

Before the Bell

An Ameriprise Investment Research Group Publication

September 19, 2024

Starting the Day

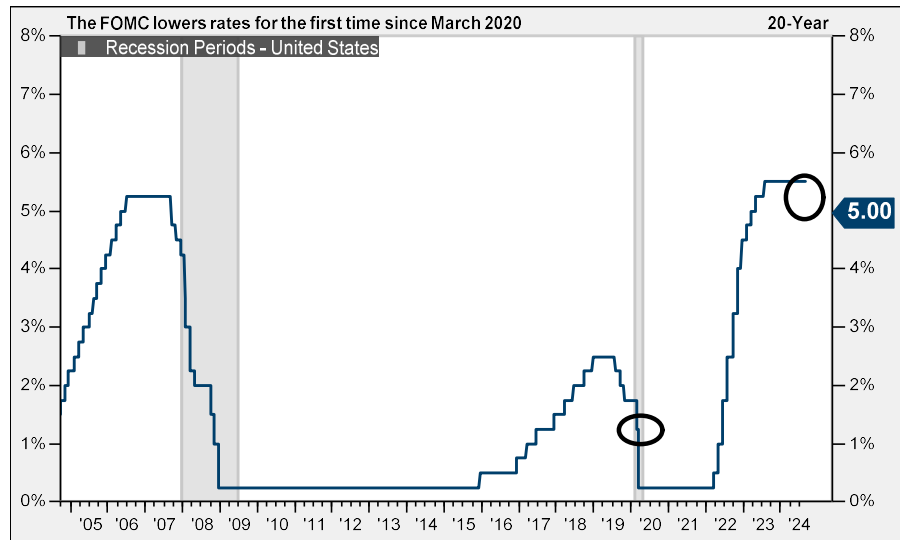
- U.S. futures are pointing to a higher open.
- European markets are trading higher at midday.
- Asian markets ended higher.
- The Fed delivers an outsized 50 basis point rate cut.
- Markets react positively to the start of a new easing cycle.
- 10-year Treasury yield at 3.71%.
- West Texas Intermediate (WTI) oil is trading at \$70.70.
- Gold is trading at \$2,611.80

Market Perspectives

Anthony Saglimbene, Chief Market Strategist

The easing cycle begins with a BANG! We'll get right to the bottom line this morning. The economy is slowing but still growing. Inflation is driving back toward the Federal Reserve's target. Many consumers and businesses are in a healthy position. And corporate profits are growing. As such, the need for highly restrictive monetary policies to combat record-high inflation is no longer warranted or prudent. Taken in total, this is a positive for investors and stocks, in our view. While a disciplined investment approach should remain front and center across portfolios given still uncertain conditions, we believe the Fed's actions/commentary on Wednesday help further build the case for a soft-landing scenario and one that supports solid fundamental conditions into next year. We maintain a cautious but optimistic outlook for asset prices over the next 6-12 months.

Yesterday, the Federal Open Market Committee (FOMC) began a new cycle of rate policy by easing its fed funds target rate by a "jumbo-sized" 50 basis points to 4.75% - 5.00% — the first rate cut since March 2020. See the *FactSet* chart to the right. Simply, Fed rate policy will take a much more balanced view of growth and inflation in the economy moving forward. And to help



set the groundwork for an environment where these two sides of the dual mandate can live closer in harmony, rates need to move meaningfully lower from where they stood on Tuesday. In what turned out to be an 11-1 decision on Wednesday for a 50-basis point cut, policymakers predominantly believe it is appropriate to act forcefully at the start of this easing cycle to help move its target rate over the coming quarters toward a more neutral rate (or a policy rate that is neither accommodative nor restrictive to growth).

Before yesterday's decision, some Fed watchers stated that an upcoming presidential election or concern about what message a 50-basis point rate cut would potentially signal about the state of the economy would prevent the committee from making

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such an outsized cut at the start of the easing cycle. At the end of the day, the Fed themselves were not very concerned about either of those factors. We believe it was a great reminder to the market of their independence.

Moving rates lower close to an election (which the Fed has done in the past) was likely going to draw some criticism whether they went 25 or 50 basis points yesterday. Further, if most of the Fed sees rates lower by 100 basis points at the end of the year anyway (which is now the projection in the updated dot plot), why not move faster to help keep the economy on track? Notably, the Fed manages policy to the economy and where they believe rates should be on their outlook for growth/inflation. In our view, their move yesterday sends a very clear message to the market and investors that the only priority the Fed has is to steer policy in a direction that best suits the current and future state of the economy. Doing anything else could inject doubt into their credibility and independence.

Below are additional highlights from yesterday's Fed update:

- The updated policy statement said inflation has "*made further progress*" toward the 2.0% target versus June's statement saying inflation "*remains somewhat elevated*." Committee members now have greater confidence in inflation returning to its 2.0% target and now see risk balanced between growth and inflation. Notably, the policy statement referenced the committee is considering "*additional*" rate adjustments and its desire to "*support maximum employment*."
- In the updated Summary of Economic Projections (SEP), the median 2024 year-end fed funds target rate moved to 4.375%, implying 100 basis points of cuts (including yesterday's 50 basis point reduction). The median 2025 year-end fed funds target rate dropped to 3.75%, suggesting an additional 100 basis points worth of cuts next year. Elsewhere in the SEP, the Fed projects the economy will grow by +2.0% this year and annually by the same rate through 2026. The unemployment rate for this year was modestly marked up to 4.4% by year-end, and the core PCE inflation forecast was marked down slightly to +2.6% by year-end. 2025 and 2026 forecasts were adjusted slightly. Taken in total, the Fed projects lower rates over the coming quarters, stable growth/employment trends, and near-trend inflation by the end of 2025. In our view, the soft-landing scenario is now fully baked into Fed projections. And while Fed forecasts aren't infallible, they do help inform opinions about growth and inflation across the market. We suspect the stock bulls, over time, may find a lot to like in the Fed's updated SEPs.
- Fed Chair Powell mentioned the word "recalibrate" nine times in his press conference yesterday. We suspect Powell wanted to drive home that normalizing rates is a *process* and quell fears that the jumbo-sized move yesterday is a reaction to being behind the curve. Following Powell's press conference, some Fed watchers were confused about his/Fed's messaging around the jumbo-sized rate cut and policymakers' general pushback against the need to move aggressively to a neutral rate, say somewhere around 3.0% - 3.5%. Usually, 50-basis point moves are reserved for emergency actions needed to help support growth. But when yesterday's cut is viewed in the context of the extraordinary and aggressive moves higher in rates to combat pandemic-induced inflation, a more aggressive cut at the start of the easing cycle following the normalization of those conditions doesn't seem so confusing to us. It's key to remember that the events, reactions, and policies that drove market and economic outcomes over the last few years don't have much, if any, historical reference. Thus, investors would be wise not to press too hard into leaning on historical Fed patterns when trying to predict what policymakers should or shouldn't do.
- Lastly, in Powell's press conference, the Fed Chair said future decisions on rate cuts would be made meeting by meeting, and the committee would continue to lean on a data-dependent approach. Here, the Chair put a cherry on top of the sundae by reiterating the committee's patient and measured approach to policy changes. Investors should take this point as a positive for asset prices, as more aggressive actions likely would be in response to conditions not as favorable for assets like stocks. Importantly, the Chair does not see any obvious signs that risks of a downturn/recession are elevated today. And despite yesterday's one dissenting vote against a 50-basis point cut (Governor Michelle Bowman supported a 25-basis point cut), the Chairman noted there is good dialogue among the entire committee and a lot of common ground across members.

To sum up, in our view, we believe Powell and company delivered what the economy needed yesterday and increased confidence in their approach at the start of the easing cycle. Whether investors fully appreciate what the Fed delivered yesterday at the onset of the easing cycle is another story, particularly against the backdrop of an upcoming earnings season and presidential election. But the market's reactions to near-term events are less important. More importantly, policy is shifting into a position that will be more supportive of growth moving forward, and outside of recessionary periods, that policy shift tends to be a solid environment for stock prices once recessionary concerns fade.

U.S. Premarket Indicators / Overnight International Market Activity

United States:

Here is a quick news rundown to start your morning:

- **Stocks are looking at a higher open.** Stocks in premarket activity are trading higher in reaction to the Fed's jumbo-sized rate reduction yesterday. Technology stocks are driving the activity this morning, with the NASDAQ 100 futures adding around +2.0% at the time of this writing. Updated looks on initial jobless claims, Philly Fed manufacturing, and existing home sales are on the economic docket this morning.

Europe:

As expected, the Bank of England left rate policy unchanged today after policymakers cut rates for the first time since 2020 in August. The committee's statement said the BOE remained committed to a gradual approach to lowering rate policy as services inflation remained elevated. No press conference or updated projections were due following today's meeting.

Asia-Pacific:

Equities in the region rose overnight in reaction to Wednesday's Fed decision, led by property-related stocks in China as well as Technology and consumer goods-related stocks. In addition, *Reuters* noted that investors are beginning to anticipate that China may need to act more forcefully to support economic growth. Lowering policy rates more aggressively and increasing bond issuance were two levers discussed as supportive of growth.

WORLD CAPITAL MARKETS

9/19/2024

As of: 8:30 AM ET

Americas	% chg.	% YTD	Value	Europe (Intra-day)	% chg.	%YTD	Value	Asia/Pacific (Last Night)	% chg.	%YTD	Value
S&P 500	-0.3%	19.0%	5,618.3	DISTOXX 50 (Europe)	1.9%	12.2%	4,929.0	Nikkei 225 (Japan)	2.1%	12.1%	37,155.3
Dow Jones	-0.2%	11.7%	41,503.1	FTSE 100 (U.K.)	1.1%	11.1%	8,341.5	Hang Seng (Hong Kong)	2.0%	10.1%	18,013.2
NASDAQ Composite	-0.3%	17.7%	17,573.3	DAX Index (Germany)	1.7%	13.6%	19,028.5	Korea Kospi 100	0.2%	-1.8%	2,580.8
Russell 2000	0.0%	9.9%	2,206.3	CAC 40 (France)	2.0%	3.5%	7,594.9	Singapore STI	1.1%	17.7%	3,633.2
Brazil Bovespa	-0.9%	-0.3%	133,748	FTSE MIB (Italy)	1.0%	12.0%	33,996.5	Shanghai Comp. (China)	0.7%	-8.0%	2,736.0
S&P/TSX Comp. (Canada)	-0.4%	15.1%	23,592.6	IBEX 35 (Spain)	0.8%	20.5%	11,781.9	Bombay Sensex (India)	0.3%	16.4%	83,184.8
Russell 3000	-0.2%	17.7%	3,203.2	MOEX Index (Russia)	#VALUE!	#VALUE!	#N/A N/A	S&P/ASX 200 (Australia)	0.6%	12.4%	8,191.9

Global	% chg.	% YTD	Value	Developed International	% chg.	%YTD	Value	Emerging International	% chg.	%YTD	Value
MSCI All-Country World Idx	-0.3%	15.4%	826.3	MSCI EAFE	-0.3%	10.4%	2,405.1	MSCI Emerging Mkts	-0.3%	8.8%	1,087.8

Note: International market returns shown on a local currency basis. The equity index data shown above is on a total return basis, inclusive of dividends.

S&P 500 Sectors	% chg.	% YTD	Value	Equity Income Indices	% chg.	% YTD	Value	Commodities	% chg.	% YTD	Value
Communication Services	0.0%	23.6%	301.9	JPM Alerian MLP Index	-0.4%	13.2%	287.9	CRB Raw Industrials	-0.1%	1.2%	550.0
Consumer Discretionary	-0.2%	9.9%	1,548.4	FTSE NAREIT Comp. TR	-0.3%	14.1%	27,302.0	NYMEX WTI Crude (p/bbl.)	0.8%	-0.2%	71.5
Consumer Staples	-0.4%	18.6%	887.6	DJ US Select Dividend	-0.1%	17.0%	3,514.3	ICE Brent Crude (p/bbl.)	0.9%	-3.5%	74.3
Energy	0.3%	7.4%	670.6	DJ Global Select Dividend	0.8%	13.1%	239.4	NYMEX Nat Gas (mmBtu)	-0.6%	-9.7%	2.3
Financials	-0.3%	21.1%	749.3	S&P Div. Aristocrats	-0.3%	12.0%	4,785.7	Spot Gold (troy oz.)	1.2%	25.5%	2,588.8
Health Care	-0.2%	14.9%	1,805.8					Spot Silver (troy oz.)	3.6%	31.0%	31.2
Industrials	-0.1%	16.5%	1,112.4	Bond Indices	% chg.	% YTD	Value	LME Copper (per ton)	0.3%	9.5%	9,266.1
Materials	-0.4%	10.1%	586.5	Barclays US Agg. Bond	-0.3%	4.7%	2,264.3	LME Aluminum (per ton)	0.5%	7.7%	2,526.3
Real Estate	-0.3%	14.0%	280.0	Barclays HY Bond	0.1%	7.5%	2,666.8	CBOT Corn (cents p/bushel)	-0.7%	-18.6%	409.8
Technology	-0.5%	24.9%	4,221.2					CBOT Wheat (cents p/bushel)	-1.4%	-15.2%	567.5
Utilities	-0.8%	26.0%	396.1								

Foreign Exchange (Intra-day)	% chg.	% YTD	Value		% chg.	% YTD	Value		% chg.	% YTD	Value
Euro (€/€)	0.3%	1.1%	1.12	Japanese Yen (\$/¥)	-0.5%	-1.3%	142.96	Canadian Dollar (\$/C\$)	0.4%	-2.3%	1.36
British Pound (£/\$)	0.5%	4.3%	1.33	Australian Dollar (A\$/S)	0.8%	0.1%	0.68	Swiss Franc (\$/CHF)	-0.1%	-0.7%	0.85

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee (GAAC)

U.S. Equity Sector - Tactical Views

	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
Consumer Staples	5.8%	Overweight	2.0%	7.8%	Industrials	8.1%	Equalweight	-	8.1%
Information Technology	32.5%	Equalweight	-	32.5%	Energy	3.6%	Equalweight	-	3.6%
Financials	12.3%	Equalweight	-	12.3%	Utilities	2.3%	Equalweight	-	2.3%
Health Care	11.7%	Equalweight	-	11.7%	Materials	2.2%	Equalweight	-	2.2%
Communication Services	9.4%	Equalweight	-	9.4%	Real Estate	2.1%	Equalweight	-	2.1%
					Consumer Discretionary	10.0%	Underweight	-2.0%	8.4%

As of: June 30, 2024

Index weightings represent the respective market capitalization of each sector in the S&P 500 as of 6/30/2024. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Global Equity Regions - Tactical Views

	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight		MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
United States	63.6%	Overweight	2.1%	65.7%	Latin America	0.8%	Equalweight	-	0.8%
Europe ex U.K.	12.8%	Overweight	2.0%	14.8%	Asia-Pacific ex Japan	10.6%	Underweight	-3.0%	7.6%
Japan	5.1%	Overweight	1.0%	6.1%	Canada	2.7%	Underweight	-1.0%	1.7%
United Kingdom	3.3%	Equalweight	-	3.3%	Middle East / Africa	1.1%	Underweight	-1.1%	0.0%

as of: June 30, 2024

Index weightings are based on the regional market capitalizations of the MSCI All-Country World Index as of 06/30/2024. The GAAC Tactical Overlay, as well as the Recommended Tactical Weights, are derived from the Ameriprise Global Asset Allocation Committee (GAAC). Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Numbers may not add due to rounding.

Economic News and Views:

Russell T. Price, CFA – Chief Economist

Releases for Thursday September 19, 2024

All times Eastern. Consensus estimates via Bloomberg

Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Sep. 14	Initial Jobless Claims	230k		230k	
8:30 AM	Sep. 7	Continuing Claims	1850k		1850k	
10:00 AM	AUG	Existing Home Sales (annualized)	3.90m		3.95m	
10:00 AM	AUG	Existing Home Sales (m/m)	-1.3%		+1.3%	

Commentary:

- What does a 50-basis point cut mean for the economy?** From the perspective of a near-term direct impact, yesterday's 50-basis point cut in the fed funds rate is likely to have little impact on economic conditions. Indirectly, however, the rate cut, along with the telegraphed forward path, may have a positive influence on business sentiment, thus investment and hiring. The economy has been slowing, but in our view, conditions remain favorable and supportive of growth over the intermediate term. That said, we believe more tangible economic benefits should slowly arise over the quarters ahead as dependent on any moderation in market-based rates.
- Direct economic influences, such as lower mortgage borrowing costs for potential homebuyers and/or businesses looking to borrow or refinance, should be expected to follow market-based rates such as those for the 10-year Treasury over time.

Ameriprise Economic Projections

Forecast:	Full-year				Quarterly						
	Actual <u>2022</u>	Actual <u>2023</u>	Est. <u>2024</u>	Est. <u>2025</u>	Actual <u>Q3-2023</u>	Actual <u>Q4-2023</u>	Actual <u>Q1-2024</u>	Actual <u>Q2-2024</u>	Est. <u>Q3-2024</u>	Est. <u>Q4-2024</u>	Est. <u>Q1-2025</u>
Real GDP (annualized)	1.9%	2.5%	2.6%	1.7%	4.9%	3.4%	1.4%	3.0%	2.4%	1.5%	1.8%
Unemployment Rate	3.6%	3.7%	4.4%	4.2%	3.8%	3.7%	3.8%	4.1%	4.3%	4.4%	4.4%
CPI (YoY)	8.0%	3.4%	2.4%	2.0%	3.7%	3.4%	3.5%	3.0%	2.5%	2.4%	2.1%
Core PCE (YoY)	5.2%	2.9%	2.4%	2.0%	3.6%	2.9%	2.8%	2.6%	2.5%	2.3%	2.2%

Sources: Historical data via FactSet. Estimates (Est.) via American Enterprise Investment Services Inc.

YoY = Year-over-year, Unemployment numbers are period ending. GDP: Gross Domestic Product; CPI: Consumer Price Index

PCE: Personal Consumption Expenditures Price Index. Core excludes food and energy.

All estimates other than GDP are period ending.

Last Updated: August 30, 2024

Ameriprise Global Asset Allocation Committee Targets and Views

Targets

<u>2024 Year-end Targets:</u>	<u>Favorable Scenario</u>	<u>Base-Case Scenario</u>	<u>Adverse Scenario</u>
S&P 500 Index:	5,900	5,750	5,000
10-Year U.S. Treasury Yield:	4.00%	3.75%	3.00%
Fed Funds Target Range:	4.50% to 4.75%	4.75% to 5.00%	4.25% to 4.50%

Estimates (Est.) via American Enterprise Investment Services Inc.

Please see latest *Quarterly Capital Market Digest* for more information.

Last Updated: July 8, 2024

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Ameriprise Global Asset Allocation Committee Tactical Asset Class Views

As of 6/30/24

	Overweight	Equalweight	Underweight
Equity	<ul style="list-style-type: none"> U.S. Large Cap Growth Developed Foreign Equity 	<ul style="list-style-type: none"> U.S. Large Cap Value U.S. Mid Cap Value U.S. Mid Cap Growth U.S. Small Cap Value U.S. Small Cap Growth 	<ul style="list-style-type: none"> Emerging Foreign Equity
S&P 500 Sectors	<ul style="list-style-type: none"> Consumer Staples 	<ul style="list-style-type: none"> Communication Services Energy Financials Health Care Industrials Information Technology Materials Real Estate Utilities 	<ul style="list-style-type: none"> Consumer Discretionary
Global Equity Regions	<ul style="list-style-type: none"> Europe ex U.K. Japan United States 	<ul style="list-style-type: none"> Latin America United Kingdom 	<ul style="list-style-type: none"> Asia-Pacific ex Japan Canada Middle East / Africa
Fixed Income	<ul style="list-style-type: none"> U.S. Government U.S. Inv. Grd Corporate 	<ul style="list-style-type: none"> Developed Foreign Bond 	<ul style="list-style-type: none"> Emerging Foreign Bond High Yield Bond
Alternatives		<ul style="list-style-type: none"> Real Assets 	<ul style="list-style-type: none"> Alternative Strategies
Cash		<ul style="list-style-type: none"> Cash 	

Note: Our Tactical Allocations are designed to augment a Strategic portfolio over a 6-12-month time horizon. **Asset Allocation and diversification do not ensure or guarantee better performance and do not eliminate the risk of investment losses. Investors should note that rising interest rates could have a detrimental effect on bond prices. Please consult with your financial advisor.** Cash generally refers to assets, securities and/or products low in risk and highly liquid. For asset allocation purposes, instruments can include Treasury bills, certificates of deposit, money market funds and high quality bonds whose maturities are less than 3 months. Outside of asset allocation purposes, cash investments can also include illiquid cash held in a mutual fund or pledged as collateral for derivatives. You can only access this cash by redeeming the fund using it, subject to fees or time constraints associated with redemptions.

As of June 30, 2024

Major Market Indices	Rolling Returns			
	Q2'24	1-year	3-years	5-years
Russell 3000 [®] Index (U.S. Equity)	3.22%	23.13%	8.05%	14.14%
MSCI ACWI Ex USA Index – net (Foreign Equity)	0.96%	11.62%	0.46%	5.55%
Bloomberg U.S. Universal Bond Index (Fixed Income)	0.19%	3.47%	-2.68%	0.11%
Wilshire Liquid Alternative Index (Alternatives)	0.49%	7.30%	1.37%	2.75%
FTSE Three-Month Treasury Bill Index (Cash)	1.37%	5.64%	3.17%	2.22%

Past performance is not a guarantee of future performance. Performance calculations use FactSet data and are as of Date.

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The Ameriprise Investment Research Group

With Ameriprise Financial, you can benefit from our dedicated team of experienced investment research and due diligence professionals. Our objective market insight, strategies and guidance are designed to provide you with insight into investment strategies and solutions to help you feel more confident about your financial future. It's the higher level of sophistication and service you've come to expect from Ameriprise.

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As of June 30, 2024

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Risk Factors

Alternative investments involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk.

Corporate Bonds are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as “high-yield” or “junk” bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

Investing in **derivatives** is a specialized activity that involves special risks that subject the fund to significant loss potential, including when used as leverage, and may result in greater fluctuation in fund value.

Diversification and **Asset Allocation** do not assure a profit or protect against loss.

Dividend and interest payments are not guaranteed. The amount of dividend payment, if any, can vary over time and issuers may reduce or eliminate dividends paid on securities in the event of a recession or adverse event affecting a specific industry or issuer. Should a company be unable to pay interest on a timely basis a default may occur and interruption or reduction of interest and principal occur. Investments in a narrowly focused sector may exhibit higher volatility than investments with broader objectives and is subject to market risk and economic risk.

There are risks associated with **fixed-income investments**, including bond funds, such as credit risk, interest rate risk, and prepayment and extension risk. In

general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities.

Growth securities, at times, may not perform as well as value securities or the stock market in general and may be out of favor with investors.

Income Risk: We note that dividends are declared solely at the discretion of the companies' boards of directors. Dividend cuts or eliminations will likely negatively impact underlying company valuations. Published dividend yields are calculated before fees and taxes. Dividends paid by foreign companies to ADR holders may be subject to a withholding tax which could adversely affect the realized dividend yield. In certain circumstances, investors in ADR shares have the option to receive dividends in the form of cash payments, rights shares or ADR shares. Each form of dividend payment will have different tax consequences and therefore generate a different yield. In some instances, ADR holders are eligible to reclaim a portion of the withholding tax.

International investing involves certain risks and volatility due to potential political, economic currency instabilities and different financial and accounting standards. Risks are enhanced for **emerging market** issuers.

Interest payments on **inflation-protected securities** may be more volatile than interest payments on ordinary bonds. In periods of deflation, these securities may provide no income.

Market Risk: Model portfolios and markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

The **mutual funds** and **ETFs** included in this report are subject to specific risk factors, generally the same as those of the underlying securities and may result in a loss of the principal amount invested.

Non-investment-grade (high-yield or junk) securities present greater price volatility and more risk to principal and income than higher rated securities.

Quantitative Strategy Risk: Stock selection and portfolio maintenance strategies based on quantitative analytics carry a unique set of risks. Quantitative strategies rely on comprehensive, accurate and thorough historical data. The Ameriprise Investment Research Group utilizes current and historical data provided by third-party data

vendors. Material errors in database construction and maintenance could have an adverse effect on quantitative research and the resulting stock selection strategies.

Sector Risk: The Ameriprise Global Asset Allocation Committee and managers of this model portfolio can elect to overweight or underweight (or completely avoid) certain economic sectors. This could lead to substantial underperformance versus a more diversified or balanced weighting.

Security Recommendation Risk: The research team may not be successful in selecting securities that collectively perform better than the benchmark. When viewing return comparisons investors should keep in mind the following information. Our model portfolio generally maintains less than 50 securities, whereas benchmark indices contain several times that amount. The benchmark index is market capitalization weighted, providing greater weight to the larger company movements, whereas our model portfolio is designed to be equally dollar weighted. Furthermore, the model portfolio may deviate significantly, at times, from the sector allocation of the benchmark due to our interpretation of economic conditions and market factors as well as our security selection process.

The benchmark index returns are taken from Bloomberg Financial Markets and reflect dividends reinvested. Additionally, there is no fee or cost assumption in the index comparison return.

Investments in **small- and mid-capitalization companies** involve greater risks and volatility than investments in larger, more established companies.

The products of **technology companies** may be subject to severe competition and rapid obsolescence, and their stocks may be subject to greater price fluctuations.

Value securities may be unprofitable if the market fails to recognize their intrinsic worth or the portfolio manager misgauged that worth.

Definitions of terms

Definitions of terms mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Index definitions

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

Definitions of individual indices mentioned in this report are available on our website at ameriprise.com/legal/disclosures/ in the Additional Ameriprise research disclosures section, or through your Ameriprise financial advisor

Disclaimer section

Except for the historical information contained herein, certain matters in this report are forward-looking statements or projections that are dependent upon certain risks and uncertainties, including but not limited to, such factors and considerations as general market volatility, global economic and geopolitical impacts, fiscal and monetary policy, liquidity, the level of interest rates, historical sector performance relationships as they relate to the business and economic cycle, consumer preferences, foreign currency exchange rates, litigation risk, competitive positioning, the ability to successfully integrate acquisitions, the ability to develop and commercialize new products and services, legislative risks, the pricing environment for products and services, and compliance with various local, state, and federal health care laws. See latest third-party research reports and updates for risks pertaining to a particular security.

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