

Q4 2023 Review & Outlook

Glenn Dorsey, CFA[®], CAIA[®]



Economic Gauges



Economy



Monetary Policy



Valuations



Investor Sentiment



Interest Rates

The gauges reflect the degree of Clark Capital's positive (forward) or negative (reverse) outlook on the corresponding economic factors. The gauges represent the firm's expectations for the market, and how changes in the market will affect the strategy but are only projections which assume certain economic conditions and industry developments and are subject to change without notice.



Executive Summary

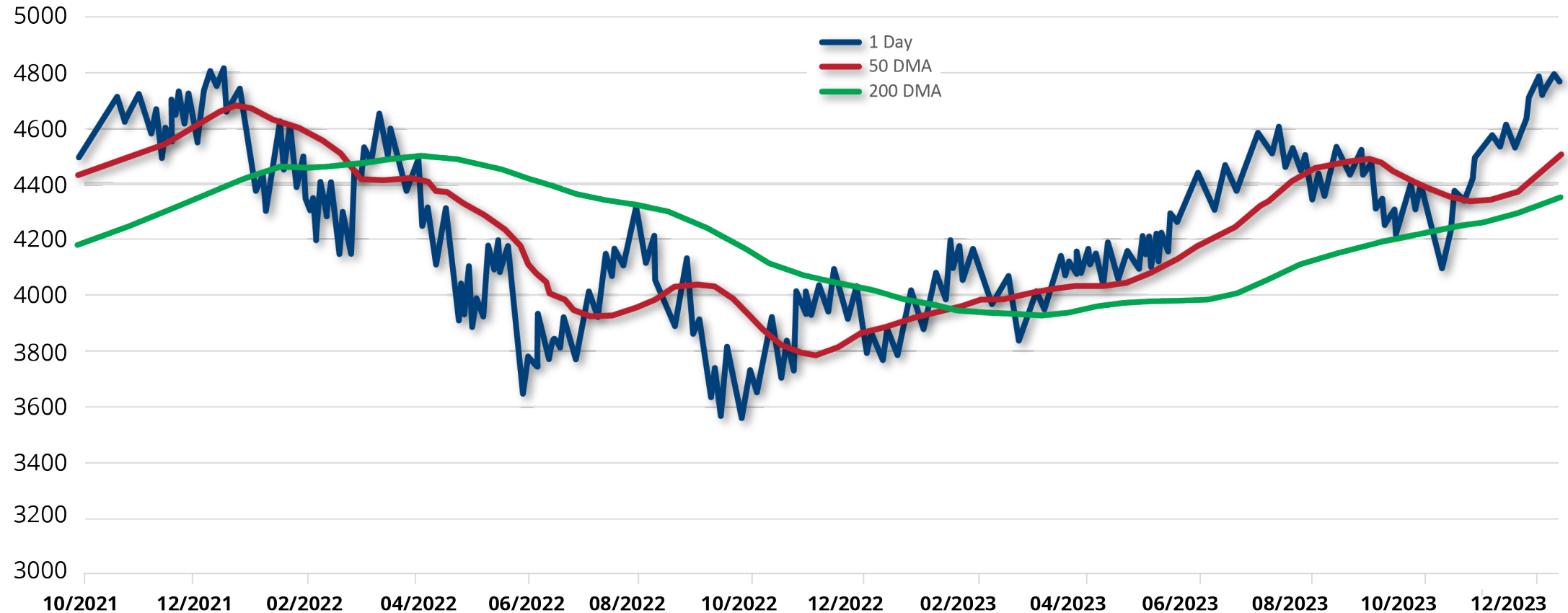
- Stocks and Bonds end the year on a strong note — we believe fundamentals are still good
- 5300 target for S&P500; 10y 3.25%-4.5% range
- Economic slowdown likely, recession not so much
- Fed should be done, all eyes on when the cuts start
- We believe valuations remain "fair" for stocks
- Fear subsided as the market rallied
- Intermediate and long-term rates dropped



Nice Bounce from October Lows

S&P 500

10/12/2023 to 12/31/2023



Source: Bloomberg, Clark Capital

For illustrative purposes only. Past performance is not indicative of future results. It is not possible to invest in these indices. Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.



Corrections Are Normal — Frequency of Declines

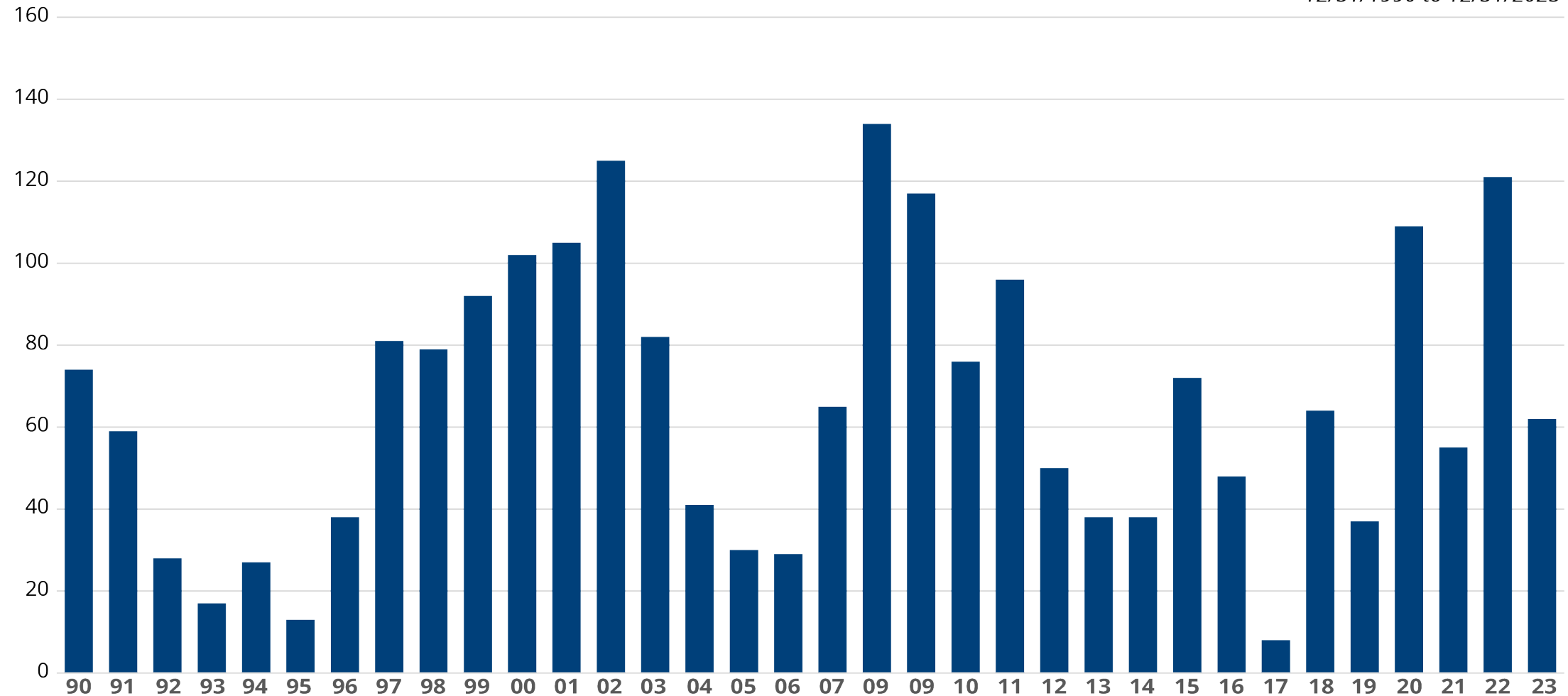
S&P 500 Declines	Occurrences Per Year	Frequency Average	Probability of Decline Moving to Next Stage	Mean Decline
-5% or more	3.4	Every 14 weeks	32%	-10.9%
-10% or more	1.1	Every Year	45%	-19.5%
-15% or more	0.5	Every 2 years	58%	-28.2%
-20% or more	0.3	Every 3 years	N/A	-35.7%



Last Year wasn't Exceptional

Days of One Percent Change or Greater

12/31/1990 to 12/31/2023



Source: Bloomberg, Clark Capital



Perspective...

Domestic Equity		2022	2023	2022-2023
	S&P 500	-18.13%	26.26%	3.37%
	Russell 1000	-19.14%	26.50%	2.29%
	Russell 2000	-20.46%	16.88%	-7.03%
	Russell 3000	-19.22%	25.93%	1.72%
	Russell 1000 Value	-7.56%	11.41%	2.99%
	Russell 1000 Growth	-29.14%	42.67%	1.10%
International Equity				
	MSCI Emerging Market	-20.09%	8.83%	-12.24%
	MSCI All Country World (ex US)	-16.00%	15.62%	-2.89%
Fixed Income				
	BBgBarc U.S. Aggregate Bond	-13.01%	5.53%	-8.20%
	BBgBarc U.S. Treasury	-12.46%	4.05%	-8.91%
	BBgBarc U.S. Corporate	-15.76%	8.52%	-8.59%
	BBgBarc U.S. Corporate High Yield	-11.19%	13.45%	0.75%
	BBgBarc Municipal	-8.53%	6.40%	-2.67%

Past performance is not indicative of future results. This is not a recommendation to buy or sell a particular security. Please see attached disclosures.



Why Did We Keep the Economic Gauge Neutral?

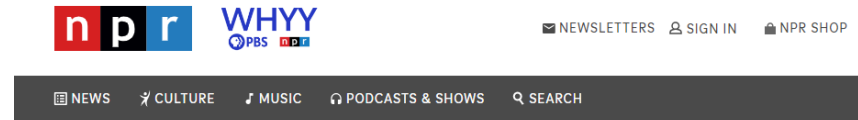


Economy

- Consumer driven economy defies the skeptics
- Still expect economic slowdown
- Inflation on right track
- Earnings continue to rebound
- Why does this matter? GDP helps drive earnings



2023: The most anticipated recession that never happened

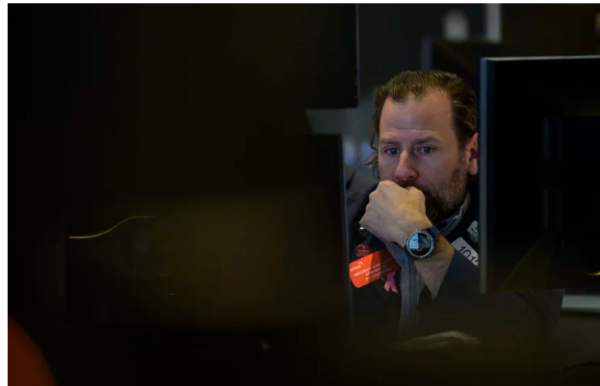


ECONOMY

A recession might be coming. Here's what it could look like

JANUARY 24, 2023 · 5:01 AM ET

By Rafael Nam, Greg Rosalsky



'The worst is yet to come': IMF says 2023 will 'feel like a recession'

More than a third of the global economy will contract in 2023, as the three largest economies - the US, the EU, and China--will continue to stall, the International Monetary Fund's analyses of global economic developments says.

By Sarah Taaffe-Maguire, business reporter

Tuesday 11 October 2022 16:31, UK

NEWS > STOCKS

Morgan Stanley's Mike Wilson says US stocks could crash another 20% as the risks of a recession rise

Harry Robertson Jun 21, 2022, 11:20 AM EDT



A trader works on the floor of the New York Stock Exchange Andrew Burton/Getty Images

FORBES > MONEY

Will There Be A Recession In 2023— And How Long Will It Last?

Q.ai - Powering a Personal Wealth Movement Former Contributor Making wealth creation easy, accessible and transparent.

Jan 20, 2023, 08:00am EST

Listen to article 7 minutes



AFP VIA GETTY IMAGES

Business · Analysis

If you thought 2022 was bad, wait until you see what 2023 has in store for the economy

Recession, persistent inflation and rising unemployment all forecast for the new year

Peter Armstrong · CBC News · Posted: Jan 02, 2023 4:00 AM EST | Last Updated: January 2



Traders work on the floor at the New York Stock Exchange in this June 2022 file photo. It's a hard time to look for good news in the 2023 economic outlook. (Seth Wenig/The Associated Press)

MARKETS Published February 6, 2023 11:38am EST

Bank of America 'still forecasting' 2023 recession: Fed action 'not enough,' exec warns

Bank of America Global Research maintains prediction of recession in 2023

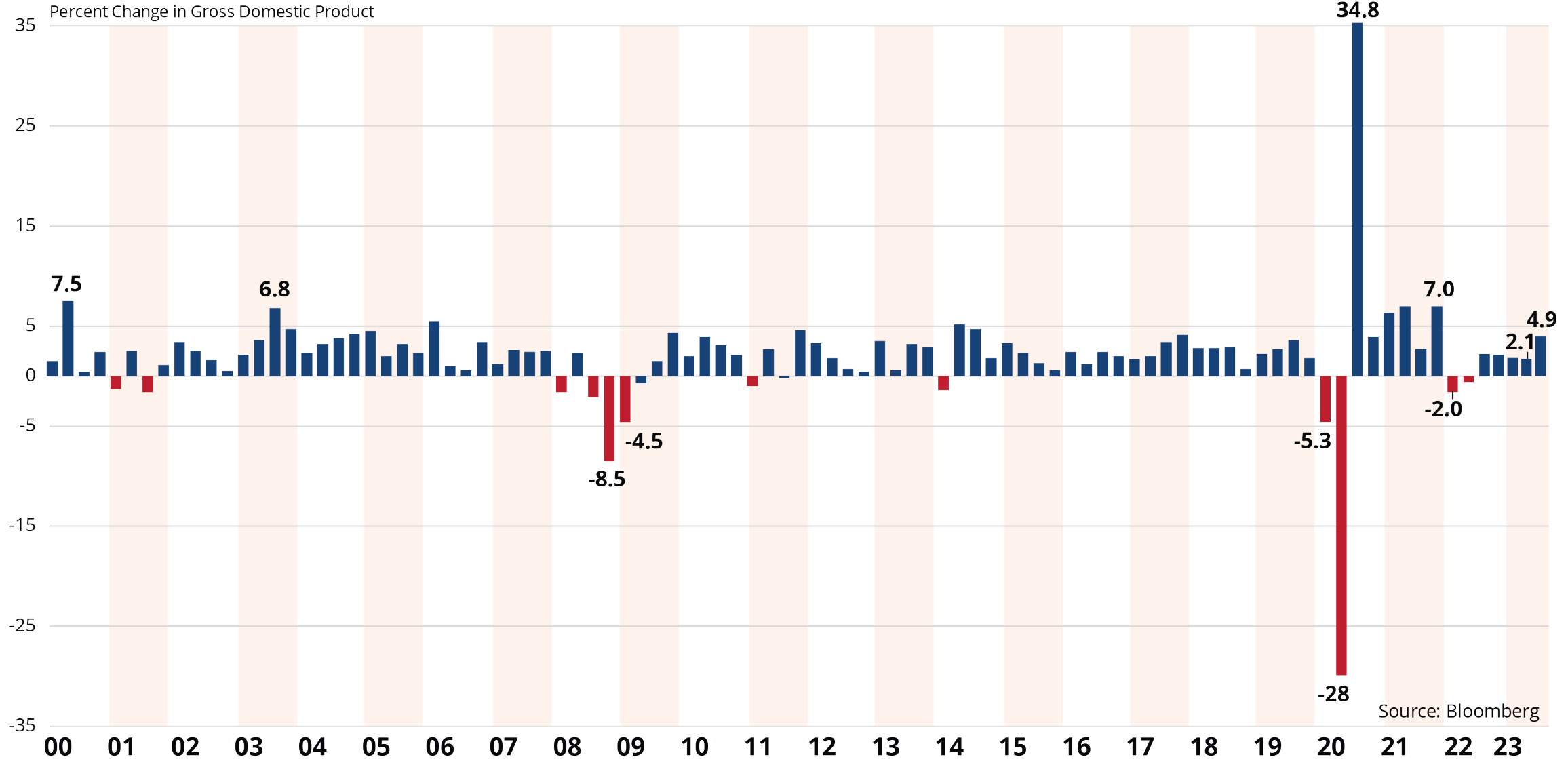
For illustrative purposes. Past performance is not indicative of future results.

Source: NPR, Business Insider, Forbes, CBC News, Sky News, FoxBusiness



United States GDP Annualized Growth

3/31/2000 to 9/30/2023



Source: Bloomberg

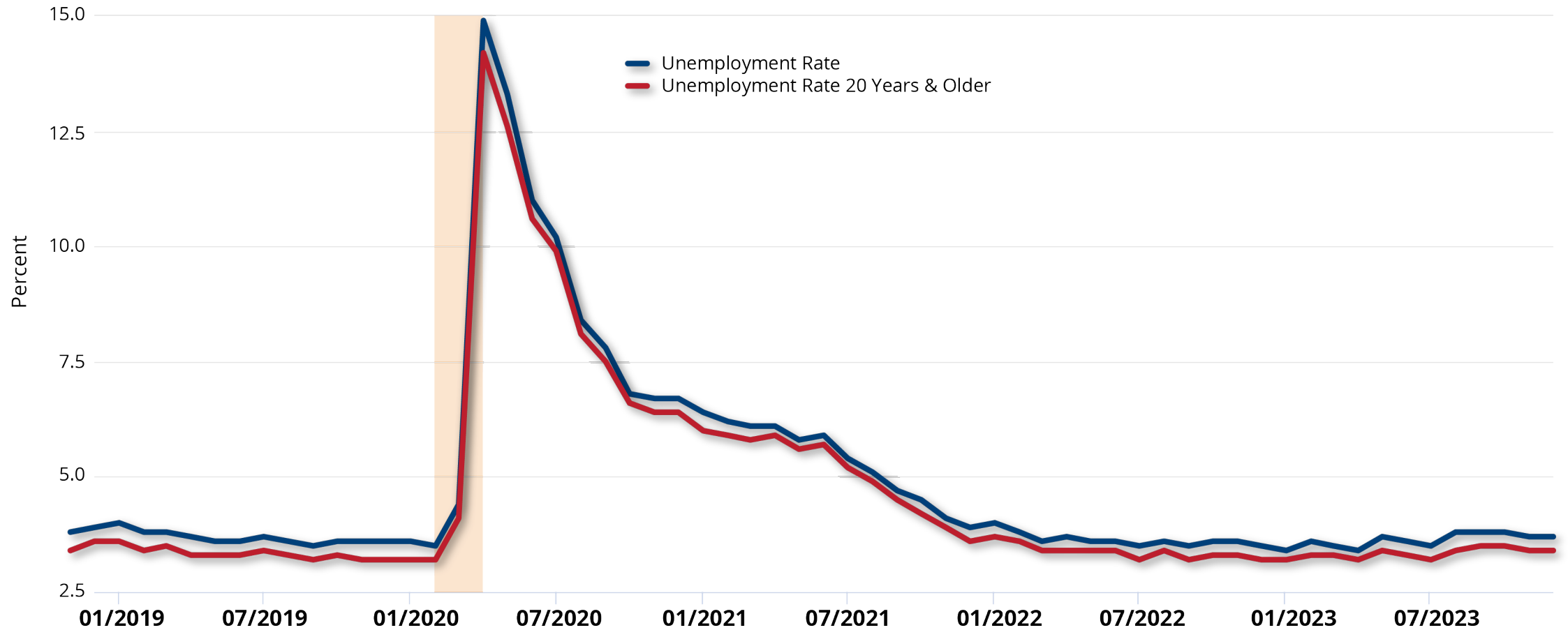
For illustrative purposes only. Past performance is not indicative of future results.



US Economy is Driven by the Consumer

Unemployment Rate Unemployment Rate 20 Years & Older

12/31/2018 to 12/31/2023



Source: Board of Governors of the Federal Reserve System (US)



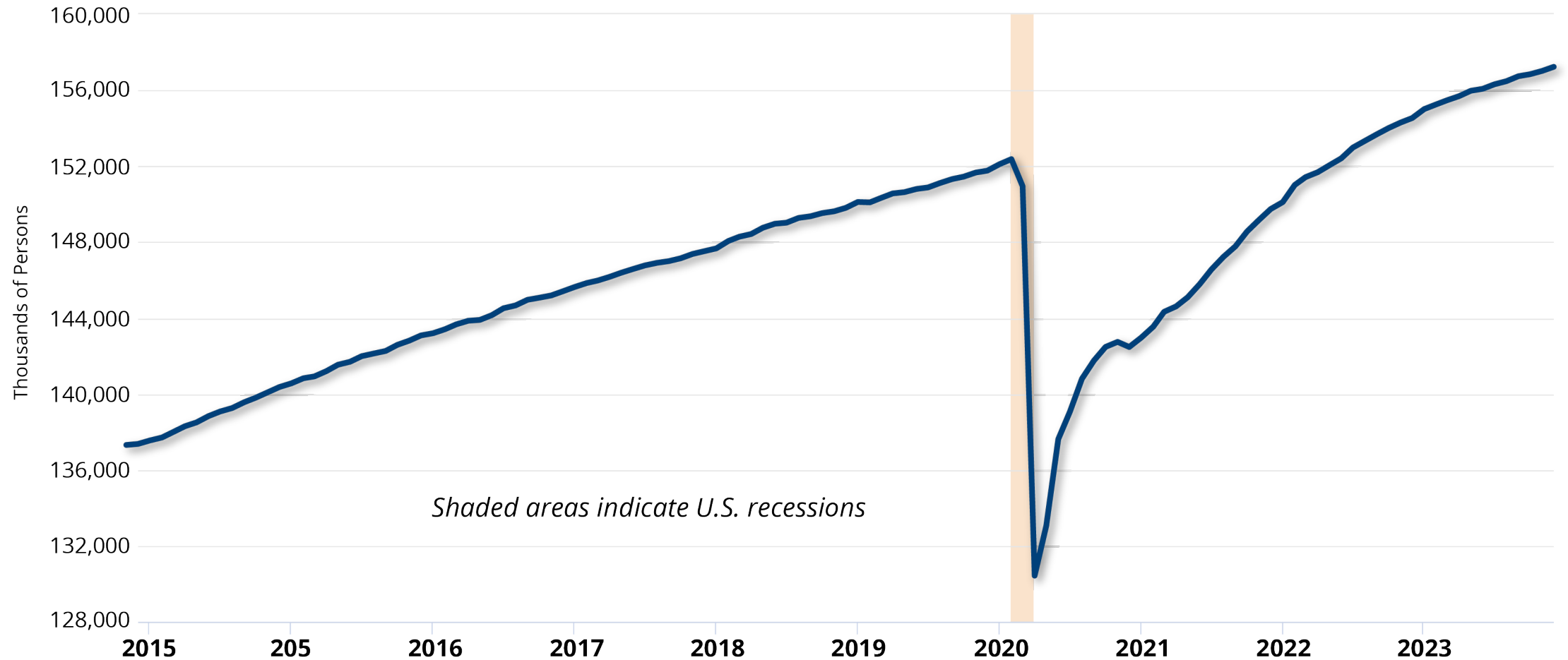
For illustrative purposes only.

Source: fred.stlouisfed.org

Record Number of People Working

All Employees, Total Nonfarm

12-01-2014 to 12-01-2023



Source: U.S. Bureau of Labor Statistics



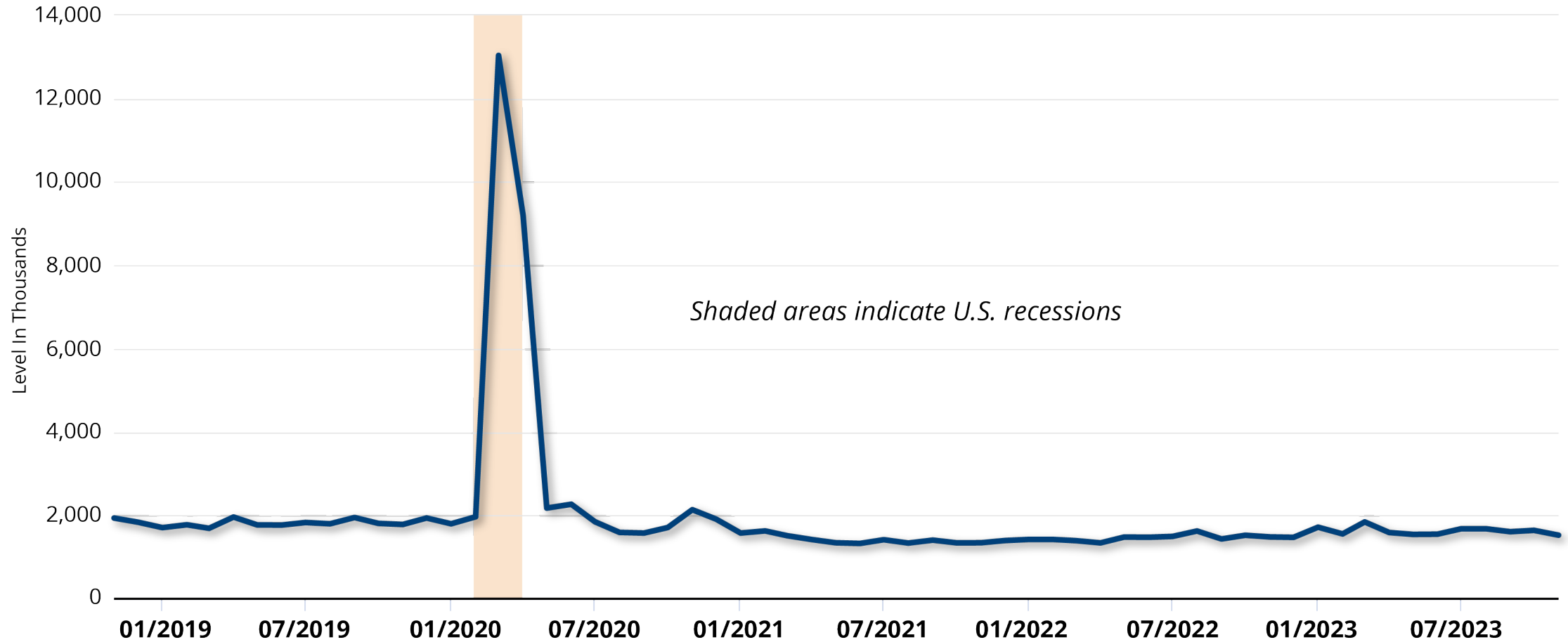
For illustrative purposes only.

Source: fred.stlouisfed.org

Companies Hoarding Workers

Layoffs and Discharges, Total Nonfarm

12-01-2019 to 12-01-2023



Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

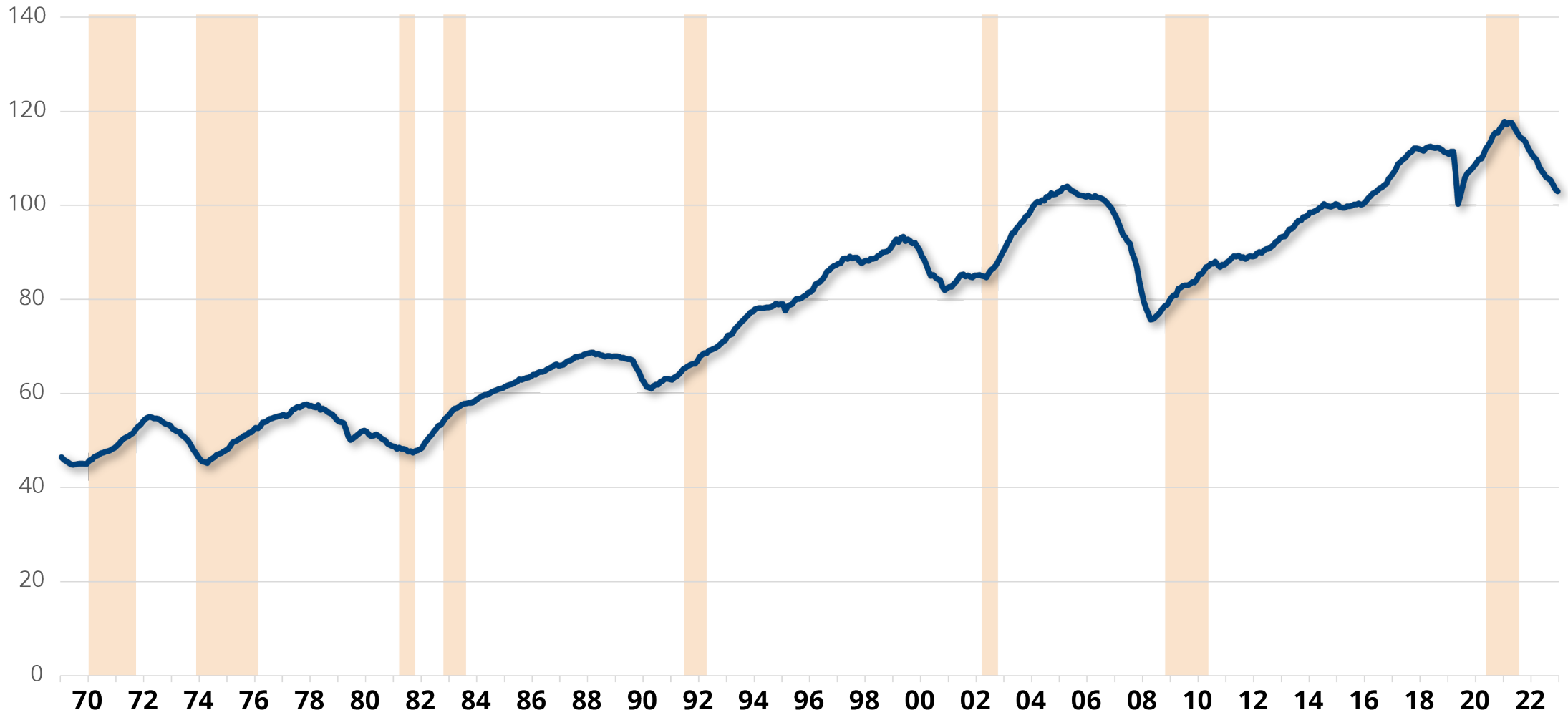


For illustrative purposes only.

Source: fred.stlouisfed.org

Leading Economic Indicators

12/31/1969 to 11/30/2023



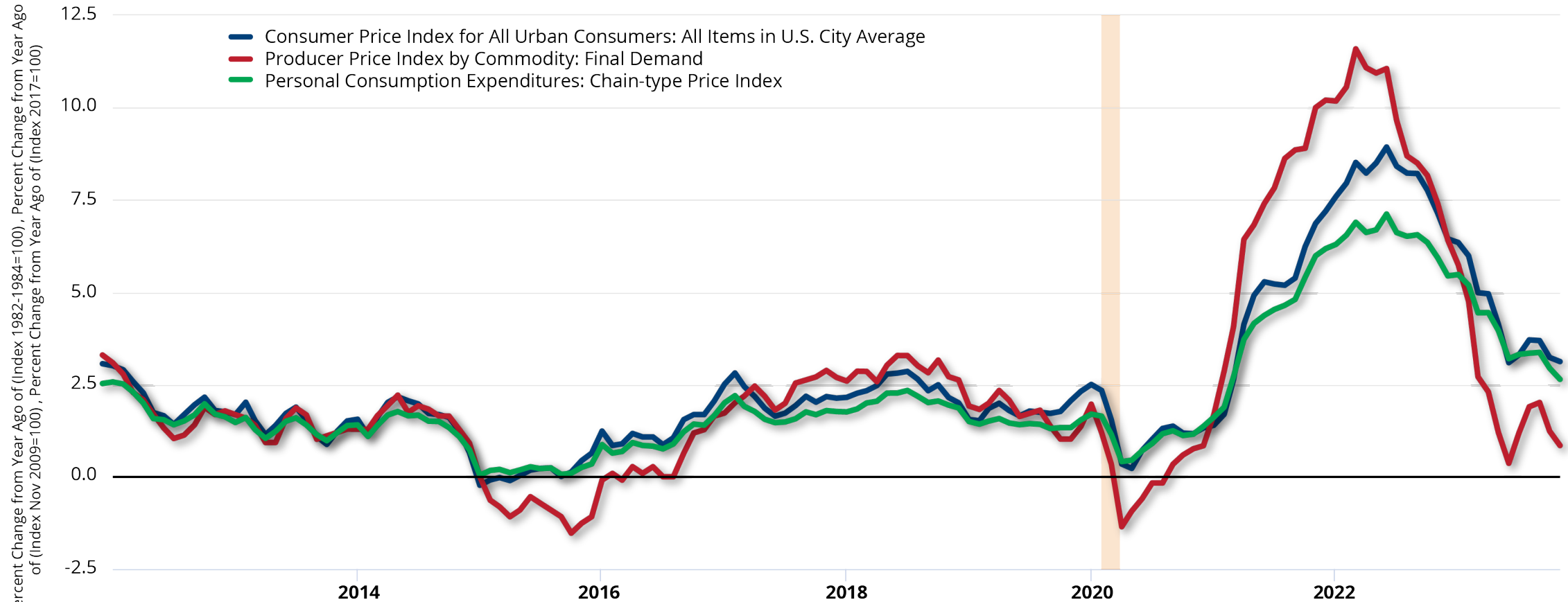
Source: Bloomberg

For illustrative purposes only. Past performance is not indicative of future results.



Consumer Price Index for All Urban Consumers: All Items in U.S. City Average Personal Consumption Expenditures: Chain-type Price Index Producer Price Index by Commodity: Final Demand

1/1/2013 to 11/30/2023



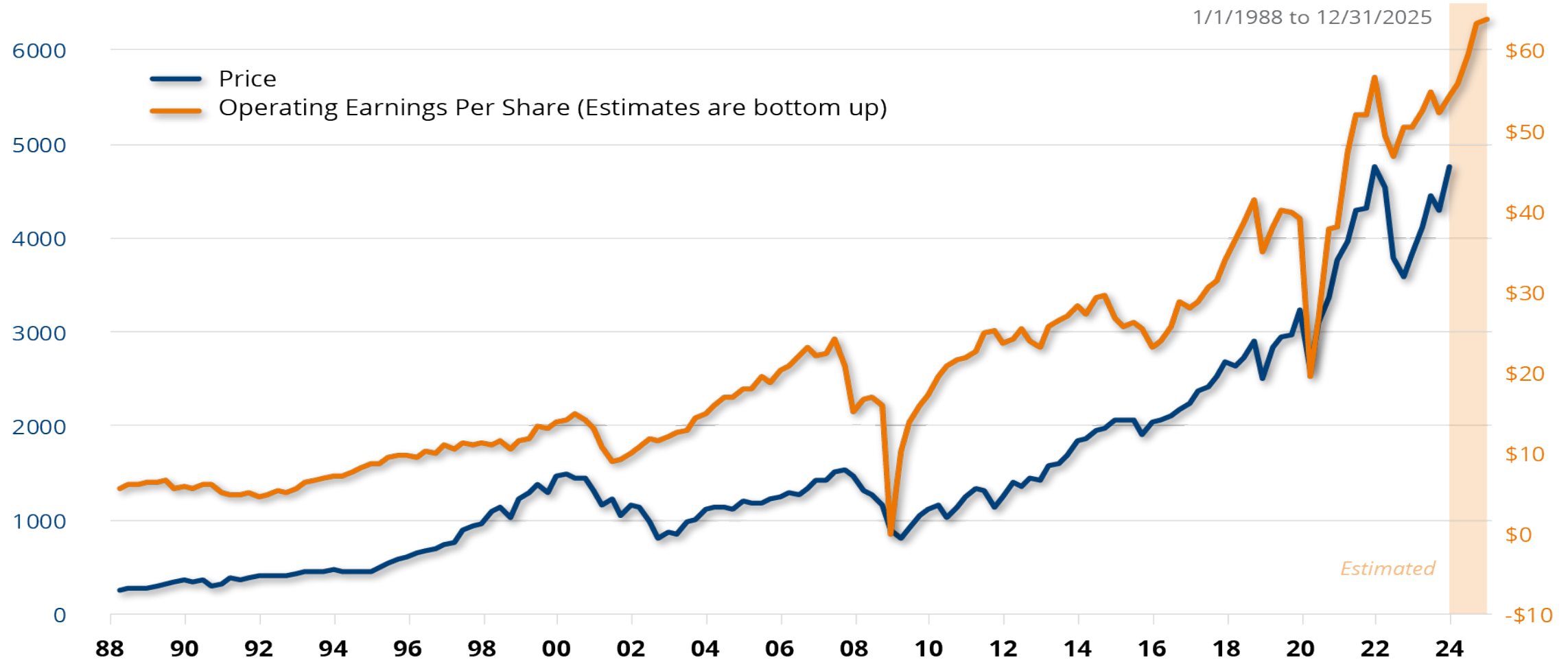
Source: Board of Governors of the Federal Reserve System (US)

For illustrative purposes only. Past performance is not indicative of future results.



Earnings Drive Stock Prices

S&P 500 vs. Operating Earnings



Source: Clark Capital, S&P Global, Bloomberg

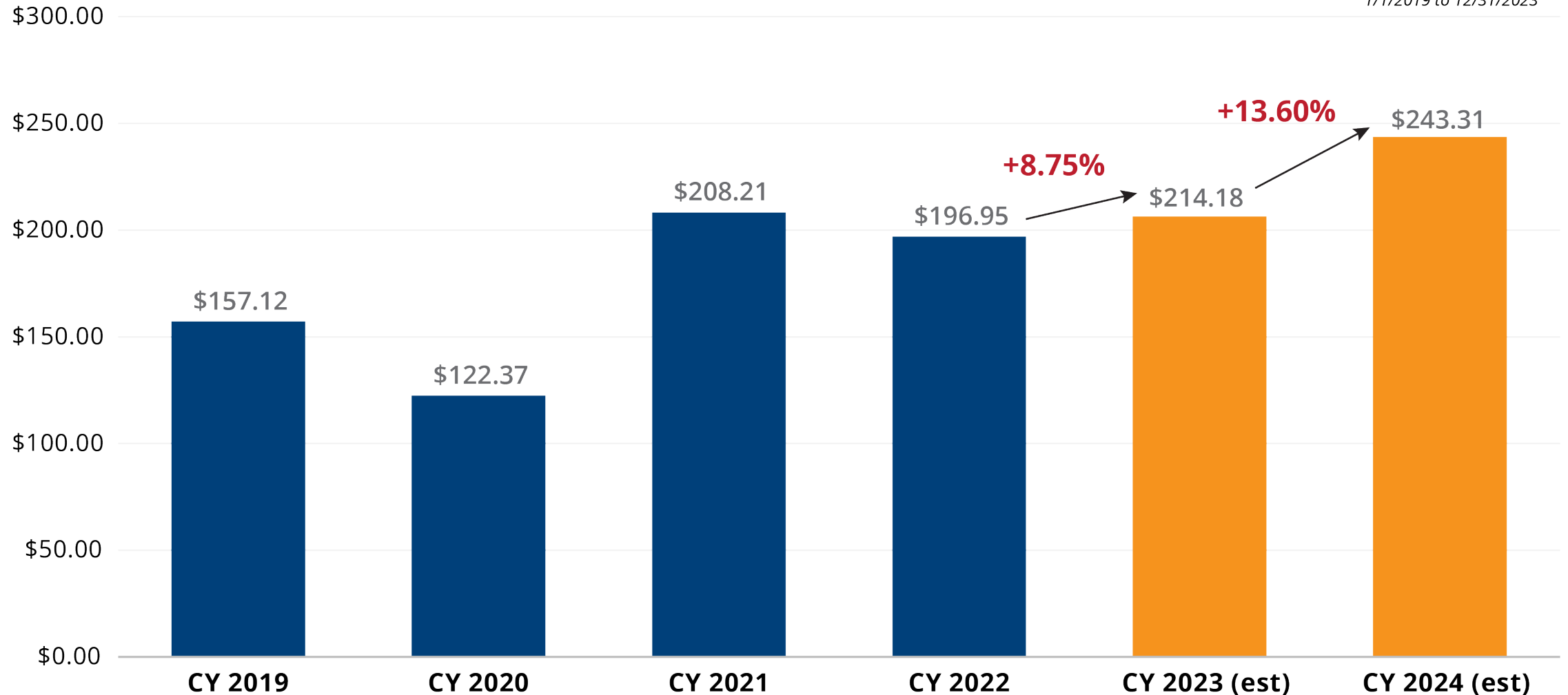
For illustrative purposes only. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.



S&P 500 operating earnings are expected to grow

S&P 500 Calendar Year Operating EPS Actuals & Estimates

1/1/2019 to 12/31/2023



For illustrative purposes. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

Source: S&P Global



Why Did We Move the Monetary Gauge Forward to Neutral?

- We believe the last rate hike was on July 26
- When and how many cuts is the question
- Will Quantitative Tightening continue?
- Why does this matter?

Fed tightening is a headwind for stocks



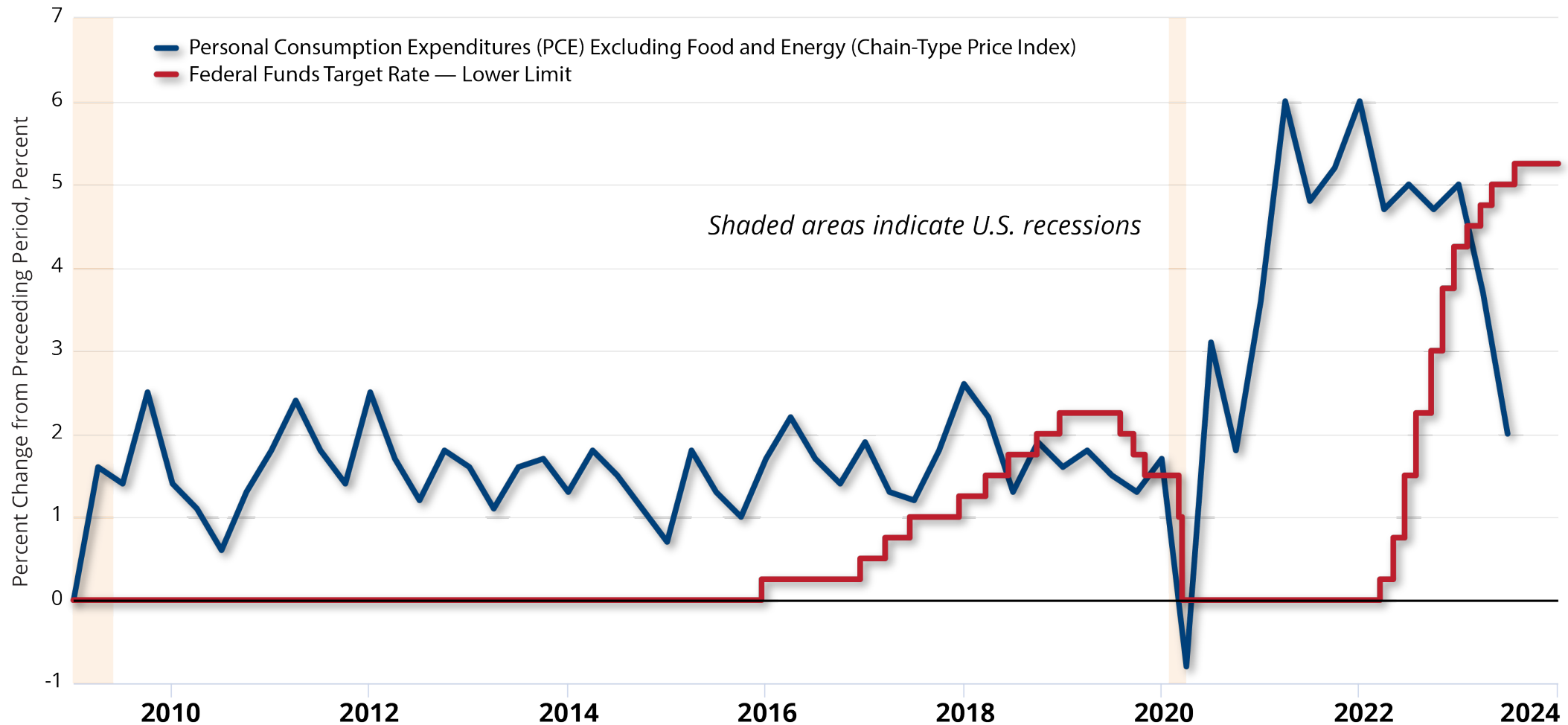
Monetary Policy



Time to Take the Foot Off the Brake!

Personal Consumption Expenditures (PCE) Excluding Food and Energy (Chain-Type Price Index)
 Federal Funds Target Rate — Lower Limit

09/01/2009 to 01/01/2024



For illustrative purposes only. Past performance is not indicative of future results.

Sources: BFA; Board of Governors, fred.stlouisfed.org



Where Are Things at Time of First Cut?

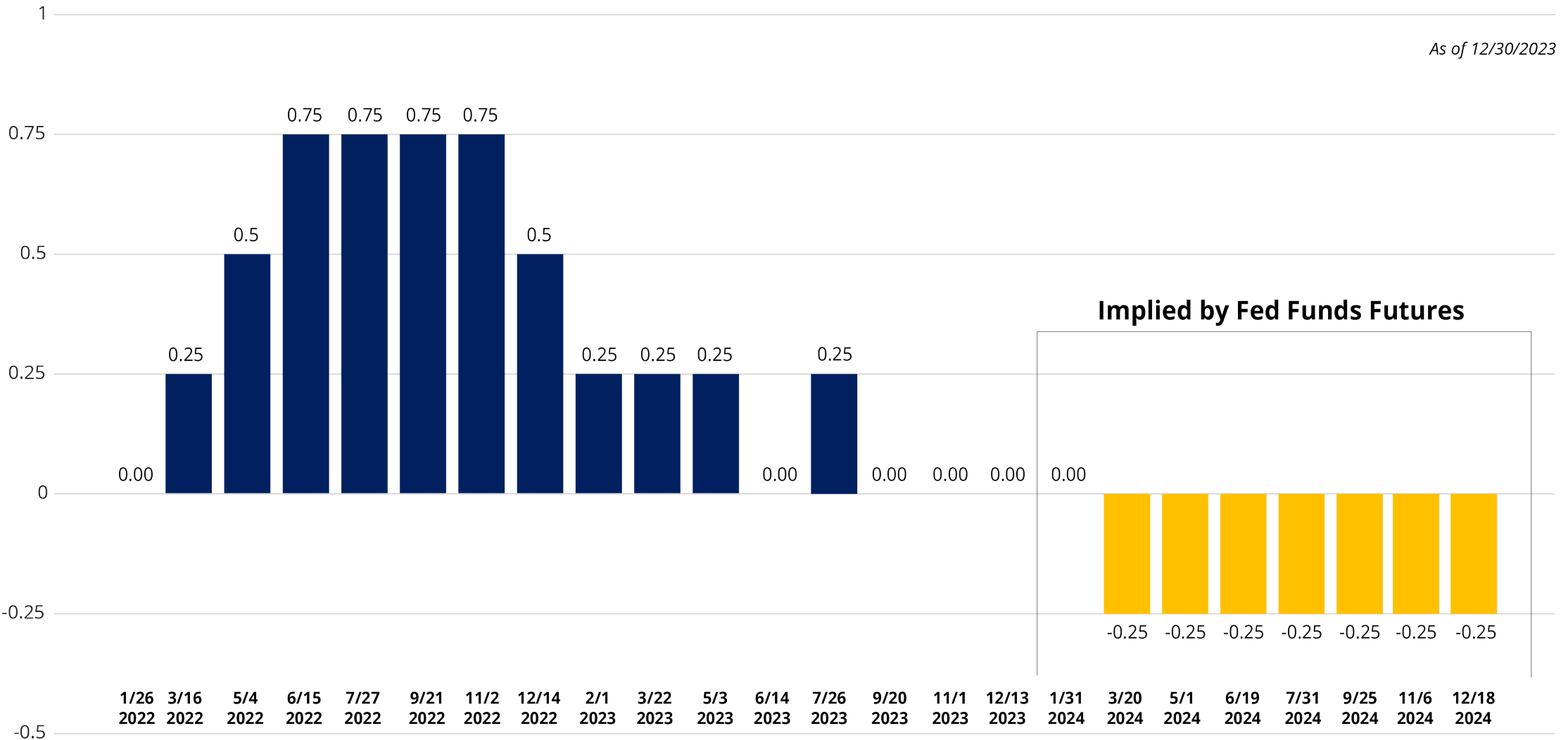
Events	UR at time of first cut	12m Low UR	Change in UP (ppt) at time of first cut (from 12m low)	Core PCE (3m % change SAAR)
September-84	7.3	7.2	0.1	3.71
June-89	5.3	5	0.3	3.66
July-95	5.7	5.4	0.3	1.67
September-98	4.6	4.3	0.3	1.86
January-01	4.2	3.8	0.4	2.62
September-07	4.7	4.4	0.3	2.31
August-19	3.7	3.6	0.1	1.67
Average	5.1	4.8	0.3	2.5
Present	3.7	3.4	0.3	2.16

For illustrative purposes only. Past performance is not indicative of future results.



Market Looking for Cuts

Fed Rate Hikes: Actual and Implied by Fed Funds Futures



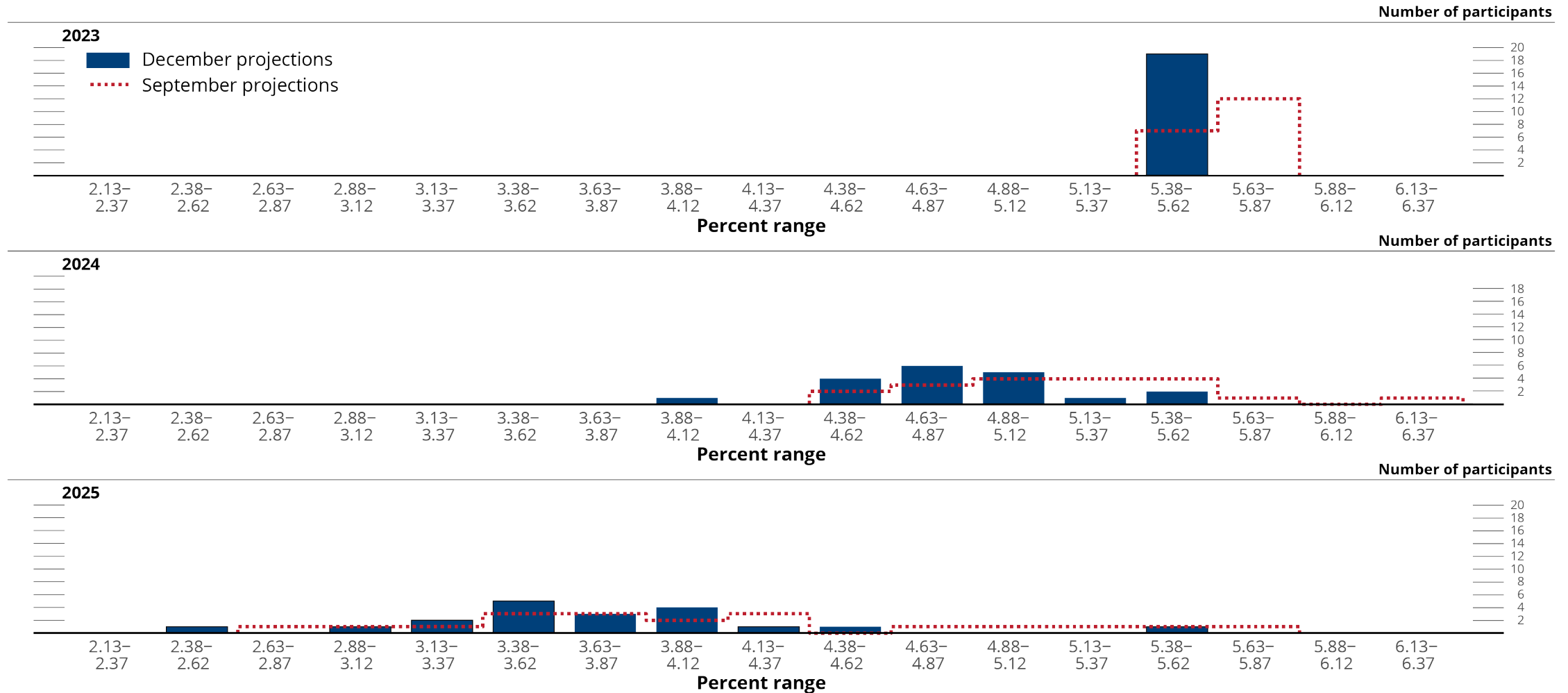
Source: Clark Capital, fred.stlouisfed.org, CME FedWatch Tool

For illustrative purposes. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.



FED Expecting Less Cuts Than the Market

Fed Fund Target Rates



Source: Federal Reserve Board Summary of Economic Projections

For illustrative purposes. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.



What Has Historically Happened When the Fed is Done?

Date of Last Hike During a Cycle	3 Months After Last Hike			6 Months After Last Hike			12 Months After Last Hike			Last Hike to First Cut		
	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500	3 Month T-Bill	U.S. Agg. Bond*	S&P 500
12/19/1989	1.9	-0.9	-0.3	3.9	1.4	4.9	7.8	8.3	-3.6	4.4	2.7	7.3
2/1/1995	1.4	4.8	9.5	2.8	9.3	18.8	5.6	16.9	35.2	2.4	10.5	17.8
5/16/2000	1.5	5.0	2.0	3.1	7.5	-6.7	5.6	13.8	-12.1	3.8	11.0	-8.1
6/29/2006	1.2	4.1	4.9	2.5	5.4	11.4	5.0	6.5	18.1	6.0	9.6	19.4
12/20/2018	0.6	2.6	15.7	1.2	6.1	19.6	2.1	9.0	30.6	1.4	7.5	19.9
Average	1.3	3.1	6.4	2.7	6.0	9.6	5.2	10.9	13.6	3.6	8.3	11.2

For illustrative purposes only. Past performance is not indicative of future results.

Asset returns one year after final Fed hike

Returns One Year After Final Fed Hike

Asset	Avg.	Highest	Lowest	Data Since
Equity (US) = S&P 500	14%	40%	-11%	Jul-54
Sector				
Materials	20%	26%	9%	Sep-89
Pharmaceuticals	19%	52%	-8%	Jul-54
Staples	15%	44%	-7%	Jul-54
Real Estate	13%	40%	-8%	Dec-71
Utilities	13%	25%	-7%	Jul-54
Financials	13%	43%	-16%	Jul-54
Discretionary	12%	44%	-7%	Jul-54
Technology	12%	66%	-47%	Jul-54
Industrials	10%	44%	-25%	Jul-54
Telecommunications	10%	34%	-27%	Jul-54
Energy	8%	31%	-15%	Jul-54
Style				
Free Cash Flow	30%	38%	24%	Dec-91
Small Cap Value	22%	58%	-17%	Jul-54
Value	21%	46%	-14%	Jul-54
Large Cap Value	20%	38%	-11%	Jul-54
Small Cap	20%	82%	-33%	Jul-54
Small Cap Growth	18%	81%	-33%	Jul-54
S&P 500 High Dividend	18%	20%	16%	Jan-91
Growth	15%	63%	-25%	Jul-54
Large Cap	14%	40%	-12%	Jul-54
Large Cap Growth	13%	47%	-17%	Jul-54
60/40	12%	29%	-7%	Aug-54

Returns One Year After Final Fed Hike

Asset	Avg.	Highest	Lowest	Data Since
Equity (US) = S&P 500	13%	27%	-15%	Dec-87
Emerging Markets	13%	67%	-22%	Jul-54
EAFE	13%	34%	-17%	Dec-69
Emerging Markets ex-China	12%	41%	-22%	Dec-98
Bonds = 10Y US Treasury Note	10%	29%	0%	Jul-54
EM Debt	20%	42%	10%	Dec-91
Fallen Angels	14%	22%	7%	Dec-96
IG Corporate	11%	31%	-4%	Jul-54
US 30 Year	10%	33%	-6%	Jul-54
Municipal Bonds	10%	15%	5%	Dec-88
HY Corporate	9%	17%	-4%	Aug-86
Treasury Bills	6%	14%	2%	Ju-54
Commodities = Broad Comm. Index	-2%	13%	-15%	Jul-54
Fuel	8%	31%	-15%	Jul-54
STI Oil	3%	35%	-10%	Jul-54
Gold	0%	18%	-32%	Jul-54
Copper	-3%	25%	-21%	Jul-54

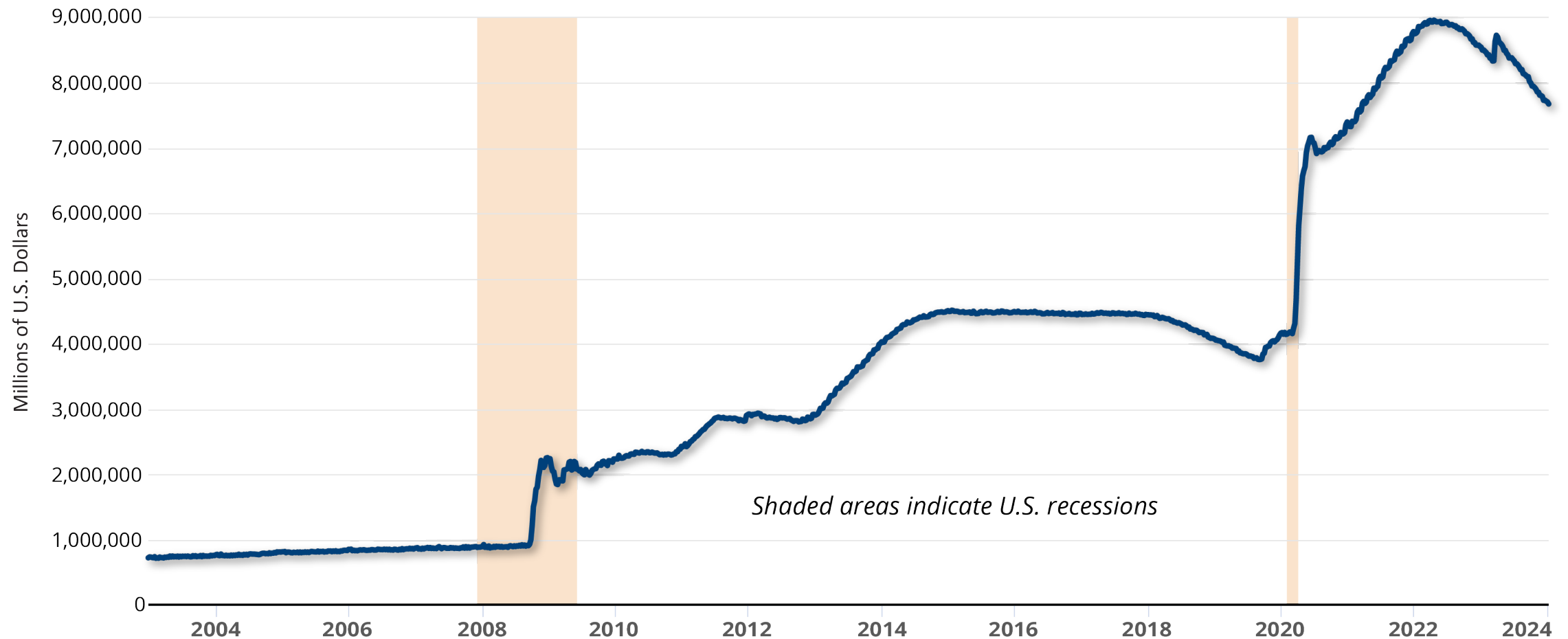
For illustrative purposes only. Past performance is not indicative of future results.

Source: BofA Research Investment Committee, Global Financial Data, Bloomberg. Data based on 13 hiking cycles back to July 1954.

Fed Balance Sheet Down by \$1.3 Trillion

Assets: Total Assets: Total Assets (Less Eliminations From Consolidation): Wednesday Level

01-01-2004 to 01/01/2024



Source: Board of Governors of the Federal Reserve System (US)

For illustrative purposes only. Past performance is not indicative of future results.

Source: fred.stlouisfed.org



Why Did We Keep Valuation Gauge Neutral?

- Forward P/Es pretty average
- Magnificent 7 masking better valuations
- Earnings are hitting all-time highs
- Why does this matter?

We believe stocks still have appreciation potential

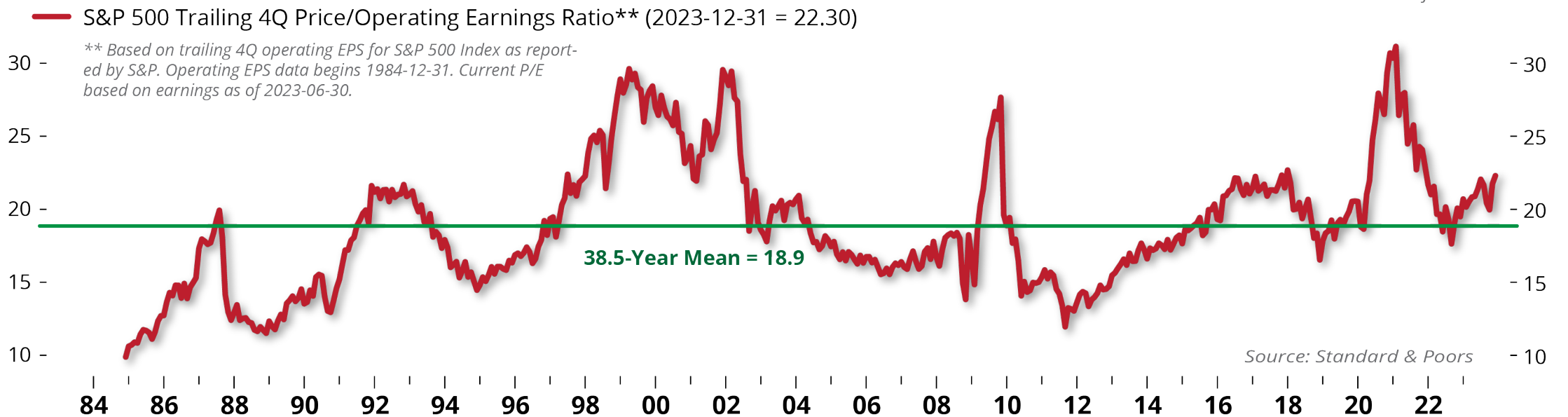
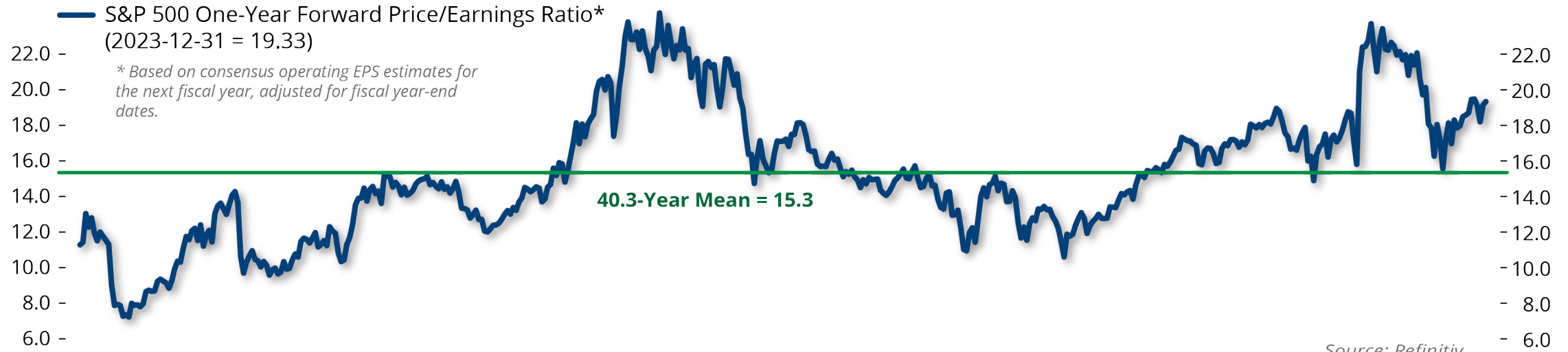


Valuations



S&P 500 Forward vs. Trailing Price/Earnings Ratios

Monthly Data 1983-02-28 to 2023-12-31



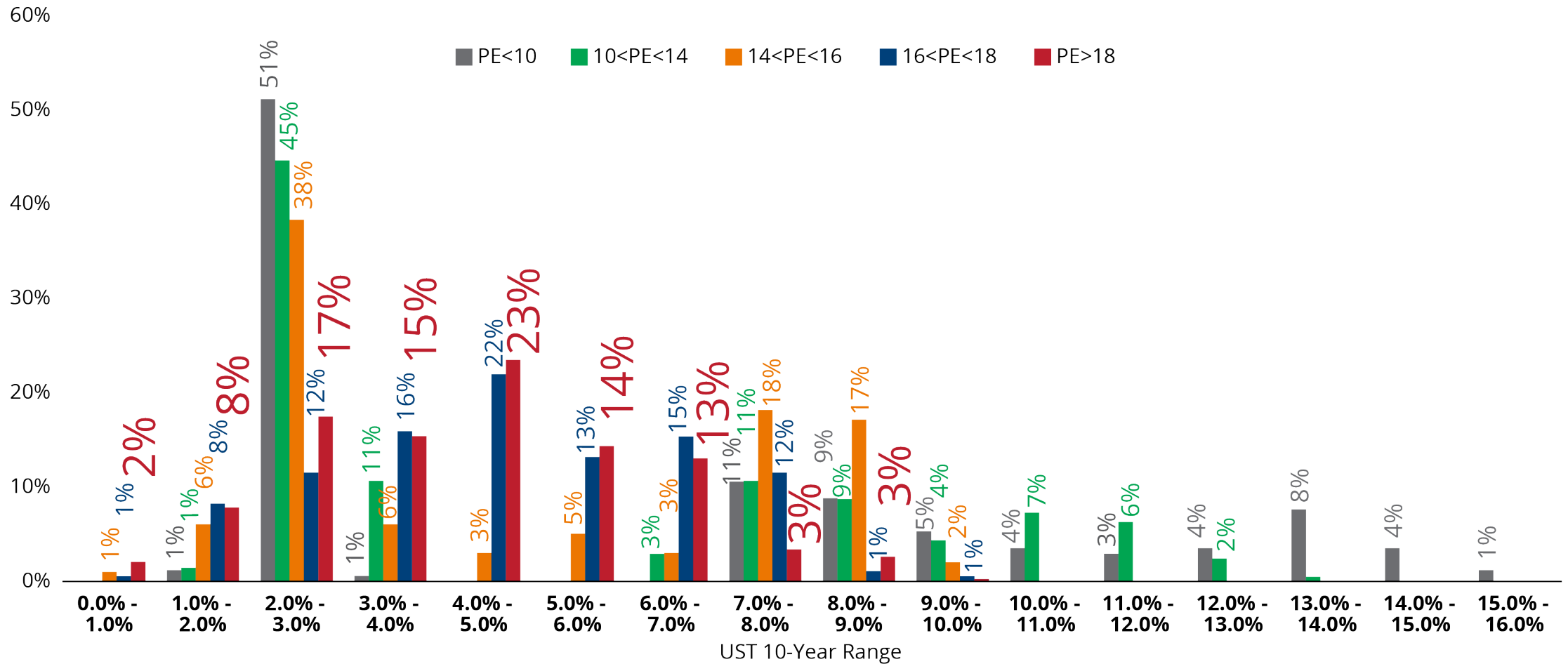
S662
 For illustrative purposes only. Past performance is not indicative of future results.

Source: Ned Davis Research



Distribution of Market PE by % US 10Y Yield

Monthly Since 1987



Source: Fundstrat, Bloomberg, Robert Shiller Online Data, Data Stream

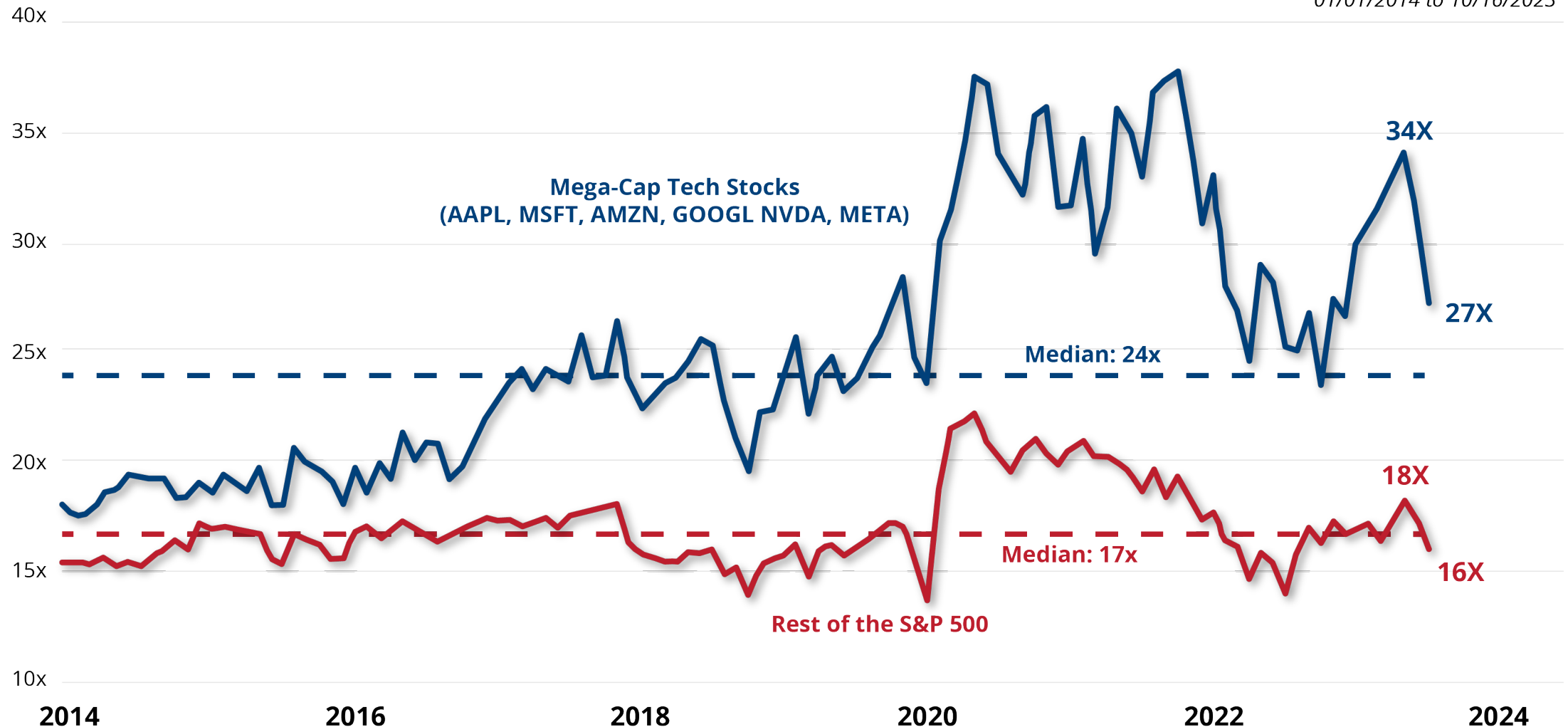
For illustrative purposes only. Past performance is not indicative of future results.



“Magnificent Seven” skewing valuations higher

Mega-Cap Tech vs. Rest of S&P 500 PE

01/01/2014 to 10/16/2023



Source: Goldman Sachs Global Investment Research

For illustrative purposes only. Past performance is not indicative of future results.

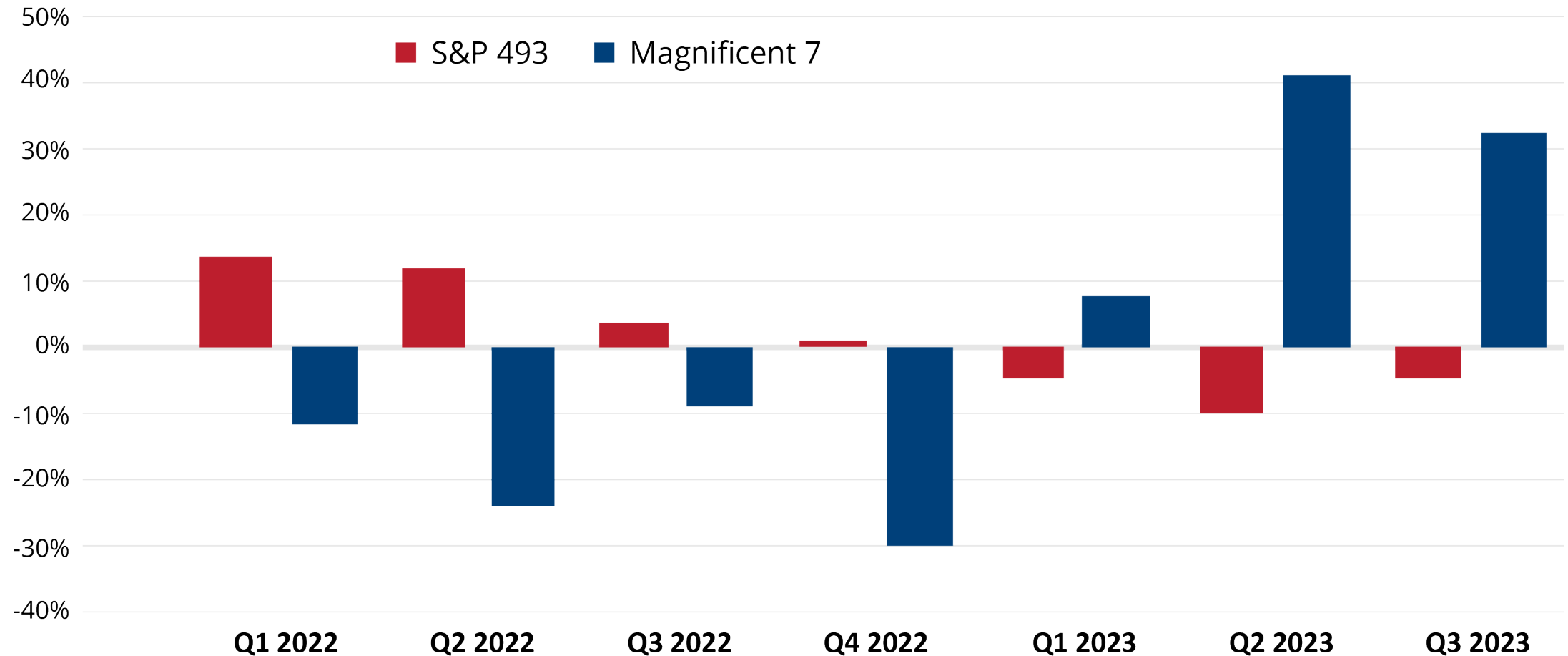
Source: Goldman Sachs Global Investment Research



Mag 7 earnings growth outpacing the rest of S&P 500

Profit Growth, Year-Over-Year, Actuals and Consensus Estimates

As of October 12, 2023



Sources: Facset, UBS

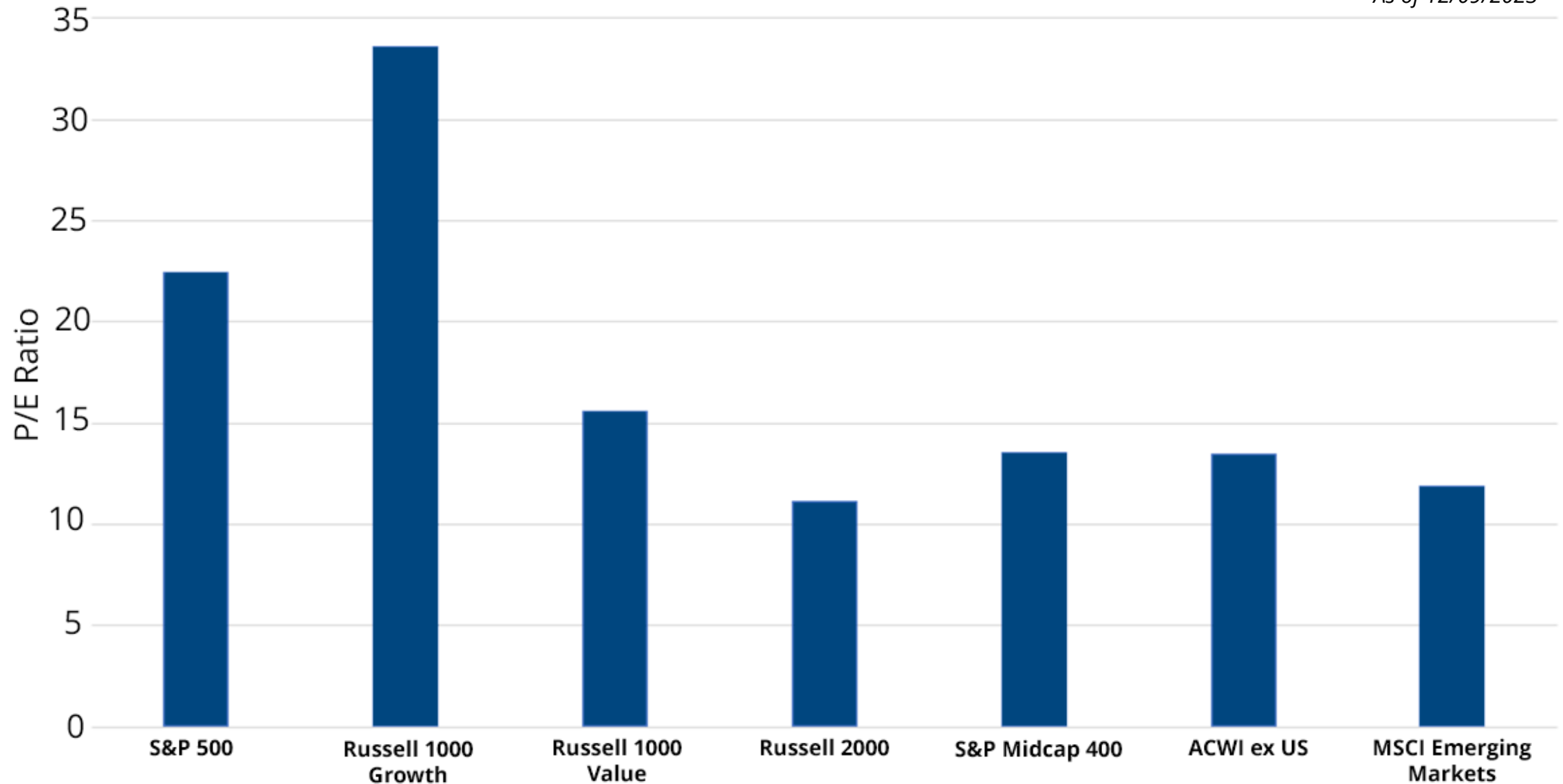
Note: Magnificent 7 = Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.

For illustrative purposes only. Past performance is not indicative of future results.



Large Value, SMID, and International look cheaper

As of 12/09/2023



For illustrative purposes only. Past performance is not indicative of future results. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses, or sales charges.



Why Did We Move the Investor Sentiment Gauge Backward Two Notches into Negative Territory?



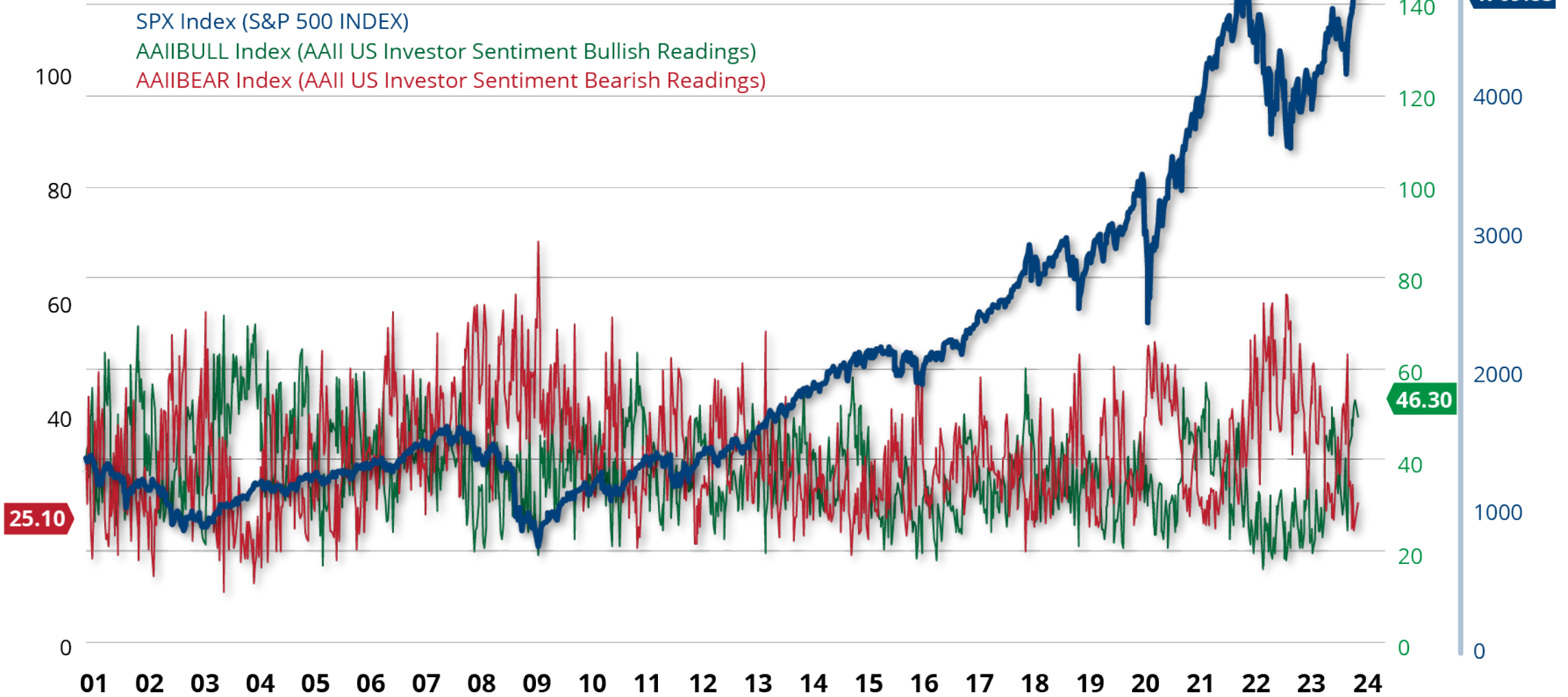
Investor Sentiment

- Optimism has replaced Fear
- Very sensitive gauge — can change quickly
- Not mania levels, still some cautious investors
- Why does this matter?
Bottoms are formed when fear levels are high



S&P 500 vs AII Bull and Bear

1/2/2021 to 12/31/2023



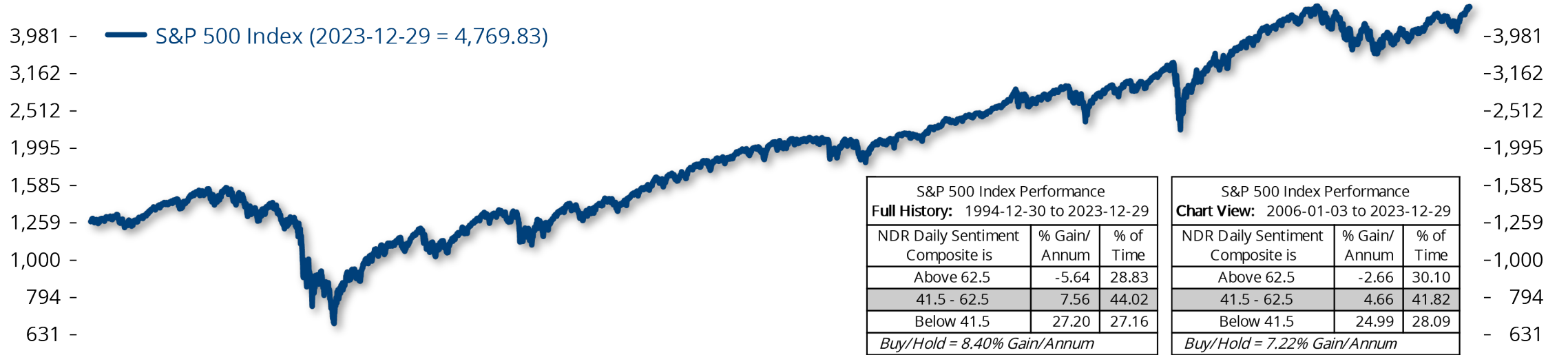
Source: Bloomberg

For illustrative purposes only. Past performance is not indicative of future results.

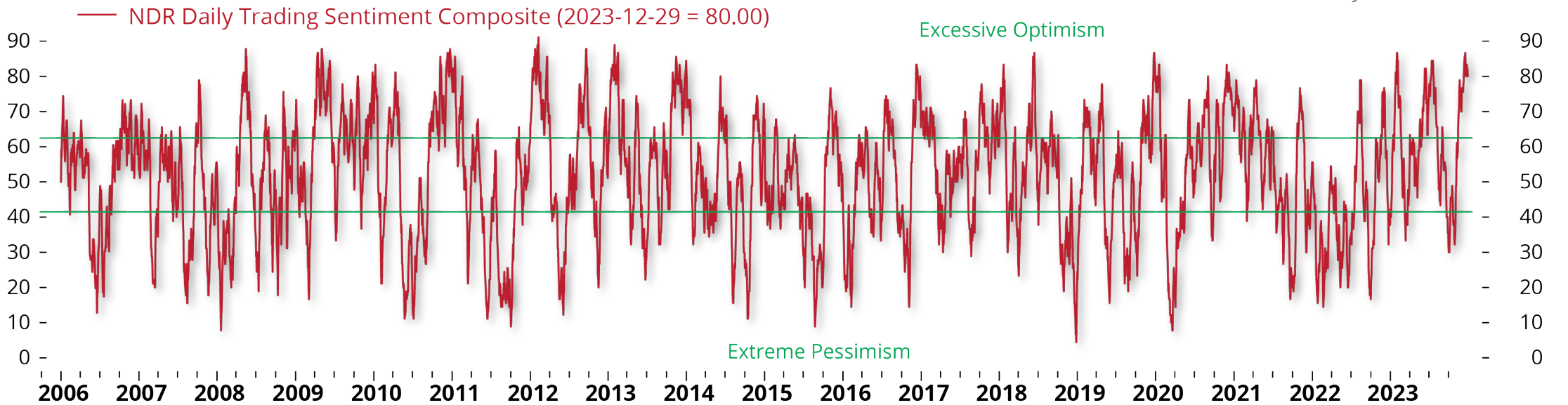


S&P 500 vs. NDR Daily Trading Sentiment Composite

Daily Data 2006-01-03 to 2023-12-29



Source: S&P Dow Jones Indices



Source: Ned Davis Research

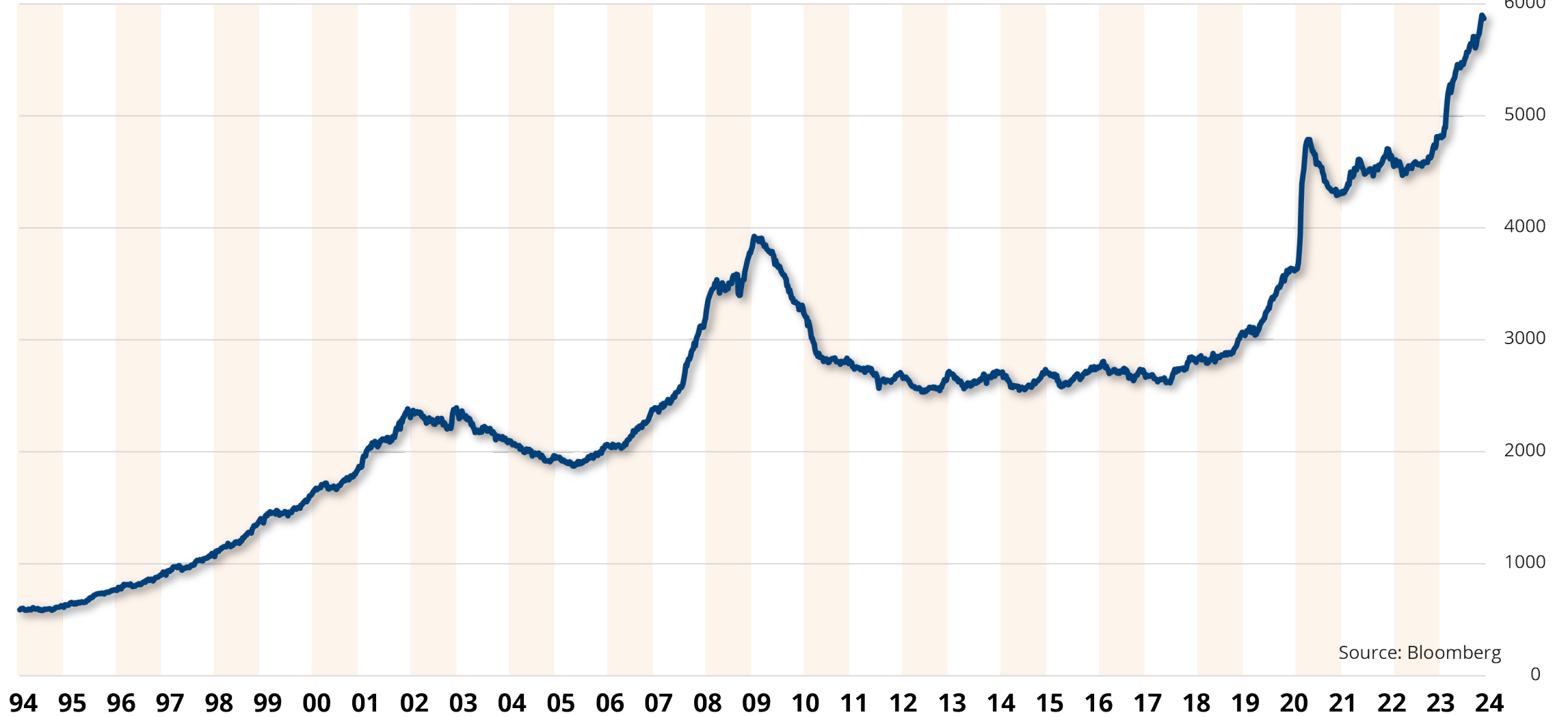
DAVIS265

For illustrative purposes only. Past performance is not indicative of future results.



ICI Money Market Fund Assets

1/5/1994 to 12/20/2023



Source: Bloomberg

For illustrative purposes only. Past performance is not indicative of future results.



Why Did We Move the Interest Rate Gauge Forward to Neutral?

- The Fed will likely drive short rates down
- Long rates dropped on Powell pivot
- Not a tail wind yet, but not wind in our faces
- Why does this matter?

Higher rates and flat/inverted yield curve have historically been a headwind for stocks



Interest Rates



Round Trip in Rates

Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis

01/01/2023 to 01/02/2024



Source: fred.stlouisfed.org

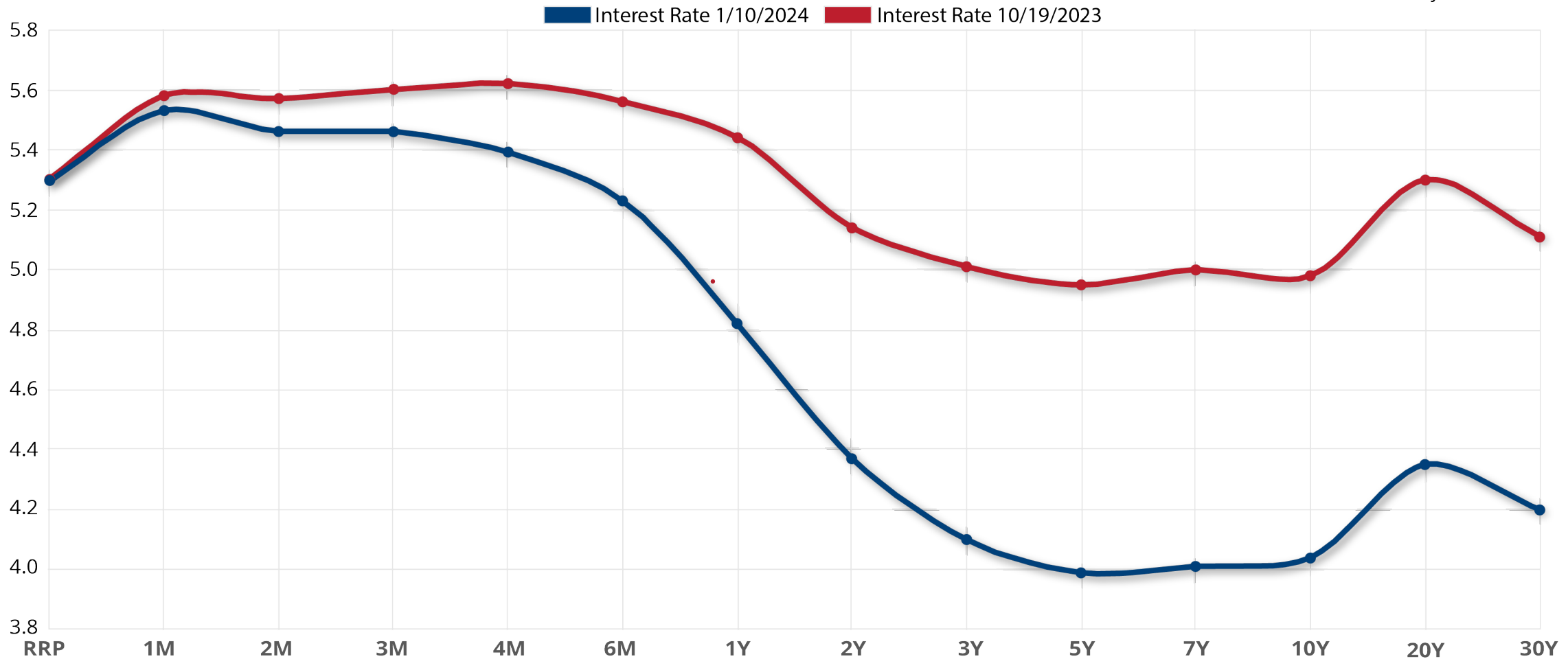
For illustrative purposes only. Past performance is not indicative of future results.



Intermediate/Long Term Rates Dropped

Assets: Total Assets: Total Assets (Less Eliminations From Consolidation): Wednesday Level

As of 1/10/2024



Source: ustreasuryyieldcurve.com

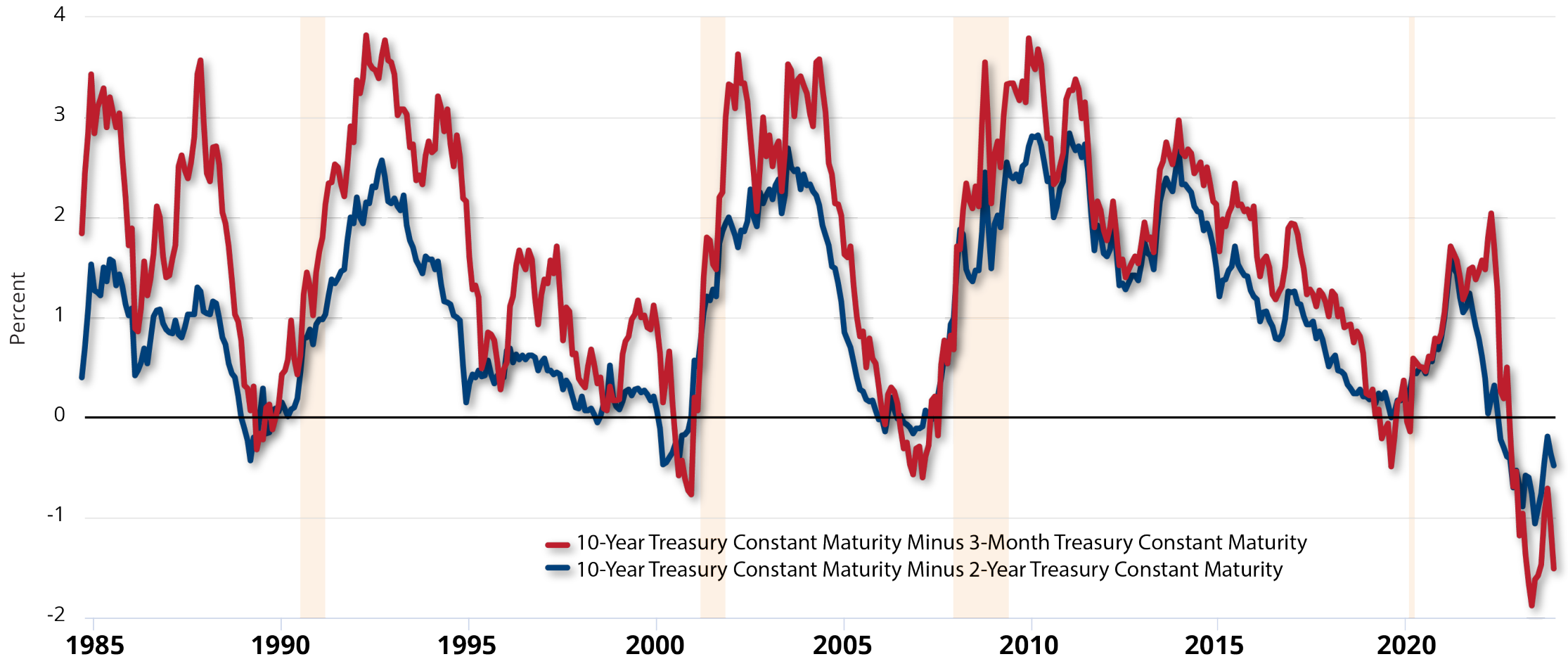
For illustrative purposes only. Past performance is not indicative of future results.



The yield curve remains inverted

10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity
10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity

01/01/1983 to 12/18/2023



Source: fred.stlouisfed.org

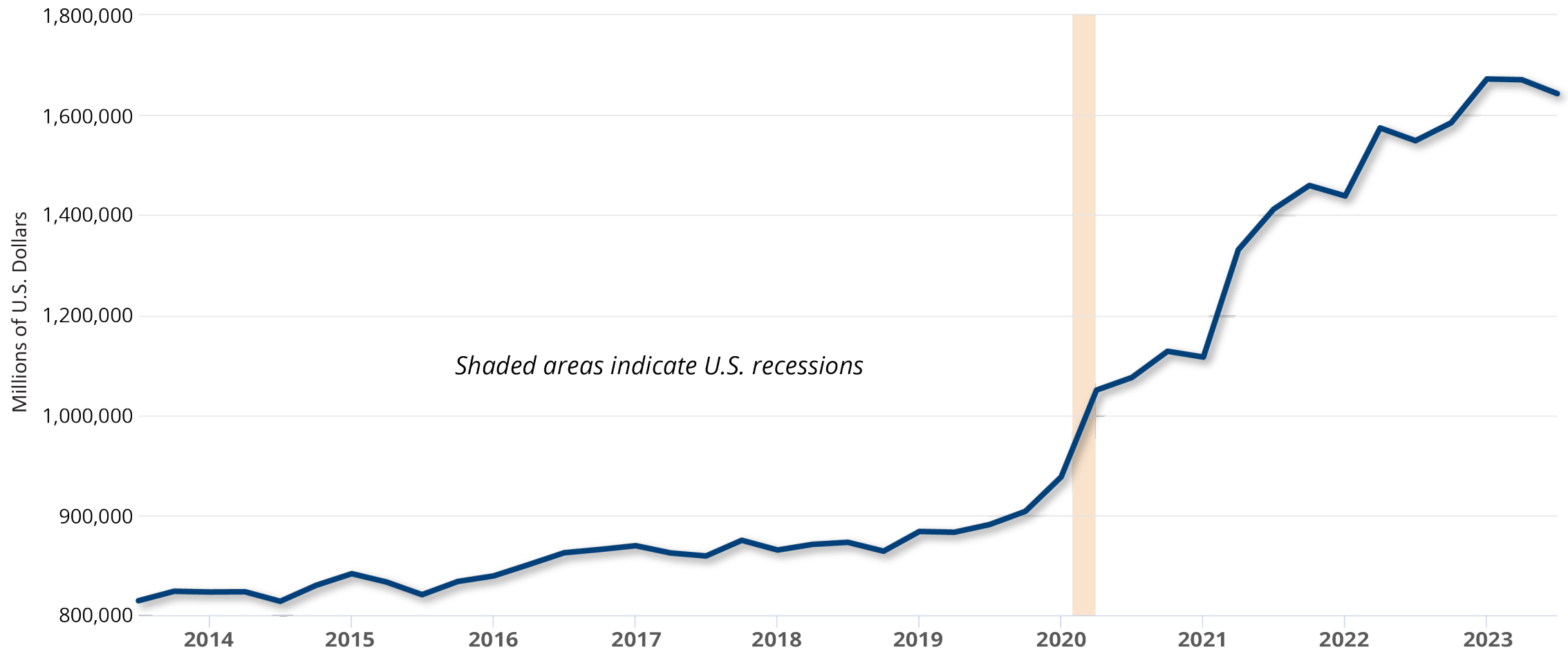
For illustrative purposes only. Past performance is not indicative of future results.



“Less Debt” Issuance

General Government; Debt Securities Issued by Government; Asset (FWTW), Level

07-01-2013 to 07-01-2023



Source: fred.stlouisfed.org, Board of Governors of the Federal Reserve System (US)

For illustrative purposes only. Past performance is not indicative of future results.



Special Topics

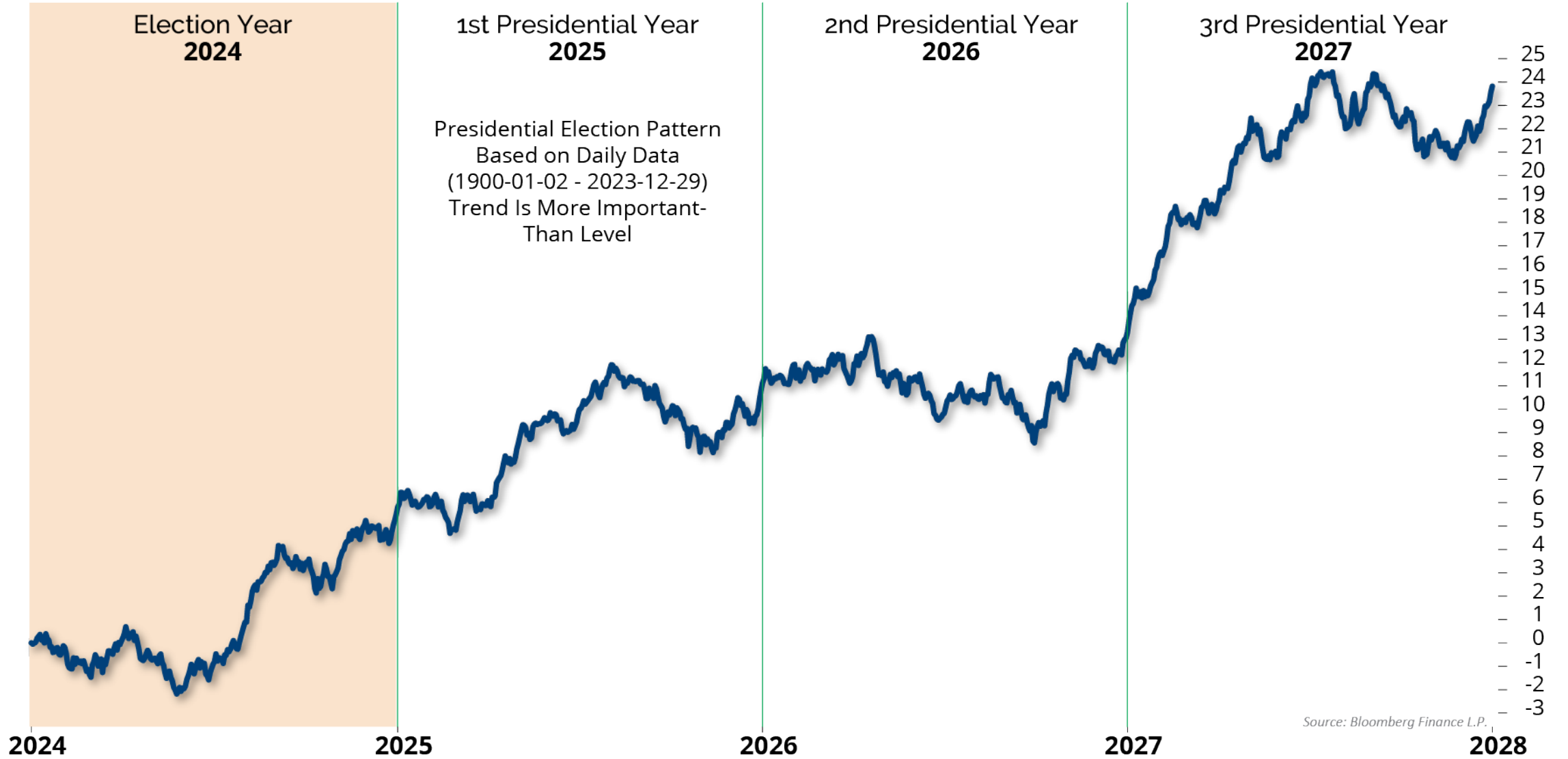
- Election
- Govt Debt



How will the 2024 Election impact the Markets?



Dow Industrials Four-Year Presidential Cycle



Source: Bloomberg Finance L.P.

Source: Ned Davis Research

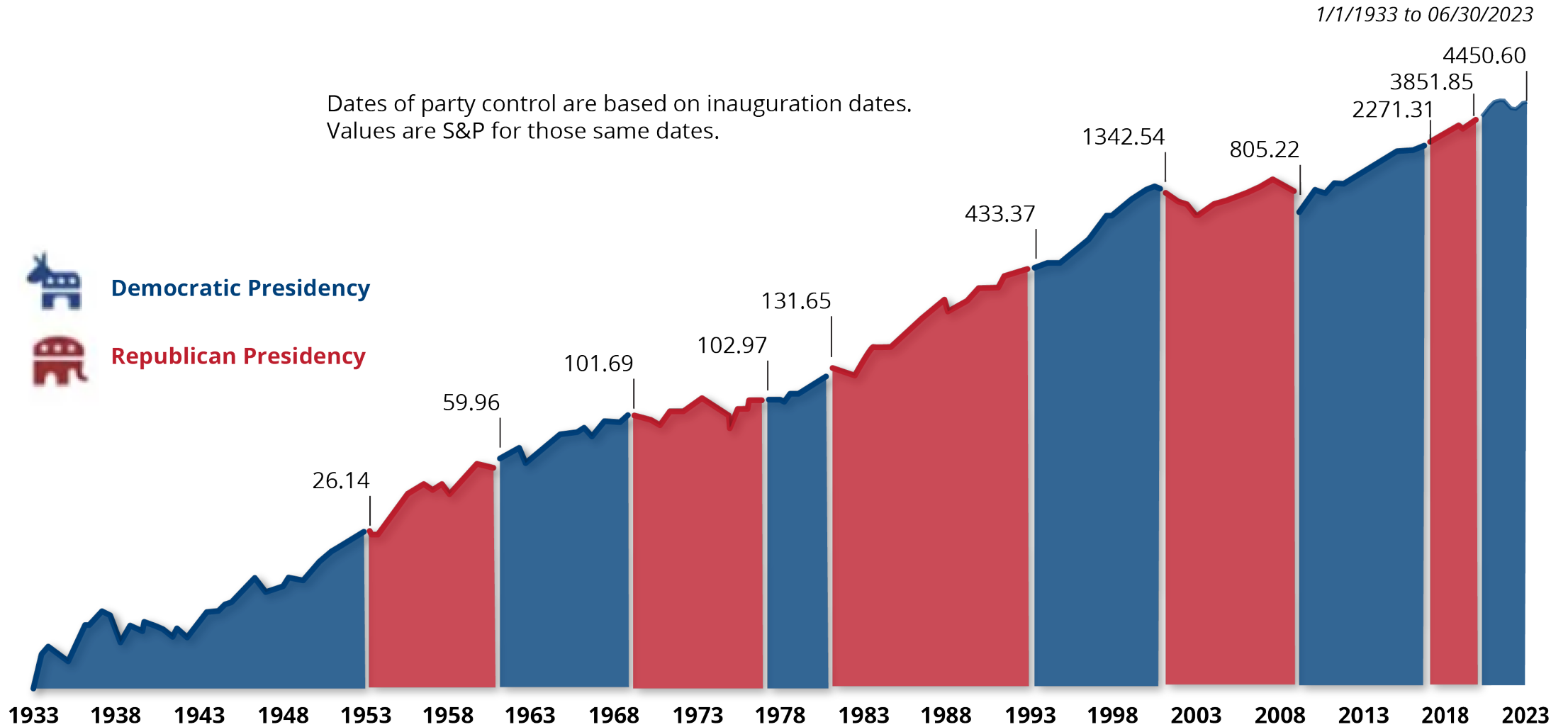
S01642

For illustrative purposes only. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

Source: Ned Davis Research

Over Time Stocks Have Gone Up...Despite Washington!

S&P 500 Index Performance



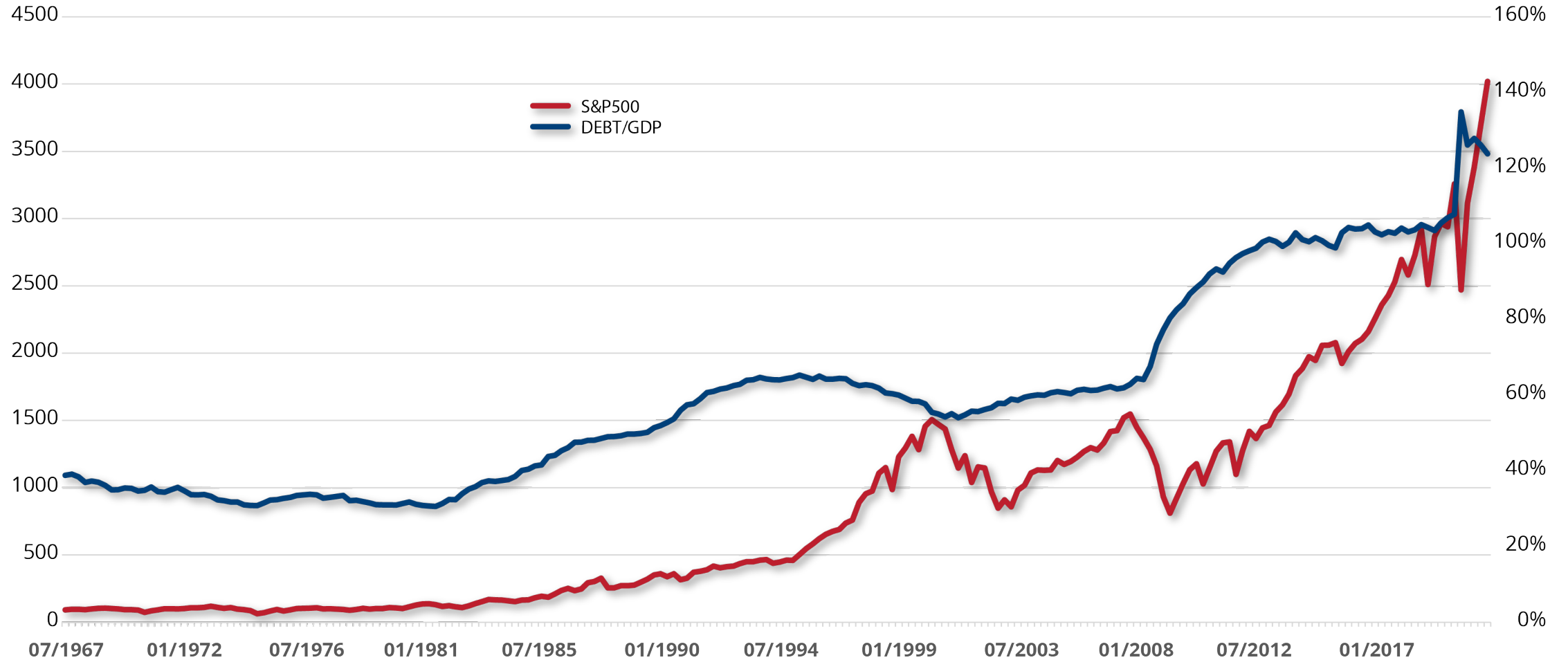
Source: Morningstar, Standard & Poor's, Financialsamurai.com

For illustrative purposes. Past performance is not indicative of future results. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

Govt Debt Matters.....

U.S. Government Debt & Stocks

01-01-1966 to 07-01-2023



Source: fred.stlouisfed.org, Factset, Clark Capital

For illustrative purposes only. Past performance is not indicative of future results.

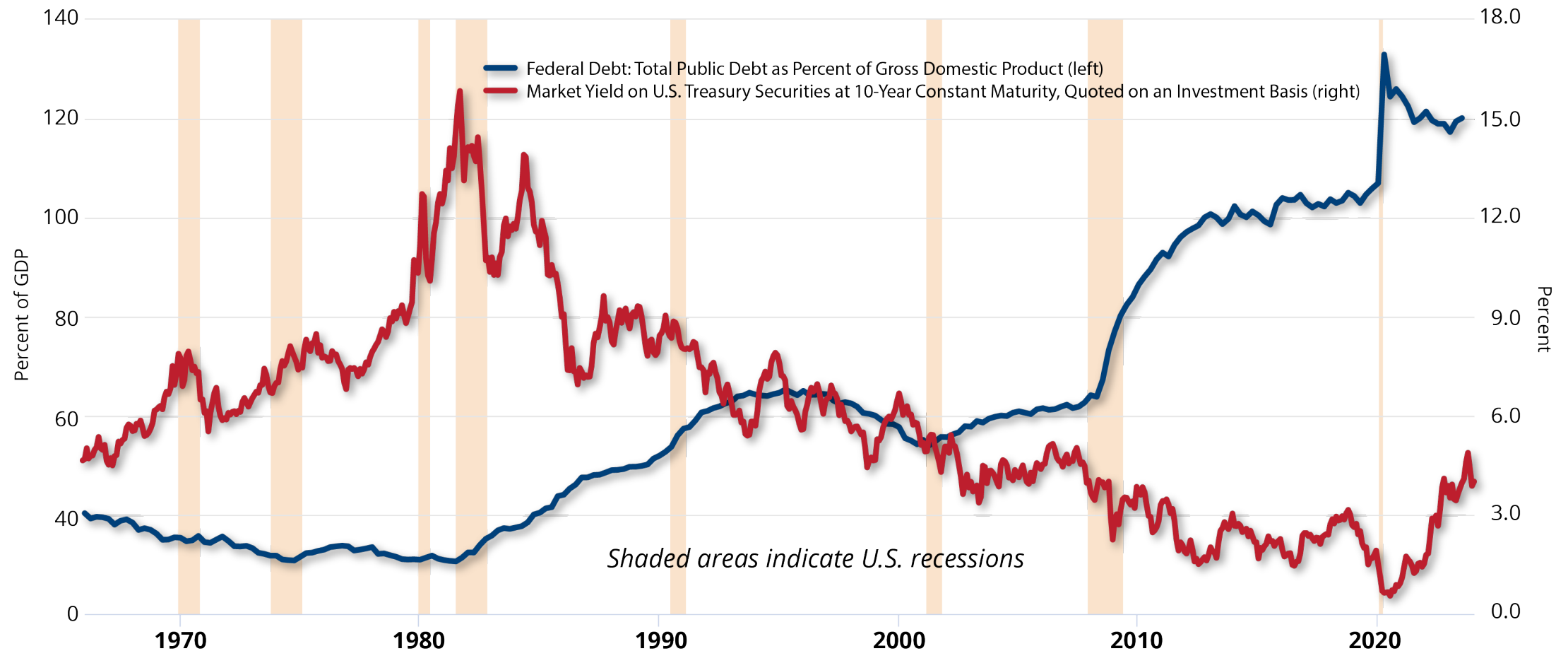
Source: fred.stlouisfed.org, Factset, Clark Capital



But Maybe not the Way you Think

Federal Debt: Total Public Debt as Percent of Gross Domestic Product Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity

12-31-1975 to 12-31-2023



Source: U.S. Bureau of Labor Statistics

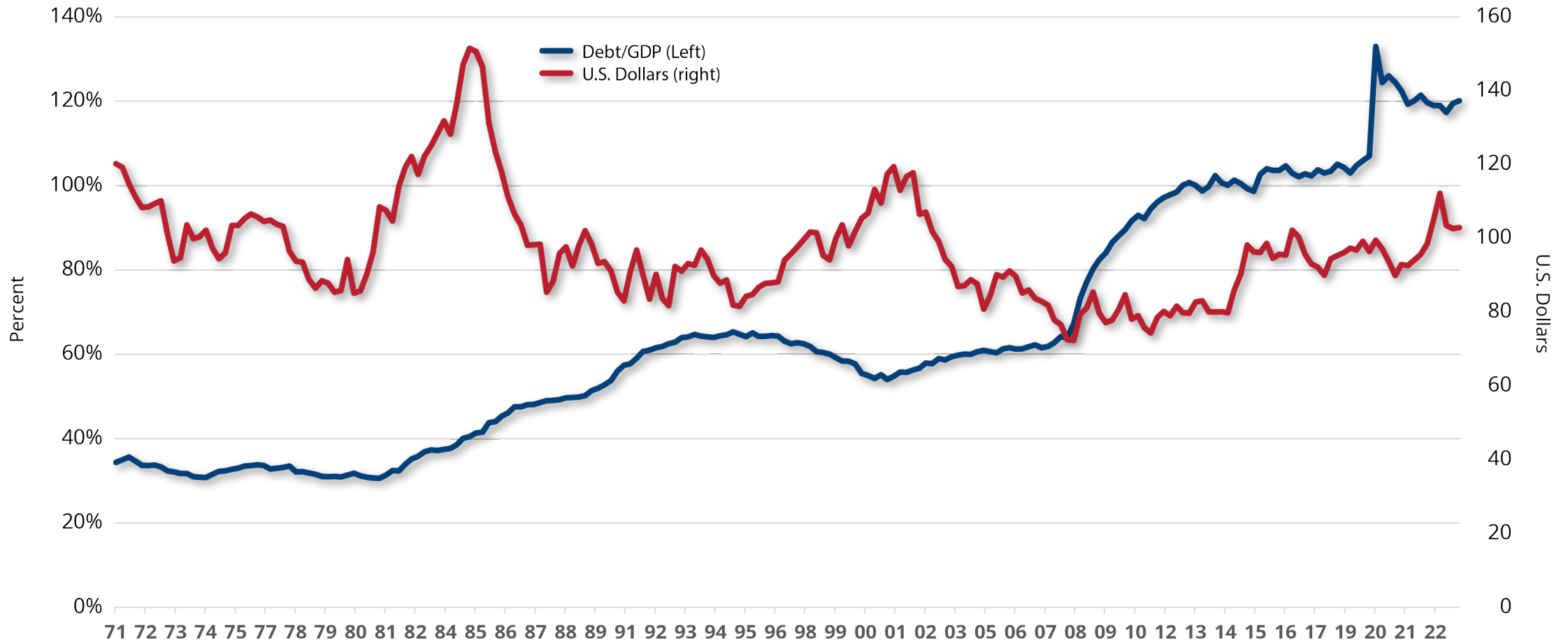
For illustrative purposes only. Past performance is not indicative of future results.



Still the Cleanest Shirt in the Dirty Laundry Pile

U.S. Debt & U.S. Dollar

04-01-1971 to 07-01-2023



Source: fred.stloisfed.org, Y Charts, Clark Capital



For illustrative purposes. Past performance is not indicative of future results.

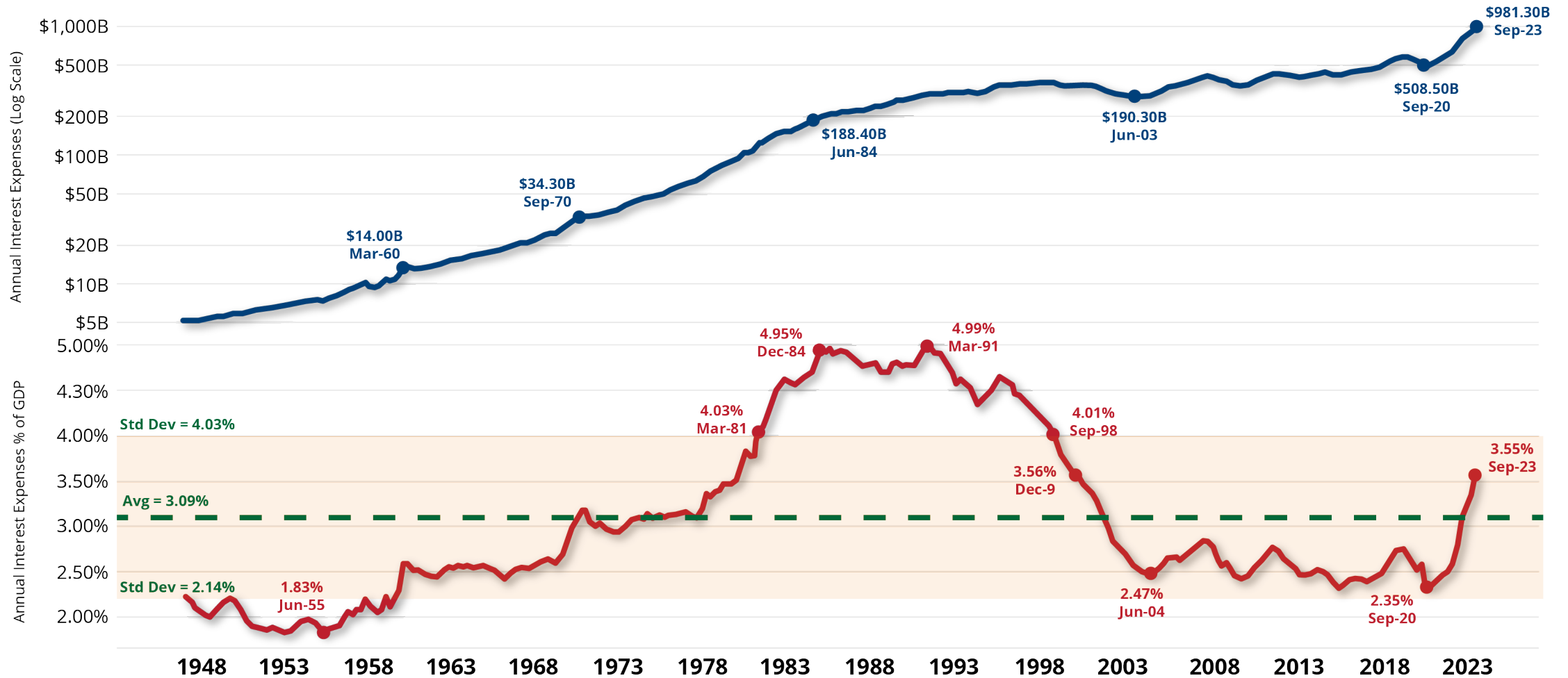
Source: fred.stloisfed.org, Y Charts, Clark Capital

Interest payments/GDP lower now than the 80s and 90s

How Much Interest Does the U.S. Treasury Pay on Its Debt in a Year?

Nominal Dollars and as Percentage GDP

01/01/1948 to 09/30/2023



Source: U.S. Treasury, BEA, Bianco Research

For illustrative purposes. Past performance is not indicative of future results.

Source: U.S. Treasury, BEA, Bianco Research

Q&A



Disclosure

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. There is no guarantee of the future performance of any Clark Capital investment portfolio. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any sectors or securities, other investments or to adopt any investment strategy or strategies. For educational use only. This information is not intended to serve as investment advice. This material is not intended to be relied upon as a forecast or research. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Past performance does not guarantee future results.

This document may contain certain information that constitutes forward-looking statements which can be identified by the use of forward-looking terminology such as "may," "expect," "will," "hope," "forecast," "intend," "target," "believe," and/or comparable terminology (or the negative thereof). No assurance, representation, or warranty is made by any person that any of Clark Capital's assumptions, expectations, objectives, and/or goals will be achieved. Nothing contained in this document may be relied upon as a guarantee, promise, assurance, or representation as to the future.

Investing involves risk, including loss of principal.

Equity securities are subject to price fluctuation and possible loss of principal. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Certain investment strategies tend to increase the total risk of an investment (relative to the broader market). Strategies that concentrate their investments in limited sectors are more vulnerable to

adverse market, economic, regulatory, political, or other developments affecting those sectors.

Fixed incomes securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in market value or an investment), credit, prepayment, call (some bonds allow the issuer to call a bond for redemption before it matures), extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase), and inflation risk (rising prices will lower the purchasing power of the investment at maturity).

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

The economic gauges reflect the degree of Clark Capital's positive (forward) or negative (reverse) outlook on the corresponding economic factors. The gauges represent the firm's expectations for the market, and how changes in the market will affect the strategy but are only projections which assume certain economic conditions and industry developments and are subject to change without notice.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

CAIA® is a registered trademark of the CAIA association.

Clark Capital Management Group, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Clark Capital's advisory services can be found in its Form ADV which is available upon request.



Benchmark Descriptions

The S&P 500 measures the performance of the 500 leading companies in leading industries of the U.S. economy, capturing 80% of U.S. equities.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an "index") are provided for your information only. Reference to an index does not imply that the portfolio will achieve returns, volatility or other results similar to that index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change. Investors cannot invest directly in an index.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets countries, excluding the US, and 26 Emerging Markets countries covering approximately 85% of the global equity opportunity set outside the US.

Gross domestic product (GDP) is the monetary value of all finished goods and services made within a country during a specific period. GDP provides an economic snapshot of a country, used to estimate the size of an economy and growth rate.

Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.

The volatility (beta) of an account may be greater or less than its respective benchmark.

The 10 year treasury yield is included on the longer end of the yield curve. Many analysts will use the 10 year yield as the "risk free" rate when valuing the markets or an individual security. GDPNow is a forecasting model that provides a "nowcast" of the official GDP estimate prior to its release by estimating GDP growth using a methodology similar to the one used by the U.S. Bureau of Economic Analysis.

The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

The nonfarm payroll measures the number of workers in the U.S. except those in farming, private households, proprietors, non-profit employees, and active military.

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).

The benchmark is the S&P MidCap 400 Index. The S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis.

The Core Consumer Price Index (CPI) measures the changes in the price of goods and services, excluding food and energy.

The 3-month Treasury yield is the effective annual interest rate paid by the U.S. government to a bondholder with a maturity of 3 months.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2000 Index measures the performance of the 2000 smallest U.S. companies based on total market capitalization in the Russell 3000, which represents approximately 10% of Russell 3000 total market capitalization.

The Russell 3000 Index measures the performance of the 3000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

BBgBarc U.S. Aggregate Bond Index 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. To qualify for inclusion, a bond or security must have at least one year to final maturity, and be rated investment grade Baa3 or better, dollar denominated, non-convertible, fixed rate and publicly issued.

The BBgBarc US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The US Corporate Index is a component of the US Credit and US Aggregate Indices, and provided the necessary inclusion rules are met, US Corporate Index securities also contribute to the multi-currency Global Aggregate Index.

The BBgBarc U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and preredempted bonds.

The BBgBarc U.S. Corporate High-Yield Index covers the U.S. dollar-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+/BB+ or below.

The Personal Consumption Expenditures Price Index (PCE) is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.



Crisis Events and Stocks

Event	Reaction Dates	Reaction Date % Gain/Loss	DJIA Percentage Gain Days After Reaction Dates			
			22	63	126	253
Exchange Closed WWI	07/22/1914 – 12/24/1914	-10.2	10.0	6.6	21.2	90.2
Germany Invades France	05/09/1940 – 06/22/1940	-17.1	-0.5	8.4	7.0	-5.2
Pearl Harbor	12/06/1941 – 12/10/1941	-6.5	3.8	-2.9	-9.6	5.4
Korean War	06/23/1950 – 07/13/1950	-12.0	9.1	15.3	19.2	26.3
Cuban Missile Crisis	10/19/1962 – 10/27/1962	1.1	12.1	17.1	24.2	30.4
U.S. Bombs Cambodia	04/29/1970 – 05/14/1970	-7.1	0.4	3.8	13.5	36.7
Iranian Hostage Crisis	11/02/1979 – 11/07/1979	-2.7	4.7	11.1	2.3	17.0
U.S.S.R. Invades Afghanistan	12/24/1979 – 01/03/1980	-2.2	6.7	-4.0	6.8	21.0
Falkland Islands War	04/01/1982 – 05/07/1982	4.3	-8.5	-9.8	20.8	41.8
Beirut Bombing	10/21/1983 – 10/23/1983	0.0	2.1	-0.5	-6.9	-2.9
U.S. Invades Grenada	10/24/1983 – 11/07/1983	-2.7	3.9	-2.8	-3.2	2.4
Iraq Invades Kuwait	08/02/1990 – 08/23/1990	-13.3	0.1	2.3	16.3	22.4
Gulf War	01/16/1991 – 01/17/1991	4.6	11.8	14.3	15.0	24.5
WTC & Pentagon Terrorist Attacks	09/10/2001 – 09/21/2001	-14.3	13.4	21.2	24.8	-6.7
War in Afghanistan	10/05/2001 – 09/21/2001	-14.3	13.4	21.2	24.8	-6.7
Iraq War	03/19/2003 – 05/01/2003	2.3	5.5	9.2	15.6	22.0
Russia Invades Georgia	08/08/2008 – 08/16/2008	-2.2	-4.0	-26.0	-34.2	-19.2
Israel Invades Gaza	12/27/2008 – 01/21/2009	-3.0	-13.5	-4.2	7.9	23.6
Russia Invades Crimea	03/07/2014 – 03/14/2014	-2.4	1.2	4.4	5.7	11.1
U.K. Votes to Leave E.U.	06/23/2016 – 06/27/2016	-4.8	7.7	5.6	16.3	25.2
COVID-19 Crash	03/04/2020 – 03/23/2020	-31.4	26.5	40.0	46.0	74.4
Russia Invades Ukraine	02/09/2022 – 03/08/2022	-8.8	6.0	1.7	-3.2	-2.2

Averages

Reaction Date	-5.9%
1 Month	+4.7%
3 Months	+5.6%
6 Months	+9.9%
12 Months	+18.7%

For illustrative purposes only. Past performance is not indicative of future results.

Source: Ned Davis T-900.rpt



Crisis Events and Treasuries

Date	Bloomberg U.S. Treasury	Crisis Event
12/31/1973	-0.10	Arab Oil Embargo
08/31/1974	0.06	Nixon Resigns
11/30/1979	2.99	Iranian Hostage Crisis
12/31/1979	0.72	USSR Invades Afghanistan
04/30/1982	2.44	Falkland Islands War
10/31/1983	0.26	Beirut Bombing/US Invades Grenada
04/30/1986	0.40	US Bombs Libya
10/31/1987	4.00	Financial Panic
12/31/1989	0.16	Invasion of Panama
08/31/1990	-1.44	Iraq Invades Kuwait
01/31/1991	1.07	Gulf War
08/31/1991	2.32	Gorbachev Coup
09/30/1992	1.46	ERM UK Currency Crisis
02/28/1993	2.01	World Trade Center Bombing
04/30/1995	1.31	Oklahoma City Bombing
10/31/1997	1.74	Asian Stock Market Crisis
08/31/1998	2.72	US Embassy Bombings Africa

Date	Bloomberg U.S. Treasury	Crisis Event
09/30/2001	1.59	WTC and Pentagon Terrorist Attacks
10/31/2001	2.77	War in Afghanistan
10/31/2002	-1.11	Bali Nightclub Bombing
03/31/2003	-0.42	Iraq War
03/31/2004	0.94	Madrid Terrorist Attacks
07/31/2005	-1.36	London Train Bombing
07/31/2006	1.24	India, Israel and Lebanon Bombings
03/31/2008	0.69	Bear Stearns Collapse
08/31/2008	1.25	Russian Invades Georgia
09/30/2008	0.61	Lehman Brothers Collapse
12/31/2008	3.39	Israel Invades Gaza
04/30/2013	0.89	Boston Marathon Bombing
03/31/2014	-0.29	Russia Invades Crimea
08/31/2015	0.04	Chinese Market Turmoil
06/30/2016	2.21	UK Votes to Leave EU
03/31/2020	2.89	COVID-19 Crash
Average	1.13	

For illustrative purposes only. Past performance is not indicative of future results.

Source: Bloomberg



Bullishness Suggests a Headwind for the Market

What Direction Do AAI Members Feel The Stock Market Will Be In The Next Six Months?

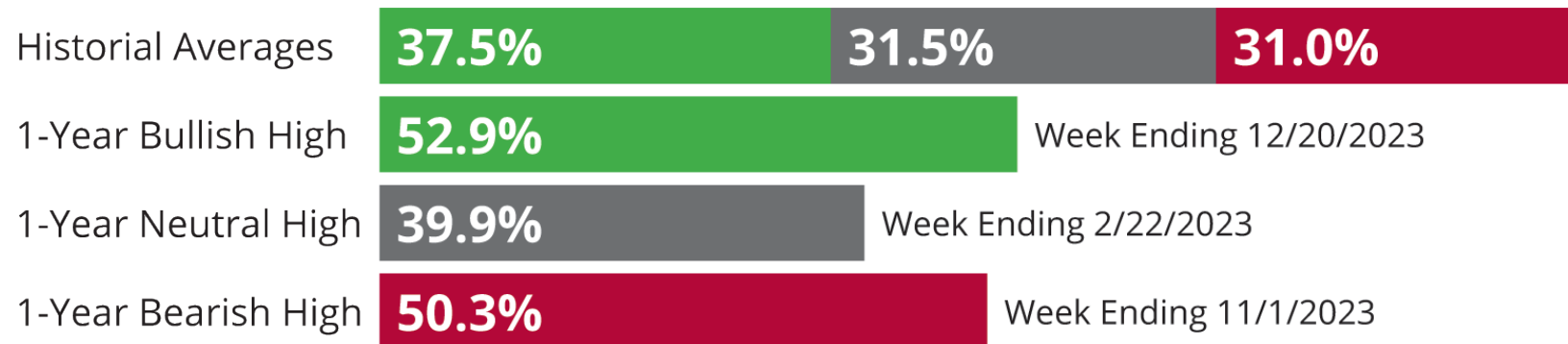
Sentiment Votes

Week Ending

■ Bullish ■ Neutral ■ Bearish



Historial View



For illustrative purposes only. Neither past actual, projections, nor other forward looking statements regarding future financial performance of markets are only predictions and actual events or results may differ materially.

