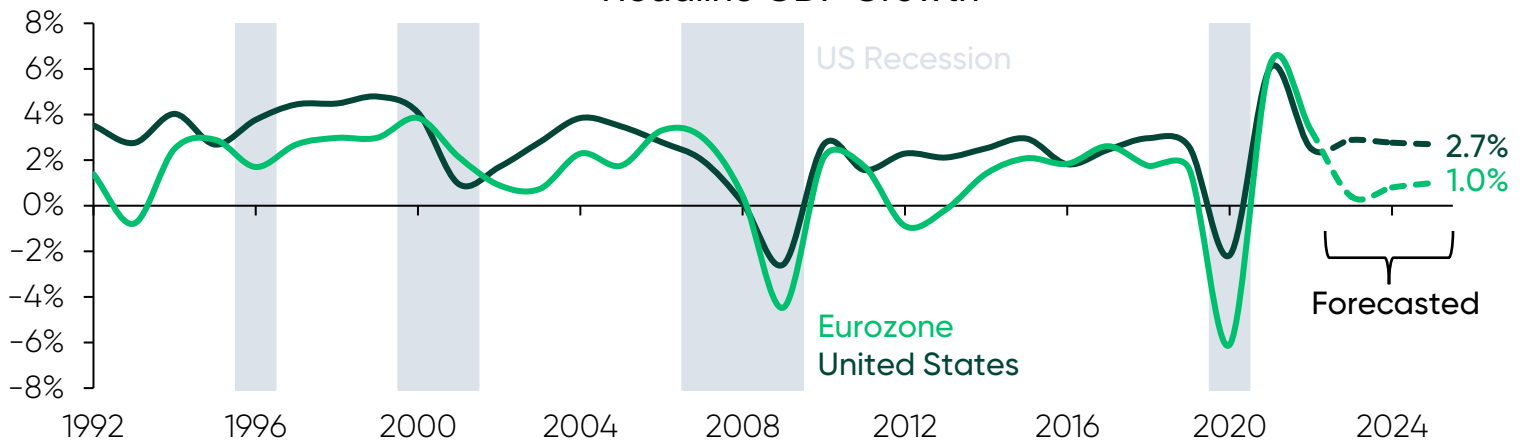
# EUROPE HAS A LOW BAR TO BEAT

European equities have become disconnected from their American counterparts as political uncertainty domestically and abroad weighed on sentiment. Low expectations for earnings and GDP growth means that it will take less to surprise to the upside.

### Headline Index Forward 12M EPS Growth Estimates



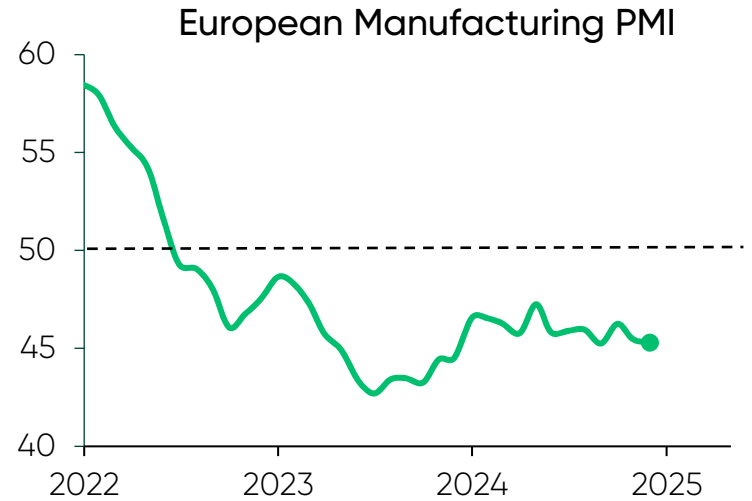
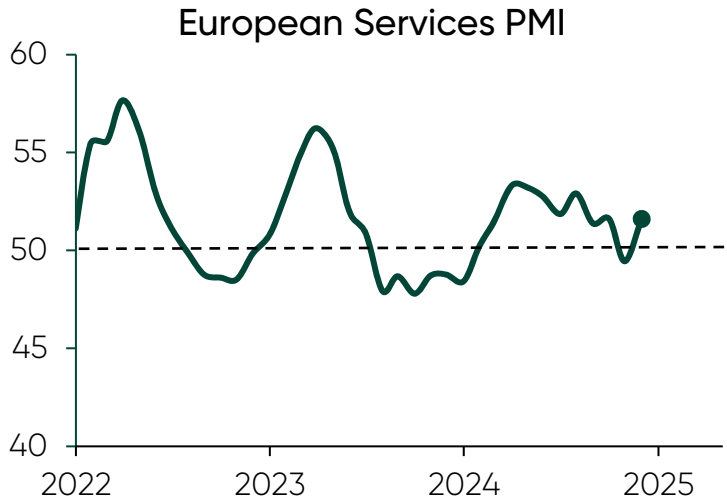
### Headline GDP Growth



Top Source: FactSet FMA 1Y forward EPS estimates through 1/24/25. Bottom Source: FactSet. International Monetary Fund annual percent change in real GDP 1993–2026. Data beyond 2023 is forecasted.

# EUROPEAN PMI'S SET TO REBOUND

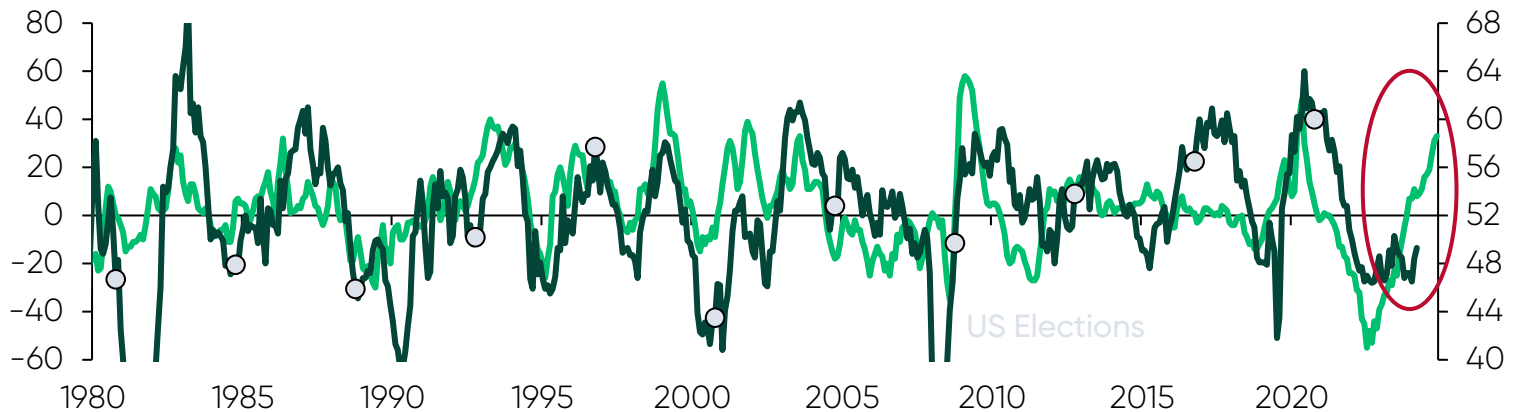
Services, which comprise over 70% of Europe's economy, moved back into expansion last month, and manufacturing could get a boost from lower interest rates.



## Rate Cuts Lead Manufacturing

3m Sum Net Global Rate Cuts (LHS)

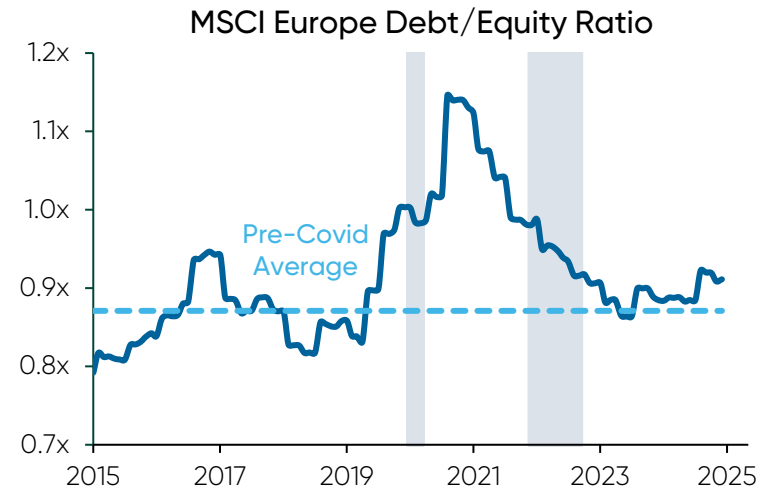
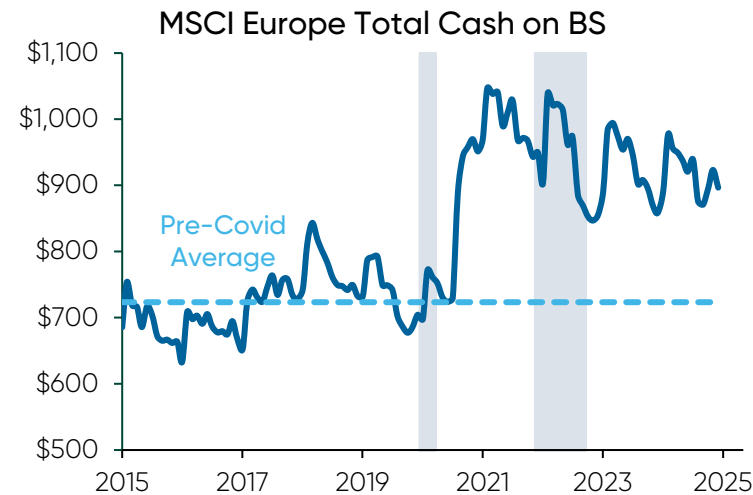
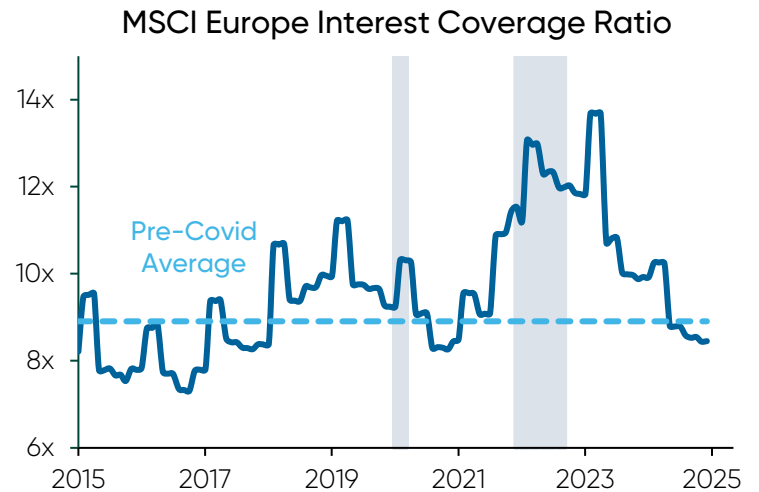
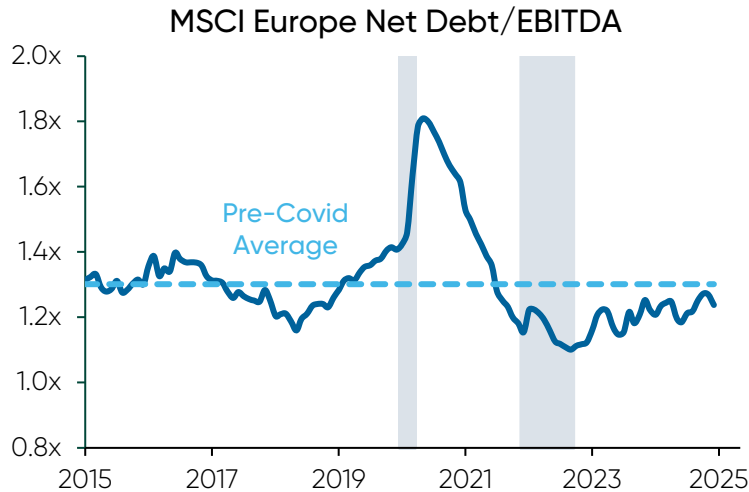
US Manuf. PMI (RHS, 9m Lag)



Top Left Source: FactSet, NTC, European Services PMI from 1/31/2022-12/31/2024. Top Right Source: FactSet, NTC, European Manufacturing PMI from 1/31/2022-12/31/2024. Bottom Source: FactSet and FI Research. ISM Manufacturing PMIs and Global Central Bank Policy Rates.

# CORPORATE BALANCE SHEETS ARE STRONG

There are few signs of stress on corporate balance sheets in Europe. Cash balances are historically high, and debt levels and coverage are healthy.

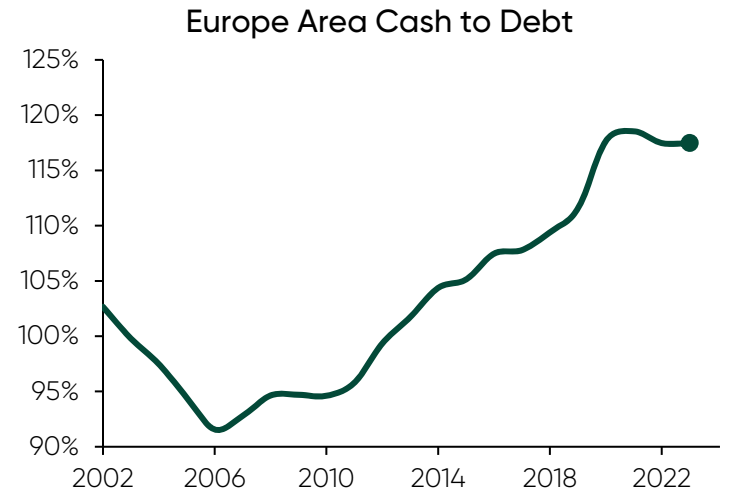
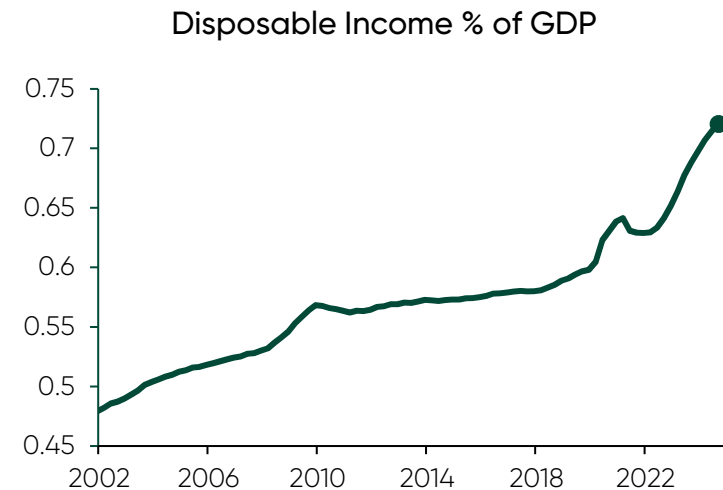
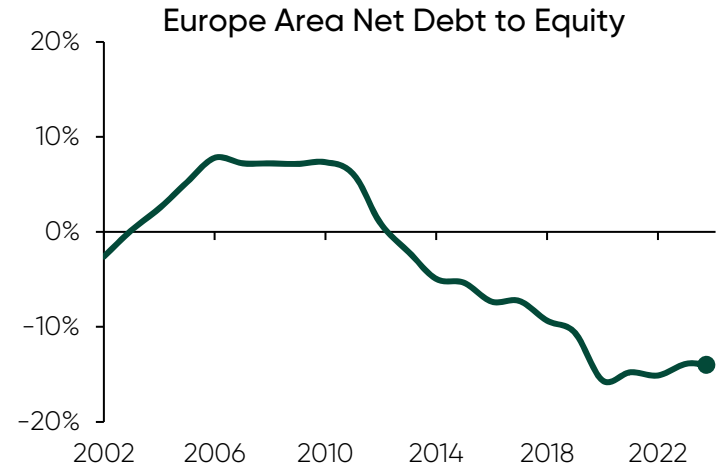
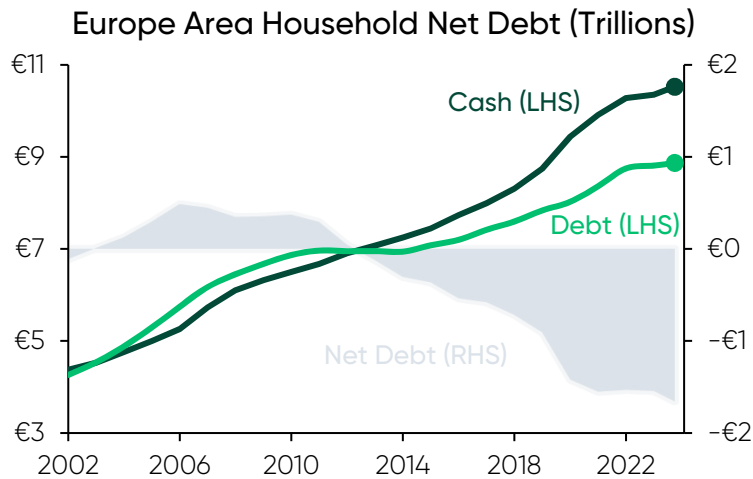


Top Left Source: FactSet, MSCI Europe Net Debt/EBITDA, 1/1/2015-12/31/2024, USD. Top Right Source: FactSet, MSCI Europe EBITDA/Interest Expense, 1/1/2015-12/31/2024, USD. Bottom Left Source: FactSet, MSCI Europe Cash (USD), 1/1/2015-12/31/2024. Bottom Right Source: FactSet, MSCI Europe Total Debt/Equity, 1/1/2015-12/31/2024.



# EUROPEAN HOUSEHOLD BALANCE SHEETS ARE STRONG

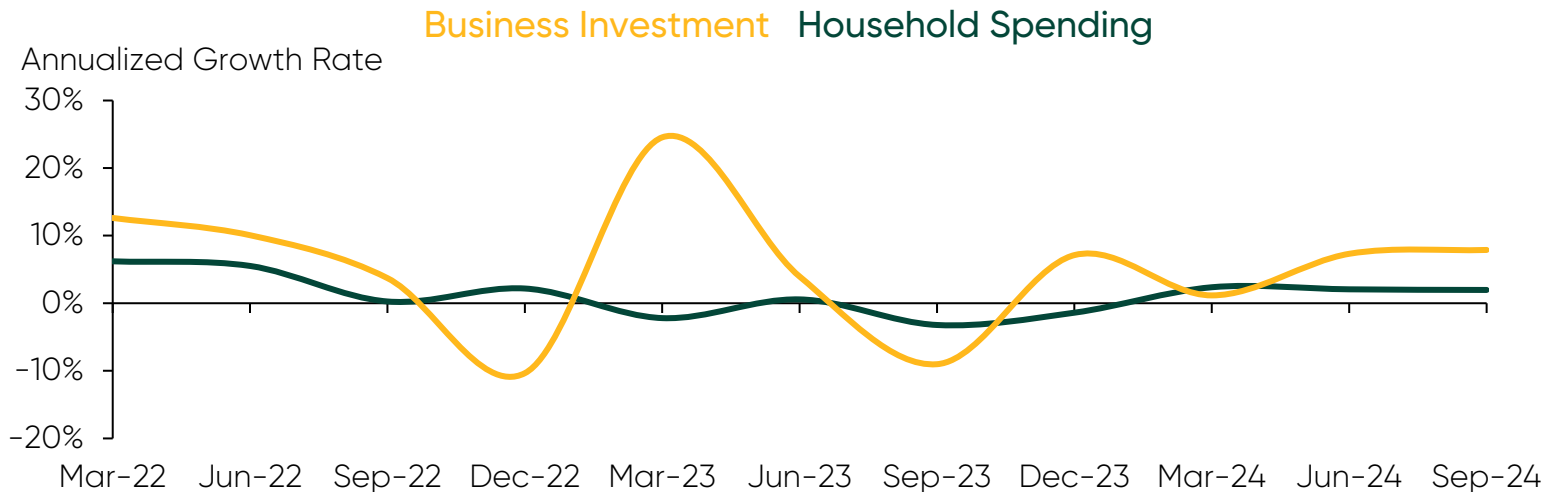
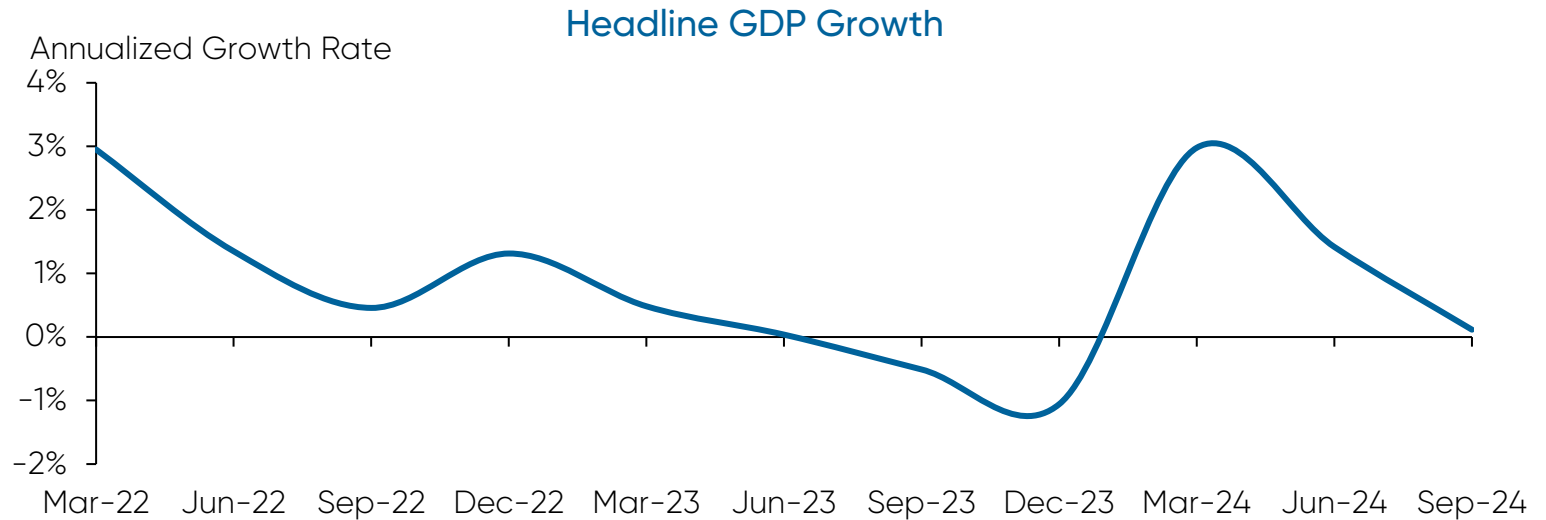
With economic uncertainty surrounding Europe, households have been stockpiling cash leaving consumers well positioned to increase buying if economic confidence grows.



Top Left Source: ECB, Currency and deposits of households and Total financial liabilities of households, 1/1/2002–9/30/2024, EUR. Top Right Source: ECB, Equity and investment fund shares/units held by household / Currency and deposits of households less Total financial liabilities of households, 1/1/2002–9/30/2024, EUR. Bottom Left Source: ECB, quarterly, 1/1/2002–9/30/2024. Bottom Right Source: ECB, Currency and deposits of households / Total financial liabilities of households, 1/1/2002–9/30/2024, EUR.

# STRENGTH UNDER HEADLINE UK GDP

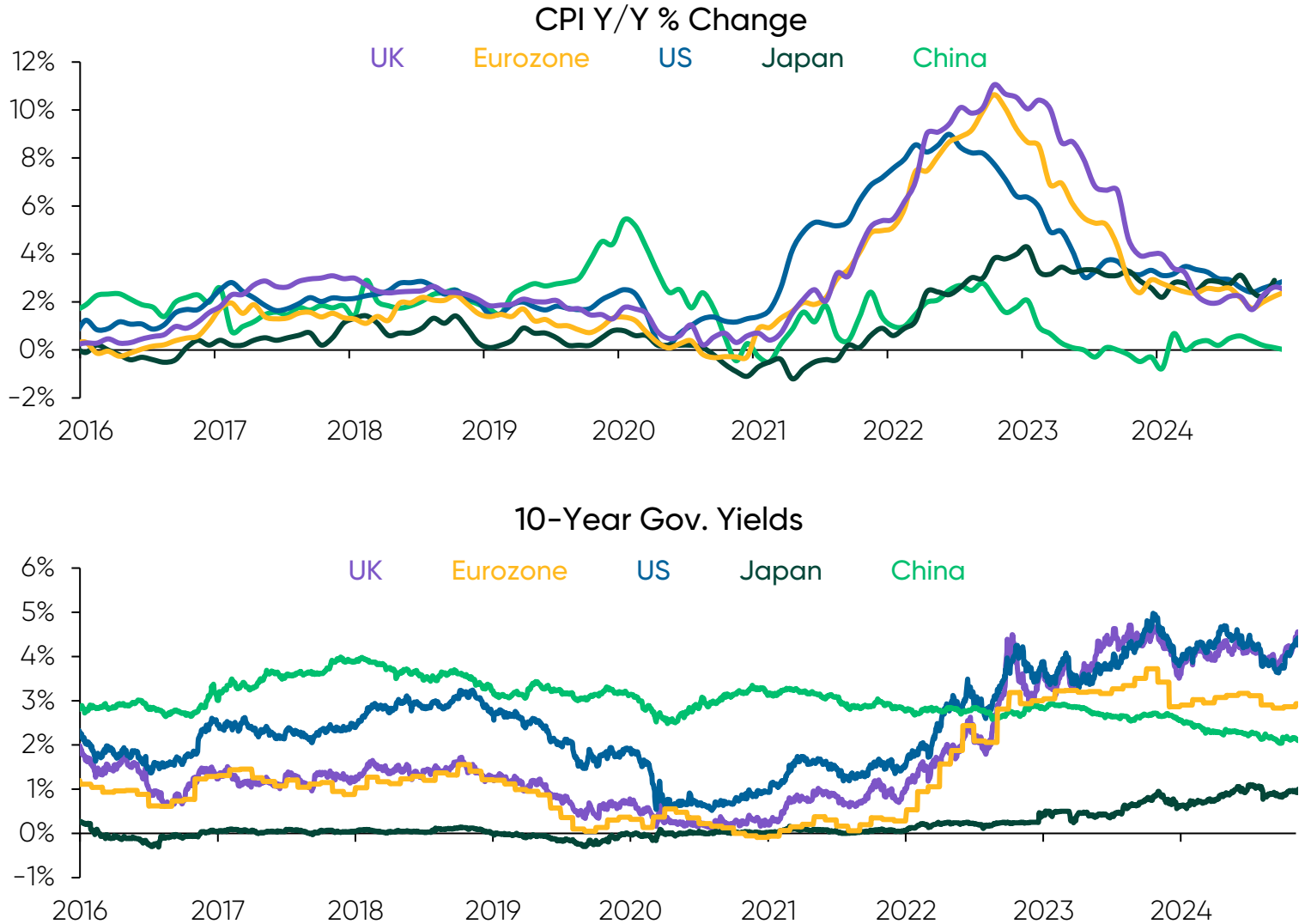
UK GDP growth slowed from 3.0% annualized in Q1 2024 to 0.1% in Q3. Household spending, however, grew steadily: 2.4% in Q1, 2.1% in Q2 and 2.0% in Q3. Business investment accelerated all year, growing 1.2% annualized in Q1, 7.1% in Q2 and 7.9% in Q3.



Source: FactSet, as of 1/24/2025. Quarterly growth in GDP, domestic household spending and business investment, annualized, Q1 2022 – Q3 2024.

# GLOBAL INFLATION STILL SLOWING

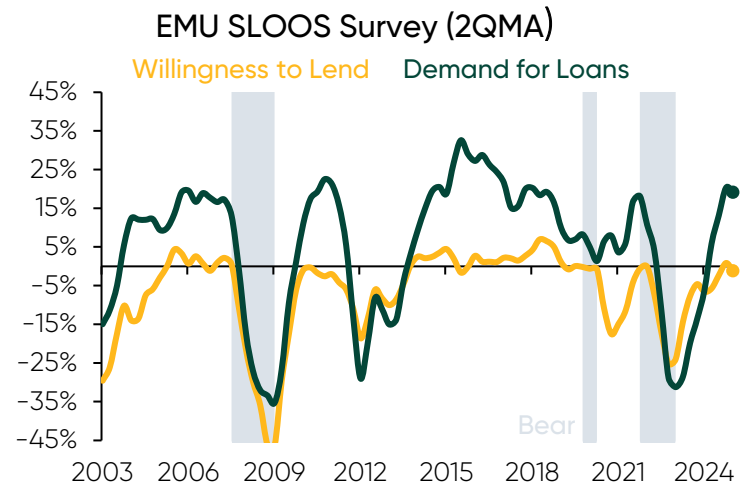
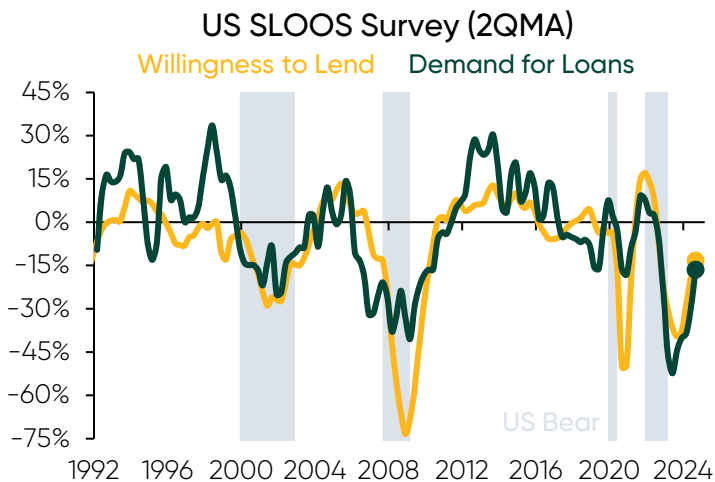
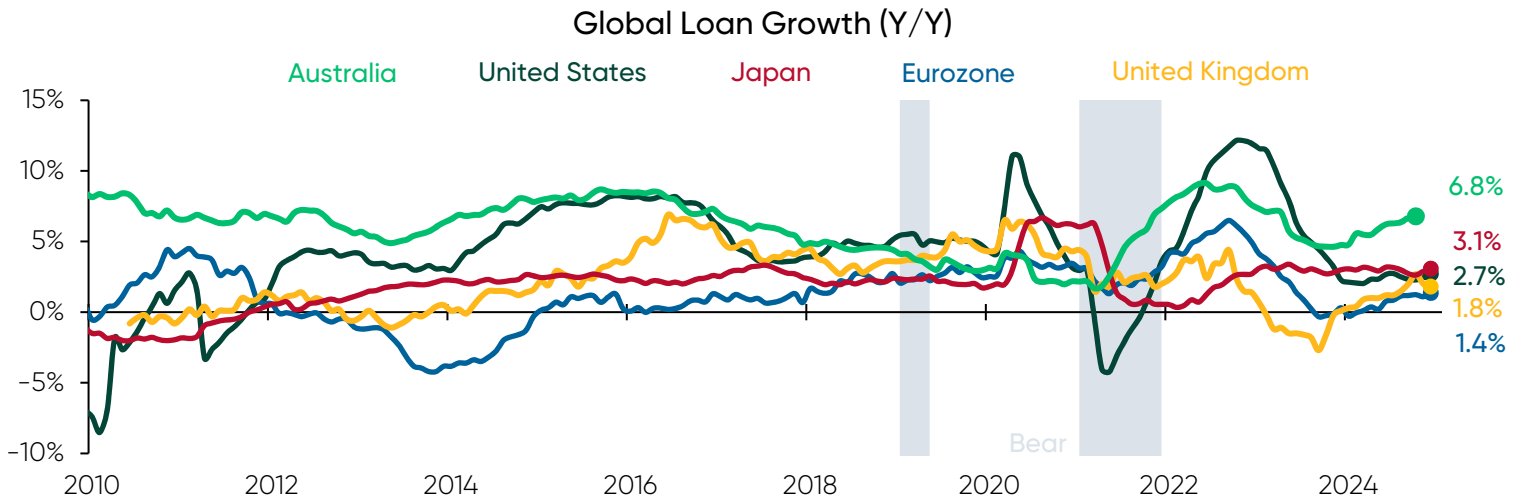
Despite inflation slowing globally, longer-term government debt has held steady, driven by real economic growth and rising future inflation expectations.



Top Source: FactSet, National Bureau of Statistics China and IMF, as of 11/30/2024. Bottom Source: Macrobond, 10-Year Yields on government bonds as of 11/30/2024.

# GLOBAL LOAN GROWTH

Global loan growth has been accelerating, and Senior Loan Officer Opinion Surveys (SLOOS) suggest favorable lending conditions should continue.

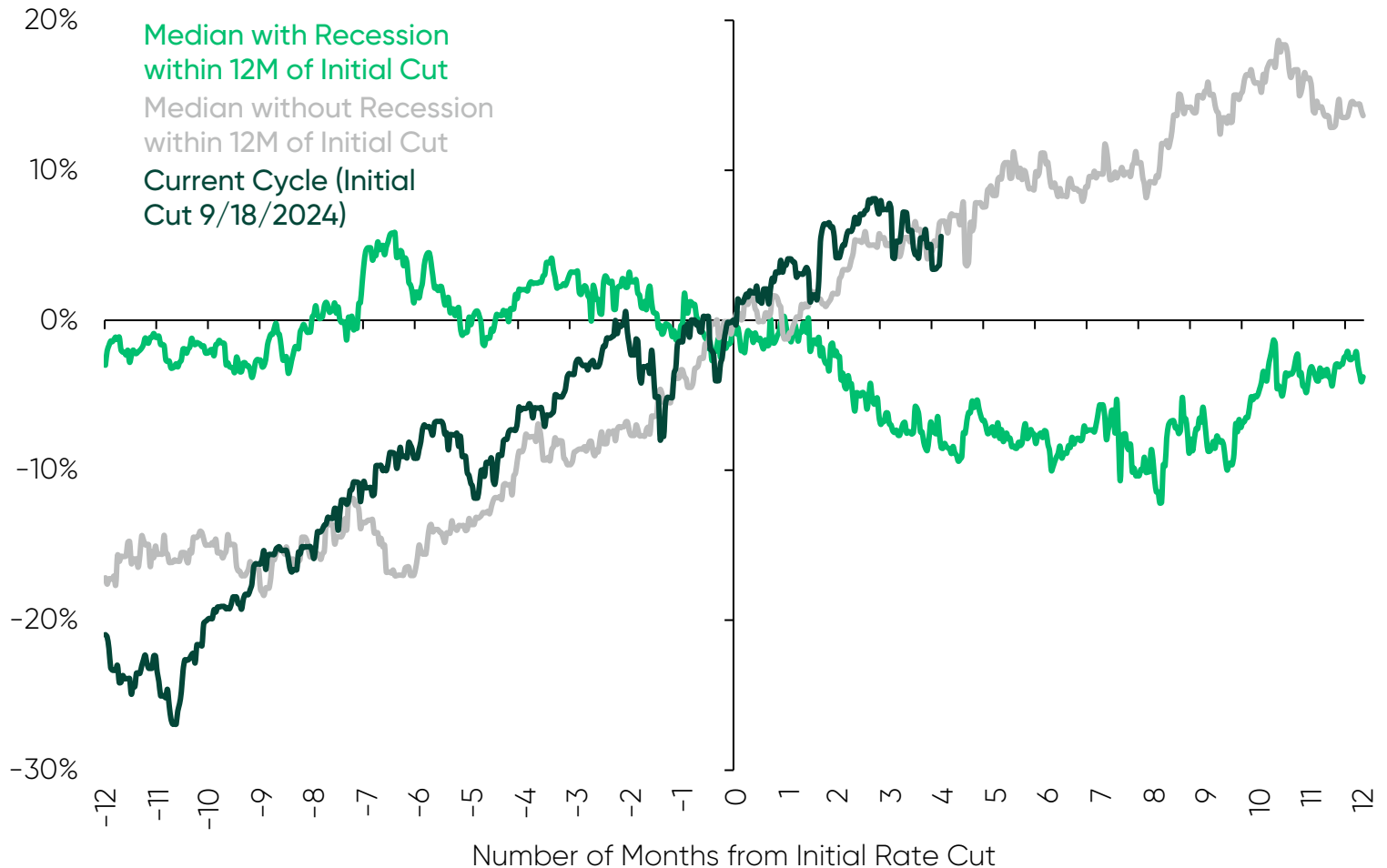


Top Source: Federal Reserve, European Central Bank, Bank of Japan, Bank of England, Reserve Bank of Australia, monthly, shown from 01/01/2010 to 12/31/2024 for EMU. Australia uses most recent data as of 07/31/2024. Bottom Sources: FactSet and Bureau of Labor Statistics, quarterly data, US and EMU, 2Q moving average. Aggregate SLOOS weightings based on the weight of each loan category. Consumer includes: Auto, Credit Card & Other Unsecured Lending as of Q4 2024.

# WHEN RATE CUTS MATTER

Central bank rate cuts do not always bode well for equities. In fact, if central banks are cutting rates because the economy is falling into recession, equities are more likely to struggle as they discount a deteriorating economy. In periods when central banks cut absent recession, equities tend to fare much better.

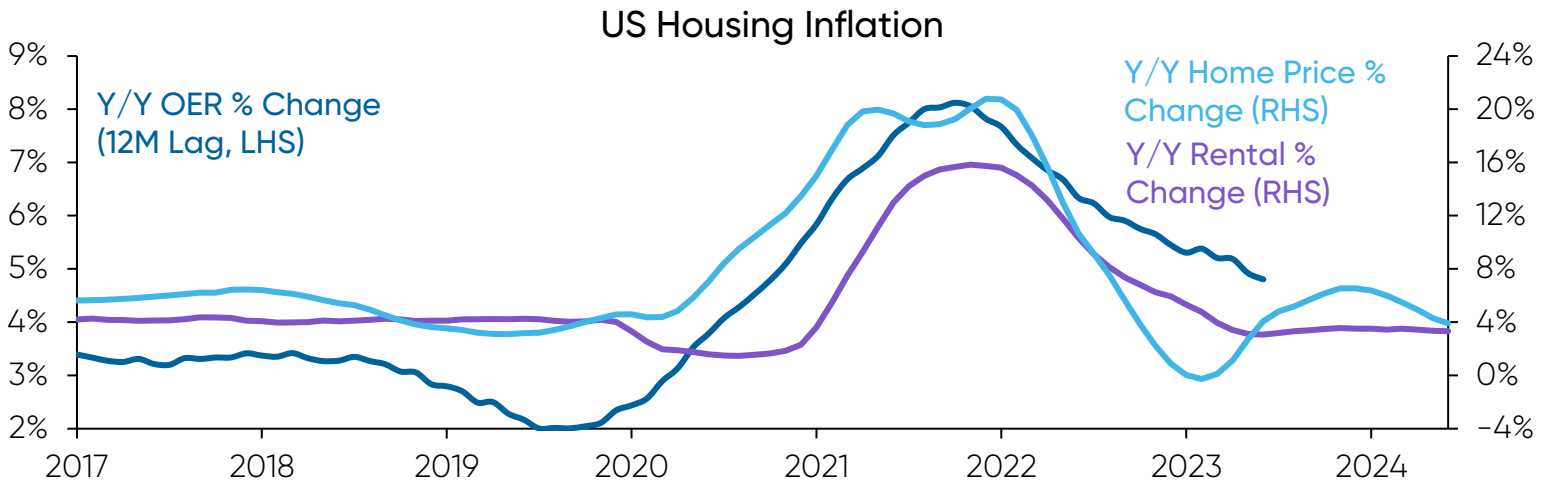
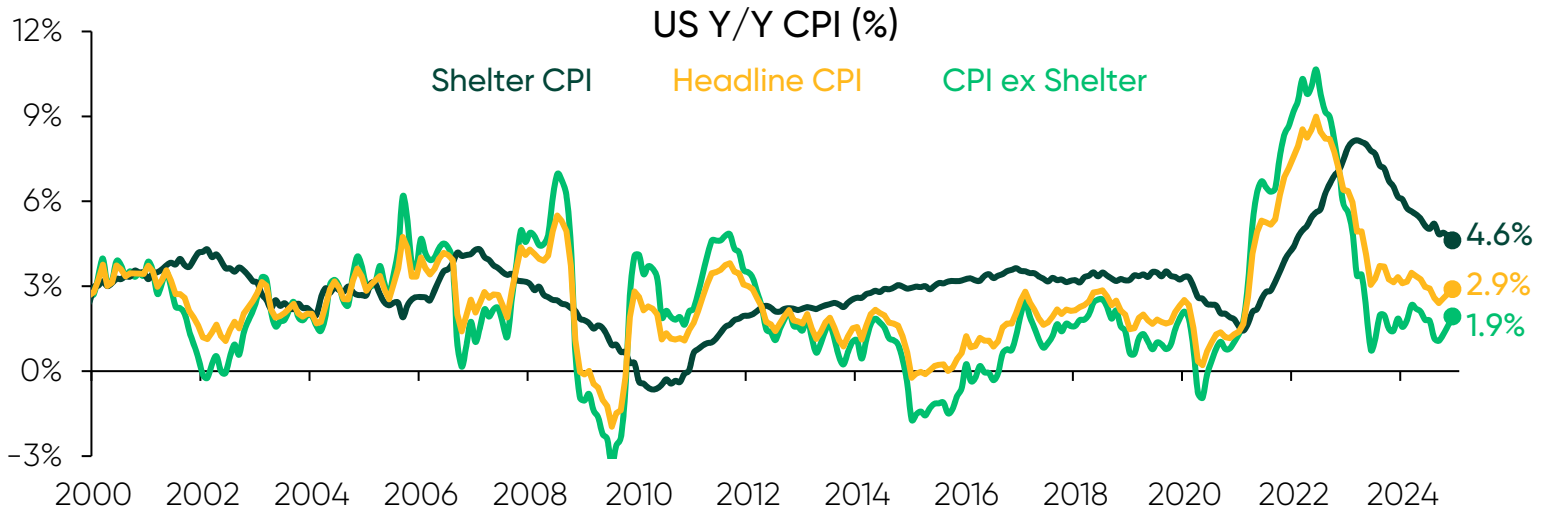
Median S&P 500 Returns Indexed to 0% on Day of Rate Cut



Source: FactSet, as of 1/7/2025. S&P 500 Price Index cumulative returns 12-months and after initial Federal Open Market Committee rate cuts in rate cutting cycles as indication, daily, 7/24/1973-1/6/2025, USD.

# US SHELTER INFLATION

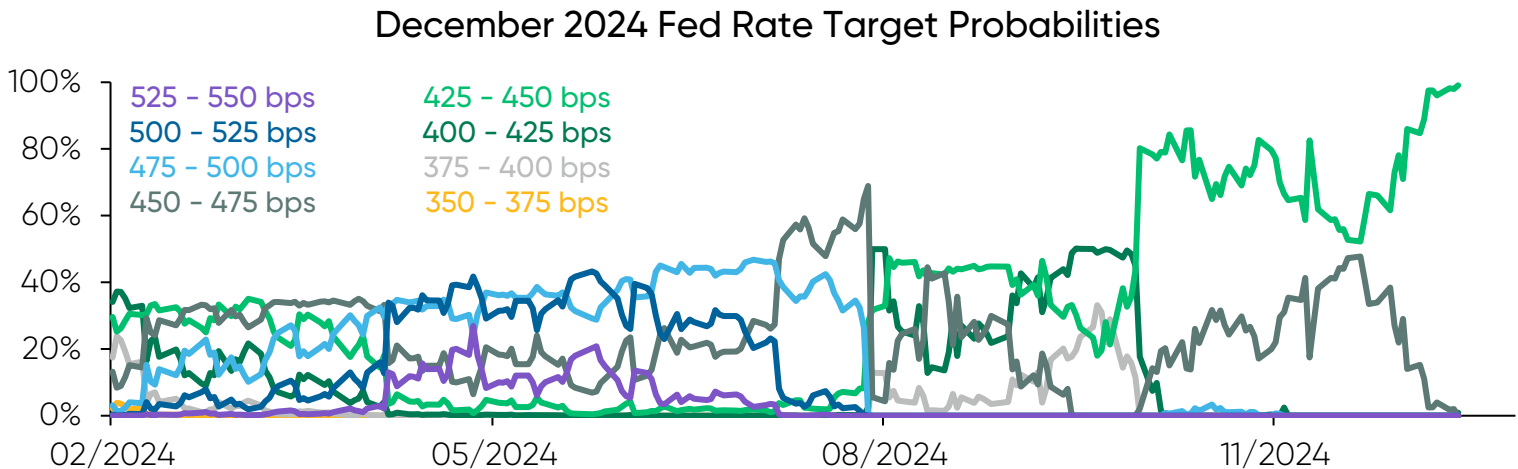
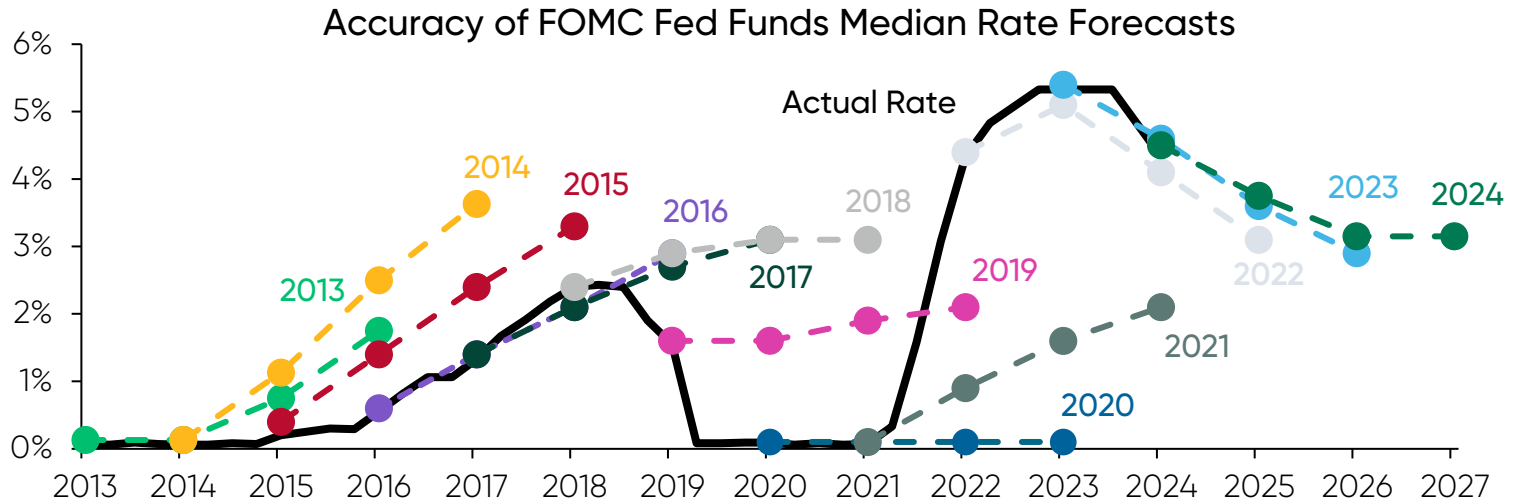
Rising US shelter costs has been one of the primary reasons inflation remains elevated. However, Owners' Equivalent Rent (OER), which comprises about a quarter of the US CPI basket, has been decelerating alongside actual rents and home prices. Decelerating shelter costs are likely to continue putting downward pressure on inflation.



Top Chart Source: FactSet. US CPI, US CPI ex-Shelter, and US Shelter CPI seasonally adjusted, monthly. Data shown from 01/31/2000 - 12/31/2024. Year-over-year % change. Bottom Chart Source: FactSet, US DOL Owners' Equivalent Rent of Residences, US City Average seasonally adjusted, 08/01/2015 - 01/31/2024; Zillow Rental Data 07/29/2016 - 07/31/2024; S&P Case-Shiller Price Index Y/Y change 08/01/2015 - 12/31/2024.

# MESSY MONETARY POLICIES

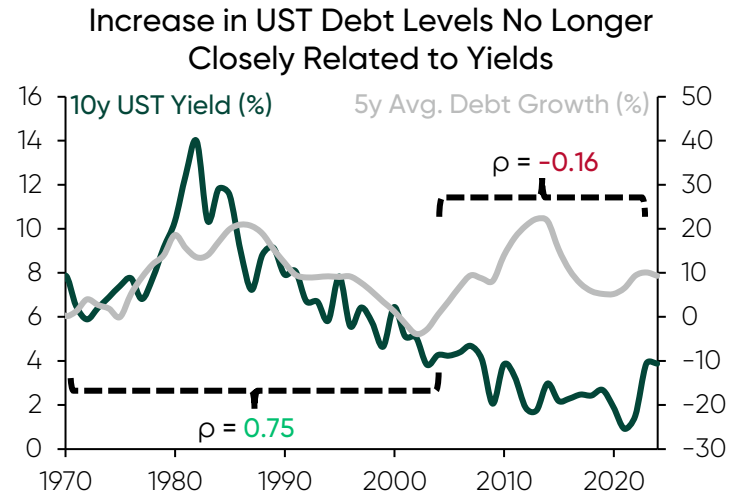
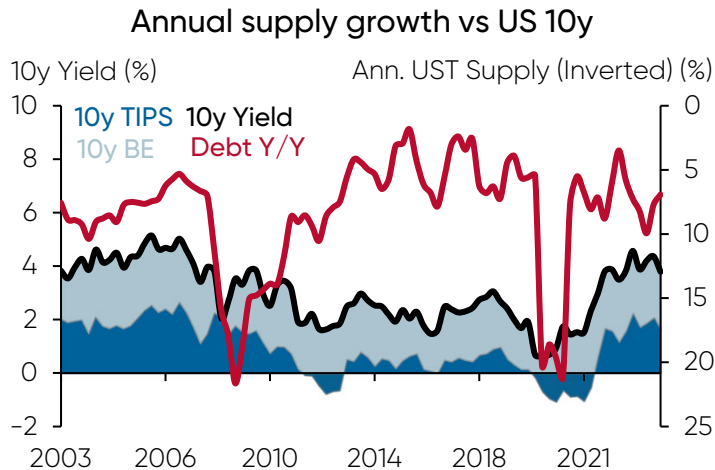
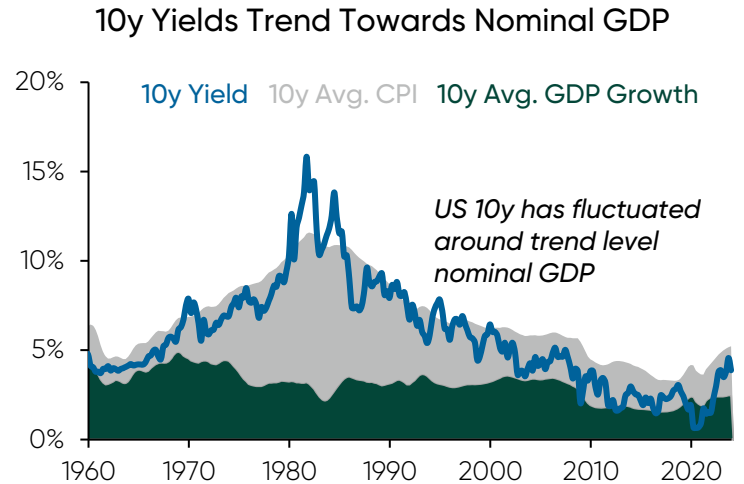
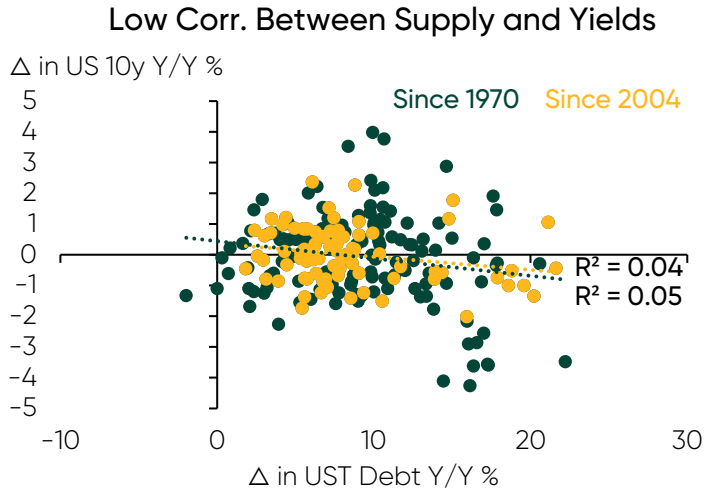
Central bankers are not on unalterable paths forward—their policies change as conditions do. The US Federal Reserve has historically been a terrible predictor of its own policies, and market expectations for when rates will be cut have been scattered.



Top Source: [FederalReserve.gov](https://www.federalreserve.gov). Data sourced from annual December Federal Open Market Committee (FOMC) Federal funds rate projections as of 2024. Bottom Source: Chicago Mercantile Exchange Group's FedWatch Tool. Federal Open Market Committee (FOMC) Rate Change Outcome, daily, 2/1/2024 – 12/31/2024.

# TREASURY SUPPLY'S LIMITED IMPACT ON YIELDS

Treasury supply seems to have a minor relationship with the US 10-year yield, long term inflation trends and GDP growth better explain its movements.

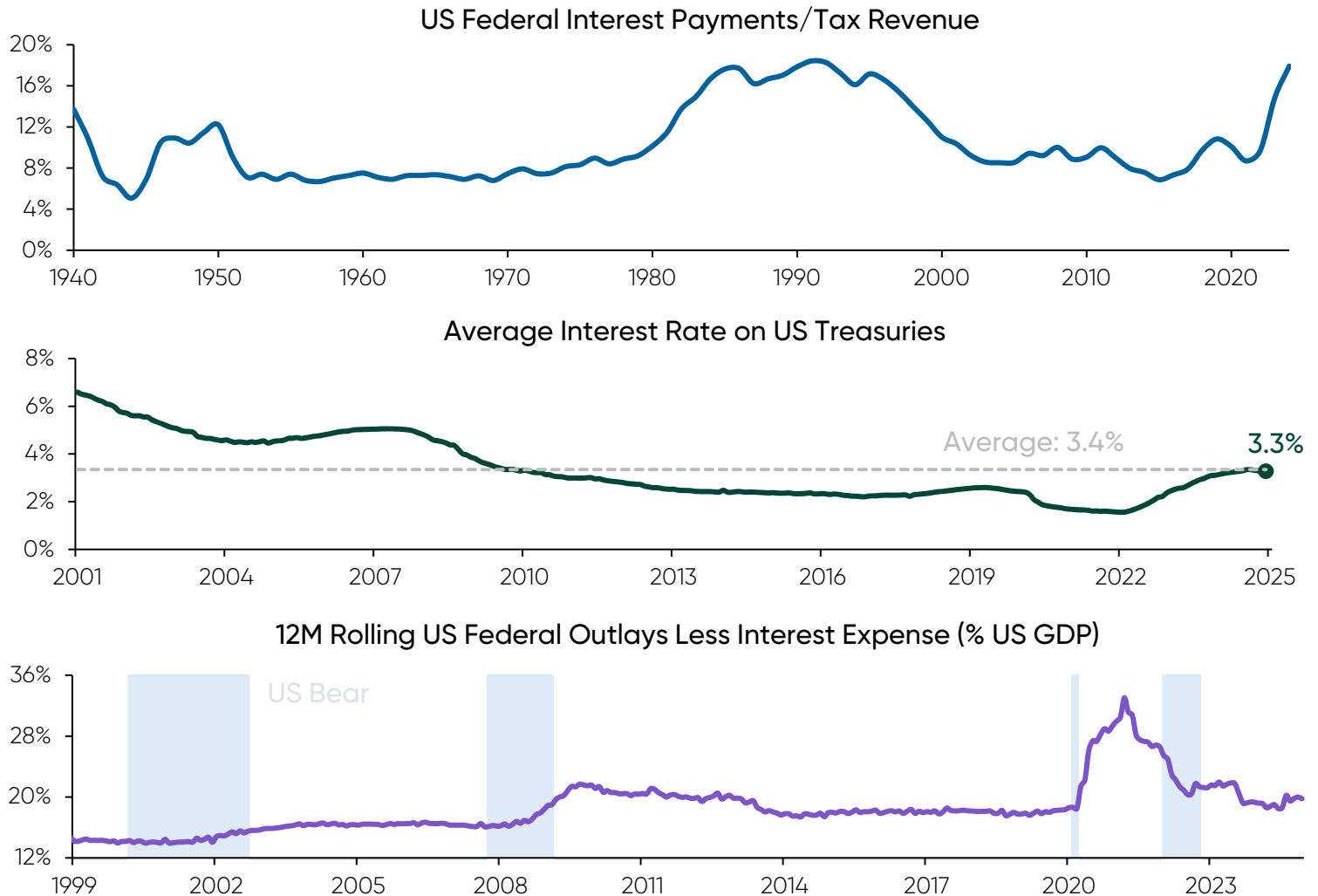


Top Left Source: FactSet, FRED, Federal Total Public Debt and 10y UST Yields, 3/31/1970-9/30/2024. Top Right Source: FactSet, FRED, 10y UST Yield, CPI and GDP Growth, 9/30/1960-9/30/2024. Bottom Left Source: FactSet, FRED, Federal Total Public Debt, 10y UST Yields, 10y TIPS and 10y Breakeven., 3/31/1970-9/30/2024. Bottom Right Source: FactSet, FRED, Federal Long-Term Debt Securities, 1/1/1970-12/31/2023.



# US DEBT NOT A NEAR-TERM DISASTER

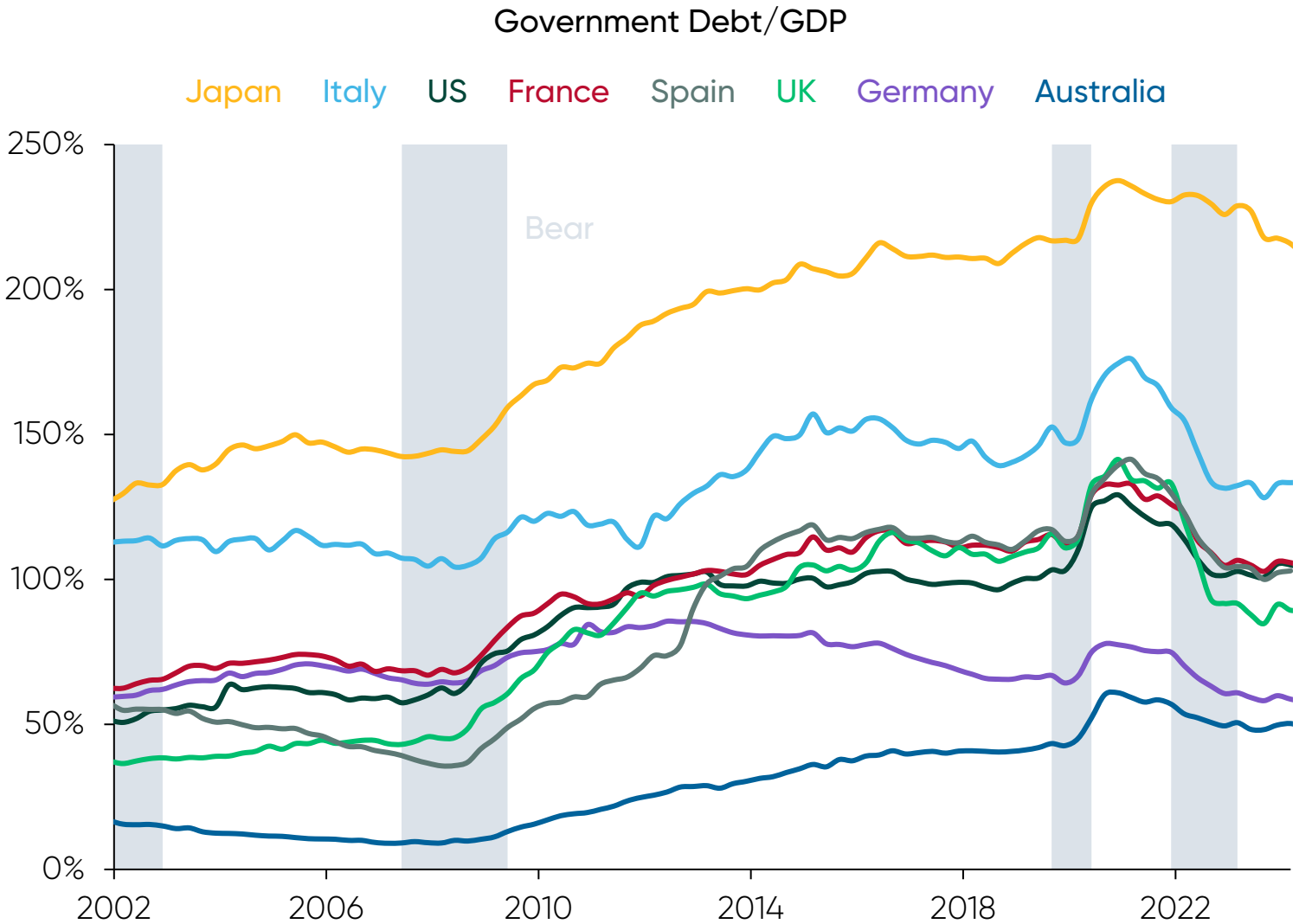
While many fear US national debt, interest payments as a percentage of tax revenue remains at a healthy level. Additionally, the average interest rate on US Treasury debt remains low and federal spending relative to GDP is back to pre-pandemic levels.



Top Source: Federal Reserve Economic Data. Fiscal Year Federal Interest Outlays as a Percent of Annual Federal Receipts from 1940 – 2023. Middle Source: U.S. Department of the Treasury. Average interest rate on U.S. Treasury securities, 1/31/2001 – 12/31/2024. Average interest rate consists of total interest-bearing U.S. government debt, which does not include Treasury inflation-indexed securities and floating rate notes. Bottom Source: US Department of the Treasury and Oxford Economics. Data shown monthly from 1/1/1999-12/31/2024 in USD. US GDP is nominal.

# US IS NOT A DEBT OUTLIER

Many worry that US debt to GDP is unsustainable and outside the normal range of other developed countries. While the US may be near 100% debt to GDP, it is not nearly as relatively high as many think.



Source: FactSet, BIS. Italy, Australia, France, US, UK, Japan, Germany, Spain, debt, percentage of GDP, annual, 2002-2024.

# STYLE & SECTOR THEMES

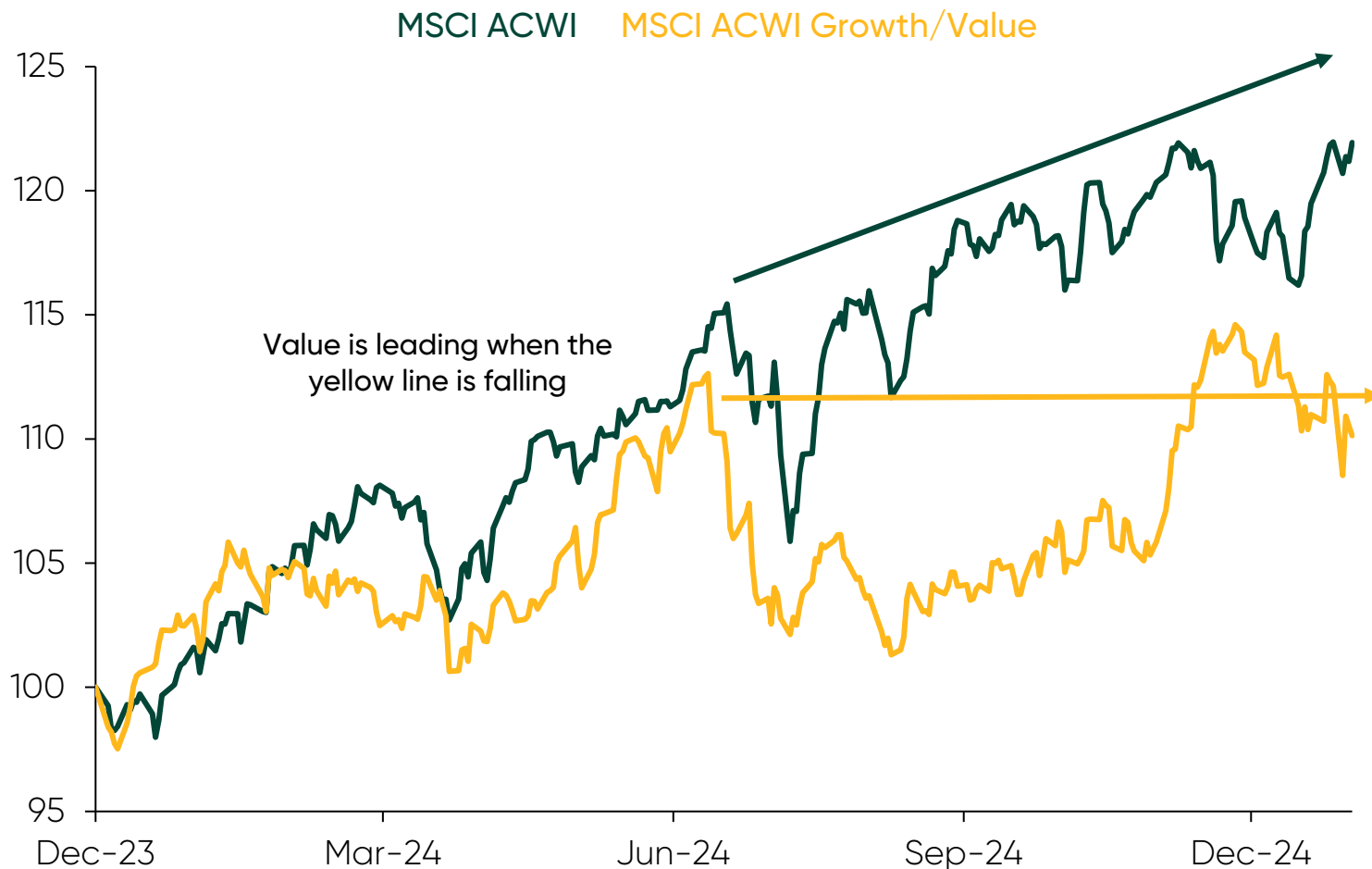
*Our current views on styles and sectors*

- Style leadership has become more balanced and is less dependent on market direction
- Depressed Health Care sentiment and positive fundamentals combine for a compelling opportunity
- Information Technology results are solid but expected
- Homebuilders benefit from structural tailwinds
- The semiconductor cycle may have ended

# BALANCED STYLE LEADERSHIP

Up to the Q3 market pullback, growth stocks were leading the market higher. Since the market bottomed and continued to new highs, style leadership has been much more balanced.

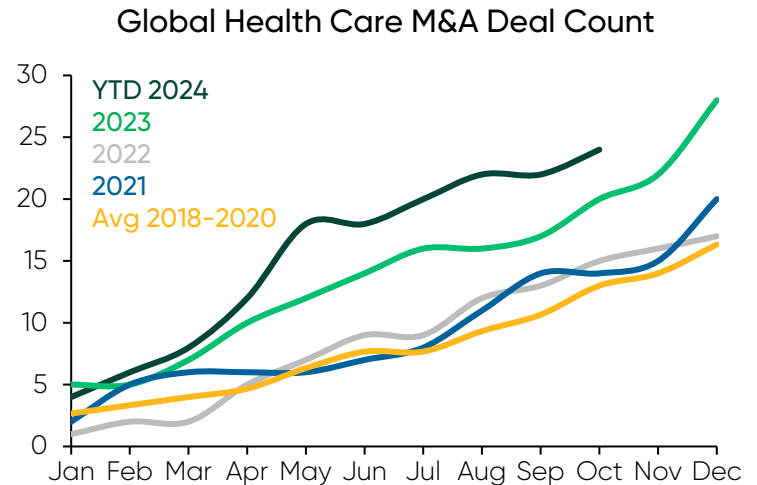
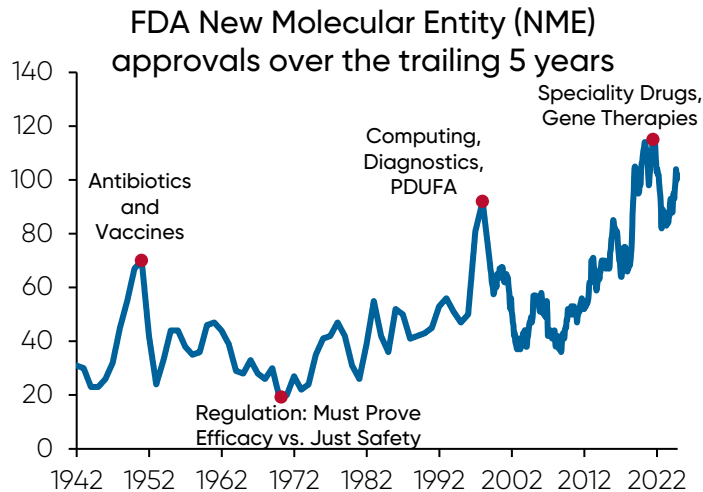
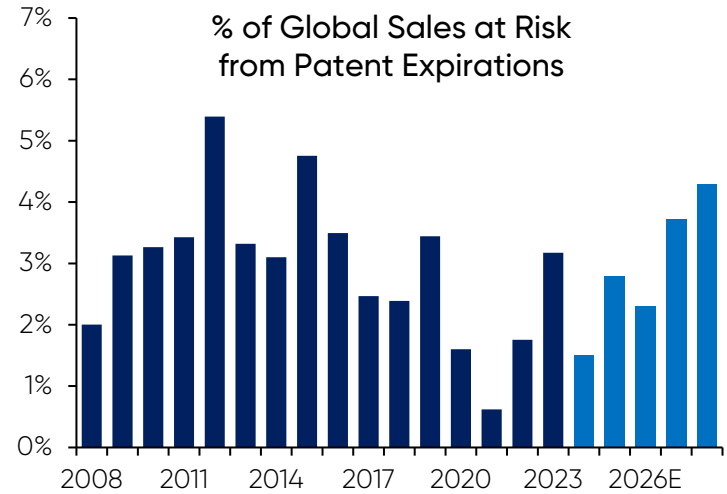
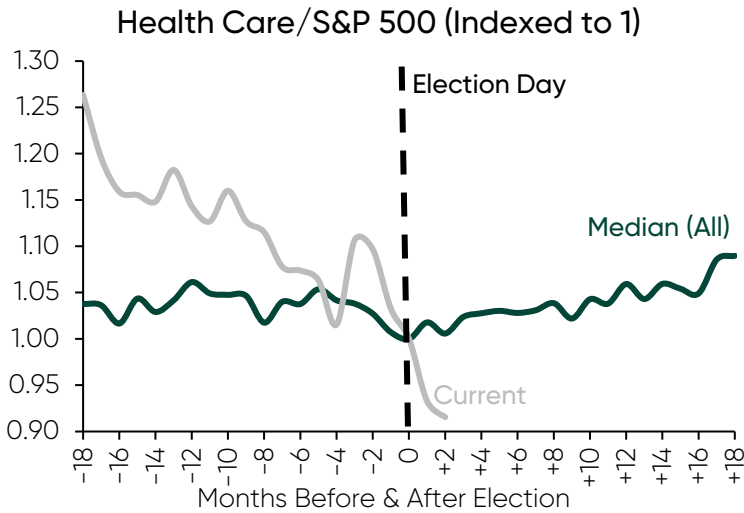
Index Performance Indexed to 100 at 12/31/2023



Source: FactSet. MSCI ACWI, MSCI ACWI Growth and MSCI ACWI Value Index, net dividends, 12/31/2023-1/30/2025, USD.

# HEALTH CARE PERFORMANCE AROUND US ELECTIONS

The Health Care sector often underperforms in US election years as candidates frequently promise to bring down costs, scaring investors and weighing on share prices. Officials rarely follow through, leading the sector to a post-election rebound. Further, a strong approvals pipeline and strong M&A activity bode well for the sector.

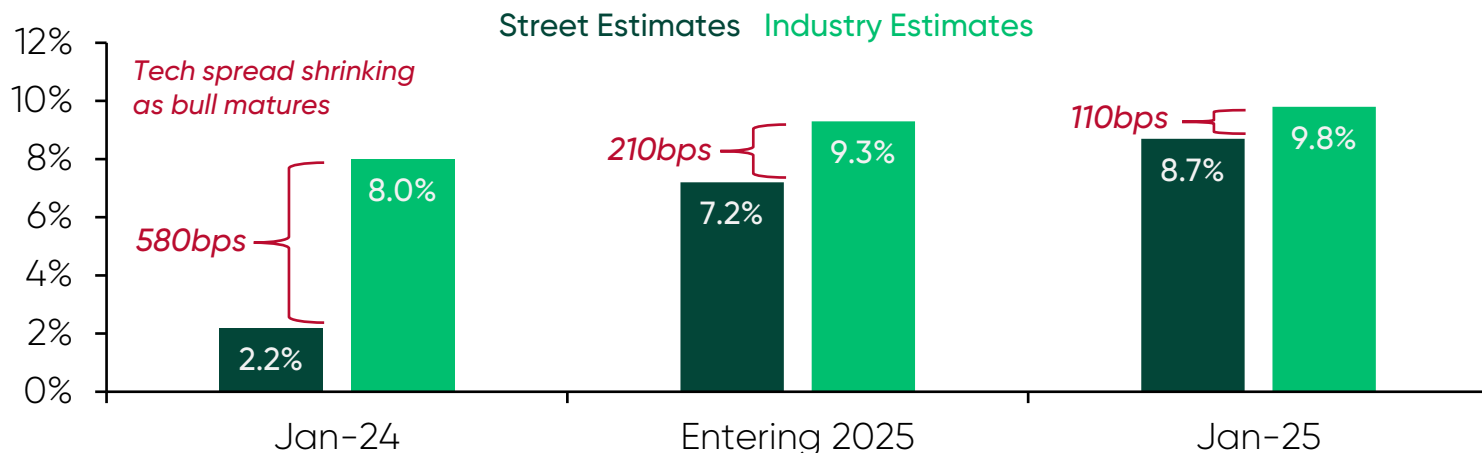


Top Left Source: FactSet and Finaeon. Based on S&P 500 Index price returns and S&P 500 Health Care Index sector price returns, USD, 01/01/1925–1/5/2025. Top Right Source: Fisher Investments Research, "Sales at Risk" represents global product sales in the year prior to patents expiry but are allocated to the year of expiry, 2009–2028. Bottom Left Source: Fisher Investments Research, US Food & Drug Administration, novel drug approvals. Monthly, 1/1/1940 – 12/31/2024. Bottom Right Source: Fisher Investments Research, Health Care M&A from 1/1/2018–10/31/2024.

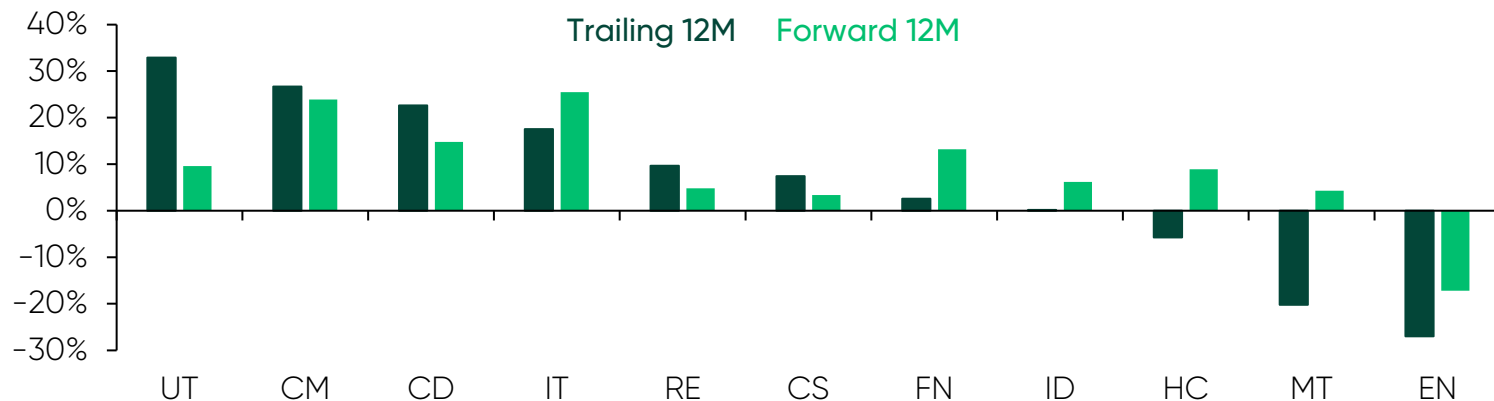
# TECH EXPECTATIONS LEAVE LITTLE ROOM FOR SURPRISE

A year ago, analysts seemed to be greatly underestimating the strength of technology spending. While technology spending continues to grow, analyst expectations are quickly catching up to reality. Earnings growth is also broadening, leading to greater opportunities in other sectors.

## Gap Between Street & Industry Sales Growth Estimates Shrinking



## S&P 500 - EPS Growth by Sector

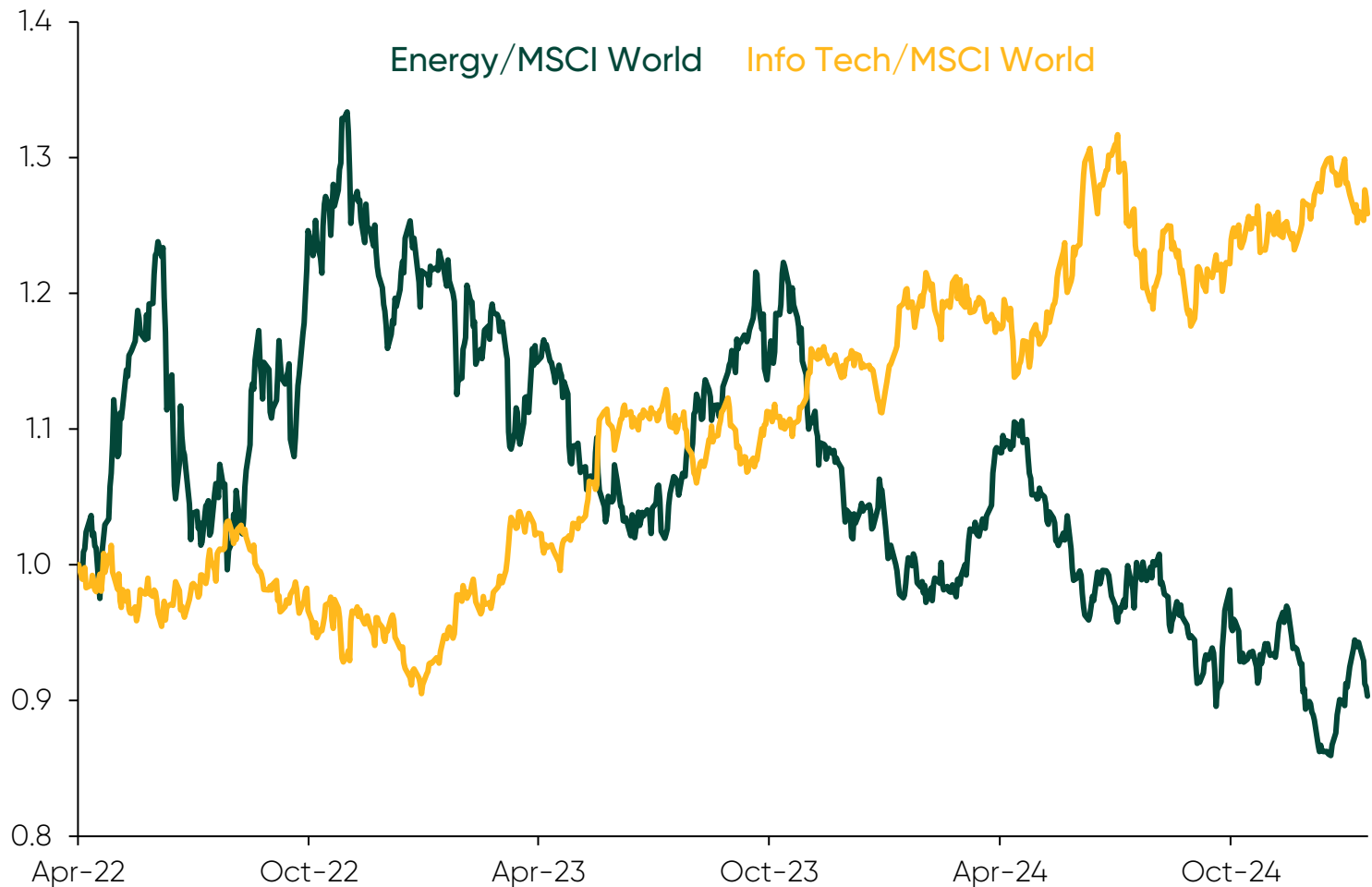


Top Source: Estimate History MSCI World 1/31/2024 & 1/28/2025 from FactSet, Industry estimates from Gartner. Bottom Source: FactSet, data accessed 10/11/2024. Trailing 12 month and 12 month forecasted S&P 500 EPS growth. EPS forward looking estimates provided by FactSet Estimates. Data in USD. No assurances are made regarding the accuracy of any forecast or other forward looking statement made herein. Actual outcomes may be materially different.

# THE INVERSE RELATIONSHIP BETWEEN ENERGY & TECH

The relative performance of Energy and Information Technology have tended to move in opposite directions. While IT has performed better, the two sectors combine well in a portfolio to manage risk.

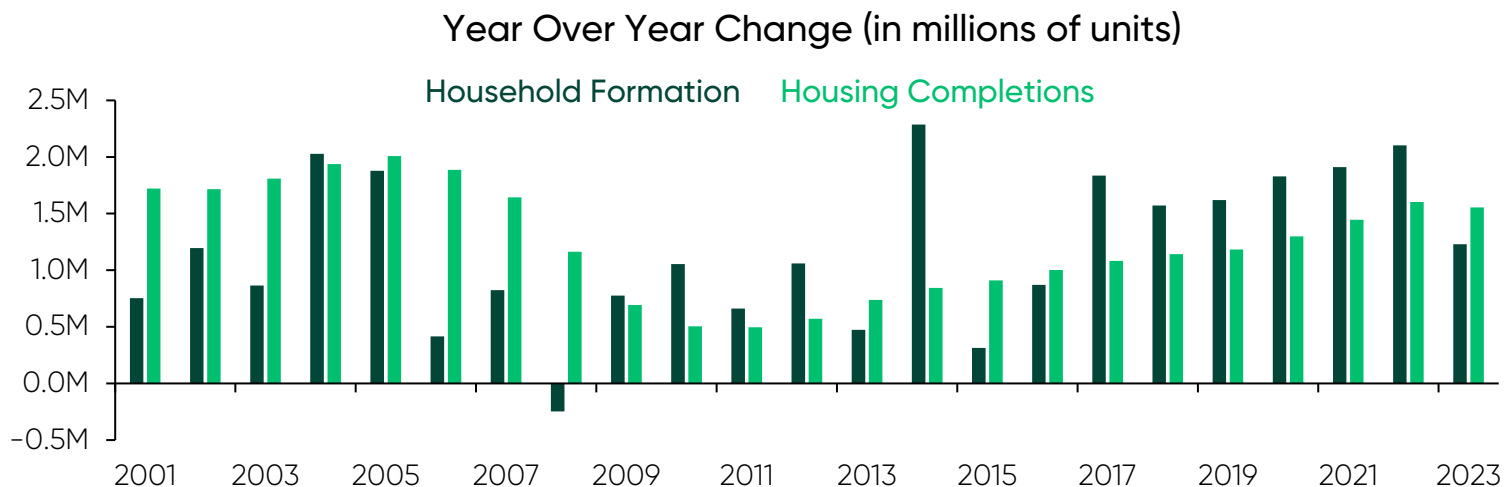
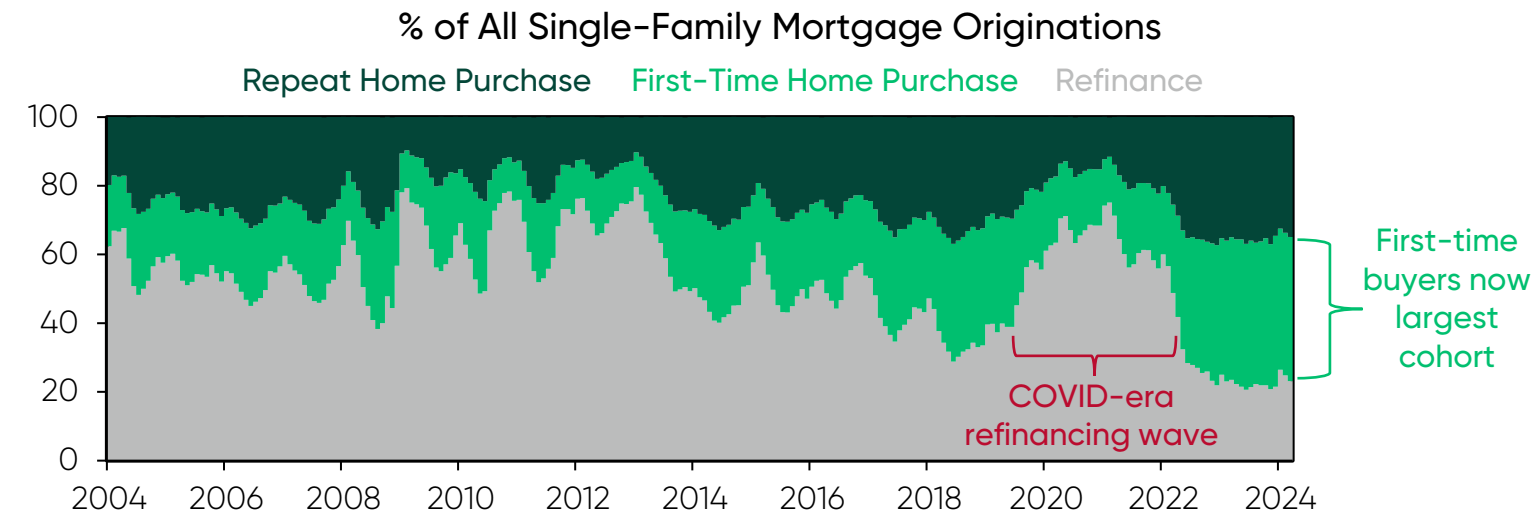
Total Relative Return Indexed to 1



Source: FactSet, as of 1/27/2025. MSCI World Energy and MSCI World Technology Total Returns relative to MSCI World, Indexed to 1 on 4/8/2022, daily, 4/8/2022 – 1/24/2025, USD.

# HOUSING SHORTAGE SHOULD DRIVE HOMEBUILDER EQUITIES

Millennials reaching prime homebuying age are now the US's largest demographic representing a wave of first-time homebuyer demand—a positive for Homebuilder stocks as supply remains tight.



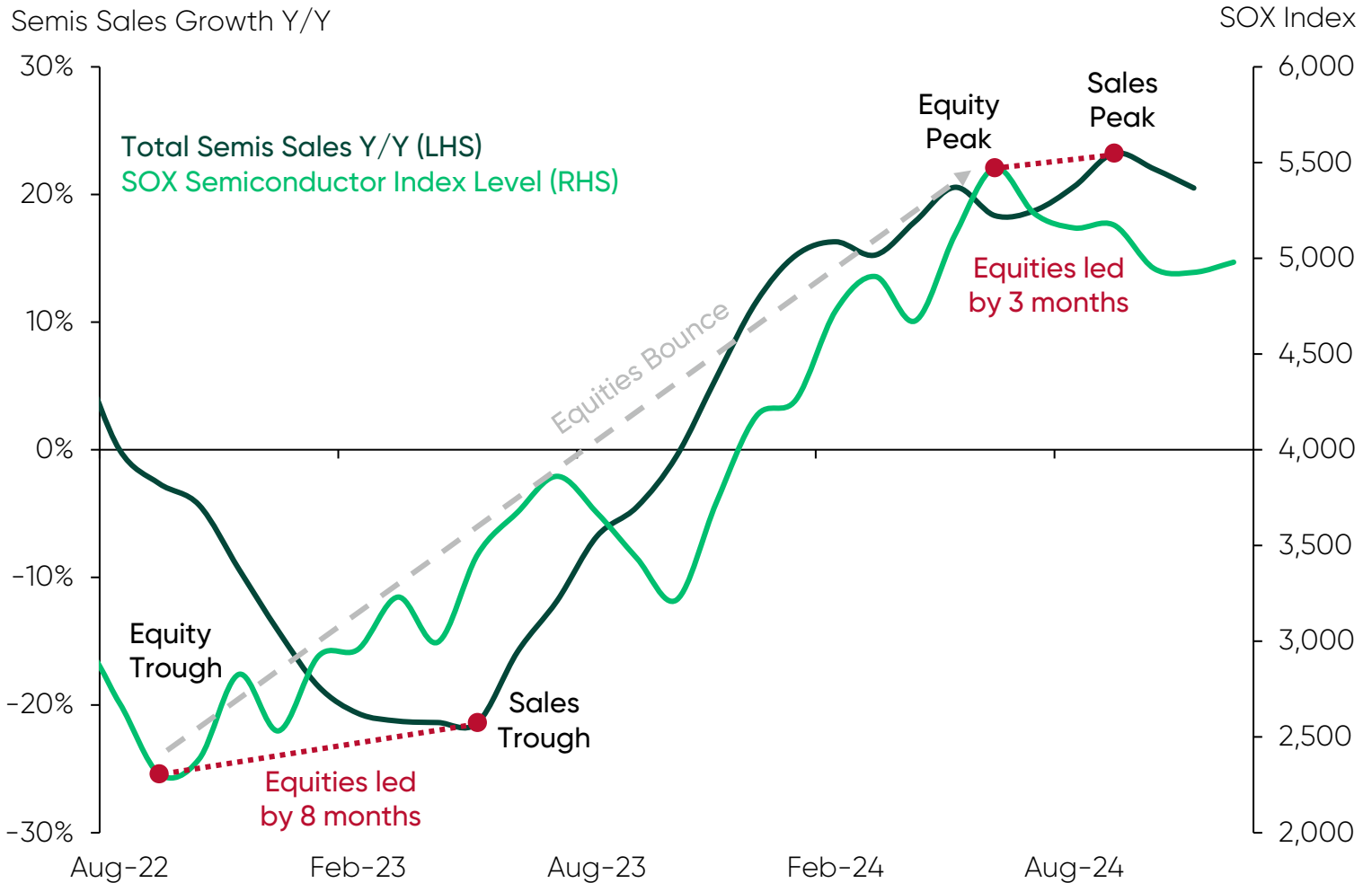
Top Source: Macrobond. United States, Deposits & Loans, Mortgage, Aggregated Mortgage Originations, All Single-Family Mortgage, 1/1/2004-3/31/2024. Bottom Source: US Census Bureau. Millions of households formed, millions of housing completions, year over year, millions of units, 1/1/2001-1/1/2023 (Most recent full year available).



# THE SEMICONDUCTOR CYCLE

Semiconductor stocks tend to lead the sales cycle by several months. With semiconductor sales potentially entering a down cycle, certain semiconductor stocks could struggle until shortly before sales trough.

## Semis Downcycle Started

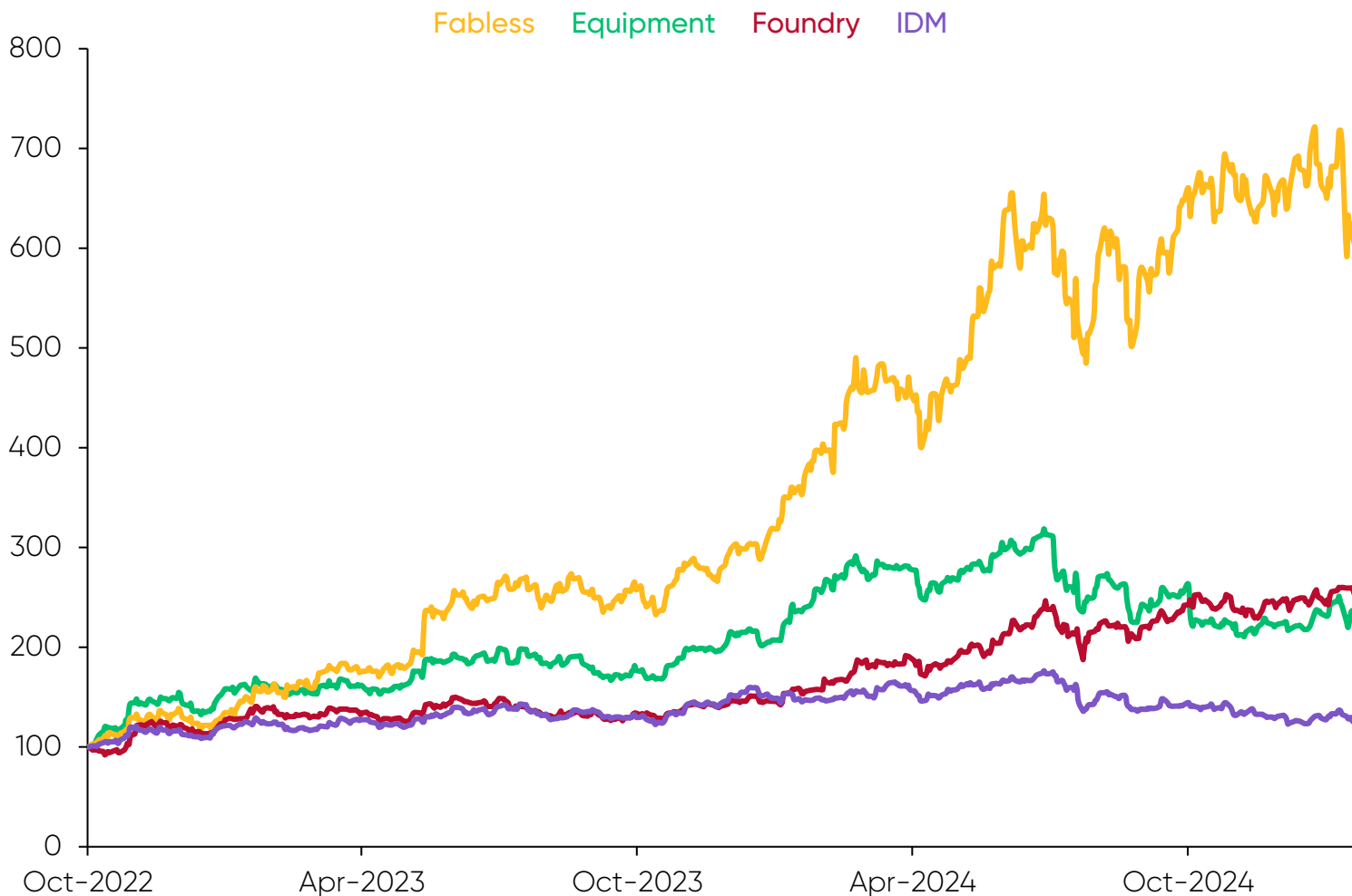


Source: FactSet, SIA. PHLX Semiconductor Sector index level and yearly semiconductor sales. 8/14/2022-12/31/2024, USD.

# SEMI DIVERGENCE

The semiconductor industry has been very strong during this bull, but different types of semi firms are behaving differently. Fabless design firms, which are particularly exposed to AI investment, have led and are pulling the index higher. Integrated firms have struggled as have equipment firms more recently.

Semiconductor Category Performance (Indexed to 10/14/22)



Source: FactSet and Fisher Investments Research. Each category represents select large companies with leading market share, equal-weighted, daily, indexed at start of period, 10/14/2022-2/4/2025, USD.

# KEY EMERGING MARKETS THEMES

*Our current views on Emerging Markets*

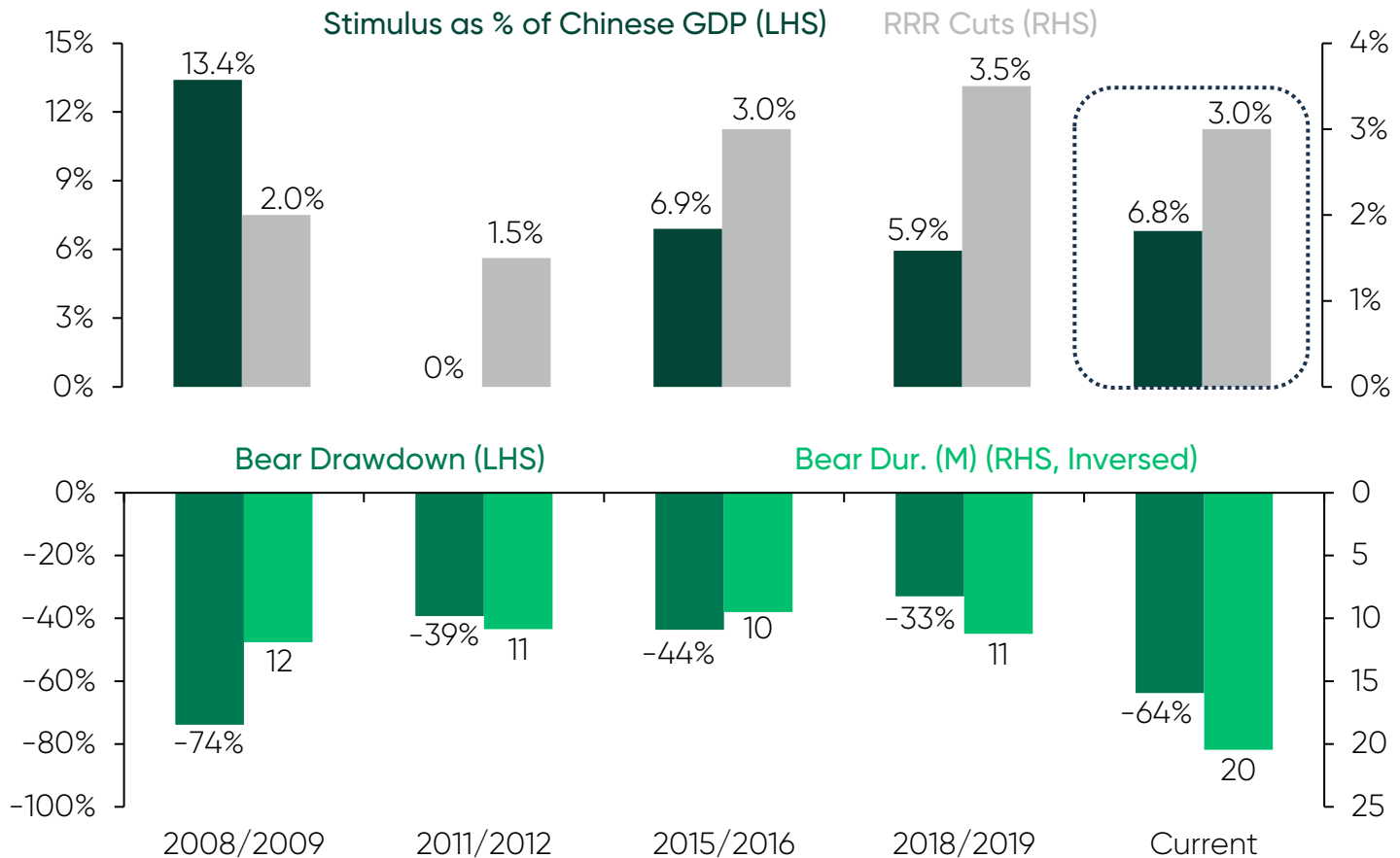
- Emerging markets should benefit from easing tariff fears and a weaker US dollar
- Chinese stimulus is meaningful and helping support improving Chinese sentiment
- India features sky-high sentiment and a slowing economy

*As of February 2025.*

# SCALING CHINA STIMULUS

Recent stimulus announcements in China amount to a large share of GDP compared to past stimulus efforts. Time will tell if it is enough to boost the economy. Equities are coming off one of the largest bear markets in history that left sentiment toward China extremely pessimistic, so any improvement in sentiment toward China can have a big impact on Chinese equities.

## Estimated Stimulus This Cycle vs Past



Source: FactSet. China's Ministry of Finance Reports, data as of 1/31/2025.

# A DIFFERENT KIND OF CHINESE STIMULUS

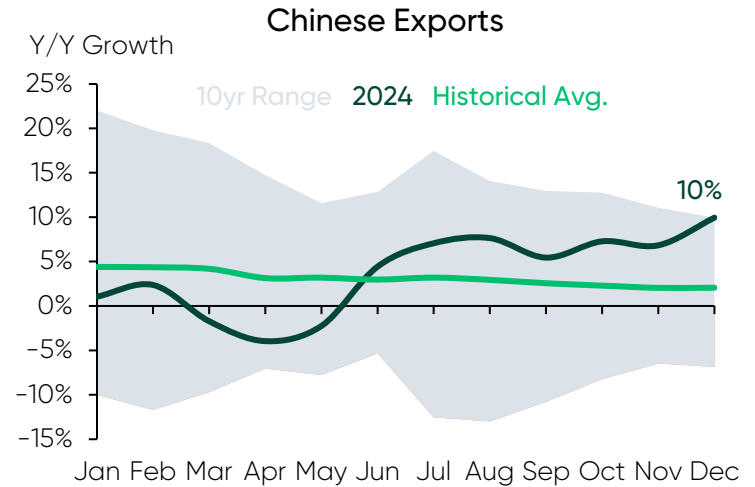
In contrast to prior stimulus efforts, recent announcements put less emphasis on infrastructure and more on supporting housing and consumption.

Category	Measure	Status	Amt. (% or Bil.)	% of GDP
<b>Capital Markets</b>	Equity Support Fund - Yuan swap facility	In Progress	¥500	0.4%
	Equity Support Fund - Yuan re-lending facility	In Progress	¥300	0.2%
<b>Fiscal</b>	Special Ultra-Long Central Government Bond Issuance	Completed	¥1,000	0.8%
	10T CNY Local Gov't Debt Swap Program (Interest savings)	In Progress	¥120	0.1%
	Ultra-low income household stipend	Planned	¥150	0.1%
<b>Monetary</b>	RRR Cut (50 bps)	Completed	-50 bps	--
	MLF Cut (30 bps)	Completed	-30 bps	--
	Cut 7-day Repo (20 bps)	Completed	-20 bps	--
	Further RRR Cut (25 bps)	Planned	-25 bps	--
	LPR Cut (20-25 bps)	Planned	-20-25 bps	--
<b>Property</b>	Cut minimum downpayment ratio on 2nd homes	Complete	-10%	--
	Tier-1 cities easing/removing remaining home buying restrictions	In Progress	N/A	--
	Pledge to "stop decline and return to stability"	In Progress	N/A	--
	Allow for early mortgage refinancing on existing loans	Planned	-30-50 bps	0.1%
	Limit construction of new-home projects	Planned	N/A	--
			<b>Total % of GDP</b>	<b>1.7%</b>

Source: Fisher Investments Research, as of 1/31/2025.

# CHINESE ECONOMIC DATA STABLE

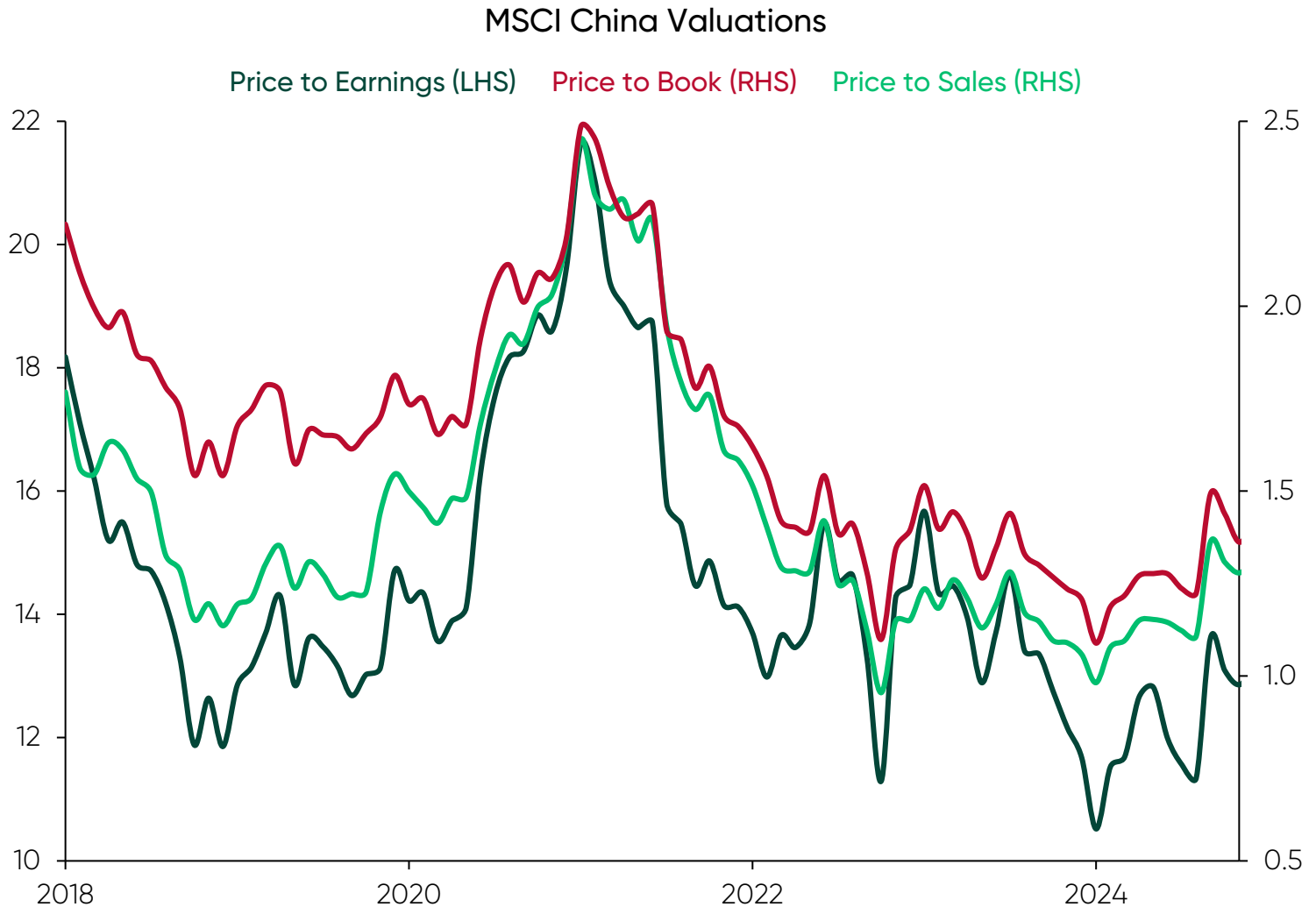
Despite ongoing fears around China's economy and deflation, economic data has generally been stable and even showing modest acceleration in some areas.



Top Left Source: FactSet, National Bureau of Statistics, Chinese GDP Growth By Industry, 1/1/2012-12/31/2024. Top Right Source: FactSet, General Administration of Customs, 1/1/2013-12/31/2024 (Excludes 2020-2021 Post-COVID period). Bottom Left Source: FactSet, National Bureau of Statistics, Industrial Production, 3-month moving average, 1/1/2010-12/31/2024. Bottom Right Source: FactSet, National Bureau of Statistics, Retail Sales, 3-month moving average, 1/1/2010-12/31/2024.

# CHINA UPLIFT OFF LOW SENTIMENT

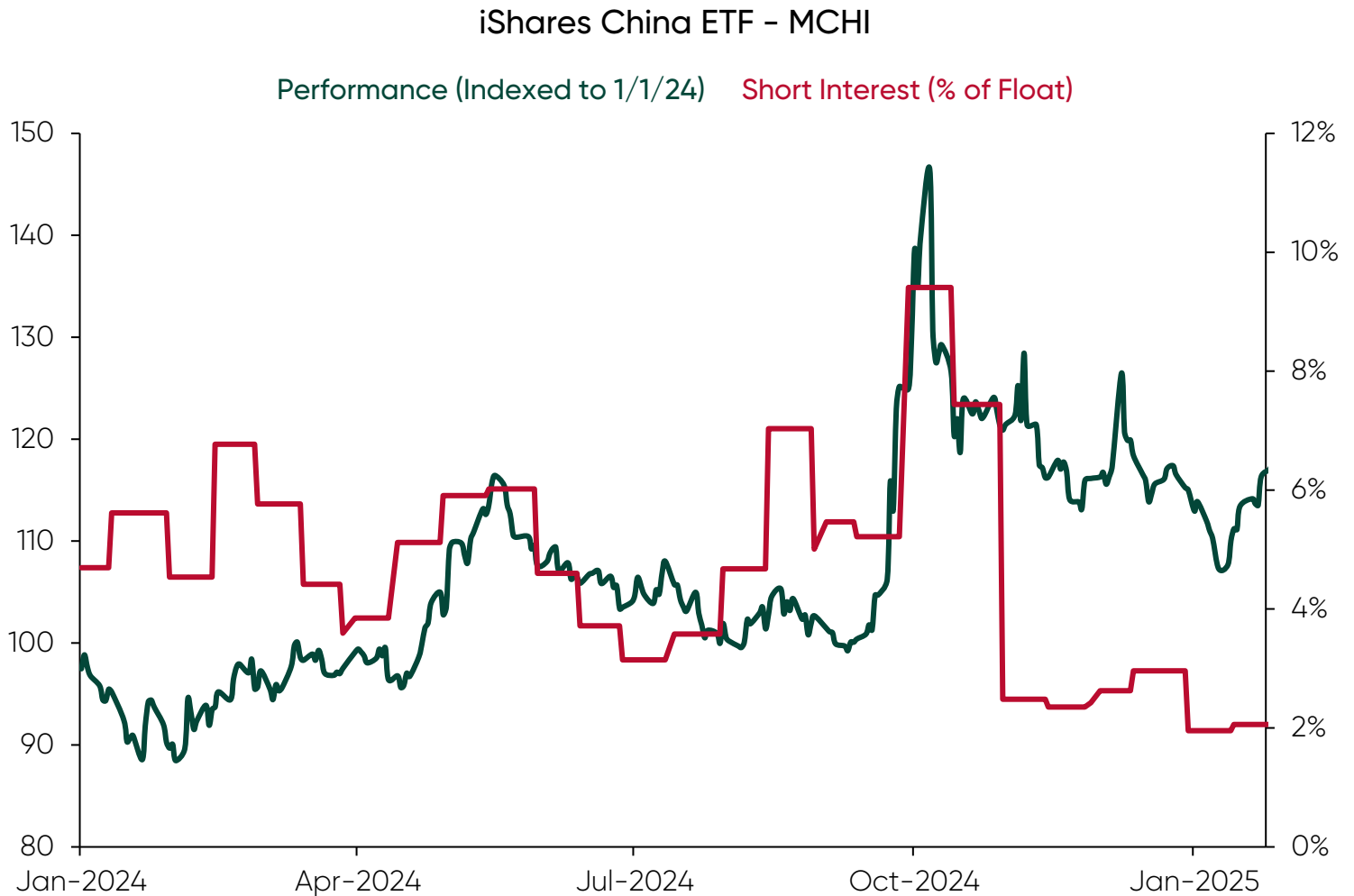
While the economic impacts of China's stimulus are unknown at this point, even a modest uptick in sentiment toward China can have a dramatic impact on Chinese share prices, where valuations reflect extreme pessimism.



Source: FactSet. MSCI China price to book, price to sales and price to earnings, monthly, 1/1/2018-12/31/2024.

# CHINA'S RALLY MET WITH SKEPTICISM

The dramatic rise in Chinese equities looked to many like a short squeeze. Short interest in the iShares China ETF was not particularly high before the rally and has increased as shares moved higher, suggesting investors viewed October's rally with skepticism.



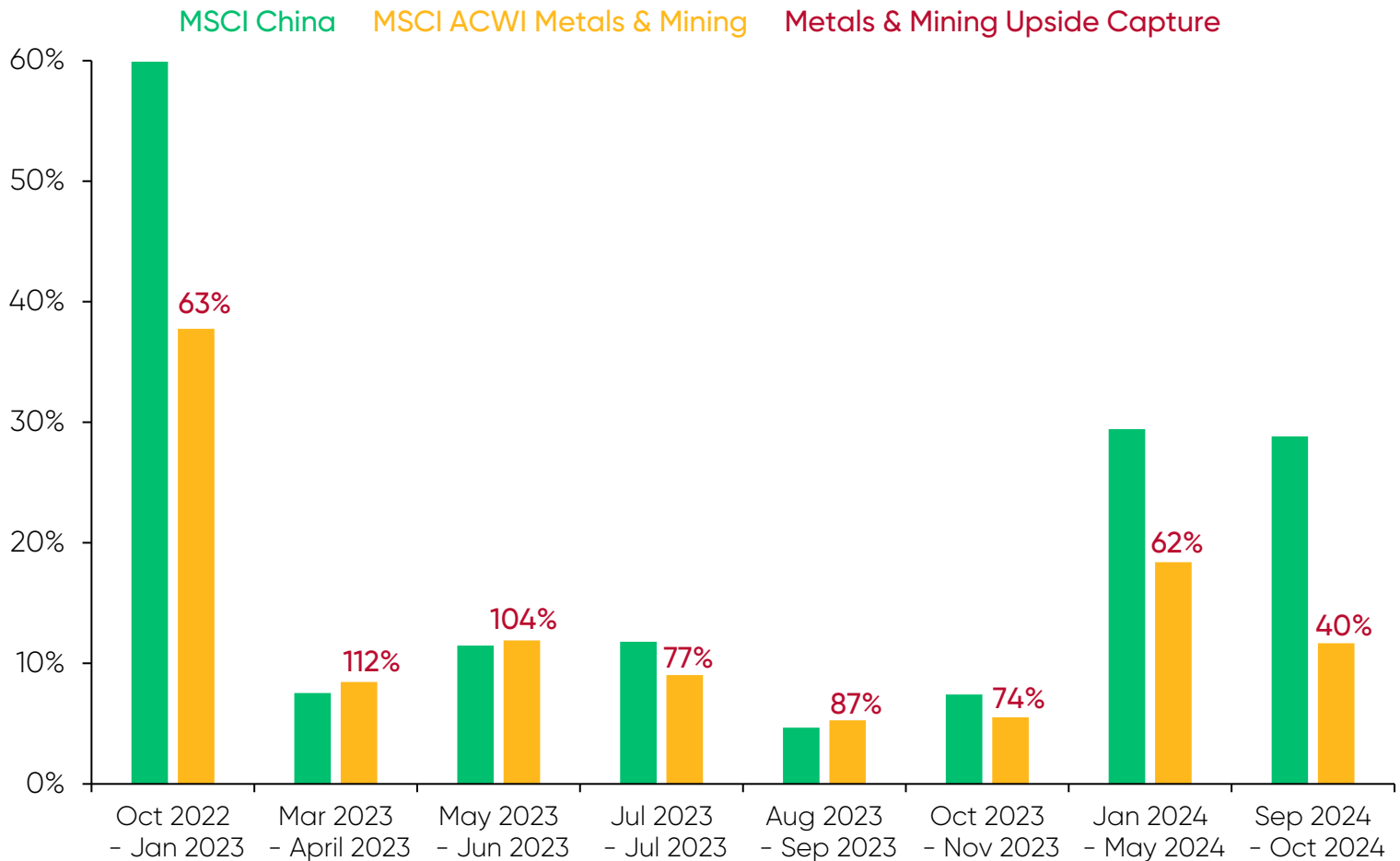
Source: FactSet. iShares MCHI ETF total return and short interest as a percentage of outstanding shares, performance indexed at start of period, 1/1/24-1/30/25, USD.



# METALS BOOMING LESS WITH CHINA

It is common for Metals & Mining firms to boom alongside China rallies, but the impact has diminished as stimulus focuses less on housing and infrastructure. The below chart shows Chinese equity rallies are usually accompanied by Metals & Mining rallies, but the effect has been diminishing.

## China vs. ACWI Metals & Mining Post China Rallies

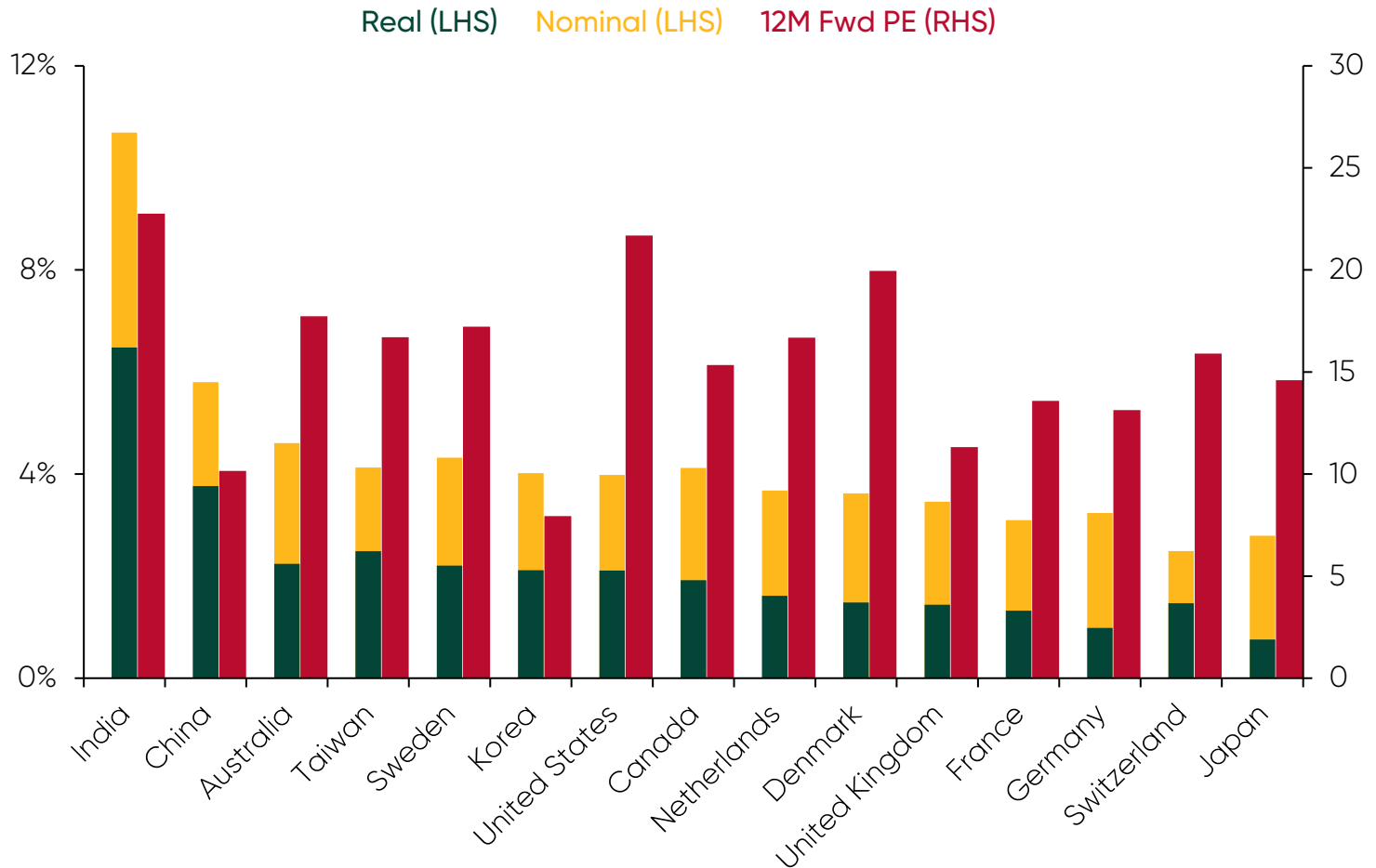


Source: FactSet & Fisher Investments Research. MSCI China and MSCI ACWI Metals & Mining returns, net, upside capture is industry return divided by China return, post China bounce periods, selected periods of China rally defined as 10/31/2022-1/27/2023, 3/20/2023-4/17/2023, 5/31/2023-6/16/2023, 7/7/2023-7/31/2023, 8/21/2023-9/4/2023, 10/24/2023-11/15/2023, 1/22/2024-5/22/2024, 9/11/2024-10/8/2024.

# ECONOMIC GROWTH AND VALUATIONS

Headlines usually focus on real (inflation adjusted) GDP growth, but nominal growth drives corporate earnings. Some high-growth countries like India feature high growth and high valuations, while others with decent growth are valued more modestly.

Average Projected GDP Growth 2025-2029

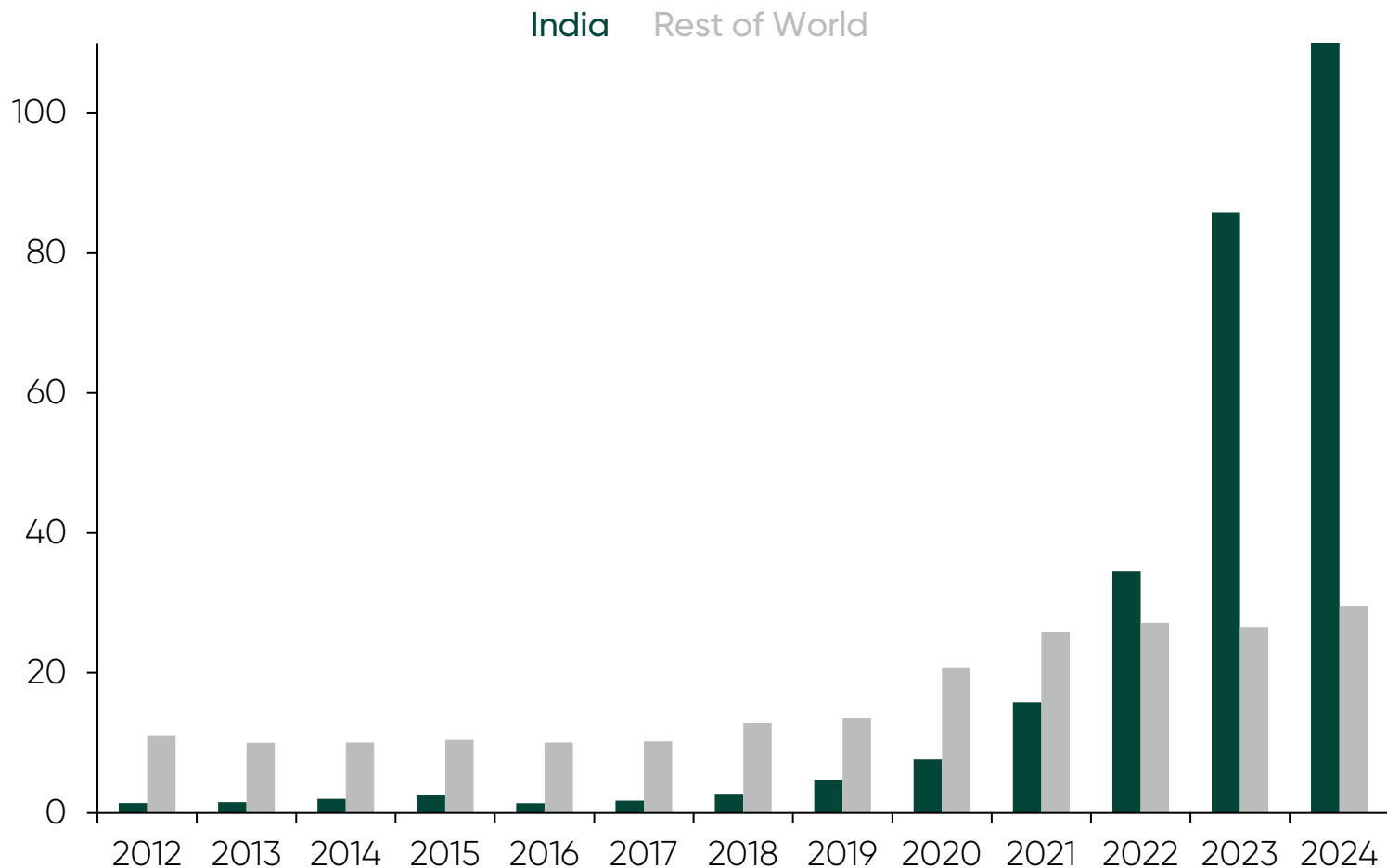


Source: FactSet & IMF World Economic Database, as of October 2024. Projected real and nominal GDP growth, year-over-year, average, 15 largest MSCI ACWI countries by index weight as of 10/31/2024, USD, 2025-2029. 12 month forward price to earnings as of 12/31/2024. No assurances are made regarding the accuracy of any forecast or other forward looking statement made herein. Actual outcomes may be materially different.

# INDIA FROTHY RETAIL SENTIMENT

Individual retail investors in India are the largest traders by volume in derivative contracts, which have exploded in recent years. India now trades 85% of the world's options.

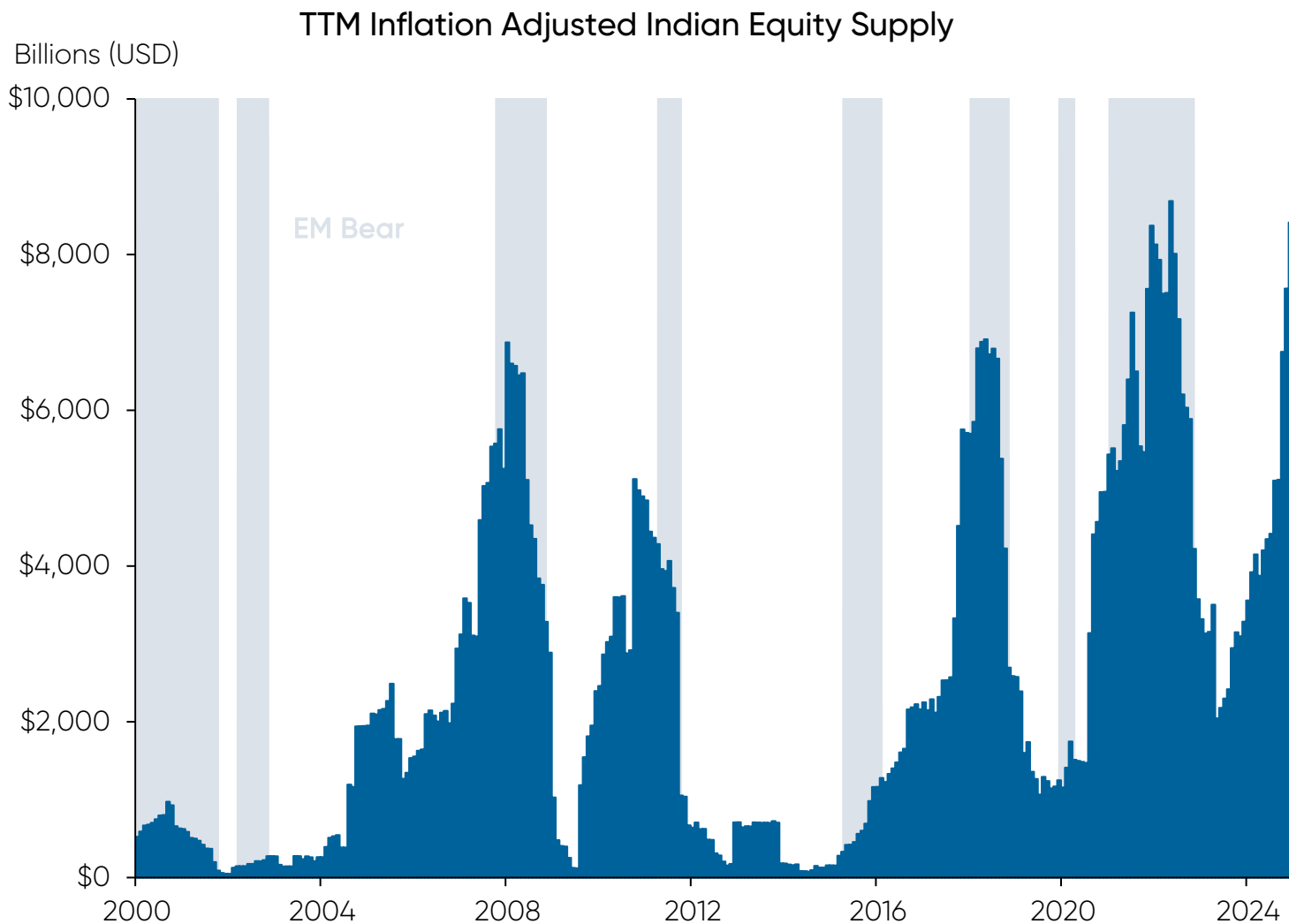
Annual Trading Volume, Equity Derivatives (Billions of Contracts)



Source: Futures Industry Association. Annual trading volume of India and other countries, number of contracts, billions, 1/1/2012-12/31/2024.

# INDIA'S BOOMING EQUITY SUPPLY

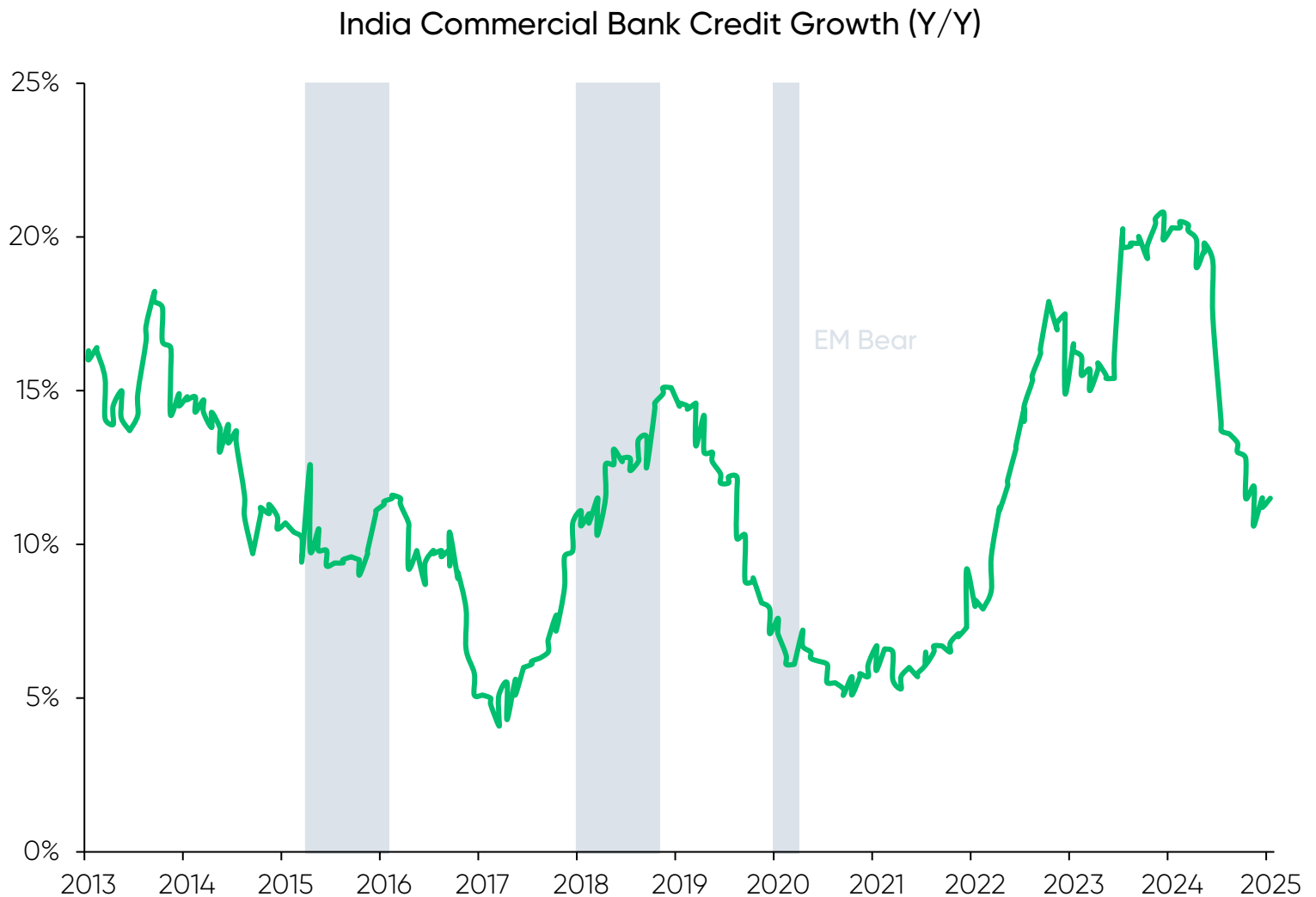
Amid sky high valuations, the supply of Indian equities has been booming—a possible sign of overheated sentiment and a risk to share prices if demand for equities cannot keep pace.



Source: Refinitiv Eikon/DataStream - monthly share price, shares outstanding, CPI, index price level and IPO screens from 1/31/2002 - 12/31/2024. FactSet - MSCI India IMI constituents as of 12/31/24, USD.

# SLOWING INDIAN LENDING

Loans have been growing at a blistering pace in India, but the pace of lending is slowing as the economy cools.



Source: FactSet, Reserve Bank of India, Y/Y Credit Growth from 1/4/2013-1/10/2025.

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